

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 – SEPTEMBER 2014

Third quarter of 2014:

- The Group's net turnover increased by 3.5 per cent to SEK 289.9 M (280.0)
- The acquisition of Tschan GmbH resulted in negative goodwill, which positively impacted operating profit by SEK 55.4 M
- Excluding the effect of negative goodwill, operating profit amounted to SEK 24.8 M (39.0) and the operating margin was 8.6 per cent (13.9).
- Operating profit rose to SEK 80.2 M (39.0), with a margin of 27.7 per cent (13.9)
- Profit after financial items amounted to SEK 78.8 M (37.2) with a profit margin of 27.2 per cent (13.3)
- The Group's profit after tax increased to SEK 72.9 M (27.1)
- Earnings per share amounted to SEK 5.83 (2.16)

Nine months 2014:

- The Group's net turnover increased by 0.7 per cent to SEK 883.4 M (877.0)
- Excluding the effect of negative goodwill, operating profit amounted to SEK 102.4 M (125.4) and the operating margin was 11.6 per cent (14.3).
- Operating profit rose to SEK 157.8 M (125.4), with a margin of 17.9 per cent (14.3)

- Profit after financial items increased to SEK 151.1 M (118.6) with a profit margin of 17.1 per cent (13.5)
- The Group's profit after tax increased to SEK 125.4 M (86.7)
- Earnings per share amounted to SEK 10.03 (6.93)

Group	Q3 2014	Q3 2013	9 mon 2014	9 mon 2013	Full-year 2013
Net turnover, SEK M	289.9	280.0	883.4	877.0	1,171.4
Operating profit, SEK M	80.2 ¹	39.0	157.8 ²	125.4	162.8
Operating margin, %	27.7	13.9	17.9	14.3	13.9
Profit after financial items, SEK M	78.8	37.2	151.1	118.6	151.7
Profit margin, %	27.2	13.3	17.1	13.5	13.0
Profit after tax, SEK M	72.9	27.1	125.4	86.7	112.5
Earnings per share, SEK	5.83	2.16	10.03	6.93	9.00
Return on capital employed (ROCE), cumulative, %			21.6	18.9	18.5
Return on equity (ROE), cumulative, %			21.3	17.6	16.5
Equity/assets ratio, %			68.7	63.3	68.8

¹ Includes SEK 55.4 M in negative goodwill from the acquisition of Tschan

² Includes SEK 6.0 M in capital gains from the divestment of Armaton, in addition to footnote ¹

VBG Group – weak market, but positive boost from acquisitions and trade fairs

Market performance

The third quarter resulted in a weaker performance for our vehicle-related divisions, VBG Truck Equipment and Edscha Trailer Systems, in terms of both sales and earnings, compared with the year-earlier period. We expect to see the relatively weak market continue in the fourth quarter, yet I firmly believe that we are not in a recession. In my opinion, there is no doubt that the market for trucks and trailers will recover, although it appears that this will not happen until some way into next year.

Our non-vehicle-related division, Ringfeder Power Transmission, also felt the effects of a more uncertain and slightly “shaky” market situation in the third quarter. Despite this, the division (excluding the acquired company Tschan) succeeded in increasing its sales year-on-year. However, a certain level of uncertainty remains in the market as we enter the fourth quarter, since the European industrial business cycle is suffering a setback, and order bookings for the German export industry in particular were declining in September.

Acquisition of Tschan GmbH

In the third quarter, Ringfeder Power Transmission’s acquisition of German company Tschan GmbH, generated a significantly positive effect of SEK 55 M on operating profit via recognised negative goodwill. This was because the value of the acquired assets in Tschan GmbH was substantially higher than the price that Ringfeder Power Transmission paid for the shares in the company. On the acquisition date, Tschan had just completed an extensive reconstruction to avoid bankruptcy, which involved reducing the number of employees by just over 30 per cent and loans of slightly more than EUR 6 M being written off by the owner of the company. Nevertheless, Ringfeder Power Transmission’s management will need to make a number of essential changes and adjustments to create a Tschan with long-term high profitability. However, I expect Tschan to deliver a positive cash flow as early as the second half of 2014, although operating profit will probably be at around zero.

Strong interest in our new products at the IAA International Motor Show

At the IAA International Motor Show recently held in Hanover, VBG Truck Equipment presented a number of interesting new products in drawbar couplings (the VBG and Ringfeder brands), and also launched a new version of the popular automatic tyre chain system, Onspot.

Edscha Trailer Systems presented a new generation of sliding roofs that garnered huge interest, and a brand new roof system for tippers, tipper trailers and dumpers, which capitalise on the division’s experience in roof systems for railroad waggons. This roof system generated much attention and will be launched commercially next year.

It is vital to the Group that our divisions continuously evolve existing products and that we utilise our extensive experience and expertise to develop new products and expand both the range and service offering.

VBG Group is well-prepared

I am satisfied that, despite the prevailing market conditions, the Group could report stable earnings for the third quarter. We have a very strong financial position, while our divisions have now expanded their product programmes, both through in-house development and via acquisitions, meaning that we have created favourable conditions for continuing to generate high, profitable growth for the Group.

