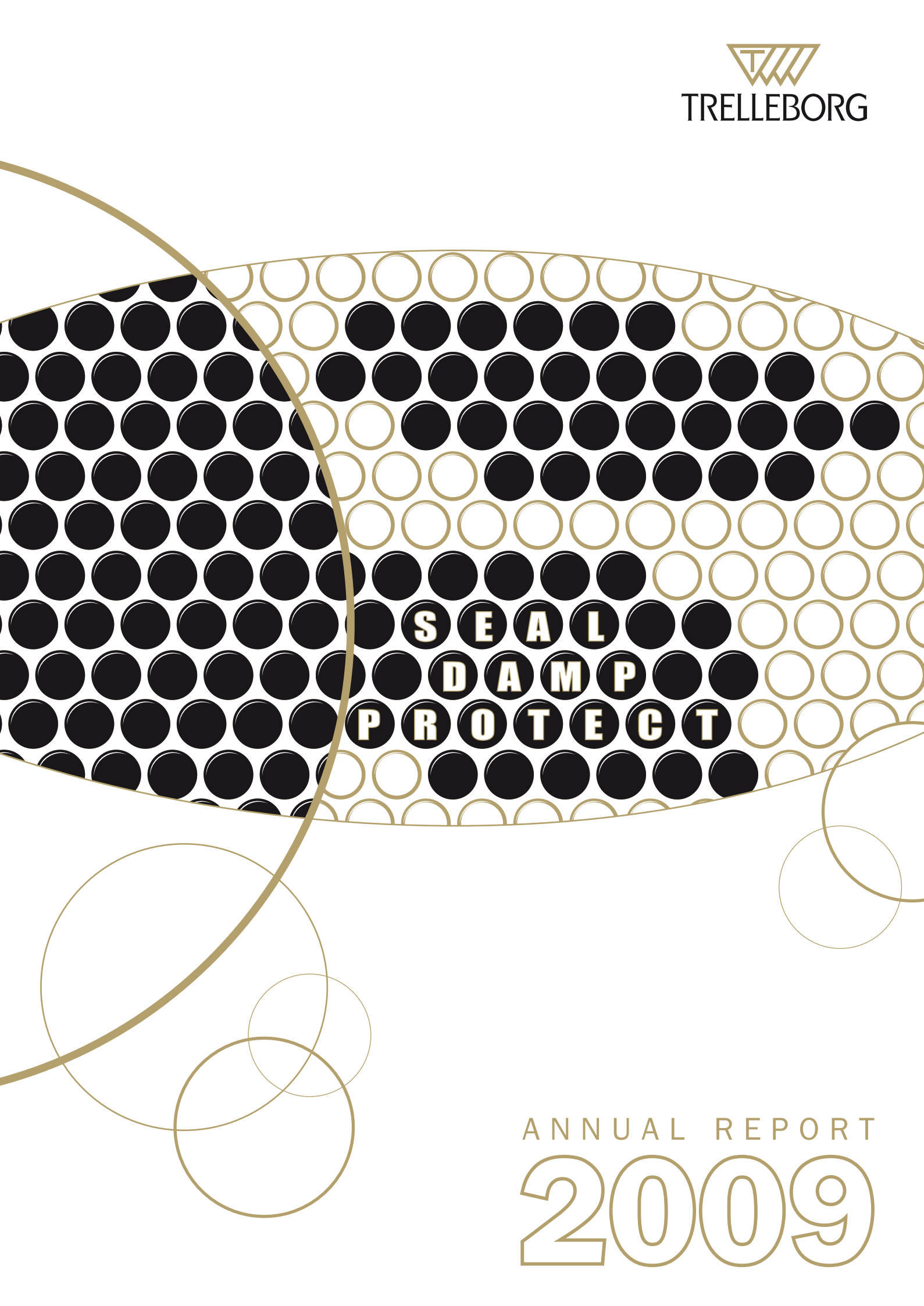




SEAL
DAMP
PROTECT

ANNUAL REPORT
2009

Our operations

Governance and responsibility

Our finances



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

Trelleborg AB is a public limited liability company. Corporate registration number: 556006-3421. The Group's headquarters are in Trelleborg, Sweden. This is a translation of the company's definitive Annual Report for 2009 in Swedish.

All values are expressed in Swedish kronor. Kronor is abbreviated to SEK and millions of kronor to SEK M. Unless otherwise stated, figures in parentheses relate to the 2008 fiscal year. Data on markets and competitive positions represent Trelleborg's own assessments unless a specific source is indicated. These assessments are based on the most recent and reliable information from published sources in the public and industrial good sectors.

Audited Annual Report, pages 5-33 and 61-99.

Assured Corporate Responsibility Report, pages 48-58.

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Global leader

A brand synonymous with polymer technology for more than 100 years

The Trelleborg brand is well recognized throughout the world in a range of different market segments. It represents Trelleborg’s promise and offering; *innovative and reliable solutions that seal, damp and protect in demanding industrial environments.* Based on advanced polymer technology and in-depth application know-how, we strive to give our customers something they cannot get from others. This is what we have done for more than 100 years.

Trelleborg Engineered Systems

Four business areas

Trelleborg Engineered Systems

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



Trelleborg Automotive

Trelleborg Automotive

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



Trelleborg Sealing Solutions

Trelleborg Sealing Solutions

Safety-critical precision seals for the industrial, aerospace and automotive markets, among others.



Trelleborg Wheel Systems

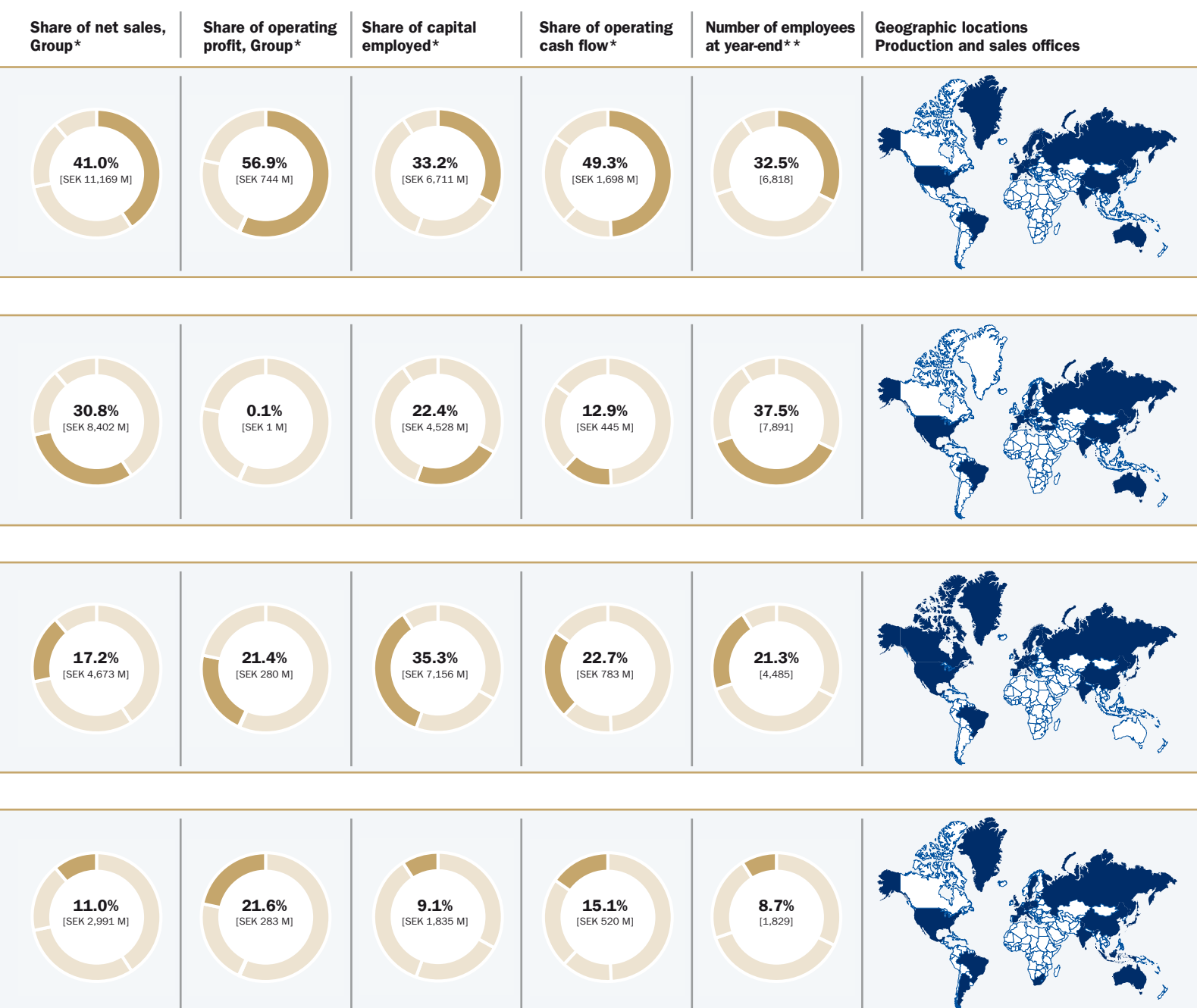
Trelleborg Wheel Systems

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



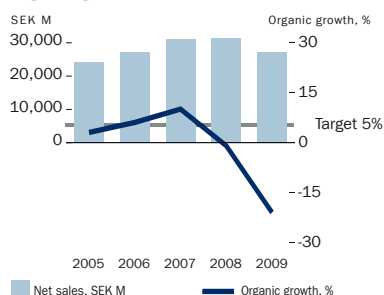
r in polymer technology

- **Founded in 1905**
- **Number one in the world in industrial rubber**
- **Sales for 2009: SEK 27,059 M**
- **Employees at the end of 2009: 21,119**
- **Operations in 43 countries**
- **Listed on the NASDAQ OMX Nordic Exchange Stockholm since 1964**

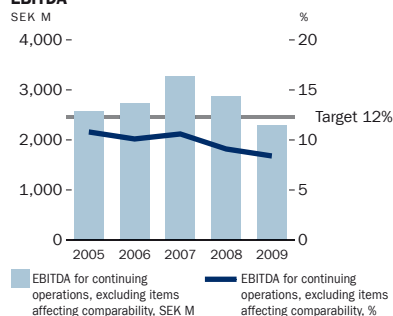


*) Excluding Group-wide costs/items.

**) Including insourced staff and temporary employees. For the average number of employees, refer to Note 3, page 80. For the average number of employees per country, see pages 104 – 106.

Organic growth and net sales

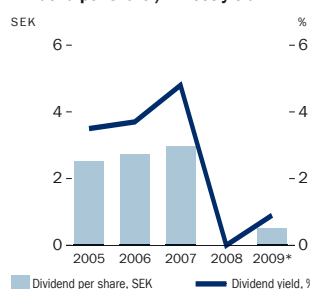
Target: organic growth over an economic cycle 5%.

EBITDA

Target: EBITDA margin $\geq 12\%$.

Return on shareholders' equity

Target: return on shareholders' equity 12%.

Dividend per share / Direct yield

* Board's proposal to Annual General Meeting

Dividend policy: in the long-term, the dividend shall amount to 30-50% of the net profit for the year.

2009

■ **Net sales** amounted to SEK 27,059 M (31,263).

27,059 SEK M

■ **Consolidated operating profit increased to SEK 773 M** (374) including items affecting comparability amounting to an expense of SEK 390 M (expense: 1,424).

773 SEK M

■ **Operating margin excluding items affecting comparability totaled 4.3 percent** (5.7).

4.3%

■ **EBITDA margin excluding items affecting comparability amounted to 8.4 percent** (9.1).

8.4%

■ **Operating cash flow** remained strong and increased to SEK 3,215 M (1,594). Free cash flow increased to SEK 1,743 M (414).

3,215 SEK M

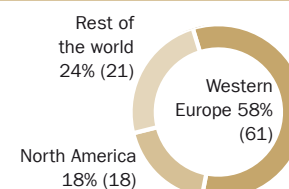
■ **Proposed dividend of SEK 0.50 (-).**

The Board and the President propose that a dividend of SEK 0.50 per share be paid for 2009 (no dividend in 2008).

0.50 SEK

■ **Successful implementation of the rights issue** worth SEK 2.2 billion contributed to strengthen the Group's financial position and improve the capital structure.

■ **Continued geographic shift** toward countries with high-growth. In 2009, sales in China increased 30 percent compared with the preceding year. New plants were opened in China and Brazil during the year.



■ **Comprehensive capacity adjustments.** As a result of the sharp volume downturn, comprehensive capacity adjustments were implemented. The closure or consolidation of some 15 units was implemented or initiated during the year. Capacity was added to growth markets while significant cutbacks were made in mature markets, which entailed a net reduction in the number of employees by slightly more than 2,000.



The year 2009 was exceptional. The financial crisis hit with a dramatic decline in demand in most of the world's industries. As a result, Trelleborg's organic sales declined 21 percent, compared with 2008. That forced us to take a number of focused initiatives. Thanks to fantastic work by all Trelleborg employees, we succeeded above expectations. This gives us a favorable starting position for 2010, when we will safeguard our reduced cost base and invest more aggressively in long-term value creation for all stakeholders.

During recent years, we have worked to improve the Group's operational structure, which was also our focus in 2009. All four business areas implemented action programs.

One of the most important components in our work for the better Trelleborg is to maintain a focus on the most valuable businesses and customers. A classification of where we will grow and what areas we will exit provides the foundation. All business units continuously review their customer structure to ensure that resources are allocated to the areas of the business in which they can generate most profit, both in the short and long term.

Even during a year such as 2009, we continued to build stronger positions within selected segments through development and investments in new geographic markets. In addition, we continued to introduce new Group-wide initiatives for leveraging synergies in a structured manner.

During 2009, much effort was devoted to adapting capacity with the very regrettable consequence that many of our employees were forced to leave the company. From when it was highest in 2008, the number of employees was reduced by more than 20 percent.

Margins and cash flow

The long-term structural and efficiency program that we have conducted in recent years resulted in a favorable starting position for meeting the dramatic drop in demand. Our focus on margins was strong during the year. At the end of 2009, the EBITDA margin was slightly more than 10 percent, compared with slightly less than 4 percent at the end of 2008, with sales at the same level. ①

By clearly focusing on our most valuable businesses and customers, quickly adjusting capacity and increasing speed in implementing programs in progress, we were successful in adapting operations. It was particularly gratifying that the measures taken over the past several years in Trelleborg Automotive began to show a marked effect.

We now have a significantly better structure with respect to geography, efficiency and flexibility to respond to future market changes. When volumes eventually recover, Trelleborg will be stronger than in a very long time.

Trelleborg's operating cash flow has been steadily above SEK 1,500 m since 2005. When the crisis hit, we further sharpened the focus on capital efficiency, while at the same time revising our investment plans. Efficient management of working capital, lower investments and gradually improved earnings during the year doubled the operating cash flow from slightly less than SEK 1,600 m during 2008 to slightly more than SEK 3,200 m at the end of 2009. ②

During the first half year, Trelleborg also implemented a rights issue of about SEK 2,200 m to strengthen our financial position and the ability to further improve our market positions. The rights issue was oversubscribed and contributed to a significant reduction of the debt/equity ratio. At the end of 2009, the debt equity ratio was 68 percent, compared with 124 percent at the end of 2008. The improvement of the balance-sheet creates opportunities for future strategic choices.

Strengthened positions

Times of crisis create new opportunities in many markets. During 2009, we retained or increased market shares in the most important markets, while continuing to improve the geographic balance.

Since 2005, ten new production units were started in growth markets. At the same time, the number of production units in our mature markets was reduced by 25. Overall, this was a sharp change in our geographic balance that will benefit us in the future. ③

We will continue to prioritize initiatives and investments to significantly increase the share of sales of geographically attractive markets over the coming years, while continuing to invest in new solutions and products that increase value creation among our customers.

Although we are the largest company in the world in terms of sales of industrial rubber, our position in the individual sub-segments is more important. With a systematic process for global growth in selected sub-segments and continuous work with our product portfolio, we continued to strengthen our competitiveness during 2009.

Our growth must primarily be achieved through building the right positions and market-oriented product development with innovation and polymer and application expertise as the foundation. Acquisitions remain an important component in the constant movement towards better positions, but we have elected not to define a specific measurement figure with respect to acquisitions. Our market is fragmented, however, and offers excellent opportunities for attractive supplementary acquisitions.

Our work to improve our long-term structure also includes a realization that some units can probably develop more favorably with new owners. Our intention is to continue divesting individual units that are not part of our future core business when the right opportunity arises.

“We continue to improve the Group’s structure and geographic balance”

Strategy and goals

Our overall strategy stands firm. We will further improve our geographic balance with a focus on markets outside North America and Western Europe, and we shall grow by moving towards profitable segments with favorable structural growth. Examples include segments within infrastructure, energy solutions and food processing, which are areas that are driven by the long-term development of urban environments.

The foundation is the basic competitive factor that makes us different: our specialized polymer and application expertise in combination with a global presence. Our customers can count on innovative and reliable solutions they can not get from others.

Our strategy has produced results. We are on the right course, but there is still much remaining to be done. We are far from finished.

During the year, we revised the financial targets, which are now focused on three goals. The goal for organic growth is 5 percent per year on average over a business cycle, which increases the focus on internal growth work. The goal for the EBITDA margin of more than 12 percent per year is retained. This shall be accomplished by focusing on selected positions in profitable and expanding market segments combined with continuous improvements to our operational structure and our costs. The goal for return on shareholders’ equity was revised to 12 percent, as a result of changed assumption regarding a lower debt/equity ratio.

The dividend policy is that the dividend shall amount to between 30 and 50 percent of net profit for the year over the long term. For 2009, the Board of Directors proposes a dividend of SEK 0.50 per share, which is deemed a responsible level that balances the year’s return to shareholders with retained financial strength in the company to create shareholder value for the long term.

Looking ahead

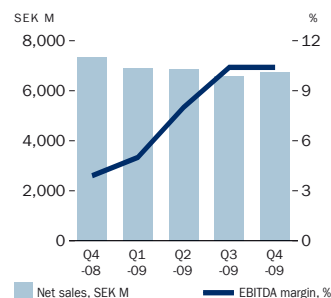
Demand growth for 2010 remains uncertain, and there are no more than weak signs of market recovery as a whole. Although our broad exposure to a variety of segments and to different geographic markets is a strength, we are cautious in expecting extra help from our underlying markets and are preparing for a difficult year in 2010. However, we generally believe in stabilization in global industrial demand during the year, with a continued increase in many growth countries and a slow and gradual recovery in Western Europe and North America. Should the market develop more favorably than we believe at the time of writing, we are well prepared to handle increasing volumes flexibly and with improved profitability.

We have had a tough year. I wish to extend my deepest thanks to all employees and shareholders who contributed to taking us through the year strengthened. All employees do the job on a daily bases. During 2009, more than ever, we have seen the strategic importance of recruiting, developing and retaining talented people of different backgrounds to develop Trelleborg. We have a structured approach that includes such components as career and succession planning, clear feedback and follow-ups. This remains the highest priority because right employees are the basis for successful business. The year 2009 provided proof that we have tremendously skilled employees in the organization. I am proud of all Trelleborg employees’ excellent performance.

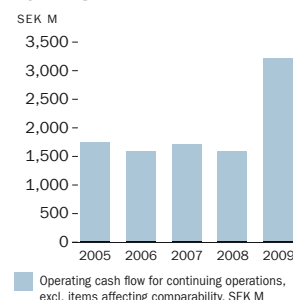


Trelleborg, February 2010
Peter Nilsson, President and CEO

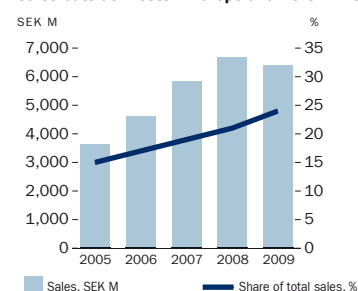
1 Net sales and EBITDA margin per quarter



2 Operating cash flow



3 Sales outside Western Europe and North America





- **A sealed and safe passage.** An 830 meter long immersed road tunnel will soon connect the shores of the Coatzacoalcos River in the Mexican Gulf. High water pressure and the risk of severe seismic earth movements require durable and flexible gaskets. Giant rubber seals and waterstops engineered by Trelleborg will keep the hidden passage safe and dry.

Our operations

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We seal, damp and protect in demanding industrial environments throughout the world

Every day you use a product in which polymers (rubbers and plastics) seal, damp or protect – most often without you realizing it. The newspaper you read is printed on a polymer-coated roller, the car in which you travel has polymer components to ensure that the journey is as comfortable as possible, the tunnel that you drive through is sealed with polymer seals; the watch you wear has very small polymer seals that protect it from moisture and dust. The list is endless and demonstrates how polymers are all around us and play a crucial role in many functions.

Our aim

We strive to give our customers something that they cannot get from others. The Trelleborg Group offers high-tech solutions that meet three primary customer needs: to seal, damp and protect. Functions that are vital for customers within numerous industrial segments. Our products and solutions are found everywhere in daily life – often without being recognized. Through advanced polymer technology and in-depth applications know-how, Trelleborg develops products and solutions designed to meet specific needs in close collaboration with customers. These can involve sealings in machinery and aircraft, damping bearings in bridges and trains, protecting oil platforms, hoses for food and anti-vibration components in vehicles.

Our strength

Our strength is based on a unique material. We work with polymer technology consisting of rubber and plastics. Today, the Trelleborg name is synonymous with what is commonly termed industrial rubber. Rubber is one of the most multifaceted materials in existence. This elastic material provides unique properties for sealing, damping and protecting in a wide variety of contexts. There are many different types of rubber and closely-related materials, which, by using various types of additives can acquire greatly differing properties. The chemical additives and combinations with other materials such as metal, textiles and plastics determine the character of the end products. For example, a hose to protect against corrosive chemicals, seals to cope with extreme temperature fluctuations or a material that damps noise and vibrations in a noisy environment.

Our difference

We have a culture and values that separate us from others. Innovative solutions are created in an innovative corporate culture. Our decentralized business concept and strong entrepreneurial spirit provide a strong operational focus and proximity to customers. Our business model provides extensive freedom from an early stage, considerable responsibility – and demand for performance. We lead through a decentralized organization that encourages all employees to assume responsibility for our company and our business environment. Trelleborg's objective is to create a high-performance culture in a global environment through shared values and target-oriented leadership. Our basic values are summarized in the four guiding principles: *customer focus, performance, innovation and responsibility*.

Seal

Trelleborg creates customized sealing solutions for a large number of different applications. Regardless of whether the requirement involves high durability, extreme temperature differences or exact precision, Trelleborg can offer world-leading sealing solutions.

Solutions that seal, damp and protect

Damp

Noise and vibrations in our daily life have become an increasingly large problem. Consequently, high-performance antivibration products and noise-damping solutions are required to protect people and material. Trelleborg's engineers are continuously developing innovative solutions for noise and vibration damping.

Protect

Throughout the world, increasing resources are needed to protect against flooding, fires and other disasters, for example. Whether it involves preventing leakage or protecting against fire, corrosive fluids and material, gases or forces of nature, Trelleborg's polymer-based solutions play a crucial role.

Global leader in industrial rubber

A considerable portion of Trelleborg's operations lies within the framework of what is termed industrial rubber. Trelleborg is number one in this global market.

The industrial rubber market comprises such product areas as antivibration, hoses and seals, but does not include the market for tires. The market is fragmented, although a gradual process of consolidation is under way. Trelleborg plays an active role in this process.

The industrial rubber market is highly diversified and encompasses several different segments. Trelleborg is active in selected areas in light vehicles, general industry, offshore oil/gas, agriculture, transportation equipment, infrastructure construction and aerospace. For further information, see page 9.

For a more detailed description of Trelleborg's applications, market positions, key customers and principal competitors, see the descriptions of the business areas on pages 20 to 27 and on the inside of the cover.

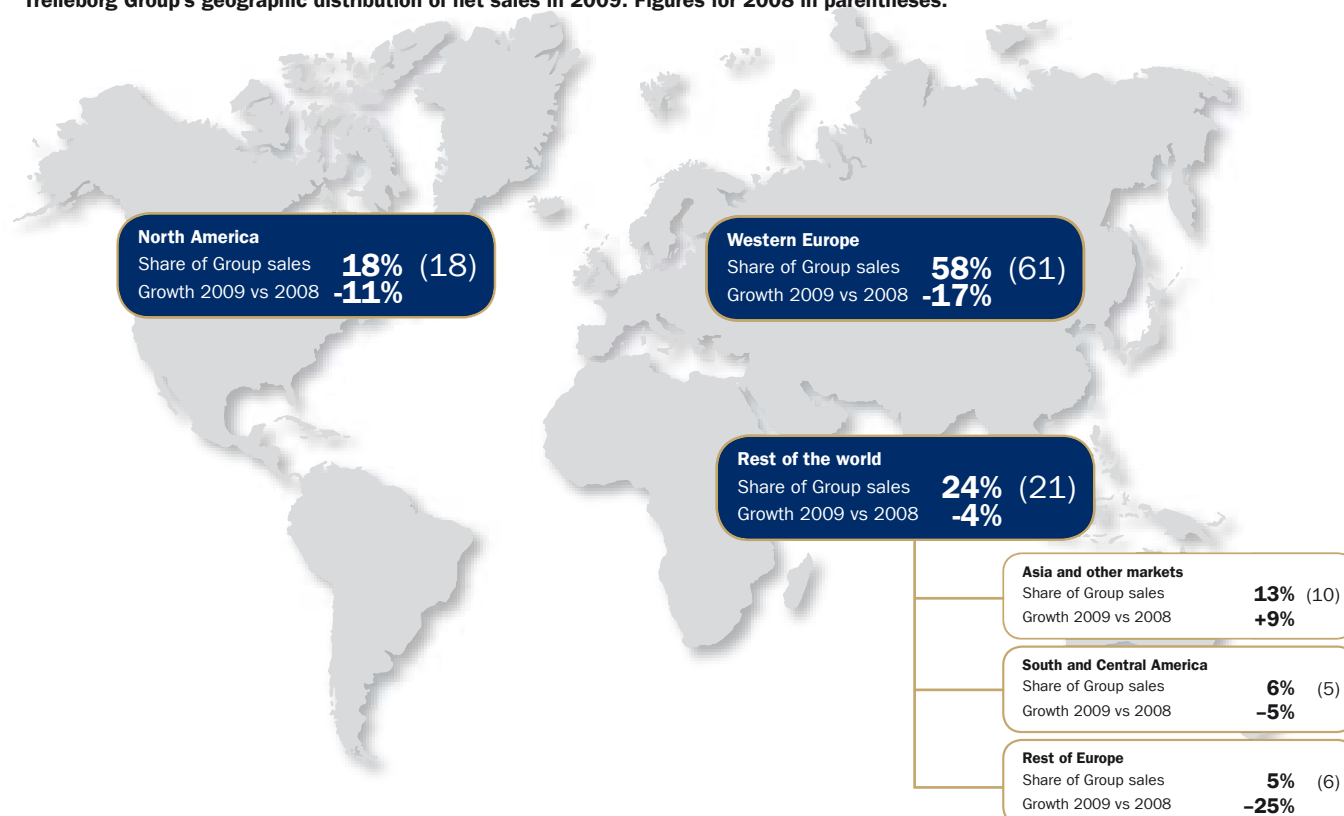
Top ten global industrial rubber companies*

	Company	Country
1.	Trelleborg	Sweden
2.	Hutchinson	France
3.	Continental	Germany
4.	Bridgestone	Japan
5.	Freudenberg	Germany
6.	Tomkins	UK
7.	Cooper-Standard	
	Automotive	USA
8.	Tokai Rubber	Japan
9.	Parker-Hannifin	USA
10.	NOK	Japan

* Based on sales

Source: Rubber & Plastics News, July 2009/Trelleborg

Trelleborg Group's geographic distribution of net sales in 2009. Figures for 2008 in parentheses.



Synergies

Polymer
technology

Global
presence

Purchasing

Manufacturing
processes

Market and applications expertise

Trelleborg
Engineered Systems

Trelleborg Automotive

Trelleborg
Sealing Solutions

Trelleborg
Wheel Systems

seal
damp
protect

Selected segments in



Light vehicles 33%



General industry 30%



Offshore oil/gas 11%



Agriculture 8%



Transportation
equipment 8%



Infrastructure
construction 7%



Aerospace 3%

Industrial core competency and polymer technology pervade all of the business areas, as does the high technology content of the products, providing added value for our customers. Focused product development, cost-effective production and synergies in

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

Trends driving development and promoting Trelleborg's products and solutions

Light vehicles

- Customers are becoming more global and also demanding global support from subcontractors.
- Increased competition among automotive manufacturers has resulted in consolidation and broader utilization of common platforms for cost-efficient production.
- More stringent environmental requirements regulating, for example, carbon emissions have resulted in major investments in the development of alternative fuels and engines to ensure compliance with these.
- Drivers and passengers are increasingly requesting improved comfort during their journey, for example, lower and fewer disturbing noises and less vibration.
- Asia, primarily China and India, are demonstrating robust growth, partly driven by the growing domestic market, but also by cost-efficient exports.

General industry

- Outside the mature markets of Western Europe and North America, there is attractive growth potential primarily in such country groups as BRIC (Brazil, Russia, India, China) and VISTA (Vietnam, Indonesia, South Africa, Thailand, Argentina).
- As the world's population increases, so does the demand for alternative energy sources,

better food management, stronger infrastructure and more efficient healthcare.

Offshore oil/gas

- A generally rising global energy need, combined with high raw material prices, have made previously unprofitable extraction projects more realistic, for example, deep-water oil and gas extraction.
- Major oil and gas deposits have been discovered in Brazil and Western Africa, which may require major investments for future extraction.
- Better exploration techniques and diminishing onshore deposits have led to a rise in offshore investments.

Agriculture

- The merging of farms to increase economies of scale has enhanced the need for bigger tractors with larger tires. Tractors are also used more for driving on roads, which entails higher speeds than in the past.
- The fundamental technology shift from cross-ply to radial tires continues.
- Higher grain prices in recent years and more cost-efficient agricultural production has improved farmers' finances, resulting in rising investments in machinery.
- The value of farming land is increasing, which places major demands for less erosion/impact when the land is being farmed.

Transportation equipment

- Growth in global trade generally increases the need for transports and requires more efficient inventory management.

Infrastructure construction

- Increased urbanization, neglected investments and increased demands for comfort contribute to major investments in improved infrastructure in the form of bridges, tunnels, roads, harbors, railways and much more.
- A growing number of international freighters are calling at the world's harbors, which requires larger ports and modern fender systems.
- An intensified focus on energy savings in construction is increasing demands for efficient sealing profile solutions.

Aerospace

- Welfare gains in the BRIC countries are one of the principle driving forces behind civil aviation, which long-term is one of the strongest growing transport sectors.
- Stricter demands for quieter, more fuel-efficient and safer aircraft with more efficient engines.

Our financial targets

Trelleborg shall create value for shareholders and other stakeholders through profitable growth. At the Capital Markets Day on December 3, 2009, Trelleborg announced its adjusted financial targets. These have now been streamlined to three: organic growth, EBITDA margin and return on shareholders' equity.

Organic growth over an economic cycle

Target

5%

The target for the average annual organic growth over an economic cycle is 5 percent. In addition, further growth will occur through supplementary acquisitions.

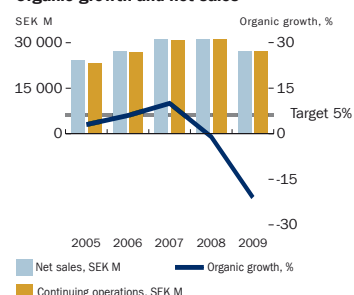
Description

The organic growth shall be achieved through proprietary product development and penetration of new geographic markets. Over the past five years, annual organic growth amounted to an average of -1 percent. Acquired growth remains a vital part of Trelleborg's strategy. It primarily involves supplementary acquisitions to strengthen, for example, geographic presence or market position in selected segments.

Fulfillment

In 2009, organic sales decreased by 21 percent (-1) as a result of the sharp deterioration in demand. Sales declined for all of the Group's business areas.

Organic growth and net sales



EBITDA margin*

Target

≥12%

The target is an EBITDA margin* that exceeds 12 percent.

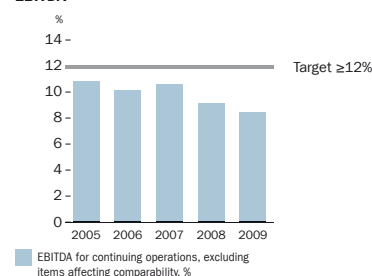
Description

In the most recent five-year period, the EBITDA margin averaged 9.8 percent. The margin improvement required to achieve the target level will occur as a result of volume growth combined with the effects of the comprehensive action programs carried out in recent years. Trelleborg's strategy to actively seek and develop profitable segments is also expected to contribute to improved margins.

Fulfillment

In 2009, the EBITDA margin was 8.4 percent (9.1). The work aimed at adapting the Group's cost structure to lower demand somewhat offset the significant downturn in volumes. The EBITDA margin improved compared with 2008 in Trelleborg Automotive and Trelleborg Wheel Systems, while it declined in Trelleborg Engineered Systems and Trelleborg Sealing Solutions.

EBITDA



* Continuing operations excluding items affecting comparability.

Return on shareholders' equity*

Target

12%

The target for return on shareholders' equity* is 12 percent after tax.

Description

In the most recent five-year period, return averaged 10.2 percent. The target shall be achieved through margin improvements and efficiency in capital utilization.

The target has been reduced to 12 percent after tax primarily due to changed assumptions concerning a lower debt/equity ratio and capital turnover ratio.

Fulfillment

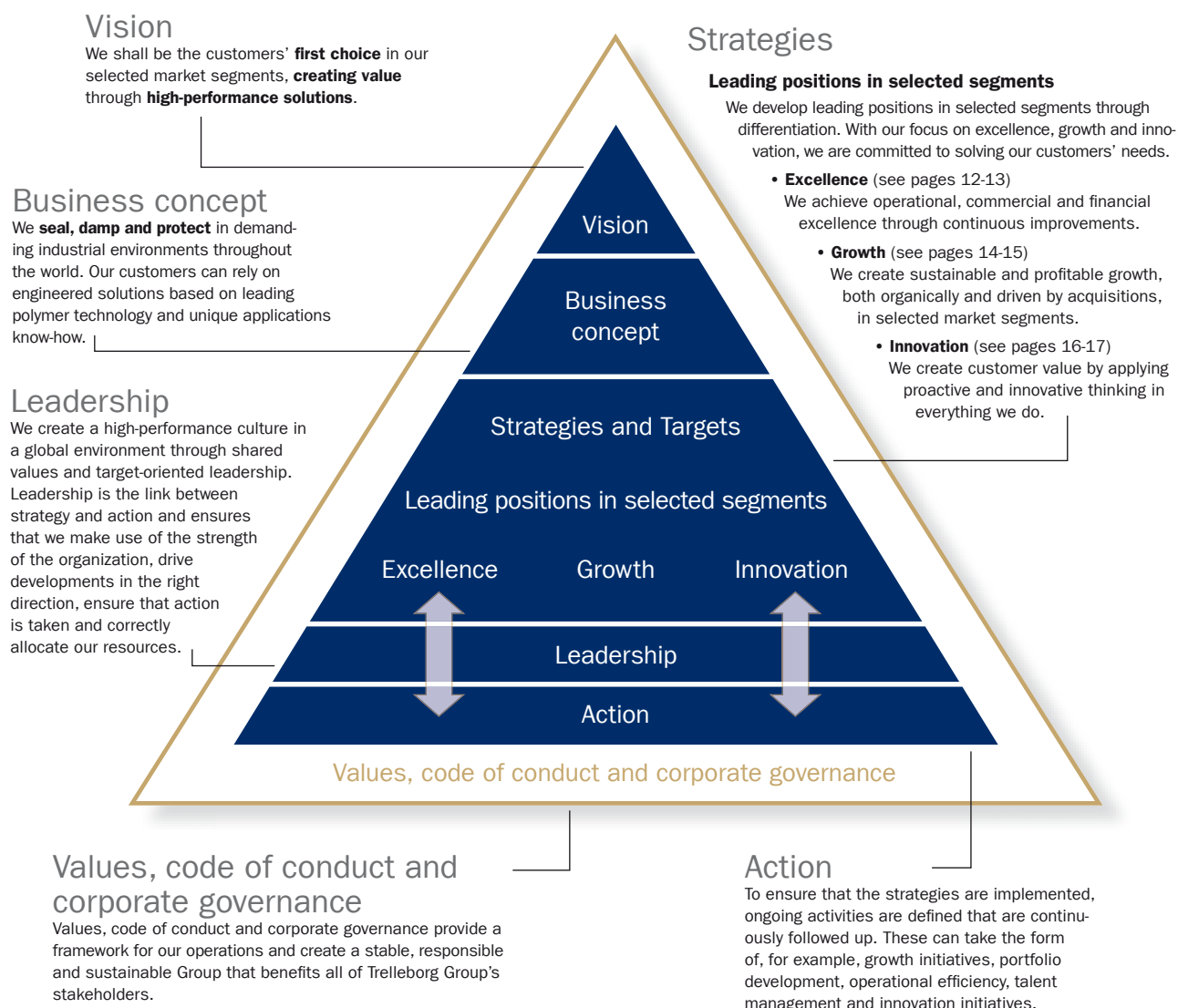
In 2009, return on shareholder's equity amounted to 6.2 percent (8.8). The deterioration is a result of the decline in return on capital employed during the year.

Return on shareholders' equity



* Continuing operations excluding items affecting comparability.

Our strategy



Leadership ensures strategy and action

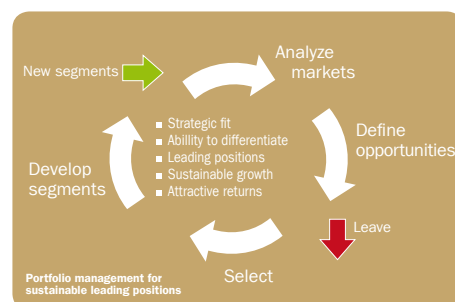
Successful leaders are needed to ensure strategies and strengthen the ability to take action. Our business model and entrepreneurial spirit provide operational focus and proximity to customers. Trelleborg's ambition is to create a high-performance culture in a global environment based on shared core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

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

Leading positions in selected segments

Trelleborg strives to achieve leading positions in our carefully selected segments in global and regional markets. The Group's market positions and product portfolio are continuously evaluated. We select and focus on segments in which the Group can attain leading positions and which offer long-term growth in value. At the same time, we identify and withdraw from areas and segments that are less attractive.

Activities are conducted within the framework of Global Growth Initiatives that systematically drive growth in prioritized areas.



Excellence

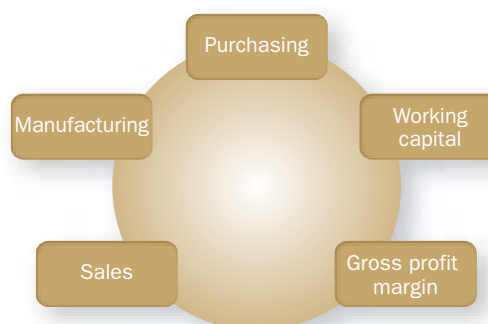
strengthens competitiveness

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

Excellence is created through:

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

For the past few years, Trelleborg has been conducting a Group-wide excellence program to efficiently and uniformly implement improvement measures.



Manufacturing Excellence was the first program to be launched. The result was very positive and additional programs were subsequently launched, bringing the current total to five areas. The principle is that the programs shall become a natural part of daily operations following a few years of focused management. The five areas of excellence are:

- Manufacturing. Streamlining of production processes and material management, but also improvement of energy and environmental awareness throughout the value chain.
- Purchasing. Selective coordination of direct and indirect purchasing of raw material and components. Establishing central purchasing offices in cost-efficient countries.
- Working capital. Continuous improvements in capital utilization aimed at reducing the capital base and thus releasing capital. The program includes concrete efficiency-enhancing measures for inventories, accounts receivables, accounts payable and other working capital.
- Gross profit margin. A relatively newly launched program with a focus on improving the overall price structure and reducing the cost base. Accordingly, the aim is to increase awareness of our market position in parallel with cost optimization to develop, manufacture and sell our products.
- Sales. The most recently launched program aimed primarily at improving the business units' interaction with existing and potential customers.

WWW

Improved management of working capital

In 2009, Trelleborg intensified focus on improving the efficiency of working capital management.

Adapting inventory levels to the lower sales levels in 2009 was a high priority activity.

In addition, the Group worked on improving customer credit management

and on minimizing the underlying reasons for late payments.

In general, several processes underlying accounts receivables, inventories and accounts payable were improved to reduce the cash-flow cycle.



Excellence in an increasing number of areas

Manufacturing excellence

At the beginning of 2008, Trelleborg launched its Group-wide program for manufacturing excellence, which was implemented at all major production units in the Group.

The program is a structured process to ensure the shared Group aim of continuous improvements, increased competitiveness and providing access to the best processes.

A systematic measuring process stimulates all the production units to have a common approach and to ensure improvement. Six areas are included in the program and key figures for all six are defined.

The six areas are:

- On-time deliveries. Customer satisfaction/customer service: for example, reliability, customer promises and lead times.
- Productivity. Resource utilization: for example, work per produced unit or costs per employee.
- Efficiency. Return: for example, produced units per man-hour or units per hour of production.
- Quality. Customer satisfaction/costs: for example, complaints, spoilage and the portion of products that must be redone.
- Assets. Capital/resource utilization: for example, capital turnover and space utilization.
- Personnel. Employee satisfaction: for example, absenteeism due to sickness and personnel turnover.

Excellence in energy

During 2009, Trelleborg implemented its program for excellence in energy (within the framework for Manufacturing Excellence) for systematic efficiency enhancement at all production units.

Excellence in energy is based on self-evaluation and identification/implementation of improvement projects through specially trained coordinators at each production unit, which in turn will form improvement teams for savings measures in terms of buildings, compressed air, heating/ventilation, lighting, cooling systems, etc.

The program is expected to generate significant savings over time in the form of lower energy consumption and energy costs, as well as reduce the total carbon emissions from the Group.



During 2009, Trelleborg Sealing Solutions' plant in Malta worked systematically on excellence in energy. The measures implemented included shutting down transformers during slack periods, programming certain machines with weekly timers and monitoring the compressed-air system to identify leakages.

Improvement of the production structure

Trelleborg works continuously to improve the production structure to create a long-term optimal presence and to achieve an efficient and flexible structure.

During 2009, an extensive capacity adjustment was implemented in all four business areas. The closure or consolidation of some 15 units was implemented or initiated.

At the same time, investments have been made in new units in China and Brazil, markets with attractive growth potential and interesting market segments. Major investments were also made in such countries as Turkey, the Czech Republic, Sri Lanka, Italy, Sweden, the US and France.

Unit	Measure
Guelph, Canada	Relocated to Brazil and Mexico
Hartville, USA	Relocated to Sri Lanka
Hadsten, Denmark	Relocated to Latvia
TSS, UK	Merging of several plants
Hull, UK	Relocated to Lithuania
Somersworth, USA	Closure
Rio Saliceto, Italy	Relocated to other plant in Italy
Spilamberto, Italy	Relocated to other plant in Italy
Czechowice, Poland	Merging of two plants
Sjöbo, Sweden	Relocated to UK, Sweden and Estonia
Cernay, France	Relocation of printing blankets to Italy
Mosbach, Germany	Relocated to other plant in Germany

Growth

in profitable segments

The target for Trelleborg's average annual sales growth is 5 percent over an economic cycle.

Growth is the focal point of the Group's main strategy to hold leading positions in selected segments. Proprietary product development is important and this is why innovation skills have been assigned a higher strategic priority.

The focus is on organic growth, but acquisitions remain of strategic importance. In the first instance, these are supplementary acquisitions in selected market segments or geographic areas. The Group seeks acquisition candidates that add technology, create added value, support the build-up of critical mass in attractive segments, have solid organic growth potential or provide consolidation opportunities.

Growth is created through:

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

Based on a structured portfolio evaluation, strategies for growth are formulated, which are then implemented organically or through acquisitions. At the same time, we exit areas that are less attractive.

Our growth focus includes demanding industrial environments, such as offshore oil and gas extraction, the aerospace industry, chemical industry, pharmaceutical industry and infrastructure construction.

Streamlining the business structure and the product portfolio is a strategy that drives profitability growth for Trelleborg. The prioritized areas have significantly increased their share of the Group.

Organic growth

Organic growth is supported by focused growth initiatives, Global Growth Initiatives. Activities that systematically drive growth within the prioritized areas are conducted within the framework of these initiatives. Growth is also supported by a shift to attractive segments by streamlining the business structure and product portfolio.

Continued efforts in systematically

working with Global Growth Initiatives and portfolio management will allow us to clearly prioritize and control our operations, thus increasing the profitability level in the Group successively and in the long-term.

Acquisitions

An advancement of the Group's strategic positions may sometimes be achieved more rapidly than through organic means by the acquisition of small or mid-size operations. In addition, this will provide access to new expertise, new technology/material or new customer groups. Over the years, Trelleborg has built up unique experience and expertise in acquiring and integrating operations in a structured manner.

Since 2005, Trelleborg has completed 35 complementary acquisitions, with combined sales of about SEK 5.3 billion.



4 percent in growth per year

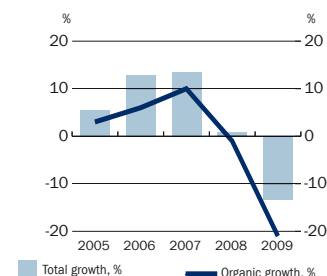
Since 2005, the Trelleborg Group has grown by an average of 4 percent per year. The organic sales decreased with 1 percent.

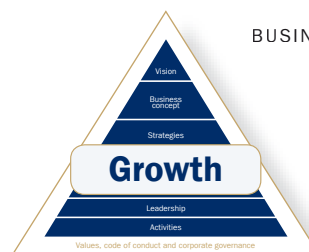
During 2009, exceptional market conditions prevailed with a strong decrease in demand.

Trelleborg's total sales declined 13 percent in 2009, while organic sales decreased 21 percent.

In 2009, only a small number of asset-transfer acquisitions were implemented.

Total growth and organic growth, %





Activities to achieve higher growth

Continued portfolio management

The Trelleborg Group continuously reviews business opportunities in existing segments, while adding new expanding segments, for example, the pharmaceutical industry, as well as the mining and mineral industry.

Trelleborg Engineered Systems is expanding its operations within project-related segments, primarily infrastructure construction and offshore oil/gas, as well as in polymer-coated fabrics, which includes products for the global graphic industry, where the business area has made major acquisitions in recent years.

Trelleborg Automotive is world leading in antivibration solutions for vehicles and is focusing and streamlining its operations to become even stronger in this segment.

Trelleborg Sealing Solutions continues to increase in environmental and energy applications, such as wind power, hydropower and bioenergy.

Trelleborg Wheel Systems has strong market positions in primarily large dimensions within agriculture and is building on its positions in these segments.

Portfolio optimization

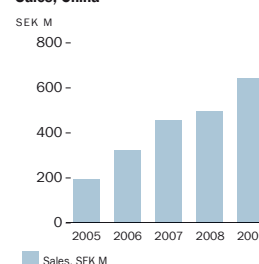
As part of the Group's portfolio optimization work and its focus on selected segments, the Group withdrew from several businesses in 2009. Within Trelleborg Sealing Solutions, the phasing out of the less profitable range of standard seals for the automotive industry continued.

Sales up 30 percent in China

Since 2005, the Trelleborg Group has increased its number of production units in China from one 50-percent share in a unit to five wholly owned units. In September 2009, the Group inaugurated a facility to manufacture products for infrastructure projects, including fender systems for harbors and dredging hoses. The unit is located in Qingdao on the east coast of China and will initially employ about 100 persons. Trelleborg also has two production units in the Shanghai region and two in the Wuxi region.

Sales in China have increased from about SEK 190 M in 2005 to about SEK 650 M in 2009. Sales in 2009 increased by about 30 percent compared with 2008.

Sales, China



Increased presence in markets outside Western Europe and North America

In geographic terms, Trelleborg is expanding in markets in Asia, Central and South America, as well as Central and Eastern Europe through an expanded presence and proprietary product and system development.

