

# Q2 VBG GROUP INTERIM REPORT JANUARY–JUNE 2018

The VBG Group is an **international industrial group** with some **1,600 employees in 18 countries**. The Parent Company VBG Group AB is a long-term owner that provides active management of the Group's four wholly owned divisions through **considerable industrial expertise, a strong corporate culture and financial resilience**.

SEK **931** M

Consolidated sales increased to SEK 931.2 M (777.2) in the second quarter.

SEK **117** M

Operating profit increased to SEK 117.3 M (98.5) in the second quarter.



# INTERIM REPORT

## JANUARY–JUNE 2018

### Second quarter of 2018:

- Consolidated sales increased by 19.8 per cent to **SEK 931.2 M** (777.2).
- Operating profit rose to **SEK 117.3 M** (98.5), with a margin of 12.6 per cent (12.7).
- Profit after financial items amounted to **SEK 105.6 M** (93.6), with a profit margin of 11.3 per cent (12.0).
- The Group's profit after tax amounted to **SEK 77.8 M** (70.1).
- Earnings per share<sup>1</sup> amounted to **SEK 3.11** (2.80).

### First half of 2018:

- Consolidated sales increased by 13.1 per cent to **SEK 1,748.9 M** (1,545.8).
- Operating profit was **SEK 222.5 M** (201.2), with a margin of 12.7 per cent (13.0).
- Profit after financial items amounted to **SEK 191.1 M** (187.8), with a profit margin of 10.9 per cent (12.2).
- The Group's profit after tax totalled **SEK 141.3 M** (136.7).
- Earnings per share<sup>2</sup> amounted to **SEK 5.65** (6.43).

<sup>1</sup> The average number of shares during the second quarter was, in thousands, 25,004 (25,004).

<sup>2</sup> The average number of shares during the first half of the year was, in thousands, 25,004 (21,253).

### KEY FIGURES

Group, SEK M	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full-year 2017
Net sales	931.2	777.2	1,748.9	1,545.8	3,002.0
Operating profit before depreciation/amortisation (EBITDA)	137.3	117.6	261.7	239.5	428.3
Operating profit before intangible assets (EBITA)	125.3	106.4	238.3	217.1	382.8
Operating profit (EBIT)	117.3	98.5	222.5	201.2	351.1
Operating profit after financial items (EBT)	105.6	93.6	191.1	187.8	315.6
Profit after tax	77.8	70.1	141.3	136.7	220.5
Earnings per share, SEK	3.11	2.80	5.65	6.43	9.62
Cash flow from operating activities	37.0	38.5	110.0	112.8	243.7
ROE (cumulative), %	13.4	15.8	13.4	15.8	12.3
Equity/assets ratio, %	53.9	51.7	53.9	51.7	54.7
Average number of employees	—	—	1,527	1,440	1,446
Average number of shares during the period	25,004	25,004	25,004	21,253	22,920
Number of outstanding shares	25,004	25,004	25,004	25,004	25,004

# THIS IS THE VBG GROUP

VBG Group AB (publ), domiciled in Vänersborg, is the Parent Company of an international engineering Group with wholly owned companies in the USA, Canada, India, Brazil, China, Australia, South Africa and nine countries in Europe. The Group's operations are grouped into four divisions — VBG Truck Equipment, Edscha Trailer Systems, Mobile Climate Control 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 Stockholm Mid Cap list.

## Vision

We are number one or two globally in the industrial niches in which we are active. We make a difference by creating the products and services of the future.

## Business concept

The VBG Group will, within selected product and market segments, acquire, own and develop industrial companies in business-to-business commerce with strong brands and good growth potential. Based on a long-term commitment and with a focus on growth and profitability, the VBG Group's shareholders will be offered attractive value growth.

## Goals

- > 10 per cent in average annual sales growth over a five-year period, of which 5 per cent attributable to actual organic growth and 5 per cent to structural growth.

- > 12 per cent in average operating margin (EBIT) rolling five years.

## Strategies

The Parent Company, VBG Group AB, is responsible for the strategic governance of the Group as a whole, which entails the approval and follow-up of divisional targets and strategies, providing support in the form of industrial expertise and identifying and conducting strategic acquisitions. Furthermore, the Parent Company is responsible for allocating capital, strategic HR and IT work and the operation of all shared IT systems.

## Strategies for the divisions:

- Strong brands and leading market positions in selected niches
- High customer value in the products
- Diversified customer base
- International expansion

## Stable ownership situation

The VBG Group's principal owners comprise three foundations that were established by the Group's founder, Herman Krefting. This ownership structure has historically provided a high degree of financial stability, which in turn has resulted in solid total returns for shareholders.

## VBG GROUP IN THE WORLD















The VBG Group has 31 wholly owned companies in 16 countries and more than 1,600 employees in 18 countries worldwide.

- Own companies
- Importers/Agents
- 📍 VBG Truck Equipment
- 📍 Edscha Trailer Systems
- 📍 Mobile Climate Control
- 📍 Ringfeder Power Transmission

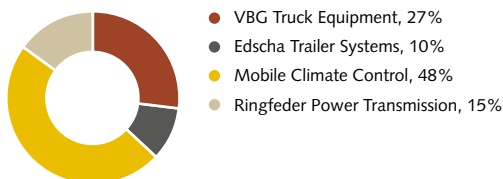


This is the VBG Group, cont.

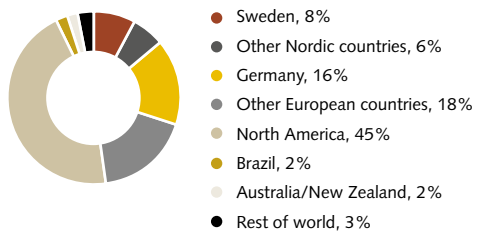
## Our divisions

DIVISIONS	BRANDS
	<p><b>VBG TRUCK EQUIPMENT</b></p> <p>By virtue of its own strong brands, the division is an internationally leading supplier of coupling equipment for trucks with heavy trailers. The division accounts for more than 50 per cent of the global market via the Ringfeder and VBG brands. The division also has Onspot — automatic tyre chains with a world-leading position in its niche.</p>   
	<p><b>EDSCHA TRAILER SYSTEMS</b></p> <p>By virtue of its own strong brands, the division is an internationally leading supplier of sliding roofs to tarpaulin-covered trailers and tipper vehicles, as well as sliding bow roofs to railway wagons. The division accounts for approximately 40 per cent of the global market for sliding roofs via the Edscha Trailer Systems and Sesam brands.</p>  
	<p><b>MOBILE CLIMATE CONTROL</b></p> <p>By virtue of its own strong brand, the division is an industry-leading supplier of complete climate control systems (HVAC systems) to commercial motor vehicles, primarily in North America and Europe. The customers are mainly found in four market segments: buses, off-road vehicles, utility vehicles and defence vehicles.</p> 
	<p><b>RINGFEDER POWER TRANSMISSION</b></p> <p>By virtue of its own strong brands, the division is a recognised global market leader in selected niches within mechanical power transmission and energy and shock absorption. The division's brands are Ringfeder, Tschan, Henfel and Gerwah. The customers are found in such widely disparate industrial markets as construction, machinery, power and mining.</p>    

SALES BY DIVISION



SALES BY MARKET



## FAVOURABLE ORGANIC GROWTH IN THE GROUP

VBG Group's main markets remain strong and we can see no clear indications of a slowdown. The market situation is also clearly reflected in sales by the divisions. They again reported earnings at favourable levels and we continue to note, on the whole, good organic growth in the Group, particularly for Mobile Climate Control, which — with its robust growth agenda — expanded significantly by winning market shares in a growing market. The greatest cause for rejoicing this quarter is, however, Edscha Trailer Systems. It is positive to now witness the real effect of the measures taken by the division.

Earnings per share in the second quarter are higher year-on-year, though slightly lower year-on-year for the first half of the year. This is due to the higher number of shares in the company in 2018 compared with the previous year, arising from the new share issue in the first quarter of 2017.

**//** The divisions have again reported earnings at favourable levels and we continue to note, on the whole, good organic growth in the Group, particularly for Mobile Climate Control, which expanded significantly.



**VBG Truck Equipment — continued scope to build for the future**

VBG Truck Equipment's profit for the second quarter met expectations. The division reported healthy profitability and, in absolute terms, a slightly better operating profit compared with the corresponding quarter of the preceding year. Earnings are still impacted by our investments in product development and the digitalisation of marketing and sales, though this is entirely according to plan. Now is the time for VBG Truck Equipment to build for the future.

**Edscha Trailer Systems — very pleasing progress**

Edscha Trailer Systems noted a strong start to the year and I am delighted to report that the highly positive development continued in the second quarter. Profitability has not been higher for this quarter since 2008 — shortly before the financial crisis hit. I consider the good performance as confirmation that the measures implemented by the division to optimise operations have been successful and that the drop in earnings in recent years was temporary. The new management is now well established and is working energetically with developing the business towards continued growth and solid profitability.

