

Interim report, January – March 2024

In the interim report for January to March, VBG Group reports the best quarter ever.

- Consolidated sales increased by 9.7% to SEK 1,535.0 M (1,399.9).
- Organic growth amounted to 5.0% (13.2), adjusted for acquired sales and currency effects between the years.
- Consolidated operating profit (EBITA) totaled SEK 259.5 M (202.7), with an operating margin (EBITA) of 16.9% (14.5).
- Profit after financial items amounted to SEK 250.3 M (180.4).
- Earnings per share amounted to SEK 7.83 (5.68) before and after dilution.

Comments from VBG Group's President & CEO Anders Erkén

In the first quarter of 2024, the Group achieved sales of SEK 1,535 M (1,400) with an EBITA of SEK 260 M (203). This is the best quarter ever for the Group in terms of sales and earnings. The period was characterized by strong margin performance and good operating cash flow. Earnings per share amounted to SEK 7.83 and increased by 38% compared with the yearearlier period.

Despite geopolitical turbulence and uncertainty concerning interest rates, all divisions performed at a high level during the quarter given the market conditions. The activities we carried out to strengthen profitability continue to bear fruit, and the total EBITA margin strengthened to 16.9% (14.5).

Growth during the quarter was 9.7%, with currency effects and the newly acquired Rathi Transpower making positive contributions to growth. Adjusted for currency and acquired sales between quarters, the underlying growth was 5.0%.

Stable demand in the couplings segment

Truck & Trailer Equipment achieved sales of SEK 439 M during the quarter, which is the second-highest figure ever for the division in a single quarter. Despite this, we can conclude that this is a decline of 11% compared with the year-earlier period, with the entire downturn related to the slowdown in the semi-trailer market. The division has a solid business model with product offerings that create value for drivers, haulers and body builders. The strong customer offering, in combination with efficient capacity utilization in our production, also yielded the second-highest EBITA ever for a single quarter: SEK 101 M (115) with an EBITA margin of 22.9% (23.1).

Trend continues

Mobile Thermal Solutions sales reached a record-high SEK 855 M (711) during the quarter, and the EBITA was also the highest in the division's history with the EBITA margin for the division, reaching 15.2% (10.5). Growth of 20% was driven primarily by the off-road segment in North America.

During the quarter, Mobile Thermal Solutions continued to increase its share of electric vehicles (EV) projects, for both off-road and buses.

A preliminary study was initiated to evaluate a capacity increase in the manufacturing unit for off-road products in Toronto.

Acquisition delivering on expectations

In the first quarter, Ringfeder Power Transmission set a record of SEK 242 M (193) in sales, with an EBITA margin of 14.6% (11.6).

The integration of the newly acquired company, Rathi Transpower, is proceeding as planned and the company delivered in accordance with the high expectations. Growth of 25% for the division during the quarter was largely related to the acquisition of Rathi Transpower.

The future

VBG Group leaves behind a quarter with record-high sales and an all-time high in earnings. It is extremely gratifying to lead a business like this, where I see that our activity-based approach has been highly successful. Many activities, both large and small, toward our long-term goals are yielding results.

The future remains uncertain, but we have a strong order book. Order bookings reached a plateau during the quarter at a historically high level compared with the year-earlier period, and an easing of the materials supply situation means we can focus on optimizing our production flows and further strengthen profitability.

Going forward, we will also intensify our sustainability initiatives, and we will target investments and resources in order to achieve our sustainability goals as well as prepare ourselves to meet further requirements. Sustainable growth is our watchword.

In conclusion, I would like to thank all of the Group's employees for a quarter well done. It is our collective efforts that have enabled us to deliver record-high earnings, and together we will continue to develop VBG Group going forward.

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About Us

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, India, Australia and China. The Group's operations are divided into three divisions – Truck & Trailer Equipment, Mobile Thermal Solutions 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.

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. The information was submitted for publication in Swedish at 10:00 am CEST on April 25, 2024

Attachments

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VBG Group Interim Report January March