

Interim report, January-March 2006

Strong growth during the first quarter

Growth in the Trelleborg Group was strong during the first quarter. Net sales in continuing operations rose by 21 percent to SEK 6,807 M (5,642), driven both by organic growth (8.5 percent) and by acquisitions. Sales were affected favorably by the greater number of working days during the first quarter of 2006 compared with the year-earlier period.

Net profit for the Group's continuing operations, excluding restructuring costs and impairment, rose to SEK 280 M (241).

Increased focus on selected segments, combined with price increases and cost savings, largely offset increased costs for raw materials.

The order and delivery situation in most of the Group's units remains favorable. The oil/gas and aerospace segments are examples of areas with a particularly favorable order backlog.

"Growth is expected to remain favorable in most of our principal markets," says Peter Nilsson, President and CEO.

Key ratios – First quarter

During the first quarter, net sales rose to SEK 6,995 M (5,794).

- ▼ Net profit:

	<u>First quarter</u>
• Continuing operations	SEK 265 M (241)
• Discontinued operations	SEK 35 M (4)
• Total net profit	SEK 300 M (245)

- ▼ During the first quarter, earnings per share amounted to SEK 3.30 (2.70).
- ▼ Operating key ratios for continuing operations, excluding restructuring costs and impairment:

	<u>First quarter</u>
• Operating profit	SEK 468 M (392)
• Profit before tax	SEK 400 M (331)
• Net profit	SEK 280 M (241)
• Earnings per share	SEK 3.05 (2.65)

Significant events

- ▼ During the first quarter, the acquisitions of the CRP Group and Elastomer Compounding s.r.o. were concluded. In February, the industrial profiles company EPG was acquired. On March 31, Harbour & Marine Engineering of Australia was acquired, which has operations in control systems for the docking and mooring of vessels.
- ▼ An agreement has been signed regarding the sale of operations in the US hose distributor Goodall Rubber Company, which had slightly more than 400 employees and sales of approximately SEK 650 M in 2005. The sale price amounts to approximately SEK 205 M. The divestment is expected to lead to a capital loss of approximately SEK 45 M after tax, which has been charged against earnings for the first quarter. The sale should be viewed as part of the Group's portfolio-optimization process and its focus on selected segments.
- ▼ On the divestment of Trenor in the spring of 2004, a guarantee was given to Nordic Capital regarding the value of Bröderna Edstrand upon its future sale to an external party whereby a provision of SEK 80 M was made. Against the background of the increase in value that has occurred, in Trelleborg's assessment, the guarantee provision has been reversed.

Outlook

- ▼ The outlook for the first half of 2006 remains unchanged, with market growth in the Group's seven principal markets expected to be in line with the second half of 2005. A high level of demand for natural rubber and continued high oil prices affecting the pricing scenario for certain polymer raw materials is expected to result in continued cost pressure during the second quarter of 2006.

Interim report, January-March 2006

Key Ratios, Group

SEK M	Jan - March		April 2005 -	Full year
Key ratios	2006	2005	March 2006	2005
<i>Continuing operations</i>				
Net sales	6 807	5 642	24 674	23 509
Operating profit	445	392	1 791	1 738
Profit before tax	377	331	1 576	1 530
Profit for the period	265	241	1 176	1 152
<i>Discontinued operations *</i>				
Net sales	188	152	697	661
Operating profit	28	6	63	41
Profit before tax	27	5	59	37
Profit for the period	35	4	56	25
Net sales	6 995	5 794	25 371	24 170
Total operating profit	473	398	1 854	1 779
Total profit before tax	404	336	1 635	1 567
Total profit for the period	300	245	1 232	1 177
- attributable to minority interest	4	4	16	16
- attributable to equity holders of the parent	296	241	1 216	1 161
Earnings per share, SEK ¹⁾	3,30	2,70	13,50	12,90
Free cash flow	-239	-56	766	949
Free cash flow per share, SEK ²⁾	-2,65	-0,65	8,55	10,55
Net debt	-8 720	-7 313	-8 720	-7 236
Debt/equity ratio, %	84	80	84	72
Return on shareholders' equity, %	11,7	11,0	12,6	12,5

Operating key ratios

Continuing operations excluding restructuring costs and impairment losses

Operating profit	468	392	1 814	1 738
Profit before tax	400	331	1 599	1 530
Profit for the period	280	241	1 191	1 152
Earnings per share, SEK ¹⁾	3,05	2,65	13,00	12,60
EBITDA, %	10,1	10,4	10,7	10,8
Operating margin (ROS), %	6,7	6,8	7,2	7,3
Return on capital employed (ROA), %			10,7	10,7
Return on shareholders' equity, %	10,9	10,8	12,2	12,3
Operating cash flow	-109	126	1 535	1 770
Operating cash flow/Operating profit, %	-23	32	85	102
Operating cash flow per share, SEK ³⁾	-1,20	1,40	17,05	19,65
Net debt/EBITDA, multiple			3,3	2,8
EBITDA/Financial income and expenses, multiple			12,4	12,4

* Discontinued operations refers both to operations that have been discontinued and those for which an agreement regarding discontinuation has been reached.

