BULTEN

THREE MONTHS REPORT, JAN-MAR 2019

TELEPHONE/AUDIO CONFERENCE 25 APRIL 2019, AT 15:30 CET
ANDERS NYSTRÖM, PRESIDENT AND CEO | HELENA WENNERSTRÖM, EVP AND CFO

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AGENDA

1. Bulten in brief
2. Market development
3. First quarter 2019
4. In focus 2019

MY FIRST IMPRESSION
– Anders Nyström new CEO as of February 8, 2019

COMPANY SPIRIT
- Integrity
- Pride
- Continuity

CUSTOMERS
- Strong brands
- Confidence
- Potential for expansion

STRONG FINANCIALS
- Security for customers
- Long-term strategy
- Growth investments

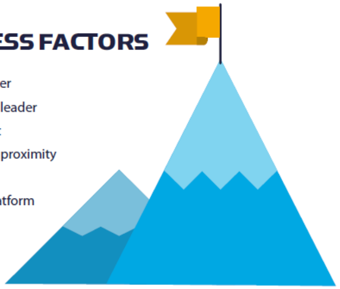
OFFERING EDGE
- FSP excellence
- Global production
- Track record

ABOUT BULTEN

CORE VALUES

Professional • Innovative
Dedicated • Empowered

SUCCESS FACTORS



Quality leader
Technology leader
FSP concept
Geographic proximity
Employees
Financial platform

approximately
1,400
employees (FTE)

USA
Hudson & Hagerstown
- Production
- Logistics
- Sales

GERMANY
Bergkamen
- Production
- Logistics
- Sales
- Development

RUSSIA
Nizhny Novgorod
- Production
- Logistics
- Sales
- Development

GREAT BRITAIN
Scunthorpe & Bridgend
- Logistics
- Sales

CHINA
Beijing
- Production
- Logistics
- Sales
- Development

POLAND
Bielsko-Biala & Wilkowice
- Production
- Logistics
- Sales
- Development

ROMANIA
Craiova
- Logistics

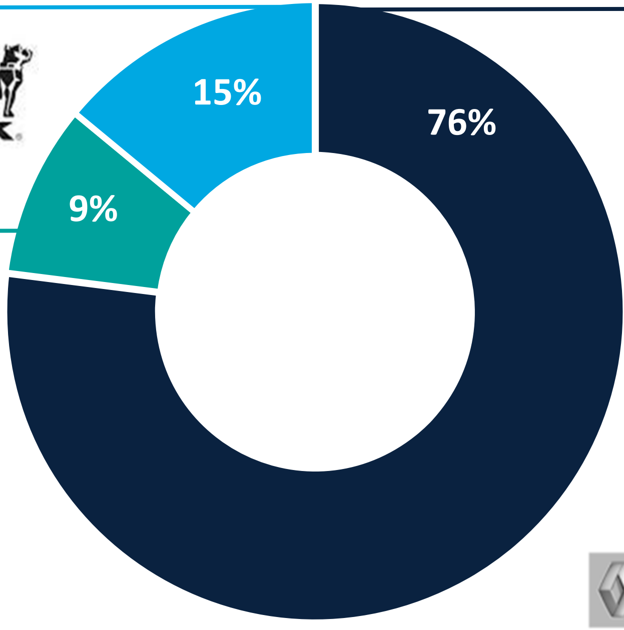
SWEDEN
Göteborg & Hallstahammar
- Head office – Göteborg
- Production
- Logistics
- Sales
- Development

