

Year-end report January – December 2013

Good growth, strong operating margin in fourth quarter. Segment International stronger. Restructuring project completed.

Fourth quarter 2013

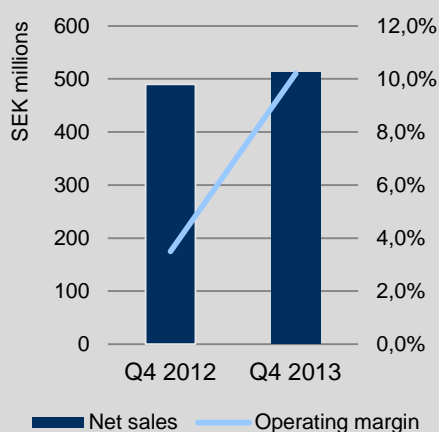
- The Group's net sales amounted to SEK 512 (490) million, an increase of 4.4 percent compared with the same period the previous year. Adjusted for currency effects, net sales increased by 4.2 percent.
- Operating profit amounted to SEK 52 (17) million, corresponding to an operating margin of 10.2 (3.5) percent.
- Operating profit before non-recurring items was SEK 55 (43) million, corresponding to an adjusted operating margin of 10.8 (8.8) percent.
- Profit after tax was SEK 38 (0) million.
- The order intake amounted to SEK 519 (481) million, an increase of 7.9 percent compared with the same period the previous year.
- Operational cash flow was SEK 27 (36) million.
- Earnings per share was SEK 0.92 (-0.07). Please note that the number of ordinary shares will change in the event of a share listing.
- Net debt was SEK 608 (715) million at the end of the quarter.

January–December 2013

- The Group's net sales amounted to SEK 2,031 (2,034) million, a decline of -0.1 percent compared with the same period the previous year. Adjusted for currency effects, net sales increased by 0.7 percent.
- Operating profit was SEK 201 (137) million, corresponding to an operating margin of 9.9 (6.7) percent.
- Operating profit before non-recurring items was SEK 203 (165) million, corresponding to an adjusted operating margin of 10.0 (8.1) percent.
- Profit after tax was SEK 131 (29) million.
- The order intake amounted to SEK 2,072 (2,012) million, an increase of 3.0 percent compared with the same period the previous year.
- Operational cash flow was SEK 199 (204) million.
- Earnings per share was SEK 2.85 (1.01).

For definitions, see page 20.

THE QUARTER IN BRIEF



NET SALES
SEK 512 m

SALES GROWTH
+4.4%

OPERATING PROFIT

SEK **52** million

ADJUSTED OPERATING PROFIT

SEK **55** million

OPERATING MARGIN

10.2%

ADJUSTED OPERATING MARGIN

10.8%

CEO'S OVERVIEW

Bufab's net sales and operating profit improved in the fourth quarter compared with the same period in 2012, despite relatively weak market conditions.

The improvement in earnings is mainly due to revenue growth, partly the result of a gradual market recovery after a weak start to 2013, but also an effect of increased market share. Earnings are also supported by a strong gross margin and low operating costs, largely due to savings from the warehousing restructuring project in Sweden and Germany that was enacted in 2012. The project, which was completed in the fourth quarter, will result in further savings in 2014.

Our strategy of focusing on profitable growth and efficiency is beginning to show results. In 2013, we saw the first effects of the strategy in the form of new contracts, which are now generating sales. By reducing purchasing costs, we have also been able

to increase the gross margin despite relatively low capacity utilisation in our warehouses and manufacturing.

Segment International is moving in the right direction. There was a significant improvement in this segment's operating profit during the year as a result of strong demand and increased market share, as well as lower purchasing costs. Although the segment has a lower operating margin than the Group as a whole, the trend is positive.

The stabilisation and gradual recovery of the market that Bufab noted in the third quarter continued in the fourth quarter. It is also a good sign that order intake exceeded net sales. It is management's overall assessment that Bufab enters 2014 well positioned.