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

2) Net cash flow excluding acquisitions and disposals after tax and cash flow related to shareholders

3) Operating cash flow related to the average number of shares outstanding

GROUP

Net sales, profits and earnings per share

First quarter

During the first quarter of 2006, net sales for the Trelleborg Group amounted to SEK 6,807 M (5,642). An increase of 14.1 percent at comparable exchange rates. Organic growth was 8.5 percent (1.5). Sales were affected favorably by the greater number of working days during the first quarter, which will entail a corresponding negative effect for the second quarter of 2006. All of Trelleborg's five business areas increased their net sales and organic growth.

Operating activities showed an improvement in earnings compared with the year-earlier period and four of the five business areas increased their operating profit.

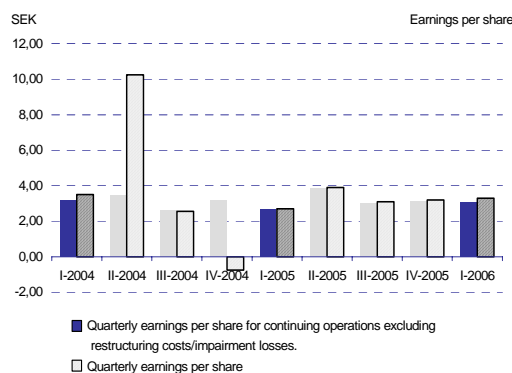
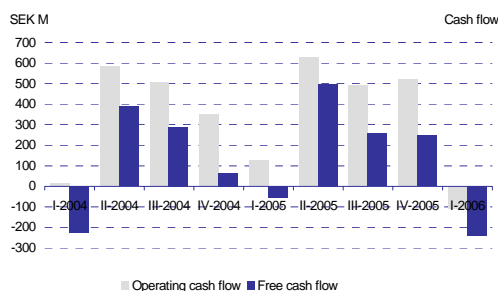
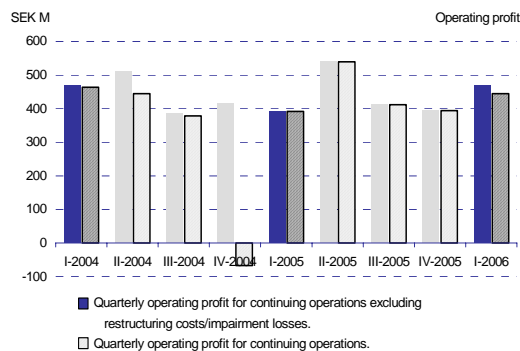
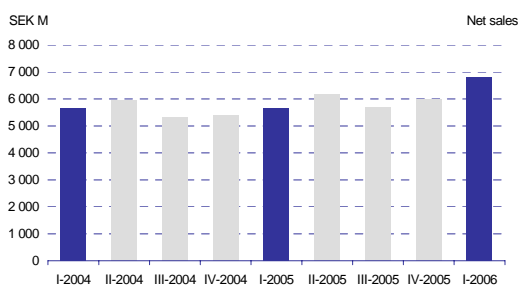
Operating profit for the Group amounted to SEK 473 M (398). Profit before tax amounted to SEK 404 M (336). Net profit was SEK 300 M (245), and earnings per share were SEK 3.30 (2.70).

Recorded under Divested operations is the sale of the Goodall Rubber Company, which is expected to entail a capital loss of SEK 45 M after tax. Included under the same heading is non-recurring revenue of SEK 80 M deriving from the reversal of the guarantee provision pertaining to the earlier divestment of Bröderna Edstrand. A decision was made to merge two Spanish units within Trelleborg Engineered Systems, entailing a charge against earnings for continuing operations of SEK 23 M before tax.

For continuing operations, excluding restructuring costs and impairment, operating profit amounted to SEK 468 M (392). Profit before tax amounted to SEK 400 M (331) and net profit amounted to SEK 280 M (241). Earnings per share were SEK 3.05 (2.65). The Group's operating margin amounted to 6.7 percent (6.8). The EBITDA margin amounted to 10.1 percent (10.4).

Balance sheet, cash flow and investments for January – March 2006

Consolidated operating cash flow for the period January to March was negative in an amount of SEK 109 M (positive: 126), primarily due to an increased amount of operating capital tied up due to increased sales. The level of investment was SEK 218 M (178). At the end of the period, consolidated working capital was SEK 18,334 M (15,733). The increase was attributable to exchange-rate effects, acquisitions and an increased amount of capital tied up in operations. Net financial debt amounted to SEK 8,720 M (7,313). The debt-equity ratio at the end of the period amounted to 84 percent (80) and the equity-assets ratio was 39 percent (39). At the end of the period, shareholders' equity per share (net 90.4 million outstanding) amounted to SEK 113 (100). Return on shareholders' equity was 11.7 percent (11.0).



OTHER

Acquisitions and divestments

In December 2005, Trelleborg Engineered Systems entered into an agreement to acquire the **CRP Group**, with sales of slightly more than SEK 1,000 M and 500 employees. Trelleborg thus became a global market leader in polymer systems for oil/gas extraction projects in offshore environments. Operations mainly relate to systems for oil/gas extraction projects in subsea environments. The acquisition was concluded during January 2006.

In December 2005, Trelleborg Building Systems entered into an agreement to acquire the remaining 70 percent of the Czech company **Elastomer Compounding s.r.o (ECS)** from Rado of Germany. Since 1998, Trelleborg had owned 30 percent of ECS, whose mixing operations are located in Lesina, in the Czech Republic. Annual sales amount to about SEK 75 M and the unit has 40 employees. The takeover took place on January 2, 2006.

