

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 and the USA. The Group's operations are divided into two business areas, VBG GROUP TRUCK EQUIPMENT and RINGFEDER POWER TRANSMISSION, with products that are marketed under strong, well-known brands. VBG GROUP AB's B share was introduced on the stock exchange in 1987 and is listed on OMX Nordiska Börs Mid Cap.

## YEAR-END REPORT 2007

### Fourth quarter 2007:

- The Group's net turnover increased by 8 per cent to SEK 322.6 M (298.1)
- Operating profit increased by 18 per cent to SEK 49.1 M (41.5)
- Profit after financial items rose by 11 per cent to SEK 44.9 M (40.4)

### Full year 2007:

- The Group's net turnover increased by 14 per cent to SEK 1,323.3 M (1,163.1)
- Operating profit rose by 25 per cent to SEK 213.2 M (170.5), with an operating margin of 16.1 per cent (14.7)
- Profit after financial items increased by 22 per cent to SEK 201.5 M (165.8)
- The Group's profit after tax increased by 19 per cent to SEK 133.1 M (111.9)
- Earnings per share improved by 19 per cent to SEK 10.64 (8.95)
- The Board of Directors proposes an increase in the dividend by 25 per cent to SEK 2.50 per share (2.00)

Group	Q4 2007	Q4 2006	Full year 2007	Full year 2006
Net turnover, SEK M	322.6	298.1	1,323.3	1,163.1
Operating profit, SEK M	49.1	41.5	213.2	170.5
Operating margin, %	15.2	13.9	16.1	14.7
Profit after financial items, SEK M	44.9	40.4	201.5	165.8
Profit margin, %	13.9	13.6	15.2	14.3
Profit after tax, SEK M	27.4	27.8	133.1	111.9
Earnings per share, SEK	2.19	2.22	10.64	8.95
Return on capital employed (ROCE), cumulative, %			34.0	29.8
Return on equity (ROE), cumulative, %			28.3	30.3
Equity/assets ratio, %			56.3	47.8

## **Managing Director's statement – 2007 a fantastic year that sets the stage for future success**

2007 was another fantastic year that surpassed the previous year in terms of both turnover and earnings. The excellent result is a consequence of the strategies which we have followed during the past few years in combination with a very buoyant economy. It is naturally extremely gratifying to note that our investments and hard work have paid off so well.

The past year shows that we enjoy the confidence of our customers, but also that our concerted efforts to renew the product range, develop and streamline production and structure our distribution and sales have resulted in a strong position on the market for both RINGFEDER POWER TRANSMISSION and VBG GROUP TRUCK EQUIPMENT.

The strong economy has driven the need for transport during the year. This created very high demand for trucks, especially in those countries included in the enlarged EU. Our European trailer market grew vigorously during 2007, resulting in record-high production of with the largest trailer segment: curtainsider trailers. Both EDSCHA TRAILER SYSTEMS and SESAM have very strong customer relationships with leading players in this area and have succeeded during the past year in meeting this exceptionally strong demand, without compromising the high level of customer service.

VBG and RINGFEDER, which together are world-leading brands for trailer couplings for heavy truck-trailer rigs, had a very good year with strong growth.

During the year the sales company in Belgium took over responsibility from our previous distributors for all direct sales in Benelux. This is a part of our strategy to strengthen relationships with our customers on those markets where we can achieve the critical sales volume that is needed to run our own company.

RINGFEDER POWER TRANSMISSION exhibited continued strong organic growth with sharply improved profitability. This is the result of a concentrated effort to renew and restructure the sales channels in Germany in particular, which has resulted in our taking market shares in a growing market.

A subsidiary was established in India at the end of the year. This will allow us to offer local service, support and distribution on an important developing market for RINGFEDER POWER TRANSMISSION.

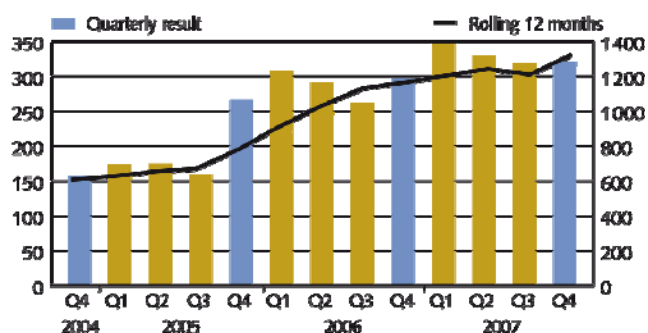
Despite the great successes achieved during the past year, there is still room for improvement. The Group's cash flow can be improved, and a number of measures will be adopted in 2008 to free capital tied up in inventories and production processes.

