

Q4

Interim report and year-end report 2019

Stable despite continued challenges

FOURTH QUARTER 2019

- Net sales for the fourth quarter of 2019 rose 8 percent to SEK 9,018 M (8,342).
- Organic sales were unchanged compared with the preceding year.
- EBIT, excluding items affecting comparability, amounted to SEK 1,006 M (977), which was equivalent to an EBIT margin of 11.2 percent (11.7).
- Items affecting comparability for the quarter were a negative SEK 3,431 M (neg: 98) and pertained to impairment of capital employed in Businesses Under Development of SEK 3,198 M, see also page 7, and restructuring costs of SEK 233 M in line with earlier communications. The preceding year's items affecting comparability pertained in their entirety to restructuring costs.
- Earnings per share, excluding items affecting comparability, totaled SEK 2.45 (2.55). For the Group, earnings per share were negative SEK 9.29 (pos: 2.22).
- Operating cash flow amounted to SEK 1,530 M (1,159). The cash conversion ratio for the full year increased to 90 percent (74).
- In December 2019, Trelleborg implemented organizational changes aimed at focusing the Group on selected segments and at the same time, highlighting areas in which there must be an improvement in position and profitability. In the new organization, Trelleborg's core business comprises three business areas, compared with the former five, and one reporting segment, Businesses Under Development. Reported comparative data was adjusted for this change. See also page 7.

SEK M	Q4 2019 ¹	Q4 2018	Change, %	12M 2019 ¹	12M 2018	Change, %
Group						
Net sales	9,018	8,342	8	36,588	34,005	8
Organic sales, %	0	2		0	3	
EBIT, excluding items affecting comparability	1,006	977	3	4,658	4,694	-1
EBIT-margin, %	11.2	11.7		12.7	13.8	
Restructuring costs	-233	-98		-498	-176	
Impairment of capital employed ²	-3,198	-		-3,198	-	
Items affecting comparability	-3,431	-98		-3,696	-176	
EBIT	-2,425	879	-376	962	4,518	-79
Profit before tax	-2,516	801	-414	581	4,236	-86
Net profit, Group	-2,519	601	-519	-199	3,190	-106
Earnings per share, SEK						
Excluding items affecting comparability ³	2.45	2.55	-4	11.89	12.34	-4
Group	-9.29	2.22	-518	-0.73	11.77	-106
Operating cash flow	1,530	1,159	32	4,174	3,495	19
Cash conversion ratio R12, %				90	74	
Core Business						
Net sales	7,881	7,374	7	32,452	30,061	8
Organic sales, %	-2	2		0	4	
EBIT, excluding items affecting comparability	976	1,015	-4	4,628	4,665	-1
EBIT-margin, %	12.4	13.8		14.3	15.5	
Business under Development						
Net sales	1,171	1,012	16	4,283	4,100	4
Organic sales, %	11	-3		1	-7	
EBIT, excluding items affecting comparability	30	-38	179	30	29	3
EBIT-margin, %	2.6	-3.8		0.7	0.7	

¹ Impacted by recognition of leases in accordance to IFRS 16.

² Pertains to the impairment of capital employed in the reporting segment Businesses Under Development.

³ Earnings per share have been adjusted referring to items affecting comparability after tax. Figures have also been adjusted for costs attributable to a US Tax Reform.

FULL-YEAR 2019

- Net sales for the full-year 2019 increased 8 percent to SEK 36,588 M (34,005).
- Organic sales were in line with the preceding year.
- EBIT, excluding items affecting comparability, declined 1 percent to SEK 4,658 M (4,694), corresponding to an EBIT margin of 12.7 percent (13.8).
- EBITA, excluding items affecting comparability, was in line with the preceding year and amounted to SEK 5,020 M (5,003), corresponding to an EBITA margin of 13.7 percent (14.7).
- Items affecting comparability amounted to negative SEK 3,696 M (neg: 176) and pertained to impairment of capital employed in Businesses Under Development of SEK 3,198 M, see also page 7, and restructuring costs of SEK 498 M. The preceding year's items affecting comparability pertained in their entirety to restructuring costs.
- Earnings per share, excluding items affecting comparability, totaled SEK 11.89 (12.34). For the Group in its entirety, earnings per share amounted to negative SEK 0.73 (pos: 11.77).
- Net loss for the Group totaled SEK 199 M (profit: 3,190).
- Operating cash flow amounted to SEK 4,174 M (3,495), up 19 percent. The cash conversion ratio increased to 90 percent (74).

MARKET OUTLOOK FOR THE FIRST QUARTER 2020

Demand is expected to be somewhat lower than in the fourth quarter of 2019, adjusted for seasonal variations.

Market outlook from the interim report published on October 24, 2019, relating to the fourth quarter of 2019

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

DIVIDEND 2019

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

Stable despite continued challenges

“The fourth quarter rounded off 2019 in a stable manner. Sales increased by 8 percent, while organic sales remained unchanged compared with the preceding year. Operating profit – EBIT excluding items affecting comparability – also increased somewhat during the period. But the factor that dominated the quarter was the significant reorganization of the Group that we implemented.

The new organization entails that we are changing from five to three business areas, at the same time as a number of units have been transferred to a new reporting segment that we call Businesses Under Development. Our ambition is to continue developing and strengthening our three already well-positioned business areas and, at the same time, highlight operations where there must be an improvement in position and profitability.

We have been clear that the requirements on those units included in Businesses Under Development are demanding. They must achieve significant and sustainable improvements to remain part of the Group in the long term. In parallel with the operational improvement work, we will continuously evaluate various structural alternatives. For example, we already divested a small unit in January 2020 that was not a good fit for the Group in the long term.

There was no shortage of challenges for our three core businesses, where we saw a mixed trend during the quarter. Trelleborg Sealing Solutions grew and improved its margin compared with the year-earlier period. Trelleborg Industrial Solutions also performed well overall. Our tire operation, Trelleborg Wheel Systems, experienced a testing period, with continued challenging market conditions, under-production to adapt inventory levels to the lower level of demand and, as a consequence, considerably weakened margins. However, inventory adjustments led to a good cash flow.

The Group, with its globally leading positions and broad exposure to many different market segments, will always have operations that go from success to success, at the same time as other units periodically are challenged by market headwinds. When everything is tallied at Group level, earnings tend to increase over time.

It was exactly this development that we saw during the period in question. The agricultural and automotive industries, together with general industry, encountered a tougher economy. At the same time, sales to the aerospace industry, healthcare & medical, and oil & gas increased. Acquisitions made in recent years made a positive contribution to this development.

A new decade has now begun, and we are continuing on our established path. We cannot impact the overall economic trend, but we can focus on refining our long-term positions and offerings. That said, we of course adjust our operations and adapt to short-term demand.

As I look forward to the coming year, I am confident in the knowledge that I have outstanding employees and that the Group functions very well. We have a flexibility and high level of preparedness to manage shifting market conditions. In the short term, we can see a more challenging demand scenario, partly as a result of recent developments in China. Our overall assessment of demand during the first quarter of the year is that it will be somewhat lower than during the fourth quarter.”

