



*Press release*

*Trelleborg, October 26, 2004*

## **Trelleborg initiates negotiations on transfer of tire manufacture from town of Trelleborg**

The Board of Trelleborg AB decided today to call for codetermination negotiations with the affected unions about the closure of tire manufacturing at its Trelleborg facility. The background to the decision is the diminishing market for the type of agricultural tires manufactured in Trelleborg and strongly increasing competition from low-cost countries. A number of alternatives have been evaluated but found to be insufficiently profitable in the long term.

About 4,000 tons of agricultural and forest tires are manufactured annually in the town of Trelleborg, comprising approximately 50 percent of the Group's total sales of cross-ply tire tires. Remaining production of cross-ply tires under Trelleborg brands is already conducted by a number of sub-suppliers. Of the approximately 730 Trelleborg employees in the town, about 160 are affected by tire production. The facility in Trelleborg produces cross-ply tires, the use of which is losing considerable ground in the agricultural sector to radial tires, the type of tires produced at the Group's facility in Tivoli, Italy, among other plants.

The study on which the decision to initiate codetermination negotiations is based assumes that production will be transferred to existing and new outsourcing partners during 2005. In addition, the focus on radial alternatives will gradually increase, entailing increased production at the Group's plant in Italy. Assuming that negotiations are completed successfully, production is expected to continue until the end of 2005. A decision to discontinue tire production will also entail capacity adjustments for mixing, inventory management and administrative support functions at the Trelleborg location. In total, it is estimated that approximately 200 jobs will be affected, with about 130 of these in production and about 70 in administration. The County Labor Board will be advised of these figures during the day.

A review will also be initiated aimed at optimizing the structure of the Group's mixing operations in northern Europe, which include Trelleborg's facility in Hoogezand, in the Netherlands. In the future, the unit in Trelleborg will be developed as an advanced center focusing on mixing and other types of semi-manufactured goods.

The costs for the closure and restructuring measures are expected to total SEK 320 M before tax, of which SEK 125 M will affect cash flow, primarily during 2005. The costs will mainly be charged against earnings for the fourth quarter of 2004. The positive effect on profits will amount to approximately SEK 75 M before tax, with full impact in 2006, of which approximately SEK 70 M will affect cash flow.

Additionally, as a consequence of previous structural measures within Trelleborg Automotive in Europe, certain properties in Breuberg will be written down and certain personnel cutbacks will be made. Costs for these measures are estimated at approximately SEK 175 M before tax, of which about SEK 35 M will affect cash flow. The positive effect on profits will amount to approximately SEK 25 M before tax, with full impact in 2006, of which approximately SEK 20 M will affect cash flow.

The costs for all of the above restructuring measures are expected to amount to SEK 495 M, before tax, and SEK 340 M after tax, of which SEK 160 M will affect cash flow, primarily during 2005. The costs will mainly be charged against earnings for the fourth quarter of 2004. The positive effect on profits will amount to approximately SEK 100 M before tax, with full impact in 2006, of which approximately SEK 90 M will affect cash flow.

In collaboration with union representatives, efforts will immediately be initiated to support those employees who are affected and to plan a program of measures to help them gain new employment both within the Trelleborg Group and externally.

---

*For further information, please contact Mikael Byström, Senior Vice President Corporate Communications +46 (0) 410-67037, or +46 0708-552169, or Viktoria Bergman, Vice President Corporate Communications +46 (0)410-67094 or +46 708-475733.*

***Trelleborg*** is a global industrial group. Operations are based on spearhead competence within polymer materials and a high level of industrial know-how, combined with functional solutions and systems designed to meet the needs of customers. The Trelleborg Group has annual sales of approximately SEK 22.5 billion, with about 22,000 employees in 40 countries. Trelleborg consists of five business areas: Trelleborg Automotive, Trelleborg Wheel Systems, Trelleborg Engineered Systems, Trelleborg Building Systems and Trelleborg Sealing Solutions. The Trelleborg share has been quoted on the A list of the Stockholm Exchange since 1964.  
[www.trelleborg.com](http://www.trelleborg.com)