

Press release

Trelleborg, August 2, 2022

Trelleborg to acquire Minnesota Rubber & Plastics

A step change for Trelleborg Sealing Solutions

Trelleborg Group has signed an agreement to acquire the US-based company, Minnesota Rubber & Plastics, for USD 950 million (approximately SEK 9.5 billion) on a cash and debt free basis. If a tax asset of approximately SEK 900 million is taken into account, the purchase price amounts to approximately SEK 8.6 billion. Trelleborg has secured committed financing. The seller is an affiliate of the global investment firm KKR.

Minnesota Rubber & Plastics is a strong and well-established company in North America operating in several fast-growing industries such as medical equipment, water management and food & beverage, as well as in several industrial applications. The company is a leading manufacturer of polymer and thermoplastic components and a system provider for technically demanding applications.

"This is a step change for Trelleborg Sealing Solutions. The business area will be as strong in North America as its already established position in Europe," says Peter Nilsson, President and CEO of Trelleborg Group.

"Minnesota Rubber & Plastics complements and strengthens Trelleborg's current position and product offering in a number of fast-growing industries. The company is a very good fit with our own business within precision seals, and the transaction is expected to generate significant synergies in terms of lower costs and higher production efficiency. Minnesota Rubber & Plastics will gain access to Trelleborg's global sales channels, and it will be able to offer our wider range of seals to its existing customer base in North America. All in all, this is expected to lead to extensive cross-selling opportunities," continues Peter Nilsson.

"Minnesota Rubber & Plastics is well-known to us for being an innovative and customer-oriented company. The acquisition makes us the natural development partner for sealing solutions for both local and global customers. The company's new state-of-the-art innovation center enables accelerated product development and strengthens us in R&D and areas such as healthcare & medical," says Peter Hahn, President of the Trelleborg Sealing Solutions business area.

Minnesota Rubber & Plastics was founded in 1945 and has annual sales of approximately SEK 2,250 M with good profitability and strong sales growth. The company has its headquarters and innovation center outside of Minneapolis, Minnesota, US, and has a total of eight manufacturing facilities globally, of which four are in the US and the remainder in Mexico, England, the Czech Republic and China.

"Initially, the EBITA margin of Trelleborg Sealing Solutions will be slightly diluted. However, as we extract synergies, the business area's EBITA margin is estimated to be back at its current level within a couple of years. We therefore expect that the acquisition multiple will gradually drop to approximately 10x EBITDA including synergies. We have a very good history when it comes to value-creating acquisitions within Trelleborg Sealing Solutions," concludes Peter Nilsson.

The transaction is expected to be finalized before year-end 2022.

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Conference call

Analysts, investors, and media are invited to attend a telephone conference at 3:00 p.m. CEST on August 2, 2022. See 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 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. The Group comprises three business areas: Trelleborg Industrial Solutions, 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. www.trelleborg.com

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