



We seal, damp and protect
critical applications in demanding environments

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Audited Board of Directors' Report, pages 1-23 and 55-113.
Reviewed Corporate Responsibility pages: 8-9, 41-53 and disclosures that refer to the GRI index overview on page 54.

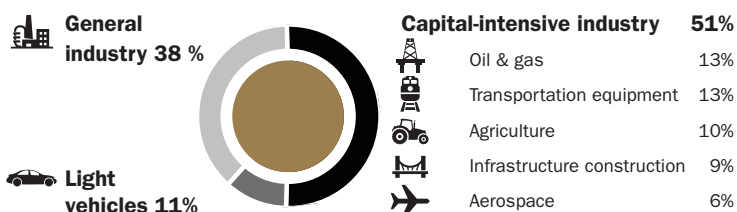
Trelleborg in brief



Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments. Our innovative solutions accelerate performance for customers in a sustainable way.

- Founded: 1905
- Sales in 2015: SEK 24,803 M
- Number of employees at year-end: 16,450
- Operations in 44 countries
- Listed on the stock exchange since 1964, Nasdaq Stockholm, Large Cap
- Head office in Trelleborg, Sweden

Share of the Trelleborg Group's sales in 2015



Key figures, continuing operations, SEK M	2015	2014
Net sales	24,803	22,533
Organic sales, %	-2	-1
Operating profit, excluding participations in TrelleborgVibracoustic and items affecting comparability	3,219	3,001
Operating margin, %	13.0	13.3
Participations in TrelleborgVibracoustic	509	298
Items affecting comparability	-257	-226
Operating profit	3,471	3,073
Operating cash flow ¹⁾	2,282	2,705
Cash conversion ratio, % ¹⁾	71	90
Return on shareholders' equity, % ²⁾	14.3	13.7
Earnings per share, SEK ²⁾	9.60	8.23
Dividend per share, SEK ³⁾	4.00	3.75

¹⁾ Excluding items affecting comparability and dividend from TrelleborgVibracoustic.

²⁾ Continuing operations, including Trelleborg's participation in TrelleborgVibracoustic and items affecting comparability.

³⁾ According to the Board of Directors' and President's proposal.

Trelleborg continues to generate value

Strategy that yields results

24-40



Customers and other stakeholders could benefit from increased value creation in 2015. The positive earnings trend for the year is linked to the Trelleborg business areas' continuous commercial development via new solutions, investments and acquisitions, and their continued structural enhancements during the year in line with the defined strategy.

Corporate Responsibility – a broad social responsibility

41-54



2015 marks an expansion of ambitions for Trelleborg's Corporate Responsibility, which can be seen in all of the focus areas: regulatory compliance, resource efficiency, diversity and community involvement.

Corporate governance provides stable framework

55-73



The Board works to establish a clear and precise regulatory structure that supports long-term value generation, thereby ensuring that Trelleborg stands on a firm foundation, and development is aimed at making this structure increasingly robust to meet the challenges and opportunities of the market.

Financial information: net profit for the year

74-110



Strengthened positions despite challenging market conditions characterized 2015. Net sales increased, as did operating profit in particular, while the organic sales trend remains a challenge.

“We are continuing to invest to improve our structure”

Trelleborg has become a focused polymer Group, and is now a world leader in engineered polymer solutions.

2015 turned out to be an eventful year for Trelleborg, and despite the challenging market conditions in several segments, the Group once again succeeded in achieving record results. During the year, Trelleborg signed an agreement to acquire the Czech-based CGS Holding, which has leading positions in agricultural and specialty tires, as well as engineered polymer solutions.

Peter Nilsson, President and CEO of Trelleborg.

Could you cite examples of activities or events in 2015 of key significance for earnings for the year and the Group’s future?

Trelleborg saw a very healthy trend in 2015 in terms of operating profit and margin. We view this as a show of strength against a backdrop of sluggish macroeconomic growth, and also the result of stringent cost control and robust market positions.

“ We focused on small, everyday operational improvements.”

We focused on small, everyday operational improvements through our Excellence programs in manufacturing, purchasing, capital management and sales. Our processes have become increasingly efficient, in parallel with the continuing enhancement of capital and organizational structures.

Also, during 2015 we continued



efforts to create growth via organic initiatives and bolt-on acquisitions. Acquired operations providing a positive boost to earnings development in 2015. We also continued to have a distinct focus on making it easier for customers to do business with us. Simpler processes, combined with our multi-dimensional innovation, provide the basis for increased value creation and for our position as a premium partner.

Toward year-end, we signed an agreement to acquire CGS for a total cash consideration of some SEK 10.9 billion, making it one of Trelleborg’s largest acquisitions for decades. The transaction – which is subject to approvals from relevant authorities and is expected to be completed in the first half of 2016 – will strengthen Trelleborg as a world leader in engineered polymer solutions.

You exceeded your operating margin target three years ago. Is it time to raise this target?

This is one of our three financial targets. It is true that for some time now we have reached our operating margin target, which is at least 12 percent or

more. However, we do not disclose in advance whether we intend to adjust our financial targets, but instead we will provide information about this if and when it is relevant.

Can you comment on the situation at TrelleborgVibracoustic?

Since its inception in summer 2012, the TrelleborgVibracoustic joint venture has developed very favorably. The company has focused on operational activities, meaning boosting profitability and implementing restructuring measures.

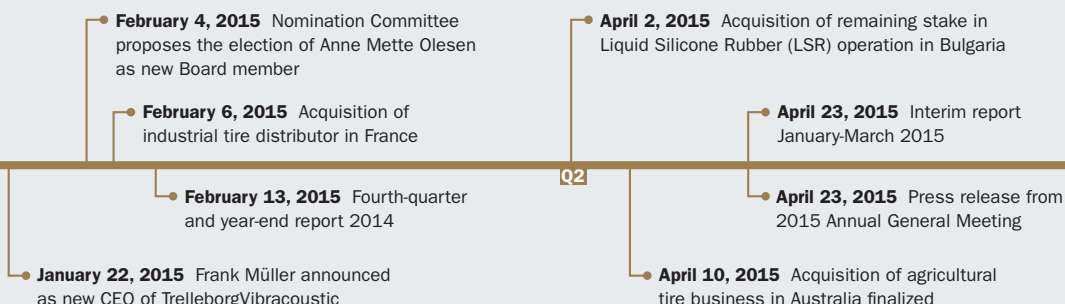
During 2015, efforts commenced to prepare the company for a potential public listing. This means that the company introduced and created routines and processes for accounting, control, communications and so forth, all the features required of a listed company. But no definite decision has been made to actually list Trelleborg-Vibracoustic. We’ll revisit this issue if and when it arises.

How well did Trelleborg handle the situation during 2015, with low demand for oil and for agricultural products?

Market conditions both in agriculture

Significant events

2015



and oil & gas in 2015 were challenging, which we managed to counteract partly through tight cost control.

Lower oil prices resulted in more intense competition for outstanding projects. And, as noted in our year-end report in February, uncertainty remains regarding future market trends. As a result, a number of adjustments were made in 2015 in response to current market conditions in oil & gas. Relatively low production levels among agricultural machinery manufacturers



the U.S.; continuing investments in our life sciences business; development of our offering to the aerospace industry through, for example, powerful testing equipment; the Pit Stop Line concept, which indicates when an industrial tire needs replacing; plus the development of apps, web design programs and so on.

In other words, Trelleborg works actively on being ahead of customers in terms of knowledge of the business potential of technical advances and to understand how the customer can better satisfy its end-customers and make more sales.

However, bolt-on acquisitions may sometimes offer a better and faster alternative to organic growth for establishing ourselves, or strengthening our positions in selected geographic areas or prioritized segments.

“ We have put a distinct emphasis on our aim to raise organic growth moving forward.”

Looking ahead, how will the acquisition of CGS Holding affect Trelleborg’s main focus? Is it wise to invest in the agricultural market as it moves through a slow period?

We feel that global megatrends – notably globalization, sustainability, industrialization and demographics – offer long-term support for the agricultural tire market.

The acquisition of CGS is expected to be finalized in the first half of 2016. CGS, with its subsidiary Mitas, will establish Trelleborg as global leader in agricultural tires. For Trelleborg Wheel Systems, the transaction will mean that the business area will nearly double its sales, extend its geographic range and gain new positions in complementary tire niches, including industrial tires.

This will further strengthen our position as a global industrial Group.

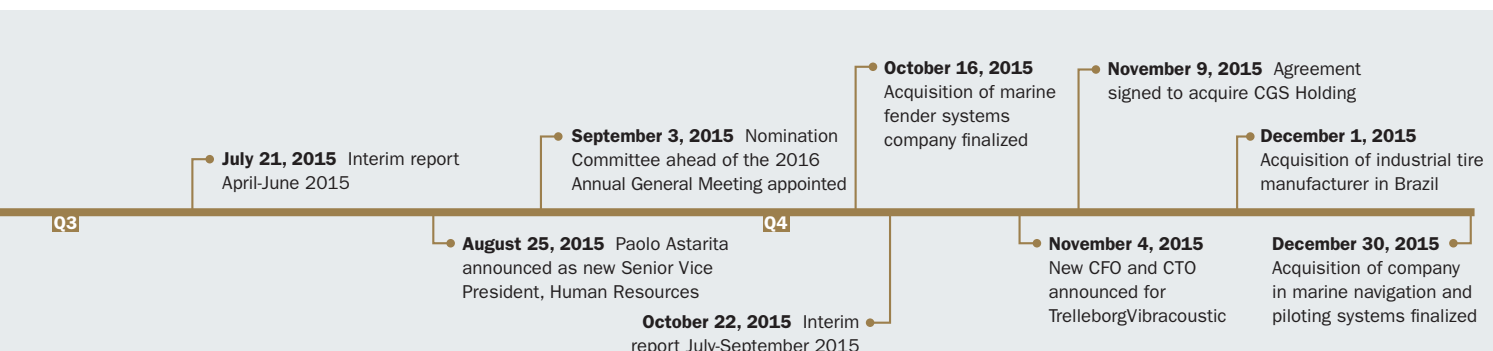
contributed to a fall in agricultural tire sales in 2015. We’re convinced the market will eventually recover, giving Trelleborg a highly favorable and attractive market position when it does.

What about the progress of your efforts to enhance organic growth?

Our main focus will always be organic growth. The target of 5 percent organic growth should be viewed over a business cycle. In recent times, we have failed to attain this level due to a sluggish trend in the global economic recovery, notably in Europe. To a certain degree, organic

growth has also taken a back seat to superior margin growth. In the current low-growth context, we have given short-term priority to margin discipline, which we achieved at some expense to volume, of course.

But we have put a distinct emphasis on our aim to raise organic growth moving forward, and in the near future we will be able to benefit from all of the growth-enhancement investments and initiatives made in recent years. We have never invested as much as we are doing today. I refer to just a few: investments in a new agricultural tire facility in



All of Trelleborg’s press releases and information on its products and solutions are available at www.trelleborg.com.



“ We continue to view Asia positively as well as developments in China.”

However, the completion of the acquisition of CGS Holding entails an increase in Trelleborg’s comparative European sales. Did you not intend to reduce the share of European sales? CGS Holding has about 58 percent of its sales in Europe.

Yes, it’s correct that we’re seeking geographic regional balance. But CGS has most of its sales in Eastern Europe, which we view as a growth market. Europe is – and will remain – a key region for Trelleborg, and the acquisition will make us stronger there. We feel that this will strengthen the Group overall.

Purely in practical terms, how will you integrate CGS Holding’s sizeable product range and its 6,300 employees into Trelleborg’s operations?

The Mitas subsidiary will be integrated into the Trelleborg Wheel Systems business area. During a transitional period, other operations will be independent from Trelleborg’s operations before being subsequently integrated into the Group’s current business areas.

When will you conduct a major Asian acquisition, a region that you have long said you wish to be bigger in?

We look continually at attractive potential acquisitions, including those with a base in Asia. We’ll return to this issue when it proves relevant.

How do you view the progress of Trelleborg’s geographic footprint in the future, given that several emerging markets have shown slower growth lately?

We prioritize growth in selected markets outside Western Europe and North America. Our long-term aim to reach geographic balance remains intact. This means that Western Europe will account for some 40 percent of Trelleborg’s sales; North America will continue to account for about 20 percent; and the rest of the world for the remaining 40 percent.

We continue to view Asia positively as well as developments in China and the Chinese market, for example. This is an enormous domestic market and we remain so small in China that we can expand using our own momentum. We now offer solutions for the Chinese market that were previously absent from the higher quality segments.

Trelleborg has a good reputation in terms of sustainability issues and their reporting. Where do you stand in regards to this work, and how do your products and solutions contribute to societal sustainability?

We have deepened programs in our key areas of corporate responsibility, such as regulatory compliance, resource management, diversity and, not least, community involvement, for which we are intensifying efforts in Sri Lanka and

“ Digital technology is giving us enormous growth potential and we are investing heavily in the development of our digital offering.”

India. More details on these topics are available in the Annual Report’s sustainability section. But for the immediate future, we are also preparing to become more distinct in terms of how Trelleborg’s solutions, apart from their basic functions and customer value, can also make the community as a whole more sustainable – primarily because they assist in conserving energy, and eliminating noise and vibrations, while also protecting and extending the lifetime of key public infrastructure, such as bridges and tunnels.

By the way, how is your corporate university, Trelleborg Group University, progressing?

Very well, thank you. Trelleborg Group University was set up three years ago

and we’re now investing more than ever in education. We have a very broad offering, from basic training to advanced management courses, in which a very large proportion of personnel have participated.

When, where and how do you see technological development – including the digitalization of products and processes – gaining a solid breakthrough in Trelleborg’s industrial markets?

Digital technology is giving us enormous growth potential and we are investing heavily in the development of our digital offering to make life easier and increase value for our customers. This involves smart products with built-in sensors and tracking systems, but we’re also continuing to facilitate doing business with us via online design programs and digital channels, such as web-based and mobile applications.

We continue our efforts to enhance intrinsic product value, thus creating added value in our customers’ operations. As a result, Trelleborg’s business is increasingly shifting from supplying products to delivering services and solutions. One example of this is our new business concept, which is also a service concept – our Interfit business in industrial tire operations.

What will Trelleborg look like three years ahead?

I expect sales and market development to play a larger role in the strategic management of the Group. This strategy is intact, as are the strategic cornerstones. When it comes to our geographic presence, our investments will be focused on growing faster in high-growth countries and selected segments. In addition to prioritizing manufacturing and sales, we aim to build up and develop well-functioning structures and functions in the places where we want grow.

Will you still be working at Trelleborg three years from now?

I hope so. I really enjoy working at Trelleborg. It offers fantastic coworkers, attractive products and exciting markets to explore. I am constantly faced with new challenges and activities that could be improved, and these are things I want to continue to pursue.

Trelleborg, February 2016

Stock market year for the Trelleborg share



The price trend for the Trelleborg share was strong during the year. On average, the share's total yield was highly favorable during the past five years.

Share performance. The price of Trelleborg's Series B share rose 25 percent (3) in 2015 while the index of comparable industrial companies, SX2000 Stockholm Industrials, rose 10 percent (13). Nasdaq Stockholm, in its entirety, rose 7 percent (12).

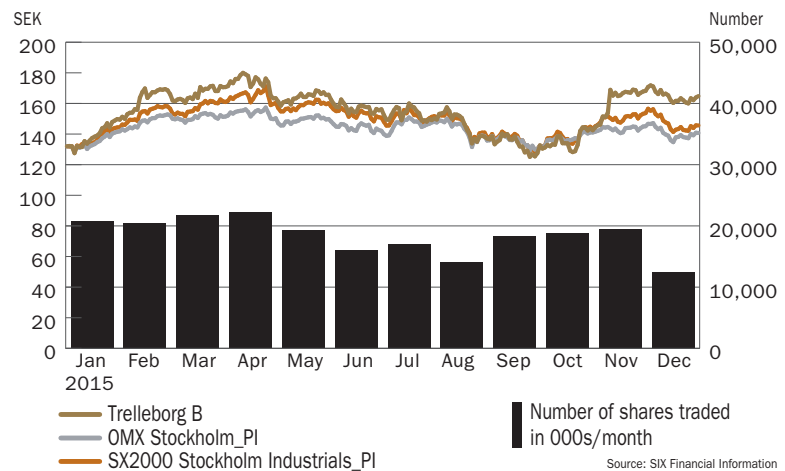
Total yield. The Trelleborg share's total yield rose by 28 percent during the year, compared with an increase of 10 percent for the SIXRX index¹⁾. Over the past five years, Trelleborg's Series B share has averaged a total yield of 25 percent per year. The corresponding figure for SIXRX is 11 percent.

Share price and turnover. As well as on the Nasdaq Stockholm, the Trelleborg share is traded on such marketplaces as Chi-X, Turquoise and BATS Europe. Nasdaq Stockholm is the largest, with 66 percent (71) of the share trading.

In 2015, a total of 334 million Trelleborg shares (359) were traded, corresponding to a turnover rate of 123 percent (132). The turnover of the Trelleborg share on Nasdaq Stockholm was 221 million (253), corresponding to a turnover rate of 81 percent (93).

The total share turnover for the Series B share²⁾ was SEK 48,541 M (46,388). The average daily turnover²⁾ on all marketplaces was 1,330,613 shares (1,442,618), or SEK 193.4 M (186.3).

Price trend and trading volume Jan 1 – Dec 31, 2015



Total yield, Jan 2011 – Dec 2015



¹⁾ SIXRX, Six Return Index, the average trend on Nasdaq Stockholm including dividends.

²⁾ Including shares traded after hours.

During the year, the highest price was SEK 180.20 on April 14, and the lowest price was SEK 123.20 on September 29.

Market capitalization at year-end amounted to SEK 44,673 M (35,781).

Shareholders. Trelleborg's Series B share has been listed on the stock exchange since 1964. The share is currently quoted on the Nasdaq Stockholm Large Cap. The share capital in Trelleborg amounts to SEK 2,620 M, represented by 271,071,783 shares, each with a par value of SEK 9.67. Trelleborg has two classes of shares: 28,500,000 Series A shares and 242,571,783 Series B shares. Each Series A share entitles the holder to

one vote and each Series B share to one-tenth of a vote.

All of the Series A shares are owned by the Dunker Interests, comprising a number of foundations, funds and asset-management companies created through testamentary disposition by the former owner and founder of the Helsingborg and Trelleborg rubber production facility, Henry Dunker, who died in 1962. For further information about the Dunker Interests and their holding in Trelleborg AB, visit www.trelleborg.com.

Analysts. For a current list of the analysts who continuously monitor Trelleborg, visit www.trelleborg.com.

Sustainability indexes

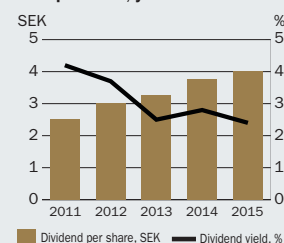
Trelleborg was included in the following sustainability indexes in 2015:

- OMX GES Sustainability Sweden
- OMX GES Ethical Nordic
- OMX GES Ethical Sweden
- OMX GES Sustainability Sweden Ethical
- SEB Ethical Cap GI



Dividend. Trelleborg's dividend policy is that, over the long term, the dividend should amount to between 30 and 50 percent of net profit for the year. The dividend is adjusted to such factors as the Group's earnings level, financial position and future development potential. For 2015, the Board and President propose a dividend of SEK 4.00 (3.75), which corresponds to about 42 percent of net profit for the year. Over the past five years, the average dividend ratio has been about 44 percent. In the most recent five-year period, the Trelleborg share has averaged a dividend yield of 3.1 percent per year.

Dividend per share, yield



Frequently asked questions from analysts

Can we expect the operating margin to fall at the expense of volumes? If not, why?

We do not intend to relax our margin discipline. However, we do intend to place more emphasis on growing organically while maintaining our margins. We expect volumes to rebound when demand, and thus raw material prices, recover. In such a market scenario, we – as a premium supplier – will not need to raise our prices on a percentage basis, to compensate for higher raw material prices, as much as our competitors, thereby making us more competitive in the long term.

Is there any further scope for additional major acquisitions? What is your view of the Group's level of indebtedness?

We focus continuously on acquisitions and have a large number of potential acquisitions on our list. Our acquisitions are normally of a smaller scale: bolt-on acquisitions to our existing operations through which we buy access to a

geographic market, market or customer segment or new technology. These are also the types of acquisitions that can be expected from Trelleborg moving forward.

Our level of indebtedness will increase with the anticipated completion of the acquisition of CGS Holding, which is subject to approval by the relevant authorities. However, the consideration in the event of a potential sale of Trelleborg-Vibracoustic would enable us to reduce our net debt/equity ratio to a level similar to that prior to the acquisition.

The Group's restructuring activities are continuing. Only last year, you closed or relocated a number of facilities. How much longer will you be able to leverage this opportunity to improve profitability?

Trelleborg will continue to grow organically and via acquisitions. In 2015 alone, we completed eight acquisitions. Accordingly, there will always be the opportunity to gain synergies and further refine our structure.

The Group's share of aftermarket sales is relatively small. Is this something you intend to change?

Yes. We will gain a larger aftermarket through such means as digital technology. For instance, we will be able to offer customers tracking systems that will alert them when their seals, tires or equipment require service or replacing. Trelleborg's businesses are increasingly shifting from supplying products to delivering services and solutions.

Are the high margins for Trelleborg Sealing Solutions sustainable or are the elevated levels due solely to the low cost of raw materials?

We have provided guidance indicating a margin for Trelleborg Sealing Solutions of about 17-22 percent. We have been within or above the upper end of this interval for some time now. Our ambition to grow further may result in margins on a par with current levels, taking into consideration operational leverage effects.

Trelleborg AB's ten largest shareholders, December 31, 2015

No.	Shareholder	TREL A	TREL B	Value (SEK M)	Percentage of capital, %	Percentage of voting rights, %
1	Henry Dunker Donation fund & foundations	28,500,000	0	4,702.50 ¹⁾	10.51	54.02
2	AMF Insurance & Funds	0	15,713,341	2,589.56	5.80	2.98
3	Didner & Gerge Funds	0	14,040,236	2,313.83	5.18	2.66
4	First Swedish National Pension Fund	0	9,063,985	1,493.74	3.34	1.72
5	Handelsbanken Funds	0	7,571,989	1,247.86	2.79	1.44
6	Swedbank Robur Funds	0	7,107,461	1,171.31	2.62	1.35
7	Lannebo Funds	0	6,680,395	1,100.93	2.46	1.27
8	AFA Insurance	0	5,970,122	983.88	2.20	1.13
9	Norges Bank	0	4,422,046	728.75	1.63	0.84
10	DFA Funds	0	4,110,260	677.37	1.52	0.78

Source: Holdings, Modular Finance AB

¹⁾ TREL A is not traded on any marketplace but is assessed as having the same value as TREL B.

Key data per share

SEK	2015	2014	2013	2012	2011
Continuing operations					
Earnings	9.60	8.23	6.08	6.56	4.88
Earnings excl. items affecting comparability	10.27	8.88	7.40	6.31	5.26
Total					
Earnings ¹⁾	9.60	8.20	5.93	7.53	6.71
Shareholders' equity ¹⁾	68.70	65.54	54.72	51.56	49.20
Dividend ²⁾	4.00	3.75	3.25	3.00	2.50
Dividend as a % of earnings per share	42	46	55	40	37
Yield, %	2.4	2.8	2.5	3.7	4.2
Market price, Series B share, Dec. 31, last paid price, SEK	164.80	132.00	127.90	80.55	59.75
Total dividend, SEK M	1,084	1,017	881	813	678
P/E ratio	17	16	22	11	9
Number of shares					
At December 31	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783
Average	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783

¹⁾ There were no dilutive effects.

²⁾ According to the Board of Directors' and President's proposal.

Distribution of shares, December 31, 2015

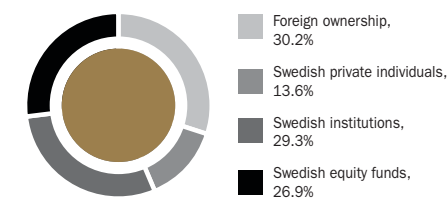
No. of shares	No. of shareholders	Percentage of total no. of shares, %
1 – 1,000	41,079	80.8
1,001 – 5,000	8,011	15.8
5,001 – 20,000	1,291	2.5
20,001 –	468	0.9
Total	50,849	100.0

Number of shares, voting rights and share class

Class of share	Capital, %	Shares	Voting rights, %
Series A	10.5	28,500,000	54.0
Series B	89.5	242,571,783	46.0
Total	100.0	271,071,783	100.0

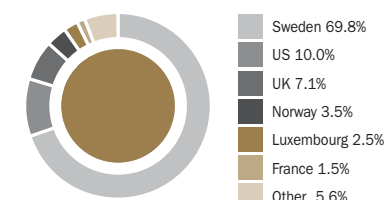
Source: Holdings, Modular Finance AB

Ownership structure December 31, 2015, holding, %



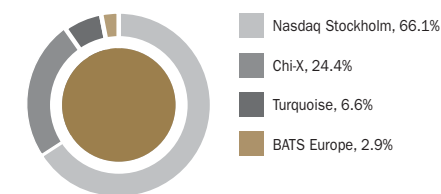
Source: Holdings, Modular Finance AB

Owner by country, %



Source: Holdings, Modular Finance AB

Trading platforms for the Trelleborg share, % of total trading



Source: SIX Financial Information

Targets and outcomes for the Trelleborg Group

Toward continued stable profitability and sustainable growth

Trelleborg's financial targets reflect the Group's ambition to increase value generation and be a world leader in selected market segments and geographic markets, taking into consideration an assessment of global growth and adequate financial security.

The Trelleborg Group strengthened its positions during the year, despite challenging market conditions in several segments. Net sales rose and the operating profit was the highest to date for the Group. The operating margin surpassed the long-term profitability targets.

Trelleborg's Corporate Responsibility initiatives focus on responding to the expectations of customers, shareholders, employees and other stakeholders for long-term value creation with clear accountability. These initiatives reflect the desire to comply with legislation and regulations, to provide a safe and secure workplace with resource-efficient production and to make Trelleborg an attractive employer characterized by diversity and local community involvement. The company has achieved a stable rate of improvement in all its focus areas due to, for example, strategic initiatives such as Trelleborg Excellence.

Organic growth ¹⁾

Operating margin ¹⁾

Return on shareholders' equity ²⁾

Regulatory Compliance

Anti-corruption and human rights

Target: Zero tolerance applies to:

- Bribery, corruption, cartel or other criminal behavior
- Child and forced labor
- Discrimination, reported and reviewed

Outcome: No cases (0) of significant breaches of laws and permits that resulted in legal consequences or fines, or cases of child labor or forced labor were reported in 2015.

Of eight reported cases of discrimination (1), a settlement has been reached between the parties in the majority of cases, while others are still subject to negotiations. Trelleborg has taken action locally to remedy the alleged grievances, through local training initiatives and by suspending or terminating the employment of individuals who have breached the Trelleborg Group's Code of Conduct.

Suppliers

Target: To only work with suppliers who adhere to all applicable sections of Trelleborg's Code of Conduct. Audit in the form of self-assessment to be completed with suppliers corresponding to 80 percent of the relevant global purchasing value in the production units, as defined by Trelleborg.

Outcome: In 2015, Trelleborg met the target level. Suppliers corresponding to about 84 percent (84) of the relevant value defined by Trelleborg were audited. Refer to page 47 regarding supplier audits and how they can strengthen supplier review activities in the years ahead.

Diversity

Focus: Trelleborg is of the opinion that diversity is positive, and works actively to raise awareness of this.

Outcome: In addition to the basic rules against inequality and discrimination, Trelleborg aims to achieve a balanced mix in terms of ethnicity and gender, especially at management levels, and to attract, develop and retain talented young people.



Financial

Regulatory compliance

Diversity

Target ori

¹⁾ Continuing operations, excluding participation in the TrelleborgVibracoustic joint venture and items affecting comparability.

²⁾ Continuing operations, including participation in the TrelleborgVibracoustic joint venture and items affecting comparability.

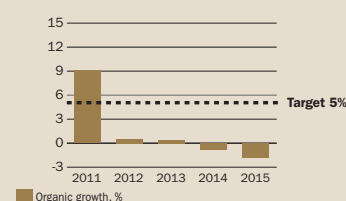
Target $\geq 5\%$

Average annual organic growth over an economic cycle should be at least 5 percent. In addition, further growth will occur through bolt-on acquisitions.

Outcome **-2%**

In 2015, organic sales growth was -2 percent (-1), reflecting the challenging market conditions in several segments.

Organic growth, %



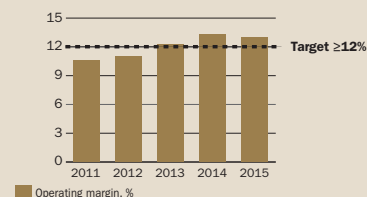
Target $\geq 12\%$

The operating margin should be at least 12 percent.

Outcome **13.0%**

In 2015, the operating margin was 13.0 percent (13.3), mainly resulting from continued high efficiency and cost control.

Operating margin, %



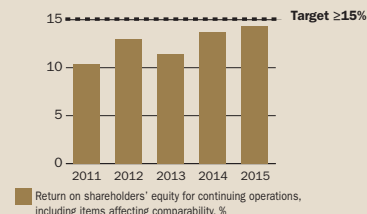
Target $\geq 15\%$

The long-term return on equity should be at least 15 percent.

Outcome **14.3%**

In 2015, return on equity was 14.3 percent (13.7), a result of Trelleborg's long-term efforts to streamline and rationalize production, sales and capital utilization, among other activities.

Return on shareholders' equity, %



Resources

Health and safety

Target: At each individual production site, occupational injuries and illnesses, defined as Lost Work Cases (LWC) per 100 full-time employees per year, should be less than 3.0. The average number of working days lost due to occupational injuries and illnesses should be less than 50 per 100 full-time employees per year at each individual site.

Outcome: In 2015, the average outcome was 1.9 LWCs (2.0) per 100 employees. Some 74 percent (78) of the sites had a value of less than 3.0.

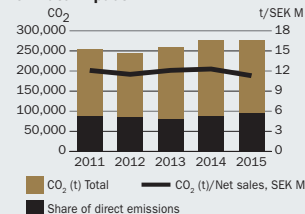
The average number of days lost per injury was 29.8 (29.3). Some 72 percent (72) of the sites had a value of less than 50.

Climate

Target: The "15 by15" target was to reduce direct and indirect CO₂ emissions (Scope 1 and 2) by at least 15 percent relative to sales by 2015 (base year 2008).

Outcome: The "15 by 15" target was achieved. In 2015, the value was 11.3 metric tons/SEK M (12.3), a 20-percent improvement compared with the baseline level in 2008 (14.1 metric tons/SEK M) and a 6-percent year-on-year improvement. Refer to page 51 for more details and the target for the years ahead.

Climate impact



Society

Focus: Trelleborg supports the local communities in which it operates by participating in a variety of social activities, and at selected locations, by providing special support for teaching and educational activities for young people.

Outcome: In many of the places where Trelleborg operates, the company has partnerships with, for example, schools, universities and interest groups. With regard to sports sponsorship, youth activities are prioritized, while the company is also involved in a number of special programs that support child and youth development in such countries as Sri Lanka and Brazil. During the year, a new community involvement program was initiated in India with a focus on local development.

A largely satisfying year



Ulf Berghult, Chief Financial Officer

Sales are increasing despite low organic growth – can you explain this?

The organic sales trend was negative during the year, reflecting the weaker economic development. In parallel, structural growth – meaning acquired operations – and, not least, positive exchange rate effects made a favorable contribution to sales. Combined, this yielded a 10-percent increase in net sales during the year for the Group.

If we study the organic sales trend, there are relatively large differences between the various countries and geographic areas, although these disparities become slightly less evident when project deliveries are excluded. The market conditions also vary between the Group's market segments where, for example, sales in the capital-intensive industries related to agriculture were impacted by adaptations made by OE manufacturers to their own inventory levels and lower production levels. General industry displayed a weak trend during the year, particularly in North America. Other market segments, such as the aerospace and light vehicle industries, performed at a satisfactory level.

Consolidated operating profit is the highest to date for a full-year.

Yes, despite a generally weak organic sales trend, operating profit rose by 7 percent compared with the preceding year. We have identified the drivers as continued effective cost control, and the effects from our Excellence programme and our restructuring actions in the Group. By leveraging our strong market positions, we have been able to defend our margins, which in turn had a somewhat negative impact on our volume trend. Companies acquired during the year also made a positive contribution to the earning trend.

Changes in exchange rates from the translation of foreign subsidiaries had a positive impact of SEK 300 M on operating profit compared with 2014.

What are your comments on the operating cash flow?

Operating cash flow improved in three of our five business areas compared with the preceding year. Trelleborg Wheel Systems was impacted by increased investments in a new facility for manufacturing agricultural tires in the US, while Trelleborg Offshore & Construction was affected by the slowdown in oil & gas in the form of non-payment of advances from customers.

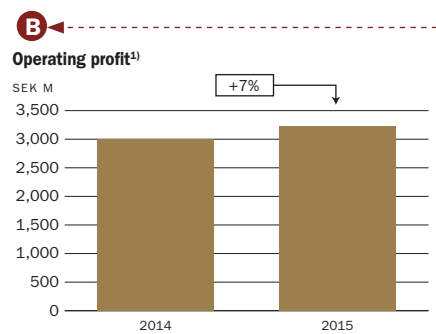
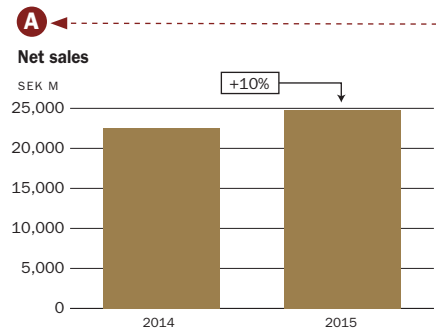
The Group's capital expenditure increased by 28 percent year-on-year.

A dividend totaling SEK 1,357 from TrelleborgVibracoustic was also recognized in operating cash flow, which rose by 28 percent to SEK 3,639 M including this dividend.

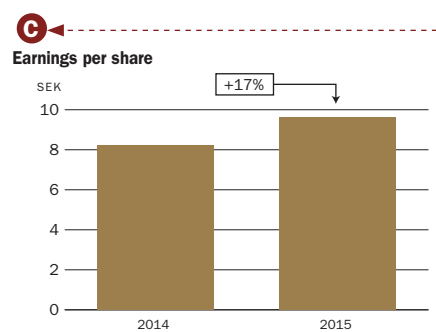
Financial guidance, 2016

- Restructuring costs: ~ 250 SEK M
- Investments: ~ 1,100-1,200 SEK M
- Underlying taxation level¹⁾: ~ 27 percent

¹⁾ Excluding items affecting comparability.



¹⁾ Operating profit, excluding participations in TrelleborgVibracoustic and items affecting comparability.



Sensitivity analysis

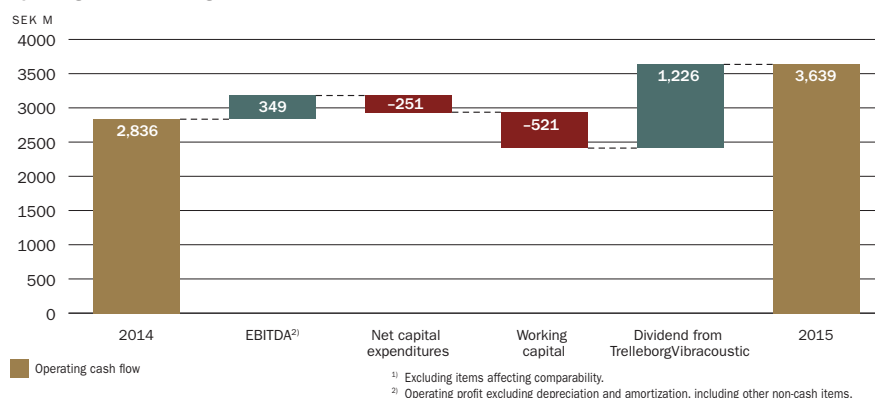
The calculations were based on figures from the end of the year and the assumption that all else is equal.

Costs

- The annual cost for purchasing materials and services amounted to SEK 11,787 M in 2015. Employee remuneration amounted to SEK 7,518 M. An increase or reduction in purchasing costs of 1 percent would reduce or increase operating profit by approximately SEK 120 M. Correspondingly, an increase in cost for employees of 1 percent would lead to a reduction in

Key figures, continuing operations, SEK M		2015	2014	Change, %
A	Net sales	24,803	22,533	10
E	Organic sales, %	-2	-1	
	Structural changes, %	+2	+2	
	Exchange rate effects, %	+10	+4	
B	Operating profit, excluding participations in TrelleborgVibracoustic and items affecting comparability	3,219	3,001	7
	Operating margin, %	13.0	13.3	
	Participations in TrelleborgVibracoustic	509	298	71
F	Items affecting comparability	-257	-226	
	Operating profit	3,471	3,073	13
	Profit before tax	3,318	2,939	13
	Net profit	2,605	2,236	17
C	Earnings per share, SEK	9.60	8.23	17
	Earnings per share, Group total, SEK	9.60	8.20	17
D	Operating cash flow	3,639	2,836	28

D Operating cash flow, change between 2014 and 2015 ¹⁾



operating profit of approximately SEK 75 M. However, Trelleborg's cost control and strong market position, combined with margin discipline, mean that when costs for raw materials increase, the Group as a premium supplier does not need to raise its prices in percentage terms as much as its competitors to compensate for higher raw material prices.

- A reduction or increase in interest rates of 1 percent would have a positive or negative effect on pre-tax earnings of approximately SEK 20 M based on the current level.

Global market oil price

- A low global market oil price principally

affects the Trelleborg Offshore & Construction business area, whose offshore oil & gas operations account for approximately half of its sales. At the same time, a lower oil price could have a stimulatory effect on other parts of the Group and be positive for the Group's purchases of raw materials.

Currency impact

- Trelleborg's earnings are largely generated outside Sweden. Exchange rate fluctuations therefore impact the Group's sales and earnings when translating the foreign operations from local currencies to SEK. Based on 2015's operating profit in local

Continuing operations

Continuing operations encompasses the Group's five business areas and central staff functions, but excludes already divested operations/assets held for sale.

E Net sales

Organic sales

Organic sales growth is the sales that Trelleborg generates through its own operations and in its existing structure, for example, through new sales initiatives.

Structural changes

Structural change is either sales growth that Trelleborg creates through acquisitions or a reduction that occurs as a result of a divestment. For further information concerning acquisitions in 2015, refer to page 29.

Exchange rate effects

Exchange rate fluctuations impact the Group's sales and earnings when translating the foreign operations from local currencies to SEK.

F Items affecting comparability

Items affecting comparability refers to, for example, costs for restructuring programs not included in normal operations. They should therefore be subtracted to provide a more accurate indication of how the underlying operations are performing.

For complete income statements, balance sheets and cash-flow statements, refer to pages 75-85.

currency, a 5-percent depreciation or appreciation of SEK against all currencies would have led to a positive or negative impact of approximately SEK 155 M on consolidated operating profit in 2015.

- Trelleborg is principally exposed to USD, EUR and GBP. Based on 2015's currency flows, the year's operating profit would have increased or reduced by approximately SEK 85 M in the event of a 5-percent appreciation or depreciation of USD, EUR and GBP against SEK.

Trelleborg Coated Systems is a leading global supplier of unique customer solutions for polymer-coated fabrics deployed in several industrial applications.

Sales and earnings

Net sales rose 32 percent compared with the preceding year. Organic sales for the full-year increased 1 percent compared with 2014. Both coated fabrics and printing blankets reported minor organic sales growth. North and South America contributed a positive organic sales trend for the full-year, while Europe and Asia were marginally lower. Structural changes of 17 percent were attributable to the U.S. coated fabrics operations acquired during the fourth quarter 2014.

Operating profit and corresponding margin rose compared with the

preceding year, mainly as a result of acquisitions, previously implemented restructuring programs, streamlining of production and favorable exchange rate fluctuations. Measures to further improve profitability are continuing according to plan. Exchange rate effects from the translation of foreign subsidiaries had a positive impact on operating profit of SEK 24 M compared with 2014.

Selection of events in 2015

- Continued efficiency measures in both Europe and North America.
- Restructured the North American distribution model for printing blankets.
- Continued to develop new products, such as printing blankets for printing on plastic containers and a coated fabric joined using a drop-stitch technique.
- Acquired a small-scale printing blanket operation in Austria.

- Successfully integrated the U.S. coated fabrics operations acquired in 2014.

Current priorities

- Focus on multi-dimensional organic growth: in geographies and segments, or through innovation, customer integration and differentiation.
- Focus on product and process innovations.
- Optimize existing manufacturing, logistical and geographic presence, as well as the go-to-market model.
- Seek selected bolt-on acquisitions.

Trelleborg BUSINESS AREA Coated Systems



Market segments

General industry: Printing and coating plate solutions for all types of offset printing, as well as flexo and digital printing. Carrier sleeve product line for packaging flexo printing. Coated fabrics and calendared materials for multiple industrial applications.

Transportation equipment: Coated fabrics for rubber flooring and train bellows, among other applications.

Aerospace: Coated fabrics for use in, for example, cabins, interior panels and aircraft evacuation slides, in addition to bellows for passenger boarding bridges.

Light vehicles: Calendared materials for brake shims, for example.

Production units: Brazil, China, France, Italy, Sweden, the U.K. and the U.S.

Market offices: Austria, Brazil, China, France, Italy, Japan, Sweden, the U.K. and the U.S.

Examples of brands/product names: Axcyl®, Printec, Rollin® and Vulcan®.

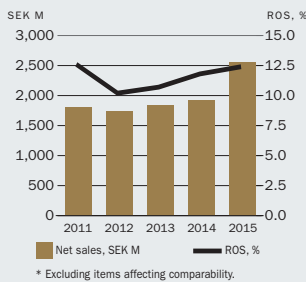
Key customers: Companies mainly active in the general industry segment including the graphic industry and aerospace industry.

Principal competitors: Continental, Flint Group, Kinyo, Meiji and Pennel & Flipo.

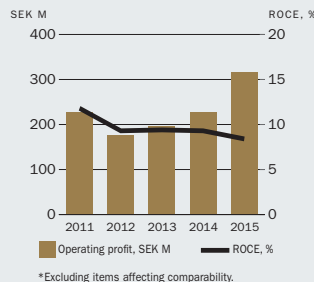
	EU	NAFTA	Globaly
Market position, no. 1-3			
Engineered fabrics	■	■	■
Printing blankets	■	■	■

Key figures, excluding items affecting comparability, SEK M	2015	2014
Net sales	2,559	1,932
Share of consolidated net sales, %	10	9
Operating profit	317	227
Operating margin (ROS), %	12.4	11.8
Capital employed	3,617	3,655
Return on capital employed (ROCE), %	8.4	9.3
Capital expenditures	73	65
Operating cash flow	376	238
Operating cash flow/operating profit, %	118	105
Number of employees at year-end, including insourced staff and temporary employees	1,340	1,337

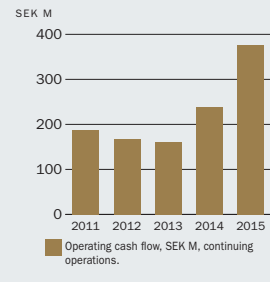
Net sales and ROS*



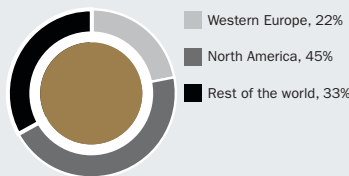
Operating profit* and ROCE*



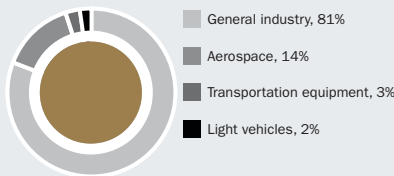
Operating cash flow



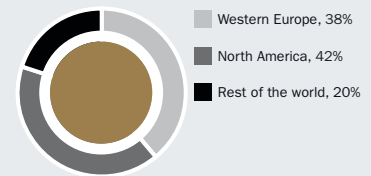
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

Dario Porta, Business Area President



Describe what characterizes your business area.

The development and production of polymer-coated fabrics requires expertise and applications know-how in polymer engineering. From these polymer-coated fabrics, we make blankets for all types of printing and our fabrics form part of a large number of products, from medical technology equipment to train bellows. A common feature of our offerings is their high technological content and the critical role they have in overall solution.

With the acquisition of the U.S. coated fabrics operations in 2014, our relative distribution of sales between printing blanket solutions and coated fabrics has changed in favor of the latter. Our focus has also shifted from Europe to North and South America. In relative terms, we are also allocating more resources to sales and R&D than we did a few years ago.

Name a technological highlight of the year.

There are numerous development projects ongoing in the business area,

but one highlight I would like to mention is our successful deployment of fabrics joined using a drop-stitch technique and subsequently rubber-coated. The technique enables the product to be inflated – similar to an air mattress. There are several areas of application, but the product comes into its own when used in the bottom structure of a boat or raft.

What will be the key development areas in the years ahead?

Despite our presence in a large number of niches, development and expansion potential exists in other segments, niches and geographies – particularly for our polyurethane-coated fabrics. Packaging, and therefore printing blankets for packaging, represent an area in which we are growing. We are also continuing to review our distribution network and are examining closely related technologies.

The global megatrends are encouraging. For example, the aerospace industry is demanding lighter aircraft fleets and enhanced safety, which are trends that fit our already strong position in the sector.

Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in such industrial application areas as hose systems, industrial anti-vibration solutions and selected industrial sealing systems.

Sales and earnings

Net sales rose 3 percent compared with the preceding year. Organic sales for the full-year declined by 5 percent compared with 2014. Structural growth contributed 2 percent in total. The majority of geographic markets reported negative organic sales, apart from South and Central America where the organic sales trend was strong as a result of local establishment in Mexico, along with strengthened market positions.

Operating profit and corresponding margin increased compared with the

preceding year, due primarily to effective price discipline, cost control and favorable exchange rate fluctuations. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 44 M on operating profit compared with 2014.

Selection of events in 2015

- Launched several new products, including double carcass oil & marine hoses, antivibration engine mounts for vessels, hoses for aggressive chemicals within the oil and chemicals industries, and new rubber seals for large concrete pipes.
- Invested in a new facility in Mexico for the manufacture of thermoplastic elastomer (TPE) boots for light vehicles.
- Expanded production capacity in Lithuania with a new production line, technology and customer base for pipe seals.

- Secured prestigious contracts for rail vehicles and systems in various parts of the world.
- Successfully integrated the industrial hose and pipe seals operations acquired in 2014.

Current priorities

- Focus on profitable growth by expanding in such niches as construction and infrastructure in North America and light vehicles in Asia, and reinforce positions in profitable segments in Western Europe.
- Create increased added value and closer collaboration with customers through, for example, product innovations, extended offerings, being a partner with whom it is easy to do business, and a focus on digital solutions.
- Optimize the production structure and focus on growth in existing new production facilities in new economies.
- Seek selected bolt-on acquisitions.

Trelleborg Industrial Solutions

BUSINESS AREA



Market segments

General industry: Fluid-handling solutions, such as hoses, expansion joints and elastomer materials. Antivibration solutions, such as vibration dampers and precision components. Sealing profiles for facades, windows and doors.

Oil & gas: Marine hoses for handling oil and gas.

Infrastructure construction: Pipe seals and repair of drinking water and wastewater systems.

Transportation equipment: Vibration-damping and acoustic solutions for track-bound vehicles and marine applica-

tions as well as off-highway vehicles. Sealing systems for trains and trucks.

Light vehicles: Polymer boots for drive shafts and steering applications.

Production units: Brazil, China, the Czech Republic, Estonia, Finland, France, Germany, India, Lithuania, Mexico, Poland, Spain, Sweden, Turkey, the U.K. and the U.S.

Market offices: Austria, Brazil, China, Finland, France, Germany, Hungary, India, Mexico, the Netherlands, Norway, Poland, Russia, Spain, Sweden, Turkey, the U.K. and the U.S.

Examples of brands/product names:

CRYOLINE®, DragonCoat®, epros®, Forsheda®, KLELINE®, Metalastik®, Novibra®, Power-Lock™, SEALINE®, Sewer-Lock™, TRELLINE® and TRELIVAC.

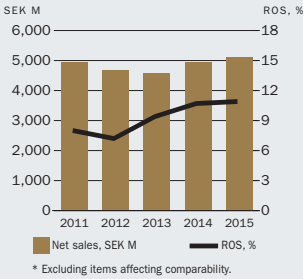
Key customers: Companies active in general industry, infrastructure and construction, the transportation industry and offshore oil & gas.

Principal competitors: Continental, Freudenberg, GMT, Hultec, Hutchinson, IVG, Lord, Parker Hannifin, Semperit, Stomil Sanok and Tyman.

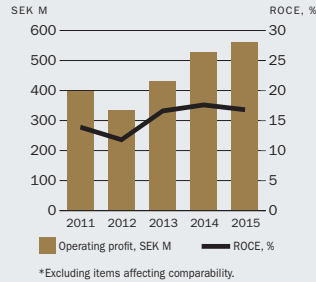
	EU	NAFTA	Globally
Market position, no. 1-3			
Industrial hoses	■	■	■
Marine hoses for oil & gas	■	■	■
Industrial vibration damping	■	■	■
Sealing profiles	■	■	■
Pipe seals	■	■	■
Polymer boots	■	■	■

Key figures, excluding items affecting comparability, SEK M	2015	2014
Net sales	5,117	4,956
Share of consolidated net sales, %	21	22
Operating profit	560	529
Operating margin (ROS), %	10.9	10.7
Capital employed	3,188	3,322
Return on capital employed (ROCE), %	16.8	17.6
Capital expenditures	222	180
Operating cash flow	613	501
Operating cash flow/operating profit, %	109	95
Number of employees at year-end, including insourced staff and temporary employees	3,810	3,929

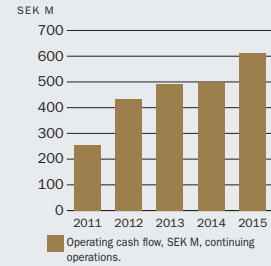
Net sales and ROS*



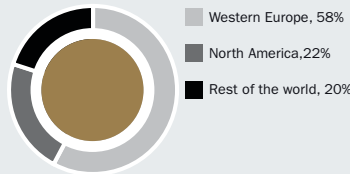
Operating profit* and ROCE*



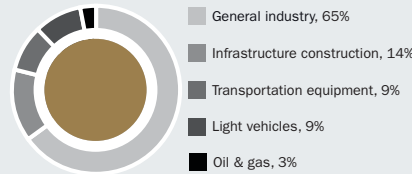
Operating cash flow



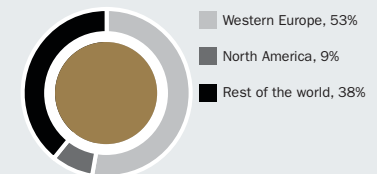
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

Mikael Fryklund, Business Area President



Describe what characterizes your business area.

The products in my business area are highly varied, but the golden thread linking them all is our applications expertise. Every solution is driven by our in-depth knowledge of a specific, and often niche, application. Understanding of the market and close cooperation with our customers is thus a critical factor in initiating and developing each solution.

We have a relatively large business and share of sales in Europe, but we have also made acquisitions and grown in other parts of the world in recent years. One example is China, where we have invested in expanded production of boots for light vehicles, or Mexico, where we have acquired a business that produces polymer-based sealing systems for various types of water and wastewater pipes.

Name a technological highlight of the year.

It's difficult to pick a specific one. But I am proud of the development of our

new hose for liquefied natural gas (LNG) which we see great potential in.

I would also like to mention our expertise in pipeline networks, which we further advanced during the year. Our trenchless pipe sealing solutions mean that pipe repairs can be undertaken without digging, which minimizes disruption to traffic and residents.

What will be the key development areas in the years ahead?

It will be to develop and further improve our existing day-to-day operations, with focus on profitable growth. In particular, this will require us to be even better at leveraging the local demand that exists in our various niches across the globe. We have strong customer offerings that can be 'exported' to new markets and segments. We are also examining the development of new products and solutions, technologies and choices of materials.

Trelleborg Offshore & Construction is a leading global project supplier of polymer-based critical solutions deployed in highly demanding offshore oil & gas and infrastructure construction environments.

Sales and earnings

Net sales rose 17 percent compared with the preceding year. Organic sales for the full-year increased by 4 percent compared with 2014. The substantial order backlog in the oil & gas segment at the beginning of the year resulted in higher sales, despite the challenging market situation. The global market price for oil continued to fall throughout the year, which has resulted in a stepwise weaker order backlog related to oil & gas.

The operating profit and operating margin were lower compared with the year-earlier period, mainly as a result of

a product mix with lower margins, but also due to under-absorption in certain infrastructure segments. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 22 M on operating profit compared with 2014.

The historically low oil price is negatively affecting customers' willingness to invest in the oil & gas segment while also causing price pressure on the fewer remaining projects. This will lead to lower volumes and profitability in the period ahead, and affects about half of the business area's sales.

Selection of events in 2015

- Acquired a Denmark-based company focused on marine navigation and piloting systems as well as a U.S.-based manufacturer of marine fender systems.
- Awarded a number of prestigious supply contracts in both the offshore

oil & gas and infrastructure construction segments.

- Consolidated two Netherlands-based operations and consolidated parts of the business area's various operations in the U.K.
- Inducted into the Offshore Energy Center Hall of Fame for the contribution to the technological development of Drill Riser Buoyancy Modules (DRBMs).

Current priorities

- Proactively manage the decline in the oil & gas segment – and prepare ahead for a future upturn through structural adaptations and investments in technology and personnel.
- Focus on organic growth, primarily through innovative technology and product development, but also via new geographic markets and product niches.
- Develop and obtain leverage from documented successful project management.
- Seek selected value-generating bolt-on acquisitions.

Trelleborg BUSINESS AREA Offshore & Construction



Market segments

Oil & gas: Polymer-based solutions for exploration and extraction of oil and gas.

Infrastructure construction: Sealing and vibration-damping solutions for tunnels, bridges and other large construction and civil engineering projects. Marine structures for berthing, mooring and docking in ports and offshore.

