

Interim report January – June 2019

Increased sales and improved operating profit. Strong cash flow. Acquisition of HT BENDIX A/S.

Second quarter of 2019

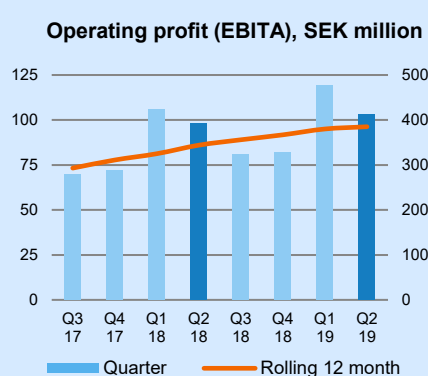
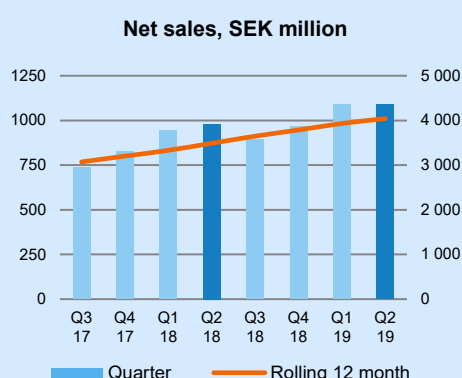
- Net sales rose by 11 percent to SEK 1,089 million (980). Organic growth was 3 percent
- Order intake increased by 10 percent and was slightly lower than net sales
- Operating profit (EBITA) rose to SEK 103 million (98) and the operating margin amounted to 9.5 percent (10.0)
- Earnings per share amounted to SEK 1.91 (1.78)
- After the end of the quarter, the acquisition of HT BENDIX A/S was completed, with annual sales of approximately SEK 500 million. Acquisition costs of SEK 3 million were charged to the second quarter. The acquisition is expected to contribute to Bufab's earnings per share as of the third quarter of 2019

January – June 2019

- Net sales rose by 13 percent to SEK 2,180 million (1,925). Organic growth was 4 percent
- Order intake increased by 13 percent and was somewhat lower than net sales
- Operating profit (EBITA) rose to SEK 222 million (204) and the operating margin was 10.2 percent (10.6)
- Earnings per share rose to SEK 4.14 (3.77)

THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 19)

SEK million	Quarter 2			Jan–June			12-months rolling	Full year
	2019	2018	%	2019	2018	%	2018/19	2018
Order intake	1,080	979	10	2,164	1,923	13	4,039	3,798
Net sales	1,089	980	11	2,180	1,925	13	4,041	3,786
Gross profit	303	282	8	607	559	9	1,136	1,088
%	27.8	28.8		27.8	29.0		28.1	28.7
Operating expenses	-200	-184	9	-385	-355	8	-751	-721
%	18.4	18.8		17.6	18.4		-18.6	19.0
Operating profit (EBITA)	103	98	5	222	204	9	385	367
%	9.5	10.0		10.2	10.6		9.5	9.7
Operating profit	100	96	4	217	200	8	375	358
%	9.2	9.8		9.9	10.4		9.3	9.5
Profit after tax	71	67	7	155	142	9	268	255
Earnings per share, SEK	1.91	1.78	7	4.14	3.77	10	7.16	6.79



SALES GROWTH
+11%

OPERATING MARGIN (EBITA)
9.5%

CEO's overview



Bufab continued to perform well during the second quarter of 2019, reporting growth of 11 percent. Earnings and cash flow increased compared with the very strong second quarter in 2018. We continued to invest in our "Leadership 2020" strategy, and in July we completed a significant acquisition.

All of this was achieved against a background characterized by increased uncertainty in the market. The underlying demand decreased during the quarter, particularly in certain industries (such as automotive) and geographies (such as China). Despite this, Bufab posted organic growth of 3 percent, due to increased market shares in many markets.

