

# Interim report January-September 2016

**Continued healthy growth and improved operating margin in both segments. Bufab opens subsidiary in Singapore.**

## Third quarter of 2016

- Net sales rose by 16 percent to SEK 668 million (577).  
Organic growth was 4 percent
- Order intake was slightly lower than net sales.
- Operating profit rose to SEK 66 million (52) and the operating margin rose to 9.8 percent (9.0)
- Earnings per share rose to SEK 1.22 (0.87)

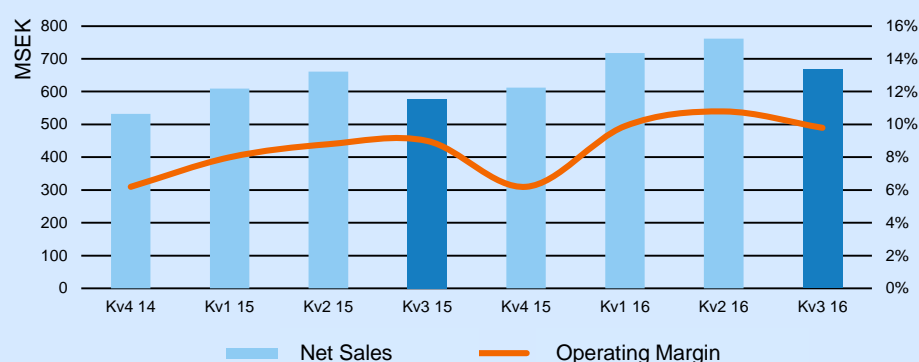
## January-September 2016

- Net sales rose by 16 percent to SEK 2,148 million (1,847).  
Organic growth was 4 percent
- Order intake was slightly lower than net sales.
- Operating profit rose to SEK 219 million (159) and the operating margin to 10.2 percent (8.6).
- Earnings per share rose to SEK 4.06 (2.78).

## THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 19)

SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2016	2015	Δ %	2016	2015	Δ %	2015/16	2015
Order intake	665	582	14	2,143	1,846	16	2,760	2,463
Net sales	668	577	16	2,148	1,847	16	2,760	2,458
Gross profit	194	159	22	623	510	22	790	677
Gross margin, %	29.0	27.5		29.0	27.6		28.6	27.5
Operating expenses	-128	-107	20	-404	-351	15	-533	-480
Operating profit	66	52	26	219	159	38	257	197
Operating margin, %	9.8	9.0		10.2	8.6		9.3	8.0
Profit after tax	46	33	41	155	106	46	173	125
Earnings per share, SEK	1.22	0.87	41	4.06	2.78	46	4.55	3.27

### QUARTERLY DEVELOPMENT



### NET SALES DEVELOPMENT

**+16%**

### OPERATING MARGIN

**9.8%**

## CEO'S OVERVIEW

During the third quarter, net sales rose by 16 percent. The acquisitions we have completed over the past two years have had a good development and work well with the other subsidiaries. During the quarter, Bufab also achieved substantial organic growth in both operating segments thanks to an increased market share and slightly stronger underlying demand.

Gross margin for the quarter was significantly stronger year-on-year, primarily due to cost savings in sourcing. The stronger gross margin combined with a good contribution from acquired companies also led to an improved operating margin, despite operating expenses being somewhat high during the quarter.

In segment Sweden, net sales rose by 6 percent, driven primarily by organic growth. The market share is estimated to have increased slightly, which we see as a sign that our long-term and intensive focus on sales in our home market is beginning to pay off. The increase is particularly gratifying against the background of greater uncertainty among telecommunications customers. The gross margin and operating margin both increased.

Segment International performed well. Net sales rose by 21 percent, as a result of acquisitions and an increased market share. Organic growth was 4 percent, which was lower than earlier in the year due to weaker market growth. Despite this slackening, we continue to see growth in most major markets, with the exception of China and Norway.

We have yet to see any negative effects on sales volumes connected to an impending Brexit. A strengthened gross margin during the quarter was offset in part by higher operating expenses, primarily for obsolescence and negative currency effects. We are continuing to strengthen the sales organisation in the segment. For example, Bufab established a subsidiary in Singapore during the quarter, in line with the aim of increasing our presence in Asia. In total, segment International increased its operating profit by 30 percent.

So far this year, Bufab has performed well with both organic and acquired growth, higher margins, improved earnings and a healthy cash flow. Growing uncertainty in the business environment, a slightly weaker order intake, the prevailing exchange rates and a risk of rising commodities prices are challenges that we face towards the end of 2016 and in 2017. Nevertheless, we intend to achieve continued favourable performance by means of increased market share and improved sourcing and logistics efficiency. We also see opportunities to make additional value-creating acquisitions.

*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 the customers' value chain for C-Parts.

