



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 2003

- Turnover stable despite weaker business cycle MSEK 141,9 (141,0).
- Income before tax increased by 27% to MSEK 11,9 (9,4).
- Increased net margin to 8,4 % (6,6).
- Increased return on capital employed to 16,0% (11,3).
- Continued strong cash flow after investments MSEK 8,9 (2,9)

MARKETS AND SALES

The Group's sales during Jan – Mar amounted to MSEK 141,2 (141,0), which is estimated to be a volume increase of approx 2% on Group level.

<i>Business Areas :</i>	1/03	2002	4/02	3/02	2/02	1/02
Truck Equipment	110,6	418,2	109,6	91,4	105,6	111,6
Machine Element	30,6	114,6	28,3	29,2	27,7	29,4
Total	141,2	532,8	137,9	120,6	133,3	141,0

Truck Equipment:

Truck Equipment is the Group's core business and the dominating business area with 78,3 % (79,1%) of the turnover for Jan – Mar. The business area comprises of several product groups; coupling equipment, automatic tyre chains, drop side pillars, fifth wheels with additional equipment for semi trailers and other truck equipment. The subsidiary in Poland was closed down during the first quarter and the sale has been taken over by one of the Group's international partners.

Total turnover for the business area amounted to MSEK 110,6 (111,6).

<i>Product Groups :</i>	1/03	2002	4/02	3/02	2/02	1/02
Coupling equipment	100,0	370,5	93,9	80,4	95,1	101,1
Fifth wheels	1,8	8,3	1,9	1,9	2,1	2,4
Automatic tyre chains (Onspot)	4,6	22,8	9,9	5,2	3,6	4,1
Drop side pillars (Armaton)	1,8	7,7	1,7	1,6	2,3	2,1
Other truck equipment	2,4	8,9	2,2	2,3	2,5	1,9

On the Swedish market sale increase was approx 12,5% and in the other Nordic countries the sale was also higher than any of the other quarters last year. However, in rest of Europe the weak business cycle negatively effected the Group's total sale. In spite of lower sale on certain markets market shares are not estimated to have been lost but rather a strengthened world leading position of the product area coupling equipment and automatic tyre chains.

<i>Geographic markets:</i>	1/03	2002	4/02	3/02	2/02	1/02
Sweden	35,2	121,6	32,3	25,7	31,9	31,8
Other Nordic countries	27,5	97,6	25,3	20,9	25,0	26,3
Rest of Europe	40,9	169,5	41,4	38,5	43,3	46,4
USA / Canada	0,1	0,4	0,0	0,2	0,1	0,1
Rest of the world	6,9	29,0	10,6	6,1	5,2	7,0



Machine Elements:

The sale's trend for the business area during the first 3 months was positive and a possible recovery might be on its way for a since long weak world market. The turnover was MSEK 30,6 (29,4) which was 4,1% higher than same period last year. Just below 50 % of the turnover was invoiced in USD to the american market. Excluding the weak dollar rate actual volume increase was estimated to be 14,9%.

<i>Product areas.:</i>	1/03	2002	4/02	3/02	2/02	1/02
Shaft-hub connections	14,7	53,3	13,5	13,9	12,7	13,2
RFC-products	10,5	40,1	10,0	8,6	10,7	10,8
Friction springs	5,4	21,2	4,8	6,7	4,3	5,4
<i>Geographical markets:</i>	1/03	2002	4/02	3/02	2/02	1/02
Sweden	0,4	1,3	0,3	0,3	0,3	0,4
Other Nordic countries	0,4	1,6	0,4	0,3	0,4	0,5
Rest of Europe	11,9	44,4	9,7	13,0	10,5	11,1
USA / Canada	14,5	55,6	13,4	12,5	14,3	15,3
Rest of the world	3,4	11,7	4,3	3,0	2,3	2,1

INCOME

Truck Equipment:

Operating income for the business area amounted to MSEK 13,0 (12,3) an increase by 4,8%. Net margin increased to 11,8% (11,0%).

Machine Elements:

Operating income amounted to MSEK 1,4 (-0,1) with a net margin of 4,7% (-0,3%). There is an on-going re-structure programme in the German production unit of the business area Machine Elements which is estimated to continue during this and next year. The income for Jan - Mar has been charged with costs amounting to MSEK -0,6 for this re-structure work.

Others:

VBG AB and other group administrative items for the period amounted to MSEK -1,6 (-2,2).

Group income after financial items amounted to MSEK 11,9 (9,4), an increase by 27% compared to last year.

Return on capital employed greatly improved to 16,0% (11,3) and return on equity also increased to 12,6% (8,3). Net margin increased to 8,4% (6,6%).

	1/03	2002	4/02	3/02	2/02	1/02
Operating income						
Truck Equipment (TE)	13,0	40,1	11,8	7,1	8,9	12,3
Machine elements (ME)	1,4	0,7	1,2	0,9	-1,3	-0,1
Other operating expenses (ME)	-1,6	-7,5	-1,4	-0,5	-3,4	-2,2
Operating Income	12,8	33,3	11,6	7,5	4,2	10,0
Operating margin	9,1%	6,3%	8,4%	6,2%	3,2%	7,1%
Income after financial items	11,9	31,6	11,8	6,6	3,8	9,4
Net margin	8,4%	5,9%	8,6%	5,5%	2,9%	6,6%

INVESTMENTS

The Group's new investments during the first three months amounted to MSEK 5,1 (1,7).

