

# Year-end report 2016

**Healthy growth and improved operating margin. Acquisition of Montrose Holdings Ltd. 2016 Bufab's best year to date.**

## Fourth quarter of 2016

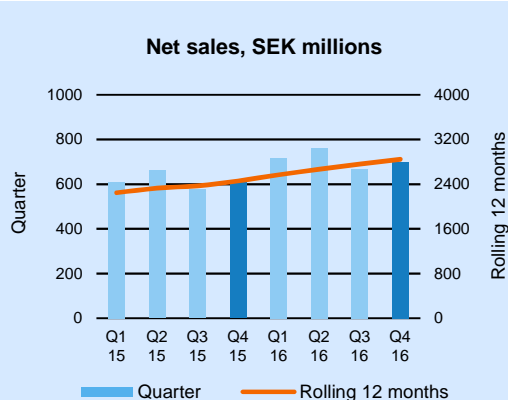
- Net sales rose by 14 percent to SEK 699 million (612).  
Organic growth was 4 percent
- Order intake was significantly higher than net sales
- Operating profit rose to SEK 53 million (38) and the operating margin rose to 7.6 percent (6.2)
- Earnings per share declined to SEK 0.22 (0.49), because of an item affecting comparability for tax.  
Adjusted earnings per share rose to SEK 0.85 (0.49)

## Full-year 2016

- Net sales rose by 16 percent to SEK 2,847 million (2,458)  
Organic growth was 4 percent
- Order intake was higher than net sales
- Operating profit rose to SEK 272 million (197) and the operating margin to 9.5 percent (8.0)
- Earnings per share rose to SEK 4.29 (3.27) and adjusted earnings per share to SEK 4.92 (3.27)
- Net sales, operating profit and profit after tax were all the highest on record for Bufab
- The Board of Directors proposes raising the dividend for 2016 to SEK 2.00 (1.70) per share

## THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 18)

| SEK millions                     | Quarter 4 |      |     | Jan-Dec |       |    |
|----------------------------------|-----------|------|-----|---------|-------|----|
|                                  | 2016      | 2015 | %   | 2016    | 2015  | %  |
| Order intake                     | 744       | 618  | 20  | 2,887   | 2,463 | 17 |
| Net sales                        | 699       | 612  | 14  | 2,847   | 2,458 | 16 |
| Gross profit                     | 205       | 167  | 23  | 828     | 677   | 22 |
| Gross margin, %                  | 29.4      | 27.4 |     | 29.1    | 27.5  |    |
| Operating expenses               | -152      | -129 | 18  | -556    | -480  | 16 |
| Operating profit                 | 53        | 38   | 39  | 272     | 197   | 38 |
| Operating margin, %              | 7.6       | 6.2  |     | 9.5     | 8.0   |    |
| Profit after tax                 | 8         | 19   | -55 | 163     | 125   | 31 |
| Adjusted profit after tax        | 32        | 19   | 74  | 187     | 125   | 50 |
| Earnings per share, SEK          | 0.22      | 0.49 | -55 | 4.29    | 3.27  | 31 |
| Adjusted earnings per share, SEK | 0.85      | 0.49 | 74  | 4.92    | 3.27  | 50 |



NET SALES DEVELOPMENT

**+14%**

OPERATING MARGIN

**7.6%**

## CEO'S OVERVIEW

During the fourth quarter, net sales rose by 14 percent. The increase was partly due to organic growth in most markets and partly to a good contribution from our acquisitions, which all performed well.

As previously in the year, we saw a substantially stronger gross margin compared with the preceding year, primarily thanks to purchasing savings. On the other hand, our operating expenses were high during the quarter, in part owing to non-recurring acquisition-related expenses of SEK 6 million. Of these, SEK 3 million referred to an increased additional purchase price for one of our acquisitions, which has developed far better than expected. Despite these expenses, we achieved a considerable improvement of operating margin, and operating profit rose by 39 percent.

Both Sweden and International improved their net sales and operating profit. The strong development in Sweden was particularly gratifying. The segment achieved its best result for three years despite a weak SEK and moderate growth in the industry. Operating profit in the segment rose by 58 percent. Segment International also developed in the right direction, but was burdened in the quarter by slightly high operating expenses.

All in all, we are satisfied with development during the fourth quarter and for 2016 as a whole. A robust increase in net sales, operating profit, net profit and cash flow meant Bufab reported its best earnings ever. This development is no accident, but the result of purposeful work in line with the growth strategy we established in 2012.

Our long-term efforts to develop the competence and working methods in our sales organisation have resulted in increased market shares and thereby growth, despite unimpressive industry demand. We have successfully compensated for weak European currencies and a strong USD through higher prices and through systematisation and professionalisation of purchasing procedures. In this way, we have significantly strengthened our gross margin during

the year. These efforts have also helped to lower tied-up working capital and thus strengthened cash flow.

The acquisition of Montrose Holdings Ltd in the UK in December is our fourth acquisition in two years and shows that our acquisition strategy is continuing to generate results. The acquired companies are developing well, work well with the other subsidiaries and made a strong contribution to Bufab's earnings trend and cash flow during the year. We are continuously evaluating additional acquisition opportunities. As a result of a healthy cash flow in 2016 and an increased credit line, we have the financial capacity for more acquisitions.

We have worked intensively with developing and implementing "Bufab Best Practice": working methods, processes and systems for sales, sourcing, quality and logistics. The main aim of this work is to improve growth, efficiency and sustainability, as well as to offer a better development for recently acquired companies. In parallel, we are rolling out the Group's new IT-system, which is now fully implemented at the majority of our subsidiaries. These initiatives are supported by training courses at the Bufab Academy.

We can thus look back on a successful 2016. Going into 2017, we see challenges in the prevailing exchange rates as well as a trend towards rising commodity prices. On the other hand, we hope to continue to increase our market share. We also witnessed a healthy order intake during the fourth quarter, which bodes well for the beginning of 2017.

Against this background, we aim to continue in the same direction and remain confident that we can achieve a favourable development also in the future.

