

Year-end report 2019

**Good growth and strong cash flow, but lower demand and margin.
Strategic acquisition in North America. Board proposes raised dividend.**

Fourth quarter of 2019

- Net sales rose by 16 percent to SEK 1,124 million (966), of which -5 percent was organic
- Order intake increased 17 percent and was higher than net sales
- Operating profit (EBITA) amounted to SEK 73 million (82), corresponding to a margin of 6.5 percent (8.5). Excluding acquisition costs, operating profit was SEK 82 million (82) and the margin 7.3 percent (8.5)
- Earnings per share amounted to SEK 1.03 (1.65)
- American Bolt & Screw, with annual sales of approximately SEK 500 million, was acquired

Full-year 2019

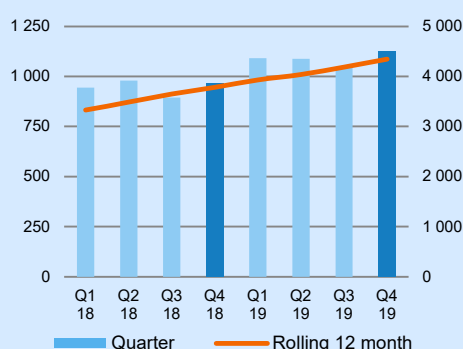
- Net sales rose by 15 percent to SEK 4,348 million (3,786), of which 1 percent was organic
- Order intake increased 15 percent and was in line with net sales
- Operating profit (EBITA) amounted to SEK 384 million (367), corresponding to a margin of 8.8 percent (9.7)
- Earnings per share amounted to SEK 6.75 (6.79)
- Operating cash flow increased to SEK 351 million (175)
- Overall, Bufab achieved all-time high sales and operating profit in 2019
- The Board of Directors proposes raising the dividend to SEK 2.75 (2.50) per share

THE GROUP IN BRIEF

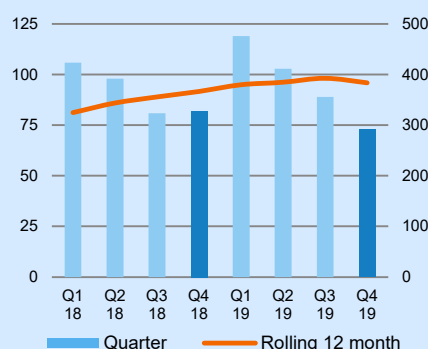
SEK million	Quarter 4			Jan-Dec		
	2019	2018	Δ %	2019	2018	Δ %
Order intake	1,148	982	17	4,354	3,798	15
Net sales	1,124	966	16	4,348	3,786	15
Gross profit	297	271	10	1,183	1,088	9
%	26.4	28.1		27.2	28.7	
Operating expenses*	-224	-189	19	-799	-721	11
%	-20.0	-19.6		-18.4	-19.0	
Operating profit (EBITA)*	73	82	-11	384	367	5
%	6.5	8.5		8.8	9.7	
Operating profit	67	79	-15	368	358	3
%	6.0	8.2		8.5	9.5	
Profit after tax	39	62	-37	253	255	-1
Earnings per share, SEK	1.03	1.65	-38	6.75	6.79	-1
Dividend per share, SEK	-	-		2,75**	2.50	10
Operating cash flow	94	63	49	351	175	101

*For definitions, see page 20, **Proposed by Board of Directors

Net sales, SEK million



Operating profit (EBITA), SEK million



SALES GROWTH

+16%

OPERATING MARGIN (EBITA)

6.5%

Stronger position in challenging market

Bufab reported healthy growth in both the fourth quarter and the full year 2019. However, the slowdown that was apparent already at the beginning of the autumn intensified during the fourth quarter. We partly attribute this to our customers' unusually long production stoppages at the end of the year, and to destocking. As a result, Bufab experienced negative organic growth of 5 percent in both of its operating segments for the quarter, despite slightly higher market shares. Our focus in 2020, therefore, is to secure further new business, thereby offsetting a potentially weaker market.

The gross margin was considerably weaker, both sequentially and year-on-year. This was mainly due to lower gross margins in acquired companies, but also to a poorer business mix in segment International and low capacity utilisation in our manufacturing companies. On the other hand, price increases and purchasing savings made a positive contribution to the margin. We intend to achieve further purchasing savings in 2020, which will be facilitated by the demand situation.

Upon the first indications of weaker demand in mid-2019, we launched a Group-wide programme for increased efficiency, which was supported by our investment in digitalisation. The programme aims to realise savings of approximately SEK 40 million on a full-year basis, with full effect from the fourth quarter of 2020. The programme began to contribute to the result in the fourth quarter of 2019.

We also completed a key strategic acquisition in North America during the quarter, after searching for a long time for a good platform for continued expansion with our global customers there. We can now welcome American Bolt & Screw to Bufab Group. In 2019, the company had sales of about SEK 500 million with healthy profitability and it has an organisation, business model and culture that are very close to Bufab's. We have already begun working with the business opportunities brought by this acquisition. Acquisition costs of SEK 9 million were charged to the quarter.

Overall, the operating profit for the fourth quarter, adjusted for acquisition costs, was unchanged compared with the corresponding quarter in 2018. The operating profit is unsatisfactory. Accordingly,

we have conducted a thorough review of the organisation and action plans throughout the Group. Our priorities for 2020 are, firstly, to intensify sales and marketing, and secondly, to achieve considerable earnings and margin improvements through purchasing savings, strict cost control and efficiency enhancement, in addition to healthy contributions from our acquisitions.

In the first quarter of 2020, we will implement a reorganisation, by which today's two operating segments will be replaced by four segments (North, West, East and UK/North America), which in turn will be organised in ten business units. The purpose is to benefit further from Bufab's large international reach and global expertise, as well as to increase focus on operational improvements in each subsidiary.

