



Nine month report, Jan-Sep 2022

27 October 2022



NINE MONTHS REPORT, JAN-SEP 2022

- 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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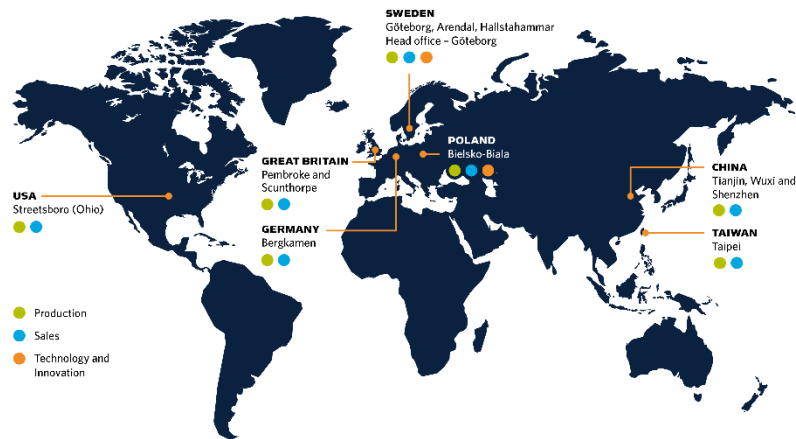


Agenda

- 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

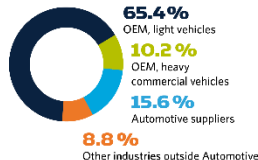
Heavy vehicles: AB Volvo, Mack, MAN, Renault, Scania, UD Trucks

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

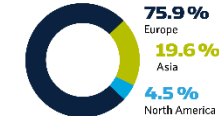
Others: Akcom, Garmin, GE, Foxconn, Hitachi, Honeywell, Jabil, Miele, Mindray, Philips, Sony, TE



NET SALES PER CUSTOMER GROUP



NET SALES PER GEOGRAPHIC MARKET



3,730
Net sales 2021 (SEK M)

232 **6.2%**
Operating earnings (SEK M) Operating margin

Source: All above numbers are from the Annual Report 2021



Market development

LMC AUTOMOTIVE'S SHORT-TERM MARKET VIEW



- 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%**

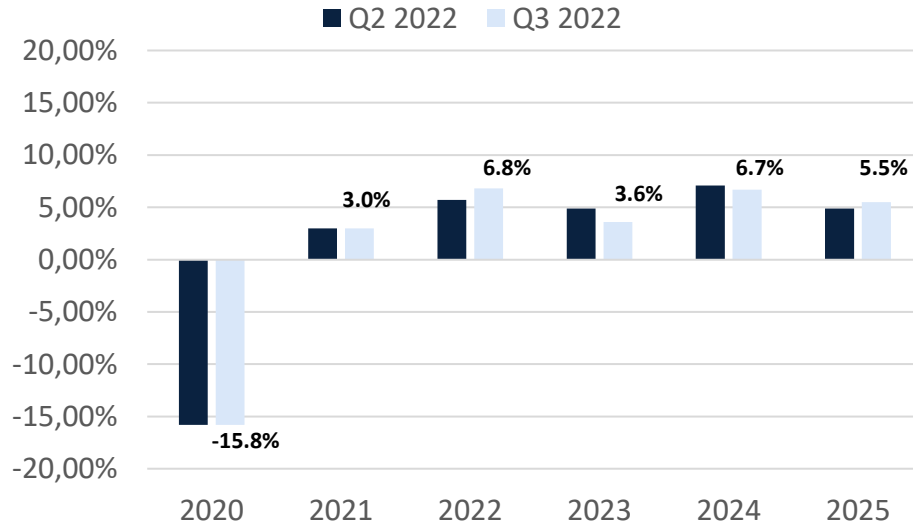
(Light vehicle ~89% and heavy commercial vehicle ~11% of Bulten's automotive sales)

