

Interim report

January – September 2023

Q3

BUFAB

Strong cash flow and stable underlying results

Third quarter of 2023

- Net sales declined by -2 percent to SEK 2,071 million (2,122). Organic growth was -7 percent and order intake was somewhat lower than net sales.
- Adjusted operating profit (EBITA) was SEK 260 million (274), corresponding to an operating margin of 12.6 percent (12.9).
- Operating profit (EBITA) was SEK 220 million (272) and the operating margin was 10.6 percent (12.8).
- Earnings per share decreased by 46 percent to SEK 2.56 (4.71).
- Operating cash flow amounted to SEK 417 million (-5), corresponding to a cash conversion ratio of 178 percent (-2).
- The key figure net debt/EBITDA improved and amounted to 2.7 (3.4).

January – September 2023

- Net sales increased by 6 percent to SEK 6,737 million (6,358). Organic growth was -5 percent and order intake was somewhat lower than net sales.
- Adjusted operating profit (EBITA) was SEK 892 million (845), corresponding to an operating margin of 13.2 percent (13.3).
- Operating profit (EBITA) increased by 15 percent to SEK 862 million (748) and the operating margin was 12.8 percent (11.8).
- Earnings per share increased by 5 percent to SEK 13.30 (12.64).
- Operating cash flow amounted to SEK 1,242 million (-38), corresponding to a cash conversion ratio of 137 percent (-5).

Key figures

	Q3			Jan-Sep			LTM	Full-year
	2023	2022	Δ	2023	2022	Δ		
MSEK	2023	2022	%	2023	2022	%	22/23	2022
Order intake	1,983	2,071	-4	6,566	6,361	3	8,768	8,453
Net sales	2,071	2,122	-2	6,737	6,358	6	8,811	8,431
Gross profit	601	601	-0	1,925	1,807	7	2,507	2,389
Gross margin (%)	29.0	28.3		28.6	28.4		28.5	28.3
Operating expenses	-381	-329	16	-1,063	-1,059	0	-1,404	-1,399
Share of net sales (%)	-18.4	-15.5		-15.8	-16.6		-15.9	-16.6
Operating profit (EBITA)	220	272	-19	862	748	15	1,104	990
Operating margin EBITA (%)	10.6	12.8		12.8	11.8		12.5	11.7
Operating profit (EBITA), adjusted	260	274	-5	892	845	6	1,131	1,084
Operating margin EBITA (%), adjusted	12.6	12.9		13.2	13.3		12.8	12.9
Operating profit	202	250	-19	809	705	15	1,034	930
Operating margin (%)	9.8	11.8		12.0	11.1		11.7	11.0
Profit after tax	98	177	-45	503	474	6	638	609
Earnings per share, SEK	2.56	4.71	-46	13.30	12.64	5	16.89	16.23

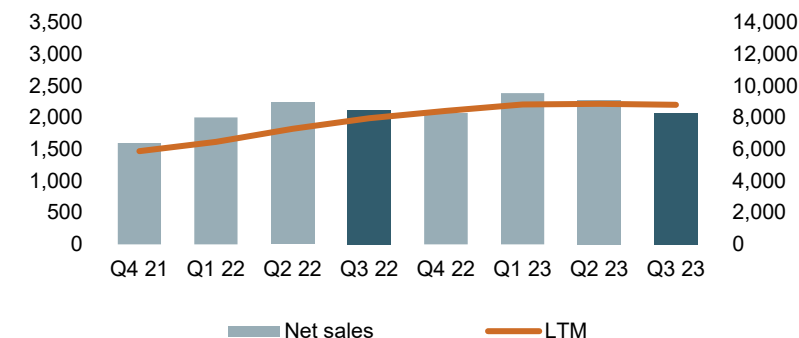
-2%

Sales growth

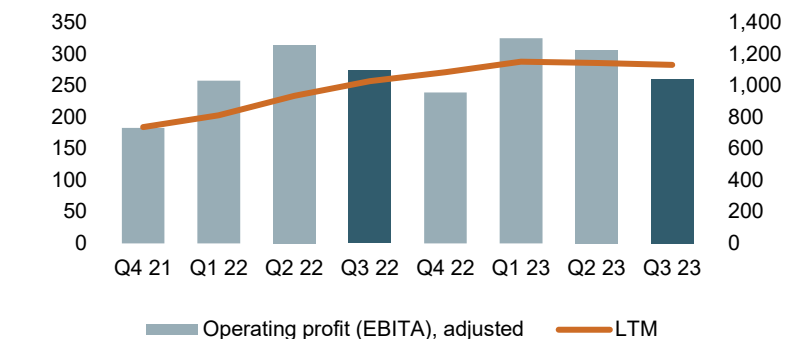
12.6%

Operating margin (EBITA), adjusted

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



CEO's overview

Bufab had a continued solid performance during the third quarter, reporting strong cash flow and stable underlying results.

Sales growth amounted to -2 percent. Organic growth amounted to -7 percent and was negatively impacted by strong comparative figures and a lower demand in some industrial segments. In particular, Segment East and UK/North America noted a decline, especially sectors that experienced a tailwind during the pandemic, such as furniture, kitchen, outdoor recreation and health. Sectors that reported a strong demand during the quarter were energy, automotive and defence. Segment West had a good development during the quarter, supported by high demand and increased market shares. Order intake for the Group was slightly lower than net sales.

The gross margin increased, mainly due to a better customer and business mix in both the UK and North America.

The share of operating expenses increased year on year. The increase was essentially due to remeasurement of additional purchase considerations, which amounted to SEK -40 in the quarter compared with SEK -2 million in the comparison period.

Adjusted for the above items affecting comparability, the operating margin amounted to 12.6 percent (12.9).

Segments West and North had a positive impact on the results for the quarter, whereas Segment East's impact was negative.

Our focused work to strengthen cash flow is continuing to yield results. Operating cash flow improved significantly year on year due to a strong improvement in working capital. We anticipate a continued strong cash flow during the year. Our objective is to gradually reduce the key ratio Net debt/EBITDA, which improved during the quarter and amounted to 2.7 (3.4).

We are seeing good results from the integration of the most recent acquisitions and at the same time, we are moving forward with several potential acquisition candidates.

We are also continuing to integrate sustainability throughout our operations – an increasingly important area for us and our customers. In 2023, we prepared for compliance with the EU's new legal requirements regarding the Corporate Sustainability Reporting Directive (CSRD) and we have a strong customer offering as regards to sustainability that encompasses both legal and voluntary requirements that are well suited to the needs of both large and small customers.

Lately, the market outlook has become more uncertain, which was reflected in Bufab's organic growth during the quarter. However, we have a large and well-diversified customer base and article portfolio, with a good spread of risk among various industries and markets. Our short-term priorities that we established last year stand firm: to capture market share, maintain a good margin and improve cash flow.

