

Interim report January – March 2020

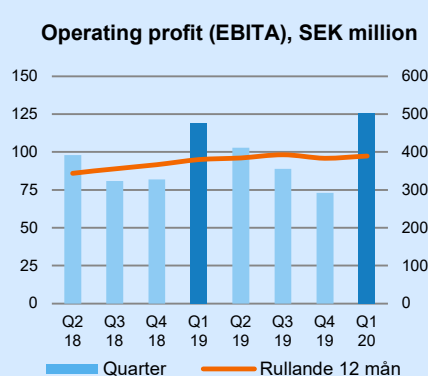
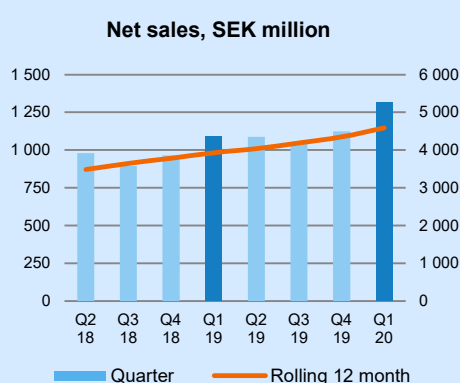
Healthy growth, increased profit and strong cash flow. Measures implemented to address anticipated lower demand in the second quarter.

First quarter of 2020

- Net sales rose by 21 percent to SEK 1,316 million (1,091).
Organic growth was -5 percent.
- Order intake was in line with net sales
- Operating profit (EBITA) rose to SEK 126 million (119) and the operating margin was 9.5 percent (10.9)
- Operating cash flow increased to SEK 84 million (38)
- Earnings per share rose to SEK 2.31 (2.23)
- A new segment structure has been implemented as per January 1, 2020

GROUP SUMMARY (FOR DEFINITIONS, SEE PAGE 18)

SEK million	Quarter 1		Δ %	12-months rolling	Full year
	2020	2019		2020/19	2019
Order intake	1,321	1,084	22	4,591	4,354
Net sales	1,316	1,091	21	4,573	4,348
Gross profit	351	304	16	1,230	1,183
%	26.7	27.9		26.9	27.2
Operating expenses	-226	-184	22	-841	-799
%	-17.2	-16.9		-18.4	-18.4
Operating profit (EBITA)	126	119	5	390	384
%	9.5	10.9		8.5	8.8
Operating profit	118	117	1	370	368
%	9.0	10.7		8.1	8.5
Profit after tax	86	84	3	255	253
Earnings per share, SEK	2.31	2.23	4	6.83	6.75



SALES GROWTH
+21%

OPERATING MARGIN (EBITA)
9.5%

CEO's overview

The first quarter of 2020 started well but came to be increasingly dominated by the coronavirus and its effects on customers, suppliers and Bufab's operations.

China and Southeast Asia were already affected in January by the restrictions implemented after the Chinese New Year. Our subsidiaries in Asia had to rapidly prepare action programmes to enable them to conduct operations safely and efficiently despite the epidemic. This experience was very valuable when the virus subsequently spread to Europe and North America.

At an early stage, we established three main priorities: health and safety, quality and deliveries to customers, and financial stability. We quickly reorganised work in all of our subsidiaries so that it could be conducted safely and with a minimal risk of spreading of the virus. We also had to handle large fluctuations in our customers' manufacturing and delivery plans. Our suppliers, first in China, then southern Europe and thereafter all of Europe and North America, were affected by reduced capacity or complete closure of their operations. We are very satisfied that we have kept our customers supplied without disruption or quality defects throughout this period.

Toward the end of the quarter, demand returned in China and Southeast Asia. At the same time, it became clear that many customers in Europe and North America had to close operation or reduce capacity. At the beginning of April, demand declined by 30 percent. Accordingly, during the same period of time, we were forced to implement comprehensive furloughing and some workforce reduction in 30 subsidiaries. The objective is to reduce the working hours to the same extent as demand during the second quarter.

