



Y E A R - E N D - R E P O R T

JANUARY – DECEMBER 2003

CONTINUED FAVORABLE TREND FOR THE TRELLEBORG GROUP

The Trelleborg Group shows a continued favorable trend in earnings and sales despite the challenging market situation in the Group's principal markets during the year. Profit after net financial items increased by 61 percent to SEK 1,091 M (677).

Several acquisitions, including Polymer Sealing Solutions with 6,000 employees and SEK 5.2 billion in annual sales, Kunhwa of South Korea and, since the close of the year, Metzeler Automotive Hose Systems, have contributed to the Group strengthening its market positions and increasing the number of employees by nearly 7,000.

Sales grew primarily in Europe and Asia. A decision was taken to invest in a new plant in Wuxi, China.

- Net sales amounted to SEK 5,351 M (4,114) during the fourth quarter. For the full year, net sales amounted to SEK 17,960 M (17,630). For comparable units at fixed exchange rates, net sales during 2003 increased by 1 percent compared with 2002.
- Profit after tax increased to SEK 220 M (102) during the fourth quarter. For the full year, profit increased by 71 percent to SEK 702 M (410).
- Earnings per share increased to SEK 2.65 (1.20) during the fourth quarter. For the full year, earnings per share increased by 77 percent to SEK 8.40 (4.75).
- Profit after net financial items increased to SEK 340 M (216) during the fourth quarter, and to SEK 1,091 M (677) for the full year.
- Full year 2003, excluding goodwill amortization and items affecting comparability:
 - Operating profit SEK 1,427 M (1,189)
 - Profit after net financial items SEK 1,287 M (1,070)
 - Profit after tax SEK 881 M (770)
 - Earnings per share SEK 10.50 (8.95)
- Proposed dividend: SEK 4.50 (4.25)
- Debt-equity ration now within the framework for the Group's targets.
- New loan of EUR 540 M (SEK 4,900 M) with a five-year maturity raised during the year.
- New accounting principles introduced on January 1 regarding employee benefits, in accordance with the Swedish Accounting Standards Council's recommendation RR29, are expected to reduce affect to the opening shareholders' equity in 2004 by approximately SEK 126 M. Running costs for 2004 are expected to be in line with 2003.

Year-End Report of 2003

Key Figures, Group

| Key figures | Full year | |
|---|-----------|--------|
| | 2003 | 2002 |
| Net sales, SEK M | 17 960 | 17 630 |
| Operating profit, SEK M | 1 208 | 946 |
| Profit after financial items, SEK M | 1 091 | 677 |
| Net profit, SEK M | 702 | 410 |
| Earnings per share, SEK ¹⁾ | 8,40 | 4,75 |
| Cash flow from ongoing operations, SEK M | 1 682 | 1 471 |
| Free cash flow per share, SEK ²⁾ | 11,30 | 8,60 |
| Debt/Equity ratio, % | 111 | 40 |
| Return on shareholders' equity, % | 9,5 | 5,5 |
| Average number of employees | 15 855 | 14 885 |
| of whom women | 3 590 | 3 227 |
| men | 12 265 | 11 658 |

| Operating key figures (excluding goodwill amortization and items affecting comparability) | | |
|---|-------|-------|
| Operating profit, SEK M | 1 427 | 1 189 |
| Profit after financial items, SEK M | 1 287 | 1 070 |
| Net profit, SEK M | 881 | 770 |
| Earnings per share, SEK ¹⁾ | 10,50 | 8,95 |
| Operating margin (ROS), % | 6,9 | 5,9 |
| Return on capital employed (ROA), % | 12,5 | 11,7 |
| Return on shareholders' equity, % | 12,0 | 10,3 |
| Cash flow from operations, SEK M | 1 129 | 1 036 |
| Cash flow from operations per share, SEK ¹⁾ | 13,50 | 12,05 |

In line with the Group's revised financial targets, the calculation of operational key figures has been changed and is now based on operating profit before goodwill amortization (EBITA) with regard to operating margin (ROS), return on capital employed (ROA) and return on shareholders' equity

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

Full year

During 2003, the Group's net sales amounted to SEK 17,960 M (17,630). For comparable units at fixed exchange rates, sales increased by 1 percent compared with 2002.

Operating profit amounted to SEK 1,208 M (946). Exchange-rate changes in the recalculation of foreign subsidiaries' earnings affected the Group's profits negatively in an amount of approximately SEK 51 M compared with 2002. Additionally, due to the weaker US dollar, the Group experienced a minor negative effect on earnings as a consequence of transaction flows. No items affecting comparability impacted on operating profit (negative: SEK 75 M). During the year, operating profit before goodwill amortization and items affecting comparability increased by 20 percent to SEK 1,427 M (1,189). During 2003, development expenses totaling SEK 73 M (30) were capitalized.

The Group's net financial expense amounted to SEK 141 M (expense: 119). Profit after net financial items amounted to SEK 1,091 M (677) and, excluding goodwill amortization and items affecting comparability, to SEK 1,287 M (1,070).

Profit after tax increased to SEK 702 M (410).

Fourth quarter

During the fourth quarter, net sales amounted to SEK 5,351 M (4,114).

Operating profit before goodwill amortization and items affecting comparability amounted to SEK 506 M (304). Development expenses totaling SEK 40 M (21) were capitalized. Profit after net financial items, excluding goodwill amortization and items affecting comparability, amounted to SEK 439 M (282).

The Trelleborg share

Earnings per share increased to SEK 8.40 (4.75) during the year.

Earnings per share in 2003 amounted to SEK 8.40 (4.75). Earnings per share excluding goodwill amortization and items affecting comparability were SEK 10.50 (8.95).

Earnings per share in the **fourth quarter** were SEK 2.65 (1.20) and earnings per share excluding goodwill amortization and items affecting comparability were SEK 3.70 (2.40).

