

Q4

Interim report and year-end report 2018

Record earnings despite challenges

Fourth quarter 2018

- Net sales for the fourth quarter of 2018 rose 8 percent to SEK 8,342 M (7,708).
- Organic sales increased 2 percent. Excluding project deliveries, the corresponding increase was 3 percent.
- EBIT, excluding items affecting comparability, rose 5 percent to SEK 997 M (928), which was equivalent to an EBIT margin of 11.7 percent (12.0). EBIT was the highest ever for the Group in a fourth quarter.
- Items affecting comparability for the quarter were a negative SEK 98 M (neg: 314) and pertain to restructuring costs. For 2017, the amount comprised a negative SEK 781 M in restructuring costs and SEK 467 M as an earnings effect from a receivable related to the divestment of Vibracoustic.
- Earnings per share for continuing operations excluding items affecting comparability totaled SEK 2.55 (2.31); for the Group in its entirety, earnings per share amounted to SEK 2.22 (1.01).
- Operating cash flow amounted to SEK 1,166 M (1,208). The cash conversion ratio for the most recent 12-month period declined to 74 percent (90), impacted primarily by a higher level of capital expenditure.

SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
Net sales	8,342	7,708	8	34,005	31,581	8
Organic sales, %	2	7		3	4	
EBITA, excluding items affecting comparability	1,055	1,002	5	5,003	4,385	14
EBITA-margin, %	12.7	13.0		14.7	13.9	
EBIT, excluding items affecting comparability	977	928	5	4,694	4,091	15
EBIT-margin, %	11.7	12.0		13.8	13.0	
Restructuring costs	-98	-781		-176	-1,008	
Capital gain divestment of compounding operation	-	-		-	472	
Profit impact on receivable related to Vibracoustic	-	467		-	467	
Items affecting comparability ¹	-98	-314		-176	-69	
EBIT	879	614	43	4,518	4,022	12
Profit before tax	801	557	44	4,236	3,792	12
Net profit, Group	601	273	120	3,190	2,874	11
Earnings per share, SEK						
Continuing operations, excl. items affecting comparability ²	2.55	2.31	10	12.34	10.82	14
Continuing operations	2.22	1.01	120	11.77	10.60	11
Group	2.22	1.01	120	11.77	10.60	11
Operating cash flow	1,166	1,208	-3	3,488	3,688	-5

¹ 12M 2017 includes restructuring costs of SEK-1 008 M, capital gain from the divestment of the compounding operation in Lesina, Czech Republic, with SEK 472 M, and adjustment of receivable related to Vibracoustic of SEK 467 M.

² Earnings per share for the full year 2018 has been adjusted by SEK +0.57 (+0.22), which refers to items affecting comparability after tax, as well as costs attributable to the US Tax Reform.

Full-year 2018

- Net sales for the full-year 2018 increased 8 percent to SEK 34,005 M (31,581).
- Organic sales rose 3 percent. Excluding project deliveries, the corresponding increase was 4 percent.
- EBIT, excluding items affecting comparability, rose 15 percent to SEK 4,694 M (4,091), corresponding to an EBIT margin of 13.8 percent (13.0). Both EBIT and the EBIT margin were the highest to date for the Group for a full year.
- Items affecting comparability were a negative net amount of SEK 176 M (neg: 69). For 2017, the amount included restructuring expenses in the negative amount of SEK 1,008 M, a positive SEK 467 M as an earnings effect from the receivable related to the divestment of Vibracoustic and the capital gain of SEK 472 M from the divestment of the compounding operation in Lesina in the Czech Republic.
- Earnings per share for continuing operations, excluding items affecting comparability, totaled SEK 12.34 (10.82). For the Group in its entirety, earnings per share amounted to SEK 11.77 (10.60).
- Net profit for the Group totaled SEK 3,190 M (2,874). The tax expense for 2018 was impacted by expenses of SEK 51 M related to the tax reform in the U.S.; the corresponding negative effect for 2017 was SEK 129 M. Refer to page 7.
- Operating cash flow for continuing operations amounted to SEK 3,488 M (3,688), down 5 percent. The cash conversion ratio for the most recent 12-month period declined to 74 percent (90), impacted primarily by a higher level of capital expenditure.

Market outlook for the first quarter 2019

Demand is expected to be on a par with, or somewhat lower than, the fourth quarter of 2018, adjusted for seasonal variations.

Market outlook from the interim report published on October 30, 2018, relating to the fourth quarter of 2018

Demand is expected to be on a par with the third quarter of 2018, adjusted for seasonal variations.

Dividend 2018

The Board of Directors proposes a cash dividend of SEK 4.75 per share (4.50).

Record earnings despite challenges

“Trelleborg reported an operating profit that was its highest to date for a fourth quarter, despite challenges in some units. Although areas of improvement remain, we can conclude that we had a decent end to a largely satisfactory year. For the full year we once again achieved a record result, although parts of our project business fought an uphill battle.

Full-year sales increased by 8 percent, with organic sales contributing 3 percent. EBIT, operating profit excluding items affecting comparability, increased 15 percent year-on-year. Both EBIT and the EBIT margin were the highest to date for the Group for a full year.

Quarterly sales increased by 8 percent, of which organic sales amounted to 2 percent, while structural growth contributed 2 percent. EBIT, excluding items affecting comparability rose by 5 percent compared with 2017.

During the quarter, we continued to grow in large parts of the world and it was essentially only in parts of Eastern Europe that our sales declined. This, in turn, is largely a consequence of bottlenecks in the Czech production units. The bottlenecks are due to difficulties in recruiting qualified operators as a result of the very low rate of unemployment in the country. The resulting situation is addressed through various measures, but during the quarter created significant inefficiency and affected both sales and earnings in parts of Trelleborg Industrial Solutions.

The quarter remained difficult for our project-related operations in Trelleborg Offshore & Construction. During the period, the operation was also charged with impairments related to certain project transactions. Improvement measures in the business area were implemented over the past 12 months and have created a more market-adapted and efficient operation. While there was certainly an upturn in the level of activity at the end of 2018, we expect that a distinct earnings improvement will only occur in the second half of 2019, when the higher activity level rolls over into increased sales.

Our largest business area, Trelleborg Sealing Solutions, performed well in all regions and its deliveries to both general industry and the aerospace industry were on the rise. However, sales to the automotive industry declined somewhat, which was attributable to the North American market.

There was a mixed trend in our tire business during the quarter. Sales of agricultural tires were slightly negative, but at the same time we noted that this was mainly attributable to the comparative period in 2017 being very strong as a result of new emission regulations that drove the new registration of tractors before year-end. Deliveries of material handling vehicles and construction machinery grew satisfactorily.

The Group's rate of investment remained high during the fourth quarter. We are investing in new sites and new technology, at the same time as we are increasing our capacity at several existing sites. The purpose is to always build a stronger Trelleborg with a long-term plan in focus, and it is part of the Group's strategy to strengthen its positions in attractive market segments.

Another example of this strategy is that we have formed a joint venture in India to promote our continued expansion in that part of the world. The company will manufacture tires for two-wheeled motor vehicles. After the close of the period, we finalized the acquisition of Sil-Pro, which expands our capacities within cleanroom manufacturing, primarily to healthcare & medical.

At the time of writing, the global economy is marked by great uncertainty, impacted by the Brexit negotiations and trade policy restrictions. As a global player in our industry, with manufacturing units located in nearly all parts of the world, Trelleborg stands well prepared to manage fluctuating market conditions. Our assessment is that demand in the first quarter of 2019 will be on a par with, or somewhat lower than, the fourth quarter of 2018.”

Peter Nilsson,
President and CEO

Fourth quarter

Net sales

2018

SEK M, growth	Q4 2018	Q4 2017	12M 2018	12M 2017
Net sales	8,342	7,708	34,005	31,581
Change total, %	8	4	8	16
Organic sales, %	2	7	3	4
Structural change, %	2	0	1	12
Currency effects, %	4	-3	4	0

Net sales for the fourth quarter of 2018 amounted to SEK 8,342 M (7,708). Organic sales increased 2 percent during the quarter. Structural changes contributed 2 percent. Exchange rate effects accounted for a positive 4-percent impact on sales compared with the year-earlier period.

Excluding project deliveries¹:

The Group's organic sales increased 3 percent year on year. Organic sales in Western Europe rose 2 percent, while in the rest of Europe, organic sales declined 7 percent. In the North American market, organic sales rose 9 percent. Organic sales in South and Central America grew 11 percent, as in Asia and other markets, where the increase was 4 percent.

¹ Project deliveries refer to the whole of Trelleborg Offshore & Construction and minor parts of Trelleborg Industrial Solutions operations. Overall, project deliveries account for less than 10 percent of the Group's net sales.

Result

SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
EBITA, excluding items affecting comparability	1,055	1,002	5	5,003	4,385	14
EBITA-margin, %	12.7	13.0		14.7	13.9	
EBIT, excluding items affecting comparability	977	928	5	4,694	4,091	15
EBIT-margin, %	11.7	12.0		13.8	13.0	
Restructuring costs	-98	-781		-176	-1,008	
Capital gain divestment of compounding operation	-	-		-	472	
Profit impact on receivable related to Vibracoustic	-	467		-	467	
Items affecting comparability	-98	-314		-176	-69	
EBIT	879	614	43	4,518	4,022	12
Financial income and expenses	-78	-57	-37	-282	-230	-23
Profit before tax	801	557	44	4,236	3,792	12
Taxes	-200	-284	30	-1,046	-918	-14
Net profit, Group	601	273	120	3,190	2,874	11

EBITA, excluding items affecting comparability, totaled SEK 1,055 M (1,002), corresponding to a margin of 12.7 percent (13.0).

