

# Welcome to 2004 Full-year Report Update

February, 2005



  
TRELLEBORG

GROUP

- ▼ **Good sales development in 4 of 5 business areas**
  - ▼ Group Net Sales in Q4 5,529 MSEK (5,351)
  - ▼ Organic Growth in Q4 5 %
  
- ▼ **Result marginally better than Q3 04 and in line with Q4 03**
  - ▼ Profit after financial items amounted to 367 MSEK (375) (continuing operations, excl goodwill amortization, restructuring costs and write-downs)
  
- ▼ **Restructuring in Q4:**
  - ▼ Cash cost 160 MSEK
  - ▼ Est. cash return 05/06 ~90 MSEK (1.7 years)
  - ▼ Two sites concerned: Trelleborg (Wheel/Engineered) and Breuberg (Automotive)

# Financial Highlights Full-year 2004

GROUP

- ▼ **12 Month Net Sales up 28 % - 22,912 MSEK (17,960)**
  - ▼ Organic growth 3 %
  - ▼ Well positioned and stable structure for the future
  
- ▼ **Full-year Operating Key Figures** (continuing operations, excl goodwill amortization, restructuring costs and write-downs)
 

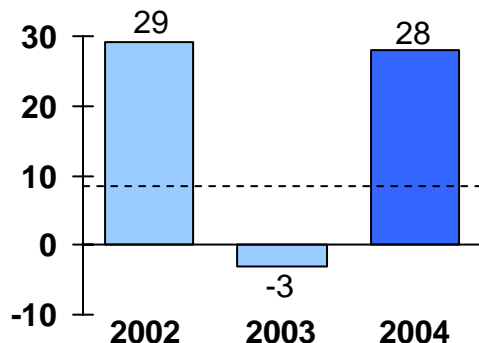
▼ Operating profit (EBITA)	1,818 MSEK (1,271)	+43%
▼ Profit after financial items	1,531 MSEK (1,130)	+35%
▼ Profit after tax	1,097 MSEK (788)	+39%
▼ Earnings per share	12.40 SEK (9.40)	+32%
  
- ▼ **Continuously good cash-flow**
  - ▼ Operating cash-flow 1,483 MSEK (1,129)
  - ▼ Cash conversion rate 82 %
  
- ▼ **Proposed dividend 5.00 SEK (4.50)**

# All in all, 2004 we improved or met our key metrics

GROUP

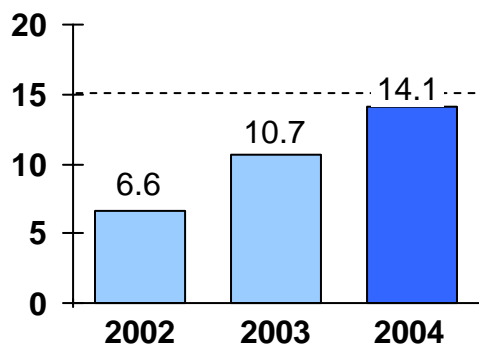
## Group financial objectives vs. actual outcome; 2002-2004

**Growth 8-10% p.a.**



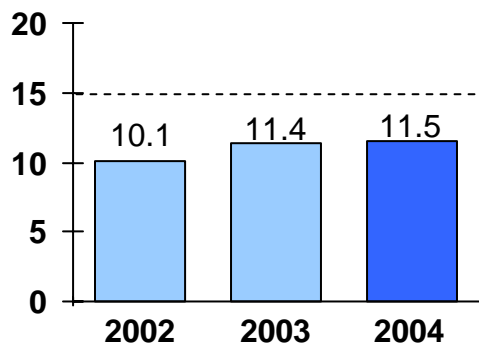
**ROE 15%**

*Excl. goodwill amort, restructuring and write-downs (cont. operations).*

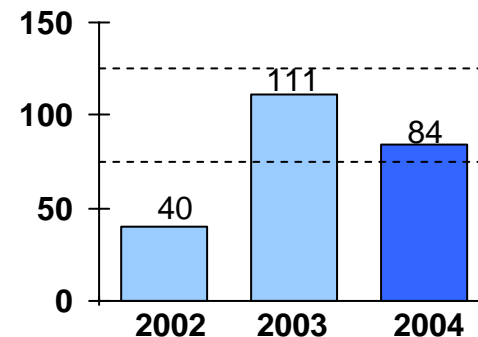


**ROA 15%**

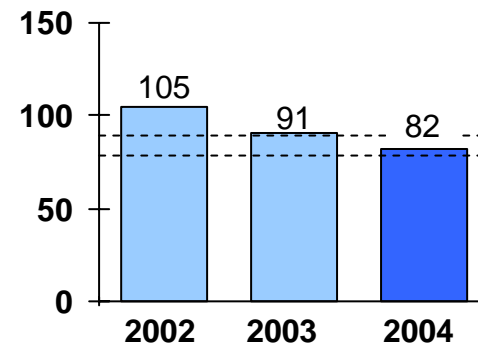
*Excl. goodwill amort, restructuring and write-downs (cont. operations).*



