

VBG Group AB (publ) in Vänersborg is the Parent Company of an international engineering Group with wholly owned companies in Europe, USA, India and China. The Group's operations are divided into three divisions – VBG Truck Equipment, Edscha Trailer Systems 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 today on the Nasdaq OMX Nordic Exchange Stockholm, Small Cap list.

Interim report January – June 2014

Second quarter of 2014:

- The Group's net turnover declined by 5.3 per cent to **SEK 277.1 M** (292.5)
- Operating profit amounted to **SEK 27.0 M** (41.6), with a margin of 9.7 per cent (14.2)
- Profit after financial items amounted to **SEK 23.6 M** (36.6), with a profit margin of 8.5 per cent (12.5)
- The Group's profit after tax totalled **SEK 17.0 M** (27.6)
- Earnings per share amounted to **SEK 1.36** (2.21)
- The Armaton dropside pillar product programme was divested
- All shares in Tschan GmbH were acquired, with takeover occurring on 1 July 2014

First half of 2014:

- The Group's net turnover declined by 0.6 per cent to **SEK 593.5 M** (597.0)
- Operating profit amounted to **SEK 77.6 M** (86.4), with a margin of 13.1 per cent (14.5)
- Profit after financial items totalled **SEK 72.3 M** (81.4), with a profit margin of 12.2 per cent (13.6)
- The Group's profit after tax totalled **SEK 52.5 M** (59.6)
- Earnings per share amounted to **SEK 4.20** (4.77)

| Group | Q2 2014 | Q2 2013 | 6 mon 2014 | 6 mon 2013 | Full-year 2013 |
|--|--------------------|--------------------|-----------------------|-----------------------|---------------------------|
| Net turnover, SEK M | 277.1 | 292.5 | 593.5 | 597.0 | 1,171.4 |
| Operating profit, SEK M | 27.0 | 41.6 | 77.6 | 86.4 | 162.8 |
| Operating margin, % | 9.7 | 14.2 | 13.1 | 14.5 | 13.9 |
| Profit after financial items, SEK M | 23.6 | 36.6 | 72.3 | 81.4 | 151.7 |
| Profit margin, % | 8.5 | 12.5 | 12.2 | 13.6 | 13.0 |
| Profit after tax, SEK M | 17.0 | 27.6 | 52.5 | 59.6 | 112.5 |
| Earnings per share, SEK | 1.36 | 2.21 | 4.20 | 4.77 | 9.00 |
| Return on capital employed (ROCE), cumulative, % | | | 16.7 | 19.7 | 18.5 |
| Return on equity (ROE), cumulative, % | | | 13.9 | 18.3 | 16.5 |
| Equity/assets ratio, % | | | 69.0 | 61.5 | 68.8 |

VBG Group – acquisition of German Tschan GmbH and divestment of Armaton

I am able to report that the Group experienced a negative trend during the second quarter with respect to both turnover and operating profit on a rolling four-quarter basis. The main reason for this trend was the fact that several of our core markets performed poorly, and there remains a certain level of uncertainty as we enter the second half of the year. My current assessment is that we can expect this weak trend to continue in the third quarter, but that there is still the potential for an improvement in the fourth quarter.

VBG Truck Equipment

The division got off to a difficult start this quarter, with weak sales reported in April and May due to the preemptive-purchase effect experienced at the end of 2013 as a result of the transition to Euro 6 engines, which has now had a negative impact on turnover. No such adverse effects were noted in June and the sales volume normalised.

In late June, the VBG Group divested its Armaton product area, which includes a complete range of dropside pillars and dropside locking systems acquired by the Group in 1990. At that time, Armaton's products were focused on heavy-duty vehicles. Over the years, however, the business for dropside pillars for heavy-duty vehicles has declined and Armaton's products are now aimed at lighter trucks. The Group decided to divest Armaton since its products now target a different customer segment than those currently focused on by VBG Truck Equipment and there are thus no longer any direct synergies in the sales process. Armaton currently has an annual turnover of approximately SEK 7 M and the divestment will not have any impact on the number of people employed in the division.

VBG Truck Equipment also invested resources in preparing for two key trade fairs: Elmia Lastbil, which take place in August, and the major IAA International Motor Show in Germany, which will be held in September.

Ringfeder Power Transmission

Negotiations regarding the acquisition of Tschan GmbH were carried out during the second quarter and the Group is very pleased to announce that the acquisition has now been completed. The acquired company will be an excellent addition to Ringfeder Power Transmission and will be incorporated into the division as of the third quarter. During the first half of the year, Tschan GmbH completed a reconstruction in order to avoid bankruptcy. This resulted in significant changes to the company's balance sheet since its major liabilities, particularly shareholder loans amounting to more than EUR 6 M, were written off as part of the composition proceedings. The number of employees and other expenses were also reduced, which provided the company with the necessary conditions to achieve a positive performance. Given the potential synergies to be gained through Ringfeder's acquisition of the company, I believe our prospects for healthy profitability and growth in the coming years are favourable.

Edscha Trailer Systems

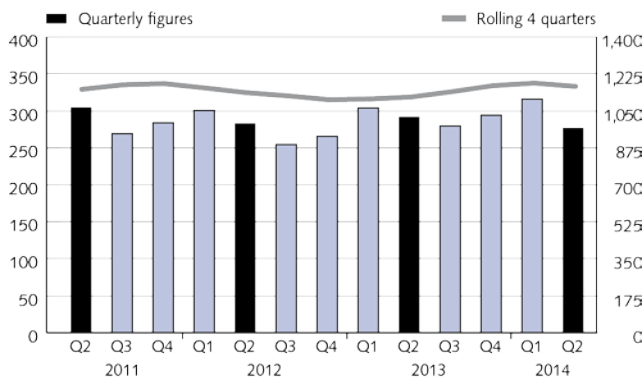
The second quarter was difficult for Edscha Trailer Systems, which continues to operate in a highly challenging market – a factor that is affecting all players in the industry. Despite a decline in sales, the division nevertheless maintained an operating margin of more than 5 per cent. Edscha Trailer Systems is also involved in a long-term investment in an entirely new product programme, which will enter the launch phase in conjunction with the IAA International Motor Show in September. I believe it goes without saying that the market will recover, but we may need to revise our schedule and should be prepared for the possibility of a very weak third quarter.

