



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, France 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 2004

- Group turnover increased by 13 % to MSEK 446,2 (359,3).
- Group operating income before restructuring costs increased by 28% to MSEK 41,6 (32,4).
- Group income after financial items increased by 13% to MSEK 29,7 (26,3).
- Group income after tax increased to MSEK 20,5 (18,3).
- Earnings per share increased by 12% to 6:55 (5:86).

MARKETS AND SALES

The Group accounted a continued strong turnover for the third quarter of 2004 amounting to MSEK 142,3, which was 12 % better than last year. The total turnover for the first nine months was MSEK 446,2 (395,3), an increase of 13%. The actual volume change was 15 %.

	9 mon 2004	3/04	2/04	1/04	2003	4/03	9mon 2003	3/03	2/03	1/03
Truck Equipment	344,9	105,5	117,2	122,2	414,2	108,3	305,9	97,8	97,5	110,6
Machine Element	101,3	36,8	32,2	32,3	116,2	26,8	89,4	29,4	29,4	30,6
Total	446,2	142,3	149,4	154,5	530,4	135,1	395,3	127,2	126,9	141,2

Truck Equipment:

Continued strong sales during the third quarter resulted in a turnover of MSEK 105,5, which was 8 % better than last year. Total turnover for the first 9 months amounted to MSEK 344,9 (305,9), an increase by 13%.

The Group is the world's leading supplier of coupling equipment for heavy trucks with trailers covering 89% of the business area's turnover.

Most geographic markets have shown a positive trend during they year. The Nordic countries with the dominating brand name VBG stood for 50% of the business area's turnover, MSEK 172,1 an increase by approx 4 % compared to 2003 (165,9). The important German market, where the other strong brand RINGFEDER is the market leader, has had a positive development during 2004 with a volume increase of 11%. The German market covered 19% of the total turnover of the business area.

Machine Element:

The sale during the third quarter was 25% higher than same period last year and amounted to MSEK 36,8 (29,4). Total turnover for the first 9 months amounted to MSEK 101,3 (89,4), an increase by 13% in spite of the weakened US dollar. The underlying volume increase was 19%.

The business area is operating with the brand name RINGFEDER and enjoys a strong position on the world market as one of the largest and most reputed players in the segments in which one operates.

The US market stood for 45% of the total turnover and then came the German market with 26% of the turnover. The market in Australia/Asia had a turnover of MSEK 14,8, an increase by 48% compared to last year.



INCOME

Truck Equipment

Operating income for the business area Truck Equipment for the third quarter amounted to MSEK 10,2 (13,0), an decrease with 21,5%. The lower income is mainly due to two factors; increased steel prices and costs for the exhibitions "Lastbil 2004" in Sweden and the world's largest truck show "IAA 2004" in Germany, both taking place every second year. Operating margin was 9,7% compared to 13,3% last year.

For the first nine months the operating income increased by 13,4% to MSEK 36,4 (32,1) with an operating margin that increased to 10,6% (10,1%).

Machine Element

During the third quarter the re-structuring costs amounted to MSEK 1,6 (2,7) and for the first nine months the total costs were MSEK 10,8 (4,8).

The operating income for the business area (excluding re-structuring costs) for the third quarter amounted to MSEK 3,0 (0,3) and for the first nine months MSEK 10,2 (3,6). Operating margin for the first nine months increased to 10,1% (4,0%).

Group-wide item

Group-wide items for the nine months amounted to MSEK 5,0 (3,3).

Total Group

Operating income excluding re-structuring costs during the year has increased by 28% to MSEK 41,6 which correspond to a margin of 9,3%. Including re-structuring costs in business area Machine Element, the reported operating income for the total Group was 11% better than last year MSEK 30,8 (27,7) with an operating margin of 6,9% (7,0%). The Group income after financial items amounted to MSEK 29,7 (26,3), an increase by 13%.

Return on capital employed was 14,3% (12,0%) and return on equity 10,5% (9,5 %).

