



VBG GROUP

INTERIM REPORT

JANUARY–SEPTEMBER

2019

Q3

SEK 909 M

Consolidated sales for
the third quarter increased to
SEK 909.1 M (874.8).

SEK 109 M

Operating profit for the third
quarter increased to SEK
109.4 M (107.3).



VBG GROUP

INTERIM REPORT

JANUARY–SEPTEMBER 2019

Third quarter of 2019:

- Consolidated sales increased by 3.9% to **SEK 909.1 M** (874.8).
- Operating profit rose to **SEK 109.4 M** (107.3), with a margin of 12.0% (12.3).
- Profit after financial items amounted to **SEK 103.9 M** (100.9), with a profit margin of 11.2% (11.5).
- The Group's profit after tax amounted to **SEK 73.7 M** (71.2).
- Earnings per share amounted to **SEK 2.95** (2.85).
- Restating in accordance with IFRS 16 had a positive impact on operating profit of SEK 0.7 M.

Nine months 2019:

- Consolidated sales increased by 9.7% to **SEK 2,878.1 M** (2,623.7).
- Operating profit rose to **SEK 368.2 M** (329.7), with a margin of 12.8% (12.6).
- Profit after financial items amounted to **SEK 335.2 M** (292.0), with a profit margin of 11.6% (11.1).
- The Group's profit after tax totaled **SEK 245.9 M** (212.5).
- Earnings per share amounted to **SEK 9.83** (8.50).
- Restating in accordance with IFRS 16 had a positive impact on operating profit of SEK 1.9 M.

KEY FIGURES

Group, SEK M	Q3 2019	Q3 2018	9 months 2019	9 months 2018	Full-year 2018
Net sales	909.1	874.8	2,878.1	2,623.7	3,492.4
Operating profit before depreciation/amortization (EBITDA)	137.4	127.4	451.7	389.1	497.4
Operating profit before amortization (EBITA)	117.3	115.2	392.2	353.5	449.3
Operating profit (EBIT)	109.4	107.3	368.2	329.7	417.6
Operating profit after financial items (EBT)	103.9	100.9	335.2	292.0	373.1
Profit after tax	73.7	71.2	245.9	212.5	273.0
Earnings/loss per share, SEK	2.95	2.85	9.83	8.50	10.92
Cash flow from operating activities	218.8	97.0	317.0	207.0	253.6
ROE (cumulative), %	14.0	13.4	14.0	13.4	12.8
ROCE (cumulative), %	14.1	14.0	14.1	14.0	13.2
Equity/assets ratio, %	55.8	54.9	55.8	54.9	56.7
Interest-bearing net debt/EBITDA	—	—	1.27	1.45	1.30
Average number of employees	1,612	1,608	1,636	1,554	1,561
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 AB (publ), domiciled in Vänersborg, is the Parent Company of an international engineering Group with wholly owned companies in the USA, Canada, India, Brazil, China, Australia, South Africa and nine countries in Europe. The Group's operations are divided into four divisions: VBG Truck Equipment, Edscha Trailer Systems, Mobile Climate Control and Ringfeder Power Transmission – with products that are marketed under strong, well-known brands.

VBG Group AB's Series B share was introduced on the stock exchange in 1987 and is listed today on the Nasdaq Stockholm Mid Cap list.

Vision

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

Business concept

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

Goals

- > 10% 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.

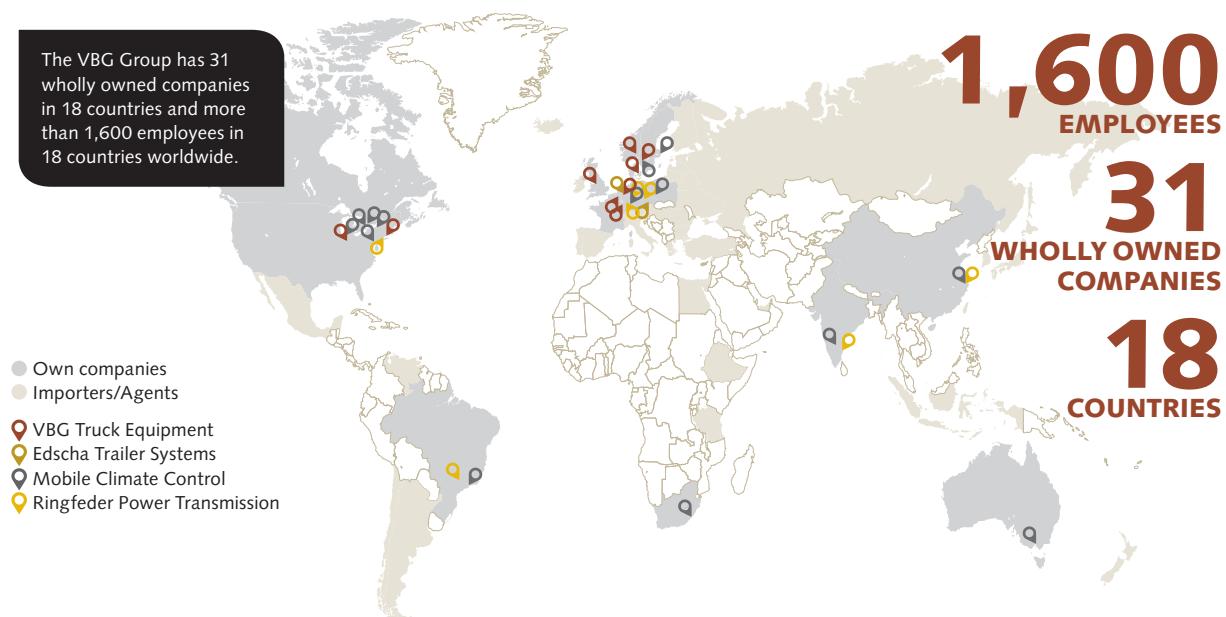
Strategies for the divisions:

- 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



This is the VBG Group, cont.

Our divisions

DIVISIONS

BRANDS



VBG TRUCK EQUIPMENT

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.



EDSCHA TRAILER SYSTEMS

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 for railway wagons. The division accounts for approximately 40% of the global market for sliding roofs via the Edscha Trailer Systems and Sesam brands.



MOBILE CLIMATE CONTROL

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.



RINGFEDER POWER TRANSMISSION

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, Tschau, Henfeli and Gerwah. The customers are found in such widely disparate industrial markets as construction, machinery, power and mining.



SALES BY DIVISION



- VBG Truck Equipment, 25%
- Edscha Trailer Systems, 7%
- Mobile Climate Control, 54%
- Ringfeder Power Transmission, 14%

SALES BY MARKET



- Sweden, 8%
- Other Nordic countries, 5%
- Germany, 13%
- Other European countries, 15%
- North America, 51%
- Brazil, 2%
- Australia/New Zealand, 2%
- China, 1%
- Rest of world, 3%

VBG GROUP DELIVERS A STRONG THIRD QUARTER

VBG Group's core markets remained strong in the third quarter, and Group sales increased by 4% over the preceding year, to just over SEK 900 million. At the same time, the Group reported continued stability in the operating margin for the quarter, at 12%.

The strength of VBG Group lies in its portfolio strategy and its diversified business structure: we work in carefully selected niches, which creates an equalising and dampening effect against economic fluctuations in our markets. This means we can deliver at healthy, stable levels over time as regards both sales and earnings.

Continued growth for deliveries to commercial vehicles during the quarter

Sales to the commercial vehicle market – which covers VBG Truck Equipment, Mobile Climate Control and Edscha Trailer Systems – in the third quarter totaled just under SEK 800 million, corresponding to 86% of the Group's total sales. Compared with the preceding year, sales for commercial vehicles increased just over 5% in the quarter; we noted a downturn in Europe that was, however, compensated for with upturns in the North American market and the rest of the world. Looking at the climate control system market, Mobile Climate Control reported favourable levels of sales and stable profitability in the quarter and also reported continued growth, if not as robust as we have seen previously. The important US market remained strong, and there are no definite indications of any major changes to the economy.

The trade war currently under way between the US and China impacts the operations of Mobile Climate Control to some extent, since certain products are manufactured in China and then sold in the US. Mobile Climate Control has good possibilities for managing this, which means it does not represent any major problems for the division, nor will it lead to any crucial changes for VBG Group. In the third quarter, VBG Truck Equipment once again showed signs of strength in its operations and business model. The division achieved both growth and excellent profitability in the quarter. In the European market, which is VBG Truck Equipment's core market, we are seeing the rate of growth slow down somewhat but the situation remains stable with healthy order books through the end of the year.

The volatility and slowdown we saw in the trailer industry in the second quarter continued into the third quarter as well. It had a noticeable impact on our smallest division, Edscha Trailer Systems, but had little impact on the Group as a whole since the division's sales constitute less than 5% of the Group's total sales. A decrease in the underlying need for transportation as a result of a weaker economy in combination with too much stock of new and used trailers meant that trailer manufacturers reduced their production drastically in the third quarter.



Ringfeder Power Transmission – continued stable profitability

Ringfeder Power Transmission, which has a strong position globally in its market niches, represented 14% of the Group's sales. The division is experiencing a trend of steadily decreasing demand for capital goods, primarily in the US and Germany, where order bookings for the machine industry continued to decline. This trend was partially compensated for by upturns in Australia and Brazil. Despite a generally weaker market, Ringfeder Power Transmission reported continued stability in its profitability.