Trelleborg continues to establish cost-efficient production, which will benefit the local markets and strengthen the Group's competitiveness in the mature markets of Western Europe and North America.

The total share of the Group's sales in markets outside Western Europe and North America was approximately 24 percent (21

in 2009). Sales in these markets have increased by just over 76 percent since 2005.

The share of sales outside Western Europe and North America is expected to increase in coming years through further aggressive investments.

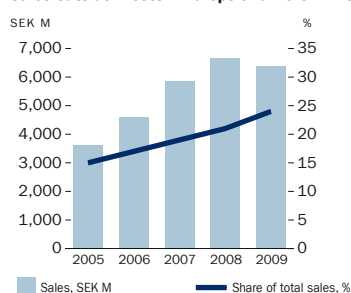
The transfer of production to countries with higher growth and lower costs continues and has been extensive in the past five years.

Since 2005, the number of production units has decreased by 25 in Western Europe and North America, while ten

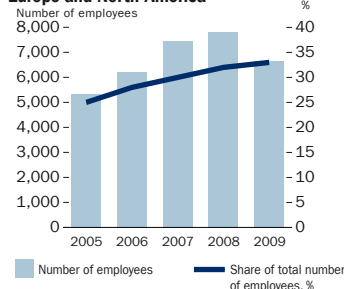
production units were started outside these regions. The Group currently has 27 percent of its production plants outside Western Europe and North America.

During 2009, Trelleborg Engineered Systems strengthened its presence in China with a new production plant for infrastructure products. Trelleborg Sealing Solutions strengthened its presence in Brazil, with expanded production of high-performance seals for the aerospace industry and passenger cars as well as industrial applications.

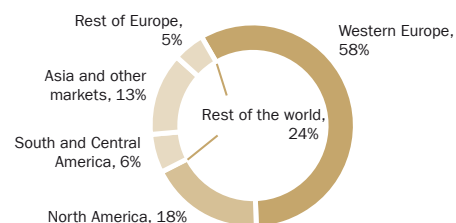
Sales outside Western Europe and North America



Number of employees outside Western Europe and North America



Geographic breakdown of sales, 2009



Focus on innovation

We create customer value by applying proactive and innovative thinking in everything we do.

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

We create innovative solutions through:

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

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

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

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

Development takes place in close cooperation with customers

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

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

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

Supporting technology supplements polymers

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

WWW

Continued investments in research and development

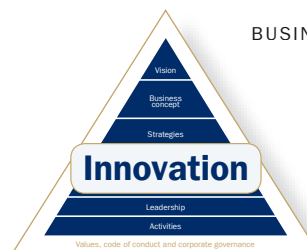
During 2009, research and development expenditure amounted to SEK 534 M (513), corresponding to 2.0 percent (1.6) of sales.

Of the total amount, SEK 41 M (55) was capitalized and recognized as an intangible asset in the balance sheet.

The year's amortization and impairment of capitalized development expenditure amounted to SEK 98 M (118).

R&D expenditure





Innovation that meets customers' requirements

Some examples

Trelleborg Engineered Systems

Increasing performance demands are driving toward more sophisticated products and solutions. To a growing extent, customers are demanding complete solutions, implying systems to seal, damp and protect, rather than individual products. Trelleborg is active in this trend by broadening its product range with complementary products that are also founded on non-polymer-based technology.

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

makes an early contribution to the design, planning and construction stages of major long-term projects. Within offshore oil/gas, Trelleborg's know-how extends from exploration to drilling and production.

In areas such as marine fender systems and flexible fire-protection solutions, the business area is the global leader in terms of development. Within building, development is focused on new material combinations and reduced materials consumption.



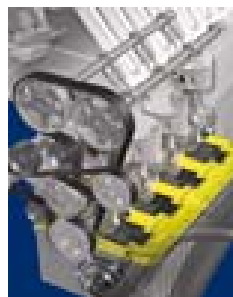
Trelleborg develops pipe sealing systems in close cooperation with manufacturers to engineer innovative solutions. Using video pipeline inspection, it is possible to, for example, detect defects in wastewater lines. To seal these defects without the need for expensive and time-consuming excavation work, Trelleborg has developed a solution that impregnates the inside of the pipe with a special resin – a method that does not require the pipe to be dug up.

Trelleborg Automotive

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

The business area has a strong global technology platform. Development activities aim for new, improved solutions combining functional requirements with cost-effective design and production.

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



To further reduce vibrations and improve noise levels in internal combustion engines, the business area has adapted its existing Duru-LAM (durable rubber laminate) material.

In the new "shear plate" product, rubber is vulcanized between two layers of steel. The mid-layer creates damping.

Trelleborg Sealing Solutions

To meet customers' increasing demands for service, technology, reliability and cost levels, requires an innovative organization that works closely with customers.

Trelleborg Sealing Solutions offers complete sealing solutions that can include product design, material development, customized logistics, specialized production and specialized materials from external partners. Every day, the business area's

sales and applications engineers assist customers with the resolution of complex sealing needs by using existing products and services or by working directly with technical experts and suppliers to develop new solutions for particularly complex problems.

Innovative ideas are continuously generated from all areas within the organization, and a systematic, established process ensures continued growth.



New environmental demands on hydropower signify a decreased and, in many instances, non-permissible use of lubricating oil.

To meet these new demands, Trelleborg has developed a high-technology seal, Orkot® TXMM, with low friction and which does not require lubrication.

The seal is an optimal solution for the new environmental requirements and does not emit any oils or lubricating oil.

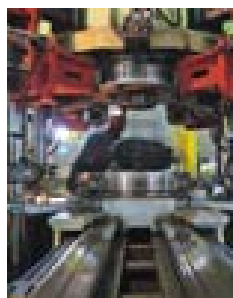
Trelleborg Wheel Systems

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

A number of priority characteristics for tires are that they must be able to handle high speeds, enhance comfort, have reliable road-holding capabilities, be robust and meet

high environmental requirements. At the same time as machines must be able to move at increasingly high speeds on the roads, their tires should not harm the soil or forest vegetation. With its tire dimensions and radial tires, Trelleborg has successfully protected valuable soil by reducing the damage caused by heavy equipment.

For materials-handling equipment, the focus is on expanding the number of applications based on increasingly specific customer requirements and on new segments in the sectors that are under development.



S15 is an innovative system developed by the business area to produce solid industrial tires. The system has been installed at the plant in Sri Lanka.

S15 streamlines production, which, with lower investments, will generate higher production volumes, flexibility, productivity and quality at a lower cost.

The Group

in brief 2009

Net sales

The sharp downturn in demand in several of the Group's segments resulted in significantly lower sales than in 2008.

The most dramatic decline in demand occurred in first six months of the

year, primarily in the automotive industry and investment goods for industry. During the latter part of the year, a sequential improvement occurred, particularly in the automotive industry and industrial supply products.

Net sales	2009	2008
Change in %		
Organic sales	-21	-1
Structural change	+1	+2
Currency effect	+7	0
Total	-13	+1

Earnings

Consolidated operating profit rose compared with 2008. Through the initiation of strong measures to adapt the Group's cost structure, the Group has been well able to offset the lower level of demand.

Trelleborg Automotive sharply improved its operating profit compared with the preceding year. Earnings in the

remaining business areas declined during the year as a direct result of lower demand.

The EBITDA margin improved in Trelleborg Automotive and Trelleborg Wheel Systems, while the margins declined in Trelleborg Engineered Systems and Trelleborg Sealing Solutions.

Earnings	2009	2008
Operating profit, SEK M	773	374
Net profit/loss, SEK M	419	-258
Earnings per share, SEK	1.70	-1.35
Operating key figures*)		
Operating profit, SEK M	1,163	1,798
Earnings per share, SEK	2.90	4.45
Operating margin, (ROS), %	4.3	5.7
EBITDA margin	8.4	9.1

*) excluding items affecting comparability

Cash flow

The Group's operating cash flow increased during the year. A sharp decrease in working capital and a significantly lower investment level, compared

with the preceding year, offset the lower EBITDA level. The improvement in working capital was attributable to a reduction in inventory, as well as a decline in accounts receivables.

Cash flow	2009	2008
Operating cash flow, SEK M	3,215	1,594
Free cash flow, SEK M	1,743	414
Net cash flow	3,750	-977

Net debt – capital structure

Net debt declined 34 percent during the year, and the debt/equity ratio improved to 68 percent. Trelleborg has long-term basic financing that extends to 2012 via a

syndicated loan. At the end of 2009, Trelleborg signed three revolving long-term credit facilities totaling SEK 3 billion.

Net debt – capital structure	2009	2008
Net debt, SEK M	8,369	12,706
Debt/equity ratio, %	68	124
Return on shareholders' equity*), %	6.2	8.8

*) excluding items affecting comparability

Press Releases 2009

JANUARY

Jan. 28, 2009 : 12:00

European Commission announces decision regarding earlier communicated competition investigation

Jan. 29, 2009 : 3:30 p.m.

Trelleborg's Year-end report and telephone conference on February 11

FEBRUARY

Feb. 11, 2009 : 7:45 a.m.

Trelleborg's Year-end report January-December 2008

Feb. 11, 2009 : 7:46 a.m.

Nominations Committee of Trelleborg AB, proposals prior to 2009 Annual General Meeting

MARCH

Mar. 23, 2009 : 8:00 a.m.

Trelleborg announces guaranteed rights issue of SEK 2.2 billion

Mar. 24, 2009 : 8:45 a.m.

Notification of the Annual General Meeting 2009

Mar. 24, 2009 : 11:05 a.m.

Trelleborg Group's Annual Report for 2008 published

APRIL

Apr. 03, 2009 : 3:00 p.m.

Invitation to a telephone conference regarding Trelleborg's interim report on April 17

Apr. 08, 2009 : 10:00 a.m.

Trelleborg Group's Corporate Responsibility Report for 2008 published

Apr. 17, 2009 : 7:45 a.m.

Interim report January-March 2009

Apr. 20, 2009 : 11:00 p.m.

Agreements regarding previously announced competition investigations in the US

Apr. 21, 2009 : 8:00 a.m.

The Board of Directors in Trelleborg sets the terms for the rights issue

Apr. 23, 2009 : 7:20 p.m.

Report from Trelleborg AB's Annual General Meeting

Apr. 28, 2009 : 8:00 a.m.

Prospectus for Trelleborg rights issue now available

MAY

May. 22, 2009 : 1:00 p.m.

Trelleborg's rights issue fully subscribed

May. 28, 2009 : 2:45 p.m.

Final results of Trelleborg's rights issue

JUNE

Jun. 30, 2009 : 8:30 a.m.

Change of number of shares and votes in Trelleborg

JULY

Jul. 03, 2009 : 11:00 a.m.

Invitation to a telephone conference regarding Trelleborg's Q2 report on July 24

Jul. 24, 2009 : 7:45 a.m.

Interim report April-June 2009

AUGUST

Aug. 07, 2009 : 1:30 p.m.

Trelleborg to arrange Capital Markets Day in Stockholm on December 3 – book the date

SEPTEMBER

Sep. 25, 2009 : 11:45 a.m.

Invitation to Trelleborg's Capital Markets Day, December 3 at the National Museum of Science and Technology in Stockholm

Sep. 29, 2009 : 8:45 a.m.

Trelleborg further strengthens its presence in China

OCTOBER

Oct. 09, 2009 : 1:00 p.m.

Trelleborg's Interim report and telephone conference on October 29

Oct. 20, 2009 : 8:30 a.m.

Nominations Committee at Trelleborg AB prior to 2010 Annual General Meeting

Oct. 29, 2009 : 7:45 a.m.

Interim report July - September 2009

NOVEMBER

Nov. 16, 2009 : 2:00 p.m.

Trelleborg further strengthens presence in Brazil - Inaugurates new plant for high-performance seals

DECEMBER

Dec. 03, 2009 : 11:00 a.m.

Trelleborg's Capital Markets Day: A stronger Trelleborg—well-positioned and with an improved structure. Adjusted financial targets for enhanced focus.

Dec. 28, 2009 : 8:30 a.m.

Trelleborg improves its financial debt maturity term structure through three new long term revolving credit facilities totaling EUR 291 M

Net sales and operating profit/loss

SEK M	Net sales		EBITDA*		EBITDA %*		Operating profit/loss*		Operating profit/loss**	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Trelleborg Engineered Systems	11,169	12,228	1,109	1,417	9.9	11.4	744	1,083	581	1,004
Trelleborg Automotive	8,402	9,506	433	63	5.1	0.7	1	-379	-58	-1,247
Trelleborg Sealing Solutions	4,673	6,034	497	1,085	10.6	18.0	280	890	128	858
Trelleborg Wheel Systems	2,991	3,708	383	453	12.8	12.2	283	363	267	348
Other companies			-6	-8			-8	-9	-8	-9
Group items			-129	-142			-137	-150	-137	-580
Elimination	-176	-213								
Total	27,059	31,263	2,287	2,868	8.4	9.1	1,163	1,798	773	374

*) excluding items affecting comparability **) including items affecting comparability

SEK M	Impairment losses		Restructuring costs		Legal expenses		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Trelleborg Engineered Systems	-21	-16	-142	-63			-163	-79
Trelleborg Automotive	-4	-386	-55	-482			-59	-868
Trelleborg Sealing Solutions	-18	-6	-134	-26			-152	-32
Trelleborg Wheel Systems	-	-	-16	-15			-16	-15
Other					-	-430	-	-430
Total	-43	-408	-347	-586	-	-430	-390	-1,424

Operating ratios

SEK M	Operating margin (ROS), %*		Operating margin (ROS), %**		Capital employed, SEK M		Return on capital employed (ROCE), %*		Return on capital employed (ROCE), %**	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Trelleborg Engineered Systems	6.6	8.6	5.2	8.0	6,711	7,812	10.0	15.5	7.9	14.5
Trelleborg Automotive	neg	neg	neg	neg	4,528	5,102	0.0	neg	neg	neg
Trelleborg Sealing Solutions	6.0	14.8	2.8	14.2	7,156	8,046	3.7	12.3	1.7	11.9
Trelleborg Wheel Systems	9.5	9.8	8.9	9.4	1,835	2,145	13.9	19.5	13.3	18.9
Other companies					48	19				
Group items					3	-3				
Provisions for restructuring measures					-526	-883				
Total	4.3	5.7	2.8	1.1	19,755	22,238	5.3	8.4	3.6	1.8

*) excluding items affecting comparability **) including items affecting comparability

Net sales per quarter

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2009	2008	2009	2008	2009	2008	2009	2008
Trelleborg Engineered Systems	2,862	2,856	2,868	3,171	2,740	2,957	2,699	3,244
Trelleborg Automotive	1,826	2,726	2,122	2,640	2,129	2,264	2,325	1,876
Trelleborg Sealing Solutions	1,276	1,587	1,129	1,606	1,104	1,480	1,164	1,361
Trelleborg Wheel Systems	950	962	782	977	630	866	629	903
Elimination	-37	-64	-34	-68	-44	-40	-61	-41
Total	6,877	8,067	6,867	8,326	6,559	7,527	6,756	7,343

Operating profit/loss per quarter*

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2009	2008	2009	2008	2009	2008	2009	2008
Trelleborg Engineered Systems	117	266	187	365	236	260	204	192
Trelleborg Automotive	-175	33	-6	20	63	-83	119	-349
Trelleborg Sealing Solutions	41	249	22	282	94	221	123	138
Trelleborg Wheel Systems	102	109	83	110	52	84	46	60
Other companies	-3	-3	-2	-3	-2	-1	-1	-2
Group items	-19	-32	-22	-40	-33	-31	-63	-47
Total	63	622	262	734	410	450	428	-8

For definitions, see page 103

*) excluding items affecting comparability

Trelleborg offers products and solutions for both primary and secondary suspensions in trains. Trelleborg's anti-vibration solutions are used to protect nearby buildings, platforms and systems that are sensitive to vibrations. Railroad tracks throughout the world "float" on rubber bearing systems from Trelleborg.

Innovative engineered solutions for extreme demands

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

Business Area President: Lennart Johansson

Net sales 2009: SEK 11,169 M (12,228)

Operating profit 2009*: SEK 744 M (1,083)

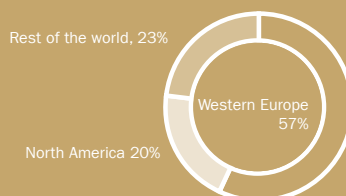
Number of employees:** 6,818 (7,650)

Head office: Trelleborg, Sweden

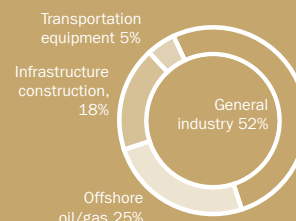
* Excluding items affecting comparability.

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

Net sales per geographic market



Net sales per market segment



Market segments:

General industry: precision components and systems in polymer materials, such as hoses, elastomer materials and polymer-coated fabrics. Polymer and bitumen-based construction products for sealing and waterproofing applications for industry and consumers. Other special products include molded components for a variety of industry segments, printing blankets for the graphics industry and industrial antivibration applications.

Infrastructure construction: specialized solutions for infrastructure projects, for example, fender systems for harbors, tunnel seals, dredging systems, pipe seals, and acoustic and vibration-damping solutions for bridges.

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

Transportation equipment: Acoustic and vibration-damping solutions for railways and ships.

Production units:

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

Strategic priorities:

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

Examples of brands:

Elastopipe®, Trelline®, Vulcan®, Dipro®, ETM®, Matak® , Phønix Tag®, Trebolit®, Uraduct® and Vårnamo®.

Market position:

General industry: World leading in polymer-coated fabrics and printing blankets. Market leading in Europe in industrial hose systems and industrial antivibration products. Market leading in Northern Europe in polymer and bitumen-based construction products for sealing and waterproofing applications.

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

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

Transportation equipment: Market leader in northern Europe in the field of acoustic and vibration-damping solutions for railways and ships.

Key customers:

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

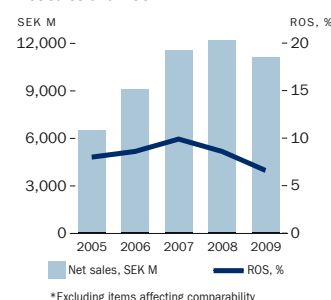
Principal competitors:

Bridgestone, Continental, Cuming Corp, Flint Group, Floation Technology, Hultec, Hutchinson, Icopal, IVG, Lords, Schlegel, Semperit and Yokohama.

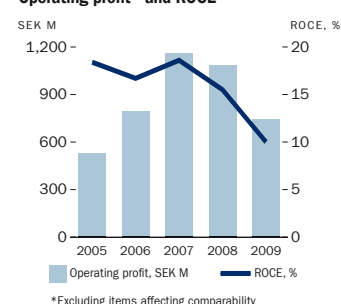
2009: Sharp decline in demand from industry, slight downturn in project-related segments

Key figures (excluding items affecting comparability, unless otherwise indicated)	2009	2008
Net sales, SEK M	11,169	12,228
Share of Group net sales, %	41.0	38.9
EBITDA, SEK M	1,109	1,417
EBITDA, %	9.9	11.4
Operating profit, SEK M	744	1,083
Operating profit, including items affecting comparability, SEK M	581	1,004
Operating margin (ROS), %	6.6	8.6
Capital employed, SEK M	6,711	7,812
Return on capital employed (ROCE), %	10.0	15.5
Capital expenditures, SEK M	261	557
Operating cash flow, SEK M	1,698	795
Operating cash flow/Operating profit, %	228	73
Number of employees at year-end, including insourced staff and temporary employees	6,818	7,650

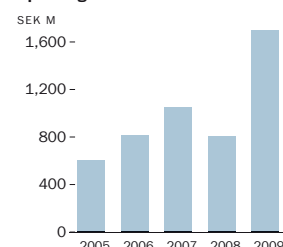
Net sales and ROS*



Operating profit* and ROCE*



Operating cash flow



Market trend

Demand from general industry fell sharply during the year. Demand for consumables for industry improved somewhat in the second half of the year, while demand for investment goods continued to decline slightly. In the project-oriented segments, demand in infrastructure and offshore oil/gas decreased during the second half of the year.

Sales and earnings

- Organic sales declined 18 percent (increase: 3). For project-oriented segments, sales weakened during the second half of the year.
- Operating profit, excluding items affecting comparability, and the operating margin declined, mainly as a result of lower demand.
- Operating cash flow was strong as a result of the release of working capital and a continued low level of investment.

Key events

- The business area has kept its market positions during the year.
- Continued structural improvements as a result of restructuring activities and active portfolio management.
- Gradual measures to adapt capacity and personnel to the prevailing market situation and to create an even more flexible structure.
- Geographic expansion continued. The business area's third wholly owned production facility in China was opened. The unit, located in Qingdao, manufactures products for the infrastructure market, primarily fender systems for harbors and dredging systems.
- Marketing investments to further boost the brand as global leader in polymer solutions for offshore oil/gas.
- A focusing of a number of production units was initiated in Sweden, the UK, and Estonia as well as in France and Italy.



3 questions to Lennart Johansson Business Area President, Trelleborg Engineered Systems

What were you most pleased with in 2009?

We have rapidly and effectively adjusted our cost structure to the prevailing levels of demand, for example, by efficiently relocating more of our production to countries with lower costs.

We also achieved success with our continued portfolio management, having witnessed the positive results of market investments made in several attractive segments. At the same time, we consciously chose to exit product segments that were deemed not to offer the long-term profitability we are looking for.

What are the principal opportunities and risks you currently see in your business environment?

We still have numerous opportunities to increase our market investments in profitable segments. We also intend to continue expanding our presence in

markets with a high rate of growth, particularly South America and Asia. The demand trend in the business area's market segments remains difficult to predict, especially in the view of the later downturn in the project-oriented segments. We now have a more flexible structure and are well prepared for various changes in the market.

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

To define and focus on profitable market segments and to create and maintain our leading positions in these segments.

One example is the market for offshore oil/gas in Brazil, which is a strategically important market and one in which we will continue to strengthen our presence in the near future.

The Indian automotive manufacturer Maruti Suzuki has about 40 percent of the passenger car market in India. Zen Estilo is one of its greatest successes and approximately 70,000 units are produced each year. Trelleborg supplies several components to Maruti's vehicles, including the complete engine suspension system for the Zen Estilo. Maruti manufactures a total of approximately 960,000 vehicles each year.



Engineered damping for comfortable and quieter cars

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

Business Area President: Roger Johansson

Net sales 2009: SEK 8,402 M (9,506)

Operating profit 2009*: SEK 1 M (loss: 379)

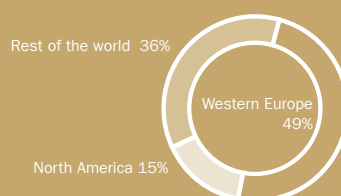
Number of employees:** 7,891 (7,491)

Head office: Trelleborg, Sweden

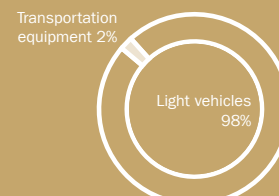
* Excluding items affecting comparability.

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

Net sales per geographic market



Net sales per market segment



Market segments:

Light vehicles and Transportation equipment (trucks)

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

Damping Solutions: brake shims and applied damping materials (ADM).

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

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

Production units:

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

Strategic priorities:

- Continuously improve profitability in long-term attractive segments through targeted actions.
- Clear positioning of Trelleborg Automotive as an innovative supplier of comprehensive and global solutions.
- Proactively capitalize on market opportunities that arise during the ongoing restructuring of the global automotive industry.
- Selectively follow existing customers when they establish operations in emerging markets.
- Optimization of global production and excellence in production processes, including enhanced utilization of synergies across the business area.
- Recruit, develop and retain talented individuals.

Market position:

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

Key customers:

Audi, Benteler, BMW, Chrysler, Delphi, Fiat, Ford, GKN, GM, Mercedes Benz, PSA, Renault Nissan, Suzuki, Tata, Tenneco Monroe, Toyota and VW.

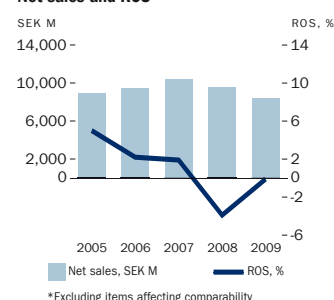
Principal competitors:

Bridgestone, Continental, Freudenberg, Hutchinson, Keeper, MSC, NOK, Stabilus, Teklas, Tokai, Wolverine and ZF.

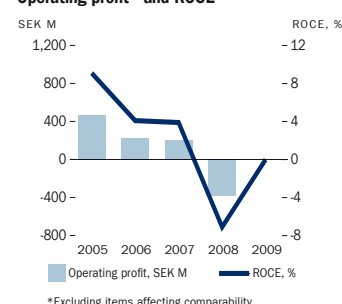
2009: Continued decline in the market – action program resulted in improved margins

Key figures (excluding items affecting comparability, unless otherwise indicated)	2009	2008
Net sales, SEK M	8,402	9,506
Share of Group net sales, %	30.8	30.2
EBITDA, SEK M	433	63
EBITDA, %	5.1	0.7
Operating profit/loss, SEK M	1	- 379
Operating loss, including items affecting comparability, SEK M	-58	-1,247
Operating margin (ROS), %	neg	neg
Capital employed, SEK M	4,528	5,102
Return on capital employed (ROCE), %	0.0	neg
Capital expenditures, SEK M	296	463
Operating cash flow, SEK M	445	59
Operating cash flow/Operating profit, %	44,500	neg
Number of employees at year-end, including insourced staff and temporary employees	7,891	7,491

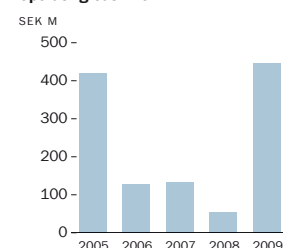
Net sales and ROS*



Operating profit* and ROCE*



Operating cash flow



Market trend

In 2009, global car production declined by 12 percent compared with 2008. Production in North America declined by about 33 percent. Car production declined 19 percent in Western Europe, 25 percent in Eastern Europe and 30 percent in Japan. In rest of Asia, car production increased 22 percent.

Sales and earnings

- Organic sales declined 18 percent (decline: 9) for full-year 2009. There was a marked fall in sales at the beginning of the year connected to a global decline in demand. Starting during the second quarter of the year, several countries launched support programs and these had a positive impact on sales during the remainder of the year.
- Operating profit, excluding items affecting comparability, improved significantly during the year due to positive effects derived from implemented structural measures and other adaptations carried out to adapt capacity and costs.
- The efficient management of working capital, a continued low investment level and improved earnings in the second half of the year contributed to a strong operating cash flow.

Key events

- The action programs announced, which are primarily intended to improve the production structure, are in their final phases. The relocation of production from France to Turkey in the Fluid Solutions business unit was completed.
- Continued development of the technological and global platform to further bolster competitiveness, which is gradually resulting in improved positions and increased orders received.
- The business area was included in Ford Motors' "Aligned Business Framework," an exclusive group of only 59 component suppliers selected to serve as strategic suppliers for Ford's global operations.
- Continued investments in China, India, Brazil, Turkey and Eastern Europe to enable the business area to capitalize on the high level of growth in these markets and to create a more efficient cost base. In anti-inflation, approximately one-third of all sales occur outside North America and Western Europe.

3 questions to Roger Johansson Business Area President, Trelleborg Automotive

What were you most pleased with in 2009?

Mainly that the operations in the Fluid Solutions segment have achieved profitability ahead of schedule. Furthermore, we received confirmation during the year that our comprehensive measures to reduce costs in the business area have achieved the desired result.

We also strengthened our position in relation to growing customers, which is extremely significant since this is one of our basic long-term strategic priorities.

What are the principal opportunities and risks you currently see in your business environment?

In terms of volume, there are major doubts as to how the underlying car market will perform during the coming year. The question is what the real

impact of government actions in various countries has been on long-term demand.

With regard to costs, the question is how the price trend for direct materials will develop. I consider both factors to be an opportunity as well as a risk.

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

The most important priority for Trelleborg Automotive is to continue strengthening our position, which will be the basis for a sustainable improvement in profitability.

At the same time, we also plan to increase profitability by continuously improving our cost base and capturing market shares in profitable segments with growing customers.



Sealing applications for hydraulics in various industrial vehicles, such as construction and agricultural machinery, require precision seals of the highest quality and represent an important market for Trelleborg Sealing Solutions.

Seals that ensure reliability and service life in demanding environments

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

Business Area President: Claus Barsøe

Net sales 2009: SEK 4,673 M (6,034)

Operating profit 2009*: SEK 280 M (890)

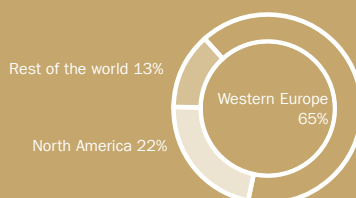
Number of employees 2009:** 4,485 (5,584)

Head office: Stuttgart, Germany

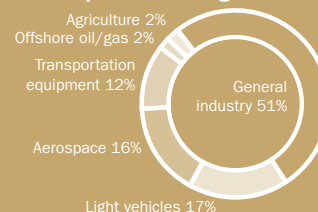
* Excluding items affecting comparability.

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

Net sales per geographic market



Net sales per market segment



Market segments:

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

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

Light vehicles: Advanced and often safety-critical seals, mainly for fuel systems, steering, climate control and exhaust systems.

Transportation equipment, Agriculture, Offshore oil/gas: Safety-critical precision seals for such items as trains, construction and agricultural machinery and offshore oil/gas.

Production units:

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

Market offices:

Austria, Belgium, Brazil, Bulgaria, Canada, China, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland,

Russia, Singapore, Slovakia, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, the UK and the US.

Strategic priorities:

- Organic growth
 - Increase market shares by offering the market's best service to selected customers and expanding the offering of services that contribute high value.
 - Implement Global Growth Initiatives.
- Growth through acquisitions. Monitor and act on potential acquisition candidates in selected markets.
- Continue restructuring and adapting production.
- Strive for production with maximum efficiency at a low cost.
 - Continue on the path toward Manufacturing Excellence.
 - Increase the proportion of production in countries with lower costs.
- Recruit, develop and retain talented individuals.
 - Career and succession planning for employees in other countries and future managers.
 - Implement remuneration plans to retain talented individuals.

Examples of brands:

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

Market position:

General industry: world leader in precision seals for industrial applications.

Aerospace: world leader in precision seals for the aerospace industry.

Light vehicles: leader in specific vehicle niches requiring high-performance seals.

Transportation equipment, Offshore oil/gas, Agriculture: leader in specific niches.

Key customers:

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

Principal competitors:

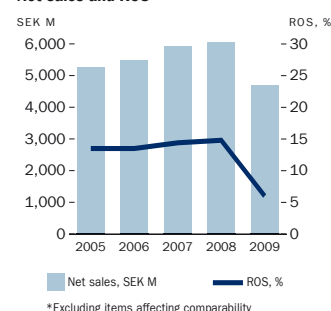
Federal Mogul, Freudenberg, Green Tweed, Hutchinson, NOK and Parker Hannifin.

2009: Sharp decline in the industrial segment

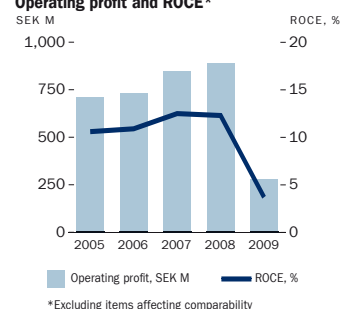
– extensive measures taken to adapt the production structure

Key figures (excluding items affecting comparability, unless otherwise indicated)	2009	2008
Net sales, SEK M	4,673	6,034
Share of Group net sales, %	17.2	19.2
EBITDA, SEK M	497	1,085
EBITDA, %	10.6	18.0
Operating profit, SEK M	280	890
Operating profit, including items affecting comparability, SEK M	128	858
Operating margin (ROS), %	6.0	14.8
Capital employed, SEK M	7,156	8,046
Return on capital employed (ROCE), %	3.7	12.3
Capital expenditures, SEK M	91	263
Operating cash flow, SEK M	783	922
Operating cash flow/Operating profit, %	280	104
Number of employees at year-end, including insourced staff and temporary employees	4,485	5,584

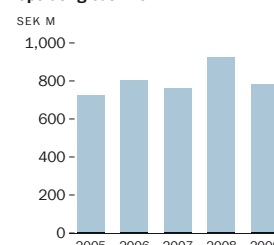
Net sales and ROS*



Operating profit and ROCE*



Operating cash flow



Market trend

Overall demand in general industry was very weak throughout most of 2009, mainly in Europe. Lower demand in the light vehicles industry, primarily during the early part of the year, also had a negative effect. Sales in the aerospace segment also declined during the year, but the decline was less severe relative to other segments.

Sales and earnings

- Organic sales declined 29 percent (decline: 1) as a result of a generally lower demand scenario, mainly in general industry.
- Both operating profit and operating margin were lower than in 2008 and this was primarily attributable to a considerable drop in sales.
- Despite lower operating profit compared with the preceding year, cash flow remained strong, primarily due to a reduction in inventory.

Key events

- The business area continued to capture market shares and strengthened its market positions during the year.
- Extensive measures were taken to streamline and adapt the production structure to the global market, while still maintaining the existing market organization.
- The total number of production units was reduced, partly through the closure of plants in North America and the UK, and mergers of plants in both North America and Europe.
- To prepare for a future upturn in the markets experiencing the greatest growth, investments were made in production facilities in China, India and Brazil.

3 questions to Claus Barsøe

Business Area President, Trelleborg Sealing Solutions

What were you most pleased with in 2009?

The fact that our business model proved to be so strong that it withstood the turbulence and pressure of the recession and financial crisis. We maintained a strong market presence at the same time as we restructured our global production operations. By taking the right measures, we succeeded in significantly reducing our cost base.

What are the principal opportunities and risks you currently see in your business environment?

The way we prioritize customers in our key markets is changing at an even faster rate than before. One path to success is to identify future winners and concentrate our resources on them. This is both an opportunity and a risk.

Our A-B-C customer classification model allows us to be proactive and adapt our service levels to ensure that the most important customers receive

the best service. In addition, one of our main challenges is to continue developing new solutions – products and services – while using our effective business model to capitalize on the advantages of any future upswings in the global economy.

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

We will continue to focus on profitable growth based on organic growth and acquisitions. Organic growth will be derived from the activities initiated as part of our Global Growth Initiatives, which guide our resources and investments toward attractive areas.

We are also monitoring acquisition opportunities in or related to our core businesses to enable us to conduct acquisitions when strong candidates are identified. All of this will coincide with the continued restructuring and optimization of our production and supplier base.



UPGRADE TO PURE QUALITY. For more than a century, Trelleborg has been a strong partner for the agricultural and forest industries. The secret behind the success is crystal clear – high-performance quality tires for the world's most demanding conditions.

Damping tires protect harvests and forests

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

Business Area President: Maurizio Vischi

Net sales 2009: SEK 2,991 M (3,708)

Operating profit 2009*: SEK 283 M (363)

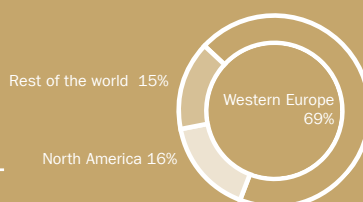
Number of employees 2009:** 1,829 (2,396)

Head office: Tivoli, Italy

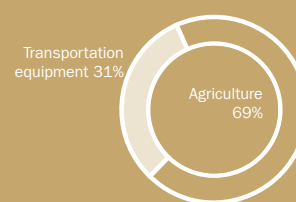
* Excluding items affecting comparability

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

Net sales per geographic market



Net sales per market segment



Market segments:

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

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

Production units:

Italy, Latvia, Sri Lanka and Sweden.

Market offices:

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

Strategic priorities:

- Consolidation of the strong position held in agricultural & forest tires through further development of the customer offering and additional geographic expansion.
- Capitalize on implemented structural measures to proactively expand in attractive segments and markets.
- Consolidation of industrial tire production from the US to Sri Lanka and rims from Denmark to Latvia.
- Maintain strong positions among OEM customers and further develop aftermarket customers through continued focused and customer-centric innovation.
- Recruit, develop and retain talented individuals.

Market position:

Agriculture: Leader in the agricultural market in Europe. Global leader within forest tires.

Transportation equipment: World leader in solid industrial tires.

Examples of brands:

Trelleborg®, Bergougnan®, Rota®, Monarch®, Mastersolid® and Orca.

Key customers:

Manufacturers of agricultural and forest machinery, tire and machinery sales companies and end customers.

Original equipment manufacturers of forklift trucks, transport companies, authorities and organizations responsible for infrastructure.

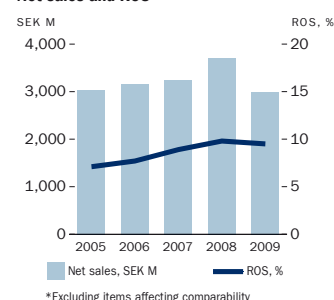
Principal competitors:

Aichi, Continental, Firestone/Bridgestone, Goodyear/Titan, Michelin, Mitas, MITL, Nokian, Solideal and Watts.

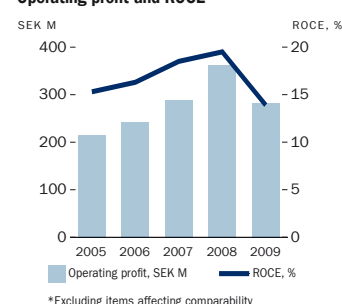
2009: Continued strong operating margin despite declining demand for agricultural and industrial tires

Key figures (excluding items affecting comparability, unless otherwise indicated)	2009	2008
Net sales, SEK M	2,991	3,708
Share of Group net sales, %	11.0	11.7
EBITDA, SEK M	383	453
EBITDA, %	12.8	12.2
Operating profit, SEK M	283	363
Operating profit, including items affecting comparability, SEK M	267	348
Operating margin (ROS), %	9.5	9.8
Capital employed, SEK M	1,835	2,145
Return on capital employed (ROCE), %	13.9	19.5
Capital expenditures, SEK M	176	232
Operating cash flow, SEK M	520	129
Operating cash flow/Operating profit, %	184	36
Number of employees at year-end, including insourced staff and temporary employees	1,829	2,396

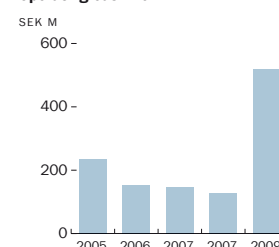
Net sales and ROS*



Operating profit and ROCE*



Operating cash flow



Market trend

The positive global trend for agricultural tires leveled off significantly already at the beginning of the year and demand remained weak during the year. Demand for extra-large tires was relatively favorable. Global demand for industrial tires declined strongly in 2009.

Sales and earnings

- Organic sales during the year declined 26 percent (increase: 11) as a result of a lower demand from the agricultural industry and significantly lower demand for industrial tires.
- Operating profit excluding items affecting comparability declined 21 percent (increase: 26), primarily due to lower volumes. The operating margin was 9.5 percent (9.8). The business area succeeded well in offsetting higher raw materials prices.
- Operating cash flow developed favorably, mainly as a result of more efficient handling of working capital.

Key events

- Relatively favorable demand for extra-large agricultural tires during much of the year and effective marketing activities are the main reasons behind the good sales trend for extra-large agricultural tires during the year.
- The transition in agricultural tires that has been in progress for a few years from Pirelli as a brand to the Trelleborg brand is now essentially complete.
- Continued broadening and strengthening of the business area's offerings.
- The production of industrial tires was consolidated in Sri Lanka, where the completed unit was officially opened in the first half year of 2009.

3 questions to Maurizio Vischi Business Area President Trelleborg Wheel Systems

What were you most pleased with in 2009?

The fact that we were able to maintain profitability despite the continued harsh market conditions that prevailed during the year. During 2009, the business area's organic sales declined 26 percent. Despite this, we managed to maintain a favorable level of profitability. This proves that the business area has an efficient structure and that we were successful in our efforts to rapidly adjust our cost base to prevailing demand.

What are the principal opportunities and risks you currently see in your business environment?

In the short term, it took six to eight months before the general downturn in the market also affected the agricultural segment. As we look ahead, it would seem as though 2010 will continue to be challenging in terms of volumes, but the medium and long-term macroeconomic trends appear favorable for our

business, both for agricultural and solid industrial tires. The world's growing population, which drives demand and thus food production, in addition to the continued rise in the production of biofuels are the principal driving forces.

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

The business area has a solid strategic base with strong market positions in agricultural and industrial tires. It is crucial that we now continue along the established path and not be tempted to look in other directions that may disrupt our solid performance.

The people in the organization form the foundation of our business; professional individuals with a shared passion for our products. It is also strategically important that we continue to communicate in a uniform manner to further add to our strong image and the good reputation of our products.



- **Managing tomorrow's fuels.** Biofuels are hard on fuel systems, engines and exhaust systems. Through comprehensive research and testing, Trelleborg has developed high-precision polymer seals with tougher properties, protecting both people and technology for safe and green driving.

Governance and responsibility

GOVERNANCE AND RESPONSIBILITY

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Risk management part of all business activities

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

Risk management

integral part of strategy and control

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

Trelleborg's ERM process

Trelleborg works in a continuous Enterprise Risk Management process (ERM) to identify, assess and manage risks in the Group's companies, business areas and processes, which has the overall aim of ensuring that the Group manages its risks effectively and systematically, and that it assigns the correct priorities.

The ERM process forms a framework for the Group's part in relation to risk management. An important work of this work is the integration of previously established risk management processes and systems in the ERM process without fundamentally changing the different, already well-functioning, processes. Another important purpose of the ERM process is to strengthen risk management in areas that are insufficiently developed. This is achieved through better prioritization of risk and the risk work by deploying

resources where they can be most beneficial, thus strengthening risk management as a whole.

Risk management – the responsibility of each manager

The ERM process is a centrally controlled process led by the ERM Board, which is composed of representatives from the business areas and Group staff functions, with the General Counsel assuming primary responsibility. This organization enables a clear Group-wide overview of the Group's risks, and how, where and by whom they are managed.

With the support of the Group's central resources and shared processes and tools, continuous risk management work is conducted in the Group's business areas and units. It is the duty of each manager to supervise and develop their respective areas of responsibility, which include identifying opportunities and risks, and following up activities on a regular basis. The operation is then systematically monitored by Group management using such tools as monthly reports in which the managers describe developments within their respective areas of responsibility and identified risks.

For further information regarding steering in Trelleborg, see pages 40-42. For risk areas, see page 31. Pages 32-33 outline the company's financial risk management and pages 46-47 describe how Trelleborg works

with internal control; in each case within the framework of the ERM process. Work related to corporate responsibility is described on pages 48-59.

Activities in 2009

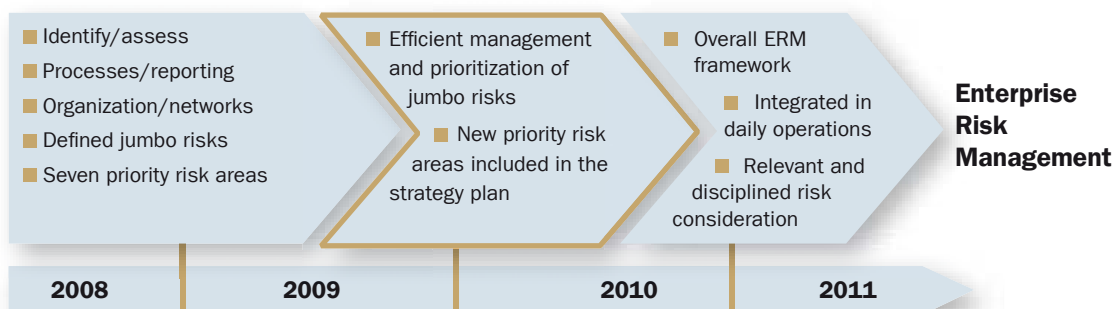
In 2009, the business areas and units identified their risks within the framework of the ERM and strategy processes. All identified risks are analyzed and processed by the Risk Management staff function and some 50 risks were dealt with by the ERM Board and reported to Group Management. Risks that may result in damages or losses that could potentially have a significant impact on the entire Group and, accordingly, warrant that the management of the risk is based on a Group-wide perspective – known as jumbo risks – were further processed. The Risk Management staff function monitors the development of jumbo risks and coordinates control strategies for these risks.

The strategic risk areas were included in the strategic plan established by the Board.

The Group prioritizes seven risk areas based on identified jumbo risks, see page 31.

During the year, four meetings of the ERM Board were held. Examples of matters addressed at these meetings include the Group's jumbo risks, critical and strategic production operations and monitoring of activities concerning the seven prioritized risk areas.

Since 2008, Trelleborg has worked within the framework of an ERM process with the overall aim of ensuring that the Group manages its risks effectively and systematically, and that it assigns the correct priorities. This process is continuously developed.



Focus 2010

Based on the Group-wide risk analysis conducted in 2009, Trelleborg's Group Management and Board have decided to continue working with the seven prioritized risk areas described in more detail below.

Additional areas will also be monitored, such as chemical usage and management, and review of purchasing routines. The risk-management processes and systems described in previous annual reports, which

include the protection of production facilities, measures in the area of liability claims prevention, blue grading and Safety@Work, are continuing and are included as tools in the Group's ERM process.

In 2010, the handling of insurance matters and certain risk-management activities will be changed, since the use of such external resources as insurance brokers and risk consultants, in selected circumstances, will be curtailed and instead managed internally

within the Risk Management staff function. The objective is to achieve increased cost efficiency, improved internal communication and greater understanding for local risks. The ambition is to obtain increased transparency for internal risk management and hence improved risk control. Moreover, cooperation with the Internal Control staff function will be expanded to further strengthen the Group's ERM process.

Trelleborg has a diversified operation that is aimed at a range of customers and customer segments, and is represented in many geographic markets. Combined, this offers an effective diversification of risks. However, like all companies, Trelleborg is influenced by a variety of strategic, operational and legal factors, etc. that play an important part in the future development of the Group, for example:

Market risks and operational risks include the economy's effect on demand, competition and price pressure, and supply and price variations of raw materials and components.

Risks also encompass technology and market developments, supplier dependence, customer trends, production disruptions, the ability to attract and retain key personnel, the acquisition and integration of new units and structural measures.

Financial risks encompass existing financing, the access to future financing, foreign-exchange risks, interest rate risks, financial credit risks and change in value of fixed assets.

Legal risks comprise legislation and regulations, intellectual property rights, health, safety and the environment, authorities and control bodies, tax risks and disputes and damage claims.

In 2009, the focus has been on

monitoring risks related to the economy's effect on demand, existing financing, access to future financing, exposure to foreign-exchange fluctuations, changes in the value of fixed assets and legal risks.

In addition to the day-to-day operational risk management, seven risk areas are prioritized based on identified jumbo risks, see below.

