

# Year-end report 2015

## Good growth and improved operating profit. Acquisition of Apex Stainless Fasteners Ltd.

### Fourth quarter 2015

- Net sales rose by 15 percent to SEK 612 million (532). Adjusted for currency effects and acquisitions, net sales increased by 4 percent.
- Order intake exceeded net sales.
- Operating profit amounted to SEK 38 million (33) and was charged with acquisition costs of SEK 6 million.
- Earnings per share amounted to SEK 0.49 (0.51).
- Acquisition of Apex Stainless Fasteners Ltd, UK, with annual net sales of about SEK 300 million.

### Full-year 2015

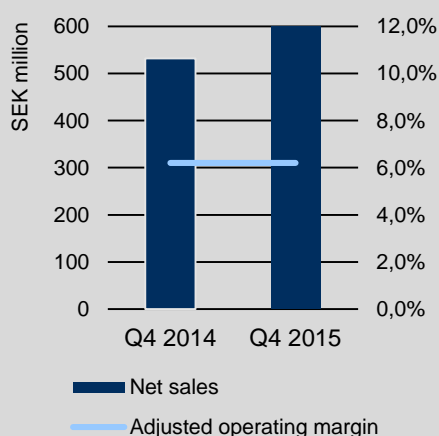
- Net sales rose by 12 percent to SEK 2,458 million (2,198). Adjusted for currency effects and acquisitions, net sales increased 3 percent.
- Order intake exceeded net sales.
- Adjusted operating profit amounted to SEK 197 million (192) and was charged with acquisition costs of SEK 8 million.
- Earnings per share amounted to SEK 3.27 (2.94).
- The Board proposes an increase in dividends for 2015 to SEK 1.70 (1.50) per share.

### THE GROUP IN BRIEF

SEK millions	Quarter 4			Jan-Dec		
	2015	2014	Δ %	2015	2014	Δ %
Order intake	618	533	16	2,463	2,195	12
Net sales	612	532	15	2,458	2,198	12
Gross profit	167	150	12	677	641	6
Gross margin, %	27.4	28.1		27.5	29.2	
Operating profit	38	33	15	197	174	13
Operating margin, %	6.2	6.2		8.0	7.9	
Adjusted operating profit	38	33	15	197	192	2
Adjusted operating margin, %	6.2	6.2		8.0	8.7	
Profit after tax	19	20	-5	125	112	11
Earnings per share	0.49	0.51	-5	3.27	2.94	11

For definitions, see page 17.

### THE QUARTER IN BRIEF



NET SALES  
**SEK 612m**

NET SALES DEVELOPMENT  
**+15%**

OPERATING PROFIT  
**SEK 38m**

OPERATING MARGIN  
**6.2%**

## CEO'S OVERVIEW

In 2015, net sales rose by 12 percent to SEK 2,458 million, which is the highest full-year sales in our history.

The gross margin was subject to intense pressure from unfavourable exchange rates for the company during the year. The action program that we announced at the start of 2015, in the form of price increases, a strengthened focus on improved purchase prices and a cost-savings program of SEK 15 million, has generated effects and was crucial for our success in gradually turning around earnings to an improved operating profit.

However, the performance of our two operating segments was unevenly distributed. Net sales for segment Sweden declined by 4 percent during the year. This decline was primarily the result of a customer of one of the manufacturing units taking over production. Furthermore, the main portion of currency effects impacted this segment, which is why profit fell sharply. Naturally, our aim for 2016 is to turn around this negative trend in both growth and margin. The latter will be achieved primarily on the basis of purchasing savings.

On the other hand, segment International reported a favourable performance for the year. Net sales for the segment increased substantially by 25 percent, of which 9 percent organically, showing the strength of the global business model. Operating profit and the operating margin also improved, mainly driven by higher sales, and we succeeded in offsetting unfavourable exchange rates by cutting costs and increasing prices.

We directed focus to enhancing efficiency during the year. In addition to achieving a healthy operating cash flow, we succeeded in making significant purchasing savings. This took place through

systematic work on supplier consolidation and negotiations that were carried out by the global organization that we have built up in recent years. These efforts were further strengthened and focus during the year, which, when combined with the favourable prices of raw materials, means that we have ambitious targets for continued savings in 2016.

It is particularly pleasing that we carried out two significant acquisitions in 2015 – Flos B.V and Apex Stainless Fasteners Ltd – following a period of inactivity for a number of years. Both of these companies are well-managed and profitable and hold strong market positions in attractive niches. The two companies add joint annual sales of slightly less than SEK 500 million. We now have an effective acquisition process and we are continuously evaluating additional candidates.

