



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.

Interim Report 1/1 – 31/3 2002

- **Net sales for first quarter amounted to MSEK 141 (147).**
- **Core business Truck Equipment is taking market shares on a declining market.**
- **Operating profit for Truck Equipment increased to MSEK 13,0 (8,8).**
- **Income before tax amounted to MSEK 9,4 (11,1).**

MARKETS AND SALES

The Group's sales during Jan – Mar amounted to MSEK 141,0 (147,2), which was approx 4% lower than same period last year. With currency and price changes excluded the volume decrease is estimated to be approx 7 % in comparable structure.

Truck Equipment:

Truck Equipment is the Group's core business and the dominating business area with 79,1% (73,9%) of the turnover for Jan – Mar. The business area comprises of several product groups; coupling equipment (VBG and RINGFEDER), automatic tyre chains (Onspot), drop side pillars (Armaton), fifth wheels with additional equipment for semi trailers (VBG) and other truck equipment.

Turnover was MSEK 111,6 (108,8), an increase by 2,6%. Last year's strong finish continued and the sales during Jan – Mar was the highest since second quarter year 2000.

The market positively responded to the Group's new developed and improved products launched during the latter part of 2001, which contributed to the improved result. The business area strengthened its position and took market shares on a declining market.

The competition is getting harder and the development of the truck market, especially the European one with a direct influence on the turnover of coupling equipment, is still uncertain.

A clear long-term target is to further strengthen the Group's world leading position in the coupling area with the two strong brand names VBG and RINGFEDER.

Machine Elements:

The sale's trend for the business area during the first 3 months was weak and the negative trend from 2001 continued. The turnover was MSEK 29,4 (38,4) which was 23% lower than the same period last year but at the same level as the fourth quarter last year. A tough competition is prevailing and the total market is still weak.

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



Total 141,0 552,3 139,5 129,5 136,1 147,2

INCOME

Truck Equipment:

Operating profit for the business area amounted to MSEK 13,0 (8,8) which was an increase by 48% compared to the same period last year. The new paint treatment plant in Vänersborg, which last year charged the income with starting-up costs of approx MSEK 2, has now given a positive effect and together with other rationalizations improved the income for the period. Net margin increased to 11,6% (8,1%).

Machine Elements:

The first quarter showed an operating profit of MSEK 0,3 (1,1), which was a decrease with MSEK 0,8 compared to last year. The weak market in Germany, where the turnover decreased with 40% compared to last year, resulted in immediate actions in the German production unit with a notice for 12 persons. A cost adaptation is necessary in order to reach the profitability target. Net margin amounted to 1,2% (2,7).

Others:

VBG AB and other group administrative items for the period amounted to MSEK -3,3 (1,9). The change of MSEK -5,2 mainly referred to a positive item of reversed rental charges that was included last year.

Total Group showed an operating profit of MSEK 10,0 (11,8) with a profit margin of 7,1% (8,0). Group financial items net amounted to MSEK -0,6 (-0,7). Income after financial items amounted MSEK 9,4 (11,1).

The return on capital employed was 11,3% (12,6) and on equity 8,3% (9,2). The profit margin was reduced to 6,6% (7,6).

	1/02	2001	4/01	3/01	2/01	1/01
Operating income						
Truck Equipment (LV)	13,0	36,6	15,6	10,7	1,5	8,8
Machine elemen (ME)	0,3	0,2	-1,3	-0,5	0,9	1,1
Other operating expenses (ME)		-40,0	-40,0			
Parent Company and Others	-3,3	-4,0	-0,4	-2,8	-2,7	1,9
Operating Income	10,0	-7,2	-26,1	7,4	-0,3	11,8
Profit margin	7,1%	-1,3%	-18,7%	5,7%	-0,2%	8,0%
Income after financial items	9,4	-10,1	-27,2	6,9	-0,9	11,1
Profit margin	6,6%	-1,8%	-19,5%	5,3%	-0,7%	7,6%

INVESTMENTS

The Group's new investments during the first three months amounted to MSEK 1,7 MSEK (6,8).

CASH FLOW AND FINANCIAL SITUATION

The cash flow from current business was MSEK 4,6 (13,6). New investments paid during the period amounted to MSEK 1,7 (7,2). Cash flow after investments amounted to MSEK 2,9 (6,4) and has been used to amortise loan debts MSEK 1,6 (17,1). Cash in hand increased with MSEK 1,3 (-10,7) and thereafter liquid assets amounted to MSEK 97,1 (93,7).

The Group's interest-bearing debts decreased during the period with MSEK 6,1 and on March 31 amounted to MSEK 12,1 (18,2 at year end).

