

Interim report January – March 2019

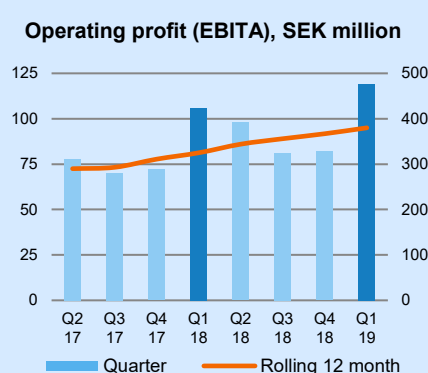
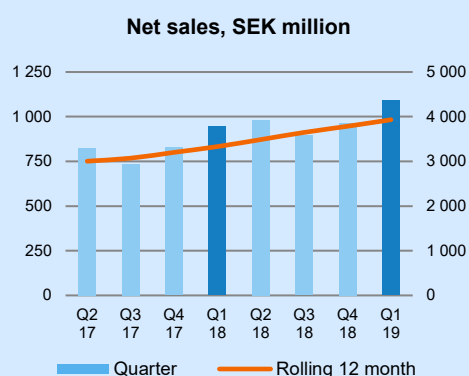
Continued healthy growth and increased profit

First quarter of 2019

- Net sales rose by 15 percent to SEK 1,091 million (945). Organic growth was 6 percent
- Order intake was in line with net sales
- Operating profit (EBITA) rose to SEK 119 million (106) and the operating margin was 10.9 percent (11.2)
- Earnings per share rose to SEK 2.23 (1.98)

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

SEK million	Quarter 1		Δ	12-months rolling	Full year
	2019	2018			
Order intake	1,084	944	15	3,938	3,798
Net sales	1,091	945	15	3,932	3,786
Gross profit	304	277	10	1,114	1,088
%	27.9	29.3		28.3	28.6
Operating expenses	-184	-171	6	-734	-721
%	16.9	18.1		18.7	19.0
Operating profit (EBITA)	119	106	13	380	367
%	10.9	11.2		9.7	9.7
Operating profit	117	104	12	371	358
%	10.7	11.0		9.7	9.7
Profit after tax	84	75	12	262	255
Earnings per share, SEK	2.23	1.98	12	6.96	6.71



SALES GROWTH

+15%

OPERATING MARGIN (EBITA)

10.9%

CEO's overview



Bufab started off in 2019 with a strong result. Growth was 15 percent, driven by acquisitions, increased market share and stable demand.

Our largest operating segment, International, enjoyed a particularly strong performance. We continued to take market share, just as previously by capturing many new contracts with many customers. For several consecutive years, we have continuously increased our market share in most countries where we operate. Even so, we see many business opportunities going forward. Increased market share and a somewhat higher demand created organic growth of 8 percent. Growth was particularly strong in Central Europe, strong in the UK, Northern Europe and Southern Europe, but somewhat weaker in Eastern Europe. Price increases secured a stable gross margin. Through an effective cost control and increased efficiency, it was possible to translate this into an operating margin that was the segment's best ever. Accordingly, operating profit rose by a full 20 percent.

Unfortunately, the result in Sweden was poorer than last year. This was fully attributable to a significant weakening of the segment's gross margin. The main reason is that the price increases we implemented during 2018 and

the beginning of 2019 were insufficient in light of the continued weakening of the Swedish krona. In addition, we had limited organic growth for the second consecutive quarter. Despite effective cost control, both operating profit and operating margin were therefore considerably lower than in 2018. This development is entirely unsatisfactory. Accordingly, we will undertake further price increases for end customers which, in combination with purchasing savings, aim to restore the segment's gross margin during the year.

Overall, we are nonetheless satisfied with the Group's earnings for the quarter. We are creating healthy growth and strengthening our customer relations. At the same time, we are continuing our long-term investment programme within the scope of our "Leadership 2020" strategy. For example, we have strengthened our sourcing function, invested in the digitalisation of key processes, and further strengthened our organisation and competence in key areas.

