



Press release

Trelleborg, November 27, 2006

Trelleborg initiates action program within Automotive

First phase might affect about 700 employees in Europe, further plants being evaluated

The strategic and operational review announced by Trelleborg for the Automotive business area has resulted in an action program, of which the first step was announced today during Trelleborg's Capital Markets Day in Stockholm.

The costs of the total action program are estimated to amount to approximately SEK 875 M before tax and SEK 700 M after tax, of which about SEK 400 M before tax and SEK 225 M after tax will affect cash flow in 2007 and 2008. The measures are expected to have a payback time affecting cash flow of less than three years after implementation. The positive earnings effect is estimated at about SEK 175 M before tax and SEK 115 M after tax at full impact.

"Our starting point for this work comprises our long-term strategic positioning and continuous operational efficiency measures," said President and CEO Peter Nilsson in his presentation. "A number of actions have been identified, these are being analyzed and will be successively initiated and announced.

"Already now, we are taking the first step within the framework of this action program. These initial measures pertain to three plants and, in addition, include a number of human resources and rationalization measures in Europe. In total, the measures might affect about 700 employees. The measures will generate a positive effect on profitability and margin and have a short payback time after implementation."

The first step, which is a part of the total action program, involves:

- A proposal to close a plant within the AVS business unit in Trowbridge, in the UK, with sales of approximately SEK 225 M and about 150 employees. If the proposal is implemented the production will be relocated to existing units, primarily to Trelleborg's newly constructed unit in Romania, and to Burgos, in Spain. Production is expected to continue until mid-2007. The costs of the proposal is expected to amount to about SEK 150 M, of which about SEK 20 M will affect cash flow subject to sale of property and the cost would be charged in the fourth quarter of 2006.
- Further personnel reductions will also be made in Western Europe, possibly affecting a total of about 200-250 employees. These reductions could be made, for example, in Fluid & Acoustic in Mannheim, Germany. The transfer of resources from Western Europe to Eastern Europe is part of the program. This involves existing units in the Czech Republic, Poland and Romania, which will be conducted before the program can be fully implemented. These investments will strengthen the Group's long-term competitiveness in Europe and generate opportunities for further consolidation.

If the proposal is implemented the costs for Trowbridge and personnel reductions are estimated to total about SEK 275 M, of which approximately SEK 150 M will affect cash flow, primarily in 2007. The costs will mainly be charged in the fourth quarter of 2006 and the first half of 2007. The positive earnings effect is expected to amount to about SEK 90 M when full impact is achieved in 2009, but it is anticipated that most of the improvements will occur in 2008.

- Divestment or, as a second alternative, extensive restructuring or closure of two small plants in Europe. The various alternatives are under final analysis.



“We are continuing our review of Automotive,” said Peter Nilsson. “Strategically, we are proceeding with a thorough analysis of our positions and the strategic measures connected with these. Regardless of our choice of approach, we must continue to implement operational measures to improve profitability.”

Negotiations have commenced with trade union representatives at the units affected.

Further information can be obtained from Viktoria Bergman, Trelleborg's Senior Vice President, Corporate Communications, +46 (0)410-670 94, +46 (0)708-47 57 33, or from Mikael Byström, Trelleborg's Senior Vice President Investor Relations, +46 (0)410-670 37, +46 (0)708-55 21 69.

Trelleborg is a global industrial group whose leading positions are based on advanced polymer technology and in-depth applications know-how. Trelleborg develops high-performance solutions that seal, damp and protect in demanding industrial environments. The Trelleborg Group has annual sales of approximately SEK 24 billion, with about 23,000 employees in 40 countries. The Group comprises five business areas: Trelleborg Automotive, Trelleborg Wheel Systems, Trelleborg Engineered Systems, Trelleborg Building Systems and Trelleborg Sealing Solutions. The Trelleborg share has been listed on the Stockholm Stock Exchange since 1964 and is listed on the OMX Nordic List, large cap, from October 2, 2006. www.trelleborg.com