Anders Birgersson
Managing Director and CEO

Group trend (SEK M)	9 mon 2014	Q3 2014	Q2 2014	Q1 2014	Full-year 2013	Q4 2013	9 mon 2013	Q3 2013	Q2 2013	Q1 2013	Full-year 2012	Q4 2012
Net turnover	883.4	289.9	277.1	316.4	1,171.4	294.4	877.0	280.0	292.5	304.5	1,104.8	265.8
Operating profit	157.8 ⁴	80.2 ³	27.0 ²	50.6	162.8	37.4	125.4	39.0	41.6	44.8	99.4 ¹	20.2
Operating margin, %	17.9	27.7	9.7	16.0	13.9	12.7	14.3	13.9	14.2	14.7	9.0	7.6
Profit after financial items	151.1	78.8	23.6	48.7	151.7	33.1	118.6	37.2	36.6	44.8	94.7	15.3
Profit margin, %	17.1	27.2	8.5	15.4	13.0	11.2	13.5	13.3	12.5	14.7	8.6	5.8
Profit after tax	125.4	72.9	17.0	35.5	112.5	25.8	86.7	27.1	27.6	32.0	69.8	13.3
Earnings per share, SEK	10.03	5.83	1.36	2.84	9.00	2.07	6.93	2.16	2.21	2.56	5.58	1.06
ROCE (cumul.), %	21.6	21.6	16.7	21.8	18.5	18.5	18.9	18.9	19.7	20.8	12.4	12.4
ROE (cumul.), %	21.3	21.3	13.9	18.8	16.5	16.5	17.6	17.6	18.3	20.1	11.1	11.1
Equity/assets ratio, %	68.7	68.7	69.0	68.2	68.8	68.8	63.3	63.3	61.5	61.0	61.5	61.5

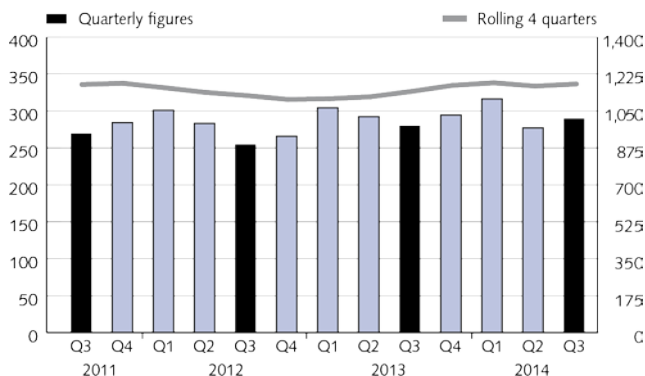
¹ Includes restructuring cost of SEK 10.6 M from the first quarter of 2012

² Include SEK 6.0 M in capital gains from the divestment of Armaton

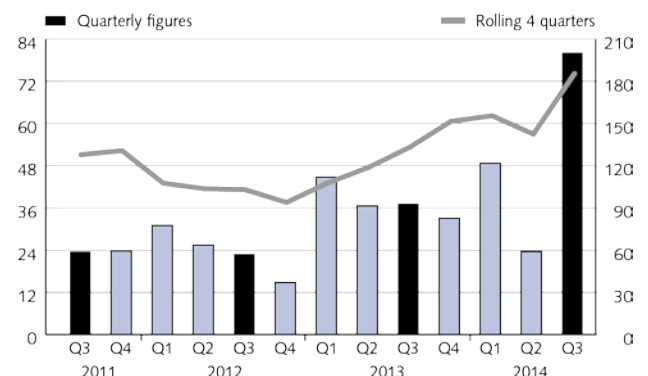
³ Includes SEK 55.4 M in negative goodwill from the acquisition of Tschan

⁴ Includes SEK 61.4 from footnotes ² and ³ above

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Consolidated turnover and earnings

Third quarter 2014

Net turnover amounted to SEK 289.9 M (280.0), up 3.5 per cent compared with the third quarter of 2013. Taking into account the exchange rate changes between the quarters, the actual volume decrease was 1.4 per cent. Excluding the operation acquired in July (Tschan GmbH), which generated turnover of SEK 28.7 M in the third quarter, the underlying volume change was a negative 6.7 per cent (after adjustment for exchange rate changes, negative 11.6 per cent).

Consolidated operating profit was significantly positively affected by SEK 55.4 M attributable to the negative goodwill that arose in conjunction with the acquisition of the German company Tschan GmbH (additional information is provided under "Acquisition of Tschan GmbH" at the end of this report). This resulted in operating profit increasing to SEK 80.2 M (39.0), with an operating margin of 27.7 per cent (14.3). Excluding the non-recurring effect in conjunction with the acquisition, the third-quarter operating

margin was 8.6 per cent. The operating profit also included costs in the Parent Company totalling SEK 2.2 M (1.9) that were not allocated to the divisions.

The net financial expense for the quarter totalled SEK 1.4 M (expense: 1.8) and profit after financial items therefore amounted to SEK 78.8 M (37.2).

