



SIX MONTHS REPORT, JAN-JUNE 2022

13 JULY 2022, AT 11.00 CEST



SIX MONTHS REPORT, JANUARY-JUNE 2022

- Telephone/audio conference 13 July 2022, at 11.00 CEST
- Presented by:
 - Anders Nyström, President and CEO
 - Anna Åkerblad, CFO

Direct Link Audiocast:

<https://tv.streamfabriken.com/bulten-q2-2022>

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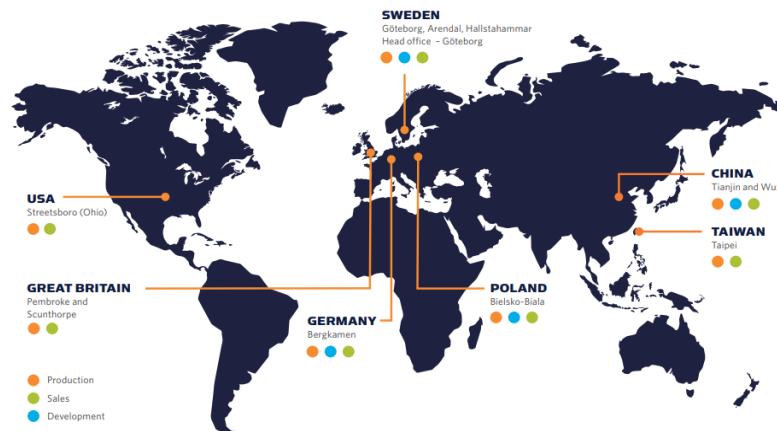
AGENDA

1. Bulten in brief
2. Market development
3. Second quarter 2022
4. In focus 2022





BULTEN IN BRIEF



SELECTION OF CUSTOMERS

Light vehicles: Audi, Avtovaz, BAIC, BMW, Fiat, Ford, Geely, Jaguar, Land Rover, Lynk & Co, Nissan, Opel, Polestar, Porsche, Renault, Seat, Skoda, UAZ, Volkswagen, Volvo

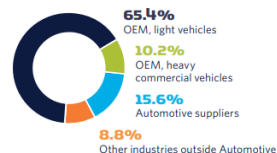
Heavy vehicles: AB Volvo, Mack, MAN, Renault, Scania, UD Trucks

Suppliers: Adient, Autoliv, Aisin, Bosch, CATL, Chassis Brake Intl., Delphi, Novares, Eling Klinger, Keihin, Magna, Faci, Faurecia, Hoerhiger, Lear Corporation, Magna, Mann + Hummel, Mahle, Optimas, Schaeffler, Takata, TRW, Trelleborg

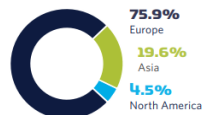
Others: Akcom, Garmin, GE, Foxconn, Hitachi, Honeywell, Jabil, Miele, Mindray, Philips, Sony, TE



NET SALES PER CUSTOMER GROUP



NET SALES PER GEOGRAPHIC MARKET



3,730
Net sales 2021 (SEK M)

232
Operating earnings (SEK M)

6.2%
Operating margin

Source: All above numbers are from the Annual Report 2021



2. MARKET DEVELOPMENT





A QUARTER MARKED BY A MULTI-CHALLENGE WORLD

- Continued shortage of semiconductors causing supply chain disruptions, especially at the beginning of the quarter
- Production slow-downs due to COVID-19 lockdowns in China causing lower production levels for the automotive OEMs, mostly in China but also in Europe
- Inflation – increased costs for raw material, energy, freight and labor



