

Interim report

January – June 2024

Q2

BUFAB

Weaker demand, improved gross margin and stable cash flow. Divestment of manufacturing companies.

Second quarter of 2024

- Net sales declined by -6.0 percent to SEK 2,142 million (2,280). Organic growth was -6.6 percent and order intake was somewhat higher than net sales
- Adjusted operating profit (EBITA) was SEK 261 million (307), corresponding to an operating margin of 12.2 percent (13.5)
- Operating profit (EBITA) was SEK 263 million (319) and the operating margin was 12.3 percent (14.0)
- Earnings per share decreased by 27 percent to SEK 3.94 (5.41)
- Cash flow from operating activities amounted to SEK 427 million (453), corresponding to a cash conversion ratio of 153 percent (136)
- Net debt/EBITDA, adjusted, was 2.8 percent (2.9)

January – June 2024

- Net sales declined by -8.1 percent to SEK 4,292 million (4,666). Organic growth was -8.4 percent and order intake was somewhat higher than net sales
- Adjusted operating profit (EBITA) was SEK 520 million (632), corresponding to an operating margin of 12.1 percent (13.5)
- Operating profit (EBITA) decreased by 19 percent to SEK 523 million (642) and the operating margin was 12.2 percent (13.8)
- Earnings per share decreased by 28 percent to SEK 7.76 (10.74)
- Cash flow from operating activities amounted to SEK 686 million (754), corresponding to a cash conversion ratio of 125 percent (105)

Key figures

	Q2			Jan-Jun			LTM	Full-year
	2024	2023	Δ %	2024	2023	Δ %	23/24	2023
MSEK								
Order intake	2,161	2,263	-5	4,307	4,584	-6	8,326	8,602
Net sales	2,142	2,280	-6	4,292	4,666	-8	8,305	8,680
Gross profit	639	649	-1	1,264	1,324	-5	2,434	2,494
Gross margin (%)	29.8	28.5		29.5	28.4		29.3	28.7
Operating expenses	-376	-331	14	-741	-682	9	-1,510	-1,451
Share of net sales (%)	-17.6	-14.5		-17.3	-14.6		-18.2	-16.7
Operating profit (EBITA)	263	319	-17	523	642	-19	924	1,043
Operating margin EBITA (%)	12.3	14.0		12.2	13.8		11.1	12.0
Operating profit (EBITA), adjusted	261	307	-15	520	632	-18	1,008	1,121
Operating margin EBITA, (%) adjusted	12.2	13.5		12.1	13.5		12.1	12.9
Operating profit	246	301	-18	489	607	-20	855	974
Operating margin (%)	11.5	13.2		11.4	13.0		10.3	11.2
Profit after tax	149	205	-27	294	406	-28	462	574
Earnings per share, SEK	3.94	5.41	-27	7.76	10.74	-28	13.70	15.17
Cash flow from operating activities	427	453	-6	686	754	-9	1,378	1,446
Net debt / EBITDA, adjusted	2.8	2.9	-3	-	-		-	-

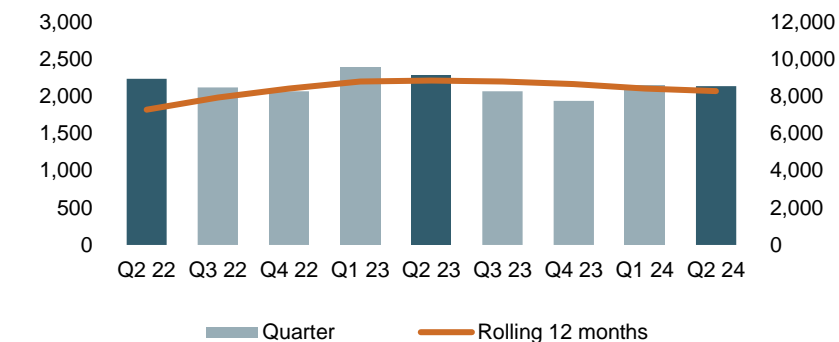
-6.0%

Sales growth

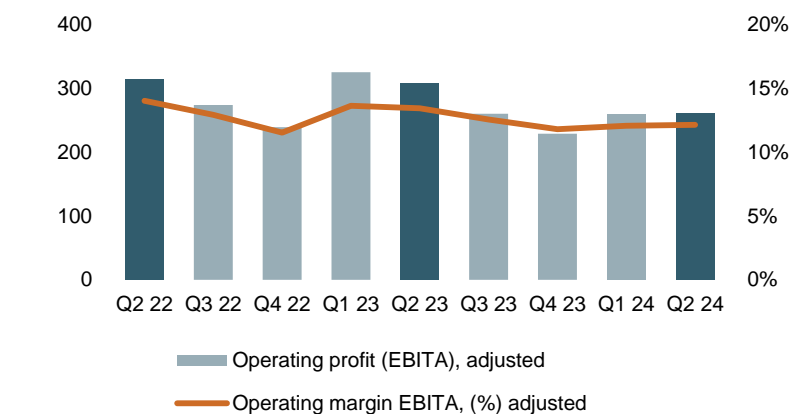
12.2%

Operating margin (EBITA), adjusted

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



CEO's overview

During the second quarter, Bufab reported negative growth, strong gross margin coupled with stable profitability and cash flow. Bufab Lann and Hallborn Metall were divested at the beginning of July as part of our updated strategy.

The organic growth continued to be negative in the second quarter. As in previous quarters, the organic decline in sales was mainly in the construction, bath, kitchen and outdoor recreation sectors, while a positive trend was noted in energy and defence. We also observed continued weak demand from general industry, albeit with indications that a turnaround is in sight.

Sales growth amounted to -6.0 percent in the quarter and organic growth to -6.6 percent, which is an improvement on the preceding quarter. Order intake was slightly higher than net sales.

The work we initiated last year aimed at strengthening our gross margin continues show result, which I am particularly pleased with. The gross margin improved 1.3 percentage points year-on-year due to our focus on enhancing our customer and product mix and developing the added value we deliver to customers, in addition to purchasing savings.

The share of operating expenses increased year-on-year on account of the falling volumes and inflationary effects during the first half of the year. We purposefully continue with cost reduction activities throughout the organisation with the aim of strengthening the operating margin. The activities mainly include staff reductions, but also

reduced overheads. At the same time, we continue to invest in our operations in order to drive growth and improve profitability in the long term. In recent quarters, for example, we have invested in our global sales force, in new warehouses in the Czech Republic and the UK, and in our e-commerce solutions.

The adjusted operating margin was 12.2 percent (13.5), which is stable given the challenging market environment and a strong comparative quarter. All regions reported a stable operating margin except Americas and Asia-Pacific.

Cash flow from operating activities amounted to SEK 427 million (453) for the quarter. Net debt/EBITDA was 2.8 (2.9). We have noted greater M&A activity recently and are evaluating several potential candidates.

In line with our updated strategy, we divested our manufacturing companies Bufab Lann and Hallborn Metall to Arbona Industri at the beginning of July, for a purchase price of SEK 230 million. I am pleased that we have completed the strategic review initiated in December 2023 and I view the divestments as part of efforts to streamline Bufab's offering and as a step towards achieving our updated profitability target.

We will continue to implement our strategy according to which our short-term priorities stand firm: to capture market share, gradually improve our margin and deliver a stronger cash flow. An area we will focus on as part of our strategy is leading the development of sustainability in our industry and continuing to strengthen our customer offering. As part of this, we organised a sustainability day during the quarter for our Swedish customers during which we discussed shared opportunities and challenges when it comes to structuring and maintaining a sustainable supply chain.

