

# Interim report January – March 2018

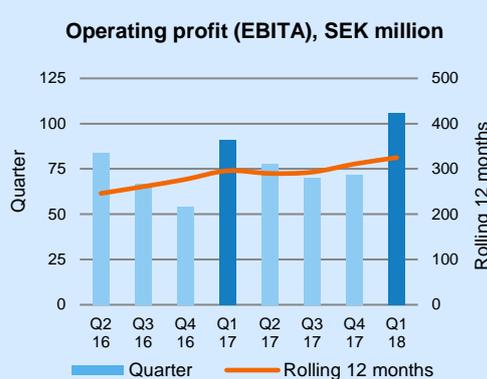
## Strong growth and stable margin

### First quarter 2018

- Net sales rose by 16 percent to SEK 945 million (815). Organic growth was 9 percent.
- Order intake was in line with net sales.
- Operating profit (EBITA) rose to SEK 106 million (91) and the operating margin was 11.2 percent (11.1).
- Earnings per share rose to SEK 1.98 (1.63).

### THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 17)

SEK million	Quarter 1		Δ	12 months rolling	Full year
	2018	2017			
Order intake	944	811	16	3,389	3,256
Net sales	945	815	16	3,331	3,201
Gross profit	277	238	16	956	917
%	29.3	29.2		28.7	28.6
Operating expenses	-171	-147	16	-630	-606
%	18.1	18.0		18.9	18.9
Operating profit (EBITA)	106	91	16	326	311
%	11.2	11.1		9.8	9.7
Operating profit	104	90	16	318	304
%	11.0	11.0		9.5	9.5
Profit after tax	75	62	20	226	213
Earnings per share, SEK	1.98	1.63	21	5.96	5.61



SALES GROWTH  
**+16%**

OPERATING MARGIN (EBITA)  
**11.2%**

## CEO'S OVERVIEW

Bufab had a successful first quarter of 2018. Despite fewer work days year-on-year, growth totalled 16 percent, driven by acquisitions, increased market shares and favourable demand.

Particularly strong performance was noted for our largest operating segment, International. We continued to take market shares, just like before in the form of many small new businesses with many customers. We have now increased our market shares every year for several years in most of the markets where we operate. Nevertheless, we still see many business opportunities to explore moving forward. Increased market shares in combination with healthy underlying demand generated organic growth of 9 percent despite fewer work days. Growth was particularly strong in Eastern and Central Europe and in Asia. The segment's sales and profit were also significantly strengthened by strong contribution from two of our most recent acquisitions, in the UK and Singapore.

We also increased our market share in Sweden during the quarter, now for the second consecutive year. Furthermore, as in 2017, we also noted a good underlying demand. We estimate that Swedish industrial activity remained strong during the quarter. Growth was spread over many customers and industries.

The healthy demand in both of the operating segments and our inflow of new business are creating challenges in our supply chain. It is therefore gratifying to note that Bufab succeeded in upholding a good delivery precision during the quarter, thus securing our customers' production.

The Group's gross margin was strengthened slightly year-on-year and significantly outperformed the final quarter of 2017. The price increases implemented by Bufab in 2017 offset the increases in raw material prices that occurred during the first half of the year. However, because raw material prices continued to rise in the second half of the year, increasing the prices will again be an important area

and a major challenge during 2018. This need is particularly significant in Sweden due to a weak exchange rate for the SEK, while the situation in International was mitigated by a strong EUR exchange rate in the quarter.

During the quarter, our operating expenses increased organically at the same rate as sales. One important reason was cost associated with our "Leadership 2020" initiatives. Despite this, the favourable growth, combined with stable gross margins, led to a 16-percent increase in operating profit over a strong first quarter last year. About half of the profit growth was due to acquisitions and half was achieved organically.

We are quite satisfied with our performance during the early part of the year. Our strategy is working and is generating healthy returns in the form of growth and profit. We have strengthened our customer and supplier relationships. We have a more competitive customer offering, better internal processes and systems, and an even stronger team than a year ago.