Anders Birgersson
Managing Director and CEO

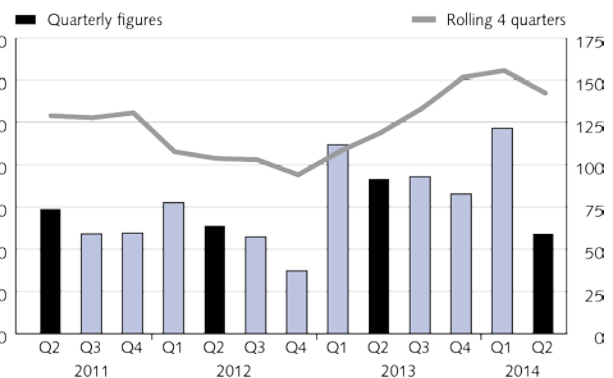
| Group trend (SEK M) | 6 mon 2014 | Q2 2014 | Q1 2014 | Full-year 2013 | Q4 2013 | Q3 2013 | 6 mon 2013 | Q2 2013 | Q1 2013 | Full-year 2012 | Q4 2012 | Q3 2012 |
|------------------------------|--------------|--------------|---------|----------------|---------|---------|--------------|--------------|---------|-------------------|---------|---------|
| Net turnover | 593.5 | 277.1 | 316.4 | 1,171.4 | 294.4 | 280.0 | 597.0 | 292.5 | 304.5 | 1,104.8 | 265.8 | 254.7 |
| Operating profit | 77.6 | 27.0 | 50.6 | 162.8 | 37.4 | 39.0 | 86.4 | 41.6 | 44.8 | 99.4 ¹ | 20.2 | 21.2 |
| Operating margin, % | 13.1 | 9.7 | 16.0 | 13.9 | 12.7 | 13.9 | 14.5 | 14.2 | 14.7 | 9.0 | 7.6 | 8.3 |
| Profit after financial items | 72.3 | 23.6 | 48.7 | 151.7 | 33.1 | 37.2 | 81.4 | 36.6 | 44.8 | 94.7 | 15.3 | 22.9 |
| Profit margin, % | 12.2 | 8.5 | 15.4 | 13.0 | 11.2 | 13.3 | 13.6 | 12.5 | 14.7 | 8.6 | 5.8 | 9.0 |
| Profit after tax | 52.5 | 17.0 | 35.5 | 112.5 | 25.8 | 27.1 | 59.6 | 27.6 | 32.0 | 69.8 | 13.3 | 15.6 |
| Earnings per share, SEK | 4.20 | 1.36 | 2.84 | 9.00 | 2.07 | 2.16 | 4.77 | 2.21 | 2.56 | 5.58 | 1.06 | 1.25 |
| ROCE (cumul.), % | 16.7 | 16.7 | 21.8 | 18.5 | 18.5 | 18.9 | 19.7 | 19.7 | 20.8 | 12.4 | 12.4 | 14.3 |
| ROE (cumul.), % | 13.9 | 13.9 | 18.8 | 16.5 | 16.5 | 17.6 | 18.3 | 18.3 | 20.1 | 11.1 | 11.1 | 12.2 |
| Equity/assets ratio, % | 69.0 | 69.0 | 68.2 | 68.8 | 68.8 | 63.3 | 61.5 | 61.5 | 61.0 | 61.5 | 61.5 | 62.9 |

¹ Includes restructuring cost of SEK 10.6 M

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Consolidated turnover and earnings

Second quarter of 2014

Net turnover amounted to SEK 277.1 M (292.5), down 5.3 per cent compared with the second quarter of 2013. Taking into account the exchange rate changes between the quarters, the actual volume decrease was 8.6 per cent.

Consolidated operating profit totalled SEK 27.0 M (41.6) and included a capital gain of SEK 6.0 M from the sale of the Armaton dropside pillar product programme. The operating profit also included Group-wide overheads in the Parent Company of SEK 5.3 M (4.0) that have not been allocated to the divisions.

The operating margin was 9.7 per cent (14.2).

The net financial expense for the quarter totalled SEK 3.4 M (expense: 5.0) and profit after financial items therefore amounted to SEK 23.6 M (36.6).

Profit after tax totalled SEK 17.0 M (27.6) and earnings per share amounted to SEK 1.36 (2.21).

First half of 2014

Net turnover amounted to SEK 593.5 M (597.0), down 0.6 per cent compared with the first half of 2013. Taking into account the year-on-year exchange rate changes, the actual volume decrease was 3.5 per cent.

Operating profit amounted to SEK 77.6 M (86.4). The operating profit includes Group-wide overheads in the Parent Company of SEK 8.5 M (6.8) that have not been allocated to the divisions.

The operating margin was 13.1 per cent (14.5).

The net financial expense for the first half of the year totalled SEK 5.3 M (expense: 5.0) and profit after financial items therefore amounted to SEK 72.3 M (81.4).

Profit after tax totalled SEK 52.5 M (59.6) and earnings per share amounted to SEK 4.20 (4.77).

Return on capital employed was 16.7 per cent (19.7) and return on equity was 13.9 per cent (18.3). The Group's equity/assets ratio increased slightly compared with year-end 2013 to 69.0 per cent (68.8).

Capital expenditures

The Group's new capital expenditures during the second quarter amounted to SEK 11.8 M (6.0), while total new capital expenditures for the first half of the year amounted to SEK 15.8 M (7.9).

