



SIX MONTHS REPORT, JAN-JUNE 2016

TELEPHONE CONFERENCE 13 JULY, 2016, AT 11:00 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
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AGENDA

1. Bulten in brief
2. Market development
3. Second quarter 2016
4. Going forward





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.

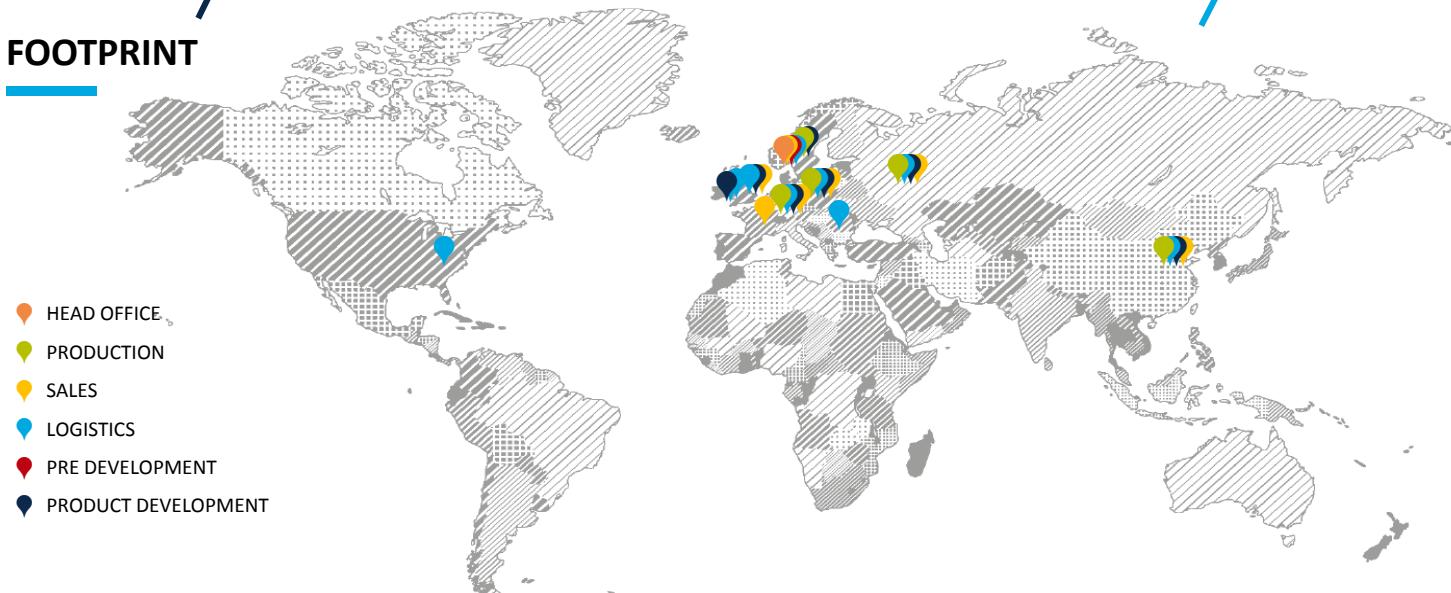
BUSINESS CONCEPT

- 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%

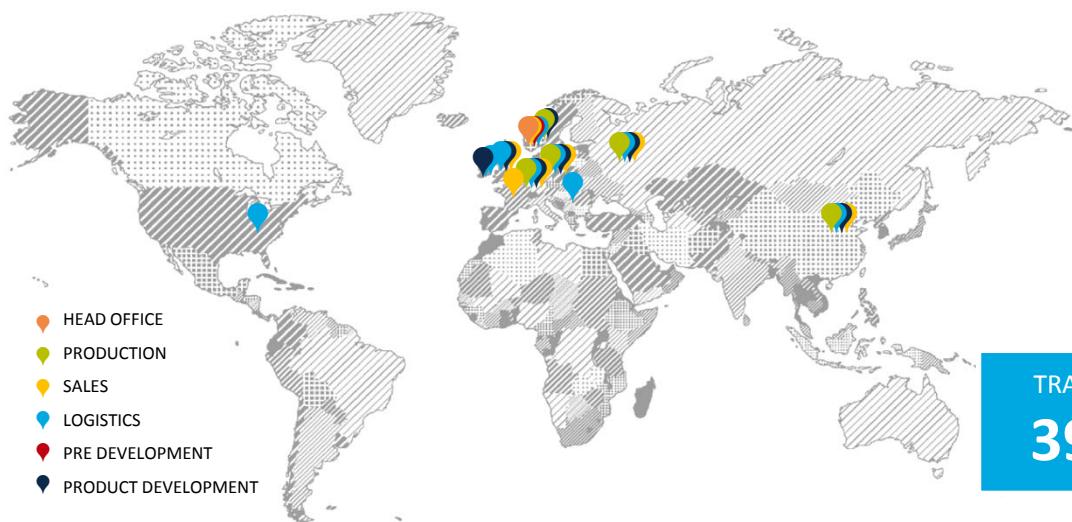
FOOTPRINT





BULTEN HAS A WELL POSITIONED MANUFACTURING AND LOGISTIC FOOTPRINT AND FLEXIBLE SUPPLY CHAIN

LEAN AND WELL POSITIONED MANUFACTURING FACILITIES
IN EUROPE AND ASIA



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

IN-HOUSE VS. TRADING
(SALES VALUE)



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



FASTENER CONTENT IN PASSENGER CARS

A passenger car contains a total of
1,500-2,000 fasteners.

