

# Interim report January – March 2017

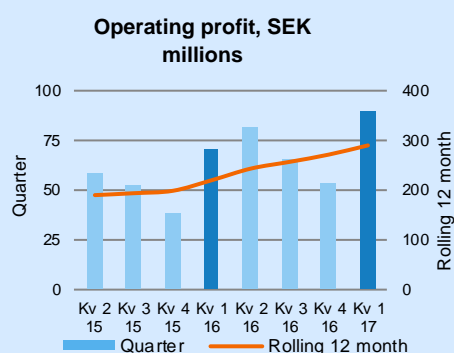
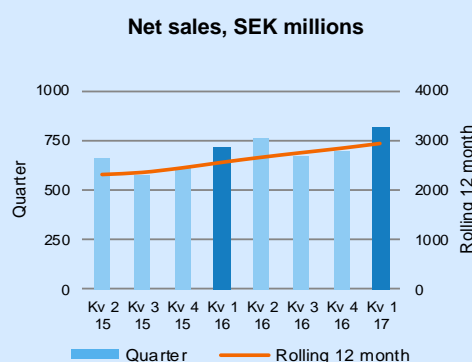
**Continued healthy growth and improved operating margin, partly driven by calendar effects.**

## First quarter 2017

- Net sales rose by 13 per cent to SEK 815 million (718). Organic growth was 10 per cent, of which approximately half due to positive calendar effects.
- Order intake was slightly lower than net sales.
- Operating profit increased to SEK 90 million (71) and the operating margin rose to 11.0 per cent (9.9)
- Earnings per share rose to SEK 1.63 (1.30)

## THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 16)

SEK millions	Quarter 1		Δ	12-	Full year
	2017	2016		months rolling	
	2017	2016	%	2016/17	2016
Order intake	811	738	10	2,960	2,887
Net sales	815	718	13	2,944	2,847
Gross profit	238	206	16	860	828
Gross margin, %	29.2	28.6		29.2	29.1
Operating expenses	-148	-135	10	-569	-556
Operating profit	90	71	27	291	272
Operating margin, %	11.0	9.9		9.9	9.6
Profit after tax	62	49	26	176	163
Adjusted profit after tax	62	49	26	200	187
Earnings per share, SEK	1.63	1.30	26	4.62	4.29
Adjusted earnings per share, SEK	1.63	1.30	26	5.25	4.92



NET SALES, DEVELOPMENT

**+13%**

OPERATING MARGIN

**11.0%**

## CEO'S overview

In the first quarter 2017, net sales increased 13 per cent, primarily due to strong organic growth. This, in turn, was largely due to strong demand and increased market share, and to the quarter having more working days than the year-earlier quarter.

We continued to gain market share in our largest operating segment, International. As in previous years, it was a question of winning many small new contracts with many customers in most of our markets. The contracts are a result of systematic sales work over a long period. Our market share is still very low in most countries where we have operations, which means there are plenty of business opportunities to cultivate moving forward. Higher market share in combination with more working days resulted in healthy organic growth. Growth was spread across most of our industries, with only the telecom and electronics segment remaining weak. Our units in Central Europe, Eastern Europe and Finland performed well, while we noted slightly weaker performance in Southern Europe and Asia.

Our market share in Sweden also increased in the quarter. This was particularly gratifying, as we had difficulty growing in our domestic market some years ago. We then implemented a major programme with a series of measures to improve the sales organisation and sales work. The programme has resulted in a stronger inflow of new business opportunities, which is now becoming visible in our invoicing. In the quarter, we also experienced a clear and broad-based increase in underlying demand in the Swedish market. No individual customer or customer group stands out, but rather it appears to be a general increase in the industry's order intake and production in the period, possibly reinforced by restocking. This corresponds with market signals, including a very high purchasing managers' index.

Gross margin strengthened significantly compared with the year-earlier quarter, but was weaker than the fourth quarter 2016. We continue to work with our programmes to consolidate our supplier base

and to improve cooperation with our best suppliers. These programmes aim to lower sourcing prices, and to strengthen Bufab in other areas such as logistics, capital efficiency, quality and sustainability. As in previous quarters, we continued to benefit from cost savings in sourcing resulting from measures implemented over the past year. However, we can now clearly see that higher prices for important raw materials are creating a price pressure from our suppliers, which is beginning to impact our gross margin. Bufab will need to compensate for the increased costs through higher customer prices, a move that has already begun.

