



SIX MONTHS REPORT, JAN-JUN 2018

TELEPHONE/AUDIO CONFERENCE 11 JULY 2018, AT 11.00 CET

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

DIRECT LINK AUDIOCAST: [HTTPS://TV.STREAMFABRIKEN.COM/BULTEN-Q2-2018](https://tv.streamfabriken.com/BULTEN-Q2-2018)

TELECONFERENCE: SE: + 46856642669, UK: +442030089807, US: +18558315944

AGENDA

1. Bulten in brief
2. Market development
3. Second 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.

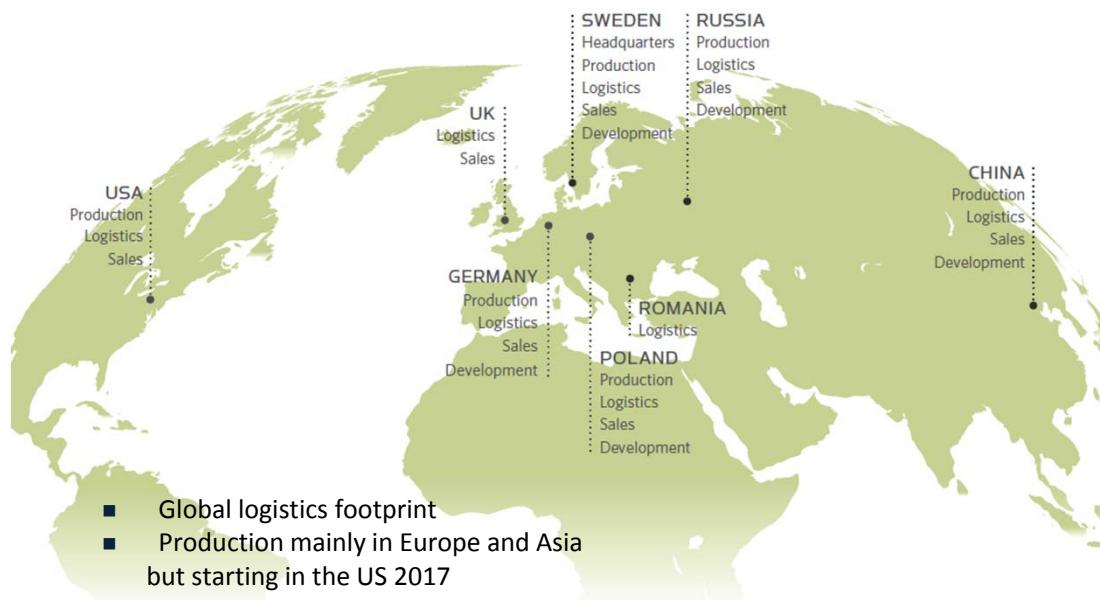
FINANCIAL TARGETS

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

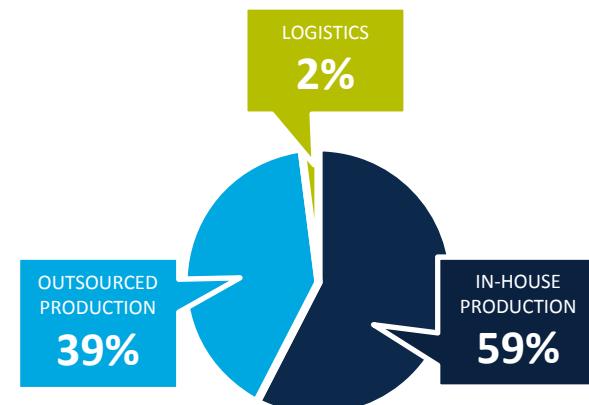
BULTEN HAS A LEAN AND WELL POSITIONED LOGISTICS AND MANUFACTURING FOOTPRINT AND FLEXIBLE SUPPLY CHAIN



