

Welcome to 2007 Q2 Report Update

July 24, 2007

Achievements Q2

Net sales growth of 13 percent Organic growth 8 percent
Strengthened positions in Offshore, Aerospace and Industry A
number of non priority areas discontinued Clear improvement of
operating profit in three of four business areas



In focus in 2007

Continued focus on growth markets Stronger positions
in priority segments Increased profitability through
active portfolio management Improved margins through
operational excellence Target oriented leadership





Group Financial Highlights

▼ Q2 Sales increase of 13 % - Organic growth 8 %

- ▼ Group Net Sales rose to 7,943 SEK M (7,044)
- ▼ Group Organic Growth for Q2 8 %

▼ Three of four business areas improved both profits and margins

Continuing operations excl. items affecting comparability

- ▼ Q2 Operating Profit up by 17 % to 594 MSEK (507)
- ▼ TES, TWS and TSS operating profit up by 27 %, benefited from good organic growth and continuously focused businesses. TES also benefited from acquired units.
- ▼ Good volumes in TAU but profits were hampered by high raw material prices, continued operational inefficiencies and lower net effects from capitalisation of development costs

▼ Q2 EBITDA of 869 MSEK, an increase of 20 %

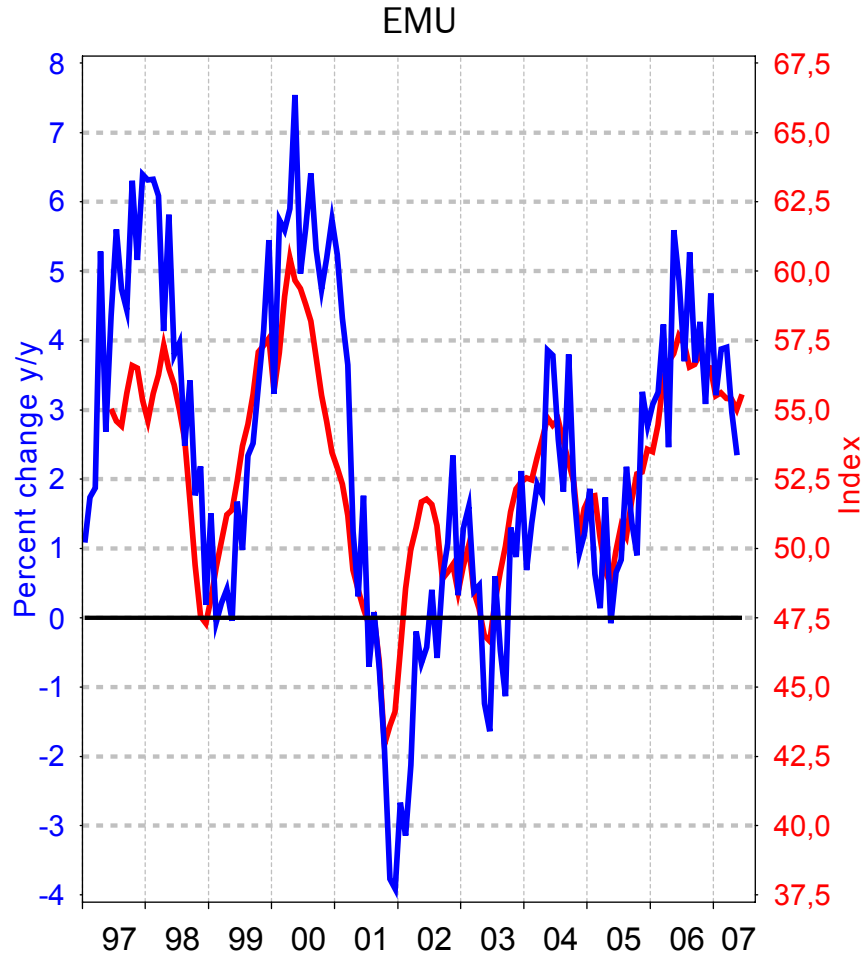
- ▼ Margin increase to 10.9 % (10.3)
- ▼ R12m EBITDA of 3010 MSEK

