

DISCOVERING THE NEXT SOLUTION

Bufab Capital Markets Day

DECEMBER 6, 2023



BUFAB

TODAY'S KEY MESSAGES

OUR POSITION

- Well positioned & strong drivers -

NEW STRATEGY

- Building on our success -

OUR AMBITION

- Raised Profitability ambition -



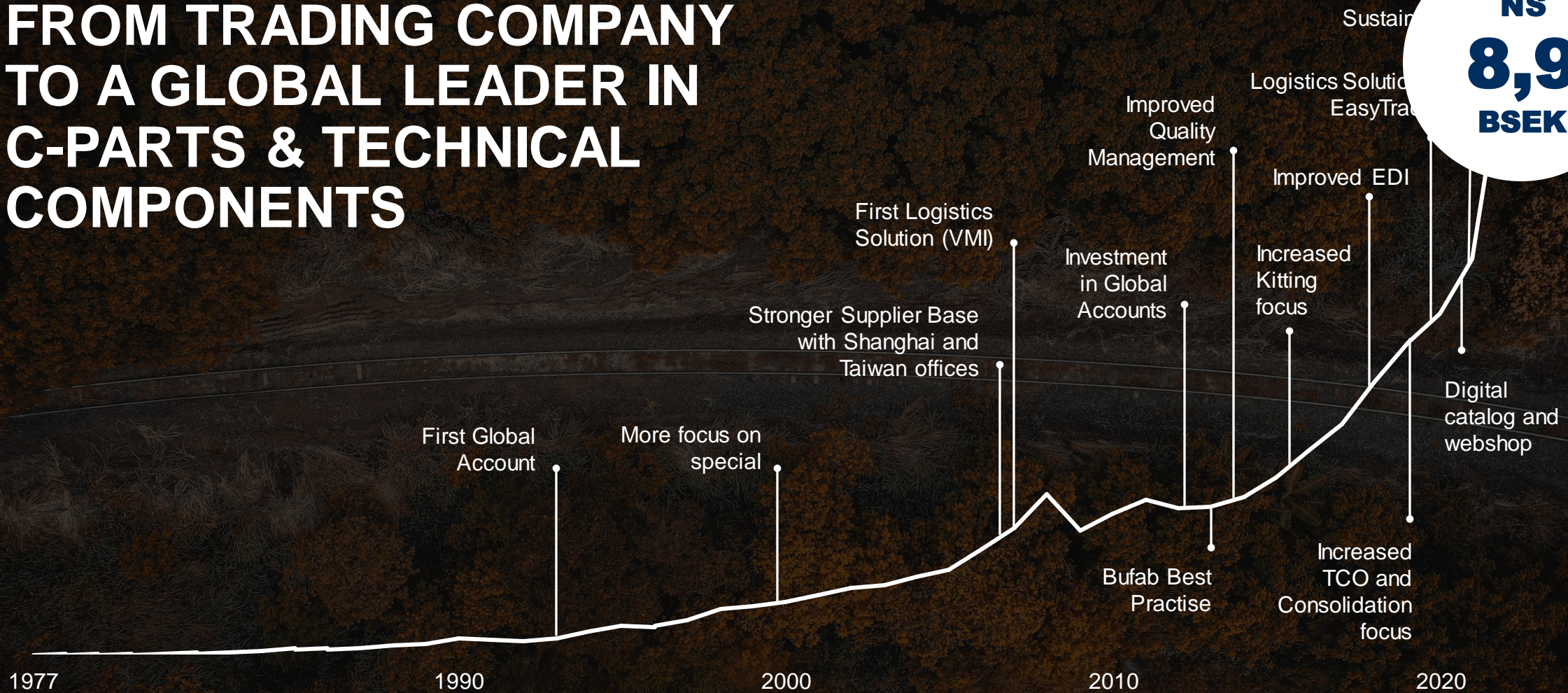
AGENDA CMD

1. Who we are
2. Market & Our position
3. Strategy
4. Our ambition
5. Closing remarks
6. Q&A



WHO WE ARE

FROM TRADING COMPANY TO A GLOBAL LEADER IN C-PARTS & TECHNICAL COMPONENTS



STRONG GLOBAL FOOTPRINT

50+

COMPANIES

28

COUNTRIES

1800

SOLUTIONIST'S



Solutions

C-PARTS / TECHNICAL COMPONENTS

175,000

UNIQUE ITEMS

8000

SUPPLIERS

BUFAB

45 YEARS OF PROFITABLE GROWTH

- Organic growth above market
- + 50 acquisitions
- Good profitability and cash flow – *no new equity needed, ever*
- Attractive business model with low risk – *no full-year operating loss, ever*

NS
CAGR
16%
14-23LTM

EBITA
CAGR
18%
14-23LTM



Key factor for our success

OUR PEOPLE - WE ARE SOLUTIONISTS

OUR VALUES

Who we are
- We are a family
of entrepreneurs

How we work
- We always
deliver
as a team

**How we
contribute**
- We are a
responsible partner

SOLUTIONIST

OUR PROMISE

**Fast
& flexible**

Dedicated

Trustworthy



MARKET & POSITION

SIGNIFICANT FOR A- AND B-PARTS

- High value parts
- Internal R&D know-how
- Core business
- Limited number of suppliers



Direct cost 80%	Indirect cost 20%
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SIGNIFICANT FOR C-PARTS

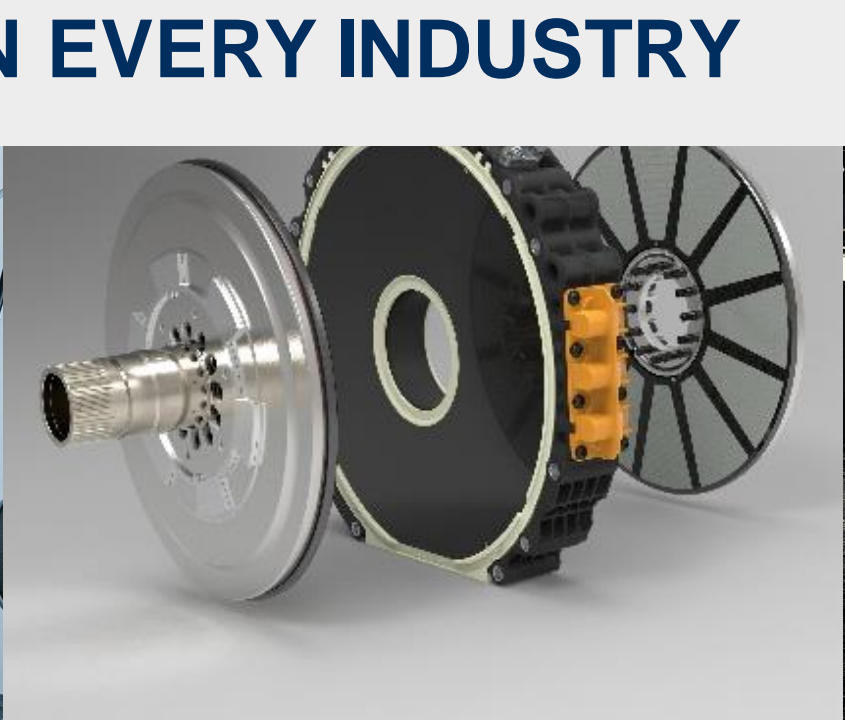
- Low value parts
- High procurement costs to the value
- Big risk
- Lack of internal knowledge
- Too many suppliers
- Increased complexity and regulations to deal with




Direct cost 20%	Indirect cost 80%
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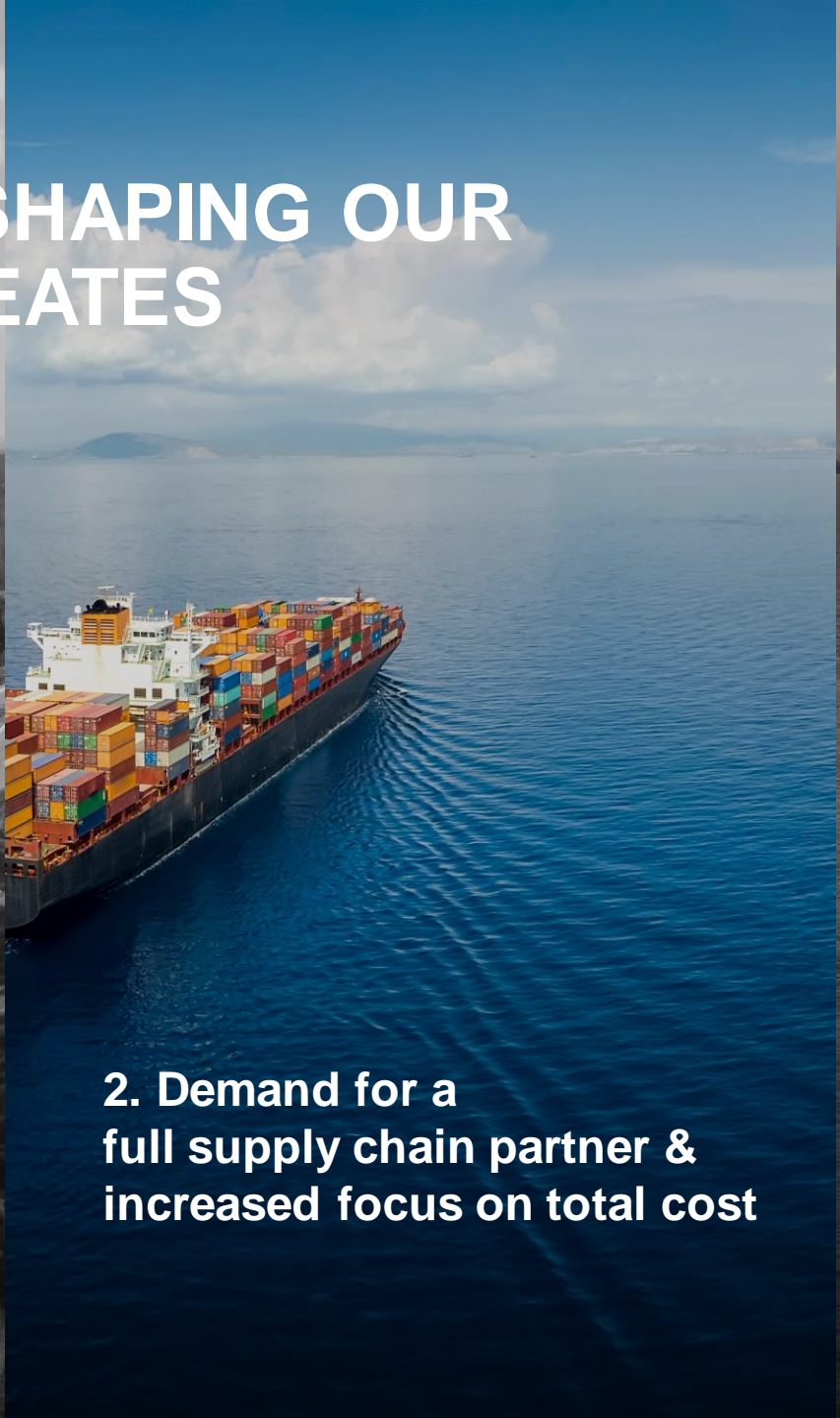
**C-PARTS ARE PRESENT
IN EVERY INDUSTRY**



MEGA TRENDS SHAPING OUR INDUSTRY & CREATES OPPORTUNITIES



**1. The C-parts market
continues to grow,
change, and expand**



**2. Demand for a
full supply chain partner &
increased focus on total cost**



**3. Demand for
sustainability**

1. THE C-PARTS MARKET CONTINUES TO GROW, CHANGE, AND EXPAND



Market around C-parts is growing and still fragmented



Our competitors are most of the times local players



As Bufab continues to grow, our market share may decrease as our addressable market expands



Major opportunity: Drive the consolidation, reaching new markets, segments and new customers

2. DEMAND FOR A FULL SUPPLY CHAIN PARTNER



Global trend for industrial companies to reduce complexity of own supplier base

Data and insights leads to increased focus on Total cost

Few players meet up with customer demand on global presence, offering, supplier base and regulations

Only handful players with global scope and ambition

2. MACRO FACTORS ACCELERATE THE CONSOLIDATION



Supply chain constraints and near-sourcing accelerates the trend

Trade wars and barriers

Financial turbulence, inflation and focus on cost drives change

3. DEMAND FOR SUSTAINABILITY

An offshore wind farm is shown at sunset, with several wind turbines silhouetted against a warm, orange and yellow sky. The water in the foreground is dark and textured. The overall scene is serene and emphasizes renewable energy.

