



Press release

Trelleborg, November 27, 2006

Trelleborg invests in increased capacity in Sri Lanka, transfers production from North America

Trelleborg is consolidating its industrial tire production to Sri Lanka and will invest in increased production capacity at one of Trelleborg Wheel Systems' plants in Sri Lanka. As a consequence of this, it is announced that the production of industrial tires will be terminated and relocated from Trelleborg Wheel Systems' plant in Hartville, Ohio, in the US. The cost of closure, production transfer and investments will total approximately SEK 130 M over a three-year period.

"By doing this, we are creating the conditions for a strong global production structure in Wheel Systems," says Maurizio Vischi, Business Area President. "This enables us to remain competitive and grow the business organically. The measures will improve our profitability and position in the North American market, where we are currently also building an efficient sales and distribution organization."

In Hartville, industrial tires are manufactured for material-handling vehicles such as forklifts. The unit has about 200 employees, of whom about 115 are involved in production. The production will be transferred successively to Sri Lanka in 2008. Production in Hartville is expected to continue until the first quarter of 2009. Subsequently, there will continue to be resources in sales, technical service and distribution in North America.

Trelleborg Wheel Systems currently has two plants in Sri Lanka, in Kelaniya and Biyagama, outside Colombo. The units have approximately 900 employees.

"We have conducted business successfully in Sri Lanka for many years, and with this investment, we are improving the operations further," says Maurizio Vischi. "The investment in extended production capacity will involve upgraded production and enhanced efficiency, and we expect to handle the additional volume within the framework of the current workforce. We have an excellent skills base in place and another benefit is that Sri Lanka has a first-rate location with proximity to good supplies of raw materials."

The investment in production in Sri Lanka amounts to about SEK 100 M, of which a large portion is attributable to the production transfer. The costs of closure and relocation of production from Hartville are expected to amount to about SEK 30 M before tax, most of which will mainly affect cash flow in 2007. The positive earnings effect is estimated to amount to about SEK 35 M before tax on an annual basis, with full impact from the third quarter of 2009. Costs and investments related to the transfer of production are expected to have a payback time of less than three years, while this will also create a better strategic position for the future.

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.

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