In February 2006, Trelleborg Building Systems acquired **EPG Inc**, with approximately 140 employees and annual sales of about SEK 170 M. The company has two production units in Aurora, near Cleveland, Ohio, in the US. EPG manufactures polymer sealing products, primarily for the construction industry and is a leader in its niches, primarily commercial building architecture, and has an increasing share of the residential market.

On March 31, Trelleborg Engineered Systems acquired **Harbour & Marine Engineering Pty Ltd**, with operations in systems for docking and mooring. The company has annual sales of approximately SEK 80 M and some 50 employees in Melbourne, Australia. With this acquisition, Trelleborg develops its customer offering with complete systems for quayside mooring. Harbour & Marine Engineering is a global leader in its niche and strengthens Trelleborg's product portfolio and its leading positions in marine fender systems. Operations primarily involve systems that help vessels to be moored in a controlled and secure manner. Trelleborg's expertise in marine fender systems is hereby developed with competence in software development and docking applications. Harbour & Marine Engineering will be integrated fully within Trelleborg Engineered Systems. It is expected that synergies will be generated through shared sales channels and customer structures, among other aspects.

During the quarter, Trelleborg Engineered Systems entered into an agreement to sell operations in the US subsidiary **Goodall Rubber Company**. Goodall, which sells and distributes hoses and hose connectors in the US and Canada, has slightly more than 400 employees and generated sales of approximately SEK 650 M in 2005. Trelleborg acquired Goodall in 1986. The buyer is Lewis-Goetz & Co Inc of the US, which is based in Pittsburgh, Pennsylvania. The sale should be viewed as part of the Group's portfolio-optimization process and its focus on selected segments. The sales price amounted to approximately SEK 205 M, of which about SEK 160 M is to be paid in cash and SEK 45 M is in the form of interest-bearing loans with a maturity of five years. During 2005, Goodall's operating cash flow was SEK 18 M. The divestment is expected to result in capital loss of about SEK 45 M in the accounts, which was charged against earnings for the first quarter. Since the 1990s, Goodall has been involved in certain product-related asbestos lawsuits. The responsibility for asbestos lawsuits remains with Trelleborg, as does the insurance coverage. No lawsuits have had, or are deemed to have in the future, more than a marginal effect on Trelleborg. Responsibility for operations is expected to be transferred at the end of April 2006.

Non-recurring revenue from reversal of guarantee provision

On the divestment of Trenor in the spring of 2004, a guarantee was given to Nordic Capital Fund III regarding the value of Bröderna Edstrand upon its future sale to an external party. In conjunction with the divestment, Trelleborg posted a provision of SEK 80 M. Against the background of the increase in value that has, in Trelleborg's assessment, occurred in Bröderna Edstrand since the divestment, the guarantee provision has been reversed. This item of SEK 80 M is recorded under "Divested operations" in the income statement.

Transfer of operations and costs in connection with company mergers

Operations in Industrial AVS were transferred from the Trelleborg Automotive business area to Trelleborg Engineered Systems. The reasons for the transfer include Trelleborg Engineered Systems being a more logical organizational domicile, since it is closer to customer segments such as rail, marine applications and other industrial customers served by the business area, where it is expected that synergies in the combined

customer base and other effects will lead to improved earnings. The transfer affected Trelleborg Engineered Systems' operating profit favorably by SEK 8 M during the first quarter of 2005.

A decision has been made to merge two of Trelleborg Engineered Systems' Spanish units to reduce costs and create production that is more profitable in the long term. During the first quarter, impairment losses on machinery were charged and provisions were posted for a reduction in surplus labor. The total pretax amount is SEK 23 M. The merger is expected to have gradually favorable effects on earnings during the second half of the year and gain its full impact in 2007.

PARENT COMPANY

The result before tax in Trelleborg AB, the Parent Company of the Trelleborg Group, amounted to a loss of SEK 156 M (profit: 17) for the period. No sales were made. Investments amounted to SEK 1 M (2).

OUTLOOK FOR THE FIRST HALF OF 2006

The outlook for the first half of 2006 remains unchanged, with market growth in the Group's seven principal markets expected to be in line with the second half of 2005. A high level of demand for natural rubber and continued high oil prices affecting the pricing scenario for certain polymer raw materials is expected to result in continued cost pressure during the second quarter of 2006.

*Trelleborg, April 25, 2006
Peter Nilsson, President*

This report was prepared in accordance with IAS 34 Interim Financial Reporting.

Effective from this report, Trelleborg AB applies the following changes approved by the European Commission:

IAS 39: Cash flow hedge accounting of forecast intragroup transactions.

This change would have entailed only a negligible change in the Group's earnings for 2005.

The change with regard to fair value option and financial guarantee contracts entails no change in Trelleborg AB's accounting principles.

IAS 21: The Effects of Changes in Foreign Exchange Rates:

Transactions between sister companies within a Group may be considered extended investment in foreign operations.

This change entails no effect on the consolidated income statement and balance sheet.

In other respects, the same accounting principles and valuation methods are used as those described in the latest Annual Report. The data presented in the diagrams in this interim report is available in Excel format under Financial Information at www.trelleborg.com.