EBIT, excluding items affecting comparability, amounted to SEK 977 M (928) for the fourth quarter, a year-on-year increase of 5 percent.

The EBIT margin, excluding items affecting comparability, amounted to 11.7 percent (12.0).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries, had a positive impact of SEK 40 M on earnings compared with the year-earlier period.

The quarter was impacted by items affecting comparability of negative SEK 98 M (neg: 314). For 2017, the amount comprised a negative SEK 781 in restructuring costs and a positive SEK 467 M as an earnings effect from a receivable related to the divestment of Vibracoustic.

EBIT for the quarter, including items affecting comparability, amounted to SEK 879 M (614), up 43 percent.

The net financial expense was SEK 78 M (expense: 57).

Net financial items in relation to net debt were 3.0 percent (2.2).

Net profit for the Group totaled SEK 601 M (273). The tax rate for the quarter for the Group amounted to 25 percent (51), impacted by the tax reform in the U.S. for both 2018 and 2017, refer to page 7. Excluding these nonrecurring items and other items affecting comparability, the underlying tax rate was 23 percent (28).

Return on capital employed

%	R12 2018	R12 2017
Excluding items affecting comparability	11.6	10.8
Including items affecting comparability	11.3	10.6

Capital employed for continuing operations increased year on year to SEK 40,597 M (37,331).

The return on capital employed, excluding items affecting comparability, was 11.6 percent (10.8).

Cash flow

SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
EBITDA, operating profit before depreciation	1,272	1,248	2	5,977	5,382	11
Capital expenditure	-860	-750	-15	-1,943	-1,437	-35
Sold non-current assets	22	23		44	37	
Change in working capital	732	688		-583	-279	
Dividend from associated companies	1	1		2	2	
Non cash-flow affecting items	-1	-2		-9	-17	
Operating cash flow	1,166	1,208	-3	3,488	3,688	-5
Cash impact from items affecting comparability	-79	-80		-263	-275	
Financial items	-86	-51		-238	-247	
Paid tax	-228	-162		-919	-732	
Free cash flow	773	915	-16	2,068	2,434	-15
Acquisitions	-12	-123		-440	-226	
Disposed operations ¹	-	-		4	649	
Dividend - equity holders of the parent company	-	-		-1,220	-1,152	
Sum net cash flow	761	792	-4	412	1,705	-76

¹ Relates to divestment of compounding operation in Lesina, Czech Republic.

Operating cash flow for the quarter was slightly lower year on year and amounted to SEK 1,166 M (1,208), mainly affected by a somewhat higher rate of capital expenditure. The cash conversion ratio for the most recent 12-month period was 74 percent (90), mainly impacted by a higher level

of capital expenditure compared with the year-earlier period.

Free cash flow amounted to SEK 773 M (915).

The net cash flow for the quarter, after the effect of acquisitions, amounted to SEK 761 M (792).

Net debt

Change in net debt, SEK M	12M 2018	12M 2017
Net debt, opening balance	-9,593	-12,125
Net cash flow for the period	412	1,705
Exchange rate differences	-797	360
Receivable related to the divestment of Vibracoustic	-	467
Net debt, closing balance	-9,978	-9,593
Debt/equity ratio, %	33	35
Net debt/EBITDA		
Continuing operations, excluding items affecting comparability	1.7	1.8
Continuing operations, including items affecting comparability	1.7	1.7
Total Group	1.7	1.7

Since the beginning of the year, net debt has increased SEK 385 M, affected by net cash flow for the year and negative exchange rate differences. The debt/equity ratio at the end of the period was 33 percent (35).

Net debt in relation to EBITDA, excluding items affecting comparability, amounted to 1.7 (1.8). The ratio for the Group as a whole was 1.7 (1.7).

Return on equity

%	R12 2018	R12 2017
Continuing operations, excluding items affecting comparability	11.7	11.2
Continuing operations, including items affecting comparability	11.1	11.0
Total Group	11.1	11.0

Shareholders' equity for the Group at the close of the period amounted to SEK 30,126 M (27,216). Equity per share amounted to SEK 111 (100), up 11 percent.

The equity/assets ratio was 58 percent (56). The total return on shareholders' equity for the Group was 11.1 percent (11.0).

Earnings per share

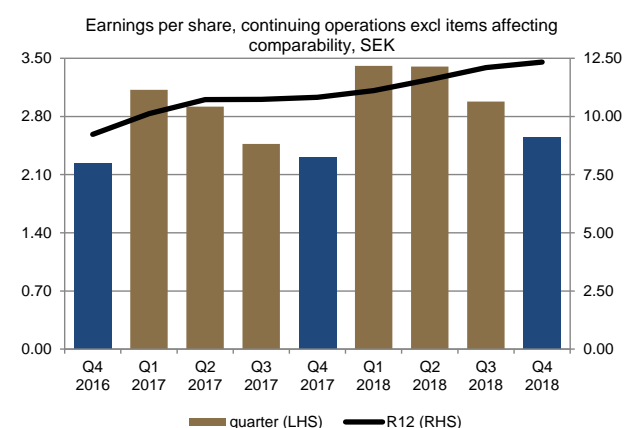
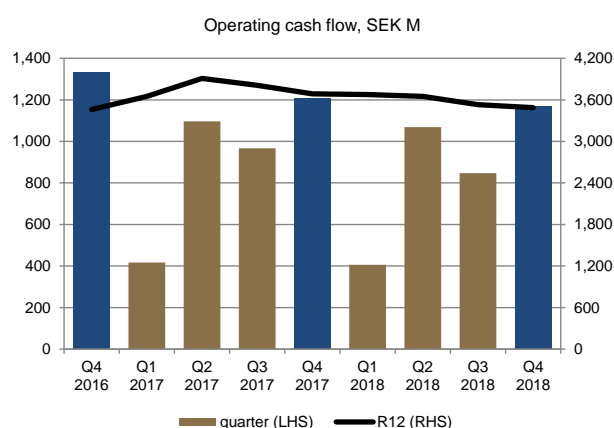
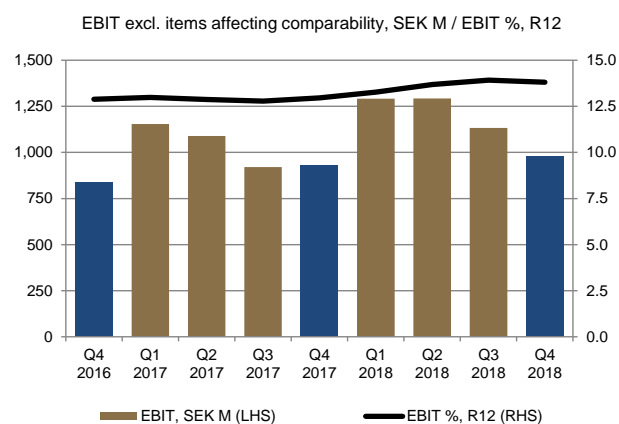
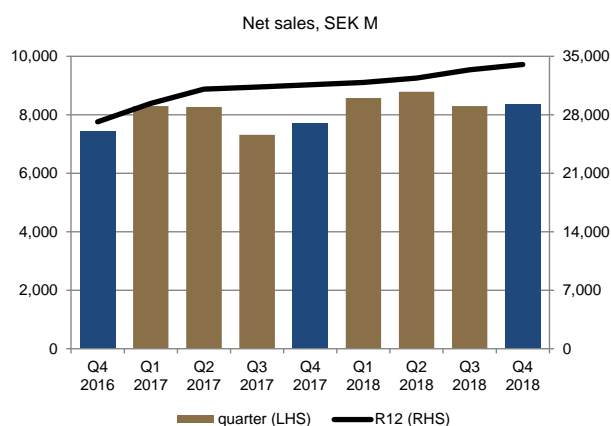
Earnings per share, SEK ¹	Q4 2018	Q4 2017	12M 2018	12M 2017
Continuing operations	2.22	1.01	11.77	10.60
Discontinuing operations	0.00	0.00	0.00	0.00
Group, total	2.22	1.01	11.77	10.60
Continuing operations, excluding items affecting comparability ²	2.55	2.31	12.34	10.82

¹ No dilution effects arose.

² Earnings per share for the full year 2018 has been adjusted by SEK +0.57 (+0.22), which refers to items affecting comparability after tax, as well as costs attributable to the US Tax Reform.

Earnings per share for continuing operations, excluding items affecting comparability, during the fourth quarter totaled SEK 2.55 (2.31).

For the Group in total, earnings per share amounted to SEK 2.22 (1.01).



Full-year 2018

Net sales totaled SEK 34,005 M (31,581), up 8 percent year on year. Organic sales increased 3 percent. Excluding project deliveries, the corresponding increase was 4 percent. Structural changes made a positive contribution of 1 percent. Exchange rate effects had a positive impact on sales of 4 percent compared with the year-earlier period.

EBIT excluding items affecting comparability was SEK 4,694 M (4,091). Items affecting comparability amounted to a net expense of SEK 176 M (expense: 69).

EBIT was SEK 4,518 M (4,022). The financial net expense was SEK 282 M (expense: 230). Net financial items in relation to net debt was 2.7 percent (2.1). Profit before tax totaled SEK 4,236 M (3,792).