Bufab was founded in 1977 in Småland and is an international company with operations in 24 countries. The head office is located in Värnamo, Sweden, and Bufab has about 940 employees. Bufab's net sales for the past 12 months amounted to SEK 2.8 billion and the operating margin was 9 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit [www.bufab.com](http://www.bufab.com) for more information.

## The Group in brief

### THIRD QUARTER

Order intake amounted to SEK 665 million (582) and was slightly lower than net sales.

Net sales rose by 16 percent to SEK 668 million (577). The Group's organic growth was +4 percent, comprising +4 percent for segment International and +4 percent for segment Sweden.

The underlying demand is considered slightly improved and the market share as slightly higher than in the year-earlier period.

Gross margin strengthened during the quarter, year-on-year, due to a consistent effort to improve sourcing procedures, and to higher gross margins in the acquired companies. Compared with the preceding quarter, the gross margin was slightly lower, a normal effect in the third quarter.

Operating profit rose to SEK 66 million (52), equal to an operating margin of 9.8 percent (9.0). The operating margin increased as a result of a higher gross margin, but was negatively affected by somewhat high operating expenses during the quarter in segment International.

Exchange-rate fluctuations impacted operating profit negatively by SEK 4 million, volumes positively by SEK 7 million, price/cost mix and other factors by SEK 0 million and acquisitions positively by SEK 11 million.

### JANUARY-SEPTEMBER

Order intake was SEK 2,143 million (1,846), which was slightly lower than net sales.

Net sales rose by 16 percent to SEK 2,148 million (1,847). The Group's organic growth was +4 percent, +6 percent for segment International and +1 percent for segment Sweden.

Underlying demand is considered unchanged, and the market share as slightly higher than in the year-earlier period.

Gross margin strengthened during the period, primarily due to savings in sourcing but also to higher gross margins in the acquired companies.

Operating profit rose to SEK 219 million (159), equal to an operating margin of 10.2 percent (8.6).

Exchange-rate fluctuations had a negative impact of SEK 9 million on operating profit, volume had a positive impact of SEK 17 million, price/cost mix and

other factors a positive impact of SEK 12 million and acquisitions a positive impact of SEK 40 million.

### FINANCIAL ITEMS AND TAX

The Group's net financial items were an expense of SEK 5 million (expense: 6) for the third quarter. During the quarter, exchange-rate differences had a positive impact of SEK 2 million (0) on net financial items. During the nine-month period, net financial items amounted to an expense of SEK 13 (expense: 17) and exchange-rate differences had a positive effect of SEK 6 million (neg: 1).

The Group's profit after financial items was SEK 61 million (46) for the third quarter and SEK 206 (142) for the nine-month period.

The third-quarter tax expense was SEK 15 million (expense: 12), implying an effective tax rate of 24 percent (25). The tax expense for the nine-month period was SEK 51 million (expense: 35), implying an effective tax rate of 25 percent (25).

### CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 3		Jan-Sep	
	2016	2015	2016	2015
Operating profit	66	52	219	159
Depreciation/amortisation and impairment	11	9	32	26
Other non-cash items	0	0	0	-1
Changes in working capital	6	18	4	-24
<b>Cash flow from operations</b>	<b>83</b>	<b>79</b>	<b>255</b>	<b>160</b>
Investments excluding acquisitions	-6	-9	-16	-18
<b>Operating cash flow</b>	<b>77</b>	<b>70</b>	<b>239</b>	<b>142</b>

Operating cash flow amounted to SEK 77 million (70) for the period. The year-on-year increase resulted from improved operating profit but with a reduction in working capital being lower year-on-year. The lower reduction in working capital this year is due to a higher growth rate compared to previous year. Operating cash flow for the nine-month period was SEK 239 million (142).

Average working capital in relation to net sales during the past 12 months was 36.6 percent (36.0). A reduction in tied-up inventory and an increase in payables had a positive impact on this key figure, while the higher capital tied-up in the acquisition of Apex Stainless Holdings had a negative impact. Excluding this acquisition, average working capital

in relation to net sales during the past 12 months would have amounted to 34.1 percent (36.0).

Holdings and Magnetfabriken. On 30 September 2016, the debt/equity ratio was 61 percent (51).

On 30 September 2016, the Group's net debt totalled SEK 791 million (612).

Net debt increased, mainly due to loans taken in conjunction with the acquisition of Apex Stainless

# Segment Sweden

## Third quarter

Order intake amounted to SEK 215 million (208) and was below net sales.

Net sales rose by 6 percent to SEK 219 million (206). Organic growth was +4 percent. Underlying demand during the period is estimated to be slightly improved. As in previous quarters, growth was burdened by customers' relocation of production from Sweden to other countries, primarily Eastern Europe, corresponding to around 1 percent of the segment's sales. Segment International benefits from these production relocations. The market share in Sweden is otherwise estimated to be unchanged or slightly better.

