



FULL YEAR REPORT, 2017

TELEPHONE/AUDIO CONFERENCE 8 FEBRUARY 2018, AT 15.30 CET

TOMMY ANDERSSON, PRESIDENT AND CEO | HELENA WENNERSTRÖM, EVP AND CFO

DIRECT LINK AUDIOCAST: [HTTPS://TV.STREAMFABRIKEN.COM/BULTEN-Q4-2017](https://tv.streamfabriken.com/bulten-q4-2017)

TELECONFERENCE: SE: + 46856642664, UK: +442030089809, US: +18558315945

AGENDA

1. Bulten in brief
2. Market development
3. Fourth quarter 2017
4. Going forward



BULTEN IS A LEADING SUPPLIER OF FASTENERS TO THE GLOBAL AUTOMOTIVE INDUSTRY



VISION

Supporting the global automotive industry with state of the art fastener technology and services.

BUSINESS CONCEPT

- Bulten shall be the leading business partner and the most cost-effective supplier of fasteners and services to the automotive industry.
- Bulten shall with empowered and dedicated people continuously develop its full service concept and actively launch innovations.
- Bulten shall develop long-term relations based on professionalism and good business ethics.

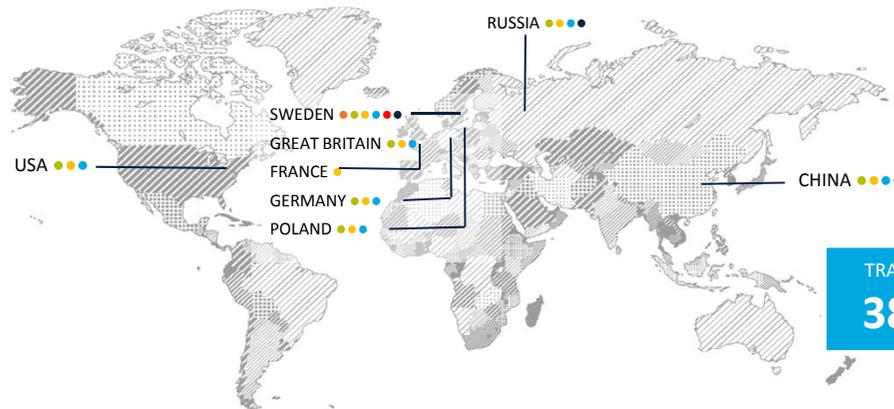
FINANCIAL TARGETS

- To grow stronger than the industry in average
- Operating Profit (EBIT) > 7%
- Return on Capital Employed (ROCE) > 15%

