

# Welcome to Nine Month Report Update

## October 26, 2005



During the past century, Trelleborg has devoted its best efforts to damping, sealing and protecting against the impact of the elements. Our problem-solving approach focuses on superior quality and has been tested over time and under the harshest conditions.



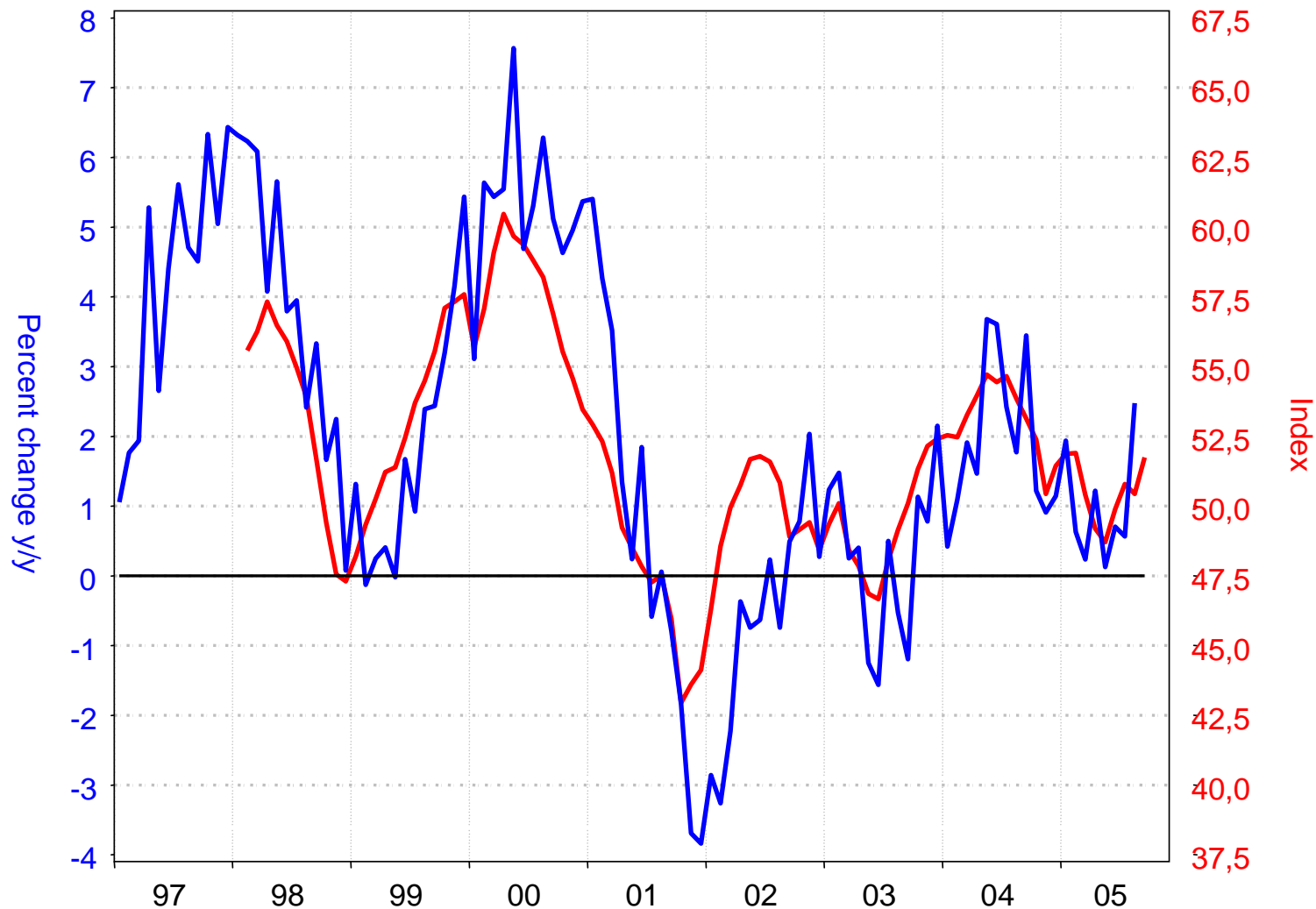
GROUP

- ▼ **Sales increase of 7 % in Q3 2005**
  - ▼ Group Net Sales in Q3 5,846 SEK M (5,460)
  - ▼ Group Organic Growth Q3 4 %
  - ▼ Group Net Sales YTD, 17,988 SEK M (17,383)
  - ▼ Group Net Sales R12, 23,517 SEK M (22,912)
  
- ▼ **Net Profit rose from 233 to 284 MSEK in Q3 2005**
  - ▼ Operating Profit increased to 425 SEK M (389) (continuing operations, excl restructuring costs and write-downs)
  - ▼ All five business areas increased their operating profit YoY
  
- ▼ **Continuously strong cash flow**
  - ▼ Continuously strong operating cash flow 1261 SEK M (1116)
  - ▼ Free cash flow 700 SEK M (455)
  - ▼ Positive effects from ongoing capital efficiency program
  
- ▼ **GICS Reclassification of Trelleborg – Industrial Machinery**
  - ▼ From Sept 15 2005 Trelleborg classification is SX201060PI – Industrial Machinery

