



TWELVE MONTHS REPORT, JAN-DEC 2018

TELEPHONE/AUDIO CONFERENCE 7 FEBRUARY 2018, AT 15.30 CET
TOMMY ANDERSSON, PRESIDENT AND CEO | HELENA WENNERSTRÖM, EVP AND CFO

DIRECT LINK AUDIOCAST: [HTTPS://TV.STREAMFABRIKEN.COM/BULTEN-Q4-2018](https://tv.streamfabriken.com/bulten-q4-2018)
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ANDERS NYSTRÖM – NEW PRESIDENT AND CEO AS OF FEB 8, 2019

- Anders Nyström takes up the position as President and CEO of Bulten February 8, 2019. Tommy Andersson retires
- Mechanical engineer with supplementary education in leadership and economics
- He has extensive international experience from the automotive industry
- Previously held leading positions:
 - Kongsberg Automotive
 - Volvo Cars
 - Ford Motor Company
 - IAC Group



AGENDA

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

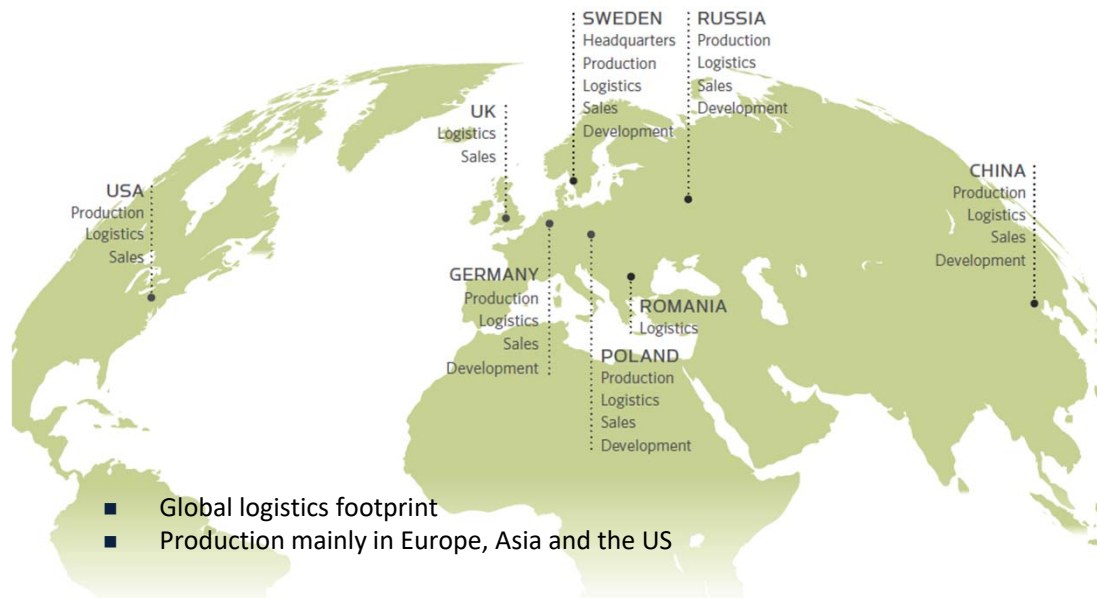
