

## FAVORABLE PROFITS TREND AND IMPROVED OPERATING MARGIN

For the first nine months of the year, the Trelleborg Group reports a continued favorable earnings trend. Profit after net financial items, excluding items affecting comparability, rose by 10 percent to SEK 727 M (663). The Group also reports an improved operating margin and favorable operating cash flow.

The acquisition of polymer-based precision-seal operations from the Smiths Group of the UK was carried out during the third quarter. This was a strategic acquisition that provides a solid platform for future growth. Trelleborg Sealing Solutions now forms a new business area within Trelleborg with some 6,000 employees and approximately SEK 5.5 billion in annual sales.

- During the third quarter, net sales amounted to SEK 3,978 M (4,186) and, during the period January to September, to SEK 12,609 M (13,516). For comparable units/exchange rates, net sales during the period rose by 1.4 percent compared with the corresponding period in 2002.
- Profit after tax rose during the quarter to SEK 165 M (54), and for the first nine months of the year to SEK 482 M (308).
- Earnings per share rose to SEK 1.95 (0.60) during the quarter and to SEK 5.75 (3.55) for the first nine months.
- Profit after net financial items increased during the quarter to SEK 251 M (89) and during the first nine months to SEK 751 M (461).
- The period January to September, excluding items affecting comparability:
  - Operating profit SEK 800 M (759)
  - Profit after net financial items SEK 727 M (663)
  - Profit after tax SEK 458 M (454)
  - Earnings per share SEK 5.50 (5.25)
- A new loan of EUR 540 M (SEK 4,800 M) with a five-year term was raised following the close of the quarter. The loan replaces short-term loans raised to finance the acquisition of Polymer Sealing Solutions.

## N I N E - M O N T H   R E P O R T   2 0 0 3



# Nine-month report 2003

## Key Figures, Group

	Jan-Sep 2003	2002	Oct 2002- Sep 2003	Full year 2002
Net sales, SEK M	12 609	13 516	16 723	17 630
Operating profit excl. items affecting comparability, SEK M	800	759	1 062	1 021
Profit after financial items excl. items affecting comparability, SEK M	727	663	966	902
Profit after financial items, SEK M	751	461	967	677
Net profit excl. items affecting comparability, SEK M	458	454	626	622
Net profit, SEK M	482	308	584	410
Operating margin (ROS), %	5,4	4,8	5,4	5,0
Return on capital employed, excl. goodwill amortization (ROA-ex), %	12,6	11,4	12,6	11,7
Cash flow from operations, SEK M	630	677	989	1 036
Cash flow from operations per share, SEK 1)	7,55	7,80	11,8	12,05
Free cash flow per share, SEK 2)	5,80	4,90	9,50	8,60
Investments in plants excl. acquisitions, SEK M	424	501	662	739
Financial assets minus liabilities at end of period, SEK M	-8 813	-3 088	-8 813	-2 962
Equity/Assets ratio, %	30,6	47,2	30,6	48,1
Debt/Equity ratio, %	119,4	41,1	119,4	40,0
Shareholders' equity per share, SEK 3)	85,80	85,70	85,8	87,05
Earnings per share, SEK 1)	5,75	3,55	6,95	4,75
Earnings excl. items affecting comparability and goodwill amortization, SEK 1)	6,80	6,55	9,20	8,95
Return on shareholders' equity, %	8,9	5,5	8,0	5,5
Return on shareholders' equity, excl. items affecting comparability and goodwill amortization, %	10,4	10,0	10,6	10,3

1) Average number of shares at end of period, excluding own holdings

2) Net cash flow excluding acquisitions/divestments after tax and cash flow related to shareholders

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

## GROUP

### Net sales and earnings

#### *Continued favorable earnings trend and improved operating margin*

Consolidated net sales amounted to SEK 12,609 M (13,516) for the first nine months of the year. For comparable units/exchange rates, sales rose 1.4 percent compared with the year-earlier period. During the **third quarter**, net sales were SEK 3,978 M (4,186).

Operating profit excluding items affecting comparability amounted to SEK 800 M (759) during the first nine months. No items affecting comparability affected operating profit (expense: SEK 43 M). Changed exchange rates in the translation of the net earnings of foreign subsidiaries reduced consolidated profit by SEK 34 M compared with the year-earlier period. During the **third quarter**, operating profit excluding items affecting comparability amounted to SEK 271 M (244). No items affecting comparability affected operating profit (-). During the quarter, development costs amounting to SEK 33 M (9) were capitalized.

Consolidated net financial items were negative in an amount of SEK 73 M (negative: 96) during the first nine months of the year. Profit after net financial items was SEK 751 M (461) – SEK 727 M (663) excluding items affecting comparability. In the **third quarter**, profit after net financial items, excluding items affecting comparability, was SEK 246 M (210). Profit after tax increased to SEK 165 M (54).