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

HEAVY VEHICLE OEM'S

LIGHT VEHICLE OEM'S

SUPPLIERS

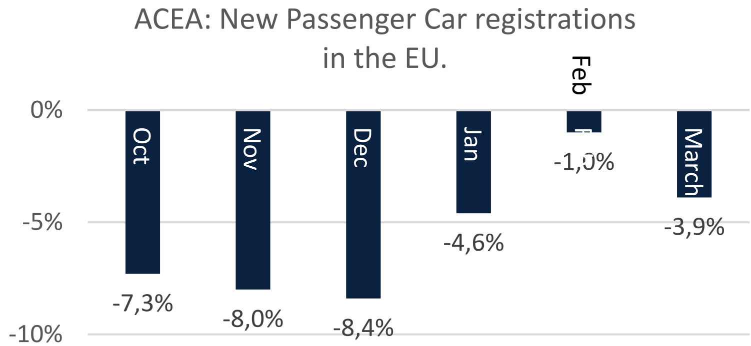


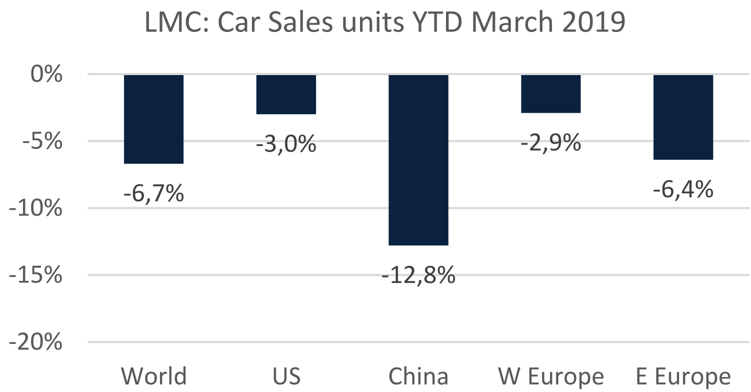
- *Selection of customers.*
- *Share of Bulten's sales YTD*

2 MARKET DEVELOPMENT

CONTINUED MARKET VOLATILITY IN CAR SALES

- Market uncertainty has continued in Q1
  - Brexit
  - Transition to WLTP emissions testing
- Reported car sales estimates
  - ACEA: European passenger Car registrations for the first three months, 2019 down 3.3% compared to 2018
  - LMC Automotive: key markets down YTD March 2019
- Stable raw material prices, on a high level

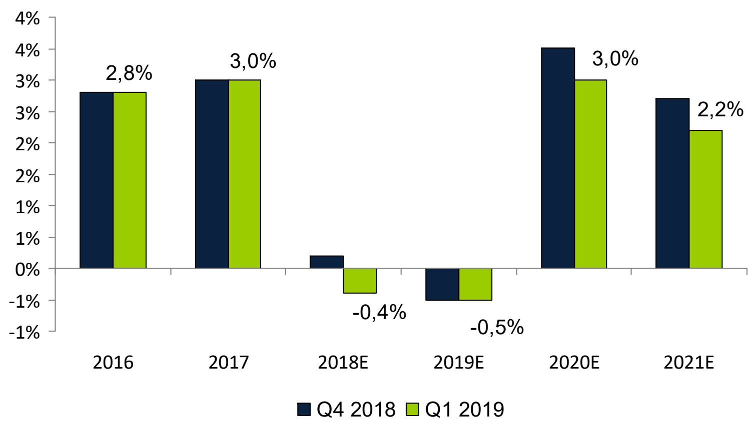




Source: LMC Automotive Q4, 2018. ACEA Q1, 2019

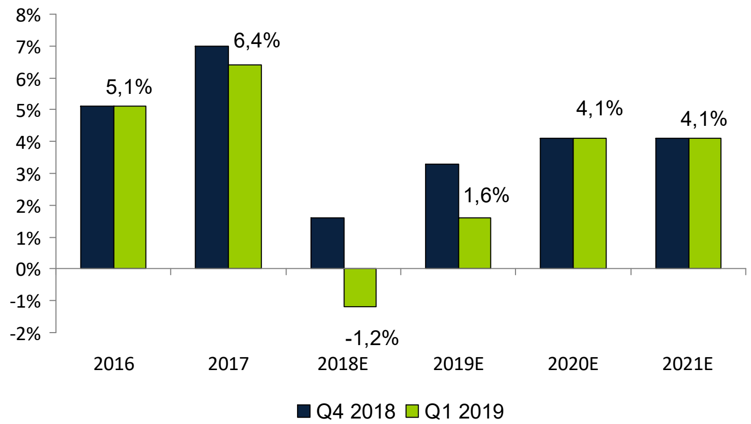
LMC AUTOMOTIVE REPORTS FOR AUTOMOTIVE PRODUCTION IN EUROPE

PRODUCTION GROWTH RATE (YEAR ON YEAR)
LIGHT VEHICLES EUROPE



- The LMCA Q1 2019 report forecast is at status quo vs the Q4 2018 report, showing a full-year decline of -0.5% in 2019 vs 2018.

