

# Q4

## YEAR END REPORT

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February 8, 2024



**Erik Lundén**  
President & CEO



**Pär Ihrskog**  
CFO



# Q4 & Full Year highlights

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Erik Lundén  
*President & CEO*

# Q4 Summary – Strong performance in a challenging market

- **Good resilience in a challenging market with lower demand Year on Year**
  - Net Sales amounted to -6% and organic growth was -9%, driven by lower demand in some industry segments and customers de-stocking at year end
  - Energy, automotive and defense had good development during the quarter
  - Order intake slightly lower year-on-year, but still at a high level
- **Improved Gross- and Operating margin**
  - Continued improved gross margin of 29.3% (28.1%) due to good work with our product- and customer mix
  - Operating expenses above comparison quarter due to remeasurement of additional purchase considerations of -48 MSEK (+3)
  - Adjusted Operating margin of 11.8 percent (11.5). Strong EBITA contribution from Segment North, however negative impact from Segment East
- **Strong Cash flow & strengthened financial position**
  - Operating cash flow improved to SEK 359 million (158), corresponding to a cash conversion ratio of 188% (154)
  - Strengthened financial position provides scope for acquisitions going forward

# Full Year 2023 – A record year for Bufab

- **Record Net Sales but weaker underlying demand**
  - Net sales increased by 3% to SEK 8,680 million (8,431). Organic growth was -6%.
  - Order intake increased by 2% and was in line with net sales
- **Record Operating margin and Cash flow – Demonstrating our resilience in a more challenging market**
  - Operating profit (EBITA) increased by 5 percent to SEK 1,043 million (990), operating margin was 12.0 percent (11.7) and adjusted operating margin 12.9% (12,90)
  - Operating cash flow amounted to SEK 1,602 million (99), corresponding to a cash conversion ratio of 146% (10)
  - The Board of Directors proposes a dividend of SEK 5.00 (4.75) per share
- **2023 highlights – New strategy in place and strong execution on short term priorities**
  - Launch of strategy - *Discovering the Next Solution* which focuses on profitable growth by creating even more value for current and new customers
  - Good execution during 2023 with strong margin development and strong Cash-flow
  - Bufab is a more robust company today than it was at the start of 2023, and our offering to customers is becoming increasingly relevant.