Prioritized risk area	Processes and management
Competition regulations	A detailed review and audit of distribution and agent agreements was performed in 2009 and a new policy was implemented. Procedures for approving memberships of organizations are in place. Since 2006, more than 60 training seminars in competition regulations have been held for the Group's managers and selected functions. About a dozen training seminars were held in 2009. These courses, which also address combating corruption, will continue in 2010.
Combating corruption	The implementation of the Code of Conduct is carried out by focusing more deeply on certain specific sections and by maintaining a high standard in the continuous implementation activities. Procedures for Acceptance Letters issued by the Group's President, whereby employees sign a letter each year to confirm that they will adhere to the Group's steering instruments, were established. In 2010, web-based training will be conducted for selected groups of employees in senior positions.
Risk-management processes for products and applications in environments with elevated risk levels	Comprehensive and systematic identification and evaluation of product portfolio risks was conducted by the Trelleborg Engineered Systems business area and Trelleborg Sealing Solutions. A variety of criteria were assessed, including the exposure of products, the size of contracts and the launch of new products and technology. The business units for offshore oil/gas, marine fenders and aerospace now have an established process for risk management known as the Contract Risk Pack. It highlights the risks of the product, application, manufacturing process and links it to the contractual risk. In 2010, the application of this process will commence in other business units within the Group.
Assurance of legal appropriateness and quality of supply agreements	Numerous processes were initiated to improve the assurance of the legal appropriateness and quality of the Group's agreements. The initiative was supported by the Group Legal Department but is being implemented on-site in the business units. Examples include the production of standard forms, the use of checklists for risk assessments and policies governing liability caps and signing procedures for agreements. The Contract Risk Pack is a tool developed in 2009 to ensure the appropriateness of contracts and the implementation of this will continue in 2010.
Plants exposed to natural disaster risks	A thorough analysis of and improvement program for natural disaster risks of all operations was performed jointly with FM Global, the company's property and business interruption insurers. The action program aims to reduce risks by increasing plant protection, raising awareness of the risks among local management and creating and enhancing procedures to ensure a high level of preparedness if a natural disaster were to occur. Examples of activities include the introduction of emergency plans, a review of roof installations and the installation of automatic shut-off of incoming gas.
Plants at which accidents could have a potentially adverse environmental impact	Valuable information about the various risks at our plants is found in different parts of the Group. An improved process that views risks at a general and accumulated level facilitates a better assessment of the impact on the Group. Risk analyses are now conducted at plants in conjunction with property insurance and ISO 14000 certification, the collection and analysis of chemicals in REACH work, for example, and evaluations of operations as performed by local authorities. The plants that are deemed to pose a potential risk to the environment following an evaluation were included in the risk work and action programs will be introduced in 2010.
Protection of plants of critical importance to the Group's operations and profitability	Tools used in the analysis work include a Business Impact Analysis (BIA), which studies the plant's current risks, and the strategy plan that assesses future opportunities and benefits. The action plan to be applied depends on the results obtained and assessments. Plants of high strategic value can, for example, be equipped with water sprinklers or local sprinkler protection in particularly critical plant areas to prevent disruptions to production. The process of improving implementation of continuity plans that enhance preparedness for the Group's operations continues. During the year, The ERM Board prepared a list of critical plants that will be in focus. In 2010, this list will be used to create a Risk Dashboard of these plants and a plant-specific ID card describing the risk status of the unit in question.

Financial

risk management

As a net borrower and due to its substantial operations outside Sweden, the Trelleborg Group is exposed to various financial risks. Trelleborg's Treasury Policy sets out the framework for managing these risks within the Group. The Treasury Policy defines the financing operation's purpose, organization and distribution of responsibility and prescribes a framework for the financial risk management activities. The Board's Finance

Committee reviews the Treasury Policy and proposes changes annually, or more frequently if necessary, after which the Treasury Policy is adopted by the Board.

The Group's Treasury activities are centralized in Group Treasury, an in-house bank which functions both as an operating unit and as a service organization. Group Treasury is responsible for the Group's external bank relations, liquidity management,

financial net, interest-bearing liabilities and assets as well as for shared payment systems and netting. Centralization results in substantial economies of scale, a lower financial net, a tight management of the Group's financial risks and improved internal control. The Group's Treasury Policy permits a certain level of proprietary trading in currency and interest-rate instruments. Such trading generated a profit during the year.

Risks and policies

Financing risks and liquidity risk

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

Liquidity risk refers to the risk of not being able to fulfill payment obligations as they fall due.

Policy

Contracted credit facilities with a term of at least 12 months must be available in an amount equivalent to the Group's gross debt. Furthermore, the Group must maintain a liquidity reserve corresponding to at least 5 percent of its consolidated net sales. The general range for the Group's debt/equity ratio lies between 50-100 percent.

Exposure

Throughout the year 2009, the Group maintained long term contracted loans and credit facilities in an amount exceeding the total of its consolidated gross debt plus a policy liquidity reserve requirement corresponding to at least 5% of consolidated turnover.

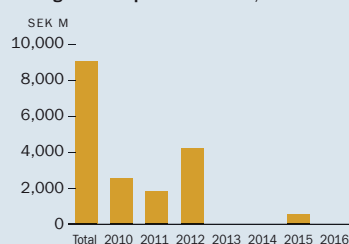
Per the end of 2009, the Group's total financial debt amounted to SEK 9,045 M (13,639). Short term financial debt, maturing in 2010, amounted to SEK 2,529 M (2,805) and comprised short term bilateral bank borrowings in SEK 670 M (1,405), commercial paper in SEK 1,599 M (800) and the short term portion of long term debt in SEK 260 M (600). Long term financial debt amounted to SEK 6,516 M (10,834) and consisted mainly of drawings under the Group's syndicated loan in SEK 3,970 M (7,408), bilateral bank debt in SEK 1,514 M (2,081) and outstanding bonds in SEK 1,032 M (1,345). Short term financial debt maturities are backstopped by the long term committed confirmed credit lines reported below.

The Group's committed confirmed credit lines comprise a syndicated loan and several bilateral revolving credit facilities. The syndicated loan, in the form of a multicurrency revolving credit and swingline facility, consists of two tranches in EUR 750 M (SEK 7,772 M) and USD 600 M (SEK 4,328 M). The major part of the loan, corresponding to SEK 11,678 M, matures in March 2012 whilst the remainder (SEK 422 M) matures in 2011. The Group's long term bilateral revolving credit facilities comprise a EUR 30 M (SEK 311 M) facility maturing in 2011, a EUR 50 M (SEK 518 M) facility maturing in 2014 as well as two facilities totaling EUR 241 M (SEK 2,502 M) maturing in 2016. All in all, the Group's committed confirmed credit lines totaled to SEK 16,229 M (14,236) per the end of 2009, of which an amount of SEK 11,815 M (5,453) was then undrawn.

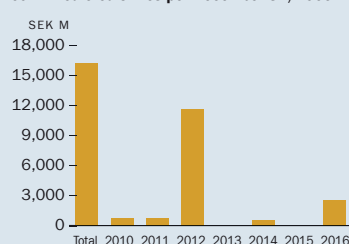
Group's capital structure

SEK M	2009	2008
Interest-bearing liabilities (note 27)	9,045	13,639
Less: Interest-bearing assets (note 16, 23 and 25)	-676	-933
Total net debt	8,369	12,706
Total shareholders' equity	12,361	10,238
Debt/equity ratio	68%	124%

Maturity term structure of the Group's interest-bearing liabilities per December 31, 2009



Maturity term structure of the Group's committed confirmed credit lines per December 31, 2009



Comments

The Group has access to the money and debt capital markets both through bank lending as well as through a Swedish domestic commercial paper programme. In addition, the Group has issued bonds on a private placement basis. 3 new long term bilateral revolving credit facilities were contracted in late 2009: a EUR 50 M (SEK 518 M) facility maturing in 2014 as well as two facilities totaling EUR 241 M (SEK 2,502 M) maturing in 2016. An analysis of the Group's financial debt instruments is presented in Note 27. The Group's long term financial debt includes 4 bonds issued as private placements with maturities ranging from 2010 through 2015 as well as 3 long term bilateral bank term loans with maturities stretching into 2012. The backbone of the Group's long term financial debt is, however, represented by a syndicated loan raised in 2005. Per the end of 2009, the total facility amount under this loan amounted to SEK 12,100 M (12,861) of which a portion equivalent to SEK 8,130 M (5,453) was undrawn. Of the Group's 4 long term bilateral revolving credit facilities totaling SEK 3,331 M, one was drawn in an amount of SEK 311 M per end 2009; the 3 other facilities in a total volume equivalent to SEK 3,020 M, remained undrawn. Trelleborg's SEK 4,000 M Swedish domestic commercial paper programme permits of issuance with tenors up to 12 months. Outstandings under the programme amounted to SEK 1,599 M (800) per the end of 2009. The remainder of the Group's short term financial debt consisted of short term bilateral bank loans under overdraft and money market term loan arrangements totaling SEK 930 M (2,005). 2 bilateral revolving credit facilities maturing in 2010 in a total amount of SEK 500 M were completely undrawn per the year end 2009. The syndicated loan together with the 6 bilateral revolving credit facilities referred to above comprise the overwhelming portion of the Group's committed confirmed credit lines totaling SEK 16,229 M (14,236) at the end of 2009, of which a portion of SEK 4,414 M (8,783) was then drawn. The Group's uncommitted confirmed credit lines amounted to SEK 1,543 M (1,869) per the end of 2009, of which SEK 223 M (386) were then drawn, and are mainly represented by overdraft facilities.

The Group tracks its capital structure on the basis of several key ratios, including the debt/equity ratio. The general range for the debt/equity ratio was lowered in late 2009 to lie within the range of 50-100 percent. Largely due to strong cash flow and the 2009 rights issue, the year-end 2009 debt/equity ratio was down to 68 percent (124), which is within the revised target interval. The Group's key ratios related to the capital structure and forecasts for the Group's policy liquidity reserve are monitored on a monthly basis.

Risks and policies

Foreign-exchange risk

Foreign-exchange risk is the risk of adverse impacts on the consolidated income statement, balance sheet and/or cash flows as a result of exchange rate fluctuations. Foreign-exchange risk occurs in the form of both transaction and translation exposures.

Transaction exposure

Currency flows arising when goods and services are bought or sold in currencies other than a group company's local currency lead to transaction exposure.

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

Exposure

Currency pairs with largest net flows over 12 months forward from the fourth quarter of 2009 (SEK M).

Currency pair	Net flows	Hedge	Hedge Ratio
EUR/USD *	250	0	0%
EUR/DKK	235	-61	26%
EUR/PLN	192	-100	52%
EUR/SEK	173	-32	18%
GBP/SEK	159	-	0%
DKK/LVL	151	-	0%
EUR/GBP	138	2	-1%
EUR/CZK	122	-	0%

* EUR/USD includes flows in currencies that covary with EUR and USD, such as DKK, LKR

The table shows all currency pairs whose net flows over a forward period of 12 months from the fourth quarter of 2009 are budgeted to exceed SEK 100 m equivalent. Also shown are the amounts hedged per currency pair at December 31, 2009. A positive net flow indicates that inflows exceeded outflows. For the stated forward period, the currencies with the greatest budgeted net flows are EUR (SEK 710 m equivalent), SEK (SEK -470 m) and PLN (SEK -200 m equivalent).

Comments

Trelleborg's global operations give rise to substantial cash flows in foreign currencies. Group Treasury works actively to enhance the matching of these flows, thereby reducing the Group's foreign-exchange risk and transaction expenses. At a Group level, the greater part of these flows are netted off against each other. The Group's net transaction exposure amounts to an annual value of approximately SEK 2,200 m (2,400). Decisions regarding the hedging of operating cash flows are made by the individual Business Areas in collaboration with Group Treasury which manages hedging activities centrally. All foreign exchange transactions of Group companies must be conducted in conjunction with Group Treasury, which ensures compliance with the Group's Treasury Policy. The main instruments used to hedge operating cash flows are currency forward contracts, currency swaps and currency options.

Translation risk – Income statement

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

Policy The Group shall not normally hedge this risk.

Translation effects: Currency effect on income statement SEK M 2009.

Currency	Net sales	Operating profit	Net profit
EUR	1,109	27	25
GBP	-22	0	1
USD	730	3	-41
Other	285	27	15
Total	2,102	57	0

Upon translation of the income statements of foreign subsidiaries, exchange-rate movements positively affected the Group's operating earnings for the year by a total of SEK 57 m (neg: 69) and net profit in an amount of approximately SEK 0 m (neg: 61).

Translation risk – Balance sheet

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

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

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

Currency	Net investment SEK M	Hedging, percent	Effect on equity, if SEK 1% stronger SEK M
EUR	10,363	53%	-48
GBP	1,971	64%	-7
USD	2,478	26%	-18
Other	4,729	25%	-35
Total	19,541	44%	-108

At year-end 2009, the Group's net investments in foreign subsidiaries and associated companies amounted to approximately SEK 19,541 m (19,492). The net investments have increased due to changes in the capital structure and accrued profits of foreign operations which have overcompensated negative translation differences. Translation differences in 2009 amounted to SEK -454 m (1,184), calculated after hedging through loans and derivative instruments with deductions for estimated taxes. At year-end 2009, 44 percent (48) of net investments had been hedged. If SEK appreciates by 1 percent in relation to all currencies in which the Trelleborg Group has foreign net investments, there would be a negative change in shareholders' equity of SEK 108 m (neg: 102) before consideration of possible tax effects.

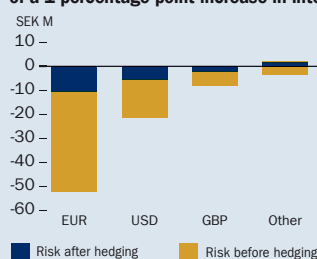
Interest-rate risks

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

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

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

Impact 2010 on consolidated interest expenditure of a 1 percentage point increase in interest rates



Based on the Group's stock of interest rate bearing net debt per end 2009, a 1 percentage point upward shift in the EUR interest rate curve would have a negative impact of SEK 52 m (71) before hedging, reduced to SEK 10 m (41) after hedging. The impacts on consolidated interest expenditure of similar shifts in USD and GBP interest rates would be: in respect of USD, SEK 21 m (27) before and SEK 6 m (1) after hedging and, in respect of GBP SEK 8 m (9) before and SEK 2 m (6) after hedging.

As per December 31, 2009, the Group's interest-bearing debt totaled SEK 9,045 m (13,639). The average remaining fixed-interest term of the debt was approximately 15 months (6 months), including derivatives. Outstanding interest-bearing investments at year-end amounted to SEK 676 m (933), with an average period of fixed interest of approximately half a month (half a month). The Group's net interest-bearing debt amounted to SEK 8,369 m (12,706), with an average remaining period of fixed interest of about 16 months (six and a half). Based on the level of net debt at year-end, a 1-percentage point rise in interest rates in all currencies in which the Trelleborg Group has loans or investments would generate a net cost increase of approximately SEK 16 m (67) in net financial items for 2010. The Group's average net liabilities during the year amounted to SEK 10,814 m (11,316). Net interest items and net financial items, as a percentage of average net liabilities, amounted to 3.7 percent (4.8) and 3.7 percent (4.8), respectively. Outstanding interest-bearing investments are reported in Notes 16, 23 and 25. An analysis of the Group's interest-bearing debt is reported in Note 27.

Financial credit risks

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

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

Since the Group is a net borrower, excess liquidity shall primarily be used to amortize external liabilities. No credit losses stemming from investments of cash or cash equivalents or financial instruments occurred in 2009. Outstanding financial credit risk exposure at the balance-sheet date is presented in Note 28.



”Good corporate governance provides support in turbulent times”

In 2009, harsh winds encircled the majority of companies. The financial crisis and difficult market conditions meant that it was an exceptionally testing year for many businesses. These circumstances also placed ever-increasing demands on governance and responsibility. For Boards, it became even more important to be close to the operation and to be able to make quick decisions. Effective corporate governance adds value in turbulent times. Each decision – or lack of one – has a lasting impact.

In the Board's work during the year, it was particularly important to maintain our focus on our long-term target scenario, at the same time as the agenda was, more than usual, filled with short-term matters driven by the dramatic downturn in the market.

During the first six months of 2009, a rights issue was conducted to strengthen Trelleborg's financial position and create the conditions to improve the Group's market positions. There were of course many questions in conjunction with the issue, and the importance of open and transparent communication so that our stakeholders can understand and monitor the company's development was once again confirmed.

I am pleased to say that the Group has capitalized on and benefitted from the decisions that were taken during the year, and that Trelleborg now stands stronger, has advanced its market positions and enhanced its efficiency.

The Enterprise Risk Management and Corporate Responsibility programs were also further developed during the year. As regards

risk management, we are continuing to focus on effective management and prioritization of jumbo risks. The aim is to establish risk management and corporate responsibility as an integral part of day-to-day operations, and that these shall be followed up within the framework of the corporate governance processes.

In this year's report, we would like to further emphasize that we view risk management, corporate governance and corporate responsibility as being closely related, and have therefore coordinated these three sections beneath the joint designation Governance and Responsibility. We continue to work with these processes to improve them and support the company's businesses and development.

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

Anders Narvinger
Chairman of the Board

Corporate Governance

Trelleborg is a publicly traded Swedish limited company listed on the NASDAQ OMX Nordic Exchange Stockholm. Trelleborg applies the Swedish Code of Corporate Governance and presents its 2009 Corporate Governance Report in this section. Follow-up during 2009 has resulted in Trelleborg not having any deviations to report. The report has not been examined by the Company's auditor.

Shareholders

Trelleborg's Series B shares have been traded on the NASDAQ OMX Nordic Exchange in Stockholm since 1964. Share capital in Trelleborg amounted to SEK 2,620 M, represented by 271,071,783 shares, each with a par value of SEK 9.67.

Trelleborg has two classes of shares: 28,500,000 Series A shares and 242,571,783 Series B shares. Series A shares carry ten votes and Series B shares carry one vote. All Series A shares are owned by the Dunker Funds and Foundations, which comprise a number of foundations, funds and management companies created through testamentary disposition by former owner and founder of the Helsingborg and Trelleborg rubber-production plants, Henry Dunker, who died in 1962.

At December 31, 2009, the number of shareholders was 49,286 (42,600).

Of the total number of shares, foreign shareholders accounted for approximately 22 percent (18). Institutions accounted for the majority of ownership. At the end of the year, 72 percent (83) of the total shares were owned by legal entities, 28 percent (17) by private individuals representing 92 percent (91) and 8 percent (9), respectively, of the total number of votes.

For further information on the share and shareholders, refer to pages 98-99 and Trelleborg's website.

WWW

Annual General Meeting

The 2009 Annual General Meeting took place on Thursday, April 23, 2009 in Trelleborg. At the meeting, 571 shareholders (649) were in attendance, personally or by proxy, representing about 73 percent (70) of the votes. One shareholder, Dunker Funds and Foundations, represented approximately 76 percent (79) of the votes at the meeting on its own. Anders Narvinger was elected Chairman of the meeting.

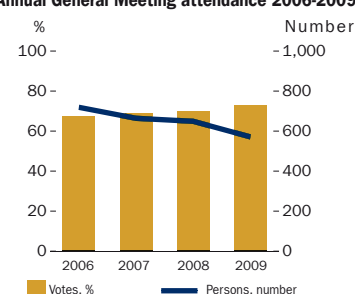
All Board members elected by the Annual General Meeting were present.

Resolutions

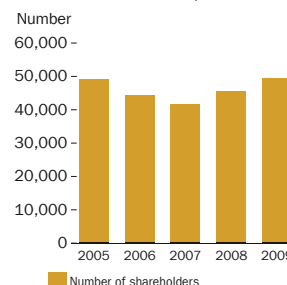
The minutes from the Annual General Meeting have been made available on Trelleborg's website. The resolutions passed by the Meeting included the following:

- No dividend is to be paid for 2008 as per the Board's and President's proposal (SEK 6.50 per share for 2007).
- Re-election of Board members Heléne Bergquist, Staffan Bohman, Claes Lindqvist, Sören Mellstig, Anders Narvinger and Peter Nilsson. The election of new Board member Hans Biörck to replace Rolf Kjellman, who declined re-election.
- Re-election of Anders Narvinger as Chairman of the Board.
- Fees to Board members, excluding travel expenses, should be paid in the total amount of SEK 2,750,000, to be distributed as follows: SEK 950,000 to be paid to the Chairman and SEK 360,000 to be paid to each member of the Board who is not an employee of the Group, that remuneration should be paid to the Audit Committee in the amount of SEK 150,000 to the Chairman of the Committee and SEK 100,000 to the other Audit Committee members, that remuneration should be paid for assignments in the Nomination Committee in the amount of SEK 50,000, and that the auditor's fees shall be based on a cost-level agreement for the four-year mandate period, meaning until the 2012 Annual General Meeting.
- Principles for remuneration and other conditions of employment for the President and other senior executives.
- Procedures for the Nomination Committee's appointment and work.
- Approval of the rights issue as per the Board's resolution on March 22, 2009.

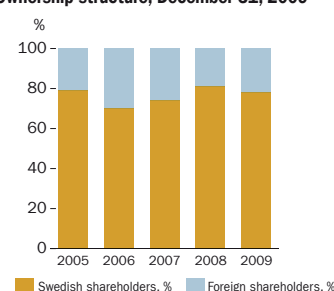
Annual General Meeting attendance 2006-2009



Number of shareholders, December 31, 2009



Ownership structure, December 31, 2009



Further information on corporate governance

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

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

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

WWW

Nomination Committee

In accordance with a resolution by the 2009 Annual General Meeting, the Chairman of the Board was assigned the task of asking five representatives of the company's major shareholders at the close of the third quarter to become members of the Nomination Committee in order to formulate proposals on Board members, the Chairman of the Board, and remuneration to Board members and Board committees to be presented for approval at the 2010 Annual General Meeting. The composition of the Nomination Committee was published on Trelleborg's website and through a press release on October 20, 2009.

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

The Nomination Committee for 2010 held six meetings (two) and a number of telephone conferences. The Nomination Committee comprised Rolf Kjellman, Henry and Gerda Dunker Foundation (Chairman), Ramsay Brufer, Alecta, Lars Öhrstedt, AFA Försäkring, Henrik Didner, Didner & Gerge Fonder and KG Lindvall, Swedbank Robur Funds. In addition, the Chairman of the Board, Anders Narvinger, was a member of the Nomination Committee for 2010. At the end of the third quarter, the Nomination Committee represented approximately 67 percent of the shareholders' votes.

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

Proposals to the Annual General Meeting 2010

The Nomination Committee has resolved to propose to the Annual General Meeting that it elect Nina Udnes Tronstad and Bo Risberg as new Board members of Trelleborg AB.

Staffan Bohman, elected to Trelleborg's Board of Directors in 2000, has declined re-election at the 2010 Annual General Meeting.

Nina Udnes Tronstad, born in 1959, is President of Aker Verdal AS, Norway, a subsidi-

ary of Aker Solutions ASA. Nina Udnes Tronstad earlier held a number of management positions at Statoil in Norway, Sweden and Denmark. Education: MSc in Chemistry, NTNU Norwegian University of Science & Technology.

Bo Risberg, born 1956, is President and CEO of Hilti Corporation, Liechtenstein. Bo Risberg formerly held management positions at AT Kearney and with ABB in Sweden and Canada. Education: MBA Business Administration, Switzerland, and BSc Mechanical Engineering, Canada.

Considering Trelleborg's global industrial operation, the Nomination Committee believes that Bo Risberg and Nina Udnes Tronstad are well matched to the executive and industry profile that is required to complement the Trelleborg Board.

In addition, the re-election is proposed of the other Board members Heléne Bergquist, Hans Biörck, Claes Lindqvist, Sören Mellstig, Peter Nilsson and Anders Narvinger as Chairman.

Board of Directors

In 2009, Trelleborg's Board of Directors comprised of seven members elected by the Annual General Meeting, which includes the President and CEO.

Hans Biörck was elected as a new Board member to the 2009 Board of Directors. Rolf Kjellman declined re-election. Other members were re-elected.

Employees elect three representatives and one deputy to the Board of Directors. During 2009, Mikael Nilsson, LO, replaced Kim Davidsson who retired. Other personnel representatives are: Karin Linsjö, LO, and Alf Fredlund and Birgitta Håkansson (deputy), PTK (The Council for Negotiation and Cooperation).

The Group's CFO, Bo Jacobsson, attends the Board meetings as does the General Counsel, Ulf Gradén, who is the Board's secretary. Other salaried employees participate in the Board meetings to make presentations on particular matters.

Independence of the Board

The Board's assessment, which is shared by the Nomination Committee, regarding the members' position of dependence in relation to the company and the shareholders is presented in the table "Composition of the Board 2009/2010." As evident from the table,

Trelleborg complies with the Swedish Code of Corporate Governance's requirements that the majority of the Board members elected by the General Meeting must be independent in relation to the company and the company management, and that at least two of these shall also be independent in relation to the company's major shareholders.

Evaluation of Board members 2009

The Chairman of the Board is responsible for evaluating the Board's work including the efforts of individual members. This occurs annually in accordance with an established process. Periodically, evaluation is conducted with the assistance of external consultants. In 2009, the evaluation was conducted using external consultants and internally through interviews and discussions involving the Nomination Committee and a number of individual Board members, as well as feedback and discussions with the entire Board of Directors. The evaluation focuses on such aspects as supply and demand for specific expertise and work methods. The evaluation is also used by the Nomination Committee as the basis for proposals for Board members and remuneration levels.

Audit Committee

In 2009, the Audit Committee comprised the Board members Heléne Bergquist, who is also the Committee Chairman, Claes Lindqvist and Anders Narvinger.

The Group's CFO, Bo Jacobsson, the Group's General Counsel and Secretary of the Audit Committee, Ulf Gradén, and the Head of the Internal Control staff function participate in the Audit Committee meetings, as does the company's auditor.

In 2009, the Audit Committee held eight (five) meetings. Its work in 2009 mainly focused on:

- accounting issues
- review of interim reports, the year-end report and the annual report
- Group's capital structure
- establishment and follow-up of annual work plans for the Internal Control staff function
- review of continuous reporting from the Internal Control staff function relating to internal audits and the proactive work on the internal control environment
- follow-up of activities relating to the Group's corporate responsibility issues and risk management
- review of reports from the company's AGM-elected auditors, including the auditors' audit plan
- review of the plan for compilation of the Annual Report

Finance Committee

In 2009, the Finance Committee consisted of Board members Heléne Bergquist, who is also Chairman of the Finance Committee, Claes Lindqvist and Anders Narvinger.

The Group's CFO, Bo Jacobsson, and the Group's General Counsel and Secretary of the Finance Committee, Ulf Gradén, participate in the meetings of the Finance Committee. The

Nomination Committee for the 2010 Annual General Meeting

Name	Representing	Share of votes	
		September 30, 2009	December 31, 2009
Rolf Kjellman	Dunker Funds and Foundations	55.7%	55.7%
Henrik Didner	Didner & Gerge Funds	4.1%	3.8%
Ramsay Brufer	Alecta	3.0%	2.7%
Lars Öhrstedt	AFA Insurance Companies	2.4%	2.3%
KG Lindvall	Swedbank Robur Funds	1.8%	1.7%
Total		67.0%	66.2%

Head of Group Treasury also participates when necessary.

The Finance Committee held six (six) meetings in 2009. Its work in 2009 primarily focused on:

- reviewing financial reports from Group Treasury
- the Group's capital structure
- financing issues
- financial operations and policies
- financial risk management

Remuneration Committee

In 2009, the Remuneration Committee comprised the Board members Anders Narvinger, who is also Chairman of the Committee, Staffan Bohman and Claes Lindqvist.

The Group's HR Director, Sören Andersson, also Secretary of the Remuneration Committee, participates in Committee meetings.

The Remuneration Committee held eight (three) meetings in 2009. Work in 2009 focused primarily on:

- following up and setting targets for the variable portion of remuneration, which in 2009 was based on quarterly targets, four meetings, see pages 44-45

- terms of employment and incentive issues relating to senior executives

- the Group's management supply

Auditor

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

Work of the Board of Directors

As a result of the particular conditions during the year, the Board of Directors' work during the year has been intense with several more Board meetings than usual. The number of Board meetings in 2009 was 19 (12), of which ten (three) were Extraordinary Meetings. Work focused largely on structural issues and the Group's capital structure.

January	No. 1: Competition Law investigation.
February	No. 2: Legal disputes and insurance coverage, Audit report, Year-end report, 2008 Annual Report.
	No. 3: Group's capital structure.
March	No. 4: Group's capital structure.
	No. 5: Competition Law investigation, Group's capital structure.
	No. 6: Group's capital structure.
	No. 7: Group's capital structure, Prior to the AGM.
	No. 8: Group's capital structure, Prior to the AGM.
April	No. 9: Approval of the prospectus pertaining to the rights issue.
	No. 10: Interim report for first quarter.
	No. 11: Adoption of subscription conditions for the rights issue.
	No. 12: Review of prospectus, Prior to the AGM.
	No. 13: Statutory Board meeting.
May	No. 14: Allocation of shares in the rights issue.
July	No. 15: Interim report for second quarter, January – June audit report, Financing.
September	No. 16: Strategic plan 2010-2012, Structural issues, Financing.
October	No. 17: Interim report for third quarter, Structural issues, Financing.
December	No. 18: Forecast for 2010, Structural issues, Audit report.
	No. 19: Structural issues, Financing.

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



GÖRAN TIDSTRÖM

Authorized public accountant, auditor in charge

Auditor in the Trelleborg Group since 2004. Partner of PricewaterhouseCoopers since 1976.

Qualifications: Graduate in business administration, Authorized public accountant since 1973.

Assignments: Auditor of Telia Sonera, AB Volvo, Meda and the Royal Opera. Deputy President of IFAC (International Federations of Accountants).

Born: 1946.



OLOV KARLSSON

Authorized Public Accountant

Auditor since 2004.

Partner of PricewaterhouseCoopers since 1987.

Qualifications: Economist program Umeå University, Authorized public accountant since 1980.

Assignments: Auditor of AB Volvo.

Born: 1949.



Anders Narvinger
Chairman of the Board

Director-General of the Association of Swedish Engineering Industries.

Other assignments: Chairman of Alfa Laval AB (publ) and Coor Service Management AB. Board member of Volvo Car Corporation, JM AB (publ) and Pernod Ricard SA.

Qualifications: M.Sc. Eng., Faculty of Engineering, Lund University, and B. Sc. Business and Economics, Uppsala University.

Previous positions include a number of posts in the ABB Group, including President and Chief Executive Officer of ABB Sweden.

Holdings 2009: 30,404 shares.
Holdings 2008: 10,000 shares.



Peter Nilsson
President and CEO

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

Qualifications: M.Sc. Eng.

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

Holdings 2009: 80,572 shares and 100,000 call options (refer to page 43).
Holdings 2008: 26,500 shares and 100,000 call options.



Heléne Bergquist
Board member

Management Consultant.

Other assignments: Chairman of the Board of INVISIO Headsets AB (publ). Board member of Nordic Growth Market NGM AB and TradeDoubler AB (publ).

Qualifications: Graduate in business administration.

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

Holdings 2009: 4,550 shares.
Holdings 2008: 1,500 shares.

Proposals to the Annual General Meeting 2010

The Nomination Committee has resolved to propose to the 2010 Annual General Meeting that it elect Nina Udnes Tronstad and Bo Risberg as new Board members of Trelleborg AB.

Staffan Bohman, elected to Trelleborg's Board of Directors in 2000, has declined re-election at the 2010 Annual General Meeting.

Nina Udnes Tronstad, born in 1959, is President of Aker Verdal AS, Norway, a subsidiary of Aker Solutions ASA.

Bo Risberg, born 1956, is President and CEO of Hilti Corporation, Liechtenstein.



Hans Biörck
Board member

Executive Vice President and CFO, Skanska AB.

Other assignments: Board member of the Dunker Funds and Foundations and the Swedish Financial Reporting Board.

Qualifications: Graduate in business administration.

Previous positions include CFO of Autoliv Inc. and CFO of Esselte AB.

Holdings 2009: -
Holdings 2008: -



Staffan Bohman
Board member

Other assignments: Vice Chairman of Scania AB (publ) and Ersta. Board member of Atlas Copco AB (publ), Boliden AB (publ), Inter IKEA Holding SA, Ratos AB (publ) and OSM AB.

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

Previous positions include Chief Executive Officer of DeLaval, Gränges and SAPA.

Holdings 2009: 75,000 shares.
Holdings 2008: 20,000 shares.

Composition of the Board 2009/2010

Name	Born	Position	Elected	Dependence	Audit Committee	Finance Committee	Remuneration Committee
Anders Narvinger	1948	Chairman	1999	No	Member	Member	Chairman
Heléne Bergquist	1958	Member	2004	No	Chairman	Chairman	-
Hans Biörck	1951	Member	2009	Yes*	-	-	-
Staffan Bohman	1949	Member	2000	No	-	-	Member
Claes Lindqvist	1950	Member	2004	Yes*	Member	Member	Member
Sören Mellstig	1951	Member	2008	No	-	-	-
Peter Nilsson	1966	Member	2006	Yes**	-	-	-
Alf Fredlund***	1946	Member	2001	-	-	-	-
Karin Linsjö***	1954	Member	2000	-	-	-	-
Mikael Nilsson***	1967	Member****	2009	-	-	-	-
Birgitta Håkansson***	1950	Deputy	2008	-	-	-	-

* Hans Biörck and Claes Lindqvist are dependent in relation to the company's major shareholders since they both have assignments for Trelleborg's main owner, Dunker Funds and Foundations.

** Peter Nilsson is dependent in relation to the company as a result of his position as Trelleborg's President.

*** Member/deputy appointed by the employees.

**** Replaced Kim Davidsson, who retired in 2009.

Members appointed by employees



Claes Lindqvist
Board member

President of Henry Dunkers Förvaltnings AB.
Other assignments: Executive member of Henry and Gerda Dunker Foundations and Donation Fund No. 2, Board member of Dunker Funds, Southern Swedish Chamber of Commerce and Industry, Novotek AB (publ), Connect Skåne, among others.
Qualifications: Graduate in business administration and M.Sc. Eng.
Previous positions include a variety of senior positions at ASEA and Åkerlund & Rausing as well as President and Chief Executive Officer of Högånäs AB and Öresundskraft AB.
Holdings 2009: 30,404 shares.
Holdings 2008: 10,000 shares.



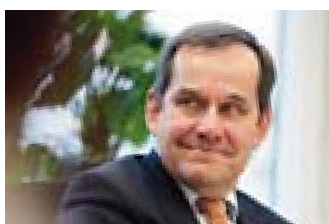
Alf Fredlund
Employee representative

Engineer, appointed by the Unions of the Trelleborg Group (PTK).
Other assignments: Chairman of Unionen Trelleborg AB.
Qualifications: Engineer.
Holdings 2009: 24,000 shares (own and family members).
Holdings 2008: 7,600 shares (own and family members).



Mikael Nilsson
Employee representative

Engineering employee, appointed by the Unions of the Trelleborg Group (LO).
Other assignments: Chairman of the Swedish Industrial Labor Union (LO) and Chairman of Trelleborg European Works Council.
Qualifications: Training in labor law, economics and personnel policy.
Holdings 2009: –
Holdings 2008: –



Sören Mellstig
Board member

Other assignments: Chairman of the Board of Aleris AB, Ferrosan AB and Textilia AB. Board member of Munters AB (publ) and Dako A/S.
Qualifications: Graduate in business administration.
Previous positions include President and Chief Executive Officer of Gambro and CFO and Vice President of Incentive.
Holdings 2009: 60,809 shares.
Holdings 2008: 20,000 shares.



Karin Linsjö
Employee representative

Appointed by the Unions of the Trelleborg Group (LO).
Other assignments: Board member of the Social Services Board, Municipality of Trelleborg.
Qualifications: Elementary school and plant training.
Holdings 2009: 501 shares.
Holdings 2008: 167 shares.



Birgitta Håkansson
Deputy employee representative

Salaried employee, appointed by the Unions of the Trelleborg Group (PTK).
Other assignments: Vice Chairman of Unionen Trelleborg AB.
Qualifications: Secretarial studies, training in IT and accounting.
Holdings 2009: 1,602 shares.
Holdings 2008: 527 shares.

Board members' attendance in 2009/2010

Name	Position	Board meeting	Audit Committee	Finance Committee	Remuneration Committee
Anders Narvinger	Chairman	19 av 19	8 of 8	6 of 6	8 of 8
Heléne Bergquist	Member	19 of 19	8 of 8	6 of 6	–
Hans Björck	Member	18 of 19*	–	–	–
Staffan Bohman	Member	19 of 19	–	–	8 of 8
Rolf Kjellman	Member	12 of 12	4 of 4	3 of 3	–
Claes Lindqvist	Member	19 of 19	5 of 5***	4 of 4***	8 of 8
Sören Mellstig	Member	17 of 19	–	–	–
Peter Nilsson	Member	19 of 19	–	–	–
Alf Fredlund	Member	19 of 19	–	–	–
Kim Davidsson	Member	11 of 11	–	–	–
Karin Linsjö	Member	19 of 19	–	–	–
Mikael Nilsson	Member	6 of 7**	–	–	–
Birgitta Håkansson	Deputy	18 of 19	–	–	–

Hans Björck was absent at Board meeting No. 14 in May. Sören Mellstig was absent from Board meetings No. 9 and 10, both in April. Mikael Nilsson was absent from Board meeting No. 18 in December. Birgitta Håkansson was absent from Board meeting No. 1 in January.

– Member not included in the committee in question. * Elected at the 2009 Annual General Meeting. **Appointed during the year.

*** Appointed members of the Audit and Finance Committees in conjunction with the statutory Board meeting in 2009.

Overview of governance in the Trelleborg Group

Shareholders

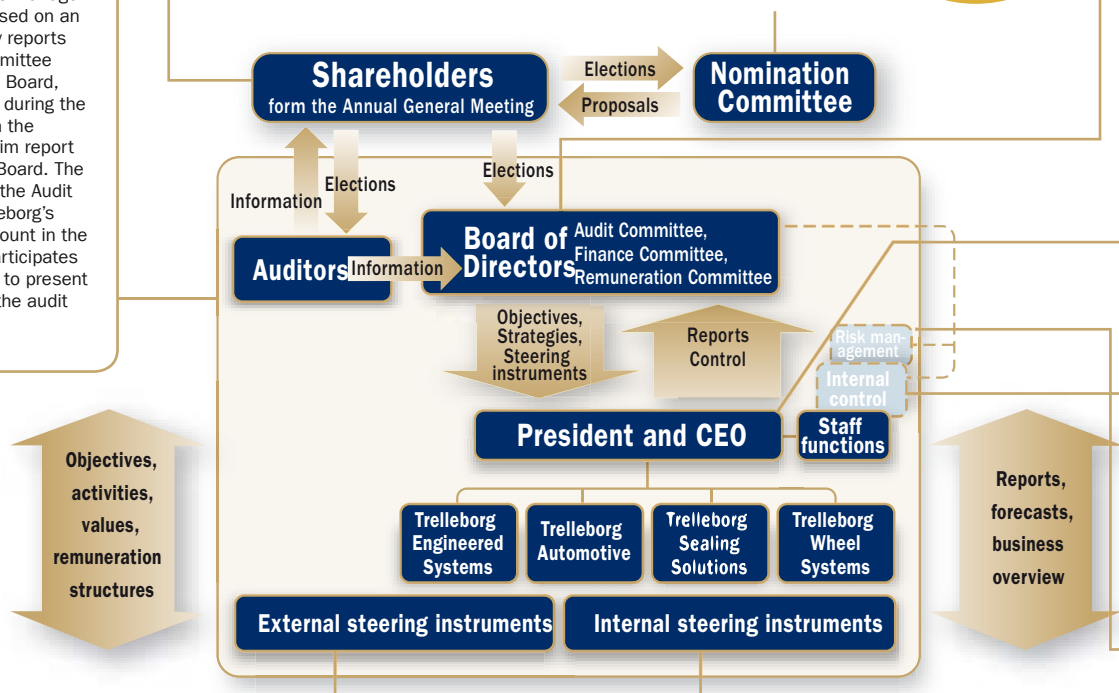
The right of shareholders to make decisions on the affairs of Trelleborg is exercised by the Annual General Meeting or, where appropriate, an Extraordinary General Meeting, which is Trelleborg's highest decision-making body. The Annual General Meeting is usually held in Trelleborg, Sweden, in the month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

Auditor

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

Nomination Committee

Trelleborg's Annual General Meeting makes resolutions regarding procedures for the appointment and work of the Nomination Committee. The 2009 Annual General Meeting decided that a Nomination Committee shall operate in order to prepare and present proposals to the shareholders at the Annual General Meeting regarding the election of Board members, the Chairman and, where applicable, present proposals regarding auditors and remuneration to the Board, Board committees and the auditors. The Nomination Committee shall consist of five members, who are to be representatives of the five largest shareholders at the close of the third quarter. Accordingly, the Chairman of the Board shall, at the close of the third quarter, contact the five largest shareholders in the company, who shall each be given the opportunity to appoint one member of the Nomination Committee. In addition, the Nomination Committee may decide that the Chairman of the Board be a part of the Committee, but not be appointed its chairman. For a complete account of the resolutions of the Annual General Meeting, see the minutes from the Annual General Meeting available at: www.trelleborg.com.

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


External steering instruments

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

Internal steering instruments

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

requirements for good internal control, including internal control regarding financial reporting. Complete versions of many of the Group's steering instruments are available on Trelleborg's website.

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

Rules of procedure of the Board of Directors

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

Instructions for the President

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

President and Group Management

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

Internal Control

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

Risk management

Trelleborg works continuously with risk management in an Enterprise Risk Management process. See pages 30-33.

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

Code of Conduct

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

The Board of Directors

Composition of the Board

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

Responsibilities of the Chairman

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

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

Responsibilities and work of the Board

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

The Board's responsibility for financial reporting

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

Board committees:

The Audit Committee's main task is to represent the Board in matters concerning the monitoring of the company's financial reporting and, in relation to the financial reporting, to monitor the efficiency of the company's internal control, internal audit and risk management, to keep itself informed in matters relating to the audit of the annual report and the consolidated financial statements, to review and monitor the auditors' impartiality and independence and to provide assistance when preparing proposals regarding the appointment of auditors for approval by the Annual General Meeting. The Audit Committee shall also act on behalf of the Board to support and monitor the Group's activities related to corporate responsibility issues and the overall coordination of the Group's risk management. The results of the Audit Committee's work in the form of observations, recommendations, motions and measures are continuously reported to the Board, usually at the subsequent Board meeting.

The Finance Committee's primary tasks are to represent the Board in day-to-day issues relating to financing, to support and monitor financial operations, to annually assess and propose changes to the Treasury Policy, to evaluate and prepare matters for decision by the Board and, after each meeting, to report on its work at the subsequent Board meeting.

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

Values

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

Group Management



Peter Nilsson
President and CEO

Qualifications: M.Sc. Eng.

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

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

Holdings 2009: 80,572 shares and 100,000 call options*.

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

Born: 1966. Employed: 1995. In current position since 2005.



Bo Jacobsson
Chief Financial Officer (CFO) and Executive Vice President, Trelleborg AB

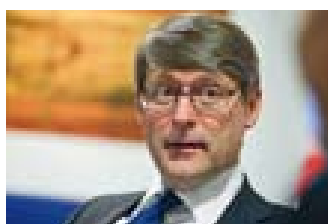
Qualifications: University studies in business administration.

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

Holdings 2009: 30,384 shares (own and family members) and 25,000 call options*.

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

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



Lennart Johansson
Business Area President, Trelleborg Engineered Systems

Qualifications: M.Sc. Eng.

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

Holdings 2009: 25,000 call options*.

Holdings 2008: 25,000 call options*.

Born: 1960. Employed: 2005. In current position since 2005.



Roger Johansson
Business Area President, Trelleborg Automotive

Qualifications: Master of Business and Economic Science.

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

Holdings 2009: 15,201 shares and 25,000 call options*.

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

Born: 1965. Employed: 2007. In current position since 2007.



Claus Barsøe
Business Area President, Trelleborg Sealing Solutions

Qualifications: B.Sc. Econ.

Previous positions include Market Director of Alfa Laval, various positions within Busak+Shamban and Polymer Sealing Solutions.

Holdings 2009: 25,000 call options*.

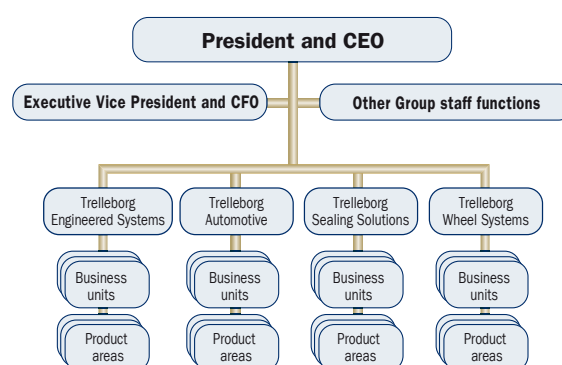
Holdings 2008: 25,000 call options*.

Born: 1949. Employed: 2003. In current position since 2003.

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

The President and CEO leads the work conducted by Group Management and renders decisions in consultation with other members of the management team, which consists of the heads of the business areas and staff functions. At the end of 2009, Group Management comprised a total of 11 persons.

During 2009, Group Management held seven meetings. These focused on the Group's strategic and operational development and budget follow-up. In addition to these meetings, close cooperation takes place on a daily basis on various issues between the operational business and representatives of the various staff functions. The company aims to create an open, clear and honest working culture, with short decision-making paths.





Maurizio Vischi
Business Area President,
Trelleborg Wheel Systems

Qualifications: MBA.

Previous positions include management positions within Pirelli.

Holdings 2009: 25,000 call options*.

Holdings 2008: 25,000 call options*.

Born: 1955. Employed: 1999. In current position since 2001.



Sören Andersson
Senior Vice President, Human Resources

Qualifications: University studies in economics, sociology and education.

Previous positions include several HR posts within SCA.

Holdings 2009: 6,080 shares and 10,000 call options*.

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

Born: 1956. Employed: 1998. In current position since 1998.



Viktoria Bergman
Senior Vice President, Corporate Communications

Qualifications: Berghs School of Communication

Previous positions include Falcon Bryggerier and Vice President, Corporate Communications at Trelleborg.

Holdings 2009: 1,518 shares (own and family members) and 10,000 call options*.

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

Born: 1965. Employed: 2002. In current position since 2005.



Ulf Gradén
Senior Vice President, General Counsel and Secretary

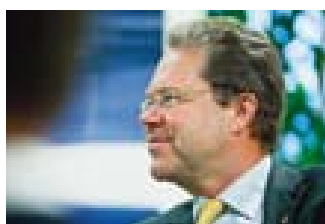
Qualifications: Master of Law. Reporting clerk, court of appeal.

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

Holdings 2009: 10,000 call options*.

Holdings 2008: 10,000 call options*.

Born: 1954. Employed: 2001. In current position since 2001.



Peter Svenburg
Senior Vice President, IT

Qualifications: Bachelor of Law.

Previous positions include CIO of Scancem/HeidelbergCement.

Holdings 2009: 325 shares.

Holdings 2008: 107 shares.

Born: 1949. Employed: 2006. In current position since 2006.



Claes Jörwall
Senior Vice President, Taxes and Group Structures

Qualifications: Graduate in business administration.

Previous positions include department manager at the Swedish National Tax Board.

Holdings 2009: 16,031 shares.

Holdings 2008: 273 shares.

Born: 1953. Employed: 1988. In current position since 1988.

* Call option program in Trelleborg issued in February 2, 2008 by the principal owners in Henry and Gerda Dunkers Donation Fund No. 2. Nine management executives purchased at that time 255,000 call options in Trelleborg at a price of SEK 10.98/option. Each call option will entitle the purchase of one share of Series B in Trelleborg AB during the period March 15, 2008 – March 15, 2012 at an exercise price at SEK 125.50. As a result of the implemented rights issue in 2009 and in accordance with terms and conditions of the options, the exercise price was recalculated to SEK 57.70 per share and each call option will entitle the purchase of 2.18 shares. The purpose of the call option program is to promote the long-term commitment of management executives in the company. Trelleborg AB does not participate in the offer and will not have any expenses in connection with the offer.

Remuneration

of the Board and senior executives

Principles

The following principles for remuneration of senior executives in the Trelleborg Group were adopted by the 2009 Annual General Meeting; see Note 3, page 80. The Board's motion to the 2010 Annual General Meeting regarding principles for remuneration is the same as that adopted by the 2009 Annual General Meeting.

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

Remuneration of management 2009

President

During 2009, the President and CEO received a fixed salary and other remunerations as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining a variable salary. The variable salary has an established upper limit for full-year 2009, which corresponds to 65 percent of fixed salary. During 2009, the variable salary

was based on the Trelleborg Group's profit before tax, excluding the effect of structural changes approved by the Board, and on the Trelleborg Group's operating cash flow, excluding the effect from structural changes approved by the Board. The latter of these, operating cash flow, was subsequently divided into quarterly targets, accounting for two thirds of the amount, and annual targets, accounting for one third of the amount. The variable salary does not constitute pensionable income. In 2009, the established targets were exceeded and therefore a variable salary of SEK 3,900,000 was payable to the President.

The President has a pension agreement that entitles him to retire at the age of 65. However, under the terms of the pension agreement, both the company and the President have the right, without special justification, to request early retirement from the age of 60, with a mutual six-month notice of termination. The employment agreement and pension agreement shall be rendered invalid from the effective date of the President's possible early retirement. The pension agreement is a defined-contribution scheme, and the premium is computed as 40 percent of the fixed annual salary. Pension premiums were expensed in 2009 as shown in the table below.

