

Q3 VBG GROUP INTERIM REPORT JANUARY–SEPTEMBER 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 **875** M

Consolidated sales increased to SEK 874.8 M (719.2) in the third quarter.

SEK **107** M

Consolidated operating profit increased to SEK 107.3 M (81.7) in the third quarter.



INTERIM REPORT

JANUARY–SEPTEMBER 2018

Third quarter of 2018:

- Consolidated sales increased by 21.6 per cent to **SEK 874.8 M** (719.2).
- Operating profit rose to **SEK 107.3 M** (81.7), with a margin of 12.3 per cent (11.4).
- Profit after financial items amounted to **SEK 100.9 M** (75.1), with a profit margin of 11.5 per cent (10.4).
- The Group's profit after tax amounted to **SEK 71.2 M** (53.2).
- Earnings per share¹ amounted to **SEK 2.85** (2.13).

First nine months of 2018:

- Consolidated sales increased by 15.8 per cent to **SEK 2,623.7 M** (2,265.0).
- Operating profit rose to **SEK 329.7 M** (282.9), with a margin of 12.6 per cent (12.5).
- Profit after financial items amounted to **SEK 292.0 M** (263.0), with a profit margin of 11.1 per cent (11.6).
- The Group's profit after tax totalled **SEK 212.5 M** (189.8).
- Earnings per share² amounted to **SEK 8.50** (8.43).

¹ The average number of shares during the third quarter was, in thousands, 25,004 (25,004).

² The average number of shares during the first nine months of the year was, in thousands, 25,004 (22,504).

KEY FIGURES					
Group, SEK M	Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full-year 2017
Net sales	874.8	719.2	2,623.7	2,265.0	3,002.0
Operating profit before depreciation/amortisation (EBITDA)	127.4	100.7	389.1	340.2	428.3
Operating profit before amortisation and impairment of intangible assets (EBITA)	115.2	89.6	353.5	306.7	382.8
Operating profit (EBIT)	107.3	81.7	329.7	282.9	351.1
Operating profit after financial items (EBT)	100.9	75.1	292.0	263.0	315.6
Profit after tax	71.2	53.2	212.5	189.9	220.5
Earnings per share, SEK	2.85	2.13	8.50	8.43	9.62
Cash flow from operating activities	97.0	43.4	207.0	156.2	243.7
ROE (cumulative), %	13.4	14.0	13.4	14.0	12.3
ROCE (cumulative), %	14.0	11.0	14.0	11.0	10.7
Equity/assets ratio, %	54.9	53.0	54.9	53.0	54.7
Average number of employees	—	—	1,554	1,425	1,446
Average number of shares during the period	25,004	25,004	25,004	22,504	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 divided 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

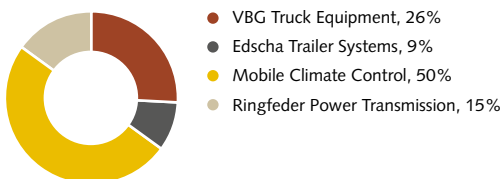


This is the VBG Group, cont.

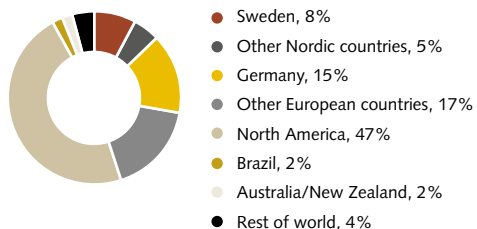
Our divisions

DIVISIONS	BRANDS
	<p>VBG TRUCK EQUIPMENT</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>EDSCHA TRAILER SYSTEMS</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>MOBILE CLIMATE CONTROL</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>RINGFEDER POWER TRANSMISSION</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



CONTINUED GROWTH WITH CONTRIBUTIONS FROM ALL DIVISIONS

VBG Group's main markets remain strong. In line with our ambitious expectations, we can also see a sizeable increase in year-on-year profit for the third quarter. The growth is primarily due to Mobile Climate Control, and its solid strong sales growth in North America. Mobile Climate Control's strongest quarters are the second and third, which is not the case for the Group's other divisions. In summary, it is now clear that the business structure the Group has following the acquisition provides more uniform sales and profit throughout the year.

Our divisions are still grappling with various challenges arising from the positive economic situation. Above all, this concerns the considerable pressure on internal processes and among subcontractors. Determined efforts are underway within the divisions to deal with these challenges, though it naturally takes time and this is one reason why, for example, Mobile Climate Control's volume and profit is growing and not its margin, but it remains stable. The economic situation also entails cost increases for the divisions, both for raw materials and components. To date, this has partly been compensated through price increases and there are plans to continue with these, if we deem it necessary.

 Overall, we are in a good position for growth, both structurally and organically.



VBG Truck Equipment – well-informed investments making a mark

VBG Truck Equipment reported stable profit, not least given the division's continued well-informed investments in product development and marketing. As already mentioned in earlier reports, the initiatives are progressing as planned and will also continue in 2019.

Just over one year ago, the division signed an agreement with a major distributor in China, which opened an opportunity to sell couplings in the Chinese market. It is worth mentioning that we can now see steady growth for the division's Chinese market, albeit from a fairly low level. I am following the progress of these developments with particular interest.

Edscha Trailer Systems – back to a normal level

Edscha Trailer Systems contributed a sizeable increase in profit compared with last year's weak third quarter. The division is back to a normal level in this quarter, though still lower than the two previous quarters in 2018. The decline was calendar-related and expected, as several of the division's largest customers are located in Germany, which has its main holiday period in August.

Mobile Climate Control – substantial contribution to profit growth

As I mentioned in the introduction, Mobile Climate Control has made a substantial contribution to the Group's profit increase in the third quarter. One important reason for this increase is the favourable global performance of the division's segment for off-road vehicles.

Mobile Climate Control also opened a new production facility near Bengaluru in September and thereby established operations in the Indian market. So far, sales volumes are small, but the division has taken an important strategic step, entirely in line with the Group's strategy for internationalisation.

Ringfeder Power Transmission – major step in right direction

Ringfeder Power Transmission established itself at a higher level of profitability following the implemented restructuring, which was part of the action programme we launched in autumn 2016. However, I have seen a potential for further improvements in profitability. With an EBITA margin of just over 17 per cent in the third quarter, the division has taken a major step in the right direction, which is very gratifying.

VBG Group – well placed for growth

Less than two years after the acquisition of Mobile Climate Control, VBG Group's financial situation is very strong, which is reflected, for example, in its well-balanced net indebtedness. Our main markets also remain strong and we see no indications of change in any direction. Overall, we are in a good position for growth, both structurally and organically.