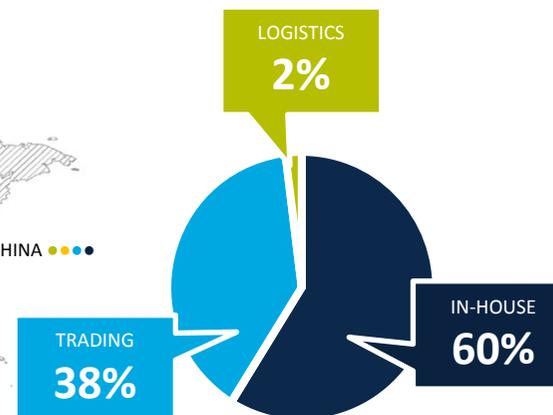


BULTEN HAS A LEAN AND WELL POSITIONED LOGISTICS AND MANUFACTURING FOOTPRINT AND FLEXIBLE SUPPLY CHAIN

LEAN AND WELL POSITIONED LOGISTICS AND MANUFACTURING FACILITIES



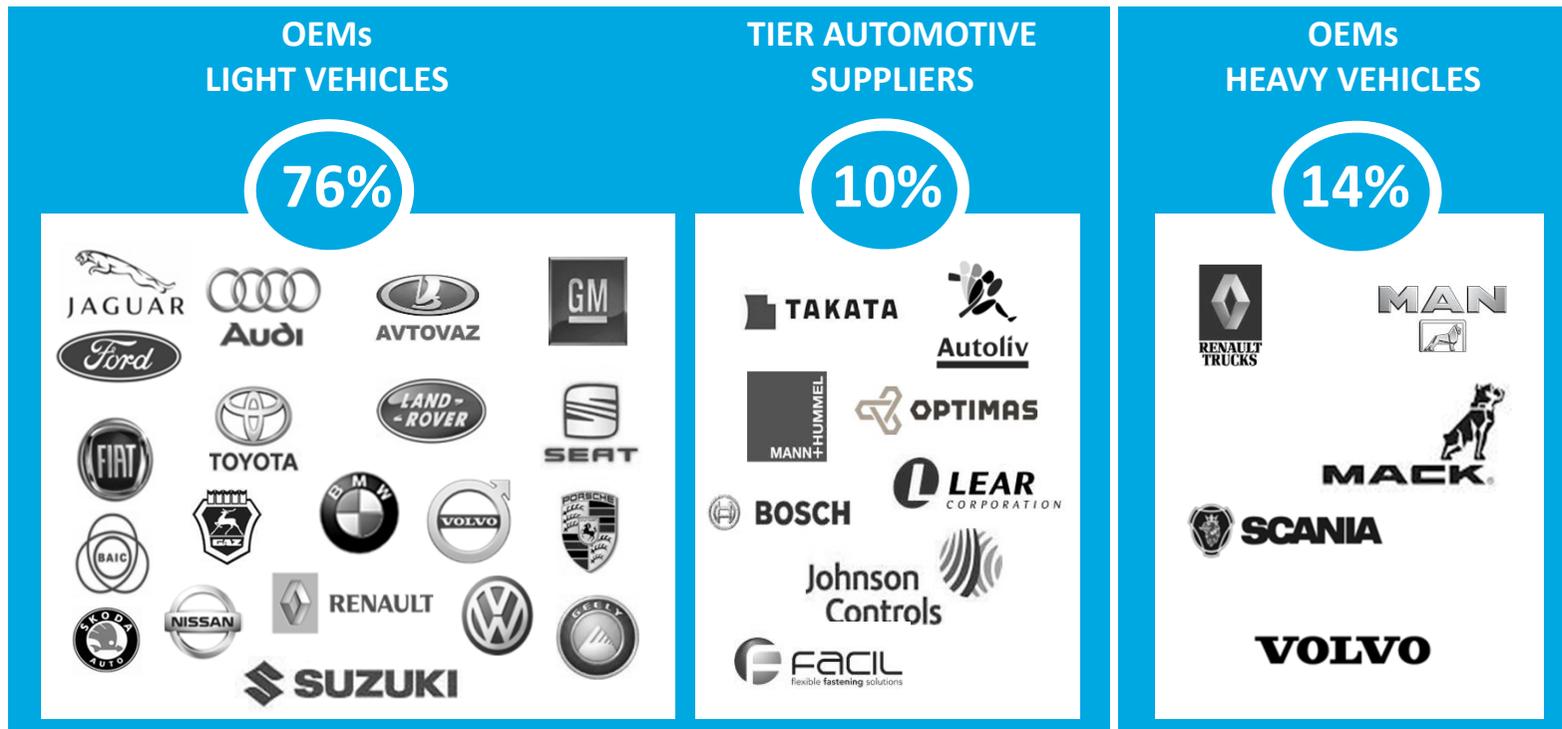
IN-HOUSE VS. TRADING (SALES VALUE)



- Global footprint
- Production, strong focus in Europe
- Russia and Asia well established
- North America production to start in 2018

- Bulten produces most products in-house and has a significant trading operation to optimize efficiency
 - Trading -> flexibility