FINANCIAL TARGETS

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

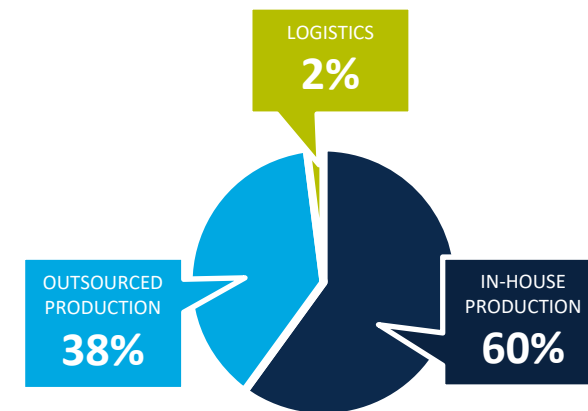


BULTEN HAS A LEAN AND WELL POSITIONED LOGISTICS AND MANUFACTURING FOOTPRINT AND FLEXIBLE SUPPLY CHAIN

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

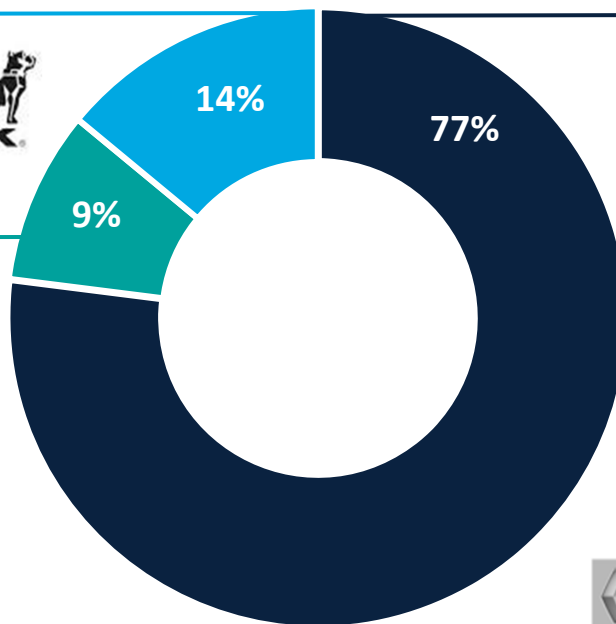
HEAVY VEHICLES



TIERS



LIGHT VEHICLES



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

2 MARKET DEVELOPMENT



INCREASED MARKET VOLATILITY IN CAR SALES



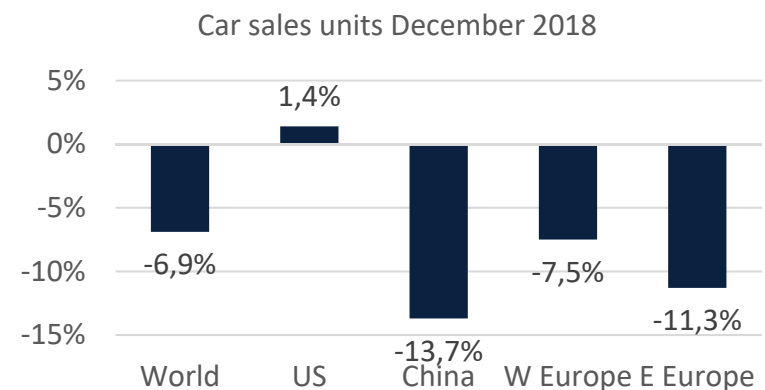
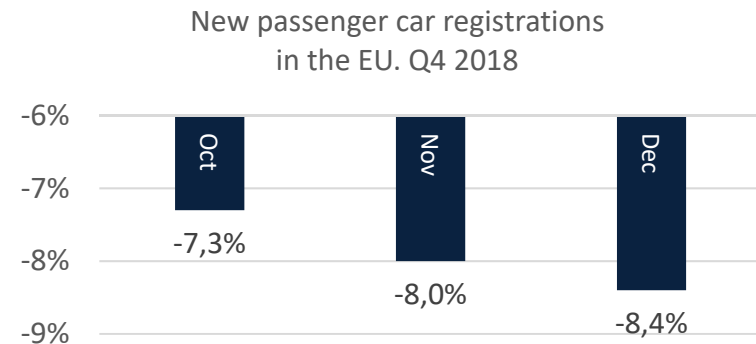
- Market uncertainty has increased in Q4

- Concerns about Brexit
- Distortions in many markets caused by the transition to WLTP emissions testing

- Reports car sales estimates

- ACEA: European December sales -8,4%, FY 2018 +0.1%
- LMC Automotive: December sales down in several global key markets

