

VBG GROUP AB (publ) in Vänersborg is the Parent Company of an international engineering Group with wholly-owned manufacturing and sales companies in Europe and the USA. The Group's operations are divided into two business areas, VBG GROUP TRUCK EQUIPMENT and RINGFEDER POWER TRANSMISSION, with products that are marketed under strong, well-known brands. VBG GROUP AB's B share was introduced on the stock exchange in 1987 and is listed on OMX Nordiska Börs.

## INTERIM REPORT JANUARY – SEPTEMBER 2007

- **The Group's net turnover increased by 16% and exceeded the billion mark at SEK 1,000.7 M (865.0)**
- **Operating profit rose by 27% to SEK 164.1 M (129.0), with an operating margin of 16.4% (14.9%)**
- **Profit after financial items increased by 25% to SEK 156.6 M (125.4)**
- **The Group's profit after tax increased to SEK 105.7 M (84.1)**
- **Earnings per share improved to SEK 8.45 (6.73)**

<b>Group</b>	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>9 mon 2007</b>	<b>9 mon 2006</b>	<b>Full year 2006</b>
Net turnover, SEK M	<b>320.3</b>	263.4	<b>1,000.7</b>	865.0	1,163.1
Operating profit, SEK M	<b>55.0</b>	37.0	<b>164.1</b>	129.0	170.5
Operating margin, %	<b>17.2</b>	14.1	<b>16.4</b>	14.9	14.7
Profit after financial items, SEK M	<b>52.5</b>	35.1	<b>156.6</b>	125.4	165.8
Profit margin, %	<b>16.4</b>	13.3	<b>15.7</b>	14.5	14.3
Profit after tax, SEK M	<b>34.5</b>	24.6	<b>105.7</b>	84.1	111.9
Earnings per share, SEK	<b>2.76</b>	1.97	<b>8.45</b>	6.73	8.95
Return on capital employed (ROCE), cumulative, %			<b>35.0</b>	28.8	29.8
Return on equity (ROE), cumulative, %			<b>31.4</b>	31.1	30.3
Equity/assets ratio, %			<b>50.7</b>	44.1	47.8

## **Managing Director's statement – strong market position and excellent profitability create conditions for long-term development of VBG GROUP**

A key objective of the VBG GROUP is long-term growth with stable profitability, organic as well as through acquisition. It is of course pleasing to be able to report quarter after quarter of increased turnover, improved profit and rising profitability. The Group's profit development and strong market position provides it with a favourable base for the future. The objective however is not to constantly set new quarterly records, but to make good use of resources and implement measures that ensure that VBG GROUP can maintain strong profitability and provide a stable return in the long-term.

The third quarter 2007 was yet another quarter in which new records were made. This time the best-ever quarterly margins in the Group's history were achieved, with an operating margin of 17.2% and a profit margin of 16.4%. RINGFEDER POWER TRANSMISSION also set a new operating margin record of 21.5%.

The ongoing strong business cycle is contributing to an increased transportation requirement in Europe. During the third quarter the strong demand for products from VBG GROUP TRUCK EQUIPMENT continued in virtually all markets, with the greatest demand in Germany and European markets other than the Nordic countries. Viewed over a rolling 12-month period, turnover is SEK 1,095 M. As already noted in my June report, demand for heavy and medium-heavy trucks remains at a high level, which is driving demand for our coupling equipment products. There is even greater evidence of this in the trailer market. A high level of growth in regions including Eastern Europe is generating powerful demand in the product area of sliding roofs, which continue to report sales at a record level.

During the first nine months of the year, VBG GROUP TRUCK EQUIPMENT has had much of its operating capital tied up and an action plan has now been developed to heavily reduce operating capital and release cash and cash equivalents. On 1 September, executive management was expanded and reinforced with a production/logistics director.

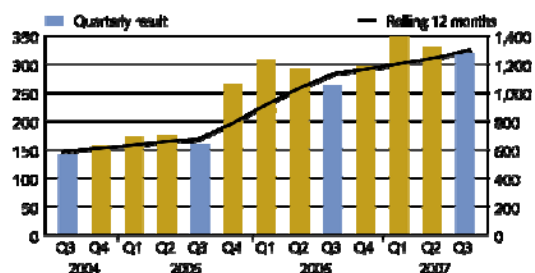
RINGFEDER POWER TRANSMISSION had a fantastic third quarter with the highest turnover and greatest profit ever. The strategy for this business area is also to review various opportunities for resource utilisation and create a base for stable long-term profitability.