### Earnings per share

#### *during the first nine months of the year increased to SEK 5.75 (3.55)*

Earnings per share during the first nine months of the year were SEK 5.75 (3.55). Earnings per share excluding items affecting comparability and goodwill amortization amounted to SEK 6.80 (6.55). Earnings per share during the **third quarter** were SEK 1.95 (0.60).

### Balance sheet, cash flow, investments

#### *Debt/equity ratio now within the framework of Group target at 119 percent*

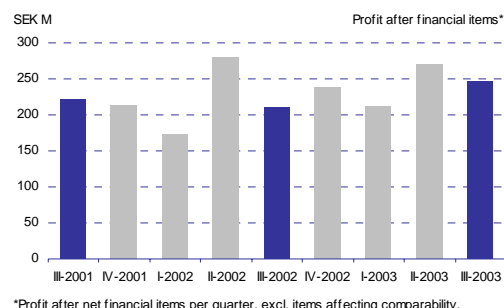
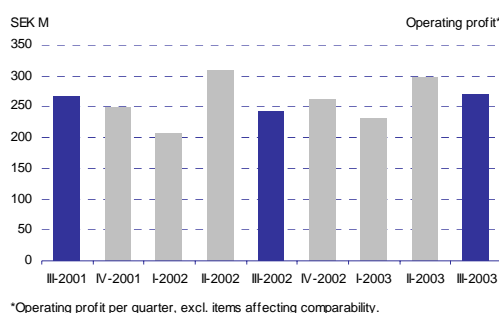
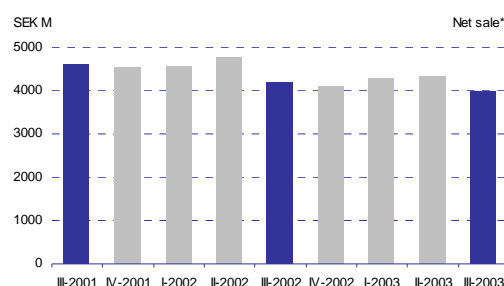
Consolidated cash flow from operations was SEK 630 M (677) during the first nine months of the year. The investment level was lower than during the year-earlier period, SEK 424 M (501). From a seasonally low level at year-end 2002, operating capital increased by SEK 283 M (221).

Consolidated operating capital amounted to SEK 15,776 M (9,984) at the end of the first nine months. Net financial debt amounted to SEK 8,813 M (3,088). The increase in operating capital is a consequence of the acquisition of Polymer Sealing Solutions, which was financed entirely through increased borrowing.

The debt/equity ratio at the end of the first nine months amounted to 119.4 percent (41.1). The increase during the quarter, which was due to the acquisition of PSS, was partly offset by increased earnings and the stronger Swedish krona. The equity/assets ratio was 30.6 percent (47.2). Shareholders' equity per share (net 83.9 million outstanding) amounted at the end of the first nine months to SEK 85.80 (85.70). The return on equity amounted to 8.9 percent (5.5), and the return on equity excluding items affecting comparability and goodwill amortization amounted to 10.4 percent (10.0).

#### **Strengthened long-term financing**

A new loan of EUR 540 M (SEK 4,800 M) with a five-year term was raised following the close of the quarter. The loan replaces short-term loans raised to finance the acquisition of Polymer Sealing Solutions.



## **TRELLEBORG SEALING SOLUTIONS – NEW BUSINESS AREA**

### **Acquisition of Polymer Sealing Solutions completed**

During the third quarter, Trelleborg signed an agreement and completed the acquisition of Polymer Sealing Solutions (PSS), the polymer-base precision-seal operations of Smiths Group Plc of the UK.

In 2003 (split financial year, closing July 31), PSS posted sales of approximately SEK 5.5 billion and has approximately 6,000 employees, primarily in Europe and North America. The purchase price amounted to approximately SEK 6,300 M cash. This entails goodwill of SEK 4,581 M for the Trelleborg Group, of which structural provisions affecting future cash flows amounted to approximately SEK 225 M. The acquisition is expected to provide revenue and cost synergies. In a preliminary evaluation, the cost-related synergies have been estimated at approximately SEK 100 M annually upon full impact after about three years. The Trelleborg Group's earning per share are expected to be affected positively from as early as 2004. The acquired operations will be consolidated in the Group's earnings as of the fourth quarter 2003.

PSS develops, manufactures and markets safety-critical precision seals and systems, primarily within the industrial application, automotive, aerospace sectors, as well as pipe seals for the construction industry. PSS holds leading positions in these segments and the acquisition provides a platform for growth in product segments with high entrance barriers. The operations form a new business area named Trelleborg Sealing

Solutions. Claus Barsøe, 54, has been appointed President of the business area. In recent years, Claus Barsøe has managed the largest business unit within Polymer Sealing Solutions, Industrial Marketing Europe. The business area will be headquartered in Stuttgart.

