



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 and an additional business area of Machine Element.

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

Interim Report 1/1 – 30/9 2003

- **Group turnover MSEK 395,3 (394,9) after a strong third quarter.**
- **Income after financial items 33 % better than last year MSEK 26,3 (19,8).**
- **Increased return on capital employed to 12,0% (9,1).**
- **Income after tax increased by 37 % to MSEK 18,3 (13,4).**
- **Earnings per share increased to 5:86 (4:04).**

MARKETS AND SALES

The Group's turnover during Jan – Sep amounted to MSEK 395,3 (394,9), which is considered equal to a volume increase of 2,5 %.

<i>Business-Areas::</i>	9 mon Jan-Sep 2003	3 mon Jul-Sep 2003	3 mon Apr-Jun 2003	3 mon Jan-Mar 2003	12 mon Jan-Dec 2002	3 mon Oct-Dec 2002	9 mon Jan-Sep 2002	3 mon Jul-Sep 2002	3 mon Apr-Jun 2002	3 mon Jan-Mar 2002
Truck Equip	305,9	97,8	97,5	110,6	418,2	109,6	308,6	91,4	105,6	111,6
Mach Elem	89,4	29,4	29,4	30,6	114,6	28,3	86,3	29,2	27,7	29,4
Total	395,3	127,2	126,9	141,2	532,8	137,9	394,9	120,6	133,3	141,0

Truck Equipment:

Truck Equipment is the Group's core business and the dominating business area with 77,4 % (78,2) of the turnover for Jan – Sep. 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 Group consolidates a strong market position and is world leading in the product areas coupling equipment and automatic tyre chains. During the third quarter there was a volume increase of 7% compared to the same period last year. One contributing cause among others was that the German market, and above all during August and September, showed signs of recovery.

Turnover for the period of nine months amounted to MSEK 305,9 (308,6). A new French sales company was established during the third quarter.

<i>Product Groups :</i>	9 mon Jan-Sep 2003	3 mon Jul-Sep 2003	3 mon Apr-Jun 2003	3 mon Jan-Mar 2003	12 mon Jan-Dec 2002	3 mon Oct-Dec 2002	9 mon Jan-Sep 2002	3 mon Jul-Sep 2002	3 mon Apr-Jun 2002	3 mon Jan-Mar 2002
Coupl Equipm	274,4	85,9	88,5	100,0	370,5	93,9	276,6	80,4	95,1	101,1
Fifth wheels	5,5	1,9	1,8	1,8	8,3	1,9	6,4	1,9	2,1	2,4
Aut Tyre Chain	13,4	5,9	2,9	4,6	22,8	9,9	12,9	5,2	3,6	4,1
Dropside pillar	4,6	1,6	1,2	1,8	7,7	1,7	6,0	1,6	2,3	2,1
Oth truck equip	8,0	2,5	3,1	2,4	8,9	2,2	6,7	2,3	2,5	1,9

<i>Geographic markets :</i>	9 mon Jan-Sep 2003	3 mon Jul-Sep 2003	3 mon Apr-Jun 2003	3 mon Jan-Mar 2003	12 mon Jan-Dec 2002	3 mon Oct-Dec 2002	9 mon Jan-Sep 2002	3 mon Jul-Sep 2002	3 mon Apr-Jun 2002	3 mon Jan-Mar 2002
Sweden	94,0	28,3	30,5	35,2	121,8	32,3	89,5	25,7	32,0	31,8
Oth Nordic coun	71,9	20,3	24,1	27,5	97,5	25,3	72,2	20,9	25,0	26,3
Rest of Europe	117,7	39,4	37,4	40,9	169,6	41,4	128,2	38,5	43,3	46,4
USA / Canada	0,1	0,0	0,0	0,1	0,4	0,0	0,4	0,2	0,1	0,1
Rest of world	22,2	9,8	5,5	6,9	28,9	10,6	18,3	6,1	5,2	7,0



Machine Element:

The sale's trend for the business area during the first 9 months has been positive with a recovery for a since long weak world market. The turnover was MSEK 89,4 (86,3) which was 3,6 % higher than same period last year. Next to half the turnover was invoiced in USD to the American market. Excluding the weak dollar rate the actual volume increase is 13 %. Most of the geographic markets and product areas have shown a positive trend during the period.

