



**VBG GROUP**  
**INTERIM REPORT**  
**JANUARY–JUNE**  
**2020**

**Q2**

**6%**

Operating margin for the second quarter was 5.7% (12.6).

**SEK 670 M**

Consolidated sales for the second quarter decreased to SEK 670.1 M (979.4).



**VBG GROUP**



# INTERIM REPORT

## JANUARY–JUNE 2020

### Second quarter of 2020

- Consolidated sales decreased by 31.6% to **SEK 670.1 M** (979.4).
- Operating profit declined to **SEK 38.2 M** (123.3).
- Operating margin decreased to **5.7%** (12.6).
- Profit after financial items declined to **SEK 32.6 M** (109.6).

### First half of 2020

- Consolidated sales decreased by 17.3% to **SEK 1,627.6 M** (1,969.0).
- Operating profit declined to **SEK 154.1 M** (258.8).
- Operating margin decreased to **9.5%** (13.1).
- Profit after financial items declined to **SEK 146.1 M** (231.3).

KEY FIGURES					
Group, SEK M	Q2 2020	Q2 2019	6 months 2020	6 months 2019	Full year 2019
Net sales	670.1	979.4	1,627.6	1,969.0	3,725.4
Operating profit before depreciation/amortization (EBITDA)	65.5	151.2	209.3	314.3	547.8
Operating profit before amortization (EBITA)	46.5	131.3	171.0	274.9	467.1
Operating profit (EBIT)	38.2	123.3	154.1	258.8	435.0
Operating profit after financial items (EBT)	32.6	109.6	146.1	231.3	397.0
Profit after tax	22.4	83.2	101.9	172.2	299.5
Earnings per share, SEK	0.90	3.32	4.08	6.88	11.98
Cash flow from operating activities	74.2	72.00	186.93	172.1	438.9
ROE (cumulative), %	8.1	14.8	8.1	14.8	12.5
ROCE (cumulative), %	8.8	14.8	8.8	14.8	12.4
Equity/assets ratio, %	57.2	55.2	57.2	55.2	57.8
Interest-bearing net debt/EBITDA	n/a	n/a	1.12	1.47	1.20
Average number of employees	n/a	n/a	1,453	1,648	1,596
Average number of shares during the period	25,004	25,004	25,004	25,004	25,004
Number of shares outstanding	25,004	25,004	25,004	25,004	25,004

# THIS IS THE VBG GROUP

VBG Group is an international industrial group in which the Parent Company and Group Management support and manage three wholly owned divisions. The Group's areas of operations are equipment for drawbar couplings and automatic tire chains, sliding roofs for trailers, climate control systems for commercial vehicles, products in mechanical power transmission, energy and shock absorption.

## VISION

We are number one or two globally in the industrial niches where 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.



### Value creation for many stakeholders

VBG Group's value creation is based on the successful identification, completion and integration of business acquisitions as well as efficient corporate governance. The Group's divisions create value on a daily basis for a number of stakeholders in a range of different niches. The strong focus on growth and profitability has resulted in a positive total return for shareholders.

### Successful business concept

The VBG Group acquires, owns and further develops industrial companies in business-to-business commerce. The companies are to operate in carefully selected product and market niches, and are to have strong brands and strong growth potential. The companies VBG Group acquires can supplement one of the Group's existing divisions, or be companies that form a completely new division. The business concept is a tried and tested one, having proved very successful over time.

### Focus on attractive niches

VBG Group focuses on identifying internationally growing niches, preferably oriented on commercial vehicles, in which its divisions and companies can position themselves as the number one or number two player in their niches.

### Strategic governance and development

The Parent Company and Group Management work with overall Group-level issues such as strategic development, financing, acquisition and policy matters; they also work closely with the Group's operations in the form of governance of the divisions.

### Stable, long-term principal owners

The VBG Group's principal owners comprise three long-term owners: The Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation\* and the VBG-SLK Foundation. Alongside the other owners, they create a solid and secure ownership structure.

### Long-term financial strength

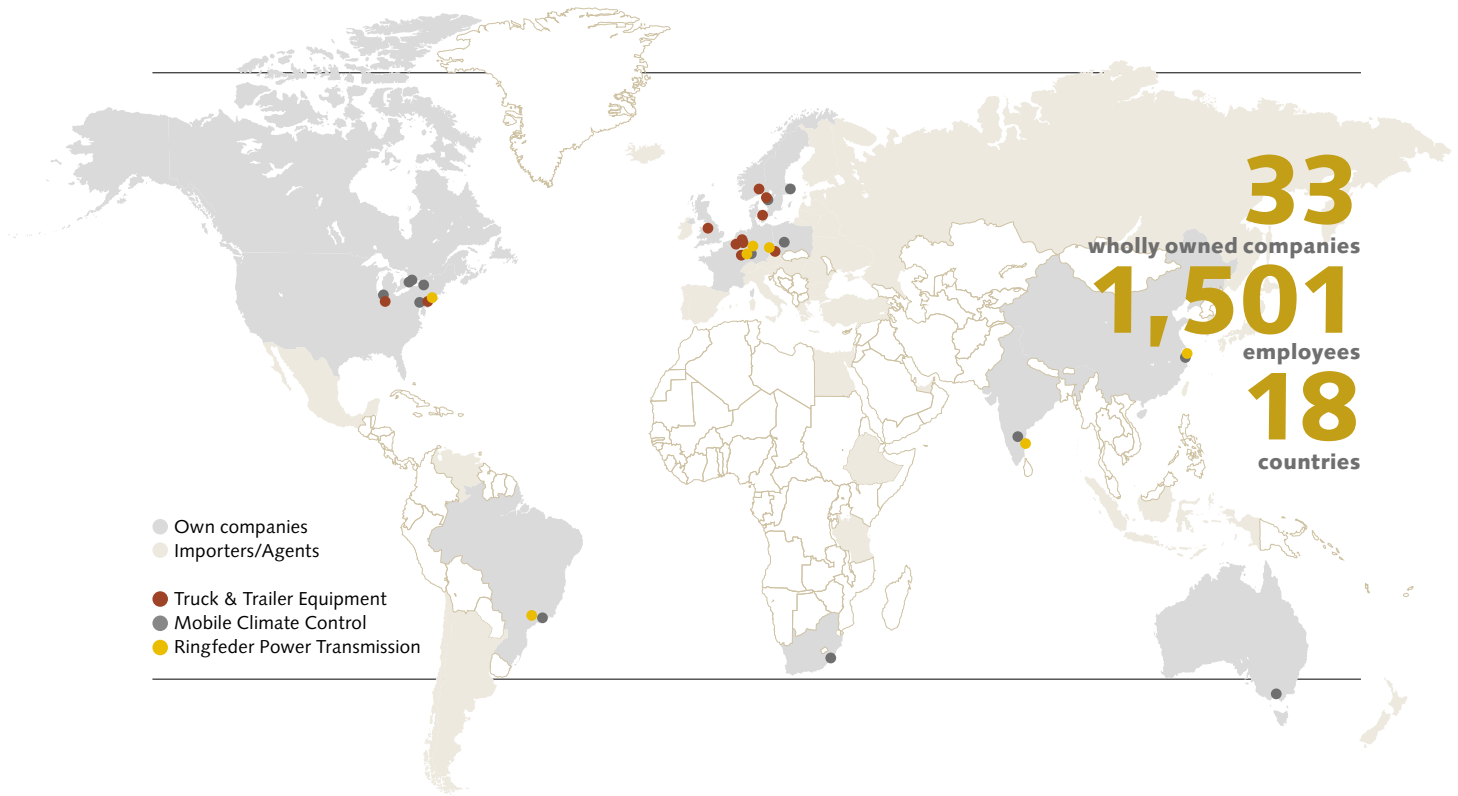
VBG Group's development has been stable since its initial listing on the stock exchange in 1987. The Group's strong financial position creates conditions for acquisitions and investments, even during periods of economic downturn.

### Values-based foundation

The VBG Group is characterized by a down-to-earth corporate culture, which can be summarized in the Group's shared values — the Keystones. These are Overall view, Business orientation, Professionalism and Teamwork. Together with the Group's Code of Conduct, the Keystones constitute a guide to daily work.

### Considerable industrial expertise

In accordance with the owner foundations' regulations, the President of VBG Group is to be a Board member of all three owner foundations and the Parent Company's Chairman is to have a seat on the foundation with the greatest share of votes. This creates strong connections between Group Management, the Board of Directors and owners, and leads to the formation of considerable industrial expertise among the principal owners.



**OUR DIVISIONS SECOND QUARTER**

**TRUCK & TRAILER EQUIPMENT**

Sales	EBITA	EBITA margin
<b>SEK 199 M</b>	<b>SEK 27 M</b>	<b>14%</b>



**MOBILE CLIMATE CONTROL**

Sales	EBITA	EBITA margin
<b>SEK 358 M</b>	<b>SEK 4 M</b>	<b>1%</b>



**RINGFEDER POWER TRANSMISSION**

Sales	EBITA	EBITA margin
<b>SEK 113 M</b>	<b>SEK 18 M</b>	<b>16%</b>



## AN EXTREME QUARTER FOR THE GROUP



The second quarter of 2020 was the most special quarter ever in my career. When the COVID-19 pandemic spread with full force and country after country took drastic measures, large parts of the world were paralyzed. VBG Group's operations were affected at every level when countries closed their borders, shut down schools and imposed curfews. We had already begun taking action in VBG Group in the first quarter to protect our employees and our business during the pandemic.