Anders Birgersson  
Managing Director and CEO

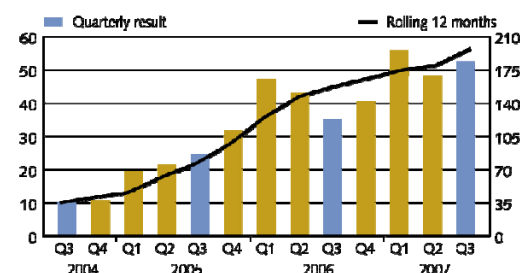
Group trend (SEK M)	9 mon 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	9 mon 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005
Net turnover	1000.7	320.3	331.7	348.7	1163.1	298.1	865.0	263.4	292.9	308.7	778.5	267.6
Operating profit	164.1	55.0	50.1	59.0	170.5	41.5	129.0	37.0	43.0	49.0	101.8	35.8
Operating margin, %	16.4	17.2	15.1	16.9	14.7	13.9	14.9	14.1	14.7	15.9	13.1	13.4
Profit after fin. items	156.6	52.5	48.2	55.9	165.8	40.4	125.4	35.1	43.0	47.3	97.4	31.8
Profit margin, %	15.7	16.4	14.5	16.0	14.3	13.6	14.5	13.3	14.7	15.3	12.5	12.0
Profit after tax	105.7	34.5	32.3	38.9	111.9	27.8	84.1	24.6	28.0	31.5	67.1	21.8
Earnings per share, SEK	8.45	2.76	2.58	3.11	8.95	2.22	6.73	1.97	2.24	2.52	5.37	1.75
ROCE (cumul), %	35.0	35.0	35.6	38.9	29.8	29.8	28.8	28.8	31.3	33.0	26.7	26.7
ROE (cumul), %	31.4	31.4	32.9	36.1	30.3	30.3	31.1	31.1	34.4	36.4	22.4	22.4
Equity/assets ratio, %	50.7	50.7	49.0	47.7	47.8	47.8	44.1	44.1	40.1	41.1	38.8	38.8

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### Net turnover, SEK M



### Profit after financial items, SEK M



## Consolidated turnover and earnings

**Third quarter:** The third quarter was extremely strong, with turnover 22% higher than the same period last year at SEK 320.3 M (263.4). Operating profit was SEK 55.0 M (37.0), and profit before tax was SEK 52.5 M (35.1) which is an increase of 49%. The operating margin of 17.2% and profit margin of 16.4% were the Group's best ever for an individual quarter.

**Nine months:** Turnover exceeded the billion mark for the first time, SEK 1,000.7 M (865.0), which was an increase of 15.7%. Operating profit increased by 27% to SEK 164.1 M (129.0). Operating profit includes Group-wide overheads of SEK 9.6 M (8.4) that have not been allocated to individual business areas.

The net financial expense was SEK -7.5 M (-3.6) and profit after financial items was SEK 156.6 M (125.4) with a margin of 15.7% (14.5).

Earnings per share after tax rose to SEK 8.45 (6.73). Return on capital employed was 35.0% (28.8) and return on equity was 31.4% (31.1). The Group's equity/assets ratio again exceeded 50% and increased compared with the end of the year to 50.7% (47.8%).

### Capital expenditures

The Group's capital expenditures during the first nine months amounted to SEK 13.2 M (39.6).

### Financial position

Equity increased to SEK 491.0 M during the period (406.8 at year-end) and was affected positively in the amount of SEK 3.5 M by translation differences in foreign subsidiaries.

The equity/assets ratio rose to 50.7% during the nine-month period (47.8).

Cash and cash equivalents amounted to SEK 44.8 M (33.7 at year-end), with an additional SEK 96.9 M in credit facilities granted but not utilised.

The Group's interest-bearing net debt decreased by SEK 0.4 M during the period, amounting to SEK 189.6 M at the end of the period (190.0).