Accordingly, in the first weeks of April, we reduced staffing by 30 percent of normal levels, which generated significant cost savings. If demand declines further, we will take additional measures.

During the first quarter, we reorganised the business into four operating segments instead of the previous two. The segments have been impacted in different ways by the crisis. In segment East, demand was weaker at the beginning of the quarter in China, but stronger at the end of the quarter. Segments West and North, on the other hand, had a rather strong start, but experienced a sharp slowdown toward the end of the quarter. This was particularly noticeable in certain industries, such as automotive and furniture/kitchen, as well as in countries with particularly strong restrictions, as for example France and Austria. Finally, segment UK/North America had a strong start of the quarter. At the end of March and beginning of April, when the US, the UK and Mexico introduced strict lockdown measures, it naturally affected us, too.

However, the overall impact on demand was moderate during the quarter. In fact, both sales and earnings for the first quarter of 2020 were Bufab's strongest ever.

On the other hand, the conditions for the second quarter of 2020 are challenging. We can expect a strong fall in sales in April and it is impossible to say how long a recovery will take. On the one hand, many customers are indicating an intention to resume their operations relatively soon, while on the other hand, the pandemic's development is impossible to predict. Accordingly, we have taken robust measures to reduce costs and to ensure the ability to also manage a prolonged period of low demand. At the same time, it is important to be able to quickly return to full capacity. Bufab's action programme therefore prioritises speed and retained flexibility.

I want to take this opportunity to thank the entire team at Bufab, who have shown flexibility, teamwork and strong customer focus throughout this period. Thanks to our strong team, I am confident looking ahead to the remainder of 2020.

Jörgen Rosengren

President and CEO

About Bufab

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

Bufab was founded in 1977 in Småland and is an international company with operations in 28 countries. The head office is located in Värnamo, Sweden, and Bufab has approximately 1,400 employees. Bufab's net sales for the past 12 months amounted to SEK 4.6 billion and the operating margin was 8.5 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.

The Group in brief

FIRST QUARTER

Order intake amounted to SEK 1,321 million (1,084) and was in line with net sales.

Net sales rose 21 percent to SEK 1,316 million (1,091). Organic growth was -5 percent, partly driven by the market turbulence that has arisen in the wake of the corona pandemic. Accordingly, the underlying demand was lower, but the market share was unchanged compared with the first quarter of 2019.

The gross margin was lower in the quarter compared with the preceding year. The decrease was mainly attributable to segment North through the acquisition of HT BENDIX A/S, as well as a poorer business mix in segment West relative to the comparison quarter.

The share of operating expenses was 17.2 percent (16.9). This key figure was negatively affected by low organic growth, but positively by a lower share of operating expenses in acquired companies, as well as contributions from the Group-wide efficiency programme that was initiated in the third quarter and has now been further intensified.

Operating profit rose to SEK 126 million (119), equal to an operating margin of 9.5 percent (10.9).

Compared with the preceding year, exchange-rate fluctuations impacted operating profit negatively by SEK -6 million, volumes negatively by SEK -16 million, the price/cost/mix/other positively by SEK +5 million and acquisitions positively by SEK +24 million.

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -5 million (-8) for the first quarter. Exchange-rate differences had an impact of SEK 9 million (-2) on net financial items.

The Group's profit after financial items amounted to SEK 113 million (108) for the quarter.

The tax expense for the quarter was SEK -27 million (-24), which implies an effective tax rate of 24 percent (23).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 1	
	2020	2019
EBITDA, adjusted	136	129
Other non-cash items	1	0
Changes in working capital	-43	-65
Cash flow from operations	94	64
Investments excluding acquisitions	-10	-26
Operating cash flow	84	38

Operating cash flow amounted to SEK 84 million (38) for the period. Operating cash flow increased due to higher operating profit and a lower share of working capital in relation to the comparative quarter.

Average working capital in relation to net sales amounted to 34.6 percent (36.2). The improved average working capital in relation to net sales relative to the comparison quarter is primarily attributable to a lower share of working capital in relation to net sales in the subsidiaries acquired in 2019.