Bufab is an entrepreneurial company. We respond quickly and forcefully to weak results. But we also aim to continue Bufab's positive development over the long term. Despite the weak quarterly result, full-year 2019 was the fourth consecutive year with all-time high sales and operating profit. We also noted our best cash flow ever – twice as high as in 2018. We are continue our systematic efforts to strengthen customer relations and increase market shares, to build the world's best supplier base, to develop a globally leading "best practice", and to continue digitalising our processes. The sustainability throughout our value chain took a clear step forward during the year. Two strategic acquisitions contributed to favourable growth and significantly strengthened our customer offering and global reach.

The first quarter has started satisfactorily, but global demand remains uncertain for the rest of 2020. However, our position is significantly stronger than it was a year ago. Our action programme is giving us confidence to be able to deliver a continued positive performance, regardless of market development, and to achieve our goal during this year: becoming the leading company in our industry.

Jörgen Rosengren
President and CEO

The Group in brief

FOURTH QUARTER

Order intake amounted to SEK 1,148 million (982) and exceeded net sales.

Net sales rose 16 percent to SEK 1,124 million (966). Organic growth was negative 5 percent. The underlying demand was lower, but the market share was somewhat higher. During the quarter, American Bolt & Screw was acquired, which has annual sales of approximately SEK 500 million and operations in North America. For more information, see page 18.

Gross margin declined to 26.4 percent (28.1). Adjusted for acquisitions, the gross margin was 27.2 percent (28.1). The organic decline was mainly attributable to a poorer business mix in Segment International in relation to the comparison quarter. A low level of capacity utilisation in our manufacturing companies also had a negative impact, while price increases and purchasing savings provided positive contributions.

The quarter was charged with acquisition costs of SEK 9 million. Adjusted for these, the share of operating expenses declined to 19.1 percent (19.6). This key figure was negatively affected by low organic growth, but positively by a lower share of operating expenses in acquired companies. Also during the quarter, we saw the first results of the Group-wide efficiency programme that was launched in the third quarter and is now being intensified.

Operating profit (EBITA) declined to SEK 73 million (82), equal to a margin of 6.5 percent (8.5). Adjusted for acquisition costs, operating profit was SEK 82 million (82) and the margin 7.3 percent (8.5)

Compared with the preceding year, exchange-rate fluctuations impacted operating profit positively by SEK +2 million, volumes negatively by SEK -18 million, the price/cost/mix/other positively by SEK +4 million and acquisitions positively by SEK +4 million.

JANUARY-DECEMBER

Order intake amounted to SEK 4,354 million (3,798) and was in line with net sales.

Net sales rose by 15 percent to SEK 4,348 million (3,786). The Group's organic growth was +1 percent, comprising -2 percent for segment Sweden and +3 percent for segment International. Underlying demand was somewhat higher in segment International, but lower in segment Sweden. Market share is deemed to

have increased slightly in segment International and to be unchanged in segment Sweden.

The gross margin declined to 27.2 (28.1) percent, which was entirely due to the acquisitions of Rudhäll Industri and HT BENDIX. Adjusted for acquisitions, the gross margin was 28.1 percent (28.1).

Compared with the preceding year, exchange-rate fluctuations impacted operating profit positively by SEK +5 million, volumes positively by SEK +19 million, the price/cost/mix/other negatively by SEK -23 million and acquisitions positively by SEK +16 million.

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -14 million (-4) for the fourth quarter, of which exchange-rate differences accounted for SEK 0 million (+4) and the effects of the introduction of IFRS 16 Leases for SEK -3 million (0). Net financial items for the full year amounted to SEK -42 million (-29), of which exchange-rate differences accounted for SEK +4 million (-2) and the effects of the introduction of IFRS 16 Leasing for SEK -11 million (0). The Group's profit after financial items was SEK 49 million (76) for the quarter and SEK 322 (329) for the full year.

The tax expense for the quarter was SEK -14 million (-14), which implies an effective tax rate of 26 percent (18). The higher rate of tax during the quarter was due to recognised acquisition costs of SEK -9 million, which are not tax deductible. The full-year tax expense was SEK -73 million (-74), implying an effective tax rate of 22 percent (22).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 4		Jan-Dec	
	2019	2018	2019	2018
EBITDA, adjusted	84	93	426	409
Other non-cash items	0	11	2	13
Changes in working capital	26	-11	-8	-169
Cash flow from operations	110	94	418	253
Investments excluding acquisitions	-16	-31	-67	-78
Operating cash flow	94	63	351	175

Operating cash flow amounted to SEK 94 million (63) for the quarter. Operating cash flow for the full year was SEK 351 million (175).

Average working capital in relation to net sales improved to 35.3 percent (35.7). This improvement was primarily attributable to the acquisition of HT BENDIX and American Bolt & Screw, which have considerably lower tied-up working capital than the rest of the Group, but also to other enhancements in the Group.

On 31 December 2019, the Group's net debt totalled SEK 2,068 million (1,178). Adjusted net debt amounted to SEK 1,666 million (1,178). The difference between these key figures comprises the effects of IFRS 16 Leases. The increase in adjusted net debt, despite strong cash flow, was primarily due to completed acquisitions and dividends paid.

On 31 December 2019, the debt/equity ratio was 118 percent (74). Adjusted for the new accounting regulations in IFRS 16 Leases, the debt/equity ratio increased by 23 percentage points to 97 percent (74).

Segment International

Fourth quarter

Order intake amounted to SEK 715 million (668), which was higher than net sales.

Net sales rose by 9 percent to SEK 699 million (644). Organic growth was -5 percent. Underlying demand was considerably lower, but the market share slightly higher compared with the corresponding period in 2018.

Gross margin was 28.8 percent (30.6). The decline was mainly due to a poorer business mix than in the strong comparison quarter.

The share of operating expenses increased during the period, which was attributable to low growth and investments made in Leadership 2020. The review of the cost base for the purpose of addressing potential lower growth in future quarters was intensified.

