

Q2

Interim report April–June 2020

Satisfactory quarter under the circumstances

- Organic sales during the second quarter of 2020 were impacted by the negative market development as a result of COVID-19. Uncertainty regarding demand for the coming quarters remains considerable. Refer to page 6.
- Net sales for the quarter declined 18 percent to SEK 7,689 M (9,361).
- Organic sales declined 19 percent.
- EBIT, excluding items affecting comparability, amounted to SEK 942 M (1,321), corresponding to an EBIT margin of 12.3 percent (14.1).
- Items affecting comparability for the quarter were a negative SEK 105 M (neg: 118) and pertained in their entirety to restructuring costs.
- Restructuring measures were initiated during the quarter to address the impact of COVID-19. Restructuring costs for 2020 will amount to SEK 700 M, compared with the amount of SEK 300 M announced earlier. Refer to page 6.
- Earnings per share, excluding items affecting comparability, totaled SEK 2.47 (3.36). For the Group, earnings per share were SEK 2.11 (2.98).
- Operating cash flow amounted to SEK 1,440 M (1,051). The cash conversion ratio for the most recent 12-month period amounted to 120 percent (69).

| SEK M | Q2 2020 | Q2 2019 | Change, % | 6M 2020 | 6M 2019 | Change, % |
|---|---------|---------|-----------|---------|---------|-----------|
| Group | | | | | | |
| Net sales | 7,689 | 9,361 | -18 | 16,975 | 18,740 | -9 |
| Organic sales, % | -19 | 0 | | -12 | 0 | |
| EBIT, excluding items affecting comparability | 942 | 1,321 | -29 | 2,177 | 2,616 | -17 |
| EBIT-margin, % | 12.3 | 14.1 | | 12.8 | 14.0 | |
| Items affecting comparability | -105 | -118 | | -151 | -138 | |
| EBIT | 837 | 1,203 | -30 | 2,026 | 2,478 | -18 |
| Profit before tax | 753 | 1,092 | -31 | 1,881 | 2,247 | -16 |
| Net profit, Group | 572 | 806 | -29 | 1,399 | 1,658 | -16 |
| Earnings per share, SEK | | | | | | |
| Excluding items affecting comparability | 2.47 | 3.36 | -26 | 5.68 | 6.61 | -14 |
| Group | 2.11 | 2.98 | -29 | 5.16 | 6.12 | -16 |
| Operating cash flow | 1,440 | 1,051 | 37 | 2,128 | 1,230 | 73 |
| Cash conversion ratio R12, % | | | | 120 | 69 | |
| Core Businesses | | | | | | |
| Net sales | 6,819 | 8,314 | -18 | 15,011 | 16,728 | -10 |
| Organic sales, % | -20 | 0 | | -14 | 1 | |
| EBIT, excluding items affecting comparability | 889 | 1,310 | -32 | 2,045 | 2,607 | -22 |
| EBIT-margin, % | 13.0 | 15.8 | | 13.6 | 15.6 | |
| Businesses Under Development | | | | | | |
| Net sales | 888 | 1,086 | -18 | 2,002 | 2,093 | -4 |
| Organic sales, % | -10 | -2 | | 0 | -5 | |
| EBIT, excluding items affecting comparability | 53 | 11 | 382 | 132 | 9 | 1,367 |
| EBIT-margin, % | 6.0 | 1.1 | | 6.6 | 0.4 | |

Satisfactory quarter under the circumstances

“The second quarter was dominated by intensive efforts to respond to all of the direct and indirect effects arising from COVID-19. All units in the Group implemented local action plans that address their unique situation. Considering these special market conditions, performance during the quarter was satisfactory, despite a significant decline in organic sales and earnings generation.

It was a very challenging quarter in many respects and without the extensive efforts and positive attitudes displayed on a daily basis by the Group’s employees at all of our sites throughout the world, this would not have been possible. I want to take this opportunity to extend my thanks for all the good efforts made. Our foremost priority remains the health and safety of our employees, while, at the same time, we continue to do our best to meet our customers’ needs.

Organic sales for the Group declined 19 percent, with an improvement in the latter part of the quarter. EBIT, excluding items affecting comparability, declined 29 percent, corresponding to an operating margin of 12.3 percent (14.1). Operating cash flow was strengthened significantly.

The market situation for the Trelleborg Industrial Solutions and Trelleborg Sealing Solutions business areas was similar, with COVID-19 having a negative impact on organic sales and earnings in most regions. Most market segments experienced a strong decline in activity and this was particularly difficult in the aerospace and automotive industries. Sales declined in most regions, with a more limited sales decline in Asia. Effective cost control, flexible structures and targeted actions limited the impact of the volume loss on the earnings trend of both business areas.

Trelleborg Wheel Systems’ sales of tires to OE manufacturers of agricultural machinery was negatively impacted by several customers closing their production sites for a number of weeks. However, there was a slightly positive trend for agricultural tire deliveries to the aftermarket. Sales of tires for material handling and construction vehicles were impacted to an even higher degree by COVID-19, since deliveries to OE manufacturers and aftermarket customers declined significantly. At the same time, the volume loss was partly offset by the positive sales mix, strict cost control and the benefits gained from structural measures implemented earlier.

Organic sales in Businesses Under Development declined in spite of continued strong development for offshore oil & gas, although the rate of growth for this segment was lower than for the first quarter of the year. Other operations were affected by temporary facility closures caused by customers suspending production and official decisions.

The near future will remain challenging and we do not expect a rapid return to normal market conditions. Many countries have gradually implemented the easing of restrictions, which is positive news, of course, but this has also led to new cases of COVID-19 appearing, which has led to restrictions being reimposed.

Due to the anticipated and long-term effects of COVID-19 on demand, Trelleborg will implement further measures to manage these negative effects. These initiatives address production and sales structures in all business areas and aim to enhance the efficiency of the organization to face a new market situation after COVID-19.

The Group has demonstrated its ability to navigate well through the challenging market conditions created by the ongoing COVID-19 pandemic. Our strong cash flow generation and resilient margins also give us great opportunities to continue building an even stronger Trelleborg for the future.”

Peter Nilsson,
President and CEO

MARKET OUTLOOK FOR THE THIRD QUARTER 2020

Demand is expected to be slightly better than in the second quarter of 2020, adjusted for seasonal variations. Uncertainty regarding demand for the coming quarters remains considerable.

Market outlook from the interim report published on April 23, 2020, relating to the second quarter of 2020

Demand is expected to be significantly lower than in the first quarter of 2020, adjusted for seasonal variations.

NET SALES AND RESULT

| SEK M | Q2 2020 | Q2 2019 | Change, % | 6M 2020 | 6M 2019 | Change, % |
|---|---------|---------|-----------|---------|---------|-----------|
| Net sales | 7,689 | 9,361 | -18 | 16,975 | 18,740 | -9 |
| Change total, % | -18 | 7 | | -9 | 8 | |
| Organic sales, % | -19 | 0 | | -12 | 0 | |
| Structural change, % | 1 | 3 | | 1 | 3 | |
| Currency effects, % | 0 | 4 | | 2 | 5 | |
| EBIT, excluding items affecting comparability | 942 | 1,321 | -29 | 2,177 | 2,616 | -17 |
| EBIT-margin, % | 12.3 | 14.1 | | 12.8 | 14.0 | |
| Items affecting comparability | -105 | -118 | | -151 | -138 | |
| EBIT | 837 | 1,203 | -30 | 2,026 | 2,478 | -18 |
| Financial income and expenses | -84 | -111 | 24 | -145 | -231 | 37 |
| Profit before tax | 753 | 1,092 | -31 | 1,881 | 2,247 | -16 |
| Taxes | -181 | -286 | 37 | -482 | -589 | 18 |
| Net profit, Group | 572 | 806 | -29 | 1,399 | 1,658 | -16 |
| Earnings per share, SEK | | | | | | |
| Excluding items affecting comparability | 2.47 | 3.36 | -26 | 5.68 | 6.61 | -14 |
| Group | 2.11 | 2.98 | -29 | 5.16 | 6.12 | -16 |

Net sales for the Group during the second quarter of 2020 amounted to SEK 7,689 M (9,361). Organic sales declined 19 percent compared with the preceding year. Structural changes made a positive contribution of 1 percent. Exchange rate effects were unchanged compared with the year-earlier period.

