

## Strong increase in sales and earnings

*"We are prioritizing continued improvements in the operational structure and a focus on segments offering healthy long-term profitability,"* says President and Chief Executive Officer Peter Nilsson.

- The order and delivery scenario remained good in the fourth quarter, with organic growth of 10 percent for both the quarter and full year.
- Operating profit in continuing operations, excluding items affecting comparability, increased by 10 percent during the quarter and 25 percent for the full year. Three of the four business areas reported increases in both operating profit and operating margins during the year, as a result of such factors as healthy volumes and the continued successful focus on more profitable segments.
- Activities within the framework of Trelleborg Automotive's strategic and operational review continued during the fourth quarter. Among other actions, a unit in the UK was divested.
- The Group is continuing to assist the authorities in the ongoing competition investigations, which are expected to be completed during 2008.

| October - December                    | Group        |       | Continuing operations<br>excl. items affecting<br>comparability |       |
|---------------------------------------|--------------|-------|---|-------|
|                                       | 2007         | 2006  | 2007  | 2006  |
| <b>SEK M</b>                          |              |       |   |       |
| Net sales                             | <b>7 799</b> | 6 945 | <b>7 762</b>  | 6 905 |
| Operating profit                      | <b>342</b>   | 159   | <b>524</b>  | 477   |
| Profit for the period                 | <b>140</b>   | -9    | <b>278</b>  | 280   |
| Earnings per share, SEK <sup>1)</sup> | <b>1,50</b>  | -0,15 | <b>3,00</b>   | 3,05  |

| January - December                    |               |        |               |        |
|---------------------------------------|---------------|--------|---------------|--------|
| SEK M                                 | 2007          |        | 2006          |        |
|                                       | 2007          | 2006   | 2007          | 2006   |
| Net sales                             | <b>30 971</b> | 27 284 | <b>30 810</b> | 26 875 |
| Operating profit                      | <b>1 707</b>  | 1 507  | <b>2 274</b>  | 1 820  |
| Profit for the period                 | <b>838</b>    | 766    | <b>1 282</b>  | 1 072  |
| Earnings per share, SEK <sup>1)</sup> | <b>9,10</b>   | 8,30   | <b>14,00</b>  | 11,70  |

*1) Profit for the period attributable to equity holders of the parent divided by the average number of shares outstanding*

### Continued growth in main markets

**Outlook for the first quarter of 2008.** Continued favorable growth is expected within most of the Group's market segments. For such segments as Aerospace and Offshore Oil/Gas, demand is expected to remain highly robust.

For automotive-related operations, the North American market is expected to be weaker than in 2007, while the European market is expected to remain unchanged.

### Dividend of SEK 6.50 (6.00) per share proposed

**Dividend proposal.** The Board of Directors and the President propose a cash dividend of SEK 6.50 (6.00) per share.

| Key ratios<br>SEK M                            | Oct - Dec |       | Jan - Dec |        |
|--|-----------|-------|-----------|--------|
|  | 2007      | 2006  | 2007      | 2006   |
| Net sales                                      | 7 799     | 6 945 | 30 971    | 27 284 |
| Operating profit                               | 342       | 159   | 1 707     | 1 507  |
| Profit before tax                              | 220       | 70    | 1 268     | 1 193  |
| Profit for the period                          | 140       | -9    | 838       | 766    |
| - attributable to minority interest            | 6         | 4     | 17        | 15     |
| - attributable to equity holders of the parent | 134       | -13   | 821       | 751    |
| Earnings per share, SEK <sup>1)</sup>          | 1,50      | -0,15 | 9,10      | 8,30   |
| Average number of employees, of whom           |           |       | 25 158    | 22 506 |
| - women  |           |       | 6 431     | 5 485  |
| - men  |           |       | 18 727    | 17 021 |

| Operating key ratios<br>SEK M  | Oct - Dec |       | Jan - Dec |        |
|--|-----------|-------|-----------|--------|
|  | 2007      | 2006  | 2007      | 2006   |
| <i>Continuing operations excluding items affecting comparability</i> |           |       |           |        |
| Net sales  | 7 762     | 6 905 | 30 810    | 26 875 |
| Operating profit   | 524       | 477   | 2 274     | 1 820  |
| Profit before tax  | 403       | 387   | 1 836     | 1 507  |
| Profit for the period  | 278       | 280   | 1 282     | 1 072  |
| Earnings per share, SEK <sup>1)</sup>                                | 3,00      | 3,05  | 14,00     | 11,70  |
| EBITDA, %  | 10,1      | 10,2  | 10,6      | 10,1   |
| Operating margin (ROS), %  | 6,7       | 6,8   | 7,3       | 6,7    |

<sup>1)</sup> Profit for the period attributable to equity holders of the parent divided by the average number of shares outstanding

## The Group's key figures

### October – December 2007

#### Fourth-quarter organic growth of 10%

**Net sales.** During the fourth quarter of 2007, the Trelleborg Group's net sales amounted to SEK 7,799 M (6,945), an increase of 12 percent. Organic growth was 10 percent. Based on comparable exchange rates, sales growth amounted to 13 percent.

**Operating profit and earnings per share.** During the quarter, operating profit for the Group amounted to SEK 342 M (159). Profit before tax amounted to SEK 220 M (70). Net profit was SEK 140 M (loss: 9). Earnings per share amounted to SEK 1.50 (loss: 0.15).

#### Items affecting comparability amounted to SEK 178 M during the quarter

The increase in operating profit compared with the year-earlier period was due to the fourth quarter of 2006 containing higher costs for items affecting comparability and also to market conditions remaining favorable and positive effects from implemented acquisition and efficiency enhancing measures.

Operating profit was adversely affected by restructuring costs and impairment losses amounting to SEK 178 M (314), or SEK 134 M (285) after tax. These costs derived from the action programs under way in the Trelleborg Automotive, Trelleborg Engineered Systems and Trelleborg Wheel Systems business areas. The divested operations generated a combined loss of SEK 4 M (loss: 3). The Group's key operating figures do not include items affecting comparability and discontinued operations.

## January – December 2007

### Net sales for full-year 2007 rose 14%

**Net sales.** The Group's full-year net sales amounted to SEK 30,971 M (27,284), up 14 percent. Organic growth was 10 percent. Based on comparable exchange rates, sales growth amounted to 16 percent.

| Change in net sales<br>%   | Jan - Dec | Jan - Dec |
|----------------------------|-----------|-----------|
|                            | 2007      | 2006      |
| Organic growth             | +10       | +6        |
| Acquisitions / divestments | +6        | +7        |
| Currency impact            | -2        | -         |
| Total                      | +14       | +13       |

### Earnings per share increased to SEK 9.10 (8.30) during the year

**Operating profit and earnings per share.** Operating profit for the Group increased to SEK 1,707 M (1,507). Net financial income and expense amounted to an expense of SEK 439 M (expense: 313), corresponding to 4.4 percent (3.6) of the average net debt outstanding during the year.

Earnings before tax were SEK 1,268 M (1,193). Earnings after tax amounted to SEK 838 M (766) and earnings per share to SEK 9.10 (8.30).

Operating profit was adversely affected by restructuring costs and impairment losses from action programs totaling SEK 498 M before tax, of which SEK 382 M was attributable to the action program within Trelleborg Automotive. Nonrecurring costs pertaining to the ongoing competition investigation of subsidiaries had an adverse impact of SEK 86 M on operating profit. A capital gain, recorded in the first quarter, from the sale of a property in Stockholm, had a positive effect of SEK 26 M before tax on operating profit.

Operating profit during January-December was charged SEK 558 M (337) before tax for these items affecting comparability, or SEK 435 M (304) after tax. A loss of SEK 9M (profit: 24) was reported for discontinued operations. Items affecting comparability and discontinued operations have been excluded from the reporting of the Group's key operating figures.

