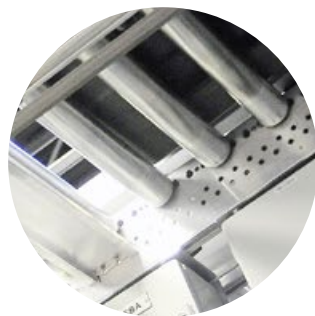
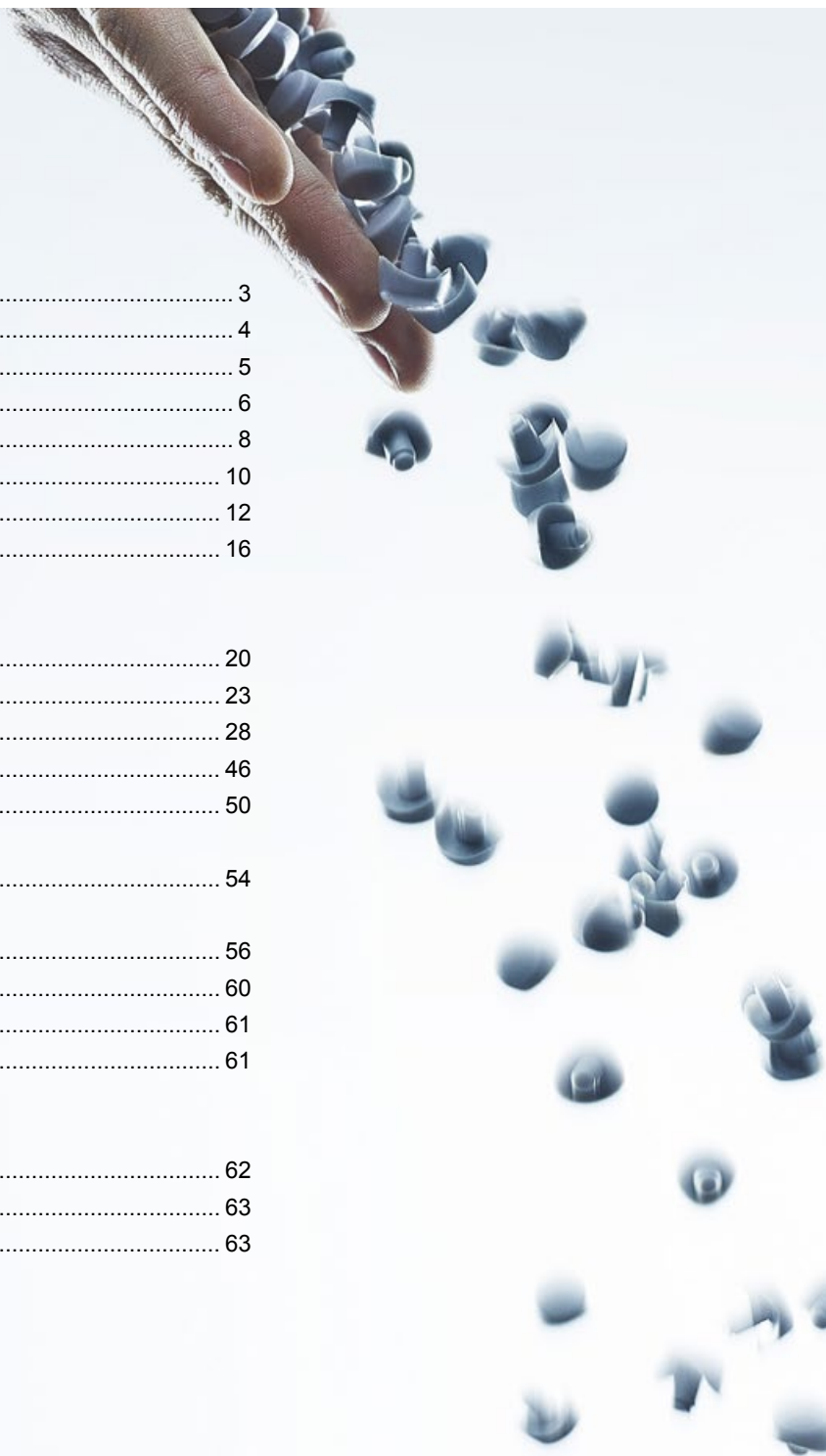


# Annual Report 2013



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# The year in brief

- ▶ Strengthened market position despite challenging markets
- ▶ Improved margins and strong cash flow
- ▶ Financial targets established for the Group
- ▶ Expansion of the share holder base and listing of the Bufab share on NASDAQ OMX Stockholm on 21 February 2014



SEK millions, unless otherwise stated	2013	2012	Change %	Adjusted for non-recurring items		
				2013	2012	Change %
Order intake	2,072	2,012	3.0			
Net sales	2,031	2,034	0			
Operating profit	201	137	46.7	203	165	23.0
Operating margin, %	9.9	6.7		10.0	8.1	
Net profit for the year	131	29	352			
Earnings per share,* SEK	3.43	0.76	351			
Net debt/equity, %	60	82				
Working capital/net sales, %	36.4	34.8				
Operating cash flow	199	204				

\* Refers to revised number of ordinary outstanding shares adjusted for the split and set-off issue in conjunction with the share listing, which took place after the balance-sheet date (after dilution). See note 34 on page 45 for other definitions.

# Bufab

Bufab is a trading company that offers its customers a full-service solution as Supply Chain Partner for sourcing, quality control and logistics for C-Parts (screws, nuts, washers, etc.). Bufab's customer offering, Global Parts Productivity™, aims to enhance the productivity of the customer's C-Parts value chain. Bufab has a diversified customer base in several geographies and sectors within the manufacturing industry.

Bufab was founded in 1977 in Småland, Sweden and has over time developed into an international company with operations in 23 countries. The company, headquartered in Värnamo, has approximately 770 employees which are mainly active within sales,

sourcing, quality and logistics. As a complement to the trading activities, Bufab also manufactures technically demanding C-Parts in-house at two plants in Sweden.



## Events after the end of the year

On 21 February 2014 Bufab was listed on NASDAQ OMX Stockholm in accordance with the decision of Bufab and its principal owner, Nordic Capital, to expand the share holder base.

The access gained by Bufab to Swedish and international capital markets through the listing will support its growth and development. The listing is a logical and pivotal step in Bufab's development and will increase awareness of Bufab and its operations.

See page 62 for additional information on the Bufab share and the company's ownership structure.

## 2014 financial information



### 29 April

Interim report – first quarter

### 13 August

Interim report – second quarter

### 4 November

Interim report – third quarter

All reports are published on Bufab's homepage: [www.bufab.com](http://www.bufab.com)



# Improved profit despite a challenging market

As a result of our strategic initiatives for profitable growth, we strengthened our market position and increased year-on-year sales for the second half of the year by 5 per cent.

Despite a challenging market characterised by shrinking industrial production, Bufab's 2013 net sales adjusted for currency effects were up with one per cent. The economic situation improved following a weak start of the year, while the gross margin was strengthened substantially despite relatively low capacity utilisation in our warehouses and manufacturing. The improved marginal income ratio was a direct result of our concentrated efforts to reduce purchase prices and improve cost-efficiency within our logistics chain.

Although our marketing and sales costs increased due to our strategic priorities, we managed to keep operating expenses under control. Coupled with the strong gross margin, this resulted in an operating margin of around 10 per cent – representing a solid improvement over 2012 and considerable progress toward our profitability targets.

Our financial position is stable thanks to good cash flows in past years. In early 2014 we negotiated a new credit agreement with our main financier, giving us the financial flexibility we need for our strategy.

## Strategy beginning to show results

The strategy for profitable growth developed in 2012 is beginning to show clear results. The strategy is based on three focus areas:

- Accelerated organic growth
- Increased efficiency
- Value adding acquisitions

In the first area, we continued working this year on strengthening our marketing and sales organisations and further developing our Global Parts Productivity™ customer offering. We worked to increase our on-site presence with each customer in each subsidiary by improving clarity about goals, resources and responsible persons. Using concrete pricing tools, we also worked on demonstrating customer value more distinctly. Bufab's objective is to follow current customers internationally and thereby grow in new geographies. We therefore increased and improved co-operation, communication and information during the year between our subsidiaries and our central support functions, including sourcing and logistics. Finally, we reinforced the sales organisation – mainly the section that works with international customers. Taken together, these measures served to strengthen Bufab's market position in 2013, although we do plan to accelerate our rate of growth further going forward.



In the second focus area, our efforts for increased efficiency included strengthening our central sourcing function and our sourcing offices, resulting in a concentrated supplier base and better terms. After a review of our warehouses we concentrated warehouse and logistics management in Sweden and Germany to fewer units during the year, producing savings as of 2013. Finally, we worked methodically with continuous improvements to our quality operations. We were pleased to see a tangible result of our efficiency efforts in a higher gross margin, although the working capital trend is still not yet satisfactory.

No acquisitions were made in 2013, although a structured process is in place and several potential targets were evaluated during the year.

Financial targets were established during the year to clarify the goals of our strategy; see also page 9.

## The IPO – a stamp of approval

The Bufab share was first listed on NASDAQ OMX Stockholm on 21 February 2014. The listing was preceded by an ownership distribution by our principal owner, Nordic Capital Fond V. Through the listing, Bufab gained access to Swedish and international capital markets and we are confident that this will promote the company's continued growth and development. The listing also means that awareness of Bufab and its operations will increase significantly, to the benefit of our customers and employees alike. We are also very pleased to welcome our more than 1,600 new shareholders – Swedish and foreign institutions as well as private Swedish investors.

To sum up, 2013 was a very exciting year for Bufab. We can be satisfied with much that we have accomplished – I would particularly like to highlight the results we have seen from our strategic initiatives. During the latter part of the year we saw a stabilisation and gradual recovery of the market. The board of directors and management therefore look to 2014 with a great deal of confidence.

I would like to take this opportunity to thank all of our employees for their outstanding efforts in 2013, and I'm looking forward to a successful 2014 working together.

Värnamo, March 2014  
Jörgen Rosengren



## Bufab's business model

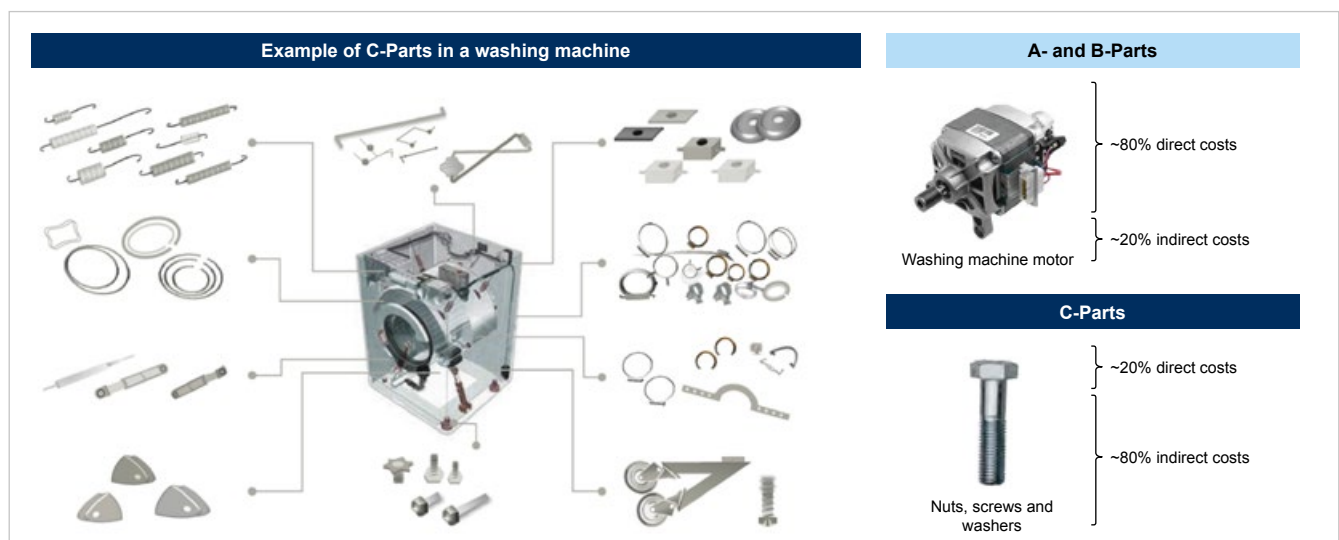
Bufab is a trading company that offers its customers a full-service solution as Supply Chain Partner for sourcing, quality control and logistics for C-Parts (screws, nuts, washers, etc.). With its broad range and extensive supplier network, Bufab offers its customers efficient sourcing and quality control management – which lowers customers' overall costs.

The components that make up the greatest share of a manufactured product's value are generally called A- and B-Parts and are the most essential components in terms of a product's performance and characteristics. Because A- and B-Parts represent relatively high values and are essential to the end product, the manufacturing industry's purchasing, quality and logistics divisions focus as a rule on sourcing solutions for these parts. C-Parts, on the other hand, are neither comparatively expensive nor strategically important – but are found in most manufactured products, are many in number and are necessary to the end product's operability.

### C-PARTS MANAGEMENT A CHALLENGE FOR THE MANUFACTURING INDUSTRY

Due to the relatively low value of C-Parts (both per component and in total) coupled with high volumes and a large number of suppliers, the indirect costs associated with C-Parts management are often high in relation to the cost of materials. The costs of potential deficiencies in C-Part quality and delivery precision can also be significant. The efficient, practical management of C-Parts purchasing is therefore a challenge for the manufacturing industry.

#### EXAMPLES OF C-PARTS USED IN MANUFACTURED PRODUCTS, WITH ESTIMATED COST ALLOCATION FOR A- AND B-PARTS AS WELL AS C-PARTS





### BUFAB'S OFFERING REDUCES CUSTOMERS' TOTAL COSTS

Bufab offers its customers integrated full-service solutions for sourcing, quality control and logistics for C-Parts, enabling customers to improve their efficiency management and thereby reduce their total costs relating to C-Parts. This business model is called Supply Chain Partner. Bufab provides a broad range of C-Parts from an extensive network of suppliers. By partnering with Bufab, customers are able to use a single C-Parts supplier rather than several.

Bufab's ambition is to reduce its customers' total costs for C-Parts while delivering trustworthy quality control and delivery precision. The role of Supply Chain Partner entails a high degree of integration with customers, as well as long-term relationships.

### BUFAB'S BUSINESS MODEL INVOLVES A FLEXIBLE COST STRUCTURE AND LOW INVESTMENT REQUIREMENTS

Bufab's business model involves a large share of variable costs, comprised mainly of costs for C-Parts sourcing. Bufab's other costs are mainly attributable to employee and rent expenses that change with operational volume, though at a slower pace. The remaining share of the cost base is comprised of fixed costs. As a trading company, Bufab's investment requirement is low and is expected to be less than 2 per cent of net sales. Bufab can therefore convert a large share of its profit into cash flow.

### BUFAB'S BUSINESS MODEL – SUPPLY CHAIN PARTNER







## Strategy and targets

During 2013 Bufab continued its efforts to develop and implement the new growth strategy, introduced in 2012 for the purpose of achieving the financial targets. The strategy is based on three focus areas: accelerated organic growth, increased efficiency and value adding acquisitions.

### Accelerated organic growth

Bufab focuses on accelerating organic growth by continuously developing its customer offering and strengthening its sales organisation. The company has implemented a number of concurrent initiatives focused on growth within the customer, products and services as well as the geographic dimensions.

#### Customers

To increase growth with current customers, Bufab focuses on gradually expanding its share of current customers' total C-Parts requirements. This is accomplished through Bufab's salespeople, who offer new products to customers on a regular basis and also strive to grow with each customer in new product areas and new geographies. Bufab's sales organisation works on an on-going basis to attract new customers by marketing the company's customer offering. As part of its organic growth strategy, Bufab has developed concrete measures on the customer level and linked these to specific resources and responsible persons throughout the entire organisation.

#### Products and services

Bufab continuously develops its customer offering and customises solutions to satisfy customers' various needs, thereby expanding our customer offering to achieve strong organic growth. This includes the expansion of Bufab's product offering into new C-Parts product categories that the company has not previously supplied or that arise due to changes in customer needs. Bufab also develops various logistics solutions and offers technical guidance. A key factor in improving the pricing strategy is the on-going development of and training in pricing tools for the sales organisation.

### Geography

Bufab operates in 23 countries and intends to utilise its geographic coverage on a larger scale to attract more international customers. Bufab's strategy is to follow current customers into new markets and in this way grow in new geographies. This may be accomplished through the relocation of a customer's manufacturing to new factories or through Bufab's establishing a presence in a country where the customer is already doing manufacturing.

To ensure successful international expansion, work is underway to implement a uniform corporate culture throughout the entire organisation aimed at guaranteeing that the company delivers a uniform product and service offering, regardless of geographic location. This is accomplished through increased co-operation, improved communication and information sharing between the company's subsidiaries and through central support functions in areas including sourcing and logistics.

### Increased efficiency

Bufab has identified good prospects for additional efficiency improvements, which is also an explicit strategy. The strategy is mainly aimed at maintaining the company's gross margin and improving it over time. To date, this has primarily been achieved by strengthening central sourcing functions and thereby concentrating sourcing with fewer suppliers who can offer better terms – which in turn results in lower sourcing costs. Bufab is also working to improve logistics management efficiency to reduce costs, lead times and inventory levels.

Bufab further aims to improve efficiency in managing net working capital through measures including improved inventory refill processes and negotiating better supplier terms. Another key focus area is strengthening and streamlining the company's quality procedures – for example, setting up a central quality function to co-ordinate quality resources on a global level.





### Value adding acquisitions

In addition to Bufab's strategy for accelerated organic growth, the company evaluates potential acquisition opportunities on an on-going basis. Bufab continuously looks for acquisition candidates in new geographic areas and areas where the company's presence is relatively limited, as well as in new C-Parts product areas. Bufab

also looks for acquisition targets with strong presence in attractive customer segments and with high-quality customers, as well as targets with strong customer relationships and business models similar to Bufab's own.

## FINANCIAL TARGETS

### Sales growth

Bufab's goal is to achieve average annual organic growth over a business cycle exceeding the growth of the manufacturing industry in countries where Bufab is active by three percentage points. In addition, Bufab intends to grow through acquisitions.

**+3**  
percentage  
points

### Profitability

Bufab targets an average operating margin of 12 per cent over a business cycle.

**12%**

### Capital structure

Bufab's capital structure shall provide a high degree of financial flexibility and make acquisitions possible. The net debt/equity ratio should not exceed 80 per cent.

**< 80%**

### Net working capital

Bufab's long-term goal is to achieve a net working capital/net sales ratio of 30 per cent.

**30%**

### Dividend policy

Bufab's target is to pay 50 per cent of its net profit in dividends. However, the company's financial condition, cash flow, acquisition opportunities and future prospects will be taken into account in any dividend decision.

**50%**

**ACCELERATED  
ORGANIC GROWTH**

**INCREASED EFFICIENCY**

**VALUE-ADDING  
ACQUISITIONS**



## The market and the external environment

Bufab has a strong position on a growing and fragmented market. Growth follows the underlying manufacturing industry development and, in large part, also the increasing use of Supply Chain Partners. These two driving forces give Bufab a solid foundation for growth.

### MARKET POSITION AND COMPETITIVE SITUATION

The European market for C-Parts is fragmented and mainly comprised of national and regional component manufacturers, traditional wholesalers and Supply Chain Partners. Several large European Supply Chain Partners assume, as Bufab does, greater responsibility for the C-Parts value chain. A consolidation trend for C-Part suppliers is currently underway, with large groups and international players acquiring smaller players.

But due to the relatively high degree of fragmentation on the European C-Parts market, Bufab and other large Supply Chain Partners do not compete primarily with like-sized companies or those with similar business models. Bufab also holds a competitive position due to its size, wide range of suppliers and international platform. These factors allow Bufab to compete efficiently with smaller players that are limited in terms of product range, geography and/or size – and are thus not equally able to help customers consolidate their supplier bases. Bufab competes mainly with smaller Nordic market players. Unlike these competitors, Bufab can offer a broader product range, strong sourcing expertise, a competitive logistics chain, in-house manufacturing, customer service and – often a decisive factor in customers' choice of C-Parts supplier – geographic scope.

#### Large and diversified customer base

Bufab has a diversified customer base of approximately 13,000 customers. The company's largest customer in 2013 represented 6 per cent of sales, with the 25 largest customers representing 35 per cent – meaning that Bufab has limited dependence on

individual customers. Bufab purchases over 120,000 unique SKUs from suppliers in Asia and Europe. Through its sourcing function, Bufab has built a strong knowledge base and solid experience with suppliers and, as a result, is able to identify multiple alternatives to its customers' suppliers. Due to the company's accumulated knowledge and experience, its ability to combine customer volumes and achieve economies of scale, and the interchangeable nature of many suppliers, Bufab holds a strong position in respect of its suppliers.