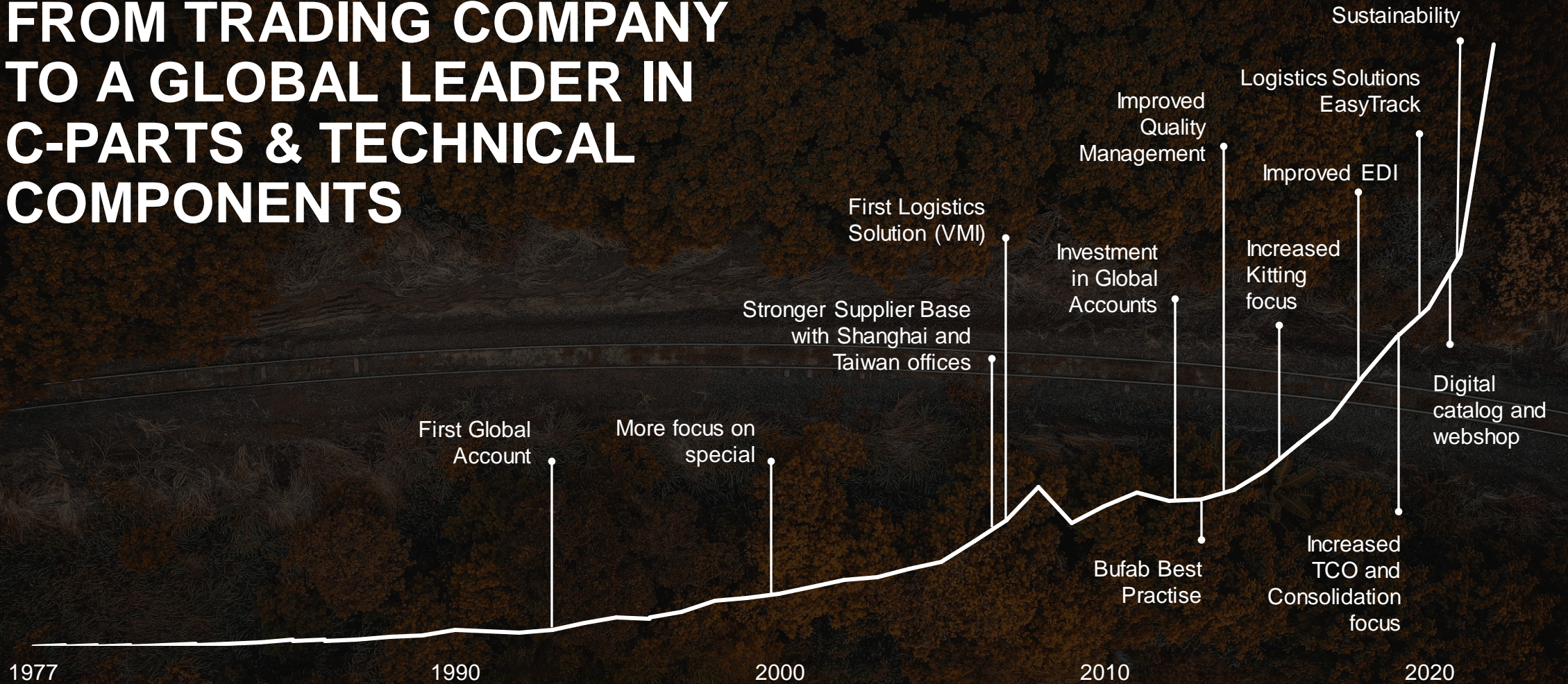
Regulatory Compliance
and Reporting

Supply Chain Transparency

Renewable Energy Adoption

How we create value beyond c-parts

FROM TRADING COMPANY TO A GLOBAL LEADER IN C-PARTS & TECHNICAL COMPONENTS



SOURCE

SIMPLIFY

LARGE VALUE MADE OF SMALL PARTS

SECURE

IMPROVE

SOURCE

Supplier base

Supply chain

**Full Range
Offering**

SIMPLIFY

Reduction

Replenishment

One delivery

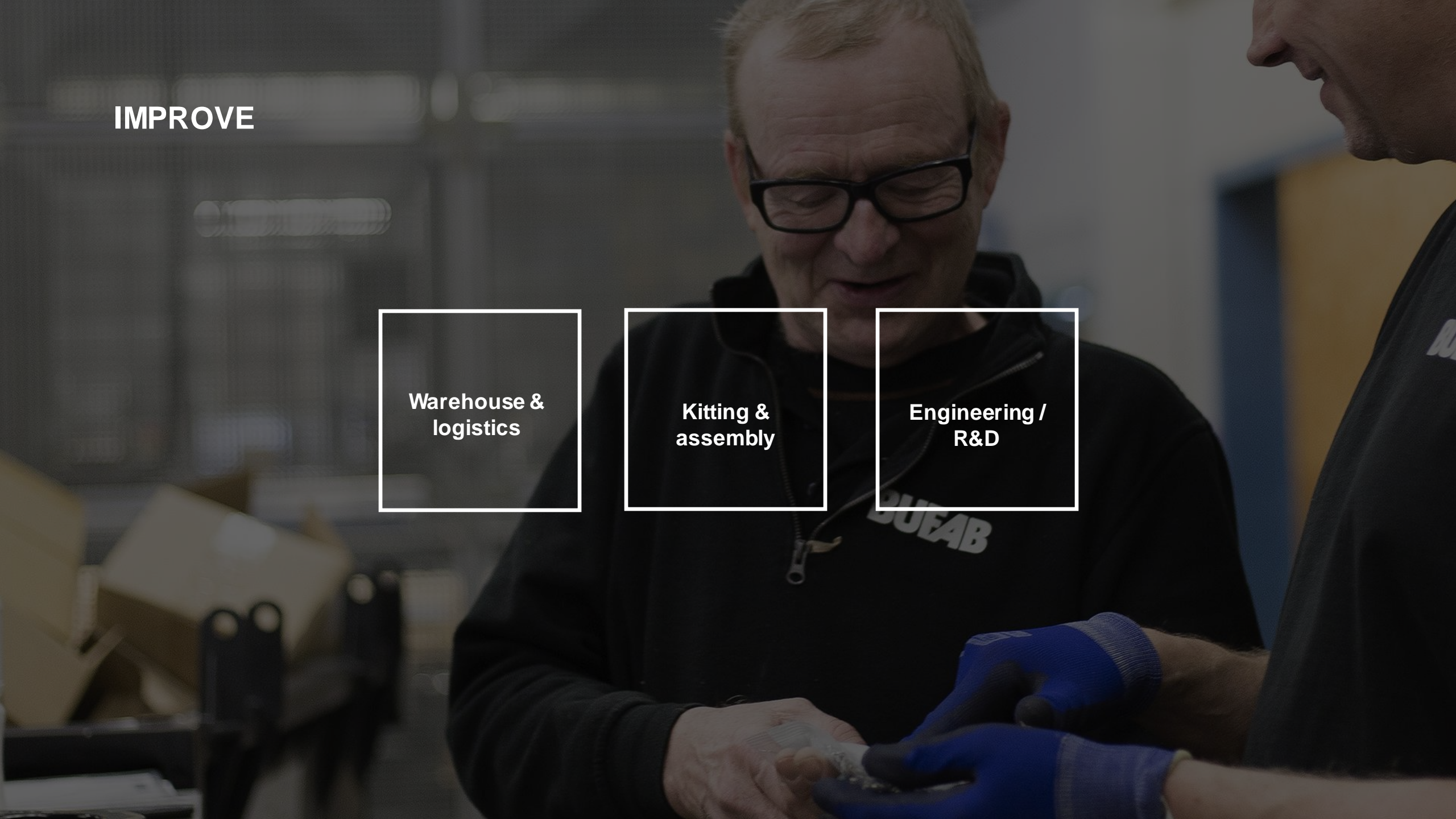


IMPROVE

Warehouse &
logistics

Kitting &
assembly

Engineering /
R&D



SECURE

Sustainability

Quality

**On time delivery /
Inventory
Management**



SOURCE



SIMPLIFY

**We give our customers
Peace of mind**

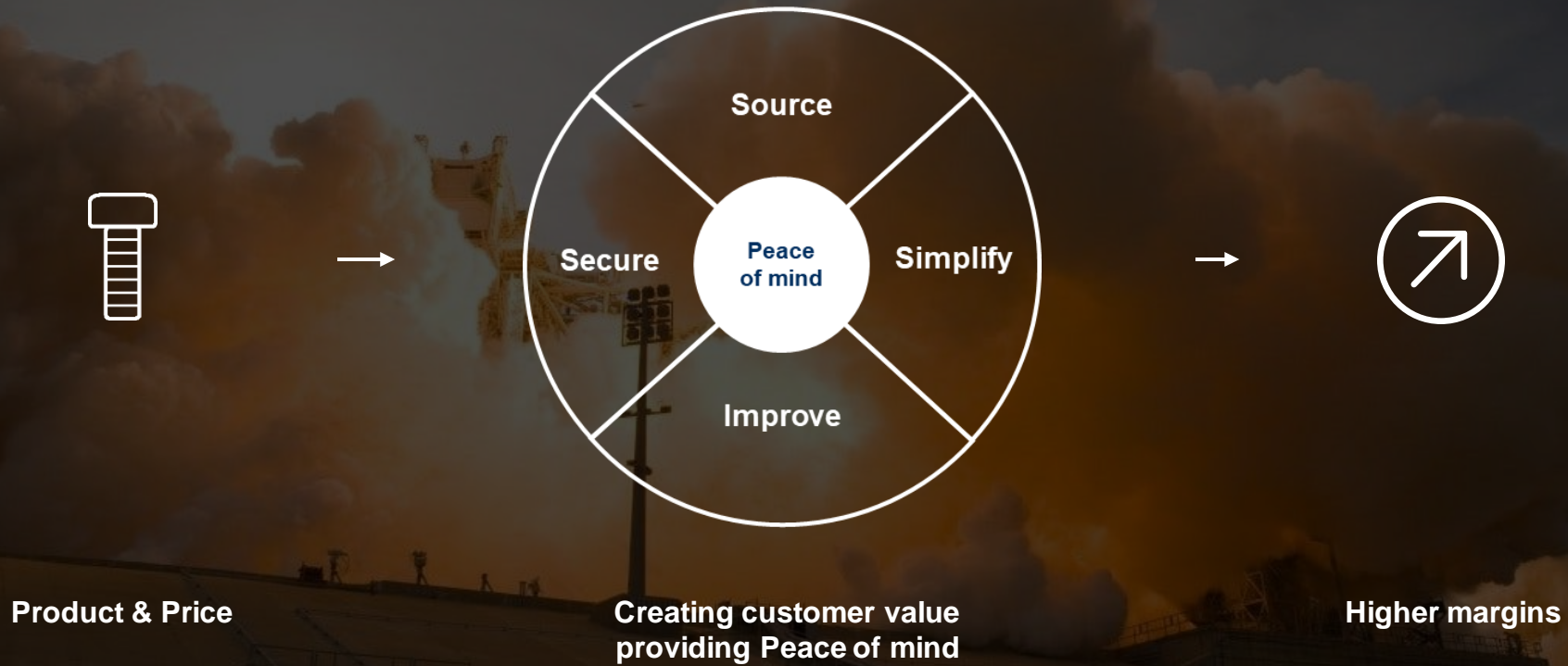


SECURE

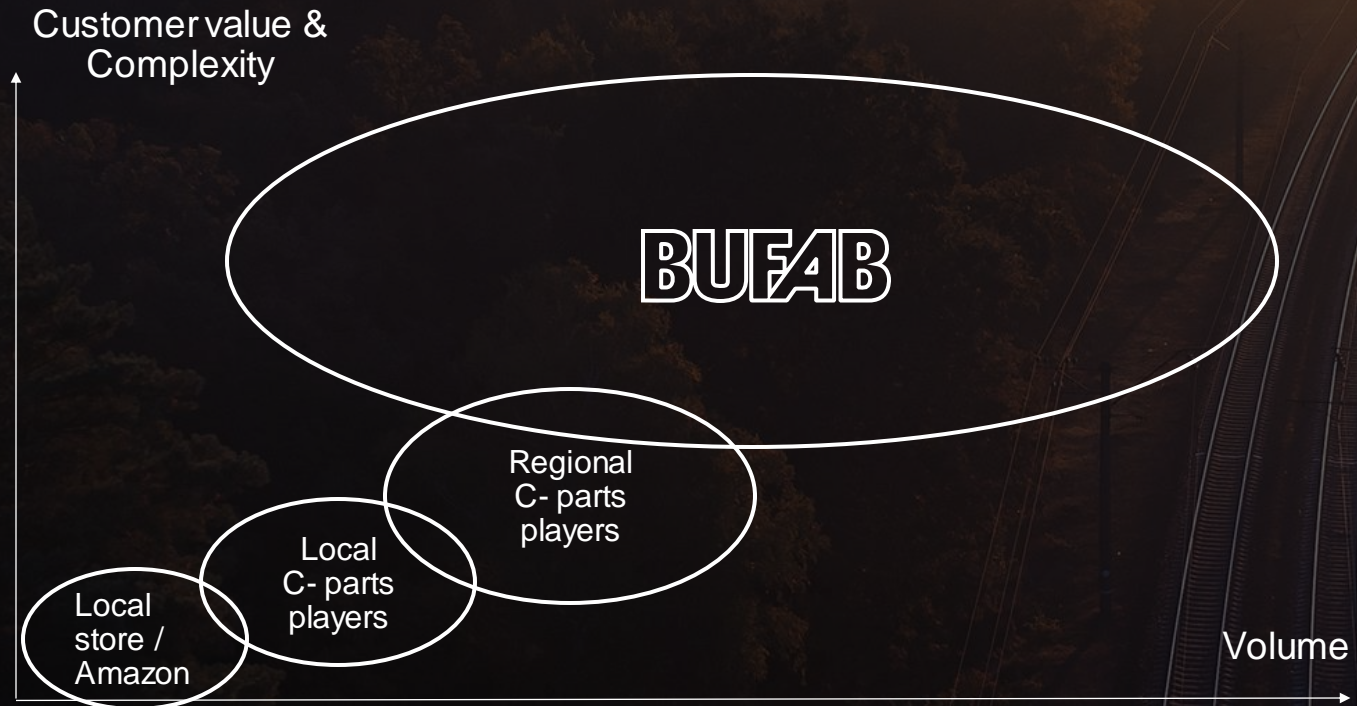


IMPROVE

THE MORE *PEACE OF MIND* WE CREATE THE HIGHER MARGIN WE GET



WE TAKE CARE OF HIGH VALUE AND HIGH VOLUME PRODUCTS



- 1) We drive C-Parts consolidation
- 2) Value creation drives improved gross margin
- 3) Potential to improve our Product- and customer mix (ex. ABS)

VÄDERSTAD ~2000 UNIQUE C-PARTS

in 6043 bins

40 000 order lines

95% Special

140 Suppliers



BUEAB

VALUE CREATION FOR A BUFAB CUSTOMER

STARTING POINT

- **1000 C-parts and 30 suppliers**
- Quality and delivery issues
- Inventory and Logistics costs
- Target on Sustainability
- No logistics solutions in place
- In-house purchasing and quality control
- **15 FTEs involved**

YEAR 1 – We enters

- **Bufab takes care of 500 parts and phases out 10 suppliers to 20**
- Secured quality and deliveries.
- Sustainability reporting from Bufab
- Reduced in-house purchasing and quality control
- **12 FTEs involved**