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 1,000 employees. Bufab's net sales for the past 12 months amounted to SEK 2.9 billion and the operating margin was 10 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

### FOURTH QUARTER

Order intake amounted to SEK 744 million (618) and was significantly higher than net sales.

Net sales rose by 14 percent to SEK 699 million (612). The Group's organic growth was +4 percent, comprising +4 percent for segment Sweden and +3 percent for segment International.

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

Gross margin strengthened during the quarter, year-on-year, due to a consistent effort to improve purchasing, a positive business mix and higher gross margins in the acquired companies.

Operating profit rose to SEK 53 million (38), equal to an operating margin of 7.6 percent (6.2). The operating margin increased as a result of a higher gross margin, but was negatively affected by higher operating expenses. These were, in turn, a result of slightly high costs in the segment International, primarily for strengthening the sales organisation, and of non-recurring acquisition-related expenses of SEK 6 million in segment Other. About half of the latter cost is due to a revaluation of the additional purchase price for an acquisition that has performed significantly better than expected.

Exchange-rate fluctuations impacted operating profit negatively by SEK 2 million, volumes positively by SEK 6 million, price/cost mix and other factors positively by SEK 3 million and acquisitions positively by SEK 8 million.

### JANUARY – DECEMBER

Order intake was SEK 2,887 million (2,463), which was higher than net sales.

Net sales rose by 16 percent to SEK 2,847 million (2,458). The Group's organic growth was +4 percent, +1 percent for segment Sweden and +5 percent for segment International.

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

Gross margin strengthened during the year, primarily due to purchasing cost savings, higher customer prices and also to higher gross margins in the acquired companies.

Operating profit rose to SEK 272 million (197), equal to an operating margin of 9.5 percent (8.0).

Exchange-rate fluctuations had a negative impact of SEK 11 million on operating profit, volume had a positive impact of SEK 25 million, the price/cost mix and other factors a positive impact of SEK 13 million and acquisitions a positive impact of SEK 48 million.

### FINANCIAL ITEMS AND TAX

The Group's net financial items were SEK -8 million (-9) for the fourth quarter. During the quarter, exchange-rate differences had a negative impact of SEK -1 million (-3) on net financial items. For the full year, net financial items amounted to SEK -21 million (-26) and exchange-rate differences had a positive effect of SEK 5 million (-5).

The Group's profit after financial items was SEK 45 million (29) for the fourth quarter and SEK 251 (171) for the full year.

Tax expense was SEK -37 million (-10) for the fourth quarter, and SEK -88 million (-46) for the full year. The high tax expense in the fourth quarter is attributable to the additional tax of SEK 24 million in Bufab AB (publ) for disallowed deductions for certain interest expenses from previous financial years. Refer also to Note 1 in the Consolidated Income Statement.

### CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

| SEK millions                             | Quarter 4 |           | Jan-Dec    |            |
|--|-----------|-----------|------------|------------|
|  | 2016      | 2015      | 2016       | 2015       |
| Operating profit                         | 53        | 38        | 272        | 197        |
| Depreciation/amortisation and impairment | 11        | 9         | 43         | 35         |
| Other non-cash items                     | 1         | 0         | 1          | -1         |
| Changes in working capital               | -22       | 19        | -18        | -5         |
| <b>Cash flow from operations</b>         | <b>43</b> | <b>66</b> | <b>298</b> | <b>226</b> |
| Investments excluding acquisitions       | -15       | -14       | -31        | -32        |
| <b>Operating cash flow</b>               | <b>28</b> | <b>52</b> | <b>267</b> | <b>194</b> |

Operating cash flow amounted to SEK 28 million (52) for the period. The year-on-year decrease resulted from a rise in working capital in 2016 compared with a reduction in 2015. The increase in working capital in 2016 is attributable to a higher inventory level. Operating cash flow for the full year was SEK 267 million (194).

Average working capital in relation to net sales during the past 12 months was 36.5 percent (36.3). The ratio was negatively impacted by the acquisition of Apex Stainless at the end of 2015, by an increase in tied-up inventory and higher operating receivables but positively affected by increased operating liabilities. Excluding this acquisition, average working capital in relation to net sales during the past 12 months would have amounted to 34.0 percent (35.5).

On 31 December 2016, the Group's net debt totalled SEK 839 million (884). Net debt decreased, despite the two acquisitions carried out during the year. On 31 December 2016, the debt/equity ratio was 65 percent (75).

In December 2016, Bufab negotiated a new financing agreement with the company's principal lender. The agreement runs until December 2019 and concerns a SEK 1,300 million (1,035) credit facility.

# Segment Sweden

## Fourth quarter

Order intake amounted to SEK 256 million (224) and significantly exceeded net sales.

Net sales rose by 7 percent to SEK 233 million (218). Organic growth was +4 percent. Underlying demand during the period is estimated to be slightly improved. As in previous quarters, growth was burdened by customer relocation of production from Sweden to other countries, primarily Eastern Europe, corresponding to nearly 1 percent of the segment's sales, which benefits segment International's sales. The market share in Sweden is estimated to be slightly better.

Gross margin rose to 32.0 percent (28.2). The improvement is due to a positive business mix and to purchasing cost savings.

Operating profit was SEK 30 million (19), equal to an operating margin of 12.9 percent (8.7). Exchange-rate fluctuations affected operating profit negatively by SEK 3 million, volumes positively by SEK 3 million, price/cost mix and other factors positively by SEK 10 million and acquisitions positively by SEK 1 million.

## January–December

Order intake was SEK 980 million (932) and exceeded net sales.

