

An aerial night view of a city, likely San Francisco, with a body of water in the background. Several bright blue light trails streak across the cityscape from the right side towards the left, creating a sense of motion and technology.

# New horizons for Trelleborg

**Trelleborg divests its business area Trelleborg Wheel Systems**

# Accelerating our journey

*“Growing Trelleborg into the world’s foremost engineered polymer solutions company in our selected industries”*

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Press release

Trelleborg, March 25, 2022

## Trelleborg divests its business area Trelleborg Wheel Systems profile improves

Trelleborg Group has signed an agreement to divest its Trelleborg Wheel Systems business area to Yokohama Rubber Company for EUR 2,100 M (SEK ~22,000 M) on a cash and debt free basis, which represents 13x the business area's 2021 operational EBITDA, or 17.5x 2021 EBIT. Less than 3 percent of the purchase price is subject to the performance of Trelleborg Wheel Systems in 2022. The transaction will result in an estimated capital gain of SEK 6,000 M. Closing of the transaction is subject to approvals from relevant authorities and is expected to be completed in the latter part of 2022.

Peter Nilsson, President and CEO of Trelleborg Group, says: "Our ambition is to grow Trelleborg into the world's foremost engineered polymer solutions company in our selected industries, such as healthcare & medical, automation and aerospace, as well as in specialty industrial applications. Moreover, we see a great potential to expand into adjacent products and solutions that can and strengthen our existing offering.

"The divestment creates a more coherent portfolio with similar business models, which improves our profitability and capital efficiency, while the transaction will result in a capital gain. Our sustainability profile improves significantly with a lower carbon footprint and a higher percentage of renewable energy.

"Under Trelleborg's ownership, the business area's revenue has grown from SEK 1,000 M in 2017 to SEK 2,000 M in 2021, while operating profit has grown from SEK 100 M to SEK 200 M.



# Accelerating our journey

## Strategic rationale for deal

- More profitable, less cyclical and improved sustainability profile
- More coherent portfolio with similar business models and drivers
- Strengthen our capacity to accelerate growth
- Attractive valuation



# Trelleborg Wheel Systems



**Global leader in  
specialty tires**

# Trelleborg Wheel Systems

Sales

**SEK 10.1 B**

30% of Trelleborg Group

EBIT

**SEK 1.2 B**

22% of Trelleborg Group

**Global leader in  
specialty tires**

# Attractive valuation

- Buyer: Yokohama
- Offer acknowledges Trelleborg Wheel Systems' leading position and journey towards 15% EBIT-margin
- Attractive valuation when compared to historical transactions in this industry
  - EV 13x 2021 EBITDA
  - EV 17.5x 2021 EBIT

Purchase price (EV)

**EUR 2,100 M**  
**SEK ~22,000 M**

- Cash and debt free basis
- Included in the purchase price (EV) is an earnout of ~3 percent linked to 2022 performance
- Closing subject to approvals by relevant authorities

Capital gain

**SEK ~6,000 M**

An aerial photograph of San Francisco, California, featuring the Golden Gate Bridge and the city skyline. The image is overlaid with several bright blue, glowing light trails that curve across the city. The text 'Trelleborg post-transaction' is prominently displayed in the lower-left quadrant.