### The return on both capital employed and shareholders' equity increased during the year

**Balance sheet, cash flow and investments.** The investment level for the January-December period was SEK 1,336 M (1,112). Capital employed at year-end amounted to SEK 19,853 M (18,818). The increase was primarily attributable to acquisitions and an increase in tied-up working capital, due to the achieved sales increases. The Group's free cash flow for the period amounted to SEK 518 M (905).

| Change in net debt<br>SEK M  | Jan - Dec |        |
|------------------------------|-----------|--------|
|                              | 2007      | 2006   |
| Net debt, opening balance    | -9 350    | -7 236 |
| Net cash flow for the period | -513      | -2 499 |
| Borrowing costs              | 2         | -2     |
| Exchange rate differences    | -232      | 387    |
| Net debt, closing balance    | -10 093   | -9 350 |

Net debt amounted to SEK 10,093 M (9,350). The debt/equity ratio at year-end was 100 percent (96). The equity/assets ratio was 34 percent (35).

|  | Jan - Dec     |       |
|--|---------------|-------|
|  | 2007          | 2006  |
| Net debt, SEK M  | <b>10 093</b> | 9 350 |
| Debt/equity ratio, %                                       | <b>100</b>    | 96    |
| Net debt / EBITDA <sup>1)</sup> , multiple                 | <b>3,1</b>    | 3,4   |
| EBITDA <sup>1)</sup> / Financial income and exp., multiple | <b>7,5</b>    | 8,7   |
| Free cash flow, MSEK                                       | <b>518</b>    | 905   |

1) Continuing operations excluding items affecting comparability

| Jan - Dec                         | Group      |      | Continuing operations<br>excl. items affecting<br>comparability |      |
|-----------------------------------|------------|------|---|------|
|                                   | 2007       | 2006 | 2007  | 2006 |
| %                                 |            |      |   |      |
| Return on capital employed (ROCE) | <b>8,7</b> | 8,1  | <b>11,5</b>   | 9,9  |
| Return on shareholders' equity    | <b>8,4</b> | 7,6  | <b>13,0</b>   | 10,8 |

Shareholders' equity per share (90.4 million shares) at year-end amounted to SEK 110 (106). The return on capital employed was 8.7 percent (8.1).

## The Group's key operating figures

### October – December 2007

**Operating profit during the quarter rose 10%**

**Earnings and margin.** For continuing operations, excluding items affecting comparability, operating profit rose 10 percent to SEK 524 M (477).

The increase was attributable to continued favorable market conditions within such segments as Aerospace, Offshore Oil/Gas, Infrastructure/ Construction and General Industry and to a successful concentration of operations and increased sales.

Exchange-rate fluctuations from the translation of foreign Group companies' earnings had a negative impact of about SEK 13 M on operating profit during the quarter, compared with the year-earlier period. Changes in exchange rates from the flow of transactions are assessed as having had a marginal impact on total Group earnings.

Costs within Group Items were adversely affected by an increase in legal expenses, slightly higher current costs and a rise in provisions for bonuses.

**EBITDA increased during the quarter to SEK 793 M (713)**

The operating margin was 6.7 percent (6.8). Operating profit before depreciation (EBITDA) increased during the quarter to SEK 793 M (713). The EBITDA margin during the quarter was 10.1 percent (10.2).

The Group's profit before tax, excluding items affecting comparability, rose to SEK 403 M (387) and net profit amounted to SEK 278 M (280).

Earnings per share amounted to SEK 3.00 (3.05).

### January – December 2007

**Both the operating margin and the EBITDA margin increased during the year**

**Earnings and margin.** For continuing operations, excluding items affecting comparability, operating profit rose 25 percent to SEK 2,274 M (1,820). Exchange-rate fluctuations from the translation of foreign Group companies' earnings had a negative impact of about SEK 48 M on full-year operating profit, compared with 2006.

**Earnings per share  
rose to SEK 14.00**

Profit before tax from continuing operations, excluding items affecting comparability, rose to SEK 1,836 M (1,507), and net profit to SEK 1,282 M (1,072). The tax rate was 30 percent (29). Operating profit before depreciation (EBITDA) increased during the year to SEK 3,276 M (2,726). The EBITDA margin was 10.6 percent (10.1) and the operating margin 7.3 percent (6.7). Earnings per share rose 20 percent to SEK 14.00 (11.70).

The Group's full-year operating cash flow rose by 8 percent to SEK 1,718 M (1,594). Within the operating cash flow, the increase in profit generation was offset by a rise in tied-up working capital due to the sales increase.

|  | Jan - Dec    |       |
|--|--------------|-------|
|  | 2007         | 2006  |
| Operating cash flow, SEK M               | <b>1 718</b> | 1 594 |
| Operating cash flow / operating profit % | <b>76</b>    | 88    |
| Operating cash flow per share, SEK       | <b>19,00</b> | 17,65 |

## Other

### Two acquisitions were completed during the fourth quarter

**Acquisitions and divestments.** *The Trelleborg Group continues to make acquisitions in line with the Group's strategy of growing within attractive segments with favorable growth and profitability potential, and where the three primary customer needs of sealing, damping and protecting play a key role.*

In November, the Trelleborg Sealing Solutions business area acquired the US seal distributor *Sealing Solutions Inc.*, with approximately 40 employees and annual sales of about SEK 100 M. Sealing Solutions Inc is a leading US distributor of sealing products, primarily to the aerospace industry and industrial OEM companies. This company, combined with the two previous acquisitions completed during the year, further strengthens the business area's presence in North America.

During the fourth quarter, Trelleborg Wheel Systems completed the acquisition of the Australian company, *Solid Service Group*, which has about 40 employees and annual sales of approximately SEK 65 M.

### Automotive business divested

During the quarter, Trelleborg Automotive divested its operations in Coventry, in the UK. The divestment was part of the business area's strategic and operational action program. The operations conducted in Coventry were a part of the anti-vibration business and mainly comprise the production of airsprings. The operations have approximately 110 employees and generated sales of about SEK 150 M in 2006 and reported a loss. The divestment resulted in a book capital loss of SEK 83 M before taxes during the fourth quarter but is expected to have a positive impact on cash flow.

### Trelleborg Group continues to assist the authorities in the ongoing competition investigations

**Competition investigations at subsidiaries in the US and France.** During the year, two of Trelleborg's subsidiaries in France and the US became the subject of investigations by competition authorities in the US, EU, UK, Brazil and Japan.

Former managers of one of the Group's French subsidiaries pleaded guilty and were fined and sentenced to prison sentences. Also in the competition investigation pertaining to fender operations, former managers have pleaded guilty. The managers concerned have been dismissed and no longer work for the Trelleborg Group.

Trelleborg continues to assist the authorities with their investigations and to take the necessary measures in conjunction with these issues.

### The investigations are expected to be completed during 2008

Information and assessments announced earlier concerning the possible impact on the Trelleborg Group stand firm. It is still impossible to accurately assess the final financial impact of the authorities' investigations. However, based mainly on the assessment of Trelleborg's external legal representatives, it can be assumed that the ongoing investigations may lead to the Group incurring significant costs of a nonrecurring nature in gradual stages during 2008. 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 pre-tax profits for 2006.

Costs for the approved action program will be expensed continuously. Costs incurred for the ongoing action program, combined with the accumulated and estimated costs of the investigations in progress, were charged against full-year operating profit in an amount of SEK 86 M. The previously communicated estimation that the total costs for these investigations and the approved program would amount to about SEK 100 M stands firm.

The investigations are expected to be completed during 2008.

**Items affecting comparability totaled SEK 178 M during the quarter**

**Items affecting comparability for calculation of key operating ratios.** Items affecting comparability totaling SEK 178 M before tax were excluded from the reporting of the Group's key operating ratios for the fourth quarter. These items affecting comparability comprise restructuring costs of SEK 151 M within the framework of the action program under way within Trelleborg Automotive and of SEK 5 M within Trelleborg Wheel Systems, as well as SEK 22 M for a new project within Engineered Systems.

Since autumn 2006, an action program has also been under way in the Automotive business area that involves a strategic and operational review aimed at improving profitability and the business area's strategic position. The total action program is expected to cost about SEK 875 M before tax and about SEK 700 M after tax. The positive annual earnings effect is expected to be approximately SEK 175 M before tax and SEK 115 M after tax on full implementation. The program is expected to have a gradual positive earnings effect, mainly towards the end of the 2008 fiscal year and in 2009.

During 2006 and 2007, within the framework of the program, decisions were taken on the closure of two plants in the UK (Trowbridge and West Thurrock), a plant in Italy (Fergom) and efficiency measures within European operations, comprising, for example, a plant in Mannheim, in Germany, transfer of resources from Western Europe to Eastern Europe and a shared service concept in Europe. In addition, Dawson Manufacturing Company, which is 45-percent owned by Trelleborg, decided to close a plant in Dawson, in the US, and relocate production to the company's unit in Benton Harbor, in the US.

