

## Nine-month report, January-September 2006

### Positive trend continues in operations outside automotive industry

Sales in the Trelleborg Group continued to grow during the third quarter. Net sales increased by 8 percent during the quarter and by 13 percent during the first nine months, driven by organic growth and acquisitions.

However, a positive sales and profit trend for operations outside the automotive industry could not fully offset such significant negative net effects as the continued strong increases in costs for raw materials and the prevailing market conditions caused within automotive-related operations. The quarter's operating profit for the Group's continuing operations declined to SEK 364 M (413).

*“The trend in our operations outside the automotive industry has remained positive, despite the historically high price levels of raw materials. Within automotive-related operations, high raw-material costs and production cuts among a number of our main customers are placing considerable demands on forceful measures to enhance the cost structure,” says President and CEO Peter Nilsson.*

#### Key ratios

- ▼ Net sales increased during the third quarter to SEK 6,306 M (5,846) and to SEK 20,342 M (17,988) during the first nine months.
- ▼ Net profit:
 

	Third quarter	First nine months
• Continuing operations	SEK 201 M (276)	SEK 771 M (868)
• Discontinued operations	SEK 0 M (8)	SEK 4 M (16)
• Total net profit	SEK 201 M (284)	SEK 775 M (884)
- ▼ Earnings per share amounted to SEK 2.20 (3.10) in the third quarter and SEK 8.45 (9.70) for the first nine months.
- ▼ Operating key ratios for continuing operations, excl. restructuring costs and impairment:
 

	Third quarter	First nine months
• Operating profit	SEK 364 M (413)	SEK 1,339 M (1,343)
• Profit before tax	SEK 285 M (381)	SEK 1,116 M (1,193)
• Net profit	SEK 201 M (276)	SEK 788 M (868)
• Earnings per share	SEK 2.20 (3.00)	SEK 8.60 (9.50)

#### Significant events

- ▼ The Group's strategy to grow through value-adding acquisitions within prioritized segments continued during the third quarter. The Group signed agreements with or completed the acquisition of, five operations, the largest of which was the acquisition of Reeves Brothers Inc., which provides the company with a leading position within polymer-coated composite fabrics.
- ▼ Business Area President of Trelleborg Automotive and Executive Vice President George Caplea left the Group to assume a new position in another non-competing company. CEO Peter Nilsson will temporarily assume responsibility for the business area, at the same time as an additional focus on enhanced global processes is being implemented.

#### Outlook

- ▼ Within industry in general, continued good growth is forecasted. Demand is expected to remain very strong within the aerospace industry and oil and gas segments. Within automotive-related operations, the announced production cuts, mainly among North American customers, are expected to have an adverse impact. High raw-material prices are expected also in the fourth quarter.

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## Key Ratios, Group

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
Key ratios	2006	2005	2006	2005	Sep 2006	2005
<i>Continuing operations</i>						
Net sales	6 306	5 677	20 096	17 504	26 101	23 509
Operating profit	364	413	1 316	1 343	1 711	1 738
Profit before tax	285	381	1 093	1 193	1 430	1 530
Profit for the period	201	276	771	868	1 055	1 152
<i>Discontinued operations *</i>						
Net sales	-	169	246	484	423	661
Operating profit	-	12	32	27	46	41
Profit before tax	-	11	30	24	43	37
Profit for the period	-	8	4	16	13	25
<b>Net sales</b>	<b>6 306</b>	<b>5 846</b>	<b>20 342</b>	<b>17 988</b>	<b>26 524</b>	<b>24 170</b>
<b>Total operating profit</b>	<b>364</b>	<b>425</b>	<b>1 348</b>	<b>1 370</b>	<b>1 757</b>	<b>1 779</b>
<b>Total profit before tax</b>	<b>285</b>	<b>392</b>	<b>1 123</b>	<b>1 217</b>	<b>1 473</b>	<b>1 567</b>
<b>Total profit for the period</b>	<b>201</b>	<b>284</b>	<b>775</b>	<b>884</b>	<b>1 068</b>	<b>1 177</b>
- attributable to minority interest	2	4	11	11	16	16
- attributable to equity holders of the parent	199	280	764	873	1 052	1 161
Earnings per share, SEK <sup>1)</sup>	2,20	3,10	8,45	9,70	11,65	12,90
Free cash flow	381	257	445	701	693	949
Free cash flow per share, SEK <sup>2)</sup>	4,20	2,85	4,90	7,80	7,65	10,55
Net debt			8 558	7 159	8 558	7 236
Debt/equity ratio, %			85	73	85	72
Return on shareholders' equity, %	8,1	11,8	10,2	12,9	10,7	12,5

### Operating key ratios

*Continuing operations excluding restructuring costs and impairment losses*

Operating profit	364	413	1 339	1 343	1 734	1 738
Profit before tax	285	381	1 116	1 193	1 453	1 530
Profit for the period	201	276	788	868	1 072	1 152
Earnings per share, SEK <sup>1)</sup>	2,20	3,00	8,60	9,50	11,70	12,60
EBITDA, %	9,3	10,9	9,9	11,1	9,9	10,8
Operating margin (ROS), %	5,7	7,1	6,6	7,6	6,5	7,3
Return on capital employed (ROA), %			9,7	11,1	9,7	10,7
Return on shareholders' equity, %	8,1	11,4	10,3	12,6	10,8	12,3
Operating cash flow	575	494	855	1 249	1 376	1 770
Operating cash flow/Operating profit, %	158	120	64	93	79	102
Operating cash flow per share, SEK <sup>3)</sup>	6,35	5,45	9,45	13,85	15,25	19,65
Net debt/EBITDA, multiple					-3,3	-2,8
EBITDA/Financial income and expenses,					9,4	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

#### Third quarter

During the third quarter of 2006, the Trelleborg Group's net sales amounted to SEK 6,306 M (5,846), an increase of 7 percent at comparable exchange rates. Organic growth was 2 percent.

Operating profit for the Group amounted to SEK 364 M (425). Profit before tax amounted to SEK 285 M (392). Net profit was SEK 201 M (284) and earnings per share were SEK 2.20 (3.10).

Operating profit was negatively impacted by strong increases in the cost of raw materials, reduced volumes to automotive-related industries and efficiency losses in part of the Automotive business area. In addition, legal costs increased during the quarter by approximately SEK 20 M compared with the year-earlier period as a result of the fair trade legislation investigation underway in the US.

