

VBG AB (publ) in Vänersborg is the Parent Company of an engineering Group with manufacturing and sales companies in Sweden, Germany, Belgium and the Czech Republic and sales companies in Norway, Denmark, the UK, France and the USA. The Group's operations are divided into two business areas, Truck Equipment and Power Transmission.

VBG AB's Series B share was introduced on Stockholmsbörsen (the Stockholm Stock Exchange) in 1987 and is listed on the O-list.

INTERIM REPORT JANUARY – MARCH 2006

- **The Group's net turnover increased by 77% to SEK 308.7 M (174.8)**
- **Operating profit rose by 149% to SEK 49.0 M (19.5), which gives an operating margin of 15.9% (11.3%)**
- **Profit after financial items increased to SEK 47.3 million (19.5)**
- **The Group's profit after tax increased to SEK 31.5 M (13.6)**
- **Earnings per share improved to SEK 10.06 (4.34)**

Group	Q1 2006	Q1 2005	Full year 2005
Net turnover, SEK M	308.7	174.8	778.5
Operating profit, SEK M	49.0	19.7	101.8
Operating margin, %	15.9	11.3	13.1
Profit after financial items, SEK M	47.3	19.5	97.4
Profit margin, %	15.3	11.2	12.5
Profit after tax, SEK M	31.5	13.6	67.1
Earnings per share, SEK	10.06	4.34	21.48
Return on capital employed (ROCE), cumulative, %	33.0	25.6	26.7
Return on equity (ROE), cumulative, %	36.4	19.4	22.4
Equity/assets ratio, %	41.1	60.2	38.8

Managing Director's statement – a strong first quarter for the VBG GROUP

The first quarter of 2006 was the best in the Group's history. Net turnover increased by nearly 80%. The Group's profit before tax increased by 130% compared with the same quarter last year and the operating margin was strengthened. Return on capital employed was well above 30%.

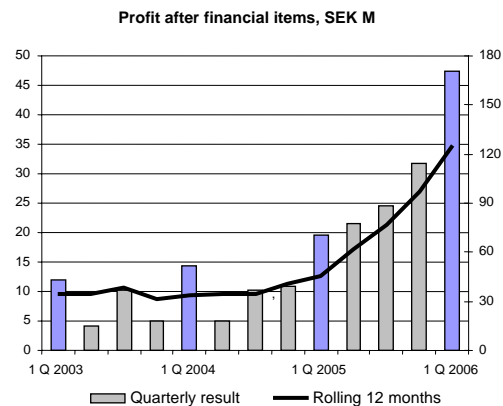
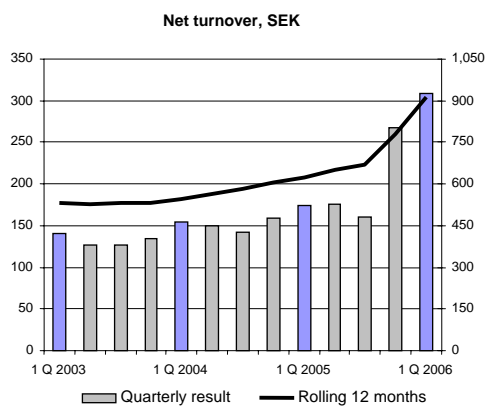
Both business areas contributed strongly to the earnings improvement. The Truck Equipment business area nearly doubled its turnover, largely as an effect of the acquisition of Edscha's Sliding Roofs for Trucks division, but also as an effect of strong organic growth. Demand for sliding roofs for semitrailers increased slightly during the period to a level equivalent to the very high pace of sales during the record year 2004. The integration of the new division is going according to plan. The Coupling Equipment and General Truck Equipment product areas report good growth. Truck Equipment has clearly strengthened its position in the expanding market.

As far as Power Transmission is concerned, it is very heartening to note that the business area is showing vigorous organic growth in combination with a very good operating margin of 13.8%. The offensive restructuring that was carried out during 2004 is having an effect, and the continued positive trend verifies that Power Transmission has now established itself in a very strong position on the market. In order to further strengthen its competitiveness the business area is continuing to further broaden its range.

The goal of securing important customers in the trailer business still has high priority. The renewed multiyear contract with the German trailer manufacturer Krone that was signed in March is evidence of our success and shows that we are the partner of choice of demanding customers.