Our newly acquired companies are contributing to increased sales and profits, while also significantly strengthening our customer offering, something we see concrete evidence of in our daily sales. It is part of our strategy to make additional value-adding acquisitions also in the future.

Despite these costly activities, we improved our operating profit and achieved Bufab's best quarterly result to date. We are satisfied with the start to the year. The macroeconomic uncertainty has not diminished, but we are optimistic about the remainder of 2019.

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 1,300 employees. Bufab's net sales for the past 12 months amounted to SEK 3.9 billion and the operating margin was 9.7 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.

The Group in brief

FIRST QUARTER

Order intake amounted to SEK 1,084 million (944) and was in line with net sales.

Net sales rose by 15 percent to SEK 1,091 million (945), of which 6 percent was organic.

Both the underlying demand and market share are deemed to be higher in segment International and unchanged in segment Sweden compared with the first quarter of 2018.

Gross margin was lower in the quarter compared with the preceding year. The decline was attributable to segment Sweden and was primarily due to the weak Swedish krona and the lower gross margin in Rudhäll Industri.

However, the lower gross margin was met by a lower share of operating expenses. Operating profit rose to SEK 119 million (106), equal to an operating margin of 10.9 percent (11.2).

Exchange-rate fluctuations impacted operating profit positively by SEK +1 million, volumes positively by SEK +15 million, the price/cost/mix and other factors negatively by SEK -7 million and acquisitions positively by SEK +3 million.

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -8 million (-4) for the first quarter. Exchange-rate differences had an impact of SEK -1 million (3) on net financial items.

The Group's profit after financial items amounted to SEK 108 million (100) for the quarter.

The tax expense for the quarter was SEK -24 million (-25), implying an effective tax rate of 23 percent (25).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 1	
	2019	2018
EBITDA, adjusted	129	116
Other non-cash items	0	1
Changes in working capital	-65	-71
Cash flow from operations	64	46
Investments excluding acquisitions	-26	-15
Operating cash flow	38	31

Operating cash flow amounted to SEK 38 million (31) for the period. Operating cash flow increased due to higher operating profit and lower working capital in relation to the comparative quarter.

Average working capital in relation to net sales amounted to 36.2 percent (36.0).

On 31 March 2019, the Group's net debt totalled SEK 1,510 million (1,029). Adjusted net debt amounted to SEK 1,202 million (1,029). The difference between these performance measures are the effects of IFRS 16 Leases. The increase in adjusted net debt is attributable to the acquisitions conducted, dividends paid, exchange-rate fluctuations, and the repurchase of own shares in the past 12 months.

On 31 March 2019, the Group's debt/equity ratio was 89 percent (66). Of the increase of 23 percentage points, the new accounting standard, IFRS 16 Leases, accounted for 18 percentage points.

Segment International

First quarter

Order intake amounted to SEK 725 million (647) and was in line with net sales.

Net sales rose by 13 percent to SEK 731 million (648). Organic growth was 8 percent, driven by a slightly stronger underlying demand and increased market shares in most markets.

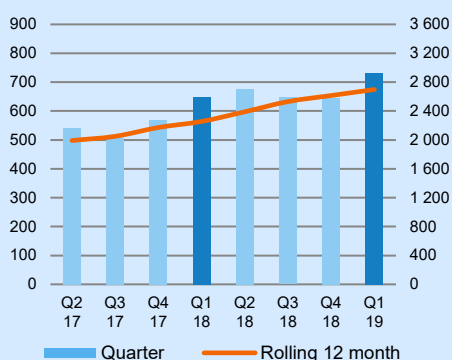
Gross margin for the segment increased somewhat to a healthy 29.8 percent (29.7). The reason for this is a continued strong EUR rate and that it has been possible to offset increases in the prices of raw materials by increasing prices for customers.

The share of operating expenses declined compared with the preceding year. Operating profit rose to SEK 85 million (71), equal to an operating margin of 11.7 percent (11.0).