Profit after tax increased to SEK 72.9 M (27.1) and earnings per share amounted to 5.83 (2.16).

Nine months 2014

Net turnover amounted to SEK 883.4 M (877.0), up 0.7 per cent compared with the first nine months of 2013. Taking into account the year-on-year exchange rate changes, the actual volume decrease was 2.8 per cent. Excluding the acquired operation (Tschan GmbH), which generated turnover of SEK 28.7 M in the period, the underlying volume change was a negative 2.5 per cent (after adjustment for exchange rate changes, negative 6.1 per cent).

Operating profit amounted to SEK 157.8 M (125.4). The operating profit included Group-wide overheads in the Parent Company of SEK 10.7 M (8.7) that were not allocated to the divisions.

The operating margin increased to 17.9 per cent (14.3), and excluding the effect of negative goodwill the operating margin was 11.6 per cent.

The net financial expense for the nine-month period totalled SEK 6.7 M (expense: 6.8) and profit after financial items therefore amounted to SEK 151.1 M (118.6).

Profit after tax increased to SEK 125.4 M (86.7) and earnings per share amounted to 10.03 (6.93).

Return on capital employed was 21.6 per cent (18.9) and return on equity was 21.3 per cent (17.6). The Group's equity/assets ratio remained largely unchanged compared with year-end 2013 at 68.7 per cent (68.8).

Capital expenditures

The Group's capital expenditures during the third quarter amounted to SEK 55.2 M (7.2), of which SEK 46.1 M pertained to acquired non-current assets in Tschan GmbH with subsidiaries. Total capital expenditures for the first nine months of the year amounted to SEK 67.0 M (15.1).

Financial position

Profit after tax for the first nine months of the year amounted to SEK 125.4 SEK M (86.7). Other comprehensive income during the period totalled SEK 7.6 M (loss: 1.3), corresponding to comprehensive income of SEK 133.0 M (85.4).

After the payment of dividends totalling SEK 34.4 M (28.1) to the shareholders, equity amounted to SEK 836.1 M at 30 September (737.5 at year-end).

The equity/assets ratio largely remained unchanged during the first nine months of the year and was 68.7 per cent at 30 September (68.8 at year-end).

Cash and cash equivalents at 30 September amounted to SEK 140.5 M (131.5 at year-end), in addition to which there were unutilised credit facilities of SEK 141.7 M (141.7), resulting in available liquidity of SEK 282.2 M (273.2).

The Group's interest-bearing net debt declined during the third quarter by SEK 4.6 M, but increased by a total of SEK 21.8 M for the first nine months of the year, amounting to SEK 63.8 M at 30 September (42.0 at year-end).

The ratio of interest-bearing net debt to equity was 0.08 at 30 September 2014 (0.06 at 31 December 2013).

The Group's aggregate goodwill amounted to SEK 312.7 M (299.8), which in relation to equity was a ratio of 0.36 (0.41).

Cash flow

Cash flow from operating activities during the first nine months of the year amounted to SEK 74.2 M (88.3). New capital expenditures during the period amounted to SEK 24.1 M (18.2) and investments in subsidiaries (acquisition of Tschan) to SEK 6.2 M (0.0). 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 nine-month period by a net of SEK 3.8 M (increase: 2.8). Consequently, net cash flow for the period was SEK 5.7 M (44.8).

Personnel

At 30 September 2014, there were 625 employees in the VBG Group (523 at year-end), including 182 (179) in Sweden.

During the first nine months of the year, the Group employed an average of 566 persons (522 during the year-earlier period). Of these, 185 (179) were active in Sweden. The cost of salaries and social security contributions was SEK 222.5 M (202.0).

Per share data

Earnings per share for the period increased to SEK 10.03 (6.93). Equity per share was SEK 66.87 at 30 September 2014, compared with SEK 54.95 at the same time last year and SEK 58.99 at year-end.

The number of shareholders fell by 203 during the third quarter and amounted to 4,106 at 30 September (3,950 at year-end).

VBG TRUCK EQUIPMENT

Third quarter of 2014:

- Turnover decreased by 9.0 per cent to SEK 141.4 M (155.3)
- Operating profit declined to SEK 17.2 M (28.8), with a margin of 12.2 per cent (18.5).

Nine months 2014:

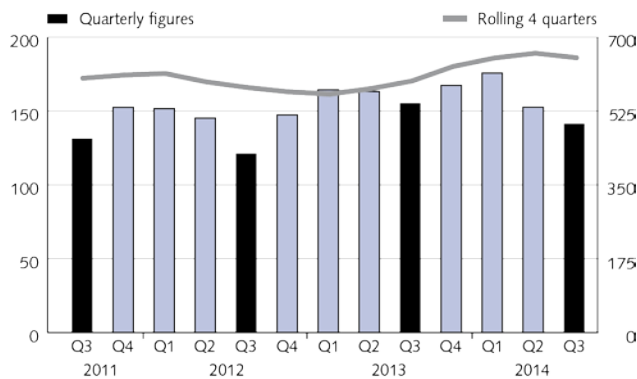
- Turnover decreased by 2.7 per cent to SEK 469.7 M (482.9)
- Operating profit was SEK 74.2 M (86.3) with a margin of 15.8 per cent (17.9)