On 31 March 2020, the debt/equity ratio was 107 percent (89).

Adjusted net debt amounted to SEK 1,690 million (1,202).

The increase in adjusted net debt and the debt/equity ratio is attributable to the acquisitions conducted, dividends paid, exchange-rate fluctuations, and the repurchase of own shares in the past 12 months.

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.

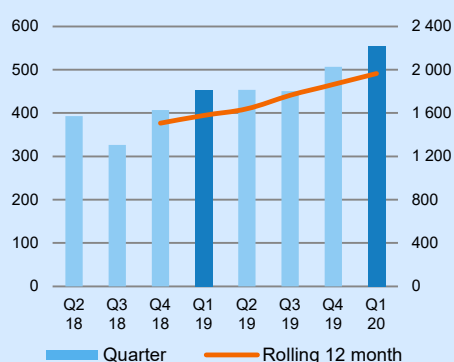
FIRST QUARTER

The trading business in all of the segment's companies had a relatively healthy start to the quarter. However, demand slowed at the end of March, even if this cannot be seen in the order intake. The decline was particularly noticeable in Denmark and specifically in the furniture and kitchens industry, and in Norway where the economy was also impacted by the strong fall in the oil price. In Finland, on the other hand, we have seen no significant effects of the slowdown to date. The manufacturing units in Sweden, which have a relatively large exposure to the automotive industry, saw weak demand for the entire quarter. In total, organic growth amounted to -5 percent.

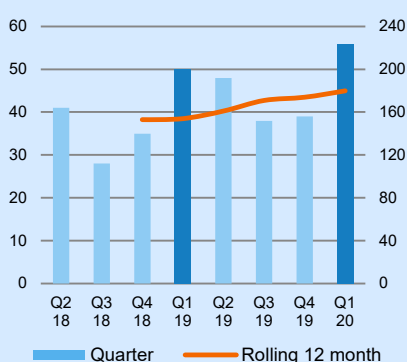
During the period, the gross margin was lower than in the preceding year, which was due to a lower gross margin in the acquired company HT BENDIX A/S. However, effective cost control and a strong contribution from the new acquisition resulted in higher operating profit.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2020	2019		2020/19	2019
Order intake	565	451	25	1,980	1,866
Net sales	554	453	22	1,966	1,865
Gross profit	137	119	25	501	474
%	24.8	26.3		25.5	25.4
Operating expenses	-82	-69	19	-313	-300
%	-14.8	-15.2		-15.9	-16.1
Operating profit (EBITA)	56	50	11	180	174
%	10.1	10.9		9.1	9.3

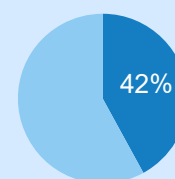
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+22%

OPERATING MARGIN (EBITA)

10.1%

Segment West

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

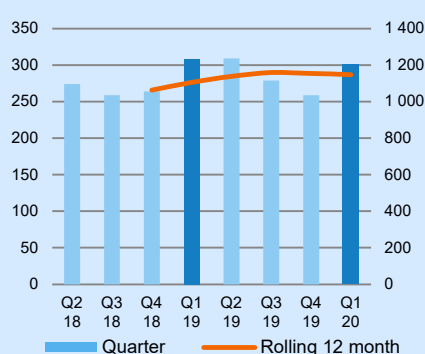
FIRST QUARTER

The business in several of the segment's companies had a relatively strong start to the quarter. But despite a satisfactory order intake, demand slowed toward the end of the quarter. The decline in demand was most apparent in Germany, the Netherlands and France, and among customers associated with the automotive industry. In total, organic growth was -2 percent.