Gross margin rose to 30.1 percent (29.2), with the improvement due to cost savings in sourcing.

Operating profit was SEK 28 million (24), equal to a higher operating margin of 12.6 percent (11.8). Exchange-rate fluctuations affected operating profit negatively by SEK 2 million, volumes positively by SEK 3 million, price/cost mix and other factors positively by SEK 2 million and the Magnetfabriken acquisition positively by SEK 1 million.

## January-September

Order intake was SEK 724 million (708) and was lower than net sales.

Net sales increased to SEK 735 million (719). Organic growth was +1 percent. Growth in the period was burdened by slightly more than 1 percentage point by customers' relocation of production to primarily Eastern Europe. Underlying demand during the period is estimated to be unchanged and the market share unchanged or slightly improved.

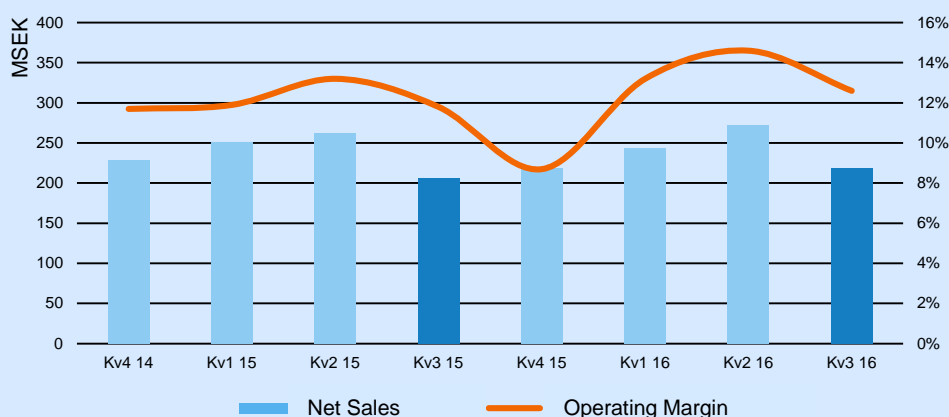
Gross margin rose to 30.0 percent (28.9), with the improvement due to cost savings in sourcing.

Operating profit was SEK 99 million (89), equal to an operating margin of 13.5 percent (12.3). Exchange-rate fluctuations had a negative impact of SEK 5 million on operating profit, volumes a positive impact of SEK 1 million, price/cost mix and other factors a positive impact of SEK 12 million, and the acquisition of Magnetfabriken a positive impact of SEK 2 million.

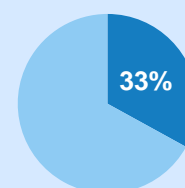
SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2016	2015	Δ	2016	2015	Δ	2015/16	2015
Order intake*	215	208	3	724	708	2	948	932
Net sales*	219	206	6	735	719	2	953	937
Gross profit	66	60	10	221	208	6	282	269
Gross margin, %	30.1	29.2		30.0	28.9		29.6	28.7
Operating expenses	-38	-36	7	-121	-119	2	-163	-161
Operating profit/loss	28	24	14	99	89	12	118	108
Operating margin, %	12.6	11.8		13.5	12.3		12.4	11.5

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

### QUARTERLY DEVELOPMENT



### SHARE OF NET SALES



NET SALES, DEVELOPMENT

**+6%**

OPERATING MARGIN

**12.6%**

# Segment International

## Third quarter

Order intake was SEK 450 million (374) and was in line with net sales.

Net sales rose by 21 percent to SEK 449 million (371). Organic growth was +4 percent, due to higher market shares in most markets. Customers' production relocations from Sweden to mostly Eastern Europe also had a positive impact of nearly 1 percentage point on the segment's sales. Underlying demand is deemed to be unchanged year-on-year.

Gross margin rose to 29.3 percent (27.5). Just over half of the improvement is attributable to cost savings in sourcing and almost half to the acquired company's higher gross margin.

Operating profit rose to SEK 41 million (32), equal to an operating margin of 9.1 percent (8.5). The operating margin during the quarter was burdened by high costs for revaluation items, primarily for obsolescence and currency. Exchange-rate fluctuations had a negative impact of SEK 2 million on operating profit, volumes a positive impact of SEK 4 million, price/cost mix and other factors a negative impact of SEK 3 million and acquisitions a positive impact of SEK 10 million.

## January-September

Order intake was SEK 1,419 million (1,137) and slightly exceeded net sales.

Net sales rose by 25 percent to SEK 1,414 million (1,128). Organic growth was 6 percent, due primarily to higher market shares.