Due to the poorer mix and a higher share of costs, operating profit (EBITA) declined to SEK 55 million (68), equal to a margin of 7.8 percent (10.6).

Compared with the preceding year, exchange-rate fluctuations impacted operating profit positively by SEK +4 million, volumes negatively by SEK -13 million, the price/cost/mix/other negatively by SEK -10 million and acquisitions positively by SEK +6 million.

January-December

Order intake amounted to SEK 2,838 million (2,648) and was in line with net sales.

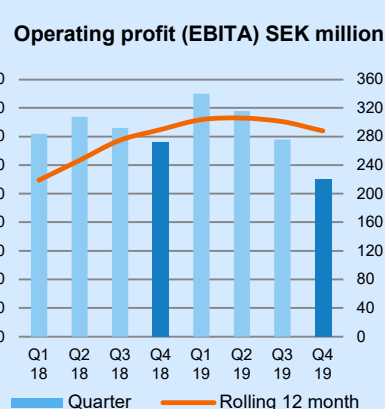
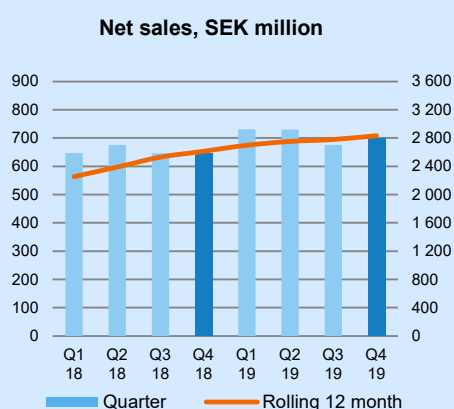
Net sales rose by 8 percent to SEK 2,836 million (2,615). Organic growth was 3 percent. Underlying demand was unchanged and the market share slightly higher compared with the corresponding period in 2018.

Gross margin declined to 29.4 percent (30.1). This decline was primarily due to a poorer business mix in the second half of 2019 compared with the preceding year.

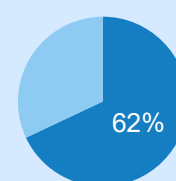
Operating profit (EBITA) amounted to SEK 288 million (290), equal to a margin of 10.2 percent (11.1).

Compared with the preceding year, exchange-rate fluctuations impacted operating profit positively by SEK +11 million, volumes positively by SEK +27 million, the price/cost/mix/other negatively by SEK -46 million and acquisitions positively by SEK +6 million.

SEK million	Quarter 4			Jan-Dec		
	2019	2018	Δ %	2019	2018	Δ %
Order intake	715	668	7	2,838	2,648	7
Net sales	699	644	9	2,836	2,615	8
Gross profit	201	197	2	833	788	6
%	28.8	30.6		29.4	30.1	
Operating expenses	-147	-129	14	-545	-498	9
%	-21.0	-20.0		-19.2	-19.1	
Operating profit (EBITA)	55	68	-19	288	290	-1
%	7.8	10.6		10.2	11.1	



SHARE OF TOTAL SALES



SALES GROWTH
+9%

OPERATING MARGIN (EBITA)
7.8%

Segment Sweden

Fourth quarter

Order intake amounted to SEK 433 million (314) and was slightly higher than net sales.

Net sales rose by 32 percent to SEK 424 million (322). This increase was attributable to the acquisition of HT BENDIX. Organic growth was -5 percent, due to lower underlying demand. The market share is deemed to be unchanged.

Gross margin declined to 23.5 percent (25.1). Adjusted for the acquisition of HT BENDIX, the gross margin was 24.9 percent (25.1). The organic decline was attributable to lower capacity utilisation in the segment's manufacturing companies relative to the comparison quarter, which was driven by lower demand.

Operating profit (EBITA) amounted to SEK 29 million (28), corresponding to a margin of 6.8 (8.7) percent.

Compared with the preceding year, exchange-rate fluctuations impacted operating profit negatively by SEK -2 million, volumes negatively by SEK -5 million, the price/cost/mix/other positively by SEK +1 million and acquisitions positively by SEK +7 million.

January-December

Order intake amounted to SEK 1,516 million (1,149) and was in line with net sales.

Net sales rose by 29 percent to SEK 1,512 million (1,172). Organic growth was -2 percent, due to lower underlying demand. The market share is deemed to be unchanged.

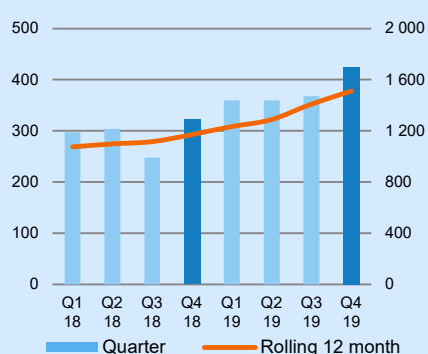
Gross margin declined to 24.5 percent (27.6). Adjusted for the acquisitions of Rudhäll and HT BENDIX, the gross margin was 27.5 percent (27.6).

Operating profit (EBITA) was SEK 132 million (126), equal to a margin of 8.7 percent (10.7).

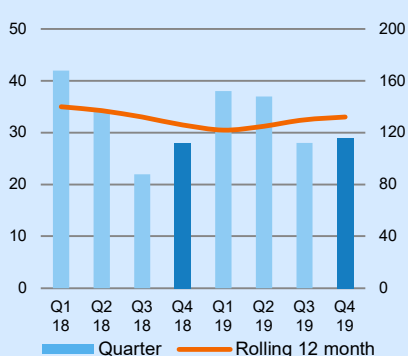
Compared with the preceding year, exchange-rate fluctuations impacted operating profit negatively by SEK -6 million, volumes negatively by SEK -8 million, the price/cost/mix/other positively by SEK +1 million and acquisitions positively by SEK +19 million.