The ratio of interest-bearing net debt to equity was 0.39 (0.47 at year-end).

### Cash flow

As a consequence of much of the Group's operating profit, SEK 69.7 M, being tied up in increased working capital, cash flow from operating activities for the period was SEK 46.3 M (93.4). Capital expenditures during the period amounted to SEK 13.2 M (37.8). The Group amortised loans by SEK 28.1 M and increased current financial liabilities by SEK 30.9 M. Total dividends distributed to shareholders amounted to SEK 25 M, so that net cash flow from financing activities was SEK -22.2 M. Net cash flow for the period was SEK 10.8 M (-11.4).

### Personnel

On 30 September 2007 there were 434 employees (409) in the VBG GROUP, including 168 (147) in Sweden. The cost of salaries and social security contributions was SEK 180.1 M (182.4).

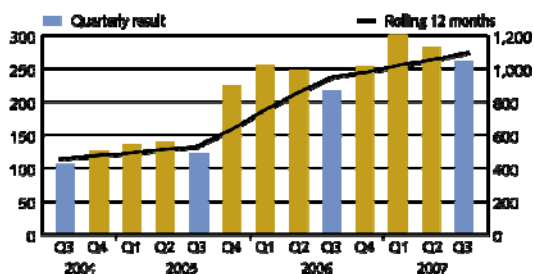
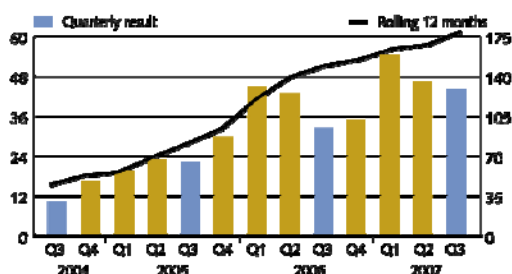
### Per share data

Earnings per share for the first nine months amounted to SEK 8.45 (6.73). Equity per share on 30 September was SEK 39.27, compared with SEK 31.30 one year earlier.

**VBG GROUP TRUCK EQUIPMENT**

- Turnover increased by 17% to SEK 843.1 M (722.1)
- Operating profit increased by 21% to SEK 144.5 M (119.7)

Turnover and Earnings TRUCK EQUIPMENT SEK M	9 mon 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	9 mon 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005
Net turnover	843.1	260.8	281.5	300.8	975.0	252.9	722.1	217.3	248.6	256.2	624.1	225.7
Operating profit	144.5	44.1	46.1	54.3	154.5	34.8	119.7	32.2	42.6	44.9	93.9	29.5
Operating margin, %	17.1	16.9	16.4	18.0	15.8	13.8	16.6	14.8	17.1	17.5	15.1	13.1

**Net turnover, SEK M**

**Operating profit, SEK M**


Third quarter: The business area had a very strong third quarter with an increase in turnover of 20 per cent to SEK 260.8 M (217.3) and an operating profit that rose by 37% to SEK 44.1 M (32.2).

Nine months: Turnover increased by 17% to SEK 843.1 M (722.1) during the nine month period.

Demand was strong during the first three quarters in virtually all markets, with greatest demand evident in Germany and European markets outside the Nordic countries. This situation is expected to continue in the near future. Operating profit increased by 21% to SEK 144.5 M (119.7), with a margin of 17.1% (16.6%) The business area increased its operating capital during the nine month period by SEK 86 M. A heavy action programme is being prepared to significantly improve cash flow and release capital. The difference in exchange rate impact on turnover and profit between the first nine months and the same period the previous year is negligible.