Both operating segments increased their operating profit. In segment International, we saw a good but somewhat weaker growth than previously. We increased our market shares and continued to invest in strategic areas. Earnings for the quarter increased only marginally, but the development for the first half of the year was good. In segment Sweden, we experienced weaker market conditions and negative organic growth. Despite a continued weak Swedish krona, the gross margin strengthened significantly compared to the last two quarters. This improvement was attributable to comprehensive price increases, which, combined with effective cost control and the contribution from the acquisition of Rudhäll Industri, enabled a higher operating profit also in this segment.

During the quarter, we continued our focus on the "Leadership 2020" strategy, with the objective to become the leading company in our industry next year, in 2020. We are now about halfway and are beginning to see the results take form. We have significantly strengthened our processes, tools and our team in such key areas as purchasing, logistics and quality. We have developed new solutions that help our customers improve their productivity. We are also integrating closer with our customers and suppliers using new digital tools, enabling us to streamline the entire value chain. We are constantly improving relations with our key customers and are well on the way to building a world-leading supplier base. These activities have been financed through the growth we have achieved supported by increased market shares in recent years.

We also continued our search for attractive acquisition candidates that can contribute with growth synergies, customer relations, supplier bases and expertise. In July, Bufab completed the acquisition of HT BENDIX A/S, a leading Danish "Supply Chain Partner" with approximately SEK 500 million in sales. This acquisition is a strong and significant complement to our existing operations in the Nordic region.

Recently, the market outlook has become more uncertain than before, which is reflected in Bufab's somewhat lower organic growth and order intake for the quarter. We will continue our strategic initiatives, but are now entering a phase in which the focus will be mainly on generating results, for example, in the form of purchasing savings. We will also focus increasingly on internal efficiency.

On the basis of these measures, we intend to generate continued good development even in a possibly more uncertain market climate.

Jörgen Rosengren
President and CEO

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 1,300 employees. Bufab's net sales for the past 12 months amounted to SEK 4.0 billion and the operating margin was 10 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.

The Group in brief

SECOND QUARTER

Order intake amounted to SEK 1,080 million (979) and was slightly lower than net sales.

Net sales rose by 11 percent to SEK 1,089 million (980). The Group's organic growth was +3 percent, of which -1 percent for segment Sweden and +5 percent for segment International.

Underlying demand is considered to be somewhat lower than in the preceding year: somewhat higher in segment International, but significantly lower in segment Sweden. The market share is expected to have increased in segment International and remained unchanged in segment Sweden.

The gross margin was lower compared with the preceding year, but unchanged compared with the preceding quarter. The lower gross margin compared with the preceding year was attributable to Segment Sweden.

We had a somewhat lower proportion of operating expenses during the period, despite acquisition costs of SEK 3 million. Operating profit (EBITA) rose to SEK 103 million (98), equal to an operating margin of 9.5 percent (10.0).

Exchange-rate fluctuations impacted operating profit by SEK +3 million, volumes by SEK +7 million, the price/cost/mix and other factors by SEK -4 million and acquisitions by SEK -1 million.

JANUARY – JUNE

Order intake amounted to SEK 2,164 million (1,923) and was slightly lower than net sales.

Net sales rose by 13 percent to SEK 2,180 million (1,925). The Group's organic growth was +4 percent, of which 0 percent for segment Sweden and +6 percent for segment International.

Underlying demand is considered to be slightly higher in segment International, but lower in segment Sweden. The market share is expected to have increased in segment International and remained unchanged in segment Sweden.

The gross margin was lower compared with the preceding year, which is attributable to the weak development in segment Sweden.

Operating profit (EBITA) rose to SEK 222 million (204), equal to an operating margin of 10.2 percent (10.6).

Exchange-rate fluctuations impacted operating profit by SEK +5 million, volumes by SEK +35 million, the price/cost/mix and other factors by SEK -25 million and acquisitions by SEK +2 million.