During the second quarter, we are pleased to state that throughout the entire Group we have had only a few cases of infection, from which the staff have now recovered, and we have also in total had a somewhat lower rate of sick leave than normal. Owing to our early investments in IT infrastructure, we were able to offer those members of staff who had the possibility the option of working from home and replacing travel with digital meetings in a highly efficient manner. Our staff has shown a great deal of understanding and displayed a high level of commitment to lending a hand and helping us through this crisis.

Moreover, I am pleased with how we managed to meet the severe drop in demand that arose during the quarter. We rapidly introduced a number of measures and had plants under partial shutdown in several countries during the second quarter; we put our staff on temporary furlough where possible, and sought and received local support in the countries where

“ I feel confident  
with our actions during  
the current pandemic.

it was available. During the second quarter, we received support from government agencies corresponding to just over SEK 34 M. In parallel with this, we have reduced our costs in an insightful manner by adapting our operations in various ways to the current conditions. In the second quarter results, we can also see that our stock levels are normal, which I consider to be clear proof that the Group efficiently managed rapidly floundering demand. I feel that, through the measures introduced and owing to the support we were able to get, we returned good results for the quarter.

#### **Our divisions**

Despite the current global situation, VBG Group has not experienced any major disruptions in our deliveries; it was above all our customers' supply chains and government decisions that impacted our business. We can also state that during the second quarter, our operations in Brazil were, at most, marginally affected by the pandemic, and in China as well our operations in the second quarter were more or less running as normal after the shutdown in the first quarter.

A look at our three divisions shows that the crisis affected our operations in different ways. Truck & Trailer Equipment had stable, healthy profitability going into the crisis and, despite a nearly 40% decrease in demand, managed to retain a strong level of profitability owing to early measures such as temporary furloughs and changes to the operations.

With its broad customer base, Ringfeder Power Transmission did not take as large a hit to demand as the other divisions. The division has healthy margins in certain segments and demand for its business remained strong during the quarter, leading to the highest profitability in the Group for the quarter. Even during the financial crisis of 2009, it was clear that Ringfeder Power Transmission's broad customer base was a source of strength in uncertain times, and this was confirmed once again in the second quarter.

As regards Mobile Climate Control, the division's robust growth over the last few years came at the cost of lower margins. This means the division has difficulties maintaining profitability when demand decreases drastically. For Mobile Climate Control, the aftermarket business was also heavily affected compared to the other divisions. The main reason

for this is that many cities sharply reduced their public transportation services during the current pandemic.

In the second quarter, we began a strategic and structural review of Mobile Climate Control's operations. Initially, we had decided to phase out Mobile Climate Control's Brazil operations in the third quarter. VBG Group is established in Brazil through its other divisions, so the Group will retain its presence in the Brazilian market.

#### **The future**

It is highly uncertain how 2020 will continue to develop. Within the Group, we are now working intensely on reviewing all aspects in order to be prepared for various scenarios going forward. We will need to work on short-term activities, as well as on our future strategy over the long term. We will continue our efforts in digitizing our operations, and in the second quarter we also updated our sustainability agenda to link our operations more clearly to the UN's Sustainable Development Goals.

The uncertain development of our markets over the coming quarter, as well as of future state support and subsidies, makes it difficult to predict how the next quarter will develop. Increased revenue from third-quarter sales will not naturally lead to better earnings than the second quarter, if state support is not forthcoming.

In conclusion, I can state that a global pandemic is nothing a company can ever fully prepare for. I feel we have acted in a highly professional manner, using our experiences from previous economic crises. I would like to thank all our employees, who have acted conscientiously and prudently, and really stood up for the Group. Everything indicates we will be living with COVID-19 for some time yet, and it is important that we do everything to continue to take care of each other and our company.



Anders Birgersson  
President and CEO, VBG Group

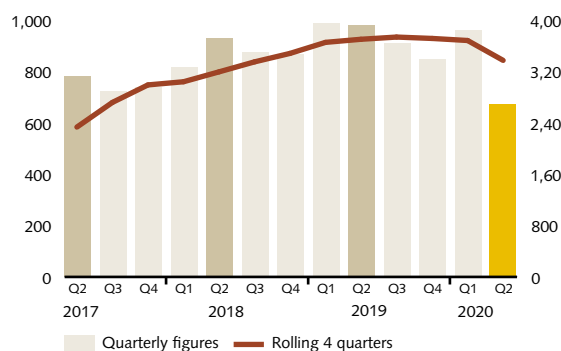
## GROUP TREND

SEK M	6 months 2020	Q2 2020	Q1 2020	Full year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	Q3 2018
Net sales	1,627.6	670.1	957.5	3,725.4	847.3	909.1	1,969.0	979.4	989.6	3,492.4	868.8	874.8
Operating profit before depreciation/amortization (EBITDA)	209.3	65.5	143.8	547.8	96.2	137.4	314.3	151.2	163.0	497.4	108.3	127.4
Operating profit before amortization (EBITA)	171.0	46.5	124.5	467.1	74.9	117.3	274.9	131.3	143.6	449.3	95.8	115.2
Operating profit (EBIT)	154.1	38.2	116.0	435.0	66.8	109.4	258.8	123.3	135.5	417.6	87.9	107.3
Operating margin (EBIT), %	9.5	5.7	12.1	11.7	7.9	12.0	13.1	12.6	13.7	12.0	10.1	12.3
Operating profit after financial items (EBT)	146.1	32.6	113.5	397.0	61.8	103.9	231.3	109.6	121.7	373.1	81.1	100.9
Profit after tax	101.9	22.4	79.4	299.5	53.6	73.7	172.2	83.2	89.0	273.0	60.5	71.2
Earnings per share, SEK	4.08	0.90	3.18	11.98	2.15	2.95	6.88	3.33	3.56	10.92	2.42	2.85
Cash flow from operating activities	186.9	74.2	112.8	438.9	121.9	145.0	172.1	72.0	100.1	253.6	46.6	97.0
ROE (cumulative), %	8.1	8.1	12.8	12.5	12.5	14.0	14.8	14.8	15.6	12.8	12.8	13.4
ROCE (cumulative), %	8.8	8.8	12.8	12.4	12.4	14.1	14.8	14.8	15.7	13.2	13.2	14.0
Equity/assets ratio, %	57.2	57.2	55.8	57.8	57.8	55.8	55.2	55.2	54.2	56.7	56.7	54.9

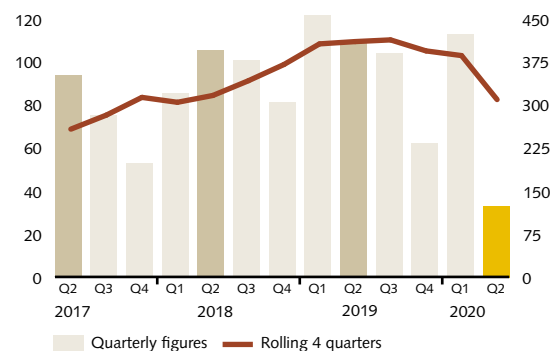
### SALES BY MARKET

SEK M	6 months 2020	Q2 2020	Q1 2020	Full-year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2018	Full-year 2018	Q4 2018	Q3 2018
Sweden	117.7	47.7	70.0	288.0	70.1	60.2	157.7	75.5	82.2	275.9	69.2	58.1
Other Nordic countries	91.2	38.0	53.2	201.3	49.6	44.9	106.8	51.8	55.0	194.7	47.6	48.4
Germany	217.3	88.5	128.8	462.9	93.2	112.0	257.7	126.3	131.4	514.7	121.2	121.4
Other European countries	239.7	90.5	149.2	564.9	122.1	127.2	315.5	151.0	164.6	576.2	133.6	134.1
North America	819.2	344.4	474.8	1,891.4	423.9	486.3	981.2	501.9	479.3	1,648.6	414.2	441.8
Brazil	36.9	16.0	21.0	80.5	21.2	21.0	38.3	17.9	20.4	62.9	17.1	16.6
Australia/New Zealand	55.3	21.1	34.2	100.8	32.7	26.0	42.1	20.4	21.7	73.6	19.0	16.1
China	14.4	7.9	6.4	37.2	11.5	8.1	17.6	8.2	9.4	45.6	14.9	12.4
Rest of world	36.0	16.0	20.0	98.4	22.9	23.3	52.1	26.5	25.6	100.1	31.9	25.8
	<b>1,627.6</b>	<b>670.1</b>	<b>957.5</b>	<b>3,725.4</b>	<b>847.3</b>	<b>909.1</b>	<b>1,969.0</b>	<b>979.4</b>	<b>989.6</b>	<b>3,492.4</b>	<b>868.8</b>	<b>874.8</b>

### NET SALES, SEK M



### PROFIT AFTER FINANCIAL ITEMS, SEK M





## Sales and earnings

### *Second quarter of 2020*

Sales for the period totaled SEK 670.1 M (979.4), down 31.6% compared to the second quarter of 2019. Adjusted for currency effects, actual organic growth was a negative 30.9%.

The Group's consolidated operating profit declined to SEK 38.2 M (123.3), corresponding to an operating margin of 5.7% (12.6).

Group-wide overheads in the Parent Company that have not been allocated to the divisions totaled SEK 3.4 M (5.8).