I look forward to welcoming investors, analysts, and the media to our Capital Markets Day on 6 December in Stockholm, where we will present Bufab's updated strategy, growth opportunities and execution going forward.

Finally, I want to thank all our customers around the world for the trust they show in us and to extend a big thank you to our 1,800 "solutionists" worldwide.

Erik Lundén
President and CEO

” We are seeing good results from the integration of the most recent acquisitions and at the same time, we are moving forward with several potential acquisition candidates. ”



The Group in brief

Third quarter

Order intake decreased to SEK 1,983 million (2,071) and was slightly lower than net sales. Net sales decreased by -2 percent to SEK 2,071 million (2,122). Of the total growth, 5 percent was attributable to currency effects, 0 percent to acquisitions and -7 percent to organic growth. Growth was impacted by continued weakness in underlying demand from sectors that experienced a tailwind during the pandemic, and by a general market slowdown. The market share is deemed to be unchanged except for Segment West, where market shares increased.

The gross margin was 29.0 percent (28.3). The higher gross margin was due primarily to a more favourable customer and business mix.

The proportion of operating expenses increased to 18.4 percent (15.5). The increase was essentially due to remeasured additional purchase considerations, which amounted to SEK -40 million for the period compared with SEK -2 million in the comparison period. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to 16.5 percent (15.4).

Adjusted operating profit (EBITA) decreased by -5 percent to SEK 260 million (274), corresponding to an operating margin of 12.6 percent (12.9). Operating profit (EBITA) decreased by 19 percent to SEK 220 million (272) and the operating margin was 10.6 percent (12.8).

Earnings per share decreased by 46 percent to SEK 2.56 (4.71).

January – September

Order intake increased to SEK 6,566 million (6,361) and was slightly lower than net sales. Net sales increased by 6 percent to SEK 6,737 million (6,358). Of the total growth, 6 percent was attributable to currency effects, 5 percent to acquisitions and -5 percent to organic growth.

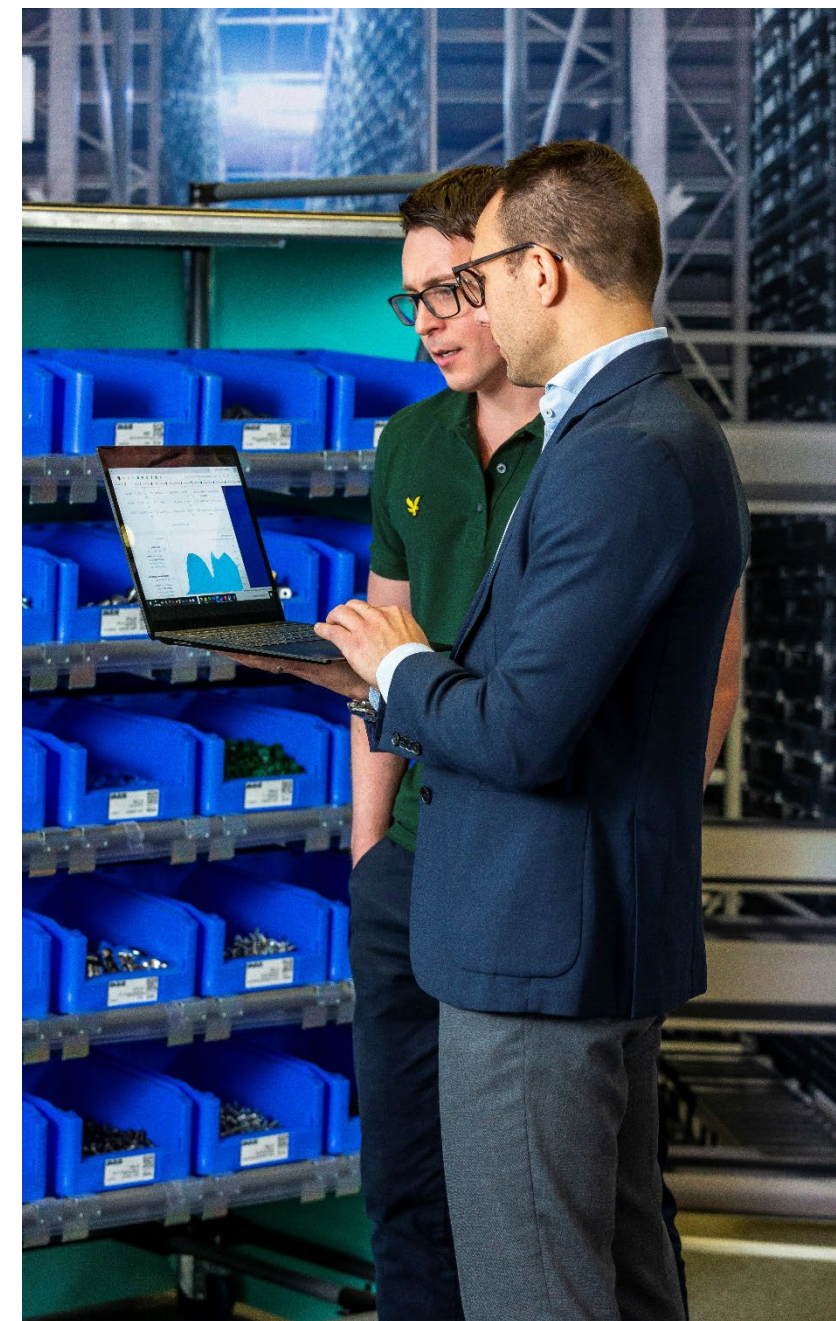
Underlying demand was somewhat lower, and the market share is deemed to be unchanged in all the Group's segments except for Segment West, where market shares increased.

The gross margin was in line with the preceding year and amounted to 28.6 percent (28.4).

The share of operating expenses declined to 15.8 percent (16.6). The decrease was essentially due to remeasured additional purchase considerations, which amounted to SEK -30 million for the period compared with SEK -97 million in the comparison period. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to 15.3 percent (15.1).

Adjusted operating profit (EBITA) rose 6 percent to SEK 892 million (845), equal to an operating margin of 13.2 percent (13.3). Operating profit (EBITA) increased by 15 percent to SEK 862 million (748) and the operating margin was 12.8 percent (11.8).

Earnings per share increased by 5 percent to SEK 13.30 (12.64).



Financial items and tax

The Group's net financial items totalled SEK -71 million (-28) for the third quarter, of which exchange-rate differences accounted for SEK -6 million (1).

During the nine-month period, net financial items amounted to SEK -147 million (-60), of which exchange-rate differences accounted for SEK 14 million (4). The Group's profit after financial items was SEK 131 million (222) for the quarter and SEK 662 million (646) for the nine-month period.