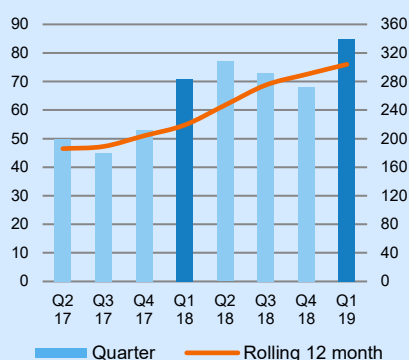
Exchange-rate fluctuations impacted operating profit positively by SEK +5 million, volumes positively by SEK +16 million, the price/cost/mix and other factors negatively by SEK -7 million and acquisitions by SEK 0 million.

SEK million	Quarter 1		Δ	Rolling 12 months	Full year
	2019	2018			
Order intake	725	647	12	2,726	2,648
Net sales	731	648	13	2,698	2,615
Gross profit	217	192	13	813	788
%	29.8	29.7		30.2	30.1
Operating expenses	-132	-121	9	-509	-498
%	18.1	18.7		18.5	19.0
Operating profit (EBITA)	85	71	20	304	290
%	11.7	11.0		11.3	11.1

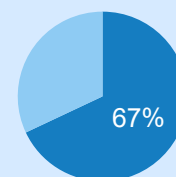
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+13%

OPERATING MARGIN (EBITA)

11.7%

Segment Sweden

First quarter

Order intake was SEK 359 million (297) and was in line with net sales.

Net sales rose by 21 percent to SEK 360 million (297). Organic growth was 1 percent. Underlying demand was unchanged and market shares were deemed to be unchanged in relation to the comparative quarter.

The gross margin for the segment declined to a very low 25.3 percent (29.9), but increased somewhat in relation to the preceding quarter. About half of the decline compared with the comparative quarter is attributable to the acquisition of Rudhäll, which occurred in the fourth quarter of 2018, which has a lower gross margin, but a comparable operating margin compared with the segment otherwise.

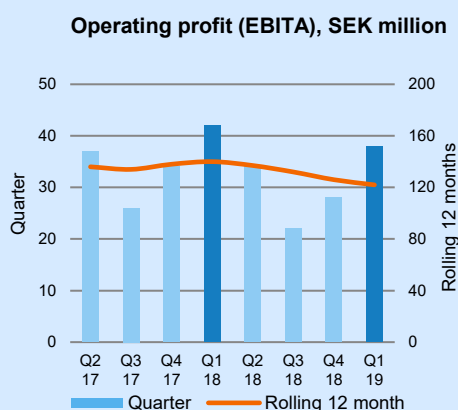
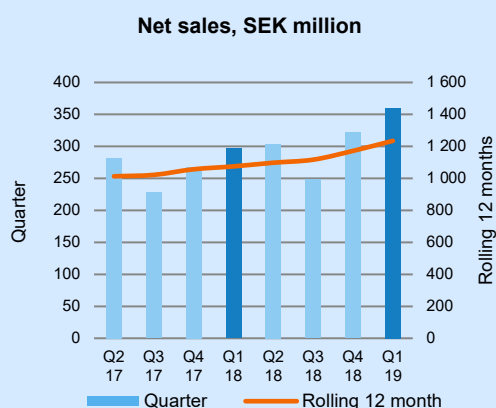
The remaining decline compared with the preceding year is mainly due to a significantly weakened Swedish krona. Despite considerable price increases for customers, this did not succeed in sufficiently offsetting this trend.

We are implementing further price increases for end customers, which together with the continued work on purchasing savings, is aimed at restoring the segment's gross margin in the coming quarters.

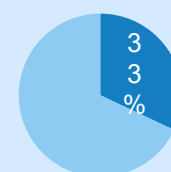
Operating profit was SEK 38 million (42), equal to an operating margin of 10.6 percent (14.1).

