

Year-end report

January–December 2023

Q4

BUFAB

Improved margin and strengthened cash flow conclude the year

Fourth quarter of 2023

- Net sales declined by -6 percent to SEK 1,943 million (2,074). Organic growth was -9 percent and order intake was somewhat higher than net sales
- Adjusted operating profit (EBITA) was SEK 229 million (239), corresponding to an operating margin of 11.8 percent (11.5)
- Operating profit (EBITA) was SEK 181 million (242) and the operating margin was 9.3 percent (11.7)
- Earnings per share decreased by 48 percent to SEK 1.87 (3.58)
- Operating cash flow amounted to SEK 359 million (138), corresponding to a cash conversion ratio of 188 percent (54)
- The key figure net debt/EBITDA, adjusted improved to 2.6 (3.2)

Full-year 2023

- Net sales increased by 3 percent to SEK 8,680 million (8,431). Organic growth was -6 percent and order intake was somewhat lower than net sales
- Adjusted operating profit (EBITA) was SEK 1,121 million (1,084), corresponding to an operating margin of 12.9 percent (12.9)
- Operating profit (EBITA) increased by 5 percent to SEK 1,043 million (990) and the operating margin was 12.0 percent (11.7)
- Earnings per share decreased by 7 percent to SEK 15.17 (16.23)
- Operating cash flow amounted to SEK 1,602 million (99), corresponding to a cash conversion ratio of 146 percent (10)
- The Board of Directors proposes a dividend of SEK 5.00 (4.75) per share

Key figures

MSEK	Q4			Jan-Dec		
	2023	2022	Δ %	2023	2022	Δ %
Order intake	2,036	2,092	-3	8,602	8,453	2
Net sales	1,943	2,074	-6	8,680	8,431	3
Gross profit	569	583	-2	2,494	2,389	4
Gross margin (%)	29.3	28.1		28.7	28.3	
Operating expenses	-388	-341	14	-1,451	-1,399	4
Share of net sales (%)	-20.0	-16.4		-16.7	-16.6	
Operating profit (EBITA)	181	242	-25	1,043	990	5
Operating margin EBITA (%)	9.3	11.7		12.0	11.7	
Operating profit (EBITA), adjusted	229	239	-4	1,121	1,084	3
Operating margin EBITA, (%) adjusted	11.8	11.5		12.9	12.9	
Operating profit	164	225	-27	974	930	5
Operating margin (%)	8.5	10.9		11.2	11.0	
Profit after tax	71	135	-47	574	609	-6
Earnings per share, SEK	1.87	3.58	-48	15.17	16.23	-7

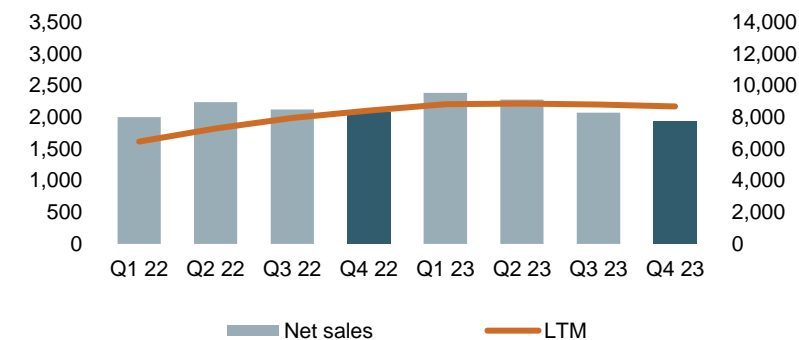
-6%

Sales growth

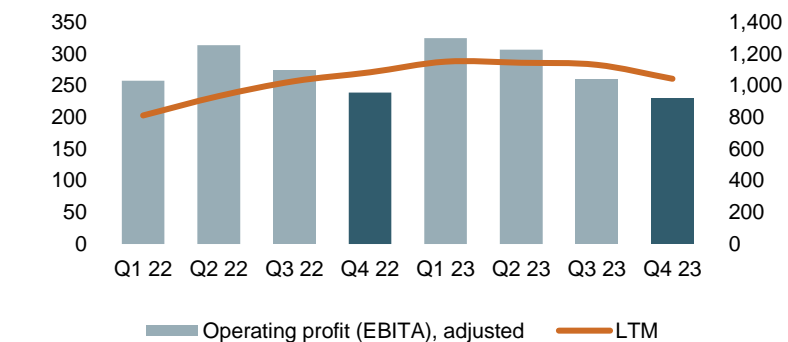
11.8%

Operating margin (EBITA), adjusted

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



CEO's overview

A record year for Bufab concluded with continued favourable development in the fourth quarter, with improved margins and strengthened cash flow.

For the full-year of 2023, Bufab delivered its highest sales and operating profit to date. During the year, we worked purposefully on the implementation of our new strategy, with higher value creation for our customers, an improved customer and product mix, and more efficient management of our working capital yielding results. We also delivered our highest operating margin and strongest cash flow ever, demonstrating our resilience even in a more challenging market.

Strong performance despite lower demand in the quarter

In the fourth quarter, we reported a strong result despite lower demand year on year. Sales growth amounted to -6 percent in the quarter and organic growth to -9 percent. A downturn in demand was primarily noted by Segment East and UK/North America, driven by sectors that experienced tailwinds during the pandemic, but now have lower demand than in the previous year. Our assessment is also that the weak organic growth in the quarter was partly the result of customers

decreasing inventory ahead of year-end. Sectors that reported favourable demand were energy, automotive and defence. Order intake was slightly lower year on year but was still at a high level.

Efforts to strengthen our gross margin continued to bear fruit in the quarter due to a better customer and product mix.

Adjusted for the remeasurement of additional purchase considerations in the quarter of -48 (+3), the operating margin (EBITA adjusted) was 11.8 percent (11.5), which we are satisfied with given the lower demand in the quarter.

While Segment North in particular contributed to operating profit in the quarter, UK/North America also had a positive impact, with several of the segment's companies delivering a strong performance. Results in Segment West were in line with the previous year, while Segment East noted a weaker development.

Cash flow significantly improved year on year due to a strong improvement

in working capital, and for the full-year 2023, we delivered our strongest cash flow on record. Our objective is to gradually reduce the net debt/EBITDA ratio, which improved during the quarter to 2.6 (3.2). Our strengthened financial position provides scope for acquisitions moving forward, and recently we have noted an increase in M&A activity.

New strategy and raised profitability target

During the Capital Markets Day in December, we presented Bufab's updated strategy, which focuses on profitable growth by creating even more value for current and new customers.

In line with our new, more ambitious plans for Bufab, we announced that our profitability target is raised from 12 to 14 percent considering our strong offering, which is becoming increasingly relevant and generating greater value for our customers. We will also initiate a strategic review of Bufab's manufacturing companies, Bufab Lann AB and Hallborn Metall AB, given that we expect our trading

business to be our core operation moving forward.