Demand and the economic climate in 2016 are uncertain. However, at Bufab we have a confident outlook for the year. Our ambition is to continue our organic growth, including changing to growth in our important home market of Sweden. Systematic efforts are in place for making additional purchasing savings. These initiatives will help us to improve our margins, which is a key focus area for 2016. We are also working on developing our two new acquisitions and on realising synergies.

All in all, we have a solid platform to stand on and have a positive view of the conditions for both growth and improved margins in 2016. For this reason, the Board has proposed a 13 percent increase in dividends to SEK 1.70 per share.

*Jörgen Rosengren, President and CEO*



### ABOUT BUFAB

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

Bufab was founded in 1977 in Småland and is an international company with operations in 23 countries. The head office is located in Värnamo, Sweden and Bufab has about 935 employees. Bufab's net sales for 2015 amounted to SEK 2.5 billion and operating margin was 8 percent. The Bufab share is listed on NASDAQ Stockholm, under the ticker "BUFAB."

# The Group in brief

## FOURTH QUARTER

Order intake amounted to SEK 618 million (533) and was somewhat higher than net sales.

Net sales rose by 15 percent to SEK 612 million (532). Adjusted for currency effects and acquisitions, the increase was 4 per cent. Adjusted accordingly, the growth was +10 per cent for segment International and -5 per cent for segment Sweden.

Apex Stainless Fasteners Ltd in the UK, with annual net sales of about SEK 300 million, was acquired during the quarter

Underlying demand remained unchanged compared with the year-earlier period. Market share increased in segment International and for the Group as a whole. Market shares in Sweden are deemed to have remained unchanged, apart from a customer of one of the manufacturing units that decided to switch to proprietary manufacturing starting in the fourth quarter of 2014.

Operating profit amounted to SEK 38 million (33), corresponding to an operating margin of 6.2 percent (6.2). Exchange-rate fluctuations had a negative impact of SEK 11 million on operating profit, volumes had a positive impact of SEK 2 million, "price/cost/mix" and other items a positive impact of SEK 15 million, acquisitions a positive impact of SEK 5 million and acquisition costs a negative impact of SEK 6 million.

## FULL-YEAR

Order intake amounted to SEK 2,463 million (2,195) and was slightly higher than net sales.

Net sales increased 12 percent to SEK 2,458 million (2,198). Adjusted for currency effects and acquisitions, the increase was 3 percent. Adjusted accordingly, growth for segment International was a positive 9 percent and for segment Sweden was a negative 4 percent.

Healthy growth in segment International with increased market shares offset the weaker trend in segment Sweden. The Group as a whole increased its market shares slightly.

Operating profit increased to SEK 197 million (174), corresponding to an operating margin of 8.0 percent (7.9), while adjusted operating profit was SEK 197 million (192), corresponding to an operating margin of 8.0 percent (8.7). Exchange-rate fluctuations had a negative impact of SEK 50 million on operating profit, volumes had a positive impact of SEK 9 million, "price/cost/mix" and other items a positive impact of SEK 43 million, acquisitions a positive impact of SEK 11 million and acquisition costs a negative impact of SEK 8 million.

## FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -9 million (-8) for the fourth quarter and SEK -26 million (-23) for the full-year. Net financial items were impacted by exchange-rate differences totalling SEK -3 million in the fourth quarter and SEK -5 million for the full-year.

The Group's profit after financial items amounted to SEK 29 million (25) for the fourth quarter and SEK 171 million (151) for the full-year.

The tax expense for the fourth quarter was SEK 10 million (5) and SEK 46 million (39) for the full-year. The high tax expenses in the fourth quarter was mainly due to the fact that certain acquisition costs are not tax deductible and due to higher profit after net financial items.

## CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK millions	Quarter 4		Jan–Dec	
	2015	2014	2015	2014
Operating profit	38	33	197	174
Depreciation/amortisation and impairment	9	8	35	32
Other non-cash items	0	3	-1	3
Changes in working capital	19	18	-5	-51
<b>Cash flow from activities</b>	<b>66</b>	<b>62</b>	<b>226</b>	<b>158</b>
Investments excluding acquisitions	-14	-10	-32	-41
<b>Operational cash flow</b>	<b>52</b>	<b>52</b>	<b>194</b>	<b>117</b>

Operating cash flow for the quarter amounted to SEK 52 million (52). Operating cash flow for the full-year was SEK 194 million (117).

Average working capital in relation to net sales amounted to 36.3 percent (36.5).

