

Interim report January – June 2023

Strong operating profit and improved cash flow in the second quarter

Second quarter of 2023

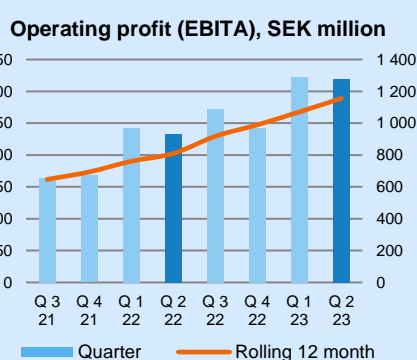
- Net sales increased by 2 percent to SEK 2,280 million (2,241). Organic growth was -5 percent and order intake was in line with net sales
- Operating profit (EBITA) increased by 37 percent to SEK 319 million (233) and the operating margin was 14.0 percent (10.4). Adjusted for remeasured additional purchase considerations amounting to SEK 12 million (-80), operating profit (EBITA) decreased by -2 percent to SEK 307 million (313), corresponding to an operating margin of 13.5 percent (14.0)
- Earnings per share increased by 54 percent to SEK 5.41 (3.51)
- Operating cash flow amounted to SEK 488 million (-23), corresponding to a cash conversion ratio of 147 percent (-1).

January - June 2023

- Net sales increased by 10 percent to SEK 4,666 million (4,235). Organic growth was -4 percent and order intake was somewhat lower than net sales
- Operating profit (EBITA) increased by 35 percent to SEK 642 million (476) and the operating margin was 13.8 percent (11.2). Adjusted for remeasured additional purchase considerations amounting to SEK 10 million (-95), operating profit (EBITA) increased by 11 percent to SEK 632 million (572), corresponding to an operating margin of 13.5 percent (13.5)
- Earnings per share increased by 38 percent to SEK 10.74 (7.76)
- Operating cash flow amounted to SEK 824 million (-45), corresponding to a cash conversion ratio of 123 percent (-9).

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

SEK million	Quarter 2		Δ	Jan-Jun		Δ	12-	Full year
	2023	2022		%	2023		2022	
Order intake	2,263	2,249	1	4,584	4,290	7	2022/23	8,453
Net sales	2,280	2,241	2	4,666	4,235	10	8,862	8,431
Gross profit	649	645	1	1,324	1,205	10	2,508	2,389
%	28.5	28.8		28.4	28.5		28.3	28.3
Operating expenses	-331	-411	-20	-682	-729	-6	-1,352	-1,399
%	-14.5	-18.3		-14.6	-17.2		-15.3	-16.6
Operating profit (EBITA)	319	233	37	642	476	35	1,156	990
%	14.0	10.4		13.8	11.2		13.0	11.7
Operating profit	301	223	35	607	455	33	1,082	930
%	13.2	9.9		13.0	10.7		12.2	11.0
Profit after tax	205	132	55	406	298	36	717	609
Earnings per share, SEK	5.41	3.51	54	10.74	7.76	38	19.21	16.23



SALES GROWTH
2%

OPERATING MARGIN (EBITA)
14.0%

CEO's overview



Bufab had a continued favourable development during the second quarter and reported a very strong operating profit and cash flow development.

Sales growth was 2 percent driven by currency effects. Organic growth was -5 percent, mainly on account of a weaker demand from sectors that experienced a tailwind during the pandemic, such as the furniture, kitchen, outdoor recreation and health sectors, especially in Segment East and UK/North America, and strong comparative figures. Sectors that performed strongly during the quarter were energy, automotive, industry and defence. Segment West reported a good development during the quarter, supported by high demand and increased market shares. The order intake for the Group was in line with net sales.

The gross margin decreased somewhat, mainly due to the business mix. The share of operating expenses decreased during the quarter, but when adjusted for remeasured additional purchase considerations, which primarily impacted the second quarter 2022 negatively, the share of operating expenses was in line with last year. We have continued good cost control, despite high inflationary pressure.

Overall, operating profit (EBITA) rose by 37 percent and the operating margin was a strong 14.0 percent (10.4). Adjusted for the above mentioned items affecting comparability, operating profit declined by -2 percent and the operating margin amounted to 13.5 percent (14.0). Segment UK/North America made a particularly good contribution to the operating profit during the quarter, where we noted a strong results development in American Bolt & Screw (ABS) despite a weaker market. Also TI Midwood (TIMCO) reported a strong result in the quarter.