There is much to indicate that demand for the Group's products will continue to be strong during 2008. The outlook is good for the Group's two business areas even if there should be a downturn in the economy.

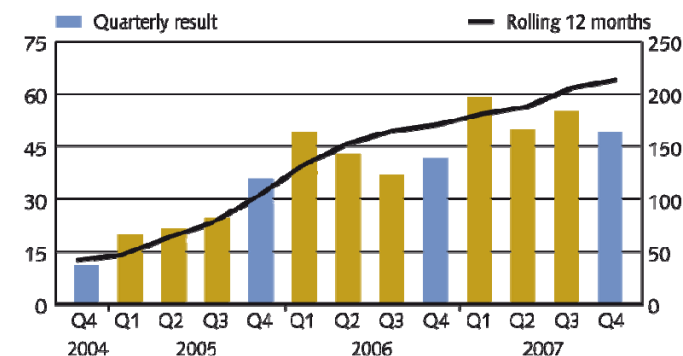
Anders Birgersson  
Managing Director and CEO

Group trend (SEK M)	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net turnover	1323.3	322.6	320.3	331.7	348.7	1163.1	298.1	263.4	292.9	308.7
Operating profit	213.2	49.1	55.0	50.1	59.0	170.5	41.5	37.0	43.0	49.0
Operating margin, %	16.1	15.2	17.2	15.1	16.9	14.7	13.9	14.1	14.7	15.9
Profit after fin. items	201.5	44.9	52.5	48.2	55.9	165.8	40.4	35.1	43.0	47.3
Profit margin, %	15.2	13.9	16.4	14.5	16.0	14.3	13.6	13.3	14.7	15.3
Profit after tax	133.1	27.4	34.5	32.3	38.9	111.9	27.8	24.6	28.0	31.5
Earnings per share, SEK	10.64	2.19	2.76	2.58	3.11	8.95	2.22	1.97	2.24	2.52
ROCE (cumulative), %	34.0	34.0	35.0	35.6	38.9	29.8	29.8	28.8	31.3	33.0
ROE (cumulative), %	28.3	28.3	31.4	32.9	36.1	30.3	30.3	31.1	34.4	36.4
Equity/assets ratio, %	56.3	56.3	50.7	49.0	47.7	47.8	47.8	44.1	40.1	41.1

### Net turnover, SEK M



### Profit after financial items, SEK M



## Consolidated turnover and earnings

### Fourth quarter

Turnover was SEK 322.6 M (298.1), an increase of about 8 per cent compared with the same period last year. The actual volume increase was 7.5 per cent, since a slightly stronger Euro, in combination with a much weaker US dollar, affected the translation of sales in foreign subsidiaries positively by about 0.5 per cent.

Operating profit rose by 18 per cent to SEK 49.1 M (41.5), with an operating margin of 15.2 per cent (13.9). Profit after financial items increased by 11 per cent to SEK 44.9 M (40.4), equivalent to a margin of 13.9 per cent (13.6).

### Full year 2007

The markets for the Group's two business areas developed positively during the year, and the Group's turnover increased by 14 per cent to SEK 1,323.3 M (1,163.1). The Group's turnover contains a negative currency translation effect of just under 0.5 per cent.

Operating profit rose by 25 per cent to SEK 213.2 M (170.5), and profit after financial items increased by 22 per cent to SEK 201.5 M (165.8). The consolidated profit includes Group-wide overheads of SEK 13.1 M (11.7), which have not been allocated to the operating profits of the different business areas. With an operating margin of 16.1 per cent (14.7) and a profit margin of 15.2 per cent

(14.3), the VBG GROUP fortified a high and stable profitability level. Earnings per share after tax rose sharply by 19 per cent to SEK 10.64 (8.95).

Return on capital employed was 34.0 per cent (29.8) and return on equity was 28.3 per cent (30.3). The Group's equity/assets ratio rose compared with the end of last year, amounting to 56.3 per cent (47.8).

### **Tax expense**

The year's tax expense was SEK 68.4 M (53.9), of which tax paid comprised SEK 66.3 M (54.1). The tax expense is equivalent to a tax rate for the Group of 34.0 per cent (32.5).

### **Capital expenditures**

The Group's capital expenditures during the year amounted to SEK 16.9 M (44.5).