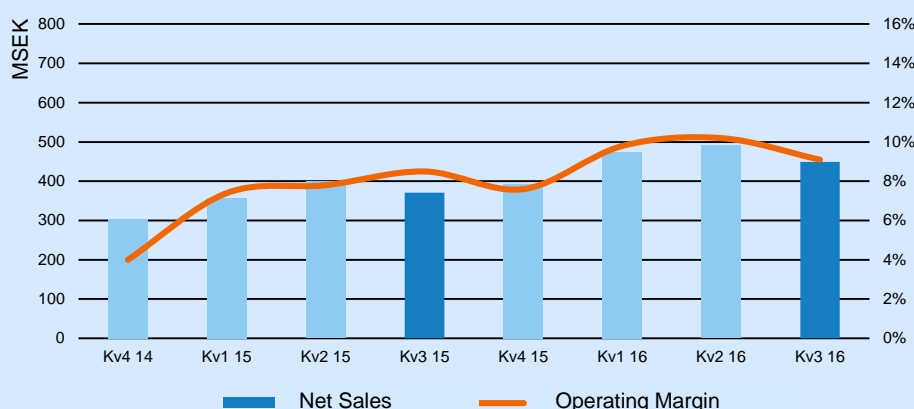
Gross margin rose to 29.2 percent (27.6). The acquired companies have a higher gross margin, which accounted for almost half of the increase. The remaining improvement is due to cost savings in sourcing.

Operating profit rose to SEK 138 million (89), equal to an operating margin of 9.7 percent (7.9). Exchange-rate fluctuations had a negative impact of SEK 6 million on operating profit, volumes a positive impact of SEK 16 million, price/cost mix and other factors a positive impact of SEK 3 million, and acquisitions a positive impact of SEK 36 million.

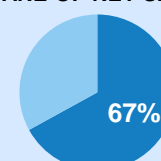
SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2016	2015	Δ %	2016	2015	Δ %	2015/16	2015
Order intake*	450	374	20	1,419	1,137	24	1,810	1,531
Net sales*	449	371	21	1,414	1,128	25	1,807	1,521
Gross profit	131	102	29	413	311	33	521	419
Gross margin, %	29.3	27.5		29.2	27.6		28.8	27.5
Operating expenses	-90	-70	28	-276	-222	24	-354	-300
Operating profit/loss	41	32	30	138	89	54	167	119
Operating margin, %	9.1	8.5		9.7	7.9		9.3	7.8

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

### QUARTERLY DEVELOPMENT



### SHARE OF NET SALES



### NET SALES, DEVELOPMENT

+21%

### OPERATING MARGIN

9.1%

## Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Net sales	668	577	2,148	1,847
Cost of goods sold	-474	-418	-1,525	-1,337
<b>Gross profit</b>	<b>194</b>	<b>159</b>	<b>623</b>	<b>510</b>
Distribution costs	-96	-80	-294	-253
Administrative expenses	-32	-29	-112	-99
Other operating income	7	11	22	28
Other operating expenses	-7	-9	-20	-27
<b>Operating profit</b>	<b>66</b>	<b>52</b>	<b>219</b>	<b>159</b>
<b><i>Profit/loss from financial items</i></b>				
Interest income and similar income items	2	1	6	1
Interest expenses and similar expenses	-7	-7	-19	-18
<b>Profit after financial items</b>	<b>61</b>	<b>46</b>	<b>206</b>	<b>142</b>
Tax on net profit for the period	-15	-12	-51	-35
<b>Profit after tax</b>	<b>46</b>	<b>33</b>	<b>155</b>	<b>106</b>

## Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
<b>Profit after tax</b>	<b>46</b>	<b>33</b>	<b>155</b>	<b>106</b>
<b>Other comprehensive income</b>				
Items that cannot be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	17	2	22	-6
<b>Other comprehensive income after tax</b>	<b>17</b>	<b>2</b>	<b>22</b>	<b>-6</b>
<b>Total comprehensive income</b>	<b>63</b>	<b>35</b>	<b>177</b>	<b>100</b>
Total comprehensive income attributable to:				
Parent Company shareholders	63	35	177	100

## Earnings per share

<i>SEK</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Earnings per share	1.22	0.87	4.06	2.78
Weighted number of shares outstanding, thousands	38,110.5	38,110.5	38,110.5	38,110.5
Diluted earnings per share, SEK	1.22	0.87	4.06	2.78
Weighted number of shares outstanding after dilution, thousands	38,110.5	38,110.5	38,110.5	38,110.5