### MARKET SIZE AND BUFAB'S MARKET SHARE

The total value of the global C-Parts market in 2013 is estimated at around EUR 122 billion, with around EUR 37 billion attributable to the European market. The market can be broken down by product, geographic and industry segments as described below.

#### Product segment

The product segment is normally broken down into fasteners (such as nuts, bolts, screws, nails, washers, pins, etc.) and other C-Parts (such as turned, sheet metal, cast or plastic products). Each of these sub-segments comprises around 50 per cent of the European market.

Most of Bufab's sales are generated by fasteners, with an increasing share generated by other C-Parts.

#### Geographic segment

In 2013, Western Europe (excluding Nordic countries) accounted for approximately 73 per cent of the European C-Parts market, Eastern Europe for around 21 per cent and the Nordic countries for

the remaining 6 per cent. The market is fragmented and, although Bufab is a leading C-Parts supplier in the Nordic region, the company's Nordic market share was approximately 7 per cent in 2013. The company's market share in the rest of Western Europe and in Eastern Europe was less than 1 per cent.

### Industry segment

C-Parts are used in most types of manufactured products and, accordingly, are distributed across industries in a way similar to the overall manufacturing industry in Europe.

Bufab's sales are well distributed among various industries, and the company sells to customers from most of the industries that require C-Parts.

### MARKET GROWTH

Growth in the European C-Parts market is driven primarily by the development of the manufacturing industry. More and more manufacturing companies are initiating collaborations with Supply Chain Partners in order to streamline supply chains in their own production. Taken together, these two driving forces are expected to produce growth in Europe for Supply Chain Partners averaging 6-7 per cent per year over the next few years. This creates a solid foundation for Bufab's continued growth.

Recovery in the Nordic and Eastern European manufacturing industries from the financial crisis has been stronger than in the rest of Europe, and growth is therefore expected to be higher on these markets in the next few years. Even so, Western Europe remains the largest market for the manufacturing industry.

### TRENDS

One of the most important market trends for Bufab is the increasing extent to which the manufacturing industry is turning to Supply Chain Partners who can offer integrated full-service solutions. The C-Parts market is also impacted by manufacturers' desire to reduce the number of suppliers, by Supply Chain Partners taking on more supply chain responsibility, by the rising demand for made-to-order C-Parts, and by the anticipated consolidation of the market.

### Manufacturers want to reduce number of suppliers

Manufacturers have traditionally had a broad supplier base for C-Parts. One clear trend is that many suppliers are looking to reduce their number of suppliers to make things less complex and to reduce sourcing costs. This trend favours suppliers who offer full-service solutions and can offer competitive prices, such as wholesalers and Supply Chain Partners.

### More value chain responsibility

The value chain for C-Parts management includes manufacture, sourcing, quality control, inventory management and logistics. Supply Chain Partners are the suppliers able to assume responsibility for the largest part of the value chain, while competitors such as component manufacturers and wholesalers take responsibility for only a limited part of the chain. Many Supply Chain Partners are now expanding their scope of responsibility in the C-Parts value chain to include component construction, inventory management and other logistics activities.

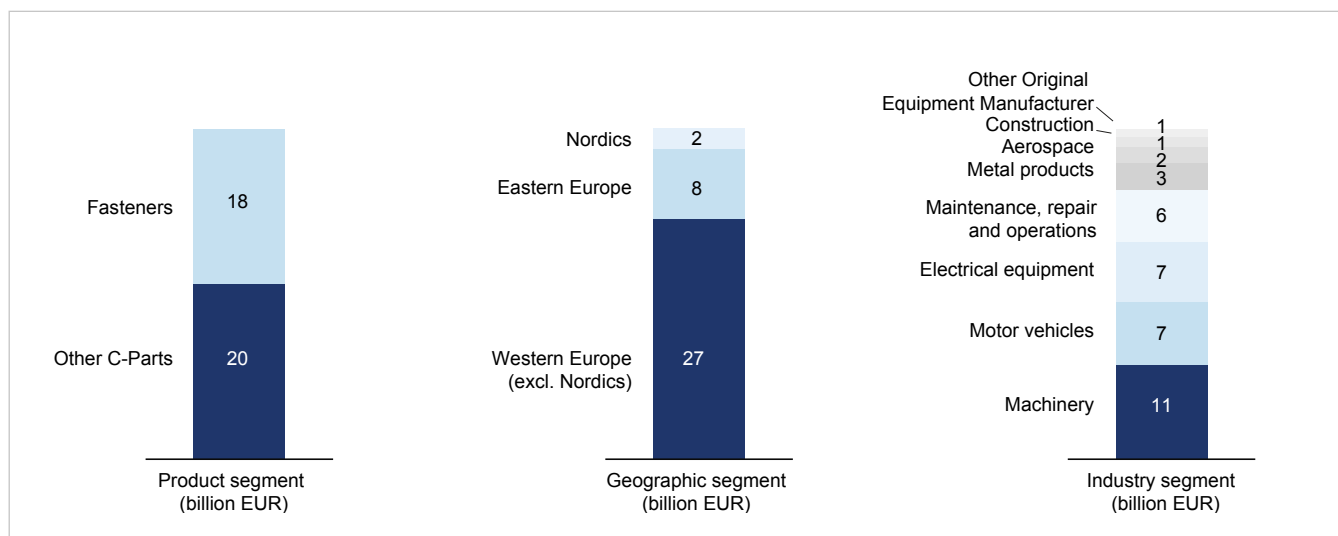
### Greater demand for made-to-order C-Parts

Manufacturers are using made-to-order C-Parts to an increasing extent, due primarily to the growing complexity of end products. This trend is also driven by manufacturers' desire to reduce the number of articles in inventory by replacing the majority of standardised C-Parts with fewer, more advanced made-to-order C-Parts.

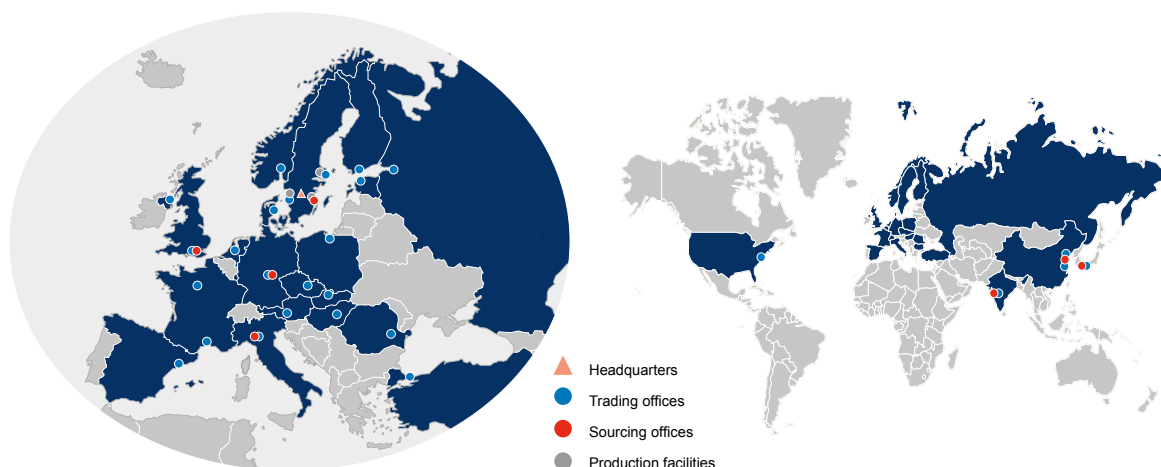
### Increased consolidation

Growing demand for increasingly advanced sourcing solutions has sparked a trend towards increased consolidation, with smaller players being acquired by large groups and international companies – as exemplified by Bufab's 7 acquisitions during the 2005-2011 period.

### EUROPEAN C-PARTS MARKET 2013 <sup>1)</sup>



<sup>1)</sup> Bufab's estimates.



## The business

Bufab is a trading company that offers its customers a full-service solution as Supply Chain Partner for sourcing, quality control and logistics for C-Parts (screws, nuts, washers, etc.). Bufab's customer offering, Global Parts Productivity™, aims to improve C-Parts value chain productivity and thereby reduce customers' total costs for C-Parts.

### FULL-SERVICE SOLUTION

Bufab's Global Parts Productivity™ is a full-service solution for sourcing, quality control and logistics for C-Parts. Bufab provides a wide range of C-Parts, delivering its offer through an extensive supplier network in Europe and Asia as well as its global network of sourcing and logistics facilities connected by the company's sales and support functions in 23 countries.

Bufab is able to achieve cost savings for its customers by using its strong negotiating position with sub-suppliers, by sourcing from low-cost countries, by combining purchases from multiple suppliers and through economies of scale within logistics and inventory. Bufab also improves its customers' flexibility by shortening the time from order to delivery as well as access to made-to-order articles, which in turn provides flexibility within production design and innovation.

By partnering with Bufab, customers can reduce the number of suppliers they use, establishing a more cost-efficient supply of C-Parts in their manufacturing processes. Bufab also ensures high quality and delivery precision. The Global Parts Productivity™ offer consolidates the three productivity areas: product range management and sourcing, design and technology, and logistics and manufacturing.

### Product range and sourcing productivity

Bufab has established a global supplier network that allows the company to offer customers cost-efficient, high quality solutions. To improve its customers' sourcing productivity, Bufab manages and takes responsibility for product and supplier quality control, negotiations with suppliers, and administration and logistics on behalf of customers. Bufab can also consolidate its customers' purchasing power and achieve economies of scale for its sourcing and logistics functions – which enables the company to negotiate lower prices and better terms from suppliers.

Bufab offers a wide product range of C-Parts, including standardised and made-to-order fasteners as well as other C-Parts. The

company works continuously to identify changes in customer needs for C-Parts and to adjust its product offering accordingly.

### Design and technology productivity

To supplement its C-Parts product range management and sourcing function, Bufab offers guidance in the selection of technology and design as well as review of existing design solutions based on the customer's needs. These services are aimed at improving customers' cost-efficiency and quality in C-Parts management. Technology and design guidance is based on the experience and expertise achieved by Bufab over time, including through the company's in-house manufacture of C-Parts.

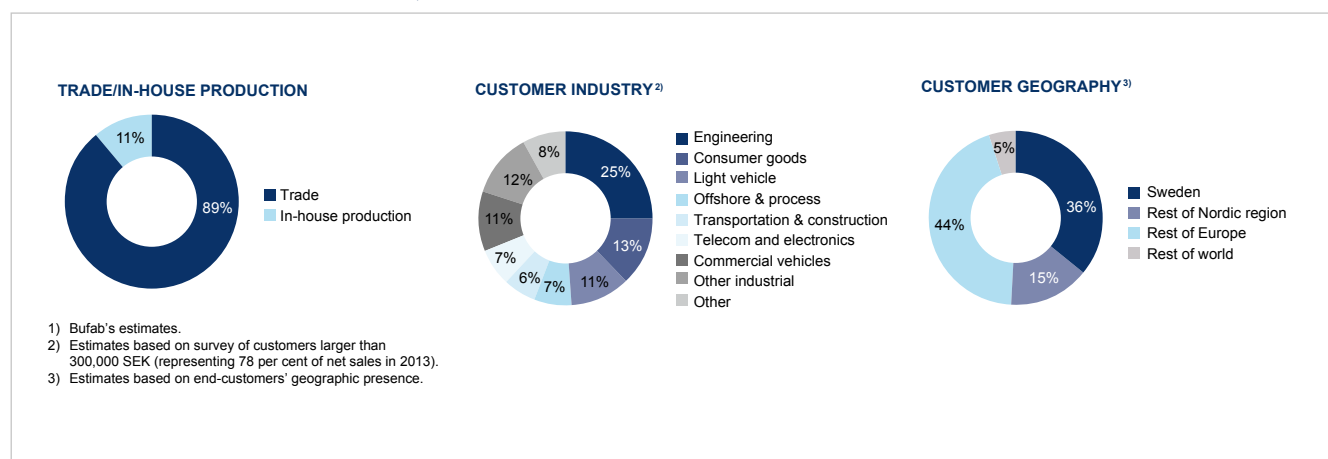
### Logistics and manufacturing productivity

Bufab offers logistics solutions based on its international network of warehouses and its global sourcing and logistics organisation – which are linked by a group-wide IT system for managing order, goods and invoice flows. All of the company's warehouse and logistics solutions – including the highly-automated central warehouse in Värnamo – are designed to efficiently manage large volumes of many different individual components.

Inventory management involves the monitoring of customer inventory levels and can be conducted in several ways – ranging from providing the customer with specifically assigned on-site personnel to IT systems that automate the customer's purchases based on inventory levels.

Bufab also offers logistics solutions aimed at improving the productivity of customers' manufacturing and logistics operations. Bufab can, for example, deliver C-Parts directly to the customer's warehouse or production line – lowering the risk of component shortages and potential production disruptions and reducing the customer's handling costs and tied-up inventory. Bufab's full-service logistics solutions are also aimed at minimising customers' C-Parts-related administrative costs.



ALLOCATION OF BUFAB'S NET SALES, 2013 <sup>1)</sup>

## SEGMENTS

Bufab conducts business in two geographic segments: Segment Sweden and Segment International. In 2013 Segment Sweden represented 48 per cent of Bufab's net sales, with Segment International representing 52 per cent. Both segments manage customer relations on the local level and offer similar C-Parts products and services. The two segments' subsidiaries are organised in six geographic regions.

## Segment Sweden

Segment Sweden comprises Region Sweden, which includes Bufab's five subsidiaries in Sweden and its subsidiary in the United States. Bufab Sweden is Bufab's largest subsidiary in terms of net sales.

In addition to its trading activities, Bufab does in-house manufacturing at two facilities in Sweden. The main warehouse for all trading activities in Sweden is located in Värnamo.

Bufab's in-house manufacturing is a strong complement to the company's trading activities. It also provides significant C-Parts manufacturing know-how, which Bufab deems highly significant in negotiating with customers and suppliers and supportive of the credibility of Bufab's customer offering.

SEK millions, unless otherwise stated	2013	2012	Change %	Adjusted for non-recurring items		
				2013	2012	Change %
Net sales	970	1,011	-4.1			
Operating profit	145	113	28.3	143	134	6.7
Operating margin, %	14.9	11.2		14.8	13.2	

## Segment International

Segment International comprises all businesses Bufab operates outside Sweden and the United States. Businesses within this segment are organised in five regions (North, South, Central, East and Asia & Pacific) in 21 countries. The International segment includes

all acquisitions made by Bufab during the 2005-2011 international expansion phase, and is expected to provide a solid foundation for Bufab's continued growth.

SEK millions, unless otherwise stated	2013	2012	Change %	Adjusted for non-recurring items		
				2013	2012	Change %
Net sales	1,061	1,023	3.7			
Operating profit	84	59	42.4	83	63	31.7
Operating margin, %	7.9	5.8		7.8	6.2	





”*Right from me*”  
– *for top-quality customer deliveries*



## Responsible business

Bufab's sustainability work is grounded in the company's role and responsibility in society and based on balancing economic success, environmental management and social development for the benefit of all of our stakeholders. Bufab's Code of Conduct is based on the ILO declaration on fundamental principles and rights at work, the OECD's guidelines for multinational companies and the UN's general declaration on human rights. Bufab has signed the UN Global Compact and bases its work on ISO 26000 Guidance on Social Responsibility.

Bufab's Code of Conduct covers four areas: business principles, principles on human rights and social justice, environmental and quality principles, and responsibility for compliance. Sustainability aspects cover how we define things, how we engage suppliers, how we assess risks and opportunities, and how we act towards each other and in the communities where we operate. At the same time, we strive to maintain health, safety and security for our employees, contractors and others who are affected by our operations.

It is also our policy to establish and maintain appropriate procedures for evaluating and selecting main suppliers and subcontractors based on their ability to meet the requirements specified in our corporate policy and Code of Conduct (detailed in Bufab's Supplier Manual). Bufab expects and requires all managers, employees and suppliers to act in accordance with the company's Code of Conduct.

### EMPLOYEES

#### Successful employees mean a successful company

Much of Bufab's success is due to the commitment of its employees. The company's managers play a key role in the organisation and, along with each individual employee, are responsible for continuous development.

Bufab's managers also play a key role in ensuring that all employees are familiar with and perform their work duties based on strategies established to achieve group-wide targets. Based on this,

managers work with employees to produce a development plan with clear goals and expectations. The evaluation ensures continued development and improved performance.

Bufab works actively against discrimination and believes that workforce diversity has a positive impact on the development of the business. Bufab considers diverse employee experiences and backgrounds to be prerequisites for creating a growing, sustainable business.

#### Whistle-blower responsibility

Bufab has a policy for how employees should act to pre-empt potential bribery situations. All employees are required to be familiar and comply with this policy. Bufab has established a whistle-blower function to be used in the event of any suspicion that business is being conducted in an unethical manner. Employees can report any suspicious incidents to this unit, without the risk of retribution or discrimination. The unit was set up to improve opportunities for bringing to light any problems within the organisation.

#### A safe workplace

Workplace safety is an important element of employees' security and ensuring efficient work processes, and is therefore a prioritised area for Bufab.





### **”Right from me” – for top-quality customer deliveries**

Quality is a key component of Bufab’s offering. Our employees therefore work to ensure that our products and services always meet our customers’ high expectations. To do this, employees need to know the materials and processes required by the customer – and need to be able to deliver on these requirements.

### **Efficient IT system**

Efficient IT, managed by Bufab through a group-wide IT strategy, is a central factor in the group’s growth strategy. IT must also provide cost-efficient solutions for generating customer value and increasing business opportunities.

Bufab’s global standardised IT network ensures that all parts of company are operating based on the same conditions and with the same processes. In this way we achieve an efficient business.

## **ENVIRONMENT**

### **Efficient, environmental friendly offering**

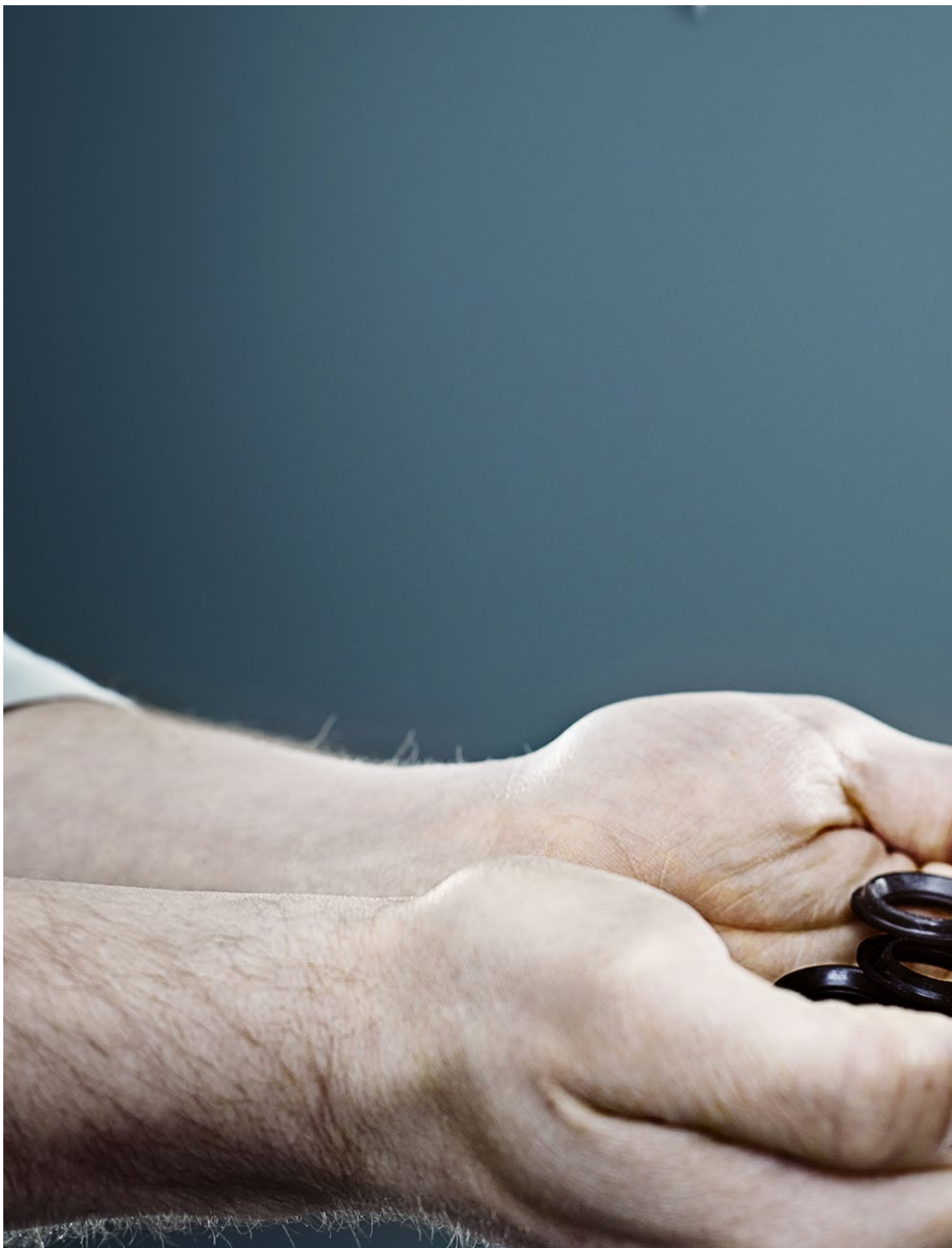
The overarching goal of the environmental policy is to promote a sustainable society. In addition to operating in compliance with international standards, laws and regulations, Bufab actively integrates environmental principles from the company’s Code of Conduct into the businesses’ processes.

