



INTERIM REPORT JULY–SEPTEMBER 2022

ANOTHER STRONG QUARTER

Third quarter 2022 – continuing operations

- Net sales during the quarter increased 28 percent, positively impacted by acquisitions and exchange rate effects, and amounted to SEK 7,536 M (5,872). Sales were the highest to date for a quarter. Organic sales increased 15 percent compared with the preceding year.
- EBIT, excluding items affecting comparability, increased 34 percent to SEK 1,278 M (957). The EBIT margin was 17.0 percent (16.3). The EBIT and the margin were the highest to date for a third quarter.
- Operating cash flow amounted to SEK 928 M (1,014). The cash conversion ratio for the most recent 12-month period amounted to 63 percent (96).
- Items affecting comparability for the quarter were a negative SEK 68 M (neg: 20) and pertained to restructuring costs.
- EBIT, including items affecting comparability, amounted to SEK 1,210 M (937) for the quarter.
- Earnings per share, excluding items affecting comparability, amounted to SEK 3.52 (2.55), an increase of 38 percent. For the Group as a whole, including discontinuing operations, earnings per share were SEK 4.79 (3.21), an increase of 49 percent.
- An agreement was signed in March 2022 to divest the Trelleborg Wheel Systems business area to Yokohama Rubber Company. It is reported as a discontinuing operation in the financial statements.
- The key figures in this report relate to continuing operations, unless otherwise stated.

SEK M	Q3 2022	Q3 2021	Change, %	9M 2022	9M 2021	Change, %
<u>Continuing operations</u>						
Net sales	7,536	5,872	28	21,982	17,773	24
Organic sales, %	15	16		13	17	
EBIT, excluding items affecting comparability	1,278	957	34	3,827	2,975	29
EBIT-margin, %	17.0	16.3		17.4	16.7	
Items affecting comparability	-68	-20		-126	45	
EBIT	1,210	937	29	3,701	3,020	23
Profit before tax, continuing operations	1,141	903	26	3,547	2,914	22
Net profit, discontinuing operations	380	195	95	1,397	767	82
Net profit, Group	1,242	868	43	4,061	2,964	37
Earnings per share, SEK						
Continuing operations	3.33	2.49	34	10.03	8.11	24
Discontinuing operations	1.46	0.72	103	5.25	2.83	86
Group	4.79	3.21	49	15.28	10.94	40
Continuing operations, excluding items affecting comparability	3.52	2.55	38	10.40	7.98	30
Operating cash flow	928	1,014	-8	2,054	2,362	-13
Cash conversion ratio R12, %	63	96		63	96	

ANOTHER STRONG QUARTER

“Trelleborg presents another strong quarter. Sales increased 28 percent, of which organic sales rose 15 percent. Currency fluctuations had a positive impact on sales of 11 percent and acquisitions 2 percent. Sales were the highest to date for a single quarter. EBIT, excluding items affecting comparability, increased 34 percent, corresponding to an operating margin of 17.0 percent, the highest to date for a third quarter. Operating cash flow was somewhat lower than in the preceding year, primarily impacted by the higher sales.

Order intake during the quarter remained healthy in most geographies and market segments, albeit not as strong as during the first six months. We continue to advance our positions through investments in new geographies, improved efficiency, increased presence in selected market segments and value-generating solutions for our customers.

Energy and raw materials prices continued their upward trajectory for most of the period and the general rate of inflation continued to increase in most parts of the world. Overall, the challenges have been well managed within the Group, with flexible production and adjustments of prices to customers.

In Trelleborg Industrial Solutions, sales to all market segments and geographical markets grew. Deliveries to the construction and industry-related market segments were higher year on year. However, indications were noted of a downward trend in the European construction industry. Highly favorable sales were noted to the aerospace industry and to applications related to liquefied natural gas (LNG). Sales to the automotive industry were similarly healthy, which was partly attributable to a recovery among customers from previously lower rates of production.

Organic sales for Trelleborg Sealing Solutions grew by double figures in all geographies, with the trend strongest in North America. Deliveries to most market segments grew steadily and the healthy sales to the aerospace industry were particularly notable. Deliveries to healthcare & medical and the automotive industry also performed well.

Trelleborg Wheel Systems, which is reported under Assets held for sale, recorded strong organic sales growth during the quarter, which were largely attributable to adapted sales prices in relation to significantly higher costs for raw materials and energy. During the quarter, a weakening of the aftermarket for agricultural tires in Europe was noted, which was deemed to be mainly due to the increasing geopolitical uncertainty in the region.

During the quarter, we signed agreements to acquire two companies that will be included in Trelleborg Sealing Solutions. One is a German company specializing in sealing solutions for aerospace and industrial applications, while the other is US-based company Minnesota Rubber & Plastics. The latter acquisition is a major step for Trelleborg Sealing Solutions and will lead to the business area becoming as strong in North America as its already well-established position in Europe.

We have several outstanding transactions that we expect to be completed in the next few months. The divestment of Trelleborg Wheel Systems and Trelleborg Printing Solutions are being processed at the time of writing by the authorities in a number of countries that still need to approve the transactions. We also expect that the acquisition of Minnesota Rubber & Plastics will be finalized in the near future.

We enter the fourth quarter with healthy order books and with a high level of activity in most of our manufacturing units. At the same time, we assess that demand will generally decline somewhat from the very strong level that we have experienced in the past year. For a long time, the Group has demonstrated its ability to adapt to constantly changing conditions and we look to the future with confidence. Our general assessment at present is that demand for the fourth quarter will be slightly lower compared with demand in the third quarter, adjusted for seasonal variations.”

Peter Nilsson,
President and CEO

MARKET OUTLOOK FOR THE FOURTH QUARTER OF 2022

Demand is expected to be slightly lower than in the third quarter of 2022, adjusted for seasonal variations. The geopolitical situation entails a heightened degree of uncertainty. For further information, refer to page 11.

Market outlook from the interim report published on July 21, 2022, relating to the third quarter of 2022

Demand is expected to be slightly lower than in the second quarter of 2022, adjusted for seasonal variations. The geopolitical situation entails a heightened degree of uncertainty. For further information, refer to page 11.

NET SALES AND RESULT¹

SEK M	Q3 2022	Q3 2021	Change, %	9M 2022	9M 2021	Change, %
Continuing operations						
Net sales	7,536	5,872	28	21,982	17,773	24
Change total, %	28	16		24	10	
Organic sales, %	15	16		13	17	
Structural change, %	2	1		2	0	
Currency effects, %	11	-1		9	-7	
EBIT, excluding items affecting comparability	1,278	957	34	3,827	2,975	29
EBIT-margin, %	17.0	16.3		17.4	16.7	
Items affecting comparability	-68	-20		-126	45	
EBIT	1,210	937	29	3,701	3,020	23
Financial income and expenses	-69	-34	-103	-154	-106	-45
Profit before tax	1,141	903	26	3,547	2,914	22
Taxes	-279	-230	-21	-883	-717	-23
Net profit, continuing operations	862	673	28	2,664	2,197	21
Net profit, discontinuing operations	380	195	95	1,397	767	82
Net profit, Group	1,242	868	43	4,061	2,964	37
Earnings per share, SEK						
Continuing operations	3.33	2.49	34	10.03	8.11	24
Discontinuing operations	1.46	0.72	103	5.25	2.83	86
Group	4.79	3.21	49	15.28	10.94	40
Continuing operations, excluding items affecting comparability	3.52	2.55	38	10.40	7.98	30

Net sales for the third quarter of 2022 amounted to SEK 7,536 M (5,872), an increase of 28 percent. Organic sales increased 15 percent compared with the year-earlier period. The net effect of currency movements increased sales by 11 percent, while structural changes contributed 2 percent year on year.

Sales per market. In Europe, organic sales increased by 7 percent compared with the preceding year. Organic sales in North and South America rose 24 percent. In Asia and other markets, organic sales increased by 20 percent compared with the preceding year.

EBIT, excluding items affecting comparability, totaled SEK 1,278 M (957), an increase of 34 percent. The margin was 17.0 percent (16.3).

The total exchange rate effect on EBIT, excluding items affecting comparability, from the translation of foreign subsidiaries, had a positive impact of SEK 81 M on earnings compared with the year-earlier period.

Items affecting comparability for the quarter were a negative SEK 68 M (neg: 20) and pertained to restructuring costs.

EBIT, including items affecting comparability, amounted to SEK 1,210 M (937) for the quarter.

The net financial expense for continuing operations was SEK 69 M (expense: 34). Net financial items were impacted by higher interest expenses and nonrecurring financing costs related to acquisitions.

In addition, net financial items in continuing operations were impacted by lower internal interest income from Group companies in discontinuing operations of approximately SEK 20 M, which resulted in a corresponding positive trend for discontinuing operations. For the Group in its entirety, this effect was eliminated.

