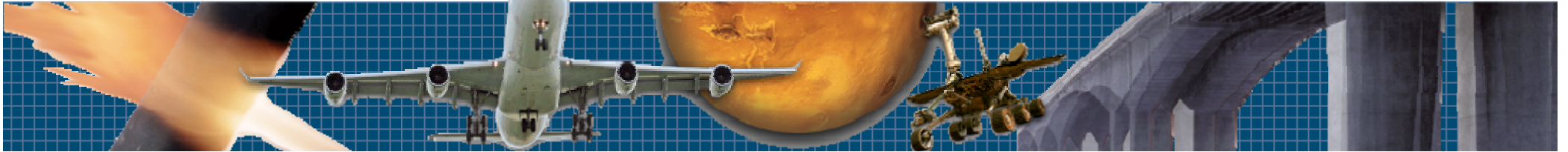


# Welcome to 2006 Q1 Report Update

April 25, 2006



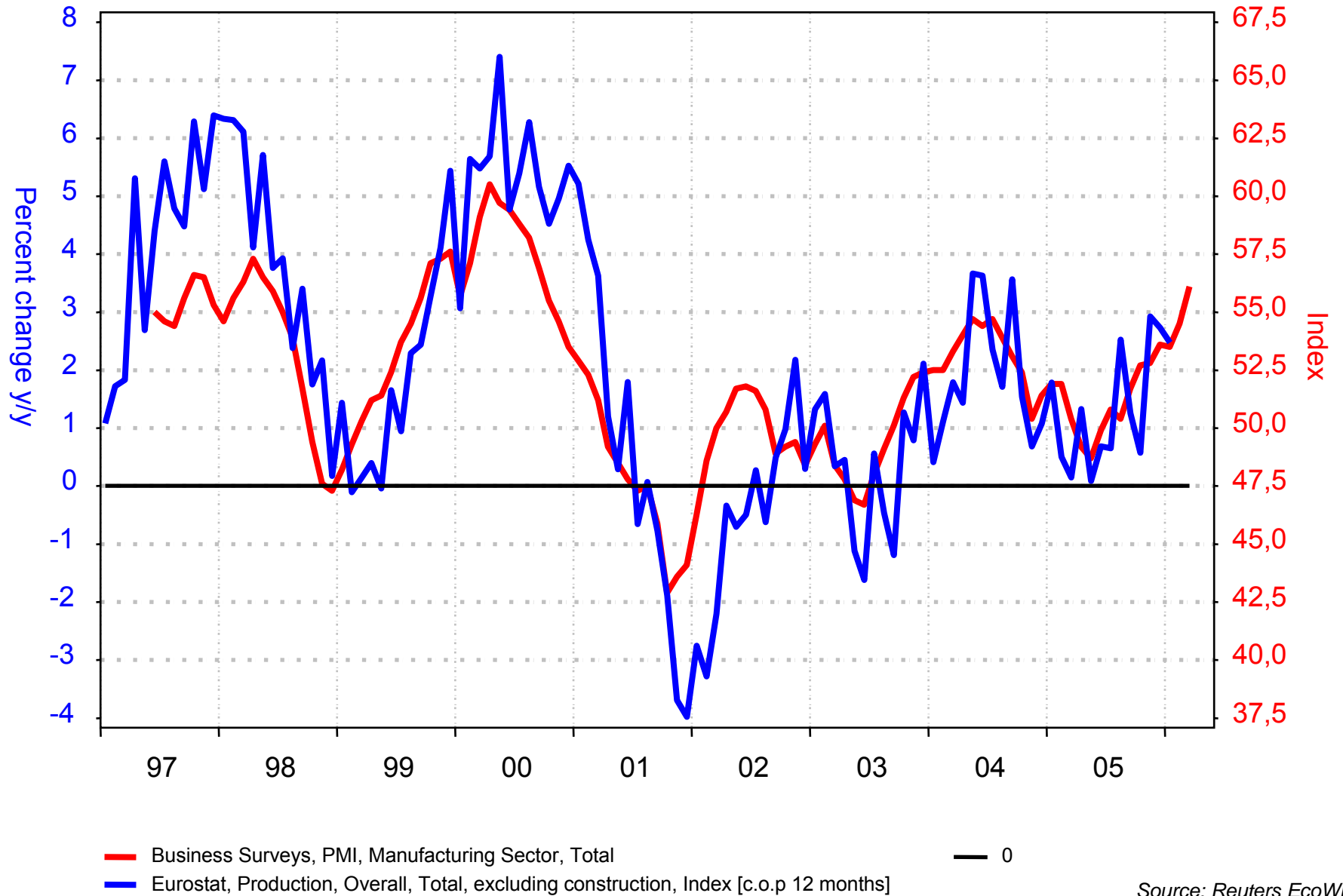


# Group Highlights, Q1 2006

- ▼ **Q1 Sales increase of 21 %**
  - ▼ Group Net Sales, 6,807 SEK M (5,642)
  - ▼ Group Net Sales R12, 24,674 SEK M (23,509) FY
  - ▼ Group Organic Growth for the full year and Q1 was 8,5 %
  - ▼ Sales effected by more selling days. Negative effect in Q2
  
- ▼ **Q1 Net profit up 22 %**
  - ▼ Q1 Net Profit increased to 280 MSEK (241) (continuing operations, excl restructuring costs and impairment losses), for R12 Net Profit increased to 1,191 SEK M (1,152)
  - ▼ Four out of five business areas increased their operating profit and marginsYoY
  - ▼ Restructuring cost taken to release synergies and create long-term profitability when merging two Spanish units within BA TES.
  