Bufab strives to deliver products and processes that have been manufactured and implemented with minimal environmental impact. Energy, natural resources and raw materials are used efficiently, and we work on an ongoing basis to reduce waste and waste products.

Bufab is in continuous dialogue with customers and suppliers in pursuance of this goal. The company also works actively to encourage its suppliers and customers to adopt international environmental principles.

## **REQUIREMENTS FOR SUPPLIERS AND PARTNERS**

Bufab works with suppliers, consultants, distributors and other partners that share the principles established in Bufab’s Code of Conduct. Bufab encourages its partners to continuously improve their processes to ensure that they and their subcontractors manufacture goods and services for Bufab in accordance with Bufab’s policies for ethical business practices, anti-corruption, human rights, working conditions, the environment and corporate governance.





# Financial statements

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# Board of directors' report

## OPERATIONS

Bufab is a trading company that delivers components and services to the global manufacturing industry. The company has a sharp focus on what are known as C-Parts, such as nuts, screws, washers and other components that Bufab's customers consider non-strategic. Bufab's customer offering, Global Parts Productivity™, aims to improve productivity in our customers' value chains for C-Parts, with a particular emphasis on product range management and sourcing. Bufab currently operates in Sweden and an additional 22 countries, primarily in Europe and Asia. Bufab also exports to an array of other countries.

The company's head office is in Värnamo, Sweden, and Bufab has a total of 770 employees, who primarily work with sales, sourcing, quality-assurance, logistics and in-house manufacturing.

Bufab has a diversified customer base covering most regions and sectors in the manufacturing industry. In addition to its trading operations, Bufab also manufactures its own technically demanding C-Parts at two facilities in Sweden.

### Significant events during the financial year

Although 2013 was marked by weak customer demand due to low manufacturing volumes, particularly during the first half of the year, demand recovered in the second half of the year.

Since 2012, Bufab has been operating in accordance with a new growth strategy aimed at achieving its financial objectives. The strategy is based on three core components: accelerated organic growth, increased efficiency and value-adding acquisitions.

Bufab aims to accelerate its organic growth by continuously improving its customer offering and strengthening its sales organisation. In 2013, the company implemented a range of synergetic initiatives related to this goal, which produced results during the year in the form of new contracts that are beginning to generate sales. Bufab thus managed to offset weak demand for the year as a whole and achieve solid growth during the second half of the year.

The primary aim of the efficiency increase strategy is to improve the company's gross margins and net working capital/net sales ratio. In 2013, Bufab consolidated its sourcing office and central sourcing functions with the aim of using fewer suppliers and thus negotiating better prices and delivery terms. During the year these

efforts resulted in reduced sourcing costs, which consequently raised gross margins despite a relatively low warehouse and manufacturing capacity utilisation rate. The restructuring projects related to warehouse operations in Sweden and Germany introduced in December 2012 resulted in a positive impact on earnings in 2013, and are expected to continue to generate positive results in 2014.

No major acquisitions were made in 2013. The company adopted financial objectives and a dividend policy during the year. The financial objectives cover targets for sales growth, profitability, capital structure and working capital.

### Order intake and net sales

Order intake totalled SEK 2,072 million (2,012), up 3 per cent year-on-year.

Net sales amounted to SEK 2,031 million (2,034). Adjusted for currency effects, net sales rose 1 per cent. While weak sales characterised the first half of the year, sales increased during the second half.

### Profit and profitability

The Group's operating profit amounted to SEK 201 million (137), corresponding to an operating margin of 9.9 per cent (6.7). Adjusted for non-recurring items, operating profit was SEK 203 million (165), corresponding to an adjusted operating margin of 10.0 per cent (8.1). Adjusted operating profit improved despite a slight decrease in sales volumes, due primarily to lower operating costs but also to improved gross margins.

The Group's net financial items amounted to an expense of SEK 27 million (87). Compared with the preceding year, the Group saved SEK 47 million in interest expenses during the period due to repayment of a shareholder loan in December 2012. Net financial items were also strengthened during the period by reduced net debt and lower interest rates.

The Group's profit after financial items was SEK 174 million (50). Tax expenses for the period amounted to SEK 43 million (21), corresponding to a tax rate of 25 per cent (42). The high effective tax rate in 2012 was due to revalued loss carry-forwards. Profit after tax was SEK 131 million (29).

## SUMMARY OF KEY FINANCIAL INFORMATION FOR THE GROUP

SEK million	2013	2012	2011	2010	2009
Net sales	2,031	2,034	2,147	1,957	1,725
Adjusted operating profit	203	165	209	133	63
Adjusted operating margin, %	10.0	8.1	9.7	6.8	3.7
Operating profit	201	137	184	89	6
Debt/equity ratio*, %	60	82	103	119	126
Working capital/net sales, %	36.4	34.8	35.9	34.1	40.7
Operating cash flow, %	199	204	82	126	288
Average number of employees	771	750	731	716	721

\* The debt/equity ratio for 2009-2011 defines an interest-bearing shareholder loan as shareholders' equity. Definitions are presented in note 34 on page 45.



### Cash flow, working capital and financial position

EBITDA adjusted for other non-cash items amounted to SEK 230 million (169). Changes to working capital had a negative impact on cash flow of SEK 13 million (pos: 69) and cash flow from investing activities amounted to a negative SEK 18 million (neg: 34). Accordingly, operating cash flow totalled SEK 199 million (204).

At the end of the period, working capital as a ratio of net sales was 36.4 per cent (34.8), the increase in which was primarily due to a rise in inventories during the year.

At the end of the period, net indebtedness amounted to SEK 608 million (715) and the debt/equity ratio was 60 per cent (82).

In December 2013, the existing financing agreement with the principal creditor was extended to 31 December 2015. In conjunction with the company's IPO in February 2014, the previous financing agreement was replaced with a new credit facility from the same creditor that expires in February 2017.

### Performance and earnings in Segment Sweden

Net sales amounted to SEK 970 million (1,011), a decline of 4.1 per cent year-on-year, which was mainly due to weak demand from current customers, primarily in the first three quarters. Segment Sweden reported growth in the fourth quarter.

Operating profit for the period totalled SEK 145 million (113), corresponding to an operating margin of 14.9 per cent (11.2). Adjusted operating profit totalled SEK 143 million (134), corresponding to an adjusted operating margin of 14.8 per cent (13.2). The improvement in adjusted operating profit during the period was primarily attributable to higher gross margins resulting from better sourcing prices.

### Performance and earnings in Segment International

Net sales amounted to SEK 1,061 million (1,023), up 3.7 per cent year-on-year. Adjusted for currency effects, net sales rose 5.4 per cent, which was primarily attributable to the gaining of market shares and a gradual recovery in customer demand during the second half of the year.

Operating profit for the period totalled SEK 84 million (59), corresponding to an operating margin of 7.9 per cent (5.8). Adjusted for non-recurring items, operating profit was SEK 83 million (63), corresponding to an operating margin of 7.8 per cent (6.2). The improvement in adjusted operating profit was primarily attributable to higher net sales.

### Risks and uncertainties

The exposure to risks is a natural element of business operations, which is reflected in Bufab's risk management approach. The company's approach aims to identify and prevent risks from arising and to limit any damage that may be incurred as a result of these risks. The most significant risks to which the Group is exposed are related to the economy's bearing on customer demand. For further information, please refer to note 3.

### Employees

At the end of the period, the company had 780 employees, compared with 755 at the beginning of the financial year. The company had an average of 771 full-time employees in 2013. For further information about employees, please refer to note 7.

### Environment

The Group works proactively on environmental issues to reduce its environmental impact.

Bufab conducts operations through 30 companies, two of which do in-house manufacturing. At year-end 2013, both of the manufacturing companies were subject to environmental licensing requirements under the Swedish Environmental Code. Environmentally licensed operations account for 12 per cent (12) of the Group's overall net sales. Environmental licences are required due to the nature of the operations. Both of these companies have been granted licences to conduct environmentally hazardous activities. The Group's other companies conduct purely trading activities that have limited environmental impact.

In accordance an injunctive order, the company conducted an environmental assessment on a property in which a subsidiary maintained manufacturing operations until 1989. The assessment indicated traces of environmental pollutants. Bufab does not believe that the pollutants were caused by its operations. To gain an overview of environmental issues relevant to the Group, Bufab also conducted an overall environmental assessment in 2013 and, where required, a contaminant survey and risk assessment, of all properties in which Bufab has ever conducted manufacturing operations. The studies that were carried out indicated traces of environmental pollutants in two additional cases. However, since legal experts consulted by the company do not deem it likely that Bufab will be held accountable for any remediation measures, no provisions have been made. See note 32 for additional information.

### Work of the board

The board of directors bears ultimate responsibility for the company's management and organisation. Accordingly, the board of directors is responsible for setting objectives and strategies, securing routines and systems for evaluation of established objectives, continuously assessing the company's financial condition and evaluating operational management. The board is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner, as well as appointing the CEO.

The board has adopted rules of procedure, directives and a number of policies that balance responsibilities between the board and the CEO, the committees established by the board and Group management.

The board convened eight meetings during the year.

From among its ranks, the board appointed an audit committee and a remuneration committee. During the year, both the audit committee and remuneration committee each convened on two occasions.

For further information, please refer to the board's 2013 corporate governance report available at [www.bufab.com](http://www.bufab.com).

### Remuneration principles for senior executives

Remuneration principles for senior executives were adopted by the board for the 2013 financial year, while the company was unlisted. At the 2014 annual general meeting (AGM), the board will present the following motion:

Guidelines for the remuneration of the CEO and other senior executives. Bufab strives to offer an overall compensation package capable of attracting and retaining qualified employees. The overall compensation package can comprise the components listed below.

The company aims to offer a competitive fixed salary that reflects the responsibilities required by the position. Fixed salary is to be reviewed on an annual basis.

The variable salary component may not generally exceed 50 per cent of fixed salary. The variable salary component is based on predetermined targets linked to Bufab's financial performance and is to be reviewed on an annual basis.

The board is to conduct an annual evaluation regarding whether or not to propose a long-term share-based incentive programme for senior executives and possible other employees at the AGM.

Senior executives may be offered tailored pension solutions. Pensions shall, to the extent possible, be defined-contribution plans.

Other benefits may be offered, but shall not comprise a significant share of the overall compensation package.

The maximum period of notice between the company and the president is 18 months. Other senior executives are subject to a shorter period of notice. In individual cases and under mitigating circumstances, the board has the right to deviate from the above remuneration guidelines. In the event of such a deviation, information pertaining thereto and the reason for the deviation must be presented at the next possible AGM.

The proposed remuneration guidelines for senior executives are available on the company's website, [www.bufab.com](http://www.bufab.com).

### Parent company

The operations of the parent company, Bufab Holding AB, encompass the CEO, the consolidated financial reports and the financial management. Most group-wide operations pertaining to the remaining members of Group management and administration are managed by the subsidiary, Bult Finnveden AB. Accordingly, the parent company does not report any sales. The parent company reported a loss after financial items of SEK 6 million (loss: 55). The parent company's equity/assets ratio was 78 per cent (79).

### Share capital, ownership structure and IPO

On 31 December 2013, the parent company's share capital amounted to SEK 218,000. On said date, there were a total of 335,299 ordinary shares and 100,000 preferential shares. At year-end 2013, Nordic Capital Fond V owned 93 per cent of the share capital in Bufab Holding AB through Bufab S.å.r.l. Of the remaining 7 per cent, most shares were owned by board members, Group management and other senior executives of Bufab.

The extraordinary shareholders' meeting on 17 January 2014 resolved on an 80:1 split of the company's shares. The meeting also resolved on a bonus issue. On 22 January 2014, the board decided to distribute ownership of the company and to apply for an IPO of the company's shares on NASDAQ OMX Stockholm, which was also completed effective 21 February 2014. Ahead of the IPO, the company's preferential shares were converted to ordinary shares. The conversion was implemented by redeeming the preferential shares, thus creating a debt to the holder of the preferential shares.

This debt was subsequently offset against newly issued ordinary shares in a set-off issue. The price per share in the set-off issue was SEK 46, which corresponded to the price offered in the distribution of ownership.

Following these transactions, the company's share capital amounts to SEK 547,189.10 and the overall number of ordinary shares in the company is 38,110,533. The company no longer has any preferential shares. For a presentation of the number of shares in the parent company, please refer to note 7 for the parent company.

The largest shareholder following the IPO, on 28 February 2014, was Bufab S.å.r.l. with a shareholding of 20 per cent, followed by Lannebo Fonder with 5 per cent.

The total costs of preparing and completing the distribution of ownership and IPO were estimated at SEK 22 million, of which SEK 4 million was charged to the fourth quarter of 2013 and the remaining SEK 18 million is expected to be charged to the fourth quarter of 2014.

### 2014 Annual General Meeting

The AGM for Bufab Holding AB (publ) will be held on 5 May 2014 in Värnamo, Sweden. Notice of the 2014 AGM and other material will be available on Bufab's website, [www.bufab.com](http://www.bufab.com), by no later than 4 April.

### Going forward

Bufab noted a gradual market stabilisation and recovery during the third quarter, which continued during the fourth quarter of 2013. Order intake exceeded net sales during the third and fourth quarters, which signals strength ahead of 2014. Overall, the board believes that Bufab is entering 2014 with good potential.

### Events after the end of the financial year

In addition to the distribution of ownership and IPO, which took place in February 2014 (see above), no significant events took place after the end of the financial year.

### Proposed appropriation of profits

The following earnings are at the disposal of the AGM		SEK
Retained earnings		396,628,674
		396,628,674
The board of directors and CEO propose that earnings be appropriated as follows:		
To be carried forward		396,628,674
<b>Total</b>		<b>396,628,674</b>

# Consolidated income statement

SEK million		2013	2012
	Note(s)		
Net sales	2, 5	2,031	2,034
Cost of goods sold	8	-1,435	-1,472
<b>Gross profit</b>		<b>596</b>	<b>562</b>
Distribution costs	8, 23	-277	-315
Administrative expenses	8	-119	-115
Other operating income	9	23	26
Other operating expenses	10	-22	-21
<b>Operating profit</b>	2, 3, 4, 5, 6, 7, 11, 12, 15	<b>201</b>	<b>137</b>
<b>Profit/loss from financial items</b>			
Interest and similar income	13	1	1
Interest and similar expenses	14	-28	-88
<b>Profit after financial items</b>	15	<b>174</b>	<b>50</b>
Tax on profit for the year	16	-43	-21
<b>PROFIT FOR THE YEAR</b>		<b>131</b>	<b>29</b>

# Statement of comprehensive income

SEK million	2013	2012
<b>Profit after tax</b>	<b>131</b>	<b>29</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified in profit or loss</i>		
Actuarial gains and losses, net after tax	1	2
<i>Items that may be reclassified in profit or loss</i>		
Translation differences	4	-2
<b>Other comprehensive income after tax</b>	<b>5</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>136</b>	<b>29</b>
Total comprehensive income attributable to:		
Parent company shareholders	136	29

## EARNINGS PER SHARE

SEK	2013	2012
Earnings per ordinary share, SEK	3.44	0.76
Restated number of ordinary shares outstanding, thousands *	38,022.5	38,022.5
Diluted earnings per ordinary share, SEK	3.43	0.76
Restated number of ordinary shares outstanding after dilution, thousands *	38,110.5	38,110.5

\* Refers to the revised number of ordinary shares outstanding adjusted for the split and set-off issue in conjunction with the IPO, which took place after the balance-sheet date.

# Consolidated balance sheet

SEK million		31 Dec 2013	31 Dec 2012
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	18	739	739
Other intangible assets	18	0	1
<b>Total intangible assets</b>		<b>739</b>	<b>740</b>
<i>Property, plant and equipment</i>			
Land and buildings	19	14	4
Plant and machinery	19	51	65
Equipment, tools and fixtures & fittings	19	71	75
Work in progress and advances for property, plant and equipment	20	9	-
<b>Total property, plant and equipment</b>	<b>21</b>	<b>145</b>	<b>144</b>
<i>Financial assets</i>			
Deferred tax assets	27	22	22
Other non-current receivables	22	3	3
<b>Total financial assets</b>		<b>25</b>	<b>25</b>
<b>Total non-current assets</b>		<b>909</b>	<b>909</b>
<b>Current assets</b>			
<i>Inventories</i>			
Raw materials and consumables		16	15
Products in progress		19	17
Finished goods and merchandise		591	551
<b>Total inventories</b>		<b>626</b>	<b>583</b>
<i>Current receivables</i>			
Trade receivables	23	385	367
Tax assets		21	13
Other receivables		18	38
Prepaid expenses and accrued income	24	16	19
<b>Total current receivables</b>		<b>440</b>	<b>437</b>
Cash and bank balances		98	88
<b>Total current assets</b>		<b>1,164</b>	<b>1,108</b>
<b>TOTAL ASSETS</b>		<b>2,073</b>	<b>2,017</b>



# Consolidated balance sheet

SEK million		31 Dec 2013	31 Dec 2012
	Note		
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	25		
Share capital		0	0
Other paid-in capital		488	486
Other reserves		-3	-7
Retained earnings		527	397
<b>Total equity</b>		<b>1,012</b>	<b>876</b>
<b>Non-current liabilities</b>			
Pension obligations, interest-bearing	26	25	26
Deferred tax, non-interest-bearing	27	28	24
Other interest-bearing liabilities	28	454	516
Other non-interest-bearing liabilities		1	2
<b>Total non-current liabilities</b>		<b>508</b>	<b>568</b>
<b>Current interest-bearing liabilities</b>			
Liabilities to credit institutions		85	87
Overdraft facilities	30	142	173
<b>Total current interest-bearing liabilities</b>		<b>227</b>	<b>260</b>
<b>Current non-interest-bearing liabilities</b>			
Trade payables		202	173
Current tax liabilities		11	19
Other liabilities		24	18
Accruals and deferred income	31	89	103
<b>Total current non-interest-bearing liabilities</b>		<b>326</b>	<b>313</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,073</b>	<b>2,017</b>
Pledged assets	29	1,195	1,155
Contingent liabilities	32	53	36

# Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total equity
<b>Equity on 1 January 2012</b>	<b>0</b>	<b>34</b>	<b>-5</b>	<b>375</b>	<b>404</b>
Effect of accounting policy change, refer to note 2	-	-	-	-9	-9
Adjusted opening balance at beginning of year	0	34	-5	366	395
<b>Comprehensive income</b>					
Profit after tax	-	-	-	29	29
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial gain on pension obligations, net after tax	-	-	-	2	2
<i>Items that may be reclassified in profit or loss</i>					
Exchange-rate differences	-	-	-2	-	-2
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>31</b>	<b>29</b>
<b>Transactions with shareholders</b>					
Capital paid in through new issue of preferential shares	-	452	-	-	452
<b>Total transactions with shareholders</b>	<b>0</b>	<b>452</b>	<b>0</b>	<b>0</b>	<b>452</b>
<b>EQUITY ON 31 DECEMBER 2012</b>	<b>0</b>	<b>486</b>	<b>-7</b>	<b>397</b>	<b>876</b>
<b>Comprehensive income</b>					
Profit after tax	-	-	-	131	131
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial gain on pension obligations, net after tax	-	-	-	1	1
<i>Items that may be reclassified in profit or loss</i>					
Exchange-rate differences	-	-	4	-	4
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>132</b>	<b>136</b>
<b>Transactions with shareholders</b>					
Dividend to parent company shareholders	-	-	-	-2	-2
Capital paid in through shareholder contributions	-	2	-	-	2
<b>Total transactions with shareholders</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>-2</b>	<b>0</b>
<b>EQUITY ON 31 DECEMBER 2013</b>	<b>0</b>	<b>488</b>	<b>-3</b>	<b>527</b>	<b>1,012</b>

The Group's restricted equity comprises share capital and SEK 32 million in other paid-in capital.