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -9 million (-7) for the second quarter, of which exchange-rate differences had an impact of SEK +1 million (-1) on net financial items. During the six-month period, net financial items amounted to SEK -18 million (-12), of which exchange-rate differences were SEK 0 million (+2).

The Group's profit after financial items was SEK 91 million (89) for the quarter and SEK 199 (188) for the six-month period.

The tax expense for the quarter was SEK -20 million (-22), implying an effective tax rate of 22 percent (24). The tax expense for the six-month period was SEK -44 million (-46), which implies an effective tax rate of 22 percent (24).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

	Quarter 2		Jan–June	
SEK million	2019	2018	2019	2018
EBITDA, adjusted	112	108	241	224
Other non-cash items	0	1	0	1
Changes in working capital	-3	-64	-67	-135
Cash flow from operations	109	45	174	90
Investments excluding acquisitions	-15	-12	-41	-27
Operating cash flow	94	33	131	63

Operating cash flow amounted to SEK 94 million (33) for the period. The strong cash flow for the quarter was attributable to a good development in working capital. Operating cash flow amounted to SEK 131 million (63) for the first half of the year.

Average working capital in relation to net sales was slightly higher than in the preceding year at 36.3 percent (35.9).

On 30 June 2019, the Group's net debt totaled SEK 1,563 million (1,122). Adjusted net debt amounted to SEK 1,218 million (1,122). The difference between these performance measures comprise the effects of IFRS 16 Leases. The increase in net debt was primarily due to completed acquisitions, dividends paid and exchange-rate fluctuations.

On 30 June 2019, the debt/equity ratio was 93 percent (74). Adjusted for the new accounting regulations in IFRS 16 Leases, the debt/equity ratio declined by 2 percentage points to 72 percent (74).

Segment International

Second quarter

Order intake amounted to SEK 725 million (675) and was in line with net sales.

Net sales rose by 8 percent to SEK 730 million (676). Organic growth was +5 percent, driven by somewhat higher underlying demand and increased market shares in many markets.

Gross margin was 29.6 percent (29.9).

Operating profit (EBITA) amounted to SEK 79 million (77), equal to an operating margin of 10.9 percent (11.4).

Exchange-rate fluctuations impacted operating profit by SEK +2 million, volumes by SEK +13 million, the price/cost/mix and other factors by SEK -14 million and acquisitions by SEK 0 million.

January – June

Order intake amounted to SEK 1,450 million (1,322) and was in line with net sales.

Net sales rose by 10 percent to SEK 1,460 million (1,323). Organic growth was 6 percent, driven by somewhat higher underlying demand and increased market shares in many markets.

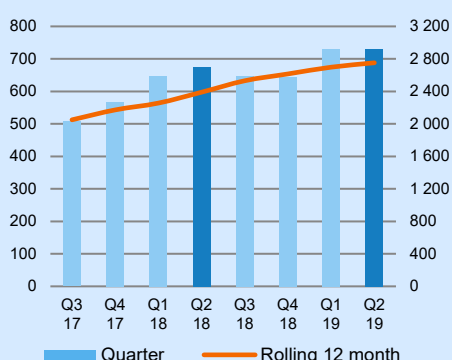
Gross margin was 29.7 percent (29.8).

Operating profit (EBITA) was SEK 165 million (149), equal to an operating margin of 11.3 percent (11.3).

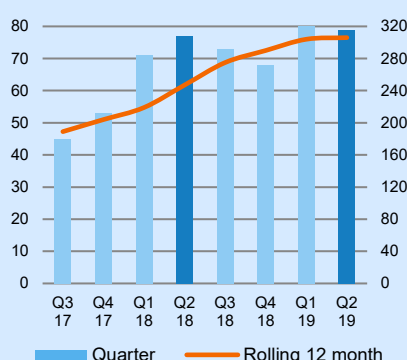
Exchange-rate fluctuations impacted operating profit by SEK +5 million, volumes by SEK +35 million, the price/cost/mix and other factors by SEK -25 million and acquisitions by SEK 0 million.

