



Press release

Trelleborg, November 27, 2006

Trelleborg's Capital Markets Day 2006: Growth in attractive segments a priority for the future

"We seal, damp and protect in critical and demanding environments and in this manner secure value," is how CEO Peter Nilsson opened the Trelleborg Group's Capital Markets Day in Stockholm, before providing some examples. "Our fireproof seals safeguard aircraft 10,000 meters above sea level. Our flexible bearings compensate movements in the Earth's crust and our passive fire protection safeguards both people and installations on oil rigs in all of the world's seas. These are some of our competitive innovative solutions that create shareholder value."

"We believe in this business model and our financial targets are firmly established. However, we will not be able to attain them this year," Peter Nilsson explained. "We have experienced exceptional circumstances with dramatic rises in the prices of raw materials at the same time as certain major customers in the automotive industry have faced extensive challenges. We have also wrestled with our own efficiency problems in the Automotive business area."

Peter Nilsson outlined the Group's four strategic priorities to achieve these targets. The first involves a refined business structure, and his report outlined how, through a number of acquisitions and a focused growth initiative, the Group has increased its presence in such prioritized growth areas as gas and oil extraction offshore, the aviation industry, infrastructure/construction and the process industry. As a result of these acquisitions, Trelleborg Automotive has reduced its relative percentage of the Group's total sales.

Two processes have been initiated for refining the product portfolio at business-area level: "Global Growth Initiatives", where the focus is on a number of selected activities. The second is "Up or Out" and, to put it simply, involves improved results or comprehensive changes.

Another priority is continued growth, which is to be achieved through, for example, increasing presence in the new markets in Asia, Latin America and Eastern Europe. System solutions is another way of growing, according to Peter Nilsson, who also highlighted products for oil extraction in deep water based on "microballoons." A material in which Trelleborg is now investing SEK 50 M to increase production. Continued acquisitions are also expected.

Priority is also assigned to better margins through continuous improvements including the enhancement of production efficiency. Peter Nilsson described a number of mergers of production units that had been implemented during the year. These efficiency enhancements also include the use of the company's own production resources in growth markets to create a more flexible cost profile.

The fourth priority that Peter Nilsson touched on was to develop leaders that can drive Trelleborg's business units at different levels now and in the future.

The Group's CFO and First Executive Vice President Bo Jacobsson provided an overview of the financial trend and summarized that four of five business areas have demonstrated healthy growth during the past 12-month period with an EBITDA margin in line with the Group target of 12 percent, despite the extraordinary price increases for raw materials during the year. Bo Jacobsson pointed out that action needs to be taken in Trelleborg Automotive and a driving force is required for this business area to achieve the Group's EBITDA targets.



Peter Nilsson and the head of the Antivibration Systems business unit, Jim Law, offered some comments on the situation of Trelleborg Automotive. Sales progressed well but margins had been reduced by the high costs of raw materials and the difficult market situation. A number of structural measures, including a continued review of the product portfolio, have been initiated in order to restore profitability, as detailed in a separate press release. Extended global processes and a strong presence in Eastern Europe and Asia are other initiatives.

Claus Barsoe, President of Trelleborg Sealing Solutions business area, commented on the company's increased presence in the US and, in particular, in Asia during the year, where sales have risen by 20 percent, partly as a result of the opening of a new plant in Shanghai. Barsoe also reported on the positive trend of 12 aggressive growth initiatives that had been established in line with the Group's general global growth program. He also has a generally positive view of the progress of the priority markets. Aerospace received particular attention, with comments provided by Torben Andersen, who is responsible for the business area's sales to the global aviation industry.

Lennart Johansson, President of Trelleborg Engineered Systems, commented on the strong performance of his business area. The product portfolio is being successively streamlined, with a higher number of elements of advanced system solutions at the cost of more simple products. Strong positions were achieved due to a number of acquisitions during the year, in particular CRP Group and Reeves; a platform that will be used to increase global sales of the business area's solutions. "The future looks positive," Johansson said, and emphasized advanced development resources and a positive view of market development over time, not least in offshore, an area that was presented separately by Alan Wilson.

Maurizio Vischi, President of the Trelleborg Wheel Systems business area, commented on the unique focus on industrial and agricultural tires. Through a comprehensive campaign, agricultural tires are now to change name from Pirelli to Trelleborg, and marketing efforts are being intensified. He also commented on the improved profitability despite increased raw materials costs. This is a result of, for example, strong positions that have enabled price increases, a number of significant productivity improvements and efficiency enhancement. With the aim of strengthening the industrial tire business, the business area is investing, as outlined in a press release earlier today, in the extension of the plant in Sri Lanka. As a consequence of this, a plant is being closed in Hartville, Ohio, in the US.

The President of the Trelleborg Building Systems business area, Peter Suter, spoke about earnings improvements in the third quarter. This is a result of success in offsetting higher raw materials prices combined with extensive cutbacks, with several merged and relocated units. He also reported on acquisitions to achieve a leading position in the US and a strengthened position in Denmark through the acquisition of Hetag Tagmaterialer A/S. Streamlined production, greater international presence and a better construction industry mean a good outlook for the future, Peter Suter concluded.

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