

*"2012 was a challenging year for FinnvedenBulten with volatile demand from the automotive industry but also a year with promising initiatives for future growth through establishments in Russia and China, where we see great potential."*

JOHAN WESTMAN, PRESIDENT AND CEO



# Annual Report 2012

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# 2012 in brief

## QUARTER 1, JANUARY - MARCH

### ORGANIC GROWTH ON WEAKER MARKET, GOOD CASH FLOW BUT LOWER OPERATING MARGIN

FinnvedenBulten reported increased order bookings and sales in a weaker Western European market. Adjusted for currency effects, FinnvedenBulten's organic growth was 1.5% compared with the strong performance in the first quarter of 2011. The Group had a low net-debt-to-equity ratio and good cash flow from current operations. Initially, the quarter was affected by disturbances and imbalance in production, but the production situation improved in March.

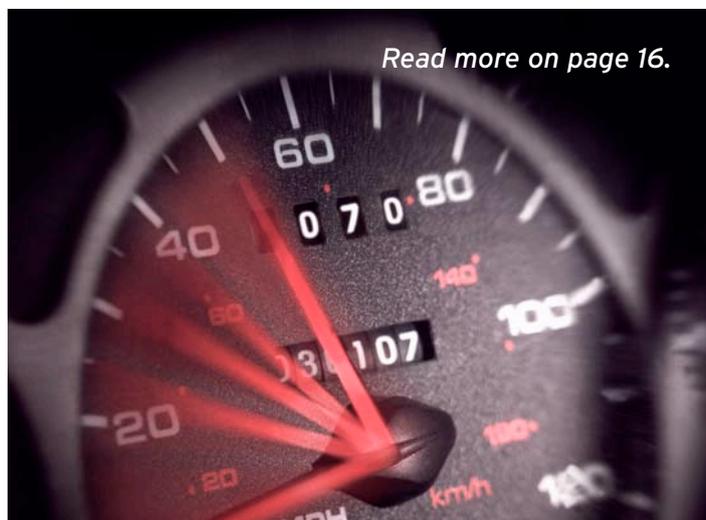
## QUARTER 2, APRIL - JUNE

### GOOD CASH FLOW AND GROWTH BUT LOWER MARGIN ON A WEAKER MARKET

FinnvedenBulten increased its net sales during the second quarter with 6.2% in a weaker automotive market, partly due to a higher than normal share of tool sales in the Finnveden Metal Structures division. After adjustments for currency effects, organic growth was 6.6%. Cash flow from current activities was good and the Group had a continued strong financial position.

### Deliveries of fasteners for a new, global engine platform begin

During the quarter, deliveries for a new and significant engine platform started. The project is a good example of how Bulten can be a strategic FSP (Full Service Provider) partner for leading vehicle makers. The division has participated at every stage of the engine's development – from prototype production in 2008 up to the final launch in 2012. This engine recently won the prestigious "International Engine of the Year 2012 award". The volume development in coming years is forecast to be good with a broad international launch.



## QUARTER 3, JULY - SEPTEMBER

### WEAKER MARGINS DUE TO LOWER VOLUMES, NEGATIVE CURRENCY EFFECTS AND CHANGES IN PRODUCT MIX

FinnvedenBulten's sales turnover fell during Q3 by 7.8% (down 2.5% when adjusted for currency effects) in a continued weakened automotive market. Indications during Q2 of lower deliveries became more concrete in Q3 and further cutbacks have been announced by customers towards the end of the year. The lower sales that lead to underutilisation at several factories during the quarter, added to an unfavourable product mix, resulted in a significantly negative effect on earnings. The Group's joint currency effects also had a negative impact.

### FinnvedenBulten expands in Poland and restructures foundry operation

In September it was decided to invest in and restructure the Group's foundry operation through expansion in Poland and the reduction of the unprofitable foundry operations in Sweden. The measures will strengthen the division Finnveden Metal Structures' position and lead to a more efficient production structure and to profitability improvements. The annual cost saving is expected to be SEK 15-20 million.



## QUARTER 4, OCTOBER - DECEMBER

### TOUGH FINISH IN 2012, PROMISING VENTURES IN RUSSIA AND CHINA, UNCHANGED DIVIDEND

FinnvedenBulten's sales declined significantly in the fourth quarter, mainly because of a very low activity at the end of the quarter in the European automotive sector. On top of previously announced cutbacks in existing orders towards the end of the year, further volume reductions and stoppage days were implemented with very short notice. This resulted in considerable cuts in production and delivery volumes in December. Trends in December therefore meant underutilisation at several of the Group's factories with a major negative effect on earnings. Given current market concerns the Group continued to prioritize cost reductions. This in the form of both initiated and planned structural measures as well as ongoing measures to boost efficiency including the already decided staff reductions.

### Two strategically important agreements were signed concerning establishment in Russia and China, both with significant growth potential

In December, FinnvedenBulten and GAZ (Russia's largest manufacturer of commercial vehicles) signed a final agreement to form a company for manufacturing fasteners at GAZ Group's plant Gorky Automobile Plant. FinnvedenBulten thereby establishes its first production facility in Russia and strengthen division Bulten's strategic position. In December, an agreement was also signed with Beijing Hainachuan Automotive Parts Co., Ltd (BHAP) and Amgain Shandong Magnesium Co., Ltd (Amgain) to form a Joint Venture for manufacturing of light weight die casted components in China. The basis for the collaboration is an existing, newly established factory with significant growth potential.

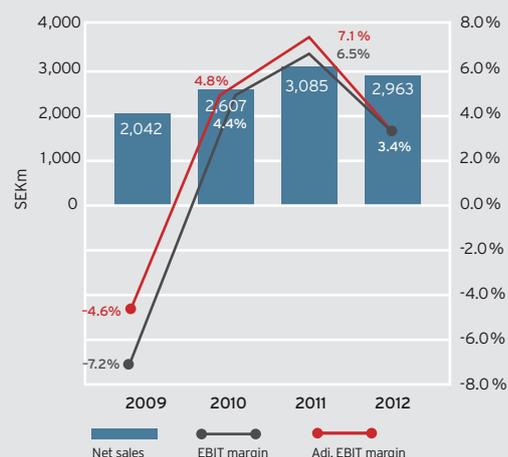


## KEY INDICATORS

	2012	2011	2010	2009
Net sales	2,963	3,085	2,607	2,042
EBITDA margin, %	6.0	8.9	7.1	-2.9
EBIT margin (operating margin), %	3.4	6.5	4.4	-7.2
Adjusted EBIT margin (operating margin), %	3.4	7.1	4.8	-4.6
Capital turnover rate, times	2.3	2.4	2.2	1.8
Return on capital employed, %	8.1	15.4	9.5	Neg
Net debt/equity ratio, times	0.2	0.2	1.3	1.9
Adjusted net debt/equity ratio, times	0.2	0.2	0.2	0.3
Interest coverage ratio, times	6.7	4.3	1.5	-1.2
Equity/assets ratio, %	55.8	54.3	25.9	21.2
Adjusted equity/assets ratio, % *	55.8	54.3	48.8	45.6
Average no. of employees	1,810	1,746	1,576	1,451

\* Adjusted equity/assets ratio includes shareholder loan and preference shares.

## SALES TURNOVER, OPERATING MARGIN AND ADJUSTED OPERATING MARGIN



# This is FinnvedenBulten

FinnvedenBulten develops and manages industrial businesses, offering products, technical solutions and systems in metallic materials. The Group operates as a business partner to international customers in the engineering industry, primarily the automotive industry.

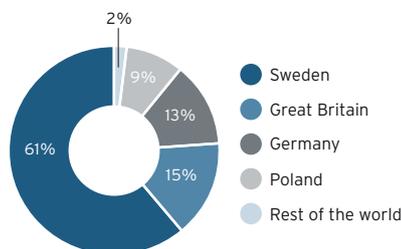
FinnvedenBulten's net sales in 2012 amounted to SEK 2,963 million and the number of employees at the turn of the year was 1,810. The company was listed on NASDAQ OMX Stockholm in May 2011 and had 1,757 shareholders at the turn of the year 2012.

FinnvedenBulten is structured into two divisions - Bulten and Finnveden Metal Structures - both with strong positions in their respective customer segments.

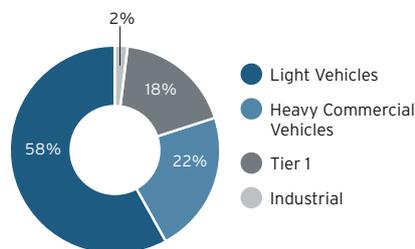
Division Bulten develops and manufactures fasteners for the global automotive industry. Bulten is one of the few players in Europe offering complete responsibility throughout the whole value chain for fasteners from product development to final delivery to the customer. Fasteners are important components in the manufacture of passenger cars and commercial vehicles and demand is primarily controlled by production in the automotive industry.

Division Finnveden Metal Structures manufactures products in steel, magnesium and aluminium or combinations of these materials. The principal manufacturing processes are stamping, die casting and assembly. The components include interior, chassis and body components for the automotive industry and also customized components for general industry.

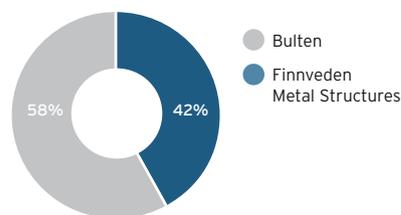
Sales per geographic market



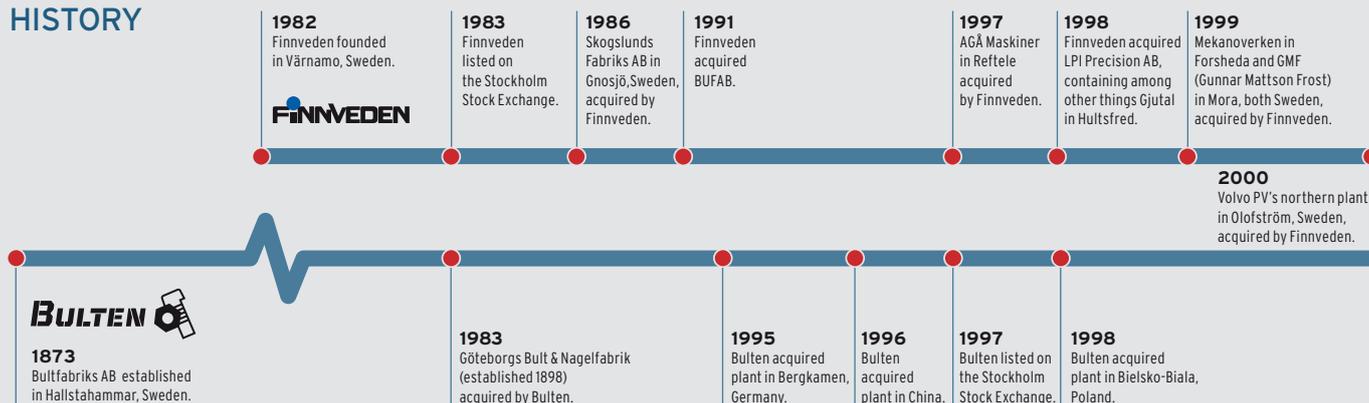
Sales per customer segment



Net sales per division, %



## HISTORY



# Production and operations

Production primarily takes place in Europe and Asia. The Group has considerable qualitative low-cost production in Bielsko-Biala, Poland where production of fasteners, sheet metal components and die cast magnesium components take place.

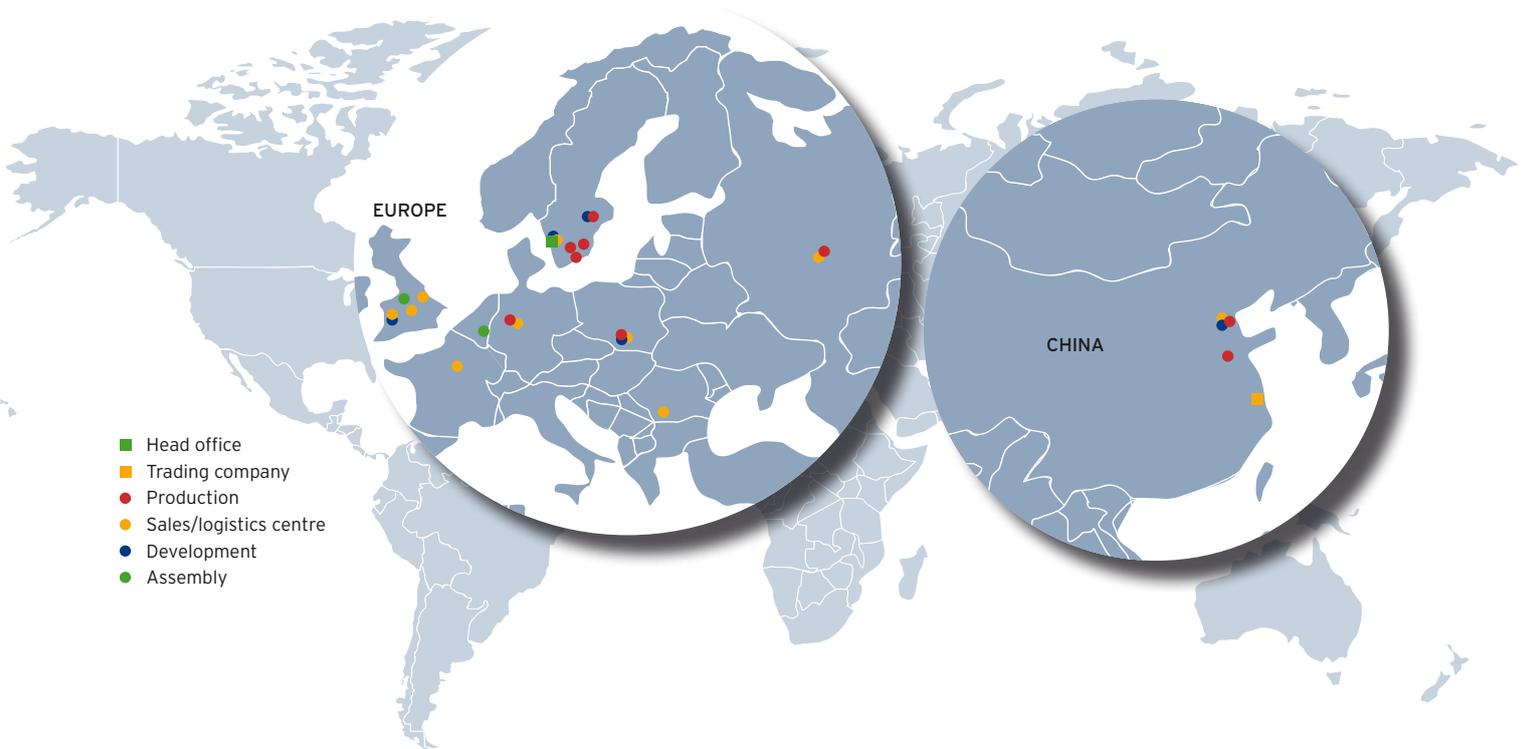
The Group has an established low-cost production for fasteners in Beijing, China since 1996. The plant moved to new premises in 2009 and is now a fasteners unit with major growth potential. The Group also has a trading

company in Shanghai and has during 2012 signed an agreement with Chinese BHAP and Amgain to form a Joint Venture for manufacturing of light weight die casted components in China. The basis for the collaboration is an existing, newly established factory in Heze City in Shandong province between Beijing and Shanghai.

The Group has during 2012 also signed an agreement to establish its first production site in Russia together with the Automotive

Components division within GAZ Group, which is one of Russia's largest automotive manufacturer. FinnvedenBulten will become the majority shareholder in the new company and the starting point for production is expected to be by the end of 2013.

Furthermore, the Group has operations in Europe and Asia such as sales offices, logistics, development and JIT centres. The Group's head office is located in Gothenburg, Sweden.



## 2001

Finnveden acquired Bulten, which was then delisted from the Stockholm Stock Exchange.

## 2003

Headquarters moved to Gothenburg, Sweden. Stamping unit in Gnosjö, Sweden, and the fastener production in Kalix, Sweden are closed down and production transferred to other units.

## 2005

Finnveden acquired by Nordic Capital, delisted from the Stockholm Stock Exchange. Finnveden Metal Structures established foundry unit in Bielsko-Biala, Poland. Business area BUFAB divested from Finnveden.

## 2007

Business area Finnveden Powertrain divested to Italian competitor Gnuttli Carlo.

## 2011

Name change of company to FinnvedenBulten. FinnvedenBulten listed on NASDAQ OMX Stockholm.

## 2002

Stamping unit in Reftele, Sweden, closed down and production transferred to other units.

## 2004

Factory building for sheet stamping in Bielsko-Biala, Poland, acquired by Finnveden. EuCD-contract signed with Ford, Volvo Cars and Land Rover. Development of the platform begins.

