

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 first listed on the stock exchange in 1987 and is listed on OMX Nordiska Börsen.

INTERIM REPORT JANUARY – MARCH 2007

- **The Group's net turnover increased by 13% to SEK 348.7 M (308.7)**
- **Operating profit rose by 20% to SEK 59.0 M (49.0), which gives an operating margin of 16.9% (15.9%)**
- **Profit after financial items increased to SEK 55.9 M (47.3)**
- **The Group's profit after tax increased to SEK 38.9 M (31.5)**
- **Earnings per share improved to SEK 3.11 (2.52)**

Group	Q1 2007	Q1 2006	Full year 2006
Net turnover, SEK M	348.7	308.7	1,163.1
Operating profit, SEK M	59.0	49.0	170.5
Operating margin, %	16.9	15.9	14.7
Profit after financial items, SEK M	55.9	47.3	165.8
Profit margin, %	16.0	15.3	14.3
Profit after tax, SEK M	38.9	31.5	111.9
Earnings per share, SEK	3.11	2.52	8.95
Return on capital employed (ROCE), cumulative, %	38.9	33.0	29.8
Return on equity (ROE), cumulative, %	36.1	36.4	30.3
Equity/assets ratio, %	47.7	41.1	47.8

Managing Director's statement – record earnings with good outlook for the full year

I am very pleased to note that the first quarter of the year is once again the best in the Group's history, with a real volume increase of about 15 per cent and an operating profit of SEK 59 M. The profit is 20 per cent higher than last year's very strong result, which was in turn the highest first-quarter profit we had ever achieved.

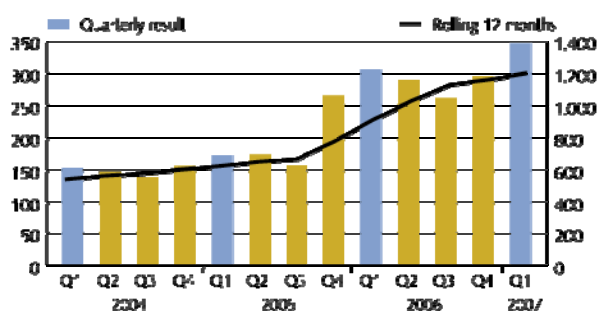
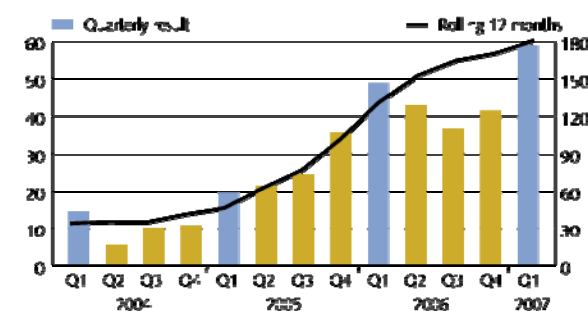
The volume growth is naturally in part an effect of the strong industrial boom prevailing on most of our geographic markets and product areas. But it is also a verification of the fact that the VBG GROUP has a good product and service offering that creates value for the customers and that we are strengthening our already strong market positions.

Both of the Group's business areas report improved operating margins, which is a consequence of high capacity utilisation in our production plants in combination with the productivity-boosting measures that have been implemented during the past year.

It was clear from the start of 2007 that the market prospects were good and that there would be high demand for transport capacity, which boded well for a positive sales trend for the Group's products. Turnover for the first quarter is higher than expected and is a sign of a strong, surging market. At this point the outlook for the rest of the year appears very stable, which means that we have a good chance of achieving even higher turnover and earnings than last year.

Anders Birgersson
Managing Director and CEO

Group trend (SEK M)	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005
Net turnover	348.7	1163.1	298.1	263.4	292.9	308.7	778.5	267.6	160.0	176.1
Operating profit	59.0	170.5	41.5	37.0	43.0	49.0	101.8	35.8	24.7	21.6
Operating margin, %	16.9	14.7	13.9	14.1	14.7	15.9	13.1	13.4	15.4	12.3
Profit after fin. items	55.9	165.8	40.4	35.1	43.0	47.3	97.4	31.8	24.6	21.5
Profit margin, %	16.0	14.3	13.6	13.3	14.7	15.3	12.5	12.0	15.4	12.2
Profit after tax	38.9	111.9	27.8	24.6	28.0	31.5	67.1	21.8	16.7	15.0
Earnings per share, SEK	3.11	8.95	2.22	1.97	2.24	2.52	5.37	1.75	1.33	1.21
ROCE (cumulative), %	38.9	29.8	29.8	28.8	31.3	33.0	26.7	26.7	27.8	26.3
ROE (cumulative), %	36.1	30.3	30.3	31.1	34.4	36.4	22.4	22.4	20.7	20.2
Equity/assets ratio, %	47.7	47.8	47.8	44.1	40.1	41.1	38.8	38.8	37.1	59.8