The tax expense for the year was SEK 1,046 M (expense: 918). The tax rate for the Group amounted to 25 percent (24), impacted in both 2018 and 2017 by the tax reform passed in the U.S., see more below. Excluding these nonrecurring items and items affecting comparability, the underlying tax rate was 24 percent (24).

Net profit for the Group totaled SEK 3,190 M (2,874).

Total earnings per share for the Group were SEK 11.77 (10.60).

Significant events during the quarter

Offer to call options. Trelleborg's Group management, comprising nine individuals including the President and CEO, subscribed for a total of 150,000 call options in Trelleborg AB, following an offer from Trelleborg's principal owner, Henry Dunker Donation Fund & Foundations.

Trelleborg AB did not participate in the offer and will not be charged with any earnings effects related to the program.

The press release was published on November 19, 2018.

Expansion in India. Trelleborg Wheel Systems decided to invest in a production facility in India for the manufacture of tires for two-wheeled motor vehicles, thereby creating a platform for global growth and increased production capacity. The investment forms part of Trelleborg's strategy to strengthen its positions in attractive market segments. The investment takes the form of a joint venture whereby Trelleborg and Yogesh Agencies & Investments Private Limited, owned by the entrepreneur family Mahansaria, signed the agreement to form the joint venture. Trelleborg will own 24 percent of the joint venture.

The joint venture will establish a production site in Western India. Tire deliveries are expected to start at the end of 2020.

The press release was published on December 5, 2018.

Tax reform in the U.S. As in the fourth quarter of 2017, the bill passed in December 2017 and the clarifications published by the U.S. authorities in 2018 had a negative impact on Trelleborg's tax expense. The negative effect during the quarter was approximately SEK 51 M. The expense is attributable to profits from foreign subsidiaries that are taxed in the U.S. without the possibility of deducting the tax already charged to the subsidiaries in their domiciles. The Trelleborg Group also anticipates a negative outcome in 2019, corresponding to the 2018 level. The expense for the fourth quarter of 2017 amounted to SEK 129 M and was attributable to nonrecurring taxation of accumulated profits in foreign subsidiaries.

Significant events after the close of the period

Completed acquisition of silicone components and thermoplastic components manufacturer. Trelleborg Sealing Solutions finalized the acquisition of Sil-Pro, LLC, a U.S.-based privately owned contract manufacturer of high-tolerance silicone and thermoplastic components. The acquisition complements and broadens Trelleborg's current offering in the healthcare and medical industry.

The company has its head office and production facility in Delano, Minnesota, in the U.S. Total sales amounted to about SEK 350 M in 2017. This bolt-on acquisition is part of Trelleborg's strategy to strengthen its positions in attractive market segments.

The transaction will be consolidated as of January 2, 2019.

Press releases were published on August 6, 2018 and January 3, 2019.

Acquisition of regional tire distributor in Canada. Trelleborg Wheel Systems signed an agreement and finalized the

acquisition of the Canadian based privately owned company Pneus ICM Inc. The company specializes in distribution and service of industrial tires to customers in eastern Canada. The acquisition strengthens and enlarges Trelleborg's industrial tire distribution network to a new important geographic market.

The company has its head office in Montreal, Canada. Total sales amounted to about SEK 23 M in 2018. This bolt-on acquisition is part of Trelleborg's strategy to strengthen its positions in attractive market segments.

The transaction was consolidated as of January 1, 2019.

Formation of a joint venture in Malaysia. Trelleborg Industrial Solutions signed an agreement with Wellcall Hose (M) SDN. BHD. to form a joint venture in Malaysia to manufacture and sell industrial hoses in composite materials. For Trelleborg, this venture is part of the Group's strategy to strengthen its positions in attractive market segments.

The joint venture will establish a production site in Malaysia. The first hose deliveries are scheduled to begin in 2020. Typical applications for hoses in composite materials include hoses for road and rail tanker trucks, hoses for aviation fuel and hoses for aggressive chemicals. Trelleborg currently manufactures composite hoses in Europe. Trelleborg will own 51 percent of the joint venture.

The press release was published on January 15, 2019.

Acquisition of outstanding shares in pipe seals company.

Trelleborg Industrial Solutions acquired the outstanding 49 percent of the shares in the North American group Max Seal.

Max Seal develops and manufactures polymer-based sealing systems for various types of pipes deployed in water and wastewater systems.

The operation was already fully consolidated. Press releases were published on February 25, 2014, and March 6, 2014.

Other

Effects of Brexit and trade tariffs. All of the business areas have analyzed the effects of Brexit and other current trade barriers for customers and suppliers regarding the supply chain and tariff charges. The conclusion is that the Group overall is well prepared to manage various scenarios and any directly negative effects for the Group are expected to be limited. However, it is not possible to estimate indirect negative effects

of Brexit, and other current trade barriers, due to the amount of variables such an assessment would include.

Risk management

Trelleborg serves a broad range of customers in a variety of market segments and niches. Sales are made to approximately 150 countries worldwide and the Group has manufacturing operations at over 100 production units in around 50 countries. Although the business is diversified, deploying several business models and operating a number of production units, and has an effective underlying spread of financial risks, a number of risks remain.

Trelleborg has identified eight major 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 exposure at Group level.

For information regarding the Group's risks, risk exposure and risk management, refer to the latest Trelleborg Annual Report, www.trelleborg.com and the information published in this interim report.

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A appear in addition to the financial reports and their accompanying notes also in other parts of the interim report. The Parent Company applies recommendation RFR 2, Accounting for Legal Entities of the Swedish Financial Reporting Board and Chapter 9 of the Swedish Annual Accounts Act, Interim Report. The accounting policies applied by the Group and Parent Company correspond to the accounting policies applied in the preparation of the most recent annual report, with the exceptions presented below.

New and amended standards applied from January 1, 2018

***IFRS 9** regulates classification, measurement and recognition of financial assets and liabilities. It replaces the sections of IAS 39 that regulate the classification and measurement of financial instruments as well as hedge accounting and provisions for credit losses. A project was conducted within Trelleborg on the basis of the following areas: classification, measurement and documentation of financial liabilities and assets, adjustment of documentation relating to hedge accounting to the new regulation and calculation of the effects of the transition to a new model for recognition of anticipated credit losses, known as the expected loss model. The conclusion is that the new standard will not have any material impact on the Trelleborg Group's reporting. Given the immaterial effects of the new standard, previous periods will not be restated. In 2018, the Group recognized a non-recurring item of SEK 7 M in equity on account of the modified calculation model for anticipated credit losses on accounts receivable and SEK 1 M for anticipated credit losses in cash and cash equivalents.*

***IFRS 15** introduces a new model for revenue recognition (five-step model) that is based on when control of a good or service is transferred to the customer. IFRS 15 replaces all previous standards, statements and interpretations relating to revenue recognition. Trelleborg has chosen to retroactively restate the 2017 fiscal year. During 2017, the Group completed its IFRS 15 project, which involved taking an inventory of customer contracts and assessing these in accordance with the five-step model. The review concluded that the transition to IFRS 15 will not have any material impact on the Group's financial statements.*

New standards to be applied as of January 1, 2019

***IFRS 16** "Leases" replaces IAS 17 "Leases" and will be applied as of January 1, 2019. The new standard entails that most leases will be recognized in the balance sheet, since the difference between operational leases and financial leases is being removed. According to the new standard, an asset pertaining to the right to use the leased asset and a financial liability pertaining to the obligation to pay the leases fees are recognized, with certain exceptions. The standard will impact the recognition of the Group's operational leases, particularly pertaining to buildings and premises. The Group has conducted a project that involved the review and classification of the Group's leases. For a further description of the project and the anticipated impact on the income statement and balance sheet, see also page 23.*

This report has not been subject to a brief review by the company's auditor.

Trelleborg, February 13, 2019
Board of Directors of Trelleborg AB (publ)

Trelleborg BUSINESS AREA Coated Systems

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

Excluding items affecting comparability, SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
Net sales	959	812	18	3,651	3,377	8
Change total, %	18	-8		8	11	
Organic sales, %	2	-5		-2	-3	
Structural change, %	10	0		7	13	
Currency effects, %	6	-3		3	1	
EBIT	114	89	28	423	361	17
EBIT, %	11.9	11.0		11.6	10.7	

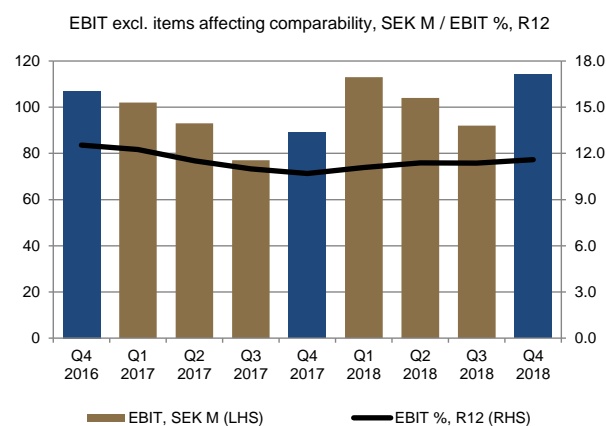
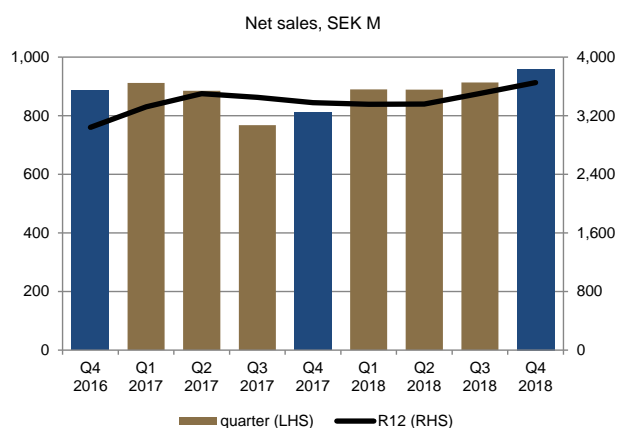
Additional key ratios on pages 18 - 19

Fourth quarter 2018. Organic sales for the quarter increased 2 percent year on year. Organic sales for coated fabrics increased, mainly due to an upturn in North America, where deliveries to the aerospace industry and general industry, in particular, were healthy. Organic sales of printing blankets grew somewhat, mainly due to a positive sales trend in Europe.