# Consolidated cash flow statement

SEK million	31 Dec 2013	31 Dec 2012
<b>Operating activities</b>		
Profit before financial items	201	137
Depreciation/amortisation and impairment	31	30
Interest and other financial income	1	1
Interest and other financial expenses	-26	-38
Other non-cash items	-2	2
Income tax paid	-55	-33
<b>Cash flow from operating activities before changes in working capital</b>	<b>150</b>	<b>99</b>
<b>Cash flow from changes in working capital</b>		
Increase (-)/decrease (+) in inventories	-38	64
Increase (-)/decrease (+) in operating receivables	7	6
Increase (+)/decrease (-) in operating liabilities	18	-1
<b>Cash flow from operating activities</b>	<b>137</b>	<b>168</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	-22	-35
Divestment of property, plant and equipment	4	-
Changes in financial assets	-	1
<b>Cash flow from investing activities</b>	<b>-18</b>	<b>-34</b>
<b>Financing activities</b>		
New share issue	-	452
Repayment of borrowings	-78	-530
Increase (+)/decrease (-) in current financial liabilities	-33	-29
<b>Cash flow from financing activities</b>	<b>-111</b>	<b>-107</b>
<b>Cash flow for the year</b>	<b>8</b>	<b>27</b>
Cash and cash equivalents at beginning of year	88	62
Exchange-rate differences	2	-1
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	<b>98</b>	<b>88</b>

# Notes to consolidated financial statements

All amounts are in SEK million unless otherwise specified.  
The figures in brackets indicate the preceding year's values.

## NOTE 1 GENERAL INFORMATION

The company, Bufab Holding AB, corporate registration number 556685-6240, operates as a limited liability company, with its registered office in Stockholm, Sweden. The address of the head office is Box 2266, SE-331 02, Värnamo, Sweden.

## NOTE 2 SUMMARY OF KEY ACCOUNTING POLICIES

This Annual Report has been prepared in accordance with IFRS as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The consolidated annual financial statements have been prepared in accordance with the cost method. The parent company's accounting policies are consistent with those applied for the Group, unless otherwise specified.

In addition to these standards, both the Swedish Companies Act and the Swedish Annual Accounts Act contain regulations requiring the disclosure of certain additional information. Preparing financial reports in accordance with IFRS requires the use of a number of important accounting estimates. Management is also required to make certain judgements when applying its accounting policies. Information about areas that are complex or involve a high proportion of assumptions and estimates, or about areas where accounting estimates are of key significance to the consolidated financial statements, can be found in note 4. The estimates and assumptions are reviewed regularly and the effect on the recognised amounts is recognised in profit or loss.

### New accounting policies for 2013

#### IAS 1 – Presentation of financial statements

Amendments have been made to IAS 1 *Presentation of financial statements* regarding other comprehensive income. The most significant change in the amended version of IAS 1 is a requirement that the items that are recognised in "other comprehensive income" be presented in two different groups. The classification is based on whether or not the items could be reclassified in profit or loss (reclassification adjustments).

#### IAS 19 – Employee benefits

As of the first quarter of 2013, amended accounting policies will be applied regarding IAS 19 *Employee benefits*. The amendments pertain to the presentation of defined-benefit pension plans. Under the amendments, the "corridor method" will no longer be applied and actuarial gains and losses will be recognised in other comprehensive income when they arise. Since the new policies will affect recognition retroactively, the opening balance on 1 January 2012 was recalculated, reducing equity by SEK 9 million and increasing pension liabilities to SEK 26 million. The amendment did not entail any significant impact on the Group's earnings in 2013.

#### IFRS 8 – Operating segments

This standard addresses the division of the Group's operations into different segments. Under the standard, the Group will be required to identify the reportable segments on the basis of its internal reporting structure. Application of IFRS 8 is optional for enterprises whose securities are not publicly traded. The Group began applying IFRS 8 in financial year 2013. For further information, please refer to note 5.

#### New and amended standards that come into effect in 2014 and onward

A number of new standards and interpretations will come into effect for financial years commencing after 1 January 2013 and were not applied in the preparation of this financial report. The following new standards will be applied for the financial year that commenced on 1 January 2014. None of these are expected to have any significant impact on the Group's financial reports.

IFRS 10 *Consolidated financial statements* is based on existing policies as it identifies control as the decisive factor for determining whether to include a company in the consolidated financial statements. The standard provides additional guidance in determining control when this is difficult to assess.

IFRS 11 *Joint arrangements* focuses on the rights and obligations held by the parties in a joint operation rather than on the legal structure of the arrangement. There are two types of joint arrangements: joint operations and joint ventures. Joint ventures are recognised in accordance with the equity method; the proportional method is no longer permitted.

IFRS 12 *Disclosure of interests in other entities* covers disclosure requirements for subsidiaries, joint arrangements, associated companies and non-consolidated structured companies. None of the other IFRS or IFRIC interpretations that have yet to come into effect are expected to have any significant impact on the Group.

### Consolidated financial statements

#### Subsidiaries

Subsidiaries are all the entities in which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50 per cent of the voting rights. The existence and effect of potential voting rights which may be used or converted is taken into account when assessing whether control exists. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases. The Group's acquisition of subsidiaries is accounted for in accordance with the acquisition method. The cost of an acquisition comprises the fair value of assets transferred, equity instruments issued and liabilities incurred or assumed at the transfer date. Transaction expenses attributable to the acquisition are recognised as incurred. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are measured initially at their acquisition-date fair value, irrespective of any minority interest. If the cost of acquisition exceeds the fair value of the Group's share of the acquired net identifiable assets, the difference is recognised



as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in profit or loss.

### Elimination of intra-group transactions

Intra-group transactions and balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The accounting policies for subsidiaries have been amended, where necessary, in order to ensure consistent application of the Group's policies.

### Foreign currency translation

Items in the individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), which is the parent company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency according to the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising from the settlement of such transactions and during translation of foreign currency monetary assets and liabilities at the closing rate are recognised in profit or loss.

The results and financial position of all Group entities are translated into the Group's presentation currency. Assets and liabilities are translated at the closing rate, while income and expenses are translated at the average rate, with all resulting exchange-rate differences recognised as a separate component of equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are reported as assets and liabilities in the entity and are translated at the closing rate. The following exchange rates were used for the translation of foreign operations:

CURRENCY	Average rate		Closing rate	
	2013	2012	2013	2012
DKK	1.15985	1.16962	1.198625	1.155162
EUR	8.6494	8.7053	8.943	8.6166
GBP	10.1863	10.734	10.7329	10.4914
CZK	0.333326	0.346448	0.325954	0.343599
HUF	0.029142	0.030124	0.030116	0.029558
NOK	1.109461	1.164067	1.057985	1.1672
PLN	2.0615	2.082	2.1548	2.1178
RMB	1.0596	1.0738	1.0732	1.0456
INR	0.111675	0.127085	0.104896	0.118839
NTD	0.2195	0.2284	0.2155	0.2239
RUB	0.204583	0.21813	0.198536	0.214719
USD	6.514	6.7754	6.5084	6.5156
RON	1.9581	1.9532	1.9945	1.9375
TRY	3.4292	3.7628	3.051	3.6361

### Classification

Non-current assets, liabilities and provisions are amounts expected to be recovered or settled more than 12 months after

the balance-sheet date. Current assets and liabilities are amounts expected to be recovered or settled no more than 12 months after the balance-sheet date.

### Intangible assets

#### Goodwill

The amount by which the cost exceeds the acquisition-date fair value of the Group's share of the acquired subsidiary's net identifiable assets is recognised as goodwill. Goodwill on acquisitions of subsidiaries is reported under intangible assets. Goodwill is tested for impairment annually and is carried at cost less accumulated impairment.

Goodwill is allocated to cash-generating units for impairment testing.

### Property, plant and equipment

Property, plant and equipment is recognised as an asset in the balance sheet when, based on available information, it is probable that future economic benefits associated with the ownership will flow to the Group/company and the cost of the asset can be measured reliably. Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The carrying amount of an item of property, plant and equipment is de-recognised on disposal, or when no future economic benefits are expected from its use. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct selling expenses. The gain or loss is reported under other operating income/expenses.

### Leases – Group as lessee

The Group applies IAS 17, Leases. Leases are classified in the consolidated financial statements as financial leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise, it is classified as an operating lease. Assets held under financial leases are recognised as assets in the consolidated statement of financial position. Future lease payment obligations are reported as current and non-current liabilities. An asset leased under a finance lease is subject to depreciation, while the lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each accounting period during the lease term so as to produce a constant periodic rate of interest on the balance of the liability reported during the period. Contingent rents are recognised as an expense in the period in which they are incurred. Operating lease payments are recognised as an expense over the lease term, based on the use of the asset, which may differ from actual lease payments during the year. If significant changes are made to the provisions of the lease during the term of the lease, an assessment is made as to whether these new provisions would have resulted in a different lease classification had they been in effect at the inception of the lease. If this is the case, the lease is treated as a new lease, to be assessed using the updated parameters at its inception.

## Depreciation policies for property, plant and equipment

Depreciation according to plan is based on original cost less estimated residual value. Depreciation is applied on a straight-line basis over the useful life of the asset.

The following depreciation periods are applied:

Other intangible assets	3-5 years
Buildings *	12 years
Plant and machinery	5-10 years
Equipment, tools, fixtures & fittings	3-10 years

\* Pertains to the financial leasing of buildings, which is why the period of depreciation equals the length of the lease. Also refer to note 21.

## Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

## Impairment

Assets with an indefinite useful life are not subject to depreciation or amortisation; instead, these assets are tested annually for impairment. Assets that are subject to depreciation or amortisation are also tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

## Receivables

Receivables are recognised at cost less any impairment.

## Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An obsolescence risk is also taken into account. At the end of the financial year, the obsolescence reserve totalled SEK 58 million (71).

The cost of the Group's merchandise is calculated as a weighted average purchase price and includes expenses arising from the acquisition of inventories and bringing them to their existing location and condition.

The cost of finished goods and work in progress includes a reasonable proportion of indirect costs. Measurement takes into account normal capacity utilisation.

## Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and other short-term investments with an original maturity of three months or less, and overdraft facilities. Utilised overdraft facilities are reported as borrowings under current liabilities in the statement of financial position.

## Borrowings

Borrowings are recognised initially at fair value and are subsequently measured at amortised cost. Any difference between the amount received and the repayment amount is recognised in profit or loss over the borrowing period using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance-sheet date.

## Employee benefits

Group companies have various pension schemes in accordance with local conditions and practices in the countries in which they operate. The most common pension arrangements are defined-contribution pension plans. Under these plans, the company settles its obligations on an ongoing basis through payments to insurance companies or pension funds.

However, the company has a more extensive responsibility in the case of defined-benefit pension plans, which are based on an agreed future pension entitlement. With these plans, the company's reported cost is affected by factors such as assumptions about the future. The Group's net obligation is calculated separately for each plan by estimating the future benefit that employees have earned through their service in the current and prior periods. The present value of this benefit is determined by discounting the estimated future cash flows. The Group has safeguarded a portion of its obligation through transfers to pension funds, and the fair value of plan assets is offset against the provision in the statement of financial position. The discount rate is obtained by reference to market yields on high quality corporate bonds of a term consistent with the term of the Group's pension obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are presented in other comprehensive income when they arise.

For salaried professionals in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and survivors' pensions are backed by an Alecta insurance policy. According to a statement from the Swedish Financial Reporting Board (UFR3 Classification of ITP plans financed by an Alecta insurance policy), this is a defined-benefit plan that encompasses several employers. For the 2013 financial year, the company has not had access to enough information to report its proportional share of the plan's obligations, plan assets and costs, and the company was therefore unable to recognise it as a defined-benefit plan. Accordingly, the ITP 2 pension plan, which is backed by an Alecta insurance policy, was recognised as a defined-contribution plan. The premium for the defined-benefit retirement and survivors' pension is calculated on a case-by-case basis and is determined by such factors as salary, previously vested pension benefits and the expected remaining professional life of the beneficiary.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations calculated using Alecta's actuarial methods and assumptions, which do not comport with IAS 19. The collective consolidation level is generally permitted to range from 125 to 155 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 155 per cent, actions must be taken to enable the consolidation level to return to the standard interval. In the event of a low consolidation level, the company may raise the contractual cost of signing up for a policy and expand the current benefits. In the event of a high consolidation level, the company may introduce premium deductions. At the end of the financial year, Alecta's surplus in the form of the collective consolidation level was 148 per cent (129).

## Revenues

Net sales comprise revenues from the sale of goods and services. Revenue is recognised in profit or loss when it is probable that future economic benefits will flow to the company and when these benefits can be measured reliably. Revenue includes only the gross inflow of economic benefits received and receivable for the company's own account. Revenue from the sale of goods is recognised when the company has transferred the significant risks and rewards of ownership of the goods and the company does not exercise any effective control over the goods sold. Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Settlement is made in cash, with revenue comprising the amount of cash received or receivable. Amounts collected on behalf of third parties are not included in the company's revenue. Revenue from the rendering of services is recognised when the economic outcome of the services can be estimated reliably and the economic benefits flow to the company.

The item "other operating income" includes other revenues in the operation that do not stem from the day-to-day business operations, such as capital gains from the sale of non-current assets and exchange-rate gains from operating receivables/liabilities.

Dividends are recognised when the right to receive payment is established. Intra-group sales are eliminated in the consolidated financial statements.

## Costs

The income statement is classified using the function of expense method. The functions are as follows:

- Cost of goods sold comprises material handling and manufacturing costs, including payroll and material costs, purchased services, costs of premises, and depreciation/amortisation and impairment of property, plant and equipment.
- Administrative expenses comprise costs of the companies' own administrative functions and costs relating to boards, management and staff functions.
- Distribution costs comprise costs associated with the sales organisation and inventory obsolescence.
- Other operating income/expenses relates to secondary activities, exchange-rate differences on operating items and capital gains/losses on the sale of property, plant and equipment.

## Financial income and expenses

Financial income and expenses comprise interest income on bank deposits and receivables, interest expense on borrowings, dividend income, exchange-rate differences and other financial income and expenses. The interest component of finance lease payments is recognised in profit or loss using the effective interest method, which means that the interest is allocated to each accounting period during the lease term so as to produce a constant periodic rate of interest on the balance of the liability reported during the period.

## Tax

Income tax consists of current tax and deferred tax. Taxes are recognised in profit or loss except when the underlying transaction is recognised directly in equity, in which case the related tax effect is also recognised in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the current year. This includes adjustments of current tax attributable to prior periods. Deferred tax is accounted for

using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates enacted or substantively enacted by the balance-sheet date. Deferred tax is not recognised on temporary differences arising from goodwill on consolidation, and is not normally recognised on temporary differences arising from participations in subsidiaries that are not expected to be taxed in the foreseeable future. Untaxed reserves are recognised including deferred tax liabilities in the legal entity. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised insofar as it is probable that they will result in lower tax payments in the future.

## Cash flow statement

The cash flow statement is prepared using the indirect method. Reported cash flows only concern transactions that involve cash inflows and outflows.

Cash and bank balances are classified as cash and cash equivalents.

## Related-party transactions

None of the parent company's total purchases charged to operating profit relate to transactions with other companies within the corporate group to which the company belongs. Within the Group, there are some internal sales between its different markets. Related-party transactions are also reported in note 7 (employees, personnel expenses and fees paid to directors and auditors) and note 33 (related-party transactions). Related-party transactions are made on terms equivalent to those that prevail in arm's length transactions.

## Financial instruments

The Group classifies its financial instruments into the following categories: loans and receivables, and other financial liabilities. Management makes a classification decision on initial recognition, and reviews this decision on each balance-sheet date.

## Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments arise when the Group provides money, goods or services directly to a customer without intending to trade the receivable. They are included in current assets unless the settlement date is more than 12 months after the balance-sheet date, in which case they are classified as non-current assets. Loans and receivables are reported under trade receivables and other receivables, as appropriate, in the balance sheet.

**NOTE 3 RISKS AND RISK MANAGEMENT****Operational risks****Market and business risks**

Customer demand for products and services from Bufab depends on general economic conditions and the level of activity in the manufacturing industry in the countries in which Bufab and its customers operate.

Bufab operates in Sweden, Denmark, Finland, Norway, Germany, France, the Netherlands, Austria, the Czech Republic, Poland, England, Estonia, Hungary, Spain, Slovakia, India, the United States, Taiwan, China, Russia, Turkey, Romania, Italy and Northern Ireland. Bufab's customers are found in a wide spectrum of manufacturing industries, including the technology sector, electronics/telecommunications, consumer goods, the offshore and refining industry, the transportation and construction sectors, furniture and the automotive sector. Geographical diversification combined with a vast number of customers spread across many sectors reduces the effects of isolated changes in customer demand.

The company's broad product range, which includes everything from conventional fasteners to special parts in metal, plastic, rubber, etc., provides a healthy risk spread and a stronger relationship with customers, such as logistics partners, than that of conventional wholesale operation. However, despite this risk diversification, the company was nonetheless substantially impacted by reduced customer demand during the sharp global economic downturn in 2009.

There is a risk that major customers will choose to bypass the wholesale stage and deal directly with manufacturers. However, Bufab adds value to its customers by providing efficient logistics and a broad base of suppliers, as well as a reliable level of quality. The company believes that this broad range as a logistics partner remains competitive.

Bufab can be negatively impacted when its suppliers experience economic, legal or operational problems, higher prices or when they are unable to deliver on time or at the agreed level of quality. Bufab sources most of its goods from suppliers that are mainly located in Asia, but also from some European suppliers. Bufab works with a large number of suppliers from different countries. The company aims to avoid making itself dependent on specific suppliers. If a supplier is unable to deliver on time or at the agreed level of quality, alternative sourcing channels are available, albeit at less profit for Bufab.

Inventories constitute a significant share of Bufab's assets and are costly to relocate, store and manage. Accordingly, efficient inventory management is a key element in Bufab's operation. Inefficient inventory management can lead to inventory surpluses or deficits. Inventory surpluses expose Bufab to the risk of having to incur impairment losses on or to dispose of the inventory. Conversely, inventory deficits expose Bufab to the risk of having to source products at higher prices in order to deliver on time, or to incur expensive express delivery costs.

Bufab has a substantial goodwill item in its consolidated balance sheet, which is regularly tested for impairment requirements; see also note 18.

**Competition**

Bufab acts as a subcontractor to the engineering industry and faces competition in all types of customer segments. Customer require-

ments concerning price, quality, delivery reliability, etc. are constantly increasing. Since the entry barriers for smaller companies and the investments required to start a competing business are low, Bufab can also lose sales to new companies.

The company's continued success is dependent on its ability to respond to these increasing requirements and be more competitive than its competitors in the areas of attractive pricing, delivery reliability, quality, high internal efficiency and broad, secure logistics solutions from all of the countries in which Bufab operates.

**Legal risks**

Legal risks primarily include legislation and regulation, government decisions, disputes, etc. The fastener industry within the EU has been subject to heavy duties on imports of standard parts from China over the past three years. Bufab has been forced to find alternative purchasing channels, primarily in Asia, which has worked well considering the volume size.

In 2011, the EU also imposed heavy duties on imports of standard parts from Malaysia and in 2012, the EU gave notice that Thailand and the Philippines could also be subject to these heavy duties. In the spring of 2013, the EU decided not to introduce the announced duty hikes. Great uncertainty remains as to whether more countries will be subject to increased duties, and how long the current duty hikes on goods from China and Malaysia will remain in place.

Bufab's operations face risks related to taxes and the environment. For more, refer to note 32.

**Insurance**

Bufab insures its assets against property damage and business interruption losses. In addition, there are insurance policies for product liability, product recall, transportation, legal protection, crime against property and business travel. There have been no significant claims for damages with regard to product liability or product recall during the last decade.

**Financial risks**

Bufab is exposed to various types of financial risk in the course of its operations. Examples of these are currency, financing, interest rate and counterparty risks. The board is responsible for adopting risk-management policies. Financial activities such as risk management, liquidity management and borrowing are managed at the Group level by the subsidiary Bult Finnveden AB.

**Currency risks**

Changes in exchange rates affect the Group's earnings and equity in different ways. Currency risk arises from:

- Flow exposures in the form of receipts and payments in different currencies
- Recognised assets and liabilities of subsidiaries
- Translation of the earnings of foreign subsidiaries to SEK
- Translation of the net assets of foreign subsidiaries to SEK

Exchange-rate fluctuations may also affect the Group's competitiveness or that of its customers, thereby indirectly affecting the Group's sales and earnings. The Group's overall currency exposure has increased over time as operations have become more global, with increased trade from Asia as well as a higher proportion of sales outside Sweden – largely from foreign subsidiaries but also from



Swedish subsidiaries. The Group's currency risk management policy primarily focuses on transaction-related currency risks. Currency risks are mainly managed by working to change the business's operating terms by aligning revenues and costs in other currencies with the SEK.

Some 62 per cent (61) of the Group's total invoicing and 70 per cent (63) of its costs are in foreign currencies. Flow exposure is not hedged at fixed exchange rates.

During the financial year, the Group's currency flows (excluding the reporting currency, SEK) were distributed as follows (amounts in SEK million):

CURRENCY	Costs	Sales
EUR	956	1,086
USD	341	114
NOK	45	116
GBP	80	54
DKK	10	12
CZK	13	30
PLN	39	15
HUF	19	18
RMB	41	52
RON	14	37
NTD	67	0
Övrigt	12	29

\* Expressed in SEK million. Currency flows represent gross flows, including intra-group transactions

The company's largest exposure is to the USD, as trade from Asia is largely conducted in this currency, and to the EUR, as a large proportion of its European sales are in this currency.