During 2018, we will need to continue to work on price increases and, as always, ensure that our customers are satisfied and that our delivery and quality are spot on. We intend to continue to capture market shares and we hope to complete additional value-generating acquisitions in the future. But primarily we will focus on further increasing our short and long-term customer value. Our target is to be the leading player in our industry by 2020.

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 27 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,200 employees. Bufab's net sales for the past 12 months amounted to SEK 3.3 billion and the operating margin was 9.8 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

### FIRST QUARTER

Order intake was SEK 944 million (811) and was in line with net sales.

Net sales rose by 16 percent to SEK 945 million (815). The Group's organic growth was +9 percent

Unfavourable calendar effects impacted the quarter's sales by approximately -3 percent. Underlying demand and market share were considered higher in both segments.

The gross margin was marginally better year-on-year and significantly higher than in the fourth quarter of 2017. The reason was the strong EUR exchange rate and the fact that increases in raw material prices were partly offset by price increases. As a result of the continued increases in raw material prices in 2017, we aim to implement additional price increases during 2018.

The improved gross margin was offset by a slightly increased share of costs, due to investments in strategic initiatives. Operating profit (EBITA) rose to SEK 106 million (91), equal to an operating margin of 11.2 percent (11.1).

Exchange-rate fluctuations affected operating profit by SEK +4 million, volumes by SEK +16 million, the price/cost mix and other factors by SEK -13 million and acquisitions by SEK +8 million.

### FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -4 million (-7) for the first quarter. Exchange-rate differences had a positive impact of SEK 3 million (0) on net financial items.

The Group's profit after financial items for the quarter was SEK 100 (83) million.

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

### CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 1	
	2018	2017
Operating profit	104	90
Depreciation/amortisation and impairment	12	11
Other non-cash items	1	0
Changes in working capital	-71	-38
<b>Cash flow from operations</b>	<b>46</b>	<b>63</b>
Investments excluding acquisitions	-15	-8
<b>Operating cash flow</b>	<b>31</b>	<b>55</b>

Operating cash flow amounted to SEK 31 million (55) for the period. The improved operating profit had a positive impact, while operating cash flow declined due to increased working capital in conjunction with the favourable organic growth and increased investments.

Average working capital in relation to net sales amounted to 36.0 percent (35.5). Excluding the acquisition of Apex Stainless Fasteners Ltd, average working capital improved in relation to net sales and amounted to 33.4 percent (33.5).

On 31 March 2018, the Group's net debt totalled SEK 1,029 million (816). Net debt increased primarily because of acquisitions, dividend payment and share repurchases during the past 12 months. On 31 March 2018, the Group's debt/equity ratio was 66 percent (60).

# Segment International

## First quarter

Order intake was SEK 647 million (531) and was in line with net sales.

Net sales rose by 21 percent to SEK 648 million (536). Organic growth was +9 percent, driven by stronger underlying demand and increased market shares in most markets.

The gross margin rose to a favourable level for the segment of 29.7 percent (29.2). The reason was a strong EUR exchange rate and the fact that increases in raw material prices were partly offset by price increases to customers.

Operating profit rose to SEK 71 million (56), equal to an operating margin of 11.0 percent (10.4).

Exchange-rate fluctuations affected operating profit by SEK +4 million, volumes by SEK +13 million, the price/cost/mix and other factors by SEK -9 million and acquisitions by SEK +8 million.

	Quarter 1		Δ	Rolling 12 months	Full year
SEK million	2018	2017	%	2018/17	2017
Order intake	647	531	22	2,288	2,172
Net sales	648	536	21	2,256	2,144
Gross profit	192	156	23	660	623
%	29.7	29.2		29.2	29.1
Operating expenses	-121	-101	20	-440	-420
%	18.7	18.8		19.9	19.6
Operating profit (EBITA)	71	55	28	219	203
%	11.0	10.3		9.7	9.5

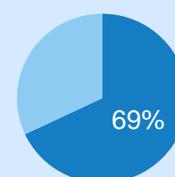
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

**+21%**

OPERATING MARGIN (EBITA)

**11.0%**

# Segment Sweden

## First quarter

Order intake was SEK 297 million (280) and was in line with net sales.

Net sales rose by 7 percent to SEK 297 million (279). Organic growth was +7 percent, driven by stronger underlying demand and increased market shares in most markets.

