



THREE MONTHS REPORT, JAN-MAR 2017

TELEPHONE/AUDIO CONFERENCE 25 APRIL 2017, AT 14:30 CET

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

DIRECT LINK AUDIOCAST: [HTTPS://WONDERLAND.VIDEOSYNC.FI/BULTEN-Q1-REPORT-2017](https://wonderland.videosync.fi/bulten-q1-report-2017)

TELECONFERENCE: SE: +46856642509, UK: +442030089807, US: +18558315945

SAVE THE DATE

**CAPITAL MARKET DAY
SEPTEMBER 21, 2017**





AGENDA

1. Bulten in brief
2. Market development
3. First quarter 2017
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.

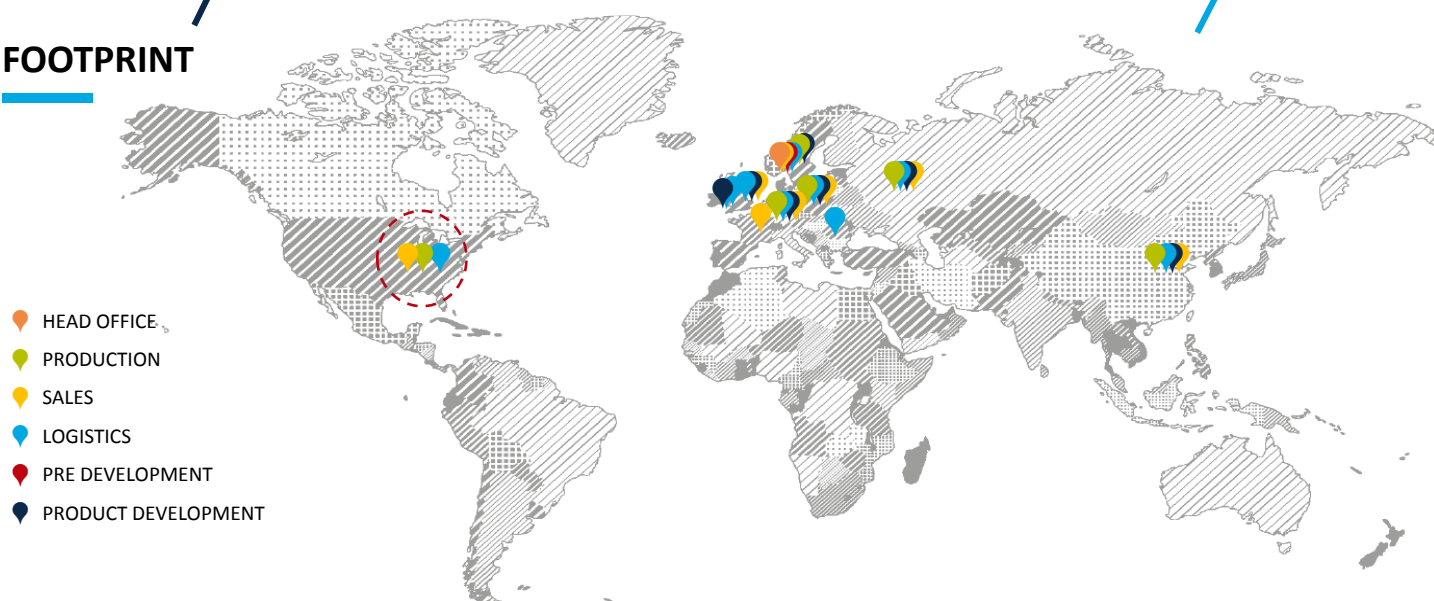
BUSINESS CONCEPT

- 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

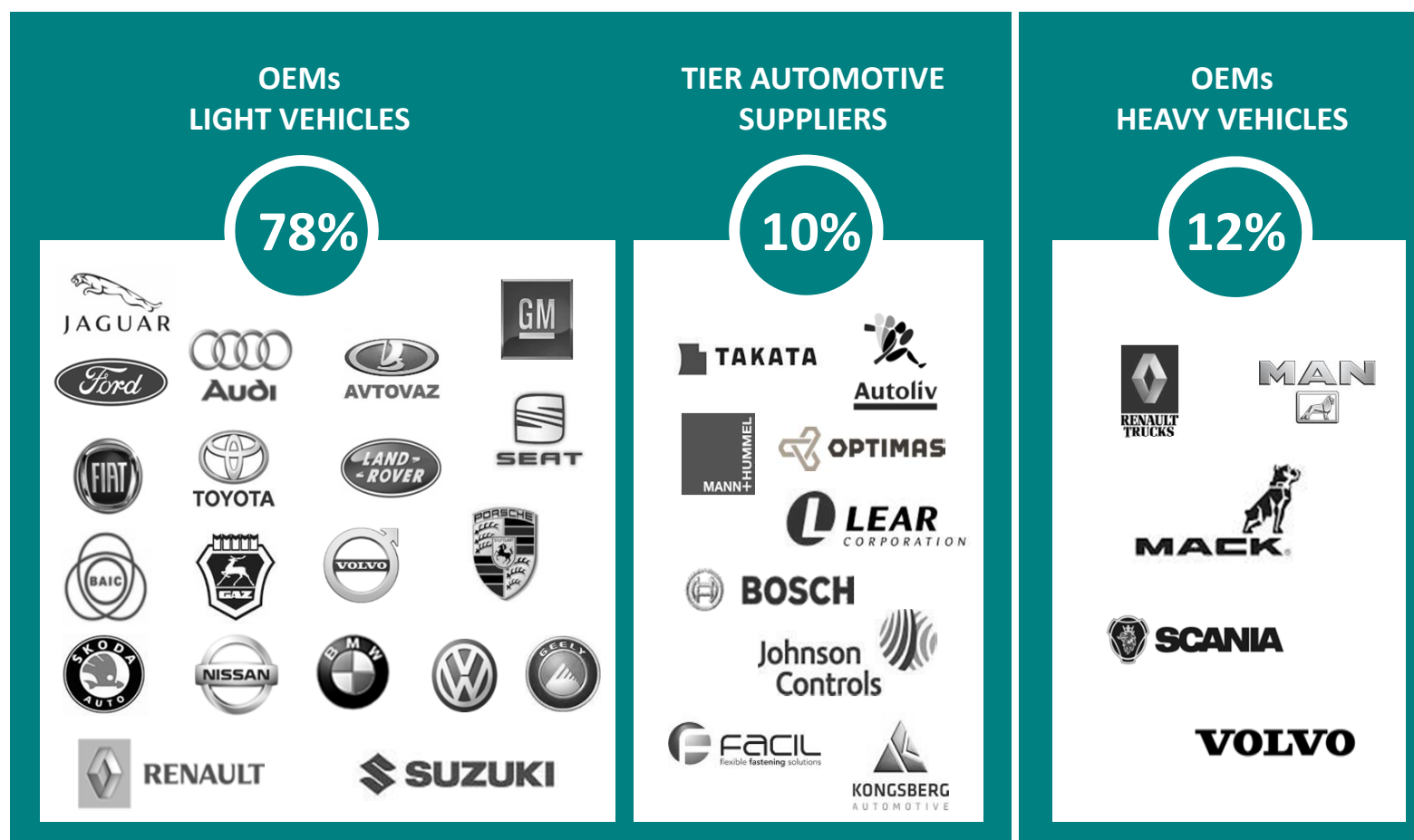
- To grow stronger than the industry in average
- Operating Profit (EBIT) > 7%
- Return on Capital Employed (ROCE) > 15%