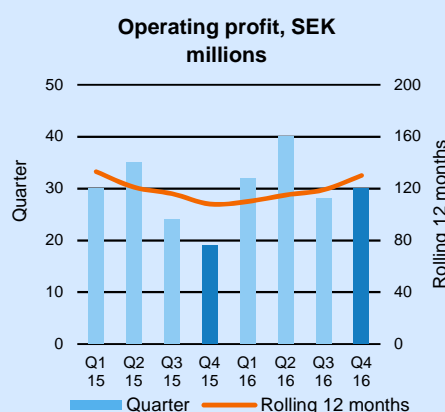
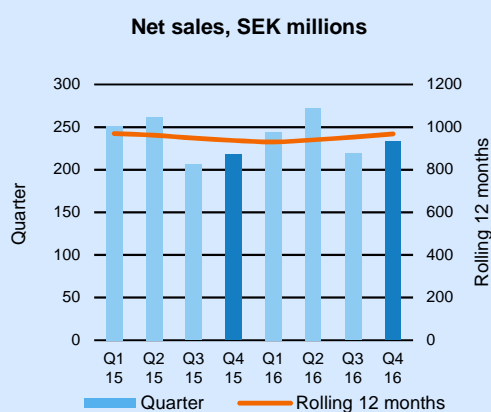
Net sales increased by 3 percent to SEK 968 million (937). Organic growth was +1 percent. Growth in the year was burdened by slightly more than 1 percentage point by customer relocation of production to primarily Eastern Europe. Underlying demand during the period is estimated to be unchanged and the market share slightly improved.

Gross margin rose to 30.5 percent (28.7). The improvement is primarily due to purchasing cost savings but also to higher customer prices.

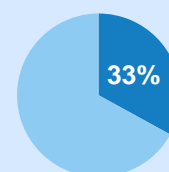
Operating profit was SEK 130 million (108), equal to an operating margin of 13.4 percent (11.5). Exchange-rate fluctuations had a negative impact of SEK 8 million on operating profit, volumes a positive impact of SEK 4 million, price/cost mix and other factors a positive impact of SEK 23 million and acquisitions a positive impact of SEK 3 million.

| SEK millions        | Quarter 4 |      |    | Jan-Dec |      |    |
|---------------------|-----------|------|----|---------|------|----|
|                     | 2016      | 2015 | Δ  | 2016    | 2015 | Δ  |
| Order intake*       | 256       | 224  | 14 | 980     | 932  | 5  |
| Net sales*          | 233       | 218  | 7  | 968     | 937  | 3  |
| Gross profit        | 75        | 62   | 21 | 295     | 269  | 10 |
| Gross margin, %     | 32.0      | 28.3 |    | 30.5    | 28.7 |    |
| Operating expenses  | -45       | -43  | 4  | -165    | -161 | 3  |
| Operating profit    | 30        | 19   | 58 | 130     | 108  | 21 |
| Operating margin, % | 12.9      | 8.7  |    | 13.4    | 11.5 |    |

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



### SHARE OF TOTAL SALES



NET SALES, DEVELOPMENT

+7%

OPERATING MARGIN

12.9%

# Segment International

## Fourth quarter

Order intake was SEK 488 million (394) and significantly exceeded net sales.

Net sales rose by 18 percent to SEK 466 million (393). Organic growth was +3 percent, primarily 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 slightly weaker the year-on-year.

Gross margin rose to 28.8 percent (27.5). Just over half of the improvement is attributable to purchasing cost savings and almost half to the acquired company's higher gross margin.

Operating profit rose to SEK 37 million (30), equal to an operating margin of 8.0 percent (7.6). The operating margin during the quarter was burdened by high operating expenses. Exchange-rate fluctuations had an impact of SEK 0 million on operating profit, volumes a positive impact of SEK 3 million, price/cost mix and other factors a negative impact of SEK 3 million and acquisitions a positive impact of SEK 7 million.

## January - December

Order intake was SEK 1,907 million (1,531) and exceeded net sales.

Net sales rose by 24 percent to SEK 1,880 million (1,521). Organic growth was +5 percent, due primarily to higher market shares.

Gross margin rose to 29.1 percent (27.6). The acquired companies have a higher gross margin, which accounted for almost half of the increase. The remaining improvement is attributable to purchasing cost savings.

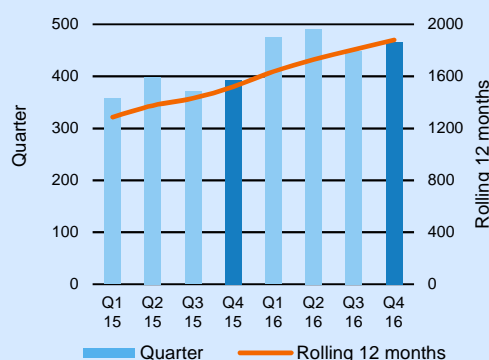
Operating profit rose to SEK 175 million (119), equal to an operating margin of 9.3 percent (7.8).

Exchange-rate fluctuations had a negative impact of SEK 6 million on operating profit, volumes a positive impact of SEK 21 million, the price/cost mix and other factors a negative impact of SEK 3 million and acquisitions a positive impact of SEK 44 million.

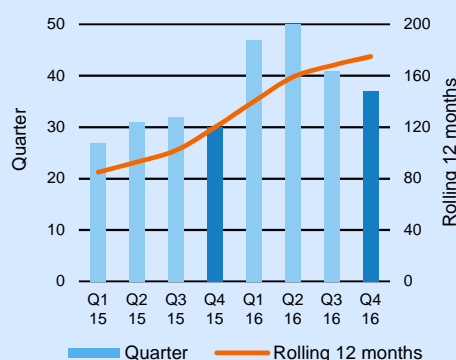
|                     | Quarter 4 |      |    | Jan-Dec |       |    |
|---------------------|-----------|------|----|---------|-------|----|
|                     | 2016      | 2015 | Δ  | 2016    | 2015  | Δ  |
| <b>SEK millions</b> |           |      |    |         |       |    |
| Order intake*       | 488       | 394  | 24 | 1,907   | 1,531 | 25 |
| Net sales*          | 466       | 393  | 18 | 1,880   | 1,521 | 24 |
| Gross profit        | 134       | 108  | 24 | 547     | 419   | 31 |
| Gross margin, %     | 28.8      | 27.5 |    | 29.1    | 27.6  |    |
| Operating expenses  | -97       | -78  | 24 | -372    | -300  | 24 |
| Operating profit    | 37        | 30   | 24 | 175     | 119   | 47 |
| Operating margin, % | 8.0       | 7.6  |    | 9.3     | 7.8   |    |