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



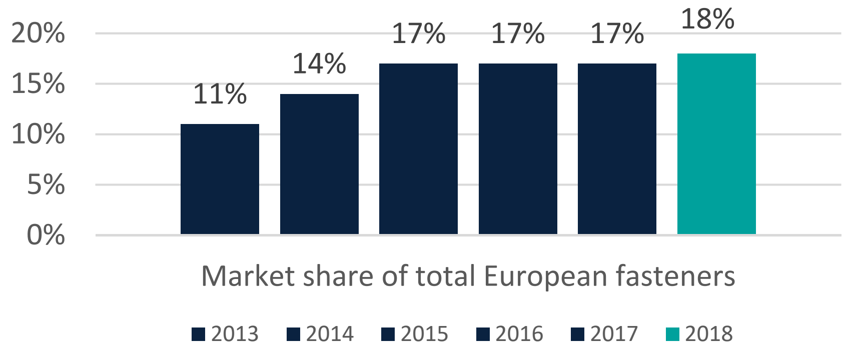
- The LMCA Q1 2019 report forecast has decreased its HCV production outlook compared to the Q4 2018 report. LMCA forecast an increase of 1.6% for the full year 2019 vs 2018.

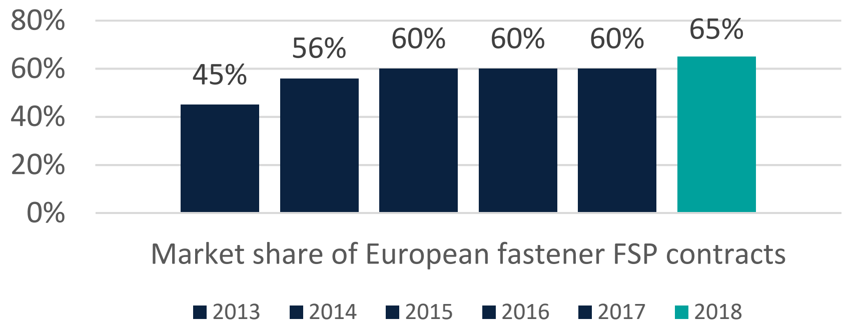
Source: LMC Automotive Q4 2018 & Q1 2019

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% 2017, 5 pp above 2017
- Expected development
  - Deliveries to earlier signed contracts have begun
  - Contracts signed (approx. 65 MEUR/year at full volume 2020/2021) will support

BULTEN MARKET SHARE DEVELOPMENT

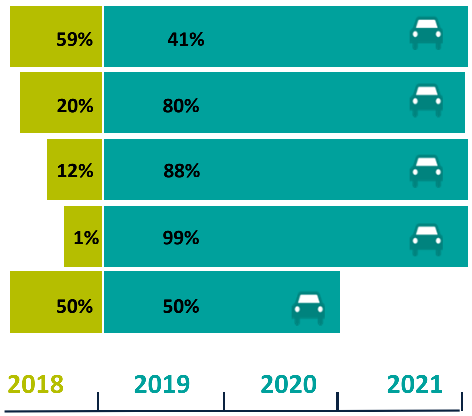




** Based on data from EIFI (European Industrial Fasteners Institute)*

PREDICTED STRONGER BULTEN GROWTH VS THE MARKET

Existing contracts & market growth + Ramp up of new contracts + New signed not yet started contracts + Future contracts & increased delivery value in EV's +/− Market volatility and model shifts = Bulten growth



