

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 Nasdaq OMX Nordic Exchange Stockholm, Small Cap.

YEAR-END REPORT 2012

Fourth quarter 2012:

- The Group's net turnover decreased by 6.5 per cent to SEK 265.8 M (284.3)
- Operating profit was SEK 19.7 M (23.1)
- Profit after financial items amounted to SEK 14.8 M (23.8)
- Acquisition of US company Onspot of North America

Full year 2012:

- The Group's net turnover decreased by 6.5 per cent to SEK 1,104.8 M (1,181.1)
- Operating profit was SEK 98.9 M (138.3)
- Profit after financial items amounted to SEK 94.2 M (130.9)
- The Group's profit after tax totalled SEK 69.4 M (94.5)
- Earnings per share were SEK 5.55 (7.56)
- The Board proposes an unchanged dividend of SEK 2.25 per share (2.25)

Group	Q4 2012	Q4 2011	Full year 2012	Full year 2011
Net turnover, SEK M	265.8	284.3	1,104.8	1,181.1
Operating profit, SEK M	19.7	23.1	98.9	138.3
Operating margin, %	7.4	8.1	9.0	11.7
Profit after financial items, SEK M	14.8	23.8	94.2	130.9
Profit margin, %	5.6	8.4	8.5	11.1
Profit after tax, SEK M	12.9	17.9	69.4	94.5
Earnings per share, SEK	1.03	1.43	5.55	7.56
Return on capital employed (ROCE), cumulative, %			12.5	18.6
Return on equity (ROE), cumulative, %			10.7	15.7
Equity/assets ratio, %			64.1	64.7

VBG GROUP – an eventful “interim year” for the Group

The 2012 financial year was characterised by a general widespread sense of uncertainty in several key geographic markets and sectors, which to a large degree impacted the sales trend in the Group's two divisions with links to the transportation industry and truck sector – VBG TRUCK EQUIPMENT and EDSCHA TRAILER SYSTEMS. However, by acting in a similar manner as we did during the extreme recession that took hold in 2009 – when we implemented major restructuring programmes and investments in the future – we focused our resources in 2012 on future-oriented marketing activities, extensive product development and adaptations of the organisations. The purpose of all of this work was to create a solid platform for the Group when the market climate gradually improves, which we believe will occur in the mid or latter part of 2013.

In conjunction with the introduction of a new division structure, the Parent Company VBG GROUP AB strengthened its internal resources to enable it to focus on structural growth via complementary acquisitions for the divisions or via the acquisition of a new operation to create a “fourth pillar” that would match the Group's structure and culture in industrial terms. This enables us to work in a more structured way and with more projects running concurrently than before, and which at the end of the year also resulted in the acquisition of the US company Onspot of North America.

VBG TRUCK EQUIPMENT – stable operation with strong position and favourable profitability

The division anticipated a more stable demand situation in 2012; however, because of the general turbulence that prevailed during much of 2012 as a result of financial and political unrest in primarily Europe, the market did not develop as expected.

Despite the weaker market trend, the division carried out several major activities to thereby generate favourable conditions for the future.

The most significant change took place in logistics and distribution and involved the discontinuation of distribution from Krefeld, Germany, and the establishment of a new logistics and distribution centre for Western and Central Europe in Beringen, Belgium. This change was fully implemented in the fourth quarter, resulting in a total restructuring cost of approximately SEK 12 M (a provision of just over SEK 10 M was made in the first quarter for the approximately 15 individuals whose employment was terminated in the division's German company).

In terms of marketing activities, the division focused on two major trade fairs, the Swedish Elmia Lastbil 2012 fair and the international IAA commercial vehicles show in Germany, where we exhibited our new, proprietarily developed, fully automated MechMatic lubrication system, among other products.

Changes were also made to the organisation of the German company in Krefeld, which involved separating the EDSCHA TRAILER SYSTEMS operation to form a standalone company. In conjunction with this reorganisation, a new business system was also introduced in the German company, and now all of the companies in the division have a shared business support system.

On 30 November 2012, a strategically important complementary acquisition was completed when the US company Onspot of North America, with annual turnover of about USD 8 M, was acquired. As a result of this transaction, VBG TRUCK EQUIPMENT became the clear market leader in the automatic tire chains product area, with future annual turnover of more than SEK 100 M.

VBG TRUCK EQUIPMENT has a highly stable business and commands a strong position in the market, and despite an 8 per cent reduction in annual turnover, the division reported an operating margin of slightly more than 10 per cent (excl. restructuring costs of just over 12 per cent) which I view as highly satisfactory.

EDSCHA TRAILER SYSTEMS – implementing extensive activities for future growth

Ahead of 2012, the division predicted a continued weak trend in the trailer industry in the first half of 2012, but that demand would subsequently increase in the third and fourth quarters. However, the market did not improve in the second half of the year, but remained 10 to 15 per cent below net turnover in the preceding year. While an increase was noted in October and November, many of the division's major customers once again took precautionary measures in December and closed production for the second half of December and over the Christmas/New Year period.

EDSCHA TRAILER SYSTEMS also continued to focus on future-oriented activities in 2012 to generate sustainable growth and increased profitability.

In the area of logistics and distribution, we moved out a small remaining part of the operation from Beringen in Belgium (thereby creating space for VBG TRUCK EQUIPMENT) and thus gathered all production, logistics and distribution in Kamenice nad Lipou in the Czech Republic.

In the marketing area, we focused successfully on the IAA commercial vehicles show in Hannover, where we exhibited under our own identity and with a separate stand. The division also secured a major order valued at approximately SEK 30 M for sliding bow systems for the Polish State Railways.