# Trelleborg post-transaction



# Trelleborg post-transaction

Bespoke strategies for each business

Trelleborg Group

Trelleborg Sealing Solutions

Trelleborg Industrial Solutions



Scale up & accelerate

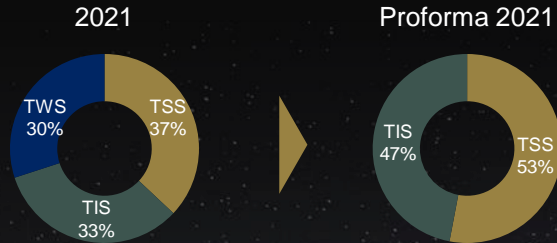


Climbing the value ladder



# Trelleborg post-transaction

## Sales by business area

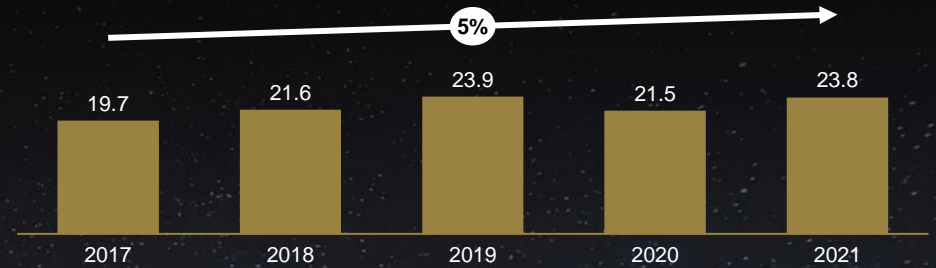


## EBIT by business area



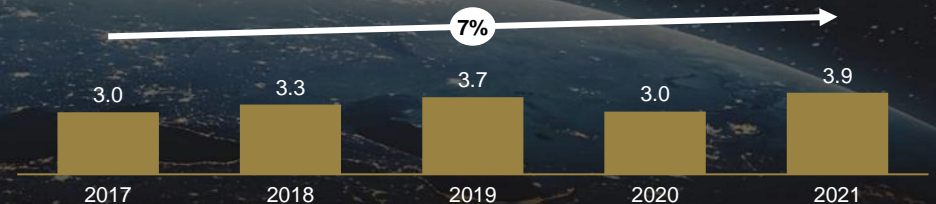
## Proforma sales development, SEK B

CAGR 2017-2019 -10%



## Proforma EBIT development, SEK B

CAGR 2017-2019 -12%

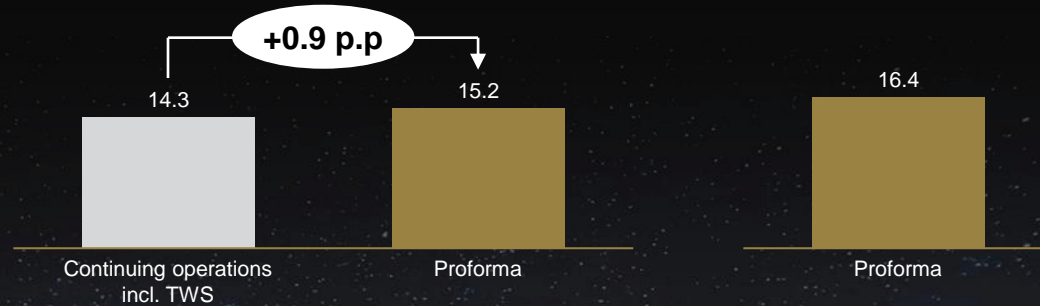


# More profitable and improved ROCE

EBIT-margin, %

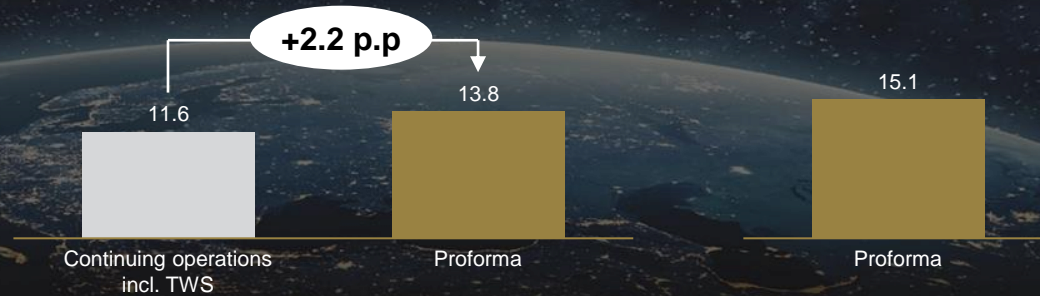
Average 2017-2021, %

2021, %



Return on capital employed, %

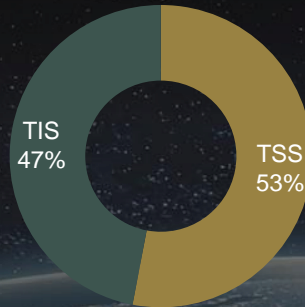
+2.2 p.p.



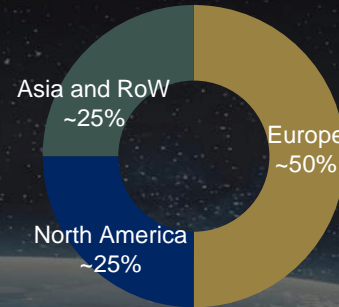
# More coherent and less cyclical

Proforma sales split  
excluding Trelleborg  
Wheel Systems

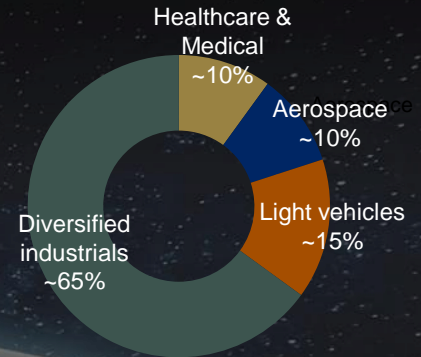
### Business areas



### Geographies



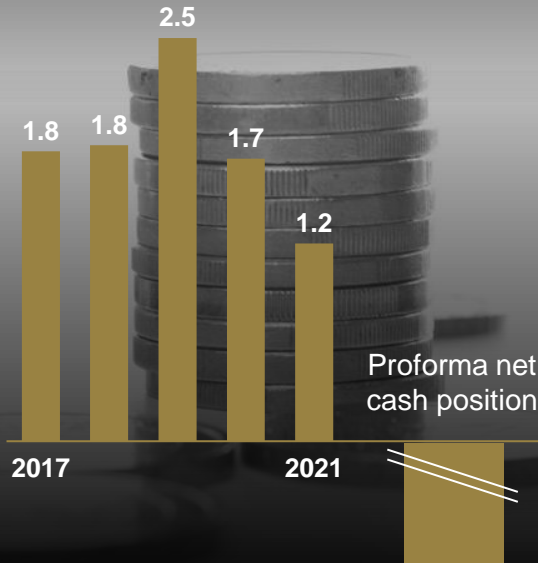
### Industries



# Further information on use of proceeds to follow

## Net cash position following transaction

Net debt/EBITDA,  
2017-2021



- Accelerating growth
  - Organic (capex)
  - Acquisitions
- Share buy-back (ongoing)
- Potential share redemption after closing of transaction

# Sustainability leader in our industry

Deal improves our sustainability profile and CO<sub>2</sub> footprint

Top position  
for many years



## “Net zero”

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## Vision 2035

# Closing remarks

*“Growing Trelleborg into the world’s foremost engineered polymer solutions company in our selected industries”*

- More profitable, less cyclical and improved sustainability profile
- More coherent portfolio with similar business models and drivers
- Strengthen our capacity to accelerate growth – organically and through acquisitions
- Transaction visualizes value embedded in Trelleborg Group
- Use of proceeds and revised financial targets – to be communicated at a later stage

# New horizons for Trelleborg