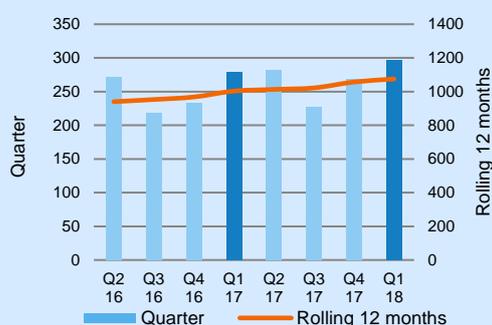
The gross margin declined to 29.9 percent (30.9). The decline was due to increasing raw material prices in recent quarters. However, the gross margin was higher than in the fourth quarter of 2017 as a result of price increases to customers.

Operating profit amounted to SEK 42 million (41), corresponding to an operating margin of 14.1 percent (14.8).

Exchange-rate fluctuations affected operating profit by SEK 0 million, volumes by SEK +3 million, the price/cost/mix and other factors by SEK -2 million and acquisitions by SEK 0 million.

SEK million	Quarter 1		Δ	Rolling 12 months	Full year
	2018	2017		2018/17	2017
Order intake	297	280	6	1,106	1,089
Net sales	297	279	7	1,075	1,057
Gross profit	89	86	3	315	312
%	29.9	30.9		29.3	29.5
Operating expenses	-47	-45	5	-175	-173
%	15.8	16.1		16.3	16.4
Operating profit (EBITA)	42	41	2	140	139
%	14.1	14.8		13.0	13.2

Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



NET SALES, TREND

**+7%**

OPERATING MARGIN

**14.1%**

## Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2018</i>	<i>2017</i>
Net sales	945	815
Cost of goods sold	-669	-577
<b>Gross profit</b>	<b>277</b>	<b>238</b>
Distribution costs	-124	-108
Administrative expenses	-51	-40
Other operating income	13	7
Other operating expenses	-11	-7
<b>Operating profit</b>	<b>104</b>	<b>90</b>
<i><b>Profit/loss from financial items</b></i>		
Interest income and similar income items	3	1
Interest expense and similar expenses items	-7	-8
<b>Profit after financial items</b>	<b>100</b>	<b>83</b>
Tax on net profit for the period	-25	-20
<b>Profit after tax</b>	<b>75</b>	<b>62</b>

## Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2018</i>	<i>2017</i>
<b>Profit after tax</b>	<b>75</b>	<b>62</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	61	-1
<b>Other comprehensive income after tax</b>	<b>61</b>	<b>-1</b>
<b>Total comprehensive income</b>	<b>136</b>	<b>61</b>
Total comprehensive income attributable to:		
Parent Company shareholders	136	61

## Earnings per Share

<i>SEK</i>	<i>Quarter 1</i>	
	<i>2018</i>	<i>2017</i>
Earnings per share	1.98	1.63
Weighted number of shares outstanding, thousands	37,776	38,111
Diluted earnings per share	1.98	1.63
Weighted number of shares outstanding after dilution, thousands	37,776	38,111

## Consolidated Balance Sheet

<i>SEK million</i>	<i>31 Mar 2018</i>	<i>31 Mar 2017</i>	<i>31 Dec 2017</i>
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Intangible assets	1,159	1,040	1,134
Property, plant and equipment	173	131	164
Financial assets	24	23	23
<b>Total non-current assets</b>	<b>1,356</b>	<b>1,193</b>	<b>1,321</b>
<b><i>Current assets</i></b>			
Inventories	1,147	930	1,093
Current receivables	858	713	740
Cash and cash equivalents	124	130	120
<b>Total current assets</b>	<b>2,129</b>	<b>1,773</b>	<b>1,953</b>
<b>Total assets</b>	<b>3,484</b>	<b>2,967</b>	<b>3,274</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1,552</b>	<b>1,358</b>	<b>1,416</b>
<b><i>Non-current liabilities</i></b>			
Non-current liabilities, interest-bearing	1,095	883	1,080
Non-current liabilities, non-interest-bearing	104	74	102
<b>Total non-current liabilities</b>	<b>1,199</b>	<b>957</b>	<b>1,182</b>
<b><i>Current liabilities</i></b>			
Current liabilities, interest-bearing	58	63	55
Current liabilities, non-interest-bearing	675	589	621
<b>Total current liabilities</b>	<b>733</b>	<b>652</b>	<b>676</b>
<b>Total equity and liabilities</b>	<b>3,484</b>	<b>2,967</b>	<b>3,274</b>