During the year, work continued on the long-term product development programme aimed at creating an entirely new generation of sliding roofs. The launch is expected to take place progressively, starting in 2014.

Organisationally, this business was separated from the Group's company in Krefeld and moved to the nearby region of Moers, where the new company Edscha Trailer Systems GmbH was formed.

When viewing and evaluating the low operating margin of 4 per cent, it is important to take into account the resources that were invested in the aforementioned activities and the weak market trend that resulted in a sales reduction of just over 14 per cent. I am very confident that EDSCHA TRAILER SYSTEMS will present favourable earnings when the market returns to growth. I agree with external assessors who monitor the industry carefully and who expect growth to accelerate beginning in the second half of 2013.

RINGFEDER POWER TRANSMISSION – an energetic 90-year-old with development potential

Prior to 2012, RINGFEDER POWER TRANSMISSION's assessment was that there was favourable potential to increase turnover since we – with our broad customer base in various geographic markets and industrial segments – are usually not affected by fluctuations in the economy to the same high degree as the Group's other divisions.

The target was met and turnover for the full year rose by slightly more than 5 per cent, with strong development in markets in the USA and India and a doubling of sales in Australia.

In terms of its marketing activities, the division increased its presence at trade fairs, such as those held in Bangalore, Houston, Tokyo, Frankfurt, Stuttgart, Sao Paolo and Calcutta.

In September, RINGFEDER POWER TRANSMISSION celebrated its 90th anniversary, and the occasion was marked by a major event at the company in Gross-Umstadt. Many international customers and distributors were invited and these were joined by the management teams of the subsidiaries in the Czech Republic, the USA, India and China.

On 6 August, the division launched its products in a new geographic market, namely, the planet Mars, where NASA's Mars Rover Curiosity successfully landed, fitted with Ringfeder's friction springs on its drill system.

At the start of the year, the organisation of the German business was restructured, and the operations in Krefeld and Grosswallstadt were co-located to a newly renovated and purpose-designed building for offices, warehousing and some production in Gross-Umstadt, just south of Frankfurt. Personnel-related restructuring costs for individuals in Krefeld who chose not to move slightly exceeded SEK 4 M and this amount was expensed already in the fourth quarter of 2011.

I view the operating margin of just under 17 per cent as being excellent. The division's turnover and earnings for the individual quarters can vary somewhat depending on the product and customer mix. The lower turnover, and thus lower margin, in the fourth quarter should therefore not be perceived as a change in the market trend.

VBG GROUP – towards new targets

As I mentioned at the start, 2012 was an eventful year in a difficult market climate. Overall, however, I view 2012 as a good financial year in which we in the Group worked purposefully in each division on the basis of long-term strategies, and carried out beneficial activities for the future.

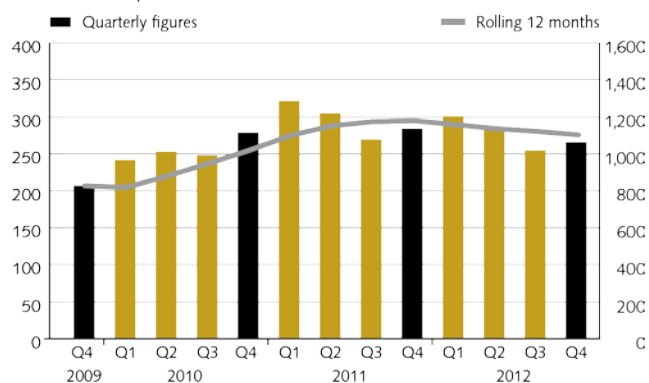
I am therefore looking to 2013 with confidence. The divisions' sales figures for January have indicated a somewhat higher level of activity in the market, giving us hope of future growth.

Anders Birgersson
Managing Director and CEO

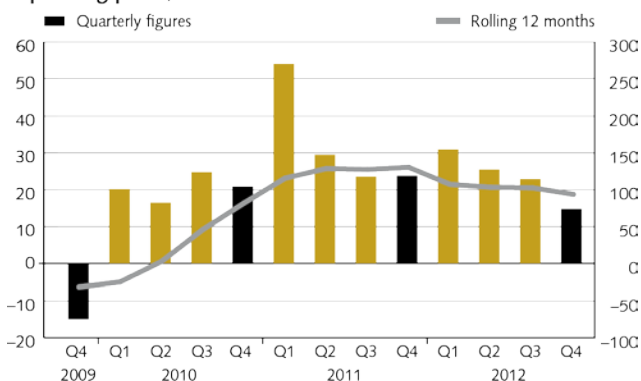
Group trend (SEK M)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net turnover	1,104.8	265.8	254.7	283.2	301.1	1,181.1	284.3	269.6	305.3	321.9
Operating profit	98.9 ¹	19.7	21.2	26.7	31.3 ¹	138.3	23.1	26.6	33.4	55.2
Operating margin, %	9.0	7.4	8.3	9.4	10.4	11.7	8.1	9.9	10.9	17.1
Profit after fin. items	94.2	14.8	22.9	25.5	31.0	130.9	23.8	23.6	29.5	54.0
Profit margin, %	8.5	5.6	9.0	9.0	10.3	11.1	8.4	8.8	9.7	16.8
Profit after tax	69.4	12.9	15.6	18.1	22.8	94.5	17.9	17.5	21.0	38.1
Earnings per share, SEK	5.55	1.03	1.25	1.44	1.83	7.56	1.43	1.40	1.68	3.05
ROCE (cumulative), %	12.5	12.5	14.5	15.9	16.9	18.6	18.6	20.1	23.7	29.8
ROE (cumulative), %	10.7	10.7	11.9	12.8	14.2	15.7	15.7	16.9	20.0	26.2
Equity/assets ratio, %	64.1	64.1	65.2	64.2	63.7	64.7	64.7	60.9	59.5	60.0

¹ Includes restructuring costs of SEK 10.6 M

Net turnover, SEK M



Operating profit, SEK M



Consolidated turnover and earnings

Fourth quarter 2012

At SEK 265.8 M (284.3), turnover was 6.5 per cent lower than the fourth quarter in 2011, and when the changes in exchange rates between the quarters are taken into account, the actual volume decrease was 3.5 per cent.