Invitation to telephone conference, April 25 at 16:30 CET

A telephone conference will be held on April 25 at 16:30 CET. Call +44 (0)20 71 62 00 25 and state the password "Trelleborg." Presentation materials will be available at www.trelleborg.com from about 30 minutes prior to the commencement of the conference. The conference will be recorded and will be available for five days following the conference on tel. +44 (0)207-031 40 64, code 701459.

Calendar

Six-month report

July 19, 2006

Third quarter report

October 27, 2006

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Group financial statements, the stakeholder magazine T-TIME and other information on the Trelleborg Group may be ordered from Trelleborg AB, Corporate Communications, 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 or can be downloaded from the Group's website: www.trelleborg.com

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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.

Trelleborg Automotive

Good sales and favorable organic growth

The business area's antivibration operations showed good growth in all geographical markets. The business area's sales of noise-damping products also developed well. Operating profit was negatively affected by increased raw materials prices and efficiency losses within Fluid & Acoustic Solutions, for which the program of measures that has already been implemented is expected to have a positive impact on earnings as of the second half of 2006. Profit was also negatively affected by increased amortization of capitalized development costs and by costs connected to a supplier bankruptcy.

SEK M	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
Net sales	2 556	2 167	9 384	8 995
Operating profit	103	106	468	471
ROS, %	3,7	4,6	4,7	5,0
Operating cash flow	-26	39	354	419
Operating cash flow/Operating profit, %	neg	37	76	89

To achieve comparability, historic data has been adjusted with regard to the transfer of Industrial AVS to Trelleborg Engineered Systems

Additional key ratios on pages 15 - 19

During the first quarter of 2006, car sales in North America increased 1 percent, compared with the year-earlier period, while automotive production rose by nearly 2 percent. In Europe, the automotive market strengthened somewhat during the first quarter, with sales rising by slightly more than 3 percent and production increasing by more than 3.5 percent, compared with the year-earlier period. The increase in Europe was mainly attributable to strong growth in Eastern Europe. (Source: JD Powers/Trelleborg).

The business area's sales rose by 18 percent during the first quarter. In comparable currencies/units, sales rose by 10 percent compared with the year-earlier period. The business area's antivibration products and systems showed favorable growth within all geographical markets. This growth and a good trend within the business area's noise-damping segments more than offset the lower sales noted in certain segments of the European market.

The increased sales within AVS operations were also noticeable in an improvement in operating profit, despite costs connected to a supplier bankruptcy. Operating profit was negatively affected by increased costs for raw materials and efficiency losses within Fluid & Acoustic Solutions, for which a new organization and program of measures were implemented during the fourth quarter of 2005. These measures are expected to have a positive impact on Fluid & Acoustic Solutions' earnings as of the second half of 2006. Capitalized development costs, net after investments within Trelleborg Automotive, amounted to SEK 15 M (26).

Work on establishing a plant in Dej, Rumania, is under way and is proceeding as planned. Production is expected to commence at the beginning of 2007. During 2005, a decision was made to expand production capacity in India. Relocation to a new and larger production unit in Noida, India, is under way and is scheduled for completion during May. Expansion of operations in South Korea by further increasing production capacity is under way in order to handle increased orders from domestic customers in Korea.

The business area's strong global technology platform in AVS operations continued to generate favorable order bookings.

During the quarter, business area subsidiary Trelleborg Rubore secured a breakthrough order for laminate material Visco-Lam™, a product developed in-house. The customer is a supplier to several of the world's major manufacturers of disc drives. The company will be using Visco-Lam™ to minimize noise and vibrations in personal computers and servers. A number of test deliveries have been implemented.

During the quarter, the Industrial AVS business unit was transferred to the Trelleborg Engineered Systems business area.

Trelleborg Sealing Solutions

Good sales trend within all three main segments

Trelleborg Sealing Solutions reported increases in both sales and operating profit during the quarter, with strong growth within all three main segments. Following the close of the period, a new distribution center, unique in the industry, was opened in Europe, where non-value added activities have been outsourced to an external partner.

SEK M	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
Net sales	1 426	1 257	5 335	5 166
Operating profit	190	167	726	703
ROS, %	13,4	13,3	13,6	13,5
Operating cash flow	69	32	747	710
Operating cash flow/Operating profit, %	36	19	103	101

Additional key ratios on pages 15 - 19

The sales trend within the industrial and aerospace segments prioritized by Trelleborg Sealing Solutions remained highly favorable during the first quarter. Sales to the automotive industry also increased and improved positions in Asia and Europe offset a slightly weaker trend in North America. The business area's strategy for the automotive industry is to focus on niches in which safety and comfort are highly valued, such as products for fuel injection, climate control and improved road holding. During the first quarter, overall sales in comparable currencies/units increased by 6 percent.

The business area's increased industrial and aerospace sales, combined with the increase in the focus on selected niches of the automotive segment, resulted in improvements in both operating profit and operating margin.

The business area's new plant in Shanghai, China, has now been completed and production will commence in early May. The plant will also house a technical center and an additional sales office for the important Chinese market. Initially, the new facility will have about 200 employees.

Integration of the Chase-Walton Elastomers business acquired late last year with Trelleborg Sealing Solutions' other global operations is proceeding as planned. Chase-Walton, located in Hudson, Massachusetts, focuses mainly on the design, development and manufacture of silicone components, and secured a number of attractive orders during the quarter, primarily from the US aerospace industry.

