

Year-end report 2020

Strong increase in sales and profitability in a challenging world

Fourth quarter of 2020

- Net sales rose by 10 percent to SEK 1,238 million (1,124), of which +10 percent was organic
- Order intake increased by 13 percent and was higher than net sales
- Operating profit (EBITA) rose to SEK 121 million (73) corresponding to an operating margin of 9.8 percent (6.5)
- Earnings per share amounted to SEK 2.03 (1.03)

Full-year 2020

- Net sales rose by 9 percent to SEK 4,756 million (4,348), of which -5 percent was organic
- Order intake increased by 11 percent and was higher than net sales
- Operating profit (EBITA) rose to SEK 482 million (384) corresponding to an operating margin of 10.1 percent (8.8)
- Earnings per share amounted to SEK 8.04 (6.75)
- Operating cash flow increased to SEK 540 million (351)
- In 2020, Bufab achieved its highest annual sales, operating profit and earnings per share ever
- The Board of Directors proposes a dividend of SEK 2,75 per share (0.00)

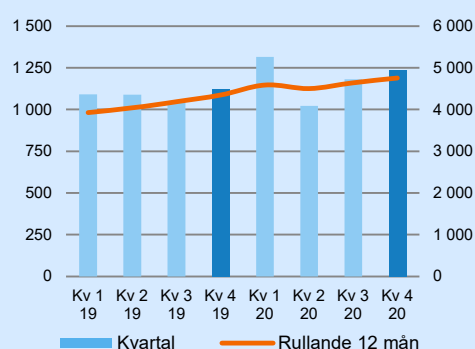
THE GROUP IN BRIEF

SEK million	Quarter 4			Jan-Dec		
	2020	2019	Δ	2020	2019	Δ
Order intake	1,299	1,148	13	4,827	4,354	11
Net sales	1,238	1,124	10	4,756	4,348	9
Gross profit	323	297	9	1,252	1,183	6
%	26.1	26.4		26.3	27.2	
Operating expenses*	-202	-224	-10	-771	-799	-4
%	-16.3	-20.0		-16.2	-18.4	
Operating profit (EBITA)*	121	73	66	482	384	26
%	9.8	6.5		10.1	8.8	
Operating profit	114	67	70	452	368	23
%	9.2	6.0		9.5	8.5	
Profit after tax	76	39	96	299	253	18
Earnings per share, SEK	2.03	1.03	97	8.04	6.75	19
Dividend per share, SEK	-	-		2,75**	-	
Operating cash flow	166	94	77	540	351	54

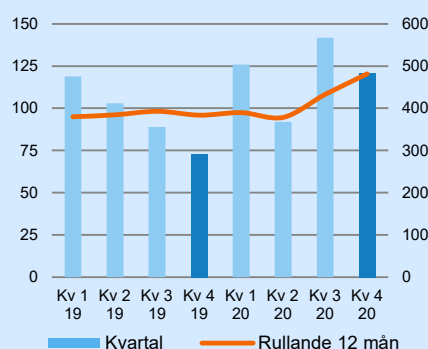
*For definitions, see page 20

**Proposed by Board of Directors

Net sales, SEK million



Operating profit (EBITA), SEK million



SALES GROWTH

+10%

OPERATING MARGIN (EBITA)

9.8%

Stronger Bufab after a challenging 2020

2020 has been a very challenging year for everyone, including Bufab. Despite good news about vaccines at the end of the year, the negative effects of the coronavirus pandemic on people's lives and on economies throughout the world increased. However, we are very pleased that Bufab is a stronger company today than at the beginning of the year.

During the spring, our most important goal was to protect our employees and their health. Largely thanks to our subsidiaries in Asia, we succeeded in rapidly getting the right measures in place throughout the Group. We were then able to safely focus on protecting our customers from the disruptions in global supply chains. Meeting the customers' fluctuating needs required speed and flexibility. We also adapted staffing and cost level to an entirely new demand scenario and intensified our efficiency programme to SEK 100 million. The programme progressed well and achieved full effect from the end of the year. During the autumn, we also worked on restoring profitable growth, for example through training of the sales team and further development of our customer offering.

The fourth quarter also brought challenges. A new wave of the pandemic gave rise to new problems but we succeeded nonetheless in achieving 10 percent organic growth, partly due to increased market share, which was a very strong recovery compared with earlier in the year. Combined with effective cost control, this led to a strong improvement in operating profit, a higher margin and doubled net profit. Cash flow was also very strong, which creates scope for further investments and acquisitions.

Business volatility and uncertainty caused fluctuations in growth and profitability across our operating segments, quarter by quarter. During the fourth quarter, we noted a particularly favourable trend in segment UK/North America and segment West.

We also continued to implement our long-term strategy for industry leadership, not least by developing the relationships with our key customers. Many of them suffered major difficulties with the supply of components in 2020 and therefore have an interest in simplifying and securing their supply chains. This strengthens Bufab's position.

As a result of investments in processes and digital tools in recent years, we have improved Bufab's productivity. This is apparent, for example, in the considerable strengthening of the operating margin during the second half of the year. Improving productivity will remain a focus area for us going forward.