- ▼ **Significant events**
  - ▼ Acquisitions of CRP Group, Elastomer Compounding s.r.o and EPG concluded
  - ▼ Harbour & Marine Engineering acquired on March 31
  - ▼ Agreement to divest Goodall Rubber Company, expected to be concluded beginning of May
  - ▼ One-off income for Trelleborg on reversal of Nordic Capital guarantee provision

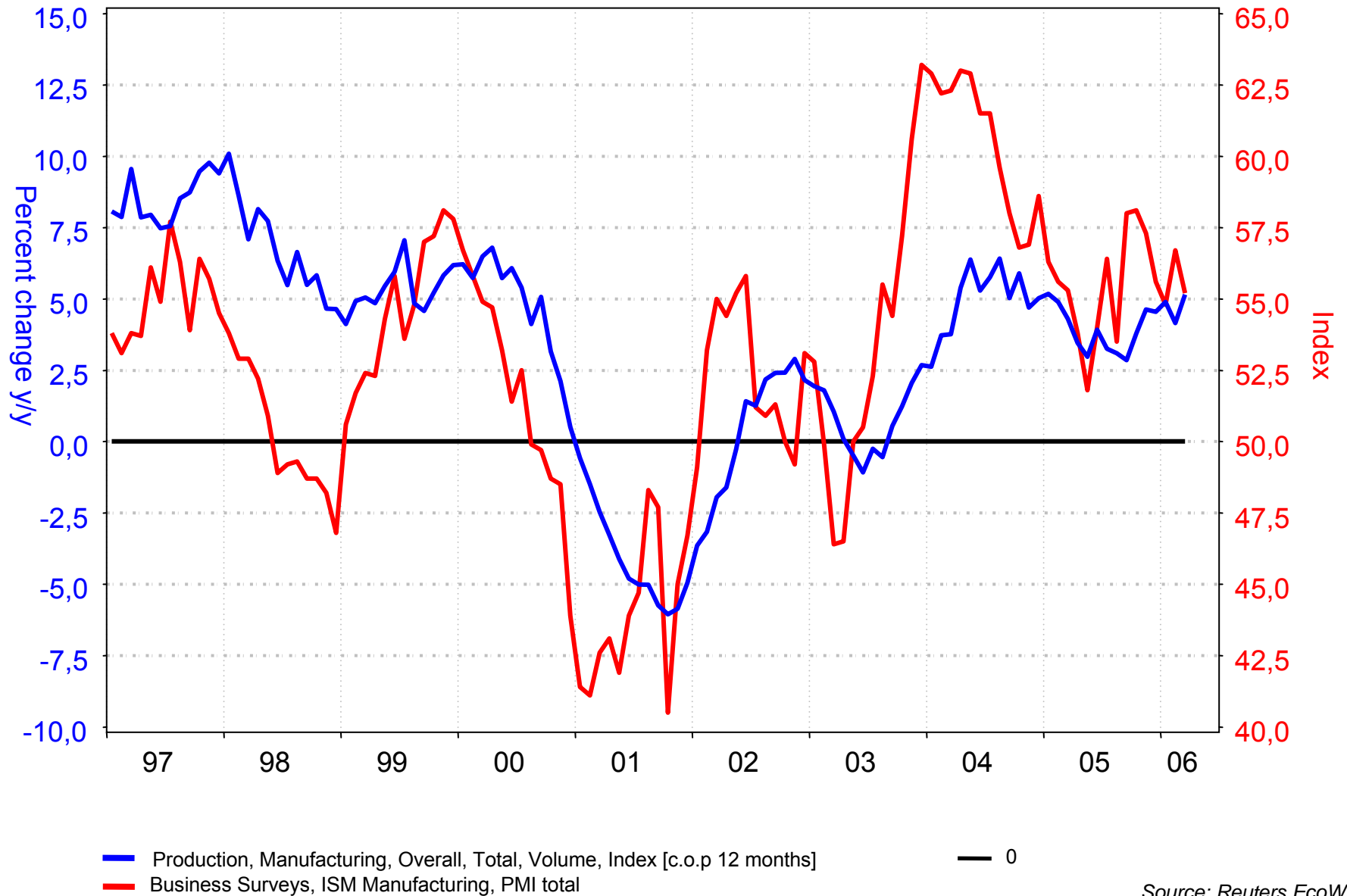


# EMU Purchasing managers index vs Ind. Production





# USA: ISM purchasing managers index vs ind. production

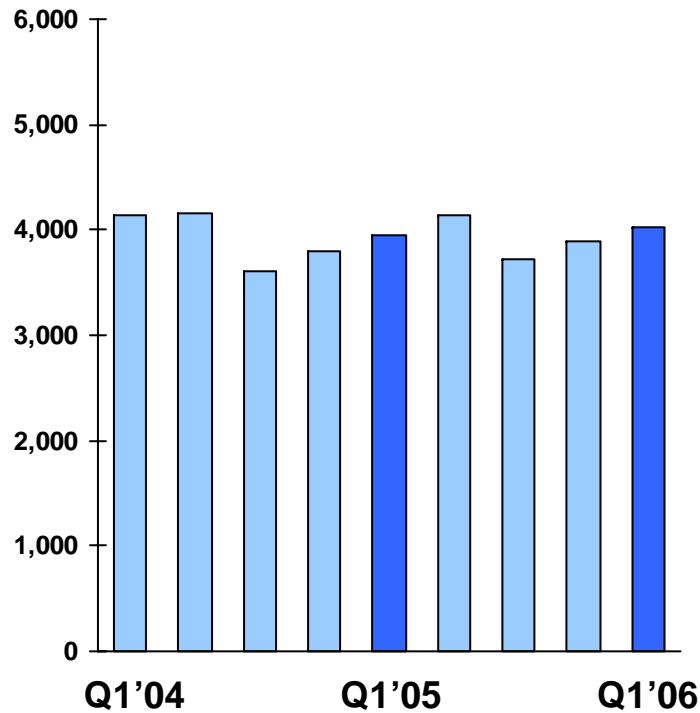




# Q1 production up in both N. America and Europe

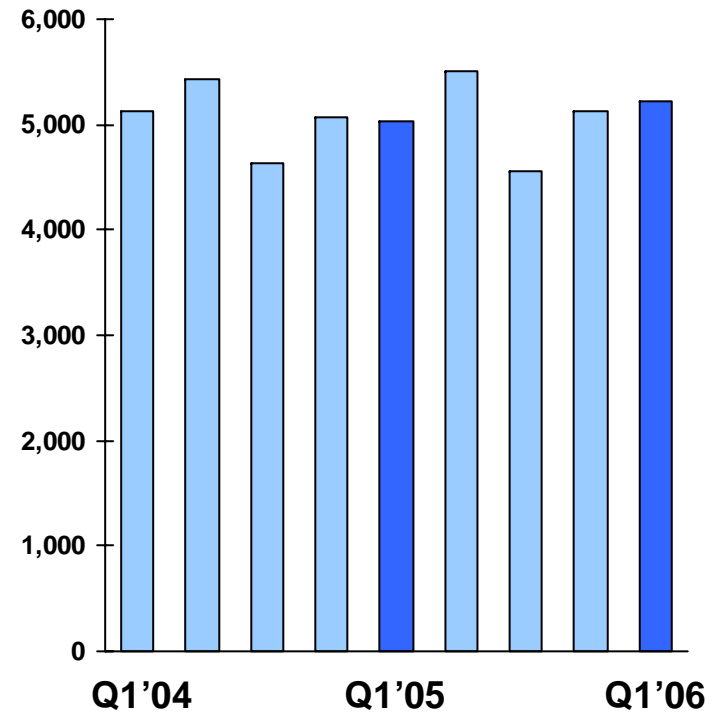
## Light vehicles, Quarterly change YoY

*NA light vehicle production, thousand units*



|            | <u>Q1 YoY</u> |
|------------|---------------|
| Sales      | 1.0%          |
| Production | 1.9%          |

*European light vehicle production, thousand units*



