

Q4 VBG GROUP YEAR-END REPORT 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 **3,492** M

Consolidated sales increased to SEK 3,492.4 M (3,002.0) in the full-year 2018.

SEK **418** M

Consolidated operating profit increased to SEK 417.8 M (351.1) in the full-year 2018.



VBG GROUP INTERIM REPORT

YEAR-END REPORT 2018

Fourth quarter of 2018:

- Consolidated sales increased by 17.9% to **SEK 868.8 M** (737.0).
- Operating profit rose to **SEK 87.9 M** (68.2), with a margin of 10.1% (9.2).
- Profit after financial items increased to **SEK 81.1 M** (52.7).
- The Group's profit after tax rose to **SEK 60.5 M** (30.6).
- Earnings per share increased to **SEK 2.42** (1.23).

Full-year 2018:

- Consolidated sales increased by 16.3% to **SEK 3,492.4 M** (3,002.0).
- Operating profit rose to **SEK 417.6 M** (351.1), with a margin of 12.0% (11.7).
- Profit after financial items increased to **SEK 373.1 M** (315.6).
- The Group's profit after tax increased to **SEK 273.0 M** (220.5).
- Earnings per share increased to **SEK 10.92** (9.62).
- The Board of Directors proposes a raised dividend of SEK 3.50 per share (3.25), plus an extra dividend of SEK 1.00. This means a total dividend of **SEK 4.50** per share, corresponding to 41.2% of profit after tax.

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

² The average number of shares during the full-year 2018 was, in thousands, 25,004 (22,920).

KEY FIGURES				
Group, SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Net sales	868.8	737.0	3,492.4	3,002.0
Operating profit before depreciation/amortization (EBITDA)	108.3	88.1	497.4	428.3
Operating profit before amortization and impairment of intangible assets (EBITA)	95.8	76.1	449.3	382.8
Operating profit (EBIT)	87.9	68.2	417.6	351.1
Profit after financial items (EBT)	81.1	52.7	373.1	315.6
Profit after tax	60.5	30.6	273.0	220.5
Earnings per share, SEK	2.42	1.23	10.92	9.62
Cash flow from operating activities	46.6	87.6	253.6	243.8
ROE (cumulative), %	—	—	12.8	12.3
ROCE (cumulative), %	—	—	13.2	10.7
Equity/assets ratio, %	56.7	54.7	56.7	54.7
Interest-bearing net debt/EBITDA	—	—	1.30	1.73
Average number of employees	—	—	1,561	1,446
Average number of shares during the period	25,004	25,004	25,004	22,920
Number of outstanding shares	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 industrial 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% in average annual sales growth over a five-year period, of which 5% attributable to actual organic growth and 5% to structural growth.
- > 12% 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

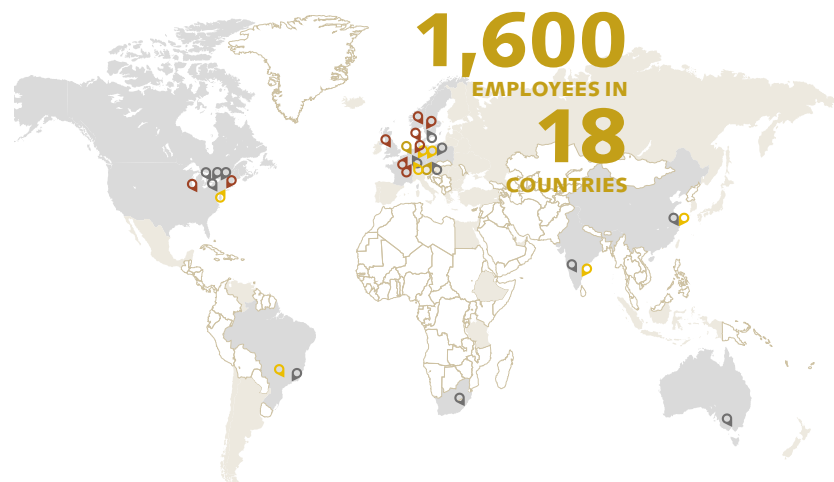
Stable ownership situation

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

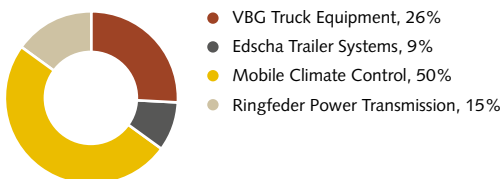


This is the VBG Group, cont.

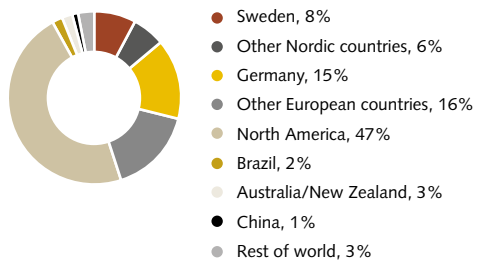
Our divisions

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% of the global market via the Ringfeder and VBG brands. The division also has Onspot – automatic tire 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% 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 defense vehicles.</p> 
	<p>RINGFEDER POWER TRANSMISSION</p> <p>By virtue of its own strong brands, the division is a recognized 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




HIGHLY ROBUST GROWTH YIELDING BEST YEAR EVER

2018 was marked by extremely robust growth for our divisions and also by a very high level of business activity in the Group's geographical markets. We reported outstanding organic growth of SEK 0.5 billion for the year and an increase in operating profit of just over SEK 65 M, which makes 2018 VBG Group's best year ever. This was also reflected in earnings per share, which grew to a record level of SEK 10.92.

However, this growth has put heavy pressure on the company's internal processes, while major product and marketing initiatives are also taking place in several areas. Despite this, the divisions successfully maintained their favorable margins during the year and I view this ability to adapt to new conditions as highly reassuring moving forward.

For the full-year 2018, the Group reported no structural growth, but organic growth of 13%. Even if the continuing strong market climate has helped, the higher growth rate was largely due to the divisions successfully gaining market shares and expanding their offerings. During the year, the largest growth was noted for Edscha Trailer Systems and Mobile Climate Control.

We ended 2018 in a financial position that remains strong. We have been able to reduce our indebtedness as we followed up a strong 2017 with an even stronger 2018. The Group's net debt in relation to EBITDA is now 1.30, compared with 1.73 last year. I can therefore confirm that we have restored our finances very quickly after the acquisition of Mobile Climate Control.

 I view the division's ability to adapt to new conditions as highly reassuring moving forward.



VBG Truck Equipment – new levels and profitable initiatives

With a very strong final quarter, VBG Truck Equipment achieved new levels in terms of both sales and profit for the full-year. It is worth mentioning that we can now clearly see that the division's investment in digitalizing the marketing of Onspot has borne fruit, as the number of Onspot units sold in Europe increased sharply in 2018, compared with last year. The drawbar couplings initiative in China is still at an early stage and I anticipate relatively swift growth, which will also require investments.

