

ANNUAL REPORT
**WE SEAL, DAMP AND
PROTECT IN DEMANDING
ENVIRONMENTS**

2011

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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 2011 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 2010 fiscal year.

All figures in the section "Our operations" relate to continuing operations, unless otherwise stated.

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

Audited Annual Report, pages 4–46 and 63–103.

Assured Corporate Responsibility Report, pages 47–61.

Index with reference to Global Reporting Initiative (GRI): An indicator in parentheses signifies a partially reported indicator. Indicator categories: EC=Economic, EN=Environmental, LA=Labor practices and decent work, HR=Human rights, SO=Society, PR=Product responsibility.

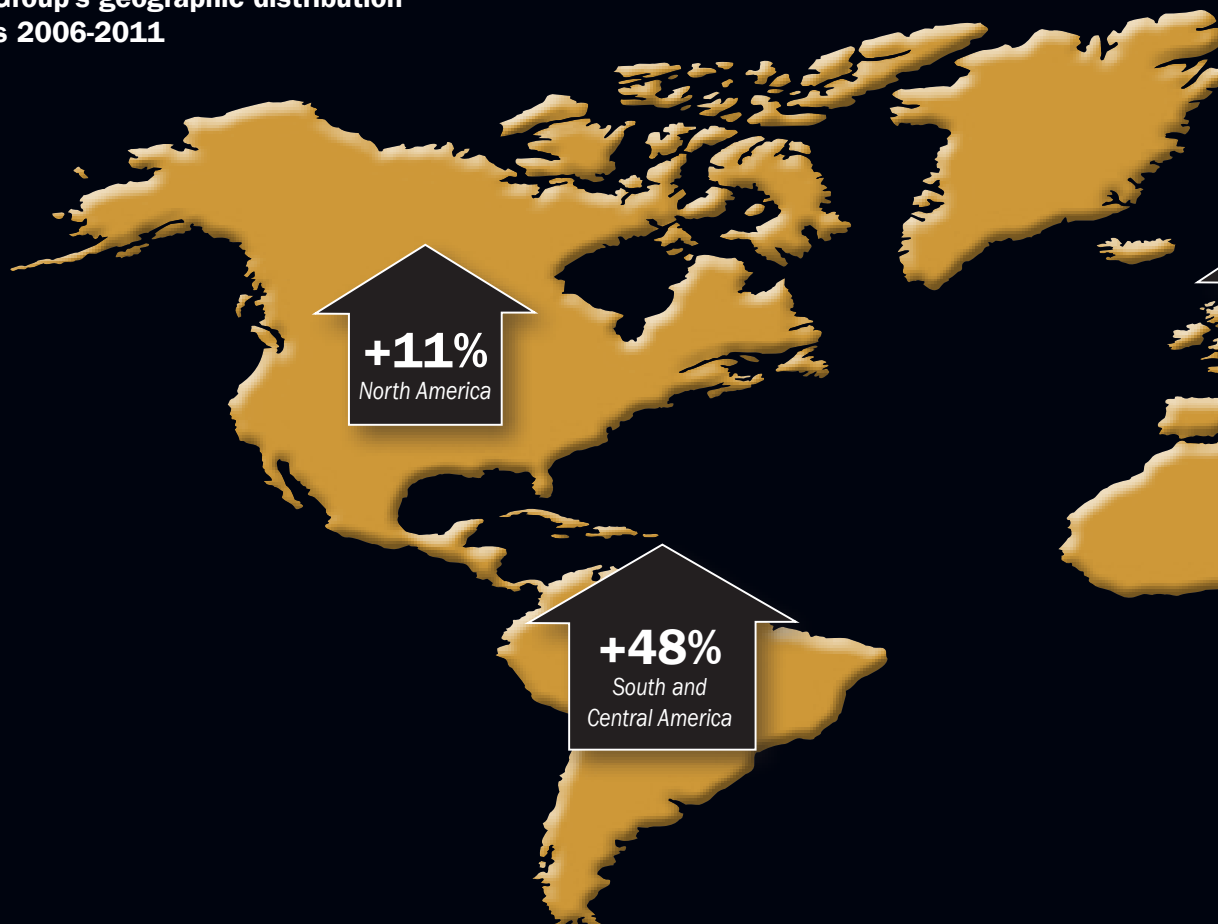
"Governance EC, EN, LA, HR, SO, PR" entails reporting of the indicator "Disclosures on Management Approach."

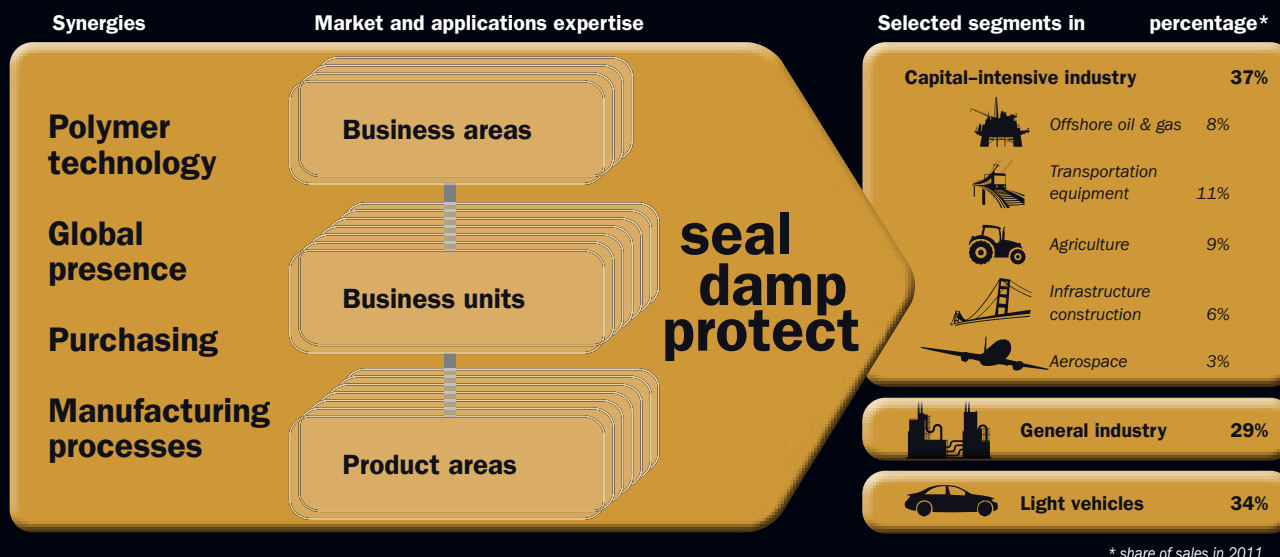
GLOBAL LEADER IN POLYMER TECHNOLOGY AND APPLICATIONS KNOW-HOW

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.

- **Founded in 1905**
- **Sales in 2011: SEK 29,106 M**
- **Employees at year-end 2011: 21,307**
- **Operations in 44 countries**
- **Listed on the Stockholm Stock Exchange since 1964**
- **Head office in Trelleborg, Sweden**

**Trelleborg Group's geographic distribution
of net sales 2006-2011**



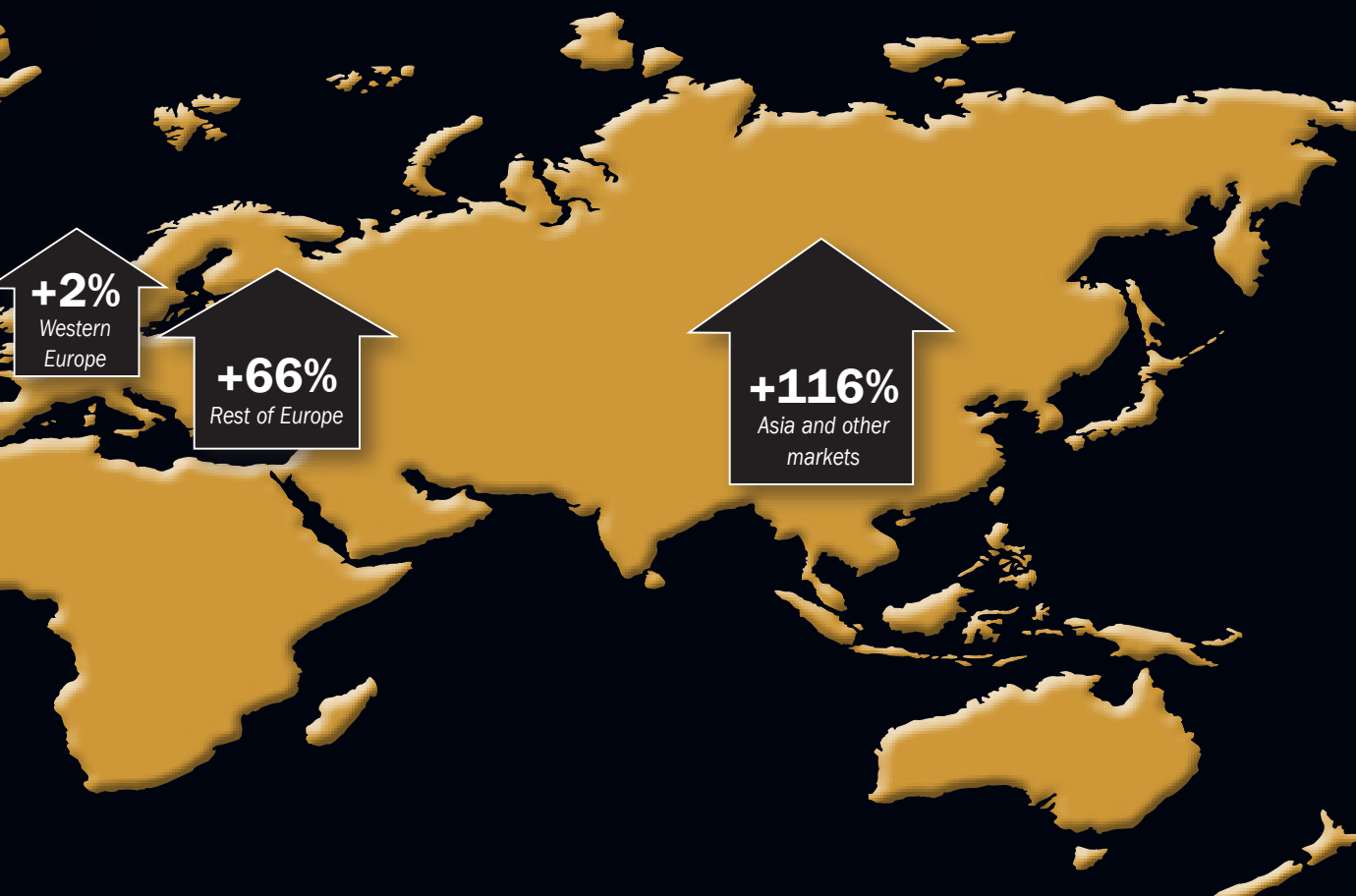


Trelleborg's strategic initiatives

- Improve structure and geographic balance
- Excellence in all aspects
- Continued portfolio management for growth and improved positions
- Innovative and long-term customer solutions

This makes us different

- Leading positions in selected segments – achieved through:
 - Unique applications expertise
 - Global presence – local knowledge
 - Focus on solving customer needs
 - Intrapreneurship
 - Development of the best talents



TRELLEBORG 2011 IN BRIEF

SEK 29,106 M

Demand was significantly better than forecast at the beginning of 2011. Net sales amounted to SEK 29,106 M (27,196).

8.3%

Higher demand, a stronger offering and a more efficient structure yielded a higher operating margin. The operating margin, including items affecting comparability, was 8.3 percent (7.4).

2,431 M

SEK

An improved operating margin and enhanced efficiency in capital utilization resulted in a higher return on shareholders' equity, which amounted to 13.4 percent (11.9).

13.4%

The many steps toward continuous improvement generated higher profit as volumes rose. Operating profit increased to SEK 2,431 M (2,036).

The EBITDA margin target was achieved and amounted to 12.1 percent (12.1).

12.1%

Focus

Trelleborg continued to focus on global presence and high-technology solutions in selected segments.

As a result of the increased demand in the majority of the Group's segments, organic growth rose by 11 percent (17).

11%

Dividend

SEK 2.50

The Board of Directors and the President propose a dividend for 2011 of SEK 2.50 per share.

Agreement

The agreement with Freudenberg to form a joint venture in antivibration solutions was signed in 2011.

Record year and strengthened positions

2011 was a good year for the Trelleborg Group. Our focus on continuous improvement continued at a brisk pace. We grew organically and acquired and divested operations, to enhance leading positions in profitable segments and improve our geographic balance. I am pleased to say that we achieved our financial targets for the Group and I wish to extend my gratitude to all employees for their hard work throughout 2011.

We entered 2011 on the back of a year marked by a steep recovery in the global economy and increasing demand for our products and solutions following the severe recession of 2008-2009. Our expectations for 2011 were reflected in this, but looking back, I now realize that these were somewhat cautious. The pace of change has been rapid and 2011 was a record year, despite the fact that not all parts of the business achieved their full potential.

Targets achieved

- Demand for our products and services was strong and Group sales amounted to SEK 29,106 M, representing an increase of 7 percent. Consequently, demand significantly exceeded our predictions at the beginning of the year and the Group achieved its target for organic growth, amounting to a strong 11 percent. Demand remained favorable in our market segments for much of the year, with the exception of offshore oil & gas, which displayed a decline in sales compared with the preceding year. As we look to 2012, however, the outlook for the segment is better than it has been for some time.
- The strong development of our operating profit reflects our focus on the many steps toward continuous improvement that is confirmed by improved earnings as volumes rise. Operating profit increased by more than 19 percent to SEK 2,431 M and the operating margin was 9 percent excluding items affecting comparability.
- Through further growth, expansion and the repositioning that Trelleborg is currently undergoing, we are tying up more capital in operations. Our operating cash flow was satisfactory and reached SEK 1,655 M.

In addition to growth, we also surpassed our target of a 12 percent EBITDA margin, which was the combined result of the right offering and hard work in the areas of cost and rationalization. Together with efficient capital utilization, this is the reason why we attained our target of a return on equity of 12 percent.

The continued improvement in our balance sheet creates options and flexibility that were not available to us a few years ago in our efforts to enhance our positions.

The Trelleborg of the future

But 2011 is now confined to history. Our earnings prove that we are on the right track and this is an important signal for myself, and all who work at Trelleborg, as we now move forward to continue building the Trelleborg of the future.

The Trelleborg of the future is something we create together each and every day through small and large-scale endeavors to continuously improve. This is the cornerstone of our long-term value creation for customers, shareholders and the Group. It involves an emphasis on organic growth, long-term development of customer solutions and continuous adaptation to customer demand. It requires that we are also always aware of and alert to cost trends, that we take a balanced approach to risk-taking and monitor financial progress. We believe that there are continued opportunities for profitable acquisitions.

Paths that influence Trelleborg's future

The Group's history also bears witness to strength and resolution in terms of building future competitiveness through more extensive and continuous structural changes. Our planned joint venture

with Freudenberg is one such example. It is the largest transaction measured in terms of sales and number of employees in Trelleborg's modern history. The exact effects of the joint venture with Freudenberg will be a subject that we will return to later in the year, but the strategic effects are clear for the joint venture and for Trelleborg. The joint venture will command a world-leading position in antivibration solutions for light and heavy vehicles – a growing segment in the automotive industry.



Trelleborg will be able to allocate more time and focus on the operational business and remain proactive in the structural transformation that our industry is undergoing. It enables us to move from mature segments to ones that are more profitable and rapidly growing. Moreover, we are growing in selected niches and segments: oil & gas, food, aerospace, transportation equipment, infrastructure, life science and agriculture.

We are also expanding in geographic terms and becoming increasingly local with our global presence, because we have actively chosen to follow our customers in their globalization process. Focusing on close customer service, and developing and creating solutions and applications in close cooperation with our customers, remain our concept for the future. Our extended global presence requires us to expand production and innovation capacity and redouble our sales efforts in China, India and the rest of Asia. We are further consolidating our presence in South America. For example, Brazil is expected to reach the position as the world's largest oil and gas market in 2013/2014, and Trelleborg has a solid starting point to capitalize on this development.

I would like to highlight our excellence program, which is a vital component of the many steps of continuous improvement that I mentioned earlier. An integral part of Trelleborg's success is based on becoming more efficient and effective in respect of manufacturing, purchasing, capital management and cost-efficient capital procurement, as well as innovation and sales processes.

'The Moment of Truth'

This is a theme that I am eager to return to as often as I can. The purpose of focusing on the right corporate culture

with the support of excellent internal processes is to create passionate employees, customer value and customer satisfaction. Trelleborg is, and shall be as a partner, an element of our customers' successes. Each day, tens of thousands of our employees interact with customers. This is 'The Moment of Truth' when the trust in our entire operation is put on the line. In this interface, we use new technologies to communicate with and support our customers, a crucial factor for continued positioning in relation to the new generation of customer and ways of working.

To become one of the industry's best partners of innovative and long-term sustainable and value-generating solutions, we will focus even more intently on customer-oriented application development and innovation in 2012. This is a priority area for us. This plan is a reflection of our strategic theme, which is to continuously move toward a higher degree of technology and knowledge content in our solutions. Our value creation is formed by the combination of polymer knowledge, and a deep understanding of the customer's needs.

Decentralized global environment

We have a strong culture at Trelleborg that I am keen to preserve. We give employees considerable freedom with responsibility, provide clear encouragement and short decision-making paths, and prefer to recruit locally to show that diversity is an important aspect of our profile. By demonstrating understanding for local cultures, we create motivated and secure employees who can develop in unison with Trelleborg. Trelleborg also stands for respect and safe working conditions, responsibility for the environ-

ment, good ethics in customer relationships and positive interaction with the community in which we operate.

Outlook

The outlook for 2012 gives cause for balanced caution. The economic indicators and assessments point to a slowdown in industrial business activity in Europe, a continued somewhat weak recovery in the US and a continued high but slightly dampened rate of growth in China and several other high-growth countries. The significant debt problems that primarily affected countries in Southern Europe represent a major macroeconomic uncertainty factor that gives cause for high vigilance regarding financial risk and stability. We can also distinguish a number of positive underlying factors, such as low interest rates, low inflation and growing political understanding and activity to manage the debt crisis in the EU. It is not possible to give any explicit forecast for Trelleborg for 2012. The year has started well for us, but because of the turbulence in the market, we are carefully monitoring developments and maintaining readiness in order to manage a volatile market.

*Trelleborg, February 2012
Peter Nilsson, President and CEO*

TOWARD THE TRELLEBORG OF THE FUTURE

Continuously evolving for profitable, value-generating growth

Trelleborg's journey started over one hundred years ago. Although much has happened since then, polymers remain the cornerstone of our business, which is today characterized by advanced polymer technology and in-depth application know-how.

Business concept

We seal, damp and protect in demanding environments throughout the world. Our customers can rely on engineered solutions based on leading polymer technology and unique applications know-how. We are proud to declare that our products and solutions benefit people and the world in which we live.

Focus

Leading positions in selected segments are at the very core of the Group's growth. We aim to grow our presence in emerging markets.

Strategy

We create long-term, profitable growth, both organically and through acquisitions, in selected market segments. A global market presence, together with our customers, comprises an integral part of our sustained value generation. We focus intently on achieving excellence – to continuously improve – in what we do.

Market

Within a five-year period, it is probable that about 40 percent of consolidated sales will take place in emerging markets outside Western Europe and North America. Sales in these countries have increased by 86 percent in the past five years.

86%

Innovation

Our innovation activities focus on creating solutions and applications in close cooperation with customers. Through innovative customer solutions, Trelleborg grows in unison with its customers.

Innovation

Innovation

FURTHER DEVELOPMENT OF ANTIVIBRATION SOLUTIONS FOR LIGHT AND HEAVY VEHICLES

Trelleborg and Freudenberg have signed an agreement to form a 50/50 joint venture in antivibration solutions for light and heavy vehicles. For Trelleborg, this business arrangement generates value and represents a further step in the company's strategic journey.

A stronger company in global competition

The automotive industry is continually undergoing structural changes, and consolidations are a natural part of evolution in the market. The joint venture will be able to offer the market's best geographic coverage and broadest product portfolio in antivibration solutions for light and heavy vehicles. This creates opportunities for an efficient structure in a fragmented market.

Prioritization of growth

The joint venture enables Trelleborg to develop other parts of the Group at the same time as a global leader is created in antivibration solutions, which is a growing segment in the automotive industry. The company generates value for Trelleborg, customers and shareholders.

Quality in products, solutions and services

The joint venture will continue to develop innovative solutions in collaboration with customers, with a focus on generating value. Trelleborg and Freudenberg's customer and product portfolios complement each other well, which further strengthens the offering to customers.

Integration for efficiency

Trelleborg's growth and profit development are based on attaining leading positions in selected segments. Together with Freudenberg, this goal can be achieved in antivibration solutions.

In December 2011, Trelleborg and Freudenberg signed an agreement covering all points of principle relating to the formation of the joint venture. In January 2012, all ancillary and transitional arrangements were finalized and signed. Applications for anti-trust approval of the joint venture have been submitted to the relevant competition authorities.

The joint venture will consist of Trelleborg Automotive's operations in antivibration solutions and Freudenberg's corresponding activities, Vibracoustic. At year-end 2011, the combined annual sales were approximately SEK 13.4 billion. Trelleborg Automotive's operations outside the antivibration area are not affected.

Sales in 2011 for the units in Trelleborg Automotive that will be included in the joint venture amounted to approximately SEK 7.1 billion, with about 5,500 employees.

When approval from the relevant competition authorities has been obtained, the participation in the joint venture will be recognized using the equity method. The Group's share of profits in the company will subsequently be recognized in the income statement under the item "Share of profit or loss in associated companies before tax" and included in operating profit and on the line "Tax on share of profit or loss in associated companies," which is recognized as a tax expense.

IMPROVED EARNINGS AND STRENGTHENED FINANCES

Developments in the Group's segments

The market conditions among the Group's segments varied over the course of the year. Demand for industrial capital goods was strong throughout the year, particularly during the first six months. Demand remained healthy in the automotive industry, principally in Germany, the US and Asia. In the agricultural industry, demand was highly favorable. The total order level for project-related operations in offshore oil & gas and infrastructure varied during the year, particularly during the latter part, impacted by extended lead times. The Group's market positions were generally retained or improved during the year.

Net sales

Demand was favorable in most of Trelleborg's segments. The Group's sales to the general industry, light vehicles, transportation equipment, agriculture and aerospace segments were higher than in 2010. Sales in the offshore oil & gas and infrastructure segments were lower compared with the preceding year. Net sales increased by 7 percent for the Group's continuing operations.

Earnings

Consolidated operating profit rose compared with 2010. The improvement was attributable to higher sales volumes and a strengthened offering, combined with the more efficient use of resources.

Operating profit increased in the Trelleborg Sealing Solutions and Trelleborg Wheel Systems business areas, driven by a high organic growth rate within the scope of a streamlined cost structure.

Operating profit for Trelleborg Engineered Systems declined, mainly due to lower project deliveries, production disruptions in offshore oil & gas and start-up costs in Brazil. Other parts of the business area performed well during the year. Operating profit declined slightly for Trelleborg Automotive, primarily as a result of higher and volatile raw material prices. For further information, refer to the respective business areas on pages 8, 10, 12 and 14.

Cash flow

Cash flow was lower than in 2010. The favorable generation of earnings was offset by a significant rise in working capital, which was a direct result of increased sales. A higher investment level compared with the preceding year also impacted cash flow.

Net debt – capital structure

The capital structure remained favorable. Net debt was maintained at a level that was on a par with 2010. Combined with the improved earnings generation, this also resulted in a marginal improvement of the key figure net debt in relation to EBITDA.

Continuing operations

Net sales	2011	2010
Net sales, SEK M	29,106	27,196
Change in %		
Organic sales	+11	+17
Structural change	+2	0
Currency effect	-6	-7
Total	+7	+10

Earnings	2011	2010
Operating profit, SEK M	2,431	2,036
Net profit, SEK M	1,578	1,284
Earnings per share, SEK	5.75	4.65
<i>Excluding items affecting comparability</i>		
Operating profit, SEK M	2,635	2,286
Operating margin, (ROS), %	9.0	8.4
EBITDA margin, %	12.1	12.1
Earnings per share, SEK	6.30	5.35

Cash flow	2011	2010
Operating cash flow, SEK M	1,655	2,190
Free cash flow, SEK M	594	1,173
Net cash flow, SEK M	-67	950

Net debt – capital structure	2011	2010
Net debt, SEK M	6,425	6,409
Net debt/EBITDA, times	1.8	1.9
Debt/equity ratio, %	48	53

Significant events during the year

First Quarter

- January 5 – Acquisition of UK-based PPL Polyurethane Products finalized.
- January 17 – Letter of intent signed between Trelleborg and Freudenberg covering the formation of a global leader in antivibration solutions.
- February 1 – Divestment of roofing operation finalized.
- February 7 – Acquisition of Watts Tyre Group finalized.
- March 8 – Acquisition of specialty tires operation in China finalized.
- March 14 – Investment to create platform for growth in the graphics industry in Brazil.
- March 24 – Strengthened long-term financing.

Second Quarter

- April 1 – Acquisition of precision seal business for life science finalized.
- April 5 – Divestment of operations in brake hoses for light vehicles finalized.
- April 13 – Acquisition of business in offshore oil & gas in Brazil finalized.
- June 20 – Continued aggressive investment in China – R&D center inaugurated.

Third Quarter

- July 15 – Acquisition of industrial hose business.

Fourth Quarter

- October 3 – Divestment of gas spring operation for light vehicles finalized.
- December 22 – Trelleborg signs agreement with Freudenberg covering the formation of a global company in antivibration solutions.

All of Trelleborg's press releases are available at www.trelleborg.com/en/Media/Press-Releases

Continuing operations

Net sales and operating profit

SEK M	Net sales		EBITDA*		EBITDA %*		Operating profit*		Operating profit**	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Trelleborg Engineered Systems	9,435	9,795	937	1,188	9.9	12.1	628	855	542	745
Trelleborg Automotive	9,360	8,819	814	908	8.6	10.1	510	524	417	426
Trelleborg Sealing Solutions	6,643	5,783	1,550	1,071	23.3	18.5	1,360	876	1,336	854
Trelleborg Wheel Systems	3,863	2,990	492	360	12.7	12.0	401	263	401	247
Group items			-255	-223			-264	-232	-265	-236
Elimination	-195	-191								
Total	29,106	27,196	3,538	3,304	12.1	12.1	2,635	2,286	2,431	2,036

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

SEK M	Impairment		Restructuring costs		Total	
	2011	2010	2011	2010	2011	2010
Trelleborg Engineered Systems	-6	1	-80	-111	-86	-110
Trelleborg Automotive	-3	-22	-90	-76	-93	-98
Trelleborg Sealing Solutions		-9	-24	-13	-24	-22
Trelleborg Wheel Systems				-16		-16
Other			-1	-4	-1	-4
Total	-9	-30	-195	-220	-204	-250

Operating ratios

SEK M	Operating margin (ROS) %*		Operating margin (ROS) %**		Capital employed SEK M		Return on capital employed (ROCE) %*		Return on capital employed (ROCE) %**	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Trelleborg Engineered Systems	6.7	8.7	5.7	7.6	6,728	6,036	9.6	13.4	8.3	11.8
Trelleborg Automotive	5.3	5.8	4.3	4.7	3,922	3,739	13.0	12.9	10.8	10.7
Trelleborg Sealing Solutions	20.5	15.1	20.1	14.8	7,015	6,545	19.7	12.9	19.3	12.6
Trelleborg Wheel Systems	10.4	8.8	10.4	8.3	2,191	1,712	18.2	14.1	18.3	13.3
Group items					-175	-32				
Provisions for restructuring measures					-107	-215				
Total	9.0	8.4	8.3	7.4	19,574	17,785	13.5	11.9	12.6	10.8

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

Net sales per quarter

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2011	2010	2011	2010	2011	2010	2011	2010
Trelleborg Engineered Systems	2,317	2,374	2,515	2,564	2,264	2,316	2,339	2,541
Trelleborg Automotive	2,373	2,176	2,379	2,332	2,320	2,123	2,288	2,188
Trelleborg Sealing Solutions	1,633	1,350	1,735	1,522	1,705	1,477	1,570	1,434
Trelleborg Wheel Systems	950	725	1,006	795	953	732	954	738
Elimination	-47	-69	-52	-26	-51	-47	-45	-49
Total	7,226	6,556	7,583	7,187	7,191	6,601	7,106	6,852

Operating profit per quarter*

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2011	2010	2011	2010	2011	2010	2011	2010
Trelleborg Engineered Systems	179	159	223	261	168	220	58	215
Trelleborg Automotive	114	136	111	177	120	90	165	121
Trelleborg Sealing Solutions	315	171	378	251	386	238	281	216
Trelleborg Wheel Systems	96	76	108	59	98	77	99	51
Group items	-50	-27	-69	-54	-71	-66	-74	-85
Total	654	515	751	694	701	559	529	518

*) excluding items affecting comparability

For definitions, see page 107.

TRELLEBORG ENGINEERED SYSTEMS

Market segments:

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

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

Transportation: acoustic and vibration-damping solutions for railways and vessels.

General industry: precision components and systems in polymer materials, such as hoses, elastomer materials and polymer-coated fabrics. Other speciality products include molded components for a variety of industry segments, printing blankets for the graphics industry and industrial antivibration applications.

Production units:

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

Examples of brands:

Elastopipe®, Trelle® and Vulcan®.

Key customers:

Companies in infrastructure, offshore oil & gas, food, chemicals, the graphics and transport industries, and major distributors of industrial commodities

Principal competitors:

Archer, Balmoral, Bridgestone, Continental, Cuming Corp., Flint Group, Floatation Technology, Hultec, Hutchinson, IVG, Lords, Matrix, Schlegel, Semperit, Stomil Sanok, Sumitomo and Yokohama.

Improved presence in rapidly expanding markets

Market trend

Demand fluctuated in the various market segments. Demand for input goods to general industry was favorable during the year. Lead times in the project-related segments of infrastructure and offshore oil & gas increased during the year.

Sales and earnings

Organic sales increased 1 percent (4) for full-year 2011. Total sales, however, were lower than in the preceding year, due primarily to lower sales in the offshore oil & gas segment. Operating profit declined compared with 2010, mainly as a result of lower project deliveries, production disruptions in offshore oil & gas and start-up costs in Brazil. Other parts of the business area performed well during the year. Operating cash flow was weaker than in the preceding year, which was principally due to lower earnings, a higher capital expenditure level and a rise in tied-up working capital.

Key events

- The business area continued to advance its positions in the offshore oil & gas and printing blankets segments.
- Continued structural improvements as a result of restructuring activities and active portfolio management.
- Divestment of the roofing operations (Waterproofing).
- Acquisition of the UK company PPL

Polyurethane Products, with annual sales of SEK 90 M. PPL has a broad portfolio of products and solutions in the areas of offshore oil & gas and infrastructure.

- Acquisition of 60 percent of the French company Bloch, with annual sales of SEK 70 M in high-end industrial hose solutions.
- Intensified focus on Brazil through the acquisition of a local offshore oil & gas company and investment in specialized production of printing blankets for the graphics industry.

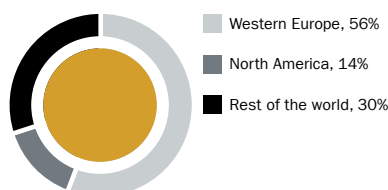
Strategic priorities:

- Continued active portfolio management – invest in attractive segments and exit segments with low potential.
- Additionally strengthen presence in markets with high growth, primarily Asia and Latin America.
- Acquisitions that support expansion in key markets.
- Continuously improve overall cost structure by enhancing efficiency and ensuring the optimal production structure.
- Recruit, develop and retain talented individuals.

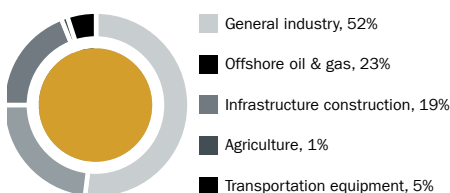
Events after year-end

- The business area focuses on three prioritized areas: offshore and infrastructure construction, general

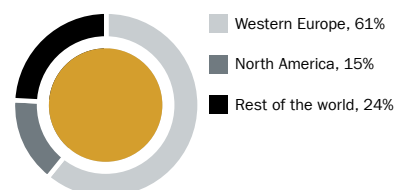
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

to Lennart Johansson

Business Area President

What were you most pleased with in 2011?

We improved our presence in emerging markets and Brazil in particular. We now have well-established manufacturing and sales operations in the country aimed at the expansive offshore oil & gas industry and are investing in the production of printing blankets. We are also investing in India, where we are following our global customers to supply them with industrial antivibration equipment.

What are the principal opportunities and risks that you face in your business environment?

The global debt situation and political uncertainty are having an impact in the form of lower investment propensity. Meanwhile, Asia is leading the way with its enormous consumption requirements. This provides us with continued favorable expansion opportunities.

What are the key strategic priorities for your business area over the next few years?

Establishing an even stronger presence and local base in the major emerging markets is an important aspect. We will work harder to offer our customers service concepts and direct sales of our products in selected segments. Furthermore, we will concentrate even more intently on our three prioritized areas of offshore and infrastructure construction, general industrial applications and polymer-coated fabrics for advanced industrial applications.

KEY FIGURES

	2011	2010
Net sales, SEK M	9,435	9,795
Share of Group net sales, %	32	36
EBITDA, SEK M	937	1,188
EBITDA, %	9.9	12.1
Operating profit, SEK M	628	855
Operating profit, including items affecting comparability, SEK M	542	745
Operating margin (ROS), %	6.7	8.7
Capital employed, SEK M	6,728	6,036
Return on capital employed (ROCE), %	9.6	13.4
Capital expenditures, SEK M	352	248
Operating cash flow, SEK M	267	722
Operating cash flow/Operating profit, %	43	84
Number of employees at year-end, including insourced staff and temporary employees	6,245	6,390

Excluding items affecting comparability (unless otherwise stated)

industrial applications and polymer-coated fabrics for advanced industrial applications. Trelleborg Automotive's operation for polymer boots for drive shafts and steering applications will be integrated into the business area.

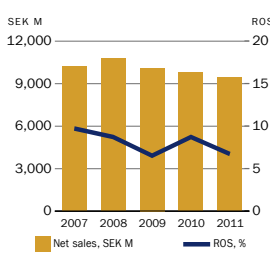
- Three people from the business area will assume new positions in Trelleborg's Group Management: Denis Blanc, Mikael Fryklund and Dario Porta. Trelleborg's President and CEO Peter Nilsson will assume responsibility for Trelleborg Engineered Systems.
- Lennart Johansson and Jim Law have been appointed as the Trelleborg Group's representatives on the management board of the joint venture in

antivibration solutions for light and heavy vehicles that is planned between Trelleborg and Freudenberg.

Market position, no. 1-3 EU NAFTA Globally

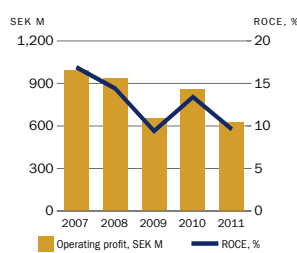
Industrial hoses	■		■
Dredging hoses	■	■	■
Oil hoses	■		
Rubber sheeting	■		
Industrial vibration damping	■	■	■
Polymer-coated fabrics	■	■	■
Printing blankets	■	■	■
Industrial profiles	■	■	■
Pipe seals	■		■
Marine fender systems	■	■	■
Polymer solutions for oil & gas	■	■	■

Net sales and ROS*



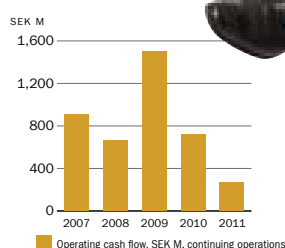
* Excluding items affecting comparability

Operating profit* and ROCE*



* Excluding items affecting comparability

Operating cash flow



Operating cash flow, SEK M, continuing operations.

TRELLEBORG

SEALING SOLUTIONS

Market segments:

General industry: advanced sealing solutions in speciality 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 used in virtually all major commercial and military aircraft programs. Key application areas are engines, flight control actuators, landing gear, airframes, wheels and brakes.

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

Transportation equipment, Agriculture, Offshore oil & gas: safety-critical precision seals for use in, for example, trains, engineering and agricultural equipment and offshore oil & gas.

Production units:

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

Market offices:

Argentina, 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, the US and Vietnam.

Examples of brands:

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

Key customers:

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

Principal competitors:

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

Higher delivery capacity and increased market shares

Market trend

Demand remained highly positive in all major market segments and geographic areas.

Sales and earnings

Organic sales rose 16 percent (33) for full-year 2011. Demand was strong in all segments and geographic areas. Operating profit improved significantly compared with 2010 as a result of higher demand, a more efficient structure, a continued favorable product mix and good capacity utilization. The operating cash flow remained very strong primarily due to the improvement in earnings and the continued efficient management of working capital.

Key events

- The business area continued to capture market shares and strengthen its market positions during the year.
- The sharp rise in raw-material costs was offset through price increases and continued measures to enhance manufacturing and purchasing efficiencies.
- The acquisition of Silcotech strengthens the presence in the growth segment of life sciences.

Silcotech manufactures such items as liquid silicone seals.

- The expansion in India and China continued with a new state-of-the-art manufacturing and marketing site in Bangalore, India, and the expansion of the production site in Shanghai, China.

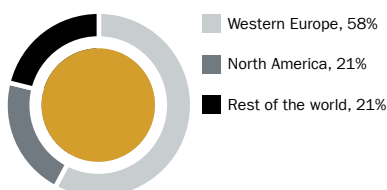
Strategic priorities:

- Increase market shares by offering the market's best service to selected customers.
- Further develop online tools and digital services.
- Growth through acquisitions. Monitor and act on potential acquisition candidates in selected markets.
- Ensure optimal production structure and increase the proportion of production in high-growth countries.
- Recruit, develop and retain talented individuals.

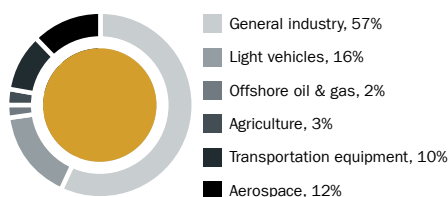
Events after year-end

- Trelleborg Automotive's operation for noise-damping solutions for brake systems will be integrated into Trelleborg Sealing Solutions.

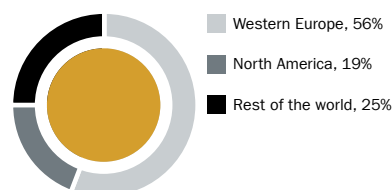
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

to Claus Barsøe

Business Area President

What were you most pleased with in 2011?

We managed to maintain high delivery capacity and increased our market shares globally and in our major market segments. Furthermore, we improved our manufacturing and purchasing processes in high-growth countries and reduced our cost base in Europe. Finally, we invested in the development of innovative solutions and services globally.

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

We are well positioned to address a future downturn in demand thanks to our solutions and broad and innovative product portfolio. We will continue to look for growth opportunities in new market segments and regions.

What are the key strategic priorities for your business area over the next few years?

We will continue to focus on profitable growth in our primary segments of general industry, aerospace and automotive and to invest in new segments, such as life science. Our ambition is to become the industry leader in online services in all geographic regions.

KEY FIGURES

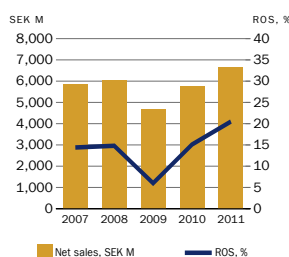
	2011	2010
Net sales, SEK M	6,643	5,783
Share of Group net sales, %	23	21
EBITDA, SEK M	1,550	1,071
EBITDA, %	23.3	18.5
Operating profit, SEK M	1,360	876
Operating profit, including items affecting comparability, SEK M	1,336	854
Operating margin (ROS), %	20.5	15.1
Capital employed, SEK M	7,015	6,545
Return on capital employed (ROCE), %	19.7	12.9
Capital expenditures, SEK M	236	180
Operating cash flow, SEK M	1,252	885
Operating cash flow/Operating profit, %	92	101
Number of employees at year-end, including insourced staff and temporary employees	5,336	5,110

Excluding items affecting comparability (unless otherwise stated)

Market position, no. 1-3 EU NAFTA Globally

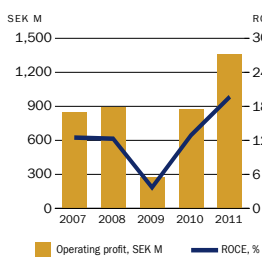
Precision seals for the aerospace industry	■	■	■
Precision seals for the automotive industry	■	■	■
Precision seals for industrial applications	■	■	

Net sales and ROS*



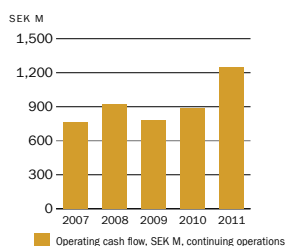
*Excluding items affecting comparability

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



*Excluding items affecting comparability



TRELLEBORG WHEEL SYSTEMS

Market segments:

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

Transportation: wheels and complete wheel systems for materials-handling vehicles for use at, for example, airports, ports and warehouses. These include forklift trucks and other highly utilized and high-load materials-handling vehicles.

Production units:

China, Italy, Latvia, Sri Lanka and Sweden.

Market offices:

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

Examples of brands:

Trelleborg®, Bergougnan®, Rota®, Monarch®, Mastersolid®, Orca, Watts, Kargo, Freightmaster and Interfit.

Key customers:

Manufacturers of agricultural and forest machinery, tire and machinery sales companies and end customers. Manufacturers of forklift trucks, freight companies as well as authorities and organizations responsible for infrastructure.

Principal competitors:

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

Stronger demand and establishment in China

Market trend

Demand for agricultural tires and industrial tires, both from OEMs and the after-market, increased sharply during the year.

Sales and earnings

Organic sales rose by 27 percent (7) for full-year 2011. Demand was particularly strong in the agricultural tire segment. The acquisition of Watts contributed to a rise in sales for industrial tires. Operating profit improved significantly on account of favorable demand, enhanced efficiency and effective management of volatile raw-material prices. Operating profit was also influenced by a changed product mix and high capacity utilization. Operating cash flow declined during the year, mainly as a result of a rise in tied-up working capital and establishment in China.

Key events

- Strong upswing in demand particularly in the OEM segment following the decline in 2009–2010.
- Continued broadening of the business area's offering.
- Successful integration of the Watts Tyre Group (SEK 300 M in annual sales)

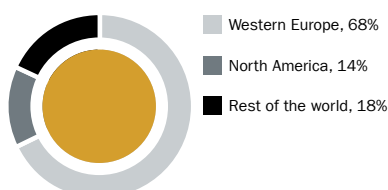
acquired in February. The acquisition, which also included the Interfit operation specialized in tire and wheel service for forklifts, strengthened earnings in industrial tires.

- Trelleborg became the first western manufacturer to conduct production of agricultural tires in China, as a result of the acquisition of a new plant in Xingtai in April. Production developed according to plan and the unit will be able to supply global and local manufacturers in the country.
- Continued focus on marketing and brand activities in cooperation with several major manufacturers of agricultural tires in addition to a broadening of the green offering.

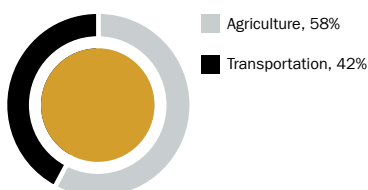
Strategic priorities:

- Consolidation of the strong position held in Agricultural & Forest Tires by further developing the customer offering and continuing the geographic expansion.
- Leverage implemented structural measures to proactively expand in attractive segments and markets.

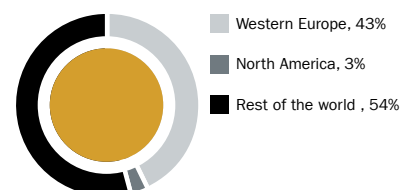
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

to Maurizio Vischi

Business Area President

What were you most pleased with in 2011?

We worked tirelessly to offset the increases in raw-material prices, and we succeeded. Demand was strong and exceeded expectations in both the agriculture and industrial sectors, thereby strengthening our market shares. The establishment of operations in China is also an exciting step and a milestone for us in what is potentially the largest market in the world.

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

Our two businesses, agricultural tires and industrial tires, have few structural risks and we hold a stable position in both segments. Emerging markets present the greatest opportunity and it is here we are directing our focus.

What are the key strategic priorities for your business area over the next few years?

Our future growth is closely intertwined with demand for "high-tech" tires in emerging markets. We have now initiated expansion of production in these countries with the plant in Xingtai, China, and we are continuing to seek establishment opportunities in other countries.



KEY FIGURES

	2011	2010
Net sales, SEK M	3,863	2,990
Share of Group net sales, %	13	11
EBITDA, SEK M	492	360
EBITDA, %	12.7	12.0
Operating profit, SEK M	401	263
Operating profit, including items affecting comparability, SEK M	401	247
Operating margin (ROS), %	10.4	8.8
Capital employed, SEK M	2,191	1,712
Return on capital employed (ROCE), %	18.2	14.1
Capital expenditures, SEK M	156	104
Operating cash flow, SEK M	185	251
Operating cash flow/Operating profit, %	46	95
Number of employees at year-end, including insourced staff and temporary employees	2,517	1,918

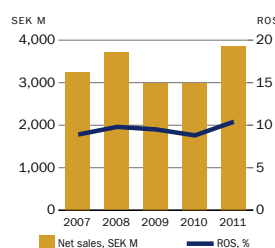
Excluding items affecting comparability (unless otherwise stated)

- Maintain strong positions among OEM customers and further develop after-market customers through continued focused and customer-centric innovation.
- Recruit, develop and retain talented individuals.

Market position, no. 1-3

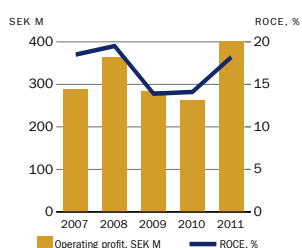
	EU	NAFTA	Globally
Agricultural tires	■		■
Forestry tires	■		■
Solid industrial tires	■	■	■

Net sales and ROS*



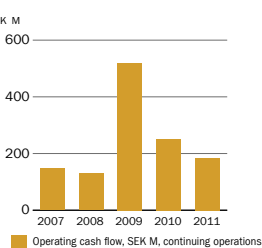
*Excluding items affecting comparability.

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



Operating cash flow, SEK M, continuing operations.