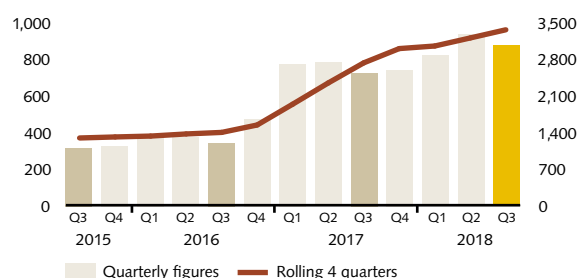
GROUP TREND

SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Net sales	2,623.7	874.8	931.2	817.7	3,002.0	737.0	2,265.0	719.2	777.2	768.6	1,543.9	464.7
Adjusted operating profit	329.7	107.3	117.3	105.2	358.6	75.7	282.9	81.7	98.5	102.7	196.7	45.1
Adjusted operating margin, %	12.6	12.3	12.6	12.9	11.9	10.3	12.5	11.4	12.7	13.4	12.7	9.7
Items affecting comparability	—	—	—	—	-7.5 ²	-7.5 ²	—	—	—	—	-12.7 ¹	-12.7 ¹
Reported operating profit	329.7	107.3	117.3	105.2	351.1	68.2	282.9	81.7	98.5	102.7	184.0	32.4
Reported operating margin, %	12.6	12.3	12.6	12.9	11.7	9.2	12.5	11.4	12.7	13.4	11.9	7.0
Profit after financial items	292.0	100.9	105.6	85.6	315.6	52.6	263.0	75.1	93.6	94.2	168.2	21.7
Profit margin, %	11.1	11.5	11.3	10.5	10.5	7.1	11.6	10.4	12.0	12.3	10.9	4.7
Profit after tax	212.5	71.2	77.8	63.5	220.5	30.6	189.9	53.2	70.1	66.6	120.8	9.5
Earnings per share, SEK	8.50	2.85	3.11	2.54	9.62	1.34	8.43	2.13	2.80	3.80	9.66	0.76
ROE (cumulative), %	13.4	13.4	13.4	12.3	12.3	12.3	14.0	14.0	15.8	17.6	12.7	12.7
ROCE (cumulative), %	14.0	14.0	14.1	13.5	10.7	10.7	11.0	11.0	11.0	13.7	12.7	12.7
Equity/assets ratio, %	54.9	54.9	53.9	54.1	54.7	54.7	53.0	53.0	51.7	51.0	29.1	29.1

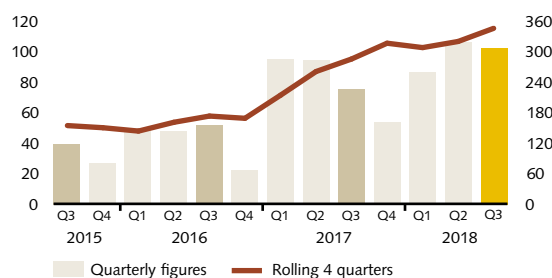
¹ Negative SEK 7.9 M in costs attributable to the acquisition of Mobile Climate Control, and negative SEK 4.8 M pertaining to costs for an action programme to increase profitability in Ringfeder Power Transmission.

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

NET SALES, SEK M



PROFIT AFTER FINANCIAL ITEMS, SEK M



Sales and earnings

Third quarter of 2018

Sales of SEK 874.8 M (719.2) were 21.6 per cent higher compared with the third quarter of 2017. Adjusted for movements in exchange rates between the quarters, the actual organic growth was 13.2 per cent.

The Group's operating profit increased to SEK 107.3 M (81.7), with an operating margin of 12.3 per cent (11.4). Operating profit included Group-wide overheads of SEK 2.2 M (3.0) that are not allocated to the divisions.

Net interest expense was SEK 8.6 M (expense: 8.5) and the quarter's currency effect on foreign-currency denominated credits was a positive SEK 2.2 M (pos: 1.9). Taken together, this resulted in a net financial expense of SEK 6.4 M (expense: 6.6). Accordingly, profit after financial items amounted to SEK 100.9 M (75.1). Profit after tax totalled SEK 71.2 M (53.2) and earnings per share amounted to SEK 2.85 (2.13).

First nine months of 2018

Sales of SEK 2,623.7 M (2,265.0) were 15.8 per cent higher year-on-year. Actual organic volume growth was 15.5 per cent after adjustment for exchange rate changes between the quarters.

Operating profit amounted to SEK 329.7 M (282.9), with an operating margin of 12.6 per cent (12.5). The operating profit included Group-wide overheads in the Parent Company of SEK 11.6 M (13.3) that were not allocated to the divisions.

The Group's net interest expense for the first nine months of the year was SEK 25.9 M (expense: 31.7) and the period's currency effect on foreign-currency denominated credits was a negative SEK 11.8 M (pos: 11.8). Taken together, this resulted in a net financial expense of SEK 37.3 M (expense: 19.9). Profit after financial items was, accordingly, SEK 292.0 M (263.0), profit after tax totalled SEK 212.5 M (189.8) and earnings per share amounted to SEK 8.50 (8.43).

For the first nine months of the year, return on capital employed was 14.0 per cent (11.0) and return on equity was 13.4 per cent (14.0). The Group's equity/assets ratio increased slightly to 54.9 per cent (54.7 at year-end).

Capital expenditures

The Group's new capital expenditures during the third quarter amounted to SEK 20.5 M (10.5), while total new capital expenditures for the first nine months of the year amounted to SEK 49.8 M (37.1).

Financial position

Profit after tax for the first nine months of the year amounted to SEK 212.5 SEK M (189.8). Other comprehensive income during the period was a positive amount of SEK 35.2 M (neg: 57.3), corresponding to a total operating profit of SEK 247.6 M (132.5).

After the payment of dividends totalling SEK 81.3 M (43.8) to the shareholders, equity amounted to SEK 2,171.2 M at 30 September (2,004.9 at year-end). The equity/assets ratio was 54.9 per cent at 30 September (54.7 at year-end). The Group's cash and cash equivalents increased by SEK 40.4 M during the first nine months of the year to SEK 361.8 M at 30 September (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 September had available liquidity of SEK 461.8 M (421.4).

The Group's interest-bearing net debt (including pension liability) declined by SEK 53.9 M during the year to SEK 688.4 M (742.3) at 30 September.

The ratio of interest-bearing net debt to equity was 0.32 at 30 September 2018 (0.37 at 31 December 2017) and the ratio of net debt to consolidated operating profit before depreciation/amortisation and impairment (EBITDA) was 1.44 (1.73).

The Group's goodwill increased by SEK 6.8 M due to currency effects and amounted at the end of September to SEK 1,125.6 M (1,118.9 at year-end), which in relation to equity amounted to a ratio of 0.52 (0.56).

Cash flow

Cash flow from operating activities during the first nine months of the year amounted to SEK 207.0 M (156.2). Paid new capital expenditures during the period amounted to SEK 39.5 M (37.1). During the first nine months 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 47.5 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 128.8 M (neg: 109.3). Consequently, net cash flow for the period was SEK 38.7 M (9.8).

Personnel

At 30 September 2018, there were 1,586 employees in the VBG Group (1,502 at year-end), of which 215 (211) in Sweden. During the first nine months of the year, the Group employed an average of 1,554 persons (1,425 during the year-earlier period). Of these 1,554 employees, 214 (209) were active in Sweden. The cost of salaries and social security contributions was SEK 591.2 M (527.4).

Per share data

Earnings per share for the first nine months of the year amounted to SEK 8.50 (8.43), and the average number of shares for the first nine months was, in thousands, 25,004 compared with 22,504 shares during the same period one year earlier.

Equity per share (total outstanding shares at the end of the period) was SEK 86.83 at 30 September 2018, compared with SEK 75.69 at the same time last year and SEK 80.18 at year-end.

The number of shareholders fell by 72 during the third quarter and amounted to 4,528 at 30 September (4,670 at year-end).

VBG TRUCK EQUIPMENT



THIRD QUARTER OF 2018

- Sales rose to **SEK 205.1 M** (185.5).
- EBITA decreased to **SEK 32.9 M** (34.1), with an EBITA margin of 16.0 per cent (18.4).