Net interest expense was SEK 1.6 M (expense: 11.7) and the quarter's currency effect on the Parent Company's foreign-currency denominated financial liabilities was negative SEK 4.0 M (neg: 2.1). Accordingly, profit after financial items amounted to SEK 32.6 M (109.6), and profit after tax to SEK 22.4 M (83.2). Earnings per share decreased to SEK 0.90 (3.32).

### *First half of 2020*

Sales totaled SEK 1,627.6 M (1,969.0), 17.3% lower than in the first half of 2019. Adjusted for currency effects between the half-year periods, actual organic volume growth was a negative 18.2%.

Operating profit amounted to SEK 154.1 M (258.8), with an operating margin of 9.5% (13.1). Group-wide overheads in the Parent Company that have not been allocated to the divisions totaled SEK 5.7 M (9.5).

The Group's net interest expense for the first half of the year was SEK 6.4 M (expense: 21.3) and the first half of the year's currency effect on foreign-currency denominated credits was a negative SEK 1.6 M (neg: 6.2). Taken together, this resulted in a net financial expense of SEK 8.0 M (expense: 27.6). Accordingly, profit after financial items was SEK 146.1 M (231.3), profit after tax totaled SEK 101.9 M (172.2) and earnings per share amounted to SEK 4.08 (6.88).

## Capital expenditures

The Group's new capital expenditures for the second quarter amounted to SEK 5.8 M (17.4). Total new capital expenditures for the first half of the year were SEK 16.1 M (32.7). Depreciation/amortization for the second quarter totalled SEK 27.3 M (27.9) and SEK 55.1 M (55.4) for the first half of the year.

## Financial position

Profit after tax for the period amounted to SEK 101.9 M (172.2) and other comprehensive income to a loss of SEK 57.0 M (income: 59.2), which resulted in comprehensive income of SEK 44.9 M (231.3). No dividend was paid to the shareholders

for fiscal year 2019 as an effect of COVID-19, and consolidated equity thereby increased to SEK 2,472.6 M during the period (2,427.7 at year-end).

The equity/assets ratio declined slightly during the period to 57.2% (57.8 at year-end). Cash and cash equivalents increased by SEK 235.1 M during the period to SEK 707.6 M at the end of the period (472.5 at year-end). In addition, there were unutilized overdraft facilities of SEK 100.0 M, which means the Group at the end of June had available liquidity of SEK 807.6 M (572.5 at year-end).

The Group's interest-bearing net debt (including pension liability) declined by SEK 161.3 M during the period to SEK 493.9 M at the end of the period (655.3 at year-end).

The ratio of interest-bearing net debt to equity was 0.20 at June 30, 2020 (0.27 at December 31, 2019) and the ratio of net debt to consolidated operating profit before depreciation/amortization and impairment (EBITDA on a rolling four-quarter basis) was 1.12 (1.20 at year-end).

The Group's goodwill was reduced by SEK 20.2 M due to currency effects and amounted at the end of the first half of the year to SEK 1,123.1 M (1,143.3 at year-end), which in relation to equity amounted to a ratio of 0.45 (0.47).

## COVID-19

The current COVID-19 pandemic has seriously impacted demand for the Group's products. Sales for the second quarter decreased 31.6% compared to the year-earlier period. The drop in demand differed among the divisions: Truck & Trailer Equipment sales were down 37.0%, Mobile Climate Control sales declined 32.8% while Ringfeder Power Transmission was down only 13.8%. The differences in the changes are linked to the product, market and sales structures in the various divisions.

Earnings were affected in a similar manner as sales; here as well, the various divisions resisted the decrease in revenue differently. The change in EBITDA in the second quarter for Truck & Trailer Equipment was negative 48.2%; Mobile Climate Control was down 81.2% and for Ringfeder Power Transmission, the change in EBITDA was a decrease of 7.7%. Total EBITDA for VBG Group decreased 56.7% compared to the year-earlier period.

In connection with the COVID-19 pandemic, VBG Group has received various types of support that has mitigated the negative impact on earnings from the drop in sales. Total support received, directly or indirectly, and taken up as income amounted to SEK 34.1 M. This support was allocated so that Truck & Trailer Equipment's earnings were impacted by SEK 12.7 M, Mobile Climate Control by SEK 19.7 M and Ringfeder

Power Transmission by SEK 1.5 M. The largest category of support is for staff furloughs, followed by the reduction of various taxes.

The effects of the decrease in demand during COVID-19 have had little impact on the Group's assets such as inventory and trade receivables. Changes to inventory entailed an increase of 3.5% compared with year-end, and a decrease of 5.3% compared with the second quarter of 2019; both can be regarded as normal changes to inventory.

#### **Cash flow**

Cash flow from operating activities increased during the first half of the year to SEK 186.9 M (172.1). Paid capital expenditures during the period amounted to SEK 15.5 M (34.8). The Group's total borrowings and current financial liability increased during the quarter by a net of SEK 71.9 M (decrease: 52.1). Accordingly, net cash flow for the year amounted to SEK 243.3 M (neg: 27.3). A major contributing factor to the improved cash flow is that in the wake of COVID-19, no dividend has been paid in 2020 for fiscal year 2019, which in the corresponding period last year was SEK 112.5 M.

#### **Personnel**

At 30 June 2020, there were 1,501 employees in the VBG Group (1,612 at year-end), of which 217 (213) in Sweden. During the first half of 2020, the Group employed an average of 1,453 persons (1,648 during the year-earlier period). Of these, 182 (221) were active in Sweden. The cost of salaries and social security contributions in the first half of the year was SEK 409.2 M (453.6). One effect of COVID-19 was that staff were put on short-term furloughs in the second quarter, which meant that both the number of employees and the cost of salaries and social security contributions decreased drastically during the period.

#### **Per share data**

Earnings per share for the first half of the year amounted to SEK 4.08 (6.88).

Equity per share (total shares outstanding at the end of the period) was SEK 98.90 at June 30, 2020, compared with SEK 93.80 at the same time last year and SEK 97.09 at year-end.

At the end of the quarter, the share price was SEK 140.00, which corresponds to a market capitalization of SEK 3,501 M, compared with a share price of SEK 157.50 and market capitalization of SEK 3,938 M at year-end.

The number of shareholders declined by 14 in the first half of the year and amounted to 4,741 at 30 June (4,727 at year-end).

## TRUCK & TRAILER EQUIPMENT



### SECOND QUARTER OF 2020

- Sales decreased 37.0% to **SEK 199.5 M** (316.4).
- EBITA decreased to **SEK 27.1 M** (58.1), with an EBITA margin of 13.6% (18.4).

### FIRST HALF OF 2020

- Sales decreased 19.9% to **SEK 527.6 M** (658.9).
- EBITA amounted to **SEK 94.8 M** (132.4), with an EBITA margin of 18.0% (20.1).

#### SALES/EARNINGS

SEK M	6 months 2020	Q2 2020	Q1 2020	Full-year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2018	Full-year 2018	Q4 2018	Q3 2018
Net sales	527.6	199.5	328.2	1,203.6	276.6	268.1	658.9	316.4	342.5	1,243.1	316.3	278.4
EBITDA	108.7	34.1	74.6	255.0	52.4	54.9	147.7	65.8	81.9	240.3	61.0	45.7
EBITA	94.8	27.1	67.7	223.9	44.4	47.0	132.4	58.1	74.3	218.9	55.5	40.4
EBITA margin, %	18.0	13.6	20.6	18.6	16.1	17.5	20.1	18.4	21.7	17.6	17.6	14.5
Operating profit (EBIT)	91.3	25.3	65.9	218.4	43.0	45.7	129.7	56.8	72.9	213.6	54.2	39.0
Operating margin (EBIT), %	17.3	12.7	20.1	18.1	15.6	17.0	19.7	17.9	21.3	17.2	17.1	14.0

#### SALES BY MARKET

SEK M	6 months 2020	Q2 2020	Q1 2020	Full-year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2018	Full-year 2018	Q4 2018	Q3 2018
Sweden	97.3	37.8	59.5	245.0	60.1	50.8	134.1	63.3	70.8	234.7	58.8	48.9
Other Nordic countries	72.4	28.9	43.4	156.9	39.0	33.7	84.2	40.8	43.3	152.7	37.0	38.5
Germany	132.0	51.0	81.1	258.4	49.8	58.9	149.7	73.3	76.3	300.3	72.0	65.8
Other European countries	137.4	48.0	89.4	334.4	67.8	74.1	192.5	91.1	101.4	359.0	81.1	79.3
North America	40.3	15.1	25.3	112.0	35.8	27.2	49.0	23.5	25.5	99.7	36.2	24.0
Australia/New Zealand	37.9	14.6	23.3	68.7	19.2	18.2	31.3	15.1	16.2	61.5	16.0	13.1
China	0.0	0.0	0.0	3.4	0.1	0.0	3.3	0.0	3.3	14.4	8.0	3.1
Rest of world	10.3	4.1	6.1	24.9	4.9	5.2	14.8	9.2	5.6	20.7	7.2	5.7
<b>Truck &amp; Trailer Equipment</b>	<b>527.6</b>	<b>199.5</b>	<b>328.2</b>	<b>1,203.6</b>	<b>276.6</b>	<b>268.1</b>	<b>658.9</b>	<b>316.4</b>	<b>342.5</b>	<b>1,243.1</b>	<b>316.3</b>	<b>278.4</b>

## Sales and earnings

### Second quarter of 2020

Sales for the quarter declined 37.0% year-on-year, to SEK 199.5 M (316.4). Adjusted for exchange rate changes, where the average USD rate between the quarters strengthened 2.6% and the EUR—which is a more important currency for the division—strengthened 0.4%, actual organic growth decreased 36.5%.

