



INTERIM REPORT

Three months ended March 31, 2003

Net sales amounted to SEK 4,289 M (4,543).

For comparable units/exchange rates, net sales for the first quarter rose by 5 percent compared with the corresponding period of 2002.

Operating profit, excluding items affecting comparability, rose by 13 percent to SEK 232 M (206).

Profit after net financial items, excluding items affecting comparability, rose by 22 percent to SEK 211 M (173).

Profit after tax rose by 14 percent to SEK 141 M (124) and earnings per share increased by 17 percent to SEK 1.70 (1.45).

Cash flow from operations remained stable at SEK 51 M (50).

Peter Nilsson appointed new president of the Trelleborg Engineered Systems business area.

Since the end of the quarter, Trelleborg has acquired the Kunhwa auto components company in South Korea and the ETU industrial profiles company in Germany.

Group, first quarter 2003

Net sales and earnings

Increased operating profit; net sales in line with preceding year

The Group's net sales for the first quarter of 2003 amounted to SEK 4,289 M (4,543). Sales for comparable units and exchange rates rose by 5 percent.

Operating profit increased to SEK 232 M (206). Operating profit was not affected by items affecting comparability during the quarter (expense: 13).

The increase in operating profit was mainly attributable to the successfully implemented restructuring programs within Wheel Systems and Automotive in Europe.

Group financial expense amounted to SEK 21 M (expense: 33). Profit after net financial items amounted to SEK 223 M (173) and to SEK 211 M (173) excluding items affecting comparability.

Earnings per share *amounted to SEK 1.70 (1.45)*

Earnings per share for the period amounted to SEK 1.70 (1.45) and, excluding items affecting comparability, to SEK 1.55 M (1.45). Excluding items affecting comparability and goodwill amortization, earnings per share totaled SEK 1.95 (1.85).

Balance sheet, cash flow and investments

Operating cash flow in line with corresponding period of preceding year

The Group's cash flow from operations totaled SEK 51 M (50). At SEK 110 M, the level of investment during the quarter was lower than in the corresponding period of 2002 (151). Working capital increased by SEK 257 M (233) due to seasonal factors.

On March 31, 2003, capital employed by the Group amounted to SEK 9,792 M (10,425). During the first quarter, Trelleborg repurchased 272,500 of the Company's own shares. Net financial debt amounted to SEK 2,756 M (debt: 3,270).

The debt/equity ratio at the end of the period was 36.8 percent (41.5). The equity/assets ratio was 48.2 percent (45.7). Shareholders' equity per share on March 31, 2003 (83.4 million shares outstanding, net) amounted to SEK 88.40 (89.40). The return on shareholders' equity was 7.7 percent (6.4).

Business areas, first quarter 2003

Trelleborg Automotive

Positive earnings impact from successful European restructuring and increased sales in Asia

The business area posted net sales of SEK 2,320 M (2,387) during the quarter. Excluding currency effects, sales rose by 7 percent. Operating profit rose to SEK 149 M (146). The business area's operating cash flow amounted to SEK 90 M (negative: 11), as a result of factors such as lower investment levels compared with the year-earlier period, when investments were made in a new plant in Leicester, UK.

In North America, the production of light vehicles was at the same level as in the preceding year, while sales declined by approximately 4 percent. Western Europe and Japan showed a production decrease of 1.5 percent and 3.7 percent, respectively. Vehicle sales in Western Europe fell 2.4 percent, while sales in Japan rose 4 percent. The Chinese market continued to show very strong growth.

During the first quarter, Automotive exhibited favorable sales growth in Europe, South America and Asia. In China, sales doubled compared with the preceding year. In the US, sales were at the same level as a year earlier.

The improvement in earnings can be attributed to the successful restructuring process in Europe. Problems in connection with the start-up of new products manufacturing in Coventry, UK, announced in the third quarter of 2002, have now been resolved, and the operation is in full production.

To further strengthen Trelleborg's market leadership in China, it was decided to invest in a new, more rational and efficient plant in Wuxi. This plant will replace the current one. Construction is planned to commence during the latter part of 2003.

