

Welcome to 2005 Full Year Report Update

February 15, 2006




TRELLEBORG

Group Highlights 2005

- ▼ **Sales increase of 5.5 % for the full year**
 - ▼ Group Net Sales Full Year, 24,170 SEK M (22,912)
 - ▼ Group Net Sales in Q4 6,182 SEK M (5,529)
 - ▼ Group Organic Growth for the full year and Q4 was 3 %

- ▼ **Net profit slightly better than last year – in line with guidance**
 - ▼ Net Profit for the full year increased to 1,177 SEK M (1,122) (continuing operations, excl restructuring costs and write-downs), for Q4 293 MSEK (284)
 - ▼ Four out of five business areas increased their operating profit YoY

- ▼ **Continous strong cash flow**
 - ▼ Operating cash flow increased with 21 % to 1,788 SEK M (1,483)
 - ▼ Free cash flow rose with 77 % to 950 SEK M (536)
 - ▼ Positive effects from ongoing capital efficiency program

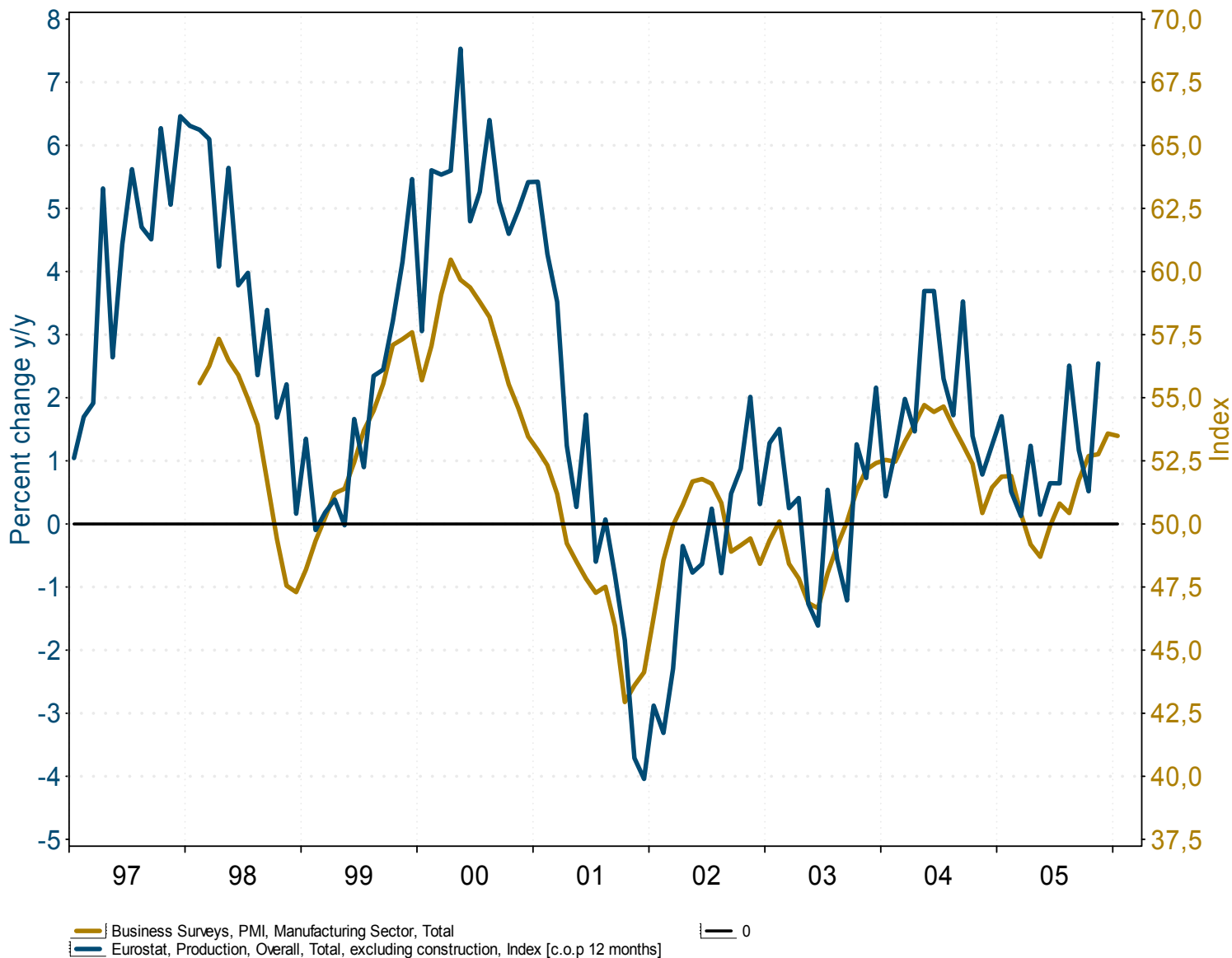
- ▼ **Several strategic acquisitions and growth initiatives in Q4**
 - ▼ CRP adds world leading position
 - ▼ A number of growth initiatives in Eastern Europe/Asia

- ▼ **Proposed dividend of SEK 5.50 (5.00)**
 - ▼ The board and CEO proposes a cash dividend of 5.50 (5.00), 43 % of net profit