**Mobile Climate Control — accelerating organic growth but unchanged profitability**

Mobile Climate Control accounted for a large share of the Group's organic growth during the second quarter of the year. Strong demand in the off-road vehicles and bus segments, in combination with gains in market shares in the bus segment, is fuelling growth in the division. Growing transport needs in society not only increases sales of new vehicles, it also creates higher demand for spare and wear parts, because the existing vehicle fleet is being used extensively. This trend also noticeably favours Mobile Climate Control's aftermarket business.

Taken together, this has enabled Mobile Climate Control to report very strong sales for both this quarter and the first half of the year. However, the growth has resulted in considerable pressure on internal processes, primarily in "supply chain", as the division's products must be adapted to new customers' vehicles. Mobile Climate Control's suppliers are also working at high capacity and have sometimes found it difficult to deliver on time, which gave rise to disruptions in production. Therefore, the division's profitability did not fully reach the level I expect to see.

It is positive that a growing number of the division's deliveries are products adapted to electric vehicles, even if this business is still relatively small. It is reassuring to see that Mobile Climate Control is part of the electrification of the vehicle automotive industry and is winning contracts, as we are investing substantial resources in this area.

**Ringfeder Power Transmission — as expected but with potential for improvement**

For the second quarter, Ringfeder Power Transmission presented results that were entirely as expected, both in terms of sales and profitability. Restructuring in recent years to improve profitability has established the division at a higher level of profitability, though there is still potential to improve profitability further. Some areas of the restructuring work are still ongoing and I expect to see the full effect of these measures in 2019.

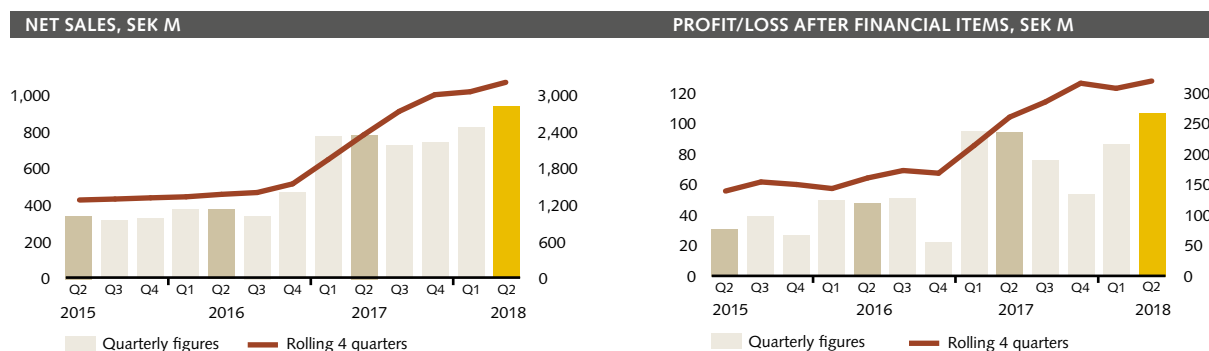


## GROUP TREND

SEK M	6 months 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016	Q3 2016
Net sales	1,748.9	931.2	817.7	3,002.0	737.0	719.2	1,545.8	777.2	768.6	1,543.9	464.7	335.2
Adjusted operating profit	222.5	117.3	105.2	358.6	75.7	81.7	201.2	98.5	102.7	196.7	45.1	51.7
Adjusted operating margin, %	12.7	12.6	12.9	11.9	10.3	11.4	13.0	12.7	13.4	12.7	9.7	15.4
Items affecting comparability	—	—	—	-7.5 <sup>2</sup>	-7.5 <sup>2</sup>	—	—	—	—	-12.7 <sup>1</sup>	-12.7 <sup>1</sup>	—
Reported operating profit	222.5	117.3	105.2	351.1	68.2	81.7	201.2	98.5	102.7	184.0	32.4	51.7
Reported operating margin, %	12.7	12.6	12.9	11.7	9.2	11.4	13.0	12.7	13.4	11.9	7.0	15.4
Profit after financial items	191.1	105.6	85.6	315.6	52.7	75.1	187.8	93.6	94.2	168.2	21.7	50.5
Profit margin, %	10.9	11.3	10.5	10.5	7.1	10.4	12.2	12.0	12.3	10.9	4.7	15.1
Profit after tax	141.3	77.8	63.5	220.5	30.6	53.2	136.7	70.1	66.6	120.8	9.5	40.0
Earnings per share, SEK	5.65	3.11	2.54	9.62	1.34	2.36	6.43	2.80	3.80	9.66	0.76	3.20
ROE (cumulative), %	13.4	13.4	12.3	12.3	12.3	14.0	15.8	15.8	17.6	12.7	12.7	15.8
ROCE (cumulative), %	14.1	14.1	13.5	10.7	10.7	11.0	11.0	11.0	13.7	12.7	12.7	18.0
Equity/assets ratio, %	53.9	53.9	54.1	54.7	54.7	53.0	51.7	51.7	51.0	29.1	29.1	71.1

<sup>1</sup> Negative SEK 7.9 M in costs attributable to the acquisition of Mobile Climate Control, and negative SEK 4.8 M pertaining to costs for an action programme to increase profitability in Ringfeder Power Transmission.

<sup>2</sup> Negative SEK 7.5 M in reorganisation costs relating to Edscha Trailer Systems pertaining to measures to increase profitability.



### Sales and earnings

#### Second quarter of 2018

Sales of SEK 931.2 M (777.2) were 19.8 per cent higher compared with the second quarter of 2017. Adjusted for movements in exchange rates between the quarters, the actual organic growth was 18.0 per cent.

The Group's operating profit increased to SEK 117.3 M (98.5), with an operating margin of 12.6 per cent (12.7). Operating profit included Group-wide overheads of SEK 6.5 M (6.0) that are not allocated to the divisions.

Net interest expense was SEK 8.6 M (expense: 10.8) and the quarter's currency effect on foreign-currency denominated credits was a negative SEK 3.2 M (pos: 5.9). Taken together, this resulted in a net financial expense of SEK 11.8 M (expense: 4.9). Accordingly, profit after financial items amounted to SEK

105.6 M (93.6). Profit after tax totalled SEK 77.8 M (70.1) and earnings per share amounted to SEK 3.11 (2.80).

#### First half of 2018

Sales of SEK 1,748.9 M (1,545.8) were 13.1 per cent higher year-on-year. Actual organic volume growth was 12.7 per cent after adjustment for exchange rate changes between the six-month periods.

Operating profit amounted to SEK 222.5 M (201.2), with an operating margin of 12.7 per cent (13.0). The operating profit included Group-wide overheads in the Parent Company of SEK 9.4 M (10.3) that were not allocated to the divisions.

The Group's net interest expense for the first half of the year was SEK 17.3 M (expense: 23.3) and the first half of the year's currency effect on foreign-currency denominated cred-

its was a negative SEK 14.1 M (pos: 9.9). Taken together, this resulted in a net financial expense of SEK 31.4 M (expense: 13.4). Profit after financial items was, accordingly, SEK 191.1 M (187.8), profit after tax totalled SEK 141.1 M (136.7) and earnings per share amounted to SEK 5.65 (6.43).

For the first six months of the year, return on capital employed was 14.1 per cent (11.0) and return on equity was 13.4 per cent (15.8). The Group's equity/assets ratio declined slightly to 53.9 per cent (54.7 at year-end).

#### Capital expenditures

The Group's new capital expenditures during the second quarter amounted to SEK 20.7 M (19.3), while total new capital expenditures for the first half of the year amounted to SEK 29.3 M (26.6).

#### Financial position

Profit after tax for the first six months of the year amounted to SEK 141.3 M (136.7). Other comprehensive income during the first half of the year amounted to a profit of SEK 49.4 M (loss: 28.0), corresponding to total comprehensive income of SEK 190.7 M (108.7).

After the payment of dividends totalling SEK 81.3 M (43.8) to the shareholders, equity amounted to SEK 2,114.3 M at 30 June (2,004.9 at year-end). The equity/assets ratio was 53.9 per cent at 30 June (54.7 at year-end). In June, a total of SEK 40 M was paid off for bank loans in SEK and USD. The Group's cash and cash equivalents declined by SEK 34.5 M during the first six months to SEK 286.9 M at 30 June (321.4 at year-end). In addition, there were unutilised overdraft facilities of SEK 100.0 M, which means the Group at the end of June had available liquidity of SEK 386.9 M (421.4).

The Group's interest-bearing net debt (including pension liability) increased by SEK 32.2 M, amounting to SEK 774.5 M at 30 June (742.3).

The ratio of interest-bearing net debt to equity was 0.37 at 30 June 2018 (0.37 at 31 December 2017) and the ratio of net debt to consolidated operating profit before depreciation/amortisation and impairment (EBITDA) was 1.72 (1.73). The Group's goodwill increased by SEK 12.4 M due to currency effects and amounted at the end of June to SEK 1,131.3 M (1,118.9 at year-end), which in relation to equity amounted to a ratio of 0.54 (0.56).