In summary, a weaker economy creates favourable conditions for a strong player such as Bufab to take new market shares. This, together with our focused work on strengthening our gross margin and on cost savings, will put us in a strong position once the market rebounds.

Finally, I would like to thank all our customers, partners and employees for your continued support and commitment.

Erik Lundén
President and CEO



The Group in brief

Second quarter

Order intake declined to SEK 2,161 million (2,263), but was somewhat higher than net sales. Net sales declined by -6.0 percent to SEK 2,142 million (2,280). Of the total change in sales, 0.6 percent was attributable to currency effects, 0 percent to acquisitions and -6.6 percent to organic growth. As in previous quarters, the organic decline in sales was mainly in the construction, bath, kitchen and outdoor recreation sectors.

The gross margin strengthened year-on-year and amounted to 29.8 percent (28.5). The higher gross margin is the result of focused efforts to improve the customer and product mix, develop the added value to customers, as well as purchasing savings.

The share of operating expenses increased to 17.6 percent (14.5). The increase is largely due to the decline in volumes and inflationary effects, but also to investments aimed at driving growth.

Adjusted operating profit (EBITA) fell to SEK 261 million (307), corresponding to an operating margin of 12.2 percent (13.5). Operating profit (EBITA) fell to SEK 263 million (319), corresponding to an operating margin of 12.3 percent (14.0).

Earnings per share decreased by 27 percent to SEK 3.94 (5.41).

January – June

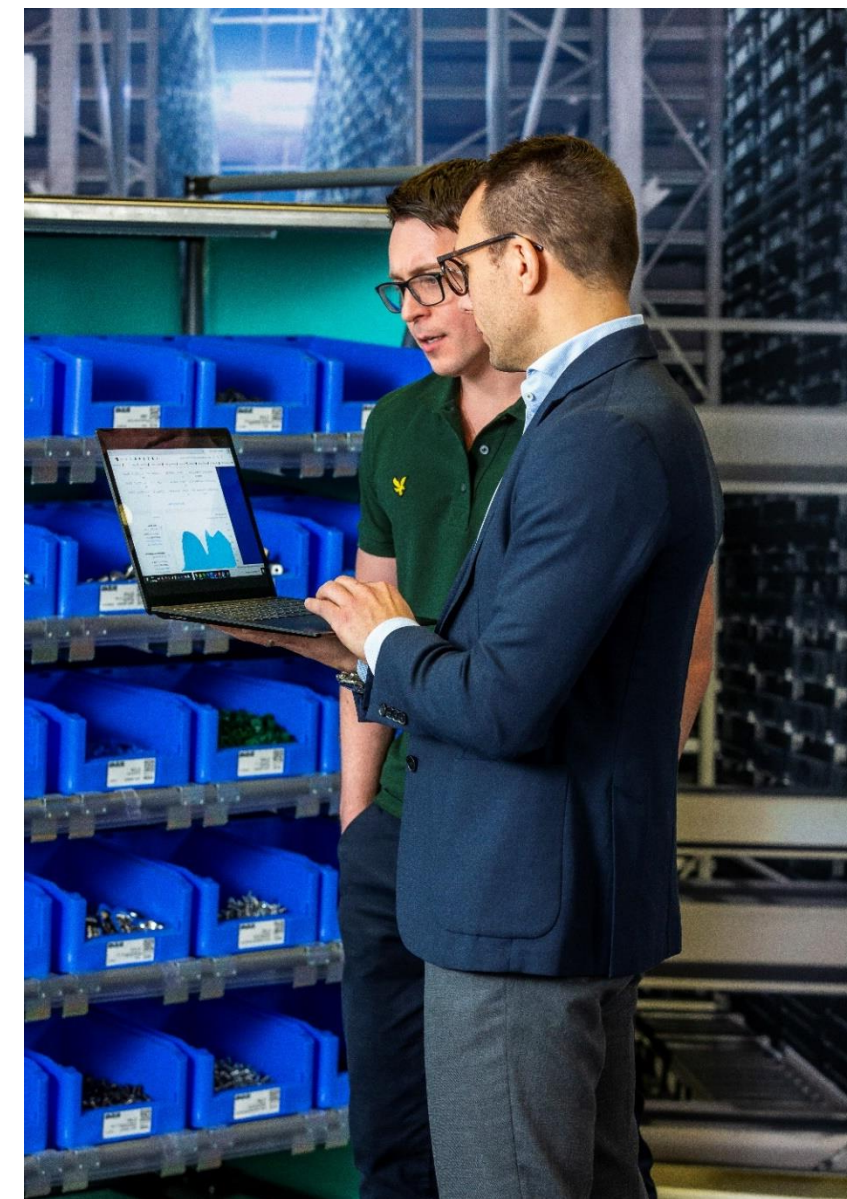
Order intake declined to SEK 4,307 million (4,584) and was somewhat higher than net sales. Net sales declined by -8.1 percent to SEK 4,292 million (4,666). Of the total growth, 0.3 percent was attributable to currency effects, 0 percent to acquisitions and -8.4 percent to organic growth.

The gross margin strengthened year-on-year and amounted to 29.5 percent (28.4).

The share of operating expenses increased to 17.3 percent (14.6). The increase compared with last year was largely due to the lower volumes, inflationary effects and investments, but also to revaluation of additional purchase considerations, which were SEK +3 million for the period compared with SEK +10 million in the comparison period. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to 17.3 percent (14.8).

Adjusted operating profit (EBITA) declined to SEK 520 million (632), corresponding to an operating margin of 12.1 percent (13.5). Operating profit (EBITA) declined to SEK 523 million (642) and the operating margin was 12.2 percent (13.8).

Earnings per share decreased by 28 percent to SEK 7.76 (10.74).



Financial items and tax

The Group's net financial items totalled SEK -52 million (-36) for the second quarter, of which exchange-rate differences accounted for SEK -1 million (18) and interest rates for SEK -51 million (-44). During the six-month period, net financial items amounted to SEK -104 million (-77), of which exchange-rate differences accounted for SEK -4 million (11) and interest rates for SEK -100 million (-89). The Group's profit after financial items was SEK 194 million (265) for the quarter and SEK 385 (530) for the six-month period.

The decline in net financial items for the quarter compared with the comparative period is primarily attributable to exchange-rate differences.

The tax expense for the quarter was SEK -45 million (-61), resulting in an effective tax rate of 23.2 percent (22.9). The tax expense for the six-month period was SEK -91 million (-125), resulting in an effective tax rate of 23.6 percent (23.5).

Cash flow, working capital and financial position

Cash flow from operating activities amounted to SEK 427 million (453), corresponding to a cash conversion ratio of 154 percent (136). For the six-month period, cash flow from operating activities amounted to SEK 686 million (754), corresponding to a cash conversion ratio of 125 percent (113).