EMU Purchasing managers index vs Ind. Production



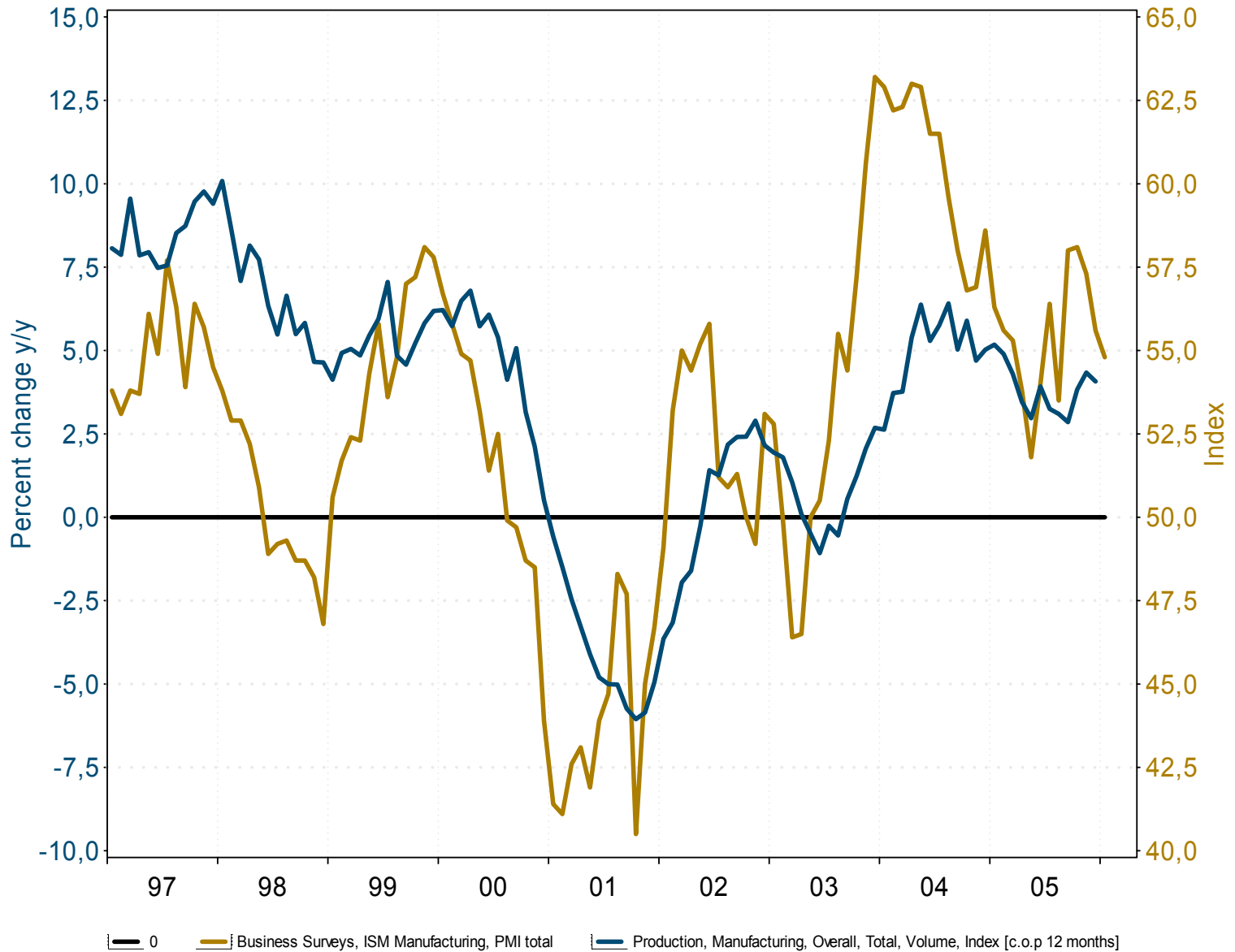
EMU PMI vs Industrial Production



US: ISM purchasing managers index vs ind. production



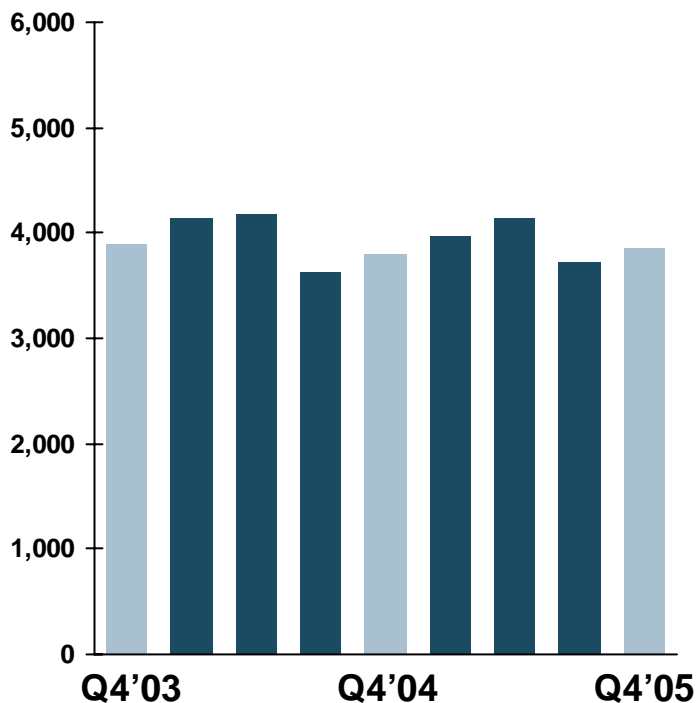
US Industrial Production and ISM



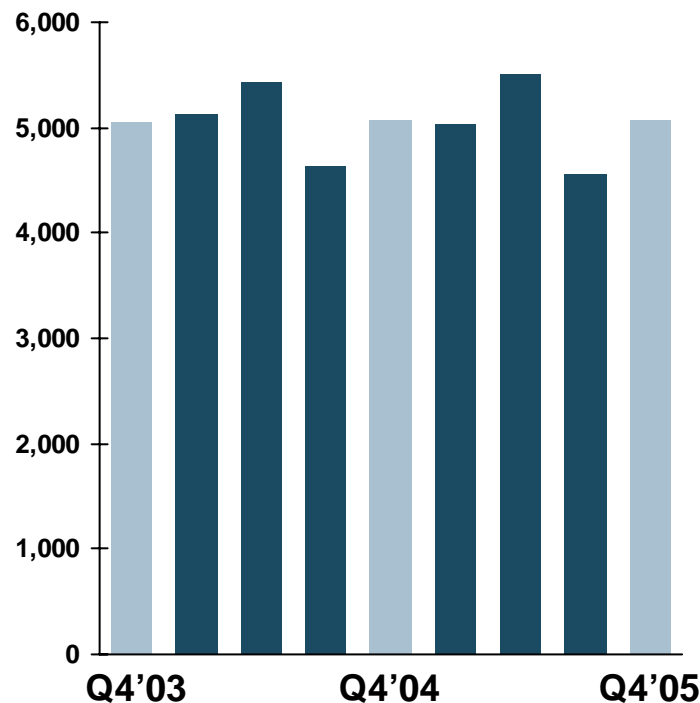
Q4 Light Vehicle production in Europe and N. America

Light vehicles, Quarterly change YoY

NA light vehicle production, thousand units



European light vehicle production, thousand units



	<u>Q4 YoY</u>	<u>Q1-Q4 YoY</u>
Sales	-6.9%	0.5%
Production	1.4%	-0.3%

	<u>Q4 YoY</u>	<u>Q1-Q4 YoY</u>
Sales	-3.1%	-0.7%
Production	-0.1%	-0.6%

Note: Light vehicle comprises of passenger cars and light trucks. Europe includes both Western and Eastern Europe. Sales figures Europe (W+E) refers to passenger cars only, sales figures North America refers to US Light Vehicles only.

Source: J.D. Power; Ward; ACEA; Trelleborg analysis

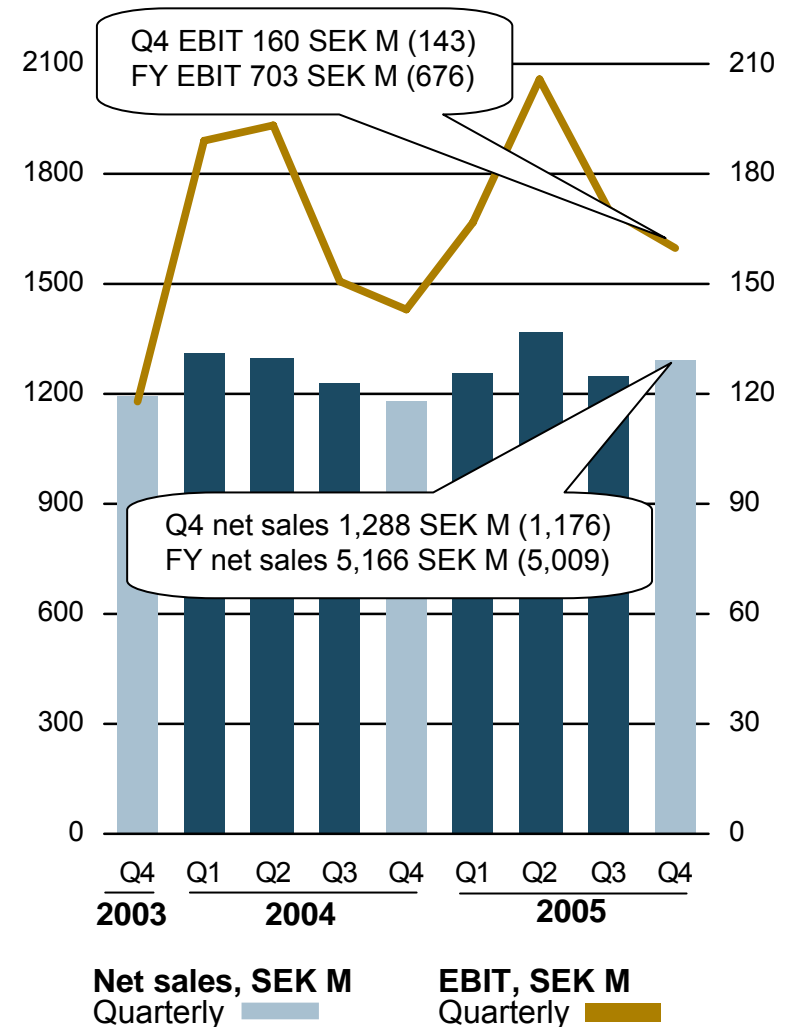
Good Growth within Prioritized Industrial Segments