TRELLEBORG AUTOMOTIVE

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 shafts and steering applications as well as other customized products.

Production units:

Brazil, China, France, Germany, India, Mexico, Romania, Russia, South Korea, Spain, Sweden, Turkey and the US.

Key customers

Audi, Benteler, BMW, Chrysler, Delphi, FAW, Fiat, Ford, GKN, GM, Hendrickson, Hyundai, Mazda, Maruti, Mercedes Benz, Nexteer, PSA, Renault Nissan, Suzuki, Tata, Tenneco Monroe, Toyota, Volvo and VW.

Principal competitors

Anvis, Bridgestone, Cooper Standard, Continental, DTR, Freudenberg/Vibracoustic, Hutchinson/Paulstra, Keeper, Kwang Duk Auto, Meneta, MSC, NOK, Tokai, Wolverine, ZF and Zhongding.

Toward a global leader in antivibration

Market trend

Demand in most key markets, such as Germany, the US and China, increased during the year.

Sales and earnings

Organic sales increased 15 percent (29) for full-year 2011. Demand was favorable for much of the year in the majority of geographic markets. Operating profit dropped slightly compared with 2010, primarily as a result of rising and volatile raw-material prices. Earnings were also impacted by impairments made in Brazil to inventory and other assets, primarily of an historical nature, in conjunction with a review following the divestment made during the year of the brake hose operation in Brazil. Earnings were positively influenced by earlier capacity and cost adaptations and healthy volumes in some regions. Operating cash flow was impacted by higher capital expenditures and increased tied-up working capital.

Key events

- Together with Freudenberg, an agreement was signed covering all points of principle in respect of the formation of a joint venture in antivibration solutions. For further information, refer to page 5.
- As part of the continued focusing of the business area, the business area's only brake hose operation, domiciled in Brazil, and the gas spring operation, in France, were divested.

- Continued investments in emerging markets with substantial sales growth in China, India and Brazil.
- A new R&D centre was inaugurated in Shanghai, China, focused on noise and vibration-damping brake solutions.
- Several long-term supply contracts for new platforms for the major automotive manufacturers in the US.
- Relocation of operations from Höhr-Grenzhausen, Germany, to Breuberg, Germany, completed.

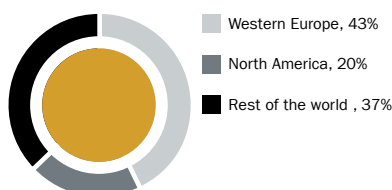
Strategic priorities:

- Successfully prepare and implement the integration of operations in cooperation with Freudenberg.
- Continuously improve profitability in long-term attractive segments through targeted actions.
- Proactively capitalize on the market opportunities arising during the ongoing restructuring of the global automotive industry.
- Continued expansion in emerging markets.
- Optimization of global production and excellence in production processes.
- Be leading in solutions that support fuel economy/weight reduction in cars and trucks.
- Recruit, develop and retain talented individuals.

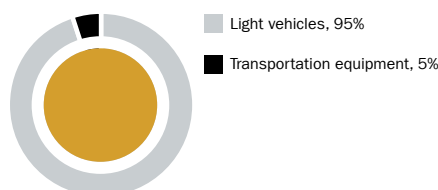
Events after year-end

- Signed all ancillary and transitional arrangements for the formation of

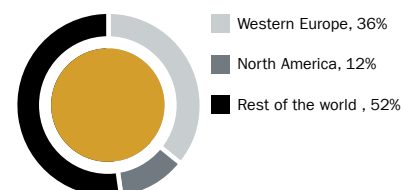
Net sales per geographic market



Net sales per segment



Employees per geographic market



3 questions

to Jim Law

Business Area President

What were you most pleased with in 2011?

We experienced robust expansion in sales in such countries as China, India, South Korea and Brazil and we established a firm foothold in Russia. I am also pleased that we have confirmed our competitiveness by securing several major orders for new light vehicles platforms.

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

In terms of volume, the global automotive market appears unstable against the backdrop of the debt crisis in the west. We are preparing to be able to rapidly take action, such as adapting capacity and reducing costs. Opportunities include the strengths that can be gained by parts of our business through the partnership with Freudenberg and continuing our success in emerging markets.

What are the key strategic priorities for your business area over the next few years?

We will be the most competitive supplier in our area of expertise with respect to innovativeness, global presence and cost base. We aim to strengthen our positions, which form the basis for a sustained improvement in profitability.

KEY FIGURES

	2011	2010
Net sales, SEK M	9,360	8,819
Share of Group net sales, %	32	32
EBITDA, SEK M	814	908
EBITDA, %	8.6	10.1
Operating profit, SEK M	510	524
Operating profit, including items affecting comparability, SEK M	417	426
Operating margin (ROS), %	5.3	5.8
Capital employed, SEK M	3,922	3,739
Return on capital employed (ROCE), %	13.0	12.9
Capital expenditures, SEK M	374	284
Operating cash flow, SEK M	242	642
Operating cash flow/Operating profit, %	47	122
Number of employees at year-end, including insourced staff and temporary employees	7,023	6,880

Excluding items affecting comparability (unless otherwise stated)

the joint venture in antivibration and submitted applications for anti-trust approval to the relevant competition authorities.

- Trelleborg carried out organizational changes in order to further strengthen and focus the Group. Trelleborg Automotive will be focused on antivibration solutions. Trelleborg Automotive's other operations – polymer boots for drive shafts and steering applications as well as noise-damping solutions for brake systems – will be strengthened by integrating them into Trelleborg Engineered Systems and Trelleborg Sealing Solutions, respectively.

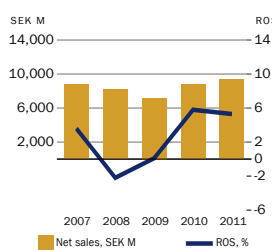
- Jim Law, Trelleborg Automotive's President, and Lennart Johansson have been appointed as the Trelleborg Group's representatives on the management board of the joint venture of antivibration solutions for light and heavy vehicles that is planned between Trelleborg and Freudenberg.

- Divested an operation for light-vehicle components.

Market position, no. 1-3

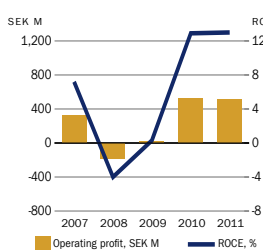
	EU	NAFTA	Globally
Vibration damping for the automotive industry	■	■	■
Brake shims	■	■	■
Vehicle boots	■	■	■

Net sales and ROS*



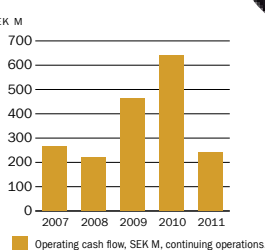
*Excluding items affecting comparability

Operating profit* and ROCE*



*Excluding items affecting comparability

Operating cash flow



Operating cash flow, SEK M, continuing operations.



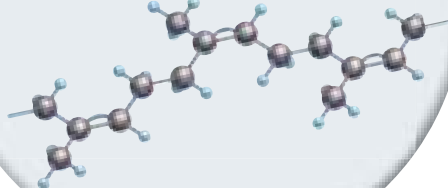
SEAL DAMP PROTECT

By sealing, damping and protecting, we enable our customers to evolve

The modern-day industrial and information society would not be possible without polymer material, or rubber and plastics as they are commonly known. All of the machines, tools and accessories that make up our everyday lives need sealing, damping and protecting using a material that is durable, elastic and tough. And it is precisely this technology that Trelleborg has mastered better than others, possessing know-how that is valued highly in relation to cost. For the customer, it is the difference between products that work or don't work. Trelleborg's polymer and applications know-how enables the customer to take the next step and to identify new, innovative solutions to address future challenges.

About polymers

Polymers consist of long chains of molecules that form the building blocks in rubber and plastics. Rubber is composed of polymeric hydrocarbons. While natural rubber has only one chemical variant, there are 20 or more chemical variants of synthetic rubber.



The customer places demands...

Customers demand genuine material expertise in the field of polymer technology and solid engineering know-how regarding their products and manufacturing processes. They require understanding of what they aim to achieve in the next stage of their development, both technologically and commercially. In short, they want to know how sealing, damping and protecting can enhance the attractiveness of their products and solutions in relation to their own markets and customers. Trelleborg has accumulated and delivered this expertise for more than 100 years.

About rubber and its processes

Rubber consists of the elements carbon and hydrogen. Treated rubber is elastic, water-repellant, moldable, and suppresses both noise and vibrations. Natural rubber is produced from the rubber tree (*Hevea Brasiliensis*). Synthetic rubber is produced chemically, usually from petroleum (oil). Untreated natural rubber cracks if it is too cold and becomes viscous if it is too warm. By adding sulfur, the rubber becomes elastic. Vulcanization is the basis of modern rubber's almost infinite application possibilities.



The rubber band is an everyday example of the elasticity of rubber.

...and Trelleborg has the expertise

Trelleborg's customer-centric development ensures that our engineers take a commercial approach to their work. This requires them not only to focus on more than product development alone, but also to provide advice on how manufacturing and processes can be streamlined through insight into production solutions, systemized thinking and services. Trelleborg offers this broad and deep expertise on a global scale, taking into consideration the unique individual customer needs that exist in various industries and markets.

Learn more about rubber and its application areas. Simply scan this QR code with your mobile phone or visit www.trelleborg.com



About the material's properties

Natural rubber has extremely high elasticity and exhibits excellent resistance to wear and fatigue. Trelleborg uses it in large vehicle tires, springs, rubber bearings, hoses, gaskets and rubber-coated fabrics. Synthetic rubber, such as Styrene-butadiene rubber (SBR) and Isoprene rubber (IR), have characteristics similar to natural rubber. They are used as the surface rubber for sand-blasting hoses, oil and gasoline hoses and tires, among other products. Butadiene rubber (BR) is often used with other types of rubber for elasticity, wear-resistance and low-temperature performance. Ethylene-propylene diene monomer (EPM/EPDM) can withstand high temperatures and is used for sealing strips, hoses and so forth.

Material expertise + applications know-how

Another aim of Trelleborg's materials expertise is to continuously develop and adapt polymer material to new applications for customers. We have unique know-how on how to customize polymers to satisfy customer-specific demands for elasticity, hardness and resistance. This also requires us to keep one step ahead in respect of the opportunities to combine – or replace – polymers with other materials. Performance and application can be further developed through combinations with metals, textiles and plastics.

With expertise of the actual applications, we enhance and modify the end-product's properties and create new functions and areas of use. Our solutions based on polymers stimulate and facilitate technological breakthroughs and new solutions for the design of products and machines, means of transportation, construction of buildings, infrastructure projects, agriculture, and the pharmaceutical and food industries.

Solutions to problems for people, companies and the planet

Trelleborg is a problem-solver and enabler for people and companies. The combination of polymer material and engineering expertise in how to seal, damp and protect has huge future potential. At the same time, our solutions contribute to sustainable social development and reduce the impact on the environment. We fight to prevent leaks, noise and vibrations that represent a threat to people's health and wellbeing, the development and profits of companies, the safety of society and the future of our planet.

Our competence helps to enhance production efficiency by reducing wastefulness of essential natural resources and products. It provides increased protection for life and health, our environment and the company's operation and investments – in other words, the aspects that we value in our welfare system.



SIZE AND COMPETITIVENESS TO STRENGTHEN FUTURE POSITIONS

Innovation ensures leadership

Innovation is an important element of Trelleborg's strategy and one of the Group's core values. Trelleborg has a firmly established reputation for innovativeness and creativity. It secures long-term customer relationships and loyalty by continuously pioneering development. The Group creates competitive advantages through successful innovations. This, in turn, generates market strength, which provides resources that can be invested in innovations.

Globalization drives change

Trelleborg is one of the rubber industry's most international companies and has benefited from the globalization that has taken place over the past decade. Increased trade, investments and cross-border establishments have generated a strong impetus for change that will continue for many years to come. Being one of the major players globally provides the resources to grow and the power to play a part in shaping the development of the industry.

Strong growth in many markets and segments

Generally speaking, the industrial rubber industry is relatively mature and grows roughly at the same rate as global GDP. In some countries, the growth rate is significantly higher. New segments and niches emerge in pace with the economic development of society. Trelleborg has a tried and tested strategy for positioning the company in profitable, growth segments, see page 24 for more information.

Synergies generate cost advantages

Efficiency and low costs are a necessity. Companies with a global presence, such as Trelleborg, are at an advantage because they can manufacture long runs in cost-efficient countries, can use their size to exert pressure when purchasing goods and have the resources to complete structural changes and acquisitions that can generate synergies.

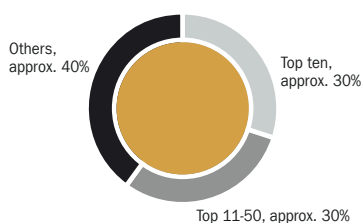
Positioning to secure value reduces risk

Positioning in the best niches is a crucial factor for success in a market saturated by competition and under severe pressure from globalization. It requires global, regional and local market knowledge, strength in innovation and development, and resources to enable investments. Trelleborg has long experience of strategies for growth in profitable niches to achieve a balanced risk in the Group.

Valuable and critical solutions for a small portion of the total cost

The requirements that polymer materials can satisfy far better than any other product – namely sealing, damping and protecting – continuously grow in pace with welfare development, more rigorous demands on product functionality and efforts to reduce environmental impact. The rubber industry meets an entire world's increasing welfare demands for protection, safety and comfort.

Industrial rubber companies, breakdown



Total market size is about EUR 60 billion annually.

Top 10 global industrial rubber companies in 2011

Company	Country	Net sales, EUR M	Percentage of company's total net sales
1. Hutchinson	France	3,800	100
2. Continental	Germany	2,851	11
3. Freudenberg	Germany	2,667	49
4. Trelleborg	Sweden	2,571	89
5. Bridgestone	Japan	2,460	10
6. NOK	Japan	2,358	54
7. Tokai	Japan	2,283	95
8. Tomkins	UK	2,206	60
9. Cooper Standard Automotive	USA	1,823	100
10. Parker-Hannifin	USA	1,510	20
Total		24,529	

Sources: Rubber & Plastics News, Freedonia and Trelleborg June 2011.

WE ARE GROWING IN PACE WITH GLOBALIZATION AND SEAL, DAMP AND PROTECT



Mankind's endeavor to create a better and safer existence, companies' efforts to satisfy customer and consumer needs, and the demand for a clean environment and sustainable development, create the trends that shape the global conditions for Trelleborg's business development.

SIX TRENDS THAT DRIVE TRELLEBORG'S BUSINESS

Healthcare and life science

Population growth is especially robust in high-growth countries. Higher life expectancy, a growing percentage of elderly and a higher standard of living drive the demand for better food, healthcare and more material welfare for a strongly expanding middle class in high-growth countries. This trend benefits all of Trelleborg's segments, particularly general industry and the growing life science segment. Trelleborg follows customers in their globalization processes and has an ever-increasing presence in such countries as India, China and Brazil.

Energy

Restricted access to natural resources requires enhanced efficiency, particularly in the area of energy. Major investments are being made in the extraction of offshore oil & gas and alternative fuels and energy sources. As a result of investments in new exploration projects (Brazil and Western Africa) and increased maintenance requirements (Gulf of Mexico and the North Sea) in offshore oil & gas, Trelleborg's segment in the same area has a favorable outlook. In addition, Trelleborg has developed products and solutions for the wind power industry, among others.

Infrastructure

Strong urbanization imposes heightened demands on new and improved infrastructure and better housing and transportation, requiring the expansion of roads, ports, tunnels and bridges. Tunnel and pipe seals, fenders and harbor systems, solutions for dredging and damping bearings are examples of applica-

tions in Trelleborg's infrastructure segment, which is becoming increasingly global.

Transportation

Increasing flows of people and goods call for more efficient transportation by rail, air, bus and truck and improved inventory management and transportation equipment. Fuel-efficient solutions that comply with stricter environmental requirements are increasingly important. In this respect, Trelleborg's anti-vibration solutions and industrial tire offering comprise key components in various modes of transportation.

Agriculture and food

A growing population requires more and better food, with increased protection and enhanced hygiene in production and distribution. Larger-scale agriculture tires and a higher degree of mechanization in high-growth countries require more investments in bigger tractors and tires. For example, Trelleborg's range includes industrial hoses for use in the food industry and, in the agricultural segment, the Group offers tires that are adapted for the new generation of tractors.

Water and the environment

An ever-deepening understanding of environmental requirements and sustainable development gives rise to resource-efficient technology. Limited access to water in many regions necessitates measures to improve distribution. Trelleborg's gaskets and seals used in, for example, engines, can reduce the environmental impact of these. Polymer tubes and hoses can save energy compared with alternatives.

CUSTOMERS IN SEGMENTS WITH PROFITABLE GROWTH

About 90 percent of Trelleborg's sales take place in the industrial rubber market, with agricultural and industrial tires accounting for the remaining share. The industrial rubber market is highly diversified and is valued at about EUR 60 billion per year. Total demand is growing at the same rate as global GDP.

Trelleborg has chosen to focus its operations on segments in high-growth industrial sectors in which the Group has the best competitive conditions to achieve favorable profitability. In its principal segments, Trelleborg continuously endeavors to attain leading positions in global, regional and local markets. The strategy is to be among the top three companies in terms of market shares. This enables the Group's four business areas to be active in the same sub-sectors and segments, thus facilitating synergies in terms of knowledge, product development, purchasing, production, distribution and marketing.

Trelleborg's partnership with industrial customers, in particular, ensures that the Group's development tracks global industrial business activity. Business logic and demand cycles vary for Trelleborg's current segments. The sub-segments of

capital-intensive industry, such as energy and infrastructure, have a higher share of project deliveries with long lead times, while the transportation industry, for example, procures products in shorter cycles. Trelleborg's positioning is based on the high and innovative technology content of its products, providing solutions with added value for customers, and on its degree of service to and knowledge of the customer. This provides customers with a sense of security when selecting a supplier.

New segments

In line with future global trends, Trelleborg actively seeks to position itself in segments with favorable growth and profitability potential. Life science, pharmaceuticals, food and biotechnology are examples of large sectors in society where demand is forecast to grow in

pace with a rising population, a growing percentage of elderly and higher welfare demands.

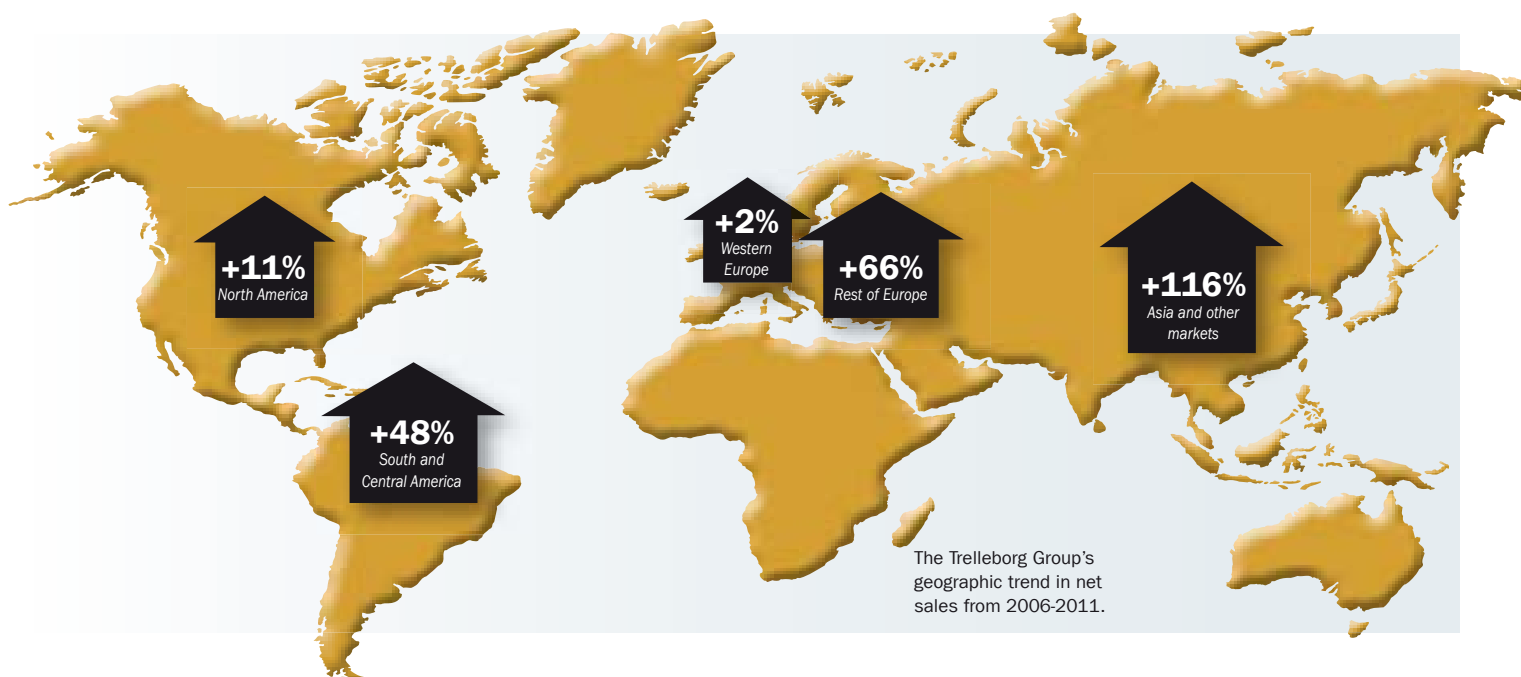
Regional and global market leadership

Trelleborg endeavors to attain market leadership in several dimensions: innovation and applications development, market coverage within product sectors, niches and segments, and geographic markets. Market leadership offers significant competitive advantages in terms of revenues and costs. From its existing customer base in Western Europe and the US, Trelleborg has expanded robustly in the emerging markets of Asia and South America in the past five years. Trelleborg is among the top three largest manufacturers, globally or regionally, in a series of product categories.

Main segments in which Trelleborg is active

Trelleborg Engineered Systems	Trelleborg Sealing Solutions	Trelleborg Wheel Systems	Trelleborg Automotive	Segment	Share of the Group's sales in 2011, %
				Capital-Intensive Industry	37 (39)
●	●			- Energy 	8 (10)
●	●	●	●	- Transportation 	11 (10)
	●	●		- Agriculture 	9 (8)
●				- Infrastructure 	6 (8)
	●			- Aerospace 	3 (3)
●	●			General Industry 	29 (27)
	●		●	Light vehicles 	34 (34)

INCREASED GLOBAL PRESENCE



Focus on growth outside Western Europe and North America

Over the past five years, a prioritized growth objective for Trelleborg has been to increase market coverage in high-growth countries outside Western Europe and North America. The principal drivers include proximity to customers in expanding and profitable segments, following customers in their globalization process and developing local customer relationships. Since 2006, Trelleborg has divested, moved or closed some 30 production units in North America and Western Europe. In parallel, the Group has established or substantially upgraded some 15 units outside these regions. Sales have also undergone globalization. Western Europe's share of total sales has declined from 63 percent to 54 percent, due primarily to a shift toward Asia. Within a five-year period, the aim is to achieve a balance between Western Europe and high-growth countries of 40 percent each, with North America accounting for the remaining stable portion.

Increasing number of local customers in China

In China, net sales have grown by 242 percent over the past five years to nearly SEK 1,100 M and the number of employees from about 550 to about 1,500 today. Trelleborg has seven production units established in the country. During the year, Trelleborg Sealing Solutions

invested in production of seals for the medical sector and Trelleborg Wheels System acquired a plant for specialty tires. Trelleborg Automotive established a technology center in Shanghai. The Chinese automotive industry is expected to grow significantly in 2012. From being focused on global companies, the Group's customer base is widening to include an ever-increasing number of local Chinese companies. In 2011, organic growth was 15.8 percent, which was higher than the 2010 figure for underlying industrial market growth* of 13.9 percent. Trelleborg continues to expand in China with focus on organic growth and increased production capacity, in combination with potential acquisitions.

Strong growth in India

In India, net sales have increased by 249 percent to SEK 493 M since 2006 and the number of employees from about 400 to just over 800. Trelleborg Automotive has long-established operations for global and local customers in the country. During the year, both Trelleborg Engineered Systems and Trelleborg Sealing Solutions invested in production facilities and centers of excellence, and started up new plants. The country will be the focus of investments in Trelleborg's marine fender operations, which can make a positive contribution to the future renewal and build out of harbors in India and across the world. Organic growth was strong in 2011 compared with 2010 and amounted to 30.8 percent, which far exceeds the underlying industrial market growth* of 3.6 percent.

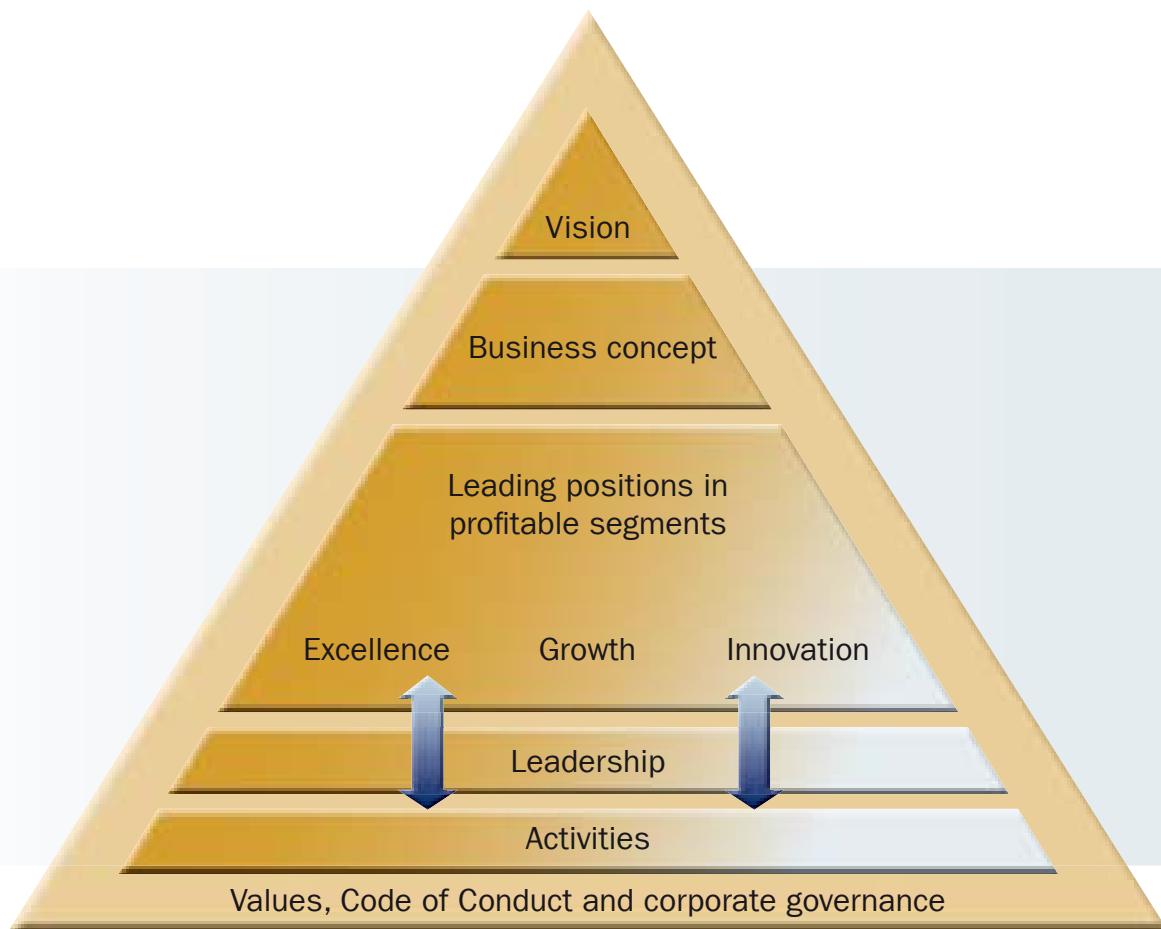
India's future structural changes in the form of population growth, industrial development and demand for better and more extensive infrastructure make it one of Trelleborg's prioritized high-growth markets.

Larger investments in Brazil

Trelleborg's operations are being broadened in Brazil. Net sales increased 49 percent to slightly more than SEK 1,200 M over five years and the number of employees from about 900 to approximately 1,000. During the year, Trelleborg Engineered Systems supplemented its already established production activities with the acquisition of a new offshore oil & gas operation and invested in production of printing blankets. Over the first six months of 2012, these investments will positively impact future production capacity and efficiency. Meanwhile, an operation that did not form part of Trelleborg's core operation was divested, thus negatively impacting net sales for the year. Organic growth for 2011 was 2.6 percent, which was significantly higher than industrial market growth of 0.3 percent* recorded in 2010. Trelleborg has major growth ambitions in Brazil. The country is rapidly becoming an increasingly important market for Trelleborg and the focused investments in the country will continue.

*Goldman Sachs, February 2012

OUR VALUE-GENERATING MODEL DETERMINES THE TRELLEBORG OF THE FUTURE



Vision

We shall be the customers' first choice in our selected market segments, creating value through high-performance solutions.

Business concept

We seal, damp and protect in demanding industrial environments throughout the world. Our customers can rely on engineered solutions based on leading polymer technology and unique applications know-how.

Leading positions

We develop leading positions in selected segments through differentiation and continuous evaluation of our competitiveness.

Excellence

We achieve operational, commercial and financial excellence through continuous improvements.

Growth

We create sustainable and profitable growth, both organically and driven by acquisitions, in selected market segments.

Innovation

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

Leadership

Successful leaders and dedicated employees 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. 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.

Activities

To ensure the implementation of strategies, day-to-day activities are defined and continuously monitored. These may include growth initiatives, portfolio development, operational efficiency, management development or innovation initiatives.

Values

Trelleborg's ambition is to create a high-performance culture in a global environment based on shared core values.

Values, code of conduct and corporate governance provide a framework for our operations and create a stable, responsible and sustainable Group that benefits all of the Trelleborg Group's stakeholders.

OUR FINANCIAL TARGETS

Trelleborg shall create value for shareholders and other stakeholders through profitable growth. The Trelleborg Group's financial targets are 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

Organic growth shall be achieved through Trelleborg's initiatives to outperform growth in underlying markets through proprietary product development and penetration of new geographic markets. Over the past five years, annual organic growth amounted to an average of 3.3 percent. Acquired growth remains a vital part of the Group's strategy. It primarily involves complementary acquisitions to strengthen geographic presence or market position in selected segments.

Fulfillment

11%

In 2011, organic sales increased 11 percent (17) as a result of the increase in demand in the majority of the Group's market segments.

Net sales and organic growth



EBITDA margin*

Target

≥12%

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

Description

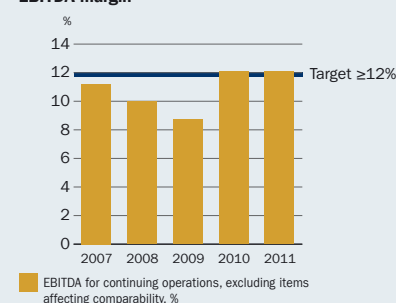
In the most recent five-year period, the EBITDA margin averaged 10.8 percent. Trelleborg's strategy of actively seeking and developing profitable segments will gradually contribute to improved margins.

Fulfillment

12.1%

The target of 12 percent was achieved in 2011 due to the positive effects of increased sales volumes combined with the more efficient use of resources.

EBITDA margin



* Continuing operations, excluding items affecting comparability

Return on shareholders' equity*

Target

12%

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

Description

In the most recent five-year period, return averaged 10.6 percent. The target shall be achieved through margin improvements and efficiency in capital utilization.

Fulfillment

13.4%

In 2011, return on shareholder's equity amounted to 13.4 percent (11.9). The improvement compared with the preceding year is a result of an improved operating margin and greater efficiency in capital utilization. The debt/equity ratio declined, which marginally reduced the return.

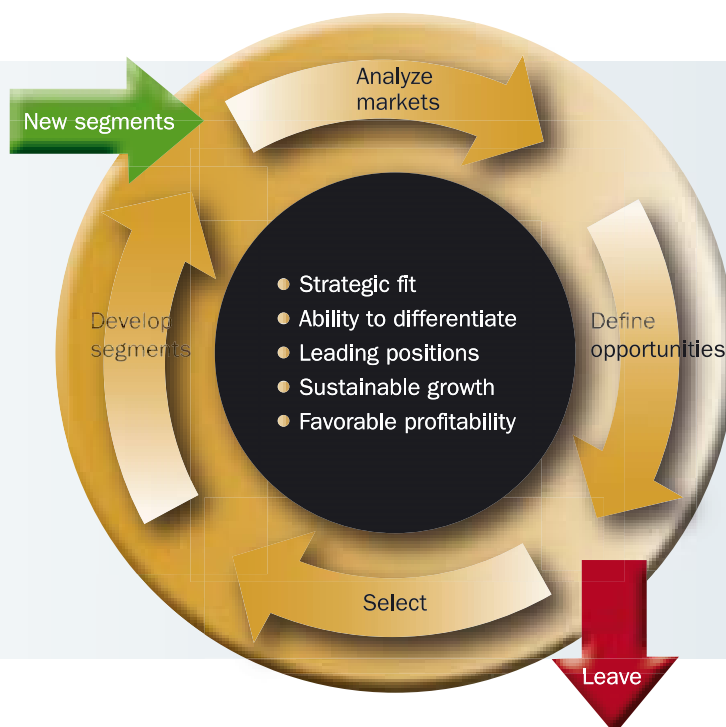
Return on shareholders' equity



* Continuing operations, excluding items affecting comparability

PROFITABLE GROWTH

Portfolio management for leading positions in selected segments



Trelleborg's main strategy is to achieve long-term and profitable growth by commanding leading positions in selected segments. The focus of the Group is on organic growth and the target is 5 percent over an economic cycle. Key drivers include innovation and excellence – the ambition to continuously improve. Acquisitions complement our business and can further increase the pace of growth.

Leading positions in selected segments

Trelleborg has a structured methodology for its growth strategy, which ensures leading positions in 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. As this work is carried out, the business structure is continuously streamlined. This methodology also ensures that areas and segments that do not meet profitability criteria are phased out.

Organic growth

Trelleborg's total sales increased 7 percent during the year, while organic sales rose 11 percent. Over the past five years, the Group has grown an average of 5 percent per year. Organic sales have increased by about 3 percent per year.

Prioritized growth segments can be found in offshore oil & gas, the aerospace and chemicals industries, mines, infrastructure, life science, biotechnology,

pharmaceutical production and food processing. Priority areas have significantly increased their share of consolidated sales over the past five years.

Acquisitions and divestments

Trelleborg continuously 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.

The acquisitions made contributed significantly to shifting the focus of the Group to high-growth countries outside Western Europe and North America.

In 2011, six operations were acquired

with total sales of SEK 660 M and three were divested with total sales of SEK 1,150 M.

The agreement to form a joint venture between Trelleborg and German Freudenberg represented a major strategic transaction. When the company becomes a reality, Trelleborg Automotive's production of antivibration products will be transferred to the new company.

Acquisitions	Sales, SEK M	No. of employees
PPL Polyurethane Products Ltd. (offshore oil & gas and infrastructure), Trelleborg Engineered Systems	90	90
Watts Tyre Group (industrial tires), Trelleborg Wheel Systems	300	230
Subsidiary of US-based Main Industrial Tire LLC (agricultural tires in Xingtai, Hebei, China), Trelleborg Wheel Systems	–	180
Veyance Technologies do Brasil Produtos de Engenharia Ltda (oil hoses, offshore oil & gas), Trelleborg Engineered Systems	–	100
Silcotech Group (precision seals), Trelleborg Sealing Solutions	200	150
Bloch S.A. (60%) (industrial hoses), Trelleborg Engineered Systems	70	20
Total	660	770
Divestments		
Roofing operation (Waterproofing), Trelleborg Engineered Systems	900	230
Brake hose operation, Trelleborg Automotive	140	200
Gas spring operation, Trelleborg Automotive	110	110
Total	1,150	540

EXCELLENCE – CONTINUOUS IMPROVEMENT



For a number of years now, Trelleborg has conducted a Group-wide excellence program to effectively and uniformly implement improvement measures. Operational, commercial and financial excellence are attained in a constant work circle of continuous improvement, from purchasing to the finished solution in operation at our customer's site.

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 materials and components.

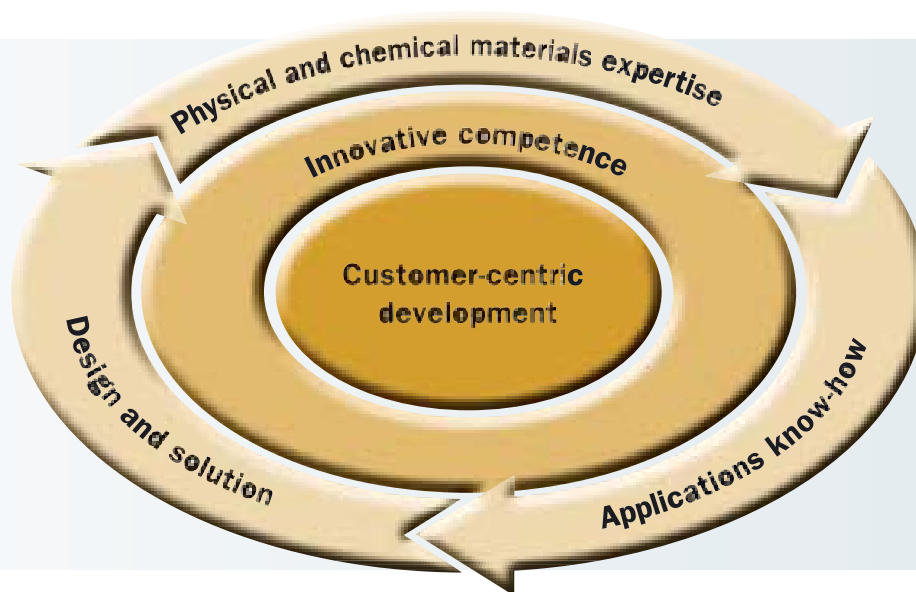
Sales

Intensified efforts primarily aimed at improving the business units' interaction with existing and potential customers. Programs also encompass increased coordination in selected geographic markets and segments.

Working capital

Focus on continuous improvements in capital utilization aimed at reducing the capital base and thus releasing capital. The program includes specific rationalization measures for inventories, accounts receivables, accounts payable and other working capital.

INNOVATIVE CUSTOMER SOLUTIONS



Innovation is one of Trelleborg's core values and a cornerstone of the Group's growth strategy. Innovation programs are concentrated on developing long-term, value-generating solutions and applications in close cooperation with customers. Innovation activities not only encompass products and functions, but also processes, applications and services among customers and users. Through innovative customer solutions, Trelleborg is growing together with its customers.

Development in cooperation with customers

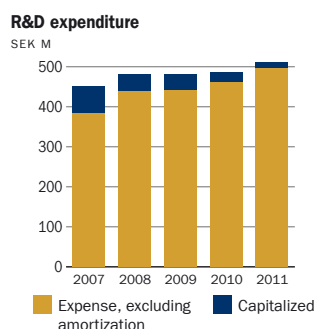
The purpose of Trelleborg's innovative expertise is to act as a resource enabling customers to speed up development of competitive solutions for their own customers, users and consumers – to take the next step.

Trelleborg offers world-class technology, materials expertise, technical resources, innovation and service. The offering satisfies a broad spectrum of industrial customers' needs to seal, damp and protect in demanding environments. Research and development is conducted 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.

Focus on solutions and applications

It is often necessary for customers to identify solutions that seal, damp and protect before they can develop functions for their own products and services and create new customer offerings that

enhance their competitiveness. Trelleborg can customize polymers and combine them with other material to provide customers' products with functions featuring such unique properties as elasticity, strength and resistance for highly challenging applications.



Trelleborg's innovative capacity extends beyond materials technology. An important competency is the ability to understand customers' business logic and recognize the customers' need for innovative applications to enhance efficiency and save resources. This may require combinations of polymer development, electronics, support and services for larger intelligent systems that could pave a new way for technology and problem-solving.

Global development with local proximity

Trelleborg has built up a global network of development units and placed these at the disposal of its 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. An extensive test function has been established to guarantee lasting quality. Parameters tested include 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 under realistic conditions.

Several of the development units possess fundamental physical and chemical materials know-how of polymers and other materials and thus have the capacity to develop technology, strategic products and materials. The number of development units is steadily increasing. They represent strategic investments to consolidate and develop the competitive position when a market has become sufficiently large. In 2011, Trelleborg had some 45 development units in 19 countries.

GOVERNANCE AND RESPONSIBILITY

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Turcon® M12 is the name of a new polytetrafluoroethylene (PTFE) material launched by Trelleborg that is specially developed for hydraulic applications. Determining a more environmentally-friendly material composition represented a crucial starting point in its development program. Turcon® M12 is a mineral fiber-based PTFE that does not contain lead or bronze. Another advantage of Turcon® M12 is the material's excellent friction properties, resulting in low energy consumption.

RISKS AND RISK MANAGEMENT



All business activities involve risk. Risks that are effectively managed may lead to opportunities and value creation, while risks that are not managed correctly could result in damages and losses.

Trelleborg's operation is aimed at a range of customers and customer segments. The Group is represented in 44 geographic markets and has about 110 manufacturing units. While the business is diversified – providing Trelleborg with an effective underlying risk spread – several risks remain. Accordingly, the ability to identify, evaluate and manage risks plays a central role in steering and controlling Trelleborg's business operations. The aim is to achieve the Group's financial targets while applying well-considered risk-taking within set parameters.

Risks

Main risks encountered by Trelleborg are:

- **Strategic and operational risks:** include, for example, political decisions, conflicts, natural disasters, environmental impacts and external financial risks. Other examples are changed patterns and attitudes among customers and consumers, industry and market risks in the form of the economy's effect on demand, technology and market developments, supplier dependence, production disruptions and supply and price fluctuations of input goods in the form of raw materials and components. Additional examples include the ability to attract and retain key personnel, acquisition and integration of new units, divestments, structural measures, site risks, customer-related credit risks and IT risks.

- **Financial risks:** include foreign exchange, interest-rate, financing and liquidity risks as well as financial credit risks.
- **Legal and other risks:** include legislation and regulations, intellectual property rights, health, safety and the environment, authorities and control bodies, tax risks and disputes and damage claims.
- **Reporting risks:** include the risk of incorrect reporting to authorities and the risk of mistakes in the Group's financial reporting to the stock market.

A description of risks relating to financial reporting is presented in the Corporate Governance Report under the Report by the Board of Directors on Internal Control, page 44. Climate-related opportunities and risks are presented at www.trelleborg.com/cr/strategy.

Enterprise Risk Management Process, ERM process

Trelleborg has established an Enterprise Risk Management process (ERM process) that provides a framework for the Group's risk activities. The purpose of the ERM process is to provide a Group-wide overview of Trelleborg's risks, to provide a basis for decision-making regarding the management of risks and to enable the follow-up of risks and the manner in which they are managed.

Within the scope of the ERM process, risks are identified, evaluated and managed in the Group's companies, business areas, business units and processes. The management of risks is performed through an appropriate balance between preventive and risk-reducing measures. The various processes and tools of the ERM process are continuously developed by integrating previously established risk management processes and systems in various parts of the Group and by strengthening risk management in areas with improvement potential.

The ERM process involves all of the Group's companies, business areas and business units. Overall coordination and work with specifically selected risk focus areas is centrally controlled by the Group's Risk Management staff function and is led by the General Counsel, who assumes ultimate responsibility.

The respective managers are in charge of risk management in the Group's companies, business areas and business units. This responsibility encompasses the day-to-day work focused on operational and other relevant risks, and on leading and developing risk management activities in their own areas of responsibility. The managers are supported by central Group resources in the form of the Risk Management staff function and Group Treasury as well as Group-wide process and tools.

Moreover, because selected parts of risk management activities are Group-wide, the central Group resources can be allocated to prioritized risk focus areas.

Group Treasury is responsible for financial risk management activities. The unit is in charge of Group companies' external bank relations, liquidity management, net financial items, interest-bearing liabilities and assets, Group-wide payment systems and netting of currency positions. Centralization of the Group's treasury management ensures substantial economies of scale, lower financing costs, tight management of the Group's financial risks and improved internal control.

Trelleborg's Treasury Policy defines the financing operation's purpose, organization and distribution of responsibility, and also prescribes a framework for financial risk management activities. The Finance Committee of the Board of Directors reviews the Treasury Policy and proposes changes annually, or more frequently if necessary, after which the Treasury Policy is adopted by the Board. Trelleborg's Treasury Policy states, among other things, that decisions on foreign exchange hedging of operating cash flows shall be made by the respective business areas in cooperation 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 that the Group's hedging activities are carried out in compliance with the Trelleborg's Treasury Policy. Group Treasury continuously monitors key figures related to the Group's capital structure and forecasts for the Group's liquidity reserve are reviewed on a monthly basis.

Within the scope of Trelleborg's Treasury Policy, Group Treasury has the option to conduct a certain level of proprietary trading in currency and interest-rate instruments. Such trading generated a profit in 2011.

Trelleborg's risk management is systematically monitored by Group management using such tools as monthly reports from the managers in charge in which they describe developments within their respective areas of responsibility as well as identified risks. 2011 also marked the introduction of new reporting procedures for Enterprise Risk Management and Corporate Responsibility in which the Group's consolidation system plays a decisive role. The Group's

General Counsel reports on a continuous basis to the Audit Committee regarding the Group's risk activities and risk management and the Group's CFO reports frequently to the Finance Committee concerning the Group's finance operations, including financial risks and financial risk management. Furthermore, the President regularly provides the Board with reports on the development of the Group's risks.

ERM priorities

2011

Within the framework of the ERM and strategy processes, the focus of the Risk Management staff function remained on jumbo risks, meaning risks that can result in damage or losses that may have significant impact on the entire Group and therefore motivate the risk being handled from a Group perspective.

Risk management activities in 2011 continued to focus on the prioritized risk area "Protection of sites that are of critical importance for the Group's operations and earnings." Specific action plans to significantly raise the level of protection were produced and implementation of the measures commenced at 36 sites. Of these, eight facilities were designated at the Highly Protected Risk level, which is the highest risk classification. The aim is to raise a further 11 sites to this level in the future.

In 2011, new reporting procedures were introduced for Enterprise Risk Management and Corporate Responsibility in which the Group's consolidation system plays a decisive role. The Group's companies, business areas and business units can use the system to systematically identify, analyze and report risks. This system is already in use in financial reporting and for reporting of work involving the internal control over the financial reporting.