Net margin during the year is 6,7%, equal to the same period last year.

	9 mon 2004	3/04	2/04	1/04	2003	4/03	9mon 2003	3/03	2/03	1/03
<i>Income:</i>										
Truck Equipment	36,4	10,2	9,8	16,4	40,5	8,4	32,1	13,0	6,1	13,0
Machine Element	10,2	3,0	3,2	4,0	5,2	1,6	3,6	0,3	1,3	2,0
Re-Structure Mach Element	-10,8	-1,6	-5,2	-4,0	-8,7	-3,9	-4,8	-2,7	-1,5	-0,6
Group-wide Item	-5,0	-1,2	-2,2	-1,6	-4,6	-1,3	-3,3	0,0	-1,7	-1,6
Operating Income	30,8	10,4	5,6	14,8	32,4	4,8	27,6	10,6	4,2	12,8
Operating Margin	6,9%	7,3%	3,8%	9,6%	6,1%	3,6%	7,0%	8,3%	3,3%	9,1%
Income after Financial Item	29,7	10,2	5,1	14,4	31,3	5,0	26,3	10,2	4,2	11,9
Net Margin %	6,7%	7,2%	3,5%	9,3%	5,9%	3,7%	6,7%	8,0%	3,3%	8,4%

INVESTMENTS

The Group's new investments during the first nine months amounted to MSEK 12,9 (12,2).

CASH FLOW AND FINANCIAL SITUATION

The cash flow from current business amounted to MSEK 31,7 (34,5). New investments paid during the year amounted to MSEK 12,9 (12,2). Cash flow after investments amounted to MSEK 18,8 (22,0). Loan debts amortised in foreign subsidiaries amounted to MSEK 12,0 (21,8) and dividend paid to shareholders amounted to MSEK 9,4 (9,4). This resulted in reduced cash in hand with MSEK -2,7 (-9,0).

The Group's liquid assets amounted to MSEK 69,3 (71,9 at year-end).

The Group's interest-bearing net loan debt at year end was MSEK 4,5 and at end of September 2004 the interest-bearing assets were larger than the interest-bearing debts, a net loan debt of MSEK -2,7, thus a positive change of MSEK 7,2.

At end of September 2004 the equity amounted to MSEK 266,0 (255,1), including a positive translation difference of MSEK -0,2.

The ratio of interest-bearing net loan debt/receivable (-) to equity was at the end of September -0,01 (0,02 at year-end). The equity ratio at end of September was 61,2% (60,8%).



PERSONNEL

At the end of September 2004 VBG Group employed 306 persons (292 at year end) , of which 144 persons (136) were in Sweden. During the first nine months the average number of employed full-time was 308 persons (303 during same period 2003). Of these, 150 (146) were employed in Sweden.

PER SHARE DATA

Profit per share after full tax for the third quarter amounted to SEK 2:14 (2:29) and for the nine months´ period 6:55 (5:86). Shareholders´ equity at the end of September amounted to SEK 85:12 compared to SEK 81:62 at the year end.

FORECAST 2004

Group turnover is estimated to approx. MSEK 580 and the income is expected to be better than last year.

THE PARENT COMPANY

The business of VBG AB (publ) is directed to overall govern, develop and co-ordinate the Group 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,rents and licencing revenues plus external royalties and amounted totally to MSEK 9,3 (7,7). Income after financial items before dividend from subsidiaries amounted to MSEK -7,5, (-5,2). During the second quarter the parent company received dividend from subsidiaries in the amount of MSEK 20 (25).

Liquid assets in parent company at the September 30 2004 amounted to MSEK 33,2 (27,4 at year end) and the company had no short or long-term borrowing.

ACCOUNTING PRINCIPLES

The VBG Group as at 31st of December 2003 has adapted principles for estimation of the Group´s pension provision to RR29. The VBG Group has for the rest and from the annual accounts of 2003 adapted to the new recommendations issued by Redovisningsrådet during 2003.