Within non-automotive-related operations, operating profit increased by slightly less than 20 percent during the quarter. The increase is attributable to positive effects from implemented acquisitions and continued

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favorable market conditions within such segments as the aerospace industry, oil/gas and construction/infrastructure.

For continuing operations, excluding restructuring costs and impairment, operating profit amounted to SEK 364 M (413). Profit before tax totaled SEK 285 M (381), and net profit amounted to SEK 201 M (276). Earnings per share were SEK 2.20 (3.00). The Group's operating margin amounted to 5.7 percent (7.1). The EBITDA margin amounted to 9.3 percent (10.9).

## January-September 2006

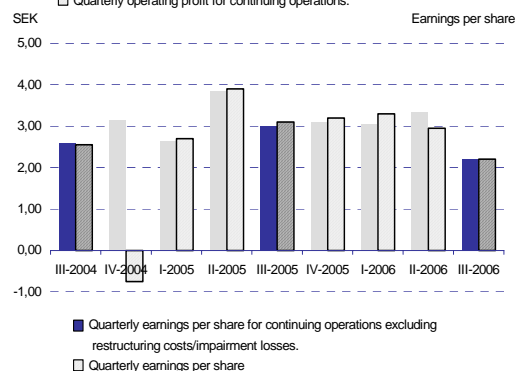
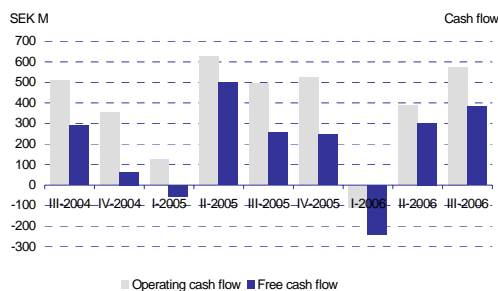
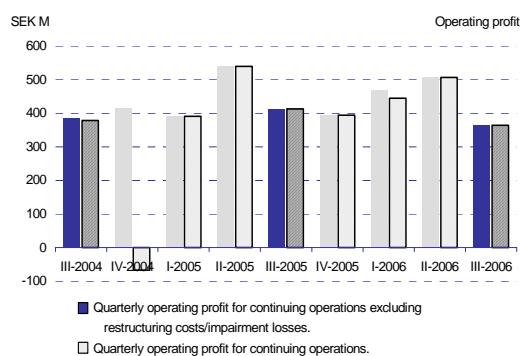
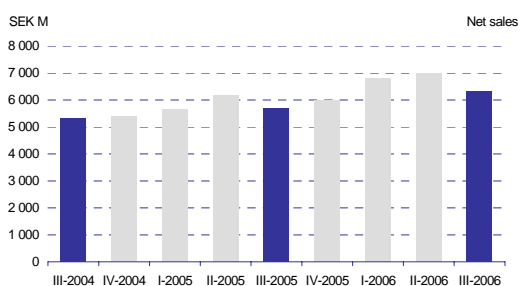
The Trelleborg Group's net sales amounted to SEK 20,342 M (17,988) for the period January to September 2006, an increase of 11 percent at comparable exchange rates. Organic growth was 4 percent. Operating profit for the Group amounted to SEK 1,348 M (1,370). Profit before tax totaled SEK 1,123 M (1,217). Net profit was SEK 775 M (884), and earnings per share were SEK 8.45 (9.70). A decision was made to merge the two Spanish units within Trelleborg Engineered Systems, entailing a charge against earnings in the first quarter of SEK 23 M before tax for continuing operations.

For continuing operations, excluding restructuring costs and impairment, operating profit amounted to SEK 1,339 M (1,343). Profit before tax amounted to SEK 1,116 M (1,193), while net profit was SEK 788 M (868). Earnings per share were SEK 8.60 (9.50). The operating margin amounted to 6.6 percent (7.6) and the EBITDA margin was 9.9 percent (11.1).

Recorded under Divested operations is the sale of the Goodall Rubber Company, which entailed a capital loss totaling SEK 76 M after tax. SEK 45 M was charged to the first quarter, while the outstanding SEK 31 M, pertaining to tax and with a limited impact on cash flow, was charged to the second quarter. Included under the same heading is nonrecurring revenue of SEK 80 M deriving from the reversal of the guarantee provision pertaining to the earlier divestment of Bröderna Edstrand.

## Balance sheet, cash flow and investments for January-September 2006

Consolidated operating cash flow for the period January to September amounted to SEK 855 M (1,249), a decrease primarily due to a rise in tied-up capital in operations resulting from increased sales and a temporary accumulation of inventory within Wheel Systems. The level of investment was SEK 719 M (624). At the end of the period, consolidated working capital was SEK 18,288 M (16,309). The increase was attributable to acquisitions and an increased amount of capital tied up in operations. Net financial debt amounted to SEK 8,558 M (7,159). At the end of the period, the debt-equity ratio amounted to 85 percent (73). The equity-assets ratio was 38 percent (40). At the end of the period, shareholders' equity per share (90.4 M shares) amounted to SEK 110 (106). The return on shareholders' equity was 10.2 percent (12.9).



## OTHER

### 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** have a principal role. During the report period, the Group signed agreements with or completed the acquisition of five operations with total sales of approx. SEK 1,800 M.*

*During the third quarter, Trelleborg completed the acquisition of three operations.*

The Lithuanian protective-suit manufacturer, **UAB Trella**, with sales totaling SEK 23 M and some 60 employees.

The US manufacturer of sealing products for façade systems **Kawneer Rubber and Plastics** (KRP), with about 40 employees and annual sales amounting to approximately SEK 90 M.

The Norwegian company **Mehren Rubber A/S**, a niche contract producer in the offshore industry, with some 30 employees and annual sales totaling approximately SEK 65 M.

During the quarter, Trelleborg signed an agreement in principle through its Building Systems business area to acquire the operations of **Hetag Tagmaterialer A/S**, with about 20 employees and annual sales of approximately SEK 100 M, and 40 percent of the operations of **Hetag Tagdaekning A/S** and its subsidiaries, which have annual sales of about SEK 300 M. Hetag is privately owned and based in Hedensted, in Denmark. Hetag Tagmaterialer A/S distributes roofing products in the Danish market, while Hetag Takdaekning A/S conducts roofing contract work. The acquisition strengthens the business area's market position in the Danish market, and furthermore, synergies exist within administration and logistics. The final agreement is conditional upon the fulfillment of certain terms. The takeover is expected to be completed during the fourth quarter.