The deterioration in net financial items compared with the comparative periods is attributable to higher interest rates.

The tax expense for the quarter was SEK -33 million (-45), entailing an effective tax rate of 25.2 percent (20.3). The tax expense for the nine-month period was SEK -159 million (-171), entailing an effective tax rate of 24.0 percent (26.5). The decrease in the effective tax rate relative to the comparative period is attributable to costs during the comparative quarter for the remeasurement of additional purchase considerations, which are not tax deductible.

Operating cash flow

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
EBITA, adjusted	234	285	905	787
Other non-cash items	20	30	33	143
Changes in working capital	190	-295	374	-928
Cash flow from operations	444	20	1,312	2
Investments excluding acquisitions	-27	-25	-70	-40
Operating cash flow, SEK million	417	-5	1,242	-38
<i>Cash conversion</i>	178%	-2%	137%	-5%

Cash flow, working capital and financial position

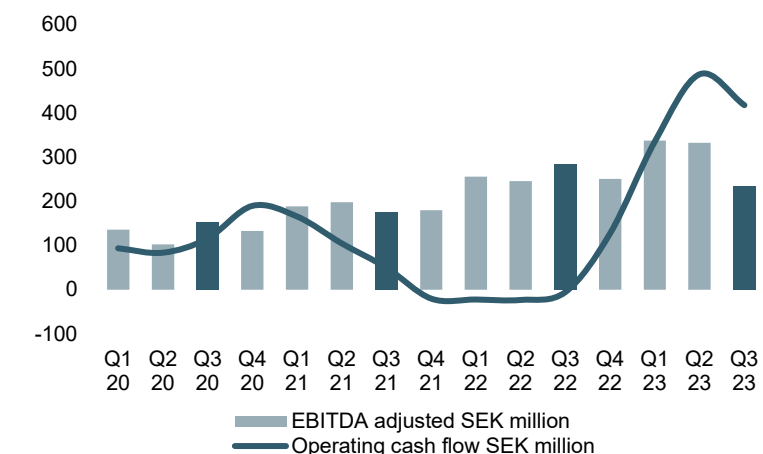
Operating cash flow was strong during the quarter and the nine-month period, which was attributable to a strong improvement in working capital. The reduction in working capital is a direct result of the group's efforts to release capital tied up in the business.

Average working capital of the past four quarters in relation to net sales amounted to 40.6 percent (34.6). The deterioration was due to the Group increasing its inventory in 2022 in response to the longer lead times created by the strained supply chain.

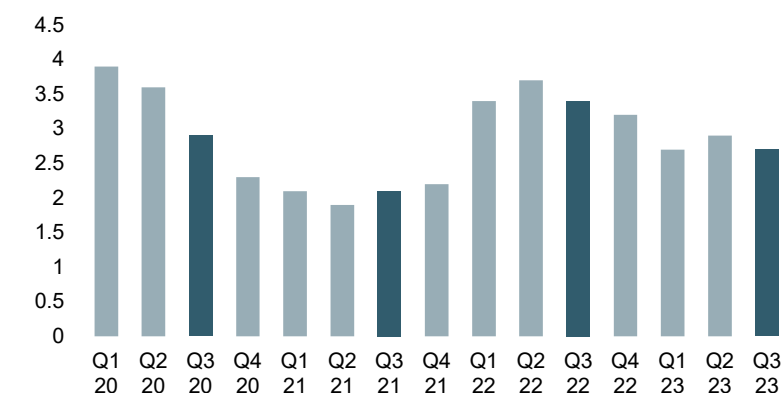
As per 30 September 2023, adjusted net debt totalled SEK 3,117 million (3,276) and the debt/equity ratio was 104 percent (131). The lower adjusted net debt and debt/equity ratio is a direct result of the good operating cash flow during the year and has been achieved despite making substantial payments for additional purchase considerations during the first half of 2023.

The key figure net debt/EBITDA, adjusted, was at a multiple of 2.7 (3.4) as per 30 September 2023. This key figure has decreased by 0.7x during the first three quarters of 2023 and improved mainly by the strong cash flow contributing to decreasing our loans.

EBITDA, adjusted & Operating cash flow



Net debt / EBITDA, adjusted, multiple



Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark. The companies' operations mainly comprise trading companies, but also certain manufacturing of particularly demanding components.

Third quarter

Growth in the segment for the period was -2 percent, of which -6 percent was organic growth. The negative organic growth was due to continued sector-specific challenges, primarily in the bath and kitchen sectors. Order intake was lower than net sales.

The gross margin for the quarter was in line with the comparative quarter.

The share of operating expenses for the quarter was lower than in the comparative quarter, primarily as a result of electricity subsidies totalling SEK 5.8 million for the

31%

Share of total sales

period. Adjusted for these subsidies, the segment succeeded through continued efficient cost management in keeping its share of operating expenses relatively unchanged at 15.4 percent (15.2).

Altogether, operating profit improved owing to lower actual operating costs in relation to an unchanged gross margin but adjusted for the items affecting comparability described above the EBITA margin was 10.3 percent.

Key figures

MSEK	Q3			Jan-Sep			LTM	Full-year
	2023	2022	Δ %	2023	2022	Δ %		
Order intake	630	637	-1	2,188	2,079	5	2,925	2,815
Net sales	641	656	-2	2,225	2,108	6	2,954	2,837
Gross profit	165	169	-3	575	557	3	754	737
Gross margin (%)	25.7	25.8		25.8	26.4		25.5	26.0
Operating expenses	-93	-99	-7	-294	-292	1	-386	-384
Share of net sales (%)	-14.5	-15.2		-13.2	-13.9		-13.1	-13.5
Operating profit (EBITA)	72	70	4	281	265	6	368	352
Operating margin EBITA (%)	11.2	10.7		12.6	12.6		12.5	12.4

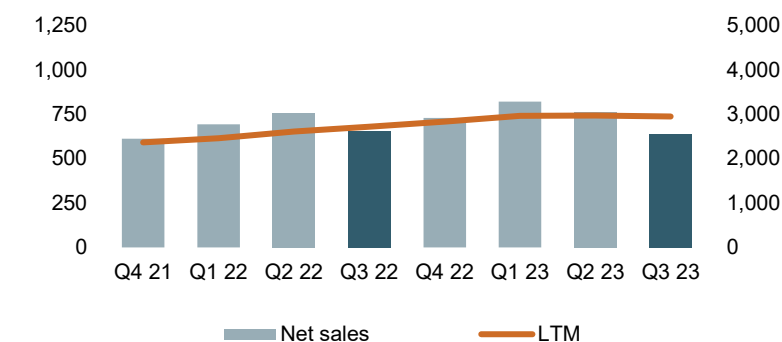
-2%

Sales growth

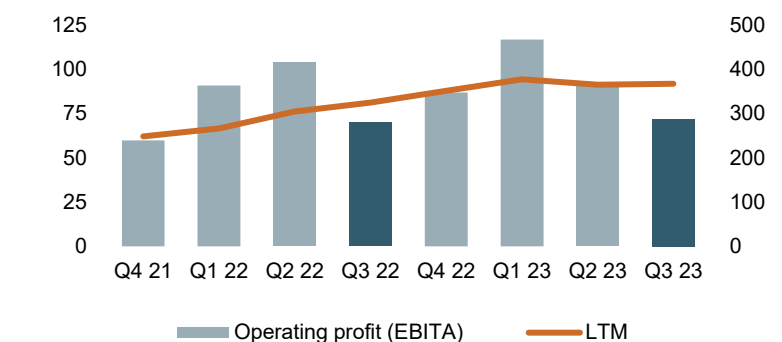
11.2%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Segment West

