

Q2 2023 presentation

July 13, 2023

Erik Lundén, CEO
Frederick Neely, Acting CFO





Q2 highlights

Erik Lundén
President & CEO

Q2 Summary – Strong operating result and cash flow

- **Stable development with strong operating result and cashflow**
 - Net sales up 2% driven by currency gains
 - Organic growth of -5%, impacted by strong comparative figures and continued weak demand in Segments East and UK/North America. Continued strong development in Segment West
 - Order intake was in line with net sales
- **Strong improvement in EBITA**
 - Somewhat lower gross margin due to less favorable business mix
 - Operating expenses in line with comparison quarter
 - EBITA improved by 37%, corresponding to an operating margin of 14.0% (10.4). Strong EBITA contribution from Segment UK / NA
 - Adjusted for items affecting comparability, the operating margin was 13.5% (14.0)
- **Robust improvement in cash flow - Expected to continue in the coming quarters**
 - As expected, operating cash flow improved, to SEK 488 million (-23), corresponding to a cash conversion ratio of 147% (-1)
 - We expect continued strong cash flow in the coming quarters



Financial highlights

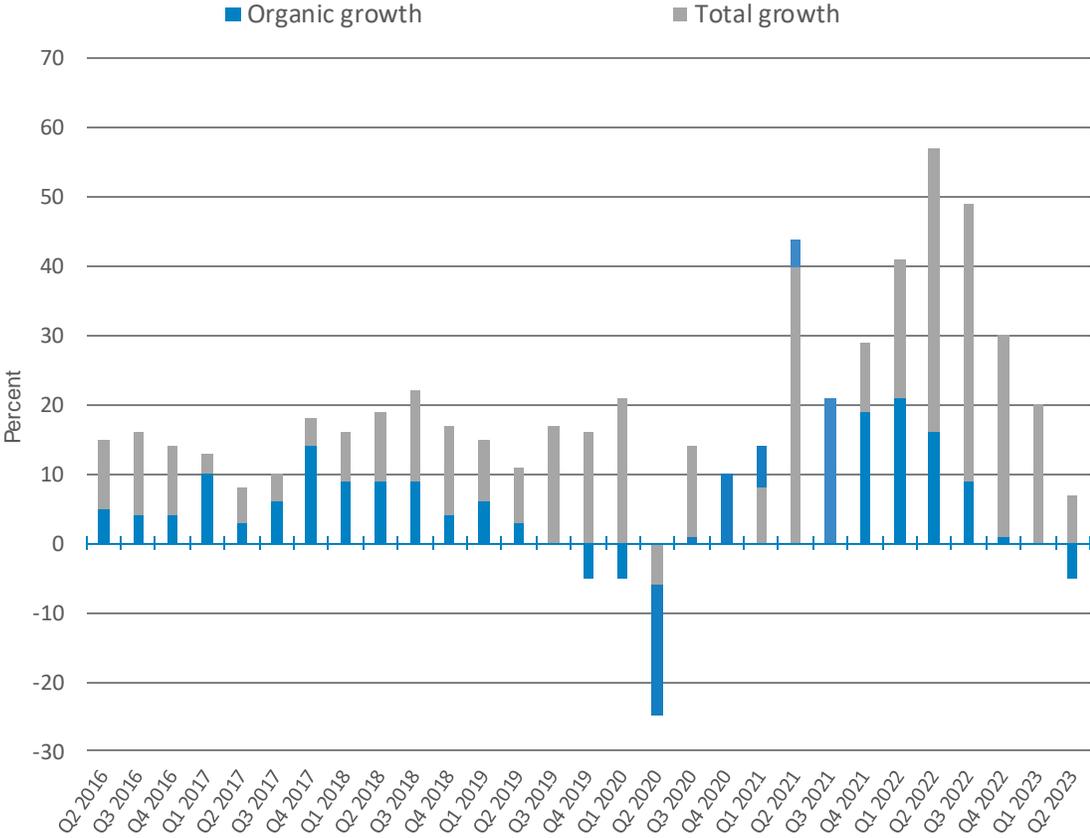
Frederick Neely
Acting CFO

Financial highlights, Group

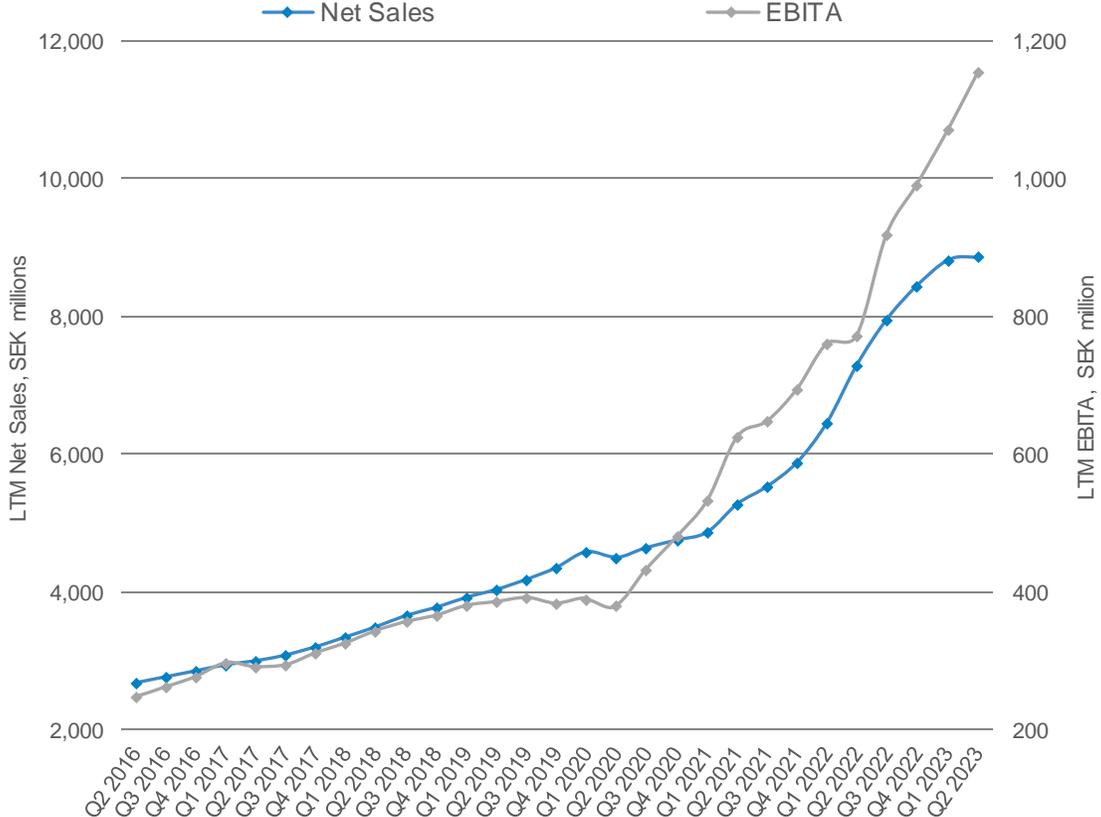
<i>SEK millions</i>	<i>Quarter 2</i>		Δ	<i>Jan-June</i>		Δ	<i>12 months rolling</i>	<i>Full year</i>
	2023	2022	%	2023	2022	%	2022/23	2022
Order intake	2 263	2 249	1	4 584	4 290	7	8 747	8 453
Net sales	2 280	2 241	2	4 666	4 235	10	8 862	8 431
Gross profit	649	645	1	1 324	1 205	10	2 508	2 389
%	28,5	28,8		28,4	28,5		28,3	28,3
Operating expenses	-331	-411	-20	-682	-729	-6	-1 352	-1 399
%	-14,5	-18,3		-14,6	-17,2		-15,3	-16,6
Operating profit (EBITA)	319	233	37	642	476	35	1 156	990
%	14,0	10,4		13,8	11,2		13,0	11,7
Operating profit	301	223	35	607	455	33	1 082	930
%	13,2	9,9		13,0	10,7		12,2	11,0
Profit after tax	205	132	55	406	298	36	717	609
Earnings per share, SEK	5,41	3,51	54	10,74	7,76	38	19,21	16,23