Edscha Trailer Systems – strong organic growth

Edscha Trailer Systems has also reported a very strong 2018. Organic growth was just over 16% for the year and the division noted a considerable improvement in both margin and profit. During the fourth and even third quarter of the year, the division reported slightly lower sales than in the first two quarters, which is entirely in line with Edscha Trailer Systems' normal seasonal variations. During the year, the new management, which was appointed at the end of 2017, successfully delivered in a business environment characterized by high demand while keeping costs low. I view this as confirmation that the management has a good grasp of the business.

Mobile Climate Control – expanding capacity

With organic growth of just over 18% for the year, Mobile Climate Control reported an all-time high in terms of both sales and profit. The remarkably strong growth has, however, placed heavy pressure on the division's internal processes and this has caused some additional costs during the year. As a result, the EBITA margin was just over 10%, which is roughly the same moderate level as 2017. Intensive work is, however, ongoing at the division to expand capacity to meet demand from customers and when a balance has been achieved between demand and delivery capacity, I can see substantial potential for profitability improvements.

Ringfeder Power Transmission – decisiveness produces results

Ringfeder Power Transmission reported more cautious growth during the year, compared with the Group's other divisions. However, the fourth quarter confirms the stability shown in the division's reports earlier in 2018 and I am delighted to report record figures in absolute terms, both for sales and profit during the year. Restructuring has been in progress for just over two years and these efforts are now producing results, and division management has demonstrated both resilience and decisiveness in this work.

GROUP TREND

SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	3,492.4	868.8	874.8	931.2	817.7	3,002.0	737.0	719.2	777.2	768.6
Operating profit before depreciation/ amortization (EBITDA)	497.4	108.3	127.4	137.3	124.4	428.3	88.1	100.7	117.6	121.9
Operating profit before amortization and impairment of intangible assets (EBITA)	449.3	95.8	115.2	125.3	113.0	382.8	76.1	89.6	106.4	110.6
Operating profit (EBIT)	417.6	87.9	107.3	117.3	105.2	351.1	68.2	81.7	98.5	102.7
Operating margin (EBIT), %	12.0	10.1	12.3	12.6	12.9	11.7	9.2	11.4	12.7	13.4
Profit after financial items (EBT)	373.1	81.1	100.9	105.6	85.6	315.6	52.7	75.1	93.6	94.2
Profit after tax	273.0	60.5	71.2	77.8	63.5	220.5	30.6	53.2	70.1	66.6
Earnings per share, SEK	10.92	2.42	2.85	3.11	2.54	9.62	1.23	2.13	2.80	3.80
Cash flow from operating activities	253.6	46.6	97.0	37.0	73.0	243.7	87.5	43.4	38.5	74.3
ROE (cumulative), %	12.8	12.8	13.4	13.4	12.3	12.3	12.3	14.0	15.8	17.6
ROCE (cumulative), %	13.2	13.2	14.0	14.1	13.5	10.7	10.7	11.0	11.0	13.7
Equity/assets ratio, %	56.7	56.7	54.9	53.9	54.1	54.7	54.7	53.0	51.7	51.0

SALES BY MARKET

SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	275.9	69.2	58.1	73.3	75.3	241.1	58.0	53.4	60.2	69.5
Other Nordic countries	194.7	47.6	48.4	50.1	48.5	169.8	41.6	37.9	42.4	47.9
Germany	514.7	121.2	121.4	135.9	136.1	466.8	111.4	112.0	113.5	125.8
Other European countries	576.2	133.6	134.1	158.4	150.1	521.7	125.4	123.2	136.1	137.1
North America	1,648.6	414.2	441.8	449.0	343.7	1,348.8	326.5	332.9	359.2	330.2
Brazil	62.9	17.1	16.6	13.6	15.7	69.2	16.5	16.6	18.9	15.6
Australia/New Zealand	73.6	19.0	16.1	13.3	25.2	80.0	24.9	19.1	17.6	18.0
China	45.6	14.9	12.4	12.3	6.0	26.8	7.4	7.2	9.6	4.3
Rest of world	100.1	31.9	25.8	25.4	17.0	77.7	25.5	17.0	19.7	20.3
Group	3,492.4	868.8	874.8	931.2	817.7	3,002.0	737.0	719.2	777.2	768.6

Sales and earnings

Fourth quarter of 2018

Sales of SEK 868.8 M (737.0) were 17.9% higher compared with the fourth quarter of 2017. Adjusted for movements in exchange rates between the quarters, the actual organic growth was 12.4%.

The Group's operating profit increased to SEK 87.9 M (68.2), with an operating margin of 10.1% (9.2). Operating profit included Group-wide overheads of SEK 6.6 M (7.3) that are not allocated to the divisions.

Net interest expense was SEK 7.9 M (expense: 8.4) and the quarter's currency effect on foreign-currency denominated credits was a positive SEK 1.1 M (neg: 7.1). Taken together, this resulted in a net financial expense of SEK 6.8 M (expense: 15.5). Accordingly, profit after financial items amounted to SEK 81.1 M (52.6). Profit after tax totaled SEK 60.5 M (30.6) and earnings per share amounted to SEK 2.42 (1.23).

Full-year 2018

Sales of SEK 3,492.4 M (3,002.0) were 16.3% higher year-on-year. Actual organic volume growth was 13.0% after adjustment for exchange rate changes between the quarters.

Operating profit amounted to SEK 417.6 M (351.1), with an operating margin of 12.0% (11.7). The operating profit included Group-wide overheads in the Parent Company of SEK 18.3 M (20.5) that were not allocated to the divisions.

For the full-year, net interest expense was SEK 33.8 M (expense: 40.1) and the year's currency effect on foreign-currency denominated credits was a negative SEK 10.7 M (pos: 4.6). Taken together, this resulted in a net financial expense of SEK 44.5 M (expense: 35.5). Profit after financial items was, accordingly, SEK 373.1 M (315.6), profit after tax totaled SEK 273.0 M (220.5) and earnings per share amounted to SEK 10.92 (9.62).

Return on capital employed rose to 13.2% (10.7) and return on equity amounted to 12.8% (12.3). The Group's equity/assets ratio increased year-on-year to 56.7% (54.7).

Capital expenditures

The Group's new capital expenditures during the fourth quarter amounted to SEK 12.5 M (17.1), while total new capital expenditures for the full-year amounted to SEK 47.5 M (54.5).

Financial position

Profit after tax for the full-year amounted to SEK 273.0 M (220.5) and other comprehensive income to SEK 28.0 M (24.2), which comprises exchange rate changes and the impact of the translation of defined-benefit pension plans, the combined effect of which resulted in comprehensive income of SEK 301.0 M (244.7). After the payment of dividends totaling SEK 81.3 M (43.8) to the shareholders, consolidated equity increased to SEK 2,226.5 M (2,004.9).

The equity/assets ratio increased during the year to 56.7% (54.7).

Cash and cash equivalents increased by SEK 47.5 M (44.4) during the year to SEK 371.4 M (321.4) at year end. In addition, there were unutilized overdraft facilities of SEK 100.0 M (100.0), which means the Group at year-end had available liquidity of SEK 471.4 M (421.4).

