



TWELVE MONTHS REPORT, JAN-DEC 2019

TELEPHONE/AUDIO CONFERENCE 6 FEBRUARY 2020, AT 15.30 CET
ANDERS NYSTRÖM, PRESIDENT AND CEO | HELENA WENNERSTRÖM, EVP AND CFO

DIRECT LINK AUDIOCAST: [HTTPS://TV.STREAMFABRIKEN.COM/BULTEN-Q4-2019](https://tv.streamfabriken.com/BULTEN-Q4-2019).

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CAPITAL MARKETS DAY

SUSTAINABLE GROWTH

Bulten has the pleasure of inviting financial analysts, investors and media to a Capital Markets Day in Stockholm on 20 February 2020 in Stockholm.

More information and registration: kamilla.oresvard@bulten.com



AGENDA

1. Bulten in brief
2. Market development
3. Fourth quarter 2019
4. In focus 2020



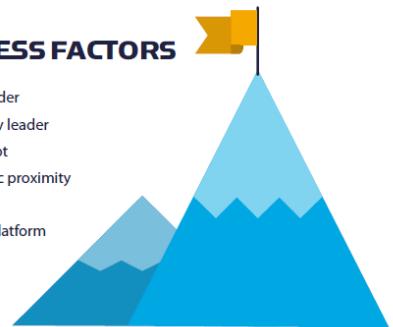
ABOUT BULTEN



Professional • Innovative
Dedicated • Empowered

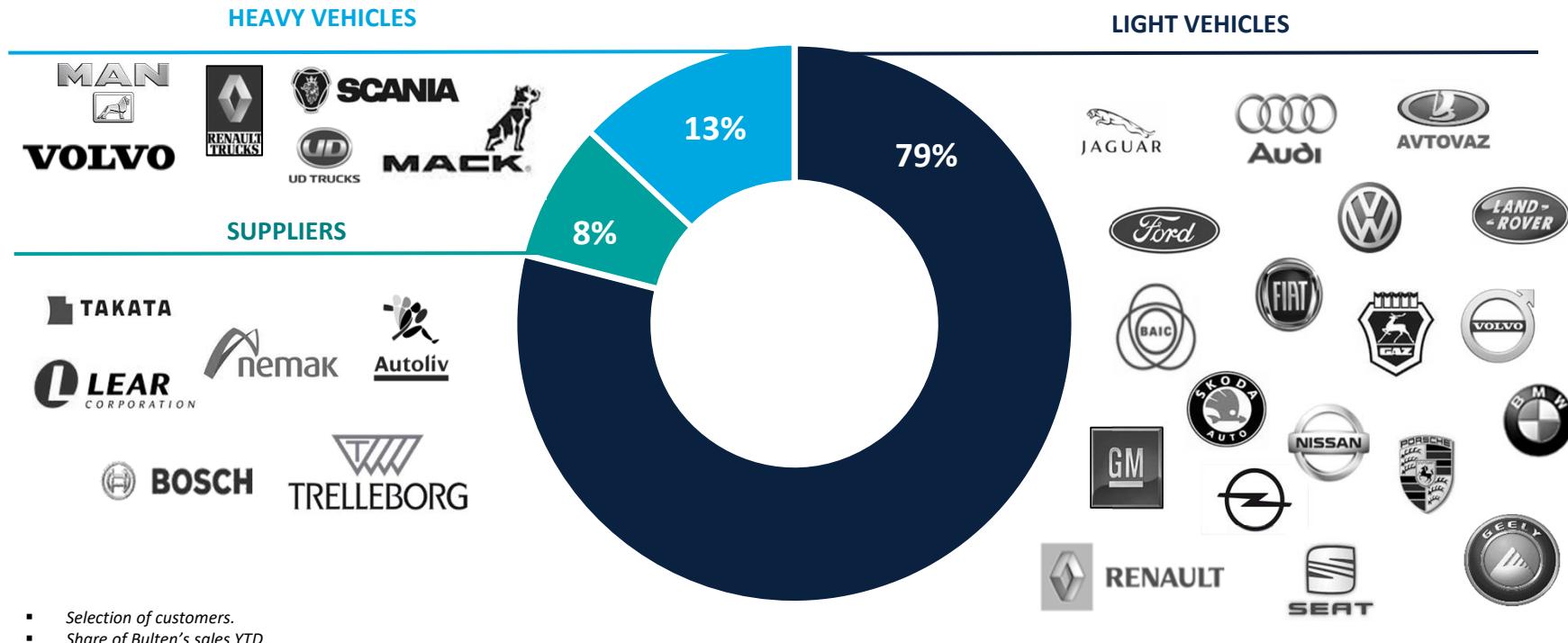
SUCCESS FACTORS

- Quality leader
- Technology leader
- FSP concept
- Geographic proximity
- Employees
- Financial platform



approximately
1,400
employees (FTE)