|            | <u>Q1 YoY</u> |
|------------|---------------|
| Sales      | 3.2%          |
| Production | 3.6%          |

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

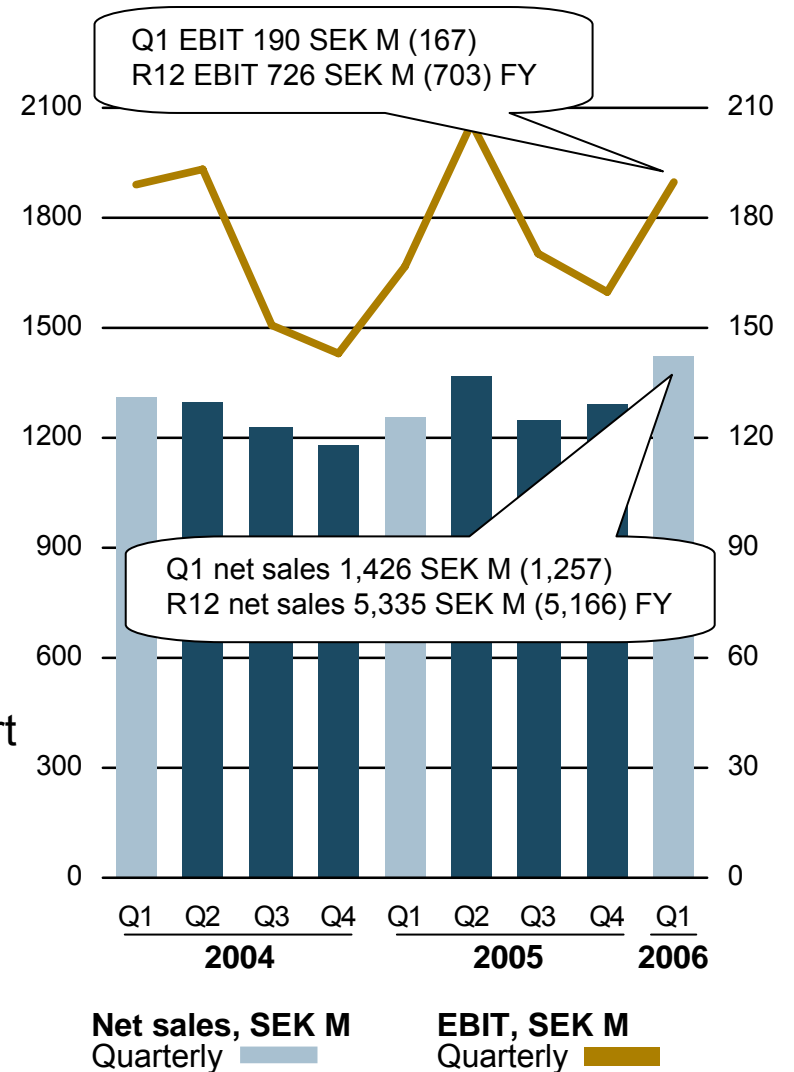
# Good sales development in all three segments

## Trelleborg Sealing Solutions

- ▼ Organic growth Q1: 6 %
- ▼ Strong demand in industrial and aerospace segments. Improved sales in Auto segment
- ▼ Continuous focus on comfort and safety in Automotive segments like fuel, ride and climate control
- ▼ A number of growth initiatives is starting to pay off, investments to support initiatives effected Q1
- ▼ Shanghai unit up and running beginning of May
- ▼ New unique Logistical center opened in Stuttgart

### Near term actions

- ▼ Production in Shanghai gearing up
- ▼ Finetuning of manufacturing issues
- ▼ Continuous focus on growth initiatives in prioritized areas