Underlying net financial items for the quarter amounted to negative SEK 55 M.

Net profit was SEK 862 M (673). The tax rate for the quarter amounted to 24 percent (25). The underlying tax rate for continuing operations is expected to continue to amount to 26 percent.

Earnings per share, excluding items affecting comparability, amounted to SEK 3.52 (2.55), an increase of 38 percent. For the Group as a whole, including discontinuing operations, earnings per share were SEK 4.79 (3.21), an increase of 49 percent.

¹ The key figures in this report relate to continuing operations, unless otherwise stated. Continuing operations pertains to the business areas Trelleborg Industrial Solutions, Trelleborg Sealing Solutions and Group Activities.

CASH FLOW AND NET DEBT

SEK M	Q3 2022	Q3 2021	Change, %	9M 2022	9M 2021	Change, %
EBIT, excluding items affecting comparability	1,278	957	34	3,827	2,975	29
Depreciation/write-down, property, plant and equipment	272	243	12	791	727	9
Amortization/write-down, intangible assets	71	56	27	203	168	21
EBITDA	1,621	1,256	29	4,821	3,870	25
Capital expenditure	-274	-279	2	-765	-635	-20
Sold non-current assets	7	40	-83	31	109	-72
Amortization of lease liabilities	-81	-72	-13	-235	-227	-4
Change in working capital	-334	126		-1,781	-734	
Dividend from associated companies	0	1		0	1	
Non cash-flow affecting items	-11	-58		-17	-22	
Operating cash flow, continuing operations	928	1,014	-8	2,054	2,362	-13
Cash conversion ratio R12, %	63	96		63	96	
Operating cash flow, discontinuing operations	-9	155	-106	717	1,189	-40
Operating cash flow, Group	919	1,169	-21	2,771	3,551	-22

SEK M	9M 2022	9M 2021	12M 2021
Net debt Group, opening balance	-8,367	-10,026	-10,026
Operating cash flow	2,771	3,551	4,569
Cash impact from items affecting comparability	-234	-8	-98
Financial items	-77	-166	-199
Paid tax	-978	-721	-962
Free cash flow	1,482	2,656	3,310
Acquisitions	-264	-181	-573
Disposed operations	149	143	616
Capital increase associated companies	-7	-29	-29
Dividend - equity holders of the parent company	-1,481	-1,355	-1,355
Repurchase own shares	-2,695	-	-
Sum net cash flow	-2,816	1,234	1,969
Exchange rate differences	-1,173	-368	-446
Lease liability according to IFRS 16 ¹	184	15	70
Pension liability ¹	134	27	66
Net debt Group, closing balance	-12,038	-9,118	-8,367
Of which:			
Pension liability	-472	-592	-548
Lease liability according to IFRS 16	-2,143	-2,127	-2,102
Net debt, excluding effect of lease and pension liability	-9,423	-6,399	-5,717
Debt/equity ratio, %	33	29	25
Net debt/EBITDA ²	1.5	1.3	1.2

¹ Pertains to non-cash items.

² EBITDA including items affecting comparability.

Operating cash flow for the quarter amounted to SEK 928 M (1,014). Cash flow was positively affected by the higher earnings generation. The sales increase for the quarter generated a larger need for working capital and somewhat higher inventory levels. The rate of investment was in line with the preceding year. The cash conversion ratio for the most recent 12-month period amounted to 63 percent (96).

Free cash flow for the first nine months of the year amounted to SEK 1,482 M (2,656). Net cash flow amounted to negative SEK 2,816 M (pos: 1,234). Net cash flow for the period was impacted by effects from acquisitions of negative SEK 264 M (neg: 181), effects from divested operations of positive SEK 149 M (pos: 143), dividends to the shareholders of the Parent Company of negative SEK 1,481 M (neg: 1,355) and the repurchase of own shares of negative SEK 2,695 M (-).

Net debt at the end of the third quarter amounted to SEK 12,038 M (9,118) and was impacted by net cash flow for the first nine months of the year of negative SEK 2,816 M, negative exchange rate differences of SEK 1,173 M and non-cash adjustments of lease and pension liabilities totaling positive SEK 318 M.

The debt/equity ratio was 33 percent (29). Net debt in relation to EBITDA was 1.5 (1.3).

RETURN ON CAPITAL EMPLOYED AND RETURN ON EQUITY

%	R12 2022	R12 2021
Return on capital employed, continuing operations		
Excluding items affecting comparability	16.5	14.9
Including items affecting comparability	15.7	14.8
Return on equity, Group		
Excluding items affecting comparability	14.8	12.2
Including items affecting comparability	14.0	11.8

Capital employed within continuing operations increased year on year and amounted to SEK 31,862 M (25,945) at the end of the quarter, impacted by higher working capital attributable to increased sales, acquisitions and exchange rate effects.

The capital employed for assets held for sale amounted to SEK 18,007 M (15,793) and pertained to the Group's printing blanket operation and Trelleborg Wheel Systems. A large share of the increase was driven by exchange rate effects and higher working capital. The purchase considerations were positively impacted in the corresponding manner, which is why capital gains reported earlier remain.

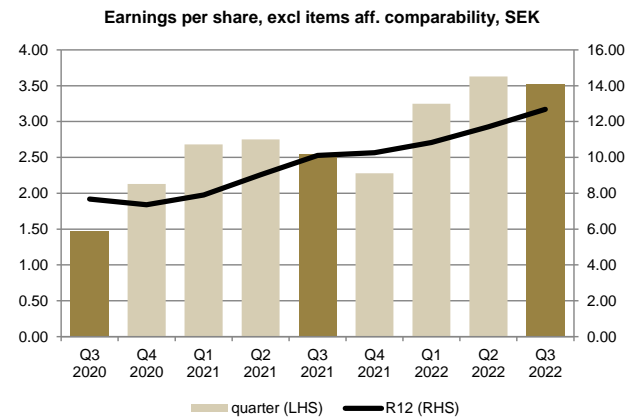
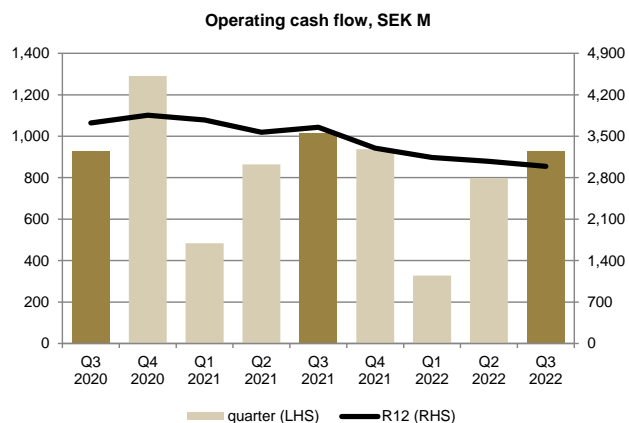
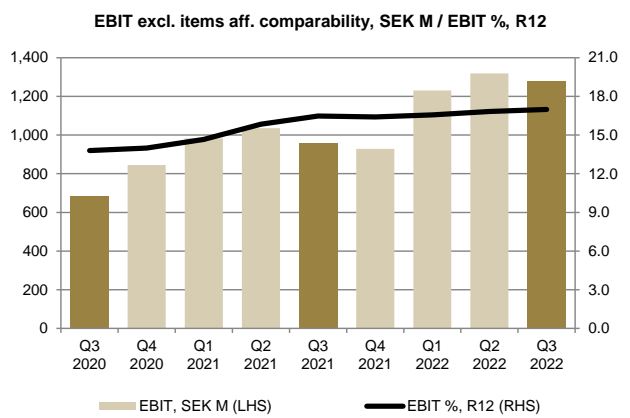
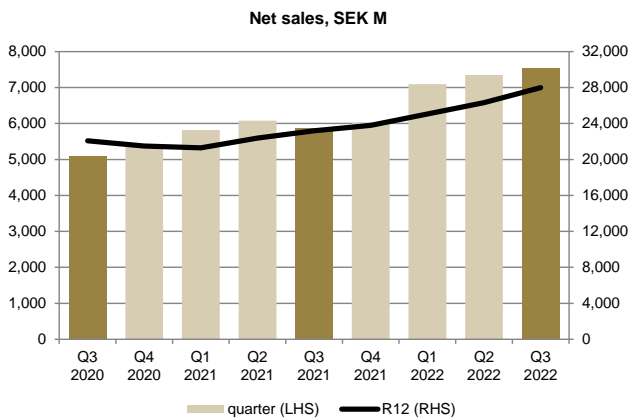
The return on capital employed for the most recent 12-month period, excluding items affecting comparability, was 16.5 percent (14.9).