## 2006

Stamping unit in Vansbro, Sweden, closed down. Machines and customer contracts were moved to Bielsko-Biala, Poland.

## 2008

The company was awarded FSP-contract and became main supplier of V36x fasteners, future Transit.

## 2010

Stamping unit in Mora, Sweden, closed down and production transferred to other units.

## 2012

Two strategically important agreements were signed concerning establishment in Russia and China.

**FINNVEDENBULTEN**

# A challenging year with promising initiatives

2012 was a challenging year for FinnvedenBulten with volatile demand from the automotive industry but also a year with promising initiatives for future growth through establishments in Russia and China, where we see great potential. We are not slowing the pace in our ambition to continue to build a strong and effective production structure with an increasingly broad international customer base.

Following a relatively strong sales performance with increased profitability in 2011, conditions changed in 2012. The market performed worse than we expected and we faced challenges inside parts of our organization. During the year the market for FinnvedenBulten's products decreased by 9% weighted for the Group's exposure to production of light and heavy commercial vehicles in Western Europe. FinnvedenBulten's sales fell by 3.9% (or 2% adjusted for currency effects) and amounted to almost SEK 3 billion. This relatively low fall, compared with the rest of our industry, indicates that we continued to gain market shares. Our Bulten division continued to win ground during the year with its Full Service Provider concept. The division's underlying business is stable and well positioned going forward thanks to, among others, new and important contracts.

**The demand pattern in 2012** was uneven, with fast switches in customers' production plans and stoppages introduced at very short notice. This trend was noted most clearly in the summer and in December and it made it harder for us to adapt our costs. It also meant significant under absorption at several of the Group's production units, with a negative impact on earnings. The operating profit for the full year was just over SEK 100 million, corresponding to an operating margin of 3.4%.

**In this volatile and difficult market situation**, in the second half of the year we mostly prioritized cost reductions, with increasing intensity in both the Group's divisions. We also initiated restructuring in order to boost long-term competitiveness. In the autumn

we began restructuring the foundry business in the Finnveden Metal Structures division, through expansion in Poland and a reduction of the currently unprofitable business in Sweden. This will enable a more effective production structure and is expected to generate annual savings of SEK 15-20 million from the second half of 2013.

**Offensive initiatives in our two divisions** reached important milestones towards the end of the year. In December the Finnveden Metal Structures division signed an agreement with BHAP and Amgain of China to form a joint venture company for production of lightweight components in China. Through a total investment of around CNY 44 million (around SEK 46 million) Finnveden Metal Structures will become the largest shareholder with a 40% holding. We envision great opportunities for this company in the future even though there will not be any significant impact on earnings for 2013.

The same applies for the agreement that the Bulten division has signed with GAZ concerning an establishment in Russia. Through an investment of around EUR 7 million Bulten will be the majority owner of the company. The business already has annual sales of around EUR 11 million and has considerable growth potential in both the short and long term. The company will be a subsidiary in the FinnvedenBulten Group. During 2013 the company will be incorporated, premises renovated, staff trained and new machinery taken into operation. Production is expected to start by the end of 2013.

Both of these investments in Russia and China give us good opportunities for growth.

We are not slowing the pace in our ambition to continue building a strong and effective production structure with an increasingly broader international customer base. Our strategy is to be a cost-effective producer with a high level of quality, sharp focus on our customers' requirements for weight reduction and lower emissions targets, while continuing to follow our customers onto growth markets.

**We are facing a new year** with new challenges. We will be focusing on our current and future customers as well as on our new ventures in China and Russia while paying very careful attention to the market development. Efforts to adapt our business to current market conditions by improving efficiency and productivity will continue. Capital rationalisation measures have been initiated to strengthen the Group's profitability. These measures will secure a continued good financial position and support our strategy for long-term profitable growth. With our highly skilled and experienced staff, an attractive business offer for our customers and an expanded geographical presence we continue to have great opportunities to remain a strong partner for the global automotive industry.

**Johan Westman**  
President and CEO



FINNVEDE TEN

"We are facing a new year with new challenges. We will be focusing on our current and future customers as well as on our new ventures in China and Russia while paying very careful attention to the market development."

**JOHAN WESTMAN**  
President and CEO

# Vision, business concept and strategies

## VISION

FinnvedenBulten shall be the preferred choice of long-term business partner and supplier to international customers in the engineering industry, primarily the automotive industry.

## BUSINESS CONCEPT

FinnvedenBulten shall develop and manage industrial businesses that offer products, technical solutions and systems of high quality for international customers in the engineering industry, primarily the automotive industry.

## OVERALL STRATEGY

FinnvedenBulten's strategy is to continue the development of Bulten and Finnveden Metal Structures to realise the full potential in both divisions. Growth opportunities are favourable as both Bulten and Finnveden Metal Structures are well-positioned for continued profitable organic growth. Read more about the divisions' specific strategies in the sections for Bulten and Finnveden Metal Structures.

# Financial goals

## LONG-TERM FINANCIAL GOALS

## TARGET PERFORMANCE

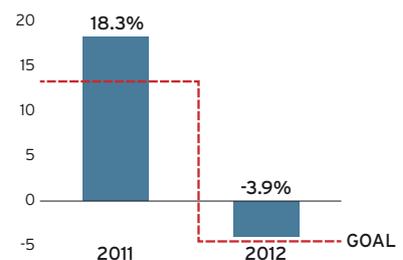
### ORGANIC GROWTH

The Group's goal is to achieve profitable organic growth and to grow more strongly than the industry average.

Definition on page 73.

Organic growth in 2012 was -3.9% (18.3). Weighted for FinnvedenBulten's exposure, average growth in the industry\* was -5.0% (13.2).

\*) Average growth in the industry is defined as production volume in Europe in accordance with IHS Automotive, January 2013.



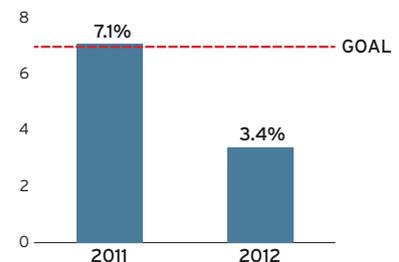
### OPERATING MARGIN

The Group's goal is to achieve an operating margin of at least 7 percent.

Definition on page 73.

The adjusted operating margin amounted to 3.4% (7.1\*) in 2012.

\*) Adjusted for costs primarily associated with stock market listing in 2011.



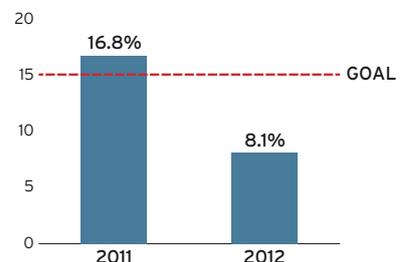
### RETURN ON CAPITAL EMPLOYED (ROCE)

The Group's goal is to achieve a return on average capital employed of at least 15 percent.

Definition on page 73.

Return on capital employed amounted to 8.1% (16.8\*).

\*) Adjusted for costs primarily associated with stock market listing in 2011.



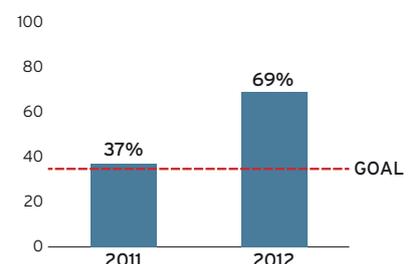
### DIVIDEND

FinnvedenBulten's target over time is to pay out a dividend of one third of net earnings after tax. Consideration is given, however, to the company's financial position, cash flow and outlook.

Shareholder information on page 28-29.

The Board has proposed to the Annual General Meeting an unchanged dividend of SEK 2.00 per share for the financial year, representing a dividend of 69%\* (37) of net earnings after tax.

\*) Adjusted for one-off items of SEK -19 million due to the change in the Swedish corporate tax rate.



# Customers, markets, trends and driving forces

## Customers

FinnvedenBulten's customers are primarily active in the automotive markets in Europe, Asia and the US. The customers are mainly manufacturers of cars and commercial vehicles as well as Tier 1 suppliers, i.e. companies that supply products to auto and engine makers. The Finnveden Metal Structures division also supplies general industry.

FinnvedenBulten's largest customers are Autoliv, DaimlerChrysler, Faurecia, Ford, Magna, Nissan, Scania, Volvo Cars and AB Volvo. Around 95% of sales go to production of cars and commercial vehicles in Europe, of which a significant portion is exported to other markets around the world.

## Markets

In 2012, deliveries for light vehicles (cars and light commercial vehicles) accounted for approximately 75% of FinnvedenBulten's revenues, while heavy commercial vehicles accounted for approximately 25%. Of total net sales, approximately 80% were attributable to car makers (OEMs) and approximately 20% to sub-suppliers and other industries.

According to IHS Automotive (IHS), production of light vehicles in Western Europe declined by 7.7% and production of heavy vehicles by 9.9% during 2012 compared with 2011. In its latest forecast update in early 2013, IHS forecasts that 11.9 million light vehicles will be produced in Western Europe in 2013 compared to 12.6 million vehicles in 2012 (-5.6%). For heavy vehicles over 15 tons, IHS forecasts that production in Western Europe will reach around 290,000 units in 2013 compared with around 305,000 in 2012 (-5.2%).

## Trends and driving forces

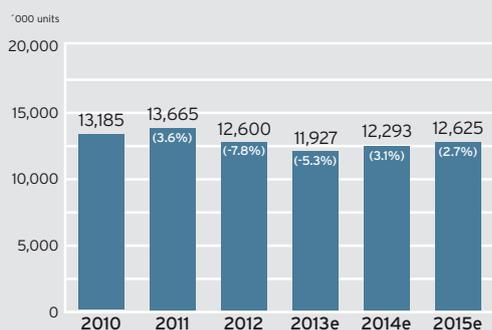
The trend among suppliers to the automotive industry is that auto makers are reducing the number of suppliers. Meanwhile, vehicle design is developing and engines are becoming more complex, which means greater demands are being placed on components. These trends have meant that customer relations are becoming more and more important and the remaining, specially selected suppliers are taking a more integrated and complete responsibility for their products.

A clear trend in the automotive industry is increased establishment of production on growth markets. According to production statistics from IHS, China passed both the US and Japan in the number of cars produced in 2009. Between 2012 and 2017, Chinese production is expected to grow by over 9% each year.

Since a significant part of the European vehicle production is exported, the European manufacturers are also favoured by that the growth in for example North America and the BRIC (Brazil, Russia, India and China) countries are expected to be relatively good.

Over the longer term, auto makers will require their suppliers to be established locally on the markets being served. On the European auto market the trend is towards continued transfer of production from Western Europe to Eastern Europe, where FinnvedenBulten is already represented with its production plant in Poland. The Group also plans to start up production of fasteners in Russia in late 2013.

ANNUAL PRODUCTION - LIGHT VEHICLES, WESTERN EUROPE



Annual percentage change in parentheses  
Source: IHS Automotive, February 2013

ANNUAL PRODUCTION - HEAVY COMMERCIAL VEHICLES, WESTERN EUROPE



Annual percentage change in parentheses  
Source: IHS Automotive, February 2013

# A selection of FinnvedenBulten's products

Between 1,500 and 2,000 fasteners and many other components in steel, magnesium and aluminium are used to hold together, strengthen and build a modern vehicle. They must all function together under extreme conditions, which places high demands on know-how in applications and metals as well as requiring efficient production processes. Below we present a selection of the products we make.



## 1 INTERIOR STRUCTURE

Instrument panel structures are examples of structures made in various materials, such as magnesium, steel or a combination of those, depending on customer requirements in terms of weight and durability. The product in the picture is die-cast in magnesium.



## 2 TAPTITE

TapTite is trilobular (triangular shaped) fastener that forms its own thread when driven into a material during assembly. This eliminates stages in the assembly process such as pre-threading and degreasing. This technology leads to significant productivity increases. TapTite is used frequently in engine applications.



## 3 ROOF STRUCTURE

Roof structures made of die-cast magnesium help auto makers to reduce weight and are often found in exclusive car models that require light, die-cast components. The structure in the picture contributes to a light, safe and quiet roof for a convertible.



## 4 MATHREAD

MATHread has a unique tread design that prevents virtually all fasteners from cross-threading during installation. This technique cuts assembly time and improves ergonomics for operators. MATHread is often used in bodywork applications.



## 5 ENGINE COMPONENT

Several of our products comprise both stamped and die-cast components that are joined to make a more complex product. The product in the picture is a catalyst console that is made of sheet metal, aluminium, fasteners and other components supplied by sub-suppliers.



## 6 ONE TOUCH ASSEMBLY

Our one touch assembly solutions minimize the assembly of components and improve ergonomics for operators by providing pre-assembled modules. One-touch assembly is used to secure car seat belts, for example.



## 7 ENGINE COMPONENT

This engine component is made of deep-drawn, stamped sheet metal with extremely high demands on tolerances that few manufacturers in northern Europe can match. Deep-drawn components are used for various applications, such as the oil pan in the picture, lawn mower cutting decks and adjustable chair mechanisms.



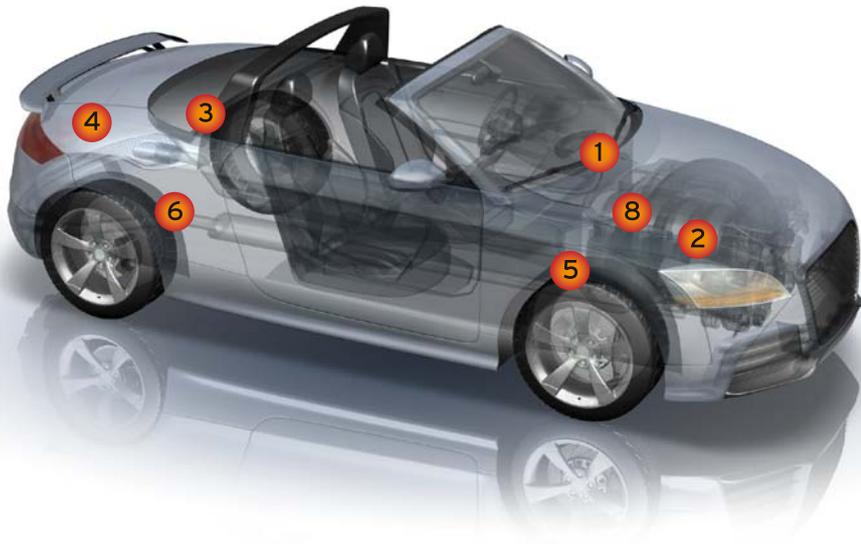
## 8 B14

B14 is a super-clean high-resilience steel that is 40% stronger than previous solutions. Dimensions can be reduced to cut the weight of the fastener by 30-40%. B14 can be combined with other technologies and is put to best use in engine applications.



## 9 CHASSIS COMPONENT

Our stamped sheet metal items have a wide range in terms of size and complexity, covering everything from small components, to large, complicated items. The example shown is a cable console for a heavy vehicle.



# Division Bulten

Bulten develops and manufactures fasteners for the global automotive industry. Bulten is one of few businesses in Europe that takes complete responsibility throughout the value chain for fasteners, from development of the product through to final delivery into the customer's production line. Fasteners are an important component in the production of cars and commercial vehicles, with demand mainly based on production within the automotive industry.

Bulten's product range covers everything from standardized to technically advanced fasteners for the automotive industry. The products are customer specific and in some cases developed jointly with the customer.

In addition to fasteners, Bulten offers a wide range of services that cover the entire product chain, from concept development to delivery onto the customer's production line. The Full Service Provider concept includes development, engineering design, production, testing, documentation, logistics and product optimization. Products outside Bulten's range are purchased from a global network of suppliers and are then converted and integrated with the company's own assortment.

Bulten's products are based on several technologies that the company has access to through licences or patents. Several of these technologies can be combined. In addition, they can be manufactured in different materials and then integrated with components purchased from third parties. This makes the product range very broad - a total of around 2,000 items of which around 700 are manufactured in series.

Bulten's technologies contribute to reducing the overall cost for customers. This is achieved by reducing the number of items and the number of fasteners, simplifying assembly and reducing indirect costs, for example development costs.

## Market position

Bulten is one of the leading manufacturers and suppliers of fasteners to the international automotive industry, with a specially strong position in northern Europe. In terms of sales, Bulten is considered to be the sixth largest

supplier of fasteners in the European automotive industry.

Bulten is one of few businesses on the European market that offers a full service concept to auto makers. Bulten has good relations with the leading auto makers and Tier 1 suppliers, and has its largest customers in this segment. Following the downturn in the automotive industry in 2008-2009, several competing fastener manufacturers suffered financial difficulties. Bulten managed this situation better than many of its competitors and is thus well-positioned to gain market shares from new customers.