Peter Nilsson,
President and CEO

NET SALES AND RESULT

SEK M	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Net sales	9,018	8,342	8	36,588	34,005	8
Change total, %	8	8		8	8	
Organic sales, %	0	2		0	3	
Structural change, %	4	2		3	1	
Currency effects, %	4	4		5	4	
EBIT, excluding items affecting comparability	1,006	977	3	4,658	4,694	-1
EBIT-margin, %	11.2	11.7		12.7	13.8	
Restructuring costs	-233	-98		-498	-176	
Impairment of capital employed ¹	-3,198	-		-3,198	-	
Items affecting comparability	-3,431	-98		-3,696	-176	
EBIT	-2,425	879	-376	962	4,518	-79
Financial income and expenses	-91	-78	-17	-381	-282	-35
Profit before tax	-2,516	801	-414	581	4,236	-86
Taxes	-3	-200	99	-780	-1,046	25
Net profit, Group	-2,519	601	-519	-199	3,190	-106
Earnings per share, SEK						
Excluding items affecting comparability ²	2.45	2.55	-4	11.89	12.34	-4
Group	-9.29	2.22	-518	-0.73	11.77	-106

¹ Pertains to the impairment of capital employed in the reporting segment Businesses Under Development.

² Earnings per share have been adjusted referring to items affecting comparability after tax. Figures have also been adjusted for costs attributable to a US Tax Reform.

Net sales for the Group during the fourth quarter of 2019 amounted to SEK 9,018 M (8,342). Organic sales were unchanged compared with the preceding year. Structural changes made a positive contribution of 4 percent. Exchange rate effects accounted for a positive 4-percent impact on sales compared with the year-earlier period.

Sales per market for core businesses¹:

Organic sales for core businesses declined by 2 percent compared with the fourth quarter of 2018. Organic sales declined by 4 percent in Western Europe and increased by 1 percent in the rest of Europe. In the North American market, organic sales declined by 2 percent. In South and Central America, organic sales increased by 20 percent and increased by 2 percent in Asia and other markets.

EBIT, excluding items affecting comparability, totaled SEK 1,006 M (977), corresponding to a margin of 11.2 percent (11.7).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries, had a positive impact of SEK 46 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 19 M during the quarter compared with the preceding year.

Items affecting comparability for the quarter amounted to negative SEK 3,431 M (neg: 98) and pertained to impairments of capital employed in the reporting segment Businesses Under Development of SEK 3,198 M and restructuring costs of SEK 233 M. The impairment of capital employed is the result of the assets' estimated future discounted earnings trend, and

should also be viewed in the context of the projected market value.

EBIT, including items affecting comparability, amounted to negative SEK 2,425 M (pos: 879) for the quarter.

The net financial expense was SEK 91 M (expense: 78), impacted by interest expenses on leases recognized in accordance with IFRS 16 of SEK 19 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 6 M. Net interest in relation to net debt was 2.1 percent (3.0), excluding effects from leases and pension liabilities.

Net loss for the Group totaled was SEK 2,519 M (profit: 601). The tax rate for the quarter for the Group, excluding items affecting comparability, amounted to 28 percent (23), impacted by a negative country mix. Excluding items affecting comparability, the underlying tax rate was 25 percent for full-year 2019.

Earnings per share, excluding items affecting comparability, for the fourth quarter totaled SEK 2.45 (2.55). For the Group in total, earnings per share amounted to negative SEK 9.29 (pos: 2.22).

¹ Core businesses pertains to the business areas Trelleborg Industrial Solutions, Trelleborg Sealing Solutions and Trelleborg Wheel Systems.

CASH FLOW AND NET DEBT

SEK M	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
EBITDA, operating profit before depreciation ¹	1,524	1,272	20	6,605	5,977	11
Capital expenditure	-671	-860	22	-1,797	-1,943	8
Sold non-current assets	9	22		18	44	
Amortization of lease liabilities	-116	-		-406	-	
Change in working capital	768	725		-258	-576	
Dividend from associated companies	0	1		1	2	
Non cash-flow affecting items	16	-1		11	-9	
Operating cash flow	1,530	1,159	32	4,174	3,495	19

¹ EBITDA for 2019 was impacted by the add back of depreciation on right-of-use assets in accordance with IFRS 16 (Q4 2019: SEK 119 M; full-year 2019: SEK 425 M).

SEK M	12M 2019	12M 2018
Net debt, opening balance	-10,499	-9,593
Operating cash flow	4,174	3,495
Cash impact from items affecting comparability	-353	-263
Non-controlling interests	10	-
Financial items	-377	-245
Paid tax	-763	-919
Free cash flow	2,691	2,068
Acquisitions	-3,066	-440
Disposed operations	-	4
Dividend - equity holders of the parent company	-1,288	-1,220
Sum net cash flow	-1,663	412
Exchange rate differences	-377	-797
Lease liability according to IFRS 16 ²	-2,224	-
Pension liability	-151	-521
Net debt, closing balance	-14,914	-10,499
Of which:		
Pension liability	-600	-521
Lease liability according to IFRS 16	-2,353	-
Net debt, excluding effect of lease and pension liability	-11,961	-9,978
Debt/equity ratio, %		
Group	51	35
Group, excluding effect of lease and pension liability	41	33
Net debt/EBITDA ³		
Group	2.5	1.8
Group, excluding effect of lease and pension liability	2.1	1.7

Net debt including, as of 2019, lease liability in accordance with IFRS 16 and pension liability. Accordingly, comparative figures were adjusted by SEK 521 M for 12M 2018 for pension liabilities. The adjustment on pension liability in 2019 refers to a revaluation performed during the year.

² Pertains to non-cash items.

³ EBITDA excluding items affecting comparability.

Operating cash flow for the quarter amounted to SEK 1,530 M (1,159). The increase is primarily attributable to improved EBITDA and a lower level of investment compared with the preceding year. The cash conversion ratio for the most recent 12-month period was 90 percent (74).

Free cash flow for full-year 2019 amounted to SEK 2,691 M (2,068). Net cash flow amounted to a negative SEK 1,663 M (pos: 412). Net cash flow for the year was impacted by completed acquisitions in the negative amount of SEK 3,066 M (neg: 440) and the dividend paid to shareholders of SEK 1,288 M (neg: 1,220).

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 at the end of the fourth quarter was impacted by the effects of the introduction of IFRS 16, net cash flow for the year, negative exchange rate differences and acquisitions completed during the year. Closing net debt at the end of the quarter amounted to SEK 14,914 M. Excluding the impact from IFRS 16 and pension liabilities, the net debt amounted to SEK 11,961 M.

The debt/equity ratio, excluding the impact of leases recognized according to IFRS 16 and pension liabilities, amounted to 41 percent (33) at the end of the period. Including these items, the debt/equity ratio was 51 percent (35).

Net debt in relation to EBITDA, excluding the impact of leases recognized in accordance with IFRS 16 and pension liabilities, was 2.1 (1.7) at the end of the period. Including these items, the ratio was 2.5 (1.8).

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2019	R12 2018
Return on capital employed¹		
Excluding items affecting comparability	9.8	11.4
Group	2.0	11.1
Return on equity²		
Excluding items affecting comparability	10.9	11.7
Group	-0.7	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.