FIRST NINE MONTHS OF 2018

- Sales rose to **SEK 676.3 M** (613.6).
- EBITA increased to **SEK 128.5 M** (124.1), with an EBITA margin of 19.0 per cent (20.2).

SALES/EARNINGS												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Net sales	676.3	205.1	231.8	239.4	836.7	223.1	613.6	185.5	202.3	225.8	757.3	197.5
EBITDA	140.4	36.9	42.0	61.5	184.6	50.4	134.7	37.4	39.8	57.0	163.3	43.3
EBITA	128.5	32.9	38.0	57.5	170.8	46.7	124.1	34.1	36.3	53.6	149.2	39.8
EBITA margin, %	19.0	16.0	16.4	24.0	20.4	21.3	20.2	18.4	18.1	23.7	19.7	20.2
Operating profit (EBIT)	128.3	32.9	37.9	57.5	169.8	46.5	123.3	33.9	36.1	53.3	147.2	39.3
Operating margin (EBIT), %	19.0	16.0	16.4	24.0	20.3	20.8	20.1	18.3	17.8	23.6	19.4	19.9

SALES BY MARKET												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Sweden	175.9	48.9	62.1	64.9	199.0	48.7	150.3	44.0	50.3	56.0	204.4	55.7
Other Nordic countries	114.9	38.4	38.2	38.3	135.9	32.6	103.3	28.0	34.3	41.0	125.1	31.7
Germany	98.1	25.9	35.4	36.8	118.8	29.8	89.0	28.6	27.2	33.2	106.4	24.8
Other European countries	159.9	49.7	56.5	53.6	196.5	47.0	149.5	44.7	50.3	54.5	178.0	41.8
North America	63.5	24.0	19.2	20.3	92.0	28.6	63.4	20.5	18.8	24.1	85.6	29.2
Australia/New Zealand	45.5	13.1	10.0	22.4	67.7	22.9	44.9	16.3	15.1	13.4	44.7	10.7
Rest of world	18.5	5.0	10.4	3.1	26.8	13.6	13.2	3.4	6.3	3.6	13.1	3.6
VBG Truck Equipment	676.3	205.1	231.8	239.4	836.7	223.1	613.6	185.5	202.3	225.8	757.3	197.5

Sales and earnings

Third quarter of 2018

VBG Truck Equipment reported another strong quarter, in terms of sales and EBITA. Sales for the quarter grew by 10.6 per cent year-on-year to SEK 205.1 M (185.5), with the highest sales growth noted in Europe, particularly in the Nordic countries. Adjusted for exchange rate changes year-on-year, where the average USD rate between the quarters strengthened by 9.9 per cent and the EUR, which is a more important currency for the division, strengthened 8.9 per cent, the actual organic growth was 6.2 per cent.

EBITA, operating profit excluding amortisation of intangible assets, for VBG Truck Equipment decreased slightly year-on-year to SEK 32.9 M (34.1) with an EBITA margin of 16.0 per cent (18.4).

First nine months of 2018

VBG Truck Equipment's sales increased year-on-year by 10.2 per cent to SEK 676.3 M (613.6). The highest sales growth was noted in the Nordic countries, Germany and Rest of world. Adjusted for exchange rate changes, where the average USD rate between the quarters weakened by 0.6 per cent while the EUR strengthened 6.8 per cent, the actual organic growth was 6.6 per cent.

During the first nine months of the year, VBG Truck Equipment's EBITA increased to SEK 128.5 M (124.1), with an EBITA margin of 19.0 per cent (20.2).

During the first nine months of the year, the division's working capital also increased SEK 3.3 M to SEK 197.9 M and operating capital amounted to SEK 282.9 M at the end of September (284.2 at year-end).

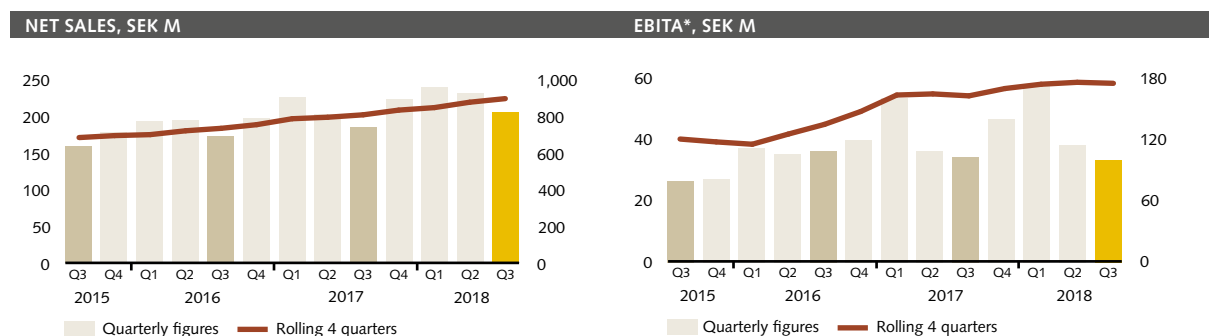
The division's return on operating capital (ROOC) was 65.5 per cent (69.3 during the year-earlier period).

Investments and depreciation/amortisation

VBG Truck Equipment's investments during the third quarter amounted to SEK 5.8 M (4.2), while total new capital expenditures for the first nine months of the year amounted to SEK 10.0 M (12.4). Depreciation/amortisation during the quarter totalled SEK 4.0 M (3.7) and totalled SEK 12.1 M (11.4) for the first nine months of the year.

Personnel

During the first nine months of the year, VBG Truck Equipment employed an average of 270 persons (270 during the year-earlier period). At 30 September 2018, there were 276 employees in the division (277 on 30 September 2017), compared with 278 employees at year-end.



EDSCHA TRAILER SYSTEMS



THIRD QUARTER OF 2018

- Sales rose to **SEK 73.3 M** (57.5).
- EBITA increased to **SEK 7.4 M** (2.0), with an EBITA margin of 10.1 per cent (3.5).

FIRST NINE MONTHS OF 2018

- Sales rose to **SEK 250.5 M** (196.3).
- EBITA increased to **SEK 34.9 M** (20.2), with an EBITA margin of 13.9 per cent (10.3).

SALES/EARNINGS												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Net sales	250.5	73.3	88.6	88.7	259.7	63.4	196.3	57.5	69.3	69.5	270.5	66.0
Adjusted EBITDA	39.0	8.8	15.9	14.2	31.7	7.4	23.7	3.4	10.2	10.7	40.4	8.5
Adjusted EBITA	34.9	7.4	14.6	13.0	26.3	6.0	20.2	2.0	8.8	9.4	35.0	7.2
Adjusted EBITA margin, %	13.9	10.1	16.4	14.6	10.1	9.5	10.3	3.5	12.8	13.5	12.9	10.8
Adjusted operating profit (EBIT)	31.1	6.1	13.3	11.7	21.1	4.7	16.5	0.7	7.6	8.2	30.0	5.9
Adjusted operating margin (EBIT), %	12.4	8.4	15.0	13.2	8.1	7.4	8.4	1.2	10.9	11.8	11.1	8.9
Items affecting comparability	—	—	—	—	-7.5 ¹	-7.5 ¹	—	—	—	—	—	—
Reported operating profit/loss (EBIT)	31.1	6.1	13.3	11.7	13.6	-2.8	16.5	0.7	7.6	8.2	30.0	5.9
Reported operating margin (EBIT), %	12.4	8.4	15.0	13.2	5.3	-4.5	8.4	1.2	10.9	11.8	11.1	8.9

¹ Negative SEK 7.5 M in reorganisation costs relating to measures to increase profitability.

