



## **NINE MONTHS REPORT, JAN-SEP 2015**

TELEPHONE CONFERENCE 22 OCTOBER, 2015, AT 15:30 CET

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

TO PARTICIPATE, PLEASE CALL 5 MINUTES BEFORE THE OPENING OF THE CONFERENCE CALL TO SWEDEN +46 8 5055 6453, UK +44 2030 092 455, US +1 855 228 3719. CODE: 180690#.



# AGENDA

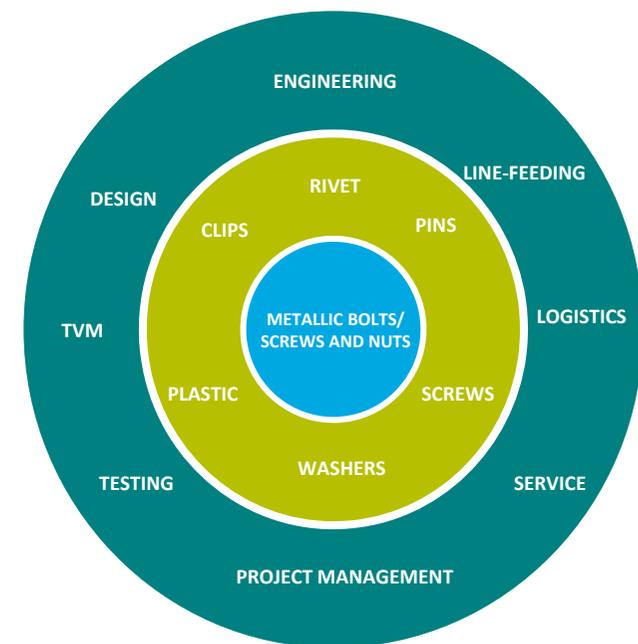
1. Bulten in brief
2. Market development
3. Third quarter 2015
4. Going forward





## BULTEN IS ONE OF THE LARGEST SUPPLIERS OF FASTENERS TO THE EUROPEAN AUTOMOTIVE MARKET

- Development and production of a wide range of metallic fasteners and related services
  - Major player in critical fasteners for engines
  - Customer-specific, special fasteners is a large part of the product range
- Technical development, materials, production know-how and logistics as well as full Full Service Provider (FSP) concepts
  - Leading FSP supplier in Europe
- Number of employees approx. 1,200
- Sales 12 m rolling SEK 2.6 billion



- Core products are metallic screws, bolts and nuts
- There are also other types of fasteners including rivets, washers and clips
- Services linked to fasteners
- The average car contains 20-30 kg fasteners and 1,500 -2,000 fasteners each, content increasing due to more features and technology in cars