Operating profit for the quarter was SEK 19.7 M (23.1), with an operating margin of 7.4 per cent (8.1).

Turnover for the VBG TRUCK EQUIPMENT division decreased to SEK 147.3 M (152.5). Operating profit amounted to SEK 17.6 M (22.0), with a margin of 11.9 per cent (14.4).

Turnover for the EDSCHA TRAILER SYSTEMS division decreased to SEK 59.0 M (64.9). Operating profit rose to SEK 0.7 M (loss: 0.7), with a margin of 1.2 per cent (neg: 1.1).

Turnover for the RINGFEDER POWER TRANSMISSION division decreased to SEK 59.5 M (66.9) and operating profit amounted to SEK 4.3 M (4.4), with a margin of 7.2 per cent (6.6).

Group-wide overheads that were not allocated by the Parent Company totalled SEK 2.9 M (2.6). Net interest expense for the quarter was SEK 3.2 M (1.7) and the fourth-quarter currency effect on the Swedish company's EUR-denominated credits resulted in a negative currency effect of SEK 1.7 M (pos: 2.4). Overall, this led to a net financial expense of SEK 4.9 M (income: 0.7) and thereby profit after financial items of SEK 14.8 M (23.8).

Profit after tax amounted to SEK 12.9 M (17.9) and earnings per share were SEK 1.03 (1.43).

Full year 2012

The Group's turnover for the full year decreased by 6.5 per cent to SEK 1,104.8 M (1,181.1), and the actual volume decrease for the full year was 4.8 per cent after changes in exchange rates between the years are taken into account.

The Group's operating profit amounted to SEK 98.9 M (138.3), with a margin of 9.0 per cent (11.7).

Turnover for the VBG TRUCK EQUIPMENT division decreased by 7.9 per cent during the year to SEK 565.2 M (613.7). Operating profit was charged with SEK 10.6 M for restructuring costs from the first quarter and amounted to SEK 57.1 M (94.0) for the full year, with a margin of 10.1 per cent (15.3).

Turnover for the EDSCHA TRAILER SYSTEMS division decreased by 14.5 per cent to SEK 252.1 M (294.8). Operating profit amounted to SEK 9.7 M (22.5) with a margin of 3.9 per cent (7.6).

The RINGFEDER POWER TRANSMISSION division increased its turnover by 5.4 per cent to SEK 287.5 M (272.6). Operating profit increased to SEK 47.9 M (35.4), with an improved margin of 16.7 per cent (13.0).

The consolidated operating profit also includes Group-wide overheads of SEK 15.8 M (13.6) that were not allocated among the various divisions.

Net interest expense for the full year was SEK 6.2 M (expense: 6.3), and the Swedish companies' EUR and USD-denominated credits were positively impacted with a currency effect of SEK 1.5 M (neg: 1.1). Overall, this yielded net financial expense of SEK 4.7 M (expense: 7.4), and profit after financial items of SEK 94.2 M (130.9), with a margin of 8.5 per cent (11.1).

Profit after tax totalled SEK 69.4 M (94.5), while earnings per share after tax were SEK 5.55 (7.56). Return on capital employed decreased to 12.5 per cent (18.6), and return on equity amounted to 10.7 per cent (15.7). The Group's equity/assets ratio declined slightly compared with the end of the preceding year to 64.1 per cent (64.7).

Tax expense

The year's tax expense was SEK 24.8 M (36.4), of which current tax accounted for income of SEK 36.5 M (income: 27.0) and deferred tax for an expense of SEK 11.7 M (expense: 9.4). Deferred tax was impacted by non-recurring income of SEK 4.7 M as a consequence of the changed corporate tax rate in Sweden from 26.3 per cent to 22.0 per cent. The tax expense corresponds to a tax rate for the Group of 26.3 per cent (27.8).

Capital expenditures

The Group's capital expenditures for the year amounted to SEK 84.5 M (21.5), of which SEK 59.7 M related to the acquisition of non-current assets and goodwill attributable to the acquisition on 30 November 2012 of Onspot of North America.

Financial position

Profit after tax for the full year amounted to SEK 69.4 M (94.5) and total translation differences amounted to an expense of SEK 22.5 M (expense: 4.5), the combined effect of which resulted in comprehensive income of SEK 46.9 M (90.0). Consolidated equity increased to SEK 655.4 M (636.6), after dividends to shareholders of SEK 28.1 M (18.7).

The equity/assets ratio declined slightly during the year to 64.1 per cent (64.7).

Cash and cash equivalents amounted to SEK 66.6 M (65.2) at year-end, and there were unutilised credit facilities of SEK 118.6 M (121.9), leading to available liquidity of SEK 185.2 M (187.1).

The Group's interest-bearing net debt increased by SEK 26.4 M during the year to SEK 122.3 M (95.9) at year end.

The ratio of interest-bearing net debt to equity was 0.19 at 31 December 2012 (0.15 at 31 December 2011).