**Debt/equity ratio 75-125%**



**Op. cash flow / EBITA 80-90%**

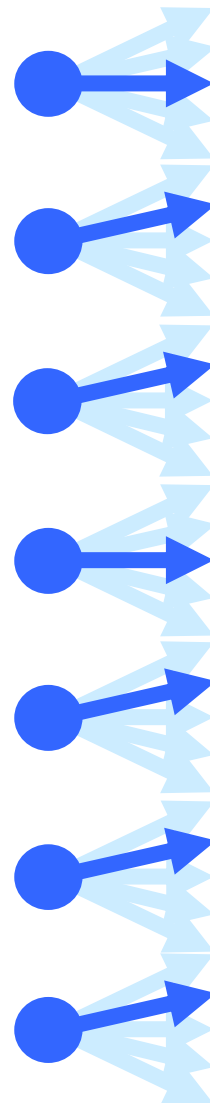


# Positive development in majority of our 7 key markets

GROUP

Trelleborg Group Estimates for our 7 key markets

H2, 2004

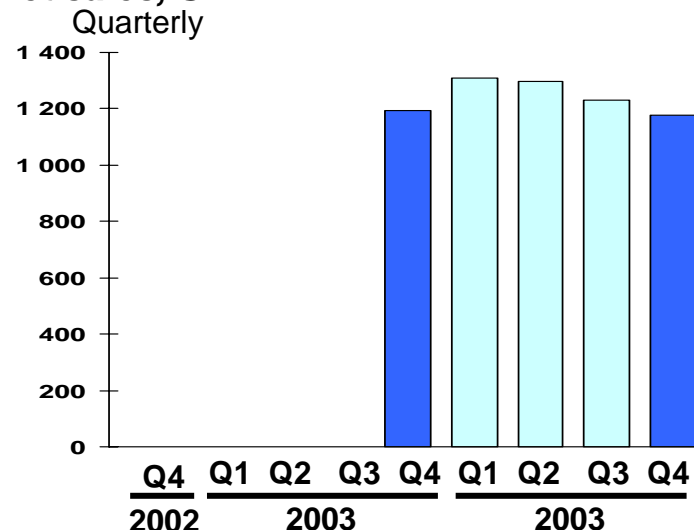


# Growth above underlying markets

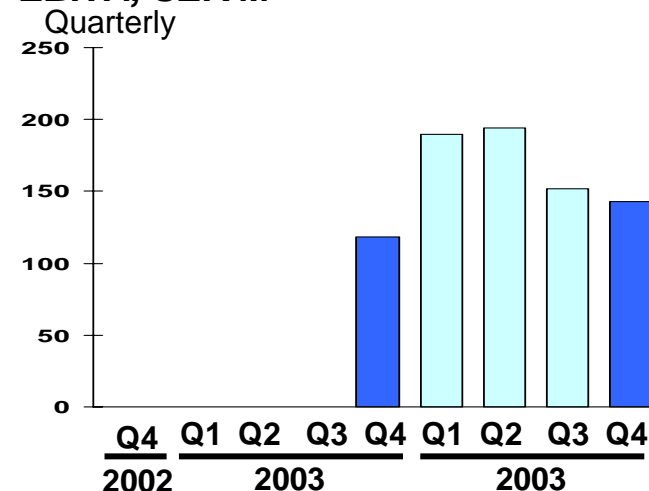
## Trelleborg Sealing Solutions

- ▼ Full year net Sales 5,009 MSEK (1,194)
- ▼ Q4 Net sales 1,176 SEK M (1,194)
- ▼ 12M Organic growth 6 percent.
- ▼ Good demand in all geographical markets, particularly strong in Germany, China and Japan.
- ▼ Strong development in operating margin
  - Full-year 13.5 %
- ▼ Integration projects contributed positively with 60 MSEK
- ▼ Several growth initiatives in targeted segments
- ▼ Initiatives to grow operations in US and Asia/Pacific
- ▼ Full year EBITA 678 MSEK (118)
- ▼ Q4 EBITA amounted to 143 SEK M (118)

**Net sales, SEK M**



**EBITA, SEK M**



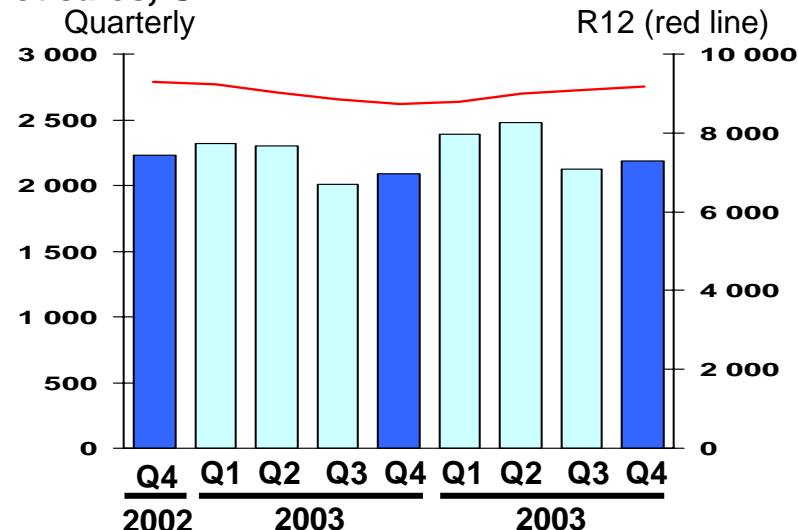
# Sales in line with underlying markets

AUTOMOTIVE

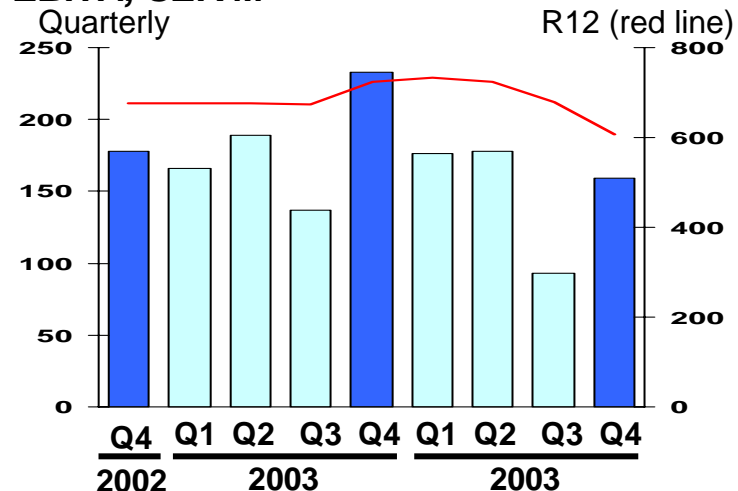
## Trelleborg Automotive

- Full year net Sales 9,182 MSEK (8,721)
- Q4 Net sales 2,187 SEK M (2,090)
- 12M organic growth -1 %.
- Flat market and volume development.
- Weaker results but in line with communicated full year 6 % margin (one-offs in Q4 03)
- Significant cost increase in steel related input goods. Corrective actions ongoing
- Operations in Mexico enlarged. New Wuxi factory doubled in size. Increased marketing/engineering presence in China and Japan.
- Full year EBITA 607 MSEK (725)
- Q4 EBITA amounted to 159 SEK M (232)