## Consolidated Statement of Changes in Equity

<i>SEK million</i>	31 Mar 2018	31 Mar 2017
<b>Equity at beginning of year</b>	<b>1,415</b>	<b>1,297</b>
<b>Comprehensive income</b>		
Profit after tax	75	62
<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	61	-1
<b>Total comprehensive income</b>	<b>136</b>	<b>61</b>
<b>Transactions with shareholders</b>	-	-
<b>Total transactions with shareholders</b>	-	-
<b>Equity at end of period</b>	<b>1,552</b>	<b>1,358</b>

## Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2018</i>	<i>2017</i>
<b><i>Operating activities</i></b>		
Profit before financial items	104	90
Depreciation/amortisation and impairment	12	11
Interest and other finance income	3	0
Interest and other finance expenses	-7	-7
Other non-cash items	0	0
Income tax paid	-30	-24
<b>Cash flow from operating activities before changes in working capital</b>	<b>82</b>	<b>70</b>
<b><i>Changes in working capital</i></b>		
Increase (-)/decrease (+) in inventories	-29	-9
Increase (-)/decrease (+) in operating receivables	-109	-100
Increase (+)/decrease (-) in operating liabilities	67	71
<b>Cash flow from operating activities</b>	<b>11</b>	<b>32</b>
<b><i>Investing activities</i></b>		
Acquisition of property, plant and equipment	-15	-8
Company acquisitions	-	-
Acquisition of intangible assets	-	-
<b>Cash flow from investing activities</b>	<b>-15</b>	<b>-8</b>
<b><i>Financing activities</i></b>		
Increase (+)/decrease (-) in borrowings	3	-17
<b>Cash flow from financing activities</b>	<b>3</b>	<b>-17</b>
<b>Cash flow for the period</b>	<b>0</b>	<b>7</b>
Cash and cash equivalents at the beginning of the period	120	122
Translation differences	3	1
<b>Cash and cash equivalents at the end of the period</b>	<b>123</b>	<b>130</b>

## The Group's Segment Reporting

International SEK million	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	536	541	507	560	648			
Gross profit	156	155	148	164	192			
	29.2%	28.1%	29.2%	29.3%	29.7%			
Operating expenses	-101	-105	-104	-110	-121			
Operating profit (EBITA)	55	50	44	54	71			
	10.3%	9.2%	8.7%	9.6%	11.0%			

Sweden SEK million	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	279	282	228	268	297			
Gross profit	86	81	66	79	89			
	30.9%	28.9%	28.9%	29.4%	29.9%			
Operating expenses	-45	-44	-40	-44	-47			
Operating profit (EBITA)	41	37	26	35	42			
	14.8%	13.2%	11.4%	13.1%	14.1%			

Other* SEK million	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	-	-	-	-	-			
Gross profit	-4	-1	-5	-5	-4			
Operating expenses	-2	-7	4	-12	-3			
Operating profit (EBITA)	-6	-8	-1	-17	-7			

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

Group SEK millions	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	815	823	735	828	945			
Gross profit	238	232	209	238	277			
	29.2%	28.2%	28.4%	28.7%	29.3%			
Operating expenses	-147	-154	-139	-166	-171			
Operating profit (EBITA)	91	78	70	72	106			
	11.1%	9.5%	9.5%	8.7%	11.2%			

