

Interim report January - September 2020

Healthy growth and strong increase in profit. Strong cash flow.

Third quarter of 2020

- Net sales rose by 13 percent to SEK 1,181 million (1,044). Organic growth was +1 percent and order intake was higher than net sales
- Operating profit (EBITA) increased by 61 percent to SEK 142 million (89) and the operating margin to 12.1 percent (8.5)
- Operating cash flow increased to SEK 190 million (122)
- Earnings per share rose to SEK 2.46 (1.57)
- The cost savings programme of SEK 100 million delivered according to plan

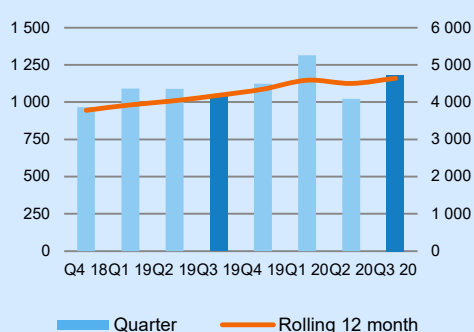
January-September 2020

- Net sales rose by 9 percent to SEK 3,518 million (3,223). Organic growth was -10 percent and order intake was in line with net sales
- Operating profit (EBITA) increased by 16 percent to SEK 361 million (311) and the operating margin to 10.2 percent (9.6)
- Operating cash flow increased to SEK 391 million (255)
- Earnings per share rose to SEK 6.01 (5.72)

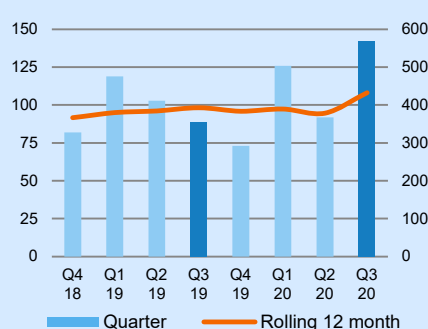
THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 20)

SEK million	Quarter 3			Jan-Sep			12-months rolling	Full year
	2020	2019	Δ %	2020	2019	Δ %	2019/20	2019
Order intake	1,219	1,042	17	3,528	3,206	10	4,676	4,354
Net sales	1,181	1,044	13	3,518	3,223	9	4,643	4,348
Gross profit	320	279	15	929	886	5	1,226	1,183
%	27.1	26.7		26.4	27.5		26.4	27.2
Operating expenses	-178	-191	-7	-568	-575	-1	-792	-799
%	-15.0	-18.3		-16.2	-17.8		-17.1	-18.4
Operating profit (EBITA)	142	89	61	361	311	16	433	384
%	12.1	8.5		10.2	9.6		9.3	8.8
Profit after tax	91	59	55	223	214	5	262	253
Earnings per share, SEK	2.46	1.57	57	6.01	5.72	5	7.04	6.75

Net sales, SEK million



Operating profit (EBITA), SEK million



SALES GROWTH

13%

OPERATING MARGIN (EBITA)

12.1%

CEO's overview

During the third quarter of 2020, Bufab delivered its best ever net profit for a single quarter, as well as a strong cash flow.

Results were also the best ever for the first nine months of the year. This is a sign of strength, given the coronavirus pandemic, which continues unabated in most of the countries where Bufab operates. It has led to a negative organic growth of -10 percent for the nine-month period, the largest sales decrease since 2009.

The strong earnings increase in spite of this is partly due to good contributions from our two most recent acquisitions. But there are also three other important reasons. First of all, we gained early knowledge of the coronavirus pandemic and how to handle it from our subsidiaries in Asia. When the pandemic subsequently arrived in Europe and North America, we were able to act rapidly, flexibly and decisively to protect our employees, our customers and our business. This was key to maintaining stable deliveries with good quality to our thousands of customers worldwide.

Secondly, we had already initiated a comprehensive efficiency and savings programme during the autumn of 2019. We were therefore able to rapidly expand it to SEK 100 million on a full-year basis, with full effect from January 2021. The programme is progressing according to plan and will achieve its targets with comparatively low restructuring costs.

The third and most important reason is that Bufab, as a trading company, has a flexible and agile business model, which has been an important asset throughout 2020. In practical terms, this was apparent when our 43 subsidiaries in a very short time initiated and implemented the measures necessary to adapt to the development.

During the third quarter, we noted a gradual recovery in demand in all segments. Toward the end of the quarter, sales were in line with 2019. Combined with an improved gross margin and sharply reduced costs, the recovery led to a strong increase in operating profit and operating margin. The cost level deserves special mention. The savings programme of SEK 100 million generated very good results during the quarter. The organization succeeded in delivering sales in line with last year despite an eight-percent reduction in the number of employees (adjusted for acquisitions). This was due to systematic work on

efficiency and investments in digitalization, a part of our Leadership strategy which we have accelerated during the year. Moreover, all business units displayed highly effective cost control. This resulted in major cost savings during the quarter, despite the fact that we almost completely abstained from government subsidies during the quarter.