## Logistics

Bulten aims to create an optimised sales process, in which short lead times, efficient component flows to customers and low levels of stocks play a crucial role.

The logistics flow of Bulten's product range is complex. The fasteners produced in the production units are seldom sent directly to the customer but usually pass through one or more of Bulten's logistics centres. There is also a comprehensive flow of semi-manufactures and components between the various production units, logistics centres and sub-suppliers

In many cases, further product refinement is performed at the logistics centres through the integration of Bulten's fasteners with components from external suppliers. The fasteners which Bulten does not produce include, for example, nuts, washers, clamps and plastic components, which are purchased from third parties. The end product is distributed to the customer from one of these logistics centres, normally located near the customers' facilities.

## Raw materials

Pre-rolled and phosphated iron wire is Bulten's main input material, which is the base material for the majority of fasteners which Bulten produces. Bulten sets its quality requirements based on application requirements and the standards commonly used in the automotive industry. As a result, Bulten's raw material requirements are considerably higher than for manufacturers of screws and bolts for general industry. Iron wire is purchased from several suppliers, such as Voestalpine, Ori Martin, FNsteel and GSW.

## Competitors

There are some hundred suppliers of fasteners in Europe, but many of them are small or supply other industries besides the automotive industry. Moreover, many of the European fastener manufacturers mainly supply bulk and standard products, which are not Bulten's main area of focus.

The squeeze on prices from small distributors importing fasteners from non-European low-cost countries has moderated recently due to import duties to the EU.

Bulten's two principal competitors are the European suppliers offering the full service concept, Nedschroef and Kamax/Facil.



#### NET SALES

SEK **1,711** MILLION

Net sales reached SEK 1,710.5 million (1,768.5), down 3.3% compared with last year.

#### OPERATING EARNINGS (EBIT)

SEK **80** MILLION

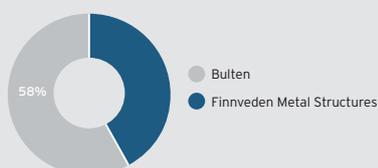
Operating earnings (EBIT) were SEK 79.6 million (117.1).

#### OPERATING MARGIN

**4.7%**

Operating margin was 4.7% (6.6).

#### PROPORTION OF GROUP SALES



#### FINANCIAL SUMMARY (SEK M)

	2012	2011	▲
Net sales	<b>1,710.5</b>	1,768.5	-3.3%
Earnings before depreciation (EBITDA)	<b>121.2</b>	155.2	-34.0
Operating earnings (EBIT)	<b>79.6</b>	117.1	-37.5
Operating margin, %	<b>4.7</b>	6.6	-1.9
Order bookings	<b>1,670.2</b>	1,799.4	-7.2%

# Strengths and strategy

- Organic growth
- Preferred full service provider
- Competitive cost structure and geographic proximity
- Innovative and technologically advanced products

### Organic growth

During 2012, Bulten has grown stronger than the market in average. The division's organic growth was -3.3%, compared to the average growth in the automotive industry in Europe that is estimated at around -5.0 percent by IHS Automotive.

Bulten's future goal is to benefit from continued profitable organic growth through existing and new contracts. In the short term, growth is primarily expected to come from Europe, where Bulten is strongly positioned among OEMs and from growth markets such as Russia and China. In the long term, Brazil and India are expected to account for an increasingly large share of Bulten's sales growth. Besides the organic growth strategy, Bulten also sees opportunities for growth through acquisitions or joint ventures.

### Preferred full service provider

Bulten is one of few European fastener producers which has acquired comprehensive

know-how through its full service concept and many years of experience of supplying turnkey solutions for OEMs.

Bulten's growth strategy will continue to be fulfilled by offering turnkey solutions for OEMs.

Bulten shall be a preferred full service provider and provide everything from development, production, logistics to final delivery at the customer's assembly line. This has been a successful concept and the strategy is to continue developing the business along these lines. Already today Bulten's contract portfolio consists of approximately two thirds full service contracts and the share is expected to increase.

### Competitive cost structure and geographic proximity

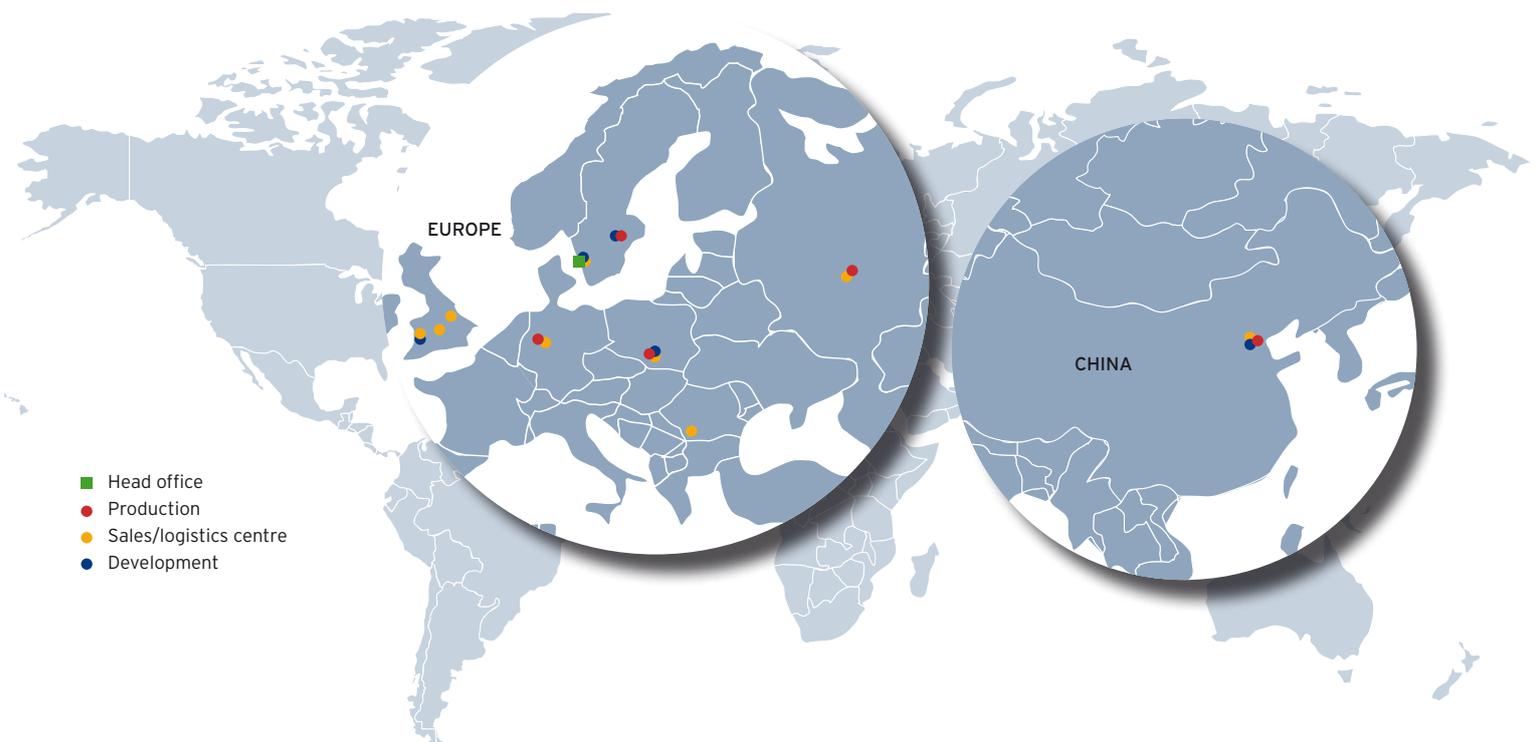
Bulten's strategy is based on offering competitive products and services. This must be done by having advanced production processes at low costs with geographical

proximity to the customer. Bulten is constantly working to retain its expertise and must offer its customers the best possible quality at the best possible price.

### Innovative and technologically advanced products

The innovative and technologically advanced products which Bulten produces based on licenses and OEM technology are all intended to reduce the total cost of fasteners including among others costs related to production and assembly.

Part of Bulten's strategy is to constantly develop the innovative and technological know-how needed to create new products together with licensors and customers, thus offering improved and more cost-effective solutions to OEMs.



DIVISION BULTEN

# Q&A about Bulten

## IS BULTEN COMPETITIVE AND WELL POSITIONED?

Bulten's underlying business is stable and we consider it is well positioned going forward with new and existing contracts. We perform savings and efficiency measures continuously to reduce costs and adapt the business to the current market situation.

## WHAT MAKES BULTEN UNIQUE COMPARED WITH ITS COMPETITORS?

Bulten is one of few players in Europe that can take complete responsibility across the entire value chain for fasteners, which means we can offer customers everything from development, production and logistics to final delivery. We also have an organizational structure in which we concentrate customer-specific skills in various marketing companies. This means that our organizations are built around concentrated, customer-specific skills at the local level where our customers have their own organizational base. Our philosophy is to meet customers with responsiveness, knowledge and in a friendly, yet professional, manner propose optimum solutions and supply fasteners.

## WHAT CAN WE EXPECT FROM THE COLLABORATION WITH GAZ IN RUSSIA?

The business included initially has an annual turnover of around EUR 11 million and we consider that the potential for the Russian market is significant. We have noted great interest from both new and existing customers since we announced our letter of intent. The company will develop and produce fasteners for the vehicle industry mainly in Russia but will also deliver products to Bulten's customers around the globe.

## HOW WILL BULTEN GROW IN 2013 AND IN THE FUTURE?

Bulten will grow organically with new and existing customers but also by following key customers into growth markets. A good financial position for the company will make it possible to intensify expansion on growth markets.

**TOMMY ANDERSSON**  
CEO, BULTEN



# Full-service supplier for newly launched engine

Bulten is a global Full Service Provider (FSP) with strong technical know-how. The division's strength is taking responsibility for all or parts of the chain, from concepts to delivery straight into the production line. One example of Bulten's FSP commitment is the engine project whose production volumes are now growing and which is expected to have a broad international launch in coming years.

The customer is a global automaker and the engine that Bulten will be supplying won the prestigious "Engine of the Year" prize in 2012. Through the UK company, BBB Service Ltd, Bulten has been involved in the development of a number of fasteners for the new fuel-efficient engine. The critical fasteners for the engine are produced and supplied from Bulten's stores in Germany and Poland, with deliveries coordinated from the UK. When production of the new engine increases in coming years, deliveries are expected to several more European countries as well as Brazil, India and China.

## FSP concept

As a Full Service Provider to the international auto industry, Bulten is well equipped to handle all the questions involving development, testing, documentation, production and logistics. Engineers from Bulten also participate as technical experts, giving advice and feedback in a number of areas. The aim is to provide all the services that customers in the auto sector demand.

A project often begins when Bulten's engineers produce or adapt drawings. Prototypes are then developed while consideration is given to Advanced Product Quality Planning.

Taking responsibility for being a Full Service Provider involves a lot of coordination. Production and handling of fasteners are highly complicated as there are often several variables that have to be taken into consideration.

Bulten's work as a Full Service Provider means major benefits for the customers. Many companies appreciate having a single supplier with extensive knowledge of the industry, which in turn facilitates control of a project.

## Supplier of fasteners

Through Bulten's production units in Germany, Poland, Sweden and China, there are many possibilities for controlling the parameters and assessing them continually. Since Bulten produces many of the components it has full control over the production process. The company also has good competence for selecting the right supplier for the products that are not made inhouse. In this current

engine project, it's not only a question of stocking and supplying a range of fasteners but also keeping good order for the components that are being made at other sites and also by several different suppliers.

## Challenging logistics

The challenge in this type of large global project is to ensure that deliveries match the high demands of customers in terms of cost-efficiency, quality, reliable delivery, volume and product range.

For all large international collaboration projects, logistics play a major role. It's not just about getting the right component to the right customer at the right time, but also the right amount and the right packaging. In this current engine project there are unique complications that include supplying fasteners to over 40 different sites across the globe.

Bulten's objective is to continue developing its Full Service Provider concept, replicate the business model and get more customers to understand the benefits of working together with a competent global FSP supplier.

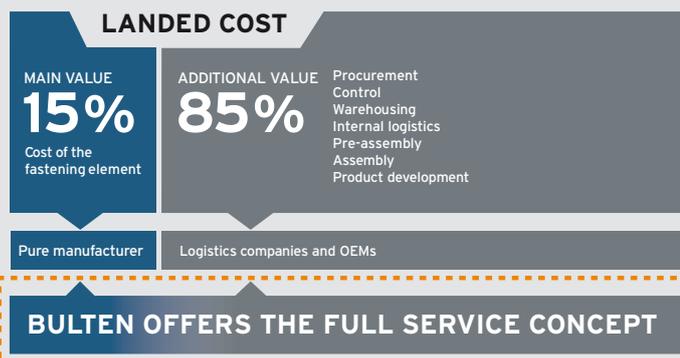
## BRAND



## BUSINESS CONCEPT

Division Bulten shall be a leading business partner and supplier of fasteners to the international automotive industry and shall continuously develop its full service concept. Bulten shall actively launch innovations and services in the product area of fasteners in order to secure its position on the European market and increase its presence on growth markets.

## FULL SERVICE PROVIDER CONCEPT

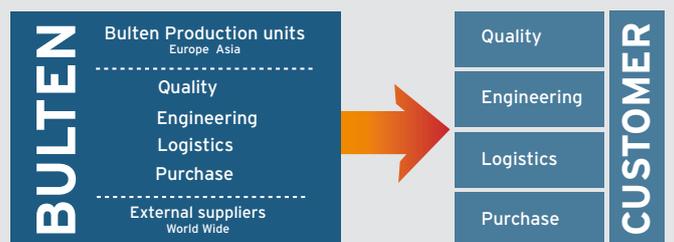




TRADITIONAL LOGISTICS SOLUTION



BULTEN'S LOGISTICS SOLUTION



# Division Finnveden Metal Structures

Finnveden Metal Structures manufactures products in steel, magnesium and aluminium, or a combination of those materials. Manufactured components include interior, chassis and body parts for the automotive industry as well as customized components for general industry.

Finnveden Metal Structures' main manufacturing processes are stamping, die casting and joining.

Within the sheet metal component segment, Finnveden Metal Structures offer everything from small components to large and more complex products. To form the stamped products according to customer specifications and requirements, the division also performs secondary operations such as laser cutting, punching, bending and welding.

In the die casting segment a wide selection of products are produced in magnesium and aluminium. There is a growing trend in the automotive industry of using lighter materials such as magnesium as it is around 70% lighter than steel. Magnesium products account for around three quarters of the total production of die cast products. Application areas and the level of penetration are largely dependent on the product's specification requirements as for example weight reduction and the cost of materials.

One of Finnveden Metal Structures' strengths is to be able to offer various metal forming techniques and combine different materials. A significant share of the division's products feature two or more components joined together to make a more complex product comprising stamped and/or die cast components. Joining is performed via various automated processes such as eg. welding.

The common denominator for the components manufactured by the division is that they are customer-specific and often developed in co-operation with the customer in order to improve the design and optimize the production process.

## Market position

In the area of sheet metal components, Finnveden Metal Structures is a medium-large player in the European market. In the domestic market, Sweden, it is strongly positioned with supplies to Swedish OEMs such as AB Volvo and Scania.

Demand for larger magnesium components, such as interior structures, is growing. Among die cast magnesium products in Europe, Finnveden Metal Structures has a good market position and the division supplies products both as Tier 1 and Tier 2 supplier for many exclusive car models which require light die cast components.

## Logistics

The finished components that leave the production units usually go straight to the customer. As part of its commitment to customers, Finnveden Metal Structures offers assembly and joining of more complex structures, a refinement that can be made in the division sites and/or in assembly units adjacent to the customer's production units. These assembly units can also act as intermediate stores.

## Raw materials

Steel sheet is the main raw material of stamped products. A few components are also made from sheet aluminium and sheet magnesium is also being evaluated. Steel sheeting is mainly purchased from steel service centres, which cut the sheet metal rolls to the required dimensions. The largest suppliers of steel sheeting are Ruukki, Tibnor,

Voestalpine and local steel service centres. Besides these suppliers, some of the steel sheeting is purchased from companies which reuse the waste arising in Finnveden Metal Structures production.

