

Q4

Interim report and Year-end report 2020

Strong end to the year – toward a better 2021

FOURTH QUARTER 2020

- Organic sales declined 3 percent and continued to be impacted by the market development as a result of the Coronavirus pandemic. Net sales for the quarter declined 10 percent to SEK 8,118 M (9,018).
- EBIT, excluding items affecting comparability, increased to SEK 1,106 M (1,006), despite negative currency effects of SEK 96 M. This corresponded to an EBIT margin of 13.6 percent (11.2). This was the best fourth quarter to date for both EBIT and the EBIT margin.
- Operating cash flow amounted to SEK 1,813 M (1,525). The cash conversion ratio for the most recent 12-month period amounted to 125 percent (89). Net debt in relation to EBITDA was 1.7 (2.5).
- Items affecting comparability for the quarter were a negative SEK 166 M (neg: 3,431) and pertained in their entirety to restructuring costs. The items affecting comparability for 2019 included impairment of capital employed carried out in Businesses Under Development in the amount of SEK 3,198 M.
- Earnings per share, excluding items affecting comparability, totaled SEK 2.90 (2.45). For the Group as a whole, earnings per share were SEK 2.43 (loss: 9.29).

SEK M	Q4 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
Group						
Net sales	8,118	9,018	-10	32,836	36,588	-10
Organic sales, %	-3	0		-9	0	
EBIT, excluding items affecting comparability	1,106	1,006	10	4,282	4,658	-8
EBIT-margin, %	13.6	11.2		13.0	12.7	
Restructuring costs	-166	-233		-397	-498	
Impairment of capital employed ¹	-	-3,198		-	-3,198	
Items affecting comparability	-166	-3,431		-397	-3,696	
EBIT	940	-2,425	139	3,885	962	304
Profit before tax	866	-2,516	134	3,596	581	519
Net profit, Group	660	-2,519	126	2,711	-199	1,462
Earnings per share, SEK						
Excluding items affecting comparability	2.90	2.45	18	10.89	11.89	-8
Group	2.43	-9.29	126	10.00	-0.73	1,470
Operating cash flow	1,813	1,525	19	5,332	4,167	28
Cash conversion ratio R12, %				125	89	
Core Businesses						
Net sales	7,322	7,881	-7	29,228	32,452	-10
Organic sales, %	-1	-2		-9	0	
EBIT, excluding items affecting comparability	1,057	976	8	4,044	4,628	-13
EBIT-margin, %	14.4	12.4		13.8	14.3	
Businesses Under Development						
Net sales	837	1,171	-29	3,701	4,283	-14
Organic sales, %	-16	11		-5	1	
EBIT, excluding items affecting comparability	49	30	63	238	30	693
EBIT-margin, %	5.8	2.6		6.4	0.7	

FULL-YEAR 2020

- Net sales for the full year 2020 declined 10 percent to SEK 32,836 M (36,588).
- Organic sales declined 9 percent compared with 2019, strongly impacted by the Coronavirus pandemic.
- EBIT, excluding items affecting comparability, fell 8 percent to SEK 4,282 M (4,658), corresponding to an EBIT margin of 13.0 percent (12.7).
- Items affecting comparability were a negative SEK 397 M (neg: 3,696) and pertained in their entirety to restructuring costs. The items affecting comparability for 2019 included impairment of capital employed carried out in Businesses Under Development in the amount of SEK 3,198 M.
- Earnings per share, excluding items affecting comparability, totaled SEK 10.89 (11.89). For the Group as a whole, earnings per share were SEK 10.00 (loss: 0.73).
- Net profit for the Group totaled SEK 2,711 M (loss: 199).
- Operating cash flow amounted to SEK 5,332 M (4,167), an increase of 28 percent. The cash conversion ratio increased to 125 percent (89).

MARKET OUTLOOK FOR THE FIRST QUARTER OF 2021

Demand is expected to be slightly better than in the fourth quarter of 2020, adjusted for seasonal variations. Uncertainty regarding the pandemic's impact on the coming quarters remains considerable.

Market outlook from the interim report published on October 27, 2020, relating to the fourth quarter of 2020

Demand is expected to be on a par with the third quarter of 2020, adjusted for seasonal variations.

DIVIDEND 2020

The Board of Directors proposes a cash dividend of SEK 5.00 per share (–).

Strong end to the year – toward a better 2021

“Like most companies in 2020, Trelleborg was impacted to a high degree by the ongoing pandemic. Priority was assigned to measures to protect our personnel, while we succeeded in offsetting the reduction in sales through a flexible cost base and structural improvements. Despite the circumstances, we were able to deliver a good result, with an improved operating margin and record-strong cash flow compared with 2019, for both the full year and the fourth quarter.

Our employees at all levels of the Group have made the best of a difficult situation and we have adapted our operations and way of working in line with the new reality in an exemplary fashion. Our decentralized approach enabled rapid operational action throughout the organization.

We closed 2020 with a strong quarter. Organic sales declined by 3 percent, meaning that demand continued to improve sequentially. We had a strong currency headwind, which accounted for a 7-percent fall in sales. Cost reductions and structural improvements during the year, combined with slightly better demand, led to the best fourth quarter to date for the Group, in terms of both EBIT and operating margin. This favorable result was achieved despite a negative currency impact on EBIT amounting to SEK 96 M. Cash flow was even stronger, namely the strongest ever for a single quarter.

That said, we continued to be affected by the Coronavirus pandemic. Local outbreaks continue to occur and at the time of writing, production in some parts of China is shut down as a result of official decisions. In other locations, we are seeing unusually high employee absence, which creates operational challenges and ineffectiveness for us and some of our suppliers.

In the Trelleborg Industrial Solutions business area, the recovery continued in the fourth quarter, mainly in Asia, but also in Europe. Deliveries to the automotive industry were highly favorable and sales to the construction-related market segment grew somewhat. Robust cost optimization and a positive sales mix led to improved earnings.

Sales in Trelleborg Sealing Solutions to the aerospace industry continued to be subject to the strong negative effects of the pandemic and, accordingly, an adjustment to long-term reduced demand is under way in the business area. However, the market situation improved in most of the other segments, such as general industry, healthcare & medical and, not least, the automotive industry. Asia developed particularly well, but there was also a clear improvement in the situation in Europe during the quarter.

Sales in Trelleborg Wheel Systems of tires for agricultural machinery increased significantly in most markets, driven by pent-up demand and a generally favorable agricultural market with rising cereal prices. Deliveries of agricultural tires increased in all markets, to both OEMs and aftermarket customers. However, the market situation remained difficult for tires for material handling vehicles and construction vehicles, which declined in both sales channels. Structural improvements and cost adjustments implemented made a positive contribution to earnings.