▼ Items affecting comparability

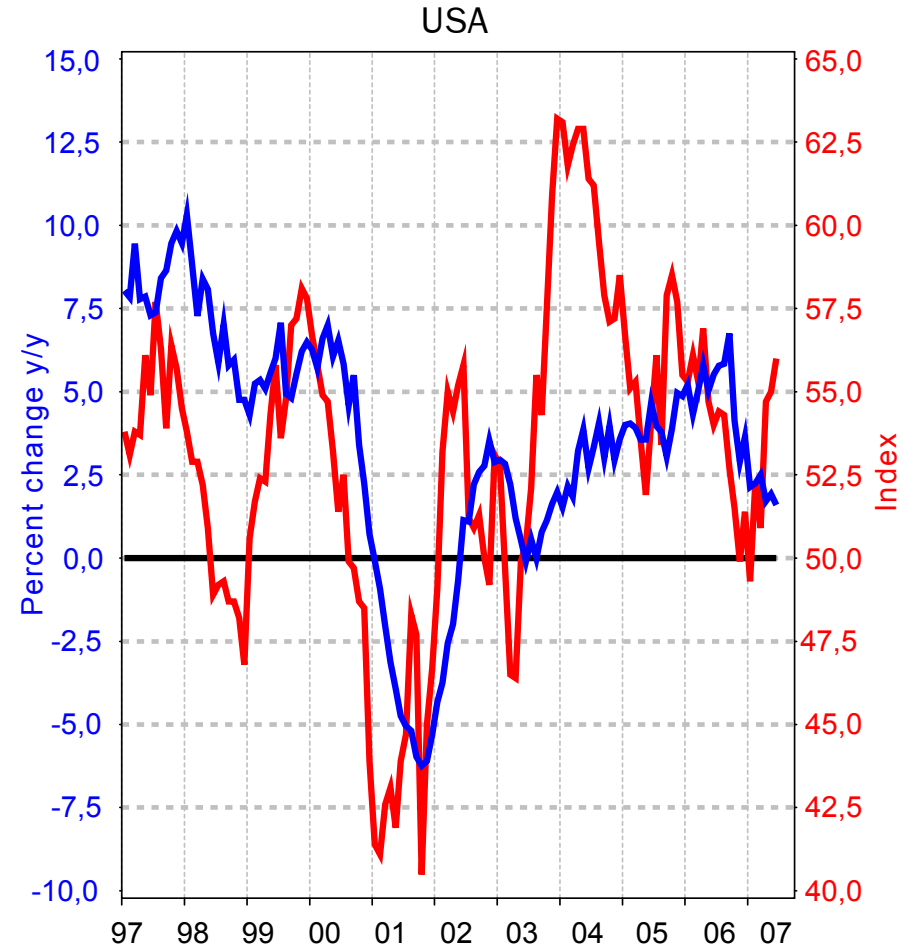
- ▼ Total charges in Q2 of 81 MSEK after tax



USA & EMU Purchasing managers index vs Ind. Production



— 0
 ■ Business Surveys, PMI, Manufacturing Sector, Total
 ■ Eurostat, Production, Overall, Total, excluding construction, Index [c.o.p 12 months]



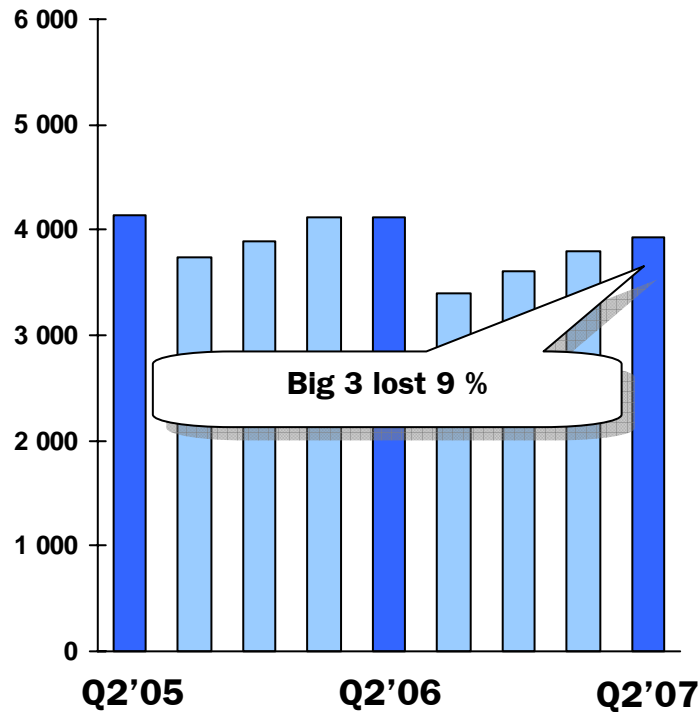
— 0
 ■ Business Surveys, ISM Manufacturing, PMI total
 ■ Production, Manufacturing, Overall, Total, Volume, Index [c.o.p 12 months]



N. America production cuts, East Europe fuels European growth

Light vehicles, Quarterly change YoY

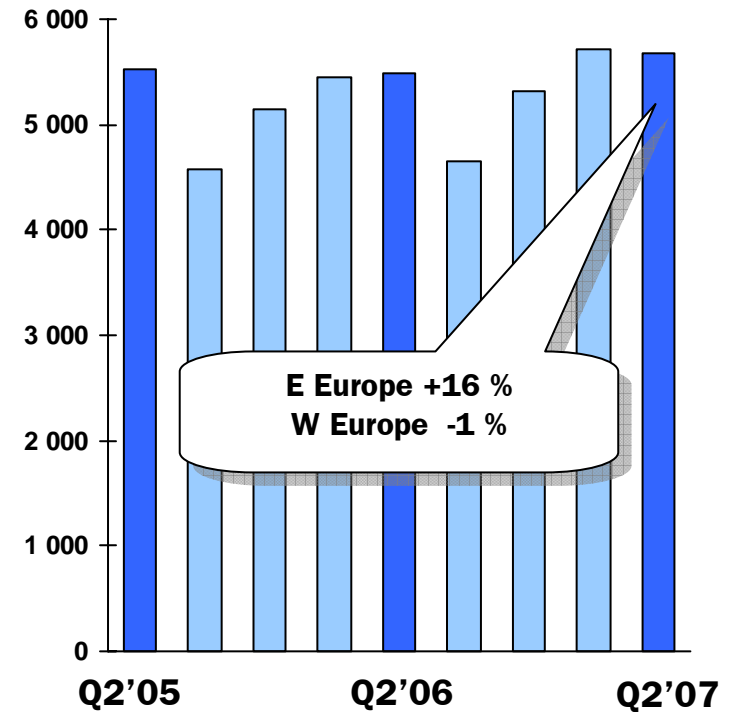
NA light vehicle production, thousand units