Anders Birgersson
Managing Director and CEO

Group trend (SEK M)	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2004	Q4 2004	Q3 2004	Q2 2004
Net turnover	308.7	778.5	267.6	160.0	176.1	174.8	604.5	158.3	142.3	149.4
Operating profit	49.0	101.8	35.8	24.7	21.6	19.7	45.7	12.0	11.4	6.6
Operating margin, %	15.9	13.1	13.4	15.4	12.3	11.3	7.6	7.6	8.0	4.4
Profit after fin. items	47.3	97.4	31.8	24.6	21.5	19.5	44.3	11.7	11.2	6.1
Profit margin, %	15.3	12.5	12.0	15.4	12.2	11.2	7.3	7.4	7.9	4.0
Profit after tax	31.5	67.1	21.8	16.7	15.0	13.6	28.1	5.8	7.3	4.6
Earnings per share, SEK	10.06	21.48	6.99	5.33	4.82	4.34	9.00	1.86	2.35	1.46
ROCE (cumulative), %	33.0	26.7	26.7	27.8	26.3	25.6	15.7	15.7	15.6	15.7
ROE (cumulative), %	36.4	22.4	22.4	20.7	20.2	19.4	10.7	10.7	11.3	11.6
Equity/assets ratio, %	41.1	38.8	38.8	37.1	59.8	60.2	60.7	60.7	61.2	59.9



Consolidated turnover and earnings

Turnover in the first quarter increased by 77% compared with the same period last year and passed SEK 300 million for the first time: SEK 308.7 M (174.8). A large portion, 53% (SEK 92.8 M) of the increase in turnover stems from operations acquired after the first quarter of 2005. But organic growth was also vigorous, 23.5% (SEK 41.1 M), thanks to a strong economic trend in combination with the strong market position held by the VBG GROUP within its two business areas and all of their product areas. The organic growth includes a positive currency effect of just under 4%.

With an operating profit and profit after financial items of nearly SEK 50 M and with margins in excess of 15%, the past three-month period is the best ever. The consolidated profit is charged with Group-wide overheads of SEK 3.2 M (1.7), which have not been allocated to the operating profits of the different business areas.

Earnings per share after tax rose sharply to SEK 10.06 (4.34). The capital-related profitability ratios increased compared with last year, where return on capital employed was 33.0% (25.6%) and return on equity was 36.4% (19.4%). The Group's equity/assets ratio rose compared with the end of the year, amounting to 41.1% (38.8%).

Capital expenditures

The Group's capital expenditures during the first quarter amounted to SEK 9.9 M (2.2).

Financial position

Equity increased to SEK 361.1 M during the period (330.5 at year-end) and was affected by SEK –0.9 M in translation differences in foreign subsidiaries.

The equity/assets ratio rose to 41.1% during the three-month period (38.8 %).

Cash and cash equivalents amounted to SEK 56.7 M (60.8 at year-end), with an additional SEK 102.4 M in credit facilities granted but not utilised.

The Group's interest-bearing net debt fell by SEK 21.9 M during the period, amounting to SEK 225.2 M at the end of the period (247.1).

The ratio of interest-bearing net debt to equity was 0.62 (0.77) at year-end.

Cash flow

Cash flow from operating activities amounted to SEK 34.9 million (23.2). Capital expenditures during the period amounted to SEK 9.9 M (3.9). The Group amortised loans and reduced current financial liabilities by SEK 29 M. Net cash flow during the period was SEK –4.0 M (19.1).

Personnel

On 31 March 2006 there were 412 employees (299) in the VBG GROUP, including 147 (146) in Sweden. The cost of salaries and social security contributions was SEK 64.6 M (42.8).