Source: LMC Automotive, Q3 2022



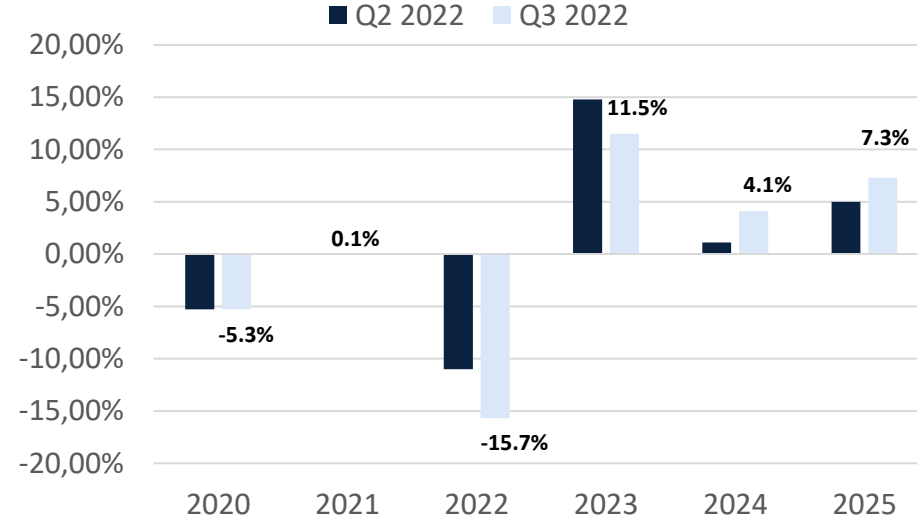
LMC AUTOMOTIVE'S LONG-TERM VIEW FOR GLOBAL PRODUCTION

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



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.

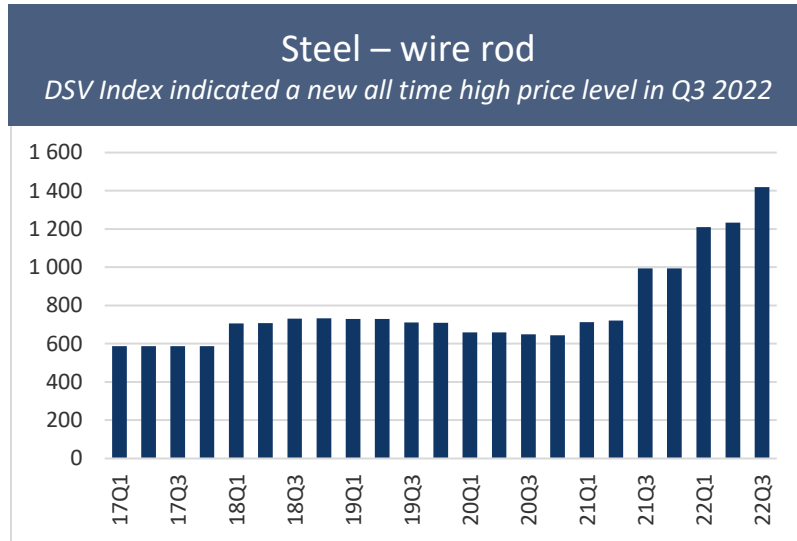
GLOBAL PRODUCTION GROWTH RATE (YEAR ON YEAR)
HEAVY VEHICLES (HCV)



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.



RAW MATERIAL PRICE DEVELOPMENT



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

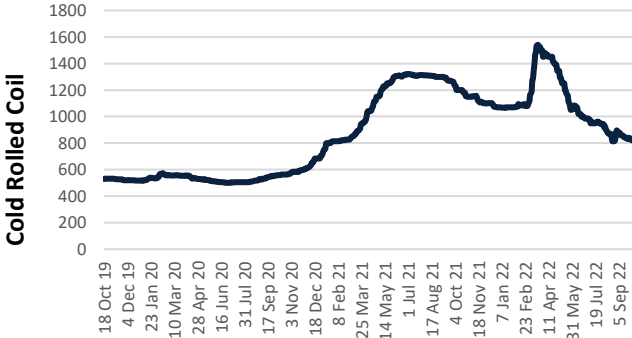

The demand situation is still high in Europe, and this leads to supply/demand issues.

The outlook for the coming quarter indicates further volatility.