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

Other senior executives

The principles for remuneration to other senior executives are based on both a fixed and variable salary. The variable part has an established upper limit and accounts for a maximum of 25-65 percent of fixed annual salary. In 2009, the variable salary was based on the earnings trend and the operating cash flow. The latter of these, operating cash flow, was subsequently divided into quarterly targets, accounting for two thirds of the amount, and annual targets, accounting for one third of the amount.

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

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

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

Remuneration of Group Management 2009

SEK 000s Position	Year	Fixed salary	Variable salary	Incentive program ²⁾	Benefits	Total	Pension	Total including pension
President	2009	6,506	3,900	975	153	11,534	2,382	13,916
	2008	6,693			153	6,846	2,402	9,248
Executive Vice President	2009	3,150	1,250	313	127	4,840	2,085	6,925
	2008	3,211			127	3,338	2,024	5,362
Group Management, others (10) ¹⁾	2009	29,296	10,199	3,220	914	43,629	7,811	51,440
	2008	28,168	5,228		817	34,213	8,046	42,259
Total	2009	38,952	15,349	4,508	1,194	60,003	12,278	72,281
Total	2008	38,072	5,228	–	1,097	44,397	12,472	56,869

1) Changes in Group Management took place in 2009 and, at the end of the year, Group Management comprised nine individuals in addition to the President and the Executive Vice President.

2) Expensed 2009. Payment is made in the first quarter of 2012 on condition that the executive is an employee of the Group on December 31, 2011.

Long-term incentive program

In 2005, the Board of Directors resolved to introduce a long-term incentive program for the President and for certain senior executives exercising a significant influence on the Trelleborg Group's earnings per share. The Board of Directors also resolved to introduce a similar program in 2006, 2007, 2008, 2009 and 2010. These programs are ongoing three-year programs for which the Board will, on a yearly basis, approve any new programs and will define their scope, objective and number of participants.

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

Purpose

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

Target figures

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

For 2007, the Board established a target of SEK 5.40 in earnings per share, in 2008, a target of SEK 6.56 and in 2009, a target

of SEK 2.56, with the upper cap for payments set at 25 percent of the maximum annual variable salary per year. For the 2007 and 2008 programs, the target for earnings per share was recalculated due to the rights issue implemented in 2009.

Outcome and payment

The result is calculated annually and accumulated over the three-year period, and potential payments are made in the first quarter of the year after the program expires. Accordingly, for the program approved for 2006, payment was made in the first quarter of 2009, for the program approved in 2007, payments will be made in the first quarter of 2010, for the program approved in 2008, payments will be made in the first quarter of 2011, for the program approved in 2009, payments will be made in the first quarter of 2012 and for the program approved in 2010, payments will be made in the first quarter of 2013. The payments do not constitute pensionable income. In 2009, earnings were charged with SEK 14,886,000 (-).

Other incentive programs

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

Remuneration to the Board 2009

The fees paid to the members of the Board of Directors elected by the Annual General Meeting are established by the Annual General Meeting based on the proposals of the Nomination Committee. For 2009, remuneration was paid as per the table below. No remuneration is paid to members

of the Finance Committee. No consulting fees were paid to the Board members. Remuneration is not paid to Board members who are also employed by the Group.

Remuneration of auditors 2009

Remuneration for services in addition to auditing services primarily refers to tax consultations and corporate acquisitions. For 2009, remuneration was payable as per the table below.

SEK M	2009	2008	2007
Remuneration for auditing services	43	37	35
Remuneration for other services	11	9	12
Total	54	46	47

For additional information concerning remuneration, see Note  page 80.

Remuneration of the Board for the period May 2009 – April 2010

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

SEK 000s		Board fees		Audit Committee		Remuneration Committee		Total	
Name	Position	2009	2008	2009	2008	2009	2008	2009	2008
Anders Narvinger	Chairman	950	950	100	100	50	50	1,100	1,100
Heléne Bergquist	Member	360	360	150	100	-	-	510	460
Hans Biörck	Member	360	-	-	-	-	-	360	-
Staffan Bohman	Member	360	360	-	-	50	50	410	410
Rolf Kjellman	Member	-	360	-	150	-	-	-	510
Claes Lindqvist	Member	360	360	100	-	50	50	510	410
Sören Mellstig	Member	360	360	-	-	-	-	360	360
Peter Nilsson	President	-	-	-	-	-	-	-	-
Total		2,750	2,750	350	350	150	150	3,250	3,250

Report by the Board of Directors on Internal Control

The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and by the Swedish Code of Corporate Governance, which contain requirements on annual external information disclosure concerning how internal control is organized in terms of financial reporting.

Internal Control of financial reporting is a part of the total internal control within Trelleborg, whose starting point for the process is in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model, refer to the overview below, and is a key component in Trelleborg's Corporate Governance. Internal Control is also a part of the Group's Enterprise Risk Management process; refer to page 30.

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

Internal Control over financial reporting

Internal Control of financial reporting aims to provide reasonable assurance with regard to

the reliability of the external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies.

Risk assessment

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

Control staff function and the results are reported to the Audit Committee.

Control environment

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

Furthermore, the Board has appointed an Audit Committee, the primary task of which is to ensure compliance with established principles for financial reporting and internal control and that appropriate relations are maintained with the company's auditors. The Board has also established instructions for the President and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining a good control environment and the ongoing work on internal control as

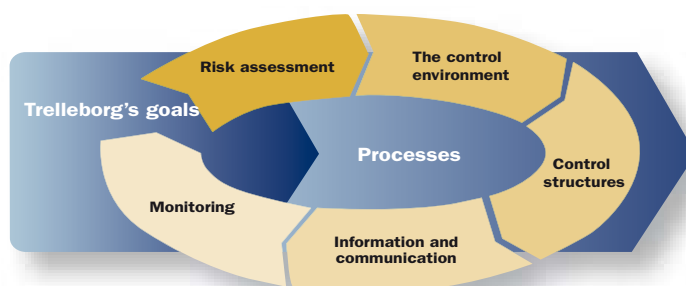
Internal Control – a process that supports operational goal achievement

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

Risk assessment is conducted within the framework of Trelleborg's Enterprise Risk Management process. This is described in greater detail on pages 30-33.

The control environment includes the values and ethics upon which the Board, the Audit Committee, the President and Group Management base their communication and actions, as well as the Group's organizational structure, leadership, decision routes, authorizations, responsibilities and the expertise of the employees. An overview of the Group's organization and governance, including external and internal steering instruments, which are important elements of Trelleborg's control environment, is outlined on pages 40-42. Trelleborg's values constitute a long-term commitment, which, combined with business concepts, targets and strategies, guides the employees in their daily work. Trelleborg's Code of Conduct comprises principles for how business should be conducted. Trelleborg is characterized by a decentralized organization that is managed based on target-oriented leadership with clear targets and rewards based on performance.

Control structures are about which controls have been chosen to manage Group risks. Examples of control strategies that are applied in the Group are found on pages 30-33 and on page 47.



Information and communication, external and internal. External information and communication include, for example, reporting to authorities and external financial reporting. Internal information and communication are about creating awareness among Group employees about external and internal steering instruments, including authority and responsibilities. Important tools for this include Trelleborg's intranet and training programs. A process exists where Group employees confirm that they comply with Group policies. Trelleborg's whistle-blower policy implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. Internal information and communication also concern the information generated by Trelleborg's process for internal control being fed back to the Board, Audit Committee, President and Group Management as a basis for being able to make well-founded decisions.

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

regards the financial reporting is delegated to the President. The Group's Internal Control staff function works as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. The function focuses on developing and enhancing internal control over the financial reporting in the Group by proactively concentrating on the internal control environment and by examining the effectiveness of the internal control.

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

Control structures

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

Information and Communication

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

and communication relating to financial reporting is also provided through training.

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

Monitoring

Monitoring to ensure the effectiveness of internal control in terms of financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function and by the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, as well as quarterly reports with results from self-assessments in the Group's companies and business areas, and results from internal audits. The Internal Control staff function works in accordance with an annual plan that is approved by the Audit Committee. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes, as well as work programs and budgets.

Activities in 2009

Under the supervision of the Internal Control staff function, 25 internal audits in eight countries were performed during the year. The audits were conducted either by an internal team comprising the Internal Control staff function in cooperation with other staff func-

tions with specialist competence in such areas as purchasing, cash-flow management and finance or, in relation to IT security audits, by a team comprising the head of Group IT in cooperation with external consultants.

In 2009, there was major focus on processes affecting cash flow, such as the sales process, the inventory process and the purchasing process, which was a new process in 2009. In 2009, the Group was successful in improving cash flow. Enhanced processes and controls contributed to this. IT security was also an area of focus in 2009, which resulted in several improvement measures at Group level and in the Group's companies and processes.

In 2009, an intranet section for Internal Control was developed, giving employees access to standardized tools and documents, as well as examples of operational solutions. The aim of this is to provide increased support for the Group's companies and business areas to be able to meet the Group's minimum internal control requirements in relation to financial reporting.

Focus in 2010

In 2010, the Internal Control staff function will continue to focus on processes affecting cash flow. Furthermore, new minimum requirements for good internal control will be introduced for the salary-management process, including pensions and other remuneration.

During the year, the cooperation between the Internal Control staff function and the Group Legal and Risk Management staff functions, which are primarily responsible for the ERM process, will be further developed and intensified.

*Trelleborg, February 16, 2010
The Board of Directors of Trelleborg*

Significant processes – Self-evaluation, Internal auditing, Training/Tools

	Company 1	Company 2	Business area 1	Business area 2	Purchasing	Treasury	Etc.
	Self-evaluation			Internal audit		Training/tools	
Purchasing process	■ Groupwide reporting system with quarterly feedback from subsidiaries			■ Internal audits are conducted by the Internal Control staff function in cooperation with internal resources from other staff functions		■ A number of training programs in defined processes relating to minimum requirements for good internal control took place in 2009	
Inventory process	■ Subsidiaries respond to how they comply with the Group's minimum requirements for good internal control in selected processes			■ Internal audits of IT security are carried out by the head of Group IT together with external consultants		■ Training programs are aimed at increasing knowledge levels and understanding pertaining to efficient processes and good internal control	
Sales process	■ Deficiencies identified, measures planned and implemented by the companies			■ Comprises six selected processes and about 250 minimum requirements for good internal control		■ Training programs are a forum for the exchange of experience and sharing best practice	
Process for assets	■ Includes approximately 100 subsidiaries, of which the largest approximately 40 companies shall apply both A and B levels in terms of minimum levels for good internal control and the approximately 60 smaller companies will only apply the A level			■ Internal audits result in observations, recommendations and proposals for decisions and measures		■ A new intranet section has been available since 2009 to provide employees access to standardized tools and documents, as well as examples of business solutions.	
Financial report and reporting processes	■ About 250 minimum requirements for good internal control			■ Identified deficiencies are followed up on a quarterly basis by business area controllers and the Internal Control staff function.			
IT security process	■ All relevant employees confirm annually their compliance with the Group's policies.						



“Our assumption of responsibility begins with our products and solutions”

Although 2009 was a demanding year with difficult financial conditions and extensive restructuring, our work in the area of corporate responsibility continues with undiminished energy. For example, we have adopted distinct future-oriented climate targets.

Our assumption of responsibility begins already at the business concept stage: Trelleborg seals, dampers and protects in demanding environments throughout the world. Our polymer solutions protect people and processes. Regardless of whether it is a matter of vibration-free work environments in cars, trucks or trains, or energy-saving components in machines, cars or buildings, our solutions make a positive contribution to the development of a sustainable society.

At the same time, our operations involve risks for the environment and health and safety in the workplace that we systematically endeavor to prevent and minimize.

For each of us working for the Trelleborg Group, our Code of Conduct is the most important guiding norm. We encourage our suppliers and partners to comply with the same demands and principles, and to join the UN initiative, the Global Compact. Since 2007, Trelleborg has participated in the Global Compact and we work actively to support these principles on responsible business practice. Some clear examples of how we work are our energy efficiency program, Energy Excellence, and our new climate strategy.

In all our major production units, there must be management systems in accordance with ISO 14001, and the Safety@Work and Manufacturing Excellence (including Energy Excellence) programs must be implemented.

Chemicals must be handled and used responsibly under the guiding principles of the EU's REACH regulations.

There is zero tolerance of corruption, cartels, child and forced labor.

For several years, we have reported our CR work in accordance with the guidelines of the Global Reporting Initiative.

This year, to become even clearer in this respect, we have developed an overview of goal levels, results and measures. This can be found on page 58.

Overall, our CR report provides a distinct view of the measures being taken by the Trelleborg Group to assume broad responsibility with respect to sustainability.

Peter Nilsson, President and CEO

External audit 2009

PricewaterhouseCoopers conducted a limited review of the entire report on Trelleborg's Corporate Responsibility work in 2009, with a focus on the most significant CR issues. The Assurance Report is on page 59.

2009 GRI level

The application level for the 2009 report with assurance from PricewaterhouseCoopers as specified by the Global Reporting Initiative can be viewed at www.trelleborg.com/cr. In accordance with GRI's criteria, Trelleborg's 2008 Corporate Responsibility Report was assigned application level B+. This level was checked and verified by PricewaterhouseCoopers.



Corporate Responsibility

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

The Group's business concept – polymer solutions that seal, damp and protect – enables Trelleborg to contribute positive and innovative products and solutions that promote the development of society in the areas of the environment and occupational health and safety.

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

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

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



Training in the Code of Conduct is mandatory for all employees, and the Code forms the basis for the Group's internal work with CR issues (see figure below). Within certain areas of the Code, self-evaluation and internal audits are reinforced by external audits, such as ISO 14001 environmental audits.

Trelleborg's annual Corporate Responsibility Report is prepared in accordance with the guidelines of the Global Reporting Initiative (GRI).

Direct responsibility for issues relating to the environment, health and safety rests with each unit. Every production plant has an environmental coordinator and a person responsible for occupational health and safety. The central Group function, Environment, which is a part of the Group Legal Department, is responsible for control and coordination of environmental issues. The Group's Environment Forum, a group that meets four times a year and consists of environmental managers from the four business areas, functions as an aid to the central Environment Group function. At Board level, it is the Audit Committee that has the task of supporting and following up the

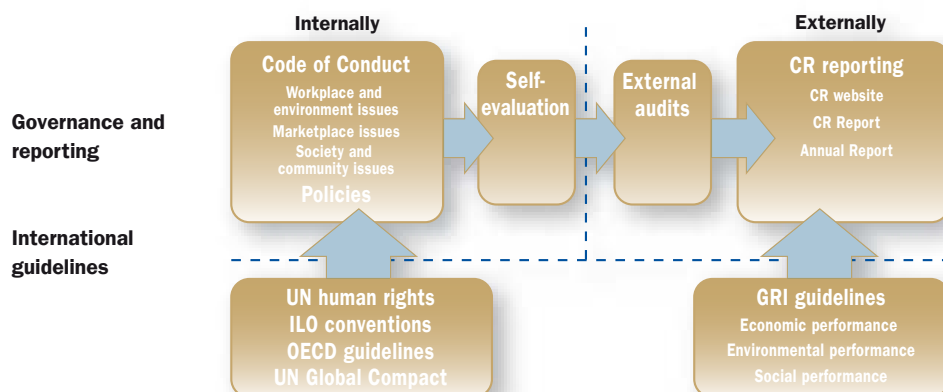
The year in brief

- Trelleborg's environmental footprint was reduced in absolute terms.
- The Group's environmental policy was revised.
- Climate strategies with clear climate targets were adopted.
- A new materiality analysis was performed based on the views of stakeholders.
- A common tool for performance reviews was introduced.
- The practical work involved in auditing suppliers was initiated.

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

Trelleborg's stakeholder communication is to be characterized by open relationships, regular dialog, clarity and a high level of ethics.

Systematic corporate responsibility work in Trelleborg



The basis of Trelleborg's work on corporate responsibility issues is the Group's Code of Conduct, whose content, in combination with other Group policies, forms the foundation for the internal governance and external reporting of the Group's CR work. The section on CR in the Group's Annual Report follows the Code of Conduct's content structure and is also adapted to the guidelines of the Global Reporting Initiative.

WWW

CR reporting on the Internet

Visit www.trelleborg.com/cr for access to Trelleborg's corporate responsibility reporting on the Internet. The information for 2009 was obtained from the Group's production plants and from other available statistics in accordance with the Group's standard for CR reporting.

The reporting principles are explained in detail at www.trelleborg.com/cr, where an index that clarifies how the reporting relates to Global Reporting Initiative (GRI) guidelines is also available.

WWW



Active stakeholder dialog

The most important stakeholder groups are *Customers, Suppliers and Partners, Shareholders and Investors, Employees, Society and Authorities*.

In 2009, a selection of these stakeholder groups evaluated the aspects of corporate responsibility that they consider to be the most significant for Trelleborg. This type of analysis, performed for the first time in 2007, provides support for prioritization in CR reporting (see figure to the right).

Channels for regular stakeholder dialog:

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

WWW

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

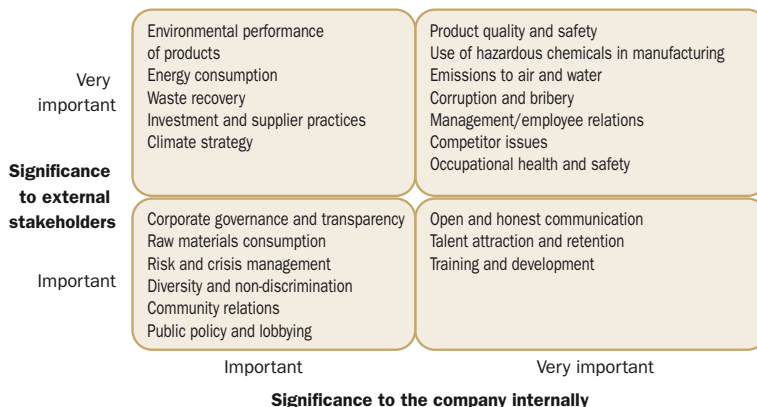
Some examples of stakeholder meetings from 2009:

- In October 2009, seminars were held during which Master's students at the International Institute for Industrial Environmental Economics in Lund provided feedback on Trelleborg's CR reporting.
- In October 2009, the group participated in a workshop entitled "Responsible Supply Chain" with some 100 participants from trade, commerce and various organizations. Trelleborg's presentation at the workshop was based on the report entitled *Ways toward a better working life* (SwedWatch report number 30), which discusses Trelleborg's efforts to establish better conditions at plants in Sri Lanka.
- A CSR exchange was carried out with three managers in major Indian companies within the framework of the Swedish Institute Management Program. The managers studied various examples of corporate responsibility work, including visits to Swedish companies, and conducted projects in their own companies during the course of the program, drawing inspiration from what they had learned.

New materiality analysis performed

During 2009, a new analysis was performed of the opinions of various external and internal stakeholders regarding the aspects of CR or sustainability they consider to be most central to Trelleborg. Following a review of Trelleborg's Code of Conduct, the Global Compact, the Global Reporting Initiative's guidelines and the Dow Jones Sustainability Index, some 20 aspects were identified. A selection of external and internal stakeholders was then asked for their opinions on the importance of these aspects for Trelleborg. The results of the survey, presented in the figure below, provide support for prioritization in CR reporting and for more in-depth stakeholder dialogs. Three aspects that were assigned a high priority both externally and internally were *Product quality and safety*, *Use of hazardous chemicals in manufacturing* and *Emissions to air and water*.

Stakeholders' view of Trelleborg's corporate responsibility



Distinctions and comparisons in 2009

- For the second consecutive year, Trelleborg's Corporate Governance Report (2008) was named the best on the Swedish stock market by PricewaterhouseCoopers: "...extremely strong and persuasive corporate governance report with innovative features."
- H&H Webranking named Trelleborg's online Corporate Responsibility Report as one of the top 14 in Europe in 2009, all of which were awarded maximum points. Trelleborg was also named Sweden's best corporate website in 2009: "Trelleborg... shows strong results in the CSR field, an area where Swedish companies usually receive lower scores than the European average."
- Trelleborg's Corporate Responsibility Report was ranked among the top three in Sweden by Deloitte: "What makes Trelleborg's report one of the best is that it details how the organization works with sustainability throughout the Group."
- Trelleborg's report to the UN Global Compact entitled *Communication on Progress 2008* (COP) was assigned a quality ranking of "notable" by the Global Compact: "...excellent quality, and we believe it can serve as an illustrative and inspiring example for other participants."
- According to Folksam's corporate responsibility index for 2009, Trelleborg received a score of 4.53 (4.67) in the area of the environment, corresponding to five out of a possible seven stars, and a score of 3.64 (3.43) for human rights, corresponding to four out of a possible seven stars.
- Trelleborg received 62 points (53) in the Carbon Disclosure Project's (CDP) annual Nordic Report for 2009. According to Folksam's climate index for 2009, which is based on the CDP's report, this earned Trelleborg a ranking of 18 among the Swedish companies that disclosed their results. Trelleborg was awarded four out of a possible five stars in the survey.
- In 2009, Trelleborg participated in the survey entitled *Sustainable Value Creation* organized by investors and owners and aimed at Swedish listed companies. The survey is based on self-assessment.
- In 2009, Trelleborg was included in the following sustainability indexes:
 - OMX GES Sustainability Nordic
 - Nordic Sustainability Stars Sweden Top 25 (Ethix)
 - ESI Europe (Ethibel).

References to GRI (Global Reporting Initiative)

1.1, 2.10, 3.5, 3.12, 3.13, 4.9, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17

Environmental responsibility

The total environmental footprint has decreased in absolute terms due, in part, to lower production volumes. Lower sales during the year had a negative impact on relative performance indicators. Despite this, many of these performance indicators displayed a positive trend, a result supported by continued operational and resource-related efficiency enhancements.

Trelleborg has extensive production operations in about 30 countries, which means that environmental and occupational health and safety issues constitute an integral part of the company's responsibility work. The most significant environmental aspects include energy and raw materials consumption, emissions to air and water, and waste. The Group's operations also generate extensive transports. The environmental impact of individual facilities varies widely, depending on their size and processes. In 2009, production operations were conducted at 128 facilities, including 81 in Europe, 34 in North and South America, 11 in Asia and 2 in Australia.

Revised policy and climate strategy

During the year, the Group adopted a revised environmental policy, which was based on the earlier version of the same document but now also encompasses such areas as analysis of the impact of products over their lifecycle and transports. In conjunction with this policy change, target indicators were also established in certain key areas to enable the Group to better monitor implementation and compliance (see also page 58). The Group also developed a climate strategy and climate targets during the year to supplement the environmental policy and target indicators.

Proactive work is under way in the Group to reduce Trelleborg's environmental footprint and environmental risks, and to increase resource efficiency. This work is being performed at both the central and local level. The priority areas, which continue to be emphasized in the Group's environmental policy, are environmental management, energy and material efficiency, and environmentally compliant product and process development.

Trelleborg's internal environmental handbook, which includes recommendations addressing the ten most central issues with regard to policies and risks, is being implemented globally throughout the organization. A process for environmental risk assessment is also being introduced globally. This process builds on the internal self-evaluation work

conducted under Environmental Blue Grading, as well as an assessment performed by Trelleborg's property insurance provider FM Global. This work and process are based on the environmental handbook and provide support for the identification and elimination of environmental risks linked to the company's operations.

Environmental management

Proportion of facilities with ISO 14001 certification: 71 percent (70)

An important cornerstone in Trelleborg's environmental work is the environmental management standard ISO 14001, a mandatory requirement for production plants in the Group. According to the Group policy, all major units shall have certified systems. At year-end 2009, a total of 92 (95) facilities were certified, which corresponds to about 71 percent (70) of all plants.

Energy

Total energy consumption: 1,288 GWh (1,521)

Total energy consumption/sales: 0.0476 GWh/SEK M (0.0487)

Energy savings is a focus area for Trelleborg. All production plants shall have an energy-savings plan.

In 2009, Trelleborg's Energy Excellence Program for systematic energy-efficiency

enhancements was launched at all production units. Energy Excellence is based on self-assessment and the identification/implementation of improvement projects through specially trained coordinators at each production unit. These coordinators in turn form an improvement team to implement savings measures pertaining to such areas as buildings, compressed air systems, heating/ventilation, lighting and cooling systems. Over time, the program is expected to generate distinct savings in the form of lower energy consumption and energy costs and to reduce the Group's total carbon emissions.

The Group's total energy costs for 2009 amounted to SEK 707 M (713).

Climate impact

Total CO₂ emissions: 377,000 tons (405,000)

Direct CO₂ emissions: 115,200 tons (132,000)

Total CO₂ emissions/sales: 13.9 tons/SEK M (12.9)

A significant part of the Group's climate impact is caused by direct carbon emissions from the combustion of fossil fuels and indirectly through the consumption of purchased electricity, steam and district heating.

The climate target adopted by Trelleborg in 2009 (see below) addresses these direct and indirect emissions.

Trelleborg's "15 by 15" climate strategy

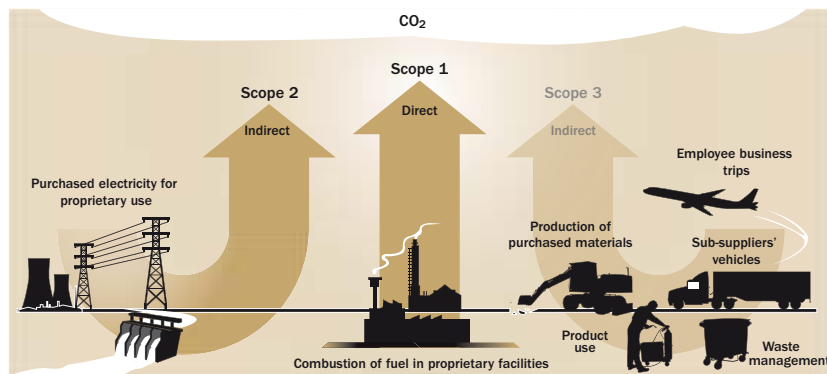
Trelleborg's goal is to reduce its direct and indirect carbon emissions by at least 15 percent, relative to sales, by the end of 2015 ("15 by 15"), calculated from the reference year of 2008. The emissions in question are caused by energy produced on a proprietary basis and included in Scope 1 of the Greenhouse Gas Protocol (see diagram below), as well as those caused by energy purchased for internal use, which are included in Scope 2.

As part of the Energy Excellence Program, efforts to reduce energy consumption in Trelleborg's production operations were initiated already in 2009, which

simultaneously resulted in a reduction in carbon emissions.

The climate strategy emphasizes the need to conserve energy, as well as the importance of selecting energy sources that generate fewer carbon emissions.

Scope 3 includes indirect emissions from transports, travel, purchased materials, product use and waste management. Although not included in current reporting figures, Trelleborg already addresses some of these areas today, for example, transports and waste management. The Group's focus on reducing indirect emissions included in Scope 3 will gradually increase.



The Group's reporting of indirect emissions has been adapted to comply with the Carbon Disclosure Project's recommendations, which means that national conversion factors taken from the Greenhouse Gas Protocol were applied. For the sake of historical comparison, indirect emissions from earlier years were restated and presented in the diagram below. Trelleborg has already taken clear steps to prevent and reduce the climate-related effects of its operations, in part through improvements in energy efficiency as specified above.

Since 2007, Trelleborg has also participated in the voluntary reporting process of the Carbon Disclosure Project (CDP), which involves openly reporting all relevant performance indicators and data. On behalf of global investors, the CDP gathers information on industrial emissions of greenhouse gases and on the measures being taken by companies to prevent a negative climate impact, visit www.cdproject.net. In the CDP's annual report for 2009, Trelleborg received 62 points, compared with 53 points in the preceding year.

A total of two plants were, to a limited extent, affected by the EU directive on trading of emission rights.

Emissions to air

Volatile organic compounds: 1,256 tons (1,375)

VOC emissions/sales: 0.046 tons/SEK M (0.044)

In addition to such energy-related emissions as carbon dioxide (see above), sulfur dioxide, 257 tons (298), and nitrogen oxides, 55 tons (64), emissions to air primarily comprise volatile organic compounds (VOC).

Emissions of VOC mainly originate from the use of adhesive agents containing solvents and the manufacturing of printing blankets. Multiple projects are under way to replace solvent-based products in several areas, resulting in positive effects for both the environment and the work environment.

Raw materials

Raw rubber consumed: 115,400 tons (147,200)

Other polymers: 29,200 tons (30,800, restated figure)

The principal raw materials are polymers and metal components, as well as such additives as softening agents (oils), fillers, such as carbon black, and vulcanizing agents (sulfur, peroxides). Of the raw rubber used, approximately 31 percent is natural rubber and 69 percent is synthetic rubber.

As a chemical user, Trelleborg is affected by the EU chemical legislation REACH. Activities to adapt the Group's operations to REACH continued in 2009, with a focus on communication with suppliers and customers regarding REACH-related issues to ensure compliance.

Water

Water use in production: 2.5 million cubic meters (3.9)

Water is used in production primarily for cooling and cleaning. Major savings have been made, for example, through the introduction of recycling systems. Emissions to water are limited and mainly comprise organic material measured in chemical oxygen demand (COD), 413 tons (466), and nutrient substances, 9 tons (10).

Waste

Total amount of waste: 59,400 tons (75,500)

Total waste/sales: 2.2 tons/SEK M (2.4)

Degree of recycling: 56 percent (52)

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

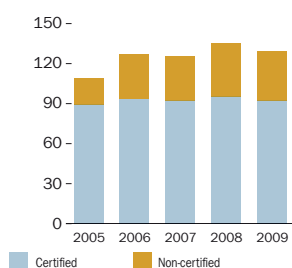
In 2009, the Group's total waste management cost amounted to SEK 54.2 M (60). Of the total waste, rubber waste accounted for slightly more than 33 percent. The volume of environmental or hazardous waste requiring special treatment amounted to 5,100 tons (4,500).

Permits and non-compliance

A total of 85 percent (80) of the plants are required to hold permits under local law. All facilities in Sweden, except for one, 17 in total, are required to hold permits or register their activities. Applications to renew environmental permits are currently being processed for 51 facilities (7 in Sweden), of which all are expected to receive the permits requested.

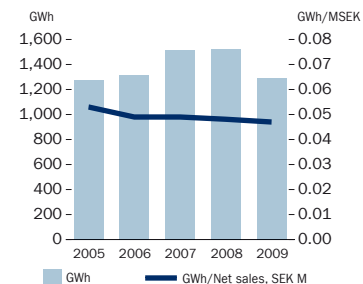
During the year, some form of violation against the terms of permits or local environmental, health and safety legislation occurred at 12 (17) facilities. Of these, two (6) cases resulted in fines. The total cost for fines amounted to approximately SEK 0.16 M. Other causes of violations were noise and emissions to air. Complaints from neighbors and other parties concerned were filed against ten (7) facilities. The most common reasons were noise and odor.

Number of ISO 14001 certified facilities



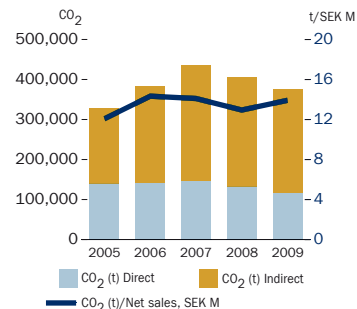
Environmental management: The number of certified plants declined compared with 2008, but the total share rose due to the closure or divestment of units.

Energy consumption



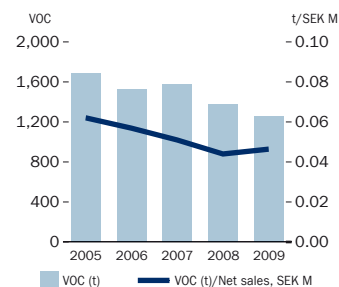
Energy: The Energy Excellence savings program and lower activity caused a reduction in energy consumption in absolute terms compared with 2008. This value includes consumption of electricity, purchased steam and district heating.

CO2 emissions



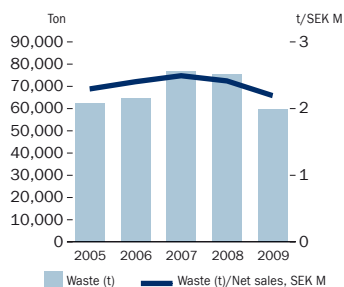
Climate impact: In 2009, total carbon emissions declined in absolute terms, but increased relative to sales. Indirect emissions were restated, see above.

VOC emissions



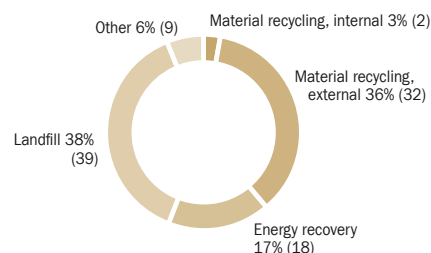
Emissions to air: Emissions of volatile organic compounds declined in absolute terms.

Total waste



Waste: The volume of waste declined, both in absolute and relative terms.

Waste per destination



Environmental risks and debts

Two (2) cases of unforeseen emissions were reported in 2009, corresponding to about 0.7 cubic meters.

Historically, the handling of oil and solvents has often given rise to soil and groundwater contamination. Remediation of contaminated soil is currently under way at 15 (10) plants. Another four (12) facilities are expected to require remediation, although the extent of the remediation has not yet been determined. In addition, Trelleborg is participating as one of several formal parties in another six (6) cases of remediation (three in Sweden and three in the US), although with a marginal cost responsibility. The Group's provisions for environmental commitments amounted to SEK 69 M (84) at year-end.

When conducting acquisitions and divestments, Trelleborg performs environmental studies of the operations and land in question to assess and outline their environmental impact and to identify potential environmental debts. During 2009, four studies were initiated and performed in conjunction with acquisitions and divestments.

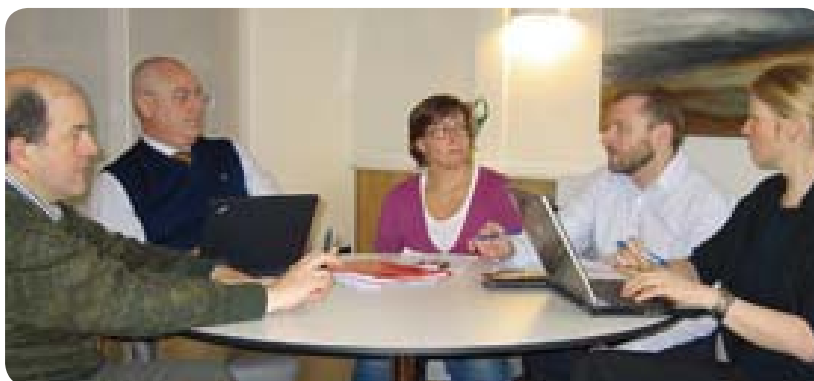
References to GRI (Global Reporting Initiative)

EN1, EN2, EN3, EN4, EN7, EN8, EN16, EN18, EN20, EN21, EN22, EN23, EN28, S08

Chemical management

The continuous process of compiling an inventory of the chemicals used in the Group's production facilities continued during 2009. To efficiently ensure compliance with various laws and ordinances, such as the EU regulation on the Registration, Evaluation and Authorization of Chemicals (REACH), the Group has identified various critical processes, areas of use and questionable chemicals. Trelleborg has also formed a Chemicals Forum, a group of chemicals experts representing the various business areas in the Group. One of the main tasks of the Chemicals Forum is to analyze the Group's use of chemicals and, when necessary, suggest alternative substances.

In 2010, the Chemicals Forum, under the leadership of the Group Environment function, will further develop the processes and work related to limiting the use of or phasing out questionable chemicals.



Trelleborg's solutions protect the environment and people

Sustainability is part of Trelleborg's business. The Group's polymer solutions seal, damp and protect in demanding environments.

Protecting buildings and people

Special bearings protect buildings from vibrations, minimize noise and prevent the risk of damage from earthquakes, for example.



Seals conserve energy and the environment

Low-friction sealing solutions conserve energy in industrial applications. Seals prevent hazardous chemicals from leaking into the environment.



Sealing buildings

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



Seals for wind power, solar power and bioenergy

Seals for wind turbines, solar cells and biofuel applications protect the environment and climate.



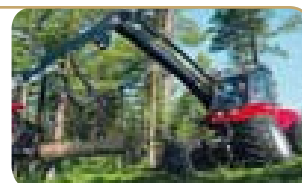
Damping vibration

Noise and vibration-damping solutions for trains, cars, trucks and other vehicles provide an improved work environment for drivers and passengers.



Protecting valuable forestland

Specially designed forest tires are less harmful on the forest floor and minimize damage to the ground structure, young saplings and the root system.



Workplace responsibility

Trelleborg's responsibility for the workplace includes health and safety, workplace relationships, diversity issues and employee development.

Work environment – Health and safety

Trelleborg's Code of Conduct emphasizes the objective of preventing work-related injuries and illnesses at all of the Group's workplaces globally. Trelleborg's Safety@Work program supports the organizational change that is required to create a culture of safety and strengthens the Group's ability to attract, develop and retain good employees in all its units. Accordingly, the Safety@Work program was introduced globally at all active production units from 2008. The progress of the Safety@Work program is monitored by the company's CR reporting structure.

In 2009, all active production units underwent Safety@Work training, conducted self-assessments and developed a plan for preventive and corrective measures. More than 50 trained internal examiners performed reviews at more than half of the plants. The combined result of these activities was the development of an improvement program that aims to reduce the risks at these units.

Trelleborg's facilities continue to demonstrate a declining trend in terms of cases of work-related injuries/illnesses. In 2009, 553 (768) cases/incidents resulting in more than

one day's absence were reported (= Lost Work Cases, LWC). This corresponded to a reduction of 28 percent compared with 2008.

New performance indicators were introduced in 2009. The follow up of these indicators aims to reduce the number of injuries and the number of days lost due to absenteeism arising from these injuries, and improve the results generated by the Safety@Work reviews.

The number of LWCs per 100 employees per year decreased to 3.42 (4.07), while the number of working days lost per injury per year declined to 20 (28). In 2009, the average number of points in the Safety@Work risk model (the points received by a facility based on the assessment of all input elements in the model) increased to 809 in reviews and self-assessments, compared with 747 in the year-earlier period, corresponding to an improvement of 8.3 percent.

Total absenteeism for 2009 at the Group's production units was 3.7 percent of normal working hours.

Trelleborg's goal is that all facilities should have a well-functioning safety committee. In 2009, such committees with representation from plant management were in place at 97 percent (97) of facilities.

Workplace relationships

Within Trelleborg, continuous change processes are under way in connection with acquisitions, divestments and rationalizations. Accordingly, a primary task is to provide the conditions for change and, with respect for each employee,

reduce uncertainty and insecurity, while at the same time ensuring the company's continued competitiveness. Trelleborg always complies with local legislation or collective agreements in terms of time required for notice of lay-offs.

The exceptional market situation in 2009 and ongoing program of structural measures led to capacity reductions in all business areas. Trelleborg carried significant personnel reductions in the more mature markets, but at the same time increased its workforce in certain emerging markets, including China and India. The net reduction in the number of employees in the Group was approximately 2,000.

Trelleborg's policy is to recognize local union clubs and the right to a collective agreement where so desired by the employees. More than 50 percent (80) of Trelleborg's employees at the Group's production plants are represented by unions through collective agreements. The distinct decline that occurred reflects the personnel reductions made in markets where collective agreements are commonplace and the Group's expansion in markets where they are less common.

In Sri Lanka, union relations continued to develop in a satisfactory manner, which was acknowledged during the year; refer to page 50.

Diversity and equality

Trelleborg's Code of Conduct states that no discrimination of employees is permitted in regard to employment or work assignments on the basis of gender, religion, age, disability, sexual orientation, nationality, political

Number of employees at year-end*

Distribution by country	2009	2008	Change
USA	2,852	2,872	
France	2,443	2,813	
Sweden	1,828	2,218	
Italy	1,487	1,763	
UK	1,268	1,654	
Spain	1,213	1,216	
Germany	1,159	1,303	
China	1,119	938	
Brazil	946	998	
Poland	908	1,105	
Sri Lanka	745	971	
India	617	452	
Czech Republic	605	678	
Malta	461	543	
Turkey	439	292	
Rest of North America	20	94	
Rest of Western Europe	1,175	1,379	
Rest of Eastern Europe	633	676	
Rest of South and Central America	342	421	
Rest of Asia and other markets	860	816	
Total	21,119	23,202	-9%

*including insourced staff and temporary employees

Trelleborg has operations in more than 44 countries. Of the total number of employees, 91 percent work outside Sweden.

The number of employees in the entire Group at year-end, including insourced staff and temporary employees, was 21,119 (23,202).

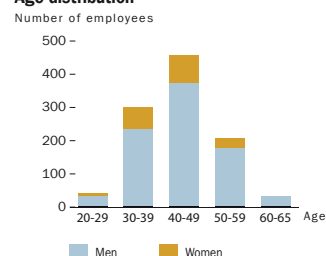
The average number of employees declined during the year to 20,073 (24,347), of which 25 percent (26) were women. For further information, see Note 3 on page 80 and the map on page 104.

Salaries and other benefits for employees (excluding insourced staff) amounted to SEK 6,082 m (6,437).

Personnel turnover (not taking terminations and retirements into consideration) varies among countries and facilities, and often reflects the local labor situation. Personnel turnover was 5 percent (8) during 2009. The majority of plants indicate a personnel turnover below 4 percent.

Age and gender of middle managers at management levels 3-5

Age distribution



The diagram shows the age categories and gender distribution of middle managers at management levels 3-5 in Trelleborg units. Level 3 corresponds to reporting to the Business Area President. The largest age categories are the 30-49 and 40-49 age brackets.

The proportion of women is highest in the youngest age categories: 34 percent in the 20-29 age bracket and 29 percent in the 30-39 age bracket.

Trelleborg's values

Trelleborg's four fundamental values – *customer focus, performance, innovation and responsibility* – constitute continuity in the Group's activities to develop managers and employees.

It is the responsibility of managers and employees to continuously work to integrate these values in each of the Group's units. To support these efforts, the Group provides brochures, presentations and printed materials.



opinions or social or ethnic origin. In 2009, three cases (1) of discrimination were reported and investigated. Two of the cases were dismissed, while one is still under investigation.

A mentor program comprising only female managers was launched in 2009. The aim of the program is to create a platform for female managers to develop in the organization. In 2010, the next round of the program will commence, this time focused on managers from emerging markets. For further examples in the area of diversity, refer to the box on page 57.

Human rights

Human rights, such as child labor, forced labor and the right to union representation, are addressed in Trelleborg's Code of Conduct. With regard to human rights, in 2009, Trelleborg was included in Folksam's Index of Responsible Businesses, which studies the performance of Swedish companies in the area of human rights. Trelleborg's result, 3.64 (3.43) on a seven-point scale, was clearly better than the average for Swedish Large Cap companies, which was 3.13.

Zero violations (0) related to forced labor or child labor occurred in 2009.

Talent management

The goal of the Group's Talent Management program is to secure a strong talent base for the supply of managers in the Group. The annual Talent Management process is a Group-wide process aimed at identifying, developing and utilizing Trelleborg's manager potential.

The process, which involves performance reviews, assessment centers and training and development activities, is designed to find the best match between the company's future recruitment requirements and individual career plans.

Employee performance review process

Employee performance reviews are structured to help motivate employees and aid them in their performance and development. The manager and employee adhere to an established structure when preparing for the review. In 2009, a shared internal tool was launched

to streamline this process and to make it uniform for the Group. At the review, the parties discuss targets for the past year and the future, career development, mobility and development needs. Performance and potential are evaluated. If the employee has managerial potential, a development plan shall be prepared.

The aim for 2009 was to include all employees up to level five in the organization. A total of 100 percent of employees at these levels underwent performance reviews in 2009.

Talent review process

The main purpose of the Talent Review Process is to identify employees with potential for advancement to match the company's requirements and this work is based on the employee performance reviews conducted.

Unit and HR managers meet on occasions to discuss potential candidates in the business areas and units. Where necessary, Development Centers are used to verify potential and determine development needs. The employee is supported by a personal development plan along his or her career path. The results are then presented to Trelleborg's Board.

The overall objective is a degree of internal recruitment of 70 percent for the four highest levels of management. This figure is currently about 63 percent in total.

An important part of the process is to increase the number of internal work changes between the business areas. Trelleborg wants to increase the Group's opportunities to free the potential of employees and use internal talent in the best way possible. For the same reason, all vacant positions are advertised on the intranet.

Training and development

Trelleborg's fundamental principle for human resource development is to provide suitable training to increase proficiency. At the same time, the Group strengthens its employees' social and financial opportunities.

In 2009, the average number of training hours per employee at the Group's production plants was 14 (15.5) – despite the substantial savings made during the year. The proportion

of new employees for the year in production units who have undergone training in the Group's Code of Conduct is 60 percent. This outcome is a result of the cutbacks made during the year. 2009 was marked by the fact that a significant proportion of the new employees in production were re-employed staff. In addition, a large share of the new employees were added during the last few months of the year and did not have the time to undergo training in 2009, but will be trained in 2010.

Training in the Code of Conduct is conducted both in an e-learning format and as conventional classroom training.

The following training activities were held at Group level in 2009:

- Project manager program (30 participants, of whom 3 women and 27 men)
- Trainee program (8 participants, of whom 2 women and 6 men)
- Trelleborg International Management Program (43 participants, of whom 4 women and 39 men)
- Mentor program (11 participants, of whom 11 women)
- Introduction seminars (36 participants, of whom 9 women and 27 men)

A new talent management program focused on change management will be introduced in 2010.

Compensation and benefits

An important factor to ensure the Group's long-term success is to have a system of rewards that takes employees' performance into account. The scope for this is outlined in the global and Group-wide Compensation and Benefits Policy.

The basis of the policy is that the compensation structure is based on a systematic evaluation system for work content and performance.

References to GRI (Global Reporting Initiative)

EC7, LA1, LA2, LA4, LA5, LA6, LA7, LA10, LA11, LA12, LA13, HR4, HR5, HR6, HR7, SO3



Trelleborg's Code of Conduct

Trelleborg's Code of Conduct is the principal policy document in the area of Corporate Responsibility for all Group employees. Training in the content of the Code is mandatory and to support the learning process, e-learning and practical training material is available in the form of presentations and brochures in 27 languages.

Customer and supplier responsibility

Trelleborg's responsibility for customers and suppliers is based on sound business ethics, quality and safety in the products we deliver.

Products

For information on the positive effects of Trelleborg products and solutions on the environment and work environment, see page 52.

When developing new products, consideration is always given to legal and customer requirements, product liability, and environmental, health and safety aspects in the manufacturing phase as well as the user phase where relevant. Trelleborg's revised Environmental Policy from 2009 also states that the prudence principle should be taken into account and that the company will, as far as possible, reduce and replace hazardous substances and materials in products and processes. These stipulations are in line with the current work being conducted in consultation with customers on replacing particularly hazardous substances in existing product formulations in accordance with the EU chemical legislation REACH (refer also to pages 52).

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

Under the EU directive on the end life of vehicles (the ELV directive), requirements are placed on the recyclability of input parts in cars. Therefore, Trelleborg supplies, in accordance with requirements from world-leading car makers, environmental declarations as per the Global Automotive Declarable Substances

List (GADSL) in the shared International Material Data System (IMDS) for all products supplied in this segment.

Competition

Trelleborg's subsidiaries in France and the US have for several years been the subject of investigations by competition authorities in the EU and the US, among others, relating to certain types of marine oil hoses and certain types of marine fenders.

The European Commission announced a decision in the first quarter of 2009, which Trelleborg appealed to the EU Court of First Instance. Trelleborg is awaiting the court's decision on this matter. Agreements were also reached in the US regarding authority-related matters that have a financial impact on the Trelleborg Group.

Trelleborg's total costs resulting from the competition investigations are estimated at SEK 516 M and were charged against the 2008 and 2007 fiscal years. These costs include the aforementioned fines levied by the European Commission and expenses in the US and the other countries in question, as well as damages and legal expenses. This assessment is still subject to certain uncertainties related to the length and outcome of ongoing processes.

Refer also to page 66.

Suppliers

Trelleborg's objective is to work only with suppliers who support our quality requirements and business principles.

A pilot project commenced in 2009 that reviewed suppliers' compliance with relevant parts of Trelleborg's Code of Conduct through special self-evaluations. These evaluations contain questions related to the occupational health and safety, environment and social responsibility. Priority was given to reviews of suppliers in countries deemed to have an elevated risk and where purchasing volumes exceed a certain minimum level.