VBG Group – well placed for structural growth at the right time

Since the former Division Manager of Mobile Climate Control left the Group on September 1 for a job in the Investor sphere of companies, I have now taken on the job of Division Manager for Mobile Climate Control in addition to my role as President and CEO. The division has a well-functioning management team and its business situation is stable. This permits me to regard the immediate future with confidence, and I look forward to working on strengthening the division further.

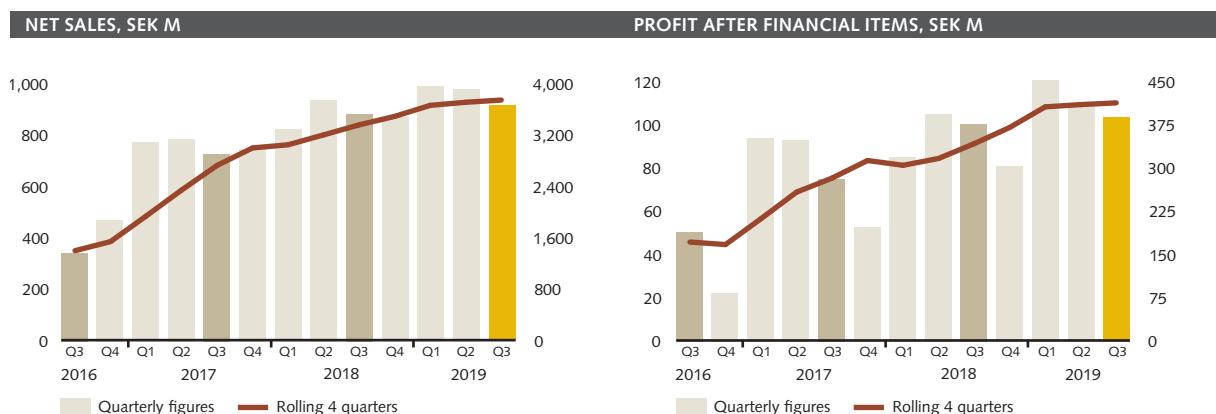
On the whole, the Group reported a stable performance and excellent results this quarter. In pace with a more uncertain economy, it is a source of comfort that today we have a lower business and market risk in the Group as a result of the structure and breadth we have as regards the market, our products and our customers. With our renewed bank agreement, we also have flexibility in our ability to manage both our capital structure and financial risks while at the same time being prepared to carry out acquisitions at the right time, under the right conditions.

Anders Birgersson
President and CEO, VBG Group

GROUP TREND

Group, SEK M	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Net sales	2,878.1	909.1	979.4	989.6	3,492.4	868.8	2,623.7	874.8	931.2	817.7	3,002.0	737.0
Operating profit before depreciation/amortization (EBITDA)	451.7	137.4	151.2	163.0	497.4	108.3	389.1	127.4	137.3	124.4	428.3	88.1
Operating profit before amortization (EBITA)	392.2	117.3	131.3	143.6	449.3	95.8	353.5	115.2	125.3	113.0	382.8	76.1
Operating profit (EBIT)	368.2	109.4	123.3	135.5	417.6	87.9	329.7	107.3	117.3	105.2	351.1	68.2
Operating margin (EBIT), %	12.8	12.0	12.6	13.7	12.0	10.1	12.6	12.3	12.6	12.9	11.7	9.2
Operating profit after financial items (EBT)	335.2	103.9	109.6	121.7	373.1	81.1	292.0	100.9	105.6	85.6	315.6	52.6
Profit after tax	245.9	73.7	83.2	89.0	273.0	60.5	212.5	71.2	77.8	63.5	220.5	30.6
Earnings per share, SEK	9.83	2.95	3.32	3.56	10.92	2.42	8.50	2.85	3.11	2.54	9.62	1.34
Cash flow from operating activities	317.0	145.0	72.0	100.0	253.6	46.6	207.0	97.0	37.0	73.0	243.7	87.5
ROE (cumulative), %	14.0	14.0	14.8	15.6	12.8	12.8	13.4	13.4	13.4	12.3	12.3	12.3
ROCE (cumulative), %	14.1	14.1	14.8	15.7	13.2	13.2	14.0	14.0	14.1	13.5	10.7	10.7
Equity/assets ratio, %	55.8	55.8	55.2	54.2	56.7	56.7	54.9	54.9	53.9	54.1	54.7	54.7
EBITDA, effect of IFRS 16	24.8	8.5	8.2	8.1								
EBITA, effect of IFRS 16	1.9	0.8	0.7	0.4								
EBIT, effect of IFRS 16	1.9	0.7	0.7	0.4								
Profit after tax, effect of IFRS 16	–2.5	–1.2	–0.1	–1.2								

Sales, SEK M	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Sweden	217.9	60.2	75.5	82.2	275.9	69.2	206.8	58.1	73.3	75.3	241.1	58.0
Other Nordic countries	151.7	44.9	51.8	55.0	194.7	47.6	147.0	48.4	50.1	48.5	169.8	41.6
Germany	369.7	112.0	126.3	131.4	514.7	121.2	393.5	121.4	135.9	136.1	466.8	111.4
Other European countries	442.7	127.2	151.0	164.6	576.2	133.6	442.6	134.1	158.4	150.1	521.7	125.4
North America	1,467.5	486.3	501.9	479.3	1,648.6	414.2	1,234.5	441.8	449.0	343.7	1,348.8	326.5
Brazil	59.3	21.0	17.9	20.4	62.9	17.1	45.8	16.6	13.6	15.7	69.2	16.5
Australia/New Zealand	68.1	26.0	20.4	21.7	73.6	19.0	54.5	16.1	13.3	25.2	80.0	24.9
China	25.7	8.1	8.2	9.4	45.6	14.9	30.7	12.4	12.3	6.0	26.8	7.4
Rest of world	75.5	23.3	26.5	25.6	100.1	31.9	68.2	25.8	25.4	17.0	77.7	25.5
	2,878.1	909.1	979.4	989.6	3,492.4	868.8	2,623.7	874.8	931.2	817.7	3,002.0	737.0



Source: VBG Group. Figures in thousands of SEK. The figures are unaudited. The figures for 2017 and 2018 include the effect of the IFRS 16 transition. The figures for 2017 and 2018 include the effect of the acquisition of the business of the former VBG Group subsidiary, VBG Europe, in 2017.

Sales and earnings

Third quarter of 2019

Sales of SEK 909.1 M (874.8) were 3.9% higher compared with the third quarter of 2018. Adjusted for currency effects, the actual organic growth was negative 0.5%.

Consolidated operating profit increased to SEK 109.4 M (107.3), with an operating margin of 12.0% (12.3). Group-wide overheads in the Parent Company that have not been allocated to the divisions totaled SEK 3.1 M (2.2).

Net interest expense was SEK 6.0 M (expense: 8.6) and the quarter's currency effect on foreign-currency denominated credits was a positive SEK 0.5 M (pos: 2.2). Taken together, this resulted in a net financial expense of SEK 5.5 M (expense: 6.4). Accordingly, profit after financial items amounted to SEK 103.9 M (100.9). Profit after tax totaled SEK 73.7 M (71.2) and earnings per share amounted to SEK 2.95 (2.85).

Nine months 2019

Sales of SEK 2,878.1 M (2,623.7) were 9.7% higher than in the first nine months of 2018. Adjusted for currency effects between the years, actual organic volume growth was 4.6%.

Operating profit amounted to SEK 368.2 M (329.7), with an operating margin of 12.8% (12.6). Group-wide overheads in the Parent Company that have not been allocated to the divisions totaled SEK 12.7 M (11.6).

The Group's net interest expense for the first nine months of the year was SEK 27.4 M (expense: 25.9) and the currency effect on foreign-currency denominated credits was a negative SEK 5.7 M (neg: 11.8). Taken together, this resulted in a net financial expense of SEK 33.1 M (expense: 37.7). Accordingly, profit after financial items was SEK 335.2 M (292.0), profit after tax totaled SEK 245.9 M (212.5) and earnings per share amounted to SEK 9.83 (8.50).

Capital expenditures

The Group's new capital expenditures for the third quarter amounted to SEK 18.5 M (20.5). In total for the first nine months of the year, new capital expenditures were SEK 50.3 M (49.8), of which SEK 7.5 M pertained to purchases in accordance with IFRS 16.

Financial position

Profit after tax for the first nine months of the year amounted to SEK 245.9 SEK M (212.5). Other comprehensive income for the nine-month period amounted to SEK 60.4 M (35.2), which yielded total comprehensive income of SEK 306.3 M (247.6).

After the payment of dividends totaling SEK 112.5 M (81.3) to the shareholders, equity at September 30 amounted to SEK 2,420.2 M (2,226.5 at year-end).

The equity/assets ratio declined slightly during the period to 55.8% (56.7 at year-end); 2.1 percentage points of this decrease was a result of IFRS 16. Cash and cash equivalents increased by SEK 103.2 M during the period to SEK 474.6 M at the end of the period (371.4 at year-end). In addition, there were unutilized overdraft facilities of SEK 100.0 M, which means the Group at the end of September had available liquidity of SEK 574.6 M (471.4 at year-end).

The Group's interest-bearing net debt (including pension liability) increased by SEK 63.3 M, of which SEK 33.9 M pertains to indexation of the pension liability owing to a reduced discount rate, as well as additional lease liability and increased bank balances. Interest-bearing net debt after nine months thus totaled SEK 711.2 M (647.9 at year-end).