The organization of the business area was determined following the close of the third quarter, in October 2003. Effective January 1, 2004, Forsheda Pipe Seals will form a new business unit within Trelleborg Building Systems together with the pipe seals product that already exists within the Trelleborg Group, and which is today organized under Trelleborg Engineered Systems.

## **OTHER**

### **Associated companies and financial investments**

The Trelleborg Group's participation in the pretax earnings of the Trenor Group (49 percent) – Ahlsell, Bröderna Edstrand, Reynolds – amounted to SEK 94 M (70) during the first nine months of the year. During the third quarter, the participation amounted to SEK 52 M (18). The book value of the Group's Trenor shareholding is SEK 319 M.

During the first nine months of 2003, the Group divested 5,245,500 shares in Boliden AB, of which 2,276,500 during the third quarter. The shareholding in Boliden has thus been divested. The capital gain on the divestment amounted to SEK 24 M.

### **Repurchase of company shares**

During the first nine months of 2003, 272,500 shares were repurchased. No shares were repurchased during the third quarter. In total, the Group owns 7,193,100 treasury shares.

### **Convertibles and warrants**

The Parent Company issued a convertible debenture loan in November 1998, which was offered to all employees of Trelleborg's Swedish companies. Conversion to shares may take place from February 21, 2003 to April 15, 2004. After the decision by the Annual General Meeting to distribute a dividend of SEK 4.25 per share for the 2002 fiscal year, the conversion rate was recalculated according to the terms for the convertibles to a new rate of SEK 65.60. The Company also issued warrants aimed at company officers in Sweden and the other Group countries, which were also recalculated according to the terms for the warrants to SEK 65.60.

During the third quarter, conversion increased the number of shares by 488,412, corresponding to an increase in shareholders' equity of SEK 32 M.

### **Nominating committee**

The Chairman has invited the following persons pending the next AGM to form a nominating committee under his leadership: Rolf Kjellman of Henry and Gerda Dunkers Stiftelse, Lars Öhrstedt of AFA/TFA, Marianne Nilsson of Robur, Caroline af Ugglas of Skandia and Ramsay Brufer of Alecta.

## OUTLOOK

### **Trelleborg – a strong and focused industrial group, well positioned for future growth**

During the fourth quarter, demand is expected to remain stable and then gradually improve, beginning in the US. Growth in Asia is expected to remain strong.

The acquisition of Polymer Sealing Solutions means that the Trelleborg Group has gained additional leading positions, forming a stable platform for further growth. The Group's strategic focus, which was clarified and introduced in 1999, and which involved a concentration of operations, has now largely been implemented. Strategic acquisitions and divestments have positioned Trelleborg as a focused industrial group based on polymer technology.

For the foreseeable future, the Trelleborg Group will be prioritizing investments in organic growth and complementary acquisitions that help reinforce the Group's core areas of operations. In addition, the Group intends to divest non-core operations. As previously, ongoing rationalizations and efficiency improvements will be implemented in all business areas.

*Trelleborg, October 20, 2003*

*Fredrik Arp  
President*

*The consolidated accounts of the Trelleborg Group are based on Swedish accounting principles, which comply with the recommendations of the Swedish Financial Accounting Standards Council. During the year, new recommendations from the Swedish Financial Accounting Standards Council took effect. However, the introduction of these recommendations has not caused any changes to the figures reported. This report is unaudited.*

# Trelleborg Automotive

## Successful efficiency improvements contributed to favorable profitability

During the period, the business area's net sales amounted to SEK 6,631 M (7,069). In comparable currencies, sales increased by 0.5 percent compared with 2002. The operating profit was at the same level as the preceding year, SEK 441 M (441). Changed exchange rates reduced operating profit by SEK 18 M. The business area's operating cash flow totaled SEK 488 M (320). During the **third quarter**, net sales amounted to SEK 2,014 M (2,158) and operating profit was SEK 119 M (119). During the quarter, development costs amounting to SEK 28 M (9) were capitalized.

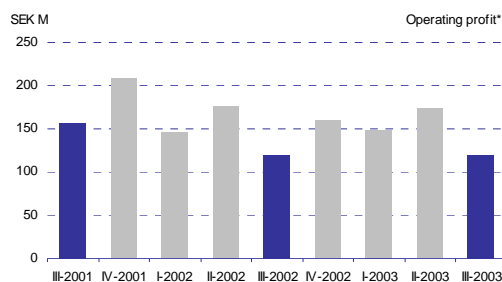
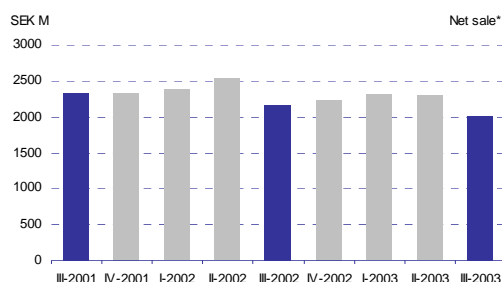
Car production in North America declined during the first nine months by 3.9 percent compared with the corresponding period in 2002, while sales declined by slightly less than 2 percent. In the third quarter of 2003, production declined 4.4 percent, compared with the preceding year, while sales remained at the same level. In Western Europe, car production declined during the period by 2.2 percent, while car sales declined by 2.8 percent. Production during the quarter declined by slightly less than 7 percent and sales by 2.5 percent. (Source: JD Powers/Trelleborg, September 2003).