SALES BY MARKET												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Sweden	0.1	0.0	0.1	0.1	0.2	0.0	0.2	0.1	0.0	0.1	0.3	0.1
Other Nordic countries	0.7	0.1	0.3	0.3	1.3	0.2	1.1	0.5	0.4	0.3	0.9	0.1
Germany	127.3	42.8	43.4	44.4	147.0	36.4	110.3	31.9	37.1	41.4	159.8	28.2
Other European countries	118.0	29.6	44.5	43.9	110.3	26.5	83.8	25.0	31.1	27.6	108.4	37.5
Rest of world	4.3	0.8	0.3	0.0	0.9	0.2	0.9	0.0	0.7	0.1	1.1	0.1
Edscha Trailer Systems	250.5	73.3	88.6	88.7	259.7	63.4	196.3	57.5	69.3	69.5	270.5	66.0

Sales and earnings

Third quarter of 2018

Edscha Trailer Systems followed a favourable second quarter with a strong third quarter, when sales increased by a full 27.4 per cent to SEK 73.3 M (57.5). 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 17.7 per cent.

EBITA for the quarter increased to SEK 7.4 M (2.0), with an EBITA margin of 10.1 per cent (3.5).

First nine months of 2018

Edscha Trailer Systems performed strongly during the first nine months of the year. The division's sales increased by a full 27.6 per cent to SEK 250.5 M (196.3). Excluding the positive exchange rate effects in the translation of sales in EUR to SEK, the actual organic growth was 19.3 per cent.

EBITA during the first nine months of the year increased to SEK 34.9 M (20.2), with an EBITA margin of 13.9 per cent (10.3).

During the first nine months of the year, the division's working capital also increased SEK 9.4 M to SEK 76.3 M and operating capital amounted to SEK 119.2 M at the end of September (110.2 at year-end).

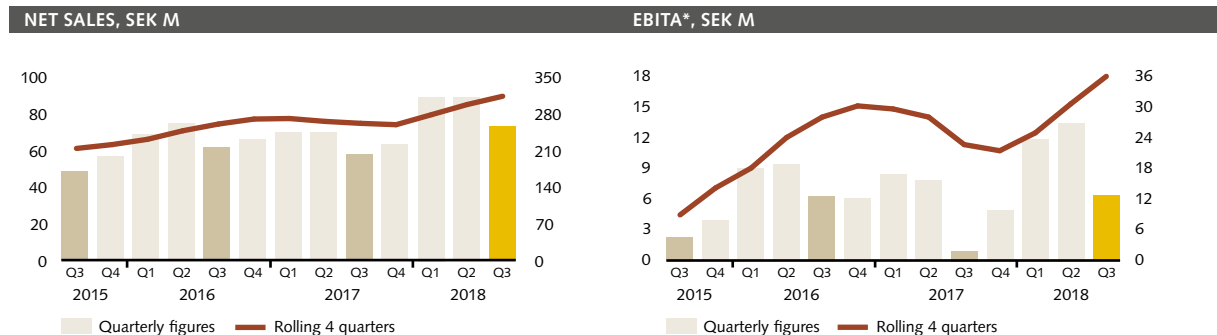
The division's return on operating capital (ROOC) was 39.5 per cent (29.6 during the year-earlier period).

Investments and depreciation/amortisation

Edscha Trailer Systems' investments during the third quarter amounted to SEK 0.9 M (0.5), while total new capital expenditures for the first nine months of the year amounted to SEK 1.9 M (1.2). Depreciation/amortisation during the quarter totalled SEK 2.7 M (2.5) and totalled SEK 7.8 M (7.2) for the first nine months of the year.

Personnel

During the first nine months of the year, Edscha Trailer Systems employed an average of 85 persons (83 during the year-earlier period). At 30 September 2018, there were 87 employees in the division (92 on 30 September 2017), compared with 88 employees at year-end.



* Before items affecting comparability.

MOBILE CLIMATE CONTROL



THIRD QUARTER OF 2018

- Sales rose to **SEK 460.4 M** (357.4).
- EBITA increased to **SEK 53.4 M** (39.9), with an EBITA margin of 11.6 per cent (11.2).

FIRST NINE MONTHS OF 2018

- Sales rose to **SEK 1,305.5 M** (1,088.1)
- EBITA increased to **SEK 143.6 M** (123.4), with an EBITA margin of 11.0 per cent (11.3).

SALES/EARNINGS												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Net sales	1,305.5	460.4	476.8	368.3	1,426.7	338.6	1,088.1	357.4	383.2	347.5	101.4	101.4
EBITDA	153.3	57.0	64.7	31.7	160.8	28.6	132.2	42.8	52.4	37.0	6.5	6.5
EBITA	143.6	53.4	61.4	28.8	149.0	25.6	123.4	39.9	49.5	34.1	5.1	5.1
EBITA margin, %	11.0	11.6	12.9	7.8	10.4	7.6	11.3	11.2	12.9	9.8	5.0	5.0
Operating profit (EBIT)	127.4	48.0	56.0	23.4	127.9	20.3	107.6	34.6	44.2	28.8	5.0	5.0
Operating margin (EBIT), %	9.8	10.4	11.8	6.3	9.0	6.0	9.9	9.7	11.5	8.3	4.9	4.9

SALES BY MARKET												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Sweden	27.7	8.3	10.1	9.4	37.3	8.0	29.3	8.2	9.2	11.9	2.9	2.9
Other Nordic countries	27.2	9.1	9.8	8.3	28.6	7.9	20.7	8.3	6.8	5.6	1.7	1.7
Germany	23.3	7.8	7.7	7.8	24.1	6.3	17.9	7.0	5.7	5.2	3.5	3.5
Other European countries	117.1	38.2	39.6	39.3	152.8	37.3	115.6	38.2	39.0	38.4	10.9	10.9
North America	1,081.7	386.0	398.7	297.0	1,155.7	273.6	882.1	288.2	314.4	279.5	78.5	78.5
Rest of world	28.5	11.0	10.9	6.5	28.2	5.7	22.5	7.4	8.1	7.0	4.0	4.0
Mobile Climate Control	1,305.5	460.4	476.8	368.3	1,426.7	338.6	1,088.1	357.4	383.2	347.5	101.4	101.4

Sales and earnings

Third quarter of 2018

Sales for the third quarter grew by 28.8 per cent year-on-year to SEK 460.4 M (357.4). The strongest sales growth was noted primarily in the important North American market. Adjusted for exchange rate changes, where the average USD rate strengthened by 9.9 per cent year-on-year in the third quarter and the CAD by 5.4 per cent, the actual organic growth was 21.1 per cent.

EBITA for Mobile Climate Control increased to SEK 53.4 M (39.9) with an EBITA margin of 11.6 per cent (11.2).

First nine months of 2018

Mobile Climate Control reported strong growth in the first nine months of the year and sales increased by 20.0 per cent year-on-year to SEK 1,305.5 M (1,088.1). Adjusted for exchange rate changes, where the average USD rate weakened by 0.6 per cent year-on-year in the first nine months of the year while the CAD strengthened by 1.0 per cent, the actual organic growth was 18.7 per cent.