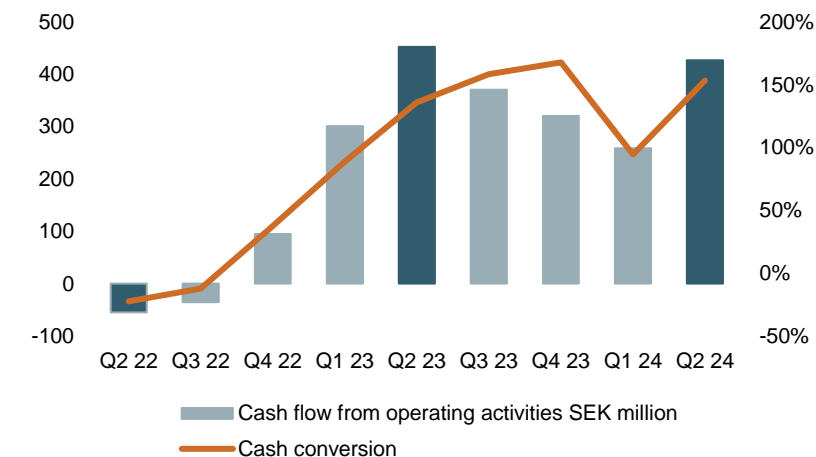
Cash flow from operating activities was lower than in the comparative period, mainly due to lower earnings. Cash flow from changes in working capital remained positive and improved year-on-year.

Working capital as a percentage of net sales was 35.6 percent (41.2). The improvement is a direct result of the Group's goal of unlocking capital tied up in operations.

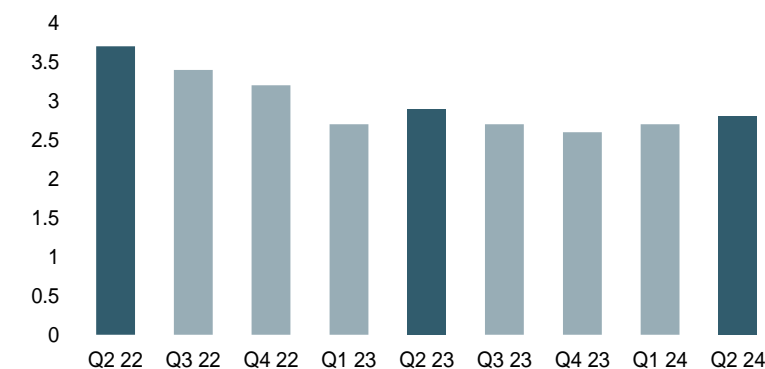
On 30 June 2024, adjusted net debt totalled SEK 2,747 million (3,497) and the debt/equity ratio was 91 percent (113). The lower net debt is directly attributable to the favourable operating cash flow over the past four quarters.

The key figure net debt/EBITDA, adjusted, was 2.8 (2.9) on 30 June 2024. The key figure improved year-on-year.

Operating cash flow and cash conversion ratio



Net debt/EBITDA, adjusted



Region Europe North & East

41%

Share of total sales

The region consists of Bufab's operations in Sweden, Finland, Norway, Denmark, Poland, Hungary, Romania, the Baltic States and Slovakia.

Second quarter

Sales growth amounted to -3.7 percent in the quarter and organic growth to -4.2 percent, an improvement on the preceding quarter. In general, the region continued to face a challenging market and demand situation, particularly in Bufab Poland and Bufab Finland. In parallel, Tilka Trading and its operations focusing on the defence industry performed strongly.

The gross margin improved 2.0 percentage points year-on-year due to our focus on developing the added value we deliver to customers, in addition to purchasing savings.

Operating expenses increased year-on-year, largely due to higher costs for current staff. Investments in the sales force have also been made, while staffing levels have been reduced in companies facing weak demand. Operating expenses have also been impacted by a provision made for an anticipated bad debt loss.

Overall, adjusted operating profit decreased by SEK 8 million, yielding an adjusted operating margin of 11.7 percent (12.1). Adjusted for the anticipated bad debt loss, the operating margin was in line with the preceding year.

Key figures

	Q2			Jan-Jun			LTM	Full-year
	2024	2023	Δ	2024	2023	Δ	23/24	2023
MSEK								
Order intake	872	897	-3	1,725	1,838	-6	3,310	3,424
Net sales	867	900	-4	1,734	1,868	-7	3,295	3,429
Gross profit	246	237	4	482	498	-3	903	920
Gross margin (%)	28.4	26.4		27.8	26.7		27.4	26.8
Operating expenses	-145	-128	13	-288	-249	16	-519	-480
Share of net sales (%)	-16.7	-14.3		-16.6	-13.3		-15.8	-14.0
Operating profit (EBITA)	101	109	-7	194	249	-22	384	440
Operating margin EBITA (%)	11.7	12.1		11.2	13.3		11.7	12.8
Operating profit (EBITA), adjusted	101	109	-7	194	249	-22	384	440
Operating margin EBITA, (%) adjusted	11.7	12.1		11.2	13.3		11.7	12.8

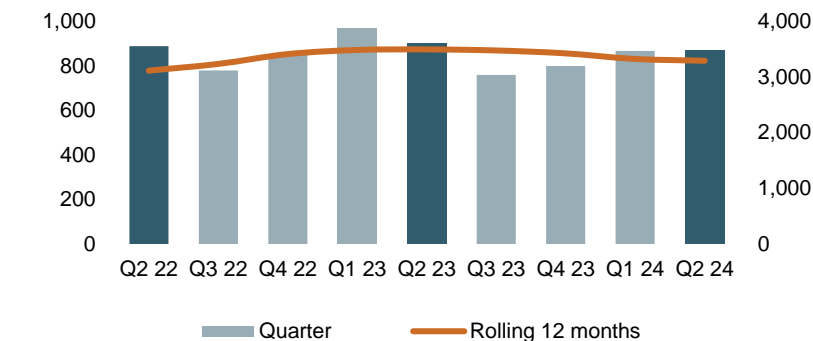
-3.7%

Sales growth

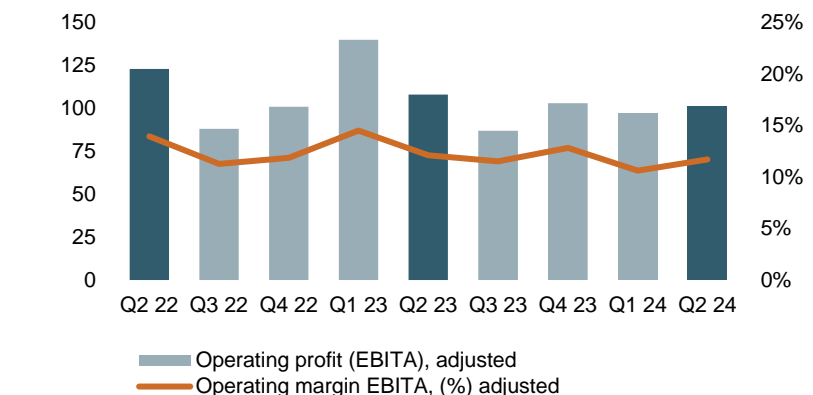
11.7%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



Region Europe West

The region consists of Bufab's operations in France, the Netherlands, Germany, the Czech Republic, Austria, Spain and Türkiye.

Second quarter

Sales growth amounted to -6.4 percent in the quarter and organic growth to -5.1 percent, an improvement on the preceding quarter. In general, the region faced a continued challenging market and demand situation, particularly in Bufab Germany, Jenny I Wattle and Bufab Flos, while the companies in Türkiye, the Czech Republic and France performed better. The market segments showing the weakest development were construction and automotive, while the positive demand trend from defence and aerospace continued.

22%

Share of total sales

The gross margin improved 1.5 percentage points year-on-year due to our focus on developing the added value we deliver to customers, in addition to purchasing savings.

Operating expenses increased year-on-year, largely due to higher costs for current staff. Investments in the sales force have also been made, while staffing levels have been reduced in companies facing weak demand.