A key component of Bufab's long-term strategy is acquisition. During 2020, we worked to integrate and realise growth synergies from the two major acquisitions completed in the second half of 2019. This is a long-term effort. But these companies also developed well organically and contributed well to our growth and profitability. As usual, we are involved in dialogue with several potential acquisition candidates.

In the autumn, we updated our long-term strategy and made plans within it for each segment. We will provide more information in this regard during a capital markets day on 18 March 2021.

Our intensive work to address the challenges created by the pandemic, combined with our long-term efforts relating to industry leadership also led to a healthy earnings trend in 2020. Growth of 9 percent, an improved operating margin and an increase in net profit of 19 percent are some key indicators. Both sales and operating profit were the highest ever for Bufab, for the sixth consecutive year, and cash flow was very strong.

At the beginning of 2021, Bufab and our customers are struggling with severely strained global supply chains. At the same time, the formerly low raw material prices have turned upwards, which will create margin pressure for both Bufab and our customers. But we also note that the favourable growth at the end of 2020 has continued into the new year.

2021 is also looking to be a tough year and there is a great deal of uncertainty. Nonetheless, we are confident in Bufab's opportunities for continued favourable development.

I want to end by thanking all of Bufab's 1,300 employees – our "Solutionists" – for their outstanding efforts during 2020

Jörgen Rosengren
President and CEO

The Group in brief

FOURTH QUARTER

Order intake was SEK 1,299 million (1,148), which was higher than net sales.

Net sales rose by 10 percent to SEK 1,238 million (1,124). The strong growth was primarily attributable to a robust performance in segment UK/North America and segment West. Organic growth was +10 percent. Underlying demand was clearly higher and the market share is considered to be higher.

Gross margin declined somewhat to 26.1 percent (26.4).

The reduced gross margin was offset by a significantly lower proportion of operating expenses, which declined to 16.3 percent (20.0), mainly due to positive operational leverage from higher volumes and effective cost control. The cost savings programme developed according to plan during the quarter.

Operating profit (EBITA) rose by 66 percent to SEK 121 million (73) and the operating margin to 9.8 percent (6.5).

Earnings per share rose by 97 percent to SEK 2.03 (1.03).

Exchange-rate fluctuations impacted operating profit negatively by SEK -7 million, volumes positively by SEK +41 million, cost savings and the price/cost/mix positively by SEK +1 million and acquisitions positively by SEK +13 million.

Operating profit was impacted positively by adjustments of contingent additional purchase considerations of SEK +5 million, negatively by restructuring costs of SEK -8 million, and negatively by adjusted government grants of SEK -2 million.

JANUARY-DECEMBER

Order intake was SEK 4,827 million (4,354), which was higher than net sales.

Net sales rose by 9 percent to SEK 4,756 million (4,348). Organic growth was -5 percent, mainly as a result of the effects on demand due to the coronavirus pandemic during the second quarter. The market share is deemed to have increased somewhat.

Gross margin declined to 26.3 percent (27.2). This decline was essentially attributable to the second quarter and was due to lower volumes in the manufacturing companies, a weaker business mix in segment West and the acquisition of HT Bendix A/S.

However, operating expenses as a share of net sales declined sharply to 16.2 percent (18.4), which was attributable to the cost savings programme, good flexibility and cost control during the last three quarters.

In total, operating profit (EBITA) rose to SEK 482 million (384), equal to an operating margin of 10.1 percent (8.8). Operating profit was the highest ever for Bufab, for the sixth consecutive year.

Earnings per share amounted to SEK 8.04 (6.75)

Compared with the preceding year, exchange-rate fluctuations impacted operating profit negatively by SEK -21 million, volumes negatively by SEK -73 million, cost savings and the price/mix/other positively by SEK +106 million and acquisitions positively by SEK +86 million.

Operating profit was impacted positively by adjustments of contingent additional purchase considerations of SEK +15 million, negatively by restructuring costs of SEK -20 million, and positively by subsidies for short-time work and such measures of SEK +27 million.

COST SAVINGS PROGRAMME

During the second quarter, the Group expanded its existing cost savings programme from SEK 40 million to SEK 100 million, on a full-year basis relative to 2019. The programme has now been fully implemented and will reach its targets from January 2021. The implementation generated restructuring costs of approximately SEK 20 million in the second half of 2020. The savings were achieved through increased efficiency, general cost savings and natural attrition, and will extend across all of the Group's segments. A small number of layoffs were required in certain subsidiaries. As a result of the cost savings program, the number of employees in the Group, adjusted for acquisitions, has decreased by approximately 170 employees since the end of the second quarter of 2019, a decrease of approximately 12 percent. The cost-savings

programme did not affect the Group's growth ambitions.

SUPPORT FOR SHORT-TIME WORK

During the second and third quarters, several of the Group's subsidiaries took part in various forms of government support programmes, which were initiated in several countries in the wake of the coronavirus pandemic, mainly in the shape of short-term work schemes. The Group received no such support during the fourth quarter, but made a provision for the repayment of some support received earlier. The earnings effect during the fourth quarter amounted to approximately SEK -2 million, of which SEK -2 million was attributable to abstention from government support received previously in Sweden. For the full year, these support programmes amounted to SEK 27 million globally, of which approximately SEK 7 million pertained to government support in Sweden. The government support was recognised under other operating income in the consolidated income statement.

