

Q1

Interim report January–March 2019

A decent start to the year

- Net sales for the first quarter of 2019 rose 9 percent to SEK 9,381 M (8,577).
- Organic sales increased 1 percent, both for the Group in its entirety and excluding project deliveries.
- EBIT, excluding items affecting comparability, amounted to SEK 1,295 M (1,291), which was equivalent to an EBIT margin of 13.8 percent (15.1). EBIT was the highest to date in a single quarter for the Group.
- Items affecting comparability for the quarter were a negative SEK 20 M (neg: 18) and pertained to restructuring costs in line with earlier communications.
- Earnings per share, excluding items affecting comparability, totaled SEK 3.25 (3.41). For the Group in its entirety, earnings per share amounted to SEK 3.14 (3.36).
- Operating cash flow amounted to SEK 179 M (408). The cash conversion ratio for the most recent 12-month period declined to 70 percent (12 months 2018: 74), impacted by a higher level of capital expenditure and somewhat higher working capital.

SEK M	Q1 2019 ¹	Q1 2018	Change, %	R12 2019	12M 2018
Net sales	9,381	8,577	9	34,809	34,005
Organic sales, %	1	4			3
EBITA, excluding items affecting comparability	1,382	1,365	1	5,020	5,003
EBITA-margin, %	14.7	15.9		14.4	14.7
EBIT, excluding items affecting comparability	1,295	1,291	0	4,698	4,694
EBIT-margin, %	13.8	15.1		13.5	13.8
Items affecting comparability	-20	-18		-178	-176
EBIT	1,275	1,273	0	4,520	4,518
Profit before tax	1,155	1,211	-5	4,180	4,236
Net profit, Group	852	910	-6	3,132	3,190
Earnings per share, SEK					
Excluding items affecting comparability ²	3.25	3.41	-5	12.18	12.34
Group	3.14	3.36	-7	11.55	11.77
Operating cash flow	179	408	-56	3,266	3,495
Cash conversion ratio R12, %				70	74

¹ Q1 2019 was impacted by recognition of leases in accordance to IFRS 16.

² Earnings per share have been adjusted referring to items affecting comparability after tax. Q1 2019 and full-year 2018 figures have also been adjusted for costs attributable to the US Tax Reform.

A decent start to the year

“Trelleborg started the year with the highest EBIT to date for a single quarter. Despite that, we are not satisfied with our performance, as our operating margin declined during the period. Some of our operations were burdened by sales mix and certain units lagged behind in compensating for increased costs. However, it is important to note that both the economy as a whole and our own business activity remain at a generally high level. Order bookings continued to trend positively during the quarter, although certain market segments are displaying a more modest organic trend year on year.

Sales increased 9 percent, of which organic sales contributed 1 percentage point and structural growth 2 percentage points. During the quarter, the Group’s organic growth slowed compared with the preceding period, in particular, there was a reduction in business from automotive-related customers.

Operating cash flow was mainly impacted by a higher rate of investment and higher seasonal working capital compared with the preceding year. We assess that cash flow will normalize moving forward.

Our largest business area, Trelleborg Sealing Solutions, registered unchanged organic sales, but with distinct differences between the various segments. Sales to aerospace were strong, at the same time as there was a downturn in sales to the automotive industry. Sales to general industry were more stable, albeit with some geographic differences. Within the business area, we continue to add resources to enable long-term growth in several segments.

Organic sales for our tire operation performed favorably, but earnings were negatively impacted by the sales mix and some imbalance between raw materials and sales prices during the quarter.

Trelleborg Industrial Solutions continues to display a favorable growth rate, and most market segments developed in a positive direction. As earlier forecast, profitability was still impacted by inefficiency in a Czech production unit. Intensive efforts are under way to improve the situation.

The delivery situation in the offshore oil & gas operation remained difficult during the quarter, but at the same time, we are seeing both market activity and order bookings continuing to increase. The business area is expected to improve its earnings during the quarters ahead, and our forecast of positive earnings in the latter part of the year stands firm.

A few acquisitions were also completed during the quarter and I particularly want to highlight Sil-Pro, which complements and broadens Trelleborg’s existing offerings in healthcare & medical. Through a number of acquisitions, we have built a competitive platform in this market segment and we have now achieved a critical mass, in which global organic initiatives will increase further in scope moving forward.

In addition to acquisitions, the investments in our operations continued at an historically high level, which is aimed at strengthening our leading market positions and creating an improved platform for future growth. One example of this is that, during April, we opened a new state-of-the-art production facility in Ohio, in the U.S., where the operations of three facilities were consolidated into a shared, efficient unit. We are also continuing to position ourselves geographically, with an example of this being the establishment of another facility in India during the quarter.

During the period, we extended our syndicated credit facility, which constitutes the majority of our long-term funding, and we are thus well-financed on competitive terms for the foreseeable future.

Although our business environment is dominated by extensive uncertainty, our overall assessment is that the demand for our products and solutions will move laterally next quarter. We monitor developments continuously and stand prepared to manage our various operations according to varied levels of demand.”

Peter Nilsson,
President and CEO

MARKET OUTLOOK FOR THE SECOND QUARTER 2019

Demand is expected to be on a par with the first quarter of 2019, adjusted for seasonal variations.

Market outlook from the interim report published on February 13, 2019, relating to the first quarter of 2019

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

NET SALES AND RESULT

SEK M	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018
Net sales	9,381	8,577	9	34,809	34,005
Change total, %	9	3			8
Organic sales, %	1	4			3
Structural change, %	2	0			1
Currency effects, %	6	-1			4
EBIT, excluding items affecting comparability	1,295	1,291	0	4,698	4,694
EBIT-margin, %	13.8	15.1		13.5	13.8
Items affecting comparability	-20	-18		-178	-176
EBIT	1,275	1,273	0	4,520	4,518
Financial income and expenses	-120	-62	-94	-340	-282
Profit before tax	1,155	1,211	-5	4,180	4,236
Taxes	-303	-301	-1	-1,048	-1,046
Net profit, Group	852	910	-6	3,132	3,190
Earnings per share, SEK					
Excluding items affecting comparability ¹	3.25	3.41	-5	12.18	12.34
Group	3.14	3.36	-7	11.55	11.77

¹ Earnings per share have been adjusted referring to items affecting comparability after tax. Q1 2019 and full-year 2018 figures have also been adjusted for costs attributable to the US Tax Reform.

Net sales for the first quarter of 2019 amounted to SEK 9,381 M (8,577). Organic sales increased 1 percent during the quarter. Structural changes contributed 2 percent. Exchange rate effects accounted for a positive 6-percent impact on sales compared with the year-earlier period.

Excluding project deliveries¹, the Group's organic sales increased 1 percent year on year. Organic sales excluding project deliveries rose 3 percent in Western Europe, while they declined 3 percent in the rest of Europe. In the North American market, organic sales rose 3 percent, excluding project deliveries. In South and Central America, organic sales, excluding project deliveries, declined 2 percent, as in Asia and other markets, where the decline was also 2 percent.

