



INTERIM REPORT

January – September 2001

- ◆ Operating profit, excluding non-comparable items, up 17 percent.
- ◆ Operating cash flow amounted to SEK 726 M (390)
- ◆ Profit after financial items, excluding non-comparable items, in line with corresponding period 2000.
- ◆ Earnings per share, excluding non-comparable items, rose 11 percent.
- ◆ Special General Meeting on November 16, will address following proposals: Redemption of 10 million shares (from synthetic buy-back program), cancellation of 5 million shares and authorization to engage in a new buy-back program.

<i>First nine months</i>	<i>2001</i>	<i>2000</i>
Net sales, SEK M	14,226	10,037
Operating profit, SEK M <i>(excluding non-comparable items)</i>	885	755
Operating cash flow, SEK M	726	390
Profit after financial items, SEK M <i>(excluding non-comparable items)</i>	762	765
Earnings per share, SEK <i>(excluding non-comparable items)</i>	5:40¹⁾	4:85 ²⁾
Earnings per share, SEK	4:65¹⁾	6:20 ²⁾

1) Based on average number of shares excluding own holdings: 97,471,932.

2) Based on average number of shares excluding own holdings: 111,647,453.

Group, first nine months, 2001

Net sales and earnings.

Profit after financial items, excluding non-comparable items, in line with preceding year.

Consolidated net sales during the period totaled SEK 14,226 M (10,037). For comparable units, net sales were unchanged, excluding currency effects. Approximately 30 percent of consolidated sales during the first nine months was in USD and the remaining 70 percent in other currencies, primarily EUR. For comparable units, net sales in the USD portion declined by 7 percent, while sales in the EUR segment rose by 2 percent.

Excluding non-comparable items, operating profit increased by 17 percent to SEK 885 M (755). Consolidated operating profit amounted to SEK 905 M (1,106).

The consolidated financial net amounted to an expense of SEK 123 M (income: 10). Profit after financial income and expense amounted to SEK 661 M (1,016) and, excluding non-comparable items, to SEK 762 M (765).

Earnings per share, excluding non-comparable items, increased with 11 percent.

Excluding non-comparable items, earnings per share rose during the period to SEK 5.40 (4.85). Earnings per share amounted to SEK 4.65 (6.20). Earnings per share were affected favourably by the transactions implemented in the Group's share buy-back program. The table adjoining the Income Statement includes earnings per share based on the volume of shares outstanding at the end of the period to show the full effect of repurchased shares.

Balance sheet, cash flow and investments.

Operating cash flow totalled SEK 726 M (390).

Capital employed by the Group amounted to SEK 11,064 M (8,245) at the end of the period. Repurchases of Trelleborg's own shares during the period totalled SEK 308 M. Net financial assets/liabilities amounted to a net liability of SEK 2,977 M (assets: 100). Liquid funds include the holding of shares in Boliden Ltd, with a book value of SEK 281 M.

The debt/equity ratio at the close of the period was 34.8 percent. The equity/assets ratio was 45.5 percent (61.8). Equity per share (about 97 million shares outstanding) amounted to SEK 87.10 (84.15) at the end of the period. The return on equity amounted to 7.1 percent (10.2).

The Group's cash flow from operations during the period was positive in an amount of SEK 726 M (390) and investments totalled SEK 441 M (360).

Trelleborg Automotive.

Improved operating margin during Q3, compared with corresponding quarter of 2000.

The business area's net sales amounted to SEK 7,446 M (4,208). Operating profit for the period rose to SEK 538 M (343).

Auto production in the US market continued to fall during the third quarter and observers predict a total decline in production for 2001 of slightly more than 10 percent. It is estimated that sales of passenger cars in the US market will decrease by about 6-7 percent for the year as a whole, compared with 2000. Car inventories in the US are at a normal level. Further increases in discounts to sell cars were noted in the third quarter.

To meet the declining demand in North American markets, Trelleborg has consistently implemented temporary personnel reductions and these are expected to continue throughout the fourth quarter.

The markets in Mexico and Brazil declined slightly during the third quarter, but are expected to be better for the year as a whole, compared with 2000.

Vehicle production in the European market declined during the third quarter by slightly more than 1 percent. Auto sales in Europe are expected to decrease by 2 percent for the year as a whole.

Work to restructure the operations of Trelleborg AVS Europe and to reduce the number of production units is in progress. In many areas, the work is proceeding more rapidly than anticipated. The production plant in Peterborough in the UK has been closed and operations relocated to other plants in the business unit.