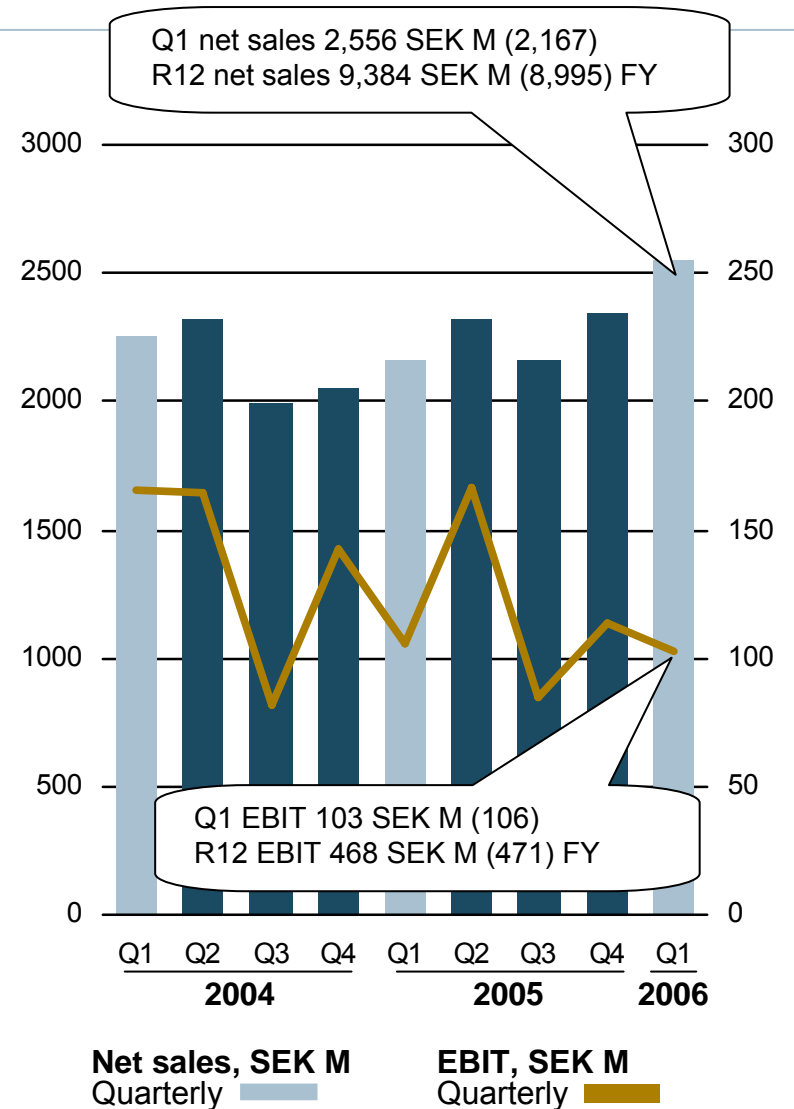
# Good sales and organic growth

## Trelleborg Automotive

- ▼ Organic growth Q1: 10 %
- ▼ Good development for all parts of AVS business – also in profit terms
- ▼ Negative effects from
  - ▼ Raw materials
  - ▼ Supplier bankruptcy, Mexico plant
  - ▼ Capitalized development costs
  - ▼ Operational inefficiencies in Fluid segment
- ▼ Action program in Fluid segment expected to contribute positively from H2 2006.

### Near term actions

- ▼ Securing ongoing activities to mitigate production inefficiencies within Fluid & Acoustics
- ▼ Continued expansion in Asia/East Europe
- ▼ Combat effect of material price increases
- ▼ Start up of production of new business utilizing our global platform



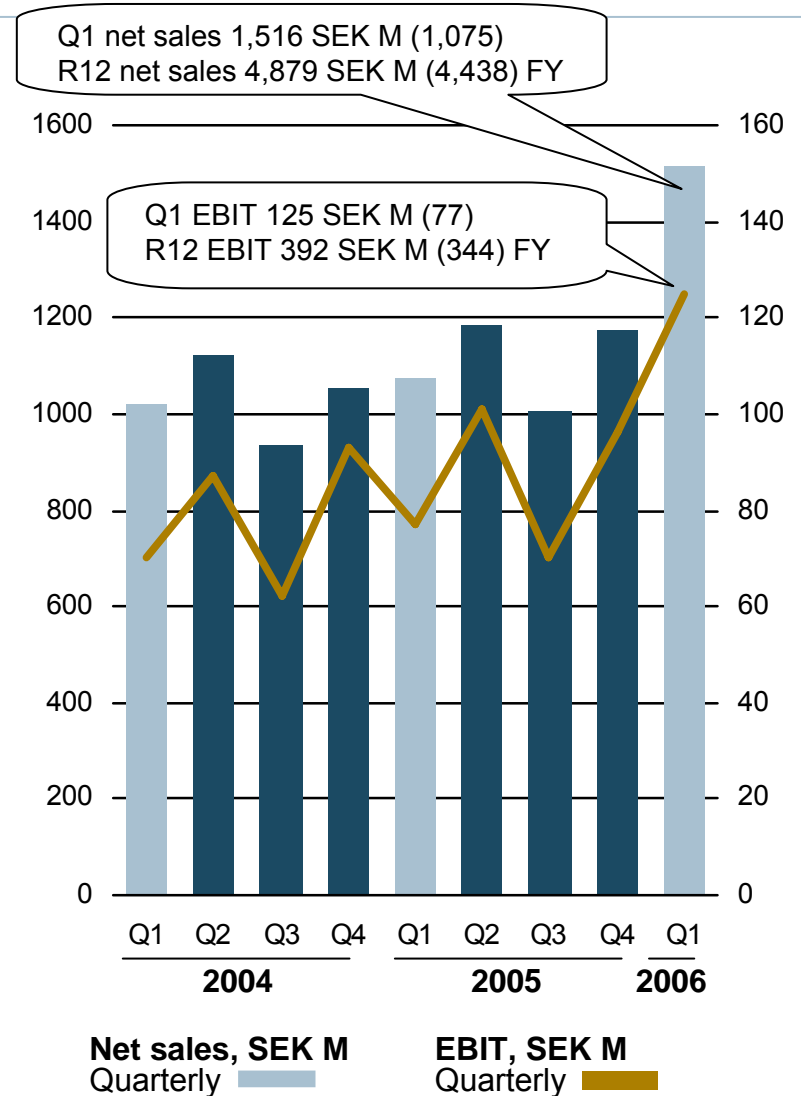
# Good and stable development in all segment

## Trelleborg Engineered Systems

- ▼ Organic growth Q1: 14 %
- ▼ Good and stable demand in all segments
- ▼ Large number of project deliveries in the quarter
- ▼ Demand for CRP products develops well, particularly so within drilling segment
- ▼ Restructuring cost taken to release synergies and long-term profitability when merging two Spanish units. 23 MSEK before tax.