VBG TE (SEK M)	9 mon 2014	Q3 2014	Q2 2014	Q1 2014	Full-year 2013	Q4 2013	9 mon 2013	Q3 2013	Q2 2013	Q1 2013	Full-year 2012	Q4 2012
Net turnover	469.7	141.4	152.6	175.7	650.2	167.3	482.9	155.3	163.2	164.4	565.2	147.3
Operating profit	74.2 ²	17.2	23.3 ²	33.7	116.2	29.9	86.3	28.8	30.9	26.6	57.1 ¹	17.6
Operating margin, %	15.8	12.2	15.3	19.2	17.9	17.9	17.9	18.5	18.9	16.2	10.1	11.9

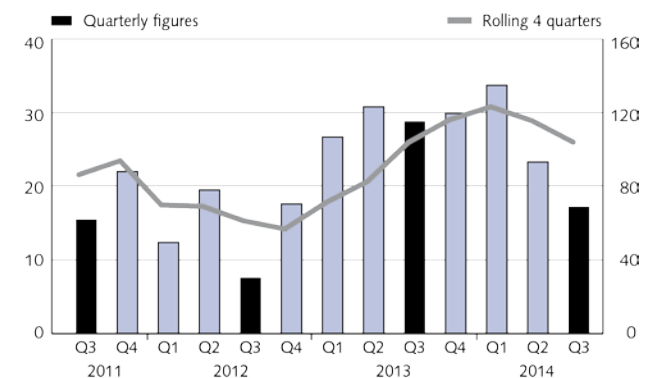
¹ Includes restructuring cost of SEK 10.6 M from the first quarter of 2012

² Includes SEK 6.0 M in capital gains from the divestment of Armaton

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Third quarter 2014

Third-quarter turnover in VBG Truck Equipment decreased by 9.0 per cent to SEK 141.4 M (155.3).

The translation of the turnover of foreign Group companies to Swedish kronor had a positive impact on the division's turnover for the period and the actual volume decrease amounted to 12.0 per cent.

The decline in turnover combined with the costs for the two trade fairs, Elmia Lastbil in Sweden and the IAA International Motor Show in Germany, were the contributing reasons for operating profit in the third quarter decreasing to SEK 17.2 M (28.8). The operating margin was 12.2 per cent (18.5).

Nine months 2014

Turnover for the nine-month period decreased by 2.7 per cent to SEK 469.7 M (482.9). Taking into account the translation of the turnover figures of foreign subsidiaries to Swedish kronor, the actual volume decrease was 5.0 per cent.

Operating profit declined to SEK 74.2 M (86.3), with an operating margin of 15.8 per cent (17.9).

Turnover by market (SEK M)	9 mon 2014	Q3 2014	Q2 2014	Q1 2014	Full- year 2013	Q4 2013	9 mon 2013	Q3 2013	Q2 2013	Q1 2013	Full- year 2012	Q4 2012
Sweden	132.3	35.5	44.6	52.2	168.4	41.6	126.8	38.2	41.5	47.1	163.0	39.5
Other Nordic countries	81.9	22.7	26.7	32.5	116.2	32.0	84.2	27.6	28.2	28.4	111.7	30.2
Germany	70.1	23.7	22.2	24.2	100.6	24.5	76.1	22.8	26.5	26.8	107.0	22.6
Other European countries	106.5	32.9	34.9	38.7	150.0	39.3	110.7	37.0	37.9	35.8	122.6	35.0
North America	37.9	13.6	10.8	13.5	56.9	19.1	37.8	14.0	11.1	12.7	4.1	4.1
Rest of world	41.0	13.0	13.4	14.6	58.1	10.8	47.3	15.7	18.0	13.6	56.8	15.9
VBG TE	469.7	141.4	152.6	175.7	650.2	167.3	482.9	155.3	163.2	164.4	565.2	147.3

EDSCHA TRAILER SYSTEMS

Third quarter of 2014:

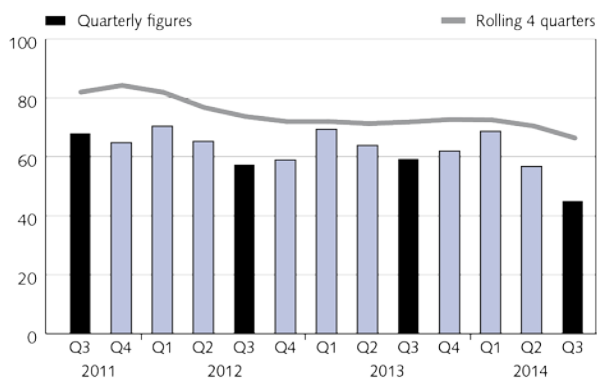
- Turnover decreased by 23.9 per cent to SEK 45.1 M (59.3)
- Operating loss was SEK 1.2 M (profit 3.5), with a margin of a negative 2.7 per cent (pos: 5.9)