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -15 million (-14) for the fourth quarter, of which exchange-rate differences accounted for SEK +1 million (+0).

For the full-year period, net financial items amounted to SEK -60 million (-42), of which exchange-rate differences accounted for SEK -4 million (+4). The Group's profit after financial items was SEK 99 million (53) for the quarter and SEK 391 (326) for the full year.

The decline in net financial items year-on-year was attributable to the financing of the acquisitions of HT BENDIX and American Bolt & Screw, as well as interest expenses for leases in the newly acquired companies.

The tax expense for the quarter was SEK -23 million (-14), implying an effective tax rate of 23 percent (26). The full-year tax expense was SEK -92 million (-73), implying an effective tax rate of 24 percent (22).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 4		Jan-Dec	
	2020	2019	2020	2019
EBITDA, adjusted	133	84	524	426
Other non-cash items	-2	0	-8	2
Changes in working capital	53	26	90	-10
Cash flow from operations	184	110	606	418
Investments excluding acquisitions	-18	-16	-66	-67
Operating cash flow	166	94	540	351
Cash conversion ratio	125%	112%	103%	82%

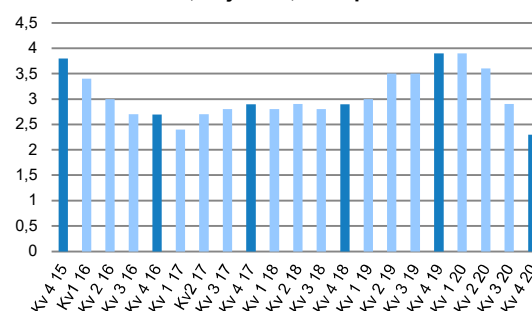
Operating cash flow improved significantly during the fourth quarter and the full year, supported by good development of operating profit and working capital.

Average working capital in relation to net sales amounted to 33.1 percent (35.3) for the fourth quarter. The improvement is primarily attributable to increased volumes, lower tied-up capital in the acquired company American Bolt & Screw, and to a positive trend in working capital during the year.

On 31 December 2020, adjusted net debt totalled SEK 1,220 million (1,666) and the debt/equity ratio was 80 percent (118). The reduced net debt and debt/equity ratio were directly attributable to the favourable operating cash flow.

The performance measure net debt/EBITDA, adjusted, was a multiple of 2.3 (3.9) at the end of the quarter. The ratio improved by 1.6x during the year as a main result of strong cash flow and a favourable earnings trend.

Net debt / EBITDA, adjusted, multiple



Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark, as well as a purchasing office in China, which is affiliated to the segment. The business mainly comprises trading companies, but also some manufacturing of particularly demanding components in proprietary plants.

FOURTH QUARTER

The segment turned around to healthy growth during the quarter. Organic growth was +6 percent. Order intake was higher than net sales.

The recovery was most apparent in Denmark and Sweden. The operations in Denmark, in particular, through the acquisition of HT BENDIX, had a very strong performance during the quarter, which was mainly attributable to a high level of demand from customers in the kitchens and furniture industry.

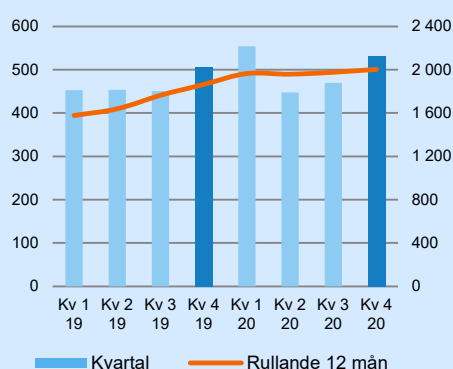
The gross margin for the quarter was lower than in the comparison quarter, despite the favourable contribution from purchasing savings in the segment's trading companies. The decline was attributable to the segment's manufacturing companies.

The result effect of the lower gross margin was more than mitigated by a significantly lower share of operating expenses, which in turn, were due to cost savings made. Overall, operating profit increased relative to the comparison quarter.

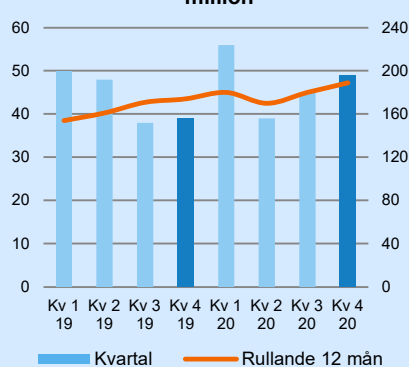
The focus during the spring will be on new sales and increased market shares in the segment's many profitable companies.