Jörgen Rosengren, President and CEO

THE GROUP IN BRIEF

SEK millions	Reported results				Adjusted for non-recurring items*			
	Quarter 4		Jan-Dec		Quarter 4		Jan-Dec	
	2013	2012	2013	2012	2013	2012	2013	2012
Order intake	519	481	2,072	2,012				
Net sales	512	490	2,031	2,034				
Sales growth, %	4.4	-5.6	-0.1	-5.2				
Gross profit	155	126	596	562	155	146	595	582
Gross margin, %	30.3	25.6	29.3	27.6	30.3	29.8	29.3	28.6
Operating profit	52	17	201	137	55	43	203	165
Operating margin, %	10.2	3.5	9.9	6.7	10.8	8.8	10.0	8.1
Profit after tax	38	0	131	29				

* See note 1, page 8

For definitions, see page 20.

ABOUT BUFAB

Bufab Holding AB (publ), corporate reg. no. 556685-6240, is a trading company that supplies components and services to the global manufacturing industry. We offer integrated solutions in quality, purchasing and logistics. Bufab's offering – Global Parts Productivity™ – is aimed at improving productivity in the customer's value chain for C-Parts. Bufab's has a total revenue of just over SEK 2 billion, generated by subsidiaries in 23 countries. The head office is in Värnamo, Sweden. Bufab has over 750 employees in purchasing, quality, logistics, technology, sales and manufacturing.

The Group in brief

ORDER INTAKE AND NET SALES

Fourth quarter

The order intake amounted to SEK 519 (481) million, an increase of 7.9 percent compared with the same period the previous year.

The Group's net sales amounted to SEK 512 (490) million, an increase of 4.4 percent compared with the same period the previous year. Adjusted for currency effects, net sales increased by 4.2 percent compared with the same period the previous year. Both segment Sweden and segment International showed an improvement in net sales.

January-December

The order intake amounted to SEK 2,072 (2,012) million, an increase of 3.0 percent compared with the same period the previous year.

The Group's net sales amounted to SEK 2,031 (2,034) million, a decline of 0.1 percent compared with the same period the previous year. Adjusted for currency effects, net sales increased by 0.7 percent compared with the same period the previous year.

EARNINGS AND PROFITABILITY

Fourth quarter

The Group's operating profit was SEK 52 (17) million, corresponding to an operating margin of 10.2 (3.5) percent. Adjusted for non-recurring items, operating profit was SEK 55 (43) million, corresponding to an adjusted operating margin of 10.8 (8.8) percent. Non-recurring items in 2013 were primarily related to the listing process, while in 2012 they were mainly associated with the restructuring of Bufab's warehousing operations in Sweden and Germany. The increase in adjusted operating profit for the quarter is largely due to improved net sales and lower operating expenses.

The Group's net financial items amounted to SEK -4 (-17) million. The reduction in the Group's finance costs is mainly attributable to repayment of loans from Finnveden Ltd in December 2012. In connection with the repayment, it was decided to conduct a private placement of preference shares to Bufab Holding's main owner Bufab S.à.r.l. This interest saving amounts to SEK 10 million for the quarter. Other reasons for the period's stronger net financial items were a reduction in net debt and lower interest.

The Group's profit after financial items amounted to SEK 48 (0) million.

Tax expenses for the period was SEK 10 (0) million, corresponding to a tax rate of 21 percent. Profit after tax was SEK 38 (0) million.

January-December

The Group's operating profit was SEK 201 (137) million, corresponding to an operating margin of 9.9 (6.7) percent. Adjusted for non-recurring items, operating profit was SEK 203 (165) million, corresponding to an adjusted operating margin of 10.0 (8.1) percent. The improvement in adjusted operating profit was achieved despite a slightly reduced sales volume, primarily due to lower operating expenses, but also an improved gross margin.

The Group's net financial items amounted to SEK -27 (-87) million. The interest saving during the period that arose after the repayment of loans from Finnveden Ltd is SEK 47 million compared with the previous year. Other reasons for the period's stronger net financial items were a reduction in net debt and lower interest.