### Near term actions

- ▼ Integration of new entities
- ▼ Managing growth in prioritized areas.
- ▼ Increased focus on product portfolio pruning and operational efficiency



# Continuously positive sales and profit development

## Trelleborg Wheel Systems

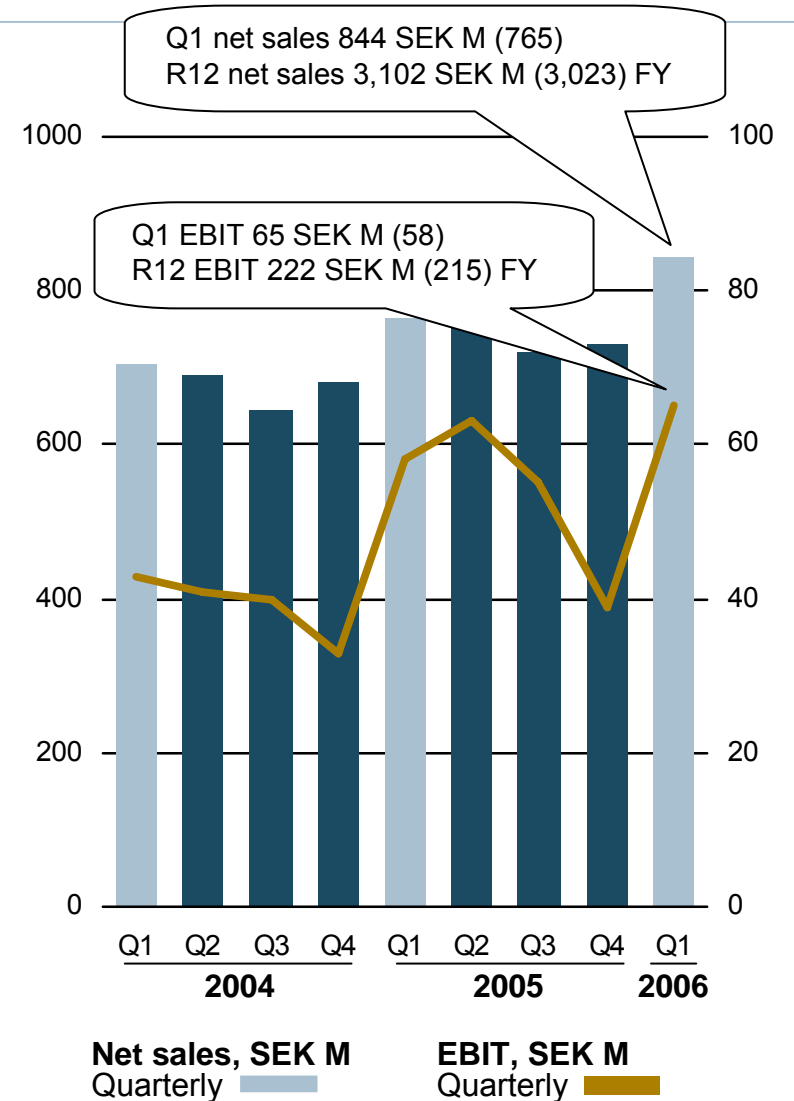
- ▼ Organic growth Q1: 4 %
- ▼ Stable demand in Agricultural segment. Slightly lower sales in Forestry segment
- ▼ Good demand in Industrial Tire segment led to increased sales. Sri Lanka expansion to meet increased sales opportunities
- ▼ Increased raw material costs are met primarily with price increases

### Near term actions

- ▼ Closure of production in Trelleborg completed in Q1 '06: New phase entered, extent of the range evaluated on the basis of profitability
- ▼ Continued focus on product mix and selected markets
- ▼ Secure capacity increase in Sri Lanka



SEAL  
DAMP  
PROTECT



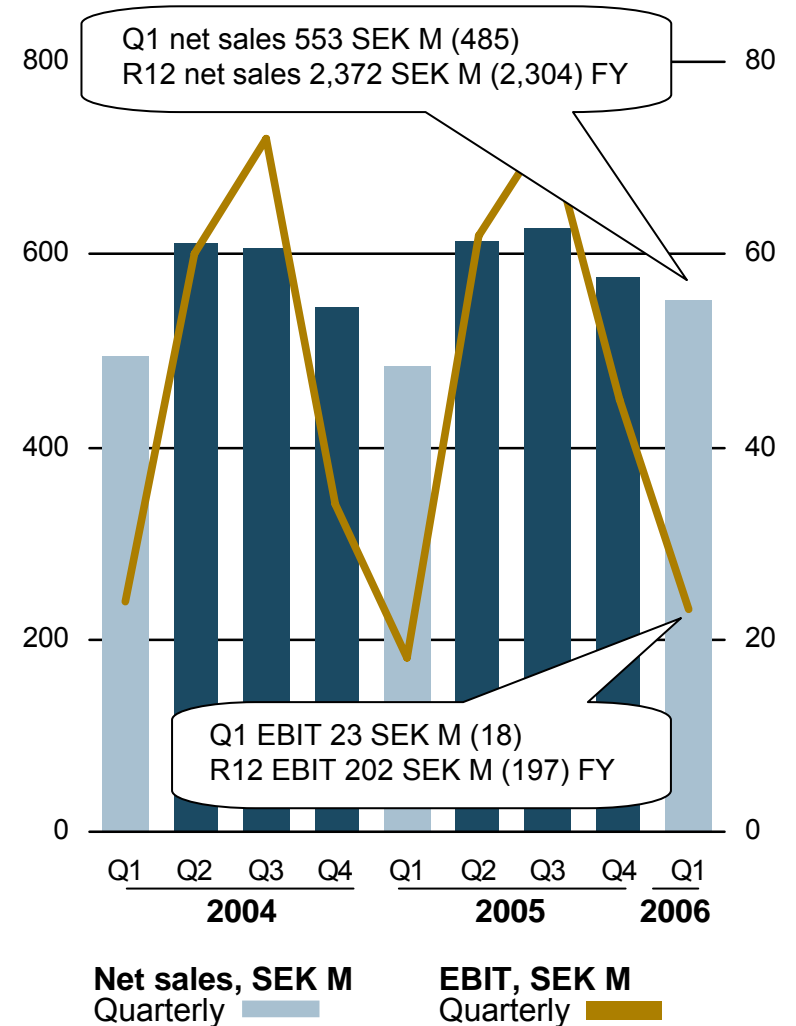
# Good demand in Scandinavian building segment

## Trelleborg Building Systems

- ▼ Organic growth Q1: 7 %
- ▼ Continuously strong demand in Scandinavian market
- ▼ The long winter hampered sales in waterproofing. Combination higher raw material costs/lower sales not fully compensated
- ▼ Continuously good development in Pipe Seals
- ▼ Focus on high-value products in Sealing Profiles segment improved profits
- ▼ Newly aquired EPG contributed positively

### Near term actions

- ▼ Integration of newly acquired business
- ▼ Continued focus on operational efficiency
- ▼ Continued development of new distribution channels and a focus on new, innovative products.