Operating profit before amortizations of intangible assets (EBITA) for Truck & Trailer Equipment decreased year-on-year to SEK 27.1 M (58.1), with an EBITA margin of 13.6% (18.4).

### First half of 2020

Sales for the first half of the year declined 19.9% year-on-year, to SEK 527.6 M (658.9). Adjusted for exchange rate changes, where the average USD rate between the periods strengthened 4.0% and the EUR—which is a more important currency for the division—strengthened 1.3%, actual organic growth decreased 18.2%.

Operating profit before amortizations of intangible assets (EBITA) for Truck & Trailer Equipment decreased year-on-year to SEK 94.8 M (132.4), with an EBITA margin that remained high at 18.0% (20.1).

During the period, the division's working capital decreased

SEK 10.5 M to SEK 245.8 M (256.4 at year-end), and with the addition of property, plant and equipment of SEK 169.3 M, operating capital amounted to SEK 415.2 M at the end of June (433.9 at year-end).

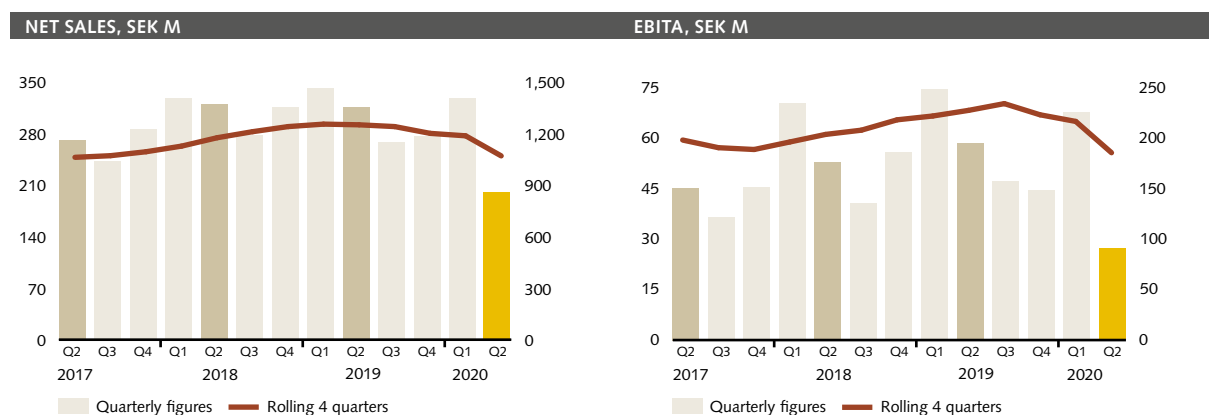
The division's return on operating capital (ROOC), where EBITDA on a rolling four-quarter basis is put in relation to average operating capital for the same period, totaled 48.5% (56.1 at year-end).

## Investments and depreciation/amortization

Truck & Trailer Equipment's investments during the second quarter amounted to SEK 3.2 M (7.5). Total new capital expenditures for the first half of the year were SEK 8.7 M (12.5). Depreciation/amortization during the second quarter totalled SEK 8.8 M (9.0) and totalled SEK 17.4 M (18.0) for the first half of the year.

## Personnel

Truck & Trailer Equipment employed an average of 321 persons (371) in the first half of the year. At June 30, 2020, there were 352 employees in the division (369), compared with 357 employees at year-end. Personnel costs for the first half of the year amounted to SEK 117.7 M (132.6), resulting in a cost per employee of SEK 366.8 thousand (357.4).



## MOBILE CLIMATE CONTROL



### SECOND QUARTER OF 2020

- Sales decreased 32.8% to **SEK 358.1 M** (532.5).
- EBITA amounted to **SEK 4.5 M** (59.0), with an EBITA margin of 1.3% (11.1).

### FIRST HALF OF 2020

- Sales decreased 18.3% and totaled **SEK 855.0 M** (1,046.6).
- EBITA amounted to **SEK 49.9 M** (112.9), with an EBITA margin of 5.8% (10.8).

SALES/EARNINGS												
SEK M	6 months 2020	Q2 2020	Q1 2020	Full-year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2018	Full-year 2018	Q4 2018	Q3 2018
Net sales	855.0	358.1	496.9	1,998.4	440.7	511.1	1,046.6	532.5	514.1	1,727.3	421.8	460.4
EBITDA	65.4	12.2	53.2	224.8	31.9	64.6	128.2	66.8	61.4	187.3	33.9	57.0
EBITA	49.9	4.5	45.4	193.0	23.2	57.0	112.9	59.0	53.9	173.9	30.3	53.4
EBITA margin, %	5.8	1.3	9.1	9.7	5.3	11.1	10.8	11.1	10.5	10.1	7.2	11.6
Operating profit (EBIT)	39.3	-0.8	40.1	171.6	17.9	51.6	102.1	53.7	48.4	152.4	25.0	48.0
Operating margin (EBIT), %	4.6	-0.2	8.1	8.6	4.1	10.1	9.8	10.1	9.4	8.8	5.9	10.4

SALES BY MARKET												
SEK M	6 months 2020	Q2 2020	Q1 2020	Full-year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2018	Full-year 2018	Q4 2018	Q3 2018
Sweden	18.0	9.0	9.0	39.6	9.1	9.4	21.1	11.0	10.1	36.7	9.0	8.3
Other Nordic countries	17.0	8.1	8.9	39.6	9.7	10.1	19.8	9.6	10.2	36.8	9.5	9.1
Germany	12.1	4.9	7.2	33.2	7.5	8.7	17.1	8.8	8.3	30.6	7.3	7.8
Other European countries	73.7	31.1	42.6	164.6	38.3	38.1	88.2	41.9	46.3	153.2	36.0	38.2
North America	719.7	299.1	420.5	1,673.9	364.1	431.5	878.4	450.4	428.0	1,429.9	348.2	386.0
China	6.9	3.8	3.2	16.4	5.2	3.2	8.0	4.5	3.6	14.4	3.1	4.4
Rest of world	7.5	2.1	5.4	31.0	6.8	10.3	13.9	6.2	7.7	25.8	8.7	6.6
<b>Mobile Climate Control</b>	<b>855.0</b>	<b>358.1</b>	<b>496.9</b>	<b>1,998.4</b>	<b>440.7</b>	<b>511.1</b>	<b>1,046.6</b>	<b>532.5</b>	<b>514.1</b>	<b>1,727.3</b>	<b>421.8</b>	<b>460.4</b>

## Sales and earnings

### Second quarter of 2020

Sales for the quarter declined 32.8% year-on-year to SEK 358.1 M (532.5), where North America and Europe represented the largest downturns. Adjusted for exchange rate changes, where the average USD rate strengthened by 2.6% compared with the year-earlier period, actual organic growth was negative 36.5%. EBITA for Mobile Climate Control decreased year-on-year to SEK 4.5 M (59.0) with the EBITA margin falling to 1.3% (11.1).

### First half of 2020

In the first half of the year, Mobile Climate Control reported a decrease in sales of 18.3% year-on-year to SEK 855.0 M (1,046.6). Adjusted for exchange rate changes, where the average USD rate strengthened by 4.0% compared with the year-earlier period, actual organic growth was negative 20.0%.

EBITA for Mobile Climate Control decreased year-on-year to SEK 49.9 M (112.9) with an EBITA margin of 5.8% (10.8).

During the period, the division's working capital increased SEK 15.9 M to SEK 460.6 M (444.6 at year-end), and with the addition of property, plant and equipment of SEK 212.2 M, operating capital amounted to SEK 672.8 M at the end of June (677.0 at year-end).

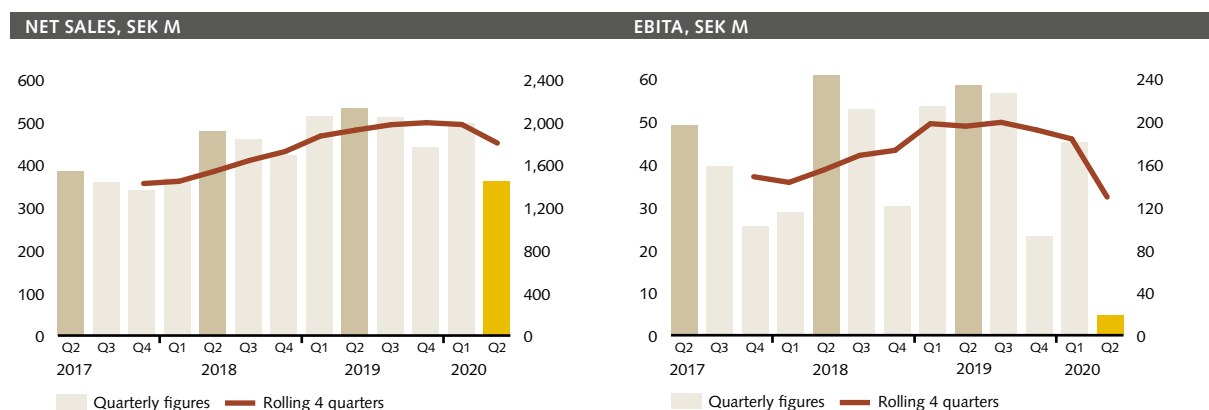
The division's return on operating capital (ROOC) for the period, where EBITDA on a rolling four-quarter basis is put in relation to average operating capital for the same period, was 23.1% (32.2% at year-end).