## Consolidated Key Figures

	Quarter 1		Δ
	2018	2017	%
Order intake, SEK million	<b>944</b>	811	16
Net sales, SEK million	<b>945</b>	815	16
Gross profit, SEK million	<b>277</b>	238	16
EBITDA, SEK million	<b>116</b>	101	15
Operating profit (EBITA), SEK million	<b>106</b>	91	16
Operating profit, SEK million	<b>104</b>	90	16
Profit after tax, SEK million	<b>75</b>	62	21
Gross margin, %	<b>29.3</b>	29.2	
Operating margin (EBITA), %	<b>11.2</b>	11.1	
Operating margin, %	<b>11.0</b>	11.0	
Net margin, %	<b>8.0</b>	7.6	
Net debt, SEK million	<b>1,029</b>	816	26
Debt/equity ratio, %	<b>66</b>	60	
Net debt/EBITDA*, multiple	<b>2.8</b>	2.4	
Working capital, SEK million	<b>1,364</b>	1,098	24
Average working capital, SEK million	<b>1,208</b>	1,050	15
Average working capital in relation to net sales, %	<b>36.0</b>	35.5	
Equity/assets ratio, %	<b>45</b>	46	
Operating cash flow, SEK million	<b>31</b>	55	-44
Earnings per share, SEK	<b>1.98</b>	1.63	21

\*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 17.

## Parent Company Income Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2018</i>	<i>2017</i>
Administrative expenses	-3	-3
Other operating income	2	1
<b>Operating loss</b>	<b>-1</b>	<b>-2</b>
<b><i>Profit/loss from financial items</i></b>		
Interest expense and similar expense items	0	-1
<b>Loss after financial items</b>	<b>-1</b>	<b>-3</b>
Appropriations	-	-
Tax on net profit/loss for the period	0	1
<b>Loss after tax</b>	<b>-1</b>	<b>-2</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-1</b>	<b>-2</b>

## Parent Company Balance Sheet

<i>SEK million</i>	<i>31 Mar 2018</i>	<i>31 Mar 2017</i>	<i>31 Dec 2017</i>
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
<i>Financial assets</i>			
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	156	178	166
Other current receivables	5	2	0
Cash and cash equivalents	1	1	1
<b>Total current assets</b>	<b>161</b>	<b>181</b>	<b>167</b>
<b>Total assets</b>	<b>1,006</b>	<b>1,026</b>	<b>1,012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>871</b>	<b>911</b>	<b>872</b>
<b>Untaxed reserves</b>	<b>128</b>	<b>109</b>	<b>128</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	7	6	12
<b>Total current liabilities</b>	<b>7</b>	<b>6</b>	<b>12</b>
<b>Total equity and liabilities</b>	<b>1,006</b>	<b>1,026</b>	<b>1,012</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 2017 Annual Report. The 2017 Annual Report is available at [www.bufab.com](http://www.bufab.com).

### IFRS 9 Financial instruments

The company has applied IFRS 9 Financial Instruments since 1 January 2018. The new standard has not had any material impact on the company's financial statements and current accounting policies. Bufab applies the simplified approach for trade receivables; i.e. the reserve will match the expected loss throughout the life of the trade receivable. The Group has not identified any material impact since bad debt losses have historically been low and the forward-looking assessment is that the risk of bad debts remains low.

### IFRS 15 Revenue from Contracts with Customers

The company has applied IFRS 15 Revenue from Contracts with Customers since 1 January 2018. The introduction of IFRS15 has had no material impact on the consolidated financial statements and, accordingly, no transitional effects have arisen.

The Group's business involves trading in fastener products. Revenue from product sales are recognised as of the date when control over the product switches to the customer. This usually occurs when the products have been delivered to the customer and the right of ownership has been transferred. The Group's customer base is diversified and comprises approximately 13,000 customers in numerous industries. The customers are also diversified geographically, with locations in the Nordic countries, the rest of Europe, Asia and the US. However, the Group's revenues are primarily followed up at segment level, which is the level at which internal recognition reflects what is reported to the chief operating decision maker. The chief operating decision maker is the function that makes decisions about resources to be allocated to the operating segments and assesses their performance. For the Group, this function has been identified as Group management. The Group has identified three segments, of which two are operational: Sweden and International, as well as Other.

### Sweden

This segment comprises Bufab's six subsidiaries in Sweden and its subsidiaries in the United States and Mexico, which work closely with other subsidiaries in the segment.

### International

This segment comprises all activities that Bufab conducts outside Sweden and North America, which includes operations in 26 countries divided over six regions. Governance of the operations occurs on a segment basis in respect of objectives, resource allocation and earnings follow-ups.