FOOTPRINT



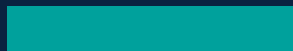


STRONG CUSTOMER BASE AND RELATIONSHIPS WITH MAJOR VEHICLE OEMS AS WELL AS TIER 1 SUPPLIERS



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

2. MARKET DEVELOPMENT



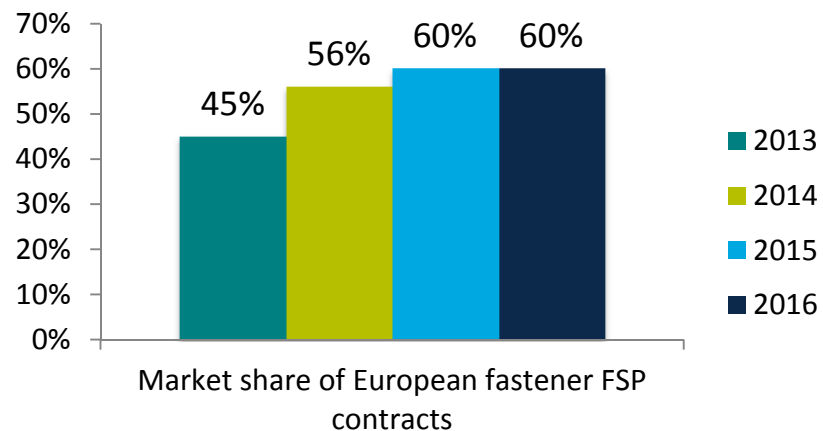
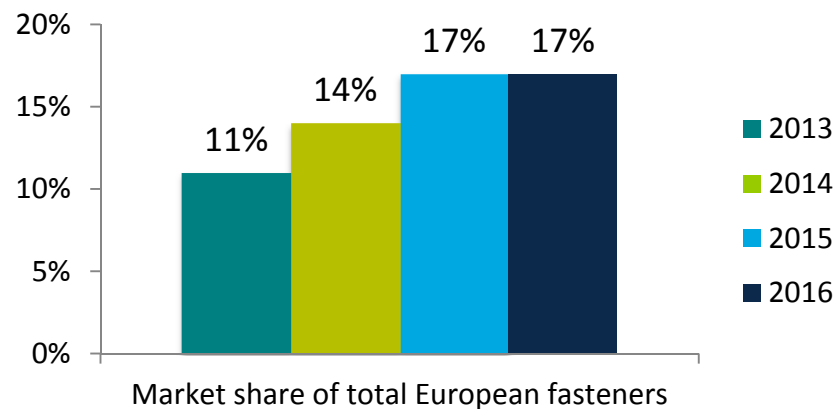


BULTEN MARKET SHARE DEVELOPMENT

■ Management estimates*:

- Market share 17% of the European market of fasteners for the automotive industry 2016, flat versus 2015.
- Market share of FSP contracts for the same market to be 60% 2016, flat versus 2015.

BULTEN MARKET SHARE DEVELOPMENT



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



MARKET DEVELOPMENT

- LMC Automotive reports for automotive production in Europe, 2017:
 - Production of LV in 2017 up by 1.8% compared to 2016
 - Production of HCV (>15 t) in 2017 up by 2.9% compared to 2016
 - For Bulten's mix, up 1.9%
 - LV stands for ~88% of sales
 - HCV stands ~12% of sales

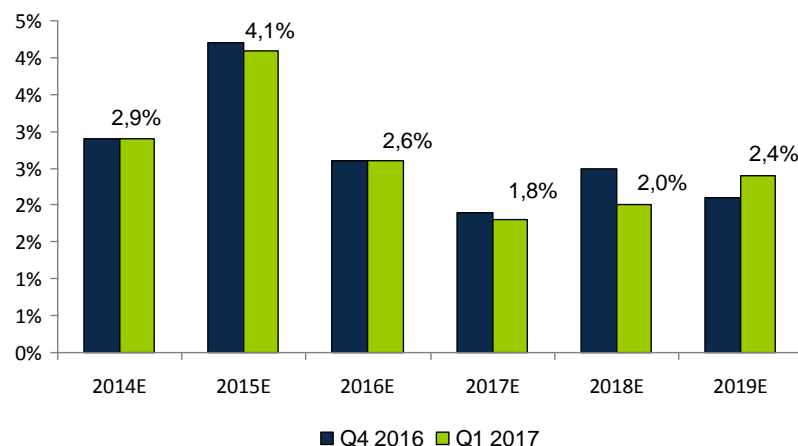
- ACEA reports for LV sales in Europe for the first quarter, 2017
 - European LV sales for the first quarter, 2017 up 8.4% compared to 2016