The ratio of interest-bearing net debt to equity was 0.29 at September 30, 2019 (0.29 at December 31, 2018) and the ratio of net debt to consolidated operating profit before depreciation/amortization and impairment (EBITDA on a rolling four-quarter basis) was 1.27 (1.30 at year-end).

The Group's goodwill increased by SEK 17.9 M due to exchange rate changes and at the end of September amounted to SEK 1,146.5 M (1,128.6 at year-end), which in relation to equity amounted to a ratio of 0.47 (0.51 at year-end).

Cash flow

Cash flow from operating activities during the first nine months of the year amounted to SEK 317.0 M (207.0). Paid new capital expenditures during the period amounted to SEK 52.8 M (39.5). Dividends totaling SEK 112.5 M (81.3) were paid to the shareholders and the Group's total non-current and current financial liabilities declined SEK 59.2 M (47.5) during the first nine months of the year, which resulted in a negative cash flow from financing activities of SEK 171.7 M (neg: 128.8). Net cash flow for the period was thus SEK 94.4 M (38.8).

Personnel

At September 30, 2019, there were 1,644 employees in the VBG Group (1,573 at year-end), of which 212 (215) in Sweden. During the first nine months of the year, the Group employed an average of 1,636 persons (1,554 during the year-earlier period), of which 218 (214) were active in Sweden. The cost of salaries and social security contributions was SEK 670.4 M (591.2).

IFRS 16

The effect of IFRS 16 for the first nine months of the year consisted of an increase in the balance sheet of SEK 157.2 M, a positive impact on EBIT of SEK 1.9 M and an adverse impact on profit after tax of SEK 2.5 M. As a consequence, a number of key figures were also impacted. The largest share of the change in the balance sheet, SEK 157.2 M, is attributable to properties: SEK 143.4 M, of which SEK 107.4 M relates to Mobile Climate Control. The effect on EBITDA in the first nine months of the year was a positive SEK 24.8 M, as lease costs from an IFRS 16 perspective become amortization of the right-of-use relating to the lease assets. Total amortization regarding IFRS 16 assets was SEK 22.9 M in the first nine months of the year. Overall, IFRS 16 has a minor impact on the Group as a whole. See page 24 for more comparisons of the impact of IFRS 16.

Per share data

Earnings per share for the first nine months of the year amounted to SEK 9.83 (8.50) on 25,004,048 shares.

Equity per share (total shares outstanding at the end of the period) was SEK 96.79 at September 30, 2019, compared with SEK 86.83 at the same time last year and SEK 89.04 at year-end.

At the end of the quarter, the share price was SEK 144.50, which corresponds to a market capitalization of SEK 3,613 M, compared with a share price of SEK 126.8 and market capitalization of SEK 3,170 M at year-end.

The number of shareholders decreased by 254 in the third quarter, and at September 30 was 4,396 (4,308 at year-end).

VBG TRUCK EQUIPMENT



THIRD QUARTER OF 2019

- Sales rose to **SEK 220.8 M** (205.1).
- EBITA increased to **SEK 47.1 M** (32.9), with an EBITA margin of 21.3% (16.0).

NINE MONTHS 2019

- Sales rose to **SEK 734.7 M** (676.3).
- EBITA increased to **SEK 164.1 M** (128.5), with an EBITA margin of 22.3% (19.0).

SEK M	SALES/EARINGS											
	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Net sales	734.7	220.8	247.4	266.5	921.0	244.7	676.3	205.1	231.8	239.4	836.7	223.1
EBITDA	181.0	52.9	59.5	68.7	191.4	51.0	140.4	36.9	42.0	61.5	184.6	50.4
EBITA	164.1	47.1	53.9	63.1	175.5	47.0	128.5	32.9	38.0	57.5	170.8	46.7
EBITA margin, %	22.3	21.3	21.8	23.7	19.0	19.2	19.0	16.0	16.4	24.0	20.4	21.3
Operating profit (EBIT)	163.9	47.1	53.8	63.0	175.2	46.9	128.3	32.9	37.9	57.5	169.8	46.5
Operating margin (EBIT), %	22.3	21.3	21.7	23.6	19.0	19.2	19.0	16.0	16.4	24.0	20.3	20.8
EBITDA, effect of IFRS 16	5.4	1.9	1.7	1.8								
EBITA, effect of IFRS 16	0.0	0.0	0.0	0.0								
EBIT, effect of IFRS 16	0.0	0.0	0.0	0.0								

SEK M	SALES BY MARKET											
	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Sweden	184.7	50.7	63.2	70.8	234.6	58.7	175.9	48.9	62.1	64.9	199.0	48.7
Other Nordic countries	117.3	33.6	40.6	43.2	151.8	36.8	114.9	38.4	38.2	38.3	135.9	32.6
Germany	105.0	34.2	35.0	35.8	127.5	29.4	98.1	25.9	35.4	36.8	118.8	29.8
Other European countries	180.5	52.6	61.0	66.9	212.8	52.8	159.9	49.7	56.5	53.6	196.5	47.0
North America	75.7	26.9	23.5	25.3	99.4	35.9	63.5	24.0	19.2	20.3	92.0	28.6
Australia/New Zealand	49.5	18.2	15.1	16.2	61.5	16.0	45.5	13.1	10.0	22.4	67.7	22.9
China	3.3	0.0	0.0	3.3	14.4	8.0	6.5	3.1	2.8	0.6	1.6	1.6
Rest of world	18.6	4.6	9.0	5.0	19.1	7.1	12.1	2.0	7.6	2.5	25.2	12.0
VBG Truck Equipment	734.7	220.8	247.4	266.5	921.0	244.7	676.3	205.1	231.8	239.4	836.7	223.1

Sales and earnings

Third quarter of 2019

VBG Truck Equipment reported another strong quarter, in terms of sales and operating profit (EBITA). Sales for the quarter grew 7.6% year-on-year to SEK 220.8 M (205.1). Adjusted for exchange rate changes year-on-year, where the average USD rate between the quarters strengthened 7.2% and the EUR, which is a more important currency for the division, strengthened 2.5%, the actual organic growth was 5.5%.

EBITA, operating profit excluding amortization of intangible assets, for VBG Truck Equipment rose year-on-year to SEK 47.1 M (32.9) with an EBITA margin of 21.3% (16.0).

Nine months 2019

Sales in VBG Truck Equipment for the first nine months of the year increased 8.6% year-on-year to SEK 734.7 M (676.3). The highest sales growth was noted in Europe and North America. Adjusted for exchange rate changes, where the average USD rate between the periods strengthened by 9.7% while the EUR strengthened 3.2%, the actual organic growth was 5.9%.

For the first nine months of the year, VBG Truck Equipment's EBITA increased to SEK 164.1 M (128.5), with an EBITA margin of 22.3% (19.0).

During the first half of the year, the division's working capital also increased SEK 13.2 M to SEK 227.0 M; plus property, plant and equipment, operating capital amounted to SEK 339.3 M at the end of September (300.7 at year-end) of which SEK 19.6 M pertains to IFRS 16.

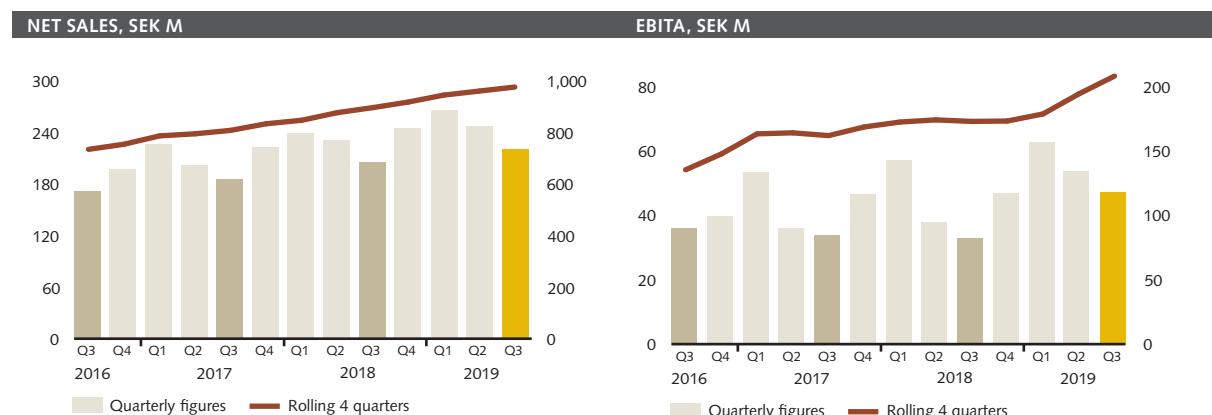
The division's return on operating capital (ROOC), where EBITDA on a rolling four-quarter basis is put in relation to average operating capital for the same period, was 65.0% (64.5% annual value in 2018).