EUR 20 million/year
Starts late 2017, full pace in 2019. FSP

EUR 700 thousand/year
Starts 2018, full pace in 2019, Russia

USD 5.5 million/year
Starts 2018, full pace in 2019/2020, US

EUR 30 million/year
Starts late 2018, full pace in 2020. FSP

SEK 60 million in total
Contract period 2017-2019 (slightly delayed). China

EUR 2 million/year
Starts 2020, full pace in 2021. FSP

EUR 5 million/year
Starts 2020, full pace in 2021. FSP

EUR 13 million/year
Starts 2019, full pace in 2021. FSP

Ramp up and new contracts not yet started

EUR 65 million/year

Of long term sustainable business in full pace 2020-2021

3. FIRST QUARTER 2019

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Net sales SEK 810 m (853)
- Operating earnings amounted to SEK 58 m (67)
- EBIT margin 7.1%
  - Lower sales volumes
  - High raw material prices
  - Positive currency effect
  - Restructuring costs, adj EBIT margin 7.3%
- Bulten awarded new FSP contract with an annual value of appr EUR 13 million in the quarter

	Q1		
FINANCIAL SUMMARY (MSEK)	2019	2018	Δ
Net sales	810	853	-5.1%
Gross profit	159	159	-4
Earnings before depreciation (EBITDA)	91	88	3
Operating earnings (EBIT)	58	67	-9
Operating margin, %	7.1	7.8	-0.7
Earnings after tax	44	48	-4
Earnings per share before dilution, SEK	2.12	2.43	-0.31
Order bookings	733	779	-5.9%
Return on capital employed, %	--	--	--
Return on capital employed excluding lease liabilities, %	--	--	--

New accounting principles, IFRS 16, as of January 1, 2019

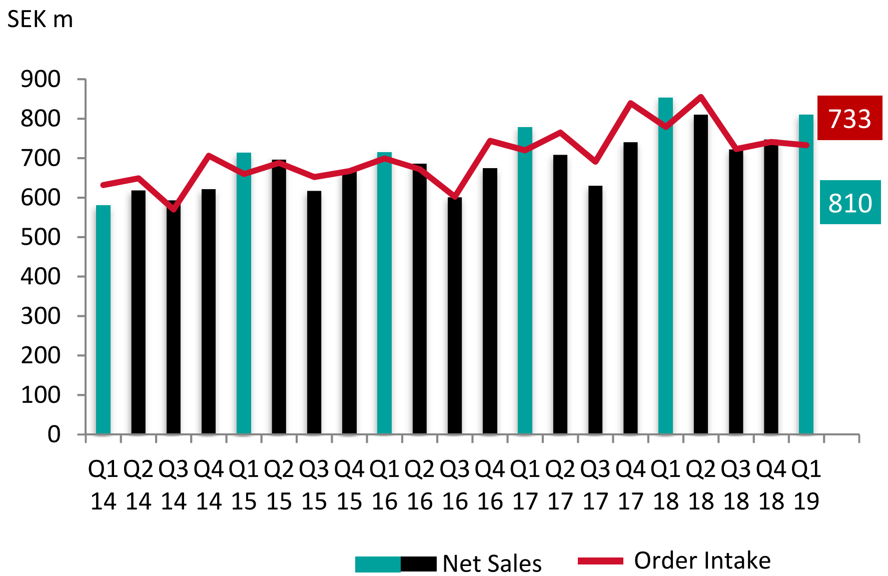
FINANCIAL SUMMARY EXCLUDING LEASE LIABILITIES ACCORDING TO IFRS 16

(MSEK, unless otherwise stated)	Jan – March 2019 (reported)	Adjusted for IFRS 16 effects	Jan – March 2019 (proforma)	Jan – March 2019
Gross profit	159	-1	158	163
Earnings before depreciation (EBITDA)	91	-10	81	88
Operating earnings	58	-1	57	67
Net financial	1	2	3	-1
Earnings before tax	59	1	60	66
Earnings after tax	44	1	45	48
Return on capital employed, %	10.9	0.6	11.5	13.7
Net debt (-)	-501	214	-287	-60
Equity ratio,%	58.0%	4.9%	62.9%	66.5%