Trelleborg Sealing Solutions

- ◆ Organic growth 2005: 1 %
- ◆ Strong demand in industrial and aerospace segments
- ◆ Continuous focus on comfort and safety in Auto segments like fuel, ride and climat control
- ◆ Investments in market infrastructure
- ◆ Asian efforts increased
- ◆ Acquisition of Chase-Wallton

Near term actions

- ◆ Securing success of growth initiatives
- ◆ Benefits from investments in marketing/sales infrastructure
- ◆ Start of production in Shanghai in April
- ◆ Managing manufacturing impact of changes in product portfolio



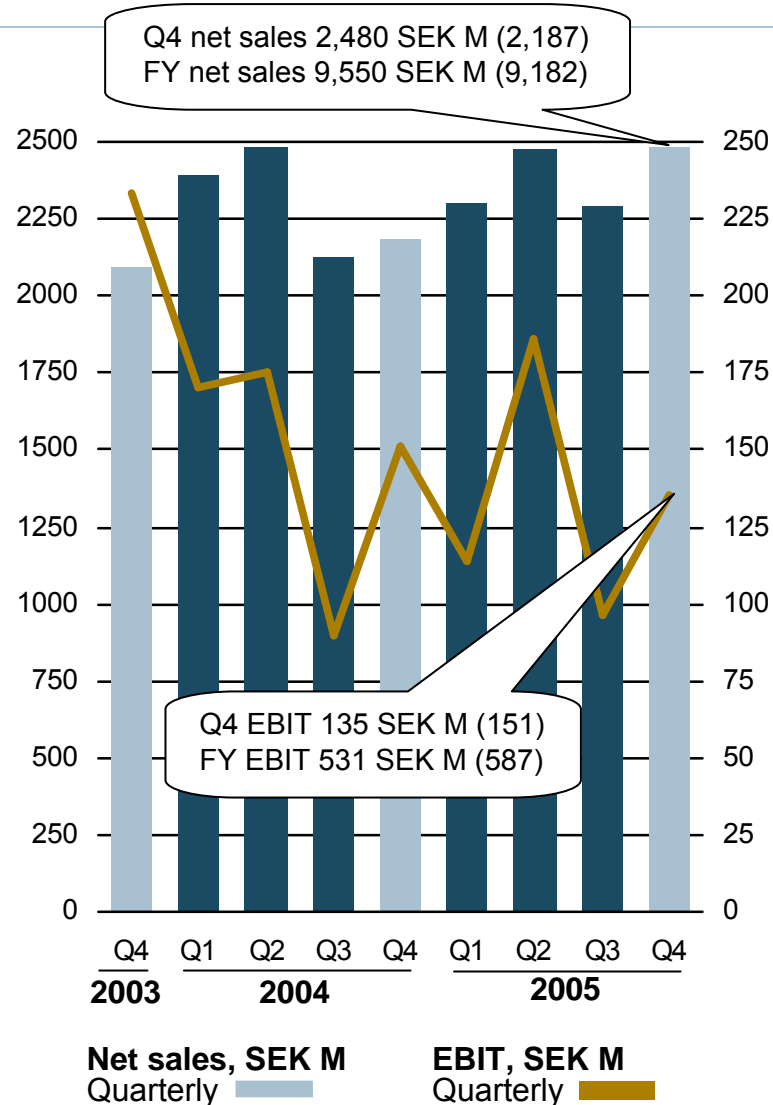
Good Development in US, Brazil and Asia

Trelleborg Automotive

- ◆ Organic growth 2005: 1 %
- ◆ Good sales development in US and Brazil
- ◆ Lower volumes in certain European segments
- ◆ Efficiency losses in Fluid & Acoustics
- ◆ Greenfield plant in Romania
- ◆ Decision on expansion of Korean operations
- ◆ Good order bookings in AVS business

Near term actions

- ◆ New organisation and action program for Fluid & Acoustics
- ◆ Continued expansion in Asia
– India, Korea, China
- ◆ Increased focus on operational efficiency



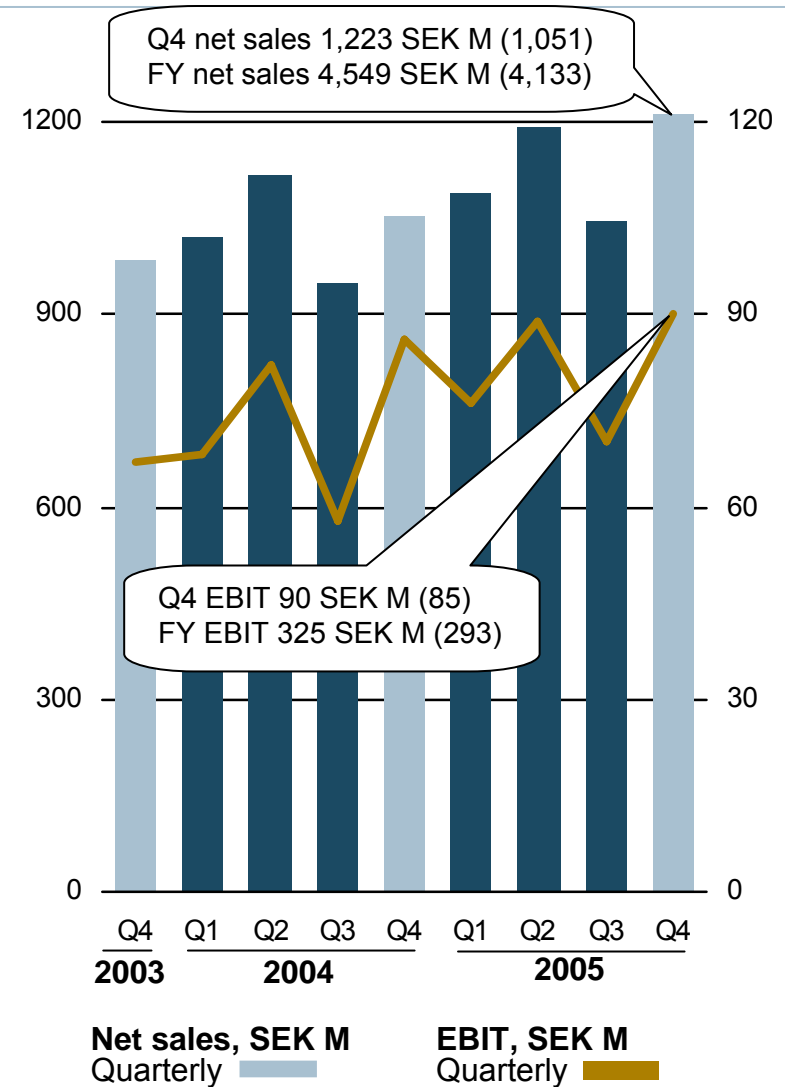
Good Sales and Profit Development for 2005

Trelleborg Engineered Systems

- ◆ Organic growth 2005: 8 %
- ◆ Generally good demand in most markets
- ◆ Focus on selected segments in Industrial Fluid Systems added to a positive result
- ◆ Good sales development in project-related businesses
- ◆ Some Q4 deliveries on a lower margin level in order to enter in to new markets/segments
- ◆ A number of bolt-on acquisitions during the year. Costs taken to release synergies.