The Group's profit after financial items amounted to SEK 174 (50) million.

Tax expenses for the period was SEK 43 (21) million, corresponding to a tax rate of 25 (42) percent. The high effective tax rate in 2012 was due to the revaluation of tax loss carryforwards. Profit after tax was SEK 131 (29) million.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Fourth quarter

Cash flow from operating activities amounted to SEK 21 (32) million. The cash flow effect of changes in working capital was SEK -23 (+15) million, mainly due to an increase in inventories by SEK 36 (7) million. Investment payments amounted to SEK 13 (7) million and were predominantly attributable to one of Bufab producing units. Operational cash flow amounted to SEK 27 (36) million.

January–December

Cash flow from operating activities amounted to SEK 137 (168) million. The cash flow effect of changes in working capital was SEK -13 (+69)

million. Inventories increased by SEK 38 million during the year, compared with a decline of SEK 64 million the previous year. Operational cash flow amounted to SEK 199 (204) million.

At the end of the period, net debt totalled SEK 608 (715) million and the debt/equity ratio was 60 (82) percent.

In December 2013, the Company's principal lender extended the existing financing agreement, which now runs until 31 December 2015. The Company has also arranged a financing agreement which will come into force in the event of a share listing, running for three years from the listing date.



Segment Sweden

Segment Sweden turned the fourth quarter into growth despite low activities from Bufab's customers. However, there was not sufficient growth to compensate for the weak start to the year. Nevertheless, with improved purchasing, good cost control and the first savings from the warehousing restructuring project that was completed during the fourth quarter, the segment was able to increase its operating margin. Order intake and sales showed a good trend for both the full year and the quarter.

Fourth quarter

Net sales amounted to SEK 243 (237) million, an increase of 2.5 percent compared with the same period the previous year.

Operating profit for the period was SEK 40 (10) million, corresponding to an operating margin of 16.7 (4.2) percent. Adjusted operating profit was SEK 40 (30) million, corresponding to an adjusted operating margin of 16.7 (12.7) percent. The increase in adjusted operating profit for the period was partly due to increased net sales but was mainly due to a strong improvement in margins.

January–December

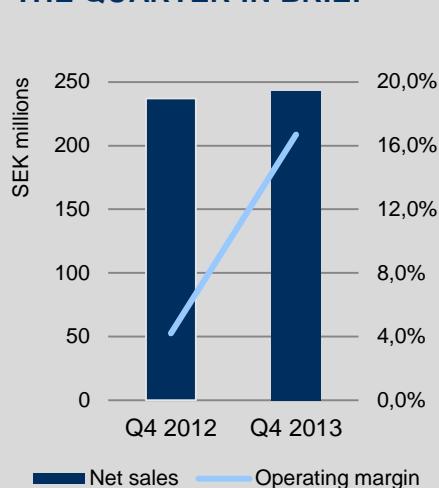
Net sales amounted to SEK 970 (1,011) million, a decline of 4.1 percent compared with the previous year.

Operating profit for the period was SEK 145 (113) million, corresponding to an operating margin of 14.9 (11.2) percent. Adjusted operating profit was SEK 143 (134) million, corresponding to an adjusted operating margin of 14.8 (13.2) percent. The improvement in adjusted operating profit for the period was due to an improved adjusted operating margin.

SEK millions	Reported results				Results adjusted for non-recurring items			
	Quarter 4		Jan-Dec		Quarter 4		Jan-Dec	
	2013	2012	2013	2012	2013	2012	2013	2012
Net sales*	243	237	970	1,011				
Sales growth*, %	2.5	-6.7	-4.1	-4.7				
Operating profit	40	10	145	113	40	30	143	134
Operating margin, %	16.7	4.2	14.9	11.2	16.7	12.7	14.8	13.2