## Consolidated Balance Sheet

<i>SEK million</i>	<i>30 Sep 16</i>	<i>30 Sep 15</i>	<i>31 Dec 15</i>
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Intangible assets	985	820	955
Property, plant and equipment	126	134	138
Financial assets	27	29	26
<b>Total non-current assets</b>	<b>1,138</b>	<b>983</b>	<b>1,119</b>
<b><i>Current assets</i></b>			
Inventories	863	717	856
Current receivables	629	556	571
Cash and cash equivalents	128	103	107
<b>Total current assets</b>	<b>1,620</b>	<b>1,376</b>	<b>1,534</b>
<b>Total assets</b>	<b>2,758</b>	<b>2,359</b>	<b>2,653</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1,295</b>	<b>1,189</b>	<b>1,183</b>
<b><i>Non-current liabilities</i></b>			
Non-current liabilities, interest-bearing	793	589	840
Non-current liabilities, non-interest-bearing	76	54	72
<b>Total non-current liabilities</b>	<b>869</b>	<b>643</b>	<b>912</b>
<b><i>Current liabilities</i></b>			
Current liabilities, interest-bearing	126	126	151
Current liabilities, non-interest-bearing	468	401	407
<b>Total current liabilities</b>	<b>594</b>	<b>527</b>	<b>558</b>
<b>Total equity and liabilities</b>	<b>2,758</b>	<b>2,359</b>	<b>2,653</b>

## Consolidated Statement of Changes in Equity

<i>SEK million</i>	30 Sep 16	30 Sep 15
<b>Equity at beginning of year</b>	<b>1,183</b>	<b>1,147</b>
<b>Comprehensive income</b>		
Profit after tax	155	105
<i>Other comprehensive income</i>		
Items that will not be reclassified in profit or loss	-	-
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	22	-6
<b>Total comprehensive income</b>	<b>177</b>	<b>99</b>
<b>Transactions with shareholders</b>		
Dividend to shareholders	-65	-57
<b>Total shareholder transactions</b>	<b>-65</b>	<b>-57</b>
<b>Equity at end of period</b>	<b>1,295</b>	<b>1,189</b>

## Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
<b><i>Operating activities</i></b>				
Profit before financial items	66	52	219	159
Depreciation/amortisation and impairment	11	9	32	26
Interest and other finance income	0	0	0	0
Interest and other finance expenses	-7	-7	-19	-18
Other non-cash items	0	0	0	-1
Income tax paid	-11	-11	-42	-31
<b>Cash flow from operating activities before changes in working capital</b>	<b>59</b>	<b>43</b>	<b>190</b>	<b>135</b>
<b><i>Changes in working capital</i></b>				
Increase (-)/decrease (+) in inventories	-23	-15	3	13
Increase (-)/decrease (+) in operating receivables	68	55	-52	-44
Increase (+)/decrease (-) in operating liabilities	-39	-22	53	7
<b>Cash flow from operating activities</b>	<b>65</b>	<b>61</b>	<b>194</b>	<b>111</b>
<b><i>Investing activities</i></b>				
Acquisition of property, plant and equipment	-6	-6	-15	-15
Company acquisition *	-5	-	-28	-86
Acquisition of intangible assets	0	-3	-1	-3
<b>Cash flow from investing activities</b>	<b>-11</b>	<b>-9</b>	<b>-44</b>	<b>-104</b>
<b><i>Financing activities</i></b>				
Dividend paid	-	-	-65	-57
Increase (+)/decrease (-) in borrowings	-48	-37	-66	26
<b>Cash flow from financing activities</b>	<b>-48</b>	<b>-37</b>	<b>-131</b>	<b>-31</b>
<b>Cash flow for the period</b>	<b>6</b>	<b>15</b>	<b>19</b>	<b>-24</b>
Cash and cash equivalents at beginning of period	121	86	107	128
Translation differences	1	2	2	-1
<b>Cash and cash equivalents at end of period</b>	<b>128</b>	<b>103</b>	<b>128</b>	<b>103</b>

\*See page 16 for more information.

## The Group's Segment Reporting

<b>Sweden</b>	<b>2015</b>				<b>2016</b>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	251	262	206	218	244	272	<b>219</b>	
Gross profit	73	75	60	62	72	82	<b>66</b>	
Gross margin, %	28.9	28.5	29.2	28.3	29.6	30.3	<b>30.1</b>	
Operating expenses	-43	-40	-36	-43	-40	-42	<b>-38</b>	
Operating profit	30	35	24	19	32	40	<b>28</b>	
Operating margin, %	11.9	13.2	11.8	8.7	13.2	14.6	<b>12.6</b>	

<b>International</b>	<b>2015</b>				<b>2016</b>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	358	399	371	393	474	491	<b>449</b>	
Gross profit	100	109	102	108	138	144	<b>131</b>	
Gross margin, %	28.0	27.4	27.5	27.5	29.1	29.4	<b>29.3</b>	
Operating expenses	-73	-78	-70	-78	-91	-94	<b>-90</b>	
Operating profit	27	31	32	30	47	50	<b>41</b>	
Operating margin, %	7.4	7.8	8.5	7.6	9.8	10.2	<b>9.1</b>	