Exchange-rate fluctuations impacted operating profit negatively by SEK -4 million, volumes by SEK 0 million, the price/cost/mix and other factors negatively by SEK -3 million and acquisitions positively by SEK +3 million.

	Quarter 1		Δ	Rolling 12 months	Full year
SEK million	2019	2018	%	2019/18	2018
Order intake	359	297	21	1,211	1,149
Net sales	360	297	21	1,235	1,172
Gross profit	91	89	2	325	323
%	25.3	29.9		26.3	27.6
Operating expenses	-53	-47	13	-203	-197
%	14.7	15.8		16.4	16.8
Operating profit (EBITA)	38	42	-10	122	126
%	10.6	14.1		9.9	10.8



SHARE OF TOTAL SALES



SALES GROWTH

+21%

OPERATING MARGIN

10.6%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2019</i>	<i>2018</i>
Net sales	1,091	945
Cost of goods sold	-787	-669
Gross profit	304	277
Distribution costs	-135	-124
Administrative expenses	-55	-51
Other operating income	10	13
Other operating expenses	-7	-11
Operating profit	117	104
<i>Profit/loss from financial items</i>		
Interest income and similar income items	3	3
Interest expenses and similar expenses	-11	-7
Profit after financial items	108	100
Tax on net profit/loss for the period	-24	-25
Profit after tax	84	75

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 1</i>	
	2019	2018
Profit after tax	84	75
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation differences / Currency hedging net after tax	38	61
Other comprehensive income after tax	38	61
Total comprehensive income	122	136
Total comprehensive income attributable to:		
Parent Company shareholders	122	136

Earnings per share

<i>SEK</i>	<i>Quarter 1</i>	
	2019	2018
Earnings per share	2.23	1.98
Weighted number of shares outstanding before dilution, thousands	37,467	37,776
Diluted earnings per share, SEK	2.23	1.98
Weighted number of shares outstanding after dilution, thousands	37,467	37,776

Consolidated Balance Sheet

<i>SEK million</i>	<i>31 Mar 19</i>	<i>31 Mar 18</i>	<i>31 Dec 18</i>
ASSETS			
<i>Non-current assets</i>			
Intangible assets	1,203	1,159	1,179
Property, plant and equipment	524	173	221
Financial assets	26	24	21
Total non-current assets	1,754	1,356	1,421
<i>Current assets</i>			
Inventories	1,322	1,147	1,315
Current receivables	947	858	814
Cash and cash equivalents	154	124	144
Total current assets	2,423	2,129	2,273
Total assets	4,177	3,484	3,694
EQUITY AND LIABILITIES			
Equity	1,703	1,552	1,600
<i>Non-current liabilities</i>			
Non-current liabilities, interest-bearing	1,504	1,095	1,600
Non-current liabilities, non-interest-bearing	96	104	89
Total non-current liabilities	1,599	1,199	1,336
<i>Current liabilities</i>			
Current liabilities, interest-bearing	160	58	74
Current liabilities, non-interest-bearing	715	675	684
Total current liabilities	875	733	758
Total equity and liabilities	4,177	3,484	3,694

Consolidated Statement of Changes in Equity

<i>SEK million</i>	31 Mar 19	31 Mar 18
Equity at the close of the preceding year	1,600	1,415
Adjustment resulting from the introduction of IFRS 16	-18	-
Equity at beginning of year	1,581	1,415
Comprehensive income		
Profit after tax	84	75
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	38	61
Total comprehensive income	122	136
Transactions with shareholders	-	-
Total transactions with shareholders	-	-
Equity at end of period	1,703	1,552