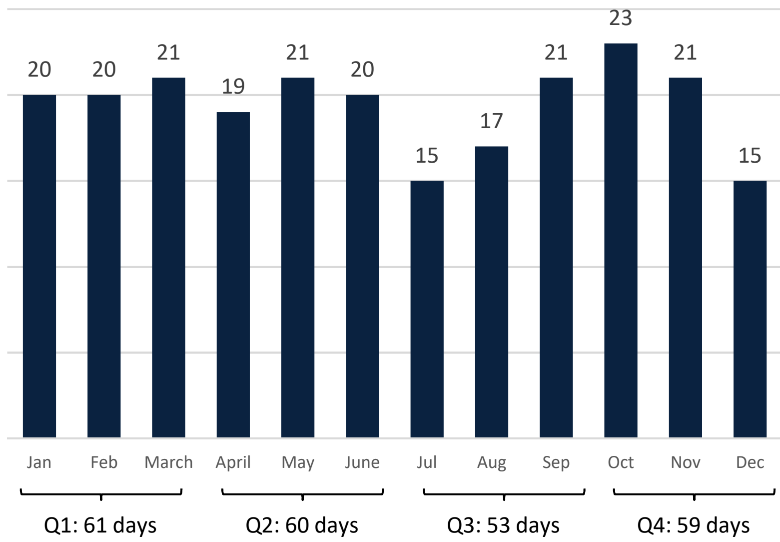
- New accounting principles as of January 1, 2019
- Bulten's lease agreements mainly consist of rights of use for premises and equipment

VOLATILE MARKET AFFECTED SALES AND ORDER INTAKE

QUARTERLY VOLUMES

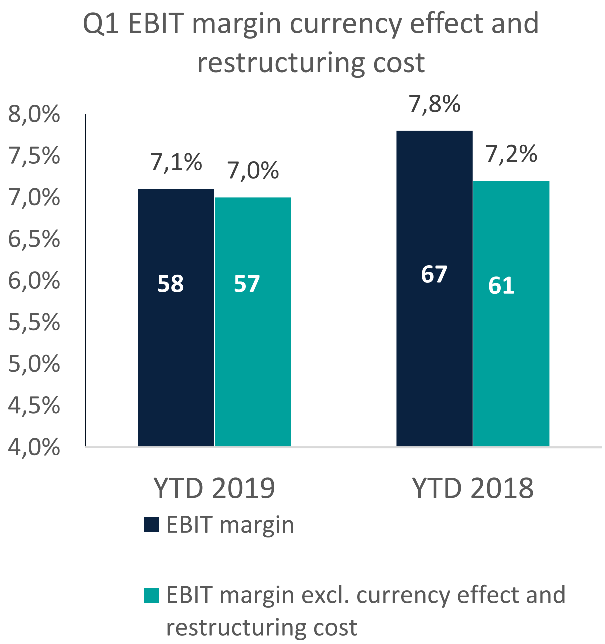


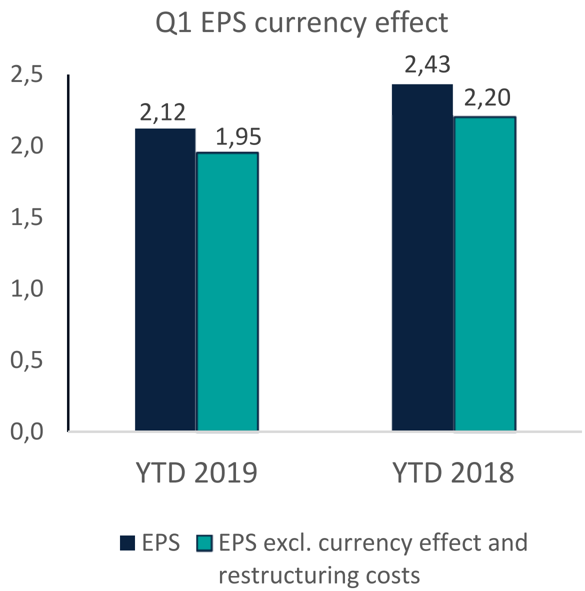
AVG. NUMBER OF PRODUCTION DAYS PER MONTH 2019