Near term actions

- ◆ Integration of new entities
- ◆ Continued pruning and development of product portfolio
- ◆ Increased focus on operational efficiency



Strong Sales and Profit Growth in 2005

Trelleborg Wheel Systems

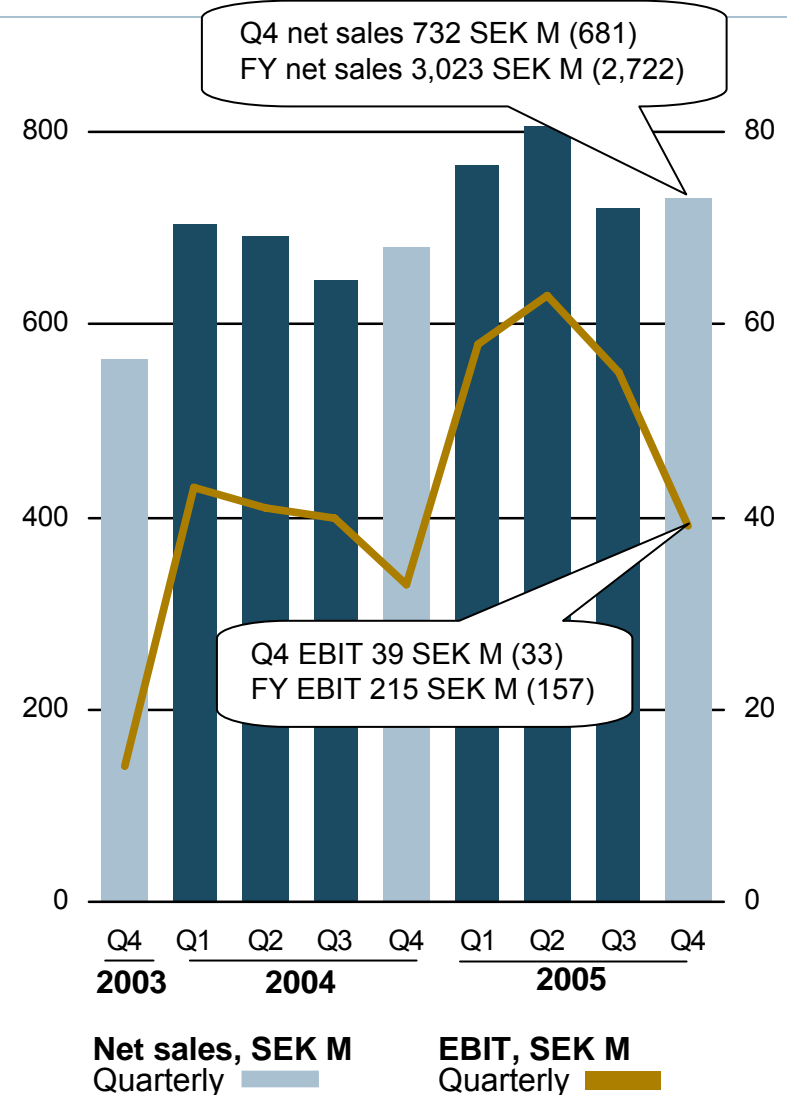
- ◆ Organic growth 2005: 9 %
- ◆ Stable demand in Agri during 2005. TWS gained market shares. OE production adjustments in Q4
- ◆ Strong demand in Industrial Tires segment
- ◆ Strong '05 profit development due to volume, new OE customers, mix and high utilization

Near term actions

- ◆ Closure of production in Trelleborg completed in Q1 '06
- ◆ Continued focus on product mix and selected markets
- ◆ Secure capacity increase in Sri Lanka



SEAL
DAMP
PROTECT



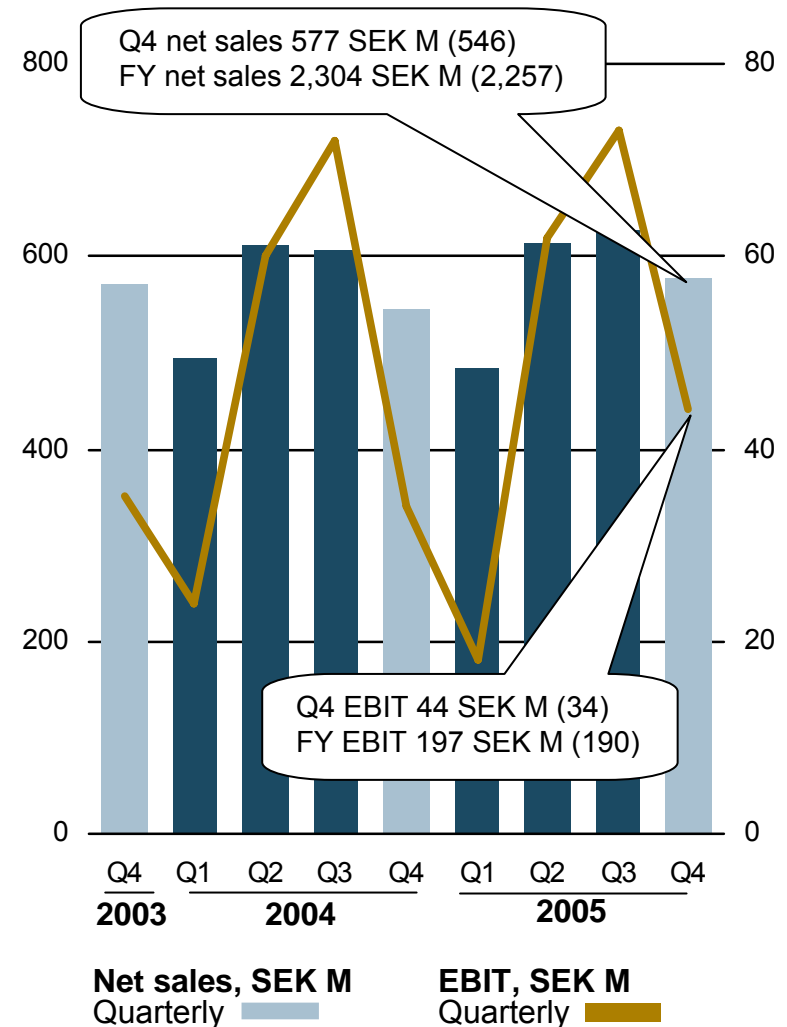
Stable development with a strong finish of the year

Trelleborg Building Systems

- ◆ Organic growth 2005: 3 %
- ◆ Strong demand in Scandinavian market
- ◆ Strong sales in waterproofing, especially in Denmark
- ◆ Generally good development in Pipe Seals. Acquisition of VA Forum.
- ◆ Continuous focus on high-value products in Sealing Profiles segment
- ◆ Acquisition of EPG opens up US market

Near term actions

- ◆ Integration of new business
- ◆ Increased focus on operational efficiency
- ◆ Continued development of new distribution channels and a focus on new, innovative products.



