

*Excluding Boliden, Group operating profit rose by 54 percent.  
Operating profit for Trelleborg's Industrial operations rose 41 percent.  
Operating profit for the group's Distribution operations increased 126 percent.*

*Including participations in the pretax profit of associated companies, Group operating profit for the period totaled SEK 221 M (309).*

*Excluding Boliden, Group operating profit was SEK 191 M (124 M).*

*Bid made to acquire all of the remaining shares in Starckjohann. Prospectus due in May 1998.*

*The equity/assets ratio was 53.9 percent (52.4).*

It should be noted that to facilitate comparisons the Group's operating profit for the first and second quarters of 1997 included the wholly owned subsidiary, Boliden Ltd, which effective June 30, 1997 was reported as an associated company. As of March 1, 1998, Trelleborg's ownership interest in Boliden is 41.8 percent.

### **Net sales, earnings and profitability**

The Group's net sales for the period January 1 to March 31, 1998 totaled SEK 6,073 M, compared with SEK 5,441 M for the year-earlier period. Excluding Boliden, net sales for the first quarter of 1997 amounted to SEK 3,406 M, corresponding to an increase between the periods of 78 percent.

Including participations in the pretax profit of associated companies, operating profit for the period totaled SEK 221 M (309). Excluding Boliden, the corresponding figure for the first quarter of 1998 was SEK 191 M, compared with SEK 124 M for the year-earlier quarter. Earnings for the Group's Industrial and Distribution operations increased by 54 percent.

Profit after financial income and expense for the period amounted to SEK 200 M (300).

Profit after tax and minority shares totaled SEK 148 M (211), equivalent to earnings of SEK 1.30 (1.80) per share.

The return on shareholders' equity after tax was 5.3 percent (8.9) and the return on operating capital employed, including participation in the profit of associated companies, was 7.4 percent (10.8).

### **Balance sheet, cash flow and investments**

The Group's net indebtedness increased by SEK 316 M during the first quarter to SEK 1,184 M at the end of the period, compared with SEK 1,514 M at the end of the year-earlier period and SEK 868 M at year-end 1997. The Group's operations generated SEK 169 M in operating profit during the first quarter, while an increase in the amount of tied-up capital in primarily operating capital led to an increase in net borrowing.

On March 31, 1998, the Group had liquid funds of SEK 3,163 M (1,098), of which a promissory note for the final installment payment for Boliden accounts for SEK 2,436 M. The note falls due for payment on June 18 this year. Gross investments during the first three months of 1998 amounted to SEK 163 M (273).

Trelleborg's equity/assets ratio on March 31, 1998 was 53.9 percent (52.4).

### **Industrial operations**

Invoiced sales of the Group's Industrial operations rose 28 percent to total SEK 1,917 M (1,502). Adjusted for acquisitions and exchange-rate movements, sales rose by 9 percent. Operating profit for the period amounted to SEK 128 M (91), up 41 percent. Changes in currency exchange rates had a positive effect of approximately SEK 8 M on earnings.

#### **Trelleborg Automotive**

Demand for the business area's products was very favorable. Invoiced sales for the period amounted to SEK 686 M (436), an increase of 57 percent. For comparable units, the increase was 12 percent. Earnings during the period totaled SEK 66 M (28). All units demonstrated extremely good earnings-generation capacity, particularly within the business area's North American operations.

#### **Trelleborg Wheel Systems**

Market demand was favorable and had a positive effect on invoiced sales, which totaled SEK 522 M (409). For comparable units, sales rose 12 percent. Compared with the corresponding period of 1997, earnings for the first quarter of 1997 rose from SEK 25 M to SEK 40 M.

#### **Trelleborg Engineered Systems**

Sales during the first quarter amounted to SEK 529 M, up 7 percent on sales of SEK 493 M a year ago. Earnings totaled SEK 20 M (23). The decline was due to nonrecurring costs of SEK 7 M within the Engineered Products division.