Work on the integration of LAC is under way and within Components & Acoustics the decision has been taken to close the production unit in Bow, in the UK, a measure that is expected to be completed in summer 2002. Production will be concentrated to other units in the UK, France and the Czech Republic. Two smaller Fluid Systems production units in France have been closed and operations transferred to Spain.

Trelleborg Wheel Systems.

Declining demand in third quarter.

Net sales amounted to SEK 2,400 M, compared with SEK 2,258 M during the corresponding period of 2000. Operating profit for the period amounted to SEK 110 M (158).

Significantly weaker demand was noted in the Solid Industrial Tires product area, particularly in North America, but also in Europe. This trend related both to tires for newly produced vehicles and for the after-market.

The agricultural market weakened during the third quarter and was down on the corresponding period of 2000.

To meet the declining demand, the business area introduced measures to achieve a more cost-effective marketing organization. The main aim is to increase coordination within the business area, thereby reducing costs. The organizational changes are also intended to improve capital utilization through more efficient inventory management, among other improvements. The new organization will also place a more distinct focus on markets outside Europe and North America

During the year, gradual adjustments have been made in the number of production employees, whereby the workforce has been trimmed by approximately 80 personnel.

In addition, an analysis is being made of the production structure and general cost levels within the business area. This is estimated to result in restructuring costs of about SEK 150-200 M, which are expected to be charged against earnings for the fourth quarter. The measures are expected to have a positive impact on earnings as early as during 2002.

Trelleborg Engineered Systems.

Earnings improvement continues, despite weaker demand in certain product segments.

Net sales during the first nine months of the year totaled SEK 2,518 M (2,180). Operating profit rose by 38 percent to SEK 135 M (98). The improvement was primarily due to the successful integration of the acquisitions made during the first half of the year and continued rationalization measures.

Continued efforts to concentrate the business area's portfolio of products also contributed to the improvement in earnings, through more effective cultivation of markets, among other measures. Demand for industrial supply products, mainly in North America, declined during the period but was partly offset by cost reductions and capital rationalization measures in the product area.

The successful launch of new products for infrastructure and oil market customers in particular made a contribution to the increase in sales during the period. Demand for the protective products produced by the business area increased and sales of chemical-resistant suits have risen significantly, with favourable order bookings reported in all geographical markets. During the period, substantial project orders in the areas of marine fender systems and oil hose products were secured. The acquisition of a company group in the marine fender systems product area was implemented in the spring and the companies involved have all developed satisfactorily.

The unprofitable rubber sheeting production plant in Mexico was closed down during the third quarter, resulting in a workforce reduction of 160 persons.

Work to improve the logistics structure and costs resulted in the closure of a number of European storage locations during the period. The Industrial Hose business unit in particular improved the efficiency of its distribution operations by closing a number of large storage terminals, a measure carried out with an increased level of service.

Recent events in the world have significantly increased the degree of uncertainty surrounding future infrastructure projects. Gradually weakening demand for industrial supplies was also noted in European markets during the third quarter.

Trelleborg Building Systems.

Weak market in Germany, mixed developments in the Nordic region.

Net sales amounted to SEK 1,323 M (1,098) and operating profit totalled SEK 111 M (127).

Markets in continental Europe remained weak during the third quarter, while mixed developments were noted in Nordic markets. New building activity was stable, while renovation work declined. To meet the decrease in demand, capacity adjustments were implemented, primarily in the form of workforce reductions in Europe.

The major downturn in Germany led to increased competition in other geographical markets, since companies were unable to find buyers for their products in the German market.

The nonbuilding-related segments of the business area were also subject to a slight decline during the third quarter. Demand in the Nordic Industrial Profiles segment was stable, which in combination with a number of efficiency enhancement measures resulted in a favourable trend of earnings.

Taken as a whole, the trend for consumer products was positive. European markets softened but favourable trends in the US and Russia led to good growth in this segment.

Phønix Tag of Denmark, acquired during the spring, is already generating a operating profit on an annualised basis.

Other activities

Trenor (49%)

The Group's participation in pretax earnings of the Trenor Group (49%) – Trelleborg's former Distribution Sector – amounted to SEK 85 M (131). The decrease was due to lower earnings in the Bröderna Edstrand unit. The Group's holding in Trenor Holding is booked at SEK 172 M.

New share issue in Boliden Ltd.

Trelleborg subscribed for new common shares totaling SEK 110 M.