After identifying suitable suppliers, the self-evaluations were distributed and answered. The

responses were subsequently evaluated by the relevant business units. If questions were not answered or if answers did not meet the requirements, Trelleborg requested that the supplier explain the identified shortcomings. A total of about 250 self-evaluations were distributed and, of these, about 25 percent were returned to suppliers for clarification.

Trelleborg will evaluate the results of the first phase in 2010 and then provide feedback on the process. Following that, the company will proceed to improve its procedures before fully rolling out the main phase to all suppliers.

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

Transports

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

Based in Sweden, through one of its Swedish subsidiaries, Trelleborg Industri AB, Trelleborg has participated since 2006 in the cooperative project Forum for Sustainable Transports, in which the players work to establish transports based on companies' sustainability agenda. The project achieved its first goal of providing purchasers of heavy road transports with Systole (launched in 2009), a tool for more sustainable transports based on five grounds for assessment: economy, transport requirements, the environment, safety and degree of effectiveness. On the website, www.transportupphandling.se, which includes an English version, transport purchasers can exchange experiences of their assessments and transport suppliers can declare their sustainability achievements.

References to GRI (Global Reporting Initiative)

4.11, EN26, HR2, S04, S07, PR1, PR3

Action program in the area of competition

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

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

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

- The Group's senior executives (about 150) have received a separate presentation of these regulations.
- All relevant employees shall confirm in writing that they have read and understood the company's policy.
- All managers must participate in competition seminars and individual certificates will be issued. Since 2006, more than 60 training seminars have been held and these were attended by more than 1,200 managers in the primary target group (December 2009).
- All new managers must participate within six months of employment.

Society and community responsibility

Trelleborg's ambition is to contribute to global development by supporting the local communities in which it conducts operations.

Social commitment

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

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

In the area of education, Trelleborg cooperates with several universities and schools, which involves regular contacts with researchers and students. Trelleborg's cooperative partners include Université de Nantes, France, Fachhochschule Koblenz, Germany, LUISS in Rome, Italy, Western Michigan University in the US, Malta University, Malta, the University

of Derby and Trent Technical College in the UK, and the International Institute for Industrial Environmental Economics in Sweden.

Over the years, a large amount of research and many degree projects have been performed at Trelleborg's plants, with specializations in such areas as the environment. In addition, Trelleborg has a "learning partnership" with Lund University School of Economics and Management, involving the sponsorship of two postgraduate appointments.

Communication

One of the company's central communication goals is to contribute to Trelleborg acting as a good corporate citizen and, in line with this, communicate a relevant image of operations in this regard. Trelleborg's communication is regulated by the company's Communications Policy, which encompasses communication rules for the entire organization, including the stock market. Communication shall conform to applicable legislation, regulations and standards, be characterized by a close relationship with the company's stakeholders and be founded on regular contact, clarity and good ethics.

In 2009, Trelleborg also introduced a Group-wide policy for employee participation in social media. Based on the same values as other communication, the policy regulates ethical behavior and focuses on those who

represent the company in such channels as blogs and social networking sites.

References to GRI (Global Reporting Initiative)

EC1, EN30, SO5, PR6

Trelleborg and Save the Children

Cooperation extending over a number of years with Save the Children was initiated in 2006. This comprises yearly support for the charity organization and forms part of Trelleborg's ambition to assume an increased global social responsibility by contributing to children's development and education. Trelleborg supports Save the Children's "Rewrite the future" program, which is a five-year global initiative focused on securing education for children in conflict-affected countries. The program has already far exceeded its goals and, to date, given more than 10 million children a better standard of education.



Radda Barnen

Rewrite the Future

Created and distributed direct economic value

Trelleborg's operations generate a financial value that, to a great extent, is distributed among various groups of stakeholders, such as suppliers of goods and services, employees, shareholders, banks and other creditors, and to society in the form of taxes. In 2009, the Group generated SEK 27,093 M (31,311), of which SEK 25,812 M (30,998) was distributed among various groups of stakeholders, as shown in the diagram and specification below.

Distributed value 2009, SEK M

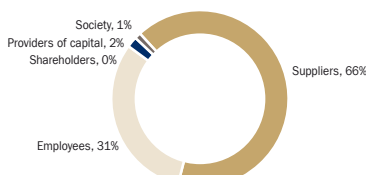
Suppliers: Payment for material and services SEK 17,130 M (21,258), Note 8

Employees: Salaries and benefits SEK 7,997 M (8,171), Note 8

Shareholders: No dividend paid in 2009 (SEK 587 M). Long-term dividend policy: 30-50 percent of net profit for the year, page 99

Creditors: Interest expenses SEK 427 M (570), Note 11.

Society: Taxes paid SEK 258 M (402), page 72

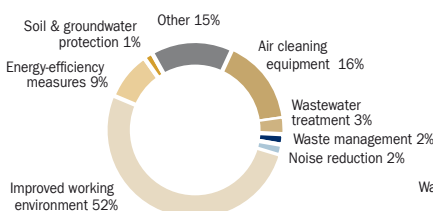


Environment and health and safety-related costs and investments

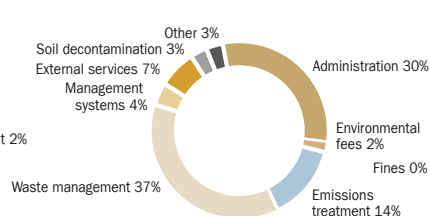
In 2009, a total of SEK 70 M (97) was invested in environmental, health and safety improvement measures. Environmental, health and safety

costs amounted to SEK 145 M (144). At the same time, environmental improvement measures generated cost savings of SEK 35 M (34).

Distribution of environment, health and safety-related investments



Distribution of environment, health and safety-related expenses



Trelleborg stimulates diversity in Swedish business



Rosengård Invest, based in Malmö, is an investment company that was founded in spring 2009 by Trelleborg AB together with E.ON, Swedbank and Scandinavian Cap AB. The company focuses on raising venture capital for entrepreneurs who do not have a Swedish background and invests in new and existing companies in the Swedish market. Rosengård Invest aims, on a commercial basis, to contribute to greater integration, help create more jobs and improve the use of the resource represented by entrepreneurs who do not have an ethnic Swedish background.

Target indicators, results and progress in 2009

Area

Results 2009

Measures and progress

Environment

 Energy Reduce energy consumption by 10 percent by 2011 (base year 2008).	1,288 GWh (1,521) Improved energy efficiency has resulted in a 2.2 percent decrease, relative to sales, compared with 2008.	The Energy Excellence Program for systematically enhancing the efficiency of energy was introduced at all production units.
 Climate Reduce direct and indirect carbon dioxide emissions by at least 15 percent relative to sales by 2015 (base year 2008).	Decrease in absolute terms, but a 7-percent increase, relative to sales, compared with 2008.	Energy Excellence savings also reduce the impact on the climate. New "15 by 15" climate strategy adopted (see page 51).
 Chemicals Establish a list of substances to be phased out not later than 2011.	Work and planning for this commenced in conjunction with adaptation to EU's REACH legislation.	Work on the adaptation to REACH continues (see page 52, as well as the box on page 53).
 Waste Reduce the amount of waste by 10 percent relative to sales at the ten largest plants by 2011 (base year 2008).	59,400 tons (75,500). The decrease was 9 percent, relative to sales, compared with 2008.	The focus will initially be on the largest plants.
 Emissions Reduce emissions to air of volatile organic compounds (VOC), nitrogen oxides and sulfur dioxide by 10 percent relative to sales by 2011 (base year 2008).	1,256 tons (1,375). A decrease in absolute terms, but a 5-percent increase, relative to sales, compared with 2008.	Projects in progress to reduce VOCs in several product areas, for example, the printing blanket area, which is a solvent-intense production process.
 Environmental management Implement environmental management systems in 90 percent of the production units, with 85 percent having ISO 14001 certification by 2011.	71 percent.	A number of facilities are awaiting joint certification.
 Water Reduce water consumption by 5 percent relative to sales by 2011 (base year 2008).	2.5 million cubic meters (3.9), a 26-percent reduction, relative to sales, compared with 2008.	Comprehensive recycling projects in such facilities as Tivoli and Ersmark have generated significant results. Focus will remain on the largest plants.

Workplace

 Safety@Work Implement the Safety@Work program at all production units.	100 percent.	The average points in the self-evaluations increased 8 percent in 2009 to 809 points (747).
 Human rights and discrimination Zero tolerance for the existence of child or forced labor and reported and reviewed cases of discrimination.	Zero cases of child or forced labor. Three registered cases of discrimination, two of which have been dismissed and one is still under investigation.	Trelleborg was included in Folksam's Index for responsible enterprise, which reviews performance in the human rights area. Trelleborg's result, 3.64 points out of a possible seven, was clearly better than the average for Swedish Large Cap companies, which was 3.13.
 Employee performance reviews Offer all salaried employees to level 5 documented employee performance reviews.	100 percent.	A new joint portal for employee performance review discussions was introduced to achieve uniformity and efficiency in the Group.

Customers and suppliers

 Anti-corruption Zero tolerance for bribery, corruption or cartel behavior.	For information regarding the competition investigation, refer to pages 56 and 66.	Training courses related to corruption and conduct in the competition area were implemented, see pages 31 and 56.
 Suppliers Work with suppliers who support the applicable parts of the company's Code of Conduct.	Self-assessment implemented at 250 highly prioritized suppliers, of which 25 percent was returned for further clarification.	The ongoing pilot project pertaining to self-assessment and auditing of highly prioritized suppliers will be further developed in 2010.

Society

 Transparency To continuously develop the company's CR reporting in accordance with Global Reporting Initiatives guidelines, at a minimum of level B+.	CR reporting for 2009 also conforms to GRI guidelines and has been deemed to comply with requirements for level B+ by a third party (PricewaterhouseCoopers).	CR reporting on the Internet is continuously developed to be more educational and user friendly.
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Assurance report

Auditors' report on limited review of sustainability report

To the readers of the Trelleborg annual report 2009

At the request of the management of Trelleborg AB (publ), we have performed a limited review of the Corporate Responsibility section on pages 48-58 (sustainability report) of the Trelleborg annual report 2009. The board of directors and executive management team are responsible for the company's activities regarding environment, health & safety, social responsibility, and sustainable development, and for the preparation and presentation of the sustainability report in accordance with applicable criteria. Our responsibility is to express a conclusion on the sustainability report based on our review.

The scope of the limited review

Our review has been performed in accordance with FAR SRS (the institute for the accountancy profession in Sweden) standard RevR 6, *Assurance of sustainability reports*. A limited review consists of making inquiries, primarily of persons responsible for preparing the sustainability report, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing standards. The procedures performed in a limited review do not enable us to obtain assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria used in performing our review are relevant parts of the *Sustainability Reporting Guidelines G3*, issued by the Global Reporting Initiative (GRI), applicable to the sustainability report, and specific measurement and reporting principles developed by the company. We consider these criteria to be suitable for the preparation of the sustainability report.

Our limited review has included the following review procedures, based on an assessment of materiality and risk:

- An update of our knowledge and understanding of Trelleborg's organization and activities
- Assessment of suitability and application of criteria with regard to stakeholders' information requirements
- Assessment of the results of the company's stakeholder dialogue
- Interviews with management, at group level and at selected business units, with the aim to assess if the qualitative and quantitative information stated in the sustainability report is complete, correct and sufficient
- Examination of internal and external documents to assess if the information stated in the sustainability report is complete, correct and sufficient
- Evaluation of the design of systems and processes used to obtain, manage and validate sustainability information
- Analytical review of reported information
- Assessment of the company's stated application level according to the GRI guidelines
- Overall impression of the sustainability report, and its format, considering the information's conformity with applicable criteria

Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that the sustainability report has not, in all material aspects, been prepared in accordance with the above stated criteria.

Trelleborg, February 16, 2009

PricewaterhouseCoopers AB



Olov Karlsson

Authorized public accountant



Fredrik Ljungdahl

Expert member, FAR SRS



Floating through Hong Kong. Every weekday, about 3.7 million passengers travel by rail through Hong Kong on one of the world's most efficient and safe railway systems. Here, durable rubber suspension springs from Trelleborg ensure a comfortable train ride, while dampening rubber slab track bearings below the rail protect the people and buildings near the tracks from damaging vibrations and noise.

Our finances

OUR FINANCES

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Comments on the consolidated income statements

In 2009, the Group's market situation was dominated by the financial turbulence in the global economy. The sharp decline in demand in many of the Group's segments impacted the Group's operations, resulting in significantly lower sales. Generally speaking, the Group was relatively successful in offsetting lower demand levels by initiating robust measures to adjust its cost structure.

The demand trend was the most dramatic in the first six months of the year, with lower demand noted in many of the Group's segments. The decline was most prevalent in the general automotive industry and for capital goods in the industrial sector. A sequential improvement in demand in certain segments was seen in the latter half of the year, particularly in the automotive industry and for industrial supply products linked to industry. Organic sales fell 21 percent during the year.

Trelleborg Automotive increased its operating profit compared with 2008, largely due to the positive effects generated from structural measures and other adjustments to capacity and costs. Operating profit in the Group's other business areas, Trelleborg Engineered Systems, Trelleborg Sealing Solutions and Trelleborg Wheel Systems, weakened mainly as a result of lower sales.

Several action programs commenced in 2009 to create a more efficient structure and generate synergies in the long term. In addition, the measures under the previously announced action programs continued in all business areas. A total of SEK 390 M relating to these programs was charged against the Group's total operating profit for the year. Additional measures were also undertaken to adapt the Group's organization to prevailing market conditions. This occurred in all business areas in the form of temporary production suspensions, shift reductions and redundancies. During the year, approximately SEK 140 M relating to these measures was charged against the Group's operating profit.

Net sales

The Group's net sales declined compared with the preceding year as a result of the sharp decline in demand. Sales fell in all of the Group's business areas. For the full-year 2009, the Trelleborg Group's net sales amounted to SEK 27,059 M (31,263), down 13 percent. Organic sales declined 21 percent. Exchange-rate effects were positive 7 percent and effects of structural changes totaled positive 1 percent. No major acquisitions impacting net sales took place during the year.

The market conditions between the Group's segments varied over the course of the year. Demand for capital goods was weak throughout the year, which impacted many of the Group's segments. In the automotive industry, demand improved sequentially, partly due to government incentive programs in both Europe and the US. Demand in the agricultural industry weakened, particularly in the latter part of the year. The total order level for project-related operations, for example, the offshore oil/gas area was lower in 2009 compared with the preceding year, mostly among maintenance projects.

Trelleborg normally experiences certain seasonal variation in its sales, which tend to be slightly higher in the first six months of the year.

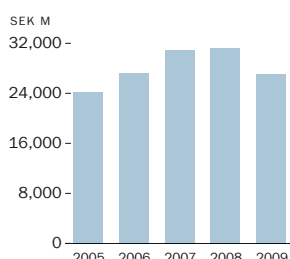
Despite lower sales, the Group's market positions were generally retained or improved during the year.

Change in net sales between 2009 and 2008:

	Change, %
Organic sales	-21
Structural changes	+1
Exchange-rate movements	+7
Total	-13

Organic sales for *Trelleborg Engineered Systems* fell 18 percent during the year. Demand varied in the business area's various market segments. Demand for capital goods in the industrial sector declined considerably during the year. The order intake fell in project-related segments, especially in the offshore oil/gas area, particularly toward the end of the year.

Net sales



Net sales by business area

SEK M	2009	2008	Organic growth, %	Structural changes, %	Exchange-rate movements, %	Total change, %
Trelleborg Engineered Systems	11,169	12,228	-18	+2	+7	-9
Trelleborg Automotive	8,402	9,506	-18	-	+6	-12
Trelleborg Sealing Solutions	4,673	6,034	-29	-1	+7	-23
Trelleborg Wheel Systems	2,991	3,708	-26	-	+7	-19
Eliminations	-176	-213				
Group	27,059	31,263	-21	+1	+7	-13

Consolidated income statements

SEK M	Note	2009	2008
Net sales	2	27,059	31,263
Cost of goods sold		-20,677	-23,603
Gross profit		6,382	7,660
Selling expenses		-2,349	-2,437
Administrative expenses		-2,503	-2,982
Research & development costs		-619	-603
Other operating income	6	338	389
Other operating expenses	6	-487	-1,671
Share of profit or loss in associated companies	7	11	18
Operating profit	3,4,5,8,9,10	773	374
Financial income	11	23	30
Financial expenses	11	-427	-570
Profit/loss before tax		369	-166
Tax	12	50	-92
Net profit/loss		419	-258
- of which attributable to equity holders of the Parent		409	-267
- of which attributable to minority interest	13	10	9

Earnings per share, SEK	2009	2008
Earnings	1.70	-1.35
Diluted earnings	1.70	-1.35
Earnings, excluding items affecting comparability ¹⁾	2.90	4.45
Dividend ²⁾	0.50	-
Number of shares *		
Average	240,699,594	198,178,530
Average, after dilution	240,699,594	198,178,530
1) Net earnings have been adjusted for items affecting comparability, SEK M	-284	-1,148
2) According to the Board of Directors' and the President's proposal		

Statements of comprehensive income

SEK M	2009	2008
Profit/loss for the period	419	-258
Other comprehensive income		
Cash-flow hedges	86	-147
Hedging of net investment	446	-1,197
Translation difference	-762	2,055
Income tax relating to components of other comprehensive income	-160	363
Other comprehensive income, net of tax	-390	1,074
Total comprehensive income	29	816
Profit attributable to:		
Equity holders of the Parent	18	808
Minority interest	11	8

1) Following the rights issue, the average number of shares was adjusted according to guidelines in IAS 33. This calculation method has been applied throughout this report in all key figures that include the number of shares. The calculation gives an average number of shares in 2009 of 240,699,594 while the number of shares end of period amounts to 271,071,783.

Organic sales for Trelleborg Automotive fell 18 percent compared with the preceding year. A marked decline in sales was noted at the beginning of the year directly related to the global downturn in demand accentuated by inventory reductions among many manufacturers in the automotive industry. Government incentive programs were initiated in several countries beginning in the second quarter, which had a positive effect on sales trends for the remainder of the year. The business area strengthened its market positions during the year.

Trelleborg Sealing Solutions was adversely affected by lower demand for capital goods primarily in Europe. Lower demand in the automotive industry during the first part of the year also had a negative impact. Sales within aerospace declined during the year, although at a relatively lower level compared with other sub-segments. The business area's organic sales for the full-year fell 29 percent.

Trelleborg Wheel Systems reported a 26-percent reduction in organic sales as a result of the marked decline in demand for industrial tires and lower sales in agricultural tires, with a slight variation between the various sub-segments where extra-large tires generally performed better.

Net sales per market

Western Europe remained the Trelleborg Group's most important market with a 58-percent share of total sales. During the year, the Group further strengthened its presence in the new emerging markets. The share of sales to markets outside Western Europe and North America rose from 21 percent in 2008 to 24 percent in 2009. Sales rose in such countries as China, India and North Africa.

Trelleborg continued to invest in emerging markets. To meet rising demand in Asia, Trelleborg Engineered Systems constructed another new facility in China. Accordingly, the facility, which is situated in Qingdao on the east coast of China, became the Group's fifth wholly owned production plant in the country. The unit will initially have 100 employees in the manufacturing of products for infrastructure projects, such as fender systems for ports and dredging hoses. The Group also further strengthened its presence in Brazil and inaugurated a new facility in São José dos Campos outside São Paulo. The unit manufactures high-performance seals for the aerospace industry and passenger cars, for example, and industrial applications. The unit is part of the Trelleborg Sealing Solutions business area and will initially have approximately 100 employees.

Net sales per geographic market:

SEK M	2009	2008
Western Europe	15,732	19,023
North America	4,947	5,570
Rest of World	6,380	6,670
Trelleborg Group	27,059	31,263

Sales trend

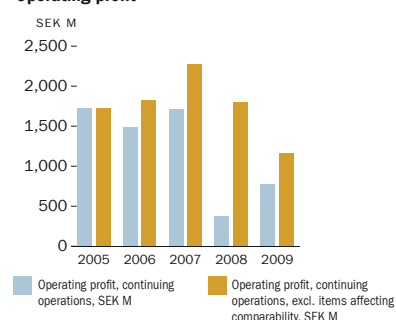
	Change compared with 2008, %	Share of total sales, %
Western Europe	-17	58
North America	-11	18
Rest of World	-4	24
Total		100

Consolidated earnings

Consolidated operating profit totaled SEK 773 M (374). Exchange-rate fluctuations in connection with the translation of earnings of foreign subsidiaries had a positive impact on operating profit at an amount of approximately SEK 57 M compared with the preceding year (neg: 69).

The Group's financial income and expenses amounted to a net expense of SEK 404 M (expense: 540), corresponding to an average interest rate of 3.7 percent (4.8). Profit before tax was SEK 369 M (loss: 166). The impact of tax expense on profit was positive SEK 50 M (neg: 92). The tax expense was positively affected by the country mix plus capitalization of loss carryforwards in Germany and the UK totaling SEK 123 M and the successful resolution of a tax dispute in Sweden totaling SEK 18 M. Net profit was SEK 419 M (loss: 258) and earnings per share totaled SEK 1.70 (loss: 1.35). Operating profit was adversely affected by restructuring costs and impairment losses attributable to action programs in the amount of SEK 390 M (expense: 994) before tax. In 2008, profit was also charged with nonrecurring costs of SEK 430 M relating to the competition investigation into specific types of marine hoses. No such costs were charged to profit for 2009. The items affecting comparability, which were charged to operating profit in a total amount of SEK 390 M (1,424) before tax and SEK 284 M (1,148) after tax, were excluded from the statement of the Group's operating key figures.

Operating profit



Operating profit

Excluding items affecting comparability, operating profit was SEK 1,163 M (1,798). Trelleborg Automotive significantly improved its operating profit compared with the year-earlier period. Earnings for the other business areas declined during the year as a direct result of lower demand. Exchange-rate fluctuations in connection with the translation of earnings of foreign subsidiaries had a positive impact on operating profit amounting to approximately SEK 63 M compared with the preceding year (neg: 41).

Operating profit

SEK M	2009	2008
<i>Excluding items affecting comparability</i>		
Trelleborg Engineered Systems	744	1,083
Trelleborg Automotive	1	-379
Trelleborg Sealing Solutions	280	890
Trelleborg Wheel Systems	283	363
Other companies	-8	-9
Group items	-137	-150
Operating profit, excl. items affecting comparability	1,163	1,798
<i>Items affecting comparability</i>		
Trelleborg Engineered Systems	-163	-79
Trelleborg Automotive	-59	-868
Trelleborg Sealing Solutions	-152	-32
Trelleborg Wheel Systems	-16	-15
Legal nonrecurring costs	-	-430
Total items affecting comparability	-390	-1,424
Operating profit, incl. items affecting comparability	773	374

Group, excluding items affecting comparability

SEK M	2009	2008
Net sales	27,059	31,263
EBITDA	2,287	2,868
Operating profit	1,163	1,798
Profit before tax	759	1,258
Net profit	703	889

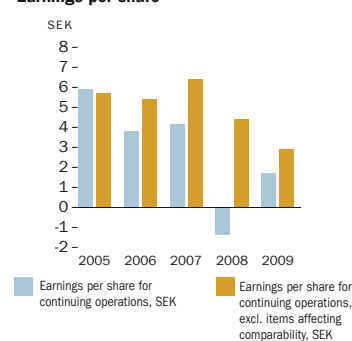
The EBITDA margin amounted to 8.4 percent (9.1) and the operating margin was 4.3 percent (5.7). The work on adjusting the Group's cost structure to lower demand was partly successful in its bid to offset significantly lower volumes. The majority of raw material prices were lower than in the preceding year, which also had a positive impact on profit. The EBITDA margin improved on the preceding year for Trelleborg Automotive and Trelleborg Wheel Systems, while margins declined for Trelleborg Engineered Systems and Trelleborg Sealing Solutions.

To offset the volume downturn, strong measures were initiated to adapt the Group's organization to prevailing market conditions. This took place in all business areas in the form of temporary production suspensions, shift reductions and redundancies. Overall for the Group, expenses totaling approximately SEK 140 M were recognized for adjustments to capacity and for redundancies. In addition, the action program announced earlier began yielding positive effects through more efficient structures and lower costs.

Costs for research and development, including capitalization of SEK 41 M (55), amounted to SEK 534 M (513) during the year. Depreciation and impairment of capitalized expenses for development amounted to SEK 98 M (118). See page 16 for more detail.

Profit before tax totaled SEK 759 M (1,258). The Group's tax rate on profit excluding items affecting comparability was 7 percent (29). Net profit amounted to SEK 703 M (889). Earnings per share were SEK 2.90 (4.45).

Earnings per share



Items affecting comparability

Items affecting comparability, corresponding to a total expense of SEK 390 M (expense: 1,424) before tax, were excluded from the statement of the Group's operating key figures. These items are presented below and comprise restructuring costs in the business areas.

Items affecting comparability were charged to operating profit in an amount of SEK 390 M, with the following breakdown:

SEK M	2009	2008
Cost of goods sold	-45	-16
Administrative expenses	-43	-99
Other operating income	-	1
Other operating costs	-302	-1,310
Total	-390	-1,424

Action programs in the business areas

To improve competitiveness and the production structure, Trelleborg Engineered Systems initiated a focusing of the number of production units in Sweden, the UK and Estonia. The units in Sjöbo and Bor, both of which are located in Sweden, are being discontinued by focusing production to existing units in Forsheda, in Sweden, Ösel, in Estonia, and Leicester, in the UK. To optimize manufacturing of printing blankets in Europe, a relocation of resources is also under way at the units in Lodi Vecchio, in Italy, and Cernay, France. Costs for the proposed measures are estimated to total about SEK 275 M, of which SEK 138 M was charged to operating profit in 2009. The proposed measures are anticipated to have an approximate effect of SEK 225 M on cash flow, of which SEK 19 M was charged to 2009 and the remainder is expected to be charged to 2010. The repayment period for these projects is estimated to be about two years. In addition to the above measures, a number of action programs are already in progress within the business area and costs for these totaling SEK 25 M were charged to operating profit, with a negative impact on cash flow of SEK 52 M.

At Trelleborg Automotive, work on action programs announced earlier is in the final phase. During the year, these projects positively impacted both profitability and the business area's strategic position. In total, projects in progress were charged to operating profit in the amount of SEK 59 M and impacted cash flow in the amount of SEK 233 M.

The relocation of production of certain products from Nantes, France, to Cerkezköy, Turkey, within the Fluid Solutions business unit is complete. Production of these products in Nantes was discontinued in the fourth quarter of 2009.

During the year, the Trelleborg Sealing Solutions business area completed the project it announced last year involving the relocation of production in Guelph, Canada, with about 100 employees, mainly to existing operations in Brazil and Mexico, at the same time as a number of existing product groups were phased out. The cost for this project amounted during the year to SEK 6 M and the effect on cash flow was SEK 33 M. In addition, the business area initiated a number of new restructuring projects to create efficient structures in the long term. It also initiated the consolidation of units in Italy, the UK and the US, and a focusing of the operation in Poland. The proposed measures are expected to cost approximately SEK 160 M, of which SEK 146 M was charged to earnings for 2009. The total impact on cash flow is expected to amount to about SEK 125 M, of which SEK 49 M impacted cash flow for the year.

At Trelleborg Wheel Systems, the previously announced consolidation of industrial tires to Sri Lanka was completed during the year. Production in Hartville, in the US, has now been relocated to Sri Lanka, where investments have been made to create a high-quality and efficient primary base for the manufacture of industrial tires. During the year, the total cost for the project amounted to SEK 16 M and SEK 30 M was cash-impacting. In addition, cash flow was charged with a further SEK 15 M from earlier action programs.

Costs for restructuring programs

SEK M	2009	2008
Trelleborg Engineered Systems	163	79
Trelleborg Automotive	59	868
Trelleborg Sealing Solutions	152	32
Trelleborg Wheel Systems	16	15
Total before tax	390	994
Total after tax	284	733

Competition investigations into subsidiaries

As previously announced, two of Trelleborg's subsidiaries in France and the US have in recent years been the subject of investigations being conducted by the competition authorities in the US, the EU, Brazil and Australia regarding certain types of marine oil hoses and marine fenders. During the first quarter of 2009, the European Commission announced its decision, which Trelleborg appealed to the EU Court of First Instance. Trelleborg is now awaiting the European Court of Justice's decision. During the year, an agreement was reached with the Department of Justice in the US, which entailed the payment of a fine by the two subsidiaries in the Group totaling USD 11 M to the authorities in the US.

Trelleborg's total costs for the competition investigations are estimated at SEK 516 M and were charged to 2008 and 2007. This amount includes the abovementioned fines by the EU and fines and costs in the US and other countries involved, in addition to damages and representation costs. This assessment remains associated with an element of uncertainty related to the length and outcome of ongoing processes.

Events after the reporting period

No significant events occurred after the balance-sheet date that have a material impact on the Group's financial position.

Outlook for the first quarter of 2010.

Outlook for the first quarter of 2010, provided in the Year-End Report on February 16, 2010: "Overall, demand is expected to remain in line with the fourth quarter of 2009."

Income statement per quarter**Group, excluding items affecting comparability**

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2009	2008	2009	2008	2009	2008	2009	2008
Net sales	6,877	8,067	6,867	8,326	6,559	7,527	6,756	7,343
EBITDA	349	871	547	989	685	719	706	289
Operating profit	63	622	262	734	410	450	428	-8
Profit/loss before tax	-76	490	149	609	327	320	359	-161
Net profit/loss	78	343	124	442	245	231	256	-127

Group, total

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2009	2008	2009	2008	2009	2008	2009	2008
Net sales	6,877	8,067	6,867	8,326	6,559	7,527	6,756	7,343
Operating profit/loss	46	574	159	337	371	263	197	-800
Profit/loss before tax	-93	442	46	212	288	133	128	-953
Net profit/loss	65	309	46	173	216	102	92	-842

Comments on the consolidated balance sheets

The Group's total assets amounted to SEK 29,539 M (33,763), a decrease of SEK 4,224 M, or 13 percent.

Capital employed has the following breakdown:

SEK M	2009	2008
Inventories	3,425	4,775
Operating receivables	5,331	6,796
Operating liabilities	-6,959	-8,399
Total working capital	1,797	3,172
Non-current assets	17,885	18,970
Participations in associated companies	73	96
Capital employed	19,755	22,238

The Group's capital employed decreased to SEK 19,755 M (22,238), a decline of SEK 2,483 M, or 11 percent, attributable to:

SEK M	2009
Company acquisitions	63
Change in working capital and non-current assets	-1,749
Change in participations in associated companies	-19
Translation differences on foreign subsidiaries	-778
Total change in capital employed	-2,483

The level of tied-up working capital declined during the year by SEK 1,375 M, or 43 percent. The change is mainly attributable to a reduction in inventories and operating receivables, which was offset somewhat by lower operating liabilities. This development is a result of reduced sales, but is also a result of the effects of the proactive work in progress in the Group to enhance the efficiency of working capital.

Exchange-rate differences reduced the value of property, plant and equipment and intangible assets by SEK 762 M. Gross investments for the year totaled SEK 826 M (1,526), of which SEK 72 M in intangible assets and SEK 754 M in property, plant and equipment. Depreciation and amortization for the year amounted to SEK 1,124 M (1,054).

Impairment losses totaled SEK 46 M (424), of which SEK 43 M is related to the Group's ongoing restructuring programs.

Return on capital employed (ROCE) for the Group rose to 3.6 percent (1.8). Compared with the preceding year, lower restructuring costs in 2009 had a positive impact on return. Excluding items affecting comparability, ROCE declined to 5.3 percent (8.4).

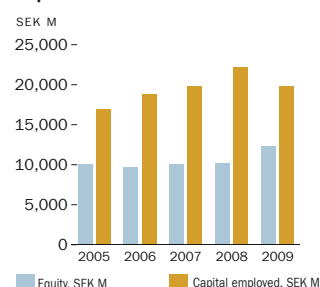
Rights issue

On March 22, 2009, the Board of Directors of Trelleborg resolved, subject to approval by the Annual General Meeting on April 23, 2009, to implement a rights issue of Series A and B shares totaling SEK 2,169 M. The rights issue was completed during the second quarter of 2009 and was fully subscribed when approximately 99 percent of the offered shares were subscribed for with subscription rights and the remaining shares on the basis of subsidiary preferential rights. No underwriting commitments needed to be utilized.

The rights issue has strengthened Trelleborg's financial position and will increase the Group's opportunities to further improve its market positions.

Total equity increased during the year by SEK 2,123 M to a closing balance of SEK 12,361 M (10,238), of which the rights issue after transaction costs accounted for SEK 2,096 M. Translation differences reduced total equity by a net amount of SEK 454 M, including exchange-rate differences (net after tax) on hedging instruments. Total dividends amounted to SEK 2 M (590) of which SEK 2 M (3) was distributed to minority shareholders.

Capital structure



Change in total equity, Trelleborg Group

Total equity		Attributable to Parent Company's shareholders							Minority		Total	
		Share capital		Other capital contributions		Other reserves		Profit brought forward				
SEK M	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Opening balance, January 1	2,259	2,259	226	226	1,034	-41	6,634	7,488	85	120	10,238	10,052
Changes during the year												
Total comprehensive income					-391	1,075	409	-267	11	8	29	816
Dividend							-	-587	-2	-3	-2	-590
Acquisitions										-40	-	-40
Reduction of the share capital	-2,078						2,078				-	-
Bonus issue	2,078						-2,078				-	-
Rights issue	361						1,808				2,169	-
Transaction costs							-73				-73	0
Closing balance, December 31	2,620	2,259	226	226	643	1,034	8,778	6,634	94	85	12,361	10,238

For other reserves, see also Note 26.

The Board of Directors and the President propose a dividend of SEK 0.50 per share (no dividend was paid for 2008), a total of SEK 136 M (-).

Consolidated balance sheets

December 31, SEK M	Note	2009	2008
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	14	6,603	7,137
Goodwill	15	10,478	10,901
Other intangible assets	15	804	932
Shares in associated companies	7	73	96
Financial assets	16-18	87	83
Deferred tax assets	19	1,460	1,407
Total non-current assets		19,505	20,556
<i>Current assets</i>			
Inventories	20	3,425	4,775
Current operating receivables	21,22	5,270	6,735
Current tax assets		670	770
Interest-bearing receivables	23	78	178
Cash and cash equivalents	25	591	749
Total current assets		10,034	13,207
TOTAL ASSETS		29,539	33,763
EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>	26		
Share capital		2,620	2,259
Contributions of other capital		226	226
Other reserves		643	1,034
Profit brought forward		8,369	6,901
Net profit/loss for the year		409	-267
Total		12,267	10,153
Minority interests	13	94	85
Total equity		12,361	10,238
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	27	6,516	10,834
Other non-current liabilities	30	100	141
Pension provisions	31	806	856
Other provisions	32	401	670
Deferred tax liabilities	19	252	310
Total non-current liabilities		8,075	12,811
<i>Current liabilities</i>			
Interest-bearing current liabilities	27	2,529	2,805
Current tax liabilities		676	780
Other current liabilities	30,33	5,423	6,426
Other provisions	32	475	703
Total current liabilities		9,103	10,714
TOTAL EQUITY AND LIABILITIES		29,539	33,763
Contingent liabilities	34	11	10
Pledged assets	34	35	34

Net debt

SEK M	2009	2008
Non-current interest-bearing investments and receivables	7	6
Current interest-bearing receivables	78	178
Cash and cash equivalents	591	749
Total interest-bearing assets	676	933
Interest-bearing non-current liabilities	-6,516	-10,834
Interest-bearing current liabilities	-2,529	-2,805
Total interest-bearing liabilities	-9,045	-13,639
Net debt	-8,369	-12,706
<i>Change in net debt:</i>		
Net debt at January 1	-12,706	-10,093
Net cash flow for the year	3,750	-977
Exchange-rate differences	587	-1,636
Net debt at year-end	-8,369	-12,706
	2009	2008
Debt/equity ratio	68	124
Net debt/EBITDA, multiples	4.3	6.9
EBITDA/ net financial income, multiples	4.8	3.4
<i>Excluding items affecting comparability:</i>		
Net debt/EBITDA, multiples	3.7	4.4
EBITDA/ net financial income, multiples	5.7	5.3

Net debt and financing

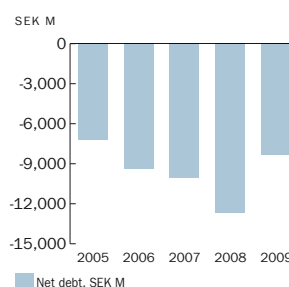
The Group's net debt decreased during the year to SEK 8,369 M (12,706), a reduction of SEK 4,337 M or 34 percent. The purchase consideration for acquisitions made during the year totaled SEK 63 M, including acquisition costs of SEK 28 M related to acquisitions made in the preceding year. Exchange-rate differences reduced net debt by SEK 587 M.

Trelleborg has long-term basic financing that stretches into 2012 through a syndicated loan. Long-term credit facilities and other long-term loans amounted to approximately SEK 17,700 M at the end of 2009. Short-term credit facilities and other short-term loans amounted to approximately SEK 4,500 M. The unutilized portion of the total credit facilities totaled SEK 13,100 M, of which about SEK 11,200 M was related to long-term credit facilities.

At the end of 2009, Trelleborg signed three revolving credit facilities for a total amount of EUR 291 M (corresponding to some SEK 3 billion), which will improve the maturity structure of the Group's credit facilities. The facilities are partially guaranteed by the Swedish Export Guarantee Authority. A portion of EUR 241 M of the facilities has a tenor of 7 years, while the remaining portion amounting to EUR 50 M has a tenor of 5 years.

The debt/equity ratio at year end was 68 percent (124). The equity/assets ratio was 42 percent (30). At the end of the period, equity per share (271.1 million shares) totaled SEK 45 (51). Return on equity increased to 3.6 percent (negative). Excluding items affecting comparability, return on equity declined to 6.2 percent (8.8).

Net debt



Comments on the consolidated cash-flow statements

Consolidated operating cash flow amounted to SEK 3,215 M (1,594). A significant reduction in working capital and a considerably lower investment level compared with the preceding year compensated well for a lower EBITDA level. The improvement in working capital is attributable to both a reduction of inventory (pos: SEK 1,225 M) and a reduction of accounts receivable (pos: SEK 1,239 M). The trend is a function of, in part, the lower sales during the year and, in part, the focused work that is under way in the Group to streamline the management of working capital. The investment level amounted to SEK 826 M (1,526), representing 3.1 percent (4.9) of net sales.

After deductions for payments pertaining to restructuring measures, dividends to minority shareholders, financial payments

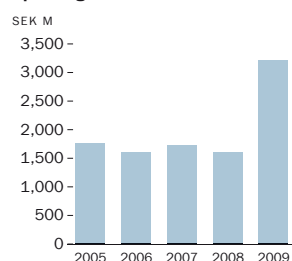
and taxes paid, free cash flow amounted to SEK 1,743 M (414), corresponding to SEK 7.25 per share (2.10).

The amount reported as acquisitions carried out during the year, SEK 63 M (802) relates in about equal parts to acquisition costs for acquisitions in the preceding year and a few small asset-transfer acquisitions. No major acquisitions took place during the year.

No dividend was paid to shareholders (SEK 587 M was paid in 2008).

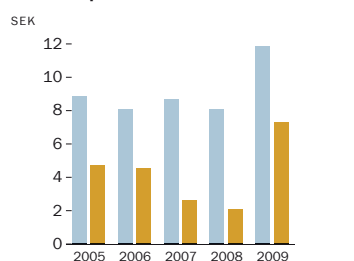
During the second quarter of 2009, the fully subscribed and implemented rights issue generated a cash flow of SEK 2,070 M. Total net cash flow increased to SEK 3,750 M (neg: 977).

Operating cash flow



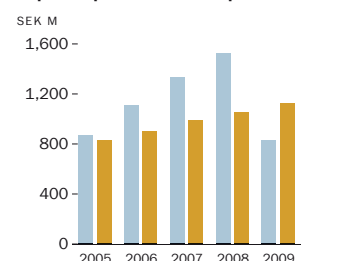
Operating cash flow for continuing operations, excl. items affecting comparability, SEK M

Cash flow per share



Operating cash flow per share for continuing operations, excl. items affecting comparability, SEK

Capital expenditures and depreciation



Capital expenditures, continuing operations, SEK M

Cash flow report

SEK M	EBITDA excl. non-distributed shares in associated companies		Gross capital expenditures		Sold non- current assets		Change in working capital		Total cash flow	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Trelleborg Engineered Systems	1,180	1,447	-261	-557	20	17	759	-112	1,698	795
Trelleborg Automotive	465	113	-296	-463	6	6	270	403	445	59
Trelleborg Sealing Solutions	521	1,110	-91	-263	7	6	346	69	783	922
Trelleborg Wheel Systems	399	468	-176	-232	3	8	294	-115	520	129
Other companies	-7	-8	0	0	-	-	-1	3	-8	-5
Group items	-258	-277	-2	-11	-	43	37	-61	-223	-306
Operating cash flow	2,300	2,853	-826	-1,526	36	80	1,705	187	3,215	1,594
Utilization of restructuring provisions									-680	-447
Dividend to minority									-2	-3
Financial items									-532	-328
Tax paid									-258	-402
Free cash flow									1,743	414
Acquisitions									-63	-802
Divestments									-	-2
Dividends paid to shareholders									-	-587
Rights issue									2,070	-
Total net cash flow									3,750	-977
Net debt, opening balance									-12,706	-10,093
Net cash flow for the period									3,750	-977
Exchange-rate differences									587	-1,636
Net debt, closing balance									-8,369	-12,706

Consolidated cash-flow statements

SEK M	Note	2009	2008
Operating activities			
Operating profit		773	374
Adjustment for items not included in cash flow:			
Depreciation of tangible assets	14	957	897
Amortization of intangible assets	15	167	157
Impairment of tangible assets	14	41	392
Impairment of intangible assets	15	5	32
Provisions for restructuring costs		344	1,016
Non-distributed share of profit/loss in associated companies		13	-15
		2,300	2,853
Interest received and other financial items		15	185
Interest paid and other financial items		-547	-513
Tax paid		-258	-402
Cash flow from operating activities before changes in working capital		1,510	2,123
Cash flow from changes in working capital:			
Change in inventories		1,225	-134
Change in operating receivables		1,239	1,069
Change in operating liabilities		-759	-748
Utilization of restructuring provisions		-680	-447
Cash flow from operating activities		2,535	1,863
Investing activities			
Acquired units	35	-63	-802
Divestments		-	-2
Gross capital expenditures for PPE	14	-754	-1,367
Gross capital expenditures for intangible assets	15	-72	-159
Sale of non-current assets		36	80
Cash flow from investing activities		-853	-2,250
Financing activities			
Rights issue		2,070	-
Change in interest-bearing investments		685	-332
Change in interest-bearing liabilities		-4,591	1,488
Dividend paid		-	-587
Dividend to minority		-2	-3
Cash flow from financing activities		-1,838	566
Cash flow for the year		-156	179
Cash and cash equivalents:			
Opening balance, January 1		749	530
Exchange-rate difference		-2	40
Cash and cash equivalents, December 31		591	749

Note 1

General information

The Parent Company, Trelleborg AB (publ) is a limited-liability company with its registered office in Trelleborg, Sweden. The Parent Company is listed on the NASDAQ OMX Stockholm. The Board of Directors approved these consolidated financial statements for publication on February 15, 2010.

Summary of important accounting policies

The most important accounting policies applied to the preparation of the consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

Basis of preparation

The Trelleborg Group's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations, as approved by the EU. The Group's financial statements have been prepared in accordance with the cost method, with the exception of certain financial instruments which were valued at fair value.

In the Group's multi-year summary, data up to and including 2003 was not prepared in accordance with IFRS, but is recognized in accordance with earlier Generally Accepted Accounting policies in Sweden.

The Parent Company applies the same accounting policies as the Group, except in the instances stated below under "Parent Company's accounting policies." The differences that arise between the Parent Company and the Group's accounting policies are attributable to the limited opportunities for the application of IFRS in the Parent Company, primarily as a result of the Swedish Annual Accounts Act.

New and amended standards applied by the Group

The Group applied the following new and amended IFRSs from January 1, 2009:

- IFRS 7 (Amendment) Financial Instruments: Disclosures – applicable from January 1, 2009. The amendment requires enhanced disclosures regarding the measurement of fair value and liquidity risk, and more specifically requires a hierarchy of levels for fair value measurement. Since this amendment entails only additional disclosure requirements, it has no impact on earnings per share.

- IAS 1 (Amendment) Presentation of Financial Statements (applicable from January 1, 2009). This revised standard does not allow the presentation of income and cost items (meaning changes in shareholders' equity that do not pertain to transactions with owners) in the statement of changes in equity, and instead requires that "changes in equity that do not pertain to transactions with owners" are reported separately from changes in shareholders' equity that pertain to transactions with owners in a statement of comprehensive income. Accordingly, the Group presents all owner-related changes in shareholders' equity in the "Statement of consolidated statement of changes in shareholders' equity," while all changes in shareholders' equity that do not pertain to transactions with owners are recognized in the "Consolidated statements of comprehensive income." Comparative information has been restated so that it concurs with the amended standard. Since this accounting-policy change affects only the presentation, it has no impact on the Group's financial position or earnings per share.

- IFRS 8: Operating Segments (applicable from January 1, 2009). This replaces IAS 14 Segment reporting and adapts segment reporting to the provisions of the US accounting standard SFAS 131 Disclosures about Segments of an Enterprise and Related Information. The new standard requires that segment information is presented on the basis of a management approach, which means that this information is presented on the same basis as is used for internal reporting purposes. This standard has not led to any change for the Group since its reporting has already been adapted to this standard.

- IFRS 2 (Amendment) Share-Based Payments (applicable from January 1, 2009). This revised standard addresses vesting conditions and cancellations. The Group has applied IFRS 2 (revised) since January 1, 2009 and it does not have any effect on the Group's financial statements.

- The Group capitalizes borrowing costs that are directly attributable to acquisitions, construction or production of a qualifying asset that require a substantial period of time to complete for use or sale as a portion of the cost of that asset, if the commencement date for capitalization is on or after January 1, 2009. The Group previously expensed all borrowing costs immediately. This changed accounting policy is a result of the application of the transition rules stipulated in IAS 23: Borrowing Costs (2007). Comparative information has thus not been restated. The changed accounting policy has no significant impact on the Group's financial position or earnings per share. The Group has deemed that it does not have any borrowing costs to capitalize in accordance with this standard.

Standards, amendments and interpretations of existing standards that have not yet come into effect and have not been applied in advance by the Group

A description of the standards and interpretations of existing standards that have been published and are mandatory for the Group for fiscal years begin-

ning on or after January 1, 2010 is presented below. These standards and amendments have not been applied in advance. The description includes the standards and interpretations that management deemed to be relevant to the Group on the balance-sheet date.

- IFRIC 17 Distribution of Non-Cash Assets (applicable to fiscal years beginning on or after July 1, 2009). This statement provides guidance on the recognition of agreements under which a company distributes non-cash assets to shareholders. The Group will apply IFRIC 17 from January 1, 2010, but it is not expected to have any material impact on the Group's financial statements.

- IAS 27 (Amendment) Consolidated and Separate Financial Statements (applicable from July 1, 2009). This revised standard requires that the effects of all transactions with non-controlling interests be recognized in shareholders' equity if they do not entail any change in the controlling influence and these transactions no longer give rise to goodwill or gains or losses. The standard also states that, when a Parent Company loses its controlling influence, any remaining portion be remeasured at fair value and a gain or loss recognized in profit and loss. From January 1, 2010, the Group will apply IAS 27 (amended) prospectively to transactions involving non-controlling interests.

- IFRS 3 (Revised) Business combinations (applicable from July 1, 2009).

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments for purchases of a business are recognized at fair value on the date of acquisition, with contingent payments classified as debt subsequently remeasured in profit and loss. As regards non-controlling interests in the acquired business, there is a choice on an acquisition-by-acquisition basis of measuring the non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. From January 1, 2010 the Group will apply IFRS 3 (Revised) prospectively to all business combinations.