Financial position

Profit after tax for the first six months of the year amounted to SEK 52.5 SEK M (59.6). Other comprehensive income during the first half of the year totalled SEK 23.0 M (8.5), corresponding to a total operating profit of SEK 75.5 M (68.1). After the payment of dividends totalling SEK 34.4 M (28.1) to the shareholders, equity amounted to SEK 778.6 M at 30 June (737.5 at year-end).

The equity/assets ratio increased slightly compared with year-end 2013 to 69.0 per cent (68.8).

Cash and cash equivalents at 30 June amounted to SEK 103.9 M (131.5 at year-end), and there were unutilised credit facilities of SEK 142.8 M (141.7), resulting in an available liquidity of SEK 246.7 M (273.2).

The Group's interest-bearing net debt increased by SEK 44.6 M during the second quarter and by a total of SEK 26.4 M during the first half of the year, amounting to SEK 68.4 M at 30 June (42.0 at year-end).

The ratio of interest-bearing net debt to equity was 0.09 at 30 June 2014 (0.06 at 31 December 2013).

The Group's aggregate goodwill amounted to SEK 308.7 M (299.8), which in relation to equity was a ratio of 0.40 (0.41).

Cash flow

Cash flow from operating activities during the first half of the year amounted to SEK 26.8 million (39.5). New capital expenditures during the period amounted to SEK 17.6 M (9.8). Dividends totalling SEK 34.4 M (28.1) were paid to the shareholders. The Group's total borrowings and current financial liability decreased during the first six months of the year by a net of SEK 39.3 M (increase: 11.6). Consequently, the net cash flow for the period amounted to a negative SEK 30.1 M (pos: 13.2).

Personnel

At 30 June 2014, there were 537 employees in the VBG Group (523 at year-end), including 186 (179) in Sweden.

During the first half of the year, the Group employed an average of 524 persons (525 during the corresponding period last year). Of these, 185 (177) were active in Sweden. The cost of salaries and social security contributions was SEK 148.2 M (137.6).

Per share data

Earnings per share for the first six months of the year declined to SEK 4.20 (4.77). Equity per share was SEK 62.28 at 30 June 2014, compared with SEK 53.57 at the same time last year and SEK 58.99 at year-end.

The number of shareholders continued to increase in the second quarter and amounted to 4,309 at 30 June (3,950 at year-end).

VBG Truck Equipment

Second quarter of 2014:

- Turnover decreased by 6.5 per cent to **SEK 152.6 M** (163.2)
- Operating profit amounted to **SEK 23.3 M** (30.9), with a margin of 15.3 per cent (18.9)
- The Armaton product programme was divested, generating a capital gain of **SEK 6.0 M**

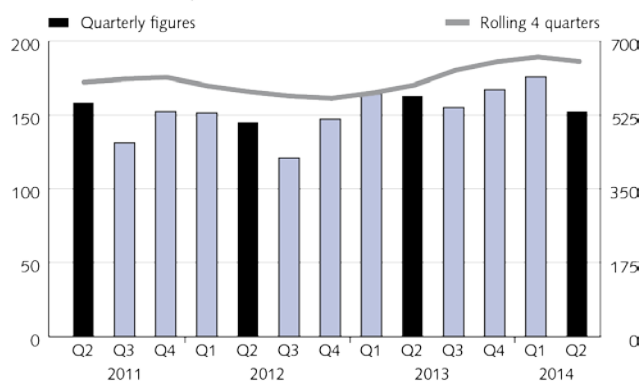
First half of 2014:

- Turnover increased by 0.2 per cent to **SEK 328.3 M** (327.6)
- Operating profit totalled **SEK 57.0 M** (57.5), with a margin of 17.4 per cent (17.6)

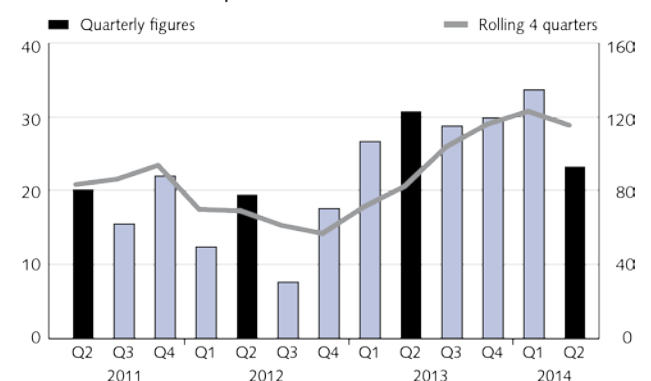
| VBG TE (SEK M) | 6 mon 2014 | Q2 2014 | Q1 2014 | Full-year 2013 | Q4 2013 | Q3 2013 | 6 mon 2013 | Q2 2013 | Q1 2013 | Full-year 2012 | Q4 2012 | Q3 2012 |
|---------------------|------------|---------|---------|----------------|---------|---------|------------|---------|---------|-------------------|---------|---------|
| Net turnover | 328.3 | 152.6 | 175.7 | 650.2 | 167.3 | 155.3 | 327.6 | 163.2 | 164.4 | 565.2 | 147.3 | 121.1 |
| Operating profit | 57.0 | 23.3 | 33.7 | 116.2 | 29.9 | 28.8 | 57.5 | 30.9 | 26.6 | 57.1 ¹ | 17.6 | 7.6 |
| Operating margin, % | 17.4 | 15.3 | 19.2 | 17.9 | 17.9 | 18.5 | 17.6 | 18.9 | 16.2 | 10.1 | 11.9 | 6.3 |

¹ Includes restructuring cost of SEK 10.6 M

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Second quarter of 2014

Turnover in VBG Truck Equipment decreased by 6.5 per cent to SEK 152.6 M (163.2).

