



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 – 30/9 2002

- **Considerably improved operating income for core business Truck Equipment to MSEK 30,4 ( 21,0).**
- **Stable sales for Truck Equipment of MSEK 309 (305)**
- **Group net sales for Jan – Sep amounted to MSEK 395 (413).**
- **Group operating margin increased to 5,5 % (4,6%) to MSEK 21,7 (18,9).**
- **Group profit margin was improved to 5,0% (4,1%) and MSEK 19,8 (17,1).**

### MARKETS AND SALES

The Group's sales during June - September amounted to MSEK 120,6 (129,5), which was 6,9% lower than same period last year. For the first 9 months the sales amounted to MSEK 394,9 (412,8) which was approx 4,3% lower than same period last year.

#### Truck Equipment:

Truck Equipment is the Group's core business and the dominating business area covering 78,1% (73,9%) of the turnover during nine months. The business area comprises of several product groups. Coupling equipment to connect truck and trailer is 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 June-September amounted to MSEK 91,4 (95,5), a decrease with 4,3%. Total sales for nine months for the business area amounted to MSEK 308,6 (305,2), an increase by approx 1 %. In spite of the decrease in truck registrations, the Group has managed to maintain the sales volume on a stable level and strengthened the leading position on the world market when it comes to equipment for connecting heavy vehicles. The market trend is still difficult to predict.

#### Machine Elements:

Since the end of last year the sales and market trend for the business area has been very weak. But during the latter part of the third quarter of the year orders received increased. The turnover amounted to MSEK 86,3 (107,6) which was 19,8% lower than the same period last year.

	9 mon	3 mån	3 mon	3 mon	12 mon	3 mon	9 mon	3 mon	3 mon	3 mon
	Jan-	Jul-	Apr-	Jan-	Jan-	Oct-	Jan-	Jul-	Apr-	Jan-
	Sep	Sep	Jun	Mar	Dec	Dec	Sep	Sep	Jun	Mar
	2002	2002	2002	2002	2001	2001	2001	2001	2001	2001
Coupling Equipment	276,6	80,4	95,1	101,1	370,3	95,5	274,8	85,4	92,1	97,3
Fifth wheels	6,4	1,9	2,1	2,4	8,7	2,0	6,7	1,8	2,5	2,4
Onspot (aut tyre chains)	12,9	5,2	3,6	4,1	21,0	9,2	11,8	4,5	2,7	4,6
Armaton(dropsied pillars)	6,0	1,6	2,3	2,1	7,9	1,5	6,4	2,1	1,8	2,5
Other equipment	6,7	2,3	2,5	1,9	7,0	1,5	5,5	1,7	1,8	2,0
<b>Truck Equipment</b>	<b>308,6</b>	<b>91,4</b>	<b>105,6</b>	<b>111,6</b>	<b>414,9</b>	<b>109,7</b>	<b>305,2</b>	<b>95,5</b>	<b>100,9</b>	<b>108,8</b>
Shaft-hub connections	39,8	13,9	12,7	13,2	68,8	14,5	54,3	17,2	17,9	19,2
RFC-products	30,1	8,6	10,7	10,8	46,6	10,1	36,5	11,6	12,5	12,4
Friction springs	16,4	6,7	4,3	5,4	22,0	5,2	16,8	5,2	4,8	6,8
<b>Machine Elements</b>	<b>86,3</b>	<b>29,2</b>	<b>27,7</b>	<b>29,4</b>	<b>137,4</b>	<b>29,8</b>	<b>107,6</b>	<b>34,0</b>	<b>35,2</b>	<b>38,4</b>
<b>Total</b>	<b>394,9</b>	<b>120,6</b>	<b>133,3</b>	<b>141,0</b>	<b>552,3</b>	<b>139,5</b>	<b>412,8</b>	<b>129,5</b>	<b>136,1</b>	<b>147,2</b>



## INCOME

### Truck Equipment:

Operating income for July - Sep amounted to MSEK 7,8 (10,7) and for the nine months MSEK 30,4 (21,0), an increase by 45 %. Operating margin increased to 9,9 % (6,9).

### Machine Elements:

The large sales decline requires cost rationalizations both in short- and long-term. During the third quarter of the year it was possible to reduce the operative costs for the business area and to show a positive income both for the period July – Sep of MSEK 1,3 (-0,5) as well as for the period of nine months of MSEK 0,7 (1,5).

The sale process of the business area Machine Elements on-going since end of last year could not be finalized due to the weak business cycle effecting the whole line of business. During the last period of three months the Board therefore decided to interrupt the sale process. The decision does not imply that the business area in a long-term will be part of the Group's core business.

Further changes in the business area are planned in order to create a long-term profitable business. Operating margin amounted to 0,9% (1,4%).

