



# TWELVE MONTHS REPORT, JAN-DEC 2015

TELEPHONE CONFERENCE 9 FEBRUARY, 2016, AT 15:30 CET

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

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# AGENDA

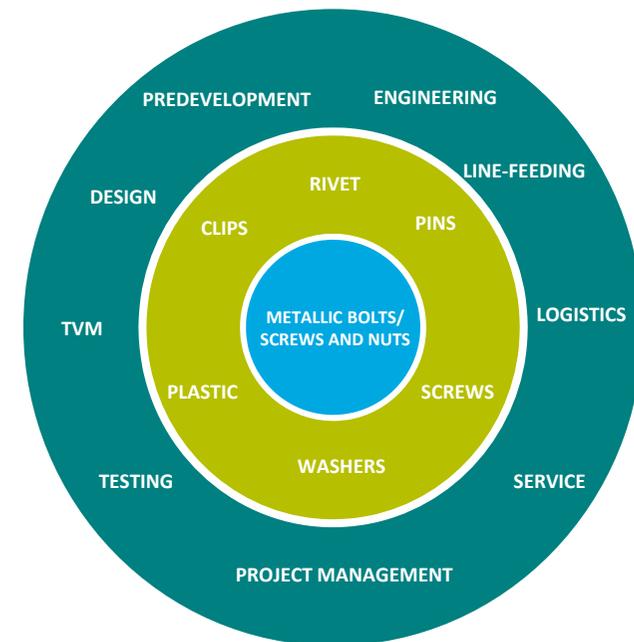
1. Bulten in brief
2. Market development
3. Fourth quarter 2015
4. Going forward





## 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 SEK 2.7 billion in 2015



- 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.

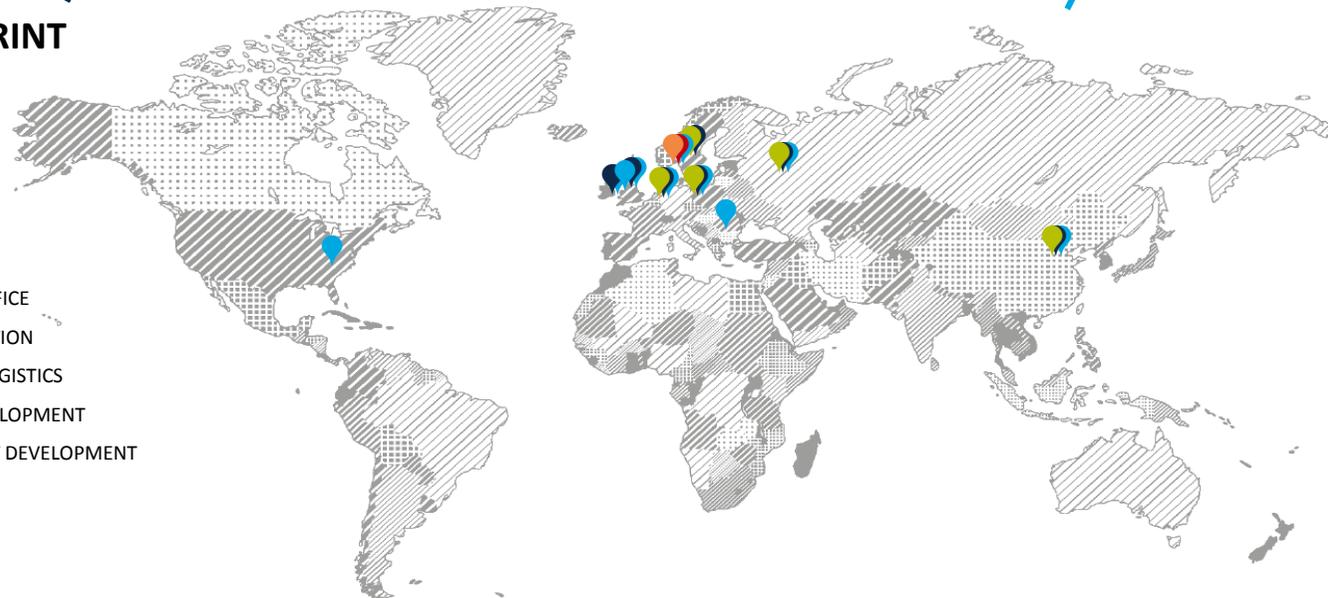
## FINANCIAL TARGETS

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

## FOOTPRINT



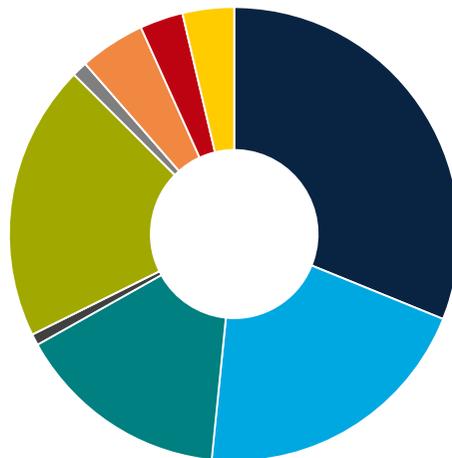
- HEAD OFFICE
- PRODUCTION
- SALES/LOGISTICS
- PRE DEVELOPMENT
- PRODUCT DEVELOPMENT



