

Welcome to 2006 Full Year Report Update

February 13, 2007




TRELLEBORG



Group Operational Highlights

- ▼ **Full Year Sales increase of 13 % - organic growth 6 %**
 - ▼ Group Net Sales rose to 27,284 SEK M (24,170)
 - ▼ Group Net Sales Q4 6,945 SEK M (6,182)
 - ▼ Group Organic Growth for Q4 9 % and for the full year 6 %

- ▼ **Continuous good development in non-auto businesses**

Continuing operations excl. restructuring costs and write-downs

 - ▼ Q4 Operating Profit 476 MSEK (395), the full year Operating Profit 1 815 SEK M (1 738)
 - ▼ Q4 Net Profit amounted to 279 MSEK (284), the full year Net Profit amounted to 1 067 SEK M (1 152)
 - ▼ Increased raw material prices, lower auto production in Q4 and Fluid & Acoustic inefficiencies had a negative effect
 - ▼ Group operations excl Trelleborg Automotive had positive effects from acquired units/ good organic growth and improved operating profit by approx. 26 %, Q4 up by 58 %.

- ▼ **Record strong Operating Cash Flow in Q4**
 - ▼ The group noted a record operating cash flow generation in Q4.

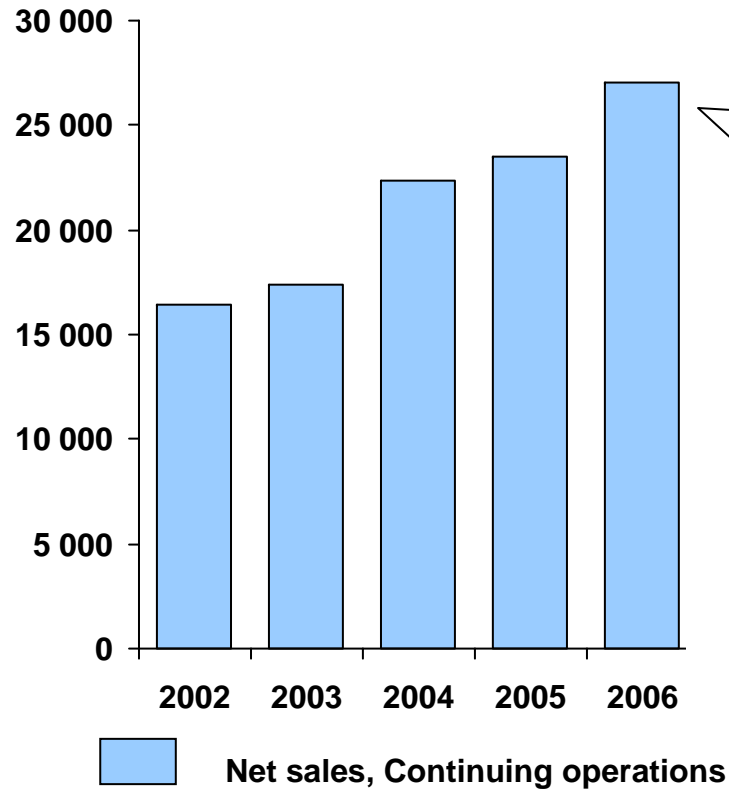
- ▼ **Continued growth through strategic acquisitions**
 - ▼ Growth through strategic acquisitions continues. The group has completed four acquisitions since last report