STRONG CUSTOMER BASE AND RELATIONSHIPS WITH MAJOR VEHICLE OEMs AS WELL AS TIERS



- Selection of customers.
- Share of Bulten's sales YTD

2. MARKET DEVELOPMENT



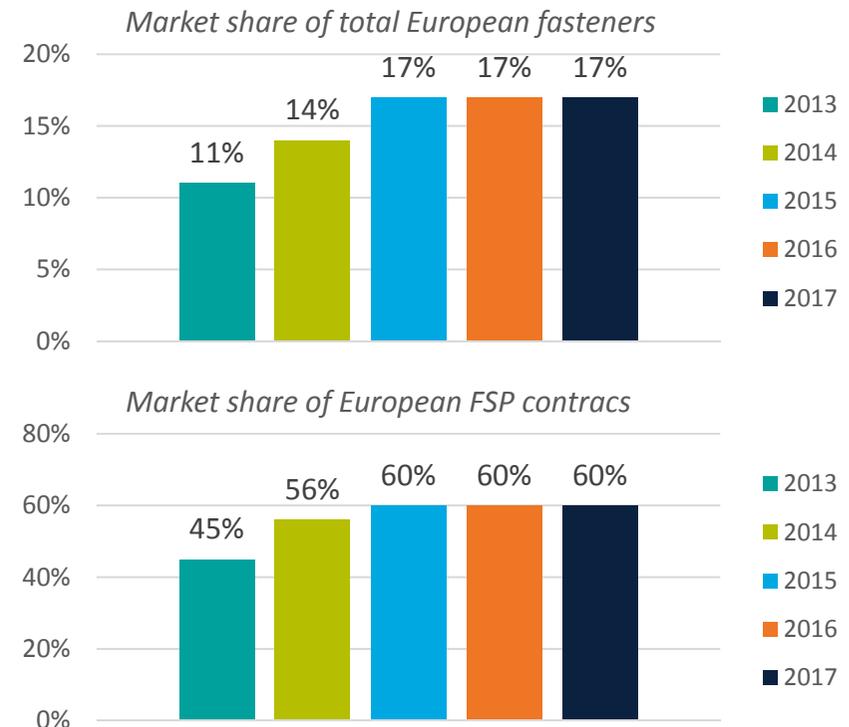
BULTEN MARKET SHARE DEVELOPMENT



- Management estimates*:
 - Market share on 17% of the European market of fasteners for the automotive industry 2017, flat versus 2016.
 - Market share of FSP contracts for the same market to be 60% 2017, flat versus 2016.
- Expected growth
 - Growth comes from gradually increasing volumes after model change and deliveries to earlier signed contracts begun.
 - Earlier contracts signed of approx. annual value of 500 MSEK at full volume 2020, will support Bulten growth even further in the years to come.

* Based on data from EIFI (European Industrial Fasteners Institute)

BULTEN MARKET SHARE DEVELOPMENT





MARKET DEVELOPMENT 2017

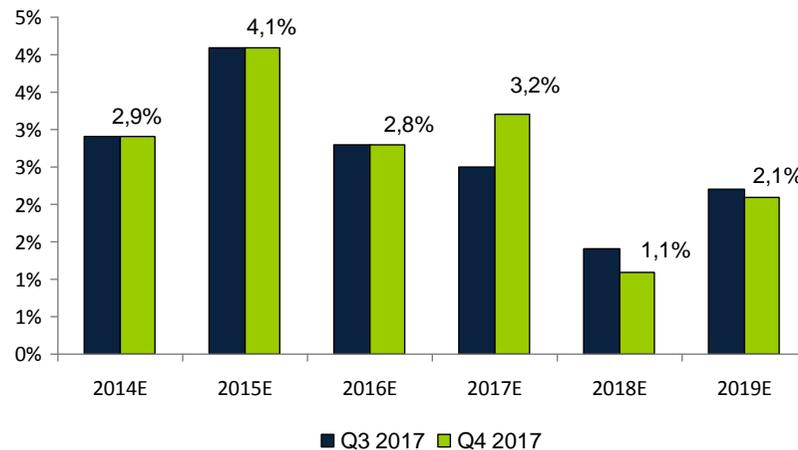
- LMC Automotive reports for automotive production in Europe, 2017:
 - Production of LV in 2017 up by 3.2% compared to 2016
 - Production of HCV (>15 t) in 2017 up by 4.9% compared to 2016
 - For Bulten's mix, up 3.5%
 - LV stands for ~86% of sales
 - HCV stands ~14% of sales

- ACEA reports for LV sales in Europe for 2017
 - European LV sales for the twelve months, 2017 up 3.4% compared to 2016

LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE

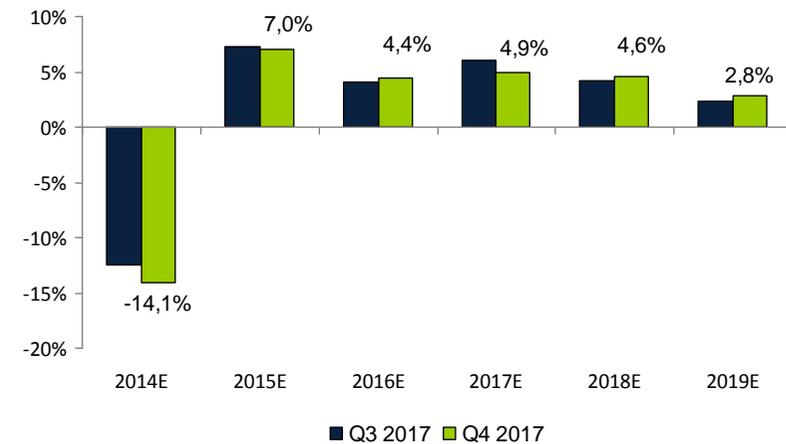


PRODUCTION GROWTH RATE (YEAR ON YEAR)
LIGHT VEHICLES EUROPE



- LMC Automotive (Q4 2017 report) has increased its forecast level on LV production 2017 compared to the Q3 2017 report. LMCA now forecast an increase of 3.2% compared to 2016.

PRODUCTION GROWTH RATE (YEAR ON YEAR)
HEAVY COMMERCIAL VEHICLES (>15t) EUROPE



- LMC Automotive (Q4 2017 report) has decreased its forecast of HCV production 2017 compared to the Q3 2017 report. LMC now forecast an increase of 4.9%.

Source: LMC Automotive Q3 & Q4 2017

3. FOURTH QUARTER 2018





OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Sales increased by 9.8%
- Strong order intake of 12.8%
- EBIT margin 7.5% (7.7)
 - Positively affected by currency movements
 - Negatively affected by higher raw material prices
- Bulten makes a capacity and replacement investment in a new heat treatment line in Hallstahammar
 - of approximately SEK 45 million
- Proposed dividend 3.75 SEK/share (3.50+1.00)



The surface treatment in Bulten's German unit in Bergkamen is now installed and in start up phase. It both adds value to the company and increase competitiveness as well as provide greater flexibility and control over the process.

GROUP SUMMARY



FOURTH QUARTER

- Net sales SEK 740 m (674)
- EBIT margin 7.5% (7.7)
- Earnings after tax SEK 47 m (37)
- EPS 2.26 SEK (1.82), increased by 24%

COMMENTS

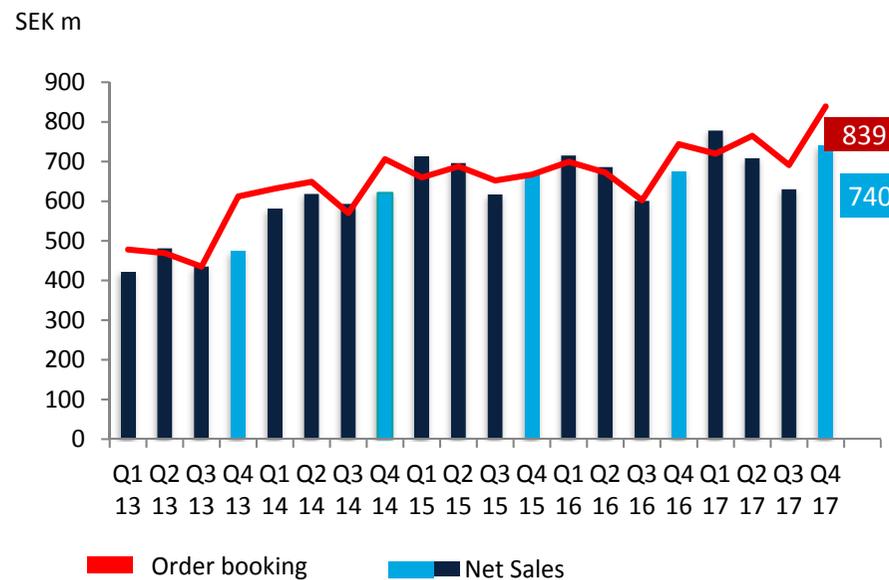
- Sales up with 9.8% and strong order intake, up 12.8%
 - Growth comes from gradually increasing volumes after model shifts and deliveries to a previously announced significant contract
- Earnings impacted by positive currency movements and higher raw material prices
- Proposed dividend 3.75 SEK per share (3.50+1.00)