The weight of
all fasteners in a
car is between
20-50 kg

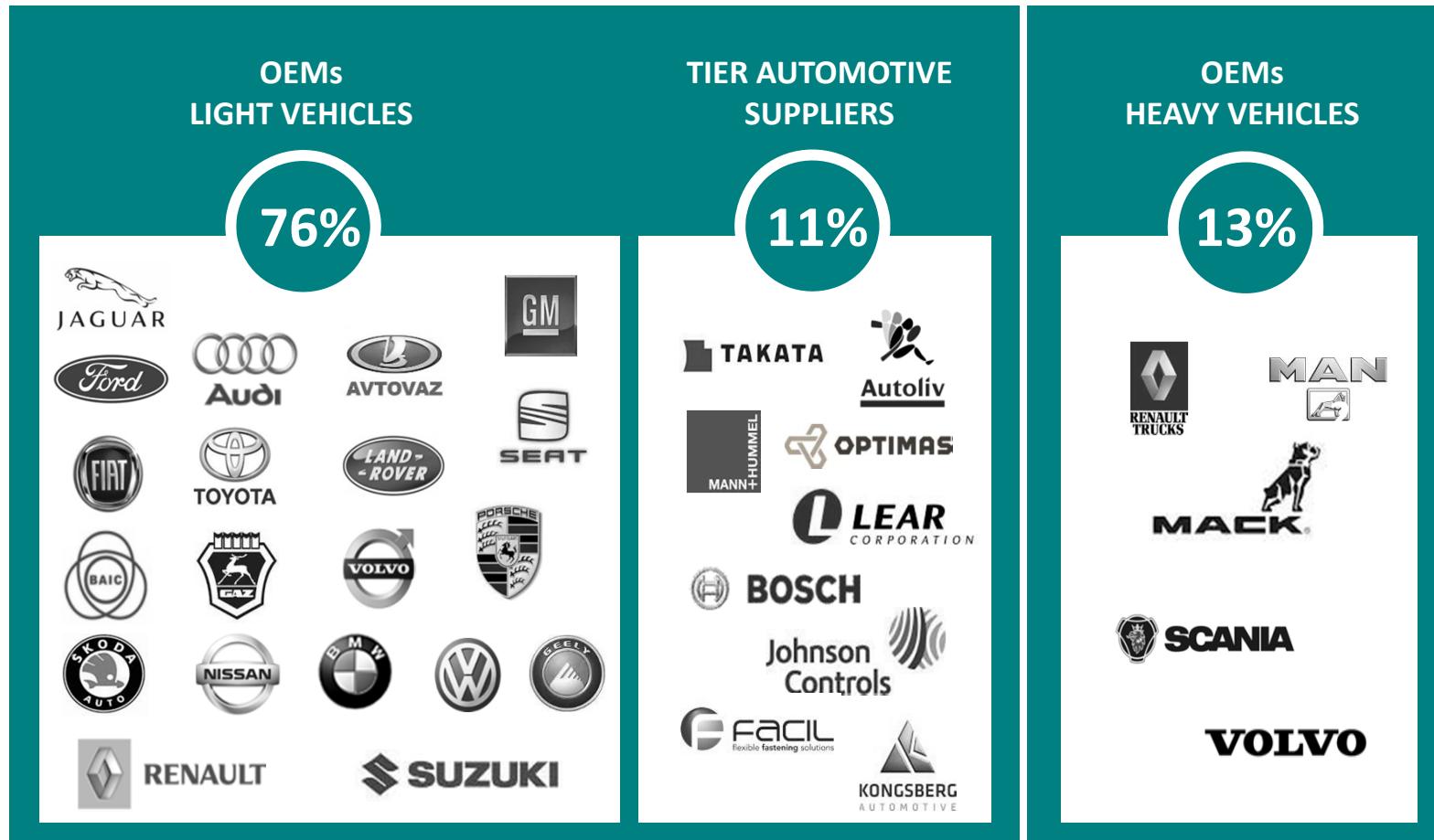
The cost of
all fasteners in a
car is between
70-250 EUR