The Group's interest-bearing net debt (including pension liability) declined by SEK 94.4 M during the year to SEK 647.9 M (742.3) at year-end.

As the existing credit agreement with the Group's main bank expires in the autumn of 2019, this bank financing is recognized as current in the balance sheet, even if it is by its very nature long-term.

The ratio of interest-bearing net debt to equity was 0.29 at December 31, 2018 (0.37 at December 31, 2017) and the ratio of net debt to consolidated operating profit before depreciation/amortization and impairment (EBITDA) was 1.30 (1.73).

At December 31, 2018, the Group's goodwill increased SEK 9.7 M due to currency effects and amounted to SEK 1,128.6 M

(1,118.9), which in relation to equity amounted to a ratio of 0.51 (0.56).

Cash flow

Cash flow from operating activities during the year amounted to SEK 253.6 M (243.7). Paid new capital expenditures during the period amounted to SEK 47.2 M (60.3). During the year, dividends totaling SEK 81.3 M (43.8) were paid to the shareholders and the Group's total non-current and current financial liabilities declined SEK 79.4 M (95.3). In October, payment took place for 194,500 warrants (long-term incentive program) of SEK 1.9 M, the combined effect of which resulted in cash flow from financing activities of a negative SEK 158.8 M (neg: 139.0). Consequently, net cash flow for the period was SEK 47.5 M (44.4).

Personnel

At December 31, 2018, there were 1,573 employees (1,502) in the VBG Group, of which 213 (211) in Sweden. The Group employed an average of 1,561 persons (1,446) in 2018, of which 215 (207) were active in Sweden. The cost of salaries and social security contributions was SEK 803.1 M (717.1).

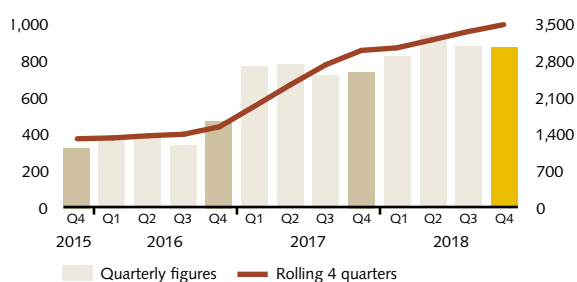
Per share data

Earnings per share for the full-year amounted to SEK 10.92 (9.62), and the average number of shares for the full-year 2018 was, in thousands, 25,004 compared with 22,920 shares during the previous year.

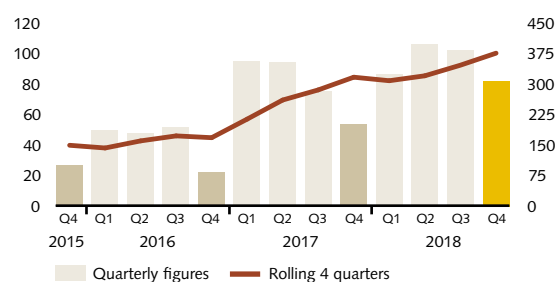
Equity per share (total outstanding shares at the end of the period) was SEK 89.04 at December 31, 2018, compared with SEK 80.18 at the same time last year.

The number of shareholders fell by 220 during the fourth quarter and amounted to 4,308 at the end of December (4,670).

NET SALES, SEK M



PROFIT AFTER FINANCIAL ITEMS, SEK M



VBG TRUCK EQUIPMENT



FOURTH QUARTER OF 2018

- Sales rose to **SEK 244.7 M** (223.1).
- EBITA increased to **SEK 47.0 M** (46.7), with an EBITA margin of 19.2% (20.9).

FULL-YEAR 2018

- Sales rose to **SEK 921.0 M** (836.7).
- EBITA increased to **SEK 175.5 M** (170.8), with an EBITA margin of 19.0% (20.4).

SALES/EARNINGS

SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	921.0	244.7	205.1	231.8	239.4	836.7	223.1	185.5	202.3	225.8
EBITDA	191.4	51.0	36.9	42.0	61.5	184.6	50.4	37.4	39.8	57.0
EBITA	175.5	47.0	32.9	38.0	57.5	170.8	46.7	34.1	36.3	53.6
EBITA margin, %	19.0	19.2	16.1	16.4	24.0	20.4	20.9	18.4	18.1	23.7
Operating profit (EBIT)	175.2	46.9	32.9	37.9	57.5	169.8	46.5	33.9	36.1	53.3
Operating margin (EBIT), %	19.0	19.2	16.0	16.4	24.0	20.3	20.8	18.3	17.8	23.6

SALES BY MARKET

SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	234.6	58.7	48.9	62.1	64.9	199.0	48.7	44.0	50.3	56.0
Other Nordic countries	151.8	36.8	38.4	38.2	38.3	135.9	32.6	28.0	34.3	41.0
Germany	127.5	29.4	25.9	35.4	36.8	118.8	29.8	28.6	27.2	33.2
Other European countries	212.8	52.8	49.7	56.5	53.6	196.5	47.0	44.7	50.3	54.5
North America	99.4	35.9	24.0	19.2	20.3	92.0	28.6	20.5	18.8	24.1
Australia/New Zealand	61.5	16.0	13.1	10.0	22.4	67.7	22.9	16.3	15.1	13.4
China	14.4	8.0	3.1	2.8	0.6	1.6	1.6	—	—	—
Rest of world	19.1	7.1	2.0	7.6	2.5	25.2	12.0	3.4	6.3	3.6
VBG Truck Equipment	921.0	244.7	205.1	231.8	239.4	836.7	223.1	185.5	202.3	225.8

Sales and earnings

Fourth quarter of 2018

VBG Truck Equipment again reported strong sales for the quarter. Sales increased year-on-year by 9.7% to SEK 244.7 M (223.1) in the quarter. The highest sales growth was noted in Europe, particularly in the Nordic countries, and in North America. Adjusted for exchange rate changes year-on-year, where the average USD rate between the quarters strengthened by 8.7% and the EUR, which is an important currency for the division, strengthened 5.3%, the actual organic growth was 5.7%.

EBITA, operating profit excluding amortization of intangible assets, for VBG Truck Equipment rose slightly year-on-year to SEK 47.0 M (46.7) with an EBITA margin of 19.2% (20.9).

Full-year 2018

VBG Truck Equipment's sales increased year-on-year by 10.1% to SEK 921.0 M (836.7). The highest sales growth was noted in the Nordic countries, Other European countries and Rest of world. Adjusted for exchange rate changes, where the average USD rate between the quarters strengthened by 1.7% while the EUR strengthened 6.4%, the actual organic growth was 6.4%.

EBITA for the full-year increased to SEK 175.5 M (170.8), with an EBITA margin of 19.0% (20.4).

During 2018, the division's working capital increased SEK 19.1 M to SEK 213.8 M and operating capital amounted to SEK 300.7 M at the end of December (284.2).