Bufab is a growth company. We have reported growth for seven consecutive years and do not intend to break this trend. We are now working intensively to continue building strong customer relationships, despite the practical restrictions caused by the pandemic. We are also continuing to invest in our Sales Excellence programme, which is important for the motivation and development of the sales organization. These measures are included in our "Restart" theme, with a primary focus on driving continued growth.

Our acquisition strategy has also been a strong asset during the year with strong earnings contributions by our most recent acquisitions, HT BENDIX and American Bolt & Screw. The current market creates many business opportunities for strong companies with investment capacity. Bufab has this capacity and sees many opportunities in all markets. We are continuing to work with promising acquisition candidates.

The coronavirus pandemic is a unique event. We have to accept that it brings uncertainty and new risks. We are carefully monitoring the development, and we always prioritize health and safety. But we also want to offer our customers, employees and owners stability and security moving forward. Our lower cost base, stable margin and strong cash flow generate flexibility and strength. In this way, we stand well equipped for various potential market scenarios. And we can also continue the investments in our Leadership strategy.

The most important factor for our successful performance to date is obviously our employees, who comprise more than 1,300 "Solutionists" in 28 countries. I want to extend my warm thanks to all of you who have achieved outstanding results thanks to fantastic flexibility and a sound business sense. That's what enables us to focus on our customers and to look forward to continued profitable growth.

Jörgen Rosengren
President and CEO

The Group in brief

THIRD QUARTER

Order intake was SEK 1,219 million (1,042), which was higher than net sales.

Net sales rose by 13 percent to SEK 1,181 million (1,044). The market share is expected to have increased somewhat. Organic growth for the quarter was +1 percent: -10 percent in July, +4 in August and +4% in September, adjusted for number of workdays.

Gross margin rose to 27.1 percent (26.7), primarily driven by strong demand in segments East and UK/North America.

Operating expenses as a share of net sales noted a sharp decline to 15.0 percent (18.3) due to the expanded cost savings programme that the Group initiated during the second quarter. The programme will achieve savings of SEK 100 million on a full-year basis, with full effect from January 2021, and is progressing according to plan in all segments.

The programme's success to date is due to effective cost control and flexibility in all subsidiaries, as well as efficiency measures implemented within the framework of Bufab's Leadership strategy.

Operating profit (EBITA) rose by 61 percent to SEK 142 million (89) and the operating margin to 12.1 percent (8.5)

Earnings per share rose by 57 percent to SEK 2.46 (1.57).

Exchange-rate fluctuations impacted operating profit by SEK -8 million, volumes positively by SEK +2 million, cost savings and the price/mix and other factors positively by SEK +31 million and acquisitions by SEK +28 million.

The cost savings were impacted by; restructuring costs by SEK -7 million and subsidies for short-time work and similar measures by SEK +2 million.

JANUARY - SEPTEMBER

Order intake was SEK 3,528 million (3,206), which was in line with net sales.

Net sales rose by 9 percent to SEK 3,518 million (3,223). Organic growth was -10 percent as a result of the corona pandemic during the second quarter. The market share increased somewhat.

Gross margin declined to 26.4 percent (27.5). The decrease was essentially attributable to the second quarter and was due to lower volumes in the manufacturing companies, a poorer business mix in segment West and the acquisition of HT Bendix A/S.

However, operating expenses as a share of net sales declined to 16.2 percent (17.8), which was attributable to the cost savings programme (see above), as well as good flexibility and cost control during the second and third quarters.

In total, operating profit (EBITA) rose to SEK 361 million (311), equal to an operating margin of 10.2 percent (9.6).

Earnings per share amounted to SEK 6.01 (5.72).

Compared with the preceding year, exchange-rate fluctuations impacted operating profit negatively by SEK -14 million, volumes negatively by SEK -114 million, cost savings and the price/mix/other positively by SEK +105 million and acquisitions positively by SEK +73 million.

The cost savings were impacted by; adjustments of conditional additional considerations of SEK +10 million, restructuring costs by SEK -12 million and subsidies for short-time work by SEK +27 million.

The Group in brief, continued

COST SAVINGS PROGRAMME

During the second quarter, the Group expanded its existing cost savings programme from SEK 40 million to SEK 100 million, on a full-year basis relative to 2019. The programme is progressing according to plan and is expected to achieve full effect from January 2021. It is expected to generate restructuring costs of approximately SEK 15 million, of which SEK 5 million and SEK 7 million, respectively, was charged to the second and third quarters and the remainder is expected to be charged to the fourth quarter of 2020. The savings will mainly be achieved through increased efficiency, general cost savings and natural attrition, and will extend across all of the Group's segments. A small number of layoffs will be required in certain subsidiaries. The cost savings programme will not affect the Group's growth ambitions.