Overall, adjusted operating profit decreased by SEK 4 million, yielding an adjusted operating margin of 12.4 percent (12.4).

Key figures

MSEK	Q2		Δ	Jan-Jun		Δ	LTM	Full-year
	2024	2023		2024	2023			
Order intake	475	502	-5	969	1,046	-7	1,825	1,902
Net sales	469	501	-6	958	1,047	-8	1,863	1,951
Gross profit	119	120	-1	241	254	-6	461	474
Gross margin (%)	25.3	23.8		25.1	24.3		24.8	24.3
Operating expenses	-60	-57	5	-119	-115	4	-233	-229
Share of net sales (%)	-12.9	-11.5		-12.4	-11.0		-12.5	-11.7
Operating profit (EBITA)	58	62	-5	122	139	-12	229	245
Operating margin EBITA (%)	12.4	12.4		12.8	13.3		12.3	12.6
Operating profit (EBITA), adjusted	58	62	-5	122	139	-12	229	245
Operating margin EBITA, (%) adjusted	12.4	12.4		12.8	13.3		12.3	12.6

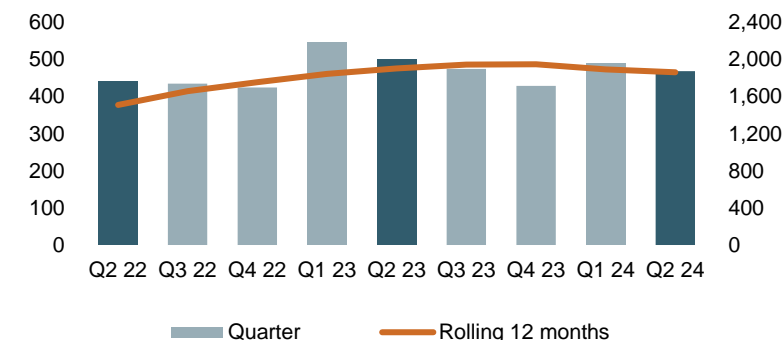
-6.4%

Sales growth

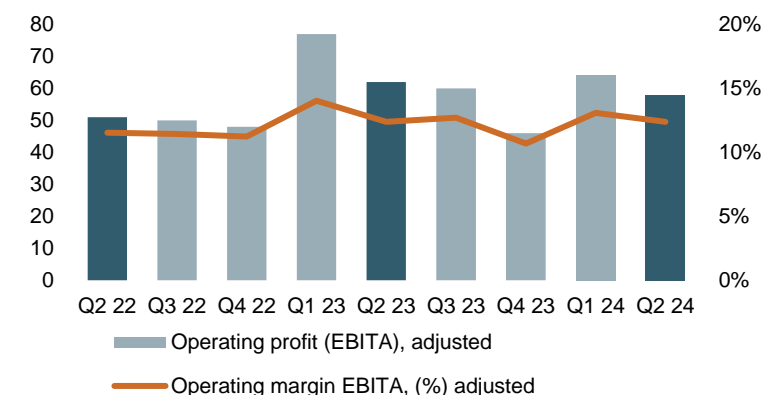
12.4%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



Region Americas

The region comprises Bufab's operations in the US and Mexico.

Second quarter

Sales growth amounted to -11.8 percent in the quarter and organic growth to -13.3 percent. In general, the region faced a continued soft market and demand situation, mainly in the mobile home and trailer segment, but also in the automotive segment, which especially impacted Component Solutions Group.

The gross margin was essentially unchanged year-on-year.

Key figures

MSEK	Q2		Δ	Jan-Jun		Δ	LTM	Full-year
	2024	2023		%	2024			
Order intake	285	315	-10	571	598	-5	1,065	1,092
Net sales	278	315	-12	556	629	-12	1,109	1,182
Gross profit	100	113	-12	198	220	-10	389	412
Gross margin (%)	36.1	36.0		35.6	35.0		35.1	34.8
Operating expenses	-68	-40	68	-130	-111	17	-253	-235
Share of net sales (%)	-24.5	-12.8		-23.4	-17.7		-22.8	-19.8
Operating profit (EBITA)	32	73	-56	68	109	-38	136	177
Operating margin EBITA (%)	11.6	23.2		12.2	17.3		12.3	15.0
Operating profit (EBITA), adjusted	32	61	-48	68	106	-36	136	174
Operating margin EBITA, (%) adjusted	11.6	19.5		12.2	16.8		12.3	14.7

13%

Share of total sales

Operating expenses increased markedly in the quarter. The increase is primarily explained by items affecting comparability in the comparative quarter, but also by inflationary effects.

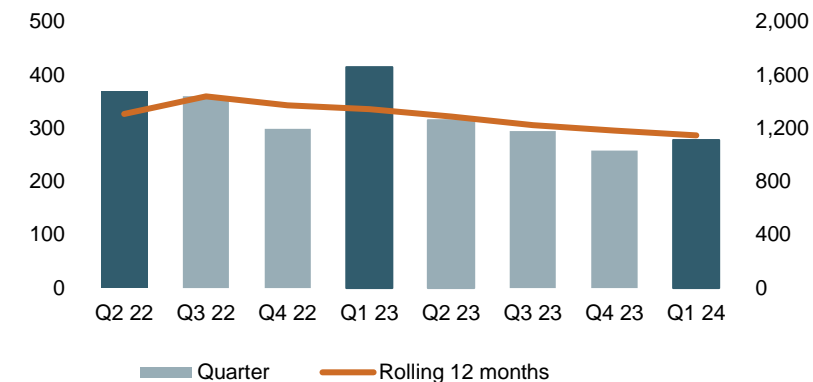
Overall, adjusted operating profit decreased by SEK 28 million, yielding an adjusted operating margin of 11.6 percent (19.5).

-11.8% 11.6%

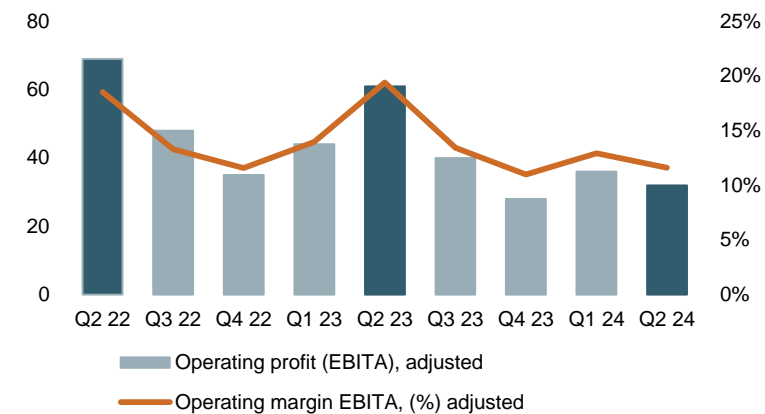
Sales growth

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



Region UK/Ireland

The region comprises Bufab's operations in the UK and Ireland.

Second quarter

Sales growth amounted to -6.2 percent in the quarter and organic growth to -8.6 percent. The decline is mainly the result of lower market prices, primarily for stainless steel products sold by Apex Stainless Fasteners, but was offset by new market shares gained for TIMCO.

The gross margin improved by 1.7 percentage points year-on-year. The strengthened gross margin was due to an improved customer and product mix, where the strategic rationalisation of customer accounts continued to make a positive contribution also in the second quarter, but also to purchasing savings.

