



High-performance solutions that seal, damp and protect in demanding environments.

We leave a tough 2008 and the challenges ahead will be no less. Glimmers of optimism is our continued ability to improve our positions and capture market shares. We are now the largest industrial rubber company in the world. We provide our customers with **solutions** they cannot find anywhere else. This makes us **different** and well equipped to meet future challenges.



A different solution. Earthrace is a 24-meter high-speed trimaran, which broke the world record for the fastest round-the-world boat trip in 2008 – leaving an entirely carbon-neutral footprint. The two powerful biodiesel engines are installed on Trelleborg's antivibration mounting system, providing maximum vibration damping and protecting the boat and the crew on the long, fast journey across the world's oceans.



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 Audited Board of Directors' report  Assured report

Trelleborg AB is a public limited liability company. Corporate identity number: 556006-3421. The Group's headquarters are in Trelleborg, Sweden. This is a translation of the company's definitive Annual Report for 2008 in Swedish.

All values are expressed in Swedish kronor. Kronor is abbreviated to SEK and millions of kronor to SEK M. Unless otherwise stated, figures in parentheses relate to the 2007 fiscal year.

Data on markets and competitive positions represent Trelleborg's own assessments unless a specific source is indicated. These assessments are based on the most recent and reliable information from published sources in the public and industrial goods sectors.

This report contains forward-looking statements that are based on the current expectations of the management of Trelleborg. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct.

Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.



This symbol indicates that additional, related information is available at www.trelleborg.com

Four business areas

Trelleborg Engineered Systems

Engineered solutions that focus on the sealing, protection and safety of investments, processes and individuals in extremely demanding environments.



Trelleborg Automotive

Polymer-based components and systems used for noise and vibration damping for passenger cars and light and heavy trucks.



Trelleborg Sealing Solutions

Precision seals for the industrial, aerospace and automotive markets.



Trelleborg Wheel Systems

Tires and complete wheel systems for agricultural and forest machinery, forklift trucks and other materials-handling vehicles.



Leading market positions

● = ranked 1st to 3rd





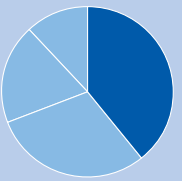
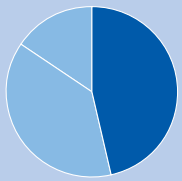
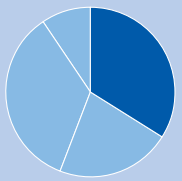
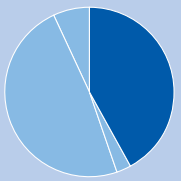
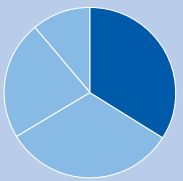
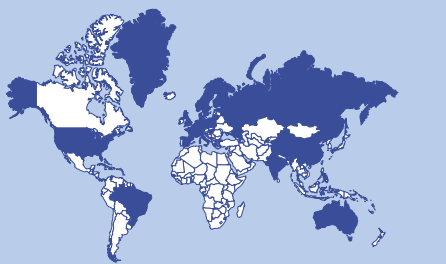
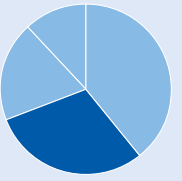
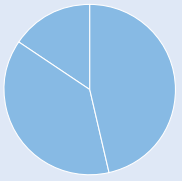
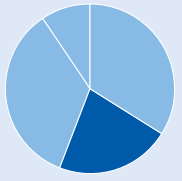
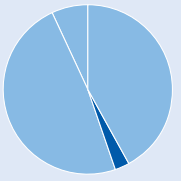
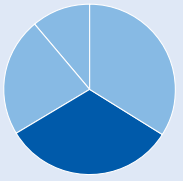

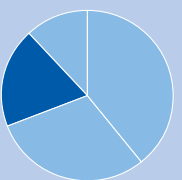
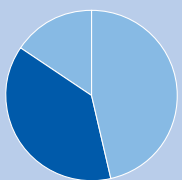
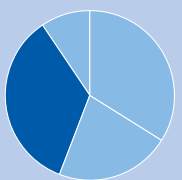
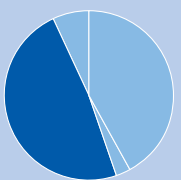
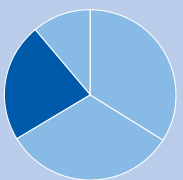
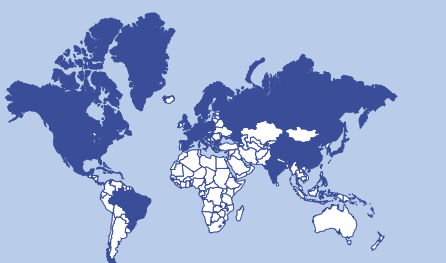
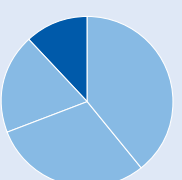
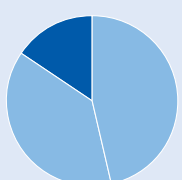
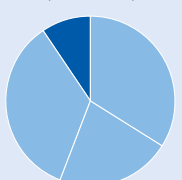
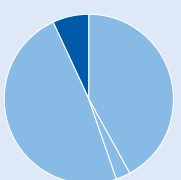
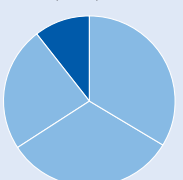

Industrial hoses	●	●	●
Dredging hoses	●	●	●
Oil hoses	●	●	●
Rubber sheetings	●	●	●
Industrial vibration damping	●	●	●
Polymer-coated fabrics	●	●	●
Printing blankets	●	●	●
Industrial profiles	●	●	●
Pipe seals	●	●	●
Tunnel seals	●	●	●
Marine fender systems	●	●	●
Polymer solutions for oil/gas	●	●	●

Antivibration solutions for the automotive industry	●	●	●
Brake shims	●	●	●
Vehicle boots	●	●	●
Engine-cooling hoses	●	●	●

Precision seals for the aerospace industry	●	●	●
Precision seals for the automotive industry	●	●	●
Precision seals for industrial applications	●	●	●

Agricultural tires	●	●	●
Forest tires	●	●	●
Solid industrial tires	●	●	●

● = EU
 = NAFTA (North American Free Trade Agreement, US, Canada and Mexico)
 = Global

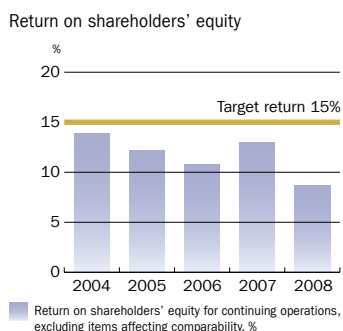
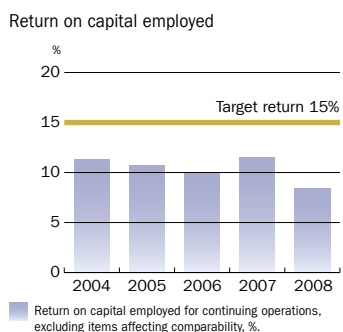
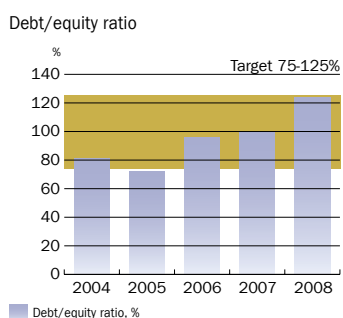
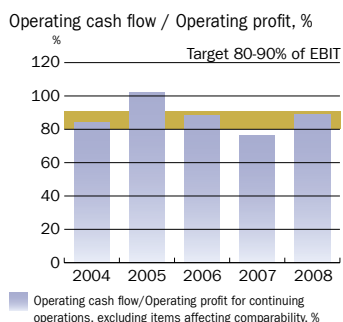
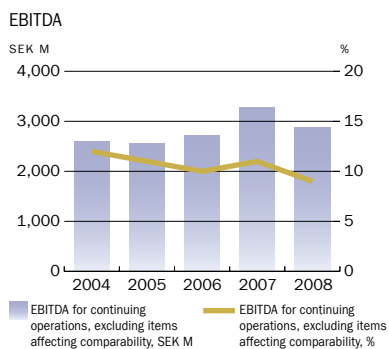
Share of net sales, Group*	Share of operating profit, Group*	Share of capital employed*	Share of operating cash flow*	Number of employees at year-end **	Geographic locations Production and sales offices
<p>39.2 % (12,378 SEK M)</p> 	<p>55.6 % (1,087 SEK M)</p> <p>Trelleborg Automotive -19.5 % (-381 SEK M)</p> 	<p>34.0 % (7,846 SEK M)</p> 	<p>42.1 % (802 SEK M)</p> 	<p>34.1 % (7,508)</p> 	
<p>30.0 % (9,461 SEK M)</p> 	<p>-19.5 % (-381 SEK M)</p> <p>Trelleborg Automotive -19.5 % (-381 SEK M)</p> 	<p>22.0 % (5,077 SEK M)</p> 	<p>2.8 % (53 SEK M)</p> 	<p>32.3 % (7,115)</p> 	
<p>19.1 % (6,022 SEK M)</p> 	<p>45.4 % (888 SEK M)</p> <p>Trelleborg Automotive -19.5 % (-381 SEK M)</p> 	<p>34.7 % (8,037 SEK M)</p> 	<p>48.3 % (921 SEK M)</p> 	<p>22.6 % (4,970)</p> 	
<p>11.7 % (3,708 SEK M)</p> 	<p>18.5 % (363 SEK M)</p> <p>Trelleborg Automotive -19.5 % (-381 SEK M)</p> 	<p>9.3 % (2,145 SEK M)</p> 	<p>6.8 % (129 SEK M)</p> 	<p>10.3 % (2,396)</p> 	

* Excluding Group-wide costs/items

** Including insourced staff and temporary employees

The year in brief

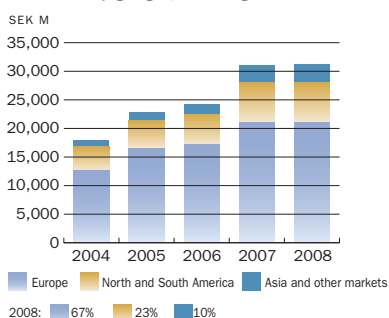
2008:



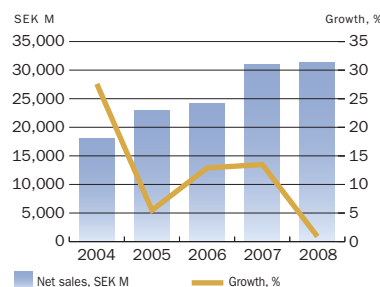
- **Net sales amounted to SEK 31,263 M** (30,971).
- **Consolidated operating profit amounted to SEK 374 M** (1,707), including items affecting comparability amounting to an expense of SEK 1,424 M (expense: 558), of which SEK 430 M pertains to costs for the ongoing competition cases. The remaining portion of items affecting comparability is attributable to structural measures, mainly within Trelleborg Automotive.
- **Operating profit in continuing operations, excluding items affecting comparability, was SEK 1,798 M** (2,274).
- **Operating margin** for continuing operations, excluding items affecting comparability, totaled 5.7 percent (7.3). EBITDA margin was 9.1 percent (10.6).
- **Operating cash flow remained strong** and amounted to SEK 1,594 M (1,718). Free cash flow was SEK 414 M (518).
- **The Board and President** propose that no dividend be paid for fiscal 2008 (dividend 2007: SEK 6.50 per share).

- **Significant slowdown during the second half of 2008** for several of Trelleborg's main markets. Dramatic decline in the automotive industry.
- **Measures to adjust capacity and costs** to a lower level of demand are in progress since mid-2008. Number of employees in the Group decreased by 2,700.
- **Continued stable demand in certain market segments**, such as offshore oil and gas extraction, infrastructure, aerospace industry and agriculture.
- **Acquisition of six complementary operations**, including MacDermid Offset Printing Blankets, with sales of more than SEK 500 M and 400 employees. The acquisition strengthens Trelleborg's world leading position in the area of printing blankets for the graphics industry.
- **During the year, Trelleborg consolidated positions** and improved market shares within several market segments, such as aerospace, infrastructure, polymer-coated fabrics and life science.
- **Expanded presence in markets outside North America and Western Europe.** In the past three years, sales in markets outside North America, Western Europe, Japan and Oceania have grown by 45 percent. In 2008, sales growth in these markets totaled 14 percent.

Net sales by geographical region



Net sales and total growth





Challenges ahead

– but enhanced positions
give us strength

The year 2008 was a turbulent year in many ways. An economic slowdown was anticipated by many, but nobody could foresee how rapid it would be. Following a favorable trend in the first three quarters of 2008, the downturn in the fourth quarter was dramatic. Demand in the automotive industry declined in an exceptional manner, and the deterioration in many other sectors was also considerable. The starting point as we enter 2009 is a tough one.

Overall, however, the rapid slowdown in the market in the fourth quarter of 2008 had a significant impact on Trelleborg. Sales for the year amounted to SEK 31,263 M, and operating profit in continuing operations, excluding items affecting comparability, totaled SEK 1,798 M, corresponding to an EBITDA margin of 9.1 percent. This is not a satisfactory result, but an encouraging aspect is that our cash flow remains strong. It is also pleasing that our positions in the market have been consolidated and that we have captured market shares in our prioritized segments.

Improved positions provide solid base

At the same time as our daily decisions are influenced by the exceptionally challenging times we confront today, we must also look to the future. Our long-term strategies and objectives stand firm. Our strategy is to expand by advancing toward leading positions in profitable segments with favorable structural growth. We shall achieve this by maintaining our strong focus on structured portfolio management to ensure that we are continuously, and in the long term, correctly positioned in relation to attractive customers and markets. If we look at what we have accomplished in the longer term, our strategic shift in the most recent three-year period has meant that we face this economic slowdown well prepared:

- Since 2005, three of four of our business areas, equivalent to 70 percent of the Group, have significantly enhanced their market positions through average annual growth of 14 percent. We have thus expanded at a more rapid pace than the underlying market. As proof of this, we were ranked the world's largest industrial rubber company in 2008 in the annual review performed by the respected trade journal Rubber & Plastics News.
- The same three business areas have all reported improved margins since 2005 as a result of increased operational efficiency, cost control and structural actions. We also achieved an increase in return on capital employed.
- We invested and considerably increased sales in countries outside North America and Western Europe and relocated production to countries with better underlying growth and cost positions. We now enjoy better geographic coverage than ever before, both in terms of customers and production. At the same time, we have invested in new products and

solutions, and acquired and integrated more than 20 companies since 2005, thus strengthening our technology and market base.

- We are taking a long-term approach in our efforts to create an enhanced position for Trelleborg Automotive. In recent years, we have struggled with insufficient utilization of synergies and a non-optimal structure of units acquired earlier. To rectify these problems, structural measures were initiated as early as 2006. Supplementary action programs from the second quarter of 2008 entail annual savings of approximately SEK 285 M, with full impact from 2010/2011.

Expertise that makes us different

During 2008, we continued our target-oriented approach to invest in the fundamental competitive factors that distinguish Trelleborg and make the company different – genuine polymer and materials expertise combined with knowledge of the customers' needs that lead to innovative applications and solutions.

During the year, we also strengthened operations through six complementary acquisitions, of which MacDermid Printing Blankets, with sales totaling slightly more than SEK 500 M, provides a globally leading position in the printing blanket segment.

Now, we will capitalize on the business opportunities that arise when recession changes the balance of strength in the market. With our world-leading position, we have a solid platform from which we can further advance our market positions. Key factors include our employees and our application of management by objectives. Our culture of assigning responsibility at an early stage and encouraging efficiency and entrepreneurship yields results in the form of courage and innovative thinking – important attributes, particularly in difficult times.

Adaptation to the market situation

We are firmly aware of our long-term path and we know that we are progressing in the right direction. Now, we must decisively implement crucial short-term actions. During the year, we were quick to identify the risk of a downturn in the market and rapidly initiated capacity adjustments. Measures aimed at adjusting the cost base to the significantly lower demand level impact all business areas, but the most significant cutbacks are being implemented in Trelleborg Automotive, where the risks in the business environment are also greatest. The uncertainty in the automotive industry may create new prerequisites, involving new challenges and opportunities – a situation that requires preparedness on our part.

From that peak number of employees in the Group during the year until year-end 2008, we have reduced the total number of employees by more than 3,000. Further adaptations will be implemented in 2009. Naturally, it is regrettable that so many employees are forced to leave the Trelleborg Group. Our ambition is to handle this situation respectfully and responsibly.

We also continue our corporate responsibility work in several areas. We reinforced our risk management process and continued to develop our environmental and social responsibility programs. At the end of January 2009, the European Commission announced its ruling on the current competition investigation, which has been ongoing for some time now, regarding certain types of marine oil hoses. It is good that we have now received a decision on this issue. We have, in a transparent manner, assisted the authorities in identifying what took place. We have now taken significant internal actions to minimize the risk that this may happen again.



” It is important to capitalize on the business opportunities that arise in times of recession ”

The Board proposes that no dividend be paid for 2008

At year-end, our debt/equity ratio was in the upper levels of our target interval. Our work is now focused on bringing the ratio back into the lower part of the interval.

We have a history of generating healthy cash flow, and this remains one of our highest priorities. We will put great efforts on activities connected to this, even if it means that in certain cases other targets will have to take a back seat.

Trelleborg has a long tradition of generating high dividends and dividend yield. In light of earnings for 2008, the Group's balance sheet and the considerable uncertainty regarding the future market trend, the Board proposes that no dividend be paid for 2008.

Great challenges ahead

The outlook for 2009 is tremendously difficult to forecast. There are strong indications that the market conditions during the year will be the weakest for many decades. Expressed in somewhat basic terms, we anticipate a trend in 2009 in which approximately one third of operations will continue to experience a sharp decline in demand, one third will face reduced demand, while the remaining third will enjoy a level of demand that is more stable. Overall, this means that 2009 will be considerably weaker than 2008. Nevertheless, there are a number of forces that can offset the decline during 2009. Interest-rate cuts and substantial public stimulus packages will have an impact during the year. In terms of costs, the price of many of our raw materials has fallen considerably. We are well-positioned in a number of sectors that have been assigned priority in public initiatives; the important infrastructure and transport sectors, the energy sector, and the entire production chain in the food sector.

We leave a difficult year behind us and are faced with one that will be an even bigger challenge. However, we are now implementing the short-term adjustments that are necessary to enhance the Group's value creation for all stakeholders and are developing the strategies that will provide us a competitive advantage when the markets recover.

In conclusion, I would like to sincerely thank all coworkers in the Trelleborg Group who, with determination and vigor, have undertaken and completed the difficult tasks during the past year. With the overall strength I have observed in our organization, I am convinced that we will emerge strongly from the challenges facing us this year.

Trelleborg, February 2009

Peter Nilsson, President and CEO

Strong driving forces in profitable and growing segments



Trelleborg is a global company with a presence in approximately 45 countries. The changes that occur in the world comprise the fundamental driving forces for our business. The growing global population and expanding cities are trends that benefit Trelleborg through, for example, investments in infrastructure and an increasing demand for food of higher quality. Other global and long-term driving forces include the greater focus on energy-efficient solutions and continued growth in rapidly expanding countries.

One part of Trelleborg's strategies is to build leading positions in profitable and growing segments and, as a result, the Group continuously adapts its business to global driving forces. These guide Trelleborg's strategic positioning in areas in which the Group already holds, or sees the potential to hold, market-leading positions. The following pages describe a few of these trends and in what way they contribute to increasing demand for Trelleborg's solutions.

Greater demand for energy moves oil and gas extraction to deeper water

Forecasts point to a continued steep increase in global energy consumption, mainly propelled by a high level of growth in countries outside the OECD area. According to the US Energy Information Administration (EIA) GDP growth in these countries is anticipated to be twice as high as OECD countries up until 2030, which will result in a rise in energy demand of more than 80 percent during the period, compared with less than 20 percent for the OECD area.

The result of this trend means that, for example, the extraction of oil and gas deposits is being moved to more difficult geographical loca-

tions, most notably, deeper seas. Large deposits are located off the coasts of West Africa and Brazil, where extensive investments are now being made in platforms and other equipment. These are anticipated to total more than SEK 780 billion* in 2011 as production nearly doubles compared with 2007 volumes, according to industry specialist Deep Offshore Technology International.



Trelline is a special offloading line used in connection with offshore oil extraction.



Elastopipe is a flexible piping system for sprinklers and other applications in hazardous environments.

The production conditions in deep-sea environments are challenging, with exacting demands placed on innovation, product development and quality to protect personnel, investments and the environment from storms, currents and high seas that pound equipment and can cause devastating leakage.

Trelleborg has established itself as the leading supplier to companies exploring for and producing oil and gas off the coasts of West Africa and Brazil. Deliveries include special hoses for loading and offloading oil, pipe systems, seals with extreme performance for pumps and pipes, precision seals, safety equipment for personnel, active and passive fire protection, corrosion protection, buoyancy modules, docking equipment for transport vessels and production and residential platforms, as well as advanced solutions that dampen loads from waves and currents, thus enhancing the efficiency of oil and gas transportation in pipelines on the ocean floor.

Alternative energy sources

Another driving force in the energy sector is the sharp rise in investments in energy sources other than oil and gas, for example, wind power. Although wind power presently only accounts for a small portion of global energy production, investment growth in wind power is expected to far exceed 10 percent annually to reach an annual rate of investment of 115,000 megawatts by the year 2025 – a more than tenfold increase from today's levels, according to a scenario presented by the Danish consultancy firm BTM Consult ApS. Investments are expected to total SEK 1,950 billion* in the period up to 2015 alone.

Trelleborg supplies the wind-power industry with such products as seals with an exceptionally long operational life for hydraulic systems that continuously ensure that the rotor blade is at the correct pitch, in addition to a range of other seals for motors and turbines.



The build-out of wind power has increased the need for seals that can endure long operating cycles despite high loads.



The growing demand for biofuel requires seals that can withstand a harsher operating environment.

Many reasons, most of them environmental, lie behind the robust development in bioethanol and biodiesel production in recent years. Many countries have introduced legislation stipulating that a certain percentage of all vehicles must use one of these biofuels as vehicle fuel by a specific year. Vehicle biofuels can be produced from various types of raw materials, including maize and sugar cane. This drives development in relation to the cultivation of these crops and also entails a significant expansion of related agriculture in many countries. This trend is particularly strong in Brazil – the world's largest producer of bioethanol and biodiesel. More than half of all passenger cars in Brazil are powered by bioethanol or biodiesel.

To meet the challenges imposed by this trend, Trelleborg has developed more resistant seals that will function better in the harsher operating environment created by biofuels. The growth of biofuels also benefits Trelleborg's agricultural tires, primarily those with larger dimensions.

* Amounts in USD and EUR were recalculated to SEK at the rates that applied on December 31, 2008.





Aerospace industry's environmental requirements demand increasingly better seals

At year-end 2008, the civil aviation industry had orders on hand for approximately 7,500 aircraft, according to Aerospace Market News. Accordingly, the order books are strong, but with the ongoing decline in the global economy, the industry now expects a weaker order intake for the next few years. However, civil aviation is among the transport sectors that are experiencing the most significant long-term growth. Improvements in social welfare in the BRIC countries (Brazil, Russia, India and China) are an important driving force; another is the need to replace older models with new ones to meet tougher environmental requirements. In 2008, the US manufacturer Boeing forecast a market of 29,400 new commercial aircraft for the next 20 years, a market worth SEK 25,000 billion*.

Stricter demands from authorities and customers for quieter, more fuel-efficient, safer aircraft with more efficient engines are also important driving forces in the aerospace industry.

Trelleborg is one of the leading suppliers to the aerospace industry of products that seal, damp and protect. The company is well positioned in relation to Boeing and Airbus, which dominate the global market, but also in relation to other major manufacturers of civil and military aircraft. Trelleborg is market-leading in the supply of precision seals to the aerospace industry, and sales to commercial aviation have risen by approximately 10 percent per year in the past three years.

The value of deliveries for a single large commercial aircraft can amount to nearly SEK 1 m. Many products are supplied, including hydraulic seals for landing gear and cylinders, and precision seals in engines, fuel systems and aircraft control systems. Trelleborg also supplies sealing strips for wings, airframes and doors.



Trelleborg is the market leader for precision seals used in the aerospace industry.



Trelleborg's bridge bearings can absorb seismic movements in the earth's crust.

New infrastructure requires sealing, damping and protection

The construction of new infrastructure in emerging economies, and the modernization of and efficiency enhancements for old infrastructure in OECD countries, has created several rapidly expanding segments. World Bank estimates indicate annual long-term growth of 5 to 6 percent for investments in energy and transports.

Within railways, an attractive growth segment, technological developments are leading toward major investments in new railway lines and new equipment for high-speed trains. In 2006, UNIFE, the Association of the European Rail Industry, forecast strong growth until 2016, when the global market volume is expected to reach more than SEK 1,210 billion*.

Investments in high-speed trains throughout the world are increasing. Trelleborg is well positioned in this industry, and the need for additional investments is very high, including solutions and products for both line construction and trains. New tracks, tunnels and bridges are important

for speed and require sealing, damping and protective material. Examples include tunnel seals, conveyor belts to transport materials away, rubber bearings that provide flexible supporting points for bridges and viaducts, and a large variety of damping and sealing products for carriages and trains that reduce noise and vibration in brakes, mounts and bearing systems, prevent leaks of liquids, and protect people, equipment and the environment. Investments in infrastructure also drive the need for construction machines – an area in which Trelleborg has a globally leading position in hydraulic seals.

Increasingly large-scale, efficient agriculture demands larger tires

Improving living standards in growth countries and increasingly stricter regulations for the protection of people and the environment are driving investments in the entire food chain, from agriculture to the advanced processing industry in the food sector.

The pursuit of improved agricultural productivity favors larger cultivated areas. This entails larger, more efficient agricultural machines that require larger, more durable tires that cause less soil damage. Trelleborg has very strong positions in these product areas. The global market for agricultural machinery is expected to increase by nearly 4 percent in the next five years, according to the US consulting firm AllBusiness.

Trelleborg is the global leader in the area of radial tires for agriculture. The specification requirements for these tires are continuously being tightened so that they can manage higher speeds and reduce soil compaction, and so that shock and vibrations can be damped more efficiently. Russia, Ukraine, Brazil and China are important geographical driving forces in this area, as they are making long-term investments to increase their self-sufficiency and enhance grain export capacity.

Within the food manufacturing industry, investments in emerging economies are increasing to respond not only to greater purchasing power but also to better standards and more sophisticated demands for food. The driving forces include the global health trend, increasing environmental awareness and stricter legislation for content and quality. Trelleborg meets the increasing demand by producing such products as pipe systems and sealing and protection products used in food production that meet the strictest hygiene requirements and maintain freshness and flavor. In addition, many developing countries want to improve their access to clean water, which is increasing the demand for pumps, hoses, sanitation plants and water storage facilities.

** Amounts in USD and EUR were recalculated to SEK at the rates that applied on December 31, 2008.*



The shift in agriculture toward large-scale farming has boosted the demand for bigger machines and thus larger tires.



Enhanced food quality increases the requirement for hose systems that conform to the highest hygiene standards.





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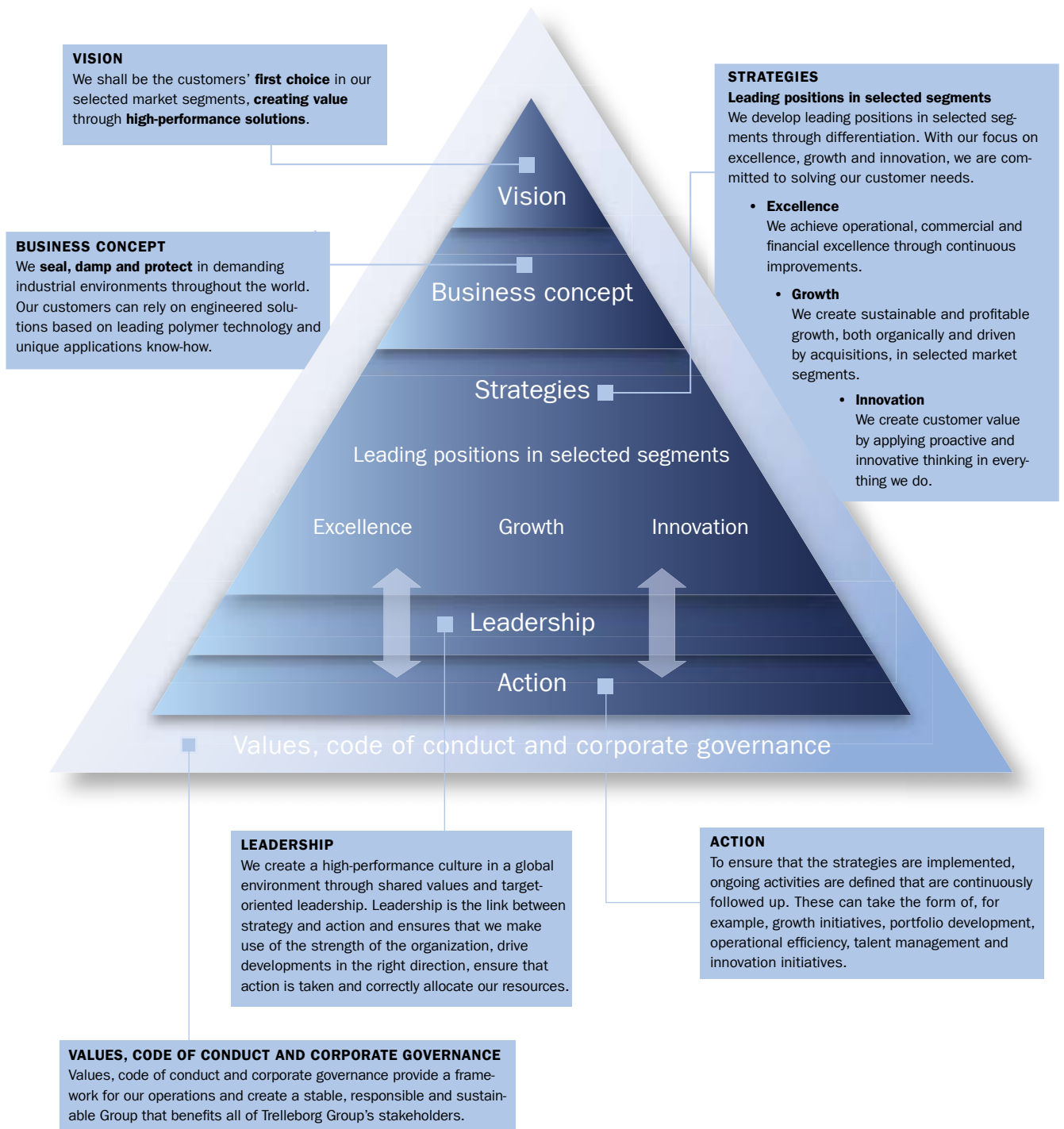
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The floating railway

Chatswood Railway Station is located on Sydney's North Shore. It is estimated that the current number of 35,000 rail commuters who use the station will triple following a gigantic remodeling project involving the construction of two platforms that will run close to new stores and apartments. By allowing the railway track to "float" on a rubber bearing system from Trelleborg, vibrations are absorbed, thus preventing adjoining buildings from being affected - a **different** solution.

Solutions that seal, damp and protect





Seal, damp and protect

The Trelleborg Group offers high-tech solutions that meet three primary customer needs: to seal, damp and protect to secure investments, processes and people in demanding industrial environments. Functions that are vital for customers within selected segments of the global markets for aerospace, agricultural, transportation, automotive, offshore oil/gas, infrastructure/construction and general industry sectors. Based on polymer technology and in-depth applications know-how, Trelleborg develops products and solutions designed to meet specific needs, often in close collaboration with customers.

Market and applications expertise

The Group's solutions are used in many different applications and products and are consequently aimed at a large number of customer groups in many different industrial segments. Each business area focuses on selected customer segments and can thereby contribute leading-edge expertise and applications know-how through in-depth knowledge of the customers' situation and needs.

Our decentralized and entrepreneurial spirit provides a strong operational focus and proximity to our customers. Clear, value-based and target-oriented leadership promotes development and innovation.

Core competence and synergies

Core industrial expertise and polymer technology pervade all of the business areas, as does the high technology content of the products, providing added value for customers. Focused product development, cost-effective production and synergies in purchasing and material flows are decisive for

favorable operational results and commercially successful products and solutions. To strengthen the Group's competitiveness, coordination between business areas is sought in all of these areas.

Core Values

Trelleborg's basic values are summarized in the four guiding principles: *customer focus, performance, innovation and responsibility*. In their daily efforts, Group employees are guided by the culture and values developed over the years. With shared values, a continuity is established, necessary in building and maintaining operations that are successful over the long term.

In conjunction with a well-defined Code of Conduct and distinct principles regulating corporate governance, our values create a strong, sustainable Group for the benefit of all of Trelleborg's stakeholders.



On a daily basis, the four Trelleborg triangles remind us of the Group's four basic values; customer focus, performance, innovation and responsibility.

Our financial targets

The Trelleborg Group's long-term financial targets are as follows:

- Average annual growth over an economic cycle 8-10 percent
- Return on capital employed 15 percent
- Return on shareholders' equity 15 percent
- Debt/equity ratio 75-125 percent
- Operating cash flow 80-90 percent of operating profit
- EBITDA margin ≥ 12 percent at a Group level

Target	Description	Fulfillment
<p>Growth 8-10%</p> <p>The overall goal is to create value for shareholders and other stakeholders through profitable growth. The target for the Group's average sales growth is 8-10 percent annually over an economic cycle.</p>	<p>Growth shall be achieved through a combination of organic growth and acquisitions of new and complementary operations. Organic growth will be achieved through, for example, proprietary product development and penetration of new geographic markets. Over the past five years, sales have increased by an average of 12 percent annually. During the same period, organic growth amounted to an average of 4 percent.</p>	<p>In 2008, sales growth amounted to 1 percent with the following breakdown:</p> <ul style="list-style-type: none"> Organic growth -1 % Structural changes +2 % Exchange-rate effects 0 %
<p>Return on capital employed* 15%</p> <p>The target for return on capital employed is 15 percent over the long term before tax.</p>	<p>This has been deemed a reasonable level over an economic cycle since the bulk of the fixed assets are a mix of older assets with lower carrying values and assets that have been acquired at market value in recent years.</p>	<p>In 2008, return on capital employed amounted to 8.4 percent (11.5). The return for Trelleborg Wheel Systems rose to 19.5 percent (18.5), while the level for Trelleborg Sealing Solutions was on a par with 2007 at 12.3 percent (12.5). The return on capital employed for Trelleborg Engineered Systems declined somewhat to 15.5 percent (18.6), while Trelleborg Automotive recorded a negative return (pos: 3.9).</p>
<p>Return on shareholders' equity* 15%</p> <p>The target for return on shareholders' equity is 15 percent after tax.</p>	<p>This is a reasonable target in view of the targets established for return on capital employed and the capital structure. Key factors contributing to an ongoing positive trend include improvement in return on capital employed and an optimal capital structure.</p>	<p>In 2008, return on shareholders' equity amounted to 8.8 percent (13.0). The lower return on equity is attributable to a deterioration in capital employed.</p>
<p>Debt/equity ratio 75-125%</p> <p>The target for the debt/equity ratio is that it shall be within the interval of 75-125 percent.</p>	<p>The target for the Group's capital structure is set to achieve an optimized balance between risk and return. Accordingly, the Group has determined that a debt/equity ratio within the interval of 75-125 percent is reasonable considering sensitivity to fluctuations in the business cycle and to favorable cash-generating capacity.</p>	<p>At year-end 2008, the debt/equity ratio was 124 percent (100), which is on a level with the upper limit of the target interval. Acquisitions in 2008 increased indebtedness by SEK 802 M (489), corresponding to about 8 percent of the closing balance of shareholders' equity.</p>
<p>Operating cash flow* 80-90% of operating profit</p> <p>Operating cash flow is the principal source of financing for achieving the growth target. The target for operating cash flow is set at 80-90 percent of underlying operating profit (EBIT).</p>	<p>To achieve the target, we work continuously with a number of capital-rationalization projects, which, among other benefits, enable attractive financing solutions for suppliers.</p>	<p>In 2008, Trelleborg achieved an operating cash flow of 89 percent (76) of operating profit. The level is in the upper span of the target interval due to a reduction in tied-up operating capital in the form of lower receivables attributable to the decline in sales toward the end of the year.</p>
<p>Margin targets* $\geq 12%$</p> <p>EBITDA margin (earnings before interest, taxes and depreciation/amortization in relation to net sales) supplements the return targets. The margin target shall continue to apply, but considering the extremely weak economic conditions that currently prevail, the Group cannot expect that it will be fulfilled.</p>	<p>The target shall be realized through volume growth and measures to enhance the company's structure and efficiency. Trelleborg's strategy to actively advance toward profitable segments is also expected to contribute to improved margins.</p>	<p>In 2008, the EBITDA margin amounted to 9.1 percent (10.6). The weakening of the margin was primarily a result of the fall in earnings in Trelleborg Automotive during the fourth quarter.</p>

*For continuing operations, excluding items affecting comparability

Global leader in industrial rubber

Our market

A considerable portion of Trelleborg's operations lies within the framework of what is termed the industrial rubber sector. Trelleborg is leader in this global market, which is estimated to generate sales of approximately SEK 700 billion annually. The European and North American shares combined comprise nearly 60 percent.

The industrial rubber market comprises such product areas as antivibration, hoses and seals. The market is fragmented, although a gradual process of consolidation is under way. The share covered by the ten largest companies has risen from approximately 15 percent to approximately 35 percent in the past five years. Trelleborg is playing an active role in this process.

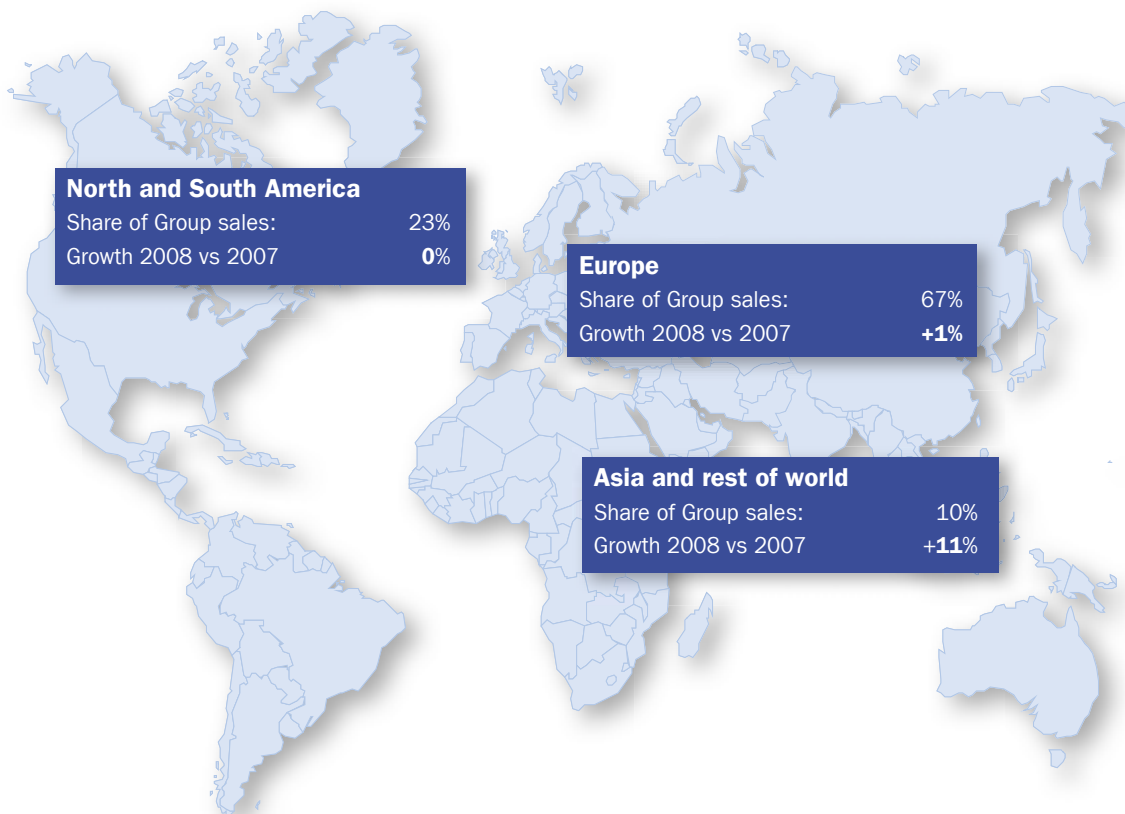
Global industrial rubber suppliers*

No.	Company	Country
1.	Trelleborg	Sweden
2.	Continental	Germany
3.	Hutchinson	France
4.	Bridgestone	Japan
5.	Freudenberg	Germany
6.	Cooper-Standard	USA
7.	Tomkins	UK
8.	Tokai Rubber	Japan
9.	Parker-Hannifin	USA
10.	NOK	Japan

* Based on sales

Source: Rubber & Plastics News, July 2008/Trelleborg

Sales of the Trelleborg Group in 2008



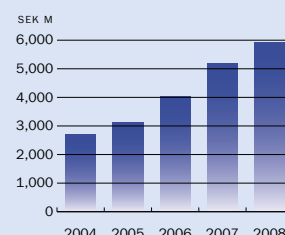
Increased presence in markets outside Western Europe and North America

Geographically, Trelleborg is expanding in the markets of Asia, Latin America and Central and Eastern Europe through increased presence and development of markets through proprietary product and system development.

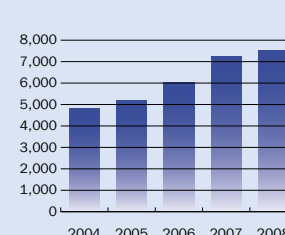
Sales, which have more than doubled since 2003, provide the Group with the possibility of establishing cost-efficient production, which will benefit the local markets and strengthen the Group's competitiveness in the mature Western European and US markets. In 2008, Trelleborg's presence was strengthened in such regions as the Baltic States, Romania and China. The total share of Group sales in markets outside Western Europe, North America, Japan and Oceania was approximately 19 percent in 2008. During the year, sales in these markets increased by 14 percent compared with 2007.

The relocation of production to countries with lower costs continued. During the past five years, the share of production employees in low-cost countries (outside North America, Western Europe and Japan) increased from 15 to 35 percent.

Sales in emerging markets



Number of employees in emerging markets



Leading positions in selected segments

Trelleborg strives to achieve leading positions in our carefully selected segments in global and regional markets. The Group's market positions and product portfolio are continuously evaluated.

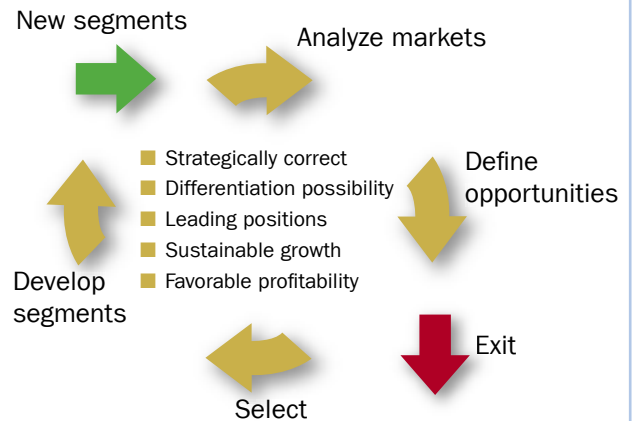
We select and focus on segments in which the Group can attain leading positions and which offer long-term growth in value. At the same time, we identify and withdraw from areas and segments that are less attractive. In this manner, resources are continuously made available to be steered toward the company's selected areas. Organic growth is underpinned by focused growth initiatives. Activities are conducted in all business areas within the framework of Global Growth Initiatives, which systematically drive growth in prioritized areas.

Excellence, Growth and Innovation build leading positions

We develop leading positions by focusing on:

- Operational, commercial and financial excellence.
- Organic and acquisition-driven growth.
- Innovative thinking.

Portfolio management for sustainable leading positions



Strategies

Excellence strengthens competitiveness

Operational, commercial and financial excellence is achieved through continuous improvements. These are the three links that, through continuous improvements, build a strong and efficient chain – from purchasing to finished solutions delivered to customers. Excellence leads to better positioning and competitiveness, thereby also driving growth.

Trelleborg creates excellence through:

- **Reliable quality.** High quality and reliability are preconditions for Trelleborg to be considered the first choice for our customers.
- **Optimized operational structure.** We continuously improve our operational structure in terms of, for example, manufacturing, marketing/sales and infrastructure.
- **Optimized processes.** The Group's various processes, for example, production, purchasing, pricing and logistics, shall create strength and synergies, and be standardized when possible.
- **Production and capital efficiency.** Examples from this area include our capital rationalization project and a continuous review and rationalization in our product portfolios.

Growth in profitable segments

The target for Trelleborg's average annual sales growth is 8-10 percent over an economic cycle. Growth is the focal point of the Group's main strategy to hold leading positions in selected segments. To achieve this, the Group mainly concentrates on organic growth. Proprietary product development is important and this is why innovation skills have been assigned a higher strategic priority.

This growth target also presupposes acquisition-driven growth. The Group actively seeks acquisition candidates that add technology, create added value, support the build-up of critical mass in attractive segments, have solid organic growth potential and provide consolidation opportunities.

Growth is created through:

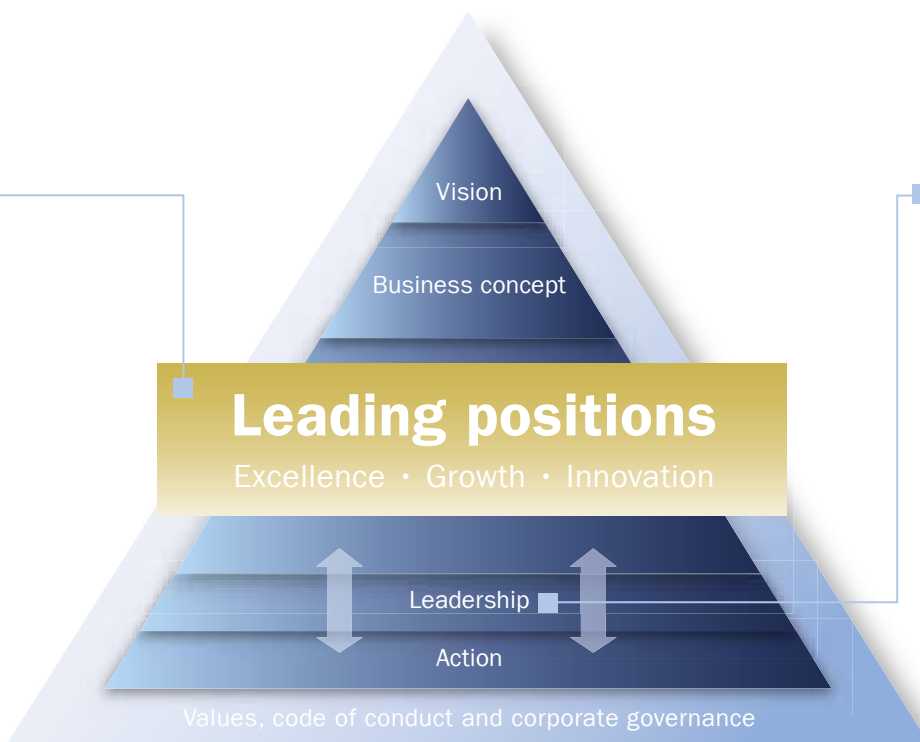
- Knowledge and understanding of our markets.
- Focus on segments with favorable structural growth.
- Allocation of resources to our areas of priority.
- Development of new solutions and technologies.
- Capturing market shares in existing markets.
- Penetration of new geographic markets and customer segments.
- Acquisition and integration of operations that offer consolidation and synergies.

Focus on innovation

We create customer value by applying proactive and innovative thinking in everything we do. Innovative thinking is not only associated with products and solutions, but is equally important in all processes. An innovative culture is created by people's curiosity, questioning approach and willingness to change. Innovation is one of Trelleborg's core values and an important element in our competitiveness.

We create innovative solutions through:

- Leading expertise in engineering, applications and polymers.
- Solving our customers' existing and future requirements by focusing on continuous development.
- A culture and attitude that is dynamic and open to change.
- Curiosity, continuously challenging and basing actions on how we can improve.



Leadership ensures strategies and action

Successful leaders are needed to ensure strategies and strong drive. Our business model and entrepreneurial spirit provide operational focus and proximity to customers. Trelleborg's ambition is to create a high-performance culture in a global environment based on shared core values and target-oriented leadership.

- We set clearly-defined targets and reward performance.
- We lead through a decentralized organization that encourages all employees to assume responsibility for our company and our external environment
- Our corporate culture and values differentiate us from our competitors.

Examples of activities in 2008

Manufacturing excellence

At the beginning of 2008, Trelleborg launched its program for production excellence, which is currently being implemented at all major production units. The program is a structured process to ensure the overriding driving forces for continuous improvements. Programs were also initiated in the area of *energy excellence*, focused on energy conservation, and *sourcing excellence*, which aims to optimize Trelleborg's purchases of components. A new purchasing organization was established, creating favorable conditions for effective procurement from low-cost countries for a major part of the Trelleborg Group's purchases.

The establishment of international purchasing offices in India and China in an important step toward achieving excellence in Trelleborg's purchasing of parts and components. The first purchasing office is located in Noida, near New Delhi, India.

Consolidation of production

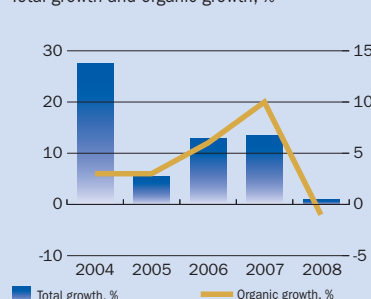
Discontinuation of unit	Relocation/closure
Trelleborg, Sweden	Relocation of special hoses to France.
Scunthorpe, UK	Closure.
Peru, US	Relocated to other plants in the US.
Eugene, US	Relocated to other plant in the US.
Guelph, Canada	Relocated to Brazil and Mexico.
Hartville, US	Relocated to Sri Lanka.
Hadsten, Denmark	Relocated to Latvia.

Acquisitions and growth

Since 2004, the Trelleborg Group has grown by an average of 12 percent per year, of which 4 percent was organic. In 2008, growth totaled 1 percent, while organic sales declined by 1 percent.

During 2008, six complementary acquisitions were completed (six), with combined sales of about SEK 1,215 m and 970 employees. For further information regarding acquisitions, see page 16.

Total growth and organic growth, %



Continued portfolio management

As part of the Group's portfolio optimization work and its focus on selected segments, the Group withdrew from several businesses in 2008.

Within Trelleborg Sealing Solutions, the phasing out of the less profitable range of standard seals for the automotive industry continued.

Areas exited by Trelleborg Engineered Systems included less advanced segments within, for example, rubber membranes and standard flow systems.

Innovative online tools for customers

Trelleborg Sealing Solutions' website offers several best-in-class online tools aimed at simplifying the process for customers with regard to the specification of seals for various applications. The website offers a materials search function, chemical compatibility testing, O-ring calculator, electronic catalogue and CAD service.



Larger printing presses demand innovative solutions

The world's printing presses are becoming ever larger. In combination with many other changes in the graphic industry, this sets entirely new demands for innovative solutions.

One of these is Trelleborg's completely new metal-backed printing blanket that can withstand the extremely high speeds of the largest printing presses, an attribute that is of central importance for the world's major newspaper publishing companies.



Acquisitions

2008

The target for Trelleborg's average sales growth is 8–10 percent annually over an economic cycle. This target presupposes acquisition-driven growth. The Group actively seeks acquisition candidates that add technology, create added value, support the build-up of critical mass in attractive segments, have solid organic growth potential and provide consolidation opportunities.

A total of six acquisitions (six) were implemented in 2008, all of which complemented operations. The Group also acquired the outstanding minority share in two units. During the past five years, Trelleborg has implemented 39 acquisitions, which increased Group sales by a total of approximately SEK 6 billion or an average of approximately 11 percent per year.

Date concluded	Company	Main location, country	Product area	Approximate sales, full-year prior to acquisition, SEK M	Number of employees
March 26	Hetag Takdækning A/S	Hedensted, Denmark	Roofing contractors	300	125
April 10	Trelleborg Sealing Solutions India	Bangalore, India	Seals	80	120
May 13	NPC Inc	Milford, US	Pipe seals	110	100
May 16	Officine Meccaniche GNL SpA	Modena, Italy	Mechanical slide-ring seals	90	60
June 3	MacDermid Offset Printing Blankets Ltd.	Denver, US	Printing blankets for the graphics industry	540	400
July 16	PressoNova AB	Kalmar, Sweden	Brake shims	35	30
November 11	Unit for surface treatment of steel from Ruukki	Gävle, Sweden	Brake shims	–	35
December 18	Shanghai Reeves	Shanghai, China	Printing blankets for the graphics industry	60	100
Approximate total				1,215	970



MacDermid Offset Printing Blankets – a leading player within the area of printing blankets for the graphics industry. MacDermid strengthens Trelleborg's leading position in the area of printing blankets and polymer-coated composite fabrics designed in several layers for use in commercial offset printing. As a result of the acquisition, Trelleborg is the market leader in Europe and holds a strong second position in the US.