The Trelleborg share is listed on Stockholmsbörsen's (Stockholm Exchange) A-List and, since January 1, 2004, it is included in the Exchange's Most Traded list. During 2003, the average price paid for Trelleborg Series-B shares rose by 66 percent.

Balance sheet, cash flow, investments

Full year

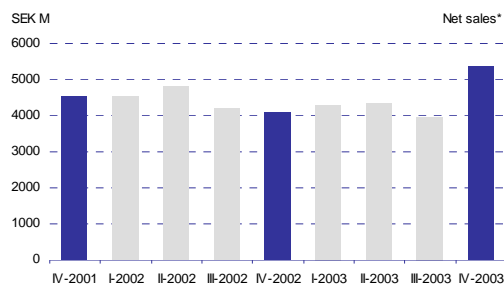
The Group's operating cash flow was SEK 1,129 M (1,036). The investment level amounted to SEK 687 M (739).

At year-end, the Group's capital employed amounted to SEK 15,810 M (9,886). The increase in capital employed is a consequence of the acquisition of Polymer Sealing Solutions, which was entirely financed through borrowing. The effect of a strong Swedish krona partly offset the increases in both capital employed and net debt. Net financial debt amounted to SEK 8,447 M (debt: 2,962).

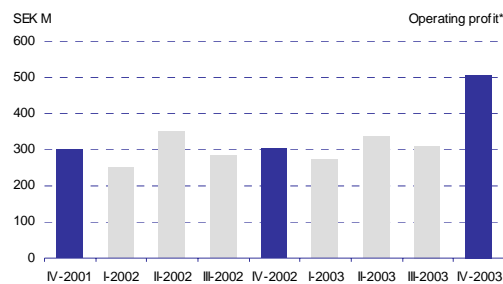
At year-end, the debt-equity ratio amounted to 111 percent (40) and is now within the Group's target framework. The equity/assets ratio was 33.3 percent (48.1). Shareholders' equity per share (net 84.3 million shares outstanding) amounted at year-end to SEK 88.40 (87.05). The return on shareholders' equity was 9.5 percent (5.5) and the return on shareholders' equity excluding goodwill amortization and items affecting comparability was 12.0 percent (10.3).

Strengthened long-term financing

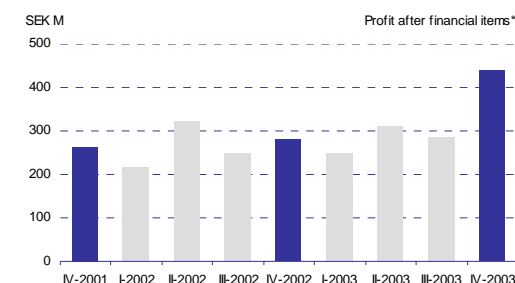
During the fourth quarter, a new loan of EUR 540 M (SEK 4,800 M) with a maturity of five years was raised. The loan replaces the short-term loans raised to finance the acquisition of Polymer Sealing Solutions.



*Net sales per quarter.



*Operating profit per quarter, excl. goodwill amortization and items affecting comparability.



*Profit after net financial items per quarter, excl. items affecting comparability and goodwill depreciation.

OTHER OPERATIONS

Associated companies and financial investments

The Trelleborg Group's pre-tax share in the profits of the Trenor Group (49 percent) – including companies Ahlsell, Bröderna Edstrand and Reynolds – amounted to SEK 156 M (106) during the year. During the **fourth quarter**, the share of the profits was SEK 62 M (36). The market for Trenor's distribution operations remained weak during 2003. Despite this, Trenor showed favorable earnings and a continued strong cash flow. Positive effects on earnings were attained through margin-improvement measures within Ahlsell. The book value of the Group's shareholding in Trenor is SEK 353 M.

During 2003, the Group sold 5,245,500 shares in Boliden AB, thereby divesting the entire shareholding in that company. The capital gain made on the sale amounted to SEK 24 M.

Buy-back of own shares

In recent years, Trelleborg AB has conducted a share buy-back program. At the 2003 Annual General Meeting, a continued mandate, until the 2004 Annual General Meeting, was obtained to buy back up to 10 percent of shares, that is, a further 5 million shares. During 2003, 272,500 shares were bought back. No shares were bought back during the fourth quarter. At the close of 2003, there were a total of 91,470,418 shares outstanding. Excluding Trelleborg's own holding (7,179,100), the number of shares amounted to 84,291,318.

Convertible debentures and options program

In November 1998, the Parent Company offered convertible debentures to all employees of Trelleborg's Swedish companies. These debentures may be converted into shares during the period February 21, 2003 to April 15, 2004. Following the decision by the Annual General Meeting to pay a dividend of SEK 4.25 per share for the 2002 fiscal year, the conversion rate was recalculated in accordance with the terms of the debentures to SEK 65.60. The company also issued warrants targeted at executives in Sweden and other countries. These were also recalculated in accordance with the terms for the warrants to SEK 65.60.

During the year, conversion increased the number of shares by 863,046, corresponding to an increase in shareholders' equity of SEK 56.6 M.

In 2001, call options to be exercised between October 1, 2003 and March 31, 2004 at an exercise price of SEK 86 were allocated to senior executives. At December 31, 2003, 14,000 shares had been bought through the exercise of such options, corresponding to an increase in shareholders' equity of SEK 1.2 M. The exercise period for call options from 2002 is October 1, 2004 to March 31, 2005. The exercise price is SEK 122.

Structural changes

During the year, the Trelleborg Group acquired Polymer Sealing Solutions (PSS), the polymer-based precision-seal operations of Smiths Group Plc of the UK. In 2003, PSS reported sales of approximately SEK 5.2 billion with some 6,000 employees, mainly in Europe and North America.