Production units: Australia, Brazil, China, Denmark, the Netherlands, Norway, Singapore, the U.K. and the U.S.

Market offices: Australia, Brazil, China, Denmark, France, India, Indonesia, Japan, the Netherlands, Norway, Singapore, Sweden, South Africa, South Korea, Turkey, the UAE, the U.K. and the U.S.

Examples of brands/product names: ANDRE, Elastopipe™, FireNut™, RiserGuard®, SCN Supercone, SeaGuard, SeaTechnik™, SmartDock®, Ultra M.I.S., Uraduct® and Vikotherm™.

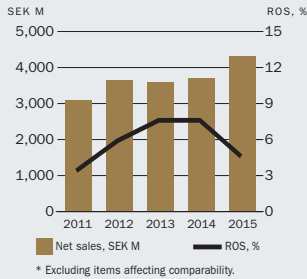
Key customers: Companies active in offshore oil & gas and companies that construct and manage tunnels, bridges, buildings, ports and shipyards, including construction companies and engineering consultancies.

Principal competitors: AF Global, AIS, Balmoral, Bridgestone, Dätwyler, FenderCare, Hutchinson, Lankhorst, Mampaey, Matrix, ShibataFenderTeam, Sumitomo Riko and Yokohama.

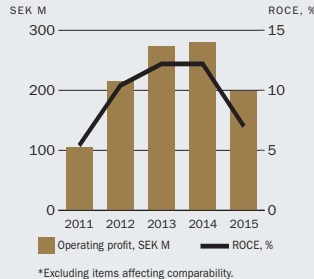
	EU	NAFTA	Globally
Market position, no. 1-3			
Polymer solutions for offshore oil & gas	■	■	■
Marine fender systems	■	■	■
Docking and mooring systems	■	■	■
Tunnel seals	■	■	■
Dredging hoses	■	■	■
Acoustic and vibration-damping solutions	■	■	■

Key figures, excluding items affecting comparability, SEK M	2015	2014
Net sales	4,331	3,697
Share of consolidated net sales, %	17	16
Operating profit	199	281
Operating margin (ROS), %	4.6	7.6
Capital employed	3,029	2,432
Return on capital employed (ROCE), %	7.0	12.2
Capital expenditures	240	128
Operating cash flow	-166	287
Operating cash flow/operating profit, %	-84	102
Number of employees at year-end, including insourced staff and temporary employees	2,104	2,164

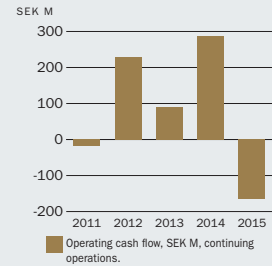
Net sales and ROS*



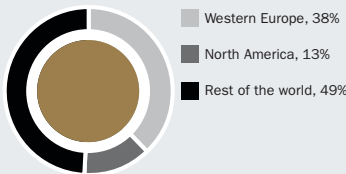
Operating profit* and ROCE*



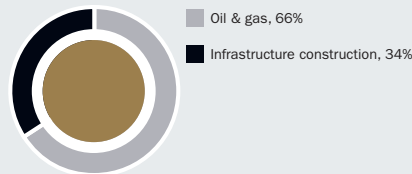
Operating cash flow



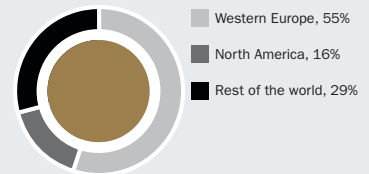
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

Fredrik Meuller, Business Area President



Describe what characterizes your business area.

We are a dedicated project-based operation and our solutions are designed to perform in the toughest of environments where there is no room for error. Customers feel secure in the knowledge that Trelleborg has so many well-functioning solutions already installed and such a comprehensive list of references in its respective niches. Often there are no industry standards, so customers must feel confident that Trelleborg can tailor effective solutions that meet project requirements without re-inventing the wheel.

Name a technological highlight of the year.

I want to mention the technologies and products we acquired in 2015.

One of these operations designs and manufactures marine fender systems and other quay accessories.

The other operation is a market leader in marine navigation and piloting systems, primarily specializing in the development of software used for docking

or mooring vessels offshore or in ports. Together, these strengthen Trelleborg's offering as an attractive turnkey supplier of marine docking and mooring solutions for ports and vessels, regardless of whether it is for owners or captains/pilots.

What will be the key development areas in the years ahead?

To say the least, it has been a challenging market situation in oil & gas during the year, with a significantly lower world market price for oil and major uncertainty concerning demand. We have managed, and will continue to manage the situation while also preparing ourselves for a recovery, through innovative solutions and applying the right structure.

Generally, we have strong potential to continue to grow organically, given the positive long-term macroeconomic fundamentals – in global terms, there is a major need for investment in energy and infrastructure, both in mature markets (Europe) and in high-growth markets (Asia, South America).

Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions deployed in demanding general industry, light vehicle and aerospace environments.

Sales and earnings

Net sales rose 9 percent compared with the preceding year. Organic sales for the full-year declined by 1 percent compared with 2014. Europe reported moderately negative organic growth, as a decline in general industry was partially offset by higher sales to the light vehicle and aerospace industries. North America reported negative organic sales, primarily related to a weaker trend for general industry. Positive organic growth in Asia was predominantly driven by healthy sales to the automotive and

aerospace industries, which was offset by lower activity in general industry in the region.

Operating profit rose as a result of effective cost control and favorable exchange rate fluctuations. The operating margin was maintained at a high level throughout the year. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 156 M on operating profit compared with 2014.

Selection of events in 2015

- Exercised an option from 2011 to acquire the outstanding 50-percent stake in the Bulgarian silicone rubber operation and subsequently initiated expansion of its capacity.
- Implemented structural improvements and modifications of production sites in Europe and Asia.

- Commenced production of seals and components for the aerospace industry in a new facility in France.
- Continued the simplification program aimed at making it easy for customers to do business with Trelleborg.

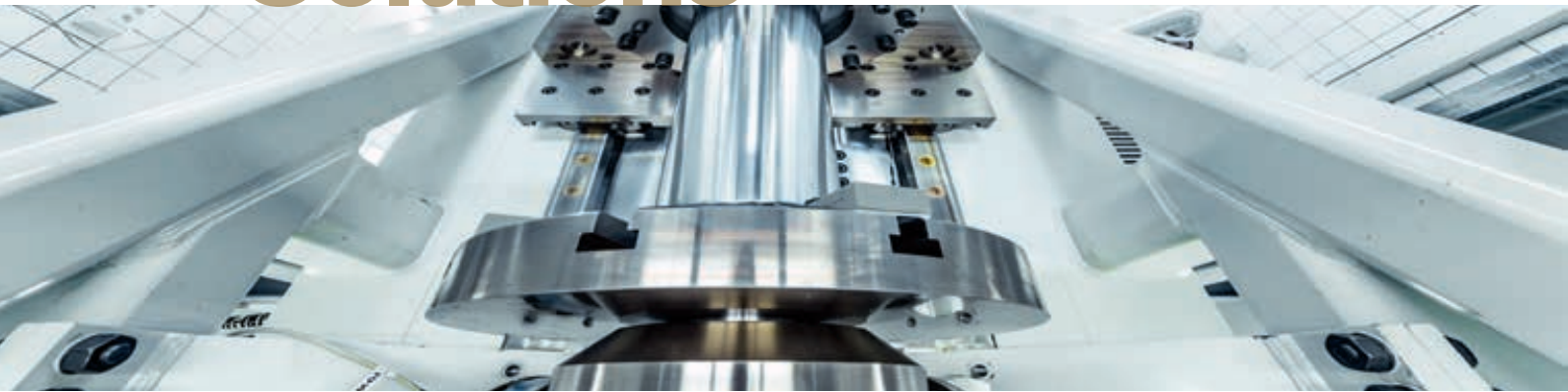
Current priorities

- Focus on global growth initiatives in markets, segments and products, for example, in life sciences, oil & gas and aerospace.
- Increase market presence and shares through bolt-on acquisitions with a geographic focus on Asia, Eastern Europe, and North and South America.
- Continue to develop digital service tools and services.
- Focus on product and material innovations.
- Retain position as the leader in digital service tools for engineers.
- Increase the pace of the simplification program – aimed at making it easy for customers to do business with Trelleborg in all respects.

Trelleborg

BUSINESS AREA

Sealing Solutions



Market segments

General industry: Precision seals for a range of industrial applications with a focus on O-Rings, rotary seals and hydraulic seals.

Aerospace: Safety-critical aircraft seals used in such application areas as engines, flight control actuators, landing gear, wheels and brakes.

Light vehicles: Advanced and often safety-critical seals, mainly for fuel systems, steering, air conditioning and exhaust systems, as well as composite technology designed for damping and sealing.

Transportation equipment: Specially engineered sealing solutions in, for example, trains.

Agriculture: Sealing configurations for hydraulic equipment in, for example, tractors.

Oil & gas: Specialty seals in various oil and gas installations.

Production units: Brazil, Bulgaria, China, Denmark, France, India, Italy, Malta, Mexico, Poland, Switzerland, the U.K., Sweden and the U.S.

Market offices: Austria, Belgium, Brazil, Bulgaria, Canada, China, Croatia, the Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Italy, Japan, Mexico, the Netherlands, Norway, Poland, Russia, Switzerland, Singapore, South Korea,

Spain, Sweden, Taiwan, Turkey, the U.K. and the U.S.

Examples of brands/product names:

American Variseal®, Busak+Shamban, Forsheda®, GNL, Nordex, Orkot®, Palmer Chenard, Polypac®, Rubore®, SF Medical, Shamban®, Silcotech, Skega®, Stefa® and Wills Rings®.

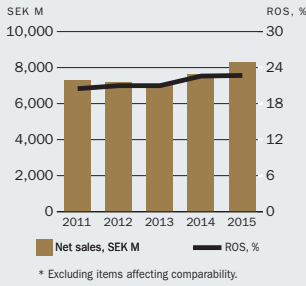
Key customers: ABB, BOC Edwards, Bosch, Caterpillar, GEA Group, Honda, Husky, Liebherr, Rolls Royce, Scania, Siemens, Spirit Aero systems, Visteon, Volvo and ZF Group.

Principal competitors: Federal Mogul, Freudenberg, Green Tweed, Hutchinson, NOK, Parker Hannifin, Saint Gobain and SKF.

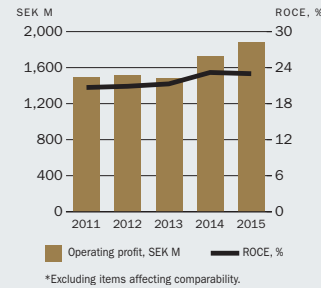
	EU	NAFTA	Globally
Market position, no. 1-3			
Precision seals for the aerospace industry	■	■	■
Precision seals for the light vehicles industry	■	■	■
Precision seals for general industry	■		■

Key figures, excluding items affecting comparability, SEK M	2015	2014
Net sales	8,302	7,648
Share of consolidated net sales, %	34	34
Operating profit	1,885	1,730
Operating margin (ROS), %	22.7	22.6
Capital employed	7,945	7,838
Return on capital employed (ROCE), %	23.0	23.2
Capital expenditures	320	334
Operating cash flow	1,763	1,710
Operating cash flow/operating profit, %	94	99
Number of employees at year-end, including insourced staff and temporary employees	5,421	5,558

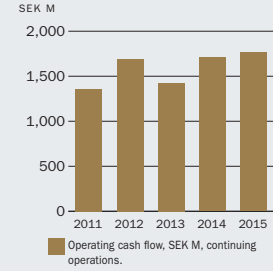
Net sales and ROS*



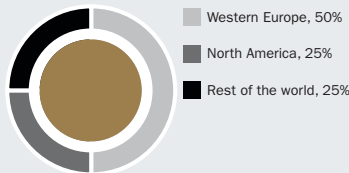
Operating profit* and ROCE*



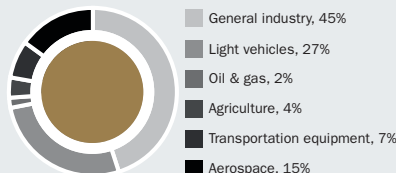
Operating cash flow



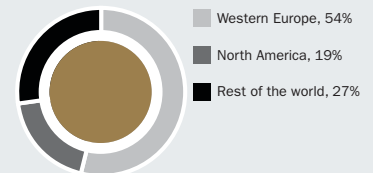
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

Claus Barsøe, Business Area President



Describe what characterizes your business area.

The optimal solution for our customers' sealing challenges forms the basis for how we act; from concept to delivery.

Everything we do builds on collaboration with and understanding of our customers' business and their markets. This drives our strategy and how we make it easier for customers to do business with us.

Name a technological highlight of the year.

There is a high pace of development in the business area. We are continuously developing new products and solutions.

For example, we have Zurcon® Glyd Ring® D, which is a seal made from a special material for use in hydraulic cylinders fitted on construction equipment. The product guarantees a long service life and a high degree of reliability. It is made from the polyurethane material Zurcon® Z13, which is specially developed to cope with pressures up to 500 bar from both sides of the seal and at temperatures up to 120 °C.

Another of our innovations has made it possible to produce two-colored components in Liquid Silicone Rubber (LSR) from a single tool. This solution was requested by a leading automotive manufacturer to enable it to easily differentiate between geometrically identical components for various vehicle platforms. We now have the ability to add color pigment to a specific part of the silicon material stream just prior to its injection into the tool cavity.

What will be the key development areas in the years ahead?

We will continue the development program aimed at making it easy for customers to do business with Trelleborg. We are also at the forefront of new engineering apps and online tools that can make life easier for our customers and help them choose an optimal sealing solution at any time of the day, whether at their desk or on the move.

Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for agricultural and forestry machines, forklifts trucks and other materials handling vehicles.

Sales and earnings

Net sales rose 4 percent compared with the preceding year. Organic sales for the full-year declined by 6 percent compared with 2014. Organic agriculture-related sales declined, impacted by OEM's considerably lower production levels of agricultural machinery. The organic sales trend for tires for materials handling vehicles was slightly negative for the full-year.

The operating profit and operating margin declined, mainly due to lower volumes in certain segments. Start-up costs for the U.S. agricultural tire production site also had an impact on

profit. The site is estimated to start deliveries during the first quarter of 2016, after which a gradually increasing rate of production will contribute to organic growth.

The tougher market conditions were partially offset by effective cost control and successful market positioning. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 57 m on operating profit compared with 2014.

Selection of events in 2015

- Signed agreement to acquire CGS Holding which, with its subsidiary Mitas, will make the business area a global leader in agricultural tires and strengthen its leading position in industrial tires.
- Acquired a Brazilian manufacturer of industrial tires, an Australian agricultural tire operation and a French industrial tire distributor.

- Exercised an option from 2011 to acquire the outstanding 40-percent stake in the Mexican industrial tire operation.
- Built a new facility for the manufacture of agricultural tires in the U.S.
- Invested in capacity build-out of the Chinese agricultural tire facility.
- Introduced Interfit, the industrial tire service concept, in several new markets.

Current priorities

- The acquisition of CGS Holding is expected to be finalized in the first half of 2016 – integrate the operations of Mitas and Trelleborg.
- Expand production in and develop the new agricultural tire facility in the U.S.
- Continue to develop the Total Value of Ownership (TVO) offering.
- Continue product development of tires for enhanced efficiency and reduced environmental impact, and expand the range and reach new markets.
- Develop the offering in Asia and Africa.
- Seek selected bolt-on acquisitions.

Trelleborg BUSINESS AREA Wheel Systems



Market segments

Agriculture: Tires and complete wheels for tractors and other vehicles used in agriculture and forestry. The business area is a leader in the extra-large tires sub-segment.

Transportation equipment: Tires and complete wheels for materials handling vehicles, including forklifts and other highly utilized and high-load materials handling vehicles.

Production units: Brazil, China, Italy, Latvia, Sri Lanka, Sweden and the U.S.

Market offices: Australia, Belgium, Brazil, China, the Czech Republic, Denmark, Finland, France, Germany, Indonesia, Italy, Latvia, Malaysia, Mexico, the Netherlands, Poland, Russia, Singapore, South Africa, Spain, Sweden, United Arab Emirates, the U.K. and the U.S.

Examples of brands/product names: Trelleborg Elite XP, Trelleborg M², Premia, Mastersolid, Orca, Brawler and Interfit.

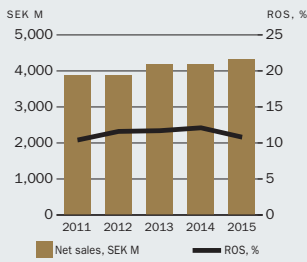
Key customers: Manufacturers of agricultural and forestry machinery, tire and machinery distribution companies and end-customers. Manufacturers and distributors of forklifts, tire distributors and tire service companies for materials handling vehicles.

Principal competitors: Aichi, ATG, Camoplast-Solideal, Continental, Firestone/Bridgestone, Nokian, Goodyear/Titan, Michelin and Mitas.

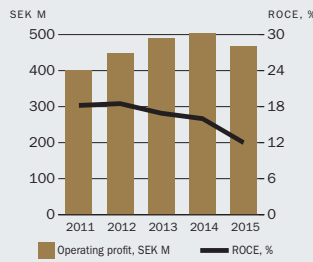
	EU	NAFTA	Globally
Market position, no. 1-3			
Agricultural tires	■	■	■
Forestry tires	■	■	■
Solid industrial tires	■	■	■

Key figures, excluding items affecting comparability, SEK M	2015	2014
Net sales	4,315	4,167
Share of consolidated net sales, %	18	19
Operating profit	468	504
Operating margin (ROS), %	10.8	12.1
Capital employed	4,198	3,453
Return on capital employed (ROCE), %	11.7	15.6
Capital expenditures	425	252
Operating cash flow	48	324
Operating cash flow/operating profit, %	10	64
Number of employees at year-end, including insourced staff and temporary employees	3,295	3,047

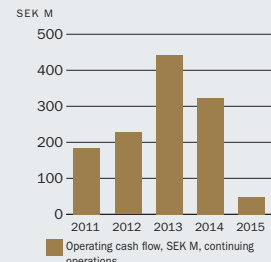
Net sales and ROS*



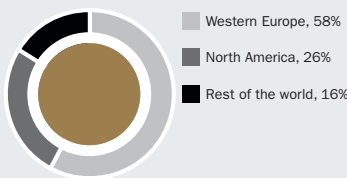
Operating profit* and ROCE*



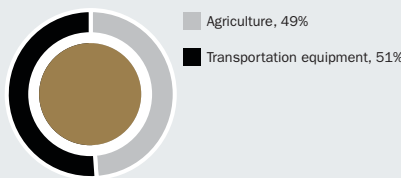
Operating cash flow



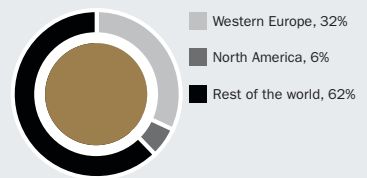
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

Maurizio Vischi, Business Area President



Describe what characterizes your business area.

We work in a focused manner to develop the concept of Total Value of Ownership (TVO). With TVO, we optimize, through the superior performance of our tires, customer's costs over time by taking into account aspects such as tire life and fuel consumption.

We also maintain close collaboration with our customers across the globe. Local presence and global reach have become key drivers in our business strategy.

Name a technological highlight of the year.

The Pit Stop Line for our premium industrial tires is a good example of customer-focused innovation. The orange Pit Stop Line appears on the surface of a tire as it wears down giving a clear indication when it needs to be replaced. Our research revealed that over 85 percent of tires are replaced too early meaning that end users were incurring needless cost and downtime, both of which are solved by choosing the

Pit Stop Line. The Pit Stop Line has reinforced both our leading position as an innovator in the market and also our expertise in complex production processes.

What will be the key development areas in the years ahead?

The acquisition of CGS Holding is expected to be finalized in the first half of 2016. Then, without a doubt, it will be to successfully integrate the CGS subsidiary, Mitas, with our current operation. The acquisition will mean that we will become a global leader in agricultural tires and, combined with the Brazilian acquisition, we will strengthen our leading position in industrial tires.

As an example, we will be supplementing our offering of massive industrial tires with pneumatic tires, thus granting access to new markets. For agricultural tires, we will expand our product range, with more brands and a larger geographic market, reinforcing our presence in Europe and North America, and increasing shares of the Russian and Ukrainian markets.



Joint venture TrelleborgVibracoustic



TrelleborgVibracoustic is the global market leader within antivibration solutions for light and heavy vehicles. The company was formed in July 2012 and is owned in equal shares by Trelleborg and Freudenberg.

Sales and earnings

Net sales for the full-year rose by 9 percent compared with 2014. Satisfactory sales performance in mainly Europe and North America but also Asia contributed to organic sales growth of 5 percent. It is estimated that the underlying market grew by just under 2 percent over the same period.

Operating profit developed favorably, mainly due to higher volumes, effective cost control and the effects yielded by the ongoing restructuring project in the European operation. The weak market

Note that TrelleborgVibracoustic's reporting currency is EUR

TrelleborgVibracoustic, EUR M	2015	2014
Net sales	1,941.8	1,779.3
Total change, %	9	4
Organic sales, %	5	4
Structural growth, %	-	1
Exchange rate effects, %	4	-1
Operating profit excluding items affecting comparability	182.9	151.0
Operating margin, %	9.4	8.5
Acquisition-related costs	-5.7	-0.4
Amortization of intangible assets ¹⁾	-5.8	-7.2
Restructuring items	-9.5	-33.1
Total items affecting comparability	-21.0	-40.7
Operating profit	161.9	110.3
Financial income and expenses	-4.0	-12.4
Profit before tax	157.9	97.9
Tax	-49.1	-32.3
Net profit	108.8	65.6
TrelleborgVibracoustic, SEK M		
Net profit	1,018	596
Trelleborg's share, 50%	509	298

¹⁾ Related to split of acquisition balance.

trend in Brazil, combined with certain non-recurring costs, continued to have a negative impact on profit. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of EUR 13 M on profit compared with 2014.

The operating cash flow declined slightly as a result of a higher investment level. Restructuring costs, reported under items affecting comparability, principally refer to consolidation of the Brazilian operation.

The reported tax rate was 31 percent and was negatively impacted by non-recurring effects attributable to legal restructuring. This is linked in turn to the preparations ahead of a potential IPO of the joint venture. The underlying tax rate for the full-year amounted to 27 percent.

Selection of events in 2015

- Commenced production at a new facility in Thailand.
- Stefan Eck appointed new Chief Financial Officer (CFO) and Jörg Böcking Chief Technology Officer (CTO) as of January 1, 2016.
- Completed restructuring of operations in Brazil.
- Developed new decoupling solutions for front-wheel and all-wheel drive vehicles.
- Decided to build an additional production facility in China, the company's third in the country.

Other key figures

TrelleborgVibracoustic, EUR M	2015	2014
EBITDA	249.3	210.2
Operating cash flow	137.9	159.8
Capital employed	481.8	450.4
Net debt	209.5	1.2
Equity	265.8	433.4
Net debt/equity ratio, %	78.8	0.3
Net debt/EBITDA	0.8	0.0

- Developed new bellows technology for air springs fitted in sport utility vehicles (SUVs).
- Continued restructuring projects in European operations.
- Frank Müller appointed new CEO as of June 1, 2015.
- Initiated activities to prepare company for a potential IPO.

Global leader in antivibration

Since its inception in the summer 2012, the TrelleborgVibracoustic joint venture has developed favorably and has outperformed the underlying market. The company has focused on operational activities to boost profitability and implement restructuring measures.

TrelleborgVibracoustic is now the global market leader in antivibration solutions for light and heavy vehicles,

with a market share of 18 percent. The company has 43 production and development sites, spread across 19 countries. The company has approximately 10,000 employees.

Key customers: BMW, Daimler, Daimler Trucks, Fiat-Chrysler, Ford, GM, Hendrickson, Paccar, Renault-Nissan and VW.

Principal competitors: Bridgestone, Continental, Cooper Standard, Sumitomo Riko, Toyo, Yamashita and ZF-Boge.

For further information about TrelleborgVibracoustic, visit www.tbvc.com.

Trelleborg and TrelleborgVibracoustic

The formation and ownership of TrelleborgVibracoustic is aligned with Trelleborg's strategy to hold leading positions in selected segments. At the same time, the Group's direct exposure to the light vehicles industry has been significantly reduced and the Group has achieved a better balance in its exposure between the various market segments.

TrelleborgVibracoustic provides Trelleborg as a Group with access to a business with higher growth and profit-

ability potential than the automotive antivibration operation previously owned by Trelleborg.

Potential IPO. At the beginning of 2015, the respective Boards of Trelleborg and Freudenberg decided to examine the conditions for listing TrelleborgVibracoustic's shares and therefore initiated a process to prepare the company so that it will comply with the stock exchange's requirements for a listing. These preparations are

progressing according to plan. Follow developments at www.trelleborg.com and www.tbvc.com.

Dividends to shareholders: During the fourth quarter of 2015, a dividend of EUR 290 M was paid to shareholders, of which half was to Trelleborg.



Engineered fabrics

Quickly evacuating an aircraft can be the difference between life and death. Trelleborg's escape slides allow passengers to exit an aircraft safely.

Airframe seals

At an altitude of 11,000 meters, the temperature outside the window falls to below -30°C. At this height, a leak in cabin pressure would have catastrophic consequences. Seals from Trelleborg help make the aircraft airtight.

Precision seals

Another touchdown. With the landing gear bearing a load of 202,000 kg. The aerospace industry uses many of Trelleborg's innovative solutions to make sure that everything always works without any problems.

Value-generating business development

The material with many applications	25
Value generation at Trelleborg	26
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Light vehicles for a growing middle class.....	40

The material with many applications

The polymer market is both substantial, and undergoing a consolidation process.

Infinite number of applications. Polymers – rubber, composites and plastics as they are commonly known – are some of the toughest and most versatile materials available. But what are polymers precisely? The short and simple answer is that polymers are our most elastic materials, with unique properties that seal, damp and protect in a range of environments. But there is no uniform concept. There are many different types of polymers that, with various additives, can have very different properties. The chemical additives and combinations with other materials, such as metals and textiles, determine the end product's properties. It could be an aircraft seal that can withstand extreme temperature variations. Or why not a hose that can

withstand corrosive chemicals? The fields of application for polymers in combination with other materials are endless.

Many players. There is no one definition, or estimation, of the total market for polymer solutions. There is no accepted classification, which makes it more relevant to speak about competition in specific niches rather than in the market at large. However, it is clear that the industrial polymer market largely comprises a very significant number of smaller companies that are regional specialists in one or more niche markets in various market segments or product categories. Trelleborg's broad-based operation, encompassing products and solutions for applications ranging from outer space to the ocean floor, means that the Group has no single matching competitor. There are, however, global players that compete in certain segments

and niches. Such major competitors include Continental, Hutchinson and Freudenberg, as well as Sumitomo Riko, Bridgestone and NOK.

Information about competitors can be found on *pages 12-21*, where Trelleborg's business areas are also presented. These pages also show that where Trelleborg has chosen to establish a presence, the Group is ranked among the three largest players, both globally and regionally, which is aligned with the Group's strategy.

Trelleborg's strategy is to secure leading positions in selected segments. In a competitive environment under pressures of globalization, positioning in the most attractive segments, niches or product categories for Trelleborg becomes a key factor for success. In turn, this requires knowledge of global, regional and local markets, strength in innovation and development as well as resources to enable investments.

Seal

To seal is to fill a gap when joining two surfaces, thereby separating different media from each other. The gaps can be static or moving (dynamic). Examples includes seals in hydraulics, seals that ensure pressure in aircraft and seals that reduce energy use in buildings.



Precision seals for the chemical industry, airframe seals and seals for facades.

Damp

To damp is to absorb energy, thereby reducing vibration and noise. Examples include mounts and dampers that reduce noise and vibration in machines, cars, trains and other vehicles.



Suspension components and rail mounts for rolling stock, anti-vibration mechanical equipment and bearings on bridge abutments.

Protect

To protect is to manage the impact from natural and man-made forces. Examples include fire and chemical safety systems, tunnel seals and bearings to protect bridges and buildings, as well as agricultural tires that protect the soil.



Protection for offshore risers, fire extinguishing and sprinkler systems for jet fires and agricultural tires that minimize soil compression.

Value generation at Trelleborg



Today, the Trelleborg Group is a world leader in engineered polymer solutions, whose innovative solutions accelerate performance for customers in a sustainable way.



▶ BUSINESS CONCEPT

Business concept to seal, damp and protect. Trelleborg's business concept is to seal, damp and protect critical applications in demanding environments.

▶ STRATEGY

Strategy for leading positions. Trelleborg's strategy is to secure leading positions in selected segments. This means that Trelleborg seeks segments, niches and product categories that – by virtue of the Group's market insights, core competencies and offering of advanced products and solutions – provide market leadership. In this manner, long-term shareholder value and added value are generated for customers.

Trelleborg works with the strategy, both Group-wide and in the business areas, supported by four strategic cornerstones that – individually and in combination – underpin the strategy. The strategic cornerstones are:

- geographic balance
- portfolio optimization
 - structural improvements
 - excellence

Read more on [pages 28-31](#).

▶ CORE COMPETENCIES

Value generation through core competencies. The polymers handled by Trelleborg, with their additives and combinations with other materials, do not differ dramatically from those in other companies' products and solutions. But in terms of value generation, there are significant aspects that set Trelleborg apart from its competitors and make the Group unique. These core capabilities are the reason why industrial customers choose Trelleborg.

Trelleborg's business is built on five core capabilities that enable the Group to deliver value, where polymer engineering and local presence, combined with global reach, gives a solid foundation. The value-driving factors of applications expertise and customer integration act as a business accelerator for Trelleborg's customers.

Trelleborg seeks segments, niches and product categories that – by virtue

of the Group's applications expertise and offering of advanced products and solutions – provide market leadership. While leading positions are mainly attained through organic growth, bolt-on acquisitions are also implemented to strengthen market presence and product range.

Trelleborg is also moving up the value chain, toward increasingly sophisticated products and total solutions, based on close collaboration with customers in early development stages.

Our five core capabilities

▶ **Polymer engineering**
 Within our selected segments, we have pioneered applied polymer engineering and materials technology for more than a century.

▶ **Local presence, global reach**
 Wherever we conduct business, our teams act both as a local partner and leverage our global strength and capabilities.

▶ **Applications expertise**
 We have leading-edge technology and in-depth understanding of the challenges our customers must overcome to seal, damp and protect their critical applications.

INNOVATION

Better function, better business, better sustainability. The core of Trelleborg's product and innovation development is the Group's engineered polymer solutions that meet customer-specific requirements for functional properties. In various ways, the purpose of these is also to improve business factors (productivity, costs, sales and profitability) and the sustainability profile for customers.


 **GENERAL INDUSTRY**


 **OIL & GAS**

 **TRANSPORTATION EQUIPMENT**

 **AGRICULTURE**

 **INFRASTRUCTURE CONSTRUCTION**

 **AEROSPACE**

 **LIGHT VEHICLES**

CORPORATE CULTURE

Trelleborg's internal culture. The Trelleborg Group is characterized by far-reaching delegation of responsibilities and authorities. The Group gives its employees extensive freedoms under responsibility and encourages rapid, proactive leadership. Trelleborg has built up a culture over many years that stimulates commitment, responsibility, good ethics in business relationships, and positive interaction with the community in which the Group operates.

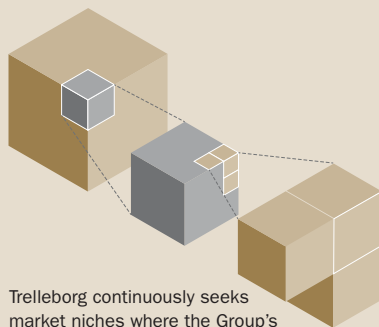
MARKET SEGMENTS

The seven chosen market segments are a mix of general industry, capital-intensive industry and light vehicles, which represent a favorable balance between early and late cyclical industry. The Group's exposure to various market segments has changed over time to balance the demand. Read more about the market segments on *pages 32-40*.

FUTURE GROWTH

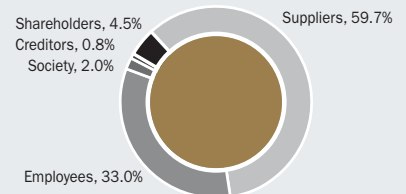
Future growth investments. Several dimensions must be taken into consideration when prioritizing future growth investments. These may be segments, niches and product categories combined with geographies, regional and local presence, customers and applications that impact ventures, from the perspective of mature and growing markets.

Trelleborg constantly seeks market niches where the Group's knowledge provide market leadership.



Trelleborg continuously seeks market niches where the Group's collective expertise yields market leadership.

Distributed value 2015



In total in 2015, Trelleborg's operations generated economic value totaling SEK 25,489 M, of which SEK 22,797 M was distributed among stakeholders as shown in the diagram and specified below:

Suppliers: Payment for materials and services: SEK 13,601 M (12,432), Note 8.

Employees: Salaries and benefits: SEK 7,518 M (6,687), Note 8.

Shareholders: Dividend in 2015: SEK 1,017 M (881). Long-term dividend policy: 30-50 percent of net profit for the year, refer to page 6.

Creditors: Interest expenses: SEK 189 M (184), Note 10.

Society: Taxes paid: SEK 472 M (627), page 85.

Customer integration
We always make it easy to do business with us, by integrating closely with markets and customers through multiple channels.

Business accelerator
We work as a proactive and long-term business partner, delivering solutions based on market foresight, contributing to better business for our customers.

Strategy supported by four cornerstones



Trelleborg's strategy of securing leading positions in selected segments is supported by four strategic cornerstones. These are the cornerstones that Trelleborg works with Group-wide and in the business areas to optimize its respective operations and, thereby, capture market leadership. The cornerstones support the strategy individually and in combination.

Toward a focused polymer Group.

Trelleborg's journey to becoming the world-leading Group that it is today started at the beginning of the 2000s.

In recent years, Trelleborg has worked intensively to structure, integrate and develop its acquired operations and secure efficiency in all functions – from development, purchasing and production to marketing. The aim is to achieve favorable profitability by gradually strengthening and developing the Group.

Focus on revenue and growth. The development and success of the Group to date has motivated greater emphasis on multi-dimensional growth and innovation. This also includes the Group's professional development activities,

where Trelleborg is investing more than ever in training through the Trelleborg Group University.

Building on Trelleborg's existing positions, the Group is focusing on multi-dimensional growth and innovation. This ranges from growth in geographies and segments, or through innovation, customer integration and differentiation.

Enhanced geographic balance

Trelleborg bases its offering on local knowledge and global experience.

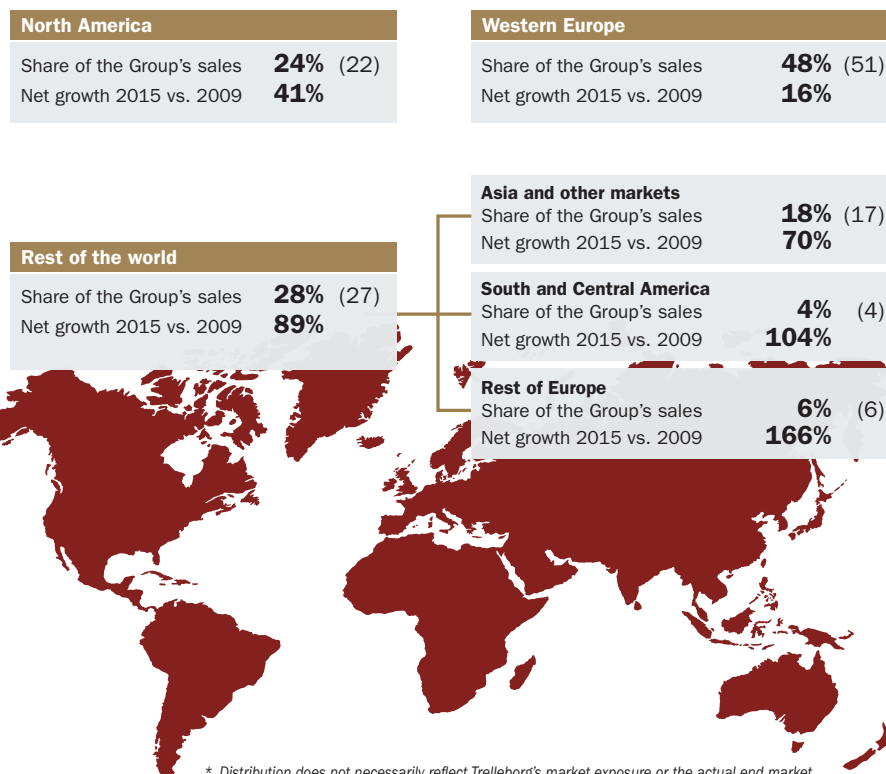
Geographic balance. In recent years, Trelleborg has prioritized strengthening its market presence in selected markets outside Western Europe and North America to further improve the geographic balance.

The principal drivers include proximity to customers in expanding and profitable segments, accompanying them in their globalization processes and developing local customer relationships, which may become global.

Since 2005, Trelleborg has divested, relocated or closed some 40 production units in Western Europe and North America. During the same period, the Group has established or substantially upgraded some 20 units outside these regions. Trelleborg's long-term ambition is to achieve a geographic balance, where Western Europe and the Rest of the world each account for 40 percent of the Group's net sales, while the remaining share continues to be generated in North America.

Individual operations in the Group have a geographic balance that is optimal for their respective operations, and this may diverge from the Group's long-term objective.

Geographic distribution of the Trelleborg Group's net sales in 2015 (2009) *



* Distribution does not necessarily reflect Trelleborg's market exposure or the actual end market for the Group's products and solutions, but merely invoicing addresses.



Continued portfolio optimization

Leading positions in selected segments are achieved through focused organic growth, supplemented by bolt-on acquisitions. Divestments also form part of the optimization of the portfolio.

Trelleborg's operations develop primarily organically through focused daily activities involving various growth initiatives at different levels and in different areas. However, to establish operations at a faster pace or to strengthen the positions in selected segments, niches or product segments, Trelleborg carries out bolt-on acquisitions.

The purpose of the acquisitions may be to strengthen positions in an existing market but also to reach new geographies or closely related segments or technologies.

Portfolio optimization via acquisitions.

Trelleborg invests in attractive niches where opportunities exist to achieve competitive advantages and a leading position. This is a central activity and Trelleborg focuses continuously on new acquisitions that can develop the Group.

In 2015, Trelleborg signed an agreement to acquire CGS Holding with operations in agricultural and speciality tires, in addition to engineered polymer solutions. Closing of the transaction is subject to approvals from relevant authorities and is expected to be completed in the first half of 2016. CGS, which has sales of approximately

In one segment

The 2014 acquisition of the North American coated-fabrics operations complements and broadens Trelleborg's product ranges of polyurethane-coated fabrics and rubber-coated fabrics for use in a number of segments, such as aerospace, healthcare, outdoor recreation, government and defense.



New geographies

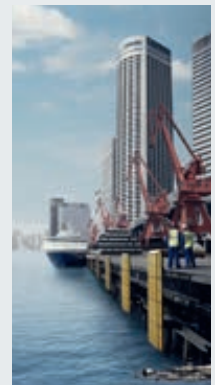
The 2015 acquisition of a market-leading industrial tire manufacturer in Brazil provides Trelleborg with access to the largest market for material handling vehicles in South America as well as the locally based Original Equipment Manufacturers (OEMs) of materials handling vehicles in the region.

Closely related segments

In 2015, an option from 2011 was exercised to acquire the remaining stake in an operation that manufactures precision seals and components from Liquid Silicone Rubber (LSR). Since 2011, Trelleborg has made several investments in life sciences businesses in Europe and North America.

Closely related technologies

The 2015 acquisition of a market-leading company in marine navigation and piloting systems, primarily specializing in the development of software used for docking or mooring ships offshore or in harbor, broadens and complements Trelleborg's product portfolio of berthing, docking and mooring solutions for harbors and ships.



SEK 5.6 billion, is a complementary acquisition that represents a significant and attractive add-on to Trelleborg's existing businesses.

TrelleborgVibracoustic. In 2012, significant strategic optimization of the portfolio was carried out through the formation of the TrelleborgVibracoustic joint venture. The

company's strong global positions in anti-vibration solutions for light and heavy vehicles enable Trelleborg to benefit from a more efficient operation with higher growth and profitability potential than the antivibration operation for vehicles to which Trelleborg previously had access.

Acquisitions, 2015 ¹⁾	Net sales, SEK M	No. of employees
Marimatech A/S (marine navigation and piloting systems), Trelleborg Offshore & Construction	50	25
Standard Tyres Group (industrial tire manufacturer), Trelleborg Wheel Systems	100	100
Maritime International, Inc. (marine fender systems), Trelleborg Offshore & Construction	200	90
Remaining stake of the Trelleborg Industrial Tyres Mexico SA de CV (industrial tire distributor), Trelleborg Wheel Systems ²⁾	-	-
Carmine GmbH (printing blanket distributor), Trelleborg Coated Systems ³⁾	-	-
Armstrong Tyres (agricultural tire service and distribution company), Trelleborg Wheel Systems ³⁾	50	15
Remaining stake in Trelleborg Sealing Solutions Silcotech Bulgaria OOD (liquid silicone rubber), Trelleborg Sealing Solutions ²⁾	-	-
D.G. Manutention Services SAS (industrial tire distributor), Trelleborg Wheel Systems	50	10
Total	450	240

Divestments, 2015¹⁾

No material divestments were reported during the year

¹⁾ A list of Trelleborg's acquisitions and divestments since 1999 can be viewed at www.trelleborg.com.

²⁾ The acquisition relates to a business that had already been fully consolidated.

³⁾ Asset transaction.

Portfolio optimization through divestments. Trelleborg divests operations with products and solutions assessed as no longer having or being able to take leading positions in the way the Group desires. These are better developed by other owners.

This is particularly relevant to the light vehicles sector, where Trelleborg divested a number of businesses between 2007 and 2012 in such areas as brake hoses, hoses for engine cooling and air and gas springs.



Improved structure

Trelleborg's continuous and consistent work yields leading positions.

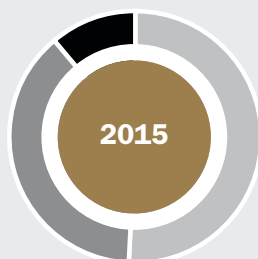
Right place for right business. The globalization of Trelleborg's business involves being in the right place with the right operations. The focus is on developing operations and localizing them to areas where Trelleborg can grow, recruit the right talents and where the job can be done optimally.

In certain cases, this means that Trelleborg moves a unit to another geographic market, in other cases it means upgrading and developing the unit where it is.

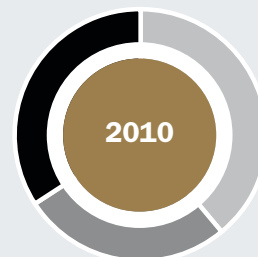
In 2015, production gradually began at Trelleborg's first U.S. facility that manufactures radial tires for agricultural machinery. Production is based in an existing Trelleborg facility in South Carolina, in the U.S., where the Group invested about SEK 325 M primarily in production equipment. Manufacturing at the facility will create a platform for a local presence and growth in North America, and a global position in the market.

Enhanced market exposure. Trelleborg endeavors to maintain an exposure in market segments with a favorable

Segment distribution of net sales 2015 vs 2010



- Capital-intensive industry, 51%
- General industry, 38%
- Light vehicles, 11%



- Capital-intensive industry, 39%
- General industry, 27%
- Light vehicles, 34%

balance between early and late cyclical industry, meaning general and capital-intensive industry, the demand from which usually balances each other out. The Group's exposure to various market segments has thus changed over time. Compared with 2010, when light vehicles accounted for a significant share of Trelleborg's sales, the Group has now achieved a better balance in relation to its market exposure. Today, light vehicles account for a minor share of the Trelleborg Group's sales and are also concentrated to profitable global niches that correspond well with Trelleborg's strategy.

Leading in attractive segments.

Trelleborg invests in attractive market segments and ensures optimal market presence as well as an effective and competitive business structure. Trelleborg also invests in new technology and machinery, human capital, international management, local managers and development of local markets, all with the aim of improving and honing the structure

Trelleborg also seeks market niches that – by virtue of the Group's market insight, applications expertise and range of advanced products and solutions – provide market leadership.

Trelleborg's global presence

Trelleborg has operations in 44 countries. Of the total number of employees, 92 percent work outside Sweden.

Number of employees at year-end*

Distributions by country	2015	2014	Change, number
U.S.	2,413	2,569	-156
U.K.	1,700	1,681	19
China	1,614	1,606	8
Italy	1,245	1,243	2
Sweden	1,213	1,311	-98
France	1,060	1,052	8
Sri Lanka	922	871	51
Germany	731	731	0
Turkey	552	591	-39
Malta	504	502	2
Total, 10 largest countries	11,954	12,157	-203

*) Including insourced and temporary employees.

The number of employees in the Group at year-end, including insourced and temporary employees, was 16,450 (16,552), a decrease of 0.6 percent. In 2015, the average number of employees in the Group's operations increased to 15,713 (15,425), of whom women accounted for 24 percent (24). Refer to Note 3, pages 92-93.

Salaries and other benefits for the average number of employees (excluding insourced employees) in the Group's operations amounted to SEK 5,985 M (5,171). Personnel turnover (not taking terminations and retirements into consideration) varies between countries and facilities, and usually reflects the local labor situation.





Excellence in core processes

Trelleborg's core processes are continuously developed and improved to become simpler and more cost-efficient and to increase value generation for customers.

Excellence. Trelleborg works proactively and systematically to further optimize the core processes: production, purchasing, capital management and sales. The objective is Excellence; to eliminate all types of waste, and to instead use these resources to continuously improve operations and profitability.

The long-term aim of the Excellence programs is to boost value generation for Trelleborg's customers through systematic work with modern tools, training, exchange of experience and other improvement activities at all units. Much of this is achieved within the scope of the Trelleborg Group University.

Manufacturing Excellence. The purpose of the program is to work systematically to ensure world-class manufacturing, thereby increasing cost efficiency and competitiveness.

The program focuses on the four objectives: Safety, Quality, Delivery precision and Efficiency and applies the following vision: Zero accidents, Zero defects, Zero delays and Zero waste. Each site has an action program linked to the objectives with monthly follow-up.

To develop internal competence in Manufacturing Excellence, Trelleborg is pursuing an internal training program focused on individuals with responsibility for driving the development of the local



Enhanced flow yields results

At Trelleborg's facility for pipe seals in the U.S., a group of employees has developed a solution that considerably improves production process efficiency. The changes reduced retooling time by 71 percent – from 48 minutes to just 14.

Another project was carried out at Trelleborg's precision seals facility in China. Production was reorganized in accordance with the Just-In-Time principle over the course of a five-day workshop. The final production layout was developed by a cross-union team comprising both white-collar and blue-collar workers. The result was a cut in production lead time from 12 to two days and a significant reduction of products in process. The distances that the products travelled in production was reduced to one-third compared with before the project.



Supplier Days worldwide

Trelleborg is a first-class supplier to its customers. Consequently, it is important that the Group's suppliers maintain a similarly high class. As part of the Purchasing Excellence program, Trelleborg's buyers use various tools in their cooperation with partner suppliers. One of these is a Supplier Days initiative during which suppliers are informed of challenges and expectations, as well as the need for continuous improvements. The core message is that all suppliers must actively support Trelleborg by improving quality and deliveries, and by proposing innovative solutions that offer superior cost, efficiency and long-term growth for both parties.

production operations. The program is being implemented in Europe, Asia and the U.S.

The work environment and resource efficiency are integrated parts of Manufacturing Excellence, where the Safety@Work and Energy Excellence programs focus on reducing industrial accidents and energy consumption.

Purchasing Excellence. Trelleborg works systematically to ensure increased competitiveness in all aspects of its purchasing function. All purchasing is to follow the same process – regardless of who implements a purchase – with a uniform set of objectives and deadlines for all potential suppliers.

Working Capital Excellence. The purpose of this program is to reduce the need for working capital by improving the operating capabilities, which is a prerequisite for effective cash flow.

Sales Excellence. The program aims to contribute to increased sales and growth via an improved sales process and standardized sales tools in such areas as strategic marketing and positioning, digital market communication and pricing. This is achieved through various training initiatives.

Trelleborg Excellence

We endeavor to be better in all that we do. We constantly raise the bar and hone our most important core processes.

In 2015, the Raise the Bar campaign was launched, aimed at involving all employees in the Excellence work.



Drivers for market presence

The long-term global trends are challenging, but at the same time they create business opportunities.

New business opportunities. By analyzing our business environment and trends, and maintaining a close dialog with customers, Trelleborg can leverage the drivers that exist in the medium to long term. There is also good potential to identify new business opportunities that could generate long-term and sustainable growth.

Global megatrends. Trelleborg evaluates aspects and relevant outcomes of global

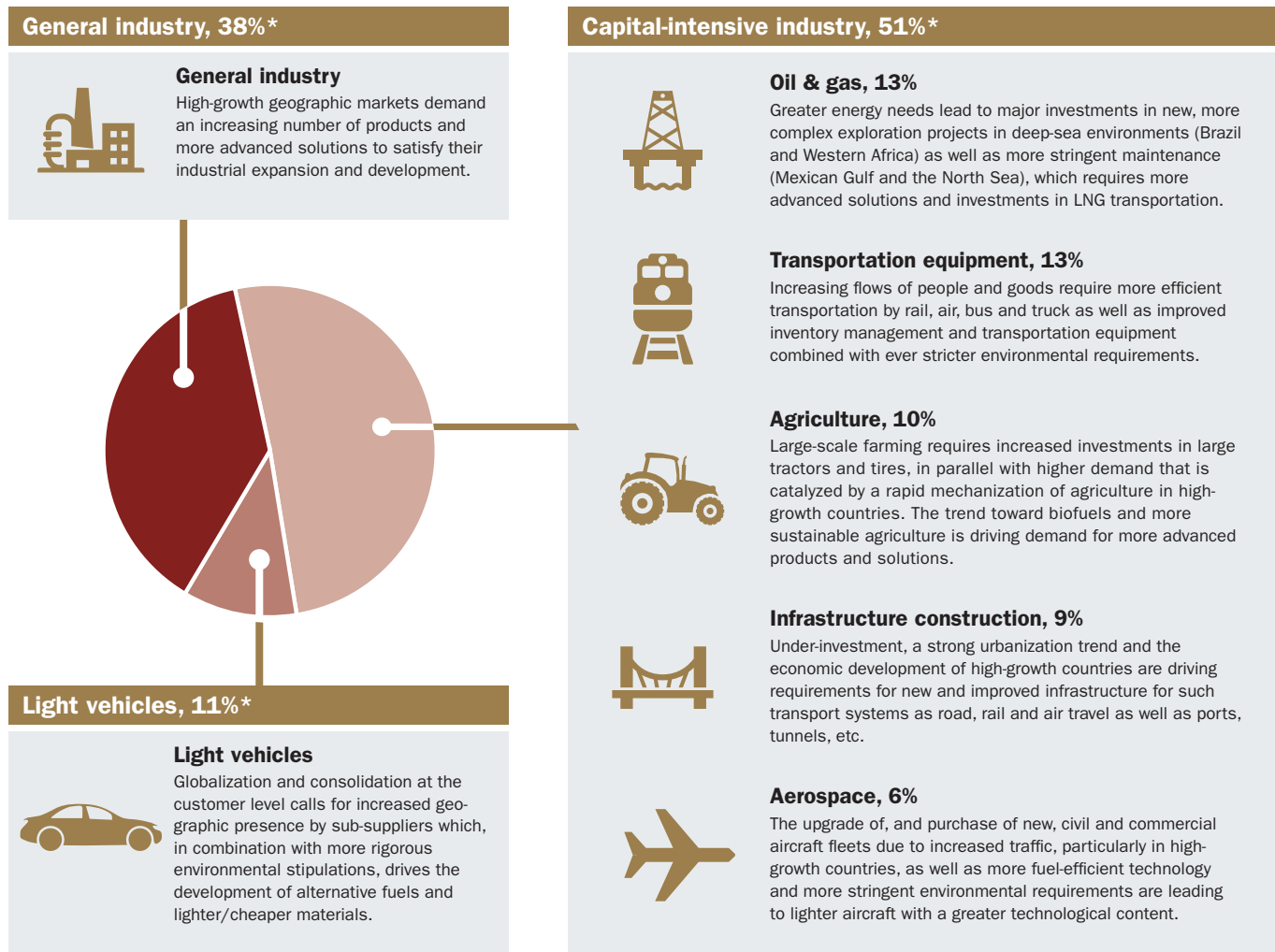
megatrends, such as the changed dynamic of the global economy, the interdependence between countries and markets, the increasing scarcity of natural resources and demographic changes. These and other factors influence how Trelleborg positions itself in the market.

For example, high population growth in primarily developing markets is contributing to a healthy trend for different printing blanket solutions, and future major investment requirements in energy and infrastructure – in both mature and emerging economies – will drive growth in the majority of Trelleborg's market segments.

Leading positions. Trelleborg has chosen to concentrate on high-growth segments where the Group has the best conditions for achieving favorable profitability. In these segments, Trelleborg is continuously striving for leading positions in global, regional and local markets. The strategy is to be among the top three players in terms of market share.

The basis for Trelleborg's positioning is partly the innovative and high-tech features of its products that provide value-added solutions for customers, but also Trelleborg's level of service and customer knowledge that provides a sense of security in the choice of supplier. The Group works actively on being ahead of customers in terms of

Trends in Trelleborg's market segments



*) Share of the Trelleborg Group's sales in 2015.



knowledge of the business potential of technical advances and to understand how the customer can better satisfy its end-customers and make more sales.

Greater focus on customer integration.

The shape of business relationships will change in the future. Customers will expect a different type of support compared with today and other means of interaction.

Digital technology also has substantial growth potential. Trelleborg invests in different types of digital services to simplify our customers' work which, in turn, improves their productivity, costs, sales and profitability.

Trelleborg's business is increasingly shifting from simply supplying products

to delivering service and solutions. For example, with digital, solution-oriented systems that interact with the systems of customer, Trelleborg becomes part of the customer's business. Accordingly, Trelleborg will move up the value chain and become increasingly solution-oriented and able to offer complete solutions.