# EMU Purchasing managers index vs Ind. Production

GROUP

EMU Purchasing managers index vs Industrial Production

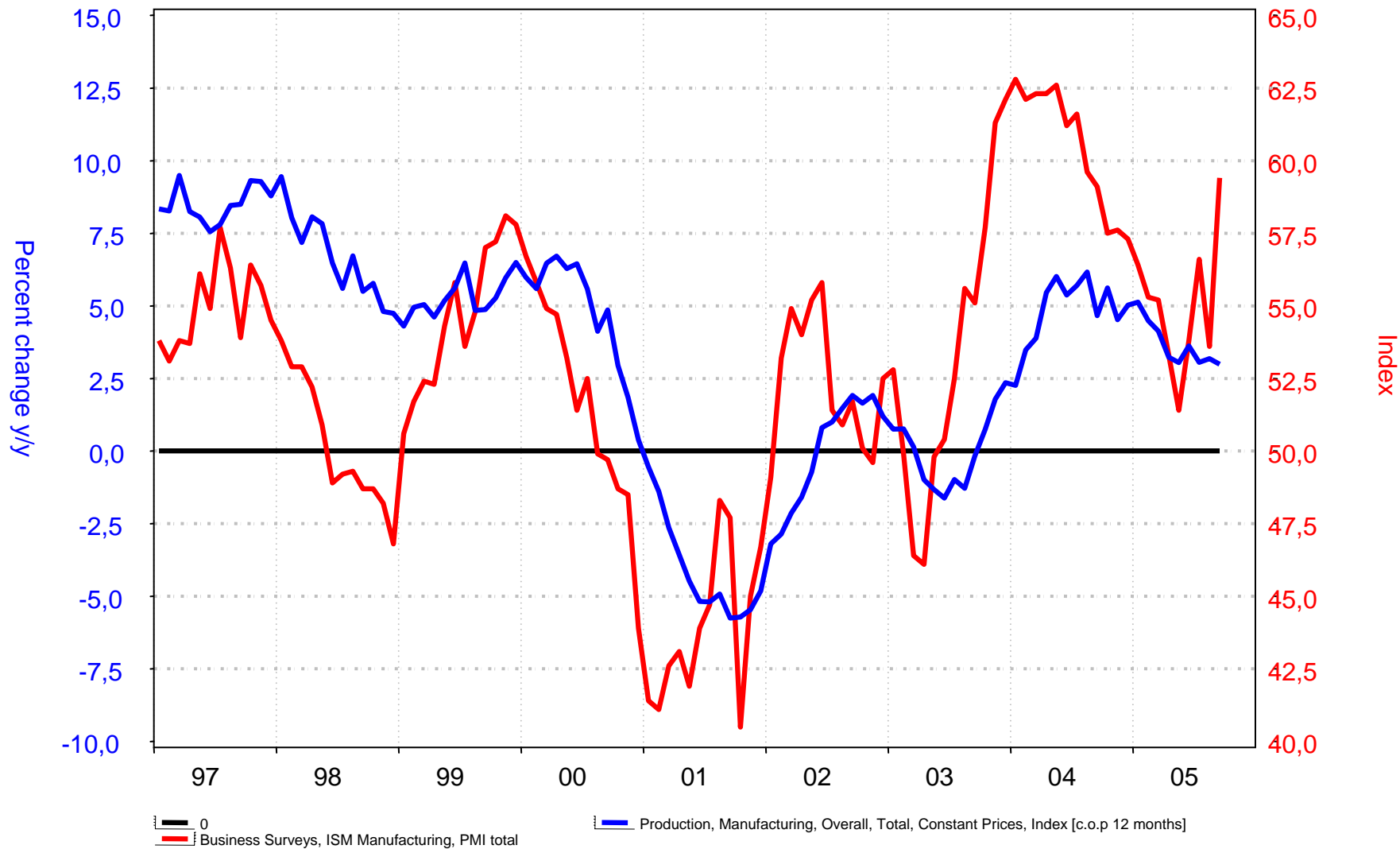


— Euro Zone, Business Surveys, PMI, Manufacturing Sector, Total, SA  
— Eurostat, Euro Zone, Production, Overall, Total, excluding construction, SA, Index, EUR [c.o.p 12 months]

# USA: ISM purchasing managers index vs ind. production

GROUP

US Industrial Production and ISM

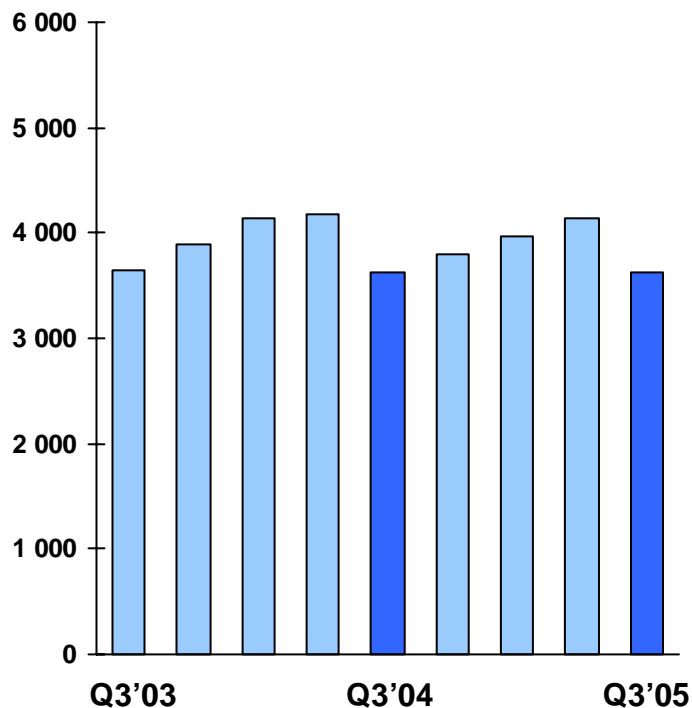


# Q3 production down in Europe, positive sales both in US and Europe

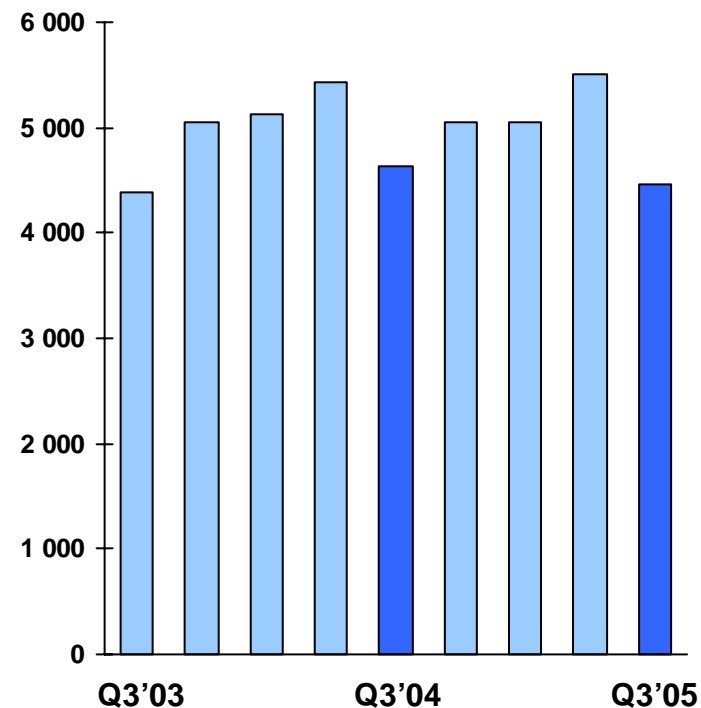
GROUP

## Light vehicles, Quarterly change YoY

NA light vehicle production, thousand units



European light vehicle production, thousand units



	<u>Q3 YoY</u>	<u>Q1-Q3 YoY</u>
Sales	4.3%	2.8%
Production	0.1%	-1.7%

	<u>Q3 YoY</u>	<u>Q1-Q3 YoY</u>
Sales	1.9%	-0.1%
Production	-3.8%	-1.2%

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.