Our focused work to strengthen the cash flow is continuing to yield results. Operating cash flow improved significantly year on year due to the strong results and a reduction in working capital. We anticipate continued strong cash flow during the year and our goal is to steadily reduce our key ratio Net debt/EBITDA, which in the quarter amounted to 2.9 (3.7)

We are seeing good results from the integration of the most recent acquisitions and the merger of subsidiaries in the Netherlands and Denmark. We are also continuing to integrate sustainability throughout our operations – an increasingly important area for us and our customers. We are seeing that more and more customers are placing higher demands on suppliers, and as an industry leader in sustainability, we foresee new and substantial business opportunities.

A highlight during the quarter was when we received with the prestigious “Quality Award” by Schneider Electric. Bufab was selected from among more than 13,000 other suppliers in Europe for our excellent quality results over the past two years, which we are extremely proud of.

There is still a great deal of uncertainty in the market and we are noting a slowdown in certain industrial segments. 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 in the third quarter of 2022 stand firm: to capture market share, maintain a good margin and improve the cash flow. These, combined with a gradual broadening of our offering and increased customer relevance, provide a favourable outlook for a continued long-term, sustainable, and profitable growth journey.

I look forward to welcoming Pär Ihrskog as new CFO of Bufab. Pär will take up his position in mid-August.

Finally, I want to thank all of our customers around the world for the trust they show in us and to extend a big thank you to our more than 1,800 “solutionists” worldwide, and wish you all a pleasant and restful summer.

Erik Lundén
President and CEO

The Group in brief

SECOND QUARTER

Order intake increased to SEK 2,263 million (2,249) and was in line with net sales. Net sales increased by 2 percent to SEK 2,280 million (2,241). Of the total growth, 7 percent was attributable to currency effects, 0 percent to acquisitions and -5 percent to organic growth. The growth was impacted by a weaker underlying demand from industries that benefited during the pandemic and by strong comparative figures. The market share is estimated to be unchanged with the exception of Segment West, where the market share increased slightly.

The gross margin was 28.5 percent (28.8). The lower gross margin was mainly due to a sharp deterioration in the companies focusing on the furniture and kitchen sectors.

The share of operating expenses declined to 14.5 percent (18.3). The decline was essentially due to remeasured additional purchase considerations, which amounted to SEK 12 million for the period compared with SEK -80 million in the corresponding period of 2022. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to 14.9 percent (14.8).

Operating profit (EBITA) increased by 37 percent to SEK 319 million (233) and the operating margin was 14.0 percent (10.4). Adjusted for remeasured additional purchase considerations, operating profit (EBITA) decreased by -2 percent to SEK 307 million (314), corresponding to an operating margin of 13.5 percent (14.0).

Earnings per share increased by 54 percent to SEK 5.41 (3.51).

JANUARY - JUNE

Order intake increased to SEK 4,584 million (4,290) and was slightly lower than net sales. Net sales increased by 10 percent to SEK 4,666 million (4,235). Of the total growth, 7 percent was attributable to currency effects, 7 percent to acquisitions and -4 percent to organic growth.

Underlying demand was somewhat lower and the market share was unchanged in all of the Group's segments.

The gross margin was in line with the preceding year and amounted to 28.4 percent (28.5).

The share of operating expenses declined to 14.6 percent (17.2). The decline was essentially due to remeasured additional purchase considerations, which amounted to SEK 10 million for the period compared with SEK -95 million in the corresponding period of 2022. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to 14.8 percent (15.0).

Operating profit (EBITA) increased by 35 percent to SEK 642 million (476) and the operating margin was 13.8 percent (11.2). Adjusted for remeasured additional purchase considerations, operating profit (EBITA) increased by 9 percent to SEK 632 million (572), corresponding to an operating margin of 13.5 percent (13.5).

Earnings per share increased by 38 percent to SEK 10.74 (7.76).

The Group in brief, continued

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -36 million (-19) for the second quarter, of which exchange-rate differences accounted for SEK 18 million (3).

During the six-month period, net financial items amounted to SEK -77 million (-31), of which exchange-rate differences accounted for SEK 22 million (-1). The Group's profit after financial items was SEK 265 million (204) for the quarter and SEK 530 million (424) for the six-month period.

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

The tax expense for the quarter was SEK -61 million (-73), entailing an effective tax rate of 22,9 percent (35,8). The tax expense for the six-month period was SEK -125 million (-126), entailing an effective tax rate of 23,5 percent (29,8). 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.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

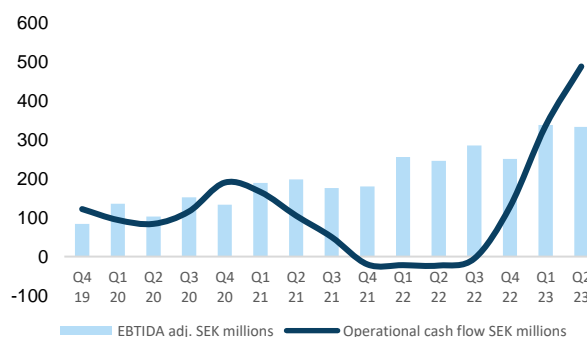
Operating cash flow was strong during the quarter and the six-month period, which was attributable to a strong improvement in working capital. The reduction in working capital was a direct result of the Group's focus on optimising working capital.