Officine Meccaniche GNL – strengthens Trelleborg's leading global position in the area of mechanical slide-ring seals, meaning seals for heavy-duty applications for the construction industry, mining industry and agricultural machinery, for example.



NPC – a specialist in large seals for such applications as drains and manholes. The acquisition strengthens Trelleborg's leading position in pipe seals, mainly for newbuilding and replacement in the infrastructure market, primarily in North America.



PressoNova – conducts cutting work and a unit within **Ruukki**, Gävle, performs surface treatment of steel for Trelleborg's production of brake shims for the automotive market in which Trelleborg has a world-leading position. The acquisition strengthens the production process and provides increased control in the value chain.



Hetag Takdækning – is a roofing contractor that is well-established throughout Denmark and is an excellent complement to Trelleborg's existing roofing operations. Trelleborg acquired 40 percent of operations during the year.



Trelleborg Sealing Solutions India and **Shanghai Reeves** – two natural and important steps in the Group's continuing growth in the rapidly growing market in India and China. In 2008, Trelleborg acquired the outstanding minority share in both companies.

Innovative global research and development in close cooperation with customers

With common technology and a base of in-depth materials know-how, Trelleborg's business areas develop a variety of solutions that satisfy the specific needs of various industrial customers. The function is the same: to seal, damp and protect to secure values in demanding environments.

Trelleborg allocates considerable resources to maintain its leading position within research and development. The work is performed at three levels:

- The first level comprises fundamental physical and chemical materials know-how concerning polymers and other materials.
- The second level involves applications expertise within the Group's global market segments.
- The third level is the specific design of products and solutions.

Development takes place in close cooperation with customers

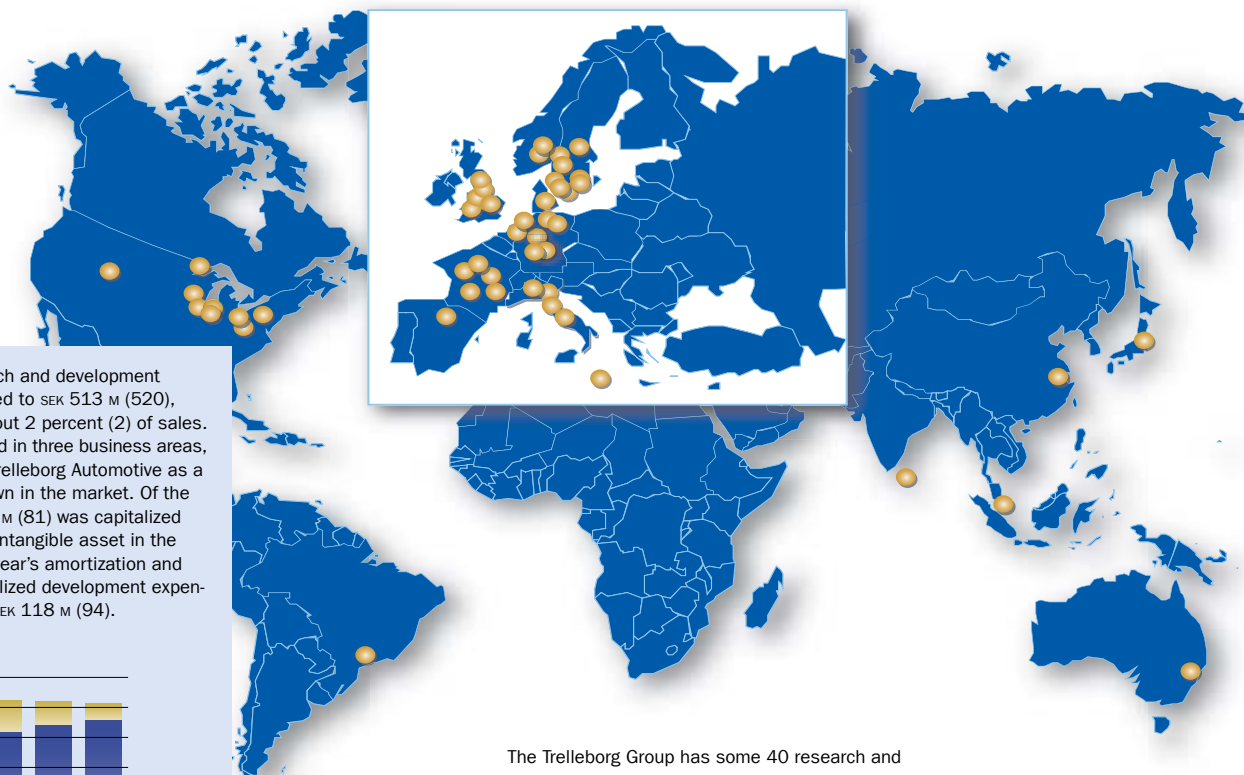
Some 40 development units throughout the world are at the disposal of our customers. These provide advanced equipment for sound analysis, pressure, temperature and load simulation, measurement of wear and friction, system analysis and non-linear material analysis. To guarantee lasting quality, the Group has also established an extensive test function. Among other parameters, we test compression, fatigue, pressure resis-

tance, wear, load, vibration and sound. In the final phase, testing of prototypes and finished products is often performed at the customer's facility and under realistic conditions. The finished products are then ready to seal, damp and protect throughout the world.

At a number of the company's development units, there is fundamental physical and chemical materials know-how regarding polymers and other materials and, accordingly, significant capacity to develop common technology, including the Group's strategic products and materials. Examples include the proprietary materials Turcon® and Isolast® that are used in a number of sealing solutions.

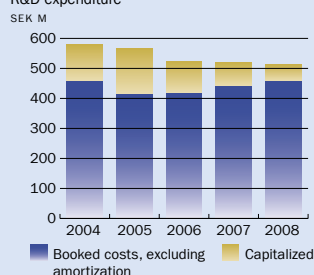
Supporting technology supplements polymers

We customize polymers and combines them with other materials to obtain unique properties, such as elasticity and resistance to various stresses in a number of demanding environments. In such products as seals, fenders and antivibration mounts, polymers are combined with other materials and electronics to form intelligent solutions to advanced technical problems in diverse industries.



During 2008, research and development expenditure amounted to SEK 513 M (520), corresponding to about 2 percent (2) of sales. Expenditure increased in three business areas, while it declined in Trelleborg Automotive as a result of the slowdown in the market. Of the total amount, SEK 55 M (81) was capitalized and recorded as an intangible asset in the balance sheet. The year's amortization and impairment of capitalized development expenditure amounted to SEK 118 M (94).

R&D expenditure

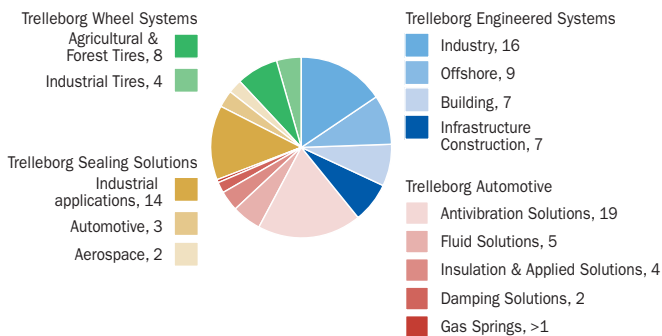


The Trelleborg Group has some 40 research and development units worldwide.

The Group in brief 2008

- A severe slowdown took place in several of Trelleborg's primary markets in the second half of the year. The downturn in the automotive industry was dramatic.
- Measures to adapt capacity and costs to lower demand have been in progress since the second quarter of 2008.
- Continued stable demand in certain market segments, such as offshore oil and gas extraction and infrastructure.
- Acquisition of six complementary operations, including MacDermid Offset Printing, active in the area of printing blankets, with sales of slightly more than SEK 500 M and 400 employees.
- At the beginning of 2009, the European Commission announced its decision regarding the competition investigation, which has been ongoing since 2007. The total costs in conjunction with the competition cases are now estimated to amount to SEK 516 M, of which SEK 430 M was charged to 2008, with the remainder impacting 2007. Accordingly, the possible outcome, earlier communicated by Trelleborg, has been significantly reduced.

Net sales by business area, %



Key figures	2008	2007
Net sales, SEK M	31,263	30,971
Operating profit, SEK M	374	1,707
Profit before tax, SEK M	-166	1,268
Net profit, SEK M	-258	838
Earnings per share, SEK	-2.95	9.10
Free cash flow, SEK M	414	518
Free cash flow per share, SEK	4.60	5.75
Net debt, SEK M	12,706	10,093
Debt/equity ratio, %	124	100
Return on shareholders' equity, %	neg	8.4
Average number of employees	24,347	25,158

Operating key figures *)

Net sales, SEK M	31,263	30,810
Operating profit, SEK M	1,798	2,274
Profit before tax, SEK M	1,258	1,836
Net profit, SEK M	889	1,282
Earnings per share, SEK	9.75	14.00
Operating margin (ROS), %	5.7	7.3
Return on capital employed (ROCE), %	8.4	11.5
Return on shareholders' equity, %	8.8	13.0
Operating cash flow, SEK M	1,594	1,718
Operating cash flow per share, SEK	17.65	19.00
Operating cash flow/operating profit, %	89	76
Net debt/EBITDA, multiple	4.4	3.1
EBITDA/net financial items, multiple	5.3	7.5

*) Based on continuing operations, excluding items affecting comparability.

PRESS RELEASES 2008

FEBRUARY

February 8, 2008 : 9:15 a.m.

Judgment from Administrative Court of Appeal regarding tax dispute

February 15, 2008 : 7:45 a.m.

Year-end Report January - December 2007

February 15, 2008 : 7:46 a.m.

Nominations Committee of Trelleborg AB, proposals prior to 2008 Annual General Meeting

MARCH

March 19, 2008 : 8:30 a.m.

Trelleborg acquires MacDermid Offset Printing Blankets

March 25, 2008 : 8:00 a.m.

Notification of the Annual General Meeting 2008

March 26, 2008 : 11:30 a.m.

Trelleborg acquires part of Danish roofing contractor

March 31, 2008 : 2:30 p.m.

Trelleborg acquires remaining shares in Indian sealing operation

APRIL

April 10, 2008 : 2:10 p.m.

Acquisition of remaining shares in Indian sealing operation finalized

April 28, 2008 : 2:00 p.m.

Interim Report January-March 2008

April 28, 2008 : 2:00 p.m.

Trelleborg Automotive restructures in France

April 28, 2008 : 6:45 p.m.

Report from Trelleborg AB's Annual General Meeting

April 30, 2008 : 5:00 p.m.

Trelleborg strengthens its leading position within seals

MAY

May 5, 2008 : 8:00 a.m.

Trelleborg increases presence in the market for pipe seals

May 13, 2008 : 8:30 a.m.

Trelleborg's acquisition of NPC Inc. finalized

May 16, 2008 : 8:30 a.m.

Trelleborg's acquisition of GNL SpA finalized

JUNE

June 3, 2008 : 8:30 a.m.

Trelleborg's acquisition of MacDermid Offset Printing Blankets finalized

JULY

July 9, 2008 : 11:15 a.m.

Trelleborg strengthens its production process in brake shims

July 16, 2008 : 1:30 p.m.

Trelleborg's acquisition of PressoNova finalized

July 24, 2008 : 7:45 a.m.

Interim Report January-June 2008

AUGUST

August 8, 2008 : 4:00 p.m.

Trelleborg announces plant closure in the US - the action is part of previously announced program within Trelleborg Automotive

OCTOBER

October 1, 2008 : 8:30 a.m.

Update on the action program at Trelleborg Automotive

October 10, 2008 : 10:00 a.m.

Trelleborg's Interim Report and telephone conference on October 28

October 23, 2008 : 8:30 a.m.

Nominations Committee at Trelleborg AB prior to 2009 Annual General Meeting

October 28, 2008 : 7:45 a.m.

Interim Report January-September 2008

NOVEMBER

November 11, 2008 : 1:05 p.m.

Trelleborg strengthens production of brake shims

DECEMBER

December 3, 2008 : 11:30 a.m.

Prior to Trelleborg's Capital Markets Day in Stockholm: Trelleborg reiterates long-term strategic approach, currently focusing on cash flow and adjustments to the prevailing market situation.

WWW

Net sales and operating profit, continuing operations

SEK M	Net sales		EBITDA excl. items affecting comparability		EBITDA, %, excl. items affecting comparability		Operating profit excl. items affecting comparability		Operating profit incl. items affecting comparability	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Trelleborg Engineered Systems	12,378	11,745	1,429	1,464	11.3	12.4	1,087	1,168	1,008	1,079
Trelleborg Automotive	9,461	10,299	57	634	0.7	6.1	-381	203	-1,249	-179
Trelleborg Sealing Solutions	6,022	5,844	1,079	1,019	17.9	17.4	888	839	856	839
Trelleborg Wheel Systems	3,708	3,248	453	374	12.2	11.5	363	288	348	261
Other companies			-8	-6			-9	-8	-9	18
Group items			-142	-209			-150	-216	-580	-302
Elimination	-306	-326								
Continuing operations	31,263	30,810	2,868	3,276	9.1	10.6	1,798	2,274	374	1,716

SEK M	Impairment losses		Restructuring costs		Legal expenses		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Trelleborg Engineered Systems	-16	-3	-63	-86			-79	-89
Trelleborg Automotive	-386	-67	-482	-315			-868	-382
Trelleborg Sealing Solutions	-6	-	-26	-			-32	-
Trelleborg Wheel Systems	-	-	-15	-27			-15	-27
Other 1)					-430	-60	-430	-60
Total	-408	-70	-586	-428	-430	-60	-1,424	-558

1) 2007 includes the proceeds from a property sale totaling SEK 26 M.

Operating ratios, continuing operations

SEK M	Operating margin (ROS), % excl. items affecting comparability		Operating margin (ROS), % incl. items affecting comparability		Capital employed, SEK M		Return on capital employed (ROCE), %, excl. items affecting comparability		Return on capital employed (ROCE), %, incl. items affecting comparability	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Trelleborg Engineered Systems	8.6	9.9	7.9	9.1	7,846	6,201	15.5	18.6	14.5	17.3
Trelleborg Automotive	neg	1.9	neg	neg	5,077	5,191	neg	3.9	neg	neg
Trelleborg Sealing Solutions	14.7	14.4	14.2	14.4	8,037	6,975	12.3	12.5	11.9	12.5
Trelleborg Wheel Systems	9.8	8.9	9.4	8.0	2,145	1,679	19.5	18.5	18.9	16.9
Other companies					19	20				
Group items					-3	43				
Provisions for restructuring measures					-883	-254				
Continuing operations	5.7	7.3	1.1	5.5	22,238	19,855	8.4	11.5	1.8	8.8

Net sales, continuing operations per quarter

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2008	2007	2008	2007	2008	2007	2008	2007
Trelleborg Engineered Systems	2,896	2,896	3,214	2,989	2,993	2,849	3,275	3,011
Trelleborg Automotive	2,713	2,609	2,626	2,711	2,253	2,417	1,869	2,562
Trelleborg Sealing Solutions	1,584	1,476	1,602	1,477	1,477	1,451	1,359	1,440
Trelleborg Wheel Systems	962	830	977	812	866	781	903	825
Elimination	-88	-82	-93	-85	-62	-83	-63	-76
Continuing operations	8,067	7,729	8,326	7,904	7,527	7,415	7,343	7,762

Operating profit, continuing operations excluding items affecting comparability per quarter

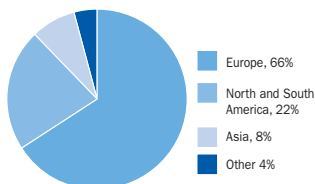
SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2008	2007	2008	2007	2008	2007	2008	2007
Trelleborg Engineered Systems	267	276	366	294	263	290	191	308
Trelleborg Automotive	32	55	20	85	-85	29	-348	34
Trelleborg Sealing Solutions	249	226	281	210	220	209	138	194
Trelleborg Wheel Systems	109	89	110	75	84	64	60	60
Other companies	-3	-4	-3	-5	-1	-1	-2	2
Group items	-32	-35	-40	-63	-31	-44	-47	-74
Continuing operations	622	607	734	596	450	547	-8	524

For definitions, see page 113. Continuing operations are defined as operations excluding parts of the Group that have been discontinued or for which a decision regarding discontinuation has been taken.

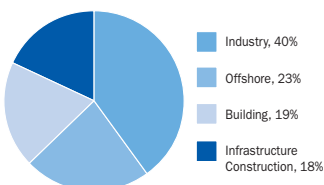
Trelleborg Engineered Systems

Innovative engineered solutions for extreme demands

Net sales per geographic market



Net sales per business segment



Trelleborg Engineered Systems is a leading global supplier of engineered solutions that focuses on the sealing, protection and safety of investments, processes and individuals in extremely demanding environments.

Four business segments

Industry: precision components and systems in polymer materials, such as hoses, elastomer laminates and polymer-coated fabrics. Other special products include molded components for many different industry segments, printing blankets for the graphics industry, and industrial antivibration applications.

Infrastructure Construction: specialized solutions for infrastructure projects, for example, fender systems for harbors, tunnel seals,

dredging systems, pipe seals, acoustic and vibration-damping solutions for railways, bridges and buildings.

Offshore: niche-oriented products for offshore oil and gas extraction.

Building: polymer and bitumen-based construction products for sealing and waterproofing applications for industry and consumers.



The need for acoustic damping, noise damping and sealing systems is considerable in infrastructure projects such as roads, bridges and tunnels. The picture shows Spain's highest motorway viaduct, the Montabliz viaduct, where Trelleborg's expansion joints connect the sections of bridge decking with the abutments and absorb vibrations caused by heavy traffic, strong winds and temperature fluctuations.

Business Area President: Lennart Johansson

Net sales 2008: SEK 12,378 M (11,745)

Operating profit 2008*: SEK 1,087 M (1,168)

Number of employees:** 7,773 (7,659)

Head office: Trelleborg, Sweden

Production units:

Australia, China, Czech Republic, Denmark, Estonia, Finland, France, Germany, Italy, Lithuania, the Netherlands, Norway, Poland, Singapore, Spain, Sweden, the UK and the US.

Strategic priorities:

- Continued active portfolio management – investments in attractive segments, exit segments with low potential.
- Strengthened presence in Asia and Latin America, as well as acquisitions supporting expansion in key markets.
- Improved overall cost structure through efficiency enhancements, outsourcing and manufacturing in low-cost countries.
- Recruit, develop and retain talented individuals.

Examples of brands:

Elastopipe®, Trelline®, Vulcan®, Dipro®, ETM®, Matakí®, Phønix Tag®, Trebolit®, Uraduct® and Värnamo®.

Market position:

Industry: World leading in polymer-coated fabrics and printing blankets. Market leading in Europe within industrial hose systems and industrial antivibration products.

Infrastructure Construction: World leading within marine fender systems, tunnel seals and dredging systems. In certain geographic markets, the business segment also has a leading position within bridge bearings and bridge expansion joints. Market leader in pipe seals in Europe.

Offshore: World leading in a number of niches within offshore oil and gas extraction, primarily subsea.

Building: Market leader in northern Europe.

Key customers:

Companies within infrastructure, offshore oil and gas, food, chemicals, the graphic industry, the transport industry and major distributors of industrial commodities. Window manufacturers and companies within the construction industry.

Principal competitors:

Industry: Continental/Contitech, Semperit, IVG, Bridgestone, DAY and Hutchinson.

Infrastructure Construction: Yokohama, Continental/Contitech and Bridgestone.

Offshore: Cuming Corp., Continental/Contitech and Balmoral Offshore Engineering.

Building: Semperit, Icopal, Schlegel and Stomil Sanok.

* Continuing operations, excluding items affecting comparability.

** At year-end, including insourced staff and temporary employees.

Trelleborg Engineered Systems

Trends

The market for the Industry segment is mature, with a growth that is in line with industry production.

The European industry structure is fragmented, but consolidation is underway, and Trelleborg, as a leading player in Europe, is taking an active part, for example, within polymer-coated fabrics.

For the project-oriented Infrastructure Construction segment, investment is increasing in many parts of the world. Urbanization, among other factors, is driving demand for such structures as bridges and tunnels. Modern high-speed trains require a greater degree of damping.

The demand for fender systems is increasing in pace with the rising number of large international freight vessels requiring new harbors. The market for Offshore is also project-oriented and is influenced by developments in the offshore industry. Increased ocean-based oil and gas extraction in several geographic markets benefits this business segment.

Within the Building segment, the market is becoming increasingly international, at the

same time as the demands for local presence and rapid deliveries are essential to achieve leading positions.

A stronger focus on energy efficiency provides the conditions for advanced sealing-profile solutions, both within the construction industry and in the consumer market.

Innovation

With its engineering know-how and problem-solving expertise, Trelleborg Engineered Systems



makes an early contribution to the design, planning and construction stages of major long-term projects. Within the oil/gas area, Trelleborg's know-how extends from exploration to drilling and production. In areas such as marine fender systems and flexible fire-protection solutions, the business area is the global leader in terms of development. Within Building, development is focused on new material combinations and reduced materials consumption.

Increasing performance demands are driving the market toward more sophisticated products and solutions. To a growing extent, customers are demanding complete solutions, implying delivery of entire systems to seal, damp and protect, rather than individual products. Trelleborg is active in this trend by broadening its product range with complementary products that are also founded on non-polymer-based technology. [www](http://www.trelleborg.com)

Trelleborg is a world leader within marine fender systems and demand increases in line with the rising number of large international freight vessels that requiring new harbors.

5 Questions to Lennart Johansson

Business Area President
Trelleborg Engineered Systems



1 What were you most pleased with in 2008?

Our continued portfolio management was very successful and we had favorable results from our investments in markets in several attractive segments. The most notable example in the past year was our increased exposure in printing blankets, as the acquisition of MacDermid provided us with a world-leading position. At the same time, we chose to exit certain less profitable product segments, such as certain simple models of hoses.

2 What are the most important opportunities you currently see in your business environment?

Many opportunities remain as regards increasing market investments in profitable segments and the further increase of our presence in emerging markets, particularly in South America and Asia.

3 What risks do you currently see in your business environment?

At the moment, it is very difficult to assess the duration of the global decline. In the short term, we are focusing on robust capacity adjustments. It is important to quickly adapt capacity to market conditions – and, then, to be prepared when the economic trend rises again.

4 What does innovation mean in your operations? Can you give a good example?

Innovation is always present in our day-to-day operations. For us, it is always important to have an innovative approach, both with regard to the development of new solutions in collaboration with our customers, but also in terms of how we can provide the best possible service and how we can efficiently distribute our solutions to customers.

5 What is the most important strategic priority for your business area in the next few years?

To continue to work on our portfolio management, which means to define and focus on profitable market segments and to create and maintain our leading position in these segments.

It is also important that we continue to invest in the development of our employees, as this is also clearly of central importance in difficult periods.

During the year, Trelleborg reinforced its position in Printing Blankets, primarily through the acquisition of MacDermid Offset Printing.

2008: Demand in project-related segments, such as Infrastructure Construction and Offshore Oil/Gas, continued to develop well

Key figures

	2008	2007
Net sales, SEK M	12,378	11,745
Share of Group net sales, %	39.2	37.7
EBITDA, SEK M (excluding items affecting comparability)	1,429	1,464
EBITDA, %	11.3	12.4
Operating profit, excluding items affecting comparability, SEK M	1,087	1,168
Operating profit, including items affecting comparability, SEK M	1,008	1,079
Operating margin (ROS), % (excluding items affecting comparability)	8.6	9.9
Capital employed, SEK M	7,846	6,201
Return on capital employed (ROCE), % (excluding items affecting comparability)	15.5	18.6
Capital expenditures, SEK M	564	432
Operating cash flow, SEK M	802	1,071
Operating cash flow/operating profit, % (excluding items affecting comparability)	74	92
Number of employees at year-end, including insourced staff and temporary employees	7,773	7,659

Market trends

Demand fluctuated considerably within the business area's various market segments. For the industrial segment and construction-related operations, the trend was weak, particularly during the second part of the year, while demand in the project-oriented segments, notably offshore, oil/gas and infrastructure, remained favorable.

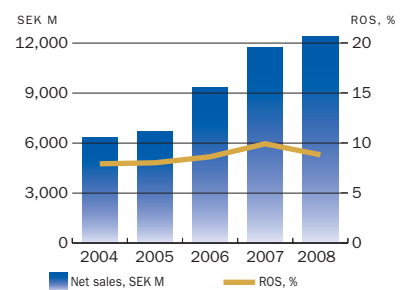
Sales and earnings

- Organic sales growth totaled 3 percent (9). Total sales growth was 5 percent (26). A substantial decline during the second half of the year was offset by the strong development in the first six months of the year, and by a favorable trend for Infrastructure Construction and Offshore oil/gas.
- Operating profit, excluding items affecting comparability, declined by 7 percent (increase: 45). The decrease in the operating margin was mainly a result of lower demand in certain segments. Disruptions to production in the Offshore oil/gas segment impacted operating profit by about SEK 110 m.
- Operating cash flow remained strong.

Significant events

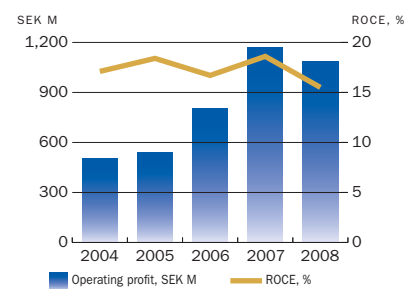
- Acquisition of MacDermid Offset Printing Blankets, with net sales of approximately SEK 540 m, reinforced the business area's leading position in Printing Blankets.
- Continued structural improvements as a result of restructuring activities and active portfolio management.
- Within the Offshore oil/gas segment, orders received by the business area included two orders worth a total of approximately SEK 450 m relating to Trelleline, an oil offloading system used in connection with offshore oil extraction.
- Significant capacity expansion in Offshore oil/gas in Houston, US, for Drill Riser Buoyancies, in Clermont-Ferrand, France, for Trelleline, and in Mjøndalen, Norway, for the Elastopipe product, developed by Trelleborg Engineered Systems.
- One new facility in Wuxi, China, was inaugurated during 2008. The unit will mainly manufacture products for the electronics and telecom industries and will initially employ 100 persons.
- Acquisition of 40 percent of the Danish firm Hetag Takdaekning, with 125 employees, reinforced the business area's position in the Danish roofing market.

Net sales and ROS*



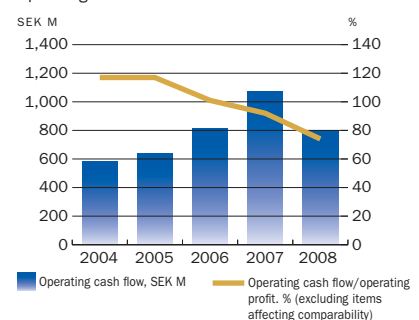
* Excluding items affecting comparability.

Operating profit* and ROCE*



* Excluding items affecting comparability.

Operating cash flow

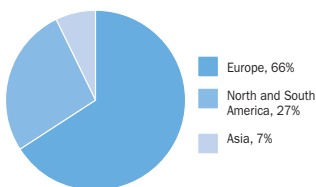


Trelleborg Automotive

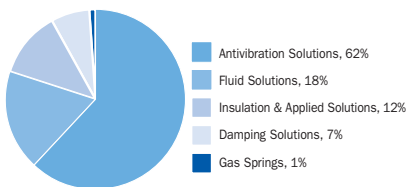


Engineered damping for comfortable and quiet cars

Net sales per geographic market



Net sales per business segment



Trelleborg Automotive is a world leader in the development and production of polymer-based components and systems used for noise and vibration damping in passenger cars and light and heavy trucks.

Five business segments

Antivibration Solutions: noise and vibration-damping solutions for all vehicle segments.

Damping Solutions: brake shims and Applied Damping Materials (ADM).

Insulation & Applied Solutions: polymer boots for drive shafts and steering applications as well as other customized products.

Fluid Solutions: engine-cooling and air-supply solutions.

Gas Springs: spring-based door-opening and closing solutions.

Trends

The market for light vehicles experienced a drastic decline during the second half of 2008, and this trend is expected to continue in 2009. The traditional markets in Europe and North America were particularly weak. Automotive manufacturers continue to move production from west to east. Growth in Central Europe was weaker than in the preceding year.

Engine mounting systems for diesel-powered vehicles ideally require variable damping, softness for good isolation at idle and once the vehicle is in motion the mount needs to stiffen and soften to counter vibration. Trelleborg's switchable engine-mounts range has recently been enhanced with a vacuum switchable mount with a unique design in order to reduce development leadtimes and cost.



Business Area President: Roger Johansson

Net sales 2008: SEK 9,461 M (10,299)

Operating loss 2008*: SEK 381 M (profit: 203)

Number of employees:** 7,460 (10,057)

Head office: Trelleborg, Sweden

Production units:

Brazil, China, Czech Republic, France, Germany, India, Italy, Mexico, Poland, Romania, Slovakia, South Korea, Spain, Sweden, Turkey and the US.

Strategic priorities:

- Restore profitability in long-term attractive segments through a focused action program.
- Clear positioning of Trelleborg Automotive as an innovative supplier of comprehensive and global solutions.
- Proactively capitalize on the market opportunities that arise in the current restructuring of the global automotive industry.

- Selectively follow existing customers when they establish operations in emerging markets.
- Optimization of global production and excellence in production processes, including enhanced utilization of synergies across the business area.
- Recruit, develop and retain talented individuals.

Market position:

World-leading in vibration-damping systems for light vehicles and thermoplastic boots. Global market leader in brake shims.

Key customers:

Audi, Benteler, BMW, Chrysler, Daimler, Delphi, Federal Mogul, Fiat, Ford Group, GKN, GM, Hyundai, PSA, Renault Nissan Group, Tata Group, Tenneco Monroe, Toyota, VW and ZF Lemförder.

Principal competitors:

Antivibration Solutions: ZF Boge, Vibracoustic/Freudenberg, Paulstra/Hutchinson, Continental/Contitech, Cooper Standard, Tokai and Bridgestone.

Damping Solutions (shims): Wolverine and MSC.

Insulation & Applied Solutions: ABC, Keeper and Parker Hannifin.

Fluid Solutions: Hutchinson, Continental/Contitech, Avon Automotive and Teklas.

* Continuing operations, excluding items affecting comparability.

** At year-end, including insourced staff and temporary employees.

Trelleborg Automotive

Russia is forecast to become an important market in the future. The domestic markets in China and India continue to grow, although they are also slower. South Korea and Japan are growing moderately as local markets, but the auto manufacturers in these countries are expanding their production in other parts of the world.

Global platforms and standard architectures continue to guide development. This results in manufacturers applying the same type of suspension, steering and drive shafts, brake systems and engine models in a number of models, which enhances efficiency and reduces costs. This also leads to greater flexibility and cuts time to market. For subcontractors, this implies a demand for global presence. Intensified competition, and increases in prices for materials and energy, result in cost pressure remaining high. Trelleborg is tackling this via the optimization of global production, development of research and development in emerging markets, a stronger focus on portfolio manage-

ment and the development of synergies amongst the units, excellence in production and globally consistent service levels.

Innovation

Product development within Trelleborg focuses on the customers' and markets' needs for cost-effective solutions that seal, damp and protect and that save weight or space and improve the recyclability of vehicles.

The business area has a strong global technology platform. Development activities aim for new, improved solutions combining functional requirements with cost-effective design and production. The key to this strategy is simplified design and alternatives to steel



and other metals, such as the use of thermoplastics to meet recycling requirements.

Trelleborg's global production is supported by regional design and development units that are coordinated centrally. Trelleborg is enhancing its focus on complete damping NVH (noise, vibration, harshness) solutions and continuing to build on its position as an acoustics specialist, for example, by offering complete acoustic solutions for brake systems that include shims and mass dampers.

One example of an innovative solution within Trelleborg Automotive is the development of a bump stop in a unique thermoplastic material for use in shock absorbers. The compact design means that it can replace traditional, more sizeable solutions, reducing material costs by 20 percent and weight by 40 percent.

Another innovation is a new active mount with a unique design specially developed for diesel engines. It uses a vacuum technology to change the damping properties and the unique design gives the OEM flexibility which reduces both leadtimes and costs. [www](http://www.trelleborg.com)

So-called shear plates (yellow in the illustration) are based on Trelleborg's unique brake shims technology and have been specially developed to reduce noise, vibrations and fuel consumption primarily in diesel cars.

5 Questions to Roger Johansson

Business Area President
Trelleborg Automotive



1 What were you most pleased with in 2008?

There was a sharp drop in volume during the year, but I think we were quick to implement comprehensive measures to adapt our organization to the new situation. Although this is a difficult process, it is critical to substantially reduce our cost base. This entailed the closure of plants that were not correctly positioned in terms of cost or geography, and the investment in growth countries and in countries with lower cost bases. We captured market share and are more clearly positioned within NVH solutions.

2 What are the most important opportunities you currently see in your business environment?

We have strong and improved market positions and can now benefit from this to an even greater extent. The drastic decline in the market provides opportunities for consolidation and our assessment is that we will emerge from the downturn in a stronger position. In terms of profitability, we will see the result of the action program at the same time as opportunities are created by the fall in raw material prices witnessed in the second half of 2008, which will have a delayed impact.

3 What risks do you currently see in your business environment?

The market trend is clearly the most important question. In addition, pricing continues to be a critical factor. We should respect the threat of

increased competition, but I believe that our first-rate global manufacturing unit conditions, our coordinated R&D, our investment in local production and the quality of our people make us stronger than the competition.

4 What does innovation mean in your operations? Can you give a good example?

Innovation can mean everything from completely new solutions to small but very significant changes to existing solutions. An excellent example launched during the year is the shearplate damper based on our unique brake shims technology. It has been primarily developed for diesel engines. The market has shown great interest in this exciting idea, particularly with regard to its potential; about 50 percent of passenger cars sold in Europe have diesel engines.

5 What are the most important strategic priorities for your business area in the next few years?

Our main focus is sustainably improved profitability. Our primary short-term objective is to ensure that we have strong control over our costs.

We must also improve synergies, review our joint portfolio of products and production units, enhance global purchasing structures, identify material alternatives and efficiently transfer knowledge to all parts of the organization. A central goal is matching our expertise with our customers' global ambitions and satisfying the need for solutions that seal, damp and protect.

Product development within Trelleborg Automotive focuses on customers' needs for cost-effective solutions that seal, damp and protect, save weight or space, and improve vehicle recyclability.

2008: Lower earnings and weak sales as a result of the dramatic decline in the automotive industry

Key figures	2008	2007
Net sales, SEK M	9,461	10,299
Share of Group net sales, %	30.0	33.1
EBITDA, SEK M (excluding items affecting comparability)	57	634
EBITDA, %	0.7	6.1
Operating profit/loss, excluding items affecting comparability, SEK M	-381	203
Operating loss, including items affecting comparability, SEK M	-1,249	-179
Operating margin (ROS), % (excluding items affecting comparability)	neg.	1.9
Capital employed, SEK M	5,077	5,191
Return on capital employed (ROCE), % (excluding items affecting comparability)	neg.	3.9
Capital expenditures, SEK M	462	441
Operating cash flow, SEK M	53	124
Operating cash flow/operating profit, % (excluding items affecting comparability)	neg.	61
Number of employees at year-end, including insourced staff and temporary employees	7,460	10,057

Market trends

In 2008, car production in North America declined by 16 percent compared with 2007. In Western Europe, it decreased by 8 percent, and in Eastern Europe, it rose by 9 percent. In Asia, car production increased by 4 percent.

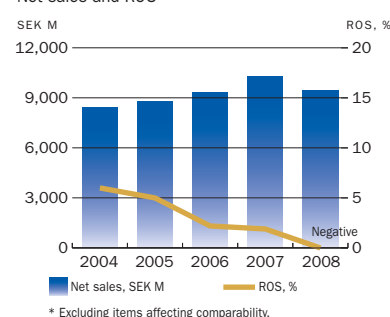
Sales and earnings

- For full-year 2008, organic sales fell by slightly less than 9 percent compared with 2007, as a result of a significant deterioration in demand, primarily in North America and Western Europe.
- Operating profit, excluding items affecting comparability, declined as a result of negative impacts attributable to extensive cutbacks in capacity, workforce reductions, high raw material prices and falling sales.
- Operating cash flow declined as a result of a weak operating profit, which was partially offset by lower working capital.

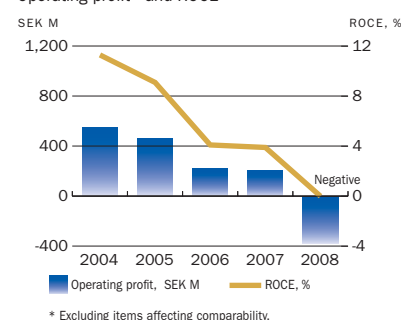
Significant events

- During the second half of the year, a dramatic slowdown occurred in the automotive industry in North America and Europe, where Trelleborg has a large proportion of its sales.
- Measures within the scope of the action program:
 - Restructuring of the business area's Fluid Solutions unit in Nantes, France. Significant parts of the operation are relocated, primarily to existing facilities in Turkey. About 450 individuals affected.
 - Closure of operations in Peru, in the US, with approximately 200 employees
- The action program and gradual adjustments in capacity during the year reduced the number of employees by about 2,500.
- The production process in brake shims was reinforced through the acquisition of Presso-Nova in Kalmar, Sweden, and the takeover of Ruukki's surface treatment of steel in Gävle, also in Sweden.
- Within the framework of the business area's joint venture, Trelleborg Kunhwa, Korea, a small unit was inaugurated in Zhangjiagang, China, for the production of vehicle boots for Korean customers in China.

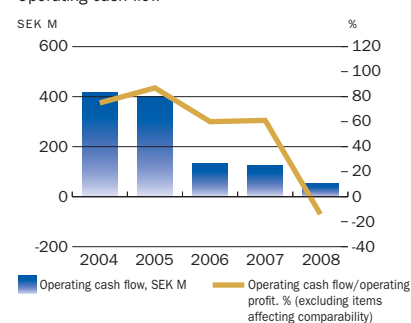
Net sales and ROS*



Operating profit* and ROCE*



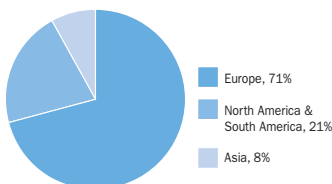
Operating cash flow



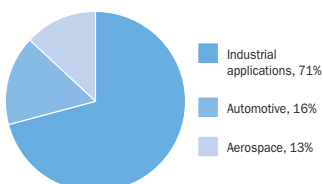
Trelleborg Sealing Solutions

Seals that ensure reliability and service life in demanding environments

Net sales per geographic market



Net sales per business segment



Trelleborg Sealing Solutions is a leading global supplier of precision seals for the industrial, aerospace and automotive markets.

Three business segments

Industrial: advanced sealing solutions in specialty materials designed for a range of industrial applications. The largest product groups are O-rings, rotary seals and hydraulic seals.

Aerospace: safety-critical aircraft seals that are used in virtually all major commercial and military aircraft programs. Key application areas are engines, flight control actuators, landing gear, airframes, wheels and brakes.


Automotive: advanced and often safety-critical seals, mainly for fuel systems, steering, air conditioning and exhaust systems.

Trends

The market for industrial seals tends to follow the levels of industrial production and growth in the market for durable goods. In Europe and North America, the market totals about SEK 18 billion per year.

The market for polymer aircraft seals is driven by the trends in commercial and military aviation, and amounts to approximately SEK 3 billion per year in Europe and the US.

The global market for polymer vehicle seals amounts to about SEK 30 billion per year.



Demands on products and solutions for the pharmaceutical industry are increasing and the sealing systems used must offer guaranteed reliability. This trend benefits Trelleborg Sealing Solutions, which is the technology leader for sealing solutions in this segment.

Business Area President: Claus Barsøe

Net sales 2008: SEK 6,022 M (5,844)

Operating profit 2008*: SEK 888 M (839)

Number of employees:** 5,492 (5,783)

Head office: Copenhagen, Denmark

Production units:

Brazil, China, Denmark, France, India, Italy, Japan, Malta, Mexico, Poland, Sweden, the UK and the US.

Market offices:

Austria, Belgium, Brazil, Bulgaria, Canada, China, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Russia, Singapore, Slovakia, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, the UK and the US.

Strategic priorities:

- Consolidate and develop leading positions in Europe, and expand in North and South America, Asia and Eastern Europe.

- Further develop existing concepts and rapidly develop new businesses through organic growth and strategic acquisitions, for example, within new energy sources and pharmaceuticals.
- Offer the market's best service of high quality to prioritized customers through a broad product range, service and innovative solutions.
- Recruit, develop and retain talented individuals.
- Adjust production capacity and further improve efficiency.

Examples of brands:

Busak+Shamban®, American Variseal®, Forsheda®, GNL, Orkot®, Palmer Chenard, Polypac®, Nordex, SF Medical, Shamban®, Skega®, Stefa® and Wills®.

Market position:

Industrial applications: world leader in specific niches.

Aerospace: world leader.

Automotive: leader in specific niches requiring high-quality seals.

Key customers:

ABB, BOC Edwards, Bosch, Caterpillar, GEA Group, Honda, Husky, Liebherr, Rolls Royce, Scania, Siemens, Spirit Aerosystems, Visteon, Volvo and ZF Group.

Principal competitors:

Freudenberg-NOK, Parker Hannifin, Greene Tweed and Hutchinson.

* Continuing operations, excluding items affecting comparability.

** At year-end, including insourced staff and temporary employees.

Trelleborg Sealing Solutions

The market for sealing solutions is influenced by increasing demands imposed by customers in terms of service levels and technology. They demand complex solutions, expect the same level of service throughout the world and endeavor to reduce their number of suppliers. This provides opportunities for global groups such as Trelleborg.

Sealing solutions often have safety-critical functions, and such factors as technical development, environmental legislation and standardization gradually increase the demands on these systems.

This relates to such applications as landing gear, vehicle fuel systems, medical equipment and hydraulics and pneumatics. Seals must be able to cope with extreme temperatures, pressures and friction, and withstand aggressive media.

They must also be durable and completely reliable. Combined, these trends result in growth for companies that are technology leaders and increased industry consolidation.

Innovation

Trelleborg Sealing Solutions offers complete sealing solutions that can include product design, material development, customized logistics, specialized production and specialized materials from external partners. Everyday, the business area's sales and applications engineers assist customers with the resolution of complex sealing needs by using existing products and services or by working directly with technical experts and suppliers to develop new solutions for particularly complex problems.



To meet customers' increasing demands for service, technology, reliability and cost levels, the business area strives to be a world-leading, innovative organization. Innovative ideas are continuously generated from all areas within the organization, and a systematic, established process ensures continued growth.

WWW

Trelleborg Sealing Solutions holds a strong position in the market for wind power. The illustration shows seals in a pitch cylinder, which regulates the angle of rotor blades in relation to the wind.

5 Questions to Claus Barsøe Business Area President Trelleborg Sealing Solutions



1 What were you most pleased with in 2008?

The trend in our Industrial core business was favorable, and performance in Southeast Asia was very strong. In addition, I was pleased with the way we reduced our exposure to the automotive industry before the impact of the financial crisis was felt.

2 What are the most important opportunities you currently see in your business environment?

We have several ongoing growth initiatives for areas with considerable potential. Some are focused on key segments in growth, including alternative energy, life science and oil/gas. Others are aimed at product groups with high growth potential, such as in mechanical face seals, an area in which we completed an acquisition during the year. Geographically, we see opportunities to strengthen our operations in North and South America, Eastern Europe and Asia.

3 What risks do you currently see in your business environment?

Our main challenge is to manage the current economic trend. However, we are well positioned. We have an efficient cost base and we took early action to offset the decline. One of our primary challenges is also to consolidate and develop our leading positions in Western Europe.

4 What does innovation mean in your operations? Can you give a good example?

An excellent example is the recently developed membranes for air-driven membrane pumps that double the service life and increase reliability, which opens up completely new markets.

Innovation may also entail new service offerings, such as Trelleborg SupplyOnsite™. We can thereby manage the customer's total sealing needs, including purchasing and inventory, and we can even place our machinery in customers' facilities. This concept is used by such customers as Snecma in France, which manufactures engines for the Boeing 737 and Airbus 320.

5 What are the most important strategic priorities for your business area in the next few years?

The most important priority is to recruit, provide development for and retain talented people. In addition, we will offer the market's best customer service worldwide. If we can achieve this, we will reach our strategic goals, including global growth. To do so, we must first understand our customers' needs by working closely with them and, for example, by continuously carrying out customer surveys.

The market for aircraft seals is driven by development in commercial and military aviation and amounts to approximately SEK 3 billion per year in Europe and the US.



2008: Favorable growth within prioritized areas as a result of global growth initiatives and a continued shift toward more profitable segments

Key figures	2008	2007
Net sales, SEK M	6,022	5,844
Share of Group net sales, %	19.1	18.8
EBITDA, SEK M (excluding items affecting comparability)	1,079	1,019
EBITDA, %	17.9	17.4
Operating profit, excluding items affecting comparability, SEK M	888	839
Operating profit, including items affecting comparability, SEK M	856	839
Operating margin (ROS), % (excluding items affecting comparability)	14.7	14.4
Capital employed, SEK M	8,037	6,975
Return on capital employed (ROCE), % (excluding items affecting comparability)	12.3	12.5
Capital expenditures, SEK M	257	239
Operating cash flow, SEK M	921	751
Operating cash flow/operating profit, % (excluding items affecting comparability)	104	90
Number of employees at year-end, including insourced staff and temporary employees	5,492	5,783

Market trends

The trend during the first six months of the year was highly favorable, with healthy organic growth in prioritized industrial segments. During the latter part of the year, there was a marked fall in demand, both from vehicle-related operations and from several industrial segments.

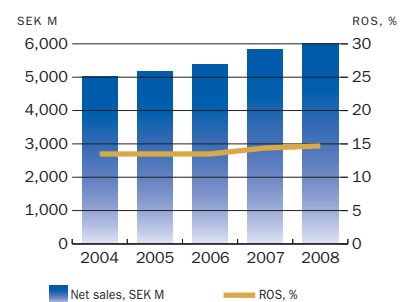
Sales and earnings

- The business area recorded zero organic growth during 2008. Demand from the Aerospace segment remained highly robust and the trend in such segments as alternative energy sources and life science was also positive. Sales in Asia and Eastern Europe rose by 14 percent.
- Both operating profit and the operating margin were reinforced primarily by the shift toward more profitable segments.
- Operating cash flow was strengthened and increased to SEK 921 M (751).

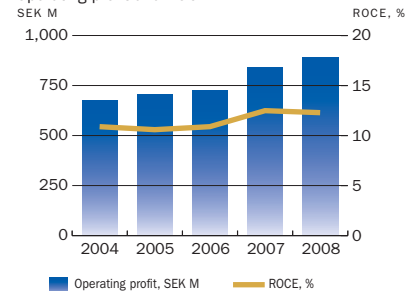
Significant events

- The acquisition of the Italian firm Officine Meccaniche GNL consolidated the world leading position in mechanical face seals, which are used in such industries as construction, mining and agriculture.
- The purchase of the remaining minority share in Trelleborg Sealing Solutions India was an important step for continued growth in India.
- Capacity at the production unit in Bangalore, India, was increased.
- Production in Guelph, Canada, is being relocated to existing operations in other countries to improve the production structure of the business area. The move is expected to be completed by mid-2009.
- The plant in Eugene, in the US, was closed, and production was moved to the facility in Streamwood, also in the US. This measure was made possible by the acquisition of the sealing company Hydro-Components in 2007 and is intended to generate synergies.
- Gradual capacity adjustments during the year have reduced the workforce by about 300 persons.

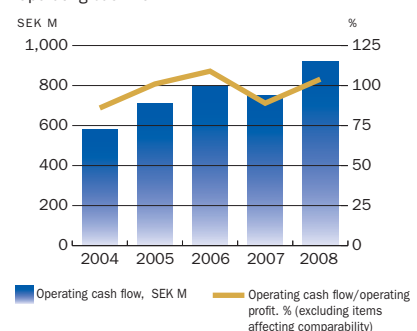
Net sales and ROS



Operating profit and ROCE



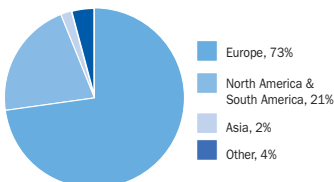
Operating cash flow



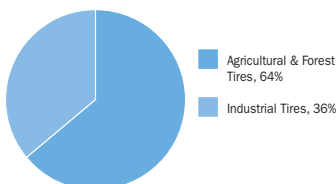
Trelleborg Wheel Systems

Damping tires protect harvests and forests

Net sales per geographic market



Net sales per business segment



Trelleborg Wheel Systems is a leading global supplier of tires and complete wheel systems for farm and forest machinery, forklift trucks and other materials-handling vehicles.


Two business segments

Agricultural & Forest Tires: Tires and wheel systems for tractors and other vehicles used in agriculture and forestry. The business area is a leader in the segment for extra-large tires, in which Trelleborg has a broad range.

Industrial tires: Wheels and complete wheel systems for materials-handling vehicles used at such facilities as airports, ports and warehouses, including forklift trucks and other highly utilized and high-load materials-handling vehicles.

Trends

Although the European agricultural and forestry markets are mature, demand for efficient equipment, vehicles and large and high-grade tires is increasing in parallel with demands for cost-effective production. This trend was strengthened in 2008, with favorable growth in the segment for extra-large tires in Europe. The trend is for agricultural operations to merge, become more industrialized, and form larger farms using bigger



The brand switch from Pirelli to Trelleborg is progressing successfully. The image of a tire with eyes is a key element in the current advertising campaign "Quality at first sight".

Business Area President: Maurizio Vischi

Net sales 2008: SEK 3,708 M (3,248)

Operating profit 2008*: SEK 363 M (288)

Number of employees 2008:** 2,396 (2,285)

Head office: Tivoli, Italy.

Production units:

Denmark, Italy, Latvia, Sri Lanka, Sweden and the US.

Market offices:

Africa, Asia, Australia, Europe, the Middle East and North and South America.

Strategic priorities:

- Consolidation of the strong position held in Agricultural & Forest Tires through further development of the customer offering.
- Capitalize on implemented structural measures to proactively expand in attractive segments and markets.
- Consolidation of industrial tire production from the US to Sri Lanka and rims from Denmark to Latvia.

- Maintain strong positions among OEM customers and further development of aftermarket customers through continued focused and customer-centric innovation.
- Continued effective and successful change of brand from Pirelli to Trelleborg.
- Recruit, develop and retain talented individuals.

Market position:

Agricultural & Forest Tires: Leader in the agricultural market in Europe. Global market leader within forest tires.

Industrial Tires: World leader in solid industrial tires.

Examples of brands:

Agricultural & Forest Tires: Trelleborg® and Pirelli® (license).

Industrial Tires: Trelleborg, Bergougnan®, Rota®, Monarch®, Mastersolid® and Orca.

Key customers:

Agricultural & Forest Tires: Manufacturers of agricultural and forest machinery, tire and machinery sales companies and end customers.

Industrial Tires: Original equipment manufacturers of forklift trucks, transport companies, authorities and organizations that are responsible for infrastructure.

Principal competitors:

Agricultural & Forest Tires: Michelin, Goodyear/Titan, Mitas, Firestone/Bridgestone and Nokian.

Industrial Tires: Solideal, Continental, MITL, Aichi and Watts.

* Continuing operations, excluding items affecting comparability

** At year-end, including insourced staff and temporary employees.

Trelleborg Wheel Systems

tractors and, consequently, larger tires. In Europe, it is essential to also take into account how well the tires function on country roads at high speeds, which is necessary when users move between different workplaces.

The market for the agricultural and forest sectors is divided into radial and cross-ply tires. The principal area of growth is radial tires, a segment in which Trelleborg has been a pioneer. The proportion of radial rear tires in Europe is now approximately 70 percent, with an increasing market for larger dimensions, in which Trelleborg holds a strong position. However, the market for cross-ply tires is diminishing annually.

The market for industrial tires is mature and developing in line with the general industrial trend. Price is becoming an increasingly important competitive factor.

Companies' efforts to reduce the amount of tied-up capital are driving the trend to rationalize inventories, which makes the efficient handling of materials ever more important. This is creating a long-term growing demand for industrial tires for various materials-handling machines.

Innovation

To meet the market's increasingly stringent demands, major resources are being focused on the further development of tires for agricultural and forest machines. At Trelleborg Wheel Systems' development center in Italy, the next generation of high-performance tires is being developed in cooperation with leading manufacturers of agricultural and forest machines.