YEAR 2 – Value added

- **Bufab takes care of 750 parts and phases out 10 suppliers to 10**
- Sustainability reporting and proactive support from Bufab
- Easy Logistics Solution and VMI. 50% inventory and space reduction.
- Engineering support. Start with complex and kitted parts.
- **8 FTEs involved**

YEAR 3 – Expansion

- **Bufab takes care of 1000 parts and phases out 10 suppliers to 3**
- Bufab is the **trusted advisor** for sourcing, supply chain, engineering, and sustainability.
- Possibility for the customer to focus on core business.
- Bufab starts to supply factory A and B. New potential of 10 MSEK
- **6 internal FTEs involved**

Total cost: ~20 MSEK
 Direct cost: 4 MSEK
 Indirect cost: 16 MSEK

Total cost: ~17 MSEK
 Direct cost: 3,8 MSEK
 Indirect cost: 13,6 MSEK

Total Saving: ~ 3MSEK (15%)

Total cost: ~16 MSEK
 Direct cost: 3,6 MSEK
 Indirect cost: 12,8 MSEK

Additional Saving: ~5%

Total cost: ~15 MSEK
 Direct cost: 3 MSEK
 Indirect cost: 12 MSEK

Total Saving: ~5MSEK

M&A – PART OF OUR DNA

+51

acquisitions since 1977

14

acquisitions since 2014

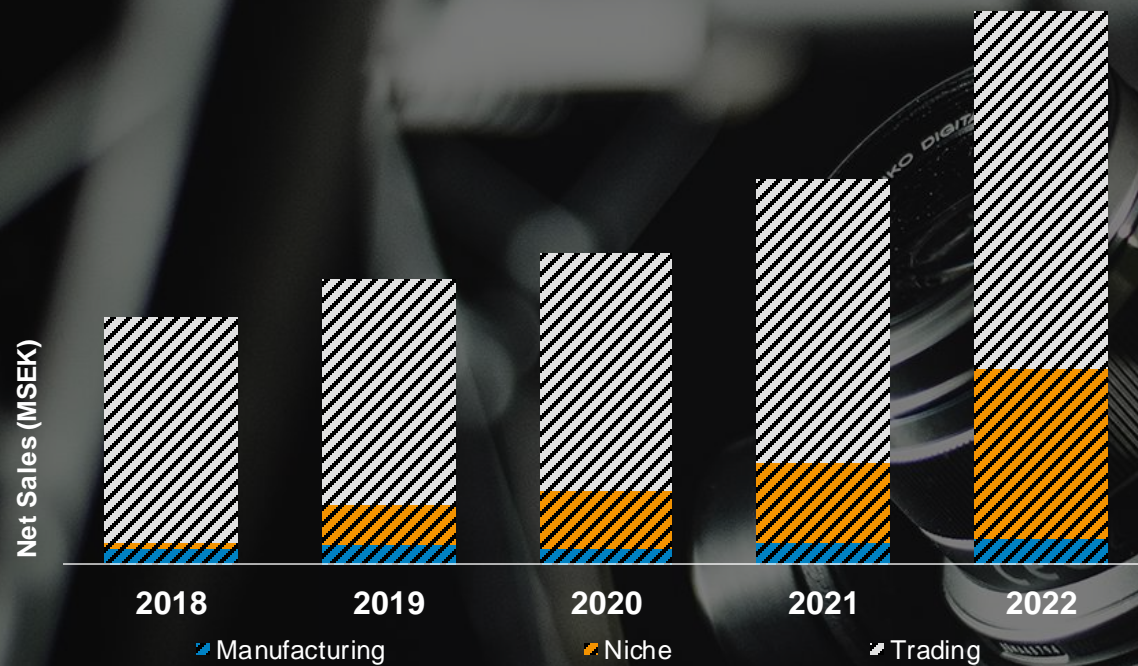
+900

employees

+3400

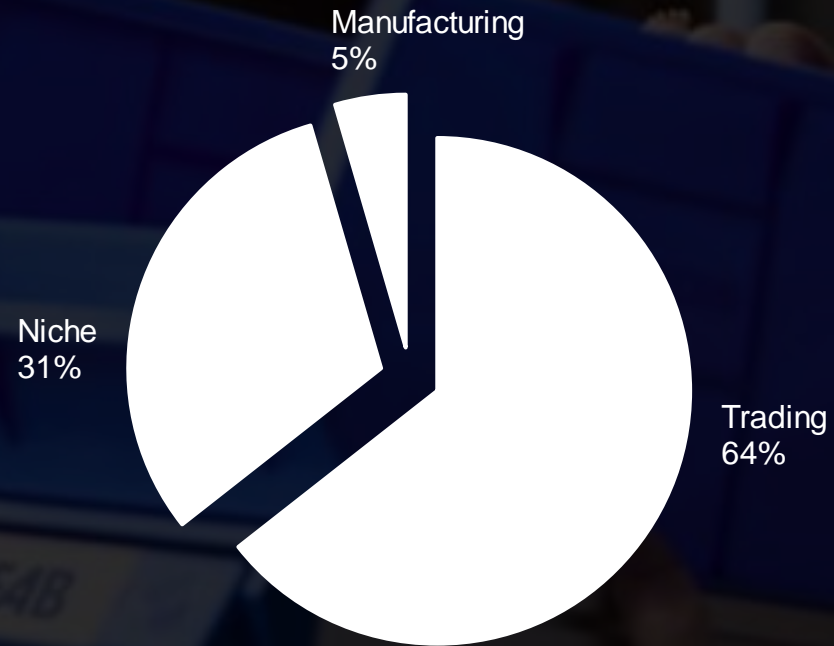
MSEK

WE ARE A DIFFERENT, MORE DIVERSE & STRONGER COMPANY TODAY



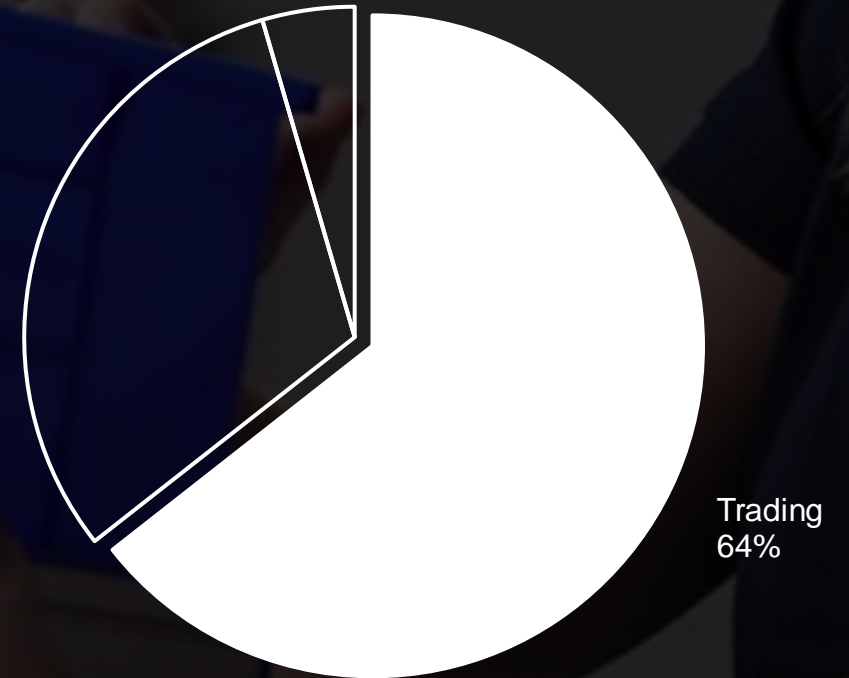
BUFAB SISTER COMPANIES

- +50 Companies with full P&L
- EBITA range: 2-30%



TRADING COMPANY

- Traditional Bufab trading company with a broad range of C-Parts and technical components
- When we grow with customers we can also supply B-parts
- Sister companies with similar customers and local market knowledge. Focus on become local market leaders
- EBITA range: 2-22%