SEK million	Quarter 2		Jan-Jun	
	2023	2022	2023	2022
EBITDA, adjusted	332	246	670	502
Other non-cash items	9	81	13	113
Changes in working capital	177	-341	184	-633
Cash flow from operations	518	-14	867	-18
Investments excluding acquisitions	-30	-12	-43	-27
Operating cash flow	488	-23	824	-45
Cash conversion	147%	-1%	123%	-9%

Average working capital of the past four quarters in relation to net sales amounted to 41.2 percent (32.8). 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.

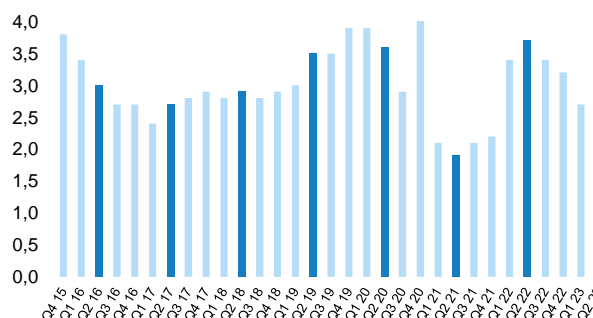
As per 30 June 2023, adjusted net debt totalled SEK 3,497 million (3,150) and the debt/equity ratio was 113 percent (139).

EBITDA, adjusted & Operating cash flow



The key figure net debt/EBITDA, adjusted, was a multiple of 2.9 (3.7) on 30 June 2023.

Net debt / EBITDA, adjusted, multiple



Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark, as well as a purchasing office in China, which is affiliated to one of the Swedish subsidiaries. The companies' operations mainly comprise trading companies, but also certain manufacturing of particularly demanding components.

SECOND QUARTER

Total growth was 1 percent, of which -3 percent was organic growth. The negative organic growth was due to a slowdown in underlying demand, primarily in the furniture and kitchen sectors. Order intake was in line with net sales.

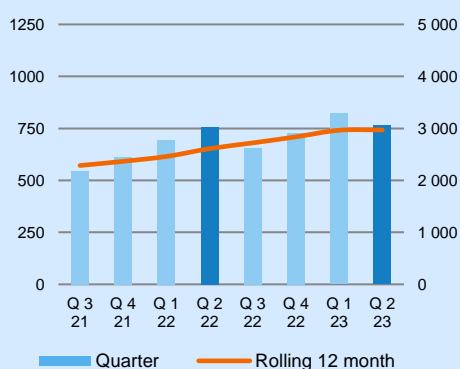
The gross margin was lower than in the comparative quarter as a result of an unfavourable business mix and lower volumes, but was somewhat offset by price reductions for freight.

The share of operating expenses was in line with the comparative quarter.

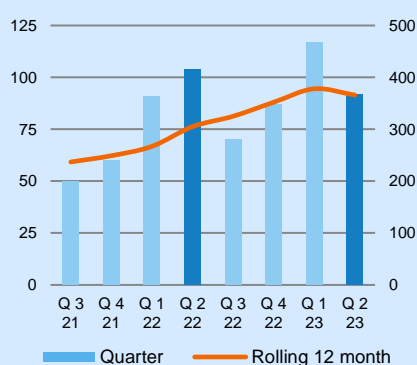
Overall, operating profit decreased due to the lower gross margin, mainly on account of the weak results in the segment's companies focused on the furniture and kitchen sectors in a market with significantly lower demand after the pandemic.

SEK million	Quarter 2			Jan-Jun			Rolling 12 months	Full year
	2023	2022	Δ	2023	2022	Δ	2022/23	2022
Order intake	769	761	1	1,558	1,442	8	2,932	2,815
Net sales	764	758	1	1,585	1,452	9	2,970	2,837
Gross profit	195	206	-5	410	388	6	758	737
%	25.5	27.2		25.9	26.7		25.5	26.0
Operating expenses	-103	-102	1	-201	-193	4	-393	-384
%	-13.5	-13.4		-12.7	-13.3		-13.2	-13.5
Operating profit (EBITA)	92	104	-11	209	195	7	366	352
%	12.0	13.8		13.2	13.4		12.3	12.4

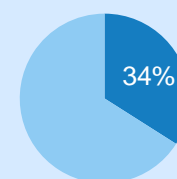
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

1%

OPERATING MARGIN (EBITA)

12.0%

Segment West

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

SECOND QUARTER

The majority of companies in the segment noted continued strong growth in the quarter. Organic growth was 4 percent and was mainly attributable to continued healthy underlying demand in all industries, with a particularly strong development in the Netherlands and France. Order intake for the quarter was in line with net sales.