During the third quarter, a contract was signed for the acquisition of the US company **Reeves Brothers Inc.**, with about 1,000 employees and annual sales totaling approximately SEK 1.4 billion. Reeves is a leading international player within the development and manufacture of polymer-coated high-precision material in rubber, silicone and polyurethane. Reeves, with its head office in Spartanburg, South Carolina, has four production units, two of which are in the US, one in Italy and one in China. The operation comprises polymer-coated fabrics with various application fields within such areas as the aviation industry, personal protective equipment, the defense industry and fluid solutions. The acquisition also opens a new and growing market segment for printing blankets (polymer-coated composite fabrics manufactured in several layers for use in commercial offset printing) – a new and growing market segment for the business area. This is mainly a secondary market product – at the same time as it creates synergies with the existing operation. Reeves has a favorable earnings capacity and the level of its operating margin is higher than that of Engineered Systems in its entirety.

The purchase price amounts to approximately SEK 1,300 M in cash. The acquisition is conditional upon the fulfillment of certain terms and the approval of the appropriate authorities. The acquisition is expected to be finalized in the fourth quarter of 2006.

### Nomination Committee in Trelleborg AB ahead of the Annual General Meeting 2007

At Trelleborg AB's Annual General Meeting on April 25, 2006, the Chairman of the Board was assigned the task of asking five representatives of the Company's largest shareholders to form a Nomination Committee that shall prepare proposals regarding Board members to be presented to the Annual General Meeting for resolution on April 25, 2007. The following persons were asked to participate in the Nominations Committee and agreed: Didrik Normark, Henry and Gerda Dunkers Foundation; Ramsay Brufer, Alecta; Lars Öhrstedt, AFA/TFA-försäkringar; Henrik Didner, Didner & Gerge Aktiefond and Åsa Nisell, Robur.

## PARENT COMPANY

The result before tax in Trelleborg AB, the Parent Company of the Trelleborg Group, amounted to SEK 273 M (302) for the period January-September. No sales were made. Investments amounted to SEK 4 M (10).

## OUTLOOK FOR THE FOURTH QUARTER OF 2006

Within industry in general, continued good growth is forecasted. Demand is expected to remain very strong within the aerospace industry and oil and gas segments.

Within automotive-related operations, the announced production cuts, mainly among North American customers, are expected to have an adverse impact.

High raw-material prices are expected also in the fourth quarter..

*Outlook from the six-month report: The outlook remains unchanged, with anticipated continued market growth in the Group's seven principal markets in line with the first six months of 2006. Accelerated costs for raw materials are expected to lead to continued cost pressure during the third quarter of 2006.*

Trelleborg, October 26, 2006

Peter Nilsson

President

*This report has not been reviewed specifically by Trelleborg AB's company auditors.*

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

*Effective January 1, 2006, 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 as 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](http://www.trelleborg.com).*

### **Invitation to telephone conference, October 27 at 9:30 a.m. CET**

*A telephone conference will be held on October 27 at 9:30 a.m. CET. Call +44 (0)20 71 62 01 25 and state the password "Trelleborg." Presentation materials will be available at [www.trelleborg.com](http://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 723329.*

### **Calendar**

Year-end report 2006

February 13, 2007

Annual General Meeting and interim report for first quarter 2007

April 25, 2007

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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](mailto:info@trelleborg.com) or can be downloaded from the Group's website: [www.trelleborg.com](http://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

### Stable sales could not compensate for increased costs for raw materials

The business area's sales were on the same level as the third quarter in 2005. However, increased raw-material costs and continued efficiency losses within Fluid & Acoustics Solutions had a considerably negative impact on operating profit. An operational review is now being performed in the business area and the initial consequences from this will be communicated during the fourth quarter.

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
Net sales	2 134	2 166	7 199	6 657	9 537	8 995
Operating profit	-26	85	183	357	297	471
Operating margin (ROS), %	-1,3	3,7	2,4	5,1	2,9	5,0
Operating cash flow	42	87	94	364	149	419
Operating cash flow/Operating profit, %		102	51	102	50	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 14 - 16*

During the third quarter of 2006, car sales and car production in North America declined by approximately 5 percent compared with the year-earlier period. In Europe, car sales declined during the third quarter by approximately 0.5 percent and production fell by nearly 1 percent compared with the same period in 2005.

*(Source: JD Powers/Trelleborg).*

The business area's sales were on the same level as the third quarter in 2005. In comparable currencies/units, sales increased by 5.5 percent during the period January-September, compared with the same period in 2005.

Sales in both the antivibration operation and the Fluid & Acoustics business area were on a similar level as the year-earlier period and somewhat better than the underlying markets. Niche operations within antivibration and noise-dampening enjoyed favorable organic growth during the quarter. In the third quarter, declining car production, mainly in North America, only partially affected sales and the product mix, but this is expected to have a greater impact in the fourth quarter of the year.

Stable sales and the continued positive production trend in a number of units in the business area could partly compensate for the significant negative net effects caused by the continued sharp rise in raw-material prices and the prevailing market conditions. Price increases in relation to customers made during the quarter were only moderately successful. The business area finds that the customers understand that the price increases are necessary, but negotiations are protracted.

During the quarter, efficiency problems at the plant of the Fluid & Acoustics business unit in the Czech Republic continued to have a considerably negative impact and the prevailing raw-material situation also affected earnings adversely. During the quarter, the action program announced earlier was essentially implemented, but the effects to date have had less of an impact than anticipated.

The third quarter's net capitalized development costs after depreciation in Trelleborg Automotive amounted to SEK 11 M (36) and SEK 45 M (90) for the first nine months.

In total, approximately 50 percent of the negative effects on earnings for the nine-month period, compared with the same period in the preceding year, were attributable to increased raw-material prices. Some 25 percent were derived from the efficiency problems in Eastern Europe and the bankruptcy loss in the spring in the US and 25 percent were a result of the net effect of capitalized development costs after depreciation. The combination of increased raw-material costs, prolonged price negotiations and efficiency problems means that the business area is now having to address operational and structural issues that were not present earlier. A review is in progress and the initial consequences from this review will be communicated during the fourth quarter.

On October 1, Business Area President and Vice President George Caplea left the Group to assume a new position in another non-competing company. CEO Peter Nilsson will temporarily assume responsibility for the business area at the same time as an additional focus on an enhanced global process in all aspects is being implemented.

