



Press release

Trelleborg, December 4, 2019

Trelleborg strengthens focus on selected segments

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

In the new organization, Trelleborg will consist of three business areas, compared with five today. In addition, a reporting segment is being created, Businesses under development. In conjunction with the changes, capital employed will be impaired by SEK 3,200 M, which will be recognized in Trelleborg's report for the fourth quarter of 2019. It will have no cash-flow impact.

"We are now putting a stronger focus on our strategically well-positioned businesses. This will involve continued development and investments in organic growth and various types of bolt-on acquisitions, which in different ways can complement and strengthen our positions in selected segments. In parallel, we will be conducting an intensive strategic review of the operations that will be included in Businesses under development. I want to be clear that we are demanding that profitability should be significantly improved within a 12–24 month period in order for these operations to be included in Group. As the improvement work is in progress, we will continuously evaluate various structural alternatives," says Peter Nilsson, President and CEO of Trelleborg.

New organization

The following business areas will be included in the new organization:

- Trelleborg Industrial Solutions, specializing in polymer-based niche applications and infrastructure projects
- Trelleborg Sealing Solutions, specializing in polymer-based sealing solutions
- Trelleborg Wheel Systems, specializing in tires for off-highway vehicles

Trelleborg Coated Systems and Trelleborg Offshore & Construction will be discontinued as business areas. Dario Porta, Business Area President of Trelleborg Coated Systems, will leave Trelleborg's Group management at year-end and become Business Unit President of the printing blankets operations.

A number of operations will be transferred to a new reporting segment, called Businesses under development, which will be recognized separately from the business area structure.

Organizational changes

In the future, Trelleborg Industrial Solutions will consist of its current operations, the engineered coated fabrics operations of Trelleborg Coated Systems and the operations of marine solutions and infrastructure projects of Trelleborg Offshore & Construction. In conjunction with the changes, certain operations will be transferred from Trelleborg Industrial Solutions to Businesses under development. Following the reorganization and based on the most recent 12-month period, Trelleborg Industrial Solutions had annual sales of approximately SEK 10,800 M and an EBIT margin of about 11 percent.

Trelleborg Sealing Solutions will be unaffected by the organizational changes.

Trelleborg Wheel Systems is only marginally affected by the transfer of its bicycle tire operations to Businesses under development.



The new reporting segment Businesses under development will consist of:

- The printing blankets operations of Trelleborg Coated Systems
- The oil & gas operations of Trelleborg Offshore & Construction
- The Swedish and Estonian operations for specialty moulded components of Trelleborg Industrial Solutions
- The Czech operations for specialty moulded components and technical rubber products of Trelleborg Industrial Solutions as well as the bicycle tire operations of Trelleborg Wheel Systems

Over the past 12 months, Business under development had annual sales of approximately SEK 3,900 M and weak profitability. The respective operations will be operated independently and report to Trelleborg's Chief Financial Officer, Ulf Berghult, who will have overall responsibility for Businesses under development.

Impairment of capital employed

An impairment of capital employed in the amount of SEK 3,200 M will be recognized in Trelleborg's report for the fourth quarter. The impairment, with no cash-flow impact, is related to the operations contained in Businesses under development and is the result of the assets' estimated future earnings trend, and should be viewed in the context of the estimated market value. As a result of the new organizational structure, restructuring costs will increase by approximately SEK 50 million, distributed between 2019 and 2020.

"Considering the prevailing business trend for the operations in Businesses under development, we need to recognize impairments of SEK 3,200 M, which will impact earnings. However, this should not prevent the Group from making continued investments and bolt-on acquisitions," says Ulf Berghult, Chief Financial Officer of Trelleborg.

Dividend for 2019

The Board has assessed today's communicated changes and is of the opinion that they do not affect the Group's dividend capacity. With the information available today, the Board intends to propose to the Annual General Meeting an unchanged dividend for the financial year 2019, that is SEK 4.75 per share.

Restated financial figures

The new organizational structure will be reflected in Trelleborg's report for the fourth quarter of 2019. Historical sales and earnings figures that take into account the new organization is attached to this press release, and can also be found as an excel file on Trelleborg's website.

Telephone conference

Analysts, investors and media are invited to participate in a telephone conference at 11:00 a.m. CET on December 4, 2019. Please refer to the separate invitation for details.

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 about SEK 34 billion and operations in about 50 countries. Up until year-end 2019, the Group comprises five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. The Trelleborg share has been listed on the Stock Exchange since 1964 and is listed on Nasdaq Stockholm, Large Cap.

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This is information of the type that Trelleborg AB is obligated to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 7:45 a.m. CET on December 4, 2019.