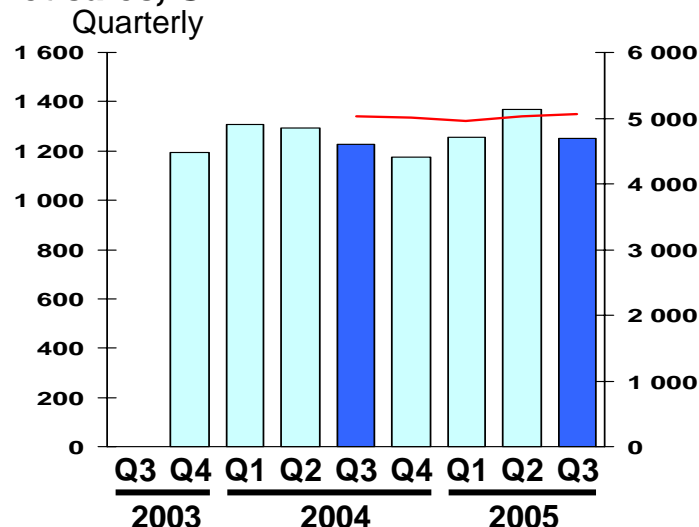
Source: J.D. Power; Ward; ACEA; Trelleborg analysis

# Good growth within prioritized industrial segments

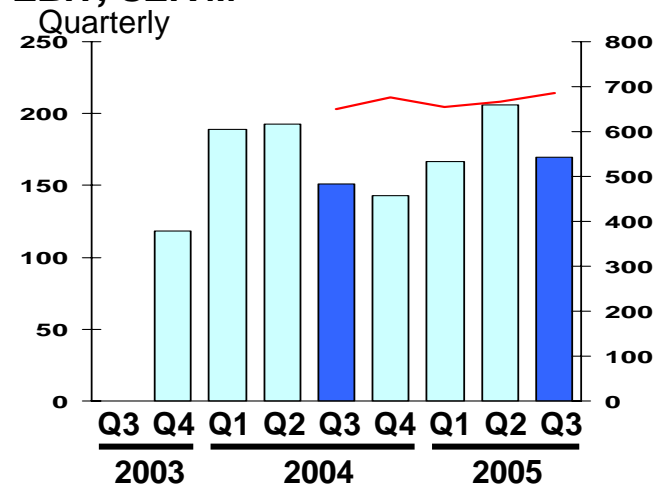
## Trelleborg Sealing Solutions

- ▼ Q3 net sales 1,252 SEK M (1,228)
- ▼ Nine months net sales 3,878 (3,833)
- ▼ R12 net sales 5,054 SEK M (5,009 FY)
  
- ▼ Q3 Organic growth -1 %
- ▼ Good demand and sales in industrial and aerospace. Lower sales in Automotive due to market and strategy to exit low margin segments
- ▼ Margin improvement YoY for the 9M period due to good segment mix
- ▼ Implementation of market & distribution organisation in N America and Asia runs to plan. Activities in Europe to further improve OTD.
- ▼ Construction of new Chinese factory ongoing. Rollon integration successfully completed.
  
- ▼ Q3 EBIT amounted to 170 SEK M (150)
- ▼ Nine months EBIT 543 SEK M (533)
- ▼ R12 EBIT 686 SEK M (676 FY)

**Net sales, SEK M**



**EBIT, SEK M**



# US bolt-on acquisition within Aerospace and Medical

## Chase-Walton business strengthens Trelleborg in precision aerospace seals

- ▼ Annual sales of approximately SEK 100 M and about 110 employees at two production units in Hudson, Massachusetts, in the US.
- ▼ Designs, develops and manufactures silicone components for primarily the aerospace, meditech and biotech industries.
- ▼ Strengthens TSS position in important market segments with favorable growth potential
- ▼ Expands TSS coverage of the US market.
- ▼ Provides in-depth expertise and experience in silicone technology
- ▼ Chase-Walton will be integrated into TSS present structure



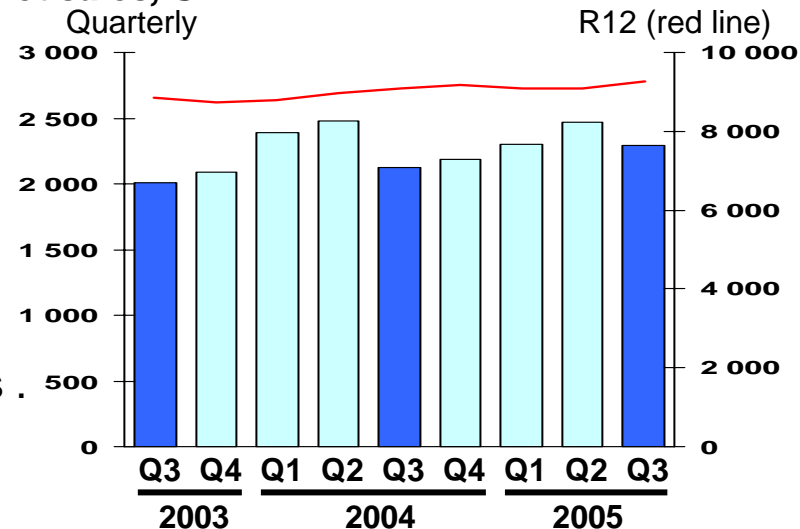
# Good sales development in North America