The Group's aggregate goodwill increased by SEK 50.5 M following the acquisition of Onspot of North America and amounted to SEK 291.0 M (250.9), which in relation to equity was a ratio of 0.44 (0.39).

Cash flow

Cash flow from operating activities amounted to SEK 93.1 M (130.9). Capital expenditures during the year amounted to SEK 94.3 M (25.9). During the year, the Group's total borrowings and current financial liability increased, net, entailing a contribution from financing activities of SEK 31.7 M (neg: 66.4). Dividends distributed to the shareholders amounted to SEK 28.1 M (18.7). Consequently, net cash flow for the year was SEK 2.4 M (19.9).

Outlook for 2013

The Group makes no forecast regarding figures, but its assessment is that there is good potential to increase both turnover and earnings in 2013.

Personnel

At 31 December 2012, there were 527 employees (492) in the VBG GROUP, including 173 (175) in Sweden. In 2012, the Group had an average of 518 employees (477). Of these, 174 (174) were active in Sweden. Costs for salaries and social security contributions totalled SEK 261.2 M (252.6).

Per share data

Earnings per share for the year declined to SEK 5.55 (7.56). At 31 December 2012, equity per share was SEK 52.42, compared with SEK 50.92 a year earlier.

The number of shareholders decreased during the year and amounted to 4,046 (4,327) at year end.

VBG TRUCK EQUIPMENT

Fourth quarter 2012:

- Turnover decreased by 3.4 per cent to SEK 147.3 M (152.5)
- Operating profit was SEK 17.6 M (22.0) with a margin of 11.9 per cent (14.4)
- Acquisition of US company Onspot of North America

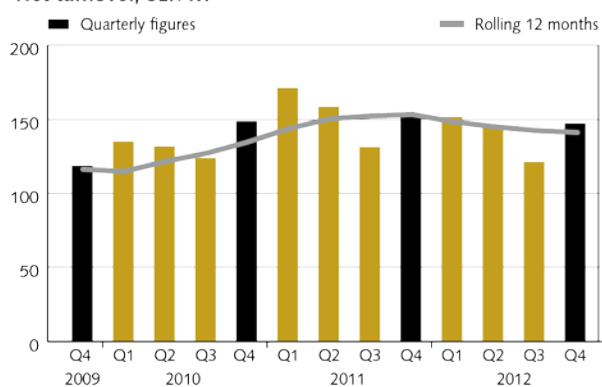
Full year 2012:

- Turnover decreased by 7.9 per cent to SEK 565.2 M (613.7)
- Operating profit totalled SEK 57.1¹ M (94.0) with a margin of 10.1 per cent (15.3)

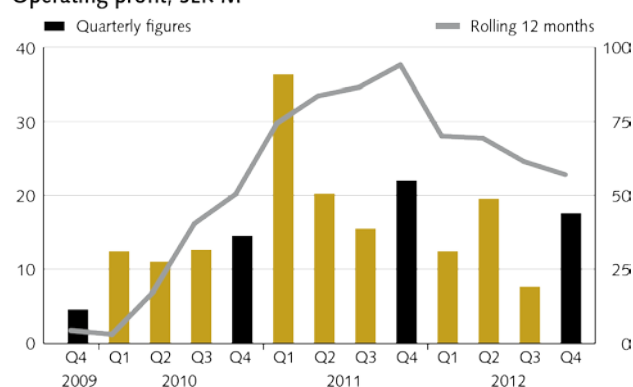
VBG TE (SEK M)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net turnover	565.2	147.3	121.1	145.2	151.6	613.7	152.5	131.3	158.5	171.4
Operating profit	57.1 ¹	17.6	7.6	19.5	12.4 ¹	94.0	22.0	15.5	20.2	36.3
Operating margin %	10.1	11.9	6.3	13.4	8.2	15.3	14.4	11.8	12.7	21.2

¹ Includes restructuring costs of SEK 10.6 M

Net turnover, SEK M



Operating profit, SEK M



Fourth quarter 2012

Turnover for the VBG TRUCK EQUIPMENT division decreased by 3.4 per cent compared with the corresponding period in the preceding year and amounted to SEK 147.3 M (152.5). Because the translation of turnover of foreign Group companies had a negative effect, the actual volume decrease was 0.9 per cent.

On 30 November, US company Onspot of North America was acquired. The company has been a licensee of VBG TRUCK EQUIPMENT since 1990 with exclusive rights to manufacture and sell Onspot products in the USA and Canada. Onspot of North America was recognised in the division as of December and contributed SEK 4.9 M in turnover and a net loss of SEK 0.5 M to operating profit, after deduction of SEK 2.1 M for expenses in conjunction with the acquisition. As a result of this transaction, VBG TRUCK EQUIPMENT is the clear market leader in the automatic tire chains product area, with future annual turnover of more than SEK 100 M.

Operating profit for the division decreased to SEK 17.6 M (22.0) and the operating margin was 11.9 per cent (14.4).

Full year 2012

Turnover for the full year 2012 decreased by 7.9 per cent to SEK 565.2 M (613.7). Taking into account exchange rate changes during the year, the actual volume decline was 6.5 per cent. The division's two largest and most important markets, Sweden and Germany, displayed relatively weak performance during much of the year, which was also the main cause of the lower annual turnover for the division. However, other significant markets, such as Norway and Australia, performed very strongly, with Australia achieving an all-time-high for a single year.

In the first quarter, operating profit was charged with personnel-related restructuring costs of SEK 10.6 M in Germany for the relocation of stocks and distribution to the division's Belgian company, where a central warehouse for Central and Western Europe was established during the year.

