



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, Poland 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 is registered on the Stockholm Stock Exchange.

## Interim Report 1/1 – 30/6 2002

- **Increased sales for the core business Truck Equipment to MSEK 217 (210) with an operating income more than doubled to MSEK 22,6 (10,3).**
- **Net sales for first half year amounted to MSEK 274 (283).**
- **Group operating income improved by 23,5% to MSEK 14,2 ( 11,5).**
- **Group income after financial items improved by 29,4% to MSEK 13,2 (10,2).**

### MARKETS AND SALES

The Group's sales during April - June amounted to MSEK 133,2 (136,1), which was approx 2% lower than same period last year. For the first half year the sales amounted to MSEK 274,3 (283,3) which was approx 3% lower than same period last year.

#### Truck Equipment:

Truck Equipment is the Group's core business and the dominating business area covering 79,2% (74,0 %) of the turnover for the first half year. The business area comprises of several product groups. Coupling equipment to connect truck and trailer is by far the dominating one covering 90% of the sales. Other product groups are automatic tyre chains, drop side pillars, fifth wheels with additional equipment for semi trailers and other truck equipment.

Turnover for April – June was MSEK 105,6 (100,9), an increase by 4,7%, and a continued good sales volume. Total sales for first half year for the business area amounted to MSEK 217,2 (209,7), an increase by 3,6%. In spite of a weak business cycle for heavy vehicles, the sales volume is still on a relatively good level. Especially in the Nordic countries the brand name VBG with its dominating position has compensated low truck registrations with increased maintenance and spare parts sales to the fleet owners. The on-going and target-oriented concentration on product development has been successful and the latest generation of products launched during the latter part of 2001 has contributed positively. On the important German market the RINGFEDER brand name and new products have strengthened our market leading position. Competition becomes stronger, globalisation is increasing and there is an on-going change towards bigger, more demanding and more organised customer categories. An adaptation to this situation is included in the company's strategy for the future. The market situation is still difficult to predict.

#### Machine Elements:

The sale's trend for the business area during the first half year was very weak and the negative trend from 2001 continued. The turnover amounted to MSEK 57,1 (73,6) which was 22,4% lower than the same period last year. A tough competition is prevailing and the total market is still weak.

	<i>6 mon</i>	<i>3 mon</i>	<i>3 mon</i>	<i>12 mon</i>	<i>3 mon</i>	<i>3 mon</i>	<i>6 mon</i>	<i>3 mon</i>	<i>3 mon</i>
	<i>Jan- Jun</i>	<i>Apr- Jun</i>	<i>Jan- Mar</i>	<i>Jan- Dec</i>	<i>Oct- Dec</i>	<i>Jul- Sep</i>	<i>Jan- Jun</i>	<i>Apr- Jun</i>	<i>Jan- Mar</i>
	<i>2002</i>	<i>2002</i>	<i>2002</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>
Coupling Equipment	196,2	95,1	101,1	370,3	95,5	85,4	189,4	92,1	97,3
Fifth wheels	4,5	2,1	2,4	8,7	2,0	1,8	4,9	2,5	2,4
Onspot (aut tyre chains)	7,7	3,6	4,1	21,0	9,2	4,5	7,3	2,7	4,6
Armaton(dropsied pillars)	4,4	2,3	2,1	7,9	1,5	2,1	4,3	1,8	2,5
Other equipment	4,4	2,5	1,9	7,0	1,5	1,7	3,8	1,8	2,0
<b>Truck Equipment</b>	<b>217,2</b>	<b>105,6</b>	<b>111,6</b>	<b>414,9</b>	<b>109,7</b>	<b>95,5</b>	<b>209,7</b>	<b>100,9</b>	<b>108,8</b>
Shaft-hub connections	25,9	12,7	13,2	68,8	14,5	17,2	37,1	17,9	19,2
RFC-products	21,5	10,7	10,8	46,6	10,1	11,6	24,9	12,5	12,4
Friction springs	9,7	4,3	5,4	22,0	5,2	5,2	11,6	4,8	6,8
<b>Machine Elements</b>	<b>57,1</b>	<b>27,7</b>	<b>29,4</b>	<b>137,4</b>	<b>29,8</b>	<b>34,0</b>	<b>73,6</b>	<b>35,2</b>	<b>38,4</b>
<b>Total</b>	<b>274,3</b>	<b>133,3</b>	<b>141,0</b>	<b>552,3</b>	<b>139,5</b>	<b>129,5</b>	<b>283,3</b>	<b>136,1</b>	<b>147,2</b>