LEAN AND WELL POSITIONED LOGISTICS AND MANUFACTURING FACILITIES

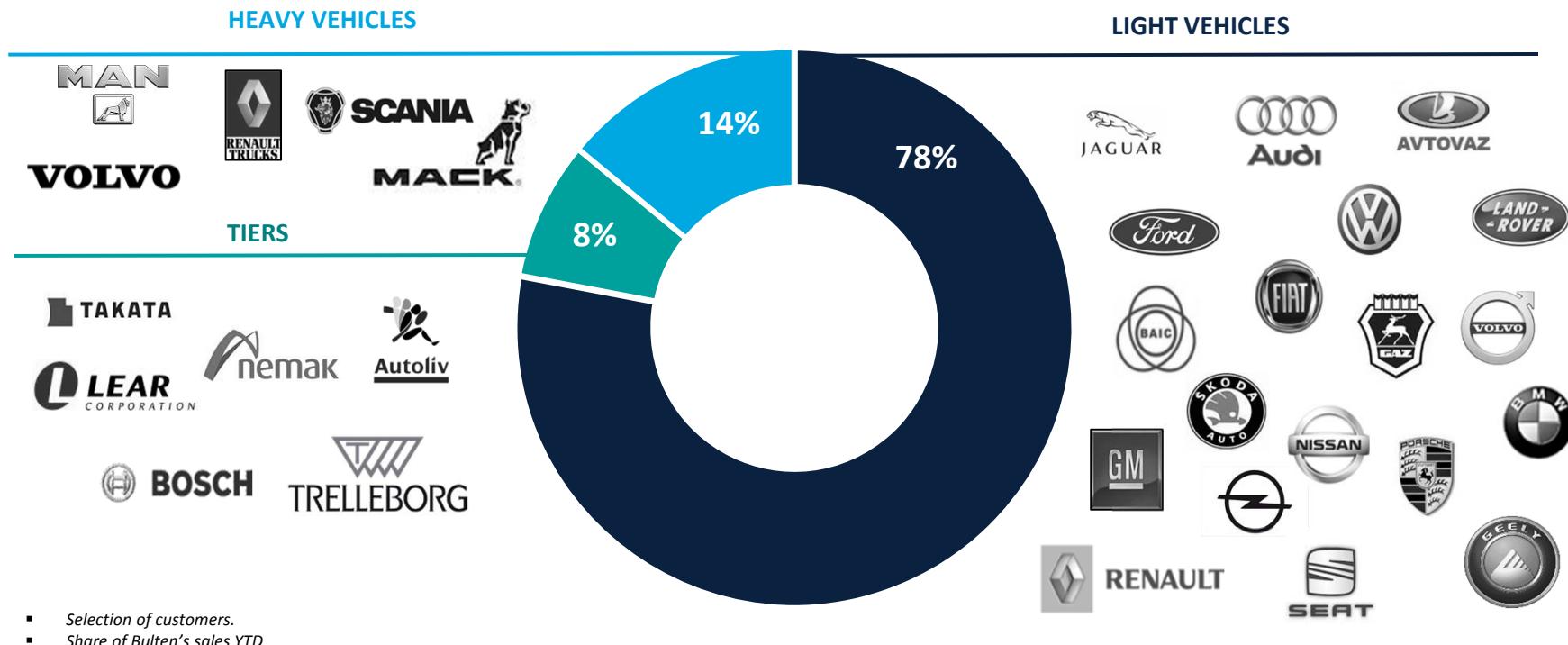


IN-HOUSE VS. TRADING (SALES VALUE)