Financial development

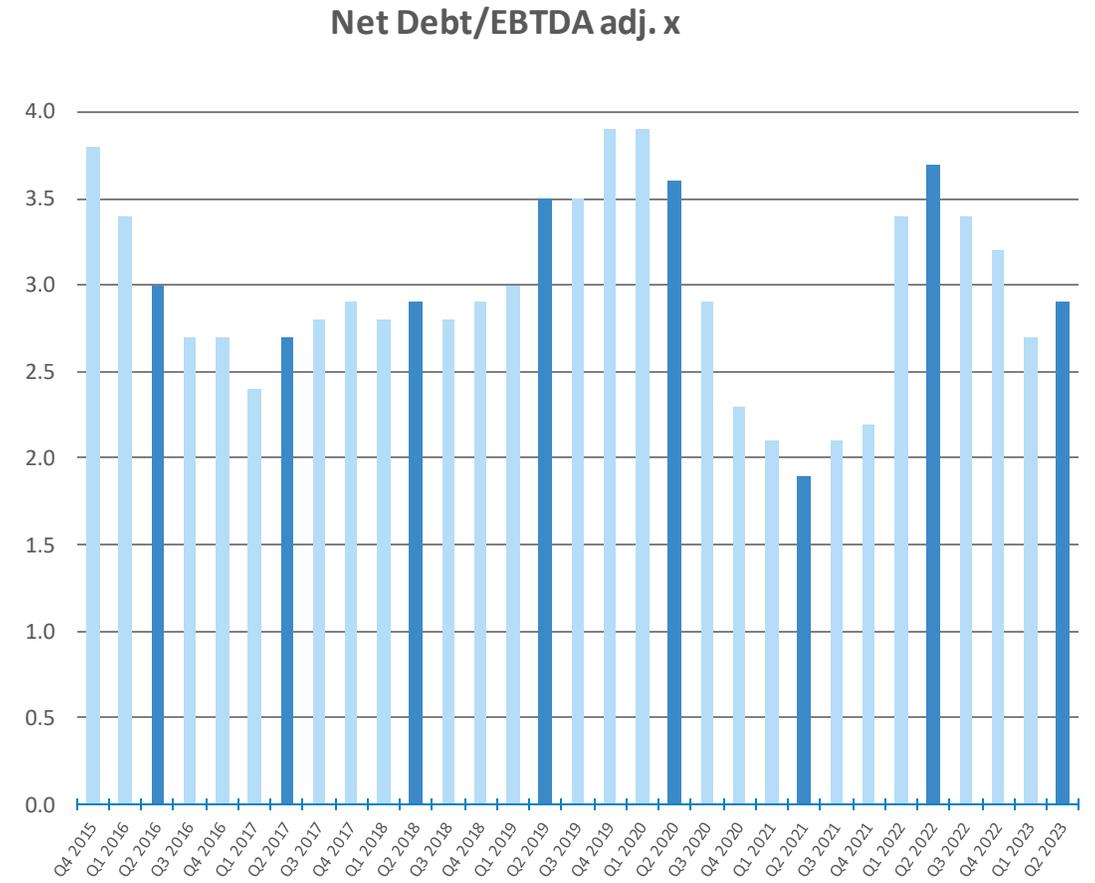
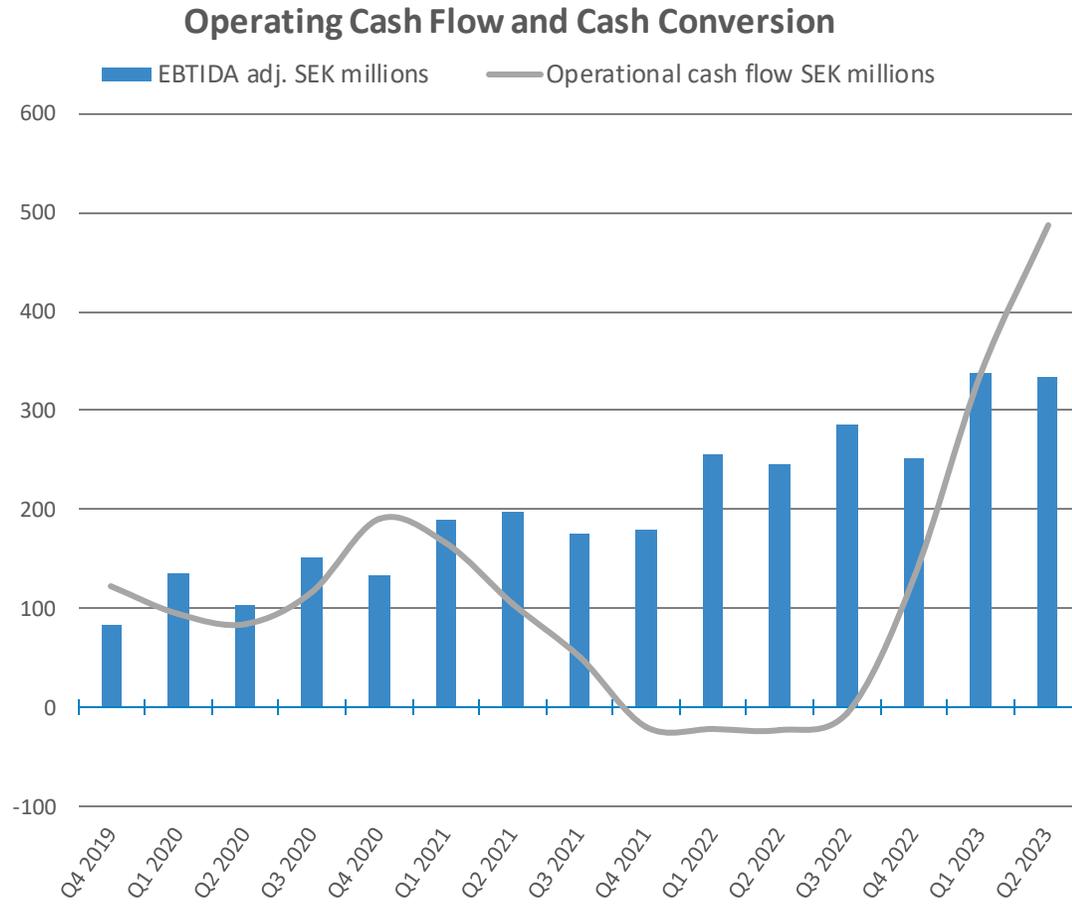
Quarterly Net Sales growth