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



2

MARKET DEVELOPMENT





TRENDS THAT AFFECT BULTEN

- Globalization
- Sustainability
- Competition in automotive industry
- Consolidation
- Electrification
- Mobility
- Digitalization
- Legislation CO2

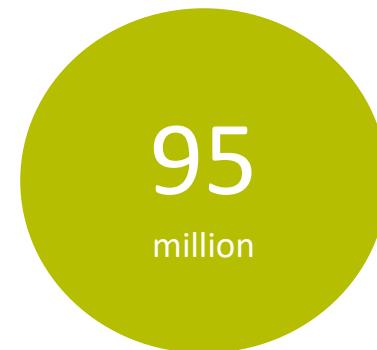


SHORT TERM MARKET VIEW

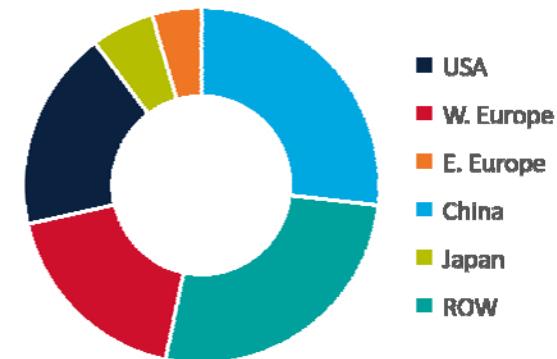
- Market uncertainty has continued in Q4
 - Brexit
 - General economic uncertainty
- We maintained our market shares in 2019, going forward we will focus on growing globally
- New tax regulations introduced in a number of European countries during 2020
- Corona Virus may affect the sales and production in the automotive market 2020, especially in China



LIGHT VEHICLES SALES UNITS GLOBALLY 2019



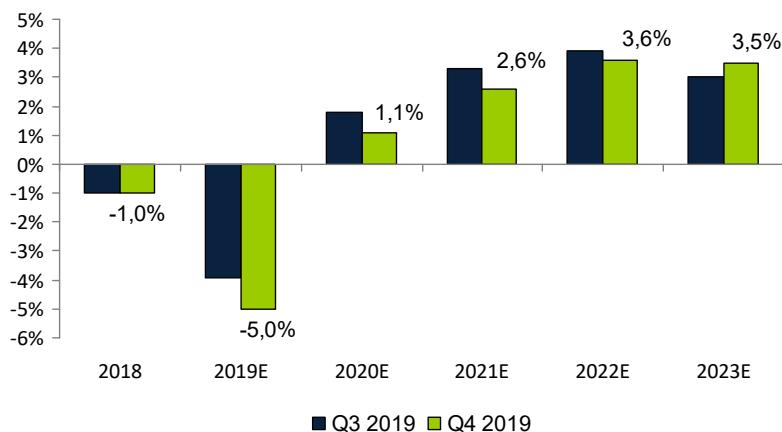
LIGHT VEHICLES SALES PER GEOGRAPHY 2019



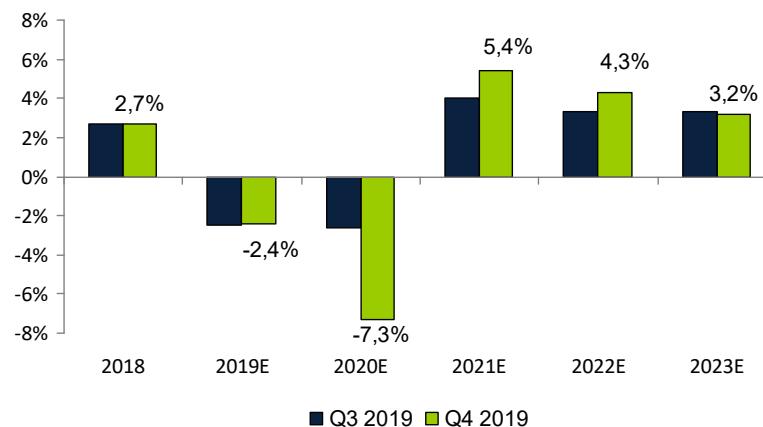
LMC AUTOMOTIVE REPORTS FOR GLOBAL PRODUCTION



