



# Nine month report, Jan-Sep 2022

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27 October 2022



# NINE MONTHS REPORT, JAN-SEP 2022

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- Telephone/audio conference  
27 October 2022, at 15.30 CEST
- Presented by:
  - Anders Nyström, President and CEO
  - Anna Åkerblad, CFO

Direct Link Audiocast:

<https://tv.streamfabriken.com/bulten-q3-2022>

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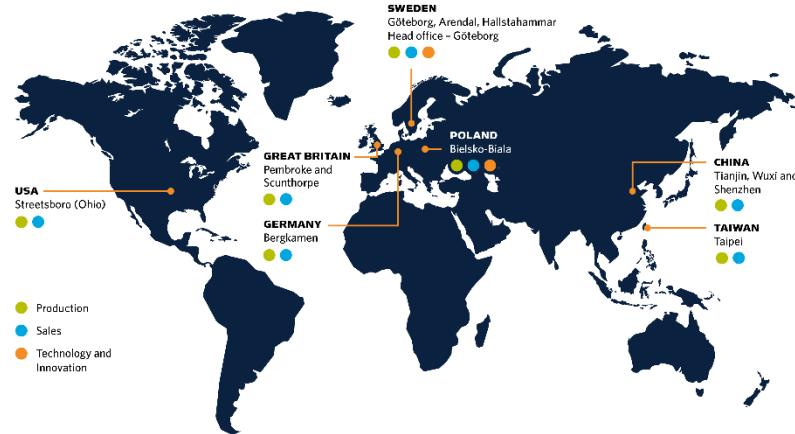


# Agenda

- Bulten in brief
- Market development
- Third quarter 2022
- In focus 2022



# BULTEN IN BRIEF



## SELECTION OF CUSTOMERS

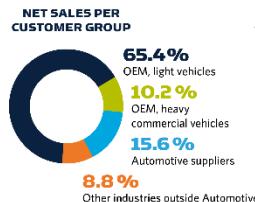
**Light vehicles:** Audi, Avtovaz, BAIC, BMW, Fiat, Ford, Geely, Jaguar, Land Rover, Lynk & Co, Nissan, Opel, Polestar, Porsche, Renault, Seat, Skoda, Volkswagen, Volvo

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

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

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

**1,673**  
Employees (FTE)



**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



# Market development

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# LMC AUTOMOTIVE'S SHORT-TERM MARKET VIEW

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- Q3 light vehicle production
  - An increase by **26.4%** for Q3 2022, compared to same period 2021
- 2022 full-year vehicle production estimates
  - Production of light vehicles in 2022 estimated up by **6.8%** vs 2021
  - Production of heavy commercial vehicles (>15 t) in 2022 down by **-15.7%** vs 2021
  - For Bulten's automotive customer mix up **4.2%**

*(Light vehicle ~89% and heavy commercial vehicle ~11% of Bulten's automotive sales)*