- Sales down 5.1 % in Q1 vs last year (-9.0% currency adjusted)
- Order intake down 5.9% in Q1 vs last year
  - The slowdown is due to market volatility and a strong order intake Q1 2018

COMPARABLE EARNINGS AFFECTED BY CURRENCY MOVEMENTS AND RESTRUCTURING AS PER 2019-03



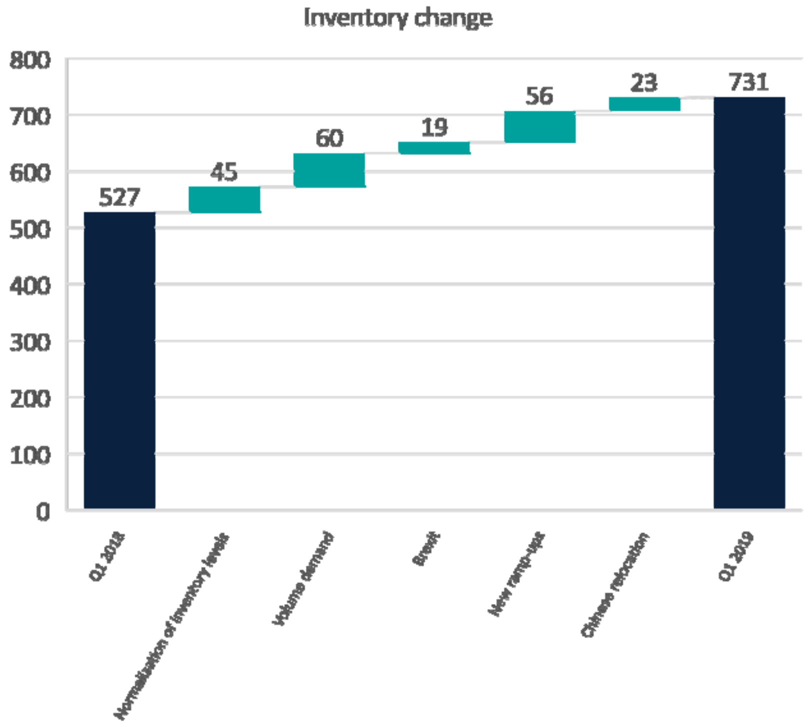


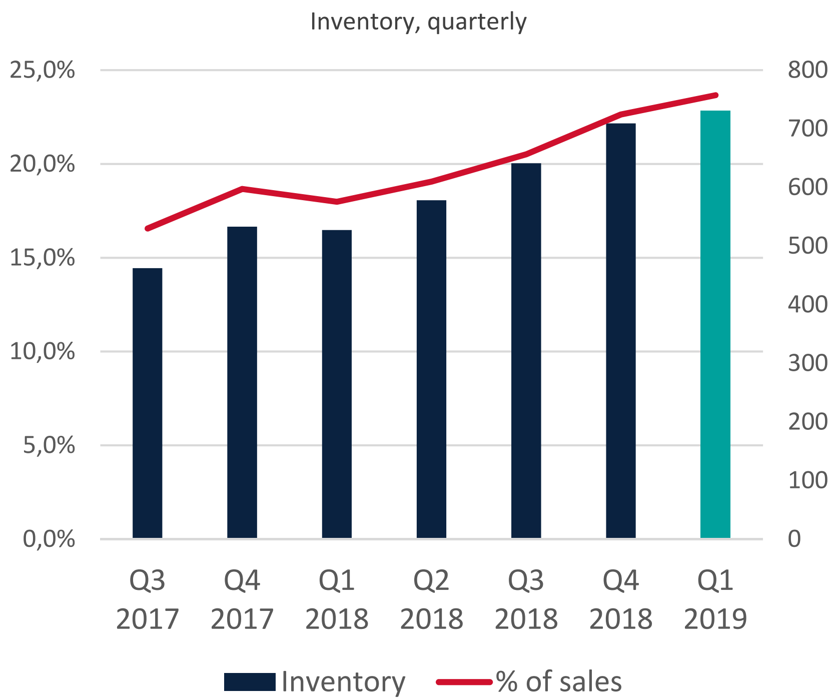
- Quarter EBIT margin 7.1% (7.8), adj. for currency effect and restructuring 7.0% (7.2)
- Underlying profitability lower level in the quarter due to
  - High raw material prices
  - Lower volumes
  - Restructuring costs