Of which the cost
per engine is
between
20-40 EUR

Of Bulten's sales,
approximately
30% goes to
powertrain and
70% to chassis



STRONG CUSTOMER BASE AND RELATIONSHIPS WITH MAJOR VEHICLE OEMS AS WELL AS TIER 1 SUPPLIERS

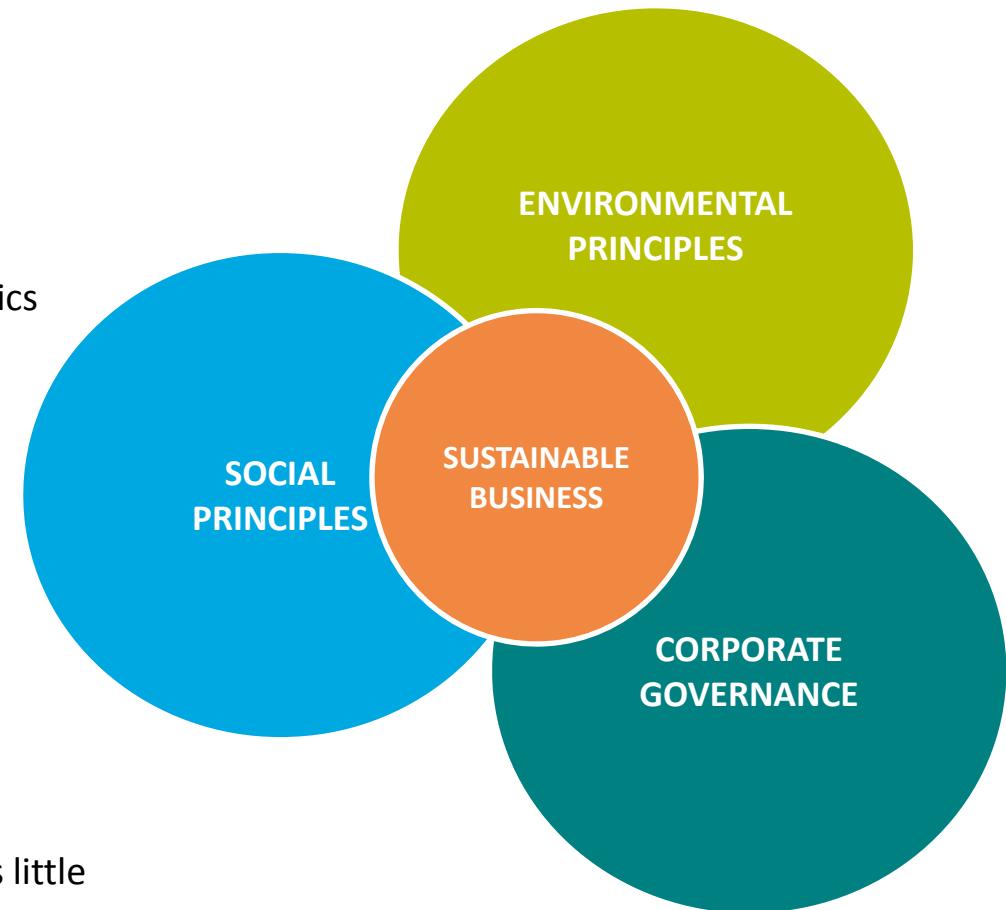


- Selection of customers.
- Share of Bulten's sales YTD



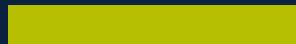
SUSTAINABILITY IS A NATURAL PART OF ALL OUR ACTIVITIES

- Social responsibility
 - Consideration to human rights
 - Treat people with respect and good ethics
 - Work methods based on core values
- Corporate governance
 - High business ethics, good risk management and sensible corporate culture
 - Follow rules and regulations
 - Code of Conduct and other policies
- Environmental principles
 - Production shall be carried out with as little environmental impact that is practically possible and economically viable





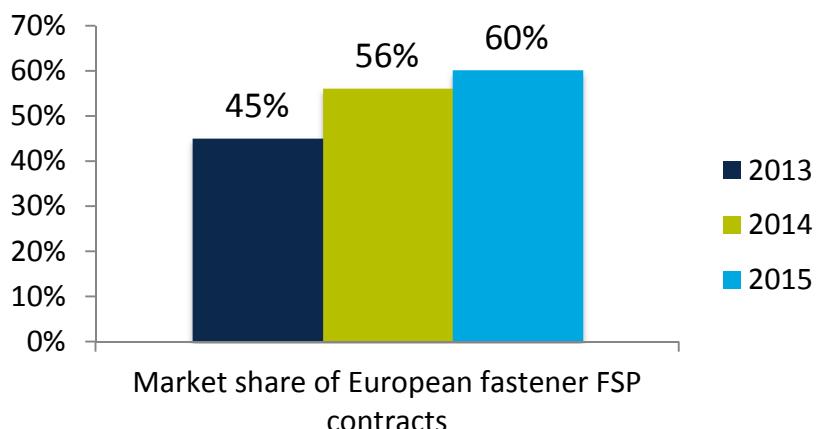
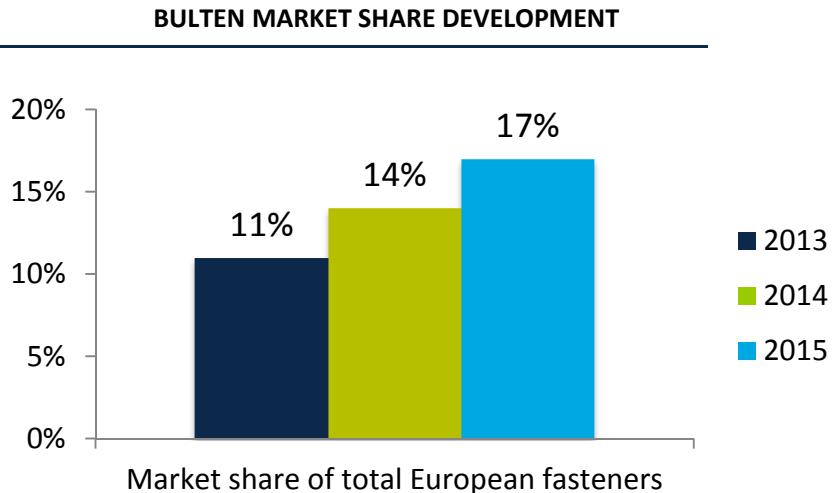
2. MARKET DEVELOPMENT





BULTEN MARKET SHARE DEVELOPMENT

- Management estimates*:
 - Market share 17% of the European market of fasteners for the automotive industry 2015, up 3 pp.
 - Market share of FSP contracts for the same market to be 60% 2015, up 4 pp.