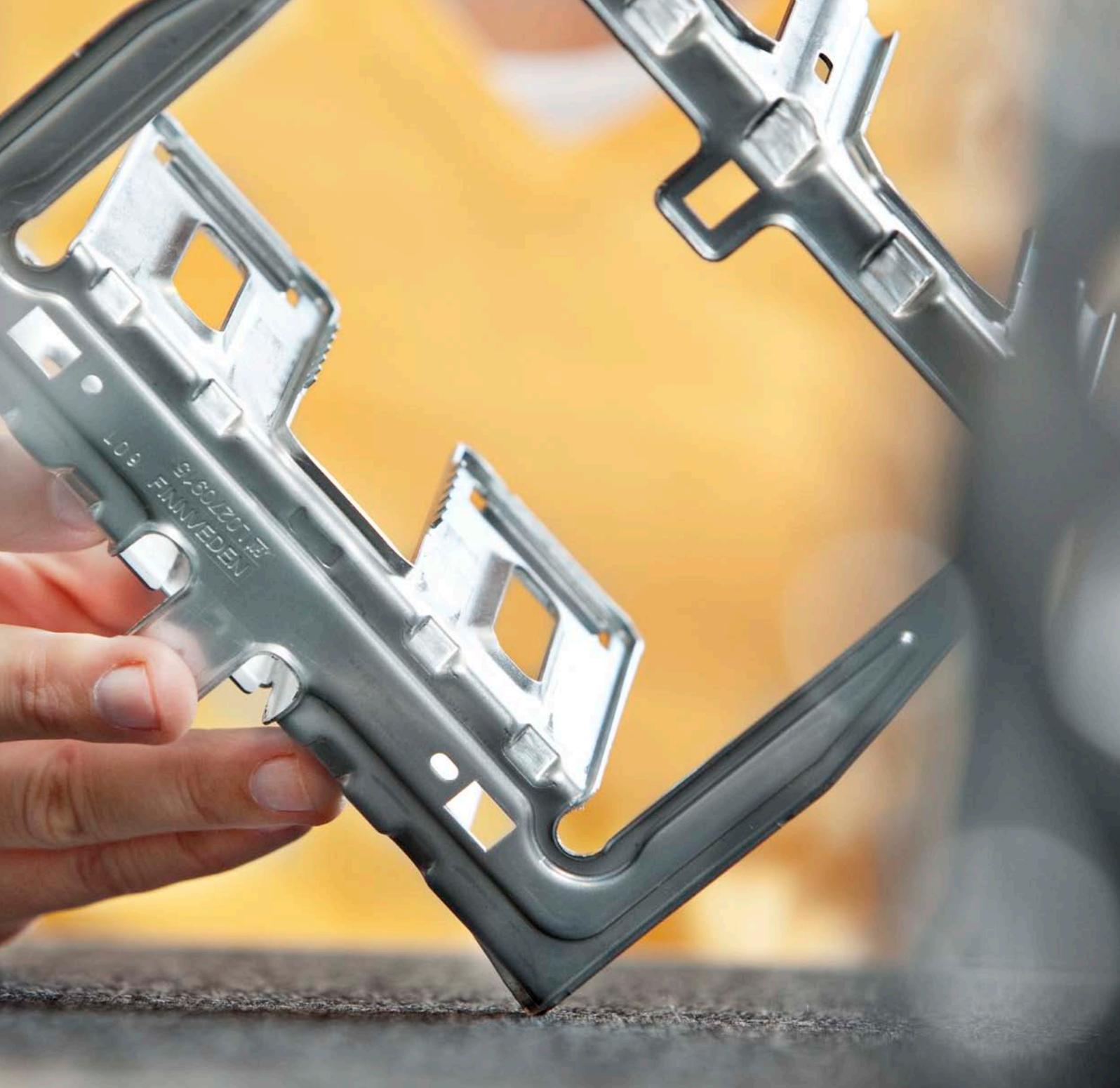
Finnveden Metal Structures uses magnesium and aluminium as input materials for die cast products. Magnesium and aluminium is purchased in the form of ingots. Magnesium ingots mainly come from manufacturers in China while the aluminium ingots are mainly purchased from producers in Norway.

## Competitors

Finnveden Metal Structures competes with many different companies in its various product segments. The market for sheet metal components and joined products is fragmented with many small and medium-sized players and a few major players. There are several companies which do not solely supply the automotive industry but also other industries among competing foundries.

Finnveden Metal Structures' competitors in the area of stamped and joined products on the European market include Gnotech, Kirchoff, Mühlhoff and Progress-Werk Oberkirch (PWO).

Competitors to Finnveden Metal Structures within die cast products on the European market include Brabant Alucast, Georg Fischer and Meridian Lightweight Technologies.



#### NET SALES

SEK **1,261** MILLION

Net sales reached SEK 1,261.4 million (1,325.5), down 4.8% compared with the same period last year.

#### OPERATING EARNINGS (EBIT)

SEK **30** MILLION

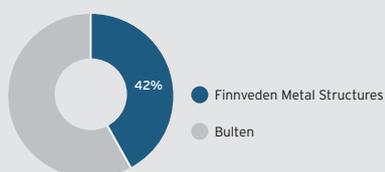
Operating earnings (EBIT) were SEK 30.1 million (107.1).

#### OPERATING MARGIN

**2.4%**

Operating margin was 2.4% (8.1).

#### PROPORTION OF GROUP SALES



#### FINANCIAL SUMMARY (SEK M)

	2012	2011	▲
Net sales	<b>1,261.4</b>	1,325.5	-4.8%
Earnings before depreciation (EBITDA)	<b>64.8</b>	140.6	-75.8
Operating earnings (EBIT)	<b>30.1</b>	107.1	-77.0
Operating margin, %	<b>2.4</b>	8.1	-5.7
Order bookings	<b>1,170.1</b>	1,418.5	-17.5%

# Strengths and strategy

- Strengthened positions in joined structures and a multi-material offering
- Good growth opportunities
- Efficient production structure and a competitive offering
- Diversified material and manufacturing know-how

## Strengthened positions in joined structures and a multi-material offering

An important part of the Finnveden Metal Structures' operations today consists of joined and large products and structures. These are a combination of sheet metal and/or die cast products made of magnesium and aluminium. The division sees major opportunities in further strengthening its position within this product area and also expanding its range to comprise new contracts with other OEMs. The main strategy is to offer customers a more flexible turnkey solution for stamped and die cast products as well as taking a larger proportion of contracts containing not only more, but also more complex products.

## Good growth opportunities

The goal of the Finnveden Metal Structures division is to have profitable organic growth. This must be achieved through existing and new contracts in markets where Finnveden Metal Structures already operates today but also through expansion to the emerging markets.

In the short term, organic growth is primarily expected to come from existing customers in Europe. In the long term, Finnveden Metal Structures sees growth potential in emerging markets such as China. Acquisitions will also be a part of the strategy going forward in order to strengthen the division's geographic presence and know-how, broaden the product range and extend the customer base.

## Efficient production structure and a competitive offering

Finnveden Metal Structures has performed considerable structural changes such as the closure of unprofitable sheet metal stamping factories in Vansbro (2006) and Mora (2010), and the relocation of these factories' production facilities primarily to the stamping unit in Poland.

Comprehensive efficiency improvements have been made at the Swedish manufacturing units in Olofström, Hultsfred and Forsheda as well as at the Polish manufacturing units in

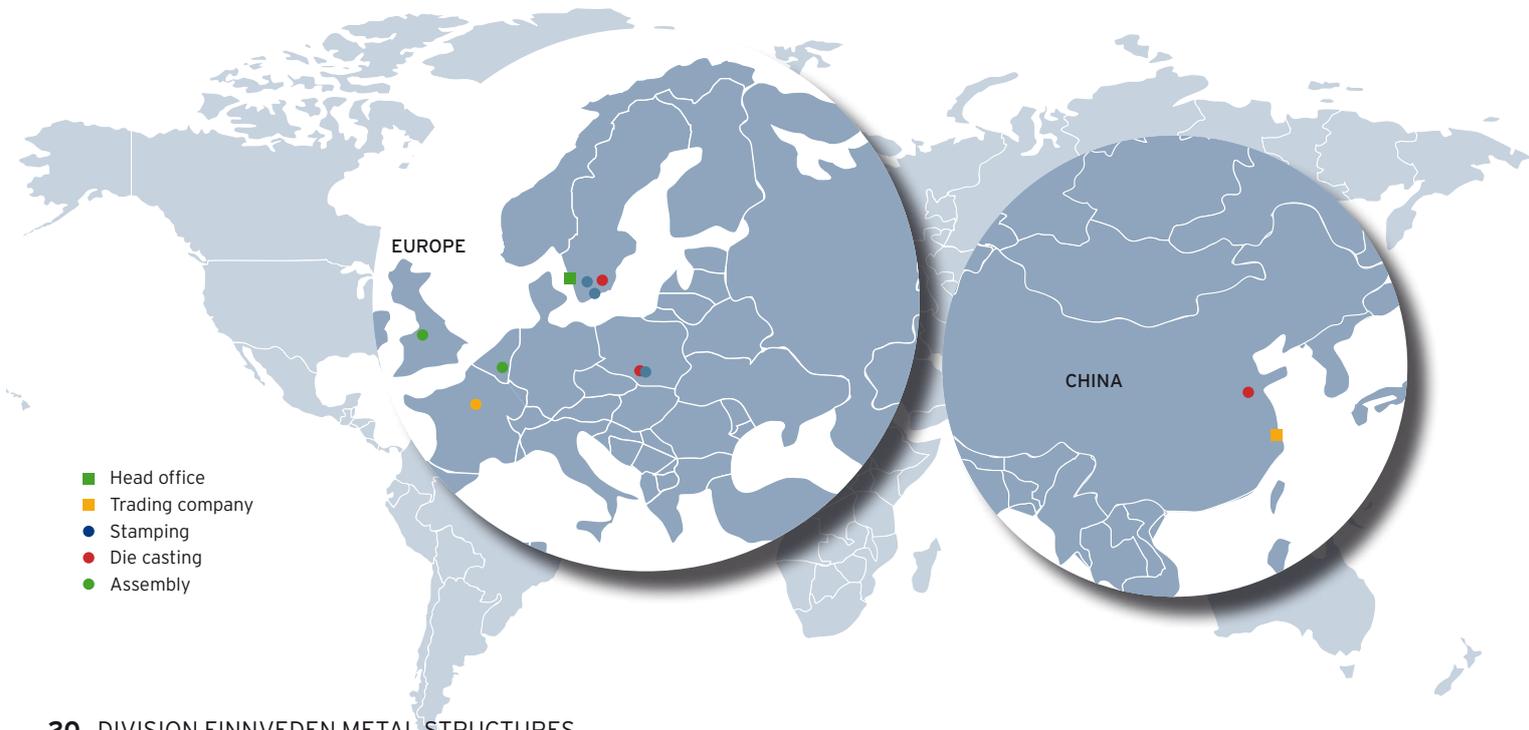
Bielsko-Biala. In 2012, further actions were initiated aiming to further streamline the production structure, especially in the foundry business.

## Diversified material and manufacturing know-how

Finnveden Metal Structures has comprehensive materials know-how and differentiated manufacturing.

The division's materials expertise comprises traditional sheet and light metals such as magnesium and aluminium, which are becoming more and more important in the automotive industry due to its constant endeavours to reduce weight.

The division's manufacturing expertise comprises stamping, die casting and joining through, for example, welding. This, combined with the competitive production structure, enables Finnveden Metal Structures to deliver an attractive offering.



DIVISION FINNVEDEN METAL STRUCTURES

# Q&A about Finnveden Metal Structures

## WHAT ARE YOU DOING TO ADAPT FINNVEDEN METAL STRUCTURES TO THE CURRENT MARKET OUTLOOK?

In recent years we have implemented structural measures such as the closing down of unprofitable stamping plants and right now we are carrying out a cost rationalisation programme which involves investing in and restructuring our foundry operation in order to optimize capacity utilisation. This programme will give us a more effective production structure and necessary profitability improvements. We have also made further adjustments with redundancies at the Olofström plant. New models are being considered in order to create increased flexibility connected with the noticeably increased fluctuations in demand that we have experienced in recent years, especially in 2012.

## WHAT ARE YOU DOING TO STRENGTHEN YOUR OFFER AND TO STAY AT THE FOREFRONT OF THE PRODUCTION PROCESS?

We are active in a highly competitive branch. Every order we bring home is an acknowledgement of that we have a strong production set-up and each order we miss out on should give us a moment of reflection about how we should be improving. In our technical organization we have a number of specialists whose job is to follow the trends in their areas of speciality and help train our staff in new methods and new ideas. To update our production processes with strategic equipment, such as our new 1,500 tonne press line in Olofström, is also important.

## WHAT ARE THE PLANS FOR THE NEW JOINT VENTURE COMPANY IN CHINA?

In December 2012, we signed an agreement with Chinese BHAP and Angain to form a JV company for production of die cast lightweight components in China. The basis for the co-operation is a new factory, already active, which has significant growth potential for customers in the auto sector but also other industries such as high-speed trains and telecom. Official permits will be sought in 2013, the company will be formed and an organization put in place in order to start operating as soon as possible.

## HOW WILL YOU ACHIEVE GROWTH AT FINNVEDEN METAL STRUCTURES IN 2013 AND BEYOND?

Our objective is to achieve profitable growth, which we can manage through existing contracts as well as new ones in the markets we serve today. Expansion on growth markets such as China is an important measure, but will not make a contribution directly in 2013. The effects will be more long-term.

**JOHAN WESTMAN**  
CEO, FINNVEDEN  
METAL STRUCTURES



# New concept enhances efficiency in the value chain

To make even further progress in the hunt for improved cost and capacity efficiency, the entire value chain has to be addressed. Finnveden Metal Structures has therefore introduced a new method for optimisation and collaboration in the value chain from supplier to customer. The first customer to benefit from the concept is a Tier-1 supplier in the automotive industry.

Finnveden Metal Structures has been a supplier to this customer for some time. Their decision to select a new concept had a lot to do with the fact that Finnveden Metal Structures had already shown its technical know how, flexibility and strong commitment through its capability to find solutions to complex problems. The customer was already secure with Finnveden Metal Structures' skills and flexibility for this type of product and new they were one of few who could provide solutions in steel, aluminium and magnesium or a combination of those materials.

### The concept

The objective, based on the Lean concept, is to achieve more, with fewer resources. An optimized value chain is adapted to the customer's requirements and business. It works like this: based on a specification, Finnveden Metal Structures produces the proprietary components and then sets up final assembly at the customer's site. Finnveden Metal Structures installs the equipment, trains the staff and starts up production. During the ongoing production, Finnveden Metal

Structures has responsibility for supplying components to the assembly line and for production support and maintenance. The customer mans the final assembly line and has responsibility for daily operation.

Transport is optimized by producing component parts at Finnveden Metal Structures and then supplying them onto the assembly line at the customer's site. This means that transport of larger objects is avoided.

The new concept is more cost-effective and has a reduced environmental impact. The equipment for final assembly located with the customer can be expanded or freed up for other assignments if the customer's production volume would change, for example. The machinery can also be used better when the concept makes it easier for adaptation to new variants of products through relatively easy methods.

### Advanced welding cells

In this specific case Finnveden Metal Structures has installed welding cells at the global Tier 1 supplier. During the project Finnveden Metal Structures has supported the customer with

advice aimed at achieving a streamlined process and more effective production by supplying competence and experience for the equipment and for volume production.

Through its early involvement in the project, Finnveden Metal Structures was able to help the customer to improve the original construction and achieve more efficient production. At the end, this led to production becoming easier and could be produced to a lower price.

### Appreciated concept

The concept has been well received by system suppliers in the global auto industry and Finnveden Metal Structures has received several requests from customers who think the concept is interesting thanks to the opportunities to reduce costs, optimize transports and increase flexibility.

When Finnveden Metal Structures exploits the advantages of the concept together with customers it also means better quality and in many cases lower costs for the customer.

## BRAND

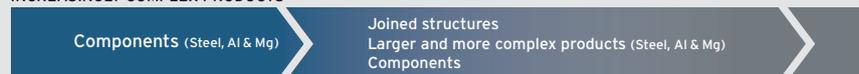


## BUSINESS CONCEPT

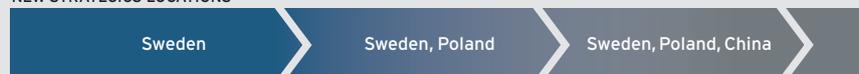
Division Finnveden Metal Structures shall be the preferred choice of business partner for metal forming in selected customer segments. Customer benefit shall be created by actively taking part in product development and offering stable industrialization and cost-effective production solutions, with flexibility in the choice of materials.