LMC AUTOMOTIVE SHORT-TERM MARKET VIEW

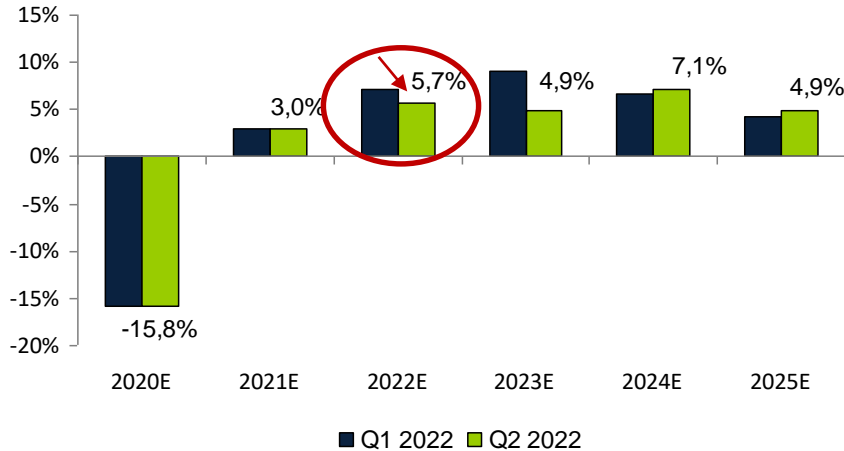
- Q2 light vehicle production (according to LMC Automotive)
 - A decrease by -0.8% for Q2 2022, compared to same period 2021
- 2022 full-year vehicle production estimate (according to LMC Automotive)
 - Production of light vehicles in 2022 estimated up by 5.7% vs 2021
 - Production of heavy commercial vehicles (>15 t) in 2022 down by -11.0% vs 2021
 - For Bulten's automotive customer mix up 3.7%
(Light vehicle ~88% and heavy commercial vehicle ~12% of Bulten's automotive sales)



LMC AUTOMOTIVE LONG-TERM VIEW FOR GLOBAL PRODUCTION

GLOBAL PRODUCTION GROWTH RATE (YEAR ON YEAR)

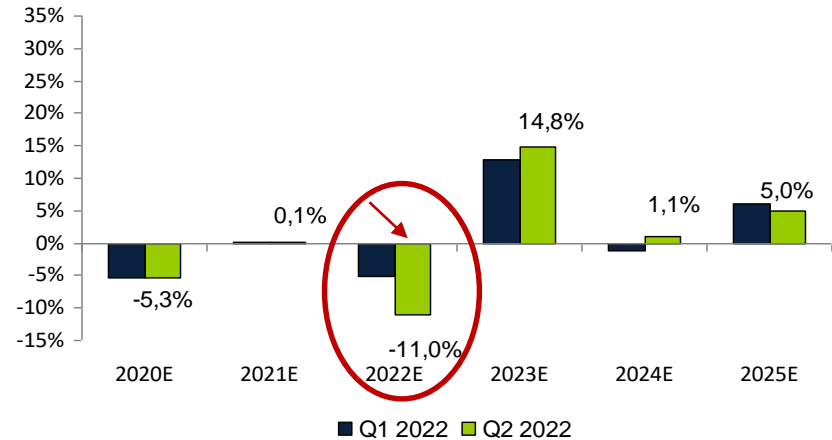
LIGHT VEHICLES



LMC Automotive (Q2 2022 report) has decreased its global forecast of LV production 2022 compared to the Q1 2022 forecast. Q2 forecast 2022 now shows an increase of 5.7% compared to 2021.

GLOBAL PRODUCTION GROWTH RATE (YEAR ON YEAR)

HEAVY COMMERCIAL VEHICLES (>15T)



LMC Automotive (Q2 2022 report) has decreased its world forecast of HCV production 2022 compared to the Q1 2022 forecast. Q2 forecast 2022 shows a decrease of 11.0% compared to 2021.

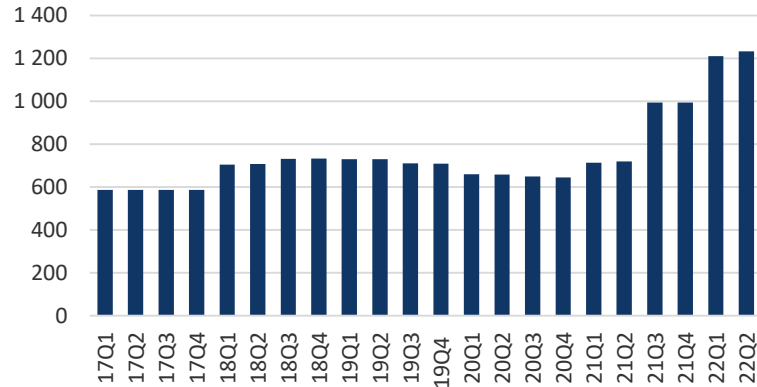
Source: LMC Automotive Forecast Q1 2022 & Q2 2022



RAW MATERIAL PRICE DEVELOPMENT

Steel – wire rod

DSV Index indicated a new all time high price level in Q2 2022



Q2 has been characterized by cost inflation related to energy and base commodities which impact steel prices.

