

VBG GROUP AB (publ) in Vänersborg is the Parent Company of an international engineering Group with wholly-owned manufacturing and sales companies in Europe, India, China 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 Series B share was introduced on the stock exchange in 1987 and is listed on Nasdaq OMX Nordic Exchange Small Cap.

INTERIM REPORT January – MARCH 2011

First quarter 2011:

- The Group's net turnover increased by 33 per cent to SEK 321.9 M (241.8)
- Operating profit increased by 245 per cent to SEK 55.2 M (16.0), with an operating margin of 17.1 per cent (6.6)
- Profit after financial items increased to SEK 54.0 M (20.2) with a profit margin of 16.8 per cent (8.4)
- The Group's profit after tax increased to SEK 38.1 M (14.7)
- Earnings per share increased to SEK 3.05 (1.18)

Group	Q1 2011	Q1 2010	Full year 2010
Net turnover, SEK M	321.9	241.8	1,021.3
Operating profit, SEK M	55.2	16.0	68.6
Operating margin, %	17.1	6.6	6.7
Profit after financial items, SEK M	54.0	20.2	82.4
Profit margin, %	16.8	8.4	8.1
Profit after tax, SEK M	38.1	14.7	55.7
Earnings per share, SEK	3.05	1.18	4.46
Return on capital employed (ROCE), cumulative, %	29.8	7.7	8.7
Return on equity (ROE), cumulative, %	26.2	10.0	9.6
Equity/assets ratio, %	60.0	54.3	58.2

Managing Director's statement

With two high-performing business areas, it is very gratifying to be able to note that the Group is reporting one of its best quarters ever. The Group's net turnover increased sharply, and we once again surpassed SEK 300 million for the quarter, a level we have not reached since the third quarter of 2008.

The Group's operating profit and profit before tax for the first quarter were the third best ever, and the operating margin and profit margin also reached all-time highs. It is worth noting after this fine start of the year that historically, due to seasonal variations, the first quarter is usually the strongest quarter of the year in terms of turnover and earnings.

VBG GROUP TRUCK EQUIPMENT

VBG GROUP TRUCK EQUIPMENT reported a very strong first quarter where the operating profit for the quarter was actually over seven million kronor better than the profit for all of 2010 and the operating margin of 18.9 per cent was the highest ever for a single quarter. Turnover increased sharply, in large measure thanks to a strong recovery on the business area's most important markets. All in all the volumes for VBG GROUP TRUCK EQUIPMENT were still 15-20 per cent below the record levels that prevailed during the boom years of 2006–2008. The strong earnings level was clear evidence that the implemented factory streamlining measures have now, after further fine tuning, had the intended effect. The expectation is, however, that material costs will rise slightly during the remainder of the year, which will have some effect on the operating margin.

RINGFEDER POWER TRANSMISSION

RINGFEDER POWER TRANSMISSION also reported good results for the first quarter with stable turnover and an increase in the operating margin to 16 per cent. RINGFEDER POWER TRANSMISSION operates within a number of niches and on many geographic markets. In a number of market segments, where the demand is for large volumes of standard components with often lower functionality and performance, there is keen price competition from competitors who have specialised solely in distribution and sales. RINGFEDER POWER TRANSMISSION's competitive advantage and strength lies in offering products or systems of components for a large number of applications where high demands are made on reliability, performance and quality. The business area works very successfully in these market segments and is pursuing numerous activities centred on business projects that are often of a long-term nature. One interesting big project that RINGFEDER POWER TRANSMISSION is participating in has been postponed a few months, which may have some impact on the business area's turnover and operating profit for the remainder of the year.

The business area's new company in China operation started operations during the first quarter, and assembly of magnetic couplings got under way in the second quarter. At the business area's company in India, which was established as a distribution company with technical sales support in 2007, a final assembly line has now also been installed, and assembly is scheduled to start in June.