## INCREASED OFFER

### INCREASINGLY COMPLEX PRODUCTS

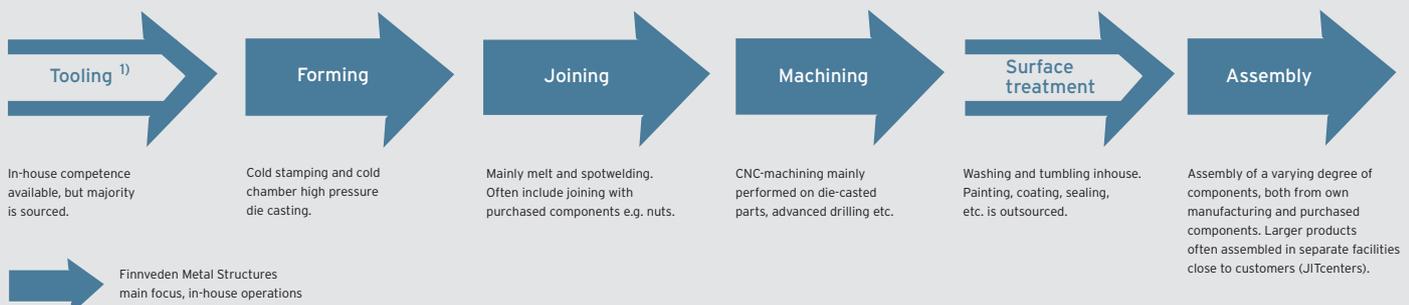


### NEW STRATEGIC LOCATIONS





## MAIN PROCESSES



Note: 1) Design and manufacturing of prototype and production tools

# Long-term sustainable business

FinnvedenBulten's business will be conducted responsibly by taking full economic, environmental and social responsibility. Good ethics, high business standards and trust are important concepts that permeate the Group's corporate culture and the way to interact with employees, shareholders, customers, suppliers and all other parties. For FinnvedenBulten this is the platform for long-term and sustainable business.

## SUSTAINABILITY WORK

FinnvedenBulten's overall objective regarding sustainability is that it should be a natural part of all activities through an economic, environmental and social responsibility throughout the Group.

### Governing documents

Governing guidelines and policies are the basis for the sustainability work. The code of conduct is the foundation for all decisions made within the company. The code covers all employees and regulates which business principles employees shall observe in contacts with business partners and other parties. It also regulates communication and financial reporting, which environmental principles we follow and how the Group strives for fair working conditions and respect for human rights.

In addition to this code there are several policies and guidelines that govern in a more detailed way the Group's efforts towards achieving long-term, sustainable business.

## ENVIRONMENT

FinnvedenBulten's environmental activities aim to ensure that production is carried out with as little environmental impact that is practically possible while remaining economically viable. Environmental activities should be preventive and involve all employees as well as continually improving products, processes and plants in order to minimize the impact on the environment.

This work is led by the heads of environmental issues at the divisions, who are responsible for development and improvement. Units within the Group have integrated

environmental management, quality control and, in some cases, health and safety issues included in the divisions' management systems.

During production, the major environmental impact is through energy consumption, although the use of chemicals and emissions to air and water also affect the environment.

All significant environmental parameters are measured at each site and reported to the authorities as well as internally for records and follow-up. Verification of FinnvedenBulten's environment management system is performed by external environmental auditors through regular visits and by the Group's customers. All of the Group's units have ISO 14001 environmental certification.

### Reduced environmental impact in 2012

FinnvedenBulten and its customers are active in an industry that is continually under the spotlight with regard to environmental impact. During the year the Group's units paid special attention to energy and waste. Improvements were achieved through investment in energy-efficient production equipment, increased recycling and improved treatment equipment. Competence in energy issues was also further developed to help the company make the right choices in the future.

Active environmental work is carried out at all units. The Bulten division has focused on improved treatment equipment, reduced energy consumption and following up external suppliers' processes and possible environmental impact, among other measures.

Within the Finnveden Metal Structures division, we can see that the investments made to reduce energy consumption have

produced results. This is one of the reasons why our factory in Forsheda was nominated for a climate prize by the local authority in Jönköping in 2012. Consumption of sf6 gas at the division's factory in Hultsfred was replaced with a more eco-friendly alternative during the year, while at Bielsko-Biala a switch to green electricity has been initiated.

### Reduced weight contributes to lower CO<sub>2</sub> emissions

As a manufacturer of automotive components FinnvedenBulten can also contribute to reduced environmental impact by providing solutions that reduce the weight of vehicles and thus cut fuel consumption, which in turn means lower CO<sub>2</sub> emissions. In the automotive industry there is a trend towards increased use of magnesium since it is around 70% lighter than steel. In 2005 FinnvedenBulten opened a high-tech foundry in Bielsko-Biala, Poland. Today this foundry is one of the leading magnesium foundries in Europe.

FinnvedenBulten also works proactively to help customers reduce the numbers of fasteners in their vehicles in order to reduce weight.

Moreover, the Group has made good progress in implementing B14, a high-tech, high durability material. The material enables reduced dimensions of the fasteners. A smaller dimension also enables a reduction in the components surrounding the fastener, leading to more weight reduction. The material is already being used in a number of applications and at the Bulten development and technology centres further development projects are being carried out together with customers.



## QUALITY

An effective quality programme is a necessary precondition for a long-term and sustainable business. FinnvedenBulten works systematically to improve quality at every stage of the value chain and to a large extent this work focuses on ensuring that faults and non-compliance do not occur and the benefits have been followed for a longer time. Giving quality highest priority means that the expectations of the Group and of its customers and owners are more likely to be met.

FinnvedenBulten's reputation for quality, quality results and certificates have played an important role in winning new orders and projects which shows that customer expectations and requirements are met in terms of quality.

All FinnvedenBulten's sites have ISO 9001/ISO-TS 16949 certification and also meet specific customer quality requirements.

### **Effective quality programme and well-established systems**

High levels of production efficiency require regular follow-up and evaluation. To ensure this, FinnvedenBulten has well-established production and project systems. These systems feature principles, work methods and tools where the focus is on creating value and

optimizing use of resources. The work is carried out in cross-functional teams and prevention and continuous improvements are always a key area.

### **Quality objectives**

Ambitious targets have helped the organization achieve large improvements. Internally, FinnvedenBulten continually measures and follows up key indicators for production, markets and purchasing. The Group also regularly assesses external suppliers.

## PURCHASING

Purchasing of direct and indirect materials for FinnvedenBulten is performed at central purchasing departments in the Bulten and Finnveden Metal Structures divisions. A significant part of the purchased volume is raw material, with steel representing the largest material, divided between steel plate and round input material. Magnesium and aluminium are also bought in significant volumes by the Finnveden Metal Structures division. Bulten provides products that the division does not make itself but which are included in the total commitment supplied to customers.

Procurement of raw materials is made with a selected supplier base but current spot prices also form the basis for purchasing.

At present, agreements are short term and are renegotiated every quarter, but longer contracts are also used in specific types of customer contracts.

The Group aims to achieve transparency, good communication and long-term collaboration with all its suppliers. This is part of the Group's guidelines for responsible business management, for the significance of high quality for products and services and for a sustainable society through minimal environmental impacts.

The Group's purchasing decisions are always based on objective factors such as the quality of products and services, cost-efficiency and delivery precision. In addition, suppliers must meet the demands based on the principles in the Group's code of conduct in terms of working environment, respect for human rights and the environment.

Suppliers must also meet quality and environmental demands as described in the ISO 9001/ISO-TS 16949 and ISO 14001 international standards. On top of these requirements, suppliers must have processes and procedures that ensure disruption-free deliveries.



## EMPLOYEES

To ensure long-term sustainable development of the Group, FinnvedenBulten works continually with employee development, the working environment and work conditions. Great emphasis is placed on having open and honest communication channels. Every employee of FinnvedenBulten is expected to play an active role in creating a safe, secure, quality-aware and efficient workplace characterised by an open and friendly working climate.

### Competence development

FinnvedenBulten works continually to develop its organization and its managers to support the Group's development and growth. The aim is to utilize internal competence and give the employees possibilities to develop and take greater responsibility within the company. To develop within the company is encouraged and internal recruitments are a natural part of the corporate culture.

### Good working conditions and human rights

FinnvedenBulten aims to be an attractive employer with a good working environment where commitment and participation create the conditions for developing the Group and all employees.

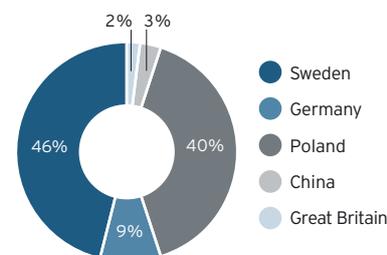
Offering a workplace without risking employee safety and health has high priority in all of FinnvedenBulten's activities. In addition to training in safety, the Group continually strives to identify and address potential safety risks while implementing preventive measures that guarantee good health and safety for all employees.

All members of staff shall have equal rights, obligations and opportunities in terms of employment and working conditions, training, education and development in accordance with the laws and regulations of the country in which they work.

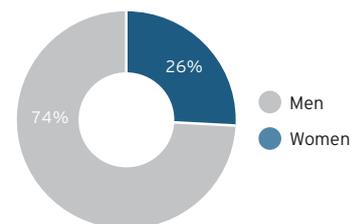
### Equality and diversity

FinnvedenBulten works to achieve equality and aims to achieve diversity in recruitment. During 2012, FinnvedenBulten had activities in five countries with 1,810 fulltime employees at the turn of the year. Most of these people work with production. The engineering industry remains male dominated and this is also reflected at FinnvedenBulten, where 74% of employees are men and 26% women.

## GEOGRAPHICAL DISTRIBUTION



## GENDER DISTRIBUTION



## KEY INDICATORS

	2012	2011
Net sales per employee, SEK 000	1,637.3	1,766.9
Operating profit per employee, SEK 000	56.0	115.4
Average no. of employees on closing date	1,810	1,746



# FinnvedenBulten's Code of Conduct

## **The scope of the Code and the individual's responsibility**

This Code of Conduct has been adopted with the aim of expressing the fundamental principles that form the basis for FinnvedenBulten's relations with personnel, shareholders and other stakeholders. All personnel shall be aware of and follow the Code of Conduct. The code, along with our various Group policies, forms the basis for how we work within the Group.

FinnvedenBulten also urges its suppliers, consultants and other business partners to apply the principles.

All employees and members of the board of directors of FinnvedenBulten have an individual responsibility to report conflicts of interest, and breaches or infringements of this Code of Conduct. Any reports should be made to the immediate manager or his/her superior in accordance with FinnvedenBulten's internal communication and reporting channels. FinnvedenBulten will not accept any discrimination or reprisal against employees who report a suspected infringement in good faith.

## **Our business principles**

Business acumen is a key concept for FinnvedenBulten's operation. For us business acumen entails, for example, that we take responsibility for our operation, are receptive to our stakeholders' needs and that we actively take a stand, and evaluate and analyze ourselves, the operation and our business partners.

In relations with our business partners it is vital for us to remain impartial and promote free competition. FinnvedenBulten shall not offer business partners or other stakeholders any payment or other benefit that infringes upon prevailing legislation or good practice. It is the duty of each employee to act in such a way that trust cannot be put into question.

In our operation we shall always comply with the prevailing legislation, rules and regulations in each country where we operate. In the event that this Code of Conduct contravenes compulsory legislation, regulations or other rules, they shall take precedence over this Code of Conduct. If there is no regulation, the principles in this Code of Conduct shall serve as guidance.

## **Communication and financial reporting**

It is essential that FinnvedenBulten is characterized by an open, helpful attitude to all its stakeholders. Objectivity, professionalism and service shall distinguish the way we treat FinnvedenBulten's stakeholders. Disclosure of information shall be in accordance with the applicable legislation, rules and regulations, and the Group's communication shall be long-term and shall comply with the Group's vision, business concept, strategies, goals and values.

FinnvedenBulten's reporting shall provide a true and fair idea of the situation, and financial information shall be reported in a correct and complete manner. The Group shall have appropriate internal control functions and processes for ensuring compliance with applicable legislation, regulations and other rules.

## **Handling conflicts of interest**

A fundamental principle for FinnvedenBulten is that in the event of a conflict of interest in relation to an employee, a related party, an existing or a potential business partner or any other stakeholder, it should primarily be resolved through a mutual agreement based on the principles of good ethics, business acumen, loyalty and trust.

Personnel and members of the board of directors may not have assignments outside of the Group that conflict with or could potentially conflict with the Group's interests.

## **Environmental principles**

FinnvedenBulten works in a goal-oriented way to develop the Group's processes in a sustainable direction. Active environmental work reflects the corporate social responsibility the Group has for ensuring its own production is conducted with the lowest environmental impact that is practically feasible and financially viable. Moreover, personnel shall be well aware that they are an important element in preventive efforts and in the day-to-day environmental work.

FinnvedenBulten shall always follow prevailing environmental legislation and take into account our stakeholders' environmental requirements.

## **Good working conditions and human rights**

Each employee of FinnvedenBulten is expected to actively help create a safe, secure, efficient and quality-conscious workplace characterized by a pleasant and open working climate.

Employees of the FinnvedenBulten shall have equal rights, obligations and opportunities in terms of employment and working conditions, training, education and development regardless of gender, social or ethnic origin, religion, age, disability, sexual orientation, nationality, political views or trade union affiliation. The Group remains neutral in issues regarding political parties and candidates. Neither the company name nor the Group's assets may be used to promote political parties or candidates.

The Group disassociates itself from child labour and work carried out under duress or threat of violence, and supports and respects the protection of internationally asserted human rights.

FinnvedenBulten strives to be an attractive workplace with a good working climate and work environment, where commitment and participation lay the foundation for developing the Group and all its personnel.

# Shareholder information

FinnvedenBulten AB (publ) was listed on NASDAQ OMX Stockholm on 20 May 2011. The company is on the Small-Cap list under the FBAB ticker. The trading amount is one share.

The share capital is SEK 10,520,103.50 divided among 21,040,207 shares with a nominal value of SEK 0.50 per share. Each share gives one vote and an equal participation in the company's capital and earnings.

## Share performance

During 2012, NASDAQ OMX Stockholm rose by 12.0% (-17.0). FinnvedenBulten's sector index FinnvedenBulten, OMX Stockholm Automobiles & Parts rose by 9.3% (-31.8). FinnvedenBulten's fell by 14.3% (28.8) from a rate at the start of the year of SEK 34.90 SEK (49.00) to SEK 29.90 (34.90), which represents a market value of SEK 105.2 million (296.7). The lowest price, SEK 27.20 was noted on 28 November 2012 and the highest, SEK 46.60 on 21 March 2012. The market value of FinnvedenBulten at the end of 2012 was SEK 629.1 million (734.3).

## Share turnover

FinnvedenBulten's total share turnover in 2012 was 6.2 (11.9) million shares, corresponding to an average turnover of 24.6 (76.1) thousand shares per day over 250 (157) trading days.

The turnover rate, calculated as the number of traded shares in relation to the total number of shares in the company, was 29.5% (56.8).

## Shareholders

As of 31 December 2012, FinnvedenBulten had 1,757 (2,216) shareholders. The number of registered shareholders abroad was 46.8% (52.4), of which 35.2% (28.3) are held by owners in Luxembourg and 7.2% (7.6) by owners in the UK.

The five largest shareholders as of 31 December 2012 had a total of 61.7% (53.4) of the capital and votes, with the three largest holding 55.6% (48.8).

Senior management of the Group and the divisions and elected board members' shareholdings was at the end of the year 7.4% (8.5).

## Dividend policy and dividend

FinnvedenBulten's target over time is to pay out a dividend of one third of net earnings after tax. Consideration is given, however, to the company's financial position, cash flow and outlook. For 2012 the Board intends to propose to the Annual General Meeting that the dividend shall be SEK 2.00 (2.00) per share.

## Financial information

FinnvedenBulten publishes four interim reports each year and an annual report. These reports are available in both printed and electronic formats on the company's website, [www.finnvedenbulten.com](http://www.finnvedenbulten.com).

## 2013 Annual General Meeting

The Annual General Meeting of FinnvedenBulten AB (publ) will be held on Wednesday 24 April at Swedish Exhibition & Congress Centre (Sw. Svenska Mässan), in Gothenburg, Sweden.

## OWNERSHIP STRUCTURE, 31 DECEMBER 2012

No. of shares	No. of owners	Total shares	Shareholding, %
1-500	965	217,264	1.03
501-1 000	326	292,576	1.39
1 001-5 000	329	743,124	3.53
5 001-10 000	48	380,259	1.81
10 001-15 000	19	250,167	1.19
15 001-20 000	11	203,765	0.97
20 001-	59	18,953,052	90.08
Total	1,757	21,040,207	100.00

Source: Euroclear Sweden AB's register, 31 December 2012.

## FINNVEDENBULTEN'S FIVE LARGEST SHAREHOLDERS, 31 DECEMBER 2012

Name	No. of shares	Votes and capital, %
Nordic Capital Fond V	7,274,273	34.6
Volito AB	2,606,189	12.4
Öresund, Investment AB	1,812,877	8.6
JP Morgan	743,220	3.5
Speaking Partners AB	536,575	2.6
Total, five largest	12,973,134	61.7
Total, others	8,067,073	38.3
Total	21,040,207	100.0

Source: Euroclear Sweden AB's register, 31 December 2012.