### Others:

Net costs for VBG AB along with depreciations of goodwill and other Group administrative items for the period amounted to MSEK -9,5 (-3,6). The change mainly referred to a positive item of reversed rental charges included last year.

### The Group

Total Group showed an operating income for Jul - Sep of MSEK 7,5 (7,4) and for the whole period MSEK 21,7 (18,9), an improvement of 14,8%. Operating margin for July-Sep amounted to 6,2% (5,7) and for the nine months it amounted to 5,5% (4,6). The income after financial items for the whole period amounted to MSEK 19,8 (17,1), which was 15,8% better than last year. The return on capital employed was 9,1% (7,1) and return on equity 6,6 % (4,7). The net margin was improved to 5,0% (4,1).

		9 mon	3 mon	3 mon	3 mon	12 mon	3 mon	9 mon	3 mon	3 mon	3 mon
		Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec	Oct-Dec	Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar
		2002	2002	2002	2002	2001	2001	2001	2001	2001	2001
<b>Operating income</b>											
Truck Equipment	(TE)	30,4	7,8	9,6	13,0	36,6	15,6	21,0	10,7	1,5	8,8
Machine Elements	(ME)	0,7	1,3	-0,9	0,3	0,2	-1,3	1,5	-0,5	0,9	1,1
Other operating expenses (ME)							-40,0				
Parent Company and Others		-9,5	-1,7	-4,5	-3,3	-4,0	-0,4	-3,6	-2,8	-2,7	1,9
<b>Operating Income</b>		<b>21,7</b>	<b>7,5</b>	<b>4,2</b>	<b>10,0</b>	<b>-7,2</b>	<b>-26,1</b>	<b>18,9</b>	<b>7,4</b>	<b>-0,3</b>	<b>11,8</b>
Operating margin		5,5%	6,2%	3,2%	7,1%	-1,3%	-18,7%	4,6 %	5,7%	-0,2%	8,0%
<b>Income after financial items</b>		<b>19,8</b>	<b>6,6</b>	<b>3,8</b>	<b>9,4</b>	<b>-10,1</b>	<b>-27,2</b>	<b>17,1</b>	<b>6,9</b>	<b>-0,9</b>	<b>11,1</b>
<b>Net margin</b>		<b>5,0%</b>	<b>5,5%</b>	<b>2,9%</b>	<b>6,6%</b>	<b>-1,8%</b>	<b>-19,5%</b>	<b>4,1%</b>	<b>5,3%</b>	<b>-0,7%</b>	<b>7,6%</b>

## INVESTMENTS

The Group's new investments during the period of nine months amounted to MSEK 6,1 (23,1).

## CASH FLOW AND FINANCIAL SITUATION

The cash flow from current business was MSEK 42,9 (36,5). New investments paid during the period amounted to MSEK 6,1 (17,9). Cash flow after investments amounted to MSEK 36,8 (18,6). Further, loan debts have been amortised with MSEK 17,8, dividend paid to shareholders with MSEK 10,3 and the Group has also re-bought own shares Series B at a total amount of MSEK 37,9. Cash in hand changed with MSEK -29,2 (-18,6) and thereafter the Group's liquid assets amounted to MSEK 66,7 (96,0 at end of the year).



The Group's interest-bearing debts increased during the period with MSEK 10,9 and on September 30 amounted to MSEK 29,1 (18,2 at end of the year).

The equity decreased to MSEK 253,0 (293,2). The ratio of interest-bearing debts to equity was at end of September 0,12 (0,06 at end of the year). The equity ratio was slightly reduced during the period and on September 30 amounted to 57,6 % (58,2).

## **PERSONNEL**

On September 30 the VBG Group employed 297 persons (323 at end of last year), of which 135 persons (146) were in Sweden. The average number of employed full-time during the period was 313 persons (342 same period last year), Of these, 148 (156) were employed in Sweden.

## **PER SHARE DATA**

Profit per share after full tax for the period amounted to SEK 4:04 (3:18). The shareholders' equity at the end of September was SEK 80:95 compared to SEK 85:64 at end of the year.

## **FORECAST 2002**

Group turnover is estimated to be somewhat lower than 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.

Riksskatteverket has given out a general advice informing that out of the acquisition fee for shares in VBG AB 97,5% should be related to these shares and 2,5 % should be related to the re-buy rights (special rights). Further information can be obtained from RSV M 2002:11.

## **THE PARENT COMPANY**

The business of VBG AB (publ) covers 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 rental income amounting to MSEK 7,6 (10,0). Income after financial items amounted to MSEK -5,4 (-1,2).

Liquid assets of the parent company at the end of September amounted to MSEK 40,9 (83,9) 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 the same accounting principles have been used as in the latest annual report.