AUTOMOTIVE

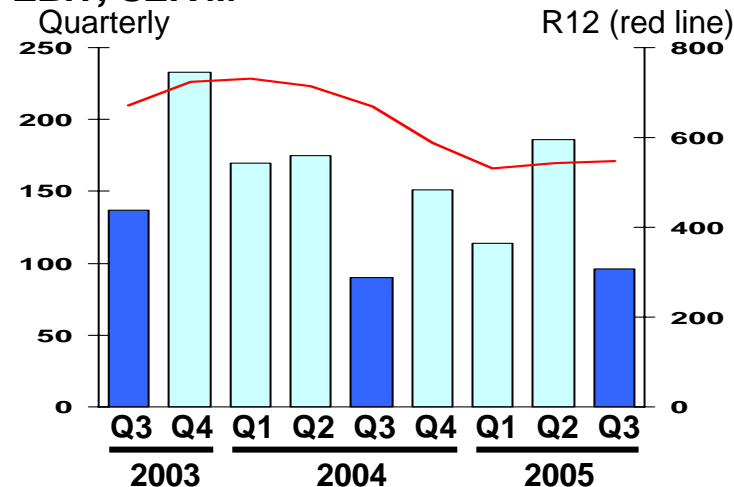
## Trelleborg Automotive

- ▼ Q3 net sales 2,295 SEK M (2,122)
- ▼ Nine months net sales 7,070 SEK M (6,995)
- ▼ R12 net sales 9,257 MSEK (9,182 FY)
  
- ▼ Q3 organic growth +3 %. Continuously improved sales and gained market shares in NA operations . Lower volumes and mix effected European operations
- ▼ The strong global technology plattform within AVS continues to generate favorable order bookings
- ▼ Good productivity and successful efficiency/ rationalization efforts compensated for raw material price increases
- ▼ Concerns within the NA auto industry is currently expected to have limited effect on Trelleborg. Delphi exposure is marginal
  
- ▼ Q3 EBIT amounted to 96 SEK M (91)
- ▼ Nine months EBIT 396 SEK M (436)
- ▼ R12 EBIT 547 MSEK (587 FY)

**Net sales, SEK M**



**EBIT, SEK M**

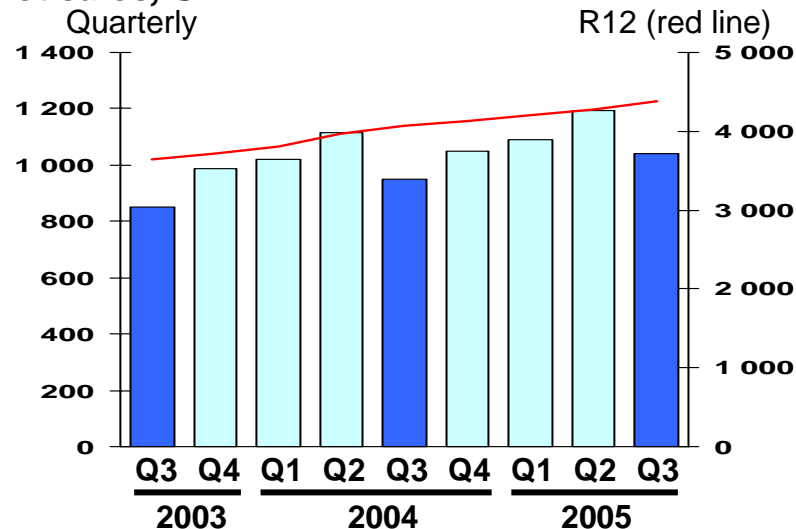


# Good sales and profit development

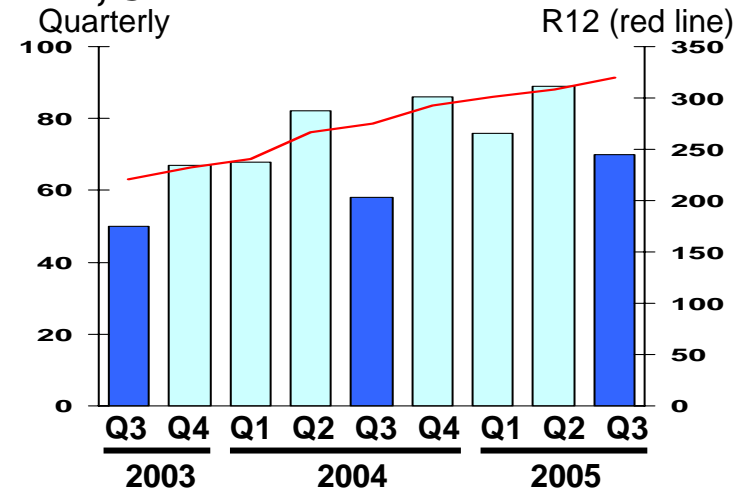
## Trelleborg Engineered Systems

- ▼ Q3 net sales 1,042 SEK M (948)
- ▼ Nine months net sales 3,326 SEK M (3,082)
- ▼ R12 net sales 4,377 MSEK (4,133 FY)
  
- ▼ Q3 organic growth 8 %.
- ▼ Good Q3 demand in most product segments.
- ▼ Positive effects on profits from successful segmentation within Industrial Fluid Systems and good sales development within project related businesses
  
- ▼ Lennart Johansson, President Kemira Kemwater/Kemira AB, appointed new BA President from Nov 1 2005.
  
- ▼ Q3 EBIT amounted to 70 SEK M (58)
- ▼ Nine months EBIT 235 SEK M (208)
- ▼ R12 EBIT 320 SEK M (293 FY)

