



## PRESS RELEASE 1/1 - 31/12 2002

VBG AB in Vänersborg is the parent company of an international engineering Group with production facilities in Sweden and Germany and sales companies in Norway, Denmark and the USA. The business is concentrated on Truck Equipment comprising of coupling equipment for trucks but also covers fifth wheels, automatic tyre chains, drop side pillars and other equipment for heavy vehicles. An additional business area covers Machine Elements with the product groups' shaft-hub connections and friction springs.

The VBG B-share has been registered on the Stockholm Stock Exchange since 1987.

- **Operating income for core business Truck Equipment increased with 18,3% to MSEK 40,1 (33,9) and operating margin increased to 9,6% (8,2).**
- **Strong stable sales for core business of total MSEK 418 (415).**
- **Group income after financial items amounted to MSEK 31,6 (-10,1).**
- **Group net margin amounted to 5,9% (-1,8%)**
- **Strong stable cash flow after investments of MSEK 49 (30).**

### MARKETS AND SALES

The Group's sales decreased during 2002 with 3,5% to MSEK 532,8 (552,3), equivalent to a volume decrease of approx. 3 %.

#### Truck Equipment:

The business area Truck Equipment covers 78,5 % (75,1%) of the turnover for 2002. The business area comprises of coupling equipment ( VBG and RINGFEDER), automatic tyre chains (Onspot), drop side pillars (Armaton), fifth wheels with additional equipment for semi trailers and other truck equipment.

Totally the turnover for the business area was MSEK 418,2 (414,9), an increase with 0,8%.

With currency and price changes excluded the actual volume change was more or less nil.

The leading position on the world market is unchanged but a tough competition is expected on most markets and segments. The trend for especially the European truck market largely influencing the sales of coupling equipment is still difficult to predict. To some extent the effects from the market conditions of the truck manufacturers are reduced due to a well established after market situation for the business area.

#### Machine Elements:

During each quarter of the year 2002 the sales volume for the business area amounted to the same low level as the last quarter of year 2001. The reasons are partly the event on September 11<sup>th</sup> in New York and partly a recession for this line of business.

For 2002 the sale amounted to MSEK 114,6 (137,4) a decrease with 16,6 %. However, the actual volume decrease was approx 12 %.

In the product area of shaft hub connections there are a large number of brand names around the world with a strong price competition in certain volume segments. RINGFEDER is here one of the three largest players. In the smaller product area of friction springs, RINGFEDER is the dominating one.

	<b>2002</b>	<b>4/02</b>	<b>3/02</b>	<b>2/02</b>	<b>1/02</b>	<b>2001</b>	<b>4/01</b>	<b>3/01</b>	<b>2/01</b>	<b>1/01</b>
Coupling Equipment	<b>370,5</b>	<b>93,9</b>	80,4	95,1	101,1	<b>370,3</b>	<b>95,5</b>	85,4	92,1	97,3
Fifth wheels	<b>8,3</b>	<b>1,9</b>	1,9	2,1	2,4	<b>8,7</b>	<b>2,0</b>	1,8	2,5	2,4
Onspot (aut tyre chains)	<b>22,8</b>	<b>9,9</b>	5,2	3,6	4,1	<b>21,0</b>	<b>9,2</b>	4,5	2,7	4,6
Armaton (drop side pillars)	<b>7,7</b>	<b>1,7</b>	1,6	2,3	2,1	<b>7,9</b>	<b>1,5</b>	2,1	1,8	2,5
Other equipment	<b>8,9</b>	<b>2,2</b>	2,3	2,5	1,9	<b>7,0</b>	<b>1,5</b>	1,7	1,8	2,0
<b>Truck Equipment</b>	<b>418,2</b>	<b>109,6</b>	<b>91,4</b>	<b>105,6</b>	<b>111,6</b>	<b>414,9</b>	<b>109,7</b>	<b>95,5</b>	<b>100,9</b>	<b>108,8</b>
Shaft-hub connections	<b>53,3</b>	<b>13,5</b>	13,9	12,7	13,2	<b>68,8</b>	<b>14,5</b>	17,2	17,9	19,2
RFC-products	<b>40,1</b>	<b>10,0</b>	8,6	10,7	10,8	<b>46,6</b>	<b>10,1</b>	11,6	12,5	12,4
Friction springs	<b>21,2</b>	<b>4,8</b>	6,7	4,3	5,4	<b>22,0</b>	<b>5,2</b>	5,2	4,8	6,8
<b>Machine Elements</b>	<b>114,6</b>	<b>28,3</b>	<b>29,2</b>	<b>27,7</b>	<b>29,4</b>	<b>137,4</b>	<b>29,8</b>	<b>34,0</b>	<b>35,2</b>	<b>38,4</b>