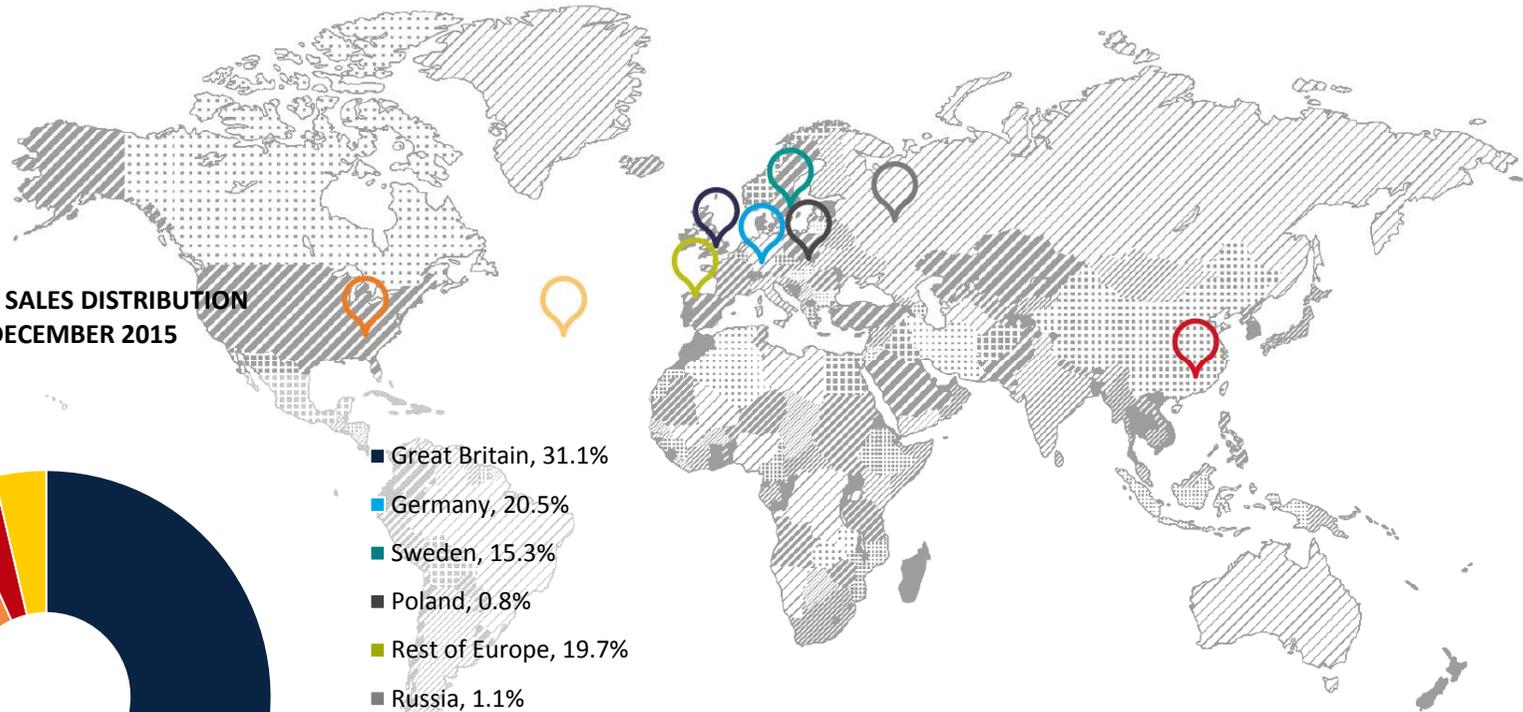


# BULTEN HAS ITS STRONGEST POSITION IN NORTHERN EUROPE BUT WILL GROW ON EMERGING MARKETS

GEOGRAPHIC SALES DISTRIBUTION  
JANUARY – DECEMBER 2015



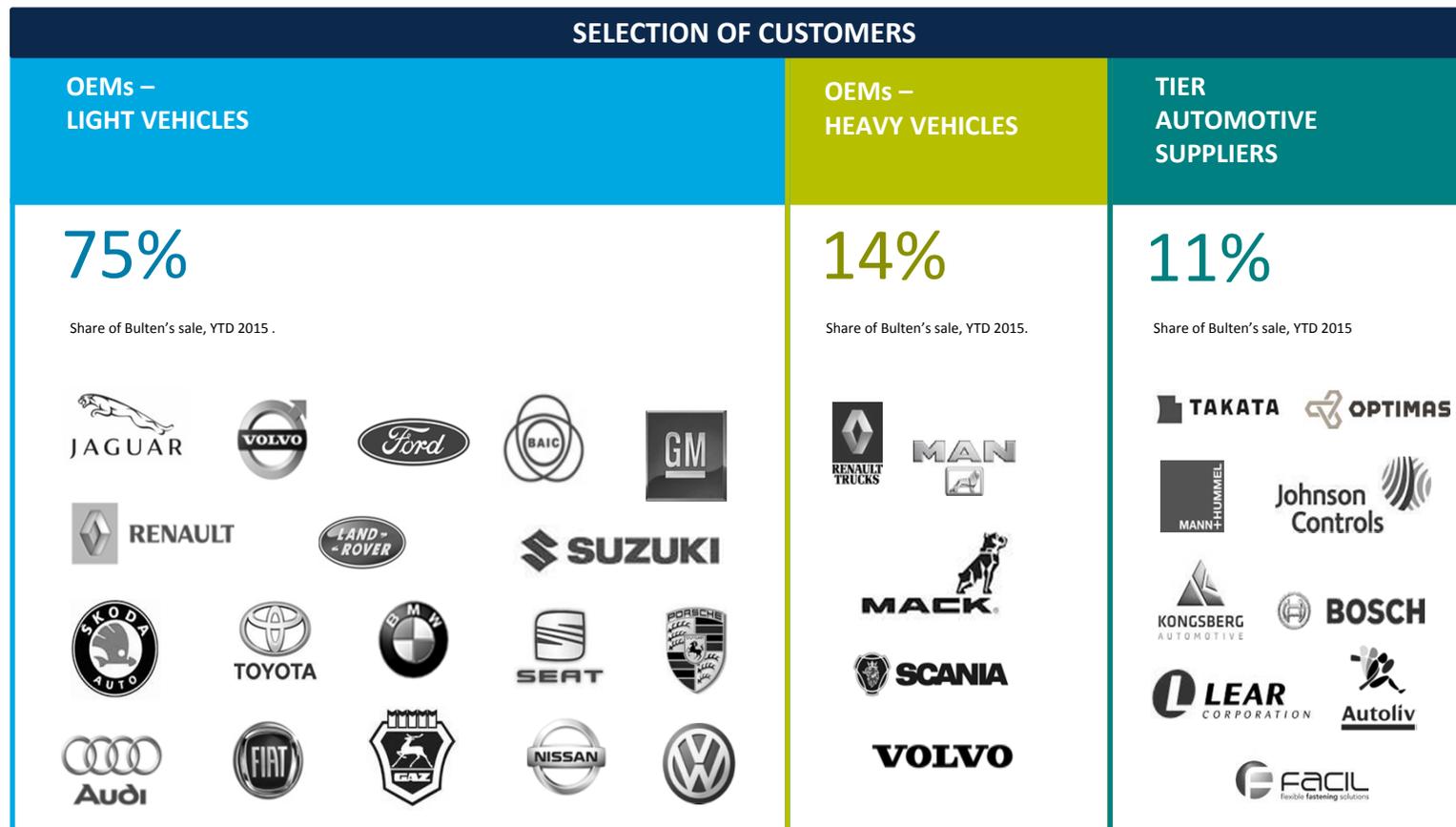
- Great Britain, 31.1%
- Germany, 20.5%
- Sweden, 15.3%
- Poland, 0.8%
- Rest of Europe, 19.7%
- Russia, 1.1%
- US, 4.7%
- China, 3.1%
- Rest of the world, 3.7%



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

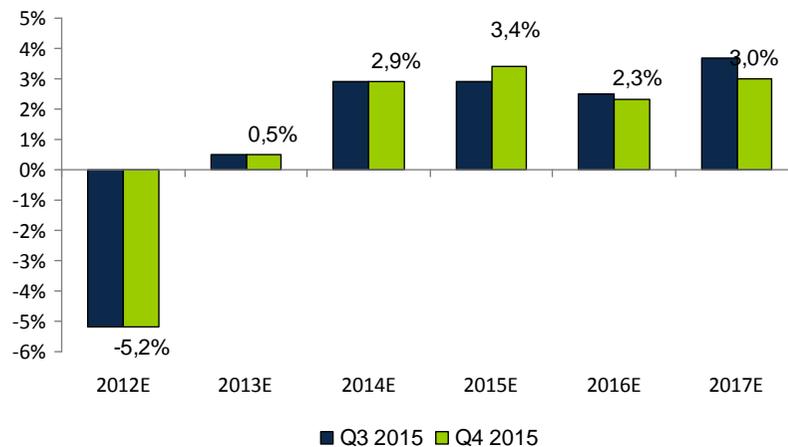
- LMC Automotive reports for expected automotive production in Europe, 2016:
  - Production of LV in 2016 expected up by 2.3% compared to 2015
  - Production of HCV (>15 t) in 2016 expected up by 2.7% compared to 2015
  - For Bulten's mix, up 2.4%
    - LV stands for ~86% of sales
    - HCV stands ~14% of sales
  
- ACEA reports for LV sales in Europe for 2015
  - As of December 31, 2015 European LV sales up 9.3% compared to 2014

*Source: LMC Automotive Q4, 2015. ACEA 12m, 2015*



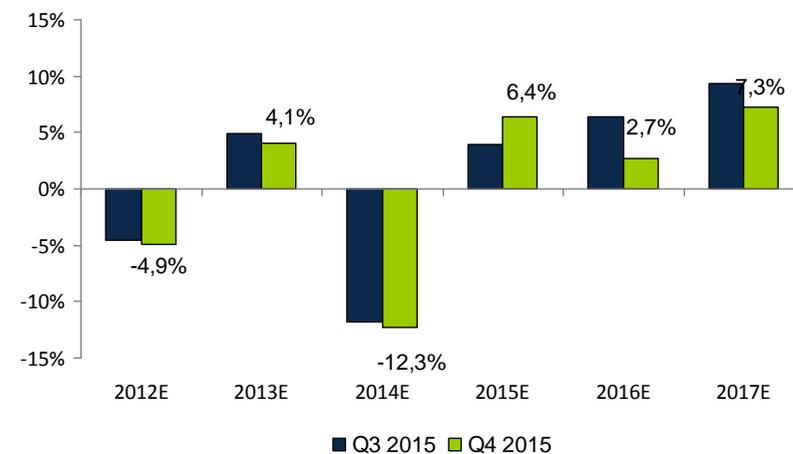
# LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE 2015