Net sales and EBITA



Cashflow and ND/EBITDA



EBITA Bridge

EBITA Q2 2022	233
North	-12
West	13
East	-5
UK/North America	83
Other	7
EBITA Q2 2023	319



Consolidator in a fragmented market



+51

acquisitions since 1977

3

acquisitions
in 2022

900

employees

3,400 MSEK



Segment highlights

Erik Lundén
President & CEO

Segment North – Q2 summary

	Quarter 2			Jan-June			12 months rolling	Full year
	2023	2022	Δ	2023	2022	Δ	2022/23	2022
<i>SEK millions</i>								
Order intake	769	761	1	1 558	1 442	8	2 932	2 815
Net sales	764	758	1	1 585	1 452	9	2 970	2 837
Gross profit	195	206	-5	410	388	6	758	737
%	25,5	27,2		25,9	26,7		25,5	26,0
Operating expenses	-103	-102	1	-201	-193	4	-393	-384
%	-13,5	-13,4		-12,7	-13,3		-13,2	-13,5
Operating profit (EBITA)	92	104	-11	209	195	7	366	352
%	12,0	13,8		13,2	13,4		12,3	12,4

- Total growth amounted to 1% with an organic growth of -3%, as the segment experienced a slowdown in the underlying demand, driven by the furniture and kitchen industry
- Decrease in gross margin due to unfavorable business mix
- Operating expenses held stable
- Operating profit and the operating margin decreased driven by the furniture and kitchen industry

Segment West – Q2 summary

<i>SEK millions</i>	<i>Quarter 2</i>		Δ	<i>Jan-June</i>		Δ	<i>12 months rolling</i>	<i>Full year</i>
	<i>2023</i>	<i>2022</i>	<i>%</i>	<i>2023</i>	<i>2022</i>	<i>%</i>	<i>2022/23</i>	<i>2022</i>
Order intake	487	447	9	1 007	904	11	1 806	1 716
Net sales	485	426	14	1 011	866	17	1 839	1 694
Gross profit	114	100	14	242	204	19	445	408
%	23,6	23,5		23,9	23,6		24,2	24,1
Operating expenses	-55	-54	2	-110	-108	2	-221	-219
%	-11,3	-12,6		-10,9	-12,5		-12,0	-12,9
Operating profit (EBITA)	59	46	28	132	96	38	224	188
%	12,2	10,8		13,1	11,1		12,2	11,1