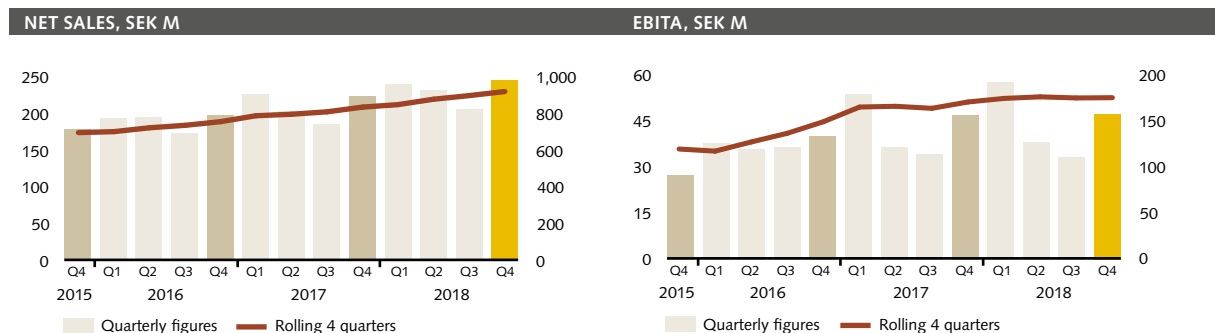
The division's return on operating capital (ROOC) was 64.5% (70.2).

Investments and depreciation/amortization

VBG Truck Equipment's investments during the fourth quarter amounted to SEK 6.2 M (7.9), while total new capital expenditures for the full-year amounted to SEK 13.7 M (20.3). Depreciation/amortization during the quarter totaled SEK 4.1 M (4.1) and SEK 16.2 M (15.5) for the year.

Personnel

VBG Truck Equipment employed an average of 275 persons (271) in 2018. At December 31, 2018, 275 persons (278) were employed in the division.



EDSCHA TRAILER SYSTEMS



FOURTH QUARTER OF 2018

- Sales rose to **SEK 71.5 M** (63.4).
- EBITA increased to **SEK 8.5 M** (neg: 1.5), with an EBITA margin of 11.9% (neg: 2.4).

FULL-YEAR 2018

- Sales rose to **SEK 322.1 M** (259.7).
- EBITA increased to **SEK 43.5 M** (18.8), with an EBITA margin of 13.5% (7.2).

SALES/EARNINGS										
SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	322.1	71.5	73.3	88.6	88.7	259.7	63.4	57.5	69.3	69.5
EBITDA	48.9	9.9	8.8	15.9	14.2	24.2 ¹	-0.1 ¹	3.4	10.2	10.7
EBITA	43.5	8.5	7.4	14.6	13.0	18.8 ¹	-1.5 ¹	2.0	8.8	9.4
EBITA margin, %	13.5	11.9	10.1	16.4	14.6	7.2	-2.4	3.5	12.8	13.5
Operating profit/loss (EBIT)	38.4	7.3	6.1	13.3	11.7	13.6 ¹	-2.8 ¹	0.7	7.6	8.2
Operating margin (EBIT), %	11.9	10.1	8.4	15.0	13.2	5.3	-4.5	1.2	10.9	11.8

¹ Including negative SEK 7.5 M in restructuring costs relating to measures to increase profitability.

SALES BY MARKET										
SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	0.2	0.1	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.1
Other Nordic countries	0.9	0.1	0.1	0.3	0.3	1.3	0.2	0.5	0.4	0.3
Germany	172.8	42.6	42.8	43.4	44.4	147.0	36.4	31.9	37.1	41.4
Other European countries	146.3	28.3	29.6	44.5	43.9	110.3	26.5	25.0	31.1	27.6
Rest of world	1.9	0.5	0.8	0.3	0.0	0.9	0.2	0.0	0.7	0.1
Edscha Trailer Systems	322.1	71.5	73.3	88.6	88.7	259.7	63.4	57.5	69.3	69.5

Sales and earnings

Fourth quarter of 2018

During the fourth quarter, Edscha Trailer Systems' sales rose by 12.9% to SEK 71.5 M (63.4). The 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 7.1%.

EBITA for the quarter increased to SEK 8.5 M (neg: 1.5), with an EBITA margin of 11.9% (neg: 2.4).

Full-year 2018

Edscha Trailer Systems performed strongly during the year. The division's sales increased by a full 24.0% to SEK 322.1 M (259.7). Adjusted for the positive exchange rate effects in the translation of sales in EUR to SEK, the actual organic growth was 16.5%.

EBITA for the full-year increased to SEK 43.5 M (18.8), with an EBITA margin of 13.5% (7.2).

During 2018, the division's working capital decreased SEK 3.4 M to SEK 63.4 M and operating capital amounted to SEK 105.2 M at the end of December (110.2).

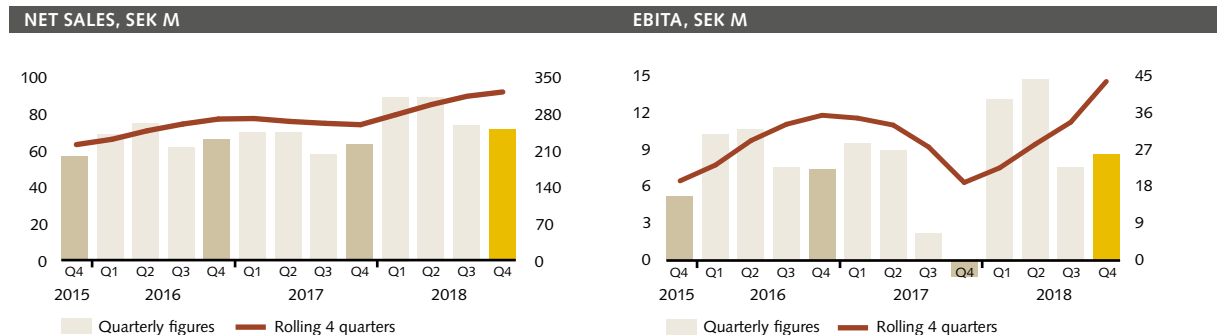
The division's return on operating capital (ROOC) was 41.7% (28.3).

Investments and depreciation/amortization

Edscha Trailer Systems' investments during the fourth quarter amounted to SEK 0.3 M (2.1), while total new capital expenditures for the full-year amounted to SEK 2.1 M (2.6). Depreciation/amortization during the fourth quarter totaled SEK 2.7 M (2.6) and SEK 10.5 M (9.8) for the year.

Personnel

During 2018, Edscha Trailer Systems employed an average of 88 persons (91). At December 31, 2018, 84 persons (88) were employed in the division.



MOBILE CLIMATE CONTROL



FOURTH QUARTER OF 2018

- Sales rose to **SEK 421.8 M** (338.6).
- EBITA increased to **SEK 30.3 M** (25.6), with an EBITA margin of 7.2% (7.6).

FULL-YEAR 2018

- Sales rose to **SEK 1,727.3 M** (1,426.7)
- EBITA increased to **SEK 173.9 M** (149.0), with an EBITA margin of 10.1% (10.4).