Segment West comprises Bufab's operations in France, the Netherlands, Germany, the Czech Republic, Austria, and Spain.

22%

Share of total sales

Third quarter

Total growth was 8 percent, of which organic growth was -1 percent. Despite continued good performance in France and the Netherlands, the transition in production from low-margin articles to high-margin articles in Austria impacted total organic growth and the order intake. Most companies in the segment performed well during the quarter, continuing to grow and capture market shares. The order intake was lower than net sales.

The share of operating expenses decreased owing to active efforts to control costs in conjunction with good operational leverage from higher volumes, primarily in France and the Netherlands.

Overall, operating profit increased by 11 percent, equal to an operating margin of 12.1 percent (11.7).

The gross margin for the quarter was in line with the comparative quarter.

Key figures

	Q3			Jan-Sep			LTM	Full-year
	2023	2022	Δ	2023	2022	Δ		
MSEK								
Order intake	381	415	-8	1,388	1,319	10	1,785	1,658
Net sales	452	419	8	1,463	1,286	14	1,871	1,694
Gross profit	108	101	8	350	305	15	453	408
Gross margin (%)	24.0	24.0		24.0	23.7		24.2	24.1
Operating expenses	-53	-51	4	-163	-160	2	-223	-219
Share of net sales (%)	-11.8	-12.3		-11.2	-12.4		-11.9	-12.9
Operating profit (EBITA)	55	49	11	187	145	29	230	188
Operating margin EBITA (%)	12.1	11.7		12.8	11.3		12.3	11.1

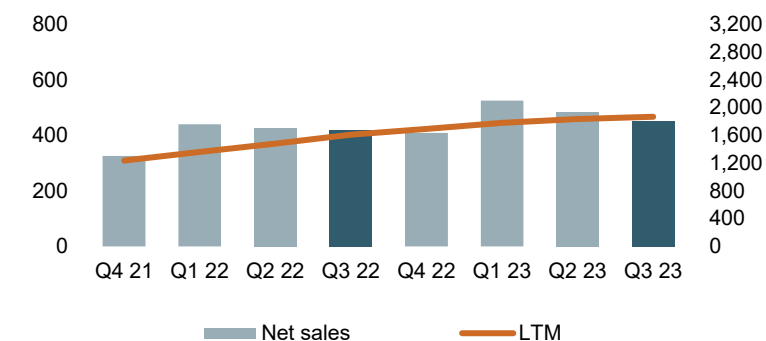
8%

Sales growth

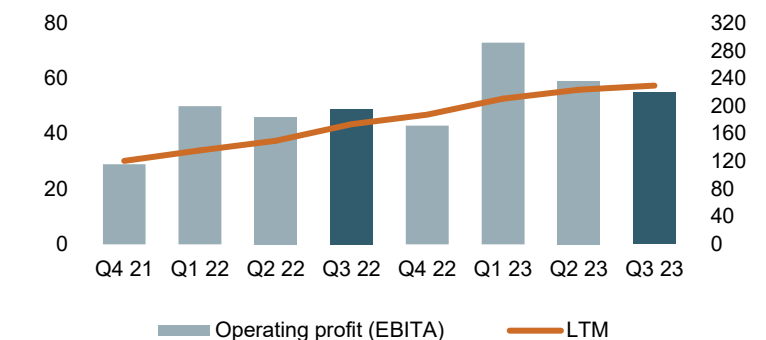
12.1%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Segment East

Segment East comprises Bufab's operations in Poland, Hungary, Romania, the Baltic States, Slovakia, Türkiye, China, India, Singapore, and other countries in Southeast Asia.

Third quarter

The segment experienced a weak third quarter with -11 percent growth, of which organic growth was -15 percent. Increased market shares and higher prices were not enough to offset the downturn in the market.

Order intake was higher than net sales in an otherwise weak market.

The gross margin for the quarter was in line with the comparative quarter.

Key figures

MSEK	Q3			Jan-Sep			LTM	Full-year
	2023	2022	Δ %	2023	2022	Δ %	22/23	2022
Order intake	255	251	1	815	792	3	1,089	1,066
Net sales	243	272	-11	815	820	-1	1,067	1,073
Gross profit	79	88	-11	257	261	-2	338	342
Gross margin (%)	32.5	32.4		31.6	31.9		31.7	31.9
Operating expenses	-45	-49	-8	-135	-143	-5	-183	-190
Share of net sales (%)	-18.5	-18.0		-16.6	-17.4		-17.1	-17.7
Operating profit (EBITA)	33	39	-15	122	119	3	156	153
Operating margin EBITA (%)	13.6	14.4		14.9	14.5		14.6	14.2

12%

Share of total sales

The share of operating expenses was slightly higher compared with the preceding year. Adjusted for the costs of divesting the Russian operation that were incurred during the third quarter of 2022, the share of operating expenses for the period was 18.7 percent (15.8). The increase is due primarily to the challenging market, with high inflationary pressure and lower sales.

Overall, operating profit decreased by -15 percent, equal to an operating margin of 13.6 percent (14.4).