- Renewed stable raw material prices, but on a high level



Source: LMC Automotive Q4, 2018. ACEA twelve months, 2018

MARKET DEVELOPMENT FOR PRODUCTION 2018



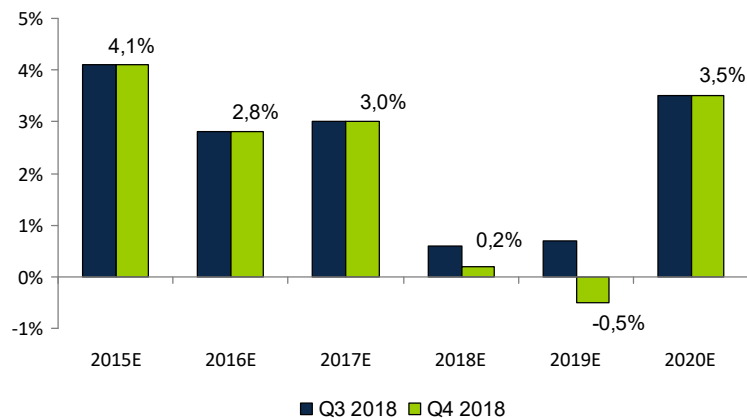
- LMC Automotive reports for automotive production in Europe, Q4 2018:
 - As a result of lower EU car sales also production slowed down
 - In addition, lower exports affects EU production
 - For example, production in UK and Germany down by 17% and 14%
- LMC Automotive reports for automotive production in Europe, FY 2018:
 - Production of LV in 2018 up by 0.2% compared to 2017
 - Production of HCV (>15 t) in 2018 up by 0.7% compared to 2017
 - For Bulten's mix, up 0.3%
 - LV stands for ~86% of sales
 - HCV stands ~14% of sales

Source: LMC Automotive Q4, 2018.

LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE

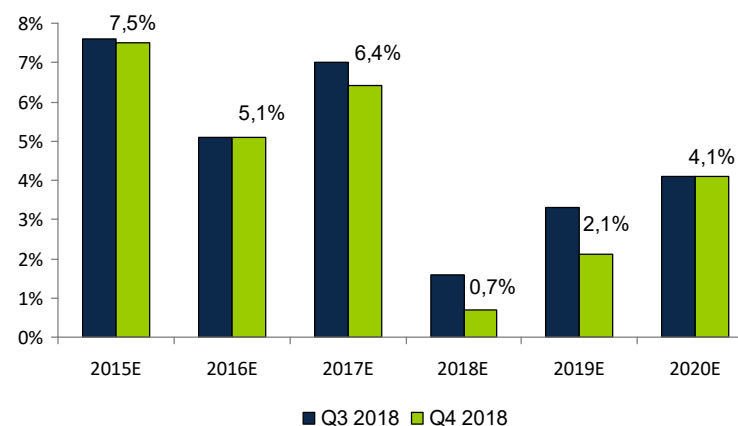


PRODUCTION GROWTH RATE (YEAR ON YEAR)
LIGHT VEHICLES EUROPE



- LMC Automotive (Q4 2018 report) has decreased its forecast level on LV production 2018 compared to the Q3 2018 report. LMCA now forecast an increase of 0.2% compared to 2017.

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



- LMC Automotive (Q4 2018 report) has decreased its forecast of HCV production 2018 compared to the Q3 2018 report. LMCA forecast an increase of 0.7% compared to 2017.