SALES/EARNINGS										
SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	1,727.3	421.8	460.4	476.8	368.3	1,426.7	338.6	357.4	383.2	347.5
EBITDA	187.3	33.9	57.0	64.7	31.7	160.8	28.6	42.8	52.4	37.0
EBITA	173.9	30.3	53.4	61.4	28.8	149.0	25.6	39.9	49.5	34.1
EBITA margin, %	10.1	7.2	11.6	12.9	7.8	10.4	7.6	11.2	12.9	9.8
Operating profit (EBIT)	152.4	25.0	48.0	56.0	23.4	127.9	20.3	34.6	44.2	28.8
Operating margin (EBIT), %	8.8	5.9	10.4	11.8	6.3	9.0	6.0	9.7	11.5	8.3

SALES BY MARKET										
SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	36.7	9.0	8.3	10.1	9.4	37.3	8.0	8.2	9.2	11.9
Other Nordic countries	36.8	9.5	9.1	9.8	8.3	28.6	7.9	8.3	6.8	5.6
Germany	30.6	7.3	7.8	7.7	7.8	24.1	6.3	7.0	5.7	5.2
Other European countries	153.2	36.0	38.2	39.6	39.3	152.8	37.3	38.2	39.0	38.4
North America	1,429.9	348.2	386.0	398.7	297.0	1,155.7	273.6	288.2	314.4	279.5
China	14.4	3.1	4.4	4.9	2.0	9.3	2.1	2.7	1.9	2.7
Rest of world	25.8	8.7	6.6	6.0	4.5	18.8	3.6	4.8	6.2	4.3
Mobile Climate Control	1,727.3	421.8	460.4	476.8	368.3	1,426.7	338.6	357.4	383.2	347.5

Sales and earnings

Fourth quarter of 2018

Sales for the fourth quarter grew by 24.6% year-on-year to SEK 421.8 M (338.6). The strongest sales growth was noted primarily in the important core market of North America. Adjusted for exchange rate changes, where the average USD rate strengthened by 8.7% year-on-year in the fourth quarter and the CAD by 4.7%, the actual organic growth was 17.9%.

EBITA for Mobile Climate Control increased to SEK 30.3 M (25.6) with an EBITA margin of 7.2% (7.6).

Full-year 2018

Mobile Climate Control reported strong growth in 2018 and sales increased by 21.1% year-on-year to SEK 1,727.3 M (1,426.7). Adjusted for exchange rate changes, where the average USD rate strengthened year-on-year by 1.7% and the CAD by 1.9%, the actual organic growth was 18.5%.

EBITA for Mobile Climate Control increased to SEK 173.9 M (149.0) with an EBITA margin of 10.1% (10.4).

During 2018, the division's working capital increased sharply by SEK 125.5 M to SEK 424.5 M. Operating capital amounted to SEK 535.4 M at year-end (401.5).

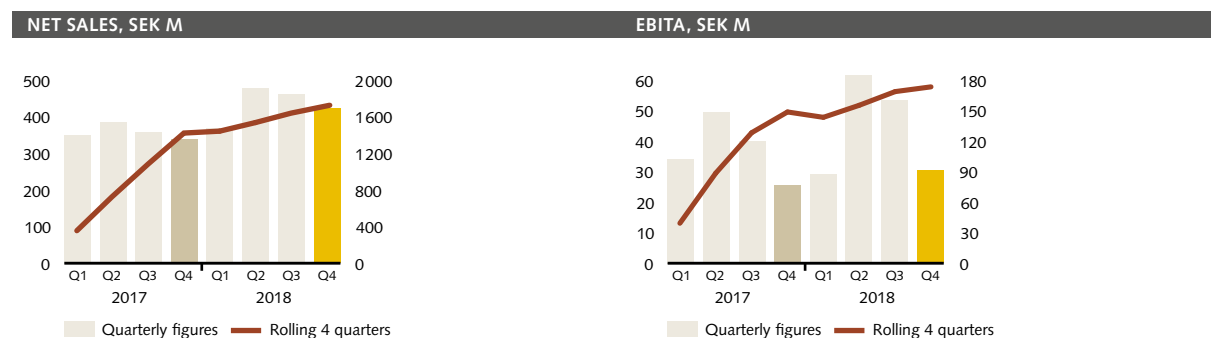
The division's return on operating capital (ROOC) was 38.6% (39.9 during the year-earlier period).

Investments and depreciation/amortization

Mobile Climate Control investments during the fourth quarter amounted to SEK 3.2 M (3.9), while total new capital expenditures for the full-year amounted to SEK 21.0 M (8.8). Depreciation/amortization during the fourth quarter totaled SEK 9.0 M (8.3) and SEK 34.9 M (32.9) for the year.

Personnel

Mobile Climate Control employed an average of 875 persons (767) in 2018. At December 31, 2018, 870 persons (785) were employed in the division.



RINGFEDER POWER TRANSMISSION



FOURTH QUARTER OF 2018

- Sales rose to **SEK 130.5 M** (112.0).
- EBITA increased to **SEK 16.5 M** (12.5), with an EBITA margin of 12.6% (11.2).

FULL-YEAR 2018

- Sales rose to **SEK 522.0 M** (479.1).
- EBITA increased to **SEK 74.2 M** (64.3), with an EBITA margin of 14.2% (13.4).

SALES/EARNINGS

SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	522.0	130.5	136.2	134.0	121.4	479.1	112.0	118.8	122.4	125.8
EBITDA	87.2	19.8	26.8	21.0	19.6	76.7	15.6	19.5	20.6	21.0
EBITA	74.2	16.5	23.6	17.7	16.5	64.3	12.5	16.5	17.6	17.8
EBITA margin, %	14.2	12.6	17.3	13.2	13.6	13.4	11.2	13.9	14.4	14.1
Operating profit (EBIT)	69.9	15.4	22.5	16.6	15.4	60.3	11.5	15.5	16.6	16.7
Operating margin (EBIT), %	13.4	11.8	16.5	12.4	12.7	12.6	10.3	13.0	13.5	13.3

SALES BY MARKET

SEK M	Full-year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	4.5	1.4	0.9	1.2	1.0	4.6	1.3	1.1	0.7	1.5
Other Nordic countries	5.3	1.1	0.9	1.7	1.6	4.0	0.9	1.1	0.9	1.0
Germany	183.8	41.9	48.9	47.5	46.0	170.3	37.7	43.1	43.5	46.0
Other European countries	64.0	16.4	16.6	17.8	13.3	62.2	14.6	15.3	15.7	16.6
North America	119.1	29.9	31.8	31.1	26.4	101.1	24.3	24.2	26.0	26.6
Brazil	57.1	14.4	14.8	12.7	15.2	66.7	16.0	16.2	18.9	15.6
Australia/New Zealand	11.3	2.8	2.9	2.9	2.6	11.5	1.9	2.5	2.5	4.6
China	16.8	3.9	4.9	4.6	3.4	15.9	3.7	4.5	7.7	1.6
Rest of world	60.2	18.7	14.4	14.6	11.9	42.8	11.6	10.8	6.5	12.3
Ringfeder Power Transmission	522.0	130.5	136.2	134.0	121.4	479.1	112.0	118.8	122.4	125.8

Sales and earnings

Fourth quarter of 2018

Ringfeder Power Transmission's sales increased year-on-year by 16.5% to SEK 130.5 M (112.0) in the fourth quarter. Adjusted for exchange rate changes, where the average USD rate strengthened by 8.7%, the BRL weakened by 7.6%, and the EUR strengthened by 5.3% compared with the fourth quarter one year earlier, the overall effect was organic growth of 11.9%.