Q2 YoY

Sales	+1.0%
Production	-4.4%

European light vehicle production, thousand units



Q2 YoY

Sales	0.6%
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 and profit growth in attractive segments

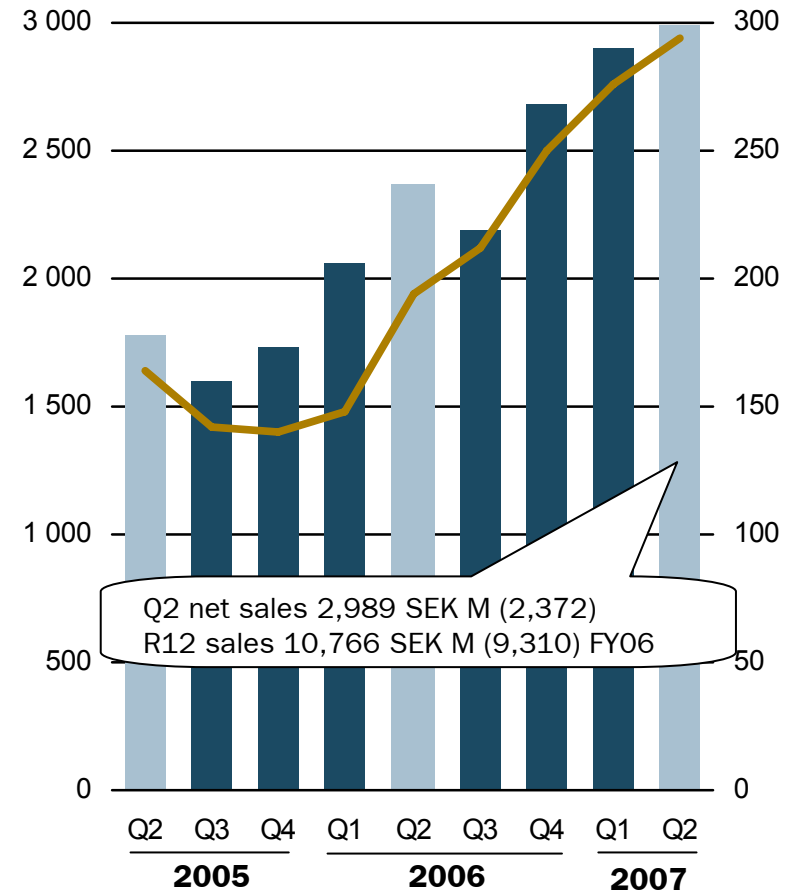
Trelleborg Engineered Systems

- ▼ Organic growth Q2: 5 %. Continuous focus on portfolio management.
- ▼ Generally good and stable demand. Continuously strong order book, especially in oil/gas and infrastructure construction
- ▼ Integration of Reeves runs according to plan. Further actions being initiated.
- ▼ Expansion of production in UK, France, Norway and USA according to plan however followed by some inefficiencies in the period.

Near term actions

- ▼ Managing growth in prioritized areas
- ▼ Continued product portfolio pruning
- ▼ Review of optimisation opportunities