During the third quarter, VBG TRUCK EQUIPMENT participated in the Swedish Elmia Lastbil 2012 trade show and the major international IAA commercial vehicles show in Hannover. Among other activities, the division launched MechMatic, an entirely newly developed product that uses air and a thin mist of oil to clean and lubricate the coupling mechanism. It is a fully automated process and is carried out during vehicle operation.

Operating profit for the division decreased to SEK 57.1 M (94.0) with an operating margin of 10.1 per cent (15.3).

During 2012, VBG TRUCK EQUIPMENT had an average of 245 employees (233) and, at 31 December, 257 persons (236) were employed in the division, of whom 29 in Onspot of North America.

Turnover by market (SEK M)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Sweden	163.0	39.5	33.1	43.5	46.9	192.6	50.2	36.8	49.3	56.3
Other Nordic countries	111.7	30.2	21.1	29.2	31.2	104.2	26.4	21.9	26.5	29.4
Germany	107.0	22.6	26.8	28.2	29.4	124.9	29.3	28.0	34.2	33.4
Other European countries	122.6	35.0	26.2	29.7	31.7	134.3	31.7	28.7	32.0	41.9
Rest of world	60.9	20.0	13.9	14.6	12.4	57.7	14.9	15.9	16.5	10.4
VBG TE	565.2	147.3	121.1	145.2	151.6	613.7	152.5	131.3	158.5	171.4

EDSCHA TRAILER SYSTEMS

Fourth quarter 2012:

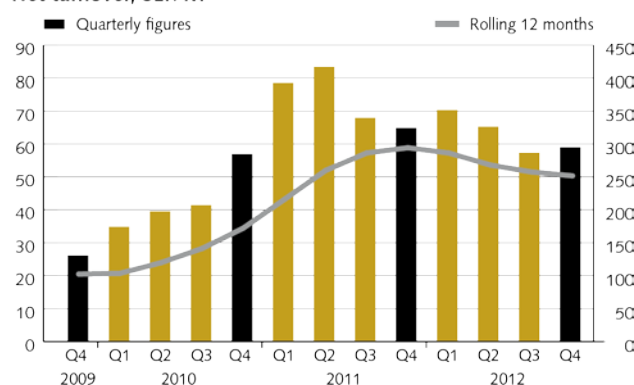
- Turnover decreased by 9.1 per cent to SEK 59.0 M (64.9)
- Operating profit amounted to SEK 0.7 M (loss: 0.7), with a margin of 1.2 per cent (neg: 1.1)

Full year 2012:

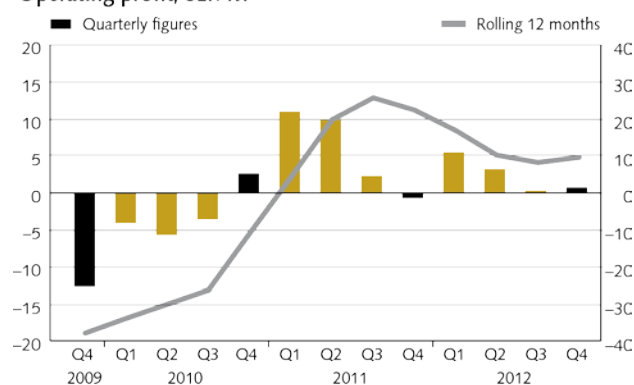
- Turnover decreased by 14.5 per cent to SEK 252.1 M (294.8)
- Operating profit was SEK 9.7 M (22.5), with a margin of 3.9 per cent (7.6)

EDSCHA TS (SEK M)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net turnover	252.1	59.0	57.4	65.3	70.4	294.8	64.9	68.0	83.4	78.5
Operating profit/loss	9.7	0.7	0.3	3.2	5.5	22.5	-0.7	2.3	9.9	11.0
Operating margin %	3.9	1.2	0.5	4.9	7.8	7.6	-1.1	3.4	11.9	14.0

Net turnover, SEK M



Operating profit, SEK M



Fourth quarter 2012

Turnover for EDSCHA TRAILER SYSTEMS decreased to SEK 59.0 M (64.9), which was 9.1 per cent lower than the year-earlier period. Because translation of the turnover of foreign Group companies to SEK had a negative effect, the actual volume decline was at 4.2 per cent.

The weak economic situation that prevailed in the first three quarters of the year improved somewhat in October and November, but December was extremely weak as a result of the cautious behaviour of several major customers in the form of inventory reductions and the closure of production in the middle of December and over the Christmas and New Year period.

In the fourth quarter, the division incurred external costs of SEK 0.6 M (1.2) relating to the far-reaching, long-term product development programme aimed at developing an entirely new generation of sliding roofs. Due to the low turnover, operating profit for the fourth quarter was only SEK 0.7 M (loss: 0.7) with a low margin of SEK 1.2 per cent (neg: 1.1).

Full year 2012

For full year 2012, turnover decreased by 14.5 per cent to SEK 252.1 M (294.8). Taking into account exchange rate changes, the actual volume decline was 11.2 per cent. During the year, the division successfully secured a major order valued at approximately SEK 30 M for sliding bows for railway-carriages, with the end-customer being Polish State Railways. According to the schedule, deliveries will commence in January 2013 and are expected to be ongoing throughout the year.

During the year, the division's operation in Krefeld, Germany, was moved over to a separate company, Edscha Trailer Systems GmbH, which also relocated in the third quarter to new premises in the nearby region of Moers. In August, EDSCHA TRAILER SYSTEMS participated under its own identity in the major international IAA commercial vehicles show in Hannover.

External costs for the product development programme amounted to SEK 3.2 M (4.9) during the year. The division's operating profit was SEK 9.7 M (22.5), with an operating margin of 3.9 per cent (7.6).