FINANCIAL SUMMARY (MSEK)	Q4			FULL YEAR		FULL YEAR	
	2017	2016	Δ	2017	2016	Δ	
Net sales	740	674	9.8%	2,856	2,676	6.7%	
Gross profit	142	140	2	558	531	27	
Earnings before depreciation (EBITDA)	76	71	5	290	271	19	
Operating earnings (EBIT)	55	52	3	210	200	10	
Operating margin, %	7.5	7.7	-0.2	7.4	7.5	-0.1	
Earnings after tax	47	37	10	159	146	13	
Order bookings	839	744	12.8%	3,015	2,717	11.0%	
Return on capital employed, %	--	--	--	14.4	13.9	0.5	
Return on capital employed excluding goodwill, %	--	--	--	16.7	16.2	0.5	

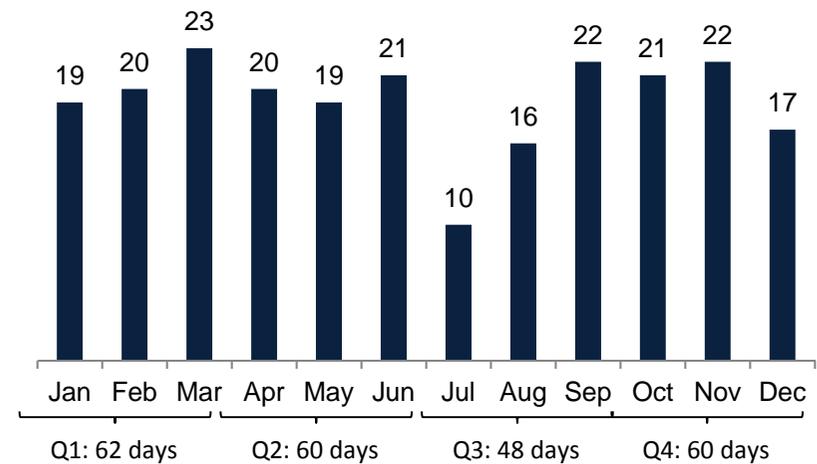


CONTINUED INCREASE IN SALES AND ORDER INTAKE

QUARTERLY VOLUMES



AVG. NUMBER OF PRODUCTION DAYS PER MONTH

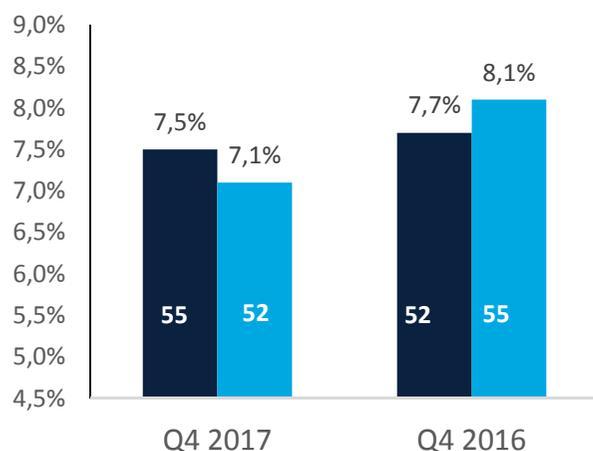


- Sales up 9.8% in Q4 vs last year and 10.1% currency adjusted
- Order intake up 12.8% in Q4 vs last year
 - Customers model shifts starting to accelerate