Sales per market for the Group's core operations¹:

Organic sales for the Group's core operations declined 20 percent compared with the second quarter of 2019. Organic sales declined 22 percent in Western Europe and 13 percent in the rest of Europe. In the North American market, organic sales declined by 24 percent. In South and Central America, organic sales declined by 27 percent and declined by 8 percent for Asia and other markets.

EBIT, excluding items affecting comparability, totaled SEK 942 M (1,321), corresponding to a margin of 12.3 percent (14.1).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries had a negative impact of SEK 12 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter amounted to negative SEK 105 M (neg: 118) and pertained in their entirety to restructuring costs. Restructuring measures were initiated during the quarter to address the impact of COVID-19. Restructuring costs for 2020 will amount to SEK 700 M, compared with the amount of SEK 300 M announced earlier. Refer to page 6.

EBIT, including items affecting comparability, amounted to SEK 837 M (1,203) for the quarter.

The net financial expense was SEK 84 M (expense: 111), impacted by lower interest rates. Net interest in relation to net debt amounted to 2.2 percent (2.3).

Net profit for the Group was SEK 572 M (806).

The tax rate for the quarter for the Group, excluding items affecting comparability, amounted to 22 percent (25), impacted by a favorable country mix.

Earnings per share, excluding items affecting comparability, for the second quarter totaled SEK 2.47 (3.36). For the Group in total, earnings per share were SEK 2.11 (2.98).

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 | Q2 2020 | Q2 2019 | Change, % | 6M 2020 | 6M 2019 | Change, % |
|--|--------------|--------------|-----------|--------------|--------------|-----------|
| EBITDA, operating profit before depreciation | 1,441 | 1,800 | -20 | 3,147 | 3,555 | -11 |
| Capital expenditure | -235 | -370 | 36 | -594 | -668 | 11 |
| Sold non-current assets | 28 | 8 | | 140 | 15 | |
| Amortization of lease liabilities | -105 | -100 | | -210 | -190 | |
| Change in working capital | 331 | -285 | | -320 | -1,477 | |
| Dividend from associated companies | 0 | 1 | | 0 | 1 | |
| Non cash-flow affecting items | -20 | -3 | | -35 | -6 | |
| Operating cash flow | 1,440 | 1,051 | 37 | 2,128 | 1,230 | 73 |

| SEK M | 6M 2020 | 6M 2019 | 12M 2019 |
|---|----------------|----------------|----------------|
| Net debt, opening balance | -14,914 | -10,499 | -10,499 |
| Operating cash flow | 2,128 | 1,230 | 4,167 |
| Cash impact from items affecting comparability | -181 | -133 | -353 |
| Non-controlling interests | - | - | 10 |
| Financial items | -156 | -243 | -377 |
| Paid tax | -437 | -506 | -763 |
| Free cash flow | 1,354 | 348 | 2,684 |
| Acquisitions | 3 | -1,108 | -3,066 |
| Disposed operations | 147 | - | - |
| Dividend - equity holders of the parent company | - | -1,288 | -1,288 |
| Sum net cash flow | 1,504 | -2,048 | -1,670 |
| Exchange rate differences | -38 | -295 | -370 |
| Lease liability according to IFRS 16 ¹ | 56 | -2,389 | -2,224 |
| Pension liability | -7 | -76 | -151 |
| Net debt, closing balance | -13,399 | -15,307 | -14,914 |
| Debt/equity ratio, % | 45 | 49 | 51 |
| Net debt/EBITDA ² | 2.4 | 2.5 | 2.5 |

Net debt including, as of 2019, lease liability in accordance with IFRS 16 and pension liability.

¹ Pertains to non-cash items.

² EBITDA excluding items affecting comparability.

Operating cash flow for the quarter amounted to SEK 1,440 M (1,051). The positive change compared with the preceding year was mainly attributable to an adaptation of working capital to the lower sales for the period and a reduced investment level. The cash conversion ratio for the most recent 12-month period amounted to 120 percent (69).

Free cash flow for the first half of 2020 amounted to SEK 1,354 M (348). Net cash flow amounted to SEK 1,504 M (neg: 2,048). Net cash flow for the year was impacted by effects from acquisitions of SEK 3 M (neg: 1,108) and effects from divested operations of SEK 147 M (-). The preceding year's net cash flow was also impact by a dividend to shareholders of SEK 1,288 M. No dividend has been paid in 2020, in accordance with the resolution of the Annual General Meeting.

Net debt at the end of the second quarter amounted to SEK13,399 M (15,307) and was impacted by the year's net cash flow of SEK 1,504 M. negative exchange rate differences of SEK 38 M and non-cash adjustments of lease and pension liabilities totaling SEK 49 M.

The debt/equity ratio was 45 percent (49). Net debt in relation to EBITDA was 2.4 (2.5).

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

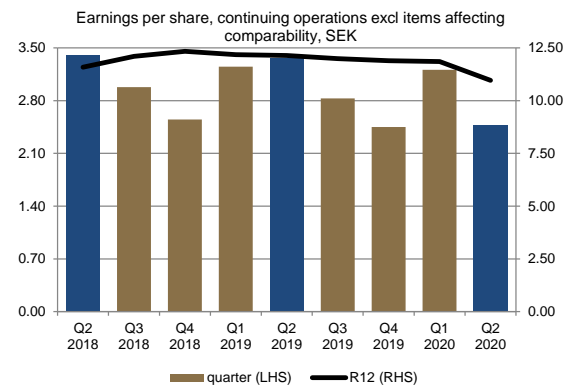
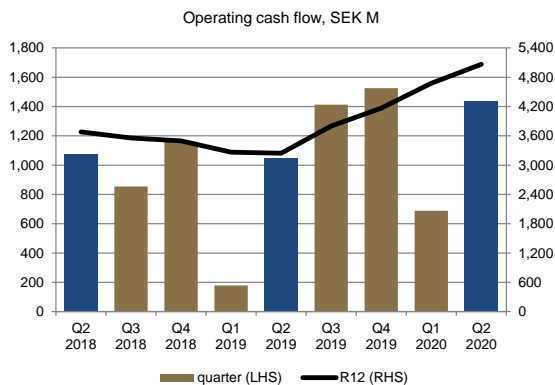
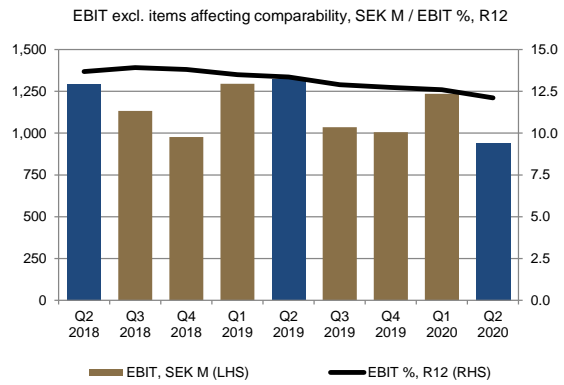
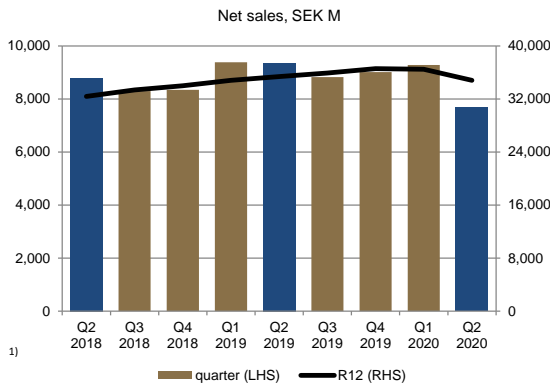
| % | R12 2020 | R12 2019 | 12M 2019 |
|---|----------|----------|----------|
| Return on capital employed | | | |
| Excluding items affecting comparability | 9.0 | 10.7 | 9.8 |
| Group | 1.1 | 10.1 | 2.0 |
| Return on equity | | | |
| Excluding items affecting comparability | 9.7 | 10.9 | 10.9 |
| Group | -1.5 | 10.0 | -0.7 |

Capital employed, declined year on year and amounted to SEK 44,135 M (47,210), mainly impacted by lower working capital, net of completed acquisitions, impairments made at the end of 2019, and translation effects.