EBIT and the EBIT margin increased year on year, primarily as a result of higher volumes, improved productivity and implemented acquisitions. Exchange rate effects from the translation of foreign subsidiaries had a positive impact on earnings of SEK 4 M compared with the year-earlier period.

Full-year 2018. Organic sales for the full year declined 2 percent compared with 2017. Sales of coated fabrics remained unchanged during the year. North America and Asia contributed a positive organic performance, although this could not fully offset the lower sales in Europe. Organic sales of printing blankets decreased during the year, with North America and Asia noting a stable trend while the performance in other regions was weaker.

EBIT and the EBIT margin increased year on year, due primarily to improved productivity. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 12 M on EBIT compared with 2017.





Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in such industrial application areas as selected hose and sealing systems and antivibration solutions for rail vehicles, vessels and industrial equipment.

Excluding items affecting comparability, SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
Net sales	1,890	1,706	11	7,665	6,884	11
Change total, %	11	6		11	21	
Organic sales, %	7	8		8	5	
Structural change, %	-	-		-	17	
Currency effects, %	4	-2		3	-1	
EBIT	166	170	-2	775	693	12
EBIT, %	8.8	9.9		10.1	10.1	

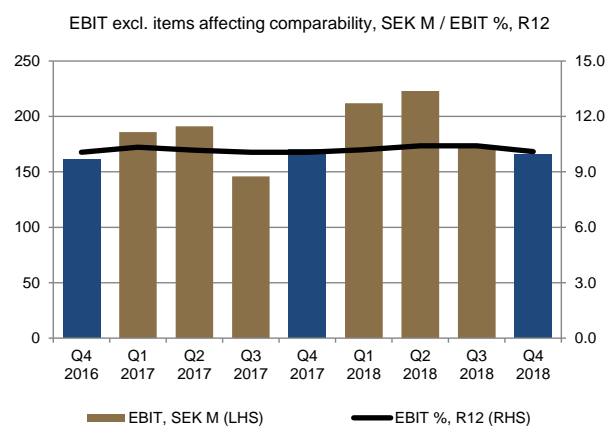
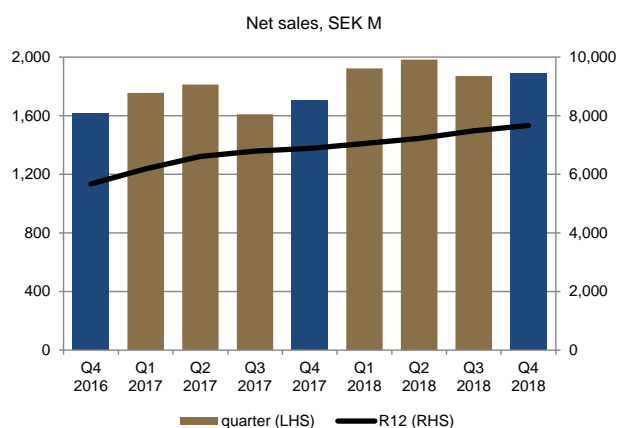
Additional key ratios on pages 18 - 19

Fourth quarter 2018. Organic sales for the quarter increased 7 percent year on year. The organic sales trend was positive and similar in most large geographic markets. Organic sales to general industry, the automotive industry and the oil and gas industry remained favorable. However, sales to construction-related segments were somewhat weaker compared with the year-earlier period.

EBIT and the EBIT margin were negatively affected by bottlenecks in the Czech production units. The bottlenecks are due to difficulties in recruiting qualified operators as a result of the very low rate of unemployment in the country. The resulting situation is addressed through various measures, but during the quarter created significant inefficiency and affected both sales and earnings in parts of the business area. Exchange rate effects from the translation of foreign subsidiaries had a positive effect of SEK 1 M on earnings compared with the year-earlier period.

Full-year 2018. Organic sales for the full year rose 8 percent compared with 2017. Most market segments, apart from the construction industry, reported positive organic sales.

EBIT increased compared with the preceding year, due primarily to higher volumes, previously implemented acquisitions and completed restructuring measures. The EBIT margin remained at the same level as a year earlier and was impacted by the shortage of qualified labor in the Czech Republic that was described earlier. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 11 M on EBIT compared with 2017.



Trelleborg BUSINESS AREA Offshore & Construction

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.

Excluding items affecting comparability, SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
Net sales	649	741	-12	2,386	2,841	-16
Change total, %	-12	-14		-16	-15	
Organic sales, %	-17	-10		-18	-14	
Structural change, %	-	-		-	-	
Currency effects, %	5	-4		2	-1	
EBIT	-61	-12	-408	-165	-61	-170
EBIT, %	-9.4	-1.6		-6.9	-2.1	

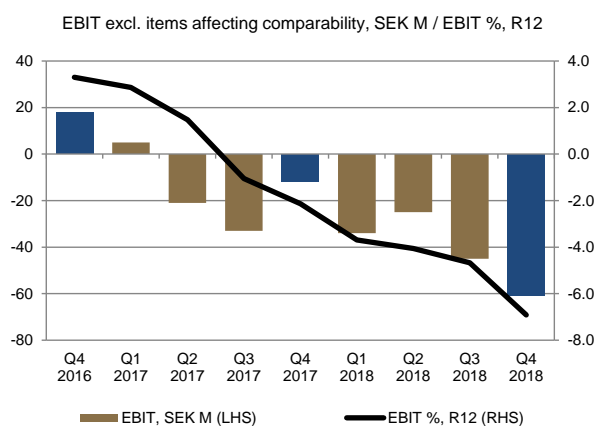
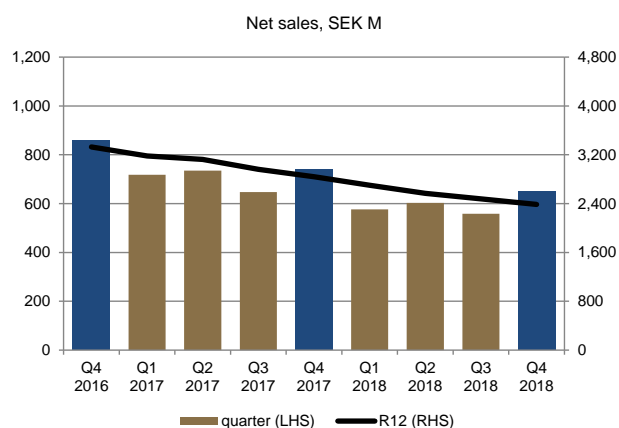
Additional key ratios on pages 18 - 19

Fourth quarter 2018. Organic sales for the quarter declined 17 percent year on year. The decline was driven by fewer project transactions in the offshore oil & gas market segment and in the infrastructure construction segment.

EBIT and the EBIT margin declined year on year, due to fewer project deliveries, which resulted in under-absorption and a negative price mix. The order book at the end of the year indicated a limited improvement for the business area during the first half of the year. A positive result is expected for the second half of the current year. Exchange rate effects from the translation of foreign subsidiaries had a negative impact on EBIT of SEK 1 M compared with the year-earlier period.

Full-year 2018. Organic sales for the full year declined 18 percent compared with 2017, primarily impacted by the low level of market activity in parts of offshore oil & gas, but also by weaker deliveries in construction infrastructure. The order book for deliveries in 2019 improved during the year.

EBIT and the EBIT margin were lower compared with the preceding year, mainly as a result of lower project deliveries in offshore oil & gas but also due to lower sales in infrastructure construction. Activities to adapt the organization to the lower market activity continued in 2018, including a gradual closure of a facility in the U.S. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 6 M on EBIT compared with 2017.