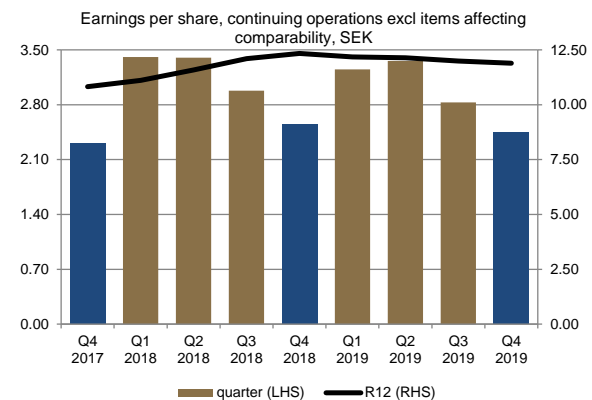
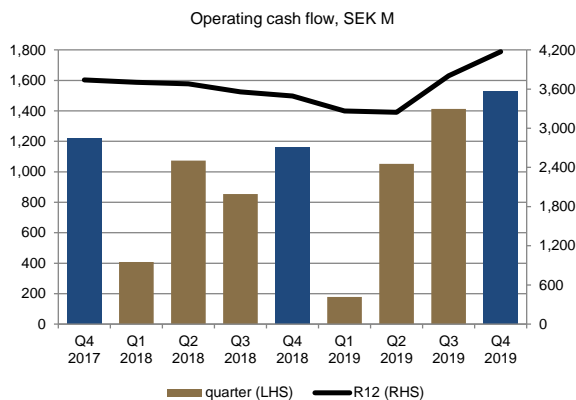
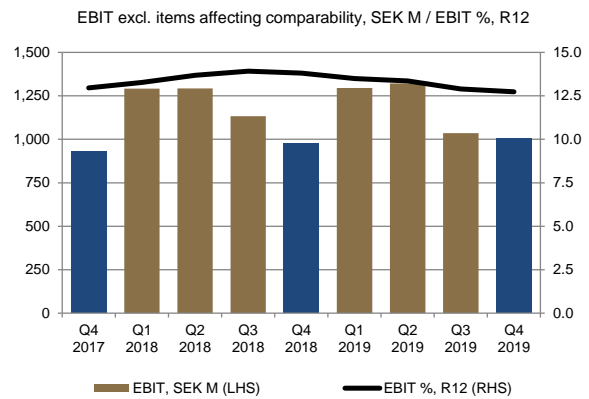
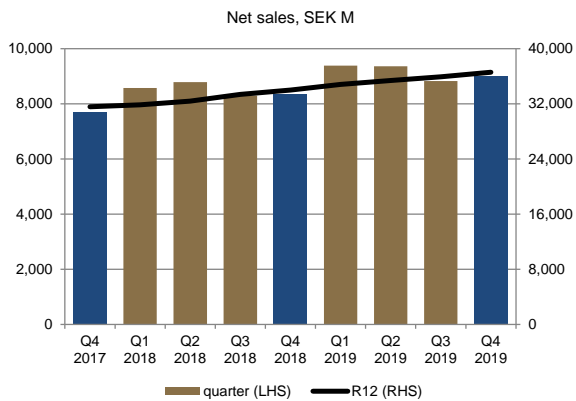
² Equity for 2019 was affected by a nonrecurring item attributable to IFRS 16.

Capital employed increased year on year to SEK 44,709 M (41,118), mainly impacted by acquisitions completed, investments, translation effects and the effect of leases recognized in accordance with IFRS 16.

The return on capital employed, excluding items affecting comparability, was 9.8 percent (11.4).

Shareholders' equity for the Group at the close of the period amounted to SEK 29,226 M (30,126).

Equity per share amounted to SEK 108 (111). The equity/assets ratio was 52 percent (58). The total return on shareholders' equity for the Group, excluding items affecting comparability, was 10.9 percent (11.7).



FULL-YEAR 2019

Net sales for the Group in 2019 totaled SEK 36,588 M (34,005), up 8 percent year on year.

EBIT for the Group after items affecting comparability was SEK 962 M (4,518), after deductions for items affecting comparability amounting to an expense of SEK 3,696 M (expense: 176).

The financial net expense was SEK 381 M (expense: 282).

Net financial items in relation to net debt were 2.3 percent (2.7), excluding the effects of leases and pension liabilities.

Profit before tax totaled SEK 581 M (4,236).

Net loss for the Group totaled SEK 199 M (profit: 3,190).

Earnings per share excluding items affecting comparability amounted to SEK 11.89 (12.34) and total earnings per share for the Group were negative SEK 0.73 (pos: 11.77).

SIGNIFICANT EVENTS DURING THE QUARTER

Nomination Committee prior to 2020 Annual General Meeting.

According to the previous resolution by the Annual General Meeting of Trelleborg AB, the Chairman of the Board is assigned the task of annually asking the five largest shareholders, in terms of votes registered on August 31, to appoint one member each to the Nomination Committee prior to the next Annual General Meeting.

The following have agreed to participate in the Nomination Committee prior to the 2020 Annual General Meeting:

Ragnar Lindqvist, Dunker Interests
Henrik Didner, Didner & Gerge Funds
Peter Lagerlöf, Lannebo Funds
Anna Sundberg, Handelsbanken Funds
Johan Sjöström, AP2

The Annual General Meeting will be held in Trelleborg, Sweden, on April 23, 2020, at 5:00 p.m. CET.

A press release was published on October 17, 2019.

Acquisition of manufacturer of rotary seals. Trelleborg Sealing Solutions signed and finalized the acquisition of the US-based Tritec Seal. The company offers engineered polytetrafluoroethylene (PTFE) sealing solutions. The acquisition strengthens Trelleborg's product portfolio, primarily in rotary seals, while giving the business area access to increased manufacturing capacity that is needed.

Tritec Seal has its headquarters in Fenton, Michigan, US. Sales totaled approximately SEK 300 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 November 27, 2019.

Press releases were published on November 25, 2019 and November 28, 2019.

Strengthened focus on selected segments. Trelleborg implemented organizational changes with the aim of focusing the Group on selected segments and, at the same time, highlight areas where improvement in position and profitability must occur. The ambition is to continue to develop and strengthen already well-performing and well-positioned business areas that have sizeable global businesses.

In the new organization, Trelleborg's core business comprises three business areas, compared with the earlier five. In addition, a new reporting area is being created, Businesses

Under Development. The following business areas are included in the new organization:

Trelleborg Industrial Solutions with a focus on polymer-based niche applications and infrastructure projects. The business area comprises existing operations, the engineered coated fabrics operations of Trelleborg Coated Systems and the operations of marine solutions and infrastructure projects of Trelleborg Offshore & Construction. In conjunction with the changes, some operations were moved from Trelleborg Industrial Solutions to Businesses Under Development.

Trelleborg Sealing Solutions with a focus on polymer-based sealing solutions. Trelleborg Sealing Solutions is not affected by the organizational changes.

Trelleborg Wheel Systems with a focus on tires for off-highway vehicles. Trelleborg Wheel Systems is only marginally impacted by its bicycle tires operation being transferred to Businesses Under Development.

A number of operations were transferred to a new reporting segment with the name **Businesses Under Development**, which will be reported independently of the business area structure. These operations comprise:

The printing blankets operations of Trelleborg Coated Systems.

The oil & gas operations of Trelleborg Offshore & Construction.

The Swedish and Estonian operations for specialty molded components of Trelleborg Industrial Solutions.

The Czech operations for specialty molded components and technical rubber products of Trelleborg Industrial Solutions as well as the bicycle tire operation of Trelleborg Wheel Systems.

The former business areas of Trelleborg Coated Systems and Trelleborg Offshore & Construction ceased to be business areas as a result of the reorganization.

Key performance indicators from earlier years were adjusted for this internal reorganization.

In conjunction with the change, it was also announced that non-cash impairments of capital employed in the amount of SEK 3,198 M would be made, which are recognized in this report. Impairment of capital employed is a result of the assets' estimated future discounted earnings trend, and should also be viewed in the context of the projected market value.