An area we will continue to focus on as part of our new strategy is leading the development of sustainability in our industry. In 2024, we will continue to develop our customer offerings in the field of sustainability and continue to integrate sustainability throughout our operations, with the goal of reaching net zero by 2050.

Well positioned for 2024

In recent times, the market outlook has become more uncertain, and we live in a time of great geopolitical uncertainty. The recent unrest in the Middle East with minor disruptions in the supply chain has so far had no significant impact on our customers. Our strong position with a broad supplier base and alternative transport routes means that we can handle these challenges well.

We have a well-diversified customer base and article portfolio, with a good spread of risk among various sectors and markets, and a strategy that is well-adapted for the future.

In 2024, we will continue to execute our strategy where our short-term priorities stand firm: to capture market share, gradually improve our margin and deliver a stronger cash flow. Bufab is a more robust company today than it was at the start of 2023, and our offering to customers is becoming increasingly relevant.

Finally, I want to thank all our customers around the world for the trust they have shown in us during the year and extend a big thank you to our 1,800 "solutionists" worldwide for their outstanding work in 2023.

Erik Lundén
President and CEO



The Group in brief

Fourth quarter

Order intake decreased to SEK 2,036 million (2,092), which was slightly higher than net sales. Net sales declined by -6 percent to SEK 1,943 million (2,074). Of the total change in sales, 3 percent was attributable to currency effects, 0 percent to acquisitions and -9 percent to organic growth. Growth was impacted by weaker demand from sectors that experienced tailwinds during the pandemic.

The gross margin was 29.3 percent (28.1). The higher gross margin was due primarily to a more favourable customer and business mix.

The proportion of operating expenses increased to 20.0 percent (16.4). The increase was essentially due to remeasured additional purchase considerations, which amounted to SEK -48 million for the period compared with SEK +3 million in the comparison period. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to 17.5 percent (16.6).

Adjusted operating profit (EBITA) decreased by -4 percent to SEK 229 million (239), corresponding to an operating margin of 11.8 percent (11.5). Operating profit (EBITA) decreased by 25 percent to SEK 181 million (242) and the operating margin was 9.3 percent (11.7).

Earnings per share decreased by 48 percent to SEK 1.87 (3.58).

January–December

Order intake increased to SEK 8,602 million (8,453) and was slightly lower than net sales. Net sales increased by 3 percent to SEK 8,680 million (8,431). Of the total growth, 5 percent was attributable to currency effects, 4 percent to acquisitions and -6 percent to organic growth.

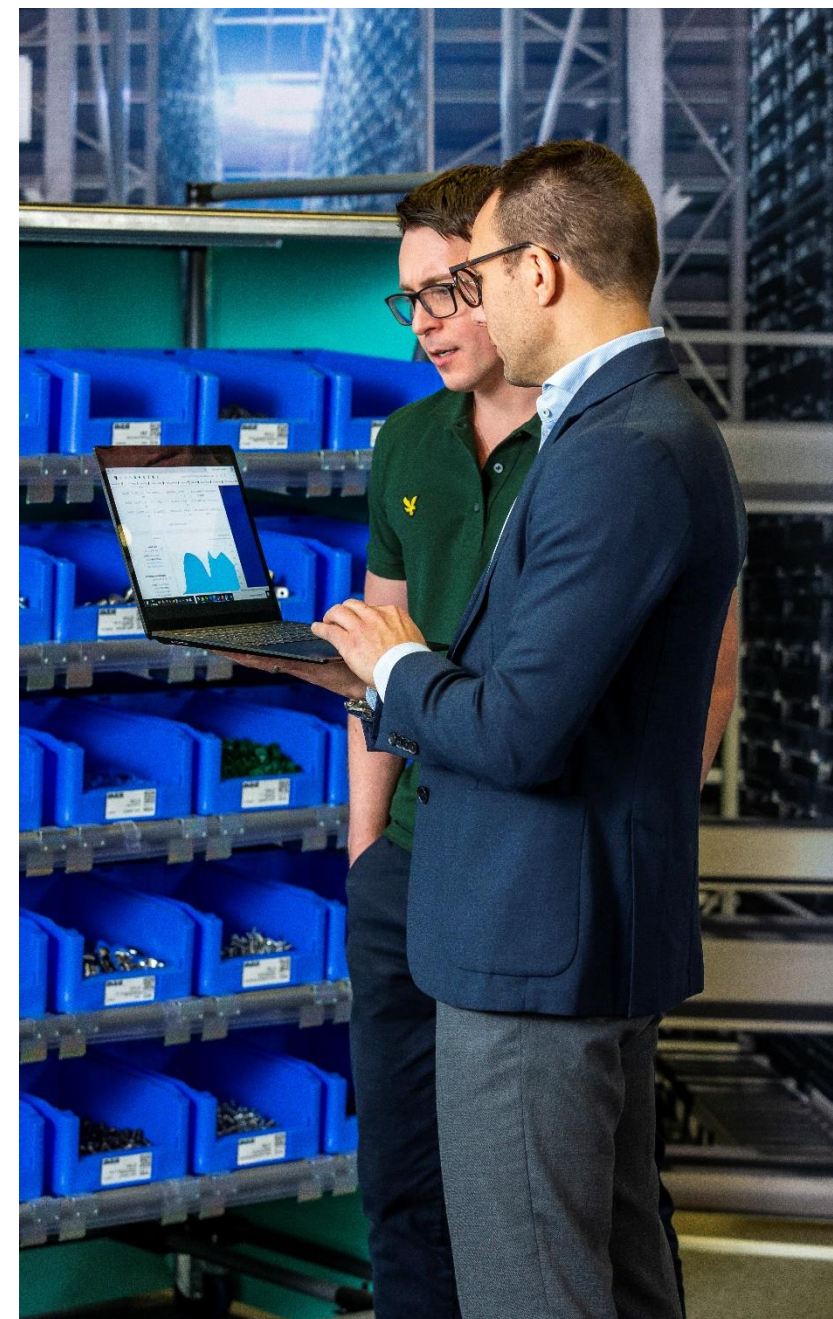
Underlying demand was somewhat lower, and the market share is deemed to be unchanged in all of the Group's segments except for Segment West, where the market share increased.

The gross margin was slightly higher than in the preceding year and amounted to 28.7 percent (28.3).

The share of operating expenses was 16.7 percent (16.6). Adjusted for remeasured additional purchase considerations, which were SEK -78 million during the period compared with SEK -94 million in the year-earlier period, the share of operating expenses amounted to 15.8 percent (15.5).

Adjusted operating profit (EBITA) rose 3 percent to SEK 1,121 million (1,084), equal to an operating margin of 12.9 percent (12.9). Operating profit (EBITA) increased by 5 percent to SEK 1,043 million (990) and the operating margin was 12.0 percent (11.7).