NICHE COMPANY

- Supply chain partner with a special know how
- Meeting complex customer demand
- Own manufacturing when it creates value
- In line with our new Strategy, no regional limitations anymore
- Can accelerate growth through Bufab Trading companies when applicable
- EBITA range: 7-30%

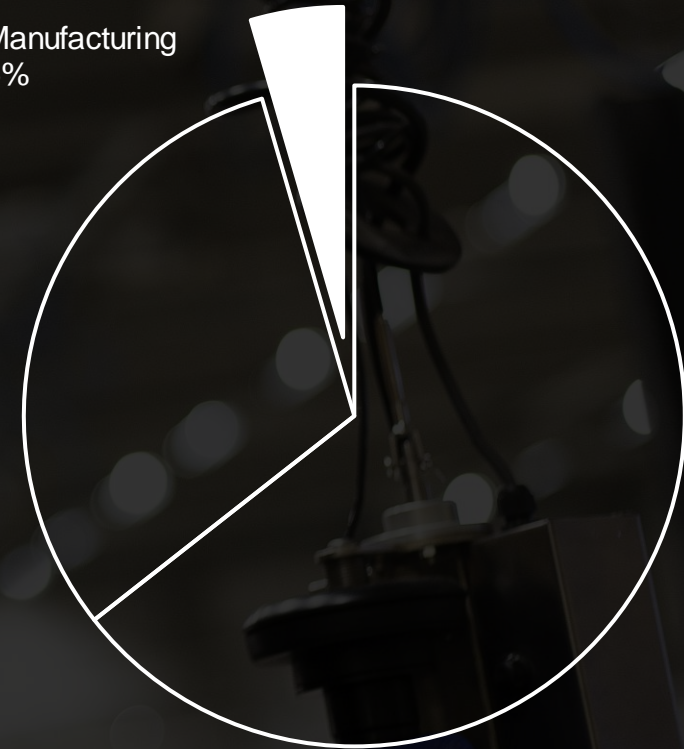
Niche
31%



MANUFACTURING COMPANY

- 2 companies in the group - Lann and Hallborn
NS 400 MSEK
- Core offering in manufacturing capabilities
- Majority of sales to automotive
- Few growth synergies with group
- EBITA range of 5-10%
- ~ 40% of groups total CAPEX
- Under evaluation as they are not core business
in our new strategy

Manufacturing
5%



OUR DIVERSITY REDUCE VOLATILITY AND CREATES OPPORTUNITIES



Aerospace



Agriculture



Automotive



Construction



Defence

- +30 industry segments
- No sub-segment larger than 10% of NS
- Broad range of materials and applications
- Each sister can choose where to grow



Energy



Furniture and Interior



General Industry



Pharma and Biopharma



Railway and infrastructure

SUSTAINABILITY – WELL PREPARED TO LEAD THE DEVELOPMENT

Responsible sourcing programs

Code of Conduct for all suppliers

Sustainable Development Goals (SDG)

Supplier and quality Audits on the suppliers

Ecovadis

2016

2017

2021- OUR DECARBONIZATION JOURNEY BEGINS

Science Based Target initiative

Recyclable & sustainable material

Sustainable Supplier Engagement Program

Sanction scanning RU and preventive actions

CSRD reporting incl EU-taxonomy reporting

Transparency programs (CBAM)

2021

2022

2023

ADVANCING FOR OUR CUSTOMERS NET ZERO

70% of our spend in Sustainable Supplier Engagement program.

2025

Our selected Sustainability Goals

2026

80% of our spend. Sustainability audited

Net Zero, Scope 1 & 2

2030

Scope 3 reduction 55%

2031

Net Zero

2050

SOLID FINANCIAL DEVELOPMENT

Revenues

8 811

MSEK, Q3 R12 2023

EBITA Margin%

12,5%

Q3 R12 2023

Free Operating Cash Flow

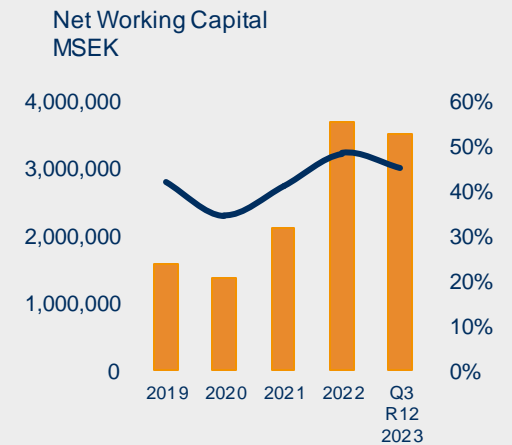
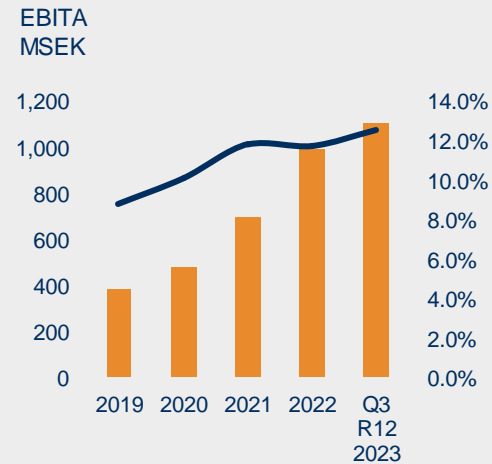
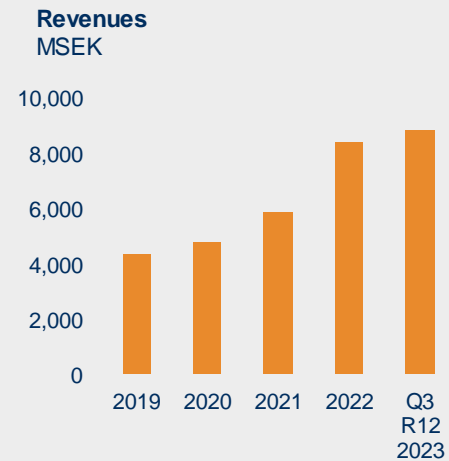
1 380


MSEK, Q3 R12 2023

NWC, % of Sales

40,6%

Q3 R12 2023





**We have done well
but more to come**

BUEAB

TO SUM UP - MAJOR OPPORTUNITIES IN FRONT OF US

1. Strong offering and value

We give
Peace of Mind

2. Improvement areas

How we operate /
Margin / NWC

3. Market trend behind us


We aim to lead
the market consolidation

4. Major Growth opportunities

We have just started our
journey

WE HAVE JUST STARTED OUR JOURNEY

- Our Market share is less than a few percent
- We can double our turnover with existing customers
- Bufab Sweden NS 1 BSEK, market share 30% - If we reach 10% market share in Poland, Germany, Spain and France we will reach additional 13 BSEK in turnover

 Countries with Bufab sales companies



STRATEGY

Discovering the next solution

Building on our success

OUR STRATEGY FOR PROFITABLE GROWTH





CUSTOMER VALUE CREATION



CUSTOMER VALUE CREATION

American Bolt & Screws

MD Cynthia Alvarez

- Trading Company
- ~ 800 MSEK in turnover, EBITA: 15-20%
- Role model in pricing, product- and customer mix development



Bufab Ireland

MD Kevin Donnelly

- Trading company
- ~ 100MSEK, EBITA: 15-20%
- Strong financial development – from loss-making with negative cash flow to a sales CAGR 2019-2023 of 28% and EBITA well over 15%

BUFAB
Ireland

Bumax

MD Lars Holm

- Niche Company
- ~ 300 MSEK, EBITA: 25-30%
- Major untapped potential – new governance structure in place to enhance growth

BUMAX[®]

American Bolt and Screws, Cynthia Alvarez



THIS IS AMERICAN BOLT & SCREWS

- Founded 1946 and acquired by Bufab 2019
- 85 Solutionists in 7 locations in the US and Mexico