### **Financial position**

Equity increased during the year to SEK 532.9 M (406.8) and was affected by SEK 18.0 M in differences in the translation of net assets in foreign currencies.

The equity/assets ratio increased to 56.3 per cent (47.8).

Cash and cash equivalents amounted to SEK 44.4 M at year-end (33.7), in addition to which there are unutilised credit facilities of SEK 129.1 M.

The Group's interest-bearing net debt fell by SEK 35.2 M during the year, amounting to SEK 154.8 M at year-end (190.0).

The ratio of interest-bearing net debt to equity was 0.29 at year-end (0.47).

### **Cash flow**

Cash flow from operating activities amounted to SEK 87.2 million (122.1). Capital expenditures during the year amounted to SEK 16.9 M (44.4). The Group amortised loans and reduced current financial liabilities by a total of SEK 36.0 M. Dividends distributed to shareholders amounted to SEK 25.0 M (17.2). Net cash flow during the year was SEK 9.6 M (-25.1)

### **Personnel**

On 31 December 2007 there were 426 employees (400) in the VBG GROUP, including 168 (157) in Sweden.

During 2007 the Group employed an average of 412 persons (411). Of these, 165 (160) were active in Sweden. The cost of salaries and social security contributions was SEK 242.4 M (229.0).

### **Per share data**

Earnings per share for the year was SEK 10.64 (8.95). Equity per share on 31 December 2007 was SEK 42.62, compared with SEK 32.54 one year earlier.

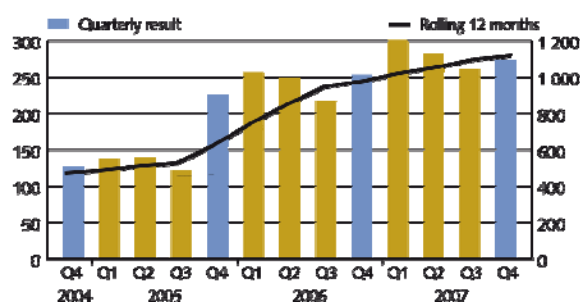
The number of shareholders at year-end was 5,125 (5,629).

## VBG GROUP TRUCK EQUIPMENT

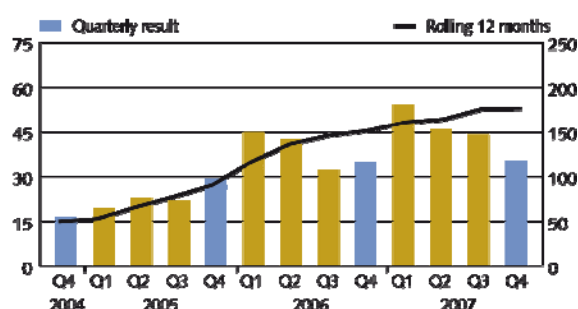
- Turnover exceeded SEK 1 billion and increased by 15 per cent to SEK 1,116.9 M (975.0)
- Operating profit increased by 16 per cent to SEK 179.7 M (154.5)

VBG GROUP TRUCK EQUIPMENT (SEK M)	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net turnover	1116.9	273.8	260.8	281.5	300.8	975.0	252.9	217.3	248.6	256.2
Operating profit	179.7	35.2	44.1	46.1	54.3	154.5	34.8	32.2	42.6	44.9
Operating margin %	16.1	12.9	16.9	16.4	18.0	15.8	13.8	14.8	17.1	17.5

### Net turnover, SEK M



### Operating profit, SEK M



### Fourth quarter

VBG GROUP TRUCK EQUIPMENT increased turnover by 8 per cent to SEK 273.8 M (252.9) during the fourth quarter. A weaker Swedish krona during the quarter affected the translation of turnover in foreign subsidiaries positively by about 2 per cent.

The market trend in the transport sector in Europe continued to be strong, creating high demand for the business area's brands and products. The market was particularly strong in the trailer segment, where the business area's brands EDSCHA TRAILER SYSTEMS and SESAM are active.

During the fourth quarter, a number of major business projects were pursued intensely, at the same time as which maintenance work was performed on properties and plants. The aggregate result was that operating profit increased only marginally to SEK 35.2 M (34.8), while the operating margin declined to 12.9 per cent (13.8).

### Full year 2007

Turnover for the full year 2007 rose by 15 per cent to SEK 1,116.9 M (975.0), passing the SEK 1 billion mark for the first time. The effect of changed currency rates was negligible for the full year, which mean that organic growth was 15 per cent. The positive trend during the year in the transport sector, and in particular the trailer segment, created the necessary conditions for growth in the business area.