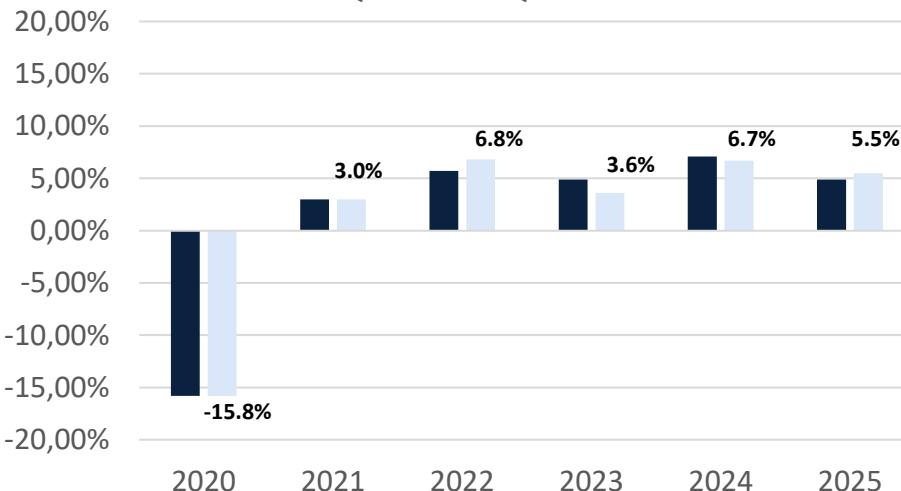
Source: LMC Automotive, Q3 2022

# LMC AUTOMOTIVE'S LONG-TERM VIEW FOR GLOBAL PRODUCTION



GLOBAL PRODUCTION GROWTH RATE (YEAR ON YEAR)  
LIGHT VEHICLES (LV)

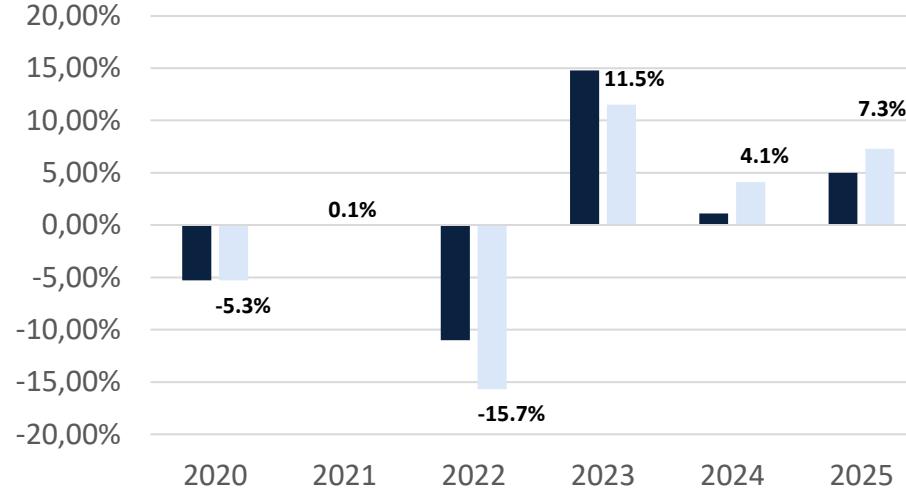
■ Q2 2022 ■ Q3 2022



LMC Automotive (Q3 2022 forecast) has increased its global forecast of LV production 2022 compared to the Q2 2022 forecast. The Q3 forecast 2022 now shows an increase of 6.8% compared to 2021.

GLOBAL PRODUCTION GROWTH RATE (YEAR ON YEAR)  
HEAVY VEHICLES (HCV)

■ Q2 2022 ■ Q3 2022



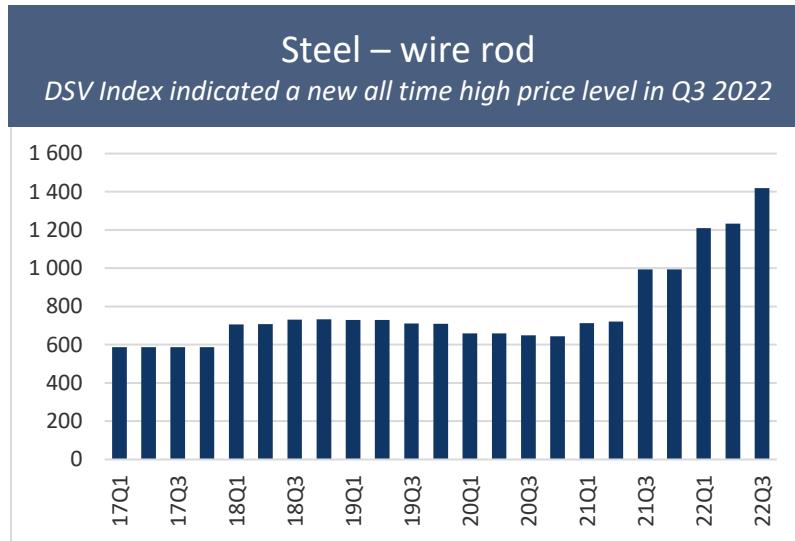
LMC Automotive (Q3 2022 forecast) has decreased its world forecast of HCV production 2022 compared to the Q2 2022 forecast. The Q3 forecast 2022 shows a decrease of 15.7% compared to 2021.