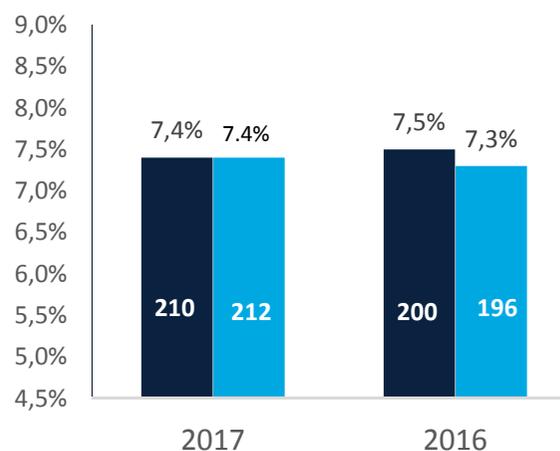


COMPARABLE EARNINGS AFFECTED BY CURRENCY MOVEMENTS

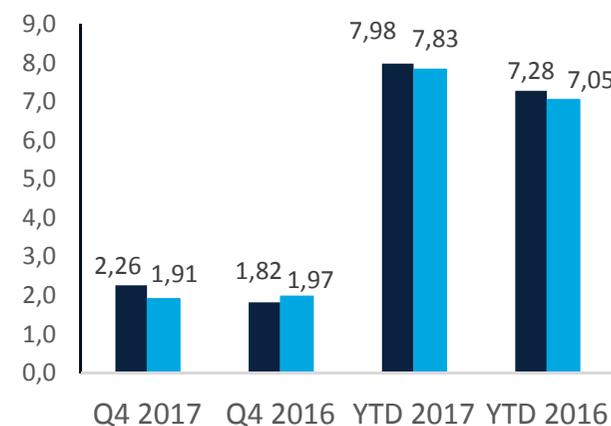
Q4 EBIT margin currency effect



2017 EBIT margin currency effect



Q4 and YTD EPS currency effect



■ EBIT margin ■ EBIT margin excl. currency effect

■ EBIT margin ■ EBIT margin excl. currency effect

■ EPS ■ EPS excl. currency effect

- Currency movements have affected EBIT positively by SEK 3 m during the quarter but negatively affected during the full year SEK -2 m
- EBIT has also been negatively affected by higher raw material prices of net SEK 3 m for the quarter and SEK 13 m for the full year
- Additional to this the earnings have been negatively affected by model shifts

CASH FLOW, BALANCE SHEET AND NET CASH



CASH FLOW STATEMENT, MSEK	Q4		FULL YEAR	
	2017	2016	2017	2016
Cash flow from operating activities before changes in working capital	73	62	259	247
Cash flow from operating activities	2	122	58	351
Cash flow from investing activities	-43	-30	-55	-82
Cash flow for the period	-42	23	-64	67
Cash and cash equivalents at end of period	48	109	48	109
BALANCE SHEET, MSEK	2017-12-31			2016-12-31
ASSETS				
Total assets	2,178			1,969
EQUITY AND LIABILITIES				
Equity	1,454			1,357
Liability	724			612
Total equity and liabilities	2,178			1,969
MSEK	2017-12-31			2016-12-31
Net cash (+)/net debt (-)	-49			30
Adjusted net cash (+)/net debt (-)	-12			68



KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS

THE GROUP, 12 MONTHS	FULL YEAR	
	2017	2016
RETURN INDICATORS		
Return on capital employed, %	14.4	13.9
Return on capital employed excluding goodwill, %	16.7	16.2
Return on equity %	11.7	11.5
Return on equity, adjusted %	11.7	11.5
CAPITAL STRUCTURE		
Capital turnover, times	1.9	1.8
Net cash (+) Net debt (-) / EBITDA	-0.2	0.1
THE GROUP	2017-12-31	2016-12-31
CAPITAL STRUCTURE		
Net debt/equity ratio, times	-0.0	0.0
Equity/assets ratio, %	66.8	68.9

FINANCIAL GUIDELINES



THE GROUP	FULL YEAR 2017	FULL YEAR 2016	GUIDELINES
Average net working capital as % of sales	19.6	18.8	20
CAPEX as % of sales	4.3	3.1	2-3
Depreciation as % of sales	2.8	2.7	2-3
Tax rate	24.8	24.9	24-28

- NWC in line with our guidelines
- Capex higher than our guidelines
 - investments in new plating lines in Germany and Poland in 2017-2019
 - Investments in an additional plant in Poland, 2018-2019
 - Investment in a new heat treatment line in Hallstahammar, 2018-2019
- Tax rate and depreciations in line with our guidelines

SUGGESTED DIVIDEND AND CAPITAL STRUCTURE



- The Board of Bulten AB proposes to the AGM that the dividend be SEK 3.75 per share (3.50+1.00)
 - Corresponding to 47 percent of the net earnings after tax 2017

Bulten's dividend policy over time is to pay out a dividend of at least one third of net earnings after tax. Consideration is given, however, to the company's financial position, cash flow and outlook.