The amount of SEK 151 M that affected operating profit in the fourth quarter comprised costs for the divestment of the operations in Coventry (*see page 6*) in an amount of SEK 83 M and ongoing costs within the framework of previously announced measures.

For the Trelleborg Wheel Systems business area, SEK 5 M pertains to ongoing costs for previously announced measures.

Within Trelleborg Engineered Systems' business unit for sealing profiles, a decision was taken during the fourth quarter to implement an action program designed to improve the unit's efficiency. The action program will result in costs of SEK 22 M, mainly attributable to a plant in Minworth, in the UK.

## Events after period-end

**Decision to close or relocate production at two Group plants**

**Changes in the production structure.** In early 2008, a decision was taken to initiate negotiations concerning the closure or relocation of production at two of the Group's plants.

Trelleborg Sealing Solutions has decided to discontinue its operations in *Derbyshire*, in the UK, where manufacturing of large train gangways is conducted. The decision is in line with the business area's portfolio evaluation, which showed that the operation is not considered to offer attractive long-term growth and margin trends.

Trelleborg Engineered Systems has decided to consolidate and focus its production of special hose, and to discontinue certain non-profitable items from its range. This will entail that certain production of special hoses will be consolidated in the town of Trelleborg, Sweden, while certain parts are relocated to the business area's main plant for special hoses in Clermont-Ferrand, France.

The combined costs for the above changes in the production structure are estimated to be less than SEK 60 M, with most of this amount expected to be charged against the first quarter of 2008.

**Judgment from Administrative Court of Appeal regarding tax dispute.** In a judgment in 2004, the County Administrative Court in Skåne County prescribed for Trelleborg AB deductions for a tax loss carryforward of about SEK 600 M that arose in conjunction with the divestment of operations in 1999. Following an appeal by the Swedish National Tax Board, the Administrative Court of Appeal in Gothenburg has changed the judgment of the County Administrative Court, with the effect that no deductions will be permitted for the loss.

The value of the tax loss carryforward, which can be estimated at SEK 168 M, was not recorded earlier as an asset in the company's accounts. Accordingly, the Administrative Court of Appeal's judgment will have no impact on the company's income statement or balance sheet.

Trelleborg intends to appeal the Administrative Court of Appeal's judgment in the Swedish Supreme Administrative Court.

## Motions to Annual General Meeting April 28, 2008

**Dividend of SEK 6.50 (6.00) per share proposed**

**Proposed dividend.** The Board and CEO propose that a cash dividend of SEK 6.50 (6.00) per share be paid to shareholders. The Group's dividend policy is that, in the long term, dividends shall comprise 30-50 percent of the net profit for the year. The proposed dividend, corresponding to a total of approximately SEK 587 M, entails about 71 percent of net profit for 2007 being paid in dividends and 46 percent on net profit for continuing operations excluding items affecting comparability.

**Sören Mellstig proposed as new Member of the Board succeeding Berthold Lindqvist**

**Proposal for election of new Board of Directors.** A Nominations Committee consisting of representatives of the major owners, corresponding to approximately 65 percent of the votes in Trelleborg and the Chairman of the Board and, has decided to propose to the Annual General Meeting that Sören Mellstig be elected new Member of the Board.

Sören Mellstig, born 1951, with a degree in business administration, previously held positions including President and Chief Executive Officer of Gambro and CFO and Executive Vice President of Incentive. He is currently Chairman of the Board of Aleris AB and Vatus Medical AB, and Member of the Board of Munters AB, Ferrosan A/S, PaloDex Oy, Dako A/S and Rindi Energi AB.

On the Board, he will replace Berthold Lindqvist (elected to Trelleborg's Board in 1996), who has declined re-election by the 2008 Annual General Meeting.

In addition, the re-election of all other Board Members is proposed.

The Nominations Committee also decided prior to the Annual General Meeting 2008 to propose the re-election of PricewaterhouseCoopers AB as the company's auditors for a four-year period.

In addition to the Chairman of the Board, the following persons formed the Nominations Committee: Didrik Normark (Chairman of the Nominations Committee) of the Henry and Gerda Dunker Foundation; Ramsay Brufer, Alecta; Lars Öhrstedt, AFA Försäkring; Henrik Didner, Didner & Gerge Aktiefond och KG Lindvall, Swedbank Robur Fonder.



## Risk management at Trelleborg

**Risks/risk management at Trelleborg.** Risks in the Group's operations can generally be divided into operational risks relating to business operations and risks related to financing activities.

**Operational risks.** A business operation always runs the risk of lower revenues through the loss of customers, reduced sales and falling prices as a result of a declining market or intensified competition. The Group is currently exposed to risks in relation to its business activities:

- *Raw materials.* Handling of price changes for raw materials and components will remain significant for the Group's earnings moving forward, both positively and negatively.
- *Structural measures.* The Trelleborg Group will also continue to actively initiate improvement programs to strengthen the Group's position and competitiveness. A number of structural measures that are currently in progress are described in this report and are key success factors for the Group. They offer both risks and opportunities. For example, there is a risk that the measures taken will not generate the anticipated outcome, which could be positive or negative.
- *Acquisitions and integration.* The Trelleborg Group has a distinct acquisition strategy. A successful acquisition and integration process creates value. Acquisition and integration of new units always implies risks and opportunities, for example, that costs relating to an acquisition are higher or lower than expected or that future earnings and synergies do not meet or surpass expectations.
- *Legal issues.* From time to time, the Group has ongoing and potential disputes, as well as risks that include responsibility in connection with products sold and so forth. The investigations relating to competition issues at subsidiaries in the US and France that are described in this report carry a risk that the Group could incur considerable costs and that the Group's earnings will be affected.
- *Capacity utilization.* Capacity utilization is currently high and if disruptions or capacity shortages should arise, these could have a negative effect on operations.
- *Talent Management.* The loss of key employees can have various negative effects on the Group's earning ability. The Group works actively with Talent Management to secure key competence for the Group.

For further information about the Group's operational and financial risks, risk management and risk exposure, please refer to Trelleborg's Annual Report and [www.trelleborg.com](http://www.trelleborg.com)

## The Group's outlook

### Continued growth in main markets

**Outlook for the first quarter of 2008.** Continued favorable growth is expected within most of the Group's market segments. For such segments as Aerospace and Offshore Oil/Gas, demand is expected to remain highly robust. For automotive-related operations, the North American market is expected to be weaker than in 2007, while the European market is expected to remain unchanged.

**Outlook taken from the interim report of October 26, 2007:** *The outlook for the fourth quarter of 2007 remains unchanged from the outlook for the first three quarters of the year. For general industry, demand is not expected to decline, while the very strong demand within the Aerospace and Oil/Gas segments will continue. Cutbacks in production, mainly among North American customers, are expected to have adverse effects on automotive-related operations.*

*Trelleborg, February 15, 2008  
The Board of Directors of Trelleborg AB (publ)*

---

*This report was prepared in accordance with IAS 34 Interim Financial Reporting. Effective January 1, 2007, Trelleborg AB applies the following changes established by the IASB and approved by the European Commission:*

*IAS 1 – Presentation of financial statements*

*IFRS 7 – Financial instruments*

*These entail no impact on the company's earnings and position.*

*In other respects, the same accounting policies and valuation methods are used as those described in the most recent Annual Report. This report has not been reviewed specifically by Trelleborg AB's company auditors.*

## Trelleborg Engineered Systems

| SEK M  | Oct - Dec    |       | Jan - Dec     |       |
|--|--------------|-------|---------------|-------|
|  | 2007         | 2006  | 2007          | 2006  |
| <i>Excluding items affecting comparability</i> |              |       |               |       |
| Net sales                                      | <b>3 011</b> | 2 692 | <b>11 745</b> | 9 310 |
| Operating profit                               | <b>308</b>   | 250   | <b>1 168</b>  | 805   |
| Operating margin (ROS), %                      | <b>10,1</b>  | 9,2   | <b>9,9</b>    | 8,6   |
| Operating cash flow                            | <b>482</b>   | 382   | <b>1 071</b>  | 815   |
| Operating cash flow/Operating profit, %        | <b>156</b>   | 153   | <b>92</b>     | 101   |
| <i>Including items affecting comparability</i> |              |       |               |       |
| Operating profit                               | <b>286</b>   | 237   | <b>1 079</b>  | 769   |
| ROS, %   | <b>9,4</b>   | 8,7   | <b>9,1</b>    | 8,2   |

*Additional key ratios on pages 18 - 20*

### Favorable demand in the business area's main markets

The trend in most of the business area's main markets was healthy during the fourth quarter, and particularly favorable for products involving Infrastructure and the Offshore Oil/Gas industry. A certain slackening is noticeable for construction-related operations, primarily those pertaining to residential construction.