- Total growth amounted to 14%, of which 4% was organic growth
- Underlying demand and increased market shares is still driving organic growth. The operations in the Netherlands (Flos) and France had an especially strong performance
- Gross margin stable due to favourable business mix
- Operating profit and operating margin increased and lower share of expenses due to continued good cost control and operational leverage

Segment East – Q2 summary

<i>SEK millions</i>	<i>Quarter 2</i>			<i>Jan-June</i>			<i>12 months rolling</i>	<i>Full year</i>
	<i>2023</i>	<i>2022</i>	<i>%</i>	<i>2023</i>	<i>2022</i>	<i>%</i>	<i>2022/23</i>	<i>2022</i>
Order intake	258	251	3	560	540	4	1 086	1 066
Net sales	275	266	3	572	548	4	1 097	1 073
Gross profit	85	83	2	179	173	3	348	342
%	30,9	31,4		31,3	31,6		31,7	31,9
Operating expenses	-46	-40	15	-90	-93	-3	-187	-190
%	-16,7	-15,0		-15,7	-17,1		-17,0	-17,7
Operating profit (EBITA)	39	44	-11	88	80	10	162	153
%	14,2	16,4		15,4	14,5		14,7	14,2

- Total growth of 3% in the segment driven by acquisitions and currency effects
- Organic growth -6%, due to strong comparative figures and continued weak development in Eastern Europe driven by lower demand in pandemic favourable industries
- Decrease in gross margin due to declining market and business mix
- Operating profit and the operating margin decreased driven by the outdoor and healthcare industry