The purchase price, including acquisition costs, amounted to SEK 6.278 M on a debt-free basis. For the Trelleborg Group, this entails goodwill of approximately SEK 4,700 M. Provisions for structural measures affecting future cash flows amounted to SEK 186 M. The acquisition is expected to generate synergies with regard to both earnings and costs. In a preliminary evaluation, the cost-related synergies have been calculated at approximately SEK 100 M annually, achieving full impact after about three years. The Trelleborg Group's earnings per share, excluding goodwill amortization, were affected positively from the acquisition date and, during 2004, the effect is expected to be considerable. The acquired operations were included in the consolidated accounts effective the fourth quarter of 2003.

On January 1, 2004, parts of Trelleborg Sealing Solutions, comprising Forsheda Pipe Seals, were transferred to Trelleborg Building Solutions, together with Trelleborg Engineered Systems' pipe seals product area. The new business unit has 265 employees. As a consequence of organizational changes in connection with the acquisition of PSS, Trelleborg Engineered Systems has also gained approximately 330 new employees. The operations transferred from Trelleborg Sealing Solutions to Trelleborg Building Systems and Trelleborg Engineered Systems had annual sales of approximately SEK 500 M.

Other acquisitions during the year were DJ Profiles and ETU (Trelleborg Building Systems), Kunhwa Co Ltd and AK Plast (Trelleborg Automotive) and Unifluid Technologies SA (Trelleborg Engineered Systems).

Also acquired since the close of the year was Metzeler Automotive Hose Systems with some 850 employees and annual sales of approximately SEK 600 M. Metzeler strengthens Trelleborg Automotive in the area of hose systems and is included in the Fluid & Acoustic Solutions business unit.

New accounting standard effective January 1, 2004

Effective January 1, 2004 the Trelleborg Group will adopt the Swedish Accounting Standards Council's recommendation RR 29, "Employee Benefits," which is based on IAS 19. Adopting this standard will increase provisions for pension liabilities by approximately SEK 188 M. In accordance with Swedish accounting recommendation RR 5, "Changes in Accounting Policies," the adjustment necessitated by the adoption of the new standard will be charged against equity as of January 1, 2004 and will not affect earnings or cash flow. It is estimated that the nonrecurring effect will reduce consolidated equity by SEK 126 M, after deductions for deferred taxes. The ongoing cost during 2004 is estimated at approximately SEK 83 M, which is in line with the actual cost of 2003.

PROPOSALS TO BE SUBMITTED TO THE ANNUAL GENERAL MEETING ON APRIL 22, 2004

Proposed dividend

The Board and CEO propose that a cash dividend of SEK 4.50 (4.25) per share be paid to shareholders. The Group's dividend policy is that, in the long term, dividends shall comprise 30-50 percent of the net profit for the year. The proposed dividend, corresponding to a total of SEK 404 M, entails approximately 58 percent of net profit being paid in dividends.

New Board members

In advance of the 2004 Annual General Meeting, Didrik Normark (elected to Trelleborg's Board in 1994) and Ann-Christine Albertsson (elected in 1999) have declined reelection. A nominations committee consisting of the Chairman of the Board and representatives of the major owners, corresponding to approximately 65 percent of the votes in Trelleborg, has decided to propose to the Annual General Meeting the following new Board members: Claes Lindqvist, President of Höganäs, and Heléne Bergquist, Senior Vice President, Electrolux.

OUTLOOK

Gradually improved market conditions

Following the downturn in Trelleborg's principal markets in recent years, there are now signs that business conditions are strengthening and markets are expected to gradually improve during 2004.

With the aim of meeting the long-term targets for improvements in margins announced during the autumn of 2003, a number of efficiency-improvement measures are being implemented while other measures are under evaluation. The efficiency-enhancement measures taking place in the production structure at Trelleborg Automotive in North America are expected to provide a partial effect during 2004 and full effect in 2005. Ongoing and planned integration projects, as well as efficiency improvements within Trelleborg Sealing Solutions are expected to provide a partial effect during 2004 and 2005, with full effect in 2006.

During 2003, the Trelleborg Group further strengthened its platform for additional growth. The Group has a competitive structure and strong technical base.

The Trelleborg Group is prioritizing continued efforts to achieve organic growth, as well as complementary acquisitions that will contribute to the further reinforcement of the Group's core areas of business.

*Trelleborg, February 5, 2004
Fredrik Arp
President*

Trelleborg's consolidated accounts are based on Swedish accounting principles that conform with the recommendations issued by the Swedish Financial Accounting Standards Council (RR). During the year, the Group began to apply the new recommendations of the Swedish Financial Accounting Standards Council. However, the introduction of these recommendations has not caused any changes to the figures reported. The report has not been subject to special examination by the Group's auditors.

Trelleborg Automotive

Improved earnings resulting from structural measures and increased sales in Europe

For the full year, the business area's net sales amounted to SEK 8,721 M (9,297). In comparable currencies, sales remained at the same level as in 2002. Operating profit increased to SEK 657 M (601). Translation differences affected operating profit negatively in an amount of SEK 26 M compared with 2002. Operating profit excluding goodwill amortization increased to SEK 761 M (715). The business area's operating cash flow totaled SEK 740 M (503). During the **fourth quarter**, net sales amounted to SEK 2,090 M (2,228) and operating profit to SEK 216 M (160). During the year, development expenses totaling SEK 65 M (30) were capitalized and during the fourth quarter, SEK 35 M (21).

During the year, car production in North America declined by approximately 3 percent compared with 2002, while sales declined by about 1 percent. A recovery took place in the fourth quarter of 2003 with car sales increasing by 1 percent, while car production remained relatively unchanged compared with 2002. In Western Europe, car production declined during the year by approximately 2 percent, while car sales declined by slightly more than 1 percent. Production during the fourth quarter declined by slightly more than 1 percent compared with the year-earlier period. (Source: JD Powers/Trelleborg).

Increased sales in Europe and Asia offset somewhat lower sales in North America. Successful rationalization measures in the European organization, including the transfer of production to countries with lower cost levels, affected the business area's earnings positively. The business area's Swedish operations were affected negatively by the weaker US dollar.