	Quarter 4			Jan-Dec		
SEK million	2020	2019	Δ	2020	2019	Δ
Order intake	565	515	10	2,052	1,866	10
Net sales	533	507	5	2,005	1,865	8
Gross profit	124	124	0	465	474	-2
%	23.2	24.4		23.2	25.4	
Operating expenses	-75	-85	-12	-276	-300	-8
%	-14.0	-16.7		-13.7	-16.1	
Operating profit (EBITA)	49	39	26	189	174	9
%	9.2	7.7		9.4	9.3	

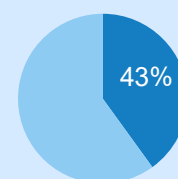
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+5%

OPERATING MARGIN (EBITA)

9.2%

Segment West

Segment West comprises Bufab's operations in France, the Netherlands, Germany, the Czech Republic, Austria and Spain.

FOURTH QUARTER

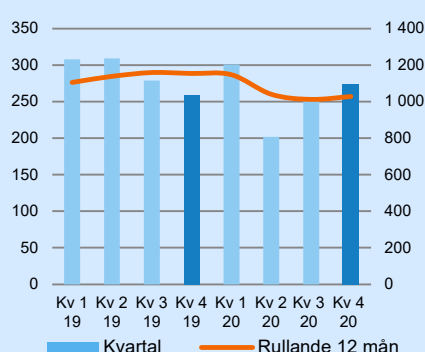
All of the segment's companies noted a strong recovery in demand during the quarter, although this was still from relatively low levels. Organic growth amounted to +10 percent and the higher volumes were distributed across all markets and most industries. Order intake was higher than net sales.

The gross margin was somewhat higher than in the comparison quarter, due to higher volumes and purchasing savings. The higher gross margin, combined with a reduced share of operating expenses, generated a significant improvement in operating profit relative to a weak comparison quarter.

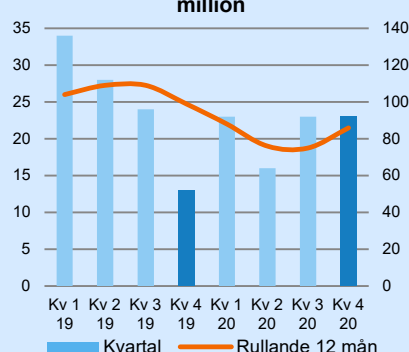
The major focus on cost savings remains, while the work on new sales and increased market shares will be intensified during the spring.

SEK million	Quarter 4			Jan-Dec		
	2020	2019	Δ	2020	2019	Δ
Order intake	289	265	9	1,047	1,157	-10
Net sales	274	259	6	1,028	1,155	-11
Gross profit	69	65	6	257	306	-16
%	25.3	24.9		25.0	26.5	
Operating expenses	-46	-52	-12	-171	-207	-17
%	-16.7	-20.1		-16.7	-17.9	
Operating profit (EBITA)	23	13	77	86	99	-13
%	8.4	4.8		8.3	8.6	

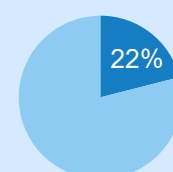
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+6%

OPERATING MARGIN (EBITA)

8.4%

Segment East

Segment East comprises Bufab's operations in Poland, Hungary, Romania, the Baltic States, Russia, Slovakia, Turkey, China, Singapore and other countries in Southeast Asia, and India.

FOURTH QUARTER

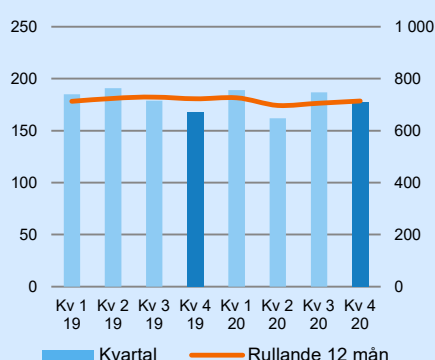
The segment reported healthy demand in the fourth quarter, primarily in the operations in China, Southeast Asia and Poland. Organic growth amounted to +16 percent. Order intake was in line with net sales.

The gross margin was lower than in the comparison quarter, mainly due to higher price pressure from customers, which could not be fully offset by purchasing savings. The share of operating expenses increased, primarily as a result of adjusted reserves. However, the expenses for the full year were significantly lower than in 2019 in both absolute and relative terms. Accordingly, operating profit declined for the period.

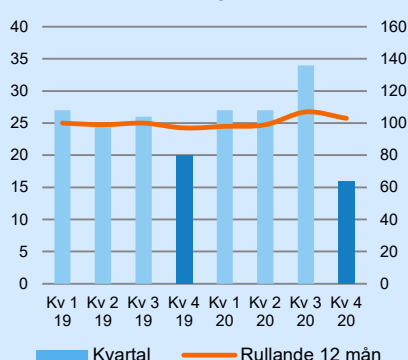
The subsidiaries in the segment will focus primarily on new sales and increasing market share.

SEK million	Quarter 4			Jan-Dec		
	2020	2019	%	2020	2019	%
Order intake	183	173	6	725	721	6
Net sales	177	168	5	715	723	1
Gross profit	56	55	2	227	230	1
%	31.5	32.6		31.8	31.9	
Operating expenses	-40	-35	14	-125	-134	-7
%	-22.6	-20.8		-17.4	-18.5	
Operating profit (EBITA)	16	20	-20	103	97	6
%	9.0	11.7		14.4	13.4	

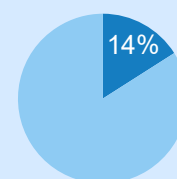
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+5%

OPERATING MARGIN (EBITA)

9.0%

Segment UK/North America

Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US and Mexico, including the new acquisition of American Bolt & Screw Mfg. Corp.