In 2012, EDSCHA TRAILER SYSTEMS had an average of 95 employees (93) and, at 31 December, 89 persons (97) were employed in the division.

Turnover by market (SEK M)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Sweden	0.4	0.0	0.1	0.2	0.1	0.9	0.2	0.2	0.1	0.4
Other Nordic countries	0.6	0.0	0.3	0.2	0.1	1.1	0.2	0.2	0.3	0.4
Germany	160.7	40.0	36.3	42.0	42.4	179.7	42.3	44.2	50.5	42.7
Other European countries	89.9	18.9	20.6	22.7	27.7	112.3	21.6	23.3	32.4	35.0
Rest of world	0.5	0.1	0.1	0.2	0.1	0.8	0.6	0.1	0.1	0.0
Edscha TS	252.1	59.0	57.4	65.3	70.4	294.8	64.9	68.0	83.4	78.5

RINGFEDER POWER TRANSMISSION

Fourth quarter 2012:

- Turnover decreased by 11.1 per cent to SEK 59.5 M (66.9)
- Operating profit was SEK 4.3 M (4.4), with a margin of 7.2 per cent (6.6)

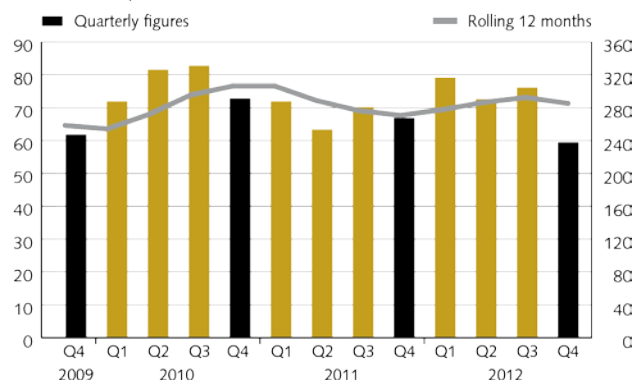
Full year 2012:

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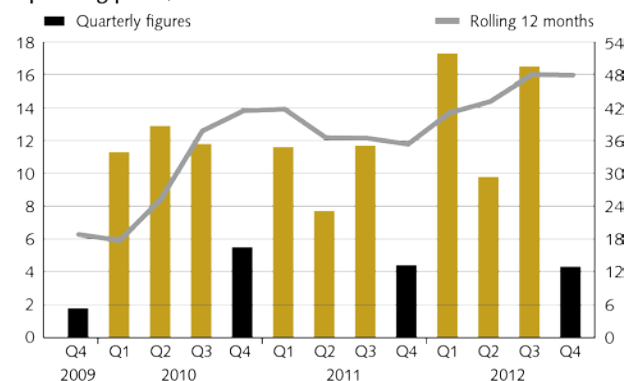
RINGFEDER PT (SEK M)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net turnover	287.5	59.5	76.2	72.7	79.1	272.6	66.9	70.3	63.4	72.0
Operating profit	47.9	4.3	16.5	9.8	17.3	35.4 ¹	4.4 ¹	11.7	7.7	11.6
Operating margin %	16.7	7.2	21.7	13.5	21.9	13.0	6.6	16.6	12.1	16.1

¹ Includes restructuring costs of SEK 4.5 M

Net turnover, SEK M



Operating profit, SEK M



Fourth quarter 2012

During the fourth quarter, turnover decreased by 11.1 per cent to SEK 59.5 M (66.9), and if exchange rates changes are taken into account, the decline was 8.8 per cent. Fluctuating sales volumes between the quarters is nothing unusual, which is why a more balanced view of the market trend is obtained by monitoring turnover over a rolling 12-month period.

Operating profit for the fourth quarter was SEK 4.3 M (4.4), with a margin of 7.2 per cent (6.6). Profit in the preceding year was charged with staff-related restructuring costs of SEK 4.5 M.

Full year 2012

For the full year, turnover increased by 5.5 per cent to SEK 287.5 M (272.6), but when the year's exchange rate changes are taken into account in translating to SEK, the actual volume increase was 6.1 per cent.

The division's single largest market is Germany, where a minor increase in turnover to just over SEK 100 M was noted, and the second largest, North America, rose by 7.6 per cent to SEK 88.9 M. Turnover in 2012 increased in two other large and important markets – India, which grew by 35 per cent to slightly over SEK 15 M, and Australia, where turnover doubled to just over SEK 22 M as a result of a sharp rise in activity in the mining industry, which represents an important sector for the division. RINGFEDER POWER TRANSMISSION increased its marketing activities by being more active in trade fairs throughout the world, such as Imitec in Bangalore, OTC in Houston, M-Tech in Tokyo, Achema in Frankfurt, Feinmafe in Sao Paolo, Motek in Stuttgart and IME in Calcutta.

At the beginning of the year, a total restructuring of the organisation in Germany was carried out, involving the relocation of operations in Krefeld and Grosswallstadt to the shared new business

location Gross-Umstadt, just south of Frankfurt. It was here in September that RINGFEDER POWER TRANSMISSIONS celebrated its 90th anniversary by inviting guests from across the globe. A somewhat different highlight was achieved in August in conjunction with the successful landing of NASA's Mars Rover Curiosity, meaning that RINGFEDER POWER TRANSMISSION is now also represented with its products – friction springs – on Mars.

Operating profit for the year rose to SEK 47.9 M (35.4), with the operating margin increasing to 16.7 per cent (13.0).

In 2012, RINGFEDER POWER TRANSMISSION had an average of 171 employees (148) and, at 31 December, 175 persons (155) were employed in the division.