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



PREDICTED STRONGER BULTEN GROWTH VS THE MARKET



- Market growth according to LMC Automotive 1.8% 2017
- New contracts under ramp up for Bulten:
 - AJ 200 contract. SEK 130 million/year at full pace 2020. Started 2015 with slow ramp-up
 - HCV contract. SEK 17 million/year. Starts late 2016
- New signed contracts to be ramped up:
 - Jaguar contract. EUR 20 million/year. Starts 2017 full pace 2019
 - China contract. SEK 60 million in total. Contract period 2017-2018
- Future contracts; ongoing customer discussions



MARKET DEVELOPMENT

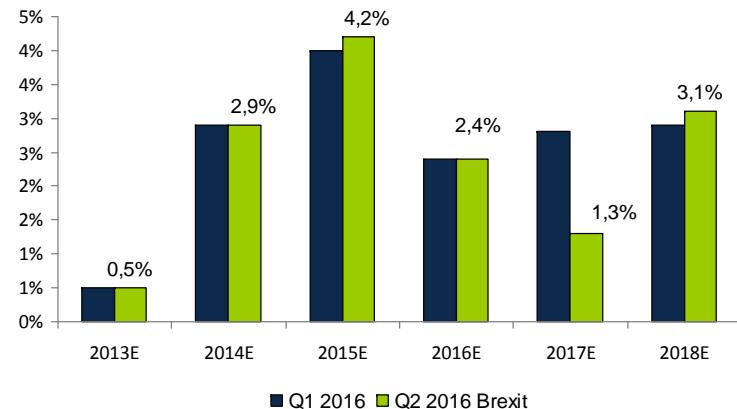
- LMC Automotive reports for automotive production in Europe, 2016:
 - Production of LV in 2016 up by 2.4% compared to 2015 (after Brexit update 30 June, 2016)
 - An adjustment for Brexit with -0.4%
 - Production of HCV (>15 t) in 2016 up by 4.7% compared to 2015
 - For Bulten's mix, up 2.7%
 - LV stands for ~87% of sales
 - HCV stands ~13% of sales
- ACEA reports for LV sales in Europe for YTD May, 2016
 - European LV sales up 9.9% compared to same period last year

Source: LMC Automotive Q2 HCV, updated Brexit , 2016 LV. ACEA YTD May, 2016

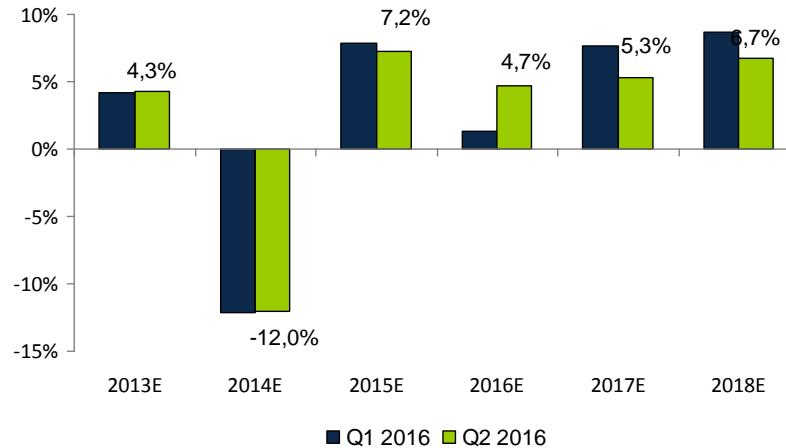


LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE

PRODUCTION GROWTH RATE (YEAR ON YEAR)
LIGHT VEHICLES EUROPE



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



- LMC Automotive (Q2 2016 report), updated after BREXIT referendum, has decreased its forecast of LV production 2016 to an increase of 2.4% compared to 2015.
- LMC Automotive (Q2 2016 report) has decreased its forecast of HCV production 2016 to an increase of 4.7% compared to 2015

Source: LMC Automotive updated Brexit, 2016

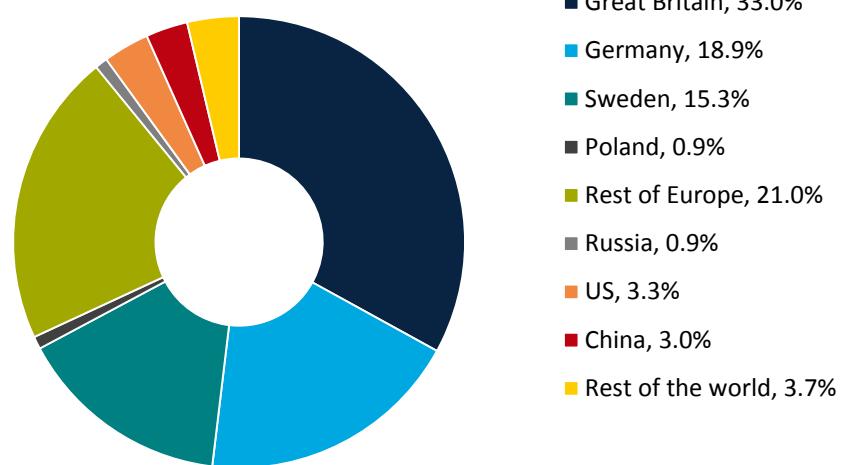
Source: LMC Automotive Q2, 2016



BREXIT EFFECT ON BULTEN

- The economic development in Europe is characterized by a somewhat higher uncertainty due to Brexit and might lead to an overall lower growth in Europe
- For Bulten, approx. 33% of the direct sales goes to customers in Great Britain
 - Parts of these deliveries go to other markets, both in Europe and RoW

GEOGRAPHIC SALES DISTRIBUTION
JANUARY – JUNE 2016



Sales refers to where the customer's delivery point is located. The major part of sales goes to production of vehicles in Europe, of which a portion is exported to other markets in for example North America and BRIC.