EBIT, excluding items affecting comparability, totaled SEK 1,295 M (1,291), corresponding to a margin of 13.8 percent (15.1). EBIT is the highest to date for the Group in a single quarter.

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries, had a positive impact of SEK 53 M on earnings compared with the year-earlier period.

An interest expense for leases was recognized for 2019 as a financial expense in accordance with IFRS 16, which is a difference compared to the preceding year, when this was included in lease expenses for operating leases. Accordingly, EBIT increased SEK 20 M compared with the preceding year.

The quarter was impacted by items affecting comparability of negative SEK 20 M (neg: 18), which pertained to restructuring costs in its entirety.

EBIT, including items affecting comparability, amounted to SEK 1,275 M (1,273) for the quarter.

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.

The net financial expense was SEK 120 M (expense: 62), impacted by somewhat higher interest rates, negative exchange rate differences of SEK 24 M and effects from interest expenses on leases recognized in accordance with IFRS 16 of SEK 20 M. In addition, interest expenses from pension liabilities, which are classified as financial items as of 2019, impacted the financial net negatively in an amount of SEK 4 M. Net interest in relation to net debt was 2.3 percent (2.0), excluding effects from leases and pension liabilities.

Net profit for the Group totaled SEK 852 M (910). The tax rate for the quarter for the Group amounted to 26 percent (25). Excluding items affecting comparability, the underlying tax rate was 25 percent (25).

Earnings per share, excluding items affecting comparability, for the first quarter totaled SEK 3.25 (3.41). For the Group in total, earnings per share amounted to SEK 3.14 (3.36).

CASH FLOW AND NET DEBT

SEK M	Q1 2019	Q1 2018	12M 2018
Net debt, opening balance	-10,499	-9,593	-9,593
Operating cash flow	179	408	3,495
Cash impact from items affecting comparability	-61	-65	-263
Financial items	-165	-71	-245
Paid tax	-235	-276	-919
Free cash flow	-282	-4	2,068
Acquisitions	-1,099	-116	-440
Disposed operations	-	4	4
Dividend - equity holders of the parent company	-	-	-1,220
Sum net cash flow	-1,381	-116	412
Financial liability for dividend – Parent Company shareholders ¹	-1,288	-	-
Exchange rate differences	-179	-366	-797
Lease liability according to IFRS 16 ²	-2,419	-	-
Pension liability ²	-	-579	-521
Net debt, closing balance	-15,766	-10,654	-10,499
Of which:			
Pension liability ²	-529	-579	-521
Lease liability according to IFRS 16 ²	-2,419	-	-
Net debt, excluding effect of lease and pension liability	-12,818	-10,075	-9,978
Debt/equity ratio, %			
Group	52	36	35
Group, excluding effect of lease and pension liability	42	34	33
Net debt/EBITDA³			
Group ⁴	2.5	1.9	1.8
Group, excluding effect of lease and pension liability	2.2	1.8	1.7

¹ Resolved, but not distributed dividend.

² Net debt including, as of 2019, lease liability in accordance with IFRS 16 and pension liability. Accordingly, comparative figures were adjusted by SEK 579 M for Q1 2018 and by SEK 521 M for full-year 2018 for pension liabilities.

³ EBITDA including items affecting comparability.

⁴ EBITDA for 2019 adjusted to reflect full-year impact of the effects of IFRS 16.

Operating cash flow for the quarter was lower year on year and amounted to SEK 179 M (408), mainly affected by a somewhat higher rate of capital expenditure and higher seasonal working capital, primarily pertaining to accounts receivable. The cash conversion ratio for the most recent 12-month period was 70 percent (12 months 2018: 74).

Free cash flow amounted to negative SEK 282 M (neg: 4).

Net cash flow, after the impact of acquisitions, amounted to negative SEK 1,381 M (neg: 116) during the quarter.

Net debt amounted to SEK 9,978 M at the beginning of the year. The opening balance was then adjusted due to the reclassification of the pension liability from capital employed to net debt in the negative amount of SEK 521 M.

Closing net debt was impacted by the effects of the introduction of IFRS 16, net cash flow for the year as well as negative exchange rate differences. Net cash flow was impacted by the acquisition of Sil-Pro in the U.S. (see also page 6) among other factors. Net debt also includes an accrued dividend of SEK 1,288 M resolved at the Annual General Meeting on March 27 with payment taking place on April 3, 2019. The first quarter of 2018 was not impacted by the dividend, as this was resolved and distributed in the second quarter. Closing net debt at the end of the quarter amounted to SEK 15,766 M.

The debt/equity ratio, excluding the impact of leases recognized according to IFRS 16 and pension liabilities, amounted to 42 percent (34) at the end of the period. Including these items, the debt/equity ratio was 52 percent (36).

Net debt in relation to EBITDA, excluding the impact of leases recognized in accordance with IFRS 16 and pension liabilities, amounted to 2.2 (1.8) at the end of the period. Including these items, the ratio amounted to 2.5 (1.9).

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2019	R12 2018	12M 2018
Return on capital employed¹			
Excluding items affecting comparability	11.0	11.0	11.4
Group	10.6	9.8	11.1
Return on equity²			
Excluding items affecting comparability	11.1	10.8	11.7
Group	10.5	9.2	11.1

¹ Comparative figures for capital employed were adjusted due to reclassification of pension liability from capital employed to net debt. In addition, capital employed for 2019 was impacted by recognition of leases in accordance with IFRS 16.