PRODUCTION GROWTH RATE (YEAR ON YEAR)  
LIGHT VEHICLES EUROPE



- LMC Automotive (Q4 2015 report) has increased its forecast of LV production 2015 to an increase of 3.4% compared to 2014

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



- LMC Automotive (Q4 2015 report) has increased its forecast of HCV production 2015 to an increase of 6,4% compared to 2014

LMC Automotive reports for automotive production in Europe, 2015 for Bulten's mix, up 3.8%

- LV stands for ~86% of sales
- HCV stands ~14% of sales

Source: LMC Automotive Q4, 2015



## BULTEN MARKET SHARE DEVELOPMENT

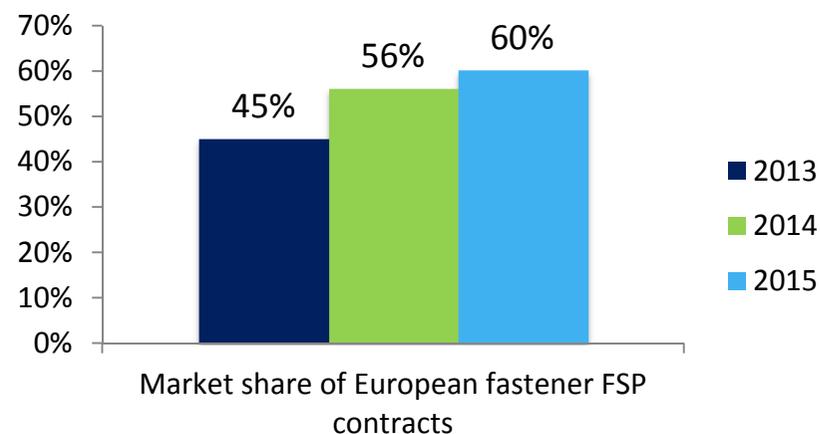
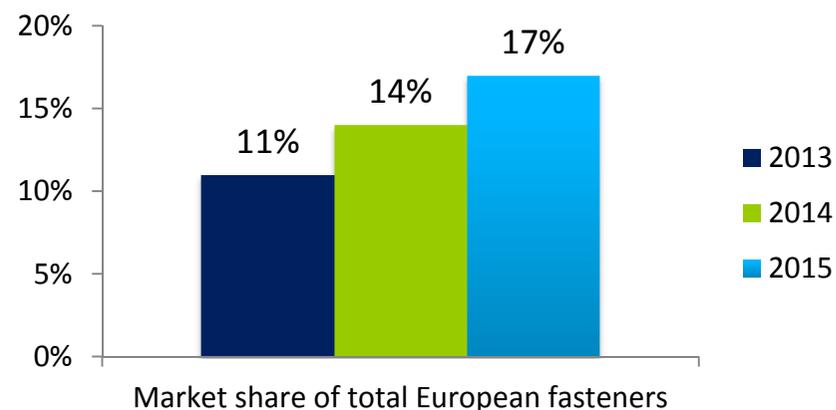
### ■ Management estimates\*:

- Bulten market share to be 17% of the European market of fasteners for the automotive industry 2015, up 3 pp. since 2014
- Bulten market share of FSP contracts for the same market to be 60% 2015, up 4 pp from 2014

### ■ New FSP contract wins

- Contract signed in Q3 2015 with an annual value of 20 MEUR
- Contract signed in January 2016 with a new customer, a Chinese automotive manufacturer. The total order value is appr. EUR 6.5 million over two years - start 2017

BULTEN MARKET SHARE DEVELOPMENT



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

## 3. FOURTH QUARTER 2015





## OPERATIONAL HIGHLIGHTS DURING AND AFTER THE QUARTER

- Continued sales growth of 7.3%
- Improved earnings with effects from optimization and volume
- Bulten acquired industrial and office premises for the business in Hallstahammar for a total purchase amount of around SEK 116 million
- Bulten has utilized the authorization for the acquisition of own shares
- New FSP contract signed in Jan 2016 with a new customer, a Chinese automotive manufacturer. The total order value is appr. SEK 60 million over two years initially with a start 2017
- Bulten moved to Stockholm's Mid Cap-segment
- The Board of Bulten AB proposes to the AGM that the dividend be SEK 3.25 per share (3.00)





# GROUP SUMMARY

## FOURTH QUARTER

- Net sales up 7.3%
- EBIT margin 7.1% (6.2)
- Earnings after tax SEK 24.3 m (18.4)
- EPS SEK 1.33 (1.04)