A press release was published on December 4, 2019.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Businesses Under Development

Divestment of French operation. Trelleborg signed an agreement and finalized the divestment of an operation in France. The operation is included in Trelleborg's reporting segment Businesses Under Development and is a part of the printing blankets operation. It develops and manufactures rubber-covered rollers as well as rubber belts. The buyer is the Belgian Hannecard Group.

The divested operation had annual sales of approximately SEK 70 M in 2019. The transaction will only have a negligible impact on the Group's earnings.

The operation will be deconsolidated as of January 7, 2020. A press release was published on January 8, 2020.

OTHER

Effects of Brexit and trade tariffs. All of the business areas have analyzed the effects of Brexit and other relevant 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 relevant trade tariffs, due to the number 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.

Long-term risks. 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.

Short-term risks. The majority of Trelleborg's production facilities in China are open again and are gradually returning to normal production capacity after being closed on the advice of local authorities due to the corona virus. Depending on the future scope of the virus, it is currently not possible to estimate any loss of income or effects on supply chains. There is a preparedness to avoid as far as possible Group's customers being affected by the situation that arises.

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

Trelleborg, February 12, 2020
Board of Directors of Trelleborg AB (publ)



Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in selected industrial application areas and infrastructure projects.

Excluding items affecting comparability, SEK M	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Net sales	2,795	2,524	11	10,885	9,716	12
Change total, %	11	10		12	8	
Organic sales, %	1	2		4	2	
Structural change, %	6	4		4	3	
Currency effects, %	4	4		4	3	
EBIT	315	252	25	1,215	994	22
EBIT, %	11.3	10.0		11.2	10.2	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2019

Organic sales during the quarter increased 1 percent year on year. There was a downward sales trend in Europe, while it was stable in North America and developed positively in Asia. It was primarily deliveries of marine and port solutions and marine hoses that contributed to the organic sales increase. Deliveries to the automotive industry were stable. Sales to general industry and construction-related market segments declined compared with the year-earlier period.

EBIT and the EBIT margin increased year on year, primarily as a result of higher business activity in marine solutions. An acquisition finalized earlier made a contribution to the earnings improvement, at the same time as cost savings partly offset the loss of volume in other operations. Exchange rate effects from the translation of foreign subsidiaries had a positive effect on EBIT of SEK 11 M compared with the year-earlier period.

FULL-YEAR 2019

Organic sales for the full year rose 4 percent compared with 2018. Sales were unchanged in Europe and North America, while significant growth was noted in Asia. Most market segments reported positive organic sales. Deliveries of marine and port solutions stood out because of their strong trend in the second half of the year.

EBIT and the EBIT margin increased compared with the preceding year, mainly as a result of higher sales, acquisitions finalized earlier and completed restructuring work. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 32 M on EBIT compared with 2018.



Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions and components deployed in general industry, automotive and aerospace.

Excluding items affecting comparability, SEK M	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Net sales	2,952	2,622	13	12,142	11,049	10
Change total, %	13	12		10	11	
Organic sales, %	3	6		0	7	
Structural change, %	5	0		5	1	
Currency effects, %	5	6		5	3	
EBIT	626	535	17	2,729	2,559	7
EBIT, %	21.2	20.4		22.5	23.2	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2019

Organic sales during the quarter increased 3 percent year on year. Sales to general industry declined in Europe but were positive in North America and Asia. Sales to the automotive industry increased in all regions, partly impacted by higher sales to the aftermarket. Other deliveries of seals to the automotive industry declined. Sales to the aerospace industry continued to record healthy growth, although the growth rate was somewhat lower compared with the preceding quarter.

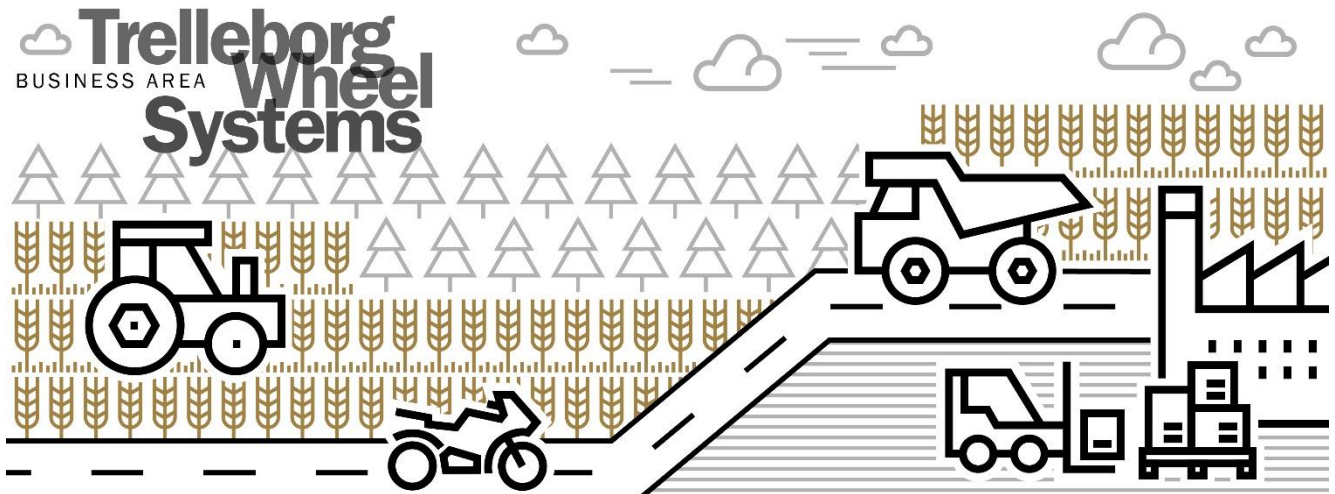
EBIT and the EBIT margin increased somewhat year on year, mainly due to acquisitions and effective cost control. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 26 M on EBIT compared with the year-earlier period.

During the quarter, the business area acquired an American manufacturer of rotary seals. See page 7.

FULL-YEAR 2019

Organic sales for the full year were unchanged compared with 2018. Sales to Europe and Asia were negative for the year, but this was fully offset by healthy deliveries to North America. The strongest organic sales growth was noted in deliveries to the aerospace industry, while sales to general industry and the automotive industry declined. The area of healthcare & medical grew during the year and accounted for approximately 10 percent of the business area's sales.

EBIT rose primarily as a result of acquisitions and effective cost control. The EBIT margin was maintained at a high level throughout the year, but declined somewhat compared with the preceding year, partly due to implemented acquisitions with lower margins. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 117 M on EBIT compared with 2018.



Trelleborg Wheel Systems is a leading global supplier of tires and complete wheels for off-highway vehicles and specialty applications.

Excluding items affecting comparability, SEK M	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Net sales	2,181	2,271	-4	9,628	9,492	1
Change total, %	-4	5		1	9	
Organic sales, %	-9	-2		-4	2	
Structural change, %	1	2		1	2	
Currency effects, %	4	5		4	5	
EBIT	97	247	-61	913	1,255	-27
EBIT, %	4.4	10.9		9.5	13.2	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2019

Organic sales during the quarter declined 9 percent year on year. Sales of tires for agricultural machines declined significantly in most markets, driven by production stops among several major OE customers. Deliveries of agricultural tires to aftermarket customers declined somewhat, but were slightly positive in the North American market. The sale of tires for material handling vehicles and construction vehicles declined year on year, with this trend being similar in most markets.