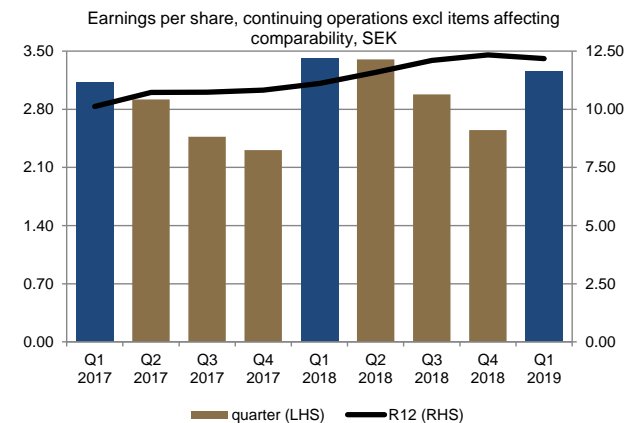
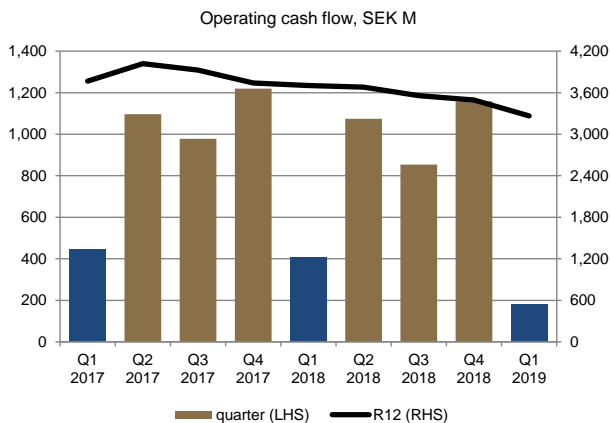
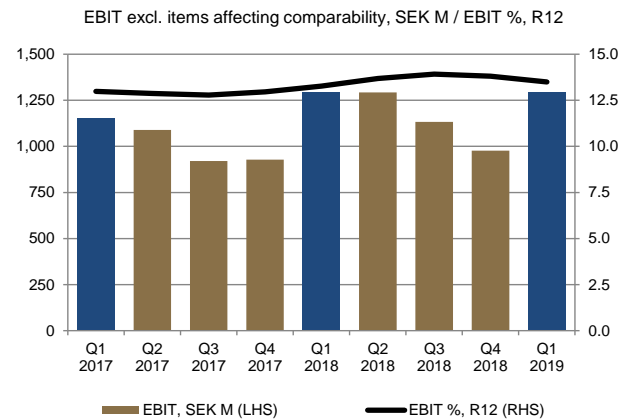
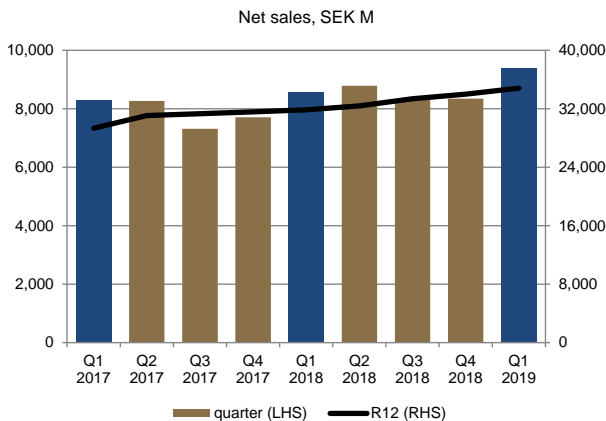
² Equity for 2019 was affected by the resolved but not distributed dividend and a nonrecurring item attributable to IFRS 16.

Capital employed increased year on year to SEK 46,678 M (40,282), mainly impacted by higher working capital, acquisitions completed, investments and the effect of leases recognized in accordance with IFRS 16.

The return on capital employed, excluding items affecting comparability, was 11.0 percent (11.0).

Shareholders' equity for the Group at the close of the period amounted to SEK 30,352 M (30,126 at year-end). Equity for 2019 is impacted by resolved, unpaid dividends, and a nonrecurring item attributable to IFRS 16.

Equity per share amounted to SEK 112 (108). The equity/assets ratio was 52 percent (57). The total return on shareholders' equity for the Group was 10.5 percent (9.2).



SIGNIFICANT EVENTS DURING THE QUARTER

Completed acquisition of manufacturer of silicone components. 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 & 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 was consolidated as of January 2, 2019.

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

Long-term financing. Trelleborg AB and Trelleborg Treasury AB jointly concluded an agreement regarding an extension of the existing syndicated credit facility established in 2013. The extended credit facility totaling EUR 450 M and USD 625 M, equivalent to a total of approximately SEK 10,460 M, has a tenor of five years and will mature in February 2023, with an option of extension thereafter for a maximum of two further years.

A total of 13 financial institutes from nine countries are participating in the credit facility. Commerzbank Aktiengesellschaft, DNB, Nordea, SEB and UniCredit Bank Austria AG acted as Co-ordinating Bookrunners.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

No significant events were reported after the close of the period.

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. The business has a wide geographic spread. The Group has operations in about 50 countries, sales are conducted in just over 150 countries worldwide and manufacturing operations are carried out at more than 100 production sites. The business is diversified, which provides Trelleborg with an effective underlying risk spread.

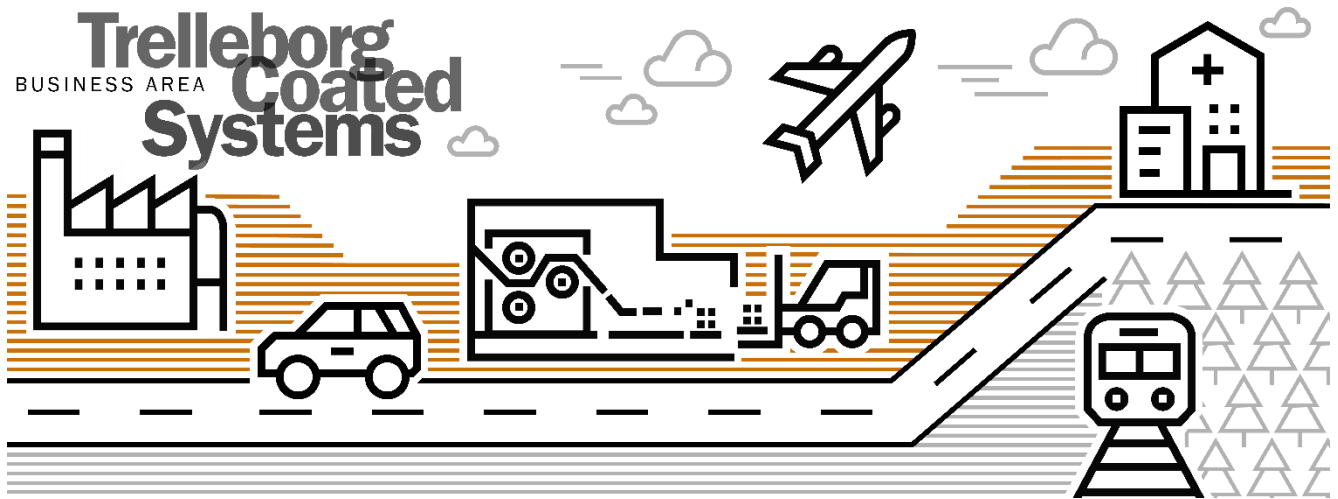
Demand for the Group's products and solutions largely moves in line with fluctuations in global industrial production. Trelleborg focuses on maintaining an exposure to its market segments that has a good balance between early and late cyclical industry, meaning general as well as capital-intensive industry,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

particularly in the agricultural segment, which normally experiences higher demand for tires for agricultural machines during the first half of the year. For the Group, demand is usually higher in the first half of the year than in the second half of the year.

Trelleborg has identified the relevant areas based on strategic risks, operational risks, regulatory compliance risks and financial 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.

Trelleborg, April 26, 2019
Board of Directors of Trelleborg AB (publ)



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	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018
Net sales	986	890	11	3,747	3,651
Change total, %	11	-2			8
Organic sales, %	-3	-4			-2
Structural change, %	7	3			7
Currency effects, %	7	-1			3
EBIT	119	113	5	429	423
EBIT, %	12.0	12.7		11.4	11.6

Additional key ratios on pages 16 - 17

Organic sales declined 3 percent year on year. Coated fabrics were unchanged compared with the year-earlier period, with weaker sales in Europe being offset by a stronger trend in Asia and an unchanged performance in North America. Printing blankets noted weaker organic sales in most major geographic markets.