#### **Trelleborg Building Systems**

Sales totaled SEK 218 M (184), an increase of 18 percent. Earnings amounted to SEK 11 M (11). Operations within this business area are seasonal by nature, with a traditionally weak start to the year.

### **Distribution operations**

Invoiced sales of the Group's Distribution operations totaled SEK 3,369 M (1,754). Excluding Intermarket, which is being divested and which is reported under the heading "Other" for the January–March 1998 period, the increase was 124 percent. For comparable units, the increase was 17 percent. Distribution operations generated earnings of SEK 77 M (49) for the period. Excluding Intermarket, earnings rose by 126 percent compared with the year-earlier period.

#### **Ahlsell**

Sales totaled SEK 1,207 M (772), up 56 percent primarily due to the acquisition of Skoogs. Earnings for the period rose to SEK 37 M, com-

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pared with SEK 11 M for the corresponding quarter of 1997. Approximately 70 percent of the increase was due to the business area's newly acquired units.

### Bröderna Edstrand

Sales rose 19 percent to SEK 612 M (515). The increase was mainly attributable to increased volume but also, to some extent, to higher steel prices. Earnings rose to SEK 26 M (23).

### Reynolds

Sales amounted to SEK 275 M (215). The increase was primarily due to operations in France and the United Kingdom. Earnings for the period totaled SEK 4 M (3).

### Starckjohann

Starckjohann's invoiced sales totaled SEK 1,275 M. Earnings for the period amounted to SEK 11 M. The trend of earnings within Starckjohann is characterized by strong seasonal variations, with a traditionally very weak first quarter. The earnings for the first three months of 1998 were double the level achieved in the corresponding period of 1997.

### Boliden Ltd

Boliden's earnings totaled USD 6.3 M, compared with USD 17.7 M for the year-earlier period. The acquisition of Westmin Resources was completed during the report period, which was charged against earnings. Excluding Westmin, Boliden would have reported operating profit of USD 14.9 M. Westmin is expected to contribute to Boliden's earnings during the second half of 1998, when a major copper project in Chile is scheduled to be in full production.

### Bid for Starckjohann

At the end of the first quarter, Trelleborg owned a 53.7-percent holding in Starckjohann. Since the end of the period, Trelleborg has made a public offer to acquire all of the remaining shares in the Finnish company. A prospectus will be presented to the other shareholders during May.

### Outlook for 1998

We believe that favorable earnings will continue to be generated by all of the wholly owned subsidiaries within Trelleborg's industrial and distribution operations. As always, the Group's share in the earnings of its associated company, Boliden, is dependent on the trend of metals prices.

Trelleborg, April 24, 1998  
Kjell Nilsson  
President and CEO

## Income statements

Group SEK M	January–March		April 1997 – March 1998	Full-year 1997
	1998	1997		
Net sales	6,073	5,441	21,457	20,825
Cost of goods sold	– 4,838	– 4,486	– 16,757	– 16,405
<b>Gross profit</b>	<b>1,235</b>	<b>955</b>	<b>4,700</b>	<b>4,420</b>
Selling, administration and R & D expenses	– 1,072	– 698	– 3,856	– 3,482
Noncomparable items	—	—	1,309	1,309
Other operating revenues and expenses	6	18	31	43
Pretax profit from participations in associated companies	52	34	337	319
<b>Operating profit</b>	<b>221</b>	<b>309</b>	<b>2,521</b>	<b>2,609</b>
Financial income and expenses	– 21	– 9	– 71	– 59
<b>Profit after financial items</b>	<b>200</b>	<b>300</b>	<b>2,450</b>	<b>2,550</b>
Taxes	– 44	– 89	– 465	– 510
Minority shares	– 8	0	– 10	– 2
<b>Net profit for the period</b>	<b>148</b>	<b>211</b>	<b>1,975</b>	<b>2,038</b>