Successful efficiency improvements and increased productivity within the business area, in combination with favorable sales in Europe and Asia, affected earnings positively, offsetting somewhat weaker sales in North America. The acquisition of the vehicle component company Kunhwa Co Ltd. in South Korea, which was completed during the second quarter, had a positive effect on both volume and earnings.

To consolidate the production structure within Trelleborg Automotive in North America, a decision was made during the second quarter to close the plant in Logansport, Indiana, in the US. The transfer of production to other units in the US has commenced and is proceeding according to plan. The project is expected to be complete at mid-year 2004. In Logansport, the production focus is on antivibration products and the plant has 335 employees.

Rationalization measures are also being implemented in Europe. As an example of ongoing efficiency measures, the number of employees at Trelleborg Automotive was reduced by approximately 600 (7 percent) by the end of the third quarter, compared with September 2002.

During the year, Trelleborg Automotive's strong technological and commercial platform generated continued favorable order bookings for deliveries within the next three years.



# Trelleborg Wheel Systems

## Improved operating margin despite weak European farm-tire market

Net sales for the first nine months amounted to SEK 2,099 M (2,123). In comparable currencies, sales increased by nearly 4 percent compared with the previous year. Operating profit increased by 22 percent to SEK 113 M (93). Changed exchange rates reduced operating profit by SEK 10 M. The business area's operating cash flow was negative in the amount of SEK 56 M (positive: 71). Cash flow was affected by factors including the build-up of inventories and seasonal variations. During the **third quarter**, net sales amounted to SEK 629 M (648). Operating profit was SEK 29 M (30). Operating profit was affected by continued weak demand for farm tires in the European after-market.

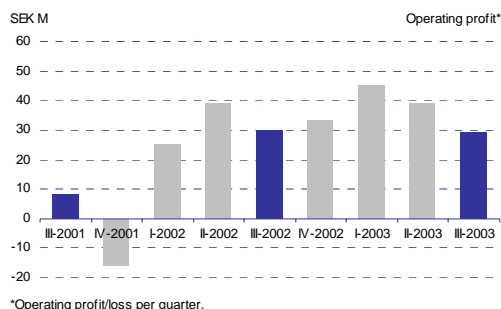
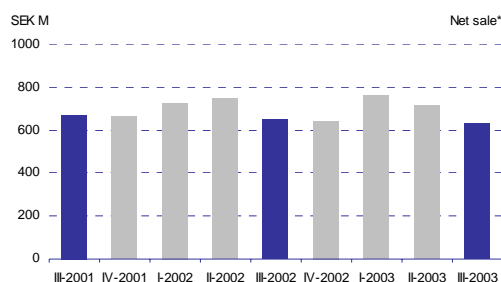
The business area was able to partly offset increased prices for raw materials through price hikes implemented at the beginning of the year. Ongoing rationalization measures have been charged against the period's earnings in an amount of approximately SEK 10 M. During the fourth quarter, production cutbacks are planned within the business area's European units with the intention of ensuring a favorable inventory balance for 2004. These measures, in combination with seasonal affects, are expected to result in favorable cash flow for the remainder of the year.

During the second and third quarters, the after-market for farm tires in Europe declined by about 10 percent, primarily as a result of decreased income in the agricultural sector. Trelleborg Wheel Systems is conducting several market activities and sales promotions intended to generate demand for farm tires in Europe, which have resulted in the business area successfully strengthening its market position and capturing a greater share of the market.

In North America, the market for farm tires improved somewhat during the third quarter, partly due to a rich harvest and subsequently increased income in the agricultural sector.

The European market for industrial tires was stable compared with 2002. Sales to original equipment manufacturers developed more favorably than expected towards the close of the quarter. In North America, demand for industrial tires from the OEM market was positive, while the after market was stable with an upward trend.

The business area's sales in geographical markets outside North America and Western Europe, such as South America, South Africa, Asia and Eastern Europe, continue to show favorable development.



# Trelleborg Engineered Systems

## Continued, favorable order bookings in project-related operations

Net sales amounted to SEK 2,662 M (2,646) in the first nine months of the year. In comparable currencies, sales rose 2 percent compared with the same period in the preceding year. Operating profit increased to SEK 158 M (146). Changed exchange rates reduced operating profit by SEK 7 M. The business area's operating cash flow amounted to SEK 160 M (224). Net sales in the **third quarter** were SEK 836 M (843). Operating profit amounted to SEK 48 M (50).