Source: LMC Automotive Q1, 2017. ACEA two months, 2017



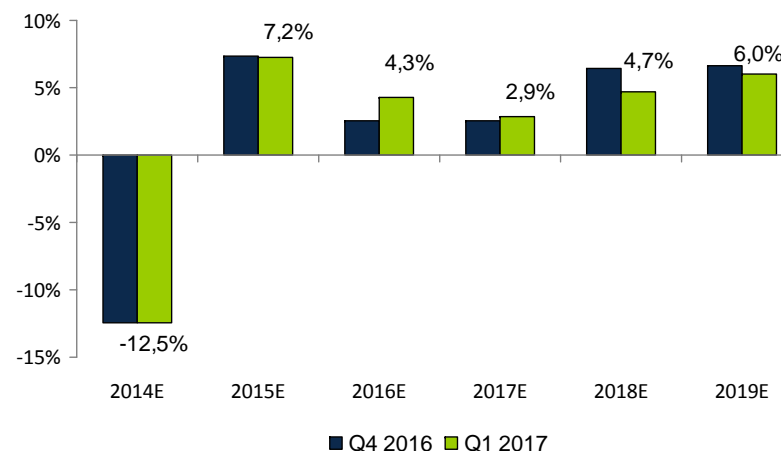
LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE

PRODUCTION GROWTH RATE (YEAR ON YEAR)
LIGHT VEHICLES EUROPE



- LMC Automotive (Q1 2017 report) has decreased its forecast of LV production 2017 compared to the Q4 2016 report with 0,1%, to an increase of 1.8% compared to 2016.

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



- LMC Automotive (Q1 2017 report) has increased its forecast of HCV production 2017 compared to the Q4 2016 report with 0.4%, to an increase of 2.9% compared to 2016.

Source: LMC Automotive Q4 2016 and Q1 2017

3. FIRST QUARTER 2017





OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Sales increased of 8.8%
 - Increased market shares
- Improved EBIT margin to 8.1%
 - Increased volumes, good loading, efficient production
 - Marginal impact from raw material price increases
- Improved financial key ratios
- Establishment in the US
 - Establishment of production company
 - JV with Ramco
- Claes Lindroth new Senior Vice President Supply Chain





US ESTABLISHMENT: FORMS JV WITH RAMCO FOR DISTRIBUTION OF FASTENERS VIA BULTENS FSP CONCEPT

- Bulten and Ramco signed an agreement to form a JV (Ram-Bul) for distributing fasteners to the North American market
- Ram-Bul is owned equally (50-50)
- New President appointed
- Dialogue with potential customers have started with positive response
- Deliveries are expected to start in 2017