## Balance Sheets

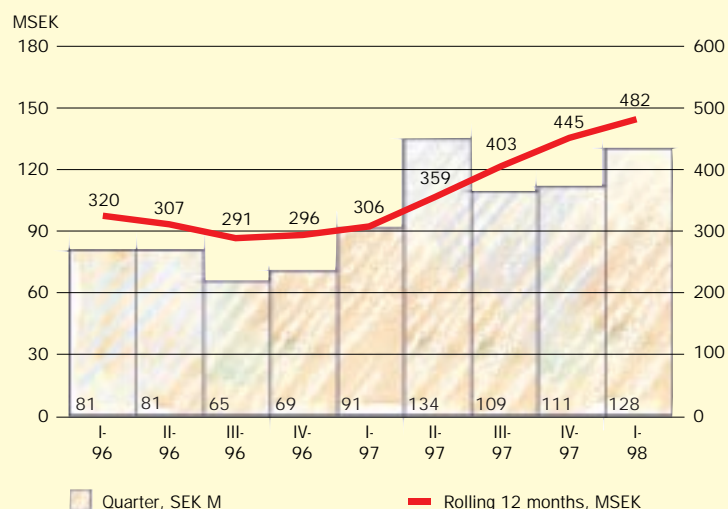
Group SEK M	March 31 1998	March 31 1997	Dec 31 1997
Intangible fixed assets	1,748	912	1,719
Tangible fixed assets	3,864	6,230	3,868
Financial fixed assets	4,134	1,991	4,174
Inventories	3,777	3,415	3,595
Receivables	4,634	4,772	4,252
Liquid funds	3,163	1,098	3,573
<b>Total assets</b>	<b>21,320</b>	<b>18,418</b>	<b>21,181</b>
Shareholders' equity	11,145	9,640	11,051
Minority shares	341	13	342
Provisions	1,263	1,528	1,282
Long-term liabilities	4,066	2,224	4,084
Current liabilities	4,505	5,013	4,422
<b>Total shareholders' equity and liabilities</b>	<b>21,320</b>	<b>18,418</b>	<b>21,181</b>

## Key figures

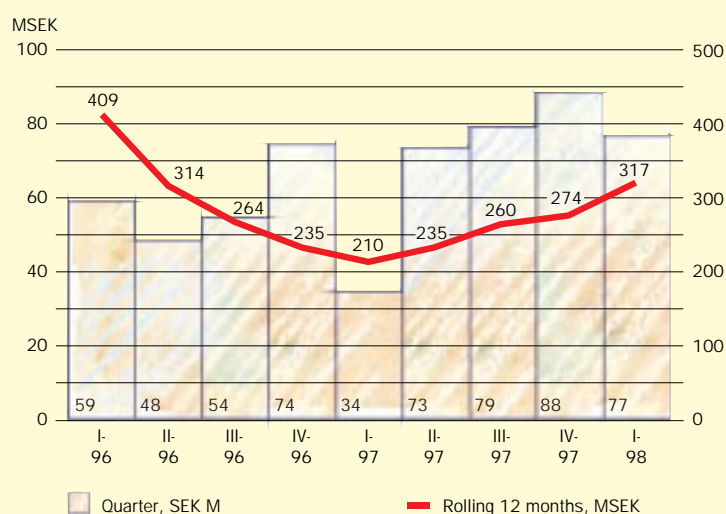
Group	January–March		April 1997 –March 1998	Full-year 1997
	1998	1997		
Return on shareholders' equity, after full tax, %	5.3	8.9	19.0	19.9
Equity/assets ratio, %*)	53.9	52.4		53.8
Earnings per share, after full tax, SEK	1.30	1.80	16.80	17.40
Ditto, excluding noncomparable items	1.30	1.80	7.10	7.65
Shareholders' equity per share, SEK*)	95.00	82.15		94.20
Financial assets, minus liabilities at end of period, SEK M	– 1,184	– 1,514		– 868
Investments in plant, SEK M	163	273	853	963