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

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



2

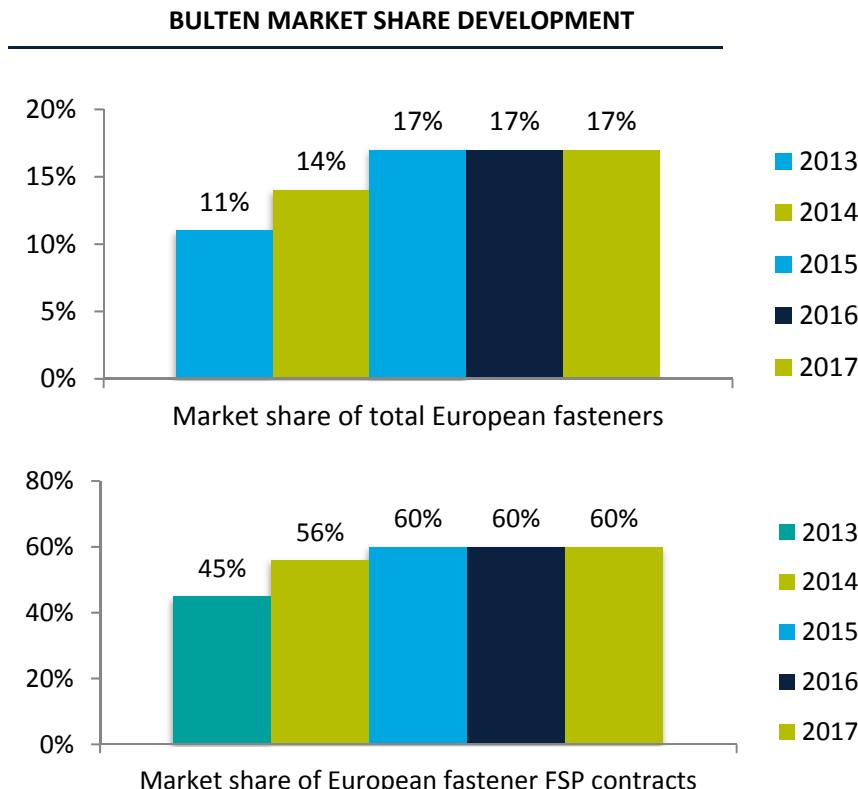
MARKET DEVELOPMENT



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



* 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 1.9% compared to 2017
 - Production of HCV (>15 t) in 2018 up by 1.9% compared to 2017
 - For Bulten's mix, up 1.9%
 - LV stands for ~86% of sales
 - HCV stands ~14% of sales
- ACEA reports for LV sales in Europe for the first five months, 2018
 - European LV sales for the first five months, 2018 up 2.4% compared to 2017

Source: LMC Automotive Q2, 2018. ACEA five months, 2018

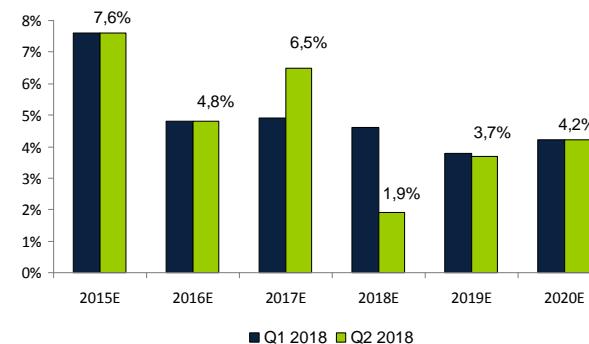
LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE



PRODUCTION GROWTH RATE (YEAR ON YEAR)
LIGHT VEHICLES EUROPE



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



- LMC Automotive (Q2 2018 report) has increased its forecast level on LV production 2018 compared to the Q1 2018 report. LMCA now forecast an increase of 1.9% compared to 2017.
- LMC Automotive (Q2 2018 report) has increased its forecast of HCV production 2018 compared to the Q1 2018 report. LMCA forecast an increase of 1.9% compared to 2017. Main difference from Q1 reporting is an updated estimated production volume in 2017 by 16 000 vehicles.