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

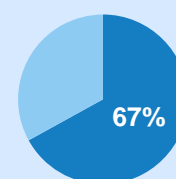
Net sales, SEK millions



Operating profit, SEK millions



SHARE OF TOTAL SALES



NET SALES, DEVELOPMENT

+18%

OPERATING MARGIN

8.0%

## Consolidated Income Statement

| <i>SEK millions</i>                      | <i>Quarter 4</i> |            | <i>Jan-Dec</i> |            |            |
|--|------------------|------------|----------------|------------|------------|
|  | 2016             | 2015       | 2016           | 2015       |            |
| Net sales                                | 699              | 612        | 2,847          | 2,458      |            |
| Cost of goods sold                       | -494             | -445       | -2,019         | -1,781     |            |
| <b>Gross profit</b>                      | <b>205</b>       | <b>167</b> | <b>828</b>     | <b>677</b> |            |
| Distribution costs                       | -104             | -88        | -398           | -341       |            |
| Administrative expenses                  | -44              | -40        | -156           | -138       |            |
| Other operating income                   | 10               | 8          | 32             | 35         |            |
| Other operating expenses                 | -14              | -9         | -34            | -36        |            |
| <b>Operating profit</b>                  | <b>53</b>        | <b>38</b>  | <b>272</b>     | <b>197</b> |            |
| <b>Loss from financial items</b>         |                  |            |                |            |            |
| Interest income and similar income items | 1                | 0          | 7              | 1          |            |
| Interest expenses and similar expenses   | -9               | -9         | -28            | -27        |            |
| <b>Profit after financial items</b>      | <b>45</b>        | <b>29</b>  | <b>251</b>     | <b>171</b> |            |
| Tax on net profit for the period         | Note 1           | -37        | -10            | -88        | -46        |
| <b>Profit after tax</b>                  |                  | <b>8</b>   | <b>19</b>      | <b>163</b> | <b>125</b> |

| <b>Note 1 Items affecting comparability in the period</b>                  | <i>Quarter 4</i> |          | <i>Jan-Dec</i> |          |
|--|------------------|----------|----------------|----------|
| <i>SEK millions</i>  | 2016             | 2015     | 2016           | 2015     |
| Additional tax for previous financial years                                | -24              | -        | -24            | -        |
| <b>Total items affecting comparability with effect on profit after tax</b> | <b>-24</b>       | <b>0</b> | <b>-24</b>     | <b>0</b> |

## Statement of Comprehensive Income

| <i>SEK millions</i>   | <i>Quarter 4</i> |            | <i>Jan-Dec</i> |            |
|---|------------------|------------|----------------|------------|
|   | 2016             | 2015       | 2016           | 2015       |
| <b>Profit after tax</b>                                       | <b>8</b>         | <b>19</b>  | <b>163</b>     | <b>125</b> |
| <b>Other comprehensive income</b>                             |                  |            |                |            |
| Items that cannot be reclassified to profit or loss           |                  |            |                |            |
| Actuarial gains and losses, net after tax                     | -2               | -          | -2             | -          |
| Items that may be reclassified subsequently to profit or loss |                  |            |                |            |
| Translation differences / Currency hedging net after tax      | -4               | -26        | 18             | -32        |
| <b>Other comprehensive income after tax</b>                   | <b>-6</b>        | <b>-26</b> | <b>16</b>      | <b>-32</b> |
| <b>Total comprehensive income</b>                             | <b>2</b>         | <b>-7</b>  | <b>179</b>     | <b>93</b>  |
| Total comprehensive income attributable to:                   |                  |            |                |            |
| Parent Company shareholders                                   | 2                | -7         | 179            | 93         |

## Earnings per share

| <i>SEK</i>  | <i>Quarter 4</i> |          | <i>Jan-Dec</i> |          |
|---|------------------|----------|----------------|----------|
|   | 2016             | 2015     | 2016           | 2015     |
| Earnings per share  | 0.22             | 0.49     | 4.29           | 3.27     |
| Weighted number of shares outstanding, thousands                | 38,110.5         | 38,110.5 | 38,110.5       | 38,110.5 |
| Diluted earnings per share, SEK                                 | 0.22             | 0.49     | 4.29           | 3.27     |
| Weighted number of shares outstanding after dilution, thousands | 38,110.5         | 38,110.5 | 38,110.5       | 38,110.5 |
| Adjusted earnings per share                                     | 0.85             | 0.49     | 4.92           | 3.27     |



## Consolidated Balance Sheet

| <i>SEK millions</i>                           | <i>31 Dec 16</i> | <i>31 Dec 15</i> |
|---|------------------|------------------|
| <b>ASSETS</b>                                 |                  |                  |
| <b><i>Non-current assets</i></b>              |                  |                  |
| Intangible assets                             | 1,037            | 955              |
| Property, plant and equipment                 | 132              | 138              |
| Financial assets                              | 22               | 26               |
| <b>Total non-current assets</b>               | <b>1,191</b>     | <b>1,119</b>     |
| <b><i>Current assets</i></b>                  |                  |                  |
| Inventories                                   | 920              | 856              |
| Current receivables                           | 621              | 571              |
| Cash and cash equivalents                     | 122              | 107              |
| <b>Total current assets</b>                   | <b>1,663</b>     | <b>1,534</b>     |
| <b>Total assets</b>                           | <b>2,854</b>     | <b>2,653</b>     |
| <b>EQUITY AND LIABILITIES</b>                 |                  |                  |
| <b>Equity</b>                                 | <b>1,297</b>     | <b>1,183</b>     |
| <b><i>Non-current liabilities</i></b>         |                  |                  |
| Non-current liabilities, interest-bearing     | 884              | 840              |
| Non-current liabilities, non-interest-bearing | 111              | 72               |
| <b>Total non-current liabilities</b>          | <b>995</b>       | <b>912</b>       |
| <b><i>Current liabilities</i></b>             |                  |                  |
| Current liabilities, interest-bearing         | 76               | 151              |
| Current liabilities, non-interest-bearing     | 486              | 407              |
| <b>Total current liabilities</b>              | <b>562</b>       | <b>558</b>       |
| <b>Total equity and liabilities</b>           | <b>2,854</b>     | <b>2,653</b>     |