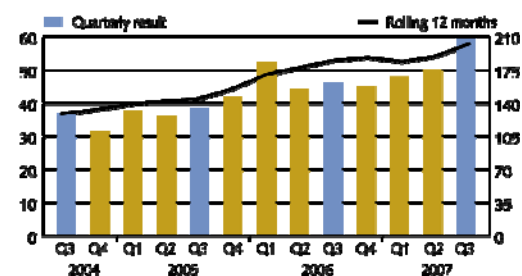
Turnover by market SEK M	9 mon 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	9 mon 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005
Sweden	144.3	38.6	50.3	55.4	169.1	40.0	129.1	35.5	44.6	49.0	160.7	42.8
Other Nordic countries	109.6	30.4	38.8	40.4	132.6	33.6	99.0	29.4	34.3	35.3	122.0	33.1
Germany	271.3	89.9	87.7	93.7	313.8	86.1	227.7	75.0	75.0	77.7	145.4	65.4
Rest of Europe	275.8	82.8	96.4	96.6	311.2	80.1	231.1	64.8	83.4	82.9	151.7	71.5
Rest of world	42.1	19.1	8.3	14.7	48.3	13.1	35.2	12.6	11.3	11.3	44.3	12.9
<b>TRUCK EQUIPMENT</b>	<b>843.1</b>	<b>260.8</b>	281.5	300.8	975.0	252.9	<b>722.1</b>	<b>217.3</b>	248.6	256.2	624.1	225.7

## RINGFEDER POWER TRANSMISSION

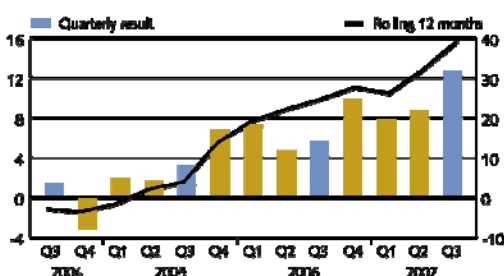
- Turnover increased by 10% to SEK 157.5 M (142.9)
- Operating profit rose by 66% to SEK 29.3 M (17.7), and the operating margin increased to 18.6% (12.4%)

Turnover and Earnings POWER TRANSMISSION SEK M	9 mon 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	9 mon 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005
Net turnover	157.5	59.4	50.2	47.9	188.1	45.2	142.9	46.1	44.3	52.5	154.4	41.9
Operating profit	29.3	12.8	8.7	7.8	27.6	9.9	17.7	5.7	4.7	7.3	13.8	6.9
Operating margin, %	18.6	21.5	17.3	16.4	14.7	21.9	12.4	12.4	10.6	13.8	8.9	16.5

Net turnover, SEK M



Operating profit, SEK M



**Third quarter:** The quarter was RINGFEDER POWER TRANSMISSIONS's strongest ever with an increase in turnover of 29% to SEK 59.4 M (46.1) and an operating profit of SEK 12.8 M (5.7). The operating margin rose to 21.5% (12.4%).

**Nine months:** Turnover in the business area was a record high SEK 157.5 M (142.9) and the profit of SEK 29.3 M (17.7) was also the best ever, with a margin of 18.6% (12.4%). The business area reduced its operating capital during the first nine months, releasing cash and cash equivalents of SEK 16 M.

Turnover by market SEK M	9 mon 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	9 mon 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005
Europe	59.9	23.5	18.0	18.4	63.0	16.4	46.6	15.5	14.5	16.6	49.4	11.7
North America	74.7	26.1	24.6	24.0	93.2	20.3	72.9	22.3	23.6	27.0	79.8	22.4
Rest of world	22.9	9.8	7.6	5.5	31.9	8.5	23.4	8.3	6.2	8.9	25.2	7.8
POWER TRANSMISSION	157.5	59.4	50.2	47.9	188.1	45.2	142.9	46.1	44.3	52.5	154.4	41.9

## Parent Company

VBG GROUP 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 that is rented by the subsidiary VBG GROUP TRUCK EQUIPMENT 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 GROUP 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 12.0 M during the first nine months (9.0). The profit after dividends from Group companies and financial items was SEK 22.5 M (27.2).

## 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 the Swedish Annual Accounts Act, 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 GROUP AB's annual report for 2006. The VBG GROUP has analysed the IFRS standards and interpretations that entered into force in 2007, where only IFRS 7, Financial Instruments and Disclosures, concerns the Group, but is not judged to have any impact on reported profit or financial position.

## Risks and uncertainly factors

The Group's and Parent Company's significant risk and uncertainty factors include business-related operational risks in the form of commodity risks, product risks, development risks, intellectual property risks, environmental risks, political risks, business interruption and property risks, cyclical risks, IT security risks and legal risks. To these can be added financial risks such as financing risks, liquidity risks, interest rate risks, currency risks and credit and counterparty risks.