Intensified efforts with a focus on structural growth

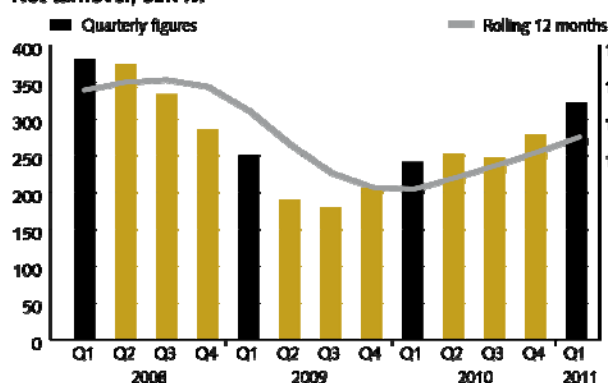
With business areas reporting stable good earnings, ensuring that the Group will continue to enjoy a strong financial position, we are intensifying our efforts to create structural growth and continuing to look for interesting acquisition opportunities.

Anders Birgersson
Managing Director and CEO

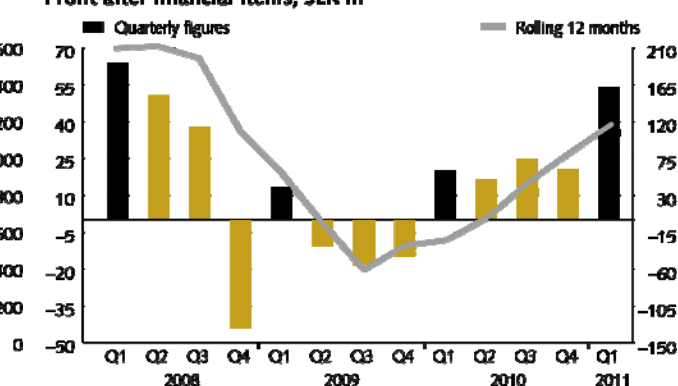
Group trend (SEK M)	Q1 2011	Full year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2009	Q4 2009	Q3 2009	Q2 2009
Net turnover	321.9	1,021.3	278.7	247.9	252.9	241.8	829.0	206.6	180.1	191.3
Operating profit/loss	55.2	68.6	20.1	18.6	13.9	16.0	-27.1 ¹	-9.5	-21.2 ¹	-11.3
Operating margin, %	17.1	6.7	7.2	7.5	5.5	6.6	neg.	neg.	neg.	neg.
Profit/loss after fin. items	54.0	82.4	20.9	24.8	16.5	20.2	-30.7	-15.0	-18.3	-10.8
Profit margin, %	16.8	8.1	7.5	10.0	6.5	8.4	neg.	neg.	neg.	neg.
Profit/loss after tax	38.1	55.7	13.0	16.2	11.8	14.7	-21.2	-11.8	-12.2	-7.1
Earnings/loss per share, SEK	3.05	4.46	1.04	1.30	0.94	1.18	-1.69	-0.94	-0.97	-0.58
ROCE (cumulative), %	29.8	8.7	8.7	8.0	7.2	7.7	neg.	neg.	neg.	0.8
ROE (cumulative), %	26.2	9.6	9.6	9.8	9.1	10.0	neg.	neg.	neg.	0.8
Equity/assets ratio, %	60.0	58.2	58.2	55.7	54.6	54.3	54.4	54.4	55.2	56.1

¹ Includes nonrecurring item of SEK -14 M

Net turnover, SEK M



Profit after financial items, SEK m



Consolidated turnover and earnings

Turnover increased by 33 per cent to SEK 321.9 M (241.8) compared with the same period last year. But taking into account the strengthening of the Swedish currency, which has affected the translation of sales in the Group's foreign subsidiaries, the actual increase was about 45 per cent.

Operating profit for the quarter was very good, increasing by all of 245 per cent to SEK 55.2 M (16.0) with a good margin of 17.1 per cent (6.6). Profit after financial items was SEK 54.0 M (20.2), and the profit margin hit a record level of 16.8 per cent (8.4).

The consolidated profit contains Group-wide overheads of SEK 3.7 M (3.6), which have not been allocated to the operating profits of the different business areas. Earnings per share after tax increased to SEK 3.05 (1.18).

Return on capital employed improved to 29.8 per cent (7.7), and return on equity increased to 26.2 per cent (10.0). The Group's equity/assets ratio declined slightly compared with the end of last year, amounting to 60.0 per cent (58.2).

Capital expenditures

The Group's capital expenditures during the first quarter amounted to SEK 1.8 M (5.8).

Financial position

Profit after tax for the first quarter was SEK 38.1 M (14.7) and total translation differences amounted to SEK -5.7 M (-34.0), which added up to a comprehensive income of SEK 32.4 M (loss: 19.3).