EBIT increased as a result of acquisitions completed earlier. The EBIT margin declined somewhat year on year, primarily impacted by the sales mix. Exchange rate effects from the translation of foreign subsidiaries had a positive impact on earnings of SEK 7 M compared with the year-earlier period.

Integration of acquisitions. The preceding year's acquisitions in polyurethane coated fabrics led to organizational changes, with the new structure enabling enhanced development and expansion opportunities in several segments, niches and geographies.

Train bellows. The business area gained certification for coated fabrics used for fire resistant train bellows that are adapted to new, more demanding train standards.



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	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018
Net sales	2,069	1,923	8	7,811	7,665
Change total, %	8	10			11
Organic sales, %	4	8			8
Structural change, %	-	-			-
Currency effects, %	4	2			3
EBIT	204	212	-4	767	775
EBIT, %	9.8	11.0		9.8	10.1

Additional key ratios on pages 16 - 17

Organic sales increased 4 percent year on year. The organic sales trend was positive in both Europe and Asia, but somewhat weaker in North America. Organic sales to general industry were mixed, while deliveries to the automotive industry and the oil and gas industry remained favorable. Sales to construction-related segments were positive compared with the year-earlier period.

EBIT and the EBIT margin continued to be negatively affected by inefficiencies in a Czech production unit, which have had a dampening effect on sales and earnings in parts of the business area. Exchange rate effects from the translation of foreign subsidiaries had a positive effect of SEK 3 M on earnings compared with the year-earlier period.



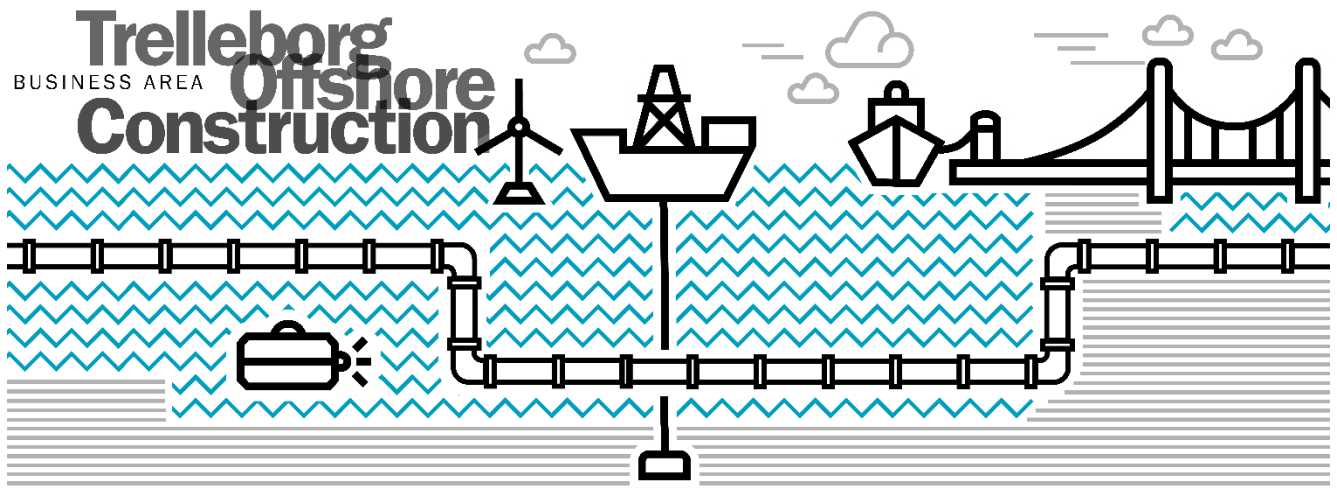
Joint venture in Malaysia. During the quarter, an agreement was signed to form a joint venture in Malaysia, which will manufacture and sell industrial hoses in composite materials.



Increased presence in India. Following the end of the period, an expanded production facility was opened in India for antivibration solutions mainly for the railway industry. As well as increased capacity, the investment will also entail improved distribution and reduced lead times for customers in the region.



New state-of-the-art facility in the US. The business area consolidated its sealing profiles operation in the U.S. and after the end of the period, opened a completely new production facility that has the capacity to address future growth opportunities in the aerospace, construction and automotive industries.




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	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018
Net sales	562	576	-2	2,372	2,386
Change total, %	-2	-20			-16
Organic sales, %	-8	-18			-18
Structural change, %	-	-			-
Currency effects, %	6	-2			2
EBIT	-42	-34	-24	-173	-165
EBIT, %	-7.5	-5.9		-7.3	-6.9


Additional key ratios on pages 16 - 17

Organic sales declined 8 percent year on year. The decline was driven by fewer project transactions primarily in the offshore oil & gas market segment. Organic sales were also slightly negative in the infrastructure segment.

EBIT and the EBIT margin declined year on year, due to fewer project deliveries, which resulted in under-absorption in production. The order book at the end of the quarter indicates continued improvement for the business area during the second half of the year. Exchange rate effects from the translation of foreign subsidiaries had a negative impact on EBIT of SEK 3 M compared with the year-earlier period.

 **Deliveries to wind farms.** During the quarter, the business area secured a contract for cable protection for an offshore wind farm off the coast of Portugal, with delivery during the year.

 **Smart port solutions.** The business area signed a contract with Port of Långnäs, on Åland, for the delivery of vacuum technology that enables faster and safer berthing processes. The same solution was recently successfully installed in Melbourne, Australia.

 **Tunnel seals in China.** A significant order for seals to an immersed tunnel was secured in China, an application where Trelleborg is a global leading supplier.




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	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018
Net sales	3,118	2,800	11	11,367	11,049
Change total, %	11	7			11
Organic sales, %	0	8			7
Structural change, %	4	1			1
Currency effects, %	7	-2			3
EBIT	724	684	6	2,599	2,559
EBIT, %	23.2	24.4		22.9	23.2