The return on capital employed, including items affecting comparability (restructuring costs and nonrecurring items), was 15.7 percent (14.8) year on year.

Shareholders' equity for the Group at the close of the period amounted to SEK 36,952 MK (31,725), positively impact by earnings for the period, translation effects, a dividend to shareholders of the Parent Company and the repurchase of own shares. A total of 12,088,501 shares were repurchased during the first nine months of the year, corresponding to 4.5 percent of the shares outstanding.

Equity per share amounted to SEK 143 (117). The equity/assets ratio was 56 percent (58). The return on shareholders' equity for the Group, excluding items affecting comparability, totaled for the most recent 12-month period 14.8 percent (12.2). The return on shareholders' equity for the Group, including items affecting comparability, amounted to 14.0 percent (11.8) year on year.

KEY FIGURES AND TRENDS



JANUARY–SEPTEMBER 2022

Net sales for the first nine months of the year amounted to SEK 21,982 M (17,773), a total increase of 24 percent year on year. The organic sales growth was 13 percent.

EBIT, excluding items affecting comparability, totaled SEK 3,827 M (2,975), corresponding to a margin of 17.4 percent (16.7). Items affecting comparability were a negative SEK 126 M (pos: 45) and pertained to restructuring costs. Restructuring costs for 2021 amounted to a negative SEK 132 M and a positive SEK 177 M refers to the capital gain from the sale of properties.

EBIT, including items affecting comparability, totaled SEK 3,701 M (3,020).

Financial income and expenses amounted to a net expense of SEK 154 M (expense: 106). Net financial items were impacted by nonrecurring financing costs related to acquisitions.

In addition, net financial items in continuing operations were impacted by lower internal interest income from Group companies in discontinuing operations, which resulted in a corresponding positive trend for discontinuing operations. For the Group in its entirety, this effect was eliminated.

Underlying net financial items amounted to negative SEK 137 M.

Profit before tax totaled SEK 3,547 M (2,914). The tax rate was 25 percent (25).

Net profit for the Group amounted to SEK 4,061 M (2,964).

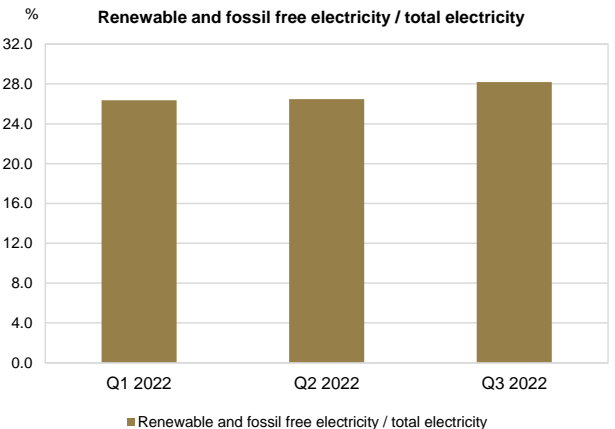
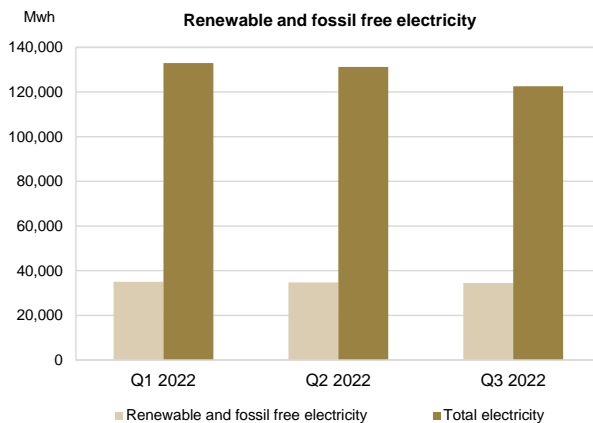
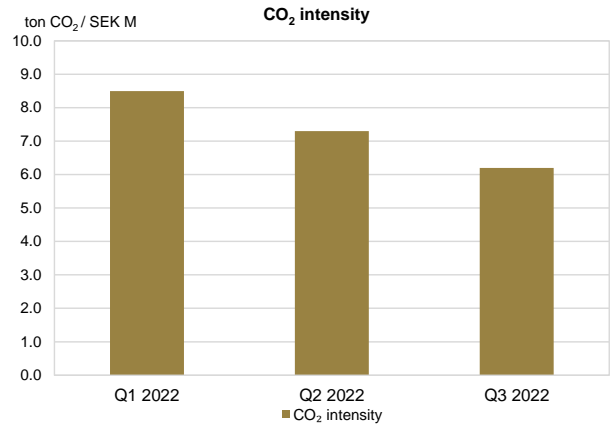
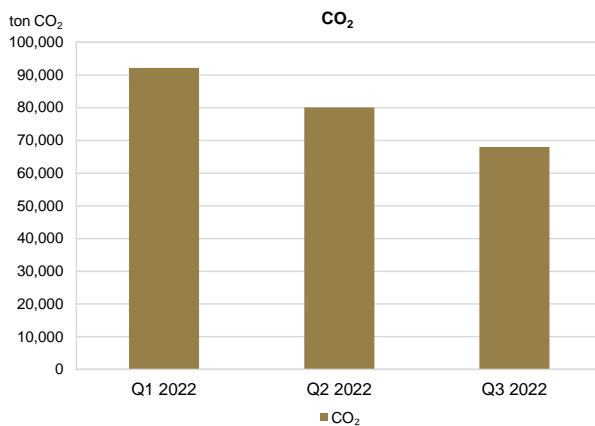
Earnings per share, excluding items affecting comparability, totaled SEK 10.40 (7.98). For the Group as a whole, earnings per share were SEK 15.28 (10.94).

SUSTAINABILITY

Lower climate impact. The CO₂ intensity for the Group declined from 7.3 tons CO₂ per SEK M of sales in the second quarter of 2022 to 6.2 for the third quarter of 2022. The improvement was mainly driven by seasonally lower use of energy and a certain increase in the use of renewable and fossil-free electricity.

The proportion of renewable and fossil-free electricity during the quarter increased from 26 percent to 28 percent, mainly due to a higher share of renewable electricity in the US and reduced use of electricity overall during the quarter.

Social engagement. Trelleborg supports local communities through various community activities. The focus is on cooperating to promote children and young people's need for exercise and to enable education for children and young people in the countries in which Trelleborg operates. In India, Trelleborg distributed 1,000 scholarships during the quarter to give girls access to higher education.



BUSINESS AREA

TRELLEBORG INDUSTRIAL SOLUTIONS

Trelleborg Industrial Solutions is a leading supplier of polymer-based critical solutions in selected industrial application areas and infrastructure projects.

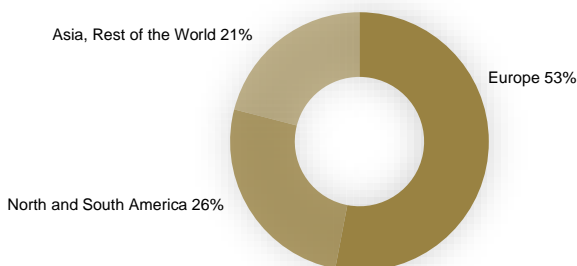
Excluding items affecting comparability, SEK M	Q3 2022	Q3 2021	Change, %	9M 2022	9M 2021	Change, %
Net sales	3,472	2,708	28	10,307	8,122	27
Change total, %	28	10		27	7	
Organic sales, %	17	10		18	12	
Structural change, %	1	1		2	1	
Currency effects, %	10	-1		7	-6	
EBIT	476	326	46	1,445	994	45
EBIT, %	13.7	12.0		14.0	12.2	
Capital employed, closing balance	13,142	10,872		13,142	10,872	
Return on capital employed R12, %	15.3	12.9	19	15.3	12.9	19

Additional key ratios on pages 16 - 18

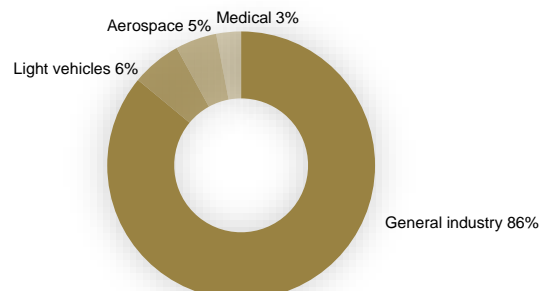
Organic sales for the quarter increased by 17 percent year on year, partly as a result of active compensation for higher costs of input goods. Sales to all market segments and geographies grew. Deliveries to the construction and industry-related market segments were higher compared with the preceding year. However, clear indications were noted of a downward trend in the European construction industry. Highly favorable sales were noted to the aerospace industry and to applications related to Liquefied Natural Gas (LNG). Sales to the automotive industry were highly favorable.