A number of growth initiatives at product and market level that were launched during 2005 are now beginning to generate results. These long-term growth initiatives for long-term growth were charged against earnings during the quarter.

Following the close of the period, a new distribution center, unique in the industry, was opened in Europe, where non-value added activities have been outsourced to an external partner.

Trelleborg Engineered Systems

Financial stable trend in most product areas

The Trelleborg Engineered Systems business area enjoyed favorable stable demand in most of its segments during the first quarter of the year, in terms of deliveries to both the industry in general and to specific segments, particularly offshore oil/gas extraction.

As a result, the business area recorded positive sales and earnings trends.

SEK M	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>excluding restructuring costs and impairment losses</i>				
Net sales	1 516	1 075	4 879	4 438
Operating profit	125	77	392	344
ROS, %	8,2	7,1	8,0	7,7
Operating cash flow	19	107	317	405
Operating cash flow/Operating profit, %	15	139	81	118
<i>inklusive omstruktureringskostnader/hedskrivningar</i>				
Operating profit	102	77	369	344
ROS, %	6,7	7,1	7,3	7,7

To achieve comparability, historic data has been adjusted with regard to:

- transfer of Industrial AVS from Trelleborg Automotive

- the reporting of operations in Goodall Rubber Company under "Discontinued operations" in the income statement.

Additional key ratios on pages 15 - 19

The first quarter of the year was characterized by favorable stable demand for most of the business area's segments. This applied to both deliveries to the industry in general and to specific segments, particularly offshore oil/gas extraction. As a result of this, the sales and earnings trends were positive. In comparable currencies/units, the business area's sales during the first quarter rose 14 percent.

Major project deliveries within all of the business area's project-related segments had a highly favorable impact on earnings during the quarter.

Several structural changes were implemented during the quarter. The largest occurred in January, when the acquisition of CRP Group, currently Trelleborg CRP, was completed. Demand for Trelleborg CRP's solutions developed well. Trelleborg CRP secured a number of new orders during the quarter, not least within the segment for offshore oil/gas extraction.

In addition, an agreement was reached concerning the divestment of distribution operations within Goodall Rubber Company, with operations in the US and Canada. Due to this transaction, this operation's results have been excluded from the business area's results, which had a favorable effect on key figures.

As of March 31, Harbour & Marine Engineering Pty Ltd of Melbourne, Australia, was acquired. The company is active in the segment for docking and mooring systems for vessels and is expected to make a positive impact on earning as of the next quarter.

The Industrial AVS business unit has been transferred to the business area from Trelleborg Automotive which, as a result of synergistic benefits from the combined customer base and other factors, is expected to lead to earnings improvements. The reasons for the transfer include Trelleborg Engineered Systems being a more logical organizational domicile, since it is closer to customer categories such as rail, marine applications and other industrial customers served by the business area. The transfer had a favorable impact of SEK 8 M on business area earnings during the first quarter of 2005.

A decision has been made concerning the merger of two of the business area's Spanish units to reduce costs and create production that is more profitable in the long term. During the quarter, impairment losses on machinery were charged and provisions were posted for a reduction in surplus labor. The total pretax amount is SEK 23 M. The merger is expected to have gradually favorable effects on earnings during the second half of the year and gain its full impact in 2007.

Trelleborg Wheel Systems

Sales and earnings trend remains positive

Trelleborg Wheel Systems continued to record sales and earnings growth within both its agricultural and industrial tire segments during the first quarter. Increases in material costs continued to be charged against earnings during the first quarter. Expanded capacity at the business area's plant in Sri Lanka can now satisfy the continued growth in the business area's developing markets, and in Europe and North America.

The transfer of tire production from the town of Trelleborg proceeded as planned and production at the facility was terminated in February 2006.

SEK M	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
Net sales	844	765	3 102	3 023
Operating profit	65	58	222	215
ROS, %	7,7	7,6	7,1	7,1
Operating cash flow	-37	17	181	235
Operating cash flow/Operating profit, %	neg	29	82	110

Additional key ratios on pages 15 - 19

Trelleborg Wheel Systems continued to note a positive trend during the first quarter in terms of both sales and earnings growth. Sales in comparable currencies/units during the first quarter rose 4 percent, compared with the year-earlier period.

Operating profit for the quarter rose by 12 percent, compared with the year-earlier period, due to higher sales volumes, an advantageous product mix and high capacity utilization. The cost of raw materials increased against during the first quarter of 2006 and was offset by increased prices for Trelleborg products.

The market for agricultural tires in Europe was stable, although sales of forestry tires declined slightly compared with the strong first quarter in 2005. At that time, sales were affected favorably by increased demand as a result of forestry work necessitated by the extensive number trees felled by storm winds across Northern Europe. The business area continued to capture market shares in an unchanged market, due to its well-selected product mix and good market positions.

The market for industrial tires continued to grow in North America, Europe and Asia, resulting in increased sales. Increased production capacity at the plant in Sri Lanka is helping to provide opportunities for continued growth in the business area's developing markets, as well as its markets in Western Europe and North America. The business area's developing markets showed favorable growth during the quarter.

The transfer of tire production from the town of Trelleborg proceeded as planned and production at the facility was terminated in February 2006. Following successful outsourcing of this production, the range now enters a new phase, during which the business area will continuously evaluate the extent of the range on the basis of profitability.