## Trelleborg Sealing Solutions

### Continued favorable growth in several segments

The market conditions for Trelleborg Sealing Solutions remained favorable for the prioritized industrial and aerospace segments during the third quarter. Sales to the automotive industry continue to decline, principally in North America, as a result of such factors as the business area's continued focus on selected segments and a decline in automotive production. Start-up problems at the new European logistics center have been addressed and the unit is now performing according to plan. The business area continued its aggressive market activities in North America and Asia.

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
Net sales	1 316	1 252	4 102	3 878	5 390	5 166
Operating profit	170	170	544	543	704	703
Operating margin (ROS), %	13,0	13,6	13,3	14,0	13,0	13,5
Operating cash flow	277	194	535	411	834	710
Operating cash flow/Operating profit, %	163	114	98	76	118	101

*Additional key ratios on pages 14 - 16*

During the third quarter, the market conditions in Trelleborg Sealing Solutions' prioritized industrial and aerospace segments remained favorable. The automotive market was somewhat weaker than in the preceding year.

The business area's sales increased during the quarter and in comparable currencies/units, sales increased by 2.5 percent during the period January-September compared with the same period in 2005. Operating profit was negatively affected by the continued market investment in North America and Asia and the decrease in volumes to the automotive industry.

The aerospace industry segment continued to perform strongly with organic growth of approximately 12 percent during the period January-September compared with the same period in 2005. Furthermore, a number of new orders were signed, including a major contract for TSS Hudson with Spirit Aerospace, which will extend over the next five years.

The growth trend within the prioritized industrial segment was also favorable, corresponding to 5 percent of sales in the nine-month period compared with the same period in the preceding year. The business area continued its work of focusing on profitable and growing segments and is expanding here within a number of attractive growth areas.

Sales to the automotive industry continued to decline, mainly due to the focus on selected segments, which was initiated in 2005. The decline in automotive production in North America had a particularly strong impact on the quarter, since the business area has its greatest exposure to the automotive industry in this region. During the period January-September, the decrease in sales was about 6 percent, compared with the same period in the preceding year. The decline in sales to the automotive segment had a negative impact on efficiency in a number of manufacturing units within this part of the business area.

A European logistics center was taken into operation during the quarter in order to increase the business area's long-term efficiency and provide enhanced service to customers. The problems that arose in the start-up phase have now been addressed and both efficiency and the level of service are at the projected levels.

The business area's focus on marketing efforts and the organizational build-up in North America and Asia, which continued to impact earnings, is now starting to yield results, although at a somewhat slower pace than anticipated in North America.

In addition, the business area is now expanding its sales organization in Eastern Europe.

The business area's operations in Asia continued to perform positively, with a number of new orders from customers in China, Korea, Taiwan, Singapore and Japan, and during the nine-month period, it had organic growth of about 20 percent compared with the same period in the preceding year. In the new plant in Shanghai, additional production lines were opened and aggressive market activity is being conducted in several areas in Asia. An expansion of manufacturing capacity is also underway in India.

The business area's cash flow improved as a result of such factors as more efficient management of capital.

## Trelleborg Engineered Systems

### Strong performance – continued growth through acquisitions – continued focus on product portfolio

During the third quarter, Trelleborg Engineered Systems increased both its sales and profit. Deliveries to industry in general and specific areas made a positive contribution to the trend. All offshore-related operations made a significant contribution to the increase in sales and profit. During the quarter, a contract was signed for the acquisition of Reeves Brothers Inc., which provides Trelleborg with a global-leading position within polymer-coated high-precision materials. The repositioning of the business area's product portfolio continues in a number of segments.

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
<i>excluding restructuring costs and impairment losses</i>						
Net sales	1 498	1 005	4 706	3 264	5 880	4 438
Operating profit	129	69	403	247	500	344
Operating margin (ROS), %	8,6	6,9	8,6	7,6	8,5	7,7
Operating cash flow	198	103	356	338	423	405
Operating cash flow/Operating profit, %	153	149	88	137	85	118
<i>including restructuring costs and impairment losses</i>						
Operating profit	129	69	380	247	477	344
ROS, %	8,6	6,9	8,1	7,6	7,9	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 14 - 16

During the third quarter, Trelleborg Engineered Systems increased its sales and profit due to the effects of the acquisition of Trelleborg CRP and other acquisitions and continued favorable demand in several segments. Sales in comparable currencies/units increased by 13 percent during the period January-September compared with the same period in 2005.

Pressure on costs from increased raw-material costs could be somewhat offset through price adjustments and efficiency-enhancement measures. Large deliveries in all of the business area's project-related segments had a significant positive effect on profit during the period.

Order bookings remained favorable during the period, including in the Oil & Gas and civil-engineering industry. For the Oil & Gas segment, new orders currently extend into 2008/2009.

A decision has been made regarding an investment of approximately SEK 50 M in a new industrial plant for Trelleborg CRP's production of syntactical tapes and so-called microballoons (small, hollow glass spheres with extreme strength) for advanced insulation and fluid products mainly for the offshore industry. The new facility is in Manson, Massachusetts, and entails a significant increase in capacity.

During the third quarter, a contract was signed for the acquisition of the US company American **Reeves Brothers Inc.**, with some 1,000 employees and annual sales totaling approximately SEK 1.4 billion. Reeves is a leading international player within the development and manufacture of polymer-coated high-precision material with various application fields within such areas as the aviation industry, personal protective equipment, the defense industry and fluid solutions. The acquisition also opens a new and growing market segment for printing blankets (polymer-coated composite fabrics for use in commercial offset printing). The level of Reeves' operating margin is higher than that of Engineered Systems in its entirety. The purchase price amounts to approximately SEK 1,300 M in cash.

The business area has commenced negotiations regarding the transfer of its production of protective products from Ystad to the business unit's plants in Tauragė (Lithuania) and Hull (UK). A total of 66 employees were notified about termination of employment. The costs for the transfer will be charged to the fourth quarter and are estimated to amount to approximately SEK 13 M before tax, of which the majority will have an impact on cash flow, mainly in 2007. The positive effect on profit is estimated to total about SEK 10 M before tax on a yearly basis, with full effect from the third quarter of 2007.

The work with repositioning the business area's product portfolio continues within several segments with the aim of improving margins through an enhanced product mix.



## Trelleborg Wheel Systems

### Continued stable sales trend

The sales trend for Trelleborg Wheel Systems remained stable during the third quarter. Increased materials costs in the third quarter were offset by price rises and efficiency measures in production and purchasing. The business area leads price adjustments in the industry and it has largely been successful in transferring the price increases to the customer. A campaign aimed at promoting the brand transition within the agricultural tire segment was launched during the quarter.