The translation of the turnover of foreign Group companies to Swedish kronor had a positive impact on the division's turnover and the actual volume decrease amounted to 8.8 per cent. This volume decrease was caused by the fact that sales, particularly in April and May, were impacted by the preemptive-purchase effect experienced in 2013 as a result of the transition to Euro 6 engines.

In late June, the Armaton dropside pillar product programme was sold to Forankra AB for SEK 7.5 M, which generated a capital gain of SEK 6.0 M. Armaton has an annual turnover of approximately SEK 7 M and the divestment will not impact the number of employees in VBG Truck Equipment. Despite the injection of capital gain generated by the divestment, the division's operating profit declined to SEK 23.3 M (30.9) compared with the exceptionally strong second quarter in 2013, and the operating margin amounted to 15.3 per cent (18.9).

First half of 2014

The division's turnover increased by 0.2 per cent to SEK 328.3 M (327.6). Taking into account the translation of the turnover of foreign Group companies to Swedish kronor, the actual volume decrease was 1.7 per cent.

Operating profit declined slightly to SEK 57.0 M (57.5) and the operating margin was 17.4 per cent (17.6).

| Turnover by market (SEK M) | 6 mon 2014 | Q2 2014 | Q1 2014 | Full- year 2013 | Q4 2013 | Q3 2013 | 6 mon 2013 | Q2 2013 | Q1 2013 | Full- year 2012 | Q4 2012 | Q3 2012 |
|-------------------------------|---------------|--------------|------------|-----------------------|------------|------------|---------------|--------------|------------|-----------------------|------------|------------|
| Sweden | 96.8 | 44.6 | 52.2 | 168.4 | 41.6 | 38.2 | 88.6 | 41.5 | 47.1 | 163.0 | 39.5 | 33.1 |
| Other Nordic countries | 59.2 | 26.7 | 32.5 | 116.2 | 32.0 | 27.6 | 56.6 | 28.2 | 28.4 | 111.7 | 30.2 | 21.1 |
| Germany | 46.4 | 22.2 | 24.2 | 100.6 | 24.5 | 22.8 | 53.3 | 26.5 | 26.8 | 107.0 | 22.6 | 26.8 |
| Other European countries | 73.6 | 34.9 | 38.7 | 150.0 | 39.3 | 37.0 | 73.7 | 37.9 | 35.8 | 122.6 | 35.0 | 26.2 |
| North America | 24.3 | 10.8 | 13.5 | 56.9 | 19.1 | 14.0 | 23.8 | 11.1 | 12.7 | 4.1 | 4.1 | 0.0 |
| Rest of world | 28.0 | 13.4 | 14.6 | 58.1 | 10.8 | 15.7 | 31.6 | 18.0 | 13.6 | 56.8 | 15.9 | 13.9 |
| VBG TE | 328.3 | 152.6 | 175.7 | 650.2 | 167.3 | 155.3 | 327.6 | 163.2 | 164.4 | 565.2 | 147.3 | 121.1 |

Edscha Trailer Systems

Second quarter of 2014:

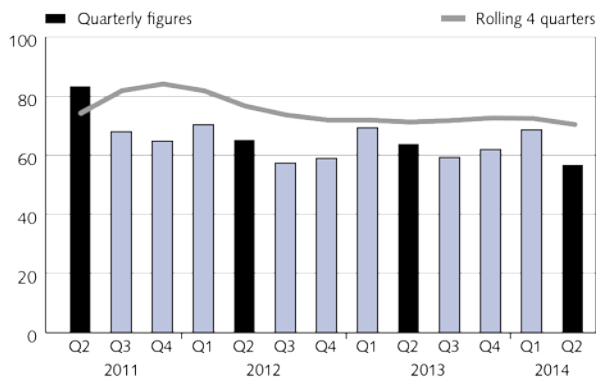
- Turnover decreased by 11.1 per cent to **SEK 56.8 M** (63.9)
- Operating profit totalled **SEK 2.9 M** (5.6), with a margin of 5.1 per cent (8.8)

First half of 2014:

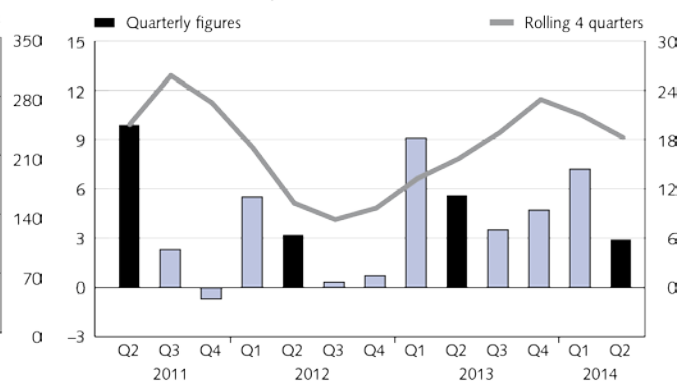
- Turnover decreased by 5.9 per cent to **SEK 125.5 M** (133.3)
- Operating profit amounted to **SEK 10.1 M** (14.7), with a margin of 8.0 per cent (11.0)

| EDSCHA TS (SEK M) | 6 mon 2014 | Q2 2014 | Q1 2014 | Full- year 2013 | Q4 2013 | Q3 2013 | 6 mon 2013 | Q2 2013 | Q1 2013 | Full- year 2012 | Q4 2012 | Q3 2012 |
|----------------------|---------------|------------|------------|-----------------------|------------|------------|---------------|------------|------------|-----------------------|------------|------------|
| Net turnover | 125.5 | 56.8 | 68.7 | 254.6 | 62.0 | 59.3 | 133.3 | 63.9 | 69.4 | 252.1 | 59.0 | 57.4 |
| Operating profit | 10.1 | 2.9 | 7.2 | 22.9 | 4.7 | 3.5 | 14.7 | 5.6 | 9.1 | 9.7 | 0.7 | 0.3 |
| Operating margin, % | 8.0 | 5.1 | 10.5 | 9.0 | 7.6 | 5.9 | 11.0 | 8.8 | 13.1 | 3.9 | 1.2 | 0.5 |

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Second quarter of 2014

Edscha Trailer Systems' turnover decreased by 11.1 per cent compared with the year-earlier period to SEK 56.8 M (63.9). The translation of the turnover of foreign Group companies to Swedish kronor had a positive impact, which is why the actual volume decrease was 15.4 per cent. The division's low turnover was attributable to the fact that the European market for trailers remained very weak, a factor that impacted all players in the industry. Despite this decline in turnover, the division nevertheless reported an operating margin of 5.1 per cent (8.8) and operating profit of SEK 2.9 M (5.6).