SUPPORT FOR SHORT-TIME WORK

During the second and third quarters, several of the Group's subsidiaries took part in various forms of government support programmes, which were initiated in several countries in the wake of the coronavirus pandemic, mainly in the shape of short-term work schemes. The earnings effect of these support programmes during the third quarter amounted to approximately SEK +2 million, whereof SEK 0 million was government support applied for in Sweden. For the nine-month period, these support programmes amounted to SEK 27 million globally, of which approximately SEK 7 million pertained to government support in Sweden.

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -16 million (-10) for the third quarter, of which exchange-rate differences accounted for SEK -3 million (+0).

During the nine-month period, net financial items amounted to SEK -46 million (-29), of which exchange-rate differences accounted for SEK -4 million (+4). The Group's profit after financial items was SEK 118 million (74) for the quarter and SEK 292 million (273) for the nine-month period.

The decline in net financial items year-on-year was attributable to the financing of the acquisitions in recent years, interest expenses for leases in the newly acquired companies and somewhat higher market interest rates at the beginning of the year.

The tax expense for the quarter was SEK -27 million (-15), implying an effective tax rate of 23 percent (22). The tax expense for the nine-month period was SEK -69 million (-59), which implies an effective tax rate of 24 percent (22).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 3		Jan-Sep	
	2020	2019	2020	2019
EBITDA, adjusted	152	99	391	341
Other non-cash items	2	2	-6	2
Changes in working capital	54	31	37	-36
Cash flow from operations	208	132	422	306
Investments excluding acquisitions	-18	-10	-31	-51
Operating cash flow	190	122	391	255
Cash conversion ratio	125%	84%	100%	75%

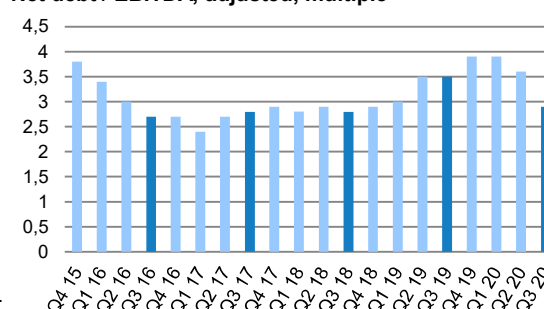
Operating cash flow improved significantly during the third quarter and the nine-month period, supported by good development of operating profit and working capital.

Average working capital in relation to net sales amounted to 34.5 percent (35.6) for the third quarter. The improvement is primarily attributable to lower tied-up capital in the companies acquired in 2019.

On 30 September 2020, adjusted net debt totalled SEK 1,392 million (1,496) and the debt/equity ratio was 98 percent (106). The reduced net debt and debt/equity ratio were directly attributable to the favourable cash flow during the year.

The performance measure ND/EBITDA, adjusted, was a multiple of 2.9 (3.5) at the end of the quarter. The ratio improved by 1.0x during the first three quarters of 2020 as a result of strong cash flow and a favorable earnings trend.

Net debt / EBITDA, adjusted, multiple



Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark, including the new acquisition HT BENDIX A/S, and one of the purchasing offices in China, which is affiliated to one of the Swedish subsidiaries. The business mainly comprises trading companies, but also some manufacturing of particularly demanding components in proprietary plants.

THIRD QUARTER

Most of the segment's companies experienced a gradual improvement in demand during the quarter. The recovery was most apparent in Sweden and Denmark. The segment's manufacturing units, which have greater exposure to the automotive industry, also experienced a gradual recovery during the quarter, although from low levels. Organic growth was -2 percent. Order intake was slightly higher than net sales.

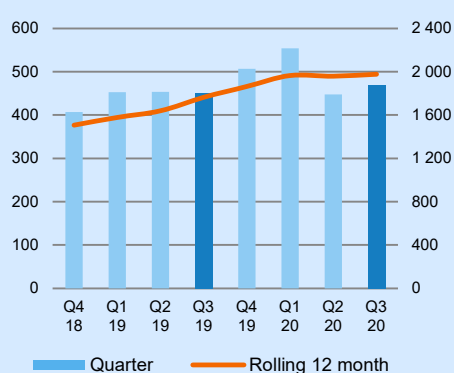
The gross margin for the quarter was lower than in the comparison quarter, despite the favourable contribution from purchasing savings. The decline was attributable to the segment's manufacturing companies and was mainly due to lower coverage of fixed costs due to reduced volumes.

The lower gross margin was more than mitigated by a significantly lower share of operating expenses, which in turn, were due to cost savings. Overall, operating profit increased relative to the comparison quarter.

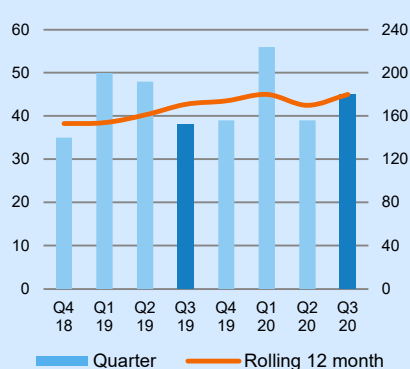
The focus during the autumn will be on sales and increased market shares, particularly in the segment's many profitable companies.

SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2020	2019	Δ	2020	2019	Δ	2019/20	2019
Order intake	486	450	8	1,487	1,351	10	2,002	1,866
Net sales	470	451	4	1,471	1,358	8	1,978	1,865
Gross profit	110	111	-1	341	351	-3	464	474
%	23.5	24.6		23.2	25.8		23.5	25.4
Operating expenses	-65	-73	-11	-201	-216	-7	-285	-300
%	-13.8	-16.2		-13.7	-15.9		-14.4	-16.1
Operating profit (EBITA)	45	38	20	141	135	4	180	174
%	9.7	8.4		9.6	9.7		9.1	9.3

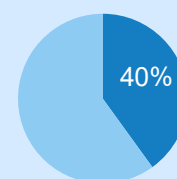
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

4%

OPERATING MARGIN (EBITA)

9.7%

Segment West

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

THIRD QUARTER

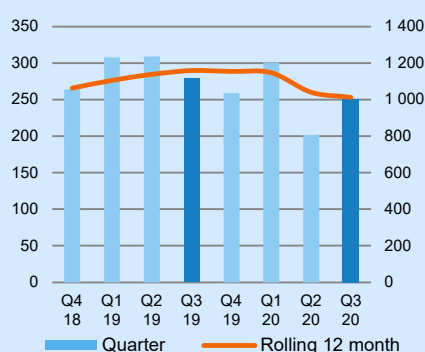
The segment noted a gradual recovery in demand during the quarter, although from low levels. The operations in France and the Netherlands, in particular, continue to report reduced volumes, mainly among customers in the aerospace and automotive industries. In total, organic growth amounted to -6 percent. Order intake was higher than net sales.

The gross margin was considerably lower than in the comparison quarter, which was due to lower volumes and a poorer business mix in the segment's companies. However, the lower gross margin was mitigated by a lower share of operating expenses due to cost savings and various forms of short-term work schemes.

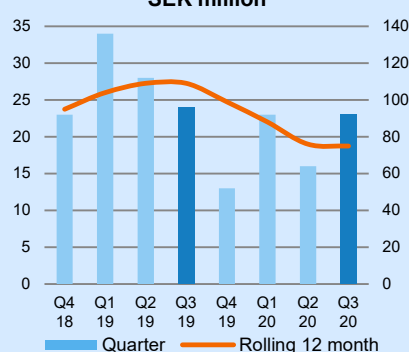
Overall, there was a slight decline in operating profit. The decline was attributable to cost savings not fully offsetting the loss of volume and to a poorer business mix. The focus on cost savings remains, while the work on sales and increased market shares will be intensified during the autumn.

SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2020	2019	Δ %	2020	2019	Δ %	2019/20	2019
Order intake	271	282	-4	758	892	-15	1,023	1,157
Net sales	251	279	-10	754	896	-16	1,013	1,155
Gross profit	63	74	-15	188	241	-22	253	306
%	25.0	26.7		24.9	26.9		24.9	26.5
Operating expenses	-40	-50	-20	-125	-155	-19	-177	-207
%	-15.9	-17.9		-16.6	-17.3		-17.5	-17.9
Operating profit (EBITA)	23	24	-4	62	86	-28	75	99
%	9.1	8.8		8.2	9.6		7.4	8.6

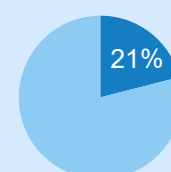
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

-10%

OPERATING MARGIN (EBITA)

9.1%

Segment East

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

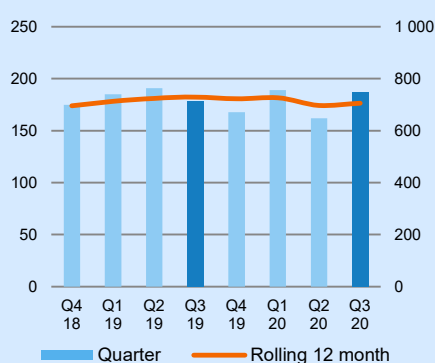
THIRD QUARTER

The segment reported a very strong performance during the third quarter. The operations in China and Southeast Asia experienced strong demand and earnings development. Poland also achieved healthy growth and earnings, while the operations in the rest of Eastern Europe and India continued to note lower volumes. In total, organic growth amounted to 14 percent, primarily driven by healthy growth in Poland and China. Order intake was in line with net sales.

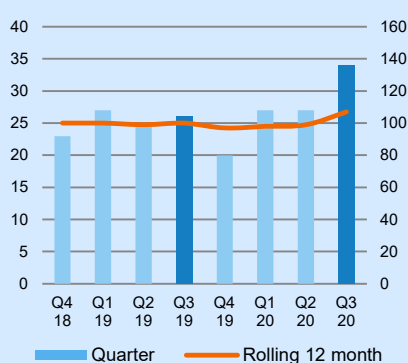
The segment succeeded in increasing its gross margin for the period due to favourable contributions from purchasing savings. Operating expenses were sharply reduced within the framework of the Group's cost-savings programme. Together with effective operational leverage, a significant improvement in operating profit was achieved during the quarter.