Q2 EBIT 294 SEK M (194)
R12 EBIT 1 033 SEK M (805) FY06



Q2 net sales 2,989 SEK M (2,372)
R12 sales 10,766 SEK M (9,310) FY06

Net sales, SEK M
Quarterly

EBIT, SEK M
Quarterly

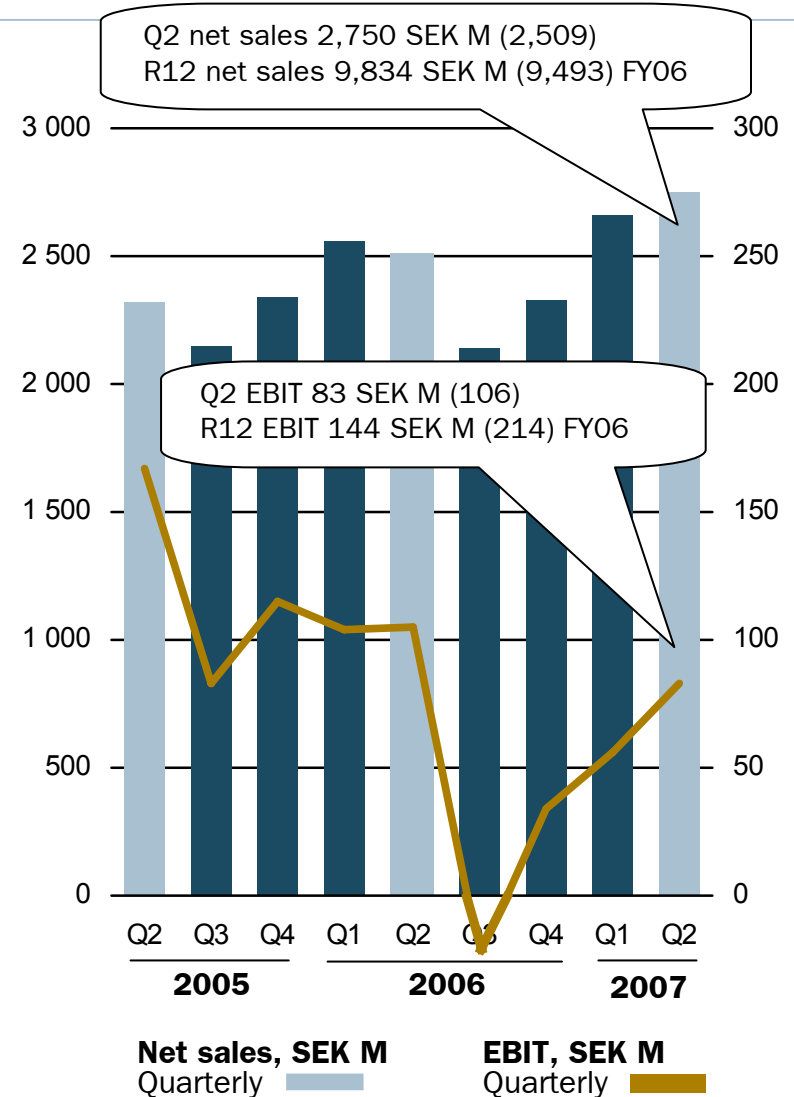
Strong growth but drop in profit YoY

Trelleborg Automotive

- ▼ Organic growth Q2: 11 %
- ▼ Continuous strong sales development for antivibration components, due to global presence.
- ▼ Improved sales also in Fluid & Acoustics.
- ▼ Results negatively effected by
 - ▼ High raw material prices, in quarterly YoY comparison
 - ▼ Lower net effects from capitalized dev. costs after depr.
 - ▼ Operational inefficiencies in Fluid segment
- ▼ Decision to close factory in Italy and distribution unit in Germany

Near term actions

- ▼ Execution of strategical/operational review
- ▼ Secure excellence in several SOPs
- ▼ Growth initiatives and focusing of operations utilizing global structure



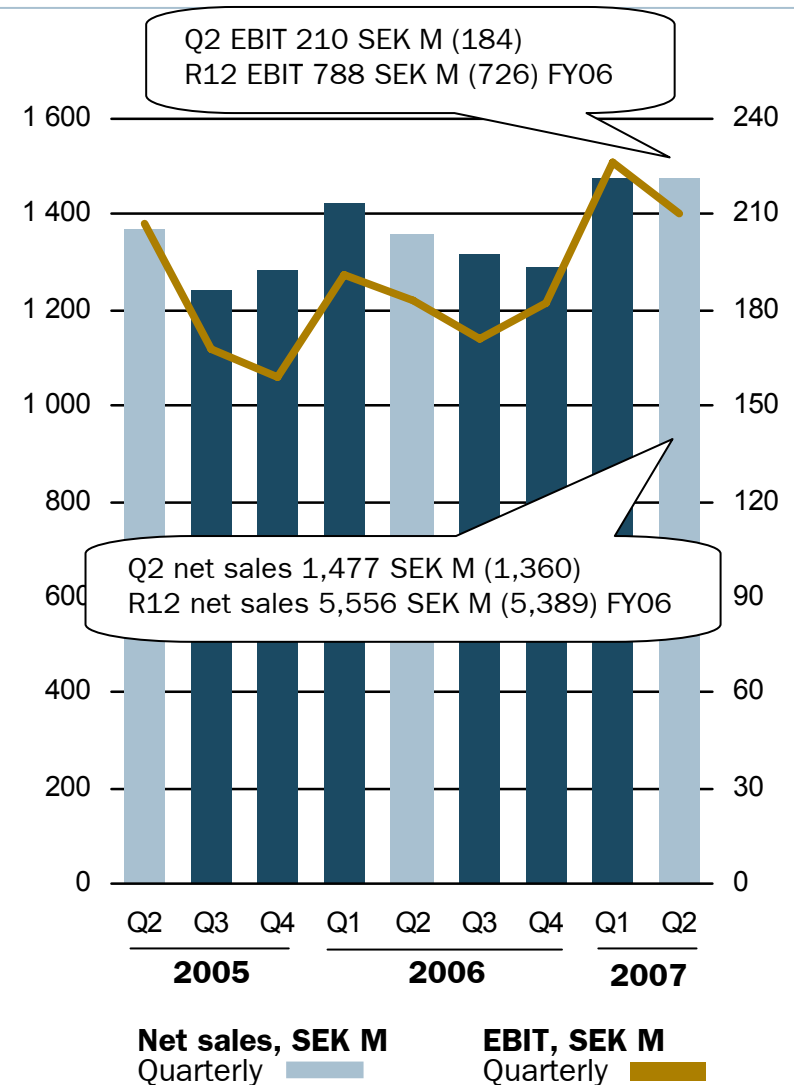
Growth in all segments, profit and margin improved

Trelleborg Sealing Solutions

- ▼ Organic growth: 11 %
- ▼ Organic growth by sector: Industrial 14 %, Aerospace 10 %, Automotive 2 %.
- ▼ Growth initiatives and geographical expansion continues. New logistic center established in China during Q2.
- ▼ High capacity utilization and further focusing/specialisation of factories is being addressed
- ▼ Two strategic acquisitions completed

Near term actions

- ▼ Continuous focus on growth initiatives in prioritized areas and growth through acquisitions
- ▼ Continued product portfolio pruning
- ▼ Review of optimisation opportunities



Strategic acquisition increases TSS US presence

Acquisition of AFM

- ▼ 45 employees - sales of approx. SEK 85 M
- ▼ Rapidly growing distributor of hydraulic seals/customized rubber components
- ▼ Offices in Portland, Oregon, and in Fresno, California
- ▼ Bulk of sales are to OEM customers within several industrial segments
- ▼ The acquisition increases TSS market presence in western USA.