A number of priority characteristics for tires are that they must be able to handle high speeds, enhance comfort, have reliable road-holding capabilities, be robust and meet high environmental requirements. At the same time as machines must be able to move at increasingly high speeds on the roads, their tires should not harm the soil or forest vegetation. With its tire dimensions and radial tires, Trelleborg has successfully protected valuable soil by reducing the damage caused by heavy equipment.

In Industrial Tires, the focus is on expanding the number of applications based on increasingly specific customer requirements and on new segments in the materials-handling sector that are under development. [www](http://www.trelleborg.com)

The Trelleborg T-900 industrial tire is developed for heavy-duty use in many applications. It has extra-wide tread for increased stability and traction and a reinforced side wall for increased protection against side impacts.

5 Questions to Maurizio Vischi

Business Area President
Trelleborg Wheel Systems



1 What were you most pleased with in 2008?

The favorable financial result achieved by the business area in 2008 – growth was 14 percent and operating profit increased by 26 percent. It is important to remember that this was accomplished despite a tougher economic climate over much of the period. We can now use this new situation as a springboard to further develop our operations.

2 What are the most important opportunities you currently see in your business environment?

The macroeconomic trends in the medium to long term appear positive for our business, both with regard to agricultural tires and solid industrial tires. The most important factors behind this are the growing global population, which is driving demand, and thus the production of food, and the continued rise in the production of biofuels. Regardless of the trend in oil prices, the need for biofuels in the world will expand, thanks largely to legislation in many regions.

3 What risks do you currently see in your business environment?

The long-term trends look promising, but 2009 will be a turbulent year as a result of the general economic decline. It is important to intensify focus on cost control and control of capital employed.

4 What does innovation mean for your business? Can you give a good example?

For us, the technical innovation of our products is a continuous process. We develop our products so that they are the best in the market and constantly compare ourselves with our best competitors. However, innovation can also represent a new application; a broadening of the market. For example, we have developed our solid industrial tires so that they can also be fitted to Personal Boarding Bridges (PBBs), that is, tires used to move these bridges, mainly at airports. A few years ago, nobody talked about using solid tires in conjunction with this application – today we are market leaders thanks to innovative thinking.

5 What are the most important strategic priorities for your business area in the next few years?

To continue along the established path and not be tempted to look in other directions that may disrupt our solid performance. This positive trend is primarily based on the people in the organization; professional individuals with a common passion for our products. It is also important that we continue to communicate in a uniform manner to continue building on our image and the good reputation of our products.



The TM 900 High Power agricultural tire is specially developed for high-powered tractors. Due to its large dimension and its optimized radial structure, it is able to transfer the high torque generated by the largest agricultural vehicles to the ground, providing substantial traction on all types of surfaces.

2008: Successful product-mix strategy resulted in favorable sales and earnings

Key figures	2008	2007
Net sales, SEK M	3,708	3,248
Share of Group net sales, %	11.7	10.4
EBITDA, SEK M (excluding items affecting comparability)	453	374
EBITDA, %	12.2	11.5
Operating profit, excluding items affecting comparability, SEK M	363	288
Operating profit, including items affecting comparability, SEK M	348	261
Operating margin (ROS), % (excluding items affecting comparability)	9.8	8.9
Capital employed, SEK M	2,145	1,679
Return on capital employed (ROCE), % (excluding items affecting comparability)	19.5	18.5
Capital expenditures, SEK M	232	171
Operating cash flow, SEK M	129	146
Operating cash flow/operating profit, % (excluding items affecting comparability)	36	51
Number of employees at year-end, incl. insourced staff and temporary employees	2,396	2,285

Market trends

The positive global trend for large agricultural tires was strong throughout the year, favoring Trelleborg, whose products are well-positioned in this area. Growth in the industrial tire segment increased overall during the year, although with a weak trend during the latter period.

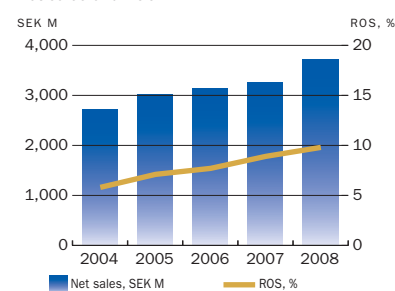
Sales and earnings

- The business area increased its sales during the year and recorded organic growth of nearly 11 percent (6). Agricultural & Forest Tires experienced good growth and captured market shares. Industrial Tires was in line with 2007.
- Operating profit, excluding items affecting comparability, increased by 26 percent (19), primarily as a result of the successful product mix strategy, both in Agricultural & Forest Tires and Industrial Tires. The operating margin increased to 9.8 percent (8.9). The business area succeeded in effectively offsetting high raw material prices.
- Operating cash flow declined as a result of the high level of investment and higher inventory levels in relation to sales.

Significant events

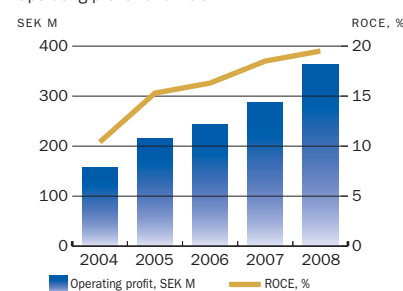
- Consolidation of industrial tire production to Sri Lanka continued and will lead to fully operational production during the first six months of 2009.
- To create the conditions for the competitive production of rims for specialty tires, manufacturing was relocated from Hadsten, Denmark to a new unit in Liepaja, Latvia.
- Strong underlying markets and effective marketing activities are the main reasons behind the growth in sales of agricultural tires, particularly large dimensions, during the year.
- The growth initiative successfully strengthened the business area's presence in Eastern Europe, Australia and South America.

Net sales and ROS*



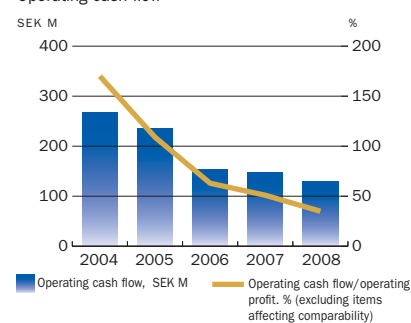
* Excluding items affecting comparability.

Operating profit* and ROCE*

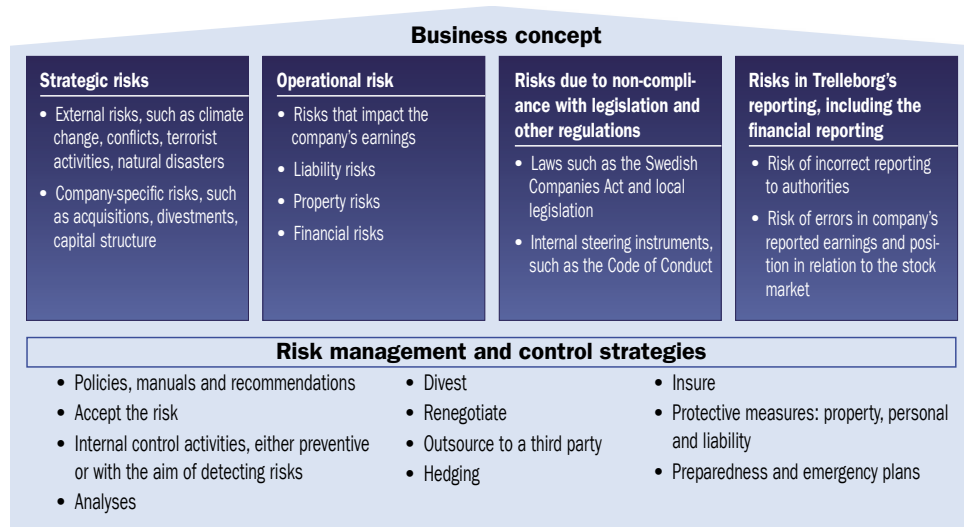


* Excluding items affecting comparability.

Operating cash flow



Further steps toward integrated risk awareness



All business activity involves managing risks

The purpose of Trelleborg's risk management is to identify, assess, manage, control, report and monitor significant risks. Risk management focuses on strategic risks, operative risks, risk of non-compliance with legislation or other regulations and risk of errors in Trelleborg's reporting, including the financial reporting. Risk management relates to various types of measures to prevent risk and damage-limiting strategies.

All business activities involve risk. Risks that are well-managed can lead to opportunities and create value, while risks that are not managed correctly may result in damage and losses. Accordingly, the ability to manage risks is an important part of the steering and control of Trelleborg's business operation to achieve the Group's targets while applying well-considered risk-taking within set parameters.

Trelleborg works continuously on identifying, assessing and managing risks in the Group's companies, business areas and processes. During the year, an Enterprise Risk Management process (ERM) was established, which has the overall aim of ensuring that the Group manages its risks systematically, that it assigns the correct priorities and that it manages risks as efficiently as possible.

A key task of the ERM process is also to create a framework for already established risk management processes and systems. In this manner, previously established risk management processes and systems become incorporated in the ERM process without being fundamentally changed. Another important purpose of the ERM process is to strengthen risk management in areas that are insufficiently developed.

Pages 54-55 describe how Trelleborg works with internal control and pages 38-39 outline the company's financial risk management; in both cases within the framework of the ERM process. How Trelleborg works with the environment and corporate responsibility is described on pages 56-69.

The ERM process is a centrally controlled process led by the ERM Board, which is composed of representatives from the business areas and Group staff functions, with the General Counsel assuming primary

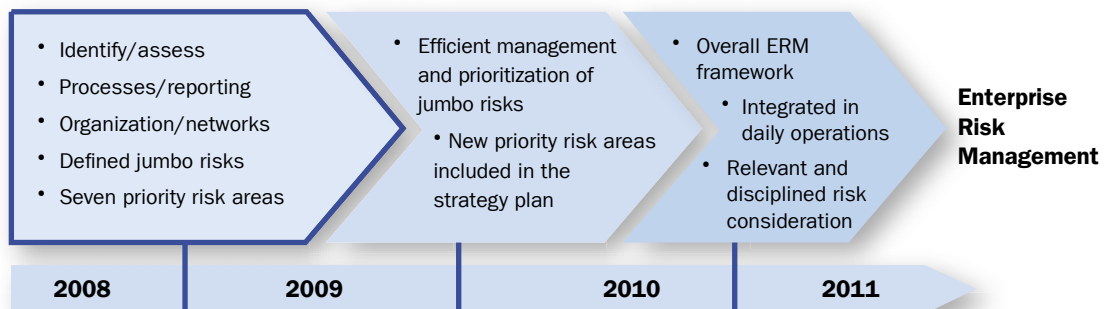
responsibility. This organisation provides the Group with a clearer central overview of its risks, and how, where and by whom they are managed. However, the day-to-day risk activities are, as previously, handled by the Group's companies, and business areas and risk-management decisions are, as previously, made by Group Management, as well as the ERM Board.

During the year, Trelleborg developed a method for all of the Group's companies and business areas to identify and report major risks, known as "jumbo risks," in their strategy processes, as part of the ERM process. Jumbo risks are risks that, if they result in damage or losses, can be expected to have a significant impact on the entire Group and, accordingly, warrant that the risk is managed based on a Group-wide perspective. Therefore, jumbo risks are to be identified for each individual company and business area in the Group and be included in the strategic plan.

Based on identified jumbo risks, Trelleborg's Group Management and Board has decided to prioritize seven separate risk areas in 2009, which are described in greater detail on the opposite page. The risk-management processes and systems described in previous annual reports, which include the protection of production facilities, measures in the area of liability claims prevention, blue grading and Safety@Work, are continuing and are included as components in the Group's ERM process. For further information regarding processes and systems for risk management at Trelleborg, refer to Trelleborg's website and earlier annual reports.



In 2008, Trelleborg established an ERM process with the overall aim of ensuring that the Group manages its risks systematically, that it assigns the correct priorities and that it manages risks as efficiently as possible. The process will be continuously developed in the years ahead.



Prioritized risk areas	Processes and management
Competition regulations	A detailed review and audit of distribution and agent agreements was performed in 2008 and will continue in 2009. The Group has introduced new procedures for approving memberships of organizations. Since 2006, more than 40 training seminars in competition regulations have been held for the Group's managers and selected functions. These courses, which also address combating corruption, will continue to the same extent in 2009.
Combating corruption	Work on implementing the Code of Conduct continued by focusing more deeply on certain specific sections and by maintaining a high standard in our continuous implementation activities. Procedures for "Acceptance Letters" issued by the Group's President, whereby employees sign a letter each year to confirm that they will adhere to the Group's steering instruments, were introduced.
Risk-management processes for products and applications in environments with elevated risk levels	Identification and evaluation of product portfolio risks was conducted by the Trelleborg Engineered Systems business area and parts of Trelleborg Sealing Solutions. A variety of criteria were assessed, including the exposure of products, the size of contracts and the launch of new products and technology. The methods utilized in this work will be refined in 2009 and subsequently applied to other business units within the Group.
Assurance of legal appropriateness and quality of delivery agreements	Numerous processes were initiated to improve the assurance of the legal appropriateness and quality of the Group's agreements. The initiative was supported by the Group Legal Department but is being implemented on-site in the business units. Examples include the production of standard forms, the use of checklists for risk assessments and policies governing liability caps and signing procedures for agreements.
Plants exposed to natural disaster risks	A thorough analysis of the natural disaster risks of all operations was performed jointly with FM Global, the company's property and loss of production insurers. This work led to a number of action plans aimed at reducing risks, for example, increasing plant protection, raising awareness of the risks among local management and creating procedures to ensure a high level of preparedness if a natural disaster were to occur.
Plants at which accidents could have a potentially adverse environmental impact	Valuable information about the various risks at our plants is found in different parts of the Group. An improved process that views risks at a general and accumulated level facilitates a better assessment of the impact on the Group. Risk analyses are now conducted at plants in conjunction with property insurance and ISO 14000 certification, the collection and analysis of chemicals in REACH work, for example, and evaluations of operations as performed by local authorities.
Protection of plants of critical importance to the Group's operations and profitability	Two of the tools used are Business Impact Analysis (BIA), which studies the plant's current risks, and the strategy plan that assesses future opportunities and benefits. The action plan to be applied depends on the results obtained and assessments. Plants of high strategic value can, for example, be equipped with water sprinklers or local sprinkler protection in particularly critical plant areas to prevent disruptions to production. The process of improving implementation of continuity plans that enhance preparedness for the Group's operations has continued.

Based on identified jumbo risks, Trelleborg's Group Management and Board has decided to prioritize seven risk areas in 2009.

Raw material risks

Raw material risks are linked to supply and the structuring of prices of raw materials necessary for production. Trelleborg purchases large volumes of polymer material, additives and prefabricated metal components.

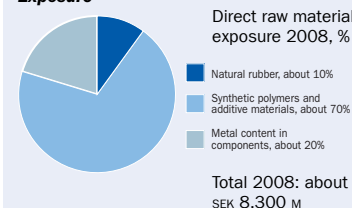
At the beginning of 2008, raw material prices remained high as a result of substantial global demand. Price levels culminated in mid-2008 to subsequently fall at an increasingly rapid rate toward the end of 2008. Price levels impact Trelleborg's purchasing costs with a delay of about three to six months

In general, prices for rubber are cyclical, although natural rubber prices are more volatile. To secure a certain price level, natural rubber supplies can be hedged under forward contracts over an extended period. Prices for most synthetic polymers are related to the balance between supply and demand and the price trend in NAFTA (refined oil products). The markets for synthetic polymers are often regional and can show differing trends due to volume imbalances. For example, Asia has demonstrated stronger growth, with the consequence that prices have been slightly higher in these countries than in Europe and the US. With its global presence, Trelleborg is largely able to balance these regional price differences.

Management

- Group-wide purchasing organization with efficient procedures for the best terms.
- Natural rubber supplies hedged under forward contracts provide price stability over an extended period.
- Continuous assessment to manage a volatile trend.
- Global presence balances regional price differences and exchange-rate differences.
- Close relationships with world-leading suppliers provides competitive prices and access to market information and technology development.
- Alternative suppliers for all key raw materials.
- Identification of alternative strategic material is conducted on a regular basis.

Exposure



Financial risk management

As a net borrower and due to its substantial operations outside Sweden, the Trelleborg Group is exposed to various financial risks. Trelleborg's Treasury Policy sets out guidelines for managing these risks within the Group. This Policy states the purpose and organization of financial activities and the division of responsibilities, and is designed to manage the risks described. The Board's Finance Committee evaluates the Treasury Policy and proposes changes annually, or more frequently if necessary, after which the Policy is adopted by the Board.

The Group's Treasury activities are centralized in Group Treasury, which functions as both an operating unit and a staff service body.

Group Treasury is responsible for the Group companies' external bank relations, liquidity management, net financial items, interest-bearing liabilities and assets, as well as for the common payment system, in the form of the internal bank. This centralization entails substantial economies of scale, a lower cost of financing and better internal control and management of the Group's financial risks. Within the framework of the Group's Treasury Policy, there is also an opportunity to conduct certain proprietary trading in currency and interest-rate instruments. Such trading generated a profit during the year.

Risks and policies

Financing risks and liquidity risk

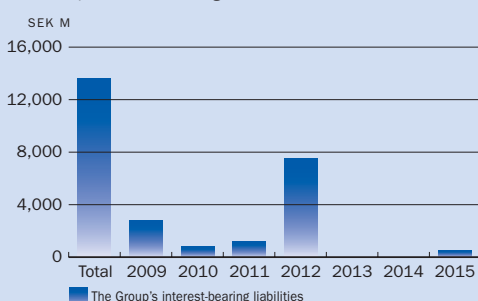
Financing risk is defined as the risk that the refinancing of maturing loans may be difficult or costly to arrange, thereby impeding the Trelleborg Group's ability to fulfill its payment obligations.

Liquidity risk relates to the risk of not being able to fulfill obligations that are associated with financial debts.

Policy Contracted credit facilities with a term of at least 12 months must be available in an amount equivalent to the Group's gross debt plus a liquidity reserve that corresponds to at least 5 percent of the Group's net sales. The Group's target for its debt/equity ratio is between 75 and 125 percent.

Exposure

The Group's interest-bearing liabilities at December 31, 2008



Throughout the year 2008, the Group maintained long term contracted loans and credit facilities in an amount exceeding the Group's gross debt plus a policy liquidity reserve requirement corresponding to at least 5 percent of consolidated net sales. Per the end of 2008, the Group's short term debt, maturing in 2009, amounted to SEK 2,805 M (3,446) and comprised short term bilateral bank borrowings, commercial paper and the short term portion of long term debt. These short term maturities are backstopped by long term committed confirmed credit lines in the form of the unused portion of the Group's syndicated loan maturing in 2012. As per end of 2008, the unused portion of that syndicated loan totaled SEK 5,453 M (5,688). The Group's total committed confirmed credit lines totaled SEK 14,236 M (10,993) per the end of 2008, of which an amount of SEK 5,453 M (5,688) was then undrawn. In addition, the Group commanded uncommitted confirmed credit lines in some SEK 1,869 M (1,552) per the end of 2008, of which an amount of SEK 1,483 M (1,181) was unutilized as per that date. The liquidity analysis for outstanding financial instruments on the balance-sheet date is presented in Note 28.

Per the 2008 year end, the Group's debt/equity ratio was 124 percent (100), which is within the Group's target interval.

Group's capital structure

SEK M	2008	2007
Interest-bearing liabilities (Note 27)	13,639	10,722
Less: interest-bearing assets (Notes 16, 23 and 25)	-933	-629
Net debt	12,706	10,093
Total shareholders' equity	10,238	10,052
Debt/equity ratio	124%	100%

Comments

The Group has access to the money and debt capital markets both through bank lending as well as through a Swedish domestic commercial paper program. In addition, the Group has issued bonds on a private placement basis. An analysis of the Group's financial debt instruments is presented in Note 27.

The Group's long term financial debt includes four bonds issued as private placements with maturities ranging from 2010 through 2015. The backbone of the Group's long term financial debt is, however, represented by a syndicated loan raised in 2005. This loan, in the form of a multicurrency revolving credit and swingline facility, consist of two tranches - EUR 750 M (SEK 8,209 M) and USD 600 M (SEK 4,652 M). The larger part of the loan will mature in March 2012 (SEK 12,413 M), while a smaller part will mature during 2011 (SEK 448 M). In addition to the syndicated loan, six long term bilateral bank loans with maturities stretching into 2012 were outstanding as per the end of 2008; four of these loans, totaling SEK 1,375 M, were in the form of credit facilities permitting of flexible utilization. These credit facilities as well as the syndicated loan comprise the overwhelming portion of the Group's committed confirmed credit lines.

Trelleborg's SEK 4,000 M Swedish domestic commercial paper program permits of issuance with tenors up to 12 months. Outstandings under the programme amounted to SEK 800 M (2,276) per the end of 2008. The remainder of the Group's short term financial debt consisted of short term bilateral bank loans under overdraft and money market term loan arrangements totaling SEK 2,005 M (1,170). These short term lending facilities comprise the major part of the Group's uncommitted confirmed credit lines.

The Group follows up the capital structure on the basis of debt/equity ratio. The target for the Group's capital structure is set to achieve an optimized balance between risk and return. Accordingly, the Group has determined that a debt/equity ratio within the interval of 75-125 percent is reasonable considering sensitivity to fluctuations in the business cycle and to favorable cash-generating capacity. At year-end 2008, the debt/equity ratio was 124 percent (100), which is within the target interval.

Both the Group's debt/equity ratio and forecasts for the Group's liquidity reserves policy are monitored continuously on a monthly basis.

Financial credit risks

Financial credit risk is defined as the exposure to the default of financial counterparties with which the Group has invested cash and cash equivalents or with which it has contracted financial instruments having a positive market value for the Group.

Policy Group Treasury shall work with banks that have a high credit rating and that preferably participate in the Group's medium and long-term financing. The Treasury Policy contains a specific counterparty regulation that stipulates the maximum level of exposure to credit risks for various counterparties. For further information, see Note 28.

The Group is a net borrower and excess liquidity shall primarily be used to amortize external liabilities. No credit losses stemming from investments in cash and cash equivalents or financial instruments occurred in 2008.

Outstanding financial credit risk exposure at the balance-sheet date is presented in Note 28.

Risks and Policies

Foreign-exchange risk

Foreign-exchange risk is the risk of exchange-rate fluctuations having an adverse impact on the consolidated income statement, balance sheet and/or cash flows. Foreign-exchange risk occurs in the form of both transaction and translation risk.

Transaction exposure

Currency flows arising when goods and services bought or sold in currencies other than the subsidiary's local currency give rise to transaction exposure.

Policy

Group companies may hedge a maximum of 100 percent of forecast net exposure per currency pair over a period of 12 months and up to 100 percent of invoiced flows per currency pair. Projects with an order value exceeding an amount of EUR 1 m shall always be hedged.

Translation risk – Income statement

Exchange-rate movements impact on the Group's earnings when the income statements of foreign subsidiaries are translated to SEK. Since the Group's earnings are to a large extent generated outside Sweden, the impact on the consolidated income statement can be substantial.

Policy

The Group shall not normally hedge this risk.

Translation risk – Balance sheet

In connection with the translation of Group investments in foreign subsidiaries to SEK, there is a risk that changes in exchange rates will affect the consolidated balance sheet.

Policy

Investments in foreign subsidiaries and associated companies may be hedged to between 0 and 100 percent of the investment's value (which, because of the tax effect, implies a maximum hedge of approximately 70 percent). A decision to hedge follows an overall evaluation of foreign-exchange levels and the effects on costs, liquidity and taxes, as well as on the Group's debt/equity ratio.

Interest-rate risks

As most of the Group's debt bears variable interest, the Group focuses on interest-rated cash-flow risk, i.e. the risk of a negative impact of market interest-rate movements on the Group's cash flow and earnings. The impact on the Group's interest income/expense depends on fixed-interest terms for borrowing and investments. The Group seeks a balance between the estimated current cost of borrowing and the risk of sustaining a significant negative impact on earnings in the event of a sudden, major movement in interest rates, implementing interest rate hedging as appropriate.

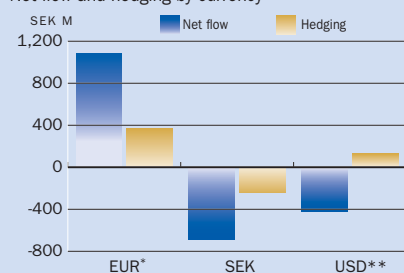
Policy

Borrowing: The average fixed-interest term for the Group's gross borrowings, including effects of derivative instruments, may be a maximum of four years.

Investments: The average fixed-interest term for interest-bearing investments, including effects of derivative instruments, may be no longer than two years on a maximum amount of SEK 2,000 m, or its equivalent in other currencies.

Exposure

Net flow and hedging by currency



* EUR includes flows in currencies that covary with EUR, such as DKK and MLT.

** USD includes flows in currencies that covary with USD, such as LKR, CNY and HKD.

Currency pairs with largest net flows over 12 months, (SEK M)

Currency pair	SEK M	Currency pair	SEK M
EUR/LKR	372	EUR/NOK	192
EUR/SEK	352	GBP/SEK	159
EUR/DKK	344	EUR/PLN	-165
EUR/GBP	302	EUR/BRL	-114

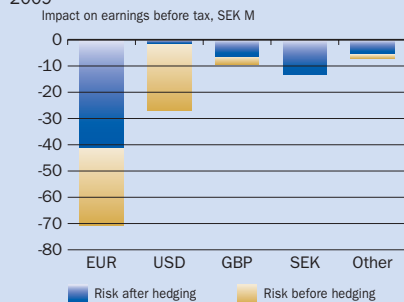
Translation effects: Currency effect on income statement SEK M 2008

Currency	Net sales	EBIT	Net profit
EUR	470	-30	-14
GBP	-306	-29	-14
USD	-187	-2	-9
Other	67	-8	-24
Total	44	-69	-61

Sensitivity analysis of translation exposure in the balance sheet, before consideration of possible tax effects.

Currency	Net investment SEK M	Hedging, percent	Effect on equity, if SEK 1% stronger SEK M
EUR	10,354	58%	-44
GBP	1,868	62%	-7
USD	2,829	37%	-18
Other	4,441	25%	-33
Total	19,492	48%	-102

Interest-rate risk (1-percent increase in interest rate) 2009



Comments

Trelleborg's global operation gives rise to extensive cash flows in foreign currencies. Group Treasury works actively to enhance matching of these flows to thereby reduce the Group's foreign-exchange risk and transaction expenses. At a Group level, the greater parts of these flows are netted against each other.

The Group's net exposure amounts to an annual value of approximately SEK 2,400 m (2,700).

The adjoining diagram illustrates the currencies with the greatest net flows and how much of these flows were hedged at December 31, 2008.

The table shows the currency pairs with the largest annual net flow without taking into account hedging. A positive net flow indicates that the inflows exceeded outflows.

Decisions regarding the hedging of operating cash flows are made by the relevant business area. All currency transactions of Group companies must be conducted in conjunction with Group Treasury, which ensures that the Group's total external hedges are established in accordance with the Trelleborg Treasury Policy.

Foreign exchange forward contracts or currency options are used to hedge operative cash flows.

Upon translation of the income statements of foreign subsidiaries, exchange-rate movements negatively affected the Group's operating earnings for the year by a total of SEK 69 m (neg: 49) and net profit in a negative amount of approximately SEK 61 m (neg: 27).

At year-end 2008, the Group's net investments in foreign subsidiaries and associated companies amounted to approximately SEK 19,492 m (16,947). The increase in the Group's investments is primarily related to the translation differences due to the depreciation of the SEK. Translation differences in 2008 amounted to SEK 1,184 m (89), calculated after hedging through loans and derivative instruments with deductions for estimated taxes. At year-end 2008, 48 percent (43) of net investments had been hedged. If SEK is strengthened by 1 percent in relation to all currencies in which the Trelleborg Group has foreign net investments, there would be a negative change in shareholders' equity of SEK 102 m (neg: 96) before consideration of possible tax effects.

As per December 31, 2008, the Group's interest-bearing liabilities totaled SEK 13,639 m (10,722). The average remaining fixed-interest term for the loans was approximately six months (eight months), including derivatives. Outstanding investments at year-end amounted to SEK 933 m (629), with an average period of fixed interest of approximately half a month (half a month). The Group's interest-bearing net debt amounted to SEK 12,706 m (10,093), with an average remaining period of fixed interest of about six and a half months (eight months). Based on the level of net debt at year-end, a 1-percent-age-point rise in interest rates in all currencies in which the Trelleborg Group has loans or investments would generate a net cost increase of approximately SEK 67 m (34) in net financial items for 2009. The Group's average net debt during the year amounted to SEK 11,316 m (9,968). Net interest items and net financial items, as a percentage of average net debt, amounted to 4.8 percent (4.4) and 4.8 percent (4.4), respectively. Outstanding interest-bearing investments are reported in Notes 16, 23 and 25. The Group's borrowing and its distribution by currency, interest rates and fixed-interest terms are reported in Note 27.



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Underwater buoyancy

Hundreds of kilometers out to sea, gigantic drills are being used to locate oil. In this extremely harsh environment, the oil rig is protected by Trelleborg's specially-designed buoyancy modules, which reduce the weight of long, heavy oil pipelines made of steel - a **different** solution.

Focus on strategy issues and risk management



Sound governance and control supports good business. This was the heading for my introduction to this section of Trelleborg's 2007 Annual Report. I believe that this is even more important in the turbulent business environment that has particularly characterized the latter part of 2008. Sound corporate governance is not only about structure and clarity in management and areas of responsibility, but it also relates to good transparency so that shareholders can understand and monitor the development of the company – which is also increasingly important in times marked by harsh market conditions and major challenges. Trelleborg, as with any other company, must earn the trust of its stakeholders on a daily basis.

During the year, the work of the Board of Directors focused largely on strategy issues – the best way to develop our operations for the future. We compete in a demanding market in which our strategies provide stability and long-term focus. At the same time, our strategies provide support on a daily basis when we must rapidly adapt and act to cope with the prevailing situation, which involved radical changes to market conditions at the end of 2008.

Another key issue in a volatile environment is risk management. For the past two years, we have taken a more systematic approach to how we develop and work on an integrated approach to risk in the Group. During 2008, we placed particular emphasis on further strengthening what we call Enterprise Risk Management, and continued work to identify and evaluate the Group's risks and risk management. We now have a framework and a structure in place.

Governance and control, strategies, risk management and corporate responsibility are closely related issues. In this year's Annual Report, this is highlighted by placing the sections on Risk Management, Corporate Governance and Corporate Responsibility close together. We are endeavoring to further develop our work within these areas into an integrated part of daily operations. We have made some progress, but much work remains – which is the way it should be. These are not processes with fixed completion dates; they must be developed and improved continuously.

A handwritten signature in blue ink, which appears to read 'Anders Narvinger'.

Anders Narvinger

Chairman of the Board

Corporate Governance

2008

Trelleborg is a publicly traded Swedish limited company that is listed on the NASDAQ OMX Nordic Exchange Stockholm. Trelleborg applies the Swedish Code of Corporate Governance and presents its 2008 Corporate Governance Report in this section. Follow-up during 2008 has resulted in Trelleborg not having any deviations to report. This report has not been examined by the Company's auditor.

Shareholders

Trelleborg's Series B shares have been traded on the NASDAQ OMX Nordic Exchange in Stockholm since 1964. Share capital in Trelleborg amounted to SEK 2,259 M, represented by 90,357,261 shares, each with a par value of SEK 25.00.

Trelleborg has two classes of shares: 9,500,000 Series A shares and 80,857,261 Series B shares. Series A shares each carry ten votes and Series B shares each carry one vote. All of the Series A shares are owned by the Dunker Funds and Foundations, which were created through testamentary disposition by former owner and founder of the Helsingborg and Trelleborg rubber-production plants, Henry Dunker, who died in 1962.

At the end of the year, the number of shareholders was 42,600 (41,631).

Of the total number of shares, foreign shareholders accounted for approximately 18 percent (26). Institutions accounted for the majority of ownership. Of the total shares at year-end, 83 percent (85) were owned by legal entities, 17 percent (15) by private individuals, representing 91 percent (92) and 9 percent (8), respectively, of the total number of votes.

For further information on the share and shareholders, refer to pages 108 – 109 and Trelleborg's website.



Annual General Meeting

The 2008 Annual General Meeting took place on Monday, April 28, 2008 in Trelleborg. At the meeting, 649 shareholders were in attendance, personally or by proxy, representing about 70 percent of the votes. One shareholder, Dunker Funds and Foundations, represented approximately 79 percent of the votes at the meeting on its own. Anders Narvinger was elected Chairman of the meeting.

All Board members elected by the Annual General Meeting were present, with the exception of Berthold Lindqvist.

Resolutions

The minutes from the Annual General Meeting have been made available on Trelleborg's website. The resolutions passed by the Meeting included the following:

- To pay a dividend of SEK 6.50 per share for 2007 as per the Board's and President's proposal.

Further information on corporate governance

The following information is available at www.trelleborg.com:

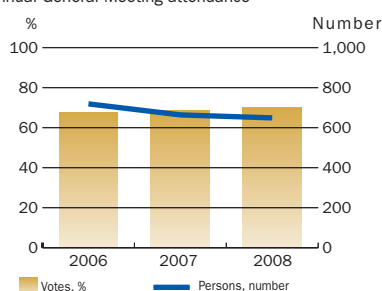
- The document "Overview of Trelleborg AB's application of the Swedish Code of Corporate Governance"
- In-depth information on internal steering documents, such as the Articles of Association and the Code of Conduct
- Information from Trelleborg's Annual General Meetings since 2004:
 - Notification of AGM
 - Minutes of AGM
 - President's presentations
 - Press releases
- Corporate Governance Reports of earlier years, since 2004.

The Swedish Code of Corporate Governance is available at: www.kodkollegiet.se

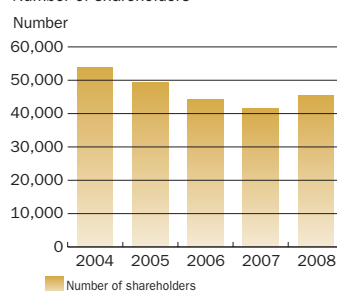


- Re-election of the Board members Heléne Bergquist, Staffan Bohman, Rolf Kjellman, Claes Lindqvist, Anders Narvinger and Peter Nilsson. The election of new Board member Sören Mellstig to replace Berthold Lindqvist, who declined re-election.
- Re-election of Anders Narvinger as Chairman of the Board.
- Re-election of PricewaterhouseCoopers as the Company's auditor for an additional four-year period.
- That fees to Board members, excluding travel expenses, should be paid in the total amount of SEK 2,750,000, to be distributed as follows: SEK 950,000 to be paid to the Chairman and SEK 360,000 to be paid to each member of the Board who is not an employee of the Group, that remuneration should be paid to the Audit Committee in the amount of SEK 150,000 to the Chairman of the Committee and SEK 100,000 to the other Audit Committee members, that remuneration should be paid for assignments in the Nominations Committee in the amount of SEK 50,000, and that the auditor's fees shall be based on a cost-level agreement for the four-year mandate period.
- The principles for remuneration and other conditions of employment for the President and other senior executives.
- Procedures for the Nominations Committee's appointment and work.

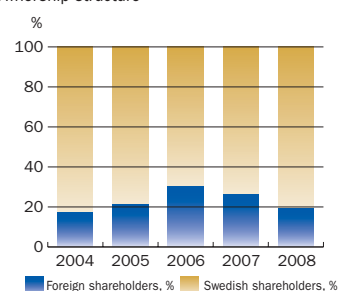
Annual General Meeting attendance



Number of shareholders



Ownership structure



Nominations Committee

In accordance with a resolution by the 2008 Annual General Meeting, the Chairman of the Board was assigned the task of asking five representatives of the company's major shareholders at the close of the third quarter to become members of the Nominations Committee in order to formulate proposals on Board members, the Chairman of the Board, and remuneration to Board members and Board committees to be presented for approval at the 2009 Annual General Meeting. The composition of the Nominations Committee was published on Trelleborg's website and through a press release on October 23, 2008.

The selection aim of the principal owners is that elected Board members shall possess knowledge and experience relevant to Trelleborg. The rules regarding independent Board members, as stated in the Swedish Code of Corporate Governance, are observed.

The Nomination Committee for 2009 held two meetings and a number of telephone conferences. The Nominations Committee comprised Didrik Normark, Henry and Gerda Dunker Foundation (Chairman), Ramsay Brufer, Alecta (Secretary) and the members Lars Öhrstedt, AFA Insurance Companies, Henrik Didner, Didner & Gerge Funds and KG Lindvall, Swedbank Robur Funds. In addition, the Chairman of the Board, Anders Narvinger, was a member of the Nominations Committee for 2009. The Committee represented approximately 69 percent of the shareholders' votes.

As a basis for the Committee's work, information on the company's operations and strategic focus was presented by the President. In addition, the Chairman of the Board presented annual evaluations of the Board members' efforts. The Chairman of the Board also presented information on the Board's work during the year and the work of the Audit, Finance, and Remunerations Committees.

Rolf Kjellman, elected to Trelleborg's Board in 1997 representing Trelleborg's principal shareholder the Dunker Funds and Foundations, has declined re-election at the 2009 Annual General Meeting. Rolf Kjellman, born in 1939, has retired from his position as Executive Member of the Henry and Gerda Dunker Foundation and Donation Fund No. 2., but remains a member of the Board. Claes Lindqvist, also a member of the Board of Trelleborg, will replace Rolf Kjellman as the Executive Member of the Henry and Gerda Dunker Foundation and Donation Fund No. 2.

The Nominations Committee proposes that the 2009 Annual General Meeting elect Hans Biörck as the new member of the Board.

Hans Biörck, born in 1951, holds a degree in business administration and is Executive Vice President and Chief Financial Officer at Skanska AB. Among other positions, he was formerly CFO of Autoliv

Inc and CFO of Esselte AB, where he also held other positions. Hans Biörck has been a member of the Henry and Gerda Dunker Foundation and Donation Fund No. 2 since 2003. He is also a member of the Swedish Financial Reporting Board.

Moreover, the Committee proposes the re-election of all other Board members, with Anders Narvinger as Chairman.

Board of Directors

Trelleborg's Board of Directors comprises seven members elected by the Annual General Meeting, which includes the President and CEO.

Sören Mellstig was elected as a new Board member to the 2008 Board of Directors. Berthold Lindqvist declined re-election. Other members were re-elected. All personnel representatives were re-elected: Kim Davidsson and Karin Linsjö representing LO (The Swedish Trade Union Confederation), and Alf Fredlund and Rolf Larsson (deputy) representing PTK (The Council for Negotiation and Cooperation). During the year, Rolf Larsson, who retired, was replaced by Birgitta Håkansson as deputy. The Group's CFO, Bo Jacobsson, attends the Board meetings as does the General Counsel, Ulf Gradén, who is the Board's secretary. Other salaried employees participate in the Board meetings to make presentations on particular matters.

Independence of the Board

The Board's assessment, which is shared by the Nominations Committee, regarding the members' position of dependence in relation to the company and the shareholders is presented in the table "Composition of the Board 2008/2009." As evident from the table, Trelleborg complies with NASDAQ OMX Stockholm's rules and regulations and the Swedish Code of Corporate Governance's requirements that the majority of the Board members elected by the General Meeting must be independent in relation to the company and the company management, and that at least two of these shall also be independent in relation to the company's major shareholders.

Work of the Board of Directors

During 2008, 12 Board meetings were held, of which three were extraordinary meetings. The main issues were:

- **No. 1, February:** Year-end report 2007, forecast 1 2008, report from auditor, Enterprise Risk Management, structural and acquisition issues. Auditor present.
- **No. 2, February:** 2007 Annual Report.
- **No. 3, April:** Interim report for first quarter, review of ongoing activities within Trelleborg Automotive, investments, structural and acquisition issues.
- **No. 4, April:** Statutory meeting following the Annual General Meeting. Authority to sign for the company, internal steering instruments, Board committees.
- **No. 5, June:** Forecast 2 2008, cash-flow and financing issues, investments, structural and acquisition issues.
- **No. 6, July:** Six-month report, investments, structural and acquisition issues

Nominations Committee for the 2009 Annual General Meeting

Name	Representing	Share of votes December 31, 2008
Didrik Normark	Dunker Funds and Foundations	55.6%
Ramsay Brufer	Alecta	4.8%
Lars Öhrstedt	AFA Insurance Companies	4.5%
Henrik Didner	Didner & Gerge Funds	3.6%
KG Lindvall	Swedbank Robur Funds	0.9%
Total		69.4%

- **No. 7, September:** Strategy plan, investments, structural and acquisition issues, internal steering instruments, Enterprise Risk Management. Visit to Trelleborg Engineered Systems in Mjøndalen, Norway.
- **No. 8, September:** Economic trend, earnings issues, structural issues pertaining to Trelleborg Automotive in France.
- **No. 9, October:** Economic trend, earnings issues.
- **No. 10, October:** Interim report for the third quarter, economic trend, earnings issues, raw-material prices, structural issues connected to Trelleborg Automotive, structural projects, forecast 2009, cash-flow and financing issues.
- **No. 11, November:** Report from auditor, forecast 1 2009, structural issues connected to Trelleborg Automotive. Auditor present.
- **No. 12, December:** Economic trend, issues related to earnings.

The Board conducts reviews with the auditor when plans for the audit procedure are presented and when audit reports are to be considered. All business areas are usually given the opportunity to give an in-depth presentation of their operations at a Board meeting at least once a year.

Evaluation of Board members 2008

The Chairman of the Board is responsible for evaluating the Board's work including the efforts of individual members. This occurs annually in accordance with an established process. Periodically, evaluation is also conducted with the assistance of external consultants. During 2008, evaluations were conducted through interviews and discussions between the Chairman of the Board and individual Board members, as well as feedback and discussions with the entire Board of Directors. The evaluation focuses on such aspects as supply and demand for specific expertise and work methods. The evaluation is also used by the Nominations Committee as the basis for proposals for Board members and remuneration levels.

Audit Committee

In 2008, the Audit Committee comprised the Board members Rolf Kjellman, who is also the Committee Chairman, Heléne Bergquist and Anders Narvinger. The Group's CFO, Bo Jacobsson, the Group's General Counsel and Secretary of the Audit Committee, Ulf Gradén, and the Head of the Internal Control staff function participate in the Audit Committee meetings, as does the company's auditor.

In 2008, the Audit Committee held five meetings at which the primary issues were risk analysis, the establishment and follow-up of the plan for the Internal Control staff function, a review of the elected auditor's audit plan and the results of the audit, a review of interim reports, the annual report and the year-end report and policies applied in the financial reporting. The Audit Committee also considered reporting within the framework of Corporate Responsibility and commenced work on the drafting of matters concerning Enterprise Risk Management.

Finance Committee

In 2008, the Finance Committee consisted of Board members Rolf Kjellman, who is also Chairman of the Finance Committee, Heléne Bergquist and Anders Narvinger. The Group's CFO, Bo Jacobsson, and General

Counsel and Secretary of the Finance Committee, Ulf Gradén, participate in the meetings of the Finance Committee. Head of Group Finance participated when necessary.

The Finance Committee held six meetings during 2008. The work primarily focused on internal steering instruments, financial risk management and financing matters.

Remunerations Committee

In 2008, the Remunerations Committee comprised the Board members Anders Narvinger, who also chairs the Committee, Staffan Bohman and Claes Lindqvist.

The Remunerations Committee held three meetings in 2008 and also maintained ongoing communications in conjunction with appointments and other payroll issues. Work during 2008 focused primarily on the Groups' leadership development and terms of employment and incentives for senior executives.

Auditor

The responsibilities of the Nominations Committee included preparing a proposal for the Annual General Meeting concerning the auditor to be elected at the meeting for a period of four years. The 2008 Annual General Meeting re-elected the PricewaterhouseCoopers AB firm of authorized public auditors, including authorized public accountants Göran Tidström and Olov Karlsson. Göran Tidström was appointed as Auditor in Charge.

GÖRAN TIDSTRÖM **Authorized Public Accountant, Auditor in Charge**

*Auditor in the Trelleborg Group since 2004.
Partner of PricewaterhouseCoopers since 1976.
Qualifications: Graduate in business administration,
Authorized public accountant since 1973.
Assignments: Auditor of Telia Sonera, AB Volvo, Meda,
the Royal Opera. Chairman of the Board of EFRAG (Eu-
ropean Financial Reporting Group) and Deputy Presi-
dent of IFAC (International Federation of Accountants).
Born: 1946.*



OLOV KARLSSON **Authorized Public Accountant**

*Auditor since 2004.
Partner of PricewaterhouseCoopers since 1987.
Qualifications: Economist program Umeå University,
Authorized public accountant since 1980.
Assignments: Auditor of AB Volvo.
Born: 1949.*



Board of Directors



ANDERS NARVINGER



ROLF KJELLMAN



PETER NILSSON



ALF FREDLUND



HELÉNE BERGQUIST



CLAES LINDQVIST



KARIN LINSJÖ



STAFFAN BOHMAN



SÖREN MELLSTIG



KIM DAVIDSSON



BIRGITTA HÅKANSSON

Rolf Kjellman has declined re-election at the 2009 Annual General Meeting. The Nominations Committee, comprising the Chairman of the Board and representatives of the major shareholders corresponding to approximately 69 percent of the shareholders' votes in Trelleborg, has decided to propose that the Annual General Meeting elect **Hans Biörck** as new Board member. See page 44 for further details.

Composition of the Board 2008/2009

Name	Born	Position	Elected	Dependence	Audit Committee	Finance Committee	Remunerations Committee
Anders Narvinger	1948	Chairman	1999	No	Member	Member	Chairman
Heléne Bergquist	1958	Member	2004	No	Member	Member	–
Staffan Bohman	1949	Member	2000	No	–	–	Member
Rolf Kjellman	1939	Member	1997	Yes*	Chairman	Chairman	–
Claes Lindqvist	1950	Member	2004	Yes*	–	–	Member
Sören Mellstig	1951	Member	2008	No	–	–	–
Peter Nilsson	1966	Member	2006	Yes*	–	–	–
Kim Davidsson**	1947	Member	1994				
Alf Fredlund**	1946	Member	2001				
Karin Linsjö**	1954	Member	2000				
Birgitta Håkansson**	1950	Deputy***	2008				

* Rolf Kjellman and Claes Lindqvist are dependent in relation to the company's major shareholders since they both have assignments for Trelleborg's main owner, Dunker Funds and Foundations. Peter Nilsson is dependent in relation to the company as a result of his position as Trelleborg's President.

** Member/deputy appointed by the employees.

*** Replaced Rolf Larsson, who retired in October 2008.

ANDERS NARVINGER Chairman of the Board

Director-General of the Association of Swedish Engineering Industries.

Chairman of Alfa Laval AB (publ), V&S AB (Vin & Sprit), Coor Service Management AB and Lund University Development AB.

Board member of Volvo Car Corporation.

Qualifications: M.Sc. Eng. and Graduate in business administration.

Has previously held a number of positions in the ABB Group, including President and Chief Executive Officer of ABB Sweden.

Holdings 2008: 10,000 shares.

Holdings 2007: 10,000 shares.

PETER NILSSON President and CEO

Board member of Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.

Qualifications: M.Sc. Eng.

Previous positions include Business Area President, Trelleborg Engineered Systems and other posts within the Trelleborg Group, as well as management consultant at BSI.

Holdings 2008: 26,500 shares and 100,000 call options (refer to page 51).

Holdings 2007: 26,500 shares.

HELÉNE BERGQUIST Board member

Management Consultant.

Chairman of the Board of INVISIO Headsets AB (publ).

Board member of Nordic Growth Market NGM AB.

Qualifications: Graduate in business administration.

Previously Senior Vice President, Group Controller, AB Electrolux, Authorized Public Accountant, partner and member of the Board of PricewaterhouseCoopers in Sweden.

Holdings 2008: 1,500 shares.

Holdings 2007: 1,500 shares.

STAFFAN BOHMAN Board member

Vice Chairman of Scania AB (publ) and EDB Business Partner ASA, Oslo (publ).

Board member of Atlas Copco AB (publ), Boliden AB (publ), Inter IKEA Holding SA, Ratos AB (publ) and OSM AB.

Qualifications: Stockholm School of Economics and Stanford Business School, US.

Previously Chief Executive Officer of DeLaval, Gränges and SAPA.

Holdings 2008: 25,000 shares.

Holdings 2007: 20,000 shares.

ROLF KJELLMAN Board member

President of Henry Dunkers Förvaltnings AB.

Executive Member of Henry and Gerda Dunker Foundation and Donation Fund No. 2.

Qualifications: Commercial Secondary School and Advanced Banking Training.

Previously Regional General Manager, SEB in Malmö and the province of Skåne.

Holdings 2008: 8,000 shares.

Holdings 2007: 2,000 shares.

CLAES LINDQVIST Board member

Board member of the Dunker Funds, Southern Swedish Chamber of Commerce and Industry, Novotek AB (publ), Connect Skåne, among others.

Qualifications: Graduate in business administration and M.Sc. Eng.

Previous positions include a variety of senior positions at ASEA and Akerlund & Rausing, and President and Chief Executive Officer of Högånas AB and Öresundskraft AB.

Holdings 2008: 10,000 shares.

Holdings 2007: 10,000 shares.

SÖREN MELLSTIG Board member

Chairman of the Board of Aleris AB, Vatus Medical AB and Textilia AB.

Board member of Munters AB (publ), Ferrosan A/S, PaloDex Oy, Dako A/S and Rindi Energi AB.

Qualifications: Graduate in business administration.

Previous positions include President and Chief Executive Officer of Gambro and CFO and Vice President of Incentive.

Holdings 2008: 20,000 shares.

Holdings 2007: 10,000 shares.

Members appointed by employees

KIM DAVIDSSON Employee representative

Engineering employee, appointed by the Unions of the Trelleborg Group (LO).

Chairman of the Industrial Labor Union (LO) and Chairman of the Trelleborg European Work Council.

Qualifications: Tool maker, training in labor law, personnel policy and economics.

Holdings 2008: –

Holdings 2007: –

ALF FREDLUND Employee representative

Engineer, appointed by the Unions of the Trelleborg Group (PTK).

Chairman of Unionen Trelleborg AB.

Qualifications: Engineer.

Holdings 2008: 7,600 shares (own and family members).

Holdings 2007: 2,710 shares (own and family members).

KARIN LINSJÖ Employee representative

Appointed by the Unions of the Trelleborg Group (LO).

Board member of the Social Services Board, Municipality of Trelleborg.

Qualifications: Elementary school and plant training.

Holdings 2008: 167 shares.

Holdings 2007: 167 shares.

BIRGITTA HÅKANSSON Deputy employee representative

Salaried employee, appointed by the Unions of the Trelleborg Group (PTK).

Vice Chairman of Unionen Trelleborg AB.

Qualifications: Secretarial studies, training in IT and accounting.

Holdings 2008: 527 shares.

Holdings 2007: 527 shares

Board members' attendance in 2008/2009					
Name	Position	Board meeting	Finance Committee	Audit Committee	Remunerations Committee
Anders Narvinger	Chairman	12 of 12	6 of 6	5 of 5	3 of 3
Heléne Bergquist	Member	12 of 12	6 of 6	5 of 5	–
Staffan Bohman	Member	12 of 12	–	–	3 of 3
Rolf Kjellman	Member	11 of 12	6 of 6	5 of 5	–
Claes Lindqvist	Member	12 of 12	–	–	3 of 3
Sören Mellstig	Member	10 of 10*	–	–	–
Peter Nilsson	Member	12 of 12	–	–	–
Kim Davidsson	Member	12 of 12	–	–	–
Alf Fredlund	Member	12 of 12	–	–	–
Karin Linsjö	Member	11 of 12	–	–	–
Birgitta Håkansson	Deputy	4 of 4**	–	–	–

Karin Linsjö was absent from Board meeting No. 5 in June. Rolf Kjellman was absent from Board meeting No. 9 in October.
 – Member not included in the committee in question. * Elected at the 2008 Annual General Meeting. ** Appointed during the year.

Overview of governance in the Trelleborg Group

Shareholders

The right of shareholders to make decisions on the affairs of Trelleborg is exercised by the Annual General Meeting or, where appropriate, an Extraordinary General Meeting, which is Trelleborg's highest decision-making body. The Annual General Meeting is usually held in Trelleborg, Sweden, in the month of April. The Meeting adopts the Articles of Association, appoints the members and Chairman of the Board, elects the auditor, resolves on the adoption of the income statement and balance sheet, resolves on the allocation of the company's profit and the discharge from liability to the company for the Board members and the President, makes resolutions regarding the appointment of the Nominations Committee and its work, and the principles for the remuneration and employment terms for the President and other senior executives.