# BULTEN IS A LEADING SUPPLIER OF FASTENERS TO THE INTERNATIONAL AUTOMOTIVE INDUSTRY

## VISION

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

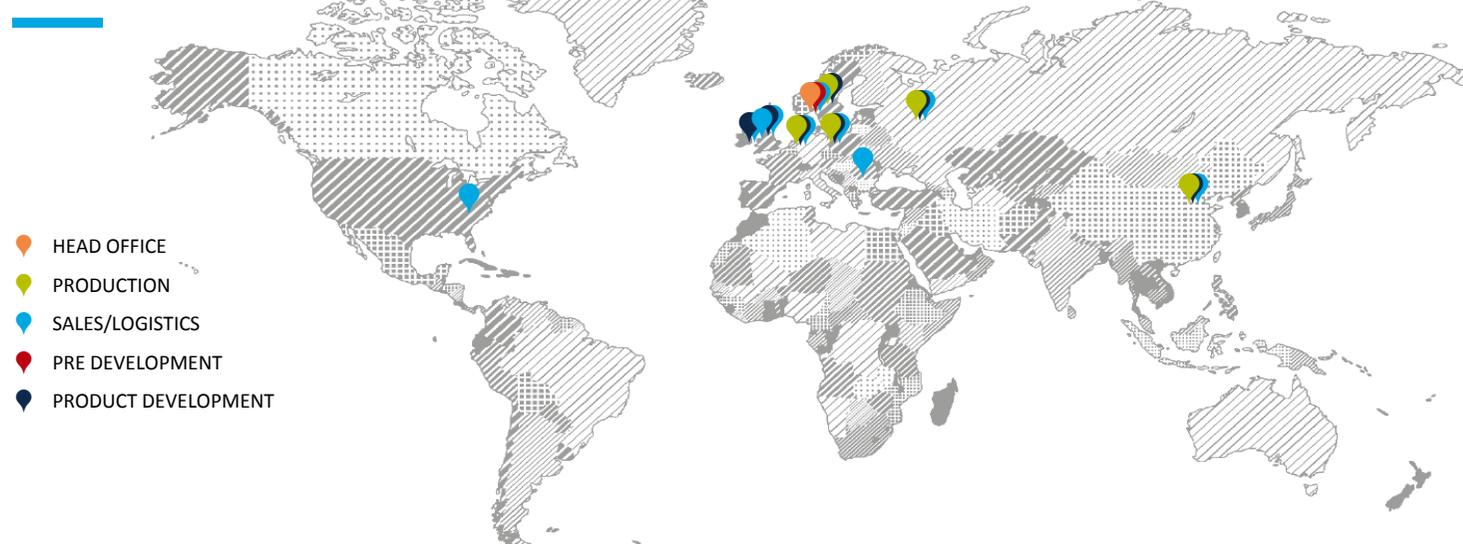
## BUSINESS CONCEPT

- 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%

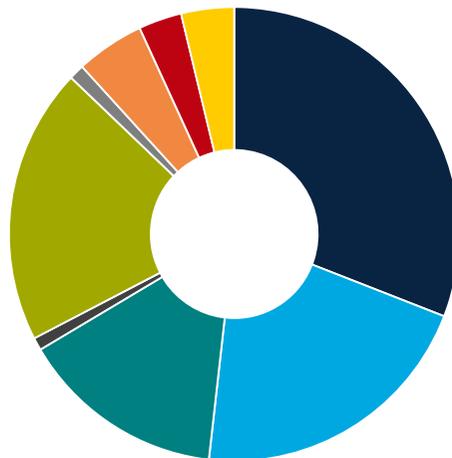
## FOOTPRINT



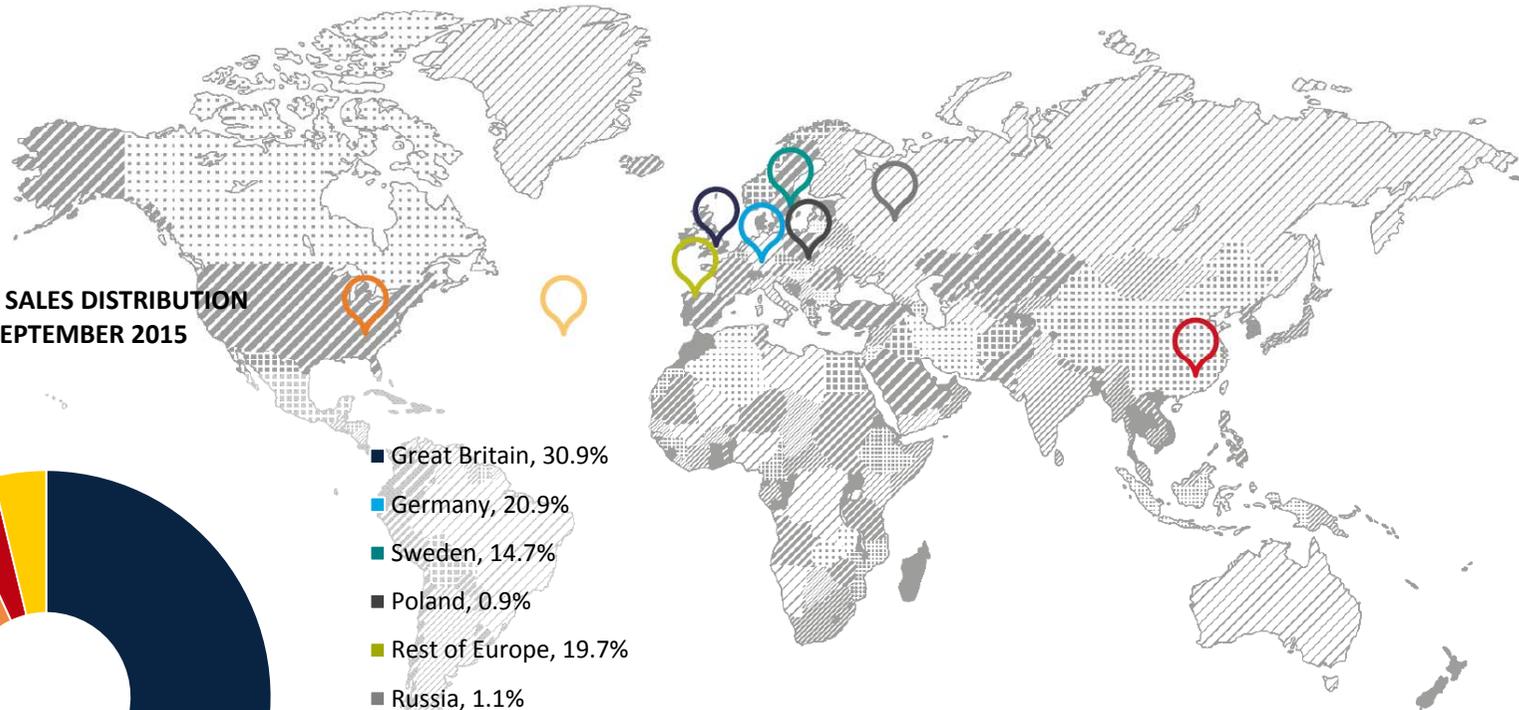


# BULTEN HAS ITS STRONGEST POSITION IN NORTHERN EUROPE BUT WILL GROW ON EMERGING MARKETS

GEOGRAPHIC SALES DISTRIBUTION  
JANUARY – SEPTEMBER 2015



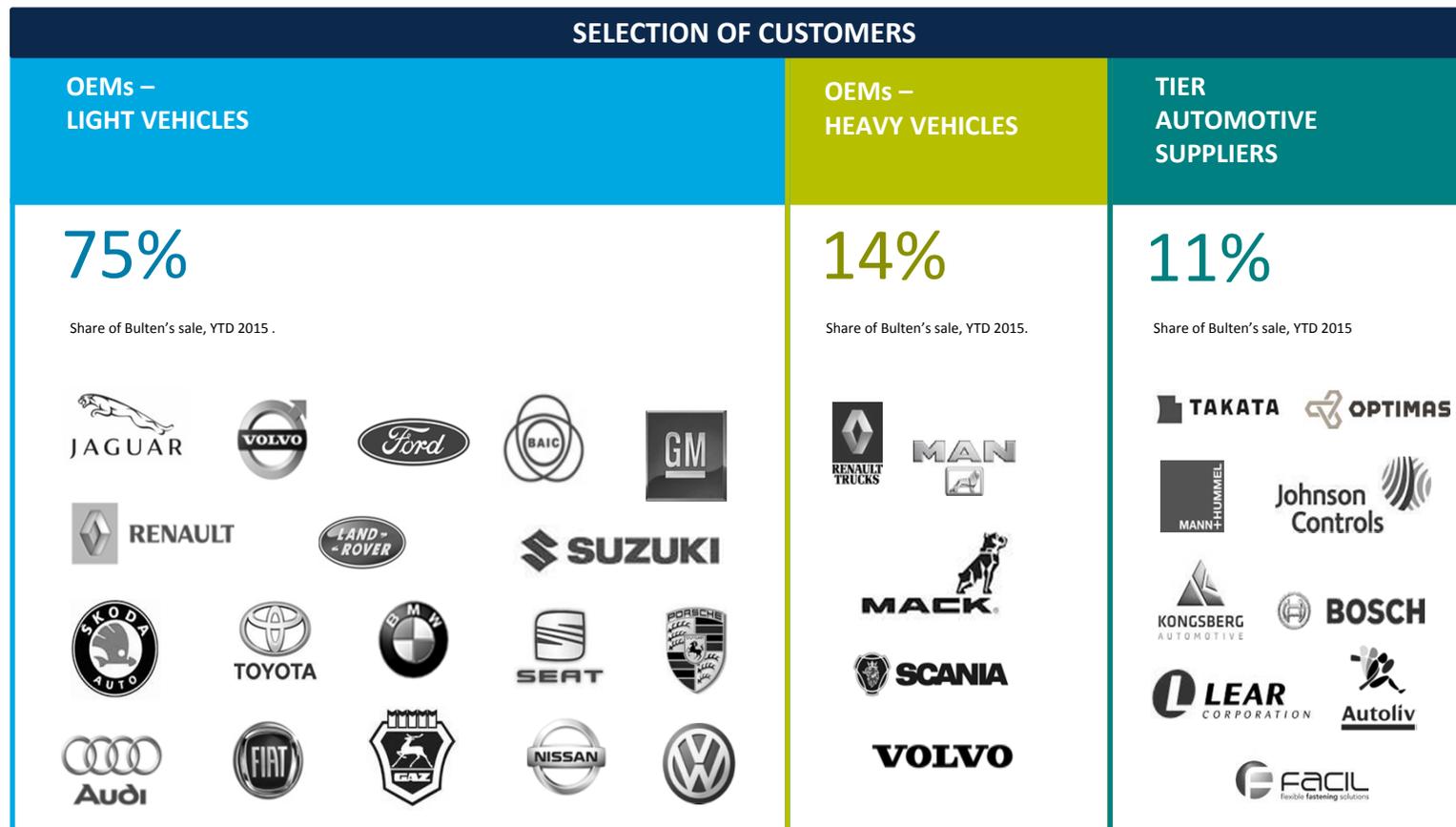
- Great Britain, 30.9%
- Germany, 20.9%
- Sweden, 14.7%
- Poland, 0.9%
- Rest of Europe, 19.7%
- Russia, 1.1%
- US, 4.9%
- China, 3.1%