- ▼ **Proposed dividend of SEK 6.00 (5.50)**

Top line growth + 13 % in 2006

Total average growth per year approx. 9 %

SEK M



Organic Growth, 2006

Trelleborg Eng. Systems +11 %

Trelleborg Automotive +5 %

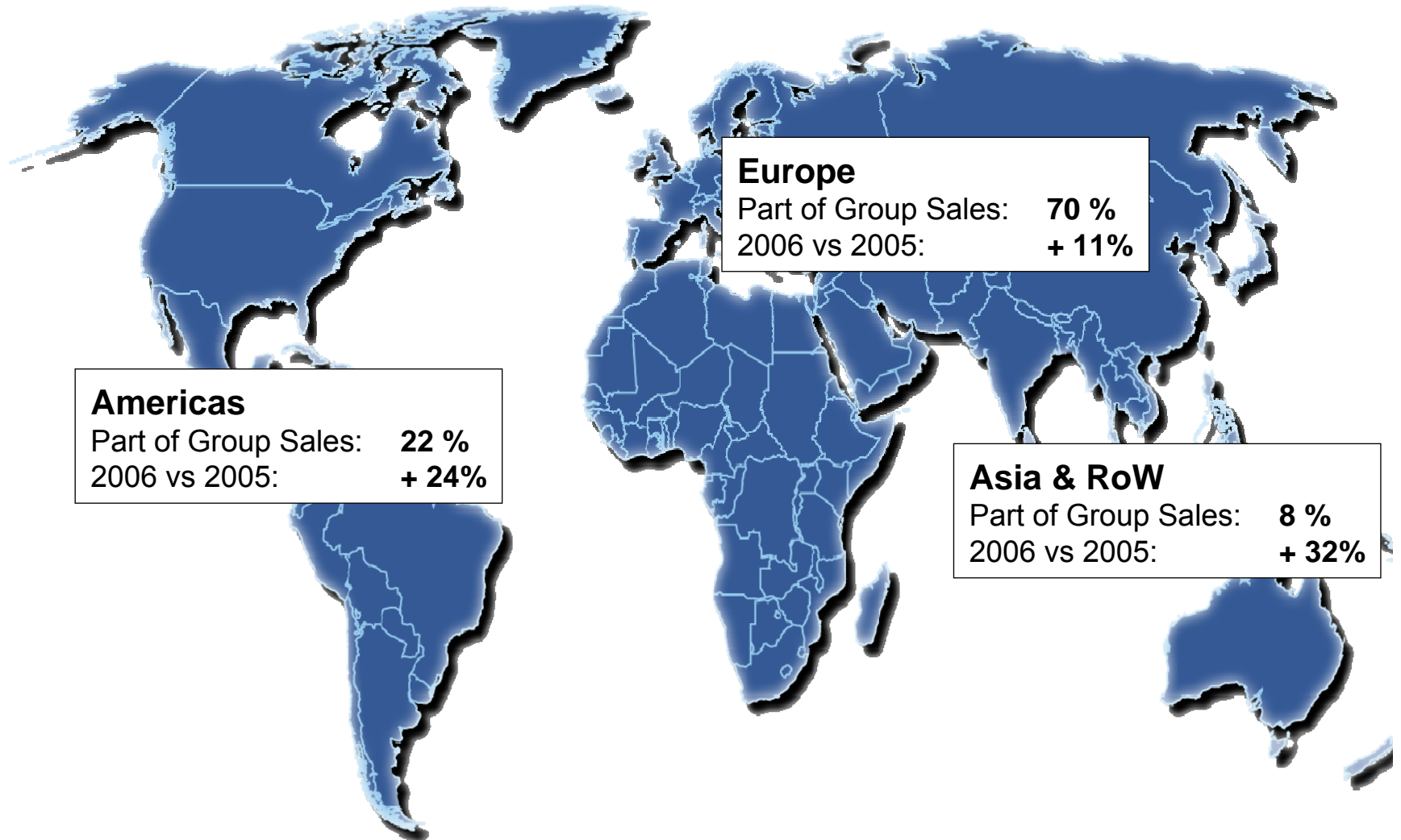
Trelleborg Sealing Solutions +4 %

Trelleborg Wheel Systems +5 %

Trelleborg Group, 2006 +6%

Trelleborg Group, Q4 +9 %

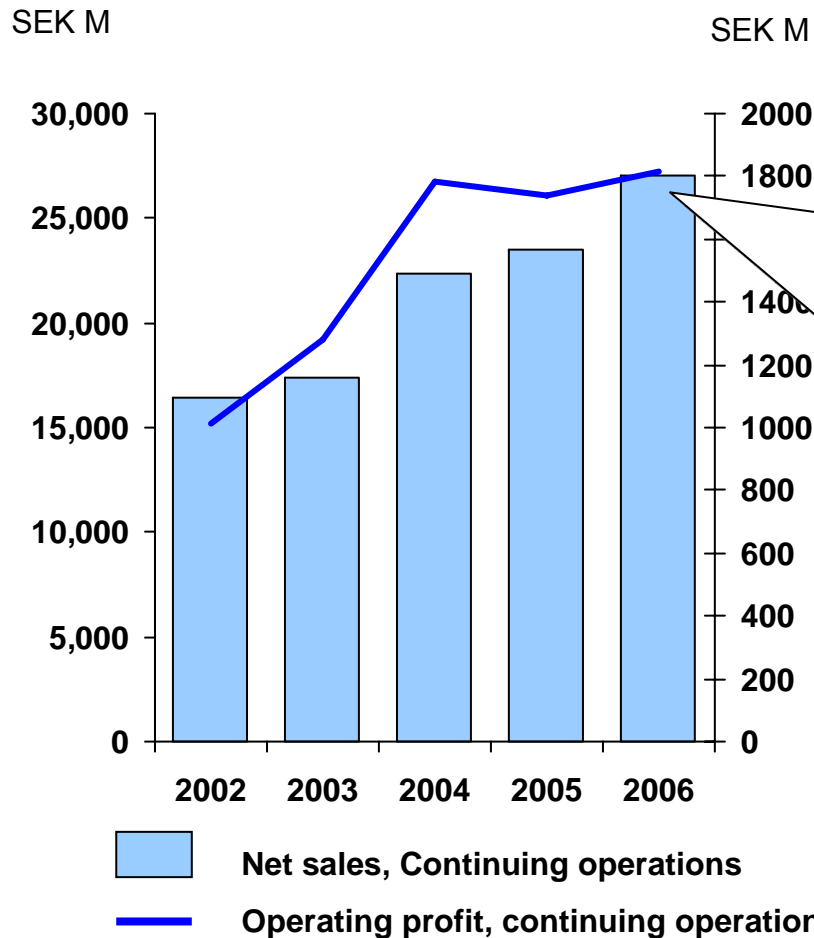
Sales Growth – Geographical split





Slightly improved operating profit in 2006

Total average growth per year approx. 10 %



Operating Profit Q4 + 20 % and improved margin compared to Q4 2005

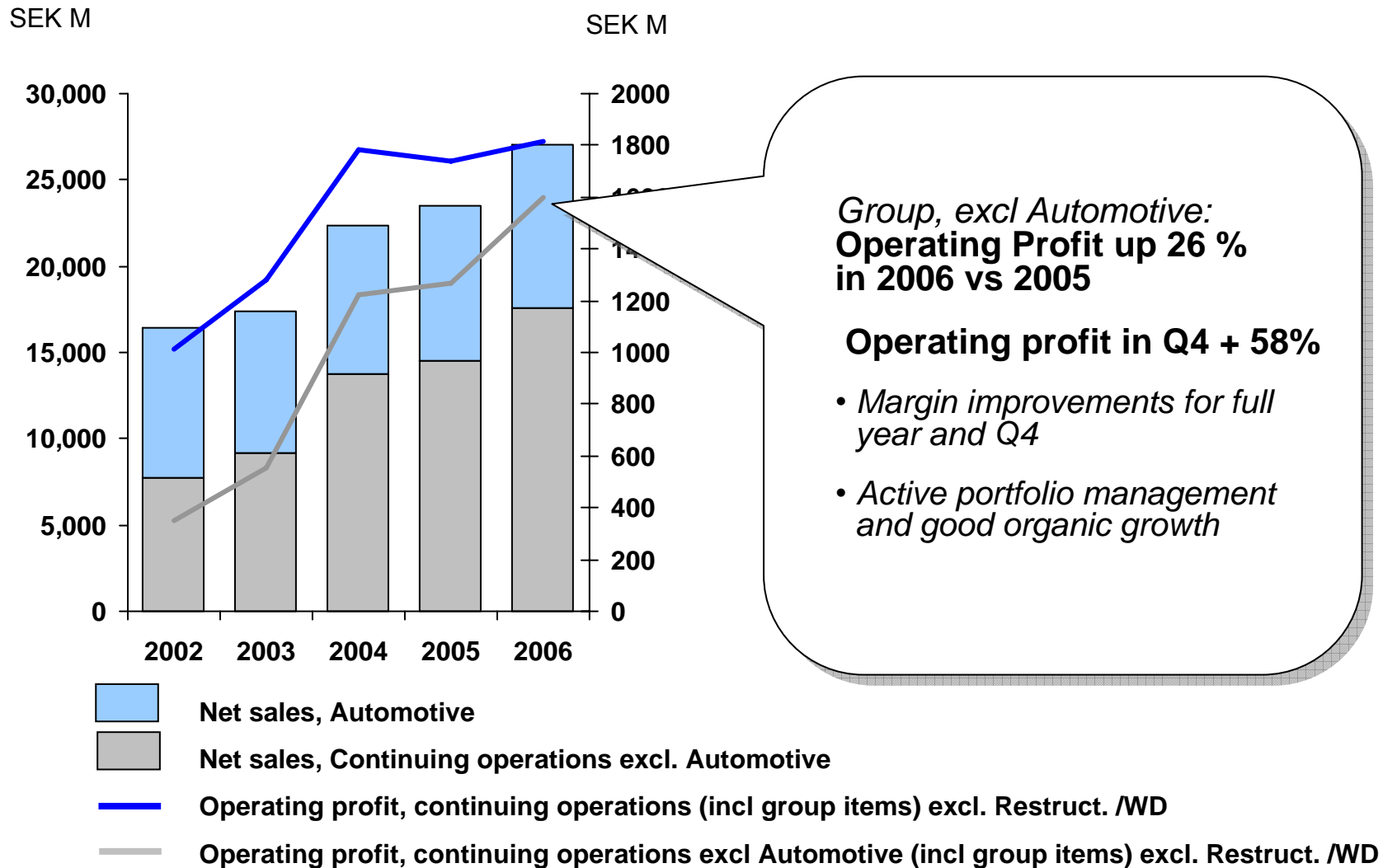
Operating Profit FY up 4 % in 2006 vs 2005, slightly lower operating margin due to:

- *Challenging conditions in auto markets and internal efficiency problems in BA Automotive.*
- *Historically high raw material prices*

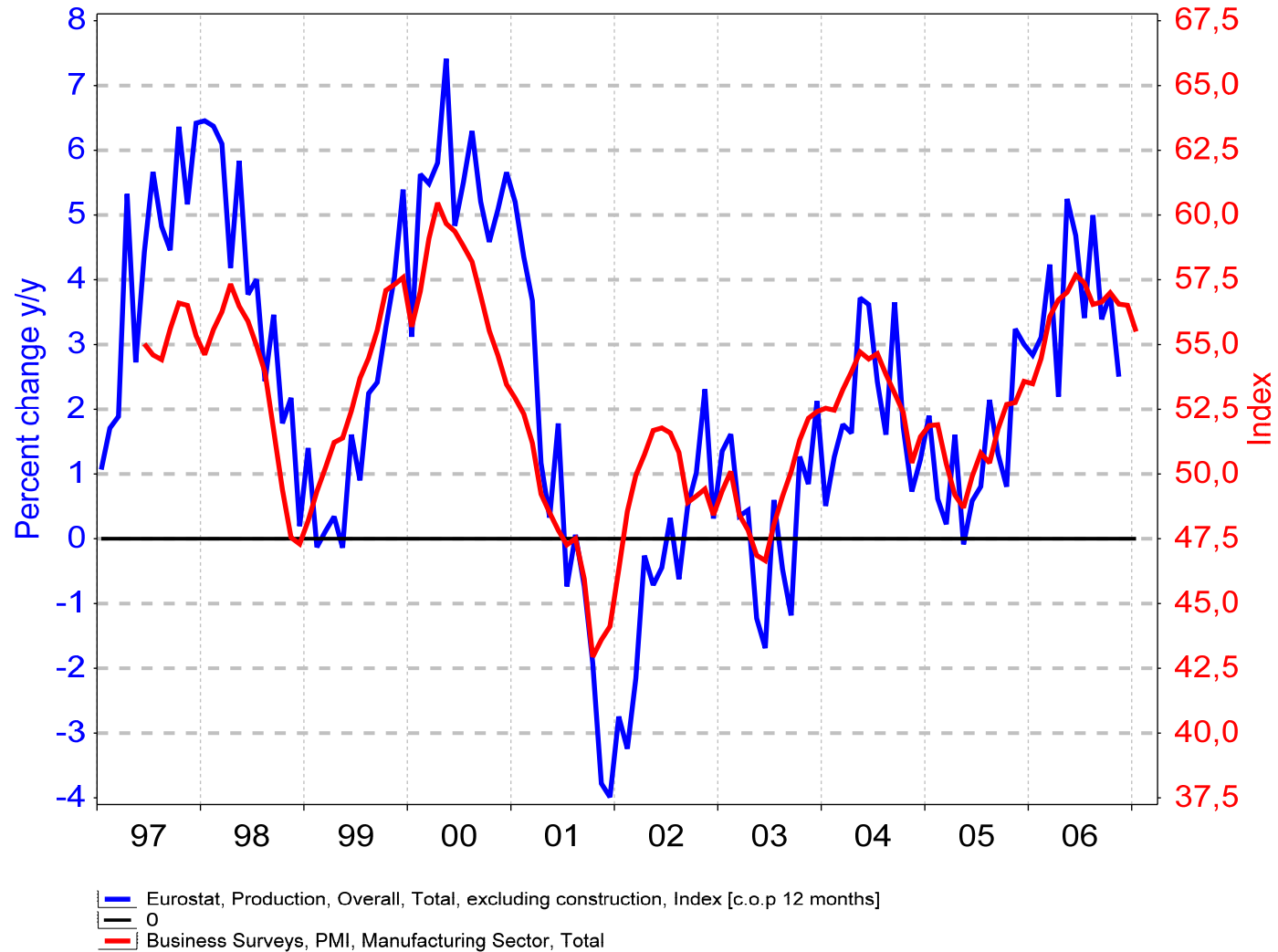


Good performance outside Automotive in 2006

Total average growth per year approx. 35 %

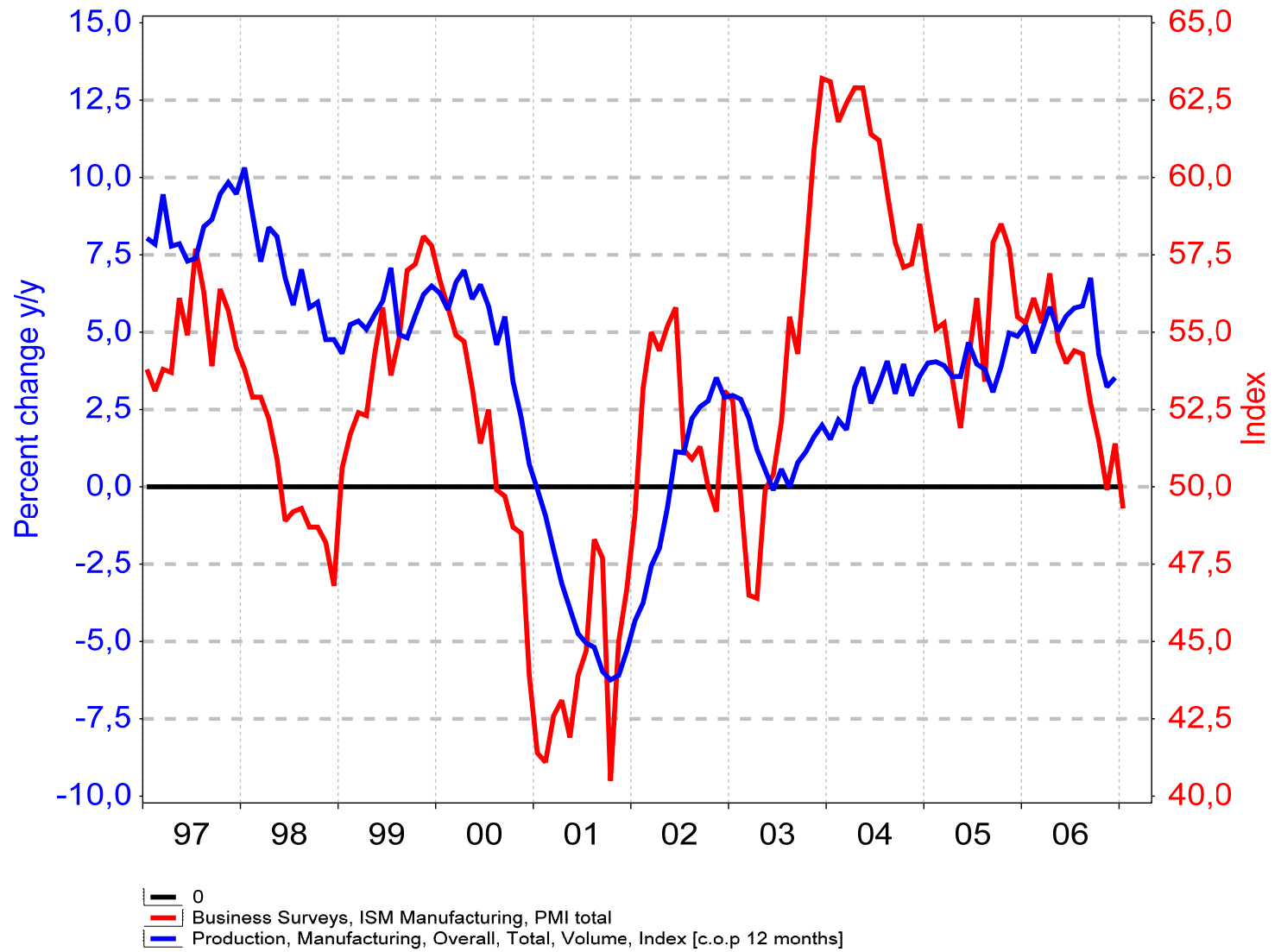


EMU Purchasing managers index vs Ind. Production