### Other

Other consists of other unallocated costs for the Parent Company and Group eliminations.

Net sales in the segments relate to net sales to external customers. No individual customer accounts for more than 10 percent of net sales in any of the segments.

### RISKS AND RISK MANAGEMENT

Exposure to risk is a natural part of a business operation 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 2017 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 2016-2017.

	Date	Net sales*	Employees
Magnetfabriken AB	2 Mar 2016	20	6
Montrose Holdings Ltd	5 Dec 2016	80	51
Thunderbolts Group Limited	24 May 2017	32	19
Kian Soon Mechanical Components Pte. Ltd	1 Dec 2017	105	64

\*Estimated annual net sales at the time of acquisition

### **EMPLOYEES**

At 31 March 2018, the number of full-time employees in the Group was 1,173 (1,023).

### **CONTINGENT LIABILITIES**

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

### **AUDIT REVIEW**

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

### **FINANCIAL REPORTING DATES**

**Interim report for the second quarter of 2018**

19 July 2018

**Interim report for the third quarter of 2018**

25 October 2018

**Year-end report 2018**

8 February 2019

Värnamo, 26 April 2018

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

**Operating profit (EBITA)**

Gross profit less operating expenses.

**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, excluding depreciation, amortisation and impairment of acquisition-related intangible assets

**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

## 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 also recognised 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.

2018, percentage points	Quarter 1		
	Group	Sweden	International
Organic growth	9	7	9
Currency translation effects	2	0	3
Acquisitions	5	0	8
Recognised growth	16	7	21

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

### 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	
	2018	2017
<b>EBITDA</b>	<b>116</b>	<b>101</b>
Other non-cash items	1	0
Changes in inventory	-29	-9
Changes in operating receivables	-109	-100
Changes in operating liabilities	67	71
<b>Cash flow from operations</b>	<b>46</b>	<b>63</b>
Investments excluding acquisitions	-15	-8
<b>Operating cash flow</b>	<b>31</b>	<b>55</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>2018</i>	<i>2017</i>
Operating profit	104	90
Depreciation/amortisation and impairment	12	11
<b>EBITDA</b>	<b>116</b>	<b>101</b>

### EBITA

Bufab's growth strategy includes the acquisition of companies. For the purpose of illustrating the underlying operation's performance, management has chosen to monitor EBITA (operating profit before depreciation, amortisation and impairment of acquired intangible assets). The key figure is defined below.

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2018</i>	<i>2017</i>
Operating profit	104	90
Depreciation, amortisation and impairment of acquired intangible assets	2	1
<b>EBITA</b>	<b>106</b>	<b>91</b>

### Operating expenses

Operating expenses is an expression of operating expenses before depreciation, amortisation and impairment of acquired intangible assets. The key figure is defined below.

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2018</i>	<i>2017</i>
Distribution costs	-124	-108
Administrative expenses	-51	-40
Other operating income	13	7
Other operating expenses	-11	-7
Depreciation, amortisation and impairment of acquired intangible assets	2	1
<b>Operating expenses</b>	<b>-171</b>	<b>-147</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>2018</i>	<i>2017</i>
Current assets	2,129	1,773
Less: cash and cash equivalents	-124	-130
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-641	-545
<b>Working capital on balance-sheet date</b>	<b>1,364</b>	<b>1,098</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.

	<b>31 Mar</b>	<b>31 Mar</b>
	<i>2018</i>	<i>2017</i>
Non-current interest-bearing liabilities	1,095	883
Current interest-bearing liabilities	58	63
Less: cash and cash equivalents	-124	-130
Less: other interest-bearing receivables	0	0
<b>Net debt on balance-sheet date</b>	<b>1,029</b>	<b>816</b>

### CONFERENCE CALL

A conference call will be held on 26 April 2018 at 10:00 a.m. CET. Jörgen Rosengren, President and CEO, and Marcus Andersson, CFO, will present the results. The conference call will be held in English.

To participate in the conference, use any of the following dial-in numbers: +44 (0) 1452 555566, UK: 08444933800, Sweden: 0850336434, or the US: 16315107498. Conference code: 7964027.

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



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