In our Businesses Under Development reporting segment, sales declined, primarily driven by weak performance in offshore oil & gas and printing blankets. The operations continue to be affected by the Coronavirus pandemic and the restrictions that are still in place.

Discussions with external stakeholders regarding several of our units within Businesses Under Development have intensified and are far advanced in some cases. We are very hopeful that it will be possible to implement structural transactions in the near future. This is well within the framework of our initial communication, that all discussions will have produced results by the end of 2021.

We recently launched a new ambitious climate target, “50 by 25”, meaning that the Group will halve its CO₂ emissions relative to sales by 2025. This in conjunction with a vision statement to achieve complete climate neutrality in our own operations, meaning net zero emissions, by the end of 2035.

Finally, I want to share our hope that the positive results from the fourth quarter is a taste of an even stronger 2021. Our strategy to be market leader in selected niches has served us well over the past year and Trelleborg will improve further in the periods to come. Our general assessment in the current situation is that demand for the first quarter will be somewhat better compared with the fourth quarter.”

Peter Nilsson,
President and CEO

NET SALES AND RESULT

SEK M	Q4 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
Net sales	8,118	9,018	-10	32,836	36,588	-10
Change total, %	-10	8		-10	8	
Organic sales, %	-3	0		-9	0	
Structural change, %	0	4		1	3	
Currency effects, %	-7	4		-2	5	
EBIT, excluding items affecting comparability	1,106	1,006	10	4,282	4,658	-8
EBIT-margin, %	13.6	11.2		13.0	12.7	
Restructuring costs	-166	-233		-397	-498	
Impairment of capital employed ¹	-	-3,198		-	-3,198	
Items affecting comparability	-166	-3,431		-397	-3,696	
EBIT	940	-2,425	139	3,885	962	304
Financial income and expenses	-74	-91	19	-289	-381	24
Profit before tax	866	-2,516	134	3,596	581	519
Taxes	-206	-3	-6,767	-885	-780	-13
Net profit, Group	660	-2,519	126	2,711	-199	1,462
Earnings per share, SEK						
Excluding items affecting comparability	2.90	2.45	18	10.89	11.89	-8
Group	2.43	-9.29	126	10.00	-0.73	1,470

Net sales for the Group during the fourth quarter of 2020 amounted to SEK 8,118 M (9,018). Organic sales declined 3 percent compared with the preceding year. Exchange rate effects were negative 7 percent compared with the year-earlier period.

Sales per market for the Group's core businesses¹:

Organic sales for the Group's core businesses declined by 1 percent compared with the preceding year. Organic sales in Western Europe were in line with the preceding year. For the Rest of Europe, sales increased by 12 percent. Organic sales in the Group's largest market, the US, declined by 15 percent. In total for South and Central America, the organic sales increase was 9 percent. In Asia and other markets, organic sales increased by 10 percent compared with the preceding year.

EBIT, excluding items affecting comparability, totaled SEK 1,106 M (1,006), corresponding to a margin of 13.6 percent (11.2).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries had a negative impact of SEK 96 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter amounted to a negative SEK 166 M (neg: 3,431) and pertained in their entirety to restructuring costs. The level of restructuring costs for full-year 2020 communicated earlier was approximately SEK 700 M. Since some of these projects were delayed, costs of approximately SEK 300 M will be moved to 2021. The items affecting comparability for 2019 included impairment of capital employed carried out in Businesses Under Development in the amount of SEK 3,198 M.

EBIT, including items affecting comparability, amounted to SEK 940 M (neg: 2,425) for the quarter.

The net financial expense was SEK 74 M (expense: 91), largely due to a lower level of debt. Net interest income in relation to net debt amounted to 2.3 percent (2.1).

Net profit for the Group amounted to SEK 660 M (loss: 2,519).

The tax rate for the quarter for the Group, excluding items affecting comparability, amounted to 24 percent (28), with the tax expense for the year impacted by several less positive effects, while the tax expense for 2019 was impacted by a negative country mix.

Earnings per share, excluding items affecting comparability, for the fourth quarter totaled SEK 2.90 (2.45). For the Group in total, earnings per share were SEK 2.43 (loss: 9.29).

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 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
EBITDA, operating profit before depreciation	1,566	1,524	3	6,164	6,605	-7
Capital expenditure	-390	-671	42	-1,220	-1,797	32
Sold non-current assets	18	9		160	18	
Amortization of lease liabilities	-105	-114		-416	-404	
Change in working capital	716	768		678	-258	
Dividend from associated companies	0	0		1	1	
Non cash-flow affecting items	8	9		-35	2	
Operating cash flow	1,813	1,525	19	5,332	4,167	28
Cash conversion ratio R12, %				125	89	

SEK M	12M 2020	12M 2019
Net debt, opening balance	-14,914	-10,499
Operating cash flow	5,332	4,167
Cash impact from items affecting comparability	-325	-353
Non-controlling interests	-	10
Financial items	-319	-377
Paid tax	-772	-763
Free cash flow	3,916	2,684
Acquisitions	3	-3,066
Disposed operations	147	-
Dividend - equity holders of the parent company	-	-1,288
Sum net cash flow	4,066	-1,670
Exchange rate differences	732	-370
Lease liability according to IFRS 16 ¹	141	-2,224
Pension liability	-51	-151
Net debt, closing balance	-10,026	-14,914
Of which:		
Pension liability ²	-603	-600
Lease liability according to IFRS 16 ²	-2,049	-2,353
Net debt, excluding effect of lease and pension liability	-7,374	-11,961
Debt/equity ratio, %	35	52
Net debt/EBITDA ³	1.7	2.5

¹ Pertains to non-cash items.

² Net debt including, as of 2019, lease liability in accordance with IFRS 16 and pension liability.

³ EBITDA including items affecting comparability.

Operating cash flow for the quarter amounted to SEK 1,813 M (1,525). Investments were lower than in the preceding year, while the working capital trend was in line with the year-earlier period. The cash conversion ratio for the most recent 12-month period amounted to 125 percent (89).

Free cash flow for the year was SEK 3,916 M (2,684). Net cash flow amounted to SEK 4,066 M (neg: 1,670). Net cash flow for the year was impacted by effects from acquisitions of SEK 3 M (neg: 3,066) and effects from divested operations of SEK 147 M (-). The preceding year's net cash flow was also impacted by a dividend to shareholders of SEK 1,288 M. No dividend was paid in 2020, in accordance with the resolution of the Annual General Meeting.