Healthy growth in combination with a higher gross margin resulted in a strong operating margin. The operating profit in the quarter, SEK 90 million, is Bufab's best one to date.

The acquisitions we have completed in recent years continue to develop well. Work is continuing to find other suitable acquisition candidates.

In general, we are satisfied with the beginning of the year. We can see that our strategy is working, which offers a particularly good return in a quarter with many working days and healthier underlying demand. However, there is no lack of challenges moving forward. For instance, hard work is needed to defend the gross margin in a situation with rising raw material prices, without impacting growth. In the second quarter, we have fewer working days than in the preceding year, which is also visible in order intake for the first quarter, but we remain optimistic for 2017 as a whole.

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 per cent. 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

### FIRST QUARTER

Order intake amounted to SEK 811 million (738) and was slightly lower than net sales.

Net sales rose by 13 per cent to SEK 815 million (718). The Group's organic growth was +10 per cent, comprising +13 per cent for segment Sweden and +8 per cent for segment International.

Sales for the quarter were influenced by positive calendar effects, which stood for approximately half of the organic growth. Underlying demand is considered higher in Sweden but unchanged in International, and the market share as higher in both segments.

Gross margin strengthened during the quarter, year-on-year, due to a consistent effort to improve sourcing, a positive business mix and higher gross margins in the acquired companies. However, gross margin is lower than the fourth quarter 2016 attributable to the weaker SEK and rising raw material prices.

Operating profit rose to SEK 90 million (71), equal to an operating margin of 11.0 per cent (9.9). The stronger margin is primarily a result of healthy sales during the period.

Exchange-rate fluctuations had a negative impact of SEK 3 million on operating profit, volumes a positive impact of SEK 20 million, the price/cost mix and other factors a negative impact of SEK 1 million and acquisitions a positive impact of SEK 3 million.

### FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -7 million (-5) for the first quarter. Exchange-rate differences had an impact of SEK 0 million (+2) on net financial items.

The Group's profit after financial items amounted to SEK 83 million (66) in the quarter.

Tax expense for the quarter was SEK -20 million (-17), implying an effective tax rate of 25 per cent (25).

### CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK millions	Quarter 1	
	2017	2016
Operating profit	90	71
Depreciation/amortisation and impairment	11	11
Other non-cash items	0	0
Changes in working capital	-38	-32
<b>Cash flow from operations</b>	<b>63</b>	<b>50</b>
Investments excluding acquisitions	-8	-6
<b>Operating cash flow</b>	<b>55</b>	<b>44</b>

Operating cash flow amounted to SEK 55 million (44) for the period. The improved operating profit this year had a positive impact while cash flow decreased due to an increase in working capital linked to the healthy organic growth.

However, average working capital in relation to net sales improved to 35.5 per cent (36.6). Excluding the acquisition of Apex Stainless Fasteners Ltd, average working capital in relation to net sales improved to 33.5 per cent (35.1).

On 31 March 2017, the Group's net debt totalled SEK 816 million (879).

Net debt thus decreased despite acquisitions carried out and dividends paid over the past 12 months. On 31 March 2017, the Group's debt/equity ratio was 60 per cent (71).

# Segment International

## First quarter

Order intake amounted to SEK 531 million (487) and was below net sales.

Net sales rose by 13 per cent to SEK 536 million (474). Organic growth was +8 per cent, primarily due to positive calendar effects but also higher market shares in most markets. Customers' production relocations from Sweden to mostly Eastern Europe also had a positive impact of 1 percentage point on the segment's sales. Underlying demand is deemed to be unchanged year-on-year.

Gross margin rose marginally to 29.2 per cent (29.1).

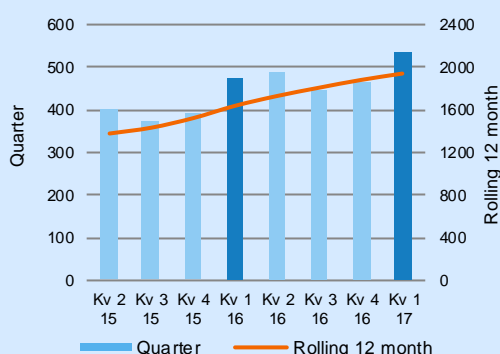
Operating profit rose to SEK 55 million (47), equal to an operating margin of 10.2 per cent (9.8).

Exchange-rate fluctuations had a negative impact of SEK 1 million on operating profit, volumes a positive impact of SEK 11 million, the price/cost mix and other factors a negative impact of SEK 4 million and acquisitions a positive impact of SEK 2 million.