### Credit risk

Credit risk related to cash and cash equivalents, balances and credit exposures are managed at the Group level. Credit risk related to receivables outstanding are managed by the company in which the receivable was created. The company conducts individual assessments of its customers' credit ratings and credit risks, including customers' financial position, previous experiences and other factors. Management does not expect any losses due to missing payments from counterparties other than the amount reserved as "doubtful debts." Refer to note 23.

### Financing, liquidity and capital

Financing risk is defined as the risk of being unable to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining financing. Liquidity risk is managed by ensuring that the Group holds sufficient levels of cash and cash equivalents and access to financing under credit facility agreements. Executive management regularly monitors the need to refinance external loans in the aim of renegotiating the Group's credit facilities at least 12 months before the maturity date. Until its listing on the NASDAQ OMX, the Group received its primary financing from a bank under an SEK 801 million credit facility. In conjunction with its listing, a credit facility was refinanced to SEK 900 million with a maturity in February 2017. This credit is linked to certain borrowing terms (known as covenants), which are detailed in note 28.

At year-end 2013, the Group had a liquidity reserve in the amount of SEK 285 million (240). The Group's finance policy stipulates that

the available funds, meaning cash and cash equivalents and available but unutilised credits, must be greater than the Group's standard expenses for one month. On 31 December 2013, the liquidity reserve totalled 1.8 months' standard expenses for the Group.

The Group has an adjusted equity/assets ratio of 48.8 per cent (43.4), whereby the equity/assets ratio is defined as recognised equity divided by total assets.

EQUITY/ASSETS RATIO	2013	2012
<b>Group</b>		
Equity	1,012	876
Total assets	2,073	2,017
<b>Equity/assets ratio</b>	<b>48.8%</b>	<b>43.4%</b>

The net debt/equity ratio as at 31 December 2013 and 2012 was as follows:

DEBT/EQUITY RATIO	2013	2012
<b>Group</b>		
Interest-bearing liabilities	706	802
Less: Cash and cash equivalents	-98	-88
Net indebtedness	608	714
Equity	1,012	876
<b>Debt/equity ratio</b>	<b>60%</b>	<b>82%</b>

The maturity structure for existing borrowings is shown in note 28. The amounts do not include the current portion, which will mature within one year. The overdraft facility normally matures within one year, but is usually extended on the due date. In terms of its capital structure, the company's target is to have a debt/equity ratio of less than 80 per cent.

The table below illustrates the Group's financial liabilities categorised by time left to maturity as per balance-sheet date. The amounts shown in the table are the contractual undiscounted cash flows.

The interest rate at the end of each financial year was applied to the liabilities.

On 31 December 2013	Less than 1 year	1-5 years	More than 5 years
Bank loans and overdrafts	233	479	-
Trade and other payables	202	-	-
<b>Total</b>	<b>435</b>	<b>479</b>	<b>0</b>

On 31 December 2012	Less than 1 year	1-5 years	More than 5 years
Bank loans and overdrafts	268	550	-
Trade and other payables	173	-	-
<b>Total</b>	<b>441</b>	<b>550</b>	<b>0</b>

## CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table shows the classification of financial instruments in the statement of financial position for the years 2013 and 2012 (for definitions, see note 2).

ASSETS, 2013	Loans and receivables	Non-financial assets	Total
<b>Intangible assets</b>	-	<b>739</b>	<b>739</b>
<b>Property, plant and equipment</b>	-	<b>145</b>	<b>145</b>
<b>Financial assets</b>	-	<b>25</b>	<b>25</b>
<b>Current assets</b>			
Inventories	-	626	626
Trade receivables	385	-	385
Current tax assets	-	21	21
Other receivables	18	-	18
Prepaid expenses and accrued income	-	16	16
Cash and cash equivalents	98	-	98
<b>Total current assets</b>	<b>501</b>	<b>663</b>	<b>1,164</b>
<b>TOTAL ASSETS</b>	<b>501</b>	<b>1,572</b>	<b>2,073</b>

LIABILITIES, 2013	Loans and receivables	Non-financial liabilities	Total
<b>Non-current liabilities and provisions</b>	<b>479</b>	<b>29</b>	<b>508</b>
<b>Current liabilities and provisions</b>			
Interest-bearing liabilities	227	-	227
Trade payables	202	-	202
Current tax liabilities	-	11	11
Other liabilities	-	24	24
Accrued expenses and deferred income	-	89	89
<b>Total current liabilities</b>	<b>429</b>	<b>124</b>	<b>553</b>
<b>TOTAL LIABILITIES</b>	<b>908</b>	<b>153</b>	<b>1,061</b>

ASSETS, 2012	Loans and receivables	Non-financial assets	Total
<b>Intangible assets</b>	-	<b>740</b>	<b>740</b>
<b>Property, plant and equipment</b>	-	<b>144</b>	<b>144</b>
<b>Financial assets</b>	-	<b>25</b>	<b>25</b>
<b>Current assets</b>			
Inventories	-	583	583
Trade receivables	367	-	367
Current tax assets	-	13	13
Other receivables	38	-	38
Prepaid expenses and accrued income	-	19	19
Cash and cash equivalents	88	-	88
<b>Total current assets</b>	<b>493</b>	<b>615</b>	<b>1,108</b>
<b>TOTAL ASSETS</b>	<b>493</b>	<b>1,524</b>	<b>2,017</b>

LIABILITIES, 2012	Loans and receivables	Non-financial liabilities	Total
<b>Non-current liabilities and provisions</b>	<b>542</b>	<b>26</b>	<b>568</b>
<b>Current liabilities and provisions</b>			
Interest-bearing liabilities	260	-	260
Trade payables	173	-	173
Current tax liabilities	-	19	19
Other liabilities	-	18	18
Accrued expenses and deferred income	-	103	103
<b>Total current liabilities</b>	<b>433</b>	<b>140</b>	<b>573</b>
<b>TOTAL LIABILITIES</b>	<b>975</b>	<b>166</b>	<b>1,141</b>

### Financial instruments

IFRS 13 Fair Value Measurement applies as of 1 January 2013. The standard has not had any impact on the Group's earnings or financial position, but has brought increased disclosure requirements for financial instruments. The same applies to the amendment to IFRS 7 Financial Instruments: Disclosures, which introduces enhanced disclosure requirements for netting of financial assets and liabilities. The Group's borrowings mainly take the form of credit facilities with long-term credit but short fixed-rate periods. Consequently, it is the assessment that the fair value is essentially consistent with the carrying amount.

### Interest-rate risk

Changes in interest rates have a direct impact on the Group's earnings, while their impact on the overall economy also produces an indirect effect. The Group's finance policy stipulates that the fixed-rate period on external borrowing must provide a long-term balance between variable interest rates to reduce interest expenses and fixed rates to create stability. The Group's bank loans at the end of the year had an average remaining fixed-rate period of 3 months.

### Sensitivity analysis

Significant factors affecting the Group's earnings are described below. The assessment is based on year-end values, assuming all other factors remain constant.

Fluctuations in sales prices are the variable that has the greatest impact on earnings, with a change of +/-1 per cent on resale prices affecting operating profit by about SEK 20 million (20).

Volume changes and sourcing prices affect Bufab's earnings. A 1 per cent change in volume has an effect on earnings of about SEK 7 million (7), while a 1 per cent change in merchandise sourcing prices has an effect of about SEK 12 million (12) on operating profit.

Payroll costs represent a large proportion of the Group's cost base. A 1 per cent increase affects operating profit by about SEK 4 million (4).

The Group's net debt was SEK 608 million on the balance-sheet date. A one percentage point change in the market rate for the closing net debt has an effect on profit after financial items of SEK 6 million (7).

The Group has considerable exposure to the USD, which is related to the company's trade with Asia, particularly China and Taiwan. Local prices in Asia are largely set on the basis of the USD level.

Consequently, a one percentage point change in the USD does not have a particularly large effect on the company's operating profit, due to local price adjustments, amounting to about SEK 2 million.

The Group's exposure to the EUR is also considerable. Exposure to the EUR is primarily due to the fact that the Group's invoicing in Europe is largely in this currency. A one percentage point change in the EUR, with all other variables held constant, has an impact on operating profit of SEK 1 million (2).

### NOTE 4 SIGNIFICANT ESTIMATES AND ASSESSMENTS

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events that are considered reasonable in the present circumstances. The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below. The assumptions made in connection with goodwill impairment testing can be found in note 18.

In 2006, the Group sold four properties located in Värnamo, Svartå and Åshammar. The properties were built and equipped for industrial use. In connection with the sale, leases were signed for a term of 15 years. In the management's overall assessment pursuant to IAS 17, since the future economic benefits and risks after the sale largely flow to the buyer of three of the properties (located in Värnamo and Svartå), the leases for these properties are recognised as operational leases. The leases were subject to minor changes without impacting their classification as operational leases under IAS 17. For the fourth property, located in Åshammar, a new lease was signed in 2013, entailing its classification as a financial lease. Also refer to notes, 12, 19 and 21. Bufab has been ordered to carry out surveys of environmental pollutants at an industrial property. Also refer to note 32.

**NOTE 5 INFORMATION ON OPERATING SEGMENTS**

Segment reporting is prepared in accordance with IFRS 8. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that makes decisions about resources to be allocated to the operating segments and assesses their performance. For the Group, this function has been identified as Group management. Two segments, Sweden and International, have been identified in the Group, consistent with the internal reporting. Segment Sweden includes Bufab's five subsidiaries in

Sweden and its subsidiary in the United States, which work closely with other subsidiaries in the segment. Segment International encompasses all activities Bufab engages in outside Sweden and the United States, which includes operations in 21 countries. Net sales in the segments relate to net sales to external customers. No individual customer accounts for more than 10 per cent of net sales in any of the segments. Common overhead costs are distributed between the segments and are allocated on an arm's length basis. The category "Other" consists of other unallocated costs for the parent company and Group eliminations.

GROUP	Sweden		International		Other		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Income items</b>								
Total revenue	970	1,011	1,061	1,023	0	0	2,031	2,034
<b>Operating profit</b>	<b>145</b>	<b>113</b>	<b>84</b>	<b>59</b>	<b>-28</b>	<b>-35</b>	<b>201</b>	<b>137</b>
Financial items	-	-	-	-	-	-	-27	-87
<b>Profit after financial items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>50</b>
Taxes	-	-	-	-	-	-	-43	-21
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>29</b>
<b>Assets</b>								
Assets	1,204	1,214	850	792	19	11	2,073	2,017
Liabilities	294	279	190	174	577	688	1,061	1,141
<b>Other disclosures</b>								
Investments*	26	28	9	4	2	0	37	32
Depreciation	24	25	6	4	1	1	31	30
Impairment	-	-	-	-	-	-	-	-

\* Under Segment Sweden 2013, the figures for "Investments" include the value of a reclassified lease for a building at a value of SEK 14 million. Also refer to notes 4 and 19.

**NOTE 6 NON-RECURRING ITEMS**

NON-RECURRING ITEMS CLASSIFIED BY SEGMENT	2013	2012
Sweden	-2	21
International	-1	4
Other	5	3
<b>Total</b>	<b>2</b>	<b>28</b>

Non-recurring items for 2013 pertain to expenses of SEK 4 million that were attributable to the IPO on the NASDAQ OMX Stockholm. Other non-recurring items primarily relate to reclassified provisions from past years for presumed costs for anti-dumping duties for goods from Thailand, which were never charged by the authorities concerned.

NON-RECURRING ITEMS CLASSIFIED BY FUNCTION	2013	2012
Cost of goods sold	-1	20
Distribution costs	-1	4
Administrative expenses	4	4
<b>Total</b>	<b>2</b>	<b>28</b>

Non-recurring items for 2012 pertain to expenses of SEK 20 million for restructuring warehousing operations in Sweden and of SEK 3 million in Germany. Other non-recurring items totalling SEK 5 million were primarily related to costs for anti-dumping duties for goods that were mainly from Thailand, as well as costs associated with the change of CEO.



**NOTE 7 EMPLOYEES, PERSONNEL EXPENSES AND FEES PAID TO DIRECTORS AND AUDITORS**

AVERAGE NUMBER OF EMPLOYEES	2013	% Male	2012	% Male
<b>Parent company</b>				
Sweden	1	100	1	100
<b>Total</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>
<b>Subsidiaries</b>				
Sweden	317	73	314	73
Norway	21	95	23	83
Finland	49	90	48	88
Germany	24	63	25	68
Poland	24	67	23	61
Austria	31	81	31	77
Czech Republic	16	75	16	69
Spain	10	60	8	50
France	86	62	86	62
Netherlands	13	77	12	75
Slovakia	13	62	15	73
Estonia	13	85	13	85
China	46	59	44	63
India	16	88	10	70
Taiwan	14	57	12	58
Romania	33	79	26	85
Russia	8	50	10	50
Hungary	10	80	12	75
Other	26	88	21	90
<b>Total, subsidiaries</b>	<b>770</b>	<b>73</b>	<b>749</b>	<b>74</b>
<b>GROUP TOTAL</b>	<b>771</b>	<b>73</b>	<b>750</b>	<b>74</b>

BOARD AND SENIOR EXECUTIVES	2013	% Female	2012	% Female
Board	7	0	7	0
Other senior executives *	2	0	7	0

\* The management organisation was reviewed in 2013, leading to a reduction in the number of other senior executives to two (seven). As of February 2014, there were three other senior executives, of whom 33 per cent were women.

SALARIES, EMPLOYEE BENEFITS AND SOCIAL SECURITY FEES	2013		2012	
	Social security fees	Salaries and benefits	Social security fees	Salaries and benefits
SEK million				
<b>Parent company</b>	3.0	1.6	3.1	1.6
(of which pension cost, defined-contribution plans)		0.6		0.5
<b>Subsidiaries</b>	265.7	94.2	254.5	91.8
(of which pension cost, defined-contribution plans)		20.7		19.0
(of which pension cost, defined-benefit plans)		1.1		2.5
<b>GROUP TOTAL</b>	<b>268.7</b>	<b>95.8</b>	<b>257.6</b>	<b>93.4</b>
(of which pension cost)		22.4		22.0

SALARIES AND OTHER REMUNERATION CATEGORISED BY COUNTRY AND AMONG BOARD MEMBERS, CEO AND OTHER EMPLOYEES	2013		2012	
	Management *	Other employees	Management *	Other employees
SEK millions				
<b>Parent company</b>	3.0	-	3.1	-
(of which bonuses, etc.)	0.1	-	0.5	-
<b>Total, parent company</b>	<b>3.0</b>	<b>-</b>	<b>3.1</b>	<b>-</b>
(of which bonuses, etc.)	0.1	-	0.5	-
<b>Subsidiaries</b>				
Subsidiaries, Sweden	3.7	129.4	6.0	119.4
(of which bonuses, etc.)	0.1		2.2	
Foreign subsidiaries	18.7	113.9	17.9	111.2
(of which bonuses, etc.)	1.9		3.2	
<b>Total, subsidiaries</b>	<b>22.4</b>	<b>243.3</b>	<b>23.9</b>	<b>230.6</b>
(of which bonuses, etc.)	2.0		5.4	
<b>GROUP TOTAL</b>	<b>25.4</b>	<b>243.3</b>	<b>27.0</b>	<b>230.6</b>
(of which bonuses, etc.)	2.0		5.9	

\* Includes current and former board members, as well as current and former CEO of the parent company and subsidiaries.

GROUP	2013				2012			
	Fee/Basic salary	Variable remuneration	Other benefits	Pension	Fee/Basic salary	Variable remuneration	Other benefits	Pension
<b>Board of directors</b>								
Sven-Olof Kulldorff	0,2	-	-	-	0,2	-	-	-
Gunnar Tindberg	0,1	-	-	-	0,1	-	-	-
Adam Samuelsson	0,1	-	-	-	0,1	-	-	-
Hans Björstrand *	0,1	-	-	-	2,3	0,7	0,1	0,7
Joakim Andreasson	0,1	-	-	-	0,1	-	-	-
Joakim Lundvall	0,1	-	-	-	-	-	-	-
Ulf Rosberg	-	-	-	-	-	-	-	-
Johan Sjö	-	-	-	-	-	-	-	-
<b>CEO</b>								
Jörgen Rosengren	2,2	0,1	0,1	0,6	2,0	0,5	0,1	0,5
Other senior executives **	1,7	0,1	0,2	0,6	5,2	2,0	0,5	1,1

\* Under an agreement valid through January 2015, board member and former CEO Hans Björstrand serves as a senior advisor for the company. The cost of this assignment was charged to the 2012 financial year.

\*\* The management organisation was reviewed in 2013, leading to a reduction in the number of other senior executives to two (seven). As of February 2014, there were three other senior executives, of whom 33 per cent were women.

The chairman is paid fees as resolved by the AGM. The AGM set the chairman's fees at SEK 0.2 million (0.2). Other board members receive a total of SEK 0.5 million (0.4). Remuneration for the CEO and other senior executives comprises basic salary, variable remuneration, other benefits and a pension. The term "senior executives" refers to the members of Group management.

The variable remuneration received by the CEO and other senior executives is based on the achievement of financial targets. The CEO received a basic salary of SEK 2.2 million (2.0), variable remuneration of SEK 0.1 million (0.5) and pension benefits of SEK 0.6 million (0.5) during the year. The variable remuneration received by other senior executives is based on the operating profit generated in their area of responsibility and at the Group level. Other senior executives received a basic salary of SEK 1.7 million and variable remuneration of SEK 0.1 million.

One board member holds warrants in the company. Refer to note 25 for details on the warrant programme. The CEO holds 224,000 call options, issued by Bufab S.ä.r.l., each of which carries an entitlement to acquire one share in the company.

The CEO's retirement age is 65. Pension costs are premium based and correspond to 25 per cent of basic salary paid. The company and the CEO have a mutual period of notice of six months. The CEO is also entitled to severance pay of 12 months' basic salary if notice is initiated by the company. The retirement age for other senior executives is 65, and their pension costs are also premium-based. The company and other senior executives have a maximum period of notice of 12 months when notice is initiated by the company and six months when initiated by the employee.

AUDITORS' FEES AND REMUNERATION	2013	2012
<b>PwC</b>		
Audit services	3	3
Other services	1	1
<b>Other auditors</b>		
Audit services	0	0

## NOTE 8 TYPES OF COSTS

	2013	2012
Materials purchased, including cost of delivery	1,227	1,256
Salaries, including social security fees	364	350
Depreciation	31	30
Other	209	266
<b>Total</b>	<b>1,831</b>	<b>1,902</b>

## NOTE 9 OTHER OPERATING INCOME

	2013	2012
Capital gain on sale of property, plant and equipment	1	1
Exchange-rate gains on operating receivables/liabilities	15	17
Rental income	1	1
Other	6	7
<b>Total other operating income</b>	<b>23</b>	<b>26</b>

**NOTE 10 OTHER OPERATING EXPENSES**

	2013	2012
Exchange-rate losses on operating receivables/liabilities	-20	-20
Other	-2	-1
<b>Total other operating expenses</b>	<b>-22</b>	<b>-21</b>

**NOTE 11 DEPRECIATION/AMORTISATION OF NON-CURRENT ASSETS**

	2013	2012
<b>Depreciation/amortisation according to plan, by class of asset</b>		
Other intangible assets	-1	-1
Plant and machinery	-14	-14
Equipment, tools and fixtures & fittings	-16	-15
<b>Total depreciation/amortisation</b>	<b>-31</b>	<b>-30</b>

**Depreciation/amortisation according to plan, by function**

Cost of goods sold	-17	-16
Distribution costs	-12	-12
Administrative expenses	-2	-2
<b>Total depreciation/amortisation</b>	<b>-31</b>	<b>-30</b>

**NOTE 12 OPERATIONAL LEASE PAYMENTS**

	2013	2012
<b>Assets held under operational leases</b>		
Minimum lease payments	51	46
<b>Total lease payments for the year</b>	<b>51</b>	<b>46</b>
<b>Agreed future minimum lease payments on non-cancellable leases are due as follows:</b>		
Within one year	43	46
Between one and five years	96	109
After five years	50	39
<b>Total payments</b>	<b>189</b>	<b>194</b>

The Group's operational leases primarily comprise business premises. These leases are indexed against the Swedish Consumer Price Index and include extension options. For more, refer to note 4.