SEK million	Quarter 3		Δ	Jan-Sep		Δ	Rolling 12 months	Full year
	2020	2019	%	2020	2019	%	2019/20	2019
Order intake	188	179	5	542	556	-3	707	721
Net sales	187	179	5	538	555	-3	706	723
Gross profit	60	57	5	172	176	-3	226	230
%	32.0	31.8		31.9	31.7		32.0	31.8
Operating expenses	-26	-31	-16	-85	-99	-15	-120	-134
%	-13.9	-17.3		-15.7	-17.8		-16.9	-18.5
Operating profit (EBITA)	34	26	31	87	77	13	107	97
%	18.1	14.5		16.2	13.9		15.2	13.4

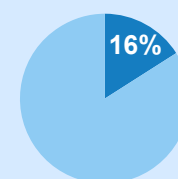
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

5%

OPERATING MARGIN (EBITA)

18.1%

Segment UK/North America

Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US and Mexico, including the new acquisition of American Bolt & Screw Mfg. Corp.

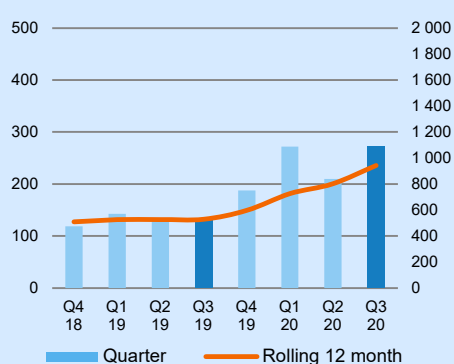
THIRD QUARTER

Several of the segment's companies reported a gradual recovery in demand in the third quarter. The operations in North America performed very strongly during the quarter through the acquisition of American Bolt & Screw. This was mainly due to customers in the mobile home segment, which was favoured by the "staycation" trend that followed from the coronavirus pandemic. The UK operations also had significantly higher volumes in the third quarter. Order intake was in line with net sales.

The higher gross margin was primarily due to a very strong contribution from American Bolt & Screw and purchasing savings. The significantly lower share of operating expenses was due to the successful efforts related to the Group's cost-savings programme and generally good cost control.

	Quarter 3			Jan-Sep			Rolling 12 months	Full year
SEK million	2020	2019	%	2020	2019	%	2019/20	2019
Order intake	275	138	99	740	410	80	932	602
Net sales	273	134	104	755	410	84	943	598
Gross profit	88	42	109	238	130	83	293	185
%	32.3	31.5		31.5	31.7		31.1	30.9
Operating expenses	-46	-31	48	-147	-92	60	-193	-138
%	-16.9	-23.2		-19.5	-22.4		-20.5	-23.1
Operating profit (EBITA)	42	11	282	91	38	139	100	47
%	15.4	8.3		12.0	9.3		10.6	7.9

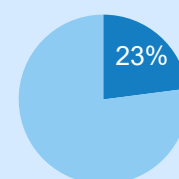
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+104%

OPERATING MARGIN (EBITA)

15.4%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Net sales	1,181	1,044	3,518	3,223
Cost of goods sold	-861	-765	-2,589	-2,337
Gross profit	320	279	929	886
Distribution costs	-119	-140	-416	-416
Administrative expenses	-69	-57	-215	-174
Other operating income	17	11	89	30
Other operating expenses	-15	-9	-48	-25
Operating profit	135	85	338	302
<i>Profit/loss from financial items</i>				
Interest income and similar income items	1	1	2	5
Interest expenses and similar expenses	-17	-11	-48	-34
Profit after financial items	118	74	292	273
Tax on net profit/loss for the period	-27	-15	-69	-59
Profit after tax	91	59	223	214

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Profit after tax	91	59	223	214
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss		-		
Translation differences / Currency hedging net after tax	-9	20	-51	60
Other comprehensive income after tax	-9	20	-51	60
Total comprehensive income	82	79	172	274
Total comprehensive income attributable to:				
Parent Company shareholders	82	79	172	274

Earnings per Share

<i>SEK</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Earnings per share	2.46	1.57	6.01	5.72
Weighted number of shares outstanding before dilution, thousands	37,169	37,358	37,167	37,431
Diluted earnings per share, SEK	2.42	1.57	5.97	5.72
Weighted number of shares outstanding after dilution, thousands	37,752	37,358	37,361	37,431