Net sales, SEK M



EBITA, SEK M

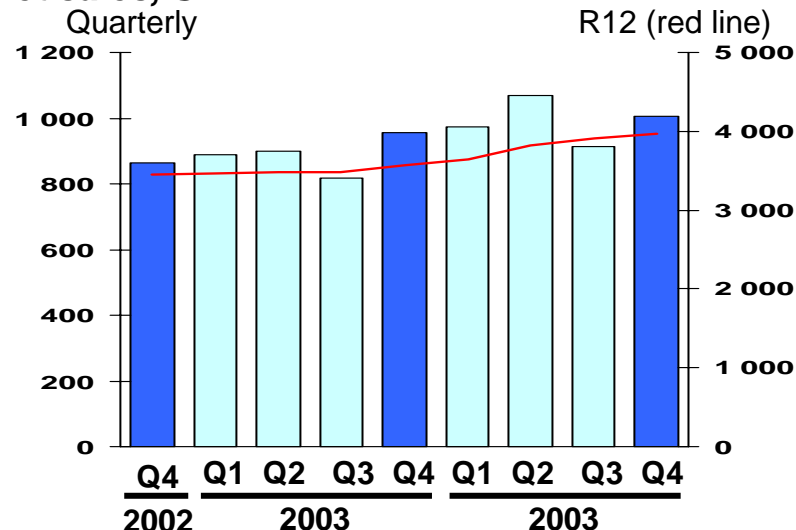


# Strong growth, order intake and cash-flow

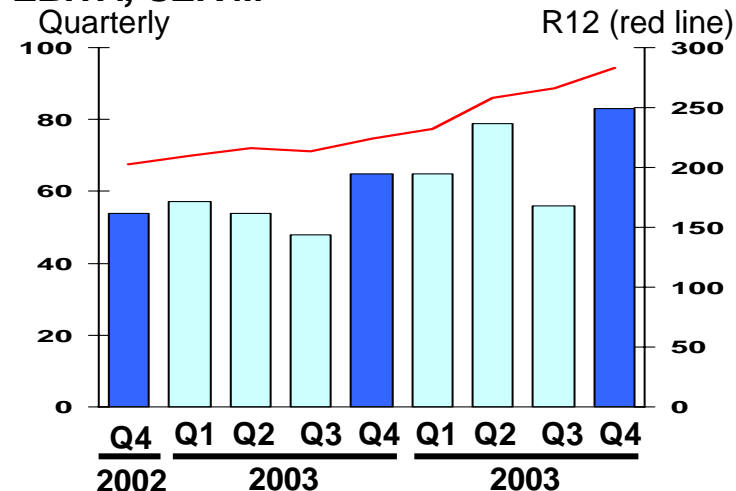
## Trelleborg Engineered Systems

- Full year net Sales 3,961 MSEK (3,564)
- Q4 Net sales 1,004 SEK M (955)
- 12M organic Growth 4 %.
- Good development, full year and Q4, in both industrial supply and project related business due to improved volume and product mix.
- Continuous positive contribution in both sales and earnings from precision moulded goods
- Improved product mix in Industrial Fluid Systems generated better earnings.
- Good order intake for project related business.
- Strong Cash-flow.
- Full year EBITA 283 MSEK (224)
- Q4 EBITA amounted to 83 SEK M (65)

Net sales, SEK M



EBITA, SEK M

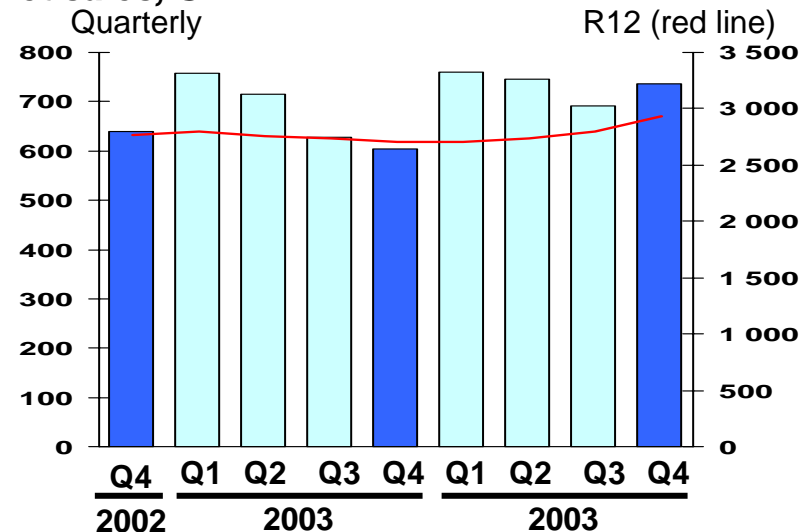


# Strong fourth Quarter, 12M organic growth 10 %

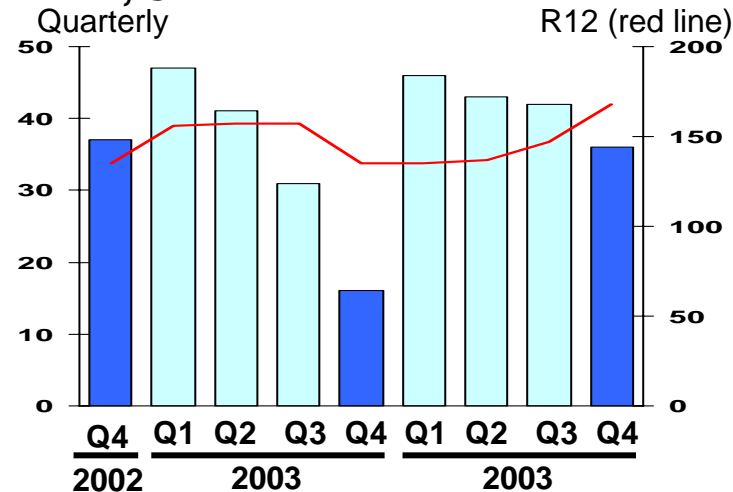
## Trelleborg Wheel Systems

- Full year net Sales 2,933 MSEK (2,704)
- Q4 Net sales 736 SEK M (605).
- 12M organic growth 10 %.
- Strong finish of the year for both Agri and Industrial tires
- Doubled results in Q4 and a strong H2 through increased volumes and improved price levels
- Move of production from plant in Trelleborg runs according to plan. Some production until end 05.
- Continued positive trend in emerging markets. Investments ongoing for further market coverage.
- Full year EBITA 167 MSEK (135)
- Q4 EBITA amounted to 35 SEK M (15)