VBG GROUP TRUCK EQUIPMENT's well known brands fortified their positions as market leaders during the year, with VBG and RINGFEDER together accounting for more than 50 per cent of the world market for coupling equipment for heavy truck-trailer rigs. EDSCHA TRAILER SYSTEMS and SESAM together delivered more than 60 per cent of all sliding roofs in the world.

Operating profit for the business area was SEK 179.7 (154.5), an increase of 16 per cent. The operating margin rose to 16.1 per cent (15.8).

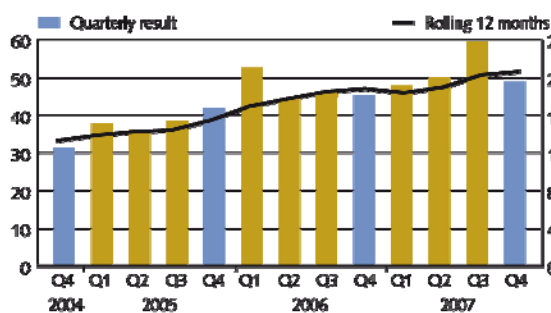
Turnover by market (SEK M)	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Sweden	197.3	53.0	38.6	50.3	55.4	169.1	40.0	35.5	44.6	49.0
Other Nordic countries	145.7	36.1	30.4	38.8	40.4	132.6	33.6	29.4	34.3	35.3
Germany	358.7	87.4	89.9	87.7	93.7	313.8	86.1	75.0	75.0	77.7
Rest of Europe	364.6	88.8	82.8	96.4	96.6	311.2	80.1	64.8	83.4	82.9
Rest of world	50.6	8.5	19.1	8.3	14.7	48.3	13.1	12.6	11.3	11.3
Truck Equipment	1,116.9	273.8	260.8	281.5	300.8	975.0	252.9	217.3	248.6	256.2

## RINGFEDER POWER TRANSMISSION

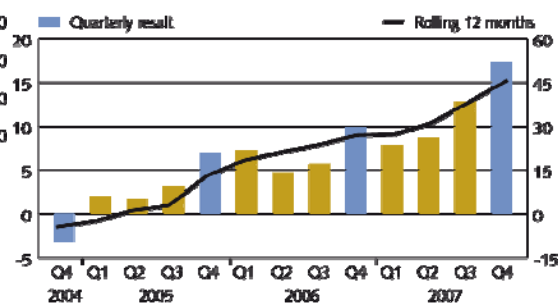
- Turnover increased by 10 per cent to SEK 206.4 M (188.1)
- Operating profit increased by 69 per cent to 46.6 SEK M (27.6)

RINGFEDER POWER TRANSM. SEK M	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net turnover	206.4	48.9	59.4	50.2	47.9	188.1	45.2	46.1	44.3	52.5
Operating profit	46.6	17.3	12.8	8.7	7.8	27.6	9.9	5.7	4.7	7.3
Operating margin %	22.6	35.4	21.5	17.3	16.4	14.7	21.9	12.4	10.6	13.8

Net turnover, SEK M



Operating profit, SEK M



### Fourth quarter

Sales continued at a high level in the fourth quarter, increasing by 8 per cent to SEK 48.9 M (45.2). The actual volume increase was nearly 15 per cent, since a stronger Swedish currency affected the translation of the figures negatively by about 7 per cent. The market remained strong and the business area is steadily strengthening its position.

Operating profit rose to SEK 17.3 M (9.9) and the operating margin increased to 35.4 per cent (21.9).

### Full year 2007

The business area, which develops, manufactures and markets products for power transmission and damping for a number of different industrial sectors as well as the train and aircraft industries, developed very positively during 2007.

Turnover for the full year rose by 10 per cent to SEK 206.4 M (188.1). The negative effect of the translation of foreign currencies was just under one per cent. Operating profit increased by 69 per cent to SEK 46.6 M (27.6), and the operating margin rose to 22.6 per cent (14.7).

Turnover by market (SEK M)	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Europe	79.6	19.7	23.5	18.0	18.4	63.0	16.4	15.5	7.1	16.6
North America	97.6	22.9	26.1	24.6	24.0	93.2	20.3	22.3	19.5	27.0
Rest of world	29.2	6.3	9.8	7.6	5.5	31.9	8.5	8.3	17.7	8.9
Power Transmission	206.4	48.9	59.4	50.2	47.9	188.1	45.2	46.1	44.3	52.5

### **Parent Company**

VBG GROUP AB's operations are primarily focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries and trademarks. The company also owns the industrial property in Vänersborg as well as certain plant and equipment that is rented by the subsidiary VBG GROUP TRUCK EQUIPMENT AB.