On 31 December 2015, the Group's net debt totalled SEK 884 million (543) and the debt/equity ratio was 75 percent (47). The higher net debt was due to purchase considerations paid for acquisitions.

# Segment Sweden

## Fourth quarter

Order intake amounted to SEK 224 million (232) and was somewhat higher than net sales.

Net sales fell by 5 percent to SEK 218 million (229). The decline was the result of slightly weaker underlying demand mainly in the telecommunications sector, and a customer of one of the manufacturing units deciding to switch to proprietary manufacturing starting in the fourth quarter of 2014. The lost manufacturing volumes had an adverse impact of SEK 10 million on net sales for the quarter. The market shares are otherwise deemed to be unchanged.

The gross margin amounted to 28.3 percent (30.3). Measures, in the form of price increases, purchasing and cost savings, could only partially offset the effects of the weaker SEK vs the purchasing currencies.

Operating profit amounted to SEK 19 million (27), corresponding to an operating margin of 8.7 percent (11.7). Exchange-rate fluctuations had a negative impact of SEK 8 million on operating profit, while volumes had a negative impact of SEK 5 million and "price/cost/mix" had a positive impact of SEK 5 million.

## Full-year

Order intake amounted to SEK 932 million (968) and was lower than net sales.

Net sales declined by 4 percent to SEK 937 million (982). Net sales in the segment were negatively impacted by a customer of one of the manufacturing units switching to proprietary manufacturing from the fourth quarter of 2014 and customers choosing to relocate their production abroad, which benefited sales in segment International. The lost manufacturing volumes had an adverse impact of SEK 40 million on full-year net sales. The market shares are otherwise deemed to be unchanged.

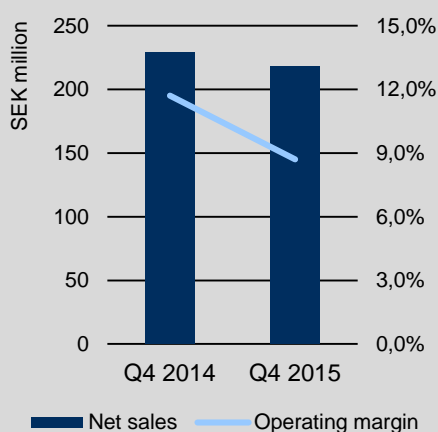
The gross margin declined to 28.7 percent (31.7) mainly due to higher purchasing costs resulting from a weaker SEK exchange rate and lower volumes. These effects could only be partially offset by price increases, and purchasing and cost savings.

Operating profit amounted to SEK 108 million (144), corresponding to an operating margin of 11.5 percent (14.6). Exchange-rate fluctuations had a negative impact of SEK 36 million on operating profit, volumes a negative impact of SEK 20 million and "price/cost/mix" a positive impact of SEK 20 million.

SEK millions	Quarter 4			Jan-Dec		
	2015	2014	Δ	2015	2014	Δ
Order intake*	224	232	-4	932	968	-4
Net sales*	218	229	-5	937	982	-4
Gross margin, %	28.3	30.3		28.7	31.7	
Operating profit	19	27	-29	108	144	-25
Operating margin, %	8.7	11.7		11.5	14.6	

\*Pertains to net sales and order intake from external customers.

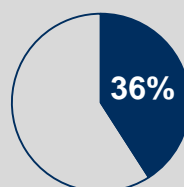
## THE QUARTER IN BRIEF



## NET SALES

SEK 218 m

## SHARE OF TOTAL NET SALES



## NET SALES DEVELOPMENT

-5%

## OPERATING PROFIT

SEK 19 m

## OPERATING MARGIN

8.7%

# Segment International

## Fourth quarter

Order intake amounted to SEK 394 million (301) and was in line with net sales.

Net sales rose by 30 percent to SEK 393 million (303). Adjusted for currency effects and acquisitions, the increase was 10 percent. The strategic sales initiatives have generated effects and resulted in higher market shares. Underlying demand is deemed to be unchanged or show a slight increase.

Apex Stainless Fasteners Ltd in the UK, with annual sales of about SEK 300 million, was acquired during the quarter. Apex Stainless is a UK company specialised in the distribution of stainless fasteners, primarily to customers based in the UK.

Gross margin was in line with the preceding year and amounted to 27.5 percent (27.6).

Operating profit increased to SEK 30 million (12), corresponding to an operating margin of 7.6 percent (4.0). Exchange-rate fluctuations had a negative impact of SEK 3 million on operating profit, volumes had a positive impact of SEK 8 million, "price/cost/mix", other items a positive impact of SEK 8 million and acquisitions a positive impact of SEK 5 million.

