

PRESS RELEASE 2021-04-29

## Interim report January- March 2021

In the interim report for January to March, VBG Group reports the most profitable quarter in our history.

### First quarter 20201

- Consolidated sales decreased 5.9% to SEK 901.4 M (957.5).
- Adjusted for exchange rate changes, actual organic growth was 2.8%.
- Operating profit increased to SEK 142.8 M (116.0) and the operating margin was 15.8% (12.1).
- Profit after financial items amounted to SEK 135.9 M (113.5).
- The Group's profit after tax totaled SEK 103.1 M (79.5).
- Earnings per share increased to SEK 4.12 (3.18).

*Comment from VBG Group's President & CEO, Anders Birgersson*

### The most profitable quarter in our history

In early 2021, VBG Group reported our most profitable quarter ever. This is a unique and positive recovery, considering the situation that prevailed in March 2020. Many feared a lengthy recession, and there was a great deal of uncertainty. Now, despite the pandemic, the first quarter of 2021 is showing strong signs of economic growth. Our operations during the quarter experienced a very high level of demand for products and services but were also impacted by strained supply chains and price increases.

As regards sales, the Group has returned to the levels we were at before the pandemic. The currency trends, primarily with a weaker USD, had a negative effect on total sales for the quarter compared to 2020. Despite this difference, the first quarter of 2021 was a strong one, and our operating profit of SEK 143 M has never been better. The strong earnings were achieved through very effective cost control and a high utilization of capacity in operations, combined with our offering of products and services that are attractive to the market.

Unfortunately, more employees fell ill with COVID-19 during the first months of the year than in the whole of 2020. Above all, Mobile Climate Control was struck with a serious outbreak in Toronto. This, in combination with a high level of demand, put a great deal of pressure on our procedures and priorities. Fortunately, no one became seriously ill and I am grateful for all our employees' commitment and readiness to deliver during that time.

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### **ALL DIVISIONS DELIVERING BEYOND EXPECTATIONS**

Truck & Trailer Equipment has shown its strength once again, delivering its best quarter ever as regards both sales and profitability. The division reports an extremely strong EBITA margin of 24% (21).

Despite the continued pandemic, most countries have opened up and the need for freight transportation is great. For us, this means that the demand for truck-related products is increasing. The higher volume of transportation is leading to an increase in new sales of truck and trailers but also generating an aftermarket for spare and wear parts. New regulatory changes have imposed stricter demands on transportation, which means we can capture market shares, above all in Central and Western Europe, since our products meet the more stringent safety requirements. In the first quarter, Truck & Trailer Equipment worked on better utilization of capacity in both production and the logistics flow, which greatly promoted the healthy profitability.

Mobile Climate Control is back at an EBITA margin of 10% (9). The increased margin is due in part to strong sales in the Off-road segment, but the effects of our structural measures are also becoming noticeable. Mobile Climate Control reduced its cost of goods sold and its overheads during the quarter.

Ringfeder Power Transmission reported a drastically improved operating margin of 21% (9) for the quarter. The healthy profitability is attributable to a favorable product mix and increased productivity in our production facilities. Lower selling expenses also contributed to the strong earnings.

### **70 YEARS WITH SAFETY IN FOCUS**

On January 3, VBG Group celebrated 70 years, and it is gratifying to have delivered the most profitable quarter in our history in conjunction with our anniversary. VBG Group was founded because there was a need for safer transportation. Creating a safer society is still our driving force. Through leading industry solutions, we promote increased safety for people, goods and infrastructure. The Group has always had a long-term perspective of sustainability. I am incredibly proud of our ability to deliver such strong results in 2021, in the midst of a pandemic. For me, this is proof that we are a well-balanced industrial Group with a strong offering for the market through our strong brands.

### **THE FUTURE**

Going forward, we will continue to focus on the health and safety of our employees as the top priority. Given that vaccination programs globally are proceeding according to plan and that we have successfully managed a strained supply chain, the future looks bright.

Several of our brands have product launches planned during the year in which we will offer even more customized and sustainable systems solutions.

Our goal in 2021 is to continue growing as an industrial Group. We are working on strengthening our role in society, increasing our focus on sustainability topics and further digitizing our operations and our offering.

I would like to thank all our employees for their tremendous efforts during the first quarter of the year. All told, the conditions are in place for 2021 being a good year for VBG Group.

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VBG Group AB (publ), domiciled in Vänersborg, is the Parent company of an international engineering Group with wholly owned companies in Europe, North America, Brazil, South Africa Australia, India and China. The Group's operations are divided into three divisions – Truck & Trailer Equipment, 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.