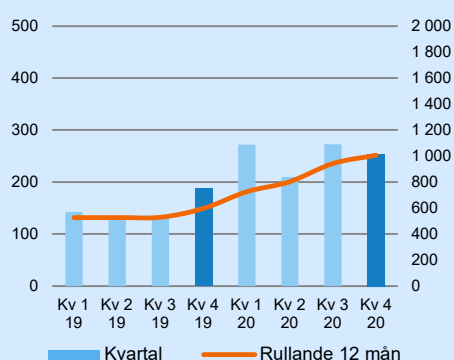
FOURTH QUARTER

Several of the segment's companies reported a strong recovery in demand in the fourth quarter. Organic growth was as much as +16 percent. Order intake was in line with net sales. In particular, the operations in North America performed very strongly through the acquisition of American Bolt & Screw. Customers in the mobile home segment remained the drivers behind this development, which was favoured by the "staycation" trend that followed from the coronavirus pandemic. The UK operations also continued to note favourable volumes.

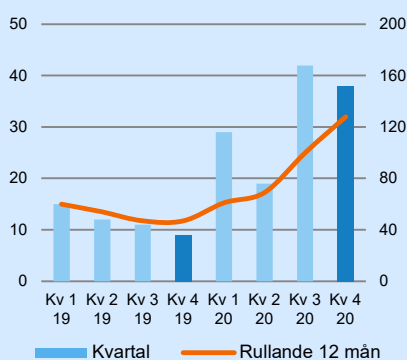
The higher gross margin was primarily due to high volumes in American Bolt & Screw and purchasing savings. The significantly lower share of operating expenses was due to the successful efforts related to the Group's cost-savings programme and continued good cost control.

	Quarter 4			Δ	Jan-Dec			Δ
SEK million	2020	2019	%		2020	2019	%	
Order intake	262	192	36		1,002	602	66	
Net sales	254	188	35		1,008	598	69	
Gross profit	79	56	41		317	185	71	
%	31.1	29.6			31.4	31.0		
Operating expenses	-42	-47	-11		-189	-138	37	
%	-16.5	-24.8			-18.7	-23.1		
Operating profit (EBITA)	38	9	322		128	47	72	
%	15.0	4.8			12.7	7.9		

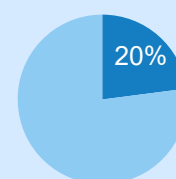
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+35%

OPERATING MARGIN (EBITA)

15.0%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	2020	2019	2020	2019
Net sales	1,238	1,124	4,756	4,348
Cost of goods sold	-914	-827	-3,504	-3,165
Gross profit	323	297	1,252	1,183
Distribution costs	-132	-149	-548	-565
Administrative expenses	-72	-76	-287	-250
Other operating income	1	9	55	39
Other operating expenses	-7	-15	-20	-39
Operating profit	114	67	452	368
<i>Profit/loss from financial items</i>				
Interest income and similar income items	3	2	3	7
Interest expenses and similar expenses	-18	-16	-63	-49
Profit after financial items	99	53	391	326
Tax on net profit/loss for the period	-23	-14	-92	-73
Profit after tax	76	39	299	253

Statement of Comprehensive Income

SEK million	Quarter 4		Jan-Dec	
	2020	2019	2020	2019
Profit after tax	76	39	299	253
Other comprehensive income				
Items that will not be reclassified in profit or loss				
Actuarial loss / profit on pension obligations, net after tax	1	-2	1	-2
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	-81	-18	-132	38
Other comprehensive income after tax	-80	-20	-131	36
Total comprehensive income	-4	19	168	289
Total comprehensive income attributable to:				
Parent Company shareholders	-4	19	168	289

Earnings per share

SEK	Quarter 4		Jan-Dec	
	2020	2019	2020	2019
Earnings per share	2.03	1.03	8.04	6.75
Weighted number of shares outstanding before dilution, thousands	37,281	37,499	37,195	37,448
Diluted earnings per share, SEK	1.98	1.03	7.95	6.75
Weighted number of shares outstanding after dilution, thousands	38,173	37,499	37,564	37,448

Consolidated Balance Sheet

<i>SEK million</i>	<i>31 Dec 20</i>	<i>31 Dec 19</i>
ASSETS		
Non-current assets		
Intangible assets	1,893	2,034
Property, plant and equipment	548	636
Financial assets	37	34
Total non-current assets	2,478	2,704
Current assets		
Inventories	1,316	1,494
Current receivables	905	836
Cash and cash equivalents	292	216
Total current assets	2,513	2,547
Total assets	4,991	5,250
EQUITY AND LIABILITIES		
Equity	1,931	1,750
Non-current liabilities		
Non-current liabilities, interest-bearing	1,744	2,109
Non-current liabilities, non-interest-bearing	364	497
Total non-current liabilities	2,108	2,605
Current liabilities		
Current liabilities, interest-bearing	96	175
Current liabilities, non-interest-bearing	855	719
Total current liabilities	951	896
Total equity and liabilities	4,991	5,250