**Net sales, SEK M**



**EBIT, SEK M**



# Breakthrough for Elastopipe™ in North Sea

## Frame agreement signed with CNR International

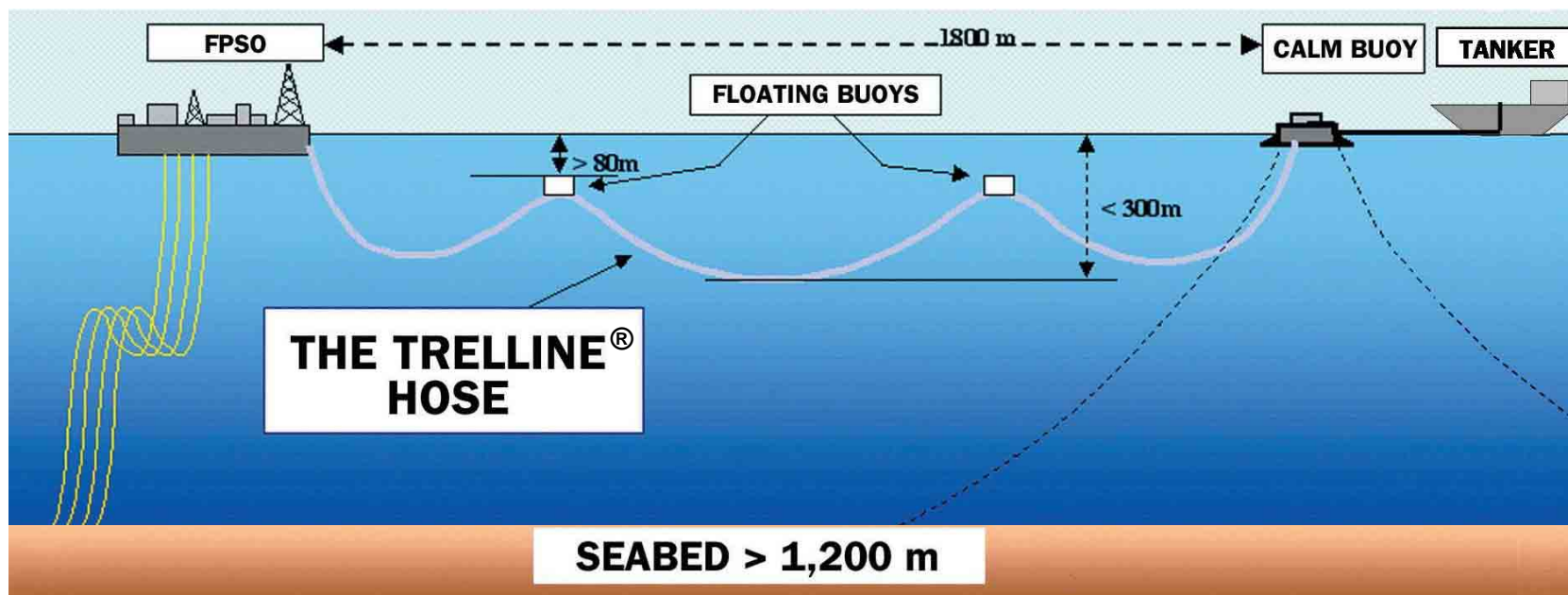
- ▼ A four-year framework agreement with Canadian Natural Resources, CNR International (UK) Limited, regarding upgrading of solutions for fire safety/sealing on CNRs North Sea platforms.
- ▼ The framework agreement comprises Elastopipe™, a flexible, polymer-based sprinkler and deluge system with unique patented characteristics, and pipe-penetration seals.
- ▼ An international breakthrough for the Elastopipe™ system, which is the result of many years of development within Trelleborg Viking AS in Norway.
- ▼ Elastopipe™ is manufactured from fire-retardant synthetic rubber and has been developed for sprinkler and deluge systems in extreme high-risk environments, such as oil platforms.



# Significant Trelline<sup>®</sup> order to West Africa

## Order for deep-sea hose system Trelline to major oil company in West Africa

- ▼ First major order for an entirely newly-developed hose system for deep-sea oil projects. Following more than two years of development in cooperation with international engineering company Single Buoy Moorings Group
- ▼ The unique polymer-based hose system is the first of its kind – with features especially interesting for operations in very deep waters - 800 to 3,000 meters.
- ▼ The *Trelline*<sup>®</sup> hose system will be used for connection to one of the major oil companies in West Africa's FPSOs (Floating Production, Storage & Offshore Loading rigs).
- ▼ Order value approx. SEK 100 M. Delivery during 2006.

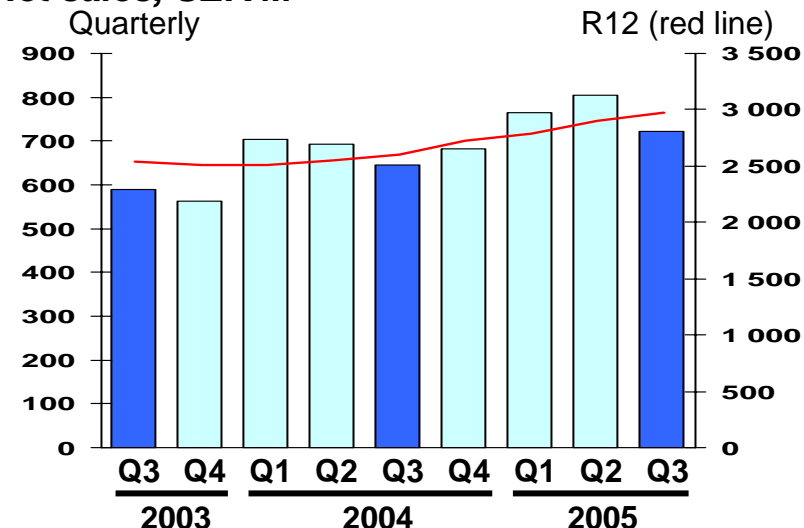


# Strong sales and profit growth

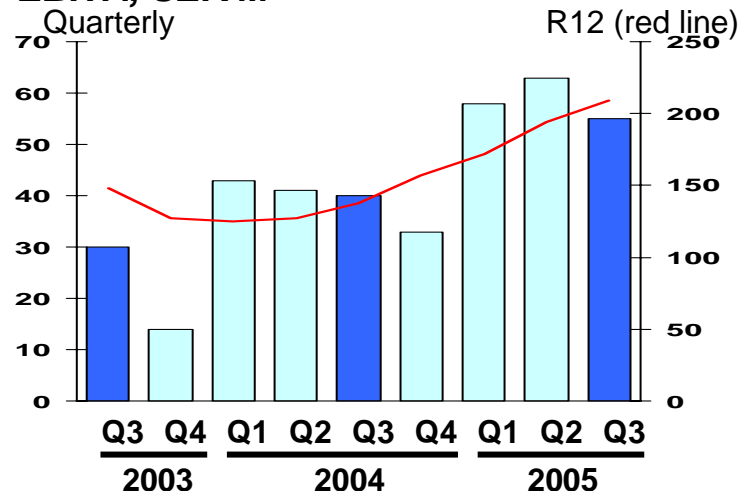
## Trelleborg Wheel Systems

- ▼ Q3 net sales 721 SEK M (645)
- ▼ Nine months net sales 2,291 SEK M (2,041)
- ▼ R12 net sales 2,972 MSEK (2,722 FY)
- ▼ Q3 organic growth 9 %.
- ▼ Continuous good sales and profit development in Q3 in both Agri and industrial segments
- ▼ EBIT up 40 % due to volumes, new OE customers, good product mix and high capacity utilization.
- ▼ TWS continues to capture market shares in Agri. Improved production capacity supports growth in emerging markets
- ▼ Production move from Trelleborg runs according to plan
- ▼ CIMAP acquisition strengthens aftermarket efforts in France
- ▼ Q3 EBIT amounted to 55 SEK M (39)
- ▼ Nine months EBIT 176 SEK M (124)
- ▼ R12 EBIT 209 SEK M (157 FY)