## INCOME

Operating income for core business Truck Equipment increased by 18,3% and amounted to MSEK 40,1 (33,9) with a operating margin that increased to 9,6% (8,2%).

In spite of the great decrease in sales for the business area Machine Elements, the operating income increased to MSEK 0,7 (-3,0) with a operating margin of 0,6% (-2,2). Group-wide costs amounted to MSEK -7,5 (1,9), and the deviation mainly referred to a positive one-off item of MSEK 7 last year.

Operating income for the Group amounted to MSEK 33,3 (-7,2). Last year's income was charged with write-down of intangible and tangible fixed assets of - 40 MSEK.

The Group's income after financial items amounted to MSEK 31,6 (-10,1) and excluding the write-down last year the income improvement was 5,7%.

The return on capital employed was 10,2% (-0,9%) and on equity 5,8% (-2,7%).

The profit margin was improved to 5,9% (-1,8 %).

	2002	4/02	3/02	2/02	1/02	2001	4/01	3/01	2/01	1/01
<i>Operating Income</i>										
Truck Equipment (TE)	40,1	11,8	7,1	8,9	12,3	33,9	15,0	10,0	0,8	8,1
Machine Elements (ME)	0,7	1,2	0,9	-1,3	-0,1	-3,0	-2,2	-1,3	0,1	0,4
Other operating expenses (ME)						-40,0	-40,0			
Parent Company and Others	-7,5	-1,4	-0,5	-3,4	-2,2	1,9	1,1	-1,3	-1,2	3,3
<b>Operating Income</b>	<b>33,3</b>	<b>11,6</b>	<b>7,5</b>	<b>4,2</b>	<b>10,0</b>	<b>-7,2</b>	<b>-26,1</b>	<b>7,4</b>	<b>-0,3</b>	<b>11,8</b>
Operating Margin	6,3%	8,4%	6,2%	3,2%	7,1%	-1,3%	-18,7%	5,7%	-0,2%	8,0%
<b>Income after financial items</b>	<b>31,6</b>	<b>11,8</b>	<b>6,6</b>	<b>3,8</b>	<b>9,4</b>	<b>-10,1</b>	<b>-27,2</b>	<b>6,9</b>	<b>-0,9</b>	<b>11,1</b>
Net margin	5,9%	8,6%	5,5%	2,9%	6,6%	-1,8%	-19,5%	5,3%	-0,7%	7,6%

## TAX EXPENSE

According to current tax rates in each country with adjustments for certain non-deductible expenses the tax expense amounted to MSEK -10,5 equivalent to a tax rate of 33,3%. During 2003 changed tax rules in Germany are expected to come into force. The deferred tax claim in Germany that according to valid accounting principles shall be utilised within 3-5 years has therefore been written down with MSEK - 5,3. The tax expense for the year was thus effected and amounted to MSEK -15,8 explaining the exceptional high tax rate of 50%.

## INVESTMENTS

The Group's new investments during 2002 amounted to MSEK 13,9 (29,5).