## COMMENTS

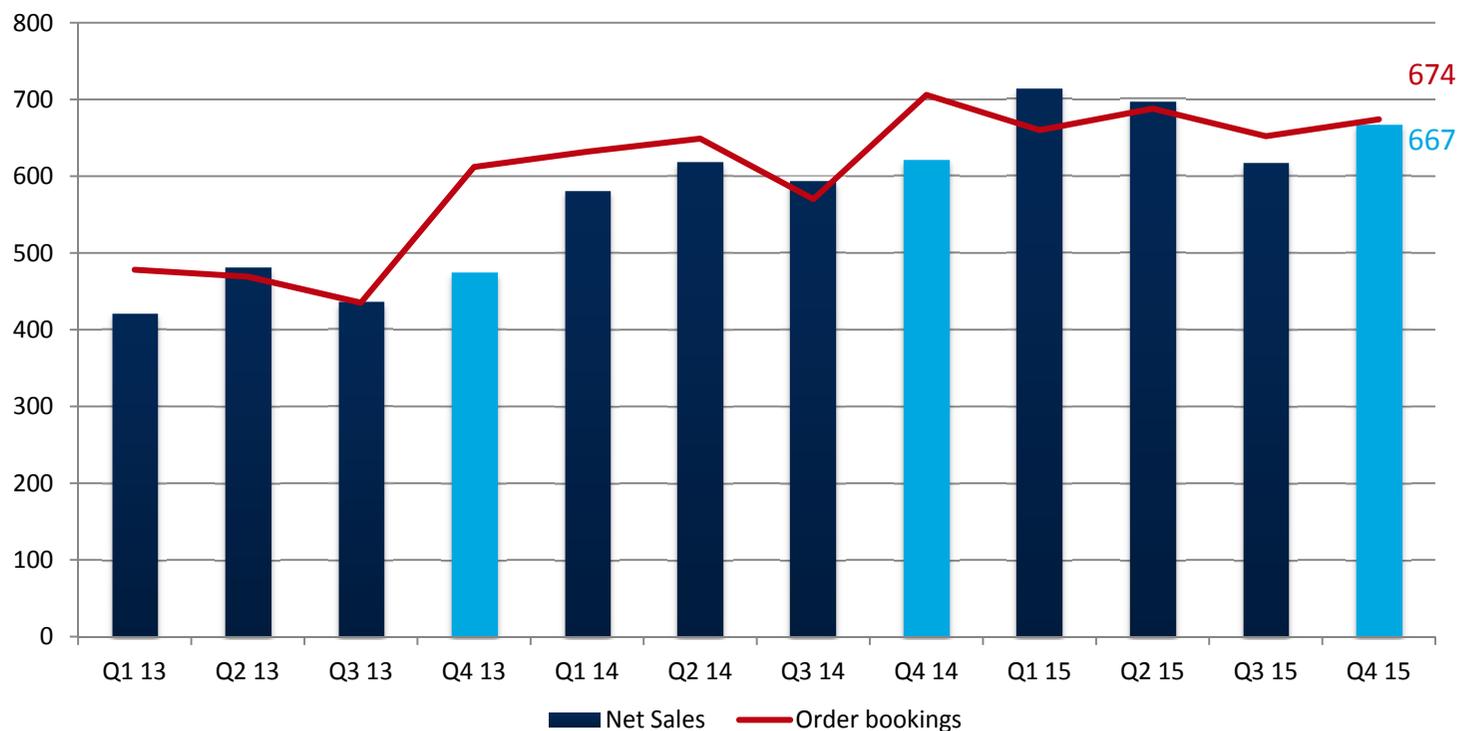
- Net sales growth as a result of good underlying market and market share increase
- Stronger EBIT margin; optimization, volumes. Neutral net from currency effects and property sale

FINANCIAL SUMMARY (MSEK)	Q4			FULL YEAR		
	2015	2014	Δ	2015	2014	Δ
Net sales	666.7	621.1	7.3%	2,693.5	2,414.3	11.6%
Gross profit	131.6	114.9	16.7	510.1	454.6	55.5
Earnings before depreciation (EBITDA)	63.9	51.4	12.5	225.0	179.8	45.2
Operating earnings (EBIT)	47.4	38.4	9.0	165.0	133.4	31.6
Operating margin, %	7.1	6.2	0.9	6.1	5.5	0.6
Adjusted operating earnings (EBIT)	43.4	38.4	5.0	157.2	122.2	35.0
Adjusted operating margin, %	6.5	6.2	0.3	5.8	5.1	0.7
Earnings after tax	24.3	18.4	5.9	110.9	84.4	26.5
Adjusted Earnings after tax	20.3	18.4	1.9	103.1	75.7	27.4
Order bookings	673.6	705.6	-4.5%	2,673.5	2,556.8	4.6
Return on capital employed, %	-	-	-	11.5	9.6	1.9