Consolidated Statement of Changes in Equity

<i>SEK million</i>	<i>31 Dec 20</i>	<i>31 Dec 19</i>
Equity at the close of the preceding year	1,750	1,600
Adjustment resulting from the introduction of IFRS 16	-	-18
Equity at beginning of year	1,750	1,582
Comprehensive income		
Profit after tax	299	253
Other comprehensive income		
Items that will not be reclassified in profit or loss		
Actuarial loss / profit on pension obligations, net after tax	1	-2
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	-132	38
Total comprehensive income	168	289
Transactions with shareholders		
Issued call options	3	3
Repurchase of own shares	-	-31
Redemption call options	10	-
Dividends	-	-94
Total transactions with shareholders	13	-122
Equity at end of period	1,931	1,750

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Operating activities				
Profit before financial items	113	67	452	368
Depreciation/amortisation and impairment	46	43	183	148
Interest and other finance income	3	6	3	7
Interest and other finance expenses	-15	-19	-60	-49
Other non-cash items	-2	0	-8	2
Income tax paid	-11	-2	-89	-79
Cash flow from operating activities before changes in working capital	134	94	480	397
Changes in working capital				
Increase (-)/decrease (+) in inventories	-4	-1	96	60
Increase (-)/decrease (+) in operating receivables	27	81	-111	66
Increase (+)/decrease (-) in operating liabilities	30	-54	105	-136
Cash flow from operating activities	187	120	570	387
Investing activities				
Acquisition of intangible assets	-5	0	-5	-11
Acquisition of property, plant and equipment	-13	-16	-61	-56
Company acquisitions including additional purchase considerations*	-8	-206	-23	-543
Cash flow from investing activities	-26	-222	-89	-610
Financing activities				
Dividend paid	-	-	-	-94
Call options	-	-	3	3
Repurchase of own shares	-	-	-	-31
Redemption call options	10	-	10	-
Increase (+)/decrease (-) in borrowings	-174	141	-409	414
Cash flow from financing activities	-164	141	-396	292
Cash flow for the period	-3	39	86	68
Cash and cash equivalents at beginning of period	302	178	216	144
Translation differences	-8	-1	-10	4
Cash and cash equivalents at end of period	292	216	292	216

*See page 18 under "Acquisitions" for more information.

The Group's segment reporting

SEK million	2018				2019				2020
North	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	407	453	454	451	507	554	448	470	533
Gross profit	103	119	121	111	124	137	94	110	124
%	25.4	26.3	26.7	24.6	24.4	24.8	20.9	23.5	23.2
Operating expenses	-69	-69	-74	-73	-85	-82	-55	-65	-75
%	-16.9	-15.2	-16.2	-16.2	-16.7	-14.8	-12.3	-13.8	-14.0
Operating profit (EBITA)	35	50	48	38	39	56	39	45	49
%	8.5	10.9	10.5	8.4	7.7	10.1	8.7	9.7	9.2

SEK million	2018				2019				2020
West	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	264	308	309	279	259	301	202	251	274
Gross profit	72	84	83	74	65	75	49	63	69
%	27.4	27.3	26.8	26.7	24.9	25.2	24.4	25.0	25.3
Operating expenses	-49	-51	-55	-50	-52	-52	-33	-40	-46
%	-18.5	-16.6	-17.7	-17.9	-20.1	-17.4	-16.4	-15.9	-16.7
Operating profit (EBITA)	23	34	28	24	13	23	16	23	23
%	8.8	11.0	9.1	8.8	4.8	7.7	7.9	9.1	8.4

SEK million	2018				2019				2020
East	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	175	185	191	179	168	189	162	187	177
Gross profit	57	58	61	57	55	59	53	60	56
%	32.4	31.4	31.9	31.8	32.5	31.0	32.7	32.0	31.5
Operating expenses	-33	-32	-35	-31	-35	-32	-26	-26	-40
%	-18.6	-17.3	-18.3	-17.3	-20.8	-17.0	-16.0	-13.9	-22.6
Operating profit (EBITA)	24	27	25	26	20	27	27	34	16
%	13.8	14.2	13.1	14.5	11.7	14.1	16.7	18.1	9.0

SEK million	2018				2019				2020
UK/North America	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	119	143	134	134	188	272	210	273	254
Gross profit	39	45	42	42	56	85	64	88	79
%	32.7	31.8	31.3	31.5	29.6	31.4	30.5	32.3	31.1
Operating expenses	-30	-30	-30	-31	-47	-56	-45	-46	-42
%	-25.3	-21.0	-22.4	-23.2	-24.8	-20.6	-21.4	-16.9	-16.5
Operating profit (EBITA)	9	15	12	11	9	29	19	42	38
%	7.4	10.5	8.9	8.3	4.7	10.8	9.1	15.4	14.8

SEK million	2018				2019				2020
Other	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	2	2	2	2	2	2	1	0	0
Gross profit	0	-3	-4	-5	-2	-5	-3	-1	-5
Operating expenses	-9	-2	-6	-6	-6	-2	-6	-1	0
Operating profit (EBITA)	-9	-5	-10	-11	-8	-7	-8	-2	-5

*Other includes unallocated costs of a Group-wide nature and costs for the Sourcing offices in China and Taiwan.