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
Net sales	728	721	2 392	2 291	3 124	3 023
Operating profit	52	55	182	176	221	215
Operating margin (ROS), %	7,1	7,6	7,6	7,7	7,1	7,1
Operating cash flow	-1	66	6	197	44	235
Operating cash flow/Operating profit, %		120	3	112	20	110

*Additional key ratios on pages 14 - 16*

Trelleborg Wheel Systems' sales trend in the agricultural tires segment remained largely on the same level as the year-earlier period, while the industrial tire segment recorded continued growth, particularly in the US. The business area's sales in comparable currencies/units increased by 3 percent during the period January-September, compared with the same period in 2005.

Operating profit for the third quarter was negatively affected both by costs tied to the brand campaign within agricultural tires and increased material costs.

Increased materials costs are mainly being met by higher prices and ambitious efficiency measures and the business area is prioritizing price adjustments ahead of volumes in the short term. Trelleborg leads price adjustments in the industry and has largely been successful in transferring the price increases to the customer.

The European market for agricultural tires remained stable. During the period, a marketing campaign was launched aimed at phasing out the Pirelli brand. In 1999, Trelleborg acquired Pirelli's agricultural tire operation. A ten-year license for the Pirelli brand was included in the acquisition. This license expires in 2010, and accordingly, a detailed plan has been developed for the transition from the Pirelli to the Trelleborg brand. The initial marketing campaign and the reaction to the brand transition was positive with OE and distributor customers as well as employees. The campaign costs have been charged to earnings for the year, with emphasis on the third quarter at approximately SEK 14 M.

The market for industrial tires continued to perform positively, mainly in North America. Sales and earnings increased for the industrial tire segment. The launch of the Elite XP industrial tire continues to be received successfully, mainly in Europe.

In the business area's developing markets, Eastern Europe and Brazil performed favorably. Sensitivity to price increases temporarily affected the business area's sales somewhat negatively in the Asian market.

The transfer of production from the Trelleborg district to subsuppliers in Eastern Europe and plants in Italy and Sri Lanka progressed well and had a positive impact on earnings during the year, although there was a certain delay in production, which was gradually rectified.

However, the accumulation of inventory in connection with transfer of production of diagonal tires from the Trelleborg district had a negative impact on cash flow in the first nine months of the year, as have the successful measures aimed at enhancing efficiency at the business area's facility in Sri Lanka, which also resulted in the accumulation of inventory. Measures aimed at achieving an improved cash flow will be prioritized in the fourth quarter.

## Trelleborg Building Systems

### Improved sales and profit trend in the third quarter

In the third quarter, the business area increased sales and improved operating profit as a result of generally more favorable market conditions, efficiency enhancements in the production structure, acquisitions and the largely successful work of transferring increased raw-material costs to the customer. The business area signed an agreement in principle for the acquisition of Danish roofing operations during the quarter.

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
Net sales	704	626	1 952	1 727	2 529	2 304
Operating profit	84	73	152	153	196	197
Operating margin (ROS), %	11,7	11,3	7,6	8,7	7,5	8,3
Operating cash flow	91	83	77	135	172	230
Operating cash flow/Operating profit, %	108	114	51	88	88	117

*Additional key ratios on pages 14 - 16*

Underlying demand in the Scandinavian construction market remained favorable during the third quarter. The German market showed signs of slight growth. Demand in the East European market and the US market for commercial buildings also remained positive.

In the third quarter, sales in the business area increased as a result of acquisitions and the generally positive market conditions. In comparable units/currencies, Trelleborg Building Systems increased its sales by 5.5 percent during the period January-September, compared with the same period in 2005.

Operating profit for the third quarter increased due to volume increases, efficiency enhancements in the production structure and the largely successful work of transferring increased raw-material costs to the customer.

Both the sales and earnings trends for the Waterproofing segment remained on the same level as the third quarter in the preceding year, despite the continued pressure on costs from high bitumen prices. Sales of materials actually produced increased during the quarter.

During the quarter, the business area signed an agreement to acquire the operations of Hetag Tagmaterialer A/S, with about 20 employees and annual sales of approximately SEK 100 M, and 40 percent of the operations of Hetag Tagdaekning A/S and its subsidiaries, which have annual sales of about SEK 300 M. Hetag's current roof purchases from competing producers will be transferred to Trelleborg and will result in increased volumes. The takeover is expected to be completed during the fourth quarter.

The sales trend in the Pipe Seals segment remained favorable during the third quarter. Profit was further improved, mainly due to an enhanced production structure and strong positions in Scandinavia and the UK.

The sales and profit trend of the Sealing Profiles segment was positive during the third quarter. This was principally due to the effect of acquisitions, a strong market in the Nordic region and a favorable market for consumer profiles.

The business area's market activities in Eastern Europe continue to yield positive results. The work of merging the two Swedish production units in Rydaholm and Värnamo is progressing according to plan. The acquisition of the US profile company EPG and Kawner Rubber and Plastics progressed well and integration into the company is underway.