During the year, Trelleborg Automotive strengthened its positions in Asia, partly through the acquisition of vehicle-component company Kunhwa Co Ltd. of South Korea. Kunhwa, whose operations focus on AVS and vehicle boots, has some 220 employees and annual sales of approximately SEK 225 M. The acquisition affected both sales volumes and earnings positively.

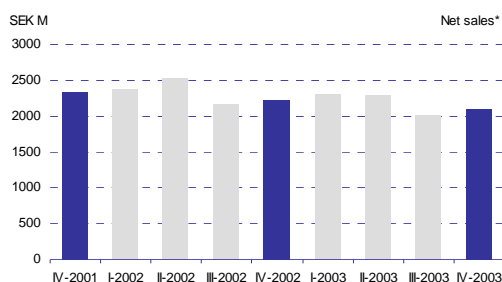
To further strengthen Trelleborg's market-leading position in China, a decision was taken to invest in a new, more efficient plant in Wuxi. The plant will replace the current one and is scheduled for completion during the latter part of 2004.

Since the end of the year, Metzeler Automotive Hose Systems was acquired with some 850 employees and annual sales of approximately SEK 600 M. Metzeler's operations focus on hose systems for air supply and engine cooling. The company has production units in Poland, the Czech Republic and Italy. Operations will be incorporated within the Fluid & Acoustic Solutions business unit, which during the year also acquired the smaller Slovak company AK Plast.

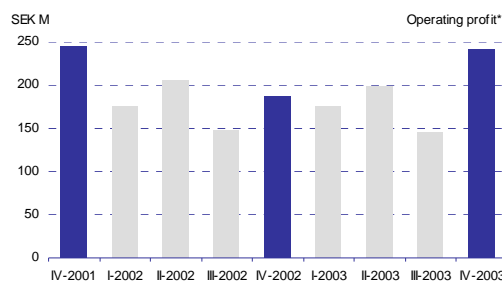
The closure of the plant at Logansport, Indiana, in the US is under way as is the transfer of production to other units. The project is expected to be complete by mid-year 2004. Since the integration and rationalization program began in connection with the acquisition of BTR/LACD, the number of plants within Automotive has decreased by six.

Rationalization measures are also being implemented in Europe, including within Industrial AVS.

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



*Net sales per quarter.



*Operating profit excl. goodwill depreciation, per quarter.

Trelleborg Wheel Systems

Increased operating profit despite a clearly weakening European farm-tire market

Net sales for 2003 amounted to SEK 2,704 M (2,764). In comparable currencies, sales increased by 3 percent compared with 2002. Operating profit increased to SEK 129 M (127). Changed exchange rates reduced operating profit by SEK 12 M compared with 2002. Operating profit excluding goodwill amortization amounted to SEK 145 M (146). The business area's operating cash flow was SEK 9 M (161). Cash flow was affected negatively by factors including an increase in working capital from a low level at the close of 2002. During the *fourth quarter*, net sales amounted to SEK 605 M (641) and operating profit was SEK 16 M (34).

The business area's earnings were negatively affected by low demand for farm tires in the European aftermarket and high prices for raw materials. The price hikes that successfully offset increased prices for raw materials during the first half of the year were insufficient to balance the effects during the latter half of the year. During the fourth quarter, production cutbacks were implemented in the business area's European units to ensure a favorable balance in inventories for 2004. Costs for these measures are estimated at approximately SEK 7 M.

The European aftermarket for farm tires declined by about 10 percent during the year, primarily as a consequence of decreased income in the agricultural sector. Demand fell during the second quarter and no recovery was noted during the remainder of the year. This trend was particularly evident in cross-ply tires, which are also affected by the general transition to radial tires. Trelleborg Wheel Systems is conducting marketing and sales-promotional activities to increase sales of farm tires in Europe. The business area has captured market shares and now holds second position in the European market.

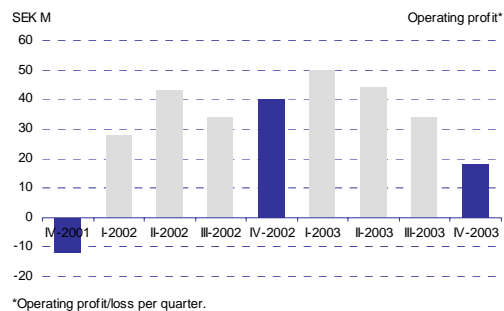
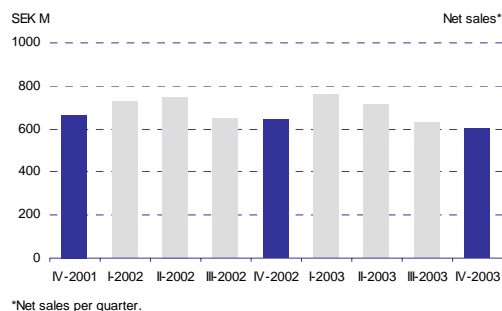
In North America, the market for farm tires was relatively unchanged compared with 2002, with a certain degree of improvement at the end of the year, partly due to a rich harvest and subsequently increased income in the agricultural sector.

The European market for industrial tires was stable compared with 2002. Sales to original equipment manufacturers developed well, particularly during the fourth quarter, while aftermarket sales remained at the same level as in 2002. In North America, demand for industrial tires from the OEM market was positive and even the aftermarket showed an upward trend at the end of the year.

As a consequence of the global delivery agreement secured with Nacco Material Handling Group (NMHG) during the year, the business area's sales of industrial tires increased, primarily in Europe. The agreement involves deliveries of industrial tires to NMHG units throughout Europe, North America and South America, as well as aftermarket products through NMHG's global distribution network.

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

The restructuring program provided the planned results. Costs of approximately SEK 6 M for ongoing rationalization measures were charged against the year's earnings. The business area is evaluating further rationalization measures.