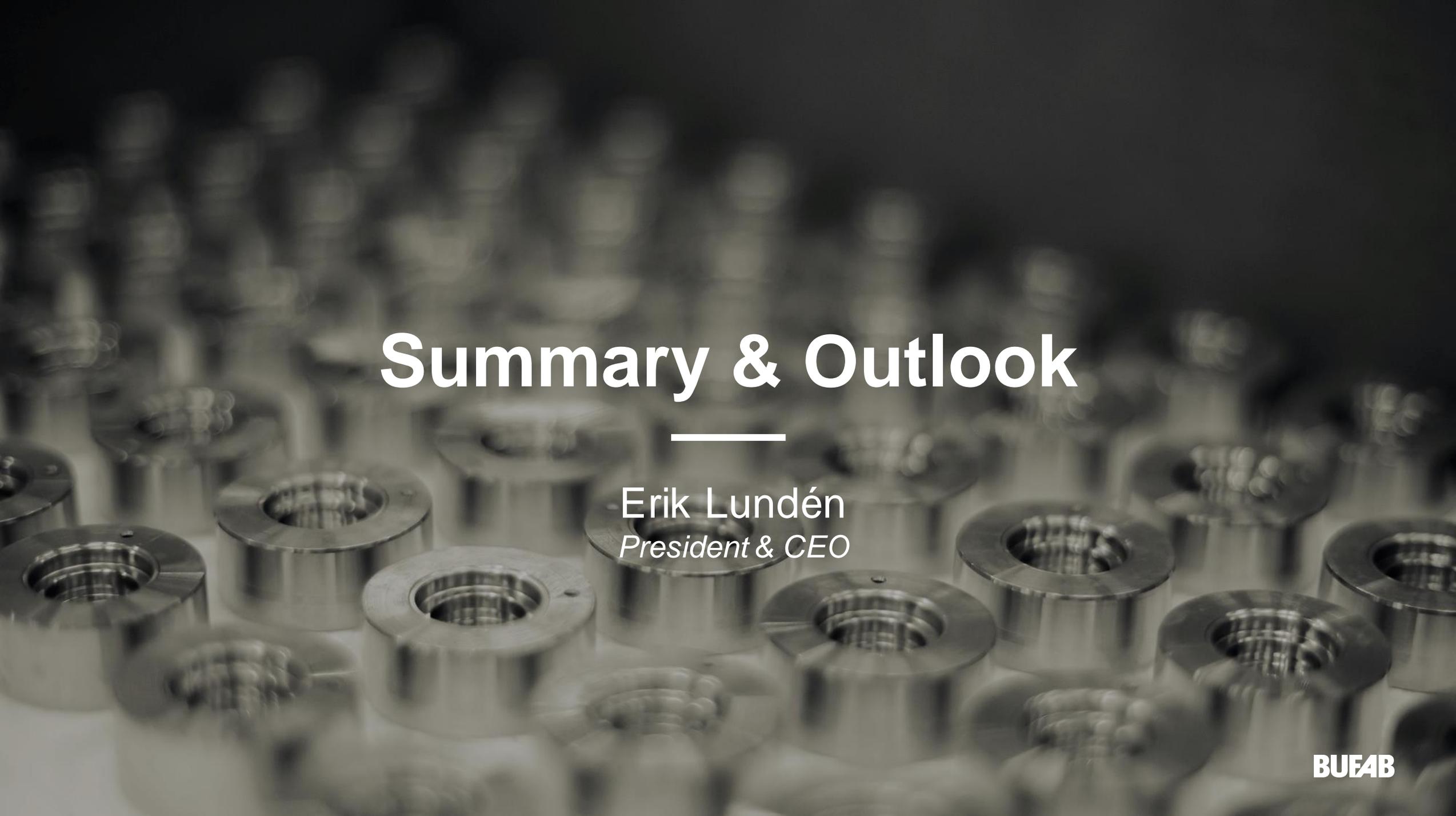
Segment UK/North America – Q2 summary

	Quarter 2			Jan-June			12 months rolling	Full year
	2023	2022	Δ	2023	2022	Δ	2022/23	2022
<i>SEK millions</i>								
Order intake	749	791	-5	1 458	1 405	4	2 856	2 855
Net sales	757	791	-4	1 498	1 369	9	2 953	2 824
Gross profit	253	253	0	487	441	10	936	890
%	33,4	32,0		32,5	32,2		31,7	31,5
Operating expenses	-123	-206	-40	-261	-309	-16	-520	-568
%	-16,2	-26,0		-17,4	-22,6		-17,6	-20,1
Operating profit (EBITA)	130	47	176	226	131	72	416	321
%	17,1	5,9		15,1	9,6		14,1	11,4

- Total growth amounted to -4%. Organic growth was -11%, due to strong comparative figures and lower demand in the stainless steel and RV industries in the UK and NA
- Higher gross margin due to favourable business mix
- Share of operating expenses much lower than comparable quarter due to revalued earn-out considerations
- Operating result and operating margin improved due to better gross margin and lower operating expenses

Great examples of how Bufab creates value & *Piece of Mind* for our customers

- **Bufab received Quality Award from Schneider Electric**
 - We received the prestigious “Quality Award” from Schneider Electric Europe in the quarter
 - Bufab was selected from among more than 13,000 other suppliers in Europe for our excellent quality results over the past two years
- **Increased interest among customers for our Sustainability offering**
 - We are continuing to integrate sustainability throughout our operations – an increasingly important area for us and our customers
 - We are seeing that more and more customers are placing higher demands on sustainability and on their suppliers
 - Bufab strengthens our customers supply chain through our Sustainable supplier engagement program



Summary & Outlook

Erik Lundén
President & CEO

Summary & Outlook

- **Q2 Summary**

- Solid development in the quarter with very strong operating profit and cash flow
- Sales growth was 2 percent driven by currency effects. Organic growth was -5 percent driven by lower demand in sectors that had strong tailwind during the pandemic and strong comparative numbers
- Strong EBITA-margin of 14.0% (10.4) and Operating cash flow of SEK 488 million (-23), corresponding to a cash conversion ratio of 147% (-1)

- **Outlook**

- Given the geopolitical and macroeconomic situation, there is still a great uncertainty
- A higher level of caution noted among customers in certain industrial segments
- We have a large and well-diversified customer- and article portfolio, with a good diversification of risk in various industries and markets

- **Short term Priorities**

- Continue securing new business and taking market shares
- Protect margins. Continue working on efficiency improvements, offsetting the gradual improvement of inflationary pressure
- Continue improving our cash-flow and reduce our debt level

Other updates

- **Pär Ihrskog will join as new Group CFO**
 - Will join us in mid-August
 - Pär has a long career within the SKF Group and most recently held the position as Group CFO/CIO of Embellence Group
- **Bufab Capital Market Day will take place in Q4 2023**
 - More information including date, agenda and venue details will be shared in August





Q&A