Additional key ratios on pages 16 - 17

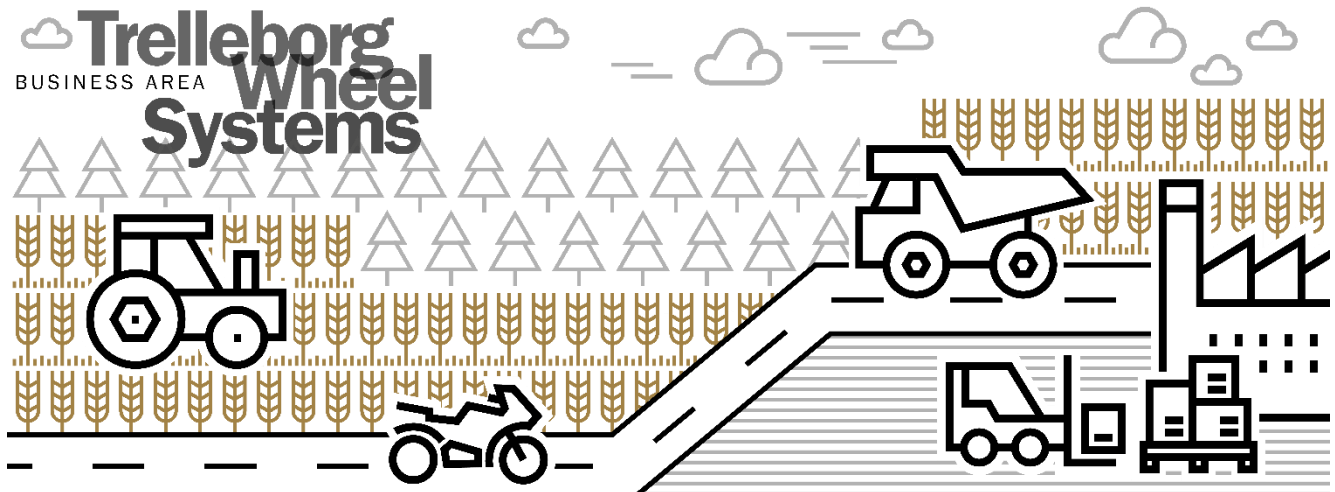
Organic sales were unchanged year on year. The organic sales trend was favorable in North America, but somewhat weaker in both Europe and Asia. Deliveries to general industry were unchanged or somewhat weaker year on year. Organic sales to the automotive industry were negative during the quarter, with deliveries to Europe and Asia declining, while deliveries to North America were somewhat positive. 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 decreased somewhat year on year, primarily impacted by the acquired units and costs for market activities. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 40 M on earnings compared with the year-earlier period.

 **Acquisition in healthcare & medical.** During the quarter, the acquisition was completed of a manufacturer of high-tolerance silicone and thermoplastic components, see more on page 6. The acquisition, together with previous acquisitions, creates a competitive platform and critical mass for global organic initiatives in the segment going forward.

 **Seals for electrification.** During the quarter, the business area launched new seals that are specially developed for electric vehicles. In addition to electric cars, the increased electrification of machines, tools, e-bikes and batteries is a focused segment for the business area.

 **Growth in chemicals transport.** Earlier acquisitions in the rapidly growing sub segment for transportation of chemicals have laid the foundation for new sealing solutions for various transport methods, customer categories and geographies.




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	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018
Net sales	2,773	2,505	11	9,956	9,688
Change total, %	11	8			9
Organic sales, %	3	4			2
Structural change, %	2	1			2
Currency effects, %	6	3			5
EBIT	351	368	-5	1,238	1,255
EBIT, %	12.7	14.7		12.4	13.0


Additional key ratios on pages 16 - 17

Organic sales increased 3 percent, compared with the year-earlier period. Organic sales of tires for agricultural machinery were positive during the quarter; the trend in both Europe and North America was positive, while organic sales had a weaker performance in Asia. Organic sales of tires for material handling vehicles and construction vehicles rose year on year, with healthy deliveries in Europe and North America, but weaker sales in Asia.

EBIT and the EBIT margin decreased mainly as a result of timing of price increases at the beginning of the year, but the situation improved at the end of the quarter. Exchange rate changes from the translation of foreign subsidiaries had a positive impact of SEK 7 M on earnings compared with the year-earlier period.

 **Italian acquisition.** During the quarter, a distributor of agricultural tires in Italy was acquired, enabling the development of the business area's service concept for agricultural tires in Europe.

 **Loyalty program for agricultural tires.** The business area launched its loyalty program in new markets during the quarter. The program rewards customers for the purchase of agricultural tires or participation in various types of training courses.

 **IoT in construction vehicles.** A sensor-based smart wheel that monitors tire pressure and temperature of the tires in construction vehicles has been developed by the business area and was launched after the end of the period.

NOTES

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 Reports. 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 regarding IFRS 16.

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.

The Group assesses whether a contract is, or contains, a lease at the beginning of the year. The Group recognizes a right-of-use asset and a corresponding lease liability for all leases for which the Group is the lessee, except for short-term leases, (leases with a maximum term of 12 months) and for leases in which the underlying asset is of low value. For leases that meet the criteria of exemption rules, the Group recognizes lease payments straight-line over the term of the lease. The lease liability is initially recognized at the present value of the future lease payments that have not been paid at the starting date of the lease, discounted by an incremental borrowing rate that is set quarterly at Group level by country. Lease payments that are included in the measurement of the lease liabilities comprise the following:

- fixed payments, less any benefits in conjunction with the signing of the lease to be obtained,
- variable lease payments that are dependent on an index or a price, initially measured using an index or price on the start date,
- amounts expected to be paid by the lessee according to residual value guarantees,
- The redemption price for an option to buy if the lessee is reasonably certain to exercise such a possibility, and
- penalties arising from the termination of the lease if the term reflects that the lessee will exercise the possibility to terminate the lease.

Lease liabilities are included on the lines for interest-bearing liabilities in the statement of financial position and are recognized in subsequent periods by the liability being increased to reflect the effect of interest and reduced to reflect the effect of lease payments made. Lease liabilities are

restated by a corresponding adjustment of the right-of-use asset in accordance with the rules contained in the standard. The right-of-use asset is initially recognized at the value of the lease liability, with the addition of lease payments made on or before the initial date of the lease and initial direct payments. The right-of-use asset is recognized in subsequent periods at cost less amortization and impairment. If the Group incurs obligations for the dismantling of a leased asset, remediation of land or restoration and renovation of an asset to the state agreed in the contract, a provision is recognized for such obligations in accordance with IAS 37. Such provisions are included in the cost of the right-of-use asset insofar as they are not connected with the production of inventory. Right-of-use assets are amortized over their anticipated useful life, or if it is shorter, over the agreed lease term. If a lease transfers ownership rights at the end of the lease term or if the cost includes the probable exercise of a call option, the right-of-use asset is amortized over its useful life. Amortization commences on the start date of the lease. Right-of-use assets are included on the line for tangible assets in the statement of financial position. The Group applies the principles in IAS 36 for the impairment of right-of-use assets and recognizes this in the same manner as described in the policies for property, plant and equipment recognized in accordance with IAS 16. Variable lease payments that are not dependent on an index or price are not included in the measurement of lease liabilities and right-of-use assets. Such lease payments are recognized as a cost in operating profit/loss in the periods as they arise. The Group applies a practical exemption that entails that service components are not separated from the lease payments for leases that do not pertain to asset classes for office and production premises, unless this is specifically stated in the invoice.

The effects of opening balances for 2019 and earnings impact for the first quarter of 2019 are presented in the table below. For further description of transition effects and transition rules for the transition to IFRS 16, see Note 1 in the Group's 2018 Annual Report.

SEK M	January 1, 2019
Impact on opening balance	
Right-of-use assets ¹	2,295
Lease liabilities	2,472
Equity	-138
Deferred tax assets	39

¹ 90% pertains to office and production premises.