- Rest of the world, 3.8%



The major part of sales go to production of vehicles in Europe, of which a portion is exported to other markets in for example North America and BRIC.



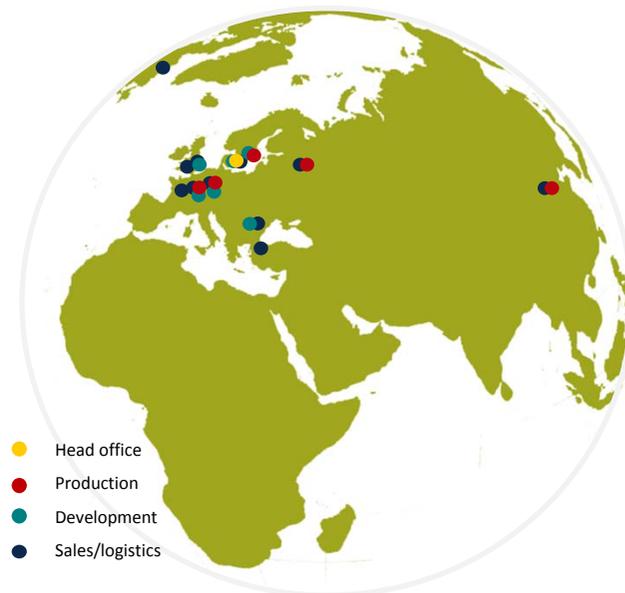
# STRONG CUSTOMER BASE AND RELATIONSHIPS WITH MAJOR LIGHT VEHICLE AND HEAVY COMMERCIAL VEHICLE OEMS AS WELL AS TIER 1 SUPPLIERS





# BULTEN HAS A LEAN AND EFFECTIVE SUPPLY CHAIN SUPPORTING WELL POSITIONED LOGISTICS OPERATIONS

## LEAN AND WELL POSITIONED MANUFACTURING FACILITIES IN EUROPE AND ASIA



- Production mainly in Western and Eastern Europe
- Establishment in Russia and growth in the Chinese plant will strengthen future production footprint and support local content