Activities in focus in 2012

Prioritized activities for 2012:

- Implementation of the action plans drawn up for sites aimed at significantly raising security levels.
- Risk assessment of strategic suppliers.
- Focus on handling and storage of chemicals at manufacturing sites.
- Combating corruption and review of Group-wide structures, including consideration of the new UK Bribery Act.

- Risk management processes for products and solutions in environments with elevated risk levels.

Strategic and operational risks

Strategic and operational risks cover a number of different risk. For example, Trelleborg's operations are influenced by political decisions and administrative regulations in some 40 countries in which it operates. These include regulations that apply to taxation and financial reporting and legislation in the environmental area. Trelleborg's business is also affected, for example, by natural disasters, environmental impacts and external financial risks. The ability to attract and retain key personnel, the acquisition and integration of new units, divestments and structural measures are examples of additional risks encountered by Trelleborg.

Trelleborg's focus on operational risks primarily encompasses market risks, costs risks, site risks, customer-related credit risks and IT risks.

Market risks

Trelleborg's business and earnings are exposed to market risks in the form of the economy's impact on demand for the Group's own products and solutions. Demand for Trelleborg's products and solutions impacts delivery volumes.

The Group sells polymer-based products and solutions to a very broad spectrum of customers and sectors, with an emphasis on industry in Europe, the US and emerging markets. Demand for the Group's products and solutions largely moves in line with fluctuations in global industrial production. Demand can generally be divided into three large segments – general industry, capital-intensive industry and light vehicles.

General industry comprises a large number of products and solutions that are critical to the function of all continuous industrial processes and industrial products, providing a direct link to industrial business activity.

Demand in the capital-intensive industry has greater emphasis on products and solutions connected to major industrial projects often of an infrastructural nature. In capital-intensive industry, the impact of fluctuations in demand has a somewhat delayed effect, individual orders are larger and delivery periods are longer.

The demand scenario for the light vehicles segment is characterized by

volumes determined by production and production plans in the international automotive industry. Rapid volume changes mean that this segment is one of the most sensitive to economic fluctuations.

The pressure on prices is most evident in the light vehicles segment, while the capital-intensive industry segment is the least sensitive.

Cost risks

Trelleborg's operations and earnings are also vulnerable to fluctuations in the supply and price of input goods in the form of raw materials and components. Trelleborg's two largest items in respect of purchasing costs are:

- Components, primarily steel and aluminum
- Rubber and plastic raw materials

Steel and aluminum components account for about 18 percent of costs. Purchasing costs change on a monthly or quarterly basis depending on the market prices of steel and aluminum. The price of components does not fluctuate to the same extent as the price of raw steel and aluminum, since their value added is higher as a result of processing.

Rubber and plastic raw materials account for approximately 25 percent of costs and, of this amount, natural rubber represents about 5 percentage points. The purchase prices for natural rubber are a mix of spot market and monthly prices, while purchase prices for other goods are determined by monthly and quarterly prices. The price of oil impacts prices to a certain degree.

Trelleborg does not work actively with various price-hedging instruments for input goods. It instead endeavors to establish sales agreements that allow price hikes to be passed on to the customer, immediately or with a certain delay. For example, the exposure to price movements is lower for aluminum than for steel, because Trelleborg, through agreements, has greater scope to pass on raised aluminum prices. Trelleborg's strategy of working with several suppliers for critical input goods also provides a certain degree of protection against large and sudden price hikes.

Site risks

Sudden and unexpected incidents can cause damage to sites, result in loss of production and damage to goods in transport.

Trelleborg's policy is to insure its sites for the replacement cost against

interruption and property damages. The insured risk varies among the different sites, but amounts to a maximum of about SEK 2,000 M for an individual damage incident, of which a portion comprises the Group's self-retention amounting to a maximum of about SEK 15 M.

Trelleborg has focused on site risks:

- Stoppages in sites of critical importance for the Group's operations and earnings.
- Stoppages in sites exposed to natural disasters.
- Deficiencies in site security.

A Business Impact Analysis (BIA) and the strategy plan are used to determine how critical the various plants are for the Group's operations and earnings. A description of the risk status is prepared for critical sites.

Risk management activities in 2011 principally focused on the prioritized risk area "Protection of sites that are of critical importance for the Group's operations and earnings." Specific action plans to significantly raise the level of protection were produced and implementation of the measures commenced at 36 sites. Of these, eight facilities were designated at the Highly Protected Risk level, which is the highest risk classification. The aim is to raise a further 11 sites to this level in the future.

An analysis of the risk of natural disasters was performed jointly with the insurer FM Global and resulted in measures in the form of improved physical site protection, raised awareness of the risks among local management and the introduction of contingency plans.

Site safety risks are managed in line with a Group-wide policy in which a balance between preventive cover and insurance in each area is highly significant.

The aim is to effectively, and cost efficiently, protect employees, the environment, assets and operations, but also to create a steadily increasing sense of involvement in preventive actions. Risks can be minimized through loss-prevention measures, careful maintenance, training, planning in connection with site remodeling work and effective administrative procedures.

Customer-related credit risks

Customer-related credit risks comprise an additional risk category to which Trelleborg is exposed.

IT risks

IT risks include interruptions to or faults in critical systems that could negatively

impact Trelleborg's production and financial reporting.

Trelleborg works actively with an IT optimization project that aims to enhance the service level in relation to IT infrastructure, implement upgrades in a structured Group-wide manner, ensure legislative compliance in the various countries in which the Group operates and generally improve information security in and between systems.

Legal and other risks

Legal risks

Legal risks arise primarily in connection with various contractual relationships. The various legal risks on which Trelleborg focuses in the ERM process are:

- Unsuitable balance of responsibility in supply contracts.
- Responsibility for delivered products and solutions in environments with elevated risk levels.
- Inadequate application of competition legislation.
- Risk of corruption.

To avoid undesirable legal risks, such as an inappropriate balance of responsibility in supply contracts, and to assure the quality of the Group's contracts, Trelleborg's companies, business areas and business units work with well-balanced contract models, checklists for risk assessments and policies governing liability caps, and procedures for approving contracts. The volume of agreements examined under central guidelines has been expanded as a result of an overall contract review process.

The tool currently used by Trelleborg to examine specifically selected contracts and contracts within specifically selected risk areas is the Contract Risk Pack process. Initial examination is conducted by the Group company entering into the contract. The process builds on responses to a large number of questions and these responses are graded according to a defined points system. The outcome determines the extent of the contractual risk. If risks are deemed to exceed a specific level, the Group company's contract must be approved higher up in the organization, at the business area president level and, in some cases, at CEO level.

Environments with elevated risk levels are encountered by certain products and solutions supplied by business units focusing on offshore oil & gas, marine fenders, life sciences and aerospace.

The elevated risk level has been determined based on such criteria as the degree of product exposure, the size of contracts and the launch of new products and technologies. The Contract Risk Pack process highlights the physical and technical risks of the product, solution and manufacturing process, and links these to the legal risk and the Group's insurance situation.

Understanding and application of prevailing competition legislation is ensured through such activities as comprehensive training seminars and e-learning, a thorough review and examination of distributor and agent agreements, and established procedures and approval of membership in organizations. In the US, Trelleborg carried out an Enhanced Compliance and Training Program to further raise the level of knowledge regarding competition legislation among the Group's employees, particularly in respect of public procurement.

The purchasing process's risks based on the capacity of major suppliers

to comply with Trelleborg's Code of Conduct have previously been inventoried. A new inventory is being performed from the perspective of new dimensions, including overriding risks, credit risks, and the risk of production disruptions caused by natural disasters.

Trelleborg's Code of Conduct is the principal tool used to counteract corruption. Application is ensured through the establishment of procedures involving Acceptance Letters issued by the Group's President, whereby employees sign a letter each year confirming knowledge of, and compliance with, the Group's steering instruments, including the Code of Conduct. This is supplemented by a process for whistleblowers. Trelleborg's whistleblower policy implies that each employee is entitled, without any repercussions, to report suspicions of legal or regulatory violations.

Environmental risks

Environmental impact is mainly caused through emissions to air and water,

and the production of noise and waste involving the risk of accidents and breaches of regulations. On the basis of a risk perspective, Trelleborg has mainly focused on adverse environmental impacts due to site accidents.

Risk analyses are conducted in conjunction with signing property insurance agreements, ISO 14000 certification processes, collection of data and analysis of chemicals in connection with, for example, REACH activities, and reviews performed by local authorities. The analyses provide valuable information about the various risks at the sites.

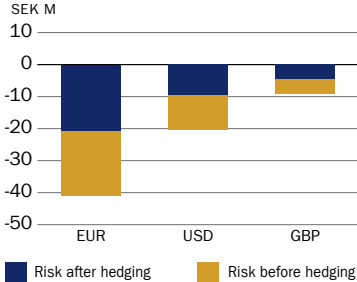
To make it easier to assess the impact on the Group, the process to identify risks at an overall and accumulated level has been improved. At sites with a potential risk of impact on the environment, action programs were implemented primarily aimed at identifying the hazardous chemicals that exist on site and how they are used, stored and protected.

Financial risks

Risk description and policy	Exposure and comments																					
Foreign exchange risks Foreign exchange risks relate to the risk of adverse impacts on the consolidated income statement, balance sheet and/or cash flow as a result of exchange-rate fluctuations. Foreign exchange risks exist in the form of transaction and translation risks.																						
Transaction risks Currency flows arising primarily in connection with the acquisition or sale of goods and services in currencies other than the local currency of the relevant subsidiary give rise to transaction exposure. Trelleborg's global operations generate substantial cash flows in foreign currencies. Group Treasury works actively to match these flows to reduce the Group's foreign exchange risk and transaction costs. At Group level, the bulk of these flows is netted. A portion of the remaining net flows is hedged by Group Treasury based on the business area's hedging resolutions to reduce the impact on earnings. Hedging is mainly conducted using currency forward contracts, supplemented by currency swaps and currency options.	The Group's net exposure is estimated at an annual value of about SEK 2,600 M (1,900). The currency pairs with the greatest net flows, meaning those expected to exceed the equivalent of SEK 100 M over a period of 12 months from the fourth quarter of 2011 and the amounts hedged per currency pair at December 31, 2011 are shown in the table below. For the stated forward period, the currencies with the greatest budgeted net flows are EUR (SEK 739 M equivalent), USD (neg: SEK 600 M equivalent) and SEK (neg: SEK 298 M equivalent). Expected annual exposure per currency pair with the highest 12-month net flow from the fourth quarter of 2011 (SEK M) <table><tr><th>Currency pair</th><th>Net flow</th><th>Hedging</th></tr><tr><td>EUR/USD *</td><td>544</td><td>-23</td></tr><tr><td>USD/CNY</td><td>330</td><td></td></tr><tr><td>EUR/DKK</td><td>278</td><td>-263</td></tr><tr><td>EUR/CZK</td><td>149</td><td></td></tr><tr><td>USD/SEK</td><td>128</td><td>-82</td></tr><tr><td>EUR/PLN</td><td>109</td><td>-104</td></tr></table>	Currency pair	Net flow	Hedging	EUR/USD *	544	-23	USD/CNY	330		EUR/DKK	278	-263	EUR/CZK	149		USD/SEK	128	-82	EUR/PLN	109	-104
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Policy. Subsidiaries 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. Contracted projects with an order value exceeding an amount of EUR 1 M must be hedged. Subsidiaries' hedges shall be conducted through Group Treasury.	* EUR/USD includes flows in currencies that covary with EUR, such as DKK, and with USD, such as LKR.																					



Financial risks, cont.

Risk description and policy	Exposure and comments																												
Translation risks – Income statement Exchange-rate fluctuations impact the Group's earnings in connection with the translation of foreign subsidiaries' income statements to SEK. Policy. The Group does not normally hedge this risk.	Trelleborg's earnings are largely generated outside Sweden. Accordingly, the impact of exchange-rate fluctuations on the Group's sales and earnings can be significant. In 2011, operating profit for continuing operations was affected by a total of neg. SEK 165 M (neg: 122) and net profit in an amount of neg. SEK 102 M (neg: 65), due to exchange-rate fluctuations upon translation of the income statements of foreign subsidiaries. Translation effects: foreign exchange effects on income statement (SEK M) <table><tr><th>Currency</th><th>Net sales</th><th>Operating profit</th><th>Net Profit/loss</th></tr><tr><td>EUR</td><td>-698</td><td>-51</td><td>-33</td></tr><tr><td>GBP</td><td>-139</td><td>-15</td><td>-11</td></tr><tr><td>USD</td><td>-612</td><td>-46</td><td>-20</td></tr><tr><td>Other</td><td>-314</td><td>-53</td><td>-38</td></tr><tr><td>Total 2011</td><td>-1,763</td><td>-165</td><td>-102</td></tr><tr><td>Total 2010</td><td>-1,707</td><td>-122</td><td>-65</td></tr></table>	Currency	Net sales	Operating profit	Net Profit/loss	EUR	-698	-51	-33	GBP	-139	-15	-11	USD	-612	-46	-20	Other	-314	-53	-38	Total 2011	-1,763	-165	-102	Total 2010	-1,707	-122	-65
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Translation risks – Balance sheet When translating the Group's investments in foreign subsidiaries to SEK, there is a risk that the Group's balance sheet will be impacted by changes in exchange rates. The Group has significant net investments in foreign subsidiaries and associated companies. 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 approximately 70 percent of the investment's value). The decision regarding possible hedging measures is taken following an overall evaluation of foreign exchange rate levels and the effects on net financial items, liquidity and taxes, as well as on the Group's debt/equity ratio.	At year-end 2011, net investments in Trelleborg's foreign operations amounted to approximately SEK 20,766 M (18,876). In 2011, Trelleborg's translation differences amounted to negative SEK 30 M (neg: 1,223), calculated after hedging with deductions for estimated taxes. At year-end 2011, 45 percent (47) of net investments were 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 change in shareholders' equity of neg. SEK 137 M (neg: 120) after tax effects. Sensitivity analysis: translation risk in balance sheet, after consideration of possible tax effects (SEK M) <table><tr><th>Currency</th><th>Net investment, SEK M</th><th>Hedging, %</th><th>Effect on equity, if SEK 1% stronger, SEK M</th></tr><tr><td>EUR</td><td>10,479</td><td>53%</td><td>-64</td></tr><tr><td>GBP</td><td>1,963</td><td>60%</td><td>-11</td></tr><tr><td>USD</td><td>2,520</td><td>45%</td><td>-17</td></tr><tr><td>Other</td><td>5,804</td><td>24%</td><td>-45</td></tr><tr><td>Total 2011</td><td>20,766</td><td>45%</td><td>-137</td></tr><tr><td>Total 2010</td><td>18,876</td><td>47%</td><td>-120</td></tr></table>	Currency	Net investment, SEK M	Hedging, %	Effect on equity, if SEK 1% stronger, SEK M	EUR	10,479	53%	-64	GBP	1,963	60%	-11	USD	2,520	45%	-17	Other	5,804	24%	-45	Total 2011	20,766	45%	-137	Total 2010	18,876	47%	-120
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Total 2011	20,766	45%	-137																										
Total 2010	18,876	47%	-120																										
Interest-rate risks Because most of Trelleborg's net debt bears variable interest, the Group focuses on managing the cash-flow risk related to interest rate fluctuations, meaning the risk that movements in market interest rates could have an impact on the financial cash flow and earnings. The scope of the impact depends on the fixed interest term of the borrowing and investment. The Group seeks a balance between a reasonable current cost of borrowing and the risk of having a significantly negative impact on earnings in the event of a sudden major movement in interest rates. Trelleborg employs interest-rate hedging when it is considered appropriate. Policy. Borrowing – The average fixed-interest term on the Group's gross borrowing, including the impact of derivative instruments, may not exceed four years. Investments – The average fixed-interest term on interest-bearing investments, including the impact of derivative instruments, may not exceed two years on a maximum amount of SEK 2,000 M, or the equivalent amount in other currencies.	The Group's average interest-bearing net debt amounted to SEK 6,775 M (7,847) during the year. Net financial items corresponded to 3.1 percent (2.8) of the average net debt, while net interest items corresponded to 2.2 percent (2.2). At December 31, 2011, the Group's interest-bearing debt totaled SEK 7,623 M (7,505). The average fixed-interest term, including derivatives, was approximately 16 months (15 months). At December 31, outstanding interest-bearing investments amounted to SEK 1,198 M (1,096), with an average period of fixed interest of approximately 11 months (3.5). At year-end, the Group's net interest-bearing debt amounted to SEK 6,425 M (6,409) with an average remaining period of fixed interest of about 17 months (17 months). Based on the level of interest-bearing net at year-end, a one percent point rise in market interest rates in all currencies in which the Group has loans or investments would generate a net cost increase of approximately SEK 24 M (22) after tax effects in net financial items for 2012. The currencies with the greatest impact are EUR, USD and GBP. Taking into account the interest-rate hedges in place at year-end, and for which hedge accounting has been applied, an increase in the market interest rates of one percentage point in currencies that have been hedged would have a positive impact on other comprehensive income of SEK 67 M (66) after tax effects. Impact in 2012 on consolidated interest expenditure of a one percent point increase in market interest rates  <table><caption>Impact in 2012 on consolidated interest expenditure of a one percent point increase in market interest rates</caption><thead><tr><th>Currency</th><th>Risk before hedging (SEK M)</th><th>Risk after hedging (SEK M)</th></tr></thead><tbody><tr><td>EUR</td><td>-40</td><td>-10</td></tr><tr><td>USD</td><td>-15</td><td>-5</td></tr><tr><td>GBP</td><td>-10</td><td>-5</td></tr></tbody></table> An analysis of the Group's interest-bearing debt is reported in Note 27. Outstanding interest-bearing investments are reported in Notes 16, 22 and 24.	Currency	Risk before hedging (SEK M)	Risk after hedging (SEK M)	EUR	-40	-10	USD	-15	-5	GBP	-10	-5																
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GBP	-10	-5																											



Financial risks, cont.

Risk description and policy	Exposure and comments																																																		
Financing risks and liquidity risks Financing risks are defined as the risks that the refinancing of maturing debt may become difficult or costly to arrange, thereby impairing the Group's ability to fulfill its payment obligations. Liquidity risks refer to the risks 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 plus a liquidity reserve corresponding to at least 5 percent of consolidated net sales. Trelleborg's targets a debt/equity ratio of between 50 and 100 percent.	The Group has good access to short-term borrowing in the money markets through a Swedish domestic commercial paper program totaling SEK 4,000 M. Access to capital markets is facilitated through a Medium Term Note (MTN) program with a program amount of SEK 3,000 M for issuance in the Swedish market as well as through bilateral and syndicated bank loans. Trelleborg entered into a new syndicated loan with a volume equivalent to EUR 1,200 M with a five-year term in March 2011 and issued a bond for EUR 110 M with a six-year term in July 2011. Committed confirmed credit facilities totaled SEK 11,924 M (14,757) at December 31, 2011, of which an amount of SEK 7,881 M (10,775) was then undrawn. Contracted credit facilities exceeded the Group's gross debt in 2011 in line with policy. At year-end, the Group's total interest-bearing liabilities amounted to SEK 7,623 M (7,505). Maturity term structure of the Group's interest-bearing liabilities per December 31, 2011 <table><tr><th>Year</th><th>SEK M</th></tr><tr><td>2012</td><td>2,171</td></tr><tr><td>2013</td><td>0</td></tr><tr><td>2014</td><td>0</td></tr><tr><td>2015</td><td>500</td></tr><tr><td>2016</td><td>4,034</td></tr><tr><td>2017</td><td>1,433</td></tr><tr><td>Total</td><td>7,623</td></tr></table> Maturity term structure of the Group's committed confirmed credit facilities per December 31, 2011 <table><tr><th>Year</th><th>SEK M</th></tr><tr><td>2012</td><td>0</td></tr><tr><td>2013</td><td>0</td></tr><tr><td>2014</td><td>0</td></tr><tr><td>2015</td><td>0</td></tr><tr><td>2016</td><td>11,924</td></tr><tr><td>2017-2017</td><td>0</td></tr><tr><td>Total</td><td>11,924</td></tr></table> Short-term liabilities, maturing in 2012, amounted to SEK 2,171 M (3,162) and comprised short-term bilateral bank borrowings of SEK 271 M (1,563), commercial paper of SEK 1,900 M (1,139) and the short-term portion of long-term debt of SEK 0 M (460). Long-term liabilities amounted to SEK 5,452 M (4,343) and consisted mainly of drawings under the Group's syndicated loan, contracted in 2011, of SEK 4,034 M (3,545), and outstanding bonds of SEK 1,433 M (451). Short-term liabilities were backstopped by the long-term committed confirmed credit lines reported below. At the end of 2011, the Group's committed confirmed credit lines principally comprised a syndicated loan and a Lending commitment under a bilateral credit facility amounting to EUR 65 M (in the preceding year EUR 80 M) from the European Investment Bank. The syndicated loan, in the form of a multicurrency revolving credit facility with swingline under consists of two tranches in EUR 750 M (SEK 6,716 M) and USD 625 M (SEK 4,328 M). The loan matures in its entirety in March 2016. The credit facility is provided by a total of 16 leading financial institutions from Europe, Asia and the US, one half of which, by number, are classed by the Financial Stability Board as systemically important financial institutions (SIFIs). Furthermore, 14 of the syndicate banks fall into the scope of regular capital adequacy monitoring by the European Banking Authority (EBA). Based on the number and standing of these banks, Trelleborg considers the banking syndicate to be strong. The loan commitment from the European Investment Bank enables the Group to raise loans of up to EUR 65 M with maturities of up to seven years during a period ending June 14, 2012. Group's capital structure <table><tr><th>SEK M</th><th>2011</th><th>2010</th></tr><tr><td>Interest-bearing liabilities (Note 27)</td><td>7,623</td><td>7,505</td></tr><tr><td>Less: Interest-bearing assets (Notes 16, 22 and 24)</td><td>-1,198</td><td>-1,096</td></tr><tr><td>Total net debt</td><td>6,425</td><td>6,409</td></tr><tr><td>Total shareholders' equity</td><td>13,504</td><td>12,196</td></tr><tr><td>Debt/equity ratio</td><td>48%</td><td>53%</td></tr></table> The Group monitors the capital structure on the basis of several key figures, one of which is the debt/equity ratio. Due primarily to a strong cash flow, the debt/equity ratio declined to 48 percent (53). The Group's key figures related to the capital structure and forecasts for the Group's liquidity reserve are regularly followed up on a monthly basis.	Year	SEK M	2012	2,171	2013	0	2014	0	2015	500	2016	4,034	2017	1,433	Total	7,623	Year	SEK M	2012	0	2013	0	2014	0	2015	0	2016	11,924	2017-2017	0	Total	11,924	SEK M	2011	2010	Interest-bearing liabilities (Note 27)	7,623	7,505	Less: Interest-bearing assets (Notes 16, 22 and 24)	-1,198	-1,096	Total net debt	6,425	6,409	Total shareholders' equity	13,504	12,196	Debt/equity ratio	48%	53%
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Financial credit risks Financial credit risks are defined as the risks of incurring losses if the financial counterparties with which the Group has placed cash and cash equivalents and short-term bank deposits or with which it has entered into financial instruments with positive market values, default on their commitments. Credit risk in accounts receivable is defined as an operational risk. Policy. Counterparties must possess a high creditworthiness and 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. Outstanding financial credit risk exposure at December 31, 2011 amounted to SEK 1,228 M (1,138) and was attributable to interest-bearing bank investments of SEK 114 M (2), cash and cash equivalents of SEK 753 M (832), derivative instruments of SEK 130 M (181) and interest-bearing loan receivables of SEK 231 M (123). The exposure was distributed among some one hundred counterparties and was in line with the Group's Treasury Policy. For further analysis, refer to Note 28. No credit losses stemming from investments of cash or cash equivalents or financial instruments occurred in 2011.																																																		

CHAIRMAN OF THE BOARD ON CORPORATE GOVERNANCE



“The Board has devoted time and energy to the long-term market and structural issues that will ensure continued growth based on market penetration, complementary acquisitions and divestments in polymer solutions.”

Focusing of operations

The turbulent economic environment in recent years has shown that the Trelleborg Group's long-term strategy is effective in both good times and bad. The comprehensive efficiency-enhancement programs implemented in 2008 and 2009 further strengthened the stability of the company's long-term value creation and we can see the effect of this in, for example, the positive sales and earnings trend of recent years. On this basis, the Board continued its business activities in 2011 by primarily addressing future-oriented structural issues to ensure the continued focus of operations on those markets and segments with the best potential for sustainable profitable growth.

One important step was the agreement that Trelleborg signed with Freudenberg concerning a joint company in antivibration solutions. The new company will become a global leader with strong competitiveness and good growth potential. Securing the best legal and operational platform was an important task during the year, and these efforts will continue into 2012 when the new company is planned to be operational. The agreement with Freudenberg opens new strategic perspectives for Trelleborg. The Board has devoted time and energy to the long-term market and structural issues that will ensure continued growth based on market penetration, complementary acquisitions and divestments in polymer solutions.

During the second half of the year, the global economic recovery was once again hit by growing uncertainty, mainly due to debt problems in the eurozone. As a result, the Board's work in Trelleborg became gradually more focused on heightened vigilance and decision preparedness in anticipation of the impact on demand that a weakening economic trend can bring.

Trelleborg's financial strength

During the year, Trelleborg strengthened its long-term financing by concluding an agreement for a new revolving credit facility, which will form a solid base for the Group's financing up until 2016 and will increase flexibility moving forward. The Group's capital structure remained healthy, with a level of net debt that was on a par with 2010 and a debt/equity ratio that dropped to 48 percent.

Corporate governance plays a significant role

Corporate governance and responsibility issues play a major role in the Board's daily work. There must be a good balance between developing the Group's business opportunities, and identifying and managing the risks posed by an increasingly complex and dynamic business environment. The number of internal audit programs was increased and the focus was on business-supporting initiatives for the operations in high-growth countries. This concentration on reviewing processes will continue in 2012.

Openness and transparency are key conditions for an effective and sound governance and control culture. The Board monitors the continued development of various processes for external communication and information related to external stakeholder groups to ensure that this is conducted in accordance with relevant laws, regulations and standards. In a similar fashion, the Group is working toward continuous improvements in the quality of content and channels for all types of internal communication, so that this can play the important role of the bearer of knowledge and values for efficient and ethical value creation, and long-term confidence in the Trelleborg Group.

Anders Narvinger
Chairman of the Board

CORPORATE GOVERNANCE

Trelleborg is a publicly traded Swedish limited liability company listed on NASDAQ OMX Stockholm. Trelleborg applies the Swedish Code of Corporate Governance and presents its 2011 Corporate Governance report in this section. Trelleborg has no deviations to report. The report has been examined by the company's auditor.

Shareholders

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. 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 year-end, the number of shareholders was 51,572 (49,975).

Of the total number of shares, foreign shareholders accounted for approximately 23 percent (20). Institutions accounted for the majority of ownership. At the end of the year, 66 percent (74) of the total number of shares were owned by legal entities, 34 percent (26) by private individuals.

For further information on the share and shareholders, refer to pages 102-103 and Trelleborg's website.

Annual General Meeting 2011

The Annual General Meeting took place on April 20, 2011 in Trelleborg. At the

meeting, 656 shareholders (623) were in attendance, personally or by proxy, representing about 72 percent (63) of the total number of votes. A single shareholder, Dunker Funds and Foundations, represented approximately 76 percent (87) of the votes at the meeting. The Chairman of the Board, Anders Narvinger, was elected Chairman of the Meeting.

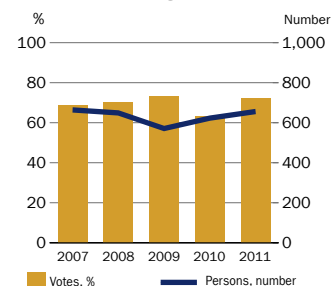
All Board members elected by the Annual General Meeting were present.

Resolutions

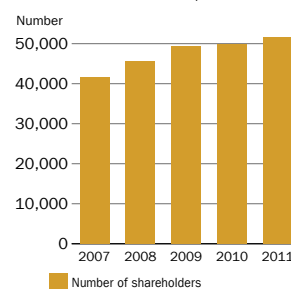
The minutes from the Annual General Meeting have been made available on Trelleborg's website. The resolutions passed by the Meeting included the following:

- Dividends to be paid for the 2010 fiscal year as per the Board's and President's proposal in the amount of SEK 1.75 per share.
- Re-election of all Board members.
- Re-election of Anders Narvinger as Chairman of the Board.
- Fees to the Board members and remuneration of the auditor.
- Principles for remuneration and other employment terms for the President and other senior executives.
- Procedures for the Nomination Committee's appointment and work.

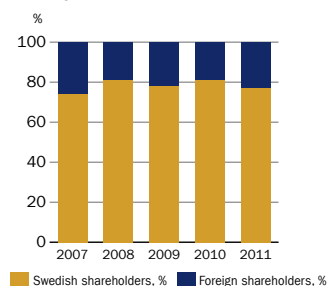
Annual General Meeting attendance 2007-2011



Number of shareholders, December 31, 2007-2011



Ownership structure, December 31, 2007-2011



Further information on corporate governance

The following information is available at www.trelleborg.com

- Prior Corporate Governance reports, from 2004 and onward.
- Information regarding Trelleborg's Annual General Meetings since 2004 and onward:
 - Notification of AGM
 - Minutes of AGM
 - President's presentations
 - Press release

Nomination Committee for the 2012 Annual General Meeting

The 2011 Annual General Meeting passed a resolution regarding the Nomination Committee and assigned the Chairman of the Board the task of asking representatives of the company's five major shareholders at the close of the third quarter to each appoint one member to the Nomination Committee. The composition of the Nomination Committee was published on Trelleborg's website and through a press release on October 26, 2011. At the end of the third quarter, the Nomination Committee represented approximately 64 percent (66) of the shareholders' votes.

The guidelines of the principal owners for the selection of candidates to be nominated to the Board specify that they shall possess knowledge and experience relevant to Trelleborg's operations. The Nomination Committee observes the rules regarding the independence of Board members, as stated in the Swedish Code of Corporate Governance.

The Nomination Committee for 2012 held 3 meetings (3) and a number of telephone conferences. The members of the Nomination Committee and the shareholders who appointed them are presented in the table below. In addition, the Chairman of the Board, Anders Narvinger, was a member of the Nomination Committee for 2012.

As a basis for the Committee's work, information on the company's operations and strategic focus was presented by the President. The Chairman of the Board presented the annual evaluation of the Board members' activities, and provided information on the Board's work during the year. Each chairman of the Board's committees provided further information on work in the various committees. The Nomination Committee has also met with a number of individual Board members for interviews and discussions.

Nomination Committee for the Annual General Meeting

Name/Representing	Share of votes, September 30, 2011	Share of votes, December 31, 2011
Rolf Kjellman (Chairman) Henry and Gerda Dunker Foundation	54.4%	54.4%
Henrik Didner Didner & Gerge Funds	3.6%	3.4%
Peter Rönström Lannebo Funds	2.4%	2.3%
Thomas Eriksson Swedbank Robur Funds	1.9%	2.1%
Johan Held AFA Insurance Companies	1.6%	1.5%
Total	63.9%	63.7%

Proposals to the Annual General Meeting 2012

The Nomination Committee has formulated the proposals below for submission to the 2012 Annual General Meeting for resolution:

- The Nomination Committee resolved to propose that the Annual General

Meeting re-elect all Board members: Hans Björck, Claes Lindqvist, Sören Mellstig, Peter Nilsson, Bo Risberg, Nina Udnes Tronstad, Heléne Vibbleus Bergquist and Anders Narvinger as Chairman.

- The Nomination Committee has decided to propose the re-election of PricewaterhouseCoopers AB as the company's auditor in 2012.

The Board of Directors

In 2011, Trelleborg's Board of Directors comprised eight members elected by the Annual General Meeting, including the President and CEO. Employees elect three representatives and one deputy to the Board of Directors.

The Group's CFO, Bo Jacobsson, who was succeeded by Carolina Dybeck Happe on April 26, 2011, attends the Board meetings as does the General Counsel, Ulf Gradén, who serves as the Board's secretary. Other salaried employees of the Group participate in the Board meetings to make presentations on specific matters when necessary.

Work of the Board of Directors

The number of Board meetings in 2011 was 9 (12). The work focused largely on structural issues and the strategic plan.

February	No. 1: Legal disputes and insurance coverage, Year-end Report, 2010 Annual Report, Committee reports, Audit report, Structural issues, Financing, Prior to the AGM.
	No. 2: Financing.
April	No. 3: Interim report for first quarter, Structural issues, Financing, Prior to the AGM, Committee reports.
	No. 4: Statutory Board meeting.
July	No. 5: Interim report for second quarter, Audit Report, Committee reports.
September	No. 6: Review of Trelleborg's operations in Brazil, Structural issues.
October	No. 7: Strategic plan 2012-2014.
	No. 8: Interim report for third quarter, Committee reports, Structural issues.
December	No. 9: Forecast for 2012, Strategic plan 2012-2014, Structural issues, Committee reports, Audit report.

The President presents a report on the operations' performance at ordinary Board meetings. All business areas are usually given an opportunity to make an in-depth presentation of their operations at a Board meeting at least once per year. The Board conducts reviews with the auditor when audit reports are to be considered.

Independence of the Board

The Board's assessment, which is shared by the Nomination Committee, of the Board members' independence in relation to the company and the shareholders is presented in the table on pages 38-39. 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 2011

The Chairman of the Board is responsible for evaluating the Board's work, including the work of individual members. This occurs annually in accordance with an established process. Periodically, evaluation is conducted with the assistance of external consultants.

In 2011, the evaluation was conducted, in part, as a self-assessment whereby the Chairman of the Board interviewed all Board members individually and, in part, 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 focused on such aspects as supply and demand of 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 2011, the Audit Committee comprised Heléne Vibbleus Bergquist, who also chairs the Committee, Claes Lindqvist, Sören Mellstig and Anders Narvinger. The Group's CFO, Bo Jacobsson, who was succeeded by Carolina Dybeck Happe on April 26, 2011, 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, when necessary.

In 2011, the Audit Committee held five (five) meetings. Its work mainly focused on:

- Accounting issues.
- Review of interim reports, year-end reports and annual reports.

- 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 auditor, including the auditor's audit plan.
- Review of the plan for production of the Annual Report.

Finance Committee

In 2011, the Finance Committee comprised Heléne Vibbleus Bergquist, who also chairs the Committee, Claes Lindqvist, Sören Mellstig and Anders Narvinger. The Group's CFO, Bo Jacobsson, who was succeeded by Carolina Dybeck Happe on April 26, 2011, and the Group's General Counsel and Secretary of the Finance Committee, Ulf Gradén, participate in the meetings of the Finance Committee. Head of Group Treasury also participates when necessary. In 2011, the Finance Committee held five (five) meetings. Its work mainly focused on:

- A review of financial reports from Group Treasury.
- Financing issues.
- Financial operations and policies.
- Financial risk management.

Remuneration Committee

In 2011, the Remuneration Committee comprised Anders Narvinger, who also chairs the Committee, Claes Lindqvist and Hans Björck.

Senior Vice President, Human Resources, Sören Andersson, also Secretary of the Remuneration Committee, participates in Committee meetings.

In 2011, the Remuneration Committee held five (six) meetings. Its work mainly focused on:

- Terms of employment and incentive issues for senior executives.
- The Group's management resource planning.

Auditor

Trelleborg's auditor is the PricewaterhouseCoopers AB firm of authorized public accountants, including authorized public accountants Mikael Eriksson and Eric Salander. Mikael Eriksson is the Auditor in Charge. PricewaterhouseCoopers AB was elected by the 2008 Annual General Meeting for a period of four years.



MIKAEL ERIKSSON

Authorized Public Accountant, Auditor in Charge

Auditor of the Trelleborg Group since 2011. Partner of PricewaterhouseCoopers AB since 1989. Qualifications: Graduate in business administration, Authorized Public Accountant since 1984. Assignments: Beijer Electronics, G&L Beijer, Midway, Readsoft, Sveaskog, EcoLean, Svenskt Näringsliv. Born: 1955.



ERIC SALANDER

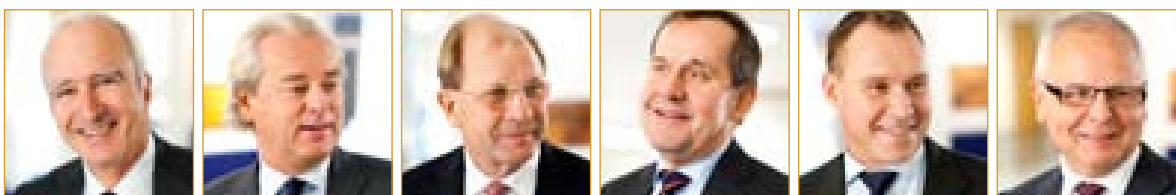
Authorized Public Accountant

Auditor of the Trelleborg Group since 2010. Partner of PricewaterhouseCoopers AB since 2005. Qualifications: Graduate in business administration, Authorized Public Accountant since 2000. Assignments: Sony Ericsson, Hilding Anders, Gambro and Bong. Born: 1967.

Auditor's remuneration 2011

SEK M	2011	2010
PricewaterhouseCoopers		
Audit assignment	34	34
Audit activities other than audit assignment	4	4
Tax consultancy services	6	3
Other services	5	17
Other auditors		
Audit assignment	1	1
Audit activities other than audit assignment	–	–
Tax consultancy services	0	–
Other services	0	0
Total	50	59
Of which discontinued operations	–	1

THE BOARD OF DIRECTORS



Name	Anders Narvinger	Hans Björck	Claes Lindqvist	Sören Mellstig	Peter Nilsson	Bo Risberg
Position		Advisor for Skanska AB.	President of Henry Dunkers Förvaltnings AB.		President and CEO.	President and CEO of Hilti Corporation, Liechtenstein.
Qualifications	M.Sc. Eng., Faculty of Engineering, Lund University, and B.Sc. Business and Economics, Uppsala University.	Graduate in business administration.	Graduate in business administration and M.Sc. Eng.	Graduate in business administration.	M.Sc. Eng.	MBA and B.Sc. Eng.
Year elected	1999. Chairman of the Board since 2002.	2009	2004	2008	2006	2010
Born	1948.	1951	1950	1951	1966	1956
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Chairman of Alfa Laval AB (publ), Coor Service Management AB and TeliaSonera (publ) and Capio. Board member of JM AB, Pernod Ricard SA and ÅF AB.	Board member of the Dunker Funds and Foundations, the Swedish Financial Reporting Board and SF Bio AB.	Executive Director of Henry and Gerda Dunkers' Foundation and Foundation No. 2. Board member of Dunker Foundations, Svenska Handelsbanken South Region, Novotek AB (publ), among others.	Chairman of Apotek Hjärtat, Textilia, Ferrosan MD A/S. Neron HSU AB and the Swedish Defence Research Agency (FOI). Board member of Dako A/S.	Board member of Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.	Board member of Grundfors Holding A/S. Board member of IMD Supervisory Board.
Dependence	No.	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, Dunker Funds and Foundations.	Yes. Dependent in relation to the company's major shareholders through his assignment on behalf of Trelleborg's main owner, Dunker Funds and Foundations.	No.	Yes. Dependent in relation to the company as a result of his position as Trelleborg's President.	No.
Previous experience	A number of senior management positions in the ABB Group, including President and CEO of ABB Sweden and President of The Association of Swedish Engineering Industries.	CFO of Skanska AB, Autoliv Inc. and Esselte AB.	A variety of senior positions at ASEA and Åkerlund & Rausing as well as President and CEO of Höganas AB and Öresundskraft AB.	President and CEO of Gambro and CFO and Vice President of Incentive.	Business Area President, Trelleborg Engineered Systems and other posts within the Trelleborg Group, as well as management consultant at BSI.	Various management positions at AT Kearney and with ABB in Sweden and Canada.
Own and related-party holdings 2011	30,404 shares.	–	30,404 shares.	95,809 shares.	80,572 shares and 100,000 call options.	9,011 shares.
Own and related-party holdings 2010	30,404 shares.	–	30,404 shares.	60,809 shares.	80,572 shares and 100,000 call options.	5,000 shares
Audit Committee attendance	Member 5 of 5	–	Member 5 of 5	Member 4 of 5 ¹⁾	–	–
Finance Committee attendance	Member 5 of 5	–	Member 5 of 5	Member 3 of 5 ²⁾	–	–
Remuneration Committee attendance	Chairman 5 of 5	Member 5 of 5	Member 5 of 5	–	–	–
Board meeting attendance	Chairman 9 of 9	Member 9 of 9	Member 9 of 9	Member 8 of 9 ¹⁾	Member 9 of 9	Member 9 of 9
Remuneration 2011*						
Board, SEK 000s	1,050	400	400	400	–	400
Committee, SEK 000s	150	50	150	100	–	–
Total 2011, SEK 000s	1,200	450	550	500	–	400
Remuneration 2010*						
Board, SEK 000s	950	360	360	360	–	360
Committee, SEK 000s	150	50	150	100	–	–
Total 2010, SEK 000s	1,100	410	510	460	–	360

1) Not present at meeting 1, 2011.

2) Not present at meeting 1 and meeting 3, 2011.

* Remuneration paid to the Board of Directors for the period May 2011 – April 2012. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For 2011, remuneration was paid as per the table above. Remuneration is not paid to members of the Finance Committee. No consulting fees were paid to Board members. Remuneration is not paid to Board members who are also employed by the Group. Remuneration excludes travel allowances.

► For additional information concerning remuneration, see Note 3, pages 81-82



Name	Nina Udnes Tronstad	Heléne Vibbleus Bergquist	Peter Larsson	Karin Linsjö	Mikael Nilsson	Birgitta Håkansson
Position	Group Executive of Kvæner and President of Kvæner Verdal AS.	Management Consultant.	Appointed by the Unions of the Trelleborg Group (PTK).	Appointed by the Unions of the Trelleborg Group (LO).	Industrial worker, appointed by the Unions of the Trelleborg Group (LO).	Salaried employee, appointed by the Unions of the Trelleborg Group (PTK).
Qualifications	M.Sc. Eng.	Graduate in business administration.	Engineer.	Elementary school and plant training.	Training in labor law, economics and personnel policy.	Secretarial studies, training in IT and accounting.
Year elected	2010	2004	2011	2000	2009	2008
Born	1959	1958	1965	1954	1967	1950
Nationality	Norwegian	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Chairman of the Board, Kværner Piping Technology AS and Kværner Jacket Technology AS. Board member of Kværner Stord AS.	Board member of Nordic Growth Market NGM AB, Renewable Energy Corporation ASA, TradeDoublers AB (publ), Tyréns AB and SIDA.	Chairman of Unionen Trelleborg AB.		Chairman of Trelleborg Swedish Works Council (LO) and Chairman of Trelleborg European Works Council. Board member of Avdelning 52 Hus AB.	Vice Chairman of Unionen Trelleborg AB.
Dependence	No.	No.	–	–	–	–
Previous experience	Various management positions at Statoil in Norway, Sweden and Denmark.	Senior Vice President, Group Controller, AB Electrolux, Authorized Public Accountant, partner and member of the Board of PricewaterhouseCoopers in Sweden.				
Own and related-party holdings 2011	–	4,550 shares.	1,800 shares.	501 shares.	–	6,102 shares.
Own and related-party holdings 2010	–	4,550 shares.	1,800 shares.	501 shares.	–	1,602 shares.
Audit Committee attendance	–	Chairman 5 of 5	–	–	–	–
Finance Committee attendance	–	Chairman 5 of 5	–	–	–	–
Remuneration Committee attendance	–	–	–	–	–	–
Board meeting attendance	Member 9 of 9	Member 9 of 9 ³⁾	Employee representative (PTK). 6 of 9 ⁴⁾	Employee representative (LO). 9 of 9	Employee representative (LO). 9 of 9	Deputy employee representative (PTK). 9 of 9
Remuneration 2011*						
Board, SEK 000s	400	400	–	–	–	–
Committee, SEK 000s	–	150	–	–	–	–
Total 2011, SEK 000s	400	550	–	–	–	–
Remuneration 2010*						
Board, SEK 000s	360	360	–	–	–	–
Committee, SEK 000s	–	150	–	–	–	–
Total 2010, SEK 000s	360	510	–	–	–	–

3) Participated by telephone at meeting 8, 2011.

4) Appointed as member by employees at the 2011 AGM.

* Remuneration paid to the Board of Directors for the period May 2011 – April 2012. The fees paid to the members of the Board of Directors elected by the Annual General Meeting are approved by the Annual General Meeting based on the proposals of the Nomination Committee. For 2011, remuneration was paid as per the table above. Remuneration is not paid to members of the Finance Committee. No consulting fees were paid to Board members. Remuneration is not paid to Board members who are also employed by the Group. Remuneration excludes travel allowances.

► For additional information concerning remuneration, see Note 3, pages 81-82

GROUP MANAGEMENT



Name	Peter Nilsson	Carolina Dybeck Happe	Lennart Johansson	Jim Law	Claus Barsøe
Position	President and CEO Other assignments: Board member of Trelleborg AB (publ), Beijer Alma AB (publ), Trioplast Industrier AB and The Chamber of Commerce and Industry of Southern Sweden.	Chief Financial Officer (CFO)	Business Area President, Trelleborg Engineered Systems.	Business Area President, Trelleborg Automotive.	Business Area President, Trelleborg Sealing Solutions.
Qualifications	M.Sc. Eng.	M.Sc. in business administration.	M.Sc. Eng.	Bachelor of Science Electrical Engineering, BS General Engineering, Minor in Business.	Graduate in business administration.
Born	1966	1972	1960	1955	1949
Nationality	Swedish	Swedish	Swedish	American	Danish
Previous experience includes	Business Area President, Trelleborg Engineered Systems and other posts at the Trelleborg Group, as well as management consultant at BSI.	Various positions within Assa Abloy and EF.	President of Kemira Kemi, business unit manager of Kemira OY and Perstorp AB.	Business Unit President, Global Anti Vibration Solutions at Trelleborg Automotive. VP Sales & Engineering, Yale, South Haven.	Market Director of Alfa Laval, various positions at Busak+Shamban and Polymer Sealing Solutions.
Own and related-party holdings 2011	80,572 shares and 100,000 call options*.	11,800 shares (own and family members).	25,000 call options*.	–	25,000 call options*.
Own and related-party holdings 2010	80,572 shares and 100,000 call options*.	–	25,000 call options*.	–	25,000 call options*.
Employed	1995	2011	2005	1997	2003
In current position since	2005	2011**	2005***	2011	2003

* The principal owner Henry and Gerda Dunkers Donation Fund No. 2 issued a call option program in February 2008. At that time, nine senior executives purchased 255,000 call options in Trelleborg at a price of SEK 10.98 per call option. Each call option entitles the holder to purchase one share of Series B in Trelleborg AB during the period March 15, 2008 – March 15, 2012 at an exercise price at SEK 125.50. 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 holder to purchase 2.18 shares. The principal owner's objective of the call option program is to promote the long-term commitment of management executives in the company. Trelleborg AB did not participate in the offer and will not have any expenses in connection with the offer.