### Increase in sales, organic growth of 6%

The sales increase in the fourth quarter derived from growth within all prioritized market segments and from the completed acquisitions. Organic growth amounted to 6 percent, which was inhibited somewhat by the continued phase-out of low-margin operations and by slightly lower project deliveries during the quarter.

### New plant opened in Estonia

During the quarter, the business area opened its new plant in Kuressaare, Estonia, for the production of molded components and successfully started up expanded production there. In Sweden, relocation of production resources combined with continued production relocation to Kuressaare led to minor efficiency losses.

### Investments in capacity increases proceeding as planned

The capacity expansion intended mainly for products for the Offshore oil/gas segment and implemented in 2007 was successful. Continued expansion is under way and is scheduled for completion during the first half of 2008. Although implementation of these necessary capacity expansions resulted in disturbances and thus in reduced efficiency, they will enable a long-term increase in sales.

### Continued strong earnings generation, profit up 23%

The business area's operating profit, excluding items affecting comparability, rose 23 percent during the quarter compared with the year-earlier period, and its margin also improved as a result of favorable demand, a continued focusing of operations and the completed acquisitions.

### The phase-out of low-margin operations combined with changes in the production structure will enhance competitiveness

Within the business unit for sealing profiles, a decision was taken during the fourth quarter to implement an action program, comprising costs of SEK 22 M, mainly for the unit in Minworth in the UK, in order to significantly improve this unit's efficiency.

In January 2008, negotiations commenced concerning the closure and production relocation of the business area's special hose plant in Trelleborg, Sweden, and of a smaller unit for the finishing of marine fenders in Scunthorpe, in the UK.

The business area is continuing the phase-out of low-margin operations combined with changes in the production structure. Although these measures to offset rises in raw material prices are expected to have short-term adverse effects on sales, they will result in more stable earnings capacity long term.

## Trelleborg Automotive

| SEK M  | Oct - Dec    |       | Jan - Dec     |       |
|--|--------------|-------|---------------|-------|
|  | 2007         | 2006  | 2007          | 2006  |
| <i>Excluding items affecting comparability</i> |              |       |               |       |
| Net sales                                      | <b>2 562</b> | 2 253 | <b>10 299</b> | 9 327 |
| Operating profit                               | <b>34</b>    | 32    | <b>203</b>    | 219   |
| Operating margin (ROS), %                      | <b>1,2</b>   | 1,4   | <b>1,9</b>    | 2,2   |
| Operating cash flow                            | <b>74</b>    | 51    | <b>100</b>    | 132   |
| Operating cash flow/Operating profit, %        | <b>218</b>   | 159   | <b>49</b>     | 60    |
| <i>Including items affecting comparability</i> |              |       |               |       |
| Operating profit                               | <b>-117</b>  | -248  | <b>-179</b>   | -61   |
| ROS, %   | <b>neg</b>   | neg   | <b>neg</b>    | neg   |

*Additional key ratios on pages 18 - 20*

### Car production down in North America, up in Europe and Asia

During the fourth quarter, car production in North America declined by 1 percent. In Europe, production increased by 6 percent (Eastern Europe up 24 percent). Car production in Asia grew by 6 percent. *(Source: JD Power/Trelleborg).*

### Organic growth of 13%, driven by AVS

The business area's sales continued to rise during the fourth quarter, with organic growth of 13 percent compared with the year-earlier period. The sales trend for the business area's anti-vibration operation was strong. The anti-vibration operation in North America continued to capture market shares and growth was also favorable in Asia. Fluid & Acoustic Solutions also increased its sales.

### Global platforms generate growth

Sales remained healthy. Among others, an order was secured for the new Ford Transit, a global platform planned to be produced in Mexico, China and Turkey, with an annual volume of 560,000 vehicles. Deliveries are scheduled to commence during the second half of 2010.

### Continued unsatisfactory performance in certain parts of the operations

Operating profit improved somewhat during the quarter, primarily as a result of earnings improvements in AVS operations in North America and Asia. Operations within Fluid & Acoustic did not improve at the anticipated rate, due to delays in realizing positive effects from the action program, caused by the strong growth in volume. Raw material costs increased slightly during the fourth quarter. Net capitalized development costs after amortization amounted to SEK 11 M (income: 2) during the quarter and SEK 12 M (income: 47) for the full year.

### Strategic review continues. Divestment of unit in Coventry

The business area's strategic and operational review continued during the quarter with the divestment of the operation in Coventry, in the UK. The divestment resulted in a book capital loss for the quarter of SEK 83 M before tax, and is expected to generate a positive cash flow.

The comprehensive action program has been delayed somewhat due to the business area's strong volume growth. Another subproject, which is expected to be announced during the first half of 2008, remains within the framework of the original action program. In addition, a further review of the operations of Fluid & Acoustic Solutions is under way. Although the business area's restructuring measures are having a gradual impact, but an accelerating price trend for steel and oil-related raw materials during the first half of 2008 is expected to delay the improvements in margins.

### New organization from year-end

A new global organization has been implemented, based on five clearly defined business units and establishing certain global functions, such as purchasing. The aim is to generate volume growth and synergism between units and to create conditions for an increase in strategic and structural improvements.

## Trelleborg Sealing Solutions

| SEK M                                   | Oct - Dec    |       | Jan - Dec    |       |
|---|--------------|-------|--------------|-------|
|   | 2007         | 2006  | 2007         | 2006  |
| Net sales                               | <b>1 440</b> | 1 287 | <b>5 844</b> | 5 389 |
| Operating profit                        | <b>194</b>   | 182   | <b>839</b>   | 726   |
| Operating margin (ROS), %               | <b>13,5</b>  | 14,1  | <b>14,4</b>  | 13,5  |
| Operating cash flow                     | <b>246</b>   | 259   | <b>751</b>   | 794   |
| Operating cash flow/Operating profit, % | <b>127</b>   | 142   | <b>90</b>    | 109   |

*Additional key ratios on pages 18 - 20*

### Good demand in prioritized segments

The market conditions for Trelleborg Sealing Solutions within the prioritized industrial segment and the aerospace industry were good during the fourth quarter. The trend remained favorable in the Asian, European and North American markets. In Europe, this was driven primarily by Germany and Scandinavia.

### Gradual prioritization of segments resulted in increased sales, organic growth of 10 %

The business area increased its sales in all segments. All geographical markets enjoyed favorable organic growth, with strong growth in Central Europe and Asia. The business area's total organic growth amounted to 10 percent for the quarter. The business area's focus on growth initiatives is now beginning to bear fruit, with increased growth in North America and Asia, and with positive signals in areas such as chemical processing and semiconductor industries. The business area is now evaluating further growth opportunities through its own initiatives and acquisitions.

### Acquisitions strengthen presence in North America

During the quarter, the US company *Sealing Solutions Inc.* was acquired, with about 40 employees and annual sales of approximately SEK 100 M. Sealing Solutions Inc. is a leading supplier in the eastern US of sealing products from Trelleborg and others, mainly to the aerospace industry and industrial OEM companies. The company has positioned itself through specialist expertise that permits integrated deliveries in the customers' production processes. In combination with acquisitions made earlier during the year, Trelleborg's presence in North America is further strengthened. The integration of these earlier acquisitions was successfully implemented.

### Operating profit up by 7 %

During the fourth quarter, operating profit increased compared with the year-earlier period. Factors contributing to the profit increase were increased sales strengthened by the improved product mix and enhanced capacity utilization. However, the discontinuation of products from other suppliers in the acquired companies, combined with other integration expenses, inhibited the margin somewhat.