Key figures

MSEK	Q2		Δ	Jan-Jun		Δ	LTM	Full-year
	2024	2023		%	2024			
Order intake	409	434	-6	802	860	-7	1,696	1,754
Net sales	415	442	-6	813	869	-6	1,619	1,676
Gross profit	138	139	-1	268	267	1	539	537
Gross margin (%)	33.2	31.5	-1	33.0	30.7		33.3	32.1
Operating expenses	-82	-82	-1	-164	-150	10	-419	-405
Share of net sales (%)	-19.7	-18.7		-20.2	-17.2		-25.9	-24.1
Operating profit (EBITA)	56	57	-1	105	117	-11	120	133
Operating margin EBITA (%)	13.6	12.8		12.9	13.5		7.4	7.9
Operating profit (EBITA), adjusted	53	57	-7	101	111	-8	204	214
Operating margin EBITA, (%) adjusted	12.7	12.8		12.5	12.7		12.6	12.8

19%

Share of total sales

During the quarter, the revaluation of an additional purchase consideration impacted operating expenses by SEK +3.4 million. Adjusted for this, the share of operating expenses amounted to 20.6 percent. The year-on-year increase is partly due to inflationary effects and partly to IT and e-commerce investments.

Overall, adjusted operating profit decreased by SEK 4 million, yielding an adjusted operating margin of 12.7 percent (12.8).

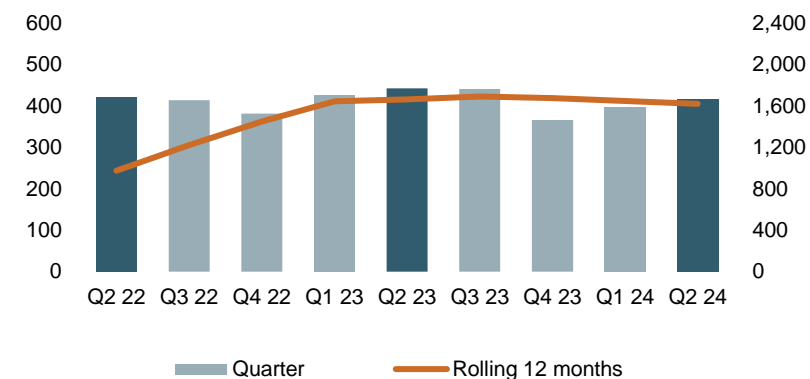
-6.2%

Sales growth

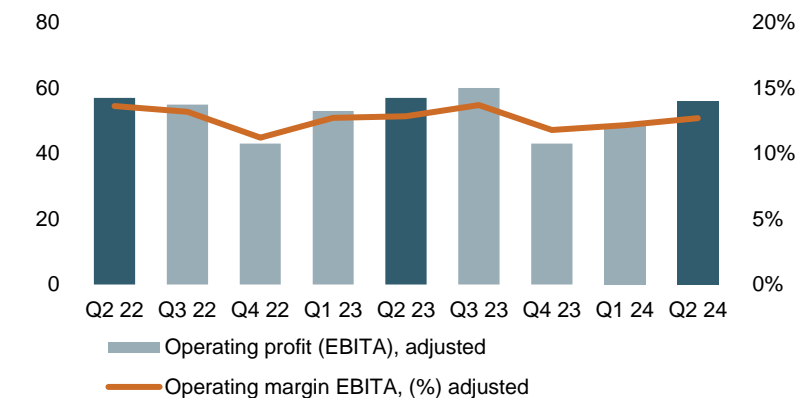
13.6%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



Region Asia-Pacific

The region consists of Bufab's operations in China, India, Singapore and other countries in Southeast Asia.

Second quarter

Sales growth amounted to -6.5 percent in the quarter and organic growth to -5.7 percent, which is an improvement on the preceding quarter. China continues to perform positively but has not offset the weaker performance in the rest of the region.

The gross margin was marginally lower than in the comparative period.

Key figures

MSEK	Q2			Jan-Jun			LTM	Full-year
	2024	2023	Δ	2024	2023	Δ	23/24	2023
Order intake	119	115	4	241	242	-1	429	431
Net sales	114	122	-7	230	253	-9	420	443
Gross profit	34	37	-7	71	78	-9	130	137
Gross margin (%)	30.2	30.4		30.9	30.9		31.0	31.0
Operating expenses	-20	-18	11	-38	-37	3	-75	-74
Share of net sales (%)	-17.6	-14.8		-16.6	-14.7		-17.8	-16.6
Operating profit (EBITA)	14	19	-24	33	41	-19	56	64
Operating margin EBITA (%)	12.6	15.6		14.3	16.2		13.2	14.4
Operating profit (EBITA), adjusted	14	19	-24	33	41	-19	56	64
Operating margin EBITA, (%) adjusted	12.6	15.6		14.3	16.2		13.2	14.4

5%

Share of total sales

Operating expenses increased compared with the comparative quarter. The increase is due to inflationary effects and investments in the customer offering.

Overall, adjusted operating profit decreased by SEK 5 million, yielding an adjusted operating margin of 12.6 percent (15.6).

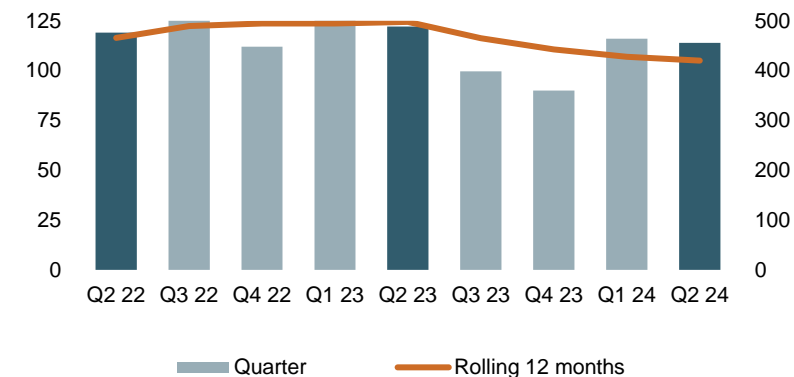
-6.5%

Sales growth

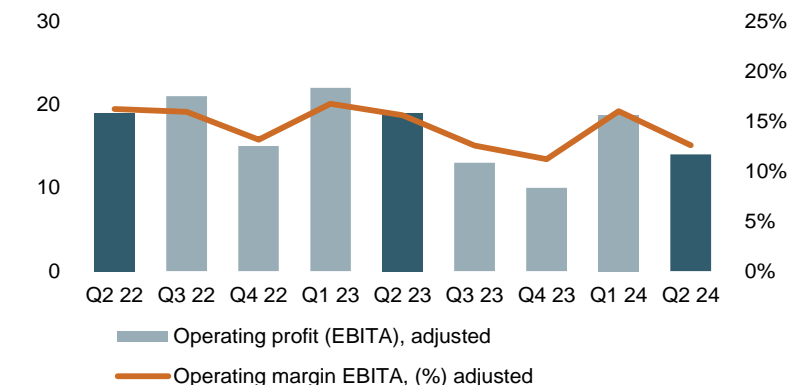
12.6%

Operating margin (EBITA)