First half of 2014

Turnover decreased by 5.9 per cent compared with the corresponding period last year to SEK 125.5 M (133.3). Adjusted for exchange rate changes, the actual volume decrease was 9.8 per cent. Operating profit declined to SEK 10.1 M (14.7), with an operating margin of 8.0 per cent (11.0).

| Turnover by market (SEK M) | 6 mon 2014 | Q2 2014 | Q1 2014 | Full- year 2013 | Q4 2013 | Q3 2013 | 6 mon 2013 | Q2 2013 | Q1 2013 | Full- year 2012 | Q4 2012 | Q3 2012 |
|-------------------------------|---------------|------------|------------|-----------------------|------------|------------|---------------|------------|------------|-----------------------|------------|------------|
| Sweden | 0.2 | 0.1 | 0.1 | 0.5 | 0.1 | 0.1 | 0.3 | 0.2 | 0.1 | 0.4 | 0.0 | 0.1 |
| Other Nordic countries | 0.3 | 0.2 | 0.1 | 1.0 | 0.2 | 0.0 | 0.8 | 0.4 | 0.4 | 0.6 | 0.0 | 0.3 |
| Germany | 74.3 | 32.4 | 41.9 | 140.0 | 34.1 | 32.3 | 73.6 | 36.5 | 37.1 | 160.7 | 40.0 | 36.3 |
| Other European countries | 50.6 | 24.0 | 26.6 | 112.5 | 27.3 | 26.8 | 58.4 | 26.7 | 31.7 | 89.9 | 18.9 | 20.6 |
| Rest of world | 0.1 | 0.1 | 0.0 | 0.6 | 0.3 | 0.1 | 0.2 | 0.1 | 0.1 | 0.5 | 0.1 | 0.1 |
| Edscha TS | 125.5 | 56.8 | 68.7 | 254.6 | 62.0 | 59.3 | 133.3 | 63.9 | 69.4 | 252.1 | 59.0 | 57.4 |

Ringfeder Power Transmission

Second quarter of 2014:

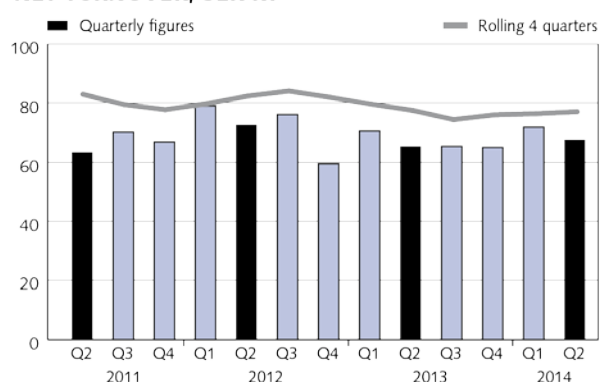
- Turnover increased by 3.5 per cent to **SEK 67.7 M** (65.4)
- Operating profit amounted to **SEK 6.1 M** (9.1), with a margin of 9.0 per cent (13.9)
- The acquisition of Tschan GmbH was completed, with takeover occurring on 1 July 2014

First half of 2014:

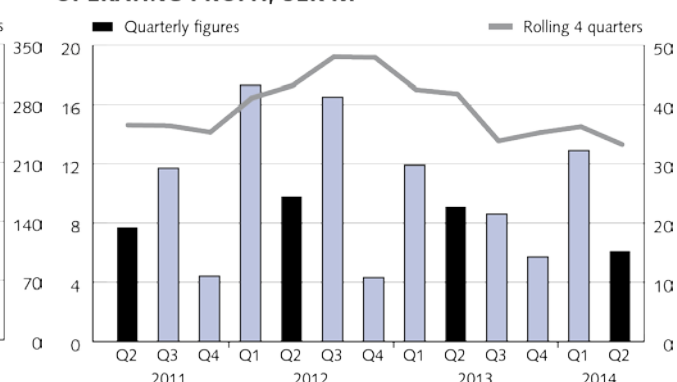
- Turnover increased by 2.6 per cent to **SEK 139.7 M** (136.1)
- Operating profit totalled **SEK 19.0 M** (21.0), with a margin of 13.6 per cent (15.4)

| RINGFEDER PT (SEK M) | 6 mon 2014 | Q2 2014 | Q1 2014 | Full-year 2013 | Q4 2013 | Q3 2013 | 6 mon 2013 | Q2 2013 | Q1 2013 | Full-year 2012 | Q4 2012 | Q3 2012 |
|----------------------|------------|---------|---------|----------------|---------|---------|------------|---------|---------|----------------|---------|---------|
| Net turnover | 139.7 | 67.7 | 72.0 | 266.6 | 65.1 | 65.4 | 136.1 | 65.4 | 70.7 | 287.5 | 59.5 | 76.2 |
| Operating profit | 19.0 | 6.1 | 12.9 | 35.5 | 5.7 | 8.6 | 21.0 | 9.1 | 11.9 | 47.9 | 4.3 | 16.5 |
| Operating margin, % | 13.6 | 9.0 | 17.9 | 13.2 | 8.8 | 13.1 | 15.4 | 13.9 | 16.8 | 16.7 | 7.2 | 21.7 |

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Second quarter of 2014

The division's turnover increased by 3.5 per cent to SEK 67.7 M (65.4). Taking into account the translation of the turnover of foreign Group companies to Swedish kronor, the actual volume decrease was 1.3 per cent. Operating profit was charged with acquisition-related costs of approximately SEK 1.3 M and amounted to SEK 6.1 MSEK (9.1) with an operating margin of 9.0 per cent (13.9).