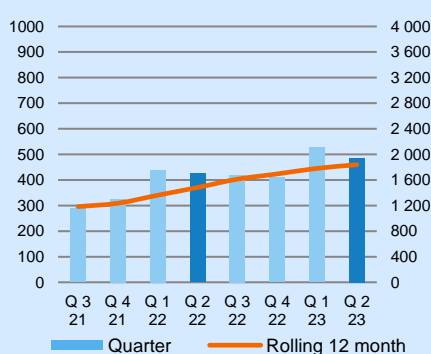
The gross margin was in line with the comparative quarter.

The share of operating expenses declined due to good operational leverage from higher volumes, successful cost control and improved productivity.

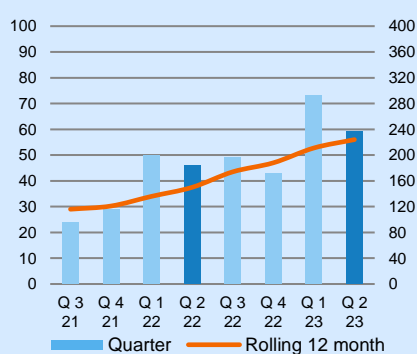
Overall, operating profit increased by a strong 28 percent to SEK 59 million (46), equal to an operating margin of 12.2 percent (10.8).

SEK million	Quarter 2			Jan-Jun			Rolling 12 months	
	2023	2022	Δ %	2023	2022	Δ %	2022/23	2022
Order intake	487	447	9	1,007	904	11	1,806	1,716
Net sales	485	426	14	1,011	866	17	1,839	1,694
Gross profit	114	100	14	242	204	19	445	408
%	23.6	23.5		23.9	23.6		24.2	24.1
Operating expenses	-55	-54	2	-110	-108	2	-221	-219
%	-11.3	-12.6		-10.9	-12.5		-12.0	-12.9
Operating profit (EBITA)	59	46	28	132	96	38	224	188
%	12.2	10.8		13.1	11.1		12.2	11.1

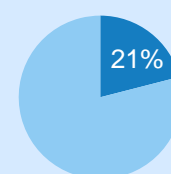
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

14%

OPERATING MARGIN (EBITA)

12.2%

Segment East

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

SECOND QUARTER

The weak demand noted by the segment during the first quarter continued in the second quarter. Organic growth was -6 percent. Demand continued to be weak, especially in Eastern Europe in industries that experienced a tailwind during the pandemic. Particularly lower growth was noted in Poland. Order intake was slightly lower than net sales.

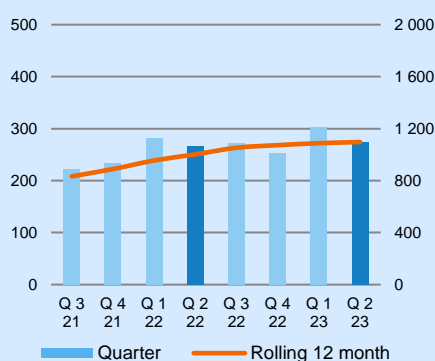
The quarter's gross margin was lower than in the comparative quarter as a result of lower volumes and a less favourable business mix.

The share of operating expenses increased year on year as a result of the lower volumes.

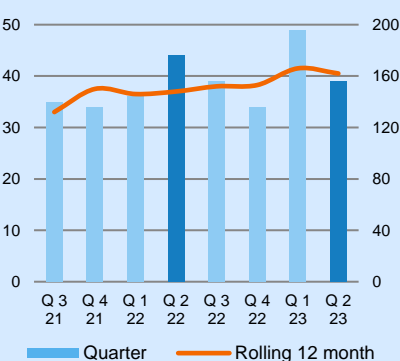
Due to the lower gross margin and higher share of operating expenses, operating profit declined to SEK 39 million (44), corresponding to an operating margin of 14.2 percent (16.4).