SEK M	Q1 2019
Earnings impact, IFRS 16	
Amortization of right-of-use assets	-96
Interest on lease liability	-20

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

Condensed Income Statements

Income Statements, SEK M	Q1 2019	Q1 2018	R12 2019	12M 2018
Net sales	9,381	8,577	34,809	34,005
Cost of goods sold	-6,320	-5,730	-23,638	-23,048
Gross profit	3,061	2,847	11,171	10,957
Selling expenses	-800	-668	-2,801	-2,669
Administrative expenses	-778	-776	-3,363	-3,361
Research and development costs	-152	-133	-584	-565
Other operating income/expenses	-37	18	274	329
Profit from associated companies	1	3	1	3
EBIT, excluding items affecting comparability	1,295	1,291	4,698	4,694
Items affecting comparability	-20	-18	-178	-176
EBIT	1,275	1,273	4,520	4,518
Financial income and expenses	-120	-62	-340	-282
Profit before tax	1,155	1,211	4,180	4,236
Tax	-303	-301	-1,048	-1,046
Total net profit	852	910	3,132	3,190
- equity holders of the parent company	852	910	3,132	3,190

Earnings per share, SEK ¹	Q1 2019	Q1 2018	R12 2019	12M 2018
Excluding items affecting comparability ²	3.25	3.41	12.18	12.34
Group	3.14	3.36	11.55	11.77

¹ No dilution effects arose.

² Earnings per share have been adjusted referring to items affecting comparability after tax. Q1 2019 and full-year 2018 figures have also been adjusted for costs attributable to the US Tax Reform.

Number of shares	Q1 2019	Q1 2018	R12 2019	12M 2018
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	Q1 2019	Q1 2018	R12 2019	12M 2018
Total net profit	852	910	3,132	3,190
Other comprehensive income				
Items that will not be reclassified to the income statement				
Reassessment of net pension obligation ¹	-	-	49	49
Income tax relating to components of other comprehensive income	-	-	-9	-9
Total	-	-	40	40
Items that may be reclassified to the income statement				
Cash flow hedges	-59	44	-88	15
Hedging of net investment	-295	-561	-354	-620
Translation difference	1,085	1,590	888	1,393
Income tax relating to components of other comprehensive income	69	111	78	120
Total	800	1,184	524	908
Other comprehensive income, net of tax	800	1,184	564	948
Total comprehensive income	1,652	2,094	3,696	4,138

¹ Remeasurement is carried out in connection with preparation of the six-month and full-year financial statements and thereafter only in the event of significant changes.

EBIT specification, SEK M	Q1 2019	Q1 2018	R12 2019	12M 2018
Excluding items affecting comparability:				
EBITDA	1,755	1,614	6,118	5,977
Depreciation, property, plant and equipment	-277	-249	-1,002	-974
Amortization of right-of-use assets	-96	-	-96	-
EBITA	1,382	1,365	5,020	5,003
Amortization, intangible assets	-87	-74	-322	-309
EBIT	1,295	1,291	4,698	4,694
Items affecting comparability	-20	-18	-178	-176
EBIT	1,275	1,273	4,520	4,518

Condensed Balance Sheets

Balance Sheets, SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
Property, plant and equipment ¹	13,282	9,703	10,612
Goodwill	20,203	18,862	19,100
Other intangible assets	5,268	5,063	5,013
Participations in associated companies	93	82	81
Financial non-current assets	52	51	67
Deferred tax assets	792	780	692
Total non-current assets	39,690	34,541	35,565
Inventories	6,510	5,649	6,142
Current operating receivables	8,166	7,429	6,657
Current tax assets	1,059	1,077	970
Interest-bearing receivables	164	297	74
Cash and cash equivalents	2,384	2,446	2,341
Total current assets	18,283	16,898	16,184
Total assets	57,973	51,439	51,749
Equity	30,352	29,302	30,126
Interest-bearing non-current liabilities ¹	12,369	9,715	9,367
Other non-current liabilities	136	53	99
Pension obligations	538	588	530
Other provisions	219	229	227
Deferred tax liabilities	1,103	849	944
Total non-current liabilities	14,365	11,434	11,167
Interest-bearing current liabilities ¹	5,418	3,105	3,028
Current tax liabilities	1,160	1,262	1,098
Other current liabilities	6,360	5,893	6,041
Other provisions	318	443	289
Total current liabilities	13,256	10,703	10,456
Total equity and liabilities	57,973	51,439	51,749

¹ Includes leases according to IFRS 16 as of 2019.

Specification of changes in equity, SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
Opening balance, January 1	30,126	27,216	27,216
Non-recurring item relating to IFRS 9	-	-8	-8
Non-recurring item relating to IFRS 16	-138	-	-
Total net profit	852	910	3,190
Other comprehensive income	800	1,184	948
Dividend ¹	-1,288	-	-1,220
Closing balance	30,352	29,302	30,126

¹ 2019 includes resolved, but not distributed dividends.

Specification of capital employed, SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
Total assets	57,973	51,439	51,749
Less:			
Interest-bearing receivables	199	334	119
Cash and cash equivalents	2,384	2,446	2,341
Tax assets	1,851	1,857	1,662
Operating liabilities	6,861	6,520	6,509
Capital employed¹	46,678	40,282	41,118

¹ Comparative figures for capital employed were adjusted due to reclassification of pension liability from capital employed to net debt. In addition, capital employed for 2019 was impacted by recognition of leases in accordance with IFRS 16.

Cash-flow statements

Cash flow statements, SEK M	Q1 2019	Q1 2018	R12 2019	12M 2018
Operating activities				
EBIT incl part in associated companies	1,275	1,273	4,520	4,518
Adjustments for items not included in cash flow from operating activities:				
Depreciation, property, plant and equipment ¹	370	248	1,148	1,026
Amortization, intangible assets	87	74	322	309
Impairment losses, property, plant and equipment	3	1	-35	-37
Impairment losses, intangible assets	0	0	0	0
Dividend from associated companies	-	1	1	2
Participations in associated companies and other non cash-flow affecting items	-3	-6	-6	-9
Interest received and other financial items	8	8	52	52
Interest paid and other financial items	-173	-79	-391	-297
Taxes paid	-235	-276	-878	-919
Cash flow from operating activities before changes in working capital	1,332	1,244	4,733	4,645
Cash flow from changes in working capital				
Change in inventories	-112	-73	-502	-463
Change in operating receivables	-1,206	-902	-447	-143
Change in operating liabilities	126	-25	181	30
Change in items affecting comparability	-41	-47	-96	-102
Cash flow from operating activities	99	197	3,869	3,967
Investing activities				
Acquisitions	-1,099	-116	-1,423	-440
Disposed/discontinuing operations	-	4	0	4
Capital expenditure, property, plant and equipment	-268	-193	-1,897	-1,822
Capital expenditure, intangible assets	-30	-23	-128	-121
Sale of non-current assets	7	15	36	44
Cash flow from investing activities	-1,390	-313	-3,412	-2,335
Financing activities				
Change in interest-bearing investments	-90	548	132	770
Change in interest-bearing liabilities ^{1, 2}	-198	-158	-705	-665
New/utilized loans	1,678	1,885	2,530	2,737
Amortized loans	-148	-1,747	-1,350	-2,949
Dividend - equity holders of the parent company	-	-	-1,220	-1,220
Cash flow from financing activities	1,242	528	-613	-1,327
Cash flow for the period	-49	412	-156	305
Cash and cash equivalents				
At beginning of the period	2,341	1,994	2,446	1,994
Exchange rate differences	92	40	94	42
Cash and cash equivalents at end of period	2,384	2,446	2,384	2,341

¹ Includes leases according to IFRS 16 as of 2019.