Net debt at the end of the fourth quarter amounted to SEK 10,026 M (14,914) and was impacted by the year's net cash flow of SEK 4,066 M, positive exchange rate differences of SEK 732 M and non-cash adjustments of lease and pension liabilities totaling SEK 90 M.

The debt/equity ratio was 35 percent (52). Net debt in relation to EBITDA was 1.7 (2.5).

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

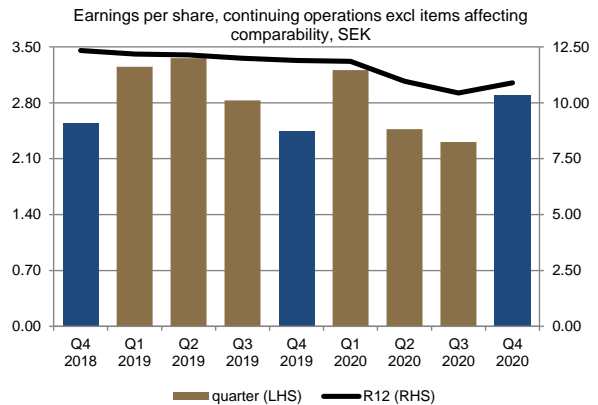
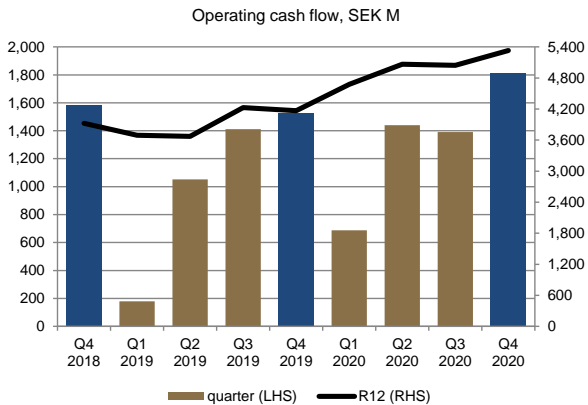
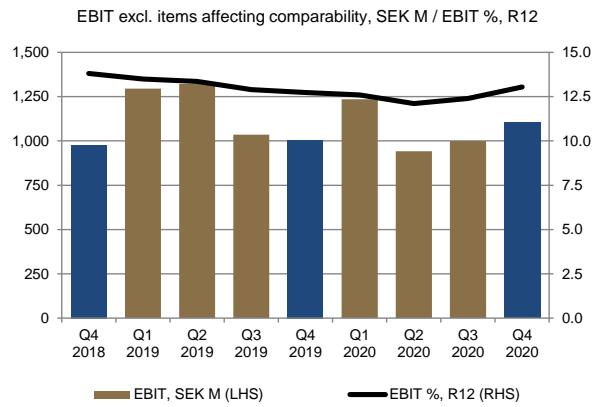
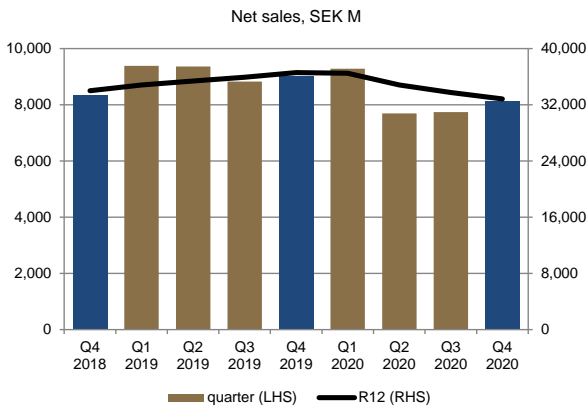
%	R12 2020	R12 2019
Return on capital employed		
Excluding items affecting comparability	9.8	9.9
Group	8.9	2.0
Return on equity		
Excluding items affecting comparability	10.2	11.0
Group	9.4	-0.7

Capital employed declined year on year to SEK 39,699 M (44,276), impacted by exchange rate effects, reduced working capital, divestments and the net of the investments and depreciation/amortization for the year.

The return on capital employed, excluding items affecting comparability, was 9.8 percent (9.9).

Shareholders' equity for the Group at the close of the period amounted to SEK 28,945 M (28,851), negatively impacted by exchange rate effects.

Equity per share amounted to SEK 107 (106). The equity/assets ratio was 54 percent (51). The return on shareholders' equity for the Group, excluding items affecting comparability, totaled 10.2 percent (11.0).



FULL-YEAR 2020

Net sales for full-year 2020 amounted to SEK 32,836 M (36,588), a decline of 10 percent year on year.

EBIT for the Group for the full year, including items affecting comparability, amounted to SEK 3,885 M (962). Items affecting comparability amounted to negative SEK 397 M (neg: 3,696).

Financial income and expenses amounted to a net expense of SEK 289 M (expense: 381). Net interest in relation to net debt amounted to 2.2 percent (2.2).

Profit before tax totaled SEK 3,596 M (581).

Net profit for the Group amounted to SEK 2,711 M (loss: 199).

Total earnings per share for the Group were SEK 10.00 (loss: 0.73).

Operating cash flow amounted to SEK 5,332 M (4,167), an increase of 28 percent. The cash conversion ratio increased to 125 percent (89).

SIGNIFICANT EVENTS DURING THE QUARTER

Nomination Committee for the 2021 Annual General Meeting.

According to a 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 2021 Annual General Meeting:

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

The Annual General Meeting will be held in Trelleborg, Sweden, on April 22, 2021, at 5:00 p.m. CET.

The press release was published on October 2, 2020.

Sale of property located in Trelleborg. Trelleborg signed an agreement with Trelleborg Municipality for the sale of office and industrial properties that are used to a limited extent. The purchase consideration amounted to SEK 228.5 M. Completion of the transaction is subject to the approval of Trelleborg City Council, which is expected to be given in March 2021.

When the transaction is complete, it will result in a capital gain of SEK 140–150 M. This will be recognized in the first quarter of 2021.

The press release was published on December 15, 2020.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Halved CO₂ emissions relative to sale by 2025. Trelleborg launched a new climate target, “50 by 25”, meaning that the Group will reduce its CO₂ emissions by 50 percent relative to sales by 2025. This is in conjunction with a vision statement to achieve complete climate neutrality, or net zero emissions, in its own operations by the end of 2035.

More information about Trelleborg’s climate work and sustainability strategy can be found at [trelleborg.com](https://www.trelleborg.com).

The press release was published on February 4, 2021.