Net sales, SEK M



EBITA, SEK M



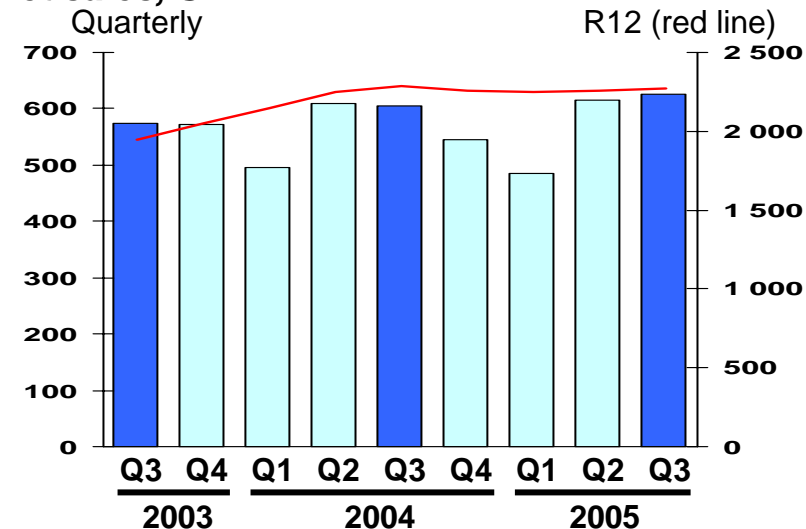
# Good sales in Scandinavian Waterproofing

BUILDING  
SYSTEMS

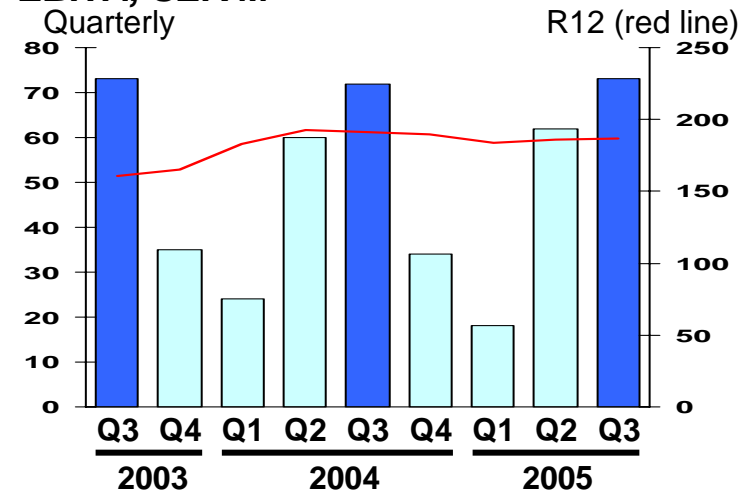
## Trelleborg Building Systems

- ▼ Q3 net sales 626 SEK M (606)
- ▼ Nine months net sales 1,727 SEK M (1,711)
- ▼ R12 net sales 2,273 MSEK (2,257 FY)
- ▼ Q3 organic growth 3 %. Continuously good demand in Scandinavian construction markets.
- ▼ New innovative products/distribution channels to meet increasing competition in retail segment
- ▼ Good growth through new customers and an improved production structure, effected profits positively in Waterproofing.
- ▼ Strong Q3 sales in Pipe Seals due to effective market efforts. Acquisition of small maintenance and repair company VA Forum in Sweden
- ▼ Continous focus on high value products within Sealing Profiles, causing certain negative impact on growth and profit in Q3
- ▼ Q3 EBIT amounted to 73 SEK M (71)
- ▼ Nine months EBIT 153 SEK M (156)
- ▼ R12 EBIT 187 MSEK (190 FY)

Net sales, SEK M



EBITA, SEK M



# Volatile and uncertain raw material cost development ..

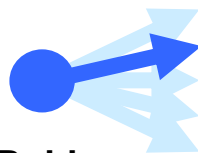
GROUP

Effects expected to be balanced in 4 of 5 business areas, some delays in Automotive

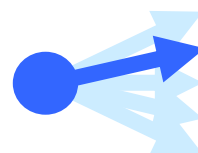
## Polymers



Natural Rubber



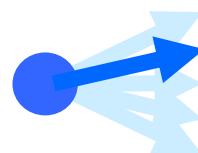
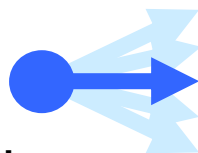
## Change in development



▼ Further price increases



Other polymers

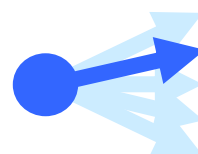
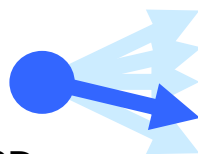


▼ Prices on the move up again, mainly due to high oil prices

## Metal Components



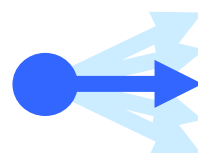
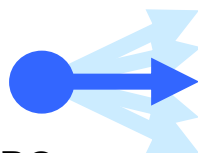
Steel USD



▼ Temporary rebound in decline, at least in Q4 and possibly Q1 06



Steel EURO



▼ Slightly higher prices expected, at least in Q4 and possibly Q1 06

# Operating Key Ratios

GROUP

Operating key ratios	July - Sep		Jan - Sep		Oct 2004 - Sep 2005	Full year 2004
	2005	2004	2005	2004		
<i>Continuing operations, excluding restructuring costs and impairment losses</i>						
Operating profit	425	389	1 370	1 379	1 786	1 795
Profit before tax	392	317	1 217	1 150	1 575	1 508
Profit for the period	284	238	884	838	1 168	1 122
Earnings per share, SEK <sup>1)</sup>	3,10	2,65	9,70	9,40	12,85	12,55
Operating margin (ROS), % <sup>3)</sup>			7,5	7,9	7,5	7,7
Return on capital employed (ROA), % <sup>3)</sup>			11,1	11,3	11,1	11,2
Return on shareholders' equity, %	11,8	10,9	12,9	13,6	12,6	13,9
Operating cash flow	509	513	1261	1 116	1 628	1 483
Operating cash flow per share, SEK <sup>4)</sup>	5,65	5,80	14,00	12,70	18,10	16,80

1) Profit for the period attributable to equity holders of the parent divided by the average number of shares outstanding