Source: LMC Automotive Forecast Q2 2022 & Q3 2022



# RAW MATERIAL PRICE DEVELOPMENT

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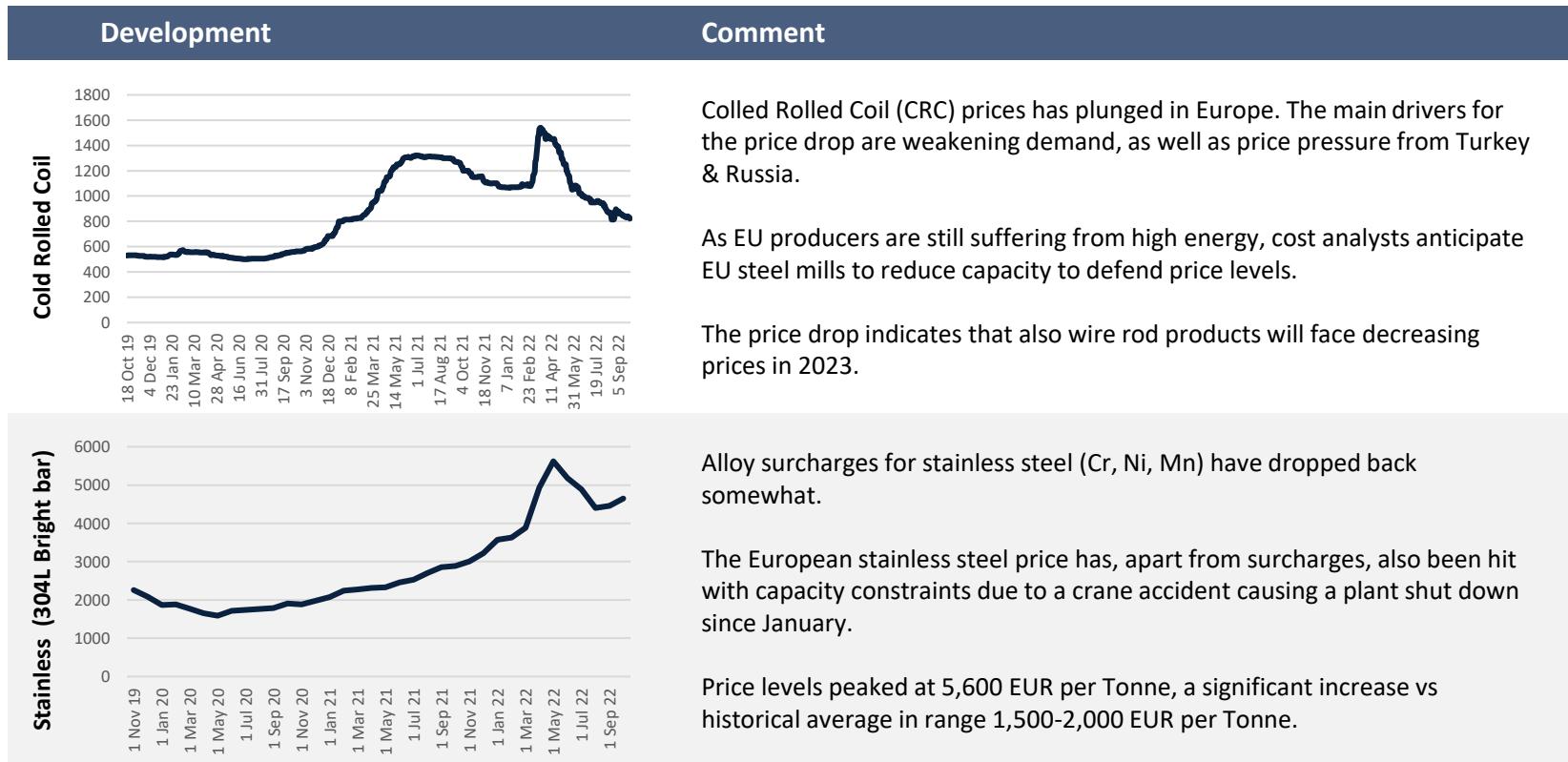
Q3 has been characterized by cost inflation related to energy and base commodities. This has had an impact on steel prices.