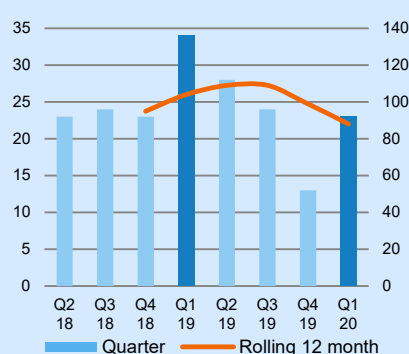
The gross margin for the period was considerably lower than in the preceding year, primarily due to a poorer business mix in one of the segment's companies. At the same time, the share of costs increased as a result of the negative growth. Overall, operating profit declined sharply in relation to the very strong comparison quarter in 2019, but improved sequentially.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2020	2019		2020/19	2019
Order intake	299	310	-4	1,146	1,157
Net sales	301	308	-2	1,148	1,155
Gross profit	75	84	-10	297	306
%	25.1	27.3		25.9	26.5
Operating expenses	-52	-51	3	-208	-207
%	-17.4	-16.6		-18.2	-17.9
Operating profit (EBITA)	23	34	-32	88	99
%	7.7	11.0		7.7	8.6

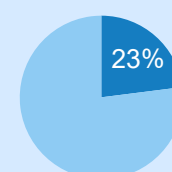
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

-2%

OPERATING MARGIN

7.7%

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.

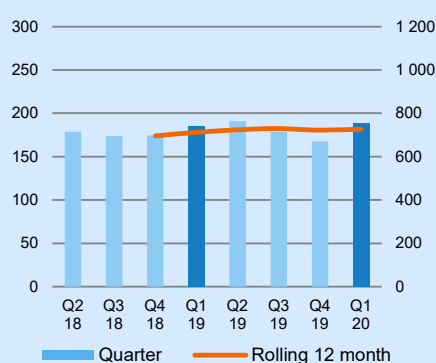
FIRST QUARTER

The segment was the first in the Group to be affected by the corona pandemic through its business in China. This put pressure on the Asian business already at the beginning of the year, but as a result of rapid action relating to the employees, customers and suppliers, the segment nonetheless displayed a strong quarter, primarily driven by the favorable development of our operations in Poland, the Baltic States and Singapore. Overall, organic growth was +2 percent and order intake was satisfactory.

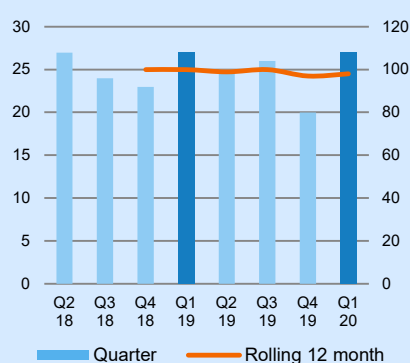
During the period, the gross margin was marginally lower than in the preceding year, but this was offset by a lower share of operating expenses. Altogether, it resulted in unchanged operating profit for the period.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2020	2019		2020/19	2019
Order intake	189	183	3	727	721
Net sales	189	185	2	727	723
Gross profit	59	58	1	231	230
%	31.0	31.4		31.7	31.8
Operating expenses	-32	-32	0	-134	-134
%	-17.0	-17.3		-18.4	-18.5
Operating profit (EBITA)	27	27	2	97	97
%	14.1	14.2		13.4	13.4

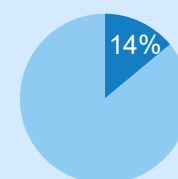
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+2%

OPERATING MARGIN (EBITA)

14.1%

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.

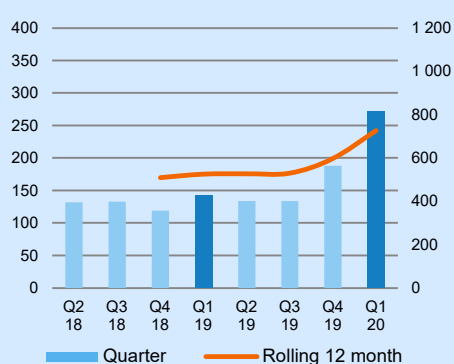
FIRST QUARTER

Most of the subsidiaries had a strong start to the quarter. However, demand slowed down significantly at the end of March in conjunction with the strong restrictions introduced in California and other US states, and followed thereafter by Mexico and the UK. The restrictions led to many customers in the segment closing or substantially reducing their operations from the end of March, and in many cases, only intend to resume operations at the end of April or beginning of May.