Source: LMC Automotive Q3 2018 & Q4 2018

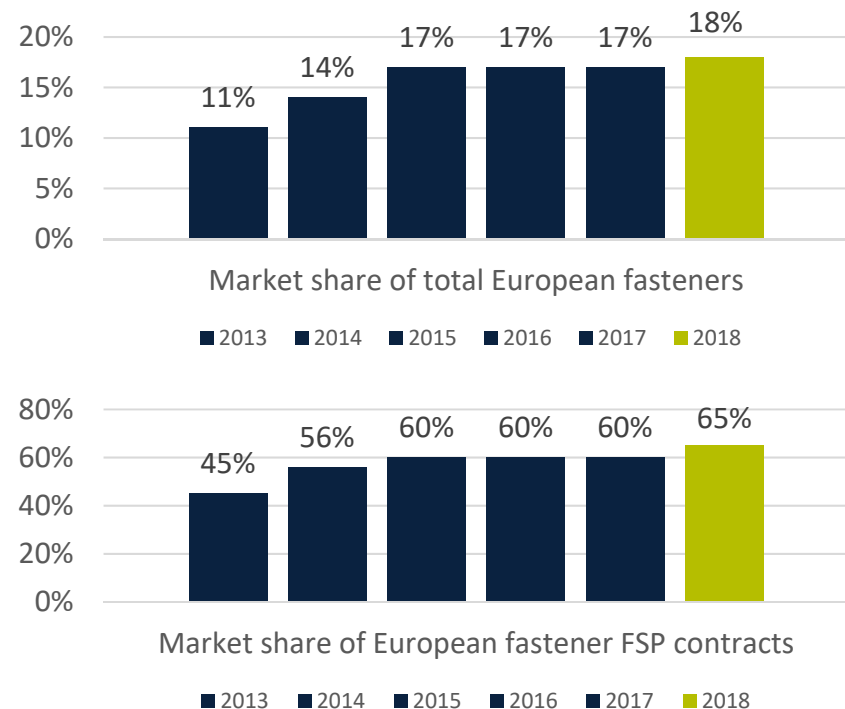
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BULTEN MARKET SHARE DEVELOPMENT



- Management estimates*:
 - Market share approx. 18% of the European market of fasteners for the automotive industry 2018, 1 pp above 2017
 - Market share of FSP contracts for the same market to be approx. 65% 2018, 5 pp above 2017
- Expected growth
 - Growth comes from gradually increasing volumes after model change and deliveries to earlier signed contracts begun
 - Earlier contracts signed (annually value of approx. 65 MEUR at full volume 2021) will support Bulten growth even further in the years to come

BULTEN MARKET SHARE DEVELOPMENT



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

3. FOURTH QUARTER 2018



OPERATIONAL HIGHLIGHTS FOR THE QUARTER



- Sales increased by 1.0%
- Order intake decreased 11.7%
- EBIT margin 6.4% (7.5)
 - High raw material prices
 - Irregular production pace
 - Negative currency effect
- Bulten awarded two electric vehicle FSP contracts,
 - Total value EUR 7 million annually at full pace 2021
- After the quarter, Bulten was awarded new FSP contract with an annual value of appr EUR 13 million at full pace 2021
- Proposed dividend 4.00 SEK/share (3.75)



Bulten awarded two electric vehicle FSP contracts during the quarter.

GROUP SUMMARY

FOURTH QUARTER

- Net sales SEK 747m (740)
- EBIT margin 6.4% (7.5)
- Earnings after tax SEK 30 m (47)
- EPS 1.50 SEK (2.26)

COMMENTS

- Sales up with 1.0% in a decreasing overall market
- Order intake in line with sales in Q4 but down -11.7% compared to exceptionally strong Q4 2017.
- EBIT negatively impacted by irregular production, high raw material prices and currency effects
- The decrease of EPS by 34% mainly relates to our financial net and to translations effects but also tax