The demand situation is still high in Europe, and this leads to supply/demand issues.

The outlook for the coming quarter indicates further volatility.

*Source: Deutscher Schraubenverband*

# INDICATORS – COLD ROLLED COIL & STAINLESS STEEL



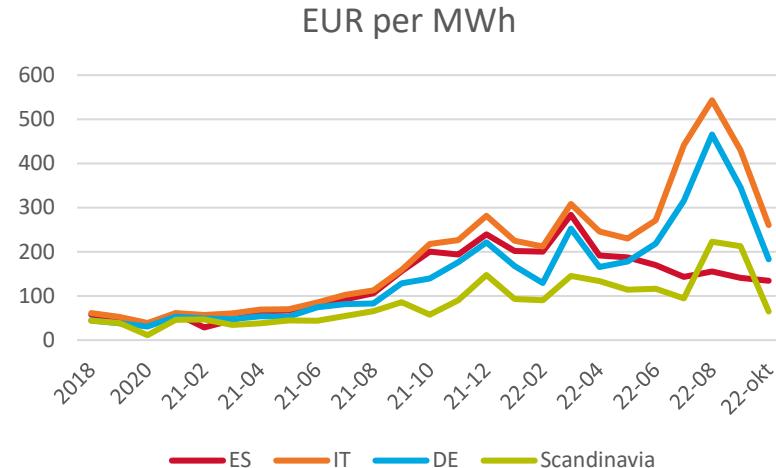
Source:  
S&P Platts  
Steel  
Briefing



# ENERGY PRICE DEVELOPMENT



Natural gas (Dutch TTF) highly volatile. Price levels plunging as EU gas storages are more or less full. Natural gas demands anticipated to drop.



Electricity prices at peak levels in August. Electricity prices plunging as natural gas prices drops.

- EU price cap discussion also impacting
- EU energy saving measures reducing demand

Source: Trading Economics and Gestore Mercati Energetici (GME)



# Third quarter 2022

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# INCREASED TURNOVER IN A CHALLENGING ENVIRONMENT

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- Increased turnover – 2<sup>nd</sup> highest quarter and highest Q3 in Bulten's history
- Somewhat improved automotive manufacturing forecast
- Positive growth in business outside Automotive
- Continued shortage of semi-conductors causing supply chain disruptions at customer plants, especially at the beginning of the quarter, with subsequent erratic production and continued high inventory levels for Bulten
- Shortage of components causing uneven production flows and high inventory volumes
- Increased cost for energy putting pressure on Bulten's margins



## EVENTS DURING Q3 2022

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- Bulten was nominated as a supplier of fasteners for a new global electric vehicle (EV) platform to be produced in China. The order value is estimated at approximately SEK 155 million a year at full production.
- Bulten began a collaboration with Polestar on the development project Polestar 0, which aims to build a climate-neutral electric car by 2030, by eliminating emissions in the supply chain. Bulten's contribution will be the delivery of climate-neutral fasteners.