The return on capital employed, excluding items affecting comparability, was 9.0 percent (10.7).

Shareholders' equity for the Group at the close of the period amounted to SEK 29,988 M (31,314)

Equity per share amounted to SEK 111 (115). The equity/assets ratio was 51 percent (54). The return on shareholders' equity for the Group, excluding items affecting comparability, totaled 9.7 percent (10.9).



JANUARY–JUNE 2020

Net sales for the first half of 2020 amounted to SEK 16,975 M (18,740), a decline of 9 percent year-on-year.

EBIT for the first half of 2020 was SEK 2,026 M (2,478).

The net financial expense was SEK 145 M (expense: 231), corresponding to an average interest rate of 2.1 percent (2.4).

Profit before tax totaled SEK 1,881 M (2,247).

Net profit for the Group amounted to SEK 1,399 M (1,658).

Total earnings per share for the Group were SEK 5.16 (6.12).

COVID-19

Coronavirus impact on Trelleborg. As a result of COVID-19, organic sales continued to be affected by the negative market trend during the second quarter of 2020. The Group's various measures to offset this development entailed that the earnings trend and cash flow remained relatively stable during the quarter despite the downturn in sales.

The measures that have been implemented and continue to be implemented address both costs and cash flow, and comprise focused cost-savings in the form of, for example, shortened working hours, redundancies, lower production levels and reduced investments, as well as an intensified focus on working capital. Permanent personnel cutbacks were initiated during the quarter in the aerospace and automotive segments, which have been particularly affected. However, public support measures contributed to more employees being able to continue working in the Group, while Trelleborg has been able to retain their expertise. All units have initiated local action

plans that address their unique situation. Trelleborg prioritizes its employees' well-being and safety with comprehensive routines and measures to prevent the spread of infection, while customer needs are also in focus.

Trelleborg has a strong financial base, with good liquidity and long-term confirmed financing in place. The only financial covenant on the Group's syndicated loan facilities is based on the net debt/equity ratio, excluding the impact of IFRS 16 and pension liabilities, which must not exceed 150 percent. The Group's net debt/equity ratio, by this definition, amounted to 35 percent at the end of the quarter.

Uncertainty regarding the demand trend for the next quarters remains considerable. Contingency plans are in place and activated to manage different scenarios.

SIGNIFICANT EVENTS DURING THE QUARTER

Divestment of molded components operations. Trelleborg has signed an agreement and finalized the divestment of its Swedish and Estonian operations that manufacture molded components, a business unit within the reporting segment Businesses Under Development. It is the current management that is acquiring the operations. The divested operations develop and manufacture various types of molded products.

The divested operations had annual sales of approximately SEK 250 M in 2019. The transaction will only have a minor positive impact on the Group's net profit.

The operations were deconsolidated on April 22, 2020.

The press release was published on April 23, 2020.

Restructuring costs 2020. Due to the anticipated and long-term effects of COVID-19 on demand in certain market segments, Trelleborg will expand its measures to address these negative effects through further restructuring. Accordingly, costs for restructuring are expected to amount to SEK 700 M for full-year 2020, compared with the amount of SEK 300 M announced earlier.

Savings attributable to the year's restructuring measures are expected to amount to SEK 700 M on a full-year basis, with full effect as of 2022.

The restructuring costs during 2020 are distributed by approximately one third each between the Trelleborg Industrial Solutions and Trelleborg Sealing Solutions business areas. The remaining amount is distributed equally between the Trelleborg Wheel Systems business area and the Businesses Under Development reporting segment.

These initiatives address production and sales structures in all business areas and aim to enhance the efficiency of the organization to face a new market situation after COVID-19.

The restructuring costs during the next year are expected to normalize in an interval of SEK 200–300 M, based on the historical acquisition rate.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

New Chief Financial Officer of the Trelleborg Group. Fredrik Nilsson was appointed new Chief Financial Officer of the Trelleborg Group and will assume this position during the first quarter of 2021. He will succeed Ulf Berghult, who has decided to leave his position to take up work outside the Group. Ulf will complete the 2020 year-end report before leaving Trelleborg for his new assignment.

Fredrik Nilsson has most recently served as the CFO of AAK. He has worked at AAK for nearly 14 years, holding the

position of CFO for the past seven years. Prior to his time at AAK, Fredrik worked at Sandvik for just over six years.

Ulf Berghult has been Chief Financial Officer of Trelleborg since 2012.

The press release was published on July 17, 2020.

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. COVID-19 and the measures taken by various governments to prevent the spread of the virus have impacted the Group. In addition to the known effects, the macroeconomic uncertainty is causing a reduction in economic activity and the long-term impact on the Group's operations is currently unknown. The scope and length of this pandemic are uncertain, but are expected to affect Trelleborg further. The most important risks resulting from the current uncertain situation relating to COVID-19 are:

- **Supply chain:** The Group's access to components and the ability to transport finished products to customers could be affected. However, in general, the Group is not currently experiencing any major disruptions to its supply chain.
- **Earnings and profitability:** Trelleborg's revenue could be affected by individual countries' decisions on extraordinary measures and customer behavior resulting from COVID-19.
- **Capital employed:** The Group initiated an extended review of working capital, with particular focus on accounts receivable and inventory. Inventory was lower at the end of the second quarter of 2020 compared with the situation at year-end and overdue accounts receivable declined compared with the level at year-end. Depending on the effect of COVID-19 in terms of both scope and time, impairments of consolidated goodwill and other intangible assets may occur.
- **Financing and liquidity:** The Group has guaranteed long-term financing in place and healthy liquidity.

BOARD OF DIRECTORS' ASSURANCE

This interim report provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Trelleborg, July 20, 2020
Trelleborg AB (publ)

Hans Biörck
Chairman of the Board

Gunilla Fransson
Board member

Johan Malmquist
Board member

Peter Nilsson
*Board member and
President/CEO*

Anne Mette Olesen
Board member

Susanne Pahlén Åklundh
Board member

Jan Ståhlberg
Board member

Jimmy Faltin
Employee representative

Peter Larsson
Employee representative

Lars Pettersson
Employee representative



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 | Q2 2020 | Q2 2019 | Change, % | 6M 2020 | 6M 2019 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 2,309 | 2,740 | -16 | 4,904 | 5,368 | -9 |
| Change total, % | -16 | 13 | | -9 | 12 | |
| Organic sales, % | -20 | 7 | | -14 | 5 | |
| Structural change, % | 4 | 3 | | 4 | 3 | |
| Currency effects, % | 0 | 3 | | 1 | 4 | |
| EBIT | 202 | 327 | -38 | 411 | 611 | -33 |
| EBIT, % | 8.7 | 11.9 | | 8.4 | 11.4 | |

Additional key ratios on pages 16 - 18

Organic sales for the quarter declined by 20 percent year on year. The business area was negatively affected in most regions by COVID-19, including temporary shutdowns of production facilities in a number of countries. The majority of market segments experienced a strong downturn in demand, which was particularly difficult in the aerospace and automotive industries. Sales declined in most regions, with a more limited sales decline in Asia.

EBIT and the EBIT margin decreased year on year, primarily as a result of the drop in demand in the wake of COVID-19, but also because of an unfavorable sales mix. Cost savings could only partially offset the volume loss. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 2 M on EBIT compared with the year-earlier quarter.