Consolidated Balance Sheet

<i>SEK million</i>	<i>30 Sept 20</i>	<i>30 Sept 19</i>	<i>31 Dec 19</i>
ASSETS			
<i>Non-current assets</i>			
Intangible assets	1,982	1,581	2,034
Property, plant and equipment	577	565	633
Financial assets	33	27	37
Total non-current assets	2,591	2,173	2,704
<i>Current assets</i>			
Inventories	1,364	1,411	1,494
Current receivables	964	882	836
Cash and cash equivalents	319	179	216
Total current assets	2,647	2,473	2,547
Total assets	5,239	4,645	5,250
EQUITY AND LIABILITIES			
Equity	1,926	1,733	1,750
<i>Non-current liabilities</i>			
Non-current liabilities, interest-bearing	1,884	1,843	2,109
Non-current liabilities, non-interest-bearing	482	153	497
Total non-current liabilities	2,366	1,996	2,606
<i>Current liabilities</i>			
Current liabilities, interest-bearing	175	177	175
Current liabilities, non-interest-bearing	771	739	719
Total current liabilities	946	916	894
Total equity and liabilities	5,239	4,645	5,250

Consolidated Statement of Changes in Equity

<i>SEK million</i>	30 Sept 20	30 Sept 19
Equity at the close of the preceding year	1,750	1,600
Adjustment resulting from the introduction of IFRS 16	-	-18
Equity at beginning of year	1,750	1,581
Comprehensive income		
Profit after tax	223	214
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	-50	60
Total comprehensive income	173	274
Transactions with shareholders		
Issued call options	3	3
Repurchase of own shares	-	-31
Dividends	-	-94
Total transactions with shareholders	3	-122
Equity at end of period	1,926	1,733

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<i>Operating activities</i>				
Profit before financial items	135	85	338	302
Depreciation/amortisation and impairment	46	37	137	105
Interest and other finance income	-1	0	0	1
Interest and other finance expenses	-14	-10	-45	-30
Other non-cash items	2	2	-6	2
Income tax paid	-28	-17	-78	-77
Cash flow from operating activities before changes in working capital	140	96	346	303
<i>Changes in working capital</i>				
Increase (-)/decrease (+) in inventories	63	27	100	61
Increase (-)/decrease (+) in operating receivables	-67	118	-138	-15
Increase (+)/decrease (-) in operating liabilities	58	-114	75	-82
Cash flow from operating activities	194	127	383	267
<i>Investing activities</i>				
Acquisition of intangible assets	0	0	0	-11
Acquisition of property, plant and equipment	-18	-10	-31	-40
Company acquisitions including additional purchase considerations	0	-335	-15	-337
Cash flow from investing activities	-18	-345	-46	-388
<i>Financing activities</i>				
Dividend paid	0	0	0	-94
Call options	0	3	3	3
Repurchase of own shares	0	-31	0	-31
Increase (+)/decrease (-) in borrowings	-103	271	-235	273
Cash flow from financing activities	-103	243	-232	151
Cash flow for the period	73	25	105	30
Cash and cash equivalents at beginning of period	246	152	216	144
Translation differences	0	1	-2	5
Cash and cash equivalents at end of period	319	179	319	179

The Group's segment reporting

	2018				2019				2020
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
North									
Net sales	327	407	453	454	451	507	554	448	470
Gross profit	88	103	119	121	111	124	137	94	110
%	27.0	25.4	26.3	26.7	24.6	24.4	24.8	20.9	23.5
Operating expenses	-60	-69	-69	-74	-73	-85	-82	-55	-65
%	-18.5	-16.9	-15.2	-16.2	-16.2	-16.7	-14.8	-12.3	-13.8
Operating profit (EBITA)	28	35	50	48	38	39	56	39	45
%	8.5	8.5	10.9	10.5	8.4	7.7	10.1	8.7	9.7

	2018				2019				2020
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
West									
Net sales	259	264	308	309	279	259	301	202	251
Gross profit	70	72	84	83	74	65	75	49	63
%	27.2	27.4	27.3	26.8	26.7	24.9	25.2	24.4	25.0
Operating expenses	-47	-49	-51	-55	-50	-52	-52	-33	-40
%	-18.1	-18.5	-16.6	-17.7	-17.9	-20.1	-17.4	-16.4	-15.9
Operating profit (EBITA)	24	23	34	28	24	13	23	16	23
%	9.1	8.8	11.0	9.1	8.8	4.8	7.7	7.9	9.1

	2018				2019				2020
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
East									
Net sales	174	175	185	191	179	168	189	162	187
Gross profit	57	57	58	61	57	55	59	53	60
%	32.6	32.4	31.4	31.9	31.8	32.5	31.0	32.7	32.0
Operating expenses	-33	-33	-32	-35	-31	-35	-32	-26	-26
%	-18.7	-18.6	-17.3	-18.3	-17.3	-20.8	-17.0	-16.0	-13.9
Operating profit (EBITA)	24	24	27	25	26	20	27	27	34
%	13.9	13.8	14.2	13.1	14.5	11.7	14.1	16.7	18.1