The objective is that the Group's intellectual property in the form of trademarks and other rights should be gathered in the Parent Company. VBG GROUP AB focuses on maintaining and developing all the Group's trademarks and rights.

The Parent Company's net turnover pertains primarily to intra-Group services, licence revenues and rentals and amounted to SEK 28.5 M during the year (22.1). The profit after dividends from Group companies and financial items was SEK 52.4 M (97.3).

### **Proposed dividend**

The Board of Directors of VBG GROUP AB (publ) proposes that the 2008 AGM resolve to increase the dividend by 25 per cent to SEK 2.50 per share (2.00) for financial year 2007. The proposed dividend entails a total distribution of funds from the Parent Company equivalent to 5.9 per cent of the Group's equity at year-end and 23.5 per cent of the Group's profit after tax.

### **Annual General Meeting and annual report**

The 2008 Annual General Meeting will be held on 13 May at 5.00 p.m. in the company's offices at Herman Kreftings gata 4 in Vänersborg. The annual report will be published on the company's website during the week beginning on 2 April 2008 and will also be available at VBG GROUP AB's offices in Vänersborg.

### **Outlook for 2008**

The Group's business areas stand well equipped for 2008, and there are at present no indications that demand will decrease in 2008; it is expected to remain at the same high level as in 2007.

### **Financial information 2008**

Interim report 3 months	13 May 2008
2007 AGM	13 May 2008
Interim report 6 months	1 August 2008
Interim report 9 months	23 October 2008
Year-end report 2008	February 2009



**Accounting principles**

This report has been prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. The VBG GROUP applies International Financial Reporting Standards (IFRS), and a summary of the most important accounting principles is provided in Note 1 of the Annual Report for 2006.

A number of new and revised standards have entered into force as from 2007. None of these new standards or revisions have led to any essential changes in the Group's accounting principles.

The Parent Company's financial statements have been prepared in accordance with the the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 32:06, Accounting for Legal Entities, as described in the annual report for 2006.

**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, liquidity risks, interest rate risks, currency risks and credit and counterparty risks.

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

Vänersborg 26 February 2008

**VBG GROUP AB (publ)**

**The Board of Directors**

**For further information please contact:**

Anders Birgersson, Managing Director and CEO

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<b>Consolidated Income Statement – Highlights</b> (SEK M)	<b>Q4 Oct-Dec 2007</b>	<b>Q4 Oct-Dec 2006</b>	<b>Full year 2007</b>	<b>Full year 2006</b>
<b>Net turnover</b>	<b>322.6</b>	<b>298.1</b>	<b>1,323.3</b>	<b>1,163.1</b>
Cost of goods sold	-204.1	-185.2	-814.9	-717.6
Selling expenses	-51.0	-48.3	-184.9	-166.7
Administrative expenses	-13.7	-21.7	-92.5	-94.3
Research and development costs	-6.1	-3.1	-18.3	-13.0
Other operating income/expenses	1.4	1.7	0.5	-1.0
<b>Operating profit</b>	<b>49.1</b>	<b>41.5</b>	<b>213.2</b>	<b>170.5</b>
Net financial items	-4.2	-1.1	-11.7	-4.7
<b>Profit after financial items</b>	<b>44.9</b>	<b>40.4</b>	<b>201.5</b>	<b>165.8</b>
Tax	-17.5	-12.6	-68.4	-53.9
<b>Profit after tax</b>	<b>27.4</b>	<b>27.8</b>	<b>133.1</b>	<b>111.9</b>
Depreciation and amortisation charged to profit	-7.3	-8.3	-29.3	-30.5
<b>Earnings per share after tax</b>	<b>2.19</b>	<b>2.22</b>	<b>10.64</b>	<b>8.95</b>
Number of shares at end of period <sup>1</sup> ('000)	12,502	12,502	12,502	12,502
Average number of shares during the period	12,502	12,502	12,502	12,502
Number of own shares at end of period	1,192	1,192	1,192	1,192
Average number of own shares	1,192	1,192	1,192	1,192

<sup>1</sup> The company has no outstanding warrants or convertibles.