Nine months 2014:

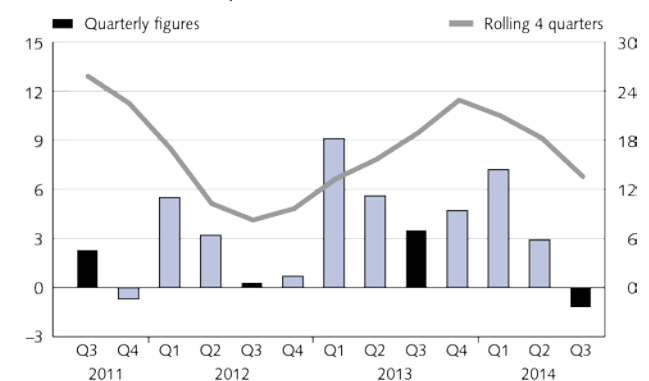
- Turnover decreased by 11.4 per cent to SEK 170.6 M (192.6)
- Operating profit declined to SEK 8.9 M (18.2), with a margin of 5.2 per cent (9.4).

EDSCHA TS (SEK M)	9 mon 2014	Q3 2014	Q2 2014	Q1 2014	Full- year 2013	Q4 2013	9 mon 2013	Q3 2013	Q2 2013	Q1 2013	Full- year 2012	Q4 2012
Net turnover	170.6	45.1	56.8	68.7	254.6	62.0	192.6	59.3	63.9	69.4	252.1	59.0
Operating profit/loss	8.9	-1.2	2.9	7.2	22.9	4.7	18.2	3.5	5.6	9.1	9.7	0.7
Operating margin, %	5.2	-2.7	5.1	10.5	9.0	7.6	9.4	5.9	8.8	13.1	3.9	1.2

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Third quarter 2014

The European trailer industry remains in a very weak economic climate and a further decline was seen in the third quarter from already low levels. As a result, Edscha Trailer Systems reported its lowest sales figures since the third quarter of 2010. The division's turnover decreased by 23.9 per cent compared with the corresponding period last year to SEK 45.1 M (59.3). Taking into account the translation of the turnover of foreign subsidiaries to Swedish kronor, the actual volume decrease was 28.0 per cent.

However, a positive development in the third quarter was Edscha Trailer Systems' success at the IAA International Motor Show in Hanover, where the division received a highly positive response to the new products its exhibited. A brand new generation of sliding roofs were displayed, alongside a brand new product in the form of a sliding roof for tipper vehicles (TipperRoof) that will be launched commercially in 2015.

The low turnover combined with the costs for increased marketing activities resulted in an operating loss of SEK 1.2 M (profit 3.5) for the quarter, with a margin of a negative 2.7 per cent (pos: 5.9).

Nine months 2014

Turnover decreased by 11.4 per cent compared with the corresponding period last year to SEK 170.6 M (192.6). After translation of the turnover figures of foreign subsidiaries to Swedish kronor, the actual volume decrease was 15.5 per cent. Operating profit declined to SEK 8.9 M (18.2), with an operating margin of 5.2 per cent (9.4).

Turnover by market (SEK M)	9 mon 2014	Q3 2014	Q2 2014	Q1 2014	Full- year 2013	Q4 2013	9 mon 2013	Q3 2013	Q2 2013	Q1 2013	Full- year 2012	Q4 2012
Sweden	0.2	0.0	0.1	0.1	0.5	0.1	0.4	0.1	0.2	0.1	0.4	0.0
Other Nordic countries	0.4	0.1	0.2	0.1	1.0	0.2	0.8	0.0	0.4	0.4	0.6	0.0
Germany	103.0	28.7	32.4	41.9	140.0	34.1	105.9	32.3	36.5	37.1	160.7	40.0
Other European countries	66.7	16.1	24.0	26.6	112.5	27.3	85.2	26.8	26.7	31.7	89.9	18.9
Rest of world	0.3	0.2	0.1	0.0	0.6	0.3	0.3	0.1	0.1	0.1	0.5	0.1
Edscha TS	170.6	45.1	56.8	68.7	254.6	62.0	192.6	59.3	63.9	69.4	252.1	59.0

RINGFEDER POWER TRANSMISSION

Third quarter of 2014:

- Turnover increased by 58.1 per cent to SEK 103.4 M (65.4)
- The acquisition of Tschan GmbH resulted in negative goodwill, which positively impacted operating profit by SEK 55.4 M
- Excluding the effect of negative goodwill, operating profit amounted to SEK 11.0 M (8.6) and the operating margin was 10.6 per cent (13.1)
- Operating profit was SEK 66.4 M (8.6), with a margin of 64.2 per cent (13.1)