USA: ISM purchasing managers index vs Ind. production



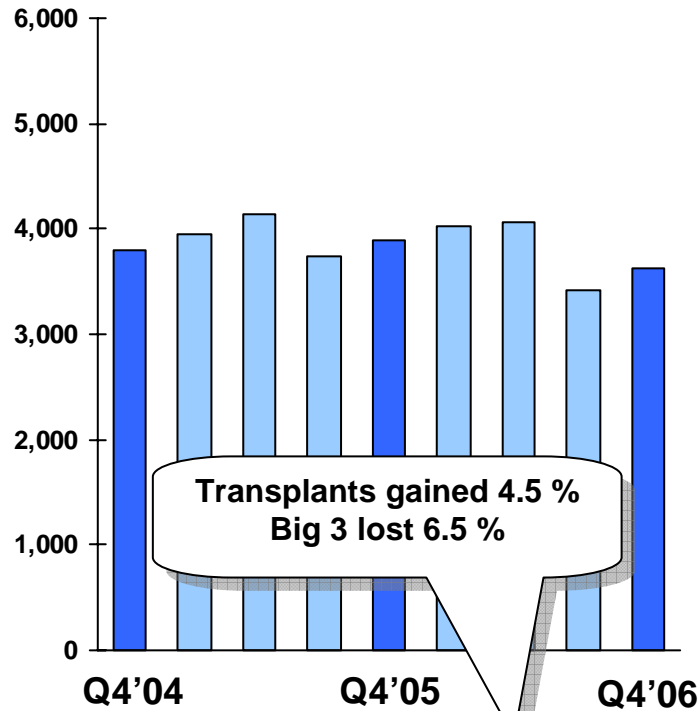
Source: Reuters EcoWin



Q4 sales & production down in N. America up in Europe

Light vehicles, Quarterly change YoY

NA light vehicle production, thousand units



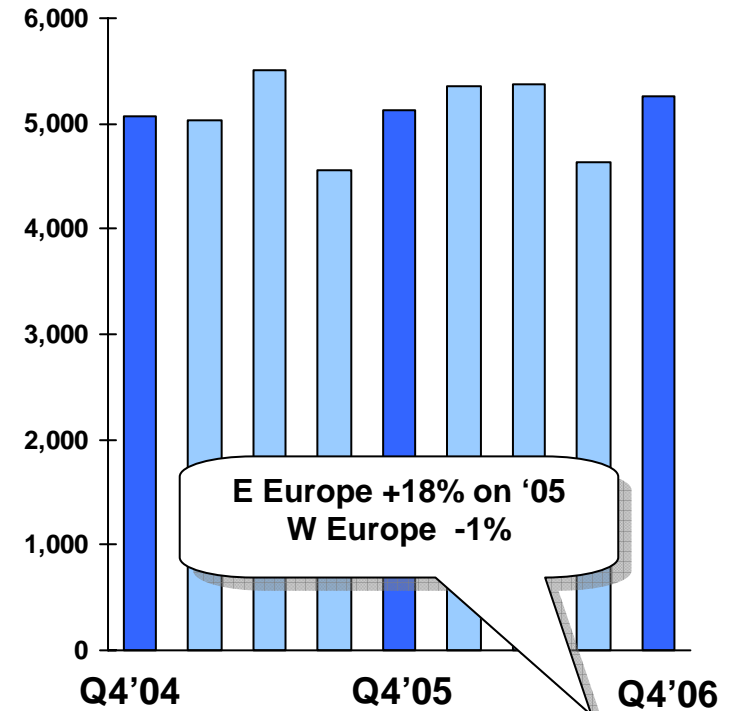
	<u>Q4 YoY</u>	<u>06 v 05 YoY</u>
Sales	2.8%	-1.3%
Production	-6.9%	-2.7%