Trelleborg Engineered Systems

Continued improvement in operating profit and strong cash flow

Net sales for 2003 amounted to SEK 3,548 M (3,522). In comparable currencies, sales rose 2 percent compared with 2002. Operating profit increased to SEK 212 M (199). Changed exchange rates reduced operating profit by SEK 9 M compared with 2002. Operating profit excluding goodwill amortization increased to SEK 233 M (217). The business area's focus on reducing the amount of capital tied up contributed to the continued strong operating cash flow of SEK 271 M (281). Net sales in the *fourth quarter* were SEK 886 M (876). Operating profit amounted to SEK 54 M (53).

The extensive restructuring process of recent years has, in combination with acquisitions, contributed to Trelleborg Engineered Systems reporting improved key figures for a fourth consecutive year. A favorable sales trend in project operations partly offset the effects of the weaker US dollar and decreased sales in the Industrial Fluid Systems segment.

During the year, demand was favorable for project-related products, particularly in oil and gas extraction. The availability of projects varied between sectors, geographic markets and over time, although overall, it was relatively stable.

Demand in the industrial supplies market, which follows the general industrial production trend, was fairly stable, although at a low level, in both Europe and North America.

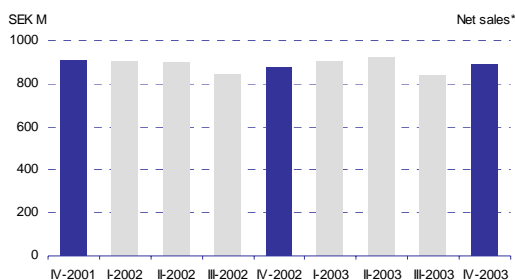
During the year, Trelleborg Engineered Systems captured market shares in the project-related sectors in which the business area is active. In Asia, positions were strengthened, in part through increased sales of niche offshore products. Sales of fender systems developed favorably in North America, Oceania and the Middle East. In total, the business area's sales of fender systems have increased more than tenfold since 2000 and Trelleborg is today the only player offering a complete product range and global market presence.

A number of large project orders were received during the year, including a major order for the Elastopipe system for installation on Norsk Hydro's Oseberg Feltcenter platform in the North Sea, a strategic project order for bearings for a floating oil platform off the Canadian coast and an extensive order for oil hoses in Dubai. In addition, several orders for marine fender systems were received for ports including Dover in the UK and Norfolk in the US. The business area also delivered the largest individual order ever for chemical protection suits.

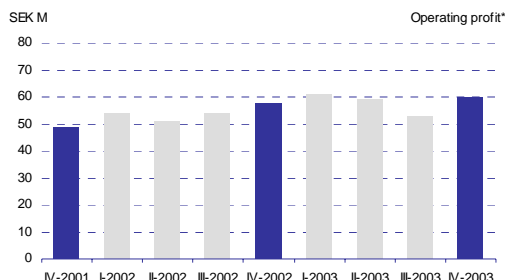
The process of optimizing the product portfolio in the Industrial Fluid Systems segment remains a high priority and this work will continue during 2004.

During the year, a small French company, Unifluid Technologies SA, which conducts 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.

As a consequence of organizational changes effective January 1, 2004, Trelleborg Engineered Systems has gained a further 330 employees from, among other sources, Trelleborg Sealing Solutions. The approximate annual sales of the additional operations are estimated at SEK 300 M. However, at the same time, operations corresponding to annual sales of approximately SEK 70 M have been transferred to Trelleborg Building Systems.



*Net sales per quarter.



*Operating profit excl. goodwill depreciation, per quarter.

Trelleborg Building Systems

Strengthened market positions and strategic complementary acquisitions

Net sales for Trelleborg Building Systems increased during 2003 to SEK 1,931 M (1,880). In comparable currencies, sales rose 4 percent compared with 2002. Operating profit was SEK 156 M (154). Operating profit excluding goodwill amortization amounted to SEK 174 M (171). The business area's operating cash flow amounted to SEK 183 M (225). During the *fourth quarter*, the sales trend was favorable and net sales increased to SEK 502 M (455). Operating profit increased to SEK 37 M (27).

During the fourth quarter, demand in the construction markets in Scandinavia and Germany remained weak and, on the whole, 2003 was characterized by decreased demand in these markets, which are Trelleborg Building Systems' principal markets. The Western European market was otherwise relatively stable during the year.

A successful recovery of sales volumes was achieved during the year, following weak sales in January when demand in the Nordic region fell. Restructuring activities and improved efficiency in production contributed to favorable profit levels and also offset a weak currency and high energy costs. The business area's efforts in product development and product launches resulted in strengthened market positions. Sales in the Danish roofing operations increased and the business area captured market shares. In industrial profile operations, the reorganization of production structure in the UK and Germany provided favorable effects on earnings.

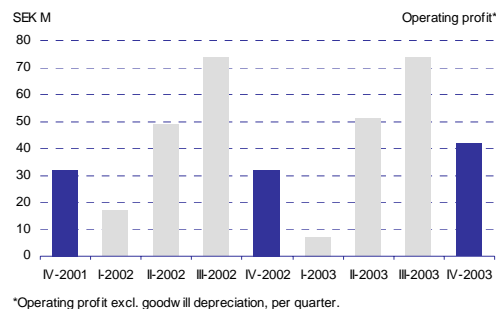
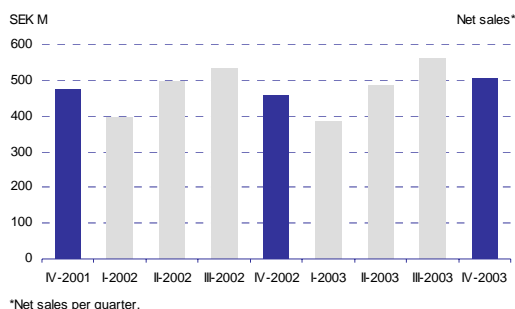
During the year, the position in industrial profiles in the UK market was strengthened with the acquisition of DJ Profiles. The company complements existing operations in the UK and adds a broad product range. DJ Profiles has some 70 employees at a unit in Telford, near Birmingham and annual sales of approximately SEK 60 M. The product structure in the UK is currently undergoing a process of restructuring and coordination.