	Quarter 2			Jan–June			12-months Rolling	Full year
SEK million	2019	2018	Δ	2019	2018	Δ	2018/19	2018
Order intake	725	675	7	1,450	1,322	10	2,776	2,648
Net sales	730	676	8	1,460	1,323	10	2,752	2,615
Gross profit	216	202	7	434	394	10	828	788
%	29.6	29.9		29.7	29.8		30.1	30.1
Operating expenses	-137	-125	10	-269	-245	10	-522	-498
%	18.8	18.5		18.4	18.5		19.1	19.1
Operating profit (EBITA)	79	77	3	165	149	11	306	290
%	10.9	11.4		11.3	11.3		11.1	11.1

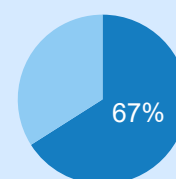
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

8%

OPERATING MARGIN (EBITA)

10.9%

Segment Sweden

Second quarter

Order intake amounted to SEK 355 million (304) and was slightly lower than net sales.

Net sales rose by 18 percent to SEK 360 million (304). The entire increase was attributable to the acquisition of Rudhäll Industri. Organic growth was -1 percent, due to lower underlying demand.

The gross margin declined to the low level of 25.8 percent (28.6) for the segment but increased in relation to the preceding quarter. About half of the decline compared with the comparative quarter was attributable to the acquisition of Rudhäll, which has a lower gross margin than the segment otherwise. The remaining decline was attributable to the significantly continued weakened Swedish krona, which was not fully offset by the substantial price increases for customers.

However, the weaker gross margin was partly offset by a lower share of operating expenses. Operating profit (EBITA) amounted to SEK 37 million (34), corresponding to an operating margin of 10.2 percent (11.3).

Exchange-rate fluctuations impacted operating profit by SEK +1 million, volumes by SEK -6 million, the price/cost mix and other factors by SEK +7 million and acquisitions by SEK +2 million.

January-June

Order intake amounted to SEK 714 million (601) and was slightly lower than net sales.

Net sales rose by 20 percent to SEK 719 million (602). Organic growth was 0 percent, with the lower underlying demand being offset by a continued increase in market shares.

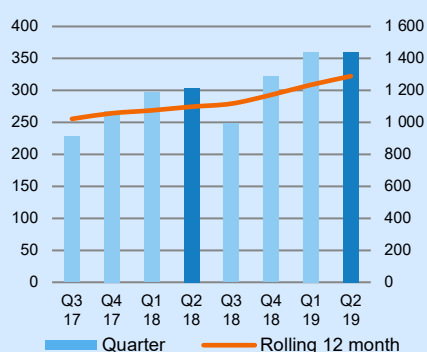
The gross margin for the segment declined to a low 25.6 percent (29.2). To offset the effects of the weak Swedish krona, we implemented comprehensive price increases during the period. We intend to implement further price increases and have intensified our efforts on purchasing savings.

The share of operating expenses was lower during the period. Operating profit (EBITA) amounted to SEK 75 million (76), corresponding to an operating margin of 10.5 percent (12.6).

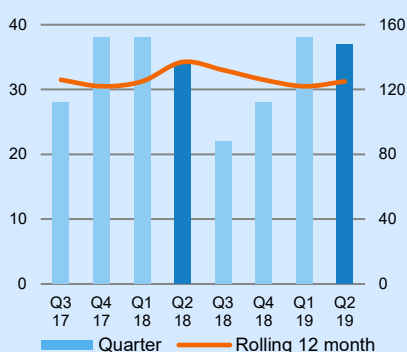
Exchange-rate fluctuations impacted operating profit by SEK 0 million, volumes by SEK 0 million, the price/cost/mix and other factors by SEK -6 million and acquisitions by SEK +5 million.