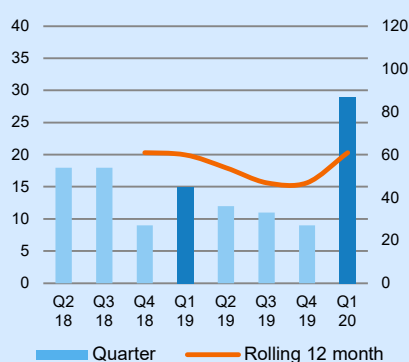
Since the effects of the corona pandemic only impacted the end of the first quarter, the segment achieved a strong operating profit nonetheless. The increase in earnings is primarily attributable to the acquisition of American Bolt & Screw in November 2019.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2020	2019		2020/19	2019
Order intake	268	139	94	732	602
Net sales	272	143	90	727	598
Gross profit	85	45	89	225	185
%	31.4	31.8		31.0	30.9
Operating expenses	-56	-30	87	-164	-138
%	-20.6	-21.0		-22.6	-23.1
Operating profit (EBITA)	29	15	95	61	47
%	10.8	10.5		8.4	7.9

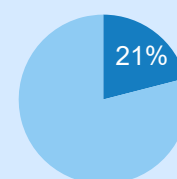
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+90%

OPERATING MARGIN (EBITA)

10.8%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2020</i>	<i>2019</i>
Net sales	1,316	1,091
Cost of goods sold	-965	-787
Gross profit	351	304
Distribution costs	-161	-135
Administrative expenses	-78	-55
Other operating income	14	10
Other operating expenses	-9	-7
Operating profit	118	117
<i>Profit/loss from financial items</i>		
Interest income and similar income items	11	3
Interest expenses and similar expenses	-16	-11
Profit after financial items	113	108
Tax on net profit for the period	-27	-24
Profit after tax	86	84

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2020</i>	<i>2019</i>
Profit after tax	86	84
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation differences / Currency hedging net after tax	23	38
Other comprehensive income after tax	23	38
Total comprehensive income	109	122
Total comprehensive income attributable to:		
Parent Company shareholders	109	122

Earnings per share

<i>SEK</i>	<i>Quarter 1</i>	
	<i>2020</i>	<i>2019</i>
Earnings per share	2.31	2.23
Weighted number of shares outstanding before dilution, thousands	37,165	37,467
Diluted earnings per share, SEK	2.31	2.23
Weighted number of shares outstanding after dilution, thousands	37,165	37,467

Consolidated Balance Sheet

<i>SEK million</i>	<i>31 Mar 20</i>	<i>31 Mar 19</i>	<i>31 Dec 19</i>
ASSETS			
<i>Non-current assets</i>			
Intangible assets	2,103	1,203	2,034
Property, plant and equipment	626	524	633
Financial assets	35	26	37
Total non-current assets	2,763	1,754	2,704
<i>Current assets</i>			
Inventories	1,475	1,322	1,494
Current receivables	1,022	947	836
Cash and cash equivalents	291	154	216
Total current assets	2,788	2,423	2,547
Total assets	5,551	4,177	5,250
EQUITY AND LIABILITIES			
Equity	1,859	1,703	1,750
<i>Non-current liabilities</i>			
Non-current liabilities, interest-bearing	2,252	1,504	2,109
Non-current liabilities, non-interest-bearing	536	96	497
Total non-current liabilities	2,788	1,599	2,606
<i>Current liabilities</i>			
Current liabilities, interest-bearing	119	160	175
Current liabilities, non-interest-bearing	785	715	719
Total current liabilities	904	875	894
Total equity and liabilities	5,551	4,177	5,250