Also acquired during the year were the operations of German industrial profiles company ETU. The acquisition complements the existing ETM unit and strengthens the business area's product-development capacity. ETU has 18 employees and annual sales of approximately SEK 50 M.

Reorganization following the acquisition of Polymer Sealing Solutions has resulted in the transferal of Forsheda Pipe Seals to Trelleborg Building Systems effective January 1, 2004. This makes the business area the market leader in pipe seals in Europe. The new business unit, Pipe Seals, has some 290 employees and annual sales of approximately SEK 300 M.

During 2003, a decision was made to transfer production from Forsheda, Sweden to Poland. The transfer will be implemented during the first six months of 2004. The existing pipe-seals plant in Poland will be extended in connection with the move, doubling its capacity.

Streamlining was implemented in the Swedish operations and a decision was made to transfer one of the two mixing units in Värnamo to Forsheda during the first quarter of 2004.



Trelleborg Sealing Solutions

Fourth quarter results well in line with expectations

Trelleborg Sealing Solutions has some 6,000 employees, primarily in Europe and North America. The business area develops, manufactures and markets security-critical polymer-based sealing solutions and systems within the industrial applications, automotive and aerospace market segments. Trelleborg Sealing Solutions holds leading positions within these segments.

The business area was included in the consolidated accounts effective the fourth quarter of 2003. During the *fourth quarter*, Trelleborg Sealing Solutions' net sales amounted to SEK 1,332 M. Operating profit was SEK 67 M. Operating profit excluding goodwill amortization amounted to SEK 127 M. The business area's operating cash flow amounted to SEK 72 M.

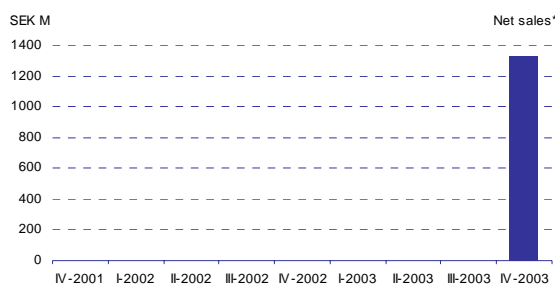
Sales increased by approximately 6 percent compared with the year-earlier period. Earnings were well in line with expectations. During the fourth quarter, an increase in demand was noted and the business area showed favorable growth in sales, primarily in Europe and within the industrial applications segment. The business area also noted strong order bookings in the aerospace segment. Geographically, the growth in sales was particularly strong in the Asia-Pacific region.

During the autumn of 2003, a number of integration projects were implemented, including projects involving procurement, mixing operations, marketing, distribution and IT. At the same time, Trelleborg Sealing Solutions launched new products and made successful advances in new product segments. Several important products were launched during 2003, including a market-leading new polyurethane range for liquid-fuel applications, and Isolast® products for semiconductor applications, produced in a cleanroom environment.

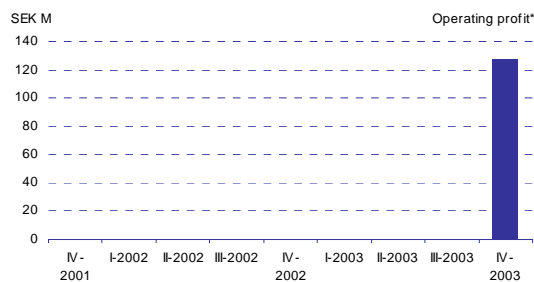
Measures to increase the efficiency of operations focused on consolidating production and several restructuring measures are under way. Since the close of the year, negotiations have been initiated with trade unions regarding the closure of two plants in the UK, with a total of 200 employees. An extensive process to improve efficiency at the production unit in Malta is in progress, involving investments in new buildings and equipment.

The business area's organization was determined in October 2003. At that time, operations were restructured into three regional business units for marketing, sales and logistics (Europe, the Americas, and the Asia-Pacific region) and two materials-focused, global production business units (elastomers and plastics/PTFE). In conjunction with the implementation of the acquisition, Claus Barsøe was appointed Business Area President. In recent years, he headed Industrial Marketing Europe, the largest business unit within Polymer Sealing Solutions. It was determined that the business area's headquarters would be located in Stuttgart, where its R&D function and distribution organization are centered.

Effective January 1, 2004, certain parts of the business area's operations, including Forsheda Pipe Seals, were transferred to Trelleborg Building Systems and Trelleborg Engineered Systems. These operations have annual sales of approximately SEK 500.



*Net sales per quarter.



*Operating profit excl. goodwill depreciation, per quarter.

Financial reporting

Income Statements

| Group SEK M | Oct - Dec | | Full year | |
|---|--------------|------------|--------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| Net sales | 5 351 | 4 114 | 17 960 | 17 630 |
| Cost of goods sold | -3 939 | -3 182 | -13 672 | -13 762 |
| Gross profit | 1 412 | 932 | 4 288 | 3 868 |
| Selling, administration and R&D costs | -1 150 | -762 | -3 448 | -3 145 |
| Items affecting comparability | - | -32 | - | -75 |
| Other operating revenues and expenses | 70 | 45 | 180 | 158 |
| Result from participation in associated companies | 76 | 47 | 188 | 140 |
| Operating profit | 408 | 230 | 1 208 | 946 |
| Financial income and expenses | -68 | -23 | -141 | -119 |
| Items affecting comparability related to Boliden | - | 9 | 24 | -150 |
| Profit after financial items | 340 | 216 | 1 091 | 677 |
| Tax | -114 | -110 | -371 | -253 |
| Minority shares | -6 | -4 | -18 | -14 |
| Net profit | 220 | 102 | 702 | 410 |

| Profit before goodwill amortization and items affecting comparability SEK M | Oct - Dec | | Full year | |
|--|-----------|------|-----------|-------|
| | 2003 | 2002 | 2003 | 2002 |
| Operating profit | 506 | 304 | 1 427 | 1 189 |
| Profit after financial items | 439 | 282 | 1 287 | 1 070 |
| Net profit | 313 | 204 | 881 | 770 |

| Earnings per share SEK | Oct - Dec | | Full year | |
|--|-----------|------|-----------|------|
| | 2003 | 2002 | 2003 | 2002 |
| Earnings ¹⁾ | 2,65 | 1,20 | 8,40 | 4,75 |
| Earnings excl. goodwill amortization and items affecting comparability ¹⁾ | 3,70 | 2,40 | 10,50 | 8,95 |
| Earnings after dilution ²⁾ | 2,55 | 1,15 | 8,15 | 4,65 |