** Carolina Dybeck Happe replaced Bo Jacobsson as CFO on April 26, 2011. Carolina Dybeck Happe will be succeeded by Ulf Berghult as CFO in the first half of 2012.

*** During the first quarter of 2012, Lennart Johansson has been appointed as the Trelleborg Group's representatives on the management board of the planned joint venture between Trelleborg and Freudenberg. Three people from the business area will assume new positions in Trelleborg's Group Management: Denis Blanc, Mikael Fryklund and Dario Porta.

Remuneration of Group Management 2011

SEK 000s	Fixed salary	① Annual variable salary	② Long-term program ¹⁾	③ Other benefits	Total	④ Pension	Total including pension
President 2011	8,447 ²⁾	4,711	3,900	172	17,230	3,254	20,484
2010	7,559	4,550	2,275	163	14,547	2,847	17,394
Executive Vice President ³⁾ 2011	1,605	566	–	64	2,235	5,108	7,343
2010	3,220	1,250	625	112	5,207	2,375	7,582
Group Management, others (9 persons) ⁴⁾ 2011	28,456	10,029	9,751	624	48,860	7,382	56,242
2010	27,222	12,731	5,289	845	46,087	7,998	54,085
Total 2011	38,508	15,306	13,651	860	68,325	15,744	84,069
Total 2010	38,001	18,531	8,189	1,120	65,841	13,220	79,061

1) Expensed 2011. 2) Of this amount, fixed salary represented SEK 8,000,000 with the remainder mainly consisting of a change in vacation pay liability. 3) The Vice President was employed in the Group until June 30, 2011. No new Vice President was subsequently appointed. 4) Changes in Group Management took place in 2011 and, at the end of the year, Group Management comprised nine individuals in addition to the President.

Principles for remuneration

The following are the principles for remuneration of senior executives adopted by the Annual General Meeting:

- Trelleborg will offer market-based terms of employment that enable the company to recruit, develop and retain senior executives.
- The remuneration structure will 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.
- Principles for remuneration may vary depending on local conditions.
- The remuneration structure will be based on such factors as position, expertise, experience and performance.

Senior executives comprise the President and other members of Group Management. The principles are supplemented by a policy for benefits for senior executives as well as a global Remuneration Policy covering all managers and senior salaried employees. In 2011, total remuneration of Group Management amounted to SEK 68,325,000 (65,841,000), excluding pension premiums, and SEK 84,069,000 (79,061,000), including pension premiums.



Name	Maurizio Vischi	Sören Andersson	Patrik Romberg	Ulf Gradén	Claes Jörwall
Position	Business Area President, Trelleborg Wheel Systems.	Senior Vice President, Human Resources.	Senior Vice President Corporate Communications	Senior Vice President, General Counsel and Secretary.	Senior Vice President, Taxes and Group Structures.
Qualifications	MBA	University studies in economics, sociology and education.	MBA and university studies in behavioral science and education.	Master of Law. Reporting Clerk, Court of Appeal.	Graduate in business administration.
Born	1955	1956	1966	1954	1953
Nationality	Italian	Swedish	Swedish	Swedish	Swedish
Previous experience includes	Various management positions at Pirelli.	Various HR posts at SCA.	Various posts at Unilever and the Trelleborg Group.	Corporate Legal Counsel at Mölnlycke and General Counsel at PLM/Rexam.	Department manager at the Swedish National Tax Board.
Own and related-party holdings 2011	–	6,080 shares and 10,000 call options*.	901 shares.	10,000 call options*.	16,031 shares.
Own and related-party holdings 2010	25,000 call options*.	6,080 shares and 10,000 call options*.	901 shares.	10,000 call options*.	16,031 shares.
Employed	1999	1998	2006	2001	1988
In current position since	2001	1998	2011 ****	2001	1988

* The principal owner Henry and Gerda Dunkers Donation Fund No. 2 issued a call option program in February 2008. At that time, nine senior executives purchased 255,000 call options in Trelleborg at a price of SEK 10.98 per call option. Each call option entitles the holder to purchase one share of Series B in Trelleborg AB during the period March 15, 2008 – March 15, 2012 at an exercise price at SEK 125.50. 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 holder to purchase 2.18 shares. The principal owner's objective of the call option program is to promote the long-term commitment of management executives in the company. Trelleborg AB did not participate in the offer and will not have any expenses in connection with the offer.

**** Patrick Romberg replaced Viktoria Bergman as Senior Vice President Corporate Communications on October 1, 2011.

① Annual variable salary

The annual variable salary is based on the achievement of predefined targets for a number of performance indicators. The 2011 targets pertained among other things to the Group's profit before tax and the Group's operating cash flow, both excluding the effect of structural changes, as approved by the Board of Directors. Annual variable salary does not constitute pensionable income and does not form the basis of vacation pay. In 2011, the President's variable salary was a maximum of 65 percent of fixed salary. For other senior executives, variable salary was a maximum of 30-60 percent of fixed salary in 2011.

② Long-term incentive program

Since 2005, the Board of Directors has annually resolved to introduce a long-term incentive program for the President and for certain senior executives considered to exercise a significant influence on the Trelleborg Group's earnings per share. These programs are ongoing, three-year programs. The Board determines annually whether to instigate new programs and, if so, the scope, objective and participants of such new programs. The incentive programs are cash-based and constitute a supplement to the annual variable salaries, provided that the executive has not terminated his employment at 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. The aim is to continue to promote and retain the commitment of senior executives to the Group's development, thereby increasing 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 the current programs, the Board has established a target of SEK 2.56 in earnings per share for 2009, a target of SEK 2.85 for 2010 and a target of SEK 5.20 for 2011, with the upper cap for payments for all programs set at 25 percent of the maximum annual variable salary per program per year.

Outcome and payment

The result is calculated annually and accumulated over the three-year period and potential payments are made in the first quarter of the year after the program expires. For the program approved for 2009, payment will be made in the first quarter of 2012, for the program approved for 2010, payment will be made in the first quarter of 2013, and for the program approved for 2011, payment will be made in the first quarter of 2014. The payments do not constitute pensionable income and do not form the basis of calculation of vacation pay. In 2011, earnings were charged with SEK 26,798,000 (20,541,000) and additional payroll expenses of SEK 6,396,000 (4,373,000).

Other incentive programs

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

③ Other benefits

The President and other senior executives have the possibility of having a company car and medical expenses insurance.

④ Pension

The pension agreement is a defined-contribution scheme. For the President and other senior executives, the premium can vary between 20 and 45 percent of the fixed salary. For the President, the premium is computed as 40 percent of the fixed salary. Pensionable age for the President is 65; however, both the company and the President have the right, without special motivation, to request early retirement from the age of 60, with a mutual six-month notice of termination. If the President enters early retirement, the employment agreement and pension agreement are rendered invalid as of that time. Some of the senior executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation amounting to 60 percent of fixed annual salary is paid until the age of 65, after which the regular retirement pension payments become effective.

Severance pay

For the President, termination of employment by the company shall be subject to a period of notice of 24 months. The period of notice from the President is six months. During the period of notice, fixed salary is payable. Certain senior executives have extended notice of termination periods when initiated by the company, normally 12, 18 or 24 months, whereas the notice period is six months when initiated by the senior executive.

For additional information concerning remuneration, see Note 3, pages 81-82.

OVERVIEW OF GOVERNANCE IN THE TRELLEBORG GROUP

Shareholders

The right of shareholders to make decisions on the affairs of Trelleborg is exercised at the Annual General Meeting or, where appropriate, at an Extraordinary General Meeting, which is Trelleborg's highest decision-making body. The Annual General Meeting is usually held in April. The Meeting adopts the Articles of Association and, at the Meeting, the shareholders appoint Board members, the Chairman of the Board and auditor, and makes decisions regarding their fees. In addition, the Annual General Meeting passes resolutions regarding the adoption of the income statement and the balance sheet, the allocation of the company's profit and the discharge from liability of the Board members and the President. The Annual General Meeting also makes resolutions regarding 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, examines the company's annual reports and accounts, as well as the Board's and the President's management. Historically, Trelleborg's auditor has been elected for periods extending for four years. The auditor bases its work on an audit plan and obtains the Audit Committee's opinions on Trelleborg's risks with regard to financial reporting before the audit plan is established. The auditor continuously reports observations to the Audit Committee throughout the year and to the entire Board after the hard-close audit during the autumn and in connection with the adoption of the six-month report and the annual report by the Board. The auditor's assignment is presented in a written auditor's report at the Annual General Meeting.

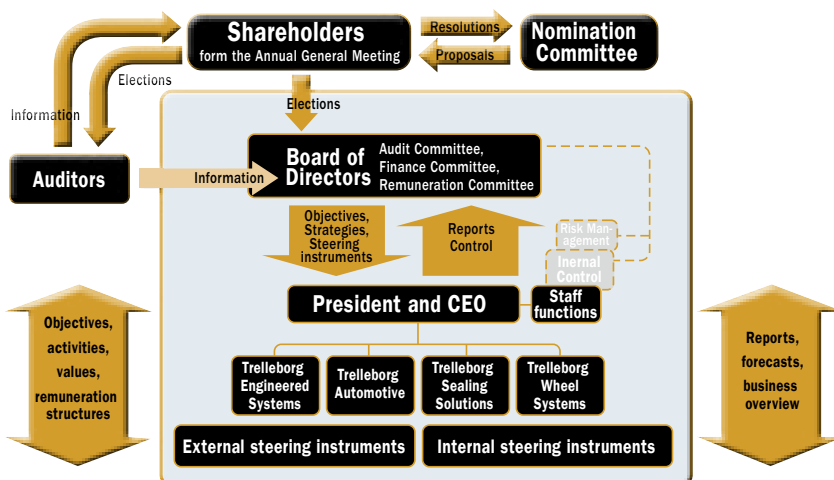
Nomination Committee

Procedures for the Nomination Committee's appointment and work are adopted by the Annual General Meeting. The Nomination Committee prepares and submits proposals to the Meeting on the election of Board members, the Chairman of the Board and, where appropriate, the auditor as well as their fees. The Nomination Committee shall consist of five members. They shall be representatives of the five largest shareholders at the close of the third quarter, who are to be contacted by the Chairman of the Board at that time. These shareholders then have the right to appoint one member each. The Nomination Committee may also decide that the Chairman of the Board be a part of the Committee, but not be appointed to serve as its chairman.

Board of Directors

Composition of the Board

In accordance with the articles of association, the Board of Directors shall consist of three to ten members, without deputies. Board members are elected annually by the Annual General Meeting for the period until the next 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 is responsible for the work of the Board being well organized and conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors operations in dialogue with the President. He is responsible for ensuring that other Board members receive the information and documentation necessary to maintain a high level of quality in discussions and decisions, and checking that the Board's decisions are executed. The Chairman is responsible for ensuring that new Board members undergo requisite introductory training and that the Board continuously updates and deepens its knowledge of the company. The Chairman is also responsible for annually evaluating the Board's activities, and this evaluation is then shared with the Nomination Committee. The Chairman represents the company in all ownership issues.

Responsibilities and work of the Board

The Board is responsible for managing operations in the interest of the company and all its shareholders in accordance with external and internal steering documents. The framework comprises a written formal work plan for the Board that is adopted by the Board each year. The Board monitors the President's work through ongoing reviews of the operation over the year. The Board's responsibilities include ensuring that there are effective systems for follow-up and control of the company's operations, that there is satisfactory internal control and that internal steering instruments have been established. In addition, the responsibilities of the Board include setting targets and strategies, decisions concerning major acquisitions and divestments of operations or other major investments and loans in accordance with the Treasury Policy. The Board issues financial reports. The Board annually evaluates the President and other senior executives and oversees the planning of managerial succession. Trelleborg's Board of Directors meets at least seven times per year.

The Board's responsibility for financial reporting

The Board ensures the quality of financial reporting, in part, through instructions to the President, instructions regarding financial reporting to the Board and through the Communications Policy and,

in part, by considering reports from the Audit Committee. The Board also assures the quality of financial reporting by considering interim reports, year-end reports and annual reports in detail at its respective meetings. The Board has delegated to Group management the responsibility for ensuring the quality of financial press releases and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

Board committees

- The Audit Committee's objective, in accordance with the instructions for the Audit Committee established by the Board of Trelleborg, is to represent the Board by monitoring the company's financial reporting and, in conjunction with this task, oversee the effectiveness of the company's internal control, internal audit and risk management. The Audit Committee's objective is also to keep itself informed in matters relating to the audit of the Annual Report and the consolidated financial statements, to review and monitor the auditor's impartiality and independence, and to provide assistance when preparing proposals regarding the appointment of the auditor 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 work with corporate responsibility 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 reported to the Board on a regular basis, usually at the subsequent Board meeting.
- The Finance Committee's objective is 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 objective is to represent the Board in matters concerning remuneration and terms of employment for the President and executives reporting directly to the President based on the principles adopted by the Annual General Meeting and the applicable policy. The Committee regularly presents reports on its work to the Board.

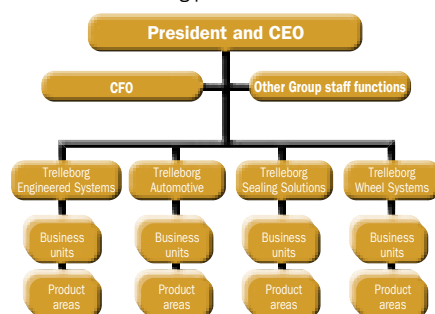
President and Group Management

The President and CEO manages Trelleborg's day-to-day operations in accordance with external and internal governance instruments. The framework for this work comprises written instructions to the President established by the Board every year. The President is assisted by Group Management comprising managers for business areas and corporate functions. 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. The President presents matters and motivates proposed decisions. The President answers to and regularly reports to the Board regarding the performance of the company.

Trelleborg's operations are 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 leads the work conducted by Group Management and renders decisions in consultation with other members of the management team. At year-end 2011, Group Management comprised ten individuals.

Group Management holds regular management meetings. In 2011, Group Management held five meetings. These focus 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.



Internal Control

The Group's Internal Control staff function acts as the Group's internal audit function and reports to the Audit Committee and the Group's CFO. Within the scope of the defined process called Internal Control, the function works on developing, improving and ensuring internal control over 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 over financial reporting documented in internal governance instruments and developing and providing training and tools in the Group for internal control over financial reporting. Efforts to examine the effectiveness of internal control include risk assessments as a basis for prioritization, development and follow-up of self-assessments in the Group's companies and business areas, which are supplemented with internal audits. The internal control process is formulated to provide reasonable

assurance that the goals of the Trelleborg Group 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 throughout Trelleborg that creates discipline and provides a structure for the other four components of the process, namely, risk assessment, control structures, information and communication, and monitoring. Internal Control over financial reporting aims to provide reasonable assurance with regard to the reliability of external financial reporting and that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies. Internal steering instruments for financial reporting primarily comprise the Trelleborg's Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting. Internal control is described in more detail on pages 44-46.

Risk Management

Risk Management is a staff function. Within the scope of Trelleborg's Enterprise Risk Management process (ERM process), risks in Group companies, business areas, business units and processes are identified, evaluated and managed. The ERM process is conducted centrally by the Risk Management staff function and is led by an ERM Board composed of representatives of the business areas and the Group staff functions. The function reports to the Group's General Counsel and provides the Audit Committee with regular reports. Risk Management is described in more detail under Risks and risk management on pages 28-33.

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 NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and other relevant legislation.

Internal steering instruments

The internally binding steering instruments, in addition to the Articles of Association adopted by the Annual General Meeting, include:

- Rules of procedure for the Board of Directors of Trelleborg.
- Instructions for the Audit Committee established by the Board of Trelleborg.
- Instructions for the President of Trelleborg.
- Instructions for financial reporting to the Board of Trelleborg.
- Trelleborg's Code of Conduct.
- Trelleborg's Treasury Policy.
- Communication 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 principles and guidelines for the Group's operations and employees. These include Trelleborg's Values and the Finance Manual, which defines the accounting and reporting rules, definition of processes and the minimum requirements to ensure good internal control, including internal control over financial reporting and the Remuneration Policy. Employees

can view complete versions of the Group's numerous governance instruments on Trelleborg's intranet.

Rules of procedure of the Board of Directors

Each year, the Board of Directors establishes a written 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 and auditing matters, as well as financial reporting. The rules of procedure also govern how the Board is to 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 governance instruments and issues that always require a Board decision or reporting to the Board, such as the adoption of interim reports, annual reports and year-end reports, decisions regarding major acquisitions and divestments of operations, decisions regarding other large investments, decisions about investments and loans in accordance with Trelleborg's 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.

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 – refers to the ambition to be the preferred 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 through close cooperation.
- Performance – entails outperforming competitors and involves achieving results and the manner in which this is conducted.
- Innovation – culture and attitudes within Trelleborg shall promote Innovation. The ambition is to think differently, in a new and creative manner, on a daily basis. Innovation is an important driver of growth.
- Responsibility – all employees also have a Responsibility for Trelleborg in its entirety – the company's profits and good reputation.

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 the Swedish Code of Corporate Governance. Internal control over financial reporting is included as a part of the overall internal control in Trelleborg, and is a central component of Trelleborg's corporate governance.

Internal Control over financial reporting

The following description represents the Board of Directors' report on internal control over financial reporting. The report has been examined by the company's auditor.

Internal Control over financial reporting aims to provide reasonable assurance with regard to the reliability of 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 in regard to 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 external financial reporting are fulfilled and comprise the basis for how risks are to 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 overall responsibility for internal control over financial reporting. The Board has established a written work plan for the Board of Trelleborg that defines the Board's responsibilities and regulates its and its committees' internal distribution of work. The Board has appointed an Audit Committee from within its ranks 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. The Audit Committee shall also

represent the Board by keeping itself informed in matters relating to the audit of the Annual Report and the consolidated financial statements, reviewing and monitoring the auditor's impartiality and independence and providing assistance when preparing proposals regarding the appointment of auditor for approval by the Annual General Meeting. The Board has also established instructions for the President of Trelleborg and instructions for financial reporting to the Board of Trelleborg. The responsibility for maintaining an effective control environment and the day-to-day work on internal control 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, enhancing and securing internal control in the Group's financial reporting by proactively concentrating on the internal control environment and by examining the effectiveness of internal control.

Internal governance instruments for financial reporting primarily comprise the Trelleborg's Treasury Policy, Communication Policy, Finance Manual (defining the accounting and reporting rules), and the Group's definition of processes and minimum requirements for good internal control over financial reporting.

Control structures

The most significant risks identified in terms of 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 control structures aim to ensure efficiency in the Group's processes and good internal control and are based on the Group's approximately 280 minimum requirements for good internal control in the seven defined, significant processes that are shown in the diagram on page 46. The minimum requirement encompasses about 100 subsidiaries of which the largest approximately 40

companies shall apply both A and B levels in respect of minimum requirements for good internal control and the approximately 60 smaller companies only the A level.

The control structures in the accounting and reporting process, which are significant for the reliability of the financial reporting, contain 50 of the around 280 minimum requirements for good internal control.

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 the relevant employees confirm in writing awareness of and compliance with the Group's governance instruments.

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 governance instruments.

Monitoring

Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board, the Audit Committee, the President, Group Management, the Internal Control staff function, Group Treasury and the Group's companies and business areas. Monitoring includes the follow-up of monthly financial reports in relation to budget and targets, quarterly reports with results from self-assessments in the Group's companies and business areas, and results from internal audits. Monitoring also encompasses following up observations reported by the company's auditor. 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 2011

In 2011, the Internal Control Group staff

function conducted 37 (30) internal audits in 12 (16) countries, of which nine (three) were IT security audits. Focus was on Europe, China, Brazil and the US. Most of the internal audits were



Internal Control at Trelleborg

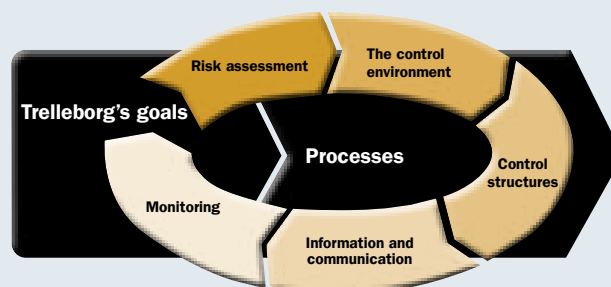
Trelleborg has defined internal control as a process that is influenced by the Board of Directors, the Audit Committee, the President, Group Management and other employees, and is formulated to provide reasonable assurance that Trelleborg's goals are achieved in terms of the following:

- appropriate and effective business activities
- reliable reporting
- compliance with applicable legislation and regulations.

The Internal Control process is based on a control environment that creates discipline and provides structure for the other four components of the process – risk assessment, control structures, information and communication, and monitoring. The starting point for the process is the regulatory 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 (ERM) process. This is described in greater detail under Risk and risk management on pages 28-33.

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 channels, 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 42-43. Key internal steering instruments are Trelleborg's Code of Conduct and Trelleborg's Values. The Code of Conduct comprises principles for how the business should be conducted, while Values is a long-term commitment that is linked to the business concept, objectives and strategies and guides employees in their day-to-day activities. Trelleborg is characterized by a decentralized organization, based on management by objectives with clear targets and performance-based rewards.



Control structures relate to the controls that are chosen to manage Group risks. Significant controls for Trelleborg are described in more detail on pages 28-33 under Risk and risk management, and on page 46 with regard to the significant processes that affect financial reporting.

Information and Communication. External information and communication include, for example, reporting to authorities and external financial reporting to owners and other stakeholders. Internal information and communication refer to creating awareness among Group employees of external and internal governance instruments, including authority and responsibilities. Important tools for this include Trelleborg's intranet and training programs. A process exists whereby Group employees affirm in writing that they have knowledge of Group policies. Trelleborg's whistleblower policy entails that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. Internal information and communication also pertain to 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 making well-founded decisions.

Monitoring aims to ensure efficiency in the process through a range of activities, such as the monitoring of operations in relation to set goals, self-assessments, internal audit and other monitoring activities.

conducted by the Internal Control staff function in cooperation with internal resources from other staff functions with specialist competence in such areas as purchasing and finance, or jointly with controllers from various business areas. Internal audits of IT security were carried out by the head of the IT Group staff function together with external consultants.

In 2011, the focus remained on purchasing processes, inventory processes, sales processes and accounting and reporting processes. A special focus area in 2011 was the management of value-added tax. Training courses were implemented in several countries in Europe together with external consultants,

aimed at raising levels of competence for relevant personnel and thus reducing risks due to incorrect management. In 2011, the Internal Control Group staff function also participated in internal projects concerning new reporting procedures for Enterprise Risk Management and Corporate Responsibility, where the consolidation system played a significant role. This system is already in use in financial reporting and for reporting of work involving the internal control over the financial reporting.

Focus in 2012

In 2012, the Internal Control staff function will work broadly with the audit of all processes, but with a greater focus on

project accounting in relevant companies. Geographically, the Internal Control staff function will continue to focus on emerging markets, but the majority of internal audits will take place in Europe.

The Internal Control staff function's goal for 2012 is to involve local national controllers in the internal audits of smaller companies. This will take place under the supervision of the Internal Control staff function.

*Trelleborg, February 27, 2012
Board of Directors of Trelleborg*

	Company 1	Company 2	Business area 1	Business area 2	Purchasing	Treasury	Etc.
	Self-evaluation						
Financial reports and reporting processes	- Group-wide reporting system with quarterly feedback from subsidiaries - Companies respond to how they comply with the Group's minimum requirements for good internal control in selected processes						
Purchasing process	Deficiencies are identified, measures are planned and implemented by the companies						
Inventory process	Encompasses 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						
Sales process	Covers seven selected processes and about 280 minimum requirements for good internal control						
Process for property, plant and equipment	All relevant employees annually confirm in writing their knowledge of, and compliance with, the Group's internal governance instruments.						
IT security process							
Salary management process, incl. pensions and other compensation							
	Internal audit						
Financial reports and reporting processes	Internal audits are conducted by the Internal Control staff function in cooperation with internal resources from other staff functions and external consultants						
Purchasing process	Internal audits of IT security are carried out by the head of Group IT together with external consultants						
Inventory process	Comprises seven selected processes and about 280 minimum requirements for good internal control						
Sales process	Internal audits result in observations, recommendations and proposals for decisions and measures						
Process for property, plant and equipment	Identified deficiencies are followed up on a quarterly basis by business area controllers and the Internal Control staff function.						
IT security process							
Salary management process, incl. pensions and other compensation							
	Training/tools						
Financial reports and reporting processes	A number of training programs in defined processes relating to minimum requirements for good internal control took place in 2011						
Purchasing process	Training programs are aimed at increasing knowledge levels and understanding pertaining to efficient processes and good internal control						
Inventory process	Training programs are a forum for the exchange of experience and sharing best practice						
Sales process	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.						
Process for property, plant and equipment							
IT security process							
Salary management process, incl. pensions and other compensation							

CORPORATE RESPONSIBILITY

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As part of the infrastructure project connecting Hong Kong with Zhuhai-Macau, construction work is currently under way on the world's longest immersed tunnel. Trelleborg will supply the seals for the almost seven-kilometer tunnel. The project is one of the most technically complicated ever undertaken in the region. For example, the tunnel's design must be able to withstand the effects of possible earthquakes and the seals between tunnel sections must be extremely durable. Some 34 Gina gaskets in addition to 34 large and 219 small Omega seals from Trelleborg will be employed for this task.

CORPORATE RESPONSIBILITY 2011 IN BRIEF

Trelleborg continues to demonstrate a downward trend for work-related injuries and illnesses.

-8% Dialog

Internet and social media are becoming an increasingly prominent feature of our communication with stakeholders.

1,232 GWh

In all languages

The internal whistleblower process (see page 52) was improved during the year to further protect employees' integrity and enable messages in all corporate languages via an external party, which translates all communication into English.

Monitoring of suppliers

Supplier reviews were robustly developed during the year and have now nearly reached their internal targets, see page 58.

Energy consumption increased to 1,232 GWh. In relative terms, it has decreased by 13 percent since 2008. While the long-term targets for energy consumption and waste volume were achieved in 2011, carbon dioxide and solvent emissions displayed trends that must be improved.

Stronger

The internal CR work was changed to strengthen the reporting process, see page 51. Processes for internal improvement work and monitoring legal compliance were strengthened in the same project.

Good for society

Trelleborg launched the *Blue Dimension* concept internally, which shows how our products also benefit society and its sustainability efforts.

Sustainable

The TM Blue agricultural tire, with a focus on excellent sustainability performance, was launched, see page 4 of the supplement *The World of Trelleborg*.

Distinctions and comparisons in 2011

In the annual review presented by consulting firm Hallvarsson & Halvarsson in 2011, Trelleborg AB was named best in Sweden at reporting Corporate Responsibility on the Internet. Of the approximately 900 websites reviewed, Trelleborg was awarded the highest points.

In the outcome of the Carbon Disclosure Project's (CDP) annual Nordic Climate Report 2011, Trelleborg received 65 (69) points. According to CDP, top companies (70 points or more) exhibit understanding of climate initiative risks and opportunities, strategic focus, knowledge of measurement methods and openness to stakeholders.

Folksam's Corporate Responsibility Index for

2011, which is compiled every alternate year, measures how far Swedish listed companies have progressed with their sustainability programs. Trelleborg received a grade of 3.47 (3.64) equivalent to four of seven stars for its work with Human Rights and 4.20 (4.53), equivalent to five out of seven stars, for Environment. Trelleborg received the same star ratings in 2009 when the audit was last conducted.

In 2011, Trelleborg once again participated in the Sustainable Value Creation survey – an initiative run by investors and shareholders for listed Swedish companies. Trelleborg received 84 points from a possible 100, compared with 75 points in 2009.

In 2011, Trelleborg was included in the following sustainability indexes:

- OMX GES Sustainability Sweden
- OMX GES Sustainability Nordic
- OMX GES Ethical Nordic
- OMX GES Ethical Sweden
- Nordic Sustainability Stars
- Sweden Top 25 (Ethix)
- ESI Europe (Ethibel)

TARGET INDICATORS OUTCOME AND PROGRESS IN 2011

Area

Environment

Results 2011

Measures and progress

 Energy Reduce energy consumption by 10 percent relative to sales by 2011 (base year 2008).	1,232 (1,198) GWh. Improved energy-efficiency has resulted in a 4-percent reduction compared with 2010, and a 13-percent reduction compared with 2008.	The target for 2011 was achieved. The Energy Excellence program has yielded favorable results in the form of more efficient energy consumption.
 Climate Reduce direct and indirect CO ₂ emissions by at least 15 percent relative to sales by 2015 (base year 2008).	Increase in absolute and relative terms compared with 2010, although a relative decrease of 8 percent relative to sales compared with 2008.	The trend in emissions from direct energy is pointing in the right direction. In relation to indirect energy, a deteriorated energy mix and thus higher emissions are the result of our changed geographic footprint, which requires new measures.
 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 the EU REACH regulation.	Target not achieved. Guidelines in place, but no Group policy. Work on adapting to REACH continues (see page 55).
 Waste Reduce the amount of waste by 10 percent relative to sales by 2011 (base year 2008).	62,100 (59,300) tons. A decrease of 14 percent relative to sales compared with 2008.	The target was achieved for the period.
 Emissions Reduce emissions to air of volatile organic compounds (VOC) by 10 percent relative to sales by 2011 (base year 2008).	1,816 (1,737) tons. A stabilization relative to sales compared with 2010, but an increase in absolute terms compared with 2008.	The target was not achieved, despite ongoing projects to reduce VOC use in several areas.
 Environmental management Implement environmental management systems in 90 percent of the production units, with 85 percent having ISO 14001 certification by 2011.	91 units out of 114 are certified, corresponding to 80 (80) percent.	Target not achieved, but large number of plants are currently completing processes in which certification is imminent.
 Water Reduce water consumption by 5 percent relative to sales by 2011 (base year 2008).	2.7 (2.5) million cubic meters, and a decrease of 4 percent relative to sales compared with 2010 and a decrease of about 40 percent compared with 2008.	The target for the period was achieved. Extensive water recycling projects generated lasting results.

Workplace

 Safety@Work Implement the Safety@Work program at all production units.	100 (100) percent.	The average score on self-assessments have increased by over 4 percent.
 Human rights and discrimination Zero tolerance for the existence of child or forced labor and reported and reviewed cases of discrimination.	Zero (0) cases of child or forced labor. 4 (6) reported cases of discrimination, of which three were dismissed.	
 Employee performance reviews Offer all employees to level 5 documented employee performance reviews.	The portal for following-up employee performance reviews was used by an increasing number of employees, with the number totaling about 3,400 in 2010-11.	

Customers and suppliers

 Anti-corruption Zero tolerance for bribery, corruption or cartel behavior.	For information regarding the competition investigation, see page 68.	Training courses related to corruption and conduct in the competition area have continued, see page 52.
 Suppliers Work with suppliers who support the applicable parts of the company's Code of Conduct.	Self-assessment implemented with suppliers, representing about 75 percent of the purchase value	Self-assessment of suppliers was further developed in 2011, and clearly closed in on the Group target of 80 percent.

Society

 Transparency To continuously develop the company's CR reporting in accordance with Global Reporting Initiative guidelines, at a minimum of Level B+.	CR reporting for 2011 also conforms to GRI guidelines and is considered compliant with requirements for Level B+ by a third party (PwC).	CR reporting on the Internet is continuously developed to be more educational and user-friendly. Trelleborg's CR website for 2012 features a new section aimed at the Group's stakeholders.
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TRELLEBORG TAKES NEW STEPS IN THE SUSTAINABILITY AREA



“Customers who choose solutions from Trelleborg thus choose, at all levels, a responsible partner that also works for society’s best interests”

Sustainability is an increasingly visible part of Trelleborg’s business. That our expertise in the field of polymer technology helps customers seal and damp in demanding industrial environments has long been well-known, but now we increasingly stress how our solutions protect customers’ processes and investments, and how they are often critical for social infrastructure, such as bridges, tunnels and buildings. In the future, we will call this our *Blue Dimension* – or how our solutions benefit society at the same time as they benefit our customers.

Let’s take a typical example, such as our tunnel seals for the new combined bridge and tunnel link between Hong Kong, Macau and China: it’s fairly obvious that Trelleborg’s specially designed Gina gaskets and Omega seals protect people and vehicles traveling through the tunnel as well as the actual tunnel construction from water leakage. Customers in our various projects and society value Trelleborg’s technology that makes it possible to ensure safety in these types of demanding environments. Our products and solutions also satisfy increasingly rigorous demands from our customers’ customers regarding comfort and an improved work environment in train and railway solutions where they “damp” or, in other words, reduce noise and vibrations. Customers who choose solutions from Trelleborg thus choose, at all levels, a responsible partner that also works for society’s best interests.

Trelleborg – wherever we are in the world – shall be a safe and healthy workplace, and we shall all have shared values and sound ethics. Internally, our Code of Conduct continues to be our guiding principle. But we also monitor how our suppliers comply with the Code’s principles of responsibility. Furthermore, we encourage both suppliers and partners to follow our lead and adopt the UN Global Compact’s principles for responsible business practices.

I truly hope that energy and climate continue to be priorities for Trelleborg, just as improved processes within the framework of Manufacturing Excellence and our established work environment program, Safety@Work. Responsible chemicals management in line with the EU REACH regulation is another vital issue.

We are constantly developing the reporting of our CR activities in line with the Global Reporting Initiative (GRI) guidelines. This year – for the very first time – the CR data in our Annual Report was gathered and consolidated by our financial controllers. This is an innovative step toward further improving the quality of our CR data and the entire reporting process. As always, we welcome your views from all of our stakeholders on our CR work and how it is reported.

Peter Nilsson, President and CEO

External audit and GRI application levels

PwC conducted a limited review of the entire report on Trelleborg’s Corporate Responsibility activities in 2011, with a focus on the most significant CR issues. See the assurance report on page 61 or www.trelleborg.com/cr.

Trelleborg reports in accordance with GRI Level B+ and PwC has reviewed and verified the application level. Complete information and the GRI index can be viewed at www.trelleborg.com/cr.

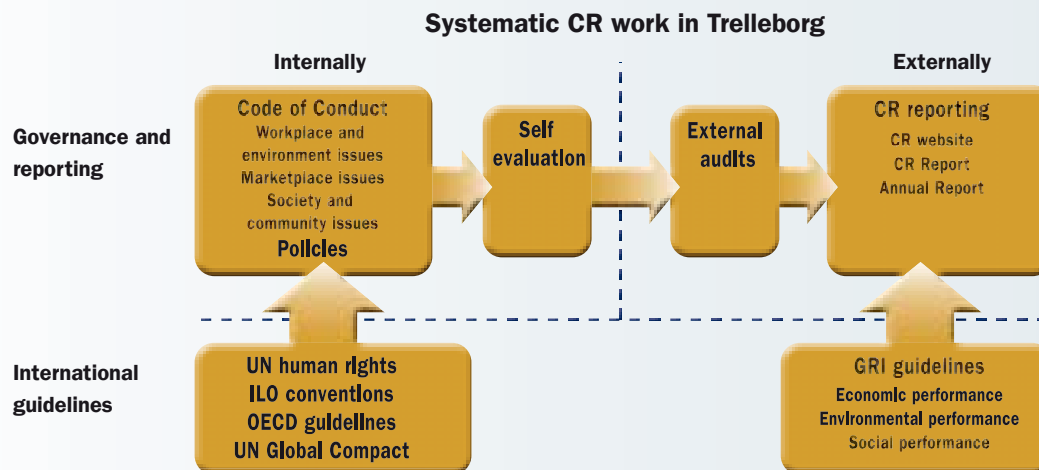
Trelleborg and the Global Compact



Since 2007, Trelleborg has been affiliated with the UN Global Compact network, an initiative that promotes responsible corporate practices in the areas of the environment, labor, human rights and anti-corruption. A special report, *Communication in Progress*, is sent to the Global Compact every year.

The figures given for 2011 are based on continuing operations. However, historic figures have not been restated in the CR section.

GOVERNANCE AND CODE OF CONDUCT



Trelleborg's Corporate Responsibility (CR) work spans the entire sustainability area, from environment, health and safety issues to ethical relationships with employees, customers, suppliers and society as a whole.

Systematic Corporate Responsibility work

Trelleborg's Code of Conduct in the areas of the environment, 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 UN Human Rights conventions, ILO conventions, OECD guidelines and the UN Global Compact. Trelleborg's whistleblower policy implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations. The process for submitting Whistleblower messages was revised during the year to strengthen employees' integrity and enable messages in all major corporate languages, see page 52.

The Code of Conduct provides a basis

for internal work with CR issues (see the figure above), and training in the Code of Conduct is mandatory for all employees. The CR process is largely based on self-assessment and internal audits, such as Safety@Work (see page 57), strengthened by external audits in selected area, such as ISO 14001 audits in the environmental area.

Our annual CR reporting complies with the Global Reporting Initiative (GRI) guidelines. Principles for the company's CR reporting are described in detail at www.trelleborg.com/cr. Both there, and in the report to the UN Global Compact, there is a complete index that shows exactly how CR reporting complies with the Global Reporting Initiative guidelines.

Organization

At Board level, the Audit Committee has been assigned to support and monitor the Group's work with 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.

Direct responsibility for issues relating to the environment, and health and safety rests with each unit. Each production plant has an environmental coordinator and a health and safety officer. The central Group function, Environment, a part of the Group Legal Department, is responsible for governance and coordination in environmental issues.

Trelleborg's Code of Conduct:

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



New processes

In 2011, Trelleborg changed its CR reporting process. The aim was to further improve the quality of the Group's CR data. The scope was expanded to also include all non-production units with employees, and the coordination responsibility for gathering data was transferred to the Group's financial controllers, since their competence in data verification adds quality to the process. The change also entails a step toward integrated reporting, where the integration of CR performance indicators and other central non-financial

performance indicators provides a more transparent view of the operations than financial performance indicators alone.

In connection with the change, the list of indicators in the CR area was subject to an internal review, whereby some were removed and others were strengthened, such as energy, emissions and waste. Follow-ups in the areas of statutory requirements, permits and certification were further strengthened.

VALUES AND STRATEGY

Trelleborg's values:

Trelleborg's four fundamental values – customer focus, performance, innovation and responsibility – provide continuity in the Group's activities for developing 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. The Group provides brochures, presentations and printed materials to support these efforts.



Business ethics in focus

Trelleborg's Code of Conduct and the related training for all employees contains specific sections that deal with competition issues. Additionally, the Group has a specific program regarding competition law issues (Trelleborg Competition Law Compliance Program), which includes communication of the Group's clearly formulated policies, training, e-learning on the intranet and a newsletter.

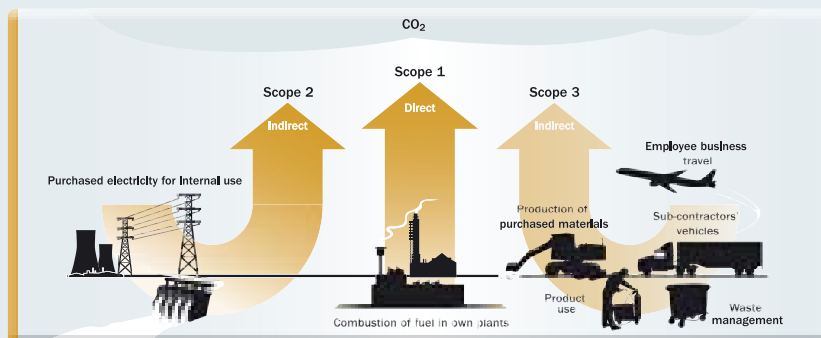
In addition, the program focuses on ensuring that everyone in the organization understands how competition law works, exactly what is legal/illegal and that cartel behavior is entirely unacceptable in the Trelleborg Group. All new managers must participate within six months of employment.

For more about anti-corruption measures, see page 31.



Whistleblower process improved

Trelleborg's Whistleblower process was improved during the year. The purpose is to further strengthen employees' integrity and safety, and to enable the use of first languages. Employees can submit messages by phone or via the Internet. An external partner, People Intouch, receives the messages, translates them into English and delivers them to the company's Compliance Officers. Feedback to the person who submits the messages takes place within one week.



Trelleborg's "15 by 15" climate strategy

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

Ongoing Energy Excellence activities (see page 54) have aimed to

reduce energy consumption in Trelleborg's production since 2009, and this has simultaneously led to an overall reduction in carbon dioxide emissions in total.

Scope 3 includes indirect emissions from transport, travel, purchased materials, product use and waste management. Focus on reducing these types of indirect emissions is gradually increasing in **Scope 3**.

Read more about climate-related opportunities and risks at www.trelleborg.com/en/cr/Strategy.

ACTIVE STAKEHOLDER DIALOG



Trelleborg's stakeholder communication is to be characterized by open relations, regular dialog, clarity and a high level of ethics. The most important stakeholder groups are: *Customers, Suppliers and Partners, Shareholders and Investors, Employees and Society*. The *Customers* and *Employees* groups also include potential customers and potential employees. The *Society* group is represented by, for example, the Media, Authorities and Education. Representatives of these groups can regularly specify the sustainability aspects they consider most important for Trelleborg in a "materiality analysis." Such surveys were conducted in 2007 and 2009. In 2011, no such total analysis was conducted; the focus lay instead on internal stakeholders valuing the indicators that Trelleborg should monitor continuously. This was included as part of the development of an improved CR reporting process (see page 51). A materiality analysis will be conducted in 2012 instead.

Channels for regular stakeholder dialog:

A key communication channel for all of Trelleborg's stakeholders is the company's website www.trelleborg.com with about 60 associated websites, as is the company's participation in social media such as Facebook, YouTube and the *Marine Insights* blog.

- **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 Trelleborg Group Intranet, *E-Connect* (digital newsletter) and *Connect* (internal magazine), internal courses, trade union cooperation and events.
- **Society:** Greater interaction with the media, local Open House days, family and sponsorship activities, collaboration with universities and colleges. Dialog with local regulatory authorities about specific issues. Trelleborg also works through trade organizations at national and European levels.

Examples of communication with stakeholders during the year:

- Trelleborg increased its communication with customers concerning the Group's CR performance. In some cases, Trelleborg prepared special reports on its performance that went beyond general CR reporting, on behalf of major customers.
- The *Marine Insights* blog was launched by Trelleborg – a dialog forum for consultants, port managers and other stakeholders in the shipping area.
- Exercises with a focus on stakeholder dialog and feedback on Trelleborg's

CR reporting were repeated with students in the Master's Program at the International Institute for Industrial Environmental Economics (IIIEE) in Lund, Sweden. A new feature this year was that the students also visited Trelleborg's head office to present their views on how Trelleborg's CR communication could be improved. A number of individual students and researchers used Trelleborg as a case study in work that focused on CSR.

- Trelleborg participated under the "Corporate Responsibility – from a risk to a business perspective" theme at the CSR South conference in Malmö on March 9, 2011.
- Trelleborg appeared at the Green Capitalist Day in December 2011.



CR reporting on the Internet

Visit www.trelleborg.com/cr for Trelleborg's complete collection of CR reports on the Internet. The Group's annually collected Corporate Responsibility reports on the Internet can also be found here. The website also explains data collection and accounting policies in detail. Additionally, a GRI index is published that clarifies exactly how the reporting complies with the Global Reporting Initiative guidelines.

ENVIRONMENTAL RESPONSIBILITY

In 2011, Trelleborg's total environmental footprint has declined in several of the Group's key areas, which is also evident from the trend in our relative performance indicators. The exception is carbon dioxide emissions, which represent a challenge for the future and in relation to the "15 by 15" goal, see page 52.

Trelleborg has extensive production operations in some 30 countries, which means that environmental and health and safety issues are an integral part of the company's responsibility work. This work is carried out at both central and local levels. The environmental work includes proactive measures aimed at reducing the environmental footprint and risks. The following areas continue to be emphasized in the Group's environmental policy: environmental management, energy and material efficiency and sustainable product and process development. The environmental impact of individual facilities varies widely, depending on their size and processes. The most significant environmental aspects in general include energy and raw materials consumption, emissions to air and water, and waste. The Group's operations also generate extensive transport. In 2011, production operations were conducted at 114 plants, including 67 in Europe, 33 in North and South America, 12 in Asia and 2 in Australia. Some 107 non-production units are also included in CR reporting as of 2011.

Trelleborg's internal environmental handbook contains recommendations addressing the most central environmental issues from a policy and risk perspective, and are implemented globally throughout the organization. A process for environmental risk identification has been introduced globally and builds partly on internal self-assessment work conducted under Environmental Blue Grading and Soil Pollution Dashboards, and partly on an assessment carried out 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.

Work with target indicators in set key areas was further developed to better enable the Group's monitoring of implementation and compliance, and half-yearly data is now also included in these key areas.

Environmental management

- **Proportion of facilities with ISO 14001 certification: 80 (80) percent**

An important cornerstone of Trelleborg's environmental work is the environmental management standard ISO 14001, a mandatory requirement for all production plants in the Group. According to the Group policy, all larger facilities must have certified systems. At year-end 2011, a total of 91 (90) facilities were certified, corresponding to about 80 (80) percent of all facilities.

Energy

- **Total energy consumption: 1,232 (1,198) GWh**
- **Direct energy consumption: 500 (505) GWh**
- **Total energy consumption/sales: 0.0423 (0.0440) GWh/SEK M**

From 2011, the energy consumption of non-production units is also included. This represented about 2 percent of the total energy consumption.

Energy savings is a focus area for Trelleborg. Since 2009, Trelleborg's Energy Excellence Program for systematic energy-efficiency enhancements (part of Manufacturing Excellence) has been implemented 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 have formed an improvement team to introduce cost-saving measures in reference to buildings, compressed air, heating/ventilation, lighting and cooling systems. The project generated obvious savings in the form of lower energy consumption and energy costs, and reduced the Group's total carbon dioxide emissions.

The Group's total energy costs for 2011 amounted to SEK 634 (658) M.