Net sales, SEK M



EBITA, SEK M



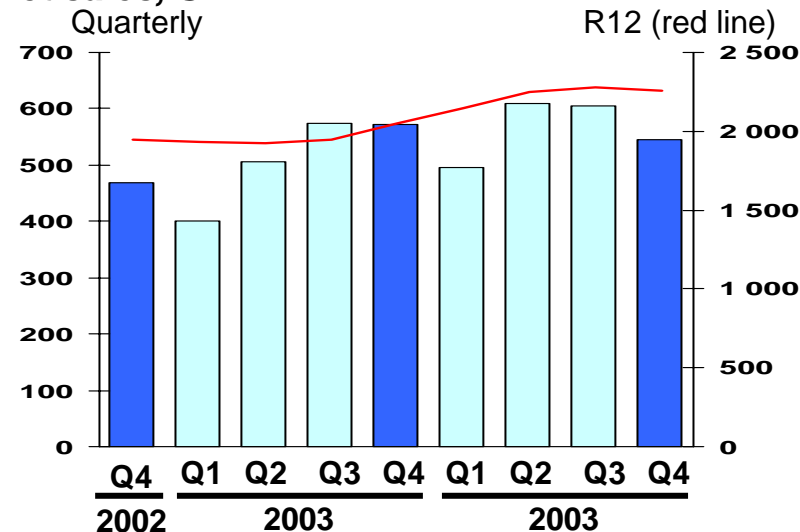
# Scandinavia stabilising and with a positive trend

BUILDING  
SYSTEMS

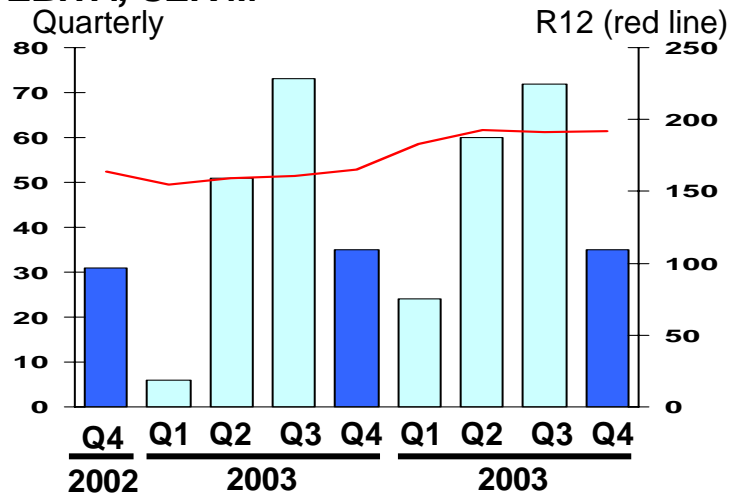
## Trelleborg Building Systems

- Full year net Sales 2,257 MSEK (2,053)
- Q4 Net sales 546 SEK M (572).
- 12M organic growth 2 %.
- Flat growth due to a weak H2 especially in Germany.
- Negative impact on earnings from weak German market and rationalisations in Swedish operations. Positive impact from good development in Waterproofing and Pipe Seals.
- Continuously strong cash-flow.
- Full year EBITA 191 MSEK (165)
- Q4 EBITA amounted to 35 SEK M (35)

Net sales, SEK M



EBITA, SEK M



# Organic Growth and Margin Development

**GROUP**
**Excluding restructuring costs**

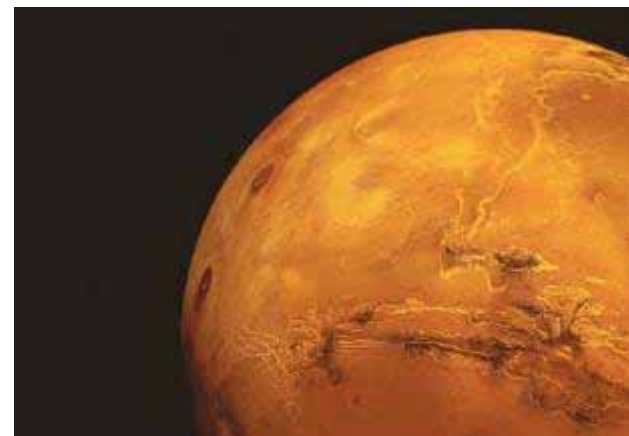
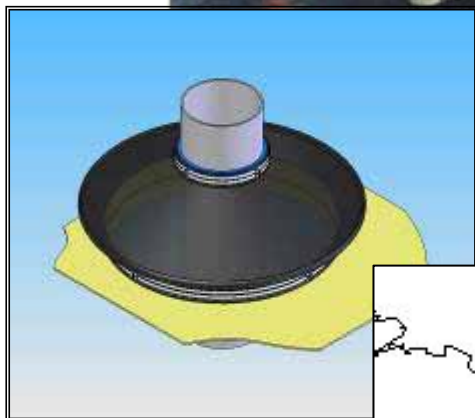
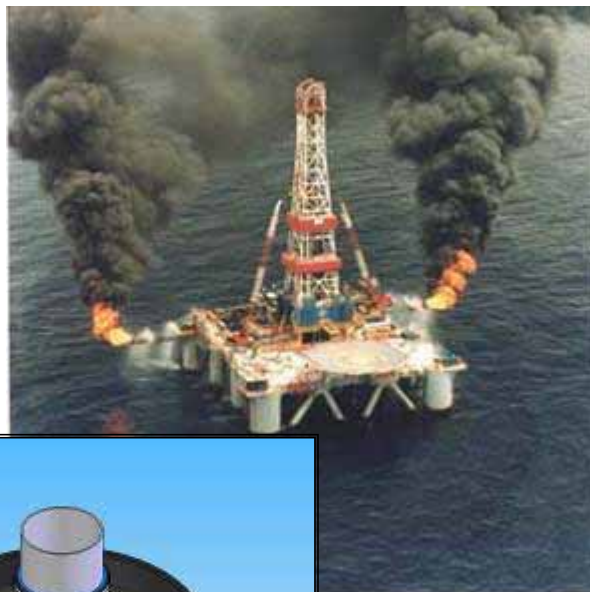
	Organic Growth		ROS %, R12		Change
	Q4 04	FY 04	FY 03	FY 04	
Trelleborg Automotive	-1 %	-1 %	8.0	6.0	-25 %
Trelleborg Sealing Solutions	+6 %	+6 %	9.8*	13.5	+38 %
Trelleborg Engineered Systems	+5 %	+4 %	6.3	7.1	+13 %
Trelleborg Wheel Systems	+23 %	+10 %	5.0	5.7	+14 %
Trelleborg Building Systems	+1 %	+2 %	8.0	8.3	+4 %
<b>Trelleborg Group</b>	<b>+5 %</b>	<b>+3 %</b>	<b>6.9</b>	<b>7.7</b>	<b>+12 %</b>