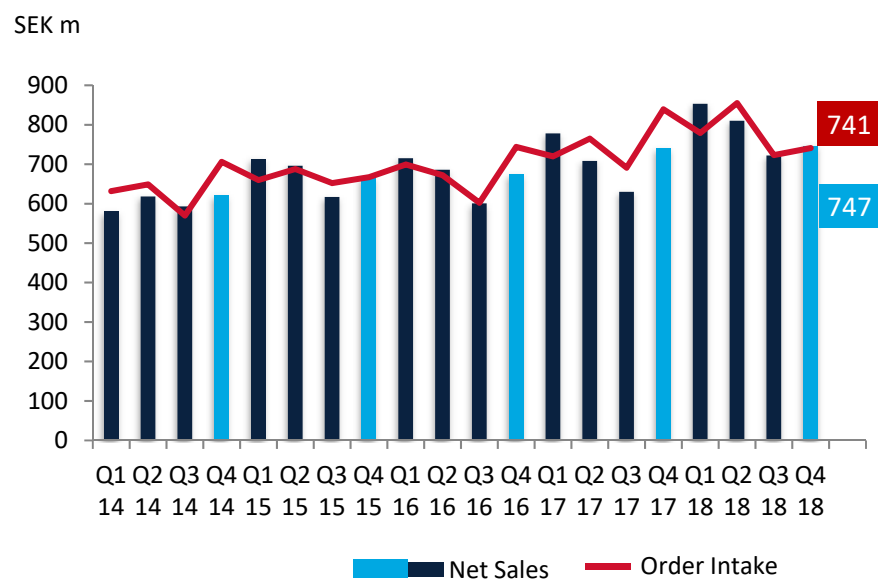
FINANCIAL SUMMARY (MSEK)	Q4			FULL YEAR		FULL YEAR	
	2018	2017	Δ	2018	2017	Δ	
Net sales	747	740	1.0%	3,132	2,856	9.7%	
Gross profit	139	142	-3	586	558	28	
Earnings before depreciation (EBITDA)	71	76	-5	300	290	10	
Operating earnings (EBIT)	48	55	-7	210	210	-	
Operating margin, %	6.4	7.5	-1.1	6.7	7.4	-0.7	
Earnings after tax	30	47	-17	143	159	-16	
Earnings per share before dilution, SEK	1.50	2.26	-0.76	7.19	7.98	-0.79	
Order bookings	741	839	-11.7%	3,098	3,015	2.8%	
Return on capital employed, %	--	--	--	12.8	14.4	-1.6	
Return on capital employed excluding goodwill, %	--	--	--	14.6	16.7	-2.1	