**NOTE 13 INTEREST AND SIMILAR INCOME**

	2013	2012
Interest income, other	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

**NOTE 14 INTEREST AND SIMILAR EXPENSES**

	2013	2012
Interest expenses, other	-25	-85
Exchange-rate differences	-2	-3
Other	-1	-
<b>Total</b>	<b>-28</b>	<b>-88</b>

**NOTE 15 EXCHANGE-RATE DIFFERENCES AFFECTING INCOME STATEMENT ITEMS**

	2013	2012
Exchange-rate differences affecting operating profit	-5	-3
Exchange-rate differences on financial items	-2	-3
<b>Total</b>	<b>-7</b>	<b>-6</b>

**NOTE 16 TAX ON PROFIT/LOSS FOR THE YEAR**

	2013	2012
<b>Current tax</b>		
Current tax for the year	-37	-26
<b>Total</b>	<b>-37</b>	<b>-26</b>
<b>Deferred tax expense (-)/income (+)</b>		
Deferred tax income on temporary differences	-6	5
<b>Total</b>	<b>-6</b>	<b>5</b>
<b>Recognised tax expense</b>	<b>-43</b>	<b>-21</b>

<b>Reconciliation of effective tax</b>	<b>2013</b>	<b>2012</b>
Profit before tax	174	50
Tax under parent company's applicable tax rate	-38	-13
Effect of foreign subsidiaries' tax rates	-4	-3
Revaluation of tax losses/temp. differences	-1	-5
<b>Tax on profit for the year in income statement</b>	<b>-43</b>	<b>-21</b>
Effective tax rate	25%	42%

**NOTE 17 EARNINGS PER ORDINARY SHARE**

	2013	2012
Profit for the year attributable to shareholders	131	29
Estimated average number of ordinary shares outstanding before dilution*	38,022,533	38,022,533
<b>Earnings per ordinary share, SEK</b>	<b>3.44</b>	<b>0.76</b>
Estimated average number of ordinary shares outstanding after dilution*	38,110,533	38,110,533
<b>Earnings per ordinary share after dilution, SEK</b>	<b>3.43</b>	<b>0.76</b>
Profit for the year attributable to shareholders	131	29
Non-recurring items	2	28
Tax effect of non-recurring items	0	-6
Profit for the year excluding non-recurring items	133	51
Estimated average number of ordinary shares outstanding before dilution*	38,022,533	38,022,533
<b>Earnings per ordinary share excluding non-recurring items, SEK</b>	<b>3.49</b>	<b>1.33</b>
Estimated average number of ordinary shares outstanding after dilution*	38,110,533	38,110,533
<b>Earnings per ordinary share excluding non-recurring items after dilution, SEK</b>	<b>3.48</b>	<b>1.33</b>

\* Refers to the revised number of ordinary shares outstanding adjusted for the split and set-off issue in conjunction with the IPO, which took place after the balance-sheet date.

**NOTE 18 INTANGIBLE ASSETS**

	Goodwill		Other intangible assets	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
<b>Accumulated cost</b>				
At beginning of year	779	780	5	5
Exchange-rate differences for the year	-	-1	-	-
<b>At year-end</b>	<b>779</b>	<b>779</b>	<b>5</b>	<b>5</b>
<b>Accumulated amortisation according to plan and impairments</b>				
At beginning of year	-40	-40	-4	-3
Amortisation according to plan for the year	-	-	-1	-1
Exchange-rate differences for the year	0	0	-	-
<b>At year-end</b>	<b>-40</b>	<b>-40</b>	<b>-5</b>	<b>-4</b>
<b>Carrying amount at beginning of period</b>	<b>739</b>	<b>739</b>	<b>1</b>	<b>2</b>
<b>Carrying amount at end of period</b>	<b>739</b>	<b>739</b>	<b>0</b>	<b>1</b>



Bufab tests goodwill for impairment requirements on an annual basis.

The Group's goodwill has been allocated to its lowest cash-generating unit. Accordingly, SEK 542 million (542) was attributable to Segment Sweden and SEK 197 million (197) to Segment International. In Segment Sweden, the goodwill item encompasses the entire segment as a single cash-generating unit, whereas in Segment International, goodwill is divided among 13 (13) cash-generating units.

Since acquired units are integrated into Bufab's business model, the same assumptions apply to all cash-generating units.

The recovery value for the cash-generating units was determined by calculating the useful value by way of discounting future cash flows.

The calculations were based on the company's budget and financial plans for 2014-2018, as approved by executive management and the board. The plans for 2014-2016 are detailed, while the plans for 2017-2018 are more general. The growth presented in the budget and financial plans during the forecast period is based on the Group's past organic growth and performance in the market segments in which Bufab is active.

For the periods beyond those forecast, a 2 per cent rate of growth and inflation was assumed. Expected future cash flows according to these assessments form the basis for the estimates. Changes in working capital and investment needs were also taken into account. The present value of the forecast cash flow was calculated using a discount rate of 8 per cent (8) after tax, corresponding to 8.5 per cent (8.5) before tax.

Impairment testing was conducted in conjunction with the annual accounts on 31 December 2013 and was addressed by the company's board. No impairment requirement was indicated.

Executive management conducted a number of calculations based on reasonable potential changes in significant assumptions concerning the discount rate and growth assumptions. A change in the discount rate to 10 per cent after tax would not result in any impairment requirement of the Group's recognised goodwill. The Group's budget and business plans during the forecast period include increases in sales, earnings and cash flow. In the case of one assumption that includes a 50 per cent decline in the growth rate, a minor impairment requirement may arise in one of Segment International's cash-generating units.

## NOTE 19 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and machinery		Equipment, tools and fixtures & fittings	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
<b>Accumulated cost</b>						
At beginning of year	4	4	130	117	133	118
Additions*	14	-	1	13	13	19
Disposals	-4	-	-8	-5	-13	-2
Reclassifications	-	-	-	5	-	-
Exchange-rate differences for the year	-	-	-	-	2	-2
<b>At year-end</b>	<b>14</b>	<b>4</b>	<b>123</b>	<b>130</b>	<b>135</b>	<b>133</b>
<b>Accumulated depreciation</b>						
At beginning of year	-	-	-65	-56	-58	-46
Disposals	-	-	7	5	12	2
Depreciation for the year	-	-	-14	-14	-16	-15
Exchange-rate differences for the year	-	-	-	-	-2	1
<b>At year-end</b>	<b>0</b>	<b>0</b>	<b>-72</b>	<b>-65</b>	<b>-64</b>	<b>-58</b>
<b>Carrying amount at beginning of period</b>	<b>4</b>	<b>4</b>	<b>65</b>	<b>61</b>	<b>75</b>	<b>72</b>
<b>Carrying amount at end of period</b>	<b>14</b>	<b>4</b>	<b>51</b>	<b>65</b>	<b>71</b>	<b>75</b>

\* The figure for "Additions" in 2013 includes the value of a reclassified lease for a building at a value of SEK 14 million. Also refer to notes 4 and 5.

## NOTE 20 WORK IN PROGRESS AND ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2013	31 Dec 2012
At beginning of year	0	5
Reclassifications	-	-5
Investments	9	-
<b>Carrying amount at end of period</b>	<b>9</b>	<b>0</b>

**NOTE 21 FINANCIAL LEASES**

	Cost		Accumulated depreciation	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Plant and machinery	12	12	-5	-3
Buildings	14	-	-	-
<b>Total financial leases</b>	<b>26</b>	<b>12</b>	<b>-5</b>	<b>-3</b>

The lease on a property was renegotiated during the year, resulting in the reclassification of the lease from an operational to a financial lease.

Future minimum lease payments fall due as follows:

	Nominal value		Present value	
	2013	2012	2013	2012
Within one year	3	1	3	1
Between one and five years	13	6	10	6
After five years	13	2	9	2
<b>Total future lease payments</b>	<b>29</b>	<b>9</b>	<b>22</b>	<b>9</b>

The present value of future minimum lease payments is recognised as an interest-bearing liability.

The consolidated earnings do not include any variable fees concerning financial leases.

**NOTE 22 OTHER NON-CURRENT RECEIVABLES**

	31 Dec 2013	31 Dec 2012
<b>Accumulated cost</b>		
At beginning of year	3	4
Repaid during the year	-	-1
<b>Carrying amount at year-end</b>	<b>3</b>	<b>3</b>

**NOTE 23 PAST-DUE RECEIVABLES**

	31 Dec 2013	31 Dec 2012
<b>Number of days past due:</b>		
30-90 days	17	20
91-180 days	3	4
181-360 days	2	3
More than 360 days	5	5
<b>Carrying amount at year-end</b>	<b>27</b>	<b>32</b>

Provision in balance sheet for doubtful debts	10	10
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<b>Bad debt loss</b>	<b>2013</b>	<b>2012</b>
Cost of bad debt loss affecting profit for the year	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

**NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME**

	31 Dec 2013	31 Dec 2012
Rent	5	5
Insurance	2	-
Licences	1	5
Other items	8	9
<b>Carrying amount at year-end</b>	<b>16</b>	<b>19</b>

**NOTE 25 EQUITY**

	31 Dec 2013	31 Dec 2012
<b>Specification of exchange-rate differences for the year in equity:</b>		
Exchange-rate differences for the year, foreign subsidiaries	4	-2
<b>Total exchange-rate differences for the period</b>	<b>4</b>	<b>-2</b>
<b>Specification of cumulative exchange-rate differences in equity:</b>		
Cumulative exchange-rate differences at beginning of year	-7	-5
Exchange-rate differences for the year, foreign subsidiaries	4	-2
<b>Cumulative exchange-rate differences at year-end</b>	<b>-3</b>	<b>-7</b>

**NOTE 26 PENSION OBLIGATIONS, INTEREST-BEARING**

	31 Dec 2013	31 Dec 2012
FPG/PRI	23	24
Retirement pension, foreign companies	2	2
<b>Total</b>	<b>25</b>	<b>26</b>

The assumptions in the table below are used to measure the pension obligation under defined-benefit pension plans.

	Sweden		Other countries	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Discount rate	4.0%	3.5%	3.5%	3.5%
Rate of salary increase	3.0%	3.0%	2.0%	2.0%
Inflation	2.0%	2.0%	2.0%	2.0%

<b>Specification of total post-employment benefits recognised in income statement (SEK million)</b>	<b>2013</b>	<b>2012</b>
<b>Costs relating to defined-benefit plans</b>		
Service costs for current year	-	1
Interest on obligations	1	1
<b>Costs relating to defined-benefit plans</b>	<b>1</b>	<b>2</b>
Costs relating to defined-contribution plans	22	20
<b>Total costs recognised in profit or loss</b>	<b>23</b>	<b>22</b>

Post-employment benefits are settled mainly by payments to insurance companies or agencies which then assume the obligations to the employees (defined-contribution pensions). The remainder are settled under defined-benefit plans, meaning that the obligations remain in the Bufab Group. The largest defined-benefit plan is in Sweden (FPG/PRI). The company's costs and the value of the outstanding obligations under defined-benefit plans are measured using actuarial calculations designed to determine the present value of the obligations. Interest and the expected return are classified as finance costs. Other expense items are recognised in operating profit under cost of goods sold, distribution costs or administrative

**Warrants**

One of the company's board members had acquired warrants issued by the parent company. The fair value of the warrants was determined using the Black-Scholes valuation model at SEK 0.71 per warrant. On the balance-sheet date, 88,000 warrants had been issued. The remaining warrants were exercised in February 2014, resulting in the issuance of 88,000 ordinary shares, for which a total of SEK 510,000 was paid. For a specification of the number of shares outstanding, refer to note 7 for the parent company.

expenses, depending on the employee's function.

The amended accounting policies regarding IAS 19 Employee benefits are applicable as of the first quarter of 2013. The amendments, which concern the accounting for defined-benefit pension plans, mean that the "corridor method" will no longer apply and that actuarial gains and losses will be recognised in other comprehensive income as incurred. As the new rules are applicable on a retrospective basis, the opening balance on 1 January 2012 has been restated, reducing equity by SEK 9 million and increasing pension obligations to SEK 26 million.

**NOTE 27 PROVISIONS FOR DEFERRED TAX**

	31 Dec 2013		31 Dec 2012	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Machinery and equipment	-	14	-	16
Tax allocation reserve	-	13	-	7
Other	6	1	6	1
Tax-loss carry-forwards	16	-	16	-
<b>Total</b>	<b>22</b>	<b>28</b>	<b>22</b>	<b>24</b>

Tax-loss carry-forwards are recognised as deferred tax assets insofar as it is probable that they can be credited against future taxable profits. According to current plans, all companies' earnings in the coming years will enable the Group to utilise the recognised tax asset that exists. The Group has no significant loss carry-forwards that were not taken into account in its financial statements.

**NOTE 28 NON-CURRENT INTEREST-BEARING LIABILITIES**

	31 Dec 2013	31 Dec 2012
Amount of liability items expected to be settled 1-5 years after balance-sheet date	447	514
Amount of liability items expected to be settled more than 5 years after balance-sheet date	7	2
<b>Total</b>	<b>454</b>	<b>516</b>

Of the Group's non-current interest-bearing liabilities, SEK 434 million (508) stem from credit from Svenska Handelsbanken. The remainder of the non-current interest-bearing liabilities derive primarily from financial leases. The Group must fulfil specific borrowing terms (covenants) required by external creditors, including equity/assets ratios and the ratio between operating profit before depreciation/amortisation and impairment, and net debt.

On the balance-sheet date, the average interest rate on the Group's non-current liabilities was 2.7 per cent (3.2).

**NOTE 29 PLEDGED ASSETS**

	31 Dec 2013	31 Dec 2012
Floating charges	267	272
Shares in subsidiaries	928	883
<b>Total</b>	<b>1,195</b>	<b>1,155</b>

**NOTE 30 OVERDRAFT FACILITIES**

	31 Dec 2013	31 Dec 2012
Credit limit	272	268
Unutilised portion	-130	-95
<b>Credit amount utilised</b>	<b>142</b>	<b>173</b>

**NOTE 31 ACCRUED EXPENSES AND DEFERRED INCOME**

	31 Dec 2013	31 Dec 2012
Accrued salaries incl. holiday pay	43	55
Accrued social security fees	13	15
Other items	33	33
<b>Total</b>	<b>89</b>	<b>103</b>

**NOTE 32 CONTINGENT LIABILITIES**

	31 Dec 2013	31 Dec 2012
Taxes	20	33
Environment	30	-
Other contingent liabilities	3	3
<b>Total</b>	<b>53</b>	<b>36</b>

**Environment**

In accordance with an injunctive order, the company conducted environmental investigations at a property where a subsidiary had been engaged in manufacturing until 1989. The investigations revealed traces of environmental pollution. It is Bufab's assessment that the pollution was not caused by its own activities. On the termination of a lease agreement in 2013, Bufab also conducted an environmental investigation at another property. In order to obtain an overview of environmental issues relevant to the Group, Bufab also conducted an environmental audit in 2013, and where necessary an environmental engineering survey, of all properties where Bufab has previously engaged in manufacturing. The investigations have shown traces of pollution in two additional cases. If any link were established between this pollution and Bufab's operations, it would be the result of working and production methods that ceased to be used in the 1980s or earlier. Based on the investigations, it is Bufab's assessment that the identified pollution may have been caused by activities conducted by parties other than Bufab. However, the legal liability issue is difficult to assess and it is not inconceivable that Bufab could be required to implement remediation measures. Further investigations may be conducted in the next few years at the initiative of Bufab or other parties.

Having consulted technical and legal experts based on the information available when the financial report was issued, it is Bufab's assessment that the total cost of potential remediation measures arising from the identified environmental pollution will not exceed SEK 30 million during the next decade. However, since legal experts consulted by the company do not deem it likely that Bufab will be held accountable for any remediation measures, no provisions have been made.

### Tax, income years 2006-2009

In a judgement by the Court of Appeal, Bufab was granted deductions for interest charges which were previously denied by the Swedish Tax Agency. The Tax Agency's application for leave to appeal to the Supreme Administrative Court was dismissed on 6 November 2013. Following a negative ruling by the courts, Bufab previously reported additional tax as a contingent liability, a practice which is now discontinued.

### Tax, income years 2011-2012

The Swedish Tax Agency has subsequently denied Bufab certain deductions for interest charges for financial years 2011 and 2012. The background to disallowing the deductions is a change to the rules for deducting interest on loans in a community of interests. Bufab, supported by leading tax experts, does not share the Swedish Tax Agency's opinion and appealed its decision to the Administrative Court in February 2014. Should Bufab ultimately be refused these deductions, this would mean an additional tax expense of SEK 20 million. No associated provision has been made.

## NOTE 33 RELATED-PARTY TRANSACTIONS

On the balance-sheet date, Bufab S.à.r.l owned 93 per cent (89) of the shares in Bufab Holding AB. At the same date, Finnveden Limited, the parent company of Bufab S.à.r.l, owned 0 per cent (4) of the shares in Bufab Holding AB. In addition, the company has the following loan relationship with Finnveden Limited.

	2013	2012
Interest-bearing liabilities	-	-
<b>Total</b>	<b>0</b>	<b>0</b>

Changes in loan from Finnveden Limited

	2013	2012
Opening value	0	405
Interest charged	0	47
Loan repayments	0	-452
<b>Total</b>	<b>0</b>	<b>0</b>

The interest-bearing liability carried interest of 12.0 per cent and the interest accrued was annually added to the loan amount. The loan was subordinate to other loan liabilities. Bufab Holding repaid the entire loan amount in December 2012. In conjunction with the repayment in December 2012, Bufab Holding issued a private placement of 100,000 preference shares to Bufab S.à.r.l and Bufab S.à.r.l has subscribed for said shares. See also note 7 for the parent company. After the balance-sheet date, the company implemented a distribution of ownership, which is described in the "Share capital, ownership structure and IPO" section of the directors' report.

Remuneration to senior executives is presented in note 7.

## NOTE 34 KPI DEFINITIONS

### Order intake

Net of received and cancelled orders in the period.

### Gross margin, %

Gross profit as a percentage of net sales during the period.

### Adjusted gross profit

Gross profit or loss adjusted for non-recurring items.

### Adjusted gross margin, %

Adjusted gross profit as a percentage of net sales during the period.

### Operating margin, %

Operating profit as a percentage of net sales during the period.

### Adjusted operating profit

Operating profit adjusted for non-recurring items.

### Adjusted operating margin, %

Adjusted operating profit as a percentage of net sales during the period.

### Net debt

Interest-bearing liabilities less interest-bearing assets.

### Debt/equity ratio, %

Net debt divided by equity.

### Working capital

Total current assets less cash equivalents less current non-interest-bearing liabilities.

### Working capital/net sales, %

Net working capital at the end of the period as a percentage of net sales during the last 12 months.

### Equity/assets ratio, %

Equity as a percentage of total assets.

### Operating cash flow

Operating profit adjusted for depreciation/amortisation, impairments and other non-cash items less changes in working capital and investments.

### Earnings per share

Profit for the year divided by the revised number of ordinary shares, adjusted for the split and set-off issue in conjunction with the IPO, which took place after the balance-sheet date.



# Parent company income statement

SEK million		2013	2012
	Note		
Administrative expenses		-6	-8
<b>Operating loss</b>	2	<b>-6</b>	<b>-8</b>
<b>Profit/loss from financial items</b>			
Interest and similar expenses	3	-	-47
<b>Loss after financial items</b>		<b>-6</b>	<b>-55</b>
Appropriations	4	-27	-9
Tax on loss for the year	5	7	17
<b>Loss for the year</b>		<b>-26</b>	<b>-47</b>

# Statement of comprehensive income

SEK million	2013	2012
<b>Loss after tax</b>	<b>-26</b>	<b>-47</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>-26</b>	<b>-47</b>

# Parent company balance sheet

SEK million		31 Dec 2013	31 Dec 2012
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Participations in Group companies	6	845	845
<b>Total financial assets</b>		<b>845</b>	<b>845</b>
<b>Total non-current assets</b>		<b>845</b>	<b>845</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		341	226
Other receivables		7	0
<b>Total current receivables</b>		<b>348</b>	<b>226</b>
Cash and bank balances		3	0
<b>Total current assets</b>		<b>351</b>	<b>226</b>
<b>TOTAL ASSETS</b>		<b>1,196</b>	<b>1,071</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	7		
Share capital		0	0
Other paid-in capital		488	486
Retained earnings		396	335
<b>Total equity</b>		<b>884</b>	<b>821</b>
<b>Untaxed reserves</b>	8	<b>58</b>	<b>31</b>
<b>Current non-interest-bearing liabilities</b>			
Trade payables		2	0
Liabilities to Group companies		250	211
Current tax liabilities		-	6
Accrued expenses and deferred income	9	2	2
<b>Total current non-interest-bearing liabilities</b>		<b>254</b>	<b>219</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,196</b>	<b>1,071</b>
Pledged assets	10	845	845
Contingent liabilities	11	20	33

# Parent company statement of changes in equity

SEK million	Share capital	Other paid-in capital	Retained earnings	Total equity
<b>Opening balance on 1 January 2012</b>	<b>0</b>	<b>34</b>	<b>316</b>	<b>350</b>
<b>Comprehensive income</b>				
Group contributions received	-	-	89	89
Tax effect of Group contributions			-23	-23
Loss for the financial year	-	-	-47	-47
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>19</b>
<b>Transactions with shareholders</b>				
Paid-in capital		452		452
<b>Total transactions with shareholders</b>	<b>0</b>	<b>452</b>	<b>0</b>	<b>452</b>
<b>EQUITY ON 31 DECEMBER 2012</b>	<b>0</b>	<b>486</b>	<b>335</b>	<b>821</b>
<b>Comprehensive income</b>				
Group contributions received	-	-	115	115
Tax effect of Group contributions	-	-	-26	-26
Loss for the financial year	-	-	-26	-26
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>63</b>	<b>63</b>
<b>Transactions with shareholders</b>				
Dividend to parent company shareholders			-2	-2
Paid-in capital		2		2
<b>Total transactions with shareholders</b>	<b>0</b>	<b>2</b>	<b>-2</b>	<b>0</b>
<b>EQUITY ON 31 DECEMBER 2013</b>	<b>0</b>	<b>488</b>	<b>396</b>	<b>884</b>

The Group's restricted equity comprises share capital and SEK 32 million in other paid-in capital. Paid-in capital for 2012 relates to the issuance of preference shares. For more, refer to note 7.