GLOBAL PRODUCTION GROWTH RATE (YEAR ON YEAR)
LIGHT VEHICLES



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

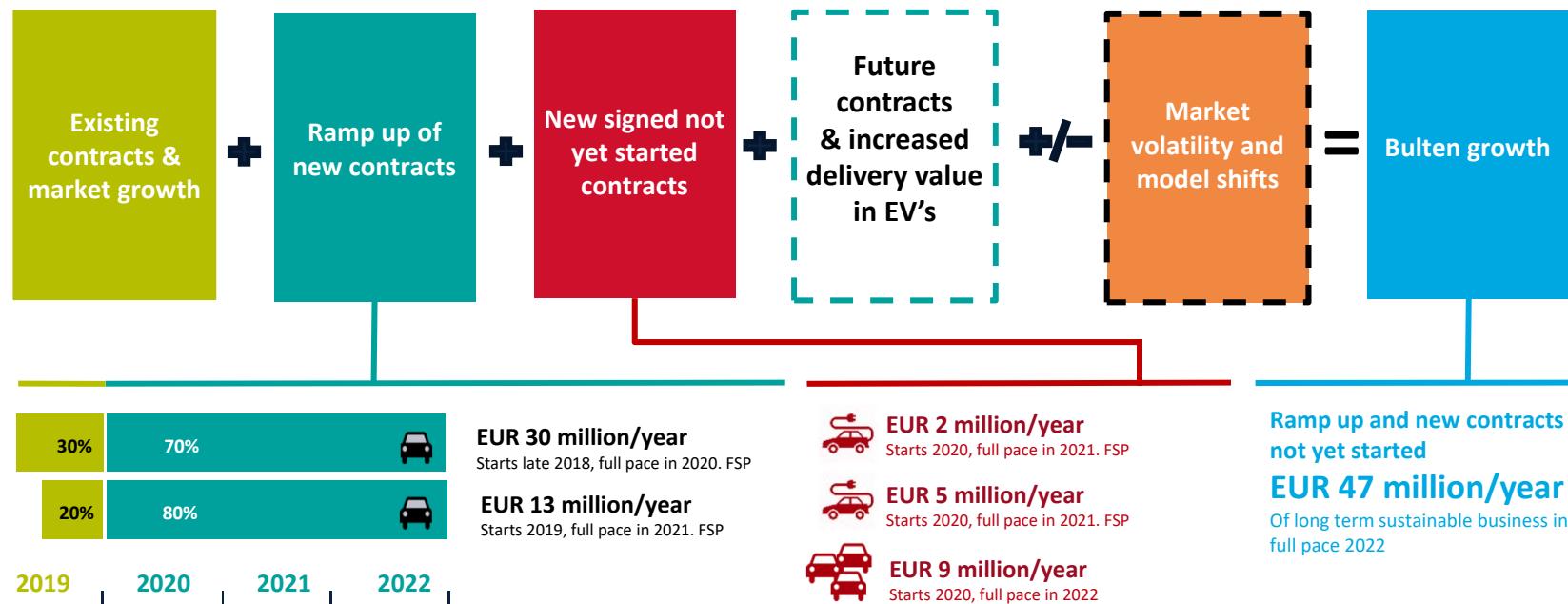


- LMC Automotive (Q4 2019 report) has decreased its forecast of global LV production 2019 compared to the Q3 2019 report. LMCA forecast a decrease of -5.0% compared to 2018.

- Global LMC Automotive (Q4 2019 report) has decreased its forecast of global HCV production 2019 compared to the Q3 2019 report. LMCA forecast a decrease of -2.4% compared to 2018.