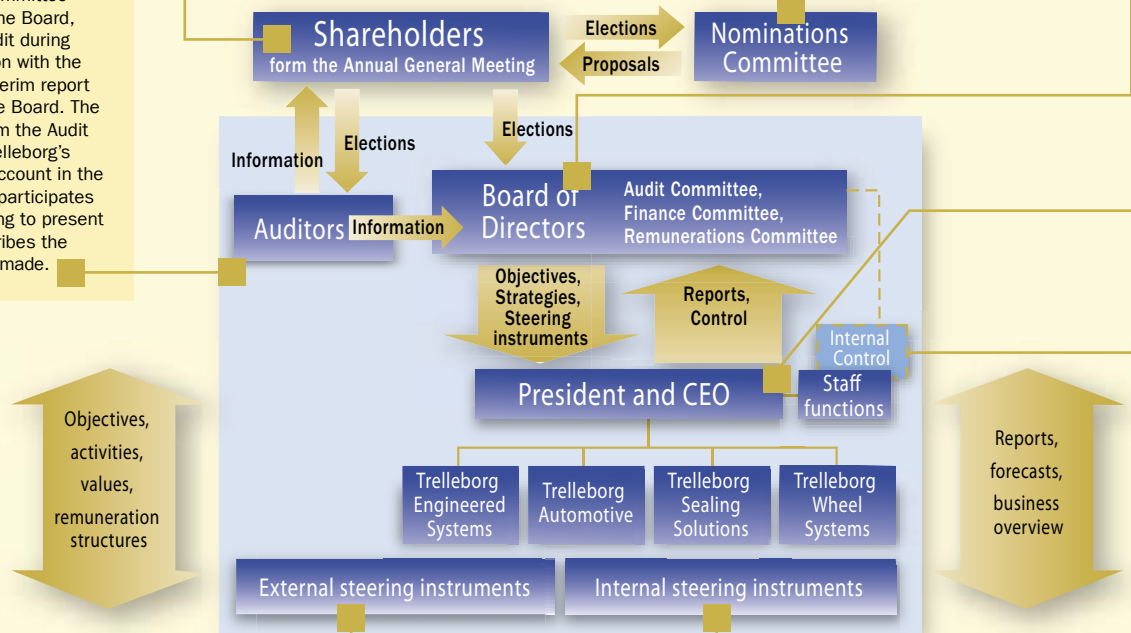
Auditor

Trelleborg's auditor, elected by the Annual General Meeting, audits the company's Annual Report and accounts as well as the Board's and the President's management. The auditor's work is based on an audit plan and he continuously reports observations to the Audit Committee throughout the year and to the Board, both after the hard-close audit during the autumn and in connection with the approval of the six-month interim report and the Annual Report by the Board. The auditor collects opinions from the Audit Committee with regard to Trelleborg's risks, which are taken into account in the audit plan. The auditor also participates in the Annual General Meeting to present the audit report, which describes the audit work and observations made.

Nominations Committee

Trelleborg's Annual General Meeting makes resolutions regarding procedures for the appointment and work of the Nominations Committee. The 2008 Annual General Meeting decided that a Nominations Committee shall operate in order to prepare and present proposals to the shareholders at the Annual General Meeting regarding the election of Board members, the Chairman and, where applicable, present proposals regarding auditors and remuneration to the Board, Board committees and the auditors. The Nominations Committee shall consist of five members, who are to be representatives of the five largest shareholders at the close of the third quarter. Accordingly, the Chairman of the Board shall, at the close of the third quarter, contact the five largest shareholders in the company, who shall each be given the opportunity to appoint one member of the Nominations Committee. In addition, the Nominations Committee may decide that the Chairman of the Board be a part of the Committee, but not be appointed its chairman. For a complete account of the resolutions of the Annual General Meeting, see the minutes from the Annual General Meeting available at: www.trelleborg.com.

WWW



External steering instruments

The external steering instruments that constitute the framework of corporate governance within Trelleborg include the Swedish Companies Act, the Annual Accounts Act, the listing agreement with the NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and other relevant legislation.

Internal steering instruments

The internally binding steering instruments include the Articles of Association adopted by the Annual General Meeting and the Rules of procedure for the Board of Directors of Trelleborg approved by the Board, Instructions for the President of Trelleborg, Instructions for financial reporting to the Board of Trelleborg, Instructions for the Audit Committee established by the Board of Trelleborg, the Code of Conduct, the Communication Policy and the Treasury Policy. In addition to these steering instruments, there are a number of policies and manuals that contain binding rules, as well as recommendations that provide guidelines and guidance for the Group's operations and employees. These include Values, Financial Manual (accounting and reporting rules),

Remuneration Policy and a definition of processes and the minimum requirements for effective internal control, including internal control regarding financial reporting. Complete versions of many of the Group's steering instruments are available on Trelleborg's website.

WWW

Rules of procedure of the Board of Directors

Each year, the Board of Directors establishes a formal work plan clarifying the Board's responsibilities and regulating the internal division of duties between the Board and its committees, including the role of the Chairman, the Board's decision-making procedures, its meeting schedule, procedures governing the convening, agenda and minutes of meetings, as well as the Board's work on accounting, auditing matters and financial reporting. The work plan also governs how the Board shall receive information and documentation as the basis for its work and to be able to make well-founded decisions.

Instructions for the President

Each year, the Board of Directors also establishes written instructions for the President that clarify the President's responsibility for operational management, the form and content of reporting to the Board, requirements of internal steering

President and Group Management

The President and CEO manages operations in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, including the Swedish Code of Corporate Governance, the Articles of Association and the parameters set by the Board, including its instructions to the President. In consultation with the Chairman of the Board, the President prepares necessary information and documentation on the basis of which the Board can make well-founded decisions, presents matters and motivates proposed decisions, while reporting to the Board on the development of the company. The President is responsible for leading the work conducted by Group Management and makes decisions in consultation with other members of the management team, which consists of the heads of the business areas and Group staff functions.

Internal Control

The Internal Control staff function operates as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function works on developing and improving internal control regarding financial reporting in the Group, in part by proactively focusing on the internal control environment and in part by examining how internal control works. The proactive work on the internal control environment focused particularly on developing and improving processes and establishing minimum requirements for effective internal control with regard to financial reporting, policies with responsibility and authority, and developing training, networking and experiential exchange within the Group in the field of internal control. Efforts to examine the effectiveness of the internal control included risk assessments as a basis for prioritization, development, introduction, performance monitoring and follow-up of self-evaluations in the Group's companies and business areas, which are supplemented with internal audits that are performed by the Internal Control staff function or external consultants, Deloitte, under the supervision of the Internal Control staff function. The function complies with an annual plan for its work, which is approved by the Audit Committee. The Group's CFO and the Head of the Internal Control staff function report the results of the function's work to the Audit Committee in connection with its meetings.

documents, and issues that always require a Board decision or reporting to the Board, such as the adoption of interim reports, annual reports and year-end reports, decisions regarding major acquisitions and business divestments, decisions regarding other large investments, decisions about investments and loans in accordance with the Treasury Policy, information on guarantees above a certain level, adoption of remuneration and employment terms for the President and executives reporting directly to him.

Code of Conduct

Within the Trelleborg Group, efforts are made to create added value for stakeholders without compromising the company's high ambitions with regard to the environment and social responsibility. The Group's Code of Conduct establishes how Trelleborg should conduct its business, including principles within the areas of Workplace and Environment, Marketplace, Society and Community and Corporate Governance. The Code of Conduct applies to all employees, including managers and Board members in the Trelleborg Group, in all markets, always and without exception. Trelleborg also encourages suppliers, sales representatives, consultants and other business partners to adopt the principles of both the Global Compact and Trelleborg's own Code of Conduct.

The Board of Directors

Composition of the Board

In accordance with the Articles of Association, the Board of Directors of Trelleborg AB shall consist of three to ten members, elected annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. Although the Articles of Association allow for the election of deputies, there are currently no deputies elected by the Annual General Meeting. In recent years, the Annual General Meeting has elected seven members, including the President, who is also the Chief Executive Officer. In accordance with legislation, employees elect three Board members and a deputy. Trelleborg's CFO participates in the Board meetings as does the General Counsel, who also serves as the Board's Secretary. The Board has established three committees, the Audit Committee, the Remunerations Committee and the Finance Committee.

Responsibilities of the Chairman

The Chairman heads the work of the Board and is responsible for ensuring its compliance with the Swedish Companies Act, other relevant legislation and regulations, the applicable rules governing listed companies, including the Swedish Code of Corporate Governance, the Articles of Association, and the internal steering documents of the Board and its Committees.

It is the responsibility of the Chairman to monitor operations, in consultation with the President, and to ensure that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions. The Chairman is responsible for evaluating the Board's activities, and this evaluation is then shared with the Nominations Committee. The Chairman also participates in the deliberation of evaluation and development matters regarding the Group's senior executives. The Chairman represents the company in all ownership issues.

Responsibilities and work of the Board

The responsibilities of the Board include monitoring the work of the President through ongoing reviews of the operation over the year, ensuring that Trelleborg's organization, management and guidelines for the administration of the company's interests are structured appropriately and that there is satisfactory internal control. In addition, the responsibilities of the Board include setting strategies and targets, establishing internal control instruments, deciding on major acquisitions and divestments of operations, deciding on other major investments, deciding on financial investments and loans in accordance with the Treasury Policy and issuing financial reports, as well as evaluating the management of operations and planning managerial succession. The Board must convene at least seven times a year and otherwise as necessary.

The Board's responsibility for financial reporting

The Board oversees the quality of financial reporting in part through instructions to the President, instructions regarding financial reporting to the Board and through the Communications Policy, in part by considering reports from the Audit Committee in the form of written minutes, and through observations, recommendations and proposals for decisions and measures. The Board also assures the quality of financial reporting by considering interim reports, annual reports and year-end reports in detail at its meetings. The Board has delegated to corporate management the responsibility for checking financial press releases and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

Board committees:

The Audit Committee usually meets in connection with the Board meetings and has the primary task of ensuring compliance with established principles for financial reporting and internal control and that appropriate relationships with the company's auditor are maintained in accordance with the "Instruction for the Audit Committee established by the Board of Directors of Trelleborg AB". The Audit Committee is also charged with monitoring the follow-up and reporting of issues covered by Corporate Responsibility. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board of Directors.

The Finance Committee has the primary task of supporting and monitoring financial operations, annually assessing and proposing changes to the Finance Policy, evaluating and preparing matters for decision by the Board and, after each meeting, reporting on its work at the subsequent Board meeting.

The Remunerations Committee has the primary task of representing the Board in matters concerning remuneration and terms of employment for the President and executives reporting directly to him based on the principles for remuneration and terms of employment for the President and other senior executives as adopted by the Annual General Meeting. The Committee continuously reports its work to the Board.

Values

Trelleborg's values – customer focus, performance, innovation and responsibility – comprise a long-term commitment that, when combined with its business concept, objectives and strategies, guides the employees in their daily activities. *Customer focus* means an ambition to be the primary supplier of solutions in selected markets. All decisions are made with the customer in focus, with the objective of creating added value for the customers and Trelleborg in close cooperation. *Performance* entails outperforming competitors and involves achieving results and the manner in which this is conducted. Culture and attitudes within Trelleborg shall promote *Innovation*. The daily ambition is to think differently, in a new and creative manner. Innovation is an important driver of growth. All employees also have a *Responsibility* for Trelleborg in its entirety – the company's profits and good reputation.

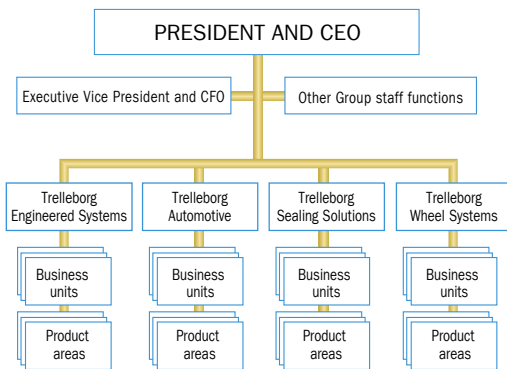
Group Management

President and Group Management

Trelleborg's operation is organized into four business areas. These encompass 20 business units that cover about 40 product areas. Trelleborg has a decentralized structure, with a strong focus on responsibility and performance, which is combined with clearly-defined Group-wide processes that aim to achieve synergies.

The President and CEO leads the work conducted by Group Management and renders decisions in consultation with other members of the management team, which consists of the heads of the business areas and staff functions. At the end of 2008, Group Management comprised a total of 12 persons.

During 2008, seven meetings comprising Group management were held. These focused on the Group's strategic and operational development and budget follow-up. In addition to these meetings, close cooperation takes place on a daily basis on various issues between the operational business and representatives of the various staff functions. The company aims to create an open, clear and honest working culture, with short decision-making paths.



PETER NILSSON**President and CEO**

Qualifications: M.Sc. Eng.

Board member of Trelleborg AB (publ), Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.

Previously held positions include Business Area President, Trelleborg Engineered Systems, and other posts within the Trelleborg Group, as well as management consultant at BSI.

Holdings 2008: 26,500 shares and 100,000 call options*.

Holdings 2007: 26,500 shares.

Born: 1966. Employed: 1995, in current position since 2005.

BO JACOBSSON**Chief Financial Officer (CFO) and Executive Vice President, Trelleborg AB**

Qualifications: University studies in business administration.

Previously held positions include CEO of the Scancem Group and CFO of Telia AB.

Holdings 2008: 5,000 shares (own and family members) and 25,000 call options*.

Holdings 2007: 5,000 shares (own and family members).

Born: 1951. Employed: 1975-1997, CFO since 2002 and Executive Vice President since 2005.

LENNART JOHANSSON**Business Area President, Trelleborg Engineered Systems**

Qualifications: M.Sc. Eng.

Previously held positions include President of Kemira Kemi, business unit manager of Kemira OY and Perstorp AB.

Holdings 2008: 25,000 call options*.

Holdings 2007: -

Born: 1960. Employed: 2005, in current position since 2005.

ROGER JOHANSSON**Business Area President, Trelleborg Automotive**

Qualifications: Master of Business and Economic science.

Previously held positions include Vice President of General Motors Powertrain Europe and General Motors Purchasing Europe.

Holdings 2008: 5,000 shares and 25,000 call options*.

Holdings 2007: 5,000 shares.

Born: 1965. Employed: 2007, in current position since 2007.

CLAUS BARSØE**Business Area President, Trelleborg Sealing Solutions**

Qualifications: B.Sc. Econ.

Previously held positions include market director Alfa Laval, various positions within Busak+Shamban and Polymer Sealing Solutions.

Holdings 2008: 25,000 call options*.

Holdings 2007: -

Born: 1949. Employed: 2003, in current position since 2003.

MAURIZIO VISCHI**Business Area President, Trelleborg Wheel Systems**

Qualifications: MBA.

Previously held management positions within Pirelli.

Holdings 2008: 25,000 call options*.

Holdings 2007: -

Born: 1955. Employed 1999, in current position since 2001.

PETER SUTER**Senior Vice President, Procurement and Strategic Projects.**

Qualifications: MBA.

Previously President of JD Stenqvist and Fines International and Business Area President, Trelleborg Building Systems.

Holdings 2008: 10,085 shares.

Holdings 2007: 8,085 shares.

Born: 1943. Employed 1991, in current position since 2007.

PETER SVENBURG**Senior Vice President, IT**

Qualifications: Bachelor of Law.

Previously held positions include CIO at Scancem/Heidelberg-Cement.

Holdings 2008: 107 shares.

Holdings 2007: 107 shares.

Born: 1949. Employed 2006, in current position since 2006.

CLAES JÖRWALL**Senior Vice President, Taxes and Group Structures**

Qualifications: Graduate in business administration

Previously held positions include department manager at the Swedish National Tax Board.

Holdings 2008: 273 shares.

Holdings 2007: 273 shares.

Born: 1953. Employed 1988, in current position since 1988.

ULF GRADÉN**Senior Vice President, General Counsel and Secretary**

Qualifications: Master of Law. Reporting clerk, court of appeal.

Previously held positions include Corporate Legal Counsel at Mölnlycke and General Counsel at PLM/Rexam.

Holdings 2008: 10,000 call options*.

Holdings 2007: -

Born: 1954. Employed 2001, in current position since 2001.

SÖREN ANDERSSON**Senior Vice President, Human Resources**

Qualifications: University studies in economics, sociology and education.

Previously held several HR positions within SCA.

Holdings 2008: 2,000 shares and 10,000 call options*.

Holdings 2007: 2,000 shares.

Born: 1956. Employed 1998, in current position since 1998.

VIKTORIA BERGMAN**Senior Vice President, Corporate Communications**

Qualifications: Studies in marketing, communications and PR.

Previously held positions including Falcon Bryggerier and Vice President, Corporate Communications at Trelleborg.

Holdings 2008: 500 shares (own and family members) and 10,000 call options*.

Holdings 2007: 500 shares (own and family members).

Born: 1965. Employed 2002, in current position since 2005.

***Press release from the Henry and Gerda Dunker Donation Fund No. 2, February 26, 2008:
Henry and Gerda Dunkers Donation Fond No 2 offers call optionprogram in Trelleborg**

Henry and Gerda Dunkers Donationsfond 2 has decided to offer certain management executives of Trelleborg to purchase call options which carry rights to purchase shares of series B in Trelleborg AB. The call options will be offered at market price. The purpose of the offering is to promote long-term commitment for Trelleborg AB and to encourage management executives to become shareholders in Trelleborg AB in the future which is important for the commercial development of Trelleborg AB. Nine management executives have purchased 255.000 call options at a price of SEK10.98/option. Each call option will entitle to purchase one share of series B in Trelleborg AB during the period March 15, 2008 - March 15, 2012 at an exercise price at SEK 125.50.

The board of Trelleborg AB has been informed of this offer. Trelleborg do not participate in the offer and will not have any expenses in connection with the offer.

The Henry and Gerda Dunker Donation Fund No. 2 is one of five legal entities within the "Dunkerfoundations" which controls 13.4% of the shares and 55.5% of the votes in Trelleborg AB.

Helsingborg, February 26, 2008

HENRY AND GERDA DUNKER DONATION FUND NO. 2

Remuneration to the Board and senior executives

Principles

The following principles for remuneration to senior executives in the Trelleborg Group were adopted by the 2008 Annual General Meeting. The Board's motion to the 2009 Annual General Meeting regarding principles for remuneration, see Note 3, page 90, is the same as that adopted by the 2008 Annual General Meeting.

Trelleborg's principles for remuneration to senior executives entail that the company shall offer market-based terms of employment that enable the company to recruit, develop and retain senior executives. The remuneration structure shall comprise fixed and variable salary, pension and other remuneration, which together form the individual's total remuneration package. Trelleborg continuously gathers and evaluates information on market-based remuneration levels for relevant industries and markets. It shall be possible for the principles for remuneration to vary depending on local conditions. Also refer to www.trelleborg.com, Corporate Governance, Annual General Meeting: "Principles for remuneration and other conditions of employment for senior executives."



Remuneration to management 2008

President

During 2008, the President and CEO received a fixed salary and other remuneration as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining a variable salary. The variable salary has an established upper limit for full-year 2008, which corresponds to 65 percent of fixed salary and is 100-percent based on the Trelleborg Group's profit before tax, excluding the effect of structural changes approved by the Board. The variable salary does not constitute pensionable income. In 2008, no variable salary was payable to the President, since the target figures were not achieved.

The President has a pension agreement that entitles him to retire at the age of 65. However, under the terms of the pension agreement, both the company and the President have the right, without special justification, to request early retirement from the age of 60, with a mutual six-month notice of termination. The employment agreement and pension

agreement shall be rendered invalid from the effective date of the President's possible early retirement. The pension agreement is solely premium-based, and the premium is computed as 40 percent of the fixed annual salary. Pension premiums were expensed in 2008 as shown in the table below.

The President's employment contract stipulates that termination of employment by the company shall be subject to a period of notice of 24 months, which does not apply if termination is initiated by the President. The period of notice from the President is six months.

Other senior executives

The principles for remuneration to other senior executives are based on both a fixed and variable salary. The variable part has an established upper limit and accounts for about 25-65 percent of fixed annual salary, based mainly on the earnings trend for the Group.

Some of the executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation normally amounting to 60 percent of fixed annual salary is paid until the age of 65, when the regular retirement pension payments become effective. Pension plans are defined-contribution schemes, whereby the pension premium is calculated at 30 percent of the fixed annual salary.

For certain senior executives, extended notice of termination periods apply when initiated by the company, normally 12, 18 or 24 months, which do not apply when initiated by the individual. For the President and other senior executives, there is an opportunity to have a company car as a benefit.

The Group has a global remuneration policy that covers all managers and senior salaried employees. In addition, there is a policy that covers certain provisions for remuneration to senior executives, which covers pension terms, medical expenses insurances and company cars.

Long-term incentive program

The Board of Directors resolved in 2005 to introduce a long-term incentive program for the President and certain senior executives that hold a significant influence on the Trelleborg Group's earnings per share. The Board of Directors also resolved to introduce a similar program in 2006,

Remuneration to Group Management 2008								
SEK 000s		Fixed	Variable	Bonus due	Incentive	Pension	Benefits	Total
Position	Year	salary	salary	for 2006	program			
President	2008	6,693				2,402	153	9,248
	2007	5,937	3,300	1,275	825	2,185	100	13,622
Executive Vice President	2008	3,211				2,024	127	5,362
	2007	3,101	1,324		312	1,850	115	6,702
Group Management, others (10) ¹⁾	2008	28,168	5,228			8,046	817	42,259
	2007	25,599	8,533		2,286	9,540	623	46,581
Total	2008	38,072	5,228	-	-	12,472	1,097	56,869
Total	2007	34,637	13,157	1,275	3,423	13,575	838	66,905

1) Changes to Group Management took place in 2007. In 2008, all individuals were employed throughout the entire fiscal year.

2007, 2008 and 2009. The programs are ongoing three-year programs for which the Board will, on a yearly basis, possibly approve new programs and define their scope, objective and number of participants.

The incentive programs are cash-based and constitute a supplement to the annual variable salaries, provided that the executive is employed by the Trelleborg Group as per December 31 in the year in which the program ends.

Purpose

The incentive program is directional and has long-term content that aims to continue to promote commitment of senior executives to the Group's development and thereby increase value for the Group's shareholders.

Target figures

The target value for the incentive program is the Trelleborg Group's earnings per share, with an annual improvement of 10 percent, excluding items affecting comparability and the impact of any share buyback programs, and includes costs for the programs.

For 2006, the Board established a target of SEK 14.10 in earnings per share, in 2007, a target of SEK 11.90 and in 2008, a target of SEK 14.40, with the upper cap for payments set at 25 percent of the maximum annual variable salary per year.

Outcome and payment

The result is calculated annually and accumulated over the three-year period, and potential payments are made in the first quarter of the year after the program expires. Accordingly, for the program approved for 2005, payment was made in the first quarter of 2008, for the program approved in 2006, payments will be made in the first quarter of 2009, for the program approved in 2007, payments will be made in the first quarter of 2010, and for the program approved in 2008, payments will be made in the first quarter of 2011. The payments do not constitute pensionable income. In 2008, earnings were charged with SEK – (9,964,000).

Other incentive programs

The Group has no ongoing convertible debenture or warrants programs at the present time.

Remuneration to the Board 2008

The fees paid to the members of the Board of Directors elected by the Annual General Meeting are established by the Annual General Meeting based on the proposals of the Nominations Committee. For 2008, remuneration was paid as per the table below. No remuneration is paid to members of the Finance Committee. No consulting fees were paid to the Board members. Remuneration is not paid to Board members who are also employed by the Group.

Remuneration to the auditor 2008

Remuneration for services in addition to auditing services primarily refers to tax consultations and corporate acquisitions. For 2008, remuneration was paid as per the table below.

Remuneration to auditors 2008

SEK M	2008	2007	2006
Remuneration for auditing services	37	35	30
Remuneration for other services	9	12	14
Total	46	47	44

Remuneration to the Board (SEK) for the period May 2008 – April 2009

Remuneration is not paid to members of the Finance Committee. No consulting fees were paid to Board members.

SEK 000s Name	Position	Board fees		Audit Committee		Remunerations Committee		Total	
		2008	2007	2008	2007	2008	2007	2008	2007
Anders Narvinger	Chairman	950,000	900,000	100,000	90,000	50,000	–	1,100,000	990,000
Heléne Bergquist	Member	360,000	340,000	100,000	90,000	–	–	460,000	430,000
Staffan Bohman	Member	360,000	340,000	–	–	50,000	–	410,000	340,000
Rolf Kjellman	Member	360,000	340,000	150,000	125,000	–	–	510,000	465,000
Claes Lindqvist	Member	360,000	340,000	–	–	50,000	–	410,000	340,000
Berthold Lindqvist	Member	–	340,000	–	–	–	–	–	340,000
Sören Mellstig	Member	360,000	–	–	–	–	–	360,000	–
Peter Nilsson	President	–	–	–	–	–	–	–	–
Total		2,750,000	2,600,000	350,000	305,000	150,000	–	3,250,000	2,905,000

Report by the Board of Directors on Internal Control

The responsibility of the Board of Directors for internal control is regulated in the Swedish Companies Act and in the Swedish Code of Corporate Governance, which also includes requirements on annual external information disclosure concerning how internal control is organized insofar as it affects financial reporting.

Internal Control as regards financial reporting is a part of the total internal control within Trelleborg, whose starting point for the process is in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model, refer to review below, and is a key component in Trelleborg's Corporate Governance. Internal Control is also a part of the Group's Enterprise Risk Management process; refer to page 36.

The following description was prepared in accordance with the Swedish Code for Corporate Governance and represents the Board of Directors' report on internal control regarding financial reporting. This description does not constitute part of the formal Annual Report documents and has not been reviewed by the company's auditor.

Internal Control over financial reporting

Internal Control as regards financial reporting aims to provide reasonable assurance with regard to the reliability of the external financial reporting in the form of interim reports, annual reports and year-end reports, and that external financial reporting is prepared in accordance

with legislation, applicable accounting standards and other requirements on listed companies.

Control environment

The Board of Directors bears the overall responsibility for internal control of the financial reporting. The Board has established a written formal work plan that clarifies the Board's responsibilities and regulates the Board's and its committees' internal distribution of work.

Furthermore, the Board has appointed an Audit Committee, the primary task of which is to ensure that established principles for financial reporting and internal control are adhered to and that appropriate relations are maintained with the company's auditors. The Board has also established instructions for the President and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the ongoing work on internal control as regards the financial reporting is delegated to the President. The Group's Internal Control staff function works as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing and enhancing internal control over the financial reporting in the Group by proactively concentrating on the internal control environment and by examining the effectiveness of the internal control.

Internal steering instruments for financial reporting primarily comprise the Group's Treasury Policy, Communication Policy and Finance Manual, which define the accounting and reporting rules, and the Group's definition of processes and minimum requirements for internal control over financial reporting.

Internal Control – a process that supports operational goal achievement

Trelleborg has defined internal control as a process that is influenced by the Board of Directors, the Audit Committee, the President, Group Management and other employees and is formulated to provide reasonable assurance that Trelleborg's goals are achieved in terms of appropriate and effective business activities, reliable reporting and compliance with applicable legislation and regulations. The process is based on a control environment that creates discipline and structure for the other four components of the process, namely, risk assessment, control structures, information and communication, and monitoring. The starting point for the process is the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), www.coso.org.

The control environment includes the values and ethics upon which the Board, the Audit Committee, the President and Group Management base their communication and actions, as well as the Group's organizational structure, leadership, decision routes, authorizations, responsibilities and the expertise of the employees. An overview of the Group's organization and governance, including external and internal steering instruments that are important elements of Trelleborg's control environment, are outlined on pages 10–11 and 48–49. Trelleborg's values constitute a long-term commitment, which, combined with business concepts, targets and strategies, guides the employees in their daily work. Trelleborg's Code of Conduct comprises principles for how business should be conducted. Trelleborg is characterized by a decentralized organization that is managed based on target-oriented leadership with clear targets and rewards based on performance.

Risk assessment is described on pages 36–39.

Control structures are about which controls were chosen to manage Group risks. Examples of control strategies that are applied in the Group are found on pages 36–39 and on page 55.

Information and communication, external and internal. External information and communication include, for example, reporting to authorities and external financial reporting. Internal information and communication are about creating awareness among Group employees about external and internal steering instruments, including authority and responsibilities. Important tools for this include Trelleborg's intranet and training programs. A process exists where Group employees confirm that they comply with Group policies. Trelleborg also has a whistle blower policy, which means that each employee may, without repercussions, report suspicions of legislation or regulation violations. Internal information and communication also concerns the information generated by Trelleborg's process for internal control being fed back to the Board, Audit Committee, President and Group Management as a basis for being able to make well-founded decisions. The Group's CFO and Head of the Internal Control Group staff function submits a report to the Audit Committee, which in turn submits a report to the Board.

Monitoring aims to secure the effectiveness of the process through a number of different activities, such as monitoring of operations in terms of established goals, self-evaluations, internal audit and other monitoring activities.



Risk assessment

Trelleborg's risk assessment as regards financial reporting aims to identify and evaluate the most significant risks that affect internal control over financial reporting in the Group's companies, business areas and processes. The risk assessment results in control targets that ensure that the fundamental demands placed on financial reporting are fulfilled and comprise the basis for how risks shall be managed through various control structures. The risk assessment is updated on an annual basis under the direction of the Internal Control staff function and the results are reported to the Audit Committee.

Control structures

The most significant risks identified as regards financial reporting are managed through control structures in companies, business areas and processes. Management may entail that these risks are accepted, reduced or eliminated. The purpose of the control structures is to ensure efficiency in the Group's processes and effective internal control and is based on the Group's minimum requirements for effective internal control in defined, significant processes, which is demonstrated in the diagram below. Minimum requirements comprise more general as well as detailed controls and can be both preventive and detective in nature and have been subdivided into A and B levels, according to which the A level shall be applied by all of the companies in the Group and the B level by only the Group's largest companies.

A comprehensive revision of minimum requirements for IT security controls was conducted in 2008. In addition, the Purchasing process and the annual accounts and reporting process, with the associated minimum requirements for effective internal control, were developed in 2008 and will be introduced in the Group in 2009.

Information and Communication

Information and communication regarding internal steering instruments for financial reporting are available on Trelleborg's intranet to all employees concerned.

In 2008, some 60 key employees completed a number of training courses relating to the sales process and the inventory management process under the supervision of the Internal Control staff function. The flow chart detailing defined processes connected to the minimum requirements for effective internal control was distributed and discussed during training. A new section of the intranet is under development

and will provide coworkers with the possibility to access tools and documents that support effective internal control and steering and give examples of sound operational solutions. This service will be launched at the beginning of 2009.

One of the processes utilized by the Group requires all relevant employees to confirm compliance with Trelleborg's policies on an annual basis. The Group's CFO and the Head of the Internal Control staff function have reported the results of their work on internal control as a standing item on the agenda of the Audit Committee's meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board. External financial reporting is performed in accordance with relevant external and internal steering instruments.

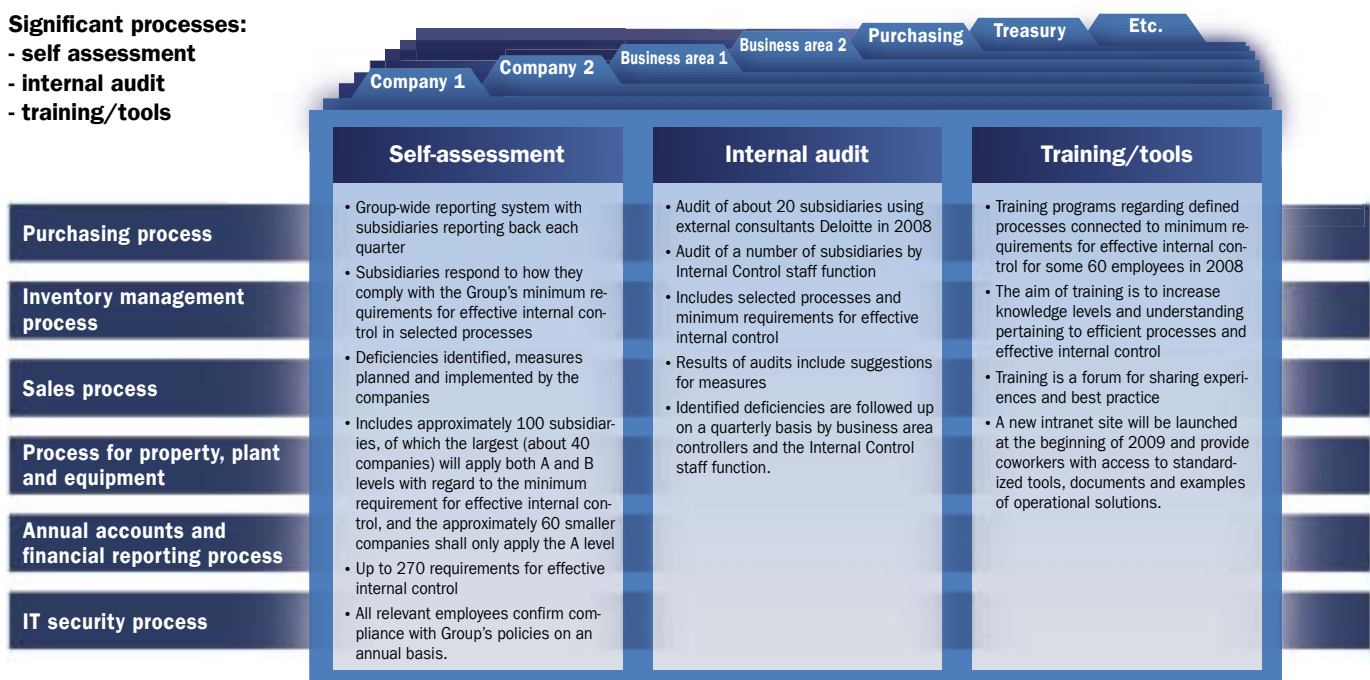
Monitoring

Monitoring to ensure the effectiveness of internal control as regards financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function and by the Group's companies and business areas. Monitoring includes the follow up of monthly financial reports in relation to budget and targets, as well as quarterly reports with results from self-assessments in the Group's companies and business areas, and using results from internal audits performed by the Internal Control staff function or external consultants, Deloitte, under the direction of the Internal Control staff function. The Internal Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes, as well as work programs and budgets. In 2008, focus areas for the Internal Control staff function were the sales process, the IT security process and training in the sales process and inventory management process. Focus areas in 2009 will include the purchasing process, the annual accounts and reporting process, and the launch of a new section of the intranet containing standardized tools, documents and examples of operational solutions.

*Trelleborg, February 10, 2009
The Board of Directors of Trelleborg*

Significant processes:

- self assessment
- internal audit
- training/tools





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Natural power in motion

The rotor blades of a wind turbine turn slowly, but at the hub is a gear that increases speed to the generator by 20 to 30 times. Massive seals from Trelleborg protect the gear's cogwheels from rain, dirt and saltwater, and at the same time prevent the lubricating oil from leaking out - a **different** solution.

Continuous improvement leads to positive development for people and the environment



The Trelleborg Group takes responsibility for issues relating to the work environment, environmental impact, business ethics and social responsibility in a variety of ways. Through our polymer solutions that seal, damp and protect, our business has many positive effects and contributes to the development of society in the environment and work environment areas. You can read more about this on page 61. At the same time, we are systematically working to prevent and minimize the environmental impact of our operations. In recent years, we have taken clear steps to increase the efficiency of the Group's energy use. These efforts continue and at the same time, we are reducing the climate impact of our operations.

The circumstances in 2008 involved challenges in the form of necessary restructuring of our organization. This was essential as a result of the market situation that prevailed, but it is not something we take lightly and we are endeavoring to complete the task in the most responsible manner possible.

We account for all of our corporate responsibility work in accordance with the Global Reporting Initiative guidelines to provide our stakeholders with the most transparent information possible regarding Trelleborg's operations.

Our Code of Conduct, which is the most important comprehensive document for our employees in terms of corporate responsibility, is based on international conventions and agreements. We participate in the UN Global Compact initiative for responsible business practice, and we encourage our suppliers to work in accordance with these principles.

With the help of the principle of continuous improvement, we are constantly developing our corporate responsibility and the reporting on how we manage that responsibility. On the following pages, we sum up the year's corporate responsibility work. In-depth information is available at www.trelleborg.com/cr.

I hope you will find the report interesting.

Peter Nilsson
President and CEO

Independent assurance 2008

In this report on Trelleborg's Corporate Responsibility work in 2008, PricewaterhouseCoopers has reviewed selected performance indicators. The assurance report can be found on page 71.

2008 GRI level

The application level for the 2008 report with assurance from PricewaterhouseCoopers as specified by the Global Reporting Initiative can be viewed at www.trelleborg.com/cr. In accordance with GRI's criteria, Trelleborg's 2007 Corporate Responsibility Report was assigned application level B+. This level was audited and assured by PricewaterhouseCoopers.



[www](http://www.trelleborg.com/cr)

Strategy, governance and dialog

With its basis in Trelleborg's business concept, the Group's corporate responsibility (CR) work spans the entire area of sustainability, in other words environment, health and safety issues as well as ethical relationships with employees, the market and society.

Through Trelleborg's business concept – polymer solutions that seal, damp and protect – the operations make a positive and innovative contribution in many ways through products and solutions for the development of society in the environment, health and safety areas. Trelleborg's solutions provide protection for both the environment and people - see page 61 for further information

Trelleborg's annual reporting on these corporate responsibility issues takes place in accordance with the most established international guidelines in the area: the Global Reporting Initiative guidelines.

Since 2007, Trelleborg has participated in the UN Global Compact network, an initiative for responsible business practices, focusing on the environment, working conditions, human rights and anti-corruption.

Trelleborg's Code of Conduct is the company's central policy in the areas of the environment, work environment and ethics. The Code applies to all employees without exception, and is based on internationally recognized guidelines, such as the UN conventions on human rights, the ILO's conventions, the OECD's guidelines and the UN Global Compact.

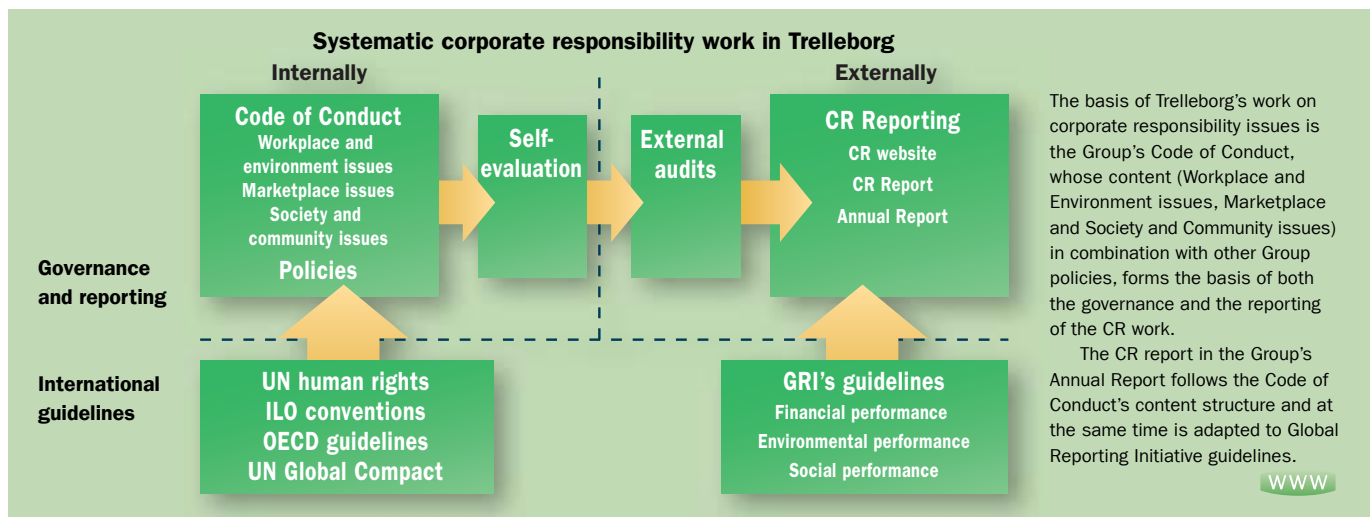
Training in the Code of Conduct is mandatory for all employees, and self-evaluation based on the guidelines is the basis for our work with CR issues (see figure below). Within certain areas of the Code, self-evaluation is reinforced by external audits, such as ISO 14001 environmental audits.



Key ratios in 2008

- Proportion of facilities with ISO 14001 certification: 70 percent (74), due to additional, but as yet not certified facilities, and the closure of a number of certified facilities.
- Total energy consumption: 1,521 GWh (1,519)
- Direct carbon dioxide emissions: 132,000 tons (146,200)
- Indirect carbon dioxide emissions: 134,800 tons (123,400)
- Total amount of waste: 75,500 tons (76,600)
- Proportion of recycled raw materials used: 2.8 percent (3.2)
- Work-related injuries/illnesses (resulting in more than one day's absence from work): 768 (854), a decline of 10 percent

The Group has a whistle-blower policy, which means that every employee has the right to report suspicions of serious breaches of laws or regulations without any repercussions whatsoever.



CR reporting on the Internet

Visit www.trelleborg.com/cr for access to Trelleborg's corporate responsibility reporting on the Internet. CR-related information for 2008 was obtained from the Group's production plants and from other available statistics in accordance with the Group's standard for CR reporting. The reporting principles are explained in detail at www.trelleborg.com/cr, where an index that clarifies how the reporting relates to Global Reporting Initiative (GRI) guidelines is also available.

WWW



Active stakeholder dialog

Trelleborg's stakeholder communication shall be characterized by open relationships, regular dialog, clarity and a high level of ethics. The dialog with Trelleborg's various stakeholder groups intensified further during the year, involving ethical funds, students, independent organizations and authorities, among others.

The most important stakeholders for Trelleborg are *customers, suppliers and partners, shareholders and investors, employees, authorities and society*. Selected stakeholders evaluated which aspects of corporate responsibility they viewed as the most significant for Trelleborg, which provided support for prioritization in CR work and CR reporting (see results in box below).

In several countries, Trelleborg is a member of national industry organizations, which also includes cooperation on environmental and health and safety issues. At the European level, Trelleborg is a member of ETRMA, the European trade association for the rubber industry, through a subsidiary. The company participates in working groups focusing on environmental, work-environment and chemical issues, among others. In Sweden, Trelleborg is a member of the Swedish Plastics and Chemicals Federation.

Channels for regular stakeholder dialog:

A main channel for all of Trelleborg's stakeholders is the company's website, www.trelleborg.com, with about 60 associated websites.



- Customers: Meetings between Trelleborg's representatives and customers. The customer magazine T-Time.
- Suppliers and partners: Supplier visits and supplier audits.
- Shareholders and investors: Shareholder service (telephone and e-mail channels), Annual General Meetings, analysts' meetings, meetings with ethical investors.
- Employees: Internal communications channels, such as TrellNet (intranet), Connect (internal magazine), trade union cooperation and events.
- Society: Local Open House and sponsorship activities, cooperation with universities and colleges.
- Authorities: Dialog with local supervisory authorities about specific issues. Trelleborg also works through trade organizations on national and European levels.

Some examples of stakeholder meetings from 2008:

- In February and October 2008, seminars were held at which students at the International Institute for Industrial Environmental Economics in Lund provided feedback on Trelleborg's CR reporting.
- An active dialog with ethical funds and investors continued during the year, including meetings with Robur, Banco and Folksam.

Corporate responsibility organization

Direct responsibility for issues relating to the environment, health and safety rests with each facility. Every plant has an environmental coordinator and a person responsible for health and safety. The central Group function, Environment, which is a part of the Group Legal Department, is responsible for control and coordination of environmental issues based on the Group's environmental policy and the central environmental objectives. The Group's Environment Forum, a group that meets four times a year and consists of environmental managers from the four business areas, functions as an aid to the central Environment Group function.

At Board level, it is the Audit Committee that has the task of monitoring follow-up and reporting of issues within the framework of Corporate Responsibility.

CR reporting is managed by a group comprising representatives from the Group Corporate Communications, Legal Department, Environment, HR and Purchasing staff functions. The Corporate Communications staff function is responsible for coordinating the reporting.

References to GRI (Global Reporting Initiative)

1.1, 1.2, 2.10, 3.5, 4.9, 4.13, 4.14, 4.15, 4.16, 4.17, EC2

Materiality analysis shows the way

In 2007, an analysis was carried out based on the views of both external and internal stakeholders to determine which aspects of CR or sustainability were most central to Trelleborg. About 20 aspects were initially identified through the review of such documents as Trelleborg's Code of Conduct, the Global Compact, Global Reporting Initiative's guidelines and the Dow Jones Sustainability Index. A selection of external and internal stakeholders was asked for their opinions on the importance of these aspects for Trelleborg.

The results of the survey are presented in the figure to the right. Such environmental aspects as *Energy and raw material consumption, Use of chemicals in manufacturing, and Emissions to air and water* were assigned a high priority, both from an external and an internal perspective. The result provides support for prioritization in CR work and CR reporting and for more in-depth stakeholder dialogs. The analysis will be updated on a regular basis.

The stakeholders' view of Trelleborg's corporate responsibility

Very important

Significance to external stakeholders

Important

Environmental performance of products Waste recovery Investment and supplier practices Climate strategy	Use of hazardous chemicals in manufacturing Energy and raw material consumption Emissions to air and water Occupational health and safety Corruption and bribery Risk and crisis management Corporate governance and transparency Open and honest communication
Management/employee relations Diversity and non-discrimination Community relations Public policy and lobbying	Competitor issues Training and development Product quality and safety Talent attraction and retention

Important

Very important

Significance to the company internally

Trelleborg's solutions protect the environment and people

Protecting buildings and people

Separate layers insulate buildings from vibrations and minimize the risk of damage from earthquakes, for example.



Sealing hydraulics

Seals for hydraulic applications prevent hazardous chemicals from leaking out into the ambient environment.



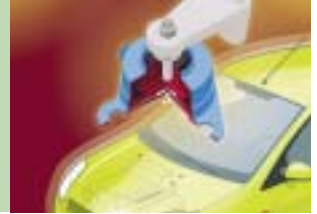
Sealing buildings

Window and door seals improve indoor climates and reduce energy consumption.



Damping vibration in vehicles

Antivibration solutions in cars, trucks and other vehicles provide an improved work environment for both drivers and passengers.



Alternative energy solutions

Seals for wind turbines, biofuel applications and solar cell applications help to protect the environment and climate.



Protecting valuable agricultural land

Broad, specially designed tractor tires minimize soil compaction and the impact on yield.



Trelleborg and the climate: opportunities and risks

Opportunities

Stricter environmental requirements resulting from climate change are highly likely to increase the demand for solutions in the Group's main areas: sealing, damping and protecting in demanding industrial environments.

For example, Trelleborg is developing sealing solutions for equipment used in the area of renewable energy sources. Global expansion initiatives for the company have been initiated in wind power and biofuel to ensure higher than average growth. Other examples of such sealing solutions are those developed for solar cells and heat pumps. Trelleborg is also far ahead in terms of seals for such environmentally positive solutions as vehicles that run on hydrogen gas.

Another area is flood prevention. Trelleborg's tunnel seals are used in such levee projects as those on the river Neva in St. Petersburg, Russia. Another example is in Hamburg, Germany, where rubber membranes from Trelleborg protect roads and infrastructure when the river Elbe floods.

Trelleborg is a leading manufacturer of insulating sealing profiles for windows and doors, which reduce energy consumption and improve indoor climates by keeping warmth inside in winter and keeping cool air inside in summer. An uninsulated building can leak up to 15 percent of its total annual energy consumption.

Agricultural tires from Trelleborg are developed to prevent soil compaction, which increases yield per unit area and responds to the increasing global need for agricultural land.

Risks

Trelleborg's own contributions to society's carbon dioxide emissions originate mainly from direct energy sources (combustion of fossil fuels, primarily in steam boilers), and indirect sources (primarily electricity, but also externally produced steam and district heating).

Business and property risks related to extreme weather conditions are evaluated regularly in cooperation with our insurance providers. Preventive measures are taken to reduce the level of risk. Weather-related risks and the risk of natural disaster are always taken into account when new production sites are developed. Trelleborg's exposure to such risks is low.

Trelleborg purchases large volumes of polymer materials, aggregates and prefabricated metal components. Exposure to rising prices is reduced through improved resource management, including reduced quantities of production waste, increased recycling and mandatory energy savings plans. Taxes and fees implemented in the energy and transport sector to reduce carbon dioxide emissions or in relation to climate change could impact negatively on manufacturing and distribution costs.



Sustainability work with results

For the second consecutive year, Trelleborg was included as one of the selected index components of the 2008 Dow Jones STOXX Sustainability Index. The index identifies leading companies in the area of sustainability and comprises the top 20 percent of Europe's corporations. A total of six Swedish companies are included in the index.

Trelleborg is also included in the OMX GES Sustainability Index, a series of comparisons for responsible investors. The index is calculated by NASDAQ OMX in cooperation with GES Investment Services. It comprises the leading

companies in sustainability in the Nordic region and is based on how well they address issues related to the environment, society and corporate governance.

Trelleborg also maintained its status in the Dutch company Kempen/SNS's "SRI Universe", which comprises European companies that fulfill or exceed ethical, social and environmental standards.

In its review of 123 corporate governance reports from 2007, PricewaterhouseCoopers designated Trelleborg as the best reporting company on the Swedish stock exchange. The reason was "Trelleborg's corporate governance report shows a clear approach to corporate governance as important and as creating value for the company. The Board of Directors and CEO convey involvement, motivation and a coordinated way of thinking about the characteristics of good governance. The Chairman of the Board sets the tone in a guiding manner and shows that 'good governance and control support good business'."

Responsibility for the environment

Trelleborg has extensive production operations in about 30 countries. Therefore, environment, health and safety issues constitute a central element of the company's responsibility work. The most significant environmental aspects include energy and raw materials consumption, emissions to air and water, and waste. Operations also generate extensive transports. The environmental impact of individual facilities varies widely, depending on their size and processes. In 2008, production was conducted at 135 facilities, of which 87 were in Europe, 36 in North and South America, ten in Asia and two in Australia.

In the Group, a proactive endeavor is underway to reduce the environmental impact and environmental risks, and to increase resource efficiency. This work is conducted on both central and local levels. The priority areas, which are also emphasized in the Group's Environmental Policy, are environmental management, energy and material efficiency, and environmentally adapted product and process development. The climate issue is also clearly in focus (see box on page 61).

Trelleborg's internal environmental handbook includes recommendations that address the ten most central issues with regard to policy and risk. These are being implemented globally within the entire organization. *Environmental Blue Grading*, a model for environmental risk assessment, is also being implemented globally. The model is based on the environmental handbook and provides support for the description and elimination of environmental risks linked to the company's operations.

Despite the expansion of operations, both through acquisitions and organic growth, the environmental impact has declined in relation to the operation's size, but also in absolute terms. Relative to growth, most key data indicates a positive trend, a development that is supported by continued efficiency enhancements of operations and resource consumption.

Environmental management

Proportion of facilities with ISO 14001 certification: 70 percent (74)

An important cornerstone in the environmental work is the environmental management standard ISO 14001, an obligatory requirement for all production plants in the Group. At the end of 2008, a total of 95 (92) facilities were certified, equivalent to about 70 percent of all plants. In accordance with Group policy, newly acquired plants will introduce the system within three years. The large proportion of new acquisitions in relation to the total number of plants currently has a negative impact on the key data percentage figure.

Energy

Total energy consumption: 1,521 GWh (1,519)

Energy savings is a focus area in Trelleborg's environmental policy, and the objective is for all production plants to develop an energy savings

plan. More than 70 percent of facilities currently have such a plan. In addition, in 2008, a Group-wide project was initiated for systematic energy-efficiency enhancements, Energy Excellence, which is incorporated in the Manufacturing Excellence program that was launched at all production units and will continue in 2009. Energy Excellence, which is based on self-assessment in the identification/implementation of improvement projects, is expected to yield distinct savings.

Even if there is an increase in the number of units and total consumption remains at the same level, increased energy awareness will have more positive environmental effects and reduce the impact of higher energy costs. In 2008, the Group's total energy costs amounted to SEK 713 M (660).

The proportion of renewable energy amounted to 15 percent.

Climate impact

Direct carbon dioxide emissions: 132,000 tons (146,200)

Indirect carbon dioxide emissions: 134,800 tons (123,400)

Trelleborg has taken clear steps to prevent and reduce the climate-related effects of its operations, in part through energy-efficiency enhancements and evaluations according to the guidelines of the UK's Carbon Trust. Since 2007, Trelleborg has participated in voluntary accounting in accordance with the Carbon Disclosure Project (CDP). On behalf of global investors, the CDP gathers information on industrial emissions of greenhouse gases and on measures that companies can take to prevent negative climate impacts. The CDP has the world's most comprehensive database of emissions data at www.cdproject.net.

The Group's climate impact is primarily due to carbon dioxide emissions from the burning of fossil fuels and indirectly from the use of electricity and steam. Only three plants are covered to a limited extent by the EU directive on the emissions trading scheme. Reduced emissions in Breuberg and in Trelleborg meant that they received no allocation of emission rights in 2008.

During the year, several of Trelleborg's operations in the UK participated in a program focusing on climate impact and energy-efficiency enhancements whose results will be pursued further and on a larger scale in 2009 (see above under the heading *Energy and Trelleborg and the climate* on page 61).