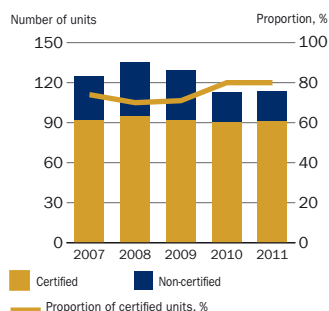
Climate impact

- **Total CO₂ emissions: 385,000 (347,000) tons**
- **Direct CO₂ emissions: 110,000 (110,000) tons**
- **Total CO₂ emissions/sales: 13.2 (12.8) tons/SEK M**

A significant part of the Group's climate footprint is caused by direct carbon dioxide emissions from the combustion of fossil fuels and indirectly through the consumption of purchased electricity, steam and district heating. The "15 by 15" climate target adopted by Trelleborg in 2009 (see page 52) addresses these direct and indirect emissions. While the trend in emissions arising from direct energy is progressing in the right direction in 2011, the general trend is pointing in the wrong direction. A contributing factor is the new addition of the plant in Xingtai in China, which – via indirect energy – accounted for a significant increase in total emissions.

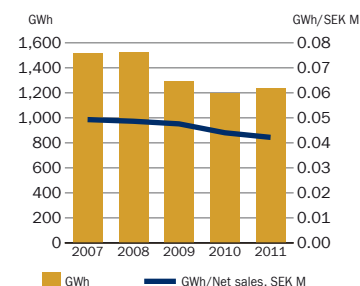
The Group's reporting of indirect emissions has been adapted to comply with the Carbon Disclosure Project's recommendations, which means that national conversion factors taken from the Greenhouse Gas Protocol were applied. Trelleborg has taken clear steps to prevent and reduce the climate-related effects of its operations, which include efficiency enhancements in the areas specified above. Since 2007, Trelleborg has participated

Environmental management



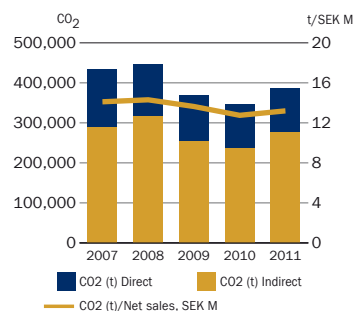
The proportion of certified units is the same as in 2010.

Energy



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

Climate impact



In 2011, total carbon dioxide emissions increased in absolute terms and relative to sales.

in the voluntary reporting process of the Carbon Disclosure Project (CDP), where it openly reports all relevant performance indicators and data. On behalf of global investors, the CDP gathers information regarding emissions of greenhouse gases by companies and organizations as well as the measures they are taking to prevent a negative climate impact, visit www.cdproject.net. In the CDP Annual Report for 2011, Trelleborg received 65 points, compared with 69 points in the preceding year.

Emissions to air

- **VOC emissions: 1,816 (1,737) tons**
- **VOC emissions/sales: 0.062 (0.064) tons/SEK M**

In addition to such energy-related emissions as carbon dioxide (see above), sulfur dioxide, 391 (358) tons, and nitrogen oxides, 60 (57) tons, emissions to air primarily comprise volatile organic compounds (VOC).

VOC emissions mainly originate from the use of adhesive agents containing solvents and the manufacturing of printing blankets. Although the trend in 2011 stabilized compared with the preceding year, the target to reduce emissions in the period ahead stands firm. Multiple projects are under way to replace solvent-based products in several areas, with positive effects on both the environment, and health and safety, see page 6 of the supplement *The World of Trelleborg*.

Raw materials

- **Raw rubber consumed: 114,000 (106,100) tons**

The principal raw materials are polymers (rubber, plastic) and metal components, as well as additives including softening agents (oils), fillers, such as carbon black, and vulcanizing agents (sulfur, peroxides). Of the raw rubber used, approximately 43 (38) percent is natural rubber and 57 (62) percent is synthetic rubber. As a chemical user, Trelleborg is affect-

ed by the EU REACH regulation. Activities to adapt the Group's operations to REACH in 2011 continued to focus on communication with suppliers and customers regarding REACH-related issues to ensure compliance.

Water

- **Total water consumption: 2.7 (2.5) million m³**
- **Total water consumption/sales: 92 (93) m³/SEK M**

The total amount of water extracted per source is 49 percent from drinking water, 24 percent from own wells and 25 percent from surface water and 2 percent from other sources. Water is used in production mainly for cooling and cleaning. Major savings were generated, for example, by recycling systems. Emissions to water are limited but mainly comprise organic matter.

Waste

- **Total amount of waste: 62,100 (59,300) tons**
- **Amount of waste/sales: 2.1 (2.2) tons/SEK M**
- **Degree of recycling: 47 (46) percent**

Continuous work is under way in the local operations to find waste disposal alternatives with a higher degree of recycling and lower cost. Recycling is carried out by external partners and internally.

In 2011, the Group's total waste management cost amounted to SEK 42 (48) M. The division of waste management was 2 percent to internal recycling, 45 percent to external recycling, 13 percent to energy recovery, 35 percent to landfill and 5 percent to other waste management services. Of the total waste, rubber waste accounted for slightly more than 33 (33) percent. The volume of environmental or hazardous waste requiring special treatment amounted to 5,000 (5,100) tons.

Permits and breaches

Of companies with manufacturing facilities, 100 (85) percent are required to

hold permits under local law. All facilities in Sweden, 14 in total, are required to hold permits or report their activities. Renewal applications for environmental permits are currently being processed for 56 facilities (one in Sweden), of which all are expected to receive the permits requested.

During the year, the terms of permits or local health and safety legislation were breached in some form at 16 (13) facilities. Of these, 4 (2) cases resulted in fines. The total cost for fines amounted to approximately SEK 0.2 M (0.08). Other breaches included equipment safety, noise and emissions to air.

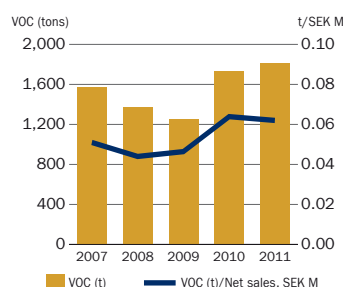
Environmental risks and liabilities

Four (three) cases of unforeseen emissions were reported in 2011, corresponding to about 1 (500) m³. Nearly the entire volume comprised oil.

Historically, the handling of oil and solvents has given rise to soil and groundwater contamination. Remediation of contaminated soil is currently under way at 11 (8) plants. Another 12 (6) 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 5 (6) cases of remediation (3 in Sweden and 2 in the US), although with a marginal cost responsibility. The Group's provisions for environmental commitments amounted to SEK 49.9 (52.5) M at year-end.

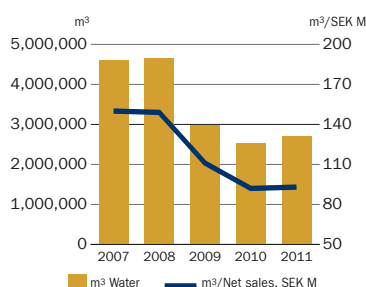
When conducting acquisitions and divestments, Trelleborg performs environmental studies of the companies to assess and outline their environmental impact and to identify potential environmental liabilities. In 2011, 55 (12) studies were initiated and performed in conjunction with acquisitions, divestments and in connection with the work on the planned joint venture with Freudenberg, see page 5.

Emissions to air



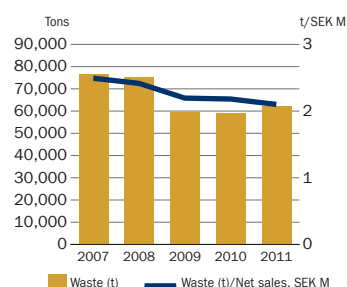
Emissions of volatile organic compounds stabilized in relative terms.

Water



Total water consumption includes water used in production and, for example, sanitary water.

Waste



The amount of waste increased in absolute terms but decreased in relative terms.

RESPONSIBILITY FOR EMPLOYEES AND THE WORKPLACE

Trelleborg's responsibility for employees and the workplace includes human rights, a healthy working environment and employee development. The same respect for safe and secure working conditions must prevail irrespective of where in the world operations are conducted.

Human rights

Human rights comprise fundamental rights and are defined as conventions and declarations in respect of child labor, forced labor and the right to freedom of association and collective agreements, diversity issues and gender equality. All of these areas are addressed in Trelleborg's Code of Conduct. Trelleborg's whistleblower policy implies that each employee is entitled, without repercussions, to report suspicions of legal or regulatory violations, see page 52. Within the scope of Trelleborg's ERM process for risk identification and evaluation (see pages 28-33), none of the Group's units have deemed the risk of human rights violations to be significant.

Folksam's Corporate Responsibility Index for 2011, which is compiled every alternate year, measures how far Swedish listed companies have progressed with their sustainability programs. Trelleborg received the grade 3.47 (3.64), corresponding to four out of seven stars for its work with Human Rights.

Child and forced labor

• Breaches related to child or forced labor: 0 (0)

Trelleborg has collaborated with Save the Children for a number of years; this collaboration strengthens the Group's competence in the area of child labor.

No (0) breaches related to child or forced labor occurred in 2011.

Workplace relationships

• Percentage of employees with labor union representation via collective agreements: 49 (53) percent

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 also ensuring the company's continued competitiveness. Trelleborg always complies with local legislation or collective agreements in relation to the period required for notice of lay-offs or closures.

In 2011, Trelleborg divested three business units and entered an agreement covering the divestment of one business unit (see page 24). Additionally, the Group made staff reductions particularly in the more mature markets, although staff increased in certain emerging markets, including China. The net number of employees increased by approximately 900.

Trelleborg's policy is to recognize local union organizations and the right to collective agreements. In total, 49 percent (53) of Trelleborg's employees are represented by unions through collective agreements.

Diversity and equality

• Number of reported and reviewed cases of discrimination: 4 (6)

Trelleborg's Code of Conduct states that Trelleborg does not apply special treatment to employees in regard to employment or work assignments on the basis of gender, religion, age, disability, sexual orientation, nationality, political opinions or social or ethnic origin. In 2011, 4 (6) cases of discrimination were reported and reviewed. Three of the cases were dismissed while one is under investigation.

The successful mentor program focusing on female participants that was launched in 2009 ended during the year. In 2011, a new mentor program commenced that focused on emerging markets.

Work environment – Health and safety

• Occupational injuries/illnesses (Lost Work Cases, LWC): 384 (416) cases

• LWCs per 100 employees per year: 2.31 (2.75)

• Average number of work days lost per injury per year: 26 (22)

• Percentage of units with a safety committee: 88 (95) percent

Trelleborg's Code of Conduct emphasizes the objective of preventing occupational injuries and illnesses at all of the Group's

Number of employees at year-end*

Distribution per country	2011	2010	Change
US	2,881	2,815	66
France	1,879	2,004	-125
Sweden	1,794	1,882	-88
China	1,772	1,430	342
UK	1,493	1,408	85
Italy	1,372	1,246	126
Germany	1,154	1,126	28
Spain	1,059	1,102	-43
Brazil	960	1,025	-65
Sri Lanka	906	795	111
India	904	902	2
Malta	571	530	41
Mexico	525	470	55
Poland	483	454	29
Czech Republic	244	264	-20
Turkey	191	206	-15
Rest of North America	22	18	4
Rest of Western Europe	1,253	1,097	156
Rest of Europe	812	673	139
Rest of South and Central America	5	4	1
Rest of Asia and other markets	1,027	942	85
Total	21,307	20,393	4.5%

*including insourced and temporary employees

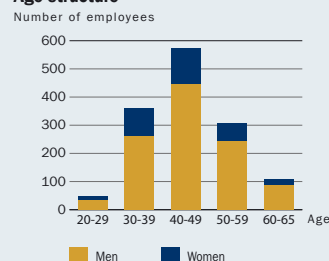
Trelleborg has operations in 44 countries. Of the total number of employees, 92 percent work outside Sweden.

The number of employees in the entire Group at year-end, including insourced staff and temporary employees, was 21,307 (20,629, including 236 employees in discontinued operations). The average number of employees in the Group increased to 20,274 (20,042) during the year, of which 25 percent (25) were women. For further information, see Note 3 on pages 81-82 and the map on pages 104-105. Salaries and other benefits for the average number of employees (excluding insourced staff) amounted to SEK 5,791 M (5,972).

Personnel turnover (not taking terminations and retirements into consideration) varies between countries and facilities, and often reflects the local labor situation. In 2011, personnel turnover was 15 percent (7) of the average number of employees in the Group.

Age and gender at management levels 3-5

Age structure



The diagram shows the age categories and gender distribution of middle managers at management levels 3-5 in Trelleborg's units. Level 3 corresponds to reporting to the Business Area President. The largest age categories are the 30-39 and 40-49 age brackets.

The proportion of women is highest in the youngest age categories: 24 percent in the 20-29 age bracket, and 27 percent in the 30-39 age bracket. The proportion of women in executive management positions is 18 (9) percent and 29 (29) percent on the Board of Directors.

workplaces globally. Trelleborg's Safety@Work program supports the organizational change required to create a culture of safety and strengthens the Group's endeavor to attract, develop and retain good employees in all of its units. Accordingly, the Safety@Work program has been introduced globally at all active production units. The progress of the Safety@Work program is monitored with indicators comprising part of the company's CR reporting structure.

In 2011, all active production units underwent Safety@Work training, conducted self-assessments and developed a plan for preventive and corrective measures. More than 60 trained internal examiners performed reviews at 39 of the units. The combined result of these activities was the development of an improvement program that aims to reduce the risks at these units.

The follow up of selected 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.

Trelleborg's facilities continue to demonstrate a declining trend in cases of occupational injuries/illnesses (excluding insourced staff). In 2011, 384 (416) cases resulting in more than one day's absence were reported (= Lost Work Cases, LWC). This corresponds to a decline of 8 percent compared with 2010.

The number of LWCs per 100 employees per year decreased to 2.31 (2.75), while the number of working days lost per injury per year rose to 26 (22). In 2011, 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 848 in reviews and self-assessments, compared with 812 in the year-earlier period, corresponding to a rise of 4.4 percent.

Trelleborg's target is that all facilities should have a well-functioning safety committee. In 2011, such committees with representation from plant management were in place at 88 (95) percent of facilities.

Health initiative

In South Africa, Trelleborg participates in a Sweden funded HIV/AIDS program that aims to increase employee awareness, educate about the risks and inform about HIV tests, healthcare and supportive measures. Since 2008, Trelleborg has run the Health for Life (H4L) program in the US, which offers employees health checks-ups and individual coaching focused on health risks. More than 50 percent of the 2,300 employees in the US participated in the H4L program in 2011.

Absenteeism in Sweden

Total absenteeism due to injury or illness for 2011 at the Group's production units in Sweden was 4.2 percent of normal working hours.

Talent management

• **Employees who took part in an employee performance review in 2010-2011: 3,400 (2,800)**

• **Average number of training hours per employee at the production units: 15 (13)**

• **Number of internal job advertisements for managerial posts: 274**

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

The process contains performance reviews and Development Centers, as well as training and development activities. It is designed to match the company's future recruitment requirements with individual career plans in an effective manner.

Employee performance review process

Employee performance reviews are planned to support employees' motivation, performance and development. Both manager and employee adhere to an established structure when preparing for the review. In 2010-11, an internal portal was used by approximately 3,400 (2,800) employees for this purpose, which is an important step toward creating a uniform process for the entire Group.

At the review, the parties discuss targets for the past year and the future, career development, mobility and development needs. If the employee has managerial potential, a career development plan will be prepared.

The aim for 2010-11 was to include all salaried employees at levels 1-5 in the process.

A total of 80 percent of salaried employees at these levels took part in performance reviews during 2010-2011. At level 6, the figure was 75 percent. For the 2011-12 period, levels 1-7 are included in the process, and the estimate is more than 4,000 completed performance reviews.

Talent review process

The main purpose of the Talent Review Process is to make use of employee performance reviews to identify employees with potential for advancement and thus ensure meeting the company's leadership recruitment needs.

Unit and HR managers meet regularly to discuss potential candidates in their business areas and units. Where neces-

sary, Development Centers are used to verify potential and establish development needs. The selected employees receive a personal development plan, which is used to help them follow a career path.

The talent base and plan for leadership recruitment are then presented to Trelleborg's Board.

An important part of the process is to increase the number of internal transitions between the company's business areas. Trelleborg wants to increase the Group's opportunities for releasing employee potential and make use of internal talent in the best way possible. This is also the reason why all vacancies are advertised on the Group intranet.

Training and development

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

In 2011, the average number of training hours per employee at all units was 15 (13, last year's figures related only to production plants).

The following training activities were held at Group level during 2011:

- Eight rounds of the global procurement program (128 participants, of whom 44 women and 84 men)
- Trelleborg's trainee program (15 participants, of whom five women and ten men)
- Two rounds of Trelleborg's International Management Program (47 participants, of whom three women and 44 men)
- Mentor Program (15 participants, of whom 15 men)
- Induction seminars (26 participants, of whom six women and 20 men)

Training in the company's Code of Conduct continued for all new employees.

Internal auditors have commenced training in order to conduct internal Code of Conduct audits.

Salary and rewards

A key factor for ensuring the Group's long-term success is a reward system that accounts for employee performance. The framework 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 founded on a systematic evaluation system for work content and performance. Management remuneration is described on pages 40-41.

RESPONSIBILITY FOR CUSTOMERS AND SUPPLIERS



Trelleborg's responsibility along the value chain is based on good business ethics: monitoring suppliers, and ensuring the quality and safety of the solutions we deliver. In addition to customer value, many of our products and solutions also provide public value.

Suppliers

- **Proportion of the total purchase value for which suppliers have been reviewed: about 75 (25) percent**

Trelleborg's objective is to work solely with suppliers who adopt its quality requirements and business principles. The evaluation of suppliers is primarily through Group-wide self-assessments containing questions regarding the work environment, environmental management and social responsibility. Unsatisfactory answers are investigated. Underperforming suppliers are given a deadline for taking measures.

In total, suppliers corresponding to about 75 (25) percent of the total purchase value have been reviewed.

The target for the Group is for each unit to complete a CR evaluation of its suppliers at a level corresponding to 80 percent of the purchase value.

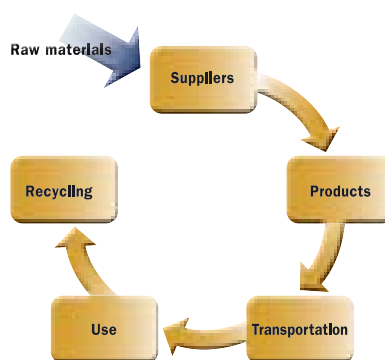
In 2011, no relations with suppliers were terminated for environmental or social reasons.

Products

A new designation, *Blue Dimension*, will be used from 2012 to describe how Trelleborg's products and solutions, in addition to the basic value that their function offers customers, also benefit society in such areas as environment, health and safety.

When developing new products, consideration is always given to legal and customer requirements, product liability, and environmental, health and safety aspects during manufacture and use where relevant, see diagram. Trelleborg's Envi-

ronmental Policy also states that the precautionary 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 to replace particularly hazardous substances in existing product formulations in accordance with the EU REACH regulation (see also page 55).



Product development is usually conducted in close collaboration with the customer. Trelleborg provides product information in the form of labeling, safety data sheets, IMDS declarations and environmental declarations corresponding to the requirements set by each customer or market.

Many customers, such as the automotive and construction industries, have specific requirements for the products' environmental features and input parts. Industry or customer-specific limitation lists also exist for chemicals.

Transportation

More than 90 percent of Trelleborg's 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 transportation is carbon dioxide emissions due to fossil fuels.

Recycling

In Trelleborg's production processes, a significant proportion of the rubber waste that is produced before the material has vulcanized is recycled, while vulcanized rubber cannot be re-used as a raw material.

Under the EU Directive on end-of-life vehicles (ELV Directive), requirements are placed on the recyclability of vehicle components. Therefore, Trelleborg supplies, in accordance with requirements from world-leading vehicle 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.

At a European level, the recycling of tires has made progress. About ten years ago, only half of all worn tires were collected and the majority went to landfill. Now, 95 percent of all worn tires in Europe go to either material or energy recycling, according to the Swedish tire industry's jointly owned company, the Swedish Tyre Recycling Organisation (SDAB), where Trelleborg has a seat on the Board.

RESPONSIBILITY FOR SOCIETY AND THE COMMUNITY

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 locally based 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 programs, 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 the company prioritizes sponsorship commitments that benefit society and the regions in which we operate. Sponsorship must support Trelleborg's values and strengthen the company's relationships with customers and other partners.

In the area of education, Trelleborg collaborates with several universities and schools, which involves regular contact

with researchers and students. Trelleborg's collaborative partners include Université de Nantes in France, Fachhochschule Koblenz in Germany, LUISS and Tor Vergata in Italy, Kettering University in Michigan, USA, Malta University in Malta and the International Institute for Industrial Environmental Economics in Sweden.

Over the years, many research and degree projects have been carried out at Trelleborg's plants, specializing in such areas as the environment. Trelleborg also has a "learning partnership" with the Lund University School of Economics and Management, Sweden, 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 the operations. Trelleborg's communication is regulated by the company's Communication Policy, which encompasses communication rules for the entire organization, including communication with the stock market. The company's communication must 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.

Trelleborg's Group-wide policy for employee participation in social media, based on the same fundamental values as other communication, contains regulations concerning ethical behavior for all employees representing the company in such channels as blogs and social networks.



Rädda Barnen

Trelleborg and Save the Children

Cooperation extending over several years with Save the Children comprises yearly support, and forms part of Trelleborg's ambition to assume greater global social responsibility by contributing to children's development and education. Trelleborg supports Save the Children's "Rewrite the Future" program, which is a global initiative that aims to secure access to education for children in conflict-affected countries.



Trelleborg stimulates diversity in Swedish business

Rosengård Invest, based in Malmö, is an investment company that was founded in spring 2009 by Trelleborg AB in partnership 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, more jobs and better utilization of the resource represented by entrepreneurs who do not have a Swedish background.

Created and distributed 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. The figures below relate to continuing operations for both 2010 and 2011. In 2011, the Group generated SEK 29,106 (27,196) M, of which SEK 27,010 (24,795) M was distributed among various groups of stakeholders, as shown in the diagram and specification below.

Distributed value 2011

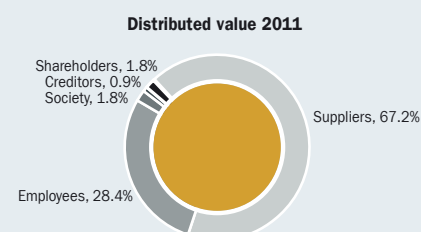
Suppliers: Payment for material and services, SEK 18,151 M (16,647), Note 8

Employees: Salaries and benefits, SEK 7,668 M (7,480), Note 8

Shareholders: Dividend paid in 2011, SEK 474 M (136). Long-term dividend policy: 30-50 percent of net profit for the year, page 103.

Creditors: Interest expenses SEK 237 M (236), Note 11.

Society: Taxes paid SEK 480 M (294), page 74.



INDEX

The overview below illustrates how GRI's guidelines correspond to the various sections of Trelleborg's CR report. A complete GRI index is available at the Group's CR website www.trelleborg.com/cr.

Parentheses denote partially reported GRI indicators. In addition, the table gives a general overview of the link to the UN Global Compact, to which Trelleborg is a signatory, and the connection to the ISO 26000 standard, which has not yet been applied in its entirety to Trelleborg, and the Carbon Disclosure Project.

	GRI indicators	Pages in the Annual Report	Connection to principles in UN Global Compact	Connection to ISO 26000	Connection with Carbon Disclosure Project
Governance and reporting					
Management approach and governance	Governance (EC), EN, LA, HR, SO, PR	22-26, 51-52, 59	1-10	6.2-6.8	
CEO's comments	1.1	2-3, 50		6.2	
Sustainability audit, sustainability-related impacts, risks and opportunities	1.2	19, 28-31, 49, online		6.2	
Profile of organization	2.1-2.10	Cover, 5-15, 20-21, 48, 56, 71, 81-82, 86, 92, 103-105		6.2	
Report parameters, scope and boundary of the report	3.1-3.11	Online, 50, 53			
Index for GRI, Global Compact & ISO 26000	3.12	53, 60			
Assurance	3.13	50, 61		7.5.3	8.6
Governance of sustainability activities	4.1-4.9, (4.10), 4.11	22-26, 34, 46, 49-52, 58-59	1-10	6.2, 7.5.3	1.1, 2.1, 2.2
External commitments	4.12-4.13	48, 50-51, 53, 57-60	1-10	6.2	
Stakeholder dialog	4.14-4.17	53		6.2	
Environment					
Material	(EN1), (EN2)	55	8-9	6.5	
Energy	EN3, EN4	54	8	6.5	12.2, 12.3
Climate impact	EN16, (EN18)	52, 54-55	7-9	6.5	3.3, 7.2-7.4, 8.2-8.3, 8.5
Emissions and waste	EN20, EN22, EN23	55	8	6.5	
Transports	(EN29)	58	8	6.5, 6.6.6	8.2, 15.1
Water	(EN8), (EN21)	55	8	6.5	
Biological diversity	(EN11), (EN12)	Online	8	6.5	
Products	(EN26), (PR1), (PR3)	58	1,7-9	6.3, 6.5-6.7	3.2
Workplace and society					
Human rights	(HR2), (HR3), HR4-7	56-58	1-6	6.3, 6.4, 6.6	
Working conditions and whistleblower policy	LA1, (LA2), LA4, LA5	56	1, 3, 6	6.3.10, 6.4	
Diversity and gender equality	(LA13)	56	1, 6	6.3, 6.4	
Health and safety	LA6, LA7, LA8	56-57	1	6.4,6.8	
Talent Management	LA10, (LA12), (EC7)	57, online	6	6.4, 6.8	
Anticorruption and competition issues	(S02), S03, (S04), S07, S08	52, 57, 68	10	6.6, 6.8.7	
Social commitment and position statement	S05	59	1-10	6.6, 6.8.3	
Economics					
Socio-economic performance	EC1, EC3, EC4	59, 79, 84		6.8	
Total health and safety-related and environmental expenditures and investments	EN30	54-55	7-9	6.5	
Opportunities and risks related to climate change	(EC2)	Online	7	6.5.5	5.1
Fines and sanctions for noncompliance	EN28	55	8	6.5	

ASSURANCE REPORT

Auditor's Report on review of Sustainability Report

To the readers of the Trelleborg AB 2011 Annual Report

We have been engaged by the management of Trelleborg AB (publ) to review the "Corporate Responsibility" section on pages 48-61 (Sustainability Report) of the Trelleborg Annual Report for the year 2011. 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 review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by Far. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. The criteria on which our review is based are the parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed and disclosed. We consider these criteria suitable for the preparation of the Sustainability Report.

Our review has, based on an assessment of materiality and risk, included e.g. the following procedures:

- update of our knowledge and understanding of Trelleborg's organization and activities,
- assessment of suitability and application of the criteria regarding the stakeholders' need for information,
- assessment of the outcome of the company's stakeholder dialogue,
- interviews with management at group level and at selected business units in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient,
- examination of internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient,
- evaluation of the design of systems and processes used to obtain, manage and validate sustainability information,
- analytical procedures of the information stated in the Sustainability Report,
- assessment of the company's declared application level according to the GRI guidelines,
- assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the information in the Trelleborg "Corporate Responsibility" section of the Annual Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Trelleborg, 27 February 2012
PricewaterhouseCoopers AB



Eric Salander
Authorised Public Accountant



Fredrik Ljungdahl
Expert Member of Far



Trelleborg is specialized in high-performance agricultural tires and can quickly interpret market demands for solutions and products. This also enables the Group to provide a high level of technical service to customers. Surveys show that an overwhelming majority of professional farmers view sustainability as a key issue in the design of an agricultural tire. And it is in this area that Trelleborg leads the way, with an extensive range of agricultural tires that have a wider contact area and shallower footprint. Moreover, Trelleborg's giant TM1000 High Power tire will soon go into serial production. It is perfectly suited to the new generation of tractors, and the tire's high performance reduces fuel consumption and, as a result, emissions to levels that are 4-6 percent below the market average.

OUR FINANCES

Our finances 64-103

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COMMENTS ON THE CONSOLIDATED INCOME STATEMENTS

The Group's market situation further improved during the year compared with the preceding year and demand was favorable in most of Trelleborg's segments. Organic growth was 11 percent. Demand was particularly strong in Asia. In 2011, Trelleborg further advanced its market positions, and continued to work on focusing the operations and increasing the Group's presence in selected, profitable segments.

The sharp increase in growth experienced in 2010 slowed slightly in 2011, although performance in the majority of segments was positive. Trelleborg's sales to the general industry, light vehicles, transportation equipment, agriculture and aerospace segments were higher than in 2010. Sales in the offshore oil & gas and infrastructure segments were lower than in the year-earlier period.

Operating profit in Trelleborg Sealing Solutions and Trelleborg Wheel Systems improved compared with 2010, mainly due to a favorable sales trend as well as the positive effects of structural measures implemented and the effects of capacity and cost adjustments in previous years. Operating profit in Trelleborg Automotive deteriorated slightly primarily as a result of high prices of raw materials. Weaker demand for project-related operations in offshore oil & gas, production disruptions in an offshore oil & gas unit and start-up costs in Brazil adversely impacted operating profit in Trelleborg Engineered Systems.

Prices of raw materials remained volatile during the year, although the Group was partly able to offset these higher prices.

The Group continued to focus the operation on selected segments and consequently, the roofing operation (Waterproofing), formerly part of Trelleborg Engineered Systems, and the brake hose and gas spring operations, formerly part of Trelleborg Automotive, were divested during the year. In addition, an agreement was signed between Trelleborg and German company Freudenberg to form a joint venture in antivibration solutions for light and heavy vehicles. Completion of the transaction is subject to the approval of the relevant competition authorities (for further details, see page 5).

Net sales

The Group's net sales amounted to SEK 29,150 M (28,778), of which discontinued operations accounted for SEK 44 M (1,582).

For the Group's continuing operations, sales increased 7 percent in 2011 to SEK 29,106 M (27,196). Organic growth was 11 percent. Effects of structural changes were 2 percent and exchange-rate effects were a negative 6 percent. Structural changes positively impacted net sales by about net SEK 600 M.

All business areas reported positive organic growth in 2011.

The market conditions between the Group's segments varied over the course of the year. Demand for capital goods was strong throughout the year, primarily during the first six months. Demand

in the automotive industry remained favorable, particularly in Germany, the US and Asia. Demand in the agricultural industry was very robust. The total order level for project-related segments of infrastructure and offshore oil & gas fluctuated during the year and was impacted by extended lead times, particularly in the latter part of the year. Excluding exchange-rate effects, sales in the first half of the year were slightly higher than in the second half. The Group's market positions were generally maintained or improved.

For Trelleborg Engineered Systems, organic sales rose 1 percent. Demand varied in the business area's different market segments. Demand for input goods to general industry was favorable for most of the year. Lead times in the project-related segments of infrastructure and offshore oil & gas increased during the year, which had a negative impact on the business area's sales.

Demand in the majority of key markets in Trelleborg Automotive, such as Germany, the US and China, increased in 2011. Organic growth amounted to 15 percent compared with the year-earlier period. The business area continued to strengthen its market positions.

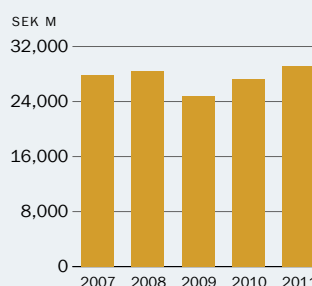
Compared with the preceding year, Trelleborg Sealing Solutions' performance remained highly positive in all major market segments and geographic areas. Organic growth totaled 16 percent, with the best performance delivered by the largest sub-segment for input goods for general industry. The business area continued to strengthen its market positions during the year.

Demand for agricultural and industrial tires, for both OEM customers and the aftermarket, rose markedly in 2011. Organic growth in the Trelleborg Wheel Systems business area amounted to 27 percent. The acquisition of Watts contributed to the increase in sales of industrial tires. The business area continued to improve its market positions in the sub-segments for large agricultural tires.

2011 Net sales for continuing operations compared with 2010:

	Change, %
Organic growth	+11
Structural changes	+2
Exchange-rate fluctuations	-6
Total	+7

Net sales



Net sales by business area

SEK M	2011	2010	Organic growth, %	Structural changes, %	Exchange-rate fluctuations, %	Total change, %
Trelleborg Engineered Systems	9,435	9,795	+1	+1	-6	-4
Trelleborg Automotive	9,360	8,819	+15	-2	-7	+6
Trelleborg Sealing Solutions	6,643	5,783	+16	+6	-7	+15
Trelleborg Wheel Systems	3,863	2,990	+27	+10	-8	+29
Eliminations	-195	-191				
Continuing operations	29,106	27,196	+11	+2	-6	+7

CONSOLIDATED INCOME STATEMENTS

SEK M	Note	2011	2010
Continuing operations:			
Net sales	2	29,106	27,196
Cost of goods sold		-21,483	-19,897
Gross profit		7,623	7,299
Selling expenses		-2,200	-2,124
Administrative expenses		-2,590	-2,490
R&D costs		-574	-577
Other operating income	6	368	302
Other operating expenses	6	-207	-388
Share of profit or loss in associated companies	7	11	14
Operating profit	3, 4, 5, 8, 9, 10	2,431	2,036
Financial income	11	31	18
Financial expenses	11	-240	-236
Profit before tax		2,222	1,818
Tax	12	-644	-534
Net profit		1,578	1,284
Discontinued operations:			
	25		
Net sales		44	1,582
Operating profit/loss		258	-84
Profit/loss before tax		258	-86
Net profit/loss		260	-101
Group:			
Total net sales		29,150	28,778
Total operating profit		2,689	1,952
Total profit before tax		2,480	1,732
Total net profit		1,838	1,183
<i>Attributable to:</i>			
– shareholders of the Parent Company		1,819	1,162
– non-controlling interests	13	19	21
Earnings per share, SEK			
2011			
2010			
<i>Continuing operations:</i>			
Earnings		5.75	4.65
<i>Discontinued operations:</i>			
Earnings		0.95	-0.35
<i>Total:</i>			
Earnings		6.70	4.30
Diluted earnings		6.70	4.30
Earnings, excluding items affecting comparability ¹⁾		6.30	5.35
Dividend ²⁾		2.50	1.75
Number of shares			
Average		271,071,783	271,071,783
Average, after dilution		271,071,783	271,071,783

¹⁾ Net earnings have been adjusted for items affecting comparability, SEK M

²⁾ As proposed by the Board of Directors and the President

Statements of comprehensive income

SEK M	2011	2010
Net profit	1,838	1,183
Other comprehensive income		
Cash-flow hedges	-74	24
Hedging of net investment	-72	892
Translation differences ³⁾	15	-1,890
Income tax relating to components of other comprehensive income	46	-235
Other comprehensive income, net of tax	-85	-1,209
Total comprehensive income	1,753	-26
Total comprehensive income attributable to:		
Shareholders of the Parent Company	1,733	-43
Non-controlling interests	20	17
³⁾ of which discontinued operations	-	-14

Net sales per market

Organic sales growth in 2011 in Western Europe amounted to 13 percent. Important countries to the Group, such as Germany, France and Sweden, contributed positively to this trend. Organic sales growth in North America was 2 percent. During the year, organic growth in such key markets as China, India, South Korea, Japan, Australia and Brazil increased a total of approximately 20 percent.

Western Europe remained Trelleborg Group's most important market with a 54-percent share of total sales. Other European countries represented 6 percent of sales, North America 18 percent and South and Central America 6 percent, while markets in Asia and the rest of the world had a share of 16 percent.

The Group continued to focus the operation on prioritized markets and selected customer segments.

In Trelleborg Engineered Systems, the investment in a new facility for products and solutions used in oil and gas extraction in Brazil that commenced in 2010 continued during the year. Investments in specialized production for printing blankets in Brazil were also initiated in 2011 to create a platform for growth in the graphics industry. Furthermore, the business area strengthened its presence in Brazil in offshore oil & gas through the acquisition of an operation from a subsidiary of Veyance Technologies. This business focuses on specially designed oil hoses for surface and deep-sea applications. The acquisition of the French company Bloch, a privately owned high-end industrial hose solution provider, will enable the business area to expand its industrial hose offering and create the conditions for future growth.

In Trelleborg Automotive, the brake hose for light vehicles and gas spring segments were divested during the year. Meanwhile, activities are underway with the German company Freudenberg to form a joint venture in antivibration solutions for light and heavy vehicles (for further details, see page 5).

Trelleborg Sealing Solutions strengthened its position in precision seals during the year by acquiring Silcotech Group, an operation focusing on precision seals and components in liquid silicone, primarily for the pharmaceutical industry and medical technology sector, but also used in certain critical electronic applications. The business area continued to expand in China in 2011. A center of excellence for certain production processes and industrial niche segments in Bangalore, India, was opened in the latter part of the year.

Trelleborg Wheel System acquired UK company Watts Tyre Group, one of the global major players in industrial tires. The acquisition strengthens Trelleborg's world-leading position in industrial tires through geographic expansion and an increased presence in the aftermarket. The business area also expanded in the Chinese market for specialty tires, primarily in agricultural tires, by acquiring an operation in eastern China. The acquisition also strengthens Trelleborg's competitiveness in other markets by expanding the product range and by ensuring cost-efficient production.

Net sales per geographic market

SEK M	2011	2010
Western Europe	15,735	14,190
North America	5,126	5,389
Rest of World	8,245	7,617
Continuing operations	29,106	27,196
Discontinued operations	44	1,582
Trelleborg Group	29,150	28,778

Continuing operations	Organic growth 2011, %	Share of total sales, %
Western Europe	13	54
North America	2	18
Rest of World	15	28
Total	11	100

Profit

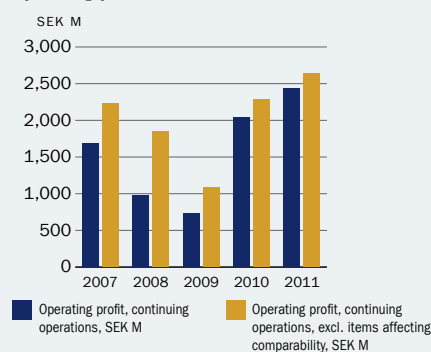
Operating profit for the Group amounted to SEK 2,689 M (1,952). Changes in exchange rates, when translating the results of foreign group companies had a negative impact of about SEK 169 M on operating profit compared with the preceding year (neg: 98). The Group's financial net amounted to an expense of SEK 209 M (expense: 220). Profit before tax was SEK 2,480 M (1,732). The tax cost for the year totaled SEK 642 M (cost: 549). Net profit was SEK 1,838 M (1,183) and earnings per share were SEK 6.70 (4.30).

The Group's discontinued operations recorded an operating profit of SEK 258 M (loss: 84).

Operating profit for the Group's continuing operations totaled SEK 2,431 M (2,036).

The financial net for continuing operations amounted to an expense of SEK 209 M (expense: 218), corresponding to an average interest rate of 3.1 percent (2.8). Profit before tax totaled SEK 2,222 M (1,818). The tax cost for the year was SEK 644 M (cost: 534) and the tax rate for the year was 29 percent (29). Net profit amounted to SEK 1,578 M (1,284) and earnings per share were SEK 5.75 (4.65).

Operating profit



Operating profit

In addition to discontinued operations, restructuring costs and impairment losses resulting from action programs were excluded in the recognition of the Group's operating key figures.

Excluding items affecting comparability, operating profit for continuing operations amounted to SEK 2,635 M (2,286).

The operating margin was 9.0 percent (8.4). The EBITDA margin in 2011 was maintained at the same level as for 2010 amounting to 12.1 percent (12.1), meaning that the Group's target was achieved.

Operating profit, continuing operations

SEK M	2011	2010
<i>Excluding items affecting comparability</i>		
Trelleborg Engineered Systems	628	855
Trelleborg Automotive	510	524
Trelleborg Sealing Solutions	1,360	876
Trelleborg Wheel Systems	401	263
Group items	-264	-232
Operating profit, excl. items affecting comparability	2,635	2,286
<i>Items affecting comparability</i>		
Trelleborg Engineered Systems	-86	-110
Trelleborg Automotive	-93	-98
Trelleborg Sealing Solutions	-24	-22
Trelleborg Wheel Systems	0	-16
Other	-1	-4
Total items affecting comparability	-204	-250
Operating profit, incl. items affecting comparability	2,431	2,036

Continuing operations, excluding items affecting comparability

SEK M	2011	2010
Net sales	29,106	27,196
EBITDA	3,538	3,304
Operating profit	2,635	2,286
Profit before tax	2,426	2,068
Net profit	1,727	1,474

The work on focusing on profitable and rapidly growing segments continued during the year and Trelleborg continued to further strengthen its presence in growing geographic markets. In general terms, the previously announced action programs in the Group continued to yield positive effects through more efficient structures and lower costs. Raw-material prices remained volatile during the year, although the Group was able to partly offset the higher prices.

Operating profit and the operating margin for the Trelleborg Engineered Systems business area declined primarily due to lower project sales, production disruptions and start-up costs in Brazil. The performance of other segments in the business area was stable or positive compared with the year-earlier period. The business area continued to focus on portfolio management and geographic expansion and, during the year, continued to expand in Asia and South America, divested the roofing operation (Waterproofing) and completed three acquisitions.

In 2011, the Trelleborg Automotive business area continued its efforts to further strengthen its positions in antivibration and damping solutions for vehicles. During the year, the business area made additional investments in high-growth countries. Despite the positive effects of capacity and cost adjustments and healthy underlying productivity development, operating profit declined, primarily as a result of rising and volatile raw-material prices. Earnings were also impacted by impairments made in Brazil to inventory and other assets, primarily of an historical nature, in conjunction with a review following the divestment made during the year of the brake hose operation in Brazil.

Both operating profit and the operating margin were markedly higher in the Trelleborg Sealing Solutions business area compared with 2010, on account of higher demand, a more efficient structure, a continued favorable product mix and good capacity utilization. Continued measures to enhance the efficiency of production and purchasing offset higher raw-material prices by a healthy margin. The business area continued its geographic expansion and increased its presence in high-growth areas. A continued consolidation and geographical shift is also taking place with respect to production facilities and a platform for long-term growth was created in India, China and Brazil. The business area continued to focus on developing selected rapidly growing and profitable segments, including life science.

Trelleborg Wheel Systems posted a healthy increase in earnings in both agricultural and industrial tires. Operating profit rose significantly on account of higher demand, enhanced efficiency and effective management of raw-material prices. Operating profit was also positively influenced by a changed product mix and high capacity utilization. The business area's offering continued to be expanded and strengthened during the year. The successful integration of the Watts Tyre Group acquired during the year boosted earnings in industrial tires. The acquisition of a new plant in Xingtai, China, presented new opportunities in the Chinese market.

Expenditure for research and development, including capitalization of SEK 17 M (26), amounted to SEK 512 M (487) during the year corresponding to about 2 percent (2) of sales. Depreciation and impairment of capitalized development expenditure for the year amounted to SEK 59 M (95). See page 26 for more details.

Earnings per share



Profit before tax totaled SEK 2,426 M (2,068). The Group's tax rate was 29 percent (29). Net profit amounted to SEK 1,727 M (1,474). Earnings per share were SEK 6.30 (5.35).

Items affecting comparability of SEK 204 M were charged to operating profit, with the following breakdown:

SEK M	2011	2010
Cost of goods sold	-102	-30
Administrative expenses	-32	-43
Other operating costs	-70	-177
Continuing operations	-204	-250

Action programs in the business areas

Work on the action programs announced earlier continued during the year. Of the total cost of these programs, SEK 204 M (250) was charged to the Group's operating profit and negative SEK 149 M (neg: 190) to the Group's net profit.

At the Trelleborg Engineered Systems business area, the project aimed at concentrating the number of production units in Sweden, the UK and Estonia was concluded during the year. The project announced in 2010 focusing on production in Forsheda and Skellefteå, Sweden, and the partial relocation of production to a number of plants outside Sweden, continued during the year. The project will be completed in 2012. The process of focusing and optimizing the structure of Trelleborg Marine Systems continued. The project is expected to be completed in its entirety during the first half of 2012. In Trelleborg Offshore, a project was initiated to improve the production structure primarily in the UK and US, while also optimizing the organization. The project is scheduled to be completed in early 2013. In total, operating profit was charged with SEK 86 M (110) for these measures in the business area.

At the Trelleborg Automotive business area, efforts to consolidate parts of the operation in Germany were essentially concluded in 2011. In addition, the project linked to the focusing and relocation of production in Forsheda and Skellefteå also impacted Trelleborg Automotive. Operating profit in the business area was charged with a total of SEK 93 M (98) for the action program.

Trelleborg Sealing Solutions was also involved in the restructuring in Forsheda and Skellefteå. In total, operating profit for the year in the Trelleborg Sealing Solutions business area was charged with SEK 24 M (22).

Costs for action programs

SEK M	2011	2010
<i>Continuing operations</i>		
Trelleborg Engineered Systems	86	110
Trelleborg Automotive	93	98
Trelleborg Sealing Solutions	24	22
Trelleborg Wheel Systems	0	16
Other	1	4
Total before tax	204	250
Total after tax	149	190

Discontinued operations

Roofing operation

The divestment of the roofing operations, formerly part of the Trelleborg Engineered Systems business area, was concluded on January 31, 2011.

Competition investigations into subsidiaries

Trelleborg's subsidiaries in France and the US, have in recent years, been the subject of investigations conducted by the competition authorities in the US, the EU, Brazil and Australia, among others, regarding certain types of marine oil hoses and marine fenders. The decision announced by the European Commission in 2009 was appealed by Trelleborg in the same year. Trelleborg continues to await the European Court of Justice's decision. Future developments with respect to this issue continue to be associated with an element of uncertainty related to the length and outcome of ongoing processes.

Events after the closing date

Trelleborg strengthens and focuses the Group

The Trelleborg Group will be strengthened and focused through organizational changes.

Trelleborg Automotive will be focused on antivibration solutions. Trelleborg Automotive's other operations – polymer boots for drive shafts and steering applications and noise-damping solutions for brake systems – will be strengthened by integrating them into Trelleborg Engineered Systems and Trelleborg Sealing Solutions, respectively.

Trelleborg Engineered Systems will be focused on three prioritized areas: offshore and infrastructure construction, general industrial applications and polymer-coated fabrics for advanced industrial applications. As a consequence, three people will assume new positions in Trelleborg's Group Management: Denis Blanc, Mikael Fryklund and Dario Porta. Trelleborg's President and CEO Peter Nilsson will assume responsibility for Trelleborg Engineered Systems.