## NUMBER OF SHARES

	Registration date	Change in number of shares	Number of shares after issue
New share issue <sup>1)</sup>	2011-05-25	1,842,777	21,040,207
New share issue <sup>2)</sup>	2011-05-20	7,197,430	19,197,430
New share issue	2010-01-27	8,000,000	12,000,000
New share issue	2009-01-20	3,000,000	4,000,000
Decrease	2006-02-01	-321,500	1,000,000
New share issue	2006-02-01	321,000	1,321,500
New share issue	2005-01-24	999,000	1,000,000
Start-up	2004-10-12	1,000	1,000

1) New share issue in kind

2) New share issue through offset of shareholder loan

## SHARE DATA

Price-related share data	2012	2011
Share price at year-end (final pay price), SEK	29.90	34.90
Highest share price during year (final pay price), SEK	46.60	50.75
Lowest share price during year (final pay price), SEK	27.20	30.10
Market value at year-end	629.1	734.3
P/EBITDA	3.54	2.23
P/EBIT	6.20	3.02
P/E	14.97	5.32
P/E, adjusted for one-off effect due to the changed tax rate in Sweden	10.29	5.32
Direct yield, %	6.69	5.73
<b>Data per share</b>		
Earnings before depreciation (EBITDA)	8.45	15.67
Operating earnings (EBIT)	4.82	11.56
Earnings after net financial items (EAFI)	4.31	8.94
Earnings for the year	2.00	6.57
Earnings per share - proforma	2.00	6.68
Earnings for the year, adjusted for one-off effect due to the changed tax rate in Sweden	2.91	6.57
Shareholders' equity	49.05	49.08
Cash flow from current business	3.44	8.24
Cash flow for the year	-2.29	-4.83
Proposed dividend	2.00	2.00
<b>Total outstanding ordinary shares, 000s</b>		
Weighted total	21,040.2	17,433.9
At year end	21,040.2	21,040.2

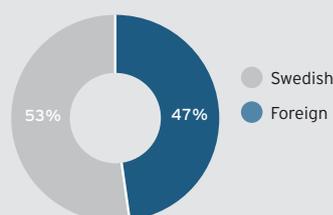
AT THE END OF THE YEAR THE FOLLOWING ANALYSTS WERE FOLLOWING FINNVEDENBULTEN'S DEVELOPMENT

Company	Analyst
Carnegie	Kenneth Toll Johansson
Erik Penser Bankaktiebolag	Johan Dahl
Handelsbanken Capital Markets	Jon Hyltner
Swedbank	Mats Liss

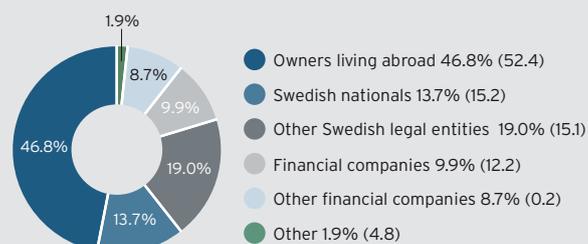
## PRESS RELEASES

<b>Q1</b>		
Jan	25/1/12	Invitation to conference call regarding presentation of FinnvedenBulten's Full Year Report for the period January - December, 2011
Feb	7/2/12	FinnvedenBulten Full Year Report for the period January - December, 2011
Mars	21/3/12	Notice to attend Annual General Meeting of FinnvedenBulten AB (publ)
<b>Q2</b>		
Apr	3/4/12	FinnvedenBulten's Annual Report for 2011 released
Apr	19/4/12	Invitation to conference call regarding presentation of FinnvedenBulten's Interim Report for the period January - March, 2012
Apr	26/4/12	FinnvedenBulten Interim Report for the period January - March, 2012
Apr	26/4/12	Press release from the Annual General Meeting of FinnvedenBulten AB (publ) April 26, 2012
June	27/6/12	Invitation to conference call regarding presentation of FinnvedenBulten's Half Year Report for the period January - June, 2012
<b>Q3</b>		
July	17/7/12	FinnvedenBulten Half Year Report for the period January - June, 2012
Sept	4/9/12	FinnvedenBulten expands in Poland and restructures foundry operation
<b>Q4</b>		
Oct	11/10/12	Invitation to conference call regarding presentation of FinnvedenBulten's Interim Report for the period January - September, 2012
Oct	12/10/12	FinnvedenBulten's Nomination Committee for 2013 AGM appointed
Oct	24/10/12	FinnvedenBulten Interim Report for the period January - September, 2012
Nov	1/11/12	Finnveden Metal Structures gives notice of redundancy affecting 25 employees
Dec	20/12/12	FinnvedenBulten grows its light weight business
Dec	20/12/12	FinnvedenBulten and GAZ sign final agreement

## SWEDISH AND FOREIGN OWNERSHIP



## OWNERSHIP STRUCTURE



# A BOARD OF DIRECTORS' REPORT

The Board and President hereby submit the annual report and consolidated financial statements for FinnvedenBulten AB (publ), corporate registration number 556668-2141, for the 2012 financial year.

## Ownership structure

At the end of the year, FinnvedenBulten AB (publ) was listed on NASDAQ OMX, Stockholm. The largest shareholders were Nordic Capital Fund V, which owned 34.6% (34.6) of the share capital, Volito AB 12.4% (-) and Öresund AB 8.6% (-).

## Operations

FinnvedenBulten develops and manages industrial activities, offering products, technical solutions and systems in metallic materials. The Group acts as a business partner to international customers in the manufacturing industry, mainly in the automotive industry. Customers are mostly based in Europe, Asia and the US.

Operations are structured into two divisions Bulten and Finnveden Metal Structures. Bulten develops and manufactures fasteners for the automotive industry. Bulten is one of few companies in Europe that provide full-service responsibility throughout the chain of value for fasteners, from development of the product to final delivery onto the customer's production line. Finnveden Metal Structures manufactures products in steel, magnesium and aluminium or in combinations of these materials. The main manufacturing processes are pressing, casting and joining.

Production mostly takes place in Europe, although the Group also operates a highly modern production plant for fasteners in China.

At the end of 2012, FinnvedenBulten's principal business was in six countries with 1,810 (1,746) full-time employees, an increase of 3.7% from the end of 2011.

Of the Group's sales, SEK 2,963 (3,085) million, around SEK 1,711 (1,768) million is attributable to Bulten and SEK 1,261 (1,326) million to Finnveden Metal Structures.

## Year in brief

Following the success of the first year as a listed company in 2011 with strong sales growth and higher profitability, conditions changed significantly in 2012. Demand patterns in 2012 were uneven, with fast

swings in customers' production plans and stoppage weeks introduced at very short notice. This trend was most noticeable in the summer and in December, and it made it much more difficult to adapt costs. These trends meant there was under absorption periodically at several of the Group's factories, producing negative results.

Cost reductions were prioritized during the year and implemented continually in both divisions in the form of staff reductions. Long-term restructuring measures are also being implemented to boost the company's competitiveness.

Two offensive initiatives reached key milestones towards the end of the year. In December, Finnveden Metal Structures signed an agreement with BHAP and Amgain of China to form a joint venture for the production of light-weight forged components in China. Also in December, the Bulten division signed an agreement with GAZ of Russia concerning a start-up in Russia.

## Order bookings and net sales

Order bookings for the full year were SEK 2,833 (3,209) million, a decrease of 11.7% compared with the previous year.

Net sales for the full year totalled SEK 2,963 (3,085) million, a decrease of 3.9%. According to IHS Global Insight, production of light vehicles in Western Europe declined by 7.7% and production of heavy vehicles declined by 9.9% in 2012 compared with 2011. Weighted for FinnvedenBulten's exposure, this means that market growth for production in Western Europe was around 9% in 2012.

## Earnings and profitability

The Group's gross profit was SEK 447 (559) million, corresponding to a gross margin of 15.1% (18.1).

Earnings before depreciation (EBITDA) were SEK 178 (273) million, corresponding to an EBITDA margin of 6.0% (8.9).

Earnings (EBIT) were SEK 101 (202) million, corresponding to an operating margin of 3.4% (6.5). The earnings margin adjusted for non-recurring expenses amounted to SEK 3.4% (7.1). In 2011, non-recurring items amounted to SEK 18 relating to costs for the listing process on the NASDAQ OMX and the completed rationalization schemes.

Operating earnings were negatively affected by, among other things, costs for the start-up of new customer projects, as well as

## Financial indicators

	2012	2011	2010	2009
Net sales	2,963.5	3,085.0	2,607.3	2,042.1
EBITDA margin, %	6.0	8.9	7.1	-2.9
EBIT margin (operating margin), %	3.4	6.5	4.4	-7.2
Adjusted EBIT margin (operating margin), % *	3.4	7.1	4.8	-4.6
Capital turnover, times,	2.3	2.4	2.2	1.8
Return on capital employed, %	8.1	15.4	9.5	Neg
Net debt/equity ratio, times	0.2	0.2	1.3	1.9
Adjusted net debt/equity ratio, times *	0.2	0.2	0.2	0.3
Interest coverage ratio, times	6.7	4.3	1.5	-1.2
Equity/assets ratio, %	55.8	54.3	25.9	21.2
Adjusted equity/assets ratio, % *	55.8	54.3	48.8	45.6
Average no. of employees	1,810	1,746	1,576	1,451

\* Adjusted EBIT margin. Operating result adjusted for non-recurring items in percent of net sales.

\* Adjusted net debt/equity ratio. Interest bearing net debt divided by shareholders equity. Adjusted for shareholders loan and preference shares issued, classified as equity.

\* Adjusted equity/assets ratio includes shareholder loans and preference shares.

imbalance and disruption in production. Results were also affected by lower sales with under-absorption at several factories and an unfavourable shift in the product mix. Results also included higher costs for initiatives in prioritized growth markets, including new recruitment. The Group's operational currency exposure has had negative effects on sales and earnings compared with the previous year. During the year earnings were also positively affected by SEK 6 million due to the dissolution of a stock reserve.

Net financial items in the Group were SEK -11 (-46) million. Financial costs mainly refer to interest costs for loans from external creditors of SEK -14 (-16) million. The corresponding period last year included interest costs for a shareholder loan and preference shares of SEK -17 million. Financial income included positive currency differences of SEK 5 million. Last year, negative currency differences of SEK -12 million were reported as financial costs.

The Group's earnings before tax were SEK 91 (156) million, while earnings after tax were SEK 42 (114) million.

The tax cost for the year was SEK -49 million, of which SEK -19 million were non-recurring effects of deferred tax due to the changed tax rate in Sweden. The tax impact does not affect liquidity, but earnings after tax were affected by non-recurring effects.

### Investments

Investments in intangible and tangible fixed assets were SEK 113 (85) million. Annual depreciation of comparable assets was SEK 76 (72) million.

SEK 100 (78) million of the investments relate to machinery and equipment. Investment in buildings and land was SEK - (7) million.

### Cash flow, capital tied up and financial position

Cash flow from operating activities before changes in working capital totalled SEK 123 (232) million, which equates to 4.2% (7.5) of net sales. Cash flow effects of the change in working capital amounted to SEK -51 (-88) million. Inventories rose in the year by SEK 56 (91) million, while operating receivables decreased by SEK 69 (last year an increase with 51) million.

Accounts receivable during the past year averaged SEK 498 (513) million, which equates to 16.8% (16.6) of net sales. Average inventories have risen and were SEK 490 (416) million, corresponding to an inventory turnover of 6 (7) times.

Consolidated cash and cash equivalents were SEK 52 (103) million at year-end. In addition, the Group had approved but unutilised overdraft facilities of SEK 327 (364) million, which means that disposable cash and cash equivalents were SEK 382 (467) million. Disposable cash and cash equivalents therefore were about 12.9% (15.1) of net sales.

Consolidated total assets at year end were SEK 1,849 (1,901) million. Equity in the Group was SEK 1,032 (1,033) million at the end of the financial year. In addition to net income for the year of SEK 42 (114) million, translation differences totalling SEK 1 (-16) million and transactions with shareholders totalling SEK -42 (447) million have had an impact on equity.

On the closing date net debt was SEK 244 (162) million.

The equity/assets ratio was 55.8% (54.3). Group goodwill at the end of the financial year was SEK 181 (182) million, or 9.8% (9.6) of total assets.

### Risks and risk management

Exposure to risk is a natural part of a business and this is reflected in FinnvedenBulten's approach to risk management. This aims to identify risks and prevent any risks occurring or to limit any damage resulting from these risks.

Risks can be categorised as operational and financial risks. For a description of how the Group manages these risks in the business, see Note 3.

### Permits and the environment

FinnvedenBulten engages in manufacturing at ten facilities, located in Sweden, Germany, Poland and China. At the end of 2012, three Swedish facilities were subject to permit requirements and one was subject to a reporting obligation under the Swedish Environmental Code.

The permit and reporting requirements are due to the nature of the operations, which principally comprise activities involving machining, sheet metal processing, finishing and assembly, as well as part casting. The primary environmental impact derives from the manufacturing processes in the form of emissions to water and air, waste generation, resource utilisation and noise.

FinnvedenBulten has an expressed strategy for reducing the environmental impact of its process water, energy consumption, transport, chemicals and waste. Manufacturing units outside Sweden adapt their operations, apply for the necessary permits and report to the authorities as required by local legislation. A new license application was submitted in March 2011 for the business at Hallstahammar prior to an increase in volumes, which is expected to be granted without a requirement for further investment.

In December 2011 Finnveden Metal Structures applied for a separate permit for its factory at Olofström, with a verdict expected in 2013. The current permit was awarded as part of the previous owner's permit.

### Parent company

FinnvedenBulten AB (publ) owns, directly or indirectly all the companies in the Group. The equity/assets ratio was 82.5% (87.8). Equity was SEK 1,207 (1,262) million. Disposable cash and cash equivalents in the parent company totalled SEK 6 (1) million. The company had seven employees on the closing date.

### Total number of shares

The total number of ordinary shares as of 31 December 2012 was 21,040,207.

	Registration date	Change in number of shares	Number of shares after issue
New share issue <sup>1)</sup>	2011-05-25	1,842,777	21,040,207
New share issue <sup>2)</sup>	2011-05-20	7,197,430	19,197,430
New share issue	2010-01-27	8,000,000	12,000,000
New share issue	2009-01-20	3,000,000	4,000,000
New share issue	2006-02-01	-321,500	1,000,000
New share issue	2006-02-01	321,000	1,321,500
New share issue	2005-01-24	999,000	1,000,000
New share issue	2004-10-12	1,000	1,000

1) New share issue in kind

2) New share issue through offset of shareholder loan

### Board activities

The Board has adopted a set of working procedures and a number of policies that define the allocation of responsibilities between the Board, President and Group management. The Board has the ultimate responsibility for the Group's operations and organisation, and ensures that the President's duties and the financial operations are carried out in compliance with established principles. The board held nine meetings during the year.

From its membership, the Board has appointed an audit committee and a remuneration committee. During the year, the audit committee held seven meetings and the remuneration committee three meetings.

### Guidelines for remuneration to senior management

The 2012 Annual General Meeting reached a decision on the following guidelines for remuneration and other employment terms and conditions for senior executives. The guidelines cover remuneration and other employment terms and conditions for FinnvedenBulten's President and other senior executives.

Salaries and other terms and conditions of employment shall be adequate for FinnvedenBulten to constantly attract and retain skilled senior managers at a reasonable cost to the Company. Remuneration in FinnvedenBulten shall be based on principles of performance, competitiveness and fairness. The salaries of senior executives are made up of a fixed salary, bonuses, pension and other benefits. Every senior manager shall be offered a fixed salary in line with market conditions and based on the senior manager's responsibility, expertise and performance. In addition, the AGM may resolve to offer long-term incentive programs such as share and share price-related incentive programs. These incentive programs are intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees.

All senior managers may be offered cash bonuses now and again. In the case of the CEO such bonuses may amount to a maximum of 60 percent of the annual fixed salary. In the case of the other senior managers bonuses may not exceed 40 percent of their annual fixed salaries. Bonuses shall primarily be based on developments in the Group as a whole or developments in the division or unit which the person in question is responsible for. For further information about remuneration to senior managers, see note 6 of this annual report.

Prior to the 2013 AGM the Board is proposing that the same guidelines adopted at the 2012 AGM continue to be applicable for remuneration to senior managers.

### Corporate governance report

FinnvedenBulten is submitting a separate corporate governance report, which is included in this annual report on pages 74-79.

### Significant events after the end of the financial year

No significant events have occurred after the closing date.

### Outlook for 2013

The macroeconomic situation in most of Europe is currently impacting negatively on the automotive industry and the Group's customers, with increased uncertainty and lower sales as a result. The Group has

however noted that deliveries and orders at the start of 2013 have recovered in relation to the low levels in December. The work on cost rationalisation will intensify in the near future with adaptation to the current market outlook having priority.