² 2019 includes resolved, but not distributed dividends.

Key figures

SEK M	Q1 2019	Q1 2018	R12 2019	12M 2018
Net sales				
Trelleborg Coated Systems	986	890	3,747	3,651
Trelleborg Industrial Solutions	2,069	1,923	7,811	7,665
Trelleborg Offshore & Construction	562	576	2,372	2,386
Trelleborg Sealing Solutions	3,118	2,800	11,367	11,049
Trelleborg Wheel Systems	2,773	2,505	9,956	9,688
Group items/Eliminations	-127	-117	-444	-434
Total	9,381	8,577	34,809	34,005
EBIT, excluding items affecting comparability				
Trelleborg Coated Systems	119	113	429	423
Trelleborg Industrial Solutions	204	212	767	775
Trelleborg Offshore & Construction	-42	-34	-173	-165
Trelleborg Sealing Solutions	724	684	2,599	2,559
Trelleborg Wheel Systems	351	368	1,238	1,255
Group items	-61	-52	-162	-153
Total	1,295	1,291	4,698	4,694
EBIT %, excluding items affecting comparability				
Trelleborg Coated Systems	12.0	12.7	11.4	11.6
Trelleborg Industrial Solutions	9.8	11.0	9.8	10.1
Trelleborg Offshore & Construction	-7.5	-5.9	-7.3	-6.9
Trelleborg Sealing Solutions	23.2	24.4	22.9	23.2
Trelleborg Wheel Systems	12.7	14.7	12.4	13.0
Total	13.8	15.1	13.5	13.8

Net sales per market, share and organic growth, %	Q1 2019	Q1 2018	12M 2018
Western Europe (48%)	3	4	4
Other Europe (10%)	-3	-2	-3
North America (22%)	2	2	3
South and Central America (4%)	-12	13	21
Asia and other markets (16%)	-1	5	0
Total (100% refer to share 2018)	1	4	3

Net sales per market excluding project related ¹ , organic growth, %	Q1 2019	Q1 2018	12M 2018
Western Europe	3	6	4
Other Europe	-3	-5	-4
North America	3	6	6
South and Central America	-2	8	19
Asia and other markets	-2	9	6
Total	1	5	4

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

SEK M	Q1 2019	Q1 2018	Change, %	R12 2019	12M 2018
EBITDA, operating profit before depreciation	1,755	1,614	9	6,118	5,977
Capital expenditure	-298	-216	-38	-2,025	-1,943
Sold non-current assets	7	15		36	44
Amortization of lease liabilities	-90	-		-90	-
Change in working capital	-1,192	-1,000		-768	-576
Dividend from associated companies	-	1		1	2
Non cash-flow affecting items	-3	-6		-6	-9
Operating cash flow	179	408	-56	3,266	3,495

SEK M	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales									
Trelleborg Coated Systems	986	959	913	889	890	812	768	885	912
Trelleborg Industrial Solutions	2,069	1,890	1,870	1,982	1,923	1,706	1,609	1,813	1,756
Trelleborg Offshore & Construction	562	649	558	603	576	741	647	735	718
Trelleborg Sealing Solutions	3,118	2,622	2,787	2,840	2,800	2,349	2,388	2,596	2,623
Trelleborg Wheel Systems	2,773	2,320	2,280	2,583	2,505	2,198	1,992	2,360	2,328
Group items/Eliminations	-127	-98	-108	-111	-117	-98	-94	-124	-39
Total	9,381	8,342	8,300	8,786	8,577	7,708	7,310	8,265	8,298
EBIT, excluding items affecting comparability									
Trelleborg Coated Systems	119	114	92	104	113	89	77	93	102
Trelleborg Industrial Solutions	204	166	174	223	212	170	146	191	186
Trelleborg Offshore & Construction	-42	-61	-45	-25	-34	-12	-33	-21	5
Trelleborg Sealing Solutions	724	535	647	693	684	469	533	611	618
Trelleborg Wheel Systems	351	246	268	373	368	240	215	278	283
Group items	-61	-23	-3	-75	-52	-28	-18	-63	-40
Total	1,295	977	1,133	1,293	1,291	928	920	1,089	1,154
EBIT %, excluding items affecting comparability									
Trelleborg Coated Systems	12.0	11.9	10.1	11.7	12.7	11.0	9.9	10.5	11.2
Trelleborg Industrial Solutions	9.8	8.8	9.3	11.3	11.0	9.9	9.1	10.5	10.6
Trelleborg Offshore & Construction	-7.5	-9.4	-8.0	-4.2	-5.9	-1.6	-5.2	-2.8	0.7
Trelleborg Sealing Solutions	23.2	20.4	23.2	24.4	24.4	20.0	22.3	23.5	23.6
Trelleborg Wheel Systems	12.7	10.6	11.8	14.5	14.7	10.9	10.8	11.8	12.1
Total	13.8	11.7	13.6	14.7	15.1	12.0	12.6	13.2	13.9
Items affecting comparability	-20	-98	-28	-32	-18	-314	-45	-76	366
EBIT	1,275	879	1,105	1,261	1,273	614	875	1,013	1,520

Bridge net sales SEK M, %	Q1 2018, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q1 2019, SEK M
Trelleborg Coated Systems	890	-3	7	7	986
Trelleborg Industrial Solutions	1,923	4	-	4	2,069
Trelleborg Offshore & Construction	576	-8	-	6	562
Trelleborg Sealing Solutions	2,800	0	4	7	3,118
Trelleborg Wheel Systems	2,505	3	2	6	2,773
Group items/Eliminations	-117	-	-	-	-127
Total	8,577	1	2	6	9,381

Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M	Q1 2019
Trelleborg Coated Systems	7
Trelleborg Industrial Solutions	3
Trelleborg Offshore & Construction	-3
Trelleborg Sealing Solutions	40
Trelleborg Wheel Systems	7
Group items	-1
Total	53