SEK million	2018				2019				2020
Group	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	967	1,091	1,089	1,044	1,124	1,316	1,022	1,181	1,238
Gross profit	271	304	303	279	297	351	258	320	323
%	28.0	27.9	27.8	26.7	26.4	26.7	25.2	27.1	26.1
Operating expenses	-189	-184	-200	-191	-224	-226	-165	-178	-202
%	-19.6	-16.9	-18.4	-18.3	-19.9	-17.2	-16.2	-15.0	-16.3
Operating profit (EBITA)	82	119	103	89	73	126	92	142	121
%	8.5	10.9	9.5	8.5	6.5	9.5	9.1	12.1	9.8

Consolidated Key Figures

	Quarter 4			Jan-Dec		
	2020	2019	Δ	2020	2019	Δ
Order intake, SEK million	1,299	1,148	13	4,827	4,354	11
Net sales, SEK million	1,238	1,124	10	4,756	4,348	9
Gross profit, SEK million	323	297	9	1,252	1,183	6
EBITDA, SEK million	160	110	45	635	517	23
EBITDA, adjusted, SEK million	133	84	58	524	426	23
Operating profit/loss (EBITA), SEK million	121	73	66	482	384	26
Operating profit/loss, SEK million	114	67	70	452	368	23
Profit/loss after tax, SEK million	76	39	95	299	253	18
Gross margin, %	26.1	26.4		26.3	27.2	
Operating margin (EBITA), %	9.8	6.5		10.1	8.8	
Operating margin, %	9.2	6.0		9.5	8.5	
Net margin, %	6.1	3.5		6.3	5.8	
Net debt, SEK million	1,546	2,068	-25			
Net debt, SEK million, adjusted	1,220	1,666	-27			
Debt/equity ratio, %	80	118	-33			
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	2.3	3.9				
Working capital, SEK million	1,445	1,654	-13			
Average working capital, SEK million	1,578	1,586	-1			
Average working capital in relation to net sales, %	33.1	35.3				
Equity/assets ratio, %	39	33				
Operating cash flow, SEK million	166	94	77	540	351	54
Earnings per share, SEK	2.03	1.03	97	8.04	6.75	19

For definitions, see page 20

⁽¹⁾ Paid purchase prices have been charged in full to adjusted net debt while EBITDA, adjusted, has only been credited from the respective acquisition date.

Parent Company income statement

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Administrative expenses	-4	-3	-16	-14
Other operating income	2	1	7	6
Operating profit/loss	-2	-2	-9	-7
<i>Profit/loss from financial items</i>				
Earnings from shares in Group companies	-	-	-	150
Profit/loss after financial items	-2	-2	-9	143
Appropriations	19	9	19	9
Tax on net profit/loss for the period	-3	-1	-3	-1
Profit after tax	14	7	7	151
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income	14	7	7	151

Parent Company Balance Sheet

<i>SEK million</i>	<i>31 Dec 20</i>	<i>31 Dec 19</i>
ASSETS		
<i>Non-current assets</i>		
Financial assets		
Participations in Group companies	845	845
Total non-current assets	845	845
<i>Current assets</i>		
Receivables from Group companies	61	72
Other current receivables	46	31
Cash and cash equivalents	-	-
Total current assets	107	103
Total assets	952	948
EQUITY AND LIABILITIES		
Equity	851	830
Untaxed reserves	81	100
<i>Non-current interest-bearing liabilities</i>		
Other non-current liabilities	-	-
Total non-current liabilities	0	0
<i>Current non-interest-bearing liabilities</i>		
Other current liabilities	20	18
Total current liabilities	20	18
Total equity and liabilities	952	948

Other information

ACCOUNTING POLICIES

This year-end 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 2019 Annual Report. The 2019 Annual Report is available at 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. Risk management aims 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. COVID-19 is an uncertainty factor, particularly regarding future demand, but also in terms of its impact on the Group's operations and global supply chains. We are monitoring developments carefully and working actively with customers and suppliers to manage the situation. For further information regarding risks and risk management, see Note 3 of the 2019 Annual Report.

SEASONAL VARIATIONS

Bufab has no significant seasonal variation, 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, except for the payment of fees to the Board of Directors and the remuneration of senior executives.

LONG-TERM SHARE-BASED INCENTIVE PROGRAMME

The 2020 Annual General Meeting resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes

valuation, at SEK 12.12, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2023–15 November 2023. The purchase price per share is SEK 90.20, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 5 May 2020–11 May 2020. During the interim period, a total of 277,500 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants, which may correspond to not more than the price paid for the call options. Payment of the subsidy will occur in June 2023 and requires that participants remain at that date in their positions or in another corresponding position of employment within the Bufab Group.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 350,000 shares in the company, and to transfer a maximum of 350,000 of the repurchased shares to the participants of the programme. No shares were repurchased during the interim period.