## Consolidated Statement of Changes in Equity

| <i>SEK millions</i>   | 31 Dec 16    | 31 Dec 15    |
|---|--------------|--------------|
| <b>Equity at beginning of year</b>                            | <b>1,183</b> | <b>1,147</b> |
| <b>Comprehensive income</b>                                   |              |              |
| Profit after tax  | 163          | 125          |
| <i>Other comprehensive income</i>                             |              |              |
| Items that will not be reclassified in profit or loss         |              |              |
| Actuarial loss / profit on pension obligations, net after tax | -2           | -            |
| Items that may be reclassified in profit or loss              |              |              |
| Translation differences / Currency hedging net after tax      | 18           | -32          |
| <b>Total comprehensive income</b>                             | <b>179</b>   | <b>93</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>1,297</b> | <b>1,183</b> |

## Consolidated Cash Flow Statement

| <i>SEK millions</i>  | <i>Quarter 4</i> |             | <i>Jan-Dec</i> |             |
|--|------------------|-------------|----------------|-------------|
|  | <i>2016</i>      | <i>2015</i> | <i>2016</i>    | <i>2015</i> |
| <b><i>Operating activities</i></b>   |                  |             |                |             |
| Profit before financial items  | 53               | 38          | 272            | 197         |
| Depreciation/amortisation and impairment                                     | 11               | 9           | 43             | 35          |
| Interest and other finance income  | 0                | 0           | 0              | 0           |
| Interest and other finance expenses  | -8               | -5          | -27            | -23         |
| Other non-cash items   | 1                | 0           | 1              | -1          |
| Income tax paid  | -32              | -7          | -74            | -38         |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>25</b>        | <b>35</b>   | <b>215</b>     | <b>170</b>  |
| <b><i>Changes in working capital</i></b>                                     |                  |             |                |             |
| Increase (-)/decrease (+) in inventories                                     | -38              | -16         | -35            | -3          |
| Increase (-)/decrease (+) in operating receivables                           | 20               | 41          | -32            | -3          |
| Increase (+)/decrease (-) in operating liabilities                           | -4               | -6          | 49             | 1           |
| <b>Cash flow from operating activities</b>                                   | <b>3</b>         | <b>54</b>   | <b>197</b>     | <b>165</b>  |
| <b><i>Investing activities</i></b>   |                  |             |                |             |
| Acquisition of property, plant and equipment                                 | -14              | -10         | -29            | -25         |
| Company acquisition *  | -41              | -307        | -69            | -393        |
| Acquisition of intangible assets   | -1               | -4          | -2             | -7          |
| <b>Cash flow from investing activities</b>                                   | <b>-56</b>       | <b>-321</b> | <b>-100</b>    | <b>-425</b> |
| <b><i>Financing activities</i></b>   |                  |             |                |             |
| Dividend paid  | -                | -           | -65            | -57         |
| Increase (+)/decrease (-) in borrowings                                      | 45               | 274         | -21            | 300         |
| <b>Cash flow from financing activities</b>                                   | <b>45</b>        | <b>274</b>  | <b>-86</b>     | <b>243</b>  |
| <b>Cash flow for the period</b>  | <b>-8</b>        | <b>7</b>    | <b>11</b>      | <b>-17</b>  |
| Cash and cash equivalents at beginning of period                             | 128              | 103         | 107            | 128         |
| Translation differences  | 2                | -3          | 4              | -4          |
| <b>Cash and cash equivalents at end of period</b>                            | <b>122</b>       | <b>107</b>  | <b>122</b>     | <b>107</b>  |

\*See page 16-17 for more information.

## The Group's Segment Reporting

| Sweden SEK millions | 2015 |      |      |      | 2016 |      |      |      | Accumulated |      |
|---------------------|------|------|------|------|------|------|------|------|-------------|------|
|                     | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | 2015        | 2016 |
| Net sales           | 251  | 262  | 206  | 218  | 244  | 272  | 219  | 233  | 937         | 968  |
| Gross profit        | 73   | 75   | 60   | 62   | 72   | 82   | 66   | 75   | 269         | 295  |
| Gross margin, %     | 28.9 | 28.5 | 29.2 | 28.3 | 29.6 | 30.3 | 30.1 | 32.0 | 28.7        | 30.5 |
| Operating expenses  | -43  | -40  | -36  | -43  | -40  | -42  | -38  | -45  | -161        | -165 |
| Operating profit    | 30   | 35   | 24   | 19   | 32   | 40   | 28   | 30   | 108         | 130  |
| Operating margin, % | 11.9 | 13.2 | 11.8 | 8.7  | 13.2 | 14.6 | 12.6 | 12.9 | 11.5        | 13.4 |

| International SEK millions | 2015 |      |      |      | 2016 |      |      |      | Accumulated |       |
|----------------------------|------|------|------|------|------|------|------|------|-------------|-------|
|                            | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | 2015        | 2016  |
| Net sales                  | 358  | 399  | 371  | 393  | 474  | 491  | 449  | 466  | 1,521       | 1,880 |
| Gross profit               | 100  | 109  | 102  | 108  | 138  | 144  | 131  | 134  | 419         | 547   |
| Gross margin, %            | 28.0 | 27.4 | 27.5 | 27.5 | 29.1 | 29.4 | 29.3 | 28.8 | 27.6        | 29.1  |
| Operating expenses         | -73  | -78  | -70  | -78  | -91  | -94  | -90  | -97  | -300        | -372  |
| Operating profit           | 27   | 31   | 32   | 30   | 47   | 50   | 41   | 37   | 119         | 175   |
| Operating margin, %        | 7.4  | 7.8  | 8.5  | 7.6  | 9.8  | 10.2 | 9.1  | 8.0  | 7.8         | 9.3   |

| Other* SEK millions | 2015 |    |    |     | 2016 |    |    |     | Accumulated |      |
|---------------------|------|----|----|-----|------|----|----|-----|-------------|------|
|                     | Q1   | Q2 | Q3 | Q4  | Q1   | Q2 | Q3 | Q4  | 2015        | 2016 |
| Net sales           | -    | -  | -  | -   | -    | -  | -  | -   | -           | -    |
| Gross loss          | -3   | -3 | -3 | -3  | -4   | -4 | -3 | -4  | -11         | -15  |
| Operating expenses  | -5   | -5 | -1 | -8  | -4   | -4 | 0  | -10 | -19         | -18  |
| Operating loss      | -8   | -8 | -4 | -11 | -8   | -8 | -3 | -14 | -30         | -33  |
| Operating margin, % | -    | -  | -  | -   | -    | -  | -  | -   | -           | -    |