CASH FLOW, BALANCE SHEET AND NET CASH

	Q1		FULL YEAR
CASH FLOW STATEMENT, MSEK	**2019**	**2018**	**2018**
Cash flow from operating activities before changes in working capital	57	76	254
Cash flow from operating activities including changes in working capital	-57	26	125
Cash flow from investing activities	-35	-39	-160
Cash flow for the period	10	-7	-32
Cash and cash equivalents at end of period	29	44	18
BALANCE SHEET, MSEK	**2019-03-31**	**2018-03-31**	**2018-12-31**
ASSETS			
Total assets	2,712	2,305	2,338
EQUITY AND LIABILITIES			
Equity	1,572	1,533	1,514
Liability	1,140	772	824
Total equity and liabilities	2,712	2,305	2,338
MSEK	**2019-03-31**	**2018-03-31**	**2018-12-31**
Net debt (-)	-501	-60	-131
Net debt (-) excluding lease liabilities	-252	-22	-95

INCREASED INVENTORY IN FOCUS





KEY INDICATORS – CAPITAL STRUCTURE AND RETURN INDICATORS

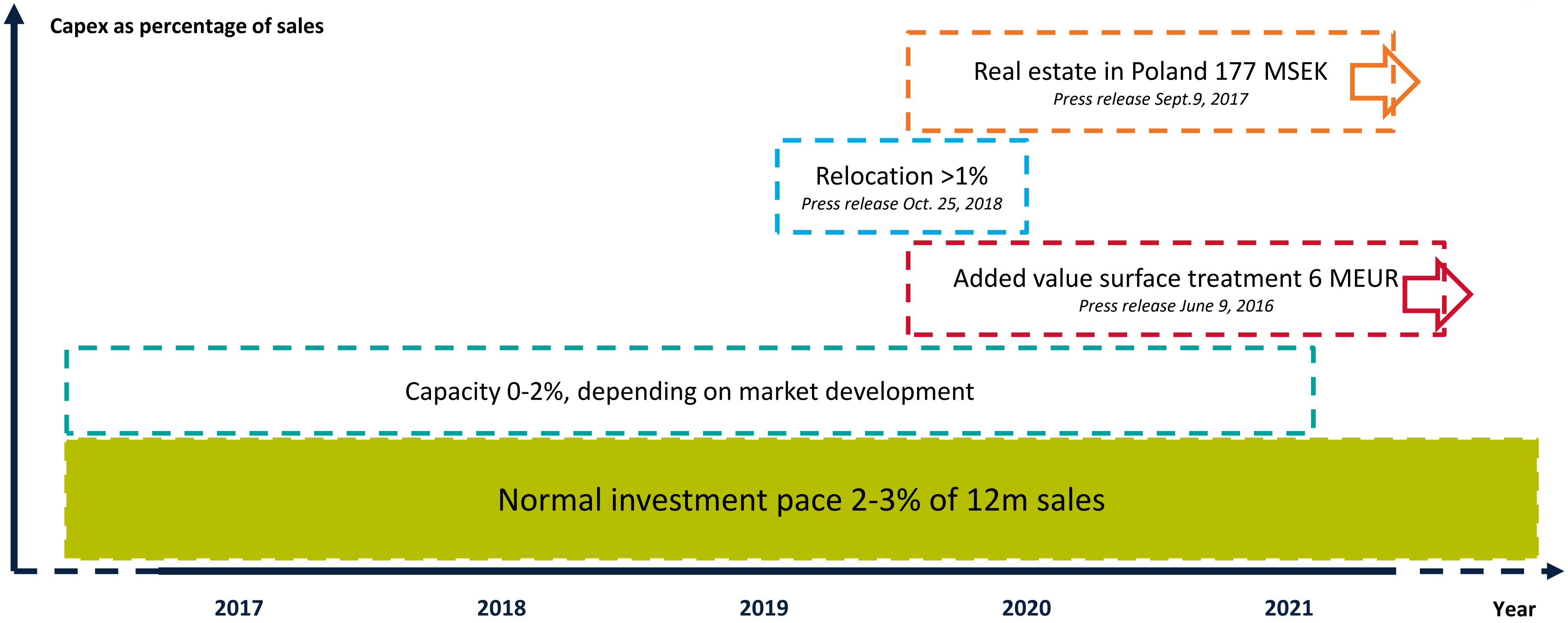
THE GROUP, 12 MONTHS	12 M ROLLING Apr 2018- Mar 2019	 Apr 2017- Mar 2018	FULL YEAR 2018
RETURN INDICATORS			
Return on capital employed, %	10.9	13.7	12.8
Return on capital employed, (excluding financial lease) %	11.5	13.7	12.8
Adjusted Return on capital employed (excluding financial lease) , %	11.6	13.7	12.9
Return on equity %	9.0	10.9	9.9
CAPITAL STRUCTURE			
Capital turnover, times	1.6	1.9	1.9
Net cash (+) Net debt (-) / EBITDA	-1,7	-0.2	-0.6
THE GROUP	**2019-03-31**	**2018-03-31**	**2018-12-31**
CAPITAL STRUCTURE			
Net debt/equity ratio, times	-0.3	-0.0	-0.1
Equity/assets ratio, %	58.0	66.5	64.8