The investments now being made by the Group in Russia and China have very large growth potential in the long term. The effect on earnings for the full year in 2013 will be marginal however, while start-up costs are expected to be SEK 10-15 million.

### Proposed disposition of earnings

FinnvedenBulten's objective over time is to share around one third of net earnings after tax. Consideration is however given to the company's financial position, cash flow and future prospects.

The following profit in the Parent Company (SEK) is at the disposal of the Annual General Meeting:

Share premium	1,132,950,039
Profit brought forward	-36,422,323
	<hr/>
	1,096,527,716

The Board of Directors and the President propose that these funds be distributed as follows (SEK):

Board proposal for dividend (SEK 2.00 per share)	42,080,414
To be carried forward to new account	1,054,447,302
Total	<hr/>
	1,096,527,716

It is proposed that 29 April 2013 should be the settlement date for the dividend. If the AGM agrees to the Board's proposal, payment via Euroclear Sweden AB is expected to be completed by 3 May 2013. The company has 21,040,207 shares, all of which bear entitlement to receive the dividend.

### Statement of the Board concerning the proposed dividend

The equity/assets ratio on 31 December 2012 was 82.5% for the parent company and 55.8% for the Group. No part of the parent company's equity and around 0.1% of the Group's equity relates to market values of financial instruments. The currently proposed dividend of SEK 42,080,414 means that the parent company's equity/assets ratio will fall to around 81.9% and the Group's equity/assets ratio will fall to around 54.8%.

It is the Board's assessment that the long-term earnings capability of the parent company and the Group is secure and that from this perspective the dividend is appropriate. It is further judged that the liquidity of the parent company and Group can be maintained at secure levels.

The Board considers that the proposed dividend is appropriate in relation to the demands that the type, scope and risks of the business place upon the amount of equity in the parent company and Group, and with regard to the consolidation requirements, liquidity and general financial position of the parent company and Group.

# CONSOLIDATED INCOME STATEMENT

SEK MILLION	Note	2012	2011
Net sales	5	2,963.5	3,085.0
Cost of goods sold		-2,516.9	-2,526.1
<b>Gross profit</b>		<b>446.6</b>	<b>558.9</b>
Other operating income	8	24.2	13.5
Selling expenses		-147.2	-134.5
Administrative expenses		-212.9	-215.7
Other operating expenses	9	-9.3	-20.7
<b>Operating profit</b>	6, 7, 10, 11	<b>101.4</b>	<b>201.5</b>
Financial income	12	5.0	1.1
Financial expenses	13	-15.8	-46.7
<b>Earnings before tax</b>	14	<b>90.6</b>	<b>155.9</b>
Tax on year's earnings	15	-48.6	-41.4
<b>Profit/loss for the financial year</b>		<b>42.0</b>	<b>114.5</b>
Attributable to			
Parent company shareholders		42.0	114.5
Minority interests		0.0	0.0
		<b>42.0</b>	<b>114.5</b>
Earnings per share, SEK <sup>1)</sup>	16	2.00	6.57
Earnings per share, pro forma, SEK <sup>1)</sup>	41	2.00	6.68

1) Both before and after dilution

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	2012	2011
Income for the year	42.0	114.5
Other comprehensive income		
Derivative instruments, cash flow hedging	-1.7	2.8
Tax on cash flow hedging	0.5	-0.7
Exchange rate differences	0.6	-16.2
<b>Total comprehensive income for the year</b>	<b>41.4</b>	<b>100.4</b>
Attributable to		
Parent company shareholders	41.4	100.4
Minority interests	0.0	0.0
	<b>41.4</b>	<b>100.4</b>

# CONSOLIDATED BALANCE SHEET

SEK MILLION	Note	31-12-2012	31-12-2011
<b>ASSETS</b>			
Fixed assets			
Intangible fixed assets			
Goodwill	17	181.4	181.5
Other intangible fixed assets	17	12.8	0.8
<b>Total intangible fixed assets</b>		<b>194.2</b>	<b>182.3</b>
Tangible fixed assets			
Land and buildings	17	23.4	21.4
Plant and machinery	17,19	289.0	287.2
Equipment, tools, fixtures and fittings	17,19	47.6	41.7
Construction in progress and advances for tangible fixed assets	18	44.8	27.4
<b>Total tangible fixed assets</b>		<b>404.8</b>	<b>377.7</b>
Financial assets			
Other securities held as fixed	20	0.4	0.4
Deferred tax receivables	31	102.2	128.8
Other long-term receivables	21	2.8	3.5
<b>Total financial assets</b>		<b>105.4</b>	<b>132.7</b>
<b>Total fixed assets</b>		<b>704.4</b>	<b>692.7</b>
Current assets			
Inventories	22	518.2	461.9
Derivative instruments	23	1.8	3.3
Current receivables			
Accounts receivable	24	461.0	534.9
Current tax receivables		3.1	6.1
Other receivables		67.5	39.9
Prepaid costs and accrued income	25	41.6	59.3
<b>Total current receivables</b>		<b>573.2</b>	<b>640.2</b>
Cash and cash equivalents	26	51.8	102.7
<b>Total current assets</b>		<b>1,145.0</b>	<b>1,208.1</b>
<b>Total assets</b>		<b>1,849.4</b>	<b>1,900.8</b>

SEK MILLION	Note	31-12-2012	31-12-2011
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	28	10.5	10.5
Additional contributed capital	28	1,262.9	1,262.9
Other reserves	29	-31.8	-31.2
Retained earnings		-209.5	-209.4
Equity attributable to parent company shareholders		1,032.1	1,032.8
Minority interests		0.0	0.0
<b>Total equity</b>		<b>1,032.1</b>	<b>1,032.8</b>
Liabilities			
Non-current liabilities			
Other interest-bearing liabilities	33	249.6	225.3
Provisions for pensions	30	18.5	16.8
Derivative instruments	23	–	0.3
Deferred tax liabilities	31	2.2	1.0
<b>Total non-current liabilities</b>		<b>270.3</b>	<b>243.4</b>
Current liabilities			
Other interest-bearing liabilities	33	30.5	25.8
Accounts payable		324.7	405.1
Current tax liabilities		7.5	11.3
Other liabilities		51.1	41.9
Accrued expenses and deferred income	36	132.5	140.1
Derivative instruments	23	0.7	0.2
Other provisions	32	–	0.2
<b>Total current liabilities</b>		<b>547.0</b>	<b>624.6</b>
<b>Total equity and liabilities</b>		<b>1,849.4</b>	<b>1,900.8</b>
Pledged assets	34	1,383.8	1,386.3
Contingent liabilities	37	85.0	81.1

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	Note	Attributable to parent company shareholders					Minority interest	Total equity
		Share capital	Additional contributed capital	Other reserves	Retained earnings			
<b>Opening balance, 1 January 2011</b>								
		5.5	730.3	-17.1	-238.7	5.1	485.1	
<b>Comprehensive income</b>								
Profit/loss for the year		-	-	-	114.5	-	114.5	
<b>Other comprehensive income</b>								
Derivative instruments, cash flow hedging	23	-	-	2.8	-	-	2.8	
Tax on cash flow hedging		-	-	-0.7	-	-	-0.7	
Exchange rate differences		-	-	-16.2	-	-	-16.2	
<b>Total comprehensive income</b>		-	-	-14.1	114.5	-	100.4	
<b>Transactions with shareholders</b>								
Reclassification of preference shares		0.5	94.1	-	-	-	94.6	
New share issue via set-off		3.6	349.1	-	-	-	352.7	
New share issue in kind		0.9	89.4	-	-	-	90.3	
Earnings from transactions through minority interests		-	-	-	-85.2	-5.1	-90.3	
<b>Total transactions with shareholders</b>		5.0	532.6	-	-85.2	-5.1	447.3	
<b>Closing balance, 31 December 2011</b>								
		10.5	1,262.9	-31.2	-209.4	-	1,032.8	
<b>Comprehensive income</b>								
Profit/loss for the year		-	-	-	42.0	-	42.0	
<b>Other comprehensive income</b>								
Derivative instruments, cash flow hedging	23	-	-	-1.7	-	-	-1.7	
Tax on cash flow hedging		-	-	0.5	-	-	0.5	
Exchange rate differences		-	-	0.6	-	-	0.6	
<b>Total comprehensive income</b>		-	-	-0.6	42.0	-	41.4	
<b>Transactions with shareholders</b>								
Dividend to parent company shareholders (SEK 2.00 per share)		-	-	-	-42.1	-	-42.1	
<b>Total transactions with shareholders</b>		-	-	-	-42.1	-	-42.1	
<b>Closing balance, 31 December 2012</b>								
		10.5	1 262.9	-31.8	-209.5	-	1,032.1	

# CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	2012	2011
<b>Operating activities</b>		
Earnings after financial items	90.6	155.9
Adjustments for items not included in cash flow	50.1	86.6
Taxes paid	-17.7	-10.9
Cash flow from operating activities before changes in working capital	123.0	231.6
<b>Cash flow from changes in working capital</b>		
Increase(-)/Decrease(+) in inventories	-53.7	-91.1
Increase(-)/Decrease(+) in operating receivables	57.1	-50.9
Increase(+)/Decrease(-) in operating liabilities	-54.0	54.0
Cash flow from operating activities	72.4	143.6
<b>Investing activities</b>		
Acquisition of intangible fixed assets	-12.5	-0.2
Acquisition of tangible fixed assets	-100.2	-84.5
Acquisition of financial assets	-	-1.6
Divestment of tangible fixed assets	1.6	2.0
Change in financial assets	0.7	0.2
Cash flow from investing activities	-110.4	-84.1
<b>Financing activities</b>		
Loans assumed	3.1	10.8
Amortisation of borrowings	-2.1	-
Change in overdraft facilities and other financial liabilities	30.9	-154.5
Dividend to parent company shareholders	-42.1	-
Cash flow from financing activities	-10.2	-143.7
Cash flow for the year	-48.2	-84.2
Change of cash and cash equivalents	-48.2	-84.2
Cash and cash equivalents at start of financial year	102.7	188.7
Exchange rate difference in cash and cash equivalents	-2.7	-1.8
Cash and cash equivalents at year end	51.8	102.7

# CONSOLIDATED NET DEBT COMPOSITION

SEK MILLION	31-12-2012	31-12-2011
Long-term interest-bearing liabilities	249.6	225.3
Provisions for pensions	18.5	16.8
Current interest-bearing liabilities	30.4	25.7
Financial interest-bearing receivables	-2.8	-3.5
Cash and cash equivalents	-51.8	-102.7
Net debt at year end	243.9	161.6

## CONSOLIDATED ADDITIONAL DISCLOSURES FOR CASH FLOW ANALYSIS

SEK MILLION	2012	2011
Adjustments for items not included in cash flow		
Expensed unpaid interest	0.1	17.3
Depreciation and impairment of fixed assets	76.5	71.7
Unrealized currency gain/currency loss	-7.5	12.7
Change in provisions	-7.0	-4.2
Income from sale of fixed assets	–	0.1
Other non cash-affecting items	-12.0	-10.9
	50.1	86.7
Interest paid and received		
Interest paid	13.8	15.6
Interest received	0.2	1.1

## CONSOLIDATED CHANGE IN NET DEBT

SEK MILLION	2012	2011
Net debt at start of year	161.6	650.8
Set-off issue	–	-352.7
Reclassification of preference shares	–	-94.6
Change in bank overdraft and other financial liabilities	35.4	-152.5
Loans assumed	3.1	10.8
Amortisation of borrowings	-2.1	–
Change of finance lease liabilities	-7.4	0.7
Changes in provisions for pensions	1.7	-2.7
Change in interest-bearing assets	0.7	-1.4
Change in cash and cash equivalents	50.9	86.0
Net debt at year end	243.9	161.6

# NOTES

All amounts in SEK million unless otherwise stated. Figures in brackets refer to the previous year. Some figures are rounded up, so amounts might not always appear to add up when summarised.

## NOTE 1 GENERAL INFORMATION

FinnvedenBulten AB (publ) (the parent company), Corp. Reg. No. 556668-2141 and its subsidiaries (jointly the Group) manufacture and distribute automotive components. The parent company conducts operations in the legal form of a limited liability company, with its registered office in Göteborg, Sweden. The company's postal address is FinnvedenBulten AB, Box 9148, 400 93 Göteborg, Sweden. These consolidated financial statements were approved by the Board on 21 March 2013 for publication and will be presented to the annual general meeting of shareholders on 24 April 2013.

## NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES AND DISCLOSURES

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and in accordance with the Council for financial reporting's recommendation, RFR1, Supplementary accounting rules for groups, and the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method, except for derivative instruments, which are assessed at fair value. The parent company's accounting policies correspond to those of the Group unless otherwise stated.

In addition to these standards, both the Swedish Companies Act and the Annual Accounts Act require certain supplementary disclosures to be made.

Preparing financial reports in accordance with IFRS requires important accounting estimates to be made. The management also needs to make certain assessments in applying the company's accounting policies. The areas subject to a high degree of assessment or complexity, or areas in which assumptions and estimates are of considerable importance to the consolidated financial statements, are described in Note 4. The estimates and assumptions are regularly reviewed, and the effect on the amounts recognised are accounted for in the income statement.

### Amended accounting principles, 2012

None of the IFRS or IFRIC interpretations that were mandatory for the first time from 1 January 2012 have had any effect on the Group. New and amended standards that have not yet gained force and that are not being applied in advance by the Group, are presented on pages 41-42.

### Consolidated financial statements

#### Subsidiaries

A subsidiary is any company in which the Group is entitled to formulate financial and operational strategies in a way that usually accompanies a shareholding totalling more than 50% of the voting rights. The existence and effect of potential voting rights which are currently possible to use or convert, are taken into account in assessing whether the Group has a controlling influence over another company. Subsidiaries are included in the consolidated financial statements from the day on which controlling influence passes to the Group. They are excluded from the consolidated financial statements from the day on which this controlling influence ceases.

The purchase method is used in accounting for the Group's business combinations. The cost of an acquisition comprises the fair

value of assets provided as remuneration, equity instruments issued and arisen or assumed liabilities on the transfer date. The acquisition cost also includes the fair value of all assets and liabilities arising from any agreement about conditional purchase sums. Costs relating to an acquisition are capitalised as they arise. For each acquisition the Group determines whether any minority interest in the acquired business shall be reported at fair value or using the proportional share of the acquired company's net assets. The amount by which the purchase sum, any minority interest and the fair value on the acquisition date of previous shareholdings exceeds the fair value of the Group's proportion of identifiable acquired net assets is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the income statement.

When the Group no longer has a controlling influence, each remaining shareholding is assessed at fair value at the time when the controlling influence is terminated. The change on the reported amounts is reported in the income statement. Fair value is used as the first reported value and forms the basis for continued reporting of the remaining holding as an associate company, joint venture or financial asset. All amounts concerning the divested unit that were previously reported in other comprehensive income, is reported as if the Group had directly sold the attributable assets or liabilities. This may mean that amounts previously reported in other comprehensive income are reclassified as earnings.

#### Transactions with minority shareholders

The Group applies the principle of treating transactions with minority interests as transactions with the Group's shareholders. For purchases from minority interests, the difference is recognised between the compensation that has been paid and the actual acquired share of the carrying value of the subsidiary's net assets in equity. Gains and losses on divestments to minority interests are also recognised in equity.

#### Associated companies

An associated company is any company in which the Group has a considerable but not controlling influence, which generally equates to shareholdings of between 20% and 50% of the voting rights. Holdings in associated companies are recognised in accordance with the equity method and are initially measured at cost. The Group's carrying amount for holdings in associated companies includes goodwill identified in the acquisition. The Group's share of revenues arising in the associated company following the acquisition is recognised in the income statement.

#### Joint Ventures

In terms of accounting, a joint venture is a company over which the company has a joint controlling influence through a business agreement. In the consolidated accounts, holdings in joint ventures are recognised in accordance with the proportional method. This means that the Group's share of the company's income, expenses, assets and liabilities is recognised as part of the consolidated total, item by item.

### Elimination of transactions between Group companies

Intra-Group transactions and balance sheet items, as well as unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated, unless the transaction is proof of an impairment requirement for the transferred asset. Unrealised gains and losses arising from transactions between the Group and its associated companies and joint ventures are eliminated in relation to the Group's holding in those companies. The accounting policies for subsidiaries, associated companies and joint ventures have been changed where appropriate to ensure consistent application of the Group's policies.

### Translation of foreign currencies

Items in the financial statements for the various Group units are measured in the currency used in the economic environment where each company primarily operates (the functional currency). In the consolidated financial statements the Swedish krona (SEK) is used, which is the parent company's functional and reporting currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates in force on the transaction date. Exchange gains and losses arising from settlement of such transactions and recalculation of monetary assets and liabilities in foreign currencies at the closing day rate are accounted for in the income statement. Exchange gains and losses attributable to loans and cash and cash equivalents are reported as financial incomes and expenses. All other exchange gains and losses are reported as 'Other operating income' or 'Other operating costs'.