\*) Not including surplus value in listed shares

## Industrial operations Operating income



## Distribution operations Operating income



## Group review

SEK M	Net sales				Operating profit/loss <sup>1)</sup>			
	Jan-March 1998	Jan-March 1997	Apr 97 -March 98	Full-year 1997	Jan-March 1998	Jan-March 1997	Apr 97 -March 98	Full-year 1997
Trelleborg Automotive	686	436	2,438	2,188	66	28	245	207
Trelleborg Wheel Systems	522	409	1,944	1,831	40	25	115	100
Trelleborg Engineered Systems	529	493	2,045	2,009	20	23	67	70
Trelleborg Building Systems	218	184	962	928	11	11	112	112
Other	- 38	- 20	- 124	- 106	- 9	4	- 57	- 44
<b>Industrial operations</b>	<b>1,917</b>	<b>1,502</b>	<b>7,265</b>	<b>6,850</b>	<b>128</b>	<b>91</b>	<b>482</b>	<b>445</b>
Ahlsell	1,207	772	4,572	4,137	37	11	192	166
Bröderna Edstrand	612	515	2,243	2,146	26	23	101	98
Reynolds	275	215	1,026	966	4	3	17	16
Starckjohann	1,275	—	1,275	—	11	—	11	—
Intermarket (1997)	—	252	878	1,130	—	15	70	85
Other	—	—	—	—	- 1	- 3	- 4	- 6
<b>Distribution operations</b>	<b>3,369</b>	<b>1,754</b>	<b>9,994</b>	<b>8,379</b>	<b>77</b>	<b>49</b>	<b>387</b>	<b>359</b>
Boliden <sup>2)</sup>	—	2,035	2,168	4,203	30	185	434	589
Other <sup>3)</sup>	811	245	2,290	1,724	- 14	- 16	- 91	- 93
Noncomparable items	—	—	—	—	—	—	1,309	1,309
Eliminations	- 24	- 95	- 260	- 331	—	—	—	—
<b>Group total, including noncomparable items</b>	<b>6,073</b>	<b>5,441</b>	<b>21,457</b>	<b>20,825</b>	<b>221</b>	<b>309</b>	<b>2,521</b>	<b>2,609</b>
<b>Group total, excluding noncomparable items</b>	<b>6,073</b>	<b>5,441</b>	<b>21,457</b>	<b>20,825</b>	<b>221</b>	<b>309</b>	<b>1,212</b>	<b>1,300</b>

<sup>1)</sup> Including shares in profit/loss of subsidiaries.

<sup>2)</sup> As of July 1, 1997, operating profit includes the ownership interest in Boliden Ltd (44.9 %, as of March 1, 1998: 41.8 %).

<sup>3)</sup> Includes Group-wide costs. Also includes Sorb Industri AB, Intermarket (as of 1998), Trelleborg NV-SA, Chapman, Metech and Velox.



## Cash flow report

SEK M	Profit/loss excl associated companies	Depre- ciation	Gross invest- ments	Acqui- sitions	Other changes in capital employed	Total operating cash flow
Trelleborg Automotive	59	31	- 42	—	- 126	- 78
Trelleborg Wheel Systems	40	21	- 24	—	- 81	- 44
Trelleborg Engineered Systems	20	13	- 20	- 30	- 16	- 33
Trelleborg Building Systems	11	10	- 8	—	- 21	- 8
Other	- 9	4	- 3	—	- 32	- 40
<b>Industrial operations</b>	<b>121</b>	<b>79</b>	<b>- 97</b>	<b>- 30</b>	<b>- 276</b>	<b>- 203</b>
Ahlsell	37	15	- 12	- 37	- 121	- 118
Bröderna Edstrand	26	6	- 12	—	- 38	- 18
Reynolds	4	2	- 2	—	- 12	- 8
Starckjohann	11	25	- 19	—	58	75
Other	- 1	—	—	—	152	151
<b>Distribution operations</b>	<b>77</b>	<b>48</b>	<b>- 45</b>	<b>- 37</b>	<b>39</b>	<b>82</b>
Other/Group items	- 29	26	- 21	—	- 58	- 82
<b>Operating cash flow</b>	<b>169</b>	<b>153</b>	<b>- 163</b>	<b>- 67</b>	<b>- 295</b>	<b>- 203</b>
Other (financial transactions, taxes, etc.)					- 113	
<b>Change in financial net assets/liabilities</b>						<b>- 316</b>