Growth platform in heavy duty seals segment

Acquisition of Hydro-Components Research & Development Corporation (HCRD)

- ▼ Factory in Streamwood, Illinois, USA
- ▼ 80 employees - sales of about SEK 50 million
- ▼ High-precision components, focused specifically on large diameter seals and bearings
- ▼ Expands TSS offering and creates a growth platform within among others the heavy duty vehicles segment
- ▼ Distinct process and organizational synergies



Improved results from focus on prioritized segments

Trelleborg Wheel Systems

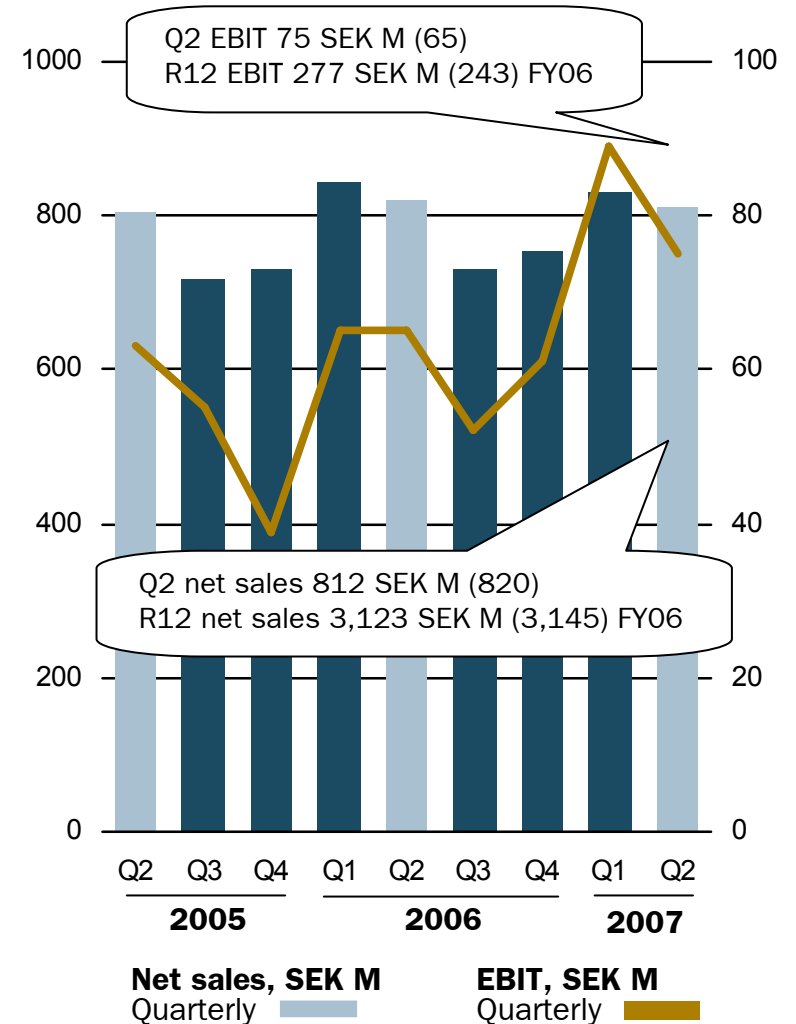
- ▼ Organic growth: 6 %
- ▼ Good demand in prioritized segments
- ▼ Sales on same level as Q2 2006 due to termination of external sales of fabrics
- ▼ Good organic growth for both Agricultural/Forestry tires and Industrial tires.
- ▼ Improved sales in emerging markets.
- ▼ Decision to start production of rims for specialty tires in Estland

Near term actions

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



**SEAL
DAMP
PROTECT**





Q2 and half year figures in summary

Group Total, MSEK	April - June		January - June	
	2007	2006	2007	2006
Net Sales	7 943	7 044	15 719	14 039
Net profit	259	274	481	574
of which,				
items affecting comparability*, net	-81	-1	-214	-16
Operating Key Figures, MSEK				
EBITDA	869	727	1 707	1 427
EBITDA/margin %	10.9	10.3	10.8	10.2
Operating Cash Flow	282	389	279	280
EPS, SEK	3.70	3.35	7.60	6.40



Net sales-bridge

	<u>April - June</u>	<u>January - June</u>
Structural Changes, %	+ 7	+ 6
Currency, %	- 2	- 3
Organic Growth, %	+ 8	+ 9
Total, %	+ 13	+ 12



Items affecting comparability in Q2

- ▼ Total Items affecting comparability in Q2 – **105 MSEK** pre tax and **81 MSEK** after tax
 - ▼ Hadsten closure and move of production to Estonia **20 MSEK**
 - ▼ Net effect of Fergom closure and reduction of earlier depositions **15 MSEK**
 - ▼ External expenses for ongoing competition investigations **70 MSEK**

- ▼ Total Items affecting comparability in H1 – **268 MSEK** pre tax and **214 MSEK** after tax



Competition investigation of subsidiaries

Information from June 26, 2007, is still valid

- ▼ Trelleborg assists the authorities in their investigations
- ▼ Decision on reinforced action program to strengthen knowledge, internal processes and control system.
- ▼ Currently, it is impossible to accurately assess the financial impact.
- ▼ Ongoing investigations/action program approx. 75-100 MSEK during 2007 and 2008.
- ▼ External expenses for investigations in Q2 SEK 70 M.
Costs for the action program will be expensed as they arise.