## IN-HOUSE VS. TRADING (SALES VALUE YTD 2015)



- Bulten produces most products in-house and has a significant trading operation to optimize efficiency
- Strengthened logistic capacity in the US, UK and Poland

## 2. MARKET DEVELOPMENT





## MARKET DEVELOPMENT

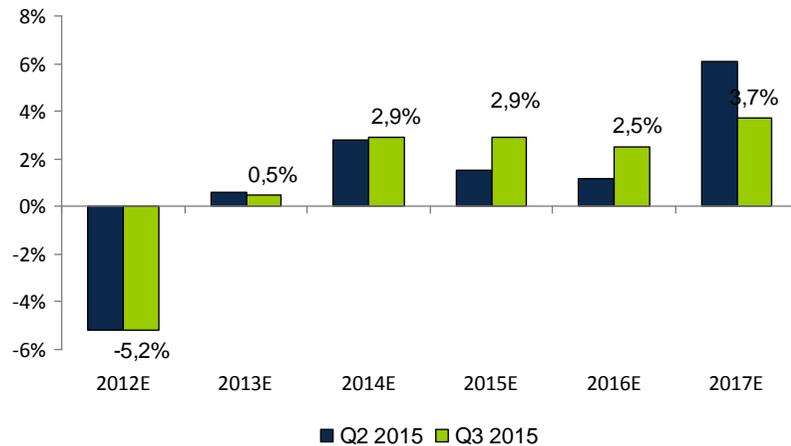
- LMC Automotive reports for automotive production in Europe, 2015:
  - Production of LV in 2015 expected up by 2.9% compared to 2014
  - Production of HCV (>15 t) in 2015 expected up by 3.9% compared to 2014
  - For Bulten's mix, up 3.0%
    - LV stands for ~85% of sales
    - HCV stands ~15% of sales
  
- ACEA reports for LV sales in Europe for first nine months, 2015
  - As of September 30, 2015 European LV sales up 8.8% compared to 2014

*Source: LMC Automotive Q2, 2015. ACEA 8m, 2015*



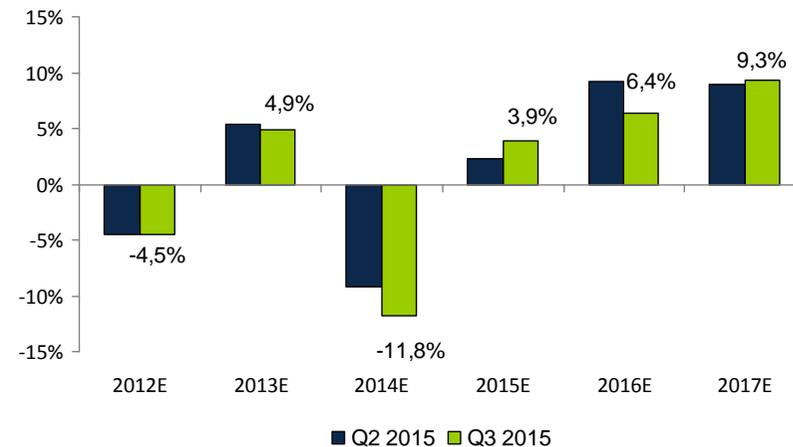
# LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE

PRODUCTION GROWTH RATE (YEAR ON YEAR)  
LIGHT VEHICLES EUROPE



- LMC Automotive (Q3 2015 report) has increased its forecast of LV production 2015 to an increase of 2.9% compared to 2014

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



- LMC Automotive (Q3 2015 report) has increased its forecast of HCV production 2015 to an increase of 3.9% compared to 2014

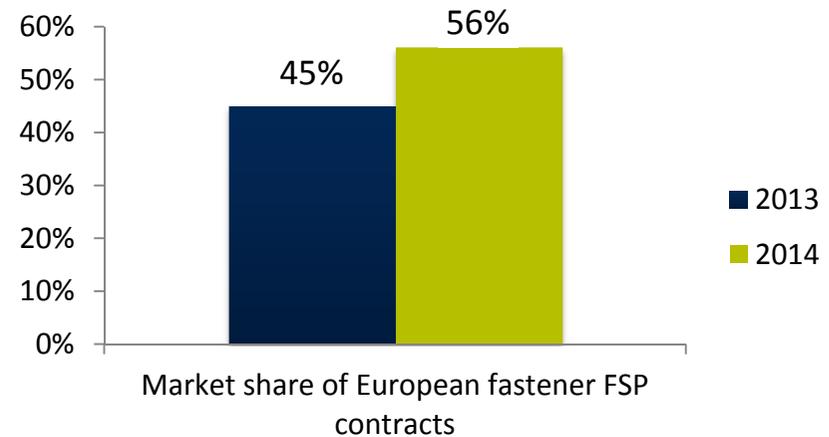
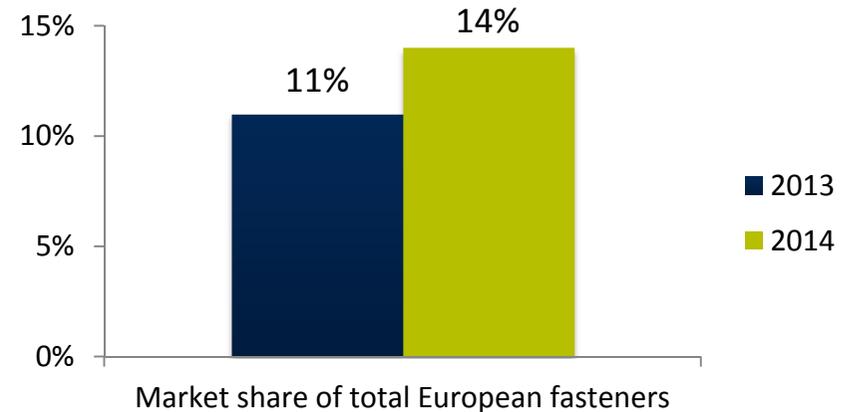
Source: LMC Automotive Q3, 2015