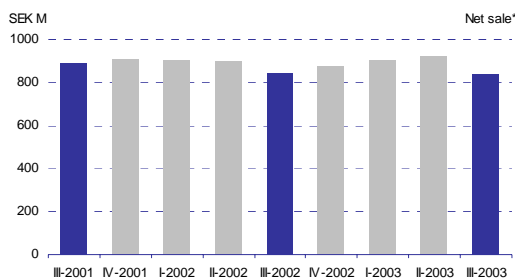
The business area's third quarter profits were affected by lower sales volumes. This was partly offset by increased productivity and positive effects of structural changes.

The market for industrial consumables remains stable in both Europe and North America. A continued decline was reported in the US, whereas demand from original equipment manufacturers in Europe has stabilized.

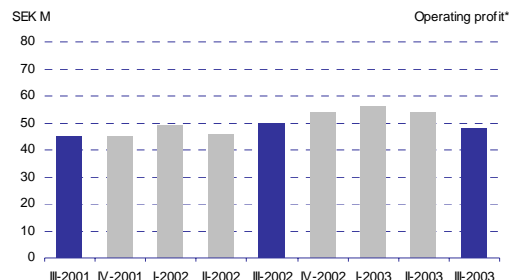
Regarding project-related products, the supply of projects varies between the sectors – however, the total situation can be characterized as relatively stable. Seasonal variations contributed to the business area's deliveries of project-related products during the third quarter being somewhat lower than in the year-earlier period. However, order bookings remain strong in these areas and the business area continues to report a positive sales trend.

Following the close of the third quarter, a small French company conducting special hose operations was acquired. Its range of composite hoses for the petrochemical industry serves as a favorable complement to Trelleborg's range of special hoses.

Effective January 1, 2004, the business area's Pipe Seals product area will be transferred to Trelleborg Building Systems as a consequence of organizational changes in connection with the creation of Trelleborg Sealing Solutions.



\*Net sales per quarter.



\*Operating profit per quarter.



# Trelleborg Building Systems

## Recovery in sales volumes through marketing drives and product development

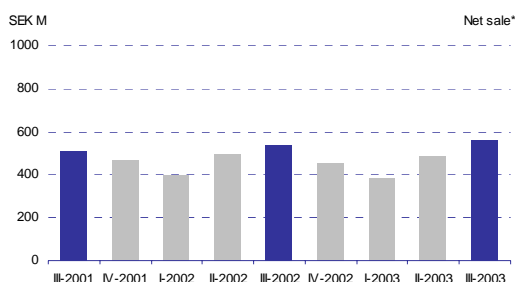
Net sales for Trelleborg Building Systems amounted to SEK 1,429 M (1,425) in the first nine months of the year. In comparable currencies, sales rose 1 percent compared with the preceding year. Operating profit was SEK 119 M (127). The business area's operating cash flow amounted to SEK 89 M (132). During the **third quarter**, net sales were SEK 559 M (534). Operating profit amounted to SEK 69 M (69).

The market trend and demand in the European construction market remain weak. Despite this, Trelleborg recovered sales volumes, which affected earnings positively during the third quarter. Restructuring activities and favorable production efficiency within the business area have also had a positive effect on earnings.

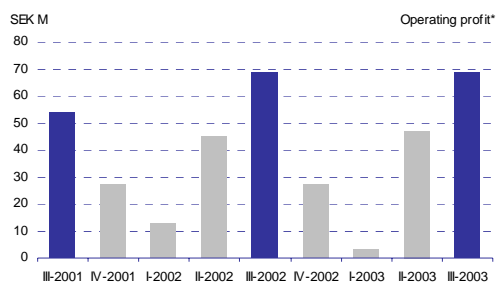
The business area's product-development and product-launch drives have strengthened market positions. In waterproofing, marketing drives on Elastofol and Elastoseal resulted in increased delivery figures to projects in countries including Sweden, Belgium, the Netherlands and Norway, as well as to the expanding Eastern European market.

The Industrial Profiles Nordic business unit continues to report favorable sales and profit trends. The technological drive in profiles with low-friction surfaces for use in applications such as ventilation ducts is developing well.

In conjunction with the acquisition of Polymer Sealing Solutions and the subsequent adoption of a new organization, a decision was made to establish a new business unit, Pipe Seals, within Trelleborg Building Systems effective January 1, 2004. This unit will include Forsheda Pipe Seals and the Pipe Seals product area that already exists within the Trelleborg Group and which is currently organized under Trelleborg Engineered Systems. The new unit will have approximately 265 employees.



\*Net sales per quarter.



\*Operating profit per quarter.