#### Cash flow

Cash flow from operating activities during the first half of the year amounted to SEK 110.0 M (112.8). Paid new capital expenditures during the period amounted to SEK 28.0 M (26.6). During the first half of the year, dividends totalling SEK 81.3 M (43.8) were paid to the shareholders and the Group's total non-current and current financial liabilities declined SEK 38.1 M (65.5 net after the new share issue was implemented in first quarter of 2017), which resulted in a negative cash flow from financing activities of SEK 119.4 M (neg: 109.3). Consequently, net cash flow for the period was a negative amount of SEK 37.4 M (neg: 23.1).

#### Personnel

At 30 June 2018, there were 1,606 employees in the VBG Group (1,502 at year-end), of which 216 (211) in Sweden. During the first half of the year, the Group employed an average of 1,527 persons (1,440 during the year-earlier period). Of these 1,527 employees, 216 (182) were active in Sweden. The cost of salaries and social security contributions was SEK 394.1 M (365.0).

#### Per share data

Earnings per share for the first half of the year amounted to SEK 5.65 (6.43), and the reduction was due to the fact that the average number of shares for the first half of the year was 25,004,048 compared with 21,253,424 shares during the same period one year earlier.

Equity per share (total outstanding shares at the end of the period) was SEK 84.56 at 30 June 2018, compared with SEK 74.75 at the same time last year and SEK 80.18 at year-end. The number of shareholders increased by 116 in the second quarter and amounted to 4,600 at 30 June (4,670 at year-end).



## VBG TRUCK EQUIPMENT



### SECOND QUARTER OF 2018

- Sales rose to **SEK 231.8 M** (202.3).
- EBITA increased to **SEK 38.0 M** (36.3), with an EBITA margin of 16.4 per cent (18.1).

### FIRST HALF OF 2018

- Sales rose to **SEK 471.2 M** (428.1).
- EBITA increased to **SEK 95.5 M** (89.9), with an EBITA margin of 20.3 per cent (21.0).

SALES/EARNINGS												
SEK M	6 months 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016	Q3 2016
Net sales	471.2	231.8	239.4	836.7	223.1	185.5	428.1	202.3	225.8	757.3	197.5	172.3
EBITDA	103.5	42.0	61.5	184.6	50.4	37.4	97.1	39.8	57.0	163.3	43.3	39.8
EBITA	95.5	38.0	57.5	170.8	46.7	34.1	89.9	36.3	53.6	149.2	39.8	36.3
EBITA margin, %	20.3	16.4	24.0	20.4	21.3	18.4	21.0	18.1	23.7	19.7	20.2	21.1
Operating profit (EBIT)	95.4	37.9	57.5	169.8	46.5	33.9	89.4	36.1	53.3	147.2	39.3	35.8
Operating margin (EBIT), %	20.2	16.4	24.0	20.3	20.8	18.3	20.9	17.9	23.6	19.4	19.9	20.8

SALES BY MARKET												
SEK M	6 months 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016	Q3 2016
Sweden	126.9	62.1	64.9	199.0	48.7	44.0	106.3	50.3	56.0	204.4	55.7	45.4
Other Nordic countries	76.6	38.2	38.3	135.9	32.6	28.0	75.3	34.3	41.0	125.1	31.7	27.4
Germany	72.1	35.4	36.8	118.8	29.8	28.6	60.4	27.2	33.2	106.4	24.8	23.8
Other European countries	110.2	56.5	53.6	196.5	47.0	44.7	104.8	50.3	54.5	178.0	41.8	40.4
North America	39.5	19.2	20.3	92.0	28.6	20.5	42.9	18.8	24.1	85.6	29.2	18.7
Australia/New Zealand	32.4	10.0	22.4	67.7	22.9	16.3	28.5	15.1	13.4	44.7	10.7	12.2
Rest of world	13.5	10.4	3.1	26.8	13.6	3.4	9.8	6.3	3.6	13.1	3.6	4.4
<b>VBG Truck Equipment</b>	<b>471.2</b>	<b>231.8</b>	<b>239.4</b>	<b>836.7</b>	<b>223.1</b>	<b>185.5</b>	<b>428.1</b>	<b>202.3</b>	<b>225.8</b>	<b>757.3</b>	<b>197.5</b>	<b>172.3</b>

## Sales and earnings

### Second quarter of 2018

VBG Truck Equipment reported another strong quarter, in terms of sales and operating profit (EBITA). Sales for the quarter grew by 14.6 per cent year-on-year to SEK 231.8 M (202.3), with the highest sales growth noted in Europe, particularly in Sweden and Germany. Adjusted for exchange rate changes year-on-year, where the average USD rate between the quarters weakened by 1.6 per cent while the EUR, which is a more important currency for the division, strengthened 6.7 per cent, the actual organic growth was 10.8 per cent.

EBITA, operating profit excluding amortisation of intangible assets, for VBG Truck Equipment rose year-on-year to SEK 38.0 M (36.3) with an EBITA margin of 16.4 per cent (18.1).

### First half of 2018

Sales in VBG Truck Equipment for the first half of the year increased 10.1 per cent year-on-year to SEK 471.2 M (428.1). The highest sales growth was noted in Sweden, Germany and Rest of world. Adjusted for exchange rate changes, where the average USD rate between the quarters weakened by 5.4 per cent while the EUR strengthened 5.8 per cent, the actual organic growth was 7.6 per cent.

During the first six months, VBG Truck Equipment's EBITA increased to SEK 95.5 M (89.9), with an EBITA margin of 20.3 per cent (21.0).

During the first half of the year, the division's working capital also increased SEK 19.6 M to SEK 214.2 M and, plus property, plant and equipment, operating capital amounted to SEK 300.2 M at the end of June (284.3 at year-end).

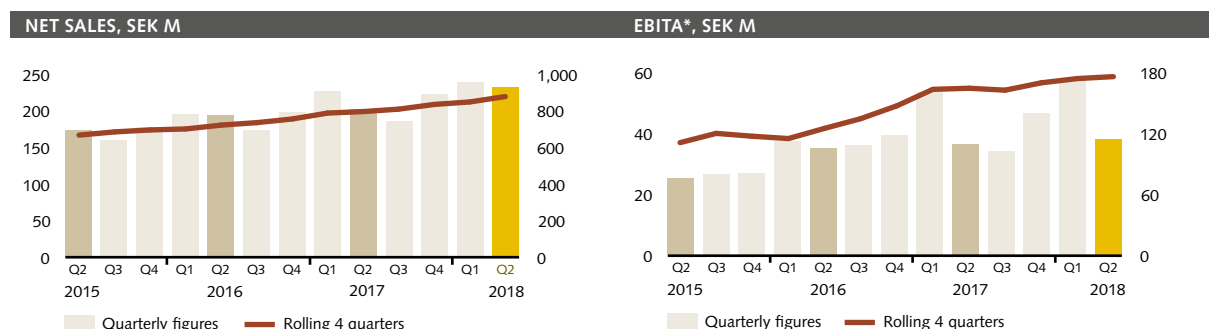
The division's return on operating capital (ROOC), where EBITDA on a rolling four-quarter basis, SEK 191.3 M, is put in relation to average operating capital for the past four quarters, SEK 284.6 M, was 67.2 per cent (78.0 per cent annual value in 2017).

### Investments and depreciation/amortisation

VBG Truck Equipment's investments during the second quarter amounted to SEK 2.1 M (5.1), while total new capital expenditures for the first half of the year amounted to SEK 4.2 M (8.2). Depreciation/amortisation during the quarter totalled SEK 4.1 M (3.9) and totalled SEK 8.1 M (7.6) for the first half of the year.

### Personnel

During the first half of the year, VBG Truck Equipment employed an average of 271 persons (269 during the year-earlier period). At 30 June 2018, there were 282 employees in the division (282 on 30 June 2017), compared with 278 employees at year-end.



\* Before items affecting comparability.

## EDSCHA TRAILER SYSTEMS



### SECOND QUARTER OF 2018

- Sales rose to **SEK 88.6 M** (69.3).
- EBITA was **SEK 14.6 M** (8.8), with an EBITA margin of 16.4 per cent (12.8).

### FIRST HALF OF 2018

- Sales rose to **SEK 177.3 M** (138.8).
- EBITA was **SEK 27.5 M** (18.2), with an EBITA margin of 15.5 per cent (13.1).

#### SALES/EARNINGS

SEK M	6 months 2018	Q2 2018	Q1 2018	Full- year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full- year 2016	Q4 2016	Q3 2016
Net sales	177.3	88.6	88.7	259.7	63.4	57.5	138.8	69.3	69.5	270.5	66.0	61.2
Adjusted EBITDA	30.2	15.9	14.2	31.7	7.4	3.4	20.9	10.2	10.7	40.4	8.5	8.7
Adjusted EBITA	27.5	14.6	13.0	26.3	6.0	2.0	18.2	8.8	9.4	35.0	7.2	7.4
Adjusted EBITA margin, %	15.5	16.4	14.6	10.1	9.5	3.5	13.1	12.8	13.6	12.9	10.8	12.0
Adjusted operating profit (EBIT)	25.0	13.3	11.7	21.1	4.7	0.7	15.8	7.6	8.2	30.0	5.9	6.1
Adjusted operating margin (EBIT), %	14.1	15.0	13.2	8.1	7.4	1.2	11.3	10.9	11.8	11.1	8.9	10.0
Items affecting comparability	—	—	—	-7.5 <sup>1</sup>	-7.5 <sup>1</sup>	—	—	—	—	—	—	—
Reported operating profit/loss (EBIT)	25.0	13.3	11.7	13.6	-2.8	0.7	15.8	7.6	8.2	30.0	5.9	6.1
Reported operating margin (EBIT), %	14.1	15.0	13.2	5.3	-4.5	1.2	11.3	10.9	11.8	11.1	8.9	10.0

<sup>1</sup> Negative SEK 7.5 M in reorganisation costs relating to Edscha Trailer Systems pertaining to measures to increase profitability.

