

Bufab Reports 2019 Results

Bufab Group has reported net sales for 2019 rising to SEK 4.348 billion (2018: SEK 3,786 billion), corresponding to a margin of 8.8% (2018: 9.7%). However, the slowdown that was apparent already at the beginning of the autumn intensified during the fourth quarter. Jörgen Rosengren, president and CEO at Bufab, explains: "We attribute this to our customers' unusually long production stoppages at the end of the year, and to destocking. As a result, Bufab experienced negative organic growth of 5% in both of its operating segments for the quarter, despite slightly higher market shares. Our focus in 2020, therefore, is to secure further new business, thereby offsetting a potentially weaker market."



Bufab's gross margin was considerably weaker, both sequentially and year-on-year. This was mainly due to lower gross margins in acquired companies, but also to a poorer business mix in segment International and low capacity utilisation in our manufacturing companies. On the other hand, price increases and purchasing savings made a positive contribution to the margin. The company intends to achieve further purchasing savings in 2020. Overall, the operating profit for the fourth quarter was unchanged compared with the corresponding quarter in 2018. The priorities for 2020 are, firstly, to intensify sales and marketing, and secondly, to achieve considerable earnings and margin improvements through purchasing savings, strict cost control and efficiency enhancement.

Würth Sales Continue to Grow

According to the preliminary annual financial statement, Würth Group reported a sales volume of €14.27 billion in 2019 (2018: €13.62 billion). This corresponds to a growth of 4.8%. In Germany, sales growth was rather modest, at a rate of 2.1%. This is above all due to the struggling automotive industry. Contrary to that, Adolf Würth GmbH & Co KG, parent company of the Würth Group, was able to report growth of 5.8%. The Group achieved sales growth of 6.8 % outside of Germany. Satisfactory growth rates were achieved in Southern Europe (15.3%), South America (8%) and Eastern Europe (6.6%). E-business sales experienced above-average growth and amounted to €2.6 billion in 2019, thus increasing their share in overall Group sales to 18.3%.



Overall, according to preliminary figures, the operating result of the Würth Group amounted to €750 million and was thus 13.8% below the previous year (2018: €870 million). This decline is mainly due to the gross profit margins being under pressure. It was not possible to entirely pass on increased purchasing prices to customers in the market. Furthermore, the Würth Group continued to invest in the expansion of its business model and growth initiatives.

"The general economic forecasts remain cautious, which is why the Würth Group expects mid-single-digit sales growth and an operating result increasing proportionally to this," says Robert Friedmann, chairman of the central managing board of the Würth Group.

SFS Shows Clear Improvement in Operating Results

SFS Group returned to organic growth in the second half of 2019 – in the face of continuing adverse market conditions – thanks to project ramp-ups. Group profitability also showed a strong improvement over the course of 2019.



Sales for the full 2019 financial year increased by 2.5% and were fuelled primarily by the first time consolidation of Triangle Fasteners Corporation (TFC). Adjusted operating profit amounted to approximately CHF 239 million (€224.4 million), which corresponds to 13.4% of net sales. Sales increased by 3.5% in the second half compared to the figure for the prior-year period, of which 1.1% was organic growth. Organic sales growth in the first half was a negative –2.4%. Consolidated sales for the full financial year of 2019 amounted to CHF 1.78 billion (€1.67 billion). This corresponds to an increase of 2.5% from the previous financial year.

Engineered Components: Challenges Well Mastered

The improvement in SFS Group's operating performance in the second half of 2019 was driven in particular by the Engineered Components segment, which accounts for more than half of SFS Group's total sales. This segment's sales rose by 10.7% in the second half compared to the first half. Its significant growth was broadly based and supported by the seasonal ramp-up of several projects, as well as a recovery in the Electronics sector. Full-year 2019 sales for the Engineered Components segment amounted to CHF 957.1 million. The overall flat sales growth is attributed to weak market demand.

Fastening Systems: Market Position Further Expanded

Sales at the Fastening Systems segment amounted to CHF 498.3 million in 2019, an increase of 14% from the previous financial year. The Construction division profited from a stable market environment and generated slightly positive organic growth. Sales in the Riveting division, by contrast, were pressured by the very challenging situation in the German and British automotive markets. Thanks to innovative products and the successful acquisition of TFC Ltd, the segment strengthened its competitive position in the construction business.

Arconic Reports Q4 2019 Results

Arconic Inc has reported fourth quarter revenues of US\$3.4 billion, down 2% year-on-year. Organic revenue was up 1% year-on-year on growth in the aerospace, packaging and industrial markets and favourable product pricing. This was largely offset by weakness in the automotive, commercial transportation, and building and construction markets. Arconic reported net income of US\$309 million in the fourth quarter 2019 versus net income of US\$218 million in the fourth quarter 2018. Full year 2019 net



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income was US\$470 million versus net income of US\$642 million in the full year 2018.

The Engineered Products and Forgings (EP&F) segment reported fourth quarter revenue of US\$1.7 billion, an increase of 1% year-on-year. Segment operating profit was US\$354 million, up US\$86 million or 32% year-on-year, driven by net cost reductions, favourable product pricing, lower raw material costs and volume increases. Segment operating profit margin was 20.4%, up 480 basis points year-on-year.

EP&F full year segment performance was up 5% year-on-year with a revenue of US\$7.1 billion. Segment operating profit was US\$1.4 billion, up US\$285 million year-on-year; segment operating profit margin was also 19.6%, up 330 basis points year over year.

Bulten Progresses Well in Q4

Despite continued cautious market development, Bulten's net sales and order bookings developed well during the fourth quarter of 2019. Net sales amounted to SEK 784 million an increase of 5%, and order bookings were up 13.6%.