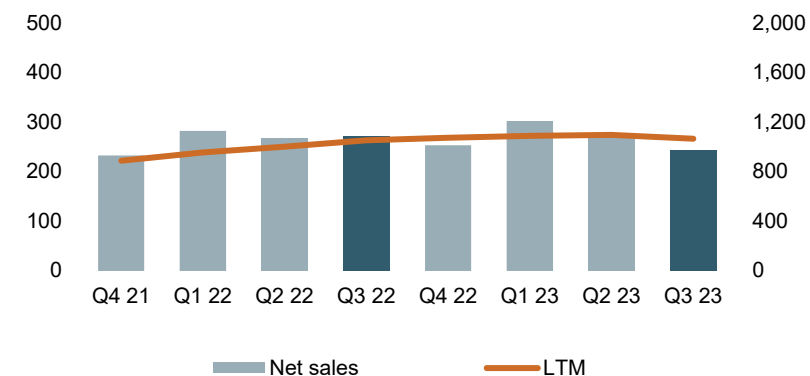
-11%

Sales growth

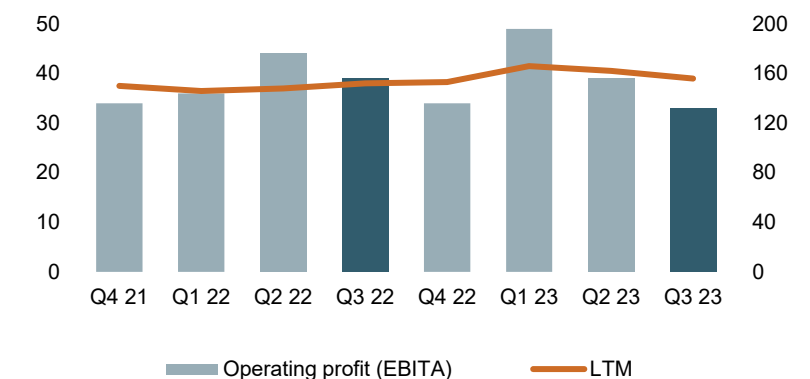
13.6%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Segment UK/ North America

35%

Share of total sales

Segment UK/North America comprises Bufab's operations in the UK, Ireland, the USA, and Mexico.

Third quarter

The segment displayed negative growth of -5 percent for the period, of which -10 percent was organic growth. The downturn came primarily from market conditions in stainless steel that remained challenging. Order intake was lower than sales, driven primarily by the continued downturn in the mobile home market in North America.

The quarter's gross margin was higher year on year, primarily as a result of a better customer and business mix in both the UK and North America.

The share of operating expenses increased to 25.2 percent (15.8) owing to a remeasured additional purchase consideration of SEK -40 million. Adjusted for this remeasurement, the share of operating expenses amounted to 19.9 percent (15.8).

In total, operating profit declined to 48 percent, equal to an operating margin of 8.2 percent (14.9). Adjusted for the remeasured additional purchase considerations, operating profit (EBITA) decreased to SEK 100 million (115) and the operating margin to 13.5 percent (14.9).

Key figures

	Q3			Jan-Sep			LTM	Full-year
	2023	2022	Δ	2023	2022	Δ		
MSEK							22/23	2022
Order intake	718	767	-6	2,176	2,172	3	2,859	2,855
Net sales	736	774	-5	2,235	2,143	4	2,916	2,824
Gross profit	245	238	3	732	678	8	944	890
Gross margin (%)	33.3	30.7		32.8	31.6		32.4	31.5
Operating expenses	-185	-122	52	-446	-431	3	-583	-568
Share of net sales (%)	-25.1	-15.8		-20.0	-20.1		-20.0	-20.1
Operating profit (EBITA)	60	115	-48	286	247	16	361	321
Operating margin EBITA (%)	8.2	14.9		12.8	11.5		12.4	11.4

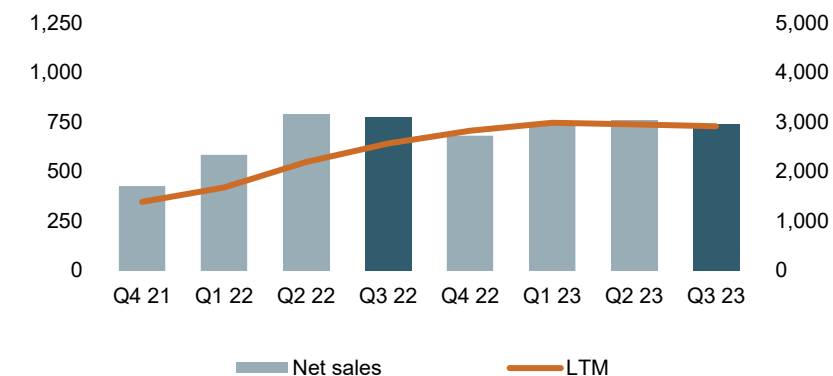
-5%

Sales growth

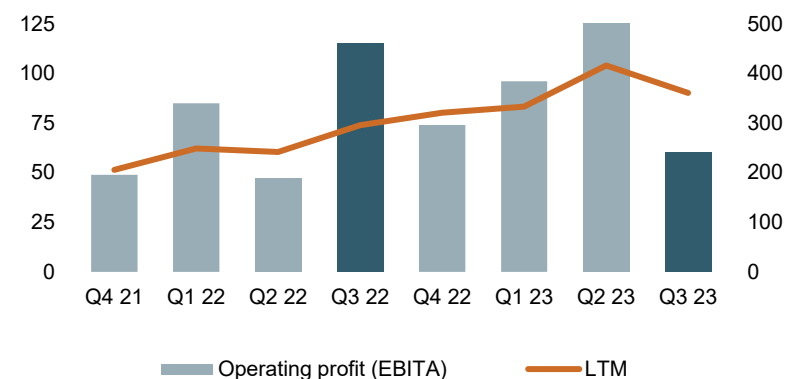
8.2%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Financial statements

Condensed Consolidated Income Statement

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Net sales	2,071	2,122	6,737	6,358
Costs of goods sold	-1,470	-1,521	-4,812	-4,551
Gross profit	601	601	1,925	1,807
Distribution costs	-238	-233	-700	-628
Administrative expenses	-135	-129	-417	-391
Other operating income and operating expenses	-26	11	1	-83
Operating profit	202	250	809	705
Profit/loss from financial items				
Interest income and similar profit/loss items	6	8	27	11
Interest expenses and similar profit/loss items	-77	-36	-174	-71
Income after financial items	131	222	662	646
Tax on net profit for the period	-33	-45	-159	-171
Profit after tax	98	177	503	474

Statement of Comprehensive Income

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Profit after tax	98	177	503	474
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Translation differences / Currency hedging net after tax	-98	52	78	137
Other comprehensive income after tax	-98	52	78	137
Total comprehensive income	-	229	581	611
Total comprehensive income attributable to:				
Parent Company shareholders	-	229	581	611

Earnings per share

SEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Earnings per share	2.56	4.71	13.30	12.64
Weighted number of shares outstanding before dilution, thousands	37,853	37,588	37,804	37,522
Diluted earnings per share, SEK	2.54	4.64	13.17	12.40
Weighted number of shares outstanding after dilution, thousands	38,146	38,152	38,183	38,282

Condensed Consolidated Balance Sheet

MSEK	30 Sep		31 Dec
	2023	2022	2022
Assets			
Fixed assets			
Intangible fixed assets	3,429	3,406	3,373
Property plant and equipment	699	700	711
Financial assets	29	34	33
Total non-current assets	4,157	4,140	4,117
Current assets			
Inventories	3,018	3,370	3,449
Current receivables	1,674	1,724	1,548
Cash and cash equivalents	362	365	322
Total current assets	5,054	5,460	5,319
Total assets	9,211	9,599	9,436