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2019</i>	<i>2018</i>
<i>Operating activities</i>		
Profit before financial items	117	104
Depreciation/amortisation and impairment	33	12
Interest and other finance income	0	3
Interest and other finance expenses	-9	-7
Other non-cash items	0	0
Income tax paid	-37	-30
Cash flow from operating activities before changes in working capital	104	82
<i>Changes in working capital</i>		
Increase (-)/decrease (+) in inventories	19	-29
Increase (-)/decrease (+) in operating receivables	-113	-109
Increase (+)/decrease (-) in operating liabilities	30	67
Cash flow from operating activities	40	11
<i>Investing activities</i>		
Acquisition of intangible assets/property, plant and equipment	-26	-15
Company acquisitions	-	-
Acquisition of intangible assets	-	-
Cash flow from investing activities	-26	-15
<i>Financing activities</i>		
Increase (+)/decrease (-) in borrowings	-7	3
Cash flow from financing activities	-7	3
Cash flow for the period	7	0
Cash and cash equivalents at beginning of period	144	120
Translation differences	3	3
Cash and cash equivalents at end of period	154	123

The Group's segment reporting

International SEK million	2018				2019	
	Q1	Q2	Q3	Q4	Q1	
Net sales	648	676	647	644	731	
Gross profit	192 29.7%	202 29.9%	197 30.4%	197 30.6%	217 29.8%	
Operating expenses	-121 18.7%	-125 18.5%	-124 19.2%	-129 20.0%	-132 18.1%	
Operating profit (EBITA)	71 11.0%	77 11.4%	73 11.3%	68 10.6%	85 11.7%	

Sweden SEK million	2018				2019	
	Q1	Q2	Q3	Q4	Q1	
Net sales	297	304	248	322	360	
Gross profit	89 29.9%	87 28.6%	67 27.0%	81 25.1%	91 25.3%	
Operating expenses	-47 15.8%	-53 17.4%	-45 18.1%	-53 16.5%	-53 14.7%	
Operating profit (EBITA)	42 14.1%	34 11.2%	22 8.9%	28 8.7%	38 10.6%	

Other* SEK million	2018				2019	
	Q1	Q2	Q3	Q4	Q1	
Net sales	-	-	-	-	-	
Gross profit/loss	-4	-7	-5	-7	-4	
Operating expenses	-3	-6	-9	-8	0	
Operating profit (EBITA)	-7	-13	-14	-15	-4	

*Other includes unallocated costs of a Group-wide nature

Group SEK million	2018				2019	
	Q1	Q2	Q3	Q4	Q1	
Net sales	945	980	895	966	1,091	
Gross profit	277 29.3%	282 28.8%	259 28.9%	271 28.1%	304 27.9%	
Operating expenses	-171 18.1%	-184 18.8%	-178 19.9%	-189 19.7%	-184 16.7%	
Operating profit (EBITA)	106 11.2%	98 10.0%	81 9.1%	82 8.5%	119 10.9%	

Consolidated Key Figures

For definitions, see page 18.

	Quarter 1		Δ
	2019	2018	
Order intake, SEK million	1,084	944	15
Net sales, SEK million	1,091	945	15
Gross profit, SEK million ⁽¹⁾	304	277	10
EBITDA, SEK million ⁽¹⁾	151	116	30
EBITDA, adjusted, SEK million	129	116	14
Operating profit (EBITA), SEK million ⁽¹⁾	119	106	13
Operating profit, SEK million ⁽¹⁾	117	104	12
Profit after tax, SEK million	84	75	12
Gross margin, % ⁽¹⁾	27.9	29.3	
Operating margin (EBITA), % ⁽¹⁾	10.9	11.2	
Operating margin, % ⁽¹⁾	10.7	11.0	
Net margin, %	7.7	8.0	
Net debt, SEK million ⁽¹⁾	1 510	1 202	26
Net debt, adjusted, SEK million	1,202	1,029	17
Debt/equity ratio, % ⁽¹⁾	89	66	35
Net debt / EBITDA, adjusted, multiple ⁽¹⁾⁽²⁾	2.9	2.8	
Working capital, SEK million	1,581	1,364	16
Average working capital, SEK million	1,461	1,208	21
Average working capital in relation to net sales, %	36.2	36.0	
Equity/assets ratio, % ⁽¹⁾	41	45	
Operating cash flow, SEK million	38	31	29
Earnings per share, SEK ⁽¹⁾	2.23	1.98	12

⁽¹⁾ These performance measures were impacted by the introduction of IFRS 16. See the table on page 13.