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

| Group SEK millions  | 2015 |      |      |      | 2016 |      |      |      | Accumulated |       |
|---------------------|------|------|------|------|------|------|------|------|-------------|-------|
|                     | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | 2015        | 2016  |
| Net sales           | 609  | 661  | 577  | 612  | 718  | 762  | 668  | 699  | 2,458       | 2,847 |
| Gross profit        | 170  | 181  | 159  | 167  | 206  | 223  | 194  | 205  | 677         | 828   |
| Gross margin, %     | 28.0 | 27.4 | 27.5 | 27.4 | 28.6 | 29.3 | 29.0 | 29.4 | 27.5        | 29.1  |
| Operating expenses  | -121 | -123 | -107 | -129 | -135 | -141 | -128 | -152 | -480        | -556  |
| Operating profit    | 49   | 58   | 52   | 38   | 71   | 82   | 66   | 53   | 197         | 272   |
| Operating margin, % | 8.0  | 8.8  | 9.0  | 6.2  | 9.9  | 10.8 | 9.8  | 7.6  | 8.0         | 9.5   |

## Consolidated Key Figures

|   | Quarter 4    |       | Δ   | Jan-Dec      |       | Δ  |
|---|--------------|-------|-----|--------------|-------|----|
|   | 2016         | 2015  | %   | 2016         | 2015  | %  |
| Order intake, SEK millions                          | <b>744</b>   | 618   | 20  | <b>2,887</b> | 2,463 | 17 |
| Net sales, SEK millions                             | <b>699</b>   | 612   | 14  | <b>2,847</b> | 2,458 | 16 |
| Gross profit, SEK millions                          | <b>205</b>   | 167   | 23  | <b>828</b>   | 677   | 22 |
| EBITDA, SEK millions                                | <b>64</b>    | 47    | 36  | <b>315</b>   | 232   | 36 |
| Operating profit, SEK millions                      | <b>53</b>    | 38    | 39  | <b>272</b>   | 197   | 38 |
| Profit after tax, SEK millions                      | <b>8</b>     | 19    | -55 | <b>163</b>   | 125   | 31 |
| Adjusted profit after tax, SEK millions             | <b>32</b>    | 19    | 74  | <b>187</b>   | 125   | 50 |
| Gross margin, %                                     | <b>29.4</b>  | 27.4  |     | <b>29.1</b>  | 27.5  |    |
| Operating margin, %                                 | <b>7.6</b>   | 6.2   |     | <b>9.5</b>   | 8.0   |    |
| Net margin, %                                       | <b>1.2</b>   | 3.1   |     | <b>5.7</b>   | 5.1   |    |
| Adjusted net margin, %                              | <b>4.7</b>   | 3.1   |     | <b>6.6</b>   | 5.1   |    |
| Net debt, SEK millions                              | <b>839</b>   | 884   | -5  |              |       |    |
| Debt/equity ratio, %                                | <b>65</b>    | 75    |     |              |       |    |
| Net debt/ EBITDA*, multiple                         | <b>2.7</b>   | 3.8   |     |              |       |    |
| Working capital, SEK millions                       | <b>1,055</b> | 1,020 | 3   |              |       |    |
| Average working capital, SEK millions               | <b>1,038</b> | 921   | 12  |              |       |    |
| Average working capital in relation to net sales, % | <b>36.5</b>  | 36.3  |     |              |       |    |
| Equity/assets ratio, %                              | <b>45</b>    | 45    |     |              |       |    |
| Operating cash flow, SEK millions                   | <b>28</b>    | 52    | -46 | <b>267</b>   | 194   | 38 |
| Earnings per share, SEK                             | <b>0.22</b>  | 0.49  | -55 | <b>4.29</b>  | 3.27  | 31 |
| Adjusted earnings per share, SEK                    | <b>0.85</b>  | 0.49  | 74  | <b>4.92</b>  | 3.27  | 50 |

\*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 18.

## Parent Company Income Statement

| <i>SEK millions</i>                     | <i>Quarter 4</i> |             | <i>Jan-Dec</i> |             |
|---|------------------|-------------|----------------|-------------|
|   | <i>2016</i>      | <i>2015</i> | <i>2016</i>    | <i>2015</i> |
| Administrative expenses                 | -2               | -2          | -11            | -10         |
| Other operating income                  | 1                | 0           | 5              | 3           |
| Operating loss                          | -1               | -2          | -6             | -7          |
| <b><i>Loss from financial items</i></b> |                  |             |                |             |
| Interest expenses and similar expenses  | -1               | 0           | -1             | 0           |
| <b>Loss after financial items</b>       | <b>-2</b>        | <b>-2</b>   | <b>-7</b>      | <b>-7</b>   |
| Appropriations                          | 102              | 66          | 102            | 66          |
| Tax on net loss for the period          | -46              | -14         | -45            | -13         |
| <b>Profit after tax</b>                 | <b>54</b>        | <b>50</b>   | <b>50</b>      | <b>46</b>   |
| <b>Other comprehensive income</b>       | <b>-</b>         | <b>-</b>    | <b>-</b>       | <b>-</b>    |
| <b>Total comprehensive income</b>       | <b>54</b>        | <b>50</b>   | <b>50</b>      | <b>46</b>   |

## Parent Company Balance Sheet

| <i>SEK millions</i>                                    | <i>31 Dec 16</i> | <i>31 Dec 15</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                       | 183              | 178              |
| Other current receivables                              | 4                | 11               |
| Cash and cash equivalents                              | 1                | 0                |
| <b>Total current assets</b>                            | <b>188</b>       | <b>189</b>       |
| <b>Total assets</b>                                    | <b>1,033</b>     | <b>1,034</b>     |
| <b>EQUITY AND LIABILITIES</b>                          |                  |                  |
| <b>Equity</b>  | <b>913</b>       | <b>927</b>       |
| <b>Untaxed reserves</b>                                | <b>109</b>       | <b>100</b>       |
| <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                         | -                | -                |
| Other current liabilities                              | 11               | 7                |
| <b>Total current liabilities</b>                       | <b>11</b>        | <b>7</b>         |
| <b>Total equity and liabilities</b>                    | <b>1,033</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 as of 31 December 2016 was 1,020 (935), 57 of whom stem from the acquisition of Magnetfabriken AB and Montrose Holdings Ltd.