EBIT and the EBIT margin declined as a result of lower sales volumes and a rate of production lower than the sales volume with the aim of adjusting stock levels in line with the reduced market activity. Exchange rate fluctuations from the translation of foreign subsidiaries had a positive impact of SEK 8 M on EBIT compared with the year-earlier period.

FULL-YEAR 2019

Organic sales for the full year declined 4 percent compared with 2018. The organic sales trends for tires for agricultural machinery, material handling vehicles and construction machinery were all negative, driven by a weak second half of the year. The intensifying trade conflicts during the year had a negative impact on the business climate and contributed to increased uncertainty and lower order intake.

EBIT and the EBIT margin declined sharply, mainly due to reduced delivery volumes caused by difficult market conditions, which accelerated during the year, but also due to inventory adjustments made in the second half of the year. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 18 M on EBIT compared with 2018.

Businesses Under Development

The reporting segment **Businesses Under Development** comprises areas where improvement in position and profitability must occur; the operations of printing blankets, offshore oil & gas, some specialty molded components and technical rubber products, as well as bicycle tires.

Excluding items affecting comparability, SEK M	Q4 2019	Q4 2018	Change, %	12M 2019	12M 2018	Change, %
Net sales	1,171	1,012	16	4,283	4,100	4
Change total, %	16	1		4	-3	
Organic sales, %	11	-3		1	-7	
Structural change, %	1	0		0	0	
Currency effects, %	4	4		3	4	
EBIT	30	-38	179	30	29	3
EBIT, %	2.6	-3.8		0.7	0.7	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2019

Organic sales during the quarter increased 11 percent year on year. Sales increased in all major regions, driven by a very strong performance in offshore oil & gas. Deliveries of printing blankets declined in several markets, apart from Asia, where China stood out in positive terms. Sales of specialty molded components were negative, impacted by inventory adjustments among distributors, but also by a weaker underlying market.

EBIT and the EBIT margin increased primarily as a result of higher sales volumes in offshore oil & gas. Exchange rate fluctuations from the translation of foreign subsidiaries had a negative impact of SEK 1 M on EBIT compared with the year-earlier period.

After the end of the quarter, a small operation in France was divested. It was included in the printing blanket operation of the reporting segment, and manufactures rubber-covered rollers and rubber belts. See page 7.

During the fourth quarter, non-cash impairment of capital employed of SEK 3,198 M was conducted, which was included in the reporting segment **Businesses Under Development** and recognized under items affecting comparability at Group level. The impairment of capital employed is the result of the assets' estimated future discounted earnings trend, and should also be viewed in the context of the projected market value.

FULL-YEAR 2019

Organic sales for the full year increased 1 percent compared with 2018. Offshore oil & gas had a very positive sales increase in the second half of the year and this fully explains the organic improvement. Other businesses under development, that is, printing blankets and specialty molded components, noted a negative sales trend, which accelerated during the second half of the year.

EBIT and the EBIT margin were largely unchanged compared with the preceding year. The profitability of offshore oil & gas changed from loss to profit in pace with the volume recovery during the year and ended with a clearly positive result in the fourth quarter. Exchange rate fluctuations from the translation of foreign subsidiaries had a positive impact of SEK 2 M on EBIT compared with 2018.

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 standard applied as of January 1, 2019

IFRS 16 Leases replaces IAS 17 Leases and is to 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 as an operating expense 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 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	2,239
Lease liabilities	2,411
Equity	-133
Deferred tax assets	39

¹ 90% pertains to office and production premises.

SEK M	12M 2019
Earnings impact, IFRS 16 ²	
Amortization of right-of-use assets	-425
Interest on lease liability	-78

² In accordance with the earlier standard (IAS 17), the items were recognized as operating expenses..

Hedge accounting of IBOR-related flows

Trelleborg applies hedge accounting of IBOR-related flows. The IASB has amended the IFRS 9 standard so that companies are not forced to suspend hedge accounting due to the uncertainty that prevails in conjunction with the transition to new reference rates of interest.

The Group has chosen early application of the amendments to IFRS 9 due to the future change of reference rates (interbank offered rates), the "Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7". This change will have no effect on the financial statements.

Condensed Income Statements

Income Statements, SEK M	Q4 2019	Q4 2018	12M 2019	12M 2018
Net sales	9,018	8,342	36,588	34,005
Cost of goods sold	-6,188	-5,799	-24,870	-23,048
Gross profit	2,830	2,543	11,718	10,957
Selling expenses	-800	-674	-3,202	-2,669
Administrative expenses	-826	-930	-3,120	-3,361
Research and development costs	-158	-143	-617	-565
Other operating income/expenses	-38	183	-125	329
Profit from associated companies	-2	-2	4	3
EBIT, excluding items affecting comparability	1,006	977	4,658	4,694
Items affecting comparability	-3,431	-98	-3,696	-176
EBIT	-2,425	879	962	4,518
Financial income and expenses	-91	-78	-381	-282
Profit before tax	-2,516	801	581	4,236
Tax	-3	-200	-780	-1,046
Total net profit	-2,519	601	-199	3,190
- equity holders of the parent company	-2,519	601	-199	3,190
- non-controlling interest	0	-	0	-

Earnings per share, SEK ¹	Q4 2019	Q4 2018	12M 2019	12M 2018
Group, Excluding items affecting comparability ²	2.45	2.55	11.89	12.34
Group, total	-9.29	2.22	-0.73	11.77

¹ No dilution effects arose.

² Earnings per share have been adjusted referring to items affecting comparability after tax. Figures have also been adjusted for costs attributable to a US Tax Reform.

Number of shares	Q4 2019	Q4 2018	12M 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	Q4 2019	Q4 2018	12M 2019	12M 2018
Total net profit	-2,519	601	-199	3,190
Other comprehensive income				
Items that will not be reclassified to the income statement				
Reassessment of net pension obligation	23	21	-151	49
Income tax relating to components of other comprehensive income	-6	-3	32	-9
Total	17	18	-119	40
Items that may be reclassified to the income statement				
Cash flow hedges	67	-61	-98	15
Hedging of net investment	335	-6	-390	-620
Translation difference	-1,164	21	1,240	1,393
Income tax relating to components of other comprehensive income	-13	18	77	120
Total	-775	-28	829	908
Other comprehensive income, net of tax	-758	-10	710	948
Total comprehensive income	-3,277	591	511	4,138

EBIT specification, SEK M	Q4 2019	Q4 2018	12M 2019	12M 2018
Excluding items affecting comparability:				
EBITDA	1,524	1,272	6,605	5,977
Depreciation/write-down, property, plant and equipment	-306	-217	-1,160	-974
Amortization of right-of-use assets	-119	-	-425	-
EBITA	1,099	1,055	5,020	5,003
Amortization/write-down, intangible assets	-93	-78	-362	-309
EBIT	1,006	977	4,658	4,694
Items affecting comparability	-3,431	-98	-3,696	-176
EBIT	-2,425	879	962	4,518

Condensed Balance Sheets

Balance Sheets, SEK M	Dec 31 2019	Dec 31 2018
Property, plant and equipment ¹	13,306	10,612
Goodwill	19,198	19,100
Other intangible assets	5,289	5,013
Participations in associated companies	108	81
Financial non-current assets	46	67
Deferred tax assets	941	692
Total non-current assets	38,888	35,565
Inventories	6,361	6,142
Current operating receivables	7,071	6,657
Current tax assets	1,041	970
Interest-bearing receivables	286	74
Cash and cash equivalents	2,694	2,341
Total current assets	17,453	16,184
Total assets	56,341	51,749
Share capital	2,620	2,620
Other capital contributions	226	226
Other reserves	2,961	2,132
Profit brought forward	23,608	21,958
Net profit for the year	-199	3,190
Total	29,216	30,126
Non-controlling interests	10	-
Equity	29,226	30,126
Interest-bearing non-current liabilities ¹	13,063	9,367
Other non-current liabilities	188	99
Pension obligations	604	530
Other provisions	202	227
Deferred tax liabilities	1,075	944
Total non-current liabilities	15,132	11,167
Interest-bearing current liabilities ¹	4,234	3,028
Current tax liabilities	1,234	1,098
Other current liabilities	6,122	6,041
Other provisions	393	289
Total current liabilities	11,983	10,456
Total equity and liabilities	56,341	51,749

¹ Includes leases according to IFRS 16 as of 2019.