STATUS FINANCIAL TARGETS

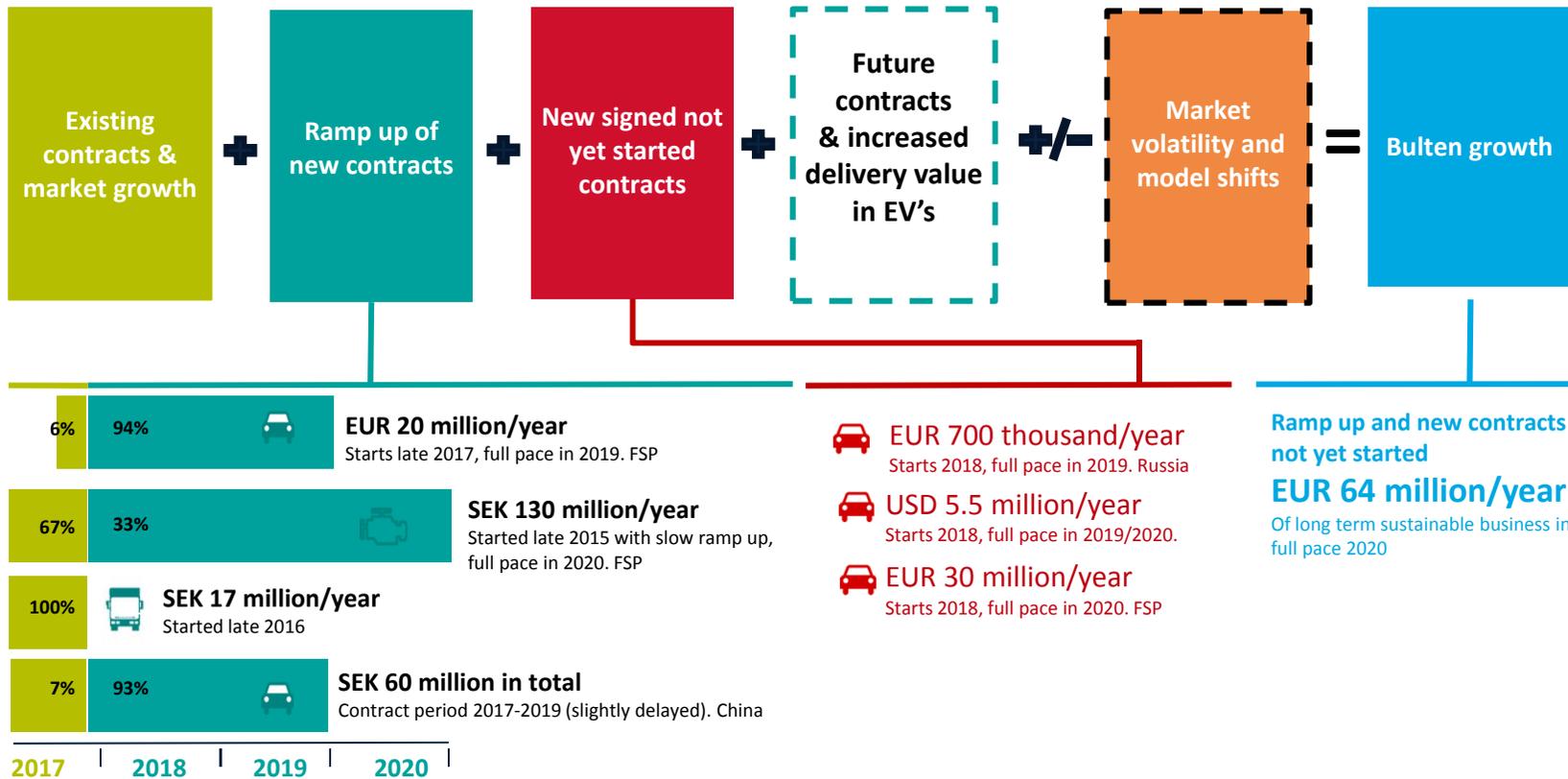


	Growth Profitable organic growth more strongly than the industry average	Margin Operating margin of at least 7%	ROCE At least 15%	EPS EPS development	Dividend At least one third of net earnings after tax
Q4 2017	9.8%	7.5%	Na	2.26 SEK	3.75 SEK per share
	6.7%	7.4%	14.4% 16.7% excl. goodwill	7.98 SEK	47% for 2017
FY target status	✓	✓	~	↗	↗

4. GOING FORWARD



PREDICTED STRONGER BULTEN GROWTH VS THE MARKET





GOING FORWARD

- Entering new growth phase with secured contracts
 - Preparing for future growth through investments
 - Ramp-up preparation
- Becoming the most cost-effective FSP supplier in the industry
- Strong financial position

Bulten has taken significant steps forward in the market and has created a high credibility in the automotive industry

Q&A

BULTEN - A STRONGER SOLUTION