\*Oct-Dec only

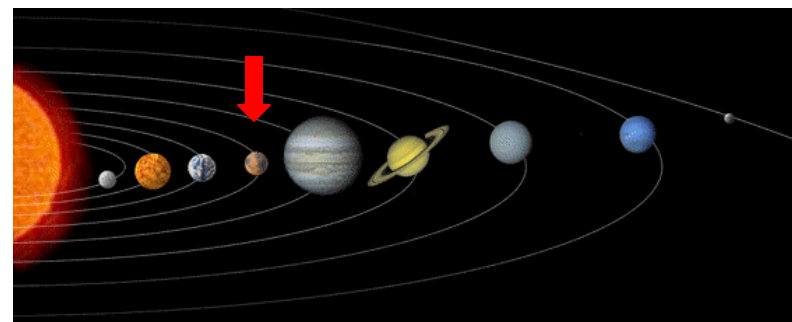
# Some new products and deliveries

GROUP

Unique jet-fire seals enables oil extraction in extreme conditions

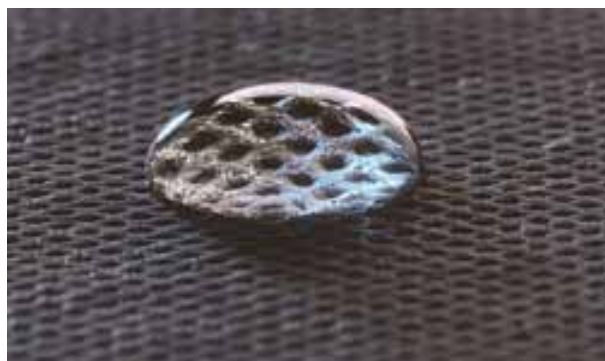
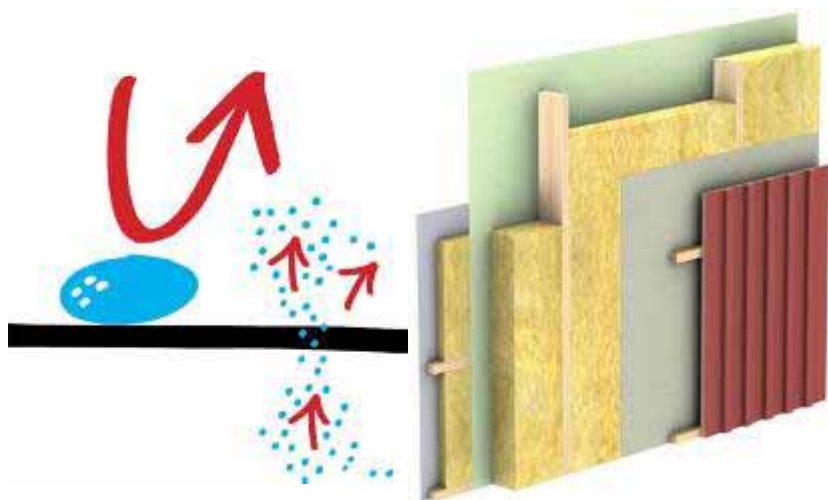


Specially produced seals help NASA explore Mars



# Some new products and deliveries

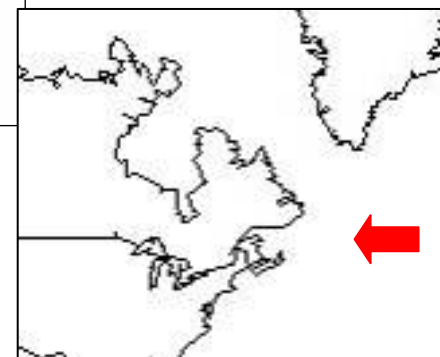
GROUP



Healthy buildings with membranes that breathe



Giant bearings solve problem for flexing rig



# Some new products and deliveries

GROUP



A number of seals for Airbus A380

# Some new products and deliveries

GROUP



Noise and vibration problems solved for car with ground-breaking engine design



# Some new products and deliveries

GROUP



A new range of seals to meet universal approvals in drinking water, gas condensing and heating applications. Makes life simpler for customers worldwide.



Dredging equipment make man-made paradise islands possible.