Sales
Production

2.8%
-6.9%

-1.3%
-2.7%

European light vehicle production, thousand units



E Europe +18% on '05
W Europe -1%

	<u>Q4 YoY</u>	<u>06 v 05 YoY</u>
Sales	1.6%	2.0%
Production	2.6%	2.8%

Sales
Production

1.6%
2.6%

2.0%
2.8%

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

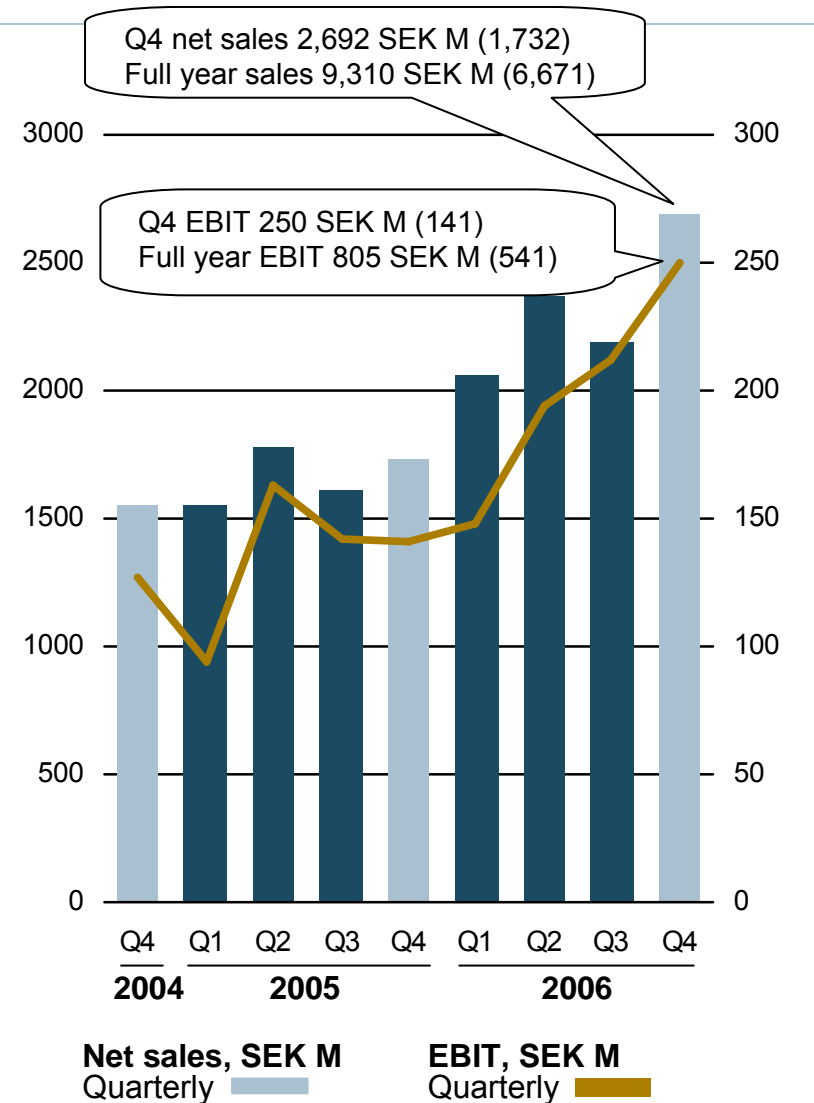
Significant growth in attractive segments

Trelleborg Engineered Systems

- ▼ Organic growth 2006: 11 %, Q4 16%
- ▼ Generally good and stable demand
- ▼ Good order book, especially in oil/gas and infrastructure construction
- ▼ New organisation as of Dec 31, 2006
- ▼ Three new acquisitions finalized

Near term actions

- ▼ Managing growth in prioritized areas
- ▼ Initiating new growth projects
- ▼ Continued focus on product portfolio pruning
- ▼ Managing new organisation/integration new entities



Acquisition of Reeves Brothers Inc completed

Strengthened position in polymer coated fabrics

The acquisition provides Trelleborg with a world-leading position in polymer-coated fabrics, strengthening an already leading position in Europe

- ▼ Acquisition finalized on October 31 2006
- ▼ 1,000 employees and annual sales of approx. SEK 1.4 billion
- ▼ Four production units in the US, Italy and China
- ▼ Two divisions: *Engineered Fabrics* – polymer-coated fabrics for application areas such as the aerospace industry, protective equipment, the defense industry and fluid solutions
Printing Blankets – polymer-coated composite fabrics designed in several layers for use in commercial offset printing
- ▼ Integration into Engineered Systems is well under way



Engineered Fabrics



Printing Blankets



Reeves Brothers, Inc.

Acquisition of Hunter Diving Ltd

Strengthened position in professional diving suit segment

Adds further knowledge and a broader offer in the segment of polymer coated fabrics

- ▼ Sales of approx 10 MSEK
- ▼ Strengthens position in commercial diving suits
- ▼ Production in Dumfries, Scotland. Production will move to Tauragė, Lithuania
- ▼ Focus on commercial, police, military and rescue diving
- ▼ Innovative products in contaminated water diving as well as in off-shore diving
- ▼ Strongest markets in the US and the UK



PRO-HRM 1200, especially designed for contaminated water diving



Acquisition of Epros GmbH

Another example of complimentary solutions

Adds hi-tech repair and maintenance solutions to our present leading position in pipe seals

- ▼ Approximately 30 employees and annual sales of about SEK 90 million
- ▼ Located in Duisburg, Germany, and St Albans, UK
- ▼ Niche leader in the after-market for pipe systems, specialized in trenchless repairs
- ▼ Methods to seal leaking pipes and improve structural stability include impregnated polyester fabrics and EPDM

