



## **THREE MONTHS REPORT, JAN-MAR 2018**

TELEPHONE/AUDIO CONFERENCE 26 APRIL 2018, AT 15.30 CET

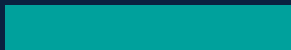
TOMMY ANDERSSON, PRESIDENT AND CEO | HELENA WENNERSTRÖM, EVP AND CFO

DIRECT LINK AUDIOCAST: [HTTPS://TV.STREAMFABRIKEN.COM/BULTEN-Q1-2018](https://tv.streamfabriken.com/bulten-q1-2018)

TELECONFERENCE: SE: + 468505056453, UK: +442030089809, US: +18558315946

# AGENDA

1. Bulten in brief
2. Market development
3. First quarter 2018
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.

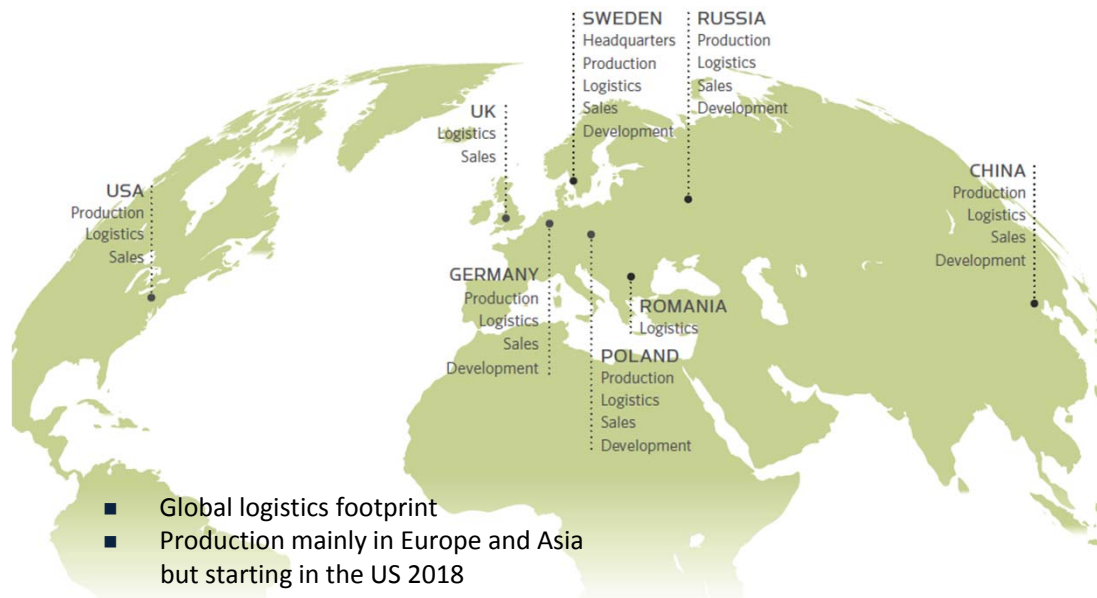
## FINANCIAL TARGETS

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

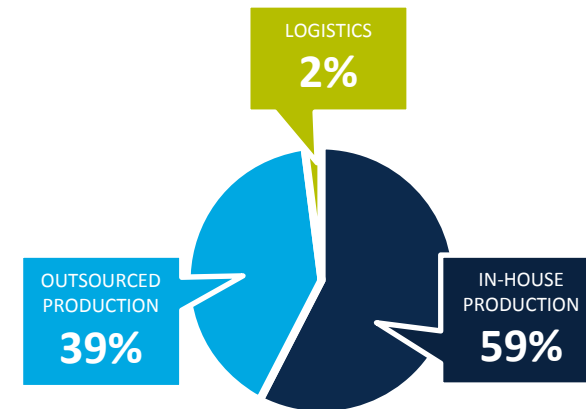


# BULTEN HAS A LEAN AND WELL POSITIONED LOGISTICS AND MANUFACTURING FOOTPRINT AND FLEXIBLE SUPPLY CHAIN

LEAN AND WELL POSITIONED LOGISTICS AND MANUFACTURING FACILITIES



IN-HOUSE VS. TRADING (SALES VALUE)

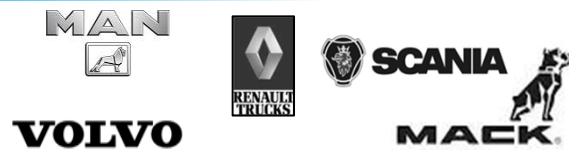


- Bulten produces most products in-house and has also production outsourced to optimize efficiency and flexibility.