## INCOME

### Truck Equipment:

Operating income for the business area Apr – June amounted to MSEK 9,6 (1,5) and for the first 6 months the income was more than doubled to MSEK 22,6 ( 10,3). Income last year was charged with extra costs of approx MSEK 4, but the improved income was also a consequence of rationalizations carried out. Net margin increased to 10,4 % (4,9).

### Machine Elements:

The large sales decline has not fully been compensated on the cost side in the German production unit. Thus the operating income for Apr – June amounted to MSEK –0,9 (0,9), which totally for the first half year resulted in a negative profit income of MSEK –0,6 ( 2,0). The US company of the business area Machine Elements covered half the turn-over and managed to keep a net margin of 5% in spite of a weak American market.

Increased sales volume and further cost adaptations are necessary to reach an acceptable profitability. Net margin amounted to –1,1% (2,7%).

### Others:

Net costs for VBG AB and depreciations of goodwill and other Group administrative items for the period amounted to MSEK –7,8 (-0,8). The change mainly referred to a positive item of reversed rental charges that was included last year.

### The Group

Total Group showed an operating income for Apr – Jun of MSEK 4,2 (-0,3) and for the first half year MSEK 14,2 (11,5), an improvement of MSEK 2,7. Net margin for Apr-Jun amounted to 3,2% (-0,2) and for the first half year 5,2% (4,1%). The income after financial items for the first half year amounted to MSEK 13,2 (10,2), which was MSEK 3,0 better than last year. The return on capital employed was 8,9% (6,7) and return on equity 6,6 % (4,1). The profit margin was improved to 4,8% (3,6).

	<i>6 mon</i>	<i>3 mon</i>	<i>3 mon</i>	<i>12 mon</i>	<i>3 mon</i>	<i>3 mon</i>	<i>6 mon</i>	<i>3 mon</i>	<i>3 mon</i>
	<i>Jan-</i>	<i>Apr-</i>	<i>Jan-</i>	<i>Jan-</i>	<i>Oct-</i>	<i>Jul-</i>	<i>Jan-</i>	<i>Apr-</i>	<i>Jan-</i>
	<i>Jun</i>	<i>Jun</i>	<i>Mar</i>	<i>Dec</i>	<i>Dec</i>	<i>Sep</i>	<i>Jun</i>	<i>Jun</i>	<i>Mar</i>
	<i>2002</i>	<i>2002</i>	<i>2002</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>	<i>2001</i>
<b>Operating income</b>									
Truck Equipment (LV)	22,6	9,6	13,0	36,6	15,6	10,7	10,3	1,5	8,8
Machine Elements (ME)	-0,6	-0,9	0,3	0,2	-1,3	-0,5	2,0	0,9	1,1
Other operating expenses (ME)					-40,0				
Parent Company and Others	-7,8	-4,5	-3,3	-4,0	-0,4	-2,8	-0,8	-2,7	1,9
<b>Operating Income</b>	<b>14,2</b>	<b>4,2</b>	<b>10,0</b>	<b>-7,2</b>	<b>-26,1</b>	<b>7,4</b>	<b>11,5</b>	<b>-0,3</b>	<b>11,8</b>
Profit margin	5,2%	3,2%	7,1%	-1,3%	-18,7%	5,7%	4,1%	-0,2%	8,0%
<b>Income after financial items</b>	<b>13,2</b>	<b>3,8</b>	<b>9,4</b>	<b>-10,1</b>	<b>-27,2</b>	<b>6,9</b>	<b>10,2</b>	<b>-0,9</b>	<b>11,1</b>
Profit margin	4,8%	2,9%	6,6%	-1,8%	-19,5%	5,3%	3,6%	-0,7%	7,6%

## INVESTMENTS

The Group's new investments during the first half year amounted to MSEK 3,6 MSEK (19,6).