The equity increased to MSEK 296,5 (293,2). The ratio of interest-bearing debt to equity was at end of March 0,02 (0,06 at year end). The equity ratio was improved during the period and amounted at March 31 to 59,4% (58,2).

ORGANISATION

Considering the uncertainty regarding the development of the truck market and in order to adapt capacity and costs, 23 persons at VBG Produkter AB were given notice in February. After negotiations 11 white-collar workers and 7 blue-collar workers were noticed. The cost reduction will start to give full effect from fourth quarter this year.



PERSONNEL

On March 31 the VBG Group employed 310 persons (323), of which 139 persons (146) were in Sweden. The average number of employed full-time was 326 persons (351), Of these, 155 (156) were employed in Sweden.

PER SHARE DATA

Profit per share after full tax for the period amounted to SEK 1:79 (2:09). The shareholders' equity at the end of March was SEK 86:61 compared to SEK 85:64 at end of last year.

FORECAST 2002

Group turn-over is estimated to be in the same level as last year with a positive income.

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 2,5 (3,3). Income after financial items amounted to MSEK -1,8 (-0,2). Liquid assets of the parent company at the year end amounted to MSEK 81,6 (81,2 at the year end) 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.

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Next report: Interim report 1/1 – 30/6 2002 on August 8, 2002



**CONSOLIDATED PROFIT AND LOSS ACCOUNT
IN BRIEF**

	3 mon 2002	3 mon 2001	2001
(MSEK)			
Net sales	141,0	147,2	552,3
Cost of sales	-90,5	-100,5	-373,1
Sales expenses	-26,8	-28,1	-111,1
Administrative expenses	-10,9	-10,7	-35,9
R & D expenses	-2,6	-3,0	-11,1
Other operating income/expenses	-0,2	6,9	11,7
Costs affecting comparability			-40,0
Operating income	10,0	11,8	-7,2
Financial items, net	-0,6	-0,7	-2,9
Income after financial items	9,4	11,1	-10,1
Tax	-3,3	-4,0	2,1
Net profit	6,1	7,2	-8,0
Depreciation in the above	-8,0	-7,7	-31,0
Income per share after tax (SEK)	1:79	2:09	-2:33
Number of shares at end of March ('000)	3423,5	3423,5	3423,5

CONSOLIDATED BALANCE SHEET IN BRIEF

	02-03-31	01-03-31	01-12-31
(MSEK)			
Intangible fixed assets	44,4	67,5	47,5
Tangible fixed assets	122,6	133,5	128,7
Financial fixed assets	12,3	0,1	14,1
Total Fixed Assets	179,3	201,1	190,3
Inventories	121,5	145,9	129,4
Receivables	101,1	99,9	88,2
Liquid assets	97,1	93,7	96,0
Total Current Assets	319,7	339,5	313,6
TOTAL ASSETS	499,0	540,6	503,9
Equity	296,5	316,2	293,2
Interest-bearing debts and provisions	109,2	119,6	114,2
Non interest-bearing debts and provisions	93,3	104,8	96,5
TOTAL EQUITY AND LIABILITIES	499,0	540,6	503,9

CHANGE IN EQUITY

	3 mon 2002	3 mon 2001	2001
(MSEK)			
Equity according to balance sheet December 31	293,2	302,9	302,9
Exchange rate differences	-2,8	6,1	8,6
Net profit	6,1	7,2	-8,0
Dividend			-10,3
Equity according to balance sheet March 31	296,5	316,2	293,2

CONSOLIDATED CASH FLOW STATEMENT IN BRIEF (MSEK)

	3 mon 2002	3 mon 2001	2001
Funds provided by operations	16,1	16,6	46,0
Change in working capital	-11,5	-3,0	12,7
Cash flow from operations	4,6	13,6	58,7
Cash flow from investments	-1,7	-7,2	-28,8
Cash flow from financial activities	-1,6	-17,1	-38,5
Cash flow for the period	1,3	-10,7	-8,6
Liquid assets beginning of year	96,0	103,7	103,7
Translation difference liquid assets	-0,2	0,7	0,9
Liquid assets end of period	97,1	93,7	96,0
Unutilised bank overdraft facility	45,1	54,6	65,7
Total of disposable liquid assets	142,2	148,3	161,7

GROUP KEY RATIOS

	3 mon 2002	3 mon 2001	2001
Profit margin (%)	6,6	7,6	-1,8
Return on equity (%)	8,3	9,2	-2,7
Return on capital employed (%)	11,3	12,6	-0,9
Equity ratio (%)	59,4	58,5	58,2
Equity per share (SEK)	86:61	92:37	85:64
Cash flow per share (SEK)	4:71	4:86	13:43
Market value March 31	88:00	100:00	95:00
Average full-time employed	326	351	333

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