FINANCIAL GUIDELINES

THE GROUP	12 M ROLLING 2019	FULL YEAR 2018	GUIDELINES
Average net working capital as % of sales	26.5	23.0	20
CAPEX as % of sales	5.2	5.3	2-3
Depreciation as % of sales	3.3	-	-
Depreciation (excluding lease liabilities) as % of sales	3.0	2.9	2-3
Tax rate	28.3	29.1	24-28

- NWC higher than our guidelines
  - Increased since half year ago due to changed demand, projects and ramp up of new business
- Capex higher than our guidelines
  - as planned and earlier communicated
- Depreciations in line with our guidelines
  - IFRS16 affecting reported depreciation by + 0,3%
- Tax rate on a higher level 12 months rolling:
  - Revaluation of deferred taxes in December 2018 due to new tax rate in Sweden 22,0%->21,4%->20,6%
  - Tax regulations changes also in Poland and Germany effecting the average tax rate
  - Tax rate in Q1 2019 is 25.3 %

INVESTMENTS TO HANDLE GROWTH IN COMING YEARS



STRENGTHENING OUR POSITION IN CHINA

- Relocation from Beijing to Tianjin decided in 2018
- Structural costs expected to total SEK 16–20 million during the moving period, majority in 2019
- Investments of SEK 25 million
- Strengthens our position in China and enables growth

The Chinese automotive market:

- The world largest passenger car market. Approx 28 million cars sold 2018
- Bulten customers are established and take market share in China

VOLUMES AND RAW MATERIAL PRICES 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.
	Q1	R12	Q1	R12	Q1	R12	Q1	R12	PROPOSED
REPORTED	-5.1%	5.4%	7.1%	6.5%	n.a.	10.9%	2.12	6.87	4.00 SEK/share
ADJUSTED*	-5.1%	5.4%	7.2%	6.5%	n.a.	11.6%	2.20	7.00	55,1 % (adj 54,7%) for 2018 (3.75 SEK /share)
R12 TARGET STATUS*		✓		✗		✗		↘	↗

** Excluding lease liabilities (IFRS16) and restructuring costs in China*

4 IN FOCUS 2019

IN FOCUS 2019

- Continue ramping up won contracts
- Secure continued efficient, profitable production
- Begin capacity investments in Poland
- Relocate the production plant in China
- Cultivate the American market further
- Win new FSP contracts
- Continue to promote and develop innovation and sustainability work
- Build on our already strong corporate culture

BULTEN - A STRONGER SOLUTION