Acquisitions since last report

Acquisitions in Q4 2005

- | | |
|-------------------------------------------|-------------------------------|
| ◆ Chase-Walton Elastomers Inc | Trelleborg Sealing Solutions |
| ◆ Trelleborg Wuxi | Trelleborg Automotive |
| ◆ Andre Structural Bearings | Trelleborg Engineered Systems |
| ◆ Dunlop GRG | Trelleborg Engineered Systems |
| ◆ Trelleborg Composite Hose | |
| ◆ Shangyu Company Ltd | Trelleborg Engineered Systems |
| ◆ CRP Group | Trelleborg Engineered Systems |
| ◆ ECS, Elastomer Compounding s.r.o | Trelleborg Building Systems |

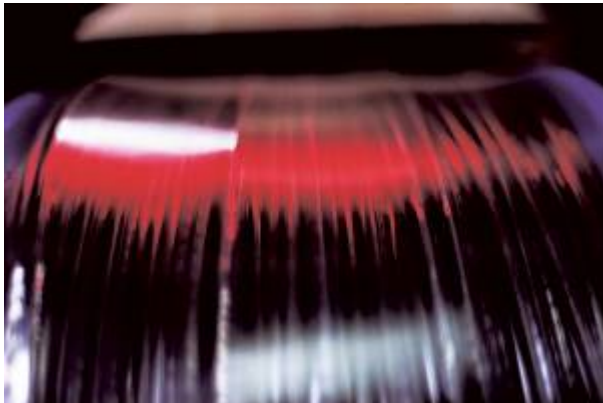
Acquisitions in Q1 2006

- | | |
|------------------|-----------------------------|
| ◆ EPG Inc | Trelleborg Building Systems |
|------------------|-----------------------------|

Approx. 1,000 new employees and 1,600 MSEK in additional sales

ECS, Elastomer Compounding s.r.o

- ◆ Remaining 70 percent acquired from Rado of Germany. Trelleborg has owned 30 percent of ECS since 1998. ECS's mixing unit is located in Western Czech Republic
- ◆ Produces rubber mixtures primarily for profile manufacturers
- ◆ Annual sales approx SEK 75 M, 40 employees.
- ◆ Secures competitive mixing for both Western and Eastern Europe
- ◆ Substantial room for growth
- ◆ Synergies from shared purchasing and cost-efficient supplies to existing units
- ◆ The acquisition also supports Trelleborg Automotive's plant in Romania



Acquisition of CRP Group activities

Trelleborg creates a world leading position in polymer based solutions for offshore oil & gas extraction projects in deep sea environments

- ▼ Purchase price: Approx. 950 MSEK
- ▼ 2005 Turnover of approx. 1,000 MSEK, 500 employees
- ▼ 3 production units in US, 2 in UK
- ▼ Customers include BP, Exxon Mobile, Total, FMC, Technip and others

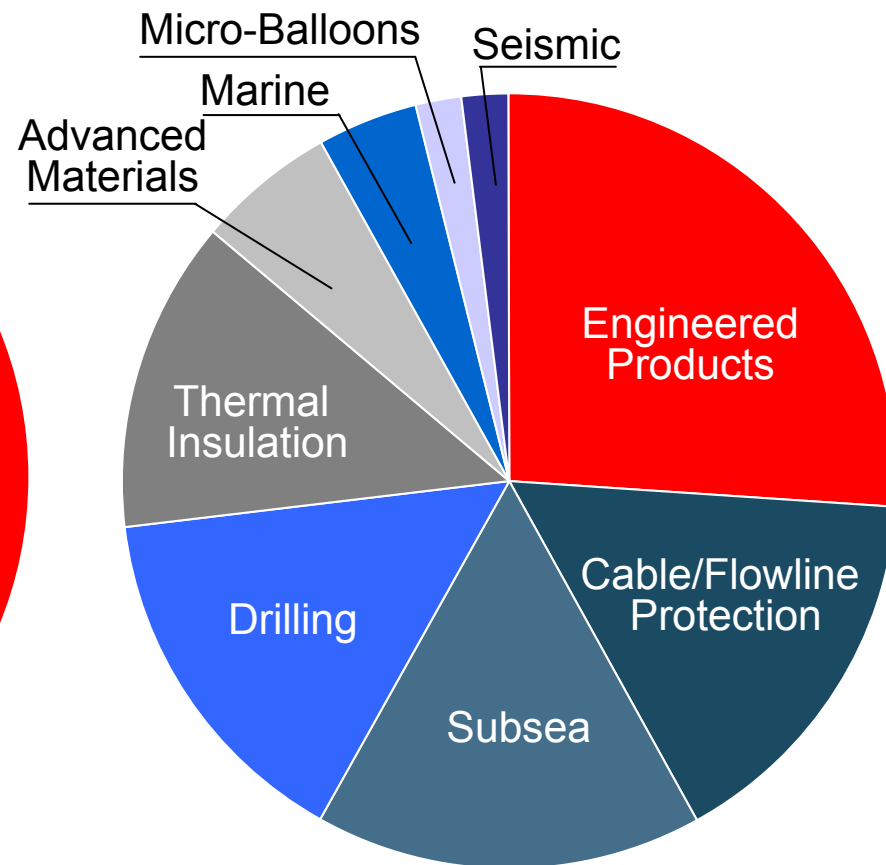
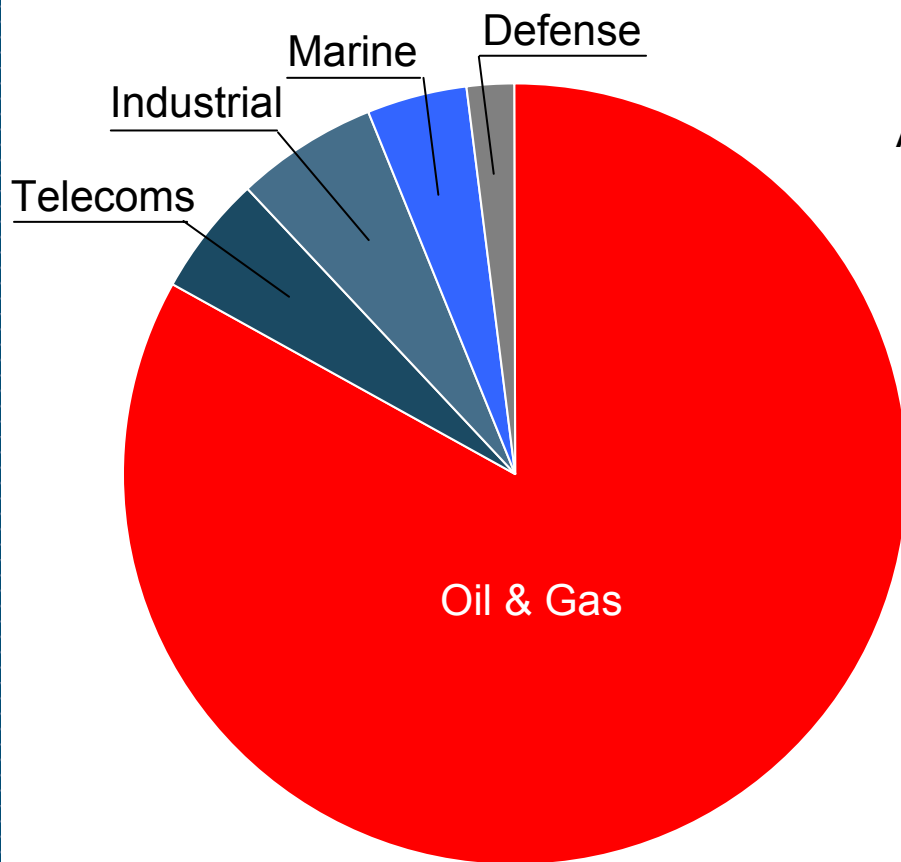
Rationales for the acquisition

- ▼ Strategic fit with several of the Trelleborg Group's own positions
- ▼ Adds both technical and market expertise in a prioritized growth segment
- ▼ Global leader in polymer systems for oil/gas projects in subsea environments
- ▼ Oil & Gas share of group sales increases to 7-8 %, balancing group assets
- ▼ Synergies expected in sales/marketing and technical development
- ▼ Good earning capacity with possibilities for further improvement