# Financial reporting

## Income Statements

Group	July-Sep		Jan-Sep		Oct 2002-Sep 2003	Full year
SEK M	2003	2002	2003	2002	2003	2002
Net sales	3 978	4 186	12 609	13 516	16 723	17 630
Cost of goods sold	-3 093	-3 271	-9 733	-10 580	-12 915	-13 762
<b>Gross profit</b>	<b>885</b>	<b>915</b>	<b>2 876</b>	<b>2 936</b>	<b>3 808</b>	<b>3 868</b>
Selling, administration and R&D costs	-717	-734	-2 298	-2 383	-3 060	-3 145
Items affecting comparability	-	-	-	-43	-32	-75
Other operating revenues and expenses	47	39	110	113	155	158
Result from participation in associated companies	56	24	112	93	159	140
<b>Operating profit</b>	<b>271</b>	<b>244</b>	<b>800</b>	<b>716</b>	<b>1 030</b>	<b>946</b>
Financial income and expenses	-25	-34	-73	-96	-96	-119
Items affecting comparability related to Boliden	5	-121	24	-159	33	-150
<b>Profit after financial items</b>	<b>251</b>	<b>89</b>	<b>751</b>	<b>461</b>	<b>967</b>	<b>677</b>
Tax	-82	-31	-257	-143	-367	-253
Minority shares	-4	-4	-12	-10	-16	-14
<b>Net profit</b>	<b>165</b>	<b>54</b>	<b>482</b>	<b>308</b>	<b>584</b>	<b>410</b>

Profit excl. items affecting comparability	July-Sep		Jan-Sep		Oct 2002-Sep 2003	Full year
SEK M	2003	2002	2003	2002	2003	2002
Operating profit	271	244	800	759	1 062	1 021
Profit after financial items	246	210	727	663	966	902
Net profit	160	140	458	454	626	622

Earnings per share	July-Sep		Jan-Sep		Oct 2002-Sep 2003	Full year
SEK	2003	2002	2003	2002	2003	2002
Earnings <sup>1)</sup>	1,95	0,60	5,75	3,55	6,95	4,75
Earnings excl. items affecting comparability <sup>1)</sup>	1,95	1,60	5,50	5,25	7,50	7,25
Earnings excl. items affecting comparability and goodwill amortization <sup>1)</sup>	2,35	2,05	6,80	6,55	9,20	8,95
Earnings after dilution <sup>2)</sup>	1,95	0,65	5,60	3,50	6,75	4,65

### Number of shares excl. own holdings

End of period	83 902 684	86 098 372	83 902 684	86 098 372	83 902 684	83 686 772
<sup>1)</sup> Average number	85 536 939	86 489 422	83 532 249	86 583 712	83 988 569	86 150 341
End of period after dilution	87 682 125	90 576 076	87 682 125	90 576 076	87 682 125	88 029 107
<sup>2)</sup> Average number after dilution	86 644 649	90 848 414	87 311 690	91 061 416	88 232 032	90 492 676

## Balance Sheets

Group	Sep 30	Sep 30	Dec 31
SEK M	2003	2002	2002
Intangible fixed assets	7 088	2 650	2 627
Tangible fixed assets	5 807	4 938	5 007
Financial fixed assets	1 196	1 268	1 108
Inventories	2 716	2 039	2 082
Receivables	5 181	4 508	4 091
Liquid funds	2 114	491	485
<b>Total assets</b>	<b>24 102</b>	<b>15 894</b>	<b>15 400</b>
Shareholders' equity	7 200	7 380	7 284
Minority interest	178	126	125
Provisions	1 184	1 142	1 035
Long-term liabilities	6 641	3 487	3 433
Current liabilities	8 899	3 759	3 523
<b>Total shareholders' equity, provisions and liabilities</b>	<b>24 102</b>	<b>15 894</b>	<b>15 400</b>

Specification of changes in shareholders' equity	Sep 30	Sep 30	Dec 31
SEK M	2003	2002	2002
Opening balance	7 284	7 690	7 690
Dividend	-355	-347	-347
New share issue in conjunction with conversion of loan	32	-	-
Repurchase of own shares	-19	-43	-218
Translation differences	-406	-513	-606
Exchange-rate differences, hedging instruments, after tax	182	285	355
Net profit	482	308	410
<b>Closing balance</b>	<b>7 200</b>	<b>7 380</b>	<b>7 284</b>