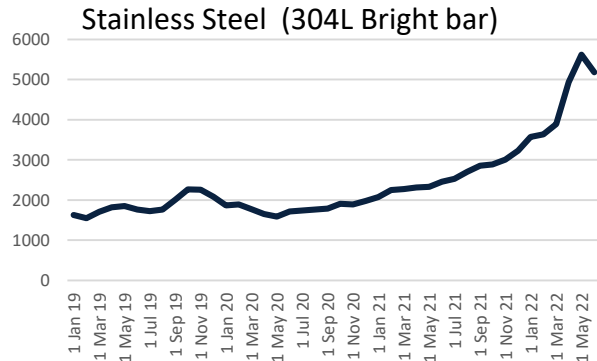
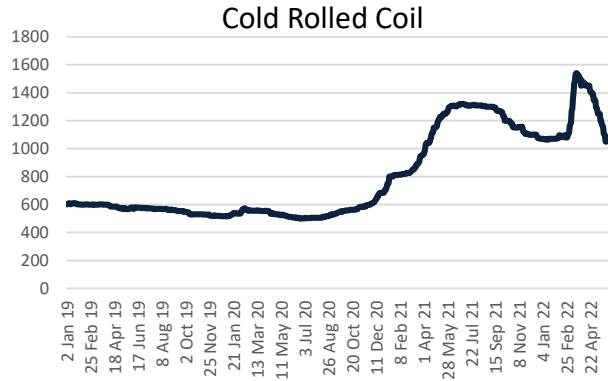
The demand situation is still high in Europe which leads to supply/demand issues.

The outlook indicates further volatility during the coming quarter. We do, however, anticipate the markets to adapt to new market conditions which should provide some relief on material cost during the second half of the year.

Source: Deutscher Schraubenverband



STEEL PRICE DEVELOPMENT



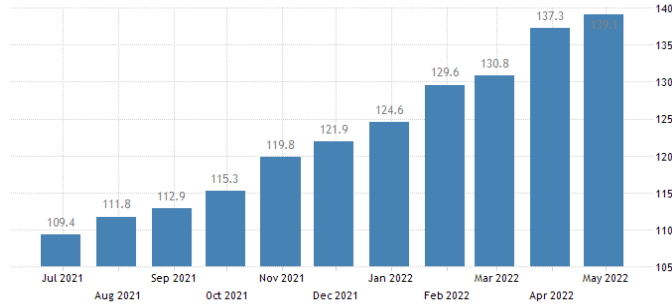
- Cold Rolled Coil has plunged in Europe. The main drivers are weakening demand, as well as price pressure from Turkey and Russia. Analysts anticipate EU steel mills to reduce capacity to defend price levels.
- Alloy surcharges for stainless steel (Cr, Ni, Mn) have surged. Europe has also been hit with capacity constraints due to a plant accident in January. Price levels peaked at 5,600 EUR/Tonne compared to historical average 1,500-2,000 EUR/Tonne. Prices started to drop in May, primarily due to lower alloy surcharges (Ni started to fall back somewhat).

Source: Standard & Poor, Steel Business Briefing



OTHER INDICATORS

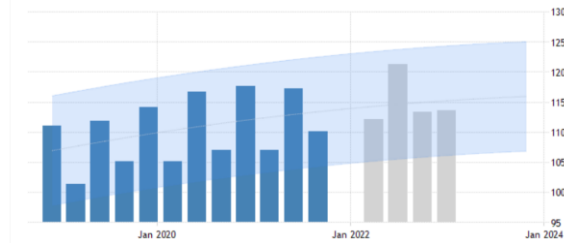
Electricity & Gas



Source: EUROSTAT

- The European producer price for electricity and gas was 213.80 points in January 2022. This was a record high.

Wages



Source : Trading Economics

- The labour cost in EU is expected to be 112.14 points by the end of the second quarter. In the long-term, the EU labour cost is projected to trend around 116.24 points in 2023, and 118.68 points in 2024.