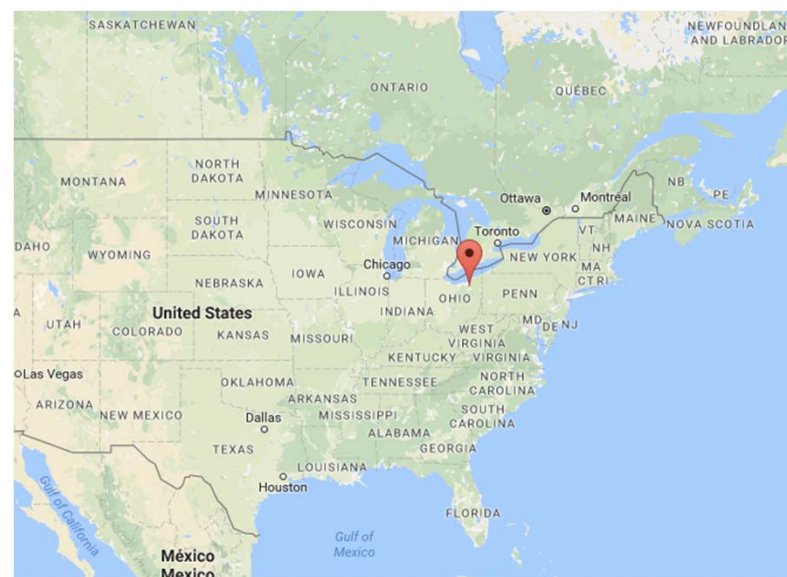


Tommy Andersson, CEO of Bulten and Rick Malson, President of Ramco at signing on February 24, 2017



US ESTABLISHMENT: SET-UP OF NEW FULLY-OWNED PRODUCTION UNIT IN ATTACHED FACILITIES WITH START 2017

- Bulten also sets up a new production subsidiary for producing externally threaded fasteners
- Bulten's total investment est. appr. USD 9 million over four years with start-up in 2017
- The annual business revenue for Bulten is appr. USD 30-40 million at full volumes by 2020
- Start-up costs expected to affect Bulten's result in 2017 and 2018 by appr. SEK 3-4 million per year
- Production is expected to start in 2017





GROUP SUMMARY

FIRST QUARTER

- Net sales SEK 778 m (715)
- EBIT margin 8.1% (7.7)
- Earnings after tax SEK 51 m (40)
- EPS 2.59 SEK (2.03), increased by 28%

COMMENTS

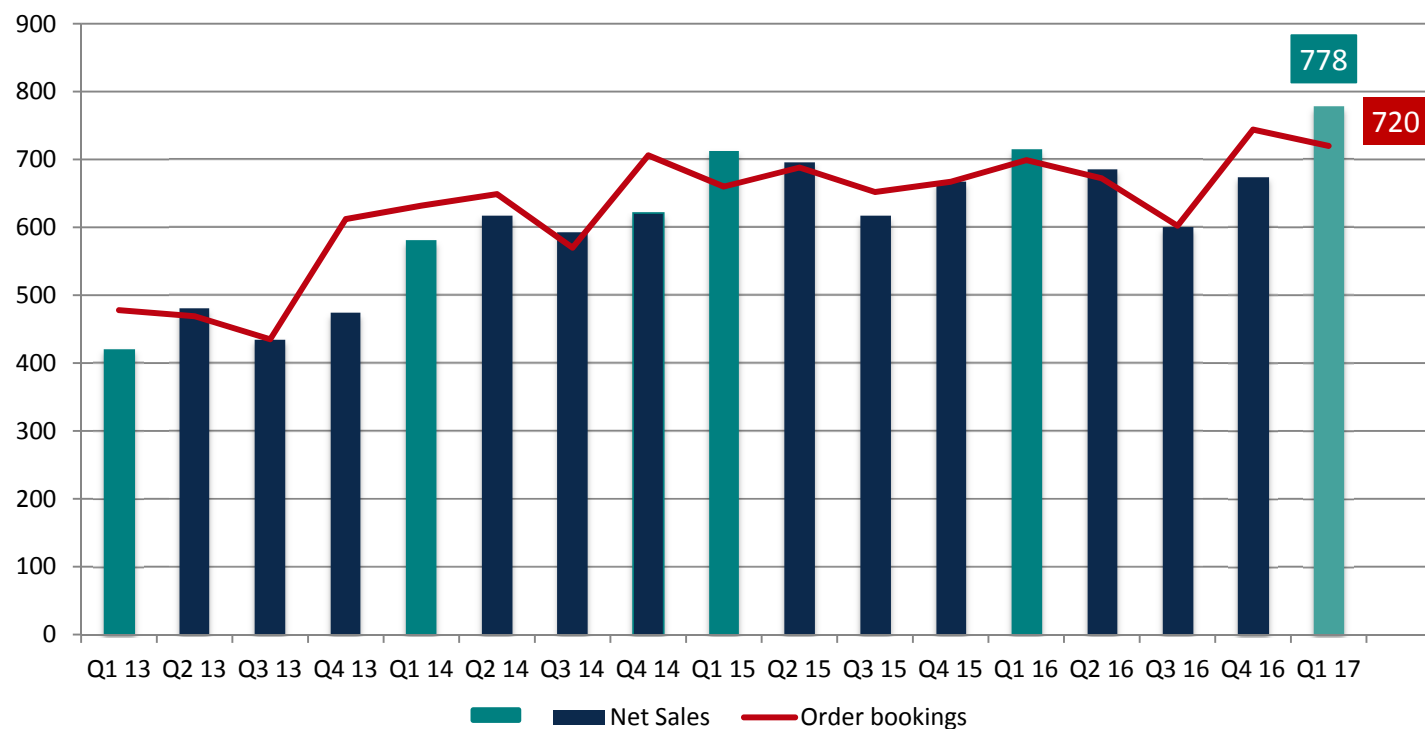
- Strong sales up 8.8%, order intake up 3.0%
- Stronger EBIT margin; volumes up, efficient and smooth production
- Return on capital employed increased to 14.4%, (adjusted for goodwill 16.7%)