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 Coronavirus pandemic and the measures taken by various countries 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 the pandemic 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 the Coronavirus pandemic.
- **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 2020 compared with the situation at the preceding year-end and overdue accounts receivable declined compared with year-end 2019.
- **Financing and liquidity:** 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 Groups net debt/equity ratio, by this definition, amounted to 25 percent at year-end.

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

Trelleborg, February 10, 2021
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 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
Net sales	2,469	2,795	-12	9,727	10,885	-11
Change total, %	-12	11		-11	12	
Organic sales, %	-5	1		-10	4	
Structural change, %	-	6		1	4	
Currency effects, %	-7	4		-2	4	
EBIT	369	315	17	1,042	1,215	-14
EBIT, %	15.0	11.3		10.7	11.2	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2020

Organic sales for the quarter declined 5 percent year on year. Sales were stable and slightly growing in Europe and Asia, but declined in North America. Sales to the aerospace industry remained strongly negative, significantly impacted by the Coronavirus pandemic. Sales to the construction-related market segment were somewhat higher compared with the preceding year. Deliveries to the automotive industry continued to make a strong recovery and were significantly higher than in the year-earlier quarter, displaying growth in all markets.

EBIT and the EBIT margin increased year on year, driven by effective price management, strict cost control and a favorable sales mix. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 24 M on EBIT compared with the year-earlier quarter.

FULL-YEAR 2020

Organic sales for the full year declined 10 percent compared with 2019. Sales were significantly lower in North America, lower in Europe and slightly lower in Asia. Most market segments reported negative organic sales. Deliveries of marine solutions stood out insofar as sales were unchanged compared with the preceding year.

EBIT and the EBIT margin decreased compared with the preceding year, mainly as a result of falling sales caused by the Coronavirus pandemic. Meanwhile, good cost control limited the decline in earnings. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 36 M on EBIT compared with the preceding year.



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 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
Net sales	2,673	2,952	-9	10,892	12,142	-10
Change total, %	-9	13		-10	10	
Organic sales, %	-4	3		-10	0	
Structural change, %	1	5		2	5	
Currency effects, %	-6	5		-2	5	
EBIT	512	626	-18	2,137	2,729	-22
EBIT, %	19.1	21.2		19.6	22.5	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2020

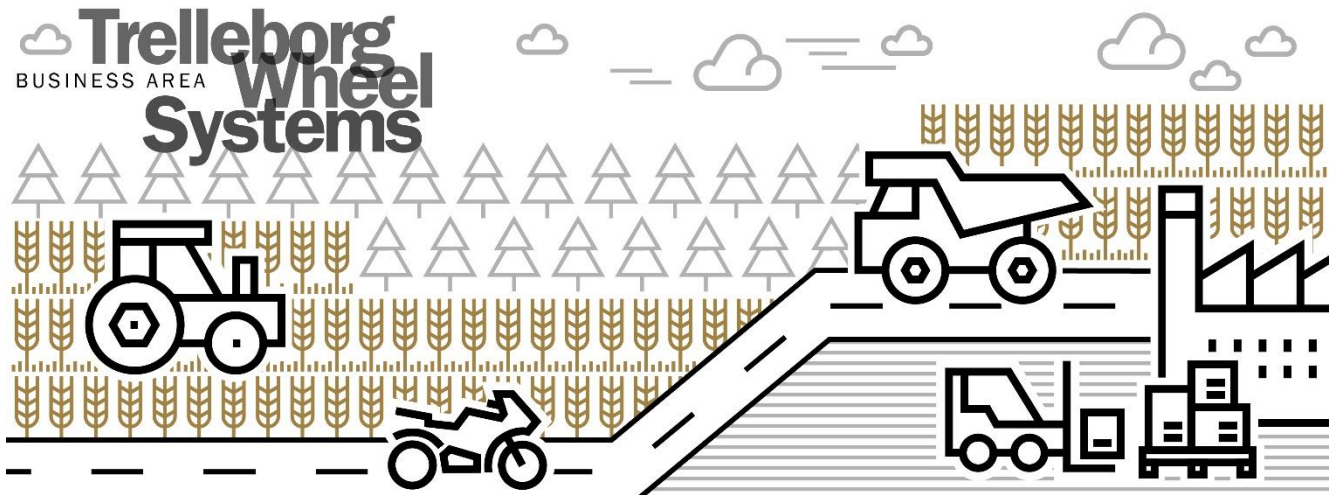
Organic sales for the quarter declined 4 percent year on year. Sales to general industry declined in North America, but were slightly positive in Europe and Asia. Sales to the automotive industry continued to recover sequentially in all regions, and increased in both Europe and Asia, but remained somewhat lower in North America. Sales to the aerospace industry continued to be subject to a strong negative impact from the ongoing pandemic and deliveries leveled off at a significantly lower level. Sales to healthcare & medical were positive.

EBIT and the EBIT margin declined due to under-utilization in parts of the business area as a result of the drastic decline in, primarily, the aerospace industry. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 41 M on EBIT compared with the year-earlier quarter.

FULL-YEAR 2020

Organic sales for the full year declined 10 percent compared with 2019. Sales to Europe and North America were negative for the year, while Asia was unchanged. The weakest organic sales development was noted for deliveries to the aerospace industry, but even sales to general industry and the automotive industry were severely affected by the Coronavirus pandemic. Deliveries to healthcare & medical grew during the year.

EBIT and the EBIT margin declined, mainly resulting from a fall-off in volumes caused by the pandemic. However, the decline in earnings was limited due to strict cost control. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 48 M on EBIT compared with the preceding year.



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 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
Net sales	2,185	2,181	0	8,765	9,628	-9
Change total, %	0	-4		-9	1	
Organic sales, %	8	-9		-7	-4	
Structural change, %	-	1		0	1	
Currency effects, %	-8	4		-2	4	
EBIT	225	97	132	1,050	913	15
EBIT, %	10.3	4.4		12.0	9.5	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2020

Organic sales for the quarter rose by 8 percent year on year. Sales of tires for agricultural machinery increased significantly in most markets, driven by a pent-up need, which led to the healthy demand. Deliveries of agricultural tires to OEMs and aftermarket customers increased in all markets. Organic sales of tires for material handling and construction vehicles declined in both sales channels year on year. The trend was similar in most markets.

EBIT and the EBIT margin increased significantly as a result of higher sales volumes and a comparative period in the preceding year that was characterized by large inventory adjustments and, accordingly, unusually low margins. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 17 M on EBIT compared with the year-earlier quarter.