3) Based on rolling 12-months values

4) Operating cash flow related to the average number of shares outstanding

# Trelleborg Group – Income Statements

GROUP

## Income Statement

Group	July - Sep		Jan - Sep		Oct 2004 -	Full year
SEK M	2005	2004	2005	2004	Sep 2005	2004
<i>Continuing operations</i>						
Net sales	5 846	5 460	17 988	17 383	23 517	22 912
Cost of goods sold	-4 287	-3 987	-13 099	-12 613	-17 534	-17 048
<b>Gross profit</b>	<b>1 559</b>	<b>1 473</b>	<b>4 889</b>	<b>4 770</b>	<b>5 983</b>	<b>5 864</b>
Selling expenses	-506	-480	-1 543	-1 477	-2 079	-2 013
Administrative expenses	-586	-559	-1 805	-1 765	-2 426	-2 386
Research and development costs	-105	-107	-347	-359	-481	-493
Other operating income/expense	55	49	156	110	272	226
Profit from participation in associated companies	8	7	20	22	35	37
<b>Operating profit</b>	<b>425</b>	<b>383</b>	<b>1 370</b>	<b>1 301</b>	<b>1 304</b>	<b>1 235</b>
Financial income and expenses	-33	-72	-153	-229	-211	-287
<b>Profit before tax</b>	<b>392</b>	<b>311</b>	<b>1 217</b>	<b>1 072</b>	<b>1 093</b>	<b>948</b>
Tax	-108	-78	-333	-284	-267	-218
<b>Profit for the period</b>	<b>284</b>	<b>233</b>	<b>884</b>	<b>788</b>	<b>826</b>	<b>730</b>

# Cash flow report

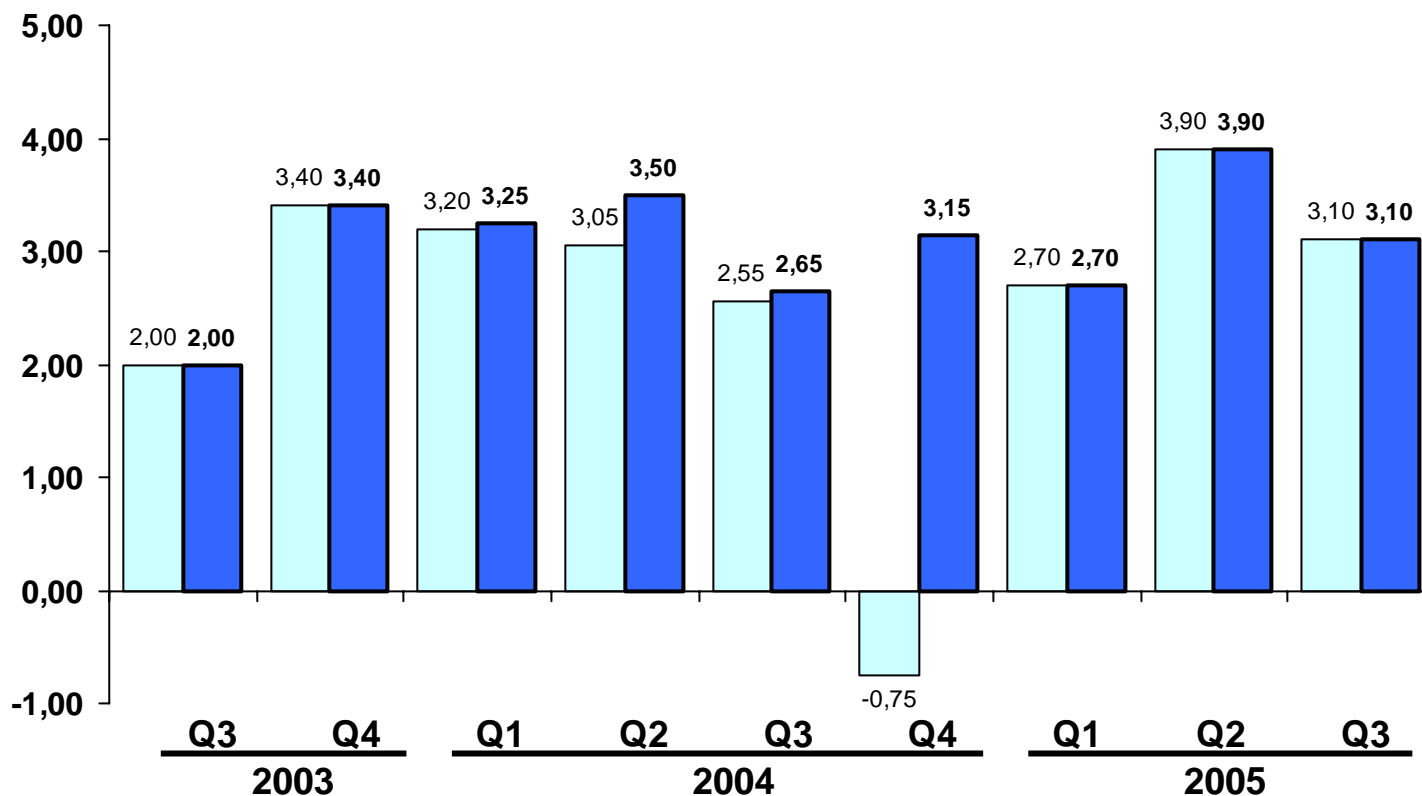
**GROUP**
**Trelleborg Group, SEK M**

Jan - September	EBITDA, excl. assoc. companies	Gross invest- ments	Fixed assets sold	Change in working capital	Total cash flow		
					2005	2004	R12 2005
Trelleborg Automotive	734	-375	1	83	443	333	450
Trelleborg Sealing Solutions	685	-100	28	-202	411	440	550
Trelleborg Engineered Systems	337	-57	1	-10	271	237	355
Trelleborg Wheel Systems	256	-48	0	-11	197	150	275
Trelleborg Building Systems	202	-36	2	-33	135	102	251
Other companies	-8	0	14	6	0	0	-3
Group items	-188	-11	19	-16	-196	-146	-250
<b>Operating cash flow</b>	<b>2,018</b>	<b>-627</b>	<b>65</b>	<b>-195</b>	<b>1 261</b>	<b>1 116</b>	<b>1 628</b>
Restructuring measures for which provisions were made in the acq. balance sheet					-47	-180	-115
Other restructuring measures					-80	-26	-84
Dividend paid to minority					-1	-2	-1
Financial items					-161	-174	-275
Taxes					-272	-279	-372
<b>Free cash flow</b>					<b>700</b>	<b>455</b>	<b>781</b>
Acquisitions					-127	-336	-137
Divestments					-	1 097	-
Dividend paid to shareholders					-452	-396	-452
Exercise of warrants and call options					78	168	78
<b>Total net cash flow</b>					<b>199</b>	<b>988</b>	<b>270</b>