SEK million	Quarter 4			Jan-Dec		
	2019	2018	Δ %	2019	2018	Δ %
Order intake	433	314	38	1,516	1,149	32
Net sales	424	322	32	1,512	1,172	29
Gross profit	100	81	23	371	323	15
%	23.5	25.1		24.5	27.6	
Operating expenses	-71	-53	34	-239	-198	21
%	-16.7	-16.5		-15.8	-16.7	
Operating profit (EBITA)	29	28	4	132	126	5
%	6.8	8.7		8.7	10.7	

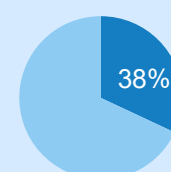
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH
+32%

OPERATING MARGIN (EBITA)
6.8%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Net sales	1,124	966	4,348	3,786
Cost of goods sold	-827	-695	-3,165	-2,698
Gross profit	297	271	1,183	1,088
Distribution costs	-149	-134	-565	-512
Administrative expenses	-76	-55	-250	-220
Other operating income	9	10	39	50
Other operating expenses	-15	-12	-39	-48
Operating profit	67	79	368	358
<i>Profit/loss from financial items</i>				
Interest income and similar income items	2	5	7	3
Interest expenses and similar expenses	-16	-9	-49	-32
Profit after financial items	53	76	326	329
Tax on net profit for the period	-14	-14	-73	-74
Profit after tax	39	62	253	255

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Profit after tax	39	62	253	255
Other comprehensive income				
Items that will not be reclassified in profit or loss				
Actuarial loss / profit on pension obligations, net after tax	-2	0	-2	0
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	-18	-10	38	47
Other comprehensive income after tax	-20	-10	36	47
Total comprehensive income	19	52	289	302
Total comprehensive income attributable to:				
Parent Company shareholders	19	52	289	302

Earnings per share

<i>SEK</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Earnings per share	1.03	1.65	6.75	6.79
Weighted number of shares outstanding before dilution, thousands	37,499	37,467	37,448	37,554
Diluted earnings per share, SEK	1.03	1.65	6.75	6.79
Weighted number of shares outstanding after dilution, thousands	37,499	37,467	37,448	37,554

Consolidated Balance Sheet

<i>SEK million</i>	<i>31 Dec 19</i>	<i>31 Dec 18</i>
ASSETS		
<i>Non-current assets</i>		
Intangible assets	2,034	1,179
Property, plant and equipment	636	221
Financial assets	34	21
Total non-current assets	2,704	1,421
<i>Current assets</i>		
Inventories	1,494	1,315
Current receivables	836	814
Cash and cash equivalents	216	144
Total current assets	2,547	2,273
Total assets	5,250	3,694
EQUITY AND LIABILITIES		
Equity	1,750	1,600
<i>Non-current liabilities</i>		
Non-current liabilities, interest-bearing	2,109	1,247
Non-current liabilities, non-interest-bearing	497	89
Total non-current liabilities	2,605	1,336
<i>Current liabilities</i>		
Current liabilities, interest-bearing	175	74
Current liabilities, non-interest-bearing	719	684
Total current liabilities	896	758
Total equity and liabilities	5,250	3,694

Consolidated Statement of Changes in Equity

<i>SEK million</i>	<i>31 Dec 19</i>	<i>31 Dec 18</i>
Equity at the close of the preceding year	1,600	1,416
Adjustment resulting from the introduction of IFRS 16	-18	-
Equity at beginning of year	1,582	1,416
Comprehensive income		
Profit after tax	253	255
<i>Other comprehensive income</i>		
Items that will not be reclassified in profit or loss		
Actuarial loss / profit on pension obligations, net after tax	-2	-
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	40	47
Total comprehensive income	289	302
Transactions with shareholders		
Issued call options	3	4
Repurchase of own shares	-31	-37
Dividends	-94	-85
Total transactions with shareholders	-122	-118
Equity at end of period	1,750	1,600

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>Operating activities</i>				
Profit before financial items	67	79	368	358
Depreciation/amortisation and impairment	43	14	148	51
Interest and other finance income	6	1	7	2
Interest and other finance expenses	-19	-5	-49	-31
Other non-cash items	0	11	2	13
Income tax paid	-2	-26	-79	-93
Cash flow from operating activities before changes in working capital	94	75	397	300
<i>Changes in working capital</i>				
Increase (-)/decrease (+) in inventories	-1	-70	60	-170
Increase (-)/decrease (+) in operating receivables	8	40	66	-20
Increase (+)/decrease (-) in operating liabilities	-54	19	-136	21
Cash flow from operating activities	120	64	387	131
<i>Investing activities</i>				
Acquisition of intangible assets	0	-4	-11	-4
Acquisition of property, plant and equipment	-16	-27	-56	-74
Company acquisitions including additional purchase considerations*	-206	-73	-543	-98
Cash flow from investing activities	-222	-104	-610	-176
<i>Financing activities</i>				
Dividend paid	-	-	-94	-85
Call options	-	-	3	4
Repurchase of own shares	-	-	-31	-37
Increase (+)/decrease (-) in borrowings	141	-2	414	182
Cash flow from financing activities	141	-2	292	64
Cash flow for the period	39	-42	68	19
Cash and cash equivalents at beginning of period	178	187	144	120
Translation differences	-1	-1	4	5
Cash and cash equivalents at end of period	216	144	216	144

*See page 18 under "Acquisitions" for more information.