### Decision on consolidation of plant structure

In January 2008, a decision was made regarding the closure of the business area's plant in *Eugene*, in the US, and the transfer of production to the business area's plant in *Streamwood*, in the US. The decision is a consequence of the acquisition of the sealing company Hydro-Components and is aimed at realizing synergies. Negotiations have been initiated and the closure/production transfer is scheduled for completion in June 2008.

Trelleborg Sealing Solutions has also decided to discontinue its operation in *Derbyshire*, in the UK, and the manufacture of large train gangways there. Negotiations have commenced.

Flexible solutions within the business area's production structure and opportunities for increased sourcing continue to be assessed and a number of possible changes have been identified and evaluated.

## Trelleborg Wheel Systems

| SEK M  | Oct - Dec  |      | Jan - Dec    |       |
|--|------------|------|--------------|-------|
|  | 2007       | 2006 | 2007         | 2006  |
| <i>Excluding items affecting comparability</i> |            |      |              |       |
| Net sales                                      | <b>825</b> | 753  | <b>3 248</b> | 3 145 |
| Operating profit                               | <b>60</b>  | 61   | <b>288</b>   | 243   |
| Operating margin (ROS), %                      | <b>7,4</b> | 8,1  | <b>8,9</b>   | 7,7   |
| Operating cash flow                            | <b>70</b>  | 147  | <b>146</b>   | 153   |
| Operating cash flow/Operating profit, %        | <b>117</b> | 241  | <b>51</b>    | 63    |
| <i>Including items affecting comparability</i> |            |      |              |       |
| Operating profit                               | <b>55</b>  | 40   | <b>261</b>   | 222   |
| ROS, %   | <b>6,8</b> | 5,4  | <b>8,0</b>   | 7,1   |

*Additional key ratios on pages 18 - 20*

### Favorable demand in the business area's prioritized segments

The market for industrial tires in Western Europe and North America demonstrated continued growth, but with a certain slowdown for OEM customers in North America. The total market for agricultural tires in Europe declined somewhat during the quarter but increases were noted in the segment for larger tire dimensions, an area in which Trelleborg is well-positioned and continued strong demand for large tractors favors the business area.

### Strong demand for agricultural tires resulted in good organic growth of 9 %

The business area's sales of agricultural/forest tires and industrial tires continued to increase compared with the year-earlier period. To meet the strong demand for agricultural tires, the business area invested in a further enhanced production structure at the plant in Tivoli, in Italy, during the quarter. Capacity utilization in the production of agricultural tires remains high. The business area's organic growth for the fourth quarter amounted to 9 percent.

### Efficiency enhancement of the production platform proceeding as planned

The transfer of production of rims for special tires from the business area's unit in Hadsten, in Denmark, to a new unit in Liepaja, in Latvia, is proceeding as planned. The closure of the business area's plant for industrial tires in Hartville, in the US, is also proceeding as planned. As a result of investments, industrial tire capacity in Sri Lanka increased successively during the year, but was delayed somewhat due to generally higher volumes and proactive measures aimed at reducing the future risk of flooding.

### Acquisition offers growth opportunities in Australia

During the quarter, the business area completed the acquisition of the Australian company, *Solid Service Group*, with about 40 employees and annual sales of about SEK 65 M. The acquisition creates new distribution opportunities for Trelleborg's own tire products and favorable conditions for continued growth in the region.

### Improved underlying earnings generation

In the fourth quarter, operating profit and the operating margin declined somewhat compared with the year-earlier period, when nonrecurring revenue had a positive effect on earnings. However, the underlying generation of earnings improved mainly as a result of continued positive effects from the business area's focusing of the product portfolio.

## Financial accounts

### Income Statements

| Group<br>SEK M                                 | Oct - Dec    |        | Jan - Dec     |         |
|--|--------------|--------|---------------|---------|
|  | 2007         | 2006   | 2007          | 2006    |
| <i>Continuing operations</i>                   |              |        |               |         |
| Net sales                                      | 7 762        | 6 905  | 30 810        | 26 875  |
| Cost of goods sold                             | -5 861       | -5 245 | -23 151       | -20 186 |
| <b>Gross profit</b>                            | <b>1 901</b> | 1 660  | <b>7 659</b>  | 6 689   |
| Selling expenses                               | -584         | -543   | -2 244        | -2 062  |
| Administrative expenses                        | -782         | -641   | -3 002        | -2 625  |
| Research and development costs                 | -149         | -135   | -550          | -496    |
| Other operating income/expense                 | -44          | -184   | -159          | -45     |
| Profit from part. in assoc. companies          | 4            | 5      | 12            | 22      |
| <b>Operating profit</b>                        | <b>346</b>   | 162    | <b>1 716</b>  | 1 483   |
| Financial income and expenses                  | -122         | -90    | -439          | -313    |
| <b>Profit before tax</b>                       | <b>224</b>   | 72     | <b>1 277</b>  | 1 170   |
| Tax  | -80          | -79    | -430          | -402    |
| <b>Profit for the period</b>                   | <b>144</b>   | -7     | <b>847</b>    | 768     |
| <i>Discontinued operations</i>                 |              |        |               |         |
| Net sales                                      | 37           | 40     | 161           | 409     |
| Operating profit                               | -4           | -3     | -9            | 24      |
| Profit before tax                              | -4           | -2     | -9            | 23      |
| Profit for the period                          | -4           | -2     | -9            | -2      |
| <b>Total Net sales</b>                         | <b>7 799</b> | 6 945  | <b>30 971</b> | 27 284  |
| <b>Total operating profit</b>                  | <b>342</b>   | 159    | <b>1 707</b>  | 1 507   |
| <b>Total profit before tax</b>                 | <b>220</b>   | 70     | <b>1 268</b>  | 1 193   |
| <b>Total profit for the period</b>             | <b>140</b>   | -9     | <b>838</b>    | 766     |
| - attributable to minority interest            | 6            | 4      | 17            | 15      |
| - attributable to equity holders of the parent | <b>134</b>   | -13    | <b>821</b>    | 751     |

| Earnings per share<br>SEK      | Oct - Dec  |            | Jan - Dec  |            |
|--------------------------------|------------|------------|------------|------------|
|                                | 2007       | 2006       | 2007       | 2006       |
| <i>Continuing operations</i>   |            |            |            |            |
| Earnings                       | 1,55       | -0,15      | 9,20       | 8,30       |
| <i>Discontinued operations</i> |            |            |            |            |
| Earnings                       | -0,05      | 0,00       | -0,10      | 0,00       |
| <i>Total</i>                   |            |            |            |            |
| Earnings                       | 1,50       | -0,15      | 9,10       | 8,30       |
| <b>Number of shares</b>        |            |            |            |            |
| <i>Excluding own holdings</i>  |            |            |            |            |
| End of period                  | 90 357 261 | 90 357 261 | 90 357 261 | 90 357 261 |
| Average number                 | 90 357 261 | 90 357 261 | 90 357 261 | 90 357 261 |
| <i>Treasury shares</i>         |            |            |            |            |
| End of period                  | -          | -          | -          | -          |
| Average number                 | -          | -          | -          | 3 892 915  |