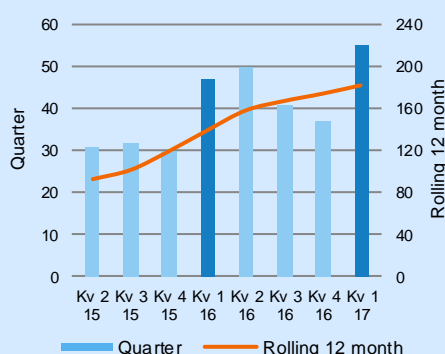
SEK millions	Quarter 1		Δ	12-months rolling	Full year
	2017	2016			
Order intake*	531	487	9	1,951	1,907
Net sales*	536	474	13	1,941	1,880
Gross profit	156	138	13	566	547
Gross margin, %	29.2	29.1		29.1	29.1
Operating expenses	-101	-91	11	-383	-372
Operating profit	55	47	17	183	175
Operating margin, %	10.2	9.8		9.4	9.3

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

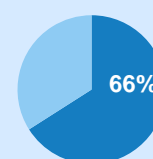
Net sales, SEK millions



Operating profit, SEK millions



SHARE OF TOTAL SALES



NET SALES, DEVELOPMENT

**+13%**

OPERATING MARGIN

**10.2%**

# Segment Sweden

## First quarter

Order intake was SEK 280 million (251) and was in line with net sales.

Net sales rose by 14 per cent to SEK 279 million (244), of which 13 per cent organic. The high organic growth was partly a result of higher market shares, partly a result of positive calendar effects and improvements in underlying demand. As in previous quarters, growth was burdened by customer relocation of production from Sweden to other countries, primarily Eastern Europe, corresponding to 2 per cent of the segment's sales, which benefits segment International's sales.

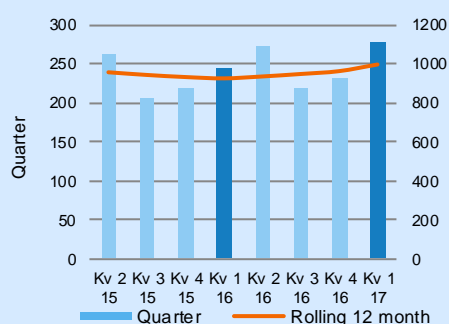
Gross margin rose to 30.9 per cent (29.6). The improvement is due to a positive business mix and to cost savings in sourcing. However, gross margin is lower than the fourth quarter 2016, attributable to the weaker SEK and rising raw material prices.

Operating profit was SEK 41 million (32), equal to an operating margin of 14.8 per cent (13.2). Exchange-rate fluctuations impacted operating profit negatively by SEK 2 million, volumes positively by SEK 9 million, the price/cost mix, and other factors positively by SEK 1 million and acquisitions positively by SEK 1 million.

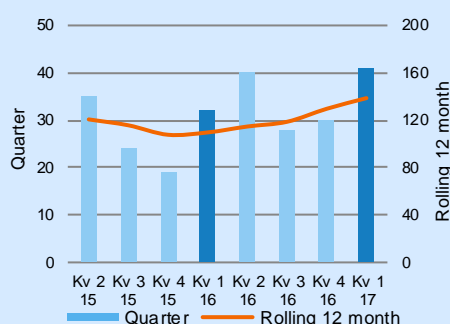
SEK millions	Quarter 1		Δ	12-	Full
	2017	2016		months	
			%	rolling	
	2017	2016		2016/17	2016
Order intake*	280	251	12	1,009	980
Net sales*	279	244	14	1,003	968
Gross profit	86	72	19	309	295
Gross margin, %	30.9	29.6		30.8	30.5
Operating expenses	-45	-40	12	-170	-165
Operating profit	41	32	29	139	130
Operating margin, %	14.8	13.2		13.9	13.4