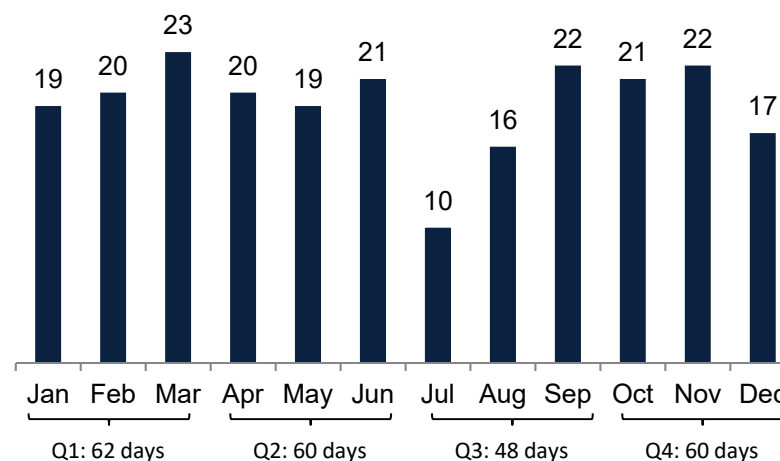


VOLATILE MARKET AFFECTED SALES AND ORDER INTAKE

QUARTERLY VOLUMES



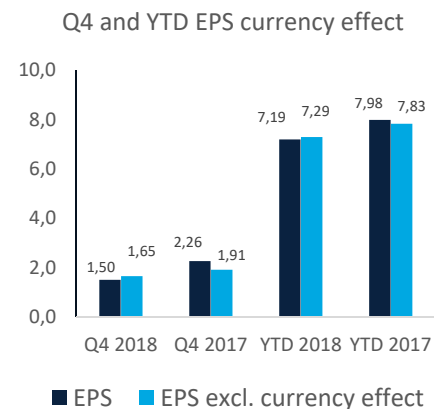
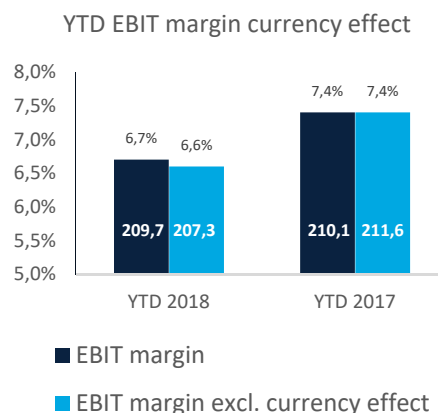
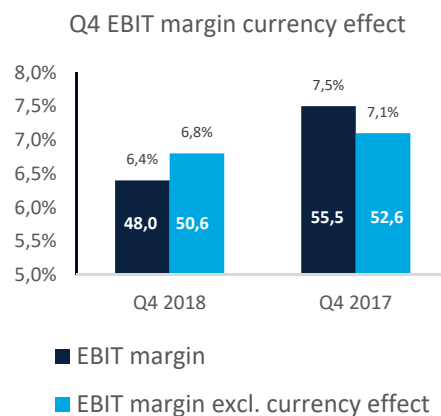
AVG. NUMBER OF PRODUCTION DAYS PER MONTH



- Sales up 1.0% in Q4 vs last year (-3.3% currency adjusted)
- Order intake down 11.7% in Q4 vs last year
 - The decrease is due to market volatility and a strong order intake Q4 2017



COMPARABLE EARNINGS AFFECTED BY CURRENCY MOVEMENTS



- Q4 EBIT margin 6.4% (7.5), adj. for currency effect 6.8% (7.1)
 - Profitability lower compared to previous year, mainly as a consequence of a decrease in volume development in the later part of the quarter
 - EBIT also affected negatively by currency fluctuations and commenced restructuring in China
 - Raw material prices have stabilized, however still on a high level

CASH FLOW, BALANCE SHEET AND NET CASH



CASH FLOW STATEMENT, MSEK	Q4		FULL YEAR	
	2018	2017	2018	2017
Cash flow from operating activities before changes in working capital	58	73	254	259
Cash flow from operating activities including changes in working capital	60	2	125	58
Cash flow from investing activities	-51	-43	-160	-55
Cash flow for the period	-7	-42	-32	-64
Cash and cash equivalents at end of period	18	48	18	48

BALANCE SHEET, MSEK	2018-12-31	2017-12-31
ASSETS		
Total assets	2,338	2,178
EQUITY AND LIABILITIES		
Equity	1,514	1,454
Liability	824	724
Total equity and liabilities	2,338	2,178
MSEK	2018-12-31	2017-12-31
Net cash (+)/net debt (-)	-181	-49
Adjusted net cash (+)/net debt (-)	-145	-12

KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS



THE GROUP, 12 MONTHS	FULL YEAR	
	2018	2017
RETURN INDICATORS		
Return on capital employed, %	12.8	14.4
Return on capital employed excluding goodwill, %	14.6	16.7
Return on equity %	9.9	11.7
CAPITAL STRUCTURE		
Capital turnover, times	1.9	1.9
Net cash (+) Net debt (-) / EBITDA	-0.6	-0.2
THE GROUP	2018-12-31	2017-12-31
CAPITAL STRUCTURE		
Net debt/equity ratio, times	-0.1	-0.0
Equity/assets ratio, %	64.8	66.8