EBITA for Mobile Climate Control increased to SEK 143.6 M (123.4) with an EBITA margin of 11.0 per cent (11.3).

During the first nine months of the year, the division's working capital increased sharply by SEK 114.9 M to SEK 414.0 M. Operating capital amounted to SEK 526.8 M at the end of September (401.5 at year-end).

The division's return on operating capital (ROOC) was 39.9 per cent (35.5 during the year-earlier period).

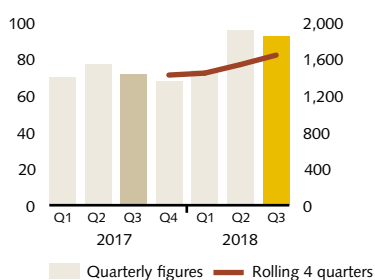
Investments and depreciation/amortisation

Mobile Climate Control's investments during the third quarter amounted to SEK 10.7 M (1.4), while total new capital expenditures for the first nine months of the year amounted to SEK 27.6 M (5.3). Depreciation/amortisation during the third quarter totalled SEK 9.0 M (8.2) and totalled SEK 25.9 M (24.6) for the first nine months of the year.

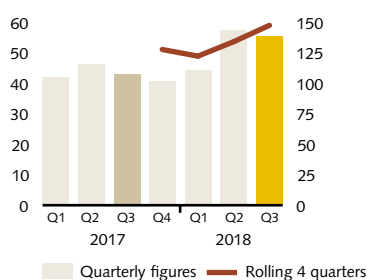
Personnel

During the first nine months of the year, Mobile Climate Control employed an average of 887 persons (741 during the year-earlier period). At 30 September 2018, there were 879 employees in the division (750 on 30 September 2017), compared with 785 employees at year-end.

NET SALES, SEK M



EBITA*, SEK M



* Before items affecting comparability.

RINGFEDER POWER TRANSMISSION



THIRD QUARTER OF 2018

- Sales rose to **SEK 136.2 M** (118.8).
- EBITA increased to **SEK 23.6 M** (16.5), with an EBITA margin of 17.3 per cent (13.9).

FIRST NINE MONTHS OF 2018

- Sales rose to **SEK 391.5 M** (367.0).
- EBITA increased to **SEK 57.7 M** (51.8), with an EBITA margin of 14.7 per cent (14.1).

SALES/EARNINGS												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Net sales	391.5	136.2	134.0	121.4	479.1	112.0	367.0	118.8	122.4	125.8	414.7	99.9
Adjusted EBITDA	67.4	26.8	21.0	19.6	76.7	15.6	61.0	19.5	20.6	21.0	46.7	6.1
Adjusted EBITA	57.7	23.6	17.7	16.5	64.3	12.5	51.8	16.5	17.6	17.8	33.9	2.9
Adjusted EBITA margin, %	14.7	17.3	13.2	13.6	13.4	11.1	14.1	13.9	14.4	14.1	8.2	2.9
Adjusted operating profit (EBIT)	54.5	22.5	16.6	15.4	60.3	11.5	48.8	15.5	16.6	16.7	29.0	1.7
Adjusted operating margin (EBIT), %	13.9	16.5	12.4	12.7	12.6	10.3	13.3	13.0	13.6	13.3	7.0	1.7
Items affecting comparability	—	—	—	—	—	—	—	—	—	—	-4.8 ¹	-4.8 ¹
Reported operating profit/loss (EBIT)	54.5	22.5	16.6	15.4	60.3	11.5	48.8	15.5	16.6	16.7	24.2	-3.1
Reported operating margin (EBIT), %	13.9	16.5	12.4	12.7	12.6	10.3	13.3	13.0	13.5	13.3	5.8	-3.1

¹ A negative SEK 4.8 M pertaining to an action programme to increase profitability.

SALES BY MARKET												
SEK M	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	9 months 2017	Q3 2017	Q2 2017	Q1 2017	Full-year 2016	Q4 2016
Sweden	3.1	0.9	1.2	1.0	4.6	1.3	3.3	1.1	0.7	1.5	4.2	0.9
Other Nordic countries	4.1	0.9	1.7	1.6	4.0	0.9	3.1	1.1	0.9	1.0	5.1	1.3
Germany	141.9	48.9	47.5	46.0	170.3	37.7	132.7	43.1	43.5	46.0	153.8	36.7
Other European countries	47.6	16.6	17.8	13.3	62.2	14.6	47.5	15.3	15.7	16.6	52.1	13.2
North America	89.2	31.8	31.1	26.4	101.1	24.3	76.8	24.2	26.0	26.6	87.1	22.8
Brazil	42.8	14.8	12.7	15.2	66.7	16.0	50.6	16.2	18.9	15.6	56.7	14.5
Australia/New Zealand	8.5	2.9	2.9	2.6	11.5	1.9	9.6	2.5	2.5	4.6	8.8	1.2
Rest of world	54.4	19.3	19.2	15.4	58.7	15.3	43.4	15.3	14.2	13.9	46.9	9.3
Ringfeder Power Transmission	391.5	136.2	134.0	121.4	479.1	112.0	367.0	118.8	122.4	125.8	414.7	99.9

Sales and earnings

Third quarter of 2018

Ringfeder Power Transmission's sales increased year-on-year by 14.6 per cent to SEK 136.2 M (118.8). Adjusted for exchange rate changes, where the average USD rate strengthened by 9.9 per cent, the BRL weakened by 11.9 per cent, and the EUR strengthened by 8.9 per cent compared with the third quarter one year earlier, the overall effect was actual organic growth of 11.9 per cent.

EBITA for Ringfeder Power Transmission increased year-on-year to SEK 23.6 M (16.5) with an EBITA margin of 17.3 per cent (13.9).

First nine months of 2018

Sales for the first nine months of the year grew by 6.7 per cent year-on-year to SEK 391.5 M (367.0). Adjusted for exchange rate changes, where the average USD rate weakened by 0.6 per cent and the BRL by 12.0 per cent year-on-year in the first nine months of the year, while the EUR strengthened by 6.8 per cent, the actual organic growth was an increase of 4.3 per cent.

EBITA for Ringfeder Power Transmission increased year-on-year to SEK 57.7 M (51.8) with an EBITA margin of 14.7 per cent (14.1).

During the first nine months of the year, the division's working capital increased SEK 34.7 M to SEK 215.7 M and operating capital amounted to SEK 322.8 M at the end of September (291.7 at year-end).

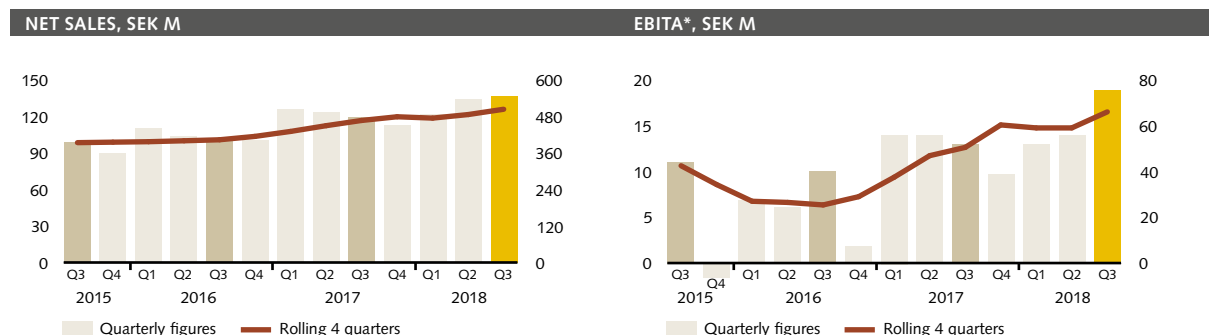
The division's return on operating capital (ROOC) was 27.3 per cent (23.3 during the year-earlier period).