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

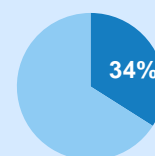
Net sales, SEK millions



Operating profit, SEK millions



SHARE OF TOTAL SALES



NET SALES, DEVELOPMENT

+14%

OPERATING MARGIN

14.8%

## Consolidated Income Statement

<i>SEK millions</i>	<i>Quarter 1</i>	
	<i>2017</i>	<i>2016</i>
Net sales	815	718
Cost of goods sold	-577	-512
<b>Gross profit</b>	<b>238</b>	<b>206</b>
Distribution costs	-108	-97
Administrative expenses	-40	-38
Other operating income	7	8
Other operating expenses	-7	-8
<b>Operating profit</b>	<b>90</b>	<b>71</b>
<b><i>Profit from financial items</i></b>		
Interest income and similar income items	1	0
Interest expense and similar expense items	-8	-5
<b>Profit after financial items</b>	<b>83</b>	<b>66</b>
Tax on net profit for the period	-20	-17
<b>Profit after tax</b>	<b>62</b>	<b>49</b>

## Statement of Comprehensive Income

<i>SEK millions</i>	<i>Quarter 1</i>	
	<i>2017</i>	<i>2016</i>
<b>Profit after tax</b>	<b>62</b>	<b>49</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	-1	1
<b>Other comprehensive income after tax</b>	<b>-1</b>	<b>1</b>
<b>Total comprehensive income</b>	<b>61</b>	<b>50</b>
Total comprehensive income attributable to:		
Parent Company shareholders	61	50

## Earnings per share

<i>SEK</i>	<i>Quarter 1</i>	
	<i>2017</i>	<i>2016</i>
Earnings per share	1.63	1.30
Weighted number of shares outstanding, thousands	38,110.5	38,110.5
Diluted earnings per share, SEK	1.63	1.30
Weighted number of shares outstanding after dilution, thousands	38,110.5	38,110.5
Adjusted earnings per share, SEK	1.63	1.30

## Consolidated Balance Sheet

<i>SEK millions</i>	<i>31 Mar 17</i>	<i>31 Mar 16</i>	<i>31 Dec 16</i>
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Intangible assets	1,033	985	1,037
Property, plant and equipment	131	134	132
Financial assets	23	25	22
<b>Total non-current assets</b>	<b>1,187</b>	<b>1,144</b>	<b>1,191</b>
<b><i>Current assets</i></b>			
Inventories	930	844	920
Current receivables	713	642	621
Cash and cash equivalents	130	106	122
<b>Total current assets</b>	<b>1,773</b>	<b>1,592</b>	<b>1,663</b>
<b>Total assets</b>	<b>2,960</b>	<b>2,736</b>	<b>2,854</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1,358</b>	<b>1,233</b>	<b>1,297</b>
<b><i>Non-current liabilities</i></b>			
Non-current liabilities, interest-bearing	883	832	884
Non-current liabilities, non-interest-bearing	74	83	75
<b>Total non-current liabilities</b>	<b>957</b>	<b>915</b>	<b>959</b>
<b><i>Current liabilities</i></b>			
Current liabilities, interest-bearing	63	153	76
Current liabilities, non-interest-bearing	582	434	522
<b>Total current liabilities</b>	<b>645</b>	<b>588</b>	<b>598</b>
<b>Total equity and liabilities</b>	<b>2,960</b>	<b>2,736</b>	<b>2,854</b>



## Consolidated Statement of changes in equity

<i>SEK millions</i>	31 Mar 17	31 Mar 16
<b>Equity at beginning of year</b>	<b>1,297</b>	<b>1,183</b>
<b>Comprehensive income</b>		
Profit after tax	62	49
<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	-1	1
<b>Total comprehensive income</b>	<b>61</b>	<b>50</b>
<b>Transactions with shareholders</b>		
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>
<b>Equity at end of period</b>	<b>1,358</b>	<b>1,233</b>

## Consolidated Cash Flow Statement

<i>SEK millions</i>	<i>Quarter 1</i>	
	<i>2017</i>	<i>2016</i>
<b><i>Operating activities</i></b>		
Profit before financial items	90	71
Depreciation/amortisation and impairment	11	11
Interest and other finance income	0	0
Interest and other finance expenses	-7	-7
Other non-cash items	0	0
Income tax paid	-24	-12
<b>Cash flow from operating activities before changes in working capital</b>	<b>70</b>	<b>63</b>
<b><i>Changes in working capital</i></b>		
Increase (-) / decrease (+) in inventories	-9	16
Increase (-) / decrease (+) in operating receivables	-100	-80
Increase (+) / decrease (-) in operating liabilities	71	32
<b>Cash flow from operating activities</b>	<b>32</b>	<b>31</b>
<b><i>Investing activities</i></b>		
Acquisition of property, plant and equipment	-8	-5
Company acquisition	-	-23
Acquisition of intangible assets	0	-1
<b>Cash flow from investing activities</b>	<b>-8</b>	<b>-29</b>
<b><i>Financing activities</i></b>		
Increase (+) / decrease (-) in borrowings	-17	-3
<b>Cash flow from financing activities</b>	<b>-17</b>	<b>-3</b>
<b>Cash flow for the period</b>	<b>7</b>	<b>-1</b>
Cash and cash equivalents at beginning of period	122	107
Translation differences	1	0
<b>Cash and cash equivalents at end of period</b>	<b>130</b>	<b>106</b>