## Full-year

Order intake amounted to SEK 1,531 million (1,227) and exceeded net sales.

Net sales increased by 25 percent to SEK 1,521 million (1,217). The companies acquired during the year contributed 12 percentage points. Adjusted for currency effects and acquisitions, the increase in net sales was 9 percent. The strategic sales initiatives have generated effects and resulted in higher market shares. Improved underlying demand primarily in the first half of the year also made a positive contribution.

The gross margin declined slightly to 27.6 percent (28.0), mainly due to exchange-rate fluctuations.

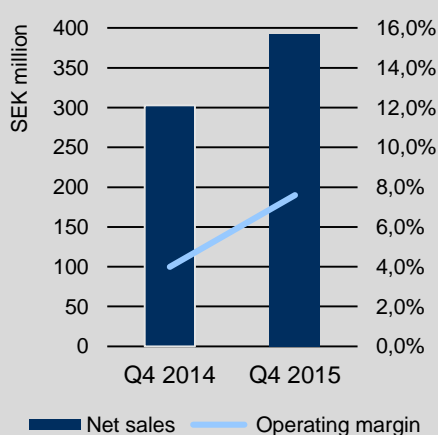
Operating profit for the period amounted to SEK 119 million (75), corresponding to an operating margin of 7.8 percent (6.2). Exchange-rate fluctuations had a negative impact of SEK 14 million on operating profit, volumes had a positive impact of SEK 29 million, "price/cost/mix" and other items had a positive impact of SEK 18 million and acquisitions a positive impact of SEK 11 million.

For information regarding the acquisitions of Flos B.V. and Apex Stainless Fasteners Ltd, see page 15.

SEK millions	Quarter 4			Jan-Dec		
	2015	2014	Δ	2015	2014	Δ
Order intake*	394	301	31	1,531	1,227	25
Net sales*	393	303	30	1,521	1,217	25
Gross margin, %	27.5	27,6		27.6	28.0	
Operating profit	30	12	149	119	75	59
Operating margin, %	7.6	4.0		7.8	6.2	

\*Pertains to net sales and order intake from external customers.

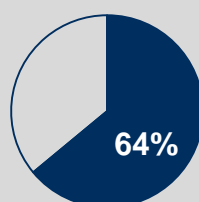
## THE QUARTER IN BRIEF



## NET SALES

SEK **393** m

## SHARE OF TOTAL NET SALES



## NET SALES DEVELOPMENT

**+30%**

## OPERATING PROFIT

SEK **30** m

## OPERATING MARGIN

**7.6%**

## Consolidated Income Statement

<i>SEK millions</i>	<i>Quarter 4</i>		<i>Jan–Dec</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Net sales	612	532	2,458	2,198
Cost of goods sold	-445	-382	-1,781	-1,557
<b>Gross profit</b>	<b>167</b>	<b>150</b>	<b>677</b>	<b>641</b>
Distribution costs	-88	-80	-341	-325
Administrative expenses	-40	-34	-138	-144
Other operating income	8	3	35	22
Other operating expenses	-9	-6	-36	-20
<b>Operating profit</b> Note 1	<b>38</b>	<b>33</b>	<b>197</b>	<b>174</b>
<i>Profit/loss from financial items</i>				
Interest and similar income	0	0	1	2
Interest and similar expenses	-9	-8	-27	-25
<b>Profit after financial items</b>	<b>29</b>	<b>25</b>	<b>171</b>	<b>151</b>
Tax on profit of the period	-10	-5	-46	-39
<b>Profit for the period</b>	<b>19</b>	<b>20</b>	<b>125</b>	<b>112</b>

# Statement of Comprehensive Income

## STATEMENT OF COMPREHENSIVE INCOME

<i>SEK millions</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<b>2015</b>	2014	<b>2015</b>	2014
<b>Profit after tax</b>	<b>19</b>	<b>20</b>	<b>125</b>	<b>112</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains and losses, net of tax	-	-3	-	-3
Items that may be reclassified subsequently to profit or loss				
Translation differences	-26	9	-32	25
<b>Other comprehensive income after tax</b>	<b>-26</b>	<b>6</b>	<b>-32</b>	<b>22</b>
<b>Total comprehensive income</b>	<b>-7</b>	<b>26</b>	<b>93</b>	<b>134</b>
Total comprehensive income attributable to:				
Parent company shareholders	-7	26	93	134