CRP world-wide Locations

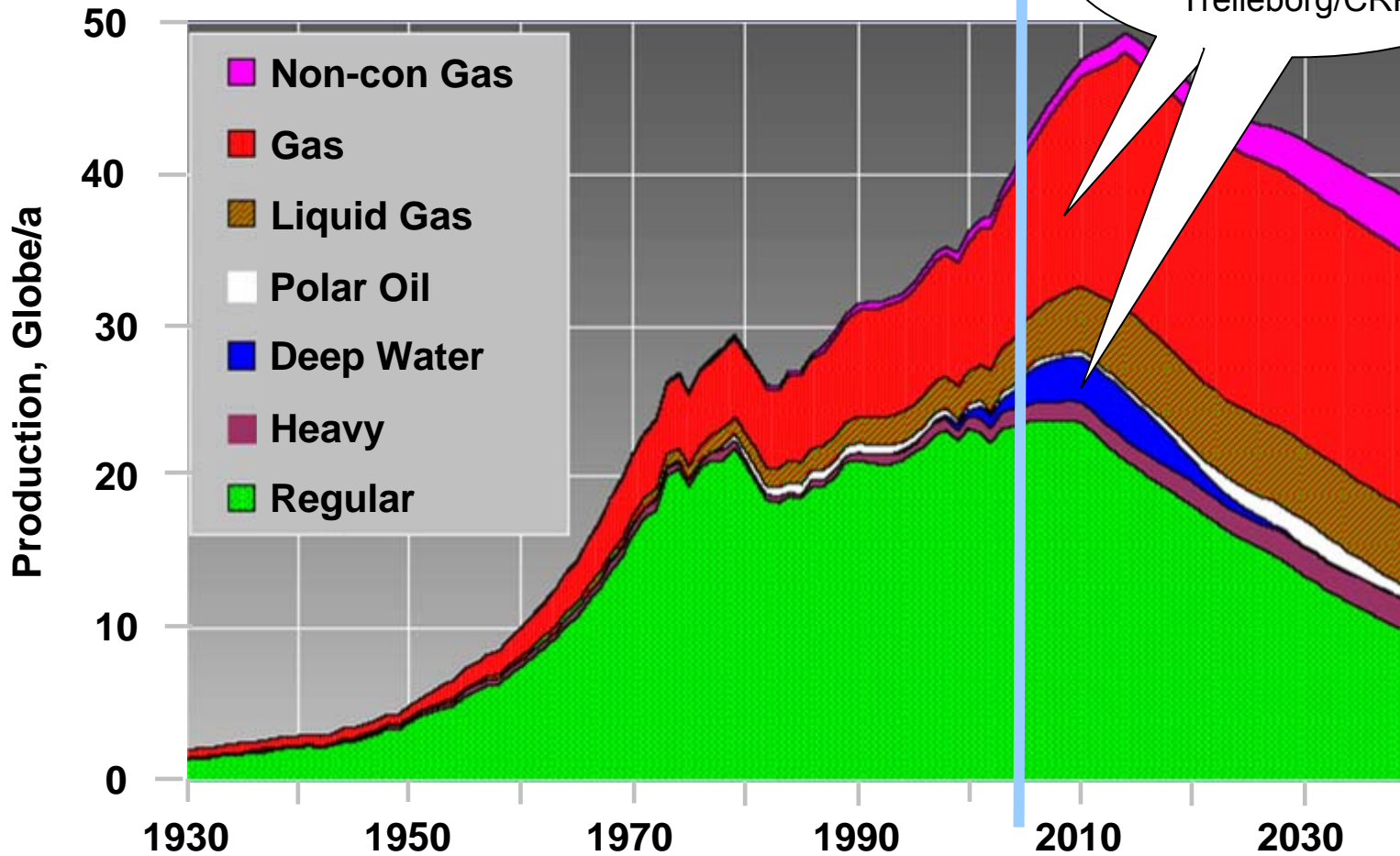


Key Market Segments & Products



Total Production will Increase - Harder to Extract

Increased Prices Open Up New Sources



Gas & Deepwater
- Prioritized growth segments for Trelleborg/CRP

Leading Solutions in Seismic Surveys



Top left to right: 2500 msw Autosub11,
1000 msw ADCP float
Bottom left to right: 400 msw "Tiburón"
(MBARI), Sonargraphic Buoy

Seismic Towed Array



Subsea ROV recovery

Leading Solutions in Drilling



Drill Riser Buoying Models



VIV strakes



Drill Riser Pipe Joint being deployed



Drill Riser Joint

Leading Solutions in Extraction/Production



Uvatherm™ thermal insulation

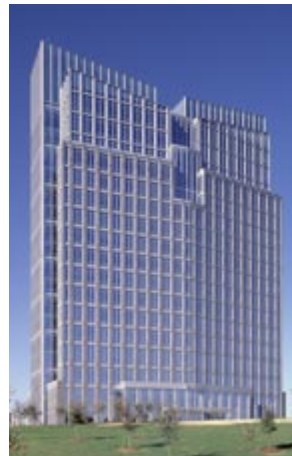


Distributed Buoyancy Modules



EPG Inc.

- ◆ 140 employees, annual sales of approx SEK 170 M.
- ◆ Two production units in Aurora, near Cleveland, Ohio, in the US.
- ◆ Produces polymer sealing products such as extruded profiles (rubber and plastic) and pipe seals, primarily for the construction industry. EPG is a leader primarily in commercial building design.
- ◆ Excellent growth platform for TBS operations in North America
- ◆ Transfer of know-how
- ◆ Increasing demand for high-quality sealing profiles in North America
- ◆ EPG is expected to provide both technical and commercial synergies



Proposal to be submitted to the AGM

▼ **Proposed dividend**

The Board and CEO propose a cash dividend of SEK 5.50 (5.00). Proposed dividend, corresponding to a total of approx. SEK 497 M, entails about 43 % of net profit for 2005.

▼ **Board members**

A nominations committee consisting of the Chairman of the Board and representatives of the major owners propose to the AGM that CEO Peter Nilsson replaces former CEO, Fredrik Arp, on the Board.
Re-election of all current Board members is proposed.

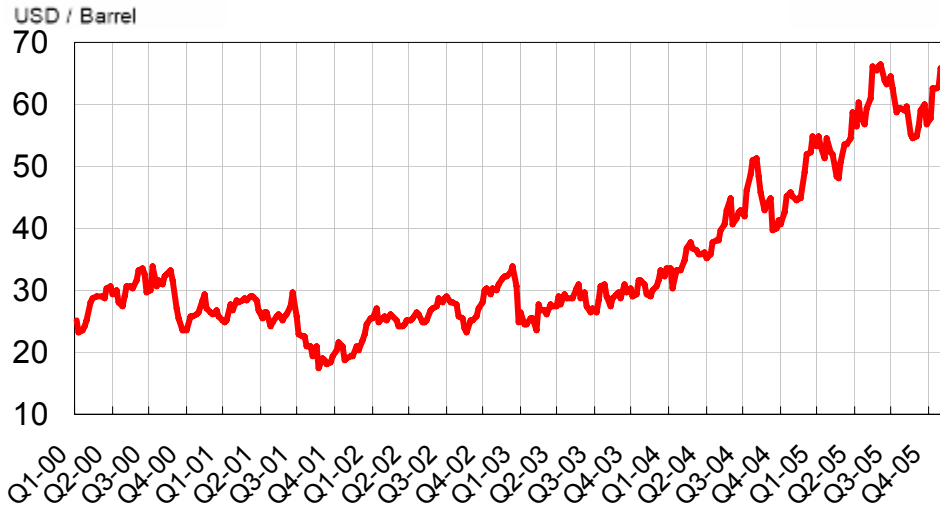
▼ **Buy-back program**

The Board proposes that the AGM decide on cancellation of present number of own shares (approx. 5.6 million) and asks for no new mandate to repurchase own shares.