Trelleborg Building Systems

Favorable underlying demand in Scandinavian construction market

Demand in the Scandinavian construction market remained favorable during the first quarter of the year, seasonally the business area's weakest quarter. However, the severely cold winter impeded the growth rate for construction operations during the quarter. The business area recorded improvements in both its sales and operating profit, compared with the year-earlier period. EPG, an American manufacturer of sealing profiles, was acquired during the period.

SEK M	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
Net sales	553	485	2 372	2 304
Operating profit	23	18	202	197
ROS, %	3,9	3,7	8,3	8,3
Operating cash flow	-40	4	186	230
Operating cash flow/Operating profit, %	neg	22	92	117

Additional key ratios on pages 15 - 19

Underlying demand in the Scandinavian construction market remained favorable during the first quarter of the year. The German market also showed initial signs of a recovery. However, the severely cold winter in Northern Europe impeded the growth rate for construction operations during the quarter, resulting in opposite effects compared with the year-earlier period, when the damage caused by storm winds over Northern Europe had a positive impact on sales of roofing products.

In comparable currencies/units, Trelleborg Building Systems increased its sales during the first quarter by 7 percent compared with the year-earlier period.

Sales within Waterproofing were impeded somewhat by the severe winter in Northern Europe. The lower sales, combined with increased costs for raw materials, during the quarter could not be fully offset. Increased competition at the retailing level for construction supplies resulted in a certain loss of volume and was met by reinforced marketing efforts and a focus on new, innovative products with higher value added for customers.

The sales trend in the Pipe Seals segment remained favorable during the quarter. The positive sales trend, combined with increased efficiency and an improved cost structure, also resulted in higher earnings.

In Sealing Profiles, the gradual prioritization of highly refined products with favorable profitability continued as planned. As a result, the business area's earnings improved slightly during the quarter, while its sales were at the same level as in the year-earlier period.

In February 2006, the business area acquired EPG Inc., with approximately 140 employees and annual sales of about SEK 170 M. The company's two manufacturing units in Aurora, near Cleveland, Ohio, in the US, produce polymer sealing products, primarily for the construction industry. EPG is the leader in its niches, primarily within commercial building design, and accounts for an increasing share of the residential market. EPG had a favorable impact on the business area's earnings during the quarter and its integration with Trelleborg Building Systems' other operations proceeded as planned.

Financial Reporting

Income Statements

Group SEK M	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>Continuing operations</i>				
Net sales	6 807	5 642	24 674	23 509
Cost of goods sold	-5 091	-4 130	-18 203	-17 242
Gross profit	1 716	1 512	6 471	6 267
Selling expenses	-521	-459	-1 963	-1 901
Administrative expenses	-677	-593	-2 522	-2 438
Research and development costs	-125	-118	-483	-476
Other operating income/expense	43	43	253	253
Profit from participation in associated companies	9	7	35	33
Operating profit	445	392	1 791	1 738
Financial income and expenses	-68	-61	-215	-208
Profit before tax	377	331	1 576	1 530
Tax	-112	-90	-400	-378
Profit for the period	265	241	1 176	1 152
<i>Discontinued operations</i>				
Net sales	188	152	697	661
Operating profit	28	6	63	41
Profit before tax	27	5	59	37
Profit for the period	35	4	56	25
Total Net sales	6 995	5 794	25 371	24 170
Total operating profit	473	398	1 854	1 779
Total profit before tax	404	336	1 635	1 567
Total profit for the period	300	245	1 232	1 177
- attributable to minority interest	4	4	16	16
- attributable to equity holders of the parent	296	241	1 216	1 161

Earnings per share SEK	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>Continuing operations</i>				
Earnings ¹⁾	2,90	2,65	12,85	12,60
Diluted earnings ²⁾	2,90	2,65	12,85	12,60
<i>Discontinued operations</i>				
Earnings ¹⁾	0,40	0,05	0,65	0,30
Diluted earnings ²⁾	0,40	0,05	0,65	0,30
<i>Total</i>				
Earnings ¹⁾	3,30	2,70	13,50	12,90
Diluted earnings ²⁾	3,30	2,70	13,50	12,90

Number of shares				
<i>Excluding own holdings</i>				
End of period	90 357 261	90 357 261	90 357 261	90 357 261
¹⁾ Average number	90 357 261	89 717 261	90 357 261	90 160 338
End of period after dilution	90 357 261	90 357 261	90 357 261	90 357 261
²⁾ Average number after dilution	90 357 261	89 717 261	90 357 261	90 160 338
<i>Treasury shares</i>				
End of period	5 623 100	5 623 100	5 623 100	5 623 100
Average number	5 623 100	6 263 100	5 623 100	5 820 023