## EARNINGS PER SHARE

<i>SEK millions</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<b>2015</b>	2014	<b>2015</b>	2014
Earnings per share	0.49	0.51	3.27	2.94
Weighted number of shares outstanding before dilution, thousands	38,110.5	38,110.5	38,110.5	38,110.5
Diluted earnings per share, SEK	0.49	0.51	3.27	2.94
Weighted number of shares outstanding after dilution, thousands	38,110.5	38,110.5	38,110.5	38,110.5

## NOTE 1: NON-RECURRING ITEMS IN THE PERIOD

<i>SEK millions</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<b>2015</b>	2014	<b>2015</b>	2014
Total non-recurring items with effect on gross profit	-	-	-	-
Costs for listing at NASDAQ Stockholm	-	-	-	-18
Total non-recurring items with effect on operating expenses	0	0	0	-18
<b>Total non-recurring items with effect on operating profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-18</b>

# Consolidated Balance Sheet

<i>SEK millions</i>	<i>31-dec-15</i>	<i>31-dec-14</i>
<b>ASSETS</b>		
<b><i>Non-current assets</i></b>		
Intangible assets	955	752
Property, land and equipment	138	140
Financial assets	26	28
<b>Total non-current assets</b>	<b>1,119</b>	<b>920</b>
<b><i>Current assets</i></b>		
Inventories	856	698
Current receivables	571	474
Cash and cash equivalents	107	128
<b>Total current assets</b>	<b>1,534</b>	<b>1,300</b>
<b>Total assets</b>	<b>2,653</b>	<b>2,220</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>1,183</b>	<b>1,147</b>
<b><i>Non-current liabilities</i></b>		
Non-current liabilities, interest bearing	840	599
Non-current liabilities, non-interest bearing	72	36
<b>Total non-current liabilities</b>	<b>912</b>	<b>635</b>
<b><i>Current liabilities</i></b>		
Current liabilities, interest bearing	151	72
Current liabilities, non-interest bearing	407	366
<b>Total current liabilities</b>	<b>558</b>	<b>438</b>
<b>Total equity and liabilities</b>	<b>2,653</b>	<b>2,220</b>



## Consolidated Statement of Changes in Equity

<i>SEK millions</i>	31-dec-15	31-dec-14
<b>Equity at beginning of year</b>	1,147	1,012
<b>Comprehensive income</b>		
Profit after tax	125	112
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain on pension obligations, net of tax	-	-3
Items that may be reclassified subsequently to profit or loss		
Translation differences	-32	25
<b>Total comprehensive income</b>	<b>93</b>	<b>134</b>
<b>Owner transactions</b>		
Dividend to shareholders	-57	-
Capital paid in	-	1
<b>Total owner transactions</b>	<b>-57</b>	<b>1</b>
<b>Equity at end of period</b>	<b>1,183</b>	<b>1,147</b>

# Consolidated Cash Flow Statement

<i>SEK millions</i>	<i>Quarter 4</i>		<i>Jan–Dec</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<b><i>Operating activities</i></b>				
Profit before financial items	38	33	197	174
Depreciation/amortisation and impairment	9	8	35	32
Interest and other financial revenues	0	1	0	2
Interest and other financial costs	-5	-5	-23	-22
Other non-cash items	0	3	-1	3
Income tax paid	-7	6	-38	-32
<b>Cash flow from operating activities before changes in working capital</b>	<b>35</b>	<b>46</b>	<b>170</b>	<b>157</b>
<b><i>Changes in working capital</i></b>				
Increase (-)/decrease (+) in inventories	-16	-16	-3	-52
Increase (-)/decrease (+) in operating receivables	41	41	-3	-23
Increase (+)/decrease (-) in operating liabilities	-6	-7	1	24
<b>Cash flow from operating activities</b>	<b>54</b>	<b>64</b>	<b>165</b>	<b>106</b>
<b><i>Investing activities</i></b>				
Acquisition of property, plant and equipment	-10	-3	-25	-29
Company acquisitions	-307	0	-393	0
Acquisition of intangible assets	-4	-7	-7	-12
<b>Cash flow from investing activities</b>	<b>-321</b>	<b>-10</b>	<b>-425</b>	<b>-41</b>
<b><i>Financing activities</i></b>				
Dividend paid out	-	-	-57	-
Increase (+)/decrease (-) of borrowings	274	-22	300	-39
<b>Cash flow from financing activities</b>	<b>274</b>	<b>-22</b>	<b>243</b>	<b>-39</b>
<b>Cash flow for the period</b>	<b>7</b>	<b>32</b>	<b>-17</b>	<b>26</b>
Cash and cash equivalents at beginning of period	103	94	128	98
Exchange differences	-3	2	-4	4
<b>Cash and cash equivalents at end of period</b>	<b>107</b>	<b>128</b>	<b>107</b>	<b>128</b>