### ORGANISATION

In January 2017, Bufab's Thomas Ekström resigned as CFO. He will remain in his position until 31 July 2017. Work has begun to recruit a replacement.

### 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         |
| Montrose Holdings Ltd       | 5 Dec 2016  | 80         | 51        |

\*Estimated annual net sales at the time of acquisition

Liabilities for conditional, not yet paid purchase considerations have been revaluated as a result of the positive performance of acquired companies and incurred an expense in the fourth quarter 2016 of SEK 3 million. This expense is recognised under other operating expenses in segment Other.

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 become 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.

On 5 December 2016, Bufab AB (publ) acquired 100 percent of the shares in Montrose Holdings Ltd. Montrose Holdings Ltd is a British company that supplies C-class components to industrial customers, primarily based in the UK. The purchase consideration was SEK 89 million, of which SEK 59 million has been paid unconditionally and the remaining SEK 30 million is subject to conditions. The conditional portion of SEK 30 million comprises about 72 percent of the maximum payment outcome. It is primarily dependent on future earnings, with a smaller part dependent on improvements in the company's tied-up working capital.

Companies acquired in 2016 have added SEK 26 million to the Group's accumulated net sales since transfer. The net impact, after acquisition expenses, on accumulated operating profit was SEK 1 million and the effect on profit after tax was SEK 0 million. Acquisition costs for both these acquisitions amounted to SEK 4 million and are recognised in the item administrative expenses in segment Other. These two acquisitions would, after acquisition costs, have positively impacted the Group's net sales by an estimated SEK 104 million, operating profit by approximately SEK 8 million and profit after tax for the period by about SEK 5 million had they been implemented on 1 January 2016. The amounts of the assets and liabilities included in the acquisitions according to the acquisition analyses were as follows:



| <b>Magnetfabriken AB</b>                               | <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

| <b>Montrose Holdings Ltd</b>                           | <i>Carrying amount on acquisition date</i> | <i>Adjustment to fair value</i> | <i>Fair value</i> |
|--|--|---------------------------------|-------------------|
| Intangible assets                                      |  | 10                              | 10                |
| Other non-current assets                               | 1  |                                 | 1                 |
| Inventories  | 15   |                                 | 15                |
| Other current assets                                   | 17   |                                 | 17                |
| Cash and cash equivalents                              | 19   |                                 | 19                |
| Deferred tax liabilities                               | 0  | -2                              | -2                |
| Other liabilities                                      | -17  |                                 | -17               |
| <b>Acquired net assets</b>                             | <b>35</b>                                  | <b>8</b>                        | <b>43</b>         |
| Goodwill   |  |                                 | 46                |
| <b>Purchase consideration*</b>                         |  |                                 | <b>89</b>         |
| Less: cash and cash equivalents in acquired operations |  |                                 | -19               |
| Less: purchase consideration yet to be paid            |  |                                 | -30               |
| <b>Effect on the Group's cash and cash equivalents</b> |  |                                 | <b>40</b>         |

\* The consideration is stated excluding acquisition expenses

The acquisition analyses above are both preliminary. Goodwill arising in connection with the acquisitions is attributable to the knowledge accrued in the acquired companies, to the established and consolidated market positions and to the anticipated profitability related to them.

## CONTINGENT LIABILITIES

In a judgment by the Court of Appeal on 8 November 2016, the Tax Agency's assessment notice was upheld and accordingly Bufab AB (publ) has been denied deductions for certain interest expenses. The tax effect of these deductions was SEK 24 million and has been previously reported as a contingent liability. Following the judgement, it has been reclassified and recognised as a tax expense in the fourth quarter 2016. Refer also to page 3 and page 7 in this Year-end report.

Otherwise, there were no significant changes to the company's contingent liabilities during the interim period.

## 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.

Shareholders wishing to have a matter dealt with at the Meeting may send their proposal to the Board via [styrelsen@bufab.com](mailto:styrelsen@bufab.com) not later than 16 March 2017.

Notice of the 2017 AGM will be available at Bufab's website as of 6 April 2017 at [www.bufab.com](http://www.bufab.com).

The Board of Directors proposes a dividend of SEK 2.00 (1.70) per share for 2016, corresponding to a total dividend of SEK 76 million (65). The proposed record date is 8 May 2017 and the expected payment date for dividends is 11 May 2017. It is proposed that the share be traded without dividend entitlement as of 5 May 2017.

## AUDIT REVIEW REPORT

This interim report has not been examined by the company's auditors.