Earnings per share decreased by 7 percent to SEK 15.17 (16.23).



Financial items and tax

The Group's net financial items totalled SEK -71 million (-43) for the fourth quarter, of which exchange-rate differences accounted for SEK -17 million (1) and interest for SEK -47 million (-46).

For the full year, net financial items amounted to SEK -219 million (-102), of which exchange-rate differences accounted for SEK -3 million (5) and interest for SEK -197 million (-103). The Group's profit after financial items was SEK 93 million (182) for the quarter and SEK 755 million (828) for the full year.

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

The tax expense for the quarter was SEK -22 million (-47), entailing an effective tax rate of 23.7 percent (25.8). The full-year tax expense was SEK -181 million (-218), entailing an effective tax rate of 24.0 percent (26.5). The decrease in the effective tax rate relative to the comparative period is attributable to costs during the comparative quarter for the remeasurement of additional purchase considerations, which are not tax deductible.

Operating cash flow

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
EBITDA, adjusted	191	255	1,097	1,041
Other non-cash items	48	-15	81	128
Changes in working capital	136	-76	510	-1,004
Cash flow from operations	375	164	1,688	165
Investments excluding acquisitions	-16	-26	-86	-66
Operating cash flow, SEK million	359	138	1,602	99
<i>Cash conversion</i>	<i>188%</i>	<i>54%</i>	<i>146%</i>	<i>10%</i>

Cash flow, working capital and financial position

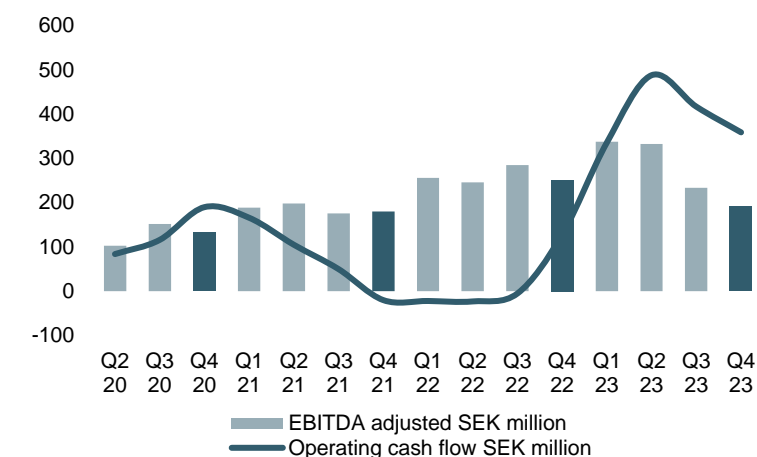
Operating cash flow was strong during the quarter and the full year, which was attributable to a strong improvement in working capital. The reduction in working capital was a direct result of the Group's goal of unlocking capital tied up in operations.

Average working capital for the past four quarters in relation to net sales amounted to 39.7 percent (38.2). 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 and subsequently in 2023, gradually reducing its inventory.

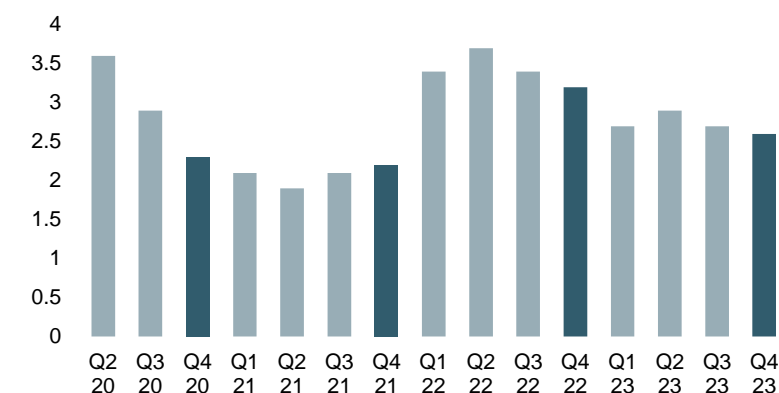
As per 31 December 2023, adjusted net debt totalled SEK 2,861 million (3,273) and the debt/equity ratio was 99 percent (124). The reduced net debt and debt/equity ratio were directly attributable to the favourable operating cash flow during the year and were achieved despite substantial payments for additional purchase considerations during the first half of 2023.

The key figure net debt/EBITDA, adjusted, was a multiple of 2.6 (3.2) on 31 December 2023. This key figure declined by 0.6 during full-year 2023; the improvement was mainly due to a strong cash flow, which contributed to reducing the Group's loans.

Operating cash flow and EBITDA, adjusted



Net debt/EBITDA, adjusted



Segment North

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

Fourth quarter

Total growth was -6 percent, of which -8 percent was organic growth. The negative organic growth was due to market downturn in Finland in addition to continued sector-specific challenges in the bath and kitchen sectors. Strong demand in defence industry. Order intake was higher than net sales.

The gross margin was higher compared to last year, mainly due to a favourable product and customer mix, purchasing savings and renegotiations of old contracts that yielded improved margins.

Key figures

MSEK	Q4			Jan-Dec		
	2023	2022	Δ %	2023	2022	Δ %
Order intake	715	737	-3	2,903	2,815	3
Net sales	682	729	-6	2,907	2,837	2
Gross profit	178	179	-1	753	737	2
Gross margin (%)	26.1	24.6		25.9	26.0	
Operating expenses	-88	-92	-4	-382	-384	-1
Share of net sales (%)	-13.0	-12.6		-13.1	-13.5	
Operating profit (EBITA)	90	87	3	371	352	5
Operating margin EBITA (%)	13.1	11.9		12.8	12.4	

35%

Share of total sales

The share of operating expenses was somewhat higher compared to last year on account of the lower sales, but actual operating expenses were lower year on year at SEK -88 million (-92) thanks to the adaptive measures taken as a result of the lower sales. Overall, operating margin improved to 13.1 percent (11.9).