# Q3 earnings Per Share SEK 3.15 (2,65)

GROUP

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



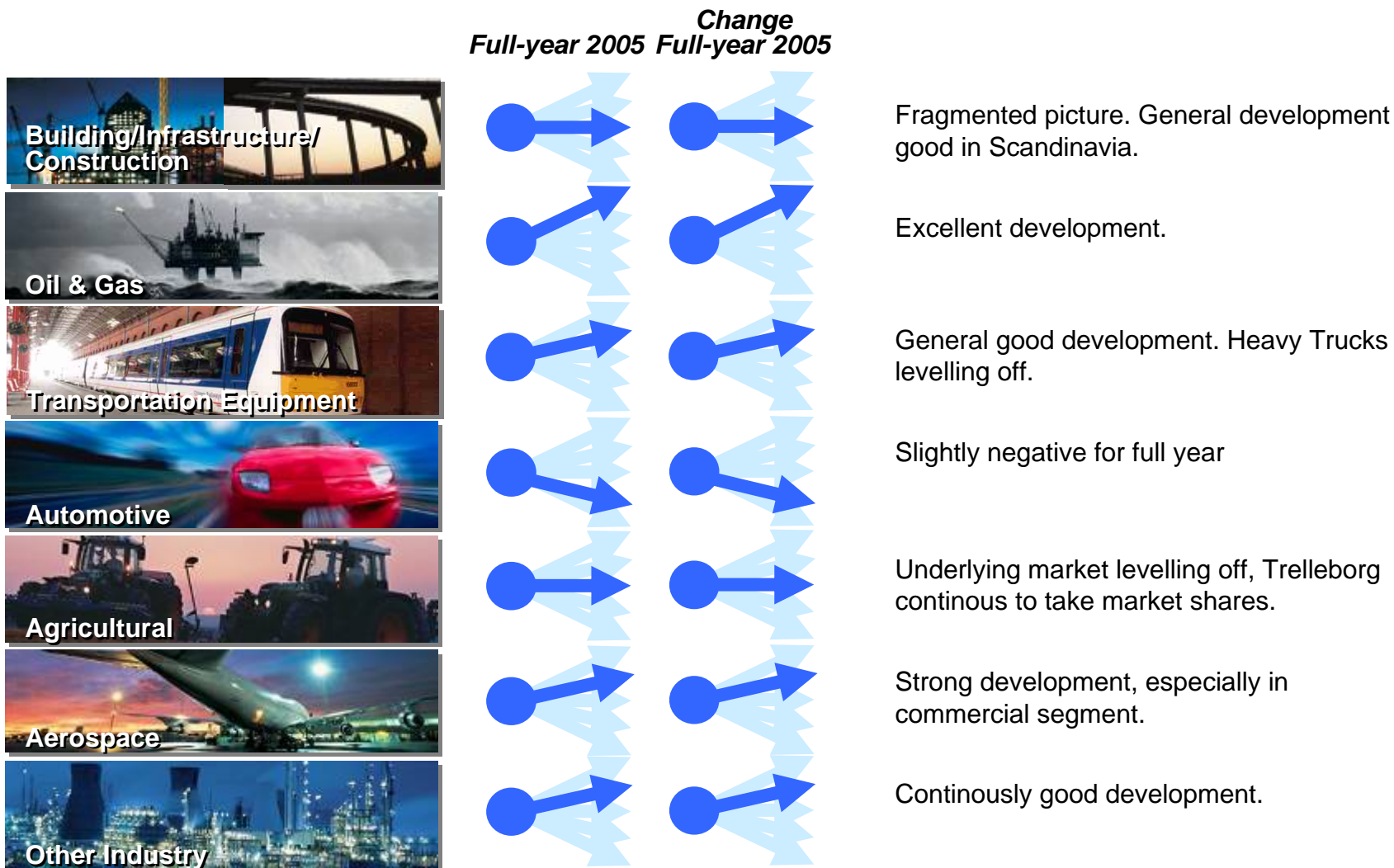
R12 EPS, continuing operations excl. restructuring costs/impairment losses

8.00    9.40    10.80    12.15    12.80    12.55    12.00    12.40    **12.85**


# Overall Market picture remains

GROUP

## Trelleborg Group Estimates for our 7 key markets



GROUP

- 
- ▼ Trelleborg expected to develop at the same level or somewhat better than underlying markets.
  - ▼ For the full year, the Group's profits, after tax and for continuing units, excluding restructuring costs, are expected to be in line with 2004.
  - ▼ An increase in prices for polymer-based raw materials is expected to have a renewed impact, beginning in Q4 -05. This is expected to have a negative impact on Trelleborg Automotive. Price level for steel-related raw materials is expected to level off in -06 at a somewhat lower average than in -05. Efficiency-improvement measures/price adjustments/intensified procurement work remains a priority in all our operations.
  - ▼ Extensive efforts and market initiatives are being continued to increase growth in selected product segments and to support expansion in prioritized geographic markets.

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](http://www.trelleborg.com).

## Calendar

Full year Report, January - December  
AGM & Interim Report, January - March

February 15, 2005  
April 25, 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).

## Shareholder contacts

**Bo Jacobsson**, Chief Financial Officer  
Phone: +46 410-670 99, Mobile: +46 70-685 65 60  
e-mail: [bo.jacobsson@trelleborg.com](mailto:bo.jacobsson@trelleborg.com)

**Mikael Byström**, Senior Vice President, Corporate Communications  
Phone: +46 410-670 37, Mobile: +46 708-55 21 69  
e-mail: [mikael.bystroem@trelleborg.com](mailto:mikael.bystroem@trelleborg.com)

**Viktor Bergman**, Vice President, Corporate Communications  
Phone: +46 410-670 94, Mobile: +46 708-47 57 33  
e-mail: [viktor.bergman@trelleborg.com](mailto:viktor.bergman@trelleborg.com)

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 .



Trelleborg AB (publ)  
Box 153, SE-231 22 Trelleborg, Sweden  
Tel: +46 410-670 00 • Fax: +46 410-42763  
E-mail: [info@trelleborg.com](mailto:info@trelleborg.com)  
Internet: [www.trelleborg.com](http://www.trelleborg.com)

