

## Interim report January- September 2023

In the interim report for January to September, VBG Group reports robust growth with record-high earnings.

### Third quarter 2023

- Consolidated sales increased by 31.9% to SEK 1,439.8 M (1,091.6).
- Organic growth amounted to 24.9%, adjusted for currency effects between the years.
- Consolidated operating profit (EBITA) totaled SEK 225.7 M (111.7), with an operating margin (EBITA) of 15.7% (10.2).
- Profit after financial items amounted to SEK 216.9 M (101.4).
- Earnings per share amounted to SEK 6.35 (2.51) before and after dilution.

### Nine Months 2023

- Consolidated sales increased by 26.6% to SEK 4,289.9 M (3,388.5).
- Organic growth amounted to 19.2%, adjusted for currency effects between the years.
- Operating profit (EBITA) increased to SEK 640.5 M (422.8), with an operating margin (EBITA) of 14.9% (12.5).
- Profit after financial items increased to SEK 578.5 M (382.2).
- Earnings per share amounted to SEK 17.56 (11.10).

### Comment from VBG Group's President & CEO, Anders Erkén

In the third quarter of 2023, VBG Group increased net sales by 32%, reaching SEK 1,440 M (1,092). EBITA increased to a record-high SEK 226 M (112) and the EBITA margin totaled 15.7% (10.2), which is higher than VBG Group's objective of 15%. Earnings per share increased 153% compared with the third quarter of 2022, totaling SEK 6.35.

VBG Group is a balanced industrial group, and despite the geopolitical situation and a macroeconomic headwind – particularly in Europe – with inflation and rising interest rates, the Group continued to strengthen both growth and earnings for all its divisions. The explanation lies in high demand for our products, primarily in North America; the price increases that were implemented; and currency effects as well as previously initiated action programs. After adjustment for exchange rate changes, growth was 25% for the quarter.

### Acquisition in India

Ringfeder Power Transmission's increased its sales during the quarter to SEK 222 M (137) and strengthened its profitability. The division reported its best single quarter as regards both sales and EBITA. The operating margin was 18% (12).

During the third quarter, VBG Group signed agreements to acquire all the shares in the Indian company Rathi Transpower Pvt. Limited, including subsidiaries in Australia and Germany. Founded in 1965, the company is part of the family-owned Rathi Group of businesses. The acquisition includes the company's two production facilities in Pune and Kolhapur, India.

The Indian company will be part of the Ringfeder Power Transmission division, which will strengthen its position in the Asian market through this acquisition. Another positive development is that Rathi Transpower has a supplementary product range that Ringfeder Power Transmission will be able to develop and sell globally.

The acquisition is strategically important For VBG Group. India is a growing market, and by owning local production units the division will have the right conditions for expansion. Moreover, through this acquisition the other divisions will also have access to a growth platform that they can use for continued business development in India and the rest of Asia.

#### **Healthy demand in North America**

In the third quarter of 2023, Mobile Thermal Solutions reported the best single quarter in its history, as regards both sales and EBITA. Net sales rose by 52%, reaching SEK 836 M. Profitability in the division was strengthened, totaling 12.8% (7.7) in the third quarter.

During the quarter, we noted continued high levels of demand for the division's products, above all in North America. The previously initiated action program for the bus operations continued to make a positive contribution to profitability.

#### **Continued high levels of profitability**

Truck & Trailer Equipment achieved sales of SEK 382 M, which is the highest for a third quarter. A high level of capacity utilization in the production units, as well as the price increases that were implemented, also resulted in profitability reaching a historic high for a third quarter. The EBITA margin stood at 21.3% (14.5).

Demand for commercial vehicle solutions remained diversified during the second quarter. The need for truck equipment was and remains significant, with long order books, whereas demand for trailers is experiencing a downturn.

#### **Sustainability**

During the third quarter, we continued our preparations for compliance with new regulations and requirements such as CSRD. We began our efforts with a double materiality assessment and stakeholder dialogue. We have been actively engaged in training all our employees in sustainability through a series of online courses, instructor-led courses and workshops.

#### **The future**

We followed a strong first half of 2023 with a third quarter that was marked by stable growth and record-high earnings. We have a good cash flow and a strong balance sheet. As regards our order bookings, these remain strong as well: order bookings increased 24% over the first nine months compared with the year-earlier period.

All together, this puts VBG Group into a favorable financial position and we have tremendous flexibility for the future. I see that we can continue our journey of growth – not only organically, but above all through supplementary acquisitions.

Thus, I feel positive about the future. VBG Group is a balanced industrial group, and owing to our presence in various industrial segments and in several geographic markets, we are reducing our vulnerability to trends in the business environment. We are seeing demand in Europe receding, but this is offset by very high levels of demand for our products in North America.

Going forward, we will continue to focus on achieving our goals and creating profitable, sustainable growth. I would like to thank all our employees and partners for their excellent work during the quarter. Together, we are creating a safer society.

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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 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.

**Attachments**

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