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

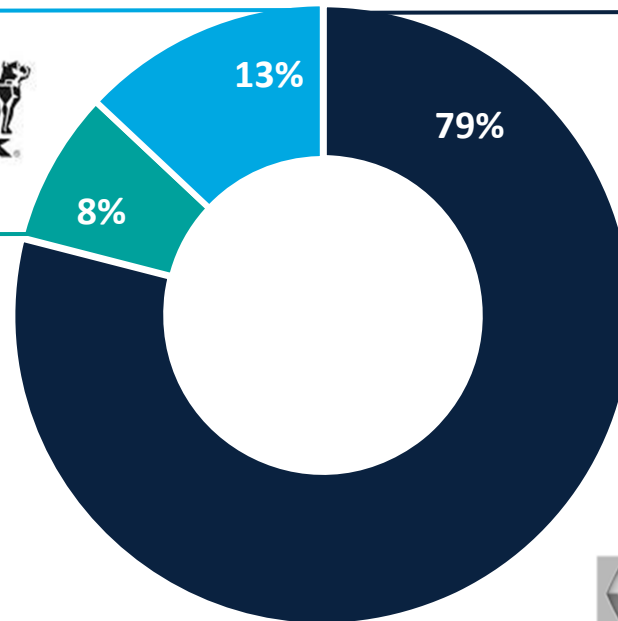
## HEAVY VEHICLES



## TIERS



## LIGHT VEHICLES



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

## 2 MARKET DEVELOPMENT

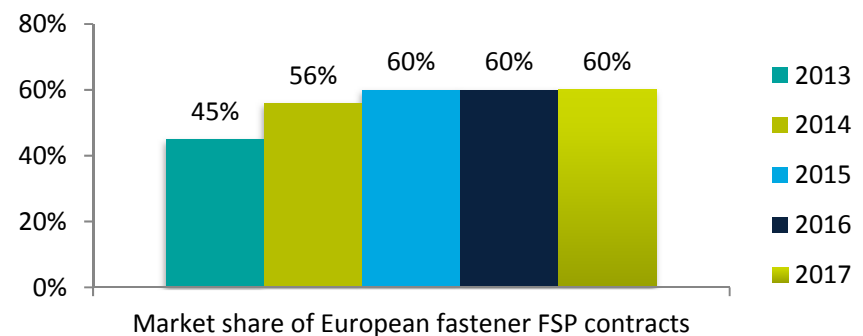
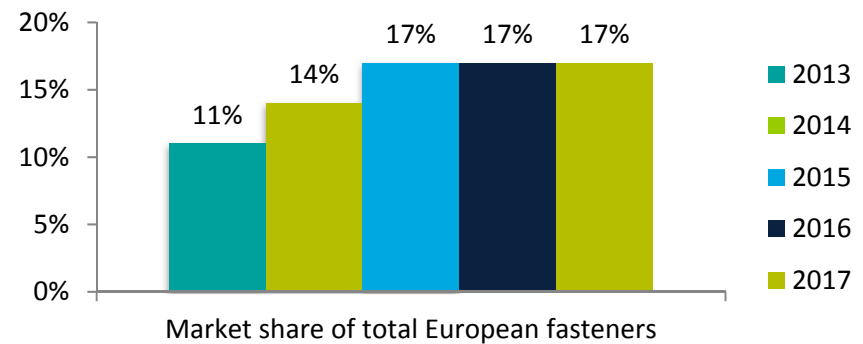


# BULTEN MARKET SHARE DEVELOPMENT



- Management estimates\*:
  - Market share 17% of the European market of fasteners for the automotive industry 2017, 1 pp above 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 (annually value of 64 MEUR at full volume 2020) will support Bulten growth even further in the years to come