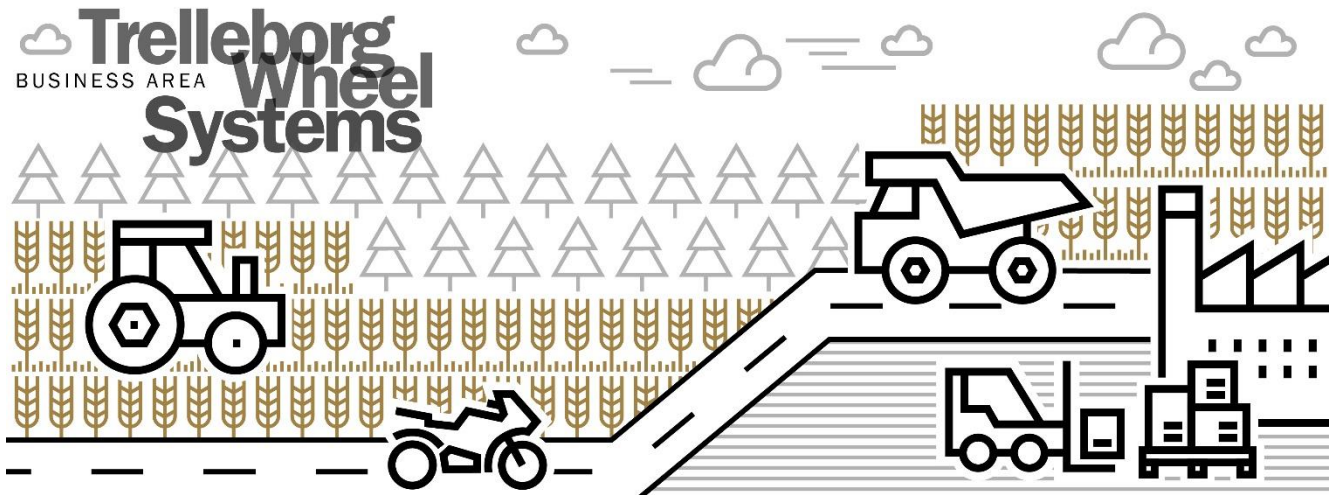
Trelleborg Sealing Solutions is a leading global supplier of polymer-based critical sealing solutions and components deployed in general industry, automotive and aerospace.

| Excluding items affecting comparability, SEK M | Q2 2020 | Q2 2019 | Change, % | 6M 2020 | 6M 2019 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 2,498 | 3,090 | -19 | 5,707 | 6,208 | -8 |
| Change total, % | -19 | 9 | | -8 | 10 | |
| Organic sales, % | -22 | 0 | | -12 | 0 | |
| Structural change, % | 2 | 4 | | 2 | 4 | |
| Currency effects, % | 1 | 5 | | 2 | 6 | |
| EBIT | 465 | 711 | -35 | 1,171 | 1,435 | -18 |
| EBIT, % | 18.6 | 23.0 | | 20.5 | 23.1 | |

Additional key ratios on pages 16 - 18

Organic sales during the quarter declined 22 percent year on year. Sales were negatively impacted by declining demand and increased uncertainty due to COVID-19. The organic trend was in sharp decline in most regions, but with a more limited profile in Asia. Sales to general industry declined in all regions. Deliveries to the automotive industry fell sharply in Europe and North America, but were stable in Asia. Sales to the aerospace industry were affected by customer shutdowns of their production sites, which resulted in canceled and postponed orders.

EBIT and the EBIT margin decreased year on year, mainly due to lower deliveries. However, strict cost control limited the impact of the loss of volume on the earnings trend. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 2 M on EBIT compared with the year-earlier quarter.



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 | Q2 2020 | Q2 2019 | Change, % | 6M 2020 | 6M 2019 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 2,046 | 2,536 | -19 | 4,505 | 5,259 | -14 |
| Change total, % | -19 | 0 | | -14 | 6 | |
| Organic sales, % | -18 | -5 | | -15 | -1 | |
| Structural change, % | 0 | 2 | | 0 | 2 | |
| Currency effects, % | -1 | 3 | | 1 | 5 | |
| EBIT | 256 | 319 | -20 | 553 | 668 | -17 |
| EBIT, % | 12.5 | 12.6 | | 12.3 | 12.7 | |

Additional key ratios on pages 16 - 18

Organic sales during the quarter declined by 18 percent year on year. OE manufacturers of agricultural machinery closed their production sites for several weeks, which had a strong negative effect on sales of tires to this segment. In contrast, there was positive development in the sale of agricultural tires to the aftermarket. Sales of tires for material handling and construction vehicles were impacted to an even higher degree by COVID-19, since deliveries to OE manufacturers and aftermarket customers declined significantly.

EBIT declined as a result of lower sales volumes, while it was possible to maintain the EBIT margin at a stable level using a positive sales mix and rigorous cost control. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 11 M on EBIT compared with the year-earlier quarter.

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 | Q2 2020 | Q2 2019 | Change, % | 6M 2020 | 6M 2019 | Change, % |
|--|---------|---------|-----------|---------|---------|-----------|
| Net sales | 888 | 1,086 | -18 | 2,002 | 2,093 | -4 |
| Change total, % | -18 | 1 | | -4 | -1 | |
| Organic sales, % | -10 | -2 | | 0 | -5 | |
| Structural change, % | -6 | 0 | | -4 | 0 | |
| Currency effects, % | -2 | 3 | | 0 | 4 | |
| EBIT | 53 | 11 | 382 | 132 | 9 | 1,367 |
| EBIT, % | 6.0 | 1.1 | | 6.6 | 0.4 | |

Additional key ratios on pages 16 - 18

Organic sales during the quarter declined by 10 percent year on year. Sales in offshore oil & gas continued their strong performance, although the rate of growth was lower than in the first quarter of the year. Deliveries of printing blankets fell in most markets, impacted by the temporary closure of printworks by customers. The technical rubber operations also experienced a considerable decline in deliveries as a result of temporary plant closures caused by customers' suspension of production and official decisions.

EBIT and the EBIT margin increased primarily as a result of higher sales volumes in offshore oil & gas, but also due to effective cost control. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 1 M on EBIT compared with the year-earlier quarter.

During the quarter, the Swedish and Estonian operations that manufacture molded components were divested. Refer to page 6. It was also decided that the manufacture of products for offshore oil & gas in Brazil will be consolidated with other production plants.

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 statements 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.

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

Condensed Income Statements

| Income Statements, SEK M | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|--|--------------|--------------|--------------|--------------|---------------|---------------|
| Net sales | 7,689 | 9,361 | 16,975 | 18,740 | 34,823 | 36,588 |
| Cost of goods sold | -5,299 | -6,291 | -11,583 | -12,610 | -23,843 | -24,870 |
| Gross profit | 2,390 | 3,070 | 5,392 | 6,130 | 10,980 | 11,718 |
| Selling expenses | -632 | -816 | -1,451 | -1,615 | -3,038 | -3,202 |
| Administrative expenses | -677 | -766 | -1,477 | -1,544 | -3,053 | -3,120 |
| Research and development costs | -140 | -155 | -303 | -307 | -613 | -617 |
| Other operating income/expenses | 2 | -14 | 14 | -51 | -60 | -125 |
| Profit from associated companies | -1 | 2 | 2 | 3 | 3 | 4 |
| EBIT, excluding items affecting comparability | 942 | 1,321 | 2,177 | 2,616 | 4,219 | 4,658 |
| Items affecting comparability | -105 | -118 | -151 | -138 | -3,709 | -3,696 |
| EBIT | 837 | 1,203 | 2,026 | 2,478 | 510 | 962 |
| Financial income and expenses | -84 | -111 | -145 | -231 | -295 | -381 |
| Profit before tax | 753 | 1,092 | 1,881 | 2,247 | 215 | 581 |
| Tax | -181 | -286 | -482 | -589 | -673 | -780 |
| Total net profit | 572 | 806 | 1,399 | 1,658 | -458 | -199 |
| - equity holders of the parent company | 572 | 806 | 1,399 | 1,658 | -458 | -199 |
| - non-controlling interest | 0 | - | 0 | - | 0 | 0 |

| Earnings per share, SEK ¹ | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|--|---------|---------|---------|---------|----------|----------|
| Group, Excluding items affecting comparability | 2.47 | 3.36 | 5.68 | 6.61 | 10.96 | 11.89 |
| Group, total | 2.11 | 2.98 | 5.16 | 6.12 | -1.69 | -0.73 |