FINANCIAL GUIDELINES

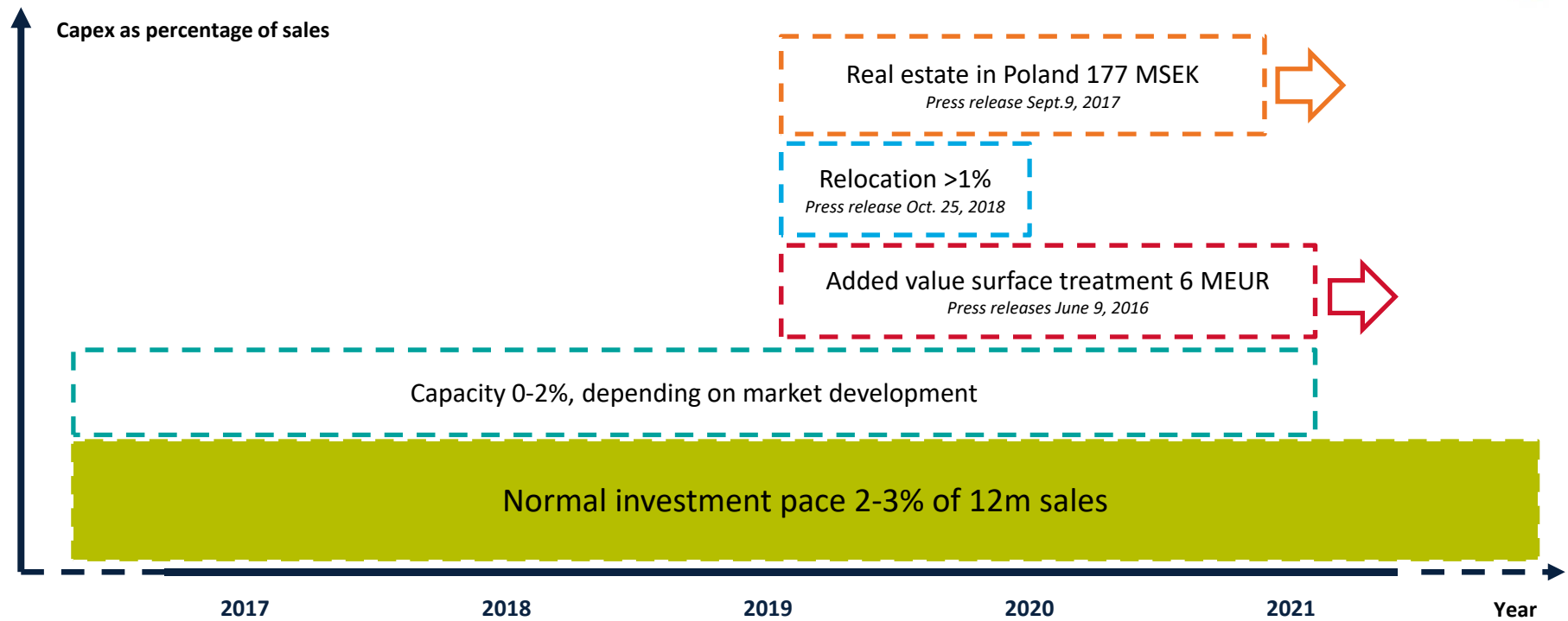


THE GROUP	FULL YEAR 2018	FULL YEAR 2017	GUIDELINES
Average net working capital as % of sales	23.0	19.6	20
CAPEX as % of sales	5.3	4.3	2-3
Depreciation as % of sales	2.9	2.8	2-3
Tax rate	29.1	24.8	24-28

- NWC in line with our guidelines
 - Increased since year end 2017 due to increased volumes
- Capex higher than our guidelines
- Depreciations in line with our guidelines
- Tax rate on a higher level:
 - Revaluation of deferred taxes due to new tax rate in Sweden 22,0%→21,4%→20,6%
 - Tax regulations changes mainly in Poland effecting the average tax rate