Consolidated Statement of Changes in Equity

<i>SEK million</i>	31 Mar 20	31 Mar 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	86	84
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	24	38
Total comprehensive income	110	122
Transactions with shareholders	-	-
Total transactions with shareholders	-	-
Equity at end of period	1,860	1,703

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2020</i>	<i>2019</i>
<i>Operating activities</i>		
Profit before financial items	118	117
Depreciation/amortisation and impairment	48	33
Interest and other finance income	11	0
Interest and other finance expenses	-16	-9
Other non-cash items	1	0
Income tax paid	-50	-37
Cash flow from operating activities before changes in working capital	112	104
<i>Changes in working capital</i>		
Increase (-)/decrease (+) in inventories	34	19
Increase (-)/decrease (+) in operating receivables	-174	-113
Increase (+)/decrease (-) in operating liabilities	97	30
Cash flow from operating activities	69	40
<i>Investing activities</i>		
Acquisition of property, plant and equipment	-10	-26
Company acquisitions including additional purchase considerations	-15	-
Acquisition of intangible assets	0	-
Cash flow from investing activities	-25	-26
<i>Financing activities</i>		
Increase (+)/decrease (-) in borrowings	26	-7
Cash flow from financing activities	26	-7
Cash flow for the period	70	7
Cash and cash equivalents at beginning of period	216	144
Translation differences	5	3
Cash and cash equivalents at end of period	291	154

The Group's segment reporting

North	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	381	393	327	407	453	454	451	507	554
Gross profit	112	111	88	103	119	121	111	124	137
%	29.4	28.3	27.0	25.4	26.2	26.7	24.6	24.4	24.8
Operating expenses	-64	-70	-60	-69	-69	-74	-73	-85	-82
%	-16.8	-17.7	-18.5	-16.9	-15.3	-16.2	-16.2	-16.7	-14.9
Operating profit (EBITA)	48	41	28	35	50	48	38	39	55
%	12.5	10.5	8.5	8.5	10.9	10.5	8.4	7.7	9.9

West	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	267	274	259	264	308	309	279	259	299
Gross profit	70	72	70	72	84	83	74	65	75
%	26.3	26.2	27.2	27.4	27.3	26.8	26.7	24.9	25.2
Operating expenses	-46	-48	-47	-49	-51	-55	-50	-52	-53
%	-17.3	-17.7	-18.1	-18.5	-16.4	-17.7	-17.9	-20.1	-17.6
Operating profit (EBITA)	24	23	24	23	34	28	24	13	23
%	9.1	8.5	9.1	8.8	10.9	9.1	8.8	4.8	7.5

East	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	169	179	174	175	185	191	179	168	189
Gross profit	54	58	57	57	58	61	57	55	59
%	32.0	32.4	32.6	32.4	31.3	31.9	31.8	32.5	31.0
Operating expenses	-28	-31	-33	-33	-32	-35	-31	-35	-32
%	-16.6	-17.6	-18.7	-18.6	-17.5	-18.6	-17.2	-20.8	-17.1
Operating profit (EBITA)	26	27	24	24	26	25	26	20	26
%	15.4	14.9	13.9	13.8	13.8	13.3	14.5	11.7	13.9

UK/North America	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	126	132	132	119	143	134	134	188	272
Gross profit	45	47	46	39	45	42	42	56	85
%	35.3	35.3	34.5	32.7	31.8	31.6	31.5	29.6	31.3
Operating expenses	-28	-28	-28	-30	-30	-30	-31	-47	-56
%	-21.9	-21.5	-21.2	-25.3	-21.1	-22.7	-23.2	-24.8	-20.8
Operating profit (EBITA)	17	18	18	9	15	12	11	9	29
%	13.4	13.8	13.4	7.4	10.7	8.9	8.3	4.7	10.5

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

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

Group	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	945	980	895	967	1,091	1,089	1,045	1,124	1,316
Gross profit	277	282	259	271	304	303	279	297	351
%	29.3	28.8	28.9	28.0	27.8	27.8	26.7	26.4	26.7
Operating expenses	-171	-184	-177	-189	-184	-200	-191	-224	-226
%	-18.1	-18.8	-19.8	-19.6	-16.9	-18.4	-18.3	-19.9	-17.2
Operating profit (EBITA)	106	98	81	82	119	103	89	73	126
%	11.2	10.0	9.1	8.5	10.9	9.4	8.5	6.5	9.5

Consolidated Key Figures

For definitions, see page 18.