Flagship products
Drainpacker® and Drainliner®



Stable sales could not compensate for higher raw material costs

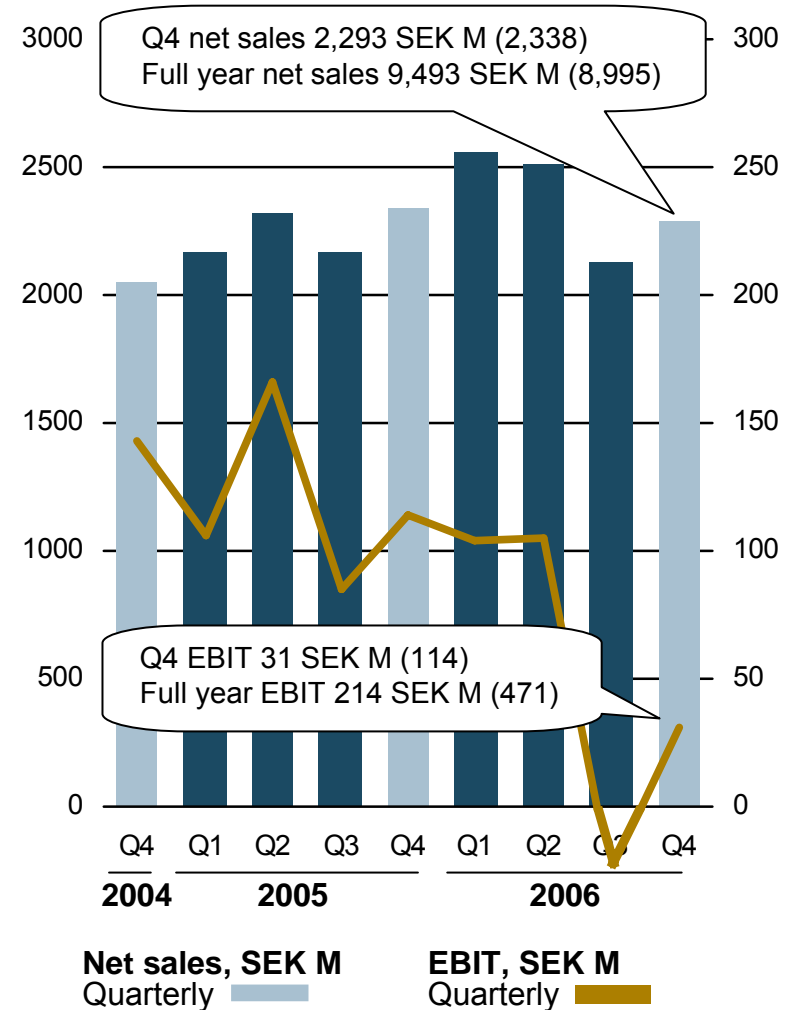
Trelleborg Automotive

- ▼ Organic sales growth 2006: 5 %, Q4 5 %
- ▼ Lower NA light vehicle production had some impact on sales/product mix on Q4. Further cutbacks communicated
- ▼ Results negatively effected by
 - ▼ High raw Material Prices
 - ▼ Slow customer price negotiations
 - ▼ Lower net effects from capitalized dev. costs after depr.
 - ▼ Operational inefficiencies in Fluid segment
- ▼ New global organisation introduced in Q4
- ▼ New Global processes introduced
 - ▼ MIS – Management Information System
 - ▼ TOPS – Trelleborg Operations System
- ▼ Startup of a number of actions within communicated action program. Marginal effect in 2007.

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Near term actions

- ▼ Implementations from continued strategical and operational review
- ▼ Secure excellence in Romanian factory
- ▼ Start up of production of new business utilizing our global platform



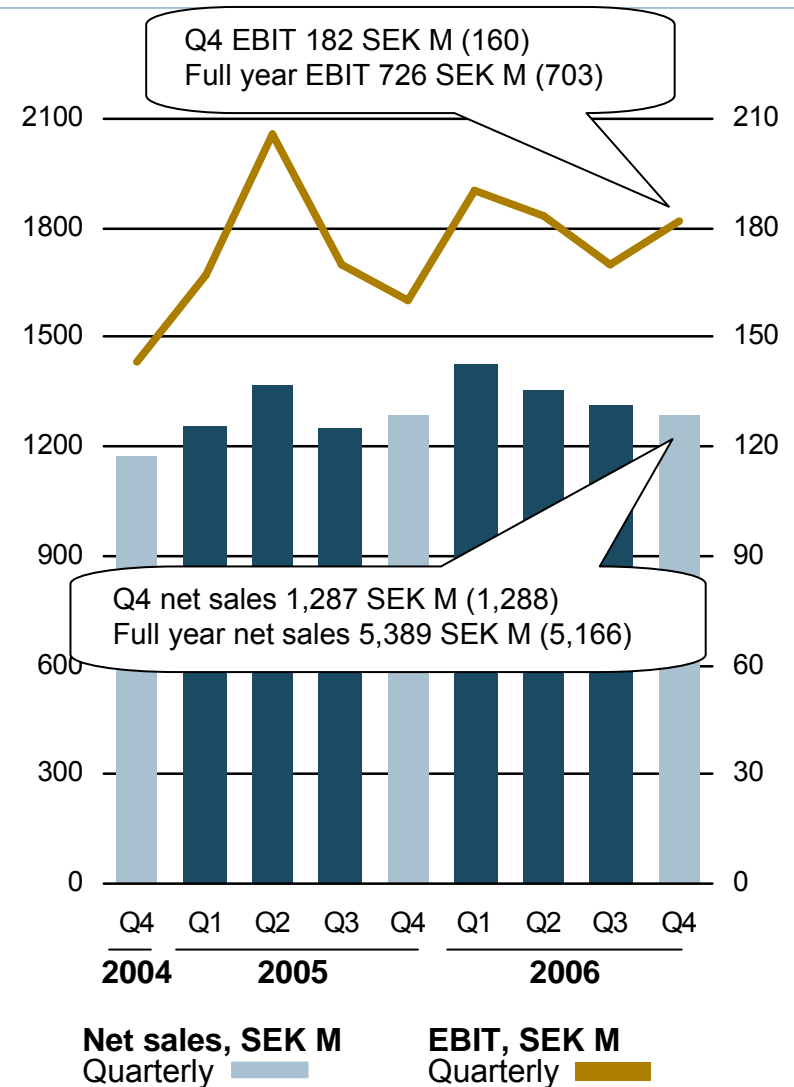
Continuous good growth in several segments

Trelleborg Sealing Solutions

- ▼ Organic growth 2006: 4 % and Q4: 6 %
- ▼ Repositioning of product portfolio continues
- ▼ Good demand and sales in industrial and aerospace segments. Organic growth in 2006 of 6.5 and 10 % respectively
- ▼ Demand and sales down in Auto segment, especially in N America. Sales decline 06 of 6%
- ▼ Results effected negatively by
 - ▼ Decreasing volumes in Auto-related business
 - ▼ Investments in Asia/Pacific/Americas markets
- ▼ Good growth in Asia – new production lines in Shanghai – Expansion in India
- ▼ On track with defined growth initiative

Near term actions

- ▼ Continued fine tuning of manufacturing issues
- ▼ Continuous focus on growth initiatives in prioritized areas
- ▼ Focus also on growth through acquisitions



