



*Press release*

*Trelleborg, November 28, 2017*

## **Trelleborg to consolidate and adapt operations in oil & gas**

Trelleborg implements a number of strategic measures to secure Trelleborg's leading position and competitiveness in the offshore oil & gas segment, whose market condition has been challenging for a long time and still is.

Trelleborg has decided to gradually discontinue the manufacturing of subsea buoys for drilling equipment in deep-water environments in Houston, Texas, U.S. Production equipment will be transferred and consolidated to the existing operations in Skelmersdale, England, whose manufacturing focuses on other types of deep-water buoys and engineered polymer solutions. The U.S. sales and engineering organization will be retained.

Restructuring costs related to the Trelleborg Offshore & Construction business area will be recognized as an expense in the fourth quarter of 2017 amounting to about SEK 580 M, and will be recognized as an item affecting comparability. The amount consists of SEK 350 M attributable to impairment of intangible assets, SEK 70 M attributable to impairment of operating assets, and SEK 160 M in other restructuring costs. The total impairment losses of SEK 420 M will not impact cash flow.

The changes are expected to improve earnings for the operations concerned by approximately SEK 100 M per year under the prevailing market conditions, at the same time as the adapted structure is expected to contribute toward further earnings improvements when the market recovers.

"The planned structural changes will make the Group's earnings potential and organic sales trend more stable and predictable. At the same time, the business area's structure will be simplified, ensuring that Trelleborg will remain the only truly global supplier of both deep-water buoys and other engineered polymer solutions in the offshore oil & gas segment," comments Peter Nilsson, President and CEO of Trelleborg.

### **Items affecting comparability for the full-year 2017**

Trelleborg has previously communicated that restructuring costs for 2017 are expected to total about SEK 450 M. In connection with this decision to implement changes at Trelleborg Offshore & Construction, restructuring costs for 2017 are expected to increase by SEK 580 M to approximately SEK 1,030 M.

During the first quarter of 2017, a unit was divested in the Czech Republic resulting in a capital gain of SEK 472 M. This had a positive impact on items affecting comparability.



The performance of the divested TrelleborgVibracoustic operation provides favorable conditions for the payment of an additional purchase price that may exceed the recognized receivable of about SEK 224 M. The final amount will be determined in early 2018, as the additional purchase price is related to sales developments at TrelleborgVibracoustic in 2017. This amount will have a positive impact on items affecting comparability for 2017.

The total of items affecting comparability for the full-year 2017 will be influenced by the items above.

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**Trelleborg** is a world leader in engineered polymer solutions that seal, damp and protect critical applications in demanding environments. Its innovative engineered solutions accelerate performance for customers in a sustainable way. The Trelleborg Group has annual sales of SEK 31 billion and operations in over 50 countries. The Group comprises five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems, and the operations of Rubena and Savatech. The Trelleborg share has been quoted on the Stock Exchange since 1964 and is listed on Nasdaq Stockholm, Large Cap.

[www.trelleborg.com](http://www.trelleborg.com)

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For further information, please contact:

**Media:** Vice President Media Relations Karin Larsson, +46 (0)410 67015, +46 (0)733 747015, [karin.larsson@trelleborg.com](mailto:karin.larsson@trelleborg.com)

**Investors/analysts:** Vice President IR Christofer Sjögren, +46 (0)410 67068, +46 (0)708 665140, [christofer.sjogren@trelleborg.com](mailto:christofer.sjogren@trelleborg.com)

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