# Financial highlights

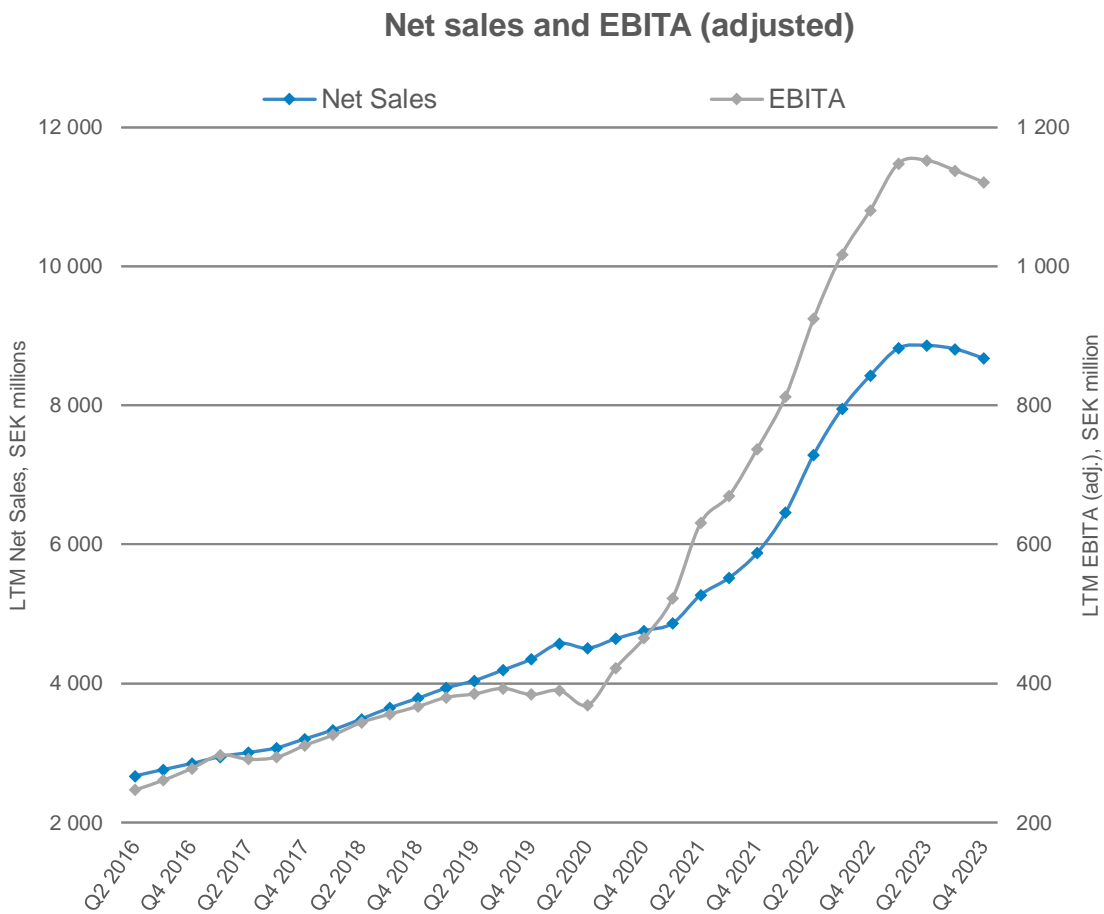
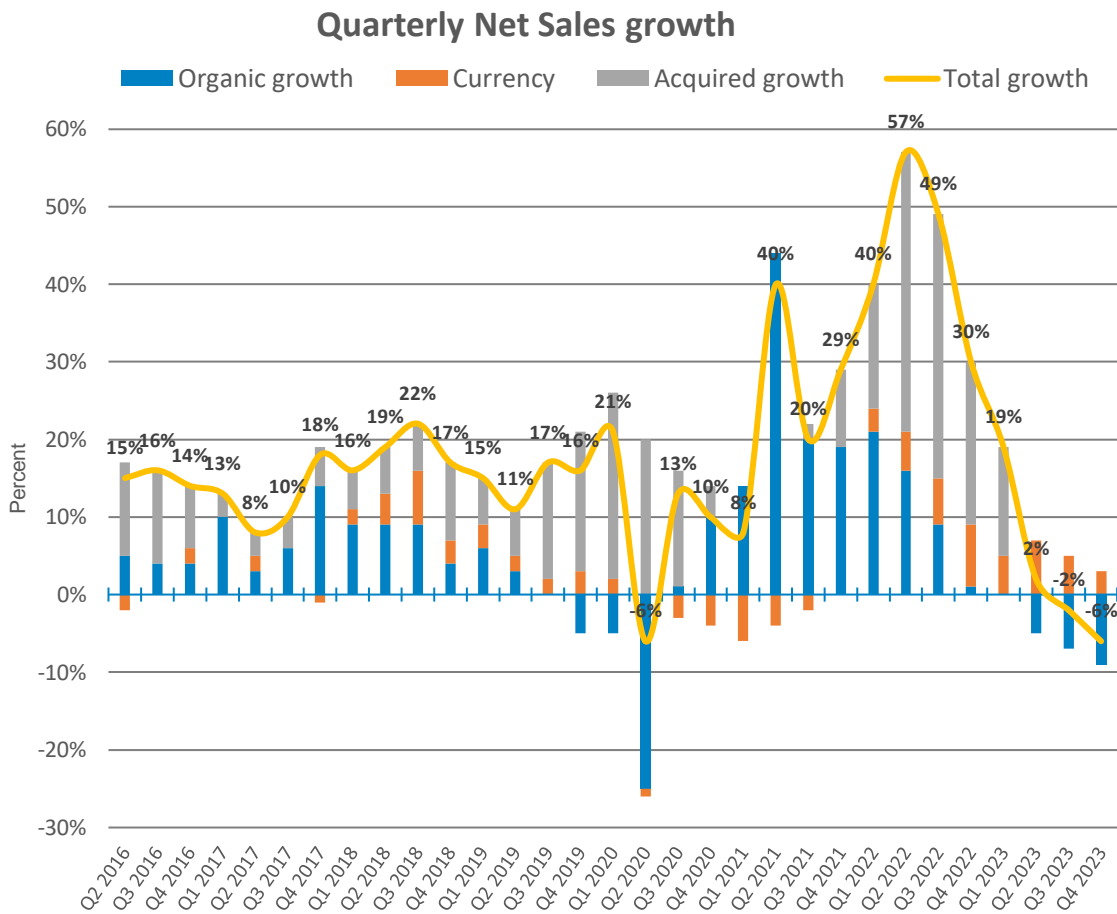
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Pär Ihrskog  
*CFO*