⁽²⁾ Paid purchase prices have been charged in full to adjusted net debt while EBITDA, adjusted, has only been credited from the respective acquisition date.

Performance measures affected by IFRS 16

	Quarter 1			
	2019	Adjusted for the effect of IFRS 16	2019 Pro forma	2018
Gross profit, SEK million	304	0	304	277
EBITDA, SEK million	151	-21	129	116
EBITDA, adjusted, SEK million	129	-	129	116
Operating expenses, SEK million	-184	2	-186	-171
Operating profit (EBITA), SEK million	119	-2	117	106
Operating profit, SEK million	117	-2	115	104
Profit before tax, SEK million	108	0	108	100
Profit after tax, SEK million	84	0	84	75
Earnings per share, SEK	2.23	0	2.23	1.98
Net debt, SEK million	1,510	-308	1,202	1,069
Net debt, adjusted, SEK million	1,202	-	1,202	1,069
Debt/equity ratio, %	89	-18	71	66
Equity/assets ratio	41	+3	44	45
Cash flow from operating activities before changes in working capital	104	-21	83	82

Parent Company income statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2019</i>	<i>2018</i>
Administrative expenses	-4	-3
Other operating income	2	2
Operating profit	-2	-1
<i>Profit/loss from financial items</i>		
Interest expenses and similar expenses	-	-
Profit after financial items	-2	-1
Appropriations	-	-
Tax on net profit/loss for the period	-	-
Profit after tax	-2	-1
Other comprehensive income	-	-
Total comprehensive income	-2	-1

Parent Company balance sheet

<i>SEK million</i>	<i>31 Mar 19</i>	<i>31 Mar 18</i>	<i>31 Dec 18</i>
ASSETS			
<i>Non-current assets</i>			
<i>Financial assets</i>			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
<i>Current assets</i>			
Receivables from Group companies	70	156	77
Other current receivables	14	5	8
Cash and cash equivalents	-	1	-
Total current assets	84	161	85
Total assets	929	1,006	930
EQUITY AND LIABILITIES			
Equity	799	871	801
Untaxed reserves	122	128	122
<i>Non-current interest-bearing liabilities</i>			
Other non-current liabilities	-	-	-
Total non-current liabilities	0	0	0
<i>Current non-interest-bearing liabilities</i>			
Other current liabilities	8	7	7
Total current liabilities	8	7	7
Total equity and liabilities	929	1,006	930

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 2018 Annual Report. The 2018 Annual Report is available at www.bufab.com.

Bufab applies IFRS 16 Leases as of January 1, 2019.

IFRS 16 addresses the recognition of rental contracts and leases for both lessors and lessees. The implementation of this standard entails that nearly all leases will be recognised in the lessee's balance sheet, since no difference is made any longer between operational and financial leases. According to the new standard, an asset (the right to use a leased asset) and a financial liability covering the obligation to pay lease fees are to be recognised. Exceptions are made for short-term leases and leases for which the underlying assets have a low value. Bufab has chosen to apply the new standard prospectively, but will restate the right-of-use assets retrospectively with the total effect of an initial application as an adjustment of the opening amount of retained earnings on 1 January 2019. Accordingly, comparative information will not be restated.

The new standard has had a material impact on Bufab's total assets, partly in relation to the right-of-use assets, which has increased Bufab's property, plant and equipment, and regarding the lease liabilities that are now recognised in the balance sheet and have increased Bufab's interest-bearing liabilities.

The impact on the balance sheet at the beginning of 2019 is presented below:

Balance sheet items	SEK million
Right-of-use assets	+283
Deferred tax	+ 5
Prepaid expenses	- 6
Retained earnings	-18

Non-current lease liabilities, interest-bearing	227
Current lease liabilities, interest-bearing	73

The effect on the income statement for the Group is not significant.

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 regarding risks and risk management, see Note 3 of the 2018 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 2017-2018.