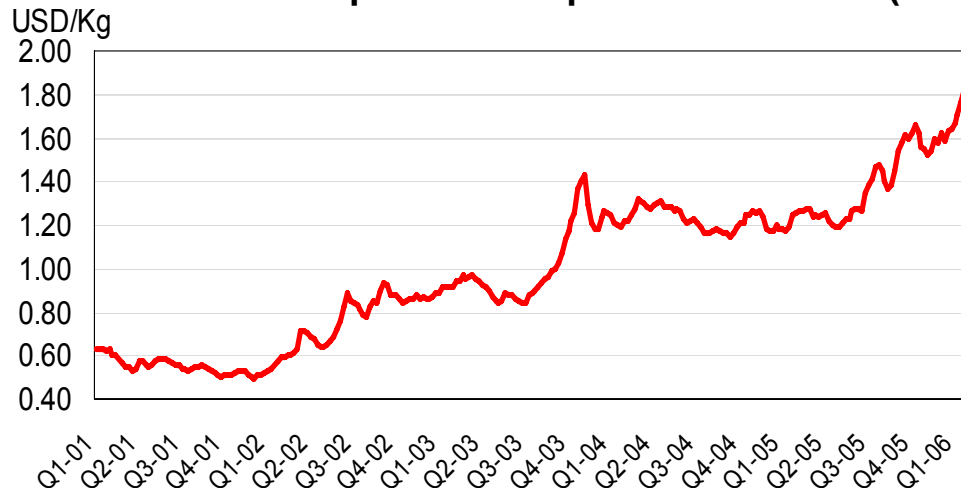
Further Challenges in Raw Materials



Oil price development 00-06



Natural rubber price development 01-06 SMR (FOB)



Near term comments

- ▼ Record high Natural Rubber prices.
- ▼ Unpredictability for polymers in general. Present trend is up, but with mixed signals.
- ▼ Varied picture for Metal components:
 - ▼ Steel expected to be flat or on a lower level than average 2005
 - ▼ Aluminium prices rising.
- ▼ High energy prices
- ▼ Certain delays in recovering increased raw material costs.
- ▼ In four out of five business areas the delay is 1-3 months.

Income Statement



Income Statements¹⁾

Group SEK M	Oct - Dec		Jan - Dec	
	2005	2004	2005	2004
<i>Continuing operations</i>				
Net sales	6 182	5 529	24 170	22 912
Cost of goods sold	-4 566	-4 435	-17 665	-17 048
Gross profit	1 616	1 094	6 505	5 864
Selling expenses	-534	-536	-2 077	-2 013
Administrative expenses	-656	-621	-2 461	-2 386
Research and development costs	-129	-134	-476	-493
Other operating income/expense	99	116	255	226
Profit from participation in associated companies	13	15	33	37
Operating profit	409	-66	1 779	1 235
Financial income and expenses	-59	-58	-212	-287
Profit before tax	350	-124	1 567	948
Tax	-57	66	-390	-218
Profit for the period	293	-58	1 177	730
<i>Discontinued operations</i>				
Result from participation in Trenor	-	-	-	47
Result from sales of shares in Trenor	-	-	-	609
Operating profit	-	-	-	656
Profit before tax	-	-	-	656
Profit for the period	-	-	-	656
Total operating profit	409	-66	1 779	1 891
Total profit before tax	350	-124	1 567	1 604
Total profit for the period	293	-58	1 177	1 386
- attributable to equity holders of the parent	288	-59	1 161	1 372
- attributable to minority interest	5	1	16	14

Continuous low interest rates

16 % - due to utilization of old tax losses

1) Costs have been distributed in accordance with IFRS. Comparison figures have been reclassified accordingly.

Key operating ratios



Operating key ratios				
<i>Continuing operations, excluding restructuring costs and impairment losses</i>				
Operating profit	409	416	1 779	1 795
Profit before tax	350	358	1 567	1 508
Profit for the period	293	284	1 177	1 122
Earnings per share, SEK ¹⁾	3,20	3,15	12,90	12,55
EBITDA, %	9,9	11,1	10,7	11,4
Operating margin (ROS), %	6,4	7,3	7,2	7,7
Return on capital employed (ROA), %			10,8	11,2
Return on shareholders' equity, %			12,5	13,9
Operating cash flow			1 788	1 483
Operating cash flow/Operating profit, %			101	83
Operating cash flow per share, SEK ²⁾			19,85	16,80
Net debt/EBITDA, multiple			2,8	2,6
EBITDA/Financial income and expenses, multiple			12,4	9,2

Slightly better than LY
– in line with guidance

1) Profit for the period attributable to equity holders of the parent divided by the average number of shares outstanding
2) Operating cash flow related to the average number of shares outstanding