Balance Sheets

Group SEK M	March 31 2006	March 31 2005	Dec 31 2005
<i>Continuing operations</i>			
Property, plant and equipment	5 816	5 514	5 667
Intangible assets	8 930	7 458	8 208
Financial assets	939	919	936
Total non-current assets	15 685	13 891	14 811
Inventories	3 354	2 926	3 275
Current operating receivables	6 838	6 072	6 118
Current interest-bearing receivables	49	193	93
Cash and cash equivalents	462	438	663
Total	10 703	9 629	10 149
Current assets in discontinued operations	371	-	-
Total current assets	11 074	9 629	10 149
Total assets	26 759	23 520	24 960
Shareholders' equity, excluding minority share	10 245	9 045	10 041
Minority share	77	141	72
Total equity	10 322	9 186	10 113
Non-current interest-bearing liabilities	6 975	7 533	5 891
Other non-current liabilities	1 163	1 283	1 276
Total non-current liabilities	8 138	8 816	7 167
Interest-bearing current liabilities	2 258	391	2 106
Other current liabilities	5 890	5 127	5 574
Total	8 148	5 518	7 680
Current liabilities in discontinued operations	151	-	-
Total current liabilities	8 299	5 518	7 680
Total equity and liabilities	26 759	23 520	24 960
Specification of changes equity			
SEK M	March 31 2006	March 31 2005	Dec 31 2005
<i>Attributable to equity holders of the parent</i>			
Opening balance, January 1	10 041	8 475	8 475
Adjustment of opening balance of shareholders' equity in accordance with IAS 39	-	14	14
Transfer of treasury shares at exercise of call options	-	78	78
Cash flow hedges, net after tax	11	6	-14
Translation difference	-132	322	1 008
Exchange-rate difference for the period on hedging instruments after tax	29	-91	-229
Profit for the period	296	241	1 161
Dividend	-	-	-452
Closing balance	10 245	9 045	10 041
<i>Attributable to minority interest</i>			
Opening balance, January 1	72	128	128
Acquisitions	-	-	-102
Translation difference	1	9	31
Profit for the period	4	4	16
Dividend	-	-	-1
Closing balance	77	141	72
Sum Closing balance, equity	10 322	9 186	10 113

Interim report, January-March 2006

Cash flow statements

SEK M	Jan - March		April 2005 -	Full year
	2006	2005	March 2006	2005
Operating activities				
Operating profit	445	392	1 791	1 738
Adjustments for items not included in cash flow:				
Amortization, intangible assets	25	14	76	65
Depreciation, property, plant and equipment	207	186	797	776
Impairment losses	5	-	5	-
Provision for restructuring costs	18	-	18	-
Undistributed result from participation in associated companies	-9	-7	19	21
	691	585	2 706	2 600
Interest received and other financial items	3	23	6	26
Interest paid and other financial items	-29	-77	-235	-283
Taxes paid	-74	-88	-379	-393
Cash flow from ongoing operations before changes in working capital	591	443	2 098	1 950
Cash flow from changes in working capital:				
Change in inventories	-126	-14	-261	-149
Change in operating receivables	-574	-320	-346	-92
Change in operating liabilities	116	51	262	197
Utilization of restructuring provisions	-20	-31	-96	-107
Cash flow from ongoing operations	-13	129	1 657	1 799
Investing activities				
Acquisitions	-1 303	-100	-1 571	-368
Restructuring measures in acquired entities	-10	-9	-64	-63
Disposals*	-13	-10	-2	1
Capital expenditure in intangible assets	-32	-32	-184	-184
Capital expenditure, property, plant and equipment	-186	-146	-729	-689
Sale of non-current assets	2	2	87	87
Cash flow from investing activities	-1 542	-295	-2 463	-1 216
Financing activities				
Change in interest-bearing investments	45	-118	137	-26
Change in interest-bearing liabilities	1 314	264	1 027	-23
Dividend paid to shareholders	-	-	-452	-452
Dividend paid to minority	-	-	-1	-1
Transfer of treasury shares in connection with exercise of call options	-	-	78	78
Cash flow from the financing activities	1 359	146	789	-424
Cash flow for the period	-196	-20	-17	159
Cash and cash equivalents:				
At beginning of the period	663	475	438	475
Reclassification at beginning of the period	-	-36	-	-36
Exchange rate differences	-5	19	41	65
Cash and cash equivalents at end of period	462	438	462	663

* Including cash flow in units for which an agreement regarding discontinuation has been reached

Acquisitions January - March SEK M	2006		2005
	CRP	Others	
Purchase price incl. acquisition expenses	941	362	100
Net realizable value of acquired assets	262	165	20
Goodwill	679	197	80
Acquired assets and liabilities:			
Property, plant and equipment	195	63	13
Intangible assets	2	-	-
Deferred tax	4	-	-
Associated companies	-	-	-
Operating assets	382	55	11
Cash and cash equivalents	-	-	-
Minority share	-	102	-
Operating liabilities	-321	-55	-4
Cash and cash equivalents	262	165	20
Total	262	165	20
Profit for the period	13	1	-

Group review, continuing operations

SEK M	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>Continuing operations excl restructuring costs and impairment losses</i>				
Net sales	6 807	5 642	24 674	23 509
EBITDA	700	592	2 687	2 579
Operating profit	468	392	1 814	1 738
Profit for the period	280	241	1 191	1 152

SEK M	Operating profit before depreciations (EBITDA)			
	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>Excluding restructuring costs</i>				
Trelleborg Automotive	205	192	844	831
Trelleborg Sealing Solutions	234	207	902	875
Trelleborg Engineered Systems	166	111	539	484
Trelleborg Wheel Systems	89	81	318	310
Trelleborg Building Systems	37	33	262	258
Other companies	-1	-2	-8	-9
Group items	-30	-30	-170	-170
Total excluding restructuring costs	700	592	2 687	2 579
Restructuring costs Trelleborg Engineered Systems	-18	-	-18	-
Total including restructuring costs	682	592	2 669	2 579