## CASH FLOW AND FINANCIAL SITUATION

The cash flow from current business was MSEK 63,1 (58,7). New investments paid during the year amounted to MSEK 13,8 (30,5). The cash flow after investments amounted to MSEK 49,3 (29,9) and has been used to amortise loan debts MSEK 10,8, to pay dividend MSEK 10,3 and to re-purchase own shares MSEK -37,9, which together reduced cash in hand with MSEK - 9,6. Liquid assets at year-end then amounted to MSEK 86,2 (96,0). The Group's interest-bearing debts decreased during the year by MSEK 0,2 and amounted to MSEK 18,0 (18,2) on December 31.

The equity decreased to MSEK 255,6 (293,2). The ratio of interest-bearing debt to equity was 0,07 (0,06). The equity ratio was slightly reduced during the year and amounted at the year-end to 56,8 % (58,2).



## ORGANISATION

On June 1, 2002 a new operative organisation structure in the core business area Truck Equipment was introduced. To manage the business an overall organisation with Marketing & Sales, Operations and Business Support was implemented.

## PERSONNEL

At the end of the year 2002 the VBG Group employed 302 persons (323), of which 140 persons (146) were in Sweden. The average number of employed full-time was 309 persons (333). Of these, 145 (155) were employed in Sweden.

## RE-BUY PROGRAM OF SHARES

During the period of April – June a re-buy program of VBG-shares was implemented and 297 994 shares of Series B were re-bought at a fixed rate of SEK 125:-- per share. End of June a total amount of MSEK 37,2 was paid to the shareholders. Including costs for the re-buy program the total sum amounted to MSEK 37,9, which was booked direct against equity. The re-bought shares corresponded to 4,8% of the number of votes and 8,7% of the capital in the company. At the Annual General Meeting the Board was given power of attorney to decide upon transfer of re-bought shares on one or several occasions, e.g. at acquisition of additional business. The authorization is valid until the Annual General Meeting 2003.

## PER SHARE DATA

The profit per share after full tax for last year amounted to SEK 4:83 ( -2:33). The shareholders equity at the year-end was SEK 81:78 compared to SEK 85:64 at last year-end.

## DIVIDEND PROPOSAL

The Board proposes a dividend per share of SEK 3:00 (3:00) for the financial year 2002, which is equivalent to 3,7 % of shareholders equity at the year-end.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Vänersborg on April 24 at 17.00 p.m.

## FORECAST 2004

A forecast will be announced at the Annual General Meeting.

## THE PARENT COMPANY

The business of VBG AB (publ) includes only co-ordination of Group activities and the assets mainly consist of shareholding in the subsidiaries. The company also owns the industrial building in Vänersborg rented by the subsidiary VBG Produkter AB and further some machinery and equipment also rented by the subsidiary. The company's net turnover comprises invoicing of Group internal services and rent amounting to MSEK 11,0 (15,1) and the income after financial items amounted to MSEK -6,4 (-36,3). The income last year was charged with MSEK -35,0 resulting from a write down of the shares in Ringfeder VBG GmbH. Liquid assets of the parent company at year-end amounted to MSEK 40,6 (83,8) and the company had no short or long-term borrowing.

## Vänersborg 2003 02 14

### VBG AB (publ) The Board

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<b>Next report:</b>	Interim report	1/1 - 31/3 2003 on April 24



**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
IN BRIEF**

(MSEK)

**Net sales**

Cost of sales  
Sales expenses  
Administrative expenses  
R & D expenses  
Other operating income/expenses  
Items affecting comparability

**Operating income**

Financial items, net

**Income after financial items**

Tax

**Net profit / Loss**

Depreciation in the above  
Income per share after tax (SEK)  
Number of shares at end of June ('000)  
Average number of shares during the period