Source: Deutscher Schraubenverband



INDICATORS – COLD ROLLED COIL & STAINLESS STEEL

Development	Comment																																																
 <p>Cold Rolled Coil</p> <table border="1"><thead><tr><th>Date</th><th>Price (EUR/Tonne)</th></tr></thead><tbody><tr><td>18 Oct 19</td><td>500</td></tr><tr><td>4 Dec 19</td><td>500</td></tr><tr><td>23 Jan 20</td><td>550</td></tr><tr><td>10 Mar 20</td><td>500</td></tr><tr><td>28 Apr 20</td><td>500</td></tr><tr><td>16 Jun 20</td><td>500</td></tr><tr><td>31 Jul 20</td><td>500</td></tr><tr><td>17 Sep 20</td><td>550</td></tr><tr><td>3 Nov 20</td><td>600</td></tr><tr><td>18 Dec 20</td><td>800</td></tr><tr><td>8 Feb 21</td><td>850</td></tr><tr><td>25 Mar 21</td><td>1200</td></tr><tr><td>14 May 21</td><td>1300</td></tr><tr><td>1 Jul 21</td><td>1300</td></tr><tr><td>17 Aug 21</td><td>1300</td></tr><tr><td>4 Oct 21</td><td>1200</td></tr><tr><td>18 Nov 21</td><td>1100</td></tr><tr><td>7 Jan 22</td><td>1100</td></tr><tr><td>23 Feb 22</td><td>1500</td></tr><tr><td>11 Apr 22</td><td>1500</td></tr><tr><td>31 May 22</td><td>1000</td></tr><tr><td>19 Jul 22</td><td>900</td></tr><tr><td>5 Sep 22</td><td>800</td></tr></tbody></table>	Date	Price (EUR/Tonne)	18 Oct 19	500	4 Dec 19	500	23 Jan 20	550	10 Mar 20	500	28 Apr 20	500	16 Jun 20	500	31 Jul 20	500	17 Sep 20	550	3 Nov 20	600	18 Dec 20	800	8 Feb 21	850	25 Mar 21	1200	14 May 21	1300	1 Jul 21	1300	17 Aug 21	1300	4 Oct 21	1200	18 Nov 21	1100	7 Jan 22	1100	23 Feb 22	1500	11 Apr 22	1500	31 May 22	1000	19 Jul 22	900	5 Sep 22	800	<p>Colled Rolled Coil (CRC) prices has plunged in Europe. The main drivers for the price drop are weakening demand, as well as price pressure from Turkey & Russia.</p> <p>As EU producers are still suffering from high energy, cost analysts anticipate EU steel mills to reduce capacity to defend price levels.</p> <p>The price drop indicates that also wire rod products will face decreasing prices in 2023.</p>
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Source:
S&P Platts
Steel
Briefing



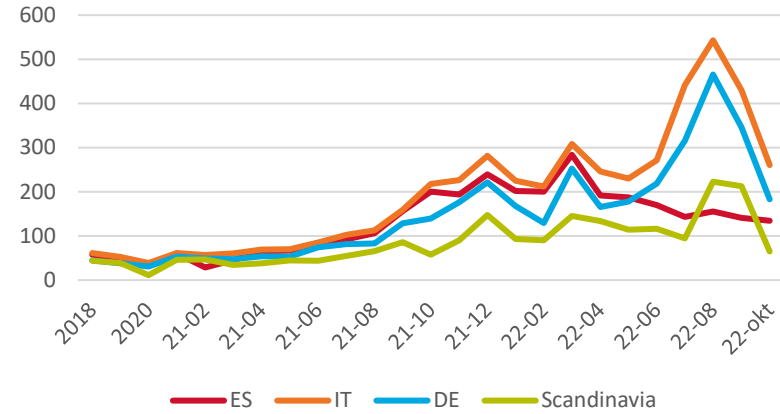
ENERGY PRICE DEVELOPMENT



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

Source: Trading Economics and Gestore Mercati Energetici (GME)

EUR per MWh



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



Third quarter 2022

INCREASED TURNOVER IN A CHALLENGING ENVIRONMENT

- Increased turnover – 2nd 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

- 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.