Number of shares excl. own holdings

| | | | | |
|---|------------|------------|------------|------------|
| End of period | 84 291 318 | 83 686 772 | 84 291 318 | 83 686 772 |
| ¹⁾ Average number | 84 175 738 | 88 029 107 | 83 701 750 | 86 150 341 |
| End of period after dilution | 87 866 058 | 85 053 922 | 87 866 058 | 88 029 107 |
| ²⁾ Average number after dilution | 87 170 889 | 89 987 620 | 87 276 490 | 90 492 676 |

Balance Sheets

| Group SEK M | Dec 31 2003 | Dec 31 2002 |
|---|----------------|----------------|
| Intangible fixed assets | 7 154 | 2 657 |
| Tangible fixed assets | 5 778 | 4 977 |
| Financial fixed assets | 1 210 | 1 108 |
| Inventories | 2 715 | 2 082 |
| Receivables | 5 000 | 4 091 |
| Liquid funds | 999 | 485 |
| Total assets | 22 856 | 15 400 |
| Shareholders' equity | 7 452 | 7 284 |
| Minority interest | 152 | 125 |
| Provisions | 1 174 | 1 035 |
| Long-term liabilities | 9 419 | 3 274 |
| Current liabilities | 4 659 | 3 682 |
| Total shareholders' equity, provisions and liabilities | 22 856 | 15 400 |

| Specification of changes in shareholders' equity SEK M | Dec 31 2003 | Dec 31 2002 |
|---|----------------|----------------|
| Opening balance | 7 284 | 7 690 |
| Dividend | -355 | -347 |
| New share issue in conjunction with conversion of loan | 54 | - |
| New share issue in conjunction with the exercising of warrants. | 3 | - |
| Repurchase of own shares | -19 | -218 |
| Transfer of own shares | 1 | - |
| Option premium | 8 | - |
| Translation differences | -408 | -606 |
| Exchange-rate differences, hedging instruments, after tax | 182 | 355 |
| Net profit | 702 | 410 |
| Closing balance | 7 452 | 7 284 |

Cash flow analysis

| SEK M | Full year | |
|--|---------------|---------------|
| | 2003 | 2002 |
| Ongoing operations | | |
| Operating profit | 1 208 | 946 |
| Reversals | | |
| Depreciation | 895 | 854 |
| Items affecting comparability | - | 75 |
| Result from participation in associated companies | -188 | -140 |
| | 1 915 | 1 735 |
| Financial items | 117 | 88 |
| Taxes paid | -135 | -25 |
| Cash flow from ongoing operations before changes in working capital | 1 897 | 1 798 |
| Change in inventories | -67 | -15 |
| Change in operating receivables | 447 | 151 |
| Change in operating liabilities | -576 | -184 |
| Utilization of restructuring reserves | -19 | -279 |
| Cash flow from ongoing operations | 1 682 | 1 471 |
| Investment operations | | |
| Acquisitions ¹⁾ | -6 141 | -133 |
| Restructuring measures in acquired units | -207 | -178 |
| Divestments | | 127 |
| Gross investments in tangible and intangible assets | -687 | -739 |
| Sale of fixed assets | 184 | 88 |
| Cash flow from investment operations | -6 851 | -835 |
| Financing operations | | |
| Change in interest-bearing investments | 18 | 30 |
| Change in interest-bearing liabilities | 6 103 | -514 |
| Repurchase of Trelleborg shares | -19 | -218 |
| New share issue in conjunction with the exercising of warrants. | 3 | |
| Transfer of own shares in connection with the exercising of call options | 1 | |
| Dividend to shareholders | -355 | -347 |
| Dividend to minority | -27 | -2 |
| Cash flow from the financing operations | 5 724 | -1 051 |
| Cash flow for the period | 555 | -415 |
| Liquid funds at beginning of the year | 485 | 1 118 |
| Revaluation of shares in Boliden | - | -150 |
| Exchange rate differences in liquid funds | -41 | -68 |
| Liquid funds at end of period | 999 | 485 |
| <i>1) Purchase price paid</i> | 6 708 | |
| <i>Liquid funds in acquired units</i> | -567 | |
| <i>Effect on consolidated liquid funds</i> | 6 141 | |

Group Review ^{A)}

| SEK M | Net sales | | | |
|-------------------------------|--------------|--------------|---------------|---------------|
| | Oct - Dec | | Full year | |
| | 2003 | 2002 | 2003 | 2002 |
| Trelleborg Automotive | 2 090 | 2 228 | 8 721 | 9 297 |
| Trelleborg Wheel Systems | 605 | 641 | 2 704 | 2 764 |
| Trelleborg Engineered Systems | 886 | 876 | 3 548 | 3 522 |
| Trelleborg Building Systems | 502 | 455 | 1 931 | 1 880 |
| Trelleborg Sealing Solutions | 1 332 | | 1 332 | |
| Other companies | | -9 | | 471 |
| Elimination | -64 | -77 | -276 | -304 |
| Group | 5 351 | 4 114 | 17 960 | 17 630 |