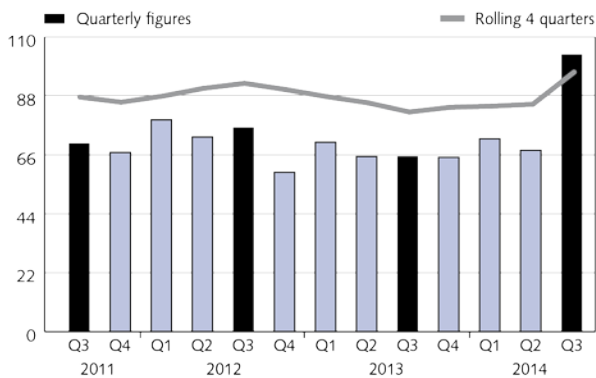
Nine months 2014:

- Turnover increased by 20.6 per cent to SEK 243.1 M (201.5)
- Excluding the effect of negative goodwill, operating profit amounted to SEK 30.0 M (29.6) and the operating margin was 12.3 per cent (14.7)
- Operating profit was SEK 85.4 M (29.6), with a margin of 35.1 per cent (14.7)

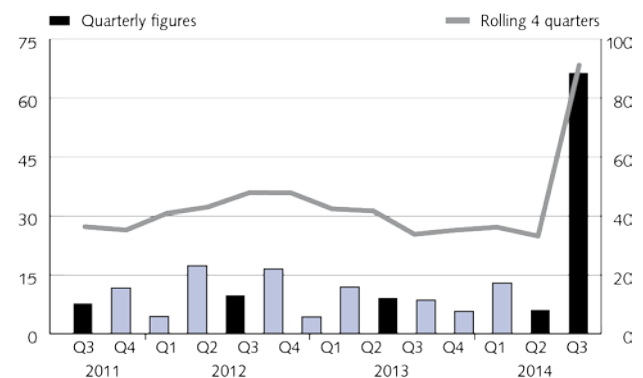
RINGFEDER PT (SEK M)	9 mon 2014	Q3 2014	Q2 2014	Q1 2014	Full-year 2013	Q4 2013	9 mon 2013	Q3 2013	Q2 2013	Q1 2013	Full-year 2012	Q4 2012
Net turnover	243.1	103.4	67.7	72.0	266.6	65.1	201.5	65.4	65.4	70.7	287.5	59.5
Operating profit	85.4 ¹	66.4 ¹	6.1	12.9	35.5	5.7	29.6	8.6	9.1	11.9	47.9	4.3
Operating margin, %	35.1	64.2	9.0	17.9	13.2	8.8	14.7	13.1	13.9	16.8	16.7	7.2

¹ Includes SEK 55.4 M in negative goodwill from the acquisition of Tschan

NET TURNOVER, SEK M



OPERATING PROFIT, SEK M



Third quarter 2014

Turnover amounted to SEK 103.4 M (65.4), up a full 58.1 per cent compared with the third quarter of 2013, which was due to the acquisition of Tschan GmbH on 1 July 2014 contributing turnover of SEK 28.7 M. Excluding the acquired operation, the underlying volume increase was 14.1 per cent (after adjustment for exchange rate changes 4.1 per cent).

The process of incorporating Tschan into Ringfeder Power Transmission was conducted at a very high level of intensity throughout the third quarter and will continue in the fourth quarter and throughout 2015 in several different areas. Ringfeder Power Transmission's operating profit was significantly positively affected by SEK 55.4 M attributable to the negative goodwill that arose in conjunction with the acquisition of Tschan GmbH. This resulted in operating profit increasing to SEK 66.4 M (8.6), with an

operating margin of 64.2 per cent (13.1). Excluding the acquisition effect of negative goodwill, the underlying operating margin was 10.6 per cent.

Nine months 2014

Turnover increased by 20.6 per cent to SEK 243.1 M (201.5), and excluding the acquired operation, the volume increase was 6.4 per cent (after adjustment for exchange rate changes, 0.3 per cent).

Operating profit for the first nine months of the year amounted to SEK 85.4 M (29.6) with an operating margin of 35.1 per cent (14.7).

Turnover by market (SEK M)	9 mon 2014	Q3 2014	Q2 2014	Q1 2014	Full- year 2013	Q4 2013	9 mon 2013	Q3 2013	Q2 2013	Q1 2013	Full- year 2012	Q4 2012
Sweden	2.7	1.2	0.9	0.6	4.1	1.0	3.1	1.2	1.3	0.6	4.6	1.6
Other Nordic countries	2.1	1.1	0.4	0.6	1.5	0.2	1.3	0.3	0.5	0.5	1.4	0.3
Germany	94.6	44.8	22.1	27.7	90.6	20.4	70.2	24.1	22.0	24.1	100.4	23.2
Other European countries	32.6	14.5	9.8	8.3	32.9	7.8	25.1	8.2	9.3	7.6	32.9	6.6
North America	69.1	24.8	21.6	22.7	81.3	18.2	63.1	20.0	21.6	21.5	88.9	19.2
Rest of world	42.0	17.0	12.9	12.1	56.2	17.5	38.7	11.6	10.7	16.4	59.3	8.6
Ringfeder PT	243.1	103.4	67.7	72.0	266.6	65.1	201.5	65.4	65.4	70.7	287.5	59.5

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 14.9 M (13.6) during the first nine months of the year. The operating loss for the period was SEK 10.8 M (loss: 9.1), and profit after dividends from Group companies and net financial items was SEK 55.0 M (27.1).