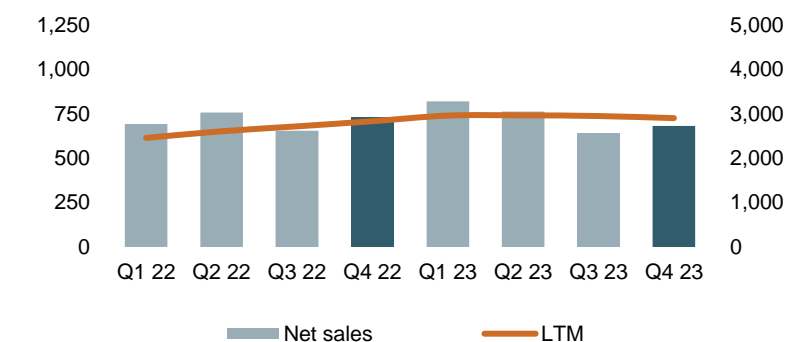
-6%

Sales growth

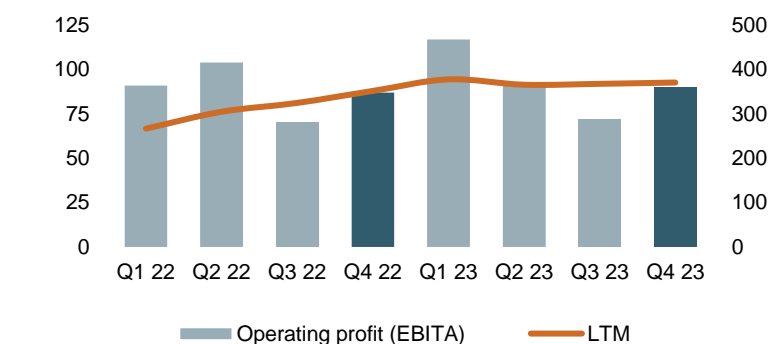
13.1%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Segment West

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

Fourth quarter

Total growth was 0 percent, of which organic growth was -5 percent. Demand remained favourable in energy, automotive and defence, but was offset by a general slowdown in other industries. Demand was particularly strong in France, the Czech Republic and Germany, while Austria and the Netherlands noted weak development. Order intake was higher than net sales.

Key figures

MSEK	Q4			Jan-Dec		
	2023	2022	Δ %	2023	2022	Δ %
Order intake	430	397	8	1,818	1,716	6
Net sales	408	409	0	1,871	1,694	10
Gross profit	96	103	-6	446	408	9
Gross margin (%)	23.5	25.1	-1.6	23.8	24.1	-0.3
Operating expenses	-54	-59	9	-218	-219	1
Share of net sales (%)	-13.2	-14.5	1.3	-11.6	-12.9	1.3
Operating profit (EBITA)	42	43	-1	229	188	22
Operating margin EBITA (%)	10.3	10.5	-0.2	12.2	11.1	1.1

21%

Share of total sales

The gross margin for the quarter was lower compared to last year, due to a poorer product and customer mix in France and Austria.

The share of operating expenses declined as a result of a continued focus on cost control. Overall, operating profit decreased by 3 percent, equal to an operating margin of 10.3 percent (10.5).

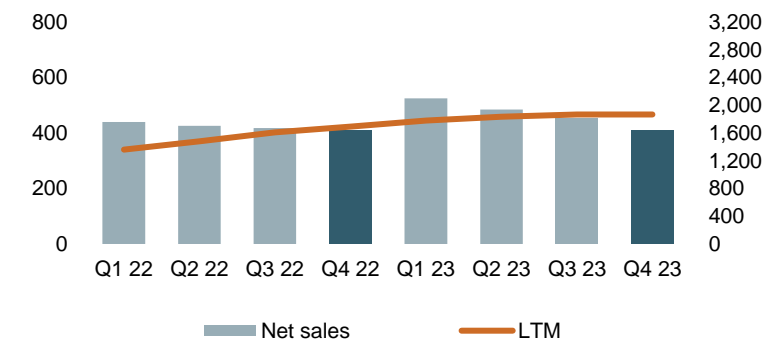
0%

Sales growth

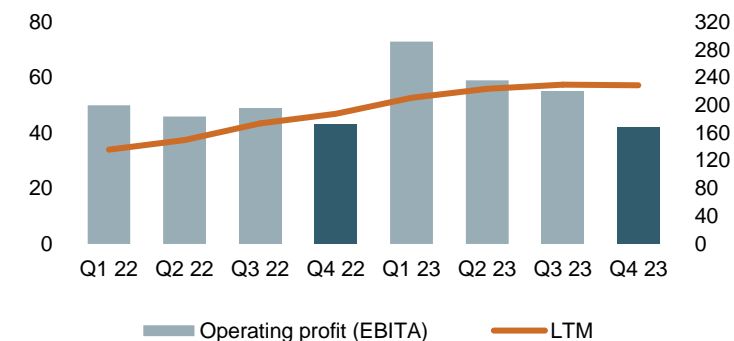
10.3%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Segment East

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

Fourth quarter

The segment reported a weak performance, with -9 percent growth, of which organic growth was -12 percent. The decline was due to a weaker development in Asia, particularly in biomedicine, and the postponement of purchases and projects over the end of the year. Eastern European maintained its growth by capturing market share, mainly in Hungary and Türkiye. Order intake was slightly lower than net sales.

The gross margin in the quarter was slightly higher compared to last year, due to an improved customer mix and the effects of price adjustments.

Key figures

MSEK	Q4			Jan-Dec		
	2023	2022	Δ %	2023	2022	Δ %
Order intake	221	274	-19	1,036	1,066	-3
Net sales	230	253	-9	1,045	1,073	-3
Gross profit	74	81	-9	331	342	-3
Gross margin (%)	32.2	32.1		31.7	31.9	
Operating expenses	-47	-47	-0	-182	-190	-4
Share of net sales (%)	-20.4	-18.7		-17.5	-17.7	
Operating profit (EBITA)	27	34	-20	149	153	-2
Operating margin EBITA (%)	11.7	13.4		14.3	14.2	

12%

Share of total sales

The share of operating expenses was higher compared to last year. The increase was due to an unchanged cost base in relation to the lower sales, with the companies in Poland in particular experiencing continued inflationary pressure. Measures to adapt operating expenses to lower sales will be implemented in the first quarter of 2024.

Overall, operating profit decreased by 20 percent, equal to an operating margin of 11.7 percent (13.4).

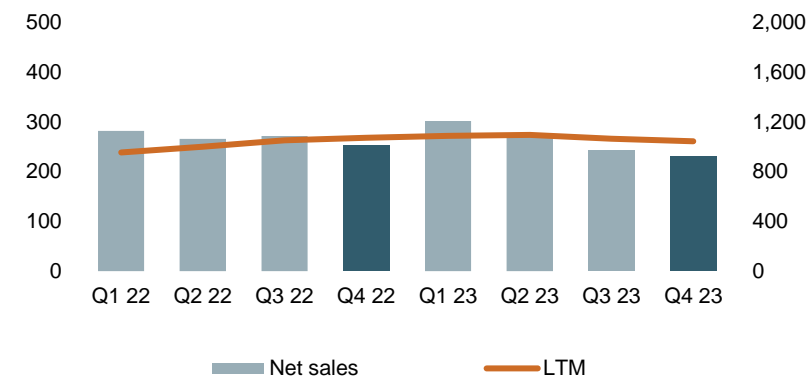
-9%

Sales growth

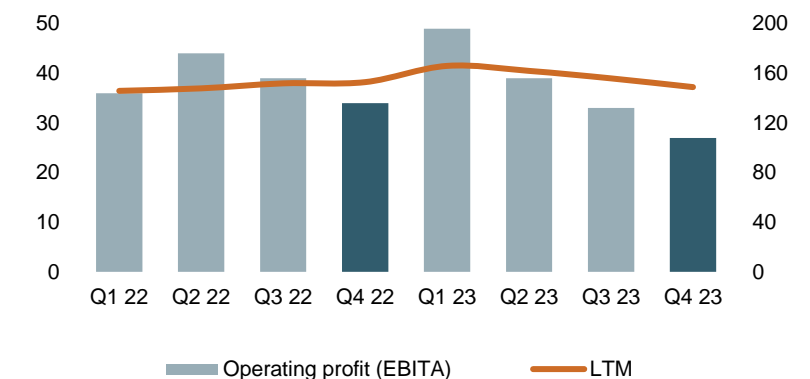
11.7%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Segment UK/ North America