	Quarter 2		Δ	Jan-June		Δ	12-months rolling	Full year
SEK million	2019	2018	%	2019	2018	%	2018/19	2018
Order intake	355	304	17	714	601	19	1,262	1,149
Net sales	360	304	18	719	602	20	1,289	1,172
Gross profit	93	87	7	184	176	5	331	323
%	25.8	28.6		25.6	29.2		25.7	27.6
Operating expenses	-56	-53	5	-109	-100	9	-206	-197
%	15.5	17.4		15.1	16.6		16.0	16.8
Operating profit (EBITA)	37	34	8	75	76	-3	125	126
%	10.2	11.3		10.5	12.6		9.7	10.8

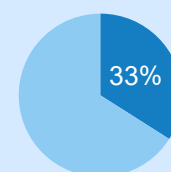
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+18%

OPERATING MARGIN (EBITA)

10.2%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Net sales	1,089	980	2,180	1,925
Cost of goods sold	-786	-698	-1,572	-1,366
Gross profit	303	282	607	559
Distribution costs	-141	-129	-276	-253
Administrative expenses	-63	-58	-117	-109
Other operating income	9	14	19	27
Other operating expenses	-9	-13	-16	-24
Operating profit	100	96	217	200
<i>Profit/loss from financial items</i>				
Interest income and similar income items	2	0	4	3
Interest expenses and similar expenses	-11	-7	-22	-15
Profit after financial items	91	89	199	188
Tax on net profit/loss for the period	-20	-22	-44	-46
Profit after tax	71	67	155	142

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Profit after tax	71	67	155	142
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	2	14	40	75
Other comprehensive income after tax	2	14	40	75
Total comprehensive income	74	81	195	217
Total comprehensive income attributable to:				
Parent Company shareholders	74	81	195	217

Earnings per share

<i>SEK</i>	<i>Quarter 2</i>		<i>Jan-June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Earnings per share	1.91	1.78	4.14	3.77
Weighted number of shares outstanding before dilution, thousands	37,467	37,467	37,467	37,621
Diluted earnings per share, SEK	1.91	1.78	4.14	3.77
Weighted number of shares outstanding after dilution, thousands	37,467	37,467	37,647	37,621
Adjusted earnings per share, SEK	1.91	1.78	4.14	3.77

Consolidated Balance Sheet

<i>SEK million</i>	<i>30 Jun 19</i>	<i>30 Jun 18</i>	<i>31 Dec 18</i>
ASSETS			
<i>Non-current assets</i>			
Intangible assets	1,205	1,161	1,179
Property, plant and equipment	565	178	221
Financial assets	26	24	21
Total non-current assets	1,796	1,364	1,421
<i>Current assets</i>			
Inventories	1,299	1,185	1,315
Current receivables	958	864	814
Cash and cash equivalents	152	185	144
Total current assets	2,409	2,234	2,273
Total assets	4,204	3,598	3,694
EQUITY AND LIABILITIES			
Equity	1,683	1,515	1,600
<i>Non-current liabilities</i>			
Non-current liabilities, interest-bearing	1,557	1,198	1,247
Non-current liabilities, non-interest-bearing	95	102	89
Total non-current liabilities	1,651	1,300	1,336
<i>Current liabilities</i>			
Current liabilities, interest-bearing	158	109	74
Current liabilities, non-interest-bearing	711	674	684
Total current liabilities	870	783	758
Total equity and liabilities	4,204	3,598	3,694

Consolidated Statement of Changes in Equity

<i>SEK million</i>	30 Jun 19	30 Jun 18
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	1,581	1,416
Comprehensive income		
Profit after tax	155	142
<i>Other comprehensive income</i>		
Items that will not be reclassified in profit or loss	-	-
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	40	75
Total comprehensive income	195	217
Transactions with shareholders		
Issued call options	-	4
Repurchase of own shares	-	-37
Dividends	-94	-85
Total transactions with shareholders	-94	-118
Equity at end of period	1,682	1,515