Since the end of the quarter, Trelleborg has signed an agreement to acquire 51 percent of the Kunhwa vehicle components company in South Korea. The company has sales of approximately SEK 225 M, 218 employees and a production unit in Daegu, South Korea. Kunhwa's operations focus on Antivibration Systems (AVS) and automotive boots and its acquisition is a strategic strengthening of the area in which Trelleborg already has a global leading position. The takeover of operations will occur when the South Korean authorities have provided formal approval, which is expected during May 2003.

Since the end of the quarter, Trelleborg has received a major order from the Ford Group that covers delivery of antivibration components for the platform of vehicles such as Ford Mondeo, Volvo and Land Rover.

Trelleborg Wheel Systems

Increased volumes and favorable impact of restructuring program

Net sales amounted to SEK 757 M (724). Excluding currency effects, sales rose 10 percent. Operating profit for the quarter rose 80 percent to SEK 45 (25). The business area's operating cash flow amounted to a negative SEK 47 M (negative: 20). The cash flow was affected by a temporary inventory buildup in the Ohio plant caused by a change in mixing equipment.

The market for industrial tires in Europe and North America was at the same level as in the fourth quarter of 2002, although both markets increased compared with a weak first quarter in 2002. European demand for farm and forest tires during the first quarter was on par with the preceding year. The radial tires segment, in which Trelleborg holds a strong position, continues to grow at the expense of diagonal tires.

The sharply improved operating profit is primarily a result of the restructuring program that has contributed to reducing manufacturing costs and increased productivity. Increased volumes and a favorable product mix also had a positive impact on earnings. Raw material prices rose slightly but this was successfully offset by price increases. Sales growth was brought about by factors such as the expanded market shares within radial tires in the farm market.

A global supplier agreement has been entered into with Nacco Material Handling Group covering delivery of industrial tires to NMHG units in Europe, North America and South America, as well as products to after-markets via NMHG's global distribution network. The order is expected to increase annual sales to Nacco by about SEK 60 M. Nacco Material Handling Group mainly manufactures forklift trucks and commands a global leading position with brands such as Yale and Hyster.

Trelleborg Engineered Systems

Improvement in profit continues

Net sales for the period amounted to SEK 907 M (905). Excluding the effects of currency exchange rates and restructuring measures, sales were in line with the corresponding quarter of 2002. Operating profit rose to SEK 56 M (49). Cash flow from the business area's operations amounted to SEK 64 M (34).

Market demand for industrial supplies, which follows the general trend of industrial production, was moderately stable, with the exception of Europe, where demand declined. The market for project-related products was relatively stable but the world situation led to delays in some projects. Order bookings improved during the quarter, despite tough competition.

The increase in operating profit was due to successful integration activities within the business area and increased sales to customers within the infrastructure and oil/offshore segments.

Several large project orders were secured during the quarter, including a strategic project order for support bearings for a floating oil platform off the coast of Canada, and a substantial oil hose order from Dubai. The business area also obtained the largest single order ever made for chemical protective suits.

Peter Nilsson, 36, has assumed the position of new president of the business area and will become a member of Group management. A qualified engineer, Peter Nilsson has worked for Trelleborg since 1995. Most recently, he was head of the Engineered Products business unit, which is headquartered in Singapore and has annual sales of approximately SEK 1.2 billion.

Trelleborg Building Systems

Volume and earnings trends affected by weak building market at beginning of quarter

Net sales for Trelleborg Building Systems amounted to SEK 384 M (395). Excluding exchange rate effects, sales declined by 3 percent. Operating profit amounted to SEK 3 M (13). The business area reported a negative cash flow of SEK 15 M (positive: 12), which was due to increased investments, including a new production line in Germany.

The trend of demand in the Nordic building market was slightly weaker compared with the corresponding quarter of the preceding year. The market trend in Germany was significantly weaker, while markets in the rest of Europe were relatively stable.

Trelleborg Building Systems follows the building season, which results in seasonal variations with first and fourth quarters that are traditionally weak. The decrease in the business area's earnings was mainly attributable to a very weak January in the Nordic market. During the remainder of the quarter, sales recovered and earnings were in line with the preceding year. The volume decline in the quarter derived from the Industrial Profiles and Roofing business units.