32%

Share of total sales

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

Fourth quarter

The segment displayed growth of -8 percent for the period, of which -10 percent was organic. The decline was the result of continued challenging market conditions for APEX in stainless steel and for ABS in the mobile home industry, where the staycation trend has slowed. High interest rates are also affecting new sales in the mobile home industry. There were also long production breaks over the Christmas holidays for the segment's manufacturing customers in North America. Operations in Northern Ireland concluded the year with continued strong growth, mainly in forklifts and industrial pumps. Order intake was higher than sales.

The gross margin in the quarter remained strong compared to last year, due to a favourable customer mix, continued price adjustments and purchasing savings.

The share of operating expenses increased to 30.9 percent (20.1) owing to a remeasured additional purchase consideration of SEK -48 million (+3). Adjusted for this remeasurement, the share of operating expenses amounted to 23.3 percent (20.6). The segment's operating expenses for the quarter were also impacted by the continued increase in inflation and rising energy costs, mainly in the UK.

In total, operating profit declined by 68 percent, equal to an operating margin of 3.8 percent (10.9). Adjusted for the remeasured additional purchase considerations, operating profit (EBITA) increased to SEK 72 million (71) and the operating margin to 11.5 percent (10.5).

Key figures

	Q4			Jan-Dec		
	2023	2022	Δ %	2023	2022	Δ %
MSEK						
Order intake	671	683	-2	2,847	2,855	-0
Net sales	623	681	-8	2,858	2,824	1
Gross profit	217	212	2	949	890	7
Gross margin (%)	34.7	31.1		33.2	31.5	
Operating expenses	-193	-137	41	-639	-568	12
Share of net sales (%)	-30.9	-20.1		-22.4	-20.1	
Operating profit (EBITA)	24	74	-68	310	321	-4
Operating margin EBITA (%)	3.8	10.9		10.8	11.4	

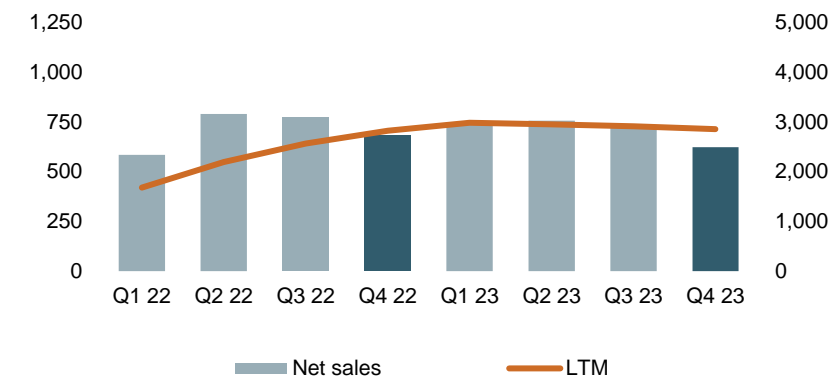
-8%

Sales growth

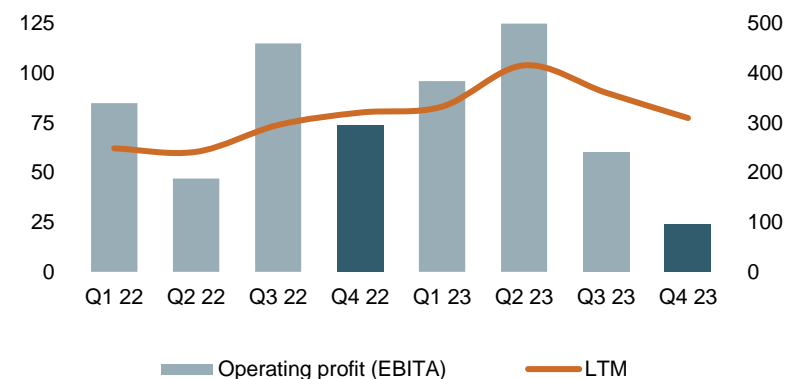
3.8%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA), SEK million



Financial statements

Condensed Consolidated Income Statement

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Net sales	1,943	2,074	8,680	8,431
Costs of goods sold	-1,374	-1,491	-6,186	-6,042
Gross profit	569	583	2,494	2,389
Distribution costs	-220	-235	-920	-863
Administrative expenses	-135	-134	-552	-526
Other operating income and operating expenses	-50	11	-48	-70
Operating profit	164	225	974	930
Profit/loss from financial items				
Interest income and similar profit/loss items	3	4	15	15
Interest expenses and similar profit/loss items	-74	-47	-234	-117
Profit after financial items	93	182	755	828
Tax on net profit for the period	-22	-47	-181	-218
Profit after tax	71	135	574	609

Statement of Comprehensive Income

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Profit after tax	71	135	574	609
Other comprehensive income				
Items that will not be reclassified in profit or loss				
Actuarial loss / profit on pension obligations, net after tax	-1	7	-1	7
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	-92	33	-14	170
Other comprehensive income after tax	-93	40	-15	177
Total comprehensive income	-22	175	559	786
Total comprehensive income attributable to:				
Parent Company shareholders	-22	175	559	786

Earnings per share

SEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Earnings per share	1.87	3.58	15.17	16.23
Weighted number of shares outstanding before dilution, thousands	37,888	37,617	37,825	37,545
Diluted earnings per share, SEK	1.86	3.55	15.03	15.95
Weighted number of shares outstanding after dilution, thousands	38,081	37,920	38,157	38,191

Condensed Consolidated Balance Sheet

MSEK	31 Dec	
	2023	2022
Assets		
Fixed assets		
Intangible fixed assets	3,289	3,373
Property plant and equipment	769	711
Financial assets	32	33
Total non-current assets	4,090	4,117
Current assets		
Inventories	2,857	3,449
Current receivables	1,435	1,548
Cash and cash equivalents	218	322
Total current assets	4,510	5,319
Total assets	8,600	9,436