Net sales, SEK million



Operating profit (EBITA) adjusted, SEK million



Financial statements

Condensed Consolidated Income Statement

MSEK	Q2		Jan-Jun	
	2024	2023	2024	2023
Net sales	2,142	2,280	4,292	4,666
Costs of goods sold	-1,502	-1,631	-3,028	-3,343
Gross profit	639	649	1,264	1,324
Distribution costs	-251	-235	-501	-462
Administrative expenses	-154	-135	-294	-281
Other operating income and operating expenses	11	22	20	27
Operating profit	246	301	489	607
Profit/loss from financial items				
Interest income and similar profit/loss items	1	20	4	28
Interest expenses and similar profit/loss items	-53	-56	-108	-105
Profit after financial items	194	265	385	530
Tax on net profit for the period	-45	-61	-91	-125
Profit after tax	149	205	294	406

Statement of Comprehensive Income

MSEK	Q2		Jan-Jun	
	2024	2023	2024	2023
Profit after tax	149	205	294	406
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	-32	138	90	175
Other comprehensive income after tax	-32	138	90	175
Total comprehensive income	117	343	384	581
Total comprehensive income attributable to:				
Parent Company shareholders	117	343	384	581

Earnings per share

SEK	Q2		Jan-Jun	
	2024	2023	2024	2023
Earnings per share	3.94	5.41	7.76	10.74
Weighted number of shares outstanding before dilution, thousands	37,853	37,780	37,871	37,780
Diluted earnings per share, SEK	3.92	5.37	7.72	10.62
Weighted number of shares outstanding after dilution, thousands	38,036	38,201	38,058	38,201

Condensed Consolidated Balance Sheet

MSEK	30 Jun		31 Dec
	2024	2023	2023
Assets			
Fixed assets			
Intangible fixed assets	3,365	3,508	3,289
Property plant and equipment	633	727	769
Financial assets	34	28	32
Total non-current assets	4,032	4,263	4,090
Current assets			
Inventories	2,569	3,219	2,857
Current receivables	1,651	1,830	1,435
Cash and cash equivalents	212	314	218
Assets held for sale	254		
Total current assets	4,685	5,363	4,510
Total assets	8,717	9,626	8,600

MSEK	30 Jun		31 Dec
	2024	2023	2023
Equity and liabilities			
Equity	3,601	3,523	3,418
Non-current liabilities			
Non-current liabilities, interest bearing	3,119	3,456	3,346
Non-current liabilities, non-interest bearing	150	327	201
Total non-current liabilities	3,269	3,783	3,547
Current liabilities			
Current liabilities, interest bearing	329	845	271
Current liabilities, non-interest bearing	1,384	1,475	1,364
Liabilities held for sale	133		
Total current liabilities	1,847	2,320	1,635
Total equity and liabilities	8,717	9,626	8,600

Consolidated Statement of Changes in Equity

MSEK	30 Jun	
	2024	2023
Equity at beginning of year	3,418	3,036
Comprehensive income		
Profit after tax	294	406
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	90	175
Total comprehensive income	383	581
Transactions with shareholders		
Option programme	-11	0
Dividend to shareholders	-189	-94
Total transactions with shareholders	-200	-94
Equity at end of period	3,601	3,523

Consolidated Cash Flow Statement

MSEK	Q2		Jan-Jun	
	2024	2023	2024	2023
Operating activities				
Profit before financial items	246	301	489	607
Depreciation and amortization	74	66	145	133
Interest and other finance income	-	20	4	28
Interest and other finance expenses	-52	-56	-108	-105
Other non-cash items	1	9	2	13
Income tax paid	-54	-64	-108	-106
Cash flow from operations	215	276	424	570
Changes in working capital				
Increase (-)/decrease (+) in inventories	120	165	363	408
Increase (-)/decrease (+) in operating receivables	-2	31	-298	-207
Increase (+)/decrease (-) in operating liabilities	94	-19	197	-17
Cash flow from operating activities	427	453	686	754
Investing activities				
Purchase of intangible assets	-2	-1	-4	-2
Acquisition of property, plant and equipment	-23	-29	-31	-41
Company acquisitions including additional purchase considerations	-186	-632	-186	-639
Cash flow from (-used in) investing activities	-211	-662	-221	-682
Financing activities				
Dividend paid	-189	-94	-189	-94
Option programme	-11	-10	-11	-
Increase (+)/decrease (-) in borrowings	-39	328	-276	-3
Cash flow from financing activities	-239	224	-476	-97
Cash flow for (-used in) the period	-23	15	-11	-25
Cash and cash equivalents at the beginning of the period	239	280	218	322
Translation differences	-4	19	5	17
Cash and cash equivalents at the end of the period	212	314	212	314

The Group's Segment Reporting

Europe North & East

MSEK	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Net sales	889	780	853	968	900	760	800	868	867
Gross profit	246	211	221	261	237	204	218	236	246
<i>Gross margin (%)</i>	27.7	27.1	25.9	27.0	26.4	26.8	27.2	27.2	28.4
Operating expenses	-123	-123	-119	-121	-128	-116	-115	-143	-145
<i>Share of net sales (%)</i>	-13.8	-15.8	-14.0	-12.5	-14.3	-15.3	-14.4	-16.5	-16.7
Operating profit (EBITA)	124	88	101	140	109	88	103	92	101
Operating margin EBITA (%)	13.9	11.3	11.9	14.5	12.1	11.5	12.8	10.6	11.7
Operating profit (EBITA), adjusted	124	88	101	140	109	88	103	92	101
Operating margin EBITA, (%) adjusted	13.9	11.3	11.9	14.5	12.1	11.5	12.8	10.6	11.7

Europe West

MSEK	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Net sales	442	435	425	546	501	475	429	490	469
Gross profit	106	106	108	134	120	117	103	123	119
<i>Gross margin (%)</i>	24.0	24.4	25.5	24.6	23.8	24.6	23.9	25.1	25.3
Operating expenses	-55	-56	-60	-58	-57	-57	-57	-59	-60
<i>Share of net sales (%)</i>	-12.5	-13.0	-14.2	-10.6	-11.5	-11.9	-13.3	-12.0	-12.9
Operating profit (EBITA)	51	50	48	77	62	60	46	64	58
Operating margin EBITA (%)	11.5	11.4	11.2	14.0	12.4	12.7	10.7	13.1	12.4
Operating profit (EBITA), adjusted	51	50	48	77	62	60	46	64	58
Operating margin EBITA, (%) adjusted	11.5	11.4	11.2	14.0	12.4	12.7	10.7	13.1	12.4

Americas

MSEK	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Net sales	370	360	299	315	315	295	258	278	278
Gross profit	123	113	98	107	113	101	91	98	100
<i>Gross margin (%)</i>	33.4	31.2	32.9	33.9	36.0	34.2	35.1	35.2	36.1
Operating expenses	-245	-95	-61	-71	-40	-61	-62	-62	-68
<i>Share of net sales (%)</i>	-66.2	-26.3	-20.3	-22.5	-12.8	-20.7	-24.1	-22.3	-24.5
Operating profit (EBITA)	-121	18	38	36	73	40	28	36	32
Operating margin EBITA (%)	-32.8	5.0	12.6	11.4	23.2	13.4	11.0	12.9	11.6
Operating profit (EBITA), adjusted	69	48	35	44	61	40	28	36	32
Operating margin EBITA, (%) adjusted	18.5	13.3	11.6	14.0	19.4	13.4	11.0	12.9	11.6