Specification of changes in equity, SEK M	Dec 31 2019	Dec 31 2018
Opening balance, January 1	30,126	27,216
Non-recurring item relating to IFRS 9	-	-8
Non-recurring item relating to IFRS 16	-133	-
Total net profit	-199	3,190
Other comprehensive income	710	948
Dividend	-1,288	-1,220
Non-controlling interests	10	-
Closing balance	29,226	30,126

Specification of capital employed, SEK M	Dec 31 2019	Dec 31 2018
Total assets	56,341	51,749
Less:		
Interest-bearing receivables	308	119
Cash and cash equivalents	2,694	2,341
Tax assets	1,982	1,662
Operating liabilities	6,648	6,509
Capital employed ²	44,709	41,118

² 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	Q4 2019	Q4 2018	12M 2019	12M 2018
Operating activities				
EBIT incl part in associated companies	-2,425	879	962	4,518
Adjustments for items not included in cash flow from operating activities:				
Depreciation, property, plant and equipment ¹	424	271	1,579	1,026
Amortization, intangible assets	103	78	372	309
Impairment losses, property, plant and equipment	441	-50	452	-37
Impairment losses, intangible assets	2,707	-	2,709	0
Dividend from associated companies	0	1	1	2
Participations in associated companies and other non cash-flow affecting items	12	-1	4	-9
Items affecting comparability	-3	-	-	-
Interest received and other financial items	19	22	45	52
Interest paid and other financial items	-107	-101	-422	-297
Taxes paid	-85	-228	-763	-919
Cash flow from operating activities before changes in working capital	1,086	871	4,939	4,645
Cash flow from changes in working capital				
Change in inventories	313	-35	78	-463
Change in operating receivables	732	705	135	-143
Change in operating liabilities	-277	55	-471	30
Change in items affecting comparability	151	15	182	-102
Cash flow from operating activities	2,005	1,611	4,863	3,967
Investing activities				
Acquisitions	-825	-12	-3,066	-440
Disposed/discontinuing operations	-	-	-	4
Capital expenditure, property, plant and equipment	-625	-814	-1,632	-1,822
Capital expenditure, intangible assets	-46	-46	-165	-121
Sale of non-current assets ²	12	22	21	44
Cash flow from investing activities	-1,484	-850	-4,842	-2,335
Financing activities				
Change in interest-bearing investments	-211	211	-213	770
Change in interest-bearing liabilities ¹	135	-236	-608	-665
New/utilized loans	-261	-31	3,004	2,737
Amortized loans	0	-774	-649	-2,949
Dividend - equity holders of the parent company	0	0	-1,288	-1,220
Dividend - non-controlling interest	10	0	10	0
Cash flow from financing activities	-327	-830	256	-1,327
Cash flow for the period	194	-69	277	305
Cash and cash equivalents				
At beginning of the period	2,587	2,368	2,341	1,994
Exchange rate differences	-87	42	76	42
Cash and cash equivalents at end of period	2,694	2,341	2,694	2,341

¹ Includes leases according to IFRS 16 as of 2019.

² Of which SEK 3 M was included in items affecting comparability for full-year 2019.

Change in liabilities from financing activities, SEK M	Non-cash changes								
	2018	Transfer between long-term and short-term loans	Cash changes	Acquisitions	Translation differences	Fair value changes	Lease liabilities according to IFRS 16	Pension liabilities	2019
Long-term loans	9,223	249	1,880	-	162	-	-	-	11,514
Current loans	2,625	-249	490	-	4	-	-	-	2,870
Other non-current financial liabilities	144	-	-49	-	0	-	-	-	95
Other current financial liabilities	403	-	-152	-	213	-	-	-	465
Lease liabilities according to IFRS 16	0	-	-340	-	66	-	2,628	-	2,353
Pension liabilities	0	-	-82	-	10	-	-	672	600
Total	12,395	-	1,747	-	455	-	2,628	672	17,897

Key figures

Trelleborg employs a number of alternative key figures related to financial position: return on equity and capital employed, net debt, debt/equity ratio and equity/assets ratio. The Group deems the key figures useful for the readers of its financial reports as a complement for assessing the possibility of dividends, implementing strategic investments and considering the Group's ability to meet its financial commitments. In addition, Trelleborg uses the cash-flow measurements of operating cash flow and free cash flow to provide an indication of the funds the operations generate to be able to implement strategic investments, make amortizations and pay returns to the shareholders. Trelleborg also uses the result measurements of EBITDA, EBITA and EBIT, excluding items affecting comparability, which are measurements the Group considers relevant for investors who want to understand earnings generation before items affecting comparability. The Group defines the key figures as set out below.

For further description and calculation of key figures, see <https://www.trelleborg.com/en/investors/financial--definitions>.

SEK M	Q4 2019	Q4 2018	12M 2019	12M 2018
Net sales				
Trelleborg Industrial Solutions	2,795	2,524	10,885	9,716
Trelleborg Sealing Solutions	2,952	2,622	12,142	11,049
Trelleborg Wheel Systems	2,181	2,271	9,628	9,492
Eliminations	-47	-43	-203	-196
Core Business	7,881	7,374	32,452	30,061
Businesses under development	1,171	1,012	4,283	4,100
Eliminations	-34	-44	-147	-156
Group	9,018	8,342	36,588	34,005
EBIT, excluding items affecting comparability				
Trelleborg Industrial Solutions	315	252	1,215	994
Trelleborg Sealing Solutions	626	535	2,729	2,559
Trelleborg Wheel Systems	97	247	913	1,255
Group items	-62	-19	-229	-143
Core Business	976	1,015	4,628	4,665
Businesses under development	30	-38	30	29
Group	1,006	977	4,658	4,694
EBIT %, excluding items affecting comparability				
Trelleborg Industrial Solutions	11.3	10.0	11.2	10.2
Trelleborg Sealing Solutions	21.2	20.4	22.5	23.2
Trelleborg Wheel Systems	4.4	10.9	9.5	13.2
Core Business	12.4	13.8	14.3	15.5
Businesses under development	2.6	-3.8	0.7	0.7
Group	11.2	11.7	12.7	13.8
Net sales per market, share and organic growth, %				
Western Europe (47%)	-2	2	0	4
Other Europe (9%)	-3	-7	-2	-3
North America (24%)	-1	6	1	3
South and Central America (4%)	19	9	-4	21
Asia and other markets (16%)	5	-1	2	0
Total (100% refer to share 2019)	0	2	0	3
Net sales per market Core Business, organic growth, %				
Western Europe	-4	2	-1	5
Other Europe	1	-9	-2	-5
North America	-2	8	1	6
South and Central America	20	4	12	16
Asia and other markets	2	2	2	4
Total	-2	2	0	4