BULTEN MARKET SHARE DEVELOPMENT



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



## MARKET DEVELOPMENT

- LMC Automotive reports for automotive production in Europe, 2018:
  - Production of LV in 2018 up by 1.8% compared to 2017
  - Production of HCV (>15 t) in 2018 up by 4.6% compared to 2017
  - For Bulten's mix, up 2.2%
    - LV stands for ~87% of sales
    - HCV stands ~13% of sales
  
- ACEA reports for LV sales in Europe for the first three months, 2018
  - European LV sales for the three months, 2018 up 0.7% compared to 2017
  
- Bulten judges that higher taxes for diesel cars and not enough capacity for hybrids and electric cars will probably reduce car sales somewhat in Europe short term

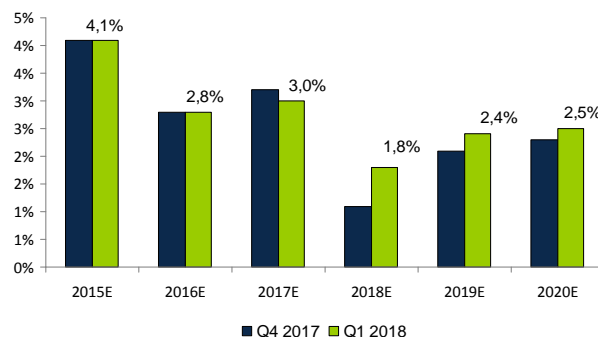
*Source: LMC Automotive Q1, 2018. ACEA three months, 2018*





# LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE

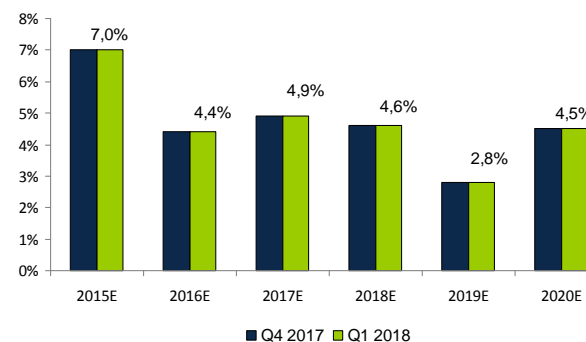
PRODUCTION GROWTH RATE (YEAR ON YEAR)  
LIGHT VEHICLES EUROPE



- LMC Automotive (Q1 2018 report) has increased its forecast level on LV production 2018 compared to the Q4 2017 report. LMCA now forecast an increase of 1.8% compared to 2017.

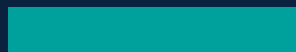
Source: LMC Automotive Q4 2017 & Q1 2018

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



- LMC Automotive (Q1 2018 report) has not changed its forecast of HCV production 2018 compared to the Q4 2017 report. LMCA forecast an increase of 4.6% compared to 2017.

# 3 FIRST QUARTER 2018



## OPERATIONAL HIGHLIGHTS FOR THE QUARTER



- Sales increased by 9.6%
- Order intake increased 8.2%
- EBIT margin 7.8% (8.1)
  - Positive currency effect
  - Higher raw material prices
  - Irregular production pace
- First volumes delivered from new surface treatment unit in Germany
- First pre series volumes delivered from US entity
- Prestigious reward achieved



- *Bulten Polska receives the reward "Employee Friendly Employer 2017" where the employees nominate the winner.*
- *The prize is awarded to employers who are distinguished by complying with legal requirements and collective agreements, health and safety and how to work with the unions at the workplace.*
- *In the picture, Poland's President Andrzej Duda handed over the award to Bulten Polska's Managing Director, Anders Karlsson at the Warsaw ceremony.*

# GROUP SUMMARY



## FIRST QUARTER

- Net sales SEK 853 m (778)
- EBIT margin 7.8% (8.1)
- Earnings after tax SEK 48 m (51)
- EPS 2.43 SEK (2.59), decreased by 6%