Group Review ^{A)}

| SEK M | Operating profit excl. Goodwill amortization (EBITA) | | | | Operating profit | | | |
|---|--|------------|--------------|--------------|------------------|------------|--------------|--------------|
| | Oct - Dec | | Full year | | Oct - Dec | | Full year | |
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Trelleborg Automotive | 241 | 187 | 761 | 715 | 216 | 160 | 657 | 601 |
| Trelleborg Wheel Systems | 18 | 40 | 145 | 146 | 16 | 34 | 129 | 127 |
| Trelleborg Engineered Systems | 60 | 58 | 233 | 217 | 54 | 53 | 212 | 199 |
| Trelleborg Building Systems | 42 | 31 | 174 | 171 | 37 | 27 | 156 | 154 |
| Trelleborg Sealing Solutions | 127 | | 127 | | 67 | | 67 | |
| Group items | -38 | -48 | -156 | -160 | -38 | -48 | -156 | -160 |
| Trenor | 62 | 36 | 156 | 106 | 62 | 36 | 156 | 106 |
| Other companies | -6 | | -13 | -6 | -6 | | -13 | -6 |
| Group, excl. items affecting comparability | 506 | 304 | 1 427 | 1 189 | 408 | 262 | 1 208 | 1 021 |
| Items affecting comparability | - | -32 | - | -75 | - | -32 | - | -75 |
| Group | 506 | 272 | 1 427 | 1 114 | 408 | 230 | 1 208 | 946 |

Key operating ratios ^{A)}

| | Operating margin, (ROS) % ¹⁾ | | Return on capital employed, (ROA) % ²⁾ | | Capital employed ³⁾ SEK M | |
|-------------------------------|---|------------|---|-------------|--------------------------------------|--------------|
| | Full year | | Full year | | Dec 31 | |
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Trelleborg Automotive | 8,4 | 7,3 | 14,9 | 12,8 | 4 927 | 5 347 |
| Trelleborg Wheel Systems | 5,4 | 5,3 | 9,2 | 9,4 | 1 559 | 1 522 |
| Trelleborg Engineered Systems | 6,6 | 6,2 | 13,5 | 12,3 | 1 645 | 1 772 |
| Trelleborg Building Systems | 9,0 | 9,0 | 22,5 | 21,8 | 757 | 748 |
| Trelleborg Sealing Solutions | 9,4 | | 7,2 | | 6 324 | - |
| Group items | | | | | 89 | 71 |
| Trenor | | | | | 353 | 240 |
| Other companies | | | | | 156 | 186 |
| Group | 6,9 | 5,9 | 12,5 | 11,7 | 15 810 | 9 886 |

¹⁾ Operating result before goodwill amortization (EBITA) excluding items affecting comparability and result from participation in associated companies in relations to net sales.

²⁾ Operating result before goodwill amortization (EBITA) excluding items affecting comparability/average capital employed.

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

^{A)} For comparability, historical data has been adjusted regarding the shift of operations from Wheel Systems to Engineered Systems.

Cash flow report ^{A)}

| Full year | Operating 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 | |
|--|--|------------|---|------------|--------------------------|------------|----------------------|-------------|----------------------|-----------|---------------------------------|------------|--------------------|--------------|
| SEK M | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Trelleborg Automotive | 626 | 568 | 346 | 394 | 104 | 114 | -393 | -474 | 71 | 23 | -14 | -122 | 740 | 503 |
| Trelleborg Wheel Systems | 129 | 127 | 110 | 110 | 16 | 19 | -113 | -132 | 4 | 10 | -137 | 27 | 9 | 161 |
| Trelleborg Engineered Systems | 212 | 199 | 112 | 115 | 21 | 18 | -91 | -96 | 4 | 25 | 13 | 20 | 271 | 281 |
| Trelleborg Building Systems | 155 | 152 | 45 | 48 | 18 | 17 | -47 | -31 | 4 | 16 | 8 | 23 | 183 | 225 |
| Trelleborg Sealing Solutions | 65 | | 52 | | 60 | | -40 | | -1 | | -64 | | 72 | |
| Group items | -154 | -159 | 3 | 8 | | | -3 | -4 | 5 | | 8 | 20 | -141 | -135 |
| Other companies | -13 | -6 | 8 | 11 | | | -2 | | 10 | 14 | -10 | -16 | -5 | 1 |
| Operating cash flow | 1 020 | 881 | 676 | 686 | 219 | 168 | -687 | -739 | 97 | 88 | -196 | -48 | 1 129 | 1 036 |
| Acquisitions | | | | | | | | | | | | | -6 445 | -133 |
| Divestments | | | | | | | | | | | | | 87 | 127 |
| Restructuring measures incl. In acquired units | | | | | | | | | | | | | -226 | -457 |
| Dividend to shareholders | | | | | | | | | | | | | -355 | -347 |
| Dividend to minority | | | | | | | | | | | | | -27 | -2 |
| Buy-back of own shares | | | | | | | | | | | | | -19 | -218 |
| Exercising of warrants and call options | | | | | | | | | | | | | 4 | |
| Financial items | | | | | | | | | | | | | 117 | 88 |
| Paid tax | | | | | | | | | | | | | -135 | -25 |
| Sum net cash flow | | | | | | | | | | | | | -5 870 | 69 |

A) 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

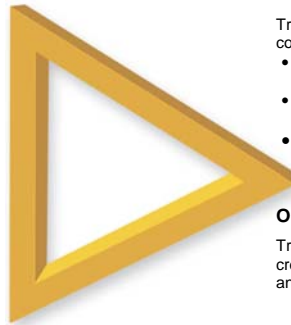
Trelleborg is a global industrial group with cutting-edge expertise in polymer materials combined with a high level of industrial know-how in functional solutions and systems that meet our customers' requirements. Trelleborg strives to attain leading positions in well-defined product and market areas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

| | |
|----------------------------------|------------------|
| Annual Report | March 2004 |
| Annual General Meeting | April 22, 2004 |
| Interim report January-March | April 22, 2004 |
| Interim report January-June | July 22, 2004 |
| Interim report January-September | October 26, 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 or can be downloaded from the Group's website www.trelleborg.com.

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