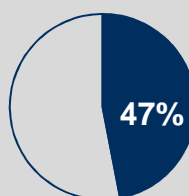
*Net sales to external customers

THE QUARTER IN BRIEF



NET SALES
SEK **243** million

SHARE OF TOTAL NET SALES



SALES GROWTH
+2.5%

OPERATING PROFIT

SEK **40** million

ADJUSTED OPERATING PROFIT

SEK **40** million

OPERATING MARGIN

16.7%

ADJUSTED OPERATING MARGIN

16.7%

Segment International

Segment International showed continuing growth in the fourth quarter, which was partly due to a slow market recovery, as well as an increased market share. The adjusted operating margin for the quarter did not reach the level of the same period the previous year. This was mainly due to a profitable project transaction for a subsidiary during the quarter. However, as earlier in the year, operating profit was safeguarded by higher net sales and lower operating expenses. The operating margin for the full year 2013 improved significantly compared with the previous year.

Fourth quarter

The order intake amounted to SEK 272 (249) million, an increase of 9.2 percent compared with the same period the previous year.

Net sales amounted to SEK 269 (253) million, an increase of 6.3 percent compared with the same period the previous year. Adjusted for currency effects, the increase in net sales was 5.9 percent.

Operating profit for the period was SEK 20 (15) million, corresponding to an operating margin of 7.3 (5.9) percent. Adjusted for non-recurring items, operating profit was SEK 19 (20) million, corresponding to an adjusted operating margin of 7.0 (7.7) percent.

January–December

The order intake amounted to SEK 1,074 (1,006) million, an increase of 6.8 percent compared with the same period the previous year.

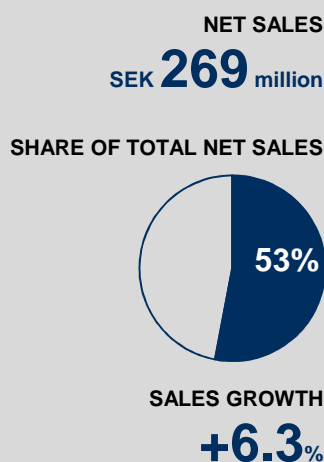
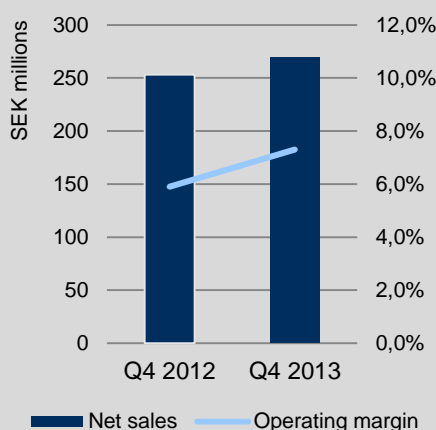
Net sales amounted to SEK 1,061 (1,023) million, an increase of 3.7 percent compared with the previous year. Adjusted for currency effects, the increase in net sales was 5.4 percent.

Operating profit for the period was SEK 84 (59) million, corresponding to an operating margin of 7.9 (5.8) percent. Adjusted for non-recurring items, operating profit was SEK 83 (63) million, corresponding to an adjusted operating margin of 7.8 (6.2) percent. The improvement in adjusted operating profit for the period was mainly due to a higher operating margin but also increased net sales.

SEK millions	Reported results				Results adjusted for non-recurring items			
	Quarter 4		Jan-Dec		Quarter 4		Jan-Dec	
	2013	2012	2013	2012	2013	2012	2013	2012
Net sales*	269	253	1,061	1,023				
Sales growth*, %	6.3	-4.7	3.7	-5.7				
Operating profit	20	15	84	59	19	20	83	63
Operating margin, %	7.3	5.9	7.9	5.8	7.0	7.7	7.8	6.2