## Investments and depreciation/amortization

Mobile Climate Control's investments during the second quarter amounted to SEK 1.8 M (5.8). Total new capital expenditures for the first half of the year were SEK 5.3 M (8.7). Depreciation/amortization for the second quarter totalled SEK 12.9 M (13.1) and SEK 26.1 M (26.2) for the first half of the year.

## Personnel

During the first half of the year, Mobile Climate Control employed an average of 812 persons (946 during the year-earlier period). At June 30, 2020, there were 820 employees in the division (973 at June 30, 2019), compared with 911 employees at year-end. Personnel costs for the first half of the year amounted to SEK 199.4 M (225.3), resulting in a cost per employee of SEK 245.6 thousand (238.1).



## RINGFEDER POWER TRANSMISSION



### SECOND QUARTER OF 2020

- Sales decreased 13.8% to **SEK 112.6 M** (130.5).
- EBITA amounted to **SEK 18.3 M** (19.8), with an EBITA margin of 16.2% (15.2).

### FIRST HALF OF 2020

- Sales declined to **SEK 245.0 M** (263.6).
- EBITA amounted to **SEK 31.8 M** (38.8), with an EBITA margin of 13.0% (14.7).

#### SALES/EARNINGS

SEK M	6 months 2020	Q2 2020	Q1 2020	Full-year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2018	Full-year 2018	Q4 2018	Q3 2018
Net sales	245.0	112.6	132.4	523.4	130.0	129.9	263.6	130.5	133.0	522.0	130.5	136.2
EBITDA	39.5	22.0	17.6	83.3	16.1	20.5	46.8	23.8	23.0	87.2	19.8	26.8
EBITA	31.8	18.3	13.5	67.2	12.0	16.4	38.8	19.8	19.1	74.2	16.5	23.6
EBITA margin, %	13.0	16.2	10.2	12.8	9.2	12.6	14.7	15.2	14.3	14.2	12.6	17.3
Operating profit (EBIT)	29.3	17.0	12.2	62.5	10.7	15.2	36.6	18.7	17.9	69.9	15.4	22.5
Operating margin (EBIT), %	11.9	15.1	9.2	11.9	8.2	11.7	13.9	14.3	13.5	13.4	11.8	16.5

#### SALES BY MARKET

SEK M	6 months 2020	Q2 2020	Q1 2020	Full year 2019	Q4 2019	Q3 2019	6 months 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	Q3 2018
Sweden	2.3	0.9	1.4	3.4	0.9	0.1	2.4	1.1	1.3	4.5	1.4	0.9
Other Nordic countries	1.8	0.9	0.9	4.8	0.9	1.1	2.8	1.3	1.4	5.3	1.1	0.9
Germany	73.2	32.7	40.5	171.3	35.9	44.4	91.0	43.6	46.8	183.8	41.9	47.8
Other European countries	28.6	11.4	17.1	65.8	16.0	15.0	34.8	17.9	16.9	64.0	16.4	16.6
North America	59.2	30.2	29.0	105.6	24.1	27.7	53.8	28.0	25.8	119.1	29.9	31.8
Brazil	33.3	15.3	18.1	67.6	17.5	18.6	31.6	15.6	16.0	57.1	14.4	14.8
Australia/New Zealand	16.8	6.3	10.5	31.2	13.3	7.6	10.3	4.9	5.4	11.3	2.8	2.9
China	7.4	4.2	3.2	17.4	6.3	4.9	6.2	3.7	2.5	16.8	3.9	4.9
Rest of world	22.5	10.7	11.8	56.3	15.2	10.4	30.7	14.4	17.0	60.2	18.7	15.5
<b>Ringfeder Power Transmission</b>	<b>245.0</b>	<b>112.6</b>	<b>132.4</b>	<b>523.4</b>	<b>130.0</b>	<b>129.9</b>	<b>263.6</b>	<b>130.5</b>	<b>133.0</b>	<b>522.0</b>	<b>130.5</b>	<b>136.2</b>

## Sales and earnings

### Second quarter of 2020

Sales for the quarter fell 13.8% year-on-year to SEK 112.6 M (130.5); adjusted for exchange rate changes, where the average USD rate strengthened 2.6%, the BRL weakened 25.2% and the EUR strengthened 0.4%, actual organic growth was negative 10.5%.

EBITA for Ringfeder Power Transmission decreased year-on-year to SEK 18.3 M (19.8) with an EBITA margin of 16.2% (15.2).

### First half of 2020

Sales for the first half of the year decreased 7.0% year-on-year to SEK 245.0 M (263.6); adjusted for exchange rate changes, where the average USD rate strengthened by 4.0%, the Brazilian currency weakened by 17.8%, and the EUR strengthened by 1.3% compared with the year-earlier period, the actual organic growth was negative 5.9%.

EBITA for Ringfeder Power Transmission decreased year-on-year to SEK 31.8 M (38.8) and the EBITA margin totaled 13.0% (14.7).

During the period, the division's working capital decreased by SEK 33.5 M to SEK 170.5 M (203.9 at year-end). With the addition of property, plant and equipment of SEK 107.7 M, operating capital amounted to SEK 278.2 M at the end of March (324.3 at year-end).

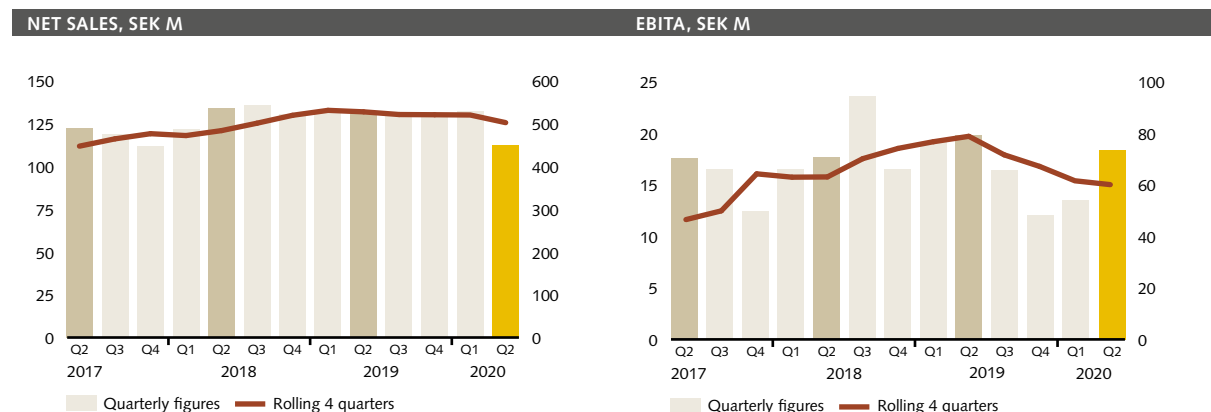
The division's return on operating capital (ROOC) for the period, where EBITDA is put in relation to average operating capital for the same period, was 24.0% (24.5% at year-end).

## Investments and depreciation/amortization

Ringfeder Power Transmission's investments during the second quarter amounted to SEK 0.8 M (5.8). Total new capital expenditures for the first half of the year were SEK 2.0 M (10.3). Depreciation/amortization for the second quarter totalled SEK 4.9 M (5.0) and SEK 10.3 M (10.2) for the first half of the year.

## Personnel

During the first half of the year, Ringfeder Power Transmission employed an average of 311 persons (322 during the year-earlier period). At June 30, 2020, there were 320 employees in the division (336 at June 30, 2019), compared with 336 employees at year-end. Personnel costs for the first half of the year amounted to SEK 77.0 M (80.8), resulting in a cost per employee of SEK 247.6 thousand (250.8).





## 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 key intellectual property in the form of brands and other rights should be gathered in the Parent Company. VBG Group AB focuses on maintaining and securing all the Group's trademarks and rights.

The Parent Company's net sales pertain primarily to intra-Group services and license revenues and amounted to SEK 16.8 M (12.7) during the period. The operating loss for the period was SEK 9.6 M (loss: 12.1). After currency effects from Group companies totaling negative SEK 0.4 M (pos: 1.3), exchange rate differences of negative SEK 2.1 M (neg: 7.7) and dividends from subsidiaries of SEK 5.0 M (pos: 151.2), loss before tax amounted to SEK 7.1 M (profit: 132.7).

Fredrik Jignéus took office as CFO for VBG Group on May 4, replacing Claes Wedin, who will act as a Senior Advisor for VBG Group until his retirement.

### 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.

This report may contain rounding differences.

### Risks and uncertainty factors

The Group's and the Parent Company's significant risks and uncertainty factors include operational risks in the form of commodity risks, product risks, development risks, intellectual property risks, environmental risks, political risks, business interruption and property risks, cyclical risks, IT security risks and legal risks. To these can be added financial risks such as financing risks, liquidity risks, interest rate risks, currency risks and credit and counterparty risks as well as 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 2019.

### Outlook for 2020

The company makes no forecast.

### Financial information 2020/2021

Interim report, nine months 2020	October 22, 2020
Year-end report 2020	February 24, 2021
Interim report, three months 2021	April 29, 2021
Annual General Meeting 2021	April 29, 2021

### Related party transactions

There have been no related party transactions in 2020 that have significantly affected the company's financial position and results. Related party transactions during 2019 are disclosed in Note 6 in the annual report for 2019.

### Auditor's review

This interim report is unaudited.

### Events after the close of the reporting period

No significant events occurred after the close of the period.