Operating key figures

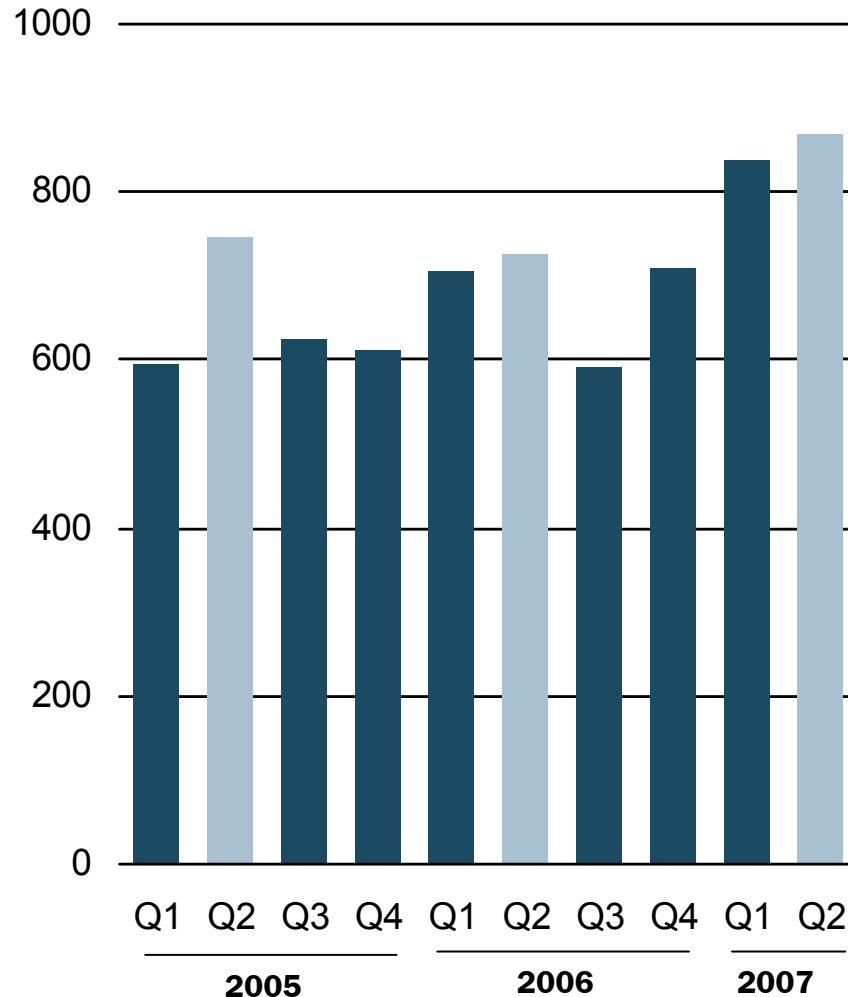
General Comments

- ▼ **High capacity utilization** is addressed in all business areas but always with a long-term view.
- ▼ **Group Items** increased in the quarter due to assumed costs in the group's captive for flooding in Sri Lanka and higher legal costs.
- ▼ **Raw material prices** have had a minor negative impact on Q2. Raw material prices might continue in a slight upwards trend also in Q3 2007. Especially so for oil related polymers and chemicals.
- ▼ **Exchange rates** from transaction flows is estimated to have had marginal effect on the group's result.



Operating key figures

Quarterly EBITDA in MSEK, 2005 – 2007



▼ Q2 EBITDA **869 MSEK** (727)

▼ R12 EBITDA **3 010 MSEK**
(2 730 FY06)

▼ EBITDA-margin:

▼ **Q2 10.9 % (10.3)**

▼ **H1 10.8 % (10.2)**

▼ EBITDA-margin, excl Automotive:

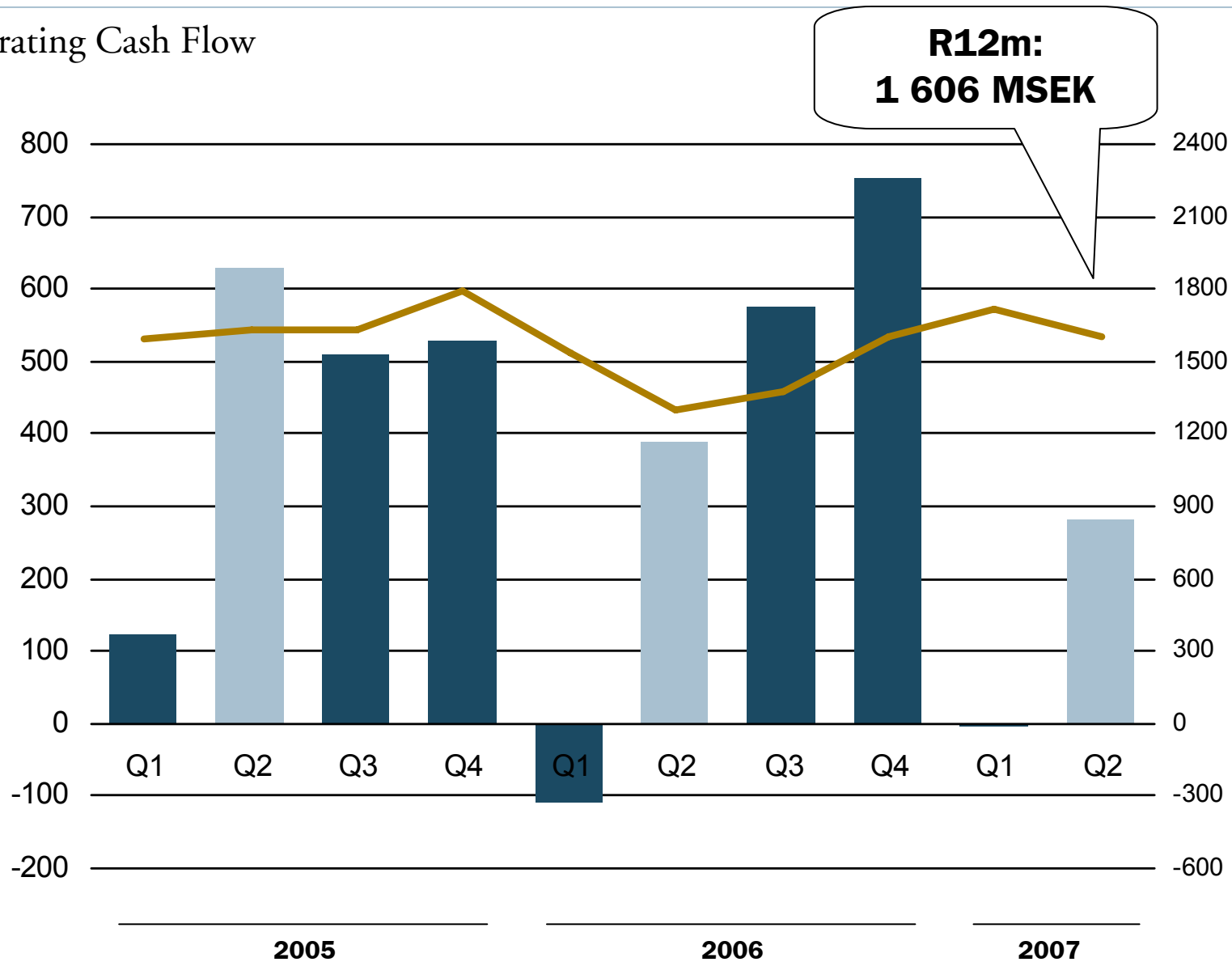
▼ **Q2 12.7 % (11.7)**

▼ **H1 13.1 % (11.5)**



Operating key figures

Operating Cash Flow



Cash Flow Report

Trelleborg Group, SEK M

Jan - June	EBITDA ¹⁾		Capital expenditure		Sold fixed assets		Change in working cap.		Total cash flow		July 2006- June 2007
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	
SEK M											
Engineered Systems	737	471	-170	-103	8	2	-284	-233	291	137	969
Automotive	369	450	-209	-246	5	2	-247	-153	-82	53	10
Sealing Solutions	537	472	-83	-76	5	6	-213	-144	246	258	782
Wheel Systems	223	183	-56	-40			-137	-137	30	6	177
Other companies	-8	-2						-3	-8	-5	-17
Group items	-156	-126	-24	-4	-2	10	-16	-49	-198	-169	-315
Oper. cash flow	1 702	1 448	-542	-469	16	20	-897	-719	279	280	1 606
Restructuring measures provided for at the time of acquisition									-3	-16	-28
Other restructuring measures									-80	-29	-134
Financial items									-208	-55	-398
Paid tax									-207	-116	-411
Free cash flow									-219	64	635
Acquisitions									-184	-1488	-1791
Disposals ²⁾									125	179	121
Dividend paid to shareholders									-542	-497	-542
Sum net cash flow									-820	-1 742	-1 577

¹⁾ excluding undistributed result from associated companies

²⁾ Including cash flow in entities for which an agreement regarding discontinuation has been reached and sale of real estate

Net debt, opening balance	-9 350	-7 236	-8 732
Net cash flow for the period	-820	-1742	-1577
Borrowing costs	-	1	-3
Exchange rate differences	-164	245	-22
Net debt, closing balance	-10 334	-8 732	-10 334

Operating key figures

	April - June		January - June	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating Cash Flow in % of Operating Profit	47	77	23	29
Return on Capital Employed, %	11.9	11.1	12.1	10.7
Debt/Equity Ratio, %			105	89
Return on Equity, %	13.5	12.1	14.3	11.8