<b>Other*</b>	<b>2015</b>				<b>2016</b>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	-	-	-	-	-	-	-	-
Gross profit	-3	-3	-3	-3	-4	-4	<b>-3</b>	
Operating expenses	-5	-5	-1	-8	-4	-4	<b>0</b>	
Operating profit/loss	-8	-8	-4	-11	-8	-8	<b>-3</b>	
Operating margin, %	-	-	-	-	-	-	-	-

\*Other includes unallocated costs of a Group-wide nature

<b>Group</b>	<b>2015</b>				<b>2016</b>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	609	661	577	612	718	762	<b>668</b>	
Gross profit	170	181	159	167	206	223	<b>194</b>	
Gross margin, %	28.0	27.4	27.5	27.4	28.6	29.3	<b>29.0</b>	
Operating expenses	-121	-123	-107	-129	-135	-141	<b>-128</b>	
Operating profit	49	58	52	38	71	82	<b>66</b>	
Operating margin, %	8.0	8.8	9.0	6.2	9.9	10.8	<b>9.8</b>	

## Consolidated Key Figures

	Quarter 3			Jan-Sep		
	2016	2015	Δ	2016	2015	Δ
Order intake, SEK million	<b>665</b>	582	14	<b>2,143</b>	1,846	16
Net sales, SEK million	<b>668</b>	577	16	<b>2,148</b>	1,847	16
Gross profit, SEK million	<b>194</b>	159	22	<b>623</b>	510	22
EBITDA, SEK million	<b>77</b>	61	26	<b>251</b>	185	36
Operating profit, SEK million	<b>66</b>	52	26	<b>219</b>	159	38
Profit after tax, SEK million	<b>46</b>	33	41	<b>155</b>	106	46
Gross margin, %	<b>29.0</b>	27.5		<b>29.0</b>	27.6	
Operating margin, %	<b>9.8</b>	9.0		<b>10.2</b>	8.6	
Net margin, %	<b>7.0</b>	5.7		<b>7.2</b>	5.7	
Net debt, SEK million	<b>791</b>	612	29			
Debt / equity ratio,%	<b>61</b>	51				
Net debt / EBITDA*, multiple	<b>2.7</b>	2.7				
Working capital, SEK million	<b>1,024</b>	873	17			
Average working capital, SEK million	<b>1,029</b>	867	19			
Average working capital in relation to net sales, %	<b>36.6</b>	36.0				
Equity / assets ratio, %	<b>47</b>	50				
Operating cash flow, SEK million	<b>77</b>	70		<b>239</b>	142	
Earnings per share, SEK	<b>1.22</b>	0.87	40	<b>4.06</b>	2.78	

\*Paid purchase prices have been charged in full to net debt while EBITDA has only been credited from the acquisition date. For definitions, see page 19.

## Parent Company Income Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Administrative expenses	-2	-2	-9	-8
Other operating income	1	0	4	3
<b>Operating loss</b>	<b>-1</b>	<b>-2</b>	<b>-5</b>	<b>-5</b>
<b>Loss from financial items</b>				
Interest expenses and similar expenses	0	0	0	0
<b>Profit after financial items</b>	<b>-1</b>	<b>-2</b>	<b>-5</b>	<b>-5</b>
Appropriations	-	-	-	-
Tax on net profit/loss for the period	0	0	1	1
<b>Loss after tax</b>	<b>-1</b>	<b>-2</b>	<b>-4</b>	<b>-4</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-1</b>	<b>-2</b>	<b>-4</b>	<b>-4</b>

## Parent Company Balance Sheet

<i>SEK million</i>	<i>30 Sep 16</i>	<i>30 Sep 15</i>	<i>31 Dec 15</i>
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Financial assets			
Participations in Group companies	845	845	845
<b>Total non-current assets</b>	<b>845</b>	<b>845</b>	<b>845</b>
<b><i>Current assets</i></b>			
Receivables from Group companies	95	98	178
Other current receivables	21	16	11
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>116</b>	<b>114</b>	<b>189</b>
<b>Total assets</b>	<b>961</b>	<b>959</b>	<b>1,034</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>858</b>	<b>876</b>	<b>928</b>
Untaxed reserves	100	80	100
<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>0</b>
<b><i>Current non-interest-bearing liabilities</i></b>			
Liabilities to Group companies	-	-	-
Other current liabilities	3	3	6
<b>Total current liabilities</b>	<b>3</b>	<b>3</b>	<b>6</b>
<b>Total equity and liabilities</b>	<b>961</b>	<b>959</b>	<b>1,034</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 financial statements were prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 and the Swedish Financial Reporting Board's recommendation RFR 2.

The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2015 Annual Report. The 2015 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, as 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 relate to the impact of the economy on demand. For further information, see Note 3 of the 2015 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.