Vänersborg 2004-10-26

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Financial Statement 2004: February 17, 2005



CONSOLIDATED PROFIT AND LOSS ACCOUNT IN BRIEF (MSEK)	3 mon	3 mon	9 mon	9 mon	Full year 2003
	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	
Net sales	142,3	127,2	446,2	395,3	530,4
Cost of sales	-90,9	-82,6	-291,9	-258,6	-351,0
Sales expenses	-29,4	-23,8	-84,6	-73,4	-100,2
Administrative expenses	-8,5	-6,9	-30,8	-26,5	-34,5
R & D expenses	-2,3	-2,6	-7,2	-7,9	-10,8
Other operating income/expenses	-0,8	-0,7	-0,9	-1,3	-1,5
Operating income	10,4	10,6	30,8	27,6	32,4
Financial items, net	-0,2	-0,4	-1,1	-1,3	-1,1
Income after financial items	10,2	10,2	29,7	26,3	31,3
Tax	-3,5	-3,1	-9,2	-8,0	-8,0
Net profit	6,7	7,1	20,5	18,3	23,3
Depreciation in the above	-6,7	-7,5	-20,4	-22,7	-30,8
Income per share after tax (SEK)	2:14	2:29	6:55	5:86	7:44
Number of shares at end of period ('000)	3 125,5	3 125,5	3 125,5	3 125,5	3 125,5
Average number of shares during the period ('000)	3 125,5	3 125,5	3 125,5	3 125,5	3 125,5

CONSOLIDATED BALANCE SHEET IN BRIEF (MSEK)	04-09-30	03-12-31
Intangible fixed assets	29,1	32,6
Tangible fixed assets	102,2	106,0
Financial fixed assets	3,2	6,4
Total Fixed Assets	134,5	145,0
Inventories	119,6	116,2
Receivables		86,3
Liquid assets	69,3	71,9
Total Current Assets	300,5	274,4
TOTAL ASSETS	435,0	419,4
Equity	266,0	255,1
Interest-bearing debts and provisions	69,3	76,4
Non interest-bearing debts and provisions	99,7	87,9
TOTAL EQUITY AND LIABILITIES	435,0	419,4

CHANGE IN EQUITY (MSEK)	9 mon 2004	9 mon 2003	Full year 2003
Equity according to balance sheet January 1	255,1	255,6	255,6
Adaption to RR29 (pension provision)			-7,0
Exchange rate differences	-0,2	-6,5	-7,4
Net profit	20,5	18,3	23,3
Dividend	-9,4	-9,4	-9,4
Equity according to balance sheet at end of period	266,0	258,0	255,1

CONSOLIDATED CASH FLOW STATEMENT IN BRIEF (MSEK)	9 mon 2004	9 mon 2003	Full year 2003
Funds generated by operations before changes in working capital	43,8	44,5	58,2
Change in working capital	-12,1	-10,0	-6,2
Cash flow from operations	31,7	34,5	52,0
Cash flow from investments	-12,9	-12,5	-15,3
Cash flow from financial activities	-21,4	-31,1	-49,6
Cash flow for the period	-2,7	-9,1	-12,9
Liquid assets beginning of year	71,9	86,2	86,2
Translation difference liquid assets	0,0	-1,3	-1,4
Liquid assets end of period	69,3	75,8	71,9
Unutilised bank overdraft facility	26,9	37,4	34,6
Total of disposable liquid assets	96,2	113,2	106,5

GROUP KEY RATIOS	9 mon 2004	9 mon 2003	Full year 2003
Net margin – ROS (%)	6,7	6,7	5,9
Return on equity (%)	10,5	9,5	9,1
Return on capital employed (%)	14,3	12,0	11,1
Equity ratio (%)	61,2	59,6	60,8
Equity per share (SEK) (before changes in working capital)	85:12	82:56	81:62
Cash flow per share (SEK)	13:99	14:23	18:63
Market value end of period	108:00	102:00	100:00
Average full-time employed	308	301	301

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