SEK million	Quarter 2			Jan-Jun			Rolling 12 months	Full year
	2023	2022	Δ %	2023	2022	Δ %	2022/23	2022
Order intake	258	251	3	560	540	4	1,086	1,066
Net sales	275	266	3	572	548	4	1,097	1,073
Gross profit	85	83	2	179	173	3	348	342
%	30.9	31.4		31.3	31.6		31.7	31.9
Operating expenses	-46	-40	15	-90	-93	-3	-187	-190
%	-16.7	-15.0		-15.7	-17.1		-17.0	-17.7
Operating profit (EBITA)	39	44	-11	88	80	10	162	153
%	14.2	16.4		15.4	14.5		14.7	14.2

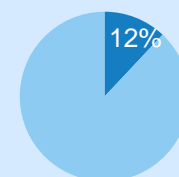
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

3%

OPERATING MARGIN (EBITA)

14.2%

Segment UK/North America

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

SECOND QUARTER

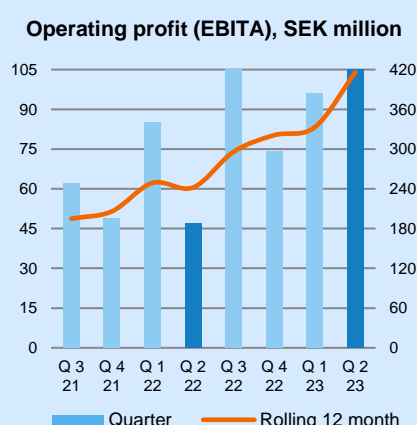
The segment reported growth of -4 percent during the quarter. Organic growth was -11 percent. The negative organic growth was partially attributable to a strong comparative period as well as the continued weak demand for stainless steel C-parts and the mobile home industry. TI Midwood reported strong growth mainly on account of a recovery in the construction industry.

The gross margin was higher year on year, mainly due to a better business mix in both the UK and North America.

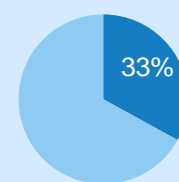
The share of operating expenses decreased year on year as the period and the comparative period were charged with remeasured additional purchase considerations totalling SEK 10 million (-80). Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to -17.6 percent (-15.4). The increase was due to the continued low volumes.

Operating profit and the operating margin increased to SEK 130 million and 17.1 percent, respectively, but adjusted for the remeasurement of additional purchase considerations, profit decreased by -6 percent compared with the adjusted comparative period to SEK 120 million (131) and the margin was 15.8 percent (16.0).

	Quarter 2			Jan-Jun			Rolling 12 months	Full year
		Δ			Δ			
SEK million	2023	2022	%	2023	2022	%	2022/23	2022
Order intake	749	791	-5	1,458	1,405	4	2,856	2,855
Net sales	757	791	-4	1,498	1,369	9	2,953	2,824
Gross profit	253	253	0	487	441	10	936	890
%	33.4	32.0		32.5	32.2		31.7	31.5
Operating expenses	-123	-206	-40	-261	-309	-16	-520	-568
%	-16.2	-26.0		-17.4	-22.6		-17.6	-20.1
Operating profit (EBITA)	130	47	176	226	131	72	416	321
%	17.1	5.9		15.1	9.6		14.1	11.4



SHARE OF TOTAL SALES



SALES GROWTH

-4%

OPERATING MARGIN (EBITA)

17.1%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Net sales	2,280	2,241	4,666	4,235
Cost of goods sold	-1,631	-1,596	-3,343	-3,030
Gross profit	649	645	1,324	1,205
Distribution costs	-235	-222	-462	-395
Administrative expenses	-135	-139	-281	-262
Other operating income and operating expenses	22	-61	27	-93
Operating profit	301	223	607	455
<i>Profit/loss from financial items</i>				
Interest income and similar income items	20	3	28	4
Interest expenses and similar expenses	-56	-22	-105	-35
Profit after financial items	265	204	530	424
Tax on net profit for the period	-61	-73	-125	-126
Profit after tax	205	132	406	298

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Profit after tax	205	132	406	298
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	138	52	175	84
Other comprehensive income after tax	138	52	175	84
Total comprehensive income	343	184	581	382
Total comprehensive income attributable to:				
Parent Company shareholders	343	184	581	382

Earnings per share

<i>SEK</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Earnings per share	5.41	3.51	10.74	7.94
Weighted number of shares outstanding before dilution, thousands	37,780	37,489	37,780	37,489
Diluted earnings per share, SEK	5.37	3.43	10.62	7.76
Weighted number of shares outstanding after dilution, thousands	38,201	38,346	38,201	38,346

Consolidated Balance Sheet

<i>SEK million</i>	30 Jun 23	30 Jun 22	31 Dec 22
ASSETS			
Non-current assets			
Intangible assets	3,508	3,339	3,373
Property, plant and equipment	727	724	711
Financial assets	28	34	33
Total non-current assets	4,263	4,097	4,117
Current assets			
Inventories	3,219	2,946	3,449
Current receivables	1,830	1,772	1,548
Cash and cash equivalents	314	336	322
Total current assets	5,363	5,054	5,319
Total assets	9,626	9,151	9,436
EQUITY AND LIABILITIES			
Equity	3,523	2,624	3,036
Non-current liabilities			
Non-current liabilities, interest bearing	3,456	3,713	3,173
Non-current liabilities, non-interest-bearing	327	386	370
Total non-current liabilities	3,783	4,099	3,543
Current liabilities			
Current liabilities, interest bearing	845	269	911
Current liabilities, non-interest bearing	1,475	2,159	1,946
Total current liabilities	2,320	2,428	2,857
Total equity and liabilities	9,626	9,151	9,436