The Group's segment reporting

International SEK million	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	648	676	647	644	731	730	676	699
Gross profit	192	202	197	197	217	216	198	201
%	29.7	29.9	30.4	30.6	29.8	29.6	29.3	28.8
Operating expenses	-121	-125	-124	-129	-132	-137	-129	-147
%	-18.7	-18.5	-19.2	-20.0	-18.1	-18.8	-19.1	-21.0
Operating profit (EBITA)	71	77	73	68	85	79	69	55
%	11.0	11.4	11.3	10.6	11.7	10.9	10.2	7.8

Sweden SEK million	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	297	304	248	322	360	360	368	424
Gross profit	89	87	67	81	91	93	87	100
%	29.9	28.6	27.0	25.1	25.3	25.8	23.7	23.5
Operating expenses	-47	-53	-45	-53	-53	-56	-59	-71
%	-15.8	-17.4	-18.1	-16.5	-14.7	-15.5	-16.0	-16.7
Operating profit (EBITA)	42	34	22	28	38	37	28	29
%	14.1	11.2	8.9	8.7	10.6	10.2	7.6	6.8

Other* SEK million	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	-	-	-	-	-	-	-	-
Gross profit	-4	-7	-5	-7	-4	-6	-6	-4
Operating expenses	-3	-6	-9	-8	0	-7	-3	-6
Operating profit (EBITA)	-7	-13	-14	-15	-4	-13	-8	-10

*Other includes unallocated costs of a Group-wide nature

Group SEK million	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	945	980	895	966	1,091	1,089	1,044	1,124
Gross profit	277	282	259	271	304	303	279	297
%	29.3	28.8	28.9	28.1	27.9	27.8	26.7	26.4
Operating expenses	-171	-184	-178	-189	-184	-200	-191	-224
%	-18.1	-18.8	-19.9	-19.6	-16.9	-18.4	-18.3	-20.0
Operating profit (EBITA)	106	98	81	82	119	103	89	73
%	11.2	10.0	9.1	8.5	10.9	9.5	8.5	6.5

Consolidated Key Figures

	Quarter 4			Jan-Dec		
	2019	2018	Δ	2019	2018	Δ
Order intake, SEK million	1,148	982	17	4,354	3,798	15
Net sales, SEK million	1,124	966	16	4,348	3,786	15
Gross profit, SEK million	297	271	10	1,183	1,088	13
EBITDA, SEK million	110	93	18	517	408	27
EBITDA, adjusted, SEK million ⁽²⁾	84	93	-9	426	408	4
Operating profit (EBITA), SEK million ⁽¹⁾	73	82	-11	384	367	5
Operating profit, SEK million	67	79	-15	368	358	3
Profit after tax, SEK million	39	62	-37	253	255	-1
Gross margin, % ⁽¹⁾	26.4	28.1		27.2	28.7	
Operating margin (EBITA), % ⁽¹⁾	6.5	8.5		8.8	9.7	
Operating margin, % ⁽¹⁾	6.0	8.2		8.5	9.5	
Net margin, %	3.5	6.4		5.8	6.7	
Net debt, SEK million	2,068	1,178	75			
Net debt, SEK millions, adjusted ⁽²⁾	1,666	1,178	41			
Debt/equity ratio, % ⁽²⁾	118	74				
Net debt / EBITDA, adjusted, multiple ⁽¹⁾⁽²⁾	4.2	2.9				
Working capital, SEK million	1,654	1,473	12			
Average working capital, SEK million	1,586	1,405	13			
Average working capital in relation to net sales, %	35.3	35.7				
Equity/assets ratio, % ⁽¹⁾	33	43				
Operating cash flow, SEK million	94	63	49	351	175	101
Earnings per share, SEK ⁽¹⁾	1.03	1.65	-38	6.75	6.79	-1

For definitions, see page 20

⁽¹⁾ These performance measures were impacted by the introduction of IFRS 16. See the table on page 14.

⁽²⁾ Paid purchase prices have been charged in full to adjusted net debt while EBITDA, adjusted, has only been credited from the respective acquisition date.

Performance measures affected by IFRS 16

	Quarter 4				Jan-Dec			
	2019	Adjusted for the effect of IFRS 16 Leases	2019 Pro forma	2018	2019	Adjusted for the effect of IFRS 16 Leases	2019 Pro forma	2018
Gross profit, SEK million	297	0	297	271	1,183	0	1,183	1,088
Operating expenses, SEK million	-224	-3	-227	-189	-799	-11	-810	-721
EBITDA, SEK million	110	-26	84	93	517	-91	426	408
EBITDA, adjusted, SEK million	84	-	84	93	426	-	426	408
Operating profit (EBITA), SEK million	73	-3	70	82	384	-11	373	367
Operating profit, SEK million	67	-3	64	79	368	-11	357	358
Profit before tax, SEK million	53	1	54	76	326	3	329	329
Profit after tax, SEK million	39	1	40	62	253	3	256	255
Earnings per share, SEK	1.03	0.03	1.06	1.65	6.75	0.08	6.83	6.79
Net debt, SEK million	2,068	-402	1,666	1,178				
Net debt, adjusted, SEK million	1,666	-	1,666	1,178				
Debt/equity ratio, %	118	-21	97	74				
Equity/assets ratio, %	33	3	36	43				
Cash flow from operating activities before changes in working capital	94	-25	69	75	397	-91	306	300

Parent Company income statement

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Administrative expenses	-3	-4	-14	-14
Other operating income	1	2	6	7
Operating profit	-2	-2	-7	-7
<i>Profit/loss from financial items</i>				
Earnings from shares in Group companies	-	-	150	-
Profit/loss after financial items	-2	-2	143	-7
Appropriations	9	68	9	68
Tax on net profit/loss for the period	-1	-14	-1	-14
Profit/loss after tax	7	53	151	47
Other comprehensive income	-	-	-	-
Total comprehensive income	7	53	151	47

Parent Company Balance Sheet

<i>SEK million</i>	<i>31 Dec 19</i>	<i>31 Dec 18</i>
ASSETS		
<i>Non-current assets</i>		
Financial assets		
Participations in Group companies	845	845
Total non-current assets	845	845
<i>Current assets</i>		
Receivables from Group companies	72	77
Other current receivables	31	8
Cash and cash equivalents	-	-
Total current assets	103	85
Total assets	948	930
EQUITY AND LIABILITIES		
Equity	830	801
Untaxed reserves	100	122
<i>Non-current interest-bearing liabilities</i>		
Other non-current liabilities	-	-
Total non-current liabilities	0	0
<i>Current non-interest-bearing liabilities</i>		
Other current liabilities	18	7
Total current liabilities	18	7
Total equity and liabilities	948	930

Other information

ACCOUNTING POLICIES

This interim report has been prepared pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's financial statements were prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 and the Swedish Financial Reporting Board's recommendation RFR 2.