## The Group's Segment Reporting

Sweden	2014				2015			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Net sales	263	269	220	229	251	262	206	<b>218</b>
Gross margin, %	31.9	33.5	30.6	30.3	28.9	28.5	29.2	<b>28.3</b>
Operating profit/loss	40	47	29	27	30	35	24	<b>19</b>
Operating margin, %	15.3	17.5	13.3	11.7	11.9	13.2	11.8	<b>8.7</b>
Adjusted operating profit/loss	40	47	29	27	30	35	24	<b>19</b>
Adjusted operating margin, %	15.3	17.5	13.3	11.7	11.9	13.2	11.8	<b>8.7</b>

International	2014				2015			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Net sales	289	310	316	303	358	399	371	<b>393</b>
Gross margin, %	28.0	28.9	27.5	27.6	28.0	27.4	27.5	<b>27.5</b>
Operating profit/loss	17	23	23	12	27	31	32	<b>30</b>
Operating margin, %	6.0	7.3	7.3	4.0	7.4	7.8	8.5	<b>7.6</b>
Adjusted operating profit/loss	17	23	23	12	27	31	32	<b>30</b>
Adjusted operating margin, %	6.0	7.3	7.3	4.0	7.4	7.8	8.5	<b>7.6</b>

Other*	2014				2015			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Net sales	-	-	-	-	-	-	-	-
Operating profit/loss	-23**	-10	-5	-6	-8	-8	-4	<b>-11</b>
Operating margin, %	-	-	-	-	-	-	-	-
Adjusted operating profit/loss	-5	-10	-5	-6	-8	-8	-4	<b>-11</b>
Adjusted operating margin, %	-	-	-	-	-	-	-	-

\*Other does not include distributed  
Group-wide costs  
\*\*Includes SEK 18 million for listing on  
NASDAQ Stockholm

Group	2014				2015			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Net sales	552	579	536	532	609	661	577	<b>612</b>
Gross margin, %	29.5	30.5	28.4	28.1	28.0	27.4	27.5	<b>27.4</b>
Operating profit/loss	33	60	48	33	49	58	52	<b>38</b>
Operating margin, %	6.0	10.3	8.9	6.2	8.0	8.8	9.0	<b>6.2</b>
Adjusted operating profit/loss	52	60	48	33	49	58	52	<b>38</b>
Adjusted operating margin, %	9.4	10.3	8.9	6.2	8.0	8.8	9.0	<b>6.2</b>

## Consolidated key figures

	Quarter 4			Jan-Dec		
	2015	2014	Δ	2015	2014	Δ
Order intake, SEK million	618	533	16	2,463	2,195	12
Net sales, SEK million	612	532	15	2,458	2,198	12
Gross profit, SEK million	167	150	12	677	641	6
Adjusted EBITDA, SEK million	47	41	14	232	224	3
Operating profit, SEK million	38	33	15	197	174	13
Adjusted operating profit, SEK million	38	33	15	197	192	2
Profit after tax, SEK million	19	20	-5	125	112	11
Gross margin, %	27.4	28.1		27.5	29.2	
Operating margin, %	6.2	6.2		8.0	7.9	
Adjusted operating margin, %	6.2	6.2		8.0	8.7	
Net margin, %	3.1	3.7		5.1	5.1	
Net debt, SEK million	884	543	63			
Debt/equity ratio, %	75	47				
Net debt / adjusted EBITDA	3.8	2.4				
Working capital, SEK million	1,019	806				
Average working capital, SEK million	921	805				
Average working capital in relation to net sales, %	36.3	36.6				
Equity/assets ratio, %	45	52				
Operating cash flow, SEK million	52	52		194	117	
Earnings per share, SEK	0.49	0.51		3.27	2.94	

Definitions see page 17

The acquisition of Apex Stainless in November has affected net debt with the acquisition price while only one month profit is included

## Parent Company Income Statement

<i>SEK millions</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Administrative expenses	-2	-3	-10	-26
Other operating income	0	1	3	4
<b>Operating profit</b>	<b>-2</b>	<b>-2</b>	<b>-7</b>	<b>-22</b>
<i>Profit/loss from financial items</i>				
Interest and similar expenses	0	0	0	0
<b>Profit after financial items</b>	<b>-2</b>	<b>-2</b>	<b>-7</b>	<b>-22</b>
Appropriations	66	91	66	91
Tax on profit of the period	-14	-19	-13	-15
<b>Profit for the period</b>	<b>50</b>	<b>70</b>	<b>46</b>	<b>53</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>50</b>	<b>70</b>	<b>46</b>	<b>53</b>

\*Including listing costs for the Bufab share on the NASDAQ Stockholm totalling SEK 18 million for the first quarter of 2014.