## BULTEN MARKET SHARE DEVELOPMENT

- Management estimates\*:
  - Bulten market share to be 14% of the European market of fasteners for the automotive industry 2014, up 3 pp. since 2013
  - Bulten market share of FSP contracts for the same market to be 56% 2014, up 11 pp from 2013
  
- New FSP contract signed in Q3 2015 with an annual value of 20 MEUR will increase market share in years to come

BULTEN MARKET SHARE DEVELOPMENT



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

## 3. THIRD QUARTER 2015





## OPERATIONAL HIGHLIGHTS DURING & AFTER THE QUARTER

- Continued sales growth of 4%
- Improved earnings
- Strong order intake of 14%
- New FSP contract signed. Starts 2017 with annual value of EUR 20 m at full production 2019
- Bulten utilizes authorization for the acquisition of own shares

### **After the quarter:**

- Bulten has signed an agreement to acquire an industrial and office property in Hallstahammar to an underlying property value of 116.3 MSEK and intends to utilise a property credit.



# GROUP SUMMARY

## THIRD QUARTER

- Net sales up 4.1%
- EBIT margin 5.8% (4.2)
- Earnings after tax SEK 21.8 m (17)
- EPS 1.14 SEK (0.89)

## COMMENTS

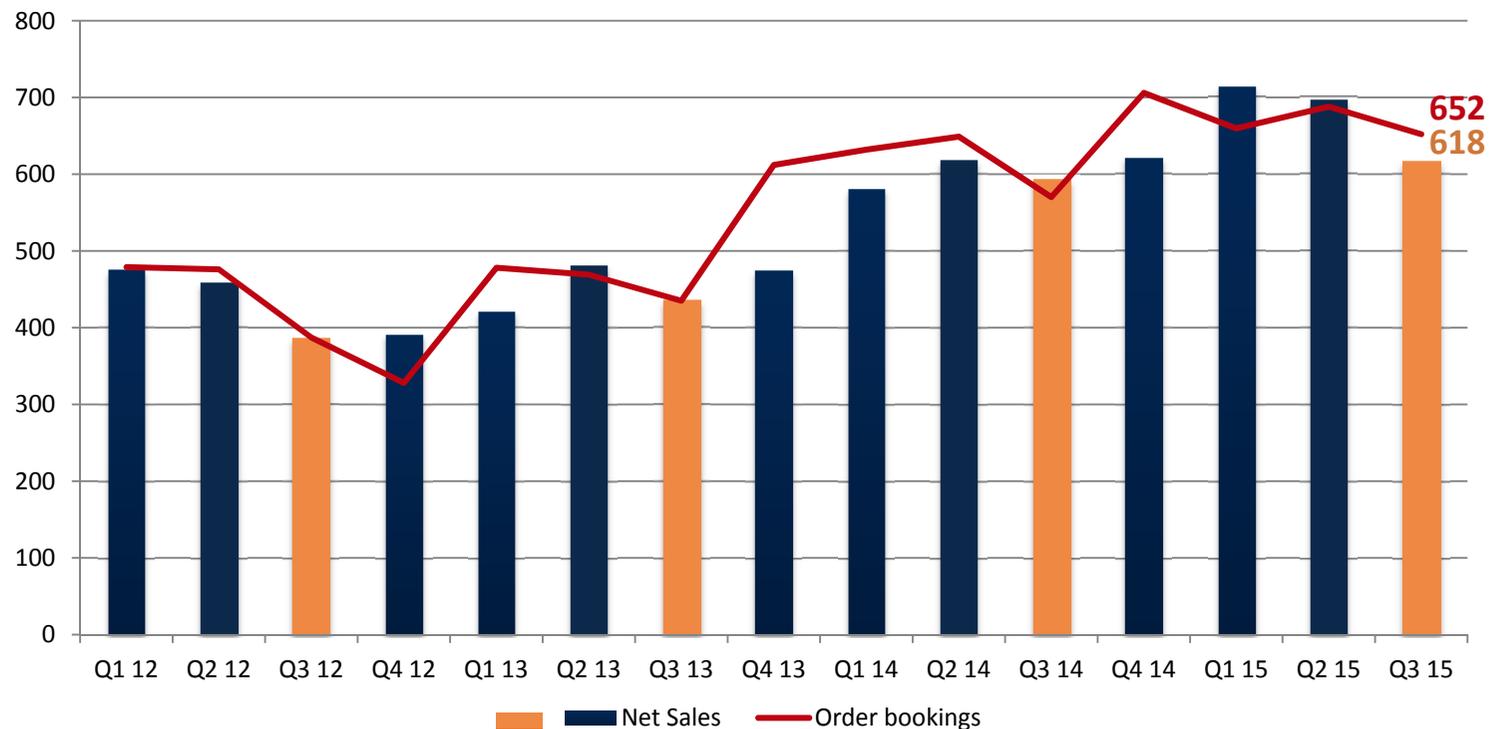
- Net sales growth affected by the two FSP contracts also in comparable figures and slowdown in China
- Stronger EBIT margin; optimization, volumes, positive currency effects