FINANCIAL SUMMARY (MSEK)	2017	Q1 2016	Δ	12M ROLLING Apr 2016- Mar 2017	FULL YEAR 2016	Δ
Net sales	778	715	8.8%	2,739	2,676	2.4%
Gross profit	153	136	17	548	531	17
Earnings before depreciation (EBITDA)	83	72	11	282	271	11
Operating earnings (EBIT)	63	55	8	208	200	8
Operating margin, %	8.1	7.7	0.4	7.6	7.5	0.1
Earnings after tax	51	40	11	157	146	11
Order bookings	720	699	3.0%	2,738	2,717	0.8%
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

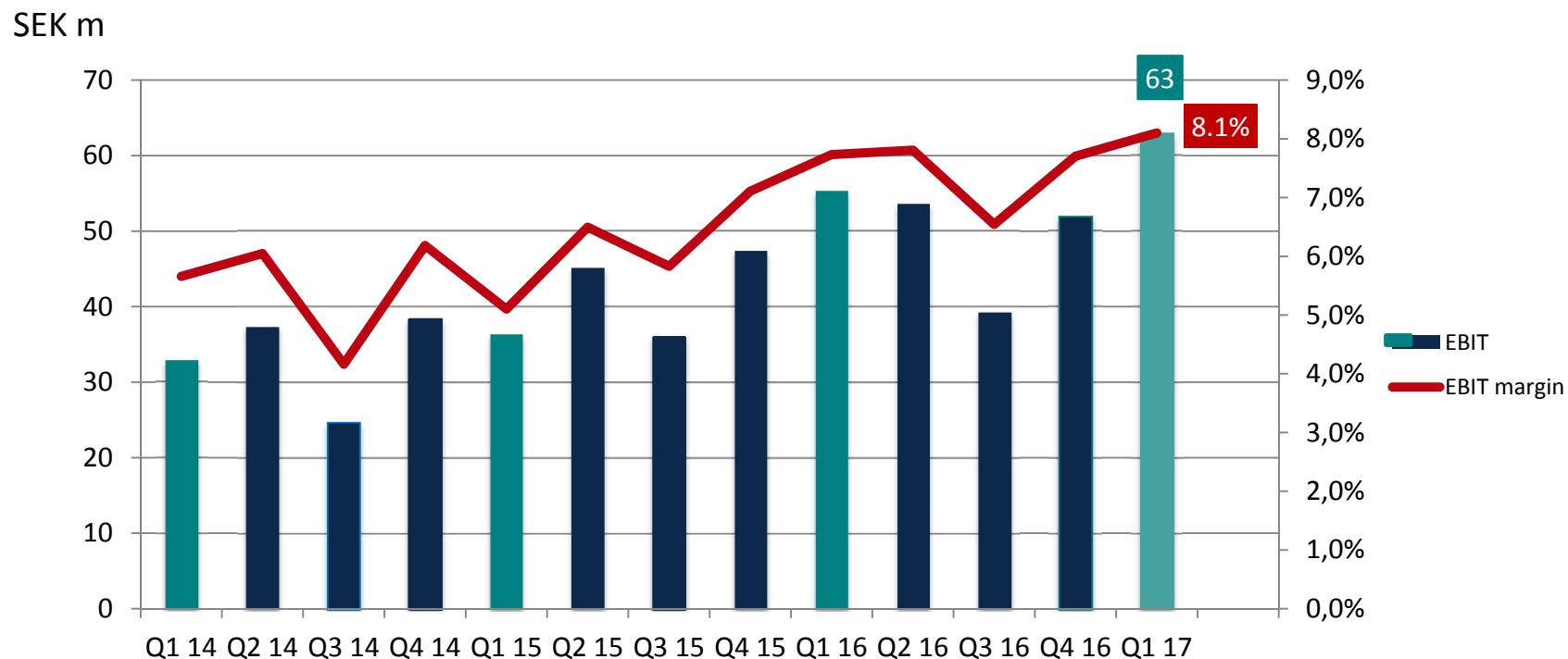
SEK m



- Sales up 8.8% in Q1 vs last year and 6.9% currency adjusted
- Order intake up 3.0% in Q1 vs last year



IMPROVED EBIT TREND CONTINUED IN Q1



- Improved EBIT of SEK 63m (55), EBIT margin of 8.1% (7.7)
 - Increased volumes
 - Good loading
 - Efficient and smooth production
- The raw material price increases did not have as big impact as anticipated, balanced due to higher volumes
- The number of production days has been relatively favorable during the quarter.



CASH FLOW, BALANCE SHEET AND NET CASH

CASH FLOW STATEMENT, MSEK	Q1		FULL YEAR
	2017	2016	2016
Cash flow from operating activities before changes in working capital	79	67	247
