

President's speech at the AGM on April 19, 2012

Despite the turbulent market situation that prevailed particularly in the latter half of the year, 2011 was the best year in Trelleborg's history. We achieved our financial goals and strengthened our balance sheet, enabling the Board to today propose a raised dividend.

We were also able to continue our determined efforts to achieve sustainable profitable growth by gradually strengthening and developing the Group.

This is something we started back in the late 1990s when we sold the remaining operations from the Trelleborg conglomerate, which included such operations as Ahlsell, Skoogs, the operation that is currently BE Group and the last part of Boliden, to name but a few.

This was necessary to enable us to focus on the part of the Group that we believed could be developed, meaning our polymer-based industrial business where we have solid know-how.

Our materials expertise is based on constantly developing and adapting the properties of polymer materials, such as resistance, friction and flexibility, to create functions that seal, damp and thus protect. We have a unique ability to customize these polymers to achieve customer-specific requirements in respect of elasticity, rigidity and strength. I hope this was clear from the film that was shown in the lobby before you came in here to the AGM – a film that was recognized for its creative design in the international competition Deauville Green Awards.

In the early part of the 2000s, we began to acquire a number of polymer operations, with a particular focus on the automotive industry, one of the largest industries in the world and one of the biggest consumers of our polymers.

I am sure you remember such acquisitions as BTR, Laird and Pirelli's agricultural tires. We also acquired CRP and thus laid the foundation for our global offshore oil and gas business, in the same way as the acquisition of Reeves formed the basis of our global operations in coated fabrics. And we must not forget the acquisition of Smiths Polymer Sealing Solutions, which was the starting point for the current Trelleborg Sealing Solutions. These are just a few examples.

Since 2006, we have worked to structure, integrate and develop these acquisitions and ensure efficiency in all functions, from development, purchasing and production to marketing, and to exit – in various ways – businesses that could be better developed by others. We have used this strategy to position ourselves to ensure sustainable profitable growth.

In this way, we have improved our global balance and increased our presence in the regions where our customers are and, most importantly, will be in the future.

Over the past five years, we have more than doubled our net sales in Asia. In China, for example, we have gone from a very small presence that included a joint venture in 2006 to our current position of having all of our business areas represented in the growing Chinese market. One of the focus areas for Trelleborg Sealing Solutions in 2011 was seals for the medical sector in China. Trelleborg Wheel Systems became the first western manufacturer of agricultural tires and, in Shanghai, we established a technology center for noise and vibration-damping brake solutions.

Another example is India, where we were represented in 2006 in the north and south of the country. Today, our presence is considerably broader. In 2011 alone, for example, Trelleborg Engineered Systems inaugurated a global development center for marine fenders, which will also benefit the other

units in the business area in the future. Similarly, Trelleborg Sealing Solutions opened a center for precision seals.

Our sales in South and Central America have risen by 48 percent since 2006. We have grown the operations in Brazil in a similar manner as we did in the Asian countries; a smaller presence in 2006 – larger and expanding in 2011. Among other activities, we are investing in our offshore oil & gas operation to increase our presence in Brazil's offshore oil and gas market, which is expected to grow to become the world's largest already by 2014. Investments related to our expanded presence in the oil and gas in Brazil is ongoing both in Macaé and Sao Paulo. Trelleborg Engineered Systems is also investing in the development of polymer-coated fabrics in Brazil to meet the needs of the expanding graphics industry in the country.

In Eastern Europe, which is also an emerging market, we made corresponding establishments over the past five years, increasing sales by 66 percent in the process. Our growth rate in these new markets is significantly higher than our growth in more traditional markets in Western Europe and North America

The investments I mentioned in Asia and South America are also examples of how we are improving the Group's structure and establishing all of the functions – from development to sales – that are necessary to support our customers in regions with growing markets. However, our efforts will also help companies in these regions to establish operations in Europe and North America.

We currently include more than 15 new efficient production units in growing regions that can also competitively produce for other markets. In turn, this has enabled us to discontinue operations at 30 production units in Western Europe and North America.

But above all, we have shifted our focus to attractive market segments that we know and that we believe are interesting and where we have a competitive advantage and have achieved, or have the capacity to achieve, a leading position. As a result of this shift, we have exited other segments despite business often being good. Our assessment is that we can achieve better long-term development in other areas. In recent years, we have therefore divested a number of operations. In 2011, we sold our roofing operation and gas springs and brake hoses for light vehicles, and we divested an operation for polymer components for light vehicles at the beginning of 2012. Only one week ago, we also signed an agreement to divest our protective products business.