Lennart Johansson, Trelleborg Engineered Systems' current President, and current President of Trelleborg Automotive, Jim Law, have been appointed as the Trelleborg Group's representatives on the management board of the joint venture in antivibration solutions for light and heavy vehicles that is planned between Trelleborg and Freudenberg. Trelleborg's President and CEO Peter Nilsson will become the company's Chairman.

Divestment of the light-vehicle component operation

On January 24, 2012, Trelleborg signed an agreement to divest an operation that manufactures high-technology rubber, plastic and foam components and systems for the light vehicles industry. The operation is primarily located in France and is part of the Trelleborg Automotive business area. The buyer is Bavaria Industriekapital AG with its registered office in Munich, Germany. The divestment is a further step in the Trelleborg Group's strategy to focus on selected segments. The capital gain will have a minor impact on earnings 2012.

Market outlook for the first quarter of 2012.

Demand is expected to be in line with or slightly higher than the fourth quarter of 2011, adjusted for seasonal variations.

Income statement per quarter

Continuing operations, excluding items affecting comparability

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	7,226	6,556	7,583	7,187	7,191	6,601	7,106	6,852
EBITDA	874	771	973	955	934	817	757	761
Operating profit	654	515	751	694	701	559	529	518
Profit before tax	611	446	702	644	647	503	466	475
Net profit	429	329	502	454	479	365	317	326

Group, total

SEK M	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec	
	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	7,270	7,054	7,583	7,814	7,191	6,865	7,106	7,045
Operating profit	905	501	704	483	621	545	459	423
Profit before tax	862	431	655	434	567	487	396	380
Net profit	685	292	467	274	420	355	266	262

COMMENTS ON THE CONSOLIDATED BALANCE SHEETS

The Group's capital employed increased to SEK 19,574 M (18,091), up SEK 1,483 M, or 8 percent.

Capital employed is specified as follows:

SEK M	2011	2010
Inventories	4,001	3,433
Operating receivables	5,534	5,094
Operating liabilities	-6,430	-6,372
Working capital, continuing operations	3,105	2,155
Non-current assets	16,415	15,589
Participations in associated companies	54	41
Capital employed, continuing operations	19,574	17,785
Discontinued operations	-	-
Capital employed in assets held for sale	-	306
Capital employed in the Trelleborg Group	19,574	18,091

The increase in capital employed for the year in continuing operations of SEK 1,789 M was attributable to:

SEK M	2011
Company acquisitions	760
Discontinued operations	797
Change in non-current assets	97
Change in participations in associated companies	7
Exchange-rate effects when translating foreign subsidiaries	128
Total change in capital employed	1,789

Excluding company acquisitions and exchange-rate effects, the level of tied-up working capital in continuing operations increased during the year by SEK 797 M. The change was due mainly to a rise in inventories and operating receivables. This development is the result of higher sales. Efforts aimed at enhancing the efficiency of working capital continued in 2011 and, despite the rise in sales, working capital efficiency remained at a favorable level. Acquired operations increased capital employed by SEK 760 M, of which SEK 695 M per-

tained to property, plant and equipment and intangible assets. Exchange-rate effects increased capital employed in continuing operations by SEK 128 M.

Gross capital expenditure in continuing operations for the year totaled SEK 1,135 M (822). Investments for the year are distributed as follows: SEK 1,074 M in property, plant and equipment and SEK 61 M in intangible assets.

Depreciation and amortization in continuing operations for the year amounted to SEK 910 M (1,014). Impairment losses totaled SEK 3 M (70).

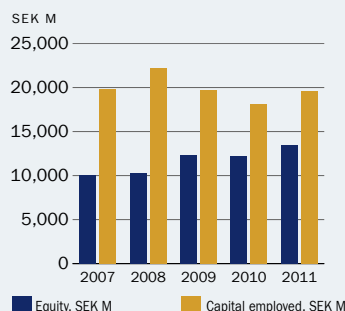
Return on capital employed (ROCE) for the Group rose to 13.9 percent (10.1). For continuing operations excluding items affecting comparability, ROCE increased to 13.5 percent (11.9). The improved earnings generation and continued favorable efficiency of the management of working capital had a positive impact on returns.

Equity

Total equity increased during the year by SEK 1,308 M to SEK 13,504 M (12,196). Translation differences reduced total equity by a net amount of SEK 29 M, including exchange-rate differences (net after tax) on hedging instruments.

Total dividends amounted to SEK 477 M (139), of which SEK 3 M (3) was distributed to non-controlling interests.

Capital structure



Trelleborg Group, change in total equity

Total equity	Attributable to Parent Company's shareholders								Non-controlling interests		Total	
	Share capital		Other capital contributions		Other reserves		Profit brought forward		2011	2010	2011	2010
SEK M	2011	2010	2011	2010	2011	2010	2011	2010				
Opening balance, January 1	2,620	2,620	226	226	-562	643	9,795	8,769	117	103	12,196	12,361
Total comprehensive income					-84	-1,205	1,817	1,162	20	17	1,753	-26
Dividend							-474	-136	-3	-3	-477	-139
Acquisitions									32		32	-
Closing balance, December 31	2,620	2,620	226	226	-646	-562	11,138	9,795	166	117	13,504	12,196

For other reserves, see also Note 26.

The Board of Directors and the President propose a dividend of SEK 2.50 per share (1.75), a total of SEK 678 M (474).

CONSOLIDATED BALANCE SHEETS

December 31, SEK M	Note	2011	2010
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	14	5,958	5,609
Goodwill	15	9,874	9,395
Other intangible assets	15	583	585
Shares in associated companies	7	54	41
Financial assets	16–17, 29	299	218
Deferred tax assets	18	931	1,038
Total non-current assets		17,699	16,886
<i>Current assets</i>			
Inventories	19	4,001	3,433
Current operating receivables	20–21	5,516	5,099
Current tax assets		509	498
Interest-bearing receivables	22	213	100
Cash and cash equivalents	24	753	832
		10,992	9,962
Assets held for sale	25	–	466
Total current assets		10,992	10,428
TOTAL ASSETS		28,691	27,314
EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	26	2,620	2,620
Contributions of other capital		226	226
Other reserves		–646	–562
Profit brought forward		9,319	8,633
Net profit for the year		1,819	1,162
Total		13,338	12,079
Non-controlling interests	13	166	117
Total equity		13,504	12,196
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	27	5,452	4,343
Other non-current liabilities	30	163	80
Pension provisions	31	583	592
Other provisions	32	92	151
Deferred tax liabilities	18	287	315
Total non-current liabilities		6,577	5,481
<i>Current liabilities</i>			
Interest-bearing current liabilities	27	2,171	3,162
Current tax liability		630	578
Other current liabilities	30, 33	5,475	5,433
Other provisions	32	334	334
		8,610	9,507
Liabilities held for sale	25	–	130
Total current liabilities		8,610	9,637
TOTAL EQUITY AND LIABILITIES		28,691	27,314
Contingent liabilities	34	6	6
Pledged assets	34	33	34

Net debt

SEK M	2011	2010
Non-current interest-bearing investments and receivables	232	140
Current interest-bearing receivables	213	118
Cash and cash equivalents	753	838
Total interest-bearing assets	1,198	1,096
Interest-bearing non-current liabilities	-5,452	-4,343
Interest-bearing current liabilities	-2,171	-3,162
Total interest-bearing liabilities	-7,623	-7,505
Net debt	-6,425	-6,409
<i>Change in net debt:</i>		
Net debt at January 1	-6,409	-8,369
Net cash flow for the year	-67	950
Discontinued operations	98	134
Exchange-rate differences	-47	876
Net debt at year-end	-6,425	-6,409

	2011	2010
<i>Group</i>		
Debt/equity ratio, %	48	53
Net debt/EBITDA, multiples	1.8	2.1
EBITDA/ net financial income, multiples	17.5	13.5
<i>Continuing operations, excluding items affecting comparability</i>		
Net debt/EBITDA, multiples	1.8	1.9
EBITDA/ net financial income, multiples	17.2	14.8

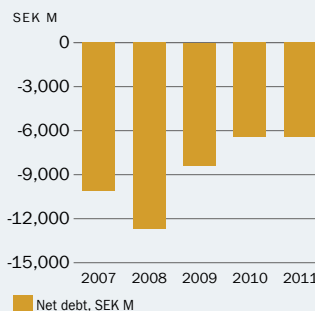
Net debt and financing

The Group's net debt for the year rose to SEK 6,425 M (6,409), a marginal increase of SEK 16 M. Exchange-rate differences increased net debt by SEK 47 M. The debt/equity ratio at year-end was 48 percent (53). The net debt/EBITDA ratio amounted to 1.8 (2.1).

At year-end 2011, the Group's committed confirmed credit facilities primarily comprised a syndicated loan corresponding to approximately EUR 1,200 M and a loan commitment of EUR 65 M (SEK 582 M) from the European Investment Bank. The syndicated loan matures in its entirety in March 2016. A total of 16 leading financial institutions from Europe, Asia and the US are participating in the syndicated loan.

The loan commitment from the European Investment Bank provides the option of raising loans of up to EUR 65 M with terms of up to seven years for the period until June 14, 2012.

The equity/assets ratio was 47 percent (45). At the end of the year, equity per share (271.1 million shares) totaled SEK 49 (45). Return on equity increased to 14.3 percent (9.5). For continuing operations excluding items affecting comparability, return on equity increased to 13.4 percent (11.9).

Net debt

COMMENTS ON THE CONSOLIDATED CASH-FLOW STATEMENTS

Consolidated operating cash flow amounted to SEK 1,655 M (2,190). The favorable earnings generation was offset by the significant increase in working capital, which was a direct result of higher sales. The change in working capital in 2011 was primarily attributable to an increase in inventory of SEK 494 M and an increase in operating receivables of SEK 301 M. A gradual rise in the pace of capital expenditures during the year, mainly during the fourth quarter, led to the total capital expenditures level rising to SEK 1,135 M (822), representing 3.9 percent (3.0) of sales.

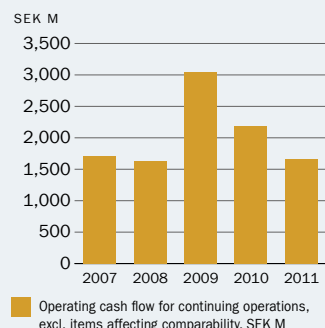
After deduction of payments pertaining to restructuring measures, dividends to minority shareholders, financial payments and taxes paid, free cash flow amounted to SEK 594 M (1,173), corresponding to SEK 2.20 per share (4.35).

The amount reported as acquisitions carried out during the year, SEK 746 M (165), relates to PPL Polyurethane Products, Watts Tyre Group, the operation in specialty tires in China, the operation in Silcotech Group, the offshore oil & gas operation in Brazil and 60 percent of Bloch.

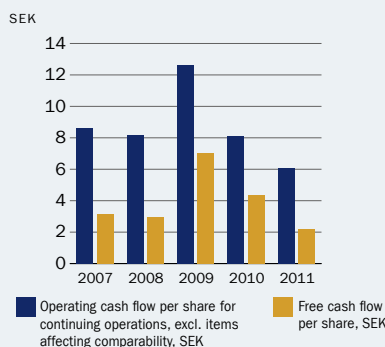
Discontinued operations, SEK 559 M (78), relate to the roofing operation, for which a divestment agreement was signed in 2010 and the divestment was completed on January 31, 2011, to the brake hose operation and a gas spring operation.

Dividend for the year to shareholders amounted to SEK 474 M (136). Total net cash flow amounted to negative SEK 67 M (pos: 950).

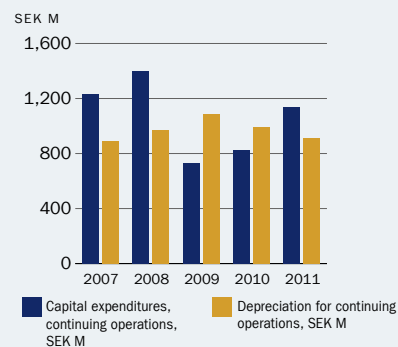
Operating cash flow



Cash flow per share



Capital expenditures and depreciation



Cash-flow report

SEK M	EBITDA excl. non-cash items		Capital expenditures		Sold non-current assets		Change in working capital		Total cash flow	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Trelleborg Engineered Systems	996	1,235	-352	-248	14	14	-391	-279	267	722
Trelleborg Automotive	805	938	-374	-284	9	7	-198	-19	242	642
Trelleborg Sealing Solutions	1,571	1,087	-236	-180	10	14	-93	-36	1,252	885
Trelleborg Wheel Systems	503	371	-156	-104	4	2	-166	-18	185	251
Group items	-369	-321	-17	-6	2	16	93	1	-291	-310
Operating cash flow	3,506	3,310	-1,135	-822	39	53	-755	-351	1,655	2,190
Utilization of restructuring provisions									-294	-414
Dividend – non-controlling interests									-3	-3
Financial items									-284	-306
Tax paid									-480	-294
Free cash flow									594	1,173
Acquisitions									-746	-165
Discontinued operations									559	78
Dividend – shareholders of the Parent Company									-474	-136
Total net cash flow									-67	950

CONSOLIDATED CASH-FLOW STATEMENTS

SEK M	Note	2011	2010
<i>Operating activities</i>			
Operating profit		2,431	2,036
<i>Adjustment for items not included in cash flow:</i>			
Depreciation of property, plant and equipment	14	797	845
Amortization of intangible assets	15	113	145
Impairment of property, plant and equipment	14	6	38
Impairment of intangible assets	15	-3	20
Provisions for restructuring costs		194	220
Other non-cash items		-32	6
		3,506	3,310
Interest received and other financial items		17	14
Interest paid and other financial items		-301	-320
Tax paid		-480	-294
Cash flow from operating activities before changes in working capital		2,742	2,710
<i>Cash flow from changes in working capital:</i>			
Change in inventories		-494	-471
Change in operating receivables		-301	-718
Change in operating liabilities		40	838
Utilization of restructuring provisions		-294	-414
Cash flow from operating activities		1,693	1,945
<i>Investing activities</i>			
Acquisitions	35	-746	-165
Discontinued operations ¹⁾	35	559	78
Capital expenditures for property, plant and equipment	14	-1,074	-776
Capital expenditures for intangible assets	15	-61	-46
Sale of non-current assets		39	53
Cash flow from investing activities		-1,283	-856
<i>Financing activities</i>			
Change in interest-bearing investments		-152	712
Change in interest-bearing liabilities		153	-1,387
Dividend – shareholders of the Parent Company		-474	-136
Dividend – non-controlling interests		-3	-3
Cash flow from financing activities		-476	-814
Cash flow for the year		-66	275
<i>Cash and cash equivalents:</i>			
Opening balance, January 1		832	591
Reclassification to assets held for sale	25	-	-6
Exchange-rate differences		-13	-28
Cash and cash equivalents, December 31		753	832

¹⁾ Including cash flow in units for which agreements have been reached concerning divestment.

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 NASDAQ OMX Stockholm. The Board of Directors resolved to adopt these consolidated financial statements for publication on February 27, 2012.

Summary of important accounting policies

The most important accounting policies applied in 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, RFR 1 Supplementary Accounting Rules for Corporate Groups 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 that 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 arising between the Parent Company and the Group's accounting policies are attributable to limitations on the ability to apply IFRS in the Parent Company, primarily as a result of the Swedish Annual Accounts Act.

New and amended standards applied by the Group

None of the IFRS or IFRIC interpretations that, for the first time, are mandatory for the fiscal year commencing on January 1, 2011 had any material impact on the Group.

New standards, amendments and interpretations of existing standards that have not yet come into effect and have not been applied in advance by the Group

–IAS 19 Employee Benefits was amended in June 2011. The amendment requires the Group to cease application of the "corridor approach" and to instead recognize all actuarial gains and losses in other comprehensive income as they arise. Costs for services rendered in previous years will be recognized on an ongoing basis. Interest expenses and expected return on plan assets will be replaced by a net interest figure calculated using the discounting rate, based on the net surplus or deficit in the defined-benefit plan. The Group intends to apply the amended standard for the fiscal year commencing January 1, 2013 and has not yet assessed the effects of this. The standard has not yet been adopted by the EU.

–IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial liabilities and assets. IFRS 9 was issued in November 2009 for financial assets and in October 2010 for financial liabilities and replaces those sections of IAS 39 related to classification and measurement of financial instruments. IFRS 9 states that financial assets have to be classified in two measurement categories: measurement at fair value or measurement at amortized cost. The classification is determined at initial recognition based on the company's business model and the characteristic conditions in the contractual cash flows. For financial liabilities, no major changes will take place compared with IAS 39. The most significant change relates to liabilities identified at fair value. For these, the portion of the fair value change arising from own credit risk has to be recognized in other comprehensive income instead of profit and loss provided that this does not give rise to accounting mismatch. The Group intends to implement the new standard not later than the fiscal year commencing January 1, 2015 and has not yet assessed the effects. The standard has not yet been adopted by the EU.

–IFRS 10 Consolidated financial statements is based on already existing principles defining control as the decisive factor in determining whether a company is to be included in the consolidated accounts. The standard provides further guidance that can be of assistance when it is difficult to determine control. The Group intends to apply IFRS 10 for the fiscal year commencing January 1, 2013 and has not yet assessed the full effects on the financial statements. The standard has not yet been adopted by the EU.

–IFRS 11 Joint arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. A joint operation arises when a joint operator has direct rights to the assets and obligations for the liabilities in a joint arrangement. In such an arrangement, the recognition of assets, liabilities, revenue and expenses is based on the owner's share of these. A joint venture arises when the joint operator has rights to the net assets in a joint arrangement. In such an arrangement, the owner is required to recognize its share in accordance with the equity method. The proportional method is no longer permissible. The Group intends to apply IFRS 10 for the fiscal year commencing January 1, 2013 and

has not yet assessed the full effects on the financial statements. The standard has not yet been adopted by the EU.

–IFRS 12 Disclosures of interests in other entities includes the disclosure requirements for subsidiaries, joint arrangements, associated companies and unconsolidated structured entities. The Group intends to apply IFRS 12 for the fiscal year commencing January 1, 2013 and has not yet assessed the full effects on the financial statements. The standard has not yet been adopted by the EU.

–IFRS 13 Fair value measurement aims to improve consistency and reduce complexity in the application of fair value measurement by providing a precise definition and a shared source in IFRS for fair value measurements and the associated disclosures. The requirements do not expand the area of application for when it is required to use fair value, but provide guidance on how it should be applied when other IFRSs already require or permit fair value measurement. The Group has not yet assessed the full effects of IFRS 13 on the financial statements. The Group intends to apply the new standard for the fiscal year commencing January 1, 2013. The standard has not yet been adopted by the EU.

No other IFRS or IFRIC interpretations that have not yet come into effect are expected to have any material impact on the Group.

Consolidated accounts

Group

The consolidated accounts include the Parent Company and all subsidiaries and associated companies.

Subsidiaries

Subsidiaries are all companies (including special purpose entities, SPEs) in which the Group has the right to formulate financial and operating strategies in a manner commonly accompanying participations amounting to more than half of the voting rights. The occurrence and effect of potential voting rights that are currently available to utilize or convert are taken into account in the assessment of whether the Group exercises controlling influence over another company. The Group also determines that control exists despite not having a participation exceeding half of the voting rights but for which it nonetheless is able to govern financial and operating strategies in the company.

Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the control ceases.

The purchase method is used to recognize the Group's business combinations. The consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities that the Group assumes from previous owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all assets or liabilities that result from an agreement covering a contingent consideration. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition. For each acquisition, that is, on an acquisition-by-acquisition basis, the Group determines whether non-controlling interest in the acquired company is to be recognized at fair value or at the shareholding's proportional share in the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are expensed as they arise.

If the business combination is completed in several steps, the previous equity interests in the acquired company are measured at fair value at the date of acquisition. Any gain or loss arising is recognized in profit or loss.

Each contingent consideration to be transferred by the Group is recognized at fair value at the date of acquisition. Subsequent changes to the fair value of a contingent consideration classed as an asset or liability are recognized in line with IAS 39, either in profit and loss or in other comprehensive income. Contingent considerations classed as equity are not remeasured and the subsequent settlement is recognized in equity.

Goodwill is initially measured as the amount by which the total purchase consideration and fair value of non-controlling interests exceeds the value of identifiable acquired assets and assumed liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit and loss.

Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognized in assets are also eliminated. Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's policies.

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,

net after any recognition of impairment losses. The associated companies essentially carry out the same operations as the Group's other business activities and, accordingly, the share of profit in these companies is 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 recognize further losses unless obligations have been incurred or payments made 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 ventures

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.

Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with the Group's shareholders. This means that, in connection with an acquisition from a non-controlling interest, the difference between the purchase consideration paid and the actual share acquired of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses on divestments to non-controlling interests are also recognized in equity.

Discontinuing or divested operations

Discontinuing or divested operations comprise significant parts of operations and assets that the Group has determined to fully, or almost fully, discontinue or divest through disposal or distribution. These assets are recognized at the lower of the carrying amount and fair value, less selling expenses. These non-current 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), which is the Parent Company's functional currency and presentation currency, is utilized in the Group accounts.

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 at the closing rate of monetary assets and liabilities in foreign currency are recognized in profit and loss. An exception is made when hedging transactions meet the requirements for cash-flow hedge or net-investments hedge whereby gains and losses are recognized directly against other comprehensive income after adjustment for deferred taxes. Reversal to profit and loss takes place at the same time as the hedged transaction impacts profit and loss.

Subsidiaries

The earnings and financial position of the 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 and liabilities in the balance sheet are translated at the closing rate. Exchange-rate differences arising from translation are recognized as a separate item in other comprehensive income.

Translation differences arising on financial instruments, which are held for hedging of net assets in foreign subsidiaries, are also entered as a separate item in other comprehensive income. On divestment, the accumulated translation differences attributable to the divested unit, previously recognized in other comprehensive income, are realized in the consolidated income statement in the same period as the gain or loss on the divestment.

Goodwill and adjustments of 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 recoverable for the current year. This also includes adjustment for current tax attributable to prior periods. Deferred tax is recognized in its entirety and calculated using the liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is measured at the nominal amount and calculated by applying the tax rates and tax rules enacted or announced at the closing 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 which are not attributable to a business combination and have not affected recognized or taxable earnings, do not entail a deferred tax asset or tax liability in the balance sheet. Temporary differences are not recognized for investments in subsidiaries and associated companies, as the Group can control the date when these temporary differences are reversed and when it is unlikely that they will be reversed in the foreseeable future.

Deferred tax assets are recognized insofar as 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 chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the segments' 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 various segments, see pages 8-15.

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 the actual physical location of these assets.

Other accounting and valuation policies

Non-current assets and non-current liabilities comprise amounts expected to be recovered or paid more than 12 months from the closing date. Current assets and current liabilities comprise amounts expected to be recovered or paid within 12 months of the closing date. Assets and liabilities are measured at cost, unless otherwise indicated.

Revenue recognition

Revenue comprises the fair value of the amount that has been received, or will be received, for goods and services sold in the Group's operating activities, less VAT and discounts, and after 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 in the goods that is ownership-related, nor does it exercise any real control over the goods when revenue is recognized. Net sales are recognized after deduction of VAT and are adjusted for any discounts, as well as exchange-rate differences in connection with sales 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 whereby it is probable that the company will obtain the financial benefits related to the assignment, and when a reliable calculation can be made. The stage of completion is determined on the basis of costs incurred 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 determined.

Other operating revenue and expenses

Other operating revenue and expenses include external rental revenue, capital gains 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 the production of a qualifying asset requiring 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 applying the effective interest method.

Intangible assets*Goodwill*

The amount by which the transferred consideration, any non-controlling interests and the fair value of previous shareholdings on the date of transfer exceeds the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill. Goodwill on acquisitions of subsidiaries is recognized as an intangible asset. Goodwill on acquisition of associated companies is included in the value of the investment in the associated company and is tested, taking into account 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 giving 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 are available to complete the development and to utilize or sell the intangible asset, 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 at 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 accrue 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 encompasses plants and offices. PPEs 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 applied until the estimated residual value is reached. The residual value and useful life of the assets are assessed on each closing 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 the future economic benefits associated with the asset will flow to the Group and the 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 disposals 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 leases are recognized on the basis of 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 divided 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, or over the leasing period if it is shorter and the right of ownership is not expected to be transferred at the end of the leasing period. 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 on non-financial assets

Assets with an indefinite useful life, for example goodwill, are not amortized but are 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 refers 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 when 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 extinguished.

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 closing date, the Group tests whether 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 at fair value through profit and loss, loans and receivables and financial liabilities measured at amortized cost.

The classification depends on the purpose for which the instrument was acquired. The classification is determined on the initial recognition of the instrument and is 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 closing date. For unlisted financial instruments, or if the market of a certain financial asset is not active, the value is determined by applying recognized measurement techniques, whereby the Group makes assumptions that are based on the market conditions prevailing on the closing 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 measured at the exchange rate prevailing on the closing date. Exchange-rate differences on operating receivables and operating liabilities are included in operating profit or loss, while exchange-rate differences on financial receivables and liabilities are classified as financial items.

Financial assets at fair value through profit and loss

This category comprises both financial assets held for trading and assets designated in this category from the date of the investment that is to be measured at fair value through 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 closing date. Financial assets at fair value through profit and loss are measured at fair value, both initially and subsequent to the date of acquisition, while associated transaction costs are recognized in profit and loss. 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 through 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 through 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 which are not quoted in an active market.

Loan receivables and accounts receivable are initially measured at fair value and, subsequently, at amortized cost by applying the effective interest method, less any provisions for impairment. A bad debt provision is established 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 all 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 value depletion account and the loss is recognized under the item "Selling expenses". When a receivable cannot be collected, it is eliminated against the value depletion 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 maturing 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 an intention to settle the amount net, or simultaneously realize the asset and settle the liability.

Impairment of financial assets

Assets carried at amortized cost

At the end of each reporting period, the Group tests 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 resulting from the occurrence of one or more events after the asset was initially recognized (a "loss event") and if 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 remeasurement. The method for recognizing the gains or losses arising in connection with remeasurement depends on whether or not the derivatives have been identified as a hedging instrument and whether this is a hedge of fair value, cash flow or net investment.

Derivatives not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities valued at fair value through profit and loss. Gains and losses resulting from changes in fair value are recognized as financial items in profit and loss 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 terms of offsetting changes in the fair value of the hedged items or in terms of 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 not meeting the requirements for hedge accounting are recognized directly in profit and loss.

Hedging of future commercial cash flows in foreign currencies

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 other comprehensive income.

The gain or loss attributable to any ineffective portion is recognized directly in operating profit in profit and loss. Accumulated amounts in equity are transferred back to profit and loss 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/loss 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 profit and loss.

Hedging of cash flows in future interest payments on Group borrowing

The Group secures interest-rate derivatives to ensure the required interest rate 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 expense.

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 profit and loss.

Hedging of net investments in foreign subsidiaries

The Group has borrowings, foreign-exchange forward contracts 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-rate differences are recognized directly against equity, after adjustment for the tax portion.

The Group has borrowings in foreign currency with certain subsidiaries where the loans represent a permanent part 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 are hedged. 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 profit and loss as a financial item.

Accumulated gains and losses in equity are recognized in profit and loss 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 closing 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 required to meet the obligation, and that the amount can be calculated in a reliable manner. The provision for restructuring primarily covers costs relating to severance pay and other costs affecting cash flow arising in conjunction with restructuring the Group's operations.

Provisions are established when a detailed, formal plan for measures to be undertaken has been established and valid expectations have been raised by those who will be affected by such measures. No provisions are made for future operating losses. Provisions are made for environmental activities related to earlier operations when it is probable that a payment liability will arise and when the amount can be estimated with reasonable precision. Provisions are divided 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 made from the Parent Company to a subsidiary are recognized in profit and loss in the item Income from participations in Group companies. Group contributions that the Parent Company receives from subsidiaries are recognized in the Parent Company in the item Income from participations in Group companies. Tax on Group contributions is recognized in profit and loss. Subsidiaries recognize Group contributions against shareholders' equity after adjustments for 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 the cost of the assets. Government grants providing compensation for expenses are recognized systematically over the same period as the expenses to be offset.

Employee benefits

Pension obligations

Within the Group, there are a number of defined-contribution pension plans and defined-benefit pension plans, of which a small number have plan assets in foundations or similar.

A defined-contribution pension plan is a plan in which 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 closing date, less the fair value of plan assets and is adjusted for unrecognized actuarial gains and losses and unrecognized expenses 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 largely matching 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 excess amount is recognized over the expected average remaining working life of the 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. As Trelleborg did not have access to information to enable it to recognize 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 in which the employees carried out the service to which the contribution refers. Prepaid contributions are recognized as an asset insofar as cash repayments or reductions of future payments can benefit the Group.

Other post-employment benefits

Certain Group companies, primarily in the US, provide post-retirement medical care benefits for their employees. Entitlement to these benefits normally requires that the employee remains in service until retirement and works for the company for a specific number of years. The anticipated cost of these benefits is recognized over the period of service through the application of an accounting method similar to that used for defined-benefit pension plans. Actuarial gains and losses are recognized over the expected average remaining working life of the employees concerned. These obligations are assessed by qualified actuaries.

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 recognizes 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, which for the Group represented insignificant amounts. All transactions are priced in accordance with market terms and prices. In addition, compensation is paid to the Board of Directors and senior executives; refer to Note 3 for further information.

Critical accounting estimates and judgments

Company management and the Board of Directors make estimates and assumptions about the future. These estimates and assumptions impact 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 the 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 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 of 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 carrying amount exceeds the estimated value in use. See also Note 15. Goodwill represents approximately 73 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 a non-finite useful life. Amortization and depreciation take place 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 taken place. 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 is taken to sell the asset. The asset is measured at the lower of the carrying amount and the fair value, less selling costs. Not including goodwill, PPE and intangible assets amount to approximately 48 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, an assessment is made of the probability that the deferred tax assets will be utilized 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 to changes in tax regulations. For further information, see Note 18.
- Calculation of remuneration to employees: The value of pension obligations for defined-benefit 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 defined-benefit obligations amounted to SEK 534 M. As regards accounting policies, actuarial gains and losses in defined-benefit pension plans are only recognized in profit and loss 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 of the fair value of the plan assets. Net unrecognized actuarial gains or losses amounted to a loss of SEK 263 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 of its operating activities. Management engages both external and internal expertise in these matters. According to assessments made, the Group is not involved in any legal disputes that could entail any major negative effect on the operations or on the financial position. For further information, refer the Risk management section on pages 28-33.

- Calculations of provisions for restructuring measures, other provisions and accrued expenses: The amount of provisions for restructuring is based on assumptions and estimations regarding the point in time and cost for future activities, such as the amount of severance payments or other obligations in connection with termination of employment. Calculations of this type of cost are based on the particular 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 the Swedish Financial Reporting Board's recommendation RFR 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 recognizes its pension obligations in accordance with the Pension Obligations Vesting Act. Adjustments in accordance with IFRS are made at the Group level.
- Group contributions made from the Parent Company to a subsidiary are recognized in profit and loss in the item Income from participations in Group companies. Group contributions that the Parent Company receives from subsidiaries are recognized in the Parent Company in the item Income from participations in Group companies. Tax on Group contributions is recognized in profit and loss.

Note 2

Segment reporting

A description of the Group's operating segments is presented on pages 8-15.

Net sales and operating profit by business segment

	2011						2010					
	External	Net sales Internal	Total	Operating profit/loss	Of which, items affecting comparability	Of which, profit/ loss in associated companies	External	Net sales Internal	Total	Operating profit/loss	Of which, items affecting comparability	Of which, profit/ loss in associat- ed companies
SEK M												
Trelleborg Engineered Systems	9,296	139	9,435	542	-86		9,645	150	9,795	745	-110	
Trelleborg Automotive	9,316	44	9,360	417	-93	11	8,790	29	8,819	426	-98	14
Trelleborg Sealing Solutions	6,632	11	6,643	1,336	-24		5,771	12	5,783	854	-22	
Trelleborg Wheel Systems	3,862	1	3,863	401	0	0	2,990	0	2,990	247	-16	
Group items				-265	-1					-236	-4	
Elimination of inter-company sales		-195	-195					-191	-191			
Continuing operations	29,106	0	29,106	2,431	-204	11	27,196	0	27,196	2,036	-250	14
Discontinued operations	44	0	44	258		-6	1,582	2	1,584	-84	-2	-8
Elimination of inter-company sales in discontinued operations								-2	-2			
Trelleborg Group	29,150	0	29,150	2,689	-204	5	28,778	0	28,778	1,952	-252	6
Financial income				31						19		
Financial expenses				-240						-239		
Income tax				-642						-549		
Net profit for the year				1,838						1,183		

Assets and liabilities by business segment

SEK M	2011								2010							
	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	8,693	1,965	6,728	3	352	311	4	267	8,324	2,288	6,036	3	248	330	3	722
Trelleborg Automotive	5,829	1,907	3,922	51	374	310	-2	242	5,651	1,912	3,739	38	284	360	45	642
Trelleborg Sealing Solutions	8,149	1,134	7,015	-3	236	189	1	1,252	7,584	1,039	6,545	-3	180	194	10	885
Trelleborg Wheel Systems	3,129	938	2,191	3	156	91		185	2,405	693	1,712	3	104	96		251
Group items	203	378	-175		17	9		-291	192	224	-32		6	10		-310
Provisions for items affecting comparability		107	-107							215	-215					
Continuing operations	26,003	6,429	19,574	54	1,135	910	3	1,655	24,156	6,371	17,785	41	822	990	58	2,190
Discontinued operations					1	1		-45		0			9	14	12	119
Operations held for sale									433	127	306	5	8	10		64
Trelleborg Group	26,003	6,429	19,574	54	1,136	911	3	1,610	24,589	6,498	18,091	46	839	1,014	70	2,373

Net sales

By geographical market/country

SEK M	2011	2010
Germany	4,068	3,627
France	2,476	2,216
UK	1,995	1,802
Sweden	1,662	1,406
Italy	1,051	1,033
Spain	1,011	961
Belgium	645	589
The Netherlands	636	581
Norway	629	661
Switzerland	463	398
Denmark	373	277
Finland	321	270
Other Western Europe	405	369
Total Western Europe	15,735	14,190
Poland	447	364
Czech Republic	343	293
Romania	272	153
Turkey	238	210
Rest of Europe	487	448
Total rest of Europe	1,787	1,468
US	4,556	4,819
Canada	570	570
Total North America	5,126	5,389
Brazil	1,240	1,369
Mexico	402	404
Other South and Central America	102	111
Total South and Central America	1,744	1,884
China	1,087	991
South Korea	944	647
Australia	540	427
Japan	447	417
India	493	418
Other markets	1,203	1,365
Total Asia and other markets	4,714	4,265
Continuing operations	29,106	27,196
Discontinued operations	44	1,582
Trelleborg Group	29,150	28,778
Of which		
sales of goods	29,079	28,646
services	71	132

In the translation of foreign subsidiaries, changes in exchange rates compared with 2010 had a negative impact on sales of 6 percent (neg: 7).

Trends in key currencies were as follows:

	2011		2010	
	Average rate	Closing day rate	Average rate	Closing day rate
EUR	9,0342	8,954	9,5377	9,0113
USD	6,4973	6,9247	7,2047	6,8038
GBP	10,4119	10,6831	11,1240	10,5538

Net sales

External net sales by geographic market

SEK M	2011	2010
Western Europe	15,735	14,190
North America	5,126	5,389
Rest of the world ¹⁾	8,245	7,617
Continuing operations	29,106	27,196
Discontinued operations	44	1,582
Trelleborg Group	29,150	28,778

¹⁾ Rest of the world consists of Rest of Europe, South and Central America and Asia and other markets.

Assets by geographic market

SEK M	Operating assets		Capital expenditures	
	2011	2010	2011	2010
Western Europe	16,963	15,596	578	438
North America	4,773	4,538	112	104
Rest of the world	4,963	4,420	445	280
Eliminations	-696	-398		
Continuing operations	26,003	24,156	1,135	822
Discontinued operations	-	-	1	9
Assets held for sale	-	433	-	8
Trelleborg Group	26,003	24,589	1,136	839

Note 3

Employees and employee benefits

Average number of employees

	2011			2010		
	Women	Men	Total	Women	Men	Total
France	405	1,447	1,852	438	1,552	1,990
Sweden	619	1,153	1,772	571	1,241	1,812
UK	278	1,222	1,500	330	940	1,270
Italy	196	906	1,102	182	1,014	1,196
Germany	288	800	1,088	268	791	1,059
Spain	157	754	911	178	786	964
Malta	165	435	600	182	389	571
Other Western Europe	247	883	1,130	225	881	1,106
Total Western Europe	2,355	7,600	9,955	2,374	7,594	9,968
Poland	222	245	467	295	398	693
Rest of Europe	474	720	1,194	517	865	1,382
Total rest of Europe	696	965	1,661	812	1,263	2,075
US	859	2,155	3,014	906	2,123	3,029
Canada	3	19	22	4	13	17
Total North America	862	2,174	3,036	910	2,136	3,046
Brazil	126	872	998	141	911	1,052
Other South and Central America	231	343	574	220	253	473
Total South and Central America	357	1,215	1,572	361	1,164	1,525
China	489	1,002	1,491	368	700	1,068
India	54	763	817	44	688	732
Sri Lanka	29	705	734	28	628	656
Other markets	187	821	1,008	186	786	972
Total Asia and other markets	759	3,291	4,050	626	2,802	3,428
Total	5,029	15,245	20,274	5,083	14,959	20,042
Of which discontinued operations	3	14	17	325	743	1,068

The proportion of women is 18 percent (9) in executive management positions and 29 percent (29) on the Board of Directors.

NOTES – GROUP

▶ Note 3 cont.

Employee benefits

Salaries and other remuneration, SEK M	2011	2010
France	578	610
Sweden	741	745
UK	489	451
Italy	445	472
Germany	533	562
Spain	260	272
Malta	101	102
Other Western Europe	628	624
Total Western Europe	3,775	3,838
Poland	47	73
Rest of Europe	130	157
Total rest of Europe	177	230
US	1,118	1,226
Canada	12	10
Total North America	1,130	1,236
Brazil	174	175
Other South and Central America	51	46
Total South and Central America	225	221
China	103	89
India	31	25
Sri Lanka	28	25
Other markets	322	308
Total Asia and other markets	484	447
Total	5,791	5,972
Of which		
to Board members, presidents and executive vice presidents, including variable salaries	168	187
to other senior executives	27	18
SEK M	2011	2010
Payroll overheads	1,262	1,292
Pension costs – defined-contribution plans	165	142
Pension costs – defined-benefit plans	66	68
SEK M	2011	2010
Of which discontinued operations		
Salaries and other remuneration	10	263
Payroll overheads	2	71
Pension expenses	–	10

A complete list is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

Remuneration of the Board of Directors and senior executives**Principles**

The following principles governing remuneration of senior executives in the Trelleborg Group were adopted by the 2011 Annual General Meeting. The Board's proposal to the 2012 Annual General Meeting regarding principles for remuneration is the same as the proposal adopted by the 2011 Annual General Meeting. Trelleborg's principles for remuneration of senior executives state 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 annual 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. The principles for remuneration must have the capacity to be adjusted to 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 2011**President**

During 2011, 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 an annual variable salary. The annual variable salary has an established ceiling for full-year 2011, corresponding to 65 percent of fixed salary. During 2011, the variable salary was among other things 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 annual variable salary does not constitute pensionable income and does not form the basis of calculation of vacation pay. For 2011, a variable salary of SEK 4,711,000 (4,550,000) was payable to the President.

The President has a pension agreement entitling 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 motivation, to request early retirement from the age of 60, subject to a mutual six-month notice of termination. Should the President enter into early retirement, the employment agreement and pension agreement shall be rendered invalid as of the effective date of such 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 2011 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. The period of notice from the President is six months. During this period of notice, fixed salary is payable.

Other senior executives

The principles for remuneration of other senior executives are based on both a fixed and annual variable salary. The annual variable part has an established ceiling and accounts for a maximum of 30-60 percent of fixed annual salary. In 2011, the variable salary was among other things based on the earnings trend and operating cash flow. For other senior executives, retirement pension plans are defined-contribution schemes, whereby the pension premium can vary between 20 and 45 percent of the fixed annual salary. Some senior executives have agreements specifying mutual rights to request early retirement from the age of 60. In this case, compensation amounting to 60 percent of fixed annual salary is paid until the age of 65, when the regular retirement pension payments become effective. For certain senior executives, extended notice of termination periods apply when initiated by the company, normally 12, 18 or 24 months, the period of notice is six months when initiated by

the executive. 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. There is also a policy covering certain provisions for remuneration of senior executives, covering pension terms, medical expenses insurances and company cars.

Long-term incentive program

Since 2005, the Board of Directors has annually resolved to introduce a long-term incentive program for the President and for certain senior executives considered to exercise a significant influence on the Trelleborg Group's earnings per share. 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 participants. The incentive programs are cash-based and constitute a supplement to the annual variable salaries, provided that the executive has not terminated his employment at 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. The aim is to continue to promote and retain the commitment of senior executives to the Group's development, thereby increasing value for the Group's shareholders.

Target figure

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 the current programs, the Board has established a target of SEK 2.56 in earnings per share for 2009, a target of SEK 2.85 for 2010 and a target of SEK 5.20 for 2011, with the upper cap for payments for all programs set at 25 percent of the maximum annual variable salary per program per year.

Outcome and payment

The result is calculated annually and accumulated over the three-year period and potential payments are made in the first quarter of the year after the program expires. For the program approved for 2009, payment will be made in the first quarter of 2012, for the program approved for 2010, payment will be made in the first quarter of 2013, and for the program approved for 2011, payment will be made in the first quarter of 2014. The payments do not constitute pensionable income and do not form the basis of calculation of vacation pay. In 2011, earnings were charged with SEK 26,798,000 (20,541,000) and additional payroll expenses of SEK 6,396,000 (4,373,000).

Other incentive programs

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

Remuneration to the Board 2011

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 2011, 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.

Specification of remuneration to Board members, salaries to the President, Executive Vice Presidents and other senior executive officers

2011 SEK 000s	Board fee/fixed salary	Annual variable salary	Incentive program ¹⁾	Other benefits	Pension costs	Total
Anders Narvinger, Chairman of the Board	1,167					1,167
Hans Biörck, Board member	437					437
Claes Lindqvist, Board member	537					537
Sören Mellstig, Board member	487					487
Bo Risberg, Board member	387					387
Nina Udnes Tronstad, Board member	387					387
Heléne Vibbeus Bergquist, Board member	537					537
President	8,447	4,711	3,900	172	3,254	20,484
Executive Vice President ²⁾	1,605	566	–	64	5,108	7,343
Other senior executives, employees of Trelleborg AB, 5 persons	10,387	3,400	2,387	486	4,899	21,559
employees of other Group companies, 4 persons	18,069	6,629	7,364	138	2,483	34,683
Total	42,447	15,306	13,651	860	15,744	88,008

¹⁾ Expensed in 2011. Payment is made in the first quarter, 2012 to 2014, on condition that the individual is employed in the Group on December 31 of the preceding year.

²⁾ The Executive Vice President was employed in the Group until June 30, 2011. No Executive Vice President has subsequently been appointed to fill the position.

2010 SEK 000s	Board fee/fixed salary	Annual variable salary	Incentive program	Other benefits	Pension costs	Total
Anders Narvinger, Chairman of the Board	1,100					1,100
Hans Biörck, Board member	393					393
Staffan Bohman, Board member	137					137
Claes Lindqvist, Board member	510					510
Sören Mellstig, Board member	427					427
Bo Risberg, Board member	240					240
Nina Udnes Tronstad, Board member	240					240
Heléne Vibbeus Bergquist, Board member	510					510
President	7,559	4,550	2,275	163	2,847	17,394
Executive Vice President	3,220	1,250	625	112	2,375	7,582
Other senior executives, employees of Trelleborg AB, 5 persons	9,404	3,370	1,480	556	4,125	18,935
employees of other Group companies, 4 persons	17,818	9,361	3,809	289	3,873	35,150
Total	41,558	18,531	8,189	1,120	13,220	82,618

Note 4

Auditor's remuneration

SEK M	2011	2010
<i>PricewaterhouseCoopers</i>		
Audit assignment	34	34
Audit activities other than audit assignment	4	4
Tax consultancy services	6	3
Other services	5	17
<i>Other auditors</i>		
Audit assignment	1	1
Audit activities other than audit assignment	–	–
Tax consultancy services	0	–
Other services	0	0
Total	50	59
Of which discontinued operations	–	1

Note 5

Items affecting comparability, continuing operations

Breakdown by business area

SEK M	2011	2010
Trelleborg Engineered Systems	–86	–110
Trelleborg Automotive	–93	–98
Trelleborg Sealing Solutions	–24	–22
Trelleborg Wheel Systems	–	–16
Other	–1	–4
Total	–204	–250

Breakdown by function

SEK M	2011	2010
Cost of goods sold	–102	–30
Selling expenses	–14	–
Administrative expenses	–18	–43
Other operating costs	–70	–177
Total	–204	–250

Of which, impairment losses/restructuring costs

SEK M	Impairment losses		Restructuring costs	
	2011	2010	2011	2010
Trelleborg Engineered Systems	–6	1	–80	–111
Trelleborg Automotive	–3	–22	–90	–76
Trelleborg Sealing Solutions	–	–9	–24	–13
Trelleborg Wheel Systems	–	–	–	–16
Other	–	–	–1	–4
Total	–9	–30	–195	–220

Impairment of non-current assets was conducted to the calculated value in use.