Net turnover, SEK M

Profit after financial items, SEK M


Consolidated turnover and earnings

The VBG GROUP's strong positions on the markets on which the Group operates, in combination with surging economies in all geographical areas and product segments, made the first quarter of 2007 the best ever for the Group. In the first quarter of last year, the Group passed SEK 300 million in turnover for the first time. That figure was now exceeded by 13%, which meant a new record of SEK 348.7 M. If we also take into account the weaker dollar and euro rates, organic growth amounts to about 15%. The operating profit of SEK 59.0 M was 20% above last year's very strong first quarter (49.0) and the operating margin increased by one percentage point to 16.9%. Operating profit includes Group-wide overheads of SEK 3.1 M (3.2) that have not been allocated to the different business areas. However, the euro rate against the Swedish krona was strengthened by 3.8% between December 2006 and March 2007, leading to a slightly larger net financial expense of SEK 4.0 (expense: 1.7), while profit after financial items was SEK 55.9 M (47.3) with a margin of 16.0% (15.3).

Earnings per share after tax rose to SEK 3.11 (2.52). Return on capital employed was 38.9% (33.0) and return on equity was 36.1% (36.4). The Group's equity/assets ratio was virtually unchanged compared with the end of the year, amounting to 47.7% (47.8).

Capital expenditures

The Group's capital expenditures during the first quarter amounted to SEK 5.0 M (9.9).

Financial position

Equity increased to SEK 456.4 M during the period (406.8 at year-end) and was affected positively in the amount of SEK 10.7 M by translation differences in foreign subsidiaries.

The equity/assets ratio fell marginally to 47.7% during the three-month period (47.8).

Cash and cash equivalents amounted to SEK 33.5 M (33.7 at year-end), with an additional SEK 119.6 M in credit facilities granted but not utilised.

The Group's interest-bearing net debt increased by SEK 5.8 M during the period, amounting to SEK 195.8 M at the end of the period (190.0).

The ratio of interest-bearing net debt to equity was 0.43 (0.47 at year-end).

Cash flow

As a consequence of the sharp increase in turnover during the quarter, working capital increased by SEK 50 M so that cash flow from operating activities was only SEK 0.6 M (34.9). Capital expenditures during the period amounted to SEK 5.0 M (9.9). The Group amortised loans but increased current financial liabilities slightly so that net cash flow from financing activities was SEK 3.5 M. Net cash flow during the period was SEK -0.9 M (-4.0)

Personnel

On 31 March 2007 there were 430 employees (412) in the VBG GROUP, including 164 (147) in Sweden. The cost of salaries and social security contributions was SEK 61.4 M (64.6).

Per share data

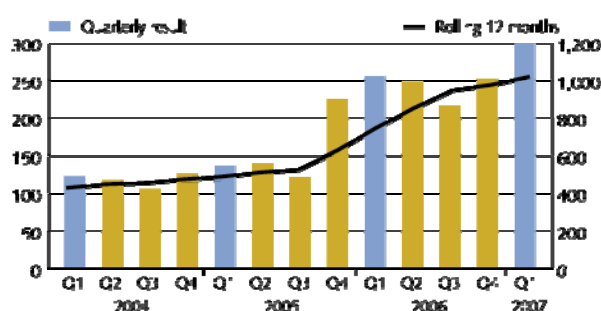
Earnings per share for the first quarter of 2007 amounted to SEK 3.11 (2.52). Equity per share on 31 March was SEK 36.51, compared with SEK 28.88 one year earlier.