Consolidated Statement of Changes in Equity

<i>SEK million</i>	30 Jun 23	<i>30 Jun 22</i>
Equity at beginning of year	3,036	2,377
Comprehensive income		
Profit after tax	406	298
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	175	84
Total comprehensive income	581	382
Transactions with shareholders		
Call option premium	0	6
Redemption call option programme	0	-
Dividend to shareholders	-94	-141
Total transactions with shareholders	-94	-135
Equity at end of period	3,523	2,624

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
<i>Operating activities</i>				
Profit before financial items	301	223	607	455
Depreciation/amortisation and impairment	66	55	133	105
Interest and other finance income	20	0	28	1
Interest and other finance expenses	-56	-19	-105	-33
Other non-cash items	9	81	13	113
Income tax paid	-64	-55	-106	-116
Cash flow from operating activities before changes in working capital	276	285	570	525
<i>Changes in working capital</i>				
Increase (-)/decrease (+) in inventories	165	-277	408	-367
Increase (-)/decrease (+) in operating receivables	31	-20	-207	-250
Increase (+)/decrease (-) in operating liabilities	-19	-43	-17	-15
Cash flow from operating activities	453	-55	754	-107
<i>Investing activities</i>				
Acquisition of intangible assets	-1	0	-2	-
Acquisition of property, plant and equipment	-29	-12	-41	-27
Company acquisitions including additional purchase considerations	-632	-44	-639	-980
Cash flow from investing activities	-662	-56	-682	-1,007
<i>Financing activities</i>				
Dividend paid	-94	-140	-94	-140
Call option premium	-10	6	0	6
Redemption call option programme	0	0	0	-
Increase (+)/decrease (-) in borrowings	328	237	-3	1,284
Cash flow from financing activities	224	103	-97	1,150
Cash flow for the period	15	8	-25	36
Cash and cash equivalents at beginning of period	280	323	322	293
Translation differences	19	5	17	6
Cash and cash equivalents at end of period	314	336	314	336

The Group's segment reporting

<i>SEK million</i>	2021				2022			2023	
North	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Kv1	Q2
Net sales	608	545	613	694	758	656	729	821	764
Gross profit	154	145	153	182	206	169	179	215	195
%	25.2	26.7	25.0	26.2	27.2	25.8	24.6	26.2	25.5
Operating expenses	-88	-95	-93	-91	-102	-99	-92	-98	-103
%	-14.4	-17.4	-15.2	-13.1	-13.4	-15.2	-12.6	-11.9	-13.5
Operating profit (EBITA)	66	50	60	91	104	70	87	117	92
%	10.8	9.2	9.8	13.1	13.8	10.7	11.9	14.2	12.0

<i>SEK million</i>	2021				2022			2023	
West	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	307	289	326	440	426	419	409	526	485
Gross profit	78	70	81	104	100	101	103	128	114
%	25.3	24.3	24.7	23.7	23.5	24.0	25.1	24.3	23.6
Operating expenses	-45	-46	-51	-55	-54	-51	-59	-55	-55
%	-14.8	-15.8	-15.6	-12.5	-12.6	-12.3	-14.5	-10.5	-11.3
Operating profit (EBITA)	32	24	29	50	46	49	43	73	59
%	10.5	8.5	9.0	11.4	10.8	11.7	10.5	13.8	12.2

<i>SEK million</i>	2021				2022			2023	
East	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	218	222	233	282	266	272	253	297	275
Gross profit	67	67	73	90	83	88	81	94	85
%	30.8	30.4	31.3	31.7	31.4	32.4	32.1	31.6	30.8
Operating expenses	-25	-33	-39	-54	-40	-49	-47	-45	-46
%	-11.5	-14.8	-16.7	-19.0	-15.0	-18.0	-18.7	-15.0	-16.6
Operating profit (EBITA)	42	35	34	36	44	39	34	49	39
%	19.3	15.6	14.6	12.7	16.4	14.4	13.4	16.6	14.2

<i>SEK million</i>	2021				2022			2023	
UK/North America	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	298	369	427	585	791	774	681	742	757
Gross profit	95	122	137	187	253	238	212	234	253
%	32.0	33.0	32.1	32.0	32.0	30.7	31.1	31.6	33.4
Operating expenses	-42	-60	-88	-103	-206	-122	-137	-138	-123
%	-14.0	-16.2	-20.6	-17.5	-26.0	-15.8	-20.1	-18.6	-16.2
Operating profit (EBITA)	54	62	49	85	47	115	74	96	130
%	18.0	16.9	11.5	14.5	5.9	14.9	10.9	13.0	17.1