ACQUISITIONS

Acquisitions made during 2018-2020.

	Date	Net sales*	Employees
Rudhäll Industri AB	5 October 2018	210	76
HT BENDIX A/S	16 July 2019	500	80
American Bolt & Screw Corp.	6 November 2019	500	90

*Estimated annual net sales at the date of acquisition

EMPLOYEES

The number of employees in the Group at 31 December 2020 amounted to 1,295 (1,423).

DIVIDEND

The Board of Directors proposes a dividend of SEK 2.75 (0.00) per share for 2020, corresponding to a total dividend of SEK 103 million (0). The proposed record date is 22 April 2021 and the expected payment date for dividends is 27 April 2021. The

share will therefore be traded without dividend entitlement as of 21 April 2021.

CONTINGENT LIABILITIES

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

AUDIT REVIEW

This year-end report has not been examined by the company's auditors.

CALENDER

Capital Market Day	18 March 2021
Interim report Q1, 2021:	20 April 2021
Annual General Meeting 2021:	20 April 2021
Interim report Q2, 2021:	13 July 2021
Interim Report Q3 2021:	27 October 2021
Year-end report 2021:	10 February 2022

Värnamo, 11 February 2021

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 Leases. This key figure is an approximation and is intended to present a comparable EBITDA as though IAS 17 continued to be 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 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

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.

2020, percentage points	Quarter 4				
	Group	North	West	East	UK/North America
Organic growth	10	6	10	16	16
Currency translation effects	-4	-1	-4	-11	-7
Acquisitions	4	0	0	0	26
Recognised growth	10	5	6	5	35

2020, percentage points	Jan-Dec				
	Group	North	West	East	UK/North America
Organic growth	-5	-6	-10	4	-1
Currency translation effects	-2	-1	0	-5	-2
Acquisitions	16	14	-1	0	72
Recognised growth	10	8	-11	-1	69

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.

SEK million	Quarter 4		Jan-Dec	
	2020	2019	2020	2019
EBITDA, adjusted	133	84	524	426
Other non-cash items	-2	0	-8	2
Changes in inventory	-4	-1	96	60
Changes in operating receivables	27	81	-111	66
Changes in operating liabilities	30	-54	-105	-136
Cash flow from operations	184	110	606	418
Investments excluding acquisitions	-18	-16	-66	-67
Operating cash flow	166	94	540	351

EBITDA

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

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	2020	2019	2020	2019
Operating profit	114	67	452	368
Depreciation/amortisation and impairment	46	43	183	148
EBITDA	160	110	635	517

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 performance measure is defined below.

	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	2020	2019	2020	2019
Operating profit	114	67	452	368
Depreciation/amortisation and impairment	46	43	183	148
Less: amortisation on right-of-use assets according to IFRS 16	-24	-23	-99	-82
Less: interest expenses on lease liabilities according to IFRS 16	-3	-3	-12	-11
EBITDA, adjusted	133	84	524	426

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 performance measure is defined below.

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	2020	2019	2020	2019
Operating profit	114	67	452	368
Depreciation and amortisation of acquired intangible assets	7	6	30	15
EBITA	121	73	482	384

Operating expenses

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

<i>SEK million</i>	<i>Quarter 4</i>		<i>Jan-Dec</i>	
	2020	2019	2020	2019
Distribution costs	-132	-149	-548	-565
Administrative expenses	-72	-76	-287	-250
Other operating income	21	9	110	39
Other operating expenses	-27	-15	-75	-39
Depreciation and amortisation of acquired intangible assets	7	6	30	15
Operating expenses	-202	-224	-771	-799

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.

	31 Dec	31 Dec
SEK million	2020	2019
Current assets	2,513	2,547
Less: cash and cash equivalents	-292	-216
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-776	-677
Working capital on the balance-sheet date	1,445	1,654

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 performance measure is defined below.

	31 Dec	31 Dec
SEK million	2020	2019
Non-current interest-bearing liabilities	1,744	2,109
Current interest-bearing liabilities	96	175
Less: cash and cash equivalents	-292	-216
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	1,546	2,068

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 performance measure is defined below.

	31 Dec	31 Dec
	2020	2019
Non-current interest-bearing liabilities	1,744	2,109
Current interest-bearing liabilities	96	175
Less: lease liabilities according to IFRS 16	-326	-402
Less: cash and cash equivalents	-292	-216
Less: other interest-bearing receivables	0	0
Net debt, adjusted, on the balance-sheet date	1,220	1,666

CONFERENCE CALL

A conference call will be held on 11 February 2021 at 10:00 a.m. CET. Jörgen Rosengren, President and CEO, and Marcus Söderberg, 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: Standard Intl. +44 (0) 2071 928 000, UK 08 445 718 892, Sweden 08 506 92 180 or the US 163 151 074 95. Conference code: **7745908**.

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 and the Swedish Securities Market Act. The information was submitted for publication by the aforementioned contacts on 11 February 2021 at 7:30 a.m. CET.

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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 28 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 4.8 billion and the operating margin was 9.5 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.