¹ No dilution effects arose.

| Number of shares | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| End of period | 271,071,783 | 271,071,783 | 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 | 271,071,783 | 271,071,783 |

| Statements of comprehensive income, SEK M | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|--|---------------|------------|--------------|--------------|---------------|-------------|
| Total net profit | 572 | 806 | 1,399 | 1,658 | -458 | -199 |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified to the income statement | | | | | | |
| Reassessment of net pension obligation | -7 | -76 | -7 | -76 | -82 | -151 |
| Income tax relating to components of other comprehensive income | 0 | 16 | 0 | 16 | 16 | 32 |
| Total | -7 | -60 | -7 | -60 | -66 | -119 |
| Items that may be reclassified to the income statement | | | | | | |
| Cash flow hedges | 16 | -65 | -111 | -124 | -85 | -98 |
| Hedging of net investment | 680 | -186 | 15 | -481 | 106 | -390 |
| Translation difference | -2,421 | 455 | -559 | 1,540 | -859 | 1,240 |
| Income tax relating to components of other comprehensive income | -3 | 13 | 24 | 82 | 19 | 77 |
| Total | -1,728 | 217 | -631 | 1,017 | -819 | 829 |
| Other comprehensive income, net of tax | -1,735 | 157 | -638 | 957 | -885 | 710 |
| Total comprehensive income | -1,163 | 963 | 761 | 2,615 | -1,343 | 511 |

| EBIT specification, SEK M | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|--|------------|--------------|--------------|--------------|------------|------------|
| Excluding items affecting comparability: | | | | | | |
| EBITDA | 1,441 | 1,800 | 3,147 | 3,555 | 6,197 | 6,605 |
| Depreciation/write-down, property, plant and equipment | -403 | -393 | -779 | -766 | -1,598 | -1,585 |
| EBITA | 1,038 | 1,407 | 2,368 | 2,789 | 4,599 | 5,020 |
| Amortization/write-down, intangible assets | -96 | -86 | -191 | -173 | -380 | -362 |
| EBIT | 942 | 1,321 | 2,177 | 2,616 | 4,219 | 4,658 |
| Items affecting comparability | -105 | -118 | -151 | -138 | -3,709 | -3,696 |
| EBIT | 837 | 1,203 | 2,026 | 2,478 | 510 | 962 |

Condensed Balance Sheets

| Balance Sheets, SEK M | Jun 30 2020 | Jun 30 2019 | Dec 31 2019 |
|--|------------------------|------------------------|------------------------|
| Property, plant and equipment | 12,819 | 13,340 | 13,306 |
| Goodwill | 19,103 | 20,370 | 19,198 |
| Other intangible assets | 5,129 | 5,309 | 5,289 |
| Participations in associated companies | 106 | 96 | 108 |
| Financial non-current assets | 44 | 52 | 46 |
| Deferred tax assets | 993 | 854 | 941 |
| Total non-current assets | 38,194 | 40,021 | 38,888 |
| Inventories | 6,190 | 6,697 | 6,361 |
| Current operating receivables | 6,911 | 8,115 | 7,071 |
| Current tax assets | 993 | 1,128 | 1,041 |
| Interest-bearing receivables | 305 | 258 | 286 |
| Cash and cash equivalents | 6,413 | 2,299 | 2,694 |
| Total current assets | 20,812 | 18,497 | 17,453 |
| Total assets | 59,006 | 58,518 | 56,341 |
| Share capital | 2,620 | 2,620 | 2,620 |
| Other capital contributions | 226 | 226 | 226 |
| Other reserves | 2,330 | 3,148 | 2,961 |
| Profit brought forward | 23,403 | 23,662 | 23,608 |
| Net profit for the year | 1,399 | 1,658 | -199 |
| Total | 29,978 | 31,314 | 29,216 |
| Non-controlling interests | 10 | - | 10 |
| Equity | 29,988 | 31,314 | 29,226 |
| Interest-bearing non-current liabilities | 14,724 | 12,391 | 13,063 |
| Other non-current liabilities | 332 | 199 | 188 |
| Pension obligations | 614 | 620 | 604 |
| Other provisions | 168 | 220 | 202 |
| Deferred tax liabilities | 1,088 | 1,107 | 1,075 |
| Total non-current liabilities | 16,926 | 14,537 | 15,132 |
| Interest-bearing current liabilities | 4,785 | 4,868 | 4,234 |
| Current tax liabilities | 1,265 | 1,214 | 1,234 |
| Other current liabilities | 5,645 | 6,258 | 6,122 |
| Other provisions | 397 | 327 | 393 |
| Total current liabilities | 12,092 | 12,667 | 11,983 |
| Total equity and liabilities | 59,006 | 58,518 | 56,341 |
| Specification of changes in equity, SEK M | Jun 30 2020 | Jun 30 2019 | Dec 31 2019 |
| Opening balance, January 1 | 29,226 | 30,126 | 30,126 |
| Non-recurring item relating to IFRS 16 | 1 | -139 | -133 |
| Total net profit | 1,399 | 1,658 | -199 |
| Other comprehensive income | -638 | 957 | 710 |
| Dividend | - | -1,288 | -1,288 |
| Non-controlling interests | 0 | - | 10 |
| Closing balance | 29,988 | 31,314 | 29,226 |
| Specification of capital employed, SEK M | Jun 30 2020 | Jun 30 2019 | Dec 31 2019 |
| Total assets | 59,006 | 58,518 | 56,341 |
| Less: | | | |
| Interest-bearing receivables | 326 | 291 | 308 |
| Cash and cash equivalents | 6,413 | 2,299 | 2,694 |
| Tax assets | 1,986 | 1,982 | 1,982 |
| Operating liabilities | 6,146 | 6,736 | 6,648 |
| Capital employed | 44,135 | 47,210 | 44,709 |