FULL-YEAR 2020

Organic sales for the full year declined 7 percent compared with 2019. Sales declined in all major regions. The organic sales trends for tires for agricultural machinery, material handling vehicles and construction machinery were all negative, driven by a fall in volumes and inefficiency caused by the Coronavirus pandemic. During the second half of the year, the situation improved for the agricultural market, at the same time as the market situation for tires for material handling and construction vehicles was strained for the remainder of the year.

EBIT and the EBIT margin increased, driven mainly by structural measures and strict cost control resulting from difficult market conditions in the wake of the Coronavirus pandemic. Previous investments made in capacity commissioned during the year supported the earnings improvement. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 36 M on earnings compared with the preceding year.

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, technical rubber products, as well as bicycle tires.

Excluding items affecting comparability, SEK M	Q4 2020	Q4 2019	Change, %	12M 2020	12M 2019	Change, %
Net sales	837	1,171	-29	3,701	4,283	-14
Change total, %	-29	16		-14	4	
Organic sales, %	-16	11		-5	1	
Structural change, %	-6	1		-5	0	
Currency effects, %	-7	4		-4	3	
EBIT	49	30	63	238	30	693
EBIT, %	5.8	2.6		6.4	0.7	

Additional key ratios on pages 17 - 19

FOURTH QUARTER 2020

Organic sales for the quarter declined 16 percent year on year. Sales declined in all regions, driven by a weak trend in offshore oil & gas and printing blankets. Deliveries of printing blankets fell in most markets, impacted by the Coronavirus pandemic and the restrictions that remain in place. The technical rubber products operations in the Czech Republic recovered in several product groups, but organic development was negative overall compared with the year-earlier quarter.

EBIT and the EBIT margin increased primarily as a result of improvements made earlier in the operations in the Czech Republic, as well as generally good cost control in all operations and a favorable sales mix. 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.

FULL-YEAR 2020

Organic sales for the full year declined 5 percent compared with 2019. Offshore oil & gas noted an organic increase in sales during the year despite a weaker sales trend in the fourth quarter. Other Businesses Under Development, meaning printing blankets and technical rubber products, were impacted by ineffectiveness for much of the year that arose as a result of the ongoing pandemic.

EBIT and the EBIT margin improved significantly compared with the preceding year, with previously implemented structural measures and strict cost control explaining the increased earnings. Exchange rate effects from the translation of foreign subsidiaries had a negative impact of SEK 11 M on earnings compared with the preceding year.

During the year, the Swedish and Estonian operations that manufacture molded components were divested, as well as a small operation in France that manufactures rubber-covered rollers and rubber belts, which was part of the reporting segment's printing blankets operation.

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.

New and amended IFRS standards applied from January 1, 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform.
The amendment is an effect of reforms to the interbank offered rates, which include the impending replacement of generally used interbank offered rates (such as STIBOR, EURIBOR, LIBOR) for alternative, risk-free interbank offered rates. IASB has issued an easing of the criteria used for hedge accounting so companies that apply hedge accounting can assume that the reference rate that hedged cash flow and cash flow from the hedging instrument does not change as a result of uncertainty from the interest rate benchmark reform.
- Amendments to IFRS 3 Business Combinations Definition of a business.
The purpose of the amendment is to clarify the definition of a business combination with the aim to make it easier for companies to analyze if an acquisition constitutes a business combination or an asset acquisition.
- Amendments to IAS 1 and IAS 8: Definition of "material".
The amendment aims to clarify which information is material in preparation of the financial statements and therefore the texts in IAS 1 and IAS 8 have been adapted.
- Amendments to IFRS 16: Covid-19-Related Rent Concessions.
The amendment concerns rent concessions that are directly related to COVID-19 and entail a voluntary exemption from the lease modifications rules in IFRS 16 Leases. This exemption only applies to the lessee, and does not affect reporting by the lessor. Trelleborg has chosen to utilize this exemption rule.

The amendments as set out above had no material impact on the Group's financial statements.

New standards and interpretations that have not yet come into effect:

A number of new and amended IFRS have not yet come into effect and were not applied prospectively in connection with the preparation of the Group's and Parent Company's financial statements. These amended standards or interpretations are not expected to have any material impact on the Group's or Parent Company's financial statements.

Condensed Income Statements

Income Statements, SEK M	Q4 2020	Q4 2019	12M 2020	12M 2019
Net sales	8,118	9,018	32,836	36,588
Cost of goods sold	-5,409	-6,188	-22,314	-24,870
Gross profit	2,709	2,830	10,522	11,718
Selling expenses	-678	-800	-2,776	-3,202
Administrative expenses	-733	-826	-2,834	-3,120
Research and development costs	-152	-158	-582	-617
Other operating income/expenses	-40	-38	-50	-125
Profit from associated companies	0	-2	2	4
EBIT, excluding items affecting comparability	1,106	1,006	4,282	4,658
Items affecting comparability	-166	-3,431	-397	-3,696
EBIT	940	-2,425	3,885	962
Financial income and expenses	-74	-91	-289	-381
Profit before tax	866	-2,516	3,596	581
Tax	-206	-3	-885	-780
Total net profit	660	-2,519	2,711	-199
- equity holders of the parent company	661	-2,519	2,712	-199
- non-controlling interest	-1	0	-1	0

Earnings per share, SEK ¹	Q4 2020	Q4 2019	12M 2020	12M 2019
Group, Excluding items affecting comparability	2.90	2.45	10.89	11.89
Group, total	2.43	-9.29	10.00	-0.73

¹ No dilution effects arose.

Number of shares	Q4 2020	Q4 2019	12M 2020	12M 2019
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 2020	Q4 2019	12M 2020	12M 2019
Total net profit	660	-2,519	2,711	-199
Other comprehensive income				
Items that will not be reclassified to the income statement				
Reassessment of net pension obligation	3	23	-51	-151
Income tax relating to components of other comprehensive income	-4	-6	6	32
Total	-1	17	-45	-119
Items that may be reclassified to the income statement				
Cash flow hedges	62	67	-49	-98
Hedging of net investment	561	335	579	-390
Translation difference	-2,094	-1,154	-3,007	1,234
Income tax relating to components of other comprehensive income	-122	-13	-97	77
Total	-1,593	-765	-2,574	823
Other comprehensive income, net of tax	-1,594	-748	-2,619	704
Total comprehensive income	-934	-3,267	92	505
Total comprehensive income attributable to:				
- equity holders of the parent company	-933	-3,267	93	505
- non-controlling interest	-1	0	-1	0