Source: LMC Automotive Q1 2018 & Q2 2018

3

SECOND QUARTER 2018



OPERATIONAL HIGHLIGHTS FOR THE QUARTER



- Sales increased by 14.5%
- Order intake increased 11.7%
- EBIT margin 7.1% (7.9)
 - Higher raw material prices
 - Uneven production
 - Positive currency effects
 - Corresponding quarter last year positively affected by an impairment receivable
- New enlarged financing agreement
- Prestigious reward achieved



During the quarter, Bulten received the prestigious Global Supplier Excellence Award from Jaguar Land Rover which recognises extraordinary contribution and performance to the company.



GROUP SUMMARY

SECOND QUARTER

- Net sales SEK 810 m (708)
- EBIT margin 7.1% (7.9)
- Earnings after tax SEK 40 m (39)
- EPS 1.99 SEK (2.01)

COMMENTS

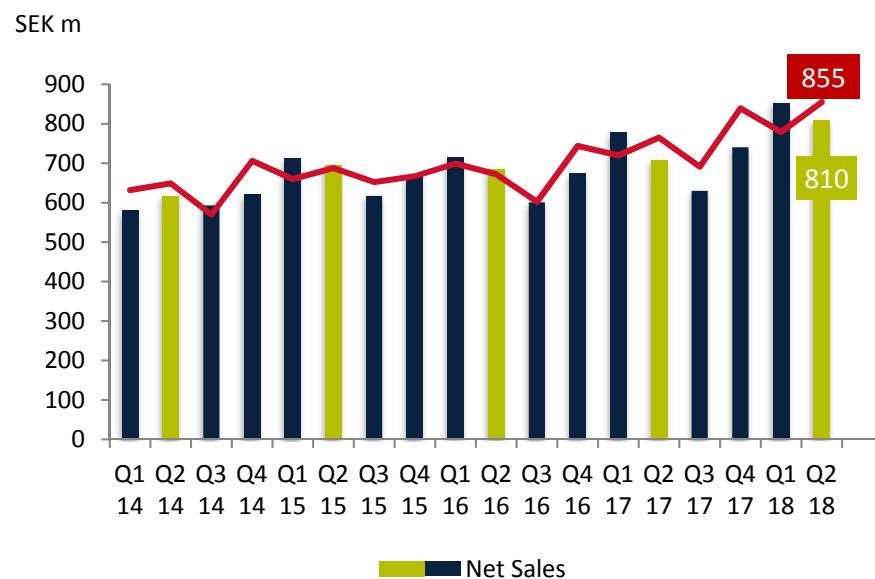
- Sales up with 14.5% and strong order intake, up 11.7%
 - On a rolling 12-month basis, Bulten sales is now at SEK 3 033 million
- EBIT impacted by uneven production and higher raw material prices
- EPS impacted negatively vs EBIT by currency effects

FINANCIAL SUMMARY (MSEK)	Q2		Δ	12 ROLLING		FULL YEAR	
	2018	2017		July 2017-June 2018	2017	Δ	
Net sales	810	708	14.5%	3 033	2,856	6,2%	
Gross profit	156	141	15	579	558	21	
Earnings before depreciation (EBITDA)	80	76	4	299	290	9	
Operating earnings (EBIT)	57	57	-	214	210	4	
Operating margin, %	7.1	7.9	-0.8	7.1	7.4	-0,3	
Earnings after tax	40	39	1	157	159	-2	
Order bookings	855	765	11.7%	3 164	3,015	4.9%	
Return on capital employed, %	--	--	--	14.1	14.4	-0.3	
Return on capital employed excluding goodwill, %	--	--	--	16.2	16.7	-0.5	