Emissions to air

Volatile organic compounds, 1,375 tons (1,556)

In addition to such energy-related emissions as carbon dioxide, sulfur dioxide (298 tons) and nitrogen oxides (64 tons) emissions to air primarily comprise volatile organic compounds (VOC).

Emissions of VOC primarily originate from the use of adhesive agents containing solvents and the manufacture of printing blankets.

Elimination of hazardous chemicals

Trelleborg's project to register chemicals in accordance with the EU's REACH regulation (Registration, Evaluation and Authorization of Chemicals) has now been in progress for a year. The EU's objective is to only permit the use of substances within the EU and the EEA that are registered with the European Chemicals Bureau.

The physical inventory phase has involved establishing exactly which chemicals are used in Trelleborg's processes: designations, volumes, the degree of hazard, etc. José Luis Losa, who works in the Group's Environmental Department with the coordination of REACH activities, describes the development: "Since we informed the Purchasing Department of the requirements, we have performed two physical inventories of chemicals. The first of these related to our European plants and the second was performed on a global scale." Trelleborg

could benefit from the work that was conducted within the framework of ETRMA, the European Tyre and Rubber Manufacturers' Association, which has listed all chemicals that may be included in this type of manufacturing.

Obtaining results from all production plants is the first step. In Trelleborg, a number of compounds have come to the forefront as substitute candidates, since they are on the Substances of Very High Concern candidate list.

In 2008, the business areas appointed a team of experts with know-how in the area of chemicals, the REACH forum, which will advise Trelleborg units regarding the alternatives that exist to these substances. "During 2009, this will be our area of focus so that we can phase out all unwanted chemicals from Trelleborg's products," says José Luis. Communication with suppliers and customers regarding these issues is in progress.

Multiple projects are under way to replace solvent-based products in several areas, with positive effects on both the environment and the work environment.

Raw materials

Raw rubber consumed: 147,200 tons (183,100)

Other polymers: 71,300 tons (34,700)

The most important raw materials are polymers and metal components, as well as such additives as softening agents (oils), fillers, such as carbon black, and vulcanizing agents (sulfur, peroxides). Of the raw rubber used, approximately 34 percent is natural rubber and 66 percent is synthetic rubber.

As a chemical user, Trelleborg is affected by the EU chemical legislation, REACH.

Work with REACH continued in 2008 with the establishment of a Group forum to coordinate all REACH activities. Important points during the year included the replacement of Substances of Very High Concern, training of coordinators, and the initiation of communication with suppliers and customers regarding REACH-related issues (see box on page 62).

Water

Water use in production: 3.9 million cubic meters (4.6)

Water is used in production primarily for cooling and cleaning.

Emissions to water are limited and mainly comprise organic material measured in Chemical Oxygen Demand (COD), 466 tons, and nutrient substances, 10 tons.

Waste

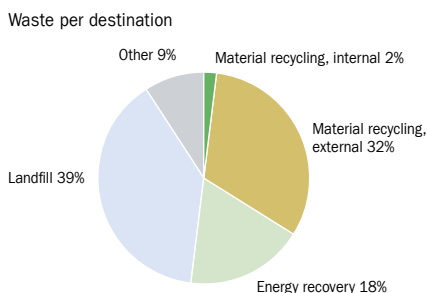
Total amount of waste: 75,500 tons (76,600)

Degree of recycling: 52 percent (52)

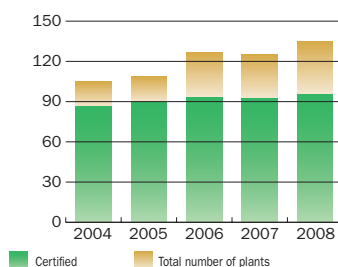
Continuous work is under way in the local operations to find waste disposal alternatives with a higher degree of recycling and at a lower cost.

In 2008, the Group's total waste management cost amounted to SEK 60 M (55). Of the total waste, rubber waste constituted slightly more than 35 percent.

The volume of hazardous waste amounted to 4,500 tons (4,600).



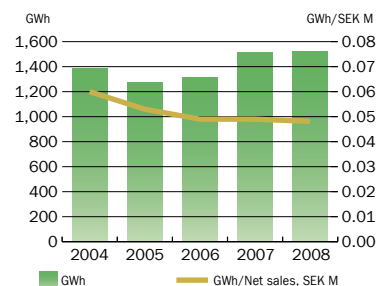
Number of ISO 14001 certified facilities



Environmental management:

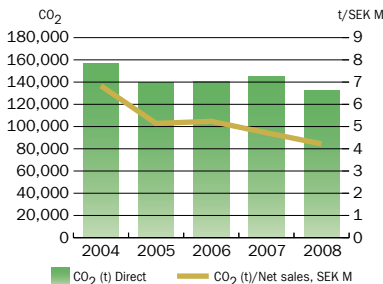
The number of certified plants rose compared with 2007, but the proportion declined as a result of acquisitions made in 2008 and the closure of a number of certified plants. A total of two units were certified in 2008.

Energy consumption



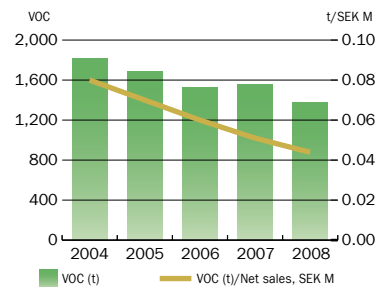
Energy: Total energy consumption was on a par with 2007. The value includes consumption of purchased steam and district heating amounting to approximately 210 GWh.

Carbon dioxide emissions



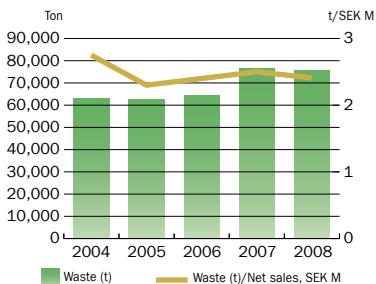
Climate impact: In 2008, direct carbon dioxide emissions declined in total terms and relative to sales.

VOC emissions



Emissions to air: Despite the acquisition of solvent-intensive production of printing blankets, emissions of volatile organic compounds declined, which is a result of better equipment. Emissions decreased significantly relative to sales.

Total waste



Waste: The volume of waste declined, both in total and relative figures.

Permits and non-compliance

80 percent of the plants are required to hold permits under local law. All 17 facilities in Sweden are required to hold permits and register their activities. Applications to renew environmental permits are currently being processed for 44 facilities (three in Sweden), of which all are expected to receive the permits requested.

During the year, some form of violation against the terms of the permit or local environmental, health and safety legislation occurred at 17 (17) facilities. Of these, six cases resulted in fines. The total cost for fines amounted to approximately SEK 0.53 M, of which SEK 0.4 M related to the plant in Spartanburg, in the US. Other causes of violations were noise and emissions to air. Complaints from neighbors and others concerned were directed at seven (four) facilities. The most common reasons were noise and odor.

Environmental risks and debts

Only 2 (3) unforeseen emissions took place during 2008, corresponding to about 2.5 m³.

The handling of oil and solvents has historically often given rise to soil and groundwater pollution. Cleaning of polluted soil is currently underway at ten plants. Another 12 facilities are assessed to be required to be decontaminated to an extent not yet established. In addition, Trelleborg is active as one of several formal parties in another six cases of decontamination (three in Sweden and three in the US), although with a marginal cost responsibility. The Group's provisions for environmental commitments amounted to SEK 84 M (71) at year-end.

References to GRI (Global Reporting Initiative)

EN1, EN2, EN3, EN4, EN8, EN16, EN18, EN20, EN21, EN22, EN23, EN28, S08

Performance and responsibility go hand in hand for Trelleborg employees

Companies that seek skilled new employees must clearly specify their values, both in terms of core business and the companies' social responsibility. Trelleborg's employer brand is an extension of its internal values – Customer focus, Performance, Innovation and Responsibility.

Trelleborg employees are expected to assume considerable responsibility at an early stage, which results in substantial scope for development. A positive effect connected to this method is that the Group develops dedicated corporate managers – a training ground both within and outside the Trelleborg Group.

"Our shared value 'responsibility' entails that we not only fulfill requirements for financial results, but also take clear environmental and social responsibility. Our employer brand is a way to show what Trelleborg stands for, now and in the future," says Patrik Romberg, who coordinates the Group's employer branding efforts.

A project is under way to further strengthen Trelleborg as an attractive employer. With the aim of attracting, developing and retaining employees, a range of activities are being conducted within all three of these areas. These include a trainee program that will take place in 2009/2010, participation in labor market days and direct cooperation with universities and colleges.



Responsibility for the workplace

Work environment – Health and safety

Trelleborg's Code of Conduct emphasizes the objective of preventing work-related injuries and illnesses at all of the Group's workplaces globally. Trelleborg's Safety@Work program supports the organizational change that is required to create a culture of safety and strengthens the Group's ability to attract, develop and retain good employees in all its units.

In 2008, all active production units underwent Safety@Work training, conducted self-assessments and developed a plan for preventive and corrective measures. More than 50 trained internal auditors performed audits at more than half of the plants. The combined result of these activities was the development of an improvement program that aims to reduce the risks at these units.

Accordingly, the Safety@Work program has been introduced globally at all active production units from 2008. The progress of the Safety@Work program is monitored by the company's CR reporting structure.

To date, injuries and illness have decreased in all of the countries in which the program was applied.

Average number of employees 2008 – 2007

Distribution by country	2008	2007	Change
USA	3,501	3,606	
France	2,850	3,079	
Sweden	2,243	2,322	
UK	1,787	2,128	
Italy	1,528	1,523	
Spain	1,302	1,519	
Poland	1,285	1,304	
Germany	1,266	1,342	
China	1,103	1,090	
Brazil	1,065	942	
Sri Lanka	762	706	
Czech Republic	727	670	
Malta	588	621	
Denmark	515	554	
Mexico	502	616	
India	437	464	
South Korea	381	430	
Norway	328	342	
Turkey	314	283	
The Netherlands	254	278	
Singapore	243	233	
Romania	193	119	
Lithuania	163	111	
Australia	162	118	
Finland	135	145	
Rest of Europe	404	301	
Rest of North and South America	111	135	
Other markets	198	177	
Total	24,347	25,158	-3.2 %
Men	18,053	18,727	-3.6 %
Women	6,294	6,431	-2.1 %

Trelleborg has operations in more than 40 countries. About 90 percent of the employees work outside Sweden.

The average number of employees declined during the year to 24,347 (25,158), of which 26 percent (26) were women. The number of employees at year-end, including insourced staff and temporary employees, amounted to 23,202, (25,869).

Salaries and other benefits amounted to SEK 6,437 M (6,662).

Personnel turnover (not taking terminations and retirements into consideration) varies among countries and facilities, and often reflects the local labor situation. Personnel turnover was 8 percent (9.5) during 2008. The majority of plants indicate a personnel turnover below 5 percent.

Trelleborg's facilities continue to demonstrate a falling trend in terms of cases of work-related injuries/illnesses. In 2008, 768 (854) cases resulting in more than one day's absence were reported, corresponding to a reduction of 10 percent compared with 2007. About 34 percent involved injuries in connection with the handling of materials, 25 percent were a result of contact with machines or other equipment, while 20 percent were due to injuries from a fall or slip.

New key performance indicators have been introduced for 2009 that aim to reduce the number of injuries and the number of days lost due to absenteeism.

Total absenteeism for 2008 at the Group's production units was 4 percent of normal working hours.

Trelleborg's goal is that all facilities should have a well-functioning safety committee. In 2008, such committees with representation from plant management were in place at 131 out of 135 facilities.

Workplace relationships

Trelleborg's policy is to recognize local union clubs and the right to a collective agreement where so desired by the employees. More than 80 percent of Trelleborg's employees at the Group's production plants are represented by unions through collective agreements.

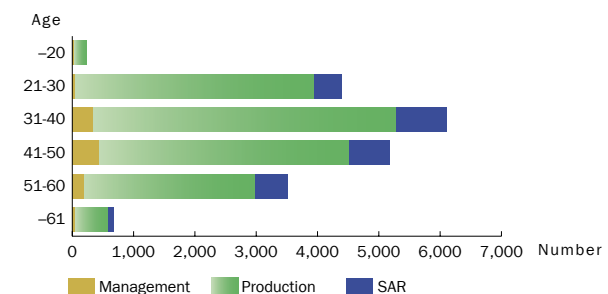
Within Trelleborg, continuous change processes are under way in connection with acquisitions, divestments and rationalizations. Accordingly, a primary task is to provide the conditions for change and, with respect for each employee, reduce uncertainty and insecurity, while at the same time ensuring the company's continued competitiveness. Trelleborg always follows local legislation or collective agreements in terms of time required for warnings of lay-offs. The market situation in 2008 was exceptional and led to major personnel reductions. The workforce was reduced by 2,700 employees during the year, mainly in the US, the UK, Germany, France, Spain and Sweden.

Diversity and equality

Trelleborg's Code of Conduct states that Trelleborg shall not apply special treatment to employees in regard to employment or work assignments on the basis of gender, religion, age, disability, sexual orientation, nationality, political opinions or social or ethnic origin. In 2008, no cases (1) of discrimination were reported or reviewed.

Age distribution and personnel categories in production plants

Age distribution



In the diagram, the age categories of Trelleborg employees in the production plants are subdivided into *Management*, comprising managers and supervisors, *Production employees*, and *SAR*, consisting of sales, administration and research staff.

Human rights

Human rights, such as child labor, forced labor and the right to union representation, are addressed in Trelleborg's Code of Conduct. With regard to human rights, in 2008, Trelleborg joined the Amnesty Business Group's rating that measures the risk of human rights violations. Trelleborg's result, 4.1 on a five-point scale, was clearly better than the average for Swedish industrial companies, that was 2.9.

During the year, no violations (0) related to forced labor or child labor occurred.

Training and development

Trelleborg's fundamental principle for human resource development is to provide suitable training to increase proficiency. At the same time, the Group strengthens its employees' social and financial opportunities. In 2008, the average number of training hours per employee at the Group's production plants was 15.5 (15.2). The proportion of employees who have now undergone training in relation to the Group's Code of Conduct (our responsibility for the environment, work environment, ethics and social issues) is 77 percent. Training was carried out both in e-learning form (primarily for salaried employees) and as conventional classroom training.

Performance reviews

In performance reviews in the Trelleborg Group, focus is placed on setting goals that are then followed up. Achievements and career goals are discussed, and individual development plans are prepared.

A skills portal was developed to support the Group's managers in the preparation and implementation of performance reviews with employees. Preparation for performance reviews can take place in the portal, and the reviews can be stored online. In 2008, a pilot trial was carried out in selected business units. The overriding goal is to offer all salaried employees documented career development talks in 2010.

Talent management

Trelleborg has an extensive and structured talent management program whose goal is to secure a strong talent base for managers in the Group. The process focuses on analyzing performance and potential. Additionally, future succession is planned for. The process is obligatory and is carried out in the same way throughout the organization. In 2008, about 550 people participated.

An important part of the process is to increase the number of internal work changes between the business areas. Trelleborg wants to increase the Group's opportunities to free the potential of employees and use internal talent in the best way possible. The process is summarized by the Group holding talent review meetings with the respective business areas. The results are then presented to Trelleborg's Board. The objective is to have a degree of internal recruitment of 75 percent for the four highest levels of management. This figure currently varies from business area to business area, but is approximately 65 percent in total.

Job Market is a web-based tool in which all available positions are advertised on Trelleborg's intranet. In 2008, 192 positions were advertised on Job Market. The tool is a part of efforts to increase dynamics in the form of internal recruitment and work rotation within the Group.

In 2008, some 20 managers from the four top levels of management were invited to participate in an assessment center, held by external consultants. The managers were interviewed, underwent personality analyses and conducted various exercises. The results were summarized in development plans, which established how to best plan for the managers' future.

Leadership training

In 2007, the Group introduced a new obligatory development program for senior executives called the Senior Executive Program (SEP). In 2008, 48 managers, of whom three were women, participated in the program. The ambition is to develop executives' ability to think strategically and to implement chosen measures.

Trelleborg International Management Program (TIMP) is a well-established training program for middle managers in Trelleborg. The program was revised for 2008. The objective is for participants to gain an insight into all general managerial duties, such as strategy, finance, marketing, operations, leadership and personnel issues. In 2008, 47 managers (43 men and 4 women) completed the program.

An internal mentor program to support leadership development, mainly of female managers, was initiated and will commence in 2009.

In 2008, 64 participants took part in a customized Trelleborg training course in project management. To date, 93 individuals (80 men and 13 women) have taken the course.

Compensation and Benefits

An important factor to ensure the Group's long-term success is to have a system of rewards that takes employees' performance into account. The scope of this is outlined in the global and Group-wide Compensation and Benefits Policy. The basis of the policy is that the compensation structure is based on a systematic evaluation system for work content and performance.

References to GRI (Global Reporting Initiative)

EC7, LA1, LA2, LA4, LA5, LA6, LA7, LA10, LA11, LA12, LA13, HR4, HR5, HR6, HR7, S03

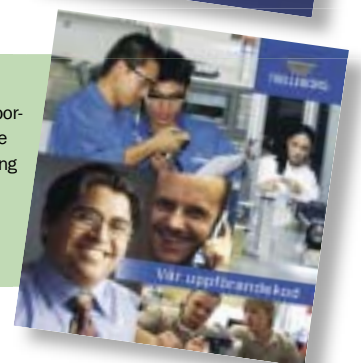
Trelleborg's values

Trelleborg's four fundamental values – customer focus, performance, innovation and responsibility – constitute continuity in the Group's activities to develop managers and employees. During the year, the company continued the work initiated in 2007 to integrate the values in each of its units using presentations and printed materials.



Trelleborg's Code of Conduct

Trelleborg's Code of Conduct is the most important policy document in the area of Corporate Responsibility for all Group employees. Training in the content of the Code is mandatory and has been completed by 77 percent of the employees at the production plants and by 85-90 percent of salaried employees.



Responsibility to customers and suppliers

Competition

Since 2007, one of Trelleborg's subsidiaries in France has been the subject of investigations by competition authorities in the EU, the US and Brazil. The authorities in Japan have completed their investigation without taking any measures against Trelleborg. The European Commission announced its decision on the matter in January 2009. According to the announcement, one of the Trelleborg Group's French subsidiaries participated in illegal price cooperation for certain types of marine oil hoses. The European Commission has set the fine for the subsidiary at EUR 24.5 M.

Since 2005, one of Trelleborg's subsidiaries in the US is also the subject of investigations by the US Department of Justice relating to certain types of marine oil hoses and certain types of marine fenders. However, the European Commission's decision is completely independent of that of the US authorities. Trelleborg has continuously assisted the US authorities in its investigations, and awaits their decision on the matter.

The Group has clear and well-communicated rules governing compliance with prevailing competition regulations, which were strongly reinforced (see box below) to further increase knowledge of current competition legislation and strengthen the Group's internal processes and control systems.

For further information, see comments regarding the Group's income statement on page 76.

Suppliers

Trelleborg's objective is to only work with suppliers who support our quality requirements and business principles. Many of the Group's units examine the environmental/sustainability performance of suppliers, usually through locally designed procedures and surveys. Beginning in 2009, suppliers' compliance with relevant parts of Trelleborg's Code of Conduct will be reviewed through self-evaluation focusing on the work environment, environment and social responsibility. Suppliers deemed to risk serious breaches of the Code's regulations will be reviewed through supplier audits. These are planned so that the areas at greatest risk will have the initial priority. Training of Trelleborg purchasing managers in this area began in 2008.

During the year, relationships with suppliers at seven units in various countries were discontinued due to environmental or social reasons.

Transports

More than 90 percent of Trelleborg's raw materials and finished products are transported by truck. The Group engages transport companies that can take care of freight in an effective and safe manner. The most significant environmental impact of the transports is carbon dioxide emissions due to the use of fossil fuels.

Based in Sweden, through one of its Swedish subsidiaries, Trelleborg Industri AB, Trelleborg has participated since 2006 in the cooperative project Forum for Sustainable Transports, in which the players work to establish transports based on companies' sustainability agenda. In 2008, the project reached its goal of providing purchasers of heavy road transports with Systole, a tool for more sustainable transports based on five grounds for assessment: economy, transport requirements, the environment, safety and degree of effectiveness. On the website, www.transport-upphandling.se, which includes an English version, transport purchasers can exchange experiences of their assessments and transport suppliers can declare their sustainability achievements.

Products

For information on the positive effects of Trelleborg products and solutions on the environment and work environment, see pages 4 and 61. When developing new products, consideration is always taken of legal and customer requirements, environmental, health and safety aspects in the manufacturing phase as well as the use phase where relevant. In cooperation with suppliers, work is under way to replace particularly hazardous substances in existing product formulations in accordance with the EU chemical legislation REACH (refer also to page 62).

Development work is usually conducted in close cooperation with the customer. Trelleborg provides product information in the form of labeling, safety data sheets, IMDS declarations and environmental declarations that meet the requirements set by the respective customer or market. Many customers, such as the automotive and construction industries, have specific requirements with regard to the products' environmental characteristics and input parts. Industry or customer-specific limitation lists also exist for chemicals.

Under the EU directive on the end life of vehicles (the ELV directive), requirements are placed on the recyclability of input parts in cars. Therefore, Trelleborg supplies, in accordance with requirements from world-leading car makers, environmental declarations as per the Global Automotive Declarable Substances List (GADSL) in the shared International Material Data System (IMDS) for all products supplied in this segment.

References to GRI (Global Reporting Initiative)

S04, S07, HR2, EN26, PR1, PR3

Action program in the area of competition

Trelleborg's Code of Conduct and training in the Code for all employees contain separate sections about competition issues. The Group also has a specific program addressing competition issues (the Trelleborg Competition Law Compliance Program), which covers the communication of the Group's clearly formulated policies, training, e-learning on the intranet and a newsletter. The company also has a whistle-blower policy, which can be used by all employees upon suspicion of impropriety.

The Group's General Counsel also functions as Compliance Officer, responsible for implementing, supporting and developing the Group's action program in the area of competition. The program, which is monitored and reported back to the Board, includes a review of agreements in particularly vulnerable environments, legal reviews of subsidiaries and a

review of trade organizations. In addition, the program focuses on ensuring that everyone in the organization understands how competition law works, what is legal/illegal and that cartel behavior is entirely unacceptable in the Trelleborg Group.

- The Group's senior executives (about 150) have received a separate presentation of these regulations.
- All relevant employees shall confirm in writing that they have read and understood the company's policy.
- All managers must participate in competition seminars and individual certificates will be issued. To date, more than 50 full-day seminars have been held and 1,100 managers in the primary target group have received training (December 2008).
- All new managers must participate within six months of employment.

Responsibility to society and the community

Social commitment

Trelleborg participates in numerous social activities, which are often based locally and involve cooperation with neighbors, interest groups, authorities and sport clubs. In the case of sports clubs, there are many examples of how the company supports youth work, which also takes the form of sponsorship of handicapped children, scouts, preschools and festivals.

Trelleborg does not sponsor political or religious organizations. Trelleborg's sponsorship guidelines state that we prioritize sponsorship measures that benefit society and the regions in which we operate are prioritized. Sponsorship shall support Trelleborg's values and strengthen its relationships with customers and other partners.

Within the education area, Trelleborg cooperates with several universities and schools, which involves regular contacts with researchers and students. Trelleborg's cooperative partners include Université de Nantes, France, Fachhochschule Koblenz, Germany, LUISS in Rome, Italy, Western Michigan University in the US, Malta University, Malta, the University of Derby and Trent Technical College in the UK, and the International Institute for Industrial Environmental Economics and Chalmers University of Technology in Sweden. Over the years, a large amount of research and many degree projects have been performed at Trelleborg's plants, with specializations in such areas as the environment. In addition, Trelleborg has a "learning partnership" with Lund University School of Economics and Management, involving the sponsorship of two postgraduate appointments.

Communication

One of the company's central communication goals is to contribute to Trelleborg acting as a good corporate citizen and, in line with this, mediate a relevant image of operations in this regard. Trelleborg's communication shall conform to applicable legislation, regulations and

standards, be characterized by a close relationship with the company's stakeholders and be founded on regular contact, clarity and good ethics. It shall be transparent and honest, planned and systematic.

For marketing communication, the company complies with the ethical regulations of the Association of Swedish Advertisers, which extend beyond the business relationship between advertiser and agency. Advertising must be compatible with social, financial and environmental aspects.

References to GRI (Global Reporting Initiative)

EC1, EN30, SO5, PR6

Trelleborg and Save the Children

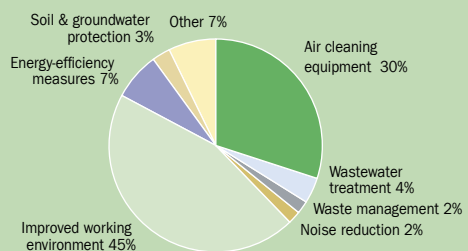
Cooperation extending over a number of years with Save the Children was initiated in 2006. This comprises yearly support for the charity organization and forms part of Trelleborg's ambition to assume an increased global social responsibility by contributing to children's development and education. Save the Children's program "Rewrite the future" is a five-year global initiative focused on securing education for children in conflict-affected countries.



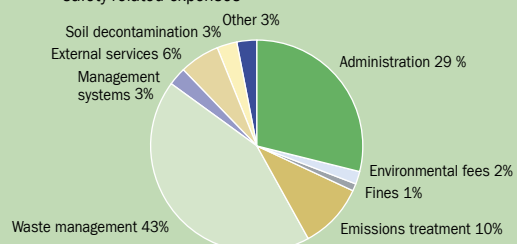
Environment and health and safety-related costs and investments

In 2008, a total of SEK 97 m (96) was invested in environmental, health and safety improvement measures. Environmental, health and safety costs amounted to SEK 144 m (133). At the same time, environmental improvement measures generated cost savings of SEK 34 m (21).

Distribution of environment, health and safety-related investments



Distribution of environment, health and safety-related expenses

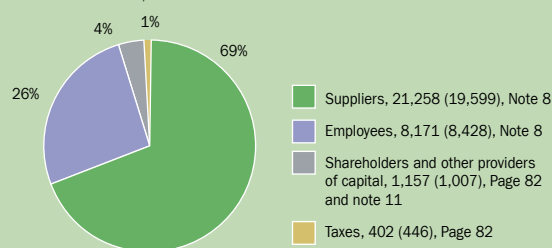


Created and distributed direct economic value

Trelleborg's operations generate a financial value that, to a great extent, is distributed among various groups of stakeholders, such as suppliers of goods and services, employees, shareholders, banks and other creditors, and to society in the form of taxes. In 2008, the Group generated SEK 31,311 m (30,848), of which SEK 30,998 m (29,480) was distributed among various groups of stakeholders, as shown in the diagram below. With the exception of suppliers of materials and services, the majority of the generated value benefits employees in the form of salaries and other benefits.

The Group's shareholder dividend policy entails that long-term dividends are to reach 30 to 50 percent of annual net profit.

Value distribution, SEK M



Assurance report

To the readers of the Trelleborg Annual Report 2008

At the request of the management of Trelleborg AB (publ), we have performed a limited review of the following performance indicators selected by us: CO₂ emissions (page 62), VOC emissions (page 63), Total waste (page 63), Work-related accidents (page 65), Training hours per employee (page 66), and Employees trained in the Code of Conduct (page 66), presented in the "Corporate Responsibility" section of the report.

The purpose of our limited review is to express whether we have found any indication that the information is not, in all material aspects, reported in accordance with the criteria developed and stated by Trelleborg. The limited review has been performed in accordance with the FAR SRS (the institute for the accountancy profession in Sweden) draft standard on independent limited reviews of voluntary separate sustainability reports.

Sustainability issues and any reporting thereon are the responsibility of Trelleborg group management. Our task is to express an opinion, based on our limited review, on the selected performance indicators on the above-mentioned pages of the Trelleborg Annual Report 2008.

The selected performance indicators have been prepared in accordance with Trelleborg's principles for calculation and disclosure, which also constitute the criteria upon which our limited review has been based.

The scope of our limited review procedures included the following activities:

- Discussions with management representatives to obtain information on material incidents and activities during the period to which the report pertains.
- Review of the principles for calculation and disclosure of the selected performance indicators, as well as systems and instructions for measurement and reporting of the indicators.
- Visits to two sites (Skelmersdale, UK and Tivoli, Italy) and to relevant departments at group level to review routines for reporting, consolidation, and internal control of the indicators.
- Review of underlying documentation, on a test basis, to assess whether the selected performance indicators, in all material aspects, are reported and aggregated in a standardised format and in accordance with Trelleborg's reporting principles.

We have reported the ongoing results of our review to Corporate Communications and to the Environment department within Group Legal.

Based on our limited review procedures, nothing has come to our attention that leads us to believe that the selected performance indicators on the above-mentioned pages in the "Corporate Responsibility" section have not, in all material aspects, been prepared in accordance with the above stated criteria.

Trelleborg, February 19, 2009
PricewaterhouseCoopers AB



Olov Karlsson
Authorised public accountant



Fredrik Ljungdahl
Expert member, FAR SRS



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Our lives are colored

by our visual impressions. To achieve the right nuances of color in an advertisement, magazine or brochure, extreme precision is required in the printing process. Polymer-coated printing blankets from Trelleborg Printing Blankets transfer color to the paper and ensure the correct impression, time after time – a **different** solution.

Comments on the consolidated income statements

In 2008, the Group's market situation was highly varied. Overall, the trend for the first half of the year was favorable, with relatively high organic growth. During the second half of the third quarter, market conditions were affected by increased uncertainty within several segments, which was accentuated during the fourth quarter due to a sharp negative trend. At that time, the clear decline in the automotive and construction industries and in some general industrial segments had a significant impact on parts of the Group's operations.

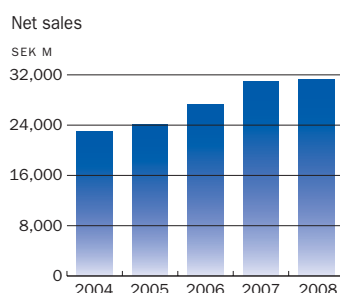
At the same time, several of the Group's segments, such as the aviation industry, offshore oil and gas, infrastructure and agriculture noted a favorable trend with strong demand. In these segments, the Group's positions in the market were strengthened, and within many sub-segments it captured market share. Trelleborg Sealing Solutions and Trelleborg Wheel Systems increased their operating profit compared with 2007, while operating profit for Trelleborg Engineered Systems decreased somewhat. Earnings for Trelleborg Automotive continued to be negatively impacted by the sharp decline in the automotive industry.

To increase competitiveness and free up synergies, several restructuring projects were initiated in 2008, and efforts within previously announced projects continued in all business areas, primarily within Trelleborg Automotive. A total of SEK 994 M relating to these restructuring projects was charged against the Group's total operating profit for the year. Additional measures were also undertaken to adapt the Group's organization to prevailing market conditions. This occurred in all business areas in the form of temporary production suspensions, shift reductions and redundancies. During the year, approximately SEK 200 M relating to measures was charged against the Group's operating profit.

In 2008, operating profit was charged with expenses totaling SEK 430 M pertaining to the European Commission's decision in the ongoing competition investigation regarding certain types of marine hoses.

Net sales

Market conditions were extremely varied during the year, with a favorable trend in most of the Group's market segments during the first half of the year. The financial turbulence that prevailed towards the end of the year impacted many areas, resulting in a decrease in the Group's net sales, particularly within automotive-related segments, where the decline was dramatic. However, within such segments as the aviation industry, offshore oil and gas, infrastructure and agriculture, the market trend remained favorable.



Sales increased for all business areas except for Trelleborg Automotive. For the full year 2008, the Trelleborg Group's net sales amounted to SEK 31,263 M (30,971), an increase of 1 percent. Organic sales declined by 1 percent. The increase in sales for comparable exchange rates amounted to 1 percent.

To meet an increasing demand within selected segments during the year, a number of investments in new facilities were made, including within such selected segments as offshore and agriculture and in such geographical markets as China, Sri Lanka, Turkey, the US, Italy and Sweden. The Trelleborg Group's strategy is to expand in attractive segments, with favorable growth and profitability potential, and in which the three primary customer needs of sealing, noise dampening and protection play a main role. This strategy led to the initiation of a number of acquisitions during the year, with combined annual sales of approximately SEK 1,215 M and 970 employees.

Consolidated net sales amounted to:

SEK M	2008	2007
Continuing operations, SEK M	31,263	30,810
Discontinued units, SEK M	-	161
Total	31,263	30,971

With the following change in percent:

Change, %	Continuing operations
Organic growth	-1
Structural changes	+2
Exchange-rate movements	0
Total	+1

Net sales by business area, continuing operations:

SEK M	2008	2007	Nominal change, %
Trelleborg Engineered Systems	12,378	11,745	5
Trelleborg Automotive	9,461	10,299	-8
Trelleborg Sealing Solutions	6,022	5,844	3
Trelleborg Wheel Systems	3,708	3,248	14
Eliminations	-306	-326	
Group	31,263	30,810	1

In 2008, *Trelleborg Engineered Systems* experienced an organic growth of 3 percent. Demand varied greatly within the business area's various market segments. Within certain industrial segments and construction-related operations, especially toward the end of the year, the trend was weak, while demand remained favorable within project-oriented segments, particularly in offshore oil and gas and infrastructure.

For *Trelleborg Automotive*, organic sales decreased by nearly 9 percent during the full-year 2008 compared with 2007. The decline was attributable to a significant decrease in demand, primarily in North America and Western Europe, and to extensive capacity reductions and personnel cutbacks.

During the first half of the year, the trend for *Trelleborg Sealing Solutions* was very positive, with favorable organic growth in prioritized industrial segments. Toward the end of the year, demand declined substantially, particularly within automotive-related operations. As a result,

Consolidated income statements

SEK M	Note	2008	2007
Continuing operations			
Net sales	2	31,263	30,810
Cost of goods sold		-23,603	-23,151
Gross profit		7,660	7,659
Selling expenses		-2,437	-2,244
Administrative expenses		-2,982	-3,002
Research & development costs		-603	-550
Other operating income	6	389	404
Other operating expenses	6	-1,671	-563
Share of profit or loss in associated companies	7	18	12
Operating profit	3,4,5,8,9,10	374	1,716
Financial income	11	30	26
Financial expenses	11	-570	-465
Profit before tax		-166	1,277
Tax	12	-92	-430
Net profit		-258	847
Discontinued operations			
Net sales		-	161
Operating profit		-	-9
Profit before tax		-	-9
Net profit		-	-9
Total net sales		31,263	30,971
Total operating profit		374	1,707
Total profit before tax		-166	1,268
Total net profit for the year		-258	838
- of which attributable to Parent Company's shareholders		-267	821
- of which attributable to minority interest	13	9	17
Earnings per share, SEK			
<i>Continuing operations</i>			
Earnings		-2.95	9.20
Diluted earnings		-2.95	9.20
Earnings, excluding items affecting comparability ¹⁾		9.75	14.00
<i>Total</i>			
Earnings		-2.95	9.10
Diluted earnings		-2.95	9.10
Dividend, ²⁾		-	6.50
Number of shares			
Average		90,357,261	90,357,261
Average, after dilution		90,357,261	90,357,261
¹⁾ Net earnings have been adjusted for items affecting comparability, SEK M		-1,148	-435
²⁾ As proposed by the Board of Directors' and the President's proposal			

the business area reported no organic growth in 2008. Demand in the aerospace segment remained very favorable, and the trend in such segments as alternative energy sources and life science was also positive.

Trelleborg Wheel Systems increased its total sales in 2008 and achieved an organic growth of nearly 11 percent. The positive global trend for larger agricultural tires was strong throughout the year, benefiting Trelleborg, whose products are well positioned in this area. Growth in the industrial tires segment also increased somewhat during the year, but with a clear decline in demand during the fourth quarter.

Net sales per market

Europe remained the Trelleborg Group's most important market, with a 67-percent share of total sales. However, during the year, the Group further strengthened its presence in the new emerging markets. Sales in Europe and North and South America remained at the same level as in the preceding year, while sales growth in Asia and the rest of the world amounted to 11 percent.

Trelleborg continued to invest in new growth markets. To meet rising demand in Asia, Trelleborg Engineered Systems constructed a new facility in Wuxi, China, which was inaugurated in April. The unit will primarily manufacture products for the electronics and telecom industries and will initially employ 100 persons. To strengthen its position in the growing Asian graphics market, the business area also acquired the remaining shares in Shanghai Reeves New Printing Consumables Co Ltd., thereby becoming the sole owner of the company. Within the framework of its joint venture, Trelleborg Kunhwa, Korea, Trelleborg Automotive opened a smaller unit in Zhangjiagang, China, to manufacture vehicle boots for Korean customers in China. Within Trelleborg Sealing Solutions, production was moved from Canada to Brazil and Mexico, and the business area acquired the remaining minority shares in an Indian sealing operations firm. Sales in markets outside Western Europe, North America, Japan and Oceania rose by 14 percent in 2008.

Net sales per geographic market, continuing operations:

SEK M	2008	2007
Europe	20,976	20,849
North and South America	7,143	7,126
Asia and other markets	3,144	2,835
Total	31,263	30,810

For continuing operations, the most rapid expansion can be seen in Asia and other markets

	Sales increase 2008	Share of total sales
Europe, %	+ 1	67
North and South America, %	0	23
Asia and other markets, %	+ 11	10
Total		100

Consolidated earnings

Consolidated net profit totaled SEK 374 M (1,707). The Group's financial income and expenses amounted to a net expense of SEK 540 M (expense: 439), corresponding to an average interest rate of 4.75 percent (4.40). The tax expense for the year totaled SEK 92 M (430). For continuing operations excluding items affecting comparability, the tax rate was

29 percent (30). The overall tax expense was impacted by the tax effect of items affecting comparability. The net loss was SEK 258 M (profit: 838) and earnings per share amounted to a negative SEK 2.95 (positive: 9.10). Operating profit was adversely impacted by restructuring costs and impairment losses attributable to the action program in the amount of SEK 994 M (expense: 498) before tax. Nonrecurring costs relating to the ongoing competition investigation related to specific types of marine hoses, had a negative impact on operating profit of SEK 430 M. The items affecting comparability, which were charged to operating profit at a total amount of SEK 1,424 M (558) before tax and SEK 1,148 M (435) after tax, were excluded in the statement of the Group's operating key figures. Exchange-rate fluctuations in connection with the translation of earnings of foreign subsidiaries had a negative impact on operating profit at an amount of approximately SEK 69 M compared with the preceding year.

Discontinued units

The following is recorded as discontinued operations:

SEK M	2008	2007
Operating profit in Trelleborg Automotive's operation in Coventry	-	-7
Operating profit in Goodall Rubber Company	-	-2
Operating profit	-	-9
Profit before tax	-	-9
Net profit	-	-9

Operating profit

For continuing operations excluding items affecting comparability, operating profit was SEK 1,798 M (2,274). Exchange-rate fluctuations in connection with the translation of earnings of foreign subsidiaries had a negative impact on operating profit amounting to approximately SEK 40 M compared with the preceding year. Sealing Solutions and Wheel Systems increased their operating profit compared with 2007, while operating profit for Engineered Systems declined somewhat. Profit for Trelleborg Automotive remained negatively affected by the sharp decline in the automotive industry.

Operating profit – continuing operations:

SEK M	2008	2007
<i>Excluding items affecting comparability</i>		
Trelleborg Engineered Systems	1,087	1,168
Trelleborg Automotive	-381	203
Trelleborg Sealing Solutions	888	839
Trelleborg Wheel Systems	363	288
Other companies	-9	-8
Group items	-150	-216
Operating profit, excl. items affecting comparability	1,798	2,274
<i>Items affecting comparability</i>		
Trelleborg Engineered Systems	-79	-89
Trelleborg Automotive	-868	-382
Trelleborg Sealing Solutions	-32	-
Trelleborg Wheel Systems	-15	-27
Property sale	-	26
Legal nonrecurring costs	-430	-86
Operating profit, incl. items affecting comparability	374	1,716

Continuing operations excluding items affecting comparability

SEK M	2008	2007
Net sales	31,263	30,810
EBITDA	2,868	3,276
Operating profit	1,798	2,274
Profit before tax	1,258	1,836
Net profit	889	1,282

The EBITDA margin amounted to 9.1 percent (10.6) and the operating margin was 5.7 percent (7.3). The operating margin improved compared with the preceding year for Trelleborg Sealing Solutions and Trelleborg Wheel Systems, and this is primarily attributable to an improved product mix and continued prioritization of attractive segments. The profit margin for Trelleborg Engineered Systems decreased during the year, and this is mainly attributable to a decreased demand in certain segments and to production disruptions in the offshore oil and gas segment, which charged the year's operating profit with about SEK 110 M. Trelleborg Automotive reported a negative operating margin as a result of the clear decline in the automotive industry.

Overall, expenses totaling approximately SEK 200 M were charged for adjustments to capacity and redundancies of which the majority were within Trelleborg Automotive. Costs for development, including capitalization of SEK 55 M (81), amounted to SEK 513 M (520) during the year. Depreciation and impairment losses of capitalized expenses for development amounted to SEK 118 M (94).

Profit before tax totaled SEK 1,258 M (1,836), and net profit amounted to SEK 889 M (1,282). Earnings per share were SEK 9.75 (14.00).

Items affecting comparability

Items affecting comparability, corresponding to a total expense of SEK 1,424 M (expense: 558) before tax, were excluded from the statement of the Group's operating key figures. These items are presented in the table below and comprise restructuring costs in the business areas amounting to SEK 994 M and nonrecurring costs relating to the ongoing competition investigation for subsidiaries in the amount of SEK 430 M.

Items affecting comparability were charged to operating profit in an amount of SEK 1,424 M, with the following breakdown:

SEK M	2008	2007
Cost of goods sold	-16	-70
Sales expenses	-	-117
Administrative expenses	-99	-
Other operating income	1	26
Other operating costs	-1,310	-394
Share of profit or loss in associated companies	-	-3
Total	-1,424	-558

Action programs in the business areas

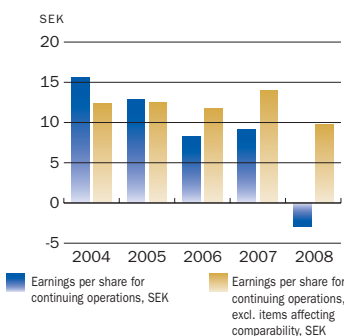
In 2008 in *Trelleborg Engineered Systems*, a project was initiated to consolidate and focus the production of specialized hoses. The project entails a concentration of manufacturing to the Group's French unit in Clermont-Ferrand. During the year, expenses for the project amounted to approximately SEK 36 M, of which approximately SEK 30 M impacted operating cash flow. An additional SEK 5 M is expected to affect operating profit and cash flow in 2009. Furthermore, in the business unit for sealing profiles, a decision was made during the year to initiate an action program to further enhance the efficiency of the unit. The majority of the program comprised efficiency enhancements in Germany. Expenses of SEK 19 M were charged against operating profit with no impact on cash flow in 2008. In total, the action program is expected to result in expenses and a cash-flow effect of approximately SEK 30 M.

To utilize synergies from the acquisition of MacDermid Offset Printing Blankets that occurred in 2008, a decision was taken to implement specialization and efficiency enhancements of the production structures of some of the acquired units. Expenses of SEK 11 M were charged against operating profit, of which SEK 3 M affected cash flow in 2008. In total, the action program is expected to include expenses and a cash-flow effect of approximately SEK 30 M.

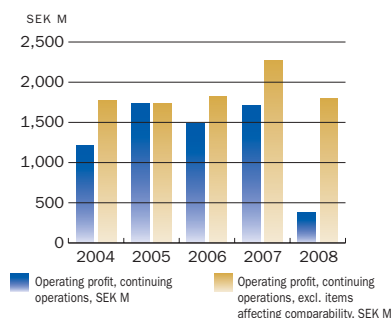
In addition to the above program, a number of other restructuring projects in the business area are under way and were charged against operating profit in 2008 in an amount of SEK 10 M.

Within *Trelleborg Automotive*, previously initiated action programs are ongoing and entail a strategic and operational overhaul with the purpose of improving profitability and the strategic position of the business area. In 2008, these efforts continued and were reinforced with additional measures. Significant portions of Fluid Solutions in Nantes, France were moved to existing operations elsewhere, primarily in Turkey. The action program affects approximately 450 employees, of whom about 310 are permanent and about 140 are temporary employees.

Earnings per share



Operating profit



In addition to the redundancies, impairment losses on assets amounted to SEK 112 M within the framework of the project in Nantes. Further impairments of non-current assets amounted to SEK 223 M. Total costs for the measures in the Fluid Solutions business unit in 2008 amounted to approximately SEK 595 M, of which about SEK 30 M affected cash flow for the year. Total impairment losses on assets amounted to SEK 335 M. In 2009, an additional sum totaling approximately SEK 25 M is expected to be charged against operating profit. The measures are expected to have a cash-flow-affecting repayment period of approximately three years. The positive annual profit effect is expected to be approximately SEK 110 M before tax with full impact in 2011, but the majority of the improvements are expected to occur in 2010.

In addition, as a final phase in this initial action program, a decision was taken during the year to move operations located in Peru, in the US, to other facilities within Trelleborg Automotive. Production in Peru was concluded in the fourth quarter of 2008. The decision affected approximately 200 employees at the plant. Expenses of SEK 110 M attributable to the move were charged against earnings for the year. No further expenses are expected. A total of approximately SEK 65 M of the expenses affect cash flow, of which SEK 31 M was charged against earnings in 2008. The positive annual earnings effect is expected to be approximately SEK 40 M before tax, with full impact from 2009.

In addition to the abovementioned projects, efforts continued in previously announced action programs. Expenses of SEK 163 M for these programs were charged against operating profit. Above all, measures were taken to further rationalize and reduce staffing at operations in Western Europe. In 2008, a total of approximately SEK 868 M was charged against operating profit for measures taken within Trelleborg Automotive, of which impairment losses on assets accounted for SEK 386 M. A total of SEK 279 M was charged against operating cash flow. Remaining expenses for previously determined measures are estimated at approximately SEK 50 M, of which most is expected to be charged against earnings in 2009.

In 2008, a decision was taken within the *Trelleborg Sealing Solutions* business area to move production in Guelph, Canada, with approximately 100 employees, primarily to existing operations in Brazil and Mexico, and to phase out some of the existing product groups. The measure is part of the improvement of the business area's production structure and the focusing of the product portfolio in line with the transition to more profitable segments. A total of SEK 32 M was charged against operating profit in 2008, and an additional SEK 7 M is expected to be charged against operating profit in 2009. Only SEK 2 M affected operating cash flow in 2008, while the remaining effect of approximately SEK 33 M is expected to affect operating cash flow in 2009.

Within *Trelleborg Wheel Systems*, the move of Trelleborg's production of rims for special tires from the business area's unit in Hadsten, in Denmark, to a new unit in Liepaja, in Latvia, was nearly completed

during the year. The move of production creates the conditions for competitive production of this relatively small series of specialized products. No expenses for this project were charged against operating profit for the year, but the cash-flow effect of the project was approximately SEK 10 M in 2008. The previously announced closure of the business area's plant for industrial tires in Hartville, in the US, proceeded as planned. Industrial tire capacity will instead be concentrated to Sri Lanka, where investments and efficiency enhancement continued. During the year, expenses of approximately SEK 13 M affected operating profit and operating cash flow.

Competition investigations into subsidiaries

Since 2007, one of Trelleborg's subsidiaries in France has been the subject of investigations by competition authorities in the US, EU and Brazil. The authorities in Japan concluded their investigation without taking any measures against Trelleborg.

On January 28, 2009, the European Commission announced a decision in the matter. The investigation began in May 2007 and Trelleborg has awaited the decisions of authorities for a longer period. According to the Commission's statement, one of the Trelleborg Group's French subsidiaries participated in illegal price cooperation for certain types of marine oil hoses. The European Commission set the fine for the subsidiary at EUR 24.5 M. Trelleborg is also affected by ongoing investigations by authorities, including the US Department of Justice, into the competitive conditions for certain types of marine oil hoses and certain types of marine fenders. However, the European Commission's decision is completely independent of that of the US authorities. Trelleborg has continuously assisted the US authorities and awaits their decision on the matter.

Based on the knowledge of the abovementioned decision by the European Commission, SEK 430 M was charged against earnings for 2008. Including legal expenses of SEK 86 M that were charged against the preceding year's earnings, total expenses are expected to amount to SEK 516 M. This total includes the abovementioned EU fines, fines and expenses in the US and in other affected countries, and damages and legal expenses. This assessment is still subject to uncertainties relating to length and outcome of ongoing processes. The current assessment means that the potential outcome is considerably reduced, compared with estimates communicated earlier.

(Earlier assessment, June 2007: Currently, all estimations of the possible financial impact involve considerable uncertainty, but the potential combined financial impact could reach amounts that correspond to a predominant proportion of the Group's pretax profits for 2006.)

Trelleborg takes a very serious view of competition law infringements and already has a very clear and well-communicated set of rules and regulations regarding compliance with applicable competition legislation. However, as a result of events, an aggressive strengthening of the existing action program was implemented with the aim of further increasing knowledge of applicable competition rules and strengthening the Group's internal processes and control system.

Costs for restructuring programs

SEK M	2008	2007
Trelleborg Engineered Systems	79	89
Trelleborg Automotive	868	382
Trelleborg Sealing Solutions	32	-
Trelleborg Wheel Systems	15	27
Total before tax	994	498
Total after tax	733	389

Income statement per quarter
Continuing operations, excluding items affecting comparability

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	8,067	7,729	8,326	7,904	7,527	7,415	7,343	7,762
EBITDA	871	835	989	869	719	779	289	793
Operating profit	622	607	734	596	450	547	-8	524
Profit before tax	490	510	609	495	320	428	-161	403
Net profit	343	354	442	342	231	308	-127	278

Group, total

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	8,067	7,776	8,326	7,943	7,527	7,453	7,343	7,799
Operating profit	574	445	337	489	263	431	-800	342
Profit before tax	442	348	212	388	133	312	-953	220
Net profit	309	222	173	259	102	217	-842	140

Events after the reporting period
Competition investigations at subsidiaries in the US and France

On January 28, 2009, the European Commission announced a decision in the ongoing, previously communicated competition investigation pertaining to specific types of marine oil hoses. For further information, see above.

Outlook for the first quarter of 2009, provided in the Year-End Report on February 11, 2009

Overall, lower demand is expected compared with the fourth quarter 2008.

Comments on the consolidated balance sheets

The Group's total assets amounted to SEK 33,763 M (29,334), an increase of SEK 4,429 M, or 15 percent.

Capital employed has the following breakdown:

SEK M	2008	2007
Inventories	4,775	4,012
Operating receivables	6,796	6,831
Operating liabilities	-8,399	-7,456
Total working capital	3,172	3,387
Non-current assets	18,970	16,391
Participations in associated companies	96	75
Capital employed	22,238	19,853

The Group's capital employed increased to SEK 22,238 M (19,853), an increase of SEK 2,385 M, attributable to:

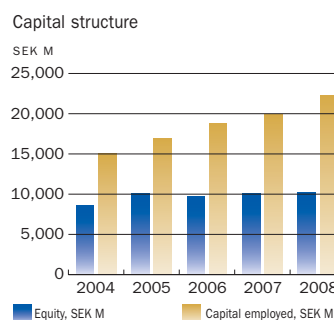
SEK M	
Company acquisitions	803
Change in working capital and non-current assets	-785
Change in participations in associated companies	8
Translation differences on foreign subsidiaries	2,359

The decreased level of capital tied-up in working capital is primarily attributable to an increase in operating liabilities and a decrease in operating receivables, which is offset somewhat by an increase in inventories.

Exchange-rate differences increased the value of non-current assets by SEK 1,969 M. Gross investments for the year totaled SEK 1,526 M (1,336), of which SEK 159 M in intangible assets and SEK 1,367 M in property, plant and equipment. Depreciation and amortization for the year amounted to SEK 1,054 M (992). Impairment losses totaled SEK 424 M (87), of which SEK 408 M is related to the Group's ongoing restructuring programs.

Return on capital employed (ROCE) for the Group decreased to SEK 1.8 percent (8.7). For continuing operations, excluding items affecting comparability, ROCE declined to SEK 8.4 percent (11.5).

Total equity increased during the year by SEK 186 M to a closing balance of SEK 10,238 M (10,052). Exchange-rate differences amounted to SEK 1,183 M, including exchange-rate differences (net after tax) on hedging instruments. Total dividends amounted to SEK 590 M (545) of which SEK 3 M (3) was distributed to minority shareholders.



Change in total equity, Trelleborg Group

SEK M	Attributable to Parent Company's shareholders							Minority		Total		
	Share capital		Other capital contributions		Other reserves		Profit brought forward		2008	2007	2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007				
Opening balance, January 1	2,259	2,259	226	226	-41	-114	7,488	7,209	120	107	10,052	9,687
<i>Changes during the year</i>												
Cash flow hedges, net after tax					-109	-16					-109	-16
Translation difference					2,066	172			-1	-5	2,065	167
Hedging of net investments in foreign subsidiaries after tax					-882	-83					-882	-83
Total changes reported directly in equity					1,075	73			-1	-5	1,074	68
Net profit for the year							-267	821	9	17	-258	838
Acquisitions									-40	4	-40	4
Dividend							-587	-542	-3	-3	-590	-545
Closing balance, December 31	2,259	2,259	226	226	1,034	-41	6,634	7,488	85	120	10,238	10,052

For other reserves, see also Note 26.