**Balance Sheets**

| <b>Group</b>                                   | <b>Dec 31</b> | <b>Dec 31</b> |
|--|---------------|---------------|
| <b>SEK M</b>                                   | <b>2007</b>   | <b>2006</b>   |
| Property, plant and equipment                  | 6 293         | 6 008         |
| Intangible assets                              | 10 098        | 9 535         |
| Financial assets                               | 967           | 1 025         |
| <b>Total non-current assets</b>                | <b>17 358</b> | <b>16 568</b> |
| Inventories                                    | 4 012         | 3 604         |
| Current operating receivables                  | 7 339         | 6 681         |
| Current interest-bearing receivables           | 95            | 88            |
| Cash and cash equivalents                      | 530           | 616           |
| <b>Total current assets</b>                    | <b>11 976</b> | <b>10 989</b> |
| <b>Total assets</b>                            | <b>29 334</b> | <b>27 557</b> |
| Shareholders' equity, excluding minority share | 9 932         | 9 580         |
| Minority share                                 | 120           | 107           |
| <b>Total equity</b>                            | <b>10 052</b> | <b>9 687</b>  |
| Non-current interest-bearing liabilities       | 7 276         | 6 859         |
| Other non-current liabilities                  | 1 598         | 1 521         |
| <b>Total non-current liabilities</b>           | <b>8 874</b>  | <b>8 380</b>  |
| Interest-bearing current liabilities           | 3 446         | 3 225         |
| Other current liabilities                      | 6 962         | 6 265         |
| <b>Total current liabilities</b>               | <b>10 408</b> | <b>9 490</b>  |
| <b>Total equity and liabilities</b>            | <b>29 334</b> | <b>27 557</b> |

| <b>Specification of changes in equity</b>                     | <b>Dec 31</b> | <b>Dec 31</b> |
|---|---------------|---------------|
| <b>SEK M</b>  | <b>2007</b>   | <b>2006</b>   |
| <i>Attributable to equity holders of the parent</i>           |               |               |
| Opening balance, January 1                                    | 9 580         | 10 041        |
| Cash flow hedges, net after tax                               | -16           | 10            |
| Translation difference  | 172           | -905          |
| Exchange-rate difference on hedging instruments <sup>1)</sup> | -83           | 180           |
| Profit for the period   | 821           | 751           |
| Dividend  | -542          | -497          |
| <b>Closing balance</b>  | <b>9 932</b>  | <b>9 580</b>  |
| <i>Attributable to minority interest</i>                      |               |               |
| Opening balance, January 1                                    | 107           | 72            |
| Acquisitions  | 4             | 26            |
| Translation difference  | -5            | -5            |
| Profit for the period   | 17            | 15            |
| Dividend  | -3            | -1            |
| <b>Closing balance</b>  | <b>120</b>    | <b>107</b>    |
| <b>Sum Closing balance, equity</b>                            | <b>10 052</b> | <b>9 687</b>  |

1) Net after tax



**Cash flow statements**

| Group<br>SEK M   | Oct - Dec   |        | Jan - Dec     |        |
|--|-------------|--------|---------------|--------|
|  | 2007        | 2006   | 2007          | 2006   |
| <i>Operating activities</i>  |             |        |               |        |
| Operating profit   | 346         | 163    | 1 716         | 1 483  |
| Adjustments for items not included in cash flow:                             |             |        |               |        |
| Depreciation, intangible assets  | 43          | 31     | 149           | 112    |
| Depreciation, property, plant and equipment                                  | 202         | 207    | 836           | 795    |
| Impairment losses, intangible assets   | 38          | 157    | 69            | 157    |
| Impairment losses, property, plant and equipment                             | 26          | 71     | 18            | 81     |
| Provision for restructuring costs  | 133         | 76     | 484           | 99     |
| Undistributed result from part. in assoc. companies                          | 17          | -6     | 10            | 12     |
|  | <b>805</b>  | 699    | <b>3 282</b>  | 2 739  |
| Interest received and other financial items                                  | 53          | 2      | 61            | 67     |
| Interest paid and other financial items                                      | -166        | -90    | -487          | -312   |
| Taxes paid   | -190        | -163   | -446          | -320   |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>502</b>  | 448    | <b>2 410</b>  | 2 174  |
| Cash flow from changes in working capital:                                   |             |        |               |        |
| Change in inventories  | 4           | -52    | -324          | -269   |
| Change in operating receivables  | 357         | 129    | -359          | -528   |
| Change in operating liabilities  | 92          | 327    | 343           | 641    |
| Utilization of restructuring provisions                                      | -144        | -20    | -320          | -83    |
| <b>Cash flow from operating activities</b>                                   | <b>811</b>  | 832    | <b>1 750</b>  | 1 935  |
| <i>Investing activities</i>  |             |        |               |        |
| Acquisitions   | -295        | -1 445 | -616          | -3 095 |
| Restructuring measures in acquired entities                                  | -2          | -8     | -5            | -41    |
| Disposals <sup>1)</sup>  | -           | -      | 127           | 188    |
| Capital expenditure in intangible assets                                     | -43         | -27    | -121          | -132   |
| Capital expenditure, property, plant and equipment                           | -469        | -365   | -1 212        | -975   |
| Sale of non-current assets   | 63          | 37     | 107           | 118    |
| <b>Cash flow from investing activities</b>                                   | <b>-746</b> | -1 808 | <b>-1 720</b> | -3 937 |
| <i>Financing activities</i>  |             |        |               |        |
| Change in interest-bearing investments                                       | 31          | 6      | 19            | -20    |
| Change in interest-bearing liabilities                                       | -88         | 958    | 400           | 2 520  |
| Dividend paid to shareholders  | -           | -      | -542          | -497   |
| Dividend paid to minority  | 0           | -1     | -3            | -1     |
| <b>Cash flow from the financing activities</b>                               | <b>-57</b>  | 963    | <b>-126</b>   | 2 002  |
| <b>Cash flow for the period</b>  | <b>8</b>    | -13    | <b>-96</b>    | 0      |
| Cash and cash equivalents:   |             |        |               |        |
| At beginning of the period   | 515         | 649    | 616           | 663    |
| Exchange rate differences  | 7           | -20    | 10            | -47    |
| <b>Cash and cash equivalents at end of period</b>                            | <b>530</b>  | 616    | <b>530</b>    | 616    |

<sup>1)</sup> Including cash flow in entities for which an agreement regarding discontinuation has been reached and sale of real estate

**Group review, continuing operations**

| SEK M  | Oct - Dec |       | Jan - Dec |        |
|--|-----------|-------|-----------|--------|
|  | 2007      | 2006  | 2007      | 2006   |
| <i>Continuing operations excluding items affecting comparability</i> |           |       |           |        |
| Net sales  | 7 762     | 6 905 | 30 810    | 26 875 |
| EBITDA   | 793       | 713   | 3 276     | 2 726  |
| Operating profit   | 524       | 477   | 2 274     | 1 820  |
| Profit for the period  | 278       | 280   | 1 282     | 1 072  |

| Net sales<br>SEK M            | Oct - Dec    |              | Jan - Dec     |               |
|-------------------------------|--------------|--------------|---------------|---------------|
|                               | 2007         | 2006         | 2007          | 2006          |
| <i>Continuing operations</i>  |              |              |               |               |
| Trelleborg Engineered Systems | 3 011        | 2 692        | 11 745        | 9 310         |
| Trelleborg Automotive         | 2 562        | 2 253        | 10 299        | 9 327         |
| Trelleborg Sealing Solutions  | 1 440        | 1 287        | 5 844         | 5 389         |
| Trelleborg Wheel Systems      | 825          | 753          | 3 248         | 3 145         |
| Eliminations                  | -76          | -80          | -326          | -296          |
| <b>Total</b>                  | <b>7 762</b> | <b>6 905</b> | <b>30 810</b> | <b>26 875</b> |

| EBITDA <sup>1)</sup><br>SEK M  | Oct - Dec  |            | Jan - Dec    |              |
|--|------------|------------|--------------|--------------|
|  | 2007       | 2006       | 2007         | 2006         |
| <i>Continuing operations excluding items affecting comparability</i> |            |            |              |              |
| Trelleborg Engineered Systems  | 388        | 314        | 1 464        | 1 041        |
| Trelleborg Automotive  | 154        | 138        | 634          | 616          |
| Trelleborg Sealing Solutions   | 239        | 224        | 1 019        | 897          |
| Trelleborg Wheel Systems   | 82         | 84         | 374          | 334          |
| Other companies  | 2          | -2         | -6           | -8           |
| Group items  | -72        | -45        | -209         | -154         |
| <b>Total excluding items affecting comparability</b>                 | <b>793</b> | <b>713</b> | <b>3 276</b> | <b>2 726</b> |
| <i>Items affecting comparability</i>                                 |            |            |              |              |
| Trelleborg Engineered Systems  | -38        | -13        | -86          | -31          |
| Trelleborg Automotive  | -93        | -51        | -314         | -51          |
| Trelleborg Wheel Systems   | -5         | -17        | -27          | -17          |
| Sale of property   | -          | -          | 26           | -            |
| Legal non-recurring items  | -          | -          | -86          | -            |
| <b>Total including items affecting comparability</b>                 | <b>657</b> | <b>632</b> | <b>2 789</b> | <b>2 627</b> |

1) Operating profit before depreciations and impairment losses.