This resulted in an increase in equity during the first quarter to SEK 597.7 M (565.3 at year-end).

The equity/assets ratio declined marginally during the first quarter to 60.0 per cent (58.2 at year-end).

Cash and cash equivalents amounted to SEK 46.2 M at the end of the period (46.1 at year-end), with an additional SEK 98.1 M in credit facilities granted but not utilised (67.6).

The Group's interest-bearing net debt fell by SEK 39.8 M during the period, amounting to SEK 148.2 M at 31 March (188.0 at year-end).

The ratio of interest-bearing net debt to equity was 0.25 at the end of March (0.33 at 31 December 2010).

Cash flow

Cash flow from operating activities during the first quarter amounted to SEK 37.5 M (39.3). Capital expenditures during the period amounted to SEK 3.0 M (5.8). The Group amortised loans and reduced current financial liabilities by a total of SEK 33.8 M. Net cash flow during the period was SEK 0.7 M (10.2).

Personnel

On 31 March 2011 there were 463 employees (437 at year-end) in the VBG GROUP, including 174 (162 at year-end) in Sweden.

During the first quarter of 2011, the Group employed an average of 456 persons (420 during the same period last year). Of these, 175 (168) were active in Sweden. The cost of salaries and social security contributions was the same as last year, amounting to SEK 62.4 M (62.4).

Per share data

Earnings per share for the period amounted to SEK 3.05 (1.18). Equity per share at 31 March 2011 was SEK 47.81, compared with SEK 46.05 on the same date last year and SEK 45.22 at year-end.

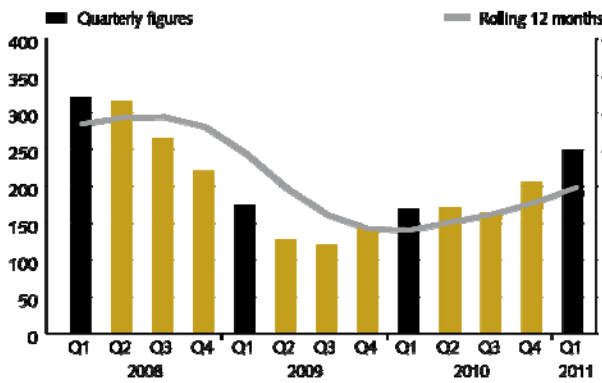
VBG GROUP TRUCK EQUIPMENT

- Turnover increased by 47 per cent to SEK 249.9 M (169.8)
- Operating profit increased by 470 per cent to SEK 47.3 M (8.3)

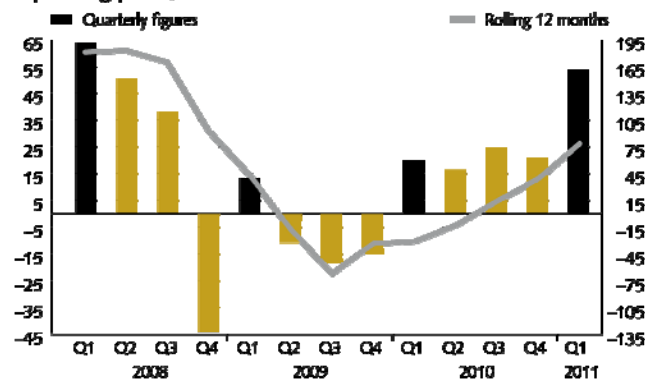
VBG GROUP TRUCK EQUIPMENT (SEK M)	Q1 2011	Full year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2009	Q4 2009	Q3 2009	Q2 2009
Net turnover	249.9	712.2	205.8	165.2	171.4	169.8	568.9	144.7	121.6	127.9
Operating profit/loss	47.3	39.7	17.1	9.0	5.3	8.3	-33.0 ¹	-8.1	-17.6 ¹	-12.9
Operating margin, %	18.9	5.6	8.3	5.4	3.1	4.9	Neg.	neg.	neg.	neg.