Another example of digital service is Trelleborg's increasingly advanced logistics solutions and solutions in three-dimensional CAD/CAM. Customers can design their own products and solutions in these systems. Trelleborg is expanding and deepening collaboration with customers and making it easy to do business with the Group through other user-friendly programs and apps

that save time, reduce workloads and solve problems.

Trelleborg's products often have a critical function in the customer's solution, while representing a minor portion of the total manufacturing cost. The tendency to replace them with cheaper competing products is thus minimal. Although seals for an excavator can be purchased cheaper, the risk of failure due to inferior quality is not worth the effort, since the seals represent such a small proportion of the total cost.

Good for the customer, good for society.

Although the purely technological, process and production aspects of Trelleborg's solutions provide the primary benefits, other beneficial dimensions also exist, including the potential of the solution to contribute to sustainable development.

Trelleborg's products and solutions save energy, eliminate noise and vibrations, and protect society's infrastructure. This commitment to better sustainability is what we call Trelleborg's Blue Dimension™.

Market segments in which Trelleborg operates

Market segment	Total Group	Trelleborg Coated Systems	Trelleborg Industrial Solutions	Trelleborg Offshore & Construction	Trelleborg Sealing Solutions	Trelleborg Wheel Systems
General industry	38%	81%	65%		45%	
Capital-intensive industry	51%					
- Oil & gas	13%		3%	66%	2%	
- Transport equipment	13%	3%	9%		7%	51%
- Agriculture	10%				4%	49%
- Infrastructure construction	9%		14%	34%		
- Aerospace	6%	14%			15%	
Light vehicles	11%	2%	9%		27%	

Net sales per market segment and business area, 2015.

38%



of Trelleborg's sales

Cooperation with customers is key in general industry

As global growth becomes ever-more concentrated to certain markets and customers, this has industrial implications. The capacity as a global partner to satisfy local needs through customized comprehensive solutions is becoming increasingly important in the pursuit of long-term value creation.

General industry. For Trelleborg, the *General industry* segment encompasses products and solutions for companies active in industries such as medical equipment – including life sciences – manufacturing, machine tools, processing equipment and graphic production.

The segment is characterized by geographic high-growth markets and certain major customers demanding an increasing number of products and more advanced solutions to satisfy their industrial expansion and development, while more mature markets require even more advanced solutions and services.

A common feature of Trelleborg's products and solutions in the General industry segment is that they are customized and often form part of a

comprehensive offering. They also represent a non-critical share of the cost of the end-product's total value.

Examples of products and applications

Antivibration systems	Systems developed to minimize noise and damp vibrations in generator sets, fans and separators, for instance.
Engineered fabrics	Specialty polymer-coated and calendared materials for customized solutions for the majority of industrial applications.
Expansion joints	Solutions that absorb pressure surges, movements and vibrations in pipe systems, such as those found in the food, cooling, heating and processing industries.
Hoses	Specialist hoses for various industrial applications in, for example, the manufacturing, medical technology and processing industries.
Printing blankets	Printing blankets for advanced offset and digital printing applications, representing printing quality, ink transfer and dot control.
Seals and bearings	Seals – such as O-rings, rotary seals, hydraulic and various specialty seals – in many fields of application and niches for both static and dynamic applications.
Sealing profiles	Custom-designed sealing solutions for a wide range of environments and applications, for example facade seals with high wind and rain resistance and high energy-saving potential.

Meeting all requirements

Food and beverage producers are seeking new and innovative products, process improvements and cost reductions.

In this respect, Trelleborg focuses on sealing products that ensure that food and beverage processing systems are not contaminated and on extending seal life to minimize production down time.

Andreas Schmiedel, Technical Manager Life Science and Process Industry Europe for Trelleborg says: "Trelleborg has positioned itself as the supplier of sealing solutions for all material classes on a global scale. Our products meet the upcoming regulations in China as well as modifications to present regulations in other countries, such as the elastomer guidelines for potable water in Germany."

"A great challenge lies in providing customers with materials carrying different national approvals for all regions of the world. But this is a

challenge that Trelleborg has been successfully meeting for over five decades, leading to the development of new materials and designs, and more recently a large food and beverage-focused expansion of the liquid silicone rubber facilities in Pernik, Bulgaria," concludes Schmiedel.



13%



of Trelleborg's sales

Oil & gas – complex requirements in demanding environments

Oil and gas exploration is taking place at ever greater depths and in more remote locations, thereby increasing the complexity of the extraction process. More advanced solutions are required to ensure safe and efficient energy production in these demanding environments. This has, for example, accelerated the development of technologies for efficient and safe transfer and transportation of liquid natural gas (LNG).

Oil & gas. For Trelleborg, the *Oil & gas* segment includes products and solutions for companies active in exploration, extraction, production and transportation of oil and gas, as well as solutions and applications for renewable energy and power generation.

A consequence of demand for energy rising across the world is that energy producers need to explore areas that are

increasingly difficult to access, thereby broadening complexity.

In the segment, Trelleborg focuses on solutions that increase the safety and efficiency of exploitation and extraction processes, whether surface

installations, installations on the ocean floor or on land. Trelleborg's solutions also entail a reduction in the need for maintenance, since down-time is minimized. This also maximizes the operator's return.

Examples of products and applications

Syntactic foam buoyancy	Risers for drill strings, distributed and ROV buoyancy modules that provide buoyancy and insulation properties in applications used primarily in deep-sea environments.
Seals	Specialist seals that provide resistance to aggressive media and high pressures in various offshore installations.
Thermal insulation	Polymer-based insulation for extended service life and higher efficiency in equipment used in deep-sea environments.
Fire protection/ Elastopipe	Rubber-based protection, suppression and containment systems for use in the event of a jet fire.
Systems for docking and mooring	Electronically controlled systems that facilitate safe vessel mooring and FPSO (floating production, storage and offloading) unloading.
Marine hoses	Reinforced hoses in large dimensions for offshore oil offloading and hoses for LNG offloading.
Floatover technology	Elastomer elements that form part of the spring systems in LMUs (Leg Mating Units) for installation of topside structures on substructures at sea in a floatover process, which replaces conventional lifting technology.
Antivibration systems	Damping systems for equipment that minimize vibrations and movements on offshore installations.

A windy alternative

Following the major nuclear disaster in Japan in 2011, the country's nuclear power plants were shut down and investments were made in alternative energy sources. A major investment is being made in an environmentally-friendly

option that relies on the power of offshore wind and the technology to harvest energy from it. Floating wind turbines are the main option in the deep waters off the country's rugged coastline. The project includes three different

types of wind turbines and the world's first offshore floating substation.

Following a successful delivery during phase one, Trelleborg has been selected to provide its distributed buoyancy modules (DBM), bend stiffeners with dynamic bend stiffeners connectors (DBSC), Uraduct™ cable protection and bending restrictors to the second phase of the project. The products are designed to secure, guide and protect the subsea electrical power cables from excessive movement and bending, which could cause fatigue damage.

"Securing the contract for phase one was a real accomplishment for Trelleborg," says John Deasey, Sales Manager for Trelleborg's offshore operation. "We knew the gravitas of the project and the tight deadlines it was under. However, with the input of our specialist teams we made sure that we delivered all products exactly to schedule and in accordance with the client's strict deadline."



13%



of Trelleborg's sales

Goods transport increasing and passenger travel rising

A growing number of global transactions gives rise to greater movement of people, goods and services. At the same time as borders and restrictions in global trade are changing, a trend toward greater urbanization and increased travel is emerging. Satisfying all of these transport needs – while also distinctly reducing the environmental impact – requires new efficient technology and more advanced transport solutions.

Transportation equipment. For Trelleborg, the *Transportation equipment* segment mainly comprises products and solutions for manufacturers of ships, trains, buses, trucks, forklifts and other materials handling equipment.

This segment is characterized by a number of countries undergoing economic development, in which both manufacturing and transportation volumes will eventually increase. Demand

for materials handling equipment and vehicles is growing, while investments are being made in mass transportation solutions to reduce the impact of transportation on the environment.

Trelleborg's polymer-based solutions

and applications expertise increase safety, improve driver comfort and contribute to more economical operation, which combined, lead to lower costs for vehicle owners and manufacturers of materials handling equipment.

Examples of products and applications

Antivibration systems	Systems developed to minimize noise and damp vibrations in ships as well as rail and rolling stock.
Specialty tires	Solid tires for high loads and long service life in demanding environments, such as those used on cranes and trailers.
Industrial tires	Specialty tires that offer long service life and high fuel efficiency for materials handling vehicles, such as forklift trucks.
Fire protection	Fire-retardant natural rubber coating for suspension components that delay the spread of fires in trains and underground trains.
Seals and bearings	Engineered solutions that operate at high pressures and within rotating applications at speed, such as those found in trains or construction equipment.
Engineered fabrics	Polymer-coated fabrics used in rubber flooring, for example, and in bellows on trains comprising multiple carriages.

On track to the future

London, home to 8.4 million people, expects its population to increase to 10 million by the 2030s. The city is investing billions in updating and expanding its transportation system, world famous for its red double-decker buses and historic underground Tube network.

The Crossrail railroad project will increase rail capacity in central London by 10 percent, cut journey times across the city and bring an additional 1.5 million people to within 45 minutes of central London. It will also play an important role in reducing emissions from existing road and rail transportation.

Trelleborg has secured the order to supply rail suspension solutions for the new trains. Trelleborg was selected because of its excellent track record of providing high-performance suspension solutions and its patented DragonCoat fire-retardant protective coating for rubber products.

Another important issue for the train operator is passenger comfort. The Metacone Spring is a compact suspension unit. The rubber is loaded in combined shear and compression and offers optimum load-deflection properties. Trelleborg's unique Metalastik-type Air Spring systems combine large horizontal displacements and low-frequency ride characteristics for all conditions.

These solutions deliver long service life, reduced maintenance, increased passenger comfort and reliability.



10%



of Trelleborg's sales

Ever more efficient agriculture safeguards food resources

A rising population demands more efficient agriculture to ensure access to food. This requires industrialization of agriculture and, in certain areas, a much faster transition to mechanical solutions. Combined with an increase in alternative energy forms such as biofuel, these represent key drivers for sustainable development.

Agriculture. For Trelleborg, the *Agriculture* segment mainly comprises products and solutions for manufacturers and dealers of agricultural and forestry machinery, tire and machinery distribution companies, and end customers.

The segment is characterized by ever larger and ever more efficient agriculture, implying increased investments in bigger tractors and tires, which is catalyzed by a rapid mechanization trend. A growing demand for biofuels and more sustainable agriculture is also driving demand for increasingly sophisticated products and solutions.

Trelleborg's research and development is focused on maximizing the agricultural yield and increasing mechanical efficiency. Tires, wheel systems and sealing solutions are therefore adapted to new

agricultural requirements, such as increased on-road tractor driving, longer maintenance intervals and growing demands for biofuels.

Examples of products and applications

Antivibration systems	Systems designed to minimize noise, damp vibrations and improve operator comfort in, for example, tractors.
Hoses	Specialist hoses for spraying and irrigation, for example.
Seals and bearings	Sealing configurations for hydraulic equipment used on tractors and construction machinery.
Tires, wheels and rims	Premium tires for tractors and other agricultural and forestry machinery that protect crops and reduce environmental impact by minimizing soil compression.
Specialty tires	Tires for trailers and light vehicles, for example.

New technology for higher traction

The wheel is considered to be human-kind's first and most significant innovation, and improvements to this basic device have continued into the 21st century.

"There is still a lot to do in agricultural tire development to reduce our carbon footprint while improving performance in terms of reduction of work hours, soil compaction and fuel consumption," says Piero Mancinelli, R&D Director for agriculture and forestry tires at Trelleborg.

Trelleborg's Progressive Traction fits neatly into the company's Blue Tire philosophy. Progressive Traction provides an opportunity to be more efficient in terms of fuel consumption and traction through a technical solution that introduces a double-edged lug design to the tire to better distribute the forces onto

the front surface. Thus it enhances the self-cleaning performance generated by the inter-lug terraces and gives an additional terrace on the vertical face of the lug that provides more power to the ground and ensures a better grip.

Even in very humid and muddy terrain, the footprint depth can be reduced by as much as 10 percent while traction increases by up to 10 percent. Better self-cleaning and a wider footprint automatically generate an important increase in traction.

"This is why this tire can ensure more traction and lower fuel consumption on both field and road as well as reduced soil compaction," says Mancinelli.



9%



of Trelleborg's sales

Infrastructure construction – urban growth drives investments

Better infrastructure is required to nurture economic development in high-growth countries. Lack of basic structure and deferred maintenance is driving necessary investments in more modern solutions for the urban environment, as well as the connecting infrastructure that links high-growth regions with the rest of the world.

Infrastructure construction. For Trelleborg, the *Infrastructure construction* segment encompasses products and solutions for companies that construct and manage infrastructure, such as tunnels, bridges, large buildings, water and wastewater systems, ports and other marine equipment, as well as products and solutions for construction and mining equipment.

This includes buildings as well as infrastructure for communication, transportation and water supply/sewage, where complex and innovative solutions are required to optimize land use in densely populated cities, and an

increasingly clearer environmental focus. Whether the structures are above or below ground, Trelleborg's experience in the field of global infrastructure and civil engineering projects provides support for customers when they are specifying

requirements for products that often have to last a lifetime or longer. Customers choose Trelleborg for two important reasons: the proven products and comprehensive solutions the Group provides.

Examples of products and applications

Bearings	Laminated bearings that damp vibrations in, for example, bridges and buildings.
Dredging hoses	Hoses in large dimensions for dredging in ports and delta areas.
Expansion joints	Components that absorb movement between, for example, the decking and abutments on viaducts and bridges.
Fenders and mooring	Fender and monitoring systems for safe mooring in ports, which protects ships and structures.
Hydraulic seals	Sealing configurations for hydraulic equipment in construction vehicles, for example.
Pipe seals	Polymer-based sealing solutions for water, drainage and wastewater pipelines.
Tunnel seals	Large sealing systems that secure sections of tunnels, making them structurally sound and watertight.
Marine technology	Aid systems for docking and mooring, such as various types of hook and winch systems for LNG terminals, for instance.
Specialty technology	Solid tires for high loads and long service life in demanding environments, such construction and mining operations.

More than just pipe dreams

Anyone seeing the massive concrete pipes used for sewers and culverts might assume that making them is a fairly simple matter. But manufacturing concrete pipe is actually a very demanding process.

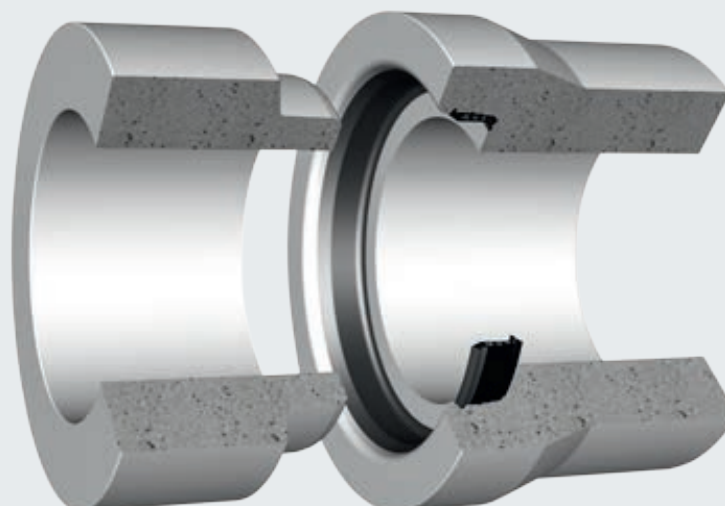
Pipes are generally made in vertical molds and can weigh upward of seven tons, depending on the diameter of pipe. Pipes made with integrated sealing systems include cast-in rubber seals to assure there is no leakage when pipe sections are joined together on site.

"The concept of integrating seals into manufactured pipe has been around for more than 35 years, but until recently, most seals have been a bit of a compromise," says Julian West, Product Manager for pipe seals at Trelleborg.

A new advanced system for making rubber seals significantly improves the efficiency of manufacturing huge concrete pipe. Trelleborg's new pipe sealing system uses two grades of

rubber to create an integrated seal that holds in place during manufacturing despite the vibrations. A harder rubber gives a superior tension against the steel pallet used in the pipe-making process, reducing any possibility of a seal moving out of place.

Pipe makers can't tell if a seal has moved until after a pipe has cured. And if one has been displaced, all they can do at that point is scrap the pipe. With the new pipe seals, scrap rates could be significantly reduced.



New, lighter aircraft fleets on the horizon



Increased travel is symptomatic of a more globalized world. With high-growth countries as the catalyst, increased investment in new, lighter aircraft fleets is forecast. In parallel, energy-saving advanced technology enables more efficient air travel, which in turn means that remote destinations are becoming more accessible.

Aerospace. For Trelleborg, the *Aerospace* segment mainly encompasses products and solutions for manufacturers of civilian and commercial aircraft, and other aerospace applications.

The segment is distinguished by the restructuring of aircraft fleets due to changes in air travel patterns and, not least, the need to reduce fuel consumption, leading to increasing demand for new-generation aircraft that are also lighter.

Trelleborg is using its applications expertise to accelerate innovations that

ensure aircraft safety, improve passenger comfort and reduce operator costs. Trelleborg focuses on extending component life to maximize maintenance intervals

by supplying reliable and unique solutions to meet the more demanding requirements of next-generation aircraft and a growing environmental awareness.

Examples of products and applications

Engine seals	Seals that can withstand the high temperatures of aircraft engines, including specialty fire seals.
Engineered fabrics	Polymer-coated low-friction fabrics for evacuation slides and inflatable boats as well as cabin interiors.
Airframe seals	Seals for the various components of the airframe, such as the doors, which have high technical and aesthetic requirements.
Hydraulic and actuator seals	Seals for control systems, wheels and brakes, suspension components, landing gear, etc. as well as actuator seals for wings, doors, hatches and cowlings.
Specialty tires	Tires for baggage-handling vehicles and passenger boarding stairs, for example.
Thermal insulation	Composite materials that provide thermal protection for aircraft and spacecraft.
Ground support equipment	A range of products including aviation fuelling hoses, bellows for passenger boarding bridges and airport terminal flooring.

Composite aiming for the stars

Aerospace is one of a number of industries that use high-performance polymer-coated fabrics in their processes and products. VEGA – an acronym for *Vettore Europeo di Generazione Avanzata*, or *Advanced Generation European Vehicle* – is a launch system for commercial satellites.

A Trelleborg product was aboard Vega's formal commercial launch from the Guiana Space Centre in Kourou, French Guiana. Trelleborg's contribution, in partnership with prime contractor Avio, is a composite material that provides thermal protection to parts of all three rocket booster stages. The composite material is made with glass fabric laminated with a special rubber sheet designed to meet specific aerospace requirements: low density, high thermal insulation, abrasion resistance and flame-retardant properties. It forms one layer in the booster rocket, wrapping around it to absorb some of the excess



heat generated by the solid rocket propellants. With temperatures that can reach 3,000 degrees Celsius in the combustion chamber, this layer becomes carbonized in the course of operation.

Besides the technical requirements, aerospace first-tier suppliers and their sub-suppliers must be able to provide accurate traceability documentation for every component they supply.

"Traceability and document control are almost as important as product performance in this sector," says Antonio Santin, Sales Director for coated fabrics and in charge of the project at Trelleborg.

Light vehicles for a growing middle class

11%



of Trelleborg's sales

Global growth is becoming increasingly polarized, with high-growth countries and certain major customers serving as the catalysts. A growing middle class, and ever-increasing demand for light vehicles and more streamlined manufacturing represent future drivers for the automotive industry. The increasing dominance of global manufacturing platforms is leading to consolidation, which is driving the need for specialization and a niche focus.

Light vehicles. For Trelleborg, the *Light vehicles* segment encompasses products and solutions for manufacturers of light vehicles and other vehicles.

The industry was one of the first to become truly global, which is accentuated in that manufacturers now use the

same platforms for their models in all regions of the world. The industry is continuously driving innovations that improve safety, reduce fuel consumption and make it possible to run vehicles on alternative fuels.

Trelleborg is an important partner to the major OE manufacturers, supporting them – through its global presence – with specialized applications expertise for various polymer-based niche solutions that seal, damp and protect.

Examples of products and applications

Boots	Polymer-based boots that protect driveshafts and steering systems.
Brake shims	Noise-damping rubber and metal laminates for brakes, for safer and quieter braking.
Seals	Sealing solutions that are used throughout the vehicle, for example, in electronic control units and in the fuel system.
Hoses	Hoses for tank trucks and petrol pumps for the safe transfer of fuel.
Sealing systems	Sealing profiles for light and heavy vehicles that can withstand vibrations and high temperatures.

Challenges become opportunities

While public attention is mainly focused on the diversification of competing drive concepts, development departments of original equipment manufacturers (OEMs) as well as Tier-1 suppliers, are looking far beyond this. Common platforms create the technical base for transmissions, chassis and engines used across numerous models and brands within the same marque.

“One of our initiatives has been the investment in joint development projects and material releases by car manufacturers. We see our global footprint becoming important to guarantee consistent service for OEM and Tier-1 customers worldwide. New challenges in the automotive market and disruptive technology are generating great potential for innovative products,” says Jan-Michael Zumbach, Project Manager, Sales Engineering for Trelleborg’s Automotive Hub in Europe.

In addition to the core portfolio of elastomer and polytetrafluoroethylene (PTFE) based seals; Trelleborg also provides a unique two-component offering.

Products such as Rubore Seals, high-revolution rotary seals and complex plastic-to-liquid silicone rubber (LSR) solutions are ideally suited for new

concepts coming through from the OEMs. Zumbach goes on to say: “Development is focusing on preparing new concepts for large-scale production. In addition to hybrid and full electric vehicles, the standard portfolio will be enhanced with hydrogen-fueled cars within the next few years.”





**Solutions for forestry
and agricultural machinery**

Lower fuel consumption
Reduced carbon emissions.
And larger harvests. With
Trelleborg's smart tire concept,
TM Blue, farmers can both
preserve natural resources
and increase their harvests.

Corporate Responsibility

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Raising our ambitions

During the year, Trelleborg further developed and raised ambitions for the four focus areas of its Corporate Responsibility (CR) strategy



Over the past year, it has become clear how climate issues have become crucial in global efforts to build a more sustainable society, and Trelleborg naturally has a role to play in this process. I am pleased to say that we have achieved our 15 by 15 climate target, refer to *pages 48-51* for more information. Also in respect of other accountability issues, we are constantly raising the bar and advancing our positions through, for example, our Excellence initiatives.

Other key events from the past year that will be important for Trelleborg and other major industrial companies are the UN sustainable development goals, and the refugee crisis and its effect on many countries.

In 2014, we analyzed and defined the most significant areas for Trelleborg's responsibility toward our stakeholders and society, which culminated in our four focus areas *Regulatory compliance, Resources, Diversity and Community involvement*. Overall, these four focus areas remain relevant as a means for addressing our CR requirements and challenges.

2015 was devoted to developing and raising our ambitions in each area. The main features of the work reflect our overall priorities in the areas, while the various measures they have led to are described on the coming pages.

Regulatory compliance. Wherever Trelleborg conducts operations, we respect laws, rules and human rights, and always promote ethical business practices. We have therefore decided that with high priority to further develop our work with training and information in these areas. This also applies to our suppliers, who we urge to comply with our Code of Conduct and the guidelines of the UN Global Compact.

Resources. We seek to eliminate all wasteful use of resources, and to be a safe and secure workplace. We want our Group objectives to feel relevant at unit level, in order to get closer to our day-to-day operations and improvement needs. Looking forward, energy and climate change are key areas for all units, whereas water consumption and solvent emissions, for example, are problems that only affect a relative few. We should therefore concentrate our work in these areas to such units.

Diversity. We work actively to show how diversity is a positive thing for us, and we take pride in being a global company that values expertise where it exists. We always recruit locally, both leaders and employees, since our own composition should reflect the diversity of our markets and customers. For us, diversity means having a balanced age and gender mix across our business operations.

Community involvement. Trelleborg cultivates good local relationships wherever we are in the world by participating in various community activities. In several places, this commitment is reinforced through selected youth development projects (see *page 53*). Our ongoing school projects in Sri Lanka and Brazil are good examples, and the recent initiatives in India will strengthen this further.

These were the most important features of our CR work during the year, both within the company and across our value chain. Looking forward, it is highly probable that Trelleborg's most important contribution will be to make society as a whole more sustainable through the products and solutions that we offer. We usually say: ***Innovation that accelerates development in a sustainable manner.*** Read more about how our sustainable innovation can increasingly be combined with business on *pages 4* and *32-33*.

Peter Nilsson, President and CEO

Trelleborg and the Global Compact



Since 2007, Trelleborg has been affiliated with the UN Global Compact network, an initiative to promote responsible business practices in the areas of the environment, labor, human rights and anti-corruption.

GRI G4 Guidelines and external auditors

Trelleborg's 2015 CR Report is based on GRI G4, the latest version of the Global Reporting Initiative's Sustainability Reporting Guidelines.

The report has been prepared in accordance with the Core options.

PricewaterhouseCoopers has reviewed and assured compliance with this option, with a focus on the most significant CR issues. Refer to the Assurance Report on *page 112*.

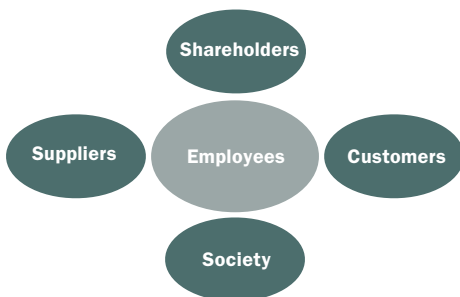
See the GRI Content Index on *page 54*. For more information and a detailed GRI Content Index, refer to the full 2015 CR Report, which can be downloaded from www.trelleborg.com/About Us/Corporate Responsibility.

Materiality is based on stakeholder expectations

This is the second time that Trelleborg has based its report on G4, which are the most recent GRI Sustainability Reporting Guidelines. The focus lies on those sustainability aspects that key internal and external stakeholders consider most significant. Trelleborg combines these aspects in four focus areas: Regulatory Compliance, Resources, Diversity and Community Involvement.

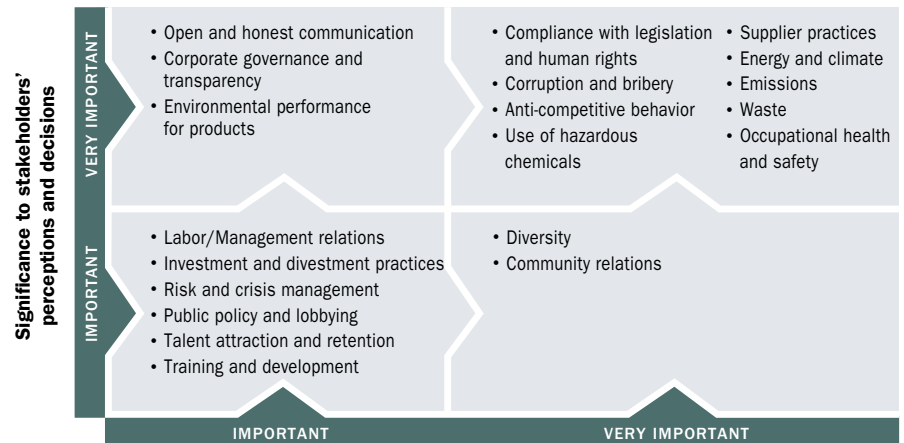
The determination of key stakeholders for Trelleborg is based on the degree of mutual dependency, and the impact of Trelleborg's operations on these groups.

Key stakeholder groups with mutual and direct relationships with the company and its activities can be found across the value chain – *Customers, Employees and Suppliers*. Another key group with a strong mutual relationship is *Shareholders*, including potential owners, meaning investors.



In terms of sustainability issues, all citizens with a connection to Trelleborg's operations comprise a stakeholder group, which is most clearly exemplified by those who are directly affected, such as those living close to Trelleborg's plants. In addition, those citizens defined as *Society* stakeholders are more indirectly represented by the media, researchers and students, for example, whose interaction with the company mainly takes the form of personal meetings and other dialog and communication via, for example, the CR and Annual Report, websites and social media.

2015 Materiality Analysis



Significance of financial, environmental and social impact

Materiality analysis. Materiality analyses have been conducted since 2007 with the assistance of internal and external stakeholders to ensure that the company's CR efforts and communication actually respond to stakeholder expectations and the impact of Trelleborg's operations on these groups.

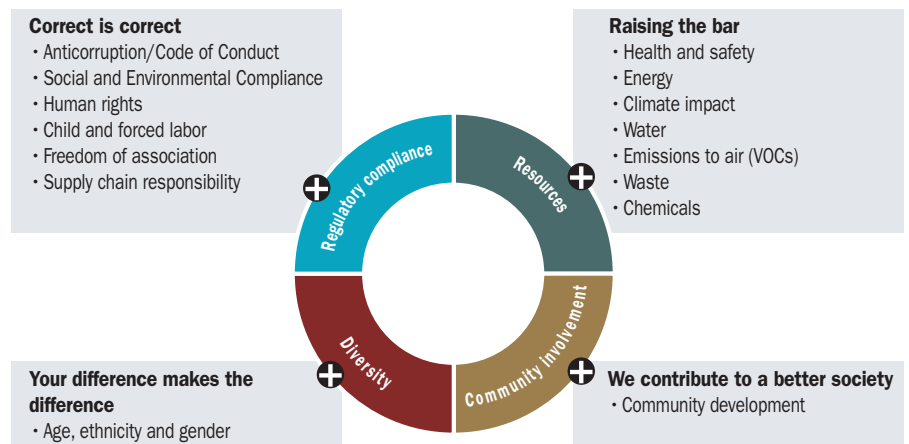
The predominant aspects in the outcome of these analyses have consistently been expectations on *Compliance with laws and human rights, Measures against corruption and bribery and Measures against anti-competitive behavior*, as well as a number of key environmental aspects for the industry such as *Energy consumption, Emissions and Handling hazardous chemicals*.

For some stakeholder groups, other

aspects such as *Diversity, Community relations, Open and honest communication, Corporate governance and transparency and Environmental performance for products* have also emerged as highly significant.

Four focus areas. Trelleborg combines the most material aspects from the analysis in four focus areas: Regulatory compliance, Resources, Diversity and Community involvement. The image below shows how various aspects are allocated to each of the focus areas. For a detailed overview of how the sustainability aspects are allocated to each of the focus areas, refer to the Index on page 54.

Trelleborg's focus areas and material aspects



2015 Review. Trelleborg's four focus areas were reviewed during the year. In cooperation with the International Institute for Industrial Environmental Economics at Lund University in Sweden, exercises were conducted in October 2015 with about 50 students from the two Master's programs offered by the institution.

The goal of the exercises was to evaluate the materiality analysis in Trelleborg's 2014 Annual Report, based on key-stakeholder perspectives. The students were divided into groups that acted as each stakeholder group, and over the course of one day, used the results of their roleplay to produce views and criticism of the analysis and the rest of the CR Report.

Another day was also devoted to presenting and commenting on the results for Trelleborg.

Outcome of the review. The most important conclusions of the exercises were:

- The structure of, and information in, the report largely meet the expectations of the various stakeholders
- Some key figures for targets could be more specifically defined in terms of their base year and deadline for achievement



Representatives of the international team of Masters students that conducted the evaluation of materiality in Trelleborg's report in October 2015. The MESPOM and EMP Master's programs at the International Institute for Industrial Environmental Economics, Lund University, Sweden, educates future policy makers in the field of global environmental sustainability.

- Methods for gathering data on CR could be made more transparent
- The significance of professional development for the business should be reflected more clearly
- The outcome of Trelleborg's community projects should be described in more detail

The overall allocation into the four focus areas of *Regulatory compliance*,

Resources, Diversity and Community involvement was thus considered effective and will remain, while some parts of the focus areas were further developed and devoted more attention in this year's reporting following the evaluation and other stakeholder dialog carried out during the year. A clear example is the section on professional development on page 52.



Examples of stakeholder dialog in 2015:

March 3

Board of Directors Day: Sustainable Business Day, Stockholm.

April 22 and September 2

Sustainability Circle meetings.

May 4-5 and December 1-2

Conferences with UN Global Compact Nordic Network in Copenhagen and Helsinki, respectively.

June 29

Specialized course in supplier audits, provided by KPMG in Trelleborg, Sweden.

September 21-23

Meetings to discuss Trelleborg's increased community involvement with PESIT College, Hand in Hand and Save the Children in Bengaluru, India.

August 26 and October 14-16

Environmental Conference and stakeholder exercise with Master's students (see above) at the International Institute for Industrial Environmental Economics, Lund University, Sweden.

October 30

Meeting to discuss the Kraftsamling 2.0 (Mobilization) theme, focused on increased job opportunities in the City

of Trelleborg, with participants from the Municipality of Trelleborg, the Port of Trelleborg, the Trelleborg Football Association and others.

November 3

Conference on human rights arranged by the Swedish Sustainable Value Creation Initiative.

In addition, ongoing meetings with owners, suppliers and customers focused on CR monitoring and CR activities.

Frameworks for managing Trelleborg's Corporate Responsibility

Code of Conduct and monitoring. A pillar of the internal CR work is Trelleborg's Code of Conduct (see also *page 46*) in the areas of environment, occupational health and safety and ethics. The Code is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact, which Trelleborg signed in 2007.

The Code of Conduct applies to all employees without exception, and training in the Code is mandatory for all employees.

Internal CR control is further supported by various types of internal audits, within the framework of the occupational Safety@Work program and the ISO 14001 environmental management system, for example, as well as random external audits, such as initiatives to monitor compliance with the Code of Conduct. In December 2015, PricewaterhouseCoopers performed external audits of two Trelleborg units in India.

Whistleblower Policy. Trelleborg's Whistleblower Policy also supports the CR framework. The Whistleblower Policy enables all employees to report suspected legal or regulatory violations without repercussion.

Reports can be submitted by phone, or online, in the employee's own language.

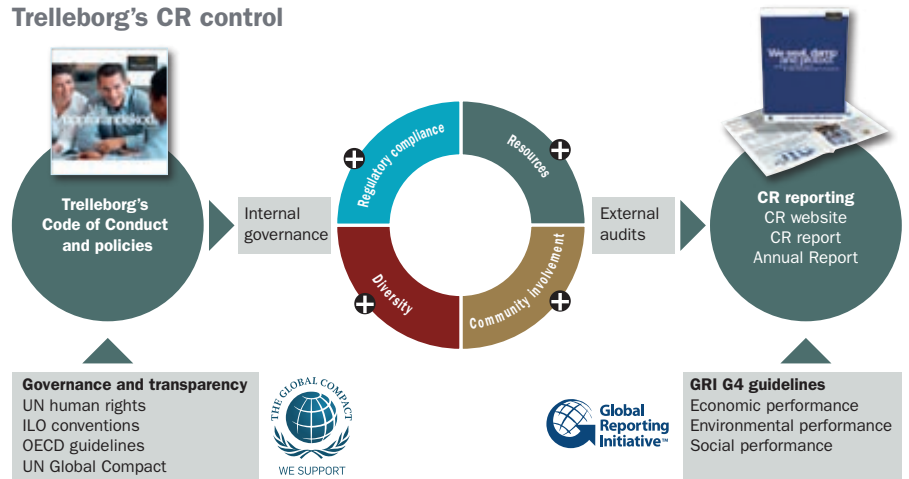
CR reporting and external reporting.

The collection of internal CR data relates to all units included in the Group during the relevant period and is mainly performed within the framework of monthly reporting via Manufacturing Excellence (see *page 31*) and via specific CR reporting from all Trelleborg units twice per year. The same system is used to report both financial and CR data.

The external reporting of Corporate Responsibility issues that is published in *Trelleborg's Annual Report* and in the full annual *Corporate Responsibility Report* is based on the G4 Guidelines of the Global Reporting Initiative (GRI), according to the Core option.

In addition, there is a Corporate Responsibility section under *About Us* on Trelleborg's website www.trelleborg.com,

Trelleborg's CR control



from where Annual Reports and CR Reports can also be downloaded. The latter also serve as Trelleborg's annual Communication on Progress (COP) reports for the UN Global Compact.

The CR Report contains detailed descriptions of sustainability governance and an index to clarify exactly how the report follows the GRI guidelines.

Organization. At Board level, the Audit Committee has been assigned to monitor the Group's work with CR issues.

The operational CR organization consists of a Steering Committee comprising the managers of Group

Legal, Group Corporate Communications and HR staff functions, while the day-to-day activities take place in the *Corporate Responsibility Forum*, comprising representatives from the Group's Corporate Communications, Legal, Environment, HR, Purchasing and Finance/Treasury staff functions, and from the Manufacturing Excellence Program, as well as out in the operational units.

Direct responsibility for environmental and occupational health and safety (OHS) issues is locally delegated – each production plant has an environmental coordinator and an OHS officer.

Organization



Compliance with laws and codes

Trelleborg's extensive work with regulatory compliance, which was strengthened during the year, includes the prevention of corruption, anti-competitive practices, human rights violations and environmental law breaches.

Anti-corruption and competition law.

Trelleborg has a zero tolerance policy toward all forms of corruption, including all types of bribery and extortion, blackmailing, nepotism, racketeering and embezzlement. The original contents of Trelleborg's Group-wide Competition Law Compliance Program, launched in 2008, has been continuously developed and now includes such issues as anti-corruption, export control, employee relations as well as professional conduct and business ethics. Recently introduced elements are aimed at achieving excellence in the management of contracts, and in issues related to global distributors and agents. The program also provides information and guidance on the relevant legislation, such as English anti-bribery law.

In order to show how compliance with laws and regulations is an ongoing and long-term commitment for Trelleborg, a Compliance Task Force with senior representatives from staff functions was established in 2015. The Task Force has been assigned to lead and coordinate initiatives across the broader area of regulatory compliance.

In 2015, more than 650 managers and employees with customer contact underwent training in seminar form on competition law, management of contracts and other issues related to regulatory compliance. All employees are required to comply with applicable

policies and internal governance documents, which have been strengthened at senior management levels of the company with acceptance documents that must be signed annually. The Group's Whistleblower Policy also entitles all employees to report any suspected legal or regulatory violations without repercussion.

In 2016, Trelleborg's Compliance Task Force will continue its initiated review of Group policies to ensure that the messages they contain are understood by all individuals representing Trelleborg as a world leader in engineered polymer solutions. The Group's Compliance Program supports all senior and middle management, as well as employees in the field and on the shop floor. They are supported by Compliance Officers in each company, who will undergo special training and are encouraged as a team to share best practice in compliance issues to help others respond to situations that may arise in their daily work.

Specific legislation must be followed in certain countries, such as the U.S. (the Dodd-Frank Wall Street Reform and Consumer Protection Act related to conflict minerals, and Technology Transfer Control legislation) and the U.K. Bribery Act, where the Modern Slavery Act is designed to prevent the U.K. from becoming a destination country for men, women and children who are transported from Africa, Asia and Eastern Europe for sex trafficking and forced labor.

Compliance with laws and permits. As a listed company with global operations, Trelleborg is subject to a range of laws, regulations and directives. No significant breaches of laws or permits leading to legal repercussions or fines (0) were reported in 2015 (with the exception of

environment and OHS-related laws, which are presented on the next page).

The area of human rights comprises fundamental rights defined by conventions and declarations, including those pertaining to child and forced labor, freedom of association and collective bargaining, discrimination/diversity and gender equality. All of these areas are addressed in Trelleborg's Code of Conduct, see below.

Within the framework of Trelleborg's ERM processes for risk identification and assessment, none of the Group's units has assessed the risk of human rights violations to be significant. A number of potential risks in the supply chain have been evaluated. Among those leading to measures was the risk of child labor at rubber plantation level, see below.

Child labor. In 2015, no child labor breaches (0) were reported. Trelleborg has collaborated with Save the Children for several years – a project that is consistent with the company's support for children and youth activities all over the world, and also strengthens our expertise in the area of child labor. Trelleborg gathered more than 1,000 representatives of direct and indirect natural rubber suppliers in Sri Lanka during 2014-15 for a series of informational and training meetings, aimed at strengthening their knowledge of Trelleborg's Code of Conduct in general, and of child labor specifically.

Forced labor includes various phenomena, from outright slavery to forced relocation and forced exploitation of human beings (trafficking). In 2015, no forced labor breaches (0) were reported.

Freedom of association. Trelleborg's policy is to acknowledge trade unions

The Code of Conduct is the basis for regulatory compliance and CR

Trelleborg's Code of Conduct in the areas of environment, OHS and ethics applies to all employees, without exception. The Code of Conduct is based on internationally recognized conventions and guidelines, such as the Universal Declaration of Human Rights, the ILO conventions, the OECD guidelines and the UN Global Compact. Trelleborg's Whistleblower Policy implies that every employee is entitled to report suspicions of legal or regulatory violations without repercussion. The company's Code of Conduct and corresponding training programs will be revised in 2016, further helping to raise awareness of applicable legislation, internal regulations and Trelleborg's Code of Conduct.



and the right to collective agreements. No units are assessed to be at serious risk of violation in this area. A total 52.2 percent (48.1) of Trelleborg's employees at the Group's production units are represented by unions through collective bargaining.

Discrimination. No discrimination of employees is permitted on the grounds of gender, religion, age, disability, sexual orientation, nationality, political views or social or ethnic origin, which is presented clearly in the Code of Conduct.

In 2015, 8 cases (1) of discrimination were reported and reviewed. In the majority of these cases, the parties involved have reached a settlement, while others are still subject to negotiations. Trelleborg has taken action locally to remedy the alleged grievances, through local training initiatives and by suspending or terminating the employment of individuals who have breached the Trelleborg Group's Code of Conduct.

Read more about diversity at Trelleborg on [page 52](#).

The environmental area comprises regulatory compliance with local environmental laws and permits, as well as ISO 14001 environmental management certification.

Environmental management. A cornerstone of the Group's major production units is that they must have an ISO 14001-certified environmental management system, in accordance with the Group's policy. Facilities that are incorporated following an acquisition are allowed a certain period of time for certification.

At the end of 2015, 77 facilities (74) were certified, corresponding to approximately 80 percent (80) of all facilities.

Ongoing work demonstrates the substantial benefits generated by a joint health and safety certification of facilities, and Trelleborg Coated Systems was the first business area to introduce a joint certification in 2015.

Environment laws and permits. In 2015, 4 cases (3) of fines or sanctions for breaches of environment or OHS-related laws and regulations were reported. The total amount was SEK 243,000 (174,000).

Unplanned emissions. In 2015, no cases (3) of unforeseen emissions were reported.



Contaminated soil. Historically, the handling of oil and solvents has given rise to soil and groundwater contamination. Contaminated soil is currently being remediated at 6 units (8). Another 12 facilities (12) are expected to require remediation, although the extent has not yet been determined. Trelleborg is also active as one of several formal parties in another 6 cases (6) of remediation, 3 (3) in Sweden and 3 (3) in the U.S., although with marginal liability for costs. At year-end, the Group's provisions for environmental liabilities amounted to SEK 61 M (62).

Environmental studies. When conducting acquisitions and divestments, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. In 2015, 26 studies (17) of facilities were performed in conjunction with acquisitions or closures.

Suppliers. Suppliers – the total number of which is in the order of 20,000 – are concentrated in Europe, North America and Asia. Trelleborg's main raw materials are synthetic and natural rubber, respectively (refer to [page 46](#)), metal components and additives. No material represents more than 10 percent of the total raw material cost.

While purchasing is based on a joint process, it is distinctly decentralized to the operational units, in line with a far-reaching responsibility for performance. The exception to this is when purchases at the business area or Group level yield cost benefits, particu-

larly in respect of rubber material and indirect purchases, meaning material and services that are not directly included in products.

Trelleborg aims to work only with suppliers that adhere to the Group's business principles. During the year, no supplier relationships (1) were terminated due to breaches of the Code of Conduct. Neither were any ongoing investigations of such breaches by suppliers (2) reported.

Supplier assessment. Supplier assessments have primarily been conducted via Group-wide questionnaires, with questions related to human rights, OHS, environmental management and social responsibility. Unsatisfactory responses are investigated. The goal is that every production unit will have completed a supplier assessment equivalent to at least 80 percent of the relevant purchasing value defined by Trelleborg, and the outcome in 2015 is suppliers equivalent to about 84 percent (84) of the relevant purchasing value.

Supplier audits. In 2015, work with visits and audits of "at-risk suppliers" was initiated, and 12 audits were performed in China. The basis for selection is both a geographic and material risk assessment.

Underperforming suppliers are given a deadline for corrective measures, based on the severity of their breaches.

From 2016, this type of audit work is expected to provide the focus for supplier assessments from a CR perspective.

Safe and efficient use of resources

Manufacturing Excellence, which develops Trelleborg's production processes, and the Group's Safety@Work program for a shared health and safety culture, are two of the pillars of the company's efforts to achieve a safe workplace and efficient resource management.

Manufacturing Excellence comprises the areas of safety, quality, delivery and efficiency, and is based on a systematic approach to improvement that also yields distinct positive effects on resource efficiency. Read more about the various excellence programs on [page 31](#).

Occupational health and safety. Trelleborg's Safety@Work program aims to create a shared safety culture through improvement programs with preventive and corrective measures at all production units. The program is monitored by performing annual audits and by using selected key figures to measure the number of work-related injuries, illnesses and days absent.

In 2015, a total of 238 cases (223) resulting in at least one day's absence (Lost Work Cases, LWC) were reported. The most common causes were heavy lifts or other manual operations.

Trelleborg's facilities continue to demonstrate a long-term positive trend in terms of work-related injuries/illnesses in relation to the number of employees. The number of LWC per 100 employees per year was 1.9 (2.0), while the average

number of work days lost per injury was 29.8 (29.3). At each individual production facility, the number of work-related injuries and illnesses defined as LWC per 100 full-time employees and year should be fewer than 3.0. In 2015, about 74 percent (78) of facilities met this target. During the year, a number of newly added units commenced the implementation of the Safety@Work program but have not yet achieved the Group LWC target.

The average number of work days lost due to work-related injuries and illnesses should be fewer than 50 per 100 full-time employees and year at each individual facility. In 2015, about 72 percent (72) of the facilities met this target.

The goal is that all of Trelleborg's facilities have a well-functioning safety committee. In 2015, such committees – with representation from plant management – were in place at 93 percent (87) of the facilities.

Absenteeism in Sweden. In 2015, total absenteeism at the Group's units in Sweden amounted to 5.2 percent (4.6) of normal working hours.

Raw materials and chemicals. The Group's principal raw materials are polymers (rubber, composites and plastics) and metal components, as well as additives comprising softening agents (oils), fillers such as carbon black, and vulcanizing agents (sulfur, peroxides). Trelleborg's environmental policy stipulates that hazardous substances and materials are, to the greatest extent possible, to be reduced and replaced in products

and processes, and as a chemical user, Trelleborg is affected by the EU REACH regulation. In addition to the ongoing work with REACH compliance, the central chemical activities during the year were carried out by the Group Chemical Task Force, a corporate-level team that assists the business units in their efforts to phase out substances considered harmful. An internal Restricted Materials List has been compiled, and a project was actively pursued by the team during the year focusing on prioritized material.

Energy and climate. A significant portion of the Group's energy consumption – and thus its climate impact – is connected to fossil-fuel combustion (direct energy and emissions) and purchased electricity, steam and district heating (indirect energy and emissions).

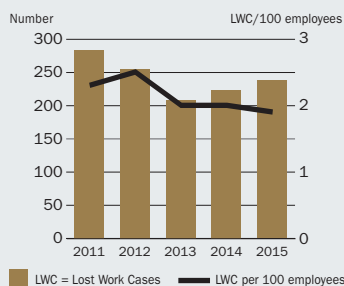
In 2015, the Group's total energy consumption was 942 GWh (903), reflecting a higher production rate year-on-year.

Despite higher overall use, energy consumption relative to sales was lower at 0.038 GWh per SEK M (0.040).

Direct energy consumption was 456 GWh (407). The Group's total energy costs for 2015 amounted to SEK 555 M (540).

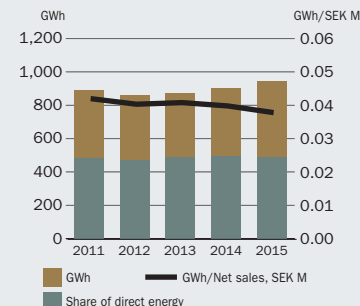
Trelleborg's long-standing initiative for systematic energy optimization, Energy Excellence, is part of the Manufacturing Excellence program and has been introduced at all production units. The initiative has led to greater energy efficiency and between 2010–2015, the Group's total energy consumption

Health and Safety



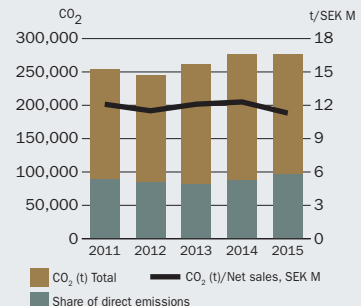
The number of work-related injury/illness cases per 100 employees resulting in more than one day's absence gradually declines.

Energy



The Energy Excellence program has gradually improved energy efficiency.

Climate impact



Although the relative climate impact has gradually improved due to higher energy efficiency, this has been somewhat offset by a growing share of production in countries with a less optimized national energy mix from an emissions perspective.



decreased by 10 percent relative to sales, despite the addition of a number of new operations.

In 2015, some 100 energy efficiency projects were carried out, resulting in significant energy and cost savings. The Group intends to continue focusing on further energy efficiency measures in the years ahead, and the goal is to achieve an annual 3-percent improvement in energy consumption relative to sales.

Climate. Total CO₂ emissions in 2015 amounted to 280,000 tons (276,900), of which direct CO₂ emissions accounted for 96,900 tons (87,200). Total CO₂ emissions relative to sales were 11.3 tons (12.3) per SEK M. Trelleborg's 15 by 15 climate objective (refer to *page 51* for

the overall outcome of this objective and the objective for the period ahead) that was adopted in 2009 addresses the intensity, meaning the total size of the emissions relative to the operations, and work to identify optimal energy sources in terms of CO₂ emissions for the operations in each country.

The calculation of CO₂ emissions from the consumption of purchased electricity and steam is based on national conversion factors from the International Energy Agency, which reflect the total energy mix of each country. Emissions are lower from hydro and nuclear power, but higher from coal and oil. 2015 was the first year in which some of the units reported the purchase

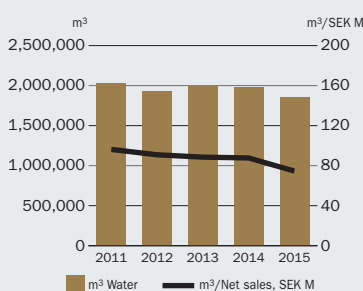
of "green energy," which will have a certain effect as of 2016.

Refer also to *page 51* for an overview of the first analysis of the climate impact of transportation purchased by Trelleborg.

Water. Water consumption is part of the area in the Manufacturing Excellence program that targets resource efficiency. The focus for water consumption lies on facilities operating in areas with local or regional water shortages, see *page 50*.

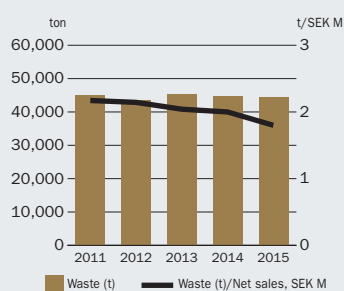
In 2015, water consumption was 1.85 million m³ (1.98). Consumption per SEK M was 74.6 m³ (87.7). Of the proportion of water per source, 46 percent (44) was from drinking water, 25 percent (26) from the company's own wells and 28

Water



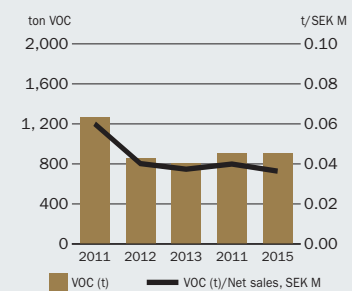
In 2015, total water consumption, including water for production and sanitary water, declined in both absolute terms and relative to sales.

Waste



The amount of waste declined in absolute terms, and also continued to decline relative to sales.

Emissions to air



Total VOC emissions have been reduced relative to sales. As of 2015, Trelleborg's definition of VOC is now in line the EU's. Historical figures have therefore been adjusted.



Indicators	Relative to sales, SEK M			
	2015	2014	2015	2014
Energy (GWh)	942	903	0.038	0.040
Climate impact (tons CO ₂)	279,600	276,900	11.3	12.3
Water (m ³)	1,850,000	1,975,500	74.6	87.7
Waste (ton)	44,500	44,700	1.8	2.0
Emissions to air (ton VOC)	903	900	0.036	0.040

Group's total waste management cost amounted to SEK 44 M (39). The distribution was 3 percent (3) for internal recycling, 46 percent (48) for external recycling, 11 percent (11) for energy recovery, 32 percent (30) for landfill, and 8 percent (8) for other waste management. Of the total waste amount, rubber accounted for slightly more than 23 percent (25).

The amount of environmentally-harmful or hazardous waste requiring special treatment amounted to 5,122 tons (5,300).

Emissions to air. In addition to energy-related emissions such as carbon dioxide (see pages 49-51), sulfur dioxide – 204 tons (216) – and nitrogen oxides – 45 tons (41), the company's emissions to air mainly consist of volatile organic compounds (VOCs). VOC emissions are mainly derived from the use of solvent-based adhesives, which are critical for a limited number of production units, depending on their product mix. In 2015, VOC emissions totaled 903 tons (900). Emissions per SEK M were 0.036 tons (0.040). The change is largely due to the fact that Trelleborg now applies the same definition of VOC as the EU, requiring adjustments to also be made to historical figures. For units with significant emissions, particularly the printing blankets unit in Brazil, structural improvement measures, including recycling, are in the build-up phase.

Climate reporting in accordance with the CDP

Since 2007, Trelleborg has participated in the CDP's (formerly the Carbon Disclosure Project) voluntary reporting of greenhouse gas emissions, which involves openly reporting relevant key figures and data, measures to prevent adverse climate impacts, and products, solutions and initiatives to improve society in this respect.