Cash-flow statements

| Cash flow statements, SEK M | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|--|--------------|--------------|--------------|---------------|---------------|---------------|
| Operating activities | | | | | | |
| EBIT incl part in associated companies | 837 | 1,203 | 2,026 | 2,478 | 510 | 962 |
| Adjustments for items not included in cash flow from operating activities: | | | | | | |
| Depreciation, property, plant and equipment | 381 | 392 | 770 | 762 | 1,587 | 1,579 |
| Amortization, intangible assets | 96 | 85 | 191 | 172 | 391 | 372 |
| Impairment losses, property, plant and equipment | 6 | 0 | 9 | 3 | 458 | 452 |
| Impairment losses, intangible assets | 0 | 1 | 3 | 1 | 2,711 | 2,709 |
| Dividend from associated companies | 0 | 1 | 0 | 1 | 0 | 1 |
| Participations in associated companies and other non cash-flow affecting items | -18 | -2 | -32 | -5 | -23 | 4 |
| Items affecting comparability | 6 | - | 6 | - | 6 | - |
| Interest received and other financial items | 10 | 8 | 19 | 16 | 48 | 45 |
| Interest paid and other financial items | -68 | -86 | -175 | -259 | -338 | -422 |
| Taxes paid | -178 | -271 | -437 | -506 | -694 | -763 |
| working capital | 1,072 | 1,331 | 2,380 | 2,663 | 4,656 | 4,939 |
| Cash flow from changes in working capital | | | | | | |
| Change in inventories | 71 | -194 | -15 | -306 | 369 | 78 |
| Change in operating receivables | 637 | 86 | -37 | -1,120 | 1,218 | 135 |
| Change in operating liabilities | -377 | -177 | -268 | -51 | -688 | -471 |
| Change in items affecting comparability | 21 | 46 | -41 | 5 | 136 | 182 |
| Cash flow from operating activities | 1,424 | 1,092 | 2,019 | 1,191 | 5,691 | 4,863 |
| Investing activities | | | | | | |
| Acquisitions | 6 | -9 | 3 | -1,108 | -1,955 | -3,066 |
| Disposed/discontinuing operations | 120 | - | 147 | - | 147 | - |
| Capital expenditure, property, plant and equipment | -214 | -327 | -535 | -595 | -1,572 | -1,632 |
| Capital expenditure, intangible assets | -21 | -43 | -59 | -73 | -151 | -165 |
| Sale of non-current assets | 28 | 8 | 140 | 15 | 146 | 21 |
| Cash flow from investing activities | -81 | -371 | -304 | -1,761 | -3,385 | -4,842 |
| Financing activities | | | | | | |
| Change in interest-bearing investments | -94 | -50 | -18 | -140 | -91 | -213 |
| Change in interest-bearing liabilities | -159 | -239 | -574 | -437 | -745 | -608 |
| New/utilized loans | 2,224 | 814 | 4,620 | 2,492 | 5,132 | 3,004 |
| Amortized loans | -854 | -45 | -1,938 | -193 | -2,394 | -649 |
| Dividend - equity holders of the parent company | - | -1,288 | - | -1,288 | - | -1,288 |
| Dividend - non-controlling interest | 0 | - | 0 | - | 10 | 10 |
| Cash flow from financing activities | 1,117 | -808 | 2,090 | 434 | 1,912 | 256 |
| Cash flow for the period | 2,460 | -87 | 3,805 | -136 | 4,218 | 277 |
| Cash and cash equivalents | | | | | | |
| At beginning of the period | 4,102 | 2,384 | 2,694 | 2,341 | 2,299 | 2,341 |
| Exchange rate differences | -149 | 2 | -86 | 94 | -104 | 76 |
| Cash and cash equivalents at end of period | 6,413 | 2,299 | 6,413 | 2,299 | 6,413 | 2,694 |

| Change in liabilities from financing activities, SEK M | Non-cash changes | | | | | | | | |
|--|------------------|---|--------------|--------------|-------------------------|--------------------|--|---------------------|---------------|
| | Dec 31 2019 | Transfer between long-term and short-term loans | Cash changes | Acquisitions | Translation differences | Fair value changes | Lease liabilities according to IFRS 16 | Pension liabilities | Jun 30 2020 |
| Long-term loans | 11,016 | -998 | 2,787 | - | -9 | - | - | - | 12,796 |
| Current loans | 3,368 | 998 | -140 | - | 0 | - | - | - | 4,226 |
| Other non-current financial liabilities | 95 | - | -52 | - | 0 | - | - | - | 43 |
| Other current financial liabilities | 465 | - | -288 | - | -1 | - | - | - | 176 |
| Lease liabilities according to IFRS 16 | 2,353 | - | -212 | - | -27 | - | 154 | - | 2,268 |
| Pension liabilities | 600 | - | 5 | - | -2 | - | - | 7 | 610 |
| Total | 17,897 | - | 2,100 | - | -39 | - | 154 | 7 | 20,119 |

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 | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|--|--------------|--------------|---------------|---------------|---------------|---------------|
| Net sales | | | | | | |
| Trelleborg Industrial Solutions | 2,309 | 2,740 | 4,904 | 5,368 | 10,421 | 10,885 |
| Trelleborg Sealing Solutions | 2,498 | 3,090 | 5,707 | 6,208 | 11,641 | 12,142 |
| Trelleborg Wheel Systems | 2,046 | 2,536 | 4,505 | 5,259 | 8,874 | 9,628 |
| Eliminations | -34 | -52 | -105 | -107 | -201 | -203 |
| Core Businesses | 6,819 | 8,314 | 15,011 | 16,728 | 30,735 | 32,452 |
| Businesses Under Development | 888 | 1,086 | 2,002 | 2,093 | 4,192 | 4,283 |
| Eliminations | -18 | -39 | -38 | -81 | -104 | -147 |
| Group | 7,689 | 9,361 | 16,975 | 18,740 | 34,823 | 36,588 |
| EBIT, excluding items affecting comparability | | | | | | |
| Trelleborg Industrial Solutions | 202 | 327 | 411 | 611 | 1,015 | 1,215 |
| Trelleborg Sealing Solutions | 465 | 711 | 1,171 | 1,435 | 2,465 | 2,729 |
| Trelleborg Wheel Systems | 256 | 319 | 553 | 668 | 798 | 913 |
| Group items | -34 | -47 | -90 | -107 | -212 | -229 |
| Core Businesses | 889 | 1,310 | 2,045 | 2,607 | 4,066 | 4,628 |
| Businesses Under Development | 53 | 11 | 132 | 9 | 153 | 30 |
| Group | 942 | 1,321 | 2,177 | 2,616 | 4,219 | 4,658 |
| EBIT %, excluding items affecting comparability | | | | | | |
| Trelleborg Industrial Solutions | 8.7 | 11.9 | 8.4 | 11.4 | 9.7 | 11.2 |
| Trelleborg Sealing Solutions | 18.6 | 23.0 | 20.5 | 23.1 | 21.2 | 22.5 |
| Trelleborg Wheel Systems | 12.5 | 12.6 | 12.3 | 12.7 | 9.0 | 9.5 |
| Core Businesses | 13.0 | 15.8 | 13.6 | 15.6 | 13.2 | 14.3 |
| Businesses Under Development | 6.0 | 1.1 | 6.6 | 0.4 | 3.7 | 0.7 |
| Group | 12.3 | 14.1 | 12.8 | 14.0 | 12.1 | 12.7 |
| Net sales per market, share and organic growth, % | | | | | | |
| Western Europe (47%) | -21 | -1 | -14 | 1 | | |
| Other Europe (9%) | -17 | -2 | -9 | -3 | | |
| North America (24%) | -23 | 5 | -14 | 3 | | |
| South and Central America (4%) | -4 | -14 | 8 | -11 | | |
| Asia and other markets (16%) | -8 | 3 | -8 | 1 | | |
| Total (100% refer to share 2019) | -19 | 0 | -12 | 0 | | |
| Net sales per market Core Businesses, organic growth, % | | | | | | |
| Western Europe | -22 | -2 | -16 | 1 | | |
| Other Europe | -13 | -3 | -5 | -4 | | |
| North America | -24 | 4 | -15 | 3 | | |
| South and Central America | -27 | 9 | -11 | 8 | | |
| Asia and other markets | -8 | 2 | -9 | 2 | | |
| Total | -20 | 0 | -14 | 1 | | |

| Bridge net sales | Q2 2019, SEK M | Organic sales, % | Structural change, % | Currency effects, % | Q2 2020, SEK M |
|---------------------------------|-------------------|---------------------|-------------------------|------------------------|-------------------|
| Trelleborg Industrial Solutions | 2,740 | -20 | 4 | 0 | 2,309 |
| Trelleborg Sealing Solutions | 3,090 | -22 | 2 | 1 | 2,498 |
| Trelleborg Wheel Systems | 2,536 | -18 | 0 | -1 | 2,046 |
| Eliminations | -52 | - | - | - | -34 |
| Core Businesses | 8,314 | -20 | 2 | 0 | 6,819 |
| Businesses Under Development | 1,086 | -10 | -6 | -2 | 888 |
| Eliminations | -39 | - | - | - | -18 |
| Group | 9,361 | -19 | 1 | 0 | 7,689 |

| Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M | Q2 2020 | 6M 2020 |
|---|------------|-----------|
| Trelleborg Industrial Solutions | -2 | 6 |
| Trelleborg Sealing Solutions | 2 | 26 |
| Trelleborg Wheel Systems | -11 | -4 |
| Eliminations | 0 | -1 |
| Core Businesses | -11 | 27 |
| Businesses Under Development | -1 | -3 |
| Group | -12 | 24 |