	2018				2019				2020
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
UK/North America									
Net sales	132	119	143	134	134	188	272	210	273
Gross profit	46	39	45	42	42	56	85	64	88
%	34.5	32.7	31.8	31.3	31.5	29.6	31.4	30.5	32.3
Operating expenses	-28	-30	-30	-30	-31	-47	-56	-45	-46
%	-21.2	-25.3	-21.0	-22.4	-23.2	-24.8	-20.6	-21.4	-16.9
Operating profit (EBITA)	18	9	15	12	11	9	29	19	42
%	13.4	7.4	10.5	8.9	8.3	4.7	10.8	9.1	15.4

	2018				2019				2020
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Other									
Net sales	3	2	2	2	2	2	2	1	0
Gross profit	-2	0	-3	-4	-5	-2	-5	-3	-1
Operating expenses	-10	-9	-2	-6	-6	-6	-2	-6	-1
Operating profit (EBITA)	-12	-9	-5	-10	-11	-8	-7	-8	-2

*Other includes unallocated costs of a Group-wide nature and costs for the Sourcing offices in China and Taiwan.

	2018				2019				2020
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Group									
Net sales	895	967	1,091	1,089	1,044	1,124	1,316	1,022	1,181
Gross profit	259	271	304	303	279	297	351	258	320
%	28.9	28.0	27.8	27.8	26.7	26.4	26.7	25.2	27.1
Operating expenses	-177	-189	-184	-200	-191	-224	-226	-165	-178
%	-19.8	-19.6	-16.9	-18.4	-18.3	-19.9	-17.2	-16.2	-15.0
Operating profit (EBITA)	81	82	119	103	89	73	126	92	142
%	9.1	8.5	10.9	9.5	8.5	6.5	9.5	9.1	12.1

Consolidated Key Figures

For definitions, see page 20

	Quarter 3		Δ	Jan-Sep		Δ	12-months rolling	Full year
	2020	2019		%	2020			
Order intake, SEK million	1,219	1,042	17	3,528	3,206	10	4,376	4,354
Net sales, SEK million	1,181	1,044	13	3,518	3,223	9	4,643	4,348
Gross profit, SEK million	320	279	15	929	886	5	1,226	1,183
EBITDA, SEK million	181	122	48	475	407	17	585	517
EBITDA, adjusted, SEK million	152	99	53	391	341	15	476	426
Operating profit/loss (EBITA), SEK million	142	89	61	361	311	16	433	384
Operating profit/loss, SEK million	135	85	59	338	302	12	404	368
Profit/loss after tax, SEK million	91	59	54	223	214	4	262	253
Gross margin, %	27.1	26.7		26.4	27.5		26.4	27.2
Operating margin (EBITA), %	12.1	8.5		10.2	9.6		9.3	8.8
Operating margin, %	11.4	8.1		9.6	9.4		8.7	8.5
Net margin, %	7.7	5.6		6.3	6.6		5.6	5.8
Net debt, SEK million	1,882	1,841	2					2,068
Net debt, SEK million, adjusted	1,392	1,496	-7					1,666
Debt/equity ratio, %	98	106	-7					118
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	2.9	3.5						3.9
Working capital, SEK million	1,584	1,608	-2					1,654
Average working capital, SEK million	1,631	1,544	6					1,586
Average working capital in relation to net sales, %	34.5	35.6						35.3
Equity/assets ratio, %	37	37						33
Operating cash flow, SEK million	190	122	56	391	255	53		351
Earnings per share, SEK	2.46	1.57	57	6.01	5.72	5	7.04	6.75

⁽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.

Parent Company income statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Administrative expenses	-4	-4	-12	-11
Other operating income	2	2	5	5
Operating profit	-2	-2	-7	-6
<i>Profit/loss from financial items</i>				
Interest expenses and similar expenses	-	-	-	-
Earnings from shares in Group companies	-	-	-	150
Profit after financial items	-2	-2	-7	144
Tax on net profit/loss for the period	-	-	-	-
Profit/loss after tax	-2	-2	-7	144
Other comprehensive income	-	-	-	-
Total comprehensive income	-2	-2	-7	144

Parent Company Balance Sheet

<i>SEK million</i>	30 Sept 20	30 Sept 19	31 Dec 19
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
Current assets			
Receivables from Group companies	49	80	72
Other current receivables	50	26	31
Cash and cash equivalents	-	-	-
Total current assets	100	106	103
Total assets	944	951	948
EQUITY AND LIABILITIES			
Equity	827	824	830
Untaxed reserves	100	122	100
Non-current interest-bearing liabilities			
Other non-current liabilities	-	-	-
Total non-current liabilities	0	0	0
Current non-interest-bearing liabilities			
Other current liabilities	18	6	18
Total current liabilities	18	6	18
Total equity and liabilities	944	951	948

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 2019 Annual Report. The 2019 Annual Report is available at www.bufab.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 2019 Annual Report.

SEASONAL VARIATIONS

Bufab has no significant seasonal variation, 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 payment of fees to the Board of Directors and the remuneration of senior executives.