#### SALES BY MARKET

SEK M	6 months 2018	Q2 2018	Q1 2018	Full- year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full- year 2016	Q4 2016	Q3 2016
Sweden	0.1	0.1	0.1	0.2	0.0	0.1	0.1	0.0	0.1	0.3	0.1	0.0
Other Nordic countries	0.7	0.3	0.3	1.3	0.2	0.5	0.7	0.4	0.3	0.9	0.1	0.2
Germany	87.5	43.4	44.4	147.0	36.5	31.9	78.5	37.1	41.4	159.8	28.2	40.8
Other European countries	88.4	44.5	43.9	110.3	26.5	25.0	58.7	31.1	27.6	108.4	37.5	20.1
Rest of world	0.6	0.3	0.0	0.9	0.1	0.0	0.8	0.7	0.1	1.1	0.1	0.1
<b>Edscha Trailer Systems</b>	<b>177.3</b>	<b>88.6</b>	<b>88.7</b>	<b>259.7</b>	<b>63.4</b>	<b>57.5</b>	<b>138.8</b>	<b>69.3</b>	<b>69.5</b>	<b>270.5</b>	<b>66.0</b>	<b>61.2</b>

## Sales and earnings

### Second quarter of 2018

Edscha Trailer Systems followed a favourable first quarter with a strong second quarter, when sales increased by a full 27.8 per cent to SEK 88.6 M (69.3). The large increase was partly due to positive exchange rate effects in the translation of sales in EUR to SEK. Adjusted for exchange rate effects, the actual organic growth was still substantial at 19.6 per cent.

EBITA for the quarter increased to SEK 14.6 M (8.8), with an EBITA margin of 16.4 per cent (12.8).

### First half of 2018

The first half of the year for Edscha Trailer Systems was the strongest since the boom years before the financial crisis in 2008. The division's sales increased by a full 27.7 per cent to SEK 177.3 M (138.8), though excluding the positive exchange rate effects in the translation of sales in EUR to SEK, the actual organic growth was 20.6 per cent.

EBITA for the first half of the year increased to SEK 27.5 M (18.2), with an EBITA margin of 15.5 per cent (13.1). During the first half of the year, the division's working capital also increased SEK 14.0 M to SEK 88.8 M and, plus property, plant and equipment, operating capital amounted to SEK 124.6 M at the end of June (110.2 at year-end).

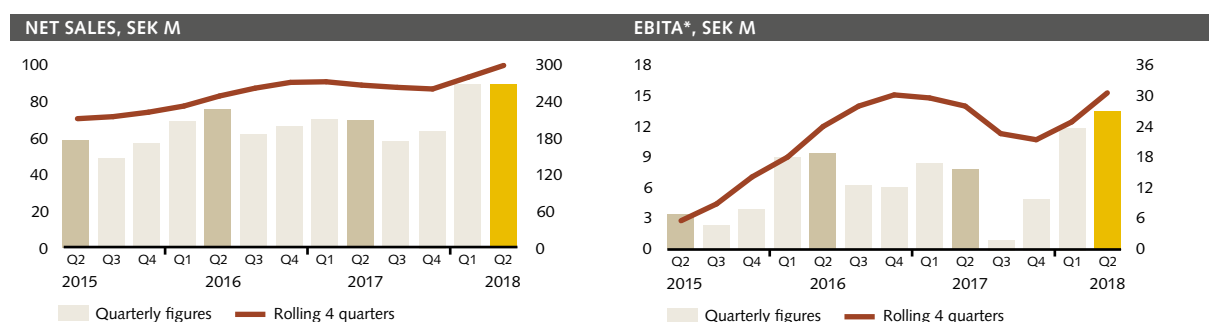
The division's return on operating capital (ROOC), where adjusted EBITDA on a rolling four-quarter basis, SEK 40.9 M, is put in relation to average operating capital for the past four quarters, SEK 115.3 M, was 35.5 per cent (30.3 per cent annual value in 2017).

## Investments and depreciation/amortisation

Edscha Trailer Systems' investments during the second quarter amounted to SEK 0.8 M (0.0), while total new capital expenditures for the first half of the year amounted to SEK 1.0 M (0.0). Depreciation/amortisation during the quarter totalled SEK 2.6 M (2.4) and totalled SEK 5.1 M (4.8) for the first half of the year.

## Personnel

During the first half of the year, Edscha Trailer Systems employed an average of 86 persons (86 during the year-earlier period). At 30 June 2018, there were 92 employees in the division (89 on 30 June 2017), compared with 85 employees at year-end.



## MOBILE CLIMATE CONTROL



### SECOND QUARTER OF 2018

- Sales rose to **SEK 476.8 M** (383.2).
- EBITA increased to **SEK 61.4 M** (49.5), with an EBITA margin of 12.9 per cent (12.9).

### FIRST HALF OF 2018

- Sales rose 15.7 per cent to **SEK 845.1 M** (730.7).
- EBITA increased to **SEK 90.2 M** (83.5), with an EBITA margin of 10.7 per cent (11.4).

SALES/EARNINGS												
SEK M	6 months 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016	Q3 2016
Net sales	845.1	476.8	368.3	1,426.7	338.6	357.4	730.7	383.2	347.5	101.4	101.4	
EBITDA	96.4	64.7	31.7	160.8	28.6	42.8	89.5	52.4	37.0	6.5	6.5	
EBITA	90.2	61.4	28.8	149.0	25.6	39.9	83.5	49.5	34.1	5.1	5.1	
EBITA margin, %	10.7	12.9	7.8	10.4	7.6	11.2	11.4	12.9	9.8	5.0	5.0	
Operating profit (EBIT)	79.4	56.0	23.4	127.9	20.3	34.6	73.0	44.2	28.8	5.0	5.0	
Operating margin (EBIT), %	9.4	11.8	6.3	9.0	6.0	9.7	10.0	11.5	8.3	4.9	4.9	

SALES BY MARKET												
SEK M	6 months 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016	Q3 2016
Sweden	19.4	10.1	9.4	37.3	8.0	8.2	21.0	9.2	11.9	2.9	2.9	
Other Nordic countries	18.1	9.8	8.3	28.6	7.9	8.3	12.4	6.8	5.6	1.7	1.7	
Germany	15.5	7.7	7.8	24.1	6.3	7.0	10.9	5.7	5.2	3.5	3.5	
Other European countries	78.9	39.6	39.3	152.8	37.3	38.2	77.4	39.0	38.4	10.9	10.9	
North America	695.7	398.7	297.0	1,155.7	273.6	288.2	593.9	314.4	279.5	78.5	78.5	
Rest of world	17.4	10.9	6.5	28.2	5.7	7.4	15.1	8.1	7.0	4.0	4.0	
<b>Mobile Climate Control</b>	<b>845.1</b>	<b>476.8</b>	<b>368.3</b>	<b>1,426.7</b>	<b>338.6</b>	<b>357.4</b>	<b>730.7</b>	<b>383.2</b>	<b>347.5</b>	<b>101.4</b>	<b>101.4</b>	

### **Sales and earnings**

#### *Second quarter of 2018*

Sales for the second quarter grew by 24.4 per cent year-on-year to SEK 476.8 M (383.2), with the strongest sales growth noted primarily in the important North American market. Adjusted for exchange rate changes, where the average USD rate strengthened by 1.6 per cent year-on-year in the second quarter, the actual organic growth was 24.0 per cent.

EBITA for Mobile Climate Control increased to SEK 61.4 M (49.5) with an EBITA margin of 12.9 per cent (12.9).

#### *First half of 2018*

Mobile Climate Control reported strong growth in the first half of the year and sales increased by 15.7 per cent year-on-year to SEK 845.1 M (730.7). Adjusted for exchange rate changes, where the average USD rate weakened by 5.4 per cent year-on-year, actual organic growth for the first half of the year was 17.6 per cent.

EBITA for Mobile Climate Control increased to SEK 90.2 M (83.5) with an EBITA margin of 10.7 per cent (11.4).

During the first half of the year, the division's working capital increased sharply by SEK 102.6 M to SEK 401.7 M and, plus property, plant and equipment, operating capital amounted to SEK 512.0 M at the end of June (404.1 at year-end).

The division's return on operating capital (ROOC), where EBITDA on a rolling four-quarter basis, SEK 167.8 M, is put in relation to average operating capital for the past four quarters, SEK 432.1 M, was 38.8 per cent (43.8 per cent annual value in 2017).