UK/Ireland

MSEK	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Net sales	421	414	382	427	442	441	366	398	415
Gross profit	130	125	113	127	139	144	126	131	138
<i>Gross margin (%)</i>	30.9	30.2	29.6	29.9	31.5	32.8	34.5	32.8	33.2
Operating expenses	38	-33	-70	-67	-82	-124	-131	-82	-82
<i>Share of net sales (%)</i>	9.1	-8.1	-18.4	-15.7	-18.7	-28.2	-35.8	-20.7	-19.7
Operating profit (EBITA)	168	92	43	60	57	20	-5	48	56
Operating margin EBITA (%)	40.0	22.1	11.2	14.1	12.8	4.6	-1.3	12.2	13.6
Operating profit (EBITA), adjusted	57	55	43	54	57	60	43	48	53
Operating margin EBITA, (%) adjusted	13.6	13.2	11.2	12.7	12.8	13.7	11.8	12.2	12.7

Asia-Pacific

MSEK	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Net sales	119	132	112	131	122	100	90	116	114
Gross profit	37	41	34	41	37	31	28	37	34
<i>Gross margin (%)</i>	30.9	31.0	30.5	31.3	30.4	31.3	30.9	31.5	30.2
Operating expenses	-18	-20	-19	-19	-18	-19	-18	-18	-20
<i>Share of net sales (%)</i>	-14.7	-15.1	-17.3	-14.6	-14.8	-18.7	-19.7	-15.6	-17.6
Operating profit (EBITA)	19	21	15	22	19	13	10	19	14
Operating margin EBITA (%)	16.2	15.9	13.1	16.7	15.6	12.6	11.2	16.0	12.6
Operating profit (EBITA), adjusted	19	21	15	22	19	13	10	19	14
Operating margin EBITA, (%) adjusted	16.2	15.9	13.1	16.7	15.6	12.6	11.2	16.0	12.6

Group

MSEK	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Net sales	2,241	2,122	2,074	2,386	2,280	2,071	1,943	2,149	2,142
Gross profit	645	601	583	675	649	601	569	625	639
<i>Gross margin (%)</i>	28.4	28.3	28.1	28.3	28.5	29.0	29.3	29.1	29.8
Operating expenses	-411	-329	-341	-351	-331	-381	-388	-365	-376
<i>Share of net sales (%)</i>	-18.1	-15.5	-16.4	-14.7	-14.5	-18.4	-20.0	-17.0	-17.6
Operating profit (EBITA)	233	272	242	323	319	220	181	259	263
Operating margin EBITA (%)	10.3	12.8	11.7	13.5	14.0	10.6	9.3	12.1	12.3
Operating profit (EBITA), adjusted	314	274	239	325	307	260	229	259	261
Operating margin EBITA, (%) adjusted	14.0	12.9	11.5	13.6	13.5	12.6	11.8	12.1	12.2

Consolidated Key Figures

	Q2		Δ	Jan-Jun		Δ	LTM	Full-year
	2024	2023		2024	2023			
MSEK								
Order intake	2,161	2,263	-5%	4,307	4,584	-6%	8,326	8,602
Net sales	2,142	2,280	-6%	4,292	4,666	-8%	8,305	8,680
Gross profit	639	649	-1%	1,264	1,324	-5%	2,434	2,494
EBITDA	321	367	-13%	633	738	-14%	1,147	1,252
EBITDA, adjusted	278	332	-16%	551	668	-18%	979	1,097
Operating profit (EBITA)	263	319	-17%	523	642	-19%	924	1,043
Operating profit (EBITA), adjusted	261	307	-15%	520	632	-18%	1,008	1,121
Operating profit	246	301	-18%	489	607	-20%	855	974
Profit after tax	149	205	-27%	294	406	-28%	462	574
Gross margin	29.8%	28.5%		29.5%	28.4%		29.3%	28.7%
Operating margin EBITA	12.3%	14.0%		12.2%	13.8%		11.1%	12.0%
Operating margin EBITA, adjusted	12.2%	13.5%		12.1%	13.5%		12.1%	12.9%
Operating margin	11.5%	13.2%		11.4%	13.0%		10.3%	11.2%
Net margin	7.0%	9.0%		6.8%	8.7%		5.6%	6.6%
Net debt, SEK million	3,282	3,987	-18%					
Net debt, adjusted, SEK million	2,747	3,497	-21%					
Debt/equity ratio, (%)	91	113	-19%					
Net debt / EBITDA, adjusted	2.8	2.9	-3%					
Working capital, SEK million	3,048	3,648	-16%					
Average working capital, SEK million	3,149	3,652						
Working capital in relation to net sales, (%)	36.7	41.2						
Solidity (%)	41	37						
Return on capital employed (%)	13.7	15.5						
Cash flow from operating activities	427	453	-6%					
Earnings per share, SEK	3.94	5.41	-27%	7.76	10.74	-28%		

Condensed Parent Company Income Statement

MSEK	Q2		Jan-Jun	
	2024	2023	2024	2023
Administrative expenses	-4	-5	-10	-10
Other operating revenue	2	3	5	5
Operating profit	-2	-2	-5	-5
Profit/loss from financial items	190	150	190	150
Interest income and similar profit/loss items	0	0	0	0
Interest expenses and similar profit/loss items	-2	-0	-2	-0
Profit after financial items	186	148	183	145
Appropriations	-	-	-	-
Tax on net profit for the period	-	-	-	-
Profit after tax	186	148	183	145

Condensed Parent Company Balance Sheet

MSEK	30 Jun		31 Dec
	2024	2023	2023
Assets			
Fixed assets			
Financial assets			
Investments in group companies	845	845	845
Other assets			
Other non-current receivables	1	-	1
Total non-current assets	846	845	846
Current assets			
Receivables from Group companies	554	369	372
Other current receivables	14	22	4
Cash and cash equivalents	-	-	-
Total current assets	568	391	376
Total assets	1,414	1,236	1,222
MSEK			
Equity and liabilities			
Equity			
Equity	1,099	1,124	1,116
Untaxed reserves			
Untaxed reserves	97	94	97
Non-current liabilities			
Other non-current liabilities	1	-	1
Total non-current liabilities	1	-	1
Current liabilities			
Trade payables	2	-0	1
Other current liabilities	215	18	8
Total current liabilities	217	18	8
Total equity and liabilities	1,414	1,236	1,222

Other information

Accounting policies

This interim report was prepared in accordance with 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 2023 Annual Report. The 2023 Annual Report is available at www.bufabgroup.com

Assets held for sale

Following agreements to divest two companies in the second quarter, these entities have been classified as Assets held for sale. Assets and related liabilities are classified as held for sale when their carrying amount will principally be recovered through a sale transaction and a such a transaction is considered highly likely. They are recognised at the lower of carrying amount and fair value less distribution costs if their carrying amount will be principally recovered through a sale transaction rather than through their continuing use.

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 2023 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 2020 Annual General Meeting was implemented on the terms contained in the 2023 Annual Report.

Acquisitions

Acquisitions made during 2022–2024:

	Date	Net sales*	Employees
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 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 amounted to SEK 105 million at 30 June 2024 (215), of which SEK 10 million (143) was recognised as Non-current liabilities, non-interest-bearing and SEK 95 million (72) 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 second quarter, Bufab AB signed an agreement to divest its manufacturing companies Bufab Lann AB and Hallborn Metall AB to Arbona Industri AB for a purchase price of SEK 230 million on a cash and debt-free basis. The divestment is a result of the strategic review previously communicated by the company and aims to maximize the value for Bufab's shareholders. During the 2023 financial year, the combined net sales for Lann and Hallborn amounted to approximately 5 percent of the Bufab Group's total net sales. The transaction was finalised in the third quarter.