In line with the information contained in the six-month report, Trelleborg subscribed for new common shares in Boliden Ltd, corresponding to SEK 110 M, as part of the refinancing of Boliden. At a Special General Meeting toward the end of November 2001, Trelleborg is expected to support the Boliden proposal for an exchange of shares and the relocation of its registered office to Sweden. Based on the share price at the end of the period, the proposal for the exchange of preference shares to common shares means that the value of Trelleborg's total holding of Boliden shares exceeds the book value of SEK 281 M.

Buy-back of own shares.

Special General Meeting on November 16.

To normalize the balance sheet and achieve the return on shareholders' equity goal, Trelleborg needs a different financial structure. Accordingly, the Company has carried out extensive repurchasing of its own shares.

As per July 1, Trelleborg had repurchased 8,960,800 shares (nearly 9 percent of total shares outstanding) as part of the second buy-back program to acquire 10 percent of the total number of shares in the company. No further repurchases of the company's own shares were made as part of this program during the third quarter of 2001. At the Annual General Meeting on April 26, 2001, the Board of Directors was granted authorization to continue the program and repurchase up to 10 percent of all shares outstanding and, if necessary, use the shares as direct or indirect payment for acquisitions.

In addition, at a Special General Meeting in the beginning of 2001, the Board was authorized to effect a synthetic share buyback program comprising a maximum of 20 million shares. In this program share-swap agreements corresponding to 10 million shares, or approximately SEK 830 M, have been entered into. At a Board Meeting on October 12, the Board decided to convene a Special General Meeting on November 16 to address:

- Redemption of 10 million B shares
- Cancellation of 5 million repurchased B shares
- New share buy-back mandate

If the General Meeting approves the Board proposals, the total number of shares outstanding will decline from 105.6 million to 90.6 million. Excluding the holding of own shares the total number of shares outstanding at that time will be approximately 86.6 million.

Outlook

Unpredictable market scenario

Leads to focus on efficiency improvements and cash flow.

Uncertainty regarding future demand from customers in Trelleborg's main markets, North America and Europe, has increased.

It is anticipated that vehicle production in North America during the fourth quarter will be lower than during the corresponding period of 2000, which in itself was a weak quarter. Estimates indicate that there will be a drop in production of up to 10 percent during the final quarter.

It is estimated that European auto production will be 5 percent lower during the fourth quarter, compared with Q4 2000.

GDP forecasts in the OECD area for both the final quarter of 2001 and year 2002 as a whole have been reduced significantly in recent weeks. Expectations are that growth during the next few quarters will be extremely low, and in certain instances negative.

As noted under the descriptions of the individual business areas, continuing efforts are under way to adapt resources to the weaker market conditions.

In addition, an analysis is being made of the production structure and general cost levels within the Wheel Systems business area. This is estimated to result in restructuring costs of about SEK 150-200 M, which are expected to be charged against earnings for the fourth quarter as a non-comparable item. The measures are estimated to have a positive impact on earnings as early as during 2002.

Trelleborg, October 29, 2001
Fredrik Arp, *President and CEO*

This interim report has been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council. The accounting principles applied are identical to those used for the most recent annual report. This interim report has not been subject to special examination by the Trelleborg Group's auditors.

This interim report and other information about the Trelleborg Group, including the magazine T-TIME, are also available on the Internet at the following address: www.trelleborg.com. The year-end report for 2001 will be published on February 5, 2002.

For further information contact Trelleborg AB's Senior Vice President and Chief Financial Officer **Jan Björck**, +46 410 67028 or mobile: +46 708 46 02 07, or Senior Vice President Corporate Communications **Mikael Byström**, +46 410 670 37, mobile +46 708 55 21 69.

Income Statements

Group SEK M	July – Sep		Jan - Sep		Oct 2000- Sep 2001	Full year 2000
	2001	2000	2001	2000		
Net sales	4,609	3,444	14,226	10,037	17,843	13,654
Cost of goods sold	-3,682	-2,657	-11,222	-7,649	-14,010	-10,437
Gross profit	927	787	3,004	2,388	3,833	3,217
Selling, administration and R&D expenses	-776	-629	-2,407	-1,847	-3,198	-2,638
Non-comparable items	0	108	20	351	36	367
Other operating revenues and expenses	87	25	193	69	317	193
Pre-tax profit from participation in associated companies	28	53	95	145	170	220
Operating profit	266	344	905	1,106	1,158	1,359
Financial income and expenses	-44	-17	-123	10	-144	-11
Write down of preference shares in Boliden Ltd	0	-100	-121	-100	-228	-207
Profit after financial items	222	227	661	1,016	786	1,141
Taxes	-68	-91	-198	-313	-208	-323
Minority shares	0	-5	-9	-11	-14	-16
Net profit for the period	154	131	454	692	564	802