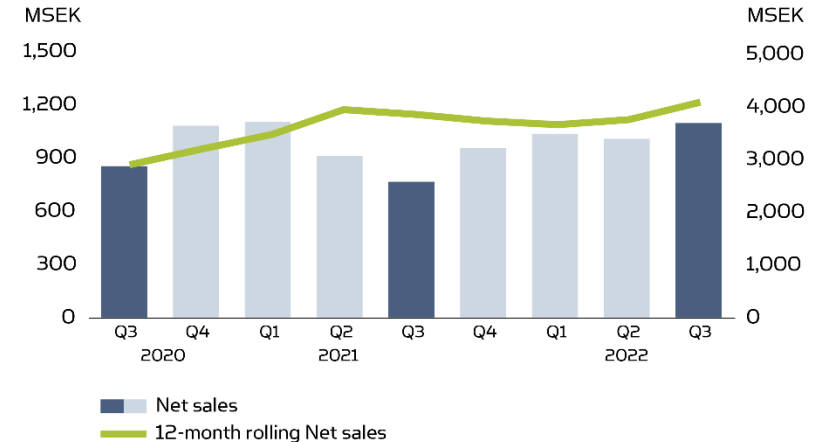
Polestar 0 Project
0tCO₂e



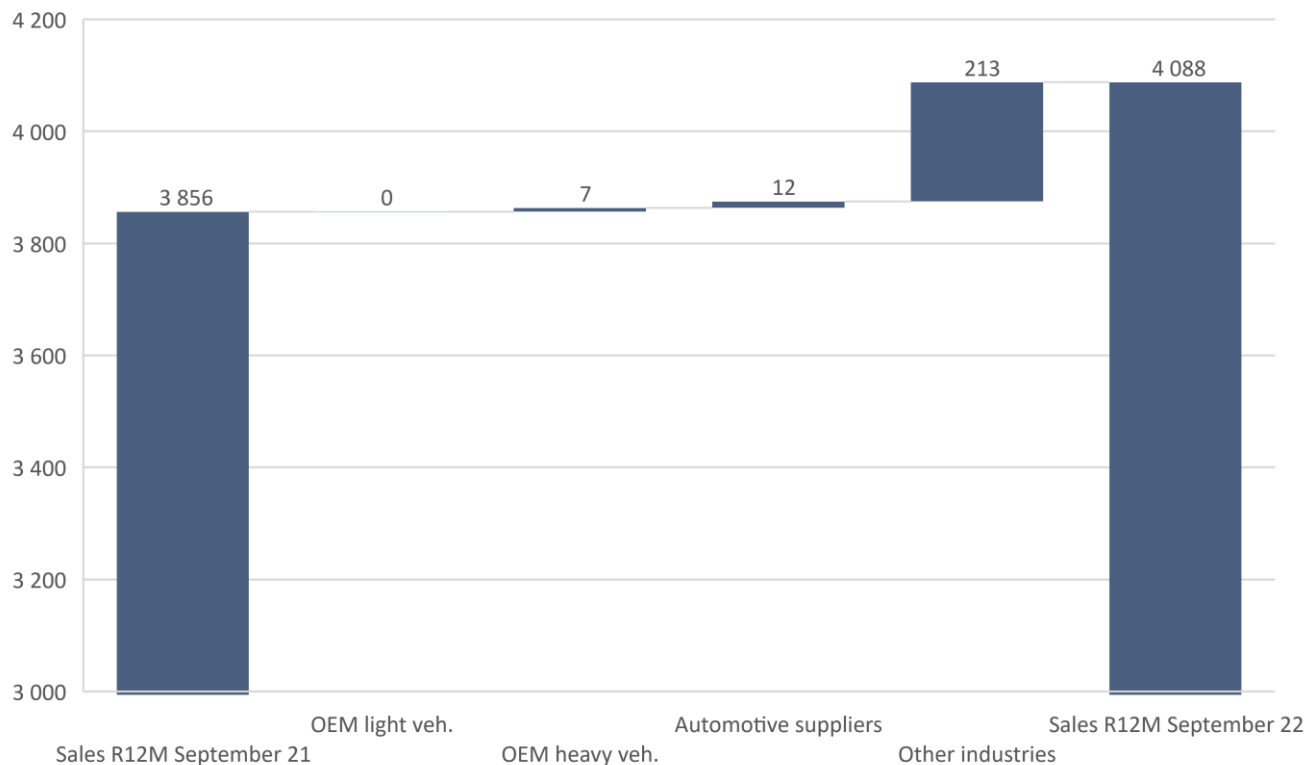
INCREASING SALES VOLUMES

Q3 2022

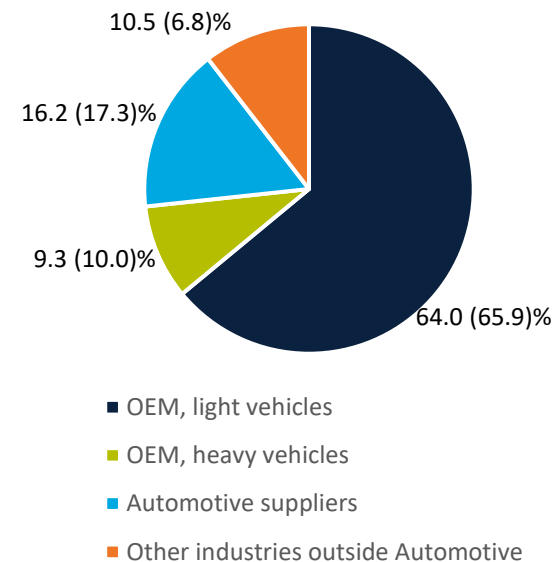
- Higher sales to automotive OEMs
- Continued sales growth in other industries outside the automotive sector
- > 4 BSEK 12-month rolling



CHANGE R12M SEPTEMBER 2021 TO SEPTEMBER 2022



NET SALES PER CUSTOMER GROUP 2022-09-30 YTD





IMPROVED EBIT EVEN IN CHALLENGING TIMES

Q3 2022

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

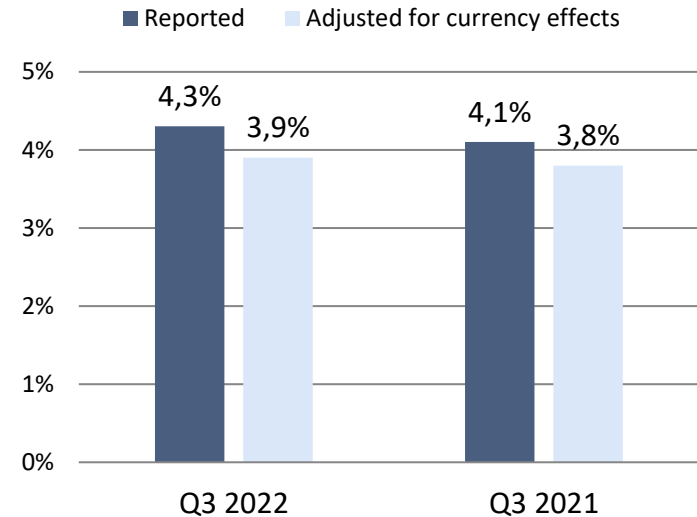
Positive:

- 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	
CASH FLOW STATEMENT (MSEK)	2022	2021	2022	2021	2021
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
BALANCE SHEET (MSEK)	2022-09-30	2021-09-30	2021-12-31		
ASSETS					
Total assets	4,075	3,216	3,419		
EQUITY AND LIABILITIES					
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
RETURN INDICATORS			
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
CAPITAL STRUCTURE			
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
THE GROUP			
	2022-09-30	2021-09-30	2021-12-31
CAPITAL STRUCTURE			
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	
Net sales SEK 5 billion in 2024, equating to a compound annual growth rate (CAGR) of 10%			Operating margin of at least 8%		At least 15%	
	Q3	R12M	Q3	R12M	Q3 R12M	2021
Reported	43.3%	9.6%	4.3%	3.1%	4.5%	9.7%
Adjusted*	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



IN FOCUS 2022

- 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



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



BULTEN 