Employees

The number of employees in the Group at 30 June 2024 amounted to 1,773 (1,850).

Contingent liabilities and collaterals

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

Dividend

The 2024 Annual General Meeting resolved, in accordance with the Board's proposal, to pay a dividend of SEK 5.00 (4.75) per share for the 2023 financial year, corresponding to a total dividend of approximately SEK 190 million (180).

Audit review

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

Signatures

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, 11 July 2024

Bengt Liljedahl
Chairman of the Board

Hans Björstrand
Board member

Anna Liljedahl
Board member

Bertil Persson
Board member

Per-Arne Blomquist
Board member

Eva Nilsagård
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

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

Working capital in relation to net sales, %

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.

Return on capital employed (ROCE), %

Profit after financial items plus interest expenses as a percentage of average equity and average interest-bearing liabilities.

Cash conversion

Cash flow from operating activities divided by EBITDA, adjusted

Earnings per share

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

Alternative 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

Bufab has operations in many countries with different currencies, it is therefore 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.

Q2							
2024	Group	Europe North & East	Europe West	Americas	UK/Ireland	Asia-Pacific	
Organic growth	-6.6	-4.2	-5.1	-13.3	-8.6	-5.7	
Currency translation effects	0.6	0.5	-1.3	-0.2	2.4	-0.8	
Acquisitions	-	-	-	-	-	-	
Recognised growth	-6.0	-3.7	-6.4	-11.8	-6.2	-6.5	

Jan-Jun							
2024	Group	Europe North & East	Europe West	Americas	UK/Ireland	Asia-Pacific	
Organic growth	-8.4	-8.0	-7.2	-10.1	-9.6	-7.0	
Currency translation effects	0.3	0.8	-1.2	-1.6	3.2	-2.9	
Acquisitions	-	-	-	-	-	-	
Recognised growth	-8.1	-7.2	-8.4	-11.7	-6.4	-9.9	

EBITDA

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

MSEK	Q2		Jan-Jun	
	2024	2023	2024	2023
Operating profit	246	301	489	607
Depreciation and amortization	73	66	144	131
EBITDA	321	367	633	738

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	Q2		Jan-Jun	
	2024	2023	2024	2023
Operating profit	246	301	489	607
Depreciation and amortization	73	66	144	131
Less: amortisation on right-of-use assets according to IFRS 16	-38	-32	-73	-63
Less: interest expenses on lease liabilities according to IFRS 16	-5	-4	-9	-7
EBITDA, adjusted	278	332	551	668

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	Q2		Jan-Jun	
	2024	2023	2024	2023
Operating profit	246	301	489	607
Depreciation and amortisation of acquired intangible assets	17	17	34	34
EBITA	263	319	523	642

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	Q2		Jan-Jun	
	2024	2023	2024	2023
Distribution costs	-251	-235	-501	-462
Administrative expenses	-154	-135	-294	-281
Other operating income and operating expenses	11	22	20	27
Depreciation and amortisation of acquired intangible assets	17	17	34	34
Operating expenses	-376	-331	-741	-682

Working capital

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

MSEK	30 Jun	
	2024	2023
Current assets	4,550	5,363
Less: cash and cash equivalents	-212	-314
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,290	-1,401
Working capital on the balance-sheet date	3,048	3,648

Net debt

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

MSEK	30 Jun	
	2024	2023
Non-current liabilities, interest bearing	3,153	3,456
Current liabilities, interest bearing	340	845
Less: cash and cash equivalents	-212	-314
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	3,282	3,987

Net debt, adjusted

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

MSEK	30 Jun	
	2024	2023
Non-current liabilities, interest bearing	3,153	3,456
Current liabilities, interest bearing	340	845
Less: lease liabilities according to IFRS 16	-535	-490
Less: cash and cash equivalents	-212	-314
Less: other interest-bearing receivables	-	-
Net debt, adjusted, on the balance-sheet date	2,747	3,497

Return on capital employed

Return on capital employed is an expression of profitability after taking into account the amount of capital utilised. The performance measure is defined below.

MSEK	30 Jun	
	2024	2023
Result after financial items L12M	611	934
Interest expense	-258	-263
Average shareholder's equity	3,535	3,175
Average interest-bearing liabilities	3,645	4,079
Return on capital employed	13.7%	15.5%

Information and addresses

Conference call

A conference call will be held on 11 July 2024 at 10:00 a.m. CEST. Erik Lundén, President and CEO, and Pär Ihrskog, CFO, will present the results. Analysts and investors who wish to ask questions are asked to connect to the presentation via the following Teams link: [Click here to join the meeting](#) and use the "Raise Your Hand" function during the Q&A session.

Calendar

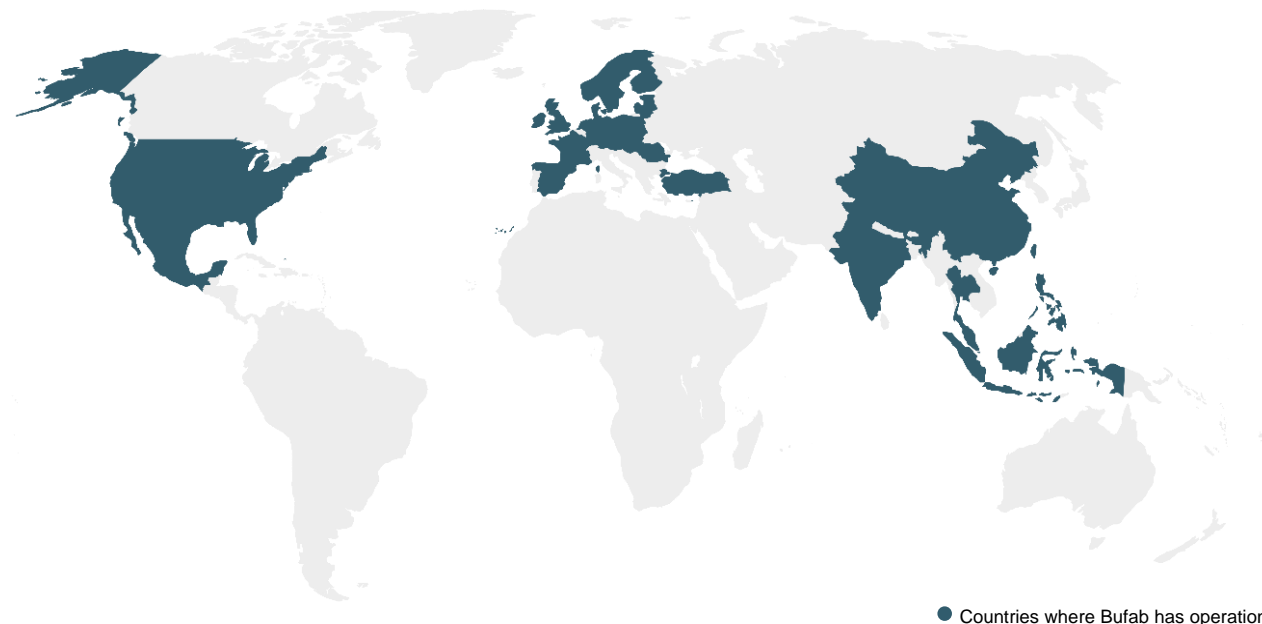
Interim Report Q3, 2024:	24 October 2024
Year-end report Q4 2024:	6 February 2025

Contact

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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 11 July 2024 at 7:30 a.m. CEST.



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