EBIT and the EBIT margin increased significantly year on year, due primarily to higher volumes, mix and good capacity to adapt prices to increased costs. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 26 M on EBIT compared with the year-earlier quarter.

Sales per geography



Sales per industry



Net sales per geographic market and per industry are based on full-year 2021.

BUSINESS AREA

TRELLEBORG SEALING SOLUTIONS

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

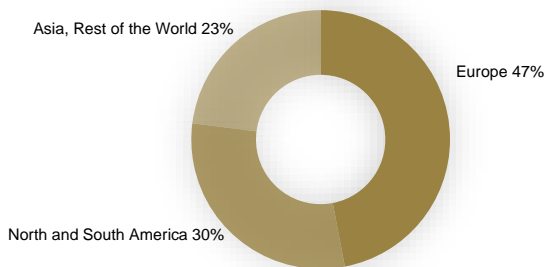
Excluding items affecting comparability, SEK M	Q3 2022	Q3 2021	Change, %	9M 2022	9M 2021	Change, %
Net sales	3,970	3,086	29	11,359	9,374	21
Change total, %	29	23		21	14	
Organic sales, %	13	24		10	21	
Structural change, %	3	-		2	-	
Currency effects, %	13	-1		9	-7	
EBIT	884	720	23	2,641	2,209	20
EBIT, %	22.3	23.3		23.3	23.6	
Capital employed, closing balance	18,164	14,425		18,164	14,425	
Return on capital employed R12, %	20.3	19.4	5	20.3	19.4	5

Additional key ratios on pages 16 - 18

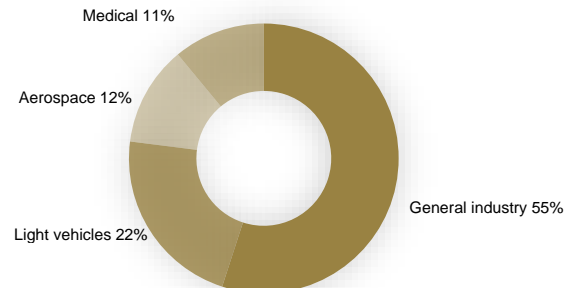
Organic sales for the quarter rose by 13 percent year on year, mainly driven by volume growth. Sales rose by a double-digit rate in all geographies, with strongest development in North America. Deliveries to industrial applications grew as a result of continued stable demand from customers. Sales to the automotive industry displayed favorable growth globally and developed better than the underlying market. Sales to the aerospace industry continued to display very healthy sales growth, driven by strong demand for aircraft. Healthcare & medical deliveries also performed well, primarily in the US market. Continued shortages of raw materials and qualified labor limited production capacity in some units.

EBIT increased mainly due to higher sales volumes, at the same time as the margin declined somewhat. The margin was impacted by integration costs related to acquisitions and the addition of resources attributable to selected fast-growing market segments. Further price adjustments for customers have been introduced during the fourth quarter with the aim of adapting prices in relation to the significant general inflation. Exchange rate effects from the translation of foreign subsidiaries had a positive impact of SEK 62 M on EBIT compared with the year-earlier quarter.

Sales per geography



Sales per industry



Net sales per geographic market and per industry are based on full-year 2021.

DISCONTINUING OPERATIONS

An agreement was signed during the fourth quarter of 2021 to divest the Group's printing blanket operation to Continental. Closing of the transaction is subject to the approval of the relevant authorities.

In March 2022, an agreement was signed to divest Trelleborg Wheel Systems to Yokohama Rubber Company. Closing of the transaction is subject to approvals from relevant authorities.

Both divestments are expected to be completed within the next few months.

For further information, refer to page 20.

Excluding items affecting comparability, SEK M	Q3 2022	Q3 2021	Change, %	9M 2022	9M 2021	Change, %
Net sales	3,491	2,806	24	10,874	8,891	22
Change total, %	24	4		22	2	
Organic sales, %	18	14		22	15	
Structural change, %	-6	-8		-8	-6	
Currency effects, %	12	-2		8	-7	
EBIT ¹	514	288	78	1,793	1,067	68
EBIT, %	14.7	10.3		16.5	12.0	
Capital employed, closing balance	18,014	15,829		18,014	15,829	
Return on capital employed R12, %	12.9	8.5	52	12.9	8.5	52

¹ EBIT was positively impacted by SEK 156 M in Q3 2022 and SEK 323 M in 9M 2022 since depreciation was stopped on assets held for sale in accordance with IFRS 5, mainly attributable to Trelleborg Wheel Systems.

Of which Trelleborg Wheel Systems, SEK M	Q3 2022	Q3 2021	Change, %	9M 2022	9M 2021	Change, %
Net sales	3,151	2,369	33	9,876	7,323	35
Change total, %	33	14		35	11	
Organic sales, %	20	15		24	17	
Structural change, %	-	-		-	-	
Currency effects, %	13	-1		11	-6	
EBIT	309	238	30	1,339	939	43
EBIT, %	9.8	10.1		13.6	12.8	
Capital employed, closing balance	16,225	14,001		16,225	14,001	
Return on capital employed R12, %	10.8	8.4	29	10.8	8.4	29

TRELLEBORG WHEEL SYSTEMS

Organic sales for the quarter rose by 20 percent compared with the year-earlier period, which was mainly attributable to adapted sales prices in relation to significantly higher costs for raw materials and energy. Organic sales of tires for agricultural machinery increased in most markets during the quarter, with a very strong trend noted in North and South America. At the same time, the aftermarket business in Europe declined. Organic sales of tires for material handling and construction vehicles grew in all regions compared with the preceding year.

EBIT increased due to higher sales, while the EBIT margin declined somewhat compared with the preceding year, primarily due to a negative sales mix in agricultural machinery, with a clearly higher share of OE customers.

SIGNIFICANT EVENTS DURING THE QUARTER

Acquisition of Minnesota Rubber & Plastics. Trelleborg signed an agreement to acquire the US-based company, Minnesota Rubber & Plastics, for USD 950 million on a cash and debt free basis. If a tax asset of approximately USD 90 million is taken into account, the purchase price amounts to approximately USD 860 million. 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.

The company 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

The transaction is expected to be finalized in the near future.

The press release was published on August 2, 2022.

Update regarding divestment of printing blanket operation.

The buyer of Trelleborg's printing blanket operation has not yet received the necessary approvals from all of the relevant authorities. Closing of the transaction is expected to be completed within the next few months.

Acquisition in aerospace Trelleborg signed an agreement to acquire the German-based company MG Silikon GmbH, an entity within Saint-Gobain Group. The company specializes in sealing solutions for aerospace and industrial applications. Closing of the transaction is subject to approvals from relevant authorities.

The company has its head office and manufacturing in Lindau, Germany, and has annual sales of approximately SEK 120 M.

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

The press release was published on July 22, 2022.

Acquisition of small supplier of reinforcement materials.

Trelleborg finalized the acquisition of the privately owned UK company Parklane Textiles Ltd., a sub-supplier to Trelleborg that develops and manufactures reinforcement materials used in polymer-coated fabrics. Trelleborg accounts for the vast majority of the company's sales and the acquisition thus entails only a marginal increase in sales.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Acquisition of sewer and drainage pipe rehabilitation market leader. Trelleborg signed an agreement to acquire an operation within sewer and drainage pipe rehabilitation, specializing in the manufacture of machinery, robotics and liners, used in trenchless pipe repairs. The operation is part of the German-based privately owned company Innovative Sewer Technologies. The acquisition complements Trelleborg's current trenchless pipe repair offerings with new technology and materials

The operation has its head office and manufacturing in Bochum, Germany, with sales offices in Europe and North America, and a network of independent distributors. Sales amounted to approximately SEK 200 M in 2021.

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

The press release was published on October 11, 2022.

OTHER

NEWS IN PRODUCTS AND SOLUTIONS

Expanding BioPharma facility. Trelleborg's facility and BioPharma Center of Excellence in Massachusetts, US, is being expanded to meet the rising demand for silicone tubing and hoses and other integrated solutions produced in cleanroom environments. The expanded facility will be gradually brought into use during the next 24 to 36 months.

Lighter bearings. A new, lightweight thermoplastic composite bearing, HiMod® Advanced Composite Bearing Plus, was launched. Its dual-layer reduces friction and increases wear performance in bearings, wear rings and bushings used, for example, in hydraulic actuator systems in aircraft.

More FoodPro® seals. Trelleborg expanded its range of sealing materials for food applications through the launch of FoodPro® E75F2. It is designed for universal use in food and beverage processing applications, reducing the complexity for machine manufacturers, which no longer need to specify sealing materials for each machine based on geographic use, process media or cleaning regimes.