*Net sales to external customers

THE QUARTER IN BRIEF



Consolidated Income Statement

SEK millions	Quarter 4		Jan–Dec	
	2013	2012	2013	2012
Net sales	512	490	2,031	2,034
Cost of sales	-357	-364	-1,435	-1,472
Gross profit	155	126	596	562
Distribution costs	-66	-77	-277	-315
Administrative expenses	-33	-35	-119	-115
Other operating income	-	5	23	26
Other operating expenses	-4	-2	-22	-21
Operating profit/loss	52	17	201	137
	Note 1			
Profit/loss from financial items				
Interest and similar income	0	0	1	1
Interest and similar expenses	-4	-17	-28	-88
Profit/loss after financial items	48	0	174	50
Tax on profit/loss for the period	-10	-	-43	-21
Profit after tax	38	0	131	29

Statement of Comprehensive Income

SEK millions	Quarter 4		Jan–Dec	
	2013	2012	2013	2012
Profit after tax	38	0	131	29
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains and losses, net of tax	1	2	1	2
Items that may be reclassified subsequently to profit or loss				
Translation differences	8	12	4	-2
Other comprehensive income, net of tax	9	14	5	0
Total comprehensive income	47	14	136	29
Total comprehensive income attributable to:				
Owners of the parent	47	14	136	29

EARNINGS PER SHARE, SEK

SEK	Quarter 4		Jan–Dec	
	2013	2012	2013	2012
Earnings per ordinary share, SEK	0.92	-0.07	2.85	1.01
Weighted number of ordinary shares outstanding, thousands *	26,823.9	26,823.9	26,823.9	26,823.9
Diluted earnings per ordinary share, SEK	0.92	-0.07	2.84	1.01
Weighted number of ordinary shares outstanding after dilution, thousands *	26,911.9	26,911.9	26,911.9	26,911.9

* Number of shares after the 80:1 split. Please note that the number of ordinary shares will change in the event of a share listing.

NOTE 1: NON-RECURRING ITEMS IN THE PERIOD

SEK millions	Quarter 4		Jan–Dec	
	2013	2012	2013	2012
Restructuring of warehousing operations	–	-19	–	-19
Other	-	-1	1	-1
<i>Total non-recurring items with effect on gross profit</i>	0	-20	1	-20
Restructuring of warehousing operations	-	-4	-	-4
Listing process, NASDAQ OMX	-4	-	-4	-
Other	1	-2	1	-4
<i>Total non-recurring items with effect on operating expenses</i>	-3	-6	-3	-8
Total non-recurring items with effect on operating profit	-3	-26	-2	-28

Consolidated Statement of Financial Position

SEK millions	31 Dec 2013	31 Dec 2012
ASSETS		
<i>Non-current assets</i>		
Intangible assets	739	740
Property, plant and equipment	145	144
Financial assets	25	25
Total non-current assets	909	909
<i>Current assets</i>		
Inventories	626	583
Current receivables	440	437
Cash and cash equivalents	98	88
Total current assets	1,164	1,108
Total assets	2,073	2,017
EQUITY AND LIABILITIES		
Equity	1,012	876
<i>Non-current liabilities</i>		
Non-current liabilities, interest-bearing	479	542
Non-current liabilities, non-interest-bearing	29	26
Total non-current liabilities	508	568
<i>Current liabilities</i>		
Current liabilities, interest-bearing	227	260
Current liabilities, non-interest-bearing	326	313
Total current liabilities	553	573
Total equity and liabilities	2,073	2,017

Consolidated Statement of Changes in Equity

SEK millions	31 Dec	
	2013	2012
Equity at beginning of year	876	404
Effect of amended accounting policy	-	-9
Adjusted opening balance at beginning of year	876	395
Comprehensive income		
Profit/loss after tax	131	29
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain on pension obligations, net of tax	1	2
Items that may be reclassified subsequently to profit or loss		
Exchange differences	4	-2
Total comprehensive income	136	29
Owner transactions		
Paid-in capital	2	452
Dividends to owners of the parent	-2	-
Total owner transactions	0	452
Equity at end of period	1,012	876