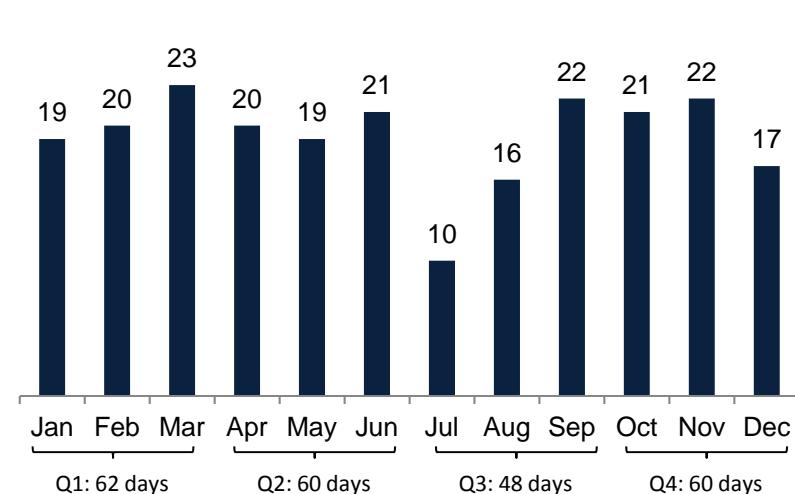


CONTINUED INCREASE IN SALES AND ORDER INTAKE

QUARTERLY VOLUMES



AVG. NUMBER OF PRODUCTION DAYS PER MONTH

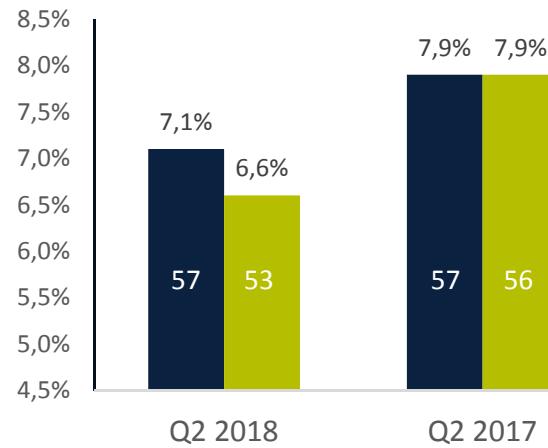


- Sales up 14.5% in Q2 vs last year and 8.7% currency adjusted
- Order intake up 11.7% in Q2 vs last year
 - New contract ramp-up continue to accelerate and strong overall demand from our customers

COMPARABLE EARNINGS AFFECTED BY CURRENCY MOVEMENTS



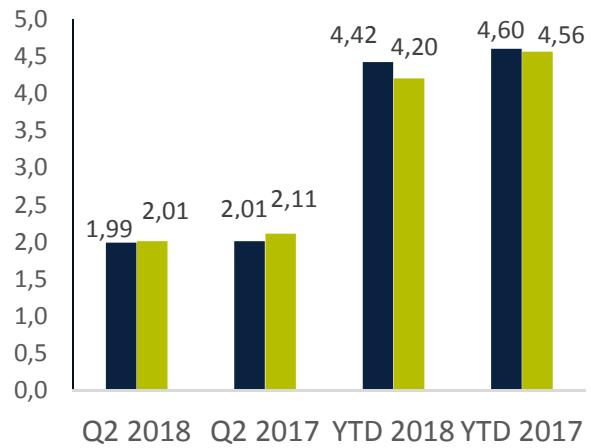
Q2 EBIT margin currency effect



YTD EBIT margin currency effect



Q2 and YTD EPS currency effect



■ EBIT margin ■ EBIT margin excl. currency effect

■ EBIT margin ■ EBIT margin excl. currency effect

■ EPS ■ EPS excl. currency effect

■ Q2 EBIT margin 7.1% (7.9), adj. for currency effect 6.6% (7.9)

- Operating result on the same level, however lower margin
 - This year EBIT has been negatively affected by model shifts and higher raw material prices as well as uneven production. The negative effects on the operating earnings has however partly been balanced out by positive currency fluctuations.
 - Previous year was positively affected by impairment receivable by 4 MSEK