RV Industry



Cargo Industry



Modular homes, furniture,
windows and doors





VALUE CREATING SERVICES CREATES GROWTH

Logistics services VMI & JIT

Providing tailor-made
solutions and designs

Engineering together
with the customer –
some products are patented

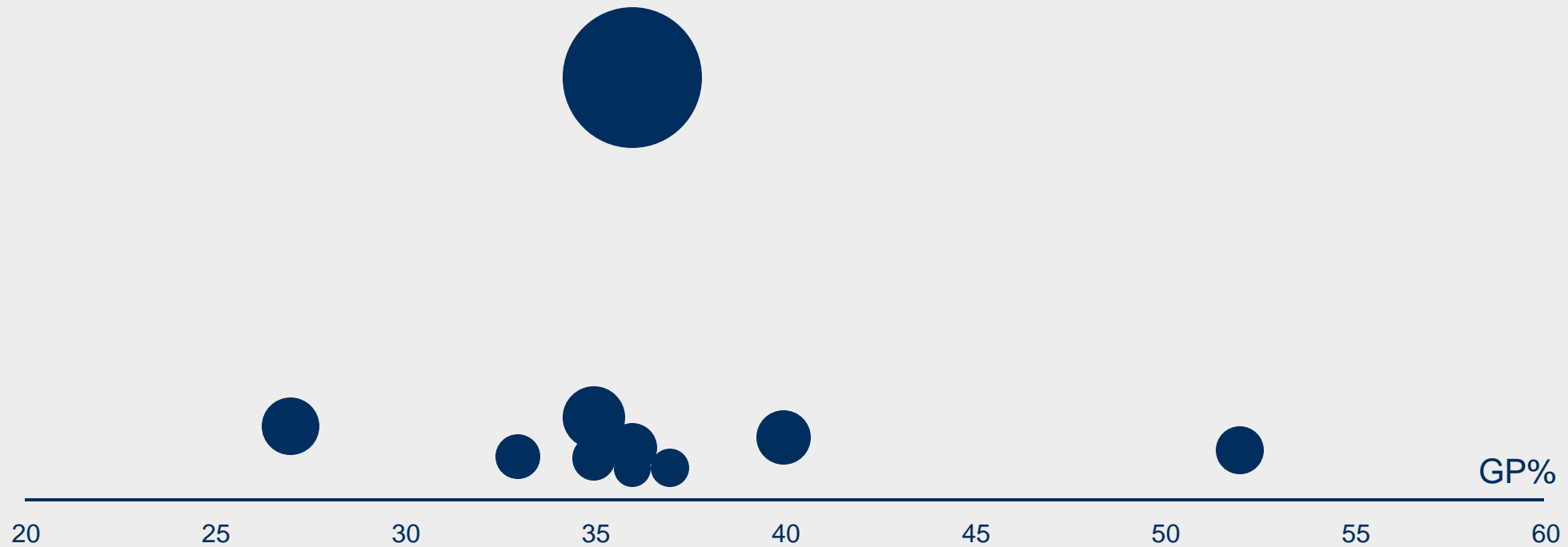
Kitting





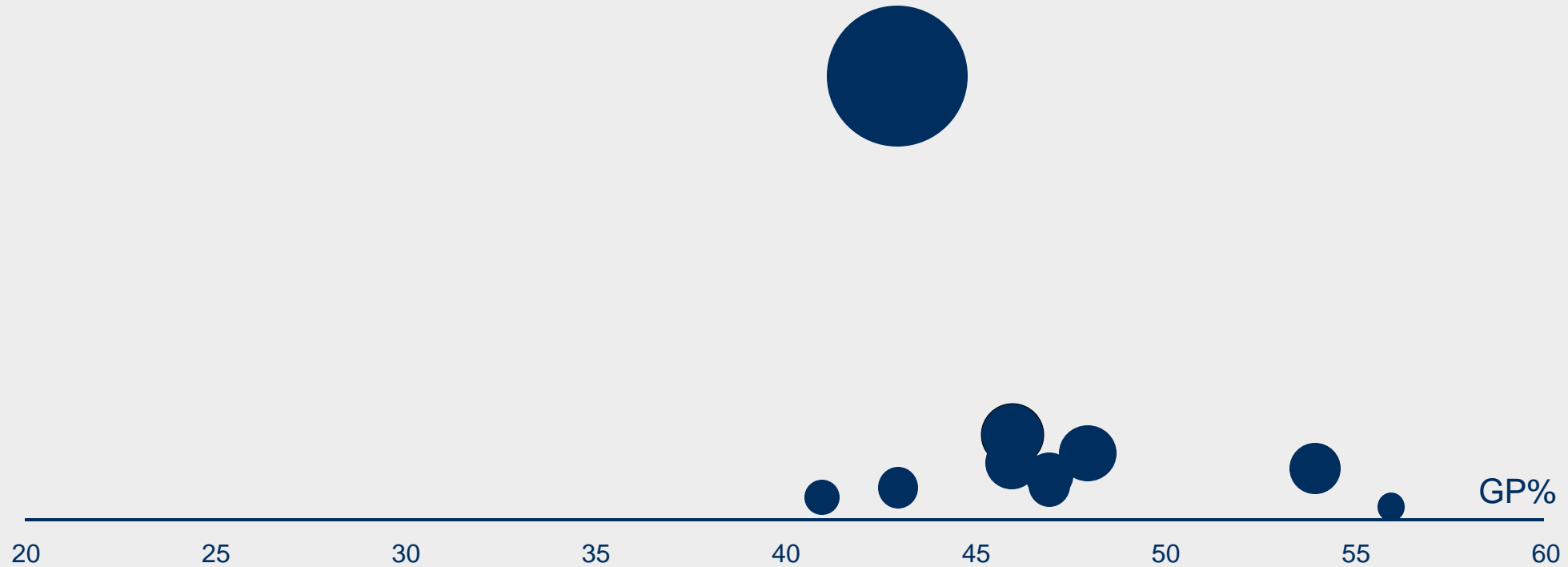
CUSTOMER SALES TRENDS AND MARGINS DEVELOPMENT

IN GRAPH: ABS GP IN 2019





MARGINS DEVELOPMENT PER CUSTOMER SINCE THE ACQUISITION IN GRAPH: ABS GP IN 2023

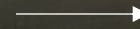




LOOKING FORWARD

Outperform
competitors in
creating value

VMI
Quality Control
Consolidation
Trust with local
presence



That is how we
will grow with
existing and
new customers



Bufab Ireland, Kevin Donnelly



THIS IS BUFAB IRELAND

- 100 customers
- 4000 live part numbers
- 46% Standard fasteners → 27% Sales Revenue
- 54% Special Parts → 73% Sales Revenue
- Advanced technical parts according to drawing
- VMI Logistics Solutions to grow share of wallet





MAJOR CUSTOMERS AND PRODUCTS

Moffett TMFL

Truck mounted forklifts

Sulzer pumps Ireland Limited

Waste-water and mining
pumps

Sandvik

Crushing & screening for
mining industry

Wright Bus

Single deck & double
deck buses

LAPP UK & Ireland Ltd

Electrical cable assemblies



CUSTOMER VALUE CREATES RESULTS

Operate close to the
customer

Supplier
consolidation

Logistics Solutions
(VMI)

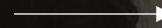
Sustainability



LOOKING FORWARD

We aim for a VMI
Logistics Solution
whenever possible

It creates customer
satisfaction and
profitable growth



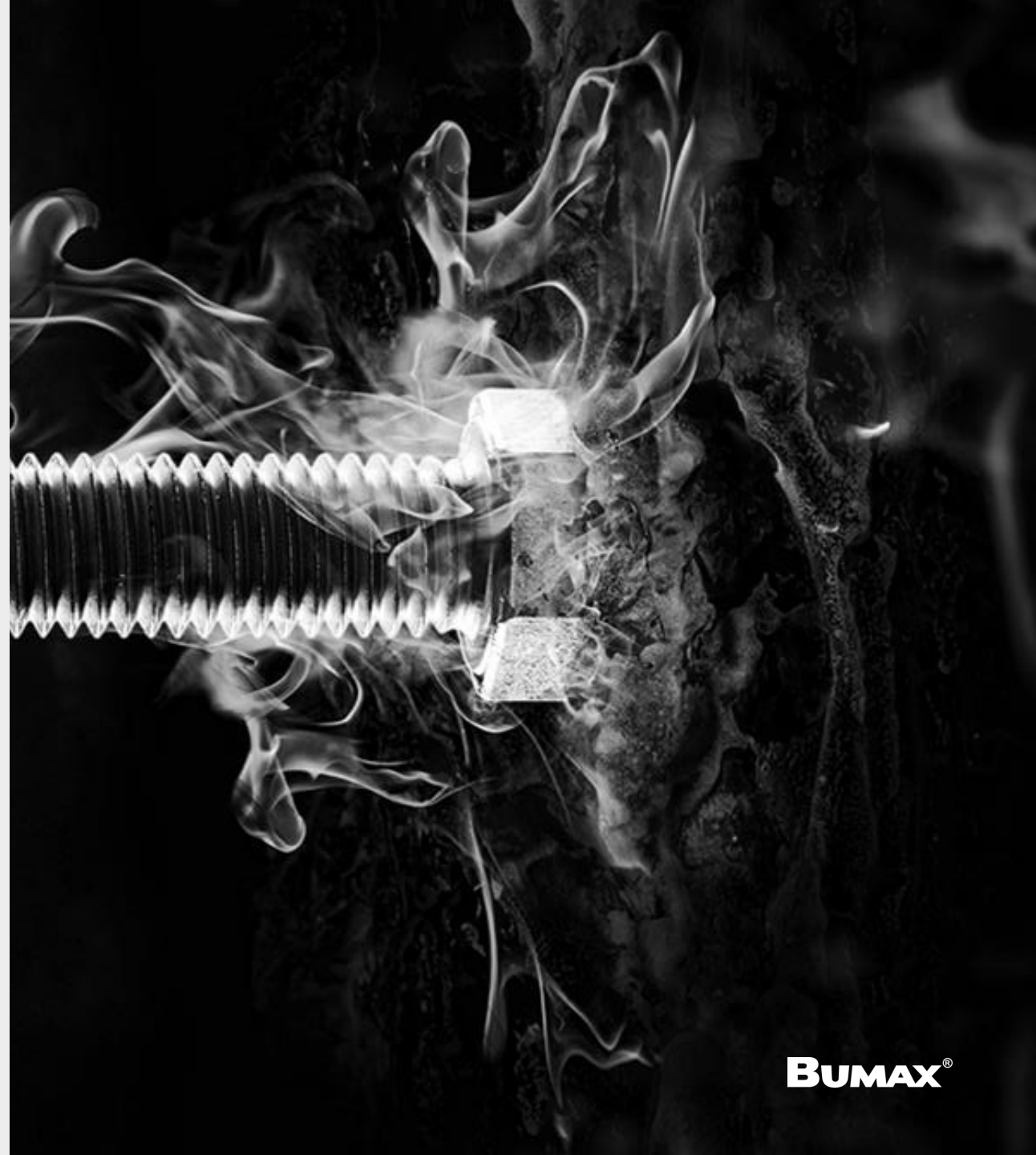
That is how we will
outperform Bufab
Organic growth
targets

Bumax, Lars Holm



THIS IS BUMAX

- Founded in 1899, but just started our journey
- Produced the first stainless steel bolt in the world in 1926
- Super-high-strength stainless fasteners.
- The project pipeline is full of promising projects, and we will keep on growing in every segment





MARKET SEGMENTS

Defense

Aerospace

Fusion, Nuclear
and Energy

Marine &
Offshore

Construction



BUMAX IS UNIQUE, AND THE CUSTOMERS LOVE THE PRODUCT

Understanding
the customer's
product

Strongest bolt

R&D knowledge

Sustainability



Great product
solutions
adding value



LOOKING FORWARD

Independent
company with full
P&L

Enhanced customer
focused R&D



Double turnover in
three years





ACCELERATING EFFICIENCY

Johan Lindqvist
Vice CEO, Director Segment North



ACCELERATING EFFICIENCY – EXAMPLE NWC

SISTER COMPANY FOCUS

- 3-year NWC plan in each company
- Majority of our companies will decrease their NWC but some increase
- Main driver is inventory

SYNERGIES & SUPPORT

- Best practice & knowledge sharing
- Shared benchmark

KEY METRICS

- Company level: 3-year plan with NWC-target per company
- NS growth, EBITA and Profit / NWC



NWC DEVELOPMENT

- Historically between 40-45% except pandemic
- More or less back to normal level
- But Bufab level is not best in class
- Before pandemic growth was our focus, not NWC

NWC% in relation to Net sales, 2014-2023





NWC IMPROVEMENTS IN NORDICS

Deeper collaboration
Suppliers

Demand Forecasting
and planning

Item management

Data Analytics and Machine Learning



LEADER IN SUSTAINABILITY

Carina Lööf
Global Sourcing & Sustainability



OUR DECARBONISATION COMMITMENTS

Our selected Sustainability Goals

70% of our spend in Sustainable Supplier Engagement program.

2025

80% of our spend. Sustainability audited.

2026

Net Zero, Scope 1 & 2

2030

Scope 3 reduction 55%

2031

Net Zero

2050



LEGAL COMPLIANCE MAKES US MORE COMPETITIVE

Material compliance

Sanctions

EU-taxonomy

Carbon border adjustment mechanism

Regional & national legislation

Corporate sustainability reporting directive (csrd)

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

- CSRD rules will apply from 1/1-2024
- 250 or more employees
- 40 million EUR in turnover
- 20 million EUR in assets



OUR COMMITMENTS IN SUSTAINABILITY CREATES CUSTOMER VALUE

Customer related work

Carbon emissions

Human Rights Due Diligence

Carbon Border Adjustment Mechanism

Conflict minerals

Trade sanctions



WORLD CLASS SUPPLIER BASE

Carina Lööf
Global Sourcing & Sustainability



WORLD CLASS SUPPLIER BASE

PARTNERSHIP SUPPLIERS

Dedicated and trustworthy
Partners

Competent, competitive &
compliant sourcing give
customer Peace of mind

Synergies through Group
Fasteners

Sustainable Supplier
Engagement Program

RISK MITIGATION

A strong Sustainable
Value Chain - Peace of
mind

Dual sourcing in a
volatile geopolitical
market

Supplier approval &
compliance process
incl audits

EFFICIENCY & DIGITALIZATION

Consolidation
optimizing logistical
flows and decrease
worked hours

Shorten lead times by
forecasts and building
consignment at
Partners create
flexibility and improve
NWC