The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2018 Annual Report, with the exceptions outlined below. The 2018 Annual Report is available at www.bufab.com.

Bufab applies IFRS 16 Leases as of January 1, 2019.

IFRS 16 addresses the recognition of rental contracts and leases for both lessors and lessees. The implementation of this standard entails that nearly all leases will be recognised in the lessee's balance sheet, since no difference is made any longer between operational and financial leases. According to the new standard, an asset (the right to use a leased asset) and a financial liability covering the obligation to pay lease fees are to be recognised. Exceptions are made for short-term leases and leases for which the underlying assets have a low value. Bufab has chosen to apply the new standard prospectively, but will restate the right-of-use assets retrospectively with the total effect of an initial application as an adjustment of the opening amount of retained earnings on 1 January 2019. Accordingly, comparative information will not be restated.

The new standard has had a material impact on Bufab's total assets, partly in relation to the right-of-use assets, which has increased Bufab's property, plant and equipment, and regarding the lease liabilities that are now recognised in the balance sheet and have increased Bufab's interest-bearing liabilities.

The impact on the balance sheet at the beginning of 2019 is presented below:

Balance sheet items	SEK million
Right-of-use assets	+283
Deferred tax	+5
Prepaid expenses	-6
Retained earnings	-18
Non-current lease liabilities, interest-bearing	+227
Current lease liabilities, interest-bearing	+73

The effect on the income statement for the Group is not significant.

LONG-TERM SHARE-BASED INCENTIVE PROGRAMME

The 2019 Annual General Meeting resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 9.04, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 August 2022–15 February 2023. The purchase price per share is SEK 109.96, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 14 August 2019 and 20 August 2019. In 2019, a total of 306,000 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants, which may correspond to not more than the price paid for the call options. In this instance, payment of the subsidy will occur in August 2023 and requires that participants remain at that date in their positions or in another corresponding position of employment within the Bufab Group.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 350,000 shares in the company, and approved the transfer of a maximum of 350,000 of the company's repurchased shares to the participants of the programme. During the year, 302,252 shares were repurchased.

RISKS AND RISK MANAGEMENT

Exposure to risk is a natural part of business activity and this is reflected in Bufab's approach to risk management. The aim is to identify and prevent risks and to limit any loss or damage from these risks. The main risks to which the Group is exposed relate to the impact of the economy on demand.

For further information regarding risks and risk management, see Note 3 of the 2018 Annual Report.

SEASONAL VARIATIONS

Bufab has no significant seasonal variation in its sales, but sales over the year vary based on the number of production days in each quarter for customers.

RELATED-PARTY TRANSACTIONS

There were no related-party transactions during the period, except for the dividend to shareholders paid in accordance with an AGM resolution, the payment of fees to the Board of Directors and the remuneration of senior executives.

FINANCING AGREEMENT

In September, Bufab signed an agreement to increase its credit facility. The existing credit facility was increased to a total of SEK 2,200 million and extends until September 2022.

EMPLOYEES

The number of employees in the Group at 31 December 2019 amounted to 1,423 (1,253).

ACQUISITIONS

The following acquisitions were made during 2018-2019.

	<i>Date</i>	<i>Net sales*</i>	<i>Employees</i>
Rudhäll Industri AB	5 October 2018	210	76
HT BENDIX A/S	16 July 2019	500	80
American Bolt & Screw Corp.	6 November 2019	500	90

*Estimated annual net sales at the date of acquisition

Acquisitions during the year - HT BENDIX

On 16 July 2019, Bufab completed the acquisition of 100 percent of the shares in HT BENDIX A/S with operations in Denmark. The purchase consideration was SEK 396 million, of which SEK 308 million was paid unconditionally and the remaining SEK 88 million is subject to conditions. The conditional portion of SEK 88 million comprises 69 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance.

The acquisition added SEK 144 million to the Group's accumulated net sales since the transfer. The net impact, after acquisition costs, on operating profit (EBITA) for the full year was SEK 8 million and the effect on profit after tax was SEK 6 million. This acquisition would have positively impacted the Group's net sales by an estimated SEK 500 million, EBITA by about SEK 50 million, operating profit by about SEK 42 million and profit after tax for the period by about SEK 33 million had it been implemented on 1 January 2019.

The amounts of the assets and liabilities included in the acquisition according to the preliminary acquisition analysis were as follows:

	<i>Fair value</i>
HT BENDIX A/S	
Intangible assets	88
Other non-current assets	20
Inventories	113
Other current assets	18
Cash and cash equivalents	0
Deferred tax liabilities	-21
Other liabilities	-99
Acquired net assets	119
Goodwill	277
Purchase consideration*	396
Less: cash and cash equivalents in acquired operations	0
Less: conditional purchase consideration	-88
Effect on the Group's cash and cash equivalents	307

* The consideration is stated excluding acquisition expenses

The acquisition analysis above is preliminary. Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it. Goodwill is tested annually for any impairment requirement. Intangible assets will be amortised over a period of ten years.

Acquisitions during the year - American Bolt & Screw

On 6 November 2019, Bufab acquired 100 percent of the shares in American Bolt & Screw Corp. with operations in North America. The purchase consideration was SEK 537 million. SEK 485 million is unconditional and SEK 52 million is conditional. The conditional portion comprises an initial purchase consideration in conjunction with the acquisition of shares for SEK 225 million and a deferred purchase consideration of SEK 260 million, which essentially falls due for payment in 2023. The conditional portion of SEK 52 million comprises 16 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance.