3. SECOND QUARTER 2022





EVENTS DURING Q2 2022

- A successful divestment of our Russian operation was finalized during the quarter, eliminating risks connected to the Russian market.
- Several smaller business wins in areas we see high potential long-term. Bulten has the highest year-to-date rate of new business wins ever.

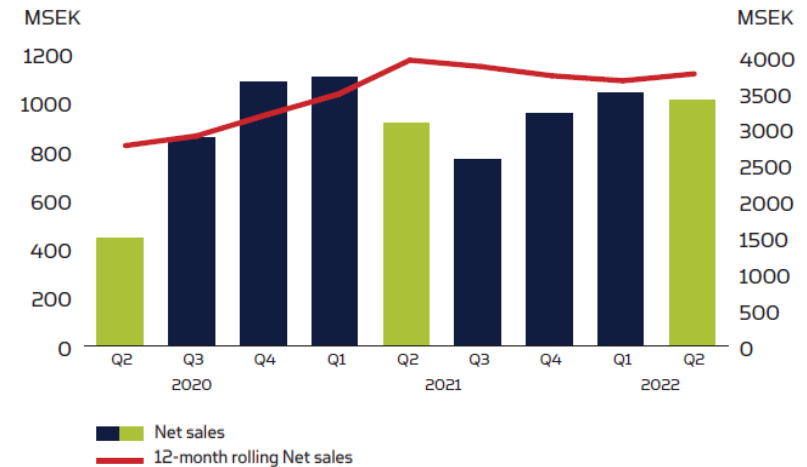




HIGHER SALES AND COMPLETED DIVESTMENT OF RUSSIAN OPERATION

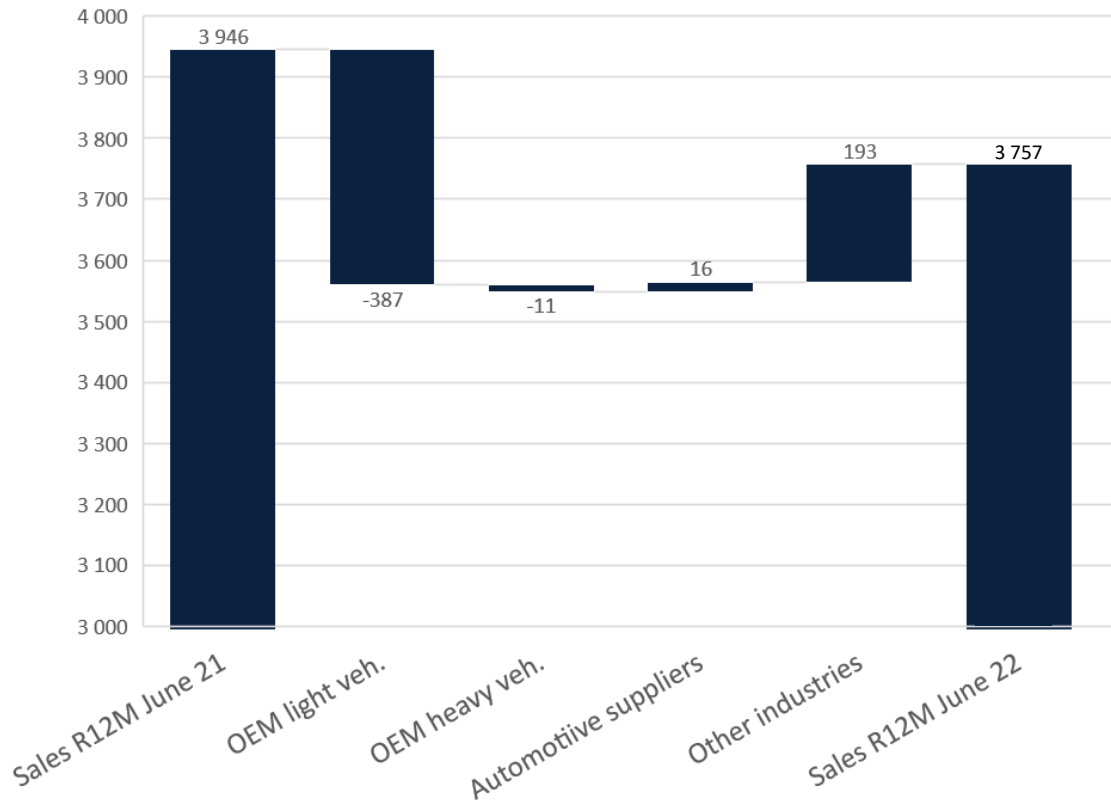
Q2 2022

- Slightly higher sales to automotive OEMs
- Continued sales growth in other industries outside the automotive sector