Vänersborg, July 23, 2020

Johnny Alvarsson  
*Chairman of the Board*

Anders Birgersson  
*President and CEO*

Peter Augustsson  
*Board member*

Louise Nicolin  
*Board member*

Anna Stålenbring  
*Board member*

Mats R. Karlsson  
*Board member*

Jouni Isoaho  
*Employee representative*

Cecilia Pettersson  
*Employee representative*

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**For further information, please contact:**

Anders Birgersson, President and CEO  
Telephone: 0521–27 77 67  
E-mail: anders.birgersson@vbggroup.com

**Press releases issued in the second quarter of 2020**

- Krefting Foundation donates SEK 50 million to Universeum – May 19, 2020

**Note:**

The information in this report 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 at 10:30 a.m. on July 23, 2020 (In Swedish).

## Condensed consolidated income statement and statement of other comprehensive income

SEK M	Q2 2020	Q2 2019	6 months 2020	6 months 2019	Full year 2019
<b>Net sales</b>	<b>670.1</b>	<b>979.4</b>	<b>1,627.6</b>	<b>1,969.0</b>	<b>3,725.4</b>
Cost of goods sold	-450.3	-644.0	-1,088.9	-1,291.6	-2,473.6
<b>Gross profit</b>	<b>219.8</b>	<b>335.4</b>	<b>538.7</b>	<b>677.4</b>	<b>1,253.9</b>
Selling expenses	-81.0	-97.9	-172.8	-195.4	-380.0
Administrative expenses	-60.9	-71.1	-131.5	-137.7	-274.9
Research and development costs	-28.3	-34.9	-63.2	-70.3	-136.7
Other operating income and expenses	-11.5	-8.1	-17.2	-15.2	-27.2
	<b>-181.6</b>	<b>-212.1</b>	<b>-384.6</b>	<b>-418.6</b>	<b>-818.9</b>
<b>Operating profit</b>	<b>38.2</b>	<b>123.3</b>	<b>154.1</b>	<b>258.8</b>	<b>435.0</b>
Exchange rate effects, net	-4.0	-2.1	-1.6	-6.2	-5.5
Interest income	4.3	0.8	5.2	1.5	3.5
Interest expenses	-4.8	-7.3	-9.9	-14.2	-28.3
Other financial expenses	-1.1	-5.2	-1.6	-8.6	-7.7
<b>Total financial items</b>	<b>-5.6</b>	<b>-13.8</b>	<b>-8.0</b>	<b>-27.6</b>	<b>-38.0</b>
<b>Profit/loss after financial items</b>	<b>32.6</b>	<b>109.6</b>	<b>146.1</b>	<b>231.3</b>	<b>397.0</b>
Tax	-10.2	-26.4	-44.2	-59.2	-97.5
<b>Profit/loss for the period</b>	<b>22.4</b>	<b>83.2</b>	<b>101.9</b>	<b>172.2</b>	<b>299.5</b>
Profit for the period attributable to Parent Company shareholders	22.4	83.2	101.9	172.2	299.5
<b>Other comprehensive income</b>					
<b>Profit/loss for the period</b>	<b>22.4</b>	<b>83.2</b>	<b>101.9</b>	<b>172.2</b>	<b>299.5</b>
<b>Items that will not be reversed in the income statement</b>					
Effect of translation of defined-benefit pension plans, net after tax	-8.4	0.0	-8.4	0.0	-23.9
Other items					
<b>Items that may later be reversed in the Income Statement</b>					
Translation differences pertaining to foreign operations	-79.8	23.7	-48.7	57.9	36.7
Translation differences pertaining to hedge accounting for net investments in foreign operations	0.0	0.5	0.0	1.3	1.4
<b>Other comprehensive income, net after tax</b>	<b>-88.1</b>	<b>24.3</b>	<b>-57.0</b>	<b>59.2</b>	<b>14.2</b>
<b>Comprehensive income for the period</b>	<b>-65.7</b>	<b>107.4</b>	<b>44.9</b>	<b>231.3</b>	<b>313.7</b>
Comprehensive income for the period attributable to Parent Company shareholders	-65.7	107.4	44.9	231.3	313.7
Earnings per share, basic and diluted, SEK	0.90	3.32	4.08	6.88	11.98
Number of shares outstanding 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	25,004	25,004
Number of treasury shares at end of period	1,192	1,192	1,192	1,192	1,192

## Sales and earnings by segment

SEK M		Truck & Trailer Equipment	Mobile Climate Control	Ringfeder Power Transmission	Group- wide	Group
<b>2020</b>	Net sales	199.5	358.1	112.6		670.1
Q2	Operating profit	25.3	-0.8	17.0	-3.4	38.2
	Operating margin, %	12.7	-0.2	15.1		5.7
	Net financial items				-5.6	-5.6
	Profit after financial items					32.6
<b>2020</b>	Net sales	527.6	855.0	245.0		1,627.6
6 months	Operating profit	91.3	39.3	29.3	-5.7	154.1
	Operating margin, %	17.3	4.6	11.9		9.5
	Net financial items				-8.0	-8.0
	Profit after financial items					146.1
<b>2019</b>	Net sales	316.4	532.5	130.5		979.4
Q2	Operating profit	56.8	53.7	18.7	-5.8	123.3
	Operating margin, %	17.9	10.1	14.3		12.6
	Net financial items				-13.7	-13.7
	Profit after financial items					109.6
<b>2019</b>	Net sales	658.9	1,046.6	263.6		1,969.0
6 months	Operating profit	129.7	102.1	36.6	-9.5	258.8
	Operating margin, %	19.7	9.8	13.9		13.1
	Net financial items				-27.5	-27.5
	Profit after financial items					231.3

## Consolidated Balance Sheet

SEK M	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Brands, customer relationships and other intangible assets	778.2	791.6	797.2
Goodwill	1,123.1	1,142.4	1,143.3
	<b>1,901.3</b>	<b>1,934.0</b>	<b>1,940.5</b>
<b>Property, plant and equipment</b>			
Land and buildings	177.5	189.5	187.3
Plant and machinery	123.7	104.7	118.2
Equipment, tools, fixtures and fittings	46.1	51.9	49.5
Construction in progress	14.5	19.3	27.0
Right of use	132.6	167.1	154.7
	<b>494.4</b>	<b>525.0</b>	<b>536.7</b>
<b>Deferred tax asset</b>	<b>67.7</b>	<b>69.4</b>	<b>67.3</b>
<b>Total non-current assets</b>	<b>2,463.4</b>	<b>2,528.4</b>	<b>2,544.5</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables	371.4	358.2	334.2
Work in progress	77.0	94.0	79.9
Finished products and merchandise	212.5	245.7	224.6
	<b>660.9</b>	<b>698.0</b>	<b>638.7</b>
<b>Current receivables</b>			
Trade receivables	407.8	583.2	467.2
Current tax assets	20.4	26.7	21.2
Other receivables	31.6	33.3	29.0
Prepaid expenses and accrued income	30.2	32.3	25.5
	<b>489.9</b>	<b>675.4</b>	<b>542.9</b>
<b>Cash and cash equivalents</b>			
Cash on hand and demand deposits	707.6	348.8	472.5
<b>Total current assets</b>	<b>1,858.3</b>	<b>1,722.2</b>	<b>1,654.0</b>
<b>Total assets</b>	<b>4,321.7</b>	<b>4,250.6</b>	<b>4,198.6</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	65.5	65.5	65.5
Other contributed capital	781.3	779.4	781.3
Reserves	106.0	95.7	154.7
Retained earnings, incl. net profit for the year	1,519.8	1,404.6	1,462.2
<b>Total equity</b>	<b>2,472.6</b>	<b>2,345.3</b>	<b>2,427.7</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	244.2	200.0	230.2
Deferred tax liability	214.2	224.0	219.6
Other provisions	28.8	25.6	24.3
Lease liability	112.3	135.5	131.1
Liabilities to credit institutions	821.5	798.7	741.2
Other non-current liabilities	2.2	2.2	1.8
<b>Total non-current liabilities</b>	<b>1,423.3</b>	<b>1,386.0</b>	<b>1,348.2</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	0.0	1.1	0.0
Trade payables	199.5	264.4	203.0
Current tax liabilities	17.5	27.7	8.8
Other liabilities	32.5	45.0	29.7
Lease liability	23.4	24.6	25.3
Accrued expenses and deferred income	152.9	156.4	155.9
<b>Total current liabilities</b>	<b>425.8</b>	<b>519.3</b>	<b>422.7</b>
<b>Total equity and liabilities</b>	<b>4,321.7</b>	<b>4,250.6</b>	<b>4,198.6</b>

## Changes in consolidated equity

SEK M	6 months 2020	6 months 2019	Full year 2019
<b>Opening equity according to balance sheet at December 31</b>	<b>2,427.7</b>	<b>2,226.5</b>	<b>2,226.5</b>
Total comprehensive income for the period	44.9	231.3	313.7
Dividend	0.0	-112.5	-112.5
<b>Equity at end of period</b>	<b>2,472.6</b>	<b>2,345.3</b>	<b>2,427.7</b>