## The Group's Segment Reporting

International SEK millions	2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	474	491	449	466	536			
Gross profit	138	144	131	134	156			
Gross margin, %	29.1	29.4	29.3	28.8	29.2			
Operating expenses	-91	-94	-90	-97	-101			
Operating profit	47	50	41	37	55			
Operating margin, %	9.8	10.2	9.1	8.0	10.2			

Sweden SEK millions	2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	244	272	219	233	279			
Gross profit	72	82	66	75	86			
Gross margin, %	29.6	30.3	30.1	32.0	30.9			
Operating expenses	-40	-42	-38	-45	-45			
Operating profit	32	40	28	30	41			
Operating margin, %	13.2	13.2	12.6	12.9	14.8			

Other* SEK millions	2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	-	-	-	-	-			
Gross profit	-4	-4	-3	-4	-4			
Operating expenses	-4	-4	0	-10	-2			
Operating profit	-8	-8	-3	-14	-6			
Operating margin, %	-	-	-	-	-			

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

Group SEK millions	2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	718	762	668	699	815			
Gross profit	206	223	194	205	238			
Gross margin, %	28.6	29.3	29.0	29.4	29.2			
Operating expenses	-135	-141	-128	-152	-148			
Operating profit	71	82	66	53	90			
Operating margin, %	9.9	10.8	9.8	7.6	11.0			

## Consolidated Key Figures

	Quarter 1		Δ
	2017	2016	%
Order intake, SEK millions	<b>811</b>	738	10
Net sales, SEK millions	<b>815</b>	718	13
Gross profit, SEK millions	<b>238</b>	206	16
EBITDA, SEK millions	<b>101</b>	82	23
Operating profit, SEK millions	<b>90</b>	71	27
Profit after tax, SEK millions	<b>62</b>	49	26
Gross margin, %	<b>29.2</b>	28.6	
Operating margin, %	<b>11.0</b>	9.9	
Net margin, %	<b>7.6</b>	6.9	
Net debt, SEK millions	<b>816</b>	879	-7
Debt/equity ratio, %	<b>60</b>	71	
Net debt/ EBITDA*, multiple	<b>2.4</b>	3.8	
Working capital, SEK millions	<b>1,098</b>	1,051	4
Average working capital, SEK millions	<b>1,050</b>	958	10
Average working capital in relation to net sales, %	<b>35.5</b>	36.6	
Equity/assets ratio, %	<b>46</b>	45	
Operating cash flow, SEK millions	<b>55</b>	44	25
Earnings per share, SEK	<b>1.63</b>	1.30	25

\*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 16.

## Parent Company Income Statement

<i>SEK millions</i>	<i>Quarter 1</i>	
	<i>2017</i>	<i>2016</i>
Administrative expenses	-3	-2
Other operating income	1	1
<b>Operating loss</b>	<b>-2</b>	<b>-1</b>
<b><i>Loss from financial items</i></b>		
Interest expense and similar expense items	-1	0
<b>Loss after financial items</b>	<b>-3</b>	<b>-1</b>
Appropriations	-	-
Tax on net loss for the period	1	0
<b>Loss after tax</b>	<b>-2</b>	<b>-1</b>
<b>Other comprehensive loss</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>	<b>-2</b>	<b>-1</b>

## Parent Company Balance Sheet

<i>SEK millions</i>	<i>31 Mar 17</i>	<i>31 Mar 16</i>	<i>31 Dec 16</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	178	173	183
Other current receivables	2	11	4
Cash and cash equivalents	1	1	1
<b>Total current assets</b>	<b>181</b>	<b>185</b>	<b>188</b>
<b>Total assets</b>	<b>1,026</b>	<b>1,030</b>	<b>1,033</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>911</b>	<b>926</b>	<b>913</b>
<b>Untaxed reserves</b>	<b>109</b>	<b>100</b>	<b>109</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>0</b>
<b><i>Current non-interest-bearing liabilities</i></b>			
Other current liabilities	6	4	11
<b>Total current liabilities</b>	<b>6</b>	<b>4</b>	<b>11</b>
<b>Total equity and liabilities</b>	<b>1,026</b>	<b>1,030</b>	<b>1,033</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 2016 Annual Report. The 2016 Annual Report is available at [www.bufab.com](http://www.bufab.com)