Cash flow from operating activities	-2	78	351
Cash flow from investing activities	26	-16	-82
Cash flow for the period	14	54	67
Cash and cash equivalents at end of period	122	94	109

BALANCE SHEET, MSEK	2017-03-31	2016-03-31	2016-12-31
ASSETS			
Total assets	2,037	1,970	1,969
EQUITY AND LIABILITIES			
Equity	1,420	1,283	1,357
Liability	617	687	612
Total equity and liabilities	2,037	1,970	1,969

MSEK	2017-03-31	2016-03-31	2016-12-31
Net cash (+)/net debt (-)	54	-114	30
Adjusted net cash (+)/net debt (-)	91	-76	68



KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS

THE GROUP, 12 MONTHS	12 M ROLLING		Full Year
	Apr 2016- Mar 2017	Apr 2015- Mar 2016	2016
RETURN INDICATORS			
Return on capital employed, %	14.4	12.3	13.9
Return on capital employed excluding goodwill, %	16.7	13.6	16.2
Return on equity %	11.9	10.0	11.5
Return on equity, adjusted %	11.9	9.5	11.5
CAPITAL STRUCTURE			
Capital turnover, times	1.8	1.8	1.8
Net cash (+) Net debt (-) / EBITDA	0.2	-0.5	0.1
THE GROUP			
	2017-03-31	2016-03-31	2016-12-31
CAPITAL STRUCTURE			
Net cash/equity ratio, times	0.0	-0.1	0.0
Equity/assets ratio, %	69.7	65.2	68.9