## Consolidated Cash Flow Statement

SEK '000	6 months 2020	6 months 2019	Full year 2019
<b>Operating activities</b>			
Operating profit before financial items	154.1	258.8	435.0
Depreciation/amortization	55.1	55.4	112.8
Other items not affecting liquidity	9.0	5.1	10.7
Interest received, etc.	5.8	2.2	4.6
Interest paid	-9.3	-20.5	-31.6
Tax paid	-39.2	-73.3	-127.7
<b>Cash flow before change in working capital</b>	<b>175.3</b>	<b>227.8</b>	<b>403.9</b>
Decrease/increase (-) in inventories	-40.3	-38.1	11.6
Decrease/increase (-) in trade receivables	47.5	-67.4	37.9
Decrease/increase (-) in other current receivables	-9.5	-2.6	2.0
Increase/decrease (-) in trade payables	10.5	37.1	-18.2
Increase/decrease (-) in other current liabilities	3.5	15.3	1.8
<b>Cash flow from operating activities</b>	<b>186.9</b>	<b>172.1</b>	<b>438.9</b>
<b>Investing activities</b>			
Investments in intangible assets	-	-6.6	-30.6
Investments in property, plant and equipment	-15.5	-28.2	-75.4
<b>Cash flow from investing activities</b>	<b>-15.5</b>	<b>-34.8</b>	<b>-106.0</b>
<b>Financing activities</b>			
Repayment of loans	-	-	-40.0
Loans raised and changes to existing loans	85.0	-52.0	-55.8
Amortization of lease liability	-13.1	-	-28.2
Dividend paid	-	-112.5	-112.5
<b>Cash flow from financing activities</b>	<b>71.9</b>	<b>-164.5</b>	<b>-236.5</b>
<b>Cash flow for the year</b>	<b>243.3</b>	<b>-27.3</b>	<b>96.4</b>
<b>Cash and cash equivalents at start of year</b>	<b>472.5</b>	<b>371.4</b>	<b>371.4</b>
Translation difference, cash and cash equivalents	-8.2	5.8	4.7
<b>Cash and cash equivalents at year-end</b>	<b>707.6</b>	<b>349.9</b>	<b>472.5</b>
Unutilized overdraft facilities	100.0	100.0	100.0
<b>Total cash and cash equivalents available</b>	<b>807.6</b>	<b>449.9</b>	<b>572.5</b>

## Key figures for Group

SEK M	6 months 2020	6 months 2019	Full year 2019
Operating margin (EBIT), %	9.5	13.1	11.7
Profit margin (ROS), %	9.0	11.7	10.7
Return on equity (ROE), %	8.1	14.8	12.5
Return on capital employed (ROCE), %	8.8	14.8	12.4
Equity/assets ratio, %	57.2	55.2	57.8
Interest-bearing net debt/EBITDA	1.12	1.47	1.20
Equity per share outstanding at end of period, SEK	98.9	93.80	97.09
Cash flow from operating activities, per average share outstanding, SEK	2.97	2.88	17.55
Profit per average share outstanding during the period, SEK	4.08	6.88	11.98
Share price at end of period, SEK	140.0	167.00	157.50
Number of employees, average	1,453	1,648	1,596
Number of shares outstanding at end of period ('000)	25,004	25,004	25,004
Number of treasury shares at end of period ('000)	1,192	1,192	1,192
Average number of shares outstanding during the period ('000)	25,004	25,004	25,004

## Parent Company income statement

SEK M	6 months 2020	6 months 2019	Full year 2019
<b>Net sales</b>	<b>16.8</b>	<b>12.7</b>	<b>45.2</b>
Operating expenses	-26.4	-24.8	-51.8
<b>Operating profit</b>	<b>-9.6</b>	<b>-12.1</b>	<b>-6.6</b>
Net financial items	2.5	144.8	162.2
<b>Profit/loss after financial items</b>	<b>-7.1</b>	<b>132.7</b>	<b>155.6</b>
Appropriations	-	-	31.2
Tax	-	-	-3.8
<b>Profit/loss for the period</b>	<b>-7.1</b>	<b>132.7</b>	<b>183.0</b>

## Parent Company Balance Sheet

SEK M	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Other intangible assets	0.2	0.5	0.4
Property, plant and equipment	2.8	2.1	3.4
Financial assets	2,260.0	2,326.6	2,285.2
<b>Total non-current assets</b>	<b>2,263.0</b>	<b>2,329.2</b>	<b>2,289.0</b>
Receivables	114.9	76.2	139.5
Cash on hand, demand deposits and short-term investments	523.8	237.4	306.3
<b>Total current assets</b>	<b>638.7</b>	<b>313.6</b>	<b>445.8</b>
<b>TOTAL ASSETS</b>	<b>2,901.7</b>	<b>2,642.8</b>	<b>2,734.8</b>
<b>Equity</b>	<b>1,491.6</b>	<b>1,445.7</b>	<b>1,496.1</b>
Untaxed reserves	10.3	5.5	10.3
Provisions	12.9	13.0	12.9
Non-current liabilities	821.5	798.3	741.1
Current liabilities	565.4	380.3	474.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,901.7</b>	<b>2,642.8</b>	<b>2,734.8</b>



## Alternative performance measures

### ORGANIC GROWTH

Net sales excluding effects of structural changes, meaning acquired or divested operations, and currency effects.

SEK M	6 months 2020	Q2 2020	6 months 2019	Q2 2019	Full year 2019
<b>Group</b>					
Net sales	1,627.6	670.1	1,969.0	979.4	3,725.4
Currency effect	-17.3	7.0	-95.5	-44.1	-168.2
<b>Net sales excluding acquisitions and currencies</b>	<b>1,610.3</b>	<b>677.1</b>	<b>1,873.5</b>	<b>935.3</b>	<b>3,557.2</b>
<b>Actual organic growth</b>	<b>-358.7</b>	<b>-302.3</b>	<b>124.6</b>	<b>4.1</b>	<b>64.8</b>
<b>Organic growth, %</b>	<b>-18.2</b>	<b>-30.9</b>	<b>7.1</b>	<b>0.4</b>	<b>1.9</b>
<b>Truck &amp; Trailer Equipment</b>					
Net sales	527.6	199.5	658.9	316.4	1,203.6
Currency effect	-2.4	1.5	-19.6	-7.4	-31.7
<b>Net sales excluding acquisitions and currencies</b>	<b>525.2</b>	<b>201.0</b>	<b>639.3</b>	<b>309.0</b>	<b>1,171.9</b>
<b>Actual organic growth</b>	<b>-133.7</b>	<b>-115.5</b>	<b>-9.1</b>	<b>-11.4</b>	<b>-71.2</b>
<b>Organic growth, %</b>	<b>-20.3</b>	<b>-36.5</b>	<b>-1.4</b>	<b>-3.5</b>	<b>-5.7</b>
<b>Mobile Climate Control</b>					
Net sales	855.0	358.1	1,046.6	532.5	1,998.4
Currency effect	-18.0	1.2	-64.6	-32.0	-116.1
<b>Net sales excluding acquisitions and currencies</b>	<b>837.0</b>	<b>359.3</b>	<b>982.0</b>	<b>500.5</b>	<b>1,882.3</b>
<b>Actual organic growth</b>	<b>-209.6</b>	<b>-173.2</b>	<b>136.8</b>	<b>23.6</b>	<b>155.0</b>
<b>Organic growth, %</b>	<b>-20.0</b>	<b>-32.5</b>	<b>16.2</b>	<b>5.0</b>	<b>9.0</b>
<b>Ringfeder Power Transmission</b>					
Net sales	245.0	112.6	263.6	130.5	523.4
Currency effect	3.1	4.3	-11.3	-4.7	-20.4
<b>Net sales excluding acquisitions and currencies</b>	<b>248.1</b>	<b>116.8</b>	<b>252.3</b>	<b>125.8</b>	<b>503.0</b>
<b>Actual organic growth</b>	<b>-15.4</b>	<b>-13.7</b>	<b>-3.1</b>	<b>-8.1</b>	<b>-19.0</b>
<b>Organic growth, %</b>	<b>-5.9</b>	<b>-10.5</b>	<b>-1.2</b>	<b>-6.1</b>	<b>-3.6</b>

### EBITDA

Operating profit before depreciation/amortisation and impairment.

Group, SEK M	6 months 2020	Q2 2020	6 months 2019	Q2 2019	Full year 2019
Operating profit	154.1	38.2	258.8	123.3	435.0
Depreciation/amortization	55.1	27.3	55.4	27.9	112.8
<b>EBITDA</b>	<b>209.3</b>	<b>65.5</b>	<b>314.3</b>	<b>151.2</b>	<b>547.8</b>

### EBITA

Operating profit before depreciation/amortisation and impairment.

Group, SEK M	6 months 2020	Q2 2020	6 months 2019	Q2 2019	Full year 2019
Operating profit	154.1	38.2	258.8	123.3	435.0
Amortization of intangible assets	16.8	8.3	16.1	8.0	32.1
<b>EBITA</b>	<b>171.0</b>	<b>46.5</b>	<b>274.9</b>	<b>131.3</b>	<b>467.1</b>

### PROFIT MARGIN

Profit after financial items as a percentage of net sales.