Trelleborg

BUSINESS AREA

Sealing Solutions

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

Excluding items affecting comparability, SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
Net sales	2,622	2,349	12	11,049	9,956	11
Change total, %	12	6		11	14	
Organic sales, %	6	9		7	8	
Structural change, %	0	1		1	6	
Currency effects, %	6	-4		3	0	
EBIT	535	469	14	2,559	2,231	15
EBIT, %	20.4	20.0		23.2	22.4	

Additional key ratios on pages 18 - 19

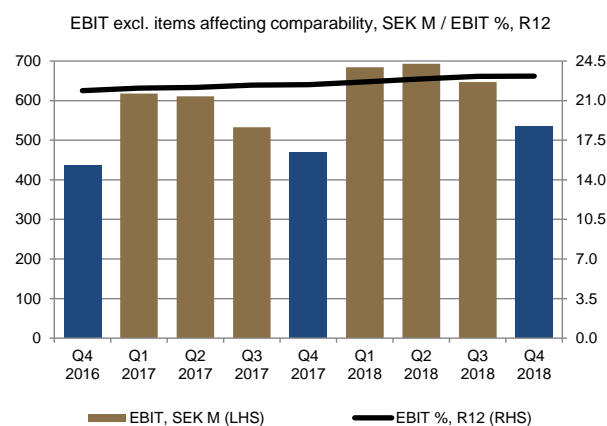
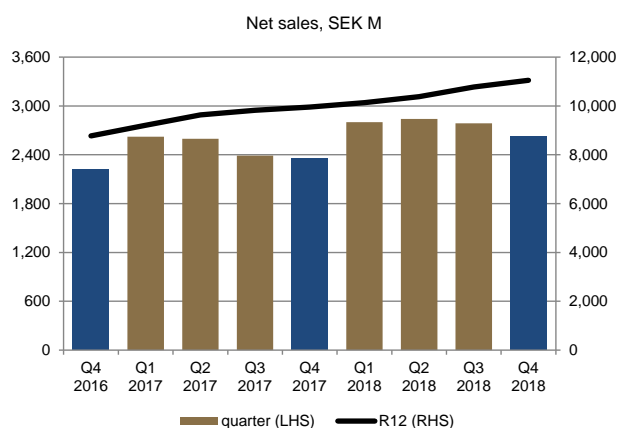
Fourth quarter 2018. Organic sales for the quarter increased 6 percent year on year. The organic sales trend was favorable in all geographic regions, and particularly positive in North America. Deliveries to general industry increased year on year in all regions. However, organic sales to the automotive industry were slightly negative during the quarter, with deliveries to Europe and Asia largely unchanged, while sales to North America declined. Organic sales to the aerospace industry were strong in all geographic regions during the quarter.

EBIT improved as a result of increased sales and implemented acquisitions. The EBIT margin increased somewhat year on year, primarily as a result of higher volumes and effective cost control. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 23 M on earnings compared with the year-earlier period.

Full-year 2018. Organic sales for the full year rose 7 percent compared with 2017. All geographic regions demonstrated a positive organic trend, with sales increasing to general industry and the automotive and aerospace industries. The strongest organic sales growth was noted in Asia, but growth was also favorable in Europe and North America.

EBIT rose primarily as a result of higher volumes, acquisitions and effective cost control. The EBIT margin was maintained at a high level throughout the year, despite a certain impact from implemented acquisitions with lower margins.

Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 72 M on EBIT compared with 2017.





Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for agricultural machines, material handling and construction vehicles and two-wheeled vehicles.

Excluding items affecting comparability, SEK M	Q4 2018	Q4 2017	Change, %	12M 2018	12M 2017	Change, %
Net sales	2,320	2,198	6	9,688	8,878	9
Change total, %	6	17		9	40	
Organic sales, %	-1	17		2	12	
Structural change, %	2	1		2	30	
Currency effects, %	5	-1		5	-2	
EBIT	246	240	3	1,255	1,016	24
EBIT, %	10.6	10.9		13.0	11.4	

Additional key ratios on pages 18 - 19

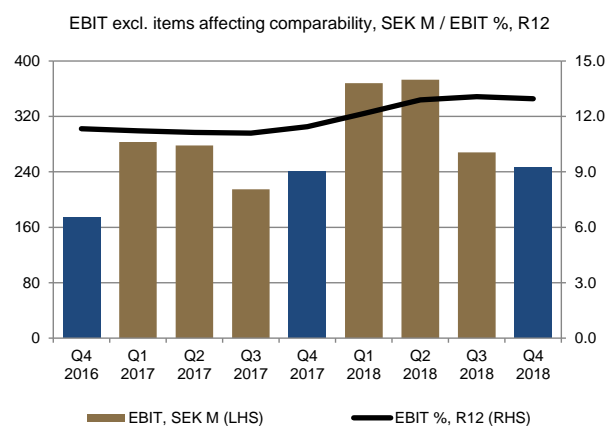
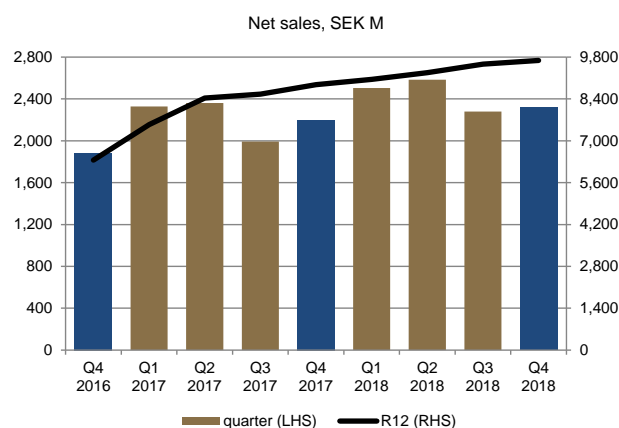
Fourth quarter 2018. Organic sales for the quarter declined 1 percent, compared with a strong year-earlier period, when growth was 17 percent. Organic sales of tires for agricultural machinery declined overall during the quarter; the trend in North was positive, while organic sales had a weaker performance in Asia and Europe. The weaker sales in Europe was mainly attributable to strong comparative figures. Organic sales of tires for material handling vehicles and construction vehicles rose year on year, with healthy deliveries in Europe. In general, capacity utilization is high within the business area, but capacity-raising investments will gradually lead to greater growth opportunities.

EBIT and the EBIT margin increased slightly as a result of acquisitions and synergy gains, although the margin was somewhat negatively affected by an imbalance between raw

materials and selling prices. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 7 M on earnings compared with the year-earlier period.

Full-year 2018. Organic sales for the full year increased 2 percent compared with 2017. The organic sales trend for tires for agricultural machinery, material handling vehicles and construction machinery all developed well, with a somewhat weaker end to the year.

EBIT and the EBIT margin rose sharply, mainly due to synergies from acquisitions implemented earlier and higher volumes. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 38 M on EBIT compared with 2017.



Condensed Income Statements

Income Statements, SEK M	Q4 2018	Q4 2017	12M 2018	12M 2017
Net sales	8,342	7,708	34,005	31,581
Cost of goods sold	-5,799	-5,288	-23,048	-21,398
Gross profit	2,543	2,420	10,957	10,183
Selling expenses	-674	-630	-2,669	-2,556
Administrative expenses	-930	-801	-3,361	-3,109
Research and development costs	-143	-134	-565	-516
Other operating income/expenses	183	71	329	79
Profit from associated companies	-2	2	3	10
EBIT, excluding items affecting comparability	977	928	4,694	4,091
Items affecting comparability	-98	-314	-176	-69
EBIT	879	614	4,518	4,022
Financial income and expenses	-78	-57	-282	-230
Profit before tax	801	557	4,236	3,792
Tax	-200	-284	-1,046	-918
Total net profit	601	273	3,190	2,874
- equity holders of the parent company	601	273	3,190	2,874

Earnings per share, SEK ¹	Q4 2018	Q4 2017	12M 2018	12M 2017
Continuing operations	2.22	1.01	11.77	10.60
Discontinuing operations	0.00	0.00	0.00	0.00
Group, total	2.22	1.01	11.77	10.60
Continuing operations, excluding items affecting comparability ²	2.55	2.31	12.34	10.82

¹ No dilution effects arose.

² Earnings per share for the full year 2018 has been adjusted by SEK +0.57 (+0.22), which refers to items affecting comparability after tax, as well as costs attributable to the US Tax Reform.

Number of shares				
End of period	271,071,783	271,071,783	271,071,783	271,071,783
Average number	271,071,783	271,071,783	271,071,783	271,071,783

Statements of comprehensive income, SEK M	Q4 2018	Q4 2017	12M 2018	12M 2017
Total net profit	601	273	3,190	2,874
Other comprehensive income				
Items that will not be reclassified to the income statement				
Reassessment of net pension obligation	21	19	49	38
Income tax relating to components of other comprehensive income	-3	-11	-9	-15
Total	18	8	40	23
Items that may be reclassified to the income statement				
Cash flow hedges	-61	17	15	75
Hedging of net investment	-6	-302	-620	-15
Translation difference	21	1,053	1,393	282
Income tax relating to components of other comprehensive income	18	64	120	-5
Other comprehensive income relating to disposed operations	-	-	-	-3
Total	-28	832	908	334
Other comprehensive income, net of tax	-10	840	948	357
Total comprehensive income	591	1,113	4,138	3,231

EBIT specification, SEK M	Q4 2018	Q4 2017	12M 2018	12M 2017
Excluding items affecting comparability:				
EBITDA	1,272	1,248	5,977	5,382
Depreciation, property, plant and equipment	-217	-246	-974	-997
EBITA	1,055	1,002	5,003	4,385
Amortization, intangible assets	-78	-74	-309	-294
EBIT	977	928	4,694	4,091
Items affecting comparability	-98	-314	-176	-69
EBIT	879	614	4,518	4,022