The acquisition added SEK 63 million to the Group's accumulated net sales since the transfer. The net impact, after acquisition costs, on operating profit for the quarter was a negative SEK -5 million and the effect on profit after tax was a negative SEK -8 million. This acquisition would have positively impacted the Group's net sales by an estimated SEK 500 million, EBITA by about SEK 60 million, operating profit by about SEK 35 million and profit after tax for the period by about SEK 18 million had it been implemented on 1 January 2019.

The amounts of the assets and liabilities included in

the acquisition according to the preliminary acquisition analysis were as follows:

	<i>Fair value</i>
American Bolt & Screw Corp.	
Intangible assets	98
Other non-current assets	59
Inventories	99
Other current assets	38
Cash and cash equivalents	20
Deferred tax liabilities	-29
Other liabilities	-142
Acquired net assets	143
Goodwill	394
Purchase consideration*	537
Less: cash and cash equivalents in acquired operations	-20
Less: deferred purchase consideration	-260
Less: conditional purchase consideration	-52
Effect on the Group's cash and cash equivalents	205

* The consideration is stated excluding acquisition expenses

The acquisition analysis above is preliminary. Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it. Goodwill is tested annually for any impairment requirement. Intangible assets will be amortised over a period of ten years.

In addition to a negative net impact on the Group's cash and cash equivalents of SEK 512 million relating to the acquisitions of HT BENDIX A/S and American Bolt & Screw Corp, a total of SEK 30 million was paid during the year in additional purchase considerations for previous acquisitions.

CONTINGENT LIABILITIES

In the fourth quarter, Bufab received the Swedish Tax Agency's decision from a VAT audit conducted in one of the Group's companies in Sweden. The decision entailed that the Tax Agency denied deduction of incoming VAT on certain costs that arose in 2015-2018. In conjunction with its tax lawyers, Bufab decided to appeal the Tax Agency's decision. Since the company deems that it is likely that appeal will be successful, the exposure (SEK 16 million) was recognised as a contingent liability.

No other significant changes were made to the company's contingent liabilities during the interim period.

ANNUAL GENERAL MEETING

The Annual General Meeting of Bufab AB (publ) will be held in Värnamo, on 21 April 2020 at 10:30 a.m. Notice of the AGM will be available on Bufab's website as of 17 March 2020 at www.bufab.com.

The Annual Report for 2019 will be published no later than 31 March 2020.

DIVIDEND

The Board of Directors proposes a dividend of SEK 2.75 (2.50) per share for 2019, corresponding to a total dividend of SEK 103 million (94). The proposed record date is 23 April 2020 and the expected payment date for dividends is 28 April 2020. It is proposed that the share be traded without dividend entitlement as of 23 April 2020.

ORGANISATION

After the end of the quarter, a change was made to the Group's organisation. The former three operating segments of International, Sweden and Other were replaced by five new operating segments: North, West, East, UK/North America, and Other. In turn, the segments are organised into ten business units, as compared to the current six regions. As a result of this change, Jörn Maurer joined Group management with responsibility for Segment West. The purpose of the reorganisation is to achieve a clearer focus on the Group's international breadth and growth opportunities, and to increase focus on operational improvements in each subsidiary. The organisation will be fully implemented during the first quarter of 2020 and entails no restructuring costs.

Jesper Blomquist, who is responsible for logistics, quality and IT, has resigned to take up a challenge outside the Group, and will leave the company and Group management during the first half of 2020.

PLEGGED ASSETS

In October 2019, the shares in HT BENDIX A/S were pledged in accordance with the Group's existing financing agreement.

AUDIT REVIEW

This interim report has not been examined by the company's auditors.

FINANCIAL REPORTING DATES

Interim report Q1 2020 - 21 April 2020

Annual General Meeting - 21 April 2020

Interim report Q2 2020 - 16 July 2020

Interim report Q3 2020 - 23 October 2020

Year-end report 2020 - 11 February 2021

Värnamo, 11 February 2020

Jörgen Rosengren
President and CEO

Definitions of key figures

Gross margin, %

Gross profit as a percentage of net sales for the period

EBITDA

Operating profit before depreciation, amortisation and impairment

EBITDA, adjusted

Operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets according to IFRS 16 Leases. This key figure is an approximation and is intended to present a comparable EBITDA as though IAS 17 continued to be applied.

Operating profit (EBITA)

Gross profit less operating expenses.

Net debt, adjusted

Interest-bearing liabilities, lease liabilities according to IFRS 16, less cash and cash equivalents and interest-bearing assets, calculated at the end of the period

Debt/equity ratio, %

Net debt divided by equity, calculated at the end of the period

Net debt / EBITDA, adjusted, multiple

Net debt, adjusted, at the end of the period divided by adjusted EBITDA in the last twelve months

Operating expenses

Total distribution costs, administrative expenses, other operating income and other operating expenses excluding depreciation, amortisation and impairment of acquisition-related intangible assets

Working capital

Total current assets less cash and cash equivalents less current non-interest-bearing liabilities, calculated at the end of the period

Average working capital

Average working capital calculated as the average of the past four quarters

Average working capital in relation to net sales, %

Average working capital as a percentage of net sales in the last twelve months

Equity/assets ratio, %

Equity as a percentage of total assets, calculated at the end of the period

Operating cash flow

EBITDA, adjusted, plus other non-cash items, minus changes in working capital and investments

Earnings per share

Profit after tax for the period divided by the average number of common shares

Performance measures not defined in accordance with IFRS

Bufab uses certain performance measures not defined in the rules for financial reporting adopted by Bufab. The purpose of these performance measures is to provide a better understanding of the performance of the operations. It should be pointed out that these alternative performance measures, as they are defined, are not fully comparable with other companies' performance measures with the same name.