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, was 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, and the preliminary acquisition plan showed that the acquisition will generate negative consolidated goodwill of SEK 55.4 M, which was recognised as consolidated profit in the third quarter. The reason for this significant amount of negative goodwill was 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 loans totalling slightly more than EUR 6 M were written off by the owner of the company.

The acquired company, which has an annual turnover of approximately SEK 100 M and some 85 employees, will make a positive contribution to the division's operating profit during the July-December period.

	SEK M
	Group
Purchase consideration – paid in cash	18.4
Value of acquired net assets	<u>- 73.8</u>
Negative goodwill	- 55.4

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

	SEK M
	Group estimate
Cash and cash equivalents	12.2
Trademarks	12.4
Other intangible assets	2.3
Property, plant and equipment	31.4
Inventories	27.5
Receivables	14.7
Deferred tax liabilities, net	- 6.6
Liabilities	<u>- 20.1</u>
Acquired net assets	73.8

Purchase consideration paid in cash	- 18.4	
Cash and cash equivalents in acquired subsidiaries		<u>12.2</u>

Change in cash and cash equivalents due to acquisition

- 6.2

The acquisition plan is preliminary pending a final valuation of the property, for example, and an evaluation of the company's tax position.

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 2015

Year-end report 2014	17 February 2015
Interim report, three months 2015	23 April 2015
Annual General Meeting 2015	23 April 2015
Interim report, six months 2015	20 August 2015
Interim report, nine months 2015	21 October 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 5 in the annual report for 2013.

Vänernborg, 22 October 2014

VBG Group AB (publ)

Anders Birgersson
Managing Director and CEO

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 22 October 2014 at 2:00 p.m.

For further information please contact:

Anders Birgersson, Managing Director and CEO
Telephone: +46 (0)521 27 77 67, +46 (0)702 27 77 78
E-mail: anders.birgersson@vbggroup.com

REVIEW REPORT

Introduction

We have reviewed the interim report for VBG Group AB (publ), Corp. ID no. 556069-0751, for the period 1 January–30 September 2014. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion regarding this interim financial information based on our review.

Aim and scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information has not, in all material respects, been prepared in accordance with IAS 34 and the Annual Accounts Act as regards the Group and in accordance with the Annual Accounts Act as regards the Parent Company.

Gothenburg, 22 October 2014
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

Consolidated Income Statement and Statement of Comprehensive Income – Highlights (SEK M)	Q3 Jul-Sep 2014	Q3 Jul-Sep 2013	9 mon Jan-Sep 2014	9 mon Jan-Sep 2013	Full-year 2013
Net turnover	289.9	280.0	883.4	877.0	1,171.4
Cost of goods sold	-182.8	-164.9	-531.1	-514.1	-691.8
Selling expenses	-45.9	-42.9	-137.8	-133.2	-176.3
Administrative expenses	-29.0	-24.0	-94.2	-79.5	-109.8
Research and development costs	-9.3	-7.2	-26.8	-21.5	-29.4
Other operating income and expenses	57.3 ¹	-2.0	64.3 ²	-3.3	-1.3
Operating profit	80.2	39.0	157.8	125.4	162.8
Net financial items	-1.4	-1.8	-6.7	-6.8	-11.1
Profit after financial items	78.8	37.2	151.1	118.6	151.7
Tax	-5.9	-10.1	-25.7	-31.9	-39.2
Profit for the period	72.9	27.1	125.4	86.7	112.5
Net profit for the period attributable to Parent Company shareholders	72.9	27.1	125.4	86.7	112.5
Depreciation and amortisation charged to profit	-10.3	-8.3	-27.3	-24.1	-32.3
Other comprehensive income					
Profit for the period	72.9	27.1	125.4	86.7	112.5
Items that will not be reversed in the Income Statement					
Effect of translation of defined-benefit pension plans, net after tax	-23.0	-	-23.0	-	11.7
Items that may later be reversed in the Income Statement					
Translation differences pertaining to foreign operations	9.3	-11.1	33.1	-1.7	11.8
Translation differences pertaining to hedge accounting for net investments in foreign operations	-1.7	1.3	-2.5	0.4	0.0
Other comprehensive income, net after tax	-15.4	-9.8	7.6	-1.3	23.5
Comprehensive income for the period	57.5	17.3	133.0	85.4	136.0
Comprehensive income for the period attributable to Parent Company shareholders	57.5	17.3	133.0	85.4	136.0
Earnings per share, basic and diluted, SEK	5.83	2.16	10.03	6.93	9.00
Number of shares at end of period ('000)	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

¹ Includes SEK 55.4 M in negative goodwill from the acquisition of Tschan

² Includes SEK 6.0 M in capital gains from the divestment of Armaton, in addition to footnote ¹