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

Condensed Income Statements, SEK M	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	9,381	8,342	8,300	8,786	8,577	7,708	7,310	8,265	8,298
Cost of goods sold	-6,320	-5,799	-5,664	-5,855	-5,730	-5,288	-4,959	-5,586	-5,565
Gross profit	3,061	2,543	2,636	2,931	2,847	2,420	2,351	2,679	2,733
Selling expenses	-800	-674	-651	-676	-668	-630	-599	-670	-657
Administrative expenses	-778	-930	-815	-840	-776	-801	-733	-797	-778
Research and development costs	-152	-143	-143	-146	-133	-134	-122	-131	-129
Other operating income/costs	-37	183	105	23	18	71	20	6	-18
Profit from associated companies	1	-2	1	1	3	2	3	2	3
EBIT, excluding items affecting comparability	1,295	977	1,133	1,293	1,291	928	920	1,089	1,154
Items affecting comparability	-20	-98	-28	-32	-18	-314	-45	-76	366
EBIT	1,275	879	1,105	1,261	1,273	614	875	1,013	1,520
Financial income and expenses	-120	-78	-72	-70	-62	-57	-66	-56	-51
Profit before tax	1,155	801	1,033	1,191	1,211	557	809	957	1,469
Tax	-303	-200	-251	-294	-301	-284	-174	-220	-240
Net profit	852	601	782	897	910	273	635	737	1,229
- equity holders of the parent company	852	601	782	897	910	273	635	737	1,229
- non-controlling interest	-	-	-	-	-	-	-	-	-
Earnings per share, SEK									
Excluding items affecting comparability	3.25	2.55	2.98	3.40	3.41	2.31	2.47	2.92	3.12
Group	3.14	2.22	2.88	3.31	3.36	1.01	2.34	2.72	4.53

Acquisitions

Carrying amounts of identifiable acquired assets and assumed liabilities

2019

First quarter 2019

Trelleborg has, through its Trelleborg Sealing Solutions business area, signed agreements and finalized the acquisition of Sil-Pro, LLC., a U.S.-based privately owned contract manufacturer of high-tolerance silicone and thermoplastic components, which also offers assembly of medical devices.

Trelleborg has, through its Trelleborg Wheel Systems business area, 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.

Trelleborg has, through its Trelleborg Wheel Systems business area, signed agreements and finalized the acquisitions of Provana Solutions srl and Provana Quality Center srl. Provana Solutions specializes in the distribution and service of tires and complete wheels to tractor dealers and farmers in Italy. Provana Quality Center provides testing of various tire solutions to original equipment manufacturers (OEMs) of agricultural machinery.

2018

First quarter 2018

One acquisition was finalized during the quarter.

- Dartex Holding Ltd.

In addition, final settlement of earlier acquisitions took place and certain adjustments were also made to acquisition analyses attributable to acquisitions in 2017.

Acquisitions, SEK M	Q1 2019 Acquired 2019	Q1 2018 Acquired 2018 Adjustments to Acquisitions 2017
Developed technology ¹	-	29
Trademarks ²	-	18
Customer relationships ³	216	11
Other intangible assets	0	-
Property, plant and equipment	167	16
Interest-bearing receivables	5	5
Inventories	86	15
Operating receivables	70	20
Current tax asset	-	-
Cash and cash equivalents	9	2
Deferred tax liabilities	-51	-12
Interest-bearing liabilities	-42	-19
Post employment benefits	-1	-
Provision obligations	-	-1
Current tax liability	-	-1
Operating liabilities	-40	-16
Net assets	419	67
Goodwill	651	37
Total purchase price	1,070	104
Cash and other net debt in acquired operations	29	12
Impact shown in cash flow statement	1,099	116

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 2019 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.

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 March 31, 2019, SEK M	Assets measured at amortized cost	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	-	36	2	146	2	182
Financial non-current assets	2	-	-	-	-	2
Accounts receivable	6,667	-	-	-	-	6,667
Interest-bearing receivable	3	-	-	-	-	3
Cash and cash equivalents	2,384	-	-	-	-	2,384
Total	9,056	36		146		9,238

	Liabilities measured at amortized cost	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	-	219	2	168	2	387
Interest-bearing non-current liabilities	10,231	-	-	-	-	10,231
Interest-bearing current liabilities	3,290	-	-	-	-	3,290
Accounts payable	3,515	-	-	-	-	3,515
Total	17,036	219		168		17,423

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 55 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 March 31, 2018, SEK M	Assets measured at amortized cost	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	-	275	2	70	2	345
Financial non-current assets	3	-	-	-	-	3
Accounts receivable	6,046	-	-	-	-	6,046
Interest-bearing receivable	2	3	3	-	-	5
Cash and cash equivalents	2,446	-	-	-	-	2,446
Total	8,497	278		70		8,845

	Liabilities measured at amortized cost	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	-	136	2	532	2	668
Interest-bearing non-current liabilities	9,619	-	-	-	-	9,619
Interest-bearing current liabilities	2,640	-	-	-	-	2,640
Accounts payable	3,158	-	-	-	-	3,158
Total	15,417	136		532		16,085

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).

Parent Company

Condensed Income statements, SEK M	Q1 2019	Q1 2018	R12 2019	12M 2018
Net sales	62	51	487	476
Administrative expenses	-79	-62	-365	-348
Other operating income	0	0	2	2
Other operating expenses	-23	-25	-323	-325
EBIT	-40	-36	-199	-195
Financial income and expenses	-12	62	-786	-712
Profit before tax	-52	26	-985	-907
Appropriations	-	-	1,822	1,822
Tax	24	20	-80	-84
Net profit	-28	46	757	831

Statements of comprehensive income, SEK M	Q1 2019	Q1 2018	R12 2019	12M 2018
Net profit	-28	46	757	831
Total comprehensive income	-28	46	757	831

Condensed Balance sheets, SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
Property, plant and equipment	14	15	15
Intangible assets	15	8	6
Financial assets	37,780	36,060	36,679
Total non-current assets	37,809	36,083	36,700
Current receivables	132	112	108
Interest-bearing receivables	261	1	1,822
Cash and cash equivalents	-	-	-
Total current assets	393	113	1,930
Total assets	38,202	36,196	38,630
Equity	7,877	9,628	9,193
Interest-bearing non-current liabilities	85	4,430	85
Other non-current liabilities	58	26	56
Total non-current liabilities	143	4,456	141
Interest-bearing current liabilities	30,052	22,003	29,084
Current tax liabilities	1	-	2
Other current liabilities	129	109	210
Total current liabilities	30,182	22,112	29,296
Total equity and liabilities	38,202	36,196	38,630

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 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 (including right-of-use assets) and intangible assets as well as 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, amortization of lease liabilities 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 proprietary 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.

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. Trelleborg should be best at developing polymer-based solutions that optimize and accelerate customers’ applications and processes.

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

Application expertise. Trelleborg should be best at understanding customers’ applications, thereby adding the most value.

Customer integration. Trelleborg makes it easy to do business with the Group and integrates in close partnerships with its customers.

Business accelerator. Powered by these core capabilities, the aim is always to improve, accelerate and grow customers’ businesses. Trelleborg grows with its customers.

Trelleborg’s market segments:

Business area/Segment distribution	General industry	Transport equipment				Capital intensive industry	Light Vehicles
		Oil & gas	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%		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.

TELEPHONE CONFERENCE ON APRIL 26

A telephone conference will be held on April 26 at 3:00 p.m. CET. To participate in the telephone conference, call +46 8 505 583 65 (Sweden), +44 333 3009 261 (U.K.) or +1 833 526 8383 (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 CALENDER

Interim report April-June 2019
Interim report July-September 2019
Year-end report 2019
Interim report January-March 2020

July 18, 2019
October 24, 2019
February 12, 2020
April 23, 2020

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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.



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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 1:00 p.m. CET on April 26, 2019.

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