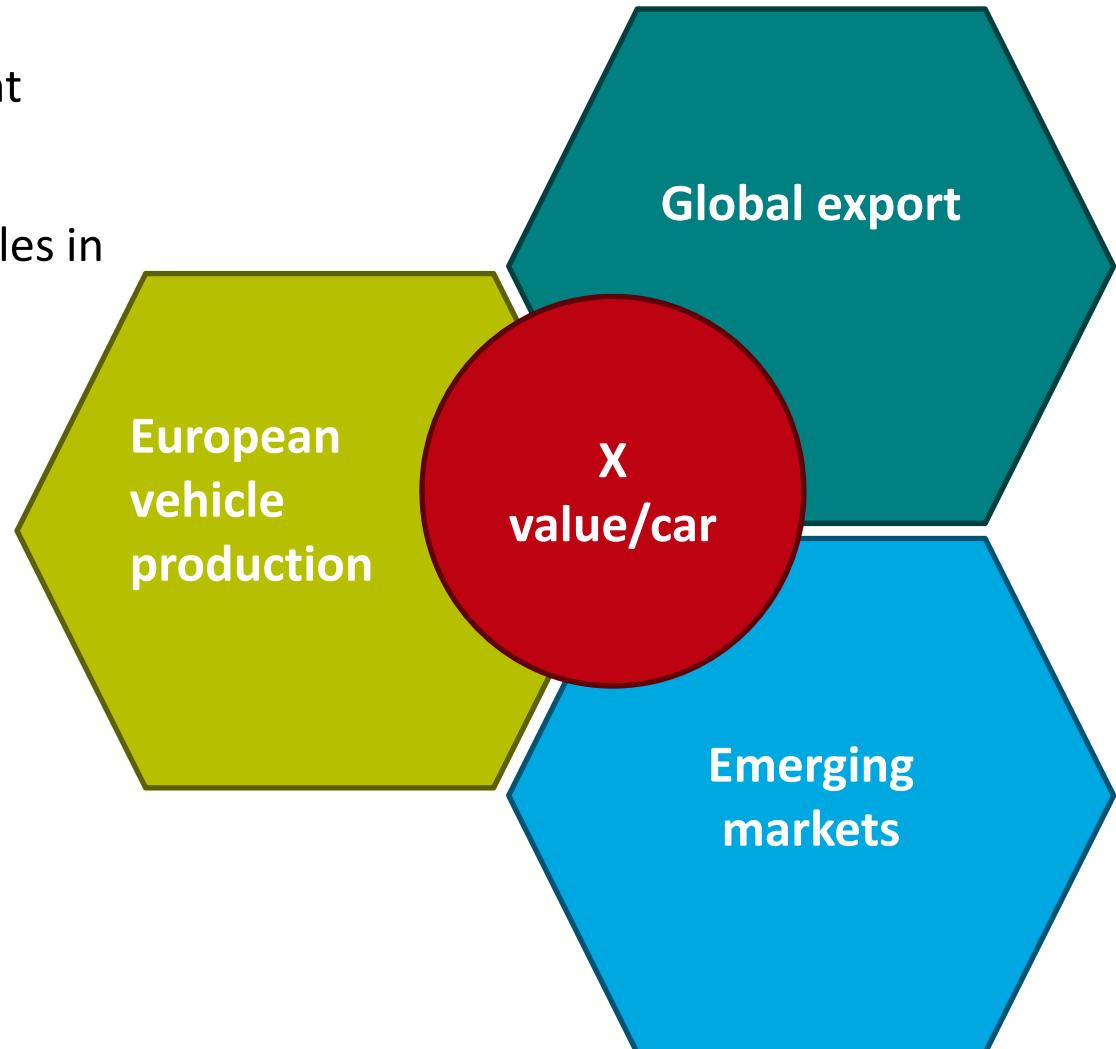


MIXED SALES DEVELOPMENT

- BULTEN'S SALES IS NOT ONLY Affected BY THE EUROPEAN CAR MARKET

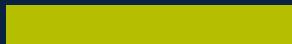
Bulten Q2 market development assessment

- Continued strong vehicle sales in Europe
- Fasteners and car export to China temporary lower, volatile demand pattern
- HCV volumes down in the Americas





3. SECOND QUARTER 2016





OPERATIONAL HIGHLIGHTS

- Improved earnings with an EBIT margin of 7.8%
 - Effects from optimization program
- Strong cash flow as a result of strengthened profitability and improved net working capital
- Mixed sales development and order intake in line with previous year
- Preparing for future growth through investments and continued streamlining of internal processes
 - Invests appr. EUR 6 million in a plating line in Poland
 - Annual savings of appr. EUR 2 million, payback period around three years
 - The investment will also mean less transportation, which will lead to a reduced impact on the environment.



Bulen wins environmental award

Bulen's unit in Germany has won an environmental award for energy savings. The award is given to innovative companies that are very engaged in sustainable improvements for climate control, energy consumption and environmental protection.