The Board of Directors and the President propose that no dividend be paid for 2008 (6.50), a total of SEK - M (587).

Consolidated balance sheets

December 31, SEK M	Note	2008	2007
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	14	7,137	6,293
Goodwill	15	10,901	9,381
Other intangible assets	15	932	717
Shares in associated companies	7	96	75
Financial assets	16-18	83	63
Deferred tax assets	19	1,407	829
Total non-current assets		20,556	17,358
<i>Current assets</i>			
Inventories	20	4,775	4,012
Current operating receivables	21,22	6,735	6,842
Current tax assets		770	497
Interest-bearing receivables	23	178	95
Cash and cash equivalents	25	749	530
Total current assets		13,207	11,976
TOTAL ASSETS		33,763	29,334
EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	26	2,259	2,259
Contributions of other capital		226	226
Other reserves		1,034	-41
Profit brought forward		6,901	6,667
Net profit for the year		-267	821
Total		10,153	9,932
Minority interests	13	85	120
Total equity		10,238	10,052
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	27	10,834	7,276
Other non-current liabilities	30	141	75
Pension provisions	31	856	802
Other provisions	32	670	332
Deferred tax liabilities	19	310	389
Total non-current liabilities		12,811	8,874
<i>Current liabilities</i>			
Interest-bearing current liabilities	27	2,805	3,446
Current tax liability		780	563
Other current liabilities	30,33	6,426	6,140
Other provisions	32	703	259
Total current liabilities		10,714	10,408
TOTAL EQUITY AND LIABILITIES		33,763	29,334
Contingent liabilities	34	10	12
Pledged assets	34	34	39

Net debt

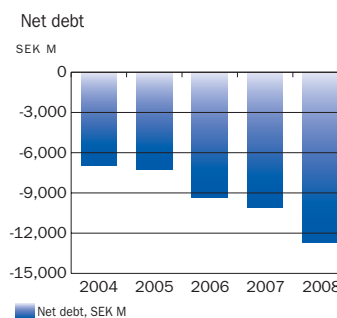
SEK M	2008	2007
Non-current interest-bearing investments and receivables	6	4
Current interest-bearing receivables	178	95
Cash and cash equivalents	749	530
Total interest-bearing assets	933	629
Interest-bearing non-current liabilities	-10,834	-7,276
Interest-bearing current liabilities	-2 805	-3,446
Total interest-bearing liabilities	-13,639	-10,722
Net debt	-12,706	-10,093
<i>Change in net debt:</i>		
Net debt at January 1	-10,093	-9,350
Net cash flow for the year	-977	-513
Borrowing costs	0	2
Exchange-rate differences	-1,636	-232
Net debt at year-end	-12,706	-10,093
	2008	2007
Net debt/EBITDA ¹⁾ , multiples	4.4	3.1
EBITDA ¹⁾ , net financial income, multiples	5.3	7.5

1) Continuing operations excluding items affecting comparability.

The Group's net debt increased during the year to SEK 12,706 m (10,093). The purchase consideration for acquisitions made during the year totaled SEK 802 m, including acquisition costs. Exchange-rate differences increased net debt by SEK 1,636 m.

Trelleborg has long-term based financing that stretches into 2012 through a syndicated loan. Long-term credit facilities and other long-term loans amounted to approximately SEK 16,300 m at the end of 2008. The unutilized portion was approximately SEK 5,500 m. Total short-term financing amounted to approximately SEK 2,800 m.

The debt/equity ratio at year end was 124 percent (100). The equity/assets ratio was 30 percent (34). At the end of the period, equity per share (90.4 million shares) totaled SEK 112 (110). Return on equity was negative (8.4). For continuing operations excluding items affecting comparability, return on equity declined to 8.8 percent (13.0).



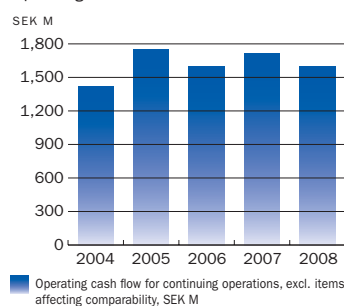
Comments on the consolidated cash-flow statements

Consolidated operating cash flow amounted to SEK 1,594 M (1,718). This is a decrease, compared with the preceding year, and is mainly attributable to the decline in the earnings trend and a higher level of investment than in 2007. Enhanced efficiency in the handling of operating capital and a lower sales rate in the fourth quarter impacted the operating cash flow trend positively, largely offsetting the decline in earnings. The investment level amounted to SEK 1,526 M (1,333) excluding divested units, representing 4.9 percent (4.3) of net sales.

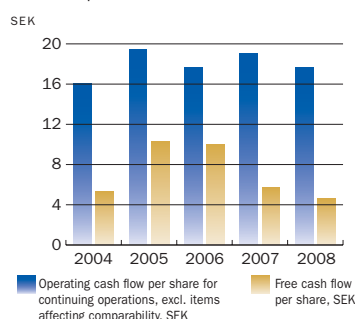
Operating cash flow amounted to 89 percent of operating profit, excluding items affecting comparability, and accordingly, is within the Group's target figure of 80-90 percent of operating profit.

After deductions for payments pertaining to restructuring measures, dividends to minority shareholders, financial payments and taxes paid, free cash flow amounted to SEK 414 M (518), corresponding to SEK 4.60 per share (5.75). Acquisitions carried out during the year were charged to cash flow in the amount of SEK 802 M (616). The year's dividend paid to shareholders amounted to SEK 587 M, corresponding to 142 percent of free cash flow for the year. Total net cash flow amounted to a negative SEK 977 M (neg: 513).

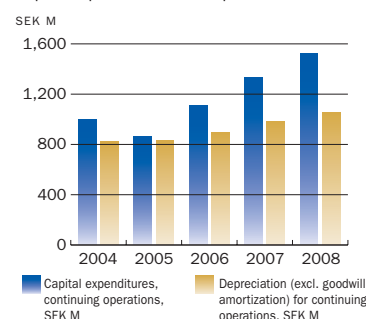
Operating cash flow



Cash flow per share



Capital expenditures and depreciation



Cash flow report

2008 SEK M	EBITDA excl. non-distributed shares in associated companies		Gross capital expenditures		Sold non-current assets		Change in working capital		Total cash flow	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Trelleborg Engineered Systems	1,459	1,503	-564	-432	17	17	-110	-17	802	1,071
Trelleborg Automotive	107	688	-462	-441	6	25	402	-148	53	124
Trelleborg Sealing Solutions	1,104	1,041	-257	-239	6	28	68	-79	921	751
Trelleborg Wheel Systems	468	385	-232	-171	8	2	-115	-70	129	146
Other companies	-8	-7	0	-	-	33	3	-28	-5	-2
Group items	-277	-325	-11	-50	43	2	-61	1	-306	-372
Operating cash flow	2,853	3,285	-1,526	-1,333	80	107	187	-341	1,594	1,718
Utilization of restructuring provisions									-447	-325
Dividend to minority									-3	-3
Financial items									-328	-426
Tax paid									-402	-446
Free cash flow									414	518
Acquisitions									-802	-616
Divestments									-2	127
Dividends paid to shareholders									-587	-542
Total net cash flow									-977	-513
Net debt, opening balance									-10,093	-9,350
Total net cash flow									-977	-513
Borrowing costs									0	2
Exchange-rate differences									-1,636	-232
Net debt, closing balance									-12,706	-10,093

Consolidated cash-flow statements

SEK M	Note	2008	2007
<i>Operating activities</i>			
Operating profit		374	1,716
<i>Adjustment for items not included in cash flow:</i>			
Depreciation of tangible assets	14	897	836
Amortization of intangible assets	15	157	149
Impairment of tangible assets	14	392	18
Impairment of intangible assets	15	32	69
Provisions for restructuring costs		1,016	484
Non-distributed share of profit in associated companies		-15	10
		2,853	3,282
Interest received and other financial items		185	61
Interest paid and other financial items		-513	-487
Tax paid		-402	-446
Cash flow from operating activities before changes in working capital		2,123	2,410
<i>Cash flow from changes in working capital:</i>			
Change in inventories		-134	-324
Change in operating receivables		1,069	-359
Change in operating liabilities		-748	343
Utilization of restructuring provisions		-447	-320
Cash flow from operating activities		1,863	1,750
<i>Investing activities</i>			
Acquired units	35	-802	-616
Restructuring measures in acquired units		-	-5
Divestments ¹⁾	35	-2	127
Gross capital expenditures for tangible assets ²⁾	14	-1,367	-1,212
Gross capital expenditures for intangible assets	15	-159	-121
Sale of non-current assets		80	107
Cash flow from investing activities		-2,250	-1,720
<i>Financing activities</i>			
Change in interest-bearing investments		-332	19
Change in interest-bearing liabilities		1,488	400
Dividend paid		-587	-542
Dividend to minority		-3	-3
Cash flow from financing activities		566	-126
Cash flow for the year		179	-96
<i>Cash and cash equivalents:</i>			
Opening balance, January 1		530	616
Exchange-rate difference		40	10
Cash and cash equivalents, December 31		749	530

¹⁾ Including cash flow for units in which an agreement has been reached concerning divestment as well as for property sales.

²⁾ Pertains to continuing operations

Note 1

General information

The Parent Company, Trelleborg AB (publ) is a limited-liability company with its registered office in Trelleborg, Sweden. The Parent Company is listed on the NASDAQ OMX Stockholm.

The Board of Directors approved these consolidated financial statements for publication on February 10, 2009.

Summary of important accounting principles

Basis of preparation

The Trelleborg Group's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Accounting Standards Council's recommendation RFR 1.1 Supplementary Accounting Regulations for Groups, and International Financial Reporting Standards (IFRS), as approved by the EU. The Group's financial statements have been prepared in accordance with the cost method.

In the Group's multi-year summary, data up to and including 2003 was not prepared in accordance with IFRS, but is recorded in accordance with earlier Generally Accepted Accounting Principles in Sweden.

The Parent Company applies the same accounting policies as the Group, except in the instances stated below under "Parent Company's accounting policies." The differences that arise between the Parent Company and the Group's accounting policies are attributable to the limited opportunities for the application of IFRS in the Parent Company, primarily as a result of the Swedish Annual Accounts Act.

Amendments to published standards that come into effect in 2009

In 2009, a large number of amendments to existing standards, new interpretations and one new standard (IFRS 8) will come into effect. The following interpretations and amendments are expected to have an impact on the Group's earnings and financial position:

IAS 23: Borrowing Costs. This amendment requires that companies capitalise borrowing costs that are directly attributable to acquisitions, construction or production of a qualifying asset that require a substantial period of time to complete for use or sale as a portion of the cost of that asset. The alternative of immediately capitalising these borrowing costs will no longer apply. An amendment has also been made to the definition of buying costs, implying that interest expenses are calculated on the basis of the effective interest method as defined in IAS 39: Financial instruments: Recognition and measurement. The amendments are not expected to have any impact on the Group.

IFRS 8: Operating Segments. This replaces IAS 14, 'Segment reporting'. The new standard requires that segment information is presented on the basis of a management approach, which means that this information is presented on the same basis as is used for internal reporting purposes. The Group will apply IFRS from January 1, 2009 but this application is not expected to have any impact of the Group's financial reports.

IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

IFRS 3 (Revised): Business combinations: The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are recorded at fair value on the date of acquisition, with contingent payments classified as debt subsequently re-measured through the income statement. As regards minority holdings in the acquired business, there is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. From January 1, 2010 the Group will apply IFRS 3 (Revised) for all business combinations.

Standards that the Group applies in advance

The Trelleborg Group does not apply any standards in advance.

Consolidated accounts

Group

The consolidated accounts include the Parent Company and all subsidiaries and associated companies.

Subsidiaries

Subsidiaries are companies in which the Parent Company directly or indirectly holds more than 50 percent of the voting rights or otherwise has the right to determine financial and operational strategies in the company.

All subsidiaries are consolidated in accordance with the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, liabilities incurred or assumed on the date of transfer, plus any expenditure directly attributed to the acquisition. The purchase method of accounting entails that the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities in an acquisition of operations, irrespective of the extent of any minority interests, is valued at fair value at the date of acquisition. The excess comprising the difference between the cost and the fair value of the Group's acquired identifiable assets, liabilities and contingent liabilities is recorded as goodwill. If the cost is less than the fair value of the acquired net assets, the difference is recognized directly in the income statement.

Subsidiaries acquired during the financial year are recognized in the consolidated accounts from the date when control was transferred to the Group.

Subsidiaries divested during the financial year are recognized in the consolidated accounts up to and including the date when control ceased.

All intra-Group transactions, balance-sheet items, unrealized gains and Group contributions have been eliminated. Unrealized losses are also eliminated unless the transaction evidences the need for impairment to be recognized in the transferred asset.

Associated companies

Associated companies are companies in which the Parent Company directly or indirectly has a significant but not controlling influence generally corresponding to between 20 and 50 percent of the voting rights.

Investments in associated companies are recorded in accordance with the equity method and are initially recorded at cost. The Group's recorded value of the holdings in associated companies includes the goodwill identified in conjunction with the acquisition at net amount after any recognition of any impairment losses. The associated companies essentially carry out the same operations as the Group's other business activities and, accordingly, shares of profit are recorded in operating profit.

The Group's share in the post-acquisition results of an associated company is recorded in the income statement in the item "Share of profit or loss in associated companies" and is included in operating income. Accumulated post-acquisition changes are recorded as changes in the carrying amount of the investment. When the Group's share in the losses of an associated company amount to, or exceed, the Group's investment in the associated company, including any unsecured receivables, the Group does not record further losses unless it has incurred obligations or made payments on behalf of the associated company. Unrealized gains on transactions between the Group and its associated companies are eliminated in proportion to the Group's participation in the associated company. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Joint venture companies

A joint venture pertains to an agreement-based relationship in which two or more parties jointly conduct a financial operation and have a joint controlling influence over the business. Investments in joint ventures are recorded in accordance with the equity method, similar to investments in associated companies.

Minority interest

Transactions with minorities are recorded in the same manner as transactions with external parties.

The acquisition of minority interests can result in goodwill if the

cost exceeds the acquired share of the carrying amount of the subsidiaries' net assets.

The divestment of interests to minorities results in gains or losses, which are recorded in the consolidated income statement.

Discontinuing or divested operations

Discontinuing or divested operations comprise operations and assets that the Group has decided to fully or almost fully discontinue or divest through sale or distribution. These assets are recorded at the lower of the carrying amount and fair value, less selling expenses. These assets are not depreciated from the date of reclassification.

Translation of foreign currencies

Functional currency and reporting currency

Items included in the financial statements of the various entities of the Group are valued in the currency used in the primary economic environment of each company's operations (functional currency). Swedish kronor (SEK) is utilized in the Group accounts, which is the Parent Company's functional currency and presentation currency.

Subsidiaries

The earnings and financial positions of Group subsidiaries and associated companies (none of which use a high-inflation currency) are prepared in the functional currency of each company. In the consolidated accounts, the earnings and financial position of foreign subsidiaries are translated into Swedish kronor (SEK) in accordance with the following: Income and expenses in the income statements of subsidiaries are translated at the average exchange rate for the applicable year, while assets, shareholders' equity and liabilities in the balance sheet are translated at the closing rate. Exchange-rate differences arising from translation are recorded as a separate item directly in the Group's equity.

Translation differences that arise on financial instruments, which are held for hedging of net assets in foreign subsidiaries, are also entered as a separate item directly in the Group's shareholders' equity.

On divestment, the accumulated translation differences attributable to the divested unit, previously recorded directly against shareholders' equity, are realized in the consolidated income statement in the same period as the gain or loss on the divestment.

Goodwill and adjustments in fair value arising in connection with the acquisition of foreign operations are treated as assets and liabilities of these operations and are translated at the closing rate.

Income tax

Income tax in the income statement includes both current tax and deferred tax. Income tax is recorded in the income statement except when an underlying transaction is recorded directly against equity, in which case the related tax effect is also recorded in equity. Current tax is tax payable or receivable for the current year. This also includes adjustment of current tax attributable to prior periods. Deferred tax is recorded in its entirety and calculated using the liability method on all temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is valued at the nominal amount and calculated by applying the tax rates and tax rules enacted or announced at the balance-sheet date. Temporary differences arise in business combinations on the differences between the consolidated value of assets and liabilities and their tax bases.

Temporary differences that arise on initial recognition of an asset or liability, and are not attributable to a business combination and have not affected accounted or taxable earnings, do not entail a deferred tax asset or tax liability in the balance sheet. Temporary differences are not recognized in investments in subsidiaries and associated companies, since the Group can control the date when these temporary differences are reversed and it is unlikely that they will be reversed in the foreseeable future.

Deferred tax assets are recorded to the extent it is probable that tax surpluses will be available in the future, against which temporary differences can be utilized.

Segment reporting

The Group's operations are managed and recorded primarily by business area and secondarily by geographical segment. Segments are consolidated in accordance with the same policies as for the Group. Intra-

Group sales are conducted at arm's length. For a description of the different segments, see pages 20-35.

Primary segments:

The Group's business areas comprise assets and operations supplying products that are exposed to risks and opportunities that differ for each business area. The Group is divided into four business areas: Trelleborg Engineered Systems, Trelleborg Automotive, Trelleborg Sealing Solutions and Trelleborg Wheel Systems.

Segment reporting for the business areas comprises operating revenues and expenses and capital employed. Capital employed encompasses all property, plant and equipment, intangible assets and investments in associated companies, plan assets, inventories and operating receivables, less operating liabilities including pension liabilities.

The business areas are charged with Group-wide expenses amounting to 0.4 percent of external sales, which does not affect recorded cash flows.

Secondary segments:

Geographical markets provide products within an economic environment that is exposed to risks and opportunities that vary between markets. For secondary segment reporting, operations have been subdivided into the Group's key geographical markets, which are Europe, North and South America, Asia and other markets.

Net sales are recorded according to customer location, while assets and capital expenditures are recorded according to where these assets are physically located.

Other accounting and valuation policies

Non-current assets and non-current liabilities comprise amounts expected to be recovered or paid after more than 12 months from the balance-sheet date. Current assets and current liabilities comprise amounts expected to be recovered or paid within 12 months of the balance-sheet date. Assets and liabilities are measured at cost, unless otherwise indicated.

Revenue recognition

Revenue comprises the fair value of what has been received or will be received for goods and services sold in the Group's ongoing operations, less VAT and discounts, and after the elimination of intra-Group sales. Revenue is recognized as follows:

Sales of goods:

Revenue from sale of goods is recognized during the period in which the product is delivered and when all significant risks and rewards related to ownership have been transferred to the buyer. Accordingly, the Group no longer has any involvement that is ownership-related nor exercises any real control. Net sales are recognized after deduction of VAT and adjusted for any discounts and exchange-rate differences where sales are conducted in foreign currencies.

Contract and service assignments:

Revenue recognition is conducted using the percentage-of-completion method.

Revenue is recognized on the basis of the stage of completion when it is probable that the company will obtain the financial benefits related to the assignment and a reliable calculation can be made. The stage of completion is determined on the basis of costs made in relation to total calculated costs. Anticipated losses are expensed immediately.

Royalty revenue:

Royalty revenue is recognized on an accruals basis in accordance with the financial conditions of the relevant agreements.

Interest income:

Interest income is recognized on a time proportion basis using the effective interest method.

Dividends:

Dividends are recorded when the right to receive payment has been established.

Other operating revenue and expenses

Other operating revenue and expenses include external rental revenue, capital gain from the sale and scrapping of property, plant, equipment and tools and also gains or losses on sales of associated companies.

Borrowing costs

Borrowing costs are expensed in the period in which they occur. Transaction costs for loans raised are recognized over the duration of the loan using the effective interest method.

Transactions and balance-sheet items in foreign currency

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate prevailing on the transaction date. Exchange-rate gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities in foreign currency at the balance-sheet date exchange rate are recorded in the income statement. An exception is made where hedging transactions meet the requirements for cash-flow hedge or net-investments hedge where gains and losses are recorded directly against equity after adjustment for deferred taxes. Reversal to the income statement is conducted at the same time the hedged transaction affects the income statement.

Impairment losses of non-financial assets

Assets with an indefinite useful life, for example land, are not amortized but tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the highest of fair value less selling costs and value in use. Value in use pertains to the total present value of the estimated future cash flows and the calculated residual value at the end of the useful life. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk related to the specific asset. The Group bases the calculation on achieved earnings, forecasts, business plans, financial forecasts and market data. For assets dependent on other assets generating cash flow, the recoverable amount is calculated for the smallest cash-generating unit to which the asset belongs. The cash-generating units comprise the Group's primary segments. Impairment losses are reversed if there is a change in the recoverable amount, with the exception of impairment losses on goodwill.

Intangible assets**Goodwill**

Goodwill comprises the amount by which the cost exceeds the fair value of the Group's share of identifiable net assets in the acquired company at the time of acquisition. Goodwill on acquisition of subsidiaries is recorded as a separate intangible asset. Goodwill on acquisition of associated companies is included in the value of the investment in the associated company and is tested with regard to possible impairment losses as a portion of the value of the total investment. Goodwill that is recorded separately is tested annually to identify possible impairment losses and is measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill attributable to the disposed unit. In the impairment tests, goodwill is allocated to cash-generating units. The allocation is made between the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition of operations that gave rise to the goodwill item. These cash-generating units comprise the Group's investments in each primary segment.

Research and development

Expenditure for development and research is expensed when it arises. Expenditure for development and testing of new or significantly improved materials, products, processes or systems is capitalized once the following criteria have been fulfilled:

- it is technically feasible to complete the intangible asset such that it can be utilized or sold,
- management intends to complete the intangible asset and utilize or sell it,
- there are prerequisites in place to utilize or sell the intangible asset,
- it can be demonstrated that the intangible asset will generate probable, future economic benefits,

- adequate technical, economic and other resources to complete the development and to utilize or sell the intangible asset are available, and
- the expenditure associated with the intangible asset during its development can be calculated in a reliable manner.

Other development expenditure is expensed as incurred. Development expenditure previously expensed is not capitalized in subsequent periods.

Capitalized development expenditure is recorded as intangible assets. Capitalized development expenditure has a finite useful life and is amortized straight-line from the point at which commercial production of the product commences. Amortization is based on the anticipated useful life, normally a period of five years.

Other intangible assets

Other intangible assets include externally acquired assets, such as capitalized IT expenditure, patents, brands and licenses. Assets with a finite useful life are measured at cost less accumulated amortization and impairment losses. Subsequent expenditure for an intangible asset is added to the carrying amount or recorded as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Other expenditure is expensed as incurred. Other intangible assets are amortized over their useful life, normally five to ten years.

Property, Plant and Equipment (PPE)

PPE primarily encompass plants and offices. PPE are measured at cost less accumulated depreciation and, where applicable, impairment losses. Cost includes expenses directly attributable to the acquisition of the asset. Cost may also include transfers from equity of gains and losses from cash-flow hedges relating to purchases in foreign currency, if these meet the requirements for hedge accounting.

Depreciation is carried out down to the estimated residual value. The residual value and useful life of the assets are assessed on each balance-sheet date, and if necessary, are adjusted. The carrying amount of an asset is immediately impaired to the recoverable value if the carrying amount of an asset exceeds its estimated recoverable value. See the section relating to impairment losses.

Depreciation is based on cost and is allocated on a straight-line basis over the asset's estimated useful life.

The following depreciation rates apply:

Land	Not depreciated
Buildings	1.5-6 percent
Machinery	5-33 percent
Tools and molds	33 percent
Office equipment	10-20 percent

Subsequent expenditure for a PPE is added to the carrying amount or recorded as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured in a reliable manner. The carrying amount of the replaced portion is derecognized from the balance sheet. All other forms of repairs and maintenance are expensed as incurred.

Gains and losses on disposal are determined by comparing the sales proceeds and the carrying amount and are recorded in the income statement as other operating income and other operating costs, respectively.

Leasing

Lease contracts for PPE are classified as either finance leases or operating leases. Finance leases apply when the financial risks and rewards related to ownership are for all practical purposes transferred to the Group. At the inception of the lease period, financial leasing is recorded at the leased asset's fair value or at the present value of the lease payments, whichever is lower. The leased asset is recorded as PPE.

Each lease payment is split into amortization of the liability and financial costs to achieve a fixed interest rate for the recorded liability. The equivalent payment undertaking, less financial costs, is included as an interest-bearing liability. The interest portion of the financial costs is recorded in the income statement over the lease term, so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recorded for each period. PPE held under

finance lease agreements are depreciated in accordance with the same principles applicable to other assets of the same type according to plan. Lease agreements not classified as finance leases represent operating leases. Lease payments for operating leases are expensed as operating costs straight-line over the term of the lease.

Financial instruments

Financial instruments recorded in the balance sheet include the following assets and liabilities: cash and cash equivalents, securities, other financial receivables, accounts receivable, accounts payable, loans and financial derivatives.

A financial asset or liability is initially recorded in the balance sheet when the company becomes a party to the contractual conditions of the instrument.

A financial asset is derecognized in the balance sheet when all benefits and risks associated with ownership have been transferred. A financial liability is derecognized in the balance sheet when the obligations of the contract have been met or otherwise concluded.

Financial instruments are initially measured at fair value and subsequently at fair value or amortized cost, depending on their classification. All financial derivatives are measured at fair value. The purchase and sale of financial assets is recognized on the transaction date, which is the date the Group undertakes to purchase or sell the asset. On each balance-sheet date, the Group assesses if any financial asset or group of financial assets has been impaired.

Classification of financial instruments

The Group classifies its financial instruments into the following categories: financial assets or liabilities valued at fair value through profit or loss, loans and accounts receivable.

The classification depends on the purpose for which the instrument was acquired. The classification is determined on the initial recording of the instrument and reassessed on each subsequent reporting occasion.

Calculation of fair value

The fair value of listed financial instruments is based on the appropriate market quotation on the balance-sheet date. For unlisted financial instruments, or if the market of a certain financial asset is not active, the value is determined by applying valuation techniques, whereby the Group makes assumptions that are based on the market conditions prevailing on the balance-sheet date. Market rates form the basis for the calculation of fair value of long-term loans. For other financial instruments with no specified market value, the fair value is deemed to correspond to the carrying amount.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are valued at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences on operating receivables and operating liabilities are included in operating income, while exchange-rate differences on financial receivables and liabilities are classified as financial items.

Financial assets valued at fair value through profit or loss

This category comprises both financial assets held for trading as well as assets designated into this category and valued at fair value through profit or loss. The Group's assets in this category comprise non-current and current securities investments and financial derivatives not identified as hedges. Assets in this category are classified as current assets if held for trading or expected to be realized within 12 months from the balance-sheet date. Financial assets measured at fair value through profit or loss are measured at fair value, both initially and subsequent to the date of acquisition. Realized and unrealized gains and losses attributable to changes in fair value are recognized in the income statement as a financial item in the period in which they occur.

Financial liabilities at fair value through profit or loss

This category comprises derivatives with a negative fair value that are not used for hedge accounting and financial liabilities held for trading. The liabilities are measured continuously at fair value and the change in value is recorded in the income statement as a financial item. Only derivatives were recorded in this category during the year.

Loans and receivables

Loans and receivables are financial assets that are not derivatives with fixed or determinable payments and that are not quoted in an active market.

Loan receivables and accounts receivable are initially valued at fair value and subsequently at amortized cost by applying the effective interest method less possible provisions for impairment. A bad debt provision is made when there is objective evidence that the Group will not be able to secure all amounts maturing in accordance with the original conditions of the receivable. Significant financial difficulties experienced by a debtor, the probability of the debtor entering into bankruptcy or undergoing financial reconstruction and payments not being made or being made late (fallen due by more than 30 days) are considered to be indications that a bad debt provision may be required. The size of the provision comprises the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted by the receivable's effective interest rate. The carrying amount of the asset is reduced by using a depreciation account and the loss is recorded under the item "Selling expenses." When a receivable cannot be collected, it is eliminated against the depreciation account for receivables. The reversal of amounts that were previously eliminated is credited under the item "Selling expenses" in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and balances with banks and other institutes that mature within three months from the time of acquisition, as well as short-term investments with a maturity, from the time of acquisition, of less than three months, and which are exposed to a minimal risk of fluctuations in value.

Borrowings

Borrowings are initially recorded at fair value net after transaction costs and subsequently at amortized cost. Any difference between the amount received and the amount to be repaid is recorded in the income statement over the loan period by applying the effective interest method. Borrowings are classified as interest-bearing non-current or current liabilities in the balance sheet.

Accounts payable

Accounts payable are initially recorded at fair value and thereafter at accrued cost using the effective interest method.

Financial derivatives

The Group utilizes derivatives to cover the risk for exchange-rate fluctuations and to hedge its exposure to interest-rate risks. The Group also uses derivatives for commercial trade within the framework of the mandates determined by the Board. Holdings of financial derivatives include interest-rate and currency swaps, FRAs and foreign-exchange forwards, and interest-rate and currency options.

Derivatives are recognized in the balance sheet from the contract date and are measured at fair value, both initially and in subsequent reassessment. The method for recording the gains or losses arising in connection with reassessment depends on whether or not the derivatives have been identified as a hedging instrument and whether this is a hedge of fair value, cash flow or net investment.

Derivatives not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities valued at fair value through profit or loss. Realized and unrealized gains and losses resulting from changes in fair value are recorded as financial items in the income statement in the period in which they occur.

Hedge accounting

The Group applies hedge accounting for financial instruments intended to hedge the following financial risks: future commercial cash flows – internal and external – in foreign currency, cash flows in future interest payments on the Group's borrowing and net investments in foreign operations.

When entering into the transaction, the relationship between the hedging instrument and the hedged item or transaction is documented, as is the objective of risk management and the strategy according to which various hedging measures are implemented. Both at the inception of the hedging transaction and on an ongoing basis, the Group also documents its assessment as to whether or not the derivatives used for the hedging transaction are efficient in offsetting changes in the fair value of the hedged items or in the cash flows pertaining to them.

Hedges are designed so that they can be expected to be effective. Changes in the fair value of such derivatives that do not meet the requirements for hedge accounting are recorded directly in the income statement.

Hedging of future commercial cash flows in foreign currency

To hedge future forecast and contracted commercial cash flows, both within the Group and externally, the Group secures foreign-exchange forward contracts and currency option contracts. The effective portion of changes in the fair value of hedging instruments is recognized in equity. The gain or loss attributable to any ineffective portion is recorded directly in operating profit in the income statement. Accumulated amounts in equity are transferred back to the income statement in the periods in which the hedged item affects profit, such as when a forecast external sale takes place.

When a hedging instrument expires or is sold, or when the hedge no longer meets the requirements for hedge accounting, accumulated gains or losses remain in equity and are recorded as income at the same time as the forecast transaction is finally recorded in the income statement.

If a forecast transaction is no longer expected to take place, the accumulated gain or loss recorded in equity is immediately transferred to the income statement.

Hedging of cash flows in future interest payments on Group borrowing

The Group secures interest-rate derivatives to ensure required interest levels on the Group's net borrowings. Amounts to be paid or received in relation to interest-rate derivatives are recorded on an ongoing basis as interest income or interest expenses.

Changes in the fair value of hedging instruments are recognized in equity until the maturity date. Any ineffective portion is recognized directly in the income statement. If the loan (and consequently, future interest payments) ceases to exist, the accumulated gain or loss recorded in equity is transferred immediately to the income statement.

Hedging of net investments in foreign subsidiaries

The Group has borrowings, foreign-exchange forwards and currency options in foreign currencies to hedge investments in foreign subsidiaries. These borrowings and contracts are measured at the closing rate. In the consolidated balance sheet, the borrowings are measured at the closing rate and exchange differences are recorded directly against equity after adjustment for the tax portion.

The Group has borrowings in foreign currency to certain subsidiaries where the loans represent a permanent element of the Parent Company's financing of the subsidiary. These loans are hedged for foreign-exchange risks in the same way as investments in foreign subsidiaries. Loans and hedges are recorded at the closing rate, with exchange-rate differences on these loans and hedges being recognized directly in equity. Any ineffective portion of the exchange-rate difference is recognized directly in the income statement as a financial item.

Accumulated gains and losses in equity are recorded in the income statement when the foreign operations are disposed of.

Realized exchange-rate differences on borrowings and forward contracts are recorded in the cash-flow statement under "Financing activities."

Inventories

Inventories are measured at the lower of cost and net realizable value on the balance-sheet date. Cost is calculated according to the first-in/first-out (FIFO) principle. For finished products and work in progress, cost consists of raw materials, direct personnel costs, other direct costs and related indirect production costs. Normal capacity utilization is used in the measurement of inventories. Borrowing costs are not included. The net realizable value is calculated as the estimated selling price less applicable variable sales expenses. Deductions are made for internal profits generated through intra-Group sales.

Equity

Costs arising in connection with new share issues and the repurchase of treasury shares are recorded directly in equity.

The redemption of convertibles and the exercise of share warrants entail new shares being issued while the exercise of call options may entail the utilization of treasury shares.

The proceeds from the sale of treasury shares are recorded directly in equity. Holdings of treasury shares reduce profit brought forward. When treasury shares are cancelled, the share capital is reduced by an amount corresponding to the par value of the shares and accumulated profit or loss is increased by the corresponding amount.

Provisions

Provisions are recorded when the Group has a legal or constructive ob-

ligation resulting from past events and it is probable that payment will be demanded to meet the obligation and that the amount can be calculated reliably. The provision for restructuring mainly covers costs relating to severance pay and other costs affecting cash flow that arise in conjunction with restructuring the Group's operations. Provisions are made when a detailed, formal plan for measures has been established and valid expectations have been raised by those who will be affected by the measures. No provisions are made for future operating losses.

Provisions are made for environmental activities that are related to earlier operations when it is probable that a payment liability will arise and the amount can be estimated with reasonable precision. Provisions are split into non-current and current provisions.

Shareholders' contributions and Group contributions

Shareholders' contributions to subsidiaries are added to the value of shares and participations in the balance sheet, after which, impairment testing is conducted.

Group contributions are provided to minimize the Group's tax expenses. Group contributions are recorded directly against equity, after adjustment for current tax.

Government grants

Government grants are recorded at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to the acquisition of assets reduces their cost. Government grants providing compensation for expenses are recorded systematically over the same period as the expenses to be compensated.

Employee benefits***Pension obligations***

Within the Group, there are a number of defined-contribution pension plans and defined-benefit pension plans, a small number of which have plan assets in foundations or similar.

A defined-contribution pension plan is a plan where the Group pays fixed fees to a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees. In a defined-benefit pension plan, the amount of the pension benefit an employee will receive after retirement, is based on factors such as age, period of service and salary.

Pension plans are normally financed through contributions to a separate legal entity from each Group company and from the employees.

The liability recorded in the balance sheet in respect of defined-benefit pension plans is the present value of the defined-benefit obligation on the balance-sheet date less the fair value of plan assets and adjusted for unrecognized actuarial gains and losses for past service.

For defined-benefit plans, the liability is calculated using the Projected Unit Credit Method, which allocates the cost over the employee's working life. The calculations are undertaken by actuaries, who also annually reassess the value of the pension obligations. These assumptions are based on the present value of future pension payments and are calculated using a discount rate corresponding to the interest on first-class corporate bonds or government bonds with a remaining maturity that more or less matches that of the pension obligations. For funded pension plans, the fair value of plan assets reduces the calculated pension obligation. Funded plans with net assets, i.e. where the assets exceed the obligations, are recognized as plan assets. If accumulated actuarial gains and losses arising from experience-based adjustments and changes to actuarial assumptions exceed the higher of 10 percent of the pension obligations or the market value of the plan assets, the exceeding amount is recognized over the expected average remaining working life of employees participating in the plan. Some of the ITP plans in Sweden are financed through insurance premiums paid to Alecta. This is a defined-benefit plan and encompasses several employers. Since Trelleborg did not have access to information to enable it to record this plan as a defined-benefit plan, it was consequently recorded as a defined-contribution plan.

The Group's pension payments for defined-contribution plans are expensed in all functions in the income statement in the period when the employees carried out the service to which the contribution refers.

Prepaid contributions are recorded as an asset to the extent that cash repayments or reductions of future payments can benefit the Group.

Other post-employment benefits

Certain Group companies, primarily in the US, provide post-retirement medical care benefits for their employees. Entitlement to these benefits normally requires that the employee remains in service until retirement and works for the company for a specific number of years. The anticipated cost of these benefits is recognized over the period of service through the application of an accounting method similar to that used for defined-benefit pension plans. Actuarial gains and losses are recognized over the expected average remaining working life of the employees concerned. These obligations are assessed by qualified actuaries.

Bonuses

Provisions for bonuses are expensed on an ongoing basis in accordance with the financial implications of the agreement.

Remuneration on termination

Remuneration is normally payable if employment is terminated prior to normal retirement age or when an employee accepts voluntary termination in exchange for remuneration. The Group records severance pay when a detailed formal plan has been presented.

Related-party transactions

The Group's transactions with related parties pertain to purchases and sales to associated companies. All transactions are priced in accordance with market terms and prices.

Critical accounting estimates and judgments

Company management and the Board of Directors make estimates and assumptions about the future. These estimates and assumptions affect recorded assets and liabilities, as well as revenue and expenses and other disclosures, including contingent liabilities. These estimates are based on historical experience and on various assumptions considered reasonable under prevailing conditions. The conclusions reached in this manner form the basis for decisions concerning the carrying amounts of assets and liabilities where these cannot be determined by means of other information. The actual outcome may diverge from these estimates if other assumptions are made or other conditions arise. Areas involving such estimates and assumptions that may have a significant effect on the Group's earnings and financial position include:

- Impairment testing of goodwill and other assets: The impairment requirement for goodwill implies that goodwill is tested annually in conjunction with the year-end or as soon as changes indicate that a risk for impairment exists, such as when the business climate changes or a decision is made on the divestment or closure of an operation. Impairment losses are recognized if the estimated value in use exceeds the carrying amount. See also Note 15. Goodwill represents approximately 106 percent of the Group's equity.
- Other PPE and intangible assets are recorded at cost, less accumulated depreciation and any impairments. The Group has no intangible assets other than goodwill with an indefinite useful life. Amortization and depreciation occur over the estimated useful life, down to the assessed residual value. The value is tested as soon as changed conditions show that a need for impairment has occurred. Value in use is measured as anticipated future discounted cash flow, primarily from the cash-generating unit to which the asset belongs, but in specific cases, also in relation to individual assets. Testing of the carrying amount of an asset also becomes necessary when a decision on termination is made. The asset is measured at the lower of the carrying amount and the fair value after deduction of selling costs. Not including goodwill, PPE and intangible assets amount to approximately 79 percent of the Group's equity.
- Calculation of deferred tax assets and liabilities: Assessments are made to determine current and deferred tax assets and liabilities, particularly with regard to deferred tax assets. In this manner, it is assessed how probable it is that the deferred tax receivables will be used for settlement against future taxable gains. The fair value of these future taxable gains may deviate owing to the future business climate and earnings potential or changes to tax regulations. For further information, see Note 19.
- Calculations of remuneration to employees: The value of pension

obligations for benefit-based pension plans is derived from actuarial calculations based on assumptions concerning discount rates, expected yield from plan assets, future salary increases, inflation and the demographic conditions. At year-end, the Group's benefit-based obligations amounted to SEK 789 M. As regards accounting policies, actuarial gains and losses in defined-benefit pension plans are only entered into the income statement in the amount they either exceed or fall below 10 percent of the highest of the present value of the defined-benefit pension obligation, valued at fair value, or the fair value of the plan assets. Net unrecognized actuarial gains or losses amounted to a loss of SEK 108 M at year-end.

- Calculations regarding legal disputes and contingent liabilities: The Group is involved in a number of disputes and legal proceedings within the framework for its operating activities. The management engages both external and internal expertise in these matters. According to assessments made, the Group is not involved in any legal disputes that can entail any major negative effect on the operation or the financial position, with the exception of the investigations relating to competition matters at the subsidiaries in the US and France, see page 76. For further information concerning Risks and risk management, see page 36.
- Calculations of provisions for restructuring measures, other provisions and accrued expenses: The size of provisions for restructuring is based on assumptions and estimations regarding the point in time and cost for future activities, such as the size of severance payments or other obligations in connection with termination of employment. Calculations for this type of cost are based on the relevant situation in the negotiations with the parties concerned.

Cash-flow statements

Cash-flow statements are prepared in accordance with the indirect method.

Parent Company's accounting policies

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and Swedish Financial Accounting Standards Council's recommendation RFR 2.1.

Accounting for legal entities entails that, in its financial reporting, the Parent Company applies International Financial Reporting Standards (IFRS) that have been endorsed by the EU where this is possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. This entails the following differences between accounting in the Parent Company and the Group.

- The Parent Company records its pension obligations in accordance with the Swedish law on safeguarding of pension commitments. Adjustments in accordance with IFRS are made at the Group level.
- In the case of non-current lending to subsidiaries, which forms part of the Company's net investment in the subsidiary, the change in value is recognized in a fair-value reserve in equity. Consequently, changes in the value of hedging instruments are also recognized in a fair-value reserve. Accumulated changes in value on loans and hedging instruments are reversed in connection with the disposal or reduction of each investment, with accumulated changes in value on both loans and hedging transactions pertaining to the same loans being transferred to the income statement. At the Group level, an adjustment is made to eliminate this effect on earnings in the Parent Company, whereby no changes occur in the consolidated income statement and balance sheet.

Note 2

Segment reporting

Primary segments

A description of the Group's primary segments is presented on pages 20-35.

Net sales and operating profit by business segment

SEK M	2008						2007					
	Net sales		Total	Operating profit	Of which, items affecting comparability	Of which, profit/loss in associated companies	Net sales		Total	Operating profit	Of which, items affecting comparability	Of which, profit/loss in associated companies
External	Internal	External					Internal					
Trelleborg Engineered Systems	12,130	248	12,378	1,008	-79	26	11,465	280	11,745	1,079	-89	8
Trelleborg Automotive	9,441	20	9,461	-1,249	-868	-8	10,288	11	10,299	-179	-382	4
Trelleborg Sealing Solutions	5,986	36	6,022	856	-32		5,814	30	5,844	839		
Trelleborg Wheel Systems	3,706	2	3,708	348	-15		3,243	5	3,248	261	-27	
Other operations				-589	-430					-284	-60	
Discontinued operations							161		161	-9		
Elimination of inter-company sales		-306	-306					-326	-326			
Trelleborg Group	31,263	0	31,263	374	-1,424	18	30,971	0	30,971	1,707	-558	12
Financial income				30						26		
Financial costs				-570						-465		
Income tax				-92						-430		
Net profit for the year				-258						838		

Assets and liabilities by business segment

SEK M	2008								2007							
	Operating assets	Operating liabilities	Capital employed	Of which, investment in associated companies	Capital expenditures	Depreciation/amortization	Impairment losses	Operating cash flow*	Operating assets	Operating liabilities	Capital employed	Of which, investment in associated companies	Capital expenditures	Depreciation/amortization	Impairment losses	Operating cash flow*
Trelleborg Engineered Systems	10,897	3,051	7,846	47	564	338	20	802	8,943	2,742	6,201	26	432	289	10	1,071
Trelleborg Automotive	7,306	2,229	5,077	49	462	428	397	53	7,694	2,503	5,191	48	441	422	76	124
Trelleborg Sealing Solutions	9,040	1,003	8,037	-3	257	190	7	921	7,932	957	6,975	-2	239	180		751
Trelleborg Wheel Systems	3,084	939	2,145	3	232	90		129	2,490	811	1,679	3	171	85	1	146
Other operations	310	294	16		11	8		-311	238	175	63		50	9		-374
Discontinued operations										2	-2		3	7		
Provisions for restructuring measures/legal expenses		883	-883						15	269	-254					
Elimination of inter-company operating liabilities/receivables									-3	-3						
Trelleborg Group	30,637	8,399	22,238	96	1,526	1,054	424	1,594	27,309	7,456	19,853	75	1,336	992	87	1,718

* Operating cash flow relates to continuing operations, excluding provisions for restructuring measures.

Segment reporting

Secondary segments

External net sales by geographical market

SEK M	2008	2007
Europe	20,976	20,958
North and South America	7,143	7,163
Asia and other markets	3,144	2,850
Trelleborg Group	31,263	30,971

Assets by geographical market

SEK M	Operating assets		Capital expenditures	
	2008	2007	2008	2007
Europe	22,200	20,554	979	921
North and South America	6,148	5,025	287	255
Asia and other markets	2,703	2,085	260	160
Eliminations	-414	-355		
Trelleborg Group	30,637	27,309	1,526	1,336

Net sales

Continuing operations

By geographical market

SEK M	2008	2007
Sweden	2,091	2,079
France	3,071	3,444
Italy	1,707	1,577
Spain	1,155	1,200
UK	2,306	2,588
Germany	4,550	4,305
Other European countries	6,096	5,656
Total European countries	20,976	20,849
US	5,044	5,098
Brazil	1,198	931
Other North and South American countries	901	1,097
Total North and South America	7,143	7,126
Asia and other markets	3,144	2,835
Total	31,263	30,810
Of which		
sales of goods	31,082	30,726
services	181	84

In the translation of foreign subsidiaries, changes in exchange rates compared with 2007 did not affect sales.

Trends in key currencies were as follows:

	2008		2007	
	Average rate	Closing day rate	Average rate	Closing day rate
EUR	9.6046	10.9448	9.2494	9.4828
USD	6.5787	7.7538	6.7612	6.4688
GBP	12.0902	11.2538	13.5288	12.9113

Since January 1, 2007, the earnings for each separate month are recalculated at the average exchange rate for the month. The separate monthly values are subsequently added together to accumulated values.

Note 3

Employees and employee benefits

Average number of employees

	2008			2007		
	Women	Men	Total	Women	Men	Total
Sweden	725	1,518	2,243	747	1,575	2,322
France	711	2,139	2,850	716	2,363	3,079
Italy	280	1,248	1,528	267	1,256	1,523
Poland	537	748	1,285	577	727	1,304
Spain	270	1,032	1,302	310	1,209	1,519
UK	373	1,414	1,787	463	1,665	2,128
Germany	343	923	1,266	329	1,013	1,342
Rest of Europe	1,076	2,545	3,621	1,014	2,410	3,424
Total Europe	4,315	11,567	15,882	4,423	12,218	16,641
US	1,075	2,426	3,501	1,070	2,536	3,606
Brazil	102	963	1,065	85	857	942
Other markets	287	326	613	389	362	751
Total North and South America	1,464	3,715	5,179	1,544	3,755	5,299
China	277	826	1,103	233	857	1,090
Sri Lanka	33	729	762	31	675	706
Other markets	205	1,216	1,421	200	1,222	1,422
Total Asia and other markets	515	2,771	3,286	464	2,754	3,218
Total	6,294	18,053	24,347	6,431	18,727	25,158

The proportion of women in executive management positions is 8 percent (7) and 14 percent (14) on the Board of Directors.

Employee benefits

SEK M	2008	2007
	Salaries and other remuneration	Salaries and other remuneration
Sweden	824	839
France	750	832
Italy	512	505
Poland	124	109
Spain	338	379
UK	601	798
Germany	592	610
Rest of Europe	956	884
Total Europe	4,697	4,956
US	1,198	1,194
Brazil	134	113
Other North and South American countries	71	95
Total North and South America	1,403	1,402
China	61	52
Sri Lanka	22	19
Other markets	254	233
Total Asia and other markets	337	304
Total	6,437	6,662
Of which		
to Board members, presidents and executive vice presidents, including variable salaries	183	198
to other senior executives	16	29

SEK M	2008	2007
Social security expenses	1,525	1,494
Pension costs – defined-contribution plans	200	168
Pension costs – defined-benefit plans	9	53

A complete list is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

Remuneration to management 2008

President

During 2008, the President and CEO received a fixed salary and other remuneration as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining a variable salary. The variable salary has an established upper limit for full-year 2008, which corresponds to 65 percent of fixed salary and is 100-percent based on the Trelleborg Group's profit before tax, excluding the effect of structural changes approved by the Board. The variable salary does not constitute pensionable income. In 2008, no variable salary was paid to the President, since the target figures were not achieved.

The President has a pension agreement that entitles him to retire at the age of 65. However, under the terms of the pension agreement, both the company and the President have the right, without special justification, to request early retirement from the age of 60, with a mutual six-month notice of termination. The employment agreement and pension agreement shall be rendered invalid from the effective date of the President's possible early retirement. The pension agreement is solely premiumpbased, and the premium is computed as 40 percent of the fixed annual salary. Pension premiums were expensed in 2008 as shown in the table below.

The President's employment contract stipulates that termination of employment by the company shall be subject to a period of notice of 24 months, which does not apply if termination is initiated by the President. The period of notice from the President is six months.

Other senior executives

The principles for remuneration to other senior executives are based on both a fixed and variable salary. The

variable part has an established upper limit and accounts for about 25-65 percent of fixed annual salary, based mainly on the earnings trend for the Group.

Some of the executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation normally amounting to 60 percent of fixed annual salary is paid until the age of 65, when the regular retirement pension payments become effective. Pension plans are defined-contribution schemes, whereby the pension premium is calculated at 30 percent of the fixed annual salary.

For certain senior executives, extended notice of termination periods apply when initiated by the company, normally 12, 18 or 24 months, which do not apply when initiated by the individual. For the President and other senior executives, there is an opportunity to have a company car as a benefit.

The Group has a global remuneration policy that covers all managers and senior salaried employees. In addition, there is a policy that covers certain provisions for remuneration to senior executives, which covers pension terms, medical expenses insurances and company cars.

Long-term incentive program

The Board of Directors resolved in 2005 to introduce a long-term incentive program for the President and certain senior executives that hold a significant influence on the Trelleborg Group's earnings per share.

The Board of Directors also resolved to introduce a similar program in 2006, 2007, 2008 and 2009. The programs are ongoing three-year programs for which the Board will, on a yearly basis, possibly approve new programs and define their scope, objective and number of participants.

The incentive programs are cash-based and constitute a supplement to the annual variable salaries, provided that the executive is employed by the Trelleborg Group as per December 31 in the year in which the program ends.

Purpose

The incentive program is directional and has long-term content that aims to continue to promote commitment of senior executives to the Group's development and thereby increase value for the Group's shareholders.

Target figure

The target value for the incentive program is the Trelleborg Group's earnings per share, with an annual improvement of 10 percent, excluding items affecting comparability and the impact of any share buyback programs, and includes costs for the programs.

For 2006, the Board established a target of SEK 14.10 in earnings per share, in 2007, a target of SEK 11.90 and in 2008, a target of SEK 14.40, with the upper cap for payments set at 25 percent of the maximum annual variable salary per year.

Outcome and payment

The result is calculated annually and accumulated over the three-year period, and potential payments are made in the first quarter of the year after the program expires. Accordingly, for the program approved for 2005, payment was made in the first quarter of 2008, for the program approved in 2006, payments will be made in the first quarter of 2009, for the program approved in 2007, payments will be made in the first quarter of 2010, and for the program approved in 2008, payments will be made in the first quarter of 2011. The payments do not constitute pensionable income. In 2008, earnings were charged with SEK – (9,964,000).

Specification of remuneration to Board members, salaries to the President, Executive Vice Presidents and other senior executive officers

2008 sek 000s	Board fee/ Base salary	Variable salary	Incentive program	Other benefits	Pension costs	Total
Anders Narvinger, Chairman of the Board	1,063					1,063
Heléne Bergquist, Board member	450					450
Staffan Bohman, Board member	387					387
Rolf Kjellman, Board member	495					495
Claes Lindqvist, Board member	387					387
Berthold Lindkvist, Board member	113					113
Sören Mellstig, Board member	240					240
President	6,693			153	2,402	9,248
Executive Vice Presidents	3,211			127	2,024	5,362
Other senior executives, employees of Trelleborg AB, 6 persons	11,075	38		686	4,348	16,147
employees of other Group companies, 4 persons	17,093	5,190		131	3,698	26,112
Total	41,207	5,228	-	1,097	12,472	60,004

For changes to the Board in 2008, see page 43. In 2007, there were changes in Group management. In 2008, all persons were employed for the full fiscal year.

2007 sek 000s	Board fee/ Base salary	Variable salary	Bonus due for 2006	Incentive program	Other benefits	Pension costs	Total
Anders Narvinger, Chairman of the Board	952						952
Heléne Bergquist, Board member	412						412
Staffan Bohman, Board member	327						327
Rolf Kjellman, Board member	452						452
Claes Lindqvist, Board member	327						327
Berthold Lindkvist, Board member	327						327
President	5,937	3,300	1,275	825	100	2,185	13,622
Executive Vice Presidents	3,101	1,324		312	115	1,850	6,702
Other senior executives, 11 persons	25,599	8,533		2,286	623	9,540	46,581
Total	37,434	13,157	1,275	3,423	838	13,575	69,702

The above principles for remuneration to senior executives in the Trelleborg Group were adopted at the Annual General Meeting in 2008 and also comprise the Board's proposal to the 2009 Annual General Meeting.