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

| SEK M | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | | | | | | | | | |
| Trelleborg Industrial Solutions | 2,309 | 2,595 | 2,795 | 2,722 | 2,740 | 2,628 | 2,524 | 2,378 | 2,432 |
| Trelleborg Sealing Solutions | 2,498 | 3,209 | 2,952 | 2,982 | 3,090 | 3,118 | 2,622 | 2,787 | 2,840 |
| Trelleborg Wheel Systems | 2,046 | 2,459 | 2,181 | 2,188 | 2,536 | 2,723 | 2,271 | 2,243 | 2,529 |
| Eliminations | -34 | -71 | -47 | -50 | -52 | -54 | -43 | -51 | -51 |
| Core Businesses | 6,819 | 8,192 | 7,881 | 7,842 | 8,314 | 8,415 | 7,374 | 7,357 | 7,750 |
| Businesses Under Development | 888 | 1,114 | 1,171 | 1,019 | 1,086 | 1,007 | 1,012 | 976 | 1,078 |
| Eliminations | -18 | -20 | -34 | -33 | -39 | -41 | -44 | -33 | -42 |
| Group | 7,689 | 9,286 | 9,018 | 8,828 | 9,361 | 9,381 | 8,342 | 8,300 | 8,786 |
| EBIT, excluding items affecting comparability | | | | | | | | | |
| Trelleborg Industrial Solutions | 202 | 209 | 315 | 289 | 327 | 284 | 252 | 223 | 267 |
| Trelleborg Sealing Solutions | 465 | 706 | 626 | 668 | 711 | 724 | 535 | 647 | 693 |
| Trelleborg Wheel Systems | 256 | 297 | 97 | 148 | 319 | 349 | 247 | 273 | 371 |
| Group items | -34 | -56 | -62 | -60 | -47 | -60 | -19 | 0 | -74 |
| Core Businesses | 889 | 1,156 | 976 | 1,045 | 1,310 | 1,297 | 1,015 | 1,143 | 1,257 |
| Businesses Under Development | 53 | 79 | 30 | -9 | 11 | -2 | -38 | -10 | 36 |
| Group | 942 | 1,235 | 1,006 | 1,036 | 1,321 | 1,295 | 977 | 1,133 | 1,293 |
| EBIT %, excluding items affecting comparability | | | | | | | | | |
| Trelleborg Industrial Solutions | 8.7 | 8.1 | 11.3 | 10.6 | 11.9 | 10.8 | 10.0 | 9.4 | 11.0 |
| Trelleborg Sealing Solutions | 18.6 | 22.0 | 21.2 | 22.3 | 23.0 | 23.2 | 20.4 | 23.2 | 24.4 |
| Trelleborg Wheel Systems | 12.5 | 12.1 | 4.4 | 6.8 | 12.6 | 12.8 | 10.9 | 12.2 | 14.7 |
| Core Businesses | 13.0 | 14.1 | 12.4 | 13.3 | 15.8 | 15.4 | 13.8 | 15.5 | 16.2 |
| Businesses Under Development | 6.0 | 7.1 | 2.6 | -0.9 | 1.1 | -0.3 | -3.8 | -1.1 | 3.3 |
| Group | 12.3 | 13.3 | 11.2 | 11.7 | 14.1 | 13.8 | 11.7 | 13.6 | 14.7 |

| Condensed Income Statements, SEK M | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|--|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 7,689 | 9,286 | 9,018 | 8,828 | 9,361 | 9,381 | 8,342 | 8,300 | 8,786 |
| Cost of goods sold | -5,299 | -6,284 | -6,188 | -6,071 | -6,291 | -6,320 | -5,799 | -5,664 | -5,855 |
| Gross profit | 2,390 | 3,002 | 2,830 | 2,757 | 3,070 | 3,061 | 2,543 | 2,636 | 2,931 |
| Selling expenses | -632 | -819 | -800 | -786 | -816 | -800 | -674 | -651 | -676 |
| Administrative expenses | -677 | -800 | -826 | -750 | -766 | -778 | -930 | -815 | -840 |
| Research and development costs | -140 | -163 | -158 | -152 | -155 | -152 | -143 | -143 | -146 |
| Other operating income/costs | 2 | 12 | -38 | -36 | -14 | -37 | 183 | 105 | 23 |
| Profit from associated companies | -1 | 3 | -2 | 3 | 2 | 1 | -2 | 1 | 1 |
| EBIT, excluding items affecting comparability | 942 | 1,235 | 1,006 | 1,036 | 1,321 | 1,295 | 977 | 1,133 | 1,293 |
| Items affecting comparability | -105 | -46 | -3,431 | -127 | -118 | -20 | -98 | -28 | -32 |
| EBIT | 837 | 1,189 | -2,425 | 909 | 1,203 | 1,275 | 879 | 1,105 | 1,261 |
| Financial income and expenses | -84 | -61 | -91 | -59 | -111 | -120 | -78 | -72 | -70 |
| Profit before tax | 753 | 1,128 | -2,516 | 850 | 1,092 | 1,155 | 801 | 1,033 | 1,191 |
| Tax | -181 | -301 | -3 | -188 | -286 | -303 | -200 | -251 | -294 |
| Net profit | 572 | 827 | -2,519 | 662 | 806 | 852 | 601 | 782 | 897 |
| - equity holders of the parent company | 572 | 827 | -2,519 | 662 | 806 | 852 | 601 | 782 | 897 |
| - non-controlling interest | 0 | 0 | 0 | - | - | - | - | - | - |

| Group Key Figures | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net sales, SEK M | 7,689 | 9,286 | 9,018 | 8,828 | 9,361 | 9,381 | 8,342 | 8,300 | 8,786 |
| Organic sales, % | -19 | -5 | 0 | -1 | 0 | 1 | 2 | 4 | 2 |
| EBITDA, excl items affecting comparability, SEK M | 1,441 | 1,706 | 1,524 | 1,526 | 1,800 | 1,755 | 1,272 | 1,467 | 1,624 |
| EBITDA, excl items affecting comparability, % | 18.8 | 18.3 | 16.9 | 17.3 | 19.2 | 18.7 | 15.3 | 17.7 | 18.5 |
| EBITA, excl items affecting comparability, SEK M | 1,038 | 1,330 | 1,099 | 1,132 | 1,407 | 1,382 | 1,055 | 1,210 | 1,373 |
| EBITA, excl items affecting comparability, % | 13.5 | 14.3 | 12.2 | 12.8 | 15.0 | 14.7 | 12.7 | 14.6 | 15.6 |
| EBIT, excl items affecting comparability, SEK M | 942 | 1,235 | 1,006 | 1,036 | 1,321 | 1,295 | 977 | 1,133 | 1,293 |
| EBIT, excl items affecting comparability, % | 12.3 | 13.3 | 11.2 | 11.7 | 14.1 | 13.8 | 11.7 | 13.6 | 14.7 |
| Items affecting comparability, SEK M | -105 | -46 | -3,431 | -127 | -118 | -20 | -98 | -28 | -32 |
| EBIT, SEK M | 837 | 1,189 | -2,425 | 909 | 1,203 | 1,275 | 879 | 1,105 | 1,261 |
| Earnings per share, excl items affecting comparability, SEK | 2.47 | 3.21 | 2.45 | 2.83 | 3.36 | 3.25 | 2.55 | 2.98 | 3.40 |
| Earnings per share, Group, SEK | 2.11 | 3.05 | -9.29 | 2.44 | 2.98 | 3.14 | 2.22 | 2.88 | 3.31 |
| Operating cash flow, excl items affecting comp., SEK M | 1,440 | 688 | 1,525 | 1,412 | 1,051 | 179 | 1,159 | 854 | 1,074 |
| Cash conversion ratio, excl items affecting comp., R12, % | 120 | 102 | 89 | 82 | 69 | 70 | 74 | 77 | 83 |
| Free cash flow, SEK M | 1,127 | 227 | 1,235 | 1,101 | 630 | -282 | 773 | 567 | 732 |
| Capital employed, closing balance, SEK M | 44,135 | 47,544 | 44,709 | 49,033 | 47,210 | 46,678 | 41,118 | 41,261 | 41,253 |
| Return on capital employed R12, % | 1.1 | 1.8 | 2.0 | 9.3 | 10.1 | 10.6 | 11.1 | 10.6 | 10.3 |
| Net debt, closing balance, SEK M | -13,399 | -15,644 | -14,914 | -15,860 | -15,307 | -15,766 | -10,499 | -11,233 | -11,560 |
| Net debt/EBITDA | 2.4 | 2.6 | 2.5 | 2.6 | 2.5 | 2.5 | 1.8 | 1.9 | 2.0 |
| Debt/equity ratio % | 45 | 50 | 51 | 49 | 49 | 52 | 35 | 38 | 39 |
| Return on equity, % | -1.5 | -0.7 | -0.7 | 9.4 | 10.0 | 10.5 | 11.1 | 10.3 | 9.8 |
| Equity/assets ratio, % | 51 | 51 | 52 | 54 | 54 | 52 | 58 | 57 | 56 |