Polestar 0 Project  
0tCO<sub>2</sub>e

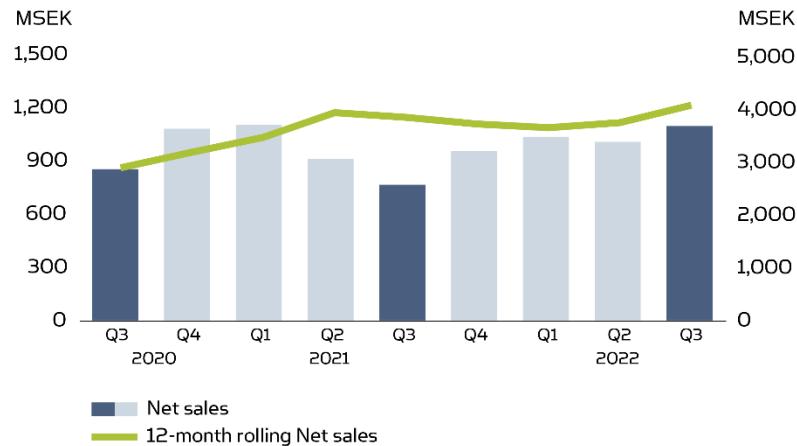


# INCREASING SALES VOLUMES

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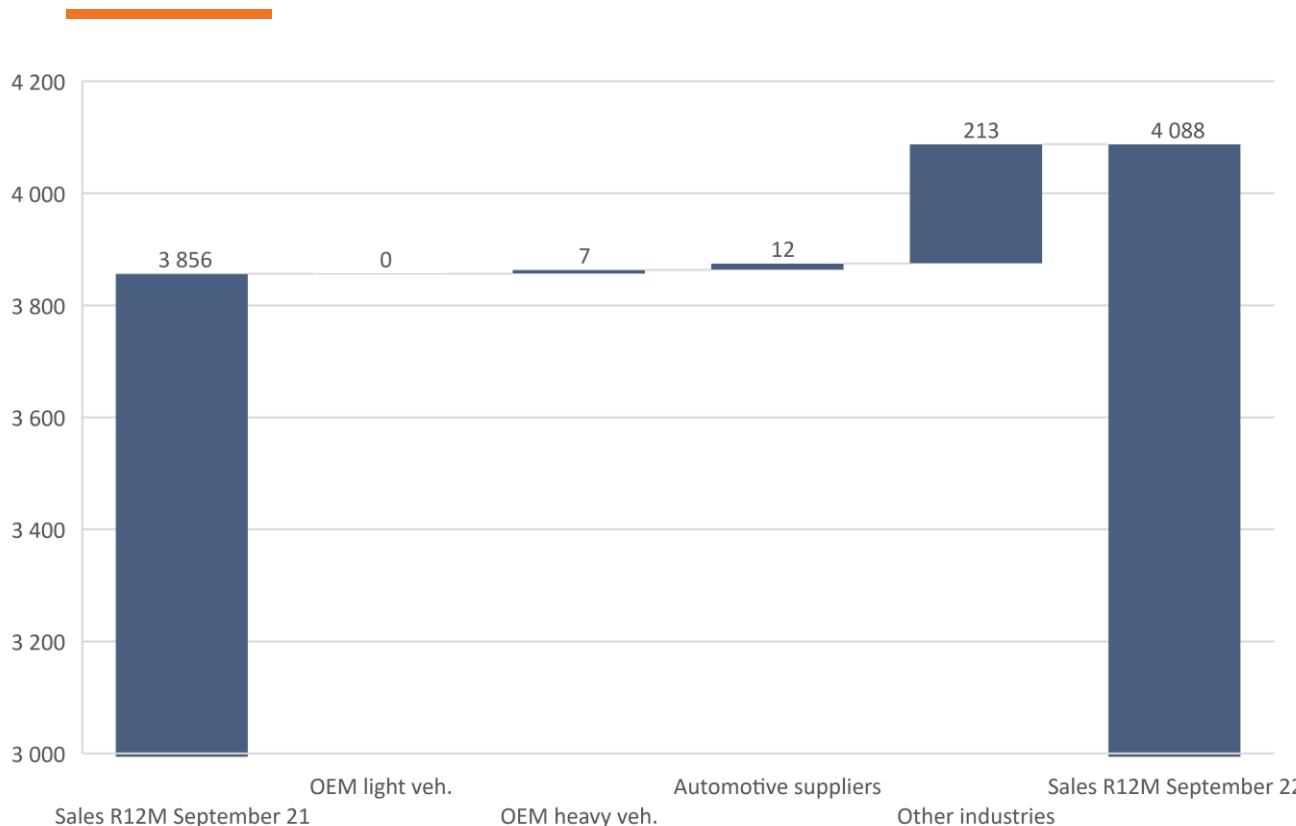
## Q3 2022