Bridge net sales SEK M, %	Q4 2018, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q4 2019, SEK M
Trelleborg Industrial Solutions	2,524	1	6	4	2,795
Trelleborg Sealing Solutions	2,622	3	5	5	2,952
Trelleborg Wheel Systems	2,271	-9	1	4	2,181
Eliminations	-43	-	-	-	-47
Core Business	7,374	-2	4	5	7,881
Businesses under development	1,012	11	1	4	1,171
Eliminations	-44	-	-	-	-34
Group	8,342	0	4	4	9,018

Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M	Q4 2019	12M 2019
Trelleborg Industrial Solutions	11	32
Trelleborg Sealing Solutions	26	117
Trelleborg Wheel Systems	8	18
Eliminations	2	-1
Core Business	47	166
Businesses under development	-1	2
Group	46	168

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

SEK M	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net sales									
Trelleborg Industrial Solutions	2,795	2,722	2,740	2,628	2,524	2,378	2,432	2,382	2,289
Trelleborg Sealing Solutions	2,952	2,982	3,090	3,118	2,622	2,787	2,840	2,800	2,349
Trelleborg Wheel Systems	2,181	2,188	2,536	2,723	2,271	2,243	2,529	2,449	2,156
Eliminations	-47	-50	-52	-54	-43	-51	-51	-51	-46
Core Business	7,881	7,842	8,314	8,415	7,374	7,357	7,750	7,580	6,748
Businesses under development	1,171	1,019	1,086	1,007	1,012	976	1,078	1,034	1,000
Eliminations	-34	-33	-39	-41	-44	-33	-42	-37	-40
Group	9,018	8,828	9,361	9,381	8,342	8,300	8,786	8,577	7,708
EBIT, excluding items affecting comparability									
Trelleborg Industrial Solutions	315	289	327	284	252	223	267	252	271
Trelleborg Sealing Solutions	626	668	711	724	535	647	693	684	469
Trelleborg Wheel Systems	97	148	319	349	247	273	371	364	246
Group items	-62	-60	-47	-60	-19	0	-74	-50	-26
Core Business	976	1,045	1,310	1,297	1,015	1,143	1,257	1,250	960
Businesses under development	30	-9	11	-2	-38	-10	36	41	-32
Group	1,006	1,036	1,321	1,295	977	1,133	1,293	1,291	928
EBIT %, excluding items affecting comparability									
Trelleborg Industrial Solutions	11.3	10.6	11.9	10.8	10.0	9.4	11.0	10.6	11.9
Trelleborg Sealing Solutions	21.2	22.3	23.0	23.2	20.4	23.2	24.4	24.4	20.0
Trelleborg Wheel Systems	4.4	6.8	12.6	12.8	10.9	12.2	14.7	14.9	11.4
Core Business	12.4	13.3	15.8	15.4	13.8	15.5	16.2	16.5	14.2
Businesses under development	2.6	-0.9	1.1	-0.3	-3.8	-1.1	3.3	4.0	-3.2
Group	11.2	11.7	14.1	13.8	11.7	13.6	14.7	15.1	12.0

Condensed Income Statements, SEK M	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net sales	9,018	8,828	9,361	9,381	8,342	8,300	8,786	8,577	7,708
Cost of goods sold	-6,188	-6,071	-6,291	-6,320	-5,799	-5,664	-5,855	-5,730	-5,288
Gross profit	2,830	2,757	3,070	3,061	2,543	2,636	2,931	2,847	2,420
Selling expenses	-800	-786	-816	-800	-674	-651	-676	-668	-630
Administrative expenses	-826	-750	-766	-778	-930	-815	-840	-776	-801
Research and development costs	-158	-152	-155	-152	-143	-143	-146	-133	-134
Other operating income/costs	-38	-36	-14	-37	183	105	23	18	71
Profit from associated companies	-2	3	2	1	-2	1	1	3	2
EBIT, excluding items affecting comparability	1,006	1,036	1,321	1,295	977	1,133	1,293	1,291	928
Items affecting comparability	-3,431	-127	-118	-20	-98	-28	-32	-18	-314
EBIT	-2,425	909	1,203	1,275	879	1,105	1,261	1,273	614
Financial income and expenses	-91	-59	-111	-120	-78	-72	-70	-62	-57
Profit before tax	-2,516	850	1,092	1,155	801	1,033	1,191	1,211	557
Tax	-3	-188	-286	-303	-200	-251	-294	-301	-284
Net profit	-2,519	662	806	852	601	782	897	910	273
- equity holders of the parent company	-2,519	662	806	852	601	782	897	910	273
- non-controlling interest	0.0001	-	-	-	-	-	-	-	-

Group Key Figures	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net sales, SEK M	9,018	8,828	9,361	9,381	8,342	8,300	8,786	8,577	7,708
Organic sales, %	0	-1	0	1	2	4	2	4	7
EBITDA, excl items affecting comparability, SEK M	1,524	1,526	1,800	1,755	1,272	1,467	1,624	1,614	1,248
EBITDA, excl items affecting comparability, %	16.9	17.3	19.2	18.7	15.3	17.7	18.5	18.8	16.2
EBITA, excl items affecting comparability, SEK M	1,099	1,132	1,407	1,382	1,055	1,210	1,373	1,365	1,002
EBITA, excl items affecting comparability, %	12.2	12.8	15.0	14.7	12.7	14.6	15.6	15.9	13.0
EBIT, excl items affecting comparability, SEK M	1,006	1,036	1,321	1,295	977	1,133	1,293	1,291	928
EBIT, excl items affecting comparability, %	11.2	11.7	14.1	13.8	11.7	13.6	14.7	15.1	12.0
Items affecting comparability, SEK M	-3,431	-127	-118	-20	-98	-28	-32	-18	-314
EBIT, SEK M	-2,425	909	1,203	1,275	879	1,105	1,261	1,273	614
Earnings per share, excl items affecting comparability, SEK	2.45	2.83	3.36	3.25	2.55	2.98	3.40	3.41	2.31
Earnings per share, Group, SEK	-9.29	2.44	2.98	3.14	2.22	2.88	3.31	3.36	1.01
Operating cash flow, excl items affecting comp., SEK M	1,530	1,413	1,052	179	1,159	854	1,074	408	1,220
Cash conversion ratio, excl items affecting comp., R12, %	90	82	69	70	74	77	83	88	91
Free cash flow, SEK M	1,240	1,102	631	-282	773	567	732	-4	915
Capital employed, closing balance, SEK M	44,709	49,033	47,210	46,678	41,118	41,261	41,253	40,282	37,818
Return on capital employed R12, %	2.0	9.3	10.1	10.6	11.1	10.6	10.3	9.8	10.5
Net debt, closing balance, SEK M	-14,914	-15,860	-15,307	-15,766	-10,499	-11,233	-11,560	-10,654	-10,154
Net debt/EBITDA	2.5	2.6	2.5	2.5	1.8	1.9	2.0	1.9	1.8
Debt/equity ratio %	51	49	49	52	35	38	39	36	37
Return on equity, %	-0.7	9.4	10.0	10.5	11.1	10.3	9.8	9.2	11.0
Equity/assets ratio, %	52	54	54	52	58	57	56	57	56

Acquisitions

Carrying amounts of identifiable acquired assets and assumed liabilities

2019

Acquisitions in the Trelleborg Industrial Solutions business area

Signum Technology Ltd. The group delivers safety critical solutions for flow control for the oil, gas and petrochemicals industries, such as marine breakaway couplings and LNG transfer systems.