¹ Includes nonrecurring item of SEK -10.2 M

Net turnover, SEK M



Operating profit, SEK M



VBG GROUP TRUCK EQUIPMENT started the year very strongly and turnover increased by 47 per cent during the first quarter to SEK 249.9 M (169.8). The actual increase was all of 59 per cent, however, since a stronger Swedish krona during the quarter affected the translation of the sales of foreign Group companies negatively. The sales volumes for all product areas on virtually all geographic markets continued to develop positively and at a higher rate than in previous quarters. The fastest growing product area during the first quarter was sliding roofs, where turnover more than doubled compared with the first quarter of 2010. The trailer sector was the hardest hit during the crisis year 2009, and turnover for sliding roofs decreased by nearly 80 per cent. Despite the strong recovery in the past few quarters, the sector is still about 30 per cent below the levels that prevailed during the boom years of 2006–2008. The volume increase for the coupling equipment product area was about 30 per cent compared with last year, which is about 10 per cent below the 2008 levels.

The previously implemented factory restructurings had a clear effect now, and operating profit increased by 470 per cent to SEK 47.3 M (8.3) with an operating margin of 18.9 per cent (4.9), which was the best ever for a single quarter.

Turnover by market (SEK M)	Q1 2011	Full year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2009	Q4 2009	Q3 2009	Q2 2009
Sweden	56.7	159.0	45.2	34.2	40.2	39.4	129.0	32.2	25.2	30.3
Other Nordic countries	29.8	93.2	28.5	16.7	24.8	23.2	86.6	20.4	15.6	21.0
Germany	76.1	219.7	66.4	57.9	50.8	44.6	157.0	40.5	34.4	36.7
Other European countries	76.9	189.7	53.6	42.8	45.2	48.1	154.4	39.0	31.8	34.0
Rest of world	10.4	50.6	12.1	13.6	10.4	14.5	41.9	12.6	14.6	5.9
Truck Equipment	249.9	712.2	205.8	165.2	171.4	169.8	568.9	144.7	121.6	127.9

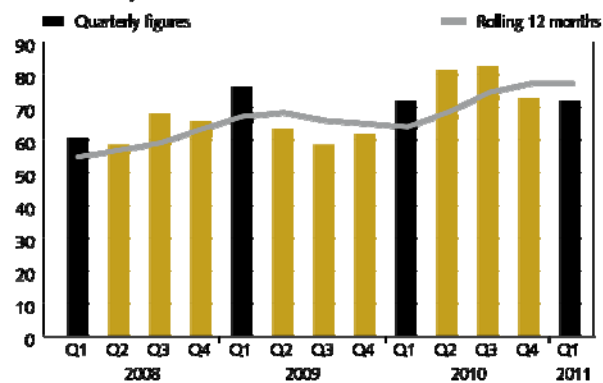
RINGFEDER POWER TRANSMISSION

- Turnover was the same as last year: SEK 72.0 M (72.0)
- Operating profit increased by 3 per cent to SEK 11.6 M (11.3)

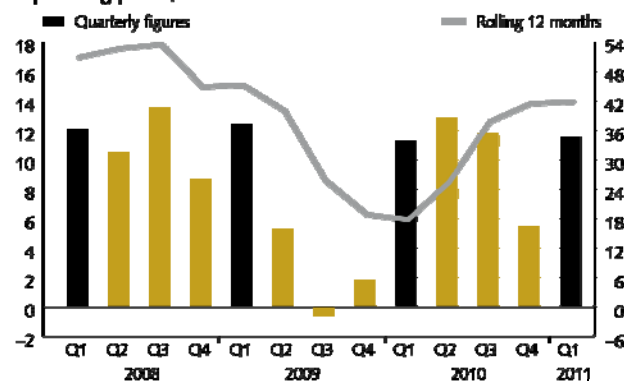
RINGFEDER Power Transmission, SEK M	Q1 2011	Full year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2009	Q4 2009	Q3 2009	Q2 2009
Net turnover	72.0	309.1	72.9	82.7	81.5	72.0	260.1	61.9	58.5	63.4
Operating profit/loss	11.6	41.5	5.5	11.8	12.9	11.3	18.9 ¹	1.8	-0.6 ¹	5.3
Operating margin, %	16.1	13.4	7.5	14.3	15.8	15.7	7.3	2.9	neg.	8.4

¹ Includes nonrecurring item of SEK -3.7 M.

Net turnover, SEK M



Operating profit, SEK M



Turnover was at the same level as the first quarter of last year, amounting to SEK 72.0 M (72.0), but taking into account the strong Swedish krona, the actual volume change was an increase of 12 per cent.