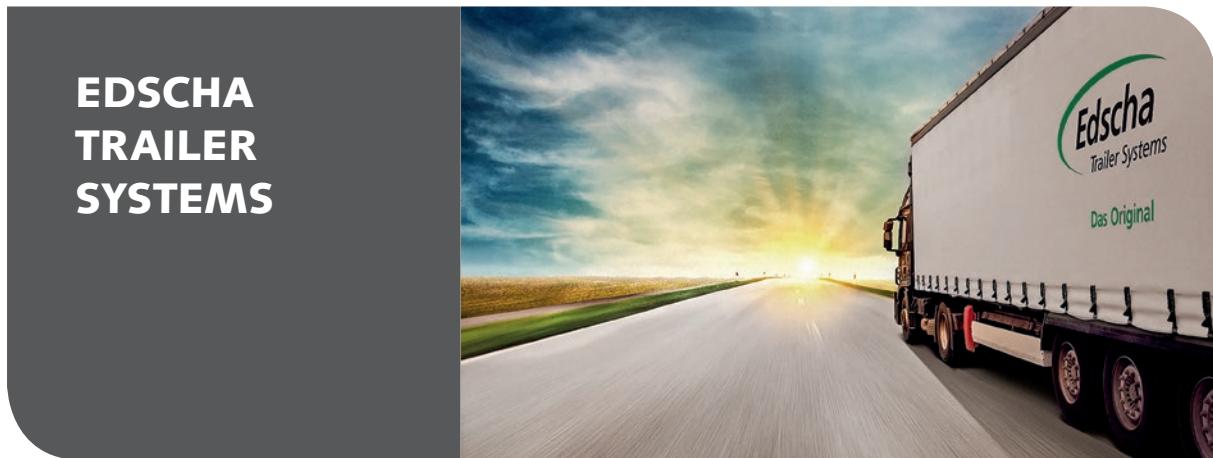
Investments and depreciation/amortization

VBG Truck Equipment's investments during the third quarter amounted to SEK 7.0 M (5.8), of which SEK 2.3 M pertains to purchases in accordance with IFRS 16. In total for the first nine months of the year, new capital expenditures were SEK 15.9 M (10.0), of which SEK 2.6 M pertained to purchases in accordance with IFRS 16. Depreciation/amortization during the third quarter totaled SEK 5.8 M (4.0), of which SEK 1.9 M pertains to depreciation/amortization in accordance with IFRS 16; the total for the first nine months of the year was SEK 17.1 M (12.1), of which SEK 5.3 M pertains to depreciation/amortization in accordance with IFRS 16.

Personnel

During the first nine months of the year, VBG Truck Equipment employed an average of 282 persons (270 during the year-earlier period). At September 30, 2019, there were 280 employees in the division (276 on September 30, 2018), compared with 278 employees at year-end. Personnel costs for the first nine months of the year amounted to SEK 159.8 M (151.5), resulting in a cost per employee of SEK 566.7 thousand (548.9).





EDSCHA TRAILER SYSTEMS

THIRD QUARTER OF 2019

- Sales amounted to **SEK 47.3 M** (73.3).
- EBITA was negative **SEK 0.1 M** (pos: 7.4), with an EBITA margin of negative 0.2% (pos: 10.1).

NINE MONTHS 2019

- Sales amounted to **SEK 192.3 M** (250.5).
- EBITA was **SEK 15.4 M** (34.9), with an EBITA margin of 8.0% (13.9).

SALES/EARINGS												
SEK M	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Net sales	192.3	47.3	69.0	76.0	322.1	71.5	250.5	73.3	88.6	88.7	259.7	63.4
EBITDA	21.6	2.0	6.4	13.2	48.9	9.9	39.0	8.8	15.9	14.2	24.2	-0.1
EBITA	15.4	-0.1	4.3	11.2	43.5	8.5	34.9	7.4	14.6	13.0	18.8	-1.5
EBITA margin, %	8.0	-0.2	6.2	14.7	13.5	11.9	13.9	10.1	16.4	14.6	7.2	-2.4
Operating profit (EBIT)	11.4	-1.4	3.0	9.9	38.4	7.3	31.1	6.1	13.3	11.7	13.6	-2.8
Operating margin (EBIT), %	6.0	-3.0	4.3	13.0	11.9	10.1	12.4	8.4	15.0	13.2	5.3	-4.5
EBITDA, effect of IFRS 16	1.9	0.6	0.6	0.7								
EBITA, effect of IFRS 16	0.1	0.0	0.1	0.0								
EBIT, effect of IFRS 16	0.1	0.0	0.1	0.0								

SALES BY MARKET												
SEK M	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Sweden	0.1	0.0	0.1	0.0	0.2	0.1	0.1	0.0	0.1	0.1	0.2	0.0
Other Nordic countries	0.6	0.2	0.3	0.1	0.9	0.1	0.7	0.1	0.3	0.3	1.3	0.2
Germany	103.6	24.8	38.3	40.5	172.8	42.6	130.2	42.7	43.4	44.4	147.0	36.5
Other European countries	86.2	21.4	30.2	34.6	146.3	28.3	118.0	29.6	44.5	43.9	110.3	26.5
Rest of world	1.9	0.9	0.1	0.8	1.9	0.5	1.4	0.8	0.3	0.0	0.9	0.1
Edscha Trailer Systems	192.3	47.3	69.0	76.0	322.1	71.5	250.5	73.3	88.6	88.7	259.7	63.4

Sales and earnings

Third quarter of 2019

Edscha Trailer Systems reported a weaker quarter compared with the very strong year-earlier period; sales decreased by 35.4% to SEK 47.3 M (73.3). Adjusted for exchange rate effects, the actual organic growth was negative 37.3%.

EBITA for the quarter decreased to negative SEK 0.1 M (pos: 7.4), with an EBITA margin of negative 0.2% (pos: 10.1).

Nine months 2019

Edscha Trailer Systems reported a weaker nine months compared with the very strong year-earlier period, which was the strongest since 2008. Sales for the division decreased by 23.2% to SEK 192.3 M (250.5). Adjusted for exchange rate effects, the actual organic growth was negative 25.6%.

EBITA for the first nine months of the year totaled SEK 15.4 M (34.9), with an EBITA margin of 8.0% (13.9).

During the first nine months of the year, the division's working capital decreased SEK 0.5 M to SEK 62.9 M; plus property, plant and equipment, operating capital amounted to SEK 120.4 M at the end of September (105.2 at year-end) of which SEK 15.1 M pertains to IFRS 16.

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, was 29.6% (41.7% annual value in 2018).

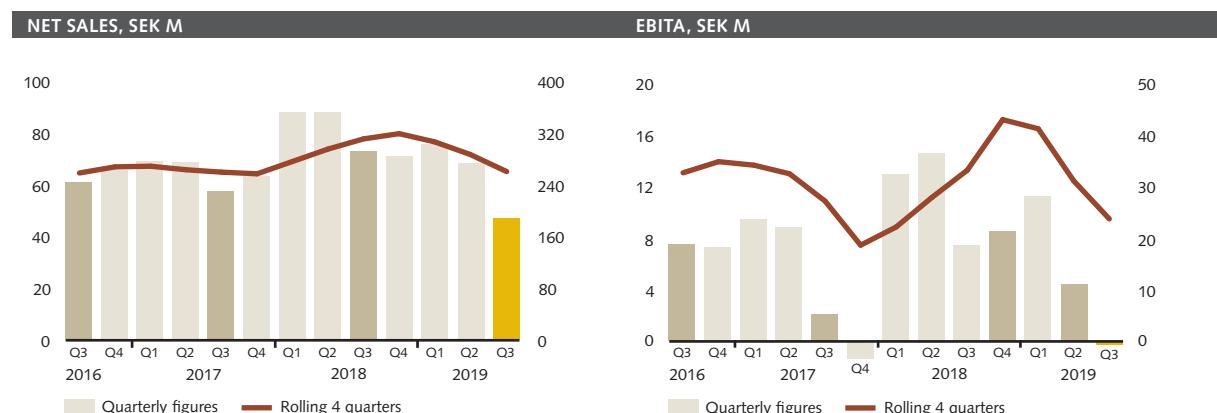
Investments and depreciation/amortization

Edscha Trailer Systems' investments during the third quarter amounted to SEK 0.3 M (0.9), of which SEK 0.1 M pertains to investments in accordance with IFRS 16. In total for the first nine months of the year, new capital expenditures were SEK 3.4 M (1.9), of which SEK 0.3 M pertained to purchases in accordance with IFRS 16. Depreciation/amortization during the third quarter totaled SEK 3.4 M (2.7), of which SEK 0.5 M pertains to depreciation/amortization in accordance with IFRS 16; the total for the first nine months of the year was SEK 10.2 M (7.8), of which SEK 1.8 M pertain to depreciation/amortization in accordance with IFRS 16.

Personnel

During the first nine months of the year, Edscha Trailer Systems employed an average of 91 persons (85 during the year-earlier period).

At 30 September 2019, there were 86 employees in the division (87 on September 30, 2018), compared with 84 employees at year-end. Personnel costs for the first nine months of the year amounted to SEK 29.0 M (28.3), resulting in a cost per employee of SEK 319.1 thousand (325.3).



MOBILE CLIMATE CONTROL



THIRD QUARTER OF 2019

- Sales rose to **SEK 511.1 M** (460.4).
- EBITA was **SEK 57.0 M** (53.4), with an EBITA margin of 11.1% (11.6).

NINE MONTHS 2019

- Sales rose 19.3% and totaled **SEK 1,557.7 M** (1,305.5).
- EBITA increased to **SEK 169.8 M** (143.6), with an EBITA margin of 10.9% (11.0).