In the Annual CDP Report for 2015, Trelleborg received a score of 73 D (71 C). A score of 71 from a maximum of 100 is a measure of the quality and completeness of the company's climate data. The letter D represents CO₂ performance, and a high-performing company receives an A or a B.

percent (29) from surface water and 1 percent (0) from other sources. Water in production is mainly used for cooling and washing. Major savings have been made since 2008 by using, for example, improved cooling and recycling systems.

Emissions to water are limited, but mainly consist of organic matter.

A mapping of water scarcity in the regions where Trelleborg's production units are located commenced in 2015. The results indicate that certain units are located in regions where water scarcity may become an issue, such as in China, Italy, the U.S. and Sri Lanka. The mapping will continue in 2016 in collaboration with the relevant units.

Waste. In 2015, the total amount of waste was 44,500 tons (44,700). The amount of waste per SEK M was 1.8 tons (2.0). Continuous efforts are taking place within the local operations to decrease production waste, thereby reducing the waste volume, and to ensure a higher rate of recycling at lower cost. Recycling is carried out by external partners and internally. In 2015, the

Positive outcome for Trelleborg's "15 by 15" climate objective

Trelleborg's objective to reduce direct and indirect CO₂ emissions by the end of 2015 by at least 15 percent relative to sales ("15 by 15") has been highly successful, in total leading to a 20-percent improvement in emissions relative to sales, measured from the base year of 2008.

The emissions in question are the direct emissions caused by energy produced internally, and that are included in Scope 1 of the Greenhouse Gas Protocol (see the diagram below), and the indirect emissions caused by energy purchased for own consumption, corresponding to Scope 2 in the diagram.

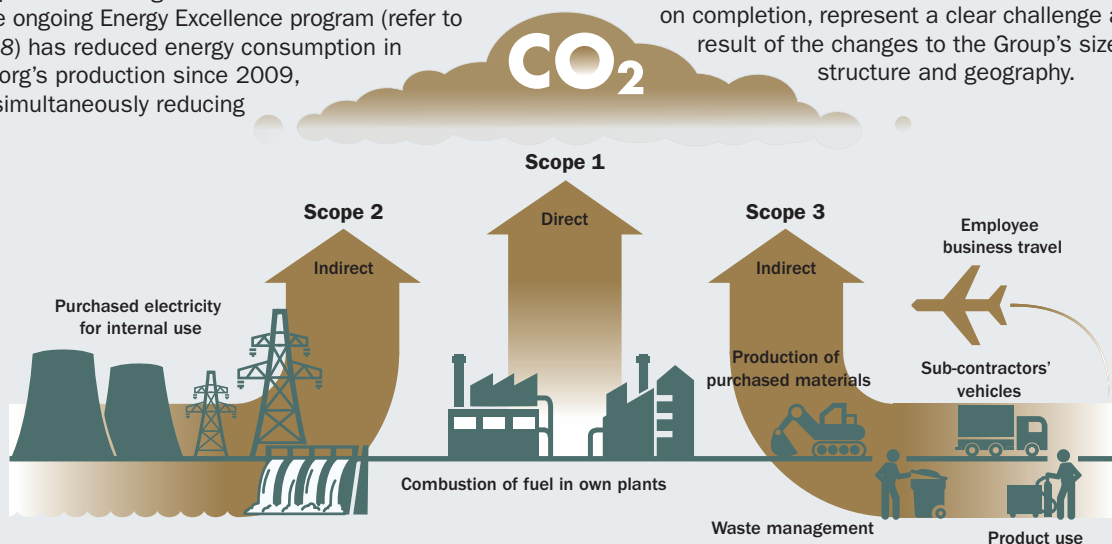
The ongoing Energy Excellence program (refer to page 48) has reduced energy consumption in Trelleborg's production since 2009, while simultaneously reducing

CO₂ emissions to different degrees in different countries.

Scope 3 includes indirect emissions primarily from purchased transport, but also, for example, travel, purchased materials, product use and waste management.

CO₂ emissions from purchased transport were analyzed in more detail in 2015, see the box below.

For the 2016-2020 period, Trelleborg's ambition is to achieve a continued reduction in CO₂ emissions, with the objective of a 20-percent improvement relative to sales by the end of 2020, using 2015 as the baseline. However, the anticipated acquisition in 2016 of CGS Holding a.s. could, on completion, represent a clear challenge as a result of the changes to the Group's size, product structure and geography.



The first analysis of CO₂ emissions from transportation

During the year, an important analysis project was conducted in partnership with consultants from EY to map the volume of CO₂ emissions from Trelleborg's purchased transportation. Fifteen representative facilities, which in combination account for more than half of the transportation costs, were included in the survey, in which predominantly their outgoing transportation – which Trelleborg has direct influence over – was mapped.

Emissions data from the transport providers concerned was collected and evaluated. It can be concluded that access to such reporting varies, and that there is still some uncertainty due to various measurement methods and practices, which occasionally led to a need for adjustment using manual calculations.

Finally, the collected data was extrapolated

in accordance with best practices to arrive at a total figure for the Group's transportation emissions.

Trelleborg's total CO₂ emissions from outgoing transportation according to the method used were slightly more than 170,000 tons annually, which overall is

roughly in line with current indirect emissions from purchased energy (Scope 2).

In the years ahead, the company will gradually develop an approach that will enable it to continuously measure and improve the climate footprint of its transport activities.



Diversity – a natural part of international operations

A significant factor in Trelleborg's value creation is the expertise and diversity of its employees.

Alongside the fundamental rules against special treatment and discrimination in the Code of Conduct (see page 46), the company values knowledge wherever it is found, with no other criteria than the fundamental view that all people are equal and have the same rights. Trelleborg works to achieve a balanced mix of ethnicities, ages and genders in its operations.

Ethnicity. A basic rule is that the company's management and other managers should have a local presence, which naturally leads to ethnic diversity in the management of a company that operates in more than 40 countries.

At the end of 2015, management (senior management team and those in senior positions in the business areas) at levels 1–3 of the company comprised 10 different nationalities.

Age. A core issue for all knowledge organizations, including Trelleborg, is the ability to recruit young talent. Attracting younger people to white-collar positions is also important due to the expected number of retirements over the next ten years. As a result, Trelleborg is focusing on younger generations – employees born from 1980 and onwards – which commenced with a survey completed by about 80 percent of employees in this age group. A follow-up series of workshops focused on issues

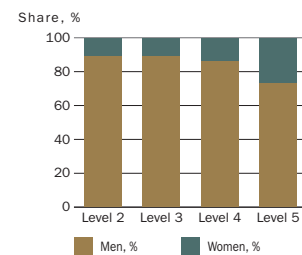


highlighted by this age group: feedback on work performed, knowledge sharing, personal development, new technology, community involvement and social events.

Trelleborg has initiated special training for managers on how to manage employees from different generations.

Gender. In an engineering company like Trelleborg, efforts to achieve a gender balance present challenges that require work at all levels. At higher Group and business area levels, men still are in significant majority, however gender distribution is more balanced in the business operations. Efforts to achieve a gender balance throughout the operations take the form of actively seeking women candidates for all executive and managerial positions, and for all of the Group's training and development programs, particularly its leadership programs.

Gender distribution in senior positions



Gender distribution at management levels 2-5 in Trelleborg's units where the average is 24 percent (September 2015), the same proportion as for women in the organization as a whole (refer to Note 3, page 92). The proportion of women is highest at level 5. Level 2 corresponds to business area presidents and Level 3 to employees who report to a business area president.

The proportion of women in Group management is 9 percent (9) and on the Board of Directors 33 percent (25).

Professional development is characterized by diversity

2015 was an eventful year for Trelleborg Group University (TGU), the Group's joint training organization. A large number of seminars and programs focused on professional development and diversity were conducted. The proportion of training courses initiated and implemented locally is growing. More and more programs are being arranged in the U.S. and Asia, where an increasing proportion of Trelleborg's employees work.

One trend in TGU that became obvious during the year was greater diversity among participants. Between 10 and 16 nationalities were represented in a range of activities and programs conducted by TGU during the

year, which included the introductory seminar for new managers, the Trelleborg International Management Program (TIMP) and the Graduate Program.

"Some 16 nationalities were represented at our introductory seminar for new managers in December 2015, and we saw a higher proportion of women – 17 percent – among the participants," says Carina Nesbitt, who is responsible for training at Group level.

"Although the percentage of women participants increased in all of our activities, we want to continue raising the proportion of women to achieve a more balanced mix. Another initiative to increase diversity is the new Sales Excellence program, which will be



implemented locally in a total of ten languages across 21 countries." The *Mentoring for Accelerating Performance and Innovation* program is yet another diversity initiative. The program was launched 2015 and focuses on younger generations and different nationalities.

Broad-based community involvement



Trelleborg's role in society ranges from value generation and innovation for sustainability to local development programs.

Trelleborg in society. Trelleborg's contribution to society in the form of the Group's overall value generation is described in figures on pages 26-27.

The contribution of the Group's products to the general sustainability of society is described on page 33.

Local development programs. Collaboration – support or sponsorship of activities with an environmental, health or social focus is ongoing locally at many of Trelleborg's units.

In all of the different places and forms in which the company operates, Trelleborg aims to promote the social integration of target groups, such as young people and the disabled, through educational and development initiatives as well as meaningful recreational activities, such as physical activity and sports. A number of programs are taking place in various countries, see the examples below, in which the Group participates to support the development of children and young people. In local collaborations with sports clubs, youth activities are prioritized.

In addition to these, Trelleborg collaborates with a number of schools and universities, such as the University of Malta, Lund University in Sweden (refer also to page 44 for collaboration with

the International Institute for Industrial Environmental Economics in Lund, Sweden) as well as various professional associations.

Sri Lanka. A school program has been ongoing at Kelani College, Colombo, Sri Lanka, since 2012 – in partnership with Star for Life – to support and inspire young people to believe in their future and achieve their dreams. The three-year program is based on regular coaching as well as sports and music activities. In 2015, work began to expand the program to include another school in the Colombo area.

In Sri Lanka, Trelleborg has also been running a pre-school under the name Antonio Bianchi's House in partnership with Child Action Lanka since 2010. The pre-school has daily activities for children with some form of functional disability. Both of the schools are located close to Trelleborg's industrial and agricultural tire facilities in Kelaniya.

Brazil. Trelleborg supports more than 6,000 children in pre-school operations in the São Paulo region of Brazil through Save the Children and its partner Fundação Abrinq, via a project that improves educational environments by training teachers and better equipping premises and playing areas.

India. In 2015, new partnerships with voluntary organizations in India were initiated. A Village Uplift Program was started in cooperation with the Hand in

Hand organization, with the aim of creating an environment and an infrastructure to promote local development for the Maralukunte community in the Bengaluru region, located some 70 km from Trelleborg's facilities.

Trelleborg promotes diversity in Swedish businesses.

Rosengård Invest, based in Malmö, Sweden, is an investment company that was founded in 2009 by Trelleborg AB in partnership with E.ON, Swedbank and Folksam. The company has successfully distributed venture capital to entrepreneurs who do not have a Swedish background in both new and existing companies in the Swedish market.



Rädda Barnen

**ROSEN
G>RD
INVEST**

GRI G4 Index overview – Core

To make it easier to find information about Trelleborg's CR work in the Annual Report, material Corporate Responsibility issues have been grouped in areas that conform to the GRI G4 Sustainability Reporting Guidelines.

Material sustainability aspects according to GRI can be found under the respective focus areas. Those that do not constitute specific GRI Aspects are written in *italics*. Indicators with omitted parts are marked with an asterisk *, and commented on in Trelleborg's separate 2015 CR Report.

The second column contains

material GRI G4 Indicators for the respective sustainability Aspect, with page references in the third column. The page references are printed at the bottom of each page in the Annual Report.

The fourth column contains references to the UN Global Compact, which Trelleborg signed 2007.

A detailed GRI Content Index with

boundaries, omitted parts, and Disclosures on Management Approach (DMAs) is included in the more comprehensive 2015 CR Report, which can be downloaded from www.trelleborg.com/AboutUs/CorporateResponsibility.

	GRI G4 Indicators	Pages in the Annual Report	Connection to principles in the UN Global Compact
Company's CR Profile			
CEO's comments	G4-1	2-4, 42	
Trelleborg's profile	G4-3-G4-11, G4-13-G4-14, G4-17, G4-34	Cover, 2-3, 5-23, 25-30, 32-40, 45-46, 48, 63-69, 92, 98	3, 6
Code of Conduct, core values and external initiatives	G4-15-G4-16, G4-56	8, 26-27, 31, 42-43, 45-46, 48-51	
Stakeholder engagement	G4-24-G4-27	43-44	
Report profile	G4-18-G4-19, G4-22-G4-23, G4-28-G4-33	42-44, 49-50, 54, 112, 117	
Focus areas with sustainability aspects based on GRI G4			
1 Compliance with laws and codes			
Anti-corruption	S04*	46	10
Competition issues	S07	46	
Regulatory compliance (general)	S08	8, 46	
Regulatory compliance (environmental)	EN24, EN29	47	7
Non-discrimination	HR3	8, 47	1, 2, 6
Freedom of association and collective bargaining	HR4	46-47	1, 2, 3
Child labor	HR5	8, 46	1, 2, 5
Forced labor	HR6	8, 46	4
Suppliers	G4-12	47	
Human rights in the supply chain	HR10*, HR11	46-47	1, 2
2 Resources			
Energy	EN3, EN5, EN6	48-50	7, 8, 9
Climate	EN15, EN16, EN18, EN19	9, 48-51	7, 8, 9
Emissions	EN21	49-50	7, 8, 9
Water	EN8	49-50	7, 8, 9
Waste	EN23	49-50	7, 8, 9
Chemicals	G4-14	48	3
Health and safety	LA5*, LA6*	9, 48	6
3 Diversity			
Professional development	LA10*	52	
Diversity categories	LA12*	52	6
4 Community involvement			
Community development	EC1, S01	9, 27, 53	1



Components for industrial equipment

Maximizing output while minimizing cost is important for any company. Trelleborg's solutions are used by companies all over the world that want to increase their profits and improve their business.

Pharmaceutical & Life Sciences

Patient safety. Operational success. Improved efficiency. Trelleborg's innovative line of medical-grade silicone solutions is specially designed for the most sensitive life-enhancing processes.

Governance and responsibility

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Risks and risk management

All business activities involve risk. Risks that are effectively managed may lead to opportunities and value creation, while risks that are not managed correctly could result in damage and losses.

Risk spread and credibility. The ability to identify, evaluate, manage and monitor risks plays a central role in the management and control of Trelleborg's business operations. The aim is to achieve the Group's targets while applying well-considered risk-taking within set parameters.

Trelleborg's operations are aimed at a broad range of customers, market segments and niches, with a wide geographic spread. Sales (invoicing) are conducted in just over 140 countries worldwide and the Group's manufacturing operations are carried out at about 90 production units in some 40 countries. The business is diversified, which provides Trelleborg with an effective underlying risk spread.

Demand for the Group's products and solutions largely moves in line with fluctuations in global industrial production. Trelleborg focuses on maintaining an exposure in its market segments that has a good balance between early and late cyclical industry, meaning general and capital-intensive industry, the demand from which often balances each other out. Seasonal effects occur in the

various market segments. For the Group as a whole, demand is usually higher in the first half of the year than in the second half of the year.

As one of the leading companies in the polymer industry, Trelleborg is subject to high expectations from all of its stakeholders. It is thus crucial that events and conduct that could have a negative impact on the company's brand and credibility are monitored and minimized.

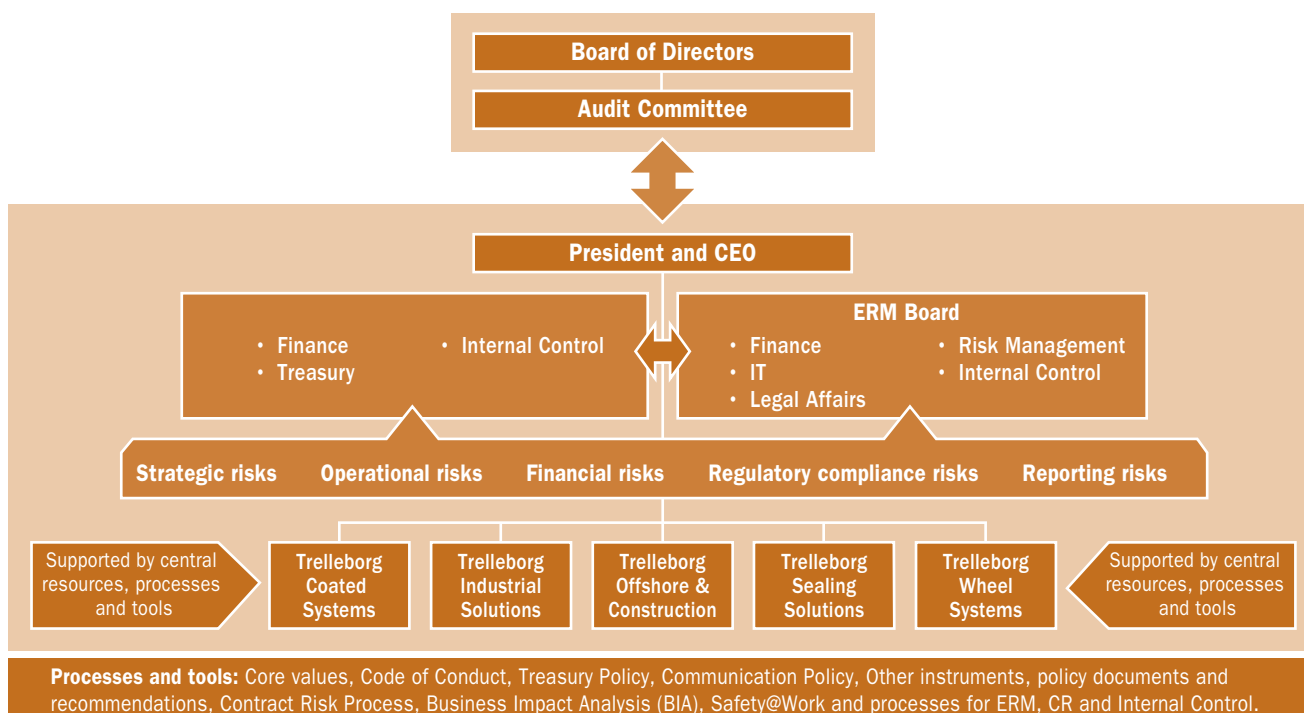
Events or decisions beyond Trelleborg's control that could lead to operational disruptions, damage or loss of substantial impact for the entire Group are also important to monitor and maintain readiness for.

The Corporate Governance Report on pages 63-73 contains a detailed description of the internal controls used to manage the risks pertaining to financial reporting.

Financial risks are described on pages 60-61 and in Note 27.

Enterprise Risk Management. Trelleborg has an established process for Enterprise Risk Management (ERM process) that provides a framework for the Group's risk activities. The purpose of the ERM process is to provide a Group-wide overview of Trelleborg's risks by identifying them, evaluating them and providing a basis for decision-making regarding the management of risks, and to enable a follow-up of the risks and how they are managed. Responsibility and reporting channels in the ERM process are illustrated in the diagram below.

ERM priorities. Trelleborg has identified nine large risks in five areas. These include risks that may result in damage or loss with substantial impact on the entire Group and therefore justify management of the risk at Group level. The process used to identify these risks is illustrated below on page 57.



The Group's various companies, business areas and business units have identified a total of about 250 risks. The vast majority of these risks are managed locally.

Some 30 of these approximately 250 risks that may have a major impact at a business area and/or Group level are identified and discussed each year and thus justify the risk being managed at one of these levels. The evaluation of the risks and consolidation of priorities

is led by the Risk Management staff function and comprises a component of the annual strategy process. This process primarily involves the management teams of the business areas, but also Group Management and the staff functions.

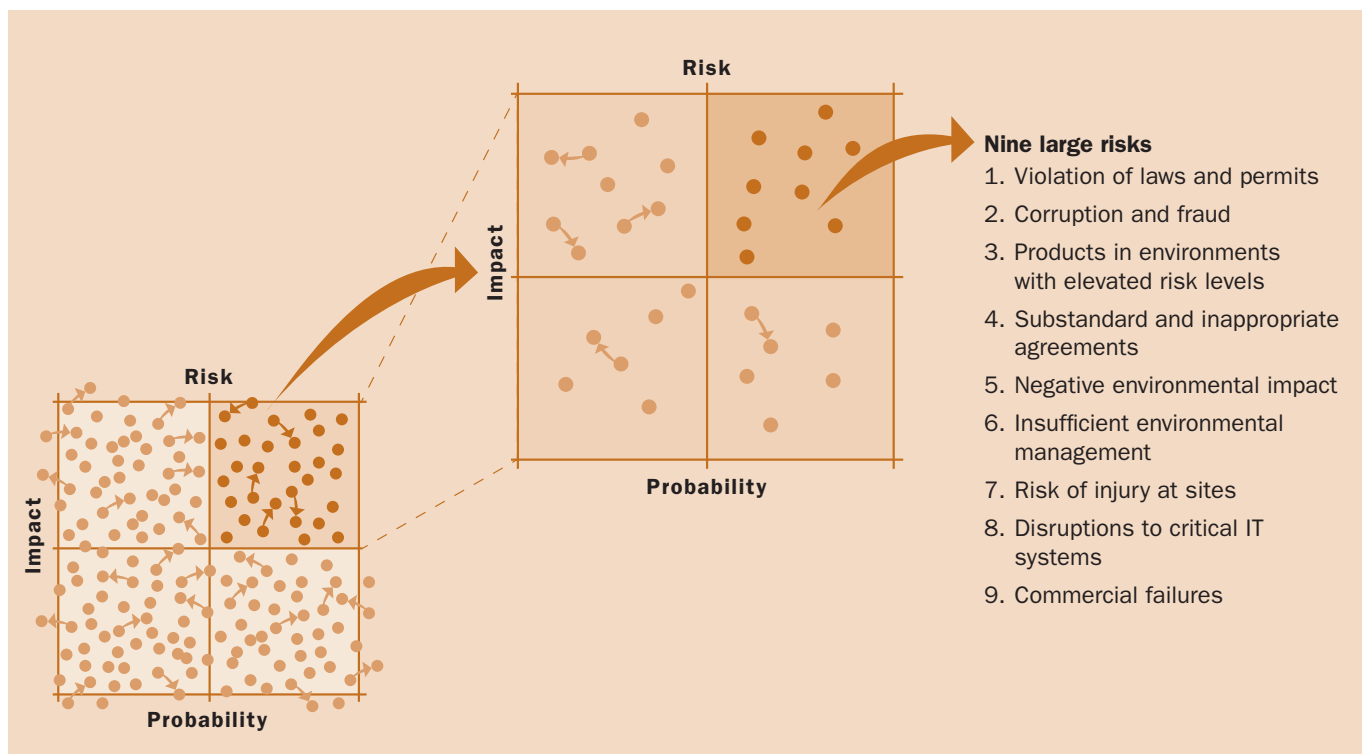
On the basis of the risk prioritization prepared in the ERM process, the Board also identifies and prioritizes risks in conjunction with the strategy process that may significantly affect the possi-

bility of achieving the Group's objectives.

The nine large risks that are deemed to have a significant impact on the entire Group are managed by the ERM Board, which leads the overall coordination and monitoring of risk activities. Five meetings are planned in the ERM Board for 2016, which are preparatory meetings for Audit Committee and Board meetings.













Read more about Trelleborg's large risks on pages 58-59.


Of 250 identified risks, nine are managed at Group level







These risks may, over time, have more or less of an impact on the business and are more or less likely to occur. Some risks concern all operations in the Group, while others relate only to specific areas or individual operations.

Major risks at Trelleborg

Area	Large risks	Focus	Established key processes	Initiated and ongoing activities
Rules	Violation of laws and permits	Compliance with competition law	<ul style="list-style-type: none"> • Training seminars in applicable competition law. • Export control focusing on embargoes and trade restrictions. • Established procedures for approving membership in organizations, for example. Refer to page 46. 	<p>Establishment of a central Group steering committee, Compliance Task Force. </p> <p>Formalization and expansion of Group Internal Control, focusing on regulatory compliance. </p>
	Corruption and fraud	Measures preventing fraudulent conduct	<ul style="list-style-type: none"> • Continuous training. • Established policies and procedures. • Acceptance Letters issued by the Group's President, whereby relevant employees sign a letter each year confirming their knowledge of the Code of Conduct and compliance with the Group's internal policy instruments. • Trelleborg's whistleblower policy and process, which implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. Refer to page 46. • Review and evaluation of agency and distribution agreements. • Special committee for the counteraction of financial fraud. 	<p>Review of Group's internal policy instruments. </p> <p>Introduction of so-called Policy Quick Guides to further increase the distribution and comprehension of regulations and the Group's core values. </p>
Products & agreements	Products in environments with elevated risk levels	Review of products and solutions	<ul style="list-style-type: none"> • Risk assessments to identify products with an elevated risk level, for example, in the areas of oil & gas, marine oil and gas hoses, life sciences and aerospace. • Legal review and risk assessment of contracts and processes concerning production and project management. 	<p>Training and workshops which follow operationally specific risk assessments of products and contracts. The concept has been initiated within the Trelleborg Offshore & Construction business area. </p>
	Substandard and inappropriate agreements	Examination of agreements	<ul style="list-style-type: none"> • Comprehensive training in issues concerning agreements. • Legal examination and evaluation of contracts in 11 prioritized areas. 	<p>Further development of external services for focused and fast examination of contracts to facilitate business processes. </p>
Sites	Negative environmental impact	Review of the sites' local environment	<ul style="list-style-type: none"> • Mapping of environmental risks for all new building and acquisitions. • Continuous surveillance of the sites in question and a focus on the handling of chemicals, rainwater and the risk of flooding. 	<p>Increased surveillance and monitoring of the handling of chemicals. </p> <p>Establishment of ISO 14001 multisite certification, which results in increased standardized analysis and control. </p>
	Insufficient environmental management	Focus on hazardous materials and chemicals	<ul style="list-style-type: none"> • Update of list of materials with restrictions (see page 48), in relation to the use of chemicals and continued environmental assessments at the point of acquisition. 	<p>Establishment of a Group-wide steering committee for chemicals, Global Chemical Task Force. </p> <p>Further expand the internal list of chemical restrictions. </p>
	Risk of injury at sites	Protection of critical sites	<ul style="list-style-type: none"> • External and internal analyses for the Group's operations and results of critical sites. • Guidelines for new building and site upgrades. • Increase the number of risk-classified sites being upgraded to Highly Protected Risk level (HPR). Improve the lowest performing and most critical sites. 	<p>Selection of Group-wide risk areas, customization of injury-preventing guidelines and increased monitoring. </p> <p>Increased focus on and monitoring of major risks at critical sites. </p>

Percentage of risk work completed:  25%  50%  75%

Area	Large risks	Focus	Established key processes	Initiated and ongoing activities
IT	Disruptions to critical systems	Minimize disruptions	<ul style="list-style-type: none"> Improved level of service in terms of the IT infrastructure. Implement upgrades in a structured, Group-wide way. Ensure compliance with legal requirements in the various countries in which the Group operates. Improve information security in and between systems. 	<p>Structuring of new ERP implementations and increased monitoring of Internal Control. </p> <p>Localization of servers and review of physical protection and information security. </p>
Disruptive activities	Commercial failures	New product segments, major projects and acquisitions.	<ul style="list-style-type: none"> Acquisition survey and examination program within the areas of finance, operations and law. Central approval of new products in selected segments, such as life sciences and aerospace. 	Increased business support when establishing new product segments and larger projects concerning responsible risk management and legal risks. 

Percentage of risk work completed:  25%  50%  75%



Financial risks at Trelleborg

Financial risks include financing risks and liquidity risks relating to difficulties in raising new loans or shareholders' equity, interest rate and foreign exchange risks that adversely impact the Group's earnings, and financial credit risks.

Risk	Policy and comments																																				
<p>Financing risks and liquidity risks</p> <p>Financing risk is the risk that the refinancing of maturing loans may become difficult or costly, thereby impairing the Group's ability to fulfill its payment obligations. Liquidity risks refer to the risk of not being able to fulfill payment obligations as they fall due.</p>	<p>Policy. Contracted credit facilities with a term of at least 12 months must be available in an amount equivalent to the Group's gross debt plus a liquidity reserve corresponding to at least 5 percent of consolidated net sales. Trelleborg's net debt/equity ratio target interval is between 50 and 100 percent.</p> <p>During the year, the amount by which the Group's contracted credit facilities exceeded the aggregate of gross debt plus the liquidity reserve was in line with the Group's policy.</p> <p>The Group monitors the capital structure on the basis of several key figures, one of which is the net debt/equity ratio, which amounted to 34 percent (40) at year-end. Both the key figures related to the Group's capital structure and forecasts for the Group's liquidity reserve are continually monitored on a monthly basis.</p> <p>At December 31, 2015, Trelleborg's committed confirmed credit facilities totaled SEK 23,182 M (14,766), of which SEK 20,090 M (11,222) was unutilized. At year-end 2015, the Group's committed confirmed credit facilities principally comprised a syndicated loan facility for financing day-to-day business operations and a loan facility for the acquisition of the CGS Group. The syndicated loan facility provides revolving credit in multiple currencies and comprises two tranches of EUR 750 M (SEK 6,858 M) and USD 625 M (SEK 5,221 M), as well as a swingline facility. The facility was extended in its entirety in 2014 and the main portion of the facility was extended again for one year in 2015. As a result, 95 percent of the facility's EUR tranche and 90 percent of the facility's USD tranche will mature in 2020, while the remaining portion will mature in December 2019. The facility is provided by a total of 17 financial institutions from Europe, Asia and the U.S. Based on the number of participating banks and their status, Trelleborg deems that the banking syndicate behind the facility is strong. The loan facility for the acquisition of the CGS Group comprises two tranches of EUR 725 M (SEK 6,630 M) and USD 300 M (SEK 2,506 M). The facility was contracted in November 2015 and is provided in equal parts by two of the Group's core banks. The facility matures in November 2016 and can be extended twice for a maximum total of 12 months, if so requested by Trelleborg. Both of the banks behind the facility are or have previously been classified as global systemically important financial institutions (G-SIFIs) by the Financial Stability Board and Trelleborg is confident of the quality of the facility.</p> <p>At year-end 2015, the Group's total interest-bearing liabilities amounted to SEK 9,379 M (8,716). The Group has good access to short-term borrowing in the money market, mainly through a Swedish commercial paper program of SEK 4,000 M. The program was used extensively throughout 2015, with an average outstanding volume of about SEK 2,291 M (1,800). In addition to this, the Group raised two short-term bilateral bank loans in 2015. Borrowing via short-term bilateral bank loans averaged SEK 1,874 M (1,480) during the year. This led to reduced borrowing requirements under Trelleborg's syndicated loan facility and thereby lower interest expenses. Throughout 2015, the Group's total current liabilities were consistently covered by the Group's long-term committed confirmed credit facilities.</p> <p>The Group has access to the capital market through a Medium Term Note (MTN) program with a program limit of SEK 5,000 M for issuance in the Swedish bond market. Private placements, such as Schuldscheins, as well as bilateral and syndicated loans are also utilized.</p> <p>Following a debut transaction under the MTN program, which took place in 2011 through the issuance of a bond of EUR 110 M with a six-year term, Trelleborg has continued to establish an issuance track record. A bond of EUR 50 M with a seven-year term was issued under the MTN program in November 2012. In 2013, Trelleborg issued a debut Schuldschein of EUR 55 M with a 5.5-year tenor. In the second half of 2014, Trelleborg conducted its first MTN issuances in the SEK market: in November 2014, Trelleborg issued two MTNs with tenors of 6 years and 2 months for a total of SEK 1,000 M. In 2015, Trelleborg issued an MTN of SEK 300 M with a seven-year tenor and an MTN of EUR 45 M with a six-year tenor.</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="497 1373 941 1736"> <p>Maturity term structure of the Group's interest-bearing liabilities per December 31, 2015</p> <table border="1"> <caption>Maturity term structure of the Group's interest-bearing liabilities per December 31, 2015</caption> <thead> <tr> <th>Year</th> <th>SEK M</th> </tr> </thead> <tbody> <tr><td>2016</td><td>4,077</td></tr> <tr><td>2017</td><td>1,509</td></tr> <tr><td>2018</td><td>2,408</td></tr> <tr><td>2019</td><td>5,302</td></tr> <tr><td>2020</td><td>3,675</td></tr> <tr><td>2021</td><td>1,583</td></tr> <tr><td>2022</td><td>0</td></tr> <tr><td>Total</td><td>9,379</td></tr> </tbody> </table> </div> <div data-bbox="970 1373 1471 1736"> <p>Maturity term structure of the Group's committed confirmed credit facilities per December 31, 2015</p> <table border="1"> <caption>Maturity term structure of the Group's committed confirmed credit facilities per December 31, 2015</caption> <thead> <tr> <th>Year</th> <th>SEK M</th> </tr> </thead> <tbody> <tr><td>2016</td><td>4,077</td></tr> <tr><td>2017</td><td>1,509</td></tr> <tr><td>2018</td><td>2,408</td></tr> <tr><td>2019</td><td>5,302</td></tr> <tr><td>2020</td><td>3,675</td></tr> <tr><td>2021</td><td>1,583</td></tr> <tr><td>2022</td><td>0</td></tr> <tr><td>Total</td><td>23,182</td></tr> </tbody> </table> </div> </div> <p>Current liabilities maturing in 2016 amounted to SEK 4,077 M (4,493) and mainly comprised short-term bilateral bank loans of SEK 1,509 M (2,400) and a commercial paper of SEK 2,408 M (859).</p> <p>Non-current liabilities amounted to SEK 5,302 M (4,223) and mainly comprised an outstanding bond of SEK 3,675 M (3,046), as well as utilization of the syndicated loan facility in the amount of SEK 1,583 M (1,102).</p>	Year	SEK M	2016	4,077	2017	1,509	2018	2,408	2019	5,302	2020	3,675	2021	1,583	2022	0	Total	9,379	Year	SEK M	2016	4,077	2017	1,509	2018	2,408	2019	5,302	2020	3,675	2021	1,583	2022	0	Total	23,182
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<p>Interest rate risk</p> <p>Since most of Trelleborg's net debt bears variable interest, the Group focuses on interest-rate-related cash-flow risk, meaning the risk that movements in market interest rates could have an impact on the financial cash flow and earnings. The size of the impact depends on the fixed interest term of the borrowing and investment.</p>	<p>Policy. The average fixed-interest term on the Group's gross borrowing, including the impact of derivative instruments, may not exceed four years. The average fixed-interest term on interest-bearing investments, including the effects of derivative instruments, may not exceed two years on a maximum amount of SEK 2,000 M, or the equivalent amount in other currencies.</p> <p>At December 31, 2015, interest-bearing net debt amounted to SEK 6,282 M (7,195), with an average remaining fixed-interest term of about 37 months (20). See also Note 27.</p>																																				

Risk	Policy and comments																																							
Foreign exchange risks																																								
Foreign exchange risks relate to the risk of adverse impacts on the consolidated income statement, balance sheet and/or cash flow as a result of exchange rate fluctuations. Foreign exchange risks exist in the form of transaction and translation risks.																																								
Transaction risks	<p>Policy. Group companies must generally hedge between 50 and 100 percent of their 12-month forecast net flows on a rolling basis. Deviations from the rule are permitted in the event that currency hedging is not practicable in relation to a currency and/or in the event it is associated with excessive costs. Subsidiaries shall conduct this hedging through Group Treasury.</p> <p>The Group's net exposure is estimated at an annual value corresponding to approximately SEK 4,100 M (3,700). The currency pairs with the highest net flows, defined as those expected to exceed the equivalent of SEK 150 M over a period of 12 months from January 2016, and the amounts hedged per currency pair at December 31, 2015 are shown in the table below.</p> <p>For the stated period, the currencies with the highest forecast net flows are EUR (SEK 1,330 M equivalent), USD (SEK 1,460 M equivalent) and LKR (negative SEK 620 M equivalent).</p> <p>Forecast annual exposure per currency pair with the highest 12-month net flow from January 2016, and currency hedges as of December 31, 2015, SEK M</p> <table border="1"> <thead> <tr> <th>Currency pair</th> <th>Net flow</th> <th>Currency hedges</th> </tr> </thead> <tbody> <tr> <td>EUR/LKR</td> <td>442</td> <td></td> </tr> <tr> <td>USD/BRL</td> <td>412</td> <td></td> </tr> <tr> <td>EUR/DKK</td> <td>403</td> <td>-374</td> </tr> <tr> <td>USD/SEK</td> <td>298</td> <td>-321</td> </tr> <tr> <td>USD/CNY</td> <td>250</td> <td>-43</td> </tr> <tr> <td>EUR/PLN</td> <td>173</td> <td>-142</td> </tr> <tr> <td>EUR/ZAR</td> <td>-169</td> <td></td> </tr> <tr> <td>GBP/USD</td> <td>-159</td> <td>92</td> </tr> <tr> <td>EUR/GBP</td> <td>157</td> <td>-65</td> </tr> <tr> <td>EUR/CNY</td> <td>154</td> <td>-1</td> </tr> <tr> <td>EUR/TRY</td> <td>153</td> <td></td> </tr> <tr> <td>EUR/CZK</td> <td>151</td> <td>-95</td> </tr> </tbody> </table>	Currency pair	Net flow	Currency hedges	EUR/LKR	442		USD/BRL	412		EUR/DKK	403	-374	USD/SEK	298	-321	USD/CNY	250	-43	EUR/PLN	173	-142	EUR/ZAR	-169		GBP/USD	-159	92	EUR/GBP	157	-65	EUR/CNY	154	-1	EUR/TRY	153		EUR/CZK	151	-95
Currency pair	Net flow	Currency hedges																																						
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EUR/TRY	153																																							
EUR/CZK	151	-95																																						
Translation risks – Income statement	<p>Policy. The Group does not normally hedge this risk.</p> <p>Trelleborg's earnings are largely generated outside Sweden. Accordingly, the impact of exchange rate fluctuations on the Group's sales and earnings can be significant. In 2015, operating profit for continuing operations was affected by a total of SEK 300 M (135) and profit after tax by about SEK 195 M (88), due to exchange rate fluctuations upon translation of the income statements of foreign subsidiaries compared with exchange rates in the preceding year.</p> <p>Translation effects: exchange rate effects on the income statement, SEK M</p> <table border="1"> <thead> <tr> <th>Currency</th> <th>Net sales</th> <th>Operating profit</th> <th>Net profit</th> </tr> </thead> <tbody> <tr> <td>EUR</td> <td>220</td> <td>21</td> <td>17</td> </tr> <tr> <td>GBP</td> <td>334</td> <td>53</td> <td>40</td> </tr> <tr> <td>USD</td> <td>1,291</td> <td>94</td> <td>29</td> </tr> <tr> <td>Other</td> <td>287</td> <td>132</td> <td>109</td> </tr> <tr> <td>Total 2015</td> <td>2,132</td> <td>300</td> <td>195</td> </tr> <tr> <td>Total 2014</td> <td>897</td> <td>135</td> <td>88</td> </tr> </tbody> </table>	Currency	Net sales	Operating profit	Net profit	EUR	220	21	17	GBP	334	53	40	USD	1,291	94	29	Other	287	132	109	Total 2015	2,132	300	195	Total 2014	897	135	88											
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Other	287	132	109																																					
Total 2015	2,132	300	195																																					
Total 2014	897	135	88																																					
Translation risks – Balance sheet	<p>Policy. Investments in foreign subsidiaries and joint venture/associated companies may be hedged by between 0 and 100 percent of the investment value (which, because of the tax effect, implies a maximum hedge of approximately 78 percent of the investment value). Decisions on any hedging are made following a comprehensive assessment of exchange rate levels, the effects of costs, liquidity and tax, and impact on the Group's net debt/equity ratio.</p> <p>At year-end 2015, net investments in Trelleborg's foreign operations amounted to SEK 27,155 M (24,370). At December 31, 2015, 31 percent (41) of the net investments were hedged. See also Note 27.</p>																																							
Financial credit risks	<p>Policy. Counterparties must possess a high creditworthiness and preferably participate in the Group's medium and long-term financing. The Group's Treasury Policy contains a specific counterparty regulation that stipulates the maximum level of credit risk exposure to various counterparties. Refer to Note 27 for further information.</p>																																							
Financial credit risk is the risk of losses if those counterparties with which the Group has invested in cash and cash equivalents, short-term bank deposits or entered into financial instruments with positive market values, do not fulfill their obligations.																																								

Corporate governance that supports value generation

2015 was an intense year for the Board and the Trelleborg Group. The year was characterized by continued challenging market conditions, and the Board of Directors has been following this development carefully.

Trelleborg delivered excellent results, which have contributed to value growth.

Trelleborg signed an agreement to acquire CGS Holding during the year. The acquisition, which is expected to be completed in the first half of 2016, will then be Trelleborg's largest in decades and will span several business areas.



Value generation in focus. Trelleborg's mission is to generate value for customers, thereby creating stable profitability and sustainable growth for the company, and long-term shareholder returns. Trelleborg has continued to consolidate its position as a world leader in engineered polymer solutions. Despite challenging market conditions during the year and economic and political turmoil in some parts of the world, Trelleborg has once again demonstrated an ability to adapt to changing market conditions.

In the Board, we have repeatedly discussed various growth initiatives that could strengthen Trelleborg in the long term. This could take the form of growth in geographies and segments or through innovation, customer integration and bolt-on acquisitions.

CGS Holding will strengthen Trelleborg in several areas. The signing of the agreement to acquire CGS Holding, which was announced last autumn, was obviously preceded by discussion in the Board over a longer period of time. With its strong and favorably performing operations in agricultural and specialty tires and engineered polymer solutions, CGS will strengthen and complement Trelleborg's already leading positions in a number of existing areas. The transaction is subject to approvals from relevant authorities and is expected to be completed in the first half of 2016.

The total cash purchase consideration amounts to approximately SEK 10.9 billion on a debt-free basis. Trelleborg's net debt/equity ratio will initially increase and exceed the company's long-term objective. The aim is that the net debt/equity ratio will return to a similar level as before the acquisition over the next 12-18 months. The consideration in the event of a potential sale of TrelleborgVibracoustic, for example, would help to bring this about.

However, Trelleborg's acquisitions are normally smaller bolt-on acquisitions to existing operations, in which the Group buys access to a geographic market, market or customer segment or a new technology. It would also be reasonable in the future to expect smaller acquisitions as a complement to such major acquisitions as CGS. A number of smaller strategic acquisitions were implemented during the year that have already made a positive impression on the business and will gradually strengthen the Group.

Corporate governance that benefits employees. A clear strategy, with a clear structure and clear rules, will ensure that both management and employees maintain their focus on developing our business. A recurring discussion among Board members is the balance between development of the Group's business opportunities, and identification and management of the risks we face in an increasingly complex and dynamic world. Together with management and employees, we ensure that corporate governance becomes a tool for increasing the value of Trelleborg.

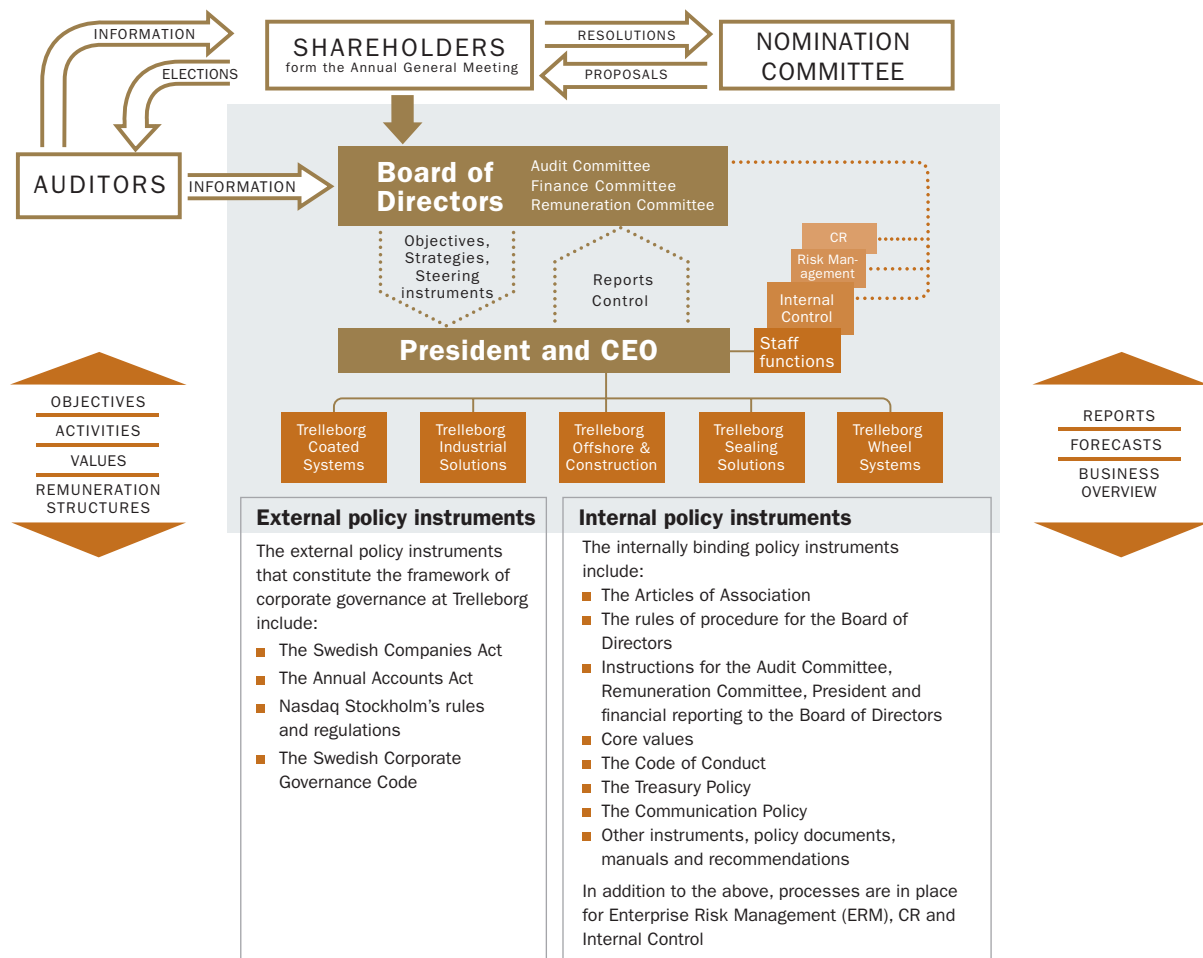
Notwithstanding Trelleborg's governance processes, including the work of the Board, the auditors and the committees, the most important form of governance lies with our frontline employees. It is employees who meet our customers every day, who offer them the best solutions and help to accelerate their businesses – as well as Trelleborg's. It is also employees who help to increase our productivity and reduce waste, who manage projects and help to develop the entire team in the most effective way. It is the frontline's judgement and training that controls risk management. It is the employees who make Trelleborg competitive and I would like to extend a warm vote of thanks to all of our employees for the past year.

I would also like to thank Board members Claes Lindqvist, Heléne Vibbleus and Nina Udnes Tronstad, who will not be standing for reelection and will therefore be leaving the Board at the 2016 Annual General Meeting after many years of dedicated service.

Sören Mellstig
Chairman of the Board

Corporate Governance

Trelleborg is a publicly traded Swedish limited liability company listed on Nasdaq Stockholm Large Cap. Trelleborg applies the Swedish Corporate Governance Code and presents its 2015 Corporate Governance Report in this section. Trelleborg has no deviations to report. The report has been examined by the company's auditor.



The basis for corporate governance at Trelleborg. A key feature of the Trelleborg Group's culture and core values is effective corporate governance with the purpose of supporting the Board of Directors and management in their efforts to increase customer benefits and achieve greater value and transparency for shareholders.

The responsibility for management and control of the Trelleborg Group is distributed between the shareholders, the Board of Directors, its elected committees and the President, as illustrated above. Note that the joint venture TrelleborgVibracoustic is not included in Trelleborg's corporate governance.

Shareholders. Shareholders exercise their power at the Annual General Meeting, which is Trelleborg's highest decision-making body. The Meeting adopts the Articles of Association and, at the Annual General Meeting, the shareholders appoint Board members, the Chairman of the Board and auditor, and make decisions regarding their fees. In addition, the Annual General Meeting passes resolutions regarding the adoption of the income statement and the balance sheet, the allocation of the company's profit and the discharge from liability toward the company of the Board members and the President. The

Annual General Meeting also makes resolutions regarding the appointment of the Nomination Committee and its work, and the principles for the remuneration and other employment terms for the President and other senior executives. Trelleborg's Annual General Meeting is usually held in April.

Annual General Meeting 2015. The 2015 Annual General Meeting took place on April 23, 2015 in Trelleborg. At the meeting, 726 shareholders (658) were in attendance, personally or by proxy, representing about 73 percent (71) of the total number of votes. A



single shareholder, Dunker Interests, represented approximately 74 percent (76) of the votes at the meeting. The Chairman of the Board, Sören Mellstig, was elected Chairman of the Meeting. All Board members elected by the Annual General Meeting were present.

Resolutions. The complete minutes and information on the 2015 Annual General Meeting, including the President's speech, are available at www.trelleborg.com. The resolutions passed by the Meeting included the following:

- Dividends to be paid for the 2014 fiscal year as per the Board's and President's proposal in the amount of SEK 3.75 per share.
- Re-election of all Board members
- Election of Anne Mette Olesen as new Board member
- Re-election of the Chairman of the Board
- Election of auditor
- Remuneration for the Board members and the auditor
- Principles for remuneration and other employment terms for the President and other senior executives
- Procedures for the Nomination Committee's appointment and work

Annual General Meeting 2016. Trelleborg's 2016 Annual General Meeting will be held on April 21, 2016 in Trelleborg. For information on the Annual General Meeting, refer to *page 114*.

Shareholders and the share. For information on shareholders and the Trelleborg share, refer to *pages 5-7* and www.trelleborg.com.

Nomination Committee. The Nomination Committee represents the company's shareholders and nominates Board members, the Chairman of the Board and the auditor, and proposes remuneration to be paid to these.

Nomination Committee for the 2016 Annual General Meeting. The 2015 Annual General Meeting passed a resolution regarding the Nomination Committee and assigned the Chairman of the Board the task of asking representatives of Trelleborg's five major shareholders, not later than by the end of August, to each appoint one member to the Nomination Committee. The composition of the Nomination Committee is presented in the table to the right. The Nomination Committee also included Chairman of the Board Sören Mellstig as a co-opted member. The Nomination Committee's guidelines for the selection of candidates to be nominated to the Board specify that they shall possess knowledge and experience relevant to Trelleborg's operations. The Nomination Committee observes the rules regarding the independence of Board members, as stated in the Swedish Corporate Governance Code. The Nomination Committee for 2016 held 5 meetings (5) and a number of telephone conferences. As a basis for

the Committee's work, the Chairman of the Board presented a report on the work of the Board, which included a Board evaluation performed by an external party, and a number of Board members were interviewed. Furthermore, the President was interviewed on the performance of the business.

Nomination Committee for the 2016 Annual General Meeting

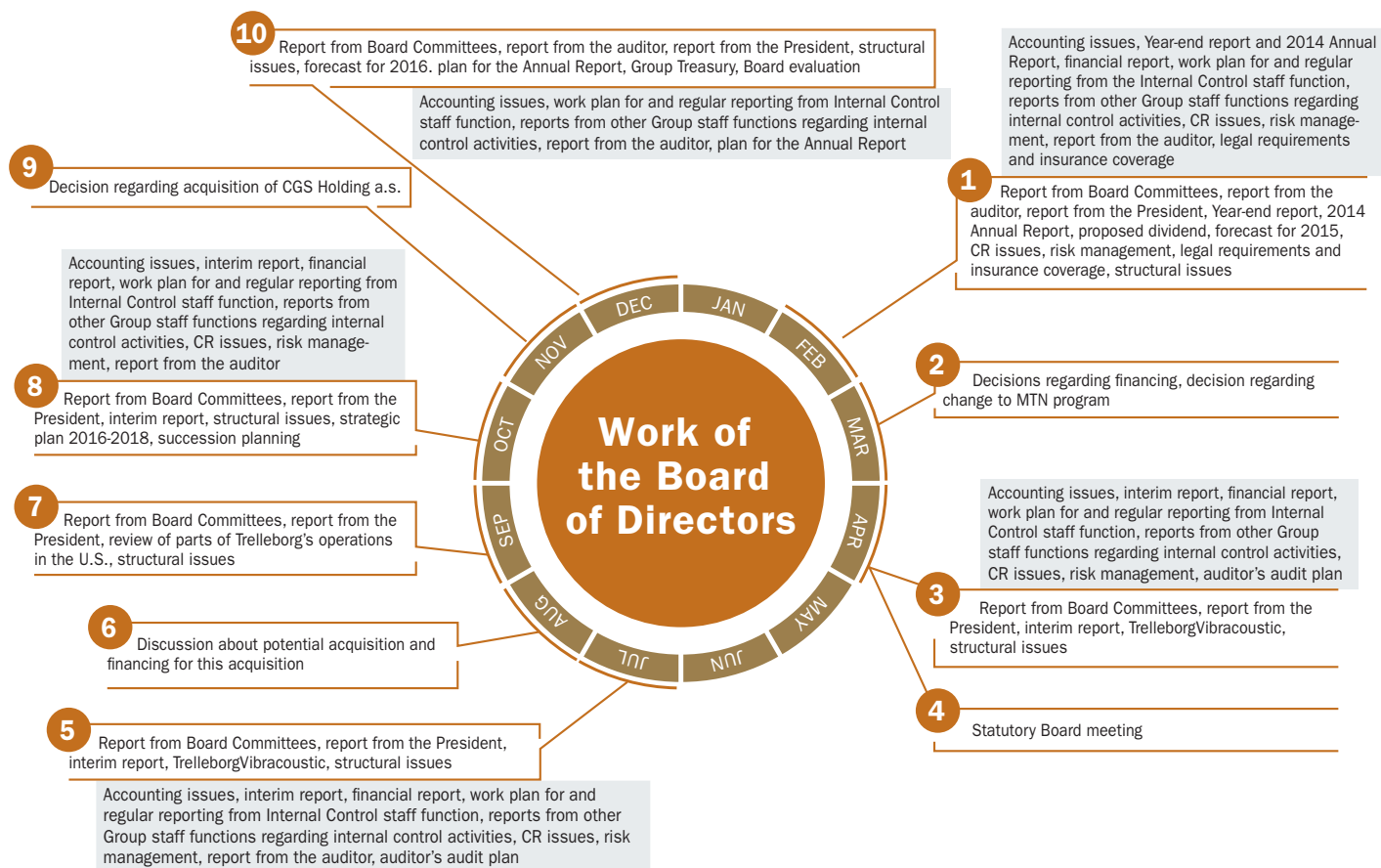
Name/Representing	Share of votes, Aug 31, 2015	Share of votes, Dec 30, 2015
Roland Bengtsson, Dunker Interests	54.0%	54.0%
Tomas Risbecker, AMF Insurance & Funds	3.0%	3.3%
Henrik Didner, Didner & Gerge Funds	2.5%	2.7%
Olof Jonasson, First AP Fund	1.7%	1.7%
Peter Rönström, Lannebo Funds	1.2%	1.3%
Total	62.4%	63.0%

Proposals to the 2016 Annual General Meeting. The Nomination Committee has decided to submit the following proposals to the 2016 Annual General Meeting for resolution:

- Re-election of Board members: Hans Biörck, Jan Carlson, Sören Mellstig, Peter Nilsson, Anne Mette Olesen and Bo Risberg

Work of the Board of Directors in 2015

10 Board meetings (8) were held in 2015. Work focused largely on structural issues, acquisitions and the strategic plan.



The President presents a report on the operations' performance at scheduled Board meetings. All business areas are usually given an opportunity to make an in-depth presentation of their operations at a Board meeting at least once per year. The Board conducts reviews with the auditor when audit reports are to be considered.