Acquisitions in the Trelleborg Sealing Solutions business area

Sil-Pro, LLC, a US-based privately owned contract manufacturer of high-tolerance silicone and thermoplastic components, which also offers assembly of medical devices.

Tritec Seal. The company offers engineered polytetrafluoroethylene (PTFE) sealing solutions.

Max Meier AG, Werkzeugbau. The company develops and manufactures specialized tools for complex two component products.

Acquisitions in the Trelleborg Wheel Systems business area

Pneu ICM Inc. The company specializes in distribution and service of industrial tires to customers in eastern Canada.

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 OEMs of agricultural machinery.

Industrial Tire Solutions. The company specializes in distribution and service of industrial tires to customers in its immediate area.

Acquisitions in the Businesses Under Development reporting segment

Trelleborg has through its offshore operation acquired Deep Spring Technology. The company is a leader in innovation and the development of small microspheres that are used in low density materials.

In addition, certain adjustments were made to acquisition analyses attributable to acquisitions made in 2018.

Acquisitions, SEK M	12M 2019	12M 2018
	Acquired 2019 Adjustments to Acquisitions 2018	Acquired 2018 Adjustments to Acquisitions 2017
Developed technology ¹	14	29
Trademarks ²	65	18
Customer relationships ³	635	75
Other intangible assets	0	-
Property, plant and equipment	300	46
Deferred tax assets	9	6
Shares in associated companies	-	-
Interest-bearing receivables	22	5
Inventories	207	106
Operating receivables	325	69
Current tax asset	0	2
Cash and cash equivalents	615	42
Deferred tax liabilities	-44	-28
Interest-bearing liabilities	-1,658	-49
Post employment benefits	-1	-
Provision obligations	0	-1
Current tax liability	-18	-
Operating liabilities	-290	-48
Net assets	181	272
Goodwill	1,863	166
Total purchase price	2,044	438
Cash and other net debt in acquired operations	1,022	2
Impact shown in cash flow statement	3,066	440

¹ Excess value of developed technology is amortized over 10-12 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 instruments - classification and valuation

A description of how fair value is calculated is provided below and in Accounting policies in the latest Annual Report.

At December 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	-	84	2	200	2	284
Financial non-current assets	46	-		-		46
Accounts receivable	5,690	-		-		5,690
Interest-bearing receivable	8	-		-		8
Cash and cash equivalents	2,694	-		-		2,694
Total	8,438	84		200		8,722

	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	-	222	2	230	2	452
Interest-bearing non-current liabilities	11,004	37	3	-		11,041
Interest-bearing current liabilities	3,643	39	3	-		3,682
Lease liabilities according to IFRS 16	2,353	-		-		2,353
Accounts payable	3,375	-		-		3,375
Total	20,375	298		230		20,903

Measurement techniques used to calculate fair value of level 2 assets

Level 2 derivatives comprise currency futures and interest swaps and are primarily used for hedging purposes, but also for trading. Measurement of the fair value of currency futures is based on the published forward rates in an active market and on the discounted contractual cash flows. Measurement of interest swaps is based on forward interest rates prepared on the basis of observable Swedish interest curves and discounting of the contractual cash flows.

Measurement techniques used to calculate fair value of level 3 assets

Interest-bearing non-current and current liabilities include earnouts according to contract in an amount of SEK 37 M (80) and SEK 39 M (43), respectively. An assessment of the most probable outcome was made and the present value of this calculated.

Disclosure on fair value of borrowings and other financial instruments

Financial interest-bearing liabilities, except for financial derivatives that adjust loans, are recognized at amortized cost. Changes in interest-rate levels and credit margins create differences between fair value and amortized cost. Measurement at fair value would increase the Group's non-current loans by SEK 68 M. No remeasurement was made for current loans because the carrying amount is regarded as a good estimate of the fair value due to their short term.

At December 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	-	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	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	-	138	2	164	2	302
Interest-bearing non-current liabilities	9,227	80	3	-		9,307
Interest-bearing current liabilities	2,900	43	3	-		2,943
Accounts payable	3,399	-		-		3,399
Total	15,526	261		164		15,951

Parent Company

Condensed Income statements, SEK M	Q4 2019	Q4 2018	12M 2019	12M 2018
Net sales	158	146	550	476
Administrative expenses	-113	-142	-331	-348
Other operating income	2	0	3	2
Other operating expenses	-227	-256	-310	-325
EBIT	-180	-252	-88	-195
Financial income and expenses	-256	-1,474	-335	-711
Profit before tax	-436	-1,726	-423	-906
Appropriations	71	1,822	71	1,822
Tax	31	-130	-6	-84
Net profit	-334	-34	-358	832

Condensed Balance sheets, SEK M	Dec 31 2019	Dec 31 2018
Property, plant and equipment	13	15
Intangible assets	25	6
Financial assets	35,748	36,679
Total non-current assets	35,786	36,700
Current receivables	123	109
Interest-bearing receivables	333	1,822
Cash and cash equivalents	-	-
Total current assets	456	1,931
Total assets	36,242	38,631
Equity	7,549	9,194
Interest-bearing non-current liabilities	91	85
Other non-current liabilities	50	56
Total non-current liabilities	141	141
Interest-bearing current liabilities	28,365	29,084
Current tax liabilities	1	2
Other current liabilities	186	210
Total current liabilities	28,552	29,296
Total equity and liabilities	36,242	38,631

Other

Related parties. No material changes occurred for the Group or the Parent Company in relations or transactions with related parties, compared with what is described in Note 12 of the 2018 Annual Report.

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	General industry					Capital intensive industry	Light Vehicles
		Oil & gas	Transport equipment	Agriculture	Infrastructure construction	Aerospace		
Trelleborg Industrial Solutions	50%	3%	13%		22%	6%	44%	6%
Trelleborg Sealing Solutions	45%	2%	10%	4%		17%	33%	22%
Trelleborg Wheel Systems			41%	59%			100%	
Core Business	33%	2%	21%	19%	7%	8%	57%	10%
Businesses under development	55%	24%	8%		1%		33%	12%
Group	36%	4%	19%	17%	6%	7%	53%	11%

PRESENTATION AND TELEPHONE CONFERENCE ON FEBRUARY 12, 2020

A presentation and telephone conference will be held on February 12, at 10:30 a.m. CET. The presentation will be held at GT30 (Grev Turegatan 30, Turbine venue) in Stockholm, Sweden. To participate in the meeting at Grev Turegatan 30, provide notification by visiting <http://www.financialhearings.com/event/11947>. To participate in the telephone conference, call +46 8 566 426 95 (Sweden), +44 333 3009 265 (UK) or +1 833 5268 396 (US). 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

Annual Report 2019	March 19, 2020
Interim report January-March 2020	April 23, 2020
Annual General Meeting 2020 (Trelleborg)	April 23, 2020
Interim report April-June 2020	July 20, 2020
Interim report July-September 2020	October 27, 2020
Year-end report 2020	February 10, 2021

FOR FURTHER INFORMATION

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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 07:45 a.m. CET on February 12, 2020.

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