EBIT specification, SEK M	Q4 2020	Q4 2019	12M 2020	12M 2019
Excluding items affecting comparability:				
EBITDA	1,566	1,524	6,164	6,605
Depreciation/write-down, property, plant and equipment	-370	-425	-1,510	-1,585
EBITA	1,196	1,099	4,654	5,020
Amortization/write-down, intangible assets	-90	-93	-372	-362
EBIT	1,106	1,006	4,282	4,658
Items affecting comparability	-166	-3,431	-397	-3,696
EBIT	940	-2,425	3,885	962

Condensed Balance Sheets

Balance Sheets, SEK M	Dec 31 2020	Dec 31 2019
Property, plant and equipment	11,928	13,306
Goodwill	17,867	19,198
Other intangible assets	4,675	5,289
Participations in associated companies	104	108
Financial non-current assets	62	46
Deferred tax assets	742	941
Total non-current assets	35,378	38,888
Inventories	5,263	6,361
Current operating receivables	6,250	6,833
Current tax assets	884	1,109
Interest-bearing receivables	233	286
Cash and cash equivalents	5,756	2,694
Total current assets	18,386	17,283
Total assets	53,764	56,171
Share capital	2,620	2,620
Other capital contributions	226	226
Other reserves	382	2,955
Profit brought forward	23,005	23,249
Net profit for the year	2,712	-199
Total	28,945	28,851
Non-controlling interests	8	10
Equity	28,953	28,861
Interest-bearing non-current liabilities	10,718	13,063
Other non-current liabilities	272	188
Pension obligations	619	604
Other provisions	149	202
Deferred tax liabilities	899	1,075
Total non-current liabilities	12,657	15,132
Interest-bearing current liabilities	4,706	4,234
Current tax liabilities	1,138	1,234
Other current liabilities	5,987	6,317
Other provisions	323	393
Total current liabilities	12,154	12,178
Total equity and liabilities	53,764	56,171
Specification of changes in equity, SEK M	Dec 31 2020	Dec 31 2019
Opening balance, January 1	28,861	30,126
Adjustment of working capital	-	-359
Adjusted opening balance, January 1	28,861	29,767
Non-recurring item relating to IFRS 16	-	-133
Total net profit	2,711	-199
Other comprehensive income	-2,619	704
Dividend	-	-1,288
Non-controlling interests	-	10
Closing balance	28,953	28,861
Specification of capital employed, SEK M	Dec 31 2020	Dec 31 2019
Total assets	53,764	56,171
Less:		
Interest-bearing receivables	275	308
Cash and cash equivalents	5,756	2,694
Tax assets	1,626	2,050
Operating liabilities	6,408	6,843
Capital employed	39,699	44,276

Condensed Cash-flow Statements

Cash flow statements, SEK M	Q4 2020	Q4 2019	12M 2020	12M 2019
Operating activities				
EBIT incl part in associated companies	940	-2,425	3,885	962
Adjustments for items not included in cash flow from operating activities:				
Depreciation, property, plant and equipment	363	424	1,495	1,579
Amortization, intangible assets	90	103	372	372
Impairment losses, property, plant and equipment	51	441	59	452
Impairment losses, intangible assets	1	2,707	5	2,709
Dividend from associated companies	0	0	1	1
Participations in associated companies and other non cash-flow affecting items	8	5	-29	-5
Items affecting comparability	-	-3	0	-
Interest received and other financial items	5	15	68	45
Interest paid and other financial items	-98	-103	-387	-422
Taxes paid	-203	-85	-772	-763
Cash flow from operating activities before changes in working capital	1,157	1,079	4,697	4,930
Cash flow from changes in working capital				
Change in inventories	119	313	533	78
Change in operating receivables	157	732	-111	135
Change in operating liabilities	440	-277	256	-471
Change in items affecting comparability	-9	151	-20	182
Cash flow from operating activities	1,864	1,998	5,355	4,854
Investing activities				
Acquisitions	-	-825	3	-3,066
Disposed/discontinuing operations	-	-	147	-
Capital expenditure, property, plant and equipment	-355	-625	-1,106	-1,632
Capital expenditure, intangible assets	-35	-46	-114	-165
Sale of non-current assets	29	12	202	21
Cash flow from investing activities	-361	-1,484	-868	-4,842
Financing activities				
Change in interest-bearing investments	-82	-211	31	-213
Change in interest-bearing liabilities	-123	142	-580	-599
New/utilized loans	-1,520	-261	3,100	3,004
Amortized loans	-1,687	0	-3,737	-649
Dividend - equity holders of the parent company	-	0	-	-1,288
Dividend - non-controlling interest	0	10	-	10
Cash flow from financing activities	-3,412	-320	-1,186	265
Cash flow for the period	-1,909	194	3,301	277
Cash and cash equivalents				
At beginning of the period	7,782	2,587	2,694	2,341
Exchange rate differences	-117	-87	-239	76
Cash and cash equivalents at end of period	5,756	2,694	5,756	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	Acqui- sitions	Translation differences	Fair value changes	Lease liabilities according to IFRS 16	Pension liabilities	Dec 31 2020
Long-term loans	11,016	-2,762	1,218	-	-457	-	-	-	9,015
Current loans	3,368	2,746	-1,855	-	-131	-	-	-	4,128
Other non-current financial liabilities	95	-54	-18	-	0	-	-	-	23
Other current financial liabilities	465	70	-142	-	-184	-	-	-	209
Lease liabilities according to IFRS 16	2,353	-	-421	-	-163	-	280	-	2,049
Pension obligations	603	-	-	-	-36	-	-	51	618
Total	17,900	-	-1,218	-	-971	-	280	51	16,042

Key figures

Trelleborg employs a number of alternative performance measures related to financial position, including: 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 uses the performance metrics of EBITDA, EBITA and EBIT excluding items affecting comparability, which the Group considers to be relevant for investors seeking to understand its earnings generation before items affecting comparability.