- Re-election of Sören Mellstig as Chairman of the Board
- Election of Gunilla Fransson, Johan Malmquist and Susanne Pahlén Åklundh as new Board members

Board of Directors. The Board of Directors is responsible for the organization and management of Trelleborg's affairs. In accordance with the Articles of Association, the Board of Directors is to consist of three to ten members, without deputies. Board members are elected annually by the Annual General Meeting for the period until the close of the next Annual General Meeting.

Composition of the Board of Directors in 2015

In 2015, Trelleborg's Board of Directors comprised nine members elected by the Annual General Meeting, including the President and CEO. Employees elect three representatives and one deputy to the Board of Directors.

The Group's CFO, Ulf Berghult, attends the Board meetings as does the General Counsel, Charlotta Grähs, who serves as the Board's secretary. Other salaried employees of the Group participate in the Board meetings to make presentations on specific matters when necessary.

For further information on Board members, refer to *pages 70-71* and *Note 3 on pages 92-93*.

Chairman of the Board. The responsibility of the Chairman of the Board is to lead and guide the work of the Board and ensure that the work is well organized and conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors operations in dialog with the President and is responsible for ensuring that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions, and for ensuring that the Board's decisions are executed.

Independence of the Board. The Board's assessment, which is shared by the Nomination Committee, of the Board members' independence in relation to

Trelleborg and the shareholders is presented in the table on pages 70-71. As evident from the table, Trelleborg complies with the Swedish Corporate Governance Code's requirements stipulating that the majority of the Board members elected by the General Meeting must be independent in relation to Trelleborg and company management, and that at least two of these are also to be independent in relation to Trelleborg's major shareholders.

Evaluation of Board members 2015.

The Chairman of the Board is responsible for evaluating the Board's work.

In 2015, an external consultant distributed questionnaires to Board members and, based on their responses and interviews carried out in previous years, analysed the results. These results were subsequently presented and discussed by the Board and Nomination Committee, forming the basis for evaluating the size and composition of the Board. The evaluation focused on the Board activities in general and on the contributions made by individual Board members, including the Chairman and President.

Board evaluations carried out in previous years have distinctly influenced the work of the Board and committees.

Board Committees. The Board has established three committees from within its ranks without this otherwise impacting the Board's responsibilities and duties. These are the Audit, Finance and Remuneration Committees.

Audit Committee. In 2015, the Audit Committee comprised Heléne Vibbleus, who also chairs the Committee, Hans Biörck, Claes Lindqvist and Bo Risberg. The Group's CFO, Ulf Berghult, the Group's General Counsel, who is also the Secretary of the Audit Committee, Charlotta Gråhs, the Head of the Internal Control staff function, the Head of Group Finance, the Head of Group Treasury and the Head of Group Tax participate in the Committee meetings, as does the



“ In 2015, the Finance Committee dedicated time and effort to CGS Holding. The transaction is subject to approvals from relevant authorities, and is expected to be finalized in the first half of 2016. When completed, it will be the largest acquisition for Trelleborg in decades.”

Sören Mellstig, Chairman of the Finance and Remuneration Committees

company's auditor, when necessary. In 2015, the Audit Committee held 5 meetings (5). The matters in which the Committee represents the Board are presented in the illustration on page 65.

Finance Committee. In 2015, the Finance Committee comprised Sören Mellstig, who also chairs the Committee, Hans Biörck and Bo Risberg. Others who participate in Finance Committee meetings include the President and CEO Peter Nilsson, Group CFO Ulf Berghult and the VP Strategic Development & Group Projects, who is also the Finance Committee Secretary. In 2015, the Finance Committee held 3 meetings (3). The Finance Committee acts on behalf of the Board, preparing the strategic issues in relation to financing, evaluating the Group's existing and required financing scope and the impact of major acquisitions on the Group's financial situation.

Remuneration Committee. In 2015, the Remuneration Committee comprised Sören Mellstig, who also chairs the Committee, Hans Biörck and Jan Carlson. Senior Vice President, Human Resources, Paolo Astarita, who succeeded Sören Andersson during the year and is also Secretary of the Remuneration Committee, participates in Committee meetings. In 2015, the Remuneration Committee held 5 meetings (5). The Remuneration Committee represents the Board in such matters as remuneration and other employment conditions for senior executives, management succession and succession planning, and leadership development.

Auditor. The Annual General Meeting appoints an auditor that examines the annual report and accounts, the consolidated financial statements, the administration of the Board of Directors and President, and the annual report and accounts of subsidiaries, and submits an audit report.

Auditor 2015. Trelleborg's auditor is the PricewaterhouseCoopers AB firm of authorized public accountants, including Authorized Public Accountants Mikael Eriksson and Cecilia Andrén Dorselius. Mikael Eriksson is the Auditor in Charge. The 2015 Annual General Meeting appointed PricewaterhouseCoopers AB as Trelleborg's auditor for a period of one year.

President and Group Management.

The President and CEO manages the day-to-day administration of Trelleborg. The President is assisted by Group Management comprising presidents of business areas and managers of corporate staff functions.

Group Management 2015. At the end of 2015, Group Management comprised 11 individuals. In 2015, Group Management held 5 meetings (5). These meetings focused on the Group's strategic and operational performance and budget follow-up.

Trelleborg's operations are organized into five business areas. These consist of about 20 business units, which in turn comprise approximately 40 product areas. The organization is based on the principle of decentralized responsibility and authority.

Each legal unit, which do not necessarily reflect the operating units, has its own Board of Directors that focuses on regulatory compliance, among other aspects.

For additional information about Group Management, refer to pages 72-73.

“ The Audit Committee works on a recurrent basis with interim reports and internal control, but also spent a great deal of time during the year on processes and prioritizations for risk management activities in the Group.”

Heléne Vibbleus, Chairman of the Audit Committee



Internal Control. The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control over financial reporting is included as a part of the overall internal control at Trelleborg, and constitutes a central component of Trelleborg's corporate governance.

Trelleborg has defined internal control as a process that is influenced by the Board of Directors, the Audit Committee, the President, Group Management and other employees, and is formulated to provide reasonable assurance that Trelleborg's goals are achieved in terms of the following: effective and efficient business activities, reliable reporting and compliance with applicable legislation and regulations. The Internal Control process takes its starting point for the process in the regulatory framework for internal control updated in 2013 and issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is based on 17 fundamental principles linked to five components. The Internal Control process is based on a control environment that creates discipline and provides structure for the other four components of the process – risk assessment, control structures, information and communication, and monitoring.

Internal control over financial reporting.

Internal control of the financial reporting aims to provide reasonable assurance of the reliability of external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies.

Control environment. The Board of Directors bears overall responsibility for internal control over financial reporting. The Board has established a written work plan for the Board of Trelleborg and instructions for its Audit and Remuneration Committees that define the Board's responsibilities and regulate the internal distribution of work between itself and its committees. The Board has established an Audit Committee from within its ranks that represents the Board in

matters concerning the monitoring of Trelleborg's financial reporting and, in relation to financial reporting, to monitor the efficiency of Trelleborg's internal control, internal audit and risk management activities. The Audit Committee is to also represent the Board by keeping itself informed in matters relating to the audit of the annual report and the consolidated financial statements, reviewing and monitoring the auditor's impartiality and independence and providing assistance when preparing proposals regarding the appointment of auditor for approval by the Annual General Meeting. The Audit Committee is also to represent the Board by monitoring the Group's work in relation to CR and ERM issues and day-to-day financing operations, and annually reviews and makes proposals for changes to the Treasury Policy.

The Board has also established instructions for the President of Trelleborg and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the day-to-day work involving internal control is delegated to the President.

The Group's Internal Control staff function serves as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing, enhancing and securing internal control over the Group's financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

Internal policy instruments for financial reporting primarily comprise the Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting.

Risk assessment. Trelleborg's risk assessment of financial reporting aims to identify and evaluate the most significant risks, including risk of fraud and risks in connection with significant changes, that affect internal control over financial reporting in the Group's companies, business areas and processes. The risk assessment results in control targets that ensure that the fundamental demands placed on external financial reporting are fulfilled and comprise the basis for how risks are to be managed

Auditor's remuneration 2015

SEK M	2015	2014
<i>PricewaterhouseCoopers</i>		
Audit assignment	25	23
Audit activities other than audit assignment	1	1
Tax consultancy services	4	4
Other services	8	6
<i>Other auditors</i>		
Audit assignment	1	1
Tax consultancy services	0	0
Other services	0	0
Total	39	35



MIKAEL ERIKSSON
Authorized Public Accountant, Auditor in Charge

Auditor of the Trelleborg Group since 2011. Partner of PricewaterhouseCoopers AB since 1989.

Qualifications: Graduate in business administration, Authorized Public Accountant since 1984.

Assignments: Eniro, Meda, EcoLean and Elverket.

Born: 1955.



CECILIA ANDRÉN DORSELIUS
Authorized Public Accountant

Auditor of the Trelleborg Group since 2015. Director of PricewaterhouseCoopers AB since 2011.

Qualifications: Graduate in business administration, Authorized Public Accountant since 2009.

Assignments: Beijer Ref.

Born: 1979.

through various control structures. The risk assessment is updated on an annual basis under the direction of the Internal Control staff function and the results are reported to the Audit Committee.

Risk assessment in relation to financial reporting is conducted as part of the Enterprise Risk Management process, which is described on pages 56-57.

Control structures. The most significant risks identified in terms of financial reporting are managed through control structures in companies, business areas and processes. Management may entail that these risks are accepted, reduced or eliminated. The control structures aim to ensure efficiency in the Group's processes and good internal control and are based on the Group's approximately 280 minimum requirements for good internal control in the seven defined, significant processes that are shown in the diagram below. As of 2015, approximately 130 subsidiaries report their status by way of self-assessment with

respect to all minimum requirements for good internal control. In the past, the minimum requirements for good internal control were divided into an A and B level, where the 50 largest companies were to apply both levels and the approximately 75 smaller companies only the A level. The control structures in the accounting and reporting process, which are significant for ensuring the reliability of financial reporting, contain 50 of the approximately 280 minimum requirements for good internal control.

Information and communication. Information and communication regarding internal policy instruments for financial reporting are available to all relevant employees on Trelleborg's intranet. Information and communication relating to financial reporting is also provided through training.

The Group has a process in which all relevant employees confirm their awareness of and compliance with the Group's internal policy instruments.

The Group's CFO and the Head of the

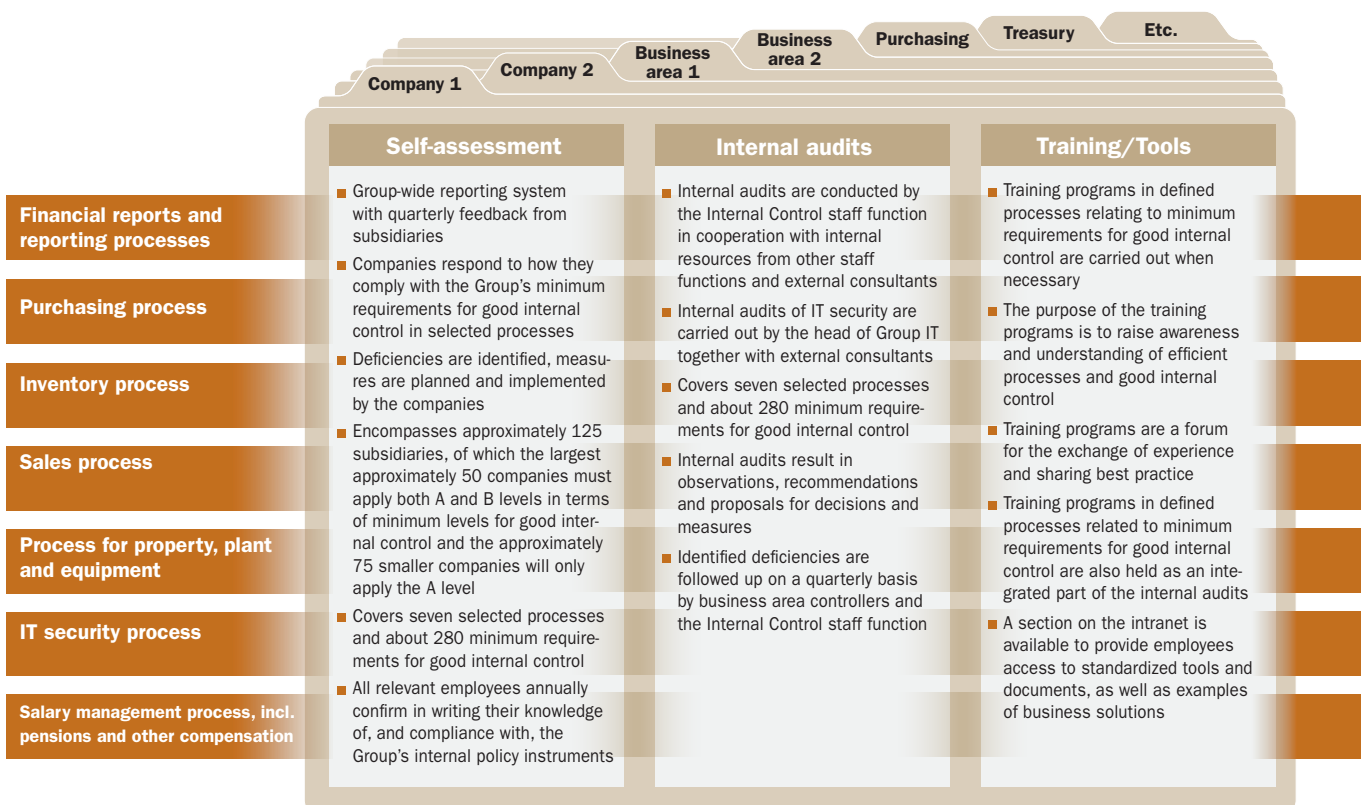
Internal Control staff function report the results of their work on internal control as a standing item on the agenda of the Audit Committee's meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board.

External financial reporting is performed in accordance with relevant external and internal policy instruments.

The process for the Group's whistleblower policy has been gradually improved.

Monitoring. Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function, Group Finance, Group Treasury and Group Tax as well as the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, quarterly reports with results from self-assess-

Internal control structure of the Trelleborg Group



ments in the Group's companies and business areas, and results from internal audits. Monitoring also encompasses following up observations reported by Trelleborg's auditor. The Internal Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes, as well as work programs and budgets.

Activities in 2015. In 2015, the Internal Control staff function conducted 56 internal audits (44) in 25 countries (19), of which 14 were IT security audits (17) and 7 were system implementation audits (2). The emphasis was on Europe, Asia and the U.S. Most of the internal audits were conducted by the Internal Control staff function in cooperation with internal resources from other staff functions with specialist competence in such areas as purchasing and finance, or jointly with controllers from various business areas. Internal audits of IT

security were carried out by the head of the IT Group staff function together with external consultants. In 2015, the Internal Control staff function worked on a broad front with reviews of all processes. Focus areas that received greater attention during the year included monitoring of the implementation of the new enterprise resource planning system (ERP system) and holding companies.

Activities in focus in 2016. The number of internal audits will generally continue to increase in 2016. Geographically speaking, the Internal Control staff function will temporarily devote a greater focus to Europe. In 2016, the Internal Control staff function will continue to work broadly with reviews of all processes. A small number of combined financial and legal internal audits are planned in cooperation with the Legal Department.



Further information on corporate governance

The following information is available at www.trelleborg.com:

- Corporate Governance Reports from 2004 and onward.
- Information regarding Trelleborg's Annual General Meetings from 2004 and onward:
 - Notifications
 - Minutes
 - President's speeches
 - Press releases



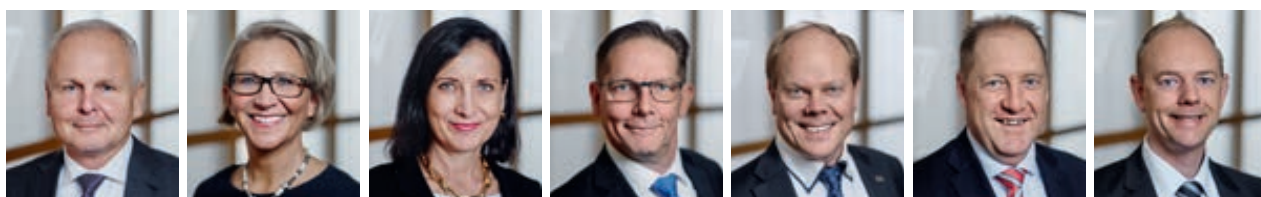
Name	Sören Mellstig	Hans Blörck	Jan Carlson	Claes Lindqvist	Peter Nilsson	Anne Mette Olesen
Position			President and Chairman of Autoliv Inc.	President of Henry Dunkers Förvaltnings AB	President and CEO	Chief Marketing Officer AAK AB
Qualifications	Graduate in business administration	Graduate in business administration	M.Sc. Eng.	Graduate in business administration and M.Sc. Eng.	M.Sc. Eng.	MBA and B.Sc. Eng.
Year elected	2008	2009	2013	2004	2006	2015
Born	1951	1951	1960	1950	1966	1964
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish	Danish
Other assignments	Chairman of Ellevio AB, Textilia and Ferrosan MD A/S. Board member of The Julin Foundation	Chairman of Crescit Asset Management AB. Board member of the Dunker Funds and Foundations, LKAB, AB Bonnier Finans, and Bure Equity AB	Board member of BorgWarner Inc., The Confederation of Swedish Enterprise and The Association of Swedish Engineering Industries	Executive Director of Henry and Gerda Dunkers' Foundation and Foundation No. 2. Board member of Dunker Foundations, Svenska Handelsbanken South Region, Novotek AB, among others	Board member of Beijer Alma AB, Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden	Board member of ISIS A/S
Dependence	No	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, the Dunker Interests	No	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, the Dunker Interests	Yes. Dependent in relation to the company as a result of his position as Trelleborg's President	No
Previous experience includes	President and CEO of Gambro and CFO and Vice President of Incentive	CFO of Skanska AB, Autoliv Inc. and Esselte AB	President of Saab Combitech	A variety of senior positions at ASEA and Åkerlund & Rausing as well as President and CEO of Höganäs AB and Öresundskraft AB	Business Area President at Trelleborg and positions within the Trelleborg Group, as well as management consultant at BSI	Management positions at Coloplast A/S, Chr. Hansen A/S and Danisco Ingredients A/S.
Own and related-party holdings 2015	117,809 shares	5,000 shares	–	30,404 shares	90,572 shares	–
Own and related-party holdings 2014	117,809 shares	5,000 shares	–	30,404 shares	90,572 shares	–
Shares in related companies	–	–	–	–	–	–
Audit Committee attendance	–	Member 5 of 5	–	Member 5 of 5	–	–
Finance Committee attendance	Chairman 3 of 3	Member 2 of 3 ²⁾	–	–	–	–
Remuneration Committee attendance	Chairman 5 of 5	Member 5 of 5	Member 5 of 5	–	–	–
Board meeting attendance	Chairman 10 of 10	Member 9 of 10 ²⁾	Member 10 of 10	Member 10 of 10	Member 10 of 10	Member 7 of 10 ³⁾
Remuneration 2015 ⁴⁾						
Board, SEK 000s	1,300	475	475	475	–	475
Committee, SEK 000s	100	200	50	100	–	–
Total 2015, SEK 000s	1,400	675	525	575	–	475
Remuneration 2014 ⁴⁾						
Board, SEK 000s	1,150	435	435	435	–	–
Committee, SEK 000s	100	100	50	100	–	–
Total 2014, SEK 000s	1,250	635	485	535	–	–

Board assignments and holdings in Trelleborg as stated above reflect the situation as per December 31, 2015.

¹⁾ Remuneration paid to the Board of Directors for the period May 2015 – April 2016. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For the 2015 calendar year, remuneration was paid as per Note 3. No consulting fees were paid to Board members. Remuneration is not paid to executive Board members. Remuneration excludes travel allowances.

²⁾ Not present at Committee meeting no. 1 and Board meeting no. 7.

³⁾ Installed as new Board member as of meeting no. 4.



Name	Bo Risberg	Nina Udnes Tronstad	Heléne Vibbleus	Göran Andersson	Peter Larsson	Mikael Nilsson	Ingemar Thörn
Position		Senior Vice President Kværner ASA	Vice President Internal Audit, CAE Autoliv Inc.	Mechanic, appointed by the Unions of the Trelleborg Group (LO)	Plant manager, appointed by the Unions of the Trelleborg Group (PTK)	Industrial worker, appointed by the Unions of the Trelleborg Group (LO)	Customer service, appointed by the Unions of the Trelleborg Group (PTK)
Qualifications	MBA and B.Sc. Eng.	M.Sc. Eng.	Graduate in business administration	Mechanic, training in negotiation skills and labor law	Engineer	Training in labor law, economics and personnel policy	Engineer, training in purchasing and logistics
Year elected	2010	2010	2004	2014	2011	2009	2014
Born	1956	1959	1958	1959	1965	1967	1972
Nationality	Swedish	Norwegian	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Chairman of Piab Group Holding AB and Valmet Oy. Deputy Chairman of Grundfors Holding A/S and the IMD Supervisory Board. Board member of Nordstjernan AB	Board member of Norwegian University of Science and Technology (NTNU), The Norwegian Export Credit Guarantee Agency (GIEK), Peab AB and Nordox	Board member of Marine Harvest ASA, Nordic Growth Market NGM AB, Scandi Standard AB, Swedbank Sjuhärad AB and Tyréns AB	Member of Unions of the Trelleborg Group (LO) and member of IF Metall club at Trelleborg Industri AB	Chairman of Unionen Trelleborg AB, member of Trelleborg European Works Council and Trelleborg Swedish Works Council (PTK)	Chairman of Trelleborg Swedish Works Council (LO) and Chairman of Trelleborg European Works Council. Board member of Avdelning 52 Hus AB	Deputy Chairman of Unionen Trelleborg AB and member of Trelleborg Swedish Works Council (PTK)
Dependence	No	No	No	-	-	-	-
Previous experience includes	President and CEO of Hilti Corporation and various management positions at ABB in Sweden and Canada	Group Executive of Kværner ASA, President of Kværner Verdal AS, Group Executive of Statoil ASA and various management positions at Statoil in Norway, Sweden and Denmark	Group Vice President, Chief Audit Executive, CAE Elekta AB, Senior Vice President, Group Controller, AB Electrolux, Authorized Public Accountant, and member of the Board of PwC in Sweden				
Own and related-party holdings 2015	9,011 shares	8,600 shares	4,550 shares	-	3,000 shares	-	100 shares
Own and related-party holdings 2014	9,011 shares	8,600 shares	4,550 shares	-	3,000 shares	-	100 shares
Shares in related companies	-	-	-	-	-	-	-
Audit Committee attendance	Member 5 of 5	-	Chairman 5 of 5	-	-	-	-
Finance Committee attendance	Member 3 of 3	-	-	-	-	-	-
Remuneration Committee attendance	-	-	-	-	-	-	-
Board meeting attendance	Member 10 of 10	Member 7 of 10 ⁴⁾	Member 9 of 10 ⁵⁾	Employee representative 10 of 10	Employee representative 10 of 10	Employee representative 10 of 10	Deputy employee representative 10 of 10
Remuneration 2015 ¹⁾							
Board, SEK 000s	475	475	475	-	-	-	-
Committee, SEK 000s	150	-	150	-	-	-	-
Total 2015, SEK 000s	625	475	625	-	-	-	-
Remuneration 2014 ¹⁾							
Board, SEK 000s	435	435	435	-	-	-	-
Utskott, TSEK	150	-	150	-	-	-	-
Summa 2014, TSEK	585	435	585	-	-	-	-

Board assignments and holdings in Trelleborg as stated above reflect the situation as per December 31, 2015.

¹⁾ Remuneration paid to the Board of Directors for the period May 2015 - April 2016. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For the 2015 calendar year, remuneration was paid as per Note 3. No consulting fees were paid to Board members. Remuneration is not paid to executive Board members. Remuneration excludes travel allowances.

⁴⁾ Not present at meetings no. 1, 2 and 5.

⁵⁾ Not present at meeting no. 6.



Name	Peter Nilsson	Ulf Berghult	Dario Porta	Mikael Fryklund	Fredrik Meuller	Claus Barsøe
Position	President and CEO Other assignments: Board member of Trelleborg AB, Beijer Alma AB, Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden	Chief Financial Officer (CFO)	Business Area President, Trelleborg Coated Systems	Business Area President, Trelleborg Industrial Solutions	Business Area President, Trelleborg Off-shore & Construction	Business Area President, Trelleborg Sealing Solutions
Qualifications	M.Sc. Eng.	Graduate in business administration	M.Sc. Eng.	M.Sc. Eng., B.Sc. in Business Administration	M.Sc. in Finance	Graduate in business administration
Born	1966	1962	1959	1963	1970	1949
Nationality	Swedish	Swedish	Italian	Swedish	Swedish	Danish
Previous experience includes	Business Area President at Trelleborg and positions within the Trelleborg Group, as well as management consultant at BSI	CFO of Dometic Group, Thule Group, Rolls Royce Marine Systems and controller at the Trelleborg Group	Business Unit President at the Trelleborg Group and President of Reeves	Business Unit President at Trelleborg and other management positions at the Trelleborg Group and Bosch	VP Strategic Development & Group Projects Trelleborg and Business Unit President at the Trelleborg Group. Various positions at McKinsey & Co and JP Morgan	Market Director of Alfa Laval, various positions at Busak+Shamban and Polymer Sealing Solutions
Own and related-party holdings 2015	90,572 shares	15,000 shares	1,000 shares	7,000 shares	500 shares	3,500 shares
Own and related-party holdings 2014	90,572 shares	15,000 shares	1,000 shares	7,000 shares	500 shares	3,500 shares
Shares in related companies	–	–	–	–	–	–
Employed	1995	2012	2006	2002	2002	2003
In current position since	2005	2012	2012	2012	2012	2003

Remuneration of Group Management 2015

SEK 000s	Fixed salary	① Annual variable salary	② Long-term incentive program ¹⁾	③ Other benefits	Total	④ Pension	Total including pension
President	2015 9,772 ²⁾	5,648	5,609	171	21,200	3,841	25,041
	2014 9,712	5,655	4,453	161	19,981	3,718	23,699
Group Management, others (10 persons)	2015 33,083	11,844	14,218	1,369	60,514	18,700	79 214
	2014 32,035	12,390	11,127	1,365	56,917	17,013	73,930
Total	2015 42,855	17 492	19,827	1,540	81,714	22,541	104,255
Total	2014 41,747	18,045	15,580	1,526	76,898	20,731	97,629

¹⁾ Expensed 2015. ²⁾ Of this amount, fixed salary represented SEK 9,420,000 with the remainder mainly consisting of a change in vacation pay liability.

Principles for remuneration

The following are the principles for remuneration of senior executives adopted by the Annual General Meeting:

- Trelleborg will offer market-based terms of employment that enable the company to recruit, develop and retain senior executives.
- The remuneration structure shall comprise fixed and variable salary, pension and other remuneration, which together form the individual's total remuneration package.
- Trelleborg continuously gathers and evaluates information on market-based remuneration levels for relevant industries and markets.
- Principles for remuneration may vary depending on local conditions.
- The remuneration structure will be based on such factors as position, expertise, experience and performance.

Senior executives comprise the President and other members of Group Management. The principles are supplemented by a policy for benefits for senior executives as well as a global Remuneration Policy covering all managers and senior salaried employees. In 2015, total remuneration of Group Management amounted to SEK 81,714,000 (76,898,000), excluding pension premiums, and SEK 104,255,000 (97,629,000), including pension premiums.

① Annual variable salary

Variable salary is dependent on the achievement of certain performance indicators. The 2015 targets pertained to the Group's profit before tax and the Group's operating cash flow, both excluding the effect of structural changes approved by the Board and the profit effect from TrelleborgVibracoustic, as well as global growth. In addition, a minor portion of the annual variable salary of the President and a few senior executives was based on the operating profit in TrelleborgVibracoustic. For the business areas, other operating key figures also served as targets for annual variable salary. Annual variable salary does not constitute pensionable income and does not form the basis of vacation pay. The President's annual variable salary can be a maximum of 65 percent of fixed salary and for other senior executives a maximum of 25-65 percent of fixed salary.



Name	Maurizio Vischi	Paolo Astarita*	Claes Jörwall	Charlotta Gråhs	Patrik Romberg
Position	Business Area President, Trelleborg Wheel Systems	Senior Vice President, Human Resources	Senior Vice President, Mergers & Acquisitions	Senior Vice President, General Counsel and Secretary	Senior Vice President, Corporate Communications
Qualifications	MBA	Graduate in law	Graduate in business administration	Master of Law	MBA and university studies in behavioral science and education
Born	1955	1959	1953	1971	1966
Nationality	Italian	Italian	Swedish	Swedish	Swedish
Previous experience includes	Various management positions at Pirelli	Vice President Human Resources Trelleborg Wheel Systems and various positions in HR at Pirelli and Manuli Rubber	Senior Vice President, Taxes & Group Structures at the Trelleborg Group, and department manager at the Swedish National Tax Board	Group General Counsel at Dometic Group and Senior Corporate Counsel at Husqvarna Group	Various positions at the Trelleborg Group and Unilever
Own and related-party holdings 2015	–	2,340 shares	10,231 shares	–	901 shares
Own and related-party holdings 2014	–	–	10,231 shares	–	901 shares
Shares in related companies	–	–	–	–	–
Employed	1999	2001	1988	2014	2006
In current position since	2001	2015	2013	2014	2011

* Paolo Astarita succeeded Sören Andersson on October 1, 2015.

2 Long-term incentive program

Since 2005, the Board of Directors has annually resolved on a long-term incentive program for the President and for certain senior executives considered to exercise a significant influence on the Trelleborg Group's earnings per share. These programs are ongoing, three-year programs. The Board determines annually whether to instigate new programs and, if so, the scope, objective and participants of such new programs. The incentive programs are a cash-based supplement to the annual variable salaries, provided that the executive has not terminated his employment as per December 31 in the year in which the program ends.

Purpose

The incentive programs are directional and have long-term content. The aim is to increase value for the Group's shareholders by promoting and retaining the commitment of senior executives to the Group's development.

Target figure

The target figure for the incentive programs is an annual improvement of 10 percent in the Trelleborg Group's earnings per share. This target excludes the items affecting comparability attributable to the Trelleborg Group and TrelleborgVibracoustic, and the impact of any share buyback programs. The outcome for 2015 was earnings per share of SEK 10.39. For the 2013-2015 program, the Board established a target of SEK 6.08 for 2013. For the 2014-2016 program, a target of SEK 7.94 was established for 2014, with the outcome for 2013 used as a base, and for the 2015-2017 program, a target of SEK 9.69 was established for 2015, with the outcome for 2014 used as a base. The upper cap for

payments for the 2013-2015 program has been set at 25 percent of the maximum annual variable salary. For the 2014-2016 and 2015-2017 programs, the upper cap for payments has been set at 33.3 percent of the maximum annual variable salary.

Outcome and payment

The outcome of the programs is calculated annually and accumulated over the three-year period and potential payments are made in the first quarter of the year after the program expires. A payment was made in the first quarter of 2015 for the program approved in 2012. For the program approved for 2013, payment will be made in the first quarter of 2016, for the program approved for 2014, payment will be made in the first quarter of 2017, and for the program approved for 2015, payment will be made in the first quarter of 2018. The payments do not constitute pensionable income and do not form the basis of calculation of vacation pay. In 2015, the Group's earnings were charged with SEK 46,479,000 (34,924,000) and additional payroll overheads of SEK 10,675,000 (8,172,000).

Other incentive programs

The Group has no ongoing convertible debenture or warrant programs at the present time.

3 Other benefits

The President and other senior executives have the possibility of having, primarily, a company car and medical expenses insurance.

4 Pension

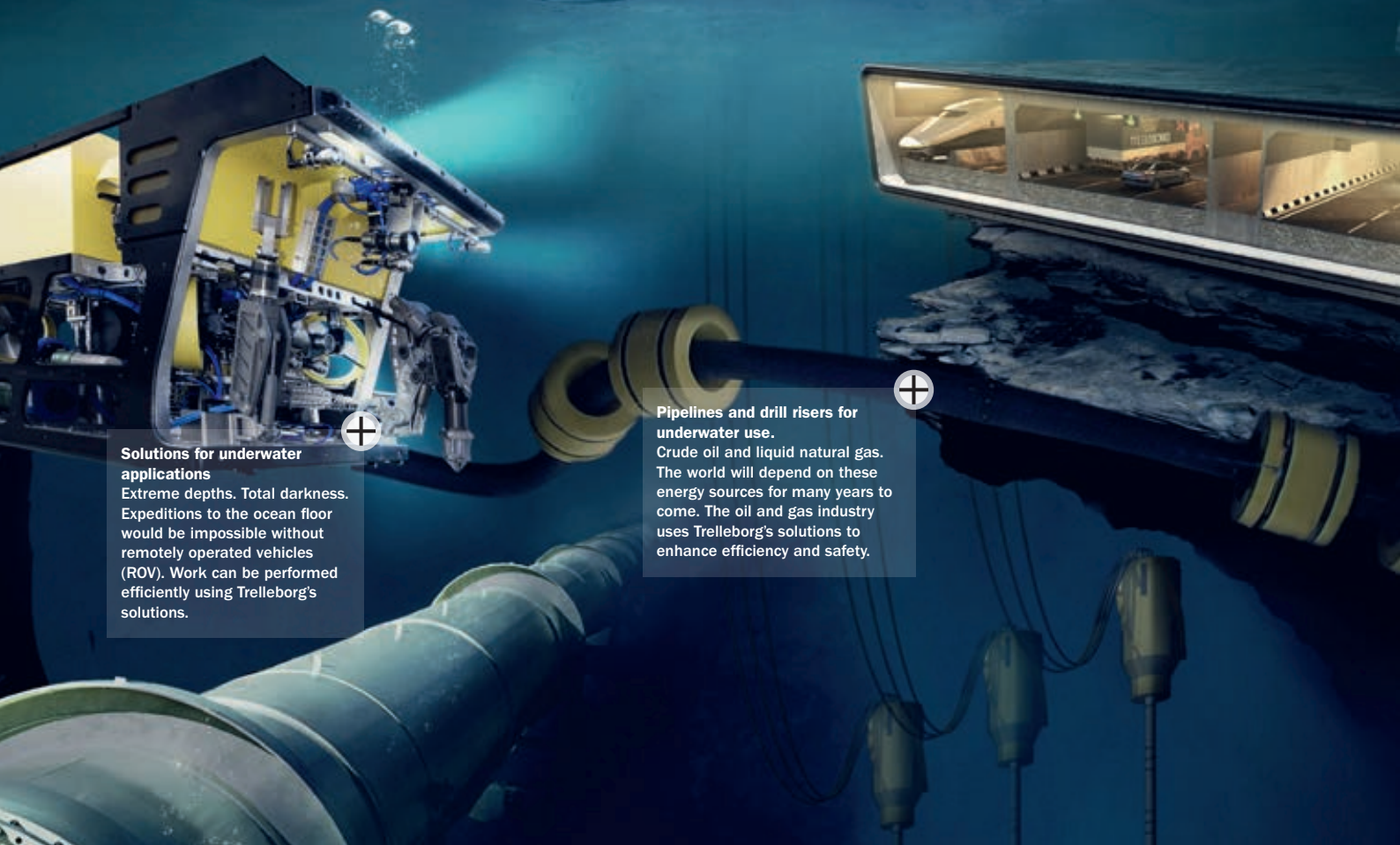
The pension agreements comprise defined-contribution schemes. For the President and other senior executives, the premium can vary between 20 and

45 percent of the fixed salary, where this is legally possible. For the President, the premium is computed as 40 percent of the fixed salary. Pensionable age for the President is 65; however, both the company and the President have the right, without special motivation, to request early retirement from the age of 60, with a mutual six-month notice of termination. If the President enters early retirement, the employment agreement and pension agreement are rendered invalid. In the past, some of senior executives had agreements specifying mutual rights to request early retirement from the age of 60. These agreements have been concluded in 2015, which impacted the pension costs for the year.

Severance pay

For the President, a period of notice of 24 months applies when termination of employment is initiated by the company. The period of notice when termination of employment is initiated by the President is six months. Fixed salary is payable during the period of notice. Certain senior executives have extended notice of termination periods when initiated by the company, normally 12, 18 or 24 months. The period of notice from the senior executive is six months.

For additional information concerning remuneration, see Note 3, pages 92-93.



Solutions for underwater applications

Extreme depths. Total darkness. Expeditions to the ocean floor would be impossible without remotely operated vehicles (ROV). Work can be performed efficiently using Trelleborg's solutions.

Pipelines and drill risers for underwater use.

Crude oil and liquid natural gas. The world will depend on these energy sources for many years to come. The oil and gas industry uses Trelleborg's solutions to enhance efficiency and safety.

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Comments on the consolidated income statements

Despite a generally challenging market situation, the Trelleborg Group's net sales and operating profit in 2015 reached the highest levels to date on a full-year basis. Development was impacted by positive exchange rate effects and contributions from acquired units. The market performance was particularly challenging in the agriculture and oil & gas segments. The organic sales trend was negative, reflecting the slow pace of the global economic recovery. Work aimed at focusing the operations and increasing presence in attractive market segments is continuing, primarily on the basis of organic initiatives, but the contribution from acquired units is also important. Eight bolt-on acquisitions were conducted during the year, further strengthening Trelleborg's position in selected segments. During the fourth quarter, Trelleborg signed a contract to acquire CGS Holding, which has leading positions in agricultural, industrial and specialty tires, and engineered polymer solutions. The TrelleborgVibracoustic joint venture performed well, with healthy organic sales that outperformed the underlying market growth. TrelleborgVibracoustic achieved its highest operating margin and operating profit to date for a single year.

Net sales, continuing operations

In 2015, sales for the Group's continuing operations increased to SEK 24,803 M (22,533), up 10 percent. Organic sales declined by 2 percent. The effects of structural changes amounted to 2 percent, or about SEK 530 M, while exchange rate effects were 10 percent, corresponding to about SEK 2,100 M. For comparable units, excluding exchange rate effects, year-on-year sales were slightly weaker for the first two quarters of the year than for the second half of the year. The organic sales trend for the year was positive for the Trelleborg

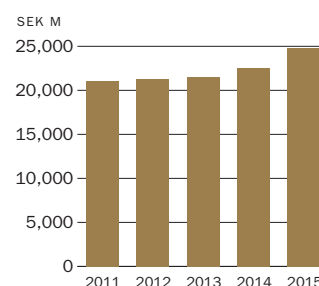
Coated Systems and Trelleborg Offshore & Construction business areas. However, organic sales growth for Trelleborg Industrial Solutions, Trelleborg Sealing Solutions and Trelleborg Wheel Systems business areas was negative.

Trelleborg's exposure between early and late cyclical industry – or general and capital-intensive industry – as well as light vehicles, remains relatively unchanged compared with 2014. However, market conditions varied between the Group's market segments, since sales in the capital-intensive industries related to agriculture were impacted by significantly lower production levels of agricultural machinery by OE manufacturers. Similarly, sales growth in oil & gas was negatively impacted by the sharp fall in the price of oil. Parts of the infrastructure construction segment were also affected by a slightly weaker market environment. Other market segments, such as the aerospace and light vehicles industries, performed at a satisfactory level.

Full-year organic sales for Trelleborg Coated Systems increased 1 percent compared with 2014. Both coated fabrics and printing blankets reported minor organic sales growth. North and South America contributed to a positive organic sales trend for the full-year, while Europe and Asia were marginally lower. Structural changes of 17 percent were attributable to the U.S. coated fabric operations acquired during the fourth quarter of 2014.

The Trelleborg Industrial Solutions business area conducts operations in several of the Group's market segments. Organic sales for the full-year declined by 5 percent compared with 2014. Structural growth contributed 2 percent in total. The majority of geographic markets reported negative organic sales,

Net sales



Net sales by business area

SEK M	2015	2014	Organic sales, %	Structural changes, %	Exchange rate fluctuations, %	Total change, %
Trelleborg Coated Systems	2,559	1,932	1	17	14	32
Trelleborg Industrial Solutions	5,117	4,956	-5	2	6	3
Trelleborg Offshore & Construction	4,331	3,697	4	1	12	17
Trelleborg Sealing Solutions	8,302	7,648	-1	0	10	9
Trelleborg Wheel Systems	4,315	4,167	-6	2	8	4
Group items	505	480				
Eliminations	-326	-347				
Total	24,803	22,533	-2	2	10	10

Consolidated income statements

SEK M	Note	2015	2014
Continuing operations:			
Net sales	2	24,803	22,533
Cost of goods sold		-16,522	-15,026
Gross profit		8,281	7,507
Selling expenses		-2,044	-1,881
Administrative expenses		-2,731	-2,418
Research & development costs		-383	-348
Other operating income	5	429	387
Other operating expenses	5	-335	-247
Participations in TrelleborgVibracoustic	6	739	445
Tax attributable to TrelleborgVibracoustic		-230	-147
Share of profit or loss in associated companies	6	2	1
Items affecting comparability	7	-257	-226
Operating profit	3,4,8,9	3,471	3,073
Financial income	10	36	50
Financial expenses	10	-189	-184
Profit before tax for continuing operations		3,318	2,939
Tax	11	-713	-703
Net profit for continuing operations		2,605	2,236
Net profit for discontinuing operations	24	-	-9
Net profit		2,605	2,227
- shareholders of the Parent Company		2,603	2,221
- non-controlling interests	12	2	6

Earnings per share ¹⁾, SEK

<i>Continuing operations:</i>			
Earnings		9.60	8.23
Earnings, excluding items affecting comparability ²⁾		10.27	8.88
<i>Total:</i>			
Earnings		9.60	8.20
Dividend ³⁾		4.00	3.75

Number of shares

Average		271,071,783	271,071,783
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¹⁾ No dilution effects arose

²⁾ Net earnings have been adjusted for items affecting comparability, SEK M

³⁾ As proposed by the Board of Directors and the President

Statements of comprehensive income

SEK M	2015	2014
Net profit	2,605	2,227
Other comprehensive income		
Items that will not be reclassified to the income statement		
Reassessment of net pension obligation	3	-94
Translation differences	0	-9
Income tax relating to components of other comprehensive income	-1	33
	2	-70
Items that may be reclassified to the income statement		
Cash-flow hedges	-175	-108
Hedging of net investment	-32	-1,021
Translation differences	-471	2,242
Income tax relating to components of other comprehensive income	20	242
Other comprehensive income attributable to TrelleborgVibracoustic	-66	316
	-724	1,671
Other comprehensive income, net of tax	-722	1,601
Total comprehensive income	1,883	3,828
<i>Total comprehensive income attributable to:</i>		
Shareholders of the Parent Company	1,882	3,819
Non-controlling interests	1	9

apart from South and Central America where the organic sales trend was strong as a result of local establishment in Mexico, along with strengthened market positions.

Organic sales for the Trelleborg Offshore & Construction business area rose by 4 percent year-on-year. The substantial order backlog in the oil & gas segment at the beginning of the year resulted in higher sales, despite the challenging market situation. The global market price for oil continued to fall throughout the year, which resulted in gradually diminishing order backlog for oil & gas.

For the Trelleborg Sealing Solutions business area, organic sales declined by 1 percent year-on-year. Europe reported marginally negative organic growth, as a decline in general industry was partially offset by higher sales to the light vehicle and aerospace industries. North America reported negative organic sales, primarily related to a weaker trend for general industry. Positive organic growth in Asia was predominantly driven by healthy sales to the automotive and aerospace industries, which was offset by lower activity in general industry in the region.

For the Trelleborg Wheel Systems business area, organic sales declined by 6 percent year-on-year. Agriculture-related sales declined, impacted by considerably lower production levels of agricultural machinery by OE manufacturers. The organic sales trend for tires for material handling vehicles was slightly negative for the full-year.

Sales reported under Group items largely relate to the Group's joint compound mixing units.

Net sales per market, excluding project deliveries

Organic sales in Western Europe declined by 3 percent compared with 2014, with relatively large differences between the various countries. The organic sales trend in Trelleborg's key markets of Germany, the U.K. and Sweden was negative, although performance was marginally positive in France and Italy. A positive trend was noted in Turkey, Poland and the Czech Republic. Sales in the U.S. fell by 6 percent, while sales in the Canadian market increased. Sales in Brazil declined by 7 percent during the year, whereas performance in Mexico was positive, up 9 percent. In Asia and other markets, organic sales were unchanged compared with 2014. The sales trend in China, Japan and India was positive, while organic sales declined in South Korea.

Western Europe accounted for 48 percent (51) of the Group's sales. In the Rest of Europe, the share was 6 percent (6). The share in North America increased to 24 percent (22). South and Central America accounted for 4 percent (4), while the combined share for the markets in Asia and the Rest of the world was 18 percent (17).

Net sales per geographic market

SEK M	2015		2014	
	Net sales, SEK M	Share of total sales, %	Net sales, SEK M	Share of total sales, %
Western Europe	11,792	48	11,396	51
Rest of Europe	1,414	6	1,406	6
North America	5,916	24	5,048	22
South and Central America	1,096	4	803	4
Rest of the World	4,585	18	3,880	17
Total	24,803	100	22,533	100

Organic growth 2015

	Total, %	Excluding project deliveries ¹⁾ , %
Western Europe	-2	-3
Rest of Europe	-3	4
North America	-10	-5
South and Central America	32	-1
Rest of the World	3	0
Total	-2	-3

¹⁾ Project deliveries refer to all of Trelleborg Offshore & Construction and Trelleborg Industrial Solutions' marine hose operations for oil & gas applications.

Operating profit continuing operations, excluding items affecting comparability and participations in TrelleborgVibracoustic

Consolidated operating profit excluding items affecting comparability and participations in TrelleborgVibracoustic amounted to SEK 3,219 M (3,001), up 7 percent. Exchange rate effects from the translation of foreign subsidiaries had a positive impact, primarily during the first half of the year, with a full-year effect of SEK 300 M (135). Operating profit was maintained at the same level as in the preceding year despite a generally weak sales trend. This development was driven by continued high efficiency and cost control and was a result of strong market positions. Companies acquired during the year made a positive contribution to the earnings trend. Trelleborg's efforts in recent years to actively and systematically achieve operational improvements based on the excellence program in manufacturing, purchasing, capital management and sales also had a positive effect on earnings. Both implemented and ongoing action programs continued to generate positive effects in the form of more efficient structures and lower costs.

The operating margin was 13.0 percent (13.3), the second best margin to date for the Group on a full-year basis.

Operating profit for the Trelleborg Coated Systems business area rose year-on-year, mainly as a result of acquisitions,

previously implemented action programs, streamlining of production and favorable exchange rate fluctuations. Measures to further improve profitability are continuing according to plan. Exchange rate effects from the translation of foreign subsidiaries had a positive impact on operating profit of SEK 24 M compared with 2014. The operating margin rose to 12.4 percent (11.8).

Operating profit for Trelleborg Industrial Solutions increased 6 percent year-on-year, due primarily to effective price discipline and cost control, alongside favorable exchange rate fluctuations. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 44 M on operating profit compared with 2014. The operating margin rose to 10.9 percent (10.7).

For the Trelleborg Offshore & Construction business area, operating profit declined by 29 percent year-on-year, mainly as a result of a product mix yielding lower margins, but also due to under-absorption in certain infrastructure segments. The historically low oil price created price pressure, leading to a negative impact on earnings. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 22 M on operating profit compared with 2014. The operating margin declined to 4.6 percent (7.6).

Operating profit for Trelleborg Sealing Solutions rose by 9 percent year-on-year as a result of effective cost control and favorable currency movements. The operating margin was maintained at a high level throughout the year. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 156 M on operating profit compared with 2014. The operating margin rose to 22.7 percent (22.6).

Operating profit for Trelleborg Wheel Systems declined by 7 percent compared with 2014, primarily due to lower volumes. Start-up costs for the U.S. agricultural tire production site also had an impact on operating profit. The site is estimated to start deliveries during the first quarter of 2016, after which a gradually increasing rate of production will contribute to organic growth. The tougher market conditions were partially offset by effective cost management, good price discipline and successful market positioning. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 57 M on operating profit compared with 2014. The operating margin declined to 10.8 percent (12.1).

Operating profit

Consolidated operating profit excluding items affecting comparability and participations in TrelleborgVibracoustic amounted to SEK 3,219 M (3,001).

SEK M	2015	2014
Trelleborg Coated Systems	317	227
Trelleborg Industrial Solutions	560	529
Trelleborg Offshore & Construction	199	281
Trelleborg Sealing Solutions	1,885	1,730
Trelleborg Wheel Systems	468	504
Group items	-210	-270
Total	3,219	3,001

TrelleborgVibracoustic

TrelleborgVibracoustic is the global market leader in antivibration solutions for light and heavy vehicles. The company was formed in July 2012 and is owned in equal shares by Trelleborg and Freudenberg.

The Trelleborg Group reports the company as a joint venture in its financial statements and it is recognized in line with the equity method.

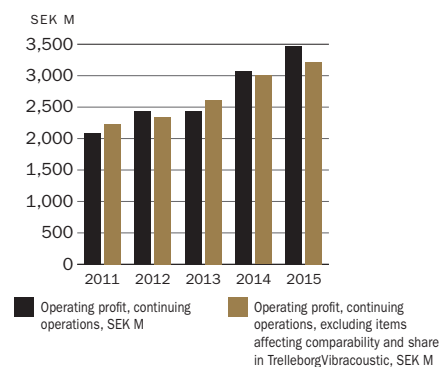
Net sales for the full-year rose by 9 percent compared with 2014. Satisfactory sales performance in mainly Europe and North America but also Asia contributed to organic sales growth of 5 percent. It is estimated that the underlying market grew by just under 2 percent over the same period.

Operating profit developed favorably, mainly due to higher volumes, effective cost control and the effects yielded by the ongoing restructuring project within the European operation. The weak market trend in Brazil, combined with certain non-recurring costs, had a negative impact on profit. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of EUR 13 M on profit compared with 2014.

The operating cash flow declined slightly as a result of a higher investment level.

Restructuring costs, reported under items affecting comparability, principally refer to consolidation of the Brazilian operation.

Operating profit



The reported tax rate was 31 percent and was negatively impacted by non-recurring effects attributable to legal restructuring. The underlying tax rate for the full-year amounted to 27 percent.

Participations in TrelleborgVibracoustic are included in operating profit of the Trelleborg Group in line with the equity method in the amount of SEK 509 M after tax (298). Activities aimed at preparing TrelleborgVibracoustic for a potential initial public offering were initiated during the year.

TrelleborgVibracoustic

EUR M	2015	2014
Net sales	1,941.8	1,779.3
Total change, %	9	4
Organic sales, %	5	4
Structural changes, %	-	1
Exchange rate fluctuations, %	4	-1
Operating profit excluding items affecting comparability	182.9	151.0
Operating margin, %	9.4	8.5
Acquisition-related costs	-5.7	-0.4
Amortization of intangible assets ¹⁾	-5.8	-7.2
Restructuring costs	-9.5	-33.1
Total items affecting comparability	-21.0	-40.7
Operating profit	161.9	110.3
Financial income and expenses	-4.0	-12.4
Profit before tax	157.9	97.9
Tax	-49.1	-32.3
Net profit	108.8	65.6
SEK M		
Net profit	1,018	596
Trelleborg's participation, 50%	509	298

¹⁾ Related to split of the acquisition balance.

Items affecting comparability

Work relating to restructuring measures is continuing in the Group and related costs were charged to consolidated operating profit in the amount of SEK 257 M (cost: 226).