## Cash flow analysis

SEK M	Jan-Sep 2003	Jan-Sep 2002
<b>Ongoing operations</b>		
Operating profit	800	716
Reversals		
Depreciation	600	638
Items affecting comparability	-	43
Result from participation in associated companies	-112	-93
	<b>1 288</b>	<b>1 304</b>
Financial items	50	54
Taxes paid	-106	-47
<b>Cash flow from ongoing operations before changes in working capital</b>	<b>1 232</b>	<b>1 311</b>
Change in inventories	-43	37
Change in operating receivables	139	-247
Change in operating liabilities	-379	-11
Utilization of restructuring reserves	-33	-251
<b>Cash flow from ongoing operations</b>	<b>916</b>	<b>839</b>
<b>Investment operations</b>		
Acquisitions <sup>1)</sup>	-5 814	39
Restructuring measures in acquired units	-144	-145
Divestments		129
Gross investments in tangible and intangible assets	-424	-501
Sale of fixed assets	137	95
<b>Cash flow from investment operations</b>	<b>-6 245</b>	<b>-383</b>
<b>Financing operations</b>		
Change in interest-bearing investments	28	32
Change in interest-bearing liabilities	7 343	-508
Repurchase of Trelleborg shares	-19	-43
Dividend to shareholders	-355	-347
Dividend to minority	-2	-2
<b>Cash flow from the financing operations</b>	<b>6 995</b>	<b>-868</b>
<b>Cash flow for the period</b>	<b>1 666</b>	<b>-412</b>
Liquid funds at beginning of the year	485	1 118
Revaluation of shares in Boliden	-	-159
Exchange rate differences in liquid funds	-37	-56
<b>Liquid funds at end of period</b>	<b>2 114</b>	<b>491</b>
1) Purchase price paid	-6 442	
Liquid funds in acquired units	628	
Effect on consolidated liquid funds	-5 814	

## Group Review <sup>A)</sup>

SEK M	Net sales						Operating profit					
	July-Sep		Jan-Sep		Oct 2002-	Full year	July-Sep		Jan-Sep		Oct 2002-	Full year
	2003	2002	2003	2002	Sep 2003	2002	2003	2002	2003	2002	Sep 2003	2002
Trelleborg Automotive	2 014	2 158	6 631	7 069	8 859	9 297	119	119	441	441	601	601
Trelleborg Wheel Systems	629	648	2 099	2 123	2 740	2 764	29	30	113	93	147	127
Trelleborg Engineered Systems	836	843	2 662	2 646	3 538	3 522	48	50	158	146	211	199
Trelleborg Building Systems	559	534	1 429	1 425	1 884	1 880	69	69	119	127	146	154
Group items							-44	-41	-118	-112	-166	-160
Trenor							52	18	94	70	130	106
Other companies		68		480	-9	471	-2	-1	-7	-6	-7	-6
Elimination	-60	-65	-212	-227	-289	-304						
<b>Group, excl. items affecting comparability</b>							<b>271</b>	<b>244</b>	<b>800</b>	<b>759</b>	<b>1 062</b>	<b>1 021</b>
Items affecting comparability							-	-	-	-43	-32	-75
<b>Group</b>	<b>3 978</b>	<b>4 186</b>	<b>12 609</b>	<b>13 516</b>	<b>16 723</b>	<b>17 630</b>	<b>271</b>	<b>244</b>	<b>800</b>	<b>716</b>	<b>1 030</b>	<b>946</b>

<sup>A)</sup> For comparability, historical data has been adjusted regarding the shift of operations from Trelleborg Wheel Systems to Trelleborg Engineered Systems.

## Key operating ratios <sup>A)</sup>

	Operating margin, (ROS) % <sup>1)</sup> , rolling 12-mts			Return on capital employed, (ROA) % <sup>2)</sup> , rolling 12-mts			Capital employed <sup>3)</sup> SEK M		
	Oct 2002-	Oct 2001-	Full year	Oct 2002-	Oct 2001-	Full year	Sep 30	Sep 30	Dec 31
	Sep 2003	Sep 2002	2002	Sep 2003	Sep 2002	2002	2003	2002	2002
Trelleborg Automotive	6,5	6,6	6,1	11,6	11,5	10,8	4 943	5 489	5 347
Trelleborg Wheel Systems	5,3	2,9	4,6	9,3	5,1	8,2	1 597	1 554	1 522
Trelleborg Engineered Systems	6,0	5,4	5,7	12,2	10,6	11,3	1 705	1 667	1 772
Trelleborg Building Systems	7,7	8,0	8,1	18,9	18,9	19,5	800	807	748
Trelleborg Sealing Solutions							6 248	-	-
Group items							4	47	71
Trenor							319	223	240
Other companies							160	197	186
<b>Group</b>	<b>5,4</b>	<b>4,8</b>	<b>5,0</b>	<b>10,9</b>	<b>9,7</b>	<b>10,0</b>	<b>15 776</b>	<b>9 984</b>	<b>9 886</b>
<b>Group, excl. goodwill amortization</b>				<b>12,6</b>	<b>11,4</b>	<b>11,7</b>			

<sup>1)</sup> Operating result excluding result from participation in associated companies and items affecting comparability in relations to net sales.

<sup>2)</sup> Operating result excluding items affecting comparability/average capital employed.

<sup>3)</sup> Total assets less interest-bearing investments, non-interest bearing operating liabilities, tax receivables/liabilities and provisions for pensions.