# Parent Company Balance Sheet

<i>SEK millions</i>	<i>31-dec-15</i>	<i>31-dec-14</i>
<b>ASSETS</b>		
<b><i>Non-current assets</i></b>		
Financial assets		
Participations in Group companies	845	845
<b>Total non-current assets</b>	<b>845</b>	<b>845</b>
<b><i>Current assets</i></b>		
Receivables from Group companies	178	159
Other receivables	11	11
Cash and cash equivalents	0	6
<b>Total current assets</b>	<b>189</b>	<b>176</b>
<b>Total assets</b>	<b>1,034</b>	<b>1,021</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>927</b>	<b>938</b>
Untaxed reserves	100	80
<b><i>Non-current interest-bearing liabilities</i></b>		
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>
<b><i>Current non-interest-bearing liabilities</i></b>		
Liabilities to Group companies	-	0
Other current liabilities	7	3
<b>Total current liabilities</b>	<b>7</b>	<b>3</b>
<b>Total equity and liabilities</b>	<b>1,034</b>	<b>1,021</b>

## Other information

### ACCOUNTING POLICIES

This interim report has been prepared pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's accounts were prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 2.

The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2014 Annual Report. The 2014 Annual Report is available at [www.bufab.com](http://www.bufab.com).

### RISKS AND RISK MANAGEMENT

Exposure to risk is a natural part of business activity and this is reflected in Bufab's approach to risk management. The aim is to identify and prevent risks and to limit any loss or damage from these risks. The main risks to which the Group is exposed are related to the impact of the economy on demand. For further information, see Note 3 of the 2014 Annual Report.

### SEASONAL VARIATIONS

Bufab has no material seasonal variation, but sales throughout the year vary depending on the number of customer production days in each quarter.

### RELATED-PARTY TRANSACTIONS

There were no related-party transactions during the period.

### ACQUISITIONS

On 26 February, Bufab Holding AB (publ) acquired 100 percent of the shares in Flos B.V. Flos is a leading Dutch supplier of C-Parts, with a range of about 60,000 different items, both fasteners and specialised components. The purchase consideration amounted to SEK 102 million, of which SEK 72 million has been paid unconditionally and the remaining portion of SEK 30 million is a conditional purchase consideration. The conditional portion comprises about 34 percent of the maximum payment and is dependent on the future earnings trend and its effect on the company's valuation.

On 26 November, Bufab Holding AB (publ) acquired 100 percent of the shares in Apex Stainless Holding Ltd, which wholly owns the operating company Apex Stainless Fasteners Ltd. Apex Stainless is a UK company specialised in the distribution of stainless fasteners, primarily to customers based in the UK. The purchase consideration amounted to SEK 327 million, of which SEK 305 million has been paid unconditionally and the remaining portion of SEK 22 million is a conditional purchase consideration. The conditional portion comprises about 42 percent of the maximum payment and is dependent on the future earnings trend and its effect on the company's valuation.

The acquisitions have positively impacted the Group's accumulated net sales by SEK 168 million since transfer. There was a net positive impact, after acquisition costs, on accumulated operating profit of SEK 5 million and a positive effect of SEK 4 million on profit after tax. Transaction costs for the acquisitions amounted to SEK 8

million and are recognised in the item administration costs in the segment Other. The acquisitions would have impacted the Group's net sales by an estimated SEK 481 million, operating profit by about SEK 57 million and profit after tax for the period by about SEK 42 million if they had been implemented on 1 January 2015. The assets and liabilities included in the acquisitions are as follows according to the acquisition analysis:

<b>Flos B.V.</b>	<i>Carrying amount at acquisition date</i>	<i>Adjustment to fair value</i>	<i>Fair value</i>
Intangible non-current assets		13	13
Other non-current assets	5		5
Inventories	35		35
Other current assets	36		36
Deferred tax liability	-1	-3	-4
Other liabilities	-38		-38
<b>Acquired net assets</b>	<b>37</b>	<b>10</b>	<b>47</b>
Goodwill			55
<b>Consideration*</b>			<b>102</b>
Less: cash in acquired business			0
Less: conditional consideration			-30
Added: paid out conditional consideration**			14
<b>Effect on Group's cash</b>			<b>86</b>