Condensed Balance Sheets

Balance Sheets, SEK M	Dec 31 2018	Dec 31 2017
Property, plant and equipment	10,612	9,444
Goodwill	19,100	18,127
Other intangible assets	5,013	4,843
Participations in associated companies	81	76
Financial non-current assets	67	57
Deferred tax assets	692	718
Total non-current assets	35,565	33,265
Inventories	6,142	5,383
Current operating receivables	6,657	6,235
Current tax assets	970	891
Interest-bearing receivables	74	844
Cash and cash equivalents	2,341	1,994
Total current assets	16,184	15,347
Total assets	51,749	48,612
Equity	30,126	27,216
Interest-bearing non-current liabilities	9,367	8,097
Other non-current liabilities	99	111
Pension obligations	530	570
Other provisions	227	228
Deferred tax liabilities	944	791
Total non-current liabilities	11,167	9,797
Interest-bearing current liabilities	3,028	4,337
Current tax liabilities	1,098	1,134
Other current liabilities	6,041	5,699
Other provisions	289	429
Total current liabilities	10,456	11,599
Total equity and liabilities	51,749	48,612
Specification of changes in equity, SEK M	Dec 31 2018	Dec 31 2017
Opening balance, January 1	27,216	25,137
Non-recurring item relating to IFRS9	-8	-
Total net profit	3,190	2,874
Other comprehensive income	948	357
Dividend	-1,220	-1,152
Closing balance	30,126	27,216
Specification of capital employed, SEK M	Dec 31 2018	Dec 31 2017
Total assets	51,749	48,612
Less:		
Interest-bearing receivables ¹	111	877
Cash and cash equivalents	2,341	1,994
Tax assets	1,662	1,609
Operating liabilities	7,038	6,876
Capital employed	40,597	37,256
of which discontinuing operations	-	-75
Capital employed excluding discontinuing operations	40,597	37,331

¹ Dec 31, 2017 including receivable relating to disposal of Vibracoustic.

Cash-flow statements

Cash flow statements, SEK M	Q4 2018	Q4 2017	12M 2018	12M 2017
Operating activities				
EBIT incl part in associated companies	879	614	4,518	4,022
Adjustments for items not included in cash flow from operating activities:				
Depreciation, property, plant and equipment	271	243	1,026	990
Amortization, intangible assets	78	74	309	294
Impairment losses, property, plant and equipment	-50	53	-37	57
Impairment losses, intangible assets	-	354	0	379
Dividend from associated companies	1	1	2	2
Participations in associated companies and other non cash-flow affecting items	-1	-2	-9	-17
Result relating to Vibracoustic	-	-467	-	-467
Capital gain in divested operations	-	-	-	-472
Interest received and other financial items	22	11	52	40
Interest paid and other financial items	-108	-62	-290	-287
Taxes paid	-228	-162	-919	-732
Cash flow from operating activities before changes in working capital	864	657	4,652	3,809
Cash flow from changes in working capital				
Change in inventories	-35	-52	-463	-451
Change in operating receivables	705	347	-143	-456
Change in operating liabilities	62	393	23	628
Change in items affecting comparability	15	297	-102	304
Cash flow from operating activities	1,611	1,642	3,967	3,834
Investing activities				
Acquisitions	-12	-123	-440	-226
Disposed/discontinuing operations	-	-	4	649
Capital expenditure, property, plant and equipment	-814	-687	-1,822	-1,343
Capital expenditure, intangible assets	-46	-63	-121	-94
Sale of non-current assets	22	23	44	37
Cash flow from investing activities	-850	-850	-2,335	-977
Financing activities				
Change in interest-bearing investments	682	-226	770	1,135
Change in interest-bearing liabilities	-484	-621	-665	-269
New/utilized loans	794	0	2,737	501
Amortized loans	-1,822	-67	-2,949	-2,901
Dividend - equity holders of the parent company	-	-	-1,220	-1,152
Cash flow from financing activities	-830	-914	-1,327	-2,686
Cash flow for the period	-69	-122	305	171
Cash and cash equivalents				
At beginning of the period	2,368	2,045	1,994	1,879
Exchange rate differences	42	71	42	-56
Cash and cash equivalents at end of period	2,341	1,994	2,341	1,994

Key figures

SEK M	Q4 2018	Q4 2017	12M 2018	12M 2017
Net sales ¹				
Trelleborg Coated Systems	959	812	3,651	3,377
Trelleborg Industrial Solutions	1,890	1,706	7,665	6,884
Trelleborg Offshore & Construction	649	741	2,386	2,841
Trelleborg Sealing Solutions	2,622	2,349	11,049	9,956
Trelleborg Wheel Systems	2,320	2,198	9,688	8,878
Group items/Eliminations	-98	-98	-434	-355
Total	8,342	7,708	34,005	31,581
EBIT, excluding items affecting comparability				
Trelleborg Coated Systems	114	89	423	361
Trelleborg Industrial Solutions	166	170	775	693
Trelleborg Offshore & Construction	-61	-12	-165	-61
Trelleborg Sealing Solutions	535	469	2,559	2,231
Trelleborg Wheel Systems	246	240	1,255	1,016
Group items	-23	-28	-153	-149
Total	977	928	4,694	4,091
EBIT %, excluding items affecting comparability				
Trelleborg Coated Systems	11.9	11.0	11.6	10.7
Trelleborg Industrial Solutions	8.8	9.9	10.1	10.1
Trelleborg Offshore & Construction	-9.4	-1.6	-6.9	-2.1
Trelleborg Sealing Solutions	20.4	20.0	23.2	22.4
Trelleborg Wheel Systems	10.6	10.9	13.0	11.4
Total	11.7	12.0	13.8	13.0

¹ According to IFRS15 revenue is recognized as control is passed, either over time or at a point in time. The part of the sales 12M 2018 which is accounted for over time amounts to approximately SEK 930 M or 2.7% (approx SEK 1 170 M or 3.7%), while the remainder is accounted for at a specific point in time.

Net sales per market, share and organic growth, %	Q4 2018	Q4 2017	12M 2018	12M 2017
Western Europe (48%)	2	7	4	2
Other Europe (10%)	-7	9	-3	9
North America (22%)	6	9	3	4
South and Central America (4%)	9	2	21	-3
Asia and other markets (16%)	-1	7	0	8
Total (100% refer to share 2018)	2	7	3	4
Net sales per market excluding project related ¹ , organic growth, %	Q4 2018	Q4 2017	12M 2018	12M 2017
Western Europe	2	9	4	6
Other Europe	-7	8	-4	12
North America	9	11	6	7
South and Central America	11	9	19	8
Asia and other markets	4	6	6	10
Total	3	9	4	7

¹ Project deliveries refer to the whole of Trelleborg Offshore & Construction and minor parts of Trelleborg Industrial Solutions' operations.

SEK M	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net sales									
Trelleborg Coated Systems	959	913	889	890	812	768	885	912	885
Trelleborg Industrial Solutions	1,890	1,870	1,982	1,923	1,706	1,609	1,813	1,756	1,616
Trelleborg Offshore & Construction	649	558	603	576	741	647	735	718	860
Trelleborg Sealing Solutions	2,622	2,787	2,840	2,800	2,349	2,388	2,596	2,623	2,216
Trelleborg Wheel Systems	2,320	2,280	2,583	2,505	2,198	1,992	2,360	2,328	1,883
Group items/Eliminations	-98	-108	-111	-117	-98	-94	-124	-39	-26
Total	8,342	8,300	8,786	8,577	7,708	7,310	8,265	8,298	7,434
EBIT, excluding items affecting comparability									
Trelleborg Coated Systems	114	92	104	113	89	77	93	102	107
Trelleborg Industrial Solutions	166	174	223	212	170	146	191	186	161
Trelleborg Offshore & Construction	-61	-45	-25	-34	-12	-33	-21	5	18
Trelleborg Sealing Solutions	535	647	693	684	469	533	611	618	436
Trelleborg Wheel Systems	246	268	373	368	240	215	278	283	174
Group items	-23	-3	-75	-52	-28	-18	-63	-40	-55
Total	977	1,133	1,293	1,291	928	920	1,089	1,154	841
EBIT %, excluding items affecting comparability									
Trelleborg Coated Systems	11.9	10.1	11.7	12.7	11.0	9.9	10.5	11.2	12.2
Trelleborg Industrial Solutions	8.8	9.3	11.3	11.0	9.9	9.1	10.5	10.6	9.9
Trelleborg Offshore & Construction	-9.4	-8.0	-4.2	-5.9	-1.6	-5.2	-2.8	0.7	2.1
Trelleborg Sealing Solutions	20.4	23.2	24.4	24.4	20.0	22.3	23.5	23.6	19.7
Trelleborg Wheel Systems	10.6	11.8	14.5	14.7	10.9	10.8	11.8	12.1	9.2
Total	11.7	13.6	14.7	15.1	12.0	12.6	13.2	13.9	11.3
Items affecting comparability	-98	-28	-32	-18	-314	-45	-76	366	-118
EBIT	879	1,105	1,261	1,273	614	875	1,013	1,520	723

Bridge net sales SEK M, %	Q4 2017, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q4 2018, SEK M
Trelleborg Coated Systems	812	2	10	6	959
Trelleborg Industrial Solutions	1,706	7	-	4	1,890
Trelleborg Offshore & Construction	741	-17	-	5	649
Trelleborg Sealing Solutions	2,349	6	0	6	2,622
Trelleborg Wheel Systems	2,198	-1	2	5	2,320
Group items/Eliminations	-98	-	-	-	-98
Total	7,708	2	2	4	8,342

Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M	Q4 2018	12M 2018
Trelleborg Coated Systems	4	12
Trelleborg Industrial Solutions	1	11
Trelleborg Offshore & Construction	-1	-6
Trelleborg Sealing Solutions	23	72
Trelleborg Wheel Systems	7	38
Group items	6	7
Total	40	134

¹ Impact on EBIT excluding items affecting comparability in translation of foreign subsidiaries.