Source: LMC Automotive Q3 & Q4 2019

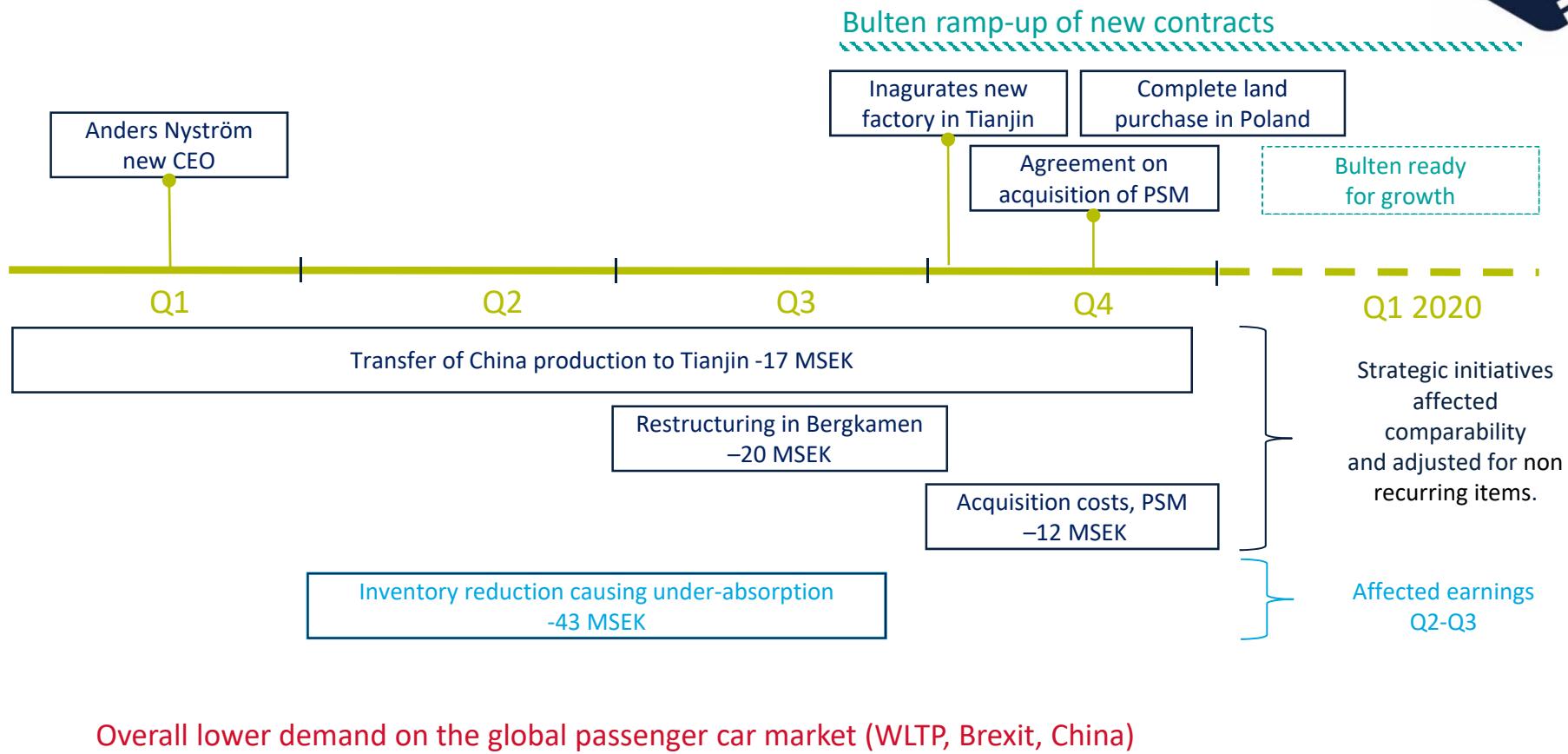
PREDICTED STRONGER BULTEN GROWTH VS THE MARKET - HOWEVER MARKET UNCERTAINTY MAY HAVE AN IMPACT ON VOLUMES



3. FOURTH QUARTER & FY 2019



BULTEN 2019



ACQUISITION OF PSM

- BULTEN ON ITS WAY TO BECOME A TRUE GLOBAL COMPANY

- Supplier of fasteners to international markets, primarily in the automotive industry.
 - The customer base also includes consumer electronics and home appliances industries
- Sales appr. SEK 400 million (R12 in August 2019). Normalized EBITDA margin of appr. 14%.
- Founded 1931 and today 350 employees.
- Production in China, Taiwan and UK
 - Distribution centers in 22 countries.
- Asia-Pacific the largest market with 50 % of sales. US accounts for appr. 30 %.