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

SEK M	Q4 2020	Q4 2019	12M 2020	12M 2019
Net sales				
Trelleborg Industrial Solutions	2,469	2,795	9,727	10,885
Trelleborg Sealing Solutions	2,673	2,952	10,892	12,142
Trelleborg Wheel Systems	2,185	2,181	8,765	9,628
Eliminations	-5	-47	-156	-203
Core Businesses	7,322	7,881	29,228	32,452
Businesses Under Development	837	1,171	3,701	4,283
Eliminations	-41	-34	-93	-147
Group	8,118	9,018	32,836	36,588
EBIT, excluding items affecting comparability				
Trelleborg Industrial Solutions	369	315	1,042	1,215
Trelleborg Sealing Solutions	512	626	2,137	2,729
Trelleborg Wheel Systems	225	97	1,050	913
Group items	-49	-62	-185	-229
Core Businesses	1,057	976	4,044	4,628
Businesses Under Development	49	30	238	30
Group	1,106	1,006	4,282	4,658
EBIT %, excluding items affecting comparability				
Trelleborg Industrial Solutions	15.0	11.3	10.7	11.2
Trelleborg Sealing Solutions	19.1	21.2	19.6	22.5
Trelleborg Wheel Systems	10.3	4.4	12.0	9.5
Core Businesses	14.4	12.4	13.8	14.3
Businesses Under Development	5.8	2.6	6.4	0.7
Group	13.6	11.2	13.0	12.7
Net sales per market, share and organic growth, %				
Western Europe (46%)	-3	-2	-10	0
Other Europe (10%)	10	-3	-1	-2
North America (23%)	-14	-1	-14	1
South and Central America (4%)	3	19	5	-4
Asia and other markets (17%)	5	5	-2	2
Total (100% refer to share 2020)	-3	0	-9	0
Net sales per market Core Businesses, organic growth, %				
Western Europe	0	-4	-10	-1
Other Europe	12	1	3	-2
North America	-15	-2	-14	1
South and Central America	9	20	-9	12
Asia and other markets	10	2	-1	2
Total	-1	-2	-9	0

Bridge net sales	Q4 2019, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q4 2020, SEK M
Trelleborg Industrial Solutions	2,795	-5	-	-7	2,469
Trelleborg Sealing Solutions	2,952	-4	1	-6	2,673
Trelleborg Wheel Systems	2,181	8	0	-8	2,185
Eliminations	-47	-	-	-	-5
Core Businesses	7,881	-1	1	-7	7,322
Businesses Under Development	1,171	-16	-6	-7	837
Eliminations	-34	-	-	-	-41
Group	9,018	-3	0	-7	8,118

Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M	Q4 2020	12M 2020
Trelleborg Industrial Solutions	-24	-36
Trelleborg Sealing Solutions	-41	-48
Trelleborg Wheel Systems	-17	-36
Eliminations	-3	0
Core Businesses	-85	-120
Businesses Under Development	-11	-11
Group	-96	-131

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

SEK M	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net sales									
Trelleborg Industrial Solutions	2,469	2,354	2,309	2,595	2,795	2,722	2,740	2,628	2,524
Trelleborg Sealing Solutions	2,673	2,512	2,498	3,209	2,952	2,982	3,090	3,118	2,622
Trelleborg Wheel Systems	2,185	2,075	2,046	2,459	2,181	2,188	2,536	2,723	2,271
Eliminations	-5	-46	-34	-71	-47	-50	-52	-54	-43
Core Businesses	7,322	6,895	6,819	8,192	7,881	7,842	8,314	8,415	7,374
Businesses Under Development	837	862	888	1,114	1,171	1,019	1,086	1,007	1,012
Eliminations	-41	-14	-18	-20	-34	-33	-39	-41	-44
Group	8,118	7,743	7,689	9,286	9,018	8,828	9,361	9,381	8,342
EBIT, excluding items affecting comparability									
Trelleborg Industrial Solutions	369	262	202	209	315	289	327	284	252
Trelleborg Sealing Solutions	512	454	465	706	626	668	711	724	535
Trelleborg Wheel Systems	225	272	256	297	97	148	319	349	247
Group items	-49	-46	-34	-56	-62	-60	-47	-60	-19
Core Businesses	1,057	942	889	1,156	976	1,045	1,310	1,297	1,015
Businesses Under Development	49	57	53	79	30	-9	11	-2	-38
Group	1,106	999	942	1,235	1,006	1,036	1,321	1,295	977
EBIT %, excluding items affecting comparability									
Trelleborg Industrial Solutions	15.0	11.1	8.7	8.1	11.3	10.6	11.9	10.8	10.0
Trelleborg Sealing Solutions	19.1	18.1	18.6	22.0	21.2	22.4	23.0	23.2	20.4
Trelleborg Wheel Systems	10.3	13.1	12.5	12.1	4.4	6.8	12.6	12.8	10.9
Core Businesses	14.4	13.7	13.0	14.1	12.4	13.3	15.8	15.4	13.8
Businesses Under Development	5.8	6.6	6.0	7.1	2.6	-0.9	1.1	-0.3	-3.8
Group	13.6	12.9	12.3	13.3	11.2	11.7	14.1	13.8	11.7

Condensed Income Statements, SEK M	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net sales	8,118	7,743	7,689	9,286	9,018	8,828	9,361	9,381	8,342
Cost of goods sold	-5,409	-5,322	-5,299	-6,284	-6,188	-6,071	-6,291	-6,320	-5,799
Gross profit	2,709	2,421	2,390	3,002	2,830	2,757	3,070	3,061	2,543
Selling expenses	-678	-647	-632	-819	-800	-786	-816	-800	-674
Administrative expenses	-733	-624	-677	-800	-826	-750	-766	-778	-930
Research and development costs	-152	-127	-140	-163	-158	-152	-155	-152	-143
Other operating income/costs	-40	-24	2	12	-38	-36	-14	-37	183
Profit from associated companies	0	0	-1	3	-2	3	2	1	-2
EBIT, excluding items affecting comparability	1,106	999	942	1,235	1,006	1,036	1,321	1,295	977
Items affecting comparability	-166	-80	-105	-46	-3,431	-127	-118	-20	-98
EBIT	940	919	837	1,189	-2,425	909	1,203	1,275	879
Financial income and expenses	-74	-70	-84	-61	-91	-59	-111	-120	-78
Profit before tax	866	849	753	1,128	-2,516	850	1,092	1,155	801
Tax	-206	-197	-181	-301	-3	-188	-286	-303	-200
Net profit	660	652	572	827	-2,519	662	806	852	601
- equity holders of the parent company	661	652	572	827	-2,519	662	806	852	601
- non-controlling interest	-1	0	0	0	0	-	-	-	-