MSEK	31 Dec	
	2023	2022
Equity and liabilities		
Equity	3,418	3,036
Non-current liabilities		
Non-current liabilities, interest bearing	3,346	3,173
Non-current liabilities, non-interest bearing	201	370
Total non-current liabilities	3,547	3,543
Current liabilities		
Current liabilities, interest bearing	271	911
Current liabilities, non-interest bearing	1,364	1,946
Total current liabilities	1,635	2,857
Total equity and liabilities	8,600	9,436

Consolidated Statement of Changes in Equity

MSEK	31 Dec	
	2023	2022
Equity at beginning of year	3,036	2,377
Comprehensive income		
Profit after tax	574	609
<i>Other comprehensive income</i>		
Items that will not be reclassified in profit or loss		
Actuarial loss / profit on pension obligations, net after tax	-1	7
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	-14	170
Total comprehensive income	559	786
Transactions with shareholders		
Issued call options	5	6
Redemption call options	19	7
Repurchase of own shares	-21	-
Dividend to shareholders	-180	-140
Total transactions with shareholders	-177	-128
Equity at end of period	3,418	3,036

Consolidated Cash Flow Statement

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Operating activities				
Profit before financial items	165	225	974	930
Depreciation and amortization	76	66	278	240
Interest and other finance income	-12	4	15	15
Interest and other finance expenses	-60	-47	-234	-118
Other non-cash items	48	-15	81	128
Income tax paid	-32	-60	-178	-236
Cash flow from operations	185	173	936	959
Changes in working capital				
Increase (-)/decrease (+) in inventories	85	-54	584	-797
Increase (-)/decrease (+) in operating receivables	179	169	110	11
Increase (+)/decrease (-) in operating liabilities	-128	-193	-184	-220
Cash flow from operating activities	321	95	1,446	-47
Investing activities				
Purchase of intangible assets	-3	-6	-8	-6
Acquisition of property, plant and equipment	-13	-20	-78	-60
Company acquisitions including additional purchase considerations	-22	-36	-648	-1,016
Cash flow from (-used in) investing activities	-38	-62	-734	-1,082
Financing activities				
Dividend paid	-86	-	-180	-140
Option programme	3	2	3	13
Increase (+)/decrease (-) in borrowings	-322	-82	-636	1,272
Cash flow from financing activities	-405	-80	-813	1,145
Cash flow for (-used in) the period	-122	-47	-101	16
Cash and cash equivalents at the beginning of the period	362	365	322	293
Translation differences	-22	3	-3	13
Cash and cash equivalents at the end of the period	218	321	218	322

The Group's Segment Reporting

North

MSEK	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 23	Q4 23
Net sales	613	694	758	656	729	821	764	641	682
Gross profit	153	182	206	169	179	215	195	165	178
Gross margin (%)	25.0%	26.2%	27.2%	25.8%	24.6%	26.2%	25.5%	25.8%	26.1%
Operating expenses	-93	-91	-102	-99	-92	-98	-103	-93	-88
Share of net sales (%)	-15.2%	-13.1%	-13.4%	-15.2%	-12.6%	-11.9%	-13.5%	-14.5%	-13.0%
Operating profit (EBITA)	60	91	104	70	87	117	92	72	90
Operating margin EBITA (%)	9.8%	13.1%	13.8%	10.7%	12.0%	14.2%	11.9%	11.3%	13.1%

West

MSEK	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 23	Q4 23
Net sales	326	440	426	419	409	526	485	452	408
Gross profit	81	104	100	101	103	128	114	108	96
Gross margin (%)	24.7%	23.7%	23.5%	24.0%	25.1%	24.3%	23.6%	24.0%	23.6%
Operating expenses	-51	-55	-54	-51	-59	-55	-55	-53	-54
Share of net sales (%)	-15.6%	-12.5%	-12.6%	-12.3%	-14.5%	-10.5%	-11.3%	-11.8%	-13.3%
Operating profit (EBITA)	29	50	46	49	43	73	59	55	42
Operating margin EBITA (%)	9.0%	11.4%	10.8%	11.7%	10.5%	13.8%	12.2%	12.1%	10.3%

East

MSEK	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 23	Q4 23
Net sales	233	282	266	272	253	297	275	243	230
Gross profit	73	90	83	88	81	94	85	79	74
Gross margin (%)	31.3%	31.7%	31.4%	32.4%	32.1%	31.6%	30.8%	32.3%	32.4%
Operating expenses	-39	-54	-40	-49	-47	-45	-46	-45	-47
Share of net sales (%)	-16.7%	-19.0%	-15.0%	-18.0%	-18.7%	-15.0%	-16.6%	-18.7%	-20.3%
Operating profit (EBITA)	34	36	44	39	34	49	39	33	27
Operating margin EBITA (%)	14.6%	12.7%	16.4%	14.4%	13.4%	16.6%	14.2%	13.6%	11.7%

UK/North America

MSEK	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 23	Q4 23
Net sales	427	585	791	774	681	742	757	736	623
Gross profit	137	187	253	238	212	234	253	245	217
Gross margin (%)	33.0%	32.0%	32.0%	30.7%	31.1%	31.6%	33.4%	33.3%	34.7%
Operating expenses	-88	-103	-206	-122	-137	-138	-123	-185	-193
Share of net sales (%)	-20.6%	-17.5%	-26.0%	-15.8%	-20.1%	-18.6%	-16.2%	-25.2%	-30.9%
Operating profit (EBITA)	49	85	47	115	74	96	130	60	24
Operating margin EBITA (%)	11.5%	14.5%	5.9%	14.9%	10.9%	13.0%	17.1%	8.2%	3.8%

Other

MSEK	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 23	Q4 23
Net sales	-0	1	-	1	2	0	0	-0	-
Gross profit	-0	-3	-3	6	8	4	3	4	4
Operating expenses	-3	-16	-9	-7	-5	-16	-4	-4	-6
Operating profit (EBITA)	-3	-18	8	-2	2	-12	-1	-1	-2

Group

MSEK	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 23	Q4 23
Net sales	1,599	2,002	2,241	2,122	2,074	2,386	2,280	2,071	1,943
Gross profit	443	561	645	601	583	675	649	601	569
Gross margin (%)	27.7%	28.0%	28.8%	28.3%	28.1%	28.3%	28.5%	29.0%	29.3%
Operating expenses	-274	-318	-411	-329	-341	-351	-331	-381	-388
Share of net sales (%)	-17.1%	-15.9%	-18.3%	-15.5%	-16.4%	-14.7%	-14.5%	-18.4%	-20.0%
Operating profit (EBITA)	169	243	233	272	242	323	319	220	181
Operating margin EBITA (%)	10.6%	12.1%	10.4%	12.8%	11.7%	13.5%	14.0%	10.6%	9.3%