- IAS 38 (Amendment) Intangible assets. The amendment is part of the IASB's annual improvements project that was published in April 2009 and the Group will apply IAS 38 (Amendment) from the same date as IFRS 3 (Revised) is applied. The amendment clarifies the measuring at fair value of an intangible asset acquired in a business combination. According to the amendment, intangible assets may be grouped and treated as an asset if the assets have similar useful lives. The amendment will not have any material impact on the Group's financial statements.

- IFRS 5 (Amendment) Non-Current Assets Held for Sale and Discontinued Operations. The amendment is part of the IASB's annual improvements project that was published in April 2009. The amendment clarifies that IFRS 5 specifies the disclosure requirements pertaining to fixed assets (or disposal groups) classified as fixed assets held for sale or divested operations. The Group will apply IFRS 5 (Amendment) from January 1, 2010. The amendment is not expected to have any material impact on the Group's financial statements.

- IFRS 9 Financial Instruments (applicable to fiscal years beginning on or after January 1, 2013). IFRS 9 addresses the recognition and measurement of financial instruments. The standard contains two primary categories: amortized costs and fair value. Classification takes place based on the company's business model and characteristics of the contractual cash flows. If the company's business model includes holding the financial asset in order to receive contractual cash flows and these contractual cash flows are solely payments of principal and interest, the asset is measured at amortized cost. All other financial assets are measured at fair value. Prior to it coming into effect, the standard will be supplemented with additional sections pertaining to, for example, liabilities, impairment and hedge accounting. Its impact on the Group's financial statements will be evaluated once the standard is complete.

Consolidated accounts

Group

The consolidated accounts include the Parent Company and all subsidiaries and associated companies.

Subsidiaries

Subsidiaries are companies in which the Parent Company directly or indirectly holds more than 50 percent of the voting rights or otherwise has the right to determine financial and operational strategies in the company.

All subsidiaries are consolidated in accordance with the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, liabilities incurred or assumed on the date of transfer, plus any expenditure directly attributed to the acquisition. The purchase method of accounting entails that the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities in an acquisition of operations, irrespective of the extent of any minority interests, is valued at fair value at the date of acquisition. The excess comprising the difference between the cost and the fair value of the Group's acquired identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the cost is less than the fair value of the acquired net assets, the difference is recognized directly in profit and loss.

Subsidiaries acquired during the fiscal year are recognized in the consolidated accounts from the date when control was transferred to the Group.

Subsidiaries divested during the fiscal year are recognized in the consolidated accounts up to and including the date when control ceased.

All intra-Group transactions, balance-sheet items, unrealized gains and Group contributions have been eliminated. Unrealized losses are also eliminated unless the transaction evidences the need for impairment to be recognized in the transferred asset.

Associated companies

Associated companies are companies in which the Parent Company directly or indirectly has a significant but not controlling influence generally corresponding to between 20 and 50 percent of the voting rights.

Investments in associated companies are recognized in accordance with the equity method and are initially recognized at cost. The Group's recognized value of the holdings in associated companies includes the goodwill identified in conjunction with the acquisition at net amount after any recognition of any impairment losses. The associated companies essentially carry out the same operations as the Group's other business activities and, accordingly, shares of profit are recognized in operating profit.

The Group's share in the post-acquisition results of an associated company is recognized in profit and loss in the item "Share of profit or loss in associated companies" and is included in operating income. Accumulated post-acquisition changes are recognized as changes in the carrying amount of the investment. When the Group's share in the losses of an associated company amount to, or exceed, the Group's investment in the associated company, including any unsecured receivables, the Group does not record further losses unless it has incurred obligations or made payments on behalf of the associated company. Unrealized gains on transactions between the Group and its associated companies are eliminated in proportion to the Group's participation in the associated company. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Joint venture companies

A joint venture pertains to an agreement-based relationship in which two or more parties jointly conduct a financial operation and have a joint controlling influence over the business. Investments in joint ventures are recognized in accordance with the equity method, similar to investments in associated companies.

Minority interest

Transactions with minorities are recognized in the same manner as transactions with external parties.

The acquisition of minority interests can result in goodwill if the cost exceeds the acquired share of the carrying amount of the subsidiaries' net assets.

The divestment of interests to minorities results in gains or losses, which are recognized in the consolidated income statement.

Discontinuing or divested operations

Discontinuing or divested operations comprise smaller operations and assets that the Group has decided to fully or almost fully discontinue or divest through sale or distribution. These assets are recognized at the lower of the carrying amount and fair value, less selling expenses. These assets are not depreciated from the date of reclassification.

Translation of foreign currencies

Functional currency and reporting currency

Items included in the financial statements of the various entities of the Group are valued in the currency used in the primary economic environment of each company's operations (functional currency). Swedish kronor (SEK) is utilized in the Group accounts, which is the Parent Company's functional currency and presentation currency.

Transactions and balance-sheet items

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate prevailing on the transaction date. Exchange-rate gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities in foreign currency at the closing rate are recognized in profit and loss. An exception is made where hedging transactions meet the requirements for cash-flow hedge or net-investments hedge where gains and losses are recognized directly against equity after adjustment for deferred taxes. Reversal to profit and loss is conducted at the same time the hedged transaction affects the income statement.

Subsidiaries

The earnings and financial positions of Group subsidiaries and associated companies (none of which use a high-inflation currency) are prepared in the functional currency of each company. In the consolidated accounts, the earnings and financial position of foreign subsidiaries are translated into Swedish kronor (SEK) in accordance with the following: Income and expenses in the income statements of subsidiaries are translated at the average exchange

rate for the applicable year, while assets, shareholders' equity and liabilities in the balance sheet are translated at the closing rate. Exchange-rate differences arising from translation are recognized as a separate item directly in the Group's equity.

Translation differences that arise on financial instruments, which are held for hedging of net assets in foreign subsidiaries, are also entered as a separate item directly in the Group's shareholders' equity.

On divestment, the accumulated translation differences attributable to the divested unit, previously recognized directly against shareholders' equity, are realized in the consolidated income statement in the same period as the gain or loss on the divestment.

Goodwill and adjustments in fair value arising in connection with the acquisition of foreign operations are treated as assets and liabilities of these operations and are translated at the closing rate.

Income tax

Income tax in the income statement includes both current tax and deferred tax. Income tax is recognized in profit and loss except when an underlying transaction is recognized directly against equity or total comprehensive income, in which case the related tax effect is also recognized in equity or total comprehensive income. Current tax is tax payable or receivable for the current year. This also includes adjustment of current tax attributable to prior periods. Deferred tax is recognized in its entirety and calculated using the liability method on all temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is valued at the nominal amount and calculated by applying the tax rates and tax rules enacted or announced at the balance-sheet date. Temporary differences arise in business combinations on the differences between the consolidated value of assets and liabilities and their tax bases. Temporary differences that arise on initial recognition of an asset or liability, and are not attributable to a business combination and have not affected accounted or taxable earnings, do not entail a deferred tax asset or tax liability in the balance sheet. Temporary differences are not recognized in investments in subsidiaries and associated companies, since the Group can control the date when these temporary differences are reversed and it is unlikely that they will be reversed in the foreseeable future.

Deferred tax assets are recognized to the extent it is probable that tax surpluses will be available in the future, against which temporary differences can be utilized.

Segment reporting

Operating segments are reported in a manner consistent with the internal reports presented to the most senior executive manager. The most senior executive manager is the function that is responsible for the allocation of resources and the assessment of the segment's earnings. For the Group, this function has been identified as the President. The division of operating segments corresponds to the Group's business areas. For a description of the different segments, see pages 20-27.

The Group's business areas comprise assets and operations supplying products that are exposed to risks and opportunities that differ for each business area. The Group is divided into four business areas: Trelleborg Engineered Systems, Trelleborg Automotive, Trelleborg Sealing Solutions and Trelleborg Wheel Systems.

Segment reporting for the business areas comprises operating revenues and expenses and capital employed. Capital employed encompasses all property, plant and equipment, intangible assets and investments in associated companies, plan assets, inventories and operating receivables, less operating liabilities including pension liabilities.

The business areas are charged with Group-wide expenses amounting to 0.4 percent of external sales, which does not affect recognized cash flows.

In the presentation of the Group's geographical markets the operations have been subdivided into the Group's key geographical markets, which are Western Europe, North America and Rest of the World.

Net sales are recognized according to customer location, while assets and capital expenditures are recognized according to where these assets are physically located.

Other accounting and valuation policies

Non-current assets and non-current liabilities comprise amounts expected to be recovered or paid after more than 12 months from the balance-sheet date. Current assets and current liabilities comprise amounts expected to be recovered or paid within 12 months of the balance-sheet date. Assets and liabilities are measured at cost, unless otherwise indicated.

Revenue recognition

Revenue comprises the fair value of what has been received or will be received for goods and services sold in the Group's ongoing operations, less VAT and discounts, and after the elimination of intra-Group sales. Revenue is recognized as follows:

Sales of goods

Revenue from sale of goods is recognized during the period in which the product is delivered and when all significant risks and rewards related to ownership have been transferred to the buyer. Accordingly, the Group no longer has any involvement that is ownership-related nor exercises any real control. Net sales are recognized after deduction of VAT and adjusted for any discounts and exchange-rate differences where sales are conducted in foreign currencies.

Contract and service assignments

Revenue recognition is conducted using the percentage-of-completion method.

Revenue is recognized on the basis of the stage of completion when it is probable that the company will obtain the financial benefits related to the assignment and a reliable calculation can be made. The stage of completion is determined on the basis of costs made in relation to total calculated costs. Anticipated losses are expensed immediately.

Royalty revenue

Royalty revenue is recognized on an accruals basis in accordance with the financial conditions of the relevant agreements.

Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognized when the right to receive payment has been established.

Other operating revenue and expenses

Other operating revenue and expenses include external rental revenue, capital gain from the sale and scrapping of property, plant, equipment and tools and also gains or losses on sales of associated companies and subsidiaries.

Borrowing costs

The Group capitalizes borrowing costs that are directly attributable to acquisitions, construction or production of a qualifying asset that require a substantial period of time to complete for use or sale as a portion of the cost of that asset. Other borrowing costs are expensed in the period in which they occur. Transaction costs for loans raised are recognized over the duration of the loan using the effective interest method.

Intangible assets**Goodwill**

Goodwill comprises the amount by which the cost exceeds the fair value of the Group's share of identifiable net assets in the acquired company at the time of acquisition. Goodwill on acquisition of subsidiaries is recognized as a separate intangible asset. Goodwill on acquisition of associated companies is included in the value of the investment in the associated company and is tested with regard to possible impairment losses as a portion of the value of the total investment. Goodwill that is recognized separately is tested annually to identify possible impairment losses and is measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill attributable to the disposed unit. In the impairment tests, goodwill is allocated to cash-generating units. The allocation is made between the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition of operations that gave rise to the goodwill item. These cash-generating units comprise the Group's investments in each primary segment.

Research and development

Expenditure for development and research is expensed when it arises. Expenditure for development and testing of new or significantly improved materials, products, processes or systems is capitalized once the following criteria have been fulfilled:

- it is technically feasible to complete the intangible asset such that it can be utilized or sold,
- management intends to complete the intangible asset and utilize or sell it,
- there are prerequisites in place to utilize or sell the intangible asset,
- it can be demonstrated that the intangible asset will generate probable, future economic benefits,
- adequate technical, economic and other resources to complete the development and to utilize or sell the intangible asset are available, and
- the expenditure associated with the intangible asset during its development can be calculated in a reliable manner.

Other development expenditure is expensed as incurred. Development expenditure previously expensed is not capitalized in subsequent periods.

Capitalized development expenditure is recognized as intangible assets. Capitalized development expenditure has a finite useful life and is amortized

straight-line from the point at which commercial production of the product commences. Amortization is based on the anticipated useful life, normally a period of five years.

Other intangible assets

Other intangible assets include externally acquired assets, such as capitalized IT expenditure, patents, brands and licenses. Assets with a finite useful life are measured at cost less accumulated amortization and impairment losses. Subsequent expenditure for an intangible asset is added to the carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Other expenditure is expensed as incurred. Other intangible assets are amortized over their useful life, normally five to ten years.

Property, Plant and Equipment (PPE)

PPE primarily encompass plants and offices. PPE are measured at cost less accumulated depreciation and, where applicable, impairment losses. Cost includes expenses directly attributable to the acquisition of the asset. Cost may also include transfers from equity of gains and losses from cash-flow hedges relating to purchases in foreign currency, if these meet the requirements for hedge accounting.

Depreciation is carried out down to the estimated residual value. The residual value and useful life of the assets are assessed on each balance-sheet date, and if necessary, are adjusted. The carrying amount of an asset is immediately impaired to the recoverable value if the carrying amount of an asset exceeds its estimated recoverable value. See the section relating to impairment losses.

Depreciation is based on cost and is allocated on a straight-line basis over the asset's estimated useful life.

The following depreciation rates apply:

Land	Not depreciated
Buildings	1.5-6 percent
Machinery	5-33 percent
Tools and molds	33 percent
Office equipment	10-20 percent

Subsequent expenditure for a PPE is added to the carrying amount or recognized as a separate asset, depending on which is suitable, only when it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured in a reliable manner. The carrying amount of the replaced portion is derecognized from the balance sheet. All other forms of repairs and maintenance are expensed as incurred.

Gains and losses on disposal are determined by comparing the sales proceeds and the carrying amount and are recognized in profit and loss as other operating income and other operating costs, respectively.

Leasing

Lease contracts for PPE are classified as either finance leases or operating leases. Finance leases apply when the financial risks and rewards related to ownership are for all practical purposes transferred to the Group. At the inception of the lease period, financial leasing is recognized at the leased asset's fair value or at the present value of the lease payments, whichever is lower. The leased asset is recognized as PPE.

Each lease payment is split into amortization of the liability and financial costs to achieve a fixed interest rate for the recognized liability. The equivalent payment undertaking, less financial costs, is included as an interest-bearing liability. The interest portion of the financial costs is recognized in profit and loss over the lease term, so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognized for each period. PPE held under finance lease agreements are depreciated in accordance with the same principles applicable to other assets of the same type according to plan. Lease agreements not classified as finance leases represent operating leases. Lease payments for operating leases are expensed as operating costs straight-line over the term of the lease.

Impairment losses of non-financial assets

Assets with an indefinite useful life, for example goodwill, are not amortized but tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the highest of fair value less selling costs and value in use. Value in use pertains to the total present value of the estimated future cash flows and the calculated residual value at the end of the useful life. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk related to the specific asset, known as WACC (Weighted Average Cost of Capital). The Group bases the calculation on achieved earnings, forecasts, business plans, financial forecasts and market

data. For assets dependent on other assets generating cash flow, the recoverable amount is calculated for the smallest cash-generating unit to which the asset belongs. The cash-generating units comprise the Group's operating segments. Impairment losses are reversed if there is a change in the recoverable amount, with the exception of impairment losses on goodwill.

Fixed assets held for sale

Fixed assets (or disposal groups) are classified as held for sale when their carrying amounts will primarily be recovered on the basis of a sales transaction and a sale is deemed to be highly probable. These assets are recognized at the lower of carrying amount or fair value, less selling expenses, if their carrying amounts will primarily be recovered on the basis of a sales transaction and not through continuous use.

Financial instruments

Financial instruments recognized in the balance sheet include the following assets and liabilities: cash and cash equivalents, securities, other financial receivables, accounts receivable, accounts payable, loans and derivatives.

A financial asset or liability is initially recognized in the balance sheet when the company becomes a party to the contractual conditions of the instrument.

A financial asset is derecognized from the balance sheet when all benefits and risks associated with ownership have been transferred. A financial liability is derecognized from the balance sheet when the obligations of the contract have been met or otherwise concluded.

Financial instruments are initially measured at fair value and subsequently at fair value or accumulated amortized cost, depending on their classification. All financial derivatives are measured at fair value. The purchase and sale of financial assets is recognized on the transaction date, which is the date the Group undertakes to purchase or sell the asset. On each balance-sheet date, the Group assesses if any financial asset or group of financial assets has been impaired.

Classification of financial instruments

The Group classifies its financial instruments into the following categories: financial assets or liabilities valued at fair value in profit and loss, loans and accounts receivable.

The classification depends on the purpose for which the instrument was acquired. The classification is determined on the initial recording of the instrument and reassessed on each subsequent reporting occasion.

Calculation of fair value

The fair value of listed financial instruments is based on the appropriate market quotation on the balance-sheet date. For unlisted financial instruments, or if the market of a certain financial asset is not active, the value is determined by applying recognized valuation techniques, whereby the Group makes assumptions that are based on the market conditions prevailing on the balance-sheet date. Market rates form the basis for the calculation of fair value of long-term loans. For other financial instruments with no specified market value, the fair value is deemed to correspond to the carrying amount.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are valued at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences on operating receivables and operating liabilities are included in operating income, while exchange-rate differences on financial receivables and liabilities are classified as financial items.

Financial assets valued at fair value in profit and loss

This category comprises both financial assets held for trading as well as assets designated into this category from the date of investments and valued at fair value in profit and loss. The Group's assets in this category comprise non-current and current securities investments and financial derivatives not identified as hedges. Assets in this category are classified as current assets if held for trading or expected to be realized within 12 months from the balance-sheet date. Financial assets measured at fair value in profit and loss are measured at fair value, both initially and subsequent to the date of acquisition. Realized and unrealized gains and losses attributable to changes in fair value are recognized in profit and loss as a financial item in the period in which they occur.

Financial liabilities at fair value in profit and loss

This category comprises derivatives with a negative fair value that are not used for hedge accounting and financial liabilities held for trading. The liabilities are measured continuously at fair value and the change in value is recognized in profit and loss as a financial item. Only derivatives were recognized in this category during the year.

Loans and receivables

Loans and receivables are financial assets that are not derivatives with fixed or determinable payments and that are not quoted in an active market.

Loan receivables and accounts receivable are initially valued at fair value and subsequently at amortized cost by applying the effective interest method less possible provisions for impairment. A bad debt provision is made when there is objective evidence that the Group will not be able to secure all amounts maturing in accordance with the original conditions of the receivable. Significant financial difficulties experienced by a debtor, the probability of the debtor entering into bankruptcy or undergoing financial reconstruction and payments not being made or being made late (fallen due by more than 30 days) are considered to be indications that a bad debt provision may be required. The size of the provision comprises the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted by the receivable's effective interest rate. The carrying amount of the asset is reduced by using a depreciation account and the loss is recognized under the item "Selling expenses." When a receivable cannot be collected, it is eliminated against the depreciation account for receivables. The reversal of amounts that were previously eliminated is credited under the item "Selling expenses" in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and balances with banks and other institutes that mature within three months from the time of acquisition, as well as short-term investments with a maturity, from the time of acquisition, of less than three months, and which are exposed to a minimal risk of fluctuations in value.

Borrowings

Borrowings are initially recognized at fair value net after transaction costs and subsequently at amortized cost. Any difference between the amount received and the amount to be repaid is recognized in profit and loss over the loan period by applying the effective interest method. Borrowings are classified as interest-bearing non-current or current liabilities in the balance sheet.

Accounts payable

Accounts payable are initially recognized at fair value and thereafter at accrued cost using the effective interest method.

Offsetting of financial instruments

Financial assets and liabilities are offset and recognized at net amount in the balance sheet only when a legal right exists to offset the recognized amount and there is the intention to settle them at a net amount or simultaneously realize the asset and settle the liability.

Impairment of financial assets

– Assets recognized at amortized cost

At the end of each reporting period, the Group assesses whether there is objective evidence to recognize impairment losses on a financial asset or group of financial assets. Impairment losses will be recognized on a financial asset or group of financial assets only if there is objective evidence of an impairment requirement as a result of the occurrence of one or more events after the asset was recognized for the first time (a "loss event") and this event (or events) has (have) an impact on estimated future cash flows for the financial assets or group of financial assets that can be estimated reliably.

Financial derivatives

The Group utilizes derivatives to cover the risk for exchange-rate fluctuations and to hedge its exposure to interest-rate risks. The Group also uses derivatives for commercial trade within the framework of the mandates determined by the Board. Holdings of financial derivatives include interest-rate and currency swaps, FRAs and foreign-exchange forwards, and interest-rate and currency options.

Derivatives are recognized in the balance sheet from the contract date and are measured at fair value, both initially and in subsequent reassessment. The method for recording the gains or losses arising in connection with reassessment depends on whether or not the derivatives have been identified as a hedging instrument and whether this is a hedge of fair value, cash flow or net investment.

Derivatives not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities valued at fair value in profit and loss. Realized and unrealized gains and losses resulting from changes in fair value are recognized as financial items in the income statement in the period in which they occur.

Hedge accounting

The Group applies hedge accounting for financial instruments intended to hedge the following financial risks: future commercial cash flows – internal and external – in foreign currency, cash flows in future interest payments on the Group's borrowing and net investments in foreign operations.

When entering into the transaction, the relationship between the hedging instrument and the hedged item or transaction is documented, as is the

objective of risk management and the strategy according to which various hedging measures are implemented. Both at the inception of the hedging transaction and on an ongoing basis, the Group also documents its assessment as to whether or not the derivatives used for the hedging transaction are efficient in offsetting changes in the fair value of the hedged items or in the cash flows pertaining to them.

Hedges are designed so that they can be expected to be effective. Changes in the fair value of such derivatives that do not meet the requirements for hedge accounting are recognized directly in profit and loss.

Hedging of future commercial cash flows in foreign currency

To hedge future forecast and contracted commercial cash flows, both within the Group and externally, the Group secures foreign-exchange forward contracts and currency option contracts. The effective portion of changes in the fair value of hedging instruments is recognized in equity. The gain or loss attributable to any ineffective portion is recognized directly in operating profit in the income statement. Accumulated amounts in equity are transferred back to the income statement in the periods in which the hedged item affects profit, such as when a forecast external sale takes place.

When a hedging instrument expires or is sold, or when the hedge no longer meets the requirements for hedge accounting, accumulated gains or losses remain in equity and are recognized as income at the same time as the forecast transaction is finally recognized in profit and loss.

If a forecast transaction is no longer expected to take place, the accumulated gain or loss recognized in equity is immediately transferred to the income statement.

Hedging of cash flows in future interest payments on Group borrowing

The Group secures interest-rate derivatives to ensure required interest levels on the Group's net borrowings. Amounts to be paid or received in relation to interest-rate derivatives are recognized on an ongoing basis as interest income or interest expenses.

Changes in the fair value of hedging instruments are recognized in equity until the maturity date. Any ineffective portion is recognized directly in profit and loss. If the loan, and consequently, future interest payments, ceases to exist, the accumulated gain or loss recognized in equity is transferred immediately to the income statement.

Hedging of net investments in foreign subsidiaries

The Group has borrowings, foreign-exchange forwards and currency options in foreign currencies to hedge investments in foreign subsidiaries. These borrowings and contracts are measured at the closing rate. In the consolidated balance sheet, the borrowings are measured at the closing rate and exchange differences are recognized directly against equity after adjustment for the tax portion.

The Group has borrowings in foreign currency to certain subsidiaries where the loans represent a permanent element of the Parent Company's financing of the subsidiary. These loans are hedged for foreign-exchange risks in the same way as investments in foreign subsidiaries. Loans and hedges are recognized at the closing rate, with exchange-rate differences on these loans and hedges being recognized directly in equity. Any ineffective portion of the exchange-rate difference is recognized directly in the income statement as a financial item.

Accumulated gains and losses in equity are recognized in the income statement when the foreign operations are disposed of.

Realized exchange-rate differences on borrowings and forward contracts are recognized in the cash-flow statement under "Financing activities."

Inventories

Inventories are measured at the lower of cost and net realizable value on the balance-sheet date. Cost is calculated according to the first-in/ first-out (FIFO) principle. For finished products and work in progress, cost consists of raw materials, direct personnel costs, other direct costs and related indirect production costs. Normal capacity utilization is used in the measurement of inventories. Borrowing costs are not included. The net realizable value is calculated as the estimated selling price less applicable variable sales expenses. Deductions are made for internal profits generated through intra-Group sales.

Equity

Costs arising in connection with new share issues and the repurchase of treasury shares are recognized directly in equity.

The redemption of convertibles and the exercise of share warrants entail new shares being issued while the exercise of call options may entail the utilization of treasury shares.

The proceeds from the sale of treasury shares are recognized directly in equity. Holdings of treasury shares reduce profit brought forward. When treasury shares are cancelled, the share capital is reduced by an amount corresponding to the par value of the shares and accumulated profit or loss is increased by the corresponding amount.

Provisions

Provisions are recognized when the Group has a legal or constructive obligation resulting from past events and it is probable that payment will be demanded to meet the obligation and that the amount can be calculated reliably. The provision for restructuring mainly covers costs relating to severance pay and other costs affecting cash flow that arise in conjunction with restructuring the Group's operations. Provisions are made when a detailed, formal plan for measures has been established and valid expectations have been raised by those who will be affected by the measures. No provisions are made for future operating losses.

Provisions are made for environmental activities that are related to earlier operations when it is probable that a payment liability will arise and the amount can be estimated with reasonable precision. Provisions are split into non-current and current provisions.

Shareholders' contributions and Group contributions

Shareholders' contributions to subsidiaries are added to the value of shares and participations in the balance sheet, after which, impairment testing is conducted.

Group contributions are provided to minimize the Group's tax expenses. Group contributions are recognized directly against equity, after adjustment for current tax.

Government grants

Government grants are recognized at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to the acquisition of assets reduces their cost. Government grants providing compensation for expenses are recognized systematically over the same period as the expenses to be compensated.

Employee benefits

Pension obligations

Within the Group, there are a number of defined-contribution pension plans and defined-benefit pension plans, a small number of which have plan assets in foundations or similar.

A defined-contribution pension plan is a plan where the Group pays fixed fees to a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees. In a defined-benefit pension plan, the amount of the pension benefit an employee will receive after retirement is based on factors such as age, period of service and salary.

Pension plans are normally financed through contributions to a separate legal entity from each Group company and from the employees.

The liability recognized in the balance sheet in respect of defined-benefit pension plans is the present value of the defined-benefit obligation on the balance-sheet date less the fair value of plan assets and adjusted for unrecognized actuarial gains and losses for past service.

For defined-benefit plans, the liability is calculated using the Projected Unit Credit Method, which allocates the cost over the employee's working life. The calculations are undertaken by actuaries, who also annually reassess the value of the pension obligations. These assumptions are based on the present value of future pension payments and are calculated using a discount rate corresponding to the interest on first-class corporate bonds or government bonds with a remaining maturity that more or less matches that of the current pension obligations. For funded pension plans, the fair value of plan assets reduces the calculated pension obligation. Funded plans with net assets, i.e. where the assets exceed the obligations, are recognized as plan assets. If accumulated actuarial gains and losses arising from experience-based adjustments and changes to actuarial assumptions exceed the higher of 10 percent of the pension obligations or the market value of the plan assets, the exceeding amount is recognized over the expected average remaining working life of employees participating in the plan. Some of the ITP plans in Sweden are financed through insurance premiums paid to Alecta. This is a defined-benefit plan and encompasses several employers. Since Trelleborg did not have access to information to enable it to record this plan as a defined-benefit plan, it was consequently recognized as a defined-contribution plan.

The Group's pension payments for defined-contribution plans are expensed in all functions in profit and loss in the period when the employees carried out the service to which the contribution refers. Prepaid contributions are recognized as an asset to the extent that cash repayments or reductions of future payments can benefit the Group.

Other post-employment benefits

Certain Group companies, primarily in the US, provide post-retirement medical care benefits for their employees. Entitlement to these benefits normally requires that the employee remains in service until retirement and works for the company for a specific number of years. The anti-

pated cost of these benefits is recognized over the period of service through the application of an accounting method similar to that used for defined-benefit pension plans. Actuarial gains and losses are recognized over the expected average remaining working life of the employees concerned. These obligations are assessed by qualified actuaries.

Variable salaries

Provisions for variable salaries are expensed on an ongoing basis in accordance with the financial implications of the agreement.

Remuneration on termination

Remuneration is normally payable if employment is terminated prior to normal retirement age or when an employee accepts voluntary termination in exchange for remuneration. The Group records severance pay when a detailed formal plan has been presented.

Related-party transactions

The Group's transactions with related parties pertain to purchases and sales to associated companies. All transactions are priced in accordance with market terms and prices.

Critical accounting estimates and judgments

Company management and the Board of Directors make estimates and assumptions about the future. These estimates and assumptions affect recognized assets and liabilities, as well as revenue and expenses and other disclosures, including contingent liabilities. These estimates are based on historical experience and on various assumptions considered reasonable under prevailing conditions. The conclusions reached in this manner form the basis for decisions concerning the carrying amounts of assets and liabilities where these cannot be determined by means of other information. The actual outcome may diverge from these estimates if other assumptions are made or other conditions arise. Areas involving such estimates and assumptions that may have a significant effect on the Group's earnings and financial position include:

- Impairment testing of goodwill and other assets: The impairment requirement for goodwill implies that goodwill is tested annually in conjunction with the year-end or as soon as changes indicate that a risk for impairment exists, such as when the business climate changes or a decision is made on the divestment or closure of an operation. Impairment losses are recognized if the estimated value in use exceeds the carrying amount. See also Note 15. Goodwill represents approximately 85 percent of the Group's equity.
- Other PPE and intangible assets are recognized at cost, less accumulated depreciation and any impairments. The Group has no intangible assets other than goodwill with an indefinite useful life. Amortization and depreciation occur over the estimated useful life, down to the assessed residual value. The value is tested as soon as changed conditions show that a need for impairment has occurred. Value in use is measured as anticipated future discounted cash flow, primarily from the cash-generating unit to which the asset belongs, but in specific cases, also in relation to individual assets. Testing of the carrying amount of an asset also becomes necessary when a decision on termination is made. The asset is measured at the lower of the carrying amount and the fair value after deduction of selling costs. Not including goodwill, PPE and intangible assets amount to approximately 60 percent of the Group's equity.
- Calculation of deferred tax assets and liabilities: Assessments are made to determine current and deferred tax assets and liabilities, particularly with regard to deferred tax assets. In this manner, it is assessed how probable it is that the deferred tax receivables will be used for settlement against future taxable gains. The fair value of these future taxable gains may deviate owing to the future business climate and earnings potential or changes to tax regulations. For further information, see Note 19.
- Calculations of remuneration to employees: The value of pension obligations for benefit-based pension plans is derived from actuarial calculations based on assumptions concerning discount rates, expected yield from plan assets, future salary increases, inflation and the demographic conditions. At year-end, the Group's benefit-based obligations amounted to SEK 744 M. As regards accounting policies, actuarial gains and losses in defined-benefit pension plans are only entered into the income statement in the amount they either exceed or fall below 10 percent of the higher of the present value of the defined-benefit pension obligation, valued at fair value, or the fair value of the plan assets. Net unrecognized actuarial gains or losses amounted to a loss of SEK 124 M at year-end.
- Calculations regarding legal disputes and contingent liabilities: The Group is involved in a number of disputes and legal proceedings within the framework for its operating activities. The management engages both external

and internal expertise in these matters. According to assessments made, the Group is not involved in any legal disputes that can entail any major negative effect on the operation or the financial position. For further information concerning Risks and risk management, see page 31.

- Calculations of provisions for restructuring measures, other provisions and accrued expenses: The size of provisions for restructuring is based on assumptions and estimations regarding the point in time and cost for future activities, such as the size of severance payments or other obligations in connection with termination of employment. Calculations for this type of cost are based on the relevant situation in the negotiations with the parties concerned.

Cash-flow statements

Cash-flow statements are prepared in accordance with the indirect method.

Parent Company's accounting policies

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and Swedish Financial Accounting Standards Council's recommendation RFR 2.2.

Accounting for legal entities entails that, in its financial reporting, the Parent Company applies International Financial Reporting Standards (IFRS) that have been endorsed by the EU where this is possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. This entails the following differences between accounting in the Parent Company and the Group.

- The Parent Company records its pension obligations in accordance with the Swedish law on safeguarding of pension commitments. Adjustments in accordance with IFRS are made at the Group level.
- In the case of non-current lending to subsidiaries, which forms part of the Company's net investment in the subsidiary, the change in value is recognized in a fair-value reserve in equity. Consequently, changes in the value of hedging instruments are also recognized in a fair-value reserve. Accumulated changes in value on loans and hedging instruments are reversed in connection with the disposal or reduction of each investment, with accumulated changes in value on both loans and hedging transactions pertaining to the same loans being transferred to the income statement. At the Group level, an adjustment is made to eliminate this effect on earnings in the Parent Company, whereby no changes occur in the consolidated income statement and balance sheet.

Note 2

Segment reporting

A description of the Group's operating segments is presented on pages 20-27.

Net sales and operating profit/loss by business segment

SEK M	2009						2008					
	Net sales			Operating profit/loss	Of which, items affecting comparability	Of which, profit/loss in associated companies	Net sales			Operating profit/loss	Of which, items affecting comparability	Of which, profit/loss in associated companies
	External	Internal	Total				External	Internal	Total			
Trelleborg Engineered Systems	11,018	151	11,169	581	-163	4	12,074	154	12,228	1,004	-79	26
Trelleborg Automotive	8,393	9	8,402	-58	-59	7	9,485	21	9,506	-1,247	-868	-8
Trelleborg Sealing Solutions	4,658	15	4,673	128	-152		5,998	36	6,034	858	-32	
Trelleborg Wheel Systems	2,990	1	2,991	267	-16		3,706	2	3,708	348	-15	
Other operations				-145						-589	-430	
Elimination of inter-company sales		-176	-176					-213	-213			
Trelleborg Group	27,059	0	27,059	773	-390	11	31,263	0	31,263	374	-1,424	18
Financial income				23						30		
Financial expenses				-427						-570		
Income tax				50						-92		
Net profit for the year				419						-258		

Assets and liabilities by business segment

SEK M	2009								2008							
	Operating assets	Operating liabilities	Capital employed	Of which investment in associated companies	Capital expenditures	Depreciation/amortization	Impairment losses	Operating cash flow*	Operating assets	Operating liabilities	Capital employed	Of which investment in associated companies	Capital expenditures	Depreciation/amortization	Impairment losses	Operating cash flow*
Trelleborg Engineered Systems	9,337	2,626	6,711	21	261	367	21	1,698	10,831	3,019	7,812	47	557	330	20	795
Trelleborg Automotive	6,650	2,122	4,528	52	296	428	9	445	7,341	2,239	5,102	49	463	432	397	59
Trelleborg Sealing Solutions	7,942	786	7,156	-3	91	217	18	783	9,071	1,025	8,046	-3	263	194	7	922
Trelleborg Wheel Systems	2,543	708	1,835	3	176	102	-2	520	3,084	939	2,145	3	232	90		129
Other operations	242	191	51		2	10		-231	310	294	16		11	8		-311
Provisions for items affecting comparability		526	-526							883	-883					
Trelleborg Group	26,714	6,959	19,755	73	826	1,124	46	3,215	30,637	8,399	22,238	96	1,526	1,054	424	1,594

*Operating cash flow relates to the Group's operations, excluding provisions for restructuring measures.

Net sales

External net sales by geographical market

SEK M	2009	2008
Western Europe*	15,732	19,023
North America	4,947	5,570
Rest of the world	6,380	6,670
Trelleborg Group	27,059	31,263

Assets by geographical market

SEK M	Operating assets		Capital expenditures	
	2009	2008	2009	2008
Western Europe	17,924	21,186	454	801
North America	4,884	5,605	93	243
Other markets	4,533	4,551	279	482
Eliminations	-627	-705		
Trelleborg Group	26,714	30,637	826	1,526

*For definition see page 103.

Net sales

By geographical market/country

SEK M	2009	2008
Germany	3,740	4,550
France	2,577	3,071
UK	1,849	2,306
Sweden	1,555	2,091
Italy	1,367	1,707
Spain	1,057	1,155
Denmark	847	741
Norway	675	895
Belgium	606	675
Netherlands	576	737
Other Western European countries	883	1,095
Total Western European countries	15,732	19,023
US	4,483	5,044
Canada	464	526
Total North American countries	4,947	5,570
Rest of Europe	1,467	1,953
Brazil	1,133	1,198
Other South and Central American countries	354	375
Total South and Central America	1,487	1,573
China	643	494
South Korea	481	597
Other markets	2,303	2,053
Total Asia and other markets	3,426	3,144
Total rest of the world	6,380	6,670
Trelleborg Group	27,059	31,263
Of which		
sales of goods	26,872	31,082
services	187	181

In the translation of foreign subsidiaries, changes in exchange rates compared with 2008 had a positive impact on sales of 7 percent.

Trends in key currencies were as follows:

	2009		2008	
	Average rate	Closing day rate	Average rate	Closing day rate
EUR	10.6222	10.3623	9.6046	10.9448
USD	7.6503	7.2138	6.5787	7.7538
GBP	11.9260	11.4913	12.0902	11.2538

Since January 1, 2007, the earnings for each separate month are recalculated at the average exchange rate for the month. The separate monthly values are subsequently added together to accumulated values.

Note 3

Employees and employee benefits

Average number of employees

	2009			2008		
	Women	Men	Total	Women	Men	Total
Sweden	527	1,204	1,731	725	1,518	2,243
France	543	1,895	2,438	711	2,139	2,850
Italy	201	1,182	1,383	280	1,248	1,528
Spain	218	775	993	270	1,032	1,302
UK	257	1,109	1,366	373	1,414	1,787
Germany	251	785	1,036	343	923	1,266
Other Western European countries	376	1,214	1,590	482	1,464	1,946
Total Western Europe	2,373	8,164	10,537	3,184	9,738	12,922
US	874	1,959	2,833	1,075	2,426	3,501
Canada	18	18	36	36	72	108
Total North America	892	1,977	2,869	1,111	2,498	3,609
Poland	364	537	901	537	748	1,285
Other Eastern European countries	562	966	1,528	594	1,081	1,675
Total Eastern Europe	926	1,503	2,429	1,131	1,829	2,960
Brazil	116	867	983	102	963	1,065
Other South and Central American countries	171	178	349	251	254	505
Total South and Central America	287	1,045	1,332	353	1,217	1,570
China	285	563	848	277	826	1,103
Sri Lanka	29	673	702	33	729	762
Other markets	189	1,167	1,356	205	1,216	1,421
Total Asia and other markets	503	2,403	2,906	515	2,771	3,286
Total	4,981	15,092	20,073	6,294	18,053	24,347

The proportion of women in executive management positions is 8 percent (8) and 14 percent (14) on the Board of Directors.

Employee benefits

	2009 Salaries and other remuneration	2008 Salaries and other remuneration
SEK M		
Sweden	728	824
France	779	750
Italy	518	512
Spain	316	338
UK	476	601
Germany	597	592
Other Western European countries	713	777
Total Western Europe	4,127	4,394
US	1,154	1,198
Canada	16	27
Total North America	1,170	1,225
Poland	88	124
Other Eastern European countries	156	179
Total Eastern Europe	244	303
Brazil	137	134
Other South and Central American countries	37	44
Total South and Central America	174	178
China	69	61
Sri Lanka	24	22
Other markets	274	254
Total Asia and other markets	367	337
Total	6,082	6,437
Of which		
to Board members, presidents and executive vice presidents, including variable salaries	162	183
to other senior executives	19	16

SEK M	2009	2008
Social security expenses	1,424	1,525
Pension costs – defined-contribution plans	192	200
Pension costs – defined-benefit plans	77	9

A complete list is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

Remuneration to management 2009 President

During 2009, the President and CEO received a fixed salary and other remuneration as shown in the table below. Pursuant to agreements, the President has the possibility of obtaining a variable salary. The variable salary has an established upper limit for full-year 2009, corresponding to 65 percent of fixed salary. During 2009, the variable salary was based on the Trelleborg Group's profit before tax, excluding the effect of structural changes approved by the Board, and on the Trelleborg Group's operating cash flow, excluding the effect of structural changes approved by the Board. The latter of these, operating cash flow, was subsequently divided into quarterly targets, accounting for two-thirds of the amount, and annual targets, accounting for one-third of the amount. The variable salary does not constitute pensionable income. In 2009, the established targets were exceeded, and therefore a variable salary of SEK 3,900,000 (-) was payable to the President.

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

agreement and pension agreement shall be rendered invalid from the effective date of the President's possible early retirement. The pension agreement is a defined-contribution scheme, and the premium is computed as 40 percent of the fixed annual salary. Pension premiums were expensed in 2009 as shown in the table below.

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

Other senior executives

The principles for remuneration to other senior executives are based on both a fixed and variable salary. The variable part has an established upper limit and accounts for about 25-65 percent of fixed annual salary. In 2009, the variable salary was based on the earnings trend and operating cash flow. The latter of these, operating cash flow, was subsequently divided into quarterly targets, accounting for two-thirds of the amount, and annual targets, accounting for one-third of the amount.

Some of the executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation normally amounting to 60 percent of fixed annual salary is paid until the age of 65, when the regular retirement pension payments become effective. Regular retirement pension plans are defined-contribution schemes, whereby the pension premium is calculated at 30 percent of the fixed annual salary. For certain senior executives, extended notice of termination periods apply when initiated by the company, normally 12, 18 or 24 months, which do not apply when initiated by the individual. For the President and other senior executives, there is an opportunity to have a company car as a benefit.

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

Long-term incentive program

In 2005, the Board of Directors resolved to introduce a long-term incentive program for the President and for certain senior executives exercising a significant influence on the Trelleborg Group's earnings per share. The Board of Directors also resolved to introduce a similar program in 2006, 2007, 2008, 2009 and 2010. These programs are ongoing three-year programs for which the Board will, on a yearly basis, approve new programs and will define their scope, objective and number of participants.

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

Purpose

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

Target figure

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

For 2007, the Board established a target of SEK 5.40 in earnings per share, in 2008, a target of SEK 6.56 and in 2009, a target of SEK 2.56, with the upper cap for payments set at 25 percent of the maximum annual variable salary per year. For the 2007 and 2008 programs, the targets for earnings per share were recalculated as a result of the implemented rights issue.

Outcome and payment

The results are calculated annually and accumulated over the three-year period, and potential payments are made in the first quarter of the year after the program expires. Accordingly, for the program approved in 2006, payments were made in the first quarter of 2009, for the program approved in 2007, payments will be made in the first quarter of 2010, for the program approved in 2008, payments will be made in the first quarter of 2011, for the program approved in 2009, payments will be made in the first quarter of 2012, and for the program approved in 2010, payments will be made in the first quarter of 2013. The payments do not constitute pensionable income. In 2009, earnings were charged with SEK 14,886,000 (-).

Specification of remuneration to Board members, salaries to the President, Executive Vice Presidents and other senior executive officers

2009 SEK 000s	Board fee/ Fixed salary	Variable salary	Incentive program ¹⁾	Benefits	Pension	Total
Anders Narvinger, Chairman of the Board	1,100					1,100
Heléne Bergquist, Board member	493					493
Hans Biörck, Board member	240					240
Staffan Bohman, Board member	410					410
Rolf Kjellman, Board member	170					170
Claes Lindqvist, Board member	477					477
Sören Mellstig, Board member	360					360
President	6,506	3,900	975	153	2,382	13,916
Executive Vice President	3,150	1,250	313	127	2,085	6,925
Other senior executives, employees of Trelleborg AB, 6 persons	10,188	3,890	740	647	4,067	19,532
Employees of other Group companies, 4 persons	19,108	6,309	2,480	267	3,744	31,908
Total	42,202	15,349	4,508	1,194	12,278	75,531

1) Expensed in 2009. Payment is made in the first quarter of 2012 on condition that the executive is employed in the Group on December 31, 2011. For changes to the Board in 2009, see page 35.

2008 SEK 000s	Board fee/ Fixed salary	Variable salary	Incentive program	Benefits	Pension	Total
Anders Narvinger, Chairman of the Board	1,063					1,063
Heléne Bergquist, Board member	450					450
Staffan Bohman, Board member	387					387
Rolf Kjellman, Board member	495					495
Claes Lindqvist, Board member	387					387
Berthold Lindkvist, Board member	113					113
Sören Mellstig, Board member	240					240
President	6,693			153	2,402	9,248
Executive Vice President	3,211			127	2,024	5,362
Other senior executives, employees of Trelleborg AB, 6 persons	11,075	38		686	4,348	16,147
Employees of other Group companies, 4 persons	17,093	5,190		131	3,698	26,112
Total	41,207	5,228	-	1,097	12,472	60,004

The above principles for remuneration to senior executives in the Trelleborg Group were adopted at the Annual General Meeting in 2009 and also comprise the Board's proposal to the 2010 Annual General Meeting.

Note 4

Auditors' remuneration

SEK M	2009	2008
PricewaterhouseCoopers		
Audit assignment	42	37
Other assignments	10	8
Other auditors		
Audit assignment	1	0
Other assignments	1	1
Total	54	46

Note 5

Items affecting comparability

Subdivided by business area

SEK M	2009	2008
Trelleborg Engineered Systems	-163	-79
Trelleborg Automotive	-59	-868
Trelleborg Sealing Solutions	-152	-32
Trelleborg Wheel Systems	-16	-15
Nonrecurring legal expenses	-	-430
Total	-390	-1,424

Subdivided by function

SEK M	2009	2008
Cost of goods sold	-45	-16
Administrative expenses	-43	-99
Other operating income	-	1
Other operating costs	-302	-1,310
Total	-390	-1,424

Of which, impairment losses/restructuring costs

SEK M	Impairment losses		Restructuring costs	
	2009	2008	2009	2008
Trelleborg Engineered Systems	-21	-16	-142	-63
Trelleborg Automotive	-4	-386	-55	-482
Trelleborg Sealing Solutions	-18	-6	-134	-26
Trelleborg Wheel Systems	-	-	-16	-15
Total	-43	-408	-347	-586

Impairment of non-current assets was conducted to the calculated value in use.

Note 6

Other operating income and expenses

SEK M	2009	2008
Compensation from insurance company	27	0
Rental revenue	12	13
Exchange-rate differences	74	115
Customer-/Supplier-related revenues	33	49
Sale of fixed assets	25	44
Sale of tools, prototypes, etc.	117	105
Sale of services	14	21
Other	36	42
Total other operating income	338	389
Royalties	-6	-11
Rental expenses	-21	-23
Exchange-rate differences	-96	-154
Customer-/Supplier-related expenses	-43	-39
Sale/disposal of fixed assets	-14	-12
Restructuring costs	-302	-909
Nonrecurring legal expenses	-	-401
Other	-5	-122
Total other operating expenses	-487	-1 671
Total Group	-149	-1 282

Note 7

Share of profit or loss in associated companies

SEK M	Profit/loss before tax		Tax		Net profit/loss		Dividend received	
	2009	2008	2009	2008	2009	2008	2009	2008
Dawson Manufacturing Co	12	-12	-4	4	8	-8	0	0
Roofing contractors	4	32	-1	-8	3	24	25	6
Other associated companies	1	2	-1	0	0	2	1	1
Total	17	22	-6	-4	11	18	26	7

SEK M	Receivables from associated companies		Liabilities to associated companies		Sales to associated companies		Operating income from associated companies	
	2009	2008	2009	2008	2009	2008	2009	2008
Dawson Manufacturing Co	4	4	0	0	17	30	6	13
Roofing contractors	9	0	0	0	114	140	18	9
Other associated companies	1	4	0	0	35	64	0	0
Total	14	8	0	0	166	234	24	22

Company	Registered office	Share of equity, %	Assets		Liabilities	
SEK M			2009	2008	2009	2008
<i>Indirectly owned</i>						
Dawson Manufacturing Co	US	45	173	162	57	64
Roofing contractors	Denmark	40	37	158	20	121
Other			116	112	61	54
Total			326	432	138	239

Company	Shareholders' equity		Net sales		Profit for the year		Carrying amount	
SEK M	2009	2008	2009	2008	2009	2008	2009	2008
<i>Indirectly owned</i>								
Dawson Manufacturing Co	116	98	188	212	16	14	52	49
Roofing contractors	17	37	214	875	-3	46	10	36
Other	55	58	200	225	4	10	11	11
Total	188	193	602	1,312	17	70	73	96

Shares and participations in associated companies

SEK M	2009	2008
Balance, January 1	96	75
Acquisitions	2	-
Divestments	-4	-2
Dividend	-26	-7
Share of profit in associated companies	11	18
Translation differences	-6	12
Carrying amount, December 31	73	96

Note 8

Expenses by nature

SEK M	2009	2008
Costs for raw materials, components, goods for resale, packaging material and energy and transport costs	-14,952	-17,963
Remuneration to employees (including insourced staff)	-7,997	-8,171
Depreciation/amortization and impairment losses	-1,170	-1,478
Other external costs related to sales, administration and research and development	-2,004	-2,421
Other operating income/expenses	-174	-874
Share of profit in associated companies	11	18
Total	-26,286	-30,889

Note 9

Exchange-rate differences that impact operating profit

SEK M	2009	2008
Net sales	-52	274
Cost of goods sold	105	-267
Sales, administration and R&D costs	-2	-8
Other operating income/operating expenses	-22	-39
Total	29	-40

Note 10

Government grants

SEK M	2009	2008
Grants received	10	6
Total	10	6

Note 11

Financial income and expenses

Financial income		
SEK M	2009	2008
Interest income from interest-bearing receivables	18	20
Exchange-rate gains, net	5	10
Total financial income	23	30
Financial expenses		
Interest expenses on interest-bearing liabilities	-427	-570
Total financial expenses	-427	-570
Total financial income and expenses	-404	-540

Note 12

Income tax

SEK M	2009	2008
Current tax expenses		
Tax expenses for the period	-257	-322
Tax attributable to prior years	58	38
Total	-199	-284
Deferred tax expenses		
Utilization/revaluation of losses carried forward	122	455
Deferred tax expenses/income on changes in temporary differences	173	-212
Total	295	243
Other taxes		
	-46	-51
Total reported tax expenses for the Group	50	-92
Tax items recognized in other comprehensive income		
Deferred tax on cash-flow hedges	-23	38
Deferred tax on hedging of net investments	-117	315
Deferred tax in translation differences	-20	10
Total	-160	363
Tax items recognized directly against equity		
Tax on costs for rights issue	26	-
Reconciliation of tax in the Group		
Profit/loss before tax	369	-166
Swedish income tax, 26.3%	-97	46
Impact of other tax rates for foreign subsidiaries	21	20
Non-deductible expenses/non-taxable revenue	-11	-118
Amortization of goodwill	39	31
Impact of changed tax rates and tax regulations	0	-26
Reassessment of losses carried forward/temporary differences	126	36
Tax attributable to prior years	18	-30
Total	96	-41
Other taxes	-46	-51
Recognized tax for Group	50	-92

At year-end 2009, the Group had losses carried forward of approximately SEK 5,500 M (7,200), of which about SEK 3,600 M (3,300) was taken into account when calculating deferred tax. The losses carried forward not capitalized include cases where uncertainty exists regarding the tax value. Of the losses carried forward, about SEK 731 M falls due within the next five-year period.