The acquisition of the German company Tschan GmbH was finalised in the second quarter, which means that the company will be incorporated into Ringfeder Power Transmission as of 1 July 2014. A weak spot for Tschan has been the limitations in its sales and distribution system. With Ringfeder Power Transmission's efficient sales channels and broad customer base, the division will be able to increase Tschan's sales volume. At the same time, the division will eventually be able to offer an even wider product portfolio to both Ringfeder's and Tschan's customers. The two companies complement each other ideally in term of both products and customers.

First half of 2014

Turnover increased by 2.6 per cent to SEK 139.7 M (136.1). Adjusted for exchange rate changes, the actual change amounted to a decrease of 1.5 per cent.

Operating profit for the first six months of the year included acquisition-related costs of approximately SEK 2.5 M and amounted to SEK 19.0 M (21.0), with an operating margin of 13.6 per cent (15.4).

| Turnover by market (SEK M) | 6 mon 2014 | Q2 2014 | Q1 2014 | Full- year 2013 | Q4 2013 | Q3 2013 | 6 mon 2013 | Q2 2013 | Q1 2013 | Full- year 2012 | Q4 2012 | Q3 2012 |
|-------------------------------|---------------|------------|------------|-----------------------|------------|------------|---------------|------------|------------|-----------------------|------------|------------|
| Sweden | 1.5 | 0.9 | 0.6 | 4.1 | 1.0 | 1.2 | 1.9 | 1.3 | 0.6 | 4.6 | 1.6 | 0.3 |
| Other Nordic countries | 1.0 | 0.4 | 0.6 | 1.5 | 0.2 | 0.3 | 1.0 | 0.5 | 0.5 | 1.4 | 0.3 | 0.5 |
| Germany | 49.8 | 22.1 | 27.7 | 90.6 | 20.4 | 24.1 | 46.1 | 22.0 | 24.1 | 100.4 | 23.2 | 25.3 |
| Other European countries | 18.1 | 9.8 | 8.3 | 32.9 | 7.8 | 8.2 | 16.9 | 9.3 | 7.6 | 32.9 | 6.6 | 8.8 |
| North America | 44.3 | 21.6 | 22.7 | 81.3 | 18.2 | 20.0 | 43.1 | 21.6 | 21.5 | 88.9 | 19.2 | 22.5 |
| Rest of world | 25.0 | 12.9 | 12.1 | 56.2 | 17.5 | 11.6 | 27.1 | 10.7 | 16.4 | 59.3 | 8.6 | 18.8 |
| Power Transmission | 139.7 | 67.7 | 72.0 | 266.6 | 65.1 | 65.4 | 136.1 | 65.4 | 70.7 | 287.5 | 59.5 | 76.2 |

Parent Company

VBG Group AB's operations are 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 9.9 M (9.1) during the first half of the year. The operating loss for the year was SEK 9.1 M (loss: 7.4). Profit after dividends from Group companies and net financial items totalled SEK 58.4 M (28.2).

Acquisition of Tschan GmbH

On 1 July, the Group company Ringfeder Power Transmission GmbH completed its acquisition of Tschan GmbH. The acquired company, including two wholly owned subsidiaries in India and the US, will be incorporated and consolidated into the Ringfeder Power Transmission division as of 1 July 2014. The purchase consideration for all shares in the company amounted to SEK 18.4 M.

According to the preliminary acquisition plan, the acquisition will generate negative consolidated goodwill amounting to SEK 44.1 M, which will be recognised as consolidated profit in the third quarter. The reason for this negative goodwill is that, prior to the acquisition, Tschan GmbH had filed for and completed a reconstruction in order to avoid bankruptcy. The reconstruction resulted in a reduction in employees, and the company's liabilities were written off as part of the composition proceedings, during which shareholder loans totalling slightly more than EUR 6 M were written off by the owner of the company.

A preliminary acquisition plan is presented below. This plan may be changed once the final acquisition plan is approved in the third quarter of 2014.

The acquired company, which has an annual turnover of approximately SEK 100 M and some 90 employees, has the potential to make a positive contribution during the July-December period.

| | |
|---------------------------------------|---------------|
| | SEK M |
| | Group |
| Purchase consideration – paid in cash | 18.4 |
| Value of acquired net assets | <u>- 62.5</u> |
| Negative goodwill | - 44.1 |

The carrying amount of identifiable assets and liabilities included in the acquisition were as follows:

| | SEK M |
|---|----------------------|
| | Group |
| | Preliminary estimate |
| Cash and cash equivalents | 11.2 |
| Property, plant and equipment | 13.9 |
| Intangible assets | 2.5 |
| Long-term investments | 1.0 |
| Inventories | 34.7 |
| Receivables | 15.8 |
| Liabilities | <u>- 16.6</u> |
| Acquired net assets | 62.5 |
| | |
| Purchase consideration paid in cash | - 18.4 |
| Cash and cash equivalents in acquired subsidiaries | <u>11.2</u> |
| Change in cash and cash equivalents due to acquisition | - 7.2 |

Accounting policies

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 Swedish Annual Accounts Act and RFR 2.

The accounting policies 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 2013.

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, 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 VBG Group AB's annual report for 2013, Note 2.

Outlook for 2014

The company makes no forecast.