Anders Nyström, president and CEO at Bulten, commented: "In 2019 we implemented several strategic measures. During the fourth quarter we completed the restructuring in Germany. This is expected to bring annual savings of approximately SEK 25 million from the 2020 calendar year. The relocation of our Chinese operation has also proceeded to plan and in November we inaugurated our new production unit in Tianjin."

"We finished the fourth quarter by entering into an agreement to acquire PSM International. The acquisition broadens our customer base on growth markets in Asia and North America." Operating earnings for the quarter totalled SEK 27 million, equating to an operating margin of 3.5%.

Hilti Achieves Further Sales Growth

Hilti Group grew sales by 4.3% in the 2019 business year to CHF 5.9 billion. Hilti CEO Christoph Loos commented on the developments



in the 2019 business year: "2019 was another successful year for us with exclusively organic growth. The economic environment has become more volatile while global construction growth has noticeably slowed. Additionally, currencies largely displayed depreciation tendencies against the Swiss franc. Against this background we're satisfied with our growth level and are pleased that we gained additional market share."

Hilti achieved an increase of 6.9% in the Europe business region, despite BREXIT uncertainties and a substantial downturn of the construction economy in Scandinavia. North America continued to develop positively, advancing 7.3%. Significant growth was also achieved in Latin America (+8.5%), where the recovery in Brazil made a considerable contribution. In the Asia/Pacific region, the growth level of 4.3% was slowed by the difficult environments in both Hong Kong and South Korea. The situation in the Eastern Europe/Middle East/Africa region remained disparate (+3.7%), with Russia and the Eastern European markets driving growth while business remained difficult in the Gulf States and in Turkey due to ongoing political uncertainties.

Bossard Increases Its Holding in Torp Fasteners

Bossard Group is increasing its majority stake in Torp Fasteners located in Oslo, Norway, from 60% to 100%. Bossard has held a stake in the company, a specialist in high-quality engineered fastening solutions, since January 2015.



In recent years, Bossard has made considerable efforts to further develop the demanding Scandinavian markets. The parties have agreed to keep the purchase price confidential. Bossard's investment in the Norwegian company Torp Fasteners is in line with the Group's strategic approach to expand its presence in the areas of branded and high-quality engineered products through targeted investments.

Torp Fasteners supports customers in the early planning stages of product development, which is also significant for the Bossard Group. In 2019, Torp Fasteners achieved annual sales of about CHF 9 million and has 21 employees.

NORMA Group Increases Sales In Fiscal

Year 2019

NORMA Group achieved Group sales of approximately €1.1 billion in the fiscal year 2019. This equates to an increase of 1.5% compared to the previous year (2018: €1.084 million). Sales from the acquisitions of Kimplas and Statek contributed 1.2% to growth.



Dr. Michael Schneider, CEO of NORMA Group, commented: "2019 was a challenging year for NORMA Group. The volatile market environment and the tense geopolitical situation caused our business development to fall short of expectations. However, we did grow in the area of water management." Based on preliminary unaudited figures, NORMA Group's sales in the fourth quarter of 2019 declined by 2.1% to €261.4 million compared to the previous year (Q4 2018: €267 million).

In Memory of Robert H. Lench (written by Marco A. Guerritore)

When I received the tragic news, I could not believe it for a moment and then a deep and sincere sense of pain swept over me.

Robert H. Lench left us on 22 January 2020 at the age of 89 years due to a sudden worsening of his illness.

For some time now, perhaps because of his state of health, Robert had withdrawn from the daily operations, while maintaining a certain connection with the EIFI, which was his reason for living.

Robert belonged to a family with a long tradition in the English fastener industry and ran his family business "Thomas William Lench Ltd", based in Warley, West Midland, until he was forced to close it due to changes and uncertainties in the market.

His in-depth knowledge of the fastener industry enabled him to skillfully hold the position of EIFI Chairman, pulling it out of the impasse in which he found it.

Robert spared no physical and economic effort to promote operational contacts with the organisations of manufacturers: from the USA, Japan, Taiwan, just to name the main ones. He also worked hard to expand and strengthen the EIFI by including new



national fastener associations in Europe, such as those of Spain, Poland and others.

Under his presidency, the EIFI set up the structure that still characterises it today.

He always paid particular attention to relations with the European institutions and first and foremost with the EU Commission and other important offices where he had the opportunity to promote and successfully manage important initiatives.

Robert Lench was an affable, likable man and an excellent speaker who knew how to express himself very well in both personal and business meetings. He had the gift of knowing how to manage and resolve the tensions that can inevitably arise in the context of an international association.

He had to rely on his diplomatic sense on numerous occasions in order to resolve unavoidable disputes within the EIFI caused by commercial competitiveness.

His natural cordiality and kindness did not mean that he was submissive; on the contrary, Robert was strong willed and decisive.

I remember that we were at an annual EIFI meeting. The discussions were over and all of us in attendance were heading to the business lunch room when I saw Robert in pain from a sciatic nerve issue, hunch over his walking stick. I approached him with the clear intention of helping him. Robert sensed what I was about to propose. He looked at me sideways and with a strong gesture of his hand, almost indignantly, pushed me away, clearly making me understand that he did not need and did not want any kind of help. This was Robert H. Lench.

An important piece of the history of the EIFI and the European Fasteners industry disappears with his passing.

Robert H. Lench's funeral was held on 7 February 2020 at St. Cassian's Church in Chaddesley Corbett. ■

R.I.P.

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Provided by:

Fastener + Fixing Magazine

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