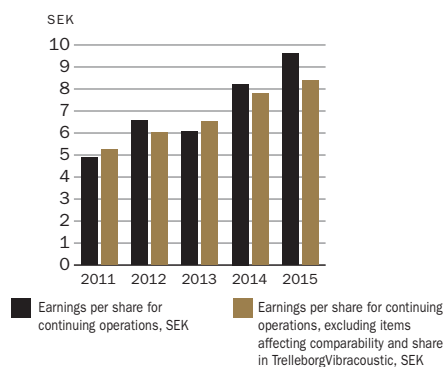
Costs for action programs

SEK M	2015	2014
Trelleborg Coated Systems	-120	-115
Trelleborg Industrial Solutions	-21	-34
Trelleborg Offshore & Construction	-61	-19
Trelleborg Sealing Solutions	-35	-16
Trelleborg Wheel Systems	-12	-7
Other	-8	-35
Total before tax	-257	-226
Total after tax	-181	-178

Earnings

SEK M	2015	2014
Operating profit, excluding items affecting comparability and participations in TrelleborgVibracoustic	3,219	3,001
Operating margin, %	13.0	13.3
Participations in TrelleborgVibracoustic	509	298
Items affecting comparability	-257	-226
Operating profit	3,471	3,073
Financial income and expenses	-153	-134
Profit before tax	3,318	2,939
Tax	-713	-703
Net profit, continuing operations	2,605	2,236
Net profit for discontinuing operations	-	-9
Net profit, group	2,605	2,227

Earnings per share



Key figures per quarter

Net sales per quarter, continuing operations

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2015	2014	2015	2014	2015	2014	2015	2014
Trelleborg Coated Systems	683	473	672	475	602	442	602	542
Trelleborg Industrial Solutions	1,340	1,183	1,358	1,226	1,215	1,267	1,204	1,280
Trelleborg Offshore & Construction	989	859	1,174	967	1,019	917	1,149	954
Trelleborg Sealing Solutions	2,204	1,917	2,129	1,957	2,060	1,929	1,909	1,845
Trelleborg Wheel Systems	1,122	1,126	1,136	1,057	1,037	1,008	1,020	976
Group items	127	141	149	135	118	134	111	70
Eliminations	-95	-102	-87	-91	-76	-79	-68	-75
Total	6,370	5,597	6,531	5,726	5,975	5,618	5,927	5,592

Operating profit excluding items affecting comparability and excluding TrelleborgVibracoustic per quarter, continuing operations

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2015	2014	2015	2014	2015	2014	2015	2014
Trelleborg Coated Systems	90	61	87	60	66	43	74	63
Trelleborg Industrial Solutions	141	117	154	135	124	136	141	141
Trelleborg Offshore & Construction	8	64	68	93	46	71	77	53
Trelleborg Sealing Solutions	525	436	496	454	463	433	401	407
Trelleborg Wheel Systems	116	148	125	147	132	106	95	103
Group items	-47	-47	-47	-87	-33	-59	-83	-77
Total	833	779	883	802	798	730	705	690

Consolidated earnings

Operating profit for continuing operations including participations in TrelleborgVibracoustic and items affecting comparability amounted to SEK 3,471 M (3,073), up 13 percent. The Group's financial income and expenses amounted to a net expense of SEK 153 M (expense: 134), corresponding to a rate of interest of 2.0 percent (2.1). Profit before tax totaled SEK 3,318 M (2,939). The tax cost for the year totaled SEK 713 M (cost: 703). The

tax rate excluding the effect of participations in Trelleborg-Vibracoustic was 25 percent (27). Profit after tax for continuing operations amounted to SEK 2,605 M (2,236). Earnings per share were SEK 9.60 (8.23).

No items were recognized as discontinuing operations in 2015. Discontinuing operations were included in 2014 in the negative amount of SEK 9 M relating to earnings from the divestment of a rubber boots operation in Spain. Including discontinuing operations, profit after tax amounted to SEK 2,605 M (2,227). Earnings per share were SEK 9.60 (8.20).

Events after year-end

No significant events were reported after the close of the period.

Market outlook for the first quarter of 2016

Demand is expected to be on a par with, or slightly weaker, than the fourth quarter of 2015, adjusted for seasonal variations.

Comments on the consolidated balance sheets

The Group's total capital employed rose to SEK 24,937 M (24,575), representing an increase of SEK 362 M attributable to:

SEK M	2015
Company acquisitions	657
Change in working capital according to cash-flow statement including effects of items affecting comparability	482
Net change in non-current assets	362
Change in participations in joint ventures/associated companies	-909
Exchange rate effects upon translation of foreign subsidiaries	-230
Total change in capital employed	362

During the year, acquired operations accounted for an increase in capital employed of SEK 657 M, of which SEK 535 M pertained to goodwill. For a summary of acquisitions for the year, see the table on page 29.

The increase in working capital of a net SEK 482 M is mostly attributable to lower operating liabilities. The changes in inventories and operating receivables during the year were marginal. Non-current assets reported a net increase of SEK 362 M.

Gross capital expenditure amounted to SEK 1,314 M (1,025). Some of the largest individual investments during the year were:

- A new facility in Mexico for the manufacture of thermoplastic elastomer (TPE) bellows for light vehicles (Trelleborg Industrial Solutions).
- Capacity build-out in existing R&D facility in the U.S. (Trelleborg Sealing Solutions)
- New facility for production of seals and components for the aerospace industry in France (Trelleborg Sealing Solutions).
- New facility for the manufacture of agricultural tires in the U.S. (Trelleborg Wheel Systems)
- Capacity build-out of the existing Chinese agricultural tire facility (Trelleborg Wheel Systems)

Investments for the year are distributed as follows: SEK 1,241 M in property, plant and equipment and SEK 73 M in intangible assets. Depreciation and amortization for the year amounted to SEK 833 M (698). Impairment losses, net after reversals, totaled SEK 30 M (42). Participations in joint ventures and associated companies declined by SEK 909 M net. Net profit for the year and translation differences increased the value, while dividends of SEK 1,357 M from holdings in the TrelleborgVibra-

coustic joint venture decreased the value. Exchange rate effects reduced capital employed by SEK 230 M net during the year.

Capital employed, excluding the participation in Trelleborg-Vibracoustic, increased year-on-year to SEK 22,254 M (20,978). Return on capital employed was 14.3 percent (15.9) for continuing operations excluding items affecting comparability and participations in TrelleborgVibracoustic.

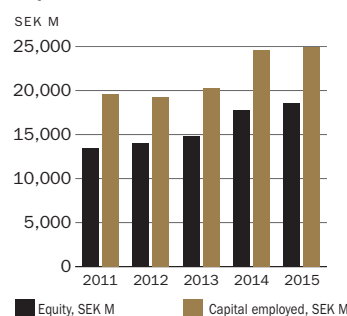
Equity

Total shareholders' equity increased during the year by SEK 846 M to SEK 18,622 M (17,776).

Profit for the year contributed SEK 2,605 M (2,227) to equity. Effects of translation differences, cash flow hedges and the hedging of net investments reduced total equity by a net amount of SEK 658 M (increase: 1,355) after tax. Effects of the restatement of the net pension obligation under IAS 19 Employee Benefits amounted to a gain of SEK 2 M after tax (loss: 70). The Group's share of other comprehensive income in TrelleborgVibracoustic amounted to a negative SEK 66 M (positive: 316), which impacted recognized equity. The effects of transactions with non-controlling interests impacted equity in the negative amount of SEK 20 M (neg: 46). Total dividends amounted to SEK 1,017 M (883), of which SEK 0 M (2) was distributed to non-controlling interests.

The equity/assets ratio was 54 percent (54). At the end of the year, equity per share (271.1 million shares) totaled SEK 69 (66). Return on equity for continuing operations including TrelleborgVibracoustic and items affecting comparability amounted to 14.3 percent (13.7).

Capital structure



Trelleborg Group, change in total equity

Equity	Attributable to shareholders of the Parent Company								Non-controlling interests		Total	
	Share capital		Other capital contributions		Other reserves		Profit brought forward		2015	2014	2015	2014
SEK M	2015	2014	2015	2014	2015	2014	2015	2014				
Opening balance, January 1	2,620	2,620	226	226	231	-1,173	14,690	13,160	9	44	17,776	14,877
Total comprehensive income					-658	1,404	2,540	2,415	1	9	1,883	3,828
Dividend							-1,017	-881	-	-2	-1,017	-883
Acquisitions							-10	-4	-10	-42	-20	-46
Closing balance, December 31	2,620	2,620	226	226	-427	231	16,203	14,690	0	9	18,622	17,776

For other reserves, see also Note 25.

The Board of Directors and President propose a dividend of SEK 4.00 (3.75) per share, a total of SEK 1,084 M (1,017).

Consolidated balance sheets

December 31, SEK M	Note	2015	2014
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	13	6,446	6,088
Goodwill	14	10,910	10,485
Other intangible assets	14	1,317	1,316
Participations in joint ventures/associated companies	6	2,696	3,605
Financial non-current assets	15-16, 28	225	213
Deferred tax assets	17	706	823
Total non-current assets		22,300	22,530
<i>Current assets</i>			
Inventories	18	3,758	3,733
Current operating receivables	19-20	4,768	4,801
Current tax assets		619	622
Interest-bearing receivables	21	393	240
Cash and cash equivalents	23	2,552	1,141
Total current assets		12,090	10,537
TOTAL ASSETS		34,390	33,067
EQUITY AND LIABILITIES			
<i>Equity</i>			
	25		
Share capital		2,620	2,620
Other capital contributions		226	226
Other reserves		-427	231
Profit brought forward		13,600	12,469
Net profit for the year		2,603	2,221
Total		18,622	17,767
Non-controlling interests	12	0	9
Total equity		18,622	17,776
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	26	5,302	4,223
Other non-current liabilities	29	138	131
Pension obligations	30	596	605
Other provisions	31	121	89
Deferred tax liabilities	17	358	264
Total non-current liabilities		6,515	5,312
<i>Current liabilities</i>			
Interest-bearing current liabilities	26	4,077	4,493
Current tax liabilities		649	634
Other current liabilities	29,32	4,256	4,614
Other provisions	31	271	238
Total current liabilities		9,253	9,979
TOTAL EQUITY AND LIABILITIES		34,390	33,067
Contingent liabilities	33	28	43
Pledged assets	33	0	0

Net debt

SEK M	2015	2014
Non-current interest-bearing investments and receivables	152	140
Current interest-bearing receivables	393	240
Cash and cash equivalents	2,552	1,141
Total interest-bearing assets	3,097	1,521
Interest-bearing non-current liabilities	-5,302	-4,223
Interest-bearing current liabilities	-4,077	-4,493
Total interest-bearing liabilities	-9,379	-8,716
Net debt	-6,282	-7,195
<i>Change in net debt:</i>		
Net debt at January 1	-7,195	-5,637
Net cash flow for the year	1,144	-890
Exchange rate differences	-231	-668
Net debt at year-end	-6,282	-7,195

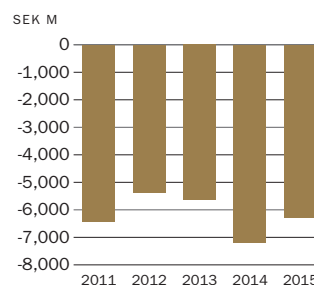
	2015	2014
<i>Group</i>		
Net debt/equity ratio, %	34	40
Net debt/EBITDA, multiples	1.4	1.9
EBITDA/net interest income, multiples	28.9	24.4
<i>Continuing operations, including items affecting comparability</i>		
Net debt/EBITDA, multiples	1.4	1.9
EBITDA/net interest income, multiples	28.9	24.8

Net debt and financing

The Group's net debt for the year declined to SEK 6,282 M (7,195) at year-end, representing a decrease of SEK 913 M. Net debt was impacted by a positive net cash flow, comprising largely dividends of SEK 1,357 M from TrelleborgVibracoustic in December 2015, and negative exchange rate differences totaling SEK 231 M. Dividends are recognized largely as an interest-bearing asset among cash and cash equivalents. The net debt/equity ratio at year-end was 34 percent (40). The net debt/EBITDA ratio for continuing operations including items affecting comparability was 1.4 (1.9) and the EBITDA/net interest income ratio was 28.9 (24.8) at year-end.

Trelleborg's credit facilities

During 2015, Trelleborg extended the major portions of its EUR 750 M and USD 625 M general corporate purposes syndicated loan by one year. As a result, 95 percent of the EUR tranche and 90 percent of the USD tranche of this syndicated loan are now scheduled to mature in December 2020 with the remainder being due in December 2019. In order to finance the planned acquisition of the CGS Group, Trelleborg implemented a new EUR 725 M and USD 300 M loan facility during 2015. This loan has a tenor of one year which may be extended at Trelleborg's sole discretion by a maximum of one further year through the successive exercise of two extension options. The syndicated loan facility and the new credit facilities for the CGS acquisition provide Trelleborg with ample financial flexibility going forward.

Net debt

Comments on the consolidated cash-flow statements

The Group's operating cash flow amounted to SEK 3,639 M (2,836), including a dividend of SEK 1,357 M (131) from the TrelleborgVibracoustic joint venture, and a dividend of SEK 1 M (1) from other associated companies. Excluding the dividend from TrelleborgVibracoustic, operating cash flow amounted to SEK 2,282 M (2,705).

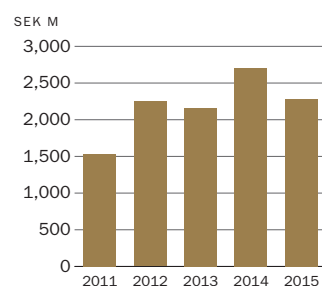
The earnings improvement compared with 2014 had a positive impact on cash flow. The change in working capital amounted to a negative SEK 513 M (positive: 8), primarily driven by the negative impact of operating liabilities. The rate of investment increased 28 percent compared with 2014 and

amounted to SEK 1,314 M (1,025), comprising 5.3 percent (4.5) of sales. Payments related to items affecting comparability were slightly lower during the year than in 2014. After deduction of payments pertaining to financial items and taxes paid, free cash flow amounted to SEK 2,809 M (1,882), corresponding to SEK 10.36 per share (6.94).

Acquisitions for the year totaled SEK 681 M (1,912). Eight acquisitions took place during the year, refer also to page 29.

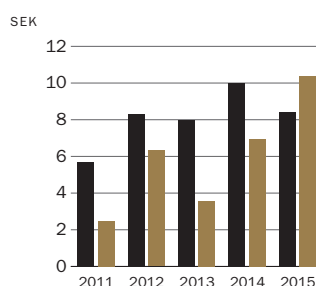
The dividend for the year to shareholders of the Parent Company amounted to SEK 1,017 M (881). Net cash flow amounted to a gain of SEK 1,144 M (expense: 890).

Operating cash flow



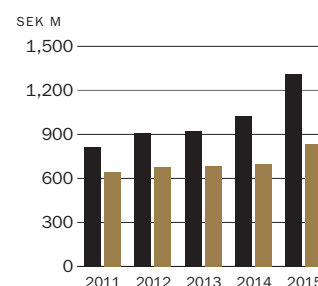
■ Operating cash flow, excluding items affecting comparability and the dividend from TrelleborgVibracoustic, SEK M

Cash flow per share



■ Operating cash flow per share, excluding items affecting comparability and the dividend from TrelleborgVibracoustic, SEK
■ Free cash flow per share, SEK

Capital expenditures and depreciation



■ Capital expenditures, continuing operations, SEK M
■ Depreciation for continuing operations, SEK M

Cash-flow report

SEK M	EBITDA		Gross capital expenditures		Sold non-current assets		Change in working capital		Dividend from joint ventures/ associated companies		Other non-cash items		Total cash flow		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
Trelleborg Coated Systems	410	285	-73	-65	0	0	25	10	-	-	14	8	376	238	
Trelleborg Industrial Solutions	755	696	-222	-180	7	7	57	-39	-	-	16	17	613	501	
Trelleborg Offshore & Construction	302	365	-240	-128	1	2	-246	32	-	-	17	16	-166	287	
Trelleborg Sealing Solutions	2,146	1,964	-320	-334	10	2	-98	47	1	1	24	30	1,763	1,710	
Trelleborg Wheel Systems	609	626	-425	-252	5	4	-156	-71	-	-	15	17	48	324	
Group items	-169	-228	-34	-66	36	6	-95	29	1,357	131	-90	-96	1,005	-224	
Operating cash flow	4,053	3,708	-1,314	-1,025	59	21	-513	8	1,358	132	-4	-8	3,639	2,836	
Cash-flow effect of items affecting comparability														-192	-215
Dividend – non-controlling interests														-	-2
Financial items														-166	-110
Tax paid														-472	-627
Free cash flow														2,809	1,882
Acquisitions														-681	-1,912
Divested/discontinuing operations														33	21
Dividend – shareholders of the Parent Company														-1,017	-881
Total net cash flow														1,144	-890

Consolidated cash-flow statements

SEK M	Note	2015	2014
<i>Operating activities</i>			
Operating profit including participations in joint ventures/associated companies		3,471	3,073
<i>Adjustment for items not included in cash flow:</i>			
Depreciation of property, plant and equipment	13	726	634
Amortization of intangible assets	14	107	64
Impairment of property, plant and equipment	13	21	42
Impairment of intangible assets	14	9	0
Dividend from joint ventures/associated companies		1,358	132
Participations in joint ventures/associated companies and other non-cash items		-513	-306
Cash-flow effect of items affecting comparability		4	13
Operating activities in discontinuing operations		-	-8
Interest received and other financial items		35	35
Interest paid and other financial items		-201	-145
Tax paid		-472	-627
Cash flow from operating activities before changes in working capital		4,545	2,907
<i>Cash flow from changes in working capital:</i>			
Change in inventories		-17	-88
Change in operating receivables		7	338
Change in operating liabilities		-503	-242
Change in working capital in discontinuing operations		-	8
Change in items affecting comparability		32	-35
Cash flow from operating activities		4,064	2,888
<i>Investing activities</i>			
Acquisitions	34	-681	-1,912
Divested/discontinuing operations		33	21
Gross capital expenditures for property, plant and equipment	13	-1,241	-962
Gross capital expenditures for intangible assets	14	-73	-63
Sale of non-current assets		59	21
Cash flow from investing activities		-1,903	-2,895
<i>Financing activities</i>			
Change in interest-bearing investments		-402	-520
Change in interest-bearing liabilities		21	-285
New loans raised		2,742	3,780
Amortized loans		-2,079	-1,961
Dividend – shareholders of the Parent Company		-1,017	-881
Dividend – non-controlling interests		-	-2
Cash flow from financing activities		-735	131
Cash flow for the year		1,426	124
<i>Cash and cash equivalents:</i>			
Opening balance, January 1		1,141	893
Exchange rate differences		-15	124
Cash and cash equivalents, December 31		2,552	1,141

1 General information

The Parent Company, Trelleborg AB (publ) is a limited liability company with its registered office in Trelleborg, Sweden. The Parent Company is listed on Nasdaq Stockholm. The Board of Directors resolved to adopt these consolidated financial statements for publication on February 19, 2016.

Summary of important accounting policies

The most important accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

Basis of preparation

The Trelleborg Group's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups and the International Financial Reporting Standards (IFRS) and IFRIC interpretations, as approved by the EU. The Group's financial statements have been prepared in accordance with the cost method, with the exception of certain financial instruments that were measured at fair value.

The Parent Company applies the same accounting policies as the Group, except in the instances stated below under "Parent Company's accounting policies." The differences arising between the Parent Company and the Group's accounting policies are attributable to limitations on the ability to apply IFRS in the Parent Company, primarily as a result of the Swedish Annual Accounts Act.

New and amended standards applied by the Group

Standards, amendments and interpretations that come into effect for fiscal years beginning on or after January 1, 2015 are deemed to have no material impact on the consolidated financial statements:

New standards and interpretations that have not yet been applied by the Group

A number of new standards, amendments and interpretations of existing standards that apply to the fiscal year commencing after January 1, 2015 were not applied by the Group in the preparation of these consolidated financial statements. However, none of these standards, amendments or interpretations of existing standards are expected to have any material effect on the Group apart from those presented below.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that address classification and measurement of financial instruments. While IFRS 9 retains a mixed-measurement model, it simplifies this method in some regards. There will be three measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The manner in which an instrument will be classified depends on the company's business model and the instrument's characteristics. Investments in equity instruments are to be recognized at fair value through profit and loss, but there is also the possibility upon initial recognition to recognize the instrument at fair value through other comprehensive income. The instrument will not subsequently be reclassified to profit and loss upon divestment. IFRS 9 also introduces a new model for calculating the credit loss reserve that is based on expected credit losses. The classification and measurement of financial liabilities have not been changed except for when a liability is measured at fair value through profit and loss on the basis of the fair value alternative. In such a case, changes in value attributable to changes in credit risk are to be recognized in other comprehensive income. IFRS 9 reduces the requirements for application of hedge accounting by replacing the 80-125 criteria with requirements for the establishment of a financial relationship between the hedging instrument and the hedged item and by stipulating that the hedging ratio should be the same as the figure applied in connection with risk management. Changes were also made to hedging documentation compared with the requirements in IAS 39. The standard is to apply to fiscal years beginning on or after January 1, 2018. Prospective application is permitted. Work is under way in the Group to assess the effects of implementing the standard.

IFRS 15 Revenue from Contracts with Customers regulates the manner in which revenue is recognized. The principles on which IFRS 15 is based aim to provide users of financial reports with more useful information on the company's revenues. The expanded disclosure obligation entails that information must be submitted concerning the category of revenue, settlement date, uncertainty linked to revenue recognition and cash flow attributable to the company's customer contracts. According to IFRS 15, revenue must be recognized when the customer gains control of the sold goods or services and has the opportunity to use or gain benefit from the goods or services. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the associated SIC and IFRIC guidance. IFRS 15 comes into effect on January 1, 2018. Early adoption is permitted. Work is under way in the Group to assess the effects of implementing the standard.

IFRS 16 Leases. In January 2016, the IASB published a new standard

for leases, which will replace IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires, with a few exceptions, that assets and liabilities attributable to all leases be recognized in the balance sheet. This method of recognition is based on the approach that the lessee has a right to use an asset for a specific period of time and an obligation to pay for this right. In all material respects, the recognition of the lessor will remain unchanged. The standard is to apply to fiscal years beginning on or after January 1, 2019. Early adoption is permitted. The standard has not yet been adopted by the EU. The Group has not yet assessed the effects of IFRS 16.

No other IFRS or IFRIC interpretations that have not yet come into effect are expected to have any material impact on the Group.

Consolidated financial statements

Group

The consolidated financial statements include the Parent Company and all subsidiaries and joint ventures/associated companies.

Subsidiaries

Subsidiaries are all companies (including special purpose entities, SPEs) in which the Group has the right to formulate financial and operating strategies in a manner commonly accompanying participations amounting to more than half of the voting rights. The occurrence and effect of potential voting rights that are currently available to utilize or convert are taken into account in the assessment of whether the Group exercises controlling influence over another company. The Group also determines that control exists despite not having a participation exceeding half of the voting rights but for which it nonetheless is able to govern financial and operating strategies in the company.

Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the control ceases.

The purchase method is used to recognize the Group's business combinations. The consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities that the Group assumes from previous owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all assets or liabilities that result from an agreement covering a contingent consideration. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition. For each acquisition, that is, on an acquisition-by-acquisition basis, the Group determines whether non-controlling interest in the acquired company is to be recognized at fair value or at the shareholding's proportional share in the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are expensed as they arise.

If the business combination is completed in several steps, the previous equity interests in the acquired company are measured at fair value at the date of acquisition. Any gain or loss arising is recognized in profit and loss.

Each contingent consideration to be transferred by the Group is recognized at fair value at the date of acquisition. Subsequent changes to the fair value of a contingent consideration classed as an asset or liability are recognized in line with IAS 39, either in profit and loss or in other comprehensive income. Contingent considerations classed as equity are not remeasured and the subsequent settlement is recognized in equity.

Goodwill is initially measured as the amount by which the total purchase consideration and fair value of non-controlling interests exceeds the value of identifiable acquired assets and assumed liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit and loss.

Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognized in assets are also eliminated. Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's policies.

When the Group no longer holds a controlling influence, each remaining holding is measured at fair value at the date on which the Group ceased to hold the controlling influence. The change in the carrying amount is recognized in profit and loss. The fair value is used as the initial carrying amount and comprises the basis for the future recognition of the remaining holdings as an associated company, joint venture or financial asset. All amounts pertaining to the divested unit that were previously recognized in other comprehensive income are recognized as if the Group had directly divested the attributable assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit and loss.

Associated companies

Associated companies are companies in which the Parent Company directly or indirectly has a significant, but not controlling, influence, generally corresponding to between 20 and 50 percent of the voting rights. Investments in associated companies are recognized in accordance with the equity method and are initially recognized at cost. The Group's recognized value of the holdings in associated companies includes the goodwill

identified in conjunction with the acquisition, net after any recognition of impairment losses. The associated companies essentially carry out the same operations as the Group's other business activities and, accordingly, the share of profit in these companies is recognized in operating profit.

The Group's share in the post-acquisition results of an associated company is recognized in profit and loss in the item "Share of profit or loss in associated companies," and is included in operating profit. Accumulated post-acquisition changes are recognized as changes in the carrying amount of the investment. When the Group's share in the losses of an associated company amount to, or exceed, the Group's investment in the associated company, including any unsecured receivables, the Group does not recognize further losses unless obligations have been incurred or payments made on behalf of the associated company. Unrealized gains on transactions between the Group and its associated companies are eliminated in proportion to the Group's participation in the associated company. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

Joint ventures

The Group applies IFRS 11 Joint Arrangements from January 1, 2014. Under IFRS 11, a holding in a joint arrangement is classified as either a joint operation or a joint venture depending on the contractual rights and obligations each investor has. Trelleborg has assessed its joint arrangements and determined them to be joint ventures. Joint ventures are recognized in accordance with the equity method. The Group's participation in TrelleborgVibracoustic is reported as a joint venture and the participation in profit is recognized in profit and loss in the lines "Participations in TrelleborgVibracoustic" and "Tax attributable to TrelleborgVibracoustic" and is included in operating profit.

The equity method entails that holdings in joint ventures are to be initially recognized in the consolidated statement of financial position at cost. The carrying amount is subsequently increased or decreased to take into account the Group's share of profit and other comprehensive income from its joint ventures after the date of acquisition. The Group's share of profit is included in consolidated earnings, and the Group's share of other comprehensive income is included in other comprehensive income in the Group. When the Group's share of the losses in a joint venture is the same amount or exceeds the holdings in this joint venture (including all long-term receivables that in reality comprise part of the Group's net investment in the joint venture), the Group does not recognize any additional losses, unless the Group has undertaken commitments or has made payments on behalf of the joint venture.

Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with the Group's shareholders. This means that, in connection with an acquisition from a non-controlling interest, the difference between the purchase consideration paid and the actual share acquired of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses on divestments to non-controlling interests are also recognized in equity.

Discontinuing or divested operations

Discontinuing or divested operations comprise significant parts of operations and assets that the Group has determined to fully, or almost fully, discontinue or divest through disposal or distribution. These assets are recognized at the lower of the carrying amount and fair value, less selling expenses. These non-current assets are not depreciated from the date of reclassification.

Items affecting comparability

Non-recurring expenses related to the action programs aimed at enhancing the Group's efficiency and structure are recognized as items affecting comparability. A project is classified as affecting comparability only when it amounts to an equivalent of at least SEK 20 M and it has been approved by the Board. In addition to the action programs, costs and income can, in exceptional cases, also be classified as items affecting comparability. Exceptional items refers to material income or expense items recognized separately due to the significance of their nature or amount.

Translation of foreign currencies

Functional currency and reporting currency

Items included in the financial statements of the various entities of the Group are valued in the currency used in the primary economic environment of each company's operations (functional currency). Swedish kronor (SEK), which is the Parent Company's functional currency and presentation currency, is utilized in the consolidated financial statements.

Transactions and balance-sheet items

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate prevailing on the transaction date. Exchange rate gains and losses resulting from settlement of such transactions and from the translation at the closing rate of monetary assets and liabilities in foreign currency are recognized in profit and loss. An exception is made when hedging transactions meet the requirements for cash-flow hedging or net-investments hedging whereby gains and

losses are recognized directly against other comprehensive income after adjustment for deferred taxes. Reversal to profit and loss takes place at the same time as the hedged transaction impacts profit and loss.

Subsidiaries

The earnings and financial position of the Group subsidiaries, joint ventures and associated companies (none of which use a high-inflation currency) are prepared in the functional currency of each company. In the consolidated financial statements, the earnings and financial position of foreign subsidiaries are translated into Swedish kronor (SEK) in accordance with the following:

Income and expenses in the income statements of subsidiaries are translated at the average exchange rate for the applicable year, while assets and liabilities in the balance sheets are translated at the closing rate. Exchange rate differences arising from translation are recognized as a separate item in other comprehensive income.

Translation differences arising on financial instruments, which are held for hedging of net assets in foreign subsidiaries, are also entered as a separate item in other comprehensive income. On divestment, the accumulated translation differences attributable to the divested unit, previously recognized in other comprehensive income, are realized in the consolidated income statement in the same period as the gain or loss on the divestment.

Goodwill and adjustments of fair value arising in connection with the acquisition of foreign operations are treated as assets and liabilities of these operations, and are translated at the closing rate.

Income tax

Income tax in the income statement includes both current tax and deferred tax. Income tax is recognized in profit and loss except when an underlying transaction is recognized directly against equity or comprehensive income, in which case the related tax effect is also recognized in equity or comprehensive income. Current tax is tax payable or recoverable for the current year. This also includes adjustment for current tax attributable to prior periods. Deferred tax is recognized in its entirety and calculated using the balance sheet approach on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is measured at the nominal amount and calculated by applying the tax rates and tax rules enacted or announced at the closing date. Temporary differences arise in business combinations on the differences between the consolidated value of assets and liabilities and their tax bases.

Temporary differences that arise on initial recognition of an asset or liability, and which are not attributable to a business combination and have not affected recognized or taxable earnings, do not entail a deferred tax asset or tax liability in the balance sheet. Temporary differences are not recognized for participations in subsidiaries and joint ventures/associated companies, as the Group can control the date when these temporary differences are reversed and when it is unlikely that they will be reversed in the foreseeable future.

Deferred tax assets are recognized insofar as it is probable that tax surpluses will be available in the future against which temporary differences can be utilized.

Segment reporting

Operating segments are reported in a manner consistent with the internal reports presented to the chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the operating segments' earnings. For the Group, this function has been identified as the President. The division of operating segments corresponds to the Group's business areas. For a description of the various segments, see pages 12-21.

The Group is divided into five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems.

It also includes Group items defined as central staff functions and two operations, the first of which is Group-wide and the second of which is in the build-up and integration phase.

Segment reporting for the business areas comprises operating revenues and expenses and capital employed. Capital employed encompasses all property, plant and equipment, intangible assets and participations in associated companies, plan assets, inventories and operating receivables, less operating liabilities including pension liabilities.

The business areas are charged with Group-wide expenses amounting to 0.4 percent of external sales, which does not affect recognized cash flows.

In the presentation of the Group's geographical markets, the operations have been subdivided as follows: Western Europe, Rest of Europe, North America, South and Central America, and Asia and Rest of the World.

Net sales are recognized according to customer location, while assets and capital expenditures are recognized according to the actual physical location of these assets.

Other accounting and valuation policies

Non-current assets and non-current liabilities comprise amounts expected

to be recovered or paid more than 12 months from the closing date. Current assets and current liabilities comprise amounts expected to be recovered or paid within 12 months of the closing date. Assets and liabilities are measured at cost, unless otherwise indicated.

Revenue recognition

Revenue comprises the fair value of the amount that has been received, or will be received, for goods and services sold in the Group's operating activities, less VAT and discounts, and after elimination of intra-Group sales. Revenue is recognized as follows:

Sales of goods

Revenue from sales of goods is recognized during the period in which the product is delivered and when all significant risks and rewards related to ownership have been transferred to the buyer. Accordingly, the Group no longer has any involvement in the goods that is ownership-related, nor does it exercise any real control over the goods when revenue is recognized. Sales are recognized after deduction of VAT and are adjusted for any discounts.

Contract and service assignments

Revenue recognition is conducted using the percentage-of-completion method. Revenue is recognized on the basis of the stage of completion whereby it is probable that the Group will obtain the financial benefits related to the assignment, and when a reliable calculation can be made. Anticipated losses are expensed immediately.

Royalty revenue

Royalty revenue is recognized on an accruals basis in accordance with the financial conditions of the relevant agreements.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognized when the right to receive payment has been determined.

Other operating income and expenses

Other operating income and expenses include external rental revenue, capital gains from the sale and scrapping of property, plant, equipment and tools, exchange rate differences, derivatives and also gains or losses on divestments of associated companies and subsidiaries.

Borrowing costs

The Group capitalizes borrowing costs that are directly attributable to acquisitions, construction or the production of a qualifying asset requiring a substantial period of time to complete for use or sale, as a portion of the cost of that asset. Other borrowing costs are expensed in the period in which they occur. No borrowing costs were capitalized in 2015.

Transaction costs for loans raised are recognized over the duration of the loan applying the effective interest method.

Intangible assets

Goodwill

The amount by which the transferred consideration, any non-controlling interests and the fair value of previous shareholdings on the date of transfer exceeds the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill. Goodwill on acquisitions of subsidiaries is recognized as an intangible asset. Goodwill on acquisition of joint ventures/associated companies is included in the value of the investment in the associated company and is tested, taking into account possible impairment losses, as a portion of the value of the total investment. Goodwill that is recognized separately is tested annually to identify possible impairment losses and is measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill attributable to the disposed unit. In the impairment tests, goodwill is allocated to cash-generating units. The allocation is made between the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination giving rise to the goodwill item. These cash-generating units comprise the Group's investments in each primary segment.

Research and development

Expenditure for development and research is expensed when it arises. Expenditure for development and testing of new or significantly improved materials, products, processes or systems is capitalized once the following criteria have been fulfilled:

- it is technically feasible to complete the intangible asset such that it can be utilized or sold,
- management intends to complete the intangible asset and utilize or sell it,
- there are prerequisites in place to utilize or sell the intangible asset,
- it can be demonstrated that the intangible asset will generate probable, future economic benefits,
- adequate technical, economic and other resources are available to

complete the development and to utilize or sell the intangible asset, and

- the expenditure associated with the intangible asset during its development can be calculated in a reliable manner.

Other development expenditure is expensed as incurred. Development expenditure previously expensed is not capitalized in subsequent periods. Capitalized development expenditure is recognized as intangible assets. Capitalized development expenditure has a finite useful life and is amortized straight-line from the point at which commercial production of the product commences. Amortization is based on the anticipated useful life, normally a period of five years.

Other intangible assets

Other intangible assets include externally acquired assets, such as capitalized IT expenditure, patents, brands and licenses. Assets with a finite useful life are measured at cost less accumulated amortization and impairment losses. Subsequent expenditure for an intangible asset is added at carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. Other expenditure is expensed as incurred. Other intangible assets are amortized straight line over their useful life, normally five to 15 years.

Property, plant and equipment (PPE)

PPE primarily encompasses plants and buildings. PPE is measured at cost less accumulated depreciation and, where applicable, impairment losses. Cost includes expenses directly attributable to the acquisition of the asset. Cost may also include transfers from equity of gains and losses from cash-flow hedges relating to purchases in foreign currency, if these meet the requirements for hedge accounting.

Depreciation is applied until the estimated residual value is reached. The residual value and useful life of the assets are assessed on each closing date, and, if necessary, are adjusted.

The carrying amount of an asset is immediately impaired to the recoverable value if the carrying amount of an asset exceeds its estimated recoverable value. See the section relating to impairment losses.

Depreciation is based on cost and is allocated on a straight-line basis over the asset's estimated useful life.

The following depreciation rates apply:

Land	Not depreciated
Buildings	1.5-6 percent
Machinery	5-33 percent
Tools and molds	33 percent
Office equipment	10-20 percent

Subsequent expenditure for a PPE is added to the carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. The carrying amount of the replaced portion is derecognized from the balance sheet. All other forms of repairs and maintenance are expensed as incurred.

Gains and losses on disposals are determined by comparing the sales proceeds and the carrying amount, and are recognized in profit and loss as other operating income and other operating expenses, respectively.

Leasing

Lease contracts for non-current assets are classified as either finance leases or operating leases. Finance leases apply when the financial risks and rewards related to ownership are, for all practical purposes, transferred to the Group. At the inception of the lease period, financial leases are recognized on the basis of the leased asset's fair value, or at the present value of the lease payments, whichever is lower. The leased asset is recognized as a non-current asset. Each lease payment is divided into amortization of the liability and financial costs to achieve a fixed interest rate for the recognized liability. The equivalent payment undertaking, less financial costs, is included as an interest-bearing liability. The interest portion of the financial costs is recognized in profit and loss over the lease term, so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognized for each period. Non-current assets held under finance lease agreements are depreciated in accordance with the same principles applicable to other assets of the same type, according to plan, or over the leasing period if it is shorter and the right of ownership is not expected to be transferred at the end of the leasing period. Lease agreements not classified as finance leases represent operating lease agreements. Lease payments for operating leases are expensed as operating costs straight-line over the term of the lease.

Impairment losses on non-financial assets

Assets with an indefinite useful life, for example goodwill, are not amortized but are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or

changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the highest of fair value less selling expenses and value in use. Value in use refers to the total present value of the estimated future cash flows and the calculated residual value at the end of the useful life. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk related to the specific asset, known as WACC (Weighted Average Cost of Capital). The Group bases the calculation on achieved earnings, forecasts, business plans, financial forecasts and market data. For assets dependent on other assets generating cash flow, the recoverable amount is calculated for the smallest cash-generating unit to which the asset belongs. The cash-generating units comprise the Group's operating segments. Impairment losses are reversed if there is a change in the recoverable amount, with the exception of impairment losses on goodwill.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amounts will primarily be recovered on the basis of a sales transaction, and when a sale is deemed to be highly probable. These assets are recognized at the lower of carrying amount or fair value, less selling expenses, if their carrying amounts will primarily be recovered on the basis of a sales transaction, and not through continuous use.

Financial instruments

Financial instruments recognized in the balance sheet include the following assets and liabilities: cash and cash equivalents, securities, other financial receivables, accounts receivable, accounts payable, loans and derivatives.

A financial asset or liability is initially recognized in the balance sheet when the company becomes a party to the contractual conditions of the instrument.

A financial asset is derecognized from the balance sheet when all benefits and risks associated with ownership have been transferred. A financial liability is derecognized from the balance sheet when the obligations of the contract have been met, or otherwise extinguished.

Financial instruments are initially measured at fair value and, subsequently, at fair value or accumulated amortized cost, depending on their classification. All financial derivatives are measured at fair value. The purchase and sale of financial assets is recognized on the transaction date, which is the date the Group undertakes to purchase or sell the asset. On each closing date, the Group tests whether any financial asset or group of financial assets has been impaired.

Classification of financial instruments

The Group classifies its financial instruments into the following categories: financial assets or liabilities at fair value through profit and loss, loan receivables and accounts receivable and financial liabilities measured at amortized cost.

The classification depends on the purpose for which the instrument was acquired. The classification is determined on the initial recognition of the instrument and is reassessed on each subsequent reporting occasion.

Calculation of fair value

The fair value of listed financial instruments is based on the appropriate market quotation on the closing date. For unlisted financial instruments, or if the market of a certain financial asset is not active, the value is determined by applying recognized measurement techniques, whereby the Group makes assumptions that are based on the market conditions prevailing on the closing date. Market rates form the basis for the calculation of fair value of long-term loans. For other financial instruments with no specified market value, the fair value is deemed to correspond to the carrying amount.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are measured at the exchange rate prevailing on the closing date. Exchange rate differences on operating receivables and operating liabilities are included in operating profit and loss, while exchange rate differences on financial receivables and liabilities are classified as financial items.

Financial assets at fair value through profit and loss

This category comprises both financial assets held for trading and assets designated in this category from the date of the investment that is to be measured at fair value through profit and loss. The Group's assets in this category comprise non-current and current securities investments and financial derivatives not identified as hedges. Assets in this category are classified as current assets if held for trading or expected to be realized within 12 months from the closing date. Financial assets at fair value through profit and loss are measured at fair value, both initially and subsequent to the date of acquisition, while associated transaction costs are recognized in profit and loss. Gains and losses attributable to changes in fair value are recognized in profit and loss as a financial item in the period in which they occur.

Financial liabilities at fair value through profit and loss

This category comprises derivatives with a negative fair value that are not

used for hedge accounting and financial liabilities held for trading. The liabilities are measured continuously at fair value and the change in value is recognized in profit and loss as a financial item. Only derivatives were recognized in this category during the year.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that are not derivatives with fixed or determinable payments, and which are not quoted in an active market.

Loan receivables and accounts receivable are initially measured at fair value and, subsequently, at amortized cost by applying the effective interest method, less any provisions for impairment.

A bad debt provision is established when there is objective evidence that the Group will not be able to secure all amounts maturing in accordance with the original conditions of the receivable. Significant financial difficulties experienced by a debtor, the probability of the debtor entering into bankruptcy or undergoing financial reconstruction and payments not being made or being made late (fallen due by more than 30 days) are all considered to be indications that a bad debt provision may be required.

The size of the provision comprises the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted by the receivable's effective interest rate. The carrying amount of the asset is reduced by using a value depletion account and the loss is recognized under the item "Selling expenses". When a receivable cannot be collected, it is eliminated against the value depletion account for receivables. The reversal of amounts that were previously eliminated is credited under the item "Selling expenses" in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and balances with banks and other institutes maturing within three months from the date of acquisition, as well as short-term liquid investments with a maturity, from the date of acquisition, of less than three months, and which are exposed to a minimal risk of fluctuations in value.

Borrowings

Borrowings are initially measured at fair value, net, after transaction costs and, subsequently, at amortized cost. Any difference between the amount received and the amount to be repaid is recognized in profit and loss over the loan period by applying the effective interest method. Borrowings are classified as interest-bearing non-current or current liabilities in the balance sheet.

Accounts payable

Accounts payable are initially recognized at fair value and, thereafter, at amortized cost using the effective interest method.

Offsetting of financial instruments

Financial assets and liabilities are offset and recognized at net amount in the balance sheet only when a legal right exists to offset the recognized amount and there is an intention to settle the amount net, or simultaneously realize the asset and settle the liability. This legal right may not be dependent on future events and it must be legally binding for the company and the counterparty in the normal business operations and also in the event of payment cancellation, insolvency or bankruptcy.

Impairment of financial assets

Assets carried at amortized cost: At the end of each reporting period, the Group tests whether there is objective evidence to recognize impairment losses on a financial asset or group of financial assets. Impairment losses will be recognized on a financial asset or group of financial assets only if there is objective evidence of an impairment requirement resulting from the occurrence of one or more events after the asset was initially recognized (a "loss event") and if this event (or events) has (have) an impact on estimated future cash flows for the financial assets or group of financial assets that can be estimated reliably.

Financial derivatives

The Group utilizes derivatives to cover the risk for exchange rate fluctuations and to hedge its exposure to interest rate risks. The Group also uses derivatives for commercial trade within the framework of the mandates determined by the Board. Holdings of financial derivatives include interest rate and currency swaps, FRAs and foreign exchange forwards, and interest rate and currency options.

Derivatives are recognized in the balance sheet from the contract date and are measured at fair value, both initially and in subsequent remeasurement. The method for recognizing the gains or losses arising in connection with remeasurement depends on whether or not the derivatives have been identified as a hedging instrument and whether this is a hedge of fair value, cash flow or net investment.

Derivatives not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities measured at fair value through profit and loss. Gains and losses resulting from changes in fair value are recognized as financial items in profit and loss in the period in which they occur.

Hedge accounting

The Group applies hedge accounting for financial instruments intended to hedge the following financial risks: future commercial cash flows – internal and external – in foreign currency, cash flows in future interest payments on the Group's borrowing and net investments in foreign operations.

When entering into the transaction, the relationship between the hedging instrument and the hedged item or transaction is documented, as is the objective of risk management and the strategy according to which various hedging measures are implemented. Both at the inception of the hedging transaction and on an ongoing basis, the Group also documents its assessment as to whether or not the derivatives used for the hedging transaction are efficient in terms of offsetting changes in the fair value of the hedged items or in terms of the cash flows pertaining to them.

Hedges are designed so that they can be expected to be effective. Changes in the fair value of such derivatives not meeting the requirements for hedge accounting are recognized directly in profit and loss.

Hedging of future commercial cash flows in foreign currencies

To hedge future forecast and contracted commercial cash flows, both within the Group and externally, the Group secures foreign-exchange forward contracts and currency option contracts. The effective portion of changes in the fair value of hedging instruments is recognized in other comprehensive income.

The gain or loss attributable to any ineffective portion is recognized directly in operating profit in profit and loss. Accumulated amounts in equity are transferred back to profit and loss in the periods in which the hedged item affects profit, such as when a forecast external sale takes place.

When a hedging instrument expires or is sold, or when the hedge no longer meets the requirements for hedge accounting, accumulated gains or losses remain in equity and are recognized as income/loss at the same time as the forecast transaction is finally recognized in profit and loss. If a forecast transaction is no longer expected to take place, the accumulated gain or loss recognized in equity is immediately transferred to profit and loss.

Hedging of cash flows in future interest payments on Group borrowing

The Group secures interest-rate derivatives to ensure the required interest rate on the Group's net borrowings. Amounts to be paid or received in relation to interest rate derivatives are recognized on an ongoing basis as interest income or interest expense. Changes in the fair value of hedging instruments are recognized in equity until the maturity date. Any ineffective portion is recognized directly in profit and loss. If the loan, and consequently, future interest payments, cease to exist, the accumulated gain or loss recognized in equity is transferred immediately to profit and loss.

Hedging of net investments in foreign subsidiaries

The Group has borrowings or foreign-exchange forward contracts in foreign currencies to hedge investments in foreign subsidiaries. These borrowings and contracts are measured at the closing rate. In the consolidated balance sheet, the borrowings are measured at the closing rate and exchange rate differences are recognized directly against equity, after adjustment for the tax portion.

The Group has borrowings in foreign currency with certain subsidiaries where the loans represent a permanent part of the Parent Company's financing of the subsidiary. These loans are hedged for foreign-exchange risks in the same way as investments in foreign subsidiaries are hedged. Loans and hedges are recognized at the closing rate, with exchange rate differences on these loans and hedging instruments recognized directly in equity. Any ineffective portion of the exchange rate difference is recognized directly in profit and loss as a financial item.

Accumulated gains and losses in equity are recognized in profit and loss when the foreign operations are disposed of.

Realized exchange rate differences on borrowings and forward contracts are recognized in the cash-flow statement under "Financing activities."

Inventories

Inventories are measured at the lower of cost and net realizable value on the closing date. Cost is calculated according to the first-in/first-out (FIFO) principle. For finished products and work in progress, cost consists of raw materials, direct personnel costs, other direct costs and related indirect production costs. Normal capacity utilization is used in the measurement of inventories. Borrowing costs are not included. The net realizable value is calculated as the estimated selling price less applicable variable selling expenses. Deductions are made for internal gains generated through intra-Group sales.

Equity

Costs arising in connection with new share issues and the repurchase of equity instruments are recognized directly in equity.

The redemption of convertibles and the exercise of share warrants entail new shares being issued while the exercise of call options may entail the utilization of treasury shares.

The proceeds from the sale of treasury shares are recognized directly in equity. Holdings of treasury shares reduce profit brought forward. When

treasury shares are canceled, the share capital is reduced by an amount corresponding to the par value of the shares and profit brought forward is increased by the corresponding amount.

Provisions

Provisions are recognized when the Group has a legal or constructive obligation resulting from past events and it is probable that payment will be required to meet the obligation, and that the amount can be calculated in a reliable manner. The provision for restructuring primarily covers costs relating to severance pay and other costs affecting cash flow arising in conjunction with restructuring the Group's operations.

Provisions are established when a detailed, formal plan for measures to be undertaken has been established and valid expectations have been raised by those who will be affected by such measures. No provisions are made for future operating losses. Provisions are made for environmental activities related to earlier operations when it is probable that a payment liability will arise and when the amount can be estimated with reasonable precision. Provisions are divided into non-current and current provisions.

Government grants

Government grants are measured at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to the acquisition of assets reduces the cost of the assets. Government grants providing compensation for expenses are recognized systematically over the same period as the expenses to be offset.

Employee benefits**Pension obligations**

Within the Group, there are a number of defined contribution pension plans and defined benefit pension plans, of which a small number have plan assets in foundations or similar.

A defined contribution pension plan is a plan in which the Group pays fixed fees to a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees. In a defined benefit pension plan, the amount of the pension benefit an employee will receive after retirement is based on factors such as age, period of service and salary.

Pension plans are normally financed through contributions to a separate legal entity from each Group company and from the employees.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation on the closing date, less the fair value of plan assets.

For defined benefit plans, the liability is calculated using the Projected Unit Credit Method, which allocates the cost over the employee's working life. The calculations are undertaken by actuaries, who also annually reassess the value of the pension obligations. These assumptions are based on the present value of future pension payments and are calculated using a discount rate corresponding to the interest on first-class corporate bonds or government bonds with a remaining maturity largely matching that of the current pension obligations. For funded pension plans, the fair value of plan assets reduces the calculated pension obligation. Funded plans with net assets, meaning where the assets exceed the obligations, are recognized as plan assets.

Actuarial gains and losses as a result of experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Costs for services rendered in previous years are recognized directly in profit and loss.

Some of the ITP plans in Sweden are financed through insurance premiums paid to Alecta. This is a defined benefit plan and encompasses several employers. As Trelleborg did not have access to information to enable it to recognize this plan as a defined benefit plan, it was, consequently, recognized as a defined contribution plan.

The Group's pension payments for defined contribution plans are expensed in all functions in profit and loss in the period in which the employees carried out the service to which the contribution refers. Prepaid contributions are recognized as an asset insofar as cash repayments or reductions of future payments can benefit the Group.

Other post-employment benefits

Certain Group companies, primarily in the U.S., provide post-retirement medical care benefits for their employees. Entitlement to these benefits normally requires that the employee remains in service until retirement and works for the company for a specific number of years. The anticipated cost of these benefits is recognized over the period of service through the application of an accounting method similar to that used for defined

benefit pension plans. Actuarial gains and losses are recognized over the expected average remaining working life of the employees concerned. These obligations are assessed by qualified actuaries.

Variable salaries

Provisions for variable salaries are expensed on an ongoing basis in accordance with the financial implications of the agreement.

Remuneration on termination

Remuneration is normally payable if employment is terminated prior to normal retirement age, or when an employee accepts voluntary termination in exchange for remuneration. The Group recognizes severance pay when a detailed formal plan has been presented.

Related-party transactions

The Group's transactions with related parties pertain to purchases and sales to joint ventures/associated companies. All transactions are priced in accordance with market terms and prices; refer to *Note 6 for further information*. In addition, compensation is paid to the Board of Directors and senior executives; refer to *Note 3 for further information*.

Critical accounting estimates and judgments

Company management and the Board of Directors make estimates and assumptions about the future. These estimates and assumptions impact recognized assets and liabilities, as well as revenue and expenses and other disclosures, including contingent liabilities. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The conclusions reached in this manner form the basis for decisions concerning the carrying amounts of assets and liabilities where these cannot be determined by means of other information. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. Areas involving estimates and assumptions that may have a significant effect on the Group's earnings and financial position include:

- Impairment testing of goodwill and other assets: The impairment requirement for goodwill implies that goodwill is tested annually in conjunction with the year-end financial statements, or as soon as changes indicate that a risk of impairment exists, such as when the business climate changes or a decision is made on the divestment or closure of an operation. Impairment losses are recognized if the carrying amount exceeds the estimated value in use. For further information, refer to *Note 14*. Consolidated goodwill represents approximately 59 percent of the Group's equity.
- Other PPE and intangible assets are recognized at cost, less accumulated depreciation and any impairments. The Group has no intangible assets, other than goodwill and certain brands, with a non-finite useful life. Amortization and depreciation take place over the estimated useful life, down to the assessed residual value. The carrying amount of the Group's non-current assets is tested as soon as changed conditions show that a need for impairment has arisen. Value in use is measured as anticipated future discounted cash flow, primarily from the cash-generating unit to which the asset belongs, but in specific cases, also in relation to individual assets. Testing of the carrying amount of an asset also becomes necessary when a decision is taken to sell the asset. The asset is measured at the lower of the carrying amount and the fair value, less selling expenses. Not including goodwill, PPE and intangible assets amount to approximately 42 percent of the Group's equity.
- Calculation of deferred tax assets and liabilities: Assessments are made to determine current and deferred tax assets and liabilities, particularly with regard to deferred tax assets. In this manner, an

assessment is made of the probability that the deferred tax assets will be utilized for settlement against future taxable gains. The fair value of these future taxable gains may deviate, owing to the future business climate and earnings potential, or to changes in tax regulations. For further information, refer to *Note 17*.

- Calculation of remuneration to employees: The value of pension obligations for defined benefit pension plans is derived from actuarial calculations based on assumptions concerning discount rates, expected yield from plan assets, future salary increases, inflation and the demographic conditions. At year-end, the Group's defined benefit obligations amounted to SEK 555 m.
- Calculations regarding legal disputes and contingent liabilities: The Group is involved in a number of disputes and legal proceedings within the framework of its operating activities. Management engages both external and internal legal expertise in these matters. According to assessments made, the Group is not involved in any legal disputes that could entail any major negative effect on the operations or on the financial position. For further information, refer the Risk management section on *pages 56-61*.
- Calculations of provisions for restructuring measures, other provisions and accrued expenses: The amount of provisions for restructuring is based on assumptions and estimations regarding the point in time and cost for future activities, such as the amount of severance payments or other obligations in connection with termination of employment. Calculations of this type of cost are based on the particular situation in the negotiations with the parties concerned.

Cash-flow statements

Cash-flow statements are prepared in accordance with the indirect method.

Parent Company's accounting policies

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.

In its financial reporting, the Parent Company applies International Financial Reporting Standards (IFRS) that have been endorsed by the EU where this is possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. This entails the following differences between accounting in the Parent Company and the Group:

- The Parent Company recognizes its pension obligations in accordance with the Pension Obligations Vesting Act. Adjustments in accordance with IFRS are made at the Group level.
- Group contributions are recognized as appropriations.
- Shareholders' contributions to subsidiaries are added to the value of shares and participations in the balance sheet, after which, impairment testing is conducted.
- Liabilities in foreign currencies that represent effective hedging instruments for the Parent Company's investments in subsidiaries were measured at the historical rate of exchange. Gains or losses on liabilities that are replaced are recognized as other assets or liabilities until such time as the net investment has been divested.

2 Segment reporting

A description of the Group's operating segments is presented on *pages 12-21*.