BULTEN + PSM = A STRONGER SOLUTION



- Purchase price USD 24.5 million (SEK 230 million) on cash-free and debt-free basis.
- Bulten's customer base will broaden in important growth markets in Asia and North America.
 - PSM's growth potential in Europe is also strengthened by Bulten's strong position in Europe.
- Strengthened production capacity and product offering.
- Potential synergies in a number of key areas i.e. sales and production.
- Positive contribution to Bulten's development and earnings.

GROUP SUMMARY



Fourth Quarter

- Net sales SEK 784 m (747)
- EBIT margin 3.5% (6.4)
- Earnings after tax SEK 11 m (30)
- EPS 0.54 (1.50), decreased by 96%
- Dividend SEK 4.00 per share (4.00), divided into two payments

Comments

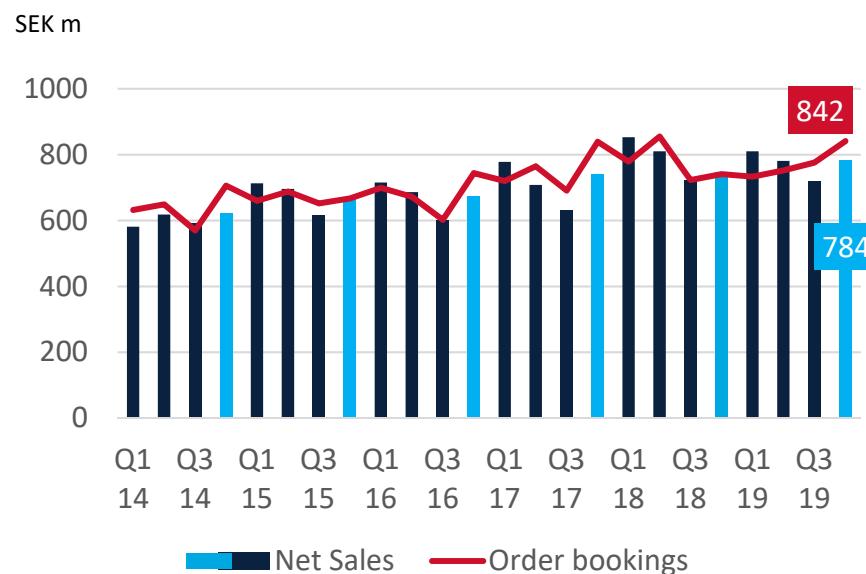
- Sales up with 5.0% in a decreasing overall market
- Order intake up with 13.6% compared to last year. New contracts are starting to ramp up.
- EBIT SEK 27 m. EBIT adjusted for acquisition costs and relocation in China SEK 42 m

FINANCIAL SUMMARY (MSEK)	Q4			FULL YEAR		
	2019	2018	Δ	2019	2018	Δ
Net sales	784	747	5.0%	3,093	3,132	-1.2%
Gross profit	149	142	7	543	600	-57
Earnings before depreciation (EBITDA)	65	71	-6	239	300	-61
Operating earnings (EBIT)	27	48	-21	98	210	-112
Operating margin, %	3.5	6.4	-2.9	3.2	6.7	-3.5
Adj. operating earnings (EBIT) before non recurring costs	42	49	-7	147	211	-64
Adj. operating margin, %	5.4	6.6	-1.2	4.8	6.7	-1.9
Earnings after tax	11	30	-19	55	143	-88
Earnings per share before dilution, SEK	0.54	1.50	-0.96	2.62	7.19	-4.57
Adjusted earnings per share before dilution, SEK	1.27	1.55	-0.28	4.73	7.24	-2.51
Order bookings	842	741	13.6%	3,103	3,098	0.2%
Return on capital employed, %	--	--	--	5.5	12.8	-7.3
Return on capital employed excluding lease liabilities, %	--	--	--	5.8	12.8	-7.0