	3 mon Oct-Dec 2002	3 mon Oct-Dec 2001	2002	2001
<b>Net sales</b>	<b>137,9</b>	<b>139,5</b>	<b>532,8</b>	<b>552,3</b>
Cost of sales	-86,5	-87,9	-349,6	-373,1
Sales expenses	-25,2	-27,3	-100,9	-111,1
Administrative expenses	-13,5	-7,1	-42,5	-35,9
R & D expenses	-3,2	-2,8	-11,2	-11,1
Other operating income/expenses	2,1	-0,5	4,7	11,7
Items affecting comparability		-40,0		-40,0
<b>Operating income</b>	<b>11,6</b>	<b>-26,1</b>	<b>33,3</b>	<b>-7,2</b>
Financial items, net	0,2	-1,1	-1,7	-2,9
<b>Income after financial items</b>	<b>11,8</b>	<b>-27,2</b>	<b>31,6</b>	<b>-10,1</b>
Tax	-9,4	8,2	-15,8	2,1
<b>Net profit / Loss</b>	<b>2,4</b>	<b>-19,0</b>	<b>15,8</b>	<b>-8,0</b>
Depreciation in the above	-6,3	-7,3	-30,3	-31,0
Income per share after tax (SEK)	<b>0:77</b>	<b>-5:55</b>	<b>4:83</b>	<b>-2:33</b>
Number of shares at end of June ('000)	3 125,5	3 423,5	3 125,5	3 423,5
Average number of shares during the period	2 125,5	3 423,5	3 274,5	3 423,5

**CONSOLIDATED BALANCE SHEET IN BRIEF**

(MEEK)

Intangible fixed assets  
Tangible fixed assets  
Financial fixed assets

**Total Fixed Assets**

Inventories  
Receivables  
Liquid assets

**Total Current Assets**

**TOTAL ASSETS**

**Equity**

Interest-bearing debts and provisions  
Non interest-bearing debts and provisions

**TOTAL EQUITY AND LIABILITIES**

02-12-31 01-12-31

Intangible fixed assets	39,5	47,5
Tangible fixed assets	117,7	128,7
Financial fixed assets	6,8	14,1
<b>Total Fixed Assets</b>	<b>164,0</b>	<b>190,3</b>
Inventories	115,9	129,4
Receivables	84,1	88,2
Liquid assets	86,2	96,0
<b>Total Current Assets</b>	<b>286,2</b>	<b>313,6</b>
<b>TOTAL ASSETS</b>	<b>450,2</b>	<b>503,9</b>
<b>Equity</b>	<b>255,6</b>	<b>293,2</b>
Interest-bearing debts and provisions	104,3	114,2
Non interest-bearing debts and provisions	90,3	96,5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>450,2</b>	<b>503,9</b>

**CHANGE IN EQUITY**

(MSEK)

**Equity according to balance sheet December 31**

Re-purchase of own shares  
Exchange rate differences  
Net profit  
Dividend

**Equity according to balance sheet June 30**

2002
<b>293,2</b>
-37,9
-5,2
15,8
-10,3
<b>255,6</b>

**CONSOLIDATED CASH FLOW STATEMENT IN BRIEF (MSEK)**

**Funds provided by operations**

Change in working capital

**Cash flow from operations**

Cash flow from investments  
Cash flow from financial activities

**Cash flow for the period**

Liquid assets beginning of year  
Translation difference liquid assets

**Liquid assets end of period**

Unutilised bank overdraft facility

**Total of disposable liquid assets**

2002	2001
<b>56,3</b>	<b>46,0</b>
6,8	12,7
<b>63,1</b>	<b>58,7</b>
-13,7	-28,8
-59,0	-38,5
<b>-9,6</b>	<b>-8,6</b>
96,0	103,7
-0,2	0,9
<b>86,2</b>	<b>96,0</b>
38,2	65,7
<b>124,4</b>	<b>161,7</b>

**GROUP KEY RATIOS**

Profit margin (%)  
Return on equity (%)  
Return on capital employed (%)  
Equity ratio (%)  
Number of shares at end of period (in thousands)  
Equity per share (SEK)  
Cash flow per share (SEK)  
Average full-time employed

2002	2001
5,9	-1,8
5,8	-2,7
10,2	-0,9
56,8	58,2
81:78	85:64
17:19	13:43
90:00	95:00
309	333

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