	Quarter 1		Δ
	2020	2019	%
Order intake, SEK million	1,321	1,084	22
Net sales, SEK million	1,316	1,091	21
Gross profit, SEK million	351	304	15
EBITDA, SEK million	164	151	8
EBITDA, adjusted, SEK million	136	129	5
Operating profit (EBITA), SEK million	126	119	6
Operating profit, SEK million	118	117	1
Profit after tax, SEK million	86	84	2
Gross margin, %	26.7	27.9	
Operating margin (EBITA), %	9.5	10.9	
Operating margin, %	9.0	10.7	
Net margin, %	6.5	7.7	
Net debt, SEK million	2,080	1,510	37
Net debt, SEK million, adjusted	1,690	1,202	41
Debt/equity ratio, %	107	89	20
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	3.4	2.9	
Working capital, SEK million	1,741	1,581	10
Average working capital, SEK million	1,626	1,461	11
Average working capital in relation to net sales, %	34.6	36.2	
Equity/assets ratio, %	36	41	
Operating cash flow, SEK million	84	38	21
Earnings per share, SEK	2.31	2.23	4

⁽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 1</i>	
	<i>2020</i>	<i>2019</i>
Administrative expenses	-4	-4
Other operating income	2	2
Operating loss	-2	-2
<i>Profit/loss from financial items</i>		
Interest expenses and similar expenses	-	-
Loss after financial items	-2	-2
Appropriations	-	-
Tax on net profit/loss for the period	-	-
Loss after tax	-2	-2
Other comprehensive income	-	-
Total comprehensive income	-2	-2

Parent Company Balance Sheet

<i>SEK million</i>	31 Mar 20	31 Mar 19	31 Dec 19
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	66	70	72
Other current receivables	36	14	31
Cash and cash equivalents	-	-	-
Total current assets	102	84	103
Total assets	947	929	948
EQUITY AND LIABILITIES			
Equity	829	799	830
Untaxed reserves	100	122	100
<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	19	8	18
Total current liabilities	19	8	18
Total equity and liabilities	947	929	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. The aim is to identify and prevent risks and to limit any loss or damage from these risks. The main risks to which the Group is exposed relate to the impact of the economy on demand. For further information regarding risks and risk management, see Note 3 of the 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.

ACQUISITIONS

Acquisitions made during 2018-2020.

	Date	Net sales*	Employees
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 31 March 2020 amounted to 1,394 (1,282).

CONTINGENT LIABILITIES

There were no significant changes to the company's

contingent liabilities during the interim period.

CHANGED DIVIDEND PROPOSAL

The Board of Directors of Bufab has resolved to withdraw the proposal to the 2020 Annual General Meeting communicated earlier of SEK 2.75 (2.50) per share and instead proposes to the Annual General Meeting that no dividend be paid. The Board's opinion is that in the prevailing market situation, it is important that the company's equity/assets ratio and financial position is as healthy as possible ahead of the potential future challenges and opportunities.

EVENTS AFTER THE BALANCE-SHEET DATE

At the beginning of the second quarter, it was apparent that many customers in Europe and North America were forced to close or reduce their operations due to the ongoing corona pandemic. Because of this demand decreased by 30%. We have therefore during this period been compelled to implement comprehensive short term lay-offs and certain terminations in some 30 subsidiaries. The objective is that working hours in the second quarter should be reduced in parity to demand.

Accordingly, we have during the first weeks of April reduced working hours by 30 percent, which brings significant cost savings. If demand should decline further, we will take additional measures.

ORGANISATION

Group HR Director, Terece Hjerpe, has resigned in order to pursue other challenges outside the Group.