SALES/EARINGS	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
SEK M												
Net sales	1,557.7	511.1	532.5	514.1	1,727.3	421.8	1,305.5	460.4	476.8	368.3	1,426.7	338.6
EBITDA	192.9	64.6	66.8	61.4	187.3	33.9	153.3	57.0	64.7	31.7	160.8	28.6
EBITA	169.8	57.0	59.0	53.9	173.9	30.3	143.6	53.4	61.4	28.8	149.0	25.6
EBITA margin, %	10.9	11.1	11.1	10.5	10.1	7.2	11.0	11.6	12.9	7.8	10.4	7.6
Operating profit (EBIT)	153.7	51.6	53.7	48.4	152.4	25.0	127.4	48.0	56.0	23.4	127.9	20.3
Operating margin (EBIT), %	9.9	10.1	10.1	9.4	8.8	5.9	9.8	10.4	11.8	6.3	9.0	6.0
EBITDA, effect of IFRS 16	14.1	4.8	4.7	4.6								
EBITA, effect of IFRS 16	1.8	0.7	0.6	0.5								
EBIT, effect of IFRS 16	1.8	0.7	0.6	0.5								

SALES BY MARKET	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
SEK M												
Sweden	30.5	9.4	11.0	10.1	36.7	9.0	27.7	8.3	10.1	9.4	37.3	8.0
Other Nordic countries	29.9	10.1	9.6	10.2	36.8	9.5	27.2	9.1	9.8	8.3	28.6	7.9
Germany	25.7	8.7	8.8	8.3	30.6	7.3	23.3	7.8	7.7	7.8	24.1	6.3
Other European countries	126.3	38.1	41.9	46.3	153.2	36.0	117.1	38.2	39.6	39.3	152.8	37.3
North America	1,309.9	431.5	450.4	428.0	1,429.9	348.2	1,081.7	386.0	398.7	297.0	1,155.7	273.6
China	11.2	3.2	4.5	3.6	14.4	3.1	11.3	4.4	4.9	2.0	9.3	2.1
Rest of world	24.2	10.3	6.2	7.7	25.8	8.7	17.1	6.6	6.0	4.5	18.8	3.6
Mobile Climate Control	1,557.7	511.1	532.5	514.1	1,727.3	421.8	1,305.5	460.4	476.8	368.3	1,426.7	338.6

Sales and earnings

Third quarter of 2019

Sales for the third quarter grew by 11.0% year-on-year to SEK 511.1 M (460.4), with a very robust performance primarily in sales in the vital North American market. Adjusted for exchange rate changes, where the average USD rate strengthened by 7.2% year-on-year in the third quarter, the actual organic growth was 5.1%.

EBITA for Mobile Climate Control was SEK 57.0 M (53.4) with an EBITA margin of 11.1% (11.6).

Nine months 2019

Mobile Climate Control reported strong growth in the first nine months of the year and sales increased by 19.3% year-on-year to SEK 1,557.7 M (1,305.5). Adjusted for exchange rate changes, where the average USD rate strengthened by 9.7% compared to the year-earlier period, the actual organic growth was 12.3%.

EBITA for Mobile Climate Control increased to SEK 169.8 M (143.6) with an EBITA margin of 10.9% (11.0).

During the first nine months of the year, the division's working capital increased SEK 73.1 M to SEK 497.6 M; plus property, plant and equipment, operating capital amounted to SEK 731.9 M at the end of September (535.4 at year-end) of which SEK 113.0 M pertains to IFRS 16.

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, was 30.6% (38.6% annual value in 2018).

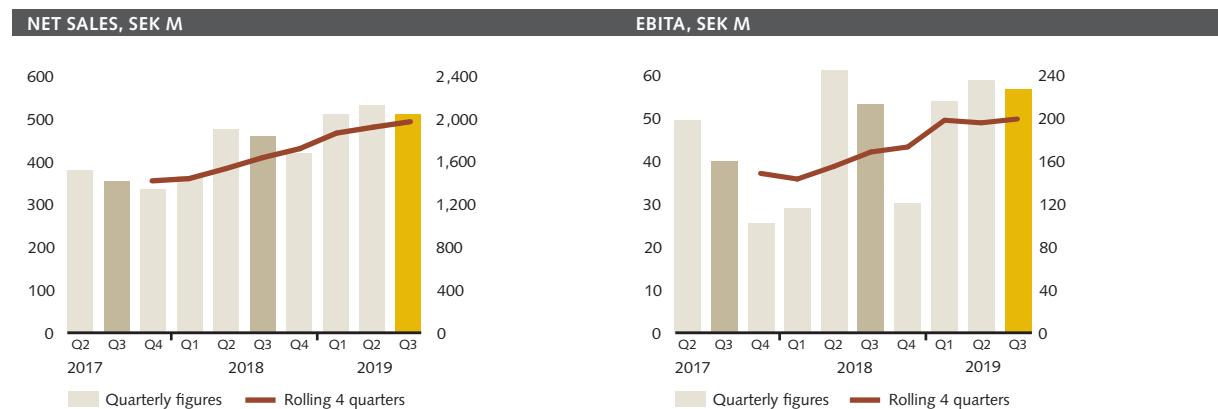
Investments and depreciation/amortization

Mobile Climate Control's investments during the third quarter amounted to SEK 6.9 M (10.7). In total for the first nine months of the year, new capital expenditures were SEK 15.4 M (27.6), of which SEK 1.0 M pertained to purchases in accordance with IFRS 16. Depreciation/amortization during the third quarter totaled SEK 13.0 M (9.0), of which SEK 4.1 M pertains to depreciation/amortization in accordance with IFRS 16; the total for the first nine months of the year was SEK 39.2 M (25.9), of which SEK 12.3 M pertains to depreciation/amortization in accordance with IFRS 16.

Personnel

During the first nine months of the year, Mobile Climate Control employed an average of 925 persons (887 during the year-earlier period).

At September 30, 2019, there were 931 employees in the division (879 on September 30, 2018), compared with 870 employees at year-end. Personnel costs for the first nine months of the year amounted to SEK 341.4 M (278.4), resulting in a cost per employee of SEK 369.1 thousand (316.7).



RINGFEDER POWER TRANSMISSION



THIRD QUARTER OF 2019

- Sales amounted to **SEK 129.9 M** (136.2).
- EBITA increased to **SEK 16.4 M** (23.6), with an EBITA margin of 12.6% (17.3).

NINE MONTHS 2019

- Sales rose to **SEK 393.4 M** (391.5).
- EBITA increased to **SEK 55.2 M** (57.7), with an EBITA margin of 14.0% (14.7).

SALES/EARINGS												
SEK M	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2019	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Net sales	393.4	129.9	130.5	133.0	522.0	130.5	391.5	136.2	134.0	121.4	479.1	112.0
EBITDA	67.2	20.5	23.8	23.0	87.2	19.8	67.4	26.8	21.0	19.6	76.7	15.6
EBITA	55.2	16.4	19.8	19.1	74.2	16.5	57.7	23.6	17.7	16.5	64.3	12.5
EBITA margin, %	14.0	12.6	15.2	14.3	14.2	12.6	14.7	17.3	13.2	13.6	13.4	11.1
Operating profit (EBIT)	51.8	15.2	18.7	17.9	69.9	15.4	54.5	22.5	16.6	15.4	60.3	11.5
Operating margin (EBIT), %	13.2	11.7	14.3	13.5	13.4	11.8	13.9	16.5	12.4	12.7	12.6	10.3
EBITDA, effect of IFRS 16	2.7	0.9	0.9	0.9								
EBITA, effect of IFRS 16	-0.1	0.0	0.0	-0.1								
EBIT, effect of IFRS 16	-0.1	0.0	0.0	-0.1								

SALES BY MARKET												
SEK M	9 months 2019	Q3 2019	Q2 2019	Q1 2019	Full-year 2018	Q4 2018	9 months 2018	Q3 2018	Q2 2018	Q1 2018	Full-year 2017	Q4 2017
Sweden	2.5	0.1	1.1	1.3	4.5	1.4	3.1	0.9	1.2	1.0	4.6	1.3
Other Nordic countries	3.9	1.1	1.3	1.4	5.3	1.1	4.1	0.9	1.7	1.6	4.0	0.9
Germany	135.4	44.4	44.2	46.8	183.8	41.9	140.8	47.2	48.1	46.0	170.3	37.7
Other European countries	49.8	15.0	17.9	16.9	64.0	16.4	47.6	16.6	17.8	13.3	62.2	14.6
North America	81.5	27.7	28.0	25.8	119.1	29.9	89.2	31.8	31.1	26.4	101.1	24.3
Brazil	50.2	18.6	15.6	16.0	57.1	14.4	42.8	14.8	12.7	15.2	66.7	16.0
Australia/New Zealand	17.9	7.6	4.9	5.4	11.3	2.8	8.5	2.9	2.9	2.6	11.5	1.9
China	11.2	4.9	3.7	2.5	16.8	3.9	12.9	4.9	4.6	3.4	15.9	3.7
Rest of world	41.0	10.4	13.8	16.9	60.2	18.7	42.5	16.2	14.1	11.9	42.8	11.6

Sales and earnings

Third quarter of 2019

Ringfeder Power Transmission sales decreased during the third quarter by 4.7% year-on-year to SEK 129.9 M (136.2); adjusted for exchange rate changes, where the average USD rate strengthened by 7.2%, the Brazilian currency strengthened by 6.7% and the EUR strengthened by 2.5% compared with the year-earlier period, the overall effect was actual organic growth of negative 8.6%.

EBITA for Ringfeder Power Transmission increased year-on-year to SEK 16.4 M (23.6) with an EBITA margin of 12.6% (17.3).

Nine months 2019

Sales for the first nine months of the year increased 0.5% year-on-year to SEK 393.4 M (391.5); adjusted for exchange rate changes, where the average USD rate strengthened by 7.2%, the Brazilian currency strengthened by 1.3%, and the EUR strengthened by 3.2% compared with the year-earlier period, the actual organic growth was negative 3.7%.