# Automotive awarded Global Supplier of the Year

GROUP

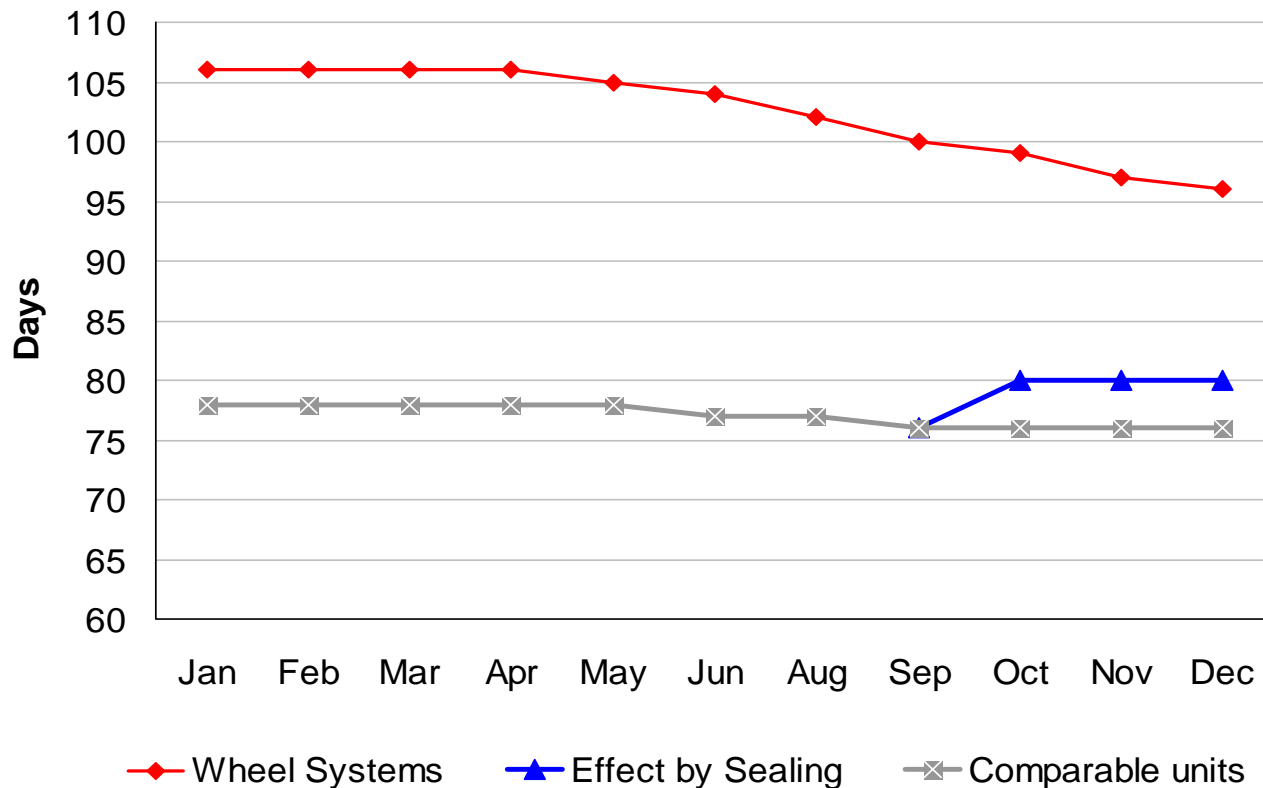
- ▼ In DaimlerChrysler's second annual Global Supplier Awards program, nine suppliers were recognized for outstanding performance in 2004.
- ▼ Trelleborg was named top supplier in the chassis category.
- ▼ Quality, delivery and technology rated best in class



# Initiative to Reduce Group Working Capital

GROUP

## XWC January-December, R12



- ▼ **Wheel Systems served as pilot in 2004 with good results**
- ▼ **Defined activities in all business areas are being implemented**
- ▼ **Group potential exceeds 300 MSEK**

# Raw materials and semifinished goods

GROUP

Total Raw Materials approx. 5,000 MSEK

Polymers 46 %  
2,300 MSEK

Metal Components 54 %  
2,700 MSEK

Natural rubber  
Approx. 25 %,  
various other  
polymer related  
chemicals and  
Semifinished  
goods

Metal Content\*  
approx. 60 %

Added value  
Approx. 40 %  
(Cutting, stamping,  
painting etc)

\* Approx. 25 % Aluminium and 75 % Steel

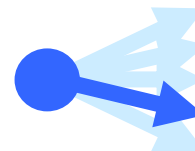
# Raw materials development since last

GROUP

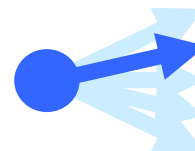
## Polymers



Natural Rubber



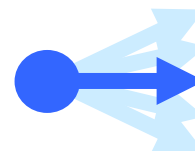
Other polymers



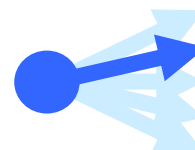
## Metal Components



Steel USD or similar



Steel EURO



## ▼ Financial Items

- ▼ Net financial items in % of net financial liabilities was full-year 3.6 %

## ▼ Tax

- ▼ Total efficient tax rate 21 % (34)
- ▼ Tax rate continuing operations 36 %

## ▼ Net liabilities

- ▼ Net liabilities reduced with 1.5 billion SEK during the year 6,951 MSEK (8,447)

## ▼ Debt/Equity

- ▼ Debt Equity ratio improved to 84 % (111) during the year
- ▼ Applying IFRS accounting principles improves further to 81%

# Operating cash flow

**GROUP**
**Trelleborg Group, SEK M**

	EBITDA, excl. assoc. companies	Gross invest- ments	Fixed assets sold	Change in working capital	Total cash flow	
					2004	2003
Trelleborg Automotive	1 015	-546	36	-165	340	740
Sealing Solutions	856	-224	16	-69	579	80
Trelleborg Engineered Systems	419	-104	6	-29	292	234
Trelleborg Wheel Systems	291	-71	30	7	257	9
Trelleborg Building Systems	261	-55	1	11	218	212
Other companies	-3	-	2	-2	-3	-5
Group items	-187	-11		-2	-200	-141
<b>Operating cash flow</b>	<b>2 652</b>	<b>-1 011</b>	<b>91</b>	<b>-249</b>	<b>1 483</b>	<b>1 129</b>
Acquisitions					-346	-6 445
Divestments					1 097	87
Restructuring measures					-278	-226
Dividends					-398	-382
Options, warrants and repurchase					168	-15
Financial items					-288	117
Taxes					-379	-135
<b>Total net cash flow</b>					<b>1 059</b>	<b>-5 870</b>