GROUP SUMMARY

SECOND QUARTER

- Net sales -1,4%
- EBIT margin 7.8% (6.5)
- Earnings after tax SEK 38.9 m (35.3)
- EPS 1.92 SEK (1.69)

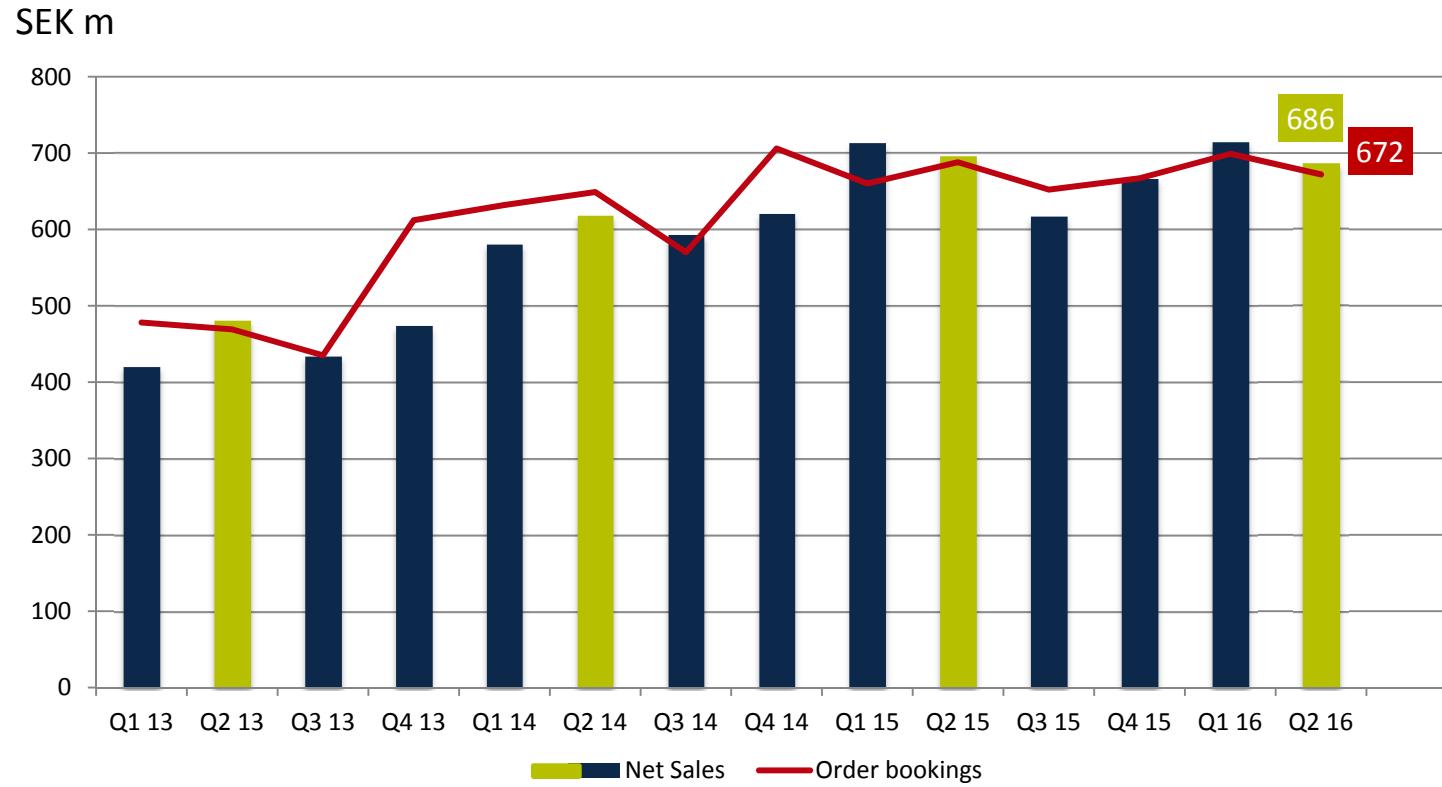
COMMENTS

- Good sales to light vehicles with European exposure, however China and heavy vehicles at lower pace.
- Stronger EBIT margin
 - Successfully implemented optimization program
 - Slightly positive currency translations effect

FINANCIAL SUMMARY (MSEK)	2016	Q2		12M ROLLING Jul 2015- Jun 2016	FULL YEAR	
		2015	Δ		2015	Δ
Net sales	686.4	695.8	-1.4%	2685.9	2,693.5	-0.3%
Gross profit	138.2	135.9	2.3	517.7	510.1	7.6
Earnings before depreciation (EBITDA)	70.5	59.7	10.8	257.3	225.0	32.3
Operating earnings (EBIT)	53.6	45.2	8.4	192.3	165.0	27.3
Operating margin, %	7.8	6.5	1.3	7.2	6.1	1.1
Adjusted operating earnings (EBIT)	53.6	41.4	12.2	188.3	157.2	31.1
Adjusted operating margin, %	7.8	5.9	1.9	7.0	5.8	1.2
Earnings after tax	38.9	35.3	3.6	125.4	110.9	14.5
Adjusted Earnings after tax	38.9	31.5	7.4	121.4	103.1	18.3
Order bookings	671.8	688.0	-2.4%	2696.3	2,673.5	0.8%
Return on capital employed, %	-	-	-	13.4	11.5	1.9