Note 6

Other operating income and expenses

SEK M	2011	2010
Compensation from insurance company	2	16
Exchange-rate differences	65	74
Customer-/Supplier-related revenues	37	19
Sale of non-current assets	29	16
Sale of tools, prototypes, etc.	93	84
Sale of services	16	11
Other	126	82
Total other operating income	368	302
Royalties	–31	–18
Exchange-rate differences	–67	–60
Customer-/Supplier-related expenses	–10	–23
Sale/disposal of non-current assets	–1	–8
Restructuring costs	–70	–177
Other	–28	–102
Total other operating expenses	–207	–388
Total operating income and expenses	161	–86

Note 7

Share of profit or loss in associated companies

SEK M	Profit/loss before tax		Tax		Net profit/loss		Dividend received	
	2011	2010	2011	2010	2011	2010	2011	2010
Dawson Manu.Co	18	23	–7	–9	11	14	0	26
Other associated companies	0	0	0	0	0	0	1	0
Total continuing	18	23	–7	–9	11	14	1	26
Roofing contractor	–6	–11	0	3	–6	–8	0	8
Total discontinued	–6	–11	0	3	–6	–8	0	8

SEK M	Receivables from associated companies		Liabilities to associated companies		Sales to associated companies		Operating income from associated companies	
	2011	2010	2011	2010	2011	2010	2011	2010
Dawson Manu. Co	5	5	–	–	21	23	10	8
Other associated companies	2	0	–	–	12	7	0	0
Total continuing	7	5	–	–	33	30	10	8
Roofing contractor	–	19	–	–	–	109	–	5
Total discontinued	–	19	–	–	–	109	–	5

Company	Registered office	Share of equity, %	Assets		Liabilities	
SEK M			2011	2010	2011	2010
Indirectly owned						
Dawson Manu. Co	USA	45	173	140	59	55
Other			75	32	54	24
Total continuing			248	172	113	79
Roofing contractor			-	186	-	133
Total discontinued			-	186	-	133

Company	Shareholders' equity		Net sales		Profit/loss for the year		Carrying amount	
	2011	2010	2011	2010	2011	2010	2011	2010
<i>Indirectly owned</i>								
Dawson Manu. Co	114	85	223	265	25	33	51	38
Other	20	8	76	41	5	–2	3	3
Total continuing	134	93	299	306	30	31	54	41
Roofing contractor	–	53	–	773	–	–11	–	5
Total discontinued	–	53	–	773	–	–11	–	5

Shares and participations in associated companies

SEK M	2011	2010
Balance January 1	41	73
Acquisitions	1	5
Divestments	6	0
Dividend	–1	–34
Share of profit in associated companies	5	6
Translation differences	2	–4
Assets held for sale	–	–5
Carrying amount, December 31	54	41

Note 8

Expenses by nature

SEK M	2011	2010
Costs for raw materials, components, goods for resale and packaging material as well as energy and transport costs	–16,076	–14,638
Remuneration to employees	–7,668	–7,480
Depreciation/amortization and impairment losses	–1,084	–1,047
Other external costs related to sales, administration and research and development	–2,075	–1,966
Other operating income/expenses	217	–43
Share of profit in associated companies	11	14
Total	–26,675	–25,160

Note 9

Exchange-rate differences impacting operating profit

SEK M	2011	2010
Net sales	17	0
Cost of goods sold	–7	9
Sales, administration and R&D costs	–4	3
Other operating income/operating expenses	–2	26
Total	4	38

Note 10

Government grants

SEK M	2011	2010
Grants received	7	5
Total	7	5

Note 11

Financial income and expenses

Financial income

SEK M	2011	2010
Interest income from interest-bearing receivables	31	15
Exchange-rate gains, net	–	3
Total financial income	31	18

Financial expenses

Interest expenses on interest-bearing liabilities	–237	–236
Exchange-rate losses, net	–3	–
Total financial expenses	–240	–236

Total financial income and expenses	–209	–218
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Note 12

Income tax

SEK M	2011	2010
<i>Current tax expenses</i>		
Tax expenses for the period	–467	–338
Adjustment of tax attributable to prior years	–15	–14
Total	–482	–352
<i>Deferred tax expenses</i>		
Utilization/revaluation of losses carried forward	–79	–159
Deferred tax expenses/income on changes in temporary differences	–50	4
Total	–129	–155

Other taxes	–33	–27
Total recognized tax expenses for continuing operations	–644	–534

Discontinued operations

<i>Current tax expenses</i>		
Tax expenses for the period	0	–17
Adjustment of tax attributable to prior years	0	–1
<i>Deferred tax expenses</i>		
Utilization/revaluation of losses carried forward	0	45
Deferred tax expenses/income on changes in temporary differences	2	–40
Other taxes	–2	–
Total recognized tax expenses for the Group	–642	–549

Tax items recognized in other comprehensive income

Deferred tax on cash-flow hedges	20	–6
Deferred tax on hedging of net investments	19	–235
Deferred tax in translation differences	7	6
Total	46	–235

Reconciliation of tax in the Group, continuing operations

Profit before tax	2,222	1,818
Calculated Swedish income tax, 26.3%	–584	–478
Impact of other tax rates on foreign subsidiaries	–22	–38
Non-deductible expenses/non-taxable revenue	1	17
Amortization of goodwill in connection with divestment	7	9
Impact of changed tax rates and tax regulations	5	–2
Reassessment of losses carried forward/temporary differences	–6	–27
Tax attributable to prior years	–12	12
Total	–611	–507
Other taxes	–33	–27
Recognized tax for continuing operations	–644	–534

At year-end 2011, the Group had losses carried forward in continuing operations of approximately SEK 3,400 M (3,600), of which about SEK 2,400 M (2,700) was taken into account when calculating deferred tax. Losses carried forward not capitalized include cases where uncertainty exists regarding the tax value.

The item Reassessment of losses carried forward/temporary differences in 2010 was affected by deferred tax expenses on intangible assets.

Of losses carried forward included in the calculation of deferred tax, SEK 135 M falls due within the next five-year period.

Note 13

Non-controlling interests – profit and equity

SEK M	Share of profit for the year		Non-controlling interest Equity	
	2011	2010	2011	2010
Trelleborg Kunhwa Co. Ltd.	9	12	104	97
Other companies	10	9	62	20
Total	19	21	166	117

Note 14

Property, plant and equipment (PPE)

SEK M	2011	2010
Buildings	1,545	1,473
Land and land improvements	493	468
Plant and machinery	3,013	2,854
Equipment, tools, fixtures and fittings	394	379
New construction in progress and advance payments relating to PPE	513	435
Total	5,958	5,609

Depreciation of property, plant and equipment by function

SEK M	2011	2010
Cost of goods sold	–705	–765
Selling expenses	–13	–14
Administrative expenses	–48	–55
R&D costs	–20	–23
Other operating expenses	–11	–10
Total	–797	–867
Of which discontinued operations	–	–22

Impairment of property, plant and equipment by function

SEK M	2011	2010
Cost of goods sold	–5	–9
Other operating expenses	–9	–33
Total	–14	–42
Of which discontinued operations	–	–4

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 (0). Future lease payments for financial lease agreements fall due as follows:

SEK M	2011	2010
Year 1	3	2
Year 2–5	2	3
Later than 5 years	0	–

Leasing costs for assets held through operating lease agreements are classified as operating expenses, and amounted to SEK 141 M (145). Future payment commitments for non-cancelable lease agreements amounted to SEK 536 M (539) and fall due as follows:

SEK M	2011	2010
Year 1	127	123
Year 2–5	260	248
Later than 5 years	149	168

	Buildings		Land and land improvements		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments		Total PPE	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Accumulated cost	3,368	3,268	530	508	10,490	10,010	1,776	1,718	555	481	16,719	15,985
Accumulated depreciation according to plan	-1,418	-1,369	-40	-42	-7,273	-6,918	-1,350	-1,298	-31	-31	-10,112	-9,658
Accumulated revaluations	13	13	30	31	1	1	0	0	0	0	44	45
Accumulated impairment losses	-418	-423	-27	-27	-205	-200	-32	-38	-11	-11	-693	-699
Assets held for sale	-	-16	-	-2	-	-39	-	-3	-	-4	-	-64
Carrying amount	1,545	1,473	493	468	3,013	2,854	394	379	513	435	5,958	5,609
Balance, January 1	1,473	1,820	468	518	2,854	3,258	379	439	435	568	5,609	6,603
Acquisitions	51	-	-	-	126	3	22	-	1	-	200	3
Divested operations	-12	-135	-7	-6	-34	-100	0	-11	-1	-6	-54	-258
Capital expenditures	70	40	22	3	354	238	106	88	522	423	1,074	792
Capital expenditures, financial leasing	0	-	-	-	-	0	2	1	-	-	2	1
Divestments and disposals	-7	-15	-2	-2	-18	-19	-9	-4	0	-1	-36	-41
Depreciation according to plan for the year	-113	-115	-1	-2	-561	-620	-122	-130	0	0	-797	-867
Impairment losses for the year	-3	-28	0	-	-11	-3	0	-10	0	-1	-14	-42
Reversed impairment losses	4	-	-	-	4	-	-	-	-	-	8	-
Reclassifications	75	64	16	8	300	375	20	46	-439	-499	-28	-6
Translation difference for the year	7	-142	-3	-49	-1	-239	-4	-37	-5	-45	-6	-512
Assets held for sale	-	-16	-	-2	-	-39	-	-3	-	-4	-	-64
Carrying amount	1,545	1,473	493	468	3,013	2,854	394	379	513	435	5,958	5,609

Note 15

Intangible assets

SEK M	2011	2010
Capitalized expenditure for development work	112	156
Capitalized expenditure for IT	106	105
Concessions, patents, licenses, trademarks and similar rights	343	313
Goodwill	9,874	9,395
Market and customer-related intangible assets	5	8
Advance payments related to intangible assets	17	3
Total	10,457	9,980

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 matching the business areas applied in segment reporting. For a more detailed presentation of the Group's business areas, see pages 8-15.

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). 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 8.2 percent (7.7) after tax was applied to all business areas since the risk profile is considered to be similar. Reconciliation was conducted against an external assessment of a reasonable cost of capital.

The debt/equity ratio was assumed to be 65 percent (65).

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 50 percent beyond the next five years and an increase in the cost of capital of 1 percentage point to 9.2 percent after tax, there would still be no need for impairment for any of the business areas.

Impairment losses on intangible assets

SEK M	2011	2010
R&D costs	0	-16
Other operating expenses	-	-12
Total	0	-28
Of which discontinued operations	-	-8

Goodwill by segment

Residual value

SEK M	2011	2010
Trelleborg Engineered Systems	2,856	2,714
Trelleborg Automotive	1,403	1,434
Trelleborg Sealing Solutions	5,147	4,914
Trelleborg Wheel Systems	468	333
Total	9,874	9,395

	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	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Accumulated cost	627	621	524	500	616	577	10,387	10,171	31	28	17	9	12,202	11,906
Accumulated amortization according to plan	-456	-406	-410	-384	-270	-260	-363	-430	-26	-20	-	-6	-1,525	-1,506
Accumulated impairment losses	-59	-59	-8	-9	-3	-4	-150	-167	-	-	-	-	-220	-239
Assets held for sale	-	-	-	-2	-	-	-	-179	-	-	-	-	-	-181
Carrying amount	112	156	106	105	343	313	9,874	9,395	5	8	17	3	10,457	9,980
Balance, January 1	156	256	105	134	313	353	9,395	10,478	8	16	3	45	9,980	11,282
Acquisitions	-	-	1	-	25	2	469	124	-	-	-	-	495	126
Divested operations	-	-	0	0	-	-1	-34	-20	-	-	0	-	-34	-21
Capital expenditures	17	26	23	14	4	6	-	-	1	-	16	1	61	47
Divestments and disposals	-1	-3	-2	-5	0	-2	-	-	-	-	-	-5	-3	-15
Amortization according to plan for the year	-59	-79	-39	-50	-11	-13	-	-	-4	-5	-	-	-113	-147
Impairment losses for the year	-	-16	0	-9	-	-	-	-3	-	-	-	-	0	-28
Reversed impairment losses	-	-	-	-	-	-	3	-	-	-	-	-	3	-
Reclassifications	-	-	18	34	11	6	-	-	-	-2	-1	-32	28	6
Translation difference for the year	-1	-28	0	-11	1	-38	41	-1,005	0	-1	-1	-6	40	-1,089
Assets held for sale	-	-	-	-2	-	-	-	-179	-	-	-	-	-	-181
Carrying amount	112	156	106	105	343	313	9,874	9,395	5	8	17	3	10,457	9,980
Amortization for the year, by function														
Cost of goods sold	-	-	-6	-5	-2	-2	-	-	-	-	-	-	-8	-7
Selling expenses	0	0	-2	-1	0	-2	-	-	-3	-4	-	-	-5	-7
Administrative expenses	-	-	-30	-43	-7	-6	-	-	-1	-1	-	-	-38	-50
R&D costs	-59	-79	-1	-1	-2	-2	-	-	-	-	-	-	-62	-82
Other operating expenses	-	-	0	0	0	-1	-	-	-	-	-	-	0	-1
Total amortization	-59	-79	-39	-50	-11	-13	-	-	-4	-5	-	-	-113	-147
Of which discontinued operations	-	-1	-	-1	-	0	-	-	-	-	-	-	-	-2

Note 16

Financial non-current assets

SEK M	2011	2010
Plan assets	29	29
Financial assets at fair value in profit and loss	32	20
Loan receivables	190	116
Derivative instruments (Note 23)	10	35
Other non-current receivables	38	18
Total	299	218

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	Owner-ship percent	Carrying amount, SEK M
Dormvitte AB	556728-8716	Trelleborg	1,000	100	56
Dormvilleva AB	556853-1593	Trelleborg	1,000	100	0
Dormvittolv AB	556853-1619	Trelleborg	1,000	100	0
Dormviltretton AB	556853-1627	Trelleborg	1,000	100	0
Dormvilforton AB	556853-1486	Trelleborg	1,000	100	0
Dormvilfemtton AB	556853-1635	Trelleborg	1,000	100	0
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 Silcotech Bulgaria OOD		Bulgaria	0	50	2
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 Silcotech AG		Switzerland	0	100	82
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		Romania	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	106
Trelleborg Wheel Systems Argentina S.A		Argentina	1,850,000	100	5
Chemtrading Alpha Holding AG		Switzerland	100	100	3
Trelleborg Holding Switzerland AG		Switzerland	0		201
Trelleborg Wheel Systems China Holding AB	556739-6998	Trelleborg	1,000	100	64
Trelleborg Automotive Shanghai Holdings AB	556742-8742	Trelleborg	1,000	100	10
Trelleborg Industrial Products Finland Oy		Finland	0	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	19
Trelleborg Automotive China Holding AB	556052-1485	Trelleborg	4,500,000	100	19
Trelleborg Automotive Forsheda AB	556742-8767	Trelleborg	1,000	100	10
Trelleborg Automotive Group AB	556730-4448	Trelleborg	1,000	100	2
Trelleborg Automotive Dej S.R.L		Romania	2,775	100	141
Trelleborg Engineered Systems Lithuania UAB		Lithuania	232,600	100	70
Trelleborg Sealing Profiles Lithuania UAB		Lithuania	100	100	
Trelleborg Corporation		USA	2,592	100	3,211
Trelleborg Coated Systems US Inc		USA	1,000	100	
Trelleborg Engineered Systems Italy SpA		Italy	25,600,000	100	
Trelleborg Sealing Solutions US, Inc		USA	7,500	100	
Trelleborg Offshore US Inc		USA	1,000	100	
Trelleborg Wheel Systems Americas Inc		USA	1,000	100	
Trelleborg Automotive USA Inc		USA	100,000	100	
Trelleborg Automotive Mexico SA de CV		Mexico	108,963,373	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	40
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 Products Sweden AB	556048-3629	Örebro	15,000	100	

Company	Registration number	Domicile/ country	No. of shares	Owner-ship percent	Carrying amount, SEK M
Trelleborg Industrial AVS AB	556020-2862	Sjöbo	500	100	5
Trelleborg International AB	556033-0754	Trelleborg	1,500	100	3,152
Trelleborg Sealing Solutions Germany GmbH		Germany	1	100	
Trelleborg Wheel Systems Germany GmbH		Germany	2	100	
Trelleborg Automotive Germany GmbH		Germany	2	100	
Trelleborg Sealing Profiles Germany GmbH		Germany	1	100	
Trelleborg Wheel Systems Belgium NV		Belgium	11,075,114	100	
Trelleborg Holding Danmark A/S		Denmark	21,000	100	631
Trelleborg Holding France SAS		France	586,782	100	1,119
Trelleborg Industrie SAS		France	649,800	100	
Trelleborg Sealing Solutions France SAS		France	8,427	100	
Trelleborg Wheel Systems France SAS		France	9,060	100	
Trelleborg Reims SAS		France	100,200	100	
Trelleborg Kunhwa Co Ltd		South Korea	3,570,000	51	
Trelleborg Modyn SAS		France	720,000	100	
Trelleborg Holdings Italy S.r.l		Italy	0	100	1,163
Trelleborg Sealing Solutions Italia SpA		Italy	1,112,140	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	1	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 Italia SpA		Italy	11,000	100	
Trelleborg Marine Systems Japan Kabushiki Kaisha		Japan	20	100	2
Trelleborg Material & Mixing Lesina s.r.o.		Czech Republic	0	100	12
Trelleborg Moulded Components Wuxi Holding AB	556715-4983	Trelleborg	1,000	100	29
Trelleborg Protective Products AB	556010-7145	Trelleborg	100,000	100	26
Trelleborg Treasury AB (publ)	556064-2646	Stockholm	5,000	100	15,001
Trelleborg Wheels AB	556056-2620	Sävsjö	40,000	100	10
Trelleborg Wuxi Holding AB	556119-8820	Trelleborg	25,000	100	96
Trelleborg Automotive Kalmar AB	556325-7442	Kalmar	60,000	100	235
Trelleborg China Holding AB	556030-7398	Trelleborg	200,000	100	43
TSS Silcotech Hong Kong Holding AB	556742-8775	Trelleborg	1,000	100	3
Trelleborg Forsheda AB	556052-2996	Värnamo	8,640,000	100	643
Total Parent Company					34,384

¹⁾ The table shows directly owned subsidiaries and indirectly owned companies with annual sales exceeding SEK 250 M.

A complete list of companies is appended to the Annual Report filed with Bolagsverket (Swedish Companies Registration Office).

Note 18

Deferred tax assets/tax liabilities

SEK M	2011			2010		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	7	350	-343	13	342	-329
Land and buildings	63	156	-93	68	152	-84
Machinery and equipment	132	153	-21	126	163	-37
Financial non-current assets	4	9	-5	4	8	-4
Inventories	107	3	104	78	2	76
Current receivables	13	5	8	12	4	8
Pension provisions	109	14	95	108	11	97
Other provisions	45	29	16	71	30	41
Non-current liabilities	24	0	24	14	3	11
Current liabilities	105	2	103	109	5	104
Losses carried forward	756	-	756	838	0	838
Total	1,365	721	644	1,441	720	721
Offsetting of assets/liabilities	-434	-434		-400	-400	
Total	931	287	644	1,041	320	721
Less tax receivables/liabilities held for sale			-	-3	-5	2
Continuing operations	931	287	644	1,038	315	723

Deferred tax assets and 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		Less tax receivables/liabilities held for sale		Balance, December 31, continuing operations	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Intangible assets	-329	-213	-10	-148					-4	32			-343	-329
Land and buildings	-84	-81	-15	-11			6		0	8			-93	-84
Machinery and equipment	-34	-40	12	-1			1		0	4	3		-21	-34
Financial non-current assets	-4	-3	-29	228	27	-230			1	1			-5	-4
Inventories	77	87	27	-3			0		0	-8	1	104	77	
Current receivables	9	13	-1	-5		1	0		0	-1	1	8	9	
Pension provisions	97	130	-1	-21			-1			-12		95	97	
Other provisions	41	125	-25	-62				-9		-13		16	41	
Non-current liabilities	11	16	12	-5					1			24	11	
Current liabilities	104	123	-20	-5	19	-6	-1	-1	1	-7		103	104	
Losses carried forward	835	1,051	-79	-113			4	-9	-4	-91	-3	756	835	
Exchange-rate differences			1	-4					-1	4		0	0	
Total	723	1,208	-128	-150	46	-235	9	-19	-6	-83	-	2	644	723
Less discontinued operations			-1	-5										
Continuing operations			-129	-155										

Note 19

Inventories

SEK M	2011	2010
Raw materials and consumables	1,257	1,119
Work in progress	560	497
Finished products and goods for resale	2,158	1,798
Contracted work in progress	4	1
Advances to suppliers	22	18
Total	4,001	3,433

Impairment of obsolete inventories amounted to SEK 311 M (265).

Note 20

Current operating receivables

SEK M	2011	2010
Accounts receivable	4,492	4,197
Provision for bad debts	-102	-95
Bills receivable	80	76
Operating receivables, associated companies	6	5
Other current receivables	506	345
Derivative instruments (Note 23)	22	51
Prepaid expenses and accrued income (Note 21)	512	520
Total	5,516	5,099

The receivables are recognized in amounts that correspond to fair value.

Age analysis of accounts receivable

SEK M	2011	2010
Receivable not yet due	3,840	3,619
Due, but not impaired:		
<30 days	420	357
31-60 days	83	90
61-90 days	41	22
>90 days	108	109
Total	4,492	4,197
Provision for bad debts	-102	-95
Total	4,390	4,102

Provision for bad debts

SEK M	2011	2010
Opening balance	95	124
New provisions recognized in profit and loss	26	24
Utilization of reserve attributable to identified bad debt loss	-13	-24
Reversals recognized in profit and loss	-13	-21
Other	8	6
Translation difference	-1	-8
Assets held for sale	-	-6
Closing balance	102	95

Note 21

Prepaid expenses and accrued income

SEK M	2011	2010
Interest	7	0
Pension costs	3	3
Tools	179	131
Derivative instruments (Note 23)	6	4
Other	317	382
Total	512	520

Note 22

Interest-bearing receivables

SEK M	2011	2010
Loan receivables	41	7
Derivative instruments (Note 23)	90	93
Other financial assets at fair value in profit and loss	82	0
Total	213	100

The recognized amounts represent an accurate estimation of their fair value.

Note 23

Financial derivative instruments

Derivative instruments are used mainly to hedge 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 in both fixed commercial undertakings and calculated future commercial flows.

Investments in foreign subsidiaries and associated companies may be hedged. Hedging is effected mainly through corresponding borrowing in the same currency, but may also be secured through forward/option contracts or basis swap contracts.

The table below shows where the Group's financial derivative instruments are recognized in the balance sheet.

Specification of derivatives in the balance sheet, SEK M	2011	2010
Financial non-current assets	10	35
Prepaid expenses and accrued income	6	4
Other current receivables	22	51
Interest-bearing receivables	90	93
Total receivables, financial derivatives	128	183
Other non-current liabilities	103	53
Accrued expenses and prepaid income	14	13
Other current liabilities	83	140
Interest-bearing liabilities	86	63
Total liabilities, financial derivatives	286	269

For credit exposure in derivatives, see Note 28.

SEK M	2011		2010	
Type and purpose of Group's financial derivative instruments	Assets Fair value	Liabilities Fair value	Assets Fair value	Liabilities Fair value
Interest-rate swaps – cash-flow hedging	0	170	13	146
Foreign-exchange forwards – cash-flow hedging	6	14	4	13
Foreign-exchange forwards – net investment hedging	37	18	81	5
Basis swap contracts – net investment hedging	26	–	22	–
Foreign-exchange forwards – financing of subsidiaries	40	65	17	61
Foreign-exchange forwards – held for trading purposes	19	19	46	44
Total	128	286	183	269

The nominal amount of interest-rate swaps outstanding totaled SEK 7,295 M (9,003).

Derivatives with hedge accounting

Cash-flow hedging – Interest-rate swaps

In the closing balance of the hedging reserve in equity, a negative SEK 106 M (neg: 36) before tax relates to the fair value of interest-rate swaps.

At unchanged interest and exchange rates, this value will negatively impact earnings by SEK 3 M in 2012, by SEK 14 M in 2013, by SEK 11 M in 2014, by SEK 67 M in 2015 and by SEK 11 M in 2016.

Cash-flow hedges – forward currency contracts and currency options

The fair-value closing balance of cash-flow hedges relating to forward currency contracts and currency options recognized in the hedging reserve amounted to a negative net of SEK 7 M (neg: 3).

At unchanged exchange rates, this value will have a negative impact on operating profit by SEK 7 M in 2012.

Sensitivity analysis – Financial instruments

Sensitivity analyses relating to interest-rate risks and translation exposure are presented in the section "Financial risks" on pages 31-33.

If cash-flow hedges related to transaction exposure were valued using exchange rates applicable on December 31, 2010, the fair value would amount to SEK 6 M (neg: 1), of which SEK 6 M (neg: 1) would be included in the hedging reserve.

If closing balances relating to accounts receivable and accounts payable, taking into consideration implemented hedging measures, were valued using exchange rates applicable on December 31, 2010, net debt would decrease by SEK 2 M (4).

Taking into account implemented hedging measures, the Group has no currency risk in other financial receivables and liabilities in foreign currencies.

Note 24

Cash and cash equivalents

SEK M	2011	2010
Current bank investments	0	101
Cash and bank balances	753	731
Total	753	832

For credit exposure in cash and cash equivalents, see Note 28.

Note 25

Assets and liabilities held for sale

Assets and liabilities held for sale relate to the sale of the roofing business unit. The transaction was concluded in January 2011.

Assets held for sale	2011	2010
SEK M		
Property, plant and equipment	–	64
Intangible assets	–	181
Participations in associated companies	–	5
Deferred tax assets	–	3
Other non-current operating receivables	–	3
Inventories	–	97
Accounts receivable	–	75
Other non-current operating receivables	–	8
Current tax assets	–	6
Interest-bearing receivables	–	18
Cash and cash equivalents	–	6
Total	–	466

Liabilities held for sale

Deferred tax liabilities	–	5
Accounts payable	–	74
Other current liabilities	–	44
Current tax liabilities	–	7
Total	–	130

Discontinued operations

The amounts in 2011 relate to the roofing business unit (Waterproofing). The amounts in 2010 also include the brake hoses for light vehicles operation (Fluid Solutions).

Analysis of results from discontinued operations

SEK M	2011	2010
Net sales	44	1,582
Cost of goods sold	–33	–1,292
Gross profit	11	290
Selling expenses	–9	–108
Administrative expenses	–4	–46
R&D costs	0	–29
Other operating income	347	65
Other operating expenses	–81	–248
Share of profit or loss in associated companies	–6	–8
Operating profit/loss	258	–84
Financial income	0	0
Financial expenses	0	–2
Profit/loss before tax	258	–86
Tax	2	–15
Net profit/loss	260	–101

For more information, see Note 35.

Note 26

Equity

Specification of other reserves

SEK M	Hedging reserve		Translation reserve		Total	
	2011	2010	2011	2010	2011	2010
Opening balance, translation differences	-29	-47	-533	690	-562	643
Cash-flow hedging						
Fair value	-83	8			-83	8
Tax on fair value	22	-2			22	-2
Transfers to income statement	9	16			9	16
Tax on transfers to income statement	-2	-4			-2	-4
Changes for the year attributable to translation of companies after tax			23	-1,880	23	-1,880
Hedging of net investment after tax			-53	657	-53	657
Closing balance	-83	-29	-563	-533	-646	-562

Accumulated translation differences are recorded from January 1, 2004.

Of transfers from the hedging reserve to profit and loss during 2011, SEK 6 M (16) caused a decline in the Group's financial interest expenses and SEK 3 M (0) caused a decline in operating profit.

The Board of Directors and President propose that a dividend of SEK 2.50 (1.75) per share be paid for 2011, totalling SEK 678 M (474).

Trelleborg AB's share capital at December 31, 2011 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				
			2011	2010
January 1			271,071,783	271,071,783
Change during the year			-	-
December 31			271,071,783	271,071,783

No treasury shares are held.

Note 27

Interest-bearing liabilities

Non-current interest-bearing liabilities

SEK M	2011	2010
Liabilities to credit institutions	5,428	4,318
Other interest-bearing liabilities	24	25
Total	5,452	4,343

Current interest-bearing liabilities

SEK M	2011	2010
Liabilities to credit institutions	2,029	2,849
Bank overdraft facilities	42	241
Other interest-bearing liabilities	14	9
Derivative instruments (Note 23)	86	63
Total	2,171	3,162
Total interest-bearing liabilities	7,623	7,505

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 2011, adjusted for any derivative financial instruments, have the following currency distribution, effective interest rates and fixed-interest terms

	Amount, SEK M		Effective interest rate, %		Fixed-interest term adjusted for any derivatives. No. of days	
	2011	2010	2011	2010	2011	2010
SEK	-571	-835	3.4	2.1	-246	83
USD	2,076	2,333	2.9	1.9	470	431
EUR	4,350	4,345	3.0	2.5	491	473
GBP	929	836	2.7	1.9	436	356
Other	839	826	2.9	1.1	72	66
Total	7,623	7,505	2.9	2.1	488	446

The Group's interest-bearing liabilities (utilized amounts at closing date)

	2011		2010	
	SEK M	Expiry, year	SEK M	Expiry, year
Non-current				
Syndicated loan, EUR tranche EUR 750 M	1,791	2016	-	-
Syndicated loan, USD tranche USD 625 M	2,243	2016	-	-
Medium Term Note EUR 110 M	985	2017	-	-
Bond, EUR 50 M	448	2015	451	2015
Other non-current loans	-39	2013-2024	52	2012-2024
Other interest-bearing liabilities	24	2013-2015	25	2012-2015
Syndicated loan, EUR tranche EUR 723 M	-	-	2,196	2012
Syndicated loan, USD tranche USD 580 M	-	-	1,349	2012
Bilateral loan, EUR 30 M	-	-	270	2012
Total non-current liabilities	5,452		4,343	
Current				
Commercial paper program	1,900	2012	1,139	2011
Overdraft facilities	42	2012	241	2011
Other current loans	129	2012	131	2011
Other interest-bearing liabilities	14	2012	9	2011
Derivative instruments	86	2012	63	2011
Syndicated loan, EUR tranche EUR 27 M	-	-	82	2011
Syndicated loan, USD tranche USD 20 M	-	-	46	2011
Bilateral credit facility, EUR 30 M	-	-	270	2011
Bilateral loan, EUR 30 M	-	-	270	2011
Bilateral loan, EUR 50 M	-	-	451	2011
Bond, EUR 40 M	-	-	360	2011
Bond, SEK 100 M	-	-	100	2011
Total current liabilities	2,171		3,162	
Total	7,623		7,505	

Committed confirmed and uncommitted confirmed credit facilities

SEK M	2011			2010		
	Total	Utilized	Unutilized	Total	Utilized	Unutilized
<i>Committed confirmed credit facilities</i>						
Syndicated loan EUR 750 M + USD 625 M (expires 2016)	11,044	4,034	7,010	-	-	-
Bilateral credit facility EUR 65 M (2010: EUR 80 M) (expires 2015-2019)*	582	-	582	721	-	721
Bilateral credit facilities (expire 2012)	18	9	9	288	276	12
Overdraft facilities (expire 2012)	280	-	280	279	34	245
Syndicated loan EUR 750 M + USD 600 M (expired)	-	-	-	10,841	3,672	7,169
Bilateral credit facility EUR 191.5 M (expired 2011)	-	-	-	1,726	-	1,726
Bilateral credit facility EUR 50 M (expired 2011)	-	-	-	451	-	451
Bilateral credit facility EUR 50 M (expired 2011)	-	-	-	451	-	451
Total	11,924	4,043	7,881	14,757	3,982	10,775
<i>Uncommitted confirmed credit facilities</i>						
Overdraft facilities	1,378	42	1,336	1,386	207	1,179

* The bilateral credit facility provides the option of raising loans of up to EUR 65 M with terms of up to seven years in the period until June 14, 2012.

In addition to the above credit facilities, the Group also commanded unconfirmed credit facilities amounting to approximately SEK 700 M at year-end 2011.

The EUR 750 M + USD 625 M syndicated loan maturing in 2016 is subject to one financial covenant which stipulates a maximum debt/equity ratio. Per the end of 2011, there was ample headroom in relation to this covenant. The financial covenants of the EUR 65 M bilateral credit facility from the European Investment Bank are under redocumentation in order to achieve an alignment with the above-mentioned syndicated loan covenant.

Note 28

Financial risk management

For a description of the Group's financial risks and policies regarding financial risks, see the "Financial risk" section on pages 31-33.

Financial credit risk exposure

The Treasury Policy contains a special counterparty regulation specifying the maximum credit risk exposure to various counterparties. A 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). Loans from the Trelleborg Group to institutions in category A may not exceed SEK 1,000 M or equivalent, 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). Counterparties in category B may borrow a maximum of SEK 500 M or equivalent, including the value of unrealized gains in derivative instruments, from the Trelleborg Group. 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, 2011 subdivided by category:

Category	Interest-bearing receivables		Cash and cash equivalents		Derivative instruments - unrealized gains, gross		Total	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010
A	–	–	98	217	15	68	113	285
B	30	2	417	207	115	113	562	322
C	84	–	238	408	–	–	322	408
Total	114	2	753	832	130	181	997	1,015

Exposure in categories A and B was in line with the Treasury Policy. The total credit exposure in category C at year-end 2011 was divided among more than 40 counterparties. All credit exposures in category C amounted to less than SEK 50 M with one exception: SEK 55 M relating to the accumulated balance of the main account in the Chinese cash pool.

Credit risk exposure associated with derivative instruments is determined as the fair value on the closing date. On December 31, 2011, the total counterparty risk associated with derivative instruments (calculated as net receivable per counterparty) was SEK 38 M (84), taking into account ISDA agreements. In addition to the amounts presented in the table above, the Group also has interest-bearing loan receivables of SEK 231 M (123) due from third parties.

None of these fully valuable financial assets were renegotiated in the past year, nor have they matured or been impaired. With the exception of what was described above, no credit limits were exceeded in 2011 or 2010 and the management does not anticipate any losses due to 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 comprising financial liabilities, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2011

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	-2,289	-6,114	-3	-8,406
Interest-rate swaps with negative fair value	-67	-103	–	-170
Accounts payable	-3,353	–	–	-3,353
Total	-5,709	-6,217	-3	-11,929
Accounts receivable	4,390	–	–	4,390
Net flow	-1,319	-6,217	-3	-7,539

At December 31, 2010

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowing, incl. interest	-3,249	-4,564	-4	-7,817
Interest-rate swaps with negative fair value	-93	-53	–	-146
Accounts payable	-3,154	–	–	-3,154
Total	-6,496	-4,617	-4	-11,117
Accounts receivable	4,102	–	–	4,102
Interest-rate swaps with positive fair value	–	13	–	13
Net flow	-2,394	-4,604	-4	-7,002

The table below shows the Group's financial derivative instruments that will be settled gross, subdivided into the periods remaining on the closing date until the agreed date of maturity. The amounts stated in the table comprise contractual, undiscounted cash flows.

At December 31, 2011

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<i>Foreign-exchange contracts</i>				
–outflow	-14,901	–	–	-14,901
–inflow	14,888	–	–	14,888
<i>Basis swap contracts</i>				
–outflow	-459	-271	–	-730
–inflow	509	325	–	834
Total	37	54	0	91

At December 31, 2010

SEK M	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<i>Foreign-exchange contracts</i>				
–outflow	-26,052	–	–	-26,052
–inflow	26,082	–	–	26,082
<i>Basis swap contracts</i>				
–outflow	-8	-731	–	-739
–inflow	15	762	–	777
Total	37	31	0	68

Note 29

Financial instruments by category and measurement level

A description of each category and the calculation of fair value are presented in the section "Accounting policies."

At December 31, 2011

		Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
SEK M	Loan receivable and accounts receivable					
Assets in the balance sheet						
Derivative instruments	–	69	2	59	2	128
Financial non-current assets	190	32	2	–	–	222
Accounts receivable	4,390	–	–	–	–	4,390
Interest-bearing receivables	41	82	–	–	–	123
Cash and cash equivalents	753	–	2	–	–	753
Total	5,374	183		59		5,616

SEK M	Other financial liabilities	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measurement level	
Liabilities in the balance sheet						
Derivative instruments	–	84	2	202	2	286
Interest-bearing non-current liabilities	5,452	–		–		5,452
Interest-bearing current liabilities	2,171	–		–		2,171
Accounts payable	3,353	–		–		3,353
Total	10,976	84		202		11,262

The measurement of all financial assets and liabilities at fair value on the closing date was based on observable data (Level 2 in accordance with the fair-value hierarchy).

At December 31, 2010		Assets at fair value in profit and loss		Derivatives used for hedging purposes		Total
	Loan receivable and accounts receivable	Carrying amount	Measurement level	Carrying amount	Measure- ment level	
SEK M						
Assets in the balance sheet						
Derivative instruments	–	63	2	120	2	183
Financial non-current assets	116	20	2	–		136
Accounts receivable	4,102	–		–		4,102
Interest-bearing receivables	7	–		–		7
Cash and cash equivalents	731	101	2	–		832
Total	4,956	184		120		5,260
	Other financial liabilities	Liabilities at fair value in profit and loss		Derivatives used for hedging purposes		Total
		Carrying amount	Measurement level	Carrying amount	Measure- ment level	
SEK M						
Liabilities in the balance sheet						
Derivative instruments	–	105	2	164	2	269
Interest-bearing non-current liabilities	4,343	–		–		4,343
Interest-bearing current liabilities	3,162	–		–		3,162
Accounts payable	3,154	–		–		3,154
Total	10,659	105		164		10,928

Note 30

Non-interest-bearing liabilities

Other non-current liabilities

SEK M	2011	2010
Other non-interest-bearing liabilities	60	27
Derivative instruments (Note 23)	103	53
Total	163	80

Other current liabilities

SEK M	2011	2010
Advance payment from customers	185	245
Accounts payable	3,353	3,154
Bills payable	8	11
Other non-interest-bearing liabilities	444	407
Derivative instruments (Note 23)	83	140
Accrued expenses and prepaid income (Note 33)	1,402	1,476
Total	5,475	5,433

Total non-interest-bearing liabilities	5,638	5,513
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Liabilities are recognized at amounts that correspond to fair value.

Note 31

Pension provisions and similar items

Specification of costs

SEK M	2011	2010
Cost of defined-benefit plans		
Costs for services during current year	39	34
Interest on the obligation	62	75
Anticipated return on plan assets	–32	–34
Actuarial gains and losses recognized for the year	9	7
Curtailment and settlement losses	–12	–12
Total cost of defined-benefit plans	66	70
Cost of defined-contribution plans	165	142
Total pension costs	231	212
Of which discontinued operations	–	10

Actual return on plan assets amounted to a negative SEK 3 M (pos: 57).

Change in pension liability in balance sheet

SEK M	Defined-benefit plans	
	2011	2010
Opening balance	544	744
Net expenses recognized in profit and loss	66	70
Benefit payments	–80	–136
Increase attributable to acquisitions	7	0
Decrease attributable to divestments	–	–55
Other changes	–1	–6
Translation difference	–2	–73
Closing balance	534	544
of which, unfunded pension obligations	474	500
of which, funded pension obligations	60	44

Specification of pension liability in the balance sheet

SEK M	2011	2010
Defined-benefit plans		
Present value of funded obligations	1,546	1,395
Fair value of plan assets	–750	–697
	796	698
Unrecognized actuarial gains	51	40
Unrecognized actuarial losses	–314	–195
Other changes	1	1
Total defined-benefit plans	534	544
Defined-contribution plans		
	20	19
Net pension liability	554	563
of which, recognized as plan assets	29	29
Closing balance, pension liability	583	592

Important actuarial assumptions on the closing date, %	France	Germany	Sweden	Italy	Japan	Norway
Discount rate at December 31	4.40%	4.80%	3.50%	4.40%	1.75%	3.00%
Anticipated return on pension plan assets at December 31	4.00%	3.00%	4.00%	–	–	4.50%
Inflation	2.00%	2.00%	2.00%	2.00%	0.00%	2.00%
Future annual wage increases	1.0–3.5%	2.50%	3.00%	2.67%	2.00%	4.00%

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, Sweden, Italy, Japan 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 2011 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 9 M (11). Alecta's surplus can be distributed to the policyholders and/or the insured. At December 31, 2010, Alecta's surplus corresponded to a collective consolidation ratio of 146 percent – corresponding information for December 2011 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	
	2011	2010	2011	2010	2011	2010
Opening balance	133	390	352	486	485	876
Reclassification	6	0	-12	-84	-6	-84
Reversals	-20	-8	-24	-3	-44	-11
Provisions for the year	55	106	208	229	263	335
Acquisitions for the year	0	0	6	0	6	0
Divestments	0	-2	0	-15	0	-17
Utilized during the year	-114	-322	-164	-232	-278	-554
Translation difference	0	-31	0	-29	0	-60
Closing balance	60	133	366	352	426	485

Of which, non-current provisions	92	151
Of which, current provisions	334	334
Of which, provisions for environmental commitments	50	52

Closing balances for provisions for restructuring programs relate primarily to the following:
Consolidation of parts of operations in Germany (Trelleborg Automotive).
Reorganization and concentration of Offshore operation (Trelleborg Engineered Systems)

Other provisions relate to:
Provisions of varying sizes in a number of units for environmental commitments, guarantee provisions, insurance obligations and, provisions for ongoing cartel investigations at subsidiaries in the US and France.

Note 33

Accrued expenses and prepaid income

SEK M	2011	2010
Interest	30	17
Wages and salaries	623	626
Payroll overheads	136	121
Pension expenses	14	23
Tools	17	22
Derivative instruments (Note 23)	14	13
Other	568	654
Total	1,402	1,476

Note 34

Contingent liabilities and pledged assets

SEK M	2011	2010
<i>Contingent liabilities</i>		
Pension obligations	4	4
Guarantees and other contingent liabilities	2	2
Total	6	6
<i>Pledged assets</i>		
Plants and machinery	33	34
Total	33	34

Liabilities are recognized at amounts corresponding to fair value.

Note 35

Acquired and discontinued operations

2011

Acquisitions

A number of acquisitions took place during the year, but were not of a significant nature either individually or collectively.

In chronological order:

PPL Polyurethane Products

PPL Polyurethane Products Ltd. generates annual sales of SEK 90 M and has about 90 employees. The company develops, manufactures and markets a broad portfolio of polyurethane-based solutions and products, with a focus on the offshore oil & gas and infrastructure segments.
The company is included in the Trelleborg Engineered Systems business area.

Watts Tyre Group

Watts Tyre Group has annual sales of approximately SEK 300 M and about 230 employees.
This acquisition strengthens Trelleborg's world-leading position in industrial tires, through geographic expansion and an increased presence in the aftermarket.
The company is included in the Trelleborg Wheel Systems business area.

Operations in Xingtai, China

Trelleborg acquired an existing facility from a Chinese subsidiary of US Group Main Industrial Tire LLC, and will also take over approximately 180 employees.
The acquisition will facilitate the Group's expansion in the Chinese market for specialty tires, primarily agricultural tires.
The operations are included in the Trelleborg Wheel Systems business area.

Seawing Industria e Comercio de Mangotes Maritimos Ltda

The operation was a subsidiary of Veyance Technologies Inc with about 100 employees. The business focuses on specially designed oil hoses for surface and deep-sea applications for the offshore oil and gas extraction industry in Brazil.
The operation is included in the Trelleborg Engineered Systems business area.

Silcotech Group

Silcotech Group, with a manufacturing operation in Switzerland and joint venture operations in Bulgaria and China, has total sales of slightly more than SEK 200 M and some 150 employees.
The operation focuses on precision seals for life sciences.
The operation is included in the Trelleborg Sealing Solutions business area.

Bloch S.A. (60%)

Bloch S.A. generates annual sales of about SEK 70 M and has approximately 20 employees. The agreement encompasses the acquisition of 60 percent of the business with an option to acquire the remainder.
Bloch primarily specializes in complete solutions and special couplings for a wide range of industrial hoses that offer protection in particularly demanding environments, such as chemical processing and the food sector.
The operation is included in the Trelleborg Engineered Systems business area.

Discontinued operations

The divestment of the roofing business (Waterproofing), formerly part of the Trelleborg Engineered Systems business area, was finalized on January 31, 2011.

2010

Acquisitions

No significant acquisitions were made by the Group during the year.

Lutz Sales

A smaller complementary acquisition was made by Trelleborg Sealing Solutions when the business area acquired the US-based Lutz Sales, with annual sales of approximately SEK 100 M and approximately 50 employees. Lutz Sales is a distributor of a broad range of precision seals and customer-specific rubber components mainly in the North American market.

Discontinued operations

Hoses for light vehicles operation (Fluid Solutions)

The hoses for light vehicles operation, formerly part of the Automotive business area, was divested during the year.
In 2009, Fluid Solutions reported sales of approximately SEK 1,400 M and recorded a loss. The purchase consideration was about SEK 300 M based on the estimated working capital level at the date of divestment.
The buyer was Bavaria Industriekapital AG, Munich, Germany.

Roofing operation (Waterproofing)

An agreement was signed to divest the roofing operation, formerly part of Trelleborg Engineered Systems.
The agreement was reached in the fourth quarter of 2010 and was concluded on January 31, 2011. The divested operation had annual sales of approximately SEK 900 M and about 230 employees.
The purchaser was Axcel, a Nordic private equity fund.

Note 36

Events after the closing date

Trelleborg strengthens and focuses the Group

Organizational changes are being made in order to further strengthen and focus the Group.

Trelleborg Automotive will be focused on antivibration solutions. Trelleborg Automotive's other operations – polymer boots for drive shafts and steering applications and noise damping solutions for brake systems – will be strengthened by integrating them into Trelleborg Engineered Systems and Trelleborg Sealing Solutions, respectively.

Trelleborg Engineered Systems will be focused on three prioritized areas: offshore and infrastructure construction, general industrial applications and polymer-coated fabrics for advanced industrial applications. As a result of this move, three people will assume new positions in Trelleborg's Group Management: Denis Blanc, Mikael Fryklund and Dario Porta. Trelleborg's President and CEO Peter Nilsson will be responsible for Trelleborg Engineered Systems.

Lennart Johansson, current President of Trelleborg Engineered Systems, and Jim Law, current President of Trelleborg Automotive, have been appointed as the Trelleborg Group's representatives in the management board of the joint venture in antivibration solutions for light and heavy vehicles that is planned between Trelleborg and Freudenberg. President and CEO Peter Nilsson will become the company's Chairman.

Divestment of light-vehicle component operation

On January 24, 2012, Trelleborg signed an agreement to divest an operation that manufactures high-technology rubber, plastic and foam components and systems for the light vehicles industry. The operation is primarily located in France and is part of the Trelleborg Automotive business area. The buyer is Bavaria Industriekapital AG with its registered office in Munich, Germany. The divestment is a further step in the Trelleborg Group's strategy to focus on selected segments. The capital gain will have a minor impact on earnings for 2012.