Financial information 2014/2015

| | |
|-----------------------------------|------------------|
| Interim report, nine months 2014 | 22 October 2014 |
| Year-end report 2014 | 17 February 2015 |
| Interim report, three months 2015 | 23 April 2015 |
| Annual General Meeting 2015 | 23 April 2015 |

Related party transactions

There have been no related party transactions in 2014 that have significantly affected the company's financial position and results. Related party transactions during 2013 are disclosed in Note 6 in the annual report for 2013.

Affirmation

The Board of Directors and Managing Director affirm that the interim report provides a true and fair view of the Parent Company's and the Group's operations, financial position and results, and describes significant risks and uncertainty factors facing the Parent Company and the companies included in the Group.

Vänersborg, 21 August 2014

VBG Group AB (publ)

Anders Birgersson
Managing Director and CEO

Peter Hansson
Chairman

Johnny Alvarsson
Deputy Chairman

Peter Augustsson
Board member

Helene Richmond
Board member

Louise Nicolin
Board member

Michael Jacobsson
Employee representative

Cecilia Pettersson
Employee representative

This report is unaudited.

NOTE

This information 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 21 August 2014 at 12:00 noon.

For further information please contact:

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| Consolidated Income Statement and Statement of Comprehensive Income – Highlights (SEK M) | Q2 Apr-Jun 2014 | Q2 Apr-Jun 2013 | 6 mon Jan-Jun 2014 | 6 mon Jan-Jun 2013 | Full-year 2013 |
|--|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|---------------------------|
| Net turnover | 277.1 | 292.5 | 593.5 | 597.0 | 1,171.4 |
| Cost of goods sold | -170.0 | -169.0 | -348.3 | -349.2 | -691.8 |
| Selling expenses | -47.5 | -46.5 | -91.9 | -90.3 | -176.3 |
| Administrative expenses | -31.8 | -27.9 | -65.2 | -55.5 | -109.8 |
| Research and development costs | -8.7 | -7.5 | -17.5 | -14.3 | -29.4 |
| Other operating income and expenses | 7.9 | 0.0 | 7.0 | -1.3 | -1.3 |
| Operating profit | 27.0 | 41.6 | 77.6 | 86.4 | 162.8 |
| Net financial items | -3.4 | -5.0 | -5.3 | -5.0 | -11.1 |
| Profit after financial items | 23.6 | 36.6 | 72.3 | 81.4 | 151.7 |
| Tax | -6.6 | -9.0 | -19.8 | -21.8 | -39.2 |
| Profit for the period | 17.0 | 27.6 | 52.5 | 59.6 | 112.5 |
| Net profit for the period attributable to Parent Company shareholders | 17.0 | 27.6 | 52.5 | 59.6 | 112.5 |
| Depreciation and amortisation charged to profit | -8.5 | -7.8 | -17.0 | -15.8 | -32.3 |
| Other comprehensive income | | | | | |
| Profit for the period | 17.0 | 27.6 | 52.5 | 59.6 | 112.5 |
| Items that will not be reversed in the Income Statement | | | | | |
| Effect of translation of defined-benefit pension plans, net after tax | - | - | - | - | 11.7 |
| Items that may later be reversed in the Income Statement | | | | | |
| Translation differences pertaining to foreign operations | 22.7 | 31.9 | 23.8 | 9.4 | 11.8 |
| Translation differences pertaining to hedge accounting for net investments in foreign operations | -0.8 | -1.2 | -0.8 | -0.9 | 0.0 |
| Other comprehensive income, net after tax | 21.9 | 30.7 | 23.0 | 8.5 | 23.5 |
| Comprehensive income for the period | 38.9 | 58.3 | 75.5 | 68.1 | 136.0 |
| Comprehensive income for the period attributable to Parent Company shareholders | 38.9 | 58.3 | 75.5 | 68.1 | 136.0 |
| Earnings per share, basic and diluted, SEK | 1.36 | 2.21 | 4.20 | 4.77 | 9.00 |
| 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 |
| Number of own shares at end of period | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 |
| Average number of own shares | 1,192 | 1,192 | 1,192 | 1,192 | 1,192 |

| Turnover and earnings by segment (SEK M) | | VBG Truck Equipment | Edscha Trailer Systems | Ringfeder Power Transmission | Group-wide | Group |
|--|-------------------------------------|------------------------------------|---------------------------------------|---|-------------------|--------------|
| 2014 | | | | | | |
| Q2 Apr-Jun: | Net turnover | 152.6 | 56.8 | 67.7 | | 277.1 |
| | Operating profit/loss | 23.3 | 2.9 | 6.1 | -5.3 | 27.0 |
| | Operating margin, % | 15.3 | 5.1 | 9.0 | | 9.7 |
| | Net financial items | | | | -3.4 | -3.4 |
| | Profit after financial items | | | | | 23.6 |
| 6 mon Jan-Jun: | | | | | | |
| | Net turnover | 328.3 | 125.5 | 139.7 | | 593.5 |
| | Operating profit/loss | 57.0 | 10.1 | 19.0 | -8.5 | 77.6 |
| | Operating margin, % | 17.4 | 8.0 | 13.6 | | 13.1 |
| | Net financial items | | | | -5.3 | -5.3 |
| | Profit after financial items | | | | | 72.3 |
| 2013: | | | | | | |
| Q2 Apr-Jun: | Net turnover | 163.2 | 63.9 | 65.4 | | 292.5 |
| | Operating profit/loss | 30.9 | 5.6 | 9.1 | -4.0 | 41.6 |
| | Operating margin, % | 18.9 | 8.8 | 13.9 | | 14.2 |
| | Net financial items | | | | -5.0 | -5.0 |
| | Profit after financial items | | | | | 36.6 |
| 6 mon Jan-Jun: | | | | | | |
| | Net turnover | 327.6 | 133.3 | 136.1 | | 597.0 |
| | Operating profit/loss | 57.5 | 14.7 | 21.0 | -6.8 | 86.4 |
| | Operating margin, % | 17.6 | 11.0 | 15.4 | | 14.5 |
| | Net financial items | | | | -5.0 | -5.0 |
| | Profit after financial items | | | | | 81.4 |