MSEK	30 Sep		31 Dec
	2023	2022	2022
Equity and liabilities			
Equity	3,438	2,858	3,036
Non-current liabilities			
Non-current liabilities, interest bearing	3,055	3,815	3,173
Non-current liabilities, non-interest bearing	260	400	370
Total non-current liabilities	3,315	4,215	3,543
Current liabilities			
Current liabilities, interest bearing	883	302	911
Current liabilities, non-interest bearing	1,575	2,224	1,946
Total current liabilities	2,458	2,526	2,857
Total equity and liabilities	9,211	9,599	9,436

Consolidated Statement of Changes in Equity

MSEK	30 Sep	
	2023	2022
Equity at beginning of year	3,036	2,377
Comprehensive income		
Profit after tax	503	474
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	78	137
Total comprehensive income	581	611
Transactions with shareholders		
Call option premium	-	17
Redemption call option programme	-	-6
Dividend to shareholders	-179	-141
Total transactions with shareholders	-179	-130
Equity at end of period	3,438	2,858

Consolidated Cash Flow Statement

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Operating activities				
Profit before financial items	202	250	809	705
Depreciation and amortization	69	69	202	174
Interest and other finance income	-1	10	27	11
Interest and other finance expenses	-69	-38	-174	-71
Other non-cash items	20	30	33	143
Income tax paid	-40	-60	-146	-176
Cash flow from operations	181	261	751	786
Changes in working capital				
Increase (-)/decrease (+) in inventories	91	-376	499	-743
Increase (-)/decrease (+) in operating receivables	138	92	-69	-158
Increase (+)/decrease (-) in operating liabilities	-39	-12	-56	27
Cash flow from operating activities	371	-35	1,125	-142
Investing activities				
Purchase of intangible assets	-3	-	-5	-
Acquisition of property, plant and equipment	-24	-13	-65	-40
Company acquisitions including additional purchase considerations	13	-	-626	-980
Cash flow from (-used in) investing activities	-14	-13	-696	-1,020
Financing activities				
Dividend paid	-	-	-94	-140
Option programme	-	5	-	11
Increase (+)/decrease (-) in borrowings	-311	70	-314	1,354
Cash flow from financing activities	-311	75	-408	1,225
Cash flow for (-used in) the period	46	27	21	63
Cash and cash equivalents at the beginning of the period	314	335	322	293
Translation differences	2	3	19	9
Cash and cash equivalents at the end of the period	362	365	362	365

The Group's Segment Reporting

North

MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 23	Q3 23
Net sales	545	613	694	758	656	729	821	764	641
Gross profit	145	153	182	206	169	179	215	195	165
Gross margin (%)	26.7%	25.0%	26.3%	27.2%	25.8%	24.6%	26.2%	25.5%	25.8%
Operating expenses	-95	-93	-91	-102	-99	-92	-98	-103	-93
Share of net sales (%)	-17.4%	-15.2%	-13.2%	-15.2%	-15.2%	-12.6%	-11.9%	-13.5%	-14.5%
Operating profit (EBITA)	50	60	91	104	70	87	117	92	72
Operating margin EBITA (%)	9.2%	9.8%	13.1%	13.8%	10.7%	12.0%	14.2%	12.0%	11.3%

West

MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 23	Q3 23
Net sales	289	326	440	426	419	409	526	485	452
Gross profit	70	81	104	100	101	103	128	114	108
Gross margin (%)	24.3%	24.7%	23.7%	23.5%	24.0%	25.1%	24.3%	23.6%	24.0%
Operating expenses	-46	-51	-55	-54	-51	-59	-55	-55	-53
Share of net sales (%)	-15.8%	-15.8%	-12.4%	-12.6%	-12.3%	-14.5%	-10.5%	-11.3%	-11.8%
Operating profit (EBITA)	24	29	50	46	49	43	73	59	55
Operating margin EBITA (%)	8.5%	9.0%	11.3%	10.8%	11.7%	10.5%	13.8%	12.2%	12.1%

East

MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 23	Q3 23
Net sales	222	233	282	266	272	253	297	275	243
Gross profit	67	73	90	83	88	81	94	85	79
Gross margin (%)	30.4%	31.2%	31.7%	31.4%	32.4%	32.1%	31.6%	30.8%	32.3%
Operating expenses	-33	-39	-54	-40	-49	-47	-45	-46	-45
Share of net sales (%)	-14.8%	-16.8%	-19.0%	-15.0%	-18.0%	-18.7%	-15.0%	-16.6%	-18.7%
Operating profit (EBITA)	35	34	36	44	39	34	49	39	33
Operating margin EBITA (%)	15.6%	14.4%	12.7%	16.4%	14.4%	13.4%	16.6%	14.2%	13.6%

UK/North America

MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 23	Q3 23
Net sales	369	427	585	791	774	681	742	757	736
Gross profit	122	137	187	253	238	212	234	253	245
Gross margin (%)	33.0%	32.2%	32.4%	32.0%	30.7%	31.1%	31.6%	33.4%	33.3%
Operating expenses	-60	-88	-103	-206	-122	-137	-138	-123	-185
Share of net sales (%)	-16.3%	-20.7%	-17.7%	-26.1%	-15.8%	-20.1%	-18.6%	-16.2%	-25.2%
Operating profit (EBITA)	62	49	85	47	115	74	96	130	60
Operating margin EBITA (%)	16.9%	11.5%	14.6%	5.9%	14.9%	10.9%	13.0%	17.1%	8.2%

Other

MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 23	Q3 23
Net sales	0	-0	1	-1	1	2	0	0	-0
Gross profit	0	-0	-3	2	6	8	4	3	4
Operating expenses	-8	-2	-16	-10	-7	-5	-16	-4	-4
Operating profit (EBITA)	-7	-2	-18	-8	-2	3	-12	-1	-1

Group

MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 23	Q3 23
Net sales	1,425	1,599	2,002	2,241	2,122	2,074	2,386	2,280	2,071
Gross profit	405	443	561	645	601	583	675	649	601
Gross margin (%)	28.4%	27.7%	28.0%	28.8%	28.3%	28.1%	28.3%	28.5%	29.0%
Operating expenses	-241	-274	-318	-411	-329	-341	-351	-331	-381
Share of net sales (%)	-16.9%	-17.1%	-15.9%	-18.3%	-15.5%	-16.4%	-14.7%	-14.5%	-18.4%
Operating profit (EBITA)	164	169	243	233	272	242	323	319	220
Operating margin EBITA (%)	11.5%	10.6%	12.1%	10.4%	12.8%	11.7%	13.5%	14.0%	10.6%