Profit excluding non-comparable items SEK M	July-Sep		Jan-Sep		Oct 2000- Sep 2001	Full year 2000
	2001	2000	2001	2000		
Operating profit, excl.non-comp. items	266	236	885	755	1,122	992
Profit after financial items, excl.non-comp. items	222	219	762	765	978	981
Net profit, excl. non-comp. items	153	153	526	539	703	716

Earnings per share	July – Sep		Jan – Sep		Oct 2000- Sep 2001	Full year 2000
	2001	2000	2001	2000		
Earnings per share, SEK ¹⁾	1.60	1.30	4.65	6.20	5.75	7.30
Earnings per share, excluding non-comparable items, SEK ¹⁾	1.60	1.50	5.40	4.85	7.05	6.50
Earnings per share at end of period, SEK ²⁾	1.60	1.25	4.70	6.45	5.95	7.70
Earnings per share, excluding non-comparable items, at end of period, SEK ²⁾	1.60	1.45	5.45	5.00	7.30	6.85
Earnings per share after full conversion, SEK ³⁾	1.55	1.25	4.50	6.00	5.55	7.05
Earnings per share after full conversion, excluding non-comparable items, SEK ³⁾	1.55	1.40	5.20	4.70	6.80	6.30

<i>Number of shares at end of period</i>	105 607 372	117 341 524	105 607 372	117 341 524	105 607 372	105 607 372
²⁾ <i>Number of shares at end of period, excluding own holdings</i>	96 646 572	105 607 372	96 646 572	105 607 372	96 646 572	101 063 772
<i>Number of shares at end of period, excluding own holdings after full conversion</i>	102 218 229	110 878 966	102 218 229	110 878 966	102 218 229	106 335 366
¹⁾ <i>Average number of shares, excluding own holdings</i>	96 646 572	105 607 372	97 471 932	111 647 453	99 349 341	109 855 550
³⁾ <i>Average number of shares, excluding own holdings after full conversion</i>	102 218 166	110 878 966	102 910 193	116 919 047	104 745 935	115 127 144

Balance Sheets

Group	Sep 30	Sep 30	Dec 31
SEK M	2001	2000	2000
Intangible fixed assets	2,865	1,980	2,594
Tangible fixed assets	5,558	4,575	5,223
Financial fixed assets	1,195	1,033	1,066
Inventories	2,581	2,097	2,443
Receivables	5,556	3,842	4,580
Liquid funds	1,064	1,101	1,226
Total assets	18,819	14,628	17,132
Shareholders' equity	8,419	8,887	8,552
Minority shares	135	159	160
Provisions	1,232	1,387	1,346
Long-term liabilities	4,073	912	2,700
Current liabilities	4,960	3,283	4,374
Total shareholders' equity, provisions and liabilities	18,819	14,628	17,132

Specification of changes in shareholders' equity	Sep 30	Sep 30	Dec 31
SEK M	2001	2000	2000
Opening balance	8,552	9,213	9,213
Reduction of the share capital following retirement of Company's shares			-726
Dividend	-362	-381	-381
Purchase of own shares	-308	-726	-322
Translation differences	191	63	44
Exchange-rate differences	-108	26	-78
Net profit for the year	454	692	802
Closing balance	8,419	8,887	8,552

Key Figures

	2001	Jan – Sep 2000	Oct 2000- Sep 2001	Full year 2000
Investments in plant, SEK M	441	360	624	543
Financial assets minus liabilities at end of period, SEK M	-2,977	100	-	-1,720
Debt/Equity ratio, %	34.8		-	19.7
Equity/Assets ratio, %	45.5	61.8	-	50.9
Shareholders' equity per share, SEK ¹⁾	87.10	84.15	-	84.60
Return on shareholders' equity, %	7.1	10.2	6.5	9.0

¹⁾ Number of shares at end of period, excluding own holdings

Cash flow analysis

SEK M	2001	Jan – Sep 2000
Ongoing operations		
Operating profit	905	1,106
<i>Reversals</i>		
Depreciation	658	485
Non-comparable items	-20	-351
Share in result of associated companies	-95	-145
	1,448	1,095
Financial items	-123	10
Taxes paid	-120	-149
Cash flow from ongoing operation before changes in working capital	1,205	956
Cash flow from changes in working capital	-371	-413
Cash flow from ongoing operations	834	543
Changes in other receivables and liabilities	-554	-251
Investment operations		
Acquisitions	-486	-2,203
Gross investments in tangible and intangible assets	-441	-360
Sale of equipment	90	68
Divestments	91	-
Cash flow from investment operations	-746	-2,495
Financing operations		
Change in interest-bearing investments	16	693
Change in interest-bearing liabilities	1,078	-524
Buy-back of own shares	-308	-726
Dividend to shareholders	-362	-381
Dividend to minority	-52	-
Cash flow from the financing operations	372	-938
Cash flow for the period	-94	-3,141
Liquid funds at beginning of the year	1,226	4,331
Write down of preference shares in Boliden Ltd	-121	-100
Exchange rate differences in liquid funds	53	11
Liquid funds at end of period	1,064	1,101