Turnover by market (SEK M)	Full year 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Full year 2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Europe	139.3	31.7	34.9	33.2	39.5	140.8	31.5	39.6	33.2	36.5
North America	88.9	19.2	22.5	23.4	23.8	82.6	19.7	18.7	17.7	26.5
Rest of world	59.3	8.6	18.8	16.1	15.8	49.2	15.7	12.0	12.5	9.0
Power Transmission	287.5	59.5	76.2	72.7	79.1	272.6	66.9	70.3	63.4	72.0

Acquisition of Onspot of North America

On 30 November 2012, the acquisition of Onspot of North America Inc was concluded through the purchase of 100 per cent of the shares in the company. The Group thus obtained controlling influence and the company was incorporated in the VBG TRUCK EQUIPMENT division. During December 2012, the acquired operation contributed income of SEK 4.6 M and operating profit of SEK 1.6 M to the division. Taking into account acquisition-related costs totalling SEK 2.1 M, the division's and Group's operating profit was negatively impacted by SEK 0.5 M. The acquisition-related costs are included in administrative expenses in the Group's income statement for the 2012 financial year.

The purchase consideration for all shares in the company amounted to SEK 66.7 M in the Group. The Parent Company's cost for shares includes acquisition-related costs and amounted to SEK 68.8 M. According to the preliminary acquisition analysis, the acquisition-generated consolidated goodwill was SEK 50.5 M.

	Group
Purchase consideration – cash settled	66.7
Fair value of acquired net assets	<u>-16.2</u>
Goodwill	50.5

Goodwill is attributable to the acquired operation's customers relationships (which are non-separable), which have resulted in a high market share in the USA, and key synergy effects that are anticipated to arise with existing operations in VBG TRUCK EQUIPMENT.

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

	Group
	Fair value
Cash and cash equivalents	2.0
Property, plant and equipment	9.2
Inventories	6.7
Receivables	8.1
Liabilities	<u>-9.8</u>
Acquired net assets	16.2

Cash-settled purchase consideration	-66.7
Cash and cash equivalents in acquired subsidiary	<u>2.0</u>
Change in cash and cash equivalents upon acquisition	-64.7
Acquisition loan (5 years) in bank USD 5.0 M	<u>33.3</u>
Net change in cash and cash equivalents after financing	-31.4

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 20.2 M during the year (28.6). The operating loss for the year was SEK 9.1 M (loss: 7.7). Profit, after dividends from Group companies and financial items totalling SEK 71.6 M and SEK 1.3 M, respectively, amounted to SEK 63.8 M (loss: 48.6).

On 30 November 2012, 100 per cent of the shares were acquired in the US company Onspot of North America, for a cost of SEK 68.8 M, which is the main reason for the increase in long-term investments in 2012 to SEK 570.9 M (501.9).

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 2011, Note 2.

Proposed dividend

The Board of Directors of VBG GROUP AB (publ) proposes that the 2013 AGM resolve to approve an unchanged dividend of SEK 2.25 per share (2.25) for financial year 2012. The proposed dividend entails a total distribution of funds from the Parent Company equivalent to 4.3 per cent of the Group's equity at year end. The Group reported a post-tax profit equivalent to SEK 5.55 per share, which means that the proposed dividend comprises 40.5 per cent of net profit for the year.

Annual General Meeting and annual report

The 2013 Annual General Meeting will be held on 25 April at 5.00 p.m. in the company's offices at Herman Kreftings gata 4 in Vänersborg, Sweden. The annual report will be published on the company's website at the end of March 2013 and will also be available at VBG GROUP AB's offices in Vänersborg.

Financial information 2013/2014

Interim report 3 months	25 April 2013
AGM in Vänersborg	25 April 2013 at 5.00 p.m.
Interim report 6 months	22 August 2013
Interim report 9 months	23 October 2013
Year-end report 2013	February 2014

Related party transactions

There were no related party transactions in 2012 that significantly affected the company's financial position and results. Related party transactions during 2011 are disclosed in Note 5 in the annual report for 2011.

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 2011.

New pension recognition standard as of 2013

As of 1 January 2013, the amendment to IAS 19 Employee Benefits will come into force. The amendment entails that the Group will cease to apply the corridor approach and instead recognise all actuarial gains and losses in Other comprehensive income. For 2012, the change would have resulted in an increase of approximately SEK 30.7 M in the recognised portion of the pension liability, since the non-recognised portion of the pension liability can no longer be recognised outside the balance sheet. Equity would be reduced by a net amount of approximately SEK 22.8 M after taking deferred tax into account.

Auditor's review

This year-end report is unaudited.

Vänernborg, 19 February 2013

VBG GROUP AB (publ)

The Board of Directors

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 19 February 2013 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@vbgroup.com

Consolidated Income Statement and Statement of Comprehensive Income – Highlights				
(SEK M)	Q4 Oct-Dec 2012	Q4 Oct-Dec 2011	Full year 2012	Full year 2011
Net turnover	265.8	284.3	1,104.8	1,181.1
Cost of goods sold	-167.7	-177.4	-697.5	-749.6
Selling expenses	-43.1	-47.9	-178.8	-177.5
Administrative expenses	-26.1	-20.4	-95.8	-86.6
Research and development costs	-10.6	-13.2	-34.0	-28.5
Other operating income and expenses	1.4	-2.3	0.2	-0.6
Operating profit	19.7	23.1	98.9	138.3
Net financial items	-4.9	0.7	-4.7	-7.4
Profit after financial items	14.8	23.8	94.2	130.9
Tax	-1.9	-5.9	-24.8	-36.4
Profit for the period	12.9	17.9	69.4	94.5
Net profit for the period attributable to Parent Company shareholders	12.9	17.9	69.4	94.5
Depreciation and amortisation charged to profit	-7.4	-9.4	-33.1	-34.5
Other comprehensive income/loss				
Profit for the period	12.9	17.9	69.4	94.5
Translation differences pertaining to foreign operations	10.8	-25.6	-23.7	-4.6
Translation differences pertaining to hedge accounting for net investments in foreign operations	0.4	0.7	1.2	0.1
Other comprehensive income/loss, net after tax	11.2	-24.9	-22.5	-4.5
Comprehensive income/loss for the period	24.1	-7.0	46.9	90.0
Comprehensive income/loss for the period attributable to Parent Company shareholders	24.1	-7.0	46.9	90.0
Earnings per share, basic and diluted, SEK	1.03	1.43	5.55	7.56
Number of shares at end of period ('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