**Vänersborg 2002 10 23**  
**VBG AB (publ)**

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**Next report:** February 2003 Financial Statement 2002



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CONSOLIDATED PROFIT AND LOSS ACCOUNT  
IN BRIEF

	3 mon		9 mon		2001
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	
	2002	2001	2002	2001	2001
	(MSEK)				
<b>Net sales</b>	<b>120,6</b>	<b>129,5</b>	<b>394,9</b>	<b>412,8</b>	<b>552,3</b>
Cost of sales	-81,9	-86,9	-263,1	-285,3	-373,1
Sales expenses	-22,7	-26,4	-75,7	-83,7	-111,1
Administrative expenses	-7,0	-9,0	-29,0	-28,8	-35,9
R & D expenses	-2,6	-2,6	-8,0	-8,3	-11,1
Other operating income/expenses	1,1	2,8	2,6	12,2	11,7
Costs affecting comparability					-40,0
<b>Operating income</b>	<b>7,5</b>	<b>7,4</b>	<b>21,7</b>	<b>18,9</b>	<b>-7,2</b>
Financial items, net	-0,9	-0,5	-1,9	-1,8	-2,9
<b>Income after financial items</b>	<b>6,6</b>	<b>6,9</b>	<b>19,8</b>	<b>17,1</b>	<b>-10,1</b>
Tax	-2,1	-2,2	-6,4	-6,2	2,1
<b>Net profit</b>	<b>4,5</b>	<b>4,7</b>	<b>13,4</b>	<b>10,9</b>	<b>-8,0</b>
Depreciation in the above	-8,0	-8,4	-24,0	-23,8	-31,0
Income per share after tax (SEK)	<b>1:45</b>	<b>1:37</b>	<b>4:04</b>	<b>3:18</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	3125,5	3423,5	3324,2	3423,5	3423,5

CONSOLIDATED BALANCE SHEET IN BRIEF

	(MSEK)		
	02-09-30	01-09-30	01-12-31
Intangible fixed assets	41,0	66,1	47,5
Tangible fixed assets	114,7	138,7	128,7
Financial fixed assets	13,1	0,1	14,1
<b>Total Fixed Assets</b>	<b>168,8</b>	<b>204,9</b>	<b>190,3</b>
Inventories	114,4	143,7	129,4
Receivables	89,3	98,2	88,2
Liquid assets	66,7	86,2	96,0
<b>Total Current Assets</b>	<b>270,4</b>	<b>328,1</b>	<b>313,6</b>
<b>TOTAL ASSETS</b>	<b>439,2</b>	<b>533,0</b>	<b>503,9</b>
<b>Equity</b>	<b>253,0</b>	<b>316,0</b>	<b>293,2</b>
Interest-bearing debts and provisions	95,8	120,0	114,2
Non interest-bearing debts and provisions	90,4	97,0	96,5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>439,2</b>	<b>533,0</b>	<b>503,9</b>

CHANGE IN EQUITY

	(MSEK)		
	9 mon	9 mon	2001
	2002	2001	
<b>Equity according to balance sheet December 31</b>	<b>293,2</b>	<b>302,9</b>	<b>302,9</b>
Exchange rate differences	-5,4	12,5	8,6
Net profit	13,4	10,9	-8,0
Dividend	-10,3	-10,3	-10,3
<b>Equity according to balance sheet June 30</b>	<b>253,0</b>	<b>316,0</b>	<b>293,2</b>

CONSOLIDATED CASH FLOW STATEMENT IN BRIEF

	(MSEK)		
	9 mon	9 mon	2001
	2002	2001	
<b>Funds provided by operations</b>	<b>37,2</b>	<b>31,0</b>	<b>46,0</b>
Change in working capital	5,7	5,5	12,7
<b>Cash flow from operations</b>	<b>42,9</b>	<b>36,5</b>	<b>58,7</b>
Cash flow from investments	-6,1	-17,9	-28,8
Cash flow from financial activities	-66,0	-37,2	-38,5
<b>Cash flow for the period</b>	<b>-29,2</b>	<b>-18,6</b>	<b>-8,6</b>
Liquid assets beginning of year	96,0	103,7	103,7
Translation difference liquid assets	-0,1	1,1	0,9
<b>Liquid assets end of period</b>	<b>66,7</b>	<b>86,2</b>	<b>96,0</b>
Unutilised bank overdraft facility	60,5	67,2	65,7
<b>Total of disposable liquid assets</b>	<b>127,2</b>	<b>153,4</b>	<b>161,7</b>

GROUP KEY RATIOS

	9 mon	9 mon	2001
	2002	2001	
Net margin (%)	5,0	4,1	-1,8
Return on equity (%)	6,6	4,7	-2,7
Return on capital employed (%)	9,1	7,1	-0,9
Equity ratio (%)	57,6	59,3	58,2
Equity per share (SEK)	80:95	92:32	85:64
Cash flow per share (SEK)	11:18	9:04	13:43
Market value Sep 30 (SEK)	87:00	80:00	95:00
Average full-time employed	313	342	333

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