FINANCIAL SUMMARY (MSEK)	Q3			LTM	FULL YEAR	Δ
	2015	2014	Δ	Oct 2014- Nov 2015	2014	
Net sales	617.5	593.3	4.1%	2,647.9	2,414.3	9.7%
Gross profit	112.0	104.8	7.2	493.5	454.6	38.9
Earnings before depreciation(EBITDA)	50.9	35.7	15.2	212.5	179.8	32.7
Operating earnings (EBIT)	36.0	24.7	11.3	156.0	133.4	22.6
Operating margin, %	5.8	4.2	1.6	5.9	5.5	0.4
Adjusted operating earnings (EBIT)	36.0	13.5	22.5	152.2	122.2	30.0
Adjusted operating margin, %	5.8	2.3	3.5	5.7	5.1	0.6
Earnings after tax	21.8	17.0	4.8	105.0	84.4	20.6
Adjusted Earnings after tax	21.8	8.3	13.5	101.2	75.7	25.5
Order bookings	652.3	570.5	14.3%	2,705.5	2,556.8	5.8%
Return on capital employed, %	-	-	-	10.9	9.6	1.3



## CONTINUED INCREASE IN SALES AND ORDER INTAKE

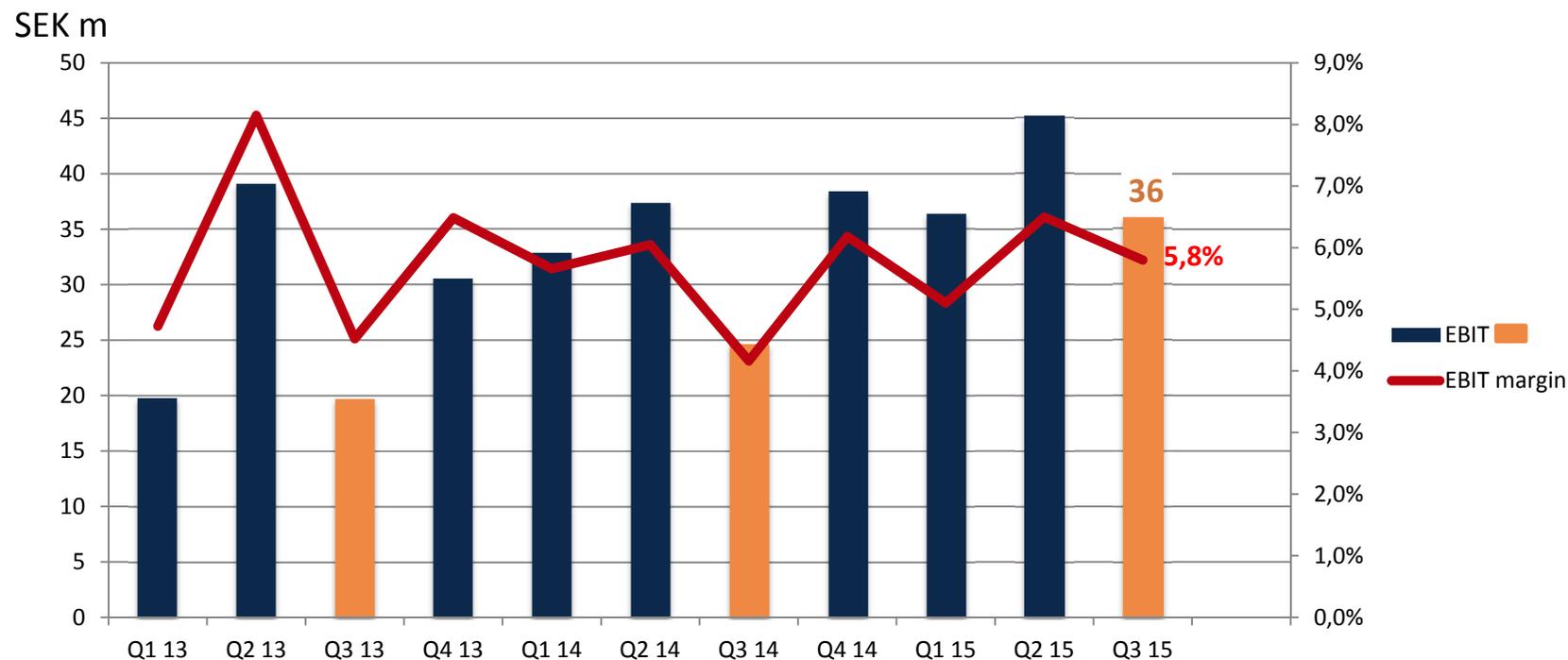
SEK m



- Sales up 4.1% in Q3 vs last year and 1.6% currency adjusted
  - Assumed negative sales effect of approx. 5% related to slow-down in China
- Order intake up 14.3% in Q3 vs last year



## IMPROVED EBIT TREND CONTINUES



- Improved EBIT of SEK 36.0 m (24.7), EBIT margin of 5.8% (4.2)
  - Positive effect of optimization and higher volumes
  - Positive currency effect from translation of working capital of SEK 4.8 m (-8.6)
  - Comparable figures Q3 2014, positive effect of SEK 11.2 m (insurance claims)
- Optimization of new contracts continues to gradually strengthen profitability