VBG GROUP TRUCK EQUIPMENT

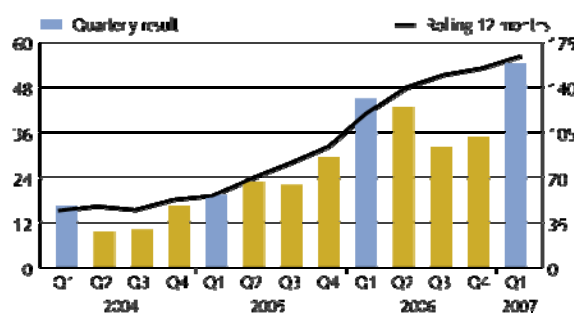
- **Record turnover: SEK 300.8 (256.2 in fourth quarter 2006)**
- **Best operating profit ever, SEK 54.3 M, with a margin of 18.0 %**

Turnover and Earnings TRUCK EQUIPMENT SEK M	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005
Net turnover	300.8	975.0	252.9	217.3	248.6	256.2	624.1	225.7	121.4	140.0
Operating profit	54.3	154.5	34.8	32.2	42.6	44.9	93.9	29.5	22.1	22.9
Operating margin %	18.0	15.8	13.8	14.8	17.1	17.5	15.1	13.1	18.2	16.4

Net turnover, SEK M



Operating profit, SEK M



Turnover in the business area increased by more than 17% during the first quarter compared with the same period last year, exceeding SEK 300 million for the first time in a single quarter: SEK 300.8 M (256.2). A lower euro rate between the quarters affected turnover negatively by 1.5%, which means that organic growth was 18.5%.

Demand was high in all product areas during the first quarter, setting the stage for extremely strong earnings. Operating profit for VBG GROUP TRUCK EQUIPMENT was SEK 54.3 M (44.9), an increase of 21%. The operating margin rose further to 18.0% (17.5%).

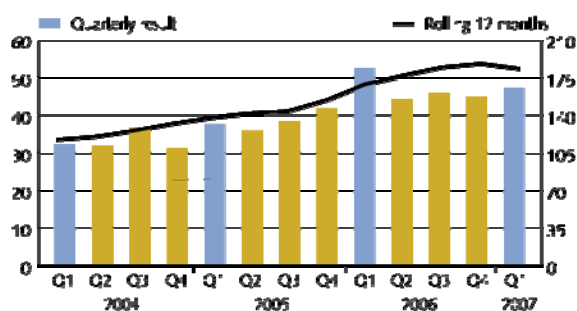
Turnover by market SEK M	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005
Sweden	55.4	169.1	40.0	35.5	44.6	49.0	160.7	42.8	36.4	40.9
Other Nordic countries	40.4	132.6	33.6	29.4	34.3	35.3	122.0	33.1	23.9	35.0
Germany	93.7	313.8	86.1	75.0	75.0	77.7	145.4	65.4	29.0	24.3
Rest of Europe	96.6	311.2	80.1	64.8	83.4	82.9	151.7	71.5	19.9	28.9
Rest of world	140.7	48.3	13.1	12.6	11.3	11.3	44.3	12.9	12.2	10.9
TRUCK EQUIPMENT	300.8	975.0	252.9	217.3	248.6	256.2	624.1	225.7	121.4	140.0

RINGFEDER POWER TRANSMISSION

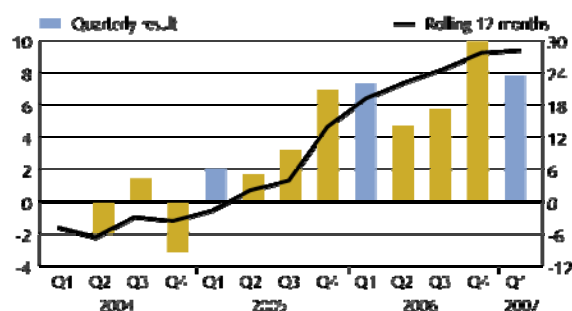
- Turnover SEK 47.9 M (52.5)
- Operating profit SEK 7.8 M (7.3), with improved margin of 16.4% (13.8%)

Turnover and Earnings POWER TRANSMISSION SEK M	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005
Net turnover	47.9	188.1	45.2	46.1	44.3	52.5	154.4	41.9	38.6	36.1
Operating profit	7.8	27.6	9.9	5.7	4.7	7.3	13.8	6.9	3.2	1.7
Operating margin %	16.4	14.7	21.9	12.4	10.6	13.8	8.9	16.5	8.3	4.7

Net turnover, SEK M



Operating profit, SEK M



The year started very well for RINGFEDER POWER TRANSMISSION, although turnover decreased by 8.8% to SEK 47.9 M, compared with SEK 52.5 M for the same period last year. The primary reason for the lower sales was a much weaker dollar and a weaker euro (about 7%). Nevertheless, operating profit increased to SEK 7.8 M (7.3), with a sharply improved margin of 16.4% (13.8%).