Divestment of the automotive operations is also part of the strategic review we embarked upon in 2006/2007. Since then, we have divested a total of five operations, as you can see on the image.

We are strengthening other operations, such as our solutions for drive shafts and steering applications, known as boots, and noise-damping solutions for brake systems, so-called shims, by integrating them into Trelleborg Engineered Systems and Trelleborg Sealing Solutions, respectively. This thus focuses our antivibration operations for vehicles, which we are now planning to merge with Vibracoustic in a new company.

The company that we intend to form will be operated as an independent unit and be owned in equal part by Freudenberg and ourselves. The company will initially operate in more than 17 countries and have sales of more than SEK 13 billion. Since both Vibracoustic and Trelleborg are world leaders, the new company that we intend to form will naturally command an even stronger global position in antivibration solutions for vehicles.

Consequently, it will have a strong platform upon which it can continue to build by broadening the product range and customer base. The company will also gain a strong global presence for both production and development, enabling us to benefit from a more efficient operation with higher growth and profitability potential than the antivibration operation for vehicles that we currently operate. My assessment is that this will generate greater value for Trelleborg moving forward.

As you know, we have worked on the transaction for some time now, but assuming that we receive the approval of the relevant authorities, the new company will be formed in the current or next quarter.

We have also expanded our presence, primarily organically, in prioritized segments. To speed up this process, we have also completed a number of complementary acquisitions in recent years, six of which took place in 2011. We acquired Watts Tyre Group, which strengthens our positions in industrial tires. Interfit was included in the acquisition, with its unique service system for materials-handling vehicles. The company has now been successfully integrated into the Group. Another acquisition was Silcotech, a supplier of silicon precision seals mainly for the pharmaceutical industry. With this acquisition, we established ourselves in earnest in a segment that we intend to develop further. A third example is a subsidiary to Veyance manufacturing oil hoses in Brazil, whose oil and gas market is expected to grow to become the world's largest already by 2014.

Our activities to improve our positions, our global balance and structure have already made a mark on our earnings. Despite the turbulence that prevailed in many markets, 2011 was our best year ever and we achieved all of our financial goals. Sales rose to slightly more than SEK 29 billion, while operating profit was just over SEK 2.6 billion. We were able to report an improved return on equity as a result of the improved margin and more efficient management of capital. Furthermore, our operating cash flow remained strong and amounted to nearly SEK 1.7 billion. This has also enabled us to strengthen our financial position. Our current level of net debt is only about half of what it was when the financial crisis took hold in 2008.

Thanks to the help of the shareholders and not least the profits we have generated in recent years, we have been able to reduce our debt/equity ratio to 48 percent. This offers us a favorable opportunity to continue to participate in the development that is ongoing in many of our segments and continue to strengthen our global positions. It also provides the Board with the scope to today propose a significant increase in the dividend, from SEK 1.75 to SEK 2.50.

And the favorable earnings trend is continuing in 2012. The first quarter of the year was our best quarter ever. Never before have we delivered such a high operating profit in an individual quarter. Sales increased by nearly 8 percent to SEK 7.8 billion, while operating profit rose 15 percent to SEK 744 M, strengthening our EBITDA margin to 12.8 percent. On the bottom line, earnings per share rose 22 percent, or SEK 0.35 to 1.90.

As we now continue to develop the business, we will continue to devote our resources to the same strategic focus areas. We continue to strengthen our positions in carefully selected, attractive segments. We also continue to improve our structure by upgrading and localizing an increasing number of our functions – from development to sales – in growing regions. We will also continue to improve our global balance by increasing the share of our sales accounted for by emerging markets.

I have hardly touched upon this point yet, but we intend to continue to develop our day-to-day operations. Our programs to enhance the efficiency of our purchasing, production, capital management and sales have been a major factor behind our successful management of the crises and turbulence in recent years.

At present, we are focusing more intently on our sales processes to ensure, for example, that we have the best sales teams and the best pricing systems. Our business is increasingly affected by frequent fluctuations in demand and raw-material costs. This is something we must learn to live with and we have generally become better at proactively managing these movements, which has thus given us the opportunity to retain or raise our margins. Within the scope of our programs aimed at improving our sales processes, we also launched a program that we call "the Moment of Truth," the purpose of which is to improve interaction with customers and facilitate their work in strengthening their business. Each day, tens of thousands of employees come into contact with our customers and these individuals are responsible for maintaining customer confidence in the entire Group.