KEY METRICS

Savings, 3% below
index

Carbon footprint
reduction, 5.5% per
year

Sustainability audits –
80% of spend by 2026



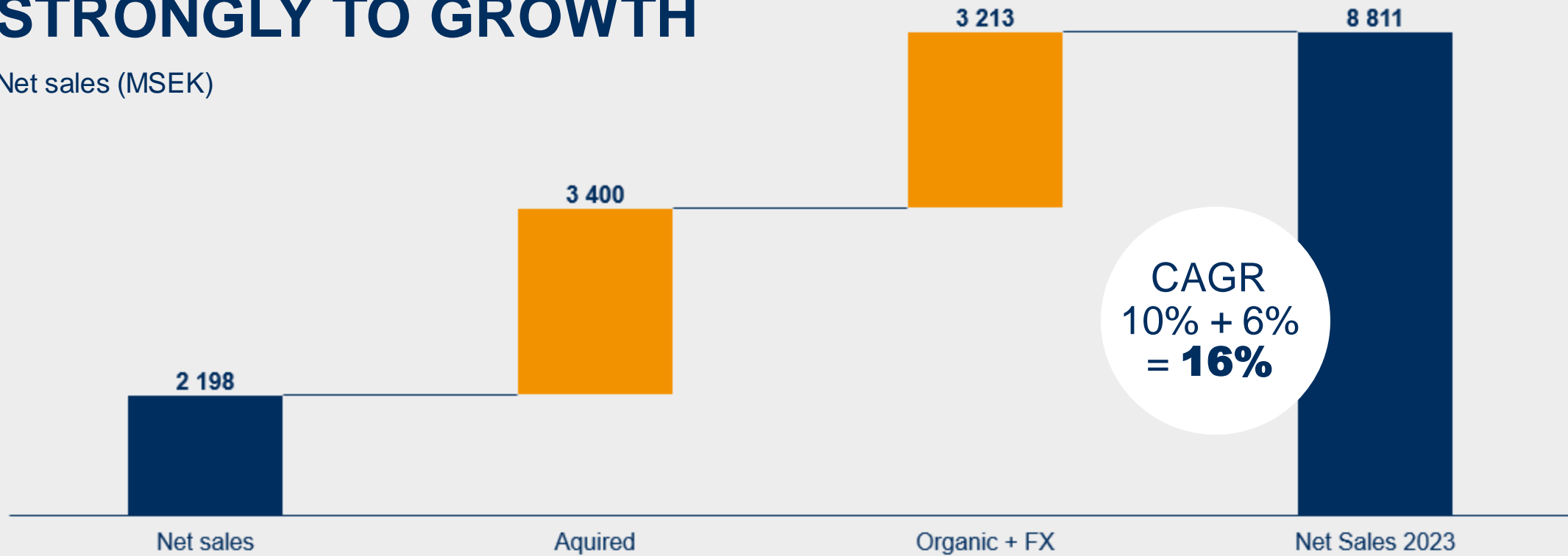
M&A DRIVE THE MARKET CONSOLIDATION

Johan Sandberg
Director Global Business Development



ACQUISITIONS HAVE CONTRIBUTED STRONGLY TO GROWTH

Net sales (MSEK)





WE LOOK FOR

- Well-run companies
- ...with growth synergies
- ...and win-win deals
- Sharing Bufab values and culture
- Actively support Group diversification and risk mitigation

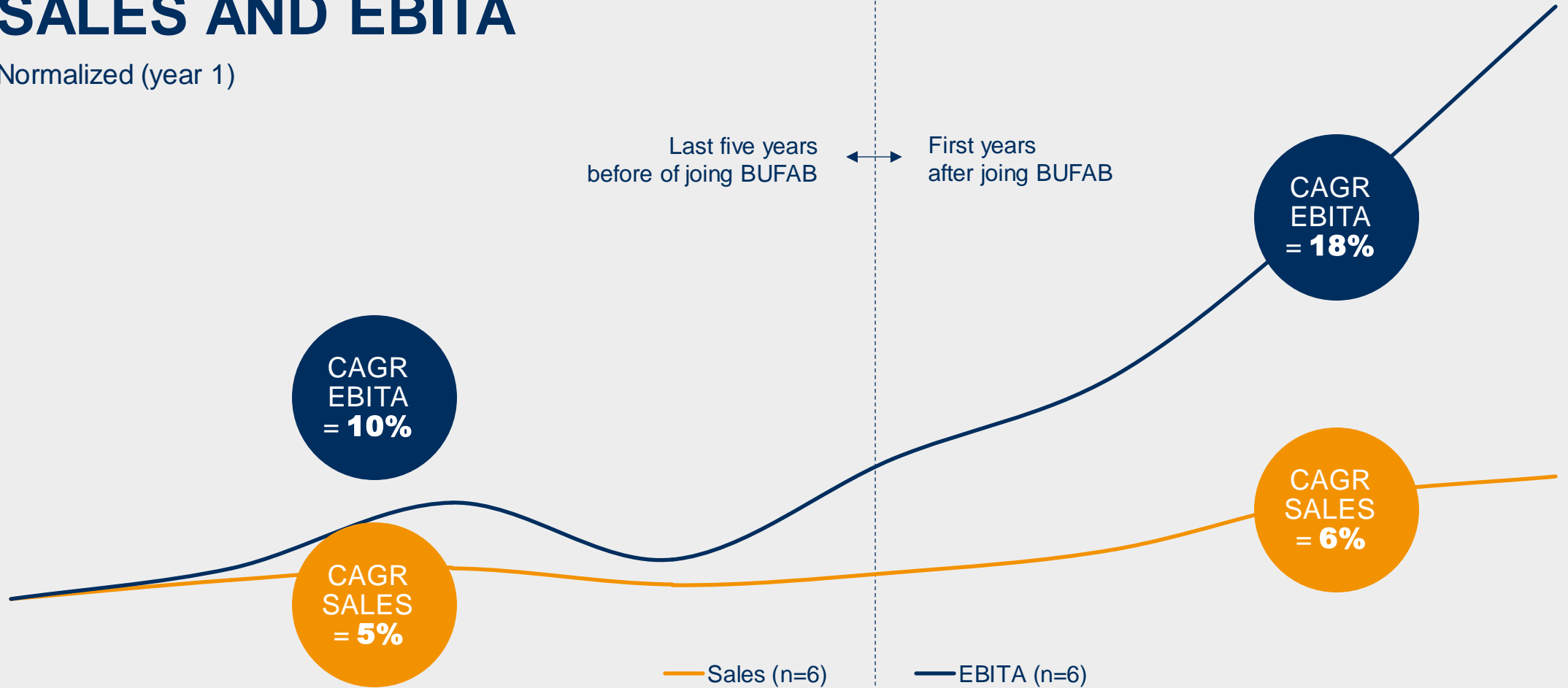
WE AVOID

- Companies that are not supply chain partners
- Companies that do not supply C Parts
- Production companies “with a smokestack”
- Avoid risky and complex countries and geographical areas



SALES AND EBITA

Normalized (year 1)



“Pull integration” is key to our success



NEVER

Subsidiaries

Aggressive
cost
synergies

Top-down
integration

ALWAYS

Sister
companies

Growth
synergies

“Pull”



NEW SISTERS USE BUFAB BEST PRACTICE WHERE IT HELPS THE MOST

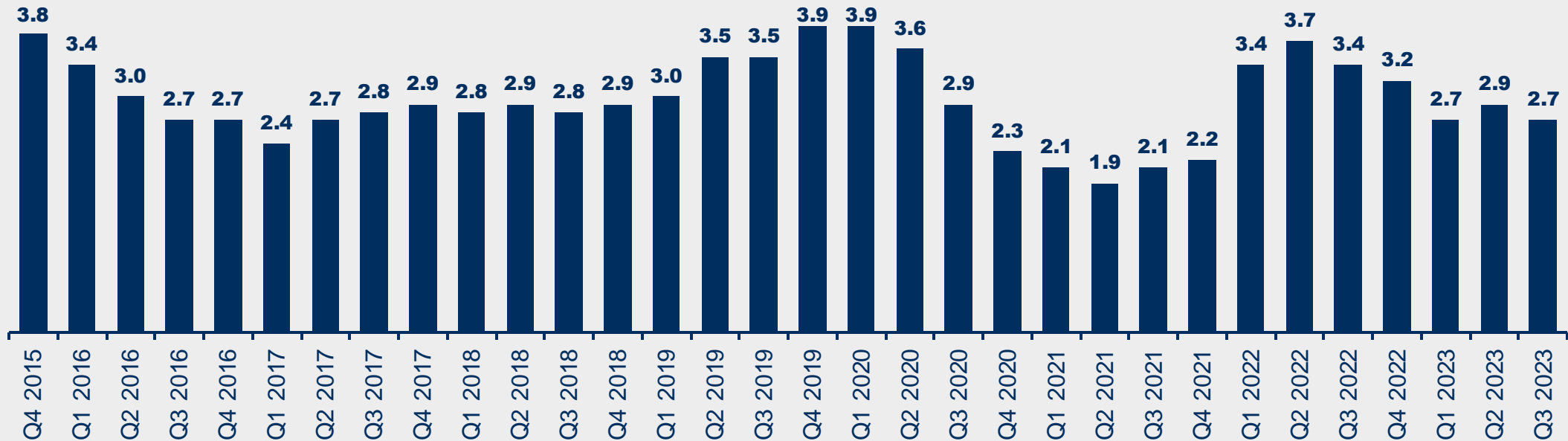
As a result:

- Opportunities to acquire
- Favourable pricing
- Good development acquired companies