EBITA for Ringfeder Power Transmission decreased year-on-year to SEK 55.2 M (57.7) with an EBITA margin of 14.0% (14.7).

During the first nine months of the year, the division's working capital increased SEK 8.4 M to SEK 223.6 M; plus property, plant and equipment, operating capital amounted to SEK 348.3 M at the end of September (322.8 at year-end) of which SEK 8.4 M pertains to IFRS 16.

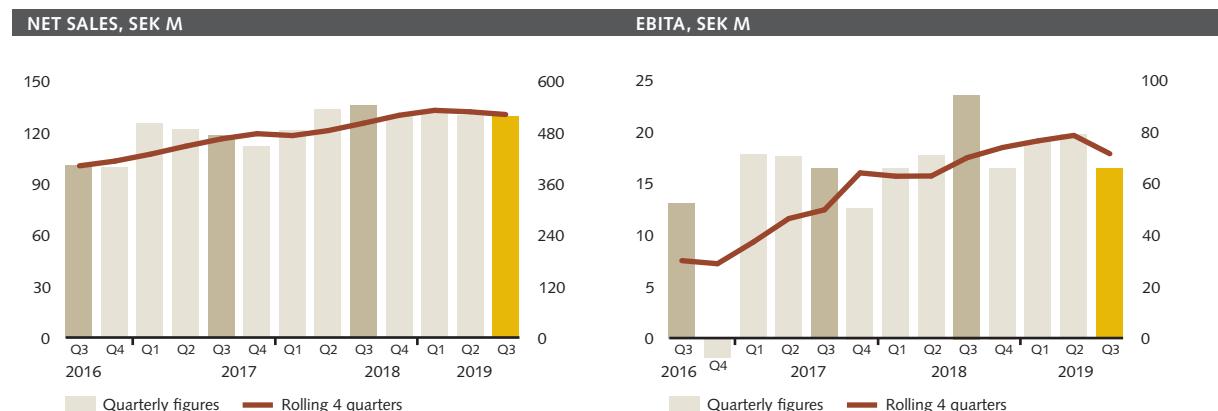
The division's return on operating capital (ROOC), where EBITDA on a rolling four-quarter basis is put in relation to average operating capital for the same period, was 25.0% (27.9% annual value in 2018).

Investments and depreciation/amortization

Ringfeder Power Transmission's investments during the third quarter amounted to SEK 4.0 M (2.8). In total for the first nine months of the year, new capital expenditures were SEK 14.0 M (9.8), of which SEK 0.2 M pertained to purchases in accordance with IFRS 16. Depreciation/amortization during the third quarter totaled SEK 5.2 M (4.3), of which SEK 0.9 M pertains to depreciation/amortization in accordance with IFRS 16; the total for the first nine months of the year was SEK 15.4 M (12.9), of which SEK 2.7 M pertains to depreciation/amortization in accordance with IFRS 16.

Personnel

During the first nine months of the year, Ringfeder Power Transmission employed an average of 330 persons (303 during the year-earlier period). At September 30, 2019, there were 338 employees in the division (335 on September 30, 2018), compared with 335 employees at year-end. Personnel costs for the first nine months of the year amounted to SEK 119.1 M (113.2), resulting in a cost per employee of SEK 360.9 thousand (337.9).



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 trademarks and rights.

The Parent Company's net sales pertain primarily to intra-Group services, license revenues and rentals and amounted to SEK 22.5 M (30.2) during the first nine months of the year. The operating loss for the year was SEK 12.3 M (loss: 13.4). Profit after dividends from Group companies and net financial items totaled SEK 130.7 M (143.3).

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 16, which the Group applies from January 1, 2019.

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 fiscal 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 recognize short-term leases and assets of low value were also applied.

This report may contain rounding differences.

New accounting policy for leases

As of January 1, 2019, VBG Group applies the recognition of leases in accordance with IFRS 16 using the following accounting policy. All leases are recognized in the balance sheet, on the starting date, as a right-of-use and a lease liability. An agreement is considered, or includes a lease, if the agreement transfers the right to determine the use of an identified asset over a specified period in exchange for remuneration. A right-of-use and lease liability are recognized for all leases with a lease term of more than twelve months, with the exception of assets of low value. After the starting date, right-of-use is measured in accordance with provisions for property, plant and equipment. A lease liability is discounted by using the implicit interest in the lease, if this interest rate is readily identifiable. If the interest rate is not readily identifiable, the incremental borrowing rate can be used. The incremental borrowing rate is determined based on currency and financing terms for the Group. The lease term is determined as the non-cancellable period together with both periods covered by a potential extension to the lease if the lessee is reasonably confident that this alternative will be used, and periods covered by an opportunity to end the lease if the lessee is reasonably confident that this alternative will be used. VBG Group has also applied the simplified rule for fixed, non-lease components and instead recognizes these together with the lease component in the contract. Moreover, future modified leases will not be recognized as a separate lease, but rather as a remeasurement of the lease liability and an adjustment of right-of-use.

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 2018.

Outlook for 2019

The company makes no forecast.

Financial information 2019/2020

Year-end report 2019	February 20, 2020
Interim report, three months 2020	April 28, 2020
Annual General Meeting 2020	April 28, 2020
Interim report, six months 2020	July 23, 2020
Interim report, nine months 2020	October 22, 2020

Related party transactions

There have been no related party transactions in 2019 that have significantly affected the company's financial position and results. Related party transactions during 2018 are disclosed in Note 6 in the annual report for 2018.

Vänersborg, October 22, 2019
VBG Group AB (publ)

Anders Birgersson
President

Note

The information in this report is of the type that VBG Group AB is obligated to disclose in accordance with the EU Market Abuse regulation and/or the Swedish Securities Market Act. The information was submitted for publication on 22 October 2019 at 8:00 a.m.

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Press releases issued in the third quarter of 2019

Interim report January–June 2019 August 20, 2019

REVIEW REPORT

Introduction

We have reviewed the interim report for VBG Group AB (publ), Corp. ID no. 556069-0751, for the period 1 January–30 September 2019. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion regarding this interim financial information based on our review.

Aim and scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to

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

Conclusion

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

Gothenburg, 22 October 2019
Öhrlings PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant

Consolidated Income Statement and Statement of other comprehensive income – Highlights

SEK M	Q3 2019	Q3 2018	9 months 2019	9 months 2018	Full-year 2018
Net sales	909.1	874.8	2,878.1	2,623.7	3,492.4
Cost of goods sold	-606.6	-579.2	-1,898.2	-1,717.8	-2,301.6
Gross profit	302.5	295.6	979.9	905.8	1,190.9
Selling expenses	-95.0	-96.2	-290.4	-285.9	-381.7
Administrative expenses	-66.6	-60.3	-204.3	-192.7	-265.0
Research and development costs	-30.5	-33.8	-100.8	-99.3	-136.4
Other operating income and expenses	-1.0	2.0	-16.2	1.7	9.8
	-193.1	-188.3	-611.7	-576.1	-773.3
Operating profit	109.4	107.3	368.2	329.7	417.6
Exchange rate effects, net	0.5	2.2	-5.7	-11.8	-10.7
Interest income	0.9	0.4	2.3	1.2	2.2
Interest expenses	-4.5	-6.9	-18.8	-20.8	-27.8
Other financial expenses, including IFRS 16	-2.4	-2.1	-11.0	-6.2	-8.3
Total financial items	-5.5	-6.4	-33.1	-37.7	-44.5
Profit after financial items	103.9	100.9	335.2	292.0	373.1
Tax	-30.1	-29.7	-89.3	-79.5	-100.1
Profit for the period	73.7	71.2	245.9	212.5	273.0
Profit for the period attributable to Parent Company shareholders	73.7	71.2	245.9	212.5	273.0
Other comprehensive income					
Profit for the period	73.7	71.2	245.9	212.5	273.0
Items that will not be reversed in the Income Statement					
Effect of translation of defined-benefit pension plans, net after tax	-25.7	0.0	-25.7	0.0	-4.4
Items that may later be reversed in the Income Statement					
Translation differences relating to foreign operations	26.8	-15.0	84.7	35.7	34.4
Translation differences pertaining to hedge accounting for net investments in foreign operations	0.1	0.6	1.4	-0.6	-2.0
Other comprehensive income, net after tax	1.2	-14.3	60.4	35.2	28.0
Comprehensive income for the period	74.9	56.8	306.3	247.6	301.0
Comprehensive income for the period attributable to Parent Company shareholders	74.9	56.8	306.3	247.6	301.0
Earnings per share, basic and diluted, SEK	2.95	2.85	9.83	8.50	10.92
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 ('000)	25,004	25,004	25,004	25,004	25,004
Number of own shares at end of period ('000)	1,192	1,192	1,192	1,192	1,192