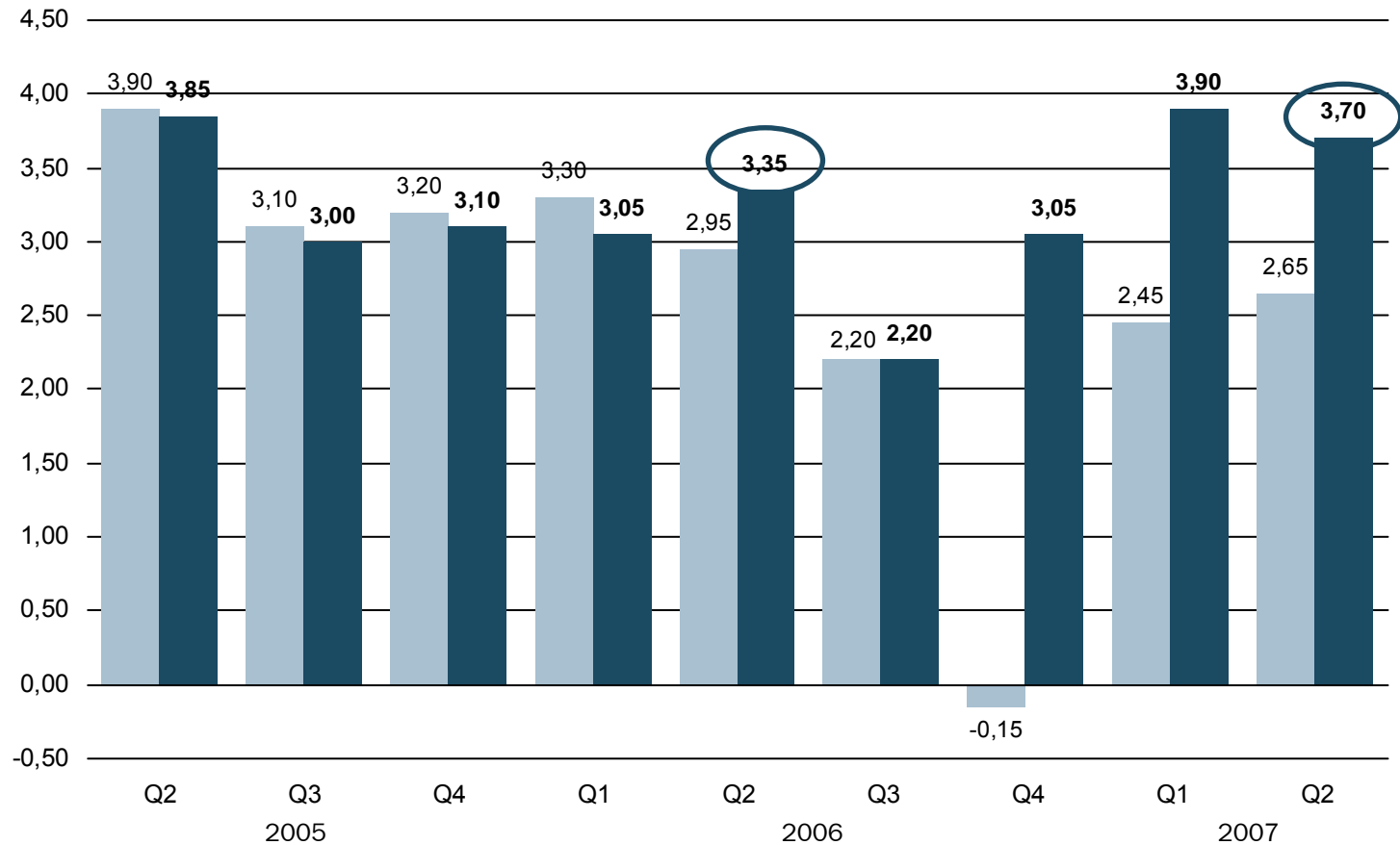
Operating key figures

	<u>April – June '07</u>	<u>January – June '07</u>
Financial Net, in % of average net debt	4.0	4.0
Tax rate, %	30.5	30.8



Q2 Earnings Per Share SEK 3.70 (3.35)

Earnings per share, **Light Blue**, and also for continuing operations excl. items affecting comparability, **Blue**, SEK



R12 EPS, continuing operations excl. items affecting comparability

12.25 12.65 12.60 13.00 12.50 11.70 11.65 12.50 12.85



Outlook for the third quarter of 2007

Unchanged from outlook for first half of 2007

- ▼ For general industry, demand is not expected to decline, while the very strong demand within the Aerospace and Oil/Gas segments will continue.
- ▼ Cutbacks in production, mainly among North American customers, are expected to have adverse effects on automotive-related operations.

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

Calendar

Nine Month Report
Year-end Report

October 26, 2007
February 15, 2008

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.

Shareholder contacts

Bo Jacobsson, Chief Financial Officer

Phone: +46 410-670 99, Mobile: +46 70-685 65 60

e-mail: bo.jacobsson@trelleborg.com

Mikael Byström, Senior Vice President, Investor Relations

Phone: +46 410-670 37, Mobile: +46 708-55 21 69

e-mail: mikael.bystroem@trelleborg.com

Viktoria Bergman, Senior Vice President, Corporate Communications

Phone: +46 410-670 94, Mobile: +46 708-47 57 33

e-mail: viktoria.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
Internet: www.trelleborg.com