The applicable tax rate is 26.3 percent (2008: 28 percent).

Note 13

Minority interest in profit and equity of subsidiaries

SEK M	Minority share in net profit for the year		Minority interest	
	2009	2008	2009	2008
Trelleborg Kunhwa Co Ltd	8	8	87	78
Other companies	2	1	7	7
Total	10	9	94	85

Note 14

Property, plant and equipment (PPE)

SEK M	2009	2008
Buildings	1,820	1,866
Land and land improvements	518	543
Plant and machinery	3,258	3,499
Equipment, tools, fixtures and fittings	439	499
New construction in progress and advance payments relating to PPE	568	730
Total	6,603	7,137

Depreciation of property, plant and equipment by function

SEK M	2009	2008
Cost of goods sold	-846	-791
Selling expenses	-17	-16
Administrative expenses	-54	-49
R&D costs	-27	-27
Other operating expenses	-13	-14
Total	-957	-897

Impairment loss of property, plant and equipment by function

SEK M	2009	2008
Cost of goods sold	-85	-6
Other operating expenses	44	-377
Translation differences	-	-9
Total	-41	-392

Impairment of PPE was made at calculated value-in-use.

Leasing agreements

The Group has entered into financial and operating lease agreements. Non-current assets held under financial lease agreements are recorded as property, plant and equipment and future payment obligations are recognized as a financial liability.

Leasing costs for assets held through financial lease agreements amounted to SEK 1 M (1). Future lease payments for financial lease agreements fall due as follows:

SEK M	2009	2008
Year 1	3	3
Year 2-5	6	8
Later than 5 years	-	-

Leasing costs for assets held through operating lease agreements are classified as operating expenses, and amounted to SEK 155 M (154). Future payment commitments for non-cancelable lease agreements amounted to SEK 607 M (699) and fall due as follows:

SEK M	2009	2008
Year 1	140	157
Year 2-5	282	333
Later than 5 years	185	209

	Buildings		Land and land improvements		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments		Total PPE	
SEK M	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated cost	3,665	3,629	564	588	10,817	10,925	1,908	1,931	633	787	17,587	17,860
Accumulated depreciation according to plan	-1,421	-1,352	-51	-52	-7,289	-7,157	-1,439	-1,400	-32	-22	-10,232	-9,983
Accumulated revaluations	21	21	35	37	14	16	2	1	0	-	72	75
Accumulated impairment losses	-445	-432	-30	-30	-284	-285	-32	-33	-33	-35	-824	-815
Carrying amount	1,820	1,866	518	543	3,258	3,499	439	499	568	730	6,603	7,137
Balance, January 1	1,866	1,690	543	489	3,499	3,124	499	442	730	548	7,137	6,293
Acquisitions	17	80	2	16	-	86	-	1	-	4	19	187
Capital expenditures	114	150	0	11	318	593	67	139	255	474	754	1,367
Capital expenditures, financial leasing	-	-	-	-	-	-	0	0	-	-	0	0
Divestments and disposals	-8	-49	-6	-2	-12	-7	-6	-5	-4	-8	-36	-71
Depreciation according to plan for the year	-125	-110	-3	-3	-683	-655	-145	-128	-1	-1	-957	-897
Impairment losses for the year	-7	-119	0	-14	-29	-205	-1	-19	-4	-35	-41	-392
Reclassifications	26	65	0	-1	292	247	41	24	-372	-342	-13	-7
Translation difference for the year	-63	159	-18	47	-127	316	-16	45	-36	90	-260	657
Carrying amount	1,820	1,866	518	543	3,258	3,499	439	499	568	730	6,603	7,137

The overall tax assessment value for the Group's Swedish properties amounted to SEK 464 M (475), of which buildings accounted for SEK 377 M (384).

Note 15

Intangible assets

SEK M	2009	2008
Capitalized expenditure for development work	256	330
Capitalized expenditure for IT	134	138
Concessions, patents, licenses, trademarks and similar rights	353	368
Goodwill	10,478	10,901
Market and customer-related intangible assets	16	22
Advance payments related to intangible assets	45	74
Total	11,282	11,833

Impairment testing of goodwill

Goodwill and other assets are tested for impairment annually or more frequently if there are indications of a decline in value. This testing is based on defined cash-generating units coinciding with the business areas applied in segment reporting. For a more detailed presentation of the Group's business areas, see pages 20-27.

The recoverable amount has been determined on the basis of calculations of value in use. These calculations are based on an internal assessment of the next five years and beyond with an assumed annual growth rate of 2 percent (2 percent). Projected future cash flows according to these assessments form the basis for the calculation. Changes in working capital and in capital expenditure requirements have been taken into account. When calculating the present value of future cash flows, a weighted average cost of capital (WACC) of 7.7 percent (7.7 percent) after tax was applied. Reconciliation was conducted against an external assessment of a reasonable cost of capital. The debt/equity ratio was assumed to be 75 percent (100).

The calculations indicated no need for impairment in any of the business areas. A sensitivity analysis shows that, with a rate of growth reduced by half beyond the next five years and an increase in the cost of capital of 1 percentage point to 8.7 percent after tax, there would still be no need for impairment for any of the business areas.

Impairment losses on intangible assets

SEK M	2009	2008
R&D costs	0	-25
Other operating expenses	-5	-4
Translation differences	-	-3
Total	-5	-32

Goodwill by segment

Planned residual value

SEK M	2009	2008
Trelleborg Engineered Systems	3,136	3,194
Trelleborg Automotive	1,577	1,653
Trelleborg Sealing Solutions	5,407	5,698
Trelleborg Wheel Systems	358	356
Total	10,478	10,901

	Internally generated intangible assets		Acquired intangible assets											
	Capitalized expenditure for development work		Capitalized expenditure for IT		Concessions, patents and licenses		Goodwill		Market and customer-related intangible assets		Advance payments related to intangible assets		Total intangible assets	
SEK M	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated cost	689	685	521	486	642	659	10,707	11,124	33	35	51	81	12,643	13,070
Accumulated amortization according to plan	-382	-307	-387	-347	-285	-287	-	-	-17	-13	-6	-7	-1,077	-961
Accumulated impairment losses	-51	-48	0	-1	-4	-4	-229	-223	-	-	-	-	-284	-276
Carrying amount	256	330	134	138	353	368	10,478	10,901	16	22	45	74	11,282	11,833
Balance, January 1	330	348	138	137	368	206	10,901	9,381	22	16	74	10	11,833	10,098
Acquisitions	-	-	-	-	6	123	34	322	0	4	-	-	40	449
Capital expenditures	41	55	28	30	2	10	-	-	-	3	1	61	72	159
Divestments and disposals	-1	-	0	0	-1	-1	-	-	-	-	-	-2	-2	-3
Amortization according to plan for the year	-93	-90	-56	-48	-13	-15	-	-	-5	-4	-	-	-167	-157
Impairment losses for the year	-5	-28	-	-	-	-4	-	-	-	-	-	-	-5	-32
Reclassifications	-	-	30	6	11	1	0	0	0	-	-28	-	13	7
Translation difference for the year	-16	45	-6	13	-20	48	-457	1,198	-1	3	-2	5	-502	1,312
Carrying amount	256	330	134	138	353	368	10,478	10,901	16	22	45	74	11,282	11,833
Amortization for the year, by function														
Cost of goods sold	-1	-1	-6	-5	-2	-4	-	-	-	-	-	-	-9	-10
Selling expenses	-	-	-4	-2	-3	-7	-	-	-4	-4	-	-	-11	-13
Administrative expenses	-	0	-45	-40	-5	-1	-	-	-1	-	-	-	-51	-41
R&D costs	-92	-89	-1	-1	-2	-2	-	-	-	-	-	-	-95	-92
Other operating expenses	-	-	0	0	-1	-1	-	-	-	-	-	-	-1	-1
Total depreciation	-93	-90	-56	-48	-13	-15	-	-	-5	-4	-	-	-167	-157

Note 16

Financial non-current assets

SEK M	2009	2008
Other shares (Note 18)	19	15
Plan assets	43	43
Financial assets at fair value in profit and loss	1	6
Loan receivable	6	–
Other non-current receivables	18	19
Total	87	83

Carrying amount corresponds to fair value.

Note 17

Parent Company and Group holdings of shares and participations in Group companies ¹⁾

Company	Registration number	Domicile/ country	No. of shares	Ownership percent	Carrying amount, SEK M
Trelleborg Sealing Solutions Belgium SA		Belgium	100	100	51
Trelleborg do Brasil Soluções em Vedação Ltda		Brazil	8,307,200	100	19
Trelleborg Sealing Solutions Bulgaria EOOD		Bulgaria	10,000	100	16
Trelleborg Sealing Solutions Czech s.r.o		Czech Republic	0	100	48
Trelleborg Sealing Solutions Hong Kong Ltd		China	484,675	100	1
Trelleborg Sealing Solutions Hungary Kft		Hungary	0	100	1
Trelleborg Sealing Solutions o.o.o.		Russia	0	100	2
Trelleborg Sealing Solutions Korea Ltd		South Korea	57,750	75	4
Trelleborg Sealing Solutions Japan KK		Japan	333	100	99
Trelleborg Sealing Solutions Polska Sp. z o.o.		Poland	12,800	100	6
Trelleborg Sealing Solutions Finland Oy		Finland	15	100	75
Trelleborg Sealing Solutions Switzerland SA		Switzerland	1,000	100	47
Trelleborg Sealing Solutions Sweden AB	556204-8370	Jönköping	2,500	100	167
Lebela Förvaltnings AB	556054-1533	Trelleborg	60,000	100	35
Trelleborg Sealing Solutions Austria GmbH		Austria	0	100	28
Trelleborg Tigveni SRL		Rumania	700	100	8
Trelleborg Tyres Lanka (Private) Ltd		Sri Lanka	16,272,537	100	91
Trelleborg Wheel Systems Liepaja SIA		Latvia	8,502,000	100	126
Trelleborg Wheel Systems Argentina S.A		Argentina	1,850,000	100	3
Chemtrading Alpha Holding AG		Switzerland	100	100	3
Dormvilio AB	556742-8767	Trelleborg	1,000	100	
Dormvilsex AB	556739-6998	Trelleborg	1,000	100	
Dormvilju AB	556742-8742	Trelleborg	1,000	100	
Dormvilitio AB	556742-8775	Trelleborg	1,000	100	
Dormviltre AB	556728-8716	Trelleborg	1,000	100	54
Dormviliatta AB	556742-8759	Trelleborg	1,000	100	
Trelleborg Industrial Products Finland Oy		Finland	100	100	203
MHT Takentreprenören i Malmö AB	556170-2340	Malmö	1,000	100	
Trelleborg Automotive Czech Republic s.r.o		Czech Republic	100,000	100	4
Trelleborg Automotive China Holding AB	556052-1485	Trelleborg	4,500,000	100	19
Trelleborg Automotive Group AB	556730-4448	Trelleborg	1,000	100	2
Trelleborg Automotive Poland Sp. z o.o.		Poland	350	100	93
Trelleborg Automotive S.R.L		Rumania	2,775	100	141
Trelleborg Automotive Slovakia s.r.o.		Slovakia	0	100	70
Trelleborg Engineered Systems Lithuania UAB		Lithuania	232,600	100	70
Trelleborg Sealing Profiles Lithuania UAB		Lithuania	100	100	
Trelleborg Corporation		US	2,592	100	3,211
Trelleborg Coated Systems US Inc		US	1,000	100	
Trelleborg Engineered Systems Italy SpA		Italy	25,600,000	100	
Trelleborg Sealing Solutions US, Inc		US	7,500	100	
Trelleborg Offshore US Inc		US	1,000	100	
Trelleborg Wheel Systems Americas Inc		US	1,000	100	
Trelleborg YSH Inc		US	100,000	100	
Trelleborg Sealing Profiles US Inc		US	0	100	
Trelleborg Croatia D.O.O		Croatia	0	100	2
Trelleborg Engineered Systems China Holding AB	556223-5910	Trelleborg	1,000	100	11
Trelleborg Engineered Systems Group AB	556055-7711	Trelleborg	1,250	100	5
Trelleborg Engineered Systems Qingdao Holding AB	556715-4991	Trelleborg	1,000	100	39
Trelleborg Fluid Solutions Czech Republic s.r.o.		Czech Republic	0	100	122
Trelleborg Holding AB	556212-8255	Trelleborg	1,000	100	741
Trelleborg Sealing Profiles Sweden AB	556026-2148	Trelleborg	12,000	100	
Trelleborg Automotive do Brasil Industria e Comercio de autopecas Ltda		Brazil	48,214,017	100	
Trelleborg Automotive Spain SA		Spain	600,000	100	
Trelleborg Industrial AVS AB	556020-2862	Sjöbo	500	100	10
Trelleborg International AB	556033-0754	Trelleborg	1,500	100	3,152
Trelleborg Sealing Solutions Germany GmbH		Germany	1	100	
Trelleborg Wheel Systems GmbH		Germany	2	100	
Trelleborg Automotive Germany GmbH		Germany	2	100	

Company	Registration number	Domicile/ country	No. of shares	Ownership percent	Carrying amount, SEK M
Trelleborg Holding Danmark A/S		Denmark	21,000	100	630
Trelleborg Holding France SAS		France	586,782	100	1,117
Trelleborg Industrie SAS		France	649,800	100	
Trelleborg Coated Systems France SAS		France	88,700	100	
Trelleborg Sealing Solutions France SAS		France	8,427	100	
Trelleborg Reims SAS		France	100,200	100	
Trelleborg Nantes SAS		France	100,342	100	
Trelleborg Kunhwa Co Ltd		South Korea	3,570,000	51	
Trelleborg Modyn SAS		France	720,000	100	
Trelleborg Wheel Systems France Sas		France	9,060	100	
Trelleborg Cerkezköy Otomotiv Sanayi Ve Ticaret AS		Turkey	7,500,000	100	
Trelleborg Holdings Italy S.r.l		Italy	0	100	591
Trelleborg Sealing Solutions Italia SpA		Italy	1,112,140	100	
Trelleborg Automotive Italia Spa		Italy	200,000	100	
Trelleborg Holding Norge AS		Norway	10,000	100	
Trelleborg Offshore Norway AS		Norway	7,000	100	
Trelleborg Holdings (UK) Ltd		UK	20,000,000	100	2,987
Trelleborg Sealing Solutions UK Ltd		UK	10,050,000	100	
Trelleborg Industrial Products UK Ltd		UK	100	100	
Trelleborg Offshore UK Ltd		UK	41,590	100	
Trelleborg Hong Kong Holdings Ltd		China	10,000	100	61
Wuxi Trelleborg Vibration Isolators Co Ltd		China	0	100	
Trelleborg Industri AB	556129-7267	Trelleborg	725,000	100	197
Trelleborg Insurance Ltd		Bermuda	50,000	100	118
Trelleborg International BV		Netherlands	41	100	3,150
Trelleborg Pipe Seals Lelystad BV		Netherlands	30,000	100	
Trelleborg Wheel Systems SpA		Italy	11,000	100	
Trelleborg Material & Mixing Lesina s.r.o.		Czech Republic	0	100	12
Trelleborg Moulded Components Wuxi Holding AB	556715-4983	Trelleborg	1,000	100	28
Trelleborg Protective Products AB	556010-7145	Trelleborg	100,000	100	26
Trelleborg Treasury AB	556064-2646	Stockholm	5,000	100	15,001
Trelleborg Waterproofing AB	556739-6980	Trelleborg	200,000	100	20
Trelleborg Wheels AB	556056-2620	Sävsjö	40,000	100	10
Trelleborg Wuxi Holding AB	556119-8820	Trelleborg	25,000	100	96
Trelleborg Rubore AB	556325-7442	Kalmar	60,000	100	235
Trelleborg China Holding AB	556030-7398	Trelleborg	200,000	100	43
Trelleborg Forsheda Sweden AB	556052-2996	Värnamo	8,640,000	100	643
Total, Parent Company					33,744

¹⁾ The table shows directly owned subsidiaries and indirectly owned companies with annual sales that exceed SEK 250 M.

A complete list of companies is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

Note 18

Other shares

SEK M	2009	2008
Cost, January 1	15	13
Acquisitions	5	–
Translation difference	–1	2
Cost, December 31	19	15
Carrying amount at year-end	19	15
Of which, Swedish shares	6	1
Foreign shares	13	14

Carrying amount corresponds to fair value.

Note 19

Deferred tax assets/tax liabilities

SEK M	2009			2008		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	9	222	-213	9	251	-242
Land and buildings	86	167	-81	104	170	-66
Machinery and equipment	152	192	-40	166	238	-72
Financial non-current assets	9	12	-3	12	11	1
Inventories	89	2	87	98	9	89
Current receivables	17	4	13	15	7	8
Pension provisions	145	15	130	148	16	132
Other provisions	155	30	125	225	27	198
Non-current liabilities	16	0	16	18	4	14
Current liabilities	130	7	123	106	14	92
Losses carried forward	1,063	12	1,051	954	11	943
Total	1,871	663	1,208	1,855	758	1,097
Offsetting of assets/liabilities	-411	-411		-448	-448	
Total	1,460	252		1,407	310	

Deferred tax assets/liabilities are offset when the deferred tax pertains to the same tax authority.

Change in deferred tax on temporary differences and losses carried forward

SEK M	Balance, January 1		Recognized in profit and loss		Recognized in other comprehensive income/directly against equity		Acquired/divested tax assets/liabilities		Translation differences		Balance, December 31	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Intangible assets	-242	-207	17	20			-28		12	-27	-213	-242
Land and buildings	-66	-58	-18	-4					3	-4	-81	-66
Machinery and equipment	-72	-88	26	44			-8		6	-20	-40	-72
Financial non-current assets	1	-10	123	-309	-127	320			0	0	-3	1
Inventories	89	63	3	12			2		-5	12	87	89
Current receivables	8	9	15	-7	-10	5			0	1	13	8
Pension provisions	132	134	4	-18					-6	16	130	132
Other provisions	198	88	-65	93		-11			-8	28	125	198
Non-current liabilities	14	20	2	-14		9			-1		16	14
Current liabilities	92	88	58	-37	-23	38	-8		-4	11	123	92
Losses carried forward	943	401	122	455	26 *	2			-40	85	1,051	943
Exchange-rate differences			8	8					-8	-8	0	0
Total	1,097	440	295	243	-134	363	-	-42	-50	93	1,208	1,097

* Tax items recognized directly against equity relate to tax on cost for the rights issue.

Note 20

Inventories

SEK M	2009	2008
Raw materials and consumables	1,025	1,488
Work in progress	509	525
Finished products and goods for resale	1,877	2,745
Contracted work in progress	5	1
Advances to suppliers	9	16
Total	3,425	4,775

Impairment of obsolete inventories amounted to SEK 308 M (334).

Change in provision for bad debts

SEK M	2009
Opening balance	124
New provisions recognized in profit and loss	38
Utilization of reserve attributable to identified bad debt loss	-28
Reversals recognized in profit and loss	-8
Other	2
Translation difference	-4
Closing balance	124

The proportion of receivables that have fallen due, net after provisions, amounted to 13 percent (17) of total accounts receivable (adjusted for provisions for bad debts). Through its many segments and its geographic distribution, the Group achieves a favorable diversification of risks.

Note 21

Current operating receivables

SEK M	2009	2008
Accounts receivable	4,316	5,507
Provision for bad debts	-124	-124
Bills receivable	52	81
Operating receivables, associated companies	6	7
Other current receivables	379	521
Derivative instruments (Note 24)	0	1
Prepaid expenses and accrued income (Note 22)	641	742
Total	5,270	6,735

The receivables are recorded in amounts that correspond to fair value.

Age analysis of accounts receivable

SEK M	2009	2008
Receivable not yet due	3,661	4,448
Due, but not impaired:		
<30 days	386	672
31–60 days	85	170
61–90 days	29	55
>90 days	155	162
Total	4,316	5,507
Provision for bad debts	-124	-124
Total	4,192	5,383

Note 22

Prepaid expenses and accrued income

SEK M	2009	2008
Interest	0	1
Pension costs	11	11
Tools	206	238
Derivative instruments (Note 24)	6	20
Other	418	472
Total	641	742

Note 23

Interest-bearing receivables

SEK M	2009	2008
Interest-bearing receivables	9	1
Loan receivables	2	-
Derivative instruments (Note 24)	64	177
Other financial assets at fair value in profit and loss	3	-
Total	78	178

The recognized amounts represent an accurate estimation of their fair value.

Note 24

Financial derivative instruments

Derivative instruments are used mainly to hedge against the Group's exposure to fluctuations in exchange rates and interest rates. The Group also uses derivative instruments for proprietary trading within the framework of mandates set by the Board. In cases where available forms of borrowing do not meet the desired structure of the loan portfolio with regard to interest-rate and foreign-exchange considerations, various derivative instruments are used. Currency swaps are used to secure the desired financing adapted to the subsidiaries' currencies. Interest-rate swaps, FRAs or other comparable instruments are used to obtain the desired fixed-interest terms.

Foreign-exchange forwards and currency options are financial derivative instruments used to hedge currency exposure both in fixed commercial undertakings and calculated future commercial flows.

Investments in foreign subsidiaries and associated companies may be hedged. Hedging occurs mainly through corresponding borrowing in the same currency, but may also be secured through forward or option contracts. The table below shows where the Group's financial derivative instruments are recorded in the balance sheet.

Specification of derivatives in the balance sheet, SEK M	2009	2008
Current operating receivables included in working capital	6	20
Other current operating receivables	0	1
Interest-bearing receivables	64	177
Total receivables, financial derivatives	70	198
Other non-current liabilities	51	89
Current operating liabilities included in working capital	5	98
Other current operating liabilities	181	201
Interest-bearing liabilities	72	155
Total liabilities, financial derivatives	309	543

For credit exposure in derivatives, see note 28.

SEK M	2009		2008	
	Assets Fair value	Liabilities Fair value	Assets Fair value	Liabilities Fair value
Interest-rate swaps – cash-flow hedging	–	231	–	299
Interest-rate options – cash-flow hedging	–	–	1	–
Foreign-exchange forwards – cash-flow hedging	6	5	20	98
Foreign-exchange forwards – net investment hedging	24	44	103	31
Foreign-exchange forwards – financing of subsidiaries	40	29	74	115
Total	70	309	198	543

The nominal amount of outstanding interest-rate swaps totaled SEK 11,740 M (11,726).

Derivatives with hedge accounting

Cash-flow hedging – Interest-rate swaps

In the closing balance of the hedging reserve in equity, a negative SEK 62 M (neg: 94) before tax related to the fair value of interest-rate swaps.

At unchanged interest and exchange rates, this value will cause earnings to decline by SEK 15 M in 2010, by SEK 32 M in 2011 and by SEK 15 M in 2012.

Cash-flow hedges – forward currency contracts

The fair value closing balance of cash-flow hedges relating to forward currency contracts recognized in the hedging reserve amounted to a net of SEK 0 M (neg: 54).

At unchanged exchange rates, the outstanding cash-flow hedges in forward currency contracts will not impact future operating earnings (neg: 54).

Sensitivity analysis – Financial instruments

Sensitivity analyses relating to interest-rate risks and translation exposure are described in the section "Financial risk management" on pages 32-33.

If cash-flow hedges attributable to transaction exposure are valued using exchange rates applicable on December 31, 2008, the fair value would amount to a negative SEK 7 M, of which a negative SEK 4 M would be included in the hedging reserve (28).

If closing balances relating to accounts receivable and accounts payable, taking into consideration implemented hedging measures, are valued using exchange rates applicable on December 31, 2008, the net debt would decrease by SEK 2 M (5).

Having considered implemented hedging measures, the Group has no currency risk in other financial receivables and liabilities in foreign currencies.

Note 25

Cash and cash equivalents

SEK M	2009	2008
Cash and bank balances	591	749
Total	591	749

For credit exposure in cash and cash equivalents, see note 28.

Note 26

Equity

Specification of other reserves

SEK M	Hedging reserve		Translation reserve		Total	
	2009	2008	2009	2008	2009	2008
Opening balance, translation differences	-110	-1	1,144	-40	1,034	-41
Cash-flow hedging						
Fair value	20	-151			20	-151
Tax on fair value	-5	39			-5	39
Transfers to income statement	66	4			66	4
Tax on transfers to income statement	-18	-1			-18	-1
Translation differences for the year			-783	2,066	-783	2,066
Hedging of net investment after tax			329	-882	329	-882
Closing balance	-47	-110	690	1,144	643	1,034

Accumulated translation differences are recorded from January 1, 2004.

Of transfers from the hedging reserve to the income statement during 2009, SEK 12 M (2) caused a decline in the Group's financial interest expenses and SEK 54 M (6) caused a decline in operating profit.

The Board of Directors and President propose that a dividend of SEK 0.50 be paid for 2009 (no dividend was paid for 2008), totaling SEK 136 M (-).

Trelleborg AB's share capital at December 31, 2009 amounted to SEK 2,620,360,569, distributed among 271,071,783 shares, with a par value of SEK 9.67 each.

Class of share	No. of shares	% of total	No. of votes	% of total
Series A	28,500,000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	271,071,783	100.00	527,571,783	100.00

Change in total number of shares	2009	2008
January 1	90,357,261	90,357,261
Change during the year	180,714,522	–
December 31	271,071,783	90,357,261

No treasury shares are held.

Note 27

Interest-bearing liabilities

Non-current interest-bearing liabilities

SEK M	2009	2008
Liabilities to credit institutions	6,504	10,825
Other interest-bearing liabilities	12	9
Total	6,516	10,834

Current interest-bearing liabilities

SEK M	2009	2008
Liabilities to credit institutions	2,095	2,262
Bank overdraft facilities	356	386
Other interest-bearing liabilities	6	2
Derivative instruments (Note 24)	72	155
Total	2,529	2,805
Total interest-bearing liabilities	9,045	13,639

The recognized amounts for interest-bearing liabilities represent an accurate estimation of their fair value.

The Group's outstanding interest-bearing liabilities at year-end 2009, adjusted for derivative financial instruments, have the following currency distribution, effective interest rates and fixed-interest terms

	Volume SEK M		Effective interest rate, %		Fixed-interest term adjusted for possible derivatives. No. of days	
	2009	2008	2009	2008	2009	2008
SEK	-25	1,563	-0.2	5.1	0	0
USD	2,159	2,793	3.3	4.2	509	367
EUR	5,279	7,216	2.5	5.1	474	171
GBP	838	945	2.2	2.7	337	128
Other	794	1,122	2.5	6.0	62	56
Total	9,045	13,639	2.7	4.8	435	179

The Group's interest-bearing liabilities (utilized amounts at balance-sheet date)

	2009		2008	
	SEK M	Expires, year	SEK M	Expires, year
Non-current				
Syndicated loan, EUR tranche 723 M	1,776	2012	4,010	2012
Syndicated loan, USD tranche 580 M	2,058	2012	3,142	2012
Syndicated loan, EUR tranche 27 M	66	2011	149	2011
Syndicated loan, USD tranche 20 M	70	2011	107	2011
Bilateral credit facility, EUR 30 M	311	2011	328	2011
Bilateral credit facility, SEK 100 M	–	–	100	2010
Bilateral credit facility, SEK 400 M	–	–	400	2010
Bilateral loan, EUR 30 M	311	2012	328	2012
Bilateral loan, EUR 30 M	311	2011	328	2011
Bilateral loan, EUR 50 M	518	2011	547	2011
Bond loan, EUR 50 M	518	2015	547	2015
Bond loan, EUR 40 M	414	2011	438	2011
Bond loan, SEK 100 M	100	2011	100	2011
Bond loan, SEK 260 M	–	–	260	2010
Other non-current loans	51	2011–2012	41	2010–2012
Other interest-bearing liabilities	12	2011	9	2010
Total non-current liabilities	6,516		10,834	
Current				
Bilateral loan, SEK 300 M	–	–	300	2009
Bilateral loan, SEK 300 M	–	–	300	2009
Bond loan, SEK 260 M	260	2010	–	–
Bond loan, SEK 500 M	–	–	500	2009
Bond loan, SEK 100 M	–	–	100	2009
Commercial paper program	1,599	2010	800	2009
Overdraft facilities	356	2010	386	2009
Other current loans	236	2010	262	2009
Other interest-bearing liabilities	6	2010	2	2009
Derivative instruments	72	2010	155	2009
Total current liabilities	2,529		2,805	
Total	9,045		13,639	

Committed confirmed and uncommitted confirmed credit facilities

SEK M	2009			2008		
	Total	Utilized	Unutilized	Total	Utilized	Unutilized
<i>Committed confirmed credit facilities</i>						
Syndicated loan (expires 2011/2012)	12,100	3,970	8,130	12,861	7,408	5,453
Bilateral credit facility EUR 191.5 M (expires 2016)	1,985	–	1,985	–	–	–
Bilateral credit facility EUR 50 M (expires 2016)	518	–	518	–	–	–
Bilateral credit facility EUR 50 M (expires 2014)	518	–	518	–	–	–
Bilateral credit facilities (expire 2010/2011)	811	311	500	1,375	1,375	0
Overdraft facilities (expire 2010)	297	133	164	–	–	–
Total	16,229	4,414	11,815	14,236	8,783	5,453

Uncommitted confirmed credit facilities

Bank overdraft facilities	1,543	223	1,320	1,869	386	1,483
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In addition to the above credit facilities, the Group also had the use of unconfirmed credit facilities amounting to approximately SEK 700 M at year-end 2009.

The syndicated loan agreement includes certain financial clauses pertaining to a debt/equity ratio that may not be exceeded and a certain interest-coverage ratio that must be maintained if a specific debt/equity ratio is exceeded.

The same financial clauses are also included in some of the Group's loan and credit facility agreements. At year-end 2009, all of the terms were satisfied.

Note 28

Financial risk management

For a description of the Group's financial risks and policies regarding financial risks, see the "Financial risk management" section on pages 32–33.

Financial credit risk exposure

The Treasury Policy contains a special counterparty regulation that specifies the maximum credit risk exposure to various counterparties. Follow-up in relation to credit limits is conducted on an ongoing basis.

Counterparties have been subdivided into three categories – A, B and C. Category A contains counterparties and their fully guaranteed subsidiaries that hold Issuer Ratings from two of the following three rating institutes with a minimum of the following ratings or better: Moody's (Aa3/stab/P-1), Standard & Poor's (AA-/stab/A-1), Fitch (AA-/stab/F1). Exposure to counterparties in category A may not exceed SEK 1,000 M or the corresponding amount, including the value of unrealized gains in derivative instruments. Category B comprises counterparties and their fully guaranteed subsidiaries that cannot be included in category A and that hold an Issuer Rating from two of the following three rating institutes with a minimum of the following rating or better: Moody's (A3/stab/P-1), Standard & Poor's (A-/stab/A-1), Fitch (A-/stab/F1). Exposure to counterparties in category B may not exceed SEK 500 M or the corresponding amount, including the value of unrealized gains in derivative instruments. Category C encompasses counterparties outside categories A and B that the Group requires to fulfill its operational needs. Exposure to counterparties in category C may not exceed SEK 50 M per counterparty.

The table below presents the Group's credit risk exposure for interest-bearing receivables, cash and cash equivalents and derivative instruments at December 31, 2009 subdivided by category (SEK M):

Category	Interest-bearing receivables		Cash and cash equivalents		Derivative instruments –unrealized gains, gross		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
SEK M								
A	0	6	159	133	15	151	174	290
B	3	0	177	394	54	47	234	441
C	18	1	255	222	0	0	273	223
Total	21	7	591	749	69	198	681	954

The total credit exposure in category C at year-end 2009 was divided among more than 30 counterparties. The single largest exposure in category C totaled SEK 39 M (39).

Credit risk exposure in derivative instruments is established as the fair value on the balance-sheet date. On December 31, 2009, the total counterparty risk in derivative instruments (calculated as net receivable per counterparty) amounted to SEK 0 M (54), taking into account ISDA agreements.

None of these adequate financial assets were renegotiated in the past year, nor have they matured or been impaired. No credit limits were exceeded in 2009 or 2008, and the management does not anticipate any losses as a result of non-payment by these counterparties.

Liquidity analysis for financial instruments

The table below shows the Group's financial liabilities and the net settlement of derivative instruments that comprise financial liabilities, subdivided into the periods remaining on the balance-sheet date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2009

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	–2,636	–6,953	–30	–9,619
Interest-rate swaps with negative fair value	–188	–188	–	–376
Accounts payable	–2,976	–	–	–2,976
Total	–5,800	–7,141	–30	–12,971
Accounts receivable	4,192	–	–	4,192
Interest-rate swaps with positive fair value	69	76	–	145
Net flow	–1,539	–7,065	–30	–8,634

At December 31, 2008

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	–3,058	–11,047	–551	–14,656
Interest-rate swaps with negative fair value	–230	–170	–	–400
Accounts payable	–3,518	–	–	–3,518
Total	–6,806	–11,217	–551	–18,574
Accounts receivable	5,383	–	–	5,383
Interest-rate swaps with positive fair value	90	7	–	97
Net flow	–1,333	–11,210	–551	–13,094

The table below shows the Group's financial derivative instruments that will be gross settled, subdivided into the periods remaining on the balance-sheet date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2009

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<i>Foreign-exchange forwards</i>				
–outflow	–8,482	–	–	–8,482
–inflow	8,475	–	–	8,475
Total	–7	0	0	–7

At December 31, 2008

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<i>Foreign-exchange forwards</i>				
–outflow	–6,802	–	–	–6,802
–inflow	6,744	–	–	6,744
Total	–58	0	0	–58

Note 29

Financial instruments by category and measurement level

A description of each category and the calculation of fair value is presented in the section "Accounting policies."

At December 31, 2009	Assets at fair value in profit and loss			Derivatives used for hedging purposes		
	Loan receivable and accounts receivable	Carrying amount	Measurement level	Carrying amount	Measurement level	Total SEK M
Assets in the balance sheet						
Derivative instruments	–	40	2	30	2	70
Financial non-current assets	6	1	2	–	–	7
Accounts receivable	4,192	–	–	–	–	4,192
Interest-bearing receivables	11	3	2	–	–	14
Cash and cash equivalents	591	–	–	–	–	591
Total	4,800	44	–	30	–	4,874

	Liabilities at fair value in profit and loss			Derivatives used for hedging purposes		Total SEK M
	Other financial liabilities	Carrying amount	Measurement level	Carrying amount	Measurement level	
<i>Liabilities in the balance sheet</i>						
Derivative instruments	–	29	2	280	2	309
Interest-bearing non-current liabilities	6,516	–		–		6,516
Interest-bearing current liabilities	2,529	–		–		2,529
Accounts payable	2,976	–		–		2,976
Total	12,021	29		280		12,330

The measurement of all financial assets and liabilities at fair value on the balance-sheet date was based on observable data (level 2 in accordance with the fair value hierarchy)

At December 31, 2008	Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total SEK M
	Loan receivable and accounts receivable	Carrying amount	Measurement level	Carrying amount	

Assets in the balance sheet						
Derivative instruments	–	74	2	124	2	198
Financial non-current assets	–	6	2	–	–	6
Accounts receivable	5,383	–	–	–	–	5,383
Interest-bearing receivables	–	1	2	–	–	1
Cash and cash equivalents	749	–	–	–	–	749
Total	6,132	81		124		6,337

	Other financial liabilities	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total SEK M
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Liabilities in the balance sheet						
Derivative instruments	–	115	2	428	2	543
Interest-bearing non-current liabilities	10,834	–		–		10,834
Interest-bearing current liabilities	2,650	–		–		2,650
Accounts payable	3,518	–		–		3,518
Total	17,002	115		428		17,545

Note 30

Noninterest-bearing liabilities

Other non-current liabilities

SEK M	2009	2008
Other noninterest-bearing liabilities	49	52
Derivative instruments (Note 24)	51	89
Total	100	141

Other current liabilities

SEK M	2009	2008
Advance payment from customers	398	516
Accounts payable	2,976	3,518
Bills payable	23	68
Other noninterest-bearing liabilities	512	591
Derivative instruments (Note 24)	181	201
Accrued expenses and prepaid income (Note 33)	1,333	1,532
Total	5,423	6,426
Total noninterest-bearing liabilities	5,523	6,567

Liabilities are recorded at amounts that correspond to fair value.

Note 31

Pension provisions and similar items

Specification of costs

SEK M	2009	2008
Cost of defined-benefit plans		
Costs for services during current year	42	43
Interest on the obligation	90	80
Anticipated return on plan assets	–38	–52
Actuarial gains and losses reported for the year	6	–2
Curtailment and settlement losses	–23	–60
Total cost of defined-benefit plans	77	9
Cost of defined-contribution plans	192	200
Total pension costs	269	209

Actual return on plan assets amounts to SEK 110 M (neg: 123).

Change in pension liability in balance sheet

SEK M	Defined-benefit plans	
	2009	2008
Opening balance	789	765
Net expenses recognized in profit and loss	77	9
Benefit payments	–82	–107
Increase attributable to acquisitions	0	16
Other changes	–4	8
Translation difference	–36	98
Closing balance	744	789
of which, unfunded pension obligations	668	731
of which, funded pension obligations	76	58

Specification of pension liability in the balance sheet

SEK M	2009	2008
Defined-benefit plans		
Present value of funded obligations	1 564	1 544
Fair value of plan assets	–697	–645
Total	867	899
Unrecorded actuarial gains	86	104
Unrecorded actuarial losses	–210	–212
Other changes	1	–2
Total defined-benefit plans	744	789
Defined-contribution plans	19	24
Total pension liability	763	813
of which, reported as plan assets	43	43
Closing balance, pension liability	806	856

Important actuarial assumptions on the balance-sheet date, %	France	Germany	Italy	Sweden	US	Norway
Discount rate at December 31	5.20%	6.00%	5.00%	3.75%	5.50%	4.40%
Anticipated return on pension plan assets at December 31	4.00%	–	–	3.75%	5.50%	5.60%
Inflation	2.00%	2.00%	2.00%	2.00%	3.00%	2.25%
Future annual wage increases	1.5–3.5%	2.50%	3.00%	3.00%	3.75%	4.25%

Defined-benefit plans

The Group has several defined-benefit plans, whereby employees are entitled to post-employment benefits based on their final salary and length of service. The largest plans are in France, Germany, Italy, Sweden, the US and Norway.

Pension insurance with Alecta

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. According to a statement issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council (URA 42), this constitutes a multi-employer plan. For the 2009 fiscal year, the company did not have access to such information that would enable the company to record this plan as a defined-benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined-contribution plan. The year's contributions for pension insurance taken out with Alecta total SEK 14 M (12). Alecta's surplus can be distributed to the policyholders and/or the insured. At December 31, 2008, Alecta's surplus corresponded to a collective consolidation ratio of 112 percent – corresponding information for December 2009 is not yet available. The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19.

Note 32

Other provisions

SEK M	Restructuring programs		Other provisions		Total	
	2009	2008	2009	2008	2009	2008
Opening balance	498	262	875	329	1,373	591
Reclassification	11	5	-7	15	4	20
Reversals	-7	-11	-39	-16	-46	-27
Provisions for the year	240	524	163	636	403	1,160
Divestments	0	0	-3	0	-3	0
Utilized during the year	-332	-331	-489	-145	-821	-476
Translation difference	-20	49	-14	56	-34	105
Closing balance	390	498	486	875	876	1,373
Of which, non-current provisions					401	670
Of which, current provisions					475	703
Of which, provisions for environmental commitments					69	84

Provisions for restructuring programs relate primarily to the following restructuring programs:

- Closure of West Thurrock, in the UK (Trelleborg Automotive).
- Relocation of significant parts of Fluid Solutions, Nantes, to existing plants in Turkey (Trelleborg Automotive).
- Concentration of manufacturing of printing blankets in Europe (Trelleborg Engineered Systems).
- Closure of Somersworth, in the US (Trelleborg Sealing Solutions).
- Centralization of precision seal business in Italy (Trelleborg Sealing Solutions).

Other provisions relate to:

- In addition to environmental commitments, these relate to provisions of varying sizes in a number of units and include guarantee provisions, insurance obligations and lease agreements for properties not in use, and provisions for ongoing cartel investigations at subsidiaries in the US and France.

Note 35

Acquisitions and divestments

Acquisitions

A number of small acquisitions of assets and liabilities were conducted during the year. Direct acquisition expenses are related to acquisitions in earlier years.

Acquisitions MSEK	2009	2008
Purchase price	35	790
Direct costs related to acquisitions	28	12
Fair value of acquired net assets	29	480
Goodwill	34	322

Acquired assets and liabilities:	2009		2008	
	Fair value	Carrying amount in acquired unit	Fair value	Carrying amount in acquired unit
Property, plant and equipment	19	19	187	187
Intangible assets	6	6	128	53
Deferred tax	-	-	-39	-14
Associated companies	2	2	-	-
Operating assets	-	-	261	254
Cash and cash equivalents	-	-	14	14
Minority shareholdings	-	-	38	38
Operating liabilities	2	2	-95	-95
	29	29	494	437
Of which, cash and cash equivalents in acquired units	-	-	-14	-
Total	29		480	
Net profit since date of acquisition	-		4	
Net profit in acquired units	-			
January – December	-		6	

Note 33

Accrued expenses and prepaid income

SEK M	2009	2008
Interest	15	106
Wages and salaries	532	573
Payroll overheads	147	172
Pension expenses	33	28
Tools	18	7
Derivative instruments (Note 24)	5	98
Other	583	548
Total	1,333	1,532

Note 36

Events after the balance-sheet date

No significant events occurred after the balance-sheet date that have a material impact on the Group's financial position.

Note 34

Contingent liabilities and pledged assets

SEK M	2009	2008
<i>Contingent liabilities</i>		
Pension obligations	8	8
Guarantees and other contingent liabilities	3	2
Total	11	10
<i>Pledged assets</i>		
Plants and machinery	35	34
Total	35	34

Liabilities are recognized at amounts that correspond to fair value.

Parent Company, Trelleborg AB

Income statements

SEK M	Note	2009	2008
Administrative expenses	37,38,42	-389	-339
Other operating income	39	289	263
Operating loss	40-41	-100	-76
Financial income and expenses	43	-516	-1,452
Loss before tax		-616	-1,528
Tax	44	144	328
Net loss		-472	-1,200

Cash-flow statements

SEK M	2009	2008
<i>Operating activities</i>		
Operating loss	-100	-76
<i>Adjustment for items not included in cash flow:</i>		
Gain/loss on sale of non-current assets	-	0
Depreciation of PPE	2	3
Amortization of intangible assets	3	2
Divestments and disposals	-	0
Other items not included in cash flow	10	3
	-85	-68
Cash dividend received	249	64
Interest received and other financial items	58	81
Interest paid and other financial items	-533	-1,304
Tax paid	0	-23
Cash flow from operating activities before changes in working capital	-311	-1,250
<i>Cash flow from changes in working capital</i>		
Change in operating receivables	59	-18
Change in operating liabilities	-7	-21
Cash flow from operating activities	-259	-1,289
<i>Investing activities</i>		
Acquisition of subsidiaries/capital contribution	-879	-499
Divestment of subsidiaries	-	3
Acquisition of other shares/capital contribution	-6	-
Gross capital expenditures for PPE	-1	-1
Gross capital expenditures for intangible assets	0	-4
Sale of non-current assets	-	0
Cash flow from investing activities	-886	-501
<i>Financing activities</i>		
Change in interest-bearing investments	494	140
Change in interest-bearing liabilities	-1,419	2,237
Rights issue	2,070	-
Dividend paid	-	-587
Cash flow from financing activities	1,145	1,790
Cash flow for the year	0	0
<i>Cash and cash equivalents:</i>		
At January 1	0	0
Cash and bank balances at year-end	0	0

Parent Company, Trelleborg AB

Balance sheets

December 31, SEK M	Note	2009	2008
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	45	29	30
Intangible fixed assets	46	9	12
Financial fixed assets	47,48	34,073	32,820
Deferred tax assets	49	171	264
Total non-current assets		34,282	33,126
<i>Current assets</i>			
Current receivables	50,51	52	92
Interest-bearing receivables	52	1,665	1,956
Cash and cash equivalents		0	0
Total current assets		1,717	2,048
TOTAL ASSETS		35,999	35,174
EQUITY AND LIABILITIES			
<i>Equity</i>	53		
Restricted equity			
Share capital		2,620	2,259
Statutory reserve		1,130	1,130
Total restricted equity		3,750	3,389
<i>Non-restricted equity</i>			
Fair value reserve		22	-5
Profit brought forward		7,705	6,461
Net loss for the year		-472	-1,200
Total non-restricted equity		7,255	5,256
Total equity		11,005	8,645
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	56	51	52
Pension provisions and similar items	54	3	3
Other provisions	55	3	3
Total non-current liabilities		57	58
<i>Current liabilities</i>			
Interest-bearing current liabilities	56	24,845	26,399
Other current liabilities	57,58	92	72
Total current liabilities		24,937	26,471
TOTAL EQUITY AND LIABILITIES		35,999	35,174
Contingent liabilities	59	10,054	14,455
Pledged assets	59	-	-

Change in equity

Shareholders' equity SEK M	Restricted equity		Non-restricted equity		Total	
	2009	2008	2009	2008	2009	2008
Opening balance, January 1	3,389	3,389	5,256	6,820	8,645	10,209
<i>Changes for the year:</i>						
Reduction of share capital	-2,078				-2,078	
Bonus issue	2,078				2,078	
Rights issue	361		1,808		2,169	
Transaction costs			-99		-99	
Dividend				-587		-587
Fair value gains			37	-18	37	-18
Tax on fair value gains			-10	5	-10	5
Group contribution			962	328	962	328
Tax on Group contribution			-253	-92	-253	-92
Tax on costs in conjunction with the rights issue			26		26	
Net loss for the year			-472	-1,200	-472	-1,200
Closing balance, December 31	3,750	3,389	7,255	5,256	11,005	8,645

See also note 53.