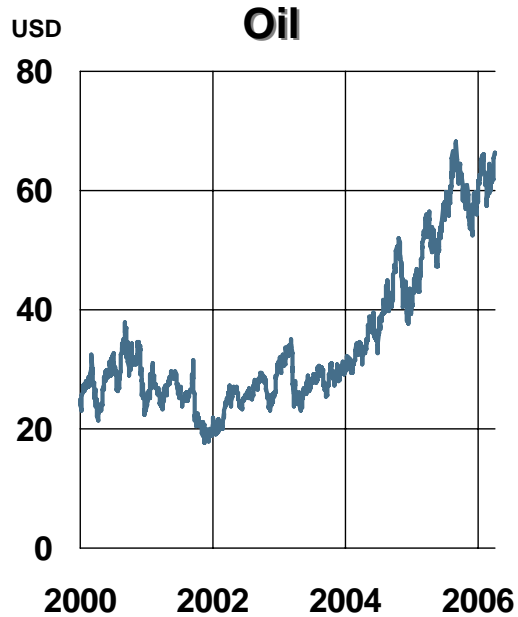


# Comments to Q1 report

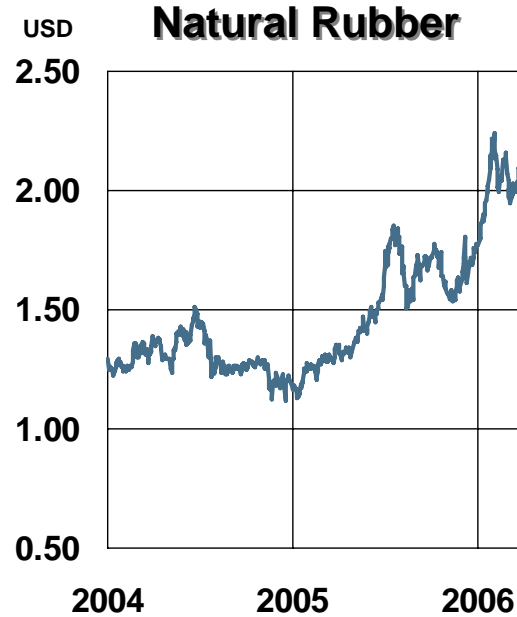
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- ▼ **Operations in industrial AVS have been transferred** from Trelleborg Automotive to Trelleborg Engineered Systems.  
The transfer effected TES operating profit positively with 8 MSEK in Q1 2005.
- ▼ **One-off income for Trelleborg on reversal of guarantee provision.** When divesting Trenor, a guarantee was provided to Nordic Capital regarding the valuation of Bröderna Edstrand. Trelleborg made a provision of SEK 80 M to cover this guarantee risk.  
Given the increase in value judged by Trelleborg the guarantee provision has been reversed, reported under the heading “discontinued operations”.

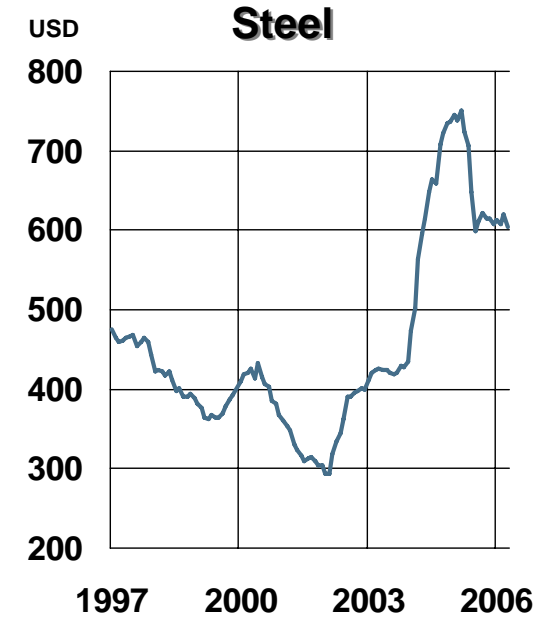
# Raw material turbulence continued in Q1



World, Energy, Oil, Brent, 1 Month Forward, IPE, Close, USD



■ Tokyo Rubber in USD



■ Cold Rolled Coil, USD

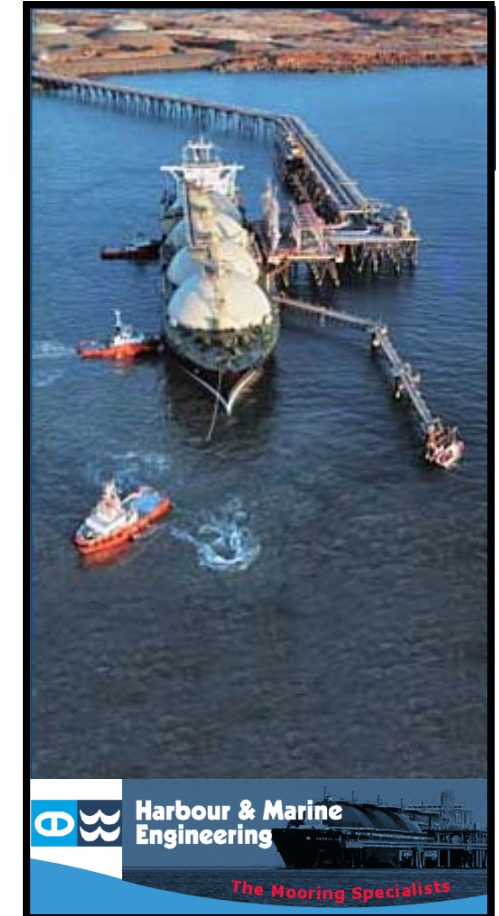
## Near term comments

- ▼ Continuous volatility & high prices
- ▼ Closely monitored
- ▼ Action on all "levers"
- ▼ Customer awareness

# Acquisition of Harbour & Marine Engineering

Expands our portfolio with integrated software solutions for docking and mooring

- ▼ HME has annual sales of approx. SEK 80 M and some 50 employees in Melbourne, Australia.
- ▼ Global leader in its niche. Strengthens our product portfolio and leading positions in marine fender systems.
- ▼ Operations within HME mainly involve systems for docking and mooring. Expertise in software development and docking applications.
- ▼ HME will be fully integrated within TES and it is expected that synergies will be achieved through, among other things, shared sales channels and customer structures.
- ▼ High focus on LNG terminals (Liquid Natural Gas) and other safety related mooring facilities