Acquisitions

Carrying amounts of identifiable acquired assets and assumed liabilities

2020

No acquisitions were carried out in 2020.

Certain adjustments were made to acquisition analyses attributable to acquisitions made in 2019.

| Acquisitions, SEK M | 6M 2020 | 6M 2019 |
|--|----------------------------------|---------------|
| | Adjustments to Acquisitions 2019 | Acquired 2019 |
| Developed technology ¹ | 6 | - |
| Trademarks ² | - | - |
| Customer relationships ³ | -8 | 216 |
| Other intangible assets | - | 0 |
| Property, plant and equipment | - | 167 |
| Deferred tax assets | - | - |
| Shares in associated companies | - | - |
| Interest-bearing receivables | - | 5 |
| Inventories | -1 | 86 |
| Operating receivables | -2 | 70 |
| Current tax asset | 1 | - |
| Cash and cash equivalents | - | 9 |
| Deferred tax liabilities | -6 | 11 |
| Interest-bearing liabilities | - | -42 |
| Post employment benefits | - | -1 |
| Provision obligations | - | - |
| Current tax liability | -2 | - |
| Operating liabilities | -2 | -41 |
| Net assets | -14 | 480 |
| Goodwill | 11 | 599 |
| Total purchase price | -3 | 1,079 |
| Cash and other net debt in acquired operations | - | 29 |
| Impact shown in cash flow statement | -3 | 1,108 |

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.

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 June 30, 2020, 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 | - | 120 | 2 | 175 | 2 | 295 |
| Financial non-current assets | 2 | - | | - | | 2 |
| Accounts receivable | 5,347 | - | | - | | 5,347 |
| Interest-bearing receivable | 64 | - | | - | | 64 |
| Cash and cash equivalents | 6,413 | - | | - | | 6,413 |
| Total | 11,826 | 120 | | 175 | | 12,121 |

| | 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 | - | 185 | 2 | 309 | 2 | 494 |
| Interest-bearing non-current liabilities | 12,796 | - | | - | | 12,796 |
| Interest-bearing current liabilities | 4,226 | - | | - | | 4,226 |
| Accounts payable | 2,688 | - | | - | | 2,688 |
| Total | 19,710 | 185 | | 309 | | 20,204 |

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 39 M (18) and SEK 34 M (23), 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 decrease the Group's non-current loans by SEK 28 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 June 30, 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 | - | 79 | 2 | 180 | 2 | 259 |
| Financial non-current assets | 2 | - | | - | | 2 |
| Accounts receivable | 6,540 | - | | - | | 6,540 |
| Interest-bearing receivable | 3 | - | | - | | 3 |
| Cash and cash equivalents | 2,299 | - | | - | | 2,299 |
| Total | 8,844 | 79 | | 180 | | 9,103 |

| | 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 | - | 234 | 2 | 225 | 2 | 459 |
| Interest-bearing non-current liabilities | 10,291 | - | | - | | 10,291 |
| Interest-bearing current liabilities | 4,059 | - | | - | | 4,059 |
| Accounts payable | 3,395 | - | | - | | 3,395 |
| Total | 17,745 | 234 | | 225 | | 18,204 |

Parent Company

| Condensed Income statements, SEK M | Q2 2020 | Q2 2019 | 6M 2020 | 6M 2019 | R12 2020 | 12M 2019 |
|------------------------------------|------------|------------|------------|------------|-------------|-------------|
| Net sales | 135 | 180 | 266 | 242 | 574 | 550 |
| Administrative expenses | -58 | -72 | -132 | -151 | -312 | -331 |
| Other operating income | 1 | 1 | 2 | 1 | 4 | 3 |
| Other operating expenses | -28 | -31 | -59 | -54 | -315 | -310 |
| EBIT | 50 | 78 | 77 | 38 | -49 | -88 |
| Financial income and expenses | 474 | 322 | 301 | 310 | -344 | -335 |
| Profit before tax | 524 | 400 | 378 | 348 | -393 | -423 |
| Appropriations | - | - | - | - | 71 | 71 |
| Tax | -14 | -17 | -3 | 7 | -16 | -6 |
| Net profit | 510 | 383 | 375 | 355 | -338 | -358 |

| Condensed Balance sheets, SEK M | Jun 30 2020 | Jun 30 2019 | Dec 31 2019 |
|--|----------------|----------------|----------------|
| Property, plant and equipment | 12 | 14 | 13 |
| Intangible assets | 23 | 14 | 25 |
| Financial assets | 36,050 | 37,799 | 35,748 |
| Total non-current assets | 36,085 | 37,827 | 35,786 |
| Current receivables | 3 | 218 | 123 |
| Current tax asset | 0 | - | - |
| Interest-bearing receivables | 345 | 261 | 333 |
| Cash and cash equivalents | - | - | - |
| Total current assets | 348 | 479 | 456 |
| Total assets | 36,433 | 38,306 | 36,242 |
| Equity | 7,925 | 8,150 | 7,549 |
| Interest-bearing non-current liabilities | 91 | 85 | 91 |
| Other non-current liabilities | 50 | 61 | 50 |
| Total non-current liabilities | 141 | 146 | 141 |
| Interest-bearing current liabilities | 28,303 | 29,913 | 28,365 |
| Current tax liabilities | 1 | 1 | 1 |
| Other current liabilities | 63 | 96 | 186 |
| Total current liabilities | 28,367 | 30,010 | 28,552 |
| Total equity and liabilities | 36,433 | 38,306 | 36,242 |

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 2019 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 | 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 Businesses | 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% |

Net sales per market segment and business area based on annual accounts 2019. Historically, these percentages have not changed substantially between the quarters, the full year figures of 2019 will therefore give a good approximation.

TELEPHONE CONFERENCE ON JULY 20, 2020

A telephone conference will be held on July 20, at 3:00 p.m. CET. To participate in the telephone conference, call +46 8 556 427 07 (Sweden), +44 333 3009 030 (UK) or +1 833 823 0587 (US). Code: "Trelleborg". The conference will also be streamed in real-time on the Internet. Visit our website www.trelleborg.com for the Internet link and presentation material.

FINANCIAL CALENDER

Interim report July-September 2020
Year-end report 2020
Interim report January-March 2021
Annual General Meeting 2021 (Trelleborg)
Interim report April-June 2021

October 27, 2020
February 10, 2021
April 22, 2021
April 22, 2021
July 22, 2021

FOR FURTHER INFORMATION

Investors/analysts

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

Media

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

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



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

This report contains forward-looking statements that are based on the current expectations of the management of Trelleborg. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

This information is information that Trelleborg AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. CET on July 20, 2020.