The results and financial position of all Group companies are translated into the Group's reporting currency. Assets and liabilities are translated at the closing day rate, income and expenses are translated at the average rate and any resulting exchange rate differences are recognised as a separate portion of equity. Fair value adjustments and goodwill arising from the acquisition of a foreign operation are recognised as assets and liabilities in that operation and translated at the closing day rate.

When translating amounts in foreign companies, the following exchange rates have been used:

	Average rate		Closing day rate	
	2012	2011	2012	2011
CNY	1.07	1.01	1.05	1.10
EUR	8.71	9.03	8.62	8.94
GBP	10.73	10.41	10.49	10.68
PLN	2.08	2.20	2.12	2.03
USD	6.78	6.50	6.52	6.92

### Classification

Fixed assets and long-term liabilities consist essentially of only those amounts expected to be recovered or paid after more than 12 months of the balance sheet date. Current assets and current liabilities consist essentially of only those amounts expected to be recovered or paid within 12 months of the balance sheet date.

### Non current assets (or divestment groups) held for sale and discontinued operations

Fixed assets (or divestment groups) are classified as non current assets held for sale and recognised at the lower of carrying amount and fair value less costs of sales if their carrying amount is recovered principally through a sale transaction and not through continuous use.

A discontinued operation is a component of the Group that has either been sold or classified as held for sale, and is an independent branch of the business or a significant activity that forms part of a single coordinated plan for divestment.

### Intangible assets

#### Expenditure on research and development

The Group conducts no research and development of the kind that is to be capitalised as an intangible asset. Expenditure is written off as it arises. The Group only conducts development directly linked to customer orders. This process is preparatory in nature and is generally conducted ahead of planned production start-up.

#### Goodwill

Goodwill is the amount by which the cost exceeds the fair value of the Group's proportion of the subsidiary/associated company's identifiable net assets upon acquisition. Goodwill upon acquisition of subsidiaries is recognised under intangible assets. Goodwill upon acquisition of associated companies is included in the value of holdings in associated companies.

Goodwill is tested annually to identify any impairment requirement and is recognised at cost less accumulated impairments. Impairment of goodwill is not returned.

Gains or losses from the sale of a unit includes the remaining carrying amount of the goodwill pertaining to the divested unit.

Goodwill is distributed between cash generating units upon testing to determine any impairment requirement. For business combinations where the cost is less than the net fair value of the acquired assets and assumed liabilities and contingent liabilities, the difference is recognised directly in the income statement.

#### Other intangible assets

Other intangible assets acquired by the company are recognised at cost minus accumulated depreciation and impairments. Expenditure for internally generated goodwill and trademarks is recognised in the income statement as an expense as it is incurred. The Group's intangible assets include acquired software licences, which are set up as assets on the basis of expenditure arising when the software in question was acquired and started up. The expenditure is capitalised to the extent that the probable economic benefits exceed the expenditure.

### Depreciation

Depreciation according to plan is based on the original purchase cost less any residual value. Depreciation is applied on a straight-line basis over the useful life of the asset and is accounted for as an expense in the income statement. Depreciation takes place from the accounting period in which the asset becomes available for use. Depreciation for intangible assets is five years.

### Tangible assets

Tangible fixed assets are recognised as assets in the balance sheet when, on the basis of available information, it is likely that the future economic benefit associated with its possession will accrue to the Group, and the cost of the asset can be reliably calculated.

Tangible fixed assets are recognised at cost less accumulated depreciation and any impairments.

The cost includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Also included are estimated costs for dismantling and removing the assets, as well as restoring the site or area where such costs are generated.

The cost of fixed assets manufactured in-house includes expenses for materials, remuneration to employees, direct manufacturing costs and the cost of borrowing where a substantial period of time is needed to prepare it for its intended use.

The carrying amount for a tangible fixed asset is derecognised from the balance sheet on scrapping or sale, or when no future economic benefits are expected from its use. The net financial gain or loss from the sale or scrapping comprises the selling price and carrying amount of the asset less direct selling expenses. This is recognised as other operating income/expense.

### Sale and Leaseback

Sale and leaseback transactions have the form of a sale of an asset followed by leasing of the same asset in accordance with a leasing agreement. The factor that determines how sales and leaseback is reported is the classification of the leasing transaction. If a sale and leaseback results in a financial leasing agreement, the profit that arises if the sale price is higher than the asset's reported value is recognized over the leasing period. If the leasing agreement results in an operational leasing agreement, any profit or loss arising upon sale is reported for the period when the sale took place, provided that the sale price is based on fair value.

### Leasing - lessees

Leases are classified in the consolidated financial statements as either financial or operating leases. A financial lease is a lease whereby the economic risks and benefits associated with ownership are in all essentials transferred to the lessee; if this is not the case the lease is an operating lease. Assets leased in accordance with financial leases have been recognised as assets in the consolidated balance sheet. Obligations to pay future lease payments have been recognised as non-current and current liabilities. The leased assets are depreciated according to plan while the lease payments are recognised as interest

and debt reduction. The interest expense is distributed over the lease term so that each accounting period is assigned an amount corresponding to a fixed interest rate for the liability recognised in the respective period. Variable fees are charged as expenses in the periods in which they arise.

For operating leases the lease payment is expensed over the lease term starting from initial use, which may differ from what is de facto paid in leasing fees during the year.

If significant conditions change during the agreement term, an assessment is made as to whether these new conditions - if known at year-end - would require a different classification of the agreement at the start of the leasing period, and if this is the case, the agreement is treated as a new one that shall be tested with the parameters valid at the time the new agreement is entered into.

### Principles for depreciating tangible fixed assets

Depreciation according to plan is based on the original purchase cost less estimated residual value. Depreciation is carried out on a straight-line basis over the estimated useful life of the asset.

The following depreciation periods are applied:

#### Acquired tangible assets

Buildings	25–40 years
Plant and machinery	5–14 years
Equipment, tools, fixtures and fittings	3–10 years

### Impairments

Assets with an indefinite useful life are not depreciated but tested annually to determine any impairment requirement. Assets that are depreciated are assessed in terms of decrease in value whenever an event or a change in circumstances indicates that the carrying amount may not be recoverable. An impairment is made for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less selling expenses, and value in use. On determining the impairment requirement, assets are grouped at the lowest levels at which there are separate, identifiable cash flows (cash generating units).

## Inventories

Inventories are stated at the lower of cost and net selling price. The cost for inventories is based on the first-in first-out principle (FIFO) and includes costs arising upon acquisition of the inventories and their transport to their current location and condition. Net selling price is the estimated sales price in the ordinary course of business, less estimated costs for completing and bringing about a sale. Valuation thereby takes into account the risk of obsolescence.

For manufactured goods and work in progress, the cost includes a reasonable proportion of indirect production costs. Valuation has taken into account normal capacity utilisation.

## Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, other short-term investments maturing within three months, and bank overdraft facilities.

## Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Transaction costs directly attributable to the issue of new shares or options are recognised net after tax in equity as a deduction from the issue settlement. When financial liabilities are eliminated due to parts or all of the loan being repaid through issued shares, the shares are valued at fair value and the difference between this value and the reported value of the loan is recorded in the income statement. In the event of the lender being directly or indirectly a shareholder, the issued amount corresponds to the recorded value of the financial liability being eliminated (so-called set-off issue), the issued amount. In this way there is no profit or loss to report in the income statement.

## Accounts payable

Accounts payable are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if they fall due within one year or earlier. If not, they are recognised as long-term liabilities.

## Borrowing

Borrowing is initially recognised at fair value. Borrowing is subsequently recognised at the accrued cost, and any difference between the amount received and the repayment amount is recognised in the income statement over the borrowing term, using the effective interest method. Preference shares, which are mandatorily redeemable at a specific time, are classified as liabilities. Dividends from these are recognised in the income statement as interest expense.

Borrowing is classified as current liabilities unless the Group has an unconditional right to postpone payment of the liability for at least 12 months after the balance sheet date.

## Remuneration to employees

### Pension obligations

The Group's companies have different pension systems in accordance with local terms and generally accepted practice in the countries where they operate.

The predominant form of pension is the defined-contribution plan. These plans mean that the company settles its undertaking continuously through payments to insurance companies or pension funds.

Pension plans, however, that are based on an agreed prospective pension right, known as defined benefit pension plans, mean that the company has a responsibility that extends beyond normal obligations and, for example, where assumptions about the future affect the company's recognised cost. The Group's net obligation is calculated separately for each plan by estimating the future remuneration the employees have earned through their employment both in current and previous periods; this remuneration is discounted to a present value. In cases where the Group has secured part of its commitment through a provision made to a pension institution, the fair value of the retirement benefit plan assets are deducted from the provision in the balance sheet.

The discount rate on the balance sheet date is based on the market rate for a first-class company bond with a term equal to the average remaining period for the bond. The calculation is carried out by a qualified actuary using the projected unit credit method.

The commitment is calculated on the balance sheet date and if the calculated commitment deviates from the forecast commitment, actuarial gains or losses arise. In these cases the corridor rule is applied. This rule entails recognising the proportion of the accumulated actuarial gains or losses exceeding 10% of the higher of the obligations' present value and the plan assets' fair value, in the figure for the expected average remaining employment period of the employees covered by the plan.

### Termination benefits

Termination benefits are payable when a position has been terminated by the Group before the normal pension age or when an employee accepts voluntary redundancy in exchange for such benefits. The Group recognises severance pay when it is demonstrably obliged either to terminate employees as part of a detailed formal plan without any possibility of revocation, or by providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### Provisions

A provision is recognised in the balance sheet when the company has a formal or constructive obligation as the consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the obligation, and that a reliable estimate of the amount can be made. When the effect of the timing of the payment is important, provisions are calculated by discounting the expected future cash flow at a pre-tax interest rate which reflects current market assessments of the time-related value of money and, if applicable, the risks associated with the liability.

A provision for restructuring is recognised when a detailed, formal restructuring plan has been established, and the restructuring has either begun or been publicly announced.

A provision for onerous contracts is recognised when the expected benefits are lower than the unavoidable costs for fulfilling the obligations in accordance with the contract.

### Income

Net sales turnover comprises income from sales of products and services. Income is recognised in the income statement when it becomes likely that the future economic benefits will accrue to the company and these benefits can be calculated in a reliable way. Income includes only the gross influx of economic benefits that the

company receives or can receive for itself. Income arising from the sale of goods is recognised as income when the company has transferred the essential risks and benefits associated with ownership of the goods to the purchaser, and the company no longer exercises any real control over the goods sold. Income is recognised at the fair value of what has been received or will be received with deductions for discounts granted. Remuneration is in the form of cash and cash equivalents and income consists of the remuneration. Amounts levied on behalf of another party are not included in the company's income. Income recognition of service assignments takes place when the economic outcome of the service assignment can be reliably calculated and the economic benefits pass to the company.

Other operating income is reported for other income in the business not attributable from business activities, such as capital gains from the sale of fixed assets and remuneration from insurance policies.

Dividends are recognised when the shareholders' right to receive payment is deemed secure.

### Costs

The income statement is structured according to function. The functions are as follows:

- Cost of goods sold comprises costs for goods management and manufacturing costs including salary and material costs, services bought, costs of premises and depreciation and impairment of tangible fixed assets.
- Administrative expenses refer to costs for Boards of Directors, executive management and corporate functions in the Group.
- Selling expenses comprise costs for the Group's own sales organisation.
- Other operating income and costs, relate to secondary activities, exchange rate differences for items related to operations and capital gains on the sale of tangible fixed assets. On selling subsidiaries, associated companies or joint ventures, the Group earnings are also recognised here.

### Reporting by segment

Operating segments are reported in a way that agrees with the internal reporting submitted to the highest executive decision maker. The highest executive decision maker is the role with responsibility for allocating resources and making assessments of the results of the segments. Two separate segments have been identified for the Group, Finnveden Metal Structures and Bulten, which is in agreement with internal reporting.

### Financial income and expenses

Financial income and expenses comprise interest income from bank funds and receivables, interest expenses on borrowing, dividend income and exchange rate differences.

The interest component of financial lease payments is recognised in the income statement in accordance with the effective interest method, whereby interest is divided so that each accounting period is charged with an amount based on the liability recognised during the period in question. Issue expenses and similar direct transaction costs for raising loans are included in the acquisition cost of the borrowing and are expensed in accordance with the effective interest method. Preference shares, which must be redeemed at a certain point in time, are classified as liabilities. Dividends for these preference shares are reported in the income statement as an interest expense.

### Taxes

Income tax consists of current tax and deferred tax. Income taxes are entered in the income statement except when the underlying transaction is recognised in other comprehensive income or directly in equity. In such cases the tax is recognised other comprehensive income or in equity.

Current tax is tax due for payment or receipt during the financial year in question. Adjustments to current tax related to earlier periods are also included in this item. Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the carrying amounts and the tax base of assets and liabilities. The amounts are calculated based on how the temporary differences are expected to be offset, and by applying the tax rates and tax regulations in effect or publicised on the balance sheet date in the countries where the parent company's subsidiaries and associated companies are active and generate taxable income. Deductible temporary differences are not taken into consideration with respect to consolidated goodwill nor, in normal cases, to differences attributable to participations in subsidiaries that are not expected to be taxed in the foreseeable future. Deferred tax liabilities are not reported if they occur due to a first reporting of goodwill. Neither is deferred tax reported if it arises due to a transaction that is attributable to the first reporting of an asset or liability that is not a business acquisition and which, at the time of the transaction, affects neither reported earnings or taxable earnings

Untaxed reserves including deferred tax liability are recognised in legal entities. In the consolidated financial statements, however, untaxed reserves are apportioned between deferred tax liability and equity. Deferred tax assets with respect to deductible temporary differences and loss carry-forwards are recognised only as far as it is likely that these items will lead to lower tax payments in the future.

Deferred tax assets and liabilities are offset in the balance sheet where there is a legal offset option for current tax receivables and liabilities and where deferred tax receivables and liabilities are attributable to taxes collected by the same tax authority.

### Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The recognised cash flow only covers transactions resulting in receipts or disbursements.

In addition to cash and bank balances, cash and cash equivalents also include short-term financial investments subject only to negligible risk of value fluctuation and which can be traded on an open market in known amounts, or have a remaining term of three months from the acquisition date.

### Transactions with related parties

A negligible proportion of parent company purchases, which affect the operating profit, pertain to transactions with other companies within the Group. There are also some internal sales within the Group, between the Group's various segments. See Note 5 for further information. Other transactions with related parties during the year are shown in Note 6 (Employees, personnel costs and fees to the Board of Directors) and Note 39 (Transactions with related parties). Transactions with related parties have taken place on terms equal to those which apply for transactions on business terms.

## Financial assets and liabilities

### Classification

The Group classifies its financial instruments into the following categories: financial assets at fair value through the income statement, loans and accounts receivable, and available-for-sale financial assets. The classification depends on the purpose of acquiring the instrument. Management determines the classification of financial assets at initial recognition.

### Financial assets at fair value through the income statement

Financial assets that are measured at fair value through the income statement are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the near future. Derivatives are classified as held for trading unless they are designated hedges. Assets in this category are classified as current assets. At the end of 2012 and 2011 there were no assets with this classification.

### Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Characteristically they arise when the Group provides money, goods or services directly to a customer without the intention of trading the resulting receivable. They are included under current assets, with the exception of items maturing more than 12 months after the balance sheet date, which are classified as fixed assets. Where appropriate, loans and accounts receivable are included under accounts receivable and other receivables in the balance sheet. Cash and cash equivalents are also included in this category.

Accounts receivable that have been sold are removed from the balance sheet when contractual rights and principal risks and benefits associated with ownership of the financial asset are transferred to the buyer.

### Available-for-sale financial instruments

Available-for-sale financial assets are non-derivative assets that have either been assigned to this category or do not fall within any of the other categories. They come under fixed assets if the management does not intend to sell the asset within 12 months of the balance sheet date. Other long-term holdings of securities are classified in this category.

### Recognition and measurement

Purchases and sales of financial instruments are recognised on the trade date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial instruments are initially measured at fair value plus transaction costs, which applies to all financial assets not measured at fair value through the income statement. Financial assets measured at fair value through the income statement are initially recognised at fair value, while the related transaction costs are recognised in the income statement. Financial instruments are derecognised from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and rewards associated with ownership. Available-for-sale financial assets and financial assets at fair value through the income statement are recognised after the acquisition at fair value. Loans and accounts receivable are recognised after the time of acquisition at accrued cost using the effective interest method.

Gains and losses arising from changes in fair value with respect to the financial assets category are measured at fair value through the income statement and are included in the other net gains/losses item in