# Divestment of Goodall Rubber Company

A step in the optimization of the our profile and concentration to selected segments

- ▼ 400 employees and sales of approx. SEK 650 M in 2005. Trelleborg owner since 1986. Buyer is Lewis-Goetz & Co, based in Pittsburgh, Pennsylvania.
- ▼ Limited opportunities for synergies. Long term not considered to be in line with our core operations and financial targets.
- ▼ Sale price amounts to approx. SEK 205 M, of which SEK 160 M cash and SEK 45 M in interest-bearing loans maturing over a period of five years.  
The divestment is expected to result in a book capital loss of approx. SEK 45 M after tax.
- ▼ The sale will be completed at the end of April, 2006.



# Income Statement



## Income Statement

| Group<br>SEK M                                    | Jan - March<br>2006 | 2005         | April 2005 -<br>March 2006 | Full year<br>2005 |
|---|---------------------|--------------|----------------------------|-------------------|
| <i>Continuing operations</i>                      |                     |              |                            |                   |
| Net sales   | 6 807               | 5 642        | 24 674                     | 23 509            |
| Cost of goods sold                                | -5 091              | -4 130       | -18 203                    | -17 242           |
| <b>Gross profit</b>                               | <b>1 716</b>        | <b>1 512</b> | <b>6 471</b>               | <b>6 267</b>      |
| Selling expenses                                  | -521                | -459         | -1 963                     | -1 901            |
| Administrative expenses                           | -677                | -593         | -2 522                     | -2 438            |
| Research and development costs                    | -125                | -118         | -483                       | -476              |
| Other operating income/expense                    | 43                  | 43           | 253                        | 253               |
| Profit from participation in associated companies | 9                   | 7            | 35                         | 33                |
| <b>Operating profit</b>                           | <b>445</b>          | <b>392</b>   | <b>1 791</b>               | <b>1 738</b>      |
| Financial income and expenses                     | -68                 | -61          | -215                       | -208              |
| <b>Profit before tax</b>                          | <b>377</b>          | <b>331</b>   | <b>1 576</b>               | <b>1 530</b>      |
| Tax   | -112                | -90          | -400                       | -378              |
| <b>Profit for the period</b>                      | <b>265</b>          | <b>241</b>   | <b>1 176</b>               | <b>1 152</b>      |
| <i>Discontinued operations</i>                    |                     |              |                            |                   |
| Net sales   | 188                 | 152          | 697                        | 661               |
| <b>Operating profit</b>                           | <b>28</b>           | <b>6</b>     | <b>63</b>                  | <b>41</b>         |
| <b>Profit before tax</b>                          | <b>27</b>           | <b>5</b>     | <b>59</b>                  | <b>37</b>         |
| <b>Profit for the period</b>                      | <b>35</b>           | <b>4</b>     | <b>56</b>                  | <b>25</b>         |
| <b>Total net sales</b>                            | <b>6 995</b>        | <b>5 794</b> | <b>25 371</b>              | <b>24 170</b>     |
| <b>Total operating profit</b>                     | <b>473</b>          | <b>398</b>   | <b>1 854</b>               | <b>1 779</b>      |
| <b>Total profit before tax</b>                    | <b>404</b>          | <b>336</b>   | <b>1 635</b>               | <b>1 567</b>      |
| <b>Total profit for the period</b>                | <b>300</b>          | <b>245</b>   | <b>1 232</b>               | <b>1 177</b>      |
| - attributable to minority interest               | 4                   | 4            | 16                         | 16                |
| - attributable to equity holders of the parent    | 296                 | 241          | 1 216                      | 1 161             |

3.3 % of net  
financial liabilities

# Key operating ratios

| Operating key ratios   | Jan - March<br>2006 | 2005 | April 2005 -<br>March 2006 | Full year<br>2005 |
|--|---------------------|------|----------------------------|-------------------|
| <i>Continuing operations excluding restructuring costs and impairment losses</i> |                     |      |                            |                   |
| Operating profit   | 468                 | 392  | 1 814                      | 1 738             |
| Profit before tax  | 400                 | 331  | 1 599                      | 1 530             |
| Profit for the period  | 280                 | 241  | 1 191                      | 1 152             |
| Earnings per share, SEK <sup>1)</sup>  | 3,05                | 2,65 | 13,00                      | 12,60             |
| EBITDA, %  | 10,1                | 10,4 | 10,7                       | 10,8              |
| Operating margin (ROS), %  | 6,7                 | 6,8  | 7,2                        | 7,3               |
| Return on capital employed (ROA), %  |                     |      | 10,7                       | 10,7              |
| Return on shareholders' equity, %  | 10,9                | 10,8 | 12,2                       | 12,3              |
| Operating cash flow  | -109                | 126  | 1 535                      | 1 770             |
| Operating cash flow/Operating profit, %  | -23                 | 32   | 85                         | 102               |
| Operating cash flow per share, SEK <sup>2)</sup>                                 | -1,20               | 1,40 | 17,05                      | 19,65             |
| Net debt/EBITDA, multiple  |                     |      | 3,3                        | 2,8               |
| EBITDA/Financial income and expenses, multiple                                   |                     |      | 12,4                       | 12,4              |