## COMMENTS

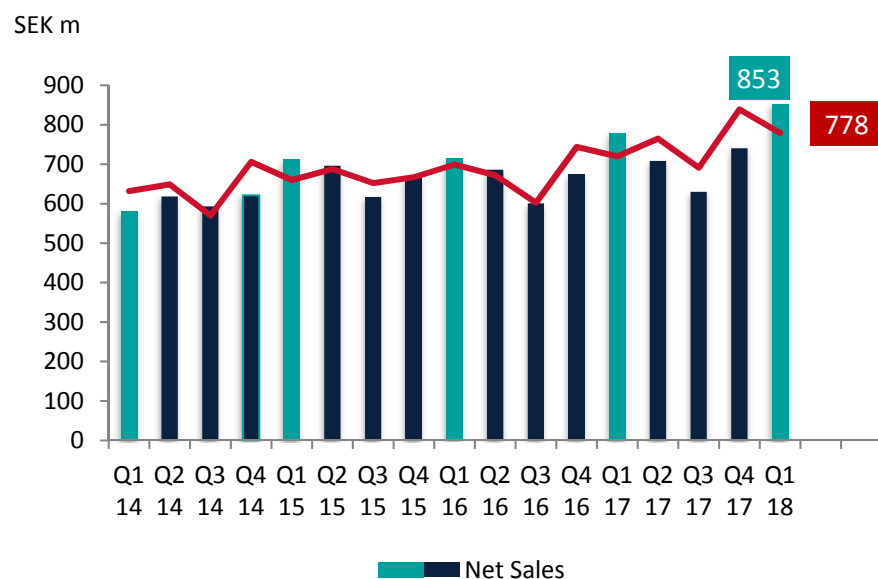
- Sales up with 9.6% and strong order intake, up 8.2%
  - Growth comes from gradually increasing volumes after model change and deliveries to a previously announced significant contract
- EBIT impacted by currency effect and higher raw material prices

FINANCIAL SUMMARY (MSEK)	JAN-MAR			12 ROLLING	FULL YEAR	
	2018	2017	Δ	Apr 2017- Mar 2018	2017	Δ
Net sales	853	778	9.6%	2,931	2,856	2.6%
Gross profit	159	153	6	564	558	6
Earnings before depreciation (EBITDA)	88	83	5	295	290	5
Operating earnings (EBIT)	67	63	4	214	210	4
Operating margin, %	7.8	8.1	-0.3	7.3	7.4	-0.1
Earnings after tax	48	51	-3	156	159	-3
Order bookings	779	720	8.2%	3,074	3,015	2.0%
Return on capital employed, %	--	--	--	13.7	14.4	-0.7
Return on capital employed excluding goodwill, %	--	--	--	15.8	16.7	-0.9