## CONTINUED INCREASE IN SALES AND ORDER INTAKE

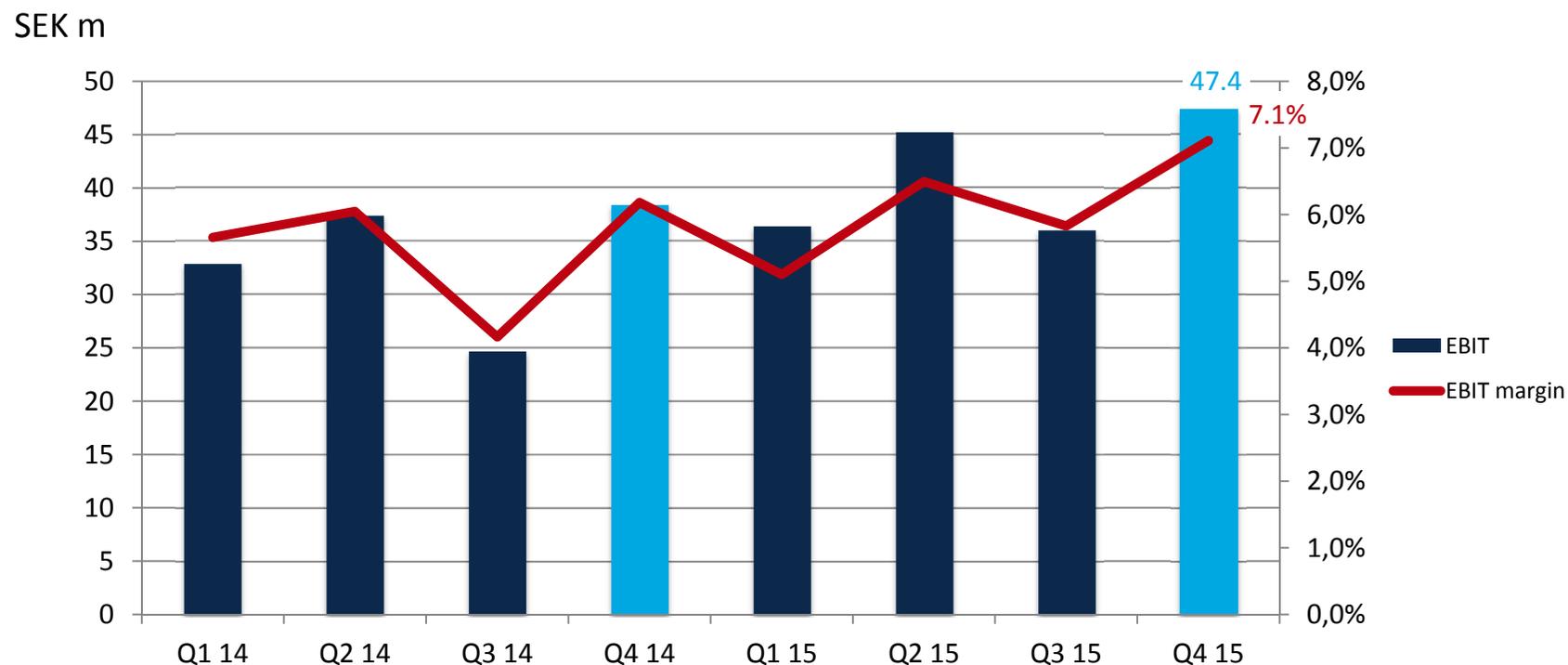
SEK m



- Sales up 7.3% in Q4 vs last year and 6.4% currency adjusted
- Order intake down 4.5% in Q4 vs last year
  - Strong comparable quarter due to ramp-ups of supplementary volumes