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>Operating activities</i>				
Profit before financial items	100	96	217	200
Depreciation/amortisation and impairment	35	12	68	24
Interest and other finance income	2	0	2	3
Interest and other finance expenses	-11	-7	-20	-14
Other non-cash items	0	1	0	1
Income tax paid	-23	-19	-60	-49
Cash flow from operating activities before changes in working capital	103	83	207	165
<i>Changes in working capital</i>				
Increase (-)/decrease (+) in inventories	15	-41	34	-70
Increase (-)/decrease (+) in operating receivables	-20	-10	-133	-119
Increase (+)/decrease (-) in operating liabilities	2	-13	32	54
Cash flow from operating activities	100	19	140	30
<i>Investing activities</i>				
Acquisition of intangible assets	-11	0	-11	0
Acquisition of property, plant and equipment	-4	-12	-30	-27
Company acquisitions including additional purchase considerations	-2	-20	-2	-20
Cash flow from investing activities	-17	-32	-43	-47
<i>Financing activities</i>				
Dividend paid	-94	-85	-94	-85
Call options	0	4	0	4
Repurchase of own shares	0	-37	0	-37
Increase (+)/decrease (-) in borrowings	9	191	2	194
Cash flow from financing activities	-85	73	-92	76
Cash flow for the period	-3	59	5	59
Cash and cash equivalents at beginning of period	154	123	144	120
Translation differences	1	3	4	6
Cash and cash equivalents at end of period	152	185	152	185

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		
Gross profit	192	202	197	197	217	216		
%	29.7	29.9	30.4	30.6	29.8	29.6		
Operating expenses	-121	-125	-124	-129	-132	-137		
%	18.7	18.5	19.2	20.0	18.1	18.8		
Operating profit (EBITA)	71	77	73	68	85	79		
%	11.0	11.4	11.3	10.6	11.7	10.9		

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

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

*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		
Gross profit	277	282	259	271	304	303		
%	29.3	28.8	28.9	28.1	27.9	27.8		
Operating expenses	-171	-184	-178	-189	-184	-200		
%	18.1	18.8	19.9	19.6	16.9	18.4		
Operating profit (EBITA)	106	98	81	82	119	103		
%	11.2	10.0	9.1	8.5	10.9	9.5		

Consolidated Key Figures

	Quarter 2		Δ	Jan-June		Δ
	2019	2018	%	2019	2018	%
Order intake, SEK million	1,080	979	10	2,164	1,923	13
Net sales, SEK million	1,089	980	11	2,180	1,925	13
Gross profit, SEK million	303	282	8	607	559	9
EBITDA, SEK million	134	108	24	284	224	27
EBITDA, adjusted	112	108	4	241	224	8
Operating profit (EBITA), SEK million ⁽¹⁾	103	98	5	222	204	9
Operating profit, SEK million	100	96	4	217	200	8
Profit after tax, SEK million	71	67	7	155	142	9
Gross margin, % ⁽¹⁾	27.8	28.8		27.8	29.0	
Operating margin (EBITA), % ⁽¹⁾	9.5	10.0		10.2	10.6	
Operating margin, % ⁽¹⁾	9.2	9.8		9.9	10.4	
Net margin, %	6.6	6.8		7.1	7.4	
Net debt, SEK million	1,563	1,122	39			
Net debt, adjusted, SEK million	1,218	1,122	9			
Debt/equity ratio, %	93	74				
Net debt / EBITDA, adjusted, multiple ^{(1) (2)}	2.9	2.9				
Working capital, SEK million	1,491	1,390	7			
Average working capital, SEK million	1,485	1,272	17			
Average working capital in relation to net sales, %	36.3	35.9				
Equity/assets ratio, % ⁽¹⁾	40	42				
Operating cash flow, SEK million	94	33	284	131	63	208
Earnings per share, SEK ⁽¹⁾	1.91	1.78	7	4.14	3.77	10