CASH FLOW AND FINANCIAL SITUATION

The cash flow from current business was MSEK 14,3 (4,6). New investments paid during the period amounted to MSEK 5,4 (1,7). Cash flow after investments amounted to MSEK 8,9 (2,9) and has been used to amortise loan debts MSEK 12,1 (1,6). Cash in hand decreased with MSEK -3,2 (1,3) and thereafter liquid assets amounted to MSEK 82,5 (97,1).



The Group's interest-bearing debts decreased during the period with MSEK 8,1 and on March 31 amounted to MSEK 9,9 (18,0 at the year end).

The equity increased to MSEK 262,5 (255,6). The ratio of interest-bearing debt to equity was at the end of March 0,04 (0,07 at the year end). The equity ratio was improved during the period and amounted on March 31 to 58,2 % (56,8).

PERSONNEL

On March 31 the VBG Group employed 297 persons (302 at the year end), of which 141 persons (140) were in Sweden. The average number of employed full-time was 296 persons (326 same period last year). Of these, 143 (155) were employed in Sweden.

PER SHARE DATA

Profit per share after full tax for the period amounted to SEK 2:60 (1:79). The shareholders' equity at the end of March was SEK 83:99 compared to SEK 81:78 at the end of last year.

FORECAST 2003

For the business area Truck Equipment there are no signs indicating that the important truck market will grow during the rest of the year. For the business area Machine Elements however, there is a certain optimism about a continued recovery of the machine industry market. Group turnover is estimated to be on the same level as last year (MSEK 533) with an income estimated to be somewhat better (MSEK 31,6).

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 rents amounting to MSEK 2,4 (2,5). Income after financial items amounted to MSEK -1,8 (-1,8).

Liquid assets of the parent company at the end of March amounted to MSEK 38,1 (40,6 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.

Vänersborg 2003 04 24
VBG AB (publ)

Anders Birgersson
Managing director

Contact person: Anders Birgersson, Managing Director & CEO
Telephone +46 521 277767
+46 702 277778
E-post abi@vbgab.com

Next report: Interim report 6 months on August 7, 2003





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

IN BRIEF

	(MSEK)		
	3 mon 2003	3 mon 2002	2002
Net sales	141,2	141,0	532,8
Cost of sales	-91,5	-90,5	-349,6
Sales expenses	-25,1	-26,8	-100,9
Administrative expenses	-9,0	-10,9	-42,5
R & D expenses	-2,8	-2,6	-11,2
Other operating income/expenses	0,0	-0,2	4,7
Operating income	12,8	10,0	33,3
Financial items, net	-0,9	-0,6	-1,7
Income after financial items	11,9	9,4	31,6
Tax	-3,8	-3,3	-15,8
Net profit	8,1	6,1	15,8
Depreciation in the above	-7,7	-8,0	-30,3
Income per share after tax (SEK)	2:60	1:79	4:83
Number of shares at end of March ('000)	3 125,5	3 423,5	3 125,5
Average number of shares during the period	3 125,5	3 423,5	3 274,5

CONSOLIDATED BALANCE SHEET IN BRIEF

	(MSEK)		
	03-03-31	02-03-31	02-12-31
Intangible fixed assets	37,8	44,4	39,5
Tangible fixed assets	116,9	122,6	117,7
Financial fixed assets	6,1	12,3	6,8
Total Fixed Assets	160,8	179,3	164,0
Inventories	113,8	121,5	115,9
Receivables	93,8	101,1	84,1
Liquid assets	82,5	97,1	86,2
Total Current Assets	290,1	319,7	286,2
TOTAL ASSETS	450,9	499,0	450,2
Equity	262,5	296,5	255,6
Interest-bearing debts and provisions	92,4	109,2	104,3
Non interest-bearing debts and provisions	96,0	93,3	90,3
TOTAL EQUITY AND LIABILITIES	450,9	499,0	450,2

CHANGE IN EQUITY

	(MSEK)		
	3 mon 2003	3 mon 2002	2002
Equity according to balance sheet December 31	255,6	293,2	293,2
Re-purchase of own shares			-37,9
Exchange rate differences	-1,2	-2,8	-5,2
Net profit	8,1	6,1	15,8
Dividend			-10,3
Equity according to balance sheet March 31	262,5	296,5	255,6

CONSOLIDATED CASH FLOW STATEMENT IN BRIEF (MSEK)

	3 mon 2003	3 mon 2002	2002
Funds generated by operations before changes in working capital	17,0	16,1	56,3
Change in working capital	-2,7	-11,5	6,8
Cash flow from operations	14,3	4,6	63,1
Cash flow from investments	-5,4	-1,7	-13,7
Cash flow from financial activities	-12,1	-1,6	-59,0
Cash flow for the period	-3,2	1,3	-9,6
Liquid assets beginning of year	86,2	96,0	96,0
Translation difference liquid assets	-0,5	-0,2	-0,2
Liquid assets end of period	82,5	97,1	86,2
Unutilised bank overdraft facility	28,9	45,1	38,2
Total of disposable liquid assets	111,4	142,2	124,4

GROUP KEY RATIOS

	3 mon 2003	3 mon 2002	2002
Net margin (%)	8,4	6,6	5,9
Return on equity (%)	12,6	8,3	5,8
Return on capital employed (%)	16,0	11,3	10,2
Equity ratio (%)	58,2	59,4	56,8
Equity per share (SEK) (before changes in working capital)	83:99	86:61	81:78
Cash flow per share (SEK)	5:44	4:71	17:19
Market value March 31	89:00	88:00	90:00
Average full-time employed	296	326	309

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

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