PERFORMANCE GIVES MERIT TO ACQUIRE – IT'S A CYCLE

Net debt / EBITDA, adjusted, multiple



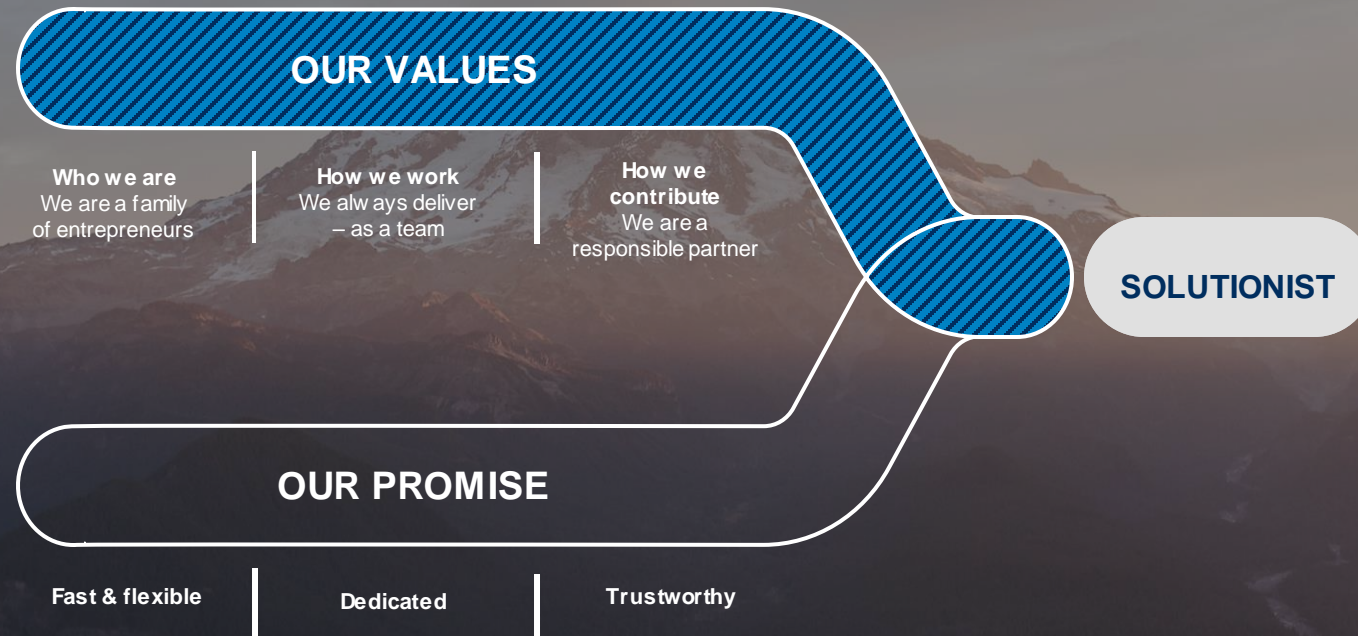
Our fundamentals



OUR PEOPLE & SOLUTIONIST CULTURE



OUR PEOPLE & SOLUTIONIST CULTURE

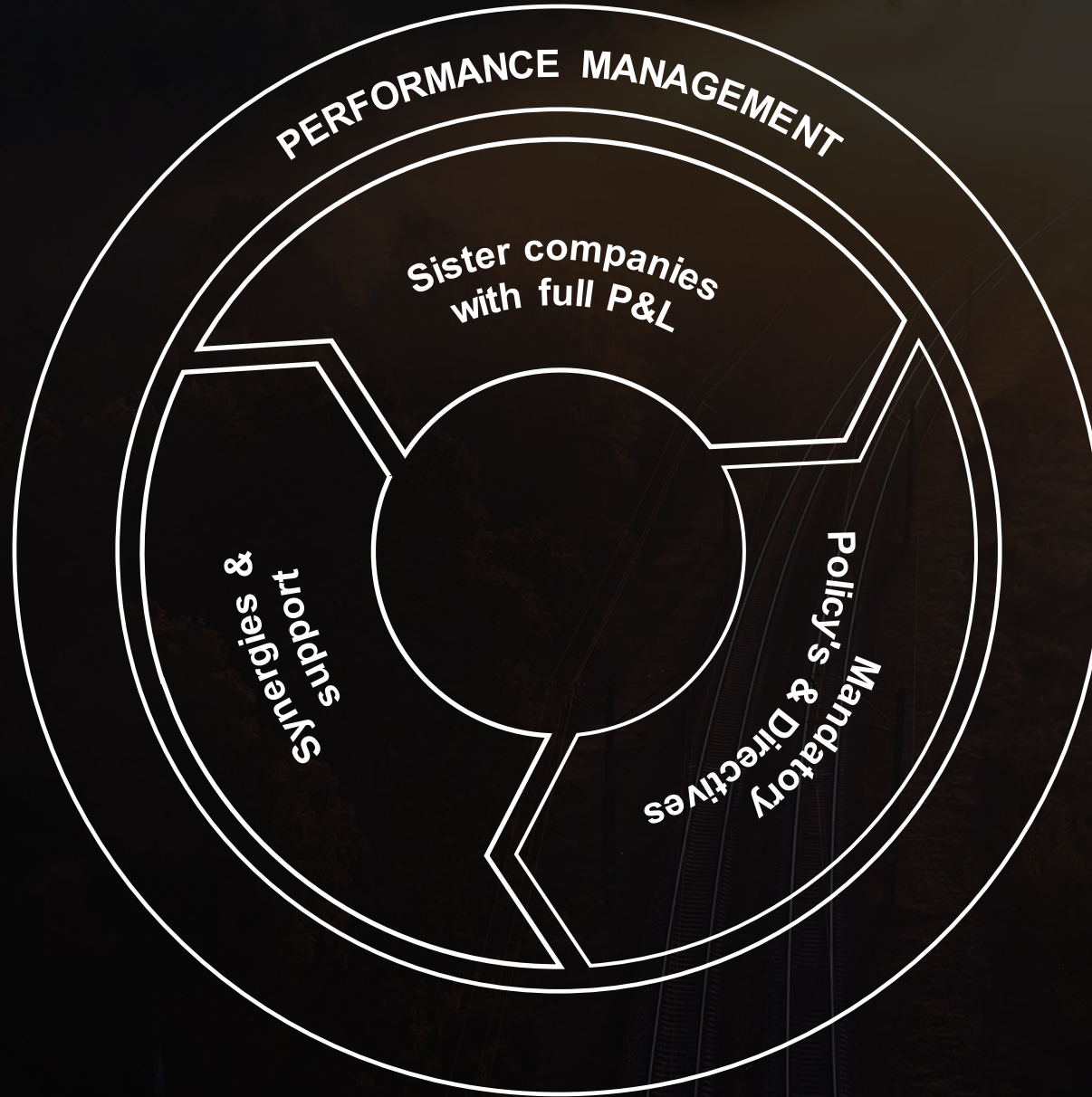




DECENTRALISED OPERATING MODEL...



**DECENTRALISED
OPERATING
MODEL...**





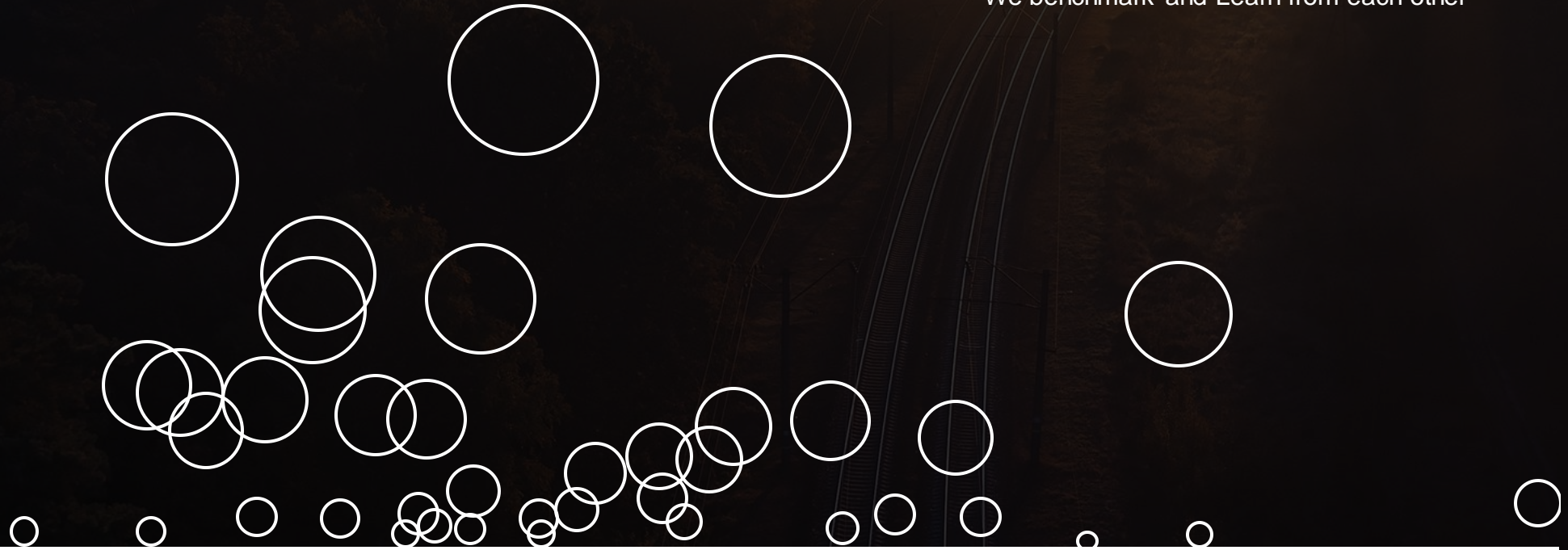
**...WITH CLEAR
EMPOWERMENT AND
ACCOUNTABILITY**

- 1. Decentralized operating model
with strong execution**
- 2. Empowered
people with clear accountability**
- 3. Clear KPI's and strong Performance
management**



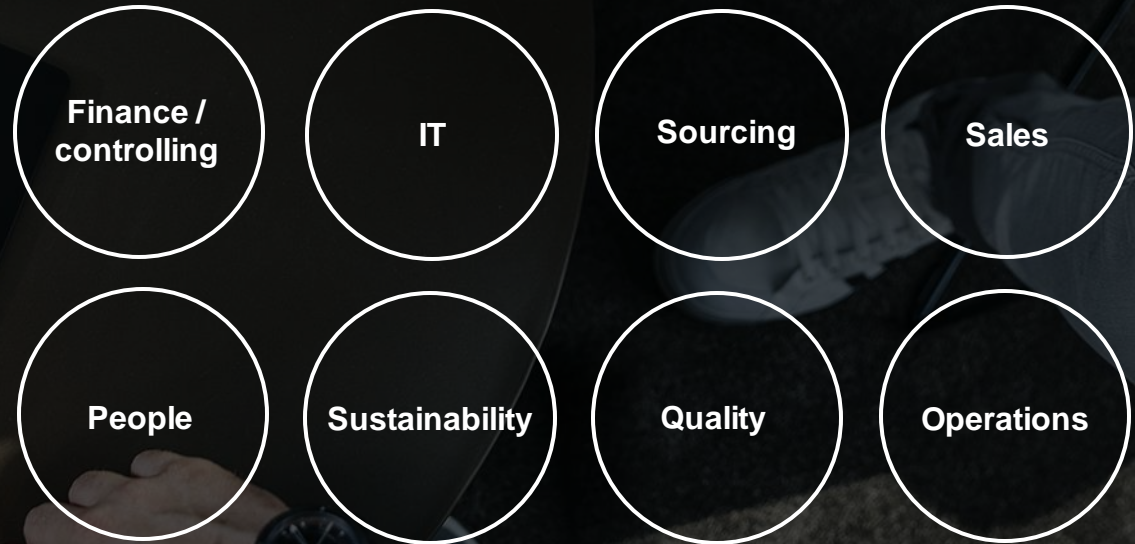
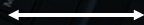
CONTINUOUS IMPROVEMENT IS KEY FOR SUCCESS

- The Trend – Top management follow the trend of NS, EBITA and Profit / NWC
- 3-year plans in place and company in different phases
 - 1) Stability, 2) Profitability, 3) Growth
- We benchmark and Learn from each other