The business area's new company in China started operations during the first quarter, and assembly of magnetic couplings got under way in the second quarter. The business area's company in India also established a final assembly line during the first quarter, and assembly is scheduled to start in June.

The first quarter was a good quarter in terms of earnings, with an operating profit of SEK 11.6 M, 3 per cent better than the first quarter of last year (11.3). The operating margin for the first quarter increased to 16.1 per cent (15.7).

Turnover by market (SEK M)	Q1 2011	Full year 2010	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2009	Q4 2009	Q3 2009	Q2 2009
Europe	36.5	129.9	29.6	35.1	30.6	34.6	115.6	27.9	27.0	26.9
North America	26.5	131.4	32.3	34.9	35.7	28.5	113.0	24.2	25.5	28.0
Rest of world	9.0	47.8	11.0	12.7	15.2	8.9	31.5	9.8	6.0	8.5
POWER TRANSMISSION	72.0	309.1	72.9	82.7	81.5	72.0	260.1	61.9	58.5	63.4

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 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, licence revenues and rentals and amounted to SEK 5.4 M during the first quarter of 2011 (4.8). The loss after dividends from Group companies and financial items amounted to SEK 4.8 M (profit: 7.4).

Accounting principles

The VBG GROUP applies International Financial Reporting Standards (IFRSs) as adopted by the EU in its consolidated accounts. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act.

The Parent Company's financial statements have been prepared in accordance with the the Swedish Annual Accounts Act and RFR 2.

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 2010.

Risks and uncertainty factors

The Group's and the 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 and political 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 VBG GROUP AB's annual report for 2010, Note 2.

Outlook for 2011

The company makes no forecast.

Financial information 2011/2012

Interim report 6 months	24 August 2011
Interim report 9 months	25 October 2011
Year-end report 2011	16 February 2012
Interim report 3 months	26 April 2012
Annual General Meeting	26 April 2012

Related party transactions

There have been no related party transactions in 2011 that have significantly affected the company's financial position and results. Related party transactions in 2010 are disclosed in Note 5 in the annual report for 2010.

Vänersborg, 3 May 2011

VBG GROUP AB (publ)

Anders Birgersson

Managing Director and CEO

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

NOTE

The information in this report is of the type that VBG GROUP AB is obligated to disclose in accordance with the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was submitted for publication on on 3 May 2011 at 3.00 p.m.

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Consolidated Income Statement and Statement of Comprehensive Income – Highlights (SEK M)	Q1 Jan-Mar 2011	Q1 Jan-Mar 2010	Full year 2010
Net turnover	321.9	241.8	1,021.3
Cost of goods sold	-199.0	-155.6	-660.8
Selling expenses	-42.9	-44.1	-185.2
Administrative expenses	-19.9	-23.0	-87.1
Research and development costs	-5.0	-4.8	-22.4
Other operating income and expenses	0.1	1.7	2.8
Operating profit	55.2	16.0	68.6
Net financial items	-1.2	4.2	13.8
Profit after financial items	54.0	20.2	82.4
Tax	-15.9	-5.5	-26.7
Profit for the period **	38.1	14.7	55.7
Depreciation and amortisation charged to profit	-8.4	-9.7	-36.5
** Attributable to:			
Parent Company's shareholders	38.1	14.7	55.7
Earnings per share after tax	3.05	1.18	4.46
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
Number of own shares at end of period	1,192	1,192	1,192
Average number of own shares	1,192	1,192	1,192
Other comprehensive income/loss			
Profit for the period	38.1	14.7	55.7
Translation differences pertaining to foreign operations	-5.9	-38.3	-86.4
Translation differences pertaining to hedge accounting for net investments in foreign operations	0.2	4.3	7.2
Other comprehensive income/loss, net after tax	-5.7	-34.0	-79.2
Comprehensive income/loss for the period ***	32.4	-19.3	-23.5
*** Attributable to:			
Parent Company's shareholders	32.4	-19.3	-23.5

Turnover and earnings by segment (SEK M)	VBG GROUP TRUCK EQUIPMENT	RINGFEDER POWER TRANSMISSION	Group-wide	Group
2011:				
Q1 Jan – Mar: Net turnover	249.9	72.0		321.9
Operating profit/loss	47.3	11.6	-3.7	55.2
Operating margin, %	18.9	16.1		17.1
Net financial items			-1.2	-1.2
Profit after financial items				54.0
2010:				
Q1 Jan – Mar: Net turnover	169.8	72.0		241.8
Operating profit/loss	8.3	11.3	-3.6	16.0
Operating margin, %	4.9	15.7		6.6
Net financial items			4.2	4.2
Profit after financial items				20.2