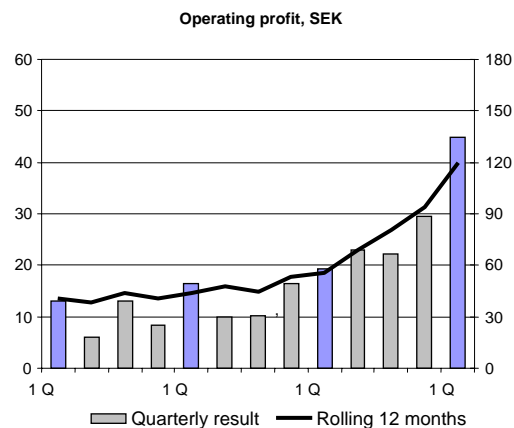
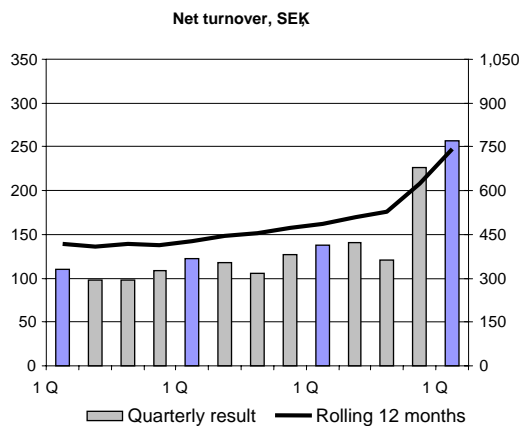
Per share data

Earnings per share for the first quarter of 2006 amounted to SEK 10.06 (4.34). Equity per share on 31 March was SEK 115.53, compared with SEK 92.10 one year earlier.

Truck Equipment business area

- **Record turnover: SEK 256.2 (225.7 in fourth quarter 2005)**
- **Best operating profit ever, SEK 44.9 M with a margin of 17.5%**

Turnover and Earnings Truck Equipment (SEK M)	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2004	Q4 2004	Q3 2004	Q2 2004
Net turnover	256.2	624.1	225.7	121.4	140.0	137.0	471.8	126.9	105.5	117.2
Operating profit	44.9	93.9	29.5	22.1	22.9	19.4	55.6	17.1	10.9	10.4
Operating margin %	17.5	15.1	13.1	18.2	16.4	14.2	11.8	13.5	10.3	8.9



Turnover in the business area increased by 87% during the first quarter compared with the same period last year, amounting to SEK 256.2 M (137). The new product area Sliding Roofs accounted for 68 percentage points of the increase, with a turnover of SEK 92.8 M (0). Higher exchange rates boosted turnover by 2%.

At the beginning of March, the Sliding roof Division secured an exclusive multiyear contract with Fahrzeugwerk Bernard Krone GmbH in Germany, one of Europe's leading trailer manufacturers. The contract covers deliveries of sliding roofs (EDSCHA Trailer System) for an estimated worth of more than SEK 200 M. The Coupling Equipment and General Truck Equipment product areas showed growth of 20.0% and 13.6%, respectively, compared with the first quarter of 2005.

Demand was high in all three product areas and on virtually all geographic markets during the first quarter, setting the stage for very strong earnings. The Sliding Roof Division, which was acquired last year, contributed positively to earnings and exhibits good profitability. Operating profit for the Truck Equipment business area was SEK 44.9 M (19.4), an increase of 131%. The operating margin rose to 17.5% (14.2%).

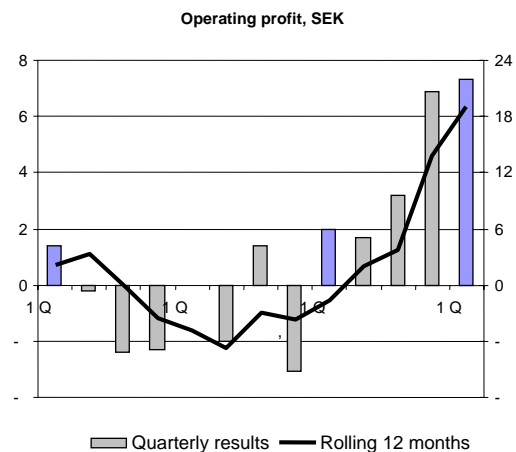
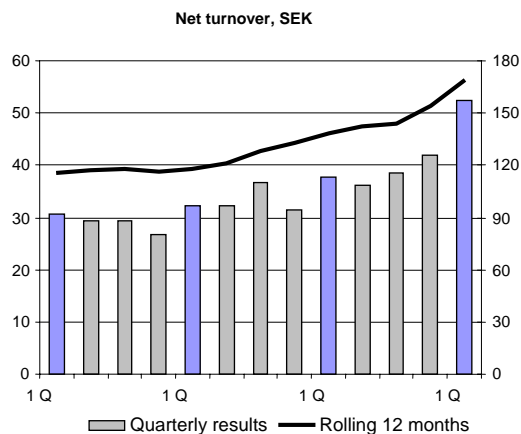
Turnover per product area (SEK M)	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005	Q4 2004	Q3 2004	Q2 2004
Coupling Equipment	145.0	478.5	125.6	106.8	125.3	120.8	413.2	105.6	93.4	105.9
Sliding Roofs	92.8	75.6	75.6							
General Truck Equip.	18.4	70.0	24.5	14.6	14.7	16.2	58.6	21.3	12.1	11.3
Truck Equipment	256.2	624.1	225.7	121.4	140.0	137.0	471.8	126.9	105.5	117.2