Condensed Income Statements, SEK M	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net sales	8,342	8,300	8,786	8,577	7,708	7,310	8,265	8,298	7,434
Cost of goods sold	-5,799	-5,664	-5,855	-5,730	-5,288	-4,959	-5,586	-5,565	-5,077
Gross profit	2,543	2,636	2,931	2,847	2,420	2,351	2,679	2,733	2,357
Selling expenses	-674	-651	-676	-668	-630	-599	-670	-657	-629
Administrative expenses	-930	-815	-840	-776	-801	-733	-797	-778	-828
Research and development costs	-143	-143	-146	-133	-134	-122	-131	-129	-128
Other operating income/costs	183	105	23	18	71	20	6	-18	66
Profit from associated companies	-2	1	1	3	2	3	2	3	3
EBIT, excluding items affecting comparability	977	1,133	1,293	1,291	928	920	1,089	1,154	841
Items affecting comparability	-98	-28	-32	-18	-314	-45	-76	366	-118
EBIT	879	1,105	1,261	1,273	614	875	1,013	1,520	723
Financial income and expenses	-78	-72	-70	-62	-57	-66	-56	-51	-53
Profit before tax	801	1,033	1,191	1,211	557	809	957	1,469	670
Tax	-200	-251	-294	-301	-284	-174	-220	-240	-151
Net profit in continuing operations	601	782	897	910	273	635	737	1,229	519
Net profit in discontinuing operations	-	-	-	-	-	-	-	-	-
Total net profit	601	782	897	910	273	635	737	1,229	519
- equity holders of the parent company	601	782	897	910	273	635	737	1,229	519
- non-controlling interest	-	-	-	-	-	-	-	-	-
Earnings per share, SEK	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Continuing operations	2.22	2.88	3.31	3.36	1.01	2.34	2.72	4.53	1.92
Discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Group, total	2.22	2.88	3.31	3.36	1.01	2.34	2.72	4.53	1.92
Continuing operations, excluding items affecting comparability	2.55	2.98	3.40	3.41	2.31	2.47	2.92	3.12	2.23

Acquisitions

Carrying amounts of identifiable acquired assets and assumed liabilities

12M 2018

Trelleborg, through its Trelleborg Coated Systems business area, signed an agreement and finalized the acquisition of the U.S. based privately owned company Laminating Coating Technologies, Inc. (Lamcotec). Lamcotec develops and manufactures polyurethane-coated and laminated fabrics primarily used in the aerospace industry and in the healthcare & medical industry.

Trelleborg, through its Trelleborg Wheel Systems business area, signed an agreement and finalized the acquisition of the New Zealand company TRS Tyre & Wheel Ltd, owned by Bapcor Group. TRS is a distributor of tires for agricultural, material handling and construction vehicles in New Zealand. The company specializes in tires and complete wheels for tire and tractor dealers.

Trelleborg, through its Trelleborg Wheel Systems business area, signed an agreement and finalized the acquisition of a small regional tire distributor in the U.S., Industrial Tire Service Inc. The company specializes in solid industrial tires and material handling vehicles.

Trelleborg has, through its business area Trelleborg Coated Systems, signed an agreement and finalized the acquisition of the privately owned U.K. company Dartex Holdings Ltd. The company is specialized in the manufacture of coated fabrics primarily for the healthcare & medical industry and is a world leader in coated fabrics for pressure injury prevention.

In addition, certain adjustments were made to acquisition analyses relating to acquisitions made in 2017.

12M 2017

Three acquisitions were finalized during the year:

- White Baumaschinenreifen GmbH
- Automated Dynamics
- Carolina Seal Inc.

In addition, final settlement of earlier acquisitions took place and certain adjustments were also made to acquisition analyses attributable to acquisitions in 2016.

Acquisitions, SEK M	12M 2018	12M 2017
	Acquired 2018 Adjustments to Acquisitions 2017	Acquired 2017 Adjustments to Acquisitions 2016
Developed technology ¹	29	-
Trademarks ²	18	-158
Customer relationships ³	75	97
Other intangible assets	-	1
Property, plant and equipment	46	10
Deferred tax assets	6	-1
Shares in associated companies	-	-23
Interest-bearing receivables	5	1
Inventories	106	57
Operating receivables	69	30
Current tax asset	2	2
Cash and cash equivalents	42	18
Deferred tax liabilities	-28	-5
Interest-bearing liabilities	-49	-12
Post employment benefits	-	-2
Provision obligations	-1	-
Current tax liability	-	-2
Operating liabilities	-48	-38
Net assets	272	-25
Goodwill	166	258
Total purchase price	438	233
Cash and other net debt in acquired operations	2	-7
Impact shown in cash flow statement	440	226

¹ Excess value of developed technology is amortized over 10 years.

² Trademarks have an indefinite useful life, no amortization takes place.

³ Excess value of customer relationships are amortized over 10-12 years.

The above goodwill for 2018 is 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.

The acquisitions made after the end of the period, see also page 7, are expected to have a marginal impact on the Group's key figures.

Financial assets and liabilities measured at fair value

A description of how fair value is calculated is provided under Accounting policies and in the below table.

At December 31, 2018, SEK M		Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
	Assets measured at amortized cost	Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	33	2	78	2	111
Financial non-current assets	45	-		-		45
Accounts receivable	5,338	-		-		5,338
Interest-bearing receivable	6	-		-		6
Cash and cash equivalents	2,341	-		-		2,341
Total	7,730	33		78		7,841
	Liabilities measured at amortized cost	Carrying amount	Measurement level	Carrying amount	Measurement level	Total
Liabilities in the balance sheet						
Derivative instruments	-	138	2	164	2	302
Interest-bearing non-current liabilities	9,307	-		-		9,307
Interest-bearing current liabilities	2,943	-		-		2,943
Accounts payable	3,399	-		-		3,399
Total	15,649	138		164		15,951

Financial assets and liabilities fair value at the balance sheet date are, essentially, based on observable data (level 2 in accordance with the fair-value hierarchy).

Valuation techniques used to derive Level 2 fair values

Level 2 derivatives comprise forward foreign contracts and interest rate swaps and are used mainly for hedging purposes but also for proprietary trading. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

Disclosure of fair value for debt and other financial instruments

Financial interest-bearing liabilities, with the exception of financial derivatives that adjust the loans, are recognized at amortized cost. Changes in interest rates and credit margins create differences between the fair value and amortized cost. A calculation at fair value would increase the Group's long-term loans by SEK 42 M. The Group's current loans were not remeasured because the carrying amount is considered to be a good estimation of the fair value due to their short maturity.

At December 31, 2017, SEK M		Assets at fair value in profit and loss		Derivatives used for hedging purposes		
	Loan receivable and accounts receivable	Carrying amount	Measurement level	Carrying amount	Measurement level	Total
Assets in the balance sheet						
Derivative instruments	-	46	2	168	2	214
Financial non-current assets	3	-		-		3
Accounts receivable	5,019	-		-		5,019
Interest-bearing receivable ¹	4	689	3	-		693
Cash and cash equivalents	1,994	-		-		1,994
Total	7,020	735		168		7,923
		Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		
	Other financial liabilities	Carrying amount	Measurement level	Carrying amount	Measurement level	Total
Liabilities in the balance sheet						
Derivative instruments	-	111	2	183	2	294
Interst-bearing non-current liabilities	8,051	-		-		8,051
Interest-bearing current liabilities	4,258	-		-		4,258
Accounts payable	3,176	-		-		3,176
Total	15,485	111		183		15,779

¹ The receivable, totaling SEK 689 M, linked to Vibracoustic's realized sales development in 2017 was classified as Level 3 in the fair-value hierarchy due to the content of unobservable inputs, including the counterparty's credit risk.

Standards to be applied as of January 1, 2019, continued from page 9.

IFRS 16 Leases

A project has been conducted in the Group, in which a review has been conducted of all of the Group's leases.

The Group's lease portfolio mainly comprises operational leases for offices, production premises, warehouses, company cars, production and office equipment. The most material leases pertain to the rent of offices and production premises. For these leases, certain measurement policies were adopted, mainly regarding extension and termination options. For all other leases, the Group has assumed that no leases will be extended. A discount rate of interest has been established by country, using the base rate of interest including a margin. Depending on the length of the lease, four periods of time have been used for setting the rate of interest; 1–3 years, 3–5 years, 5–10 years and more than 10 years. Leases shorter than 12 months or which end within 12 months from the time of transition are classified as short-term contracts and are thus not included in the recognized assets or liabilities, except in the cases in which the company is reasonably certain of exercising an existing option to extend the contract. This opportunity exists only for offices and production premises. In the same manner, all contracts with a replacement value of less than

USD 5,000 and most contracts for personal computers, office furniture, printers and copiers are excluded.

Trelleborg has chosen to recognize the new standard according to the simplified approach. The exemption rule of not preparing a comparative year has been applied. The lease liability is measured at the present value of remaining lease payments using current discount rates and the asset is measured following a retroactive restatement from the start of the contract, but with a discount rate based on the discount rate at the time of transition. For existing financial leases formerly recognized according to IAS 17, closing balances for 2018 will be used as opening balances for 2019.