# CASH FLOW

CASH FLOW STATEMENT, SEK m	Jan-Sep		FULL YEAR
	2015	2014	2014
Cash flow from operating activities before changes in working capital	135.6	112.5	136.7
Cash flow from operating activities	50.5	-122.3	-59.8
Cash flow from investing activities	-160.6	-116.7	-132.0
Cash flow from financing activities	-64.9	-59.5	-70.6
Cash flow for the period from continuing operations	-175.0	-298.5	-262.4
Cash flow for the period from discontinued operations	-2.5	411.3	411.2
Cash flow for the period	-177.5	112.8	148.8
Cash and cash equivalents at end of period	78.0	216.5	255.5

- Strong growth and new volumes has tied up working capital especially during 2014 but also during 2015 and also continued investments in the business
- Investments affected by new production capacity in Poland
- Increased dividend from 2 SEK to 3 SEK and start of share buy-back program



## BALANCE SHEET

BALANCE SHEET, SEK m	2015-09-30	2014-09-30	2014-12-31
<b>ASSETS</b>			
Total fixed assets	725.4	641.1	622.9
Total current assets	1,144.8	1,208.7	1,262.0
Total assets	1,870.2	1,849.8	1,884.9
<b>EQUITY AND LIABILITIES</b>			
Equity	1,263.3	1,256.7	1,272.7
Total non-current liabilities	153.8	110.2	119.7
Total current liabilities	453.1	482.9	492.5
Total equity and liabilities	1,870.2	1,849.8	1,884.9

SEK m	2015-09-30	2014-09-30	2014-12-31
Net debt (-) / Net cash (+), SEK m	-73.2	79.1	137.3

- Still strong financial position, working capital build-up following growth and capacity investments
- Net debt of SEK 73.2 million by the end of the quarter



## KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS

THE GROUP, 12 MONTHS	12 M ROLLING		FULL YEAR
	Oct 2014- Sep 2015	Oct 2013- Sep 2014*	2014*
<b>RETURN INDICATORS</b>			
Return on capital employed, %	10.9	9.5	9.6
Return on equity %	9.0	16.1	15.0
Return on equity, adjusted %	8.7	14.4	13.1
<b>CAPITAL STRUCTURE</b>			
Capital turnover, times	1.9	1.6	1.7
Net debt (-) / Net cash (+), EBITDA	-0.3	0.5	0.8

THE GROUP	2015-09-30	2014-09-30	2014-12-31
<b>CAPITAL STRUCTURE</b>			
Net debt (-) / Net cash (+), equity ratio, times	-0.1	0.1	0.1
Equity/assets ratio, %	67.5	67.9	67.5

\*) Balance sheet not recalculated after divestment of Finnveden Metal Structures



## FINANCIAL GUIDELINES

THE GROUP	12 M ROLLING	FULL YEAR 2014	GUIDELINES
Average net working capital as % of sales	21.8	20.9	20.0
CAPEX as % of sales	4.2	4.7	2-3
Depreciation as % of sales	2.1	1.9	2-3
Tax rate	25.6	28.8	26-29

- NWC is affected of the rapid slow down in China but also preparations for taking over new business in production earlier trading
- Capex and depreciation mirrored by the high activity this year
- Tax rate going forward is estimated to 26-29%. The tax rate will fluctuate between quarters



## ACQUIRED PROPERTY OF SWEDISH PRODUCTION IN HALLSTAHAMMAR

- Agreement with Söderport Fastigheter AB to acquire the industrial and office property IN Hallstahammar – Bulten's main production plant in Sweden for the amount of SEK 113.3 m
  - The underlying value of the Property agreed by the parties amounts to SEK 116.3 million
- A strategically correct deal that strengthens Bulten's long-term competitiveness
  - Will have a favourable impact on Bulten's earnings with a consisting annual operating profit improvement of approximately SEK 8 million as from 2016 and will yearly improve the operating cash flow with SEK 13 million
- In connection with the acquisition Bulten will utilise a property credit of SEK 55 million of the total credit facility of SEK 460 million from current creditor



## SHAREHOLDER INFORMATION

- The largest shareholders are Volito and Öresund and they are also represented in the board
- Bulten is among the top ten owners with an ownership of 2%
- Well received Capital Market Day in September.
- The Nomination Committee for the 2016 AGM is appointed and has the following composition:
  - Öystein Engebretsen, for Investment AB Öresund
  - Ulf Strömsten, for Catella Fondförvaltning AB
  - Pär Andersson, for Spiltan Fonder AB
  - Ulf Liljedahl, Chairman of the Board of Bulten AB

### TEN LARGEST SHAREHOLDERS, 30 SEPTEMBER 2015

Total number of Shareholders 6 510

Shareholder	No. of shares	Share of votes and capital (%)
Volito AB	4 412 757	21.0
Öresund Investment AB	2 263 535	10.8
JP Morgan	1 143 392	5.4
Catella Fondförvaltning	850 000	4.0
Spiltan Fonder AB	660 959	3.1
Lannebo fonder	583 247	2.8
Bulten AB	427 500	2.0
Skandinaviska Enskilda Banken S.A.	420 500	2.0
Clients Account-DCS	411 084	2.0
CBLDN-OM GLBAL INVESTORS SERIES PLC	374 000	1.8