Consolidated Key Figures

MSEK	Q4		Δ	Jan-Dec		Δ †
	2023	2022		2023	2022	
Order intake	2,036	2,092	-3%	8,602	8,453	2%
Net sales	1,943	2,074	-6%	8,680	8,431	3%
Gross profit	569	583	-2%	2,494	2,389	4%
EBITDA	241	292	-17%	1,252	1,170	7%
EBITDA, adjusted	191	255	-25%	1,097	1,041	5%
Operating profit (EBITA)	181	242	-25%	1,043	990	5%
Operating profit (EBITA), adjusted	229	239	-4%	1,121	1,084	3%
Operating profit	164	225	-27%	974	930	5%
Profit after tax	71	135	-47%	574	609	-6%
Gross margin	29.3%	28.1%		28.7%	28.3%	
Operating margin EBITA	9.3%	11.7%		12.0%	11.7%	
Operating margin EBITA, adjusted	11.8%	11.5%		13.0%	12.9%	
Operating margin	8.5%	10.9%		11.2%	11.0%	
Net margin	3.7%	6.5%		6.6%	7.2%	
Net debt, SEK million	3,399	3,761	-10%			
Net debt, adjusted, SEK million	2,861	3,273	-13%			
Debt/equity ratio, (%)	99	124	-20%			
Net debt / EBITDA, adjusted	2.6	3.2	-19%			
Working capital, SEK million	3,158	3,686	-14%			
Average working capital, SEK million	3,448	3,324				
Average working capital in relation to net sales, (%)	39.7	38.2				
Solidity (%)	40	32				
Operating cash flow, SEK million	359	138	160%	1,602	99	1518%
Earnings per share, SEK	1.87	3.58	-48%	15.17	16.23	-7%

Condensed Parent Company Income Statement

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Administrative expenses	-6	-5	-20	-17
Other operating revenue	4	2	11	8
Operating profit	-2	-3	-9	-9
Profit/loss from financial items	-	-	150	150
Interest income and similar profit/loss items	-	-	1	-
Interest expenses and similar profit/loss items	-	-	-	-
Income after financial items	-2	-3	142	139
Appropriations	98	99	98	99
Tax on net profit for the period	-20	-22	-20	-22
Profit after tax	76	74	220	218

Condensed Parent Company Balance Sheet

MSEK	31 Dec	
	2023	2022
Assets		
Fixed assets		
Financial assets		
Investments in group companies	845	845
Other assets		
Other non-current receivables	1	-
Total non-current assets	846	845
Current assets		
Receivables from Group companies	372	318
Other current receivables	4	26
Cash and cash equivalents	-	-
Total current assets	376	344
	-	-
Total assets	1,222	1,189

MSEK	31 Dec	
	2023	2022
Equity and liabilities		
Equity	1,116	1,073
Untaxed reserves	97	94
Non-current liabilities		
Other non-current liabilities	1	-
Total non-current liabilities	1	-
Current liabilities		
Trade payables	1	-
Other current liabilities	8	22
Total current liabilities	8	22
Total equity and liabilities	1,222	1,189

Other information

Accounting policies

This year-end report has been prepared pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's financial statements were prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 and the Swedish Financial Reporting Board's recommendation RFR 2. The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2022 Annual Report. The 2022 Annual Report is available at www.bufabgroup.com

Risks and risk management

Exposure to risk is a natural part of business activity, and this is reflected in Bufab's approach to risk management. Risk management aims to identify and prevent risks and to limit any loss or damage from these risks. The main risks to which the Group is exposed relate to the impact of the economy on demand. For further information regarding risks and risk management, see Note 3 of the 2022 Annual Report.

Seasonal variations

Bufab has no significant seasonal variation in its sales, but sales over the year vary based on the number of production days in each quarter for customers.

Related-party transactions

No related-party transactions occurred during the year, except for the payment of the fee to the Board of Directors, remuneration of the President and senior executives, and new subscription for call options within the framework of the long-term share-based incentive programme adopted at the Annual General Meeting under the terms outlined in more detail below. Further, the redemption of the long-term share-based incentive programme adopted at the 2019 Annual General Meeting was implemented on the terms contained in the 2022 Annual Report.

Acquisitions

Acquisitions made during 2021–2023:

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

*Estimated annual net sales at the date of acquisition

Additional purchase considerations

The Group's liabilities for conditional considerations and unconditional additional purchase considerations attributable to acquisitions are measured at fair value. These items are recognised at fair value in the balance sheet with changes in value recognised in profit or loss. Total recognised liabilities for additional purchase considerations decreased SEK 600 million during the second quarter and amounted to SEK 280 million (826) at 31 December 2023, of which SEK 50 million (190) was recognised as Non-current liabilities, non-interest-bearing and SEK 230 million (636) 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 quarter

The Board of Directors of Bufab AB has decided on December 6 to raise the profitability target from 12 to 14 percent and to initiate a strategic review regarding Bufab's

manufacturing companies Bufab Lann AB and Hallborn Metall AB. The revised financial target and the strategic review are a result of the company's updated strategy presented at Bufab's Capital Markets Day in December. As was also announced at the Capital Markets Day, as of 1 January 2024, Bufab will report according to a new regional structure: Europe North & East, Europe West, UK & Ireland, Americas and Asia-Pacific.

Employees

The number of employees in the Group as per 31 December 2023 amounted to 1,782 (1,841).

Contingent liabilities and collaterals

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

Dividend

The Board of Directors proposes a dividend of SEK 5.00 (4.75) per share for 2023, corresponding to a total dividend of SEK 190 million (180). The proposed record date is 29 April 2024 and the expected payment date for the dividend is 3 May 2024, with the share being traded without entitlement to a dividend as of 26 April 2024.

Annual General Meeting

The Annual General Meeting (AGM) of Bufab AB (publ) will be held in Värnamo, Sweden, on 25 April 2024 at 10:30 a.m. Notice of the AGM will be available on Bufab's website, www.bufabgroup.com around 21 March 2024. The Annual Report for 2023 will be published no later than 4 April 2024.

Audit review

This year-end report has not been examined by the company's auditors.

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

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

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

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	Q4				
	Group	North	West	East	UK/North America
Organic growth	-9	-8	-5	-12	-10
Currency translation effects	3	2	5	3	2
Acquisitions	-	-	-	-	-
Recognised growth	-6	-6	-0	-9	-8

2023	Jan-Dec				
	Group	North	West	East	UK/North America
Organic growth	-6	-3	2	-10	-11
Currency translation effects	5	2	8	5	5
Acquisitions	4	3	-	2	7
Recognised growth	3	2	10	-3	1

Operating cash flow

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

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
EBITDA, adjusted	191	255	1,097	1,041
Other non-cash items	48	-15	81	128
Changes in working capital	136	-76	510	-1,004
Cash flow from operations	375	164	1,688	165
Investments excluding acquisitions	-16	-26	-86	-66
Operating cash flow, SEK million	359	138	1,602	99
<i>Cash conversion</i>	<i>188%</i>	<i>54%</i>	<i>146%</i>	<i>10%</i>

EBITDA

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

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Operating profit	165	225	974	930
Depreciation and amortization	76	67	278	240
EBITDA	241	292	1,252	1,170

EBITDA, adjusted

The performance measure EBITDA, adjusted, is an expression of operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets and interest expenses on lease liabilities according to IFRS 16. The performance measure is defined below.