### EMPLOYEES

The number of full-time employees in the Group on 30 September 2016 was 946 (827), 116 of whom stem from the acquisition of Apex Stainless Holdings Ltd and Magnetfabriken AB.

### ACQUISITIONS

The following acquisitions were made during 2015-2016.

	Date	Net sales*	Employees
Flos BV	26 Feb 2015	160	52
Apex Stainless Holdings Ltd	26 Nov 2015	300	110
Magnetfabriken AB	2 Mar 2016	20	6

\*Estimated annual net sales at the time of acquisition

On 3 March 2016, Bufab AB (publ) acquired 100 percent of the shares in Magnetfabriken AB. Magnetfabriken AB was founded in 1992 and has since developed into one of the leading suppliers of magnets and magnet systems in the Nordic region. The purchase consideration was SEK 36 million, of which SEK 27 million has been paid unconditionally

and the remaining SEK 9 million is subject to conditions. Of the conditional portion of SEK 9 million, SEK 5 million was paid in the third quarter. The conditional portion of SEK 9 million comprises about 57 percent of the maximum payment outcome. About half is dependent on the acquired company's earnings trend through April 2016 and approximately half to future earnings thereafter.

The acquisition has added SEK 15 million to the Group's accumulated net sales since the transfer. The net impact on accumulated operating profit was SEK 3 million and the effect on profit after tax was SEK 2 million. Transaction costs for the acquisition amounted to SEK 0 million. The acquisition would have positively impacted the Group's net sales by an estimated SEK 17 million, operating profit by about SEK 3 million and profit after tax for the period by about SEK 2 million had it been implemented on 1 January 2016. The amounts of the assets and liabilities included in the acquisitions according to the preliminary acquisition analysis were as follows:

<i>Magnetfabriken AB</i>	<i>Carrying amount on acquisition date</i>	<i>Adjustment to fair value</i>	<i>Fair value</i>
Intangible assets		8	8
Other non-current assets	0		0
Inventories	3		3
Other current assets	2		2
Cash and cash equivalents	4		4
Deferred tax liabilities		-2	-2
Other liabilities	-2		-2
<b>Acquired net assets</b>	<b>7</b>	<b>6</b>	<b>13</b>
Goodwill			23
<b>Purchase consideration*</b>			<b>36</b>
Less: cash and cash equivalents in acquired operations			-4
Less: purchase consideration yet to be paid			-4
<b>Effect on the Group's cash and cash equivalents</b>			<b>28</b>

\* The consideration is stated excluding acquisition expenses

Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company, to the established and consolidated market positions and to the anticipated profitability related to it.



### **CONTINGENT LIABILITIES**

No significant changes to contingent liabilities occurred during the interim period.

### **ORGANISATION**

In the third quarter, Bufab started a subsidiary in Singapore with the aim of increasing the company's presence in Southeast Asia.

### **2017 ANNUAL GENERAL MEETING**

The Annual General Meeting of Bufab AB (publ) will be held in Värnamo, on 4 May 2017 at 2:00 p.m.

### **NOMINATION COMMITTEE**

In accordance with a resolution at Bufab's Annual General Meeting, the members of the Nomination Committee ahead of the 2017 Annual General Meeting are to be appointed from the four largest shareholders of the company in terms of votes, who have expressed a wish to participate in the work of the Nomination Committee when asked. In addition, the Nomination Committee shall include the Chairman of Bufab. The Nomination Committee has been appointed by Liljedahl Group, Carnegie fonder, Didner & Gerge fonder and Lannebo fonder. Each of these has appointed a representative (see below) to comprise Bufab's Nomination Committee along with the Chairman of the Board. The members of the Nomination Committee are Bengt Liljedahl (Liljedahl Group), Viktor Henriksson (Carnegie fonder), Adam Gerge (Didner & Gerge

fonder), Johan Ståhl (Lannebo fonder) and Sven-Olof Kulldorff, Chairman of Bufab AB (publ). The Nomination Committee will prepare proposals for the 2017 Annual General Meeting, including the Chairman of the Meeting, Board members, Chairman of the Board, remuneration of the Board, auditors, auditors' fees and any changes in the instruction to the Nomination Committee. Shareholders wishing to submit proposals to the Nomination Committee should do so by e-mail to [valberedning@bufab.com](mailto:valberedning@bufab.com).

### **FINANCIAL REPORTING DATES**

#### **Year-end report 2016**

21 February 2017

#### **Interim report for the first quarter of 2017**

27 April 2017

#### **Interim report for the second quarter of 2017**

19 July 2017

#### **Interim report for the third quarter of 2017**

26 October 2017

#### **Year-end report 2017**

9 February 2018

#### **Värnamo, 26 October 2016**

Jörgen Rosengren  
President and CEO

## **Auditors' report of the review of the financial information in summary (interim report)**

### **Introduction**

We have conducted a review of the financial information in summary (interim report) for Bufab AB (publ) (556685-6240) as of 30 September 2016 and the nine-month period that ended on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

### **Focus and scope of the review**

We have conducted our review in accordance with the Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information 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.