## CASH FLOW AND FINANCIAL SITUATION

The cash flow from current business was MSEK 29,9 (27,2). New investments paid during the period amounted to MSEK 3,5 ( 14,5). Cash flow after investments amounted to MSEK 26,4 (12,7). Further, loan debts have been amortised, with MSEK 10,9, dividend paid to shareholders with MSEK 10,3 and the Group has through VBG AB re-bought own shares Series B at a total amount of MSEK 37,9. Cash in hand was reduced with MSEK 32,6 ( - 21,4) and thereafter liquid assets amounted to MSEK 63,2 (83,2).

The Group's interest-bearing debts increased during the period with MSEK 26,0 and on June 30 amounted to MSEK 38,1 (18,2 at end of the year ).



**VBG AB (publ) Box 1216 SE-462 28 Vänersborg Sweden**

The equity decreased to MSEK 249,1 (293,2). The ratio of interest-bearing debts to equity was at end of June 0,15 (0,06 at end of the year). The equity ratio was slightly reduced during the period and amounted at June 30 to 56,0 % (58,2).

**PERSONNEL**

On June 30 the VBG Group employed 303 persons (323 at end of last year), of which 137 persons (146) were in Sweden. The average number of employed full-time during the period was 313 persons (341 same period last year), Of these, 149 (156) were employed in Sweden.

**PER SHARE DATA**

Profit per share after full tax for the period amounted to SEK 2:60 (1:82). The shareholders' equity at the end of June was SEK 72:77 compared to SEK 85:64 at end of the year.

**FORECAST 2002**

Group turnover is estimated to be on the same level as last year with a positive income.

**RE-BUY PROGRAM OF SHARES**

During the period Apr – Jun 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. At end of June totally MSEK 37,2 was paid to the shareholders. Including the costs for the re-buy program a total amount of MSEK 37,9 was booked directly 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 AGM the Board was given power of attorney to decide upon transfer of re-bought own shares on one or several occasions, e.g. at acquisition of additional business.

**THE PARENT COMPANY**

The business of VBG AB (publ) covers co-ordination of the 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 5,1 (6,7). Income after financial items amounted to MSEK -4,6 (-1,0).

Liquid assets of the parent company at the end of the year amounted to MSEK 42,9 (81,2 at the end of the year) and the company had no short or long-term borrowing.

**ACCOUNTING PRINCIPLES**

The interim report has been made according to RR 20 Interim Reporting and same accounting principles have been used as in the latest annual report.

**Vänersborg 2002 08 08**  
**VBG AB (publ)**

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**Next report:** Interim report 1/1 – 30/9 2002 on October 23, 2002



**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
IN BRIEF**

(MSEK)

**Net sales**

	3 mon April -June 2002	3 mon April -June 2001	6 mon Jan - June 2002	6 mon Jan -June 2001	2001
Net sales	133,3	136,1	274,3	283,3	552,3
Cost of sales	-90,7	-97,9	-181,2	-198,4	-373,1
Sales expenses	-26,2	-29,2	-53,0	-57,4	-111,1
Administrative expenses	-11,1	-9,1	-22,0	-19,8	-35,9
R & D expenses	-2,8	-2,7	-5,4	-5,6	-11,1
Other operating income/expenses	1,7	2,5	1,5	9,4	11,7
Costs affecting comparability					-40,0
<b>Operating income</b>	<b>4,2</b>	<b>-0,3</b>	<b>14,2</b>	<b>11,5</b>	<b>-7,2</b>
Financial items, net	-0,4	-0,6	-1,0	-1,3	-2,9
<b>Income after financial items</b>	<b>3,8</b>	<b>-0,9</b>	<b>13,2</b>	<b>10,2</b>	<b>-10,1</b>
Tax	-1,0	0,1	-4,3	-4,0	2,1
<b>Net profit</b>	<b>2,8</b>	<b>-0,8</b>	<b>8,9</b>	<b>6,2</b>	<b>-8,0</b>
Depreciation in the above	-8,0	-7,7	-16,0	-15,4	-31,0
Income per share after tax (SEK)	<b>0:81</b>	<b>-0:24</b>	<b>2:60</b>	<b>1:82</b>	<b>-2:33</b>
Number of shares at end of June ('000)	3125,5	3423,5	3125,5	3423,5	3423,5
Average number of shares during the period	3423,5	3423,5	3423,5	3423,5	3423,5