Group, SEK M	6 months 2020	Q2 2020	6 months 2019	Q2 2019	Full year 2019
Net sales	1,627.6	670.1	1,969.0	979.4	3,725.4
Profit after financial items	146.1	32.6	231.3	109.6	397.0
<b>Profit margin, %</b>	<b>9.0</b>	<b>4.9</b>	<b>11.7</b>	<b>11.2</b>	<b>10.7</b>

### INTEREST-BEARING NET DEBT

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

Group, SEK M	6 months 2020	Q2 2020	6 months 2019	Q2 2019	Full year 2019
Provisions for pensions	244.2		200.0		230.2
Overdraft facilities					
Loans	821.5		799.8		741.2
Lease liability	135.7		160.1		156.4
Bank balances	-707.6		-348.8		-472.5
<b>Interest-bearing net debt</b>	<b>493.9</b>	<b>n/a</b>	<b>811.1</b>	<b>n/a</b>	<b>655.3</b>

### INTEREST-BEARING NET DEBT/EBITDA

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

Group, SEK M	6 months 2020	Q2 2020	6 months 2019	Q2 2019	Full year 2019
Interest-bearing net debt	493.9		811.1		655.3
EBITDA, rolling 4 quarter	442.9		550.0		547.9
<b>Interest-bearing net debt/EBITDA</b>	<b>1.12</b>	<b>n/a</b>	<b>1.47</b>	<b>n/a</b>	<b>1.20</b>

## ROOC BY DIVISION

EBITDA as a percentage of operating capital as below.

Group, SEK M	6 months 2020	6 months 2019	Full year 2019
<b>Truck &amp; Trailer Equipment</b>			
Inventories	170.1	180.4	164.2
Trade receivables	123.4	198.7	140.8
Trade payables	-47.7	-72.6	-48.6
<b>Working capital</b>	<b>245.8</b>	<b>306.5</b>	<b>256.4</b>
Property, plant and equipment	169.3	166.8	177.5
<b>Operating capital</b>	<b>415.2</b>	<b>473.3</b>	<b>433.9</b>
EBITDA, rolling four quarter	216.0	254.4	255.0
Average operating capital, four quarter	445.6	428.8	454.9
<b>ROOC, %</b>	<b>48.5</b>	<b>59.3</b>	<b>56.1</b>
<b>Mobile Climate Control</b>			
Inventories	376.7	372.1	355.3
Trade receivables	214.9	291.9	233.7
Trade payables	-131.0	-170.2	-144.4
<b>Working capital</b>	<b>460.6</b>	<b>493.9</b>	<b>444.6</b>
Property, plant and equipment	212.2	230.5	232.4
<b>Operating capital</b>	<b>672.8</b>	<b>724.4</b>	<b>677.0</b>
EBITDA, rolling four quarter	161.9	219.1	224.8
Average operating capital, four quarter	701.1	618.4	697.7
<b>ROOC, %</b>	<b>23.1</b>	<b>35.4</b>	<b>32.2</b>
<b>Ringfeder Power Transmission</b>			
Inventories	114.1	145.5	119.1
Trade receivables	69.6	92.5	92.7
Trade payables	-13.2	-13.2	-7.9
<b>Working capital</b>	<b>170.5</b>	<b>224.8</b>	<b>203.9</b>
Property, plant and equipment	107.7	124.3	120.4
<b>Operating capital</b>	<b>278.2</b>	<b>349.1</b>	<b>324.3</b>
EBITDA, rolling four quarter	76.1	93.3	83.3
Average operating capital, four quarter	317.1	327.0	339.7
<b>ROOC, %</b>	<b>24.0</b>	<b>28.5</b>	<b>24.5</b>
<b>Group</b>			
Inventories	660.9	698.0	638.7
Trade receivables	407.8	583.2	467.2
Trade payables	-199.5	-264.4	-203.0
<b>Working capital</b>	<b>869.2</b>	<b>1,016.7</b>	<b>902.9</b>
Property, plant and equipment	494.4	525.0	536.6
<b>Operating capital</b>	<b>1,363.6</b>	<b>1,541.7</b>	<b>1,439.5</b>
EBITDA, rolling four quarter	442.9	550.0	547.9
Average operating capital, four quarter	1,465.9	1,372.3	1,492.3
<b>ROOC, %</b>	<b>30.2</b>	<b>40.1</b>	<b>36.7</b>

VBG GROUP

**Sweden**  
VBG GROUP AB (publ)  
Kungsgatan 57  
SE-461 34 Trollhättan  
Tel +46 521 27 77 00  
www.vbggroup.com

**TRUCK & TRAILER EQUIPMENT**

**Sweden**  
VBG GROUP TRUCK EQUIPMENT AB  
Box 1216  
SE-462 28 Vänersborg  
Tel +46 521 27 77 00

**Germany**  
VBG GROUP TRUCK EQUIPMENT GMBH  
Postfach 13 06 55  
DE-47758 Krefeld  
Tel +49 2151 835-0

EUROPEAN TRAILER SYSTEMS GMBH  
Im Moerser Feld 1f  
DE-47441 Moers  
Tel +49 2841 6070 700

**Denmark**  
VBG GROUP SALES A/S  
Industribuen 20-22  
DK-5592 Ejby  
Tel +45 64 46 19 19

**Norway**  
VBG GROUP SALES AS  
Postboks 94 Leirdal  
NO-1009 Oslo  
Tel +47 23 14 16 60

**UK**  
VBG GROUP SALES LIMITED  
Unit 9, Willow Court  
West Quay Road, Winwick Quay  
Warrington, Cheshire WA2 8UF  
Tel +44 1925 23 41 11

**Belgium**  
VBG GROUP TRUCK EQUIPMENT NV  
Industrie Zuid Zone 2.2  
Lochtemanweg 50  
BE-3580 Beringen  
Tel +32 11 60 90 90

**Czech Republic**  
EUROPEAN TRAILER SYSTEMS S.R.O.  
Ke Gabrielce 786  
CZ-39470 Kamenice nad Lipou  
Tel +420 565 422 402

**USA**  
ONSPOT OF NORTH AMERICA, INC.  
1075 Rodgers Park Dr  
North Vernon, IN 47265-5603  
Tel +1 800 224 2467

**MOBILE CLIMATE CONTROL**

**Sweden**  
MOBILE CLIMATE CONTROL  
GROUP HOLDING AB  
Kungsgatan 57  
SE-461 34 Trollhättan  
Tel +46 521-27 77 00

MOBILE CLIMATE CONTROL SVERIGE AB  
Sikvägen 9  
SE-761 21 Norrtälje  
Tel +46 521-27 77 00

**Germany**  
MOBILE CLIMATE CONTROL GMBH  
Jägerstraße 33  
DE-712 72 Renningen  
Tel +49 0715 993 087-0

**Canada**  
MOBILE CLIMATE CONTROL INC.  
7540 Jane St.  
Vaughan, Ontario  
L4K 0A6  
Tel +1 905 482 2750

MOBILE CLIMATE CONTROL INC.  
6659 Ordan Drive  
Mississauga, Ontario  
L5T 1K6  
Tel +1 905 482 2750

**USA**  
MOBILE CLIMATE CONTROL CORP.  
P.O. Box 803  
Goshen, Indiana 46527  
Tel +1 574 534 1516

MOBILE CLIMATE CONTROL CORP.  
3189 Farmtrail Road  
York, PA 17406  
Tel +1 717 767 6531

MOBILE CLIMATE CONTROL CORP.  
27 Corporate Circle Suite 1  
East Syracuse, NY 13057  
Tel +1 315 434 1851

**Poland**  
MOBILE CLIMATE CONTROL S.P.Z.OO  
Ul. Szwedzka 1  
55-200 Olawa  
Tel +48 71 3013 701

**China**  
NINGBO MOBILE CLIMATE CONTROL  
MANUFACTURING/TRADING CO., LTD  
No.88 Jinchuan Rd.,  
Zhenhai, Ningbo, 315221  
Tel +86 574-863 085 77

**South Africa**  
MCC AFRICA PTY (LTD)  
Unit 7B, Rinaldo Industrial Park  
50 Moreland Drive, Red Hill  
4071 Durban  
Tel +27 31 569 3971

**India**  
MOBILE CLIMATE CONTROL THERMAL  
INDIA PVT. LTD.  
Plot No. 4B  
Road No.2, Phase-I  
KIADB Industrial Area Narasapura  
Kolar – 56313, Karnataka

**Brazil**  
MCC DO BRASIL LTDA  
Rua Silverio Finamore, 920-Gp 3  
Louveira- SP, 13.290-000  
Tel +55 19 3878 2058

**RINGFEDER POWER TRANSMISSION**

**Germany**  
RINGFEDER POWER TRANSMISSION GMBH  
Werner-Heisenberg-Straße 18  
DE-64823 Groß-Umstadt  
Tel +49 6078 9385-0

RINGFEDER POWER TRANSMISSION  
TSCHAN GMBH  
Postfach 2166  
DE-66521 Neunkirchen  
Tel +49 6821 866 0

**Czech Republic**  
RINGFEDER POWER TRANSMISSION S.R.O.  
Oty Kovala 1172  
CZ-33441 Dobruška  
Tel +420 377 201 511

**USA**  
RINGFEDER POWER TRANSMISSION  
USA CORPORATION  
165 Carver Avenue  
Westwood, N.J. 07675  
Tel +1 201 666 3320

**India**  
RINGFEDER POWER TRANSMISSION  
INDIA PRIVATE LTD.  
Plot No. 4, Door No. 220  
Mount Poonamallee High Road  
Kattupakkam  
Chennai-600056  
Tel +91 44 2679 1411

**China**  
KUNSHAN RINGFEDER POWER  
TRANSMISSION CO., LTD.  
No. 406, Jiande Road  
Zhangpu 215321  
Kunshan, Jiangsu Province  
Tel +86 512 5745 3960

**Brazil**  
HENFEL INDÚSTRIA METALÚRGICA LTDA.  
Major Hilario Tavares Pinheiro, 3447  
Cep 14871 - 300  
Jaboticabal, SP  
Tel +55 16 3209 3422