# Parent company cash flow statement

SEK million	2013	2012
<b>Operating activities</b>		
Loss before financial items	-6	-8
Income tax paid	-31	-10
<b>Cash flow from operating activities before changes in working capital</b>	<b>-37</b>	<b>-18</b>
<b>Cash flow from changes in working capital</b>		
Increase (-)/decrease (+) in operating receivables	-115	-89
Increase (+)/decrease (-) in operating liabilities	40	19
<b>Cash flow from operating activities</b>	<b>-112</b>	<b>-88</b>
<b>Financing activities</b>		
New share issue	-	452
Repayment of borrowings	-	-452
Group contributions received	115	88
<b>Cash flow from financing activities</b>	<b>115</b>	<b>88</b>
<b>Cash flow for the year</b>	<b>3</b>	<b>0</b>
Cash and cash equivalents at beginning of year	0	0
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	<b>3</b>	<b>0</b>

# Notes to parent company financial statements

All amounts are in SEK million unless otherwise specified. The figures in brackets indicate the previous year's values.

## NOTE 1 SUMMARY OF KEY ACCOUNTING POLICIES

The parent company applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Under the recommendation, the parent of a group which has voluntarily elected to apply IFRS/IAS in its consolidated accounts shall, as a general rule, apply the IFRS/IAS that are applied in the group.

The parent company's participations in Group companies are recognised using the cost model. Distributions received are only recognised as revenue if they are derived from post-acquisition earnings. Distributions received in excess of such earnings are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

Shareholder contributions are recognised directly in the recipient's equity and are capitalised in the issuer's shares and participating interests, to the extent that impairment is not required. Group contributions are recognised on the basis of their economic substance. This means Group contributions aimed at minimising the Group's total tax are recognised directly in retained earnings, net of the current tax effect of the transaction. Group contributions (received) that are comparable with a dividend are reported under dividends. This means that these Group contributions and their current tax effect are recognised in profit or loss. Group contributions paid and their current tax effect are recognised directly in retained earnings.

Group contributions that are comparable with shareholder contributions are recognised directly in the recipient's retained earnings, taking into account the current tax effect. The issuer reports the Group contribution and its current tax effect as an investment in Group companies, to the extent that impairment is not required.

## NOTE 2 EMPLOYEES, PERSONNEL EXPENSES AND FEES PAID TO BOARD MEMBERS AND AUDITORS

AVERAGE NUMBER OF EMPLOYEES	2013	2012
Female	-	-
Male	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY FEES	2013		2012	
	Salaries and benefits	Social security fees	Salaries and benefits	Social security fees
Salaries and benefits to board and CEO	3.0	1.6	3.1	1.6
(of which bonuses, etc.)	0.1		0.5	
(of which pension cost, defined-contribution plans)		0.6		0.5
<b>Total</b>	<b>3.0</b>	<b>1.6</b>	<b>3.1</b>	<b>1.6</b>

Sickness absence information is not disclosed as the parent company has fewer than ten employees.

Auditors' fees and remuneration	2013	2012
<b>PwC</b>		
Audit services	0	0
Other services	1	1

## NOTE 3 INTEREST AND SIMILAR EXPENSES

	2013	2012
Interest expenses, other	-	-47
<b>Total</b>	<b>0</b>	<b>-47</b>

## NOTE 4 APPROPRIATIONS

	2013	2012
Transfers to tax allocation reserve, 2013 tax year	-	-9
Transfers to tax allocation reserve, 2014 tax year	-27	-
<b>Total</b>	<b>-27</b>	<b>-9</b>

## NOTE 5 TAX ON PROFIT/LOSS FOR THE YEAR

	2013	2012
<b>Current tax</b>		
Current tax for the year	7	17
<b>Total</b>	<b>7</b>	<b>17</b>

Reconciliation of effective tax	2013	2012
Loss before tax	-33	-63
Tax according to parent company's applicable tax rate	7	17
<b>Recognised effective tax</b>	<b>7</b>	<b>17</b>



## NOTE 6 PARTICIPATIONS IN GROUP COMPANIES

	31 Dec 2013	31 Dec 2012
<b>Accumulated cost</b>		
At beginning of year	845	845
<b>Total cost</b>	<b>845</b>	<b>845</b>
<b>Carrying amount at end of period</b>	<b>845</b>	<b>845</b>

SPECIFICATION OF PARENT COMPANY'S AND GROUP'S HOLDINGS OF SHARES IN GROUP COMPANIES	Holding*, %	31 Dec 2013 Carrying amount	31 Dec 2012 Carrying amount
<b>Subsidiary/corp.reg.no/registered office</b>			
Bult Finnveden AB, 556194-4884, Värnamo	100	845	845
Bufab Sweden AB, 556082-7973, Värnamo	100		
Bufab Bix Stickler AB, 556089-6911, Täby	100		
Bufab Kit AB, 556250-8506, Värnamo	100		
Bufab Lann AB, 556180-8675, Värnamo	100		
Swedfast Trading AB, 556914-0733	100		
Bufab Benelux BV, 3117232260, Eindhoven, NL	100		
Bufab Danmark A/S, 157848, Albertslund, DK	100		
Bufab Deutschland GmbH, 22 294 22370, Hamburg, DE	100		
Bufab Norge AS, 876612062, Oslo, NO	100		
Bufab (UK) Limited, 02611234, Reading, UK	100		
Bufab France SAS, B 112 721, Gennevilliers, FR	100		
Bufab Hungary Kft, 13-09-143460, HU	100		
Bufab Germany GmbH, 07229 / 21283, Mörfelden-Walldorf, DE	100		
Bufab Bulten Stainless AB, 556176-1957, Degerfors	100		
Bufab Poland Sp.z.o.o., KRS 0000036164, Gdansk, PL	100		
Bufab Austria GmbH, FN 266844 v, Wien, AT	100		
Bufab CZ s.r.o., (IC) 25561260, Brno, CZ	100		
Bufab Baltic OÜ, EE101042585, Keila, EST	100		
Bufab Asia Ltd, Zhejiang/Ningbo/No 009312, Ningbo, CH	100		
Bufab Spain SLU, ESB08464430, Terrassa Barcelona, ES	100		
Bufab Industries SAS, FR12353237431, Corbas Lyon, FR	100		
Bufab Fasteners Trading (Shanghai) Co Ltd, 310000400448552, Shanghai, CH	100		
Bufab Finland Oy, Vantaa, 2042801-2, FI	100		
Bufab India, U29299PN2008PTC131481, Pune, IN	100		
Bufab USA Inc, 26-2606492, New York, US	100		
Bufab Taiwan Co Ltd, 29002549, Kaohsiung City, TW	100		
Bufab Slovakia s.r.o., Banska Bystrica, 31 639 291, SK	100		
Bufab Russia, INN7840408623, St Petersburg, RU	100		
Bufab Turkey, 1890607929, Istanbul, TR	100		
Bufab Romania SRL, RO25446590, Apahida Cluj, RO	100		
Bufab Ireland LTD, NI061428, Dundalk, NI	100		
Bufab Italy S.r.l., 97605340153, Corsico (Milan), IT	100		
		<b>845</b>	<b>845</b>

\* Ownership of capital, which also corresponds to the percentage of votes for the total number of shares.

**NOTE 7 EQUITY**

	Ordinary shares	Preference shares	Total no. of shares
Number of shares outstanding on 31 December 2011	335,299	-	335,299
Preference shares issued	-	100,000	100,000
<b>Number of shares outstanding on 31 December 2012</b>	<b>335,299</b>	<b>100,000</b>	<b>435,299</b>
<b>Number of shares outstanding on 31 December 2013</b>	<b>335,299</b>	<b>100,000</b>	<b>435,299</b>
Share split	26,488,621	7,900,000	34,388,621
Exercise of warrants	88,000		88,000
Redemption of preferential shares		-8,000,000	-8,000,000
Set-off issue	11,198,613		11,198,613
<b>Number of shares outstanding on 28 February 2014</b>	<b>38,110,533</b>	<b>0</b>	<b>38,110,533</b>

On the balance-sheet date, the shares had a quotient value of SEK 0.50.  
All issued shares have been paid for in full.

Refer to note 24 in the consolidated financial notes for a description of warrants.

**NOTE 8 UNTAXED RESERVES**

	31 Dec 2013	31 Dec 2012
Tax allocation reserve, 2012 tax year	22	22
Tax allocation reserve, 2013 tax year	9	9
Tax allocation reserve, 2014 tax year	27	-
<b>Total</b>	<b>58</b>	<b>31</b>

**NOTE 9 ACCRUED EXPENSES AND DEFERRED INCOME**

	31 Dec 2013	31 Dec 2012
Accrued salaries incl. holiday pay	1	1
Accrued social security fees	-	1
Other	1	-
<b>Total</b>	<b>2</b>	<b>2</b>

**NOTE 10 PLEDGED ASSETS**

	31 Dec 2013	31 Dec 2012
Shares in subsidiaries	845	845
<b>Total</b>	<b>845</b>	<b>845</b>

**NOTE 11 CONTINGENT LIABILITIES**

	31 Dec 2013	31 Dec 2012
Taxes	20	33
<b>Total</b>	<b>20</b>	<b>33</b>

For further information about contingent liabilities, please refer to note 32 of the consolidated financial statements.

## The income statements and balance sheets will be presented for adoption by the annual general meeting on 5 May 2014.

The undersigned certify that the annual report for the Group and the parent company has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, and gives a true and fair view of the financial positions and results of the Group and the parent company, and that the directors' report gives a fair overview of the performance of the operations, financial positions and results of the Group and the parent company, and describes substantial risks and uncertainties faced by the Group's companies.

Värnamo, 28 March 2014

**Sven-Olof Kulldorff**  
Chairman

**Jörgen Rosengren**  
CEO

**Gunnar Tindberg**

**Hans Björstrand**

**Adam Samuelsson**

**Ulf Rosberg**

**Johan Sjö**

Our audit report was submitted on 28 March 2014  
Öhrlings PricewaterhouseCoopers AB

**Bror Frid**  
Authorised public accountant  
Chief auditor

**Christer Johansson**  
Authorised public accountant

# Auditors' report

**To the annual general meeting of Bufab Holding AB (publ), corporate registration number 556685-6240**

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Bufab Holding AB (publ) for the year 2013. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 20–53.

### Responsibilities of the board of directors and the CEO for the annual accounts and consolidated accounts

The board of directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the board of directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2013 and

of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the AGM adopt the income statement and balance sheet for the parent company and the Group.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the board of directors and the CEO of Bufab Holding AB (publ) for the year 2013.

### Responsibilities of the board of directors and the CEO

The board of directors is responsible for the proposal for appropriations of the company's profit or loss, and the board of directors and the CEO are responsible for administration under the Companies Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the board of directors' proposed appropriations of the company's profit or loss, we examined whether the proposal comports with the Companies Act.

As a basis for our opinion concerning discharge from liability, we examined – in addition to our audit of the annual accounts and consolidated accounts – significant decisions, actions taken and circumstances of the company in order to determine whether any member of the board of directors or the CEO is liable to the company.

We also examined whether any member of the board of directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the articles of association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

We recommend to the AGM that the profit be appropriated in accordance with the proposal in the statutory directors' report and that the members of the board of directors and the CEO be discharged from liability for the financial year.

Värnamo, 28 March 2014

Öhrlings PricewaterhouseCoopers AB

**Bror Frid**

Authorised public accountant  
Chief auditor

**Christer Johansson**

Authorised public accountant







# Corporate governance report

Bufab Holding AB (publ) is a Swedish public limited liability company. Bufab has been listed on the NASDAQ OMX Stockholm since 21 February 2014. Prior to its IPO, the company's corporate governance was based on Swedish law and internal rules and directives. As of its listing on the NASDAQ OMX Stockholm, the company also complies with the NASDAQ OMX Stockholm's Rule Book for Issuers and applies the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be applied in full as of the first annual general meeting (AGM), which will be held the year following the listing. The company is not obliged to comply with every rule in the Code as the Code itself allows for deviations from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (the "comply or explain principle"). Any deviations from the Code are reported in Bufab's corporate governance report. The corporate governance report has not been audited.

Bufab hereby presents its corporate governance report for the 2013 financial year. However, since this is Bufab's first corporate governance report, the company is not required to explain non-compliance with such rules that have not been relevant during the period covered by the corporate governance report. The corporate governance report was prepared by the board of directors.

## DELEGATION OF RESPONSIBILITY

Responsibility for the management and control of the Group is delegated among the shareholders at the general shareholders' meeting, the board of directors with appointed committees, and the CEO, pursuant to the Swedish Companies Act, other law and regulations, the prevailing rules for publicly listed companies, the articles of association and the board's internal documents.

## SHARE CAPITAL AND SHAREHOLDERS

At year-end, the company's share capital totalled SEK 218,000, represented by a total of 335,299 ordinary shares and 100,000 preferential shares with a quotient value of SEK 0.5 per share. All

ordinary shares carry equal voting rights. At year-end 2013, Bufab had 25 shareholders. As of 31 December 2013, Bufab's largest shareholder was Bufab S.å.r.l., which held 93 per cent of the shares and voting rights in the company.

## GENERAL SHAREHOLDERS' MEETING

The general shareholders' meeting is the company's highest decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the company's results, discharge from liability of board members and the CEO, election of the chairman, board members and auditors and remuneration to the board of directors and the auditors. The AGM must be held within six months of the end of the financial year. In addition to the AGM, extraordinary shareholders' meetings may be convened. According to the articles of association, AGMs are convened by publication of the convening notice in the Swedish National Gazette and on the company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

During the year, one general and two extraordinary shareholders' meetings were held. The AGM was held on 7 May 2013. Some 26 shareholders attended the meeting, in person or by proxy, representing all of the company's shares and voting rights.

The first extraordinary shareholders' meeting was held on 28 February 2013. All shares were represented at this meeting. The meeting resolved to elect Joakim Lundvall to the board.

The second extraordinary shareholders' meeting was held on 18 November 2013. All shares were represented at this meeting. The meeting resolved to dismiss Joakim Lundvall and Joakim Andreasson from their positions on the company's board. Johan Sjö och Ulf Rosberg were elected to the board for the period through the end of the next AGM.

The 2014 AGM will be held on 5 May 2014 in Värnamo, Sweden. Notice of the meeting is expected to be published on 4 April 2014. More information is available at [www.bufab.com](http://www.bufab.com).

## RIGHT TO PARTICIPATE IN SHAREHOLDERS' MEETINGS

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting, and must notify the company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two advisors. Typically, it is possible for a shareholder to register for the general shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares owned by the shareholder.

## SHAREHOLDER INITIATIVES

Shareholders who wish to have a matter brought before the general shareholders' meeting must submit a written request to the board of directors. Such requests must normally be received by the board of directors no later than seven weeks prior to the shareholders' meeting.

## NOMINATION COMMITTEE

No nomination committee has been appointed prior determination the 2014 AGM. Ahead of the forthcoming election and determining of directors' fees, in conjunction with the AGM on 5 May 2014, it is proposed that a nomination committee be appointed with representatives from the largest shareholders as well as the chairman of the board. The nomination committee's duties include evaluating the composition of the board and its work, and submitting proposals

to the AGM for the chairman of the meeting, board members and chairman of the board, fees to non-executive directors and, where applicable, the election of a registered auditing firm and setting of auditors' fees, as well as the principles for the election of nomination committee members.

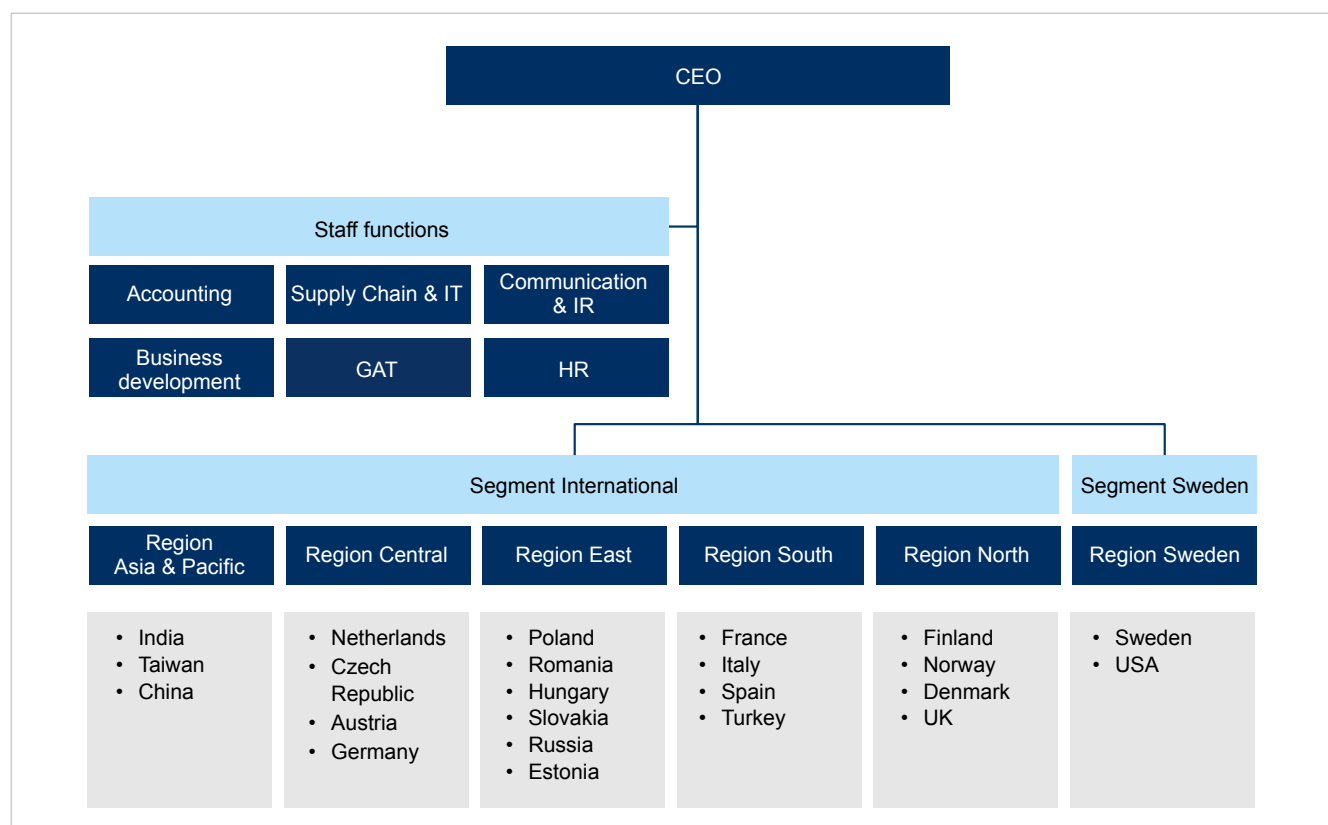
## RESPONSIBILITY AND COMPOSITION OF THE BOARD

The board of directors is the second-highest decision-making body after the general shareholders' meeting. According to the Swedish Companies Act, the board of directors is responsible for the organisation of the company and the management of the company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing financial condition and profits as well as evaluating operational management.

The board of directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. The board of directors also appoints the CEO. Board members are normally appointed by the AGM for the period until the end of the next AGM. According to Bufab's articles of association, the board of directors shall be comprised of not less than three and not more than ten AGM-elected members, with not more than three deputy members. According to the Code, the chairman of the board of directors is to be elected by the AGM and have specific responsibility for leading the work of the board and for ensuring that the work of the board is efficiently organised.

In 2013, Bufab's board comprised seven members. Refer to page 60 for a presentation of board members.

## BUFAB'S ORGANISATION AND GEOGRAPHIC PRESENCE



## INDEPENDENCE OF THE BOARD

With the exception of Jörgen Rosengren and Hans Björstrand, all board members are independent in relation to Bufab. The board is deemed to have fulfilled the Code's independence requirements for all of its members in relation to Bufab's largest owners, except Ulf Rosberg.

## RULES OF PROCEDURE FOR THE BOARD

The board of directors applies written rules of procedure, which are revised annually and adopted by the statutory board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, functions and the division of work between board members and the CEO. At the statutory board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting. The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continually discuss the management of the company.