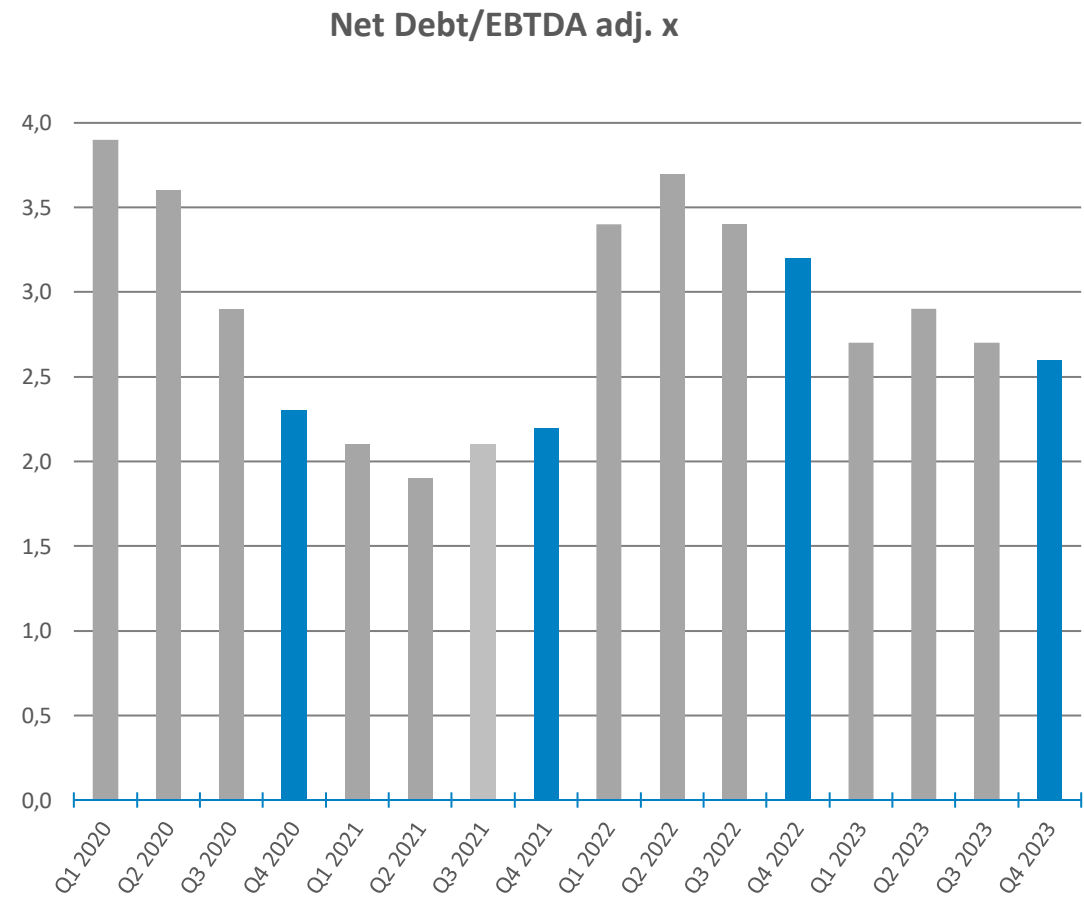
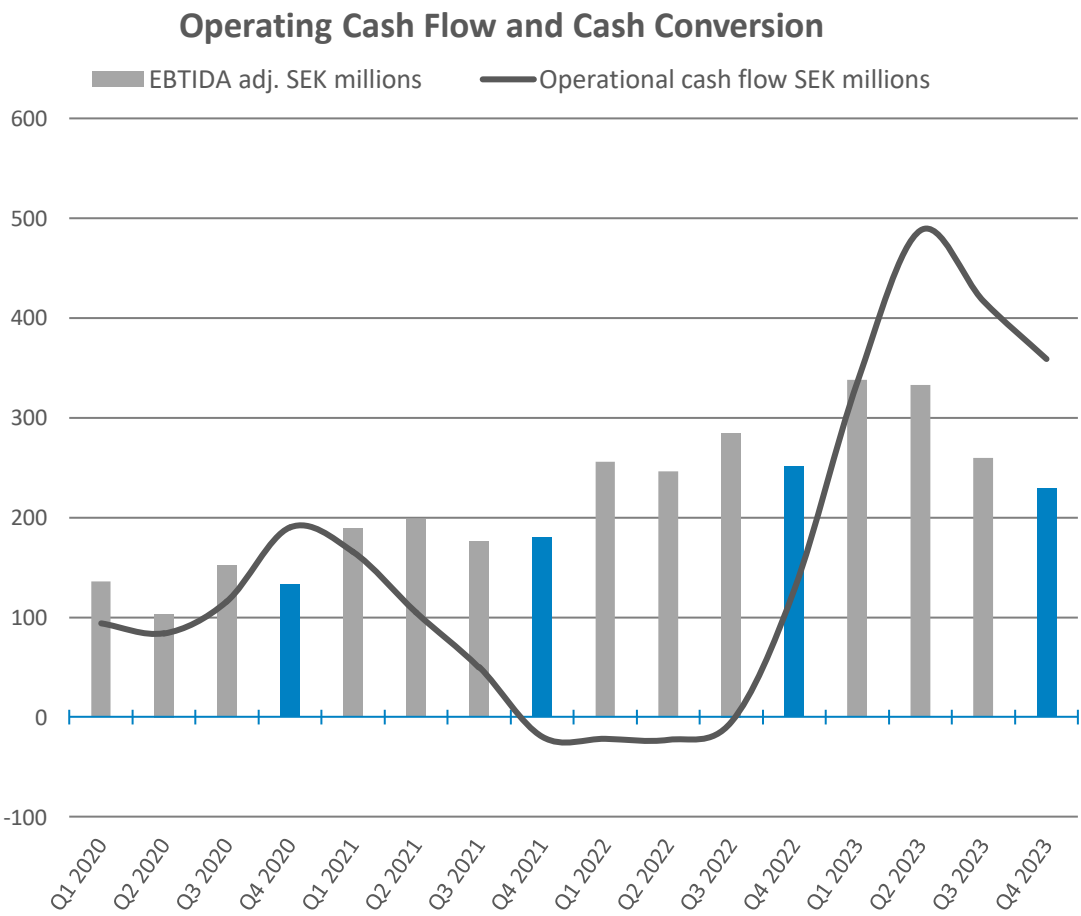
# Financial highlights, Group