Consolidated Key Figures

MSEK	Q3			Jan-Sep			LTM	Full-year
	2023	2022	Δ %	2023	2022	Δ %	22/23	2022
Order intake	1,983	2,071	-4%	6,566	6,361	3%	8,768	8,453
Net sales	2,071	2,122	-2%	6,737	6,358	6%	8,811	8,431
Gross profit	601	601	0%	1,925	1,807	7%	2,507	2,389
EBITDA	270	318	-15%	1,011	879	15%	-	-
EBITDA, adjusted	234	285	-18%	905	787	15%	-	-
Operating profit (EBITA)	220	272	-19%	862	748	15%	1,104	990
Operating profit (EBITA), adjusted	260	274	-5%	892	845	6%	1,131	1,084
Operating profit	202	250	-19%	809	705	15%	1,034	930
Profit after tax	98	177	-45%	503	474	6%	638	609
Gross margin (%)	29.0	28.3		28.6	28.4		28.5	28.3
Operating margin EBITA (%)	10.6	12.8		12.8	11.8		12.5	11.7
Operating margin EBITA (%), adjusted	12.6	12.9		13.2	13.3		12.8	12.9
Operating margin (%)	9.8	11.8		12.0	11.1		11.7	11.0
Net margin, (%)	4.7	8.3		7.5	7.5		7.2	7.2
Net debt, SEK million	3,576	3,752	-5%					
Net debt, adjusted, SEK million	3,117	3,276	-5%					
Debt/equity ratio, (%)	104.0	131.0	-23%					
Net debt / EBITDA, adjusted, multiple (1)	2.7	3.4	-21%					
Working capital, SEK million	3,279	3,564	-8%					
Average working capital, SEK million	3,602	2,928						
Average working capital in relation to net sales, (%)	40.6	34.6						
Solidity (%)	37	30						
Operating cash flow, SEK million	417	-5	8440%	1,242	-38	3368%		
Earnings per share, SEK	2.56	4.71	-46%	13.30	12.64	5%		

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

Condensed Parent Company Income Statement

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Administrative expenses	-4	-6	-14	-12
Other operating revenue	2	3	7	6
Operating profit	-2	-3	-7	-6
Profit/loss from financial items	-	-	-	-
Interest income and similar profit/loss items	1	-	1	-
Interest expenses and similar profit/loss items	-	-	-	-
Income after financial items	-1	-3	144	144
Tax on net profit for the period	-	-	-	-
Profit after tax	-1	-3	144	144

Condensed Parent Company Balance Sheet

MSEK	30 Sep		31 Dec
	2023	2022	2022
Assets			
Fixed assets			
Financial assets			
Investments in group companies	845	845	845
Total non-current assets	845	845	845
Current assets			
Receivables from Group companies	371	217	318
Other current receivables	20	50	26
Cash and cash equivalents	-	-	-
Total current assets	391	267	344
Total assets	1,236	1,112	1,189

MSEK	30 Sep		31 Dec
	2023	2022	2022
Equity and liabilities			
Equity	1,038	997	1,073
Untaxed reserves	94	93	94
Non-current liabilities	-	-	-
Other non-current liabilities	-	-	-
Total non-current liabilities	-	-	-
Current liabilities			
Liabilities to Group companies	-	-	-
Other current liabilities	104	22	22
Total current liabilities	104	22	22
Total equity and liabilities	1,236	1,112	1,189

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 2022 Annual Report. The 2022 Annual Report is available at www.bufabgroup.com

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. Risk management aims 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 2022 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

No related-party transactions occurred during the year, except for the payment of the fee to the Board of Directors, remuneration of the President and senior executives, and

new subscription for call options within the framework of the long-term share-based incentive programme adopted at the Annual General Meeting under the terms outlined in more detail below. Further, the redemption of the long-term share-based incentive programme adopted at the 2019 Annual General Meeting was implemented on the terms contained in the 2022 Annual Report.

Acquisitions

Acquisitions made during 2021–2023:

	Date	Net sales*	Employees
Component Solutions Group Ltd.	8 Sep 2021	280	85
Jenny Wattle GmbH	19 Oct 2021	190	43
Tilka Trading AB	21 Oct 2021	50	18
Pajo-Bolte A/S	14 Mar 2022	190	40
TI Midwood & Co Ltd.	21 Mar 2022	730	187
CDA Polska S.p.z.o.o	21 Apr 2022	93	47

*Estimated annual net sales at the date of acquisition

Additional purchase considerations

The Group's liabilities for conditional considerations and unconditional additional purchase considerations attributable to acquisitions are measured at fair value. These items are recognised at fair value in the balance sheet with changes in value

recognised in profit or loss. Total recognised liabilities for additional purchase considerations decreased SEK 600 million during the second quarter and amounted to SEK 250 million (907) as per 30 September 2023, of which SEK 88 million (213) was recognised as Non-current liabilities, non-interest-bearing and SEK 162 million (694) was recognised as Current liabilities, non-interest-bearing in the consolidated balance sheet. The reported additional purchase considerations are included – according to the Group's definition – in the amounts for "net indebtedness" and "net debt, adjusted" from the time when they are finally calculated until they are paid out.

Significant events during the period

There are no significant events during the period to report.

Employees

The number of employees in the Group as per 30 September 2023 amounted to 1,785 (1,843).

Contingent liabilities and collaterals

No additional significant changes were made to the company's contingent liabilities during the quarter.

Audit review

This interim report has been examined by the company's auditors.

AUDITORS' REVIEW REPORT

Bufab AB (publ), Corp. Reg. No. 556685-6240

Introduction

We have conducted a review of the financial information in summary (interim report) for Bufab AB (publ) (556685-6240) as of 30 September 2023 and the nine-month period that ended on that date. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We have conducted our review in accordance with the Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA). The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects, the accompanying interim report has not been prepared for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, 26 October 2023

Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant
Auditor in Charge

Helena Pegrén
Authorised Public Accountant

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 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, excluding 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 EBITDA, adjusted, in the last twelve months

Operating expenses

Total distribution costs, administrative expenses, other operating income/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

Cash conversion

Operating cash flow divided by EBITDA, adjusted

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 currency 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.

Q3

2023	Group	North	West	East	UK/North America
Organic growth	-7	-6	-1	-15	-10
Currency translation effects	5	4	9	4	5
Acquisitions	-	-	-	-	-
Recognised growth	-2	-2	8	-11	-5

Jan-Sep

2023	Group	North	West	East	UK/North America
Organic growth	-5	-2	4	-9	-11
Currency translation effects	6	4	10	6	6
Acquisitions	5	4	-	2	9
Recognised growth	6	6	14	-1	4

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.