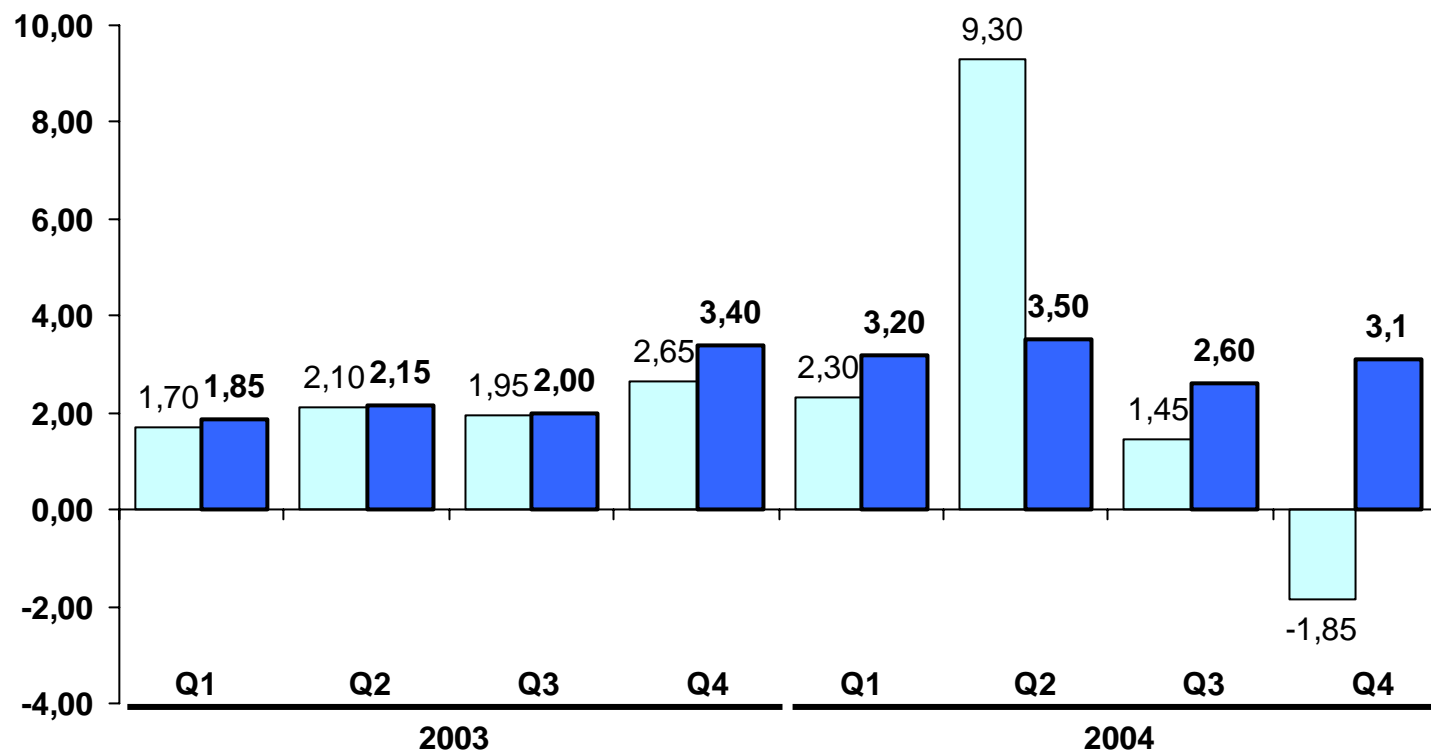
*107 % of depreciation  
excl capitalization of  
development  
expenditures*

*SEK M -197  
in 2003*

# EPS excl goodwill amort. 3.10 SEK (3.40)

GROUP

Earnings per share, **Light Blue**, and also for continuing operations excl GW and restructuring costs/write-downs, **Blue**, SEK



**R12 EPS**, continuing operations excl GW and restructuring costs/write-downs

8.15	7.95	8.00	9.40	10.75	12.10	12.70	12.40
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## Proposed dividend 5.00 SEK (4.50)

GROUP

- The Trelleborg Board proposes a cash dividend of 5.00 SEK (4.50) per share.
- Group dividend policy states a long-term dividend of 30-50 % of net results.
- Proposed dividend, amounting to 449 MSEK, means that approx. 45 % of net results 2004 are distributed.
- The Board of Trelleborg and the CEO has decided to keep present dividend policy also after changes in accounting rules according to IFRS.

# Buy-back program proposed

GROUP

- The Board proposes AGM authority to repurchase shares up to 10 percent of the total number of shares
- Trelleborg holds approximately 6.3 million own shares
- The mandate is to repurchase a maximum of approx. 3.3 million shares

# Changes according to IFRS rules

GROUP

- ▼ **Trelleborg will report according to IFRS from Q1 2005**
  - ▼ Mainly adjustments referring to IFRS 3 Acquisitions and IAS 39 Financial instruments
  
- ▼ **Shareholders Equity**

▼ Shareholders Equity, Swedish GAP	8,118 MSEK
▼ Change applying IFRS	+485 MSEK
▼ New Shareholders Equity	8,603 MSEK
  
- ▼ **Profit before Tax (continuing operations)**

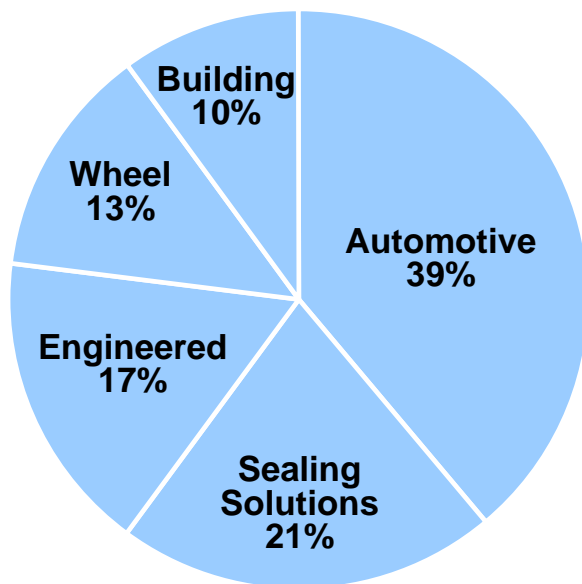
▼ PBT, Swedish GAP	592 MSEK
▼ IFRS adjustment Goodwill	+403 MSEK
▼ IFRS adjustment Rest costs	-24 MSEK
▼ New PBT	971 MSEK