Turnover per market (SEK M)	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2005	Q4 2004	Q3 2004	Q2 2004
Sweden	49.0	160.7	42.8	36.4	40.9	40.6	131.8	37.2	27.0	31.3
Other Nordic countries	35.3	122.0	33.1	23.9	35.0	30.0	105.2	27.7	19.2	30.7
Rest of Europe	160.6	297.1	136.9	48.9	53.2	58.1	194.2	50.2	47.6	46.2
Rest of world	11.3	44.3	12.9	12.2	10.9	8.3	40.6	11.8	11.7	9.0
Truck Equipment	256.2	624.1	225.7	121.4	140.0	137.0	471.8	126.9	105.5	117.2

Power Transmission business area

- Record turnover in all product areas and markets
- Operating profit SEK 7.3 M (2.0), with a margin of 13.8% (5.3%)

Turnover and Earnings Power Transmission, SEK M	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2004	Q4 2004	Q3 2004	Q2 2004
Net turnover	52.5	154.4	41.9	38.6	36.1	37.8	132.7	31.4	36.8	32.2
Operating profit/loss	7.3	13.8	6.9	3.2	1.7	2.0	-2.6	-2.8	1.7	-1.7
Operating margin %	13.8 %	8.9 %	16.5 %	8.3 %	4.7 %	5.3 %	-2.0 %	-8.9 %	4.6 %	-5.3 %



Power Transmission got off to an excellent start in the first quarter. Turnover increased by 38.9% to SEK 52.5 M, compared with SEK 37.8 M for the same period last year. Ten percentage points of the increase are attributable to exchange rate changes. The high turnover had a very favourable effect on quarterly results, which were the strongest ever with an operating profit of SEK 7.3 M (2.0) and a margin of 13.8% (5.3%).

Turnover per product area (SEK M)	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2004	Q4 2004	Q3 2004	Q2 2004
Friction Springs	11.8	31.8	8.9	8.0	7.2	7.7	26.1	6.5	8.2	5.7
Shaft-hub Connections	21.1	68.3	18.6	16.4	15.5	17.8	63.0	14.9	17.0	15.0
Special Products	19.6	54.3	14.4	14.2	13.4	12.3	43.6	10.0	11.6	11.5
Power Transmission	52.5	154.4	41.9	38.6	36.1	37.8	132.7	31.4	36.8	32.2

Turnover per market (SEK M)	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Full year 2004	Q4 2004	Q3 2004	Q2 2004
Europe	16.6	49.4	11.7	11.5	12.3	13.9	51.5	11.8	14.5	11.4
North America	27.0	79.8	22.4	20.8	19.0	17.6	59.6	13.5	16.1	16.0
Rest of world	8.9	25.2	7.8	6.3	4.8	6.3	21.6	6.1	6.2	4.8
Power Transmission	52.5	154.4	41.9	38.6	36.1	37.8	132.7	31.4	36.8	32.2

Parent Company

VBG AB's operations are primarily focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries and trademarks. The company also owns the industrial property in Vänersborg as well as certain plant and equipment, which is rented by the subsidiary VBG Produkter AB.

The objective is that the Group's intellectual property in the form of trademarks and other rights should be gathered in the Parent Company. VBG AB focuses on maintaining and developing all the Group's trademarks and rights.

The Parent Company's net turnover pertains primarily to intra-Group services and rentals and amounted to SEK 2.7 M in the first quarter of 2006 (3.1). The profit after dividends from Group companies and financial items was SEK 4.8 M (-1.6).