### **Investments and depreciation/amortisation**

Mobile Climate Control's investments during the second quarter amounted to SEK 12.5 M (2.1), while total new capital expenditures for the first half of the year amounted to SEK 16.9 M (4.0). Depreciation/amortisation during the second quarter totalled SEK 8.6 M (8.2) and totalled SEK 16.9 M (16.5) for the first half of the year.

### **Personnel**

During the first half of the year, Mobile Climate Control employed an average of 850 persons (763 during the year-earlier period). At 30 June 2018, there were 878 employees in the division (756 on 30 June 2017), compared with 785 employees at year-end.



## RINGFEDER POWER TRANSMISSION



### SECOND QUARTER OF 2018

- Sales rose to **SEK 134.0 M** (122.4).
- EBITA increased to **SEK 17.7 M** (17.6), with an EBITA margin of 13.2 per cent (14.4).

### FIRST HALF OF 2018

- Sales rose to **SEK 255.3 M** (248.2).
- EBITA was **SEK 34.2 M** (35.4), with an EBITA margin of 13.4 per cent (14.2).

#### SALES/EARNINGS

SEK M	6 months 2018	Q2 2018	Q1 2018	Full- year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full- year 2016	Q4 2016	Q3 2016
Net sales	255.3	134.0	121.4	479.1	112.0	118.8	248.2	122.4	125.8	414.7	99.9	101.7
Adjusted EBITDA	40.7	21.0	19.6	76.7	15.6	19.5	41.6	20.6	21.0	46.7	6.1	16.3
Adjusted EBITA	34.2	17.7	16.5	64.4	12.5	16.5	35.4	17.6	17.8	33.9	2.9	13.1
Adjusted EBITA margin, %	13.4	13.2	13.6	13.4	11.1	13.9	14.2	14.4	14.1	8.2	2.9	12.9
Adjusted operating profit (EBIT)	32.0	16.6	15.4	60.3	11.5	15.5	33.3	16.6	16.7	29.0	1.7	11.9
Adjusted operating margin (EBIT), %	12.5	12.4	12.7	12.6	10.2	13.0	13.4	13.6	13.3	7.0	1.7	11.7
Items affecting comparability	—	—	—	—	—	—	—	—	—	-4.8 <sup>1</sup>	-4.8 <sup>1</sup>	—
Reported operating profit/loss (EBIT)	32.0	16.6	15.4	60.3	11.5	15.5	33.3	16.6	16.7	24.2	-3.1	11.9
Reported operating margin (EBIT), %	12.5	12.4	12.7	12.6	10.3	13.0	13.4	13.5	13.3	5.8	-3.1	11.7

<sup>1</sup> A negative SEK 4.8 M pertaining to an action programme to increase profitability.

#### SALES BY MARKET

SEK M	6 months 2018	Q2 2018	Q1 2018	Full- year 2017	Q4 2017	Q3 2017	6 months 2017	Q2 2017	Q1 2017	Full- year 2016	Q4 2016	Q3 2016
Sweden	2.2	1.2	1.0	4.6	1.3	1.1	2.2	0.7	1.5	4.2	0.9	1.3
Other Nordic countries	3.2	1.7	1.6	4.0	0.9	1.1	1.9	0.9	1.0	5.1	1.3	1.1
Germany	93.0	47.5	46.0	170.3	37.7	43.1	89.5	43.5	46.0	153.8	36.7	38.9
Other European countries	31.0	17.8	13.3	62.2	14.6	15.3	32.3	15.7	16.6	52.1	13.2	12.2
North America	57.4	31.1	26.4	101.1	24.3	24.2	52.6	26.0	26.6	87.1	22.8	19.7
Brazil	27.9	12.7	15.2	66.7	16.0	16.2	34.5	18.9	15.6	56.7	14.5	12.7
Australia/New Zealand	5.5	2.9	2.6	11.5	1.9	2.5	7.1	2.5	4.6	8.8	1.2	3.1
Rest of world	35.0	19.2	15.4	58.7	15.3	15.3	28.1	14.2	13.9	46.9	9.3	12.7
<b>Ringfeder Power Transmission</b>	<b>255.3</b>	<b>134.0</b>	<b>121.4</b>	<b>479.1</b>	<b>112.0</b>	<b>118.8</b>	<b>248.2</b>	<b>122.4</b>	<b>125.8</b>	<b>414.7</b>	<b>99.9</b>	<b>101.7</b>

## Sales and earnings

### Second quarter of 2018

Ringfeder Power Transmission increased sales during the second quarter by 9.4 per cent year-on-year to SEK 134.0 M (122.4) and adjusted for exchange rate changes, where the average USD rate weakened by 1.6 per cent, the Brazilian currency weakened by 12.1 per cent, and the EUR strengthened by 4.8 per cent compared with the year-earlier quarter, the overall effect was an actual organic growth of 7.1 per cent.

EBITA for Ringfeder Power Transmission increased slightly year-on-year to SEK 17.7 M (17.6) with an EBITA margin of 13.2 per cent (14.4).

### First half of 2018

Sales for the first half of the year increased 2.9 per cent year-on-year to SEK 255.3 M (248.2) and adjusted for exchange rate changes, where the average USD rate weakened by 5.4 per cent, the Brazilian currency weakened by 12.0 per cent, and the EUR strengthened by 5.8 per cent compared with the year-earlier period, the actual organic growth of 2.6 per cent.

EBITA for Ringfeder Power Transmission decreased year-on-year to SEK 34.2 M (35.4) with an EBITA margin of 13.4 per cent (14.2).

During the first half of the year, the division's working capital increased by SEK 25.5 M to SEK 206.5 M and, plus property, plant and equipment, operating capital amounted to SEK 316.5 M at the end of June (294.6 at year-end).

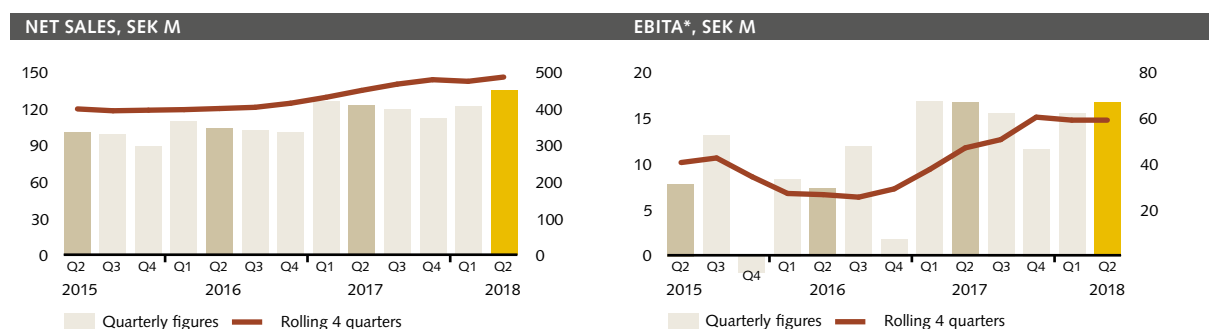
The division's return on operating capital (ROOC), where adjusted EBITDA on a rolling four-quarter basis, SEK 75.7 M, is put in relation to average operating capital for the past four quarters, SEK 297.9 M, was 25.4 per cent (27.2 per cent annual value in 2017).

## Investments and depreciation/amortisation

Ringfeder Power Transmission's investments during the second quarter amounted to SEK 5.3 M (19.0), while total new capital expenditures for the first half of the year amounted to SEK 7.0 M (22.7). Depreciation/amortisation during the second quarter totalled SEK 4.4 M (4.0) and totalled SEK 8.7 M (8.3) for the first half of the year.

## Personnel

During the first half of the year, Ringfeder Power Transmission employed an average of 311 persons (317 during the year-earlier period). At 30 June 2018, there were 345 employees in the division (340 on 30 June 2017), compared with 342 employees at year-end.



\* Before items affecting comparability.

## OTHER INFORMATION

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

The Parent Company's net sales pertain primarily to intra-Group services, licence revenues and rentals and amounted to SEK 19.6 M (11.1) during the first half of the year. The operating loss for the first six months of the year was SEK 11.5 M (loss: 12.0). Profit after dividends from Group companies and net financial items totalled SEK 146.0 M (17.0).

### Accounting policies

The VBG Group applies the EU-endorsed IFRS standards and interpretations thereof (IFRIC). This interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting, and for the Parent Company, in accordance with the Annual Accounts Act and recommendation RFR 2, Accounting for Legal Entities. The same accounting policies and calculation methods were applied as in the most recent annual report, with the exception of IFRS 15 and IFRS 9, which the Group applies from 1 January 2018. IFRS 15 is the new standard for revenue recognition. IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is based on the principle that revenue is recognised when the customer gains control of the presold goods or services – a principle that replaced the earlier principle that revenue is recognised when risks and rewards are transferred to the buyer. IFRS 9 Financial Instruments replaced most of the guidance in IAS 39. The new standard updates classifying, recognising and impairment testing for financial assets and sets new requirements in the application of hedge accounting. An analysis by the Group indicates that the implementation of IFRS 9 and IFRS 15 has no material impact on the Group's financial statements. Consequently, no transitional effects will arise as a consequence of the introduction of these reporting standards. IFRS 16 Leases will apply as of 1 January 2019. The standard requires that assets and liabilities associated with leases, with a few exceptions, be recognized in the balance sheet. Depreciation of an asset and interest expense on the leasing liability are recognised in the income statement. According to the current IAS 17, the lease payment is expensed over the lease term for operating leases. The Group is the lessee in operating leases, which is expected to be affected by IFRS 16. The Group has commenced, but not yet completed, the analysis to evaluate the impact on the consolidated financial statements.