	EBITDA, % ¹⁾			
	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>Excluding restructuring costs</i>				
Trelleborg Automotive	7,7	8,5	8,7	9,0
Trelleborg Sealing Solutions	16,4	16,5	16,8	16,9
Trelleborg Engineered Systems	11,0	10,4	11,1	10,9
Trelleborg Wheel Systems	10,6	10,6	10,2	10,2
Trelleborg Building Systems	6,5	6,8	10,8	11,0
Total excluding restructuring costs	10,1	10,4	10,7	10,8
Trelleborg Engineered Systems incl. restructuring costs	9,4	10,4	10,3	10,9
Total including restructuring costs	9,8	10,4	10,7	10,8

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

Interim report, January-March 2006

SEK M	Operating profit			
	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>Excluding restructuring costs and impairment losses</i>				
Trelleborg Automotive	103	106	468	471
Trelleborg Sealing Solutions	190	167	726	703
Trelleborg Engineered Systems	125	77	392	344
Trelleborg Wheel Systems	65	58	222	215
Trelleborg Building Systems	23	18	202	197
Other companies	-3	-4	-16	-17
Group items	-35	-30	-180	-175
Total excluding restructuring costs and impairment losses	468	392	1 814	1 738
Trelleborg Engineered Systems incl. restructuring costs and impairment losses	-23	-	-23	-
Total including restructuring costs and impairment losses	445	392	1 791	1 738

	Operating margin, (ROS) % ¹⁾			
	Jan - March 2006	2005	April 2005 - March 2006	Full year 2005
<i>Excluding restructuring costs and impairment losses</i>				
Trelleborg Automotive	3,7	4,6	4,7	5,0
Trelleborg Sealing Solutions	13,4	13,3	13,6	13,5
Trelleborg Engineered Systems	8,2	7,1	8,0	7,7
Trelleborg Wheel Systems	7,7	7,6	7,1	7,1
Trelleborg Building Systems	3,9	3,7	8,3	8,3
Total excluding restructuring costs and impairment losses	6,7	6,8	7,2	7,3
Trelleborg Engineered Systems incl. restructuring costs and impairment losses	6,7	7,1	7,3	7,7
Total including restructuring costs and impairment losses	6,4	6,8	7,1	7,3

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

	Return on capital employed, (ROA) % ²⁾		
	April 2005 - March 2006	April 2004 - March 2005	Full year 2005
<i>Continuing operations excluding restructuring costs and impairment losses</i>			
Trelleborg Automotive	8,9	10,0	9,1
Trelleborg Sealing Solutions	10,8	10,5	10,6
Trelleborg Engineered Systems	16,5	15,7	16,9
Trelleborg Wheel Systems	15,4	11,8	15,3
Trelleborg Building Systems	21,7	20,3	21,9
Total excluding restructuring costs and impairment losses	10,7	10,8	10,7
Trelleborg Engineered Systems incl. restructuring costs and impairment losses	15,3	9,9	17,1
Total including restructuring costs and impairment losses	10,7	7,3	10,8

2) Operating profit in relation to average capital employed.

Interim report, January-March 2006

SEK M	Capital employed ³⁾		
	March 31 2006	March 31 2005	Full year 2005
<i>Continuing operations</i>			
Trelleborg Automotive	5 538	5 000	5 421
Trelleborg Sealing Solutions	6 853	6 452	6 787
Trelleborg Engineered Systems	3 278	2 012	2 150
Trelleborg Wheel Systems	1 528	1 401	1 443
Trelleborg Building Systems	1 060	883	858
Other companies	120	159	122
Group items	35	-19	-37
Provisions for restructuring measures	-78	-155	-81
Total	18 334	15 733	16 663

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

Jan - March SEK M	EBITDA excluding undistributed result from associated companies		Capital expenditure		Sold fixed assets		Change in working capital		Cash flow report Total cash flow		
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	April 2005 - March 2006
Trelleborg Automotive	206	194	-126	-116	1	1	-107	-40	-26	39	354
Trelleborg Sealing Solutions	240	212	-26	-27	1	-	-146	-153	69	32	747
Trelleborg Engineered Systems	172	116	-31	-16	0	1	-122	6	19	107	317
Trelleborg Wheel Systems	92	85	-13	-6	0	-	-116	-62	-37	17	181
Trelleborg Building Systems	39	35	-20	-12	0	-	-59	-19	-40	4	186
Other companies	-1	-2	-	0	-	0	-1	1	-2	-1	2
Group items	-57	-55	-2	-1	-	0	-33	-16	-92	-72	-252
Operating cash flow	691	585	-218	-178	2	2	-584	-283	-109	126	1 535
Restructuring measures for which provisions were made in the acquisition balance sheet									-10	-9	-64
Other restructuring measures									-20	-31	-96
Dividend paid to minority									-	-	-1
Financial items									-26	-54	-229
Paid tax									-74	-88	-379
Free cash flow									-239	-56	766
Acquisitions									-1 303	-100	-1 571
Disposals*									-13	-10	-2
Dividend paid to shareholders									-	-	-452
Exercise of warrants and call options									-	-	78
Sum net cash flow									-1 555	-166	-1 181

* Including cash flow in units for which an agreement regarding discontinuation has been reached

Net debt, opening balance	-7 236	-6 951	-7 313
Borrowing costs	1	14	1
Exchange rate differences	70	-210	-227
Net debt, closing balance	-8 720	-7 313	-8 720