Net sales and operating profit by operating segment

	2015						2014					
	Net sales			Profit/loss	Of which, items affecting comparability	Of which, profit/loss in joint ventures/associated companies	Net sales			Profit/loss	Of which, items affecting comparability	Of which, profit/loss in joint ventures/associated companies
External	Internal	Total	External				Internal	Total				
SEK M												
Trelleborg Coated Systems	2,432	127	2,559	197	-120	-	1,794	138	1,932	112	-115	-
Trelleborg Industrial Solutions	5,069	48	5,117	539	-21	-	4,905	51	4,956	495	-34	-
Trelleborg Offshore & Construction	4,324	7	4,331	138	-61	-	3,692	5	3,697	262	-19	-
Trelleborg Sealing Solutions	8,242	60	8,302	1,850	-35	2	7,584	64	7,648	1,714	-16	1
Trelleborg Wheel Systems	4,315	0	4,315	456	-12	-	4,167	0	4,167	497	-7	0
Group items	421	84	505	-218	-8	-	391	89	480	-305	-35	-
Elimination of intercompany sales		-326	-326					-347	-347			
Trelleborg/Vibracoustic	-	-	-	509	-	509	-	-	-	298	-	298
Operating profit	24,803	0	24,803	3,471	-257	511	22,533	0	22,533	3,073	-226	299
Financial income				36						50		
Financial expenses				-189						-184		
Income tax				-713						-703		
Profit for the year, continuing operations				2,605						2,236		
Profit for the year, discontinuing operations				-						-9		
Net profit				2,605						2,227		

Assets and liabilities by operating segment

SEK M	2015								2014							
	Operating assets	Operating liabilities	Capital employed	Of which participations in joint ventures/ associated companies	Capital expenditures	Depreciation/ amortization	Impairment losses	Operating cash flow ¹⁾	Operating assets	Operating liabilities	Capital employed	Of which participations in joint ventures/ associated companies	Capital expenditures	Depreciation/ amortization	Impairment losses	Operating cash flow ¹⁾
Trelleborg Coated Systems	4,211	594	3,617	–	73	94	16	376	4,183	528	3,655	–	65	58	29	238
Trelleborg Industrial Solutions	4,208	1,020	3,188	3	222	195	4	613	4,401	1,079	3,322	2	180	166	1	501
Trelleborg Offshore & Construction	4,045	1,016	3,029	–	240	103	–	–166	3,618	1,186	2,432	–	128	84	0	287
Trelleborg Sealing Solutions	9,218	1,273	7,945	6	320	261	3	1,763	9,206	1,368	7,838	3	334	225	12	1,710
Trelleborg Wheel Systems	4,786	588	4,198	2	425	141	5	48	4,136	683	3,453	1	252	122	0	324
Group items	798	427	371	2	34	39	2	–352	928	576	352	2	66	43	0	–355
Provisions for items affecting comparability		94	–94							74	–74					
TrelleborgVibracoustic	2,683	–	2,683	2,683	–	–	–	1,357	3,597	–	3,597	3,597	–	–	–	131
Total	29,949	5,012	24,937	2,696	1,314	833	30	3,639	30,069	5,494	24,575	3,605	1,025	698	42	2,836

¹⁾ Operating cash flow pertains to the Group's operations excluding items affecting comparability.

Net sales

By geographic market/country

SEK M	2015	2014
Germany	2,895	2,922
U.K.	1,872	1,579
France	1,582	1,517
Sweden	1,130	1,193
Italy	1,016	957
Norway	599	652
Netherlands	566	554
Spain	562	531
Belgium	335	348
Denmark	311	257
Switzerland	288	286
Finland	249	266
Other Western Europe	387	334
Total Western Europe	11,792	11,396
Poland	315	318
Turkey	290	317
Czech Republic	263	240
Romania	139	138
Rest of Europe	407	393
Total rest of Europe	1,414	1,406
U.S.	5,469	4,699
Canada	447	349
Total North America	5,916	5,048
Brazil	723	525
Mexico	209	162
Other South and Central America	164	116
Total South and Central America	1,096	803
China	1,151	1,077
South Korea	850	517
Australia	494	479
Japan	425	412
India	343	219
Other markets	1,322	1,176
Total Asia and other markets	4,585	3,880
Total rest of the world	7,095	6,089
Total	24,803	22,533

In the translation of foreign subsidiaries, changes in exchange rates compared with 2014 had a positive impact of 10 percent (4) on sales.

Trends in key currencies against the SEK were as follows:

	2015		2014	
	Average rate	Closing day rate	Average rate	Closing rate
EUR	9.3562	9.1443	9.0958	9.5248
USD	8.4350	8.3537	6.8551	7.8130
GBP	12.8961	12.3848	11.2875	12.1451

Assets by geographic market, excluding TrelleborgVibracoustic

SEK M	Operating assets		Capital expenditures	
	2015	2014	2015	2014
U.K.	2,757	2,639	105	87
Italy	2,737	2,835	125	120
Sweden	1,591	1,837	83	91
France	1,335	1,399	93	85
Germany	1,331	1,385	35	34
Other Western Europe	5,721	5,739	104	138
Total Western Europe	15,472	15,834	545	555
North America	7,006	6,101	424	245
China	1,571	1,504	167	102
Brazil	907	758	9	12
Australia	505	443	18	15
Turkey	504	576	16	3
Sri Lanka	422	377	33	24
Czech Republic	263	241	16	13
Japan	260	241	1	1
Rest of the World	985	985	85	55
Total rest of the world	5,417	5,125	345	225
Eliminations	–629	–588	–	–
Total	27,266	26,472	1,314	1,025

3 Employees and employee benefits

Average number of employees

	2015			2014		
	Women	Men	Total	Women	Men	Total
U.K.	284	1,366	1,650	275	1,331	1,606
Sweden	383	797	1,180	401	828	1,229
Italy	164	968	1,132	180	987	1,167
France	188	820	1,008	189	824	1,013
Germany	241	443	684	229	436	665
Malta	150	349	499	152	368	520
Spain	33	173	206	40	296	336
Other Western Europe	282	839	1,121	287	885	1,172
Total Western Europe	1,725	5,755	7,480	1,753	5,955	7,708
Turkey	23	543	566	13	283	296
Poland	239	255	494	247	254	501
Rest of Europe	244	323	567	247	325	572
Total rest of Europe	506	1,121	1,627	507	862	1,369
U.S.	662	1,876	2,538	614	1,668	2,282
Canada	4	23	27	6	22	28
Total North America	666	1,899	2,565	620	1,690	2,310
Brazil	50	308	358	74	341	415
Other South and Central America	83	213	296	88	210	298
Total South and Central America	133	521	654	162	551	713
China	440	1,109	1,549	472	1,071	1,543
Sri Lanka	28	681	709	33	691	724
India	68	404	472	50	365	415
Other markets	137	520	657	134	509	643
Total Asia and other markets	673	2,714	3,387	689	2,636	3,325
Total	3,703	12,010	15,713	3,731	11,694	15,425

The proportion of women is 9 percent (9) in Group Management and 33 percent (25) on the Board of Directors.

Cont.

Note 3 cont.

Employee benefits, other remuneration and payroll overheads

Salaries and other remuneration, SEK M	2015	2014
U.K.	712	612
Sweden	601	608
Italy	464	455
France	426	350
Germany	428	397
Malta	99	96
Spain	66	108
Other Western Europe	721	680
Total Western Europe	3,517	3,306
Turkey	78	35
Poland	57	54
Rest of Europe	83	78
Total rest of Europe	218	167
U.S.	1,539	1,064
Canada	18	17
Total North America	1,557	1,081
Brazil	89	94
Other South and Central America	34	29
Total South and Central America	123	123
China	183	150
Sri Lanka	41	33
India	44	31
Other markets	302	280
Total Asia and other markets	570	494
Salaries and other remuneration	5,985	5,171
Payroll overheads	1,100	1,071
Pension costs – defined-contribution plans	182	178
Pension costs – defined-benefit plans	49	28
Payroll overheads	1,331	1,277
Total	7,316	6,448
Salaries and other remuneration for continuing operations include:		
to Board members and presidents, including variable salaries	186	182
to other senior executive officers	45	33

Remuneration of the Board of Directors and senior executives Principles

The following principles governing remuneration of senior executives in the Trelleborg Group were adopted by the 2015 Annual General Meeting. The Board's proposal to the 2016 Annual General Meeting regarding principles for remuneration is the same as the proposal adopted by the 2015 Annual General Meeting. Trelleborg's principles for remuneration of senior executives state that the company shall offer market-based terms of employment that enable the company to recruit, develop and retain senior executives. It should be possible for the remuneration principles to vary depending on local conditions and be based on such factors as position, expertise, experience and performance. The total remuneration package is to comprise fixed and variable salaries, pension and other remuneration. Trelleborg continuously performs evaluations to ensure that conditions are market-based as compared with relevant industries and markets. Refer also to www.trelleborg.com, Corporate Governance, Annual General Meeting: "Principles for remuneration and other conditions of employment for senior executives".

Remuneration of management 2015

President

During 2015, the President and CEO received a fixed salary and other remuneration as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining an annual variable salary. The annual variable salary has an established ceiling for full-year 2015, corresponding to a maximum of 65 percent of fixed salary. During 2015, the annual variable salary was based on the Trelleborg Group's profit before tax and the Group's operating cash flow, excluding both the effect of structural changes approved by the Board, the earnings effect from TrelleborgVibracoustic and global growth. The President also had a minor share of the annual variable salary based on operating profit in TrelleborgVibracoustic. The annual variable salary does not constitute pensionable income and does not form the basis of calculation of vacation pay. For 2015, an annual variable salary of SEK 5,648,000 (5,655,000) was payable to the President.

Pensionable age for the President is 65; however, both the company and the President have the right, without special motivation, to request early retirement from the age of 60, with a mutual six-month notice of termination. If the President enters early retirement, the employment agreement and pension agreement are rendered invalid. The pension agreement is a defined-contribution scheme, and the premium comprises 40 percent of the fixed salary. Pension premiums were expensed in 2015 as shown in the table to the right.

For the President, a period of notice of 24 months applies when termination of employment is initiated by the company. The period of notice when termination of employment is initiated by the President is six months.

Other senior executives

The principles for remuneration of other senior executives are based on both a fixed and annual variable salary. The annual variable part has an established ceiling and accounts for a maximum of 25-65 percent of fixed annual salary. In 2015, the annual variable salary was based on the following factors: profit before tax, operating cash flow and global growth. In addition, a minor portion of the annual variable salary of one senior executive was based on the operating profit in TrelleborgVibracoustic. For the business areas, other operating key figures also served as targets for annual variable salary. For other senior executives, the entire pension plan is a defined-contribution scheme, whereby the pension premium can vary between 20 and 45 percent of the fixed salary. Some of the senior executives previously had agreements specifying mutual rights to request early retirement from the age of 60. These agreements were concluded in 2015, which impacted the pension cost for the year. Certain senior executives have extended notice of termination periods when initiated by the company, normally 12, 18 or 24 months. The period of notice from the senior executive is six months. The President and other senior executives have the possibility of having other benefits, primarily, a company car and medical expenses insurance.

Long-term incentive program

Since 2005, the Board of Directors has annually resolved on a long-term incentive program for the President and for certain senior executives considered to exercise a significant influence on the Trelleborg Group's earnings per share. These programs are ongoing, three-year programs. The Board determines annually whether to instigate new programs and, if so, the scope, objective and participants of such new programs. The incentive programs are a cash-based supplement to the annual variable salaries, provided that the executive has not terminated his employment as per December 31 in the year in which the program ends.

Purpose

The incentive programs are directional and have long-term content. The aim is to increase value for the Group's shareholders by promoting and retaining the commitment of senior executives to the Group's development.

Target figure

The target figure for the incentive programs is an annual improvement of 10 percent in the Trelleborg Group's earnings per share. This target excludes the items affecting comparability attributable to the Trelleborg Group and TrelleborgVibracoustic, and the impact of any share buyback programs. The outcome for 2015 was earnings per share of SEK 10.39. For the 2013-2015 program, the Board established a target of SEK 6.08 for 2013. For the 2014-2016 program, a target of SEK 7.94 was established for 2014, with the outcome for 2013 used as a base, and for the 2015-2017 program, a target of SEK 9.69 was established for 2015, with the outcome for 2014 used as a base. The upper cap for payments for the 2013-2015 program has been set at 25 percent of the maximum annual variable salary. For the 2014-2016 and 2015-2017 programs, the upper cap for payments has been set at 33.3 percent of the maximum annual variable salary.

Outcome and payment

The outcome of the programs are calculated annually and accumulated over the three-year period and potential payments are made in the first quarter of the year after the program expires. A payment was made in the first quarter of 2015 for the program approved in 2012. For the program approved for 2013, payment will be made in the first quarter of 2016, for the program approved for 2014, payment will be made in the first quarter of 2017, and for the program approved for 2015, payment will be made in the first quarter of 2018. The payments do not constitute pensionable income and do not form the basis of calculation of vacation pay. In 2015, the Group's earnings were charged with SEK 46,479,000 (34,924,000) and additional payroll overheads of SEK 10,675,000 (8,172,000).

Other incentive programs

The Group has no ongoing convertible debenture or warrant programs at the present time.

Remuneration to the Board 2015

The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For 2015, remuneration was paid as per the table below. No consulting fees were paid to the Board members. Remuneration is not paid to executive Board members.

Specification of remuneration to Board members, salaries to the President and other senior executive officers

2015 SEK 000s	Board fee/fixed salary	Annual variable salary	Incentive program ¹⁾	Other benefits	Pension costs	Total
Sören Mellstig, Chairman of the Board	1,350					1,350
Hans Biörck, Board member	662					662
Jan Carlson, Board member	512					512
Claes Lindqvist, Board member	562					562
Anne Mette Olesen, Board member	317					317
Bo Risberg, Board member	612					612
Nina Udnes Tronstad, Board member	462					462
Heléne Viblleus, Board member	612					612
President	9,772	5,648	5,609	171	3,841	25,041
Other senior executives, employees of Trelleborg AB, 3 persons	9,021	3,757	3,789	426	8,838	25,831
employees of other Group companies, 7 persons	24,062	8,087	10,429	943	9,862	53,383
Total	47,944	17,492	19,827	1,540	22,541	109,344

¹⁾ Expensed in 2015. Payment is made in the first quarter, 2016 to 2018, on condition that the individual is employed in the Group on December 31 of the preceding year.

2014 SEK 000s	Board fee/fixed salary	Annual variable salary	Incentive program	Other benefits	Pension costs	Total
Sören Mellstig, Chairman of the Board	1,217					1,217
Hans Biörck, Board member	613					613
Jan Carlson, Board member	480					480
Claes Lindqvist, Board member	530					530
Bo Risberg, Board member	563					563
Nina Udnes Tronstad, Board member	430					430
Heléne Viblleus, Board member	580					580
President	9,712	5,655	4,453	161	3,718	23,699
Other senior executives, employees of Trelleborg AB, 4 persons	9,287	3,998	3,035	429	3,539	20,288
employees of other Group companies, 6 persons	22,748	8,392	8,092	936	13,474	53,642
Total	46,160	18,045	15,580	1,526	20,731	102,042

4 Auditor's remuneration

SEK M	2015	2014
<i>PricewaterhouseCoopers</i>		
Audit assignment	25	23
Audit activities other than audit assignment	1	1
Tax consultancy services	4	4
Other services	8	6
<i>Other auditors</i>		
Audit assignment	1	1
Tax consultancy services	0	0
Other services	0	0
Total	39	35

5 Other operating income and expenses

SEK M	2015	2014
Compensation from insurance company	1	2
Rental revenue	45	70
Exchange rate differences	284	238
Royalties	14	14
Government grants	13	6
Customer/Supplier-related revenues	12	18
Sale of non-current assets	25	3
Sale of tools, prototypes, etc.	6	6
Sale of services	3	5
Other	26	25
Total other operating income	429	387
Rental costs	1	-3
Exchange rate differences	-259	-266
Customer/Supplier-related expenses	-6	-4
Sale/disposal of non-current assets	-11	-7
Other	-60	33
Total other operating expenses	-335	-247
Total	94	140

6 Participations in joint venture/associated companies

The Trelleborg Group includes a major joint venture, TrelleborgVibracoustic GmbH, with its registered office in Germany. For more information, see pages 22-23.

Other associated companies account for a minor amount.

SEK M	Profit before tax		Income tax		Net profit		Dividend received	
	2015	2014	2015	2014	2015	2014	2015	2014
TrelleborgVibracoustic	739	445	-230	-147	509	298	1,357	131
Other, associated companies	2	1	0	0	2	1	1	1
Total	741	446	-230	-147	511	299	1,358	132

SEK M	Receivables from companies		Liabilities to companies		Sales to companies		Operating income from companies ²⁾	
	2015	2014	2015	2014	2015	2014	2015	2014
TrelleborgVibracoustic ¹⁾	20	20	1	4	118	128	45	51
Other, associated companies	-	3	0	0	2	14	-	0
Total	20	23	1	4	120	142	45	51

¹⁾ The Group has outstanding contingent liabilities connected to TrelleborgVibracoustic, refer also to Note 33.

²⁾ Of which rental revenue SEK 36 M (38).

Balance sheets TrelleborgVibracoustic

SEK M	2015	2014
Ownership participation, %	50	50
Consolidated participation, %	50	50
Non-current assets	5,834	5,591
Current assets	4,078	3,905
Cash and cash equivalents	1,765	1,848
Non-current financial liabilities	1,929	19
Other non-current liabilities	1,609	1,448
Current financial liabilities	1,747	1,838
Other current liabilities	3,960	3,915
Net assets (100 percent)	2,432	4,124
Non-controlling interests	-329	-333
Net assets after deduction for non-controlling interests	2,103	3,791
Group's theoretical participation, 50 percent	1,052	1,895
Difference in initial carrying amount/fair value	1,618	1,686
Translation differences	13	16
Carrying amount, TrelleborgVibracoustic	2,683	3,597

Statements of comprehensive income, TrelleborgVibracoustic

SEK M	2015	2014
Net sales	18,163	16,180
Operating profit	1,711	1,372
Profit before tax	1,477	890
Net profit	1,018	596
Other comprehensive income	-132	632
Comprehensive income (100 percent)	886	1,228
Comprehensive income, (Trelleborg's participation, 50 percent)	443	614

Change in carrying amounts, joint ventures/associated companies

SEK M	2015	2014
Balance, January 1, joint venture	3,597	3,114
Other comprehensive income	-66	316
Dividend	-1,357	-131
Net profit for the year	509	298
Carrying amount, TrelleborgVibracoustic	2,683	3,597
Other, associated companies	13	8
Carrying amount, December 31	2,696	3,605

7 Items affecting comparability

Breakdown by business area

SEK M	2015	2014
Trelleborg Coated Systems	-120	-115
Trelleborg Industrial Solutions	-21	-34
Trelleborg Offshore & Construction	-61	-19
Trelleborg Sealing Solutions	-35	-16
Trelleborg Wheel Systems	-12	-7
Group items	-8	-35
Total	-257	-226

Breakdown by function

SEK M	2015	2014
Cost of goods sold	-162	-96
Selling expenses	-6	-9
Administrative expenses	-60	-42
Research & development costs	-1	-2
Other operating income	9	2
Other operating expenses	-37	-79
Total	-257	-226

Of which impairment losses/restructuring costs

SEK M	Impairment losses		Restructuring costs	
	2015	2014	2015	2014
Trelleborg Coated Systems	-17	-29	-103	-86
Trelleborg Industrial Solutions	-4	0	-17	-34
Trelleborg Offshore & Construction	-	-	-61	-19
Trelleborg Sealing Solutions	-3	-4	-32	-12
Trelleborg Wheel Systems	-5	-	-7	-7
Group items	-	-	-8	-35
Total	-29	-33	-228	-193

Impairment of non-current assets was conducted to the calculated value in use.

8 Expenses by nature

SEK M	2015	2014
Costs for raw materials, components, goods for resale and packaging material as well as energy and transport costs	-11,787	-10,402
Remuneration to employees	-7,518	-6,687
Depreciation/amortization and impairment losses	-863	-740
Other external costs related to sales, administration and R&D	-1,814	-2,030
Other operating income/expenses	139	118
Participations in joint venture/associated companies	511	299
Total	-21,332	-19,442

The above amounts include items affecting comparability.

9 Government grants

SEK M	2015	2014
Grants received	19	7
Total	19	7

10 Financial income and expenses

Financial income		
SEK M	2015	2014
Interest income from interest-bearing receivables	36	30
Exchange rate gains, net	-	20
Total financial income	36	50
Financial expenses		
Interest expenses on interest-bearing liabilities	-186	-184
Exchange rate losses, net	-3	-
Total financial expenses	-189	-184
Total financial income and expenses	-153	-134

11 Income tax

SEK M	2015	2014
Current tax expenses		
Tax expenses for the period	-492	-570
Adjustment of tax attributable to prior years	1	-8
Total	-491	-578
Deferred tax expenses		
Utilization/revaluation of losses carried forward	-183	-85
Deferred tax expenses/income on changes in temporary differences	-36	-39
Total	-219	-124
Other tax	-3	-1
Total recognized tax expenses for continuing operations	-713	-703
Discontinuing operations		
Deferred tax expenses		
Utilization/revaluation of losses carried forward	-	50
Total recognized tax expenses for the Group	-713	-653
Reconciliation of tax in the Group, continuing operations		
Profit before tax, excluding participations in TrelleborgVibracoustic	2,809	2,641
Calculated Swedish income tax, 22% (22%)	-618	-581
Impact of other tax rates on foreign subsidiaries	-68	-81
Non-deductible expenses/non-taxable revenue	-28	-9
Amortization of goodwill upon divestment	1	-1
Impact of changed tax rates and tax regulations	-6	-2
Reassessment of losses carried forward/temporary differences	-17	-26
Tax attributable to prior years	26	-2
Total	-710	-702
Other tax	-3	-1
Recognized tax for continuing operations	-713	-703
Tax items recognized in other comprehensive income		
Deferred tax on cash-flow hedges	-6	24
Deferred tax on hedging of net investments	7	224
Deferred tax in translation differences	19	-6
Deferred tax on pension obligations	-1	33
Total	19	275

At year-end 2015, the Group had losses carried forward in continuing operations of approximately SEK 2,917 M (3,357), of which SEK 1,935 M (2,333) was taken into account when calculating deferred tax. Losses carried forward not taken into account include cases where uncertainty exists regarding the tax value.

Of losses carried forward, SEK 13 M (-) falls due within the next 12-month period and SEK 19 M (31) falls due within the next five-year period.

12 Non-controlling interests – profit and equity

SEK M	Share of net profit for the year		Equity	
	2015	2014	2015	2014
Investissement et Financiere de Bloch SAS	-	5	-	-
Etablissements Bloch SAS	-	-2	-	-
Other companies ¹⁾	2	3	0	9
Total	2	6	0	9

¹⁾ The companies became wholly owned subsidiaries in 2015.

13 Property, plant and equipment

SEK M	2015	2014
Buildings	1,524	1,588
Land and land improvements	469	498
Plant and machinery	2,958	2,875
Equipment, tools, fixtures and fittings	473	425
New construction in progress and advance payments relating to PPE	1,022	702
Total	6,446	6,088

Depreciation of PPE by function

SEK M	2015	2014
Cost of goods sold	-634	-542
Selling expenses	-17	-17
Administrative expenses	-53	-54
Research & development costs	-17	-13
Other operating expenses	-5	-8
Total	-726	-634

Impairment of PPE by function

SEK M	Impairment losses		Reversed impairment losses	
	2015	2014	2015	2014
Cost of goods sold	-2	-12	1	-
Administrative expenses	-	0	-	-
Other operating expenses	-20	-30	-	-
Total	-22	-42	1	-

Leasing agreements

The Group has entered into financial and operating lease agreements. Non-current assets held under financial lease agreements are recorded as property, plant and equipment and future payment obligations are recognized as a financial liability.

Leasing costs for assets held through financial lease agreements amounted to SEK 2 M (1). Future lease payments for financial lease agreements fall due as follows:

SEK M	2015	2014
Year 1	2	2
Years 2-5	3	2
Later than 5 years	0	-

Leasing costs for assets held through operating lease agreements are classified as operating expenses, and amounted to SEK 174 M (157). Future payment commitments for non-cancelable lease agreements amounted to SEK 1,079 M (653) and fall due as follows:

SEK M	2015	2014
Year 1	152	154
Years 2-5	359	343
Later than 5 years	568	156

SEK M	Buildings		Land and land improvements		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments		Total PPE	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated cost	3,202	3,306	517	535	9,537	9,262	1,827	1,752	1,050	727	16,133	15,582
Accumulated depreciation according to plan	-1,524	-1,390	-41	-34	-6,429	-6,243	-1,342	-1,305	-27	-23	-9,363	-8,995
Accumulated revaluations	14	14	13	13	3	2	0	0	0	0	30	29
Accumulated impairment losses	-168	-342	-20	-16	-153	-146	-12	-22	-1	-2	-354	-528
Carrying amount	1,524	1,588	469	498	2,958	2,875	473	425	1,022	702	6,446	6,088
Balance, January 1	1,588	1,248	498	470	2,875	2,467	425	377	702	579	6,088	5,141
Acquisitions	-12	91	-3	3	13	98	39	6	11	1	48	199
Divested operations	-27	-1	-	-20	0	-4	-	0	-	0	-27	-25
Capital expenditures	47	40	4	5	220	279	97	76	873	562	1,241	962
Capital expenditures, financial leasing	-	-	-	-	2	0	4	1	-	-	6	1
Divestments and disposals	-38	-7	-7	-1	-11	-17	-6	-4	-1	-1	-63	-30
Depreciation according to plan for the year	-109	-99	-4	-4	-484	-419	-129	-112	0	0	-726	-634
Impairment losses for the year	0	-4	-3	0	-15	-32	-4	-5	-	-1	-22	-42
Reversed impairment losses	1	-	-	-	0	-	0	-	-	-	1	-
Reclassifications	100	185	-5	4	382	247	58	54	-557	-500	-22	-10
Translation difference for the year	-26	135	-11	41	-24	256	-11	32	-6	62	-78	526
Carrying amount	1,524	1,588	469	498	2,958	2,875	473	425	1,022	702	6,446	6,088

14 Intangible assets

SEK M	2015	2014
Capitalized expenditure for development work	139	138
Capitalized expenditure for IT	137	122
Concessions, patents, licenses, trademarks and similar rights	412	405
Goodwill	10,910	10,485
Market and customer-related intangible assets	562	581
Advance payments related to intangible assets	67	70
Total	12,227	11,801

Impairment testing of goodwill and other assets

Goodwill and other assets are tested for impairment annually or more frequently if there are indications of a decline in value. This testing is based on defined cash-generating units matching the business areas applied in segment reporting. For a more detailed presentation of the Group's business areas, see pages 12-21.

The recoverable amount has been determined on the basis of calculations of value in use. These calculations are based on internal budgets and forecasts of the next five years. The most important assessments relate to sales growth during the forecast period and the operating margin trend. The assessments of management are based on both historical experience and current information relating to the market trend. Following the forecast period, the cash flows were extrapolated using an assumed sustainable rate of growth of 2 percent (2), which is in line with the assessed sustainable growth rate in the respective market.

Changes in working capital and in capital expenditure requirements have also been taken into account. The projected future cash flows according to these assessments thus form the basis for the calculation.

When calculating the present value of future cash flows, a weighted average cost of capital (WACC) of 8.0 percent (8.0) after tax was applied to all business areas. Since all of the segments have a similar risk profile and operate in the same markets, the risk in the cash flows is similar, which justifies use of the same return requirement. Reconciliation was also conducted against an external assessment of a reasonable cost of capital. The net debt/equity ratio was assumed to be 75 percent (75).

The calculations indicated no need for impairment in any of the business areas. A sensitivity analysis shows that, with a rate of growth reduced by 50 percent beyond the next five years and an increase in the cost of capital of 1 percentage point to 9.0 percent after tax, there would still be no need for impairment for any of the business areas. A 1-percentage point reduction in estimated sales growth during the forecast period would also not lead to the need for any impairment.

Goodwill by segment

SEK M	2015	2014
Trelleborg Coated Systems	1,937	1,893
Trelleborg Industrial Solutions	1,311	1,347
Trelleborg Offshore & Construction	1,386	1,210
Trelleborg Sealing Solutions	5,400	5,454
Trelleborg Wheel Systems	877	582
Group items	-1	-1
Total	10,910	10,485

In addition to goodwill, the Group has trademarks totaling SEK 339 M (344) with limited useful lives.

SEK M	Capitalized expenditure for development work		Capitalized expenditure for IT		Concessions, patents, licenses and trademarks		Goodwill		Market and customer-related intangible assets		Advance payments related to intangible assets		Total intangible assets	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated cost	184	171	516	489	740	730	11,232	11,058	644	631	78	70	13,394	13,149
Accumulated amortization according to plan	-45	-33	-379	-369	-324	-321	-97	-192	-82	-50	-11	0	-938	-965
Accumulated impairment losses	0	0	0	2	-4	-4	-225	-381	-	-	-	-	-229	-383
Carrying amount	139	138	137	122	412	405	10,910	10,485	562	581	67	70	12,227	11,801
Balance, January 1	138	56	122	100	405	351	10,485	8,576	581	32	70	58	11,801	9,173
Acquisitions	-	72	-	0	0	25	535	1,031	15	540	-	0	550	1,668
Divested operations	-	-	-	-	-	-	-3	-39	-	-	-	-	-3	-39
Capital expenditures	12	7	19	20	19	6	-	-	0	1	23	29	73	63
Divestments and disposals	-	-	-	-1	-	-	-	-	-	-	0	-	0	-1
Amortization according to plan for the year	-13	-5	-37	-31	-15	-13	-	-	-42	-15	-	-	-107	-64
Impairment losses for the year	-	-	0	-	-	-	-9	0	-	-	-	-	-9	0
Reclassifications	-	-	33	27	11	4	1	-	0	-	-23	-21	22	10
Translation difference for the year	2	8	0	7	-8	32	-99	917	8	23	-3	4	-100	991
Carrying amount	139	138	137	122	412	405	10,910	10,485	562	581	67	70	12,227	11,801
Amortization for the year, by function														
Cost of goods sold	-1	-1	-9	-8	-4	-2	-	-	-1	-1	-	-	-15	-12
Selling expenses	-	-2	-3	-3	-1	0	-	-	-2	-4	-	-	-6	-9
Administrative expenses	-1	0	-24	-19	-7	-7	-	-	-2	0	-	-	-34	-26
Research & development costs	-1	-1	-1	-1	-2	-3	-	-	-	-	-	-	-4	-5
Other operating expenses	-10	-1	0	0	-1	-1	-	-	-37	-10	-	-	-48	-12
Total amortization	-13	-5	-37	-31	-15	-13	-	-	-42	-15	-	-	-107	-64

15 Financial non-current assets

SEK M	2015	2014
Plan assets	27	18
Loan receivables (Note 28)	146	140
Derivative instruments (Note 22)	11	3
Other non-current receivables	41	52
Total	225	213

Carrying amount corresponds to fair value.

16 Parent Company and Group holdings of shares in Group companies ¹⁾

Company	Registration number	Domicile/country	No. of shares	Owner-ship percent	Carrying amount, SEK M
Chemtrading Alpha Holding AG	170300018603	Switzerland	100	100	3
Dormviltov AB	556853-1619	Trelleborg	1,000	100	0
Dormviltretton AB	556853-1627	Trelleborg	1,000	100	0
Dormvilfjorton AB	556853-1486	Trelleborg	1,000	100	0
Dormvilfemton AB	556853-1635	Trelleborg	1,000	100	0
Lebela Förvaltnings AB	556054-1533	Trelleborg	60,000	100	35
MHT Takentreprenören i Malmö AB	556170-2340	Malmö	1,000	100	0
Trelleborg Automotive Shanghai Holdings AB	556742-8742	Trelleborg Czech Republic	1,000	100	10
Trelleborg Boots Miadá Boleslav s.r.o	63996111	Republic	100,000	100	19
Trelleborg China Holding AB	556030-7398	Trelleborg	200,000	100	43
Trelleborg Sealing Solutions (China) Co. Ltd	310000400437534	China	0	100	
Trelleborg Coated Systems China Holding AB	556728-8716	Trelleborg	1,000	100	56
Trelleborg Corporation	06-1253246	U.S.	2,592	100	3,211
Trelleborg Coated Systems US Inc	23-1470071	U.S.	1,000	100	
Trelleborg Coated Systems Italy SpA	10051150158	Italy	25,600,000	100	
Trelleborg Sealing Solutions US, Inc	95-1773005	U.S.	7,500	100	
Trelleborg Offshore US Inc	76-0531489	U.S.	1,000	100	
Trelleborg Wheel Systems Americas Inc	06-1316073	U.S.	1,000	100	
Trelleborg Sealing Profiles US Inc	20-4090472	U.S.	1,000	100	
Trelleborg Sealing Solutions Detroit Inc	58-2037536	U.S.	100	100	
Trelleborg Croatia D.O.O	80638386	Croatia	0	100	0
Trelleborg do Brasil Soluções em Vedação Ltda	35218417780	Brazil	21,003,021	100	19
Trelleborg Engineered Systems China Holding AB	556223-5910	Trelleborg	1,000	100	11
Trelleborg Engineered Systems Qingdao Holding AB	556715-4991	Trelleborg	1,000	100	96
Trelleborg Forsheda AB	556052-2996	Värnamo	8,640,000	100	343
Trelleborg Ersmark AB	556039-7852	Ersmark	1,270,000	100	
Trelleborg Holding AB	556212-8255	Trelleborg	4,000	100	5,461
Trelleborg Sealing Profiles Sweden AB	556026-2148	Trelleborg	12,000	100	
Trelleborg Wheel Systems Germany GmbH	HRB 71478	Germany	0	100	
Trelleborg Sealing Solutions Germany GmbH	HRB 21275	Germany	0	100	
Trelleborg İstanbul Endüstriyel Hortumlar Sanayi ve Ticaret Anonim Sirketi	905	Turkey	9,900,000	100	
Trelleborg Holding Danmark A/S	1627 9196	Denmark	21,000	100	631
Trelleborg Holding France SAS	353 742307	France	736,779	100	1,437
Trelleborg Industrie SAS	391933397	France	682,800	100	
Trelleborg Sealing Solutions France SAS	309 730 554	France	8,527	100	
Trelleborg Wheel Systems France SAS	410783492	France	9,060	100	
Trelleborg Holding Norge AS	943508186	Norway	10,000	100	
Trelleborg Offshore Norway AS	941730566	Norway	27,000	100	
Trelleborg Holdings Italia S.r.l	LI-128316	Italy	0	100	671
Trelleborg Holdings Switzerland AG	CHE-101.230.069	Switzerland	100	100	201
Trelleborg Sealing Solutions Stein am Rhein AG	290.3.004.156-3	Switzerland	74	74	
Trelleborg Holdings UK Ltd	03304377	U.K.	253,472,474	100	2,987
Trelleborg Sealing Solutions UK Ltd	00446036	U.K.	10,050,000	100	
Trelleborg Industrial Products UK Ltd	3847966	U.K.	75,000,001	100	
Trelleborg Offshore UK Ltd	01369166	U.K.	41,590	100	
Trelleborg Industri AB	556129-7267	Trelleborg	725,000	100	197
Trelleborg Industrial Products Finland Oy	0605887-9	Finland	100	100	137
Trelleborg Insurance Ltd	10412	Bermuda	50,000	100	118
Trelleborg International BV	02327837	Netherlands	41	100	3,150
Trelleborg Pipe Seals Lelystad BV	05026585	Netherlands	30,000	100	
Trelleborg Wheel Systems Italia SpA	RM-907676	Italy	11,000	100	

Company	Registration number	Domicile/country	No. of shares	Owner-ship percent	Carrying amount, SEK M
Trelleborg Marine Systems Japan KK	0100-01-095821	Japan	20	100	1
Trelleborg Material & Mixing Lesina s.r.o.	625 85 207	Czech Republic	0	100	12
Trelleborg Moulded Components Wuxi Holding AB	556715-4983	Trelleborg	1,000	100	29
Trelleborg Offshore & Construction AB	556055-7711	Trelleborg	1,250	100	12
Trelleborg Sealing Profiles Lithuania UAB	302333896	Lithuania	2,021,040	100	5
Trelleborg Sealing Solutions Belgium SA	BE0440479473	Belgium	100	100	114
Trelleborg Sealing Solutions Bulgaria EOOD	1346/1998	Bulgaria	10,000	100	16
Trelleborg Sealing Solutions Czech s.r.o	48948764	Czech Republic	0	100	48
Trelleborg Sealing Solutions Finland Oy	0721679-5	Finland	15	100	75
Trelleborg Sealing Solutions Hong Kong Ltd	730579	China	484,675	100	1
Trelleborg Sealing Solutions Hungary Kft	13-09-119761	Hungary	0	100	1
Trelleborg Sealing Solutions Japan KK	0106-01-011635	Japan	333	100	99
Trelleborg Sealing Solutions Kalmar AB	556325-7442	Kalmar	60,000	100	245
Trelleborg Sealing Solutions Korea Ltd	009963	South Korea	77,000	100	17
Trelleborg Sealing Solutions OOO	1087746852599	Russia	0	100	2
Trelleborg Sealing Solutions Pernik EOOD Limited Sirketi	175241703	Bulgaria	3,000	100	19
Trelleborg Sealing Solutions Polska Sp.z o.o.	0000100866	Poland	12,800	100	6
Trelleborg Sealing Solutions Sırdirmazlık Ürünleri İthalat İhracat Üretim ve Ticaret Limited Sirketi	816771	Turkey	42,200	100	6
Trelleborg Sealing Solutions Sweden AB	556204-8370	Jönköping	2,500	100	167
Trelleborg Sealing Solutions Switzerland SA	CH-550-0081017-2	Switzerland	1,000	100	47
Trelleborg Tigveni SRL	22964627	Romania	700	100	8
Trelleborg Treasury AB (publ)	556064-2646	Stockholm	5,000	100	15,001
Trelleborg Tyres Lanka (Private) Ltd	4395	Sri Lanka	16,272,537	100	91
Trelleborg Wheel Systems Argentina S.A.	14362	Argentina	1,850,000	100	0
Trelleborg Wheel Systems China Holdings AB	556739-6998	Trelleborg	1,000	100	64
Trelleborg Wheel Systems Liepaja LSEZ SIA	42103042763	Latvia	8,502,000	100	106
Trelleborg Wheel Systems Nordic AB	556056-2620	Sävsjö	40,000	100	10
TSS Silcotech Hong Kong Holding AB	556742-8775	Trelleborg	1,000	100	
Trelleborg Sealing Solutions Stein am Rhein AG	290.3.004.156-3	Switzerland	26	26	85
Total Parent Company					35,123

¹⁾ The table shows directly owned subsidiaries and indirectly owned companies with annual external sales exceeding SEK 250 M.

A complete list of companies is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

17 Deferred tax assets/tax liabilities

SEK M	2015			2014		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	21	450	-429	10	379	-369
Land and buildings	39	105	-66	45	112	-67
Machinery and equipment	47	122	-75	50	121	-71
Financial non-current assets	0	11	-11	1	9	-8
Inventories	128	6	122	105	21	84
Current receivables	12	4	8	12	2	10
Pension provisions	133	1	132	124	1	123
Other provisions	70	3	67	54	4	50
Non-current liabilities	46	1	45	58	6	52
Current liabilities	88	2	86	124	1	123
Losses carried forward	469	-	469	632	-	632
Total	1,053	705	348	1,215	656	559
Offsetting of assets/liabilities	-347	-347		-392	-392	
Total	706	358	348	823	264	559

Deferred tax assets and liabilities are offset when the deferred tax pertains to the same tax authority.

Change in deferred tax on temporary differences and losses carried forward

SEK M	Balance, January 1		Recognized in profit and loss		Recognized in other comprehensive income/directly against equity		Acquired/divested tax assets/liabilities		Translation differences		Reclassifications		Balance, December 31, continuing operations	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Intangible assets	-369	-265	-57	-31	-	-	-1	-36	-2	-37	-	-	-429	-369
Land and buildings	-67	-57	-1	-5	3	-	-	5	-1	-10	-	-	-66	-67
Machinery and equipment	-71	-86	-6	20	-	-	-	-1	2	-4	-	-	-75	-71
Financial non-current assets	-8	-19	-7	8	3	-3	-	-	1	0	-	6	-11	-8
Inventories	84	83	37	-9	-	-	-	0	1	10	-	-	122	84
Current receivables	10	6	-2	3	-	-	-	0	0	1	-	-	8	10
Pension provisions	123	104	9	-23	-1	33	2	7	-1	8	-	-6	132	123
Other provisions	50	54	19	-8	-	-	-	0	-2	4	-	-	67	50
Non-current liabilities	52	-1	5	-3	-12	56	-	-	0	0	-	-	45	52
Current liabilities	123	90	-33	9	-7	10	-	1	3	13	-	-	86	123
Losses carried forward	632	456	-183	-35	33	179	2	-4	-15	36	-	-	469	632
Total	559	365	-219	-74	19	275	3	-28	-14	21	-	0	348	559
Of which discontinuing operations				50										
Continuing operations			-219	-124										

18 Inventories

SEK M	2015	2014
Raw materials and consumables	970	946
Work in progress	433	442
Finished products and goods for resale	2,340	2,333
Contracted work in progress	12	0
Advances to suppliers	3	12
Total	3,758	3,733

Impairment of obsolete inventories amounted to SEK 350 M (339).

19 Current operating receivables

SEK M	2015	2014
Accounts receivable	3,611	3,800
Provision for bad debts	-74	-68
Bills receivable	92	89
Operating receivables, joint ventures/associated companies	20	23
Other current receivables	437	455
Derivative instruments (Note 22)	-5	7
Prepaid expenses and accrued income (Note 20)	687	495
Total	4,768	4,801

Age analysis of accounts receivable

SEK M	2015	2014
Receivable not yet due	3,032	3,157
Due, but not impaired:		
<30 days	335	412
31-60 days	83	112
61-90 days	31	43
>90 days	130	76
Total	3,611	3,800
Provision for bad debts	-74	-68
Total	3,537	3,732

Provision for bad debts

SEK M	2015	2014
Opening balance	68	70
New provisions recognized in profit and loss	23	15
Utilization of reserve attributable to identified bad debt loss	-8	-14
Reversals recognized in profit and loss	-8	-7
Acquisitions/divestments	0	-2
Translation difference	-1	6
Closing balance	74	68

20 Prepaid expenses and accrued income

SEK M	2015	2014
Interest	2	1
Pension costs	8	6
Tools	25	18
Derivative instruments (Note 22)	13	22
Accrued income	406	240
Prepaid insurance	20	22
Rents	29	25
Other	184	161
Total	687	495

21 Interest-bearing receivables

SEK M	2015	2014
Loan receivables	8	6
Derivative instruments (Note 22)	249	134
Current bank investments	136	100
Total	393	240

The recognized amounts represent an accurate estimation of their fair value.

22 Financial derivative instruments

Derivative instruments are used mainly to hedge the Group's exposure to fluctuations in exchange rates and interest rates. The Group also uses derivatives for commercial trade within the framework of the mandates determined by the Board. In cases where available forms of borrowing do not meet the desired structure of the loan portfolio with regard to interest rate and foreign-exchange considerations, various derivative instruments are used.

Currency and basis swaps are used to secure the desired financing adapted to the subsidiaries' currencies. Interest rate swaps, basis swaps, FRAs or other comparable instruments are used to obtain the desired fixed-interest terms.

Foreign-exchange forwards and currency options are financial derivative instruments used to hedge currency exposure in both fixed commercial undertakings and calculated future commercial flows.

Investments in foreign subsidiaries and joint ventures/associated companies may be hedged. Hedging is effected mainly through corresponding borrowing in the same currency, but may also be secured through forward contracts.

The table below shows where the Group's financial derivative instruments are recognized in the balance sheet.

Specification of derivatives in the balance sheet, SEK M	2015	2014
Financial non-current assets	11	3
Prepaid expenses and accrued income	13	22
Other current receivables	-5	7
Interest-bearing receivables	249	134
Total receivables, financial derivatives	268	166
Other non-current liabilities	118	109
Non-current interest-bearing liabilities	0	29
Accrued expenses and prepaid income	28	73
Other current liabilities	236	59
Interest-bearing liabilities	129	250
Total liabilities, financial derivatives	511	520

For credit exposure in derivatives, see Note 27.

SEK M	2015		2014	
	Assets Fair value	Liabilities Fair value	Assets Fair value	Liabilities Fair value
Type and purpose of Group's financial derivative instruments				
Interest rate swaps – cash-flow hedging	4	148	3	163
Foreign-exchange forwards – cash-flow hedging	11	229	22	73
Foreign-exchange forwards – net investment hedging	156	0	-104 ¹⁾	163
Basis swap contracts – financing of subsidiaries	8	7	3	33
Foreign-exchange forwards – financing of subsidiaries	89	127	242	88
Total	268	511	166	520

¹⁾ 2014: of which a negative SEK 108 M relates to netted contracts.

The nominal amount of interest rate swaps outstanding totaled SEK 6,407 M (7,303).

Derivatives with hedge accounting**Cash-flow hedging – Interest rate swaps**

In the closing balance of the hedging reserve in equity, a negative SEK 116 M (neg: 109) before tax relates to the fair value of interest rate swaps.

At unchanged interest and exchange rates, this value will negatively impact earnings by SEK 1 M in 2016, by SEK 15 M in 2017, by SEK 30 M in 2018, by SEK 5 M in 2019, by SEK 25 M in 2020, by SEK 11 M in 2021, by SEK 18 M in 2022, by SEK 0 M in 2023 and by SEK 11 M in 2024.

Cash-flow hedges – foreign-exchange forwards

The fair-value closing balance of cash-flow hedges for foreign-exchange forwards attributable to transaction exposure and recognized in the hedging reserve amounted to a negative net of SEK 5 M (neg: 37).

At unchanged exchange rates, this value will have a negative impact on operating profit by SEK 5 M in 2016.

In the closing balance of the hedging reserve in equity, a negative SEK 201 M relates to the fair value of foreign-exchange forwards that hedged future purchase considerations for acquisitions. If exchange rates remain unchanged, this amount is expected to be utilized and become part of the acquisition purchase consideration in 2016.

Sensitivity analysis – Financial instruments

Sensitivity analyses relating to interest rate risks and translation exposure are presented in the section "Financial risks in Trelleborg" on pages 60–61 and in Note 27.

If cash-flow hedges related to transaction exposure were valued using exchange rates applicable on December 31, 2014, the fair value would amount to SEK 29 M (23), of which SEK 16 M (22) would be included in the hedging reserve.

Taking into account implemented hedging measures, the Group has no currency risk in other financial receivables and liabilities in foreign currencies.

23 Cash and cash equivalents

SEK M	2015	2014
Current bank investments	1,253	41
Cash and bank balances	1,299	1,100
Total	2,552	1,141

Current bank investments are related to the placement of the majority of the 2015 dividend received from TrelleborgVibracoustic.

For credit exposure in cash and cash equivalents, see Note 27.

24 Discontinuing operations

No discontinuing operations were recognized in 2015.

The amounts in 2014 pertain to result from the divestment of a rubber boots operation in Spain.

Analysis of results from discontinuing operations

SEK M	2015	2014
Other operating expenses	-	-59
Operating profit	-	-59
Profit before tax	-	-59
Income tax	-	50
Net profit	-	-9

25 Equity**Specification of other reserves**

SEK M	Hedging reserve		Translation reserve		Total	
	2015	2014	2015	2014	2015	2014
Opening balance, translation differences	-108	-24	339	-1,149	231	-1,173
Cash-flow hedging						
Fair value	-216	-104			-216	-104
Tax on fair value	3	23			3	23
Transfers to profit and loss	41	-4			41	-4
Tax on transfers to profit and loss	-9	1			-9	1
Changes for the year attributable to translation of companies after tax			-452	2,284	-452	2,284
Hedging of net investment after tax			-25	-796	-25	-796
Closing balance	-289	-108	-138	339	-427	231

Accumulated translation differences are recorded from January 1, 2004.

Of transfers from the hedging reserve to profit and loss during 2015, SEK 4 M (neg: 1) caused a decline in the Group's financial interest expenses and SEK 37 M (pos: 5) caused a decline in operating profit.

The Board of Directors and President propose that a dividend of SEK 4.00 (3.75) per share to be paid for 2015, totaling SEK 1,084 M (1,017).

Trelleborg AB's share capital at December 31, 2015 amounted to SEK 2,620,360,569, represented by 271,071,783 shares with a par value of SEK 9.67 each.

Class of share	No. of shares	% of total	No of votes	% of total
Series A	28,500,000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	271,071,783	100.00	527,571,783	100.00

Change in total number of shares	2015	2014
January 1	271,071,783	271,071,783
Change during the year	-	-
December 31	271,071,783	271,071,783

No treasury shares are held.

26 Interest-bearing liabilities

Interest-bearing non-current liabilities

SEK M	2015	2014
Liabilities to credit institutions	5,267	4,160
Other interest-bearing liabilities	35	34
Derivative instruments (Note 22)	0	29
Total	5,302	4,223

Interest-bearing current liabilities

SEK M	2015	2014
Liabilities to credit institutions	3,917	3,734
Bank overdraft facilities	6	477
Other interest-bearing liabilities	25	32
Derivative instruments (Note 22)	129	250
Total	4,077	4,493
Total interest-bearing liabilities	9,379	8,716

Since borrowing essentially only takes place at variable interest, the fair value is deemed to correspond to the carrying amount.

The Group's outstanding interest-bearing liabilities at year-end 2015, adjusted for any derivative financial instruments, have the following currency distribution, effective interest rates and fixed-interest terms

	Amount		Effective interest rate,		Fixed-interest term	
	2015	2014	2015	2014	2015	2014
EUR	4,298	3,838	2.2	2.7	614	617
GBP	188	306	3.9	2.9	2,255	1,517
SEK	1,395	959	0.9	1.3	575	132
USD	3,344	3,271	2.4	1.8	1,011	498
Other	154	342	5.5	2.6	65	26
Total	9,379	8,716	2.2	2.2	775	527

The Group's interest-bearing liabilities (utilized amounts at closing date)

	2015		2014	
	SEK M	Expiry, year	SEK M	Expiry, year
Non-current				
Syndicated loan, EUR tranche EUR 714 M	0	2020	0	2019
Syndicated loan, USD tranche USD 563 M	1,425	2020	992	2019
Syndicated loan, EUR tranche EUR 36 M	0	2019	0	2019
Syndicated loan, USD tranche USD 62 M	158	2019	110	2019
Medium Term Note SEK 550 M	549	2021	549	2021
Medium Term Note SEK 450 M	449	2021	449	2021
Medium Term Note SEK 300 M	300	2022	–	–
Medium Term Note EUR 50 M	457	2018	476	2018
Medium Term Note EUR 110 M	1,006	2017	1,048	2017
Medium Term Note EUR 45 M	411	2021	–	–
Schuldscheindarlehen EUR 41 M + EUR 14 M	503	2019	524	2019
Capitalized borrowing costs	-66	2017–2021	-67	2016–2021
Other interest-bearing liabilities	110	2017	113	2016
Derivative instruments	–	–	29	2021
Total non-current	5,302		4,223	
Current				
Commercial paper program	2,408	2016	859	2015
Bank overdraft facilities	6	2016	477	2015
Bond, EUR 50 M	–	–	476	2015
Other current loans	1,509	2016	2,399	2015
Other interest-bearing liabilities	25	2016	32	2015
Derivative instruments	129	2016	250	2015
Total current	4,077		4,493	
Total	9,379		8,716	

Committed confirmed and uncommitted confirmed credit facilities

SEK M	2015			2014		
	Total	Utilized	Unutilized	Total	Utilized	Unutilized
Committed confirmed credit facilities						
Syndicated loan EUR 714 M + USD 563 M (expires 2020)	11,228	1,425	9,803	11,196	992	10,204
Syndicated loan EUR 36 M + USD 62 M (expires 2019)	851	158	693	831	110	721
Multicurrency Term Facility EUR 725 M + USD 300 M (expires 2016/2017)	9,136	0	9,136	–	–	–
Bilateral credit facilities	1,509	1,509	0	2,286	2,286	0
Overdraft facilities (expire 2016)	458	0	458	453	156	297
Total	23,182	3,092	20,090	14,766	3,544	11,222
Uncommitted confirmed credit facilities						
Bank overdraft facilities	1,353	6	1,347	1,372	322	1,050

In addition to the above credit facilities, the Group also commanded unconfirmed credit facilities amounting to approximately SEK 900 M at year-end 2015.

The EUR 750 M and USD 625 M syndicated loan, most of which matures in 2020, is subject to one financial covenant that stipulates a maximum net debt/equity ratio. At year-end 2015, there was ample headroom in relation to this covenant.

27 Financial risk management

For a description of the Group's financial risks and policies regarding financial risks, see the "Financial risks" section on pages 60–61.

Translation risks – Balance sheet

When translating the balance sheets of the Group's foreign subsidiaries to SEK, there is a risk that the Group's balance sheet will be impacted by changes in exchange rates. The Group has significant net investments in foreign subsidiaries and joint ventures/associated companies.

If SEK appreciates by 1 percentage point in relation to all currencies in which the Trelleborg Group has foreign net investments, there would be a negative change in shareholders' equity of SEK 204 M (neg: 165).

Currency distributions, hedge ratios and a sensitivity analysis are presented in the table below.

Currency	Net investment, SEK M	Currency hedges, %	Effect on equity, if SEK 1% stronger, SEK M
EUR	13,612	39	-95
GBP	2,538	20	-22
USD	3,687	47	-23
Other	7,318	13	-64
Total 2015	27,155	31	-204
Total 2014	24,370	41	-165

Interest rate risk

The Group seeks a balance between a reasonable current cost of borrowing and the risk of having a significantly negative impact on earnings in the event of a sudden major movement in interest rates. Trelleborg employs interest rate hedging where appropriate.

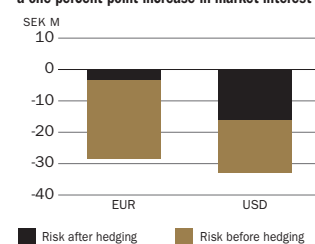
The Group's average interest-bearing net debt amounted to SEK 7,736 M (6,418) during the year. Net financial items corresponded to 2.0 percent (2.1) of the average interest-bearing net debt. Net interest income excluding borrowing costs corresponded to 1.3 percent (1.7).

At year-end, gross debt, including derivative instruments, had an average fixed-interest term of 26 months (18) and interest-bearing investments of 4 months (8). The average fixed interest term on net debt at year-end was about 37 months (20).