AUDIT REVIEW

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

FINANCIAL REPORTING DATES

Interim report Q2 2020

16 July 2020

Interim report Q3 2020

23 October 2020

Year-end report 2020

11 February 2021

Värnamo, 21 April 2020

Jörgen Rosengren
President and CEO

Definitions of key figures

Gross margin, %

Gross profit as a percentage of net sales for the period

EBITDA

Operating profit before depreciation, amortisation and impairment

EBITDA, adjusted

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

Operating profit (EBITA)

Gross profit less operating expenses.

Net debt, adjusted

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

Debt/equity ratio, %

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

Net debt / EBITDA, adjusted, multiple

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

Operating expenses

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

Working capital

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

Average working capital

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

Average working capital in relation to net sales, %

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

Equity/assets ratio, %

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

Operating cash flow

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

Earnings per share

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

Performance measures not defined in accordance with IFRS

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

Organic growth

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

2020, percentage points	Quarter 1				
	Group	North	West	East	UK/North America
Organic growth	-5	-8	-5	1	-4
Currency translation effects	2	0	3	1	3
Acquisitions	24	29	0	0	91
Recognised growth	21	21	-2	2	90

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 1	
	2020	2019
EBITDA, adjusted	136	129
Other non-cash items	1	0
Changes in inventory	34	18
Changes in operating receivables	-174	-113
Changes in operating liabilities	97	30
Cash flow from operations	94	64
Investments excluding acquisitions	-10	-26
Operating cash flow	84	38

EBITDA

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

	<i>Quarter 1</i>	
	2020	2019
Operating profit	118	117
Depreciation/amortisation and impairment	46	34
EBITDA	164	151

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>Quarter 1</i>	
	2020	2019
Operating profit	118	117
Depreciation/amortisation and impairment	46	34
Less: amortisation on right-of-use assets according to IFRS 16	-25	-19
Less: interest expenses on lease liabilities according to IFRS 16	-3	-2
EBITDA, adjusted	136	129

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 1</i>	
	2020	2019
Operating profit	118	117
Depreciation and amortisation of acquired intangible assets	7	2
EBITA	126	119

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 1</i>	
	2020	2019
Distribution costs	-161	-135
Administrative expenses	-78	-55
Other operating income	14	10
Other operating expenses	-9	-7
Depreciation and amortisation of acquired intangible assets	7	2
Operating expenses	-227	-184

Working capital

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

	<i>31 Mar</i>	<i>31 Mar</i>
	<i>2020</i>	<i>2019</i>
Current assets	2,788	2,423
Less: cash and cash equivalents	-291	-154
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-756	-688
Working capital on the balance-sheet date	1,741	1,581

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.

	<i>31 Mar</i>	<i>31 Mar</i>
	<i>2020</i>	<i>2019</i>
Non-current interest-bearing liabilities	2,252	1,504
Current interest-bearing liabilities	119	160
Less: cash and cash equivalents	-291	-154
Less: other interest-bearing receivables	0	0
Net debt on balance-sheet date	2,080	1,510

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.

	<i>31 Mar</i>	<i>31 Mar</i>
	<i>2020</i>	<i>2019</i>
Non-current interest-bearing liabilities	2,252	1,504
Current interest-bearing liabilities	119	160
Less: lease liabilities according to IFRS 16	-390	-308
Less: cash and cash equivalents	-291	-154
Less: other interest-bearing receivables	0	0
Net debt, adjusted, on the balance-sheet date	1,690	1,202

CONFERENCE CALL

A conference call will be held on 21 April 2020 at 9:00 a.m. CET. Jörgen Rosengren, President and CEO, and Marcus Andersson, CFO, will present the results. The conference call will be held in English.

To participate in the conference, use any of the following dial-in numbers: Standard Intl. +44 (0) 2071 928000, UK 08445718892, Sweden 0850692180 or the US +1 (631) 510 7495. Conference code: 9170997.

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 21 April 2020 at 7:30 a.m. CET.

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