Note 4

Auditors' remuneration

SEK M	2008	2007
<i>PricewaterhouseCoopers</i>		
Audit assignment	37	34
Other assignments	8	11
Other auditors		
Audit assignment	0	1
Other assignments	1	1
Total	46	47

Note 5

Items affecting comparability

Split by business area

SEK M	2008	2007
Trelleborg Engineered Systems	-79	-89
Trelleborg Automotive	-868	-382
Trelleborg Sealing Solutions	-32	-
Trelleborg Wheel Systems	-15	-27
Property sale	-	26
Nonrecurring legal expenses ¹⁾	-430	-86
Total	-1,424	-558

¹⁾ of which, a negative amount of SEK 401 M was recognized as other operating costs and negative SEK 29 M as administrative expenses.

Split by function

SEK M	2008	2007
Cost of goods sold	-16	-70
Selling expenses	-	-117
Administrative expenses	-99	-
Other operating income	1	26
Other operating costs	-1,310	-394
Share of profit or loss in associated companies	-	-3
Total	-1,424	-558

Of which, restructuring costs/impairment losses

SEK M	2008 Impairment losses	2007 Impairment losses	2008 Restructuring costs	2007 Restructuring costs
Trelleborg Engineered Systems	-16	-3	-63	-86
Trelleborg Automotive	-386	-67	-482	-315
Trelleborg Sealing Solutions	-6	-	-26	-
Trelleborg Wheel Systems	-	-	-15	-27
Total	-408	-70	-586	-428

Impairment of non-current assets was conducted to the calculated value in use.

Note 6

Other operating income and expenses

Continuing operations

SEK M	2008	2007
Rental revenue	13	10
Exchange-rate differences	115	59
Customer-/Supplier-related revenues	49	63
Sale of non-current assets	44	47
Sale of tools, etc.	105	123
Sale of services	21	19
Other	42	83
Total other operating income	389	404
Royalties	-11	-15
Operating costs for rental operations	-23	-23
Exchange-rate differences	-154	-70
Customer-/Supplier-related expenses	-39	-31
Sale/disposal of non-current assets	-12	-3
Restructuring costs	-909	-394
Nonrecurring legal expenses	-401	-
Other	-122	-27
Total other operating expenses	-1,671	-563
Total continuing operations	-1,282	-159

Discontinued operations

Other operating income	-	2
Other operating expenses	-	-4
Total Group	-1,282	-161

Note 7

Share of profit or loss in associated companies

SEK M	Profit before tax		Tax		Net profit		Dividend received	
	2008	2007	2008	2007	2008	2007	2008	2007
Dawson Manu.Co	-12	5	4	-2	-8	3	0	23
Other associated companies	34	12	-8	-3	26	9	7	6
Total	22	17	-4	-5	18	12	7	29

SEK M	Receivables from associated companies		Liabilities to associated companies		Sales to associated companies		Operating income from associated companies	
	2008	2007	2008	2007	2008	2007	2008	2007
Dawson Manu.Co	4	8	0	0	30	49	13	23
Other associated companies	4	2	0	0	204	111	9	8
Total	8	10	0	0	234	160	22	31

Company	Registered office	Share of equity, %	Assets		Liabilities	
			2008	2007	2008	2007
<i>Indirectly owned</i>						
Dawson Manu.Co	USA	45	162	163	64	53
Other			270	151	175	92
Total			432	314	239	145

Company	Shareholders' equity		Net sales		Profit for the year		Carrying amount	
	2008	2007	2008	2007	2008	2007	2008	2007
<i>Indirectly owned</i>								
Dawson Manu.Co	98	110	212	335	14	5	49	48
Other	95	59	1,100	602	56	22	47	27
Total	193	169	1,312	937	70	27	96	75

Shares and participations in associated companies

SEK M	2008	2007
Carrying amount, January 1	75	98
Divestments	-2	-3
Dividend	-7	-29
Share of profit in associated companies	18	12
Translation differences	12	-3
Carrying amount, December 31	96	75

Note 8

Expenses by nature

SEK M	2008	2007
Costs for raw materials, components, goods for resale, packaging material and energy and transport costs	-17,963	-17,202
Remuneration to employees	-8,171	-8,428
Depreciation/amortization and impairment losses	-1,478	-1,079
Other external costs related to sales, administration and research and development	-2,421	-2,319
Other operating income/expenses	-874	-78
Share of profit in associated companies	18	12
Total	-30,889	-29,094

Note 9

Exchange-rate differences that impact operating profit

SEK M	2008	2007
Net sales	274	9
Cost of goods sold	-267	-10
Sales, administration and R&D costs	-8	1
Other operating income/operating expenses	-39	-11
Total	-40	-11

Note 10

Government grants

SEK M	2008	2007
Grants received	6	7
Total	6	7

Note 11

Financial income and expenses

Continuing operations

Financial income		
SEK M	2008	2007
Interest income from interest-bearing receivables	20	11
Exchange-rate gains, net	10	15
Total financial income	30	26
Financial expenses		
Interest expenses on interest-bearing liabilities	-570	-465
Total financial expenses	-570	-465
Total financial income and expenses	-540	-439
Discontinued operations		
Total financial income and expenses	0	0
Total financial income and expenses	-540	-439

Note 12

Income tax

SEK M	2008	2007
Current tax expenses		
Tax expenses for the period	-322	-377
Tax attributable to prior years	38	16
Total	-284	-361
Deferred tax expenses		
Utilization/revaluation of losses carried forward	455	65
Deferred tax expenses/income on changes in temporary differences	-212	-80
Total	243	-15
Other taxes	-51	-54
Total reported tax expenses for the Group	-92	-430
Tax items recorded directly against equity		
Deferred tax on hedging instruments	353	39
Reconciliation of tax in the Group		
Profit before tax	-166	1,268
Swedish income tax, 28%	46	-355
Impact of other tax rates for foreign subsidiaries	20	-71
Non-deductible expenses/non-taxable revenue	-118	-12
Amortization of goodwill	31	24
Impact of changed tax rates and tax regulations	-26	0
Reassessment of losses carried forward/temporary differences	36	25
Tax attributable to prior years	-30	12
Total	-41	-377
Other taxes	-51	-53
Reported tax for Group	-92	-430

At year-end 2008, the Group had losses carried forward of approximately SEK 7,200 M (4,100), of which about SEK 3,300 M (1,300) was taken into account when calculating deferred tax. The losses carried forward not capitalized include cases where uncertainty exists regarding the tax value. Of the losses carried forward, about SEK 2,136 M falls due within the next five-year period.

Note 13

Minority interest in profit and equity of subsidiaries

SEK M	Minority share in net profit for the year		Minority interest	
	2008	2007	2008	2007
Trelleborg Kunhwa Co. Ltd.	8	15	78	79
Other companies	1	2	7	41
Total	9	17	85	120

Note 14

Property, plant and equipment (PPE)

SEK M	2008	2007
Buildings	1,866	1,690
Land and land improvements	543	489
Plant and machinery	3,499	3,124
Equipment, tools, fixtures and fittings	499	442
New construction in progress and advance payments relating to PPE	730	548
Total	7,137	6,293

Depreciation of property, plant and equipment by function

SEK M	2008	2007
Cost of goods sold	-791	-748
Selling expenses	-16	-15
Administrative expenses	-49	-39
R&D costs	-27	-27
Other operating expenses	-14	-14
Total	-897	-843

Impairment loss of property, plant and equipment by function

SEK M	2008	2007
Cost of goods sold	-6	-3
Other operating expenses	-377	-15
Translation differences	-9	-
Total	-392	-18

Impairment of PPE was made at calculated value-in-use.

Leasing agreements

The Group has entered into financial and operating lease agreements. Non-current assets held under financial lease agreements are recorded as property, plant and equipment and future payment obligations are recorded as a financial liability.

Leasing costs for assets held through financial lease agreements amounted to SEK 1 M (1). Future lease payments for financial lease agreements fall due as follows:

SEK M	2008	2007
Year 1	3	3
Year 2-5	8	10
Later than 5 years	-	0

Leasing costs for assets held through operating lease agreements are classified as operating expenses, and amounted to SEK 154 M (148). Future payment commitments for non-cancelable lease agreements amounted to SEK 699 M (742) and fall due as follows:

SEK M	2008	2007
Year 1	157	125
Year 2-5	333	278
Later than 5 years	209	339

SEK M	Buildings		Land and land improvements		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments		Total PPE	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Accumulated cost	3,629	3,104	588	516	10,925	9,420	1,931	1,649	787	547	17,860	15,236
Accumulated depreciation according to plan	-1,352	-1,133	-52	-44	-7,157	-6,243	-1,400	-1,196	-22	1	-9,983	-8,615
Accumulated revaluations	21	19	37	32	16	11	1	1	-	-	75	63
Accumulated impairment losses	-432	-300	-30	-15	-285	-64	-33	-12	-35	-	-815	-391
Carrying amount	1,866	1,690	543	489	3,499	3,124	499	442	730	548	7,137	6,293
Balance, January 1	1,690	1,697	489	568	3,124	2,950	442	358	548	435	6,293	6,008
Acquisitions	80	17	16	5	86	29	1	7	4	8	187	66
Capital expenditures	150	96	11	9	593	485	139	138	474	487	1,367	1,215
Capital expenditures, financial leasing	-	-	-	-	-	0	0	2	-	0	0	2
Divestments and disposals	-49	-45	-2	-92	-7	-32	-5	-6	-8	-15	-71	-190
Depreciation according to plan for the year	-110	-107	-3	-3	-655	-617	-128	-116	-1	0	-897	-843
Impairment losses for the year	-119	-12	-14	-	-205	5	-19	-3	-35	-8	-392	-18
Reclassifications	65	26	-1	-9	247	268	24	52	-342	-363	-7	-26
Translation difference for the year	159	18	47	11	316	36	45	10	90	4	657	79
Carrying amount	1,866	1,690	543	489	3,499	3,124	499	442	730	548	7,137	6,293

The overall tax assessment value for the Group's Swedish properties amounted to SEK 475 M (500), of which buildings accounted for SEK 384 M (407).

Note 15

Intangible assets

SEK M	2008	2007
Capitalized expenditure for development work	330	348
Capitalized expenditure for IT	138	137
Concessions, patents, licenses, trademarks and similar rights	368	206
Goodwill	10,901	9,381
Market- and customer-related intangible assets	22	16
Advance payments related to intangible assets	74	10
Total	11,833	10,098

Impairment testing of goodwill

Goodwill is tested for impairment annually or more frequently if there are indications of a decline in value. This testing is based on defined cash-generating units coinciding with the business areas applied in segment reporting. For a more detailed presentation of the Group's business areas, see pages 20-35.

The recoverable amount has been determined on the basis of calculations of value in use. These calculations are based on an internal assessment of the next five years and beyond with an assumed annual growth rate of 2 percent (2 percent). Projected future cash flows according to these assessments form the basis for the calculation. Changes in working capital and in capital expenditure requirements have been taken into account. When calculating the present value of future cash flows, a weighted average cost of capital (WACC) of 7.7 percent (7.7 percent) after tax was applied. Reconciliation was conducted against an external assessment of a reasonable cost of capital. The debt/equity ratio was assumed to be 100 percent.

The calculations indicated no need for impairment in any of the business areas. A sensitivity analysis shows that with a rate of growth reduced by half beyond the next five years and an increase in the cost of capital of 1 percentage point to 8.7 percent after tax, there would still be no need for impairment, except for the Trelleborg Automotive business area.

During the year, assets and capitalized expenditure for development work were impaired in a total of SEK 386 M in the Trelleborg Automotive Business Area.

Impairment losses on intangible assets

SEK M	2008	2007
R&D costs	-25	-16
Other operating expenses	-4	-53
Translation differences	-3	-
Total	-32	-69

Goodwill by segment

Planned residual value

SEK M	2008	2007
Trelleborg Engineered Systems	3,194	2,728
Trelleborg Automotive	1,653	1,405
Trelleborg Sealing Solutions	5,698	4,923
Trelleborg Wheel Systems	356	325
Total	10,901	9,381

SEK M	Internally generated intangible assets		Acquired intangible assets		Concessions, patents, licenses and brands		Goodwill		Market- and customer-related intangible assets		Advance payments related to intangible assets		Total intangible assets	
	Capitalized expenditure for development work	Capitalized expenditure for IT	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Accumulated cost	685	546	486	414	659	442	11,124	9,591	35	22	81	16	13,070	11,031
Accumulated amortization according to plan	-307	-181	-347	-276	-287	-236	-	-	-13	-6	-7	-6	-961	-705
Accumulated impairment losses	-48	-17	-1	-1	-4	-	-223	-210	-	-	-	-	-276	-228
Carrying amount	330	348	138	137	368	206	10,901	9,381	22	16	74	10	11,833	10,098
Balance, January 1	348	347	137	139	206	55	9,381	8,968	16	23	10	3	10,098	9,535
Acquisitions	-	0	-	0	123	2	322	480	4	-	-	-	449	482
Capital expenditures	55	81	30	32	10	1	-	-	3	-	61	7	159	121
Divestments and disposals	-	-1	0	-	-1	-1	-	-	-	-	-2	-	-3	-2
Amortization according to plan for the year	-90	-77	-48	-57	-15	-9	-	-	-4	-6	-	-	-157	-149
Impairment losses for the year	-28	-16	-	0	-4	-	-	-53	-	-	-	-	-32	-69
Reclassifications	-	-	6	18	1	154	0	-146	-	-	-	-	7	26
Translation difference for the year	45	14	13	5	48	4	1,198	132	3	-1	5	-	1,312	154
Carrying amount	330	348	138	137	368	206	10,901	9,381	22	16	74	10	11,833	10,098
Amortization for the year, by function														
Cost of goods sold	-1	0	-5	-5	-4	-1	-	-	-	-	-	-	-10	-6
Selling expenses	-	0	-2	-8	-7	-5	-	-	-4	-6	-	-	-13	-19
Administrative expenses	0	0	-40	-43	-1	-1	-	-	-	-	-	-	-41	-44
R&D costs	-89	-77	-1	-1	-2	-2	-	-	-	-	-	-	-92	-80
Other operating expenses	-	-	0	-	-1	0	-	-	-	-	-	-	-1	0
Total depreciation	-90	-77	-48	-57	-15	-9	-	-	-4	-6	-	-	-157	-149

Note 16

Financial non-current assets

SEK M	2008	2007
Other shares (note 18)	15	13
Plan assets	43	20
Financial assets at fair value through profit or loss	6	4
Loan receivable	–	–
Derivative instrument (Note 24)	–	13
Other non-current receivables	19	13
Total	83	63

Carrying amount corresponds to fair value.

Note 17

Parent Company and Group holdings of shares and participations in Group companies ¹⁾

Company	Registration Number	Domicile/country	No. of shares	Ownership percent	Carrying amount, SEK M
Trelleborg Sealing Solutions Belgium SA		Belgium	100	100	51
Trelleborg do Brasil Soluções em Vedação Ltda		Brazil	8,307,200	100	19
Trelleborg Sealing Solutions Bulgaria EOOD		Bulgaria	10,000	100	16
Trelleborg Sealing Solutions Czech s.r.o		Czech Republic	0	100	48
Trelleborg Sealing Solutions Hong Kong Ltd		China	484,675	100	1
Trelleborg Sealing Solutions Hungary Kft		Hungary	0	100	1
Trelleborg Sealing Solutions o.o.o.		Russia	0	100	2
Trelleborg Sealing Solutions Korea		South Korea	57,750	75	4
Trelleborg Sealing Solutions Japan KK		Japan	333	100	99
Trelleborg Sealing Solutions Polska Sp.zo.o		Poland	12,800	100	6
Trelleborg Sealing Solutions Finland		Finland	15	100	75
Trelleborg Sealing Solutions Switzerland		Switzerland	1,000	100	47
Trelleborg Sealing Solutions Sweden AB	556204-8370	Jönköping	2,500	100	167
Trebolit AB	556054-1533	Trelleborg	60,000	100	75
Trelleborg Sealing Solutions Austria GmbH		Austria	0	100	28
Trelleborg Tigveni SRL		Romania	700	100	8
Trelleborg Tyres Lanka (Private) Ltd		Sri Lanka	16,272,537	100	91
Trelleborg Wheel Systems Liepaja SIA		Latvia	2,000	100	0
Trelleborg Wheel Systems S.A		Argentina	1,850,000	100	3
Chemtrading Alpha Holding AG		Switzerland	100	100	3
Dormvlinio AB	556742-8767	Trelleborg	1,000	100	
Dormvilex AB	556739-6998	Trelleborg	1,000	100	
Dormvilsju AB	556742-8742	Trelleborg	1,000	100	
Dormviltio AB	556742-8775	Trelleborg	1,000	100	
Dormviltre AB	556728-8716	Trelleborg	1,000	100	
Dormvliatta AB	556742-8759	Trelleborg	1,000	100	
Mar-Con Polymers Ltd Oy		Finland	100	100	203
MHT Takentreprenören i Malmö AB	556054-9759	Malmö	1,000	100	
Trelleborg Automotive Czech Republic S.r.o		Czech Republic	100,000	100	3
Trelleborg Automotive China Holding AB	556052-1485	Trelleborg	4,500,000	100	19
Trelleborg Automotive Group AB	556730-4448	Trelleborg	1,000	100	2
Trelleborg Automotive Poland Sp.zo.o		Poland	350	100	93
Trelleborg Automotive S.R.L		Romania	2,775	100	191
Trelleborg Automotive Slovakia s.r.o.		Slovakia	0	100	8
Trelleborg Engineered Systems Lithuania UAB		Lithuania	232,600	100	70
Trelleborg Corporation		US	2,592	100	3,211
Trelleborg Coated Systems US Inc		US	1,000	100	
Trelleborg Engineered Systems Italy SpA		Italy	25,600,000	100	
Trelleborg Sealing Solutions US, Inc		US	7,450	100	
Trelleborg CRP Inc		US	1,000	100	
Trelleborg Wheel Systems Americas Inc		US	1,000	100	
Trelleborg YSH Inc		US	100,000	100	
Trelleborg YSH SA de CV		Mexico	108,963,373	100	
Trelleborg Sealing Profiles US Inc		US	0	100	
Trelleborg Croatia D.O.O		Croatia	0	100	2
Trelleborg Engineered Systems China Holding AB	556223-5910	Trelleborg	1,000	100	11
Trelleborg Engineered Systems Group AB	556055-7711	Trelleborg	1,250	100	5
Trelleborg Engineered Systems Qingdao Holding AB	556715-4991	Trelleborg	1,000	100	
Trelleborg Fluid Solutions Czech Republic s.r.o.		Czech Republic	0	100	0
Trelleborg Holding AB	556212-8255	Trelleborg	1,000	100	741
Trelleborg Building Systems AB	556026-2148	Trelleborg	12,000	100	
Trelleborg Automotive do Brasil Industria e Comercio de autopeças Ltda		Brazil	48,214,017	100	
Trelleborg Automotive Spain SA		Spain	600,000	100	
Trelleborg Izarra SA		Spain	3,826,956	100	
Trelleborg Industrial AVS AB	556020-2862	Sjöbo	500	100	10
Trelleborg International AB		Trelleborg	1,500	100	3,152
Trelleborg Sealing Solutions Germany GmbH		Germany	1	100	
Trelleborg Automotive Germany GmbH		Germany	2	100	
Trelleborg Wheel Systems GmbH		Germany	2	100	
Trelleborg Wheel Systems Belgium NV		Belgium	11,075,114	100	
Trelleborg ETM GmbH		Germany	2	100	

Company	Registration Number	Domicile/country	No. of shares	Ownership percent	Carrying amount, SEK M
Trelleborg Holding Danmark A/S		Denmark	21,000	100	631
Trelleborg Phoenix A/S		Denmark	80,000	100	
Trelleborg Holding France SAS		France	586,782	100	693
Trelleborg Sealing Solutions France SAS		France	8,427	100	
Trelleborg Industrie SAS		France	649,800	100	
Trelleborg Reims SAS		France	100,200	100	
Trelleborg Nantes SAS		France	100,342	100	
Trelleborg Kunhwa Co Ltd		South Korea	3,570,000	51	
Trelleborg Modyn SAS		France	720,000	100	
Trelleborg Wheel Systems France SAS		France	9,060	100	
Trelleborg Holdings Italy S.r.l		Italy	0	100	591
Trelleborg Sealing Solutions Italia SpA		Italy	843,000	100	
Trelleborg Automotive Italia Spa		Italy	200,000	100	
Trelleborg Holding Norge AS		Norway	10,000	100	
Trelleborg Viking AS		Norway	7,000	100	
Trelleborg Holdings (UK) Ltd		UK	20,000,000	100	2,987
Trelleborg Sealing Solutions UK Ltd		UK	10,050,000	100	
Trelleborg Automotive (UK) Ltd		UK	100	100	
Trelleborg CRP Ltd		UK	41,590	100	
Trelleborg Hong Kong Holdings Ltd		China	10,000	100	61
Trelleborg Industri AB	556129-7267	Trelleborg	725,000	100	197
Trelleborg Insurance Ltd		Bermuda	50,000	100	118
Trelleborg International BV		Netherlands	41	100	3,150
Trelleborg Forsheda Netherlands BV		Netherlands	30,000	100	
Trelleborg Wheel Systems SpA		Italy	200,000	100	
Trelleborg Lesina s.r.o.		Czech Republic	0	100	8
Trelleborg Moulded Components Wuxi Holding AB	556715-4983	Trelleborg	1,000	100	
Trelleborg Protective Products AB	556010-7145	Trelleborg	100,000	100	26
Trelleborg Treasury AB	556064-2646	Stockholm	5,000	100	15,001
Trelleborg Waterproofing AB	556739-6980	Trelleborg	1,000	100	
Trelleborg Wheels AB	556056-2620	Sävsjö	40,000	100	10
Trelleborg Wuxi Holding AB	556119-8820	Trelleborg	25,000	100	96
Trelleborg Rubore AB	556325-7442	Kalmar	60,000	100	200
Trelleborg China Holding AB	556030-7398	Trelleborg	200,000	100	43
TSS Holdings Sweden AB	556528-2737	Göteborg	2,501,000	100	157
Trelleborg Forsheda Sweden AB	556052-2996	Värnamo	8,640,000	100	
Total, Parent Company					32,434

¹⁾ The table shows directly owned subsidiaries and indirectly owned companies with annual sales that exceed SEK 250 M.
A complete list of companies is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

Note 18

Other shares

SEK M	2008	2007
Cost, January 1	13	12
Acquisitions	–	1
Translation difference	2	–
Cost, December 31	15	13
Carrying amount at year-end	15	13
Of which, Swedish shares	1	1
Foreign shares	14	12

Carrying amount corresponds to fair value.

Note 19

Deferred tax assets/tax liabilities

SEK M	2008			2007		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	9	251	-242	6	213	-207
Land and buildings	104	170	-66	94	152	-58
Machinery and equipment	166	238	-72	197	285	-88
Financial non-current assets	12	11	1	9	19	-10
Inventories	98	9	89	84	21	63
Current receivables	15	7	8	14	5	9
Pension provisions	148	16	132	146	12	134
Other provisions	225	27	198	114	26	88
Non-current liabilities	18	4	14	21	1	20
Current liabilities	106	14	92	93	5	88
Losses carried forward	954	11	943	414	13	401
Total	1,855	758	1,097	1,192	752	440
Offsetting of assets/liabilities	-448	-448		-363	-363	
Total	1,407	310		829	389	

Deferred tax assets/liabilities are offset when the deferred tax pertains to the same tax authority.

Change in deferred tax on temporary differences and losses carried forward

SEK M	Balance, January 1		Recorded via income statement		Recorded directly against shareholders' equity		Acquired/divested tax assets/liabilities		Translation differences		Balance, December 31	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Intangible assets	-207	-201	20	-2			-28	4	-27	-8	-242	-207
Land and buildings	-58	-58	-4	-2		6		-2	-4	-2	-66	-58
Machinery and equipment	-88	-90	44	-2			-8	6	-20	-2	-72	-88
Financial non-current assets	-10	-22	-309		320	11			0	1	1	-10
Inventories	63	69	12	15			2	-21	12		89	63
Current receivables	9	13	-7	-51	5	49		-1	1	-1	8	9
Pension provisions	134	116	-18	-3				16	16	5	132	134
Other provisions	88	34	93	52	-11				28	2	198	88
Non-current liabilities	20	63	-14	-46	9			4	-1	-1	14	20
Current liabilities	88	119	-37	-42	38	6	-8	8	11	-3	92	88
Losses carried forward	401	331	455	65	2			4	85	1	943	401
Exchange-rate differences			8	1					-8	-1		
Total	440	374	243	-15	363	72	-42	18	93	-9	1,097	440

Note 20

Inventories

SEK M	2008	2007
Raw materials and consumables	1,488	1,379
Work in progress	525	496
Finished products and goods for resale	2,745	2,118
Contracted work in progress	1	0
Advances to suppliers	16	19
Total	4,775	4,012

Impairment of obsolete inventories at Dec. 31 amounted to SEK 334 M (261).

Note 21

Current operating receivables

SEK M	2008	2007
Accounts receivable	5,507	5,754
Provision for bad debts	-124	-93
Bills receivable	81	32
Operating receivables, associated companies	7	10
Other current receivables	521	484
Derivative instruments (Note 24)	1	43
Prepaid expenses and accrued income (Note 22)	742	612
Total	6,735	6,842

The receivables are recorded in amounts that correspond to fair value.

Age analysis of accounts receivable

SEK M	2008	2007
Receivable not yet due	4,448	4,555
Due, but not impaired:		
<30 days	672	723
31-60 days	170	211
61-90 days	55	77
>90 days	162	188
Total	5,507	5,754
Provision for bad debts	-124	-93
Total	5,383	5,661

Note 22

Prepaid expenses and accrued income

SEK M	2008	2007
Interest	1	0
Pension costs	11	6
Tools	238	180
Derivative instruments (Note 24)	20	11
Other	472	415
Total	742	612

Note 23

Interest-bearing receivables

SEK M	2008	2007
Interest-bearing receivables	1	-
Loan receivables	-	-
Derivative instruments (Note 24)	177	95
Other financial assets at fair value through profit or loss	-	-
Total	178	95

The recorded amounts represent an accurate estimation of their fair value.

Note 24

Financial derivative instruments

Derivative instruments are used mainly to hedge against the Group's exposure to fluctuations in exchange rates and interest rates. The Group also uses derivative instruments for proprietary trading within the framework of mandates set by the Board. In cases where available forms of borrowing do not meet the desired structure of the loan portfolio with regard to interest-rate and foreign-exchange considerations, various derivative instruments are used. Currency swaps are used to secure the desired financing adapted to the subsidiaries' currencies. Interest-rate swaps, FRAs or other comparable instruments are used to obtain the desired fixed-interest terms.

Foreign-exchange forwards and currency options are financial derivative instruments used to hedge currency exposure both in fixed commercial undertakings and calculated future commercial flows.

Investments in foreign subsidiaries and associated companies may be hedged. Hedging occurs mainly through corresponding borrowing in the same currency, but may also be secured through forward or option contracts. The table below shows where the Group's financial derivative instruments are recorded in the balance sheet.

Specification of derivatives in the balance sheet, SEK M	2008	2007
Financial non-current assets	-	13
Current operating receivables included in working capital	20	11
Other current operating receivables	1	43
Interest-bearing receivables	177	95
Total receivables, financial derivatives	198	162
Interest-bearing non-current liabilities	0	17
Other non-current liabilities	89	7
Current operating liabilities included in working capital	98	17
Other current operating liabilities	201	63
Interest-bearing liabilities	155	153
Total liabilities, financial derivatives	543	257

For credit exposure in derivatives, see note 28.

SEK M Type and purpose of Group's financial derivative instruments	2008		2007	
	Assets Fair value	Liabilities Fair value	Assets Fair value	Liabilities Fair value
Interest-rate swaps – cash-flow hedging	-	299	13	36
Interest-rate options – cash-flow hedging	1	-	4	-
Foreign-exchange forwards/ currency options – cash-flow hedging	20	98	11	18
Foreign-exchange forwards – held for trading	-	-	28	28
Foreign-exchange forwards – net investment hedging	103	31	11	128
Currency option – net investment hedging	-	-	17	17
Foreign-exchange forwards – financing of subsidiaries	74	115	78	30
Total	198	543	162	257

The nominal amount of outstanding interest-rate swaps totaled SEK 11,726 M (8,011).

Derivatives with hedge accounting

Cash-flow hedging – Interest-rate swaps

In the closing balance of the hedging reserve in equity, a negative SEK 94 M (positive: 5) before tax related to the fair value of interest-rate swaps.

At unchanged interest and exchange rates, this value will cause earnings to decline by SEK 9 M in 2009 and by SEK 85 M in 2010.

Cash-flow hedges – forward currency contracts and currency options

The fair value closing balance of cash-flow hedges relating to forward currency contracts and currency options recorded in the hedging reserve amounted to a negative net of SEK 54 M (negative: 6).

At unchanged exchange rates, this value will negatively impact operating earnings in the amount of SEK 54 M (negative: 6) in 2009.

Sensitivity analysis – Financial instruments

Sensitivity analyses relating to interest-rate risks and translation exposure are described in the section "Financial risk management" on pages 38-39.

If cash-flow hedges attributable to transaction exposure are valued using exchange rates applicable on December 31, 2007, the fair value of the hedging reserve would amount to SEK 28 M (9).

If closing balances relating to accounts receivable and accounts payable, taking into consideration implemented hedging measures, are valued using exchange rates applicable on December 31, 2007, the net debt would decrease by SEK 5 M (5).

Having considered implemented hedging measures, the Group has no currency risk in other financial receivables and liabilities in foreign currencies.

Note 25

Cash and cash equivalents

SEK M	2008	2007
Current bank investments	-	-
Cash and bank balances	749	530
Total	749	530

For credit exposure in cash and cash equivalents, see note 28.

Note 26

Equity

Specification of other reserves

SEK M	Hedging reserve		Translation reserve		Total	
	2008	2007	2008	2007	2008	2007
Opening balance, translation differences	-1	15	-40	-129	-41	-114
<i>Cash-flow hedging</i>						
Fair value	-151	-2			-151	-2
Tax on fair value	39	1			39	1
Transfers to income statement	4	-21			4	-21
Tax on transfers to income statement	-1	6			-1	6
Translation differences for the year			2,066	172	2,066	172
Hedging of net investment after tax			-882	-83	-882	-83
Closing balance	-110	-1	1,144	-40	1,034	-41

Accumulated translation differences are recorded from January 1, 2004.

Of transfers from the hedging reserve to the income statement during 2008, SEK 2 M (21) improved the Group's financial interest expenses and SEK 6 M (0) caused a decline in operating profit.

The Board of Directors and President propose that no dividend be paid for 2008 (6.50), totaling SEK 0 M (587).

Trelleborg AB's share capital at December 31, 2008 amounted to SEK 2,258,931,525, distributed among 90,357,261 shares, with a par value of SEK 25 each.

Class of share	No. of shares	% of total	No. of votes	% of total
Series A	9,500,000	10.51	95,000,000	54.02
Series B	80,857,261	89.49	80,857,261	45.98
Total	90,357,261	100.00	175,857,261	100.00

Change in total number of shares

	2008	2007
January 1	90,357,261	90,357,261
Change during the year	-	-
December 31	90,357,261	90,357,261

No treasury shares are held.

Note 27

Interest-bearing liabilities

Non-current interest-bearing liabilities

SEK M	2008	2007
Liabilities to credit institutions	10,825	7,249
Other interest-bearing liabilities	9	10
Derivative instruments (Note 24)	-	17
Total	10,834	7,276

Current interest-bearing liabilities

SEK M	2008	2007
Liabilities to credit institutions	2,262	2,911
Bank overdraft facilities	386	371
Other interest-bearing liabilities	2	11
Derivative instruments (Note 24)	155	153
Total	2,805	3,446
Total interest-bearing liabilities	13,639	10,722

The recorded amounts for interest-bearing liabilities represent an accurate estimation of their fair value.

The Group's outstanding interest-bearing liabilities at year-end 2008, adjusted for derivative financial instruments, have the following currency distribution, effective interest rates and fixed-interest terms

	Volume, SEK M		Effective interest rate, %		Fixed-interest term adjusted for possible derivatives. No. of days	
	2008	2007	2008	2007	2008	2007
SEK	1,563	1,583	5.1	4.2	0	168
USD	2,793	2,003	4.2	5.2	367	281
EUR	7,216	5,914	5.1	4.4	171	274
GBP	945	671	2.7	7.1	128	91
Other	1,122	551	6.0	6.4	56	39
Total	13,639	10,722	4.8	4.8	179	236

The Group's interest-bearing liabilities (utilized amounts at balance-sheet date)

	2008			2007		
	Volume, SEK M	Expires, year		Volume, SEK M	Expires, year	
Non-current						
Syndicated loan, EUR tranche 723 M	4,010	2012		4,617	2012	
Syndicated loan, USD tranche 580 M	3,142	2012		499	2012	
Syndicated loan, EUR tranche 27 M	149	2011		172	2011	
Syndicated loan, USD tranche 20 M	107	2011		17	2011	
Bond loan, EUR 50 M	547	2015		474	2015	
Bond loan, EUR 40 M	438	2011		379	2011	
Bond loan, SEK 100 M	100	2011		-	-	
Bond loan, SEK 260 M	260	2010		260	2010	
Bond loan, SEK 500 M	-	-		500	2009	
Bilateral loan, EUR 30 M	328	2012		284	2012	
Bilateral loan, EUR 30 M	328	2011		-	-	
Bilateral credit facility, EUR 50 M	547	2011		-	-	
Bilateral credit facility, EUR 30 M	328	2011		-	-	
Bilateral credit facility, SEK 100 M	100	2010		-	-	
Bilateral credit facility, SEK 400 M	400	2010		-	-	
Other non-current loans	41	2010-2012		47	2012	
Other interest-bearing liabilities	9	2010		10	-	
Derivative instruments	-	-		17	2009	
Total non-current liabilities	10,834			7,276		
Current						
Bond loan, SEK 500 M	500	2009		-	-	
Bond loan, SEK 100 M	100	2009		-	-	
Bond loan, SEK 400 M	-	-		400	2008	
Bilateral loan, SEK 300 M	300	2009		-	-	
Bilateral loan, SEK 300 M	300	2009		-	-	
Commercial paper program	800	2009		2,276	2008	
Overdraft facilities	386	2009		371	2008	
Other current loans	262	2009		235	2008	
Other interest-bearing liabilities	2	2009		11	2008	
Derivative instruments	155	2009		153	2008	
Total current liabilities	2,805			3,446		
Total	13,639			10,722		

Committed confirmed and uncommitted confirmed credit facilities

SEK M	2008			2007		
	Total	Utilized	Unutilized	Total	Utilized	Unutilized
<i>Committed confirmed credit facilities</i>						
Syndicated loan (expires 2011/2012)	12,861	7,408	5,453	10,993	5,305	5,688
Bilateral credit facilities (expire 2010/2011)	1,375	1,375	0	-	-	-
Total	14,236	8,783	5,453	10,993	5,305	5,688
<i>Uncommitted confirmed credit facilities</i>						
Overdraft facilities	1,869	386	1,483	1,552	371	1,181

In addition to the above credit facilities, the Group also had the use of unconfirmed credit facilities amounting to approximately SEK 500 M at year-end 2008.

The syndicated loan agreement includes certain financial clauses pertaining to a debt/equity ratio that may not be exceeded and a certain interest-coverage ratio that must be maintained if a specific debt/equity ratio is exceeded.

The same financial clauses are also included in some of the Group's loan and credit facility agreements. At year-end 2008, there was sufficient headroom in relation to these terms.

Note 28

Financial risk management

For a description of the Group's financial risks and policies regarding financial risks, see the section "Financial risk management" on pages 38-39.

Financial credit risk exposure

The Treasury Policy contains a special counterparty regulation that specifies the maximum credit risk exposure for various counterparties. Follow-up in relation to credit limits is conducted on an ongoing basis.

Counterparties have been subdivided into three categories – A, B and C. Category A contains selected nation states and some of the largest lenders to the Group, which also have a high credit rating. The maximum credit limit is SEK 1,000 M, including the value of unrealized gains in derivative instruments. Category B comprises lenders to the Group and institutions with the lowest short-term rating of P1 according to Moody's or A1 according to Standard & Poor's. Investments with a longer tenor than one year include institutions with a long-term rating of not less than A1 according to Moody's or A according to Standard & Poor's. The maximum credit limit is SEK 500 M, including the value of unrealized derivative instruments. Category C encompasses counterparties outside category A and B that are mainly used by subsidiaries in developing countries, where it is either the case that no institution from category A or B exists or it has not been deemed appropriate to use any institution from these categories. Exposure may not exceed SEK 50 M per counterparty.

The table below presents the Group's credit risk exposure for interest-bearing receivables, cash and cash equivalents and derivative instruments at December 31, subdivided by category (SEK M):

Category	Interest-bearing receivables		Cash and cash equivalents		Derivative instruments – unrealized gains, gross		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
SEK M								
A	6	0	133	104	151	156	290	260
B	0	0	394	250	47	6	441	256
C	1	5	222	176	0	0	223	181
Total	7	5	749	530	198	162	954	697

The total credit exposure in category C at year-end 2008 was divided among more than 30 counterparties. The single largest exposure in category C totaled SEK 39 M (30).

Credit risk exposure in derivative instruments is established as the fair value on the balance-sheet date. On December 31, 2008, the total counterparty risk in derivative instruments (calculated as net receivable per counterparty) amounted to SEK 54 M (14), taking into account ISDA agreements.

None of these adequate financial assets were renegotiated in the past year, nor have they matured or been impaired. No credit limits were exceeded in 2008 or 2007, and the management does not anticipate any losses as a result of non-payment by these counterparties.

Liquidity analysis for financial instruments

The table below shows the Group's financial liabilities and the net settlement of derivative instruments that comprise financial liabilities, subdivided into the periods remaining on the balance-sheet date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2008

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	Borrowing, incl. interest	-3,058	-11,047	-551
Interest-rate swaps with negative fair value	-230	-170	-	-400
Accounts payable	-3,518	-	-	-3,518
Total	-6,806	-11,217	-551	-18,574
Accounts receivable	5,383	-	-	5,383
Interest-rate swaps with positive fair value	90	7	-	97
Net flow	-1,333	-11,210	-551	-13,094

At December 31, 2007

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	Borrowing, incl. interest	-3,779	-7,999	-501
Interest-rate swaps with negative fair value	-26	0	-	-26
Accounts payable	-3,732	-	-	-3,732
Total	-7,537	-7,999	-501	-16,037
Accounts receivable	5,661	-	-	5,661
Interest-rate swaps with positive fair value	20	1	-	21
Net flow	-1,856	-7,998	-501	-10,355

The table below shows the Group's financial derivative instruments that will be gross settled, subdivided into the periods remaining on the balance-sheet date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2008

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	<i>Foreign-exchange forwards and currency option contracts</i>			
-outflow	-6,802	-	-	-6,802
-inflow	6,744	-	-	6,744
Total	-58	0	0	-58

At December 31, 2007

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	<i>Foreign-exchange forwards and currency option contracts</i>			
-outflow	-16,654	-474	-	-17,128
-inflow	16,596	458	-	17,054
Total	-58	-16	-	-74

Note 29

Financial instruments by category

A description of each category is presented in the section "Accounting policies".

At December 31, 2008	Loan receivable and accounts receivable	Assets valued at fair value through profit or loss	Derivatives used for hedging purposes	Total
SEK M				
<i>Assets in the balance sheet</i>				
Derivative instruments	–	74	124	198
Financial non-current assets	–	6	–	6
Accounts receivable	5,383	–	–	5,383
Interest-bearing receivables	–	1	–	1
Cash and cash equivalents	749	–	–	749
Total	6,132	81	124	6,337

	Other financial liabilities	Liabilities valued at fair value through profit or loss	Derivatives used for hedging purposes	Total
SEK M				
<i>Liabilities in the balance sheet</i>				
Derivative instruments	–	115	428	543
Interest-bearing non-current liabilities	10,834	–	–	10,834
Interest-bearing current liabilities	2,650	–	–	2,650
Accounts payable	3,518	–	–	3,518
Total	17,002	115	428	17,545

At December 31, 2007	Loan receivable and accounts receivable	Assets valued at fair value through profit or loss	Derivatives used for hedging purposes	Total
SEK M				
<i>Assets in the balance sheet</i>				
Derivative instruments	–	106	56	162
Financial non-current assets	–	4	–	4
Accounts receivable	5,661	–	–	5,661
Cash and cash equivalents	530	–	–	530
Total	6,191	110	56	6,357

	Other financial liabilities	Liabilities valued at fair value through profit or loss	Derivatives used for hedging purposes	Total
SEK M				
<i>Liabilities in the balance sheet</i>				
Derivative instruments	–	58	199	257
Interest-bearing non-current liabilities	7,259	–	–	7,259
Interest-bearing current liabilities	3,293	–	–	3,293
Accounts payable	3,732	–	–	3,732
Total	14,284	58	199	14,541

Note 30

Noninterest-bearing liabilities

Other non-current liabilities

SEK M	2008	2007
Other noninterest-bearing liabilities	52	68
Derivative instruments (Note 24)	89	7
Total	141	75

Other current liabilities

SEK M	2008	2007
Advance payment from customers	516	330
Accounts payable	3,518	3,732
Bills payable	68	13
Liability to associated companies	–	0
Other noninterest-bearing liabilities	591	485
Derivative instruments (Note 24)	201	63
Accrued expenses and prepaid income (Note 33)	1,532	1,517
Total	6,426	6,140
Total noninterest-bearing liabilities	6,567	6,215

Liabilities are recorded at amounts that correspond to fair value.

Note 31

Pension provisions and similar items

Specification of costs

SEK M	2008	2007
Cost of defined-benefit plans		
Costs for services during current year	43	45
Interest on the obligation	80	77
Anticipated return on plan assets	–52	–53
Actuarial gains and losses reported for the year	–2	7
Curtailement and settlement losses	–60	–23
Total cost of defined-benefit plans	9	53
Cost of defined-contribution plans	200	168
Total pension costs	209	221

Actual return on plan assets amounts to a negative SEK 123 M (positive: 76).

Change in pension liability in balance sheet

SEK M	Defined-benefit plans	
	2008	2007
Opening balance	765	790
Net expenses recorded in the income statement	9	53
Benefit payments	–107	–106
Increase attributable to acquisitions	16	0
Other changes	8	0
Translation difference	98	28
Closing balance	789	765
of which, unfunded pension obligations	731	672
of which, funded pension obligations	58	93

Specification of pension liability in the balance sheet

SEK M	2008	2007
<i>Defined-benefit plans</i>		
Present value of funded obligations	1,544	1,572
Fair value of plan assets	–645	–838
	899	734
Unrecorded actuarial gains	104	116
Unrecorded actuarial losses	–212	–85
Other changes	–2	–
Total defined-benefit plans	789	765
Defined-contribution plans	24	17
Total pension liability	813	782
of which, reported as plan assets	43	20
Closing balance, pension liability	856	802

Important actuarial assumptions on the balance-sheet date, %

	France	Germany	Italy	Sweden	US	Norway
Discount rate at December 31	6.00	6.30	5.50	3.75	7.08	4.30
Anticipated return on pension plan assets at December 31	–	–	–	3.75	7.08	6.30
Inflation	2.00	2.50	2.50	2.00	3.00	2.25
Future annual wage increases	2.5–3.5	2.40	3.50	3.00	3.50	4.25

Defined-benefit plans

The Group has several defined-benefit plans, whereby employees are entitled to post-employment benefits based on their final salary and length of service. The largest plans are in France, Germany, Italy, Sweden, the US and Norway.

Pension insurance with Alecta

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. According to a statement issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council (URA 42), this constitutes a multi-employer plan. For the 2008 financial year, the company did not have access to such information that would enable the company to record this plan as a defined-benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined-contribution plan. The year's contributions for pension insurance taken out with Alecta total SEK 12 M (17). Alecta's surplus can be distributed to the policyholders and/or the insured. At December 31, 2007, Alecta's surplus corresponded to a collective consolidation ratio of 152 percent – corresponding information for December 2008 is not yet available. The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19.

Note 32

Other provisions

SEK M	Restructuring programs		Other provisions		Total	
	2008	2007	2008	2007	2008	2007
Opening balance	262	113	329	273	591	386
Reclassification	5	-9	15	10	20	1
Reversals	-11	-	-16	-24	-27	-24
Provisions for the year	524	287	636	185	1,160	472
Utilized during the year	-331	-126	-145	-127	-476	-253
Translation difference	49	-3	56	12	105	9
Closing balance	498	262	875	329	1,373	591
Of which, non-current provisions					670	332
Of which, current provisions					703	259
Of which, provisions for environmental commitments					84	71

Provisions for restructuring programs relate primarily to the following restructuring programs:

Closure of a plant in West Thurrock, in the UK.

Relocation of significant parts of Fluid Solutions, Nantes, to existing plants in Turkey.

Closure of Automotive's operations in Peru, Indiana, in the US. Relocation of selected parts of the operations to other plants in the US.

Action program pertaining to coated fabrics and printing blankets to realize synergies in conjunction with the acquisition of Reeves Brothers and MacDermid Offset Printing Blankets.

Action program in sealing profiles business unit.

Relocation of production in Guelph, Canada, to existing operations in other countries.

Closure of production of rims for special tires in Hadsten, Denmark, and relocation to Liepaja, Latvia.

Relocation of operations from Hartville, in the US, to Sri Lanka.

Other provisions pertain to:

In addition to environmental commitments, these relate to provisions of varying sizes in a number of units and include guarantee provisions, insurance obligations and lease agreements for properties not in use, and provisions for ongoing cartel investigations at subsidiaries in the US and France.

Note 33

Accrued expenses and prepaid income

SEK M	2008	2007
Interest	106	81
Wages and salaries	573	600
Payroll overheads	172	179
Pension expenses	28	20
Tools	7	5
Derivative instruments (Note 24)	98	17
Other	548	615
Total	1,532	1,517

Note 34

Contingent liabilities and pledged assets

SEK M	2008	2007
<i>Contingent liabilities</i>		
Pension obligations	8	7
Guarantees and other contingent liabilities	2	5
Total	10	12
<i>Pledged assets</i>		
Plants and machinery	34	39
Total	34	39

Liabilities are recorded at amounts that correspond to fair value.

Note 35

Acquired and discontinued operations

Acquisitions

During the year, six acquisitions were made and the outstanding minority shareholdings were acquired in two units. For further information, see page 16.

Trelleborg Engineered Systems acquired:

Hetag Takdaekning A/S in Denmark, MacDermid Offset Printing Blankets in the US, NPC Inc. in the US and the remaining minority shareholdings in Shanghai Reeves in China.

Trelleborg Sealing Solutions acquired:

Remaining minority shareholdings in Trelleborg Sealing Solutions India and Officine Meccaniche GNL in Italy.

Trelleborg Automotive acquired:

PressoNova in Kalmar and Ruukki's production plant in Gävle, both located in Sweden.

Acquisitions	2008	2007
SEK M		
Purchase price	790	598
Direct costs related to acquisitions	12	18
Fair value of acquired net assets	-480	-136
Goodwill	322	480

Acquired assets and liabilities:	2008		2007	
	Fair value	Carrying amount in acquired unit	Fair value	Carrying amount in acquired unit
Property, plant and equipment	187	187	66	62
Intangible assets	128	53	2	2
Deferred tax	-39	-14	20	20
Associated companies	-	-	-4	-4
Operating assets	261	254	107	107
Cash and cash equivalents	14	14	8	8
Minority shareholdings	38	38	-	-
Operating liabilities	-95	-95	-55	-55
	494	437	144	140
Of which, cash and cash equivalents in acquired units	-14		-8	
Total	-480		-136	
Net profit since date of acquisition	4		12	
Net profit in acquired units				
January – December	6		13	

Discontinued operations

SEK M	2008	2007
Operating loss in Trelleborg Automotive's operation in Coventry	-	-7
Operating loss in Goodall Rubber Company	-	-2
Operating loss	-	-9
Loss before tax	-	-9
Net loss	-	-9

Note 36

Events after the balance-sheet date

Competition investigations at subsidiaries in US and France

On January 28, 2009, the European Commission announced its decision in the ongoing, previously communicated competition investigation pertaining to specific types of marine oil hoses. For further information, see page 76.

Parent Company, Trelleborg AB

Income statements

SEK M	Note	2008	2007
Administrative expenses	37,38,42	-339	-439
Other operating income	39	263	254
Other operating expenses	39	-	-
Operating profit	40-41	-76	-185
Financial income and expenses	43	-1,452	2,392
Profit before tax		-1,528	2,207
Tax	44	328	264
Net profit		-1,200	2,471

Cash-flow statements

SEK M		2008	2007
<i>Operating activities</i>			
Operating profit		-76	-185
Adjustment for items not included in cash flow:			
Gain/loss on sale of non-current assets		0	0
Depreciation of PPE	42	3	2
Amortization of intangible assets	42	2	2
Divestments and disposals		0	0
Other items not included in cash flow		3	0
		-68	-181
Cash dividend received		64	57
Interest received and other financial items		81	266
Interest paid and other financial items		-1,304	-1,083
Tax paid		-23	0
Cash flow from operating activities before changes in working capital		-1,250	-941
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		-18	4
Change in operating liabilities		-21	18
Cash flow from operating activities		-1,289	-919
Acquisition of subsidiaries/capital contribution		-499	-2,572
Divestment of subsidiaries		3	-
Capital expenditures for PPE	45	-1	-29
Capital expenditures for intangible assets	46	-4	-2
Sale of non-current assets		0	2
Cash flow from investing activities		-501	-2,601
<i>Financing activities</i>			
Change in interest-bearing investments		140	1,818
Change in interest-bearing liabilities		2,237	2,244
Dividend paid		-587	-542
Cash flow from financing activities		1,790	3,520
Cash flow for the year		0	0
At January 1		0	0
Cash and cash equivalents, December 31 ¹⁾		0	0
¹⁾ Cash and cash equivalents			
Cash and bank balances		0	0
Amount at year-end		0	0

Parent Company, Trelleborg AB

Balance sheets

December 31, SEK M	Note	2008	2007
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	45	30	32
Intangible fixed assets	46	12	10
Financial fixed assets	47,48	32,820	32,520
Deferred tax assets	49	264	-
Total non-current assets		33,126	32,562
<i>Current assets</i>			
Current receivables	50,51	92	76
Interest-bearing receivables	52	1,956	1,877
Cash and bank		0	0
Total current assets		2,048	1,953
TOTAL ASSETS		35,174	34,515
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital		2,259	2,259
Statutory reserve		1,130	1,130
Total restricted equity		3,389	3,389
<i>Non-restricted equity</i>			
Fair value reserve		-5	7
Profit brought forward		6,461	4,342
Net profit for the year		-1,200	2,471
Total non-restricted equity		5,256	6,820
Total equity		8,645	10,209
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	56	52	137
Pension provisions and similar items	54	3	3
Other provisions	55	3	3
Total non-current liabilities		58	143
<i>Current liabilities</i>			
Interest-bearing current liabilities	56	26,399	24,073
Other current liabilities	57,58	72	90
Total current liabilities		26,471	24,163
TOTAL EQUITY AND LIABILITIES		35,174	34,515
Contingent liabilities	59	14,455	9,816
Pledged assets	59	-	-

Change in equity

Shareholders' equity SEK M	Restricted equity		Non-restricted equity		Total	
	2008	2007	2008	2007	2008	2007
Opening balance, January 1	3,389	3,389	6,820	4,212	10,209	7,601
Changes for the year:						
Dividend	-	-	-587	-542	-587	-542
Fair value gains	-	-	-18	-173	-18	-173
Tax on fair value gains	-	-	5	48	5	48
Group contribution	-	-	328	1,116	328	1,116
Tax on Group contribution	-	-	-92	-312	-92	-312
Net profit/loss for the year	-	-	-1,200	2,471	-1,200	2,471
Closing balance, December 31	3,389	3,389	5,256	6,820	8,645	10,209

See also note 53.

Note 37

Employees and employee benefits

Average number of employees

	2008			2007		
	Total women	Total men	Total	Total women	Total men	Total
Sweden	31	42	73	37	45	82

Sick leave

	2008	2007
Absence due to illness as a percentage of normal working hours for		
- women	5.2	4.8
- men	1.2	0.3
- employees under age 30	0.7	0.0
- employees age 30-49	1.1	0.9
- employees age 49-	6.4	5.1
- all employees	2.9	2.2
Absence for a continuous period of 60 days or more as a percentage of total absence due to illness	73.2	68.4

Gender distribution in executive management positions, %

	2008	2007
Percentage of women in		
- executive positions	13	9
- on Board of Directors	14	14

Fixed and variable employee benefits, other remuneration and social security expenses

2008	Board, President and Executive Vice Presidents	Other members of Group Management	Other employees	Total salaries	Social security expenses	of which, pension costs
SEK M						
Sweden	13	11	43	67	40	16

See also Note 3.