Sales and earnings by segment

SEK M		VBG Truck Equipment	Edscha Trailer Systems	Mobile Climate Control	Ringfeder Power Transmission	Group-wide	Group
2019							
Q3 Jul–Sep	Net sales	220.8	47.3	511.1	129.9		909.1
	Operating profit/loss	47.1	–1.4	51.6	15.2	–3.1	109.4
	Operating margin, %	21.3	–3.0	10.1	11.7		12.0
	Net financial items					–5.5	–5.5
	Profit after financial items						103.9
2019							
9 months Jan–Sep	Net sales	734.7	192.3	1,557.7	393.4		2,878.1
	Operating profit/loss	163.9	11.4	153.7	51.8	–12.7	368.2
	Operating margin, %	22.3	6.0	9.9	13.2		12.8
	Net financial items					–33.0	–33.0
	Profit after financial items						335.2
2018							
Q3 Jul–Sep	Net sales	205.1	73.3	460.4	136.2		874.8
	Operating profit/loss before items affecting comparability	32.9	6.1	48.0	22.5	–2.2	107.3
	Operating margin, %	16.0	8.4	10.4	16.5		12.3
	Net financial items					–6.4	–6.4
	Profit after financial items						100.9
2018							
9 months Jan–Sep	Net sales	676.3	250.5	1,305.5	391.5		2,623.7
	Operating profit/loss before items affecting comparability	128.3	31.1	127.4	54.5	–11.6	329.7
	Operating margin, %	19.0	12.4	9.8	13.9		12.6
	Net financial items					–37.7	–37.7
	Profit after financial items						292.0

Consolidated Balance Sheet

SEK M	30 Sep 2019	30 Sep 2018	31 Dec 2018
Assets			
Non-current assets			
Intangible assets			
Brands, customer relationships and other intangible assets	783.8	805.8	798.9
Goodwill	1,146.5	1,125.6	1,128.6
	1,930.3	1,931.5	1,927.5
Property, plant and equipment			
Land and buildings	190.3	184.5	186.2
Plant and machinery	114.0	102.8	100.7
Equipment, tools, fixtures and fittings	51.0	53.2	51.3
Construction in progress	19.9	8.7	10.3
Right-of-use	159.1	—	—
	534.3	349.3	348.5
Deferred tax asset	73.9	54.0	63.8
Total non-current assets	2,538.5	2,334.8	2,339.9
Current assets			
Inventories			
Raw materials and consumables	380.4	327.6	322.2
Work in progress	92.8	88.8	85.1
Finished products and merchandise	238.0	212.0	227.6
	711.2	628.4	634.9
Current receivables			
Trade receivables	536.2	527.5	491.2
Current tax assets	22.6	41.1	25.5
Other receivables	30.2	41.5	41.4
Prepaid expenses and accrued income	27.1	20.8	19.7
	616.2	630.9	577.6
Cash and cash equivalents			
Cash on hand and demand deposits	474.6	361.8	371.4
Total current assets	1,801.9	1,621.1	1,583.9
Total assets	4,340.4	3,955.9	3,923.8
Equity and liabilities			
Equity			
Share capital	65.5	65.5	65.5
Other contributed capital	779.4	779.4	779.4
Reserves	96.9	22.8	118.4
Retained earnings, incl. net profit for the year	1,478.3	1,303.5	1,263.1
Total equity	2,420.2	2,171.2	2,226.5
Non-current liabilities			
Provisions for pensions and similar obligations	236.5	192.3	196.9
Deferred tax liability	229.8	214.3	224.6
Other provisions	23.9	27.4	22.5
Lease liability	138.2	—	—
Liabilities to credit institutions	789.0	783.9	3.0
Total non-current liabilities	1,417.4	1,217.9	446.9
Current liabilities			
Liabilities to credit institutions	—	76.2	821.5
Trade payables	239.0	256.5	212.7
Current tax liabilities	28.9	42.2	36.7
Other liabilities	31.4	31.8	28.2
Lease liability	22.1	0.0	0.0
Accrued expenses and deferred income	181.5	160.1	151.3
Total current liabilities	502.8	566.8	1,250.4
Total equity and liabilities	4,340.4	3,955.9	3,923.8

Changes in Consolidated Equity

SEK M	9 months 2019	9 months 2018	Full-year 2018
Opening equity according to balance sheet at December 31	2,226.5	2,004.9	2,004.9
Total comprehensive income for the period	306.3	247.7	301.0
Warrants	—	—	1.9
Dividend	-112.5	-81.3	-81.3
Equity at end of period	2,420.2	2,171.2	2,226.5

Consolidated Cash Flow Statement

SEK M	9 months 2019	9 months 2018	Full-year 2018
Operating activities			
Operating profit before financial items	368.2	329.7	417.6
Depreciation/amortization	60.6	59.4	79.8
Other items not affecting liquidity	10.3	22.8	24.8
Interest received etc.	3.3	1.6	3.0
Interest paid	-26.0	-27.4	-36.8
Tax paid	-94.4	-53.4	-80.7
Cash flow before change in working capital	321.9	332.6	407.7
Decrease/increase (–) in inventories	-33.7	-124.5	-130.9
Decrease/increase (–) in trade receivables	-4.0	-98.8	-61.7
Decrease/increase (–) in other current receivables	6.2	1.5	-0.3
Increase/decrease (–) in trade payables	1.5	74.8	29.9
Increase/decrease (–) in other current liabilities	25.1	21.4	8.9
Cash flow from operating activities	317.0	207.0	253.6
Investing activities			
Investments in intangible assets	-7.4	-1.8	-2.2
Investments in property, plant and equipment	-45.5	-37.7	-45.0
Cash flow from investing activities	-52.8	-39.5	-47.2
Financing activities			
Repayment of loans	-40.0	-40.0	-80.0
Loans raised and changes to existing loans	-19.2	-7.5	0.6
Warrants	—	—	1.9
Dividend paid	-112.5	-81.3	-81.3
Cash flow from financing activities	-171.7	-128.8	-158.9
Cash flow for the year	92.5	38.8	47.5
Cash and cash equivalents at start of year	371.4	321.4	321.4
Translation difference, cash and cash equivalents	10.7	1.7	2.4
Cash and cash equivalents at year-end	474.6	361.9	371.4
Unutilized overdraft facilities	100.0	100.0	100.0
Total cash and cash equivalents available	574.6	461.9	471.4

Key figures for Group

SEK M	9 months 2019	9 months 2018	Full-year 2018
Operating margin (EBIT), %	12.8	12.6	12.0
Profit margin (ROS), %	11.6	11.1	10.7
Return on equity (ROE), %	14.0	13.4	12.8
Return on capital employed (ROCE), %	14.1	14.0	13.2
Equity/assets ratio, %	55.8	54.9	56.7
Interest-bearing net debt/EBITDA	1.27	1.45	1.30
Equity per share outstanding at end of period, SEK	96.79	86.83	89.04
Cash flow from operating activities, per average share outstanding, SEK	12.68	8.28	10.14
Profit per average share outstanding during the period, SEK	9.83	8.50	10.92
Share price at end of period, SEK	144.50	152.00	127.00
Number of employees, average	1,636	1,554	1,561
Number of shares outstanding at end of period ('000)	25,004	25,004	25,004
Number of own shares at end of period ('000)	1,192	1,192	1,192
Average number of shares outstanding during the period ('000)	25,004	25,004	25,004
Equity/assets ratio before IFRS 16, %	58.4	—	—

Parent Company Income Statement

SEK M	9 months 2019	9 months 2018	Full-year 2018
Net sales	22.5	30.2	42.6
Operating expenses	–34.8	–43.6	–53.7
Operating loss	–12.3	–13.4	–11.1
Net financial items	143.0	156.7	205.0
Profit after financial items	130.7	143.3	193.9
Appropriations	—	—	30.2
Tax	—	—	–2.0
Profit for the period	130.7	143.3	222.1

Parent Company Balance Sheet

SEK M	30 Sep 2019	30 Sep 2018	Full-year 2018
Other intangible assets	0.5	1.4	0.8
Property, plant and equipment	2.3	1.4	1.2
Long-term investments	2,317.9	1,987.6	2,341.3
Total non-current assets	2,320.7	1,990.4	2,343.3
Receivables	124.9	469.1	113.8
Cash on hand, demand deposits and short-term investments	275.9	231.1	232.4
Total current assets	400.8	700.2	346.2
Total assets	2,721.5	2,690.6	2,689.5
Equity	1,443.7	1,337.0	1,425.6
Untaxed reserves	5.5	4.8	5.5
Provisions	13.0	16.0	13.1
Non-current liabilities	787.1	781.0	0.0
Current liabilities	472.2	551.8	1,245.3
Total equity and liabilities	2,721.5	2,690.6	2,689.5

Effects of transition to IFRS 16

The interim report at September 30 was prepared in accordance with the new IFRS 16 standard, which means assets and liabilities in the balance sheet have increased with right-of-use assets and lease liabilities. Changes have also taken place in the income statement as lease costs are reclassified to amortisation and interest expense in accordance with the new standard. The following is a list of the effects on the balance sheet and income statement as well as on key figures resulting from the transition to the new standard. See page 16 for more information about IFRS 16.