Consumer Profiles reported increased earnings as a result of production-efficiency measures and margin improvements. The business area has developed a new process method for self-adhesive silicone profiles and a first major order for the product was received during the quarter.

Since the end of the quarter, the ETU industrial profiles company in Germany has been acquired. The acquisition complements the existing ETM unit and strengthens the business area's product development capacity. ETU has annual sales of approximately SEK 50 M, with 18 employees.

Other operations, first quarter 2003

Associated companies and financial investments

The Trelleborg Group has ownership interests in the Trenor Group (Bröderna Edstrand, Reynolds and Ahlsell) and in Boliden.

The Group's pre-tax participation in the Trenor Group (49 percent) amounted to profit of SEK 18 M (14). The Group's holding in Trenor is booked at SEK 257 M.

During the first quarter, the Group sold 2,218,000 of its shares in Boliden AB. Accordingly, its holding in Boliden now amounts to around 3 million shares (3.5 percent). The Group's holding in Boliden is booked at SEK 46 M and affected profit after financial items by SEK 12 M (13). Of this amount, the capital gain on the sale of shares was SEK 9 M and the revaluation of the remaining shares at the closing date market value was SEK 3 M.

Buy-back of own shares

During the first quarter, 272,500 shares were repurchased. In total, Trelleborg owns 7,193,100 shares in the Company.

Outlook

Continued focus on efficiency enhancement and growth

During the first quarter, car production in North America was slightly higher than expected, which means that increased inventory levels are expected to have an adverse effect on production during the second quarter. As announced earlier, vehicle production for 2003 as a whole is expected to be slightly weaker than in the preceding year in both the United States and Europe.

Full-year projections indicate that the weak trend of industrial production will continue during the second quarter, but that demand will probably improve gradually during the second half of 2003 as a result of stabilized and improved economic conditions over the longer term.

The Trelleborg Group is assigning priority to the continuation of measures to raise efficiency and focus on strengthening the Group's positions through both organic and acquired growth.

Trelleborg, April 24, 2003

Fredrik Arp
President

The new recommendations issued by the Swedish Financial Accounting Standards Council have started to be applied during the year. However, the introduction of these recommendations has not resulted in any change to the reported information. In other respects, the interim report has been prepared in accordance with the same principles applied in the most recent annual report. The interim report has not been subject to special examination by the Group's auditors

This interim report and other information about the Trelleborg Group, including the stakeholder magazine T-TIME, are also available on the Internet at the following address: www.trelleborg.com

The interim report for the first six months of 2003 will be released on July 22, 2003.
The interim report for the first nine months of 2003 will be released on October 22, 2003.

*For additional information, please call Trelleborg AB's Chief Financial Officer, **Bo Jacobsson**: Telephone: +46 (0)410-670 99 / Mobile: +46 (0)70-685 65 60 or **Mikael Byström**, Senior Vice President Corporate Communications: Telephone: +46 (0)410 670 37 / Mobile: +46 (0)708 552169*

Income Statements

Group SEK M	Jan - March 2003	2002	April 2002 – March 2003	Full year 2002
Net sales	4 289	4 543	17 376	17 630
Cost of goods sold	-3 326	-3 590	-13 498	-13 762
Gross profit	963	953	3 878	3 868
Selling, administration and R&D costs	-794	-825	-3 114	-3 145
Items affecting comparability	0	-13	-62	-75
Other operating revenues and expenses	38	56	140	158
Result from participation in associated companies	25	22	143	140
Operating profit	232	193	985	946
Financial income and expenses	-21	-33	-107	-119
Items affecting comparability related to Boliden	12	13	-151	-150
Profit after financial items	223	173	727	677
Tax on profit for the period	-79	-47	-285	-253
Minority shares	-3	-2	-15	-14
Net profit for the period	141	124	427	410

Profit excluding items affecting comparability SEK M	Jan – March 2003	2002	April 2002 – March 2003	Full year 2002
Operating profit	232	206	1 047	1 021
Profit after financial items	211	173	940	902
Net profit	129	124	627	622