EBITA for Ringfeder Power Transmission increased year-on-year to SEK 16.5 M (12.5) with an EBITA margin of 12.6% (11.2).

Full-year 2018

Sales in 2018 grew by 9.0% year-on-year to SEK 522.0 M (479.1). Adjusted for exchange rate changes, where the average USD rate strengthened by 1.7%, the BRL weakened by 11.0% and the EUR strengthened by 6.4%, year-on-year, the actual organic growth was an increase of 6.1%.

EBITA for Ringfeder Power Transmission increased year-on-year to SEK 74.2 M (64.3) with an EBITA margin of 14.2% (13.4).

During 2018, the division's working capital increased SEK 34.2 M to SEK 215.2 M and operating capital amounted to SEK 322.8 M at the end of December (291.7).

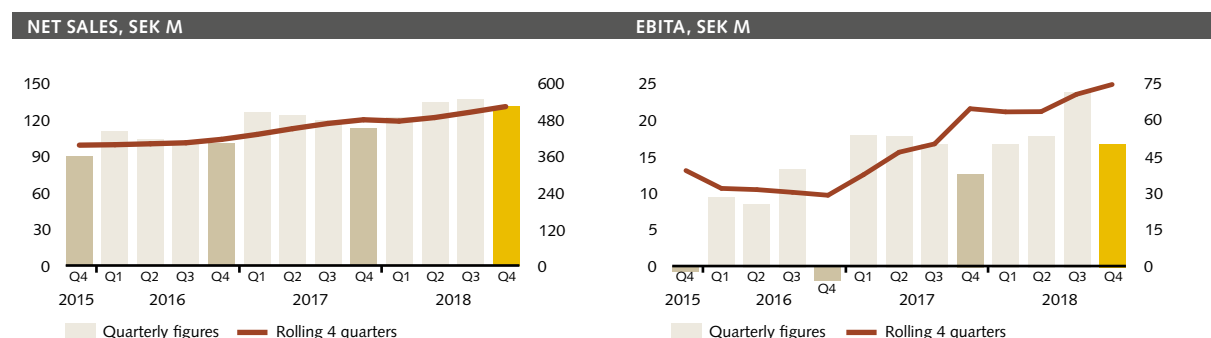
The division's return on operating capital (ROOC) was 27.9% (26.5).

Investments and depreciation/amortization

Ringfeder Power Transmission investments during the fourth quarter amounted to SEK 2.8 M (2.1), while total new capital expenditures for the full-year amounted to SEK 10.3 M (18.4). Depreciation/amortization during the fourth quarter totaled SEK 4.4 M (4.1) and SEK 17.3 M (16.4) for the year.

Personnel

Ringfeder Power Transmission employed an average of 314 persons (309) in 2018. At December 31, 2018, 335 persons (342) were employed in the division.



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 license revenues. These amounted to SEK 42.6 M (29.2) in 2018. The operating loss for the period was SEK 11.1 M (loss: 16.7). Net financial expense amounted to SEK 205.0 M (expense: 19.1) of which dividends from Group companies amounted to SEK 216.5 M (64.9). Profit after dividends from Group companies and net financial items totaled SEK 222.1 M (15.2).

A decision was taken at VBG Group AB's General Meeting on April 25, 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 program, 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 January 1, 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 recognized when the customer gains control of the presold goods or services – a principle that replaced the earlier principle that revenue is recognized 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, recognizing 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 arose as a consequence of the introduction of these reporting standards.

IFRS 16 Leases took effect on January 1, 2019. IFRS 16 specifies the recognition of leases for both the lessor and lessee. The implementation of the standard means almost all leases will be recognized in the lessee's balance sheet, as no distinction is now made between operating and finance leases. In accordance with the new standard, an asset (the right to use a leased asset) and a financial liability pertaining to the

obligation to make lease payments are recognized in the balance sheet and that amortization of leased assets, separate from the interest expense of the lease, is recognized in profit or loss.

VBG Group has when transitioning to IFRS 16 on January 1, 2019, used a modified retrospective approach, which means the 2018 financial year is not restated. Lease liability is the total present value of all future fees until the lease has expired. The simplified rule was applied during the transition, meaning the right-of-use (before adjustments for any advance payment) corresponds to the lease liability. The discount rate is VBG Group's incremental borrowing rate for each currency. Exemptions to not recognized short-term leases and assets of low value were also applied.

The estimated opening balance for the lease liability and right-of-use asset amounted to approximately SEK 132 million for existing leases. The largest asset class for leases is properties, such as factories and offices.

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 2019

The company makes no forecast.

Financial information 2019

Interim report, three months 2019	April 24, 2019
Annual General Meeting	
in Vänersborg	at 5:00 p.m. April 24, 2019
Interim report, six months 2019	August 20, 2019
Interim report, nine months 2019	October 22, 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.

Auditor's review

This year-end report is unaudited.

Events after the close of the reporting period

No significant events occurred after the close of the period.

Vänersborg, February 19, 2019

VBG Group AB (publ)

The Board of Directors

Note

This information is of the type that VBG Group AB is obligated to disclose in accordance with the 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 February 19, 2019.

Press releases in the fourth quarter of 2018

VBG Truck Equipment secures	
important contract	October 4, 2018
Interim report January–September 2018	October 22, 2018
Invitation to investor meeting	November 19, 2018

For further information, please contact:

Anders Birgersson, President and CEO
Telephone: +46 521 27 77 67, +46 702 27 77 78
E-mail: anders.birgersson@vbggroup.com

Consolidated Income Statement and Statement of other comprehensive income – Highlights

SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Net sales	868.8	737.0	3,492.4	3,002.0
Cost of goods sold	-583.7	-481.2	-2,301.5	-1,934.1
Gross profit	285.0	255.8	1,190.9	1,067.9
Selling expenses	-95.8	-87.9	-381.7	-332.1
Administrative expenses	-72.3	-71.1	-265.0	-253.5
Research and development costs	-37.1	-27.9	-136.4	-106.4
Other operating income and expenses	8.1	-0.8	9.8	-24.9
	-197.1	-187.7	-773.3	-716.8
Operating profit	87.9	68.2	417.6	351.1
Exchange rate effects, net	1.1	-7.1	-10.7	4.6
Interest income	1.1	0.6	2.2	1.7
Interest expenses	-7.0	-6.4	-27.8	-31.9
Other financial expenses	-2.0	-2.6	-8.3	-9.9
Total financial items	-6.8	-15.5	-44.5	-35.5
Profit after financial items	81.1	52.6	373.1	315.6
Tax	-20.6	-22.0	-100.1	-95.1
Profit for the period	60.5	30.6	273.0	220.5
Profit for the period attributable to Parent Company shareholders	60.5	30.6	273.0	220.5
Other comprehensive income				
Profit for the period	60.5	30.6	273.0	220.5
Items that will not be reversed in the Income Statement				
Effect of translation of defined-benefit pension plans, net after tax	-4.4	-5.8	-4.4	-5.8
Items that may later be reversed in the Income Statement				
Translation differences pertaining to foreign operations	-1.3	86.1	34.4	28.7
Translation differences pertaining to hedge accounting for net investments in foreign operations	-1.4	1.2	-2.0	1.2
Other comprehensive income, net after tax	-7.2	81.5	28.0	24.2
Comprehensive income for the period	53.3	112.2	301.0	244.7
Comprehensive income for the period attributable to Parent Company shareholders	53.3	112.2	301.0	244.7
Earnings per share, basic and diluted, SEK	2.42	1.23	10.92	9.62
Number of outstanding shares at end of period ('000)	25,004	25,004	25,004	25,004
Average number of shares during the period	25,004	25,004	25,004	22,920
Number of own shares at end of period	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							
Q4 Oct–Dec	Net sales	244.7	71.5	421.8	130.5		868.8
	Operating profit/loss	46.9	7.3	25.0	15.4	–6.6	87.9
	Operating margin, %	19.2	10.1	5.9	11.8		10.1
	Net financial items					–6.8	–6.8
	Profit after financial items						81.1
2018							
12 months:	Net sales	921.0	322.1	1,727.3	522.0		3,492.4
	Operating profit/loss	175.2	38.4	152.4	69.9	–18.3	417.6
	Operating margin, %	19.0	11.9	8.8	13.4		12.0
	Net financial items					–44.5	–44.5
	Profit after financial items						373.1
2017							
Q4 Oct–Dec	Net sales	223.1	63.4	338.6	112.0		737.0
	Operating profit/loss	46.5	–2.8	20.3	11.5	–7.3	68.2
	Operating margin, %	20.8	–4.5	6.0	10.3		9.2
	Net financial items					–15.5	–15.5
	Profit after financial items						52.6
2017							
12 months:	Net sales	836.7	259.7	1,426.7	479.1		3,002.0
	Operating profit/loss	169.8	13.6	127.9	60.3	–20.5	351.1
	Operating margin, %	20.3	5.3	9.0	12.6		11.7
	Net financial items					–35.5	–35.5
	Profit after financial items						315.6

Consolidated Balance Sheet

SEK M	Dec. 31, 2018	Dec. 31, 2017
Assets		
Non-current assets		
Intangible assets		
Brands, customer relationships and other intangible assets	798.9	827.9
Goodwill	1,128.6	1,118.9
	1,927.5	1,946.7
Property, plant and equipment		
Land and buildings	186.2	179.3
Plant and machinery	100.7	101.8
Equipment, tools, fixtures and fittings	51.3	54.0
Construction in progress	10.3	11.4
	348.5	346.5
Deferred tax asset	63.8	48.1
Total non-current assets	2,339.9	2,341.5
Current assets		
Inventories		
Raw materials and consumables	322.2	256.9
Work in progress	85.1	75.4
Finished products and merchandise	227.6	163.7
	634.9	496.0
Current receivables		
Trade receivables	491.2	418.2
Current tax assets	25.5	26.0
Other receivables	41.4	42.7
Prepaid expenses and accrued income	19.7	17.9
	577.7	504.6
Cash and cash equivalents		
Cash on hand and demand deposits	371.4	321.4
Total current assets	1,583.9	1,322.0
Total assets	3,923.8	3,663.6
Equity and liabilities		
Equity		
Share capital	65.5	65.5
Other contributed capital	779.4	779.4
Reserves	118.4	84.1
Retained earnings, incl. net profit for the year	1,263.1	1,075.8
Total equity	2,226.5	2,004.9
Non-current liabilities		
Provisions for pensions and similar obligations	196.9	185.7
Deferred tax liability	224.6	207.9
Other provisions	22.5	23.7
Liabilities to credit institutions	0.9	801.9
Total non-current liabilities	444.8	1,219.2
Current liabilities		
Liabilities to credit institutions	821.5	76.1
Trade payables	212.7	176.2
Current tax liabilities	36.7	18.9
Other liabilities	30.4	22.5
Accrued expenses and deferred income	151.3	145.8
Total current liabilities	1,252.6	439.5
Total equity and liabilities	3,923.8	3,663.6

Changes in Consolidated Equity

SEK M	Full-year 2018	Full-year 2017
Opening equity according to balance sheet at December 31	2,004.9	1,025.3
Total comprehensive income for the period	301.0	244.7
Contributed capital, new share issue, net	—	778.6
Warrants	1.9	—
Dividend	-81.3	-43.8
Equity at end of period	2,226.5	2,004.9

Consolidated Cash Flow Statement

SEK '000	Full-year 2018	Full-year 2017
Operating activities		
Operating profit before financial items	417.6	351.1
Depreciation/amortization	79.8	77.2
Other items not affecting liquidity	24.8	-15.6
Interest received, etc.	3.0	2.5
Interest paid	-36.8	-42.7
Tax paid	-80.7	-98.3
Cash flow before change in working capital	407.8	274.3
Decrease/increase (-) in inventories	-130.9	-11.8
Decrease/increase (-) in trade receivables	-61.7	-71.5
Decrease/increase (-) in other current receivables	-0.3	0.8
Increase/decrease (-) in trade payables	29.9	19.9
Increase/decrease (-) in other current liabilities	8.9	32.1
Cash flow from operating activities	253.6	243.7
Investing activities		
Investments in intangible assets	-2.2	-1.8
Investments in property, plant and equipment	-45.0	-58.5
Cash flow from investing activities	-47.2	-60.3
Financing activities		
Repayment of loans	-80.0	-950.0
Loans raised and changes to existing loans	0.6	76.1
Warrants	1.9	—
New share issue	—	778.6
Dividend paid	-81.3	-43.8
Cash flow from financing activities	-158.9	-139.0
Cash flow for the year	47.5	44.4
Cash and cash equivalents at start of year	321.4	276.4
Translation difference, cash and cash equivalents	2.4	0.6
Cash and cash equivalents at year-end	371.4	321.4
Unutilized overdraft facilities	100.0	100.0
Total cash and cash equivalents available	471.4	421.4

Key figures for Group

SEK M	Full-year 2018	Full-year 2017
Operating margin (EBIT), %	12.0	11.7
Profit margin (ROS), %	10.7	10.5
Return on equity (ROE), %	12.8	12.3
Return on capital employed (ROCE), %	13.2	10.7
Equity/assets ratio, %	56.7	54.7
Equity per outstanding share at end of period, SEK	89.04	80.18
Cash flow from operating activities, per average outstanding share, SEK	10.14	10.63
Profit per average outstanding share during the period, SEK	10.92	9.62
Share price at end of period, SEK	127.00	132.00
Number of employees, average	1,561	1,446
Number of outstanding shares at end of period ('000)	25,004	25,004
Number of own shares at end of period ('000)	1,192	1,192
Average number of outstanding shares during the period ('000)	25,004	22,920