Organic growth

Because Bufab has operations in many countries with different currencies, it is essential to provide an understanding of the company's performance without current effects when translating foreign subsidiaries. In addition, Bufab has an important strategic objective in carrying out value-generating acquisitions. For these reasons, growth is also recognised excluding currency effects when translating foreign subsidiaries and excluding acquired operations within the term Organic growth. This performance measure is expressed in percentage points of last year's net sales.

2019, %	Quarter 4			Jan-Dec		
	Group	Sweden	International	Group	Sweden	International
Organic growth	-5	-5	-5	1	-2	3
Currency translation effects	3	0	4	2	0	3
Acquisitions	18	37	10	12	31	2
Recognised growth	16	32	9	15	29	8

2018, %	Quarter 4			Jan-Dec		
	Group	Sweden	International	Group	Sweden	International
Organic growth	4	1	5	8	6	9
Currency translation effects	3	0	5	3	0	5
Acquisitions	10	19	5	7	5	8
Recognised growth	17	20	15	18	11	22

Operating cash flow

In order to improve its total cash flow, Bufab continuously measures the cash flow generated by operations in all its companies. This is expressed as Operating cash flow and defined below.

SEK million	Quarter 4		Jan-Dec	
	2019	2018	2019	2018
EBITDA, adjusted	84	93	426	408
Other non-cash items	0	11	2	13
Changes in inventory	-1	-74	60	-174
Changes in operating receivables	81	32	66	-28
Changes in operating liabilities	-54	25	-136	27
Cash flow from operations	110	88	418	247
Investments excluding acquisitions	-16	-25	-67	-72
Operating cash flow	94	63	351	175

EBITDA

EBITDA is an expression of operating profit before depreciation, amortisation and impairment. The key figure is defined below.

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Operating profit	67	79	368	358
Depreciation/amortisation and impairment	43	14	148	51
EBITDA	110	93	517	408

EBITDA, adjusted

The performance measure EBITDA, adjusted, is an expression of operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets and interest expenses on lease liabilities according to IFRS 16. The key figure is defined below.

	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Operating profit	67	79	368	358
Depreciation/amortisation and impairment	43	14	148	51
Less: amortisation on right-of-use assets according to IFRS 16	-23	0	-82	0
Less: interest expenses on lease liabilities according to IFRS 16	-3	0	-11	0
EBITDA, adjusted	84	93	426	409

EBITA

Bufab's growth strategy includes the acquisition of companies. For the purpose of illustrating the underlying operation's performance, management has chosen to monitor EBITA (operating profit before depreciation, amortisation and impairment of acquired intangible assets). The key figure is defined below.

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Operating profit	67	79	368	358
Depreciation and amortisation of acquired intangible assets	6	3	15	9
EBITA	73	82	384	367

Operating expenses

Operating expenses is an expression of operating expenses before depreciation, amortisation and impairment of acquired intangible assets. The key figure is defined below.

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Distribution costs	-149	-134	-565	-512
Administrative expenses	-76	-55	-250	-220
Other operating income	9	10	39	50
Other operating expenses	-15	-12	-39	-48

Depreciation and amortisation of acquired intangible assets	6	2	15	9
Operating expenses	-224	-189	-799	-721

Working capital

Because Bufab is a trading company, working capital represents a large share of the balance sheet's value. In order to optimise the company's cash generation, management focuses on the local company's development, and thereby the entire Group's development, of working capital as it is defined below.

<i>SEK million</i>	31 Dec	31 Dec
	2019	2018
Current assets	2,547	2,273
Less: cash and cash equivalents	-216	-144
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-677	-656
Working capital on the balance-sheet date	1,654	1,473

Net debt

Net debt is an expression of how large the financial borrowing is in the company in absolute figures after deductions for cash and cash equivalents. The key figure is defined below.

<i>SEK million</i>	31 Dec	31 Dec
	2019	2018
Non-current interest-bearing liabilities	2,109	1,247
Current interest-bearing liabilities	175	74
Less: cash and cash equivalents	-216	-144
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	2,068	1,177

Net debt, adjusted

Net debt, adjusted, is an expression of how large the financial borrowing is in the company in absolute figures after deductions for lease liabilities according to IFRS 16 and cash and cash equivalents. The key figure is defined below.

	31 Dec	31 Dec
	2019	2018
Non-current interest-bearing liabilities	2,109	1,247
Current interest-bearing liabilities	175	74
Less: lease liabilities according to IFRS 16	-402	0
Less: cash and cash equivalents	-216	-144
Less: other interest-bearing receivables	0	0
Net debt, adjusted, on the balance-sheet date	1,666	1,177

CONFERENCE CALL

A conference call will be held on 11 February 2020 at 10:00 a.m. CET. Jörgen Rosengren, President and CEO, and Marcus Andersson, CFO, will present the results. The conference call will be held in English.

To participate in the conference, use any of the following dial-in numbers: +44 2071 928 000, UK 08 445 718 892, Sweden 08 506 92 180 34 or the US 163 151 074 95. Conference code: 2195847.

Please dial in 5–10 minutes ahead in order to complete the short registration process.

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This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication by the aforementioned contacts on 11 February 2020 at 7:30 a.m. CET.

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About Bufab

Bufab AB (publ), Corporate Registration Number 556685-6240, is a trading company that offers its customers a full-service solution as Supply Chain Partner for sourcing, quality control and logistics for C-Parts (screws, nuts, etc.). Bufab's Global Parts Productivity™ customer offering aims to improve productivity in the customers' value chain for C-Parts.

Bufab was founded in 1977 in Småland and is an international company with operations in 27 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,400 employees. Bufab's net sales for the past 12 months amounted to SEK 4.3 billion and the operating margin was 8.8 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.