	9 mon	3 mon	3 mon	3 mon	12 mon	3 mon	9 mon	3 mon	3 mon	3 mon
<i>Product-areas :</i>	Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec	Oct-Dec	Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar
	2003	2003	2003	2003	2002	2002	2002	2002	2002	2002
Shaft-hub connections.	42,2	14,0	13,5	14,7	53,3	13,5	39,8	13,9	12,7	13,2
RFC-prod.	28,6	8,6	9,5	10,5	40,1	10,0	30,1	8,6	10,7	10,8
Friction Springs	18,6	6,8	6,4	5,4	21,2	4,8	16,4	6,7	4,3	5,4

	9 mon	3 mon	3 mon	3 mon	12 mon	3 mon	9 mon	3 mon	3 mon	3 mon
<i>Geographic markets:</i>	Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec	Oct-Dec	Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar
	2003	2003	2003	2003	2002	2002	2002	2002	2002	2002
Sweden	1,1	0,6	0,1	0,4	1,3	0,3	1,0	0,3	0,3	0,4
Oth Nord count	1,4	0,5	0,5	0,4	1,6	0,4	1,2	0,3	0,4	0,5
Rest of Europe	34,5	10,8	11,8	11,9	44,4	9,8	34,6	13,0	10,5	11,1
USA / Can.	41,8	13,8	13,5	14,5	55,6	13,5	42,1	12,5	14,3	15,3
Rest of world	10,6	3,7	3,5	3,4	11,7	4,3	7,4	3,0	2,3	2,1

INCOME

Group income after financial items for the third quarter was 55 % better than last year, MSEK 10,2 (6,6). Total income for the nine months amounted to MSEK 26,3 (19,8), an increase by 33 %. All group key ratios for the period were improved compared to same period last year. Return on capital employed increased to 12,0% (9,1) and return on equity also increased to 9,5 % (6,6). Net margin increased to 6,7% (5,0%).

Truck Equipment:

The increased turnover during the third quarter resulted in an operating income for the quarter of MSEK 13,0 (7,6). The strong result during the third quarter changed the operating income for the business area for the nine months period into 11,5 % better than same period last year, MSEK 32,1 (28,8). Net margin increased to 10,5 % (9,3%).

Machine Element:

Operating income amounted to MSEK - 1,2 (-0,5) with a net margin of -1,3 % (-0,6%). The strongly weakened US dollar compared to same period last year has effected the period's income with MSEK -1,5. The large re-structure programme in the German production unit continues and is expected to go on during this and next year. The operating income during the period has been charged with costs for this re-structure work in the amount of MSEK 4,8. The underlying operative income was strikingly better than last year.

Others:

Group-wide items for the period amounted to MSEK -3,3 (-6,6).

	9 mon	3 mon	3 mon	3 mon	12 mon	3 mon	9 mon	3 mon	3 mon	3 mon
<i>Income:</i>	Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec	Oct-Dec	Jan-Sep	Jul-Sep	Apr-Jun	Jan-Mar
	2003	2003	2003	2003	2002	2002	2002	2002	2002	2002
Truck Equipm.	32,1	13,0	6,1	13,0	40,1	11,8	28,8	7,6	8,9	12,3
Machine Elem	-1,2	-2,4	-0,2	1,4	0,7	1,2	-0,5	0,9	-1,3	-0,1
Group-wide item	-3,3	0,0	-1,7	-1,6	-7,5	-1,4	-6,6	-1,0	-3,4	-2,2
Operating Inc	27,6	10,6	4,2	12,8	33,3	11,6	21,7	7,5	4,2	10,0
Operating Marg	7,0%	8,3%	3,3%	9,1%	6,3%	8,4%	5,5%	6,2%	3,2%	7,1%
Inc after Fin	26,3	10,2	4,2	11,9	31,6	11,8	19,8	6,6	3,8	9,4
Net Margin %	6,7%	8,0%	3,3%	8,4%	5,9%	8,6%	5,0%	5,5%	2,9%	6,6%



INVESTMENTS

The Group's new investments during the nine months amounted to MSEK 12,2 (6,1).

CASH FLOW AND FINANCIAL SITUATION

The cash flow from current business was MSEK 34,5 (42,9). New investments paid during the period amounted to MSEK 12,2 (6,1). Cash flow after investments amounted to MSEK 22,0 (36,8). Further, loan debts have been amortised with MSEK 21,8 (17,8) and dividend to shareholders have been paid with MSEK 9,4 (10,3). The influence on cash in hand was MSEK -9,1 (-29,2) and the Group's liquid assets at the end of the period amounted to MSEK 75,8. The Group's interest-bearing debts decreased during the period with MSEK 11,9 and amounted on September 30 to MSEK 6,1 (18,0 at the year end). The equity increased to MSEK 258,0 (255,6). The ratio of interest-bearing debt to equity at the end of September was 0,02 (0,07 at the year end). The equity ratio was improved during the period and amounted on September 30 to 59,6 % (56,8).

PERSONNEL

On September 30 the VBG Group employed 300 persons (302 at the year end), of which 142 persons (140) were in Sweden. The average number of employed full-time was 301 persons (315 same period last year). Of these, 146 (150) were employed in Sweden.