Source: Euroclear Sweden AB



## **4. SUMMARY AND GOING FORWARD**





## SUMMARY OF Q3 2015

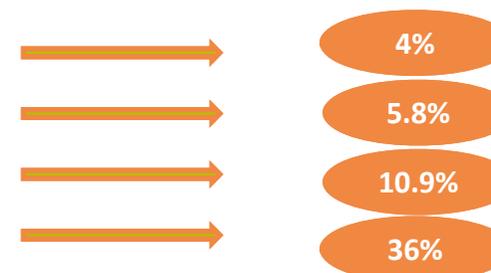
### During Q3:

- Good order intake and continued sales growth amid;
  - The two FSP contracts now fully in comparables
  - China slow-down effect of appr. 5% on sales
- New FSP contract – annual value of EUR 20 million starts 2017 and full capacity 2019
- Improved profitability; optimization activities and higher volumes
- Optimization of new volumes still ongoing
- Capacity activities; Poland and Sweden
- Ongoing share buy-back program

### Bulten financial targets:

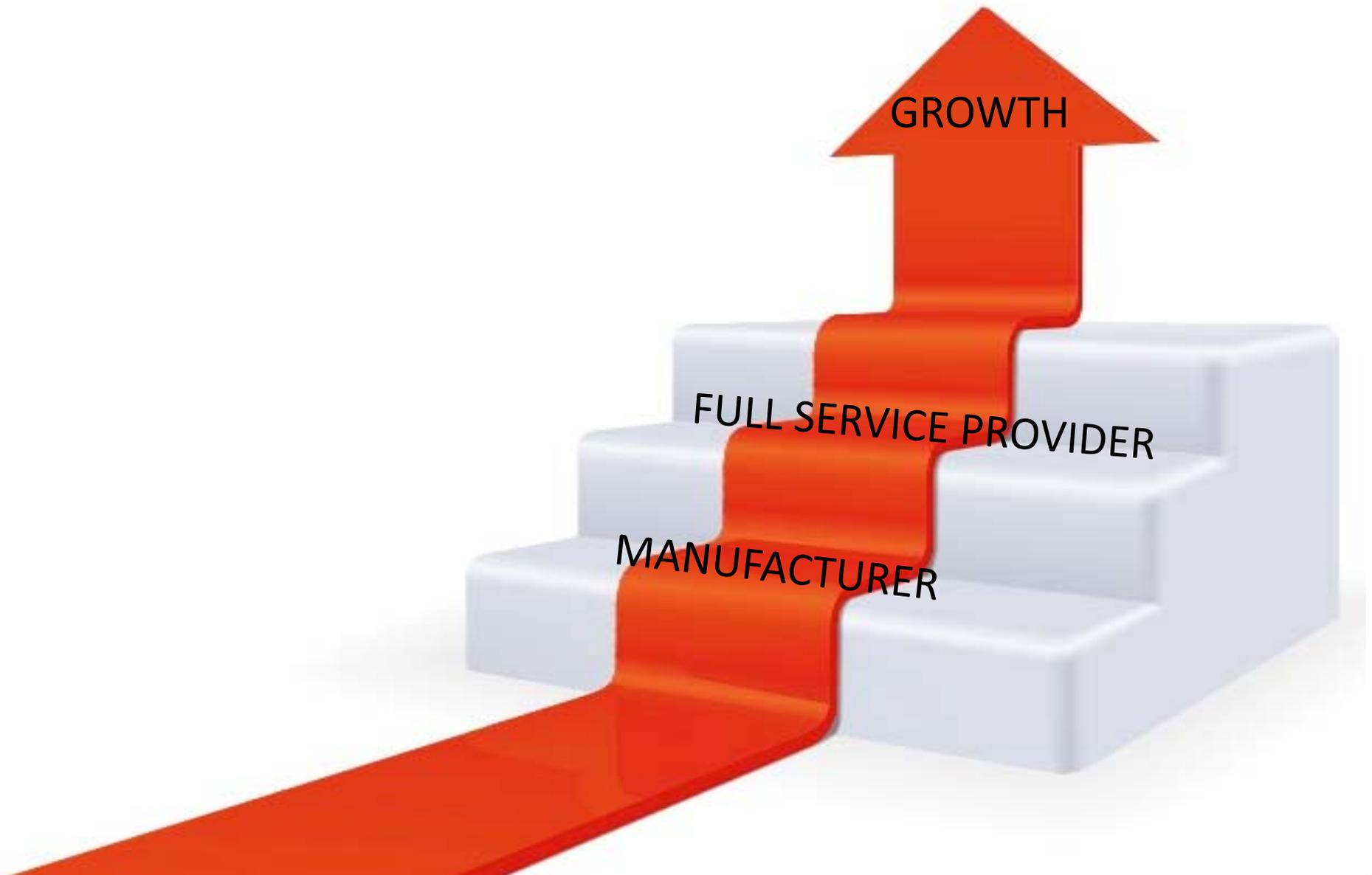
- Profitable organic growth in excess of the market
- EBIT margin of at least 7%
- ROCE exceeding 15%
- Dividend: 1/3 of net income after tax

### Bulten Q3, 2015





## MOVING UP IN THE VALUE CHAIN





## OPPORTUNITIES AHEAD

- Bulten's opportunities ahead are:
  - Continued organic growth potential
    - Continued path of gaining market share in Western Europe
    - Opportunities in emerging markets, however uncertainty short-term
  - Ongoing optimization gives improvements in EBIT
  - Platform for production and logistics continues to improve
  - Strong financial position
    - Current cash positions opens up for further growth initiatives
    - Prospects of growth with solid operating margins

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

**BULTEN**  
**- A STRONGER SOLUTION**