Parent Company Income Statement

SEK M	Full-year 2018	Full-year 2017
Net sales	42.6	29.2
Operating expenses	-53.7	-45.9
Operating loss	-11.1	-16.7
Net financial items	205.0	-19.1
Profit after financial items	193.9	-35.8
Appropriations	30.2	51.8
Tax	-2.0	-0.8
Profit for the period	222.1	15.2

Parent Company Balance Sheet

SEK M	Full-year 2018	Full-year 2017
Other intangible assets	0.8	3.0
Property, plant and equipment	1.2	1.1
Long-term investments	2,341.3	1,992.6
Total non-current assets	2,343.3	1,996.7
Receivables	113.8	471.1
Cash on hand, demand deposits and short-term investments	232.4	119.4
Total current assets	346.2	590.5
TOTAL ASSETS	2,689.5	2,587.2
Equity	1,425.6	1,282.8
Untaxed reserves	5.5	4.8
Provisions	13.1	12.7
Non-current liabilities	0.0	795.7
Current liabilities	1,245.3	491.3
TOTAL EQUITY AND LIABILITIES	2,689.5	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 analyze 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.

ACTUAL ORGANIC GROWTH

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

SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Group				
Net sales	868.8	737.0	3,492.4	3,002.0
Acquired volume (incl. full-year effect from preceding year)	—	-221.1	—	-1,309.2
Currency effect	-40.3	4.2	-100.5	-20.0
Net sales excluding acquisitions and currencies	828.5	520.1	3,391.9	1,672.9
Actual organic growth	91.4	55.4	389.9	129.1
Organic growth, %	12.4	11.9	13.0	8.4
VBG Truck Equipment				
Net sales	244.7	223.1	921.0	836.7
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—
Currency effect	-8.9	3.2	-30.6	-5.2
Net sales excluding acquisitions and currencies	235.8	226.3	890.4	831.5
Actual organic growth	12.7	28.8	53.7	74.2
Organic growth, %	5.7	14.6	6.4	9.8
Edscha Trailer Systems				
Net sales	71.5	63.4	322.1	259.7
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—
Currency effect	-3.7	-0.4	-19.6	-4.8
Net sales excluding acquisitions and currencies	67.8	63.0	302.5	254.9
Actual organic growth	4.5	-3.0	42.8	-15.6
Organic growth, %	7.1	-4.6	16.5	-5.8
Mobile Climate Control				
Net sales	421.8	338.6	1,727.3	1,426.7
Acquired volume (incl. full-year effect from preceding year)	—	-221.1	—	-1,309.2
Currency effect	-22.6	—	-36.3	—
Net sales excluding acquisitions and currencies	399.2	117.5	1,691.0	117.5
Actual organic growth	60.6	16.1	264.3	16.1
Organic growth, %	17.9	15.9	18.5	15.9
Ringfeder Power Transmission				
Net sales	130.5	112.0	522.0	479.1
Acquired volume (incl. full-year effect from preceding year)	—	—	—	—
Currency effect	-5.2	1.3	-13.9	-10.0
Net sales excluding acquisitions and currencies	125.3	113.3	508.1	469.1
Actual organic growth	13.3	13.4	29.1	54.3
Organic growth, %	11.9	13.4	6.1	13.1

EBITDA

Operating profit before depreciation/amortization and impairment on property, plant and equipment.

Group, SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Operating profit/loss	87.9	68.2	417.6	351.1
Depreciation/amortization	20.4	20.0	79.8	77.2
EBITDA	108.3	88.1	497.3	428.3

EBITA

Operating profit before amortization and impairment of intangible assets.

Group, SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Operating profit/loss	87.9	68.2	417.6	351.1
Amortization intangible assets	7.9	8.0	31.7	31.7
EBITA	95.8	76.1	449.3	382.8

PROFIT MARGIN

Profit after financial items as a percentage of net sales.

Group, SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Net sales	868.8	737.0	3,492.4	3,002.0
Profit after financial items	81.1	52.6	373.1	315.6
Profit margin, %	9.3	7.1	10.7	10.5

INTEREST-BEARING NET DEBT

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

Group, SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Provisions for pensions	196.9	185.7	196.9	185.7
Loans	822.4	878.0	822.4	878.0
Bank balances	-371.4	-321.4	-371.4	-321.4
Interest-bearing net debt	647.9	742.3	647.9	742.3

INTEREST-BEARING NET DEBT/EBITDA

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

Group, SEK M	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Interest-bearing net debt			647.9	742.3
EBITDA, rolling 4 quarter			497.4	428.3
Interest-bearing net debt/EBITDA	n/a	n/a	1.3	1.7

ROOC

EBITDA as a percentage of operating capital as below.

Group, SEK M	Full-year 2018	Full-year 2017
VBG Truck Equipment		
Inventories	117.7	103.9
Trade receivables	138.9	137.6
Trade payables	-42.8	-46.9
Working capital	213.8	194.6
Property, plant and equipment	87.0	89.6
Operating capital	300.7	284.2
EBITDA, rolling four quarter	191.4	184.6
Average operating capital four quarter	296.9	263.1
ROOC, %	64.5	70.2
Edscha Trailer Systems		
Inventories	51.6	50.4
Trade receivables	27.7	28.4
Trade payables	-15.9	-12.1
Working capital	63.4	66.8
Property, plant and equipment	41.8	43.4
Operating capital	105.2	110.2
EBITDA, rolling four quarter	48.9	31.7
Average operating capital four quarter	117.1	111.8
ROOC, %	41.7	28.3
Mobile Climate Control		
Inventories	328.4	228.2
Trade receivables	237.0	175.7
Trade payables	-140.8	-104.9
Working capital	424.5	299.1
Property, plant and equipment	110.9	102.4
Operating capital	535.4	401.5
EBITDA, rolling four quarter	187.3	160.8
Average operating capital four quarter	485.1	403.1
ROOC, %	38.6	39.9
Ringfeder Power Transmission		
Inventories	139.0	115.3
Trade receivables	87.7	76.5
Trade payables	-11.4	-10.8
Working capital	215.2	181.0
Property, plant and equipment	107.6	110.6
Operating capital	322.8	291.7
EBITDA, rolling four quarter	87.2	76.7
Average operating capital four quarter	312.9	288.8
ROOC, %	27.9	26.5

VBG GROUP

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

VBG TRUCK 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

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
Lochtmanweg 50
BE-3580 Beringen
Tel +32 11 60 90 90

USA
ONSPOT OF NORTH AMERICA, INC.
P.O. Box 1077
North Vernon, IN 47265-5077
Tel +1 800 224 2467

Branch:
555 Lordship Blvd
Stratford, CT 06615-7124
Tel +1 800 766 7768

France
ONSPOT E.U.R.L
14 Route de Sarrebruck
FR-57645 Montoy-Flanville
Tel +33 387 763 080

EDSCHA TRAILER SYSTEMS

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

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

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 8 402 21 40

Germany
MOBILE CLIMATE CONTROL GMBH
Jägerstraße 33
DE-712 72 Renningen
Tel +49 715 993 087-0

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.7 Jinxi Road
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