Investments and depreciation/amortisation

Ringfeder Power Transmission's investments during the first nine months of the year amounted to SEK 2.8 M (3.7), while total new capital expenditures for the period amounted to SEK 9.8 M (26.4). Depreciation/amortisation during the third quarter totalled SEK 4.3 M (4.0) and totalled SEK 12.9 M (12.3) for the first nine months of the year.

Personnel

During the first nine months of the year, Ringfeder Power Transmission employed an average of 303 persons (325 during the year-earlier period). At 30 September 2018, there were 335 employees in the division (340 on 30 September 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 and licence revenues. These amounted to SEK 30.2 M (16.7) for the first nine months of the year. The operating loss for the period was SEK 13.4 M (loss: 15.5). Profit after dividends from Group companies and net financial items totalled SEK 143.3 M (23.6).

A decision was taken at VBG Group AB's General Meeting on 25 April 2018 to introduce a long-term incentive scheme for senior officers and other key personnel in the Group. The decision concerned about 50 individuals who were offered an opportunity to acquire a total of up to 375,000 warrants. Of these, 33 individuals subscribed to participate in the programme, corresponding to 194,500 warrants.

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, currency risks, credit and counterparty risks, and 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

Year-end report 2018	19 February 2019
Interim report, three months 2019	24 April 2019
Annual General Meeting 2019	24 April 2019
Interim report, six months 2019	20 August 2019
Interim report, nine months 2019	22 October 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.

Events after the close of the reporting period

No significant events occurred after the close of the period.

Vänersborg, 22 October 2018
VBG Group AB (publ)

Anders Birgersson
President and CEO

Note

This information is of the type that VBG Group AB is obligated to disclose in accordance with the EU Market Abuse regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 2:00 p.m. on 22 October 2018.

Press releases in the third quarter of 2018

Mobile Climate Control establishes operations in India	27 September 2018
Interim report January–June 2018	21 August 2018

For further information, please contact:

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Review report

Introduction

We have reviewed the interim report for VBG Group AB (publ), Corp. ID no. 556069-0751, for the period 1 January–30 September 2018. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion regarding this interim financial information based on our review.

Aim and scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us

to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

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

Gothenburg, 22 October 2018
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

Consolidated Income Statement and Statement of other comprehensive income – Highlights

SEK M	Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full-year 2017
Net sales	874.8	719.2	2,623.7	2,265.0	3,002.0
Cost of goods sold	-579.2	-470.7	-1,717.8	-1,452.9	-1,934.1
Gross profit	295.6	248.5	905.8	812.1	1,067.9
Selling expenses	-96.2	-78.5	-285.9	-244.1	-332.1
Administrative expenses	-59.9	-53.7	-192.3	-182.4	-253.5
Research and development costs	-33.8	-24.2	-99.3	-78.5	-106.4
Other operating income and expenses	2.0	-10.4	1.7	-24.0	-24.9
	-187.9	-166.8	-575.8	-529.1	-716.8
Operating profit	107.3	81.7	329.7	282.9	351.1
Exchange rate effects, net	2.2	1.9	-11.8	11.8	4.6
Interest income	0.4	0.5	1.2	1.2	1.7
Interest expenses	-6.9	-7.0	-20.8	-25.4	-31.9
Other financial expenses	-2.1	-2.0	-6.2	-7.4	-9.9
Total financial items	-6.4	-6.6	-37.7	-19.9	-35.5
Profit after financial items	100.9	75.1	292.0	263.0	315.6
Tax	-29.7	-21.9	-79.5	-73.2	-95.1
Profit for the period	71.2	53.2	212.5	189.8	220.5
Profit for the period attributable to Parent Company shareholders	71.2	53.2	212.5	189.8	220.5
Other comprehensive income					
Profit for the period	71.2	53.2	212.5	189.8	220.5
Items that will not be reversed in the Income Statement					
Effect of translation of defined-benefit pension plans, net after tax	—	—	—	—	-5.8
Items that may later be reversed in the Income Statement					
Translation differences pertaining to foreign operations	-15.0	-29.3	35.7	-57.3	28.7
Translation differences pertaining to hedge accounting for net investments in foreign operations	0.6	0.0	-0.6	0.0	1.2
Other comprehensive income, net after tax	-14.3	-29.3	35.2	-57.3	24.2
Comprehensive income for the period	56.8	23.9	247.6	132.5	244.7
Comprehensive income for the period attributable to Parent Company shareholders	56.8	23.9	247.6	132.5	244.7
Earnings per share, basic and diluted, SEK	2.85	2.13	8.50	8.43	9.62
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	22,504	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
2018							
Q3 Jul–Sep	Net sales	205.1	73.3	460.4	136.2		874.8
	Operating profit/loss before items affecting comparability	32.9	6.1	48.0	22.5	–2.2	107.3
	Operating margin, %	16.0	8.4	10.4	16.5		12.3
	Reported operating profit/loss	32.9	6.1	48.0	22.5	–2.2	107.3
	Reported operating margin, %	16.0	8.4	10.4	16.5		12.3
	Net financial items					–6.4	–6.4
	Profit after financial items						100.9
2018							
9 months Jan–Sep	Net sales	676.3	250.5	1,305.5	391.5		2,623.7
	Operating profit/loss before items affecting comparability	128.3	31.1	127.4	54.5	–11.6	329.7
	Operating margin, %	19.0	12.4	9.8	13.9		12.6
	Reported operating profit/loss	128.3	31.1	127.4	54.5	–11.6	329.7
	Reported operating margin, %	19.0	12.4	9.8	13.9		12.6
	Net financial items					–37.7	–37.7
	Profit after financial items						292.0
2017							
Q3 Jul–Sep	Net sales	185.5	57.5	357.4	118.8		719.2
	Operating profit/loss before items affecting comparability	33.9	0.7	34.6	15.5	–3.0	81.7
	Operating margin, %	18.3	1.2	9.7	13.0		11.4
	Reported operating profit/loss	33.9	0.7	34.6	15.5	–3.0	81.7
	Reported operating margin, %	18.3	1.2	9.7	13.0		11.4
	Net financial items					–6.6	–6.6
	Profit after financial items						75.1
2017							
9 months Jan–Sep	Net sales	613.6	196.3	1,088.1	367.0		2,265.0
	Operating profit/loss before items affecting comparability	123.3	16.5	107.6	48.8	–13.3	282.9
	Operating margin, %	20.1	8.4	9.9	13.3		12.5
	Reported operating profit/loss	123.3	16.5	107.6	48.8	–13.3	282.9
	Reported operating margin, %	20.1	8.4	9.9	13.3		12.5
	Net financial items					–19.9	–19.9
	Profit after financial items						263.0