⁽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 2				Jan-June			
	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	303	0	303	282	607	0	607	559
EBITDA, SEK million	134	-23	112	108	284	-44	241	224
EBITDA, adjusted, SEK million	112	-	112	108	241	-	241	224
Operating expenses, SEK million	-200	-3	-203	-184	-385	-5	-390	-355
Operating profit (EBITA), SEK million	103	-3	100	98	222	-5	217	204
Operating profit, SEK million	100	-3	97	96	217	-5	212	200
Profit before tax, SEK million	91	0	91	89	199	0	199	188
Profit after tax, SEK million	71	0	71	67	155	0	155	142
Earnings per share, SEK	1.91	0	1.91	1.78	4.14	0	4.14	3.77
Net debt, SEK million	1,563	-345	1,218	1,122				
Net debt, adjusted, SEK million	1,218	-	1,218	1,122				
Debt/equity ratio, %	93	-21	72	74				
Equity/assets ratio, %	40	+4	44	42				
Cash flow from operating activities before changes in working capital	103	-23	80	83	207	-44	163	165

Parent Company Income Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Administrative expenses	-3	-4	-7	-7
Other operating income	2	2	4	4
Operating profit	-1	-2	-3	-3
<i>Profit/loss from financial items</i>				
Interest expenses and similar expenses	0	0	0	0
Earnings from shares in Group companies	150	0	150	0
Profit/loss after financial items	149	-2	147	-3
Tax on net profit/loss for the period	-	-	-	-
Profit after tax	149	-2	147	-3
Other comprehensive income	-	-	-	-
Total comprehensive income	149	-2	147	-3

Parent Company Balance Sheet

<i>SEK million</i>	30 Jun 19	30 Jun 18	31 Dec 18
ASSETS			
<i>Non-current assets</i>			
Financial assets			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
<i>Current assets</i>			
Receivables from Group companies	114	21	77
Other current receivables	21	10	8
Cash and cash equivalents	-	8	-
Total current assets	135	39	85
Total assets	980	884	930
EQUITY AND LIABILITIES			
Equity	854	751	801
Untaxed reserves	122	128	122
<i>Non-current interest-bearing liabilities</i>			
Other non-current liabilities	-	-	-
Total non-current liabilities	0	0	0
<i>Current non-interest-bearing liabilities</i>			
Other current liabilities	4	5	7
Total current liabilities	4	5	7
Total equity and liabilities	980	884	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 outlines 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
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The effect on the income statement for the Group is not significant.

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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

During the quarter, Bufab agreed to acquire 100 percent of the shares in HT BENDIX A/S, a leading Danish "Supply Chain Partner" with annual sales of approximately SEK 500 million. The acquisition was subsequently completed on 16 July 2019 after approval by the authorities, and is expected to contribute to Bufab's earnings per share as of the third quarter of 2019. Detailed information on the acquisition will be provided in conjunction with the interim report for this quarter.

The following acquisitions were made during 2017-Q2 2019.

	Date	Net sales*	Employees
Thunderbolts Group Limited	24 May 2017	32	19
Kian Soon Mechanical Components Pte. Ltd	1 Dec 2017	105	64
Rudhäll Industri AB	5 October 2018	210	76

*Estimated annual net sales at the date of acquisition

EMPLOYEES

The number of employees in the Group at 30 June 2019 amounted to 1,288 (1,177).

CONTINGENT LIABILITIES

There were no significant changes to the company's contingent liabilities during the interim period.