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
EBITA, adjusted	234	285	905	787
Other non-cash items	20	30	33	143
Changes in working capital	190	-295	374	-928
Cash flow from operations	444	20	1,312	2
Investments excluding acquisitions	-27	-25	-70	-40
Operating cash flow, SEK million	417	-5	1,242	-38
<i>Cash conversion</i>	<i>178%</i>	<i>-2%</i>	<i>137%</i>	<i>-5%</i>

EBITDA

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

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Operating profit	202	250	809	705
Depreciation and amortization	68	68	202	174
EBITDA	270	318	1,011	879

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 performance measure is defined below.

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Operating profit	202	250	809	705
Depreciation and amortization	68	68	202	174
Less: amortisation on right-of-use assets according to IFRS 16	-32	-29	-95	-82
Less: interest expenses on lease liabilities according to IFRS 16	-4	-4	-11	-10
EBITDA, adjusted	234	285	905	787

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 performance measure is defined below.

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Operating profit	202	250	809	705
Depreciation and amortisation of acquired intangible assets	18	22	52	43
EBITA	220	272	862	748

EBITA, adjusted

The key figure Operating profit (EBITA) adjusted is an expression of the operating profit excluding items affecting comparability, which include but are not limited to restructuring costs, remeasurement of additional purchase considerations, and gains and losses in conjunction with divestment of operations.

Operating expenses

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

MSEK	Q3		Jan-Sep	
	2023	2022	2023	2022
Distribution costs	-238	-233	-700	-628
Administrative expenses	-135	-129	-417	-391
Other operating income and operating	-26	11	1	-84
Depreciation and amortisation of acquired intangible assets	18	22	52	43
Operating expenses	-381	-329	-1,064	-1,059

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.

MSEK	30 Sep	
	2023	2022
Current assets	5,054	5,459
Less: cash and cash equivalents	-362	-365
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,413	-1,530
Working capital on the balance-sheet date	3,279	3,564

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 performance measure is defined below.

MSEK	30 Sep	
	2023	2022
Non-current liabilities, interest bearing	3,055	3,815
Current liabilities, interest bearing	883	302
Less: cash and cash equivalents	-362	-365
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	3,576	3,752

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 performance measure is defined below.

MSEK	30 Sep	
	2023	2022
Non-current liabilities, interest bearing	3,055	3,815
Current liabilities, interest bearing	883	302
Less: lease liabilities according to IFRS 16	-459	-476
Less: cash and cash equivalents	-362	-365
Less: other interest-bearing receivables	-	-
Net debt, adjusted, on the balance-sheet date	3,117	3,276

Information and addresses

Conference call

A conference call will be held on 26 October 2023 at 10:00 a.m. CEST. Erik Lundén, President and CEO, and Pär Ihrskog, CFO, will present the results. Analysts and investors who wish to ask questions are asked to connect to the presentation via the following Teams link: [Click here to join the meeting](#) and use the "Raise Your Hand" function during the Q&A session.

Calendar

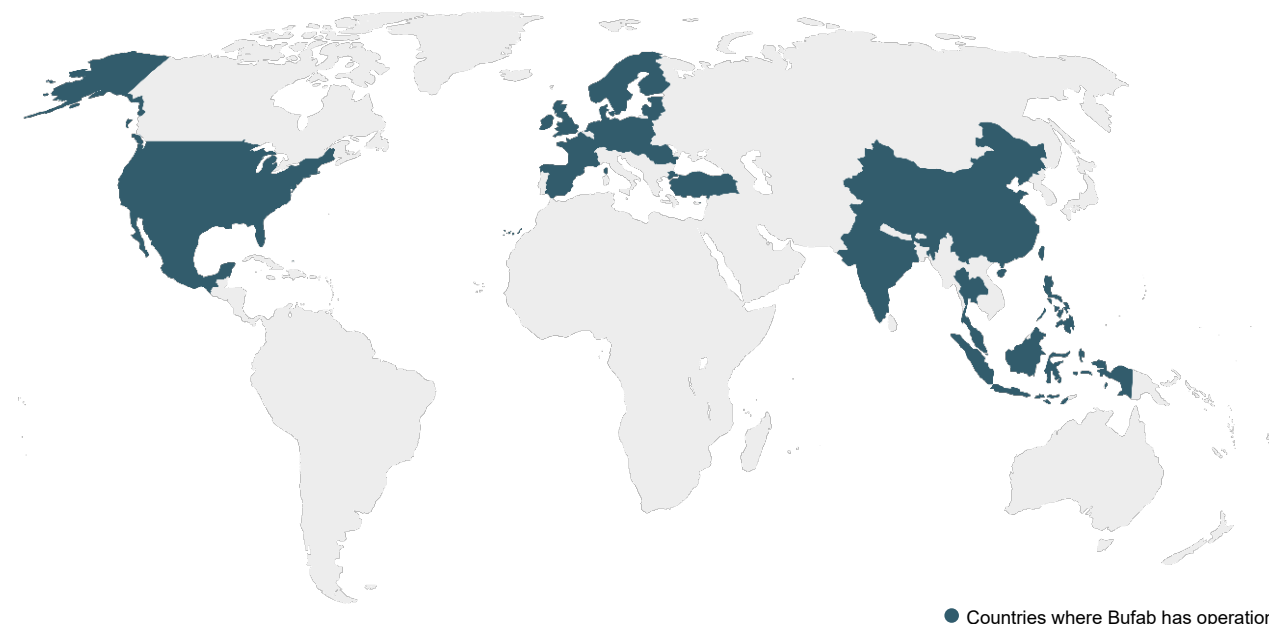
Year-end report 2023:	8 February 2024
Interim report Q1, 2024:	25 April 2024
Annual General Meeting 2024:	25 April 2024
Interim report Q2, 2024:	11 July 2024
Interim report Q3, 2024:	24 October 2024

CONTACT

Erik Lundén President & CEO +46 370 69 69 00 erik.lunden@bufab.com	Pär Ihrskog CFO +46 370 69 69 00 par.ihrskog@bufab.com
---	---

Bufab AB (publ)
Box 2266
SE-331 02, Värnamo, Sweden
Corp. Reg. No. 556685-6240
Phone: +46 370 69 69 00
www.bufabgroup.com

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 contact on 26 October 2023 at 7:30 a.m. CEST.



About Bufab

Bufab AB (publ) is a trading company that offers its customers a full-service solution as a Supply Chain Partner for sourcing, quality control and logistics for C-parts.

Bufab was founded in 1977 in Småland, Sweden, and is an international company with operations in 28 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,800 employees. Bufab's net sales for the past 12 months amounted to SEK 8.8 billion and the operating margin was 12.5 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufabgroup.com for more information.

28
Countries

51
Sister companies

1,800
Employees

BUFAB