Consolidated Cash Flow Statement

SEK millions	Quarter 4		Jan–Dec	
	2013	2012	2013	2012
Operating activities				
Profit/loss before financial items	52	17	201	137
Depreciation and impairment	7	8	31	30
Interest and other finance income	-	-	1	1
Interest and other finance costs	-6	-7	-26	-38
Other non-cash items	-	2	-2	2
Income tax paid	-9	-3	-55	-33
Cash flow from operating activities before changes in working capital	44	17	150	99
Changes in working capital				
Increase (-)/decrease (+) in inventories	-36	-7	-38	64
Increase (-)/decrease (+) in operating receivables	16	23	7	6
Increase (+)/decrease (-) in operating liabilities	-3	-1	18	-1
Cash flow from operating activities	21	32	137	168
Investing activities				
Acquisition of property, plant and equipment	-13	-7	-22	-35
Sale of property, plant and equipment	4	-	4	-
Change in financial assets	-	1	-	1
Cash flow from investing activities	-9	-6	-18	-34
Financing activities				
New share issue	-	452	-	452
Repayment of borrowings	-14	-460	-111	-559
Cash flow from financing activities	-14	-8	-111	-107
Cash flow for the period	-2	18	8	27
Cash and cash equivalents at beginning of period	99	68	88	62
Exchange differences	1	2	2	-1
Cash and cash equivalents at end of period	98	88	98	88

The Group's Segment Reporting

QUARTER 4 2013

SEK millions	Sweden	International	Other*	Group
Net sales	243	269	-	512
Operating profit/loss	40	20	-8	52
Operating margin, %	16.7	7.3	-	10.2
Adjusted operating profit/loss	40	19	-4	55
Adjusted operating margin, %	16.7	7.0	-	10.8

QUARTER 4 2012

SEK millions	Sweden	International	Other*	Group
Net sales	237	253	-	490
Operating profit	10	15	-8	17
Operating margin, %	4.2	5.9	-	3.5
Adjusted operating profit/loss	30	20	-7	43
Adjusted operating margin, %	12.7	7.7	-	8.8

JAN–DEC 2013

SEK millions	Sweden	International	Other*	Group
Net sales	970	1,061	-	2,031
Operating profit/loss	145	84	-28	201
Operating margin, %	14.9	7.9	-	9.9
Adjusted operating profit/loss	143	83	-23	203
Adjusted operating margin, %	14.8	7.8	-	10.0

JAN–DEC 2012

SEK millions	Sweden	International	Other*	Group
Net sales	1,011	1,023	-	2,034
Operating profit/loss	113	59	-35	137
Operating margin, %	11.2	5.8	-	6.7
Adjusted operating profit/loss	134	63	-32	165
Adjusted operating margin, %	13.2	6.2	-	8.1

* Other includes Parent Company and Group eliminations. In 2013, segments Sweden and International were affected by SEK 10 million more in Group-wide costs attributable to the Parent Company than in 2012.

Consolidated financial ratios

	Reported earnings				Earnings adjusted for non-recurring items			
	Quarter 4		Jan–Dec		Quarter 4		Jan–Dec	
	2013	2012	2013	2012	2013	2012	2013	2012
Order intake, SEK million	519	481	2,072	2,012				
Net sales, SEK million	512	490	2,031	2,034				
Sales growth, %	4.4	-5.6	-0.1	-5.2				
Gross profit/loss, SEK million	155	126	596	562	155	146	595	582
EBITDA, SEK million	59	25	232	167	62	51	234	195
Operating profit/loss, SEK million	52	17	201	137	55	43	203	165
Profit/loss after tax, SEK million	38	0	131	29				
Gross margin, %	30.3	25.6	29.3	27.6	30.3	29.8	29.3	28.6
Operating margin, %	10.2	3.5	9.9	6.7	10.8	8.8	10.0	8.1
Net margin, %	7.4	0.0	6.4	1.4				
Net borrowings, SEK million			608	715				
Debt/equity ratio, %			60	82				
Net debt/EBITDA			2.6	4.3			2.6	3.7
Working capital, SEK million			740	707				
Working capital/net sales, %			36.4	34.8				
Equity/assets ratio, %			49	43				
Operational cash flow, SEK million	27	36	199	204				
Earnings per share, SEK	0.92	-0.07	2.85	1.01				

For definitions, see page 20.