- Higher sales to automotive OEMs
- Continued sales growth in other industries outside the automotive sector
- > 4 BSEK 12-month rolling

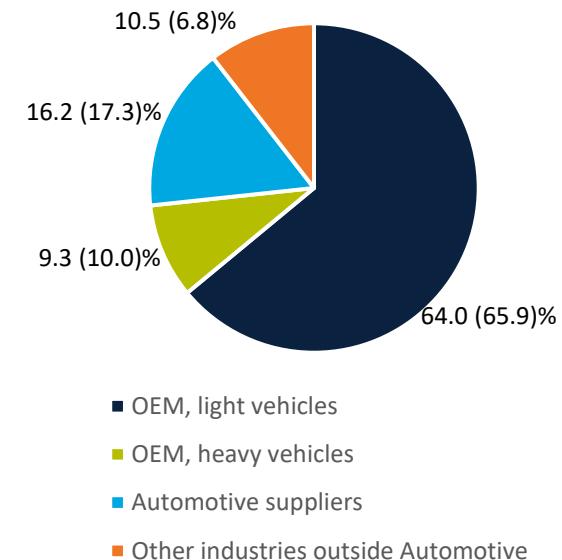




# CHANGE R12M SEPTEMBER 2021 TO SEPTEMBER 2022



**NET SALES PER CUSTOMER GROUP  
2022-09-30 YTD**





# IMPROVED EBIT EVEN IN CHALLENGING TIMES

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## Q3 2022

- EBIT SEK 47 (31) million with EBIT margin amounted to 4.3% (4.1) in Q3

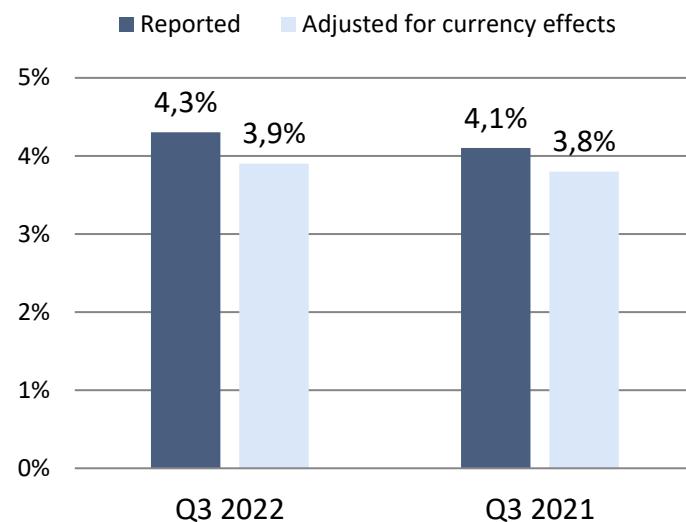
### Positive:

- Improved EBIT/EBIT margin compared to Q3 in 2021

### Negative:

- Increased cost for commodity goods, energy...
- Time lag in adjusted prices to customers

## Quarter EBIT margin



# GROUP SUMMARY Q3 2022



FINANCIAL SUMMARY	Q3			R12M	FY	
	2022	2021	Δ	Oct 21 - Sep 22	2021	Δ
Net sales	1,095	764	43.3%	4,088	3,730	9.6%
Gross profit	187	140	47	749	710	39
Earnings before depreciation (EBITDA)	91	74	17	297	400	-103
Operating earnings (EBIT)	47	31	16	125	232	-107
Operating margin, %	4.3	4.1	0.2	3.1	6.2	-3.1
Adjusted operating earnings (EBIT)	47	31	16	218	232	-14
Adjusted operating margin, %	4.3	4.1	0.2	5.3	6.2	-0.9
Earnings after tax	18	16	2	33	154	-121
Adjusted earnings after tax	18	16	2	126	154	-28
Earnings per share before dilution, SEK	0.65	0.68	-0.03	0.79	6.85	-6.06
Adjusted earnings per share before dilution, SEK	0.65	0.68	-0.03	5.19	6.85	-1,66
Return on capital employed, %	—	—		4.5	9.7	-5.2
Adjusted return on capital employed, %	—	—		7.9	9.7	-1.8