| EBITDA <sup>1)</sup><br>%  | Oct - Dec   |             | Jan - Dec   |             |
|--|-------------|-------------|-------------|-------------|
|  | 2007        | 2006        | 2007        | 2006        |
| <i>Continuing operations excluding items affecting comparability</i> |             |             |             |             |
| Trelleborg Engineered Systems  | 12,8        | 11,5        | 12,4        | 11,1        |
| Trelleborg Automotive  | 5,9         | 6,0         | 6,1         | 6,6         |
| Trelleborg Sealing Solutions   | 16,7        | 17,4        | 17,4        | 16,6        |
| Trelleborg Wheel Systems   | 9,9         | 11,1        | 11,5        | 10,6        |
| <b>Total excluding items affecting comparability</b>                 | <b>10,1</b> | <b>10,2</b> | <b>10,6</b> | <b>10,1</b> |
| <i>Including items affecting comparability</i>                       |             |             |             |             |
| Trelleborg Engineered Systems  | 11,5        | 11,1        | 11,7        | 10,8        |
| Trelleborg Automotive  | 2,3         | 3,7         | 3,1         | 5,9         |
| Trelleborg Wheel Systems   | 9,3         | 8,9         | 10,7        | 10,1        |
| <b>Total including items affecting comparability</b>                 | <b>8,4</b>  | <b>9,1</b>  | <b>9,0</b>  | <b>9,7</b>  |

1) Operating profit before depreciations excluding participations in associated companies in relation to net sales.

| Operating profit<br>SEK M  | Oct - Dec  |            | Jan - Dec    |              |
|--|------------|------------|--------------|--------------|
|  | 2007       | 2006       | 2007         | 2006         |
| <i>Continuing operations excluding items affecting comparability</i> |            |            |              |              |
| Trelleborg Engineered Systems  | 308        | 250        | 1 168        | 805          |
| Trelleborg Automotive  | 34         | 32         | 203          | 219          |
| Trelleborg Sealing Solutions   | 194        | 182        | 839          | 726          |
| Trelleborg Wheel Systems   | 60         | 61         | 288          | 243          |
| Other companies  | 2          | -4         | -8           | -15          |
| Group items  | -74        | -44        | -216         | -158         |
| <b>Total excluding items affecting comparability</b>                 | <b>524</b> | <b>477</b> | <b>2 274</b> | <b>1 820</b> |
| <i>Items affecting comparability</i>                                 |            |            |              |              |
| Trelleborg Engineered Systems  | -22        | -13        | -89          | -36          |
| Trelleborg Automotive  | -151       | -280       | -382         | -280         |
| Trelleborg Wheel Systems   | -5         | -21        | -27          | -21          |
| Sale of property   | -          | -          | 26           | -            |
| Legal non-recurring items  | -          | -          | -86          | -            |
| <b>Total including items affecting comparability</b>                 | <b>346</b> | <b>163</b> | <b>1 716</b> | <b>1 483</b> |

| Operating margin, (ROS) <sup>1)</sup><br>%                           | Oct - Dec  |            | Jan - Dec  |            |
|--|------------|------------|------------|------------|
|  | 2007       | 2006       | 2007       | 2006       |
| <i>Continuing operations excluding items affecting comparability</i> |            |            |            |            |
| Trelleborg Engineered Systems  | 10,1       | 9,2        | 9,9        | 8,6        |
| Trelleborg Automotive  | 1,2        | 1,4        | 1,9        | 2,2        |
| Trelleborg Sealing Solutions   | 13,5       | 14,1       | 14,4       | 13,5       |
| Trelleborg Wheel Systems   | 7,4        | 8,1        | 8,9        | 7,7        |
| <b>Total excluding items affecting comparability</b>                 | <b>6,7</b> | <b>6,8</b> | <b>7,3</b> | <b>6,7</b> |
| <i>Including items affecting comparability</i>                       |            |            |            |            |
| Trelleborg Engineered Systems  | 9,4        | 8,7        | 9,1        | 8,2        |
| Trelleborg Automotive  | neg        | neg        | neg        | neg        |
| Trelleborg Wheel Systems   | 6,8        | 5,4        | 8,0        | 7,1        |
| <b>Total including items affecting comparability</b>                 | <b>4,4</b> | <b>2,3</b> | <b>5,5</b> | <b>5,4</b> |

1) Operating profit excluding participations in associated companies in relation to net sales.

| Capital employed <sup>1)</sup><br>SEK M | Dec 31<br>2007 | Dec 31<br>2006 |
|---|----------------|----------------|
| <i>Continuing operations</i>            |                |                |
| Trelleborg Engineered Systems           | 6 201          | 5 920          |
| Trelleborg Automotive                   | 5 215          | 4 968          |
| Trelleborg Sealing Solutions            | 6 975          | 6 374          |
| Trelleborg Wheel Systems                | 1 679          | 1 418          |
| Other companies                         | 20             | 129            |
| Group items                             | 19             | 19             |
| Provisions for restructuring measures   | -254           | -95            |
| <b>Total</b>                            | <b>19 855</b>  | <b>18 733</b>  |

1) Total assets less interest-bearing investments and non-interest bearing operating liabilities (including pension liabilities), and excluding tax receivables and tax liabilities.

TRELLEBORG AB YEAR-END REPORT JANUARY - DECEMBER 2007

| <b>Return on capital employed, (ROCE) <sup>1)</sup></b>              | <b>Jan - Dec</b> |             |
|--|------------------|-------------|
|  | <b>2007</b>      | <b>2006</b> |
| %  |                  |             |
| <i>Continuing operations excluding items affecting comparability</i> |                  |             |
| Trelleborg Engineered Systems  | <b>18,6</b>      | 16,7        |
| Trelleborg Automotive  | <b>3,9</b>       | 4,1         |
| Trelleborg Sealing Solutions   | <b>12,5</b>      | 10,9        |
| Trelleborg Wheel Systems   | <b>18,5</b>      | 16,3        |
| <b>Total excluding items affecting comparability</b>                 | <b>11,5</b>      | 9,9         |
| <i>Including items affecting comparability</i>                       |                  |             |
| Trelleborg Engineered Systems  | <b>17,3</b>      | 16,1        |
| Trelleborg Automotive  | <b>neg</b>       | neg         |
| Trelleborg Wheel Systems   | <b>16,9</b>      | 15,0        |
| <b>Total including items affecting comparability</b>                 | <b>8,8</b>       | 8,1         |

1) Operating profit in relation to average capital employed.

| <b>Cash flow report</b>                 | <b>EBITDA <sup>1)</sup></b> |             | <b>Capital expenditure</b> |             | <b>Sold non current assets</b> |             | <b>Change in working capital</b> |             | <b>Total cash flow</b> |             |
|---|-----------------------------|-------------|----------------------------|-------------|--------------------------------|-------------|----------------------------------|-------------|------------------------|-------------|
|   | <b>2007</b>                 | <b>2006</b> | <b>2007</b>                | <b>2006</b> | <b>2007</b>                    | <b>2006</b> | <b>2007</b>                      | <b>2006</b> | <b>2007</b>            | <b>2006</b> |
| <b>SEK M</b>                            |                             |             |                            |             |                                |             |                                  |             |                        |             |
| Trelleborg Engineered Systems           | <b>1 503</b>                | 1 066       | <b>-432</b>                | -271        | <b>17</b>                      | 14          | <b>-17</b>                       | 6           | <b>1 071</b>           | 815         |
| Trelleborg Automotive                   | <b>688</b>                  | 674         | <b>-441</b>                | -490        | <b>25</b>                      | 12          | <b>-172</b>                      | -64         | <b>100</b>             | 132         |
| Trelleborg Sealing Solutions            | <b>1 041</b>                | 918         | <b>-239</b>                | -198        | <b>28</b>                      | 72          | <b>-79</b>                       | 2           | <b>751</b>             | 794         |
| Trelleborg Wheel Systems                | <b>385</b>                  | 346         | <b>-171</b>                | -139        | <b>2</b>                       | -           | <b>-70</b>                       | -54         | <b>146</b>             | 153         |
| Other companies                         | <b>-7</b>                   | -8          | <b>-</b>                   | -           | <b>33</b>                      | 1           | <b>-28</b>                       | -7          | <b>-2</b>              | -14         |
| Group items                             | <b>-325</b>                 | -257        | <b>-50</b>                 | -9          | <b>2</b>                       | 19          | <b>25</b>                        | -39         | <b>-348</b>            | -286        |
| <b>Operating cash flow</b>              | <b>3 285</b>                | 2 739       | <b>-1 333</b>              | -1 107      | <b>107</b>                     | 118         | <b>-341</b>                      | -156        | <b>1 718</b>           | 1 594       |
| Utilization of restructuring provisions |                             |             |                            |             |                                |             |                                  |             | <b>-325</b>            | -124        |
| Dividend paid to minority               |                             |             |                            |             |                                |             |                                  |             | <b>-3</b>              | -           |
| Financial items                         |                             |             |                            |             |                                |             |                                  |             | <b>-426</b>            | -245        |
| Paid tax                                |                             |             |                            |             |                                |             |                                  |             | <b>-446</b>            | -320        |
| <b>Free cash flow</b>                   |                             |             |                            |             |                                |             |                                  |             | <b>518</b>             | 905         |
| Acquisitions                            |                             |             |                            |             |                                |             |                                  |             | <b>-616</b>            | -3 095      |
| Disposals <sup>2)</sup>                 |                             |             |                            |             |                                |             |                                  |             | <b>127</b>             | 188         |
| Dividend paid to shareholders           |                             |             |                            |             |                                |             |                                  |             | <b>-542</b>            | -497        |
| <b>Sum net cash flow</b>                |                             |             |                            |             |                                |             |                                  |             | <b>-513</b>            | -2 499      |