The basis of our customer relationships is our expertise in how polymer properties can be utilized to seal, damp and protect, as I described earlier.

The same applies to our knowledge of customers' advanced applications in such areas as aerospace, oil extraction and the processing industry, to name but a few, in relation to requirements, tolerances and needs. Our solutions, which are based on these two competencies, can mean the difference between life and death, catastrophe and rescue, success and failure or a reactive and proactive approach, because we like to try to point out problems or opportunities of which our customer is not yet aware.

A fresh example of our complete solutions is our tunnel seals for the new combined bridge and tunnel link between Hong Kong, Macau and Zhuhai in Southern China, which will be the world's longest immersed tunnel on its completion in four to five years. Our specially developed Gina gaskets and Omega seals will seal the tunnel and protect both the structure and those traveling through it. Incidentally, these same tunnel seals are used to protect the Öresund tunnel. I would now like to show you a short film on these tunnel seals, where they can be found and how they are installed.

Within the parameters of "The Moment of Truth" project, we are increasing our use of digital technologies. Today's and, above all, tomorrow's customers work and communicate in new ways and prefer to use the very latest technology. We are therefore continuing our efforts to develop new interactive solutions for information, calculations, storage and other value-generating functions that facilitate our customers' work. Examples include Trelleborg Engineered Systems' marine fenders blog that builds awareness of marine fender systems via discussions and articles. Trelleborg Wheel Systems' Load Calculator allows the customer to calculate the optimal tire pressure to minimize fuel consumption and soil impact. Last year, Trelleborg Sealing Solutions launched a new app called Unit & Hardness Converter, which has been downloaded more than 300,000 times.

We are also increasingly emphasizing that our solutions are often critical for society's infrastructure, such as bridges, tunnels and buildings. By this we mean good customer solutions that are also good for society, like the tunnel seals that I just showed you. This is what we call Blue Dimension and you will hear more about this in the future. Various initiatives to support the local communities in which we operate also constitute part of our long-term sustainability efforts.

Among other activities, we have been running a preschool in Kelanyia, close to our largest plant in Sri Lanka, since 2010. The preschool has room for 25 children whose families would normally not have the financial resources to put their children in preschool. Another example of local involvement with a multicultural character is our participation in Rosengård Invest. The aim of Rosengård Invest is to, on commercial grounds, contribute to increased integration, more jobs and better utilization of the resources that entrepreneurs with a non-Swedish background can offer. For us, it also represents a resource and source of knowledge and understanding of cultures outside Sweden.

We work actively to be a multicultural company with many nationalities and a local base in and understanding of the countries in which we operate. And this applies for both women and men, because nothing of what I have said today would be possible without talented and committed employees with extensive training and experience. One of my most important strategic tasks is to recruit, educate, motivate and reward employees, and this is an area in which Trelleborg has an excellent tradition.

The outlook for 2012 gives cause for balanced caution. The economy is difficult to assess and the signs point to a slowdown in industrial business activity in Europe, a somewhat weak upturn in the US and a slightly dampened yet still high rate of growth in China and several other important high-growth countries. The significant debt problems that primarily affected countries in Southern Europe represent a major macroeconomic uncertainty factor that gives cause for high vigilance. We can also see positive factors for demand, such as low interest rates, low inflation and growing political

understanding and activity to manage the debt crisis in Europe. It is not possible to give any explicit forecast for Trelleborg for 2012.

2012 has started well for us, but because of the turbulence in the market, we are carefully monitoring developments and maintaining readiness in order to manage a volatile market. And we certainly have the means to do so thanks to a better product portfolio, an improved structure, an expanded presence in emerging markets and an organization that is being continuously trimmed through a range of programs to enhance the operation. The favorable earnings posted in 2011 have now been followed up with a strong start to 2012. We have made a great deal of progress, but much remains to be done.

In conclusion, I would like to thank you for putting your trust in me to lead this fantastic company and I look forward to continuing to develop it in a constructive manner – a sentiment that is shared by the entire management team. And with that, I have reached the end of today's presentation.

Thank you for your attention.