Consolidated Balance Sheet

SEK M	30 Sep 2018	30 Sep 2017	31 Dec 2017
Assets			
Non-current assets			
Intangible assets			
Brands, customer relationships and other intangible assets	805.8	833.6	827.9
Goodwill	1,125.6	1,072.4	1,118.9
	1,931.5	1,906.0	1,946.7
Property, plant and equipment			
Land and buildings	184.5	174.1	179.3
Plant and machinery	102.8	99.4	101.8
Equipment, tools, fixtures and fittings	53.2	47.5	54.0
Construction in progress	8.7	2.1	11.4
	349.3	323.1	346.5
Deferred tax asset	54.0	56.3	48.1
Total non-current assets	2,334.8	2,285.6	2,341.5
Current assets			
Inventories			
Raw materials and consumables	327.6	264.5	256.9
Work in progress	88.8	69.2	75.4
Finished products and merchandise	212.0	158.4	163.7
	628.4	492.1	496.0
Current receivables			
Trade receivables	527.5	459.9	418.2
Current tax assets	41.1	31.7	26.0
Other receivables	41.5	39.7	42.7
Prepaid expenses and accrued income	20.8	21.6	17.9
	630.9	552.8	504.6
Cash and cash equivalents			
Cash on hand and demand deposits	361.8	286.1	321.4
Total current assets	1,621.1	1,331.0	1,322.0
Total assets	3,955.9	3,616.7	3,663.6
Equity and liabilities			
Equity			
Share capital	65.5	65.5	65.5
Other contributed capital	779.4	779.4	779.4
Reserves	22.8	-57.3	84.1
Retained earnings, incl. net profit for the year	1,303.5	1,105.0	1,075.8
Total equity	2,171.2	1,892.7	2,004.9
Non-current liabilities			
Provisions for pensions and similar obligations	192.3	177.3	185.7
Deferred tax liability	214.3	225.2	207.9
Other provisions	27.4	20.3	23.7
Liabilities to credit institutions	781.7	841.3	801.9
Total non-current liabilities	1,215.6	1,264.1	1,219.2
Current liabilities			
Liabilities to credit institutions	76.2	76.1	76.1
Trade payables	256.5	192.5	176.2
Current tax liabilities	42.2	28.9	18.9
Other liabilities	34.0	22.5	22.5
Accrued expenses and deferred income	160.1	139.8	145.8
Total current liabilities	569.1	459.8	439.5
Total equity and liabilities	3,955.9	3,616.7	3,663.6

Changes in Consolidated Equity

SEK M	9 months 2018	9 months 2017	Full-year 2017
Opening equity according to balance sheet at 31 December	2,004.9	1,025.3	1,025.3
Total comprehensive income for the period	247.6	132.5	244.7
Contributed capital, new share issue, net	—	778.9	778.6
Dividend	-81.3	-43.8	-43.8
Equity at end of period	2,171.2	1,892.8	2,004.9

Consolidated Cash Flow Statement

SEK '000	9 months 2018	9 months 2017	Full-year 2017
Operating activities			
Operating profit before financial items	329.7	282.9	351.1
Depreciation/amortisation	59.4	57.2	77.2
Other items not affecting liquidity	22.8	-23.7	-15.6
Interest received, etc.	1.6	1.8	2.5
Interest paid	-27.4	-33.6	-42.7
Tax paid	-53.4	-51.1	-98.3
Cash flow before change in working capital	332.6	233.5	274.3
Decrease/increase (-) in inventories	-124.5	-13.9	-11.8
Decrease/increase (-) in trade receivables	-98.8	-116.9	-71.5
Decrease/increase (-) in other current receivables	1.5	1.1	0.8
Increase/decrease (-) in trade payables	74.8	38.7	19.9
Increase/decrease (-) in other current liabilities	21.4	13.7	32.1
Cash flow from operating activities	207.0	156.2	243.7
Investing activities			
Investments in intangible assets	-1.8	-0.4	-1.8
Investments in property, plant and equipment	-37.7	-36.7	-58.5
Cash flow from investing activities	-39.5	-37.1	-60.3
Financing activities			
Repayment of loans	-40.0	-40.0	-950.0
Loans raised and changes to existing loans	-7.5	-804.4	76.1
New share issue	—	778.8	778.6
Dividend paid	-81.3	-43.8	-43.8
Cash flow from financing activities	-128.8	-109.3	-139.0
Cash flow for the year	38.7	9.8	44.4
Cash and cash equivalents at start of year	321.4	276.4	276.4
Translation difference, cash and cash equivalents	1.7	0.0	0.6
Cash and cash equivalents at year-end	361.8	286.1	321.4
Unutilised overdraft facilities	100.0	100.0	100.0
Total cash and cash equivalents available	461.8	386.1	421.4

Key figures for Group

SEK M	9 months 2018	9 months 2017	Full-year 2017
Operating margin (EBIT)	12.6	12.5	11.7
Profit margin (ROS), %	11.1	11.6	10.5
Return on equity (ROE), %	13.4	14.0	12.3
Return on capital employed (ROCE), %	14.0	11.0	10.7
Equity/assets ratio, %	54.9	53.0	54.7
Equity per outstanding share at end of period, SEK	86.83	75.69	80.18
Cash flow from operating activities, per average outstanding share, SEK	8.28	6.94	10.63
Profit per average outstanding share during the period, SEK	8.50	8.4	9.62
Share price at end of period, SEK	152.00	145.00	132.00
Number of employees, average	1,554	1,425	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	22,504	22,920

Parent Company Income Statement

SEK M	9 months 2018	9 months 2017	Full-year 2017
Net sales	30.2	16.7	29.2
Operating expenses	-43.6	-32.2	-45.9
Operating loss	-13.4	-15.5	-16.7
Net financial items	156.7	39.0	-19.1
Profit/loss after financial items	143.3	23.6	-35.8
Appropriations	—	—	51.8
Tax	—	—	-0.8
Profit for the period	143.3	23.6	15.2

Parent Company Balance Sheet

SEK M	30 Sep 2018	30 Sep 2017	Full-year 2017
Other intangible assets	1.4	3.2	3.0
Property, plant and equipment	1.4	7.8	1.1
Long-term investments	1,987.6	2,042.6	1,992.6
Total non-current assets	1,990.4	2,053.6	1,996.7
Receivables	469.1	449.4	471.1
Cash on hand, demand deposits and short-term investments	231.1	136.8	119.4
Total current assets	700.2	586.2	590.5
TOTAL ASSETS	2,690.6	2,639.8	2,587.2
Equity	1,337.0	1,291.2	1,282.8
Untaxed reserves	4.8	7.8	4.8
Provisions	16.0	12.8	12.7
Non-current liabilities	781.0	828.9	795.7
Current liabilities	551.8	499.1	491.3
TOTAL EQUITY AND LIABILITIES	2,690.6	2,639.8	2,587.2