## Financial Reporting

### Income Statements

Group	July - Sep		Jan - Sep		Oct 2005 -	Full year
SEK M	2006	2005	2006	2005	Sep 2006	2005
<i>Continuing operations</i>						
Net sales	6 306	5 677	20 096	17 504	26 101	23 509
Cost of goods sold	-4 744	-4 179	-15 050	-12 787	-19 505	-17 242
<b>Gross profit</b>	<b>1 562</b>	<b>1 498</b>	<b>5 046</b>	<b>4 717</b>	<b>6 596</b>	<b>6 267</b>
Selling expenses	-496	-462	-1 522	-1 414	-2 009	-1 901
Administrative expenses	-642	-580	-1 996	-1 787	-2 647	-2 438
Research and development costs	-120	-105	-369	-347	-498	-476
Other operating income/expense	57	55	140	155	238	253
Profit from part. in assoc. Companies	3	7	17	19	31	33
<b>Operating profit</b>	<b>364</b>	<b>413</b>	<b>1 316</b>	<b>1 343</b>	<b>1 711</b>	<b>1 738</b>
Financial income and expenses	-79	-32	-223	-150	-281	-208
<b>Profit before tax</b>	<b>285</b>	<b>381</b>	<b>1 093</b>	<b>1 193</b>	<b>1 430</b>	<b>1 530</b>
Tax	-84	-105	-322	-325	-375	-378
<b>Profit for the period</b>	<b>201</b>	<b>276</b>	<b>771</b>	<b>868</b>	<b>1 055</b>	<b>1 152</b>
<i>Discontinued operations</i>						
<b>Net sales</b>	-	<b>169</b>	<b>246</b>	<b>484</b>	<b>423</b>	<b>661</b>
<b>Operating profit</b>	-	<b>12</b>	<b>32</b>	<b>27</b>	<b>46</b>	<b>41</b>
<b>Profit before tax</b>	-	<b>11</b>	<b>30</b>	<b>24</b>	<b>43</b>	<b>37</b>
<b>Profit for the period</b>	-	<b>8</b>	<b>4</b>	<b>16</b>	<b>13</b>	<b>25</b>
<b>Total Net sales</b>	<b>6 306</b>	<b>5 846</b>	<b>20 342</b>	<b>17 988</b>	<b>26 524</b>	<b>24 170</b>
<b>Total operating profit</b>	<b>364</b>	<b>425</b>	<b>1 348</b>	<b>1 370</b>	<b>1 757</b>	<b>1 779</b>
<b>Total profit before tax</b>	<b>285</b>	<b>392</b>	<b>1 123</b>	<b>1 217</b>	<b>1 473</b>	<b>1 567</b>
<b>Total profit for the period</b>	<b>201</b>	<b>284</b>	<b>775</b>	<b>884</b>	<b>1 068</b>	<b>1 177</b>
- attributable to minority interest	2	4	11	11	16	16
- attributable to equity holders of the parent	199	280	764	873	1 052	1 161

Earnings per share	July - Sep		Jan - Sep		Oct 2005 -	Full year
SEK	2006	2005	2006	2005	Sep 2006	2005
<i>Continuing operations</i>						
Earnings <sup>1)</sup>	2,20	3,00	8,40	9,50	11,50	12,60
Diluted earnings <sup>2)</sup>	2,20	3,00	8,40	9,50	11,50	12,60
<i>Discontinued operations</i>						
Earnings <sup>1)</sup>	0,00	0,10	0,05	0,20	0,15	0,30
Diluted earnings <sup>2)</sup>	0,00	0,10	0,05	0,20	0,15	0,30
<i>Total</i>						
Earnings <sup>1)</sup>	2,20	3,10	8,45	9,70	11,65	12,90
Diluted earnings <sup>2)</sup>	2,20	3,10	8,45	9,70	11,65	12,90

### Number of shares

#### Excluding own holdings

End of period	90 357 261	90 357 261	90 357 261	90 357 261	90 357 261	90 357 261
<sup>1)</sup> Average number	90 357 261	90 357 261	90 357 261	90 101 261	90 357 261	90 160 338
End of period after dilution	90 357 261	90 357 261	90 357 261	90 357 261	90 357 261	90 357 261
<sup>2)</sup> Average number after dilution	90 357 261	90 357 261	90 357 261	90 101 261	90 357 261	90 160 338
<i>Treasury shares</i>						
End of period	-	5 623 100	-	5 623 100	-	5 623 100
Average number	3 748 733	5 623 100	5 060 790	5 879 100	5 190 554	5 820 023

# Nine-month report January-September 2006

## Balance Sheets

Group SEK M	Sep 30 2006	Sep 30 2005	Dec 31 2005
Property, plant and equipment	5 671	5 638	5 667
Intangible assets	9 038	7 811	8 208
Financial assets	1 000	900	936
<b>Total non-current assets</b>	<b>15 709</b>	<b>14 349</b>	<b>14 811</b>
Inventories	3 396	3 068	3 275
Current operating receivables	6 790	6 132	6 118
Current interest-bearing receivables	75	88	93
Cash and cash equivalents	649	678	663
<b>Total</b>	<b>10 910</b>	<b>9 966</b>	<b>10 149</b>
Current assets in discontinued operations	29	-	-
<b>Total current assets</b>	<b>10 939</b>	<b>9 966</b>	<b>10 149</b>
<b>Total assets</b>	<b>26 648</b>	<b>24 315</b>	<b>24 960</b>
Shareholders' equity, excluding minority share	9 974	9 624	10 041
Minority share	81	163	72
<b>Total equity</b>	<b>10 055</b>	<b>9 787</b>	<b>10 113</b>
Non-current interest-bearing liabilities	7 122	7 680	5 891
Other non-current liabilities	1 256	1 261	1 276
<b>Total non-current liabilities</b>	<b>8 378</b>	<b>8 941</b>	<b>7 167</b>
Interest-bearing current liabilities	2 208	248	2 106
Other current liabilities	6 007	5 339	5 574
<b>Total</b>	<b>8 215</b>	<b>5 587</b>	<b>7 680</b>
Current liabilities in discontinued operations	-	-	-
<b>Total current liabilities</b>	<b>8 215</b>	<b>5 587</b>	<b>7 680</b>
<b>Total equity and liabilities</b>	<b>26 648</b>	<b>24 315</b>	<b>24 960</b>

Specification of changes equity SEK M	Sep 30 2006	Sep 30 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, net after tax	-	14	14
Transfer of treasury shares at exercise of call options	-	78	78
Cash flow hedges, net after tax	9	-29	-14
Translation difference	-423	860	1 008
Exchange-rate difference for the period on hedging instruments, net after tax	80	-195	-229
Profit for the period	764	873	1 161
Dividend	-497	-452	-452
<b>Closing balance</b>	<b>9 974</b>	<b>9 624</b>	<b>10 041</b>
<i>Attributable to minority interest</i>			
Opening balance, January 1	72	128	128
Acquisitions	-	-	-102
Translation difference	-2	25	31
Profit for the period	11	11	16
Dividend	-	-1	-1
<b>Closing balance</b>	<b>81</b>	<b>163</b>	<b>72</b>
<b>Sum Closing balance, equity</b>	<b>10 055</b>	<b>9 787</b>	<b>10 113</b>