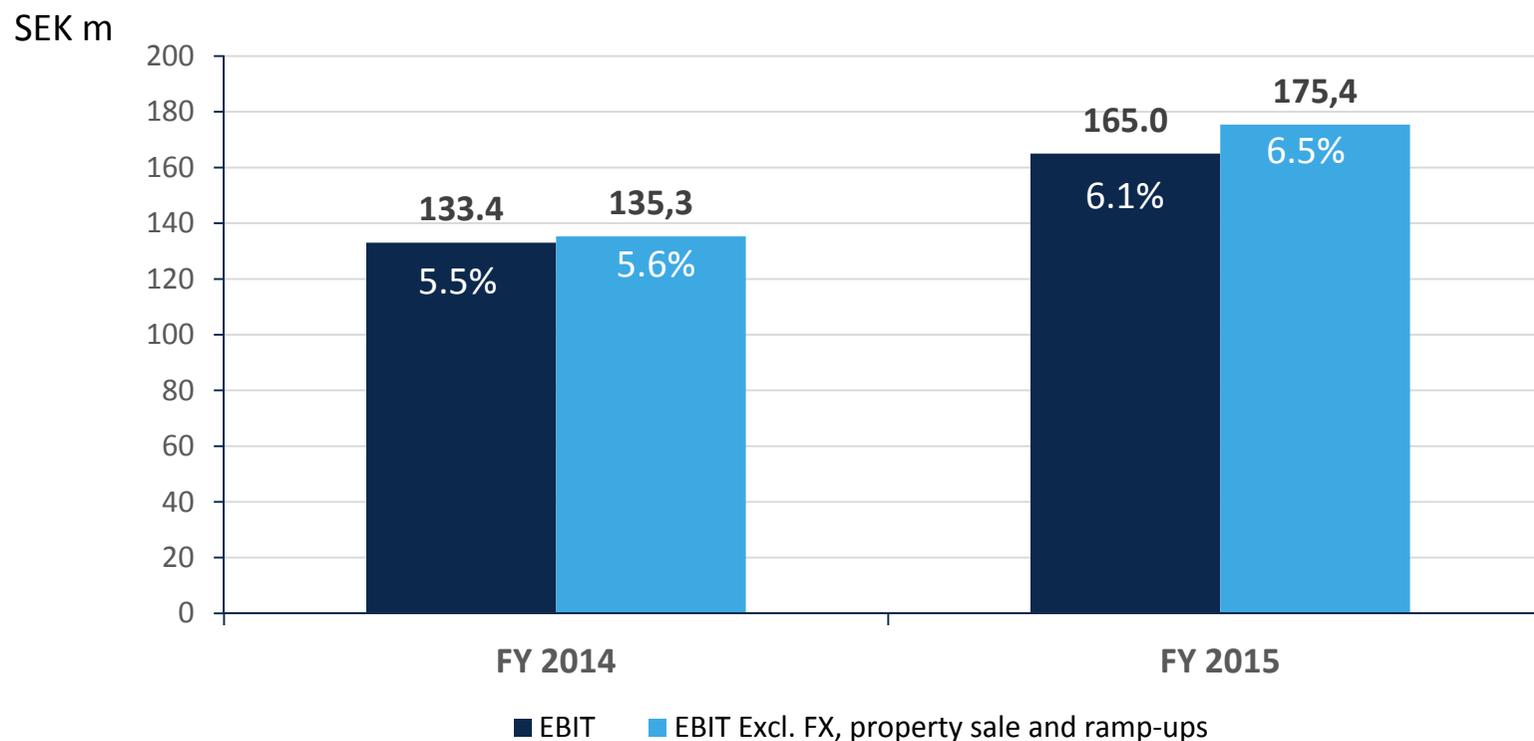
## IMPROVED EBIT TREND CONTINUED IN Q4



- Improved EBIT of SEK 47.4 m (38.4), EBIT margin of 7.1% (6.2%)
  - Positive effect of optimization and higher volumes
  - Negative currency effect from translation of working capital of SEK -3.6 m (3.3)
  - Positive effect of SEK 4.0 m by a capital gain from sales of machinery
- Optimization now enters a more normal phase of continuous cost reduction



## FULL-YEAR EBIT IMPROVEMENTS – AN EFFECT OF OPTIMIZATION AND INCREASED VOLUMES, BUT SHADOWED BY FX-EFFECTS



- Full-year 2015 EBIT affected by
  - Neg. FX-effect from translation of working capital of SEK -18,2 m (-13.1)
  - Positive capital gain from property sale SEK 3,8 m and machine sale SEK 4,0 m
  - Insurance compensation affected the result for 2014 with SEK 11.2 m



# CASH FLOW

CASH FLOW STATEMENT, MSEK	FULL YEAR	
	2015	2014
Cash flow from operating activities before changes in working capital	186.8	136.7
Cash flow from operating activities	141.3	-59.8
Cash flow from investing activities	-306.9	-132.0
Cash flow from financing activities	-44.0	-70.6
Cash flow for the period from continued operations	-209.6	-262.4
Cash flow for the period from discontinued operations	-2.5	411.2
Cash flow for the period	-212.1	148.8
Cash and cash equivalents at end of period	40.5	255.5

- Strong growth and new volumes has tied up working capital and we have also continued investments in the business
- Investments affected by acquired shares in the industrial and office property in Hallstahammar



## BALANCE SHEET

<b>BALANCE SHEET, MSEK</b>	<b>2015-12-31</b>	<b>2014-12-31</b>
<b>ASSETS</b>		
Total fixed assets	877.3	622.9
Total current assets	1,067.2	1,262.0
Total assets	1,944.5	1,884.9
<b>EQUITY AND LIABILITIES</b>		
Equity	1,245.2	1,272.7
Total non-current liabilities	167.7	119.7
Total current liabilities	531.6	492.5
Total equity and liabilities	1,944.5	1,884.9

<b>MSEK</b>	<b>2015-12-31</b>	<b>2014-12-31</b>
Net debt (-) Net cash (+)	-176.0	137.3

- Still strong financial position, working capital build-up following growth and capacity investments
  - Share buy back program amounted to 680 500 repurchased shares corresponding to SEK 55 million
  - Acquisition of property in Hallstahammar was finalized during the quarter and affected the net debt with SEK 113 million
  - Net debt has increased during fourth quarter due to financial lease of property in Poland SEK 37 million
- Net debt of SEK 176.0 million by the end of the quarter



## KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS

THE GROUP, 12 MONTHS	FULL YEAR	
	2015	2014
<b>RETURN INDICATORS</b>		
Return on capital employed, %	11.5	9.6
Return on equity %	9.4	15.0
Return on equity, adjusted %	8.9	13.1
<b>CAPITAL STRUCTURE</b>		
Capital turnover, times	1.9	1.7
Net debt (-) Net cash (+) / EBITDA	-0.8	0.8

THE GROUP	2015-12-31	2014-12-31
<b>CAPITAL STRUCTURE</b>		
Net debt/equity ratio, times	-0.1	0.1
Equity/assets ratio, %	64.0	67.5



## FINANCIAL GUIDELINES

THE GROUP	FULL YEAR 2015	FULL YEAR 2014	GUIDELINES
Average net working capital as % of sales	19.8	20.9	20
CAPEX as % of sales	9.3	4.7	2-3
Depreciation as % of sales	2.2	1.9	2-3
Tax rate	27.8	28.8	26-29

- NWC is in line with our guidelines
- Capex and depreciation mirrored by the high activity this year
  - Capex excluding acquisition of property in Hallstahammar 5.1%
- Tax rate going forward is estimated to 26-29%. The tax rate will fluctuate between quarters
  - The tax is a bit higher during the fourth quarter due to an adjustment of taxes in Russia of SEK - 5.3 million in fourth quarter but SEK -3.3 million for the full year, adjusted for this we are in a level of 25.7% during 2015.