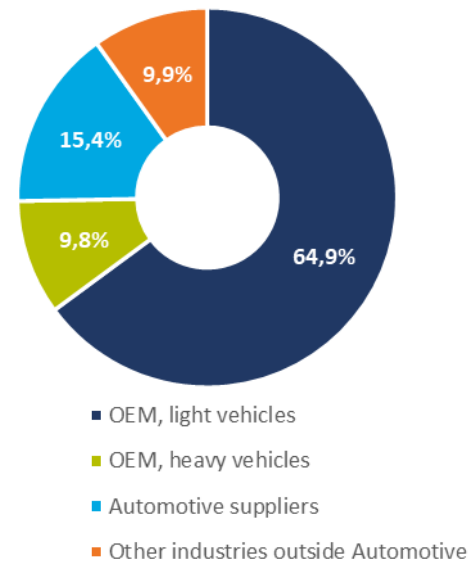




CHANGE R12M JULY 21 – JUNE 22



Net sales per customer group, Q2



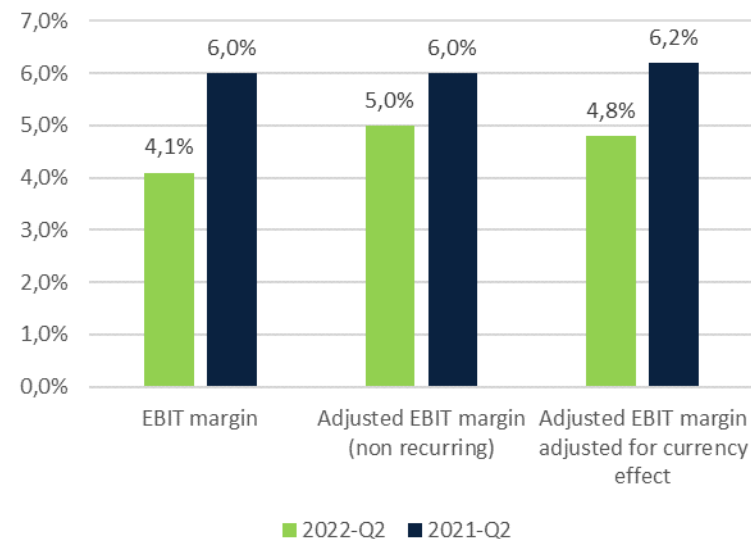


EBIT IMPACTED BY INCREASED COSTS

Q2 2022

- Reported EBIT SEK 41 (55) million
Adjusted EBIT SEK 51 (55) million
 - Divestment costs of Russian operation (SEK -10 million) impacted the EBIT margin
 - Continued increased costs in energy, steel rods and transports, combined with continued semiconductor shortage and lag in cost compensation, also contribute to lower EBIT margin

Quarter EBIT margin





GROUP SUMMARY Q2 2022

FINANCIAL SUMMARY

	Q2			R12M	FY	
	2022	2021	Δ	JULY 21 - JUNE 22	2021	Δ
Net sales	1,006	910	10.5%	3,757	3,730	0.7%
Gross profit	189	176	13	702	710	-8
Earnings before depreciation (EBITDA)	84	96	-12	280	400	-120
Operating earnings (EBIT)	41	55	-14	109	232	-123
Operating margin, %	4.1	6.0	-1.9	2.9	6.2	-3.3
Adjusted operating earnings (EBIT)	51	55	-4	202	232	-30
Adjusted operating margin, %	5.0	6.0	-1.0	5.4	6.2	-0.8
Earnings after tax	22	38	-16	31	154	-123
Adjusted earnings after tax	32	38	-6	124	154	-30
Earnings per share before dilution, SEK	0.88	1.80	-0.92	0.82	6.85	-6.03
Adjusted earnings per share before dilution, SEK	1.32	1.80	-0.48	5.22	6.85	-1.63
Return on capital employed, %	—	—		4.4	9.7	-5.3
Adjusted return on capital employed, %	—	—		8.1	9.7	-1.6