In the transition to IFRS 16, certain key figures such as total assets, capital employed and net indebtedness will be affected. Operating profit/loss will also be impacted when part of the lease expenses is classified as an interest expense. Trelleborg's initial estimate is that IFRS 16 will have an annual positive effect on operating profit of approximately SEK 50-70 M and a corresponding negative effect on financial income and expenses compared with 2018. The effect on profit after tax is expected to be marginal.

The estimated effects on the opening balances for 2019 are presented in the table below:

SEK M, estimated values	January 1, 2019
Impact on opening balance	
Lease assets	2,242
<i>of which office and production facilities</i>	2,049
Lease liabilities	2,411
Equity	-130
Deferred tax assets	39

Parent Company

Condensed Income statements, SEK M	Q4 2018	Q4 2017	12M 2018	12M 2017
Administrative expenses	-142	-70	-348	-278
Other operating income	146	67	478	466
Other operating expenses	-256	-218	-325	-276
EBIT	-252	-221	-195	-88
Financial income and expenses	-1,474	-1,166	-712	-262
Profit before tax	-1,726	-1,387	-907	-350
Appropriations	1,822	835	1,822	835
Tax	-130	-110	-84	-62
Net profit	-34	-662	831	423

Statements of comprehensive income, SEK M	Q4 2018	Q4 2017	12M 2018	12M 2017
Net profit	-34	-662	831	423
Total comprehensive income	-34	-662	831	423

Condensed Balance sheets, SEK M	Dec 31 2018	Dec 31 2017
Property, plant and equipment	15	15
Intangible assets	6	9
Financial assets	36,679	34,880
Total non-current assets	36,700	34,904
Current receivables	108	68
Interest-bearing receivables	1,822	837
Cash and cash equivalents	-	-
Total current assets	1,930	905
Total assets	38,630	35,809
Equity	9,193	9,582
Interest-bearing non-current liabilities	85	4,430
Other non-current liabilities	56	24
Total non-current liabilities	141	4,454
Interest-bearing current liabilities	29,084	21,588
Current tax liabilities	2	-
Other current liabilities	210	185
Total current liabilities	29,296	21,773
Total equity and liabilities	38,630	35,809

Financial definitions

Trelleborg uses the following alternative performance measures relating to its financial position, return on shareholders' equity and capital employed, net debt, debt/equity ratio and equity/assets ratio. The Group believes that these performance measures can be utilized by users of the financial statements as a supplement in assessing the possibility of dividends, making strategic investments and assessing the Group's ability to meet its financial commitments. Trelleborg also uses the cash flow metrics of operating cash flow and free cash flow to provide an indication of the funds generated by the operations in order to conduct strategic investments, carry out amortizations and generate a return for its shareholders. Trelleborg uses the performance metrics of EBITDA, EBITA and EBIT excluding items affecting comparability, which the Group considers to be relevant for investors seeking to understand its earnings generation before items affecting comparability. The Group defines its key figures as follows.

Capital employed Total assets less interest-bearing financial assets and non-interest-bearing operating liabilities (including pension liabilities) and excluding tax assets and tax liabilities.

Cash conversion ratio Operating cash flow as a percentage of EBIT.

Debt/equity ratio, % Net debt divided by total equity.

Discontinuing operations Profit from discontinuing operations is recognized net in the consolidated income statement under the item "Net profit in discontinuing operations".

Earnings per share Net profit for the period, attributable to shareholders of the Parent Company, divided by the average number of shares outstanding.

EBIT Operating profit including items affecting comparability.

EBIT, excluding items affecting comparability Operating profit excluding items affecting comparability.

EBIT margin excluding items affecting comparability, % EBIT excluding items affecting comparability as a percentage of net sales.

EBITA Operating profit excluding amortization and impairment of intangible assets and excluding items affecting comparability.

EBITA margin, % EBITA as a percentage of net sales.

EBITDA Operating profit excluding depreciation/amortization and impairment of PPE and intangible assets and excluding items affecting comparability.

Equity/assets ratio, % Total equity divided by total assets.

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.

Free cash flow Operating cash flow reduced by cash flow from financial items, taxes and the effect of restructuring measures on cash flow.

Items affecting comparability The total of the restructuring costs approved by the Board of Directors and major other non-recurring items.

Net debt Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.

Net debt/EBITDA Net debt divided by EBITDA.

Operating cash flow EBITDA excluding other non-cash items, capital expenditures, divested PPE and changes in working capital. The key figure excludes cash flow from items affecting comparability.

Organic growth The sales growth in comparable exchange rates that is generated by the Group itself on its own merits and in the existing structure. An acquisition is reported only as organic growth if it is included in an equal number of months in the current period and the corresponding period of the previous year. Otherwise, it is reported as structural growth.

Return on capital employed, % EBIT divided by the average capital employed calculated on 12 months revolving basis.

Return on shareholders' equity, % Profit for the period calculated on 12 months revolving basis, attributable to shareholders of the Parent Company divided by average equity, excluding non-controlling interests.

For further description and calculation of key figures go to www.trelleborg.com/en/investors/financial--definitions.

Glossary

OEM (Original Equipment Manufacturer) A company that manufactures an end-product that can be sold on the open market. The product often consists of a combination of proprietarily manufactured and purchased components from suppliers that are assembled by the OEM company to make the final product.

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.

Seasonal effects

The various market segments are subject to seasonal effects. Demand for the Group is normally higher in the first six months of the year than in the last six months.

About 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.

Business concept

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

Strategy

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 and Excellence.

Value drivers

Polymer engineering. Being the best at developing polymer based solutions that optimize and accelerate customers' applications and processes.

Local presence, global reach. Leveraging our global strength and capabilities, while acting as a local partner to our customers.

Application expertise. Being the best at understanding customers' applications and thereby adding the most value.

Customer integration. Making it easy to do business with us and integrate in close partnerships with our customers.

Business accelerator. Powered by our core capabilities our aim is always to improve, accelerate and grow our customers' businesses. Growing with our customers.

Trelleborg's market segments:

Business area/Segment distribution	General industry					Capital intensive industry	Light Vehicles
	Oil & gas	Transport equipment	Agriculture	Infrastructure construction	Aerospace		
Trelleborg Coated Systems	85%	1%			13%	14%	1%
Trelleborg Industrial Solutions	53%	3%	18%	13%		34%	13%
Trelleborg Offshore & Construction		41%		59%		100%	
Trelleborg Sealing Solutions	44%	2%	11%	4%	15%	32%	24%
Trelleborg Wheel Systems			42%	58%		100%	
Total	34%	4%	20%	18%	7%	55%	11%

Net sales per market segment and business area based on annual accounts 2018. Historically, these percentages have not changed substantially between the quarters, the full year figures of 2018 will therefore give a good approximation.

The Trelleborg Group's operations

Continuing operations

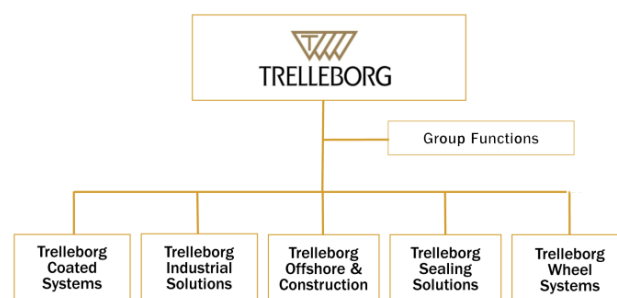
Refers to operations within Trelleborg's five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. In addition, it includes central staff functions.

Discontinuing operations

Refers generally to operations that have been discontinued or are in the process of being divested. The joint venture Vibracoustic's historical comparative figures are included here, for example.

Group in total

The above parts consolidated sum up to the Trelleborg Group in total.



Presentation and telephone conference on February 13 at 10:30 a.m. CET

A presentation and telephone conference will be held on February 13 at 10:30 a.m. CET. The presentation will take place at Operaterrassen in Stockholm, Sweden. To participate in the telephone conference, call +46 8 566 427 04 (Sweden), +44 333 3009 267 (U.K.) or +1 646 722 4902 (U.S.). Code: "Trelleborg". The conference will also be broadcast on the Internet in real time. Visit our website www.trelleborg.com for the Internet link and presentation materials.

Financial calendar

Annual Report 2018
Annual General Meeting 2019 (Trelleborg)
Interim report January-March 2019
Interim report April-June 2019
Interim report July-September 2019
Year-end report 2019

Week starting March 4, 2019
March 27, 2019
April 26, 2019
July 18, 2019
October 24, 2019
February 12, 2020

For further information

Investors/analysts

Christofer Sjögren, VP Investor Relations
Phone: +46 (0)410 - 670 68
Mobile: +46 (0)708 - 66 51 40
E-mail: christofer.sjogren@trelleborg.com

Media

Karin Larsson, VP Media Relations
Phone: +46 (0)410 - 670 15
Mobile: +46 (0)733 - 74 70 15
E-mail: karin.larsson@trelleborg.com

For information about the Trelleborg Group, Annual Reports, the stakeholder magazine T-TIME and other information, please visit the Group's website www.trelleborg.com.



Trelleborg AB (publ) Corp. Reg. No. 556006-3421
PO Box 153, SE-231 22 Trelleborg, Sweden. Phone: +46 (0)410-670 00 www.trelleborg.com

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.

This information is information that Trelleborg AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 a.m. CET on February 13, 2019.

This is a translation of the company's Interim Report in Swedish.