Group Key Figures	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net sales, SEK M	8,118	7,743	7,689	9,286	9,018	8,828	9,361	9,381	8,342
Organic sales, %	-3	-7	-19	-5	0	-1	0	1	2
EBITDA, excl items affecting comparability, SEK M	1,566	1,451	1,441	1,706	1,524	1,526	1,800	1,755	1,272
EBITDA, excl items affecting comparability, %	19.3	18.7	18.8	18.3	16.9	17.3	19.2	18.7	15.3
EBITA, excl items affecting comparability, SEK M	1,196	1,090	1,038	1,330	1,099	1,132	1,407	1,382	1,055
EBITA, excl items affecting comparability, %	14.7	14.1	13.5	14.3	12.2	12.8	15.0	14.7	12.7
EBIT, excl items affecting comparability, SEK M	1,106	999	942	1,235	1,006	1,036	1,321	1,295	977
EBIT, excl items affecting comparability, %	13.6	12.9	12.3	13.3	11.2	11.7	14.1	13.8	11.7
Items affecting comparability, SEK M	-166	-80	-105	-46	-3,431	-127	-118	-20	-98
EBIT, SEK M	940	919	837	1,189	-2,425	909	1,203	1,275	879
Earnings per share, excl items affecting comparability, SEK	2.90	2.31	2.47	3.21	2.45	2.83	3.36	3.25	2.55
Earnings per share, Group, SEK	2.43	2.41	2.11	3.05	-9.29	2.44	2.98	3.14	2.22
Operating cash flow, excl items affecting comp., SEK M	1,813	1,391	1,440	688	1,525	1,412	1,051	179	1,586
Cash conversion ratio, excl items affecting comp., R12, %	125	121	120	102	89	91	78	79	84
Free cash flow, SEK M	1,397	1,165	1,127	227	1,235	1,101	630	-282	1,200
Capital employed, closing balance, SEK M	39,699	42,710	43,700	47,084	44,276	48,588	46,772	46,246	40,692
Return on capital employed R12, %	8.9	1.1	1.1	1.8	2.0	9.3	10.1	10.6	11.1
Net debt, closing balance, SEK M	-10,026	-12,129	-13,399	-15,644	-14,914	-15,860	-15,307	-15,766	-10,499
Net debt/EBITDA	1.7	2.2	2.4	2.6	2.5	2.6	2.5	2.5	1.8
Debt/equity ratio %	35	41	45	51	52	49	50	53	35
Return on equity, %	9.4	-1.5	-1.5	-0.7	-0.7	9.5	10.1	10.6	11.2
Equity/assets ratio, %	54	51	50	51	51	53	53	52	58

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	12M 2020 Adjustments to Acquisitions 2019	12M 2019 Acquired 2019 Adjustments to Acquisitions 2018
Developed technology ¹	6	14
Trademarks ²	-	65
Customer relationships ³	-8	635
Other intangible assets	-	0
Property, plant and equipment	-	300
Deferred tax assets	-	9
Shares in associated companies	-	-
Interest-bearing receivables	-	22
Inventories	-2	207
Operating receivables	-3	325
Current tax asset	1	0
Cash and cash equivalents	-	615
Deferred tax liabilities	-6	-44
Interest-bearing liabilities	-	-1,658
Post employment benefits	-	-1
Provision obligations	-	0
Current tax liability	-2	-18
Operating liabilities	-3	-290
Net assets	-17	181
Goodwill	14	1,863
Total purchase price	-3	2,044
Cash and other net debt in acquired operations	-	1,022
Impact shown in cash flow statement	-3	3,066

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 December 31, 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	-	67	2	202	2	269
Financial non-current assets	52	10	3	-	-	62
Accounts receivable	4,907	-	-	-	-	4,907
Interest-bearing receivable	12	-	-	-	-	12
Cash and cash equivalents	5,756	-	-	-	-	5,756
Total	10,727	77		202		11,006

	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	-	174	2	309	2	483
Interest-bearing non-current liabilities	9,038	20	3	-	-	9,058
Interest-bearing current liabilities	4,156	20	3	-	-	4,176
Lease liabilities according to IFRS 16	2,049	-	-	-	-	2,049
Accounts payable	3,067	-	-	-	-	3,067
Total	18,310	214		309		18,833

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

A financial interest-bearing receivable of SEK 10 M is recognized at fair value. The carrying amount is a good approximation of the fair value. Interest-bearing non-current and current liabilities include earnouts according to contract in an amount of SEK 20 M (37) and SEK 20 M (39), 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 and earnouts according to contract, 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 76 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, 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	5,556	-	-	-	-	5,556
Interest-bearing receivable	8	-	-	-	-	8
Cash and cash equivalents	2,694	-	-	-	-	2,694
Total	8,304	84		200		8,588

	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	3,570	-	-	-	-	3,570
Total	20,570	298		230		21,098

Parent Company

Condensed Income statements, SEK M	Q4 2020	Q4 2019	12M 2020	12M 2019
Net sales	139	158	462	550
Administrative expenses	-128	-113	-295	-331
Other operating income	2	2	6	3
Other operating expenses	-178	-227	-268	-310
EBIT	-165	-180	-95	-88
Financial income and expenses	136	-256	471	-335
Profit before tax	-29	-436	376	-423
Appropriations	134	71	134	71
Tax	-3	31	-34	-6
Net profit	102	-334	476	-358

Condensed Balance sheets, SEK M	Dec 31 2020	Dec 31 2019
Property, plant and equipment	12	13
Intangible assets	22	25
Financial assets	36,777	35,748
Total non-current assets	36,811	35,786
Current receivables	83	123
Current tax asset	3	-
Interest-bearing receivables	134	333
Cash and cash equivalents	-	-
Total current assets	220	456
Total assets	37,031	36,242
Equity	8,025	7,549
Interest-bearing non-current liabilities	85	91
Other non-current liabilities	45	50
Total non-current liabilities	130	141
Interest-bearing current liabilities	28,718	28,365
Current tax liabilities	-	1
Other current liabilities	158	186
Total current liabilities	28,876	28,552
Total equity and liabilities	37,031	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. We 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	51%	2%	12%		23%	4%	41%	8%
Trelleborg Sealing Solutions	47%	3%	10%	4%		14%	31%	22%
Trelleborg Wheel Systems			37%	63%			100%	
Core Businesses	34%	2%	19%	20%	8%	6%	55%	11%
Businesses Under Development	51%	30%	6%		2%		38%	11%
Group	36%	5%	18%	18%	7%	5%	53%	11%

Net sales per market segment and business area based on annual accounts 2020. Historically, these percentages have not changed substantially between the quarters, the full year figures of 2020 will therefore give a good approximation.

TELEPHONE CONFERENCE ON FEBRUARY 10, 2021

A telephone conference will be held on February 10, at 10:30 a.m. CET. To participate in the telephone conference, call +46 8 566 427 03 (Sweden), +44 333 3009 265 (UK) or +1 833 249 8404 (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

Annual report 2020	March 18, 2021
Interim report January-March 2021	April 22, 2021
Annual General Meeting 2021 (Trelleborg)	April 22, 2021
Interim report April-June 2021	July 22, 2021
Interim report July-September 2021	October 27, 2021
Year-end report 2021	February 4, 2022

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: 0410 - 670 15
Mobile: 0733 - 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: 0410-670 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. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 a.m. CET on February 10, 2021.