For a more detailed description of the Group's risks and risk management, see the VBG GROUP AB's annual report for 2006, Note 2.

## Financial information 2008

Year-end report 2007	28 February
Interim report 3 months	13 May
Annual General Meeting	13 May

Vänersborg 23 October 2007  
VBG GROUP AB (publ)

Anders Birgersson  
Managing Director and CEO VBG GROUP AB

This report has not been subject to review by the company's auditors.

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<b>Consolidated Income Statement – Highlights</b> (SEK M)	<b>Q3 Jul-Sep 2007</b>	<b>Q3 Jul-Sep 2006</b>	<b>9 mon Jan-Sep 2007</b>	<b>9 mon Jan-Sep 2006</b>	<b>Full year 2006</b>
<b>Net turnover</b>	<b>320.3</b>	<b>263.4</b>	<b>1,000.7</b>	<b>865.0</b>	<b>1,163.1</b>
Cost of goods sold	-194.4	-165.3	-610.8	-532.4	-717.6
Selling expenses	-45.0	-36.8	-133.9	-118.4	-166.7
Administrative expenses	-21.3	-20.0	-78.8	-72.6	-94.3
Research and development costs	-4.1	-3.1	-12.2	-9.9	-13.0
Other operating income/expenses	-0.5	-1.2	-0.9	-2.7	-1.0
<b>Operating profit</b>	<b>55.0</b>	<b>37.0</b>	<b>164.1</b>	<b>129.0</b>	<b>170.5</b>
Net financial items	-2.5	-1.9	-7.5	-3.6	-4.7
<b>Profit after financial items</b>	<b>52.5</b>	<b>35.1</b>	<b>156.6</b>	<b>125.4</b>	<b>165.8</b>
Tax	-18.0	-10.5	-50.9	-41.3	-53.9
<b>Profit after tax</b>	<b>34.5</b>	<b>24.6</b>	<b>105.7</b>	<b>84.1</b>	<b>111.9</b>
Depreciation and amortisation charged to profit	-7.4	-7.3	-22.0	-22.2	-30.5
<b>Earnings per share</b>	<b>2.76</b>	<b>1.97</b>	<b>8.45</b>	<b>6.73</b>	<b>8.95</b>
Number of shares at end of period ('000)	12,502	12,502	12,502	12,502	12,502
Average number of shares during the period	12,502	12,502	12,502	12,502	12,502

<b>Consolidated Balance Sheet – Highlights</b> (SEK M)	<b>30 Sep 2007</b>	<b>30 Sep 2006</b>	<b>31 Dec 2006</b>
Goodwill	216.7	218.9	213.4
Other intangible assets	60.2	64.7	62.1
Property, plant and equipment	143.3	149.6	148.6
Long-term investments	1.3	0.2	1.3
<b>Total non-current assets</b>	<b>421.5</b>	<b>433.4</b>	<b>425.4</b>
Inventories	238.8	193.2	201.6
Receivables	263.4	212.5	189.9
Cash on hand, demand deposits and short-term investments	44.8	48.4	33.7
Total current assets	<b>547.0</b>	<b>454.1</b>	<b>425.2</b>
<b>TOTAL ASSETS</b>	<b>968.5</b>	<b>887.5</b>	<b>850.6</b>
<b>Equity</b>	<b>491.0</b>	<b>391.3</b>	<b>406.8</b>
Interest-bearing non-current liabilities	155.9	187.4	176.1
Non-interest-bearing non-current liabilities	57.3	65.3	57.9
Interest-bearing current liabilities	78.4	75.3	47.5
Non-interest-bearing current liabilities	185.9	168.2	162.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>968.5</b>	<b>887.5</b>	<b>850.6</b>