Turnover by market SEK M	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005
Europe	18.4	63.0	16.4	15.5	14.5	16.6	49.4	11.7	11.5	12.3
North America	24.0	93.2	20.3	22.3	23.6	27.0	79.8	22.4	20.8	19.0
Rest of world	5.5	31.9	8.5	8.3	6.2	8.9	25.2	7.8	6.3	4.8
POWER TRANSMISSION	47.9	188.1	45.2	46.1	44.3	52.5	154.4	41.9	38.6	36.1

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 stems primarily from intra-Group services and rentals and amounted to SEK 3.9 M in the first quarter of 2007 (2.7). The profit after dividends from Group companies and financial items was SEK 2.3 M (-4.8).

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 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.

Financial information

Interim report 6 months	16 August 2007
Interim report 9 months	23 October 2007
Year-end report 2007	February 2008

Vänersborg, 8 May 2007
VBG GROUP AB (publ)

Anders Birgersson
Managing Director and CEO

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

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Consolidated Income Statement – Highlights (SEK M)	Q1 Jan-Mar 2007	Q1 Jan-Mar 2006	Full year 2006
Net turnover	348.7	308.7	1,163.1
Cost of goods sold	-215.1	-189.0	-717.6
Selling expenses	-43.2	-41.5	-166.7
Administrative expenses	-29.1	-26.1	-94.3
Research and development costs	-4.0	-3.2	-13.0
Other operating income/expenses	1.7	0.1	-1.0
Operating profit	59.0	49.0	170.5
Net financial items	-3.1	-1.7	-4.7
Profit after financial items	55.9	47.3	165.8
Tax	-17.0	-15.8	-53.9
Profit after tax	38.9	31.5	111.9
Depreciation and amortisation charged to profit	-7.3	-7.9	-30.5
Earnings per share	3.11	2.52	8.95
Number of shares at end of period ('000)	12,502	12,502	12,502
Average number of shares during the period	12,502	12,502	12,502

Consolidated Balance Sheet – Highlights (SEK M)	31 Mar 2007	31 Mar 2006	31 Dec 2006
Goodwill	219.9	222.3	213.4
Other intangible assets	63.3	68.2	62.1
Property, plant and equipment	148.7	135.7	148.6
Long-term investments	1.3	0.2	1.3
Total non-current assets	433.2	426.4	425.4
Inventories	226.7	175.0	201.6
Receivables	263.5	221.0	189.9
Cash on hand, demand deposits and short-term investments	33.5	56.7	33.7
Total current assets	523.7	452.6	425.2
TOTAL ASSETS	956.9	879.0	850.6
Equity	456.4	361.1	406.8
Interest-bearing non-current liabilities	172.0	243.9	176.1
Non-interest-bearing non-current liabilities	58.2	60.0	57.9
Interest-bearing current liabilities	57.4	37.9	47.5
Non-interest-bearing current liabilities	212.9	176.1	162.3
TOTAL EQUITY AND LIABILITIES	956.9	879.0	850.6

Changes in Group equity (SEK M)	Q1 2007	Q1 2006	Full year 2006
Opening equity according to Balance Sheet at 31 December	406.8	330.5	330.5
Translation differences	10.7	-0.9	-18.4
Profit after tax	38.9	31.5	111.9
Dividend			-17.2
Equity at end of period	456.4	361.1	406.8

Cash Flow Statement – Highlights (SEK M)	Q1 2007	Q1 2006	Full year 2006
Cash flow from operating activities before changes in working capital	50.6	52.6	167.6
Change in working capital	-50.0	-17.7	-45.5
Cash flow from operating activities	0.6	34.9	122.1
Cash flow from investing activities	-5.0	-9.9	-43.8
Cash flow from financing activities	3.5	-29.0	-103.4
Cash flow for the period	-0.9	-4.0	-25.1
Cash and cash equivalents at start of year	33.7	60.8	60.8
Translation difference, cash and cash equivalents	0.7	-0.1	-2.1
Cash and cash equivalents at end of period	33.5	56.7	33.7
Unutilised overdraft facilities	119.6	102.4	125.7
Total cash and cash equivalents available	153.1	159.1	159.4

Key figures for Group	Q1 2007	Q1 2006	Full year 2006
Profit margin (ROS), %	16.0	15.3	14.3
Return on equity (ROE), %	38.9	36.4	30.3
Return on capital employed (ROCE), %	36.1	33.0	29.8
Equity/assets ratio, %	47.7	41.1	47.8
Visible equity per share, SEK	36.51	28.88	32.54
Cash flow per share (before change in working capital), SEK	4.04	4.21	13.41
Share price at end of period, SEK	119.00	25.20	113.00
Number of employees, average	427	414	411