



Press release

Trelleborg, November 9, 2015

Trelleborg acquires ČGS Holding

Reinforcing Trelleborg as a world leader in engineered polymer solutions

Trelleborg has signed an agreement to acquire ČGS Holding a.s. – a privately-owned company with leading positions in agricultural, industrial and specialty tires as well as engineered polymer solutions. The total cash consideration amounts to approximately SEK 10.9 billion on a cash and debt-free basis. ČGS is headquartered in the Czech Republic and generated sales of approximately SEK 5.6 billion with an EBIT-margin of 16 percent in the rolling 12-months period ended June 30, 2015.

Closing of the transaction is subject to approvals from relevant competition authorities and is expected to be completed in the first half of 2016.

“I am very proud to announce this highly complementary acquisition, which is a significant and attractive add-on to our existing businesses. ČGS, with its strong and favorably performing operations in agricultural and industrial tires as well as engineered polymer solutions, will strengthen and complement Trelleborg’s already leading positions in a number of existing areas,” says Peter Nilsson, President and CEO of Trelleborg.

With the acquisition of ČGS and its subsidiary Mitas, Trelleborg is establishing itself as a global leader in agricultural tires and reinforces its leading position in industrial tires. As a result of the acquisition, Trelleborg Wheel Systems will almost double its revenues, broaden its geographical reach and add new positions in complementary tire niches. Mitas is performing strongly despite the current downturn in the agricultural market. Moreover, the acquisition of ČGS’s other industrial polymer businesses will enhance Trelleborg’s leading positions in several of the Group’s existing business areas.

“ČGS highly complements our manufacturing footprint with well-invested and competitive production facilities in Central and Eastern Europe, the U.S. and Mexico. The transaction adds to our capabilities, represents a strong strategic fit and is expected to generate significant synergies and cross-selling opportunities. The plan is to gradually integrate the acquired entities into Trelleborg’s existing business areas. We regard the purchase price as attractive given the synergy potential and expected recovery for the agricultural market,” concludes Peter Nilsson.

According to Trelleborg’s preliminary assessment, the cost synergies are expected to be in excess of SEK 300 million annually compared with 2015, gradually realized over three years.

The acquisition will be financed through committed bank facilities. Trelleborg’s leverage will initially be slightly above 3x Net Debt/EBITDA on a pro-forma basis. This is higher than Trelleborg’s long-term ambition and the intention is to return to a leverage ratio similar to the levels prior to the acquisition over the next 12-18 months.



Key facts regarding ČGS Holding

ČGS is a leading supplier of specialty tires and engineered polymer solutions. The company employs approximately 6,300 people, headquartered in the Czech Republic and has 13 production sites of which 11 are located in Central and Eastern Europe, one in the U.S. and one in Mexico.

The group includes the main subsidiaries Mitas, Rubena and Savatech. Mitas accounts for approximately two-thirds of group sales and has strong mid-market specialty tires brands with a particularly strong position in agricultural tires. Mitas offering is complemented by Rubena's and Savatech's niche engineered polymer solutions businesses. Rubena and Savatech develop and manufacture a broad range of engineered polymer products, including seals, sealing profiles, specialty conveyor belts, printing blankets and other engineered fabrics.

For more information about ČGS Holding, refer to ČGS Holding's annual report at the following [link](#).

Summary of additional financial information

The pro forma combined sales for Trelleborg and ČGS Holding in the rolling 12-months period ended June 30, 2015, amounted to approximately SEK 30 billion. The combined companies will have approximately 23,000 employees.

On a pro-forma rolling 12-months period ended June 30, 2015, basis, ČGS Holding adds approximately SEK 1.1 bn to EBITDA and SEK 0.9 bn to EBIT before amortization of surplus values from the purchase price allocation.

Telephone conference

Analysts, investors and media are invited to attend a telephone conference at 09:30 a.m. CET on November 9, 2015. Please see separate press release for all 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 22 billion in over 40 countries. The Group comprises five business areas: Trelleborg Coated Systems, Trelleborg Industrial Solutions, Trelleborg Offshore & Construction, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. In addition, Trelleborg owns 50 percent of TrelleborgVibracoustic, a global leader within antivibration solutions for light and heavy vehicles, with annual sales of approximately SEK 16 billion in about 20 countries. The Trelleborg share has been quoted on the Stock Exchange since 1964 and is listed on Nasdaq Stockholm, Large Cap. www.trelleborg.com

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