PER SHARE DATA

Profit per share after full tax for the period amounted to SEK 5:86 (4:04). The shareholders' equity increased during the period and at the end of September amounted to SEK 82:56 compared to SEK 81:78 at the end of last year.

FORECAST 2003

The Group's turnover and income is estimated to be on the same level as last year. An advance of the running re-structure programme in the business area Machine Elements might be charged on the year income.

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 rents amounting to MSEK 7,7 (8,1). Income after financial items but before dividend from subsidiaries amounted to MSEK -5,2 (-5,4). During the second quarter of the year the parent company received dividend from subsidiaries amounting to MSEK 25.

Liquid assets of the parent company at the end of September amounted to MSEK 47,4 (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 2003-10-23

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IN BRIEF	(MSEK)	3 mon 2003 July-Sep	3 mon 2002 July-Sep	9 mon 2003 Jan-Sep	9 mon 2002 Jan-Sep	Full year 2002
Net sales		127,2	120,6	395,3	394,9	532,8
Cost of sales		-82,6	-81,9	-258,6	-263,1	-349,6
Sales expenses		-23,8	-22,7	-73,4	-75,7	-100,9
Administrative expenses		-6,9	-7,0	-26,5	-29,0	-42,5
R & D expenses		-2,6	-2,6	-7,9	-8,0	-11,2
Other operating income/expenses		-0,7	1,1	-1,3	2,6	4,7
Operating income		10,6	7,5	27,6	21,7	33,3
Financial items, net		-0,4	-0,9	-1,3	-1,9	-1,7
Income after financial items		10,2	6,6	26,3	19,8	31,6
Tax		-3,1	-2,1	-8,0	-6,4	-15,8
Net profit		7,1	4,5	18,3	13,4	15,8
Depreciation in the above		-7,5	-8,0	-22,7	-24,0	-30,3
Income per share after tax (SEK)		2:29	1:45	5:86	4:04	4:83
Number of shares at end of September ('000)		3125,5	3125,5	3 125,5	3125,5	3 125,5
Average number of shares during the period ('000)		3125,5	3125,5	3 125,5	3324,2	3 274,5

CONSOLIDATED BALANCE SHEET IN BRIEF	(MSEK)	03-09-30	02-09-30	02-12-31
Intangible fixed assets		33,7	41,0	39,5
Tangible fixed assets		110,6	114,7	117,7
Financial fixed assets		5,9	13,1	6,8
Total Fixed Assets		150,2	168,8	164,0
Inventories		111,6	114,4	115,9
Receivables		95,2	89,3	84,1
Liquid assets		75,8	66,7	86,2
Total Current Assets		282,6	270,4	286,2
TOTAL ASSETS		432,8	439,2	450,2
Equity		258,0	253,0	255,6
Interest-bearing debts and provisions		81,9	95,8	104,3
Non interest-bearing debts and provisions		92,9	90,4	90,3
TOTAL EQUITY AND LIABILITIES		432,8	439,2	450,2

CHANGE IN EQUITY	(MSEK)	9 mon 2003	9 mon 2002	Full year 2002
Equity according to balance sheet December 31		255,6	293,2	293,2
Re-purchase of own shares			-37,9	-37,9
Exchange rate differences		-6,5	-5,4	-5,2
Net profit		18,3	13,4	15,8
Dividend		-9,4	-10,3	-10,3
Equity according to balance sheet Sep 30		258,0	253,0	255,6

CONSOLIDATED CASH FLOW STATEMENT IN BRIEF (MSEK)	9 mon 2003	9 mon 2002	Full year 2002
Funds generated by operations before changes in working capital	44,5	37,2	56,3
Change in working capital	-10,0	5,7	6,8
Cash flow from operations	34,5	42,9	63,1
Cash flow from investments	-12,5	-6,1	-13,7
Cash flow from financial activities	-31,1	-66,0	-59,0
Cash flow for the period	-9,1	-29,2	-9,6
Liquid assets beginning of year	86,2	96,0	96,0
Translation difference liquid assets	-1,3	-0,1	-0,2
Liquid assets end of period	75,8	66,7	86,2
Unutilised bank overdraft facility	37,4	60,5	38,2
Total of disposable liquid assets	113,2	127,2	124,4

GROUP KEY RATIOS	9 mon 2003	9 mon 2002	Full year 2002
Net margin – ROS (%)	6,7	5,0	5,9
Return on equity (%)	9,5	6,6	5,8
Return on capital employed (%)	12,0	9,1	10,2
Equity ratio (%)	59,6	57,6	56,8
Equity per share (SEK) (before changes in working capital)	82:56	80:95	81:78
Cash flow per share (SEK)	14:23	11:18	17:19
Market value end of September	102:00	87:00	90:00
Average full-time employed	301	313	309

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