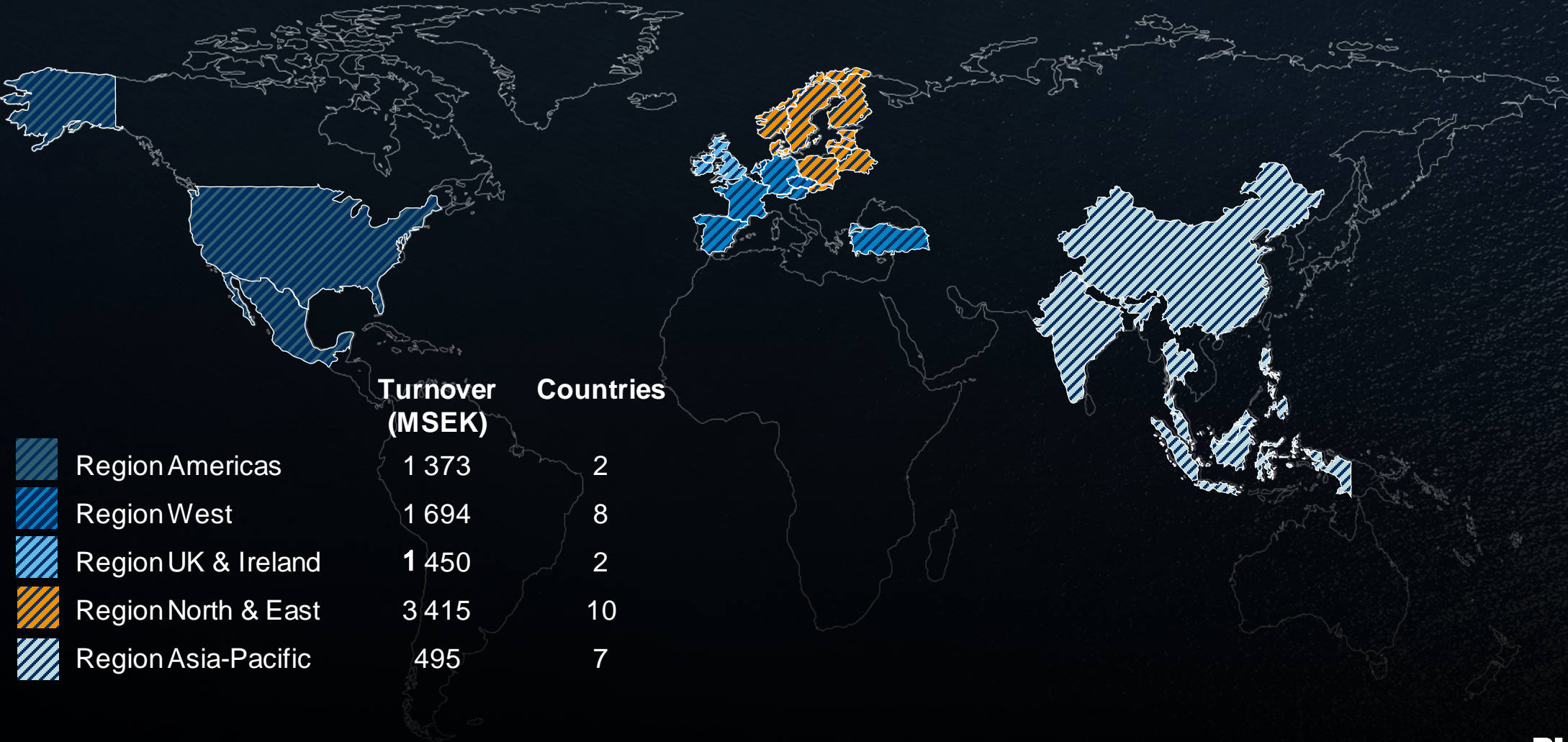




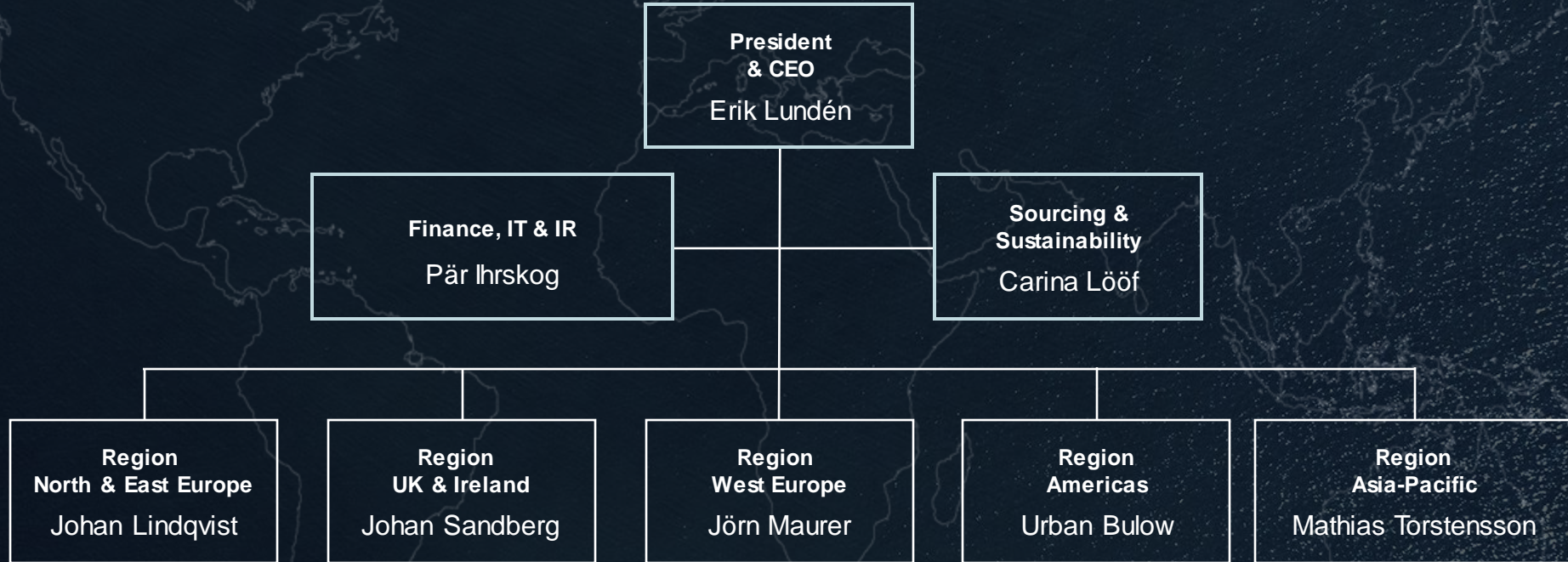
BEST PRACTICE CIRCLES & COMMITTEE



BUFAB REGIONS



BUFAB EXECUTIVE MANAGEMENT TEAM





OUR AMBITION

Pär Ihrskog
CFO

BUEAB

OUR CURRENT FINANCIAL TARGETS

PROFITABLE GROWTH

10%

Net Sales Growth YoY
(Organic and Acquired)

15%

EPS growth YoY

PROFITABILITY

12%

EBITA margin
(To be reached by 2023)

FINANCIAL STABILITY

2-3x

Net Debt/EBITDA

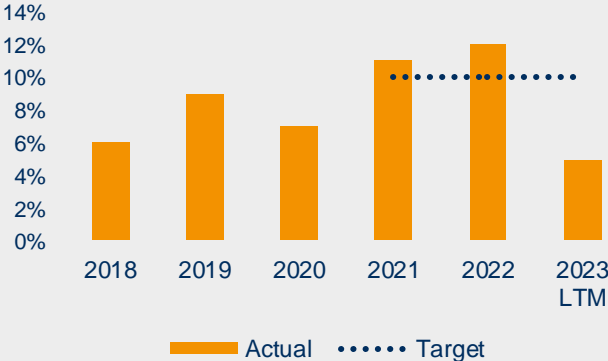
DIVIDEND POLICY

30-60%

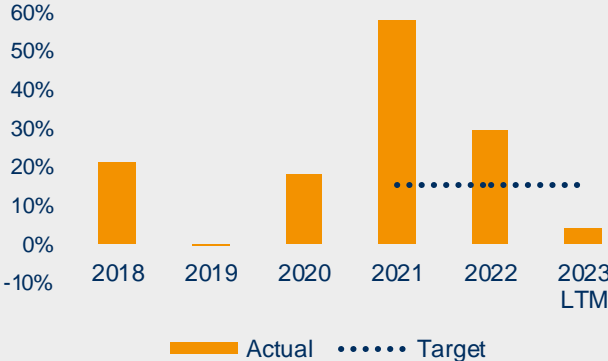
Yearly dividend
as % of Net profit

STRONG PERFORMANCE

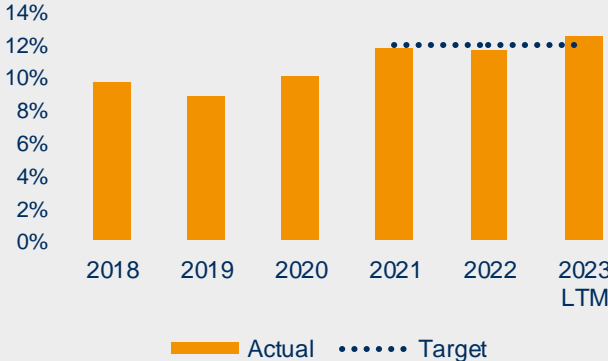
Net Sales Growth YoY



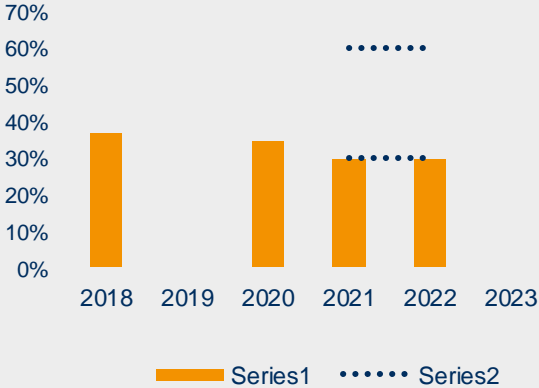
EPS Growth YoY



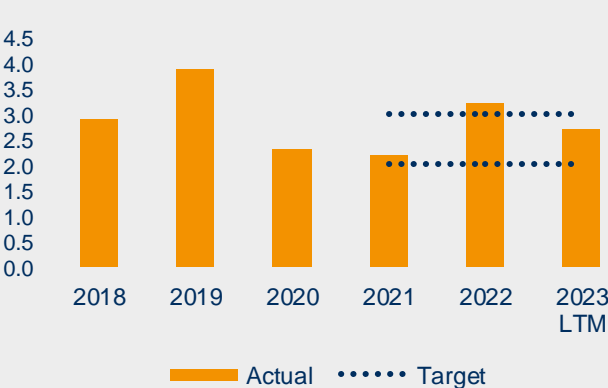
EBITA Margin



Dividend



Net Debt/EBITDA



OUR NEW FINANCIAL TARGETS

CONTINUED STRONG PROFITABLE GROWTH

10%

Net Sales Growth YoY
(Organic and Acquired)

15%

EPS growth YoY

IMPROVED PROFITABILITY

14%

EBITA margin
(to be reached by 2026)

FINANCIAL STABILITY

2-3x

ND/EBITDA
(not exceeding 3,5)

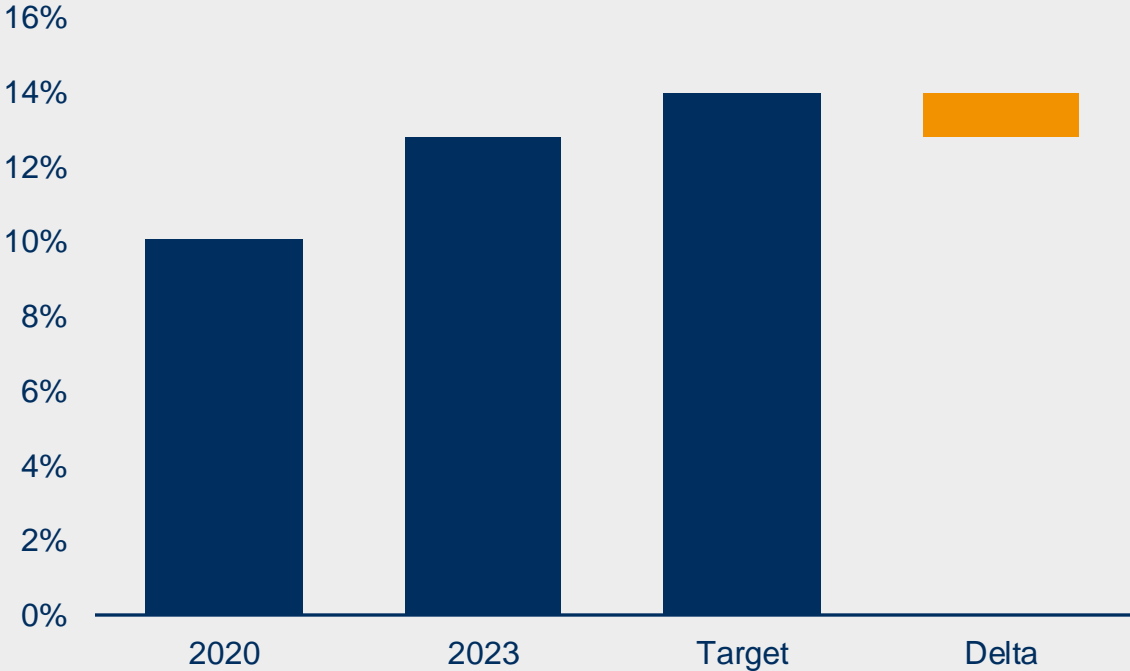
DIVIDEND POLICY

30-60%

Yearly dividend
as % of Net profit

SIGNIFICANT POTENTIAL FOR MARGIN IMPROVMENT

Operating Margin, %



THROUGH

- Value creation drives improved gross margin
- Product- and customer mix
- Improved Sourcing (pricing best practice, supplier base consolidation and logistics efficiency)
- Improve productivity by best practice, digitalization and data driven organization
- Market share growth with existing customers
- Our new strategic direction with focus on our core business - trading and niche companies.



CLOSING REMARKS

TODAY'S KEY MESSAGES

OUR POSITION

- Well positioned & strong drivers -



NEW STRATEGY

- Building on our success -

We give our customers peace of mind By creating sustainable and outstanding value				
Customer Value Creation	Accelerating Efficiency	Leader in Sustainability	World class Supplier base	M&A Drive the market consolidation
Our people & solutionist culture				
Decentralized operating model - empowerment & accountability				

OUR AMBITION

- Raised Profitability ambition -



Q&A



BUEAB

DISCOVERING THE NEXT SOLUTION

Bufab Capital Markets Day



BUFAB