Based on the level of interest-bearing net debt on December 31, 2015, a 1 percentage point rise in market interest rates in all currencies in which the Group has loans or investments would have a negative impact on the financial net of approximately SEK 20 M (neg: 50) for 2016. The currencies with the greatest impact are EUR and USD. Taking into account the interest rate hedges in place at year-end 2015, and for which hedge accounting has been applied, an increase of 1 percentage point in the market interest rates in currencies that have been hedged would have a positive impact on comprehensive income of SEK 115 M (74) after tax effects.

For further analysis of the accounting of the Group's borrowing, see Note 26. Outstanding interest-bearing investments are analysed in Notes 15, 21 and 23.

Impact in 2016 on consolidated interest expenditure of a one percent point increase in market interest rates



Financial credit risk exposure

The Group's Treasury Policy contains a specific counterparty regulation that stipulates the maximum level of credit risk exposure to various counterparties. A follow-up in relation to credit limits is conducted on an ongoing basis.

Counterparties have been subdivided into three categories: A, B and C. Category A contains counterparties and their fully guaranteed subsidiaries that hold Issuer Ratings from two of the following three rating institutes with a minimum of the following ratings or better: Moody's (Aa3/stab/P-1), Standard & Poor's (AA-/stab/A-1), Fitch (AA-/stab/F1).

Loans from the Trelleborg Group to institutions in category A may not exceed SEK 1,000 M or equivalent, including the value of unrealized gains in derivative instruments.

Category B comprises counterparties and their fully guaranteed subsidiaries that cannot be included in category A and that hold an Issuer Rating from two of the following three rating institutes with a minimum of the following rating or better: Moody's (A3/stab/P-1), Standard & Poor's (A-/stab/A-1), Fitch (A-/stab/F1). Counterparties in category B may borrow a maximum of SEK 500 M or equivalent, including the value of unrealized gains in derivative instruments, from the Trelleborg Group.

Category C encompasses counterparties outside categories A and B that the Group requires to fulfill its operational needs.

Exposure to counterparties in category C may not exceed SEK 50 M per counterparty.

The table below presents the Group's credit risk exposure for interest-bearing receivables, cash and cash equivalents and derivative instruments at December 31, 2015 subdivided by category.

Category	Interest-bearing receivables		Cash and cash equivalents		Derivative instruments – unrealized gains, gross		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
A	0	0	323	135	80	23	403	158
B	136	100	1,908	728	157	129	2,201	957
C	0	0	321	278	31	4	352	282
Total	136	100	2,552	1,141	268	156	2,956	1,397

At the end of 2015, cash and cash equivalents in category B were allocated among 25 counterparties and included short-term bank investments totaling SEK 1,253 M. The total credit exposure in category C at year-end 2015 was divided among more than 45 counterparties. All individual credit exposures in category C amounted to less than SEK 50 M.

Credit risk exposure associated with derivative instruments is determined as the fair value on the closing date. On December 31, 2015, the total counterparty risk associated with derivative instruments (calculated as net receivable per counterparty) was SEK 46 M (1), taking into account ISDA agreements.

In addition to the amounts presented in the table above, the Group also has interest-bearing loan receivables of SEK 154 M (147) due from third parties.

Liquidity analysis for financial instruments

The table on next page shows the Group's financial liabilities and the net settlement of derivative instruments comprising financial liabilities, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2015

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	-4,060	-5,464	-300	-9,824
Interest rate swaps with negative fair value	-29	-88	-30	-147
Accounts payable	-2,118	-	-	-2,118
Total	-6,207	-5,552	-330	-12,089
Accounts receivable	3,537	-	-	3,537
Interest rate swaps with positive fair value	-	2	2	4
Net flow	-2,670	-5,550	-328	-8,548

At December 31, 2014

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	-4,353	-3,617	-999	-8,969
Interest rate swaps with negative fair value	-54	-85	-24	-163
Accounts payable	-2,299	-	-	-2,299
Total	-6,706	-3,702	-1,023	-11,431
Accounts receivable	3,732	-	-	3,732
Interest rate swaps with positive fair value	-	3	-	3
Net flow	-2,974	-3,699	-1,023	-7,696

The table below shows the Group's financial derivative instruments that will be settled gross, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2015

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Foreign-exchange contracts				
-outflow	-28,592	-	-	-28,592
-inflow	28,485	-	-	28,485
Basis swap contracts				
-outflow	-5	-563	-	-568
-inflow	4	567	-	571
Total	-108	4	-	-104

At December 31, 2014

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Foreign-exchange contracts				
-outflow	-23,828	-	-	-23,828
-inflow	23,666	-	-	23,666
Basis swap contracts				
-outflow	-10	-1,049	-	-1,059
-inflow	16	1,033	-	1,049
Total	-156	-16	-	-172

28 Financial instruments by category and measurement level

A description of each category and the calculation of fair value are presented in the section "Accounting policies" and in the table below.

SEK M	Loan receivable and accounts receivable	Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total SEK M
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	97	2	171	2	268
Financial non-current assets	146	-	-	-	-	146
Accounts receivable	3,537	-	-	-	-	3,537
Interest-bearing receivables	144	-	-	-	-	144
Cash and cash equivalents	2,552	-	-	-	-	2,552
Total	6,379	97	2	171	2	6,647
Liabilities at fair value in profit and loss						
Other financial liabilities						
Derivative instruments	-	134	2	377	2	511
Interest-bearing non-current liabilities	5,302	-	-	-	-	5,302
Interest-bearing current liabilities	3,948	-	-	-	-	3,948
Accounts payable	2,118	-	-	-	-	2,118
Total	11,368	134	2	377	2	11,879

The measurement of all financial assets and liabilities at fair value on the closing date was based on observable data (Level 2 in accordance with the fair-value hierarchy).

Measurement techniques used to measure fair values in Level 2

Derivatives in level 2 comprise foreign-exchange forwards and interest rate swaps, and are primarily used for hedging purposes, but also for trading. Fair-value measurement for foreign-exchange forwards is based on published forward rates in an active market. Measurement of interest rate swaps is based on forward interest rates based on observable yield curves. Discounting has no significant impact on the measurement of derivatives in Level 2.

Disclosures on fair value of borrowing and other financial instruments

Essentially all loans have variable interest rates and thus their fair value is largely deemed to correspond to their carrying amounts. The fair value of other financial instruments is also deemed to correspond to their carrying amounts.

SEK M	Loan receivable and accounts receivable	Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	245	2	-79 ¹⁾	2	166
Financial non-current assets	141	-	-	-	-	141
Accounts receivable	3,732	-	-	-	-	3,732
Interest-bearing receivables	106	-	-	-	-	106
Cash and cash equivalents	1,141	-	-	-	-	1,141
Total	5,120	245	2	-79	2	5,286

SEK M	Other financial liabilities	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Liabilities in the balance sheet						
Derivative instruments	-	121	2	399	2	520
Interest-bearing non-current liabilities	4,194	-	-	-	-	4,194
Interest-bearing current liabilities	4,243	-	-	-	-	4,243
Accounts payable	2,299	-	-	-	-	2,299
Total	10,736	121	2	399	2	11,256

¹⁾ Of which a negative SEK 108 M relates to netted contracts.

Offsetting of financial derivative instruments

To limit credit risks in receivables from banks related to derivative instruments, Trelleborg has entered into netting agreements, under ISDA agreements, with most of its counterparties.

The disclosures in the table below include financial assets and liabilities that are subject to legally binding framework agreements on netting or similar agreements that cover financial instruments.

SEK M	At December 31, 2015			At December 31, 2014		
	Financial assets	Financial liabilities	Total	Financial assets	Financial liabilities	Total
Gross amount	268	-511	-243	322	-676	-354
Amount offset	-	-	-	-156	156	0
Recognized in balance sheet	268	-511	-243	166	-520	-354
Amounts encompassed by netting agreements	-222	222	0	-165	165	0
Net amount after netting agreements	46	-289	-243	1	-355	-354

29 Non-interest-bearing liabilities**Other non-current liabilities**

SEK M	2015	2014
Other non-interest-bearing liabilities	20	22
Derivative instruments (Note 22)	118	109
Total	138	131

Other current liabilities

SEK M	2015	2014
Advance payment from customers	101	282
Accounts payable	2,118	2,299
Bills payable	42	33
Liabilities to joint ventures/associated companies	1	4
Other non-interest-bearing liabilities	297	319
Derivative instruments (Note 22)	236	59
Accrued expenses and prepaid income (Note 32)	1,461	1,618
Total	4,256	4,614

Total non-interest-bearing liabilities

2015	2014
4,394	4,745

Liabilities are recognized at amounts that correspond to fair value.

30 Provisions for pensions and similar items

Specification of costs

SEK M	2015	2014
Costs for services during current year ¹⁾	35	28
Interest on the obligation	47	43
Anticipated return on plan assets ²⁾	-28	-27
Actuarial gains and losses recognized for the year	-1	0
Curtailment and settlement	-5	-14
Past service cost	1	5
Total cost of defined benefit plans	49	35
Cost of defined contribution plans	182	178
Total pension costs	231	213

¹⁾ Includes administrative expenses, taxes and risk premiums.

²⁾ Adjusted for limitation of defined benefit asset and IFRIC 14.

Specification of pension liability in the balance sheet

SEK M	2015	2014
Present value of funded obligations	869	840
Fair value of plan assets	-748	-725
Surplus/deficit in funded plans	121	115
Present value of unfunded obligations	434	468
Total defined benefit plans	555	583
Defined contribution plans	14	4
Net pension liability	569	587
of which, recognized as plan assets	27	18
Closing balance, pension liability	596	605

Change in defined benefit obligations

SEK M	Present value of obligation	Fair value of plan assets	Total
On January 1, 2014	1,186	-736	450
Costs for services during current year ³⁾	22	6	28
Interest expenses/(income) ⁴⁾	43	-26	17
Past service cost	5	0	5
Gains and losses from settlements	-116	102	-14
	-46	82	36
Revaluations:			
Return on plan assets excluding amounts included in interest expenses/(income)	0	-24	-24
(Gain)/loss due to changed demographic assumptions	31	0	31
(Gain)/loss due to changed financial assumptions	100	0	100
Experience-based (gains)/losses	-13	0	-13
	118	-24	94
Exchange rate differences	136	-96	40
Contributions:			
Employer	0	-94	-94
Employees encompassed by the plan	3	-3	0
Payments:			
Payments made from plans	-119	119	0
Payments made directly from companies	-51	51	0
Assumed through business combinations	81	-24	57
Transfers or change in scope	-	-	-
At December 31, 2014	1,308	-725	583
On January 1, 2015	1,308	-725	583
Costs for services during current year ³⁾	31	4	35
Interest expenses/(income) ⁴⁾	46	-28	18
Past service cost	1	0	1
Gains and losses from settlements	-5	0	-5
	73	-24	49
Revaluations:			
Return on plan assets excluding amounts included in interest expenses/(income)	0	24	24
(Gain)/loss due to changed demographic assumptions	-16	0	-16
(Gain)/loss due to changed financial assumptions	-5	0	-5
Experience-based (gains)/losses	-7	0	-7
	-28	24	-4
Exchange rate differences	25	-33	-8
Contributions:			
Employer	0	-69	-69
Employees encompassed by the plan	4	-4	0
Payments:			
Payments made from plans	-44	44	0
Payments made directly from companies	-40	40	0
Assumed through business combinations	0	0	0
Transfers or change in scope ⁵⁾	4	0	4
At December 31, 2015	1,302	-747	555

³⁾ Including administrative expenses.

⁴⁾ Adjusted for limitation of defined benefit asset and IFRIC 14.

⁵⁾ The transfers are attributable to provisions for pensions according to local accounting policies in South Korea and Mexico that were recognized in accordance with IFRS 2015.

Defined benefit pension obligation and composition of plan assets per country

SEK M	2015				Total
	U.S.	France	U.K.	Other	
Present value of funded obligations	526	0	126	217	869
Fair value of plan assets	-419	0	-137	-192	-748
Total	107	0	-11	25	121
Present value of unfunded obligations	13	154	0	267	434
Total defined benefit plans	120	154	-11	292	555

SEK M	2014				Total
	U.S.	France	U.K.	Other	
Present value of funded obligations	520	0	132	188	840
Fair value of plan assets	-412	0	-138	-175	-725
Total	108	0	-6	13	115
Present value of unfunded obligations	12	168	-	288	468
Total defined benefit plans	120	168	-6	301	583

Key actuarial assumptions, %	2015				Group average
	U.S.	France	U.K.	Other	
Discount rate	4.4	2.1	3.9	2.7	3.5
Inflation	2.5	1.8	2.1	2.0	2.0
Salary increases	0.3	2.4	0.0	2.8	2.8

Key actuarial assumptions, %	2014				Group average
	U.S.	France	U.K.	Other	
Discount rate	4.4	2.0	3.8	2.8	3.5
Inflation	3.5	2.0	2.3	2.2	2.7
Salary increases	0.5	2.4	0.0	3.2	3.2

Life expectancy	2015				Average
	U.S.	France	U.K.	Other	
Life expectancy for a 45-year-old man at the age of 65	22.9	18.4	22.6	21.5	21.5
Life expectancy for a 65-year-old man at the age of 65	21.2	18.4	21.0	20.5	20.4
Life expectancy for a 45-year-old woman at the age of 65	24.9	22.6	25.1	24.5	24.2
Life expectancy for a 65-year-old woman at the age of 65	23.2	22.6	23.3	23.6	23.0

Life expectancy	2014				Average
	U.S.	France	U.K.	Other	
Life expectancy for a 45-year-old man at the age of 65	24.0	18.3	23.0	20.8	21.7
Life expectancy for a 65-year-old man at the age of 65	21.6	18.3	21.2	20.1	20.3
Life expectancy for a 45-year-old woman at the age of 65	27.2	22.5	25.6	24.0	24.9
Life expectancy for a 65-year-old woman at the age of 65	23.8	22.5	23.6	23.3	23.1

Sensitivity in the defined benefit obligation to changes in the key weighted assumptions

SEK M	Increase of +0.25% in assumptions ⁶⁾				Total
	U.S.	France	U.K.	Other	
Discount rate	-15.5	-4.2	-3.8	-17.4	-40.9
Inflation	0.0	4.3	4.2	6.6	15.1
Salary increases	0.7	4.3	0.0	2.4	7.4

Life expectancy	Increase of 1 year in assumption				Total
	U.S.	France	U.K.	Other	
	14.5	0.1	4.6	11.4	30.6

SEK M	Decrease of -0.25% in assumptions ⁶⁾				Total
	U.S.	France	U.K.	Other	
Discount rate	16.3	4.3	3.9	18.6	43.1
Inflation	0.0	-4.1	-4.0	-6.4	-14.5
Salary increases	-0.6	-4.1	0.0	-2.4	-7.1

Life expectancy	Decrease of 1 year in assumption ⁷⁾				Total
	U.S.	France	U.K.	Other	

⁶⁾ The increase in the defined benefit obligation is shown as positive and the decrease as negative.

⁷⁾ Not applicable.

The sensitivity analyses above are based on a change in one assumption, with all other assumptions remaining constant. In practice, it is unlikely that this will occur and some of the changes in the assumptions may be correlated. The calculation of sensitivity in the defined benefit obligation for key actuarial assumptions uses the same method (the present value of the defined benefit obligation applying the projected unit credit method at the end of the reporting period) as used in the calculation of pension liabilities recognized in the balance sheet.

Composition of plan assets

SEK M	2015			
	Listed	Unlisted	Total	%
Equity instruments	333	0	333	44.5
Debt instruments (government bonds and corporate bonds)	246	0	246	32.9
Properties	17	0	17	2.2
Other (including cash and cash equivalents and insurance)	30	122	152	20.4
Total	626	122	748	100.0

SEK M	2014			
	Listed	Unlisted	Total	%
Equity instruments	305	0	305	42.1
Debt instruments (government bonds and corporate bonds)	232	0	232	32.0
Properties	20	0	20	2.8
Other (including cash and cash equivalents and insurance)	48	120	168	23.1
Total	605	120	725	100.0

Contributions to plans for post-employment benefits for the 2016 fiscal year are expected to amount to SEK 70 M. The weighted average term of the pension obligation is 13 years.

Pension insurance with Alecta

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. According to a statement issued by the Swedish Financial Reporting Board, UFR 3, this constitutes a multi-employer defined benefit plan. For the 2015 fiscal year, the Group did not have access to such information that would enable the Group to report its proportionate share of the plan's obligations, plan assets and costs, which meant that it was not possible to report the plan as a defined benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The premium for the defined benefit retirement pension is individual and is determined by such factors as the insured's age, salary and previously earned pension. Expected contributions for pension insurance in the next reporting period taken out with Alecta total SEK 10 M. The Group pays an insignificant amount of this plan.

The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19. Collective consolidation, in the form of collective consolidation ratio, is normally permitted to vary between 125 percent and 155 percent. If Alecta's collective consolidation ratio falls below 125 percent or exceeds 155 percent, measures are taken to create conditions to return the collective consolidation ratio to the normal interval. Alecta's surplus can be distributed to the policyholders and/or the insured if the collective consolidation ratio exceeds 155 percent. However, Alecta applies premium reductions to avoid a surplus from arising. At December 31, 2015, Alecta's surplus corresponded to a collective consolidation ratio of 153 percent (143).

Some of the trade-union members working at Trelleborg Coated Systems US Inc are part of the National Retirement Fund (NRF), a U.S. multi-employer pension plan. For the 2015 fiscal year, the company did not have access to information that would enable the company to record this plan as a defined benefit plan. Consequently, the plan is recorded as a defined contribution plan. The contribution to the pension plan is determined based on the salary mass of the plan participants and a fixed amount per plan participants. The Group's shares of the pension plan amounted to approximately 0.06 percent of the total contributions to the pension plan.

31 Other provisions

SEK M	Restructuring programs		Other provisions		Total	
	2015	2014	2015	2014	2015	2014
Opening balance	74	122	253	283	327	405
Reclassification	-	0	-16	-8	-16	-8
Reversals	0	-2	-21	-43	-21	-45
Provisions for the year	108	28	127	105	235	133
Acquisitions for the year	-	0	17	0	17	0
Divestments	-	0	-	-2	0	-2
Utilized during the year	-87	-80	-56	-101	-143	-181
Translation difference	-1	6	-6	19	-7	25
Closing balance	94	74	298	253	392	327
Of which, non-current provisions					121	89
Of which, current provisions					271	238
Of which, provisions for environmental commitments					61	62

Closing balances for restructuring programs relate primarily to reorganizations and the focusing of operations in Trelleborg Coated Systems, Trelleborg Offshore & Construction and Trelleborg Sealing Solutions.

Closing balances for other provisions relate primarily to environmental commitments and guarantee provisions.

32 Accrued expenses and prepaid income

SEK M	2015	2014
Interest	15	16
Wages and salaries	607	670
Payroll overheads	121	138
Pension expenses	17	17
Tools	11	8
Derivative instruments (Note 22)	28	73
Other	662	696
Total	1,461	1,618

33 Contingent liabilities and pledged assets

SEK M	2015	2014
Contingent liabilities		
Pension obligations	8	8
Guarantees and other contingent liabilities ¹⁾	20	35
Total	28	43
Pledged assets		
Plant and machinery	0	0
Total	0	0

¹⁾ Of which SEK 18 M (30) pertains to TrelleborgVibracoustic. Liabilities are recognized at amounts corresponding to fair value.

34 Acquisitions**2015****Acquisitions in the Trelleborg Coated Systems business area**

An operation in Austria offering conversion of coated fabrics and printing blanket sales.

Acquisitions in the Trelleborg Offshore & Construction business area

Maritime International, a company that designs and manufactures marine fender systems and other quay accessories.

Marimatech A/S, a company in marine navigation and piloting systems.

Acquisitions in the Trelleborg Sealing Solutions business area

The remaining 50 percent of the shares in Trelleborg Sealing Solutions Silcotech Bulgaria OOD.

Acquisitions in the Trelleborg Wheel Systems business area

D.G. Manutention Services SAS whose business specializes in the distribution and service of industrial tires.

Armstrong Tyres, an Australian service and distribution company of agricultural tires.

The remaining 40 percent of the shares in Trelleborg Industrial Tyres Mexico SA de CV.

Standard Tyres Group, a Brazil-based privately-owned company which produces industrial tires.

For more information about these acquisitions, refer to page 29.

Carrying amounts of identifiable acquired assets and assumed liabilities

SEK M	2015	2014
Intangible assets	15	637
Property, plant and equipment	48	199
Deferred tax assets	5	7
Interest-bearing receivables	1	0
Inventories	57	127
Operating receivables	104	260
Current tax assets	0	9
Cash and cash equivalents	21	25
Non-controlling interests	20	46
Deferred tax liabilities	-1	-34
Interest-bearing liabilities	-41	-78
Pension obligations	-13	-61
Other provisions	-17	-11
Current tax liabilities	0	-17
Operating liabilities	-72	-281
Net assets	127	828
Goodwill	535	1,031
Total purchase consideration	662	1,859
Cash and cash equivalents and other net debt in acquired operations	19	53
Cash flow effect	681	1,912

Business combinations for the year contributed SEK 90 M to net sales.

Goodwill of SEK 535 M that arose on the basis of acquisitions for the year was attributable to acquired non-separable customer relationships and synergy effects expected after the acquisition.

The fair value of acquired, identifiable, intangible assets is provisional pending final measurement of these assets.

Acquisition-related costs of SEK 50 M are included in the consolidated income statement for 2015.

2014**Acquisitions in 2014.**

The industrial tire business of Pircher Alfred s.a.s., the pipe seal business of Max Seal, the industrial hose business of Superlas Group and the coated fabric business of Uretek Archer Group.

35 Events after the closing date

No significant events have been reported after the close of the period.

Parent Company Trelleborg AB's income statements

SEK M	Note	2015	2014
Administrative expenses	36-37,40	-280	-301
Other operating income	38	395	380
Other operating expenses	38	-225	-201
Operating loss	39	-110	-122
Financial income and expenses	41	410	-382
Profit/loss after financial items		300	-504
Appropriations	42	567	152
Income tax	43	3	135
Net profit/loss		870	-217

Statements of comprehensive income

Net profit/loss	870	-217
Total comprehensive income	870	-217

Cash-flow statements

<i>Operating activities</i>			
Operating loss		-110	-122
<i>Adjustment for items not included in cash flow:</i>			
Depreciation of property, plant and equipment	44	3	2
Amortization of intangible assets	45	1	1
Divestments and disposals	44	0	0
Other items not included in cash flow		41	29
		-65	-90
Cash dividend received		889	831
Interest received and other financial items		0	0
Interest paid and other financial items		-433	-605
Tax received/paid		67	-49
Cash flow from operating activities before changes in working capital		458	87
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		-13	-2
Change in operating liabilities		-56	-3
Cash flow from operating activities		389	82
<i>Investing activities</i>			
Acquisition of subsidiaries/capital contribution		-28	-138
Divestment of subsidiaries		0	55
Gross capital expenditures for property, plant and equipment	44	0	0
Gross capital expenditures for intangible assets	45	-	-4
Cash flow from investing activities		-28	-87
<i>Financing activities</i>			
Change in interest-bearing investments		293	893
Change in interest-bearing liabilities		363	-7
Dividend – shareholders of the Parent Company		-1,017	-881
Cash flow from financing activities		-361	5
Cash flow for the year		0	0
<i>Cash and cash equivalents:</i>			
At January 1		0	0
Cash and cash equivalents, December 31		0	0

Parent Company Trelleborg AB's balance sheets

December 31, SEK M	Note	2015	2014
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	44	19	22
Intangible assets	45	3	4
Financial non-current assets	46-47	35,623	35,585
Deferred tax assets	48	137	134
Total non-current assets		35,782	35,745
<i>Current assets</i>			
Current operating receivables	49	107	64
Current tax assets		-	67
Interest-bearing receivables	50	622	297
Cash and cash equivalents		0	0
Total current assets		729	428
TOTAL ASSETS		36,511	36,173
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital		2,620	2,620
Statutory reserve		1,130	1,130
Total restricted equity		3,750	3,750
<i>Non-restricted equity</i>			
Profit brought forward		6,709	7,943
Net profit/loss for the year		870	-217
Total non-restricted equity		7,579	7,726
Total equity		11,329	11,476
Untaxed reserves	42	-	-
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	54	4,378	4,379
Provisions for pensions and similar items	52	11	5
Other provisions	53	18	11
Total non-current liabilities		4,407	4,395
<i>Current liabilities</i>			
Interest-bearing current liabilities	54	20,590	20,125
Tax liabilities		0	-
Other current liabilities	55-56	185	177
Total current liabilities		20,775	20,302
TOTAL EQUITY AND LIABILITIES		36,511	36,173
Contingent liabilities	57	10,271	9,600
Pledged assets	57	-	-

Change in equity

Equity SEK M	Restricted equity		Non-restricted equity		Total	
	2015	2014	2015	2014	2015	2014
Opening balance, January 1	3,750	3,750	7,726	8,824	11,476	12,574
<i>Changes for the year:</i>						
Dividend			-1,017	-881	-1,017	-881
Net profit/loss for the year			870	-217	870	-217
Closing balance, December 31	3,750	3,750	7,579	7,726	11,329	11,476

See also Note 51.

36 Employees and employee benefits**Average number of employees**

	2015			2014		
	Women	Men	Total	Women	Men	Total
Sweden	19	38	57	19	38	57

Gender distribution in executive management positions, %

	2015	2014
Percentage of women in executive positions on Board of Directors	0	0
	33	25

Employee benefits, other remuneration and payroll overheads

2015	Board and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	Of which, pension costs
SEK M						
Sweden	26	17	45	88	54	22

See also Note 3.

2014	Board and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	Of which, pension costs
SEK M						
Sweden	24	16	42	82	43	15

See also Note 3.

37 Auditor's remuneration

SEK M	2015	2014
PricewaterhouseCoopers		
Audit assignment	4	4
Audit activities other than audit assignment	1	1
Tax consultancy services	3	2
Other services	2	2
Total	10	9

38 Other operating income and expenses

SEK M	2015	2014
Sales of services to other Group companies	390	377
Sales of external services	2	1
Exchange rate differences	3	2
Other	0	0
Total other operating income	395	380
Purchase of services from other Group companies	-161	-155
Exchange rate differences	-2	-4
Other	-62	-42
Total other operating expenses	-225	-201
Total	170	179

39 Expenses by nature

SEK M	2015	2014
Employee benefits	-142	-125
Depreciation/amortization	-4	-3
Other external costs	-134	-173
Other operating income/expenses	170	179
Total	-110	-122

40 Depreciation of PPE and amortization of intangible assets

SEK M	2015	2014
Improvement expenses on buildings owned by others	-1	-1
Equipment, tools, fixtures and fittings	-2	-1
Capitalized expenditure for R&D and similar	-1	-1
Total	-4	-3

41 Financial income and expenses

SEK M	2015	2014
<i>Income from participations in Group companies</i>		
Dividend	889	831
Impairment losses on shares in subsidiaries	-3	-618
Gain/loss from divestment/winding-up of subsidiary	-	50
Total	886	263
<i>Other interest income and similar profit items</i>		
Interest income, Group companies	0	0
Interest income, other	10	9
Exchange rate differences	0	8
Total	10	17
<i>Interest expenses and similar loss items</i>		
Impairment of other non-current securities holdings	-	0
Interest expenses, Group companies	-480	-661
Interest expenses, other	0	0
Exchange rate differences	-6	-1
Total	-486	-662
Total financial income and expenses	410	-382

42 Appropriations and untaxed reserves

SEK M	2015	2014
<i>Appropriations</i>		
Change in tax allocation reserve	-	19
Group contributions received	621	307
Group contributions paid	-54	-174
Total appropriations	567	152
<i>Untaxed reserves</i>		
Tax allocation reserve, 2013 tax assessment	-	19
Reversal, tax allocation reserve	-	-19
Total untaxed reserves	-	-

43 Income tax

SEK M	2015	2014
<i>Current tax expenses</i>		
Tax expenses/revenue for the period	-	-
Adjustment of tax attributable to prior years	0	1
Other tax	0	-1
Total	0	0
<i>Deferred tax expenses (-)/revenue (+)</i>		
Change in losses carried forward	3	135
Total	3	135
Total recognized tax expenses/revenue	3	135
<i>Reconciliation of tax</i>		
Profit/loss after financial items	300	-504
Calculated Swedish income tax, 22%	-66	111
Non-taxable dividends/income from shares in subsidiaries	195	194
Non-deductible impairment losses	-1	-136
Other non-deductible expenses/non-taxable revenue	0	0
Change in tax allocation reserve	-	-4
Group contributions received	-137	-68
Group contributions paid	12	38
Tax attributable to prior years	0	1
Other tax	0	-1
Total recognized tax expenses/revenue	3	135

44 Property, plant and equipment

SEK M	2015	2014
Improvement expenses on buildings owned by others	15	16
Equipment, tools, fixtures and fittings	4	6
Total	19	22

SEK M	Improvement expenses on buildings owned by others		Equipment, tools, fixtures and fittings		Total	
	2015	2014	2015	2014	2015	2014
<i>Accumulated cost</i>						
Balance, January 1	25	25	13	15	38	40
Capital expenditures	-	-	0	0	0	0
Divestments and disposals	-	-	0	-2	0	-2
Accumulated cost, December 31	25	25	13	13	38	38
<i>Accumulated depreciation according to plan</i>						
Balance, January 1	-9	-8	-7	-8	-16	-16
Divestments and disposals	-	-	0	2	0	2
Depreciation according to plan for the year	-1	-1	-2	-1	-3	-2
Accumulated depreciation, December 31	-10	-9	-9	-7	-19	-16
Carrying amount	15	16	4	6	19	22

Trelleborg AB has entered into operating lease agreements. Leasing costs for assets held via operating lease agreements are recognized as operating costs and amounted to SEK 2 M (2). Future payments for non-cancellable lease commitments amount to SEK 2 M (2) and fall due as follows:

SEK M	2015	2014
Year 1	1	1
Years 2-5	1	1
Total	2	2

45 Intangible assets

SEK M	2015	2014
Capitalized expenditure for R&D and similar	3	4
Total	3	4

SEK M	Capitalized expenditure for development work and the equivalent	
	2015	2014
<i>Accumulated cost</i>		
Balance, January 1	20	16
Capital expenditures	-	4
Accumulated cost, December 31	20	20
<i>Accumulated depreciation according to plan</i>		
Balance, January 1	-16	-15
Depreciation according to plan for the year	-1	-1
Accumulated amortization, December 31	-17	-16
Carrying amount	3	4

46 Financial non-current assets

SEK M	2015	2014
Participations in Group companies (Note 16 and Note 47)	35,123	35,098
Receivables from Group companies	337	337
Loan receivables	144	137
Other non-current securities holdings	9	9
Other non-current receivables	10	4
Total	35,623	35,585

47 Participations in Group companies

SEK M	2015	2014
Opening balance	35,098	35,573
Add:		
Acquisitions	16	-
Capital contributions	12	148
Less:		
Divestments/liquidation	0	-5
Impairment losses	-3	-618
Carrying amount	35,123	35,098

See also Note 16.

48 Change in deferred tax on temporary differences and losses carried forward

SEK M	Temporary differences:				Total deferred tax asset	
	Losses carried forward	Non-current assets	2015	2014	2015	2014
Balance, January 1	136	1	-2	-3	134	-2
<i>Recognized in profit and loss:</i>						
- Change in losses carried forward	3	135	-	-	3	135
- Temporary differences	-	-	0	1	0	1
Total	139	136	-2	-2	137	134

See also Note 43.

49 Current operating receivables

SEK M	2015	2014
Operating receivables, Group companies	31	5
Operating receivables, joint ventures/associated companies	-	1
Other current receivables	51	41
Prepaid expenses and accrued income	25	17
Total	107	64

50 Interest-bearing receivables

SEK M	2015	2014
Financial receivables, Group companies	621	297
Current portion of loan receivables	1	-
Total	622	297

51 Equity

SEK M	Restricted equity		Non-restricted equity		Total	
	2015	2014	2015	2014	2015	2014
Opening balance, January 1	3,750	3,750	7,726	8,824	11,476	12,574
<i>Changes for the year:</i>						
Dividend			-1,017	-881	-1,017	-881
Net profit/loss for the year			870	-217	870	-217
Closing balance, December 31	3,750	3,750	7,579	7,726	11,329	11,476

Trelleborg AB's share capital at December 31, 2015 amounted to SEK 2,620,360,569, represented by 271,071,783 shares with a par value of SEK 9.67 each.

Class of share	No. of shares	% of total	No of votes	% of total
Series A	28,500,000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	271,071,783	100.00	527,571,783	100.00

See also Note 25.

52 Provisions for pensions and similar items

SEK M	2015	2014
Provisions for pensions	11	5
Total	11	5

Pensions and similar costs amounted to SEK 22 M (15).

53 Other provisions

SEK M	2015	2014
Provision for long-term incentive program	13	10
Other provisions	5	1
Total	18	11

See also to Note 3.

54 Interest-bearing liabilities

Interest-bearing non-current liabilities		
SEK M	2015	2014
Other interest-bearing liabilities, Group companies ¹⁾	4,378	4,379
Total interest-bearing non-current liabilities	4,378	4,379

Interest-bearing current liabilities

SEK M	2015	2014
Other interest-bearing liabilities, Group companies	20,590	20,125
Total interest-bearing current liabilities	20,590	20,125

Total interest-bearing liabilities	24,968	24,504
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¹⁾ For the portion comprising effective hedging instruments, the carrying amount is SEK 4,346 M and the fair value is SEK 4,545 M.

55 Other current liabilities

SEK M	2015	2014
Accounts payable	59	32
Operating liabilities, Group companies	63	80
Other non-interest-bearing liabilities	5	5
Accrued expenses and prepaid income (Note 56)	58	60
Total	185	177

56 Accrued expenses and prepaid income

SEK M	2015	2014
Wages and salaries	36	36
Payroll overheads	11	12
Other	11	12
Total	58	60

57 Contingent liabilities and pledged assets

SEK M	2015	2014
<i>Contingent liabilities</i>		
Pension obligations	1	1
Guarantees and other contingent liabilities	10,270	9,599
Total	10,271	9,600
Of which, on behalf of the subsidiary Trelleborg Treasury AB	9,756	8,810
Of which, on behalf of other subsidiaries	497	760
<i>Pledged assets</i>	-	-

The Parent Company has issued guarantees for the subsidiary Trelleborg Treasury AB's operation. Of the obligations under these guarantees, direct loans accounted for SEK 9,195 M (8,257), the fair value of derivative instruments for SEK 498 M (510) and other contingent liabilities for SEK 63 M (43) on the closing date.

Proposed treatment of unappropriated earnings

The Board of Directors and the President propose that the profit brought forward from the preceding

year, SEK 000s	6,709,483
and net profit for the year, SEK 000s	869,340
Total, SEK 000s	7,578,823

be distributed in the following manner:

Dividend to shareholders of SEK 4.00 per share, SEK 000s	1,084,287
balance to be carried forward, SEK 000s	6,494,536
Total, SEK 000s	7,578,823

The proposed record date for the right to a dividend is April 25, 2016.

The members of the Board are of the opinion that the proposed dividend is justifiable considering the demands on the Group's equity imposed by the type, scope and risks of the business and with regard to the Group's consolidation requirements, liquidity and overall position. The proposed dividend reduces the Group's equity/assets ratio from 54.1 percent to 52.7 percent and the Parent Company's equity/assets ratio from 31.0 percent to 28.9 percent, calculated on December 31, 2015.

The Board of Directors and President affirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with the generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position.

The statutory Board of Directors' Report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and Parent Company's operations, profit and financial position and describes significant risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Trelleborg, February 19, 2016



Sören Mellstig
Chairman



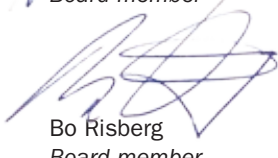
Hans Björck
Board member



Jan Carlson
Board member



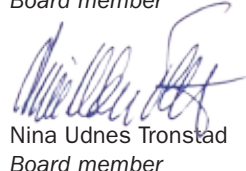
Claes Lindqvist
Board member



Bo Risberg
Board member



Anne Mette Olesen
Board member



Nina Udnes Tronstad
Board member



Heléne Vibbleus
Board member



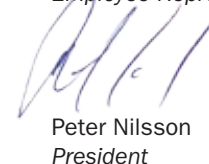
Göran Andersson
Employee Representative



Peter Larsson
Employee Representative



Mikael Nilsson
Employee Representative

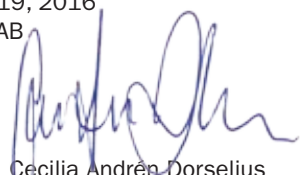


Peter Nilsson
President

Audit report submitted February 19, 2016
PricewaterhouseCoopers AB



Mikael Eriksson
Authorized Public Accountant
Auditor in charge



Cecilia Andrén Dorselius
Authorized Public Accountant

Auditor's Report for Trelleborg AB

Corporate Registration number 556006-3421

To the annual meeting of the shareholders of Trelleborg AB (publ)

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Trelleborg AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 1–23 and 55–113.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Trelleborg AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

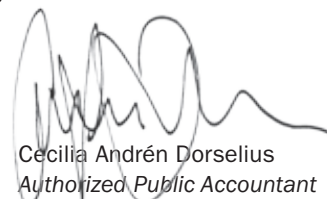
Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Trelleborg, February 19, 2016
PricewaterhouseCoopers AB



Mikael Eriksson
Authorized Public Accountant
Auditor in charge



Cecilia Andrén Dorselius
Authorized Public Accountant

Assurance Report

Independent Auditor's Limited Assurance Report on the Sustainability Report

(This is the translation of the auditor's report in Swedish.)

To Trelleborg AB (publ)

Introduction

We have been engaged by the Group Management of Trelleborg AB (publ) ("Trelleborg") to undertake an examination of Trelleborg's Corporate Responsibility (CR) Report ("Sustainability Report") for the year 2015. The Company has defined the scope of the Sustainability Report in the table of contents.

Responsibilities of the Board and Management for the Sustainability Report

The Board of Directors and the Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 42 in the Sustainability Report, and are the parts of the *Sustainability Reporting Guidelines* (published by The Global Reporting Initiative, GRI) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 *Assurance of Sustainability Reports* issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

The firm applies ISQC 1 (*International Standard on Quality Control*) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

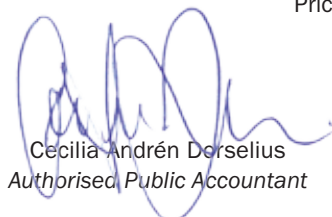
Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

Trelleborg, February 19, 2016
PricewaterhouseCoopers AB



Cecilia Andrén Dorselius
Authorised Public Accountant



Fredrik Ljungdahl
Expert Member of FAR

Ten-year overview

Trelleborg Group (SEK M unless otherwise stated)	2015	2014	2013	2012 ¹⁾	2011	2010	2009	2008	2007	2006
Continuing operations										
Net sales	24,803	22,533	21,473	21,262	21,043	19,735	18,605	21,502	20,346	17,437
Operating profit	3,471	3,073	2,440	2,430	2,093	1,667	704	1,394	1,732	1,326
Profit before tax	3,318	2,939	2,243	2,276	1,929	1,501	393	1,017	1,469	1,182
Net profit/loss	2,605	2,236	1,656	1,788	1,333	1,089	409	749	1,082	845
Net profit, discontinuing operations	-	-9	-39	269	505	94	10	-1,007	-244	-79
Total net profit/loss	2,605	2,227	1,617	2,057	1,838	1,183	419	-258	838	766
- shareholders of the Parent Company	2,603	2,221	1,609	2,042	1,819	1,162	409	-267	821	751
- non-controlling interests	2	6	8	15	19	21	10	9	17	15
Equity	18,622	17,776	14,877	14,012	13,504	12,196	12,361	10,238	10,052	9,687
Capital employed, closing balance	24,937	24,575	20,263	19,233	19,574	18,091	19,755	22,238	19,853	18,818
Net debt	6,282	7,195	5,637	5,360	6,425	6,409	8,369	12,706	10,093	9,350
Total assets	34,390	33,067	27,288	27,224	28,691	27,314	29,539	33,763	29,334	27,557
Equity/assets ratio, %	54	54	55	51	47	45	42	30	34	35
Net debt/equity ratio, %	34	40	38	38	48	53	68	124	100	96
Capital turnover rate, multiples	0.9	1.0	1.1	1.3	1.5	1.5	1.3	1.5	1.6	1.5
Investments in property, plant and equipment	1,241	962	852	967	1,075	792	754	1,367	1,215	980
Investments in intangible assets	73	63	70	76	61	47	72	159	121	132
Cash flow attributable to acquisitions	-681	-1,912	-234	-744	-746	-165	-63	-802	-616	-3,095
Cash flow attributable to discontinuing operations	33	21	-19	448	478	445	377	-276	-67	162
Free cash flow	2,809	1,882	965	1,714	675	806	1,366	656	711	926
Free cash flow per share, SEK ²⁾	10.36	6.94	3.56	6.32	2.49	2.97	5.68	3.31	3.59	4.67
Return on shareholders' equity, %	14.3	13.6	11.2	15.0	14.3	9.5	3.6	neg	8.4	7.6
Earnings per share, SEK ²⁾	9.60	8.20	5.93	7.53	6.71	4.29	1.70	-1.35	4.14	3.81
Dividend to shareholders in the Parent Company ³⁾	1,084	1,017	881	813	678	474	136	-	587	542
Dividend per share, SEK ³⁾	4.00	3.75	3.25	3.00	2.50	1.75	0.5	-	2.95	2.75
Shareholders' equity per share, SEK ²⁾	68.70	65.54	54.72	51.56	49.20	44.56	45.25	51.23	50.12	48.34
Average number of employees	15,713	15,425	14,827	16,702	20,274	20,042	20,073	24,347	25,158	22,506
- of which, outside Sweden	14,533	14,196	13,563	15,220	18,502	18,230	18,342	22,104	22,836	20,268
Continuing operations excluding items affecting comparability and participations in TrelleborgVibracoustic ⁴⁾										
Operating profit	3,219	3,001	2,613	2,342	2,231	1,840	1,021	1,996	1,958	1,518
Profit before tax	3,066	2,867	2,416	2,188	2,067	1,675	710	1,617	1,695	1,375
Net profit/loss	2,277	2,116	1,777	1,643	1,436	1,225	632	1,289	1,260	1,033
Operating margin, %	13.0	13.3	12.2	11.0	10.6	9.3	5.5	9.3	9.6	8.7
Return on capital employed, %	14.3	15.9	15.2	13.9	13.6	11.5	5.8	12.3	13.3	11.3
Return on shareholders' equity, %	12.5	12.9	12.3	12.0	11.2	10.0	5.6	12.8	12.9	10.5
Earnings per share, SEK	8.39	7.79	6.52	6.03	5.26	4.49	2.62	6.50	6.35	5.20
Operating cash flow	2,282	2,705	2,162	2,248	1,539	1,647	2,526	1,436	1,496	1,430
Operating cash flow per share, SEK	8.42	9.98	7.97	8.29	5.68	6.08	10.50	7.25	7.55	7.22
Operating cash flow/operating profit, %	71	90	83	96	69	90	247	72	76	94
Average number of employees	15,713	15,425	14,827	13,905	14,306	13,327	13,136	15,736	16,171	15,058
Continuing operations including items affecting comparability and participations in TrelleborgVibracoustic ⁴⁾										
Return on shareholders' equity, %	14.3	13.7	11.4	13.0	10.4	8.9	3.6	7.4	11.1	8.7
Earnings per share, SEK	9.60	8.23	6.08	6.56	4.88	3.99	1.69	3.77	5.45	4.28

¹⁾ Figures for 2012 have been adjusted for the transition effects of the amendment to IAS 19.

²⁾ The average number of shares was adjusted in accordance with IAS 33. This calculation was applied to all key figures that include the number of shares. No dilutive effects occurred.

³⁾ Dividend in accordance with the proposed treatment of unappropriated earnings.

⁴⁾ For comparability, historical values have been adjusted for discontinuing operations.

Information about the 2016 Annual General Meeting

The Annual General Meeting of Trelleborg AB (publ) will be held on Thursday, April 21, 2016, at 5:00 p.m. in Söderslättschallen in Trelleborg, Sweden.

Program

- 2:45 p.m. Registration and light refreshments
- 3:30 p.m. Meeting hall opens
- 4:10 p.m. Entertainment commences
- 5:00 p.m. Annual General Meeting commences

Notification. Shareholders who wish to participate and vote in the Meeting must be entered in the share register maintained by Euroclear Sweden AB by Friday, April 15, 2016 and notify the company of their intention to participate – with any advisers – not later than on the same date.

Shareholders whose shares have been registered in the name of a trustee, must have temporarily re-registered the shares in their own name by Friday, April 15, 2016. Such registration should be requested of the trustee a couple of working days in advance of this date.

Notification of attendance via:

- the Group's website www.trelleborg.com

- post to Trelleborg AB, "Årsstämma", c/o Euroclear Sweden AB, PO Box 191, SE-101 23 Stockholm, Sweden
- telephone to +46 410 670 04

The notification should state the shareholder's full name, personal identity number and telephone number. If participation is supported by power of attorney, the power of attorney and – assuming the issuer of the power of attorney is a legal entity – documents proving the signatory's authorization must be sent to the company prior to the Meeting. The details provided will only be used in connection with the Meeting and for preparing the voting list.

Proposals to the 2016 Annual General Meeting.

Proposed dividend: The Board of Directors and the President propose a cash dividend of SEK 4.00 (3.75) per share to be paid to the shareholders. Monday, April 25, 2016 is proposed as the date of record. If the Meeting approves the proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Thursday, April 28, 2016.

Board members: The Nomination Committee, consisting of representatives of major shareholders who together control approximately 62 percent of the votes in Trelleborg AB, and the Chairman of the Board have decided to submit the following proposals to the Annual General Meeting for resolution:

- Re-election of Board members: Hans Biörck, Jan Carlson, Sören Mellstig, Peter Nilsson, Anne Mette Olesen and Bo Risberg.
- Re-election of Sören Mellstig and Chairman of the Board
- Election of Gunilla Fransson, Johan Malmquist and Susanne Pahlén Åklundh as new Board members

The complete notification of the Annual General Meeting will be available at www.trelleborg.com.



Financial definitions

Financial key figures

Return on shareholders' equity Profit for the period, attributable to shareholders of the Parent Company, as a percentage of average shareholders' equity, excluding non-controlling interests.

Yield Dividend as a percentage of the market price.

Net debt Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.

Free cash flow Operating cash flow reduced by cash flow from financial items and tax and the effect of restructuring measures on cash flow.

Free cash flow per share Free cash flow divided by the average number of shares outstanding.

P/E ratio Market price divided by earnings per share.

Net debt/equity ratio Net debt divided by total equity.

Equity/assets ratio Total equity divided by total assets.

Earnings per share Profit for the period, attributable to shareholders of the Parent Company, divided by the average number of shares outstanding.

Earnings per share after dilution Profit for the period, attributable to shareholders of the Parent Company, divided by the average number of shares outstanding plus the average number of shares added through the conversion of outstanding debentures and warrants.

Operating key figures*

Number of employees at year-end Including insourced staff and temporary employees.

Return on shareholders' equity Profit for the period, attributable to shareholders of the Parent Company, excluding items affecting comparability, net after tax, divided by average equity, excluding non-controlling interests.

Return on capital employed (ROCE) Operating profit divided by the average capital employed.

EBITDA Operating profit excluding depreciation/amortization and impairment of PPE and intangible assets, excluding items affecting comparability.

EBITDA/Net interest income/expense EBITDA divided by net interest income/expense (interest income less interest expenses).

EBITDA margin EBITDA excluding profit from participations in joint ventures/associated companies as a percentage of net sales.

Rate of capital turnover Net sales as a percentage of average capital employed.

Cash conversion ratio Operating cash flow as a percentage of operating profit, excluding items affecting comparability.

Average number of employees Average number of employees during the year based on hours worked. Excluding insourced staff.

Net debt/EBITDA Net debt divided by EBITDA.

Operating cash flow EBITDA excluding non-cash items, capital expenditures, divested PPE and changes in working capital. The key figure excludes cash flow from restructuring.

Operating cash flow per share Operating cash flow divided by the average number of shares outstanding.

Earnings per share Profit for the period, attributable to shareholders of the Parent Company, excluding items affecting comparability net after tax, divided by the average number of shares outstanding.

Operating profit Operating profit as stated in the income statement excluding items affecting comparability.

Operating margin (ROS – Return On Sales) Operating profit as a percentage of net sales.

Capital employed Total assets less interest-bearing investments and noninterest-bearing operating liabilities (including pension liabilities) and excluding tax assets and tax liabilities.

Western Europe Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Sweden, Switzerland, Spain, the U.K.

Equity method Associated companies and joint ventures in the Group are recognized in line with the equity method, implying that the initial participation is changed to reflect the Group's share in the company's profit or loss and for any dividends.

*) for continuing operations.

Glossary

CDP (Carbon Disclosure Project), an independent organization with the world's largest database of climate information. On behalf of global investors, the CDP gathers information regarding emissions of greenhouse gases by companies and organizations as well as the measures being taken by them to prevent a negative climate impact.

CR (Corporate Responsibility), refers to the responsibilities of companies towards their key stakeholders, such as employees, shareholders, customers, suppliers, the local community and the environment. Often relates to the same areas encompassed by the term sustainability or Corporate Social Responsibility (CSR).

DRBMs Drill Riser Buoyancy Modules.

FPSO (Floating Production, Storage and Offloading) Offshore floating facilities for producing, storing and offloading natural gas, for example.

Global Compact UN initiative that unites companies and social institutions around ten universally applicable principles for environment and society. The aim is for companies to become members of society that are involved in developing solutions for challenges arising from increasing globalization.

GRI (Global Reporting Initiative), a global network in which community representatives, industries, investors and others cooperate to create and improve the approaches to sustainability reporting, on a consensus basis.

Integrated reporting A method that, more clearly than conventional financial reporting, captures the overall extent of an operation's competitiveness by also reflecting non-financial strategic key figures or indicators, including sustainability-related factors.

ISO (International Organization for Standardization), an international standardization body that works with industrial and commercial standards. The following standards are applied at Trelleborg: ISO 9000 which provides guidelines for quality assurance systems, ISO 14001 that sets requirements and provides guidance regarding environmental management systems and ISO 26000 which forms a practical set of guidelines and standards for increasing responsibility in the process of achieving sustainability.

LNG Liquefied Natural Gas.

LSR Liquid Silicone Rubber.

NAFTA (North American Free Trade Agreement), a free-trade agreement between Mexico, Canada and the U.S.

OEM (Original Equipment Manufacturer), the end producer of, for example, a tractor.

Plastics can be divided into two main groups. **Thermoplastics** are non-cross-linked plastics that are solid at room temperature but become soft and moldable when heated, and **Hard plastics** are cross-linked plastics that disintegrate upon heating and do not regain their properties.

Polymer The word is derived from the Greek "poly," meaning "many" and "meros" meaning "parts." Polymers are made up of many small molecules – monomers – that are linked in long chains. Examples of polymers are plastics and rubber.

Polymer technology The technology relating to manufacturing processes for polymers in combination with their unique properties.

PTFE Polytetrafluoroethylene, belonging to the thermoplastics family.

REACH (Registration, Evaluation and Authorization of Chemicals) The aim of the EU's REACH chemicals ordinance is to only permit the use of substances in the EU and EEA that are registered with the European Chemicals Agency.

Safety@Work A program of preventative measures to forestall injuries and illness at all of Trelleborg's workplaces. The program supports an organizational change to create a culture of safety and strengthens the Group's ability to attract, develop and retain employees in all its units.

Trelleborg on the Internet, in your mobile and on your tablet

www.trelleborg.com

Keep track of Trelleborg's performance via the Group's website at www.trelleborg.com

Annual Report

Trelleborg distributes a paper version of the Annual Report only to those who have specifically requested a copy. If you wish to receive a paper copy of the Annual Report, it can be ordered on the company's website.

News about products and solutions

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You can choose to subscribe via e-mail or text message to our financial reports, press releases and share information.

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Financial presentations – watch live or on demand

Watch presentations in conjunction with quarterly reports, AGMs or other event. The majority of presentations can be followed live or watched later on our website.

Financial calendar 2016

Interim report, January-March	April 21
Annual General Meeting (Trelleborg)	April 21, 5:00 p.m.
Interim report, April-June	July 19
Interim report, July-September	October 25
Year-end report 2016	February 1, 2017

The world of Trelleborg

Experience Trelleborg's world of engineered solutions – from outer space to the ocean floor. Visit Trelleborg's digital exhibition at www.trelleborg.com.

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Trelleborg AB is a public limited liability company. Corporate Registration Number: 556006-3421. The Group's headquarters are in Trelleborg, Sweden.

The Annual Report is published in Swedish and English.

This is a translation of the company's definitive Annual Report for 2015 in Swedish. The Swedish-language version is the original and has been audited by Trelleborg's auditors. The 2014 Annual Report was published in March 2015.

All values are expressed in Swedish kronor. Kronor is abbreviated to SEK and millions of kronor to SEK M. Unless otherwise stated, figures in parentheses relate to the preceding fiscal year, 2014. All figures in the section "The Group in brief" and "Business areas" relate to continuing operations, unless otherwise stated.

This report contains forward-looking statements that are based on the current expectations of the management of Trelleborg. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no

assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

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Index with reference to Global Reporting Initiative (GRI): Indicator categories: EC=Economic, EN=Environmental, LA=Labor Practices and Decent Work, HR=Human Rights, SO=Society. An indicator with an asterisk* signifies an indicator with comments regarding aspects that have been omitted (these can be found in the GRI index in the 2015 Trelleborg Corporate Responsibility Report).

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TRELLEBORG

Trelleborg is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments.

Our innovative solutions accelerate performance for customers in a sustainable way. The Trelleborg Group has annual sales of SEK 25 billion in over 40 countries. The Group comprises five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. In addition, Trelleborg owns 50 percent of TrelleborgVibracoustic, the global market leader within antivibration solutions for light and heavy vehicles, with annual sales of SEK 18 billion in about 20 countries. The Trelleborg share has been listed on the Stock Exchange since 1964 and is listed on Nasdaq Stockholm, Large Cap.

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