**CONSOLIDATED BALANCE SHEET IN BRIEF**

(MSEK)

	02-06-30	01-06-30	01-12-31
Intangible fixed assets	42,7	65,4	47,5
Tangible fixed assets	118,1	138,8	128,7
Financial fixed assets	13,2	2,8	14,1
<b>Total Fixed Assets</b>	<b>174,0</b>	<b>207,0</b>	<b>190,3</b>
Inventories	116,0	142,9	129,4
Receivables	92,0	96,0	88,2
Liquid assets	63,2	83,2	96,0
<b>Total Current Assets</b>	<b>271,2</b>	<b>322,1</b>	<b>313,6</b>
<b>TOTAL ASSETS</b>	<b>445,2</b>	<b>529,1</b>	<b>503,9</b>
<b>Equity</b>	<b>249,1</b>	<b>306,0</b>	<b>293,2</b>
Interest-bearing debts and provisions	101,3	114,4	114,2
Non interest-bearing debts and provisions	94,8	108,7	96,5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>445,2</b>	<b>529,1</b>	<b>503,9</b>

**CHANGE IN EQUITY**

(MSEK)

**Equity according to balance sheet December 31**

	6 mon 2002	6 mon 2001	2001
Equity according to balance sheet December 31	293,2	302,9	302,9
Exchange rate differences	-4,8	7,2	8,6
Net profit	8,9	6,2	-8,0
Dividend	-10,3	-10,3	-10,3
<b>Equity according to balance sheet June 30</b>	<b>249,1</b>	<b>306,0</b>	<b>293,2</b>

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

**Funds provided by operations**

	6 mon 2002	6 mon 2001	2001
Funds provided by operations	25,9	12,6	46,0
Change in working capital	4,0	14,6	12,7
<b>Cash flow from operations</b>	<b>29,9</b>	<b>27,2</b>	<b>58,7</b>
Cash flow from investments	-3,5	-14,5	-28,8
Cash flow from financial activities	-59,0	-34,1	-38,5
<b>Cash flow for the period</b>	<b>-32,6</b>	<b>-21,4</b>	<b>-8,6</b>
Liquid assets beginning of year	96,0	103,7	103,7
Translation difference liquid assets	-0,2	0,9	0,9
<b>Liquid assets end of period</b>	<b>63,2</b>	<b>83,2</b>	<b>96,0</b>
Unutilised bank overdraft facility	53,4	61,7	65,7
<b>Total of disposable liquid assets</b>	<b>116,6</b>	<b>144,9</b>	<b>161,7</b>

**GROUP KEY RATIOS**

	6 mon 2002	6 mon 2001	2001
Profit margin (%)	4,8	3,6	-1,8
Return on equity (%)	6,6	4,1	-2,7
Return on capital employed (%)	8,9	6,7	-0,9
Equity ratio (%)	56,0	57,8	58,2
Equity per share (SEK)	72:77	89:40	85:64

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Cash flow per share (SEK)

Market value June 30 (SEK)

Average full-time employed

*This interim report has not been subject to special examination by the Company's auditors.*

7:55

3:69

13:43

88:00

100:00

95:00

313

341

333