MSEK	Q4			Jan-Dec		
	2023	2022	Δ	2023	2022	Δ
Order intake	2,036	2,092	-3	8,602	8,453	2
Net sales	1,943	2,074	-6	8,680	8,431	3
Gross profit	569	583	-2	2,494	2,389	4
<i>Gross margin (%)</i>	29.3	28.1		28.7	28.3	
Operating expenses	-388	-341	14	-1,451	-1,399	4
<i>Share of net sales (%)</i>	-20.0	-16.4		-16.7	-16.6	
Operating profit (EBITA)	181	242	-25	1,043	990	5
<i>Operating margin EBITA (%)</i>	9.3	11.7		12.0	11.7	
Operating profit (EBITA), adjusted	229	239	-4	1,121	1,084	3
<i>Operating margin EBITA, (%) adjusted</i>	11.8	11.5		12.9	12.9	
Operating profit	164	225	-27	974	930	5
<i>Operating margin (%)</i>	8.5	10.9		11.2	11.0	
Profit after tax	71	135	-47	574	609	-6
Earnings per share, SEK	1.87	3.58	-48	15.17	16.23	-7

# Financial development



# Cashflow and ND/EBITDA







# Segment highlights

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# Segment North – Q4 summary

MSEK	Q4		Δ	Jan-Dec		Δ
	2023	2022	%	2023	2022	%
Order intake	715	737	-3	2,903	2,815	3
Net sales	682	729	-6	2,907	2,837	2
Gross profit	178	179	-1	753	737	2
<i>Gross margin (%)</i>	<i>26.1</i>	<i>24.6</i>		<i>25.9</i>	<i>26.0</i>	
Operating expenses	-88	-92	-4	-382	-384	-1
<i>Share of net sales (%)</i>	<i>-13.0</i>	<i>-12.6</i>		<i>-13.1</i>	<i>-13.5</i>	
Operating profit (EBITA)	90	87	3	371	352	5
<i>Operating margin EBITA (%)</i>	<i>13.1</i>	<i>11.9</i>		<i>12.8</i>	<i>12.4</i>	

- Total growth amounted to -6% with an organic growth of -8%.
- The negative organic growth was due to market downturn in Finland in addition to continued sector-specific challenges in the bath, and kitchen sectors. Strong demand in defense industry.
- The gross margin was higher compared to last year, mainly due to a favorable product- and customer mix, purchasing savings and renegotiations of old contracts that yielded improved margins.
- Adjusted Operating profit and the operating margin improved to 13.1% (11.9).

# Segment West – Q4 summary

MSEK	Q4		Δ	Jan-Dec		Δ
	2023	2022	%	2023	2022	%
Order intake	430	397	8	1,818	1,716	6
Net sales	408	409	0	1,871	1,694	10
Gross profit	96	103	-6	446	408	9
<i>Gross margin (%)</i>	<i>23.5</i>	<i>25.1</i>		<i>23.8</i>	<i>24.1</i>	
Operating expenses	-54	-59	-9	-218	-219	0
<i>Share of net sales (%)</i>	<i>-13.2</i>	<i>-14.5</i>		<i>-11.6</i>	<i>-12.9</i>	
Operating profit (EBITA)	42	43	-2	229	188	22
<i>Operating margin EBITA (%)</i>	<i>10.3</i>	<i>10.5</i>		<i>12.2</i>	<i>11.1</i>	

- Total growth amounted to 0%, of which -5% was organic growth.
- Demand remained favourable in energy, automotive and defence, but was offset by a general slowdown in other industries. Strong development in France, the Czech Republic and Germany, while Austria and the Netherlands noted weak development.
- Gross margin lower than last year due to product and customer mix.
- Operating margin decreased slightly to 10.3% (10.5)