Continuous stable sales development

Trelleborg Wheel Systems

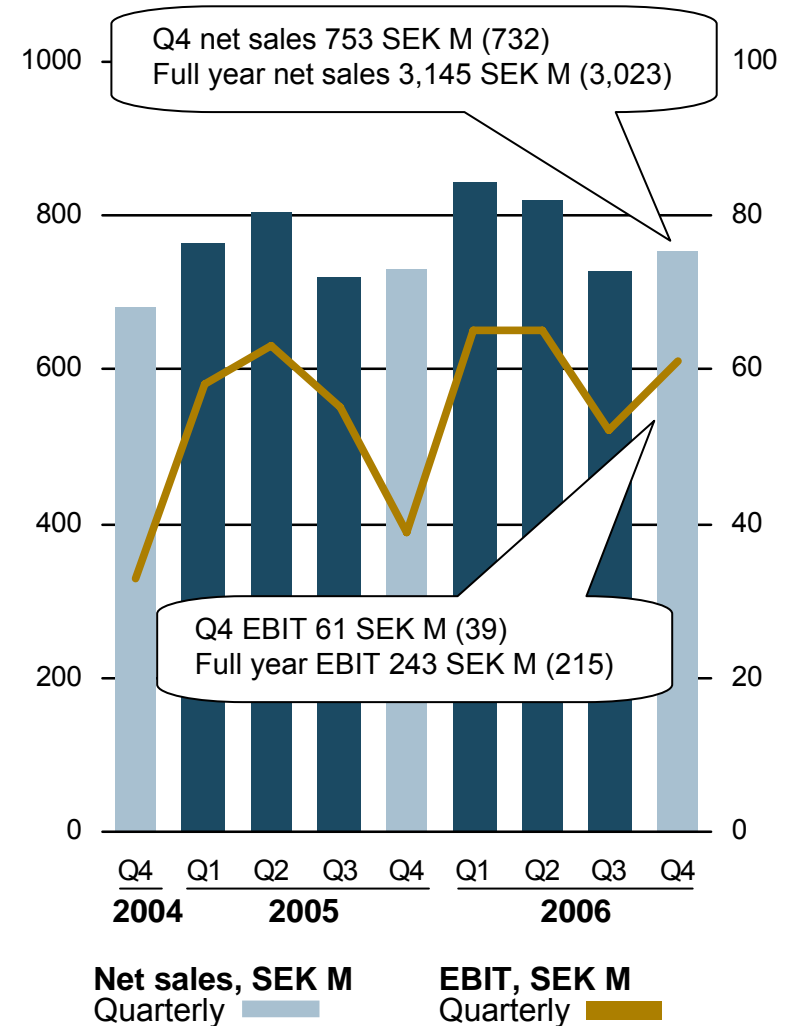
- ▼ Organic growth 2006: 5 %, Q4: 10 %
- ▼ Stable demand in Agricultural segment. Increased sales in Industrial segment and growth markets
- ▼ Successful product mix strategy in 2006
- ▼ Increased raw material costs are met with price increases/efficiency measures
- ▼ Q4 positive effect on result from reduced pension provisions
- ▼ Temporary stock build up effected cash flow
- ▼ Consolidation of industrial tire production – Hartville/Sri Lanka

Near term actions

- ▼ Continued focus on product mix and selected markets
- ▼ Secure move of production/capacity increase in Sri Lanka
- ▼ Secure success of rebranding project



SEAL
DAMP
PROTECT





Action Programs, measures in 2006/Q1 2007

Marginal effect from programs in 2007

2006

▼ Trelleborg Automotive

- ▼ Closure of Trowbridge plant
- ▼ Sales/Engineering restructuring, Mannheim
- ▼ Increased cost efficiency

▼ Trelleborg Wheel Systems

- ▼ Consolidation of industrial tyre production

▼ Trelleborg Engineered Systems

- ▼ Consolidation of Spanish operations
- ▼ Move of protective products production from Sweden to Lithuania

2007

▼ Trelleborg Automotive

- ▼ Closure of West Thurrock plant



Automotive action Program, future measures

- ▼ Further actions to improve overall cost-structure - reduction fixed costs - **to be communicated Q2.**
- ▼ Business process outsourcing of non-core administrative processes in Europe under evaluation - **decision Q2.**
- ▼ Total cost reduction in key processes through consolidation, re-weighting of capacity towards growing markets – **ongoing.**
- ▼ Investments in improved IT tools to increase productivity and operational control of business - **ongoing.**
- ▼ Strategic review of the business area continues
- ▼ Majority of remaining restructuring costs likely to be taken in 2007



Competition matter at US subsidiary

- ▼ Since August 2005, the US Justice Department has been conducting an investigation into competition conditions in the US for certain types of marine fender systems.
The investigation comprises several companies in the US, both distributors and agents, including Trelleborg subsidiary.
- ▼ The business that is the subject of the investigation represents a very small part of the Group's operations in the US.
- ▼ Discussions are underway with relevant authorities and an agreement is estimated as likely, possibly already first half of 2007.
- ▼ For the Group as a whole, the anticipated final costs cannot be assumed to have anything other than a limited impact.
No provisions has so far been made to cover future costs.

Impact from Action Programs

Impact from restructuring program		Costs	Costs	Additional	Estimated	Estimated
SEK M	Oct - Dec 2006	Jan - Dec 2006	mainly 07 - 08	costs, full program	costs, full program	yearly savings*
Trelleborg Automotive	280	280	595	875	175	
Trelleborg Wheel Systems	21	21	9	30	35	
Trelleborg Engineered Systems	13	36	-	36	20	
Total before tax	314	337	604	941	230	
- whereof cash flow	81	99	361	460	-	
Total after tax	285	304	451	755	150	

**after full completion*

Operating Profit

SEK M	Oct - Dec		Operating profit	
	2006	2005	Jan - Dec 2006	2005
<i>Continuing operations excluding restructuring costs and impairment losses</i>				
Trelleborg Engineered Systems	250	141	805	541
Trelleborg Automotive	31	114	214	471
Trelleborg Sealing Solutions	182	160	726	703
Trelleborg Wheel Systems	61	39	243	215
Other companies	-4	-3	-15	-17
Group items	-44	-56	-158	-175
Total excluding restructuring costs and impairment losses	476	395	1 815	1 738
<i>Restructuring costs and impairment losses</i>				
Trelleborg Engineered Systems	-13	-	-36	-
Trelleborg Automotive	-280	-	-280	-
Trelleborg Wheel Systems	-21	-	-21	-
Total including restructuring costs and impairment losses	162	395	1 478	1 738

Key operating ratios

Key Ratios, Group

	Oct - Dec		Jan - Dec	
	2006	2005	2006	2005
Operating key ratios				
<i>Continuing operations excluding restructuring costs and impairment losses</i>				
Operating profit	476	395	1 815	1 738
Profit before tax	386	337	1 502	1 530
Profit for the period	279	284	1 067	1 152
Earnings per share, SEK ¹⁾	3,05	3,10	11,65	12,60
EBITDA, %	10,2	10,0	10,0	10,8
Operating margin (ROS), %	6,8	6,3	6,6	7,3
Return on capital employed (ROA), %			9,8	10,7
Return on shareholders' equity, %	11,3	11,3	10,7	12,3
Operating cash flow	752	521	1 607	1 770
Operating cash flow/Operating profit, %	158	132	89	102
Operating cash flow per share, SEK ³⁾	8,30	5,75	17,80	19,65
Net debt/EBITDA, multiple			3,4	2,8
EBITDA/Financial income and expenses, multiple			8,7	12,4