### RISKS AND RISK MANAGEMENT

Exposure to risk is a natural part of business activity and this is reflected in Bufab's approach to risk management. The aim is to identify and prevent risks and to limit any loss or damage from these risks. The main risks to which the Group is exposed relate to the impact of the economy on demand. For further information, see Note 3 of the 2016 Annual Report.

### SEASONAL VARIATIONS

Bufab has no significant seasonal variation in its sales, but sales over the year vary based on the number of production days in each quarter for customers.

### RELATED-PARTY TRANSACTIONS

There were no related-party transactions during the period.

### ACQUISITIONS

The following acquisitions were made during 2015-2016.

	<i>Date</i>	<i>Net sales*</i>	<i>Employees</i>
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

### EMPLOYEES

The number of full-time employees in the Group as of 31 March 2017 was 1,023 (934), 51 of whom stem from the acquisition of Montrose Holdings Ltd.

### CONTINGENT LIABILITIES

There were no significant changes to the company's contingent liabilities during the interim period.

### AUDIT REVIEW REPORT

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

### FINANCIAL REPORTING DATES

**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, 27 April 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.

2017, percentage points	Quarter 1		
	Group	Sweden	International
Organic growth	10	13	8
Currency translation effects	0	0	1
Acquisitions	3	1	4
Recognised growth	13	14	13

2016, percentage points	Quarter 1		
	Group	Sweden	International
Organic growth	2	-3	5
Currency translation effects	-1	0	-2
Acquisitions	17	0	30
Recognised growth	18	-3	33

### 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 1	
	2017	2016
<b>EBITDA</b>	<b>101</b>	<b>82</b>
Other non-cash items	0	0
Changes in inventory	-9	16
Changes in operating receivables	-100	-80
Changes in operating liabilities	71	32
<b>Cash flow from operations</b>	<b>63</b>	<b>50</b>
Investments excluding acquisitions	-8	-6
<b>Operating cash flow</b>	<b>55</b>	<b>44</b>

### EBITDA

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

	<i>Quarter 1</i>	
	<i>2017</i>	<i>2016</i>
Operating profit	90	71
Depreciation/amortisation and impairment	11	11
<b>EBITDA</b>	<b>101</b>	<b>82</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>31 Mar</i>	<i>31 Mar</i>
	<i>2017</i>	<i>2016</i>
Current assets	1,773	1,592
Less: cash and cash equivalents	-130	-106
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-545	-434
<b>Working capital on balance-sheet date</b>	<b>1,098</b>	<b>1,051</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 Mar</i>	<i>31 Mar</i>
	<i>2017</i>	<i>2016</i>
Non-current interest-bearing liabilities	883	832
Current interest-bearing liabilities	63	153
Less: cash and cash equivalents	-130	-106
Less: Other interest-bearing receivables	0	0
<b>Net debt on balance-sheet date</b>	<b>816</b>	<b>879</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 1</i>		<i>Rolling 12 months</i>	<i>Full year</i>
	2017	2016	2016/17	2016
Net sales (A)	815	718	2,944	2,847
Profit after tax (B)	62	49	176	163
Items affecting comparability	-	-	24	24
Adjusted profit after tax (C)	<b>62</b>	<b>49</b>	<b>200</b>	<b>187</b>
Net margin, % (B/A)	7.6	6.9	6.0	5.7
Adjusted net margin, % (C/A)	<b>7.6</b>	<b>6.9</b>	<b>6.8</b>	<b>6.6</b>

### 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 1</i>		<i>Rolling 12 months</i>	<i>Full year</i>
	2017	2016	2016/17	2016
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)	62	49	176	163
Adjusted profit after tax, SEK millions (C)	62	49	200	187
Earnings per share, SEK (B/A)	1.63	1.30	4.62	4.29
Adjusted earnings per share, SEK (C/A)	<b>1.63</b>	<b>1.30</b>	<b>5.25</b>	<b>4.92</b>

## CONFERENCE CALL

A conference call will be held on 27 April 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: 99936526.

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



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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 27 April 2017 at 7:30 a.m. CET.*

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