<b>Consolidated Balance Sheet – Highlights</b> (SEK M)	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Goodwill	222.8	213.4
Other intangible assets	62.2	62.1
Property, plant and equipment	140.7	148.6
Long-term investments	2.1	1.3
<b>Total non-current assets</b>	<b>427.6</b>	<b>425.4</b>
Inventories	250.4	201.6
Receivables	223.9	189.9
Cash on hand, demand deposits and short-term investments	44.4	33.7
<b>Total current assets</b>	<b>518.7</b>	<b>425.2</b>
<b>TOTAL ASSETS</b>	<b>946.3</b>	<b>850.6</b>
<b>Equity</b>	<b>532.9</b>	<b>406.8</b>
Interest-bearing non-current liabilities	149.3	176.1
Non-interest-bearing non-current liabilities	61.9	57.9
Interest-bearing current liabilities	49.9	47.5
Non-interest-bearing current liabilities	152.3	162.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>946.3</b>	<b>850.6</b>

<b>Changes in Group equity</b> (SEK M)	<b>Full year 2007</b>	Full year 2006
<b>Opening equity according to Balance Sheet at 31 December</b>	<b>406.8</b>	<b>330.5</b>
Translation differences	18.0	-18.4
Profit after tax	133.1	111.9
Dividend	-25.0	-17.2
<b>Equity at end of period</b>	<b>532.9</b>	<b>406.8</b>

<b>Cash Flow Statement – Highlights</b> (SEK M)	<b>Full year 2007</b>	Full year 2006
<b>Cash flow from operating activities before changes in working capital</b>	<b>146.3</b>	<b>167.6</b>
Change in working capital	-59.1	-45.5
<b>Cash flow from operating activities</b>	<b>87.2</b>	<b>122.1</b>
Cash flow from investing activities	-16.6	-43.8
Cash flow from financing activities	-61.0	-103.4
<b>Cash flow for the year</b>	<b>9.6</b>	<b>-25.1</b>
Cash and cash equivalents at start of year	33.7	60.8
Translation difference, cash and cash equivalents	1.1	-2.1
<b>Cash and cash equivalents at end of period</b>	<b>44.4</b>	<b>33.7</b>
Unutilised overdraft facilities	129.1	125.7
<b>Total cash and cash equivalents available</b>	<b>173.5</b>	<b>159.4</b>

<b>Key figures for Group</b>	<b>Full year 2007</b>	Full year 2006
Profit margin (ROS), %	<b>15.2</b>	<b>14.3</b>
Return on equity (ROE), %	<b>28.3</b>	<b>30.3</b>
Return on capital employed (ROCE), %	<b>34.0</b>	<b>29.8</b>
Equity/assets ratio, %	<b>56.3</b>	<b>47.8</b>
Visible equity per share, SEK	<b>42.62</b>	<b>32.54</b>
Cash flow per share (before change in working capital), SEK	<b>11.70</b>	<b>13.41</b>
Share price at end of period, SEK	<b>124.50</b>	<b>113.00</b>
Number of employees, average	<b>412</b>	<b>411</b>

<b>Parent Company Income Statement</b> (SEK M)	<b>Full year 2007</b>	<b>Full year 2006</b>
<b>Net turnover</b>	<b>28.5</b>	<b>22.1</b>
Operating expenses	-32.9	-27.0
<b>Operating loss</b>	<b>-4.4</b>	<b>-4.9</b>
Net financial items	56.8	102.2
<b>Profit after financial items</b>	<b>52.4</b>	<b>97.3</b>
Appropriations	-3.1	0.4
Tax	-2.0	-2.5
<b>Profit after tax</b>	<b>47.3</b>	<b>95.2</b>

<b>Parent Company Balance Sheet</b> (SEK M)	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Other intangible assets	21.6	23.0
Property, plant and equipment	10.7	10.9
Long-term investments	491.5	461.8
<b>Total non-current assets</b>	<b>523.8</b>	<b>495.7</b>
Receivables	40.2	25.3
Cash on hand, demand deposits and short-term investments	4.6	3.1
<b>Total current assets</b>	<b>44.8</b>	<b>28.4</b>
<b>TOTAL ASSETS</b>	<b>568.6</b>	<b>524.1</b>
<b>Equity</b>	<b>266.8</b>	<b>244.5</b>
Untaxed reserves	28.4	25.2
Provisions	11.6	10.8
Non-current liabilities	66.3	99.6
Current liabilities	195.5	144.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>568.6</b>	<b>524.1</b>