Wave power off the coast of Scotland. Trelleborg is supplying a bespoke rubber membrane that helps protect and seal a part of the wave power buoy that is being tested to produce wave power off the Orkney Islands in Scotland.

1.6 million km. In a recent customer test, HALL® hydraulic axle guide bearings were shown to continue delivering quality and performance, even after 1.6 million kilometers of train operation. HALL allows the train wheels to soften up when they go through a curve by allowing the alignment of the wheel and the axle to be varied in response to the axle's vibration frequency. In this way, energy consumption and abrasion damage to wheels and track profiles are reduced.

Alternative to PVC. Trelleborg's most recent product for pipe repair, Pipecure™, is being very well received in the US market. The product, which is made of recycled plastic bottles and produced entirely without solvents, is an alternative to PVC linings used in connection with the cured-in-place pipe (CIPP) method.

RISK MANAGEMENT

Trelleborg serves a broad range of customers in a variety of industries 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 industries that jointly have 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 industries, with demand in the first half of the year tending to be slightly higher 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 strong demand during 2021 brought challenges in the supply chain, but also rising costs for raw

materials, freight and energy, as well as staff shortages in some regions. These challenges remain in 2022 on account of the volatile geopolitical situation, combined with increased inflationary pressure. Measures to combat the spread of the coronavirus in some countries may still impact the supply chain. Trelleborg has continuously managed its supply chain and has activated action plans to limit the disruptions in the supply of raw materials.

The effects of the geopolitical situation and the continued existence of the coronavirus, and the uncertainties associated with these, will persist in the forthcoming quarter.

Impact on the financial reporting due to the war in Ukraine. Trelleborg's exposure to Russia and Ukraine is limited. During 2021, revenues from Russia and Ukraine accounted for less than 2 percent of the Group's total revenues, the majority being sales of agricultural tires. Furthermore, Trelleborg has no manufacturing sites in Russia or Ukraine. Hence, the ongoing war has very limited direct financial effects on Trelleborg. As of September 30, 2022, there is no significant impact on any balance sheet items. A provision of SEK 90 M was recorded during the first quarter of 2022, which fully covered the Group's fixed assets and working capital attributable to Russia and Ukraine.

Given the uncertainties surrounding the ongoing war, it is very difficult to predict potential indirect effects on Trelleborg.

This report has been subject to review by the company's auditor.

Trelleborg, October 26, 2022
Board of Directors of Trelleborg AB (publ)

REVIEW REPORT

Introduction

We have reviewed the interim report for Trelleborg AB (publ) for the period January 1–September 30, 2022. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Trelleborg, October 26, 2022

Deloitte AB

Hans Warén
Authorized Public Accountant

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.

Accounting policies and calculation methods applied in this report are unchanged compared with those applied in the preparation of the annual and consolidated accounts for 2021. No new or revised IFRSs or interpretative statements applied as of January 1, 2022, had any material impact on the consolidated financial statements. For a more detailed description of the accounting policies applied for the Group and Parent Company in this interim report, refer to the 2021 Annual and Sustainability Report.

Comparative figures have been restated on account of the transfer of the Trelleborg Wheel Systems business area to discontinuing operations and the transfer of a small operation from the Trelleborg Industrial Solutions business area to Group activities.

Condensed Income Statements

Income Statements, SEK M	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Net sales	7,536	5,872	21,982	17,773	27,998	23,789
Cost of goods sold	-4,835	-3,761	-14,074	-11,266	-18,040	-15,232
Gross profit	2,701	2,111	7,908	6,507	9,958	8,557
Selling expenses	-563	-506	-1,632	-1,417	-2,105	-1,890
Administrative expenses	-687	-522	-1,993	-1,704	-2,617	-2,328
Research and development costs	-132	-109	-379	-321	-490	-432
Other operating income	136	53	223	129	359	265
Other operating expenses	-177	-69	-304	-219	-354	-269
Profit from associated companies	0	-1	4	0	4	0
EBIT, excluding items affecting comparability	1,278	957	3,827	2,975	4,755	3,903
Items affecting comparability	-68	-20	-126	45	-254	-83
EBIT	1,210	937	3,701	3,020	4,501	3,820
Financial income and expenses	-69	-34	-154	-106	-188	-140
Profit before tax	1,141	903	3,547	2,914	4,313	3,680
Tax	-279	-230	-883	-717	-1,137	-971
Net profit, continuing operations	862	673	2,664	2,197	3,176	2,709
Net profit, discontinuing operations	380	195	1,397	767	1,637	1,007
Net profit, Group	1,242	868	4,061	2,964	4,813	3,716
- equity holders of the parent company	1,243	869	4,063	2,965	4,815	3,717
- non-controlling interest	-1	-1	-2	-1	-2	-1
Earnings per share, SEK ¹	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Continuing operations	3.33	2.49	10.03	8.11	11.89	10.00
Discontinuing operations	1.46	0.72	5.25	2.83	6.13	3.72
Group	4.79	3.21	15.28	10.94	18.02	13.72
Group, excluding items affecting comparability	5.00	3.32	15.71	10.95	18.99	14.24
Continuing operations, excluding items affecting comparability	3.52	2.55	10.40	7.98	12.66	10.26
¹ No dilution effects arose.						
Number of shares	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
End of period	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783	271,071,783
of which, in treasury	12,088,501	-	12,088,501	-	12,088,501	-
Average number	259,940,103	271,071,783	265,912,433	271,071,783	267,202,271	271,071,783
Statements of comprehensive income, SEK M	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Net profit, Group	1,242	868	4,061	2,964	4,813	3,716
Other comprehensive income						
Items that will not be reclassified to the income statement						
Reassessment of net pension obligation	-4	11	115	27	154	66
Income tax relating to components of other comprehensive income	-1	-2	-24	-5	-29	-10
Total	-5	9	91	22	125	56
Items that may be reclassified to the income statement						
Cash flow hedges	120	9	366	65	422	121
Hedging of net investment	-321	-109	-824	-244	-883	-303
Translation difference	1,719	519	4,102	1,288	4,572	1,758
Income tax relating to components of other comprehensive income	41	45	91	32	111	52
Total	1,559	464	3,735	1,141	4,222	1,628
Other comprehensive income, net of tax	1,554	473	3,826	1,163	4,347	1,684
Total comprehensive income	2,796	1,341	7,887	4,127	9,160	5,400
Total comprehensive income attributable to:						
- equity holders of the parent company	2,796	1,342	7,887	4,128	9,160	5,401
- non-controlling interest	0	-1	0	-1	0	-1
EBIT specification, continuing operations, SEK M	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Excluding items affecting comparability:						
EBITDA	1,621	1,256	4,821	3,870	6,058	5,107
Depreciation/write-down, property, plant and equipment	-272	-243	-791	-727	-1,037	-973
EBITA	1,349	1,013	4,030	3,143	5,021	4,134
Amortization/write-down, intangible assets	-71	-56	-203	-168	-266	-231
EBIT	1,278	957	3,827	2,975	4,755	3,903
Items affecting comparability	-68	-20	-126	45	-254	-83
EBIT	1,210	937	3,701	3,020	4,501	3,820

Condensed Balance Sheets

Balance Sheets, SEK M	Sep 30 2022	Sep 30 2021	Dec 31 2021
Property, plant and equipment	6,748	9,468	10,000
Right-of-use assets	1,441	1,889	1,864
Goodwill	15,188	18,408	18,792
Other intangible assets	2,592	4,369	4,390
Participations in associated companies	58	59	60
Financial non-current assets	419	48	42
Deferred tax assets	527	582	594
Total non-current assets	26,973	34,823	35,742
Inventories	5,245	5,862	6,395
Current operating receivables	5,663	7,295	7,093
Current tax assets	1,326	1,056	1,013
Interest-bearing receivables	152	58	114
Cash and cash equivalents	2,746	3,577	3,460
Total current assets	15,132	17,848	18,075
Assets held for sale	23,478	2,477	1,823
Total assets	65,583	55,148	55,640
Share capital	2,620	2,620	2,620
Other capital contributions	226	226	226
Other reserves	5,746	1,522	2,011
Profit brought forward	24,291	24,384	24,416
Net profit for the year	4,063	2,965	3,717
Total	36,946	31,717	32,990
Non-controlling interests	6	8	8
Equity	36,952	31,725	32,998
Interest-bearing non-current liabilities	9,410	9,711	9,666
Other non-current liabilities	57	193	202
Pension obligations	339	581	525
Other provisions	210	141	152
Deferred tax liabilities	891	867	926
Total non-current liabilities	10,907	11,493	11,471
Interest-bearing current liabilities	5,076	2,491	1,738
Current tax liabilities	1,609	1,345	1,309
Other current liabilities	4,591	6,974	7,162
Other provisions	349	353	380
Total current liabilities	11,625	11,163	10,589
Liabilities held for sale	6,099	767	582
Total equity and liabilities	65,583	55,148	55,640

Specification of changes in equity, SEK M	Attributable to shareholders of the Parent Company								Non-controlling interests		Total	
	Share Capital		Other capital contributions		Other reserves		Profit brought forward		Sep 30 2022	Dec 31 2021	Sep 30 2022	Dec 31 2021
	Sep 30 2022	Dec 31 2021	Sep 30 2022	Dec 31 2021	Sep 30 2022	Dec 31 2021	Sep 30 2022	Dec 31 2021				
Opening balance, January 1	2,620	2,620	226	226	2,011	382	28,133	25,717	8	8	32,998	28,953
Net profit/loss for the year							4,063	3,717	-2	-1	4,061	3,716
Other comprehensive income					3,735	1,629	91	54	0	1	3,826	1,684
Repurchase own shares							-2,695	-	-	-	-2,695	-
Dividend							-1,481	-1,355	-	-	-1,481	-1,355
Impact from IAS 29 ¹							243	-	-	-	243	-
Closing balance	2,620	2,620	226	226	5,746	2,011	28,354	28,133	6	8	36,952	32,998

¹ Refers to hyperinflationary accounting in operations in Turkey.