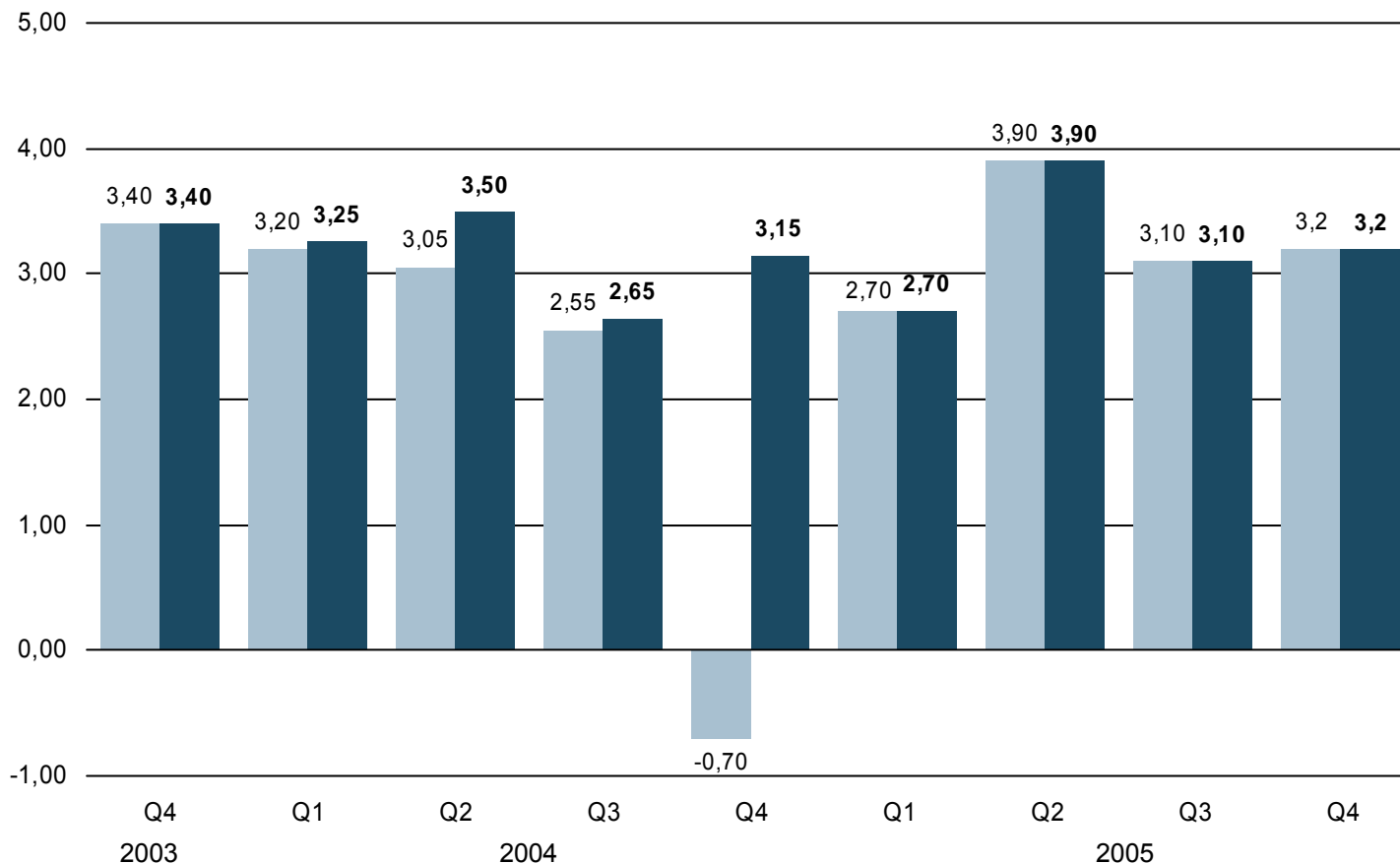
Cash Flow Report

Trelleborg Group, SEK M

Jan - December	EBITDA, excl. assoc. companies	Gross invest- ments	Fixed assets sold	Change in working capital	Total cash flow	
					2005	2004
Trelleborg Automotive	967	-485	4	40	526	340
Trelleborg Sealing Solutions	904	-148	45	-91	710	579
Trelleborg Engineered Systems	464	-94	1	-54	317	321
Trelleborg Wheel Systems	321	-84	2	-4	235	228
Trelleborg Building Systems	263	-49	1	15	230	218
Other companies	-9	-1	15	-3	2	-3
Group items	-264	-15	19	28	-232	-200
Operating cash flow	2,646	-876	87	-69	1 788	1 483
Restructuring measures for which provisions were made in the acq. balance sheet					-63	-248
Other restructuring measures					-107	-30
Dividend paid to minority					-1	-2
Financial items					-262	-288
Taxes					-405	-379
Free cash flow					950	536
Acquisitions					-368	-346
Divestments					-	1 097
Dividend paid to shareholders					-452	-396
Exercise of warrants and call options					78	168
Total net cash flow					208	1 059

Q4 Earnings Per Share SEK 3.20 (3,15)

Earnings per share for continuing operations, **Light Blue**, and also excl. restructuring costs/impairment losses, **Blue**, SEK

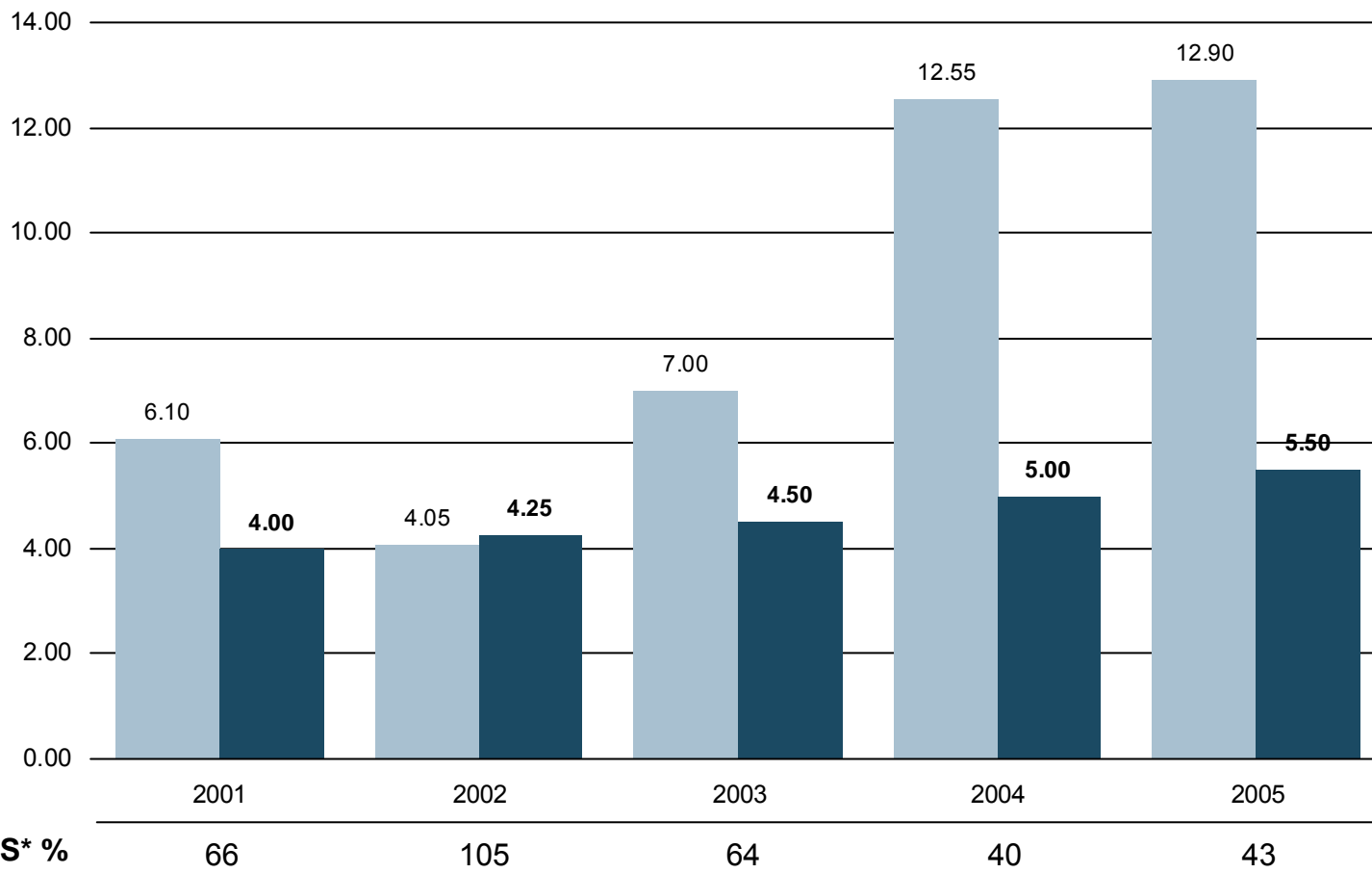


R12 EPS, continuing operations excl. restructuring costs/impairment losses

9.40 10.80 12.15 12.80 12.55 12.00 12.40 12.85 **12.90**

Proposed dividend 10 % up - 5.50 (5.00)

Earnings per share for continuing operations, **Light Blue**, and dividend per share, **Blue**, SEK



Group Dividend Policy states that dividend long-term should represent 30-50 % of yearly net results

Outlook for the first six month 2006

- ▼ For the first half of 2006, continued market growth, in line with the second half of 2005, is expected in the Group's seven principal markets.
- ▼ A high level of demand for natural rubber and continued volatility in oil prices affecting the pricing scenario for certain polymer raw materials is expected to result in continued price pressure during the first half of 2006.

This interim report presentation is based on a financial report presented according to International Financial Reporting Standards (IFRS). Comparison figures has been compiled from January 1, 2004. More details can be found in the full Interim Report, pages 17-18 on www.trelleborg.com.

Calendar

Distribution of Annual Report
AGM & Interim Report, January – March
Interim Report, January-June
Interim Report, January-September

Week 13, 2006
April 25, 2006
July 19, 2006
October 27, 2006

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 or can be downloaded from 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 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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