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

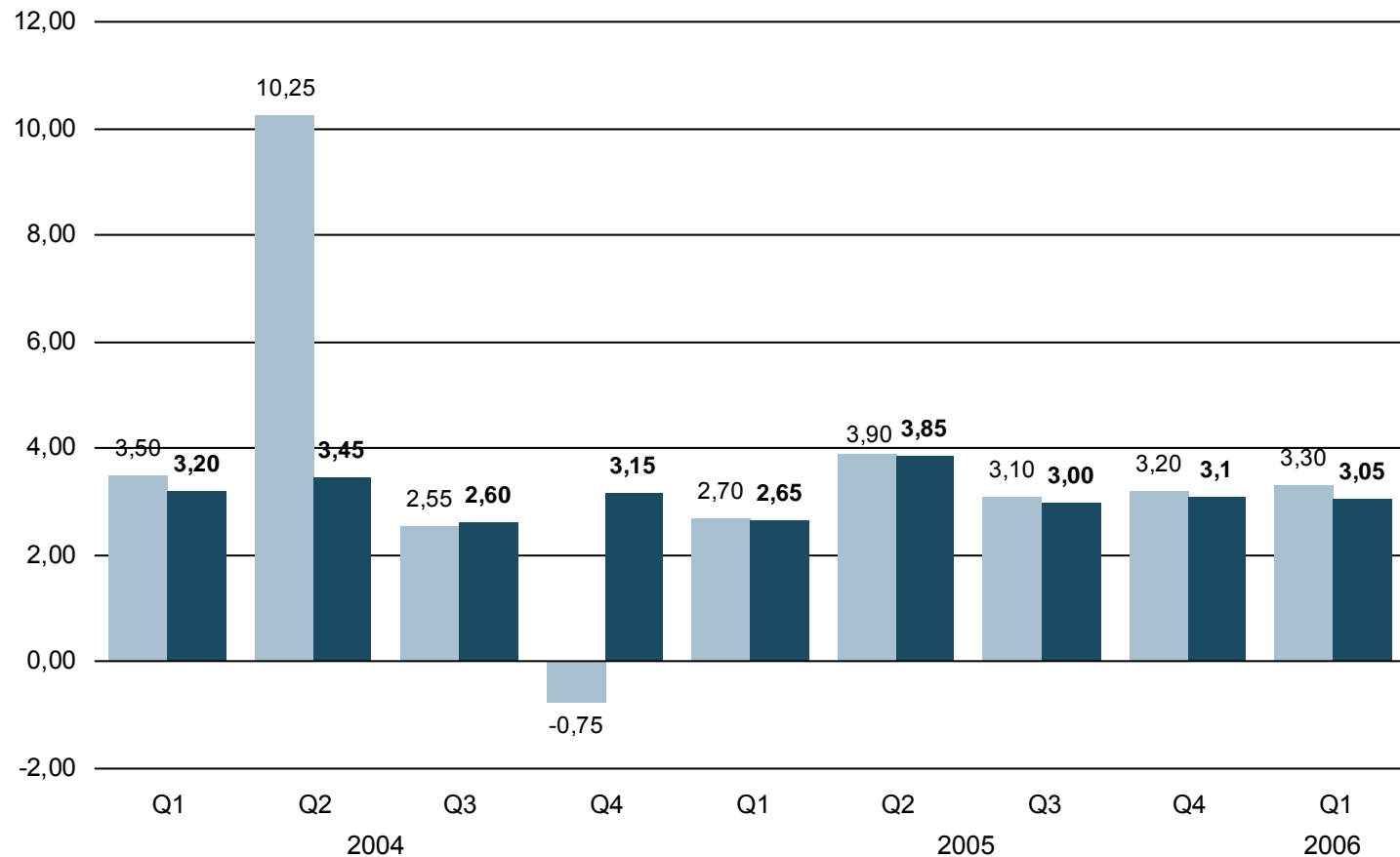
Trelleborg Group, SEK M

| Jan - March   | EBITDA,<br>excl. assoc.<br>companies | Capital<br>expendi-<br>ture | Fixed<br>assets<br>sold | Change<br>in<br>working<br>capital | Total cash flow |             |               |
|---|--------------------------------------|-----------------------------|-------------------------|------------------------------------|-----------------|-------------|---------------|
|   |                                      |                             |                         |                                    | 2006            | 2005        | R12           |
| Trelleborg Automotive   | 206                                  | -126                        | 1                       | -107                               | -26             | 39          | 354           |
| Trelleborg Sealing Solutions  | 240                                  | -26                         | 1                       | -146                               | 69              | 32          | 747           |
| Trelleborg Engineered Systems   | 172                                  | -31                         | 0                       | -122                               | 19              | 107         | 317           |
| Trelleborg Wheel Systems  | 92                                   | -13                         | 0                       | -116                               | -37             | 17          | 181           |
| Trelleborg Building Systems   | 39                                   | -20                         | 0                       | -59                                | -40             | 4           | 186           |
| Other companies   | -1                                   | -                           | -                       | -1                                 | -2              | -1          | 2             |
| Group items   | -57                                  | -2                          | -                       | -33                                | -92             | -72         | -252          |
| <b>Operating cash flow</b>  | <b>691</b>                           | <b>-218</b>                 | <b>2</b>                | <b>-584</b>                        | <b>-109</b>     | <b>126</b>  | <b>1 535</b>  |
| Restructuring measures for which provisions were made in the acq. balance sheet |                                      |                             |                         |                                    | -10             | -9          | -64           |
| Other restructuring measures  |                                      |                             |                         |                                    | -20             | -31         | -96           |
| Dividend paid to minority   |                                      |                             |                         |                                    | -               | -           | -1            |
| Financial items   |                                      |                             |                         |                                    | -26             | -54         | -229          |
| Taxes   |                                      |                             |                         |                                    | -74             | -88         | -379          |
| <b>Free cash flow</b>   |                                      |                             |                         |                                    | <b>-239</b>     | <b>-56</b>  | <b>766</b>    |
| Acquisitions  |                                      |                             |                         |                                    | -1 303          | -100        | -1 571        |
| Divestments   |                                      |                             |                         |                                    | -13             | -10         | -2            |
| Dividend paid to shareholders   |                                      |                             |                         |                                    | -               | -           | -452          |
| Excercise of warrants and call options  |                                      |                             |                         |                                    | -               | -           | 78            |
| <b>Total net cash flow</b>  |                                      |                             |                         |                                    | <b>-1 555</b>   | <b>-166</b> | <b>-1 181</b> |



# Q1 Earnings Per Share SEK 3.30 (2,70)

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



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

12.40

11.85

12.25

12.65

12.60

13.00



# Outlook for the first six month 2006

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## *Unchanged outlook*

- ▼ 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 high oil prices affecting the pricing scenario for certain polymer raw materials is expected to result in continued price pressure also during Q2 2006.

More details on this report can be found on [www.trelleborg.com](http://www.trelleborg.com).

## Calendar

Interim Report, January-June  
Interim Report, January-September

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](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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