Income Statement, Parent

SEK millions	Quarter 4		Jan–Dec	
	2013	2012	2013	2012
Administrative expenses	-1	-2	-6	-8
Operating profit	-1	-2	-6	-8
<i>Profit/loss from financial items</i>				
Interest and similar expenses	–	-10	–	-47
Profit/loss after financial items	-1	-12	-6	-55
Appropriations	-27	-9	-27	-9
Tax on profit/loss for the period	6	7	7	17
Profit/loss after tax	-22	-14	-26	-47

Balance Sheet, Parent

SEK millions	31 Dec 2013	31 Dec 2012
ASSETS		
<i>Non-current assets</i>		
Financial assets		
Investments in Group companies	845	845
Total non-current assets	845	845
<i>Current assets</i>		
Receivables from Group companies	342	226
Other current receivables	7	-
Cash and cash equivalents	3	-
Total current assets	352	226
Total assets	1,197	1,071
EQUITY AND LIABILITIES		
Equity	884	821
Untaxed reserves	58	31
<i>Non-current interest-bearing liabilities</i>		
Other non-current liabilities	-	-
Total non-current liabilities	0	0
<i>Current non-interest-bearing liabilities</i>		
Liabilities to Group companies	251	211
Other current liabilities	4	8
Total current liabilities	255	219
Total equity and liabilities	1,197	1,071

Other information

ACCOUNTING PRINCIPLES

The accompanying annual financial information (the financial year end release) as of 31 December 2013 and for the year then ended has been prepared in accordance with instruction 3.2.3 of the Stock Exchange's rules for issuers. These instructions require the same level of information in the annual financial information as would be required by IAS 34 interim financial reporting. The accompanying financial information does not constitute the issuance of annual financial statements in accordance with International Financial Reporting Standards (IFRS), as endorsed by the EU. The Company's annual financial statements will be issued subsequent to the date of the accompanying financial information.

The annual financial statements will include all the footnotes and disclosures required for annual financial statements and any adjustments of amounts needed related to the evaluation of subsequent events through to the date on which the IFRS annual financial statements are authorised for issuance.

Remuneration to employees

Amendments to the accounting rules relating to IAS 19, Remuneration to employees, apply with effect from the first quarter of 2013. The amendments, which concern the accounting for defined-benefit pension plans, mean that the "corridor approach" 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 at 1 January 2012 has been restated, reducing equity by SEK 9 million and increasing pension obligations to SEK 26 million. The amendments have not had any impact on earnings for the Group in 2013.

Segment reporting

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, which are consistent with the internal reporting. Segment Sweden includes Bufab's five subsidiaries in Sweden and its subsidiaries in the United States, which work closely with other subsidiaries in the segment. International segment encompasses all activities Bufab engages in outside Sweden and the U.S., which includes operations in 21 countries. Net sales in the segments relate to net sales to external customers. 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.

Financial instruments

IFRS 13 Fair Value Measurement applies with effect from 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.

The accounting principles are otherwise unchanged from 2012.

CONTINGENT LIABILITIES

Environment

The Company was ordered to conduct environmental investigations at a property where a subsidiary had been engaged in manufacturing until 1989. The investigations have revealed traces of environmental pollution. It is Bufab's assessment that the pollution has not been 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 carried out 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 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 expertise based on the available information 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, the legal experts that have been engaged consider it not very likely that Bufab will be held responsible for such remediation measures, and accordingly no provision has been made.

Tax, income years 2006-2009

In a judgement by the Court of Appeal, Bufab has been granted deductions for interest charges, which were previously denied by the Swedish Tax Agency. The Tax Agency applied for leave to appeal to the Supreme Administrative Court, which 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 the 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 will appeal against the decision in the Administrative Court. Should Bufab be refused the deductions in the final instance, this would mean additional tax expense of SEK 20 million. No associated provision has been made.