Note 37

Employees and employee benefits

Average number of employees

	2009			2008		
	Total women	Total men	Total	Total women	Total men	Total
Sweden	28	48	76	31	42	73

Sick leave

	2009	2008
Absence due to illness as a percentage of normal working hours for		
– women	4.1	5.2
– men	1.0	1.2
– employees under age 30	0.4	0.7
– employees age 30–49	1.2	1.1
– employees age 49–	3.8	6.4
– all employees	2.1	2.9
Absence for a continuous period of 60 days or more as a percentage of total absence due to illness	66.8	73.2

Gender distribution in executive management positions, %

	2009	2008
Percentage of women		
– in executive positions	13	13
– on Board of Directors	14	14

Employee salaries, other remuneration and social security expenses

2009						
SEK M	Board, President and Executive Vice President	Other members of Group Management	Other employees	Total salaries	Social security expenses	of which, pension costs
Sweden	19	15	51	85	48	18

See also Note 3

2008						
SEK M	Board, President and Executive Vice President	Other members of Group Management	Other employees	Total salaries	Social security expenses	of which, pension costs
Sweden	13	11	43	67	40	16

See also Note 3

Note 38

Auditors' remuneration

SEK M	2009	2008
PricewaterhouseCoopers		
Audit assignment	7	5
Other assignments	6	5
Total	13	10

Note 39

Other operating income

SEK M	2009	2008
Sales of services to other Group companies	268	257
Sales of external services	2	2
Insurance compensation	17	–
Other	2	4
Total other operating income	289	263

Note 40

Expenses by nature

SEK M	2009	2008
Employee benefits	–133	–107
Depreciation/amortization	–5	–5
Other external costs	–251	–227
Other operating income/expenses	289	263
Total	–100	–76

Note 41

Exchange-rate differences that impact operating profit/loss

SEK M	2009	2008
Administration expenses	–2	–3
Other operating income	2	4
Total	0	1

Note 42

Depreciation of PPE and amortization of intangible assets

SEK M	2009	2008
Improvement expenses on buildings owned by others	–1	–2
Equipment, tools, fixtures and fittings	–1	–1
Capitalized expenditure for R&D and similar	–3	–2
Total	–5	–5

Note 43

Financial income and expenses

SEK M	2009	2008
Income from shares in Group companies		
Dividend	249	64
Impairment losses on shares in subsidiaries	–447	–293
Gain/loss from divestment/winding-up of subsidiary	157	0
Total	–41	–229
Gain/loss from other securities and receivables that are non-current assets		
Gain from sales	–	2
Total	–	2
Other interest income and similar profit items		
Interest income, Group companies	58	79
Interest income, other	0	0
Exchange-rate differences	0	0
Total	58	79
Interest expenses and similar loss items		
Interest expenses, Group companies	–533	–1 303
Interest expenses, other	0	–1
Total	–533	–1 304
Total financial income and expenses	–516	–1 452

Note 44

Income tax

SEK M	2009	2008
Current tax expenses		
Tax expenses for the period	0	–1
Tax attributable to prior years	–	–22
Total	0	–23
Deferred tax expenses (-)/revenue (+)		
Change in losses carried forward	134	345
Reassessment of losses carried forward	–	15
Deferred tax expenses/revenue on changes in temporary differences	10	–9
Total	144	351
Total reported tax expenses/revenue	144	328
Reconciliation of tax		
Loss before tax	–616	–1,528
Calculated Swedish income tax, 26.3%	162	428
Non-taxable dividends/income from shares in subsidiaries	107	18
Non-deductible impairment losses	–118	–82
Other non-deductible expenses/non-taxable revenue	–7	–11
Impact on deferred tax of change in tax rate	–	–17
Reassessment of losses carried forward	–	15
Tax attributable to prior years	–	–22
Other tax	0	–1
Total reported tax expenses/revenue	144	328
Tax items reported directly against shareholders' equity		
Deferred tax on fair-value gains	–10	5
Tax on cost incurred in conjunction with rights issue	26	–
Tax on Group contributions granted/received	–253	–92

The applicable tax rate is 26.3 percent (2008: 28 percent).

Note 45

Property, plant and equipment

SEK M	2009	2008
Improvement expenses on buildings owned by others	22	23
Equipment, tools, fixtures and fittings	7	7
Total	29	30

	Improvement expenses on buildings owned by others		Equipment, tools, fixtures and fittings		Total	
SEK M	2009	2008	2009	2008	2009	2008
<i>Accumulated cost</i>						
Balance, January 1	25	25	18	17	43	42
Capital expenditures	–	0	1	1	1	1
Divestments and disposals	–	–	–3	0	–3	0
Accumulated cost, December 31	25	25	16	18	41	43
<i>Accumulated depreciation according to plan</i>						
Balance, January 1	–2	–	–11	–10	–13	–10
Divestments and disposals	–	–	3	0	3	0
Depreciation according to plan for the year	–1	–2	–1	–1	–2	–3
Accumulated depreciation, December 31	–3	–2	–9	–11	–12	–13
Carrying amount	22	23	7	7	29	30

Trelleborg AB has entered operating lease agreements. Leasing costs for assets held via operating lease agreements are reported as operating costs and amounted to SEK 3 M (4). Future payment for non-cancelable lease commitments amount to SEK 3 M (4) and fall due as follows:

SEK M	2009	2008
Year 1	2	2
Years 2–5	1	2
Total	3	4

Note 46

Intangible fixed assets

SEK M	2009	2008
Capitalized expenditure for development work and the equivalent	9	12
Total	9	12

	Capitalized expenditure for development work and the equivalent	
SEK M	2009	2008
<i>Accumulated cost</i>		
Balance, January 1	16	12
Capital expenditures	0	4
Accumulated cost, December 31	16	16
<i>Accumulated amortization according to plan</i>		
Balance, January 1	–4	–2
Amortization according to plan for the year	–3	–2
Accumulated amortization, December 31	–7	–4
Carrying amount	9	12

Note 47

Financial non-current assets

SEK M	2009	2008
Shares in Group companies (Note 17 and Note 48)	33,744	32,434
Receivables on Group companies	323	384
Other non-current securities holding	6	0
Other non-current receivables	–	2
Total	34,073	32,820

Note 48

Shares in Group companies

SEK M	2009	2008
Balance, January 1	32,434	32,233
Add:		
Acquisitions	0	8
Capital contributions	914	494
Received in connection with winding up	1,000	–
Less:		
Divestment/winding up	–157	–8
Impairment losses	–447	–293
Carrying amount, December 31	33,744	32,434

See also Note 17.

Note 49

Change in deferred tax on temporary differences and losses carried forward

	Temporary differences:						Total deferred tax receivable	
	Losses carried forward		Non-current receivable		Non-current assets			
SEK M	2009	2008	2009	2008	2009	2008	2009	2008
Balance, January 1	268		0		–4		264	
Recognized in profit and loss:								
–Change in losses carried forward	134	345					134	345
–Reassessment of losses carried forward		15						15
–Temporary differences			10	–5	0	–4	10	–9
Recognized directly against equity:								
–Deferred tax on fair value, gains			–10	5			–10	5
–Tax on costs incurred in conjunction with rights issue	26						26	
–Tax on Group contributions received/granted	–253	–92					–253	–92
	175	268	0	0	–4	–4	171	264

See also Note 44.

Note 50

Current receivables

SEK M	2009	2008
Operating receivables, Group companies	13	15
Other current receivables	22	58
Prepaid expenses and accrued income (Note 51)	17	19
Total	52	92

Carrying amount corresponds to fair value.

Note 51

Prepaid expenses and accrued income

SEK M	2009	2008
Other	17	19
Total	17	19

Note 52

Interest-bearing receivables

SEK M	2009	2008
Financial receivables, Group companies	1,665	1,956
Total interest-bearing receivables	1,665	1,956

Carrying amount corresponds to fair value.

Note 53

Shareholders' equity

SEK M	Restricted equity		Non-restricted equity		Total	
	2009	2008	2009	2008	2009	2008
Opening balance, January 1	3,389	3,389	5,256	6,820	8,645	10,209
Changes for the year:						
Reduction of share capital	-2,078				-2,078	
Bonus issue	2,078				2,078	
Rights issue	361		1,808		2,169	
Transaction costs			-99		-99	
Dividend				-587		-587
Fair value, gains			37	-18	37	-18
Tax on fair value, gains			-10	5	-10	5
Group contributions			962	328	962	328
Tax on Group contributions			-253	-92	-253	-92
Tax on costs incurred in conjunction with rights issue			26		26	
Net loss for the year			-472	-1,200	-472	-1,200
Closing balance, December 31	3,750	3,389	7,255	5,256	11,005	8,645

Trelleborg AB's share capital at December 31, 2009 amounted to SEK 2,620,360,569, split into 271,071,783 shares with a par value of SEK 9.67 each.

Class of shares	No of shares	% of total	No of votes	% of total
Series A	28,500,000	10.51	285,000,000	54.02
Series B	242,571,783	89.49	242,571,783	45.98
Total	271,071,783	100.00	527,571,783	100.00

See also Note 26.

Note 54

Provisions for pensions and similar

SEK M	2009	2008
Provisions for other pensions	3	3
Total	3	3

Pensions and similar costs amounted to SEK 18 M (16).

Note 55

Other provisions

SEK M	2009	2008
Provisions for contract obligations	-	3
Provisions for long-term incentive program	3	-
Total	3	3

Note 56

Interest-bearing liabilities

Interest-bearing non-current liabilities

SEK M	2009	2008
Other interest-bearing liabilities to Group companies	51	52
Total non-current interest-bearing liabilities	51	52

Interest-bearing current liabilities

SEK M	2009	2008
Other interest-bearing liabilities to Group companies	24,845	26,399
Total interest-bearing current liabilities	24,845	26,399
Total interest-bearing liabilities	24,896	26,451

Liabilities are recorded at amounts corresponding to fair value.

Note 57

Other current liabilities

SEK M	2009	2008
Accounts payable	23	32
Operating liabilities, Group companies	1	3
Other non interest-bearing liabilities	4	3
Accrued expenses and prepaid income (Note 58)	64	34
Total	92	72

Liabilities are recorded at amounts corresponding to fair value.

Note 58

Accrued expenses and prepaid income

SEK M	2009	2008
Wages and salaries	32	18
Payroll overheads	10	5
Severance pay	0	2
Other	22	9
Total	64	34

Note 59

Contingent liabilities and pledged assets

SEK M	2009	2008
<i>Contingent liabilities</i>		
Pension obligations	1	1
Guarantees and other contingent liabilities	10,053	14,454
Total	10,054	14,455
Of which, on behalf of Trelleborg Treasury AB	9,232	13,702
Of which, on behalf of other subsidiaries	821	753
<i>Pledged assets</i>	-	-

The Parent Company has issued guarantees for the subsidiary Trelleborg Treasury AB's operation. The obligations under these guarantees amounted to SEK 8,663 M (13,157) relating to direct loans, SEK 307 M (545) relating to the fair value of derivative instruments, and SEK 262 M (0) relating to other contingent liabilities on the balance-sheet date.

Proposed treatment of unappropriated earnings

The Board of Directors and the President propose that the profit brought forward from the preceding year, SEK 000s

7,727,284

and the result for the year, SEK 000s

-472,575

Total, SEK 000s

7,254,709

be distributed in the following manner:

Dividend to shareholders of SEK 0.50 per share, SEK 000s

135,536

balance to be carried forward, SEK 000s

7,119,173

Total, SEK 000s

7,254,709

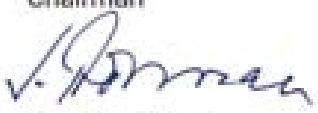
The proposed record date for the right to a dividend is April 23, 2010.

The members of the Board are of the opinion that the proposed dividend is justifiable considering the demands on the Group's equity imposed by the type, scope and risks of the business and with regard to the Group's consolidation requirements, liquidity and overall position.

The Board of Directors and President affirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), to the extent they have been adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with the generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position.

The statutory administration report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and Parent Company's operations, profit and financial position and describes significant risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Trelleborg, February 16, 2010

 Anders Nafvinger Chairman	 Heléne Bergquist	 Hans Björck
 Staffan Bohman	 Claes Lindqvist	 Sören Mellstig
 Alf Fredlund	 Karin Linsjö	 Mikael Nilsson
 Birgitta Håkansson	 Peter Nilsson President	

Audit report submitted February 16, 2010.

PricewaterhouseCoopers AB


Göran Tidström
Authorized Public Accountant
Auditor in charge


Olov Karlsson
Authorized Public Accountant

Audit report for Trelleborg AB

Corporate registration number 556006-3421

To the Annual General Meeting of Shareholders in Trelleborg AB:

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Trelleborg AB (publ) for the financial year 2009. The company's annual accounts and the consolidated accounts are included in the printed version of this document on pages 5-33 and 61-99. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Trelleborg, February 16, 2010
PricewaterhouseCoopers AB


Göran Tidström
Authorized Public Accountant
Auditor in charge


Olov Karlsson
Authorized Public Accountant

Nine-year overview

Trelleborg Group (SEK M unless otherwise stated) ¹⁾	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net sales	27,059	31,263	30,810	26,875	23,307	22,136	17,127	16,183	16,514
Operating profit	773	374	1,716	1,483	1,729	1,218	1,052	860	758
Profit/loss before tax	369	-166	1,277	1,170	1,521	935	940	596	593
Net profit/loss	419	-258	847	768	1,143	713	626	388	462
Discontinued operations									
Net sales	0	0	161	409	863	776	833	1,447	2,246
Operating profit/loss	0	0	-9	24	50	673	156	86	168
Profit/loss before tax	0	0	-9	23	46	669	151	81	134
Net profit/loss	0	0	-9	-2	34	673	94	36	65
Total net sales	27,059	31,263	30,971	27,284	24,170	22,912	17,960	17,630	18,760
Total operating profit	773	374	1,707	1,507	1,779	1,891	1,208	946	926
Total profit/loss before tax	369	-166	1,268	1,193	1,567	1,604	1,091	677	727
Total net profit/loss	419	-258	838	766	1,177	1,386	720	424	527
– of which attributable to Group's shareholders	409	-267	821	751	1,161	1,372	702	410	515
– of which attributable to minority interest	10	9	17	15	16	14	18	14	12
Shareholders' equity	12,361	10,238	10,052	9,687	10,113	8,603	7,452	7,284	7,690
Capital employed, closing balance	19,755	22,238	19,853	18,818	16,922	15,112	15,810	9,886	10,451
Net debt	8,369	12,706	10,093	9,350	7,236	6,951	8,447	2,962	3,267
Total assets	29,539	33,763	29,334	27,557	24,960	22,152	22,856	15,400	17,722
Equity/assets ratio, %	42	30	34	35	41	39	33	48	44
Debt/equity ratio, %	68	124	100	96	72	81	111	40	42
Capital turnover rate, multiple	1.3	1.5	1.6	1.5	1.5	1.4	1.5	1.7	1.8
Investments in property, plant and equipment	754	1,367	1,215	980	689	841	572	735	634
Investments in intangible assets	72	159	121	132	184	170	115	4	8
Acquisitions	63	802	616	3,095	368	346	6,141	133	322
Divestments	-	-	127	188	20	1,161	-87	105	88
Return on shareholders' equity, %	3.6	neg	8.4	7.6	12.5	17.2	9.5	5.5	6.3
Earnings per share, SEK ²⁾	1.70	-1.35	4.15	3.80	5.90	7.10	3.85	2.15	2.45
Free cash flow	1,743	414	518	905	930	472	1,032	763	259
Free cash flow per share, SEK ²⁾	7.25	2.10	2.60	4.55	4.70	2.45	5.65	4.05	1.25
Shareholders' equity per share, SEK ²⁾	45.30	51.20	50.10	48.35	50.70	43.05	40.30	39.70	40.45
Shareholders' equity per share after dilution, SEK ²⁾	45.30	51.20	50.10	48.35	50.70	43.05	39.95	39.30	40.05
Average number of employees	20,073	24,347	25,158	22,506	21,694	21,675	15,855	14,885	16,179
– of which, outside Sweden	18,342	22,104	22,836	20,268	19,243	19,117	13,773	12,919	14,125
Excluding items affecting comparability ³⁾									
EBITDA	2,287	2,868	3,276	2,726	2,560	2,600	1,918	1,754	1,803
EBITDA, %	8.4	9.1	10.6	10.1	10.8	11.6	11.0	10.3	11.0
Operating profit	1,163	1,798	2,274	1,820	1,729	1,778	1,271	1,028	1,105
Profit before tax	759	1,258	1,836	1,507	1,521	1,495	1,159	764	940
Net profit	703	889	1,282	1,072	1,143	1,105	828	536	731
Operating margin (ROS), %	4.3	5.7	7.3	6.7	7.3	7.9	7.2	6.1	6.7
Return on capital employed (ROCE), %	5.3	8.4	11.5	9.9	10.7	11.3	11.7	11.4	11.3
Return on shareholders' equity, %	6.2	8.8	13.0	10.8	12.2	13.9	10.5	6.8	5.5
Earnings per share, SEK ²⁾	2.90	4.45	6.40	5.35	5.70	5.65	4.40	2.75	3.35
Operating cash flow	3,215	1,594	1,718	1,594	1,751	1,421	1,202	1,047	1,388
Operating cash flow per share, SEK ²⁾	11.85	8.05	8.65	8.05	8.85	7.35	6.25	5.55	6.60
Operating cash flow/operating profit, %	276	89	76	88	102	84	91	105	111
Average number of employees	20,073	24,347	25,042	22,227	21,318	21,294	15,453	14,370	15,449

¹⁾ Figures for 2001-2003 are reported in accordance with earlier accounting policies. Figures for 2004-2009 are reported in accordance with IFRS.

²⁾ Following the rights issue, the average number of shares was adjusted in accordance with IAS 33. This calculation was applied to all key figures that include the number of shares.

³⁾ For comparability, historical values have been adjusted for discontinued operations and figures for 2001-2003 are reported excluding goodwill amortization.

The Trelleborg share

Trelleborg's Series B share has been listed on the NASDAQ OMX Nordic Exchange Stockholm since 1964.

The share capital in Trelleborg amounts to SEK 2,620 m, represented by 271,071,783 shares, each with a par value of SEK 9.67. Trelleborg has two classes of shares: 28,500,000 Series A shares and 242,571,783 Series B shares. Each Series A share entitles the holder to ten votes and each Series B share to one vote.

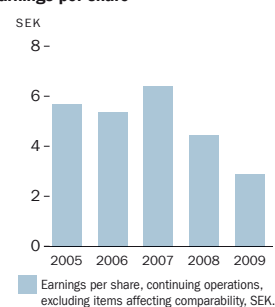
All of the Series A shares are owned by the Dunker Interests, comprising a number of foundations, funds and asset-management companies created through testamentary disposition by former owner and founder of the Helsingborg and Trelleborg rubber production plants, Henry Dunker, who died in 1962. For further information about the Dunker Interests and its holding in Trelleborg AB, visit www.trelleborg.com.

www

Implemented rights issue

During the year, Trelleborg implemented a rights issue of Series A and B shares valued at SEK 2,169 m. The rights issue was conducted during the first half year of 2009 and was fully subscribed – approximately 99 percent of the shares offered were subscribed for with subscription rights and the remaining shares on the basis of subsidiary subscription rights. It was not necessary to utilize any guarantee commitments. As a result of the rights issue, the number of shares increased to a total of 271,071,783, of which 28,500,000 are Series A shares and 242,571,783 are Series B shares.

Earnings per share



Share price and turnover

The price of Trelleborg's Series B share rose 144 percent (decline: 64) during 2009 to SEK 53.50. The OMX Nordic Exchange Stockholm Price Index increased 47 percent (decline: 42) during the year. The highest price paid in 2009 was SEK 54.25, on December 4. The lowest price paid was SEK 10.21 on March 5. At December 31, 2009, Trelleborg's market capitalization was SEK 12.98 billion (3.9).

The introduction of the MiFID directive has meant that share trading within the EU

has become more fragmented and many shares, including the Trelleborg share, are now traded on multiple market places. Of the total turnover of the Trelleborg share in 2009, the NASDAQ OMX Stockholm accounted for approximately 95 percent (source: Fidessa). In terms of value, Trelleborg's shares were the 37th (41st) most traded on the NASDAQ OMX Stockholm in 2009.

During 2009, 588* million (170.5) Trelleborg shares were traded on the

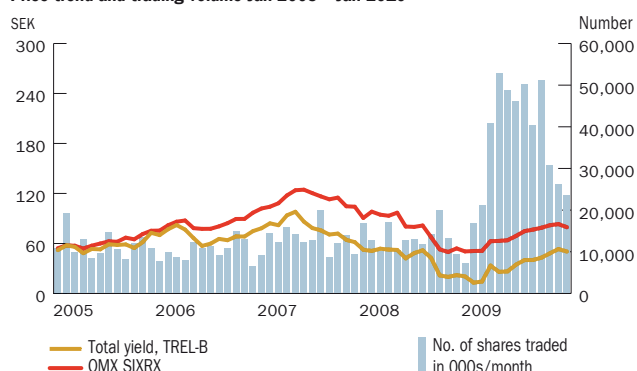
NASDAQ OMX Stockholm, corresponding to 242 percent (189) of the total number of shares in the company, at a value of SEK 18,700 m (16,200).

The average daily turnover amounted to about 2,340,000 shares (677,000) or SEK 74.5 m (64.4).

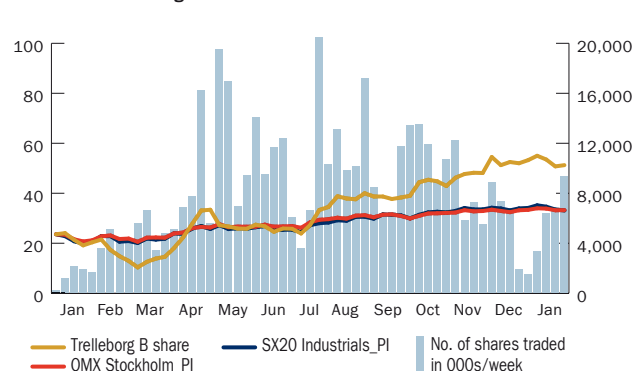
This information is based on the official share register and list of trustees at December 31, 2009.

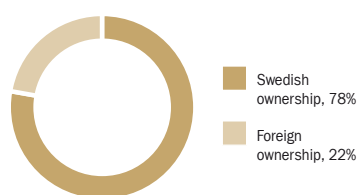
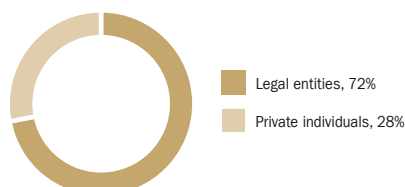
*Adjusted for the implemented share issue

Price trend and trading volume Jan 2005 – Jan 2010



Price trend and trading volume Jan 2009 – Jan 2010



Swedish and foreign ownership, based on holding, number of shares

Legal entities and private individuals, based on holding, number of shares

22 percent foreign ownership

Of the total number of shares, foreign shareholders accounted for approximately 22 percent (18) at December 31, 2009. Institutions accounted for the majority of total ownership. Of the total shares at year-end, 72 percent (83) were owned by legal entities and 28 percent (17) by private individuals, representing 92 percent (91) and 8 percent (9), respectively, of the total number of votes.

Analysts

For a current list of the analysts that continuously monitor Trelleborg, visit www.trelleborg.com/analysts.


Trelleborg AB's ten largest shareholders as of December 31, 2009

No.	Shareholder	No. of shares	Percentage of capital, %	Percentage of votes, %
1	Dunker Interests	37,105,875	13.7	55.7
2	Didner & Gerge Equity Fund	20,306,839	7.5	3.8
3	Alecta	14,000,000	5.2	2.7
4	AFA Insurance Companies	12,157,811	4.5	2.3
5	Swedbank Robur funds	8,809,688	3.2	1.7
6	DFA funds (US)	7,873,511	2.9	1.5
7	Nordea funds	7,842,066	2.9	1.5
8	SEB funds	6,370,337	2.4	1.2
9	Unionen	5,039,823	1.9	1.0
10	The Norwegian State	4,181,857	1.5	0.8
	Other 49,276 shareholders	147,383,976	54.3	27.8
Total shares		271,071,783	100.0	
Total votes		527,571,783		100.0

Distribution of shares as of December 31, 2009

At year-end 2009, the number of shareholders totaled 49,286 (42,600), of whom 24,398 (22,821) were directly registered and 24,888 (19,779) nominee-registered.

Number of shares	Number of shareholders	Percentage of total no. of shares	Change from Dec. 31, 2008, percentage points
1 – 1,000	36,789	4.4	– 5.7
1,001 – 5,000	9,996	8.3	0.7
5,001 – 50,000	2,219	9.6	0.9
50,001 –	282	77.7	4.1
Total	49,286	100.0	

Number of shares, voting rights and share class

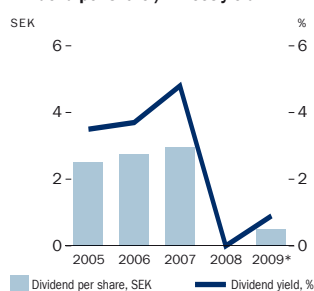
Share class	No. of shares	Percent	No. of votes	Percent
Series A	28,500,000	11.75	285,000,000	54.02
Series B	242,571,783	88.25	242,571,783	45.98
Total	271,071,783	100.00	527,571,783	100.00

Dividend policy

The Group's dividend is adapted to such factors as Trelleborg's level of earnings, financial position and future development opportunities.

The Group's dividend policy is that, over the long term, the dividend should amount to between 30 and 50 percent of net profit for the year.

For 2009, the Board proposes a dividend of SEK 0.50 (-), which corresponds to about 33 percent of net profit for the year. In the most recent five-year period, the Trelleborg share has averaged a dividend yield of 2.6 percent per year.

Dividend per share / Direct yield


* Board's proposal to Annual General Meeting

Key data per share

SEK (unless specified otherwise)	2009	2008	2007	2006	2005
Continuing operations					
Earnings	1.70	–1.35	4.20	3.80	5.70
Earnings, after dilution	1.70	–1.35	4.20	3.80	5.70
Earnings, excluding items affecting comparability	2.90	4.45	6.40	5.35	5.70
Total					
Earnings	1.70	–1.35	4.15	3.80	5.90
Earnings after dilution	1.70	–1.35	4.15	3.80	5.90
Shareholders' equity per share	45.30	51.20	50.10	48.35	50.70
Shareholders' equity per share after dilution	45.30	51.20	50.10	48.35	50.70
Dividend ¹⁾	0.50	–	2.95	2.75	2.50
Yield, %	0.9	0.0	4.8	3.7	3.5
Market price, B share, December 31, last paid price SEK	53.50	22.00	61.80	74.75	72.25
P/E ratio	31	neg	15	20	12
Turnover of series B share, calculated by value, %	256	211	204	163	170

No. of shares²⁾ (excluding Trelleborg's own holdings)

At Dec 31 ³⁾	271,071,783	90,357,261	90,357,261	90,357,261	90,357,261
Average ³⁾	240,699,594	198,178,530	198,178,530	198,178,530	197,746,624

1) According to Board of Directors' and the President's proposal.

2) Following the rights issue, the average number of shares was adjusted according to guidelines in IAS 33. This calculation method has been applied in all key figures that include the number of shares.

3) No effect of dilution.

Trelleborg to focus on web-based annual report – for the sake of the environment

Last year, Trelleborg commenced a long-term program focused on the launch of a web-based annual report to progressively develop a more reader-friendly and interactive annual report. This venture makes it easier for readers to locate information in the annual report at the same time as costs and environmental impact are reduced. Read the annual report at www.trelleborg.com/annual-report2009.

The Group's decision to publish a web-based annual report means that from 2009, a paper version of the annual report will only be distributed to those who have specifically requested to receive a copy.

New products and solutions

You can follow developments and the progress of the various products and solutions offered to customers on www.trelleborg.com. You can also receive updates either via a newsletter or by subscribing to the RSS service.

Information subscription

You can subscribe to and receive Trelleborg's financial reports, press releases and share information free of charge by e-mail or text message. Click on "Subscription service" under "Investors" or directly via the following link: <http://www.trelleborg.com/en/Investors/Subscription-Service/>

Clear share-price information

Follow the price trend of the Trelleborg share for the past six years and compare with trends in various indexes. Analyze the share-price trend when reports and press releases are published. Download share data in Excel format for your own analyses.

Financial data

Study key figures, the income statement and balance sheet in an easy manner. You can choose how you want the information presented – by calendar year, rolling 12-months or by quarter.

Financial presentations – watch live or at a later date

Watch presentations of quarterly reports, Annual General Meetings or other news events. Most presentations will be broadcast live, otherwise you can watch them at a later date.



Sweden's best website on the Stockholm Stock Exchange 2009

Every year, communication consultants Hallvarsson & Hallvarsson rank the web-based information provided by companies listed on the NASDAQ OMX Nordic Exchange Stockholm and in 2009 www.trelleborg.com was ranked the best site. The survey includes more than 100 criteria focusing on financial information and investor relations. Over the past nine years, Trelleborg's website has been ranked among the top ten websites in this survey.



2010 Annual General Meeting

The Annual General Meeting of Trelleborg AB (publ) will be held on Tuesday, April 20, 2010, at 5:00 p.m. in Söderslättsshallen in Trelleborg, Sweden.

Program

- 3:00 p.m. Registration and light refreshments
- 4:00 p.m. Meeting hall opens
- 5:00 p.m. AGM commences

Notification

Shareholders who wish to participate and vote in the Meeting must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Wednesday, April 14, 2010, at the latest, and notify the company of their intention to participate – with any advisors – not later than 3:00 p.m. the same date.

Shareholders whose shares have been registered in the name of a trustee, must have temporarily re-registered the shares in their own name not later than Wednesday, April 14, 2010. Such registration should be requested of the trustee a couple of working days in advance of this date.

Notification of participation in the Annual General Meeting should be sent to:

- Trelleborg AB, Legal Department, PO Box 153, SE-231 22 Trelleborg, Sweden
- by e-mail to: anmalan.stamma@trelleborg.com
- by telephone to: +46 (0)410-670 04 or 670 00
- via the Group's website: www.trelleborg.com

The notification should state the shareholder's full name, personal identity number and telephone number. If participation is supported by power of attorney, the power of attorney and – assuming the issuer of the power of attorney is a legal entity – documents proving the signatory's authorization must be sent to the company prior to the Meeting. The details provided will only be used in connection with the Meeting and for preparing the voting list.

Proposals to the 2010 Annual General Meeting

Proposed dividend

The Board of Directors and the President propose a cash dividend of SEK 0.50 (–) per share to be paid to the shareholders. April 23, 2010 is proposed as the date of record. If the Meeting approves the proposal, the dividend is expected to be distributed by Euroclear Sweden on April 28, 2010.

Board members

Staffan Bohman, elected to Trelleborg's Board of Directors in 2000, has declined re-election at the 2010 Annual General Meeting. The Nomination Committee proposes Nina Udnes Tronstad and Bo Risberg as new Board members (for more information, see page 36). In addition, it proposes the re-election of Heléne Bergquist, Hans Björck, Claes Lindqvist, Sören Mellstig, Peter Nilsson and Anders Narvinger as Chairman.

Shareholders, who together represent approximately 66 percent of the votes in the company, have announced their support of the proposal.

Addresses

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PO Box 7365
SE-103 90 Stockholm, Sweden
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Trelleborg Sealing Solutions

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Fax: +49 711 7864 300
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Fax: +39 774 38 48 02
E-mail: wheel.systems@trelleborg.com

Information

Interim reports, annual reports, the Group's stakeholder magazine T-TIME, and other material can be ordered from Trelleborg AB, Corporate Communications, PO Box 153, SE-231 22 Trelleborg, Sweden, tel: +46 (0) 410-670 00, e-mail: info@trelleborg.com or at www.trelleborg.com.

The annual report is available at www.trelleborg.com.

WWW

Change of address

Changes of address of private individuals who are registered as residents of Sweden are made automatically by VPC AB (the Swedish Securities Register Center).

Please note that shareholders who have chosen not to have their addresses updated automatically must themselves notify the account-operating institute. Shareholders whose holdings are registered in the name of a trustee should notify the trustee as soon as possible of any changes in their name, address or account number. A special form for such notification is available at banks.

Other shareholders must notify changes of address and changes of account number to VPC AB, PO Box 7822, SE-103 97 Stockholm, Sweden, Tel: +46 (0) 8-402 90 00.

Calendar

2010 Annual General Meeting	April 20
Interim report Jan – March	April 20
Interim report Jan – June	July 21
Interim report Jan – Sep	October 28

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Acknowledgements in 2009

- www.trelleborg.com – best website of a company listed on the Stockholm Stock Exchange (Hallvarsson & Halvarsson)
- Trelleborg Corporate Responsibility on the web – among the 12 best companies in Europe (Hallvarsson & Halvarsson)
- Trelleborg Corporate Responsibility Report – among the four best companies on the Stockholm Stock Exchange (Deloitte)
- Trelleborgs Corporate Governance Report – best report of a company listed on the Stockholm Stock Exchange (PricewaterhouseCoopers).

WWW

Your opinion is welcome

Can we make our Annual Report even better? We welcome your views and suggestions;
e-mail: annualreport@trelleborg.com.

WWW

Forward looking statement

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.



Financial definitions

Financial key figures

Debt/equity ratio

Net debt divided by total equity.

Earnings per share

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

Earnings per share after dilution

Profit for the period, attributable to equity holders of the parent divided by the average number of shares outstanding plus the average number of shares added through the conversion of outstanding debentures and warrants.

Equity/assets ratio

Total equity divided by total assets.

Free cash flow

Operating cash flow and cash flow from financial items and tax and the effect of restructuring measures on cash flow.

Free cash flow per share

Free cash flow divided by the average number of shares outstanding.

Net debt

Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.

P/E ratio

Market price divided by earnings per share.

Return on shareholders' equity

Profit for the period, attributable to equity holders of the parent as a percentage of average shareholders' equity, excluding minority interests.

Yield

Dividend as a percentage of the market price.

Operating key figures *)

Average number of employees

Average number of employees during the year based on hours worked. Does not include insourced staff.

Capital employed

Total assets less interest-bearing financial assets and cash and cash equivalents and noninterest-bearing operating liabilities (including pension liabilities) and excluding tax assets and tax liabilities.

Earnings per share

Profit for the period, attributable to equity holders of the parent company, excluding items affecting comparability net after tax, divided by the average number of shares outstanding.

EBIT

Operating profit according to the income statement, excluding items affecting comparability.

EBITDA

Operating profit excluding depreciation and amortization of PPE and intangible assets, and items affecting comparability.

EBITDA/Net financial items

EBITDA divided by net financial items (financial income less financial expenses).

EBITDA margin

EBITDA excluding profit from participation in associated companies as a percentage of net sales.

Net debt/EBITDA

Net debt divided by EBITDA.

Number of employees at year-end

Including insourced staff and temporary employees.

Operating cash flow

EBITDA excluding undistributed participation in the

earnings of associated companies, investments and changes in working capital but excluding cash flow pertaining to restructuring.

Operating cash flow/EBIT

Operating cash flow as a percentage of operating profit, excluding items affecting comparability.

Operating cash flow per share

Operating cash flow divided by the average number of shares outstanding.

Operating margin (ROS – Return On Sales)

– Operating profit excluding participation in the earnings of associated companies and items affecting comparability as a percentage of net sales.

– Operating profit excluding participation in the earnings of associated companies but including items affecting comparability as a percentage of net sales.

Rate of capital turnover

Net sales as a percentage of average capital employed.

Return on capital employed (ROCE)

EBIT divided by the average capital employed.

Return on shareholders' equity

Profit for the period, attributable to equity holders of the parent, excluding items affecting comparability, net after tax, divided by average shareholders' equity, excluding minority interests.

Western Europe

Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Sweden, Switzerland, Spain, the UK.

*) for continuing operations

Glossary

AVS Antivibration system.

Bar Unit for measuring pressure. 1 bar = about the same as the air pressure at sea level.

Bitumen-based Asphalt-based.

Boots Vehicle bellows.

Brake shims Rubber metal alloy rings attached to the brake lining (to minimize screech).

CR (Corporate responsibility) Refers to the responsibilities of companies towards their key stakeholders, such as employees, shareholders, customers, suppliers, the local community and the environment. Often relates to the same areas encompassed by the term sustainability or Corporate Social Responsibility (CSR).

Cross-ply tire A former popular type of tire in which the fiber direction in its inner reinforcement, the tire cord, is placed diagonally against the center of the tire, facing the direction of travel.

Driveline system (Powertrain) Propulsion system for vehicles, mainly engines and their components.

Elastomer A polymer with high elasticity that can be stretched to at least double its length. Once the exerted pull force is released, the polymer returns almost entirely to its original length.

EMC (Electromagnetic Compatibility) A term used to describe how electromagnetic radiation in electronics in various equipment affects or is affected by the surroundings. EMC-shielding components comply with certain rules for electronic equipment, for example, EU directives.

EPM/EPDM (ethylene-propylene rubber) A type of rubber that has good weather and chemical resistance, making it suitable for sealing strips, tubing and vehicle components.

Extrusion Continuous manufacturing process in which

a screw is pushing the material forward and while passing a die at the end of the extruder the material is preformed before passing the vulcanization process, for example for sealing strips and hoses.

FFKM is a very exclusive elastomer with high resistance to heat and chemicals.

Global Compact UN initiative that unites companies and social institutions around universally applicable principles for environment and society. The aim is for companies to become members of society that are involved in developing solutions for challenges arising from increasing globalization.

GRI (Global Reporting Initiative) A global network in which community representatives, industries, investors and others cooperate to create and improve the approaches to sustainability reporting, on a consensus basis.

NVH (Noise, Vibration, Harshness) An overall term for noise, vibration and sudden movements that the car driver and passengers experience as unpleasant. A car with low NVH values is experienced as comfortable.

OEM (Original Equipment Manufacturer) The end producer of, for example, a car.

Plastics can be divided into two main groups. **Thermoplastics** are non-cross-linked plastics that are solid at room temperature but become soft and moldable when heated. **Hard plastics** are cross-linked plastics that disintegrate upon heating and do not regain their properties.

Polymer The word is derived from the Greek "poly," meaning "many" and "meros" meaning "parts." Polymers are made up of many small molecules – monomers – that are linked in long chains. Examples of polymers are plastics and rubber.

Polymer technology The technology relating to manu-

facturing processes for polymers in combination with their unique properties.

Polyurethane A polymer used in coatings and wear-and-tear products.

PTFE (polytetrafluoroethylene) Highly chemical and temperature-resistant thermoplastic.

PVC (polyvinylchloride) One of the most common thermoplastics used in the manufacture of, for example, tubing.

Radial tires Increasingly popular type of tire with the fibers of the inner reinforcement, the tire cord, placed in a radial direction towards the center of the tire.

REACH (Registration, Evaluation and Authorization of Chemicals) The aim of the EU's REACH chemicals ordinance is to only permit the use of substances in the EU and EEA that are registered with the European Chemicals Agency.

Tier 1 Subcontractors with the highest level of value added and direct suppliers to OEMs. Often have their own subcontractors (Tier 2).

TPE/TPO (thermoplastic elastomer/thermo-plastic polyolefin) Recyclable material that is a combination of plastic and rubber.

VOC (Volatile Organic Compounds) Levels of volatile hydrocarbons in the air have health and environmental effects.

Vulcanization A process whereby the rubber polymers are cross-linked to make the rubber more elastic. Vulcanization is often carried out at elevated temperatures.

Vulcanizing agent Additive for vulcanization of rubber. The most common vulcanizing agent is sulfur. Organic peroxides are used when higher heat resistance or better setting properties are required.

The world of Trelleborg

This list includes Trelleborg's units in January 2010. The number of employees in each country pertains to the average number of employees in 2009. The amount of employees at year-end, including insourced and temporary employees is listed on the inside of the cover and on page 54.

WWW

Argentina

Market Office: Buenos Aires
Number of employees: 4

Australia

Production: Brisbane, East Bentleigh
Development unit: Zillmere
Market Office: Bibra Lake, Brisbane, East Bentleigh, Melbourne
Number of employees: 173

Austria

Market Office: Vienna
Number of employees: 18

Belgium

Market Office: Brussels, Dion-Valmont, Evergem, Zaventem
Number of employees: 65

Brazil

Production: Guarulhos, São José dos Campos
Development unit: Guarulhos
Market Office: Lencois Paulista, São Paulo
Number of employees: 983

Bulgaria

Market Office: Sofia
Number of employees: 16

Canada

Market Office: Etobicoke
Number of employees: 36

China

Production: Shanghai, Qingdao, Wuxi
Development unit: Shanghai
Market Office: Chengdu, Dalian, Guangzhou, Hongkong, Shanghai, Wuhan
Number of employees: 848

Croatia

Market Office: Zagreb
Number of employees: 4

Czech Republic

Production: Hrádek nad Nisou, Lesina, Mladá Boleslav
Market Offices: Rakovník, Prague
Number of employees: 532

Denmark

Production: Helsingør, Vejen
Development unit: Hadsten, Helsingør
Market Office: Hadsten, Hedensted, Hillerød
Number of employees: 361

Estonia

Production: Kuressaare
Number of employees: 72

Finland

Production: Keikyä, Kiikka, Vihti
Market Office: Nokia, Vantaa
Number of employees: 103

France

Production: Carquefou, Cernay, Chemaudin, Clermont-Ferrand, Condé-sur-Noireau, Mirambeau, Nantes, Poix-Terron, Rethel, Sancheville, Steinbach, Witry lès Reims
Development unit: Carquefou-Modyn, Carquefou-Prodyn, Clermont-Ferrand, Nantes, Witry lès Reims
Market Office: Clermont-Ferrand, Compiègne, Maisons-Laffitte, Paris, Rochefort
Number of employees: 2,438

Germany

Production: Breuberg, Grossheubach, Lathen, Mosbach, Rechlin
Development unit: Höhr-Grenzhausen, Mannheim, Mosbach, Stuttgart
Market Offices: Duisburg, Erbach/Odenwald, Hamburg, Stuttgart, Mettmann, Lathen
Number of employees: 1,036

Hungary

Market Offices: Budapest, Budaörs
Number of employees: 10

India

Production: Bangalore, Noida
Market Office: Ahmedabad, Jayanagar
Number of employees: 452

Indonesia

Market Office: Jakarta
Number of employees: 6

Italy

Production: Cirié, Livorno, Lodi Vecchio, Modena, Pioltello, Tivoli, Turin
Development unit: Livorno, Lodi Vecchio, Tivoli, Turin
Market Office: Cuneo, Cinisello Balsamo, Livorno, Rome, Sesto San Giovanni, Tivoli
Number of employees: 1,383

Japan

Development unit: Toyo Koto-ku
Market Office: Tokyo, Toyo Koto-ku, Yokohama
Number of employees: 104

Latvia

Production: Liepāja
Number of employees: 54

Lithuania

Production: Tauragė
Number of employees: 149





The moment of truth in the Hudson River

When a US Airways aircraft crashed into the icy cold waters of the Hudson River in January 2009, the lives of 155 passengers were at risk. All could be evacuated to safety using escape slides made from a unique polymer-coated fabric from Trelleborg. Miracles happen, but often fantastic human feats and reliable safety equipment also play a vital role.

Strengthened presence in China

During the year, Trelleborg's fifth wholly owned production facility was inaugurated in China. The plant manufactures products for infrastructure projects, including fender systems for harbors and dredging hoses.

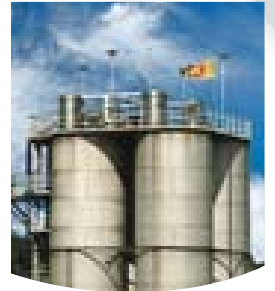


Increased focus in Brazil

During the year, a new plant was opened in São José dos Campos in Brazil. The plant manufactures high-performance seals for such items as aircraft and passenger cars as well as for industrial applications.

Efficient manufacturing in Sri Lanka

During the year, Trelleborg expanded and streamlined its manufacturing in Sri Lanka. All manufacturing of industrial tires was concentrated to an efficient and modern production facility that was inaugurated in 2009.



Trelleborg Engineered Systems

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



Trelleborg Automotive

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



Leading market positions

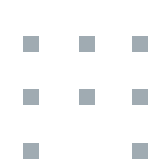
■ = ranked 1st to 3rd



= EU

Trelleborg Sealing Solutions

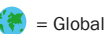
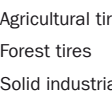
Precision seals for the aerospace industry
Precision seals for the automotive industry
Precision seals for industrial applications



■ = NAFTA (North America Free Trade Agreement; US, Canada and Mexico)

Trelleborg

Agricultural tires
Forest tires
Solid industrial tires



= Global



Wheel Systems



Malaysia

Market Office: Kuala Lumpur
Number of employees: 3

Malta

Production: Hal Far, Marsa
Development unit: Hal Far
Number of employees: 426

Mexico

Production: Tijuana, Toluca
Market Office: Col. Trabajadores de Hierro
Number of employees: 345

The Netherlands

Production: Ede, Hoogezand, Ridderkerk
Development units: Ede, Ridderkerk
Market Offices: Barendrecht, Ede, Lelystad, Ridderkerk
Number of employees: 273

Norway

Production: Mjøndalen
Development unit: Mjøndalen
Market Offices: Leirdal, Mjøndalen, Oslo, Siggerud, Spydeberg, Stavanger
Number of employees: 321

Poland

Production: Bielsko-Biala, Czechowice-Dziedzice, Walbrzych
Market Offices: Łódź, Warszawa
Number of employees: 901

Romania

Production: Dej
Number of employees: 196

Russia

Market Offices: Moscow, St Petersburg
Number of employees: 23

Singapore

Production: Singapore
Development unit: Singapore
Market Office: Singapore
Number of employees: 229

Slovakia

Production: Nova Bana
Number of employees: 70

South Africa

Market Office: Johannesburg
Number of employees: 24

South Korea

Production: Gyeongbuk
Development unit: Gyeong San
Market Office: Seoul
Number of employees: 335

Spain

Production: Burgos, Cascante, Izarra, Martorell, Pamplona, Santander, Tarazona
Development unit: Izarra
Market Offices: Barcelona, Madrid
Number of employees: 994

Sri Lanka

Production: Kelanyia, Malwana
Development unit: Kelanyia
Number of employees: 702

Sweden

Production: Bor, Bålsta, Ersmark, Forsheda, Gävle, Hovdhem, Hemse, Höganäs, Kalmar, Rydaholm, Sjöbo, Sävsjö, Trelleborg, Värnamo, Örebro
Development units: Ersmark, Forsheda, Höganäs, Kalmar, Sävsjö, Trelleborg, Örebro
Market Offices: Bromma, Göteborg, Höganäs, Jönköping, Kalmar, Värnamo
Number of employees: 1,731

Switzerland

Market Office: Crissier
Number of employees: 22

Taiwan

Market Office: Taichung
Number of employees: 19

Turkey

Production: Çerkesköy
Number of employees: 402

UK

Production: Barrow-in-Furness, Bridgewater, Cadley Hill, Hull, Knaresborough, Leicester, Manchester, Newtown, Rotherham, Scunthorpe, Skelmersdale, Tewkesbury
Development units: Ashchurch, Bridgewater, Leicester, Malmesbury, Rotherham, Skelmersdale
Market Offices: Ashby de la Zouch, Bakewell, Barrow-in-Furness, Bellshill, Cadley Hill, Edinburgh, Hull, Knaresborough, Leicester, Malmesbury, Manchester, Minworth, Rotherham, Runcorn, Skelmersdale, Solihull, St Alban
Number of employees: 1,366

United Arab Emirates

Market Office: Dubai
Number of employees: 11

USA

Production: Aurora, Benton Harbor, Bristol, Broomfield, Canton, Carmi, Clearbrook, Fort Wayne, Hartville, Hudson, Houston, Mansfield, Milford, Morganfield, Morristown, Northborough, Park Hills, Randolph, Rutherfordton, Salisbury, Sandusky, Somersworth, South Haven, Spartanburg, Streamwood, Winchester
Development units: Bloomfield Hills, Broomfield, Fort Wayne, Hartville, Northborough, Somersworth, South Haven, Spartanburg, Streamwood, Suwanee
Market Offices: Bloomfield Hills, Broomfield, Castro Valley, Colmar, Conshohocken, Fort Wayne, Houston, Lombard, North Charleston, Portland, Portsmouth, Torrance
Number of employees: 2,833

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