Repurchased own shares that are included in the equity item Profit brought forward	Number of shares		Amount that affected equity, SEK M
	Sep 30 2022	Sep 30 2022	Sep 30 2022
	Opening repurchased own shares	-	-
Purchases for the year	12,088,501	-	-2,695
Cancellations for the year	-	-	-
Closing repurchased own shares	12,088,501	-	-2,695

For treasury shares, all rights are void until such time as these shares are re-issued. Repurchased shares include the cost of own shares held by the Parent Company. The number of own shares is calculated using the cash/settlement approach.

Condensed Cash-flow Statements

Cash flow statements, SEK M	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Operating activities						
EBIT incl part in associated companies	1,210	937	3,701	3,020	4,501	3,820
Adjustments for items not included in cash flow from operating activities:						
Depreciation, property, plant and equipment	190	166	551	496	719	664
Depreciation, right-of-use assets	82	77	236	233	312	309
Amortization, intangible assets	71	57	203	168	266	231
Impairment losses, property, plant and equipment	1	0	3	7	41	45
Impairment losses, intangible assets	0	-	0	-	14	14
Dividend from associated companies	0	1	0	1	0	1
Participations in associated companies and other non cash-flow affecting items	-11	-22	-9	-23	-9	-23
Capital gain in divested operations	-	-	-140	-	-140	-
Interest received	11	6	53	20	156	123
Interest paid	-52	-30	-184	-142	-313	-271
Other financial items	-7	0	-7	2	-1	8
Taxes paid	-217	-270	-750	-598	-939	-787
Cash flow from operating activities before changes in working capital	1,278	922	3,657	3,184	4,607	4,134
Cash flow from changes in working capital						
Change in inventories	-126	-214	-793	-543	-1,012	-762
Change in operating receivables	-164	11	-1,241	-1,049	-714	-522
Change in operating liabilities	-25	353	292	887	207	802
Cash flow from operating activities	963	1,072	1,915	2,479	3,088	3,652
Investing activities						
Acquisitions	-16	-7	-264	-181	-656	-573
Disposed/discontinuing operations	-	-	149	-	149	-
Capital increase associated companies	-	-9	-7	-29	-7	-29
Capital expenditure, property, plant and equipment	-252	-256	-690	-563	-1,078	-951
Capital expenditure, intangible assets	-22	-23	-75	-72	-97	-94
Sale of non-current assets	6	40	30	109	35	114
Cash flow from investing activities	-284	-255	-857	-736	-1,654	-1,533
Financing activities						
New/utilized loans	797	1,000	4,992	1,372	5,433	1,813
Amortized loans	-837	-2,837	-3,014	-6,330	-3,597	-6,913
Amortized leased liabilities	-81	-70	-235	-227	-311	-303
Repurchase own share	-1,209	-	-2,695	-	-2,695	-
Dividend - equity holders of the parent company	-	-	-1,481	-1,355	-1,481	-1,355
Cash flow from financing activities	-1,330	-1,907	-2,433	-6,540	-2,651	-6,758
Total cash flow, continuing operations	-651	-1,090	-1,375	-4,797	-1,217	-4,639
Total cash flow, discontinuing operations	990	1,690	871	2,621	489	2,239
Cash flow for the period, Group	339	600	-504	-2,176	-728	-2,400
Cash and cash equivalents						
At beginning of the period	2,359	2,904	3,496	5,756	3,577	5,756
Cash classified as assets held for sale	-34	37	-507	-108	-399	-36
Exchange rate differences	82	36	261	105	296	140
Cash and cash equivalents at end of period	2,746	3,577	2,746	3,577	2,746	3,460

Change in liabilities from financing activities, SEK M	Non-cash changes								
	Dec 31 2021	Transfer between non-current and current loans	Cash changes	Acquisitions	Translation differences	Fair value changes	Lease liabilities according to IFRS 16	Pension liabilities	Sep 30 2022
Non-current loans	7,964	-1,263	830	-	585	-	-	-	8,116
Current loans	1,098	1,263	2,001	-	53	-	-	-	4,415
Other non-current financial liabilities	2	-	-2	-	0	-	-	-	0
Other current financial liabilities	264	-	-449	-	531	-	-	-	346
Lease liabilities according to IFRS 16	2,102	-	-306	-	213	-	135	-	2,144
Pension obligations	549	-	23	-	36	-	-	-134	474
Total	11,979	-	2,097	-	1,418	-	135	-134	15,495

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	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Net sales						
Trelleborg Industrial Solutions	3,472	2,708	10,307	8,122	13,138	10,953
Trelleborg Sealing Solutions	3,970	3,086	11,359	9,374	14,465	12,480
Group activities	141	134	481	463	618	600
Eliminations	-47	-56	-165	-186	-223	-244
Continuing operations	7,536	5,872	21,982	17,773	27,998	23,789
Discontinuing operations	3,491	2,806	10,874	8,891	13,944	11,961
Eliminations	-16	-30	-53	-114	-66	-127
Group	11,011	8,648	32,803	26,550	41,876	35,623
EBIT, excluding items affecting comparability						
Trelleborg Industrial Solutions	476	326	1,445	994	1,811	1,360
Trelleborg Sealing Solutions	884	720	2,641	2,209	3,297	2,865
Group activities	-82	-89	-259	-228	-353	-322
Continuing operations	1,278	957	3,827	2,975	4,755	3,903
Discontinuing operations	514	288	1,793	1,067	2,127	1,401
Group	1,792	1,245	5,620	4,042	6,882	5,304
EBIT %, excluding items affecting comparability						
Trelleborg Industrial Solutions	13.7	12.0	14.0	12.2	13.8	12.4
Trelleborg Sealing Solutions	22.3	23.3	23.3	23.6	22.8	23.0
Continuing operations	17.0	16.3	17.4	16.7	17.0	16.4
Discontinuing operations	14.7	10.3	16.5	12.0	15.3	11.7
Group	16.3	14.4	17.1	15.2	16.4	14.9

Net sales per market continuing operations, organic growth, %	Q3 2022	Q3 2021	9M 2022	9M 2021
Europe (51)	7	17	9	17
North- and South America (28)	24	19	22	8
Asia and other markets (21)	20	13	10	27
Total (100% refer to share 2021)	15	16	13	17

Bridge net sales	Q3 2021, SEK M	Organic sales, %	Structural change, %	Currency effects, %	Q3 2022, SEK M
Trelleborg Industrial Solutions	2,708	17	1	10	3,472
Trelleborg Sealing Solutions	3,086	13	3	13	3,970
Group activities	78				94
Continuing operations	5,872	15	2	11	7,536

Exchange rate differences impacting EBIT excluding items affecting comparability ¹ , SEK M	Q3 2022	9M 2022
Trelleborg Industrial Solutions	26	58
Trelleborg Sealing Solutions	62	163
Group activities	-7	-17
Continuing operations	81	204

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

Specification of capital employed, SEK M	Sep 30 2022	Sep 30 2021	Dec 31 2021
Working capital	5,835	3,745	3,610
Property, plant and equipment	6,748	5,561	5,934
Right-of-use assets	1,441	1,477	1,445
Intangible assets	17,780	15,153	15,558
Participations in joint ventures/associated companies	58	9	10
Continuing operations	31,862	25,945	26,557
Discontinuing operations	18,007	15,793	15,689
Group	49,869	41,738	42,246