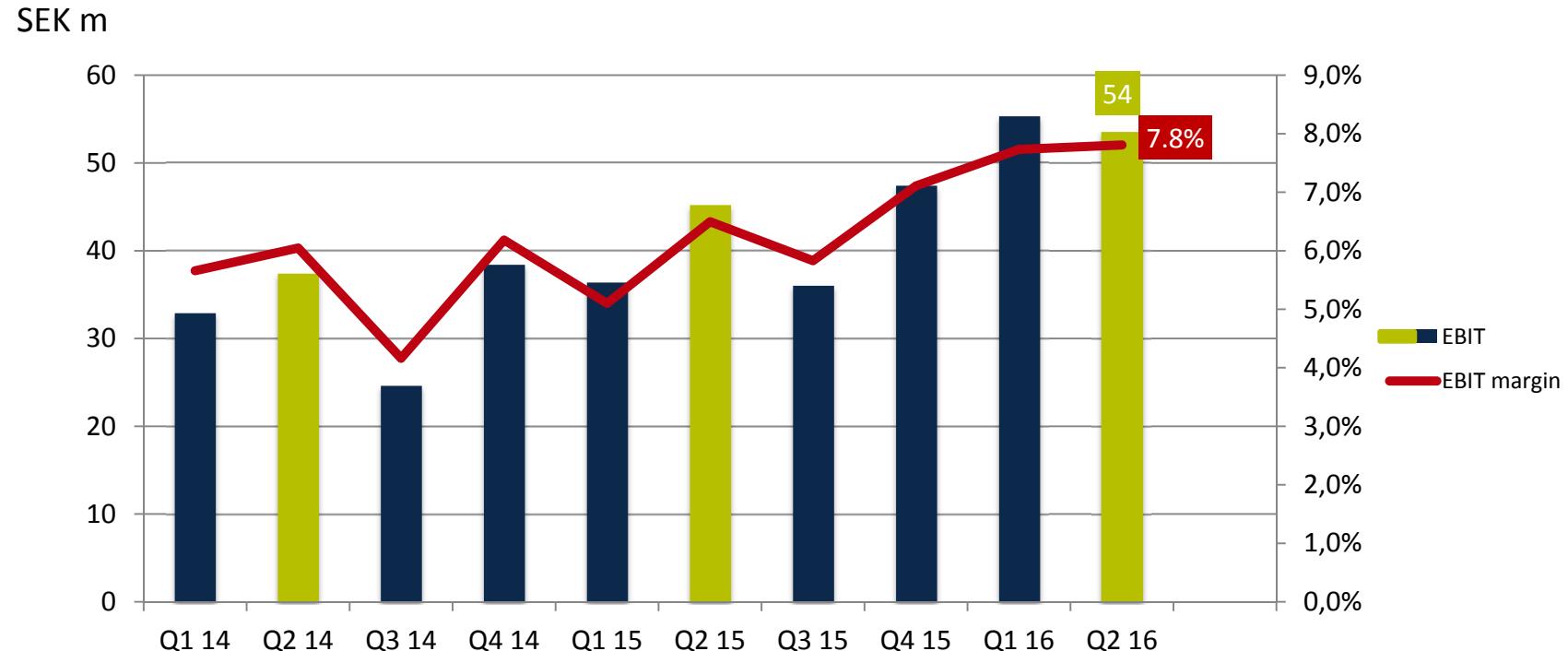
CONTINUED INCREASE IN SALES AND ORDER INTAKE



- Sales down 1.4% in Q2 vs last year and 0.4% currency adjusted
- Order intake slightly down in Q2 vs last year



IMPROVED EBIT TREND CONTINUED IN Q2



- Improved EBIT of SEK 54 m (45), EBIT margin of 7.8% (6.5)
 - Improved gross margin
 - Successfully implemented optimization program
 - Slightly positive currency effect of SEK 1.4 m in Q1 compared to last year negative effect of SEK -6.4 m, however Q2 2015 also effected positively by a property sale of SEK 3.8 m



CASH FLOW, BALANCE SHEET AND NET DEBT

CASH FLOW STATEMENT, MSEK	JAN-JUNE		FULL YEAR	
	2016	2015	2015	2015
Cash flow from operating activities before changes in working capital	133.6	99.3	186.8	
Cash flow from operating activities	173.0	62.9	141.3	
Cash flow from investing activities	-22.5	-120.6	-306.9	
Cash flow for the period from continued operations	7.5	-127.2	-209.6	
Cash flow for the period	7.5	-129.7	-212.1	
Cash and cash equivalents at end of period	48.6	124.4	40.5	

BALANCE SHEET, MSEK	2016-06-30	2015-06-30	2015-12-31	
	ASSETS			
Total assets	1,889.0	1,872.7	1,944.5	
EQUITY AND LIABILITIES				
Equity	1,267.1	1,276.6	1,245.2	
Total equity and liabilities	1,889.0	1,872.7	1,944.5	

MSEK	2016-06-30	2015-06-30	2015-12-31	
	Net debt (-) Net cash (+)			
	-89.3	12.0	-176.0	



KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS

THE GROUP, 12 MONTHS	12 M ROLLING		FULL YEAR	
	July 2015-June 2016	July 2015-June 2016	2015	2015
RETURN INDICATORS				
Return on capital employed, %	13.4	10.7	11.5	
Return on equity %	10.5	8.6	9.4	
Return on equity, adjusted %	10.3	7.6	8.9	
CAPITAL STRUCTURE				
Capital turnover, times	1.9	1.9	1.9	
Net debt (-) Net cash (+) / EBITDA	-0.3	0.1	-0.8	
THE GROUP	2016-06-30	2015-06-30	2015-12-31	
CAPITAL STRUCTURE				
Net debt/equity ratio, times	-0.1	0.0	-0.1	
Equity/assets ratio, %	67.1	68.2	64.0	