CASH FLOW, BALANCE SHEET AND NET CASH

CASH FLOW STATEMENT, MSEK	Q2		JAN-JUNE		FULL YEAR	
	2018	2017	2018	2017	2017	2017
Cash flow from operating activities before changes in working capital	66	70	142	149	259	
Cash flow from operating activities	54	37	80	35	58	
Cash flow from investing activities	-36	2	-75	28	-55	
Cash flow for the period	-17	-43	-24	-29	-64	
Cash and cash equivalents at end of period	27	81	27	81	48	
BALANCE SHEET, MSEK				2018-06-30	2017-06-30	2017-12-31
ASSETS						
Total assets				2,272	1,969	2,178
EQUITY AND LIABILITIES						
Equity				1,498	1,367	1,454
Liability				774	602	724
Total equity and liabilities				2,272	1,969	2,178
MSEK				2018-06-30	2017-06-30	2017-12-31
Net cash (+)/net debt (-)				-118	3	-49
Adjusted net cash (+)/net debt (-)				-80	40	-12

KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS



THE GROUP, 12 MONTHS	12 M ROLLING		FULL YEAR
	July 2017-June 2018	July 2017-June 2018	2017
RETURN INDICATORS			
Return on capital employed, %	14.1	15.0	14.4
Return on capital employed excluding goodwill, %	16.2	17.4	16.7
Return on equity %	11.2	12.4	11.7
CAPITAL STRUCTURE			
Capital turnover, times	2,0	1.9	1.9
Net cash (+) Net debt (-) / EBITDA	-0,4	0.0	-0.2
THE GROUP	2018-06-30	2017-06-30	
CAPITAL STRUCTURE			
Net debt/equity ratio, times	-0,1	0.0	0.0
Equity/assets ratio, %	66.0	69.4	66.8