| Consolidated Balance Sheet – Highlights (SEK M) | 30 Jun 2014 | 30 Jun 2013 | 31 Dec 2013 |
|---|------------------------|------------------------|------------------------|
| Goodwill | 308.7 | 296.6 | 299.8 |
| Other intangible assets | 46.8 | 52.2 | 48.3 |
| Property, plant and equipment | 161.1 | 159.7 | 157.0 |
| Long-term investments | 13.9 | 5.9 | 14.1 |
| Total non-current assets | 530.5 | 514.4 | 519.2 |
| Inventories | 243.2 | 251.8 | 223.4 |
| Receivables | 250.2 | 243.0 | 198.0 |
| Cash on hand, demand deposits and short-term investments | 103.9 | 79.2 | 131.5 |
| Total current assets | 597.3 | 574.0 | 552.9 |
| TOTAL ASSETS | 1,127.8 | 1,088.4 | 1,072.1 |
| Equity | 778.6 | 669.7 | 737.5 |
| Non-current liabilities | 194.2 | 251.4 | 194.0 |
| Current liabilities | 155.0 | 167.3 | 140.6 |
| TOTAL EQUITY AND LIABILITIES | 1,127.8 | 1,088.4 | 1,072.1 |

| Changes in Group equity (SEK M) | 6 mon 2014 | 6 mon 2013 | Full-year 2013 |
|---|-----------------------|-----------------------|---------------------------|
| Opening equity according to Balance Sheet at 31 December | 737.5 | 629.7 | 629.6 |
| Total comprehensive income for the period | 75.5 | 68.1 | 136.0 |
| Dividend | -34.4 | -28.1 | -28.1 |
| Equity at end of period | 778.6 | 669.7 | 737.5 |

| Cash Flow Statement – Highlights (SEK M) | 6 mon 2014 | 6 mon 2013 | Full-year 2013 |
|--|-----------------------|-----------------------|---------------------------|
| Cash flow from operating activities before changes in working capital | 60.0 | 59.6 | 128.8 |
| Change in working capital | -33.2 | -20.1 | 31.5 |
| Cash flow from operating activities | 26.8 | 39.5 | 160.3 |
| Cash flow from investing activities | -17.6 | -9.8 | -23.6 |
| Cash flow from financing activities | -39.3 | -16.5 | -70.1 |
| Cash flow for the period | -30.1 | 13.2 | 66.6 |
| Cash and cash equivalents at start of year | 131.5 | 66.6 | 66.6 |
| Translation difference, cash and cash equivalents | 2.5 | -0.6 | -1.7 |
| Cash and cash equivalents at end of period | 103.9 | 79.2 | 131.5 |
| Unutilised overdraft facilities | 142.8 | 99.0 | 141.7 |
| Available cash and cash equivalents | 246.7 | 178.2 | 273.2 |

| Key figures for Group | 6 mon 2014 | 6 mon 2013 | Full-year 2013 |
|---|-----------------------|-----------------------|---------------------------|
| Profit margin (ROS), % | 12.2 | 13.6 | 13.0 |
| Return on equity (ROE), % | 13.9 | 18.3 | 16.5 |
| Return on capital employed (ROCE), % | 16.7 | 19.7 | 18.5 |
| Equity/assets ratio, % | 69.0 | 61.5 | 68.8 |
| Equity per share, SEK | 62.28 | 53.57 | 58.99 |
| Cash flow per share (before change in working capital), SEK | 4.80 | 4.77 | 10.30 |
| Share price at end of period, SEK | 140.50 | 97.25 | 126.00 |
| Number of employees, average | 524 | 525 | 518 |

| Parent Company Income Statement (SEK M) | 6 mon 2014 | 6 mon 2013 | Full-year 2013 |
|---|-----------------------------|-----------------------------|---------------------------------|
| Net turnover | 9.9 | 9.1 | 22.6 |
| Operating expenses | -19.0 | -16.5 | -31.7 |
| Operating loss | -9.1 | -7.4 | -9.1 |
| Net financial items | 67.5 | 35.6 | 52.1 |
| Profit after financial items | 58.4 | 28.2 | 43.0 |
| Appropriations | - | - | 2.9 |
| Tax | 0.0 | 0.0 | -1.5 |
| Profit after tax and comprehensive income | 58.4 | 28.2 | 44.4 |

| Parent Company Balance Sheet (SEK M) | 30 Jun 2014 | 30 Jun 2013 | 31 Dec 2013 |
|--|------------------------------|------------------------------|------------------------------|
| Intangible assets | 9.2 | 11.0 | 9.9 |
| Property, plant and equipment | 7.0 | 6.5 | 6.3 |
| Long-term investments | 558.1 | 571.1 | 558.1 |
| Total non-current assets | 574.3 | 588.6 | 574.3 |
| Receivables | 98.4 | 118.6 | 95.5 |
| Cash on hand, demand deposits and short-term investments | 36.7 | 25.3 | 51.3 |
| Total current assets | 135.1 | 143.9 | 146.8 |
| TOTAL ASSETS | 709.4 | 732.5 | 721.1 |
| Equity | 421.1 | 380.8 | 397.1 |
| Untaxed reserves | 20.2 | 23.1 | 20.2 |
| Provisions | 11.2 | 10.9 | 11.0 |
| Non-current liabilities | 16.9 | 65.5 | 19.5 |
| Current liabilities | 240.0 | 252.2 | 273.3 |
| TOTAL EQUITY AND LIABILITIES | 709.4 | 732.5 | 721.1 |