FINANCIAL GUIDELINES

THE GROUP	12 M ROLLING Q1	FULL YEAR 2016	GUIDELINES
Average net working capital as % of sales	19.6	18.8	20
CAPEX as % of sales	2.7	3.1	2-3
Depreciation as % of sales	2.7	2.7	2-3
Tax rate	24.5	24.9	24-28

- NWC lower than guidelines
- Capex in line with our guidelines
 - investments in new plating lines in Germany and Poland in 2017
- Tax rate in line with our guidelines

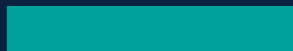


FINANCIAL TARGETS

	<div>Growth</div> <div>Profitable organic growth more strongly than the industry average</div>	<div>Margin</div> <div>Operating margin of at least 7%</div>	<div>ROCE</div> <div>At least 15%</div>	<div>EPS</div> <div>EPS development</div>	<div>Dividend</div> <div>At least one third of net earnings after tax</div>
Q1	8.8%	8.1%	Na	2.59 SEK	4.50 SEK*
R12	1.6%	7.6%	14.4% 16.7% excl. goodwill	7.83 SEK	(3.50 + 1.00 SEK* /share) 62% for 2016
	✓	✓	✓		✓

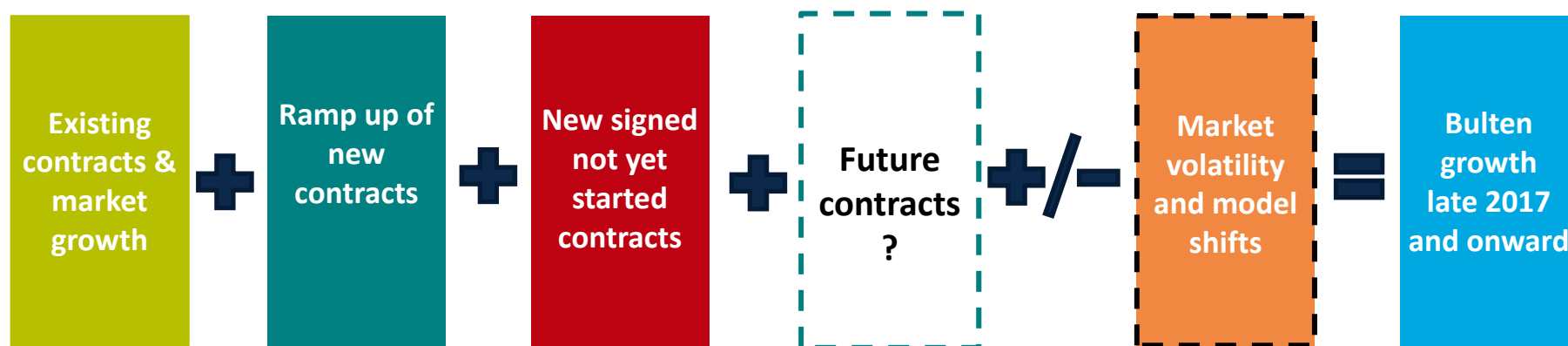
* The Board's proposal to the AGM 2017

4. GOING FORWARD





PREDICTED STRONGER BULTEN GROWTH VS THE MARKET



- Market growth according to LMC Automotive 1.9% 2017. Market share gains through existing contracts
- New contracts under ramp up for Bulten:
 - LV 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:
 - LV contract. EUR 20 million/year. Starts late 2017 full pace 2019
 - China LV contract. SEK 60 million in total. Contract period 2017-2018
 - Russia LV contract. EUR 700 thousand/year. Starts 2017 full pace 2018
- Future contracts; ongoing customer discussions



GOING FORWARD

- Continued long-term organic growth potential
 - Capture future growth, based on already won contracts and ongoing discussions
 - Opportunities in emerging markets
 - Interesting possibilities in the US market through new establishment
- Preparing for future growth through investments and continued streamlining
- Development of fasteners technology for EV is ongoing
- Becoming the most cost-effective FSP supplier in the industry
- Strong financial position
 - Increased and extra dividend

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