This report may contain rounding differences.

### Risks and uncertainty factors

The Group's and the Parent Company's significant risks 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, credit and counterparty risks, currency risks and also sustainability risks.

For a more detailed description of the Group's risks and risk management, see Note 2 of VBG Group AB's annual report for 2017.

### Outlook for 2018

The company makes no forecast.

### Financial information 2018/2019

Interim report, nine months 2018	22 October 2018
Year-end report 2018	19 February 2019
Interim report, three months 2019	24 April 2019
Annual General Meeting 2019	24 April 2019

### Related party transactions

There have been no related party transactions in 2018 that have significantly affected the company's financial position and results. Related party transactions during 2017 are disclosed in Note 6 in the annual report for 2017.

### Affirmation

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

VBG GROUP INTERIM REPORT  
JANUARY–JUNE 2018

17

Vänersborg, 21 August 2018  
VBG Group AB (publ)

Peter Hansson Chairman	Johnny Alvarsson Deputy Chairman	Anders Birgersson Managing Director and CEO
Peter Augustsson Board member	Jessica Malmsten Board member	Louise Nicolin Board member
Mats R Karlsson Board member	Jouni Isoaho Employee representative	Cecilia Pettersson Employee representative

This report is unaudited.  
No significant events occurred after the close of the period.

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**Note**

This information is of the type that VBG Group AB is obligated to disclose in accordance with the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 21 August 2018 at 2:00 p.m.

**Press releases in the second quarter of 2018**

Report from the Annual General Meeting 2018 25 April 2018  
Interim report January–March 2018 25 April 2018

**For further information, please contact:**

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E-mail: anders.birgersson@vbggroup.com

## Consolidated Income Statement and Statement of other comprehensive income — Highlights

SEK M	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full-year 2017
<b>Net sales</b>	<b>931.2</b>	<b>777.2</b>	<b>1,748.9</b>	<b>1,545.8</b>	<b>3,002.0</b>
Cost of goods sold	-609.5	-497.0	-1,138.6	-982.3	-1,934.1
<b>Gross profit</b>	<b>321.7</b>	<b>280.2</b>	<b>610.3</b>	<b>563.6</b>	<b>1,067.9</b>
Selling expenses	-96.2	-83.3	-189.7	-165.6	-332.1
Administrative expenses	-70.6	-65.5	-132.4	-128.8	-253.5
Research and development costs	-36.0	-27.8	-65.5	-54.3	-106.4
Other operating income and expenses	-1.7	-5.0	-0.3	-13.7	-24.9
	<b>-204.4</b>	<b>-181.7</b>	<b>-387.8</b>	<b>-362.4</b>	<b>-716.8</b>
<b>Operating profit</b>	<b>117.3</b>	<b>98.5</b>	<b>222.5</b>	<b>201.2</b>	<b>351.1</b>
Exchange rate effects, net	-3.2	5.9	-14.1	9.9	4.6
Interest income	0.5	0.2	0.8	0.6	1.7
Interest expenses	-7.1	-8.8	-13.9	-18.5	-31.9
Other financial expenses	-2.0	-2.2	-4.4	-5.5	-9.9
<b>Total financial items</b>	<b>-11.7</b>	<b>-5.0</b>	<b>-31.3</b>	<b>-13.5</b>	<b>-35.5</b>
<b>Profit after financial items</b>	<b>105.6</b>	<b>93.6</b>	<b>191.1</b>	<b>187.8</b>	<b>315.6</b>
Tax	-27.7	-23.5	-49.8	-51.2	-95.1
<b>Profit for the period</b>	<b>77.8</b>	<b>70.1</b>	<b>141.3</b>	<b>136.7</b>	<b>220.5</b>
Profit for the period attributable to Parent Company shareholders	77.8	70.1	141.3	136.7	220.5
<b>Other comprehensive income</b>					
<b>Profit for the period</b>	<b>77.8</b>	<b>70.1</b>	<b>141.3</b>	<b>136.7</b>	<b>220.5</b>
<b>Items that will not be reversed in the Income Statement</b>					
Effect of translation of defined-benefit pension plans, net after tax	—	—	—	—	-5.8
<b>Items that may later be reversed in the Income Statement</b>					
Translation differences pertaining to foreign operations	-2.3	-24.4	50.6	-28.0	28.7
Translation differences pertaining to hedge accounting for net investments in foreign operations	-0.3	0.0	-1.2	0.0	1.2
<b>Other comprehensive income, net after tax</b>	<b>-2.5</b>	<b>-24.4</b>	<b>49.4</b>	<b>-28.0</b>	<b>24.2</b>
<b>Comprehensive income for the period</b>	<b>75.3</b>	<b>45.7</b>	<b>190.8</b>	<b>108.7</b>	<b>244.7</b>
Comprehensive income for the period attributable to Parent Company shareholders	75.3	45.7	190.8	108.7	244.7
<b>Earnings per share, basic and diluted, SEK</b>	<b>3.11</b>	<b>2.80</b>	<b>5.65</b>	<b>6.43</b>	<b>9.6</b>
Number of outstanding shares at end of period ('000)	25,004	25,004	25,004	25,004	25,004
Average number of shares during the period	25,004	25,004	25,004	21,253	22,920
Number of own shares at end of period	1,192	1,192	1,192	1,192	1,192

## Sales and earnings by Segment

SEK M		VBG Truck Equipment	Edscha Trailer Systems	Mobile Climate Control	Ringfeder Power Transmission	Group-wide	Group
<b>2018</b>							
Q2 Apr–Jun	Net sales	231.8	88.6	476.8	134.0		931.2
	Operating profit/loss before items affecting comparability	37.9	13.3	56.0	16.6	–6.5	117.3
	Operating margin, %	16.4	15.0	11.8	12.4		12.6
	Items affecting comparability	—	—	—	—	—	—
	Reported operating profit/loss	37.9	13.3	56.0	16.6	–6.5	117.3
	Reported operating margin, %	16.4	15.0	11.8	12.4		12.6
	Net financial items					–11.7	–11.7
	Profit after financial items						105.6
<b>2018</b>							
6 months Jan–Jun	Net sales	471.2	177.3	845.1	255.3		1,748.9
	Operating profit/loss before items affecting comparability	95.4	25.0	79.4	32.0	–9.4	222.5
	Operating margin, %	20.2	14.1	9.4	12.5		12.7
	Items affecting comparability	—	—	—	—	—	—
	Reported operating profit/loss	95.4	25.0	79.4	32.0	–9.4	222.5
	Reported operating margin, %	20.2	14.1	9.4	12.5		12.7
	Net financial items					–31.4	–31.4
	Profit after financial items						191.1
<b>2017</b>							
Q2 Apr–Jun	Net sales	202.3	69.3	383.2	122.4		777.2
	Operating profit/loss before items affecting comparability	36.1	7.6	44.2	16.6	–6.0	98.5
	Operating margin, %	17.9	10.9	11.5	13.6		12.7
	Items affecting comparability	—	—	—	—	—	—
	Reported operating profit/loss	36.1	7.6	44.2	16.6	–6.0	98.5
	Reported operating margin, %	17.9	10.9	11.5	13.5		12.7
	Net financial items					–4.9	–4.9
	Profit after financial items						93.6
<b>2017</b>							
6 months Jan–Jun	Net sales	428.1	138.8	730.7	248.2		1,545.8
	Operating profit/loss before items affecting comparability	89.4	15.8	73.0	33.3	–10.3	201.2
	Operating margin, %	20.9	11.3	10.0	13.4		13.0
	Items affecting comparability	—	—	—	—	—	—
	Reported operating profit/loss	89.4	15.8	73.0	33.3	–10.3	201.2
	Reported operating margin, %	20.9	11.3	10.0	13.4		13.0
	Net financial items					–13.4	–13.4
	Profit after financial items						187.8