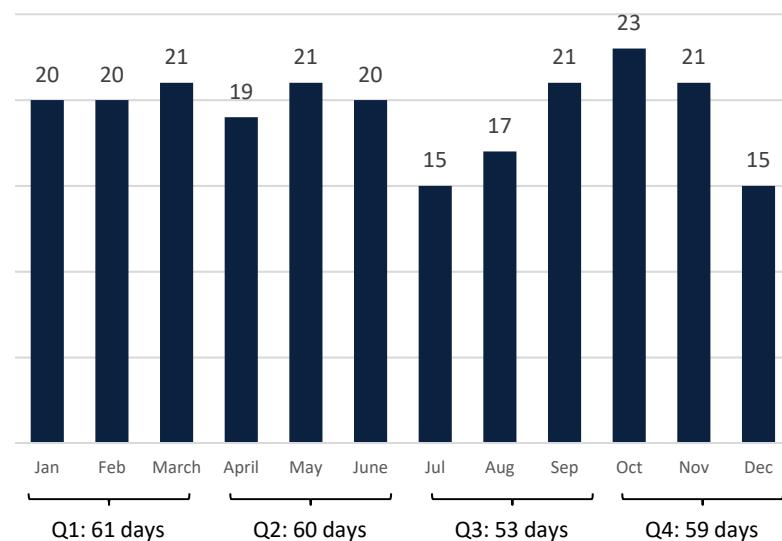
RAMP UP OF NEW CONTRACTS AND UNCERTAIN MARKET DEVELOPMENT



QUARTERLY VOLUMES



AVG. NUMBER OF PRODUCTION DAYS PER MONTH 2019

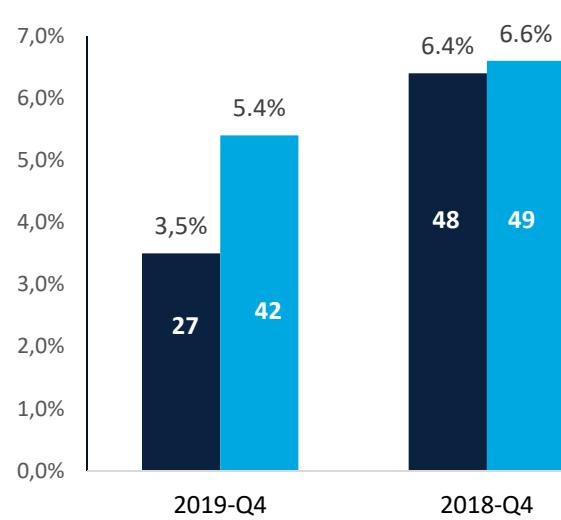


- Sales up 5.0% in Q4 vs last year (1.6 % currency adjusted)
- Order bookings up 13.6% in Q4 vs last year
 - Ramp up of the new contracts has now started in a higher pace than in Q3 however the uncertain macro situation and Brexit makes the development in the coming months difficult to predict

STRATEGIC MEASURES Affected Q4 AND FULL YEAR 2019

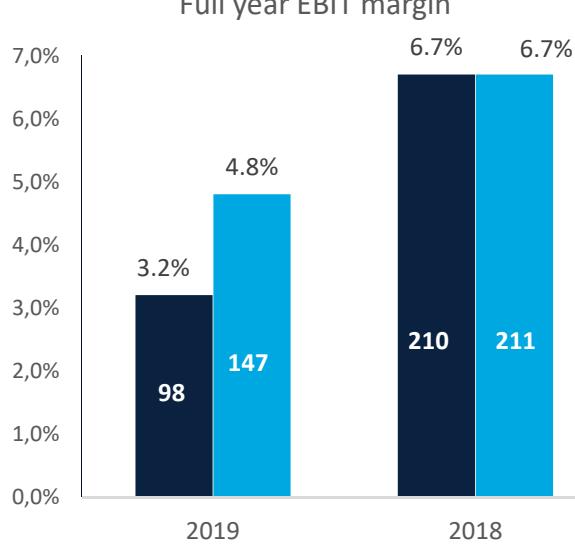


Quarter EBIT margin



- EBIT margin
- EBIT margin excl. acquisition and relocation costs

Full year EBIT margin



- EBIT margin
- EBIT margin excl. acquisition, relocation and restructuring cost

- Quarter EBIT margin 3,5% (6,4), adj. relocation and acquisition 5,4% (6,6)
- Underlying profitability lower level in 2019 due to
 - Lower sales volume
 - High raw material prices
 - Restructuring MSEK -20
 - Relocation MSEK -17
 - Acquisition costs, MSEK -12