# CASH FLOW, BALANCE SHEET AND NET DEBT



	Q3	Jan-Sep		FULL YEAR	
	2022	2021	2022	2021	2021
<b>CASH FLOW STATEMENT (MSEK)</b>					
Cash flow from operating activities before changes in working capital	60	64	236	260	332
Cash flow from operating activities including changes in working capital	-27	-122	48	3	48
Cash flow from investing activities	-69	-55	-194	-96	-165
Cash flow from financing activities	145	171	176	38	109
Cash flow for the period	49	-6	30	-55	-8
Cash and cash equivalents at end of period	287	191	287	191	242
<b>BALANCE SHEET (MSEK)</b>					
	2022-09-30	2021-09-30	2021-12-31		
<b>ASSETS</b>					
Total assets	4,075	3,216	3,419		
<b>EQUITY AND LIABILITIES</b>					
Equity	1,749	1,637	1,687		
Total long-term liabilities	878	608	641		
Total current liabilities	1,448	971	1,091		
Total equity and liabilities	4,075	3,216	3,419		
Net debt (-)	-1,081	-623	-655		
Net debt (-) excluding lease liabilities	-569	-285	-323		



# KEY INDICATORS

THE GROUP, 12 MONTHS	R12M		FULL YEAR
	Oct 21-Sep 22	Oct 20-Sep 21	2021
<strong>RETURN INDICATORS</strong>			
Return on capital employed, %	4.5	11.7	9.7
Adjusted return on capital employed, %	7.9	11.6	9.7
Return on capital employed, (excluding financial lease) %	5.0	13.5	11.0
Adjusted return on capital employed, (excluding financial lease) %	8.9	13.3	11.0
Return on equity %	1.0	11.7	9.1
Adjusted return on equity %	6.5	11.5	9.1
<strong>CAPITAL STRUCTURE</strong>			
Capital turnover, times	1.5	1.6	1.6
Net debt (-) / EBITDA	-3.6	-1.4	-1.6
Adjusted net debt (-) / EBITDA	-1.9	-0.6	-0.8
Adjusted net debt (-) / Adjusted EBITDA	-1.8	-0.7	-0.9
<strong>THE GROUP</strong>	<strong>2022-09-30</strong>	<strong>2021-09-30</strong>	<strong>2021-12-31</strong>
<strong>CAPITAL STRUCTURE</strong>			
Net debt/equity ratio, times	-0.6	-0.4	-0.4
Equity/assets ratio, %	42.9	50.9	49.3
Equity/assets ratio, (excluding financial lease) %	49.1	56.6	54.4



# FINANCIAL TARGETS AND GUIDELINES

Growth			Margin		ROCE	
					At least 15%	
					Q3	2021
Q3	R12M		Q3	R12M	R12M	2021
<b>Reported</b>	43.3%	9.6%	4.3%	3.1%	4.5%	9.7%
<b>Adjusted*</b>	N.A.	N.A.	4.3%	5.3%	7.9%	9.7%

	2022-09-30 R12M	FULL YEAR 2021	GUIDE- LINES
Average net working capital as % of sales	24.7	20.7	20-25
CAPEX as % of sales	6.5	4.6	2-3
Depreciation as % of sales	4.2	4.5	4-5
Depreciation (excl. lease liabilities IFRS 16) as % of sales	2.7	2.9	2-3
Tax rate	73.5	28.3	24-28
Tax rate, adjusted*	32.6	28.3	N.A.

\*Adjusted for non-recurring



# In focus

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# IN FOCUS 2022

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- Dramatically decrease inventory levels and convert to cash
- 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
- Win incremental business to secure further organic growth, with special focus on non-auto industries



# STRATEGY

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## STRONG POSITION

FSP/FSPs 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

## 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**

# A stronger solution

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