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

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

Income Statement

Income Statements

Group SEK M	Oct - Dec		Jan - Dec	
	2006	2005	2006	2005
<i>Continuing operations</i>				
Net sales	6 945	6 005	27 041	23 509
Cost of goods sold	-5 278	-4 455	-20 328	-17 242
Gross profit	1 667	1 550	6 713	6 267
Selling expenses	-545	-487	-2 067	-1 901
Administrative expenses	-644	-651	-2 640	-2 438
Research and development costs	-137	-129	-506	-476
Other operating income/expense	-184	98	-44	253
Profit from part. in assoc. Companies	5	14	22	33
Operating profit	162	395	1 478	1 738
Financial income and expenses	-90	-58	-313	-208
Profit before tax	72	337	1 165	1 530
Tax	-80	-53	-402	-378
Profit for the period	-8	284	763	1 152
<i>Discontinued operations</i>				
Net sales	-	177	243	661
Operating profit	-3	14	29	41
Profit before tax	-2	13	28	37
Profit for the period	-1	9	3	25
Total Net sales	6 945	6 182	27 284	24 170
Total operating profit	159	409	1 507	1 779
Total profit before tax	70	350	1 193	1 567
Total profit for the period	-9	293	766	1 177
- attributable to minority interest	4	5	15	16
- attributable to equity holders of the parent	-13	288	751	1 161

3.7 % of
net debt

Tax rate
excl restr 29 %

Cash Flow Report

Trelleborg Group, SEK M

Jan - Dec	EBITDA excluding undistributed result from associated companies	Capital expenditure	Sold fixed assets	Change in working capital	Cash flow report Total cash flow	
SEK M	2006	2006	2006	2006	2006	2005
Trelleborg Engineered Systems	1 066	-271	14	6	815	635
Trelleborg Automotive	679	-495	13	-52	145	419
Trelleborg Sealing Solutions	918	-198	72	2	794	710
Trelleborg Wheel Systems	346	-139	-	-54	153	235
Other companies	-8	-	1	-7	-14	3
Group items	-259	-8	19	-38	-286	-232
Operating cash flow	2 742	-1 111	119	-143	1 607	1 770
Restructuring measures provided for at the time of acquisition					-41	-63
Other restructuring measures					-83	-107
Dividend paid to minority					-	-1
Financial items					-245	-257
Paid tax					-320	-393
Free cash flow					918	949
Acquisitions					-3 095	-368
Disposals*					175	1
Dividend paid to shareholders					-497	-452
Exercise of warrants and call options					-	78
Sum net cash flow					-2 499	208

Q4 OCF 752 MSEK!
Cash conversion 158%

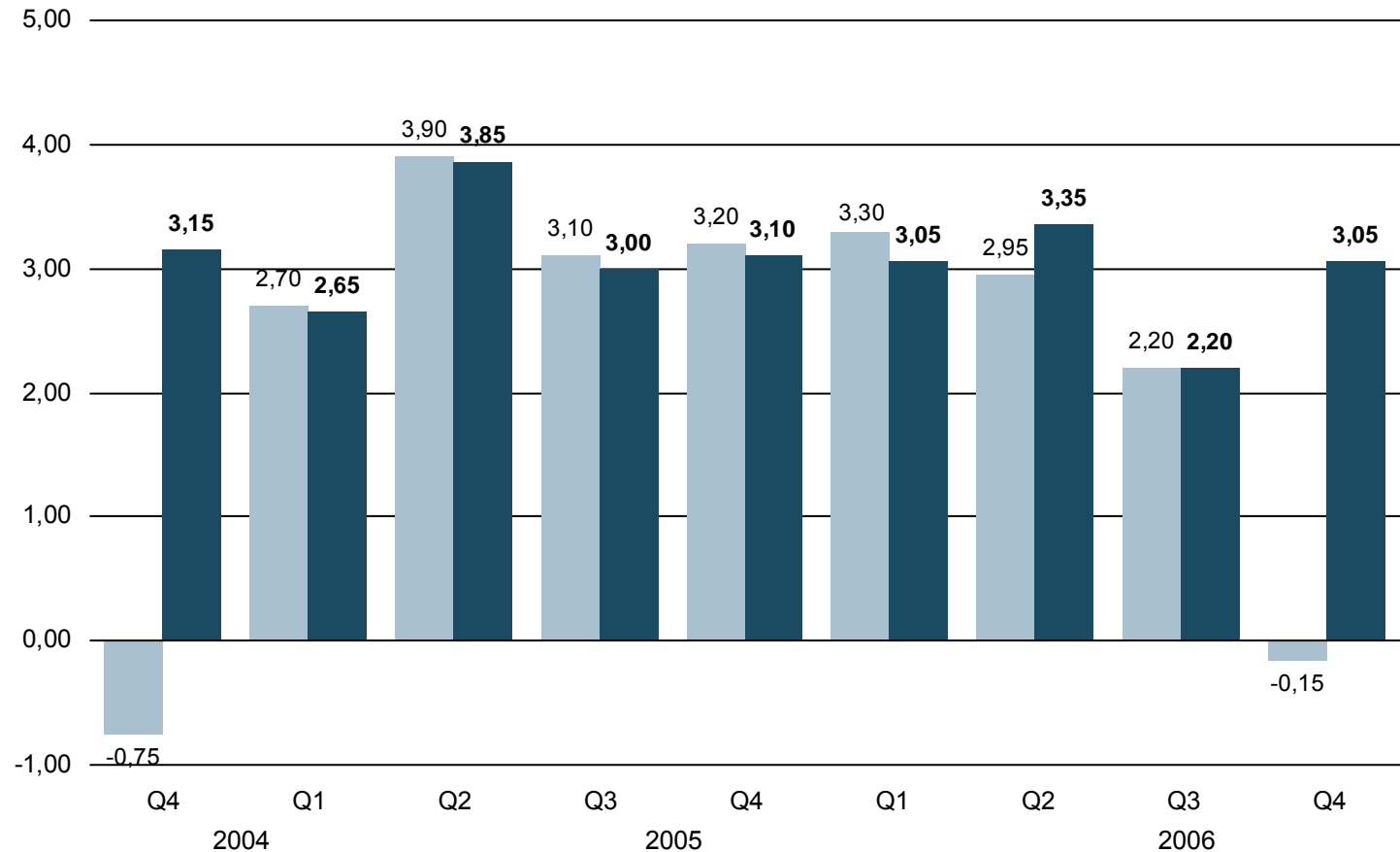
Q4 Free cash flow
473 MSEK

* Including cash flow in entities for which an agreement regarding discontinuation has been reached



Q4 Earnings Per Share SEK 3.05 (3.10)

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	12.50	11.70	11.65
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Outlook for the first half of 2007

- ▼ **For general industry no weakening in demand is forecasted.**
- ▼ **Demand is expected to remain very strong within the aerospace industry and oil and gas segments.**
- ▼ **Within automotive-related operations, the announced production cuts, mainly among North American customers, are expected to have an adverse impact.**

More details on this report can be found on www.trelleborg.com.

Calendar

AGM & 1st Quarter Report
Half Year Report

April 25, 2007
July 24, 2007

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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