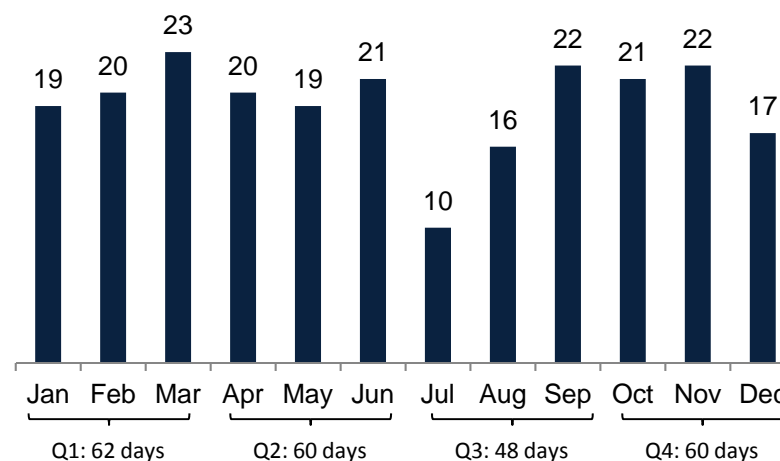


# CONTINUED INCREASE IN SALES AND ORDER INTAKE

### QUARTERLY VOLUMES



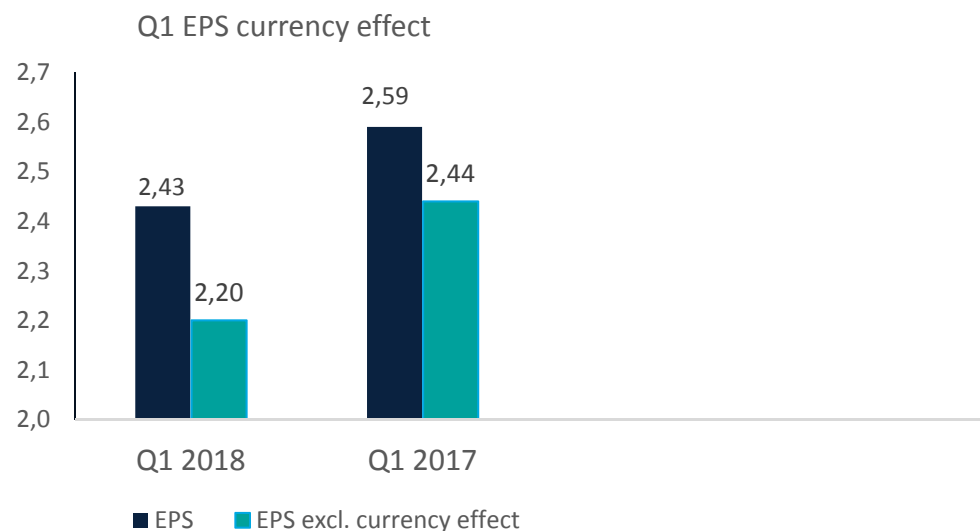
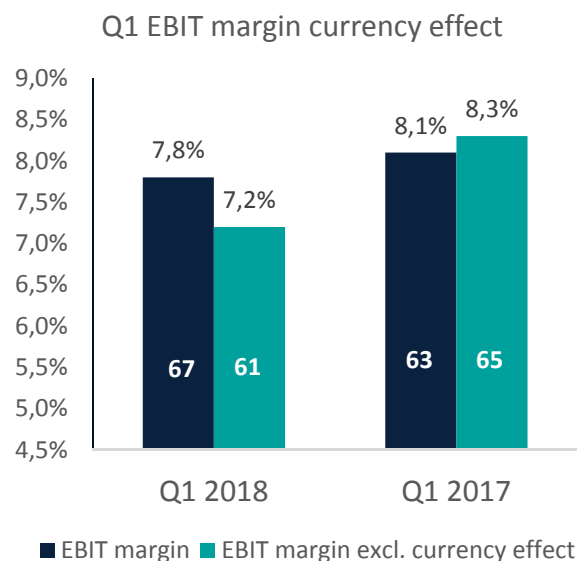
### AVG. NUMBER OF PRODUCTION DAYS PER MONTH



- Sales up 9.6% in Q1 vs last year and 5.6% currency adjusted
- Order intake up 8.2% in Q1 vs last year
  - New contract ramp-up continue to accelerate



## COMPARABLE EARNINGS EXCLUDING CURRENCY EFFECTS



- Q1 EBIT margin 7.8% (8.1), adj. for currency effect 7.2% (8.3)
  - Q1 EBIT negatively affected by higher raw material prices and irregular production pace partly balanced with positive currency effects



## CASH FLOW, BALANCE SHEET AND NET DEBT

CASH FLOW STATEMENT, MSEK	Q1		FULL YEAR
	2018	2017	2017
Cash flow from operating activities before changes in working capital	76	79	259
Cash flow from operating activities	26	-2	58
Cash flow from investing activities	-39	26	-55
Cash flow from financing activities	6	-10	-67
Cash flow for the period	-7	14	-64
Cash and cash equivalents at end of period	44	122	48
<b>BALANCE SHEET, MSEK</b>	<b>2018-03-31</b>	<b>2018-03-31</b>	<b>2017-12-31</b>
<b>ASSETS</b>			
Total assets	2,305	2,037	2,178
<b>EQUITY AND LIABILITIES</b>			
Equity	1,533	1,420	1,454
Liability	772	617	724
Total equity and liabilities	2,305	2,037	2,178
<b>MSEK</b>	<b>2018-03-31</b>	<b>2017-03-31</b>	<b>2017-12-31</b>
Net cash (+)/net debt (-)	-60	54	-49
Adjusted net cash (+)/net debt (-)	-22	91	-12

# KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS



THE GROUP, 12 MONTHS	12 M ROLLING		FULL YEAR
	Apr 2017- Mar 2018	Apr 2017- Mar 2018	2017
<b>RETURN INDICATORS</b>			
Return on capital employed, %	13.7	14.4	14.4
Return on capital employed excluding goodwill, %	15.8	16.7	16.7
Return on equity %	10.9	11.9	11.7
<b>CAPITAL STRUCTURE</b>			
Capital turnover, times	1.9	1.8	1.9
Net cash (+) Net debt (-) / EBITDA	-0.2	0.2	-0.2
<b>THE GROUP</b>	<b>2018-03-31</b>	<b>2017-03-31</b>	<b>2017-12-31</b>
<b>CAPITAL STRUCTURE</b>			
Net debt/equity ratio, times	-0.0	0.0	0.0
Equity/assets ratio, %	66.5	69.7	66.8





## FINANCIAL GUIDELINES

THE GROUP	12 M ROLLING Q1	FULL YEAR 2017	GUIDELINES
Average net working capital as % of sales	21.5	19.6	20
CAPEX as % of sales	5.3	4.3	2-3
Depreciation as % of sales	2.8	2.8	2-3
Tax rate	26.1	24.8	24-28

- Average NWC higher than our guidelines due to high volumes in Q1 2018.
- Capex higher than our guidelines
  - investments in new plating lines in Germany and Poland
  - Investments in an additional plant in Poland
  - Investment in a new heat treatment line in Hallstahammar
- Tax rate and depreciations in line with our guidelines

# CURRENCY FLUCTUATIONS AND RAW MATERIAL INCREASES AFFECTED THE TARGETS



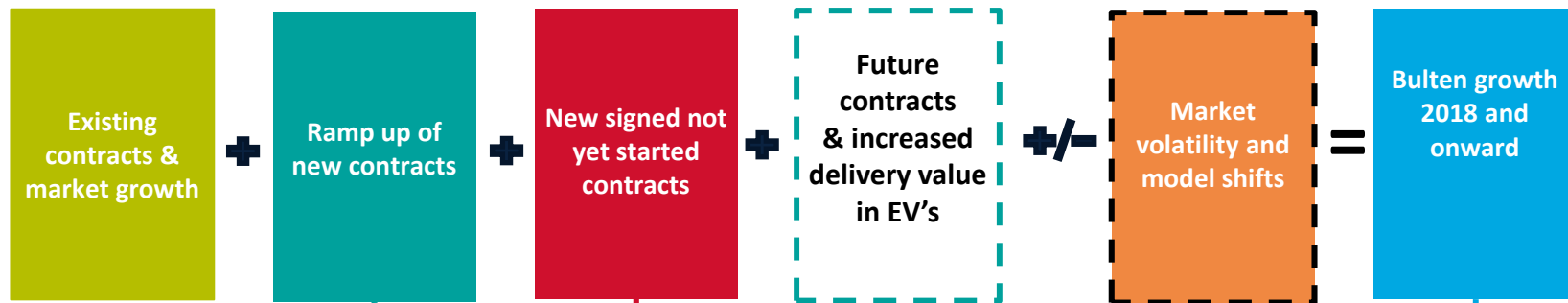
	<b>Growth</b> Profitable organic growth more strongly than the industry average	<b>Margin</b> Operating margin of at least 7%	<b>ROCE</b> At least 15%	<b>EPS</b> EPS development	<b>Dividend</b> At least one third of net earnings after tax
Q1	9.6%	7.8%	Na	2.43 SEK	3.75 SEK
R12	7.0%	7.3%	13.7% 15,8% excl. goodwill	7.82 SEK	per share 47% for 2017
R12 target status	✓	✓	~	→	↗

# 4 GOING FORWARD





# PREDICTED STRONGER BULTEN GROWTH VS THE MARKET





## GOING FORWARD

- Q1 confirmed a new growth phase
- Continued long-term organic growth potential
- Strong financial position and well prepared to meet increased demand and investment rate
- Becoming the most cost-effective FSP supplier in the industry
- Good potential to achieve new contracts

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



# **BULTEN - A STRONGER SOLUTION**