## Key operating ratios

	Operating margin, %				Return on capital employed, ROA %				Average working capital, SEK M			
	Jan-March 1998	1997	Apr 97 -March 98	Full- year 1997	Jan-March 1998	1997	Apr 97 -March 98	Full- year 1997	Jan-March 1998	1997	Apr 97 -March 98	Full- year 1997
Trelleborg Automotive	8.6	6.4	8.9	8.5	16.1	10.6	16.2	15.5	1,649	1,092	1,515	1,335
Trelleborg Wheel Systems	7.7	6.0	6.0	5.5	14.3	11.5	11.0	10.3	1,125	852	1,052	977
Trelleborg Engineered Systems	3.8	4.7	3.3	3.5	10.6	12.5	8.9	9.4	758	738	760	751
Trelleborg Building Systems	5.4	5.4	11.8	12.1	9.7	9.7	24.4	25.1	467	414	463	447
Other									91	66	81	71
<b>Industrial operations</b>	<b>6.3</b>	<b>6.0</b>	<b>6.3</b>	<b>6.2</b>	<b>12.5</b>	<b>11.5</b>	<b>12.5</b>	<b>12.4</b>	<b>4,090</b>	<b>3,162</b>	<b>3,871</b>	<b>3,581</b>
Ahlsell	3.0	1.4	4.2	4.0	11.7	6.6	19.6	20.2	1,252	667	975	820
Bröderna Edstrand	4.2	4.5	4.5	4.6	26.3	29.2	28.0	29.1	396	315	361	337
Reynolds	1.5	1.4	1.7	1.7	7.4	6.8	8.4	8.4	217	176	202	191
Starckjohann	0.9	—	0.9	—	2.4	—	1.9	—	1,818	—	606	—
Intermarket (1997)	—	6.0	8.0	7.5	—	24.9	38.7	35.1	—	241	181	243
Other									39	—	91	245
<b>Distribution operations</b>	<b>2.3</b>	<b>2.8</b>	<b>3.9</b>	<b>4.3</b>	<b>8.3</b>	<b>13.9</b>	<b>16.0</b>	<b>19.5</b>	<b>3,722</b>	<b>1,399</b>	<b>2,416</b>	<b>1,836</b>
Boliden	—	7.6	8.0	7.8	4.8	13.2	14.0	16.3	2,489	5,595	3,105	3,624
Other									1,710	1,265	1,384	1,267
<b>Group total, including noncomparable items</b>	<b>2.8</b>	<b>5.1</b>	<b>10.2</b>	<b>11.0</b>	<b>7.4</b>	<b>10.8</b>	<b>23.4</b>	<b>25.3</b>				
<b>Group total, excluding noncomparable items</b>	<b>2.8</b>	<b>5.1</b>	<b>4.1</b>	<b>4.7</b>	<b>7.4</b>	<b>10.8</b>	<b>11.2</b>	<b>12.6</b>				
<b>Group total</b>									<b>12,011</b>	<b>11,421</b>	<b>10,776</b>	<b>10,308</b>

The operating margin is calculated on operating profit before financial items and shares in the profit/loss of associated companies in relation to net sales. The return on capital employed is calculated on operating profit before financial items, including minority shares, divided by average total assets (based on each closing balance), minus interest-bearing investments and noninterest-bearing operating liabilities.



The information given in this Report is based on internal accounts at March 31, 1998 and has not been examined by the Auditors. Reports and other information including the group magazine, T-TIME, and relevant news releases are also available via Internet, address: [www.trelleborg.com](http://www.trelleborg.com)