CONSOLIDATED INCOME STATEMENT — HIGHLIGHTS

SEK M	9 month 2019	9 month 2019	9 month 2019	Q3 2019	Q3 2019	Q3 2019	Q2 2019	Q2 2019	Q2 2019
	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16
Net sales	2,878.1		2,878.1	909.1		909.1	979.4		979.4
Operating expenses	–2,451.2	24.8	–2,426.5	–780.2	8.5	–771.7	–836.4	8.2	–828.2
Depreciation/amortization	–60.6	–22.9	–83.5	–20.3	–7.7	–28.0	–20.4	–7.5	–27.9
Operating profit	366.3	1.9	368.2	108.6	0.7	109.4	122.6	0.7	123.3
Net financial items	–28.4	–4.6	–33.0	–4.0	–1.5	–5.5	–12.2	–1.5	–13.7
Profit/loss after financial items	337.9	–2.7	335.2	104.7	–0.8	103.9	110.4	–0.8	109.6
Tax	–89.5	0.2	–89.3	–27.8	–0.4	–30.1	–27.2	0.8	–26.4
Profit/loss for the period	248.3	–2.5	245.9	74.9	–1.2	73.7	83.2	0.0	83.2

CONSOLIDATED BALANCE SHEET — HIGHLIGHTS

SEK M	9 month 2019	9 month 2019	9 month 2019	Q3 2019	Q3 2019	Q3 2019	6 month 2019	6 month 2019	6 month 2019
	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16
Assets									
Total non-current assets	2,379.4	159.1	2,538.5	2,368.8	159.6	2,528.4	2,357.1	167.1	2,524.2
Total current assets	1,803.9	–2.0	1,801.9	1,724.0	–1.8	1,722.1	1,811.0	–1.8	1,809.2
Total assets	4,183.2	157.2	4,340.4	4,092.8	157.8	4,250.6	4,168.1	165.3	4,333.4
Liabilities									
Equity	2,423.1	–2.9	2,420.2	2,347.0	–1.7	2,345.3	2,352.0	–1.6	2,350.3
Total non-current liabilities	1,279.4	138.0	1,417.4	1,251.1	134.9	1,386.0	449.3	142.6	591.8
Total current liabilities	480.8	22.1	502.8	494.7	24.6	519.3	1,366.9	24.3	1,391.2
Total equity and liabilities	4,183.2	157.2	4,340.4	4,092.8	157.8	4,250.6	4,168.1	165.3	4,333.4

THE GROUP'S KEY FIGURES

SEK M	9 month 2019	9 month 2019	9 month 2019	Q3 2019	Q3 2019	Q3 2019	Q2 2019	Q2 2019	Q2 2019
	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16	excl. IFRS 16	IFRS 16 effect	incl. IFRS 16
EBITDA	426.9	24.8	451.7	128.9	8.5	137.4	143.1	8.2	151.2
EBITA	390.3	1.9	392.2	116.5	0.8	117.3	130.6	0.7	131.3
Equity/assets ratio, %	57.9	–2.1	55.8	56.2	0.0	56.2	55.2	0.0	55.2
Interest-bearing net debt	550.9	160.3	711.2	—	—	—	—	—	—
Interest-bearing net debt/EBITDA	1.03	0.24	1.27	—	—	—	—	—	—
ROCE	14.1	0.7	14.8	—	—	—	—	—	—
Earnings/loss per share, SEK	9.93	–0.10	9.83	2.85	–0.05	2.81	3.33	0.0	3.33

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

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

SEK M	9 months 2019	Q3 2019	9 months 2018	Q3 2018	Full-year 2018
Group					
Net sales	2,878.1	909.1	2,623.7	874.8	3,492.4
Acquired volume (incl. full-year effect from preceding year)					
Currency effect	-133.0	-38.4	-7.0	-14.3	-100.5
Net sales excluding acquisitions and currencies	2,745.1	870.7	2,616.7	860.5	3,392.0
Actual organic growth	121.5	-4.1	351.7	141.3	390.0
Organic growth, %	4.6	-0.5	15.5	19.6	13.0
VBG Truck Equipment					
Net sales	734.7	220.8	676.3	205.1	921.0
Acquired volume (incl. full-year effect from preceding year)					
Currency effect	-18.8	-4.4	-22.1	-8.1	-30.6
Net sales excluding acquisitions and currencies	715.9	216.4	654.2	197.0	890.4
Actual organic growth	39.6	11.3	40.6	11.6	53.7
Organic growth, %	5.9	5.5	6.6	6.2	6.4
Edscha Trailer Systems					
Net sales	192.3	47.3	250.5	73.3	322.1
Acquired volume (incl. full-year effect from preceding year)					
Currency effect	-6.0	-1.4	-16.1	-5.3	-19.6
Net sales excluding acquisitions and currencies	186.3	45.9	234.4	68.0	302.5
Actual organic growth	-64.2	-27.3	38.1	10.4	42.8
Organic growth, %	-25.6	-37.3	19.4	18.2	16.5
Mobile Climate Control					
Net sales	1,557.7	511.1	1,305.5	460.4	1,727.3
Acquired volume (incl. full-year effect from preceding year)					
Currency effect	-91.9	-27.3	14.0	-1.7	-36.3
Net sales excluding acquisitions and currencies	1,465.8	483.8	1,319.5	458.7	1,691.0
Actual organic growth	160.3	23.4	231.5	101.3	264.3
Organic growth, %	12.3	5.1	21.3	28.3	18.5
Ringfeder Power Transmission					
Net sales	393.4	129.9	391.5	136.2	522.0
Acquired volume (incl. full-year effect from preceding year)					
Currency effect	-16.3	-5.3	-8.8	-3.2	-13.9
Net sales excluding acquisitions and currencies	377.1	124.6	382.7	133.0	508.1
Actual organic growth	-14.4	-11.7	15.7	14.2	29.1
Organic growth, %	-3.7	-8.6	4.3	12.0	6.1

EBITDA

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

Group, SEK M	9 months 2019	Q3 2019	9 months 2018	Q3 2018	Full-year 2018
Operating profit	368.2	109.4	329.7	107.3	417.6
Depreciation/amortization	83.5	28.0	59.4	20.1	79.8
EBITDA	451.7	137.4	389.1	127.4	497.4

EBITA

Operating profit before amortization and impairment of intangible assets.

Group, SEK M	9 months 2019	Q3 2019	9 months 2018	Q3 2018	Full-year 2018
Operating profit/loss	368.2	109.4	329.7	107.3	417.6
Amortization of intangible assets	24.0	7.9	23.8	7.9	31.7
EBITA	392.2	117.3	353.5	115.2	449.3

PROFIT MARGIN

Profit after financial items as a percentage of net sales.

Group, SEK M	9 months 2019	Q3 2019	9 months 2018	Q3 2018	Full-year 2018
Net sales	2,878.1	909.1	2,623.7	874.8	3,492.4
Profit after financial items	335.2	103.9	292.0	100.9	373.1
Profit margin, %	11.6	11.4	11.1	11.5	10.7

INTEREST-BEARING NET DEBT

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

Group, SEK M	9 months 2019	Q3 2019	9 months 2018	Q3 2018	Full-year 2018
Provisions for pensions	236.5	—	192.3	—	196.9
Overdraft facilities	—	—	—	—	—
Loans	789.0	—	860.1	—	822.4
Lease liability	160.3	—	0.0	—	0.0
Bank balances	-474.6	—	-361.8	—	-371.4
Interest-bearing net debt	711.2	n/a	690.6	n/a	647.9

INTEREST-BEARING NET DEBT/EBITDA

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

Group, SEK M	9 months 2019	Q3 2019	9 months 2018	Q3 2018	Full-year 2018
Interest-bearing net debt	711.2	—	690.6	—	647.9
EBITDA, rolling 4 quarter	560.0	—	477.2	—	497.4
Interest-bearing net debt/EBITDA	1.27	n/a	1.45	n/a	1.30

ROOC

EBITDA as a percentage of operating capital as below.

Group, SEK M	9 months 2019	9 months 2018	Full-year 2018
VBG Truck Equipment			
Inventories	129.3	117.0	117.7
Trade receivables	147.4	135.2	138.9
Trade payables	-49.6	-54.3	-42.8
Working capital	227.0	197.9	213.8
Property, plant and equipment	112.3	85.0	87.0
Operating capital	339.3	282.9	300.7
EBITDA, rolling four quarter	232.0	191.0	191.4
Average operating capital four quarter	357.2	291.1	296.9
ROOC, %	65.0%	65.6%	64.5%
Edscha Trailer Systems			
Inventories	47.1	51.9	51.6
Trade receivables	25.5	40.6	27.7
Trade payables	-9.6	-16.3	-15.9
Working capital	62.9	76.3	63.4
Property, plant and equipment	57.5	43.0	41.8
Operating capital	120.4	119.2	105.2
EBITDA, rolling four quarter	31.5	46.3	48.9
Average operating capital four quarter	106.4	117.1	117.1
ROOC, %	29.6%	39.5%	41.7%
Mobile Climate Control			
Inventories	395.0	325.9	328.4
Trade receivables	268.2	259.8	237.0
Trade payables	-165.6	-171.7	-140.8
Working capital	497.6	414.0	424.5
Property, plant and equipment	234.4	112.8	110.9
Operating capital	731.9	526.8	535.4
EBITDA, rolling four quarter	226.8	181.9	187.3
Average operating capital four quarter	740.6	455.9	485.1
ROOC, %	30.6%	39.9%	38.6%
Ringfeder Power Transmission			
Inventories	139.9	135.4	139.0
Trade receivables	95.2	92.0	87.7
Trade payables	-11.4	-11.7	-11.4
Working capital	223.6	215.7	215.2
Property, plant and equipment	124.7	107.1	107.6
Operating capital	348.3	322.8	322.8
EBITDA, rolling four quarter	87.0	83.1	87.2
Average operating capital four quarter	348.2	304.1	312.9
ROOC, %	25.0%	27.3%	27.9%
VBG Group			
Inventories	711.2	628.4	634.9
Trade receivables	536.3	527.5	491.2
Trade payables	-239.0	-256.5	-212.7
Working capital	1,008.4	899.4	913.3
Property, plant and equipment	534.3	349.3	348.5
Operating capital	1,542.7	1,248.7	1,261.8
EBITDA, rolling four quarter	560.0	477.2	497.4
Average operating capital four quarter	1,555.8	1,250.6	1,193.1
ROOC, %	36.0%	38.2%	41.7%

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