<i>SEK million</i>	2021				2022			2023	
Other	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	0	0	0	1	0	1	2	0	0
Gross profit	-1	1	0	-3	-3	6	8	4	-3
Operating expenses	-8	-7	-3	-16	-9	-7	-5	-16	-4
Operating profit (EBITA)	-9	-7	-3	-18	-8	-2	2	-12	-1

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

<i>SEK million</i>	2021				2022			2023	
Group	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	1,431	1,425	1,599	2,002	2,241	2,122	2,074	2,386	2,280
Gross profit	393	405	443	561	645	601	583	675	649
%	27.4	28.4	27.7	28.0	28.8	28.3	28.1	28.3	28.5
Operating expenses	-208	-241	-274	-318	-411	-329	-341	-351	-331
%	-14.5	-16.9	-17.1	-15.9	-18.3	-15.5	-16.4	-14.7	-14.5
Operating profit (EBITA)	185	164	169	243	233	272	242	323	319
%	12.9	11.5	10.6	12.1	10.4	12.8	11.7	13.5	14.0

Consolidated Key Figures

For definitions, see page 20.

	Quarter 2			Jan-Jun		
	2023	2022	%	2023	2022	%
Order intake, SEK million	2,263	2,249	1	4,584	4,290	7
Net sales, SEK million	2,280	2,241	2	4,666	4,235	10
Gross profit, SEK million	649	645	1	1,324	1,205	10
EBITDA, SEK million	367	278	32	740	561	32
EBITDA, adjusted, SEK million	332	246	35	670	502	33
Operating profit (EBITA), SEK million	319	233	37	642	476	35
Operating profit, SEK million	301	223	35	607	455	33
Profit after tax, SEK million	205	132	55	406	298	36
Gross margin, %	28.5	28.8		28.4	28.5	
Operating margin (EBITA), %	14.0	10.4		13.8	11.2	
Operating margin, %	13.2	9.9		13.0	10.7	
Net margin, %	9.0	5.9		8.7	7.0	
Net debt, SEK million	3,987	3,646	9			
Net debt, adjusted, SEK million	3,497	3,150	11			
Debt/equity ratio, %	113	139				
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	2.9	3.7				
Working capital, SEK million	3,648	3,209	14			
Average working capital, SEK million	3,652	2,495	46			
Average working capital in relation to net sales, %	41.2	32.8				
Equity/assets ratio, %	37	29				
Operating cash flow, SEK million	488	-26	1,977	824	-45	1,931
Earnings per share, SEK	5.41	3.51	54	10.74	7.76	38

⁽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 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Administrative expenses	-5	-3	-10	-6
Other operating income	3	2	5	3
Operating loss	-2	-1	-5	-3
<i>Profit/loss from financial items</i>				
Earnings from shares in Group companies	150	150	150	150
Earnings from shares in Group companies	0	0	0	0
Profit after financial items	148	149	145	147
Appropriations	-	-	-	-
Tax on net profit for the period	-	-	-	-
Profit after tax	148	149	145	147
Other comprehensive income	-	-	-	-
Total comprehensive income	148	149	145	147

Parent Company Balance Sheet

<i>SEK million</i>	30 Jun 23	30 Jun 22	31 Dec 22
ASSETS			
<i>Non-current assets</i>			
<i>Financial assets</i>			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
<i>Current assets</i>			
Receivables from Group companies	369	212	318
Other current receivables	22	51	26
Cash and cash equivalents	-	-	-
Total current assets	391	263	344
Total assets	1,236	1,108	1,189
EQUITY AND LIABILITIES			
Equity	1,124	996	1,073
Untaxed reserves	94	93	94
<i>Non-current interest-bearing liabilities</i>			
Other non-current liabilities	-	-	-
Total non-current liabilities	0	0	0
<i>Current non-interest-bearing liabilities</i>			
Other current liabilities	18	19	22
Total current liabilities	18	19	22
Total equity and liabilities	1,236	1,108	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 during the quarter with SEK 600 million and amounted to SEK 215 million at 30 June 2023 (852), of which SEK 143 million (203) was recognised as Non-current liabilities, non-interest-bearing and SEK 72 million (649) 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

Organisation

In June, Bufab announced that Pär Ihrskog had been appointed new CFO and will take up his position on 14 August 2023. Pär Ihrskog has a long and successful leadership career within the SKF Group and most recently held the position as Group CFO/CIO of Embellence Group, listed on Nasdaq First North.

EMPLOYEES

The number of employees in the Group at 30 June 2023 amounted to 1,850 (1,852).