Turnover and earnings by segment (SEK M)		VBG TRUCK EQUIPMENT	EDSCHA TRAILER SYSTEMS	RINGFEDER POWER TRANSMISSION	Group-wide	Group
2012:						
Q4 Oct–Dec:	Net turnover	147.3	59.0	59.5		265.8
	Operating profit	17.6	0.7	4.3	-2.9	19.7
	Operating margin, %	11.9	1.2	7.2		7.4
	Net financial items				-4.9	-4.9
	Profit after fin. items					14.8
12 mon:	Net turnover	565.2	252.1	287.5		1,104.8
	Operating profit	57.1	9.7	47.9	-15.8	98.9
	Operating margin, %	10.1	3.9	16.7		9.0
	Net financial items				-4.7	-4.7
	Profit after fin. items					94.2
2011:						
Q4 Oct–Dec:	Net turnover	152.5	64.9	66.9		284.3
	Operating profit	22.0	-0.7	4.4	-2.6	23.1
	Operating margin, %	14.4	-1.1	6.6		8.1
	Net financial items				0.7	0.7
	Profit after fin. items					23.8
12 mon:	Net turnover	613.7	294.8	272.6		1,181.1
	Operating profit	94.0	22.5	35.4	-13.6	138.3
	Operating margin, %	15.3	7.6	13.0		11.7
	Net financial items				-7.4	-7.4
	Profit after fin. items					130.9

Consolidated Balance Sheet – Highlights (SEK M)	31/12 2012	31/12 2011
Goodwill	291.0	250.9
Other intangible assets	54.5	57.5
Property, plant and equipment	165.3	168.9
Long-term investments	4.4	1.0
Total non-current assets	515.2	478.3
Inventories	249.8	243.1
Receivables	191.6	196.9
Cash on hand, demand deposits and short-term investments	66.6	65.2
Total current assets	508.0	505.2
TOTAL ASSETS	1,023.2	983.5
Equity	655.4	636.6
Non-current liabilities	204.9	179.6
Current liabilities	162.9	167.3
TOTAL EQUITY AND LIABILITIES	1,023.2	983.5

Changes in Group equity (SEK M)	Full year 2012	Full year 2011
Opening equity according to Balance Sheet at 31 December	636.6	565.3
Total comprehensive income for the period	46.9	90.0
Dividend	-28.1	-18.7
Equity at end of period	655.4	636.6

Cash Flow Statement – Highlights (SEK M)	Full year 2012	Full year 2011
Cash flow from operating activities before changes in working capital	99.3	132.3
Change in working capital	-6.2	-1.4
Cash flow from operating activities	93.1	130.9
Cash flow from investing activities	-94.3	-25.9
Cash flow from financing activities	3.6	-85.1
Cash flow for the period	2.4	19.9
Cash and cash equivalents at start of year	65.2	46.1
Translation difference, cash and cash equivalents	-1.0	-0.8
Cash and cash equivalents at end of period	66.6	65.2
Unutilised overdraft facilities	118.6	121.9
Available cash and cash equivalents	185.2	187.1

Key figures for Group	Full year 2012	Full year 2011
Profit margin (ROS), %	8.5	11.1
Return on equity (ROE), %	10.7	15.7
Return on capital employed (ROCE), %	12.5	18.6
Equity/assets ratio, %	64.1	64.7
Equity per share, SEK	52.42	50.92
Cash flow per share (before change in working capital), SEK	7.94	10.58
Share price at end of period, SEK	91.00	75.75
Number of employees, average	518	477

Parent Company Income Statement (SEK M)	Full year 2012	Full year 2011
Net turnover	20.2	28.6
Operating expenses	-29.3	-36.3
Operating profit	-9.1	-7.7
Net financial items	72.9	-40.9
Profit/loss after financial items	63.8	-48.6
Appropriations	4.1	1.6
Tax	-0.4	-0.2
Profit/loss after tax	67.5	-47.2

Parent Company Balance Sheet (SEK M)	31/12 2012	31/12 2012
Intangible assets	12.1	14.2
Property, plant and equipment	6.7	7.3
Long-term investments	570.9 ¹	501.9
Total non-current assets	589.7	523.4
Receivables	111.4	92.3
Cash on hand, demand deposits and short-term investments	11.8	18.8
Total current assets	123.2	111.1
TOTAL ASSETS	712.9	634.5
Equity	380.8	341.4
Untaxed reserves	23.1	27.1
Provisions	10.6	9.8
Non-current liabilities	48.0	22.5
Current liabilities	250.4	233.7
TOTAL EQUITY AND LIABILITIES	712.9	634.5

¹ The increase in long-term investments in 2012 was mainly attributable to the acquisition of shares in Onspot of North America, with a cost of SEK 68.8 M.