# Nine-month report January-September 2006

## Cash flow statements

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
<b>Operating activities</b>						
Operating profit	364	413	1 316	1 343	1 711	1 738
Adjustments for items not included in cash flow:						
Amortization, intangible assets	29	16	82	43	104	65
Depreciation, property, plant and equipment	194	199	595	579	792	776
Impairment losses	0	-	10	-	10	-
Provision for restructuring costs	-	-	23	-	23	-
Undistributed result from part. in assoc. companies	-3	-6	18	21	18	21
	<b>584</b>	<b>622</b>	<b>2 044</b>	<b>1 986</b>	<b>2 658</b>	<b>2 600</b>
Interest received and other financial items	52	-96	65	17	74	26
Interest paid and other financial items	-154	-36	-222	-174	-331	-283
Taxes paid	-41	-66	-157	-263	-287	-393
<b>Cash flow from ongoing operations before changes in working capital</b>	<b>441</b>	<b>424</b>	<b>1 730</b>	<b>1 566</b>	<b>2 114</b>	<b>1 950</b>
Cash flow from changes in working capital:						
Change in inventories	-87	4	-215	-9	-355	-149
Change in operating receivables	461	244	-636	-221	-507	-92
Change in operating liabilities	-202	-175	304	52	449	197
Utilization of restructuring provisions	-34	-12	-63	-80	-90	-107
<b>Cash flow from ongoing operations</b>	<b>579</b>	<b>485</b>	<b>1 120</b>	<b>1 308</b>	<b>1 611</b>	<b>1 799</b>
<b>Investing activities</b>						
Acquisitions	-162	-14	-1 650	-127	-1 891	-368
Restructuring measures in acquired entities	-17	-27	-33	-47	-49	-63
Disposals*	-4	12	175	-1	177	1
Capital expenditure in intangible assets	-33	-51	-105	-131	-158	-184
Capital expenditure, property, plant and equipment	-216	-178	-614	-493	-810	-689
Sale of non-current assets	61	27	81	65	103	87
<b>Cash flow from investing activities</b>	<b>-371</b>	<b>-231</b>	<b>-2 146</b>	<b>-734</b>	<b>-2 628</b>	<b>-1 216</b>
<b>Financing activities</b>						
Change in interest-bearing investments	-475	60	-464	-19	-471	-26
Change in interest-bearing liabilities	408	-308	2 000	5	1 972	-23
Dividend paid to shareholders	-	-	-497	-452	-497	-452
Dividend paid to minority	-	-	-	-1	-	-1
Transfer of treasury shares in connection with exercise of call options	-	-	-	78	-	78
<b>Cash flow from the financing activities</b>	<b>-67</b>	<b>-248</b>	<b>1 039</b>	<b>-389</b>	<b>1 004</b>	<b>-424</b>
<b>Cash flow for the period</b>	<b>141</b>	<b>6</b>	<b>13</b>	<b>185</b>	<b>-13</b>	<b>159</b>
Cash and cash equivalents:						
At beginning of the period	505	673	663	475	678	475
Reclassification at beginning of the period	-	-	-	-36	-	-36
Exchange rate differences	3	-1	-27	54	-16	65
<b>Cash and cash equivalents at end of period</b>	<b>649</b>	<b>678</b>	<b>649</b>	<b>678</b>	<b>649</b>	<b>663</b>

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

SEK M	2006		2005
	CRP	Others	
<b>Acquisitions January - September</b>			
Purchase price incl. acquisition expenses	956	694	127
Net realizable value of acquired assets	276	283	50
Goodwill	680	411	77
Acquired assets and liabilities:			
Property, plant and equipment	185	95	26
Intangible assets	2	-	-
Deferred tax	18	-	-
Associated companies	-	-1	3
Other shares	-	-	-
Operating assets	383	140	33
Cash and cash equivalents	20	71	-
Minority share	-	102	-
Operating liabilities	-312	-53	-12
	296	354	50
Cash and cash equivalents	-20	-71	-
Total	276	283	50
Profit for the period	87	17	
Profit for the period in acquired entities January - September	87	36	



# Nine-month report January-September 2006

## Group review, continuing operations

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
<i>Continuing operations excl restructuring costs and impairment losses</i>						
Net sales	6 306	5 677	20 096	17 504	26 101	23 509
EBITDA	589	628	2 016	1 966	2 629	2 579
Operating profit	364	413	1 339	1 343	1 734	1 738
Profit for the period	201	276	788	868	1 072	1 152

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Net sales
	2006	2005	2006	2005	Sep 2006	Full year
Trelleborg Automotive	2 134	2 166	7 199	6 657	9 537	8 995
Trelleborg Sealing Solutions	1 316	1 252	4 102	3 878	5 390	5 166
Trelleborg Engineered Systems	1 498	1 005	4 706	3 264	5 880	4 438
Trelleborg Wheel Systems	728	721	2 392	2 291	3 124	3 023
Trelleborg Building Systems	704	626	1 952	1 727	2 529	2 304
Eliminations	-74	-93	-255	-313	-359	-417
<b>Total</b>	<b>6 306</b>	<b>5 677</b>	<b>20 096</b>	<b>17 504</b>	<b>26 101</b>	<b>23 509</b>

SEK M	July - Sep		Jan - Sep		Oct 2005 -	Full year
	2006	2005	2006	2005	Sep 2006	2005
<i>Operating profit before depreciations (EBITDA)</i>						
<i>Continuing operations excl restructuring costs</i>						
Trelleborg Automotive	75	181	481	625	687	831
Trelleborg Sealing Solutions	212	215	673	670	878	875
Trelleborg Engineered Systems	170	102	529	350	663	484
Trelleborg Wheel Systems	73	80	250	248	312	310
Trelleborg Building Systems	100	87	198	197	259	258
Other companies	-3	-2	-6	-8	-7	-9
Group items	-38	-35	-109	-116	-163	-170
<b>Total excluding restructuring costs</b>	<b>589</b>	<b>628</b>	<b>2 016</b>	<b>1 966</b>	<b>2 629</b>	<b>2 579</b>
Restructuring costs Trelleborg Engineered Systems	-	-	-23	-	-23	-
<b>Total including restructuring costs</b>	<b>589</b>	<b>628</b>	<b>1 993</b>	<b>1 966</b>	<b>2 606</b>	<b>2 579</b>

SEK M	July - Sep		Jan - Sep		Oct 2005 -	EBITDA, % <sup>1)</sup>
	2006	2005	2006	2005	Sep 2006	Full year
<i>Continuing operations excl restructuring costs</i>						
Trelleborg Automotive	3,5	8,1	6,5	9,2	7,0	9,0
Trelleborg Sealing Solutions	16,1	17,3	16,4	17,3	16,2	16,9
Trelleborg Engineered Systems	11,4	10,1	11,2	10,7	11,3	10,9
Trelleborg Wheel Systems	10,1	11,0	10,5	10,8	10,0	10,2
Trelleborg Building Systems	13,9	13,6	9,9	11,3	10,0	11,0
<b>Total excluding restructuring costs</b>	<b>9,3</b>	<b>10,9</b>	<b>9,9</b>	<b>11,1</b>	<b>9,9</b>	<b>10,8</b>
Trelleborg Engineered Systems incl. restructuring costs	11,4	10,1	10,8	10,7	10,7	10,9
<b>Total including restructuring costs</b>	<b>9,3</b>	<b>10,9</b>	<b>9,8</b>	<b>11,1</b>	<b>9,9</b>	<b>10,8</b>