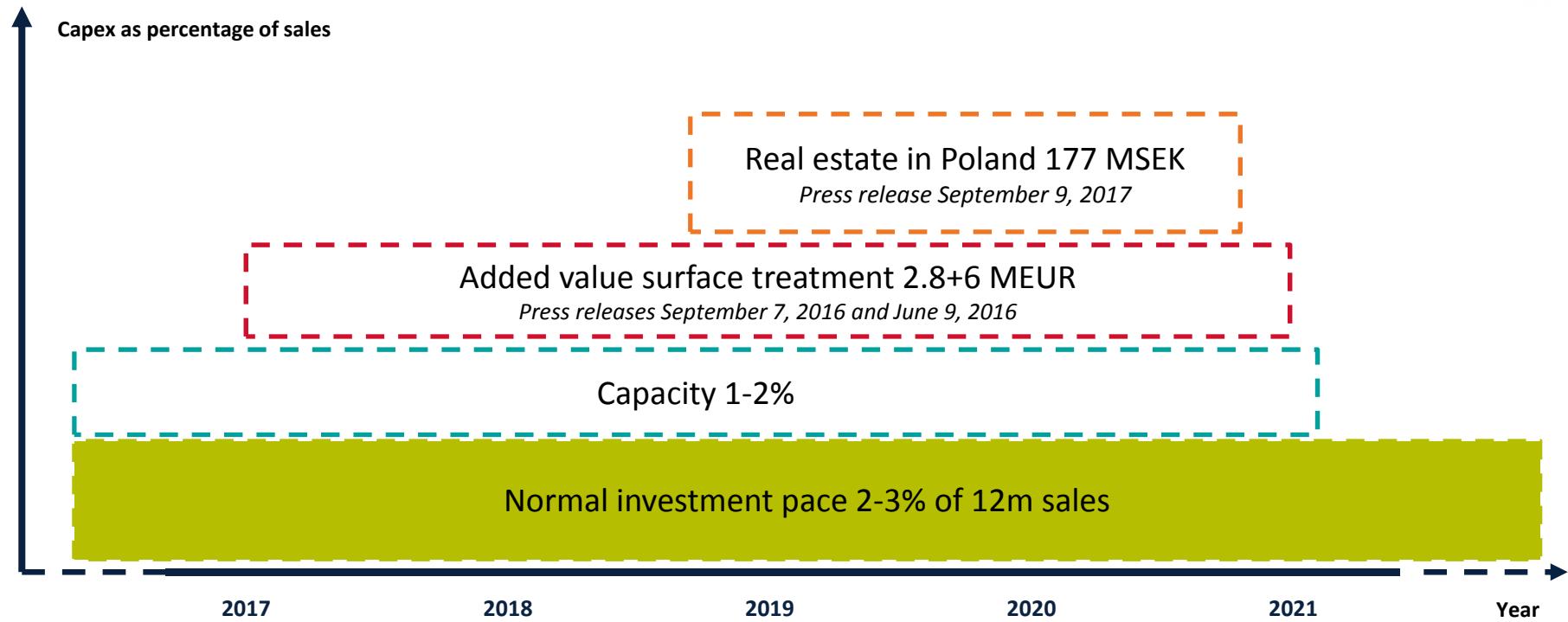
FINANCIAL GUIDELINES

THE GROUP	12 M ROLLING Q2	FULL YEAR 2017	GUIDELINES
Average net working capital as % of 12m sales	21.4	19.6	20
CAPEX as % of 12m sales	5.3	4.3	2-3
Depreciation as % of 12m sales	2.8	2.8	2-3
Tax rate %	25.9	24.8	24-28

- NWC slightly above with our guidelines
 - Slightly increased since year end 2017
- Capex higher than our guidelines
- Tax rate and depreciations in line with our guidelines



INVESTMENTS TO HANDLE GROWTH IN COMING YEARS



NEW ENLARGED FINANCING AGREEMENT TO HANDLE GROWTH



OLD FINANCING AGREEMENT:

Size: SEK 460 m
Time frame: 3+1 years

NEW FINANCING AGREEMENT:

Size: SEK 750 m
Time frame: 4+1+1 years

OLD

NEW

CURRENCY FLUCTUATIONS AND RAW MATERIAL INCREASES AFFECTED THE TARGETS



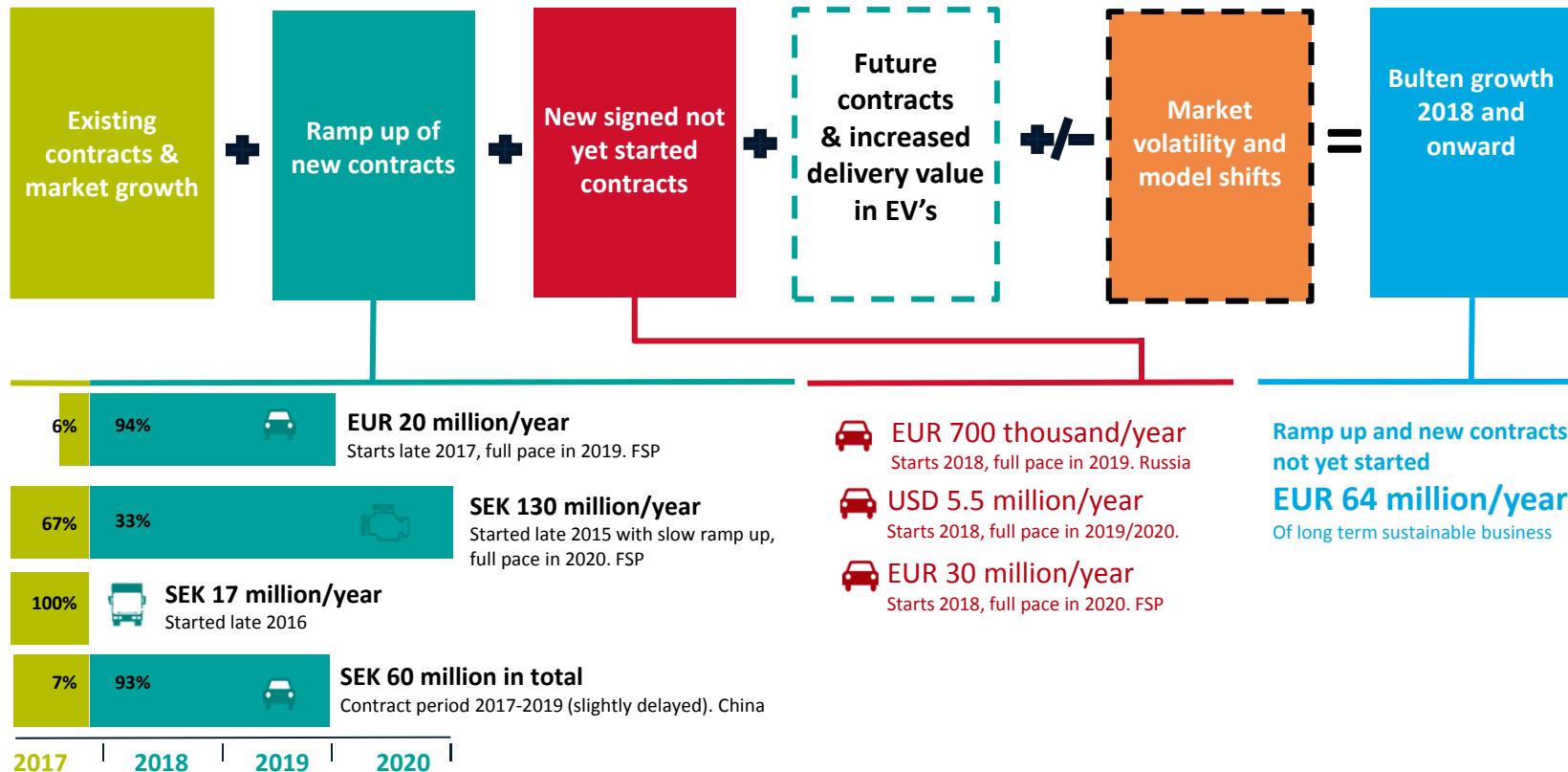
	Growth	Margin	ROCE	EPS	Dividend
	Profitable organic growth more strongly than the industry average	Operating margin of at least 7%	At least 15%	EPS development	At least one third of net earnings after tax
Q2	14.5%	7.1%	Na	1.99 SEK	3.75 SEK
R12	9.9%	7.1%	14.1% 16.2% excl. goodwill	7.80 SEK	per share 47% for 2017
R12 target status	✓	✓	~	➡	↗

4

GOING FORWARD



PREDICTED STRONGER BULTEN GROWTH VS THE MARKET



START OF SHARE BUYBACK PROGRAM OF IN TOTAL SEK 50 M OF OUTSTANDING SHARES



- Acquisition shall take place on Nasdaq Stockholm
- Acquisition may take place on one or more occasions prior to the 2019 Annual General Meeting
- Acquired shares may not exceed 10 per cent of all shares and the amount for the shares acquired may not exceed SEK 50 million
- Acquisition via the Exchange may solely take place at a price per share that is within the registered price interval at any time, or in the event that the Board invites an Exchange member to accumulate a specific number of the Company's shares for its own account during a limited period, at a price per share that is within the registered price interval at any time or corresponding volume-weighted average price
- Payment for bought-back shares shall be made in cash
- The rules of the Exchange shall be observed when acquisition is carried out

GOING FORWARD

- Strong growth phase
- Continued long-term organic growth potential
- Strong financial position and well prepared to meet increased demand and investment rate
 - Long term financial agreement settled
- Becoming the most cost-effective FSP supplier in the industry
- Good potential to achieve new contracts, development for electrification ongoing



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



BULTEN - A STRONGER SOLUTION