## WORK OF THE BOARD IN 2013

In 2013, the board convened eight scheduled meetings. The board regularly addresses strategic matters that affect Bufab's operations and orientation, potential divestments and acquisitions, as well as major investments. The company's financial statements and annual report are addressed at the beginning of the year, as are matters to be presented at the AGM. At the end of the year, the board deals with the budget for the forthcoming year as well as the Group's long-term strategic plan, in addition to which it also reviews the quarterly results after each quarter. The work of the board's two committees is also presented at each scheduled board meeting.

The agenda is approved by the chairman and sent to each board member, along with the relevant material, approximately one

week before each meeting. At each meeting, the CEO presents the Group's sales and earnings, the current business situation and important external factors that may have bearing on the Group's earnings.

## EVALUATION OF BOARD WORK

The chairman of the board is responsible for evaluating the board's work, including assessing the performance of each board member.

## AUDIT COMMITTEE

In 2013, the audit committee was comprised of Adam Samuelsson, with Ulf Rosberg joining the committee as of 18 November. The audit committee shall, without it affecting the responsibilities and tasks of the board of directors, monitor the company's financial reporting, monitor the efficiency of the company's internal control, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other non-audit services for the company, and assist in the preparation of proposals for the general shareholders' meeting's decision on election of auditors. The audit committee convened twice in 2013.

## REMUNERATION COMMITTEE

In 2013, the remuneration committee consisted of Sven-Olof Kulldorff and Adam Samuelsson. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the CEO and senior executives. The remuneration committee convened twice in 2013.

## CEO

The CEO is subordinate to the board of directors and is responsible for the everyday management and operations of the company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the

## ATTENDANCE AND REMUNERATION DURING THE FINANCIAL YEAR 2013

The table lists attendance at board and committee meetings, as well as remuneration received by board members and senior executives during the financial year 2013.

GROUP	Attendance			Remuneration			
	Board meetings	Audit committee	Remuneration committee	Board fee/ Basic salary	Variable remuneration	Other benefits	Pension
<b>Board of directors</b>							
Sven-Olof Kulldorff	8/8		2/2	0.2	-	-	-
Gunnar Tindberg	8/8			0.1	-	-	-
Adam Samuelsson	7/8	2/2	2/2	0.1	-	-	-
Hans Björstrand <sup>1)</sup>	8/8			0.1	-	-	-
Joakim Andreasson	6/6			0.1	-	-	-
Joakim Lundvall	6/6			0.1	-	-	-
Ulf Rosberg <sup>2)</sup>	2/2	1/2		-	-	-	-
Johan Sjö <sup>2)</sup>	2/2			-	-	-	-
<b>CEO</b>							
Jörgen Rosengren <sup>3)</sup>	8/8			2.2	0.1	0.1	0.6
Other senior executives <sup>4)</sup>				1.7	0.1	0.2	0.6

<sup>1)</sup> Under an agreement valid through January 2015, board member and former CEO Hans Björstrand serves as a senior advisor for the company. The cost of this assignment was charged to the 2012 financial year.

<sup>2)</sup> Elected to the board on 18 November 2013.

<sup>3)</sup> Remuneration only includes basic salary since no board fees were paid.

<sup>4)</sup> The management organisation was reviewed in 2013, leading to a reduction in the number of other senior executives. As of January 2014 there were four (seven) senior executives.

CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information to the board meetings and for presenting such material at the board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting in the company and consequently must ensure that the board of directors receives information adequate to enable evaluation of the company's financial position.

## REMUNERATION TO BOARD MEMBERS, THE CEO AND SENIOR EXECUTIVES

### Remuneration to board members

Fees and other remuneration to board members, including the chairman, are resolved on by the AGM. At the AGM held on 7 May 2013, it was resolved that the chairman be paid SEK 250,000 and that the other members be paid SEK 125,000. At the extraordinary shareholders' meeting on 17 January 2014, the annual fee to the chairman was adjusted to SEK 350,000 and the fee to other members to SEK 175,000. Board members are not entitled to any benefits following their dismissal from the board. Under an agreement valid through January 2015, board member and former CEO Hans Björstrand serves as a senior advisor for the company. Since the cost of this assignment was charged to the preceding financial year, only a board fee is stated in the table on the previous page.

### Remuneration guidelines for the CEO and other senior executives

The AGM to be held on 5 May 2014 will resolve on remuneration guidelines for the CEO and other senior executives.

### Current employment agreements for the CEO and other senior executives

Decisions as to the current remuneration levels and other conditions for employment for the CEO and other senior executives have been resolved on in accordance with the current remuneration policy adopted by the board. All decisions on individual remuneration to senior executives have been made within the framework of the adopted remuneration policy. Agreements concerning pensions shall, wherever possible, be based on fixed premiums and must comport with the levels, practices and collective bargaining agreements applicable in the country where said senior executive is employed.

Senior executives who reside in Sweden must give six months' notice when resigning and are entitled to a maximum of 12 months' notice when dismissed by the company. The CEO is to receive severance pay of up to 12 months' salary during the notice period, in addition to the salary stated above, when dismissed by the company. Also refer to note 7 on page 37.

## INSIDER AND INFORMATION POLICY

Bufab has prepared a policy document for the purpose of informing employees and other concerned parties within Bufab of the rules and regulations applicable to the dissemination of information by the company and the special requirements imposed on persons who are active in a listed company with regard to, e.g., price-sensitive information. In this context, the company has also established routines for handling the dissemination of information which has not been made public (commonly referred to as a logbook).

## INTERNAL CONTROL

The company has not established a separate function for internal control. This task is performed by the board of directors and the board's audit committee. Furthermore, at the Group level, each president of a legal entity together with the Group finance department and CFO are responsible for ensuring that necessary control is performed along with adequate monitoring. Internal control refers to control of the company's and Group's organisation, procedures and remedial measures. The object is to ensure reliable and correct financial reporting, and to ensure that the company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the company's and Group's policies, principles and instructions. Safeguarding of the company's assets and related securities and utilisation of the company's resources in a cost-effective and adequate manner are also monitored. Internal control also involves follow-up of implemented information and business systems as well as risk analyses.

## AUDITING

The auditor shall review the company's annual reports and accounting, as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the AGM. Pursuant to Bufab's articles of association, the company shall have no less than one and no more than two auditors and no more than two deputy auditors. The company's auditor is Öhrlings PricewaterhouseCoopers AB, with Bror Frid as chief auditor. The company's auditor is presented in more detail in "Group management and auditors". In 2013, the company's auditor was paid a total of SEK 3.6 million.



# Board of directors



From left to right: Ulf Rosberg, Sven-Olof Kulldorff, Jörgen Rosengren, Hans Björstrand, Gunnar Tindberg, Johan Sjö, Adam Samuelsson

## SVEN-OLOF KULLDORFF

Chairman of the board since 2006.

**Born:** 1954. **Education:** MSc in Industrial Engineering and Management from Institute of Technology at Linköping University and various training programmes at IKEA and ICA, as well as external management programmes. **Previous assignments:** Executive positions at IKEA (1978-2004, during which he served as purchasing manager for the IKEA Group in 1995-2004), and executive vice president of ICA. Chairman of Byredo AB. Board member of Boxon AB, Bergendahl & Son Aktiebolag, Bergendahl Food AB, Bergendahl Food Holding AB and ID-Design AB. **Other assignments:** Chairman of Aktiebolaget Företagsledare Rego and Mestro AB. Board member of Rusta AB, Sonat AB, inriver AB, Propit AB, Stor & Liten AB, Tokmanni OY, K Hartwall OY, Nille AS and COOP Sverige. **Shareholding as of 31 Dec 2013:** 189,200 shares.

**Shareholding as of 28 Feb 2014:** 1,000 shares, and 228,200 shares through an endowment policy.

## JÖRGEN ROSENGREN

Board member and CEO since 2012.

**Born:** 1967. **Education:** MSc in Electrical Engineering from Lund University, Faculty of Engineering, LTH. **Previous assignments:** Positions at Husqvarna, Electrolux, McKinsey and Philips. **Other assignments:** CEO, chairman or board member of a number of Bufab companies.

**Shareholding as of 31 Dec 2013:** 224,000 shares and 224,000 call options, issued by Bufab S.à.r.l., each of which holds an entitlement to acquire one Bufab share. **Shareholding as of 28 Feb 2014:** Unchanged.

## HANS BJÖRSTRAND

Board member since 2006.

**Born:** 1950. **Education:** Upper secondary school economics programme. **Previous assignments:** CEO of Bufab and a number of other assignments at Bufab. **Other assignments:** Board member of Värnamo Energi Aktiebolag, Stacke Hydraulik Aktiebolag, Värnamo Elnät Aktiebolag, Värnamo Näringsliv Aktiebolag, VärnamoEnergi Produktion AB, Hålsökost i Värnamo AB, Entreprenörinvest Sverige AB and Ekeborg Kapital AB.

**Shareholding as of 31 Dec 2013:** 536,000 shares.

**Shareholding as of 28 Feb 2014:** Unchanged.

## ULF ROSBERG

Board member since 2013. Also served on Bufab's board between 2006 and 2012.

**Born:** 1965. **Education:** MSc in Economics and Business Administration from Stockholm School of Economics and a major in finance from NYU, Stern School of Business in New York.

**Previous assignments:** Chairman of Finnveden AB, Finnveden Bulten AB and Nefab Holding AB. Board member of Bulten AB, Finnveden AB, Nefab Aktiebolag, Finnveden Metal Structures AB, NC Advisory AB, Finnveden Bulten AB, Nossegem AB, Nefab Holding AB, Thule Group AB, Thule AB, Nordic Cecilia Four AB and Folke Fashion AB. **Other assignments:** Senior Advisor at NC Advisory AB. Board member of Reynolds Holding AB, Ottawa Invest AB, Siano Investment Holding AB, BVN Holding AB, UMR Invest AB, Idun Handel & Industri AB and Payair Technologies AB.

**Shareholding as of 31 Dec 2013:** 0 shares.

**Shareholding as of 28 Feb 2014:** 0 shares.

## ADAM SAMUELSSON

Board member since 2006.

**Born:** 1972. **Education:** MSc in accounting and financial management from Stockholm School of Economics and an MBA from Harvard Business School. **Previous assignments:** Board member of Bulten AB, Nefab Aktiebolag, Finnveden Metal Structures AB and Nefab Holding AB. **Other assignments:** CEO and board member of Idun Handel & Industri AB. Board member of Finnveden AB, Finnveden Bulten AB, Storskarven AB and BTG Holding AB.

**Shareholding as of 31 Dec 2013:** 400,000 shares through a company.

**Shareholding as of 28 Feb 2014:** Unchanged.

## JOHAN SJÖ

Board member since 2013.

**Born:** 1967. **Education:** Master in Business Administration from Växjö University. **Previous assignments:** Chairman of Addtech Energy & Equipment AB and Addtech Life Science AB. CEO of Addtech Holding AB. Board member of Addtech Holding AB and Addtech Business Support AB. **Other assignments:** CEO of Addtech AB. Chairman of Addtech Nordic AB. Board member of Addtech AB and COJU AB. Deputy board member of Joh. Sjö Industri Aktiebolag, Henrik Sjö AB and Joh Sjö Holding AB.

**Shareholding as of 31 Dec 2013:** 0 shares.

**Shareholding as of 28 Feb 2014:** 0 shares.

## GUNNAR TINDBERG

Board member since 2007.

**Born:** 1938. **Education:** Qualified engineer and IFL Management. **Previous assignments:** Deputy board member of Idun Handel & Industri AB. President of Indutrade AB from 1978 to 2004 and board member from 1980 to 2007. **Other assignments:** Chairman of Idun Handel & Industri AB. President of GU Indu Technologies AB and board member of TecnoMerc ApS.

**Shareholding as of 31 Dec 2013:** 8,800 shares and 88,000 warrants.

**Shareholding as of 28 Feb 2014:** 100,000 shares.



# Group management


**JÖRGEN ROSENGREN**

Board member and CEO since 2012.

**Born:** 1967.

**Education:** MSc in Electrical Engineering from Lund University, Faculty of Engineering, LTH.

**Previous assignments:** Positions at Husqvarna, Electrolux, McKinsey and Philips.

**Shareholding as of 31 Dec 2013:** 224,000 shares and 224,000 call options, issued by Bufab S.à.r.l., each of which holds an entitlement to acquire one Bufab share.

**Shareholding as of 28 Feb 2014:** Unchanged.


**THOMAS EKSTRÖM**

CFO since 2005 (Employed by Bufab since 1999).

**Born:** 1968.

**Education:** MSc in Business Administration from Växjö University.

**Previous assignments:** Finance manager of Bufab from 1999 to 2005, Ernst & Young, Swedish Tax Agency.

**Shareholding as of 31 Dec 2013:** 104,000 shares.

**Shareholding as of 28 Feb 2014:** Unchanged.


**JESPER BLOMQUIST**

COO since 2013.

**Born:** 1968.

**Education:** Master of Mechanical Engineering at the Institute of Technology at Linköping University.

**Previous assignments:** Board member and president of Swisslog-Accalon AB, VSM Group Aktiebolag and VSM Group Holding Aktiebolag, president of Sanmina-SCI Enclosure Systems AB.

**Shareholding as of 31 Dec 2013:** 43,200 shares.

**Shareholding as of 28 Feb 2014:** Unchanged.


**BOEL SUNDVALL**

Communication and IR director since 2014.

**Born:** 1959.

**Education:** MSc in Economics and Business Administration from Stockholm School of Economics.

**Previous assignments:** Board member of Calem Nordic AB. Communication and IR director at Husqvarna, Mekonomen, Eniro and Swedish Match.

**Shareholding as of 31 Dec 2013:** 0 shares.

**Shareholding as of 28 Feb 2014:** 7,000 shares.

## Auditor

Since 2005, Öhrlings PricewaterhouseCoopers AB has been the company's auditor and was re-elected at the 2010 AGM until the end of the 2014 AGM. Bror Frid (born 1957) is the chief auditor. Bror Frid is an authorised public accountant and a member of FAR (professional institute for authorised public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Lilla Bommen 2, SE-405 32 Gothenburg, Sweden. Öhrlings PricewaterhouseCoopers AB has been the company's auditor through the entire period covered by the historic financial information in this annual report.



Photo: Stig-Göran Nilsson



# Bufab on the stock exchange

Bufab was listed on the NASDAQ OMX Stockholm on 21 February 2014.

The listing gives Bufab access to the Swedish and international capital markets, which will support the company's growth and development. The listing is a logical and pivotal step in Bufab's progress and will increase awareness about Bufab and its operations.

## Bufab share in brief

**Listed on:** NASDAQ OMX Stockholm

**No. of shares\*:** 38,110,533

**Market capitalisation\*\*:** SEK 2,048 million

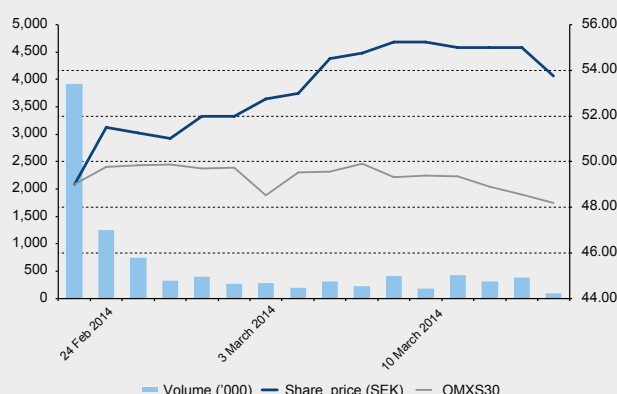
**Ticker symbol:** BUFAB

**ISIN code:** SE 0005677135

\* as of 20 February 2014

\*\* as of 14 March 2014

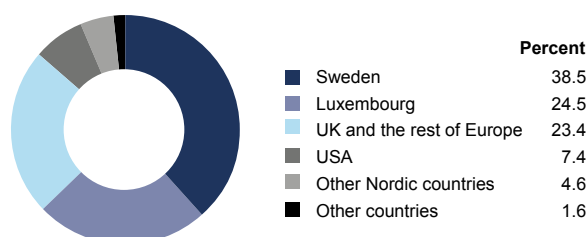
## Bufab share performance



Date*	Event	Change in number of shares		Number of shares after transaction			Share capital, SEK	
		Ordinary shares	Preference shares	Ordinary shares	Preference shares	Total	Change	Total
12 Sept 2005	Formation	200,000	–	200,000	–	200,000	100,000	100,000
9 Jan 2006	New issue	121,000	–	321,000	–	321,000	60,500	160,500
29 Jan 2011	Conversion	14,299	–	335,299	–	335,299	7,149.50	167,649.50
20 Dec 2012	Set-off issue	–	100,000	335,299	100,000	435,299	50,000	217,649.50
17 Jan 2014	Bonus issue	–	–	335,299	100,000	435,299	282,350.50	500,000
17 Jan 2014	Share split	26,488,621	7,900,000	26,823,920	8,000,000	34,823,920	–	500,000
19 Feb 2014	Exercise of warrants	88,000	–	26,911,920	8,000,000	34,911,920	1,263.50	501,263.50
20 Feb 2014	Redemption	–	-8,000,000	26,911,920	–	26,911,920	-114,863.50	386,400
20 Feb 2014	Set-off issue	11,198,613	–	38,110,533	–	38,110,533	160,789.10	547,189.10

\* As of 31 December 2013, there were a total of 335,299 ordinary shares and 100,000 preferential shares.

## Share ownership by country



## Share data\*

SEK	2013	2012
Earnings per share	3.44	0.76
Earnings per share after dilution	3.43	0.76
Equity per share	26.55	22.99

\* Share data is based on the number of revised ordinary shares outstanding, adjusted for the split and set-off issue in conjunction with the IPO, which took place after the balance-sheet date.

\* For other definitions, refer to note 34 on page 45.

## Dividend and dividend policy

The board has decided to propose that no dividend be paid for 2013. Bufab's target is to pay 50 per cent of its net profit in dividends. However, the company's financial condition, cash flow, acquisition opportunities and future prospects will be taken into account in any dividend decision.

## Information to the stock market

Bufab aims to fulfil stringent communication and accessibility requirements in close conference with its shareholders and the stock market at large. Bufab's information shall be hallmarked by a high level of quality, reliability and by being provided expeditiously to all recipients.

Head of investor relations: Boel Sundvall

Phone: +46 370-69 69 00; e-mail: [ir@bufab.com](mailto:ir@bufab.com)

## Largest Bufab shareholders

Shareholder	Holding of capital and votes, %
Bufab S.å.r.l.*	20.0
Lannebo Funds	5.5
Carnegie Funds	4.2
Invesco Funds	3.2
Handelsbanken Funds	3.2
Enter Funds	2.9
Grandeur Peak Funds	2.7
Didner & Gerge Funds	2.2
Zenit	2.1
<b>Total for the largest shareholders</b>	<b>46.0</b>
Other shareholders	54.0
<b>Total, Bufab</b>	<b>100.0</b>
* part of Nordic Capital Fund V	
<b>Total number of shareholders</b>	<b>1,663</b>

Source: Euroclear, on 28 February 2014

## Website

The following and additional information is available on Bufab's website, [www.bufab.com](http://www.bufab.com):

- All reports and press releases
- Up-to-date information on Bufab's share performance
- Ownership structure
- Insider trading

# 2014 Annual General Meeting

The Annual General Meeting (AGM) of Bufab Holding AB (publ) will be held on Monday, 5 May 2014, at 2:00 pm at Gamla Gummifabriken, Jönköpingsvägen 15/Magasingatan, in Värnamo, Sweden. Pursuant to the articles of association, notice of the AGM will be posted in the Swedish National Gazette and on the company's website no earlier than six weeks and no later than four weeks prior to the AGM. An announcement that notice has been given will be published in the Swedish daily Svenska Dagbladet. The information provided below about the AGM does not constitute legal notice of the meeting.

## Registration of participation

Shareholders who intend to attend at the Annual General Meeting must:

- firstly be registered in the register of shareholders as maintained by Euroclear Sweden AB on 28 April 2014, and
- secondly notify the company of their intention to attend no later than 28 April 2014, by mail to Bufab Holding AB, Box 2266, 331 02 Värnamo, or by telephone at +46 370 696900, or via e-mail at [arsstamma@bufab.com](mailto:arsstamma@bufab.com) and must include information of the number of assistants that will be attending.

The notification should include the shareholder's name, personal or company registration number, address and telephone number. The data received will be computerized and used solely for the purpose of the Annual General Meeting 2014.

For shareholders wishing to participate through an authorized representative, the company will provide proxy templates on the company's website, [www.bufab.com](http://www.bufab.com). Shareholders participating through an authorized representative should submit the proxy to the above address prior to the date of the Annual General Meeting.

Shareholders whose shares are registered in the names of bank or other nominees must temporarily register the shares in their own name in order to be entitled to attend the Annual General Meeting. To ensure that such registration is made by 28 April 2014 shareholders must inform the nominee well in advance of that date.



Box 2266

SE-331 02, Värnamo, Sweden.

Visiting address: Stenfalksvägen 1, Värnamo, Sweden.

Phone: +46 370 69 69 00

[www.bufab.com](http://www.bufab.com)