### **Opinion**

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects, the accompanying interim report has not been prepared for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, 26 October 2016

Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson  
Authorised Public Accountant

## Definitions of key figures

**Gross margin, %**

Gross profit as a percentage of net sales for the period

**EBITDA**

Operating profit before depreciation, amortisation and impairment

**Operating margin, %**

Operating profit as a percentage of net sales for 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 / EBITDA, multiple**

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

**Operating expenses**

Total distribution costs, administrative expenses, other operating income and other operating expenses

**Working capital**

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

**Average working capital**

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

**Average working capital in relation to net sales, %**

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

**Equity / assets ratio, %**

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

**Operating cash flow**

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

## Alternative performance measures

Bufab uses certain performance measures not defined in the rules for financial reporting adopted by Bufab. The purpose of these performance measures is to provide a better understanding of the performance of the operations. It should be pointed out that these alternative performance measures, as they are defined, are not fully comparable with other companies' performance measures with the same name.

### Organic growth

Because Bufab has operations in many countries with different currencies, it is essential to provide an understanding of the company's performance without current effects when translating foreign subsidiaries. In addition, Bufab has an important strategic objective in carrying out value-generating acquisitions. For these reasons, growth is recognised also excluding currency effects when translating foreign subsidiaries and excluding acquired operations within the term Organic growth. This performance measure is expressed in percentage points of last year's net sales.

2016	Quarter 3			Jan-Sep		
	Group	Sweden	International	Group	Sweden	International
Organic growth	4	4	4	4	1	6
Currency translation effects	0	0	0	-1	0	-2
Acquisitions	12	2	17	13	1	21
Recognised growth	16	6	21	16	2	25

2015	Quarter 3			Jan-Sep		
	Group	Sweden	International	Group	Sweden	International
Organic growth	0	-6	4	3	-4	9
Currency translation effects	1	0	2	3	0	4
Acquisitions	7	0	11	5	0	10
Recognised growth	8	-6	17	11	-4	23

### Operating cash flow

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

	Quarter 3		Jan-Sep	
	2016	2015	2016	2015
<b>EBITDA</b>	<b>77</b>	<b>61</b>	<b>251</b>	<b>185</b>
Other non-cash items	0	0	0	-1
Changes in inventory	-23	-15	3	13
Changes in operating receivables	68	55	-52	-44
Changes in operating liabilities	-39	-22	53	7
<b>Cash flow from operations</b>	<b>83</b>	<b>79</b>	<b>255</b>	<b>160</b>
Investments excluding acquisitions	-6	-9	-16	-18
<b>Operating cash flow</b>	<b>77</b>	<b>70</b>	<b>239</b>	<b>142</b>

### EBITDA

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

	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Operating profit/loss	66	52	219	159
Depreciation/amortisation and impairment	11	9	32	26
<b>EBITDA</b>	<b>77</b>	<b>61</b>	<b>251</b>	<b>185</b>

### Working capital

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

	<i>30 Sep</i>	<i>30 Sep</i>
	<i>2016</i>	<i>2015</i>
Current assets	1,620	1,376
Less: cash and cash equivalents	-128	-103
Less: current non-interest-bearing liabilities	-468	-401
<b>Working capital on balance-sheet date</b>	<b>1,024</b>	<b>872</b>

### Net debt

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

	<i>30 Sep</i>	<i>30 Sep</i>
	<i>2016</i>	<i>2015</i>
Non-current interest-bearing liabilities	793	589
Current interest-bearing liabilities	126	126
Less: cash and cash equivalents	-128	-103
<b>Net debt on balance-sheet date</b>	<b>791</b>	<b>612</b>

## CONFERENCE CALL

A conference call will be held on 26 October 2016 at 10:00 a.m. CET. Jörgen Rosengren, President and CEO, and Thomas Ekström, CFO, will present the results. The conference call will be held in English.

To participate in the conference, use any of the following dial-in numbers: +44 (0) 1452 555566, UK: 08444933800, Sweden: 0850336434, or the US: 16315107498. Conference code: 81029778.

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



## CONTACT

### **Jörgen Rosengren**

CEO

+46 370 69 69 01

[jorgen.rosengren@bufab.com](mailto:jorgen.rosengren@bufab.com)

### **Thomas Ekström**

CFO and IR Director

+46 370 69 94 01

[thomas.ekstrom@bufab.com](mailto:thomas.ekstrom@bufab.com)

*This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication by the aforementioned contacts on 26 October 2016 at 8.00 a.m. CET*