# Segment East – Q4 summary

MSEK	Q4		Δ	Jan-Dec		Δ
	2023	2022	%	2023	2022	%
Order intake	221	274	-19	1,036	1,066	-3
Net sales	230	253	-9	1,045	1,073	-3
Gross profit	74	81	-9	331	342	-3
<i>Gross margin (%)</i>	32.2	32.1		31.7	31.9	
Operating expenses	-47	-47	-0	-182	-190	-4
<i>Share of net sales (%)</i>	-20.4	-18.7		-17.5	-17.7	
Operating profit (EBITA)	27	34	-20	149	153	-2
<i>Operating margin EBITA (%)</i>	11.7	13.4		14.3	14.2	

- Total growth of -9%, of which -12% was organic growth.
- The decline was due to a weaker trend in Asia, particularly in biomedicin. Eastern European maintained its growth by capturing market share, mainly in Hungary and Türkiye. Order intake was slightly lower than net sales.
- The gross margin in the quarter was slightly higher compared to last year, due to an improved customer mix and the effects of price adjustments.
- Lower operating profit and operating margin of 11.7% (13.4).

# Segment UK/North America – Q4 summary

MSEK	Q4		Δ	Jan-Dec		Δ
	2023	2022	%	2023	2022	%
Order intake	671	683	-2	2,847	2,855	-0
Net sales	623	681	-8	2,858	2,824	1
Gross profit	217	212	2	949	890	7
<i>Gross margin (%)</i>	<i>34.7</i>	<i>31.1</i>		<i>33.2</i>	<i>31.5</i>	
Operating expenses	-193	-137	41	-639	-568	12
<i>Share of net sales (%)</i>	<i>-30.9</i>	<i>-20.1</i>		<i>-22.4</i>	<i>-20.1</i>	
Operating profit (EBITA)	24	74	-68	310	321	-4
<i>Operating margin EBITA (%)</i>	<i>3.8</i>	<i>10.9</i>		<i>10.8</i>	<i>11.4</i>	

- Total growth amounted to -8%. Organic growth was -10%, due to lower demand in the stainless steel and RV industries in the UK and NA, and long production breaks over Christmas.
- Higher gross margin due to a favourable customer mix and price adjustments.
- Share of operating expenses increased due to remeasured additional purchase considerations.
- Operating result and operating margin declined, however adjusted for above, margin amounted to 11.5% (10.5).



# M&A – CONSOLIDATOR IN A FRAGMENTED MARKET

+51

acquisitions since 1977

14

acquisitions since 2014

+900

employees

+3400

MSEK





# Summary & Outlook

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Erik Lundén  
*President & CEO*

# Capital Markets Day update

- Launch of our new strategy - *Discovering the Next Solution*
- Raised profitability target to reach an EBITA margin of at least 14% by 2026
- Decision to evaluate strategic alternatives for our manufacturing business
- Bufab will report according to a new regional structure: Europe North & East, Europe West, UK & Northern Ireland, Americas and Asia-Pacific



# Summary & Outlook

- **Q4 Summary – Improved margin and strong cash flow in a weaker market**
  - Sales growth was -6% and organic growth was -9% driven by lower demand in sectors that had strong tailwind during the pandemic
  - Improved adjusted EBITA-margin of 11.8% (11.5) and operating cash flow of SEK 359 million (158)
- **Outlook & Position**
  - Geopolitical uncertainty and unrest in the Middle East with somewhat longer shipping times
  - Our strong position with a broad supplier base and alternative transport routes means that we can handle these challenges well
  - Large and well-diversified customer- and article portfolio, with a good diversification of risk in various industries and markets
- **Focus on implementing strategy & Short-term Priorities**
  - In 2024, continue to execute our new strategy which focuses on profitable growth by creating even more value for current and new customers
  - Our short-term priorities stand firm:
    - 1) Continue securing new business and taking market shares
    - 2) Gradually improve our margins
    - 3) Continue focus on NWC reduction

# Q&A