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Operating profit	165	225	974	930
Depreciation and amortization	76	67	278	240
Less: amortisation on right-of-use assets according to IFRS 16	-44	-33	-138	-115
Less: interest expenses on lease liabilities according to IFRS 16	-6	-4	-17	-14
EBITDA, adjusted	191	255	1,097	1,041

EBITA

Bufab's growth strategy includes the acquisition of companies. For the purpose of illustrating the underlying operation's performance, management has chosen to monitor EBITA (operating profit before depreciation, amortisation and impairment of acquired intangible assets). The performance measure is defined below.

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Operating profit	165	225	974	930
Depreciation and amortisation of acquired intangible assets	16	17	69	60
EBITA	181	242	1,043	990

EBITA, adjusted

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

Operating expenses

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

MSEK	Q4		Jan-Dec	
	2023	2022	2023	2022
Distribution costs	-220	-235	-920	-863
Administrative expenses	-135	-134	-552	-526
Other operating income and operating	-48	11	-48	-70
Depreciation and amortisation of acquired intangible assets	16	17	69	60
Operating expenses	-387	-341	-1,451	-1,399

Working capital

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

MSEK	31 Dec	
	2023	2022
Current assets	4,510	5,319
Less: cash and cash equivalents	-218	-322
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,134	-1,310
Working capital on the balance-sheet date	3,158	3,686

Net debt

Net debt is an expression of how large the financial borrowing is in the company in absolute figures after deductions for cash and cash equivalents. The performance measure is defined below.

MSEK	31 Dec	
	2023	2022
Non-current liabilities, interest bearing	3,346	3,173
Current liabilities, interest bearing	271	911
Less: cash and cash equivalents	-218	-322
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	3,399	3,761

Net debt, adjusted

Net debt, adjusted, is an expression of how large the financial borrowing is in the company in absolute figures after deductions for lease liabilities according to IFRS 16 and cash and cash equivalents. The performance measure is defined below.

MSEK	31 Dec	
	2023	2022
Non-current liabilities, interest bearing	3,346	3,173
Current liabilities, interest bearing	271	911
Less: lease liabilities according to IFRS 16	-538	-488
Less: cash and cash equivalents	-218	-322
Less: other interest-bearing receivables	-	-
Net debt, adjusted, on the balance-sheet date	2,861	3,273

Information and addresses

Conference call

A conference call will be held on 8 February 2024 at 10:00 a.m. CET. Erik Lundén, President and CEO, and Pär Ihrskog, CFO, will present the results. Analysts and investors who wish to ask questions are asked to connect to the presentation via the following Teams link: [Click here to join the meeting](#) and use the "Raise Your Hand" function during the Q&A session.

Calendar

Interim report Q1, 2024:	25 April 2024
Annual General Meeting 2024:	25 April 2024
Interim report Q2, 2024:	11 July 2024
Interim Report Q3, 2024:	24 October 2024

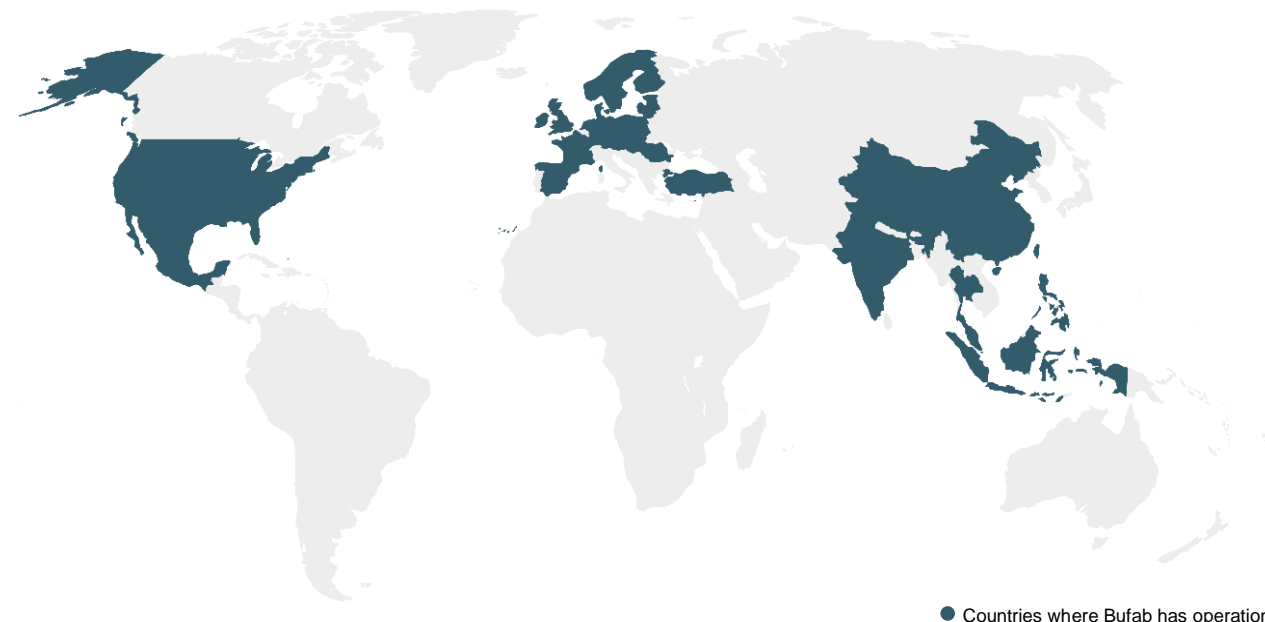
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This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication by the aforementioned contacts on 8 February 2024 at 7:30 a.m. CET.



About Bufab

Bufab is a trading company that offers its customers a full-service solution as a Supply Chain Partner for sourcing, quality control, sustainability and logistics for C-Parts.

Bufab was founded in 1977 in Småland, Sweden, and is an international Group that currently consists of more than 50 companies. The Group has 1,800 employees in about 28 countries and annual sales in 2023 amounted to SEK 8.7 billion. The share has been listed on Nasdaq Stockholm since 2014. Please visit www.bufabgroup.com for more information.

28
 Countries

51
 Sister companies

1,800
 Employees

BUFAB