Group Review

Net sales

SEK M	July - Sep		Jan - Sep		Oct 2000-	Full year
	2001	2000	2001	2000	Sep 2001	2000
Trelleborg Automotive	2,329	1,564	7,446	4,208	9,060	5,822
Trelleborg Wheel Systems	720	698	2,400	2,258	3,166	3,024
Trelleborg Engineered Systems	836	679	2,518	2,180	3,279	2,941
Trelleborg Building Systems	507	378	1,323	1,098	1,696	1,471
Elimination	-64	-87	-236	-254	-342	-360
Other companies	281	212	775	547	984	756
Group	4,609	3,444	14,226	10,037	17,843	13,654

Operating profit

SEK M	July - Sep		Jan - Sep		Oct 2000-	Full year
	2001	2000	2001	2000	Sep 2001	2000
Trelleborg Automotive	157	96	538	343	646	451
Trelleborg Wheel Systems	7	39	110	158	152	200
Trelleborg Engineered Systems	46	23	135	98	177	140
Trelleborg Building Systems	54	59	111	127	146	162
Group wide expenses	-32	-28	-97	-91	-153	-147
Trenor/Distribution operations	24	51	85	131	157	203
Other companies	10	-4	3	-11	-3	-17
Group, excl non-comp. items	266	236	885	755	1,122	992
Non-comparable items	0	108	20	351	36	367
Group	266	344	905	1,106	1,158	1,359

Key operating ratios

	Operating margin, (ROS) % ¹⁾ , rolling 12-mos			Return on capital employed, (ROA) % ²⁾ , rolling 12-mos		
	Oct 2000- Sep 2001	Oct 1999- Sep 2000	Full year 2000	Oct 2000- Sep 2001	Oct 1999- Sep 2000	Full year 2000
Trelleborg Automotive	7.0	8.1	7.5	12.6	16.1	14.3
Trelleborg Wheel Systems	4.8	6.9	6.6	8.0	12.0	11.6
Trelleborg Engineered Systems	5.4	3.9	4.8	10.6	7.8	9.3
Trelleborg Building Systems	8.4	11.1	10.8	17.7	21.9	21.5
Group	5.3	5.5	5.7	11.1	13.5	13.5
Group, excl. goodwill amortisation				12.6	14.9	14.9

¹⁾ Operating result excluding share in results of associated companies and non-comparable items in relations to net sales.

²⁾ Operating result excluding non-comparable items/average capital employed.

Capital employed ¹⁾

SEK M	Sep 2001	Sep 2000	Full year 2000
Trelleborg Automotive	5 832	3 744	5 139
Trelleborg Wheel Systems	2 010	1 777	1 763
Trelleborg Engineered Systems	1 796	1 530	1 552
Trelleborg Building Systems	911	778	753
Group wide expenses	45	-74	-53
Trenor/Distribution operations	172	31	90
Other companies	298	459	431
Group	11 064	8 245	9 675

¹⁾ Total assets less interest-bearing investments, tax receivables/liabilities, accrued interest and non-interest bearing operating liabilities on balance sheet data.

Cash flow report

January – September 2001	Profit/loss Excluding associated companies and non-comparable items	De- preci- ation	Gross invest- ments	Sold fixed assets	Change in working capital	Total Operating cash flow	2000
SEK M							
Trelleborg Automotive	529	391	-236	31	-210	505	314
Trelleborg Wheel Systems	110	104	-91	5	-104	24	45
Trelleborg Engineered Systems	135	94	-77	6	-64	94	127
Trelleborg Building Systems	110	50	-28	29	-99	62	79
Group items	-97	8	-5	10	-58	-142	-151
Other companies	3	11	-4	9	164	183	-24
Operating cash flow	790	658	-441	90	-371	726	390
Acquisitions						-486	-2 203
Divestments						91	
Dividend to shareholders						-362	-381
Buy back of own shares						-308	-726
Write down of preference shares in Boliden Ltd						-121	
Other (financial transactions, taxes etc)						-797	-478
Change financial net assets/liabilities						-1 257	-3 399