AUDIT REVIEW REPORT

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

FINANCIAL REPORTING DATES

Interim report for the third quarter of 2019

25 October 2019

Year-end report 2019

11 February 2020

The Board of Directors and CEO assure that the six-month report provides a fair view of the Parent Company's and the Group's operations, financial position and profits, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Värnamo, 18 July 2019

Bufab AB (publ)

Sven-Olof Kulldorff
Chairman of the Board

Hans Björstrand
Board member

Johanna Hagelberg
Board member

Anna Liljedahl
Board member

Bengt Liljedahl
Board member

Eva Nilsagård
Board member

Johan Sjö
Board member

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 2			Jan-June		
	Group	Sweden	International	Group	Sweden	International
Organic growth	3	-1	5	4	0	6
Currency translation effects	2	0	3	3	0	4
Acquisitions	6	19	0	6	20	0
Recognised growth	11	18	8	13	20	10

2018, %	Quarter 2			Jan-June		
	Group	Sweden	International	Group	Sweden	International
Organic growth	9	8	11	9	7	10
Currency translation effects	4	0	5	3	0	4
Acquisitions	6	0	9	6	0	8
Recognised growth	19	8	25	18	7	23

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 2		Jan-June	
	2019	2018	2019	2018
EBITDA, adjusted	112	108	241	224
Other non-cash items	0	1	0	1
Changes in inventory	15	-41	34	-70
Changes in operating receivables	-20	-10	-133	-119
Changes in operating liabilities	2	-13	32	54
Cash flow from operations	109	45	174	90
Investments excluding acquisitions	-15	-12	-41	-27
Operating cash flow	94	33	131	63

EBITDA

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

	Quarter 2		Jan-June	
	2019	2018	2019	2018
Operating profit	100	96	217	200
Depreciation/amortisation and impairment	35	12	68	24
EBITDA	134	108	284	224

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.

	Quarter 2		Jan-June	
	2019	2018	2019	2018
Operating profit	100	96	217	200
Depreciation/amortisation and impairment	35	12	68	24
Less: amortisation on right-of-use assets according to IFRS 16	-20	-	-39	-
Less: interest expenses on lease liabilities according to IFRS 16	-3	-	-5	-
EBITDA, adjusted	112	108	241	224

EBITA

Bufab's growth strategy includes the acquisition of companies. For the purpose of illustrating the underlying operation's performance, Bufab 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>	Quarter 2		Jan-June	
	2019	2018	2019	2018
Operating profit	100	96	217	200
Depreciation and amortisation of acquired intangible assets	3	2	5	4
EBITA	103	98	222	204

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>	Quarter 2		Jan-June	
	2019	2018	2019	2018
Distribution costs	-141	-129	-276	-253
Administrative expenses	-63	-58	-117	-109
Other operating income	9	14	19	27
Other operating expenses	-9	-13	-16	-24
Depreciation and amortisation of acquired intangible assets	3	2	5	4
Operating expenses	-200	-184	-385	-355

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>30 June</i>	<i>30 June</i>
	<i>2019</i>	<i>2018</i>
Current assets	2,409	2,234
Less: cash and cash equivalents	-152	-185
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-766	-659
Working capital on the balance-sheet date	1,491	1,390

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>30 June</i>	<i>30 June</i>
	<i>2019</i>	<i>2018</i>
Non-current interest-bearing liabilities	1,557	1,198
Current interest-bearing liabilities	158	109
Less: cash and cash equivalents	-152	-185
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	1,563	1,122

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.

	<i>31 June</i>	<i>31 June</i>
	<i>2019</i>	<i>2018</i>
Non-current interest-bearing liabilities	1,557	1,198
Current interest-bearing liabilities	158	109
Less: lease liabilities according to IFRS 16	-345	-
Less: cash and cash equivalents	-152	-185
Less: other interest-bearing receivables	-	-
Net debt, adjusted, on the balance-sheet date	1,218	1,122

CONFERENCE CALL

A conference call will be held on 18 July 2019 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 08 506 921 80 or the US 1 631 510 7495. Conference code: 1098999.

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. The information was submitted for publication by the aforementioned contacts on 18 July 2019 at 7:30 a.m. CET.

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