1) Excluding undistributed result from associated companies and allocated group expenses

2) Including cash flow in entities for which an agreement regarding discontinuation has been reached and sale of real estate

| <b>Acquisitions, January - December</b>                       |             |             |
|---|-------------|-------------|
| <b>SEK M</b>  | <b>2007</b> | <b>2006</b> |
| Purchase price <sup>1)</sup>                                  | <b>598</b>  | 3 060       |
| Acquisition expenses  | <b>18</b>   | 35          |
| Net realizable value of acquired assets                       | <b>136</b>  | 1 113       |
| <b>Goodwill</b>   | <b>480</b>  | 1 982       |
| Acquired assets and liabilities:                              |             |             |
| Property, plant and equipment                                 | <b>66</b>   | 723         |
| Intangible assets   | <b>2</b>    | 54          |
| Deferred tax  | <b>20</b>   | 38          |
| Associated companies  | <b>-4</b>   | -1          |
| Other shares  | <b>-</b>    | 7           |
| Operating assets  | <b>107</b>  | 1 108       |
| Minority share  | <b>-</b>    | 75          |
| Operating liabilities   | <b>-55</b>  | -891        |
| <b>Total</b>  | <b>136</b>  | 1 113       |
| Profit for the period   | <b>12</b>   | 145         |
| Profit for the period in acquired entities January - December | <b>13</b>   | 185         |

<sup>1)</sup> The acquisitions during the fourth quarter are presented on page 6

## Parent Company

**Parent Company in figures.** Profit before tax in Trelleborg AB, the Parent Company of the Trelleborg Group, amounted to SEK 2,207 M (22) during the period January – December. The improvement compared with the preceding year was largely attributable to approved higher internal dividends from subsidiaries. No sales were made. Investments amounted to SEK 31 M (4). The number of employees at the end of the year was 83 (78).

Risks/risk management within Trelleborg. For information pertaining to financial and operational risk management within Trelleborg, refer to the Trelleborg Annual Report and [www.trelleborg.com](http://www.trelleborg.com), and pages 6-9 of this report, where overall significant events for the January – December 2007 period are reported.

### Income Statements

| Parent company<br>SEK M       | Oct - Dec    |             | Jan - Dec    |            |
|-------------------------------|--------------|-------------|--------------|------------|
|                               | 2007         | 2006        | 2007         | 2006       |
| Administrative expenses       | -125         | -78         | -439         | -312       |
| Other operating income        | 37           | 27          | 254          | 238        |
| Other operating expenses      | -            | -           | -            | -1         |
| <b>Operating profit</b>       | <b>-88</b>   | <b>-51</b>  | <b>-185</b>  | <b>-75</b> |
| Financial income and expenses | 2 856        | -200        | 2 392        | 97         |
| <b>Profit before tax</b>      | <b>2 768</b> | <b>-251</b> | <b>2 207</b> | <b>22</b>  |
| Tax                           | 93           | 98          | 264          | 193        |
| <b>Profit for the period</b>  | <b>2 861</b> | <b>-153</b> | <b>2 471</b> | <b>215</b> |

### Balance Sheets

| Parent company<br>SEK M                        | Dec 31<br>2007 | Dec 31<br>2006 |
|--|----------------|----------------|
| Property, plant and equipment                  | 32             | 7              |
| Intangible assets                              | 10             | 10             |
| Financial assets                               | 32 520         | 28 420         |
| <b>Total non-current assets</b>                | <b>32 562</b>  | <b>28 437</b>  |
| Current operating receivables                  | 76             | 80             |
| Current interest-bearing receivables           | 1 877          | 1 906          |
| Cash and cash equivalents                      | 0              | 0              |
| <b>Total current assets</b>                    | <b>1 953</b>   | <b>1 986</b>   |
| <b>Total assets</b>                            | <b>34 515</b>  | <b>30 423</b>  |
| Shareholders' equity, excluding minority share | 10 209         | 7 601          |
| <b>Total equity</b>                            | <b>10 209</b>  | <b>7 601</b>   |
| Non-current interest-bearing liabilities       | 137            | 121            |
| Other non-current liabilities                  | 6              | 4              |
| <b>Total non-current liabilities</b>           | <b>143</b>     | <b>125</b>     |
| Interest-bearing current liabilities           | 24 073         | 22 623         |
| Other current liabilities                      | 90             | 74             |
| <b>Total current liabilities</b>               | <b>24 163</b>  | <b>22 697</b>  |
| <b>Total equity and liabilities</b>            | <b>34 515</b>  | <b>30 423</b>  |

## **INVITATION to telephone conference on February 15, at 9.30 a.m. CET**

A telephone conference will be held on February 15 at 9:30 a.m. CET. Call +46 (0)8 505 202 70 or +44 (0)208 817 9301 and state the code 452 7742 or the password "Trelleborg." Presentation materials will be available at [www.trelleborg.com](http://www.trelleborg.com) under "Investors" and then under "Presentations" from about 30 minutes prior to the commencement of the conference.

### **Calendar 2008**

|                              |                |
|------------------------------|----------------|
| Interim report January-March | April 28, 2008 |
| Annual General Meeting       | April 28, 2008 |
| Interim report January-June  | July 24, 2008  |

## **CONTACT**

### **Bo Jacobsson, Chief Financial Officer**

Phone: +46 (0)410-670 99, Mobile: +46 (0)70-685 65 60  
[bo.jacobsson@trelleborg.com](mailto:bo.jacobsson@trelleborg.com)

### **Conny Torstensson, VP, Investor Relations**

Phone: +46 (0)410-670 70, Mobile: +46 (0)734-087 070  
[conny.torstensson@trelleborg.com](mailto:conny.torstensson@trelleborg.com)

### **Viktoria Bergman, SVP, Corporate Communications**

Phone: +46 (0)410-670 94, mobile: +46 (0)708-47 57 33  
[viktoria.bergman@trelleborg.com](mailto:viktoria.bergman@trelleborg.com)

Annual Reports, the stakeholder magazine T-TIME and other information on the Trelleborg Group may be ordered from:

Trelleborg AB, Corporate Communications, PO Box 153, SE-231 22 Trelleborg, Sweden, by telephone on +46 (0)410-670 09, by fax on +46 (0)410-427 63, by e-mail: [info@trelleborg.com](mailto:info@trelleborg.com) or can be downloaded from the Group's website: [www.trelleborg.com](http://www.trelleborg.com)

Trelleborg AB (publ)  
Reg. no. 556006-3421  
PO Box 153  
SE-231 22 Trelleborg, Sweden  
Phone: +46 (0)410-670 00, Fax: +46 (0)410-427 63  
[info@trelleborg.com](mailto:info@trelleborg.com)  
[www.trelleborg.com](http://www.trelleborg.com)

*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 is information of the type that Trelleborg AB (publ) is obligated to disclose in accordance with the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was issued for publication on Friday, February 15, 2008.