FINANCIAL GUIDELINES

THE GROUP	12 M ROLLING July 2015- June 2016	FULL YEAR 2015	GUIDELINES
Average net working capital as % of sales	19.9	19.8	20
CAPEX as % of sales	7.9	9.3	2-3
Depreciation as % of sales	2.4	2.2	2-3
Tax rate	28.8	27.8	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 3.6%
- Tax rate going forward is estimated to 26-29%. The tax rate will fluctuate between quarters



4. GOING FORWARD





SUMMARY OF Q2, 2016

Preparing for the future

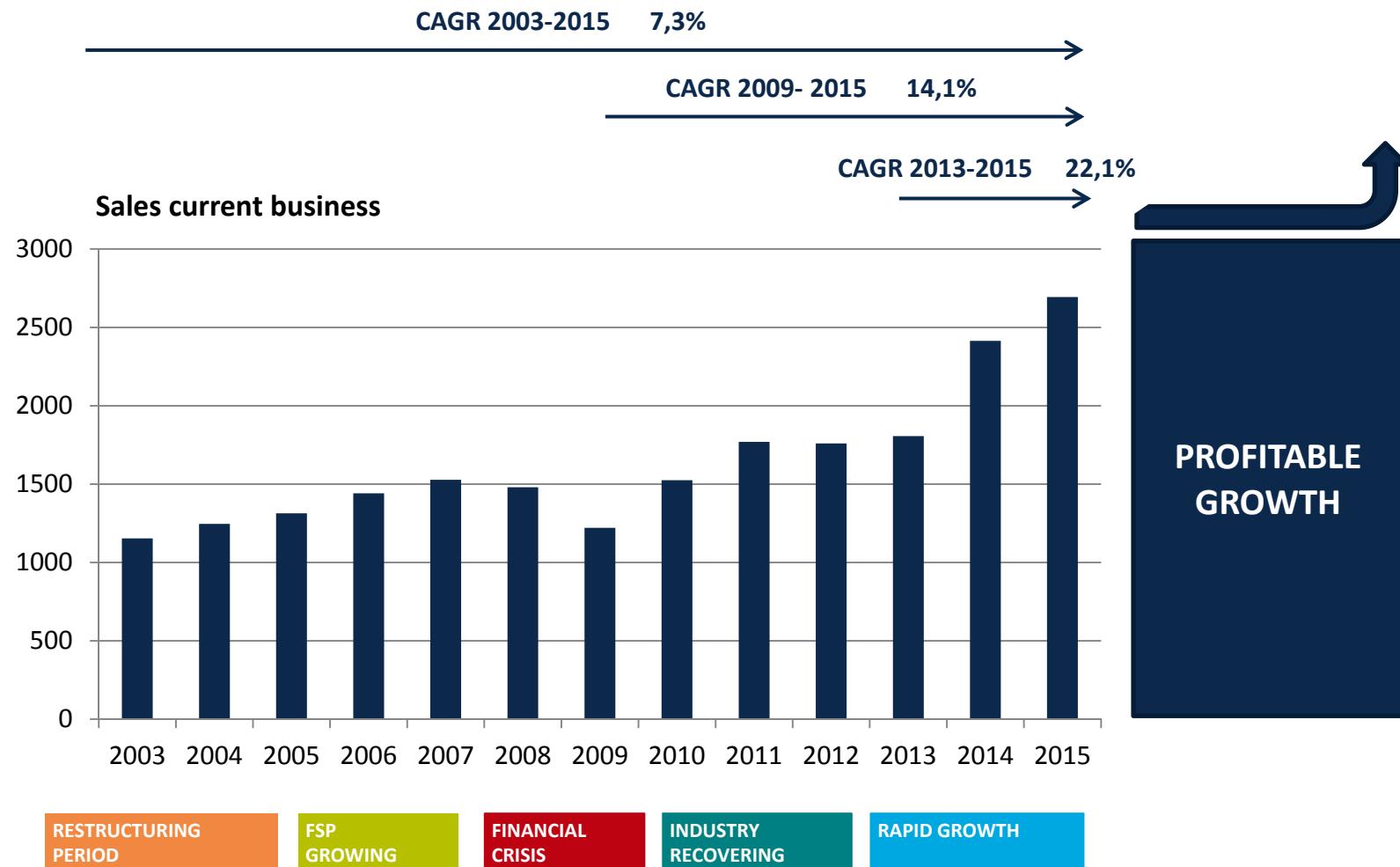
- Very strong cash flow and continued high operating margin
- Sales and order intake slightly below expectations
- Preparing for future growth through investments and continued streamlining
 - Investment in a plating line in Poland
 - Focus on operational efficiency and preparation for ramp-up of signed contracts



Bulten is taking another step towards becoming the industry's most cost-efficient producer of fasteners. The investment in a new plating line in Poland will improve profitability, reduce working capital and provide greater flexibility and control over the process. The investment will also mean less transportation, which will lead to a reduced impact on the environment.



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 and discussions with customers
 - Opportunities in emerging markets
 - Development of new fastener technology for EV
- Strong financial position

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



BULTEN

– A STRONGER SOLUTION