CONTINGENT LIABILITIES AND COLLATERALS

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

DIVIDEND

2023 Annual General Meeting decided, in accordance with the board's proposal, a dividend of SEK 4.75 (3.75) per share, corresponding to a total dividend of approximately SEK 179 million (140) for the financial year 2022. The dividend is paid in two instalments. The first instalment of SEK 2.5 per share was paid on April 27, 2023 and the record date for the second payment of SEK 2.25 per share is October 24, 2023, with an expected payment date of October 27, 2023.

AUDIT REVIEW

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

CALENDAR

Interim Report Q3, 2023:	26 October 2023
Year-end report 2023:	8 February 2024
Interim report Q1, 2024:	25 April 2024

Värnamo, 13 July 2023

Erik Lundén
President and CEO

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

Värnamo, 13 July 2023

Bengt Liljedahl
Chairman of the Board

Hans Björstrand
Board member

Per-Arne Blomquist
Board member

Anna Liljedahl
Board member

Eva Nilsagård
Board member

Bertil Persson
Board member

Erik Lundén
President and CEO

Definitions of key figures

Gross margin, %

Gross profit as a percentage of net sales for the period

EBITDA

Operating profit before depreciation, amortisation and impairment

EBITDA, adjusted

Operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets according to IFRS 16 Leases. This key figure is 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.

2023, percentage points	Quarter 2				
	Group	North	West	East	UK/North America
Organic growth	-5	-3	4	-6	-11
Currency translation effects	7	4	10	7	7
Acquisitions	0	0	0	2	0
Recognised growth	2	1	14	3	-4

2023, percentage points	Jan-Jun				
	Group	North	West	East	UK/North America
Organic growth	-4	0	7	-6	-13
Currency translation effects	7	3	10	7	8
Acquisitions	7	6	0	4	14
Recognised growth	10	9	17	4	13

Operating cash flow

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

SEK million	Quarter 2		Jan-Jun	
	2023	2022	2023	2022
EBITDA, adjusted	332	246	670	502
Other non-cash items	9	81	13	113
Changes in inventory	165	-278	408	-368
Changes in operating receivables	31	-20	-207	-250
Changes in operating liabilities	-19	-43	-17	-15
Cash flow from operations	518	-14	867	-18
Investments excluding acquisitions	-30	-12	-43	-27
Operating cash flow	488	-26	824	-45

EBITDA

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Operating profit	301	223	607	455
Depreciation/amortisation and impairment	66	55	133	106
EBITDA	367	278	740	561

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.

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Operating profit	301	223	607	455
Depreciation/amortisation and impairment	66	55	133	106
Less: amortisation on right-of-use assets according to IFRS 16	-32	-29	-63	-53
Less: interest expenses on lease liabilities according to IFRS 16	-3	-3	-7	-6
EBITDA, adjusted	332	246	670	502

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.

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Operating profit	301	223	607	455
Depreciation and amortisation of acquired intangible assets	17	10	34	21
EBITA	319	233	641	476

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.

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	2023	2022	2023	2022
Distribution costs	-235	-222	-462	-395
Administrative expenses	-135	-139	-281	-262
Other operating income and operating expenses	22	-61	27	-93
Depreciation and amortisation of acquired intangible assets	17	10	34	21
Operating expenses	-331	-411	-682	-729

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 Jun	30 Jun
SEK million	2023	2022
Current assets	5,363	5,054
Less: cash and cash equivalents	-314	-336
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,401	-1,509
Working capital on the balance-sheet date	3,648	3,209

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 Jun	30 Jun
SEK million	2023	2022
Non-current interest-bearing liabilities	3,456	3,713
Current interest-bearing liabilities	845	269
Less: cash and cash equivalents	-314	-336
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	3,987	3,646

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 Jun	30 Jun
SEK million	2023	2022
Non-current interest-bearing liabilities	3,456	3,713
Current interest-bearing liabilities	845	269
Less: lease liabilities according to IFRS 16	-490	-496
Less: cash and cash equivalents	-314	-336
Less: other interest-bearing receivables	-	-
Net debt, adjusted, on the balance-sheet date	3,497	3,150

CONFERENCE CALL

A conference call will be held on 13 July 2023 at 10:00 a.m. CEST. Erik Lundén, President and CEO, and Frederick Neely, acting 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: (UK) +44 (0) 33 0551 0211, (Sweden) +46 (0) 8 5051 0086, (USA) +1 786 496 5601. Conference code: 2445981#.

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



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This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication by the aforementioned contacts on 13 July 2023 at 7:30 a.m. CEST.

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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. 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, Sweden, and is an international company with operations in 28 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,850 employees. Bufab's net sales for the past 12 months amounted to SEK 8.9 billion and the operating margin was 12.2 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.