RISKS AND RISK MANAGEMENT

Exposure to risk is a natural part of business activity and this is reflected in Bufab's approach to risk management. This is aimed at identifying and preventing risks and to limit any loss or damage from these risks. The main risks to which the Group is exposed are related to the impact of the economy on demand. For further information, see note 3 of the 2012 Annual Report.

SEASONAL VARIATIONS

Bufab does not have any traditional seasonal variations, although the year reflects customers' production days, which vary from quarter to quarter. Sales and operating profit are normally lowest in the third quarter, which has the lowest number of production days. The other quarters are relatively evenly spread, but may vary slightly.

RELATED PARTY TRANSACTIONS

There have been no significant related party transactions. For further information, see note 32 of the 2012 Annual Report.

EMPLOYEES

The number of employees in the Group at the reporting date was 780 (755).

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

At an Extraordinary General Meeting on 17 January, the decision was made to implement an 80:1 split of the Company's shares. The meeting also adopted a bonus issue, which increased the Company's share capital to SEK 500 thousand.

During January 2014, the Board decided to apply for admission of its shares to trading on NASDAQ OMX Stockholm.

In the event of such a listing, existing preference shares in the Company will be converted into ordinary shares. The conversion will be achieved by the redemption of the preference shares, generating a debt to the owner of the preference shares. The total debt attributable to the preference shares will then be offset against newly issued ordinary shares in a set-off issue ("The Set-Off Issue"). The Extraordinary General Meeting of the Company on 17 January 2014 has adopted the redemption of preference shares and set-off issue described above, subject to the listing of the Company's shares. The Set-Off Issue will be conducted at a subscription price equal to the Offer Price.

DIVIDEND

The Board of Directors proposes that no dividend for the 2013 financial year be paid, thereby accumulating preference shareholders' right to receive dividends.

AUDIT REVIEW REPORT

This year-end report has been reviewed by the Company's auditors.

FINANCIAL REPORTING DATES

Annual Report

Available on the Company's website from week 14

Interim Report January–March

29 April 2014

Annual General Meeting

5 May 2014, Värnamo

Interim Report January–June

13 August 2014

Interim Report January–September

4 November 2014

Stockholm, 30 January 2014

Sven-Olof Kulldorff
Chairman of the Board

Jörgen Rosengren
CEO

Gunnar Tindberg

Hans Björstrand

Adam Samuelsson

Ulf Rosberg

Johan Sjö

Review Report

We have reviewed the accompanying year end report for Bufab Holding AB (publ) (reg no 556685-6240) for the period 1 January to 31 December 2013.

The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this year end report in accordance with instruction 3.2.3 of the Stock Exchange's rules for issuers which, for the consolidated accounts, requires the same level of information as would be required by IAS 34, Interim Financial Reporting, and regarding the parent company in accordance with the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this year end report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA). The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated year end report is not prepared, in all material respects, in accordance with instruction 3.2.3 of the Stock Exchange's rules for issuers and the Swedish Annual Accounts Act and, regarding the parent company, in accordance with the Swedish Annual Accounts Act.

Gothenburg, 30 January 2014

Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

FINANCIAL RATIO DEFINITIONS

EBITDA

Operating profit before depreciation, amortisation and impairment

Adjusted EBITDA

Adjusted operating profit before depreciation, amortisation and impairment

Gross margin, %

Gross profit as a percentage of net sales during the period

Adjusted gross profit

Gross profit 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 minus interest-bearing assets, as calculated at year-end

Debt/equity ratio, %

Net debt divided by equity

Working capital

Total current assets minus cash & cash equivalents minus current non-interest-bearing liabilities

Working capital/net sales, %

Working capital at the end of the period as a percentage of net sales in the last twelve months

Equity/assets ratio, %

Equity as a percentage of total assets

Operational cash flow

Operating profit adjusted for depreciation, impairment and other non-cash items minus changes in working capital and investments

Earnings per share

Profit for the year minus entitlement to dividend for preference shares divided by the year's average number of ordinary shares adjusted for the 80:1 share split conducted on 17 January 2014



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