## 4. GOING FORWARD





# SUMMARY OF 2015

## During 2015 Bulten:

- Continued sales growth;
  - The FSP contracts signed in 2013-2014 now fully in production
  - New FSP contracts wins
  - Improved European automotive market, but China still on lower pace
- Improved profitability; optimization activities and higher volumes
- Capacity investments; Poland and Sweden
- Share buy-back program
- The Board proposes a dividend of SEK 3.25 (3.00), which correspond to 60% of earnings after tax adjusted for non recurring items

## 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 outcome 2015

11.6%

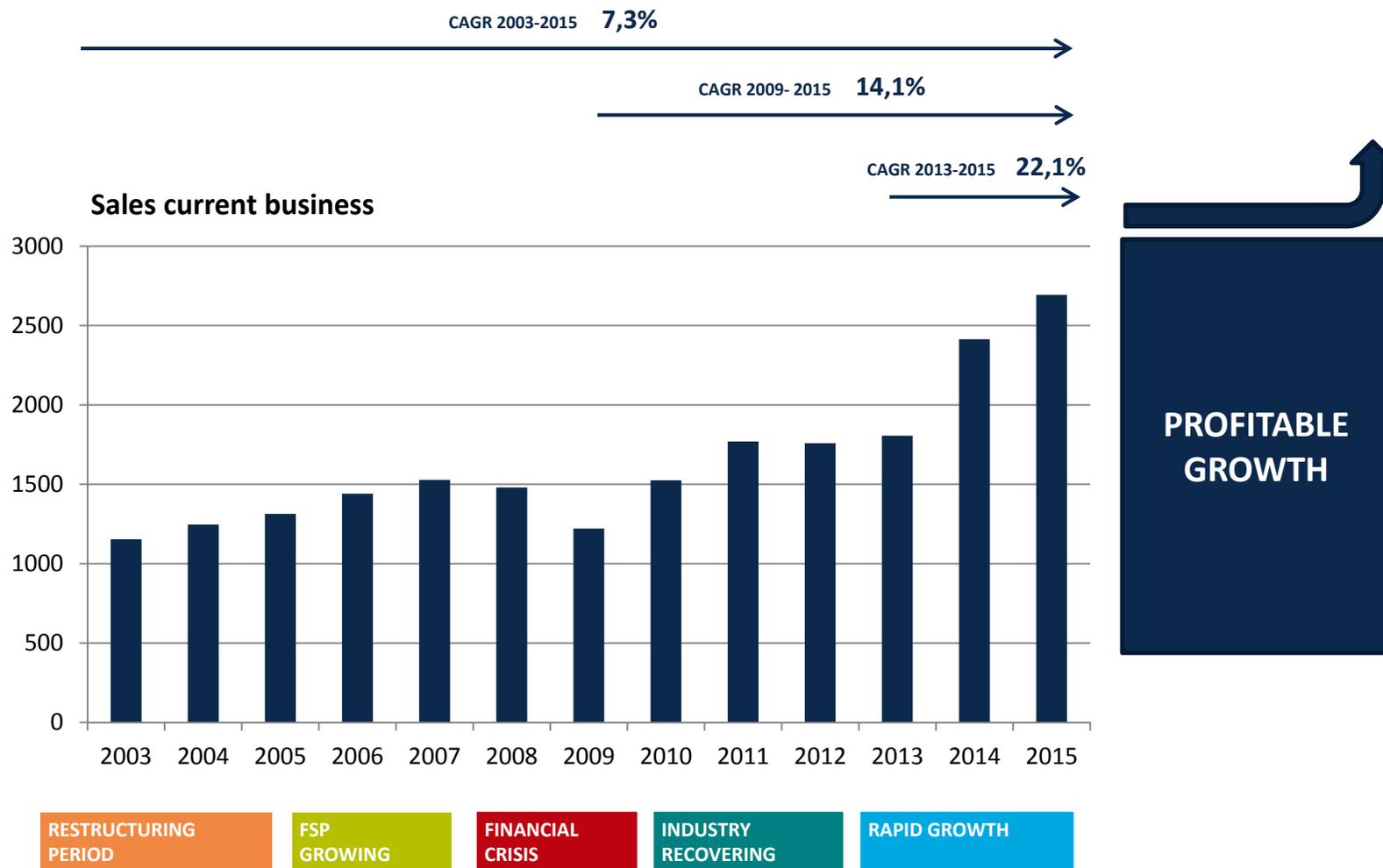
6.1%

11.5%

60%



# CAPTURE FUTURE GROWTH





## OPPORTUNITIES AHEAD

Bulten's opportunities ahead are:

- Continued long-term organic growth potential
  - 2016 a year in line with market growth
  - Very good possibilities for market share gains the years thereafter, based on already won contracts
  - Opportunities in emerging markets,
- Improvements in EBIT
  - Optimization now shifts into more normal cost reduction
  - Improved platform for production and logistics
- Strong financial position
  - Current financial 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**

