



President's address in summary to the Annual General Meeting, April 23, 2020

Dear shareholders,

I would like to briefly explain how we are continuing to develop our leading positions by presenting a few examples from different perspectives. But first, a few words about 2019, which saw a gradual rise in uncertainty and a substantial variation in developments among the various market segments.

Earnings in 2019, excluding items affecting comparability, were our second best ever. This is despite a difficult time experienced by some of our larger segments in 2019. In particular, farmers purchased far fewer tires than what is motivated by the long-term and growing need for food. But most of our business operations performed well during the year. Both Trelleborg Industrial Solutions and Trelleborg Sealing Solutions reported their highest sales and best EBIT ever.

This is a result of our continuous work to build leading positions in carefully selected segments. We remain focused on our leading positions and offerings even if we, naturally, in the short term must adapt to lower demand.

Adjustments are ongoing and have accelerated at the beginning of 2020 due to the spread of the COVID-19 pandemic. Above all, we continued to pursue a number of initiatives to further advance our positions. In recent years, we have built an exciting platform in healthcare & medical through a combination of investments, proprietary innovations and bolt-on acquisitions. In 2019, we acquired Sil-Pro, which manufactures precision components in silicon, and established a manufacturing operation in what many refer to as the world's medical technology center, Minneapolis in the US. We also strengthened our positions in other niches during the year. For example, in Kalmar, Sweden, we increased capacity for manufacturing our high-quality brake shims for car manufacturers worldwide. We also advanced our positions to better capitalize on the opportunities offered by increased electrification, and in 2019 launched a totally new range of seals for electrical applications. These are primarily for electric and hybrid vehicles but also for other electrical applications such as electric bicycles, hand tools and drones.

We supplemented our safety-class specialist hoses for transferring liquefied natural gas with safety-class couplings through the acquisition of Signum Technology. We can now deliver more complete solutions to this expanding industry. We opened a new center of excellence in 2019 for antivibration solutions in India to better leverage at a local level our global knowledge in the segment. We also increased the production of tunnel solutions in Qingdao in China to meeting rising local demand in China for our unique tunnel sealing solutions. We continued the globalization of our vehicle boots with the decision to open a new facility in Morocco, which incidentally will be our first facility in Africa. We are also leveraging our expertise in protecting offshore oil and gas pipelines and now offer solutions to protect offshore wind power cables from wear and breaks. We also offer newly developed solutions to reduce disruption caused by wind power turbines to aircraft and ship radar systems.

We use various innovations to make it easier for our customers, and increasingly use digital aids. For example, we are continuing to develop our Interfit and I-Rent concepts for the maintenance of different types of tires and offer customers rental options. Development continued of our highly successful smart port solutions. Our latest initiative is AutoMoor, which safely and efficiently helps large vessels to moor. [Film]

We are continuing to focus on efficient resource use and on diversity and on promoting an inclusive society within the framework of our social responsibility. We always comply with society's ground rules, and this is summarized in our Code of Conduct, which was updated by the Board of Directors during the year.

We offer a number of solutions within the scope of the UN Sustainable Development Goals, with a particular focus on three areas: *food security*, where the low soil compression of our efficient tires contributes to better harvests, *climate impact*, which we reduced, for example, by replacing fossil fuels with biomass from rubber trees. In Sri Lanka, we reduced our climate impact by almost 90 percent during the year. We are also involved in *quality education* at many of the locations where we operate. The latest major initiative is taking place in China and is focused on school children where we are working together with the organization Soong Ching Ling for three years to set up a number of learning centers for young people whose parents work in another city.

Sustainability issues have been a top priority for Trelleborg for many years. In 2020, we will launch a new update to our climate targets, which will more closely monitor the impact from our own units and the external impact of our operations on the climate.

Trelleborg's successes require that everyone in the Group assumes responsibility and wants to perform better. Gender, age and religion make no difference. This is why we recruit staff locally where we operate as we want our employees to understand local developments and enable us to do business in the best possible way.

Just a few words about the first quarter of year, which was dominated by coronavirus and its profound impact on all parts of the business. Trelleborg was mainly affected by the virus during the latter part of the quarter. The effects of COVID-19 are expected to impact sales and earnings far more in the next quarter compared with the first.

We have continuously initiated measures to offset the challenges, entailing that the earnings trend and cash flow were relatively stable despite the downturn in sales. Net sales decreased 1 percent to SEK 9,286 M. EBIT, excluding items affecting comparability, amounted to SEK 1,235 M, corresponding to an EBIT margin of 13.3 percent.

During the next quarter, the negative impact on demand will be considerable due to all of the direct and indirect effects arising from the COVID-19 pandemic. That said, Trelleborg has a strong financial base, with good liquidity and long-term confirmed financing in place, and the Group stands well-equipped to face challenging times.

With that, I thank you for your attention.