## Consolidated Balance Sheet

SEK M	30 Jun 2018	30 Jun 2017	31 Dec 2017
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Brands, customer relationships and other intangible assets	814.5	841.7	827.9
Goodwill	1,131.3	1,091.5	1,118.9
	<b>1,945.8</b>	<b>1,933.1</b>	<b>1,946.7</b>
<b>Property, plant and equipment</b>			
Land and buildings	187.8	170.4	179.3
Plant and machinery	100.7	98.5	101.8
Equipment, tools, fixtures and fittings	55.2	47.5	54.0
Construction in progress	7.8	12.5	11.4
	<b>351.6</b>	<b>328.9</b>	<b>346.5</b>
<b>Deferred tax asset</b>	<b>50.4</b>	<b>66.3</b>	<b>48.1</b>
<b>Total non-current assets</b>	<b>2,347.7</b>	<b>2,328.6</b>	<b>2,341.5</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables	326.5	298.0	256.9
Work in progress	86.7	76.7	75.4
Finished products and merchandise	191.9	138.4	163.7
	<b>605.0</b>	<b>513.0</b>	<b>496.0</b>
<b>Current receivables</b>			
Trade receivables	569.8	463.1	418.2
Current tax assets	40.0	34.7	26.0
Other receivables	46.0	43.0	42.7
Prepaid expenses and accrued income	25.4	25.0	17.9
	<b>681.3</b>	<b>565.7</b>	<b>504.6</b>
<b>Cash and cash equivalents</b>			
Cash on hand and demand deposits	286.9	253.2	321.4
<b>Total current assets</b>	<b>1,573.2</b>	<b>1,331.9</b>	<b>1,322.0</b>
<b>Total assets</b>	<b>3,920.9</b>	<b>3,660.5</b>	<b>3,663.6</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	65.5	65.5	65.5
Other contributed capital	779.4	779.6	779.4
Reserves	37.1	-28.0	84.1
Retained earnings, incl. net profit for the year	1,232.3	1,051.9	1,075.8
<b>Total equity</b>	<b>2,114.3</b>	<b>1,869.0</b>	<b>2,004.9</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	192.1	177.4	185.7
Deferred tax liability	204.5	228.1	207.9
Other provisions	33.7	22.0	23.7
Liabilities to credit institutions	793.1	873.2	801.9
<b>Total non-current liabilities</b>	<b>1,223.4</b>	<b>1,300.7</b>	<b>1,219.2</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	76.2	76.1	76.1
Trade payables	280.9	212.7	176.2
Current tax liabilities	44.4	43.9	18.9
Other liabilities	28.9	26.2	22.5
Accrued expenses and deferred income	152.8	131.9	145.8
<b>Total current liabilities</b>	<b>583.2</b>	<b>490.8</b>	<b>439.5</b>
<b>Total equity and liabilities</b>	<b>3,920.9</b>	<b>3,660.5</b>	<b>3,663.6</b>

## Changes in Consolidated Equity

SEK M	6 months 2018	6 months 2017	Full-year 2017
<b>Opening equity according to balance sheet at 31 December</b>	<b>2,004.9</b>	<b>1,025.3</b>	<b>1,025.3</b>
Total comprehensive income for the period	190.8	108.7	244.7
Contributed capital, new share issue, net	—	778.8	778.6
Dividend	-81.3	-43.8	-43.8
<b>Equity at end of period</b>	<b>2,114.3</b>	<b>1,869.0</b>	<b>2,004.9</b>

## Consolidated Cash Flow Statement

SEK '000	6 months 2018	6 months 2017	Full-year 2017
<b>Operating activities</b>			
Operating profit before financial items	222.5	201.2	351.1
Depreciation/amortisation	39.3	38.3	77.2
Other items not affecting liquidity	29.9	17.2	-15.6
Interest received, etc.	1.1	1.1	2.5
Interest paid	-18.3	-24.4	-42.7
Tax paid	-26.8	-28.1	-98.3
<b>Cash flow before change in working capital</b>	<b>247.5</b>	<b>205.3</b>	<b>274.3</b>
Decrease/increase (-) in inventories	-98.2	-32.6	-11.8
Decrease/increase (-) in trade receivables	-135.4	-118.9	-71.5
Decrease/increase (-) in other current receivables	-7.3	-18.4	0.8
Increase/decrease (-) in trade payables	95.3	59.1	19.9
Increase/decrease (-) in other current liabilities	8.0	18.4	32.1
<b>Cash flow from operating activities</b>	<b>110.0</b>	<b>112.8</b>	<b>243.7</b>
<b>Investing activities</b>			
Investments in intangible assets	-1.5	-0.1	-1.8
Investments in property, plant and equipment	-26.6	-26.5	-58.5
<b>Cash flow from investing activities</b>	<b>-28.0</b>	<b>-26.6</b>	<b>-60.3</b>
<b>Financing activities</b>			
Repayment of loans	-40.0	-838.1	-950.0
Loans raised and changes to existing loans	1.9	-6.0	76.1
New share issue	—	778.6	778.6
Dividend paid	-81.3	-43.8	-43.8
<b>Cash flow from financing activities</b>	<b>-119.4</b>	<b>-109.3</b>	<b>-139.0</b>
<b>Cash flow for the year</b>	<b>-37.4</b>	<b>-23.1</b>	<b>44.4</b>
<b>Cash and cash equivalents at start of year</b>	<b>321.4</b>	<b>276.4</b>	<b>276.4</b>
Translation difference, cash and cash equivalents	2.9	0.0	0.6
<b>Cash and cash equivalents at year-end</b>	<b>286.9</b>	<b>253.2</b>	<b>321.4</b>
Unutilised overdraft facilities	100.0	100.0	100.0
<b>Total cash and cash equivalents available</b>	<b>386.9</b>	<b>353.2</b>	<b>421.4</b>

## Key figures for Group

SEK M	6 months 2018	6 months 2017	Full-year 2017
Operating margin (EBIT)	12.7	13.0	11.7
Profit margin (ROS), %	10.9	12.2	10.5
Return on equity (ROE), %	13.4	15.8	12.3
Return on capital employed (ROCE), %	14.1	11.0	10.7
Equity/assets ratio, %	53.9	51.7	54.7
Equity per outstanding share at end of period, SEK	84.56	74.75	80.18
Cash flow from operating activities, per average outstanding share, SEK	4.4	5.3	10.6
Profit per average outstanding share during the period, SEK	5.65	6.43	9.62
Share price at end of period, SEK	142.00	145.50	132.00
Number of employees, average	1,527	1,440	1,446
Number of outstanding shares at end of period ('000)	25,004	25,004	25,004
Number of own shares at end of period ('000)	1,192	1,192	1,192
Average number of outstanding shares during the period ('000)	25,004	21,253	22,920

## Parent Company Income Statement

SEK M	6 months 2018	6 months 2017	Full-year 2017
<b>Net sales</b>	<b>19.6</b>	<b>11.1</b>	<b>29.2</b>
Operating expenses	-31.1	-23.1	-45.9
<b>Operating loss</b>	<b>-11.5</b>	<b>-12.0</b>	<b>-16.7</b>
Net financial items	157.5	29.0	-19.1
<b>Profit after financial items</b>	<b>146.0</b>	<b>17.0</b>	<b>-35.8</b>
Appropriations	—	—	51.8
Tax	—	—	-0.8
<b>Profit for the period</b>	<b>146.0</b>	<b>17.0</b>	<b>15.2</b>

## Parent Company Balance Sheet

SEK M	30 Jun 2018	30 Jun 2017	Full-year 2017
Other intangible assets	1.9	3.8	3.0
Property, plant and equipment	1.1	7.3	1.1
Long-term investments	1,987.6	2,042.6	1,992.6
<b>Total non-current assets</b>	<b>1,990.6</b>	<b>2,053.7</b>	<b>1,996.7</b>
Receivables	480.6	462.7	471.1
Cash on hand, demand deposits and short-term investments	171.1	83.5	119.4
<b>Total current assets</b>	<b>651.7</b>	<b>546.2</b>	<b>590.5</b>
<b>TOTAL ASSETS</b>	<b>2,642.3</b>	<b>2,599.9</b>	<b>2,587.2</b>
<b>Equity</b>	<b>1,339.7</b>	<b>1,284.9</b>	<b>1,282.8</b>
Untaxed reserves	4.8	7.8	4.8
Provisions	15.8	12.8	12.7
Non-current liabilities	783.0	841.5	795.7
Current liabilities	499.0	452.9	491.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,642.3</b>	<b>2,599.9</b>	<b>2,587.2</b>

## Alternative Performance Measures

### Reconciliation between IFRS and performance measures used

Certain information in this report that is used by company management and analysts to assess the Group's performance has not been prepared in accordance with IFRS. Company management believes that this information makes it easier for investors to analyse the Group's earnings performance and financial structure. Investors should view this information as a supplement rather than a replacement of financial reporting in accordance with IFRS.

### OPERATING PROFIT AND OPERATING MARGIN BEFORE ITEMS AFFECTING COMPARABILITY

Items affecting comparability refer to material income or expense items that are recognised separately due to the significance of their character or amount.