2007

2007	Board, President and Executive Vice Presidents	Other members of Group Management	Other employees	Total salaries	Social security expenses	of which, pension costs
SEK M						
Sweden	19	23	53	95	60	25

See also Note 3.

Note 38

Auditors' remuneration

SEK M	2008	2007
PricewaterhouseCoopers		
Audit assignment	5	5
Other assignments	5	3
Total	10	8

Note 39

Other operating income and expenses

SEK M	2008	2007
Sales of services to other Group companies	257	249
Sales of external services	2	3
Other	4	2
Total other operating revenue	263	254
Other	-	-
Total other operating expenses	-	-
Total	263	254

Note 40

Expenses by nature

SEK M	2008	2007
Employee benefits	-107	-155
Depreciation/amortization	-5	-4
Other external costs	-227	-278
Other operating income/expenses	263	252
Total	-76	-185

Note 41

Exchange-rate differences that impact operating profit

SEK M	2008	2007
Administration expenses	-3	-2
Other operating income/expenses	4	2
Total	1	0

Note 42

Depreciation of PPE and amortization of intangible assets

SEK M	2008	2007
Improvement expenses on buildings owned by others	-2	-
Equipment, tools, fixtures and fittings	-1	-2
Capitalized expenditure for R&D and similar	-2	-2
Total	-5	-4

Note 43

Financial income and expenses

SEK M	2008	2007
Income from shares in Group companies		
Dividend	64	3,209
Impairment losses on shares in subsidiaries	-293	-
Gain/loss from divestment/winding-up of subsidiary	0	0
Total	-229	3,209

Gain/loss from other securities and receivables that are non-current assets

Exchange-rate differences	-	-
Gain from sales	2	-
Total	2	-

Other interest income and similar profit items

Interest income, Group companies	79	77
Interest income, other	0	0
Exchange-rate differences	0	189
Total	79	266

Interest expenses and similar loss items

Interest expenses, Group companies	-1,303	-1,083
Interest expenses, other	-1	-
Total	-1,304	-1,083

Total financial income and expenses **-1,452** **2,392**

Note 44

Income tax

SEK M	2008	2007
Current tax expenses		
Tax expenses for the period	-1	0
Tax attributable to prior years	-22	-
Total	-23	0

Deferred tax expenses (-)/revenue (+)

Change in losses carried forward	345	323
Reassessment of losses carried forward	15	-11
Deferred tax expenses/revenue on changes in temporary differences	-9	-48
Total	351	264

Total reported tax expenses/revenue **328** **264**

Reconciliation of tax

Profit/loss before tax	-1,528	2,207
------------------------	--------	-------

Calculated Swedish income tax, 28%

Non-taxable dividends/income from shares in subsidiaries	18	898
Non-deductible impairment losses	-82	0
Other non-deductible expenses/non-taxable revenue	-11	-5
Impact on deferred tax of change in tax rate	-17	-
Reassessment of losses carried forward	15	-11
Tax attributable to prior years	-22	0
Other tax	-1	0
Total reported tax expenses/revenue	328	264

Tax items reported directly against shareholders' equity

Deferred tax on fair-value gains	5	48
Deferred tax on Group contributions granted/received	-92	-312

The applicable tax rate is 28 percent (2007: 28 percent). Due to the change in the Swedish corporate tax rate from 28 percent to 26.3 percent, which comes into effect on January 1, 2009, the reported value of deferred tax has been recalculated at the new tax rate.

Note 45

Property, plant and equipment

SEK M	2008	2007
Improvement expenses on buildings owned by others	23	25
Equipment, tools, fixtures and fittings	7	7
Total	30	32

SEK M	Improvement expenses on buildings owned by others		Equipment, tools, fixtures and fittings		Total	
	2008	2007	2008	2007	2008	2007
<i>Accumulated cost</i>						
Balance, January 1	25	6	17	14	42	20
Capital expenditures	0	25	1	4	1	29
Divestments and disposals	-	-6	0	-1	0	-7
Accumulated cost, December 31	25	25	18	17	43	42
<i>Accumulated depreciation according to plan</i>						
Balance, January 1	-	-3	-10	-10	-10	-13
Divestments and disposals	-	3	0	2	0	5
Depreciation according to plan for the year	-2	-	-1	-2	-3	-2
Accumulated depreciation, December 31	-2	-	-11	-10	-13	-10
Carrying amount	23	25	7	7	30	32

Trelleborg AB has entered operating lease agreements. Leasing costs for assets held via operating lease agreements are reported as operating costs and amounted to SEK 4 M (5). Future payment for non-cancelable lease commitments amount to SEK 4 M (5) and fall due as follows:

SEK M	2008	2007
Year 1	2	3
Years 2-5	2	2
Total	4	5

Note 46

Intangible fixed assets

SEK M	2008	2007
Capitalized expenditure for development work and the equivalent	12	10
Total	12	10

SEK M	Capitalized expenditure for development work and the equivalent	
	2008	2007
<i>Accumulated cost</i>		
Balance, January 1	12	10
Capital expenditures	4	2
Divestments and disposals	-	0
Accumulated cost, December 31	16	12
<i>Accumulated amortization according to plan</i>		
Balance, January 1	-2	-
Divestments and disposals	-	0
Amortization according to plan for the year	-2	-2
Accumulated amortization, December 31	-4	-2
Carrying amount	12	10

Note 47

Financial non-current assets

SEK M	2008	2007
Shares in Group companies (Note 17 and Note 48)	32,434	32,233
Receivables in Group companies	384	287
Shares in other companies	0	0
Other non-current receivables	2	-
Total	32,820	32,520

Note 48

Shares in Group companies

SEK M	2008	2007
Balance, January 1	32,233	26,509
<i>Add:</i>		
Acquisitions	8	23
Capital contributions	494	2,549
Received through dividend	-	3,152
<i>Less:</i>		
Divestment/winding up	-8	0
Impairment losses	-293	-
Carrying amount, December 31	32,434	32,233

See also Note 17.

Note 49

Change in deferred tax on temporary differences and losses carried forward

SEK M	Temporary differences:						Total deferred tax receivable	
	Losses carried forward		Non-current receivable		Non-current assets		2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007
Balance, January 1	-	-	-	-	-	-	-	-
Reported in income statement:								
-Change in losses carried forward	345	323	-	-	-	-	345	323
-Reassessment of losses carried forward	15	-11	-	-	-	-	15	-11
-Temporary differences	-	-	-5	-48	-4	-	-9	-48
Recorded directly against equity:								
-Deferred tax on fair-value, gains	-	-	5	48	-	-	5	48
-Tax on Group contributions received/granted	-92	-312	-	-	-	-	-92	-312
	268	-	0	-	-4	-	264	-

See also Note 44.

Note 50

Current receivables

SEK M	2008	2007
Operating receivables, Group companies	15	27
Other current receivables	58	37
Prepaid expenses and accrued income (Note 51)	19	12
Total	92	76

Carrying amount corresponds to fair value.

Note 51

Prepaid expenses and accrued income

SEK M	2008	2007
Interest and other financial items	-	-
Other	19	12
Total	19	12

Note 52

Interest-bearing receivables

SEK M	2008	2007
Financial receivables, Group companies	1,956	1,877
Total interest-bearing receivables	1,956	1,877

Carrying amount corresponds to fair value.

Note 53

Shareholders' equity

SEK M	Restricted equity		Non-restricted equity		Total	
	2008	2007	2008	2007	2008	2007
Opening balance, January 1	3,389	3,389	6,820	4,212	10,209	7,601
<i>Changes for the year:</i>						
Dividend	-	-	-587	-542	-587	-542
Fair-value gains	-	-	-18	-173	-18	-173
Tax on fair-value gains	-	-	5	48	5	48
Group contributions	-	-	328	1,116	328	1,116
Tax on Group contributions	-	-	-92	-312	-92	-312
Net profit for the year	-	-	-1,200	2,471	-1,200	2,471
Closing balance, December 31	3,389	3,389	5,256	6,820	8,645	10,209

Trelleborg AB's share capital at December 31, 2008 amounted to SEK 2,258,931,525, split into 90,357,261 shares with a par value of SEK 25 each.

Class of shares	No of shares	% of total	No of votes	% of total
Series A	9,500,000	10.51	95,000,000	54.02
Series B	80,857,261	89.49	80,857,261	45.98
Total	90,357,261	100.00	175,857,261	100.00

See also Note 26.

Note 54

Provisions for pensions and similar

SEK M	2008	2007
Provisions for other pensions	3	3
Total	3	3

Pensions and similar costs amounted to SEK 16 M (25).

Note 55

Other provisions

SEK M	2008	2007
Provisions for contract obligations	3	-
Provisions for long-term incentive program	-	3
Total	3	3

Note 56

Interest-bearing liabilities

Interest-bearing non-current liabilities

SEK M	2008	2007
Other interest-bearing liabilities to Group companies	52	137
Total non-current interest-bearing liabilities	52	137

Interest-bearing current liabilities

SEK M	2008	2007
Other interest-bearing liabilities to Group companies	26,399	24,073
Total interest-bearing current liabilities	26,399	24,073
Total interest-bearing liabilities	26,451	24,210

Liabilities are recorded at amounts corresponding to fair value.

Note 57

Other current liabilities

SEK M	2008	2007
Accounts payable	32	28
Operating liabilities, Group companies	3	0
Other noninterest-bearing liabilities	3	6
Accrued expenses and prepaid income (Note 58)	34	56
Total	72	90

Liabilities are recorded at amounts corresponding to fair value.

Note 58

Accrued expenses and prepaid income

SEK M	2008	2007
Interest and other financial items	-	-
Wages and salaries	18	32
Payroll overheads	5	13
Severance pay	2	1
Other	9	10
Total	34	56

Note 59

Contingent liabilities and pledged assets

SEK M	2008	2007
<i>Contingent liabilities</i>		
Pension obligations	1	1
Guarantees and other contingent liabilities	14,454	9,815
Total	14,455	9,816
Of which, on behalf of Trelleborg Treasury AB	13,702	9,281
Of which, on behalf of other subsidiaries	753	535
Pledged assets	-	-

The Parent Company has issued guarantees for the subsidiary Trelleborg Treasury AB's operation. The obligations under these guarantees amounted to SEK 13,157 M (9,027) relating to direct loans and SEK 545 M (254) relating to the fair value of derivative instruments on the balance-sheet date.

Proposed treatment of unappropriated earnings

The Board of Directors and the President propose that the profit brought forward from the preceding year, SEK 000s	6,456,195
and the result for the year, SEK 000s	-1,199,699
Total, SEK 000s	5,256,496

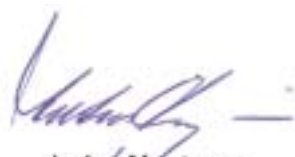
be distributed in the following manner:

Dividend to shareholders	-
balance to be carried forward, SEK 000s	5,256,496
Total, SEK 000s	5,256,496

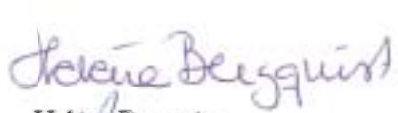
The Board of Directors and President affirm that the consolidated accounts have been prepared in accordance with IFRS international accounting standards, to the extent they have been adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with the generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position.

The statutory administration report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and Parent Company's operations, profit and financial position and describes significant risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

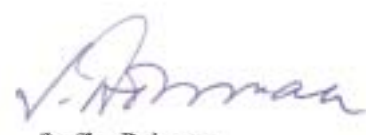
Trelleborg, February 10, 2009



Anders Narvinger
Chairman



Heléne Bergquist



Staffan Bohman



Sören Mellstig



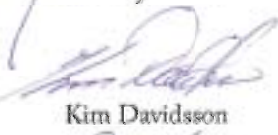
Rolf Kjellman



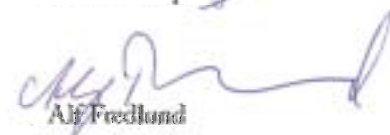
Claes Lindqvist



Birgitta Håkansson



Kim Davidsson



Alf Fredlund



Karin Linsjö



Peter Nilsson
President

Audit report submitted February 19, 2009.

PricewaterhouseCoopers AB



Göran Tidström
Authorized Public Accountant
Auditor in charge



Olov Karlsson
Authorized Public Accountant

Audit report for Trelleborg AB

Corporate registration number 556006-3421

To the Annual General Meeting of Shareholders in Trelleborg AB:

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Trelleborg AB (publ) for the financial year 2008. The company's annual accounts and the consolidated accounts are included in the printed version of this document on pages 8-39 and 70-109. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Trelleborg, February 19, 2009
PricewaterhouseCoopers AB



Göran Tidström
Authorized Public Accountant
Auditor in charge



Olov Karlsson
Authorized Public Accountant

Eight-year overview

Trelleborg Group (SEK M unless otherwise stated) *)	2008	2007	2006	2005	2004	2003	2002	2001
Continuing operations								
Net sales	31,263	30,810	26,875	23,307	22,136	17,127	16,183	16,514
Operating profit	374	1,716	1,483	1,729	1,218	1,052	860	758
Profit before tax	-166	1,277	1,170	1,521	935	940	596	593
Net profit	-258	847	768	1,143	713	626	388	462
Discontinued operations								
Net sales	0	161	409	863	776	833	1,447	2,246
Operating profit	0	-9	24	50	673	156	86	168
Profit before tax	0	-9	23	46	669	151	81	134
Net profit	0	-9	-2	34	673	94	36	65
Total net sales	31,263	30,971	27,284	24,170	22,912	17,960	17,630	18,760
Total operating profit	374	1,707	1,507	1,779	1,891	1,208	946	926
Total profit before tax	-166	1,268	1,193	1,567	1,604	1,091	677	727
Total net profit	-258	838	766	1,177	1,386	720	424	527
- of which attributable to Group's shareholders	-267	821	751	1,161	1,372	702	410	515
- of which attributable to minority interest	9	17	15	16	14	18	14	12
Shareholders' equity	10,238	10,052	9,687	10,113	8,603	7,452	7,284	7,690
Capital employed, closing balance	22,238	19,853	18,818	16,922	15,112	15,810	9,886	10,451
Net debt	12,706	10,093	9,350	7,236	6,951	8,447	2,962	3,267
Total assets	33,763	29,334	27,557	24,960	22,152	22,856	15,400	17,722
Equity/assets ratio, %	30	34	35	41	39	33	48	44
Debt/equity ratio, %	124	100	96	72	81	111	40	42
Capital turnover rate, multiple	1.5	1.6	1.5	1.5	1.4	1.5	1.7	1.8
Investments in property, plant and equipment	1,367	1,215	980	689	841	572	735	634
Investments in intangible assets	159	121	132	184	170	115	4	8
Acquisitions	802	616	3,095	368	346	6,141	133	322
Divestments	-	127	188	20	1,161	-87	105	88
Return on shareholders' equity, %	neg	8.4	7.6	12.5	17.2	9.5	5.5	6.3
Earnings per share, SEK	-2.95	9.10	8.30	12.90	15.55	8.40	4.75	5.35
Free cash flow	414	518	905	930	472	1,032	763	259
Free cash flow per share, SEK	4.60	5.75	10.00	10.30	5.35	12.35	8.85	2.70
Shareholders' equity per share, SEK	112.35	109.90	106.00	111.15	94.45	88.40	87.05	88.70
Shareholders' equity per share after dilution, SEK	112.35	109.90	106.00	111.15	94.45	87.60	86.15	87.85
Average number of employees	24,347	25,158	22,506	21,694	21,675	15,855	14,885	16,179
- of which, outside Sweden	22,104	22,836	20,268	19,243	19,117	13,773	12,919	14,125

*) Figures for 2001-2003 are reported in accordance with earlier accounting policies. Figures for 2004-2008 are reported in accordance with IFRS.

Continuing operations, excl. items affecting comparability **)								
EBITDA	2,868	3,276	2,726	2,560	2,600	1,918	1,754	1,803
EBITDA, %	9.1	10.6	10.1	10.8	11.6	11.0	10.3	11.0
EBITA	1,961	2,441	1,933	1,791	1,811	1,278	1,099	1,105
Operating profit	1,798	2,274	1,820	1,729	1,778	1,271	1,028	1,105
Profit before tax	1,258	1,836	1,507	1,521	1,495	1,159	764	940
Net profit	889	1,282	1,072	1,143	1,105	828	536	731
Operating margin (ROS), %	5.7	7.3	6.7	7.3	7.9	7.2	6.1	6.7
Return on capital employed (ROCE), %	8.4	11.5	9.9	10.7	11.3	11.7	11.4	11.3
Return on shareholders' equity, %	8.8	13.0	10.8	12.2	13.9	10.5	6.8	5.5
Earnings per share, SEK	9.75	14.00	11.70	12.50	12.40	9.70	6.05	7.30
Operating cash flow	1,594	1,718	1,594	1,751	1,421	1,202	1,047	1,388
Operating cash flow per share, SEK	17.65	19.00	17.65	19.45	16.10	13.70	12.20	14.45
Operating cash flow/operating profit, %	89	76	88	102	84	91	105	111
Average number of employees	24,347	25,042	22,227	21,318	21,294	15,453	14,370	15,449

**) For comparability, historical values have been adjusted for discontinued operations and figures for 2001-2003 are reported excluding goodwill amortization.

The Trelleborg share

Trelleborg's Series B share has been traded on the Stockholm Stock Exchange since 1964. The share is listed on the NASDAQ OMX Nordic Exchange Stockholm.

The share capital in Trelleborg amounts to SEK 2,259 M, represented by 90,357,261 shares, each with a par value of SEK 25.00. Trelleborg has two classes of shares: 9,500,000 Series A shares and 80,857,261 Series B shares. Each Series A share entitles the holder to ten votes and each Series B share to one vote. All of the Series A shares are owned by the Dunker Interests, comprising a number of foundations, funds and asset-management companies created through testamentary disposition by former owner and founder of the Helsingborg and Trelleborg rubber-production plants, Henry Dunker, who died in 1962. For further information about the Dunker Interests and its holding in Trelleborg AB, see www.trelleborg.com.



Share price and turnover

The price of Trelleborg's Series B share declined by 64 percent (decline: 17) during 2008. The OMX Nordic Exchange Stockholm Price Index declined by 42 percent (decline: 6) during the year. The highest price paid in 2008 was SEK 134.25, on January 2. The lowest price paid was SEK 36.40 on November 21. At December 31, 2008, Trelleborg's market capitalization was SEK 3.9 billion (10.9).

During 2008, 170.5 million (163.3) Trelleborg shares were traded on the OMX Nordic Exchange Stockholm, corresponding to 189 percent (181) of the total number of shares in the company, at a value of SEK 16,222 M (28,710).

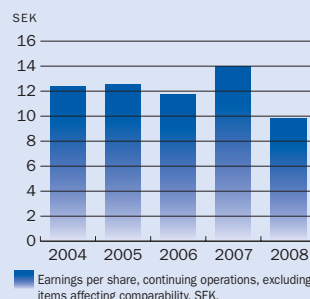
In terms of value, Trelleborg's shares were the 41st (40th) most traded on the OMX Nordic Exchange Stockholm in 2008.

The average daily turnover amounted to about 677,000 shares (656,000) or SEK 64.4 M (115.3). Of the total number of shares, foreign shareholders corresponded to approximately 18 percent (26) at December 31, 2008. Institutions accounted for the majority of total ownership. Of the total shares, 83 percent (85) were, at year-end, owned by legal entities and 17 percent (15) by private individuals, representing 91 percent (92) and 9 percent (8), respectively, of the total number of votes.

This information is based on the official share register and list of trustees at December 31, 2008.

During the past five years, the Trelleborg share has generated an average dividend yield of 3.3 percent per year.

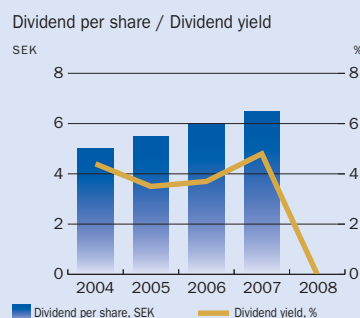
Earnings per share



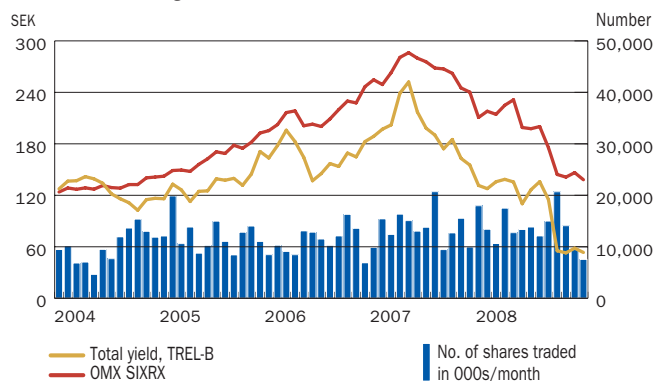
Board proposes that no dividend be paid

In light of earnings for 2008, the Group's balance sheet and the considerable uncertainty regarding the future market trend, the Board proposes that no dividend be paid for 2008.

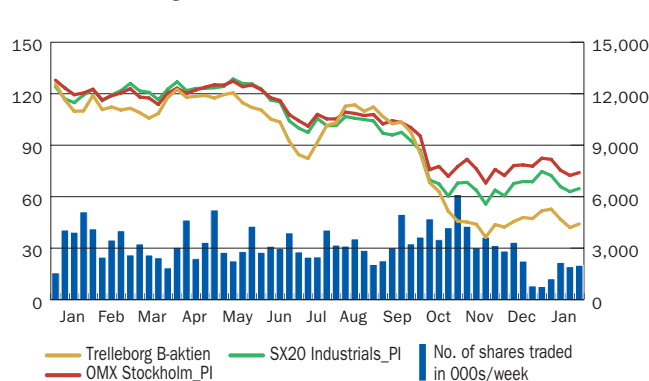
The Board regards this decision as motivated in terms of the policy that states that the dividend in the long term must amount to between 30 and 50 percent of net profit for the year. The dividend for 2007 was SEK 6.50 per share.



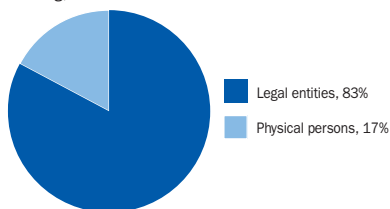
Price trend and trading volume Jan 2004 – Jan 2009



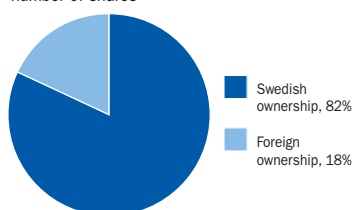
Price trend and trading volume Jan 2008 – Jan 2009



Legal entities and physical persons, based on holding, number of shares



Swedish and foreign ownership, based on holding, number of shares



Trelleborg AB's ten largest shareholders as of December 31, 2008

No.	Shareholder	No. of shares	Percentage of capital	Percentage of votes
1	Dunker Interests	12,269,774	13.6	55.6
2	Alecta Pension Insurance	8,450,000	9.4	4.8
3	AFA Insurance Companies	7,975,080	8.8	4.5
4	Didner & Gerge Equity Fund	6,267,209	6.9	3.6
5	Unionen	1,646,600	1.8	0.9
6	DFA funds (US)	1,608,709	1.8	0.9
7	Swedbank Robur funds	1,595,863	1.8	0.9
8	Odin funds	1,292,732	1.4	0.7
9	Skandia Liv	1,261,973	1.4	0.7
10	SEB and funds	1,039,055	1.1	0.6
	Other 42,590 shareholders	46,950,266	52.0	26.8
Total shares		90,357,261	100.0	
Total votes		175,857,261		100.0

Distribution of shares as of December 31, 2008

At year-end 2008, the number of shareholders totaled 42,600 (41,631), of whom 22,821 (22,913) were directly registered and 19,779 (18,718) nominee-registered.

Number of shares	Number of shareholders	Percentage of total no. of shares	Change from Dec. 28, 2007, percentage points
1 – 1,000	38,805	10.14	0.47
1,001 – 5,000	3,075	7.55	0.58
5,001 – 50,000	577	8.74	-0.04
50,001 –	143	73.57	-1.01
Total	42,600	100.00	

Number of shares, voting rights and share class

Share class	No. of shares	Percent	No. of votes	Percent
Series A	9,500,000	10.51	95,000,000	54.02
Series B	80,857,261	89.49	80,857,261	45.98
Total	90,357,261	100.00	175,857,261	100.00

Key data per share

SEX (unless specified otherwise)	2008	2007	2006	2005	2004
Continuing operations					
Earnings	-2.95	9.20	8.30	12.50	7.95
Earnings, after dilution	-2.95	9.20	8.30	12.50	7.95
Earnings, excluding items affecting comparability	9.75	14.00	11.70	12.50	12.40
Total					
Earnings	-2.95	9.10	8.30	12.90	15.55
Earnings after dilution	-2.95	9.10	8.30	12.90	15.55
Shareholders' equity per share	112.35	109.90	106.00	111.15	94.45
Shareholders' equity per share after dilution	112.35	109.90	106.00	111.15	94.45
Dividend ¹⁾	-	6.50	6.00	5.50	5.00
Yield, %	0	4.8	3.7	3.5	4.4
Market price, B share, December 31, last paid price	48.20	135.50	164.00	158.50	113.00
P/E ratio	neg.	15	20	12	7
Turnover of series B share, calculated by value, %	211	204	163	170	139
No. of shares (excluding Trelleborg's own holdings)					
At Dec 31	90,357,261	90,357,261	90,357,261	90,357,261	89,717,261
Average	90,357,261	90,357,261	90,357,261	90,160,338	88,315,113
Average after dilution, Dec 31	90,357,261	90,357,261	90,357,261	90,357,261	89,728,866
After dilution, average	90,357,261	90,357,261	90,357,261	90,160,338	88,326,738

1) According to Board of Directors' and CEO's proposal.

Analysts who monitor Trelleborg:

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Keep up with Trelleborg on the Web all year round

Subscribe to information updates

Users can subscribe to Trelleborg's information service and receive updates concerning financial reports, press releases and share data free of charge. You start your subscription via the link "Subscription to news via sms or e-mail".

Contacts

Includes addresses to Trelleborg's units and various contact persons, as well as links to all of the Group's websites.



The Group

Contains general information regarding the Trelleborg Group:

- its business concept, management and organization, as well as values and targets,
- how the Group's corporate governance functions,
- how Trelleborg manages its responsibility in the entire sustainability area, that is, environmental and social issues,
- job vacancies and career opportunities,
- the Group's history.

Products and solutions

This section allows the user to:

- search for a relevant product that is of interest,
- learn about which markets Trelleborg focuses on,
- read more about the Group's research and development activities.



Investors

This section contains extensive information for the Group's investors, such as:

- the share price trend, ownership structure, dividend policy, insider transactions and other share-related data,
- the financial result, both in overview and in a more detailed version,
- financial reports with downloadable annual reports from 1976 and onward,
- webcasts from interim reports and other events,
- a calendar of financial events with relevant dates,
- acquisitions and divestments.



Media

This section contains comprehensive information for the press and other media:

- all press releases from 1995 and onward,
- news about the company's products and solutions,
- general information concerning the Group,
- an image archive,
- downloadable video clips,
- Trelleborg's stakeholder magazine T-Time.

Award-winning website

In 2008, www.trelleborg.com was ranked the fifth best corporate website among companies listed on the NASDAQ OMX Stockholm in the annual web ranking conducted by the communications consultant Hallvarsson & Halvarsson. The survey encompasses more than 100 criteria with a focus on financial information and investor relations. Trelleborg's website has been ranked among the top ten websites in the survey for the past eight years.



The Annual General Meeting of Trelleborg AB (publ) will be held on Thursday, April 23, 2009, at 5:00 p.m. in Söderslättshallen in Trelleborg, Sweden.

Program

3:00 p.m.	Registration and light refreshments
4:00 p.m.	Meeting hall opens
5:00 p.m.	AGM commences

Notification

Shareholders who wish to participate and vote in the Meeting must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Friday, April 17, 2009, at the latest, and notify the company of their intention to participate – with any assistants – not later than 3:00 p.m. the same date.

Shareholders whose shares have been registered in the name of a trustee, must have temporarily re-registered the shares in their own name not later than Friday, April 17. Such registration should be requested of the trustee a couple of working days in advance of this date.

Notification of participation in the Annual General Meeting should be sent to:

- Trelleborg AB, Legal Department, PO Box 153, SE-231 22 Trelleborg, Sweden
- by e-mail to: anmalan.stamma@trelleborg.com
- by fax to: +46 (0) 410-175 89
- by telephone to: +46 (0) 410-670 04 or 670 00
- via the Group's website: www.trelleborg.com

The notification should state the shareholder's full name, personal identity number and telephone number. If participation is supported by power of attorney, the power of attorney and – assuming the issuer of the power of attorney is a legal entity – documents proving the signatory's authorization must be sent to the company prior to the Meeting. The details provided will only be used in connection with the Meeting and for preparing the voting list.

Proposals to the 2009 Annual General Meeting

Proposed dividend

In light of earnings for 2008, the Group's balance sheet and the considerable uncertainty regarding the future market trend, the Board proposes that no dividend be paid for 2008. The Board regards this decision as motivated in terms of the policy that states that the dividend in the long term must amount to between 30 and 50 percent of net profit for the year.

Board members

Rolf Kjellman (elected to Trelleborg's Board in 1997) has declined re-election at the 2009 Annual General Meeting. The Nominations Committee proposes the election of Hans Biörck as a new Board member and the re-election of Heléne Bergquist, Staffan Bohman, Claes Lindqvist, Sören Mellstig, Peter Nilsson and Anders Narvinger as Chairman of the Board.

Shareholders, who together represent approximately 69 percent of the votes in the company, have announced their support of the proposal.

Addresses

Head offices

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Trelleborg Sealing Solutions

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Fax: +45 33 96 20
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Trelleborg Wheel Systems

Via Naz, Tiburtina, 143
IT-00010 Villa Adriana (Roma), Italy
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Fax: +39 774 38 48 02
E-mail: wheel.systems@trelleborg.com

Trelleborg to focus on web-based annual report

This year, Trelleborg is commencing a long-term program focused on the launch of a web-based annual report. The company will progressively develop more reader-friendly and interactive sections in the annual report, allowing users to find information on the Internet instead of in a printed annual report. This will make it easier for readers to locate information in the annual report at the same time as it will create in a more cost-efficient and ecofriendly product.

This initiative will be implemented from the 2009 Annual Report, that is, next year's report, when Trelleborg will be ready to take the next step in this project. The web version of the annual report will be further enhanced and the Group will not distribute a printed Swedish/English version of the annual report to shareholders as it has done in earlier years.



Financial information

Interim reports, annual reports and T-Time, a magazine for all Group stakeholders, and other financial materials can be ordered from Trelleborg AB, Corporate Communications, PO Box 153, SE-231 22 Trelleborg, Sweden, Tel: +46 (0) 410-670 00, e-mail: info@trelleborg.com or at www.trelleborg.com. The annual report is always available at www.trelleborg.com. [WWW](http://www.trelleborg.com)

Change of address

Changes of address of physical persons who are registered as residents of Sweden are made automatically by VPC AB (the Swedish Securities Register Center).

Please note that shareholders who have chosen not to have their addresses updated automatically must themselves notify the account-operating institute. Shareholders whose holdings are registered in the name of a trustee should notify the trustee as soon as possible of any changes in their name, address or account number. A special form for such notification is available at banks.

Other shareholders must notify changes of address and changes of account number to VPC AB, PO Box 7822, SE-103 97 Stockholm, Sweden, Tel: +46 (0) 8-402 90 00.

Calendar

2009 Annual General Meeting	April 23
Interim report January – March	April 23
Interim report January – June	July 24
Interim report January – September	October 29

Shareholder contacts

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Your opinion is welcome

Can we make our Annual Report even better? We welcome your views and suggestions, e-mail: annualreport@trelleborg.com. [WWW](http://www.trelleborg.com)

2007 Annual Report receives acclaim

The Trelleborg Group's 2007 Annual Report was awarded the prize for the best annual report in the Large Cap category in the NASDAQ OMX Stockholm's "Best Annual Report 2007" competition.

Trelleborg's 2007 Annual Report was also selected as one of the 35 foremost in the world in the research company e.com's worldwide annual survey.

NASDAQ OMX

Best Annual Reports 2008
Report Watch by e.com

Financial key figures

Debt/equity ratio

Net debt divided by total equity.

Earnings per share

Profit for the period, attributable to equity holders of the parent divided by the average number of shares outstanding.

Earnings per share after dilution

Profit for the period, attributable to equity holders of the parent divided by the average number of shares outstanding plus the average number of shares added through the conversion of outstanding debentures and warrants.

Equity/assets ratio

Total equity divided by total assets.

Free cash flow

Operating cash flow and cash flow from financial items and tax and the effect of restructuring measures on cash flow.

Free cash flow per share

Free cash flow divided by the average number of shares outstanding.

Net debt

Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.

P/E ratio

Market price divided by the earnings per share.

Return on shareholders' equity

Profit for the period, attributable to equity holders of the parent as a percentage of average shareholders' equity, excluding minority interests.

Yield

Dividend as a percentage of the market price.

Operating key figures *)

Capital employed

Total assets less interest-bearing financial assets and cash and cash equivalents and noninterest-bearing operating liabilities (including pension liabilities) and excluding tax assets and tax liabilities.

Earnings per share

Profit for the period, attributable to equity holders of the parent company, excluding items affecting comparability net after tax, divided by the average number of shares outstanding.

EBIT

Operating profit according to the income statement, excluding items affecting comparability.

EBITA

Operating profit excluding impairment of intangible assets and items affecting comparability.

EBITDA

Operating profit excluding depreciation and amortization on PPE and intangible assets, and items affecting comparability.

EBITDA margin

EBITDA excluding profit from participation in associated companies as a percentage of net sales.

Net debt/EBITDA

Net debt divided by EBITDA.

Number of employees at year-end

Including insourced staff and temporary employees.

Operating cash flow

EBITDA excluding undistributed participation in the earnings of associated companies, investments and changes in working capital but excluding cash flow pertaining to restructuring.

Operating cash flow/EBIT

Operating cash flow as a percentage of operating profit, excluding items affecting comparability.

Operating cash flow per share

Operating cash flow divided by the average number of shares outstanding.

Operating margin (ROS - Return On Sales)

- Operating profit excluding participation in the earnings of associated companies and items affecting comparability as a percentage of net sales.

- Operating profit excluding participation in the earnings of associated companies but including items affecting comparability as a percentage of net sales.

Rate of capital turnover

Net sales as a percentage of average capital employed.

Return on capital employed (ROCE)

EBIT divided by the average capital employed.

Return on shareholders' equity

Profit for the period, attributable to equity holders of the parent, excluding items affecting comparability, net after tax, divided by average shareholders' equity, excluding minority interests.

*) for continuing operations

Glossary

AVS Antivibration system.

Bar Unit for measuring pressure. 1 bar = atmospheric pressure at the earth's surface.

Bitumen-based Asphalt-based.

Boots Vehicle bellows.

Brake shims Rubber metal alloy rings attached to the brake lining (to minimize screech).

Carbon Trust A private company established by the British government to accelerate the country's change in the direction to an economy with low carbon dioxide emissions.

CR (Corporate responsibility) Refers to the responsibilities of companies towards their key stakeholders, such as employees, shareholders, customers, suppliers, the local community and the environment. Often relates to the same areas encompassed by the term sustainability or Corporate Social Responsibility (CSR).

Cross-ply tire A former popular type of tire in which the fiber direction in its inner reinforcement, the tire cord, is placed diagonally against the center of the tire, facing the direction of travel.

Driveline system (Powertrain) Propulsion system for vehicles, mainly engines and their components.

Elastomer A polymer with high elasticity that can be stretched to at least double its length. Once the exerted pull force is released, the polymer returns almost entirely to its original length.

EMC (Electromagnetic Compatibility) A term used to describe how electromagnetic radiation in electronics in various equipment affects or is affected by the surroundings. EMC-shielding components comply with certain rules for electronic equipment, for example, EU directives.

EPM/EPDM (ethylene-propylene rubber) A type of rubber that is very heat- and weather-resistant, making it suitable for sealing strips, tubing and vehicle components.

Extrusion Continuous manufacturing process in which the material is squirted out through a nozzle, for example for sealing strips and hoses.

FFKM An elastomer belonging to the perfluoroelastomers, with high resistance to heat and chemicals.

Global Compact UN initiative that unites companies and social institutions around universally applicable principles for environment and society. The aim is for companies to become members of society that are involved in developing solutions for challenges arising from increasing globalization.

GRI (Global Reporting Initiative) A global network in which community representatives, industries, investors and others cooperate to create and improve the onset within sustainable reporting, on a consensus basis.

NVH (Noise, Vibration, Harshness) An overall term for noise, vibration and sudden movements that the car driver and passengers experience as unpleasant. A car with low NVH values is experienced as comfortable.

OEM (Original Equipment Manufacturer) The end producer of, for example, a car.

Perfluoroelastomer A highly exclusive elastomer with high resistance to heat and chemicals.

Plastics can be divided into two main groups. **Thermoplastics** are non cross-linked plastics that are solid at room temperature but become soft and moldable when heated. **Hard plastics** are cross-linked plastics that disintegrate upon heating and do not regain their properties.

Polymer The word is derived from the Greek "poly," meaning "many" and "meros" meaning "parts." A polymer consists of a long molecular chain of linked repeated units. Polymers are made up of many small molecules - monomers - that are linked in long chains. Examples of polymers are plastics and rubber.

Polymer technology The technology relating to manufacturing processes for polymers in combination with their unique properties.

Polyurethane A polymer in coatings and wear-and-tear products.

PTFE (polytetrafluoroethylene) Highly chemical- and temperature-resistant thermoplastic.

PVC (polyvinylchloride) A thermoplastic used for tubing.

Radial tires Increasingly popular type of tire with the fibers of the inner reinforcement, the tire cord, placed in a radial direction towards the center of the tire.

Tier 1 Subcontractors with the highest level of value added and direct suppliers to OEMs. Often have their own subcontractors (Tier 2).

TPE/TPO (thermoplastic elastomer/thermo-plastic polyolefin) Recyclable material that is a combination of plastic and rubber.

VOC (Volatile Organic Compounds) Levels of volatile hydrocarbons in the air have health and environmental effects.

Vulcanization A process whereby the rubber polymers are cross-linked to make the rubber more elastic. Vulcanization is often carried out at elevated temperatures.

Vulcanizing agent Additive for vulcanization of rubber. The most common vulcanizing agent is sulfur. Organic peroxides are used when transparency, non-discoloration or high elasticity is required.

This list includes Trelleborg's units in January 2009. The number of employees in each country pertains to the average number of employees in 2008. [www](http://www.trelleborg.com)



Argentina

Market Office: Buenos Aires
Number of employees: 3

Australia

Production: Brisbane, East Bentleigh
Development unit: Zillmere
Market Offices: Bibra Lake, Brisbane, East Bentleigh, Melbourne
Number of employees: 162

Austria

Market Office: Vienna
Number of employees: 19

Belgium

Market Offices: Brussels, Dion-Valmont, Evergem, Zaventem
Number of employees: 79

Brazil

Production: Guarulhos, São José dos Campos
Development unit: Guarulhos
Market Offices: Lencois Paulista, São Paulo
Number of employees: 1,065

Finland

Production: Keikyä, Kiikka, Vihti
Market Offices: Nokia, Vantaa
Number of employees: 135

Bulgaria

Market Office: Sofia
Number of employees: 18

France

Production: Carquefou, Cernay, Chemaudin, Clermont-Ferrand, Condé-sur-Noireau, Mirambeau, Nantes, Poix-Terron, Rethel, Sancheville, Steinbach, Witry lès Reims
Development units: Carquefou-Modyn, Carquefou-Prodyn, Clermont-Ferrand, Nantes, Witry lès Reims
Market Offices: Clermont-Ferrand, Compiègne, Maisons-Laffitte, Paris, Rochefort
Number of employees: 2,850

Canada

Market Office: Etobicoke
Number of employees: 108

China

Production: Caoheijing, Chang Chun, Shanghai, Shangyu City, Wuxi
Development unit: Shanghai
Market Offices: Chengdu, Dalian, Guangzhou, Hong Kong, Shanghai, Wuhan
Number of employees: 1,103

Italy

Production: Cirié, Livorno, Lodi Vecchio, Modena, Pieltelto, Rio Saliceto, Spilamberto, Tivoli, Turin
Development units: Livorno, Lodi Vecchio, Tivoli, Turin
Market Offices: Cuneo, Cinisello Balsamo, Livorno, Rome, Sesto San Giovanni, Tivoli
Number of employees: 1,528

Croatia

Market Office: Zagreb
Number of employees: 4

Japan

Development unit: Toyo Koto-ku
Market Offices: Toyo Koto-ku, Tokyo, Yokohama
Number of employees: 119

Czech Republic

Production: Hrádek nad Nisou, Lesina, Mladá Boleslav
Market Offices: Rakovník, Prague
Number of employees: 727

Germany

Production: Breuberg, Lathen, Mosbach, Rechlin
Development units: Höhr-Grenzhausen, Mannheim, Mosbach, Stuttgart
Market Offices: Duisberg, Erbach/Odenwald, Hamburg, Stuttgart, Mettmann, Lathen
Number of employees: 1,266

Latvia

Production: Liepaja
Number of employees: 30

Denmark

Production: Hadsten, Helsingør, Vejen
Development units: Hadsten, Helsingør
Market Offices: Hadsten, Hedensted, Hillerød
Number of employees: 515

Hungary

Market Offices: Budapest, Budaörs
Number of employees: 13

Lithuania

Production: Tauragė
Number of employees: 163

Estonia

Production: Kuessare
Number of employees: 96

India

Production: Bangalore, Noida
Market Offices: Ahmedabad, Jayanagar
Number of employees: 437

Malaysia

Market Office: Kuala Lumpur
Number of employees: 3

Malta

Production: Hal Far
Development unit: Hal Far
Number of employees: 588

Indonesia

Market Office: Jakarta
Number of employees: 8

Mexico

Production: Tijuana, Toluca
Market Office: Col. Trabajadores de Hierro
Number of employees: 502



- Market offices
- Production sites
- Development units

Netherlands

Production: Ede, Hoogezand, Ridderkerk
Development units: Ede, Ridderkerk
Market Offices: Barendrecht, Ede, Ridderkerk, Lelystad
Number of employees: 254

Norway

Production: Mjøndalen
Development unit: Mjøndalen
Market Offices: Leirdal, Mjøndalen, Oslo, Siggerud, Spydeberg, Stavanger
Number of employees: 328

Poland

Production: Bielsko-Biala, Czechowice-Dziedzice, Walbrzych
Market Offices: Łódź, Warsaw
Number of employees: 1,285

Romania

Production: Dej
Number of employees: 193

Russia

Market Offices: Moscow, St. Petersburg
Number of employees: 24

Singapore

Production: Singapore
Development unit: Singapore
Market Office: Singapore
Number of employees: 243

Slovakia

Production: Nova Bana
Number of employees: 93

Spain

Production: Burgos, Cascante, Izarra, Martorell, Pamplona, Santander, Tarazona
Development unit: Izarra
Market Offices: Barcelona, Madrid
Number of employees: 1,302

Sri Lanka

Production: Kelanyia, Malwana
Development unit: Kelanyia
Number of employees: 762

South Africa

Market Office: Johannesburg
Number of employees: 35

South Korea

Production: GyungBuk
Development unit: Gyeong San
Market Office: Seoul
Number of employees: 381

Sweden

Production: Bor, Bålsta, Ersmark, Forsheda, Gävle, Havdhem, Hemse, Höganäs, Kalmar, Rydaholm, Sjöbo, Sävsjö, Trelleborg, Värnamo, Örebro
Development units: Ersmark, Forsheda, Höganäs, Kalmar, Sävsjö, Trelleborg, Örebro
Market Offices: Bromma, Gothenburg, Höganäs, Jönköping, Kalmar, Värnamo
Number of employees: 2,243

Switzerland

Market Office: Crissier
Number of employees: 27

Taiwan

Market Office: Taichung
Number of employees: 19

Thailand

Market Office: Bangkok
Number of employees: 4

Turkey

Production: Çerkesköy
Number of employees: 314

UK

Production: Barrow-in-Furness, Bridgewater, Cadley Hill, Hull, Knaresborough, Leicester, Manchester, Newtown, Rotherham, Scunthorpe, Skelmersdale, Tewkesbury
Development units: Ashchurch, Bridgewater, Leicester, Malmesbury, Rotherham, Skelmersdale
Market Offices: Ashby de la Zouch, Bakewell, Barrow-in-Furness, Bellshill, Cadley Hill, Edinburgh, Hull, Knaresborough, Leicester, Malmesbury, Manchester, Minworth, Rotherham, Runcorn, Skelmersdale, Solihull, St. Alban
Number of employees: 1,787

United Arab Emirates

Market Office: Dubai
Number of employees: 10

USA

Production: Aurora, Benton Harbor, Bristol, Broomfield, Canton, Carmi, Clearbrook, Fort Wayne, Hartsville, Hudson, Houston, Mansfield, Milford, Morganfield, Morristown, Northborough, Park Hills, Randolph, Rutherfordton, Salisbury, Sandusky, Somersworth, South Haven, Spartanburg, Streamwood, Winchester
Development units: Bloomfield Hills, Broomfield, Fort Wayne, Hartsville, Northborough, Somersworth, South Haven, Spartanburg, Streamwood, Suwanee
Market Offices: Bloomfield Hills, Broomfield, Castro Valley, Colmar, Conshohocken, Fort Wayne, Houston, Lombard, North Charleston, Portland, Portsmouth, Torrance
Number of employees: 3,501

A strong brand celebrates its centenary

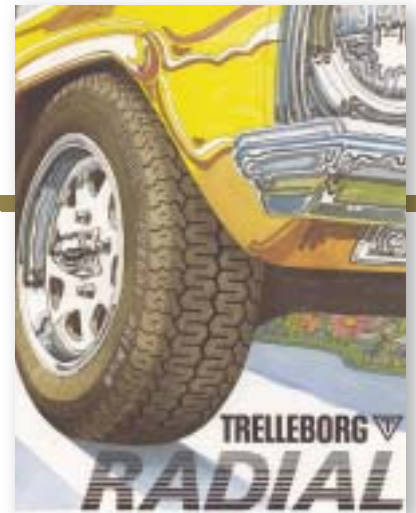
Solutions that differentiate, for more than 100 years.

The Trelleborg brand is well recognized throughout the world in a range of different market segments. It encapsulates Trelleborg's pledge and offering – innovative and reliable solutions that seal, damp and protect in demanding environments.

This brand strategy means that Trelleborg is the primary brand for the entire Group and is sometimes complemented by sub-brands focused on specific customer segments. The strategy aims to reinforce the Trelleborg brand globally, capitalize on synergies and maximize the impact for the business to drive long-term and profitable growth.

1905

Trelleborgs Gummifabriks AB was formed on the initiative of Henry Dunker, President of Helsingborgs Gummifabrik. Dunker owned 51 percent of the new company, while wholesaler Johan Kock in Trelleborg owned 49 percent. Production was divided up: overshoes and other rubber footwear would only be manufactured in Helsingborg – everything else would be produced in Trelleborg.



1977

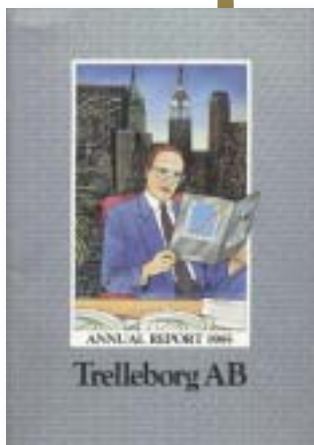
The effects of substantial investments in rubber operations to offset the decline in tire sales were delayed by a deep and prolonged recession. There was concern surrounding the issue of financing and several companies were divested. The company's name was shortened to Trelleborg AB.

1985

Sales grew to SEK 2.1 billion and profit increased to SEK 167 m. Over a short period, the company disposes of loss-making sources, releases capital and launches a robust expansion, primarily through acquisitions.

1990

Trelleborg has become a conglomerate with about 22,000 employees, 40 percent of whom worked outside Sweden. Sales totaled SEK 25.2 billion. At this point in time, mines and metals dominated (Boliden), followed by the wholesale trade for ventilation and sanitation engineering (Ahsell) and steel (Bröderna Edstrand). Rubber and plastic are ranked only third, with sales amounting to approximately SEK 3.2 billion.



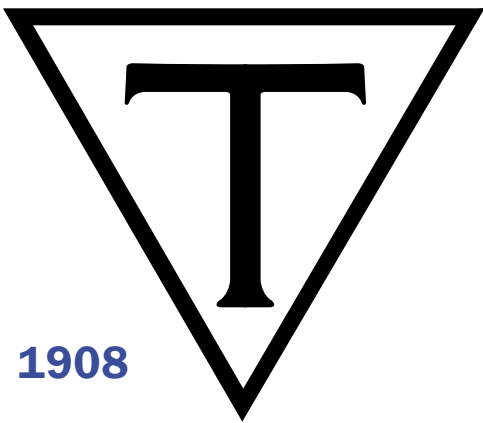
1908

The letter "T" inside a triangle – a simple and characteristic symbol. It was used for the first time in a pricelist from 1908. One year later, in 1909, this symbol was registered as a trademark in Sweden and the other Nordic countries. According to Henry Dunker, the T symbol had a Russian heritage. One of the toughest competitors in the overshoe market was the Russian rubber plant "Treugolnik" in St. Petersburg. It used a red stamp inside a black triangle as its trademark. The Russian word "treugolnik" means triangle. To avoid any conflict with the Russians, Trelleborg turned the triangle upside-down so that it stood on its point and a large and dominating "T" was inserted in the middle.



1924

The recovery after the recession gathered pace. Sales of such items as hard-rubber products and coats rose sharply. Annual sales totaled SEK 5.6 M and the workforce totaled nearly 500. The "T" inside the triangle was updated and the symbol was given the appearance it has had ever since, with the exception of some very minor adjustments.



1908



2008



1995

The economic situation severely deteriorated. Once again, the main focus was placed on strengthening the financial base. Large parts of operations were divested and those remaining were concentrated to a number of core areas. At the end of 1995, Trelleborg was practically clear of debts and broad scope for new capital expenditure was created. In 1994, the brand was complemented with three open triangles, which symbolized the expansive development within the Group. Today, they are also a reminder of the Group's four basic values: customer focus, performance, innovation and responsibility.



2000

Following the launch of a new strategic focus, the Group was organized into three sectors: Industrial, Distribution and Miscellaneous. In the next step, the greater part of the Miscellaneous sector and 51 percent of the Distribution sector were divested. The operation focused on the Industrial sector, which expanded through acquisitions. At the end of 2000, the Group had sales of SEK 13.7 billion and some 12,400 employees.

2003

Acquisition of Smiths Group Plc's polymer-based precision seals business, which formed the Trelleborg Sealing Solutions business area.





1935

The deep global financial crisis at the beginning of the 1930s had a surprisingly minor impact on the rubber plant in Trelleborg. One of the reasons was the rapid development of motoring. This led to a doubling of sales of car tires, which became the company's single largest product group. For the first time, the number of employees exceeded 1,000.

1945

The rubber factory emerged from the war strongly, with money in the bank, a highly developed plant, extensive technical expertise, high-quality products and a well-trimmed sales organization. Hopes for the future were high.

1955

A situation of high economic activity and overemployment prevailed. Internationalization was on the increase and exports grew. Sales amounted to SEK 124 M and the workforce totaled about 3,200 employees.



1975

The manufacture of passenger car and truck tires was discontinued. Underlying reasons included the costly transition to radial tires, extreme global overproduction and intense price pressure.



2005

Trelleborg AB celebrates its centenary! The remainder of the Distribution sector is divested. Growth in the Industrial sector was primarily a result of three major acquisitions from UK-based companies: Invensys' antivibration operations, Laird Group's automotive components business and Smiths Group Plc's operations within polymer-based precision seals. Trelleborg was now one of the world's largest industrial rubber companies with production in some 100 plants in 40 countries. Sales totaled slightly more than SEK 24 billion, with a workforce totaling about 21,700 persons.



2008

The centenary of the Trelleborg brand! The Group markets and produces solutions that seal, damp and protect in demanding industrial environments throughout the world. Trelleborg is the world's largest industrial rubber company. Sales total approximately SEK 31 billion and the company employs some 24,000 persons.

seal
damp
protect™

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What makes us different? In Trelleborg we are 23,000 employees, all passionate about polymers, and we strive to provide our customers with solutions they cannot find anywhere else. Our vision is to be the customers' first choice in our selected market segments by offering high-performance solutions that seal, damp and protect in demanding industrial environments.

In this Annual Report, you can read more about how we solve our customers' problems through reliable and innovative solutions.