<b>Parent Company Income Statement</b> (SEK M)	<b>9 mon Jan-Sep 2007</b>	9 mon Jan-Sep 2006	Full year 2006	Full year 2005
<b>Net turnover</b>	<b>12.0</b>	<b>9.0</b>	<b>22.1</b>	<b>12.1</b>
Operating expenses	-22.2	-21.1	-27.0	-18.8
<b>Operating loss</b>	<b>-10.2</b>	<b>-12.1</b>	<b>-4.9</b>	<b>-6.7</b>
Net financial items	32.7	39.3	102.2	36.2
<b>Profit after financial items</b>	<b>22.5</b>	<b>27.2</b>	<b>97.3</b>	<b>29.5</b>
Tax	5.5	3.6	-2.1	0.3
<b>Profit after tax</b>	<b>28.0</b>	<b>30.8</b>	<b>95.2</b>	<b>29.8</b>

<b>Parent Company Balance Sheet</b> (SEK M)	<b>30 Sep 2007</b>	30 Sep 2006	31 Dec 2006	31 Dec 2005
Other intangible assets	21.8	23.5	23.0	24.9
Property, plant and equipment	9.9	10.4	10.9	12.1
Long-term investments	461.9	449.4	461.8	452.4
<b>Total non-current assets</b>	<b>493.6</b>	<b>483.3</b>	<b>495.7</b>	<b>489.4</b>
Receivables	46.3	37.1	25.3	24.0
Cash on hand, demand deposits and short-term investments	5.4	8.5	3.1	10.2
<b>Total current assets</b>	<b>51.7</b>	<b>45.6</b>	<b>28.4</b>	<b>34.2</b>
<b>TOTAL ASSETS</b>	<b>545.3</b>	<b>528.9</b>	<b>524.1</b>	<b>523.6</b>
<b>Equity</b>	<b>247.5</b>	<b>180.1</b>	<b>244.5</b>	<b>166.5</b>
Untaxed reserves	25.2	25.7	25.2	25.7
Interest-bearing provisions and liabilities	163.2	193.1	155.3	246.7
Non-interest-bearing provisions and liabilities	109.4	130.0	99.1	84.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>545.3</b>	<b>528.9</b>	<b>524.1</b>	<b>523.6</b>

<b>Changes in Group equity</b> (SEK M)	<b>9 mon</b> <b>2007</b>	9 mon 2006	Full year 2006
<b>Opening equity according to Balance Sheet at 31 December</b>	<b>406.8</b>	<b>330.5</b>	<b>330.5</b>
Translation differences	3.5	-6.1	-18.4
Profit after tax	105.7	84.1	111.9
Dividend	-25.0	-17.2	-17.2
<b>Equity at end of period</b>	<b>491.0</b>	<b>391.3</b>	<b>406.8</b>

<b>Cash Flow Statement – Highlights</b> (SEK M)	<b>9 mon</b> <b>2007</b>	9 mon 2006	Full year 2006
<b>Cash flow from operating activities before changes in working capital</b>	<b>116.0</b>	<b>130.5</b>	<b>167.6</b>
Change in working capital	-69.7	-37.1	-45.5
<b>Cash flow from operating activities</b>	<b>46.3</b>	<b>93.4</b>	<b>122.1</b>
Cash flow from investing activities	-13.2	-37.8	-43.8
Cash flow from financing activities	-22.3	-67.0	-103.4
<b>Cash flow for the period</b>	<b>10.8</b>	<b>-11.4</b>	<b>-25.1</b>
Cash and cash equivalents at start of year	33.7	60.8	60.8
Translation differences, cash and cash equivalents	0.3	-1.0	-2.1
<b>Cash and cash equivalents at end of the period</b>	<b>44.8</b>	<b>48.4</b>	<b>33.7</b>
Unutilised overdraft facilities	96.9	102.5	125.7
<b>Total cash and cash equivalents available</b>	<b>141.7</b>	<b>150.9</b>	<b>159.4</b>

<b>Key figures for Group</b>	<b>9 mon</b> <b>2007</b>	9 mon 2006	Full year 2006
Profit margin (ROS), %	15.7	14.5	14.3
Return on equity (ROE), %	31.4	31.1	30.3
Return on capital employed (ROCE), %	35.0	28.8	29.8
Equity/assets ratio, %	50.7	44.1	47.8
Visible equity per share, SEK	39.27	31.30	32.54
Cash flow per share (before change in working capital), SEK	9.27	10.44	13.41
Share price at end of period, SEK	125.50	91.00	113.00
Number of employees, average	430	418	411