Earnings per share SEK	Jan – March 2003	2002	April 2002 – March 2003	Full year 2002
Earnings ¹⁾	1,70	1,45	5,00	4,75
Earnings excluding items affecting comparability ¹⁾	1,55	1,45	7,35	7,25
Earnings excluding items affecting comparability and goodwill amortization ¹⁾	1,95	1,85	9,05	8,95
Earnings after dilution ²⁾	1,65	1,40	4,90	4,65

Number of shares excluding own holdings

<i>End of period</i>	83 414 272	86 646 572	83 414 272	83 686 772
¹⁾ <i>Average number</i>	83 586 547	86 646 572	85 436 472	86 150 341
<i>End of period after dilution</i>	87 372 381	91 472 336	87 372 381	88 029 107
²⁾ <i>Average number after dilution</i>	87 544 656	91 472 336	89 714 304	90 492 676

Balance Sheets

Group	31 March	31 March	31 Dec
SEK M	2003	2002	2002
Intangible fixed assets	2 584	2 822	2 627
Tangible fixed assets	4 852	5 163	5 007
Financial fixed assets	1 053	1 143	1 108
Inventories	2 082	2 398	2 082
Receivables	4 532	4 794	4 091
Liquid funds	453	940	485
Total assets	15 556	17 260	15 400
Shareholders' equity	7 373	7 744	7 284
Minority interest	124	137	125
Provisions	940	1 353	1 035
Long-term liabilities	3 405	4 165	3 433
Current liabilities	3 714	3 861	3 523
Total shareholders' equity, provisions and liabilities	15 556	17 260	15 400

Specification of changes in shareholders' equity	31 March	31 March	31 Dec
SEK M	2003	2002	2002
Opening balance	7 284	7 690	7 690
Dividend			-347
Repurchase of own shares	-19		-218
Translation differences for the year	-91	-198	-606
Exchange-rate differences, hedging instruments, after tax	58	128	355
Net profit for the period	141	124	410
Closing balance	7 373	7 744	7 284

The proposed dividend amounts to SEK 355 M.

Key Figures

Group	Jan – March 2003	March 2002	April 2002 – March 2003	Full year 2002
Net sales, SEK M	4 289	4 543	17 376	17 630
Operating profit excluding items affecting comparability, SEK M	232	206	1 047	1 021
Profit after financial items excluding items affecting comparability, SEK M	211	173	940	902
Profit after financial items, SEK M	223	173	727	677
Operating margin (ROS), %	5,2	4,9	5,2	5,0
Return on capital employed, excluding goodwill amortization (ROA-ex), %	12,1	11,4	12,1	11,7
Cash flow from operations, SEK M	51	50	1 037	1 036
Cash flow from operations per share, SEK ¹⁾	0,60	0,60	12,05	12,05
Free cash flow per share, SEK ²⁾	-0,20	-0,60	9,00	8,60
Investments in plants excl. acquisitions, SEK M	110	151	698	739
Financial assets minus liabilities at end of period, SEK M	-2 756	-3 270	-2 756	-2 962
Equity/Assets ratio, %	48,2	45,7	48,2	48,1
Debt/Equity ratio, %	36,8	41,5	36,8	40,0
Shareholders' equity per share, SEK ³⁾	88,40	89,40	88,40	87,05
Return on shareholders' equity, %	7,7	6,4	5,6	5,5
Return on shareholders' equity, excl. items affecting comparability, %	7,0	6,4	8,3	8,3
Return on shareholders' equity, excl. items affecting comparability and goodwill amortization, %	9,0	8,4	10,2	10,3