CASH FLOW, BALANCE SHEET AND NET DEBT



CASH FLOW STATEMENT, MSEK	Q4		FULL YEAR	
	2019	2018	2019	2018
Cash flow from operating activities before changes in working capital	34	58	177	254
Cash flow from operating activities including changes in working capital	98	60	207	125
Cash flow from investing activities	-50	-51	-218	-160
Cash flow for the period	25	-7	45	-32
Cash and cash equivalents at end of period	64	18	64	18
BALANCE SHEET, MSEK				2019-12-31
ASSETS				2018-12-31
Total assets				2,710
EQUITY AND LIABILITIES				
Equity				1,497
Total long-term liabilities				579
Total current liabilities				634
Total equity and liabilities				2,710
MSEK				2018-12-31
Net debt (-)				-565
Net debt (-) excluding lease liabilities				-299

KEY INDICATORS – CAPITAL STRUCTURE & RETURN INDICATORS



THE GROUP, 12 MONTHS	FULL YEAR	
	2019	2018
RETURN INDICATORS		
Return on capital employed, %	5.5	12.8
Adjusted Return on capital employed, %	8.1	12.9
Return on capital employed, (excluding financial lease) %	5.8	12.8
Adjusted Return on capital employed, (excluding financial lease) %	8.5	12.9
Return on equity %	3.5	9.9
CAPITAL STRUCTURE		
Capital turnover, times*	1.6	1.9
Net debt (-) / EBITDA	-2.4	-0.6
Adjusted Net debt (-) / EBITDA	-1.3	-0.5
THE GROUP		2019-12-31
CAPITAL STRUCTURE		2018-12-31
Net debt/equity ratio, times	-0.4	-0.1
Equity/assets ratio, %	55.2	64.8
Equity/assets ratio, (excluding financial lease) %	60.5	64.8

FINANCIAL GUIDELINES



THE GROUP	FULL YEAR 2019	FULL YEAR 2018	GUIDELINES
Average net working capital as % of sales	25.5	23.0	20
CAPEX as % of sales	7.1	5.3	2-3
Depreciation as % of sales	4.5	2.9	-
Depreciation (excluding lease liabilities) as % of sales	3.3	2.9	2-3
Tax rate	41.7	29.1	24-28

- NWC higher than our guidelines
 - Increased since half year 2019 due to changed demand, projects and ramp up of new business
 - However good trend development and reduced since Q3
- Capex higher than our guidelines
 - as planned and earlier communicated
- Depreciations in line with our guidelines
 - IFRS16 affecting reported depreciation by + 1.2%
- Tax rate on a higher level 12 months rolling:
 - High tax rate mainly due to relocation and negative result in China
 - Adjusted for this we are in line with the guidelines, 26.3 % (27.0)

VOLUMES, STRATEGIC INITIATIVES AND INVENTORY ADJUSTMENTS AFFECTED THE TARGETS



	Growth		Margin		ROCE		EPS		Dividend		
	Q4	2019	Q4	2019	Q4	2019		EPS development	Q4	2019	Dividend
REPORTED	5.0 %	-1.2 %	3.5 %	3.2 %	n.a.	5.5 %			0.54	2.62	Suggested 4.00 SEK/share
ADJUSTED ¹⁾	n.a.	n.a.	5.4 %	4.8 %	n.a.	8.1 %			1.27	4.73	159.7% (adj.88.6%) for 2019
ADJUSTED ²⁾			5.3 %	4.7 %	n.a.	8.5 %			1.26	4.89	(4.00 SEK/share)

1) Adjusted for non recurring costs (relocation-, restructuring- and acquisition costs)

2) Excluding lease liabilities (IFRS 16 adjustment) and non recurring costs (relocation-, restructuring- and acquisition costs)

4 IN FOCUS 2020



IN FOCUS 2020



- Develop PSM synergies
- Continue ramp-up of won contracts
- Win new contracts
- Accelerate value chain efficiencies
- Execute expansion plans in Poland
- Increase innovation and sustainability activities



BULTEN
A STRONGER SOLUTION