Accounting principles

As from 1 January 2005, the VBG GROUP is applying the new International Financial Reporting Standards (IFRS) adopted by the European Commission. This report has been prepared in accordance with IAS 34 and RR 31. The accounting principles that have been applied in the preparation of this report, as well as definitions of key figures etc., are described in Note 1 of VBG AB's annual report for 2005.

Financial information 2006

Interim report 6 months	18 August 2006
Interim report 9 months	24 October 2006
Year-end report 2006	February 2007

Vänersborg, 11 May 2006
VBG AB (publ)

Anders Birgersson
Managing Director and CEO

This report has not been subject to special examination by the auditors.

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Consolidated Income Statement – Highlights (SEK M)	Q1 Jan-Mar 2006	Q1 Jan-Mar 2005	Full year 2005
Net turnover	308.7	174.8	778.5
Cost of goods sold	-189.0	-111.3	-486.1
Selling expenses	-41.5	-29.5	-130.9
Administrative expenses	-26.1	-10.7	-51.5
Research and development costs	-3.2	-3.5	-11.6
Other operating income/expenses	0.1	-0.1	3.5
Operating profit	49.0	19.7	101.8
Net financial items	-1.7	-0.2	-4.4
Profit after financial items	47.3	19.5	97.4
Taxes	-15.8	-5.9	-30.3
Profit after tax	31.5	13.6	67.1
Depreciation and amortisation charged to profit	-7.9	-5.6	-25.1
Earnings per share after tax	10.06	4.34	21.48
Number of shares at end of period ('000)	3125.5	3125.5	3125.5
Average number of shares during the period	3125.5	3125.5	3125.5

Consolidated Balance Sheet – Highlights (SEK M)	31 Mar 2006	31 Mar 2005	31 Dec. 2005
Goodwill	222.3	30.4	223.3
Other intangible assets	68.2	1.5	69.8
Property, plant and equipment	135.7	92.8	132.7
Long-term investments	0.2	1.4	2.1
Total non-current assets	426.4	126.1	427.9
Inventories	175.0	128.5	183.5
Receivables	221.0	125.5	180.2
Cash on hand, demand deposits and short-term investments	56.7	97.9	60.8
Total current assets	452.6	351.9	424.5
TOTAL ASSETS	879.0	478.0	852.4
Equity	361.1	287.9	330.5
Interest-bearing non-current liabilities	243.9	64.7	251.2
Non-interest-bearing non-current liabilities	60.0	26.6	60.7
Interest-bearing current liabilities	37.9	7.6	56.8
Non-interest-bearing current liabilities	176.1	91.2	153.2
TOTAL EQUITY AND LIABILITIES	879.0	478.0	852.4

Changes in Group equity (SEK M)	Q1 2006	Q1 2005	Full year 2005
Opening equity according to Balance Sheet at 31 December	330.5	270.2	270.2
Translation differences	-0.9	4.1	5.7
Profit after tax	31.5	13.6	67.1
Dividend			-12.5
Equity at end of period	361.1	287.9	330.5

Cash Flow Statement – Highlights (SEK M)	Q1 2006	Q1 2005	Full year 2005
Cash flow from operating activities before changes in working capital	52.6	26.1	80.8
Change in working capital	-17.7	-2.9	6.6
Cash flow from operating activities	34.9	23.2	87.4
Cash flow from investing activities	-9.9	-3.9	-321.6
Cash flow from financing activities	-29.0	-0.2	215.4
Cash flow for the period	-4.0	19.1	-18.8
Cash and cash equivalents at start of year	60.8	78.4	78.4
Translation difference, cash and cash equivalents	-0.1	0.4	1.2
Cash and cash equivalents at end of period	56.7	97.9	60.8
Unutilised overdraft facilities	102.4	21.6	83.5
Total cash and cash equivalents available	159.1	119.5	144.3

Key figures for Group	Q1 2006	Q1 2005	Full year 2005
Profit margin (ROS), %	15.3	11.2	12.5
Return on equity (ROE), %	36.4	19.4	22.4
Return on capital employed (ROCE), %	33.0	25.6	26.7
Equity/assets ratio, %	41.1	60.2	38.8
Visible equity per share, SEK	115.53	92.10	105.76
Cash flow per share (before change in working capital), SEK	16.82	8.35	25.86
Share price at end of period, SEK	403.00	137.00	236.00
Number of employees, average	414	309	339