\*The consideration is stated excluding acquisition expenses

\*\*The amount is paid out to an escrow account

<b>Apex Stainless Holdings Ltd</b>	<i>Carrying amount at acquisition date</i>	<i>Adjustment to fair value</i>	<i>Fair value</i>
Intangible non-current assets		30	30
Other non-current assets	3		3
Inventories	144	-5	139
Other current assets	70	1	71
Cash and cash equivalents	11		11
Deferred tax liability	0	-5	-5
Other liabilities	-32	-1	-33
<b>Acquired net assets</b>	<b>196</b>	<b>20</b>	<b>216</b>
Goodwill			111
<b>Consideration*</b>			<b>327</b>
Less: cash in acquired business			-11
Less: conditional consideration			-22
Added: paid out conditional consideration**			13
<b>Effect on Group's cash</b>			<b>307</b>

The consideration is stated excluding acquisition expenses

\*\*The amount is paid out to an escrow account

The acquisition analysis for Apex Stainless is preliminary.

Goodwill arising in connection with the acquisitions is attributable to the knowledge accrued in the acquired companies and their established and consolidated market positions and the anticipated profitability related to them.

## EMPLOYEES

The number of full-time employees in the Group as of 31 December 2015 was 935 (31 December 2015:816)

## 2016 ANNUAL GENERAL MEETING

The Annual General Meeting of Bufab AB (publ) will be held in Värnamo on 3 May 2016, at 2:00 p.m.

Shareholders wishing to have a matter dealt with at the Meeting may send their proposal to the Board at styrelsen@bufab.com not later than 17 March 2016.

The notice of the 2016 Annual General Meeting will be available as of 5 April 2016 at Bufab's website: [www.bufab.com](http://www.bufab.com).

The Board of Directors proposes a dividend of SEK 1.70 (1.50) per share for 2015, corresponding to a total dividend of SEK 65 million (57). The proposed record date is 6 May 2016, and the expected payment date for the dividends is 11 May. The share will be traded ex-dividend as of 4 May 2016.

## CONTINGENT LIABILITIES

*Tax for income years 2009, 2011 and 2012*The Swedish Tax Agency has previously denied Bufab certain tax deductions for interest expenses for the 2009, 2011 and 2012 financial years, and in 2014, Bufab appealed these taxation decisions to the Administrative Court. The reason that these deductions were denied is changed rules regarding interest on loans in communities of interests. In November 2015, the Administrative Court delivered a judgement in favour of the Tax Agency. Bufab, supported by leading tax experts, does not share the Tax Agency's opinion and has appealed the Administrative Court's judgement to the Administrative Court of Appeal. If Bufab were to be denied tax deductions in the final instance, it would entail an additional tax expense of SEK 24 million plus interest. No provisions have been made. There were no other significant changes in contingent liabilities during the interim period.

## AUDIT REVIEW

This interim report is unaudited.

## FINANCIAL REPORTING DATES

### 2015 Annual Report

Week beginning 21 March

### Interim report for the first quarter 2016

27 April 2016

### Interim report for the second quarter 2016

19 July 2016

### Interim report for the third quarter 2016

26 October 2016

### Year-end report 2016

21 February 2017

Värnamo February 26, 2016

Jörgen Rosengren  
President and CEO



## DEFINITION OF KEY FIGURES

### **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

### **EBITDA**

Operating profit before depreciation, amortisation and impairment

### **Adjusted EBITDA**

Adjusted operating profit before depreciation, amortisation and impairment

### **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, calculated at the end of the period

### **Debt/equity ratio, %**

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

### **Net debt/adjusted EBITDA**

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

### **Working capital**

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

### **Average working capital**

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

### **Working capital/net sales, %**

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

### **Equity/assets ratio, %**

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

### **Operating cash flow**

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

### **Earnings per share**

Profit after tax divided by the average number of common shares adjusted for the set-off issue and the 80:1 share split that were conducted during the first quarter 2014

## CONFERENCE CALL

A conference call will be held on 26 February 2016 at 10.00 a.m. CET. Jörgen Rosengren, President & CEO and Thomas Ekström, CFO, will present the results. The conference call will be held in English.

In order to participate, please use one of the following numbers: +44 (0) 1452 541003, UK 08448719461, Luxemburg 80027953, Sweden 0856619445 or US 18662540808. Conference code: 43724224.

Please dial in 5-10 minutes ahead in order to complete the short registration process.

*This information is published in accordance with the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act and/or the regulations of NASDAQ Stockholm. The information was submitted for publication at 26 February 2016 at 8:00 a.m. CET.*



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