PARENT COMPANY, TRELLEBORG AB

Income statements

SEK M	Note	2011	2010
Administrative expenses	37–38,42	–355	–338
Other operating income	39	229	244
Operating loss	40–41	–126	–94
Financial income and expenses	43	1,464	2,013
Profit before tax		1,338	1,919
Tax	44	4	–176
Net profit		1,342	1,743

Statement of comprehensive income

Net profit	1,342	1,743
Other comprehensive income		
Fair value	–	–4
Income tax related to components in other comprehensive income	–	1
Other comprehensive income	–	–3
Total comprehensive income	1,342	1,740

Cash-flow statements

<i>Operating activities</i>		
Operating loss	–126	–94
<i>Adjustment for items not included in cash flow:</i>		
Depreciation of property, plant and equipment	2	2
Amortization of intangible assets	4	4
Divestments and disposals	1	0
Other items not included in cash flow	29	26
	–90	–62
Cash dividend received	1,089	1,561
Interest received and other financial items	30	33
Interest paid and other financial items	–785	–477
Tax paid	0	0
Cash flow from operating activities before changes in working capital	244	1,055
<i>Cash flow from changes in working capital</i>		
Change in operating receivables	–1	0
Change in operating liabilities	–19	–25
Cash flow from operating activities	224	1,030
<i>Investing activities</i>		
Acquisition of subsidiaries/capital contribution	–370	–591
Divestment of subsidiaries	212	18
Acquisition of other shares/capital contribution	–3	–
Gross capital expenditures for property, plant and equipment	0	0
Gross capital expenditures for intangible assets	–	–4
Sale of non-current assets	1	1
Cash flow from investing activities	–160	–576
<i>Financing activities</i>		
Change in interest-bearing investments	960	803
Change in interest-bearing liabilities	–555	–1,116
Dividend paid – shareholders of the Parent Company	–474	–136
Cash flow from financing activities	–69	–449
Cash flow for the year	–5	5
<i>Cash and cash equivalents:</i>		
At January 1	5	0
Cash and cash equivalents, December 31	0	5

PARENT COMPANY, TRELLEBORG AB

Balance sheets

December 31, SEK M	Note	2011	2010
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	45	23	26
Intangible fixed assets	46	4	9
Financial non-current assets	47–48	34,732	34,362
Deferred tax assets	49	0	–
Total non-current assets		34,759	34,397
<i>Current assets</i>			
Current receivables	50–51	53	52
Interest-bearing receivables	52	597	1,078
Cash and cash equivalents		0	5
Total current assets		650	1,135
TOTAL ASSETS		35,409	35,532
EQUITY AND LIABILITIES			
<i>Equity</i>	53		
<i>Restricted equity</i>			
Share capital		2,620	2,620
Statutory reserve		1,130	1,130
Total restricted equity		3,750	3,750
<i>Non-restricted equity</i>			
Fair-value reserve		–	19
Profit brought forward		8,385	7,097
Net profit for the year		1,342	1,743
Total non-restricted equity		9,727	8,859
Total equity		13,477	12,609
<i>Non-current liabilities</i>			
Interest-bearing non-current liabilities	56	29	52
Pension provisions and similar items	54	7	2
Deferred tax liabilities	49	–	4
Other provisions	55	9	8
Total non-current liabilities		45	66
<i>Current liabilities</i>			
Interest-bearing current liabilities	56	21,789	22,768
Other current liabilities	57–58	98	89
Total current liabilities		21,887	22,857
TOTAL EQUITY AND LIABILITIES		35,409	35,532
Contingent liabilities	59	8,634	8,396
Pledged assets	59	–	–

Change in equity

Shareholders' equity	Restricted equity		Non-restricted equity		Total	
SEK M	2011	2010	2011	2010	2011	2010
Opening balance, January 1	3,750	3,750	8,859	7,255	12,609	11,005
<i>Changes for the year:</i>						
Dividend			–474	–136	–474	–136
Fair value, gains				–4	–	–4
Tax on fair value, gains				1	–	1
Net profit for the year			1,342	1,743	1,342	1,743
Closing balance, December 31	3,750	3,750	9,727	8,859	13,477	12,609

See also Note 53.

Note 37

Employees and employee benefits

Average number of employees

	2011			2010		
	Women	Men	Total	Women	Men	Total
Sweden	26	43	69	28	48	76

Gender distribution in executive management positions, %

	2011	2010
Percentage of women in		
- executive positions	26	14
- on Board of Directors	29	29

Employee benefits, other remuneration and payroll overheads

2011	Board, Executive Vice President and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	of which, pension costs
SEK M						
Sweden	23	16	47	86	54	22

See also Note 3

2010	Board, Executive Vice President and President	Other members of Group Management	Other employees	Total salaries	Payroll overheads	of which, pension costs
SEK M						
Sweden	23	14	50	87	51	20

See also Note 3

Note 38

Auditor's remuneration

SEK M	2011	2010
PricewaterhouseCoopers		
Audit assignment	3	3
Audit activities other than audit assignment	3	3
Tax consultancy services	3	2
Other services	0	13
Total	9	21

Note 39

Other operating income and operating expenses

SEK M	2011	2010
Sales of services to other Group companies	223	224
Sales of external services	4	2
Insurance compensation	-	13
Other	2	5
Total other operating income	229	244

Note 40

Expenses by nature

SEK M	2011	2010
Employee benefits	-140	-138
Depreciation/amortization	-6	-6
Other external costs	-209	-194
Other operating income/expenses	229	244
Total	-126	-94

Note 41

Exchange-rate differences that impact operating profit/loss

SEK M	2011	2010
Administration expenses	-2	-3
Other operating income/expenses	2	5
Total	0	2

Note 42

Depreciation of PPE and amortization of intangible assets

SEK M	2011	2010
Improvement expenses on buildings owned by others	-1	-1
Equipment, tools, fixtures and fittings	-1	-1
Capitalized expenditure for R&D and similar	-4	-4
Total	-6	-6

Note 43

Financial income and expenses

SEK M	2011	2010
Income from participations in Group companies		
Dividend	1,089	1,561
Impairment losses on shares in subsidiaries	-	-25
Group contributions	940	1,186
Gain/loss from divestment/winding-up of subsidiary	290	-265
Total	2,319	2,457

Other interest income and similar profit items

Interest income, Group companies	29	33
Interest income, other	7	0
Exchange-rate differences	0	-
Total	36	33

Interest expenses and similar loss items

Interest expenses, Group companies	-871	-477
Exchange-rate differences	-20	0
Total	-891	-477

Total financial income and expenses

	1,464	2,013
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Note 44

Income tax

SEK M	2011	2010
Current tax expenses		
Tax expenses for the period	0	0
Total	0	0
Deferred tax expenses (-)/revenue (+)		
Change in losses carried forward	3	-175
Reassessment of losses carried forward	0	0
Deferred tax expenses/revenue on changes in temporary differences	1	-1
Total	4	-176
Total recognized tax expenses/revenue	4	-176

Reconciliation of tax

Profit before tax	1,338	1,919
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Calculated Swedish income tax, 26.3%	-352	-505
Non-taxable dividends/income from shares in subsidiaries	363	341
Non-deductible impairment losses	-	-7
Other non-deductible expenses/non-taxable revenue	-7	-4
Tax attributable to prior years	0	-1
Other tax	0	0
Total recognized tax expenses/revenue	4	-176
Tax items reported directly in other comprehensive income		
Deferred tax on fair value, gains	-	1

The applicable tax rate is 26.3 percent.

Note 45

Property, plant and equipment

SEK M	2011	2010
Improvement expenses on buildings owned by others	20	21
Equipment, tools, fixtures and fittings	3	5
Total	23	26

	Improvement expenses on buildings owned by others		Equipment, tools, fixtures and fittings		Total	
SEK M	2011	2010	2011	2010	2011	2010
<i>Accumulated cost</i>						
Balance, January 1	25	25	12	16	37	41
Capital expenditures	–	–	0	0	0	0
Divestments and disposals	–	–	–2	–4	–2	–4
Accumulated cost, December 31	25	25	10	12	35	37
<i>Accumulated depreciation according to plan</i>						
Balance, January 1	–4	–3	–7	–9	–11	–12
Divestments and disposals	–	–	1	3	1	3
Depreciation according to plan for the year	–1	–1	–1	–1	–2	–2
Accumulated depreciation, December 31	–5	–4	–7	–7	–12	–11
Carrying amount	20	21	3	5	23	26

Trelleborg AB has entered into operating lease agreements. Leasing costs for assets held via operating lease agreements are recognized as operating costs and amounted to SEK 2 M (2). Future payment for non-cancellable lease commitments amount to SEK 2 M (2) and fall due as follows:

SEK M	2011	2010
Year 1	1	1
Years 2–5	1	1
Total	2	2

Note 46

Intangible fixed assets

SEK M	2011	2010
Capitalized expenditure for development work and the equivalent	4	9
Total	4	9

	Capitalized expenditure for development work and the equivalent	
SEK M	2011	2010
<i>Accumulated cost</i>		
Balance, January 1	20	16
Capital expenditures	–	4
Divestments and disposals	–2	–
Accumulated cost, December 31	18	20
<i>Accumulated amortization according to plan</i>		
Balance, January 1	–11	–7
Divestments and disposals	1	–
Amortization according to plan for the year	–4	–4
Accumulated amortization, December 31	–14	–11
Carrying amount	4	9

Note 47

Financial non-current assets

SEK M	2011	2010
Participations in Group companies (Note 17 and Note 48)*	34,387	34,027
Receivables in Group companies	227	329
Loan receivables	105	–
Other non-current securities holdings	9	6
Other non-current receivables	4	–
Total	34,732	34,362

* The difference between what is recognized in Note 47 and Note 17 pertains to transaction costs.

Note 48

Participations in Group companies

SEK M	2011	2010
Balance, January 1	34,027	33,744
<i>Add:</i>		
Acquisitions	289	2
Capital contributions	91	591
<i>Less:</i>		
Divestment/winding up	–20	–285
Impairment losses	–	–25
Carrying amount, December 31	34,387	34,027

See also Note 17.

Note 49

Change in deferred tax on temporary differences and losses carried forward

	Losses carried forward		Temporary differences: Non-current receivable		Non-current assets		Total deferred tax asset/liability	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010
Balance, January 1	0	175	0	0	–4	–4	–4	171
Recognized in profit and loss:								
–Change in losses carried forward	3	–175					3	–175
–Temporary differences				–1	1	0	1	–1
Recognized in other comprehensive income:								
–Deferred tax on fair value, gains				1			–	1
	3	0	0	0	–3	–4	0	–4

See also Note 44.

Note 50

Current receivables

SEK M	2011	2010
Operating receivables, Group companies	11	11
Other current receivables	36	22
Prepaid expenses and accrued income (Note 51)	6	19
Total	53	52

Carrying amount corresponds to fair value.

Note 51

Prepaid expenses and accrued income

SEK M	2011	2010
Other	6	19
Total	6	19

Note 52

Interest-bearing receivables

SEK M	2011	2010
Financial receivables, Group companies	597	1,078
Total interest-bearing receivables	597	1,078

Carrying amount corresponds to fair value.

Note 53

Shareholders' equity

SEK M	Restricted equity		Non-restricted equity		Total	
	2011	2010	2011	2010	2011	2010
Opening balance, January 1	3,750	3,750	8,859	7,255	12,609	11,005
Changes for the year:						
Dividend			-474	-136	-474	-136
Fair value, gains				-4	-	-4
Tax on fair value, gains				1	-	1
Net profit for the year			1,342	1,743	1,342	1,743
Closing balance, December 31	3,750	3,750	9,727	8,859	13,477	12,609

Trelleborg AB's share capital at December 31, 2011 amounted to SEK 2,620,360,569, represented by 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	2011	2010
Provisions for other pensions	7	2
Total	7	2

Pensions and similar costs amounted to SEK 22 M (20).

Note 55

Other provisions

SEK M	2011	2010
Provisions for long-term incentive program	8	8
Other provisions	1	-
Total	9	8

For further information, refer to Note 3.

Note 56

Interest-bearing liabilities

Interest-bearing non-current liabilities

SEK M	2011	2010
Other interest-bearing liabilities to Group companies	29	52
Total non-current interest-bearing liabilities	29	52

Interest-bearing current liabilities

SEK M	2011	2010
Other interest-bearing liabilities, Group companies	21,789	22,768
Total interest-bearing current liabilities	21,789	22,768
Total interest-bearing liabilities	21,818	22,820

Liabilities are recognized at amounts corresponding to fair value.

Note 57

Other current liabilities

SEK M	2011	2010
Accounts payable	24	29
Operating liabilities, Group companies	15	2
Other non-interest-bearing liabilities	6	4
Accrued expenses and prepaid income (Note 58)	53	54
Total	98	89

Liabilities are recognized at amounts corresponding to fair value.

Note 58

Accrued expenses and prepaid income

SEK M	2011	2010
Wages and salaries	34	32
Payroll overheads	10	10
Other	9	12
Total	53	54

Note 59

Contingent liabilities and pledged assets

SEK M	2011	2010
<i>Contingent liabilities</i>		
Pension obligations	2	1
Guarantees and other contingent liabilities	8,632	8,395
Total	8,634	8,396
Of which, on behalf of Trelleborg Treasury AB	7,917	7,690
Of which, on behalf of other subsidiaries	713	703
<i>Pledged assets</i>	-	-

The Parent Company has issued guarantees for the subsidiary Trelleborg Treasury AB's operation. Of the obligations under these guarantees, direct loans accounted for SEK 7,409 M (7,197), the fair value of derivative instruments for SEK 286 M (267) and other contingent liabilities on the closing date for SEK 222 M (226).

Proposed treatment of unappropriated earnings

The Board of Directors and the President propose that the profit brought forward from the preceding year, SEK 000s

8,384,768

and net profit for the year, SEK 000s

1,341,927

Total, SEK 000s

9,726,695

be distributed in the following manner:

Dividend to shareholders of SEK 2.50 per share, SEK 000s

677,679

balance to be carried forward, SEK 000s

9,049,016

Total, SEK 000s

9,726,695

The proposed record date for the right to a dividend is April 24, 2012.

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), as 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 Board of Directors' 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 27, 2012


Anders Narvinger
Chairman


Hans Björck


Claes Lindqvist


Sören Mellstig


Bo Risberg


Nina Udnes Tronstad


Heléne Vibbleus Bergquist


Peter Larsson


Karin Linsjö


Mikael Nilsson


Birgitta Håkansson


Peter Nilsson
President

Audit report submitted February 27, 2012

PricewaterhouseCoopers AB


Mikael Eriksson
Authorized Public Accountant
Auditor in charge


Eric Salander
Authorized Public Accountant

AUDITOR'S REPORT

TRELLEBORG AB

corporate identity number 556006-3421

To the annual general meeting of the shareholders of Trelleborg AB (publ)

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Trelleborg AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 5-46 and 63-103.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit and the administration of the Board of Directors and the Managing Director of Trelleborg AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Trelleborg 27 February 2012
PricewaterhouseCoopers AB


Mikael Eriksson
Authorized Public Accountant
Auditor in charge


Eric Salander
Authorized Public Accountant

TEN-YEAR OVERVIEW

Trelleborg Group (SEK M unless otherwise stated) ¹⁾	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Continuing operations										
Net sales	29,106	27,196	24,769	28,481	27,899	24,397	20,946	19,989	15,606	14,689
Operating profit	2,431	2,036	734	980	1,686	1,480	1,608	1,048	898	713
Profit before tax	2,222	1,818	344	475	1,317	1,220	1,411	777	812	474
Net profit	1,578	1,284	403	269	931	845	1,059	619	505	340
Discontinued operations										
Net sales	44	1,582	2,290	2,782	3,072	2,887	3,224	2,923	2,354	2,941
Operating profit/loss	258	-84	39	-606	21	27	171	843	310	233
Profit/loss before tax	258	-86	25	-641	-49	-27	156	827	279	203
Net profit/loss	260	-101	16	-527	-93	-79	118	767	215	84
Total net sales	29,150	28,778	27,059	31,263	30,971	27,284	24,170	22,912	17,960	17,630
Total operating profit	2,689	1,952	773	374	1,707	1,507	1,779	1,891	1,208	946
Total profit/loss before tax	2,480	1,732	369	-166	1,268	1,193	1,567	1,604	1,091	677
Total net profit/loss	1,838	1,183	419	-258	838	766	1,177	1,386	720	424
– shareholders in the Parent Company	1,819	1,162	409	-267	821	751	1,161	1,372	702	410
– non-controlling interests	19	21	10	9	17	15	16	14	18	14
Shareholders' equity	13,504	12,196	12,361	10,238	10,052	9,687	10,113	8,603	7,452	7,284
Capital employed, closing balance	19,574	18,091	19,755	22,238	19,853	18,818	16,922	15,112	15,810	9,886
Net debt	6,425	6,409	8,369	12,706	10,093	9,350	7,236	6,951	8,447	2,962
Total assets	28,691	27,314	29,539	33,763	29,334	27,557	24,960	22,152	22,856	15,400
Equity/assets ratio, %	47	45	42	30	34	35	41	39	33	48
Debt/equity ratio, %	48	53	68	124	100	96	72	81	111	40
Capital turnover rate, multiple	1.5	1.5	1.3	1.5	1.6	1.5	1.5	1.4	1.5	1.7
Investments in property, plant and equipment	1,075	792	754	1,367	1,215	980	689	841	572	735
Investments in intangible assets	61	47	72	159	121	132	184	170	115	4
Acquisitions	746	165	63	802	616	3,095	368	346	6,141	133
Discontinued operations	559	78	44	-169	16	273	156	1,129	95	397
Return on shareholders' equity, %	14.3	9.5	3.6	neg	8.4	7.6	12.5	17.2	9.5	5.5
Earnings per share, SEK ²⁾	6.70	4.30	1.70	-1.35	4.15	3.80	5.90	7.10	3.85	2.15
Free cash flow	594	1,173	1,699	549	628	815	794	501	850	471
Free cash flow per share, SEK ²⁾	2.20	4.35	7.05	2.75	3.15	4.10	4.00	2.60	4.65	2.50
Dividend to shareholders in the Parent Company ³⁾	678	474	136	–	587	542	497	449	404	355
Dividend per share, SEK ³⁾	2.50	1.75	0.50	–	2.95	2.75	2.50	2.30	2.20	1.90
Shareholders' equity per share, SEK ²⁾	49.20	44.55	45.30	51.20	50.10	48.35	50.70	43.05	40.30	39.70
Shareholders' equity per share after dilution, SEK ²⁾	49.20	44.55	45.30	51.20	50.10	48.35	50.70	43.05	39.95	39.30
Average number of employees	20,274	20,042	20,073	24,347	25,158	22,506	21,694	21,675	15,855	14,885
– of which, outside Sweden	18,502	18,230	18,342	22,104	22,836	20,268	19,243	19,117	13,773	12,919

Continuing operations excluding items affecting comparability ⁴⁾

EBITDA	3,538	3,304	2,173	2,833	3,136	2,628	2,374	2,386	1,664	1,574
EBITDA, %	12.1	12.1	8.7	10.0	11.2	10.7	11.2	13.2	10.8	9.9
Operating profit	2,635	2,286	1,088	1,843	2,226	1,805	1,608	1,608	1,117	881
Profit before tax	2,426	2,068	698	1,338	1,858	1,545	1,411	1,337	1,031	642
Net profit	1,727	1,474	655	989	1,350	1,137	1,059	1,011	707	488
Operating margin (ROS), %	9.0	8.4	4.4	6.5	8.0	7.3	7.5	7.8	6.9	5.8
Return on capital employed (ROCE), %	13.5	11.9	5.1	9.1	11.8	10.6	11.1	10.3	9.3	9.3
Return on shareholders' equity, %	13.4	11.9	5.8	9.8	13.7	11.5	11.3	12.6	6.5	5.1
Earnings per share, SEK	6.30	5.35	2.70	4.95	6.75	5.70	5.30	5.20	2.60	2.05
Operating cash flow	1,655	2,190	3,040	1,627	1,708	1,556	1,597	1,306	1,075	721
Operating cash flow per share, SEK	6.10	8.10	12.65	8.20	8.60	7.70	8.40	6.95	5.45	3.60
Operating cash flow/operating profit, %	63	96	279	88	77	86	99	81	96	82
Average number of employees	20,257	18,974	18,115	21,724	22,349	19,848	19,514	19,609	14,909	14,816

¹⁾ Figures for 2002-2003 are reported in accordance with earlier accounting policies. Figures for 2004-2011 are reported in accordance with IFRS.

²⁾ 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⁾ Dividend for 2011 in accordance with the proposed treatment of unappropriated earnings.

⁴⁾ For comparability, historical values have been adjusted for discontinued operations and figures for 2002-2003 are reported excluding goodwill amortization.

THE TRELLEBORG SHARE

Trelleborg's Series B share has been listed on the NASDAQ OMX 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.

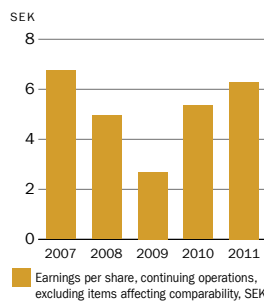
Trelleborg has two classes of shares: 28,500,000 Series A shares and 242,571,783 Series B shares. Each Series A share entitles the holder to ten votes and each Series B share to one vote.

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.

Earnings per share



In 2011, Trelleborg was included in the following sustainability indexes:

- OMX GES Sustainability Sweden
- OMX GES Sustainability Nordic
- OMX GES Ethical Nordic
- OMX GES Ethical Sweden
- Nordic Sustainability Stars Sweden Top 25 (Ethix)
- ESI Europe (Ethibel)



Share price and turnover

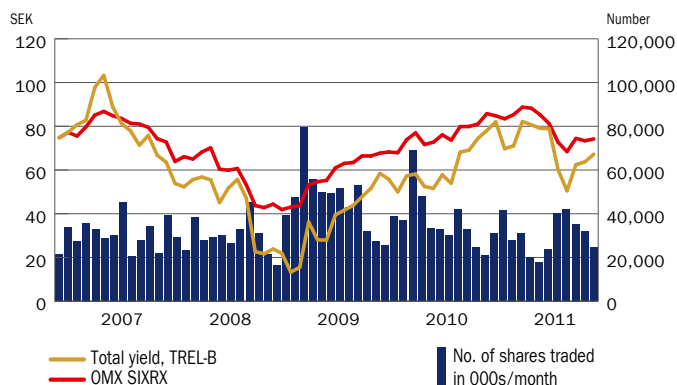
The price of Trelleborg's Series B share dropped 19 percent (increase: 32) during 2011 to SEK 59.75. The OMX Stockholm Price Index declined 17 percent (increase: 23) during the year. The highest price paid in 2011 was SEK 76.85, on January 18. The lowest price paid was SEK 41.94 on October 4. At December 31, 2011, Trelleborg's market capitalization was SEK 14,494 billion (17,247).

The introduction of the MiFiD directive meant that share trading within the EU became 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 2011, the NASDAQ OMX Stockholm accounted for approximately 64 percent (78) (source: Fidessa). In terms of value, Trelleborg's shares were the 38th (37th) most traded on

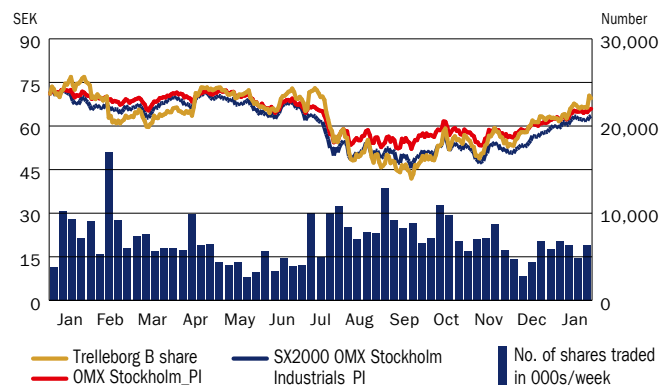
the NASDAQ OMX Stockholm in 2011.

During 2011, 573 million (573) Trelleborg shares were traded (of which 368 million on the NASDAQ OMX Stockholm), corresponding to 236 percent (236) of the total number of shares in the company, at a value of SEK 34,668 M (30,876). The average daily turnover amounted to about 2,263,000 shares (2,218,000) or SEK 137.0 M (119.5).

Price trend and trading volume Jan 2007 – Jan 2012

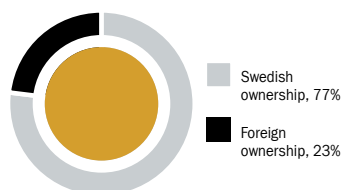


Price trend and trading volume Jan 2011 – Jan 2012

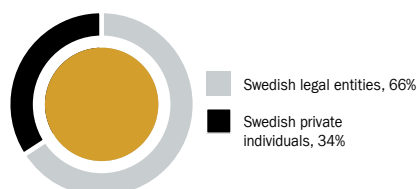


As of February 1, 2012, NASDAQ OMX classifies industries in accordance with Industry Classification Benchmark (ICB) instead of Global Industry Classification Standard (GICS). Trelleborg is now included in the 2000 Industrials, Super sector 2700 Industrial Goods and Services and the 2750 Industrial Engineering sector.

Swedish and foreign ownership, based on holding, number of shares



Legal entities and private individuals, based on holding, number of shares



23 percent foreign ownership

Of the total number of shares, foreign shareholders accounted for approximately 23 percent (20) at December 31, 2011. Institutions accounted for the majority of total ownership. Of the total number of Swedish-owned shares at year-end, 66 percent (74) were owned by legal entities and 34 percent (26) by private individuals. This information is based on the official share register and list of trustees at December 31, 2011.

Analysts

For a current list of the analysts that continuously monitor Trelleborg, visit www.trelleborg.com/analysts.

Dividend policy

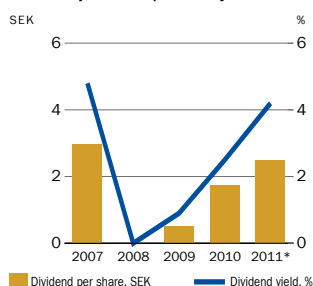
The Group's dividend is adapted to such factors as Trelleborg's level of earnings, financial position and future development opportunities.

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 2011, the Board proposes a dividend of SEK 2.50 (1.75), which corresponds to about 37 percent of net profit for the year.

In the most recent five-year period, the Trelleborg share has averaged a dividend yield of 2.5 percent per year.

Dividend per share / Direct yield



* Board's proposal to Annual General Meeting

Trelleborg AB's ten largest shareholders as of December 31, 2011

No.	Shareholder	No. of shares	Percentage of capital, %	Percentage of votes, %
1	Dunker Interest	30,700,000	11.3	54.4
2	Didner & Gerge Equity Funds	19,836,436	7.3	3.8
3	Lannebo funds	15,210,000	5.6	2.9
4	Swedbank Robur funds	8,886,121	3.3	1.7
5	DFA funds (US)	8,278,248	3.1	1.6
6	AFA Insurance Companies	7,869,158	2.9	1.5
7	SEB funds – Trygg life insurance	7,454,612	2.8	1.4
8	Alecta	7,220,728	2.7	1.4
9	Unionen	6,173,978	2.3	1.2
10	SHB funds & life insurance	6,070,684	2.2	1.2
	Other 51 562 shareholders	153,371,818	56.5	28.9
Total shares		271,071,783	100.0	
Total votes		527,571,783		100.0

Distribution of shares as of December 31, 2011

At year-end 2011, the number of shareholders totaled

Number of shares	Number of shareholders	Percentage of total no. of shares	Change from Dec. 31, 2010, percentage points
1 – 1,000	39,943	77.4	0.6
1,001 – 5,000	9,425	18.2	-0.4
5,001 – 20,000	1,676	3.4	-0.1
20,001 –	527	1.0	0
Total	51,572	100	

Number of shares, voting rights and share class

Share class	No. of shares	Percent	No. of votes	Percent
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

Key data per share

SEK (unless specified otherwise)	2011	2010	2009	2008	2007
Continuing operations					
Earnings per share	5.75	4.65	1.65	1.30	4.60
Earnings per share after dilution	5.75	4.65	1.65	1.30	4.60
Earnings per share, excl. items affecting comparability	6.30	5.35	2.70	4.95	6.75
Total					
Earnings per share	6.70	4.30	1.70	-1.35	4.15
Earnings per share after dilution	6.70	4.30	1.70	-1.35	4.15
Shareholders' equity per share	49.20	44.55	45.30	51.20	50.10
Shareholders' equity per share after dilution	49.20	44.55	45.30	51.20	50.10
Dividend per share	2.50 ¹⁾	1.75	0.50	–	2.95
Yield, %	4.2	2.5	0.9	0.0	4.8
Market price, B share, December 31, last paid price SEK	59.75	71.10	53.50	22.00	61.80
P/E ratio	9	17	31	neg	15
Turnover of series B share, calculated by value, %	236	236	225	211	204

No. of shares (excluding Trelleborg's own holdings)

At Dec 31 ²⁾	271,071,783	271,071,783	271,071,783	90,357,261	90,357,261
Average ³⁾	271,071,783	271,071,783	240,699,594	198,178,530	198,178,530

1) According to the Board of Directors' and President's proposal.

2) No dilution effect.

3) Following the rights issue in 2009, the average number of shares was adjusted according to guidelines in IAS 33.

THE WORLD OF TRELLEBORG

Argentina

Market office: Buenos Aires
Number of employees: 4

Australia

Production: Brisbane, East Bentleigh, Melbourne
Development unit: Brisbane
Market office: Bibra Lake, Brisbane,
East Bentleigh, Melbourne, Perth, Sydney
Number of employees: 181

Austria

Market office: Vienna
Number of employees: 16

Belgium

Market office: Brussels, Dion-Valmont, Evergem
Number of employees: 68

Brazil

Production: Guarulhos, São José dos Campos
Development unit: Guarulhos
Market office: Lencois Paulista, São Paulo,
São José dos Campos
Number of employees: 960

Bulgaria

Market office: Sofia
Number of employees: 54

Canada

Market office: Etobicoke
Number of employees: 22

China

Production: Huizhou, Qingdao, Shanghai, Wuxi,
Xingtai
Development unit: Shanghai, Wuxi
Market office: Beijing, Chengdu, Guangzhou,
Hongkong, Shanghai, Wuhan, Wuxi, Xi'an
Number of employees: 1,772

Croatia

Market office: Zagreb
Number of employees: 7

Czech Republic

Production: Lesina, Mladá Boleslav
Market office: Rakovník, Prague
Number of employees: 244

Denmark

Production: Helsingør
Development unit: Helsingør
Market office: Beder
Number of employees: 311

Estonia

Production: Kuressaare
Number of employees: 223

Finland

Production: Kiikka
Market office: Nokia, Vantaa
Number of employees: 82

France

Production: Cernay, Clermont-Ferrand,
Condé-sur-Noireau, Mirambeau, Nantes,
Poix-Terron, Sancheville, Steinbach, Witry lès
Reims
Development unit: Clermont-Ferrand, Nantes,
Witry lès Reims
Market office: Clermont-Ferrand,
Compiègne, Maisons-Laffitte, Paris, Rochefort
Number of employees: 1,879

Germany

Production: Breuberg, Grossheubach,
Lathen
Development unit: Breuberg,
Mannheim, Mosbach, Stuttgart
Market office: Duisburg, Erbach/
Odenwald, Gärtringen, Stuttgart,
Mettmann, Lathen
Number of employees: 1,154

Hungary

Market office: Budapest, Budaörs
Number of employees: 10

India

Production: Bangalore, Noida
Development unit: Ahmedabad
Market office: Ahmedabad, Bangalore
Jayanagar
Number of employees: 904

Indonesia

Market office: Jakarta
Number of employees: 8

Italy

Production: Livorno, Lodi Vecchio, Modena, Tivoli,
Torino
Development unit: Livorno, Lodi Vecchio,
Tivoli, Torino
Market office: Cuneo, Livorno, Milano, Rom,
Sesto San Giovanni, Tivoli
Number of employees: 1,372

Japan

Development unit: Toyo Koto-ku
Market office: Kawasaki City, Tokyo,
Toyo Koto-ku, Yokohama
Number of employees: 117

Latvia

Production: Liepaja
Number of employees: 56

Lithuania

Production: Tauragė
Number of employees: 177

Malaysia

Market office: Kuala Lumpur
Number of employees: 3

Malta

Production: Hal Far, Marsa
Development unit: Hal Far
Number of employees: 571

Mexico

Production: Tijuana, Toluca
Market office: Mexico City, Monterrey
Number of employees: 525

The Netherlands

Production: Ede, Hoogezaand, Ridderkerk
Development unit: Ede, Ridderkerk
Market office: Barendrecht, Ede,
Lelystad, Ridderkerk
Number of employees: 271

Norway

Production: Mjøndalen
Development unit: Mjøndalen
Market office: Leirdal, Mjøndalen, Oslo,
Spydeberg
Number of employees: 361

Poland

Production: Bielsko-Biala, Czechowice-Dziedzice,
Skoczow
Market office: Łódź, Warsaw
Number of employees: 483

Romania

Production: Dej
Number of employees: 235

Russia

Production: Zavolzhye
Market office: Moscow, St Petersburg
Number of employees: 51

Singapore

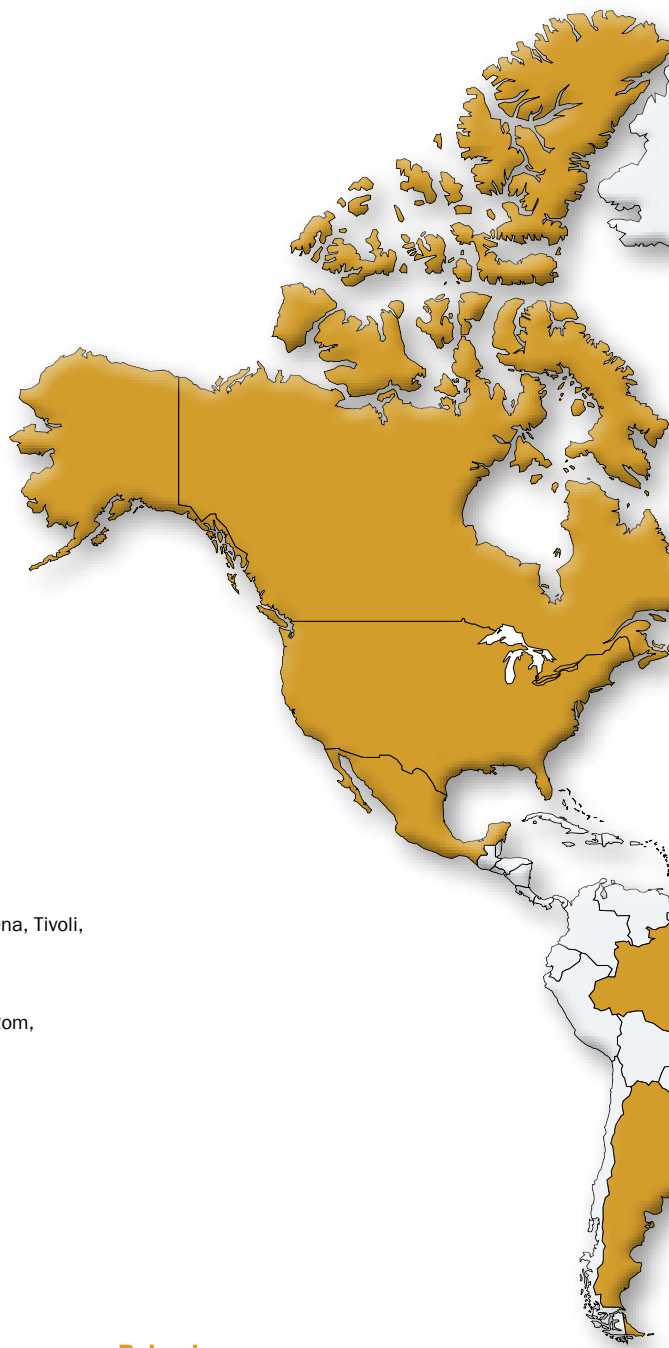
Production: Singapore
Development unit: Singapore
Market office: Singapore
Number of employees: 212

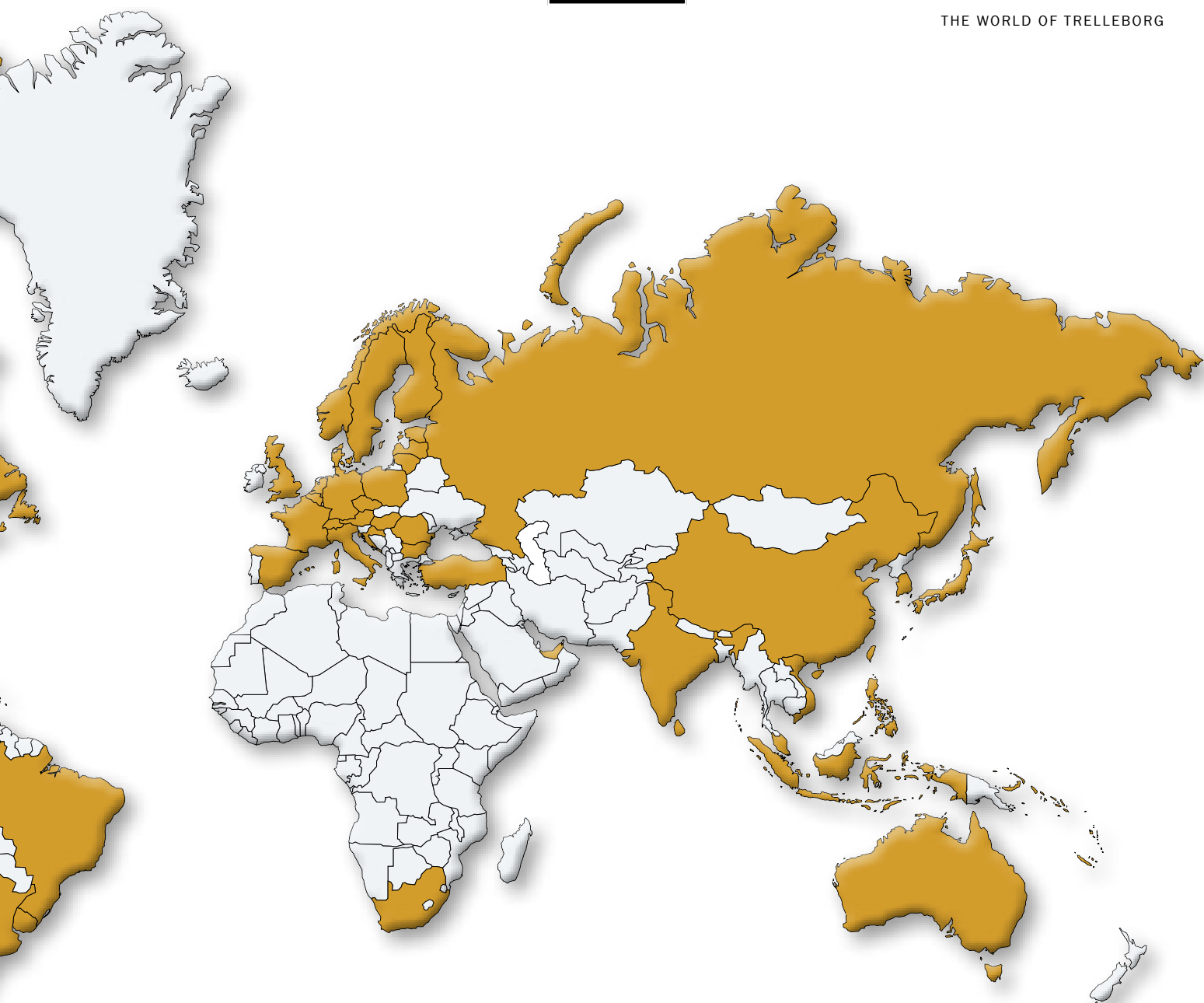
South Africa

Market office: Johannesburg
Number of employees: 31

South Korea

Production: Gyeongbuk
Development unit: Gyeong San
Market office: Seoul
Number of employees: 439





Spain

Production: Burgos, Cascante, Izarra, Martorell, Pamplona, Santander
Development unit: Izarra
Market office: Barcelona, Madrid
Number of employees: 1,059

Sri Lanka

Production: Kelanyia
Development unit: Kelanyia
Number of employees: 906

Sweden

Production: Bor, Ersmark, Forsheda, Havdhem, Kalmar, Rydaholm, Sävsjö, Trelleborg, Värnamo, Örebro
Development unit: Ersmark, Forsheda, Kalmar, Sävsjö, Trelleborg, Örebro
Market office: Bromma, Göteborg, Jönköping, Kalmar, Värnamo
Number of employees: 1,794

Switzerland

Market office: Crissier, Stein am Rhein
Number of employees: 144

Taiwan

Market office: Taichung
Number of employees: 23

Turkey

Production: Çerkesköy
Number of employees: 191

UK

Production: Barrow-in-Furness, Bridgwater, Cadley Hill, Knaresborough, Leicester, Middleton, Retford, Rotherham, Skelmersdale, Tewkesbury
Development unit: Bridgwater, Leicester, Malmesbury, Rotherham, Skelmersdale
Market office: Ashby de la Zouch, Bakewell, Barrow-in-Furness, Bellshill, Castle Donington, Covertry, Knaresborough, Leicester, Lydney, Malmesbury, Middleton, Minworth, Rotherham, Runcorn, Skelmersdale, Solihull, St Alban, Telford
Number of employees: 1,493

United Arab Emirates

Market office: Dubai, Sebel Ali
Number of employees: 13

Uruguay

Market office: Montevideo
Number of employees: 1

USA

Production: Amelia, Aurora, Benton Harbor, Bristol, Broomfield, Canton, Carmi, Clearbrook, Fairlawn, Flat River, Fort Wayne, Hudson, Houston, Mansfield, Milford, Morganfield, Morristown, Northborough, Northville, Park Hills, Randolph, Rutherfordton, Salisbury, Sandusky, South Haven, Spartanburg, Streamwood, Streetsboro, Winchester
Development unit: Bloomfield Hills, Broomfield, Fort Wayne, Northborough, Northville, South Haven, Spartanburg, Streamwood, Suwanee
Market office: Bloomfield Hills, Broomfield, Castro Valley, Colmar, Conshohocken, Fort Wayne, Fresno, Hanover Park, Houston, Lombard, North Charleston, Northville, Portland, Portsmouth, Torrance
Number of employees: 2,881

Vietnam

Market office: Ho Chi Minh City
Number of employees: 1

This list includes locations with Trelleborg units in January 2012 and pertains to the number of employees at year-end, including insourced and temporary employees.

ANNUAL GENERAL MEETING 2012



The Annual General Meeting of Trelleborg AB (publ) will be held on Thursday, April 19, 2012, at 5:00 p.m. in Söderslättsshallen in Trelleborg, Sweden.

Program

3:00 p.m. Registration and light refreshments
3:40 p.m. Meeting hall opens
5:00 p.m. AGM commences

Notification

Shareholders who wish to participate and vote in the Meeting must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Friday, April 13, 2012, at the latest, and notify the company of their intention to participate – with any advisors – not later than 3:00 p.m. on the same date.

Shareholders whose shares have been registered in the name of a trustee, must have temporarily re-registered the shares in their own name not later than Friday, April 13, 2012. 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:

- via the Group's website: www.trelleborg.com
- by e-mail to: anmalan.stamma@trelleborg.com
- by mail to Trelleborg AB, Legal Department, PO Box 153, SE-231 22 Trelleborg, Sweden
- by telephone to: +46 (0)410-670 04 or 670 00

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 2012 Annual General Meeting

Proposed dividend

The Board of Directors and the President propose a cash dividend of SEK 2.50 (1.75) per share to be paid to the shareholders. April 24, 2012 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 27, 2012.

Board members

The Nomination Committee, consisting of representatives of major shareholders who together control approximately 64 percent of the votes in Trelleborg AB, and the Chairman of the Board have decided to propose to the Annual General Meeting the re-election all Board members: Hans Biörck, Claes Lindqvist, Sören Mellstig, Peter Nilsson, Bo Risberg, Nina Udnes Tronstad, Heléne Vibbleus Bergquist and Anders Narvinger as Chairman.

FINANCIAL DEFINITIONS AND GLOSSARY

Financial key figures

Debt/equity ratio Net debt divided by total equity.

Earnings per share Profit for the period, attributable to shareholders of the Parent Company divided by the average number of shares outstanding.

Earnings per share after dilution Profit for the period, attributable to shareholders of the Parent Company 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 shareholders of the Parent Company as a percentage of average shareholders' equity, excluding non-controlling 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 shareholders 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 interest income/expense EBITDA divided by net interest income/expense (interest income less interest 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 compa-

nies, investments and changes in working capital but excluding cash flow pertaining to restructuring.

Operating cash flow/Operating profit 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.

Operating profit Operating profit as stated in the income statement excluding items affecting comparability.

Rate of capital turnover Net sales as a percentage of average capital employed.

Return on capital employed (ROCE) Operating profit divided by the average capital employed.

Return on shareholders' equity Profit for the period, attributable to shareholders of the Parent Company, excluding items affecting comparability, net after tax, divided by average shareholders' equity, excluding non-controlling 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

BRIC countries Brazil, Russia, India, China.

Brake shims Rubber metal alloy rings attached to the brake lining (to minimize screech).

CDP (Carbon Disclosure Project), an independent organization with the world's largest database of climate information. On behalf of global investors, the CDP gathers information regarding emissions of greenhouse gases by companies and organizations as well as the measures being taken by them to prevent a negative climate impact.

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).

Global Compact UN initiative that unites companies and social institutions around ten 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.

ISO (International Organization for Standardization), an international standardization body that works with industrial and commercial standards. The following standards are applied at Trelleborg; ISO 9000 which provides guidelines for quality assurance systems, ISO 14001 that sets requirements and provides guidance regarding environmental management systems and ISO 26000 which forms a practical set of guidelines and standards for increasing responsibility in the process to obtaining sustainable development.

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 manufacturing processes for polymers in combination with their unique properties.

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.

Safety@Work A program of preventative measures to forestall injuries and illness at all of Trelleborg's workplaces. The 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 employees in all its units.

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Trelleborg distributes a paper version of the Annual Report only to those who have specifically requested to receive a copy. Trelleborg publishes a reader-friendly and interactive annual report on the Internet. If you wish to receive a paper copy of the annual report, it can be ordered on the company's website.

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Trelleborg Gateway - Smartphone App

Gain quick and easy access to news and updates as well as an overview of Trelleborg's products via iPhone or Android.

Financial calendar 2012

Interim report, January – March	April 19
Annual General Meeting (Trelleborg)	April 19, 5:00 p.m.
Interim report April – June	July 19
Interim report July – September	October 24
Year-end report 2012	Feb 13, 2013

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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.

Trelleborg is a global industrial group whose leading positions are based on advanced polymer technology and in-depth applications know-how. Trelleborg develops high-performance solutions that seal, damp and protect in demanding industrial environments. The Trelleborg Group had annual sales during 2011 of just over SEK 29 billion, with about 21,000 employees in over 40 countries. The Group comprises four business areas: Trelleborg Engineered Systems, Trelleborg Automotive, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. The Trelleborg share has been listed on the Stockholm Stock Exchange since 1964 and is listed on the NASDAQ OMX Nordic List, Large Cap.

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