<sup>A)</sup> For comparability, historical data has been adjusted regarding the shift of operations from Trelleborg Wheel Systems to Trelleborg Engineered Systems.

## Cash flow report <sup>A)</sup>

Jan - Sep 2003	Profit excluding associated companies and items affecting comparability		Depreciation excluding goodwill amortization		Goodwill amortization		Gross investments		Sold fixed assets		Change in working capital		Total cash flow		Oct 02-Sep 03
SEK M	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
Trelleborg Automotive	423	419	273	289	79	87	-259	-347	40	32	-68	-160	488	320	671
Trelleborg Wheel Systems	113	93	80	86	14	13	-80	-66	1	2	-184	-57	-56	71	34
Trelleborg Engineered Systems	158	146	85	86	15	13	-53	-59	2	30	-47	8	160	224	217
Trelleborg Building Systems	119	125	32	36	13	13	-30	-22	1	17	-46	-37	89	132	182
Group items	-119	-111	3	6			-2	-5	5		45	48	-68	-62	-141
Other companies	-6	-6	6	9			-2	-2		14	17	-23	17	-8	26
<b>Operating cash flow</b>	<b>688</b>	<b>666</b>	<b>479</b>	<b>512</b>	<b>121</b>	<b>126</b>	<b>-424</b>	<b>-501</b>	<b>49</b>	<b>95</b>	<b>-283</b>	<b>-221</b>	<b>630</b>	<b>677</b>	<b>989</b>
Acquisitions													-6 442	39	-6 614
Divestments													88	129	86
Restructuring measures incl. In acquired units													-177	-396	-240
Dividend to shareholders													-355	-347	-355
Buy-back of own shares													-19	-43	-194
Financial items													48	52	84
Paid tax													-106	-47	-84
<b>Sum net cash flow</b>													<b>-6 333</b>	<b>64</b>	<b>-6 328</b>

<sup>A)</sup> For comparability, historical data has been adjusted regarding the shift of operations from Trelleborg Wheel Systems to Trelleborg Engineered Systems.

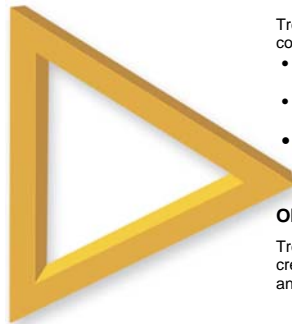
## Development of tailored products in close collaboration with customers creates leading positions

Trelleborg is a global industrial group with cutting-edge expertise in polymer materials combined with a high level of industrial know-how in functional solutions and systems that meet our customers' requirements. Trelleborg strives to attain leading positions in well-defined product and market areas and is world leading in such areas as antivibration systems for light vehicles.

The Group comprises five focused business areas: Trelleborg Automotive, Trelleborg Wheel Systems, Trelleborg Engineered Systems, Trelleborg Building Systems and Trelleborg Sealing Solutions. Trelleborg has approximately 21,000 employees in some 40 countries.

### Business concept

Based on its extensive knowledge of polymer technology, markets and customers, Trelleborg develops manufactures and markets functionally oriented products, systems and services.



### Vision

Trelleborg's vision is to be one of the leading global industrial companies primarily within the polymer area by offering:

- our customers products, systems and services of the highest total value
- our employees a stimulating work environment in which to develop
- our shareholders a favorable long term return on their investment

### Objectives

Trelleborg's goal is to capture leading positions and create economies of scale within the areas of research and development, production, marketing and service.

## Financial Information

### Calendar

Year-end report for 2003  
Annual Report

February 5, 2004  
March 2004

### 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).

### Shareholder contacts

**Bo Jacobsson**, Chief Financial Officer  
Phone: +46 410-670 99, fax: +46 410-137 45  
Mobile: +46 70-685 65 60  
e-mail: [bo.jacobsson@trelleborg.com](mailto:bo.jacobsson@trelleborg.com)

**Mikael Byström**, Senior Vice President, Corporate Communications  
Phone: +46 410-670 37, fax: +46 410-427 63  
Mobile: +46 708-55 21 69  
e-mail: [mikael.bystroem@trelleborg.com](mailto:mikael.bystroem@trelleborg.com)

**Viktoria Bergman**, Vice President, Corporate Communications  
Phone: +46 410-670 94, fax: +46 410-102 61  
Mobile: +46 708-47 57 33  
e-mail: [viktoria.bergman@trelleborg.com](mailto:viktoria.bergman@trelleborg.com)

Trelleborg AB (publ)  
Box 153, SE-231 22 Trelleborg, Sweden  
Phone: +46 410-670 00 • Fax: +46 410-427 63  
E-mail: [info@trelleborg.com](mailto:info@trelleborg.com)  
Internet: [www.trelleborg.com](http://www.trelleborg.com)