Consolidated Balance Sheet – Highlights (SEK M)	31/03 2011	31/03 2010	31/12 2010
Goodwill	250.0	272.5	252.3
Other intangible assets	57.5	67.9	59.5
Property, plant and equipment	177.8	212.1	181.9
Long-term investments	8.1	10.8	8.4
Total non-current assets	493.4	563.3	502.1
Inventories	234.2	273.0	235.7
Receivables	222.0	177.7	187.9
Cash on hand, demand deposits and short-term investments	46.2	46.6	46.1
Total current assets	502.4	497.3	469.7
TOTAL ASSETS	995.8	1,060.6	971.8
Equity	597.7	575.7	565.3
Non-current liabilities	187.2	216.9	196.5
Current liabilities	210.9	268.0	210.0
TOTAL EQUITY AND LIABILITIES	995.8	1,060.6	971.8

Changes in Group equity (SEK M)	3 mon 2011	3 mon 2010	Full year 2010
Opening equity according to Balance Sheet at 31 December	565.3	595.0	595.0
Total comprehensive income/loss for the period	32.4	-19.3	-23.5
Dividend			-6.2
Equity at end of period	597.7	575.7	565.3

Cash Flow Statement – Highlights (SEK M)	3 mon 2011	3 mon 2010	Full year 2010
Cash flow from operating activities before changes in working capital	47.2	23.1	83.4
Change in working capital	-9.7	16.2	17.4
Cash flow from operating activities	37.5	39.3	100.8
Cash flow from investing activities	-3.0	-5.8	-12.2
Cash flow from financing activities	-33.8	-23.3	-77.2
Cash flow for the year	0.7	10.2	11.4
Cash and cash equivalents at start of year	46.1	37.7	37.7
Translation difference, cash and cash equivalents	-0.6	-1.3	-3.0
Cash and cash equivalents at end of period	46.2	46.6	46.1
Unutilised overdraft facilities	98.1	48.7	67.6
Total cash and cash equivalents available	144.3	95.3	113.7

Key figures for Group	3 mon 2011	3 mon 2010	Full year 2010
Profit margin (ROS), %	16.8	8.4	8.1
Return on equity (ROE), %	26.2	10.0	9.6
Return on capital employed (ROCE), %	29.8	7.7	8.7
Equity/assets ratio, %	60.0	54.3	58.2
Equity per share, SEK	47.81	46.05	45.22
Cash flow per share (before change in working capital), SEK	3.78	1.84	6.67
Share price at end of period, SEK	108.00	82.00	102.00
Number of employees, average	456	420	432

Parent Company Income Statement (SEK M)	Q1 Jan-Mar 2011	Q1 Jan-Mar 2010	Full year 2010
Net turnover	5.4	4.8	25.1
Operating expenses	-10.5	-9.0	-33.1
Operating profit/loss	-5.1	-4.2	-8.0
Net financial items	0.3	11.6	67.0
Profit/loss after financial items	-4.8	7.4	59.0
Appropriations	-	-	-2.0
Tax	1.3	-1.4	-3.4
Profit/loss for the period after tax and comprehensive income/loss for the period	-3.5	6.0	53.6

Parent Company Balance Sheet (SEK M)	31/03 2011	31/03 2010	31/12 2010
Other intangible assets	15.8	17.8	16.3
Property, plant and equipment	7.8	8.4	8.0
Long-term investments	572.7	563.4	572.7
Total non-current assets	596.3	589.6	597.0
Receivables	69.6	101.0	85.6
Cash on hand, demand deposits and short-term investments	15.9	11.9	12.6
Total current assets	85.5	112.9	98.2
TOTAL ASSETS	681.8	702.5	695.2
Equity	403.9	366.0	407.4
Untaxed reserves	28.8	26.8	28.8
Provisions	8.7	8.3	8.7
Non-current liabilities	15.6	26.8	18.0
Current liabilities	224.8	274.6	232.3
TOTAL EQUITY AND LIABILITIES	681.8	702.5	695.2