SEK M	6 months 2018	Q2 2018	6 months 2017	Q2 2017	Full-year 2017
<b>VBG Group</b>					
Net sales	1,748.9	931.2	1,545.8	777.2	3,002.0
Reported operating profit	222.5	117.3	201.2	98.5	351.1
Reported operating margin	12.7	12.6	13.0	12.7	11.7
Items affecting comparability	—	—	—	—	-7.5
<b>Operating profit before items affecting comparability</b>	<b>222.5</b>	<b>117.3</b>	<b>201.2</b>	<b>98.5</b>	<b>358.6</b>
<b>Operating margin before items affecting comparability</b>	<b>12.7</b>	<b>12.6</b>	<b>13.0</b>	<b>12.7</b>	<b>11.9</b>
<b>VBG Truck Equipment</b>					
Net sales	471.2	231.8	428.1	202.3	836.7
Reported operating profit	95.4	37.9	89.4	36.1	169.8
Reported operating margin	20.2	16.4	20.9	17.9	20.3
Items affecting comparability	—	—	—	—	—
<b>Operating profit before items affecting comparability</b>	<b>95.4</b>	<b>37.9</b>	<b>89.4</b>	<b>36.1</b>	<b>169.8</b>
<b>Operating margin before items affecting comparability</b>	<b>20.2</b>	<b>16.4</b>	<b>20.9</b>	<b>17.9</b>	<b>20.3</b>
<b>Edscha Trailer Systems</b>					
Net sales	177.3	88.6	138.8	69.3	259.7
Reported operating profit	25.0	13.3	15.8	7.6	13.6
Reported operating margin	14.1	15.0	11.3	10.9	5.3
Items affecting comparability	—	—	—	—	-7.5
<b>Operating profit before items affecting comparability</b>	<b>25.0</b>	<b>13.3</b>	<b>15.8</b>	<b>7.6</b>	<b>21.1</b>
<b>Operating margin before items affecting comparability</b>	<b>14.1</b>	<b>15.0</b>	<b>11.3</b>	<b>10.9</b>	<b>8.1</b>
<b>Mobile Climate Control</b>					
Net sales	845.1	476.8	730.7	383.2	1,426.7
Reported operating profit	79.4	56.0	73.0	44.2	127.9
Reported operating margin	9.4	11.8	10.0	11.5	9.0
Items affecting comparability	—	—	—	—	—
<b>Operating profit before items affecting comparability</b>	<b>79.4</b>	<b>56.0</b>	<b>73.0</b>	<b>44.2</b>	<b>127.9</b>
<b>Operating margin before items affecting comparability</b>	<b>9.4</b>	<b>11.8</b>	<b>10.0</b>	<b>11.5</b>	<b>9.0</b>
<b>Ringfeder Power Transmission</b>					
Net sales	255.3	134.0	248.2	122.4	479.1
Reported operating profit	32.0	16.6	33.3	16.6	60.3
Reported operating margin	12.5	12.4	13.4	13.5	12.6
Items affecting comparability	—	—	—	—	—
<b>Operating profit before items affecting comparability</b>	<b>32.0</b>	<b>16.6</b>	<b>33.3</b>	<b>16.6</b>	<b>60.3</b>
<b>Operating margin before items affecting comparability</b>	<b>12.5</b>	<b>12.4</b>	<b>13.4</b>	<b>13.5</b>	<b>12.6</b>

## ACTUAL ORGANIC GROWTH

Growth in net sales excluding effects of structural changes, meaning acquired or divested operations, and excluding currency effects.

SEK M	6 months 2018	Q2 2018	6 months 2017	Q2 2017	Full-year 2017
<b>Group</b>					
Net sales	1,748.9	931.2	1,545.8	777.2	3,002.0
Acquired volume (incl. full-year effect from preceding year)	—	—	-730.7	-383.2	-1,309.2
Currency effect	-7.0	-14.3	-27.8	-10.1	-20.0
<b>Net sales excluding acquisitions and currencies</b>	<b>1,741.8</b>	<b>916.9</b>	<b>787.3</b>	<b>383.9</b>	<b>1,672.9</b>
<b>Actual organic growth</b>	<b>196.0</b>	<b>139.7</b>	<b>43.3</b>	<b>11.5</b>	<b>129.0</b>
<b>Organic growth, %</b>	<b>12.7</b>	<b>18.0</b>	<b>5.8</b>	<b>3.1</b>	<b>8.4</b>
<b>VBG Truck Equipment</b>					
Net sales	471.2	231.8	428.1	202.4	836.7
Currency effect	-10.4	-7.5	-8.8	-3.8	-5.2
<b>Net sales excluding acquisitions and currencies</b>	<b>460.8</b>	<b>224.3</b>	<b>419.3</b>	<b>198.6</b>	<b>831.5</b>
<b>Actual organic growth</b>	<b>32.7</b>	<b>21.9</b>	<b>31.7</b>	<b>4.5</b>	<b>74.2</b>
<b>Organic growth, %</b>	<b>7.6</b>	<b>10.8</b>	<b>8.2</b>	<b>2.3</b>	<b>9.8</b>
<b>Edscha Trailer Systems</b>					
Net sales	177.3	88.6	138.8	69.3	259.7
Currency effect	-9.9	-5.7	-4.3	-1.9	-4.8
<b>Net sales excluding acquisitions and currencies</b>	<b>167.3</b>	<b>82.9</b>	<b>134.5</b>	<b>67.4</b>	<b>254.9</b>
<b>Actual organic growth</b>	<b>28.5</b>	<b>13.6</b>	<b>-8.7</b>	<b>-7.2</b>	<b>-15.6</b>
<b>Organic growth, %</b>	<b>20.6</b>	<b>19.6</b>	<b>-6.1</b>	<b>-9.6</b>	<b>-5.8</b>
<b>Mobile Climate Control</b>					
Net sales	845.1	476.8	730.7	383.2	1,426.7
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—	-1,309.2
Currency effect	14.0	-1.7	n/a	n/a	n/a
<b>Net sales excluding acquisitions and currencies</b>	<b>859.2</b>	<b>475.2</b>	<b>730.7</b>	<b>383.2</b>	<b>117.5</b>
<b>Actual organic growth</b>	<b>128.5</b>	<b>92.0</b>	<b>730.7</b>	<b>383.2</b>	<b>16.1</b>
<b>Organic growth, %</b>	<b>17.6</b>	<b>24.0</b>	<b>n/a</b>	<b>n/a</b>	<b>15.9</b>
<b>Ringfeder Power Transmission</b>					
Net sales	255.3	134.0	248.2	122.4	479.1
Currency effect	-0.7	-2.8	-14.7	-4.4	-10.0
<b>Net sales excluding acquisitions and currencies</b>	<b>254.6</b>	<b>131.2</b>	<b>233.5</b>	<b>118.0</b>	<b>469.1</b>
<b>Actual organic growth</b>	<b>6.4</b>	<b>8.7</b>	<b>20.3</b>	<b>14.2</b>	<b>54.3</b>
<b>Organic growth, %</b>	<b>2.6</b>	<b>7.1</b>	<b>9.8</b>	<b>13.7</b>	<b>13.1</b>

## INTEREST-BEARING NET DEBT

Interest-bearing provisions and loan liabilities less cash and cash equivalents.

Group, SEK M	6 months 2018	Q2 2018	6 months 2017	Q2 2017	Full-year 2017
Provisions for pensions	192.1		177.4		185.7
Overdraft facilities	—		—		—
Loans	869.3		949.8		878.0
Bank balances	-286.9		-253.2		-321.4
<b>Interest-bearing net debt</b>	<b>774.5</b>	<b>n/a</b>	<b>874.0</b>	<b>n/a</b>	<b>742.3</b>



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**EBITDA**

Operating profit before amortisation and impairment and property, plant and equipment.

Group, SEK M	6 months 2018	Q2 2018	6 months 2017	Q2 2017	Full-year 2017
Operating profit	222.5	117.3	201.2	98.5	351.1
Depreciation/amortisation	39.3	20.0	38.3	19.3	77.2
<b>EBITDA</b>	<b>261.7</b>	<b>137.3</b>	<b>239.5</b>	<b>117.7</b>	<b>428.3</b>

**EBITA**

Operating profit before amortisation and impairment of intangible assets.

Group, SEK M	6 months 2018	Q2 2018	6 months 2017	Q2 2017	Full-year 2017
Operating profit	222.5	117.3	201.2	98.5	351.1
Amortisation of intangible assets	15.9	8.0	15.9	8.0	31.7
<b>EBITA</b>	<b>238.3</b>	<b>125.3</b>	<b>217.1</b>	<b>106.4</b>	<b>382.8</b>

**INTEREST-BEARING NET DEBT/EBITDA**

Interest-bearing net debt in proportion to operating profit before depreciation/amortisation and impairment.

Group, SEK M	6 months 2018	Q2 2018	6 months 2017	Q2 2017	Full-year 2017
Interest-bearing net debt	774.5		874.0		742.3
EBITDA, rolling four quarter	450.5		350.3		428.3
<b>Interest-bearing net debt/EBITDA</b>	<b>1.72</b>	<b>n/a</b>	<b>2.49</b>	<b>n/a</b>	<b>1.73</b>

**PROFIT MARGIN**

Profit after financial items as a percentage of net sales.

Group, SEK M	6 months 2018	Q2 2018	6 months 2017	Q2 2017	Full-year 2017
Net sales	1,748.9	931.2	1,545.8	777.2	3,002.0
Profit after financial items	191.1	105.6	187.8	93.6	315.6
<b>Profit margin, %</b>	<b>10.9</b>	<b>11.3</b>	<b>12.2</b>	<b>12.0</b>	<b>10.5</b>

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