SEK M	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net sales									
Trelleborg Industrial Solutions	3,472	3,512	3,323	2,831	2,708	2,833	2,581	2,587	2,473
Trelleborg Sealing Solutions	3,970	3,725	3,664	3,106	3,086	3,155	3,133	2,673	2,513
Group activities	141	171	169	137	134	170	159	190	124
Eliminations	-47	-57	-61	-58	-56	-79	-51	-41	-33
Continuing operations	7,536	7,351	7,095	6,016	5,872	6,079	5,822	5,409	5,077
Discontinuing operations	3,491	3,677	3,706	3,070	2,806	3,090	2,995	2,754	2,686
Eliminations	-16	-19	-18	-13	-30	-40	-44	-45	-21
Group	11,011	11,009	10,783	9,073	8,648	9,129	8,773	8,118	7,742
Organic sales, %									
Trelleborg Industrial Solutions	17	16	21	8	10	23	3	-4	-8
Trelleborg Sealing Solutions	13	7	8	14	24	37	6	-4	-13
Continuing operations	15	11	13	9	16	31	5	-3	-10
EBIT, excluding items affecting comparability									
Trelleborg Industrial Solutions	476	528	441	366	326	360	308	385	270
Trelleborg Sealing Solutions	884	879	878	656	720	755	734	512	454
Group activities	-82	-88	-89	-94	-89	-79	-60	-52	-40
Continuing operations	1,278	1,319	1,230	928	957	1,036	982	845	684
Discontinuing operations	514	694	585	334	288	381	398	261	315
Group	1,792	2,013	1,815	1,262	1,245	1,417	1,380	1,106	999
EBIT %, excluding items affecting comparability									
Trelleborg Industrial Solutions	13.7	15.0	13.3	12.9	12.0	12.7	11.9	14.9	10.9
Trelleborg Sealing Solutions	22.3	23.6	24.0	21.1	23.3	24.0	23.4	19.1	18.1
Continuing operations	17.0	17.9	17.3	15.4	16.3	17.0	16.9	15.6	13.5
Discontinuing operations	14.7	18.9	15.8	10.9	10.3	12.3	13.3	9.5	11.7
Group	16.3	18.3	16.8	13.9	14.4	15.5	15.7	13.6	12.9

Condensed Income Statements, SEK M	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net sales	7,536	7,351	7,095	6,016	5,872	6,079	5,822	5,409	5,077
Cost of goods sold	-4,835	-4,706	-4,533	-3,966	-3,761	-3,842	-3,663	-3,403	-3,372
Gross profit	2,701	2,645	2,562	2,050	2,111	2,237	2,159	2,006	1,705
Selling expenses	-563	-546	-523	-473	-506	-464	-447	-419	-407
Administrative expenses	-687	-650	-656	-624	-522	-583	-599	-593	-498
Research and development costs	-132	-125	-122	-111	-109	-104	-108	-112	-94
Other operating income	136	73	14	136	53	36	40	144	62
Other operating costs	-177	-80	-47	-50	-69	-87	-63	-181	-84
Profit from associated companies	0	2	2	0	-1	1	0	0	0
EBIT, excluding items affecting comparability	1,278	1,319	1,230	928	957	1,036	982	845	684
Items affecting comparability	-68	-33	-25	-128	-20	-40	105	-107	-71
EBIT	1,210	1,286	1,205	800	937	996	1,087	738	613
Financial income and expenses	-69	-40	-45	-34	-34	-37	-35	-51	-32
Profit before tax	1,141	1,246	1,160	766	903	959	1,052	687	581
Tax	-279	-304	-300	-254	-230	-245	-242	-190	-149
Net profit, continuing operations	862	942	860	512	673	714	810	497	432
Net profit, discontinuing operations	380	574	443	240	195	278	294	163	220
Net profit, Group	1,242	1,516	1,303	752	868	992	1,104	660	652
- equity holders of the parent company	1,243	1,517	1,303	752	869	992	1,104	661	652
- non-controlling interest	-1	-1	-	0	-1	0	0	-1	0

Continuing operations	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net sales, SEK M	7,536	7,351	7,095	6,016	5,872	6,079	5,822	5,409	5,077
Organic sales, %	15	11	13	9	16	31	5	-3	-10
EBITDA, excl items affecting comparability, SEK M	1,621	1,652	1,548	1,237	1,256	1,334	1,280	1,161	995
EBITDA, excl items affecting comparability, %	21.5	22.4	21.8	20.6	21.4	22.0	22.0	21.5	19.6
EBITA, excl items affecting comparability, SEK M	1,349	1,387	1,294	991	1,013	1,093	1,037	902	742
EBITA, excl items affecting comparability, %	17.9	18.8	18.2	16.5	17.3	18.0	17.8	16.7	14.6
EBIT, excl items affecting comparability, SEK M	1,278	1,319	1,230	928	957	1,036	982	845	684
EBIT, excl items affecting comparability, %	17.0	17.9	17.3	15.4	16.3	17.0	16.9	15.6	13.5
Items affecting comparability, SEK M	-68	-33	-25	-128	-20	-40	105	-107	-71
EBIT, SEK M	1,210	1,286	1,205	800	937	996	1,087	738	613
Earnings per share, excluding items affecting comparability SEK	3.52	3.63	3.25	2.28	2.55	2.75	2.68	2.13	1.47
Operating cash flow, excl items affecting comp., SEK M	928	798	328	937	1,014	864	484	1,291	928
Cash conversion ratio, excl items affecting comp., R12, %	63	69	76	85	96	101	121	128	122
Capital employed, closing balance, SEK M	31,862	30,247	27,786	26,557	25,945	25,659	25,975	24,239	26,264
Return on capital employed R12, %	15.7	15.5	14.9	14.9	14.8	13.5	11.5	10.2	7.5

Group total	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Earnings per share, excl items affecting comparability, SEK	5.00	5.81	4.90	3.29	3.32	3.81	3.82	2.90	2.31
Earnings per share, Group, SEK	4.79	5.68	4.81	2.78	3.21	3.65	4.08	2.43	2.41
Free cash flow, SEK M	499	583	400	654	836	1,095	725	1,397	1,165
Net debt, closing balance, SEK M	-12,038	-10,959	-8,040	-8,367	-9,118	-9,849	-9,880	-10,026	-12,129
Net debt/EBITDA	1.5	1.4	1.1	1.2	1.3	1.5	1.6	1.7	2.2
Debt/equity ratio %	33	31	23	25	29	32	32	35	41
Return on equity R12, %	14.0	13.5	11.9	12.0	11.8	11.4	9.7	9.4	-1.5
Equity/assets ratio, %	56	57	61	59	58	57	56	54	51

Acquisitions

9M 2022

In the second quarter of 2022, Trelleborg signed, through its Trelleborg Sealing Solutions business area, an agreement and finalized the acquisition of the US-based company EirMed, LLC. The company specializes in technical precision plastic injection-molded components. The products are mainly applied in medical devices, such as those used for in-vitro diagnostics, minimally invasive surgery, and orthopedics.

During the third quarter of 2022, Trelleborg finalized, through its Trelleborg Industrial Solutions business area, the acquisition of the privately owned UK company Parklane Textiles Ltd., a sub-supplier to Trelleborg that develops and manufactures reinforcement materials used in polymer-coated fabrics.

Certain minor adjustments were made to acquisition analyses attributable to acquisitions made in 2021.

9M 2021

In the first quarter of 2021, Trelleborg signed, through its Trelleborg Industrial Solutions business area, an agreement and finalized the acquisition of the Dutch company Gutteling Group BV. The company develops and sells composite hoses to the chemical industry and is market leader in hoses for LNG ship-to-ship transfer.

Carrying amounts of identifiable acquired assets and assumed liabilities.

Acquisitions, SEK M	9M 2022 Acquired 2022	9M 2021 Acquired 2021
Developed technology ¹	-	-
Trademarks ²	-	-
Customer relationships ³	77	50
Other intangible assets	-	7
Property, plant and equipment	26	2
Deferred tax assets	0	0
Shares in associated companies	-	-
Interest-bearing receivables	12	19
Inventories	22	24
Operating receivables	36	23
Current tax asset	0	1
Cash and cash equivalents	10	22
Deferred tax liabilities	-	-12
Interest-bearing liabilities	-205	-19
Post employment benefits	-	-
Provision obligations	-	-
Current tax liability	0	-2
Operating liabilities	-28	-23
Net assets	-50	92
Goodwill	131	94
Total purchase price	81	186
Cash and other net debt in acquired operations	183	-5
Impact shown in cash flow statement	264	181

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.

The goodwill recognized above for 2022 was primarily attributable to synergy effects expected after the acquisition. The fair value of acquired, identifiable, intangible assets is preliminary pending final measurement of these assets.

Discontinuing operations

As of the first quarter of 2021, the Group's printing blanket operation was reported as assets and liabilities held for sale and discontinuing operations. An agreement was signed during the fourth quarter of 2021 to divest the operation to Continental. Closing of the transaction is subject to approvals from relevant authorities.