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

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SEK M	July - Sep		Jan - Sep		Operating profit	
	2006	2005	2006	2005	Oct 2005 - Sep 2006	Full year 2005
<i>Continuing operations excluding restructuring costs and impairment losses</i>						
Trelleborg Automotive	-26	85	183	357	297	471
Trelleborg Sealing Solutions	170	170	544	543	704	703
Trelleborg Engineered Systems	129	69	403	247	500	344
Trelleborg Wheel Systems	52	55	182	176	221	215
Trelleborg Building Systems	84	73	152	153	196	197
Other companies	-4	-4	-11	-14	-14	-17
Group items	-41	-35	-114	-119	-170	-175
<b>Total excluding restructuring costs and impairment losses</b>	<b>364</b>	<b>413</b>	<b>1 339</b>	<b>1 343</b>	<b>1 734</b>	<b>1 738</b>
Trelleborg Engineered Systems incl. restructuring costs and impairment losses	-	-	-23	-	-23	-
<b>Total including restructuring costs and impairment losses</b>	<b>364</b>	<b>413</b>	<b>1 316</b>	<b>1 343</b>	<b>1 711</b>	<b>1 738</b>

	July - Sep		Jan - Sep		Operating margin, (ROS) % <sup>1)</sup>	
	2006	2005	2006	2005	Oct 2005 - Sep 2006	Full year 2005
<i>Continuing operations excluding restructuring costs and impairment losses</i>						
Trelleborg Automotive	-1,3	3,7	2,4	5,1	2,9	5,0
Trelleborg Sealing Solutions	13,0	13,6	13,3	14,0	13,0	13,5
Trelleborg Engineered Systems	8,6	6,9	8,6	7,6	8,5	7,7
Trelleborg Wheel Systems	7,1	7,6	7,6	7,7	7,1	7,1
Trelleborg Building Systems	11,7	11,3	7,6	8,7	7,5	8,3
<b>Total excluding restructuring costs and impairment losses</b>	<b>5,7</b>	<b>7,1</b>	<b>6,6</b>	<b>7,6</b>	<b>6,5</b>	<b>7,3</b>
Trelleborg Engineered Systems incl. restructuring costs and impairment losses	8,6	6,9	8,1	7,6	7,9	7,7
<b>Total including restructuring costs and impairment losses</b>	<b>5,7</b>	<b>7,1</b>	<b>6,5</b>	<b>7,6</b>	<b>6,4</b>	<b>7,3</b>

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

	Return on capital employed, (ROA) % <sup>2)</sup>		
	Oct 2005 - Sep 2006	Oct 2004 - Sep 2005	Full year 2005
<i>Continuing operations excluding restructuring costs and impairment losses</i>			
Trelleborg Automotive	5,4	10,0	9,1
Trelleborg Sealing Solutions	10,4	10,7	10,6
Trelleborg Engineered Systems	16,9	16,9	16,9
Trelleborg Wheel Systems	14,8	15,0	15,3
Trelleborg Building Systems	19,2	20,7	21,9
<b>Total excluding restructuring costs and impairment losses</b>	<b>9,7</b>	<b>11,1</b>	<b>10,7</b>
Trelleborg Engineered Systems incl. restructuring costs and impairment losses	15,9	11,1	17,1
<b>Total including restructuring costs and impairment losses</b>	<b>9,6</b>	<b>8,1</b>	<b>10,8</b>

2) Operating profit in relation to average capital employed.

# Nine-month report January-September 2006

SEK M	Sep 30 2006	Capital employed <sup>3)</sup>	
		Sep 30 2005	Full year 2005
<i>Continuing operations</i>			
Trelleborg Automotive	5 436	5 240	5 421
Trelleborg Sealing Solutions	6 628	6 716	6 787
Trelleborg Engineered Systems	3 458	2 006	2 150
Trelleborg Wheel Systems	1 555	1 422	1 443
Trelleborg Building Systems	1 121	901	858
Other companies	114	128	122
Group items	16	5	-37
Provisions for restructuring measures	-40	-109	-81
<b>Total</b>	<b>18 288</b>	<b>16 309</b>	<b>16 663</b>

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

Jan - Sep 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	Oct 2005 - Sep 2006
Trelleborg Automotive	532	678	-348	-370	3	1	-93	55	94	364	149
Trelleborg Sealing Solutions	690	685	-115	-100	57	28	-97	-202	535	411	834
Trelleborg Engineered Systems	552	362	-120	-59	10	1	-86	34	356	338	423
Trelleborg Wheel Systems	259	256	-80	-48	1	-	-174	-11	6	197	44
Trelleborg Building Systems	202	202	-52	-36	-	2	-73	-33	77	135	172
Other companies	-6	-9	-	-	-	14	-6	-5	-12	-	-9
Group items	-189	-188	-4	-11	10	19	-18	-16	-201	-196	-237
<b>Operating cash flow</b>	<b>2 040</b>	<b>1 986</b>	<b>-719</b>	<b>-624</b>	<b>81</b>	<b>65</b>	<b>-547</b>	<b>-178</b>	<b>855</b>	<b>1 249</b>	<b>1 376</b>
Restructuring measures provided for at the time of acquisition									-33	-47	-49
Other restructuring measures									-63	-80	-90
Dividend paid to minority									-	-1	-
Financial items									-157	-157	-257
Paid tax									-157	-263	-287
<b>Free cash flow</b>									<b>445</b>	<b>701</b>	<b>693</b>
Acquisitions									-1 650	-127	-1 891
Disposals*									175	-1	177
Dividend paid to shareholders									-497	-452	-497
Exercise of warrants and call options									-	78	-
<b>Sum net cash flow</b>									<b>-1 527</b>	<b>199</b>	<b>-1 518</b>

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

<b>Net debt, opening balance</b>		<b>-7 236</b>	<b>-6 951</b>	<b>-7 159</b>
Net cash flow for the period		-1 527	199	-1 518
Borrowing costs		-1	15	-2
Exchange rate differences		206	-422	121
<b>Net debt, closing balance</b>		<b>-8 558</b>	<b>-7 159</b>	<b>-8 558</b>