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	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
VBG Group					
Net sales	2,623.7	874.8	2,265.0	719.2	3,002.0
Reported operating profit	329.7	107.3	282.9	81.7	351.1
Reported operating margin	12.6	12.3	12.5	11.4	11.7
Items affecting comparability	—	—	—	—	-7.5
Operating profit before items affecting comparability	329.7	107.3	282.9	81.7	358.6
Operating margin before items affecting comparability	12.6	12.3	12.5	11.4	11.9
VBG Truck Equipment					
Net sales	676.3	205.1	613.6	185.5	836.7
Reported operating profit	128.3	32.9	123.3	33.9	169.8
Reported operating margin	19.0	16.0	20.1	18.3	20.3
Items affecting comparability	—	—	—	—	—
Operating profit before items affecting comparability	128.3	32.9	123.3	33.9	169.8
Operating margin before items affecting comparability	19.0	16.0	20.1	18.3	20.3
Edscha Trailer Systems					
Net sales	250.5	73.3	196.3	57.5	259.7
Reported operating profit	31.1	6.1	16.5	0.7	13.6
Reported operating margin	12.4	8.4	8.4	1.2	5.3
Items affecting comparability	—	—	—	—	-7.5
Operating profit before items affecting comparability	31.1	6.1	16.5	0.7	21.1
Operating margin before items affecting comparability	12.4	8.4	8.4	1.2	8.1
Mobile Climate Control					
Net sales	1,305.5	460.4	1,088.1	357.4	1,426.7
Reported operating profit	127.4	48.0	107.6	34.6	127.9
Reported operating margin	9.8	10.4	9.9	9.7	9.0
Items affecting comparability	—	—	—	—	—
Operating profit before items affecting comparability	127.4	48.0	107.6	34.6	127.9
Operating margin before items affecting comparability	9.8	10.4	9.9	9.7	9.0
Ringfeder Power Transmission					
Net sales	391.5	136.2	367.0	118.8	479.1
Reported operating profit	54.5	22.5	48.8	15.5	60.3
Reported operating margin	13.9	16.5	13.3	13.0	12.6
Items affecting comparability	—	—	—	—	—
Operating profit before items affecting comparability	54.5	22.5	48.8	16.6	60.3
Operating margin before items affecting comparability	13.9	16.5	13.3	13.0	12.6

ACTUAL ORGANIC GROWTH

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

SEK M	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
Group					
Net sales	2,623.7	874.8	2,265.0	719.2	3,002.0
Acquired volume (incl. full-year effect from preceding year)	—	—	-1,088.1	-357.4	-1,309.2
Currency effect	-7.0	-14.3	-25.4	-7.9	-20.0
Net sales excluding acquisitions and currencies	2,616.6	860.5	1,151.5	353.9	1,672.9
Actual organic growth	351.6	141.3	72.3	18.7	129.0
Organic growth, %	15.5	19.7	6.7	5.6	8.4
VBG Truck Equipment					
Net sales	676.3	205.1	613.6	185.5	836.7
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—	—
Currency effect	-22.1	-8.1	-7.5	-2.9	-5.2
Net sales excluding acquisitions and currencies	654.2	197.0	606.1	182.6	831.5
Actual organic growth	40.6	11.5	46.2	10.3	74.2
Organic growth, %	6.6	6.2	8.2	6.0	9.8
Edscha Trailer Systems					
Net sales	250.5	73.3	196.3	57.5	259.7
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—	—
Currency effect	-16.1	-5.3	-4.4	-1.5	-4.8
Net sales excluding acquisitions and currencies	234.4	67.9	191.9	56.0	254.9
Actual organic growth	38.1	10.4	-12.6	-5.2	-15.6
Organic growth, %	19.4	18.1	-6.2	-8.5	-5.8
Mobile Climate Control					
Net sales	1,305.5	460.4	1,088.1	357.4	1,426.7
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—	-1,309.2
Currency effect	14.0	-1.7	—	—	—
Net sales excluding acquisitions and currencies	1,319.6	458.7	1,088.1	357.4	117.5
Actual organic growth	231.5	101.3	1,088.1	357.4	16.1
Organic growth, %	21.3	28.4	n/a	n/a	15.9
Ringfeder Power Transmission					
Net sales	391.5	136.2	367.0	118.8	479.1
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—	—
Currency effect	-8.8	-3.2	-13.4	-3.5	-10.0
Net sales excluding acquisitions and currencies	382.7	133.0	353.6	115.3	469.1
Actual organic growth	15.7	14.2	38.8	13.6	54.3
Organic growth, %	4.3	11.9	12.3	13.4	13.1

INTEREST-BEARING NET DEBT

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

Group, SEK M	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
Provisions for pensions	192.3		177.3		185.7
Loans	857.9		906.8		878.0
Bank balances	-361.8		-286.1		-321.4
Interest-bearing net debt	688.4	n/a	798.0	n/a	742.3

EBITDA

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

Group, SEK M	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
Operating profit	329.7	107.3	282.9	81.7	351.1
Depreciation of tangible assets	59.4	20.1	57.2	18.9	77.2
EBITDA	389.1	127.4	340.1	100.6	428.3

EBITA

Operating profit before amortisation and impairment of intangible assets.

Group, SEK M	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
Operating profit	329.7	107.3	282.9	81.7	351.1
Amortisation of intangible assets	23.8	7.9	23.8	7.9	31.7
EBITA	353.5	115.2	306.7	89.6	382.8

INTEREST-BEARING NET DEBT/EBITDA

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

Group, SEK M	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
Interest-bearing net debt	688.4		798.0		742.3
EBITDA, rolling four quarter	477.3		389.1		428.3
Interest-bearing net debt/EBITDA	1.4	n/a	2.1	n/a	1.7

PROFIT MARGIN

Profit after financial items as a percentage of net sales.

Group, SEK M	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
Net sales	2,623.7	874.8	2,265.0	719.2	3,002.0
Profit after financial items	292.0	100.9	263.0	75.1	315.6
Profit margin, %	11.1	11.5	11.6	10.4	10.5

WORKING CAPITAL AND OPERATING CAPITAL

EBITDA as a percentage of operating capital as below.

Group, SEK M	9 months 2018	Q3 2018	9 months 2017	Q3 2017	Full-year 2017
VBG Truck Equipment					
Inventories	117.0		98.4		103.9
Trade receivables	135.2		129.2		137.6
Trade payables	-54.3		-47.2		-46.9
Working capital	197.9		180.4		194.6
Property, plant and equipment	85.0		74.0		89.6
Operating capital	282.9	n/a	254.4	n/a	284.2
EBITDA, rolling four quarter	190.8		177.5		184.6
Average operating capital four quarter	291.1		256.2		263.1
ROOC	65.5%	n/a	69.3%	n/a	70.2%
Edscha Trailer Systems					
Inventories	51.9		48.6		50.4
Trade receivables	40.6		35.7		28.4
Trade payables	-16.3		-10.9		-12.1
Working capital	76.3		73.4		66.8
Property, plant and equipment	43.0		40.9		43.4
Operating capital	119.2		114.3		110.2
EBITDA, rolling four quarter	46.3		32.8		31.7
Average operating capital 12 month	117.1		110.7		111.8
ROOC	39.5%	n/a	29.6%	n/a	28.3%
Mobile Climate Control					
Inventories	325.9		234.6		228.2
Trade receivables	259.8		215.7		175.7
Trade payables	-171.7		-119.9		-104.9
Working capital	414.0		330.3		299.1
Property, plant and equipment	112.8		96.7		102.4
Operating capital	526.8		427.0		401.5
EBITDA, rolling four quarter	182.0		138.7		160.8
Average operating capital 12 month	455.9		390.6		403.1
ROOC	39.9%	n/a	35.5%	n/a	39.9%
Ringfeder Power Transmission					
Inventories	135.4		112.3		115.3
Trade receivables	92.0		79.4		76.5
Trade payables	-11.7		-12.3		-10.8
Working capital	215.7		179.5		181.0
Property, plant and equipment	107.1		103.6		110.6
Operating capital	322.8		283.1		291.7
EBITDA, rolling four quarter	83.0		67.2		76.7
Average operating capital 12 month	304.1		289.2		288.8
ROOC	27.3%	n/a	23.2%	n/a	26.6%

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