# One full year in our New Structure

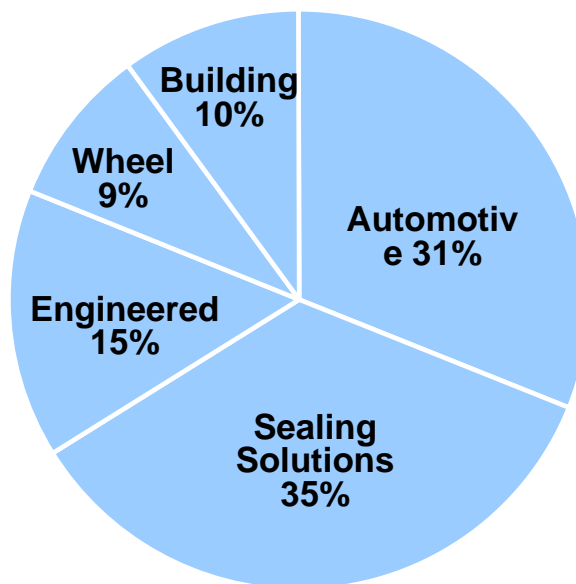
GROUP

Sales, EBITA\* and Capital Employed per BA 2004, percent

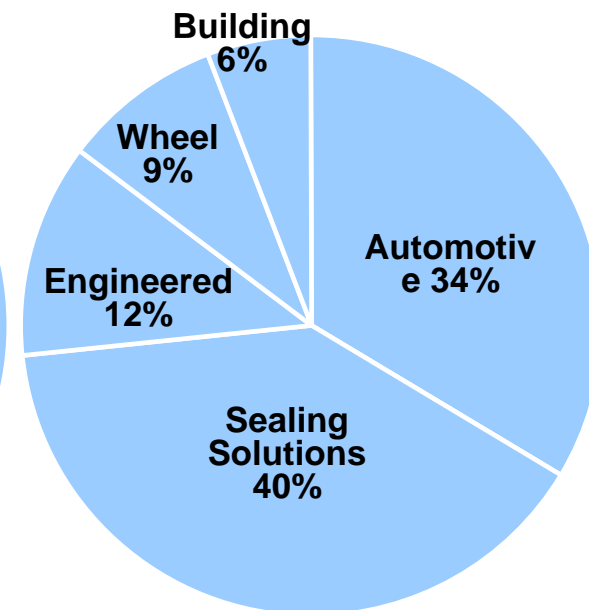
Sales 2004



EBITA\* per BA 2004



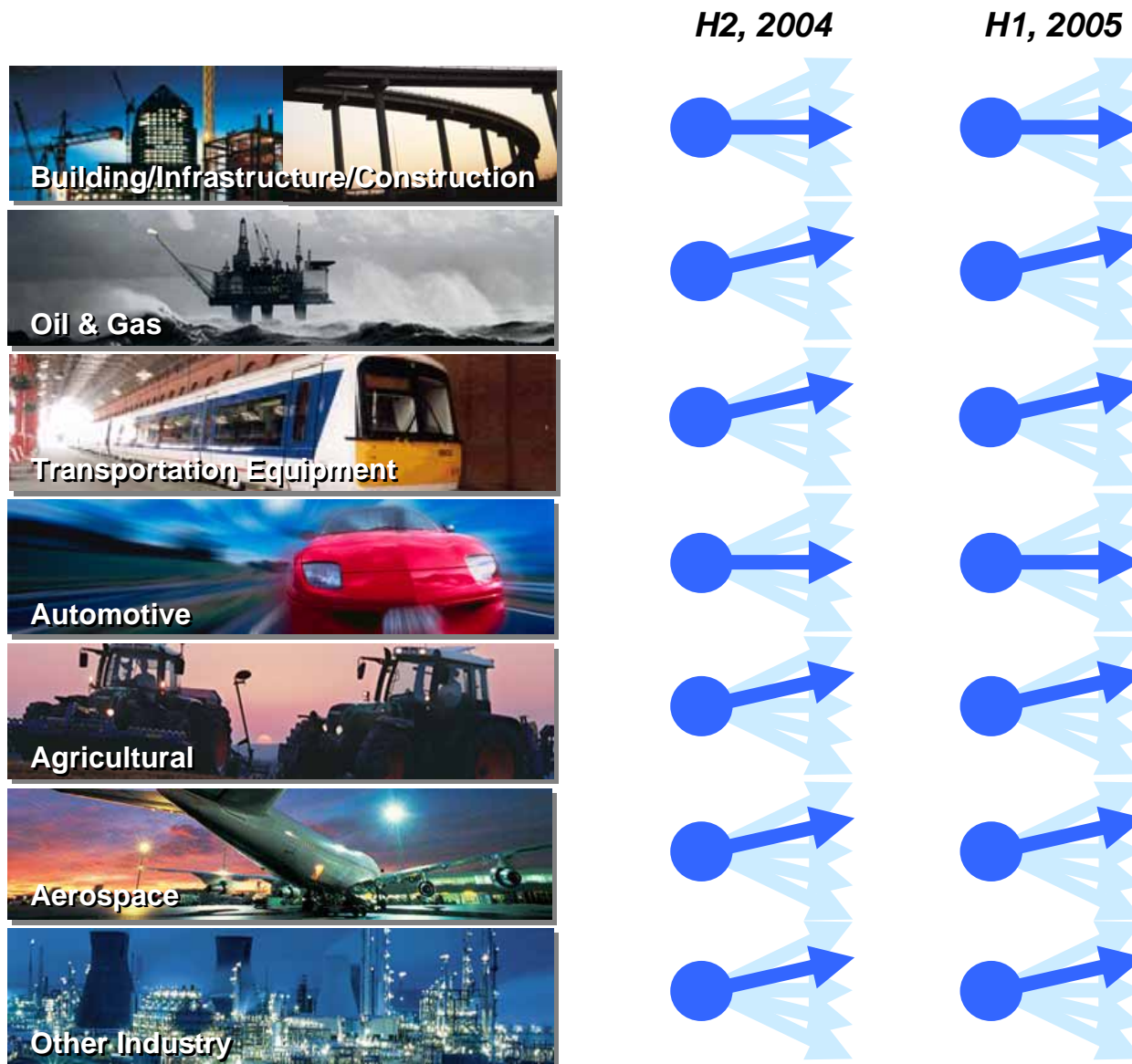
Capital Employed 2004



# Largely unchanged market conditions

GROUP

Trelleborg Group Estimates for our 7 key markets



## **“Continued growth in several of our industrial markets**

During the first half of 2005, a varied trend is expected in Trelleborg’s seven principal industrial markets. Growth in the fields of aerospace, agriculture, transportation equipment, oil/gas and other industry is expected to remain favorable. For the automotive industry, zero growth is expected and for construction and infrastructure-related industries, demand is expected to vary between different geographical sub-markets.

The Trelleborg Group continues to focus on efficiency-improvement measures and price adjustments to balance the negative effects of increased prices for raw materials. To date, the results of these measures have been in line with plans.”

## Calendar

Interim Report January-March  
Half year Report January – June

April 26, 2005  
July 21, 2005

## Financial information

Interim reports, annual reports, the stakeholder magazine T-TIME and other information on the Trelleborg Group may be ordered from Trelleborg AB, Information Department, Box 153, SE-231 22 Trelleborg, Sweden, by telephone on +46 410-670 09, by fax on +46 410-427 63, by e-mail [info@trelleborg.com](mailto:info@trelleborg.com) or can be downloaded from the Group's website [www.trelleborg.com](http://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 to have been 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 .**



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