Turnover and earnings by segment (SEK M)		VBG TRUCK EQUIPMENT	EDSCHA TRAILER SYSTEMS	RINGFEDER POWER TRANSMISSION	Group-wide	Group
2014						
Q3 Jul – Sep:	Net turnover	141.4	45.1	103.4		289.9
	Operating profit/loss	17.2	-1.2	66.4	-2.2	80.2
	Operating margin, %	12.2	-2.7	64.2		27.7
	Net financial items				-1.4	-1.4
	Profit after financial items					78.8
9 mon Jan – Sep:	Net turnover	469.7	170.6	243.1		883.4
	Operating profit/loss	74.2	8.9	86.7	-10.7	157.8
	Operating margin, %	15.8	5.2	35.7		17.9
	Net financial items				-6.7	-6.7
	Profit after financial items					151.1
2013:						
Q3 Jul – Sep:	Net turnover	155.3	59.3	65.4		280.0
	Operating profit/loss	28.8	3.5	8.6	-1.9	39.0
	Operating margin, %	18.5	5.9	13.1		13.9
	Net financial items				-1.8	-1.8
	Profit after financial items					37.2
9 mon Jan – Sep:	Net turnover	482.9	192.6	201.5		877.0
	Operating profit/loss	86.3	18.2	29.6	-8.7	125.4
	Operating margin, %	17.9	9.4	14.7		14.3
	Net financial items				-6.8	-6.8
	Profit after financial items					118.6

Consolidated Balance Sheet – Highlights (SEK M)	30 Sep 2014	30 Sep 2013	31 Dec 2013
Goodwill	312.7	291.9	299.8
Other intangible assets	59.4	50.1	48.3
Property, plant and equipment	190.3	159.4	157.0
Long-term investments	16.5	6.0	14.1
Total non-current assets	578.9	507.4	519.2
Inventories	253.4	231.3	223.4
Receivables	245.0	237.5	198.0
Cash on hand, demand deposits and short-term investments	140.5	109.8	131.5
Total current assets	638.9	578.6	552.9
TOTAL ASSETS	1,088.4	1,086.0	1,072.1
Equity	836.1	687.0	737.5
Non-current liabilities	198.0	244.1	194.0
Current liabilities	183.7	154.9	140.6
TOTAL EQUITY AND LIABILITIES	1,217.8	1,086.0	1,072.1

Changes in Group equity (SEK M)	9 mon 2014	9 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	133.0	85.4	136.0
Dividend	-34.4	-28.1	-28.1
Equity at end of period	836.1	687.0	737.5

Cash Flow Statement – Highlights (SEK M)	9 mon 2014	9 mon 2013	Full-year 2013
Cash flow from operating activities before changes in working capital	81.7	90.9	128.8
Change in working capital	-7.5	-2.6	31.5
Cash flow from operating activities	74.2	88.3	160.3
Cash flow from investing activities	-30.3	-18.2	-23.6
Cash flow from financing activities	-38.2	-25.3	-70.1
Cash flow for the period	5.7	44.8	66.6
Cash and cash equivalents at start of year	131.5	66.6	66.6
Translation difference, cash and cash equivalents	3.3	-1.6	-1.7
Cash and cash equivalents at end of period	140.5	109.8	131.5
Unutilised overdraft facilities	141.7	101.8	141.7
Available cash and cash equivalents	282.2	211.6	273.2

Key figures for Group	9 mon 2014	9 mon 2013	Full-year 2013
Profit margin (ROS), %	17.1	13.5	13.0
Return on equity (ROE), %	21.0	17.6	16.5
Return on capital employed (ROCE), %	21.7	18.9	18.5
Equity/assets ratio, %	70.5	63.3	68.8
Equity per share, SEK	66.87	54.95	58.99
Cash flow per share (before change in working capital), SEK	6.53	7.27	10.30
Share price at end of period, SEK	121.50	123.50	126.00
Number of employees, average	566	522	518

Parent Company Income Statement (SEK M)	9 mon 2014	9 mon 2013	Full-year 2013
Net turnover	14.9	13.6	22.6
Operating expenses	-25.7	-22.7	-31.7
Operating loss	-10.8	-9.1	-9.1
Net financial items	65.8	36.2	52.1
Profit after financial items	55.0	27.1	43.0
Appropriations	-	-	2.9
Tax	0.0	-0.3	-1.5
Profit after tax and comprehensive income	55.0	26.8	44.4

Parent Company Balance Sheet (SEK M)	30 Sep 2013	30 Sep 2013	31 Dec 2013
Intangible assets	9.0	10.4	9.9
Property, plant and equipment	6.8	6.4	6.3
Long-term investments	558.1	571.1	558.1
Total non-current assets	573.9	587.9	574.3
Receivables	94.1	119.4	95.5
Cash on hand, demand deposits and short-term investments	52.5	35.7	51.3
Total current assets	146.6	155.1	146.8
TOTAL ASSETS	720.5	743.0	721.1
Equity	417.6	379.5	397.1
Untaxed reserves	20.2	23.1	20.2
Provisions	11.3	11.0	11.0
Non-current liabilities	16.3	59.8	19.5
Current liabilities	255.1	269.6	273.3
TOTAL EQUITY AND LIABILITIES	720.5	743.0	721.1