	Date	Net sales*	Employees
Thunderbolts Group Limited	24 May 2017	32	19
Kian Soon Mechanical Components Pte. Ltd	1 Dec 2017	105	64
Rudhäll Industri AB	5 October 2018	210	76

*Estimated annual net sales at the date of acquisition

EMPLOYEES

The number of employees in the Group at 31 March 2019 amounted to 1,282 (1,173).

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 2019

18 July 2019

Interim report for the third quarter of 2019

25 October 2019

Year-end report 2019

11 February 2020

Värnamo, 25 April 2019

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

EBITDA, adjusted

Operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets according to IFRS 16. This key figure is an approximation and is shared in order to report an comparable EBITDA as if IAS 17 was still applied.

Operating profit (EBITA)

Gross profit less operating expenses.

Net debt, adjusted

Interest-bearing liabilities, lease liabilities according to IFRS 16, 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, adjusted, multiple

Net debt, adjusted, at the end of the period divided by EBITDA, adjusted 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

EBITDA, adjusted, plus other non-cash items, minus 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.

2019, percentage points	Quarter 1		
	Group	Sweden	International
Organic growth	6	1	8
Currency translation effects	3	0	5
Acquisitions	6	20	0
Recognised growth	15	21	13

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

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	
	2019	2018
EBITDA, adjusted	129	116
Other non-cash items	0	1
Changes in inventory	18	-29
Changes in operating receivables	-113	-109
Changes in operating liabilities	30	67
Cash flow from operations	64	46
Investments excluding acquisitions	-26	-15
Operating cash flow	38	31

EBITDA

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

	<i>Quarter 1</i>	
	2019	2018
Operating profit	117	104
Depreciation/amortisation and impairment	34	12
EBITDA	151	116

EBITDA, adjusted

The performance measure EBITDA, adjusted, is an expression of operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets and interest expenses on lease liabilities according to IFRS 16. The key figure is defined below.

	<i>Quarter 1</i>	
	2019	2018
Operating profit	117	104
Depreciation/amortisation and impairment	34	12
Less: amortisation on right-of-use assets according to IFRS 16	-19	-
Less: interest expenses on lease liabilities according to IFRS 16	-2	-
EBITDA, adjusted	129	116

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>	
	2019	2018
Operating profit	117	104
Depreciation and amortisation of acquired intangible assets	2	2
EBITA	119	106

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>	
	2019	2018
Distribution costs	-135	-124
Administrative expenses	-55	-51
Other operating income	10	13
Other operating expenses	-7	-11
Depreciation and amortisation of acquired intangible assets	2	2
Operating expenses	-184	-171

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>2019</i>	<i>2018</i>
Current assets	2,423	2,129
Less: cash and cash equivalents	-154	-124
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-688	-641
Working capital on the balance-sheet date	1,581	1,364

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>2019</i>	<i>2018</i>
Non-current interest-bearing liabilities	1,504	1,095
Current interest-bearing liabilities	160	58
Less: cash and cash equivalents	-154	-124
Less: other interest-bearing receivables	0	0
Net debt on balance-sheet date	1,510	1,029

Net debt, adjusted

Net debt, adjusted is an expression of how large the financial borrowing is in the company in absolute figures after deductions for lease liabilities according to IFRS 16 and cash and cash equivalents. The key figure is defined below.

	<i>31 Mar</i>	<i>31 Mar</i>
	<i>2019</i>	<i>2018</i>
Non-current interest-bearing liabilities	1,504	1,095
Current interest-bearing liabilities	160	58
Less: lease liabilities according to IFRS 16	-308	0
Less: cash and cash equivalents	-154	-124
Less: other interest-bearing receivables	0	0
Net debt, adjusted, on the balance-sheet date	1,202	1,029

CONFERENCE CALL

A conference call will be held on 25 April 2019 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) 2071 928000, UK 08445718892, Sweden 08 0850692180 or the US 16315107495. Conference code: 3992056.

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



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