## FINANCIAL REPORTING DATES

### Annual Report

Week beginning March 27

### Interim report for the first quarter of 2017

27 April 2017

### Interim report for the second quarter of 2017 (semi-annual report)

19 July 2017

### Interim report for the third quarter of 2017

26 October 2017

### Year-end report 2017

9 February 2018

Värnamo, 21 February 2017

Jörgen Rosengren  
President and CEO

## Definitions of key figures

**Gross margin, %**

Gross profit as a percentage of net sales for the period

**EBITDA**

Operating profit before depreciation, amortisation and impairment

**Adjusted profit after tax**

Profit after tax adjusted for items affecting comparability

**Operating margin, %**

Operating profit as a percentage of net sales for the period

**Adjusted net margin, %**

Adjusted profit after tax as a percentage of net sales during the period

**Net debt**

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

**Debt/equity ratio, %**

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

**Net debt/EBITDA, multiple**

Net debt at the end of the period divided by adjusted 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 for the period divided by the average number of common shares

**Adjusted earnings per share**

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

## Performance measures not defined in accordance with IFRS

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

### Organic growth

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, percentage points      | Quarter 4 |        |               | Jan-Dec |        |               |
|------------------------------|-----------|--------|---------------|---------|--------|---------------|
|                              | Group     | Sweden | International | Group   | Sweden | International |
| Organic growth               | 4         | 4      | 3             | 4       | 1      | 5             |
| Currency translation effects | 2         | 0      | 3             | 0       | 0      | 0             |
| Acquisitions                 | 8         | 3      | 12            | 12      | 2      | 19            |
| Recognised growth            | 14        | 7      | 18            | 16      | 3      | 24            |

| 2015, percentage points      | Quarter 4 |        |               | Jan-Dec |        |               |
|------------------------------|-----------|--------|---------------|---------|--------|---------------|
|                              | Group     | Sweden | International | Group   | Sweden | International |
| Organic growth               | 4         | -5     | 10            | 3       | -4     | 9             |
| Currency translation effects | 0         | 0      | 0             | 2       | 0      | 4             |
| Acquisitions                 | 11        | 0      | 19            | 7       | 0      | 12            |
| Recognised growth            | 15        | -5     | 29            | 12      | -4     | 25            |

### 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 4 |           | Jan-Dec    |            |
|------------------------------------|-----------|-----------|------------|------------|
|                                    | 2016      | 2015      | 2016       | 2015       |
| <b>EBITDA</b>                      | <b>64</b> | <b>47</b> | <b>315</b> | <b>232</b> |
| Other non-cash items               | 1         | 0         | 1          | -1         |
| Changes in inventory               | -38       | -16       | -35        | -3         |
| Changes in operating receivables   | 20        | 41        | -32        | -3         |
| Changes in operating liabilities   | -4        | -6        | 49         | 1          |
| <b>Cash flow from operations</b>   | <b>43</b> | <b>66</b> | <b>298</b> | <b>226</b> |
| Investments excluding acquisitions | -15       | -14       | -31        | -32        |
| <b>Operating cash flow</b>         | <b>28</b> | <b>52</b> | <b>267</b> | <b>194</b> |

### EBITDA

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

|  | <i>Quarter 4</i> |             | <i>Jan-Dec</i> |             |
|--|------------------|-------------|----------------|-------------|
|  | <i>2016</i>      | <i>2015</i> | <i>2016</i>    | <i>2015</i> |
| Operating profit                         | 53               | 38          | 272            | 197         |
| Depreciation/amortisation and impairment | 11               | 9           | 43             | 35          |
| <b>EBITDA</b>                            | <b>64</b>        | <b>47</b>   | <b>315</b>     | <b>232</b>  |

### Working capital

Because Bufab is a trading company, operating 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>31 Dec</i> | <i>31 Dec</i> |
|--|---------------|---------------|
|  | <i>2016</i>   | <i>2015</i>   |
| Current assets                                 | 1,663         | 1,534         |
| Less: cash and cash equivalents                | -122          | -107          |
| Less: current non-interest-bearing liabilities | -486          | -407          |
| <b>Working capital on balance-sheet date</b>   | <b>1,055</b>  | <b>1,020</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>31 Dec</i> | <i>31 Dec</i> |
|--|---------------|---------------|
|  | <i>2016</i>   | <i>2015</i>   |
| Non-current interest-bearing liabilities | 884           | 840           |
| Current interest-bearing liabilities     | 76            | 151           |
| Less: cash and cash equivalents          | -122          | -107          |
| Less: Other interest-bearing receivables | 0             | 0             |
| <b>Net debt on balance-sheet date</b>    | <b>839</b>    | <b>884</b>    |

### Adjusted profit after tax and adjusted net margin

In order to show Bufab's profit after tax adjusted for items affecting comparability, the adjusted profit after tax and adjusted net margin are reported in the calculation below.

|                               | <i>Quarter 4</i> |             | <i>Jan-Dec</i> |             |
|-------------------------------|------------------|-------------|----------------|-------------|
|                               | <i>2016</i>      | <i>2015</i> | <i>2016</i>    | <i>2015</i> |
| Net sales (A)                 | 699              | 612         | 2,847          | 2,458       |
| Profit after tax (B)          | 8                | 19          | 163            | 125         |
| Items affecting comparability | 24               | -           | 24             | -           |
| Adjusted profit after tax (C) | 32               | 19          | 187            | 125         |
| Net margin, % (B/A)           | 1.2              | 3.1         | 5.7            | 5.1         |
| Adjusted net margin, % (C/A)  | 4.7              | 3.1         | 6.6            | 5.1         |

### Adjusted earnings per share

In order to show Bufab's earnings per share adjusted for items affecting comparability, the adjusted earnings per share is reported in the calculation below.

|  | <i>Quarter 4</i> |             | <i>Jan-Dec</i> |             |
|--|------------------|-------------|----------------|-------------|
|  | <i>2016</i>      | <i>2015</i> | <i>2016</i>    | <i>2015</i> |
| Weighted number of shares outstanding, thousands (A) | 38,110.5         | 38,110.5    | 38,110.5       | 38,110.5    |
| Profit after tax, SEK millions (B)                   | 8                | 19          | 163            | 125         |
| Adjusted profit after tax, SEK millions (C)          | 32               | 19          | 187            | 125         |
| Earnings per share, SEK (B/A)                        | 0.22             | 0.49        | 4.29           | 3.27        |
| Adjusted earnings per share, SEK (C/A)               | 0.85             | 0.49        | 4.92           | 3.27        |

## CONFERENCE CALL

A conference call will be held on 21 February 2017 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 1452 555566, UK: 08444933800, Sweden: 0850336434, or the US: 16315107498. Conference code: 51490510.

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



## CONTACT

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*This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication by the aforementioned contacts on 21 February 2017 at 8:00 a.m. CET.*