In March 2022, an agreement was signed to divest the Trelleborg Wheel Systems business area to Yokohama Rubber Company. Closing of the transaction is subject to approvals from relevant authorities.

Both divestments are expected to be completed within the next few months.

The capital employed for assets held for sale amounted to SEK 18,007 M (15,793). A large share of the increase was driven by exchange rate effects and higher working capital. The purchase considerations were positively impacted in the corresponding manner, which is why capital gains reported earlier remain.

The tables below show the condensed income statements, balance sheets and cash flow statements for the Group's discontinuing operations.

Assets and Liabilities held for sale, SEK M ¹	Sep 30 2022	Dec 31 2021
Non-current assets	14,564	1,108
Current assets	8,914	715
Total assets	23,478	1,823
Non-current liabilities	1,148	207
Current liabilities	4,951	375
Total liabilities	6,099	582

¹ The figures for 2021 pertain to the Group's printing blanket operations and Trelleborg Wheel Systems has been added for 2022.

Cash-flow statement for discontinuing operations, SEK M	9M 2022	9M 2021
Cash flow from operating activities	902	1,176
Cash flow from investing activities	-281	-21
Cash flow from financing activities	250	1,466
Total cash flow from discontinuing operations	871	2,621

Income statement for discontinuing operations, SEK M	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Net sales	3,491	2,806	10,874	8,891	13,944	11,961
Operating expenses	-2,983	-2,537	-9,104	-7,873	-11,884	-10,653
EBIT	508	269	1,770	1,018	2,060	1,308
Financial items	-1	-24	48	-48	33	-63
Profit before tax	507	245	1,818	970	2,093	1,245
Income tax	-127	-50	-421	-203	-456	-238
Net profit	380	195	1,397	767	1,637	1,007

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 September 30, 2022, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	150	2	298	2	448
Financial non-current assets	57	-	-	-	-	57
Accounts receivable	5,039	-	-	-	-	5,039
Interest-bearing receivable	9	-	-	-	-	9
Cash and cash equivalents	2,746	-	-	-	-	2,746
Total	7,851	150		298		8,299

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Liabilities in the balance sheet						
Derivative instruments	-	209	2	154	2	363
Interest-bearing non-current liabilities	8,116	-	-	-	-	8,116
Interest-bearing current liabilities	4,422	52	3	-	-	4,474
Lease liabilities according to IFRS 16	1,612	-	-	-	-	1,612
Accounts payable	2,313	-	-	-	-	2,313
Total	16,463	261		154		16,878

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 current liabilities include earnouts according to contract in an amount of SEK 52 M (22). 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 decrease the Group's non-current loans by SEK 51 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 September 30, 2021, SEK M	Assets measured at amortized cost	Assets at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Assets in the balance sheet						
Derivative instruments	-	25	2	50	2	75
Financial non-current assets	-	-	-	-	-	-
Accounts receivable	5,978	-	-	-	-	5,978
Interest-bearing receivable	15	-	-	-	-	15
Cash and cash equivalents	3,685	-	-	-	-	3,685
Total	9,678	25		50		9,753

	Liabilities measured at amortized cost	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes, measured at fair value		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Liabilities in the balance sheet						
Derivative instruments	-	22	2	220	2	242
Interest-bearing non-current liabilities	8,025	-	-	-	-	8,025
Interest-bearing current liabilities	2,072	22	3	-	-	2,094
Lease liabilities according to IFRS 16	2,127	-	-	-	-	2,127
Accounts payable	3,769	-	-	-	-	3,769
Total	15,993	44		220		16,257

Parent Company

Condensed Income statements, SEK M	Q3 2022	Q3 2021	9M 2022	9M 2021	R12 2022	12M 2021
Net sales	148	104	425	308	582	465
Administrative expenses	-57	-59	-194	-192	-361	-359
Other operating income	2	3	3	2	4	3
Other operating expenses	-30	-27	-93	-83	-304	-294
EBIT	63	21	141	35	-79	-185
Financial income and expenses	1,881	224	2,950	4,409	2,927	4,386
Profit before tax	1,944	245	3,091	4,444	2,848	4,201
Appropriations	-	-	-	-	180	180
Tax	7	11	-21	4	-20	5
Net profit	1,951	256	3,070	4,448	3,008	4,386

Condensed Balance sheets, SEK M	Sep 30 2022	Sep 30 2021	Dec 31 2021
Property, plant and equipment	11	10	11
Intangible assets	15	19	18
Financial assets	38,547	36,843	36,928
Total non-current assets	38,573	36,872	36,957
Current receivables	1,160	377	182
Current tax asset	6	6	3
Interest-bearing receivables	1	-	181
Cash and cash equivalents	0	0	1
Total current assets	1,167	383	367
Total assets	39,740	37,255	37,324
Equity	9,950	11,118	11,056
Interest-bearing non-current liabilities	0	83	0
Other non-current liabilities	60	56	60
Total non-current liabilities	60	139	60
Interest-bearing current liabilities	29,565	25,762	26,046
Current tax liabilities	-	-	-
Other current liabilities	165	236	162
Total current liabilities	29,730	25,998	26,208
Total equity and liabilities	39,740	37,255	37,324

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 2021 Annual Report.

ABOUT TRELLEBORG

The Trelleborg Group is a world leader in engineered polymer solutions. The Group has annual sales of approximately SEK 34 billion (2021) and operations in about 50 countries.

With Trelleborg's material expertise and industry insight into cutting-edge areas with rigorous requirements, such as the aerospace and automotive industries, as well as healthcare & medical, the Group is creating the sustainable industrial solutions of today, shaped by such trends as electrification, digitalization, industrial automation and new sustainable materials. The Group's polymer-based solutions are often critical to the functionality of the customers' advanced end products.

The engineered solutions are based on unique sealing and damping properties of polymers such as rubber and plastic. The solutions save energy and reduce CO₂ emissions, eliminate noise and vibrations, and dramatically extend the lifecycles of machines and medical devices as well as skyscraper facades.

The Trelleborg Group has set ambitious science-based climate targets for its own operations, aiming for net zero emissions by 2035. Resource efficiency and circularity are becoming part of Trelleborg's DNA.

Better platform than ever. Trelleborg's way of achieving results – a strongly decentralized organization built on local responsibility and personal dedication – form the basis of the Group's model for profitability and business success.

Despite the turbulence in its operating environment, Trelleborg delivered a strong financial performance in recent years. Trelleborg's financial capacity is healthy.

Since 2019, the Group has divested a number of companies and those remaining are well-performing and well-positioned businesses.

Trelleborg's industries:

Business area/Industry	General industry	Light Vehicles	Healthcare & Medical	Aerospace
Trelleborg Industrial Solutions	86%	6%	3%	5%
Trelleborg Sealing Solutions	55%	22%	11%	12%
Continuing operations	69%	16%	7%	8%

Net sales per industry and business area based on full-year 2021.

Accelerated growth. A number of industries have been identified as growing more than the industrial average in the years ahead – Trelleborg is therefore placing additional focus on developing its business in these segments.

The fast-growing industries will act as a driving force for other areas at Trelleborg, which through innovations, differentiation and greater global reach is expected to grow in the upper range of the industrial average.

There will be a greater focus on company acquisitions that strengthen Trelleborg in attractive industries.

Goal: Sustainability leader in the industry. Trelleborg is working systematically to increase the share of bio-based and recycled raw materials in everything it develops, and has committed to setting a Science Based Target.

Bespoke strategy for each business. A common feature shared by all parts of Trelleborg is its engineered polymers with completely unique sealing and damping properties. The longstanding customer relationships are all built on close innovation collaboration with renowned industrial players.

Trelleborg's operational businesses are different and therefore have bespoke strategies to achieve leading positions in their markets.

New horizons for Trelleborg. The technological development and climate transition in society worldwide favor the Group, and Trelleborg is involved in developing the industrial solutions of today.

The Group has strengthened its financial targets and is ready for the new reality.

PRESENTATION OF THE QUARTERLY REPORT

A combined webcast and telephone conference will be held on October 26, at 10:00 am CEST. Join the presentation using the link or telephone number below:

www.trelleborg.com/en/investors/reports-and-presentations

SE: +46 8 505 163 86
UK: +44 20 319 848 84
US: +1 412 317 6300

The pin code is 593 39 42#

The webcast will be available on Trelleborg's website following the presentation.

FINANCIAL CALENDER

Year-end report 2022
2022 Annual Report
Interim report January-March 2023
Annual General Meeting 2023
Interim report April-June 2023
Interim report July-September 2023

January 27, 2023
Week beginning March 13, 2023
April 27, 2023
April 27, 2023
July 19, 2023
October 26, 2023

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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.



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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 am CEST on October 26, 2022.

This is a translation of the company's Interim Report in Swedish.