INVESTMENTS TO HANDLE GROWTH IN COMING YEARS



CURRENCY FLUCTUATIONS AND RAW MATERIAL INCREASES AFFECTED THE TARGETS

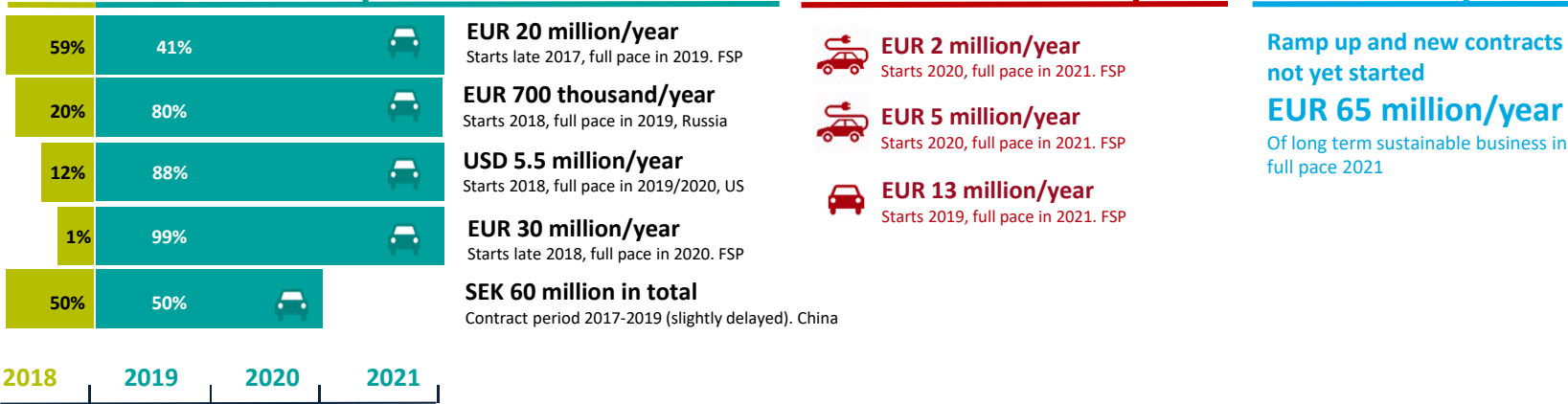
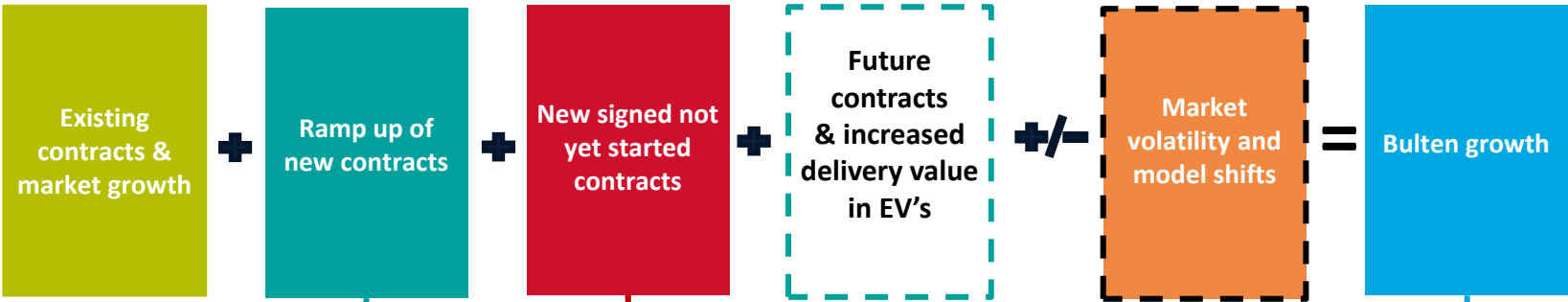


	Growth Profitable organic growth more strongly than the industry average	Margin Operating margin of at least 7%	ROCE At least 15%	EPS EPS development	Dividend At least one third of net earnings after tax
Q4 2018	1.0% 9.7%	6.4% 6.7%	Na 12.8% 14.6% excl. goodwill	1.50 SEK 7.19 SEK	proposed 4.00 SEK per share 55,1 % (adj 54,7%) for 2018 (3.75 SEK /share)
R12 target status	✓	X	X	↘	↗

4 GOING FORWARD



PREDICTED STRONGER BULTEN GROWTH VS THE MARKET





GOING FORWARD

- Uncertainty about market development
- 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
- Long-term position strengthened by increased demand for electric and hybrid cars

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



BULTEN - A STRONGER SOLUTION