LONG-TERM SHARE-BASED INCENTIVE PROGRAMME

The 2020 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 12.12, 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 May 2023–15 November 2023. The purchase price per share is SEK 90.20, corresponding to 115 percent of the volume-weighted average price paid for the

company's share on Nasdaq Stockholm during the period 5 May 2020–11 May 2020. During the interim period, a total of 277,500 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. Payment of the subsidy will occur in June 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 to transfer a maximum of 350,000 of the repurchased shares to the participants of the programme. No shares were repurchased during the interim period.

ACQUISITIONS

Acquisitions made during 2018-2020.

	<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

EMPLOYEES

The number of employees in the Group at 30 September 2020 amounted to 1,329 (1,355).

CONTINGENT LIABILITIES

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

CALENDAR

Year-end report 2020:	11 February 2021
Interim Report Q1 2021:	20 April 2021
Annual General Meeting 2021:	20 April 2021
Interim Report Q2 2021:	13 July 2021
Interim Report Q3 2021:	27 October 2021
Year-end report 2021:	10 February 2022

Värnamo, 23 October 2020

Jörgen Rosengren
President and CEO

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 2020 and the nine-month period that ended on that date. The Board of Directors and the President 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, 23 October 2020

Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorized 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, 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.

2020, percentage points	Quarter 3				
	Group	North	West	East	UK/North America
Organic growth	1	-2	-6	14	7
Currency translation effects	-3	-1	-4	-9	-4
Acquisitions	15	8	0	0	101
Recognised growth	13	4	-10	-6	104

2020, percentage points	Jan-Sep				
	Group	North	West	East	UK/North America
Organic growth	-10	-11	-16	0	-7
Currency translation effects	-1	-1	0	-3	0
Acquisitions	20	20	0	0	91
Recognised growth	9	8	-16	-3	84

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.

	Quarter 3		Jan-Sep	
	2020	2019	2020	2019
EBITDA, adjusted	152	99	391	341
Other non-cash items	2	2	-6	2
Changes in inventory	63	27	100	61
Changes in operating receivables	-67	118	-138	-15
Changes in operating liabilities	58	-114	75	-82
Cash flow from operations	208	132	422	306
Investments excluding acquisitions	-18	-10	-31	-51
Operating cash flow	190	122	391	255

EBITDA

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

	Quarter 3		Jan-Sep	
	2020	2019	2020	2019
Operating profit	135	85	338	302
Depreciation/amortisation and impairment	46	37	137	105
EBITDA	181	122	475	407

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.

	Quarter 3		Jan-Sep	
	2020	2019	2020	2019
Operating profit	135	85	338	302
Depreciation/amortisation and impairment	46	37	137	105
Less: amortisation on right-of-use assets according to IFRS 16	-26	-21	-75	-60
Less: interest expenses on lease liabilities according to IFRS 16	-3	-2	-9	-7
EBITDA, adjusted	152	99	391	341

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.

	Quarter 3		Jan-Sep	
	2020	2019	2020	2019
SEK million				
Operating profit	135	85	338	302
Depreciation and amortisation of acquired intangible assets	7	3	22	9
EBITA	142	89	360	311

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.

	Quarter 3		Jan-Sep	
	2020	2019	2020	2019
SEK million				
Distribution costs	-118	-140	-416	-416
Administrative expenses	-69	-57	-215	-174
Other operating income	18	11	89	30
Other operating expenses	-15	-9	-48	-25
Depreciation and amortisation of acquired intangible assets	7	3	22	9
Operating expenses	-177	-192	-568	-576

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.

	30 Sept	30 Sept
	<i>2020</i>	<i>2019</i>
Current assets	2,647	2,473
Less: cash and cash equivalents	-319	-179
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-744	-686
Working capital on the balance-sheet date	1,584	1,608

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.

	30 Sept	30 Sept
	<i>2020</i>	<i>2019</i>
Non-current interest-bearing liabilities	1,884	1,843
Current interest-bearing liabilities	175	177
Less: cash and cash equivalents	-319	-179
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	1,740	1,841

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.

	30 June	30 Sept
	<i>2020</i>	<i>2019</i>
Non-current interest-bearing liabilities	1,884	1,843
Current interest-bearing liabilities	175	177
Less: lease liabilities according to IFRS 16	-348	-345
Less: cash and cash equivalents	-319	-179
Less: other interest-bearing receivables	-	-
Net debt, adjusted, on the balance-sheet date	1,392	1,496

CONFERENCE CALL

A conference call will be held on 23 October 2020 at 10:00 a.m. CET. Jörgen Rosengren, President and CEO, and Marcus Söderberg, 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: Standard Intl. +44 (0) 2071 928000, UK 08 445 718 892, Sweden 08 506 921 80 or the US 1 631 510 74 95. Conference code: 8845399.

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 contact on 23 October 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 28 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,350 employees. Bufab's net sales for the past 12 months amounted to SEK 4.6 billion and the operating margin was 9.3 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.