CASH FLOW, BALANCE SHEET AND NET DEBT

CASH FLOW STATEMENT (MSEK)	Q 2		JAN - JUNE		FULL YEAR
	2022	2021	2022	2021	2021
Cash flow from operating activities before changes in working capital	75	81	176	196	332
Cash flow from operating activities including changes in working capital	-19	32	75	125	48
Cash flow from investing activities	-50	-25	-125	-41	-165
Cash flow from financing activities	131	3	31	-133	109
Cash flow for the period	62	10	-19	-49	-8
Cash and cash equivalents at end of period	233	192	233	192	242
BALANCE SHEET (MSEK)	2022 - 06 - 30		2021 - 06 - 30	2021 - 12 - 31	
ASSETS					
Total assets	3,596		3,120	3,419	
EQUITY AND LIABILITIES					
Equity	1,699		1,608	1,687	
Total long-term liabilities	607		504	641	
Total current liabilities	1,290		1,008	1,091	
Total equity and liabilities	3,596		3,120	3,419	
Net debt (-)	-777		-438	-655	
Net debt (-) excluding lease liabilities	-446		-94	-323	



KEY INDICATORS

THE GROUP, 12 MONTHS

	R12M		FULL YEAR
	JULY 21-JUNE 22	JULY 20-JUNE 21	2021
RETURN INDICATORS			
Return on capital employed, %	4.4	12.6	9.7
Adjusted return on capital employed, %	8.1	12.5	9.7
Return on capital employed, (excluding financial lease) %	4.9	14.2	11.0
Adjusted return on capital employed, (excluding financial lease) %	9.1	14.1	11.0
Return on equity %	1.1	12.1	9.1
Adjusted return on equity %	6.7	11.9	9.1
CAPITAL STRUCTURE			
Capital turnover, times	1.5	1.7	1.6
Net debt (-) / EBITDA	-2.8	-1.0	-1.6
Adjusted net debt (-) / EBITDA	-1.6	-0.2	-0.8
Adjusted net debt (-) / Adjusted EBITDA	-1.4	-0.2	-0.9
THE GROUP	2022-06-30	2021-06-30	2021-12-31
CAPITAL STRUCTURE			
Net debt/equity ratio, times	-0.5	-0.3	-0.4
Equity/assets ratio, %	47.3	51.6	49.3
Equity/assets ratio, (excluding financial lease) %	51.9	57.6	54.4



FINANCIAL TARGETS AND GUIDELINES

Growth

Net sales SEK 5 billion in 2024, equating to a compound annual growth rate (CAGR) of 10%

Margin

Operating margin of at least 8%

ROCE

At least 15%

2022-06-30
R12M

FULL YEAR
2021

GUIDE-
LINES

	Q2	R12M	Q2	R12M	Q2	2021
Reported	10.5%	0.7%	4.1%	2.9%	4.4%	9.7%
Adjusted*	N.A.	N.A.	5.0%	5.4%	8.1%	9.7%

Average net working capital as % of sales

23.0

20.7

20-25

CAPEX as % of sales

6.8

4.6

2-3

Depreciation as % of sales

4.5

4.5

4-5

Depreciation (excl. lease liabilities IFRS 16) as % of sales

2.9

2.9

2-3

Tax rate

74.3

28.3

24-28

Tax rate, adjusted*

30.0

28.3

N.A.

*Adjusted for non-recurring



4. IN FOCUS





IN FOCUS 2022

- Be prepared for recovery of customer production
- Intensify customer pricing activities to minimize impact of inflation driven cost increases
- Maintain momentum on innovation and sustainability activities
- Continue identification of M&A target in North America
- Win incremental business to secure further organic growth, with special focus on adjacent industries



STRATEGY



STRONG POSITION

FSP concept, geographic proximity, forefront of innovation and sustainability

GROWTH

Organic and **acquisition** growth, **inside and outside automotive**

MARGIN EXPANSION

Economy of scale, production efficiency, technology, **premium sustainable solutions**

STRONG FINANCIAL PLATFORM

Financial leverage, investments in efficiency, solid equity/asset ratio, dividends

STRONG OFFER

Including sustainability and innovation leadership

SALES 5 BSEK

CAGR 10%

EBIT MARGIN

> 8%

ROCE

> 15%

2024



BULTEN - A STRONGER SOLUTION