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

Cash flow analysis

SEK M	Jan - March 2003	2002
Ongoing operations		
Operating profit	232	193
<i>Reversals</i>		
Depreciation	200	225
Items affecting comparability	-	13
Result from participation in associated companies	-25	-22
	407	409
Financial items	23	41
Taxes paid	-18	-49
Cash flow from ongoing operations before changes in working capital	412	401
Change in inventories	-25	-40
Change in operating receivables	-455	-290
Change in operating liabilities	223	97
Utilization of restructuring reserves	-18	-61
Cash flow from ongoing operations	137	107
Investment operations		
Acquisitions	-19	-42
Restructuring measures in acquired units	-54	-53
Divestments		4
Gross investments in tangible and intangible assets	-110	-151
Sale of fixed assets	11	25
Cash flow from investment operations	-172	-217
Financing operations		
Change in interest-bearing investments	21	32
Change in interest-bearing liabilities	8	-92
Repurchase of Trelleborg shares	-19	
Cash flow from the financing operations	10	-60
Cash flow for the period	-25	-170
Liquid funds at beginning of the year	485	1 118
Revaluation of shares in Boliden	3	13
Exchange rate differences in liquid funds	-10	-21
Liquid funds at end of period	453	940

Group Review ^{A)}

Net sales

SEK M	Jan - March 2003	2002	April 2002 – March 2003	Full year 2002
Trelleborg Automotive	2 320	2 387	9 230	9 297
Trelleborg Wheel Systems	757	724	2 797	2 764
Trelleborg Engineered Systems	907	905	3 524	3 522
Trelleborg Building Systems	384	395	1 869	1 880
Other companies	0	212	259	471
Elimination	-79	-80	-303	-304
Group	4 289	4 543	17 376	17 630

Operating profit

SEK M	Jan - March 2003	2002	April 2002 – March 2003	Full year 2002
Trelleborg Automotive	149	146	604	601
Trelleborg Wheel Systems	45	25	147	127
Trelleborg Engineered Systems	56	49	206	199
Trelleborg Building Systems	3	13	144	154
Group items	-37	-39	-158	-160
Trenor	18	14	110	106
Other companies	-2	-2	-6	-6
Group, excl. items affecting comparability	232	206	1 047	1 021
Items affecting comparability	0	-13	-62	-75
Group	232	193	985	946

Key operating ratios

	Operating margin, (ROS) % ¹⁾ , rolling 12-mts			Return on capital employed, (ROA) % ²⁾ , rolling 12-mts		
	Apr 02 – March 03	Apr 01 – March 02	Full year 2002	Apr 02 – March 03	Apr 01 – March 02	Full year 2002
Trelleborg Automotive	6,2	7,1	6,1	11,1	12,5	10,8
Trelleborg Wheel Systems	5,2	2,1	4,6	9,5	3,4	8,2
Trelleborg Engineered Systems	5,8	5,1	5,7	11,9	9,9	11,3
Trelleborg Building Systems	7,7	6,8	8,1	18,7	15,1	19,5
Group	5,2	4,9	5,0	10,4	9,8	10,0
Group, excl. goodwill amortization				12,1	11,4	11,7

¹⁾ Operating result excluding result from participation in associated companies and items affecting comparability in relations to net sales

²⁾ Operating result excluding items affecting comparability/average capital employed.

Capital employed ¹⁾

SEK M	March 2003	March 2002	Full year 2002
Trelleborg Automotive	5 205	5 745	5 347
Trelleborg Wheel Systems	1 585	1 553	1 522
Trelleborg Engineered Systems	1 761	1 850	1 772
Trelleborg Building Systems	765	809	748
Group items	47	-38	71
Trenor	257	185	240
Other companies	172	321	186
Group	9 792	10 425	9 886

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

Cash flow report

Jan - March 2003	Profit/loss excluding associated companies and items affecting comparability	Depre- ciation ex. gw amorti- zation	Good- will amorti- zation	Gross invest- ments	Sold fixed assets	Change in working capital	Total Cash flow	Jan - March 2002
SEK M								
Trelleborg Automotive	142	92	26	-61	6	-115	90	-11
Trelleborg Wheel Systems	45	26	5	-27		-96	-47	-20
Trelleborg Engineered System	56	28	5	-12		-13	64	34
Trelleborg Building Systems	3	11	4	-9		-24	-15	12
Group items	-37	1	0	-1	5	-20	-52	9
Other companies	-2	2				11	11	26
Operating cash flow	207	160	40	-110	11	-257	51	50
Acquisitions							-19	-42
Divestments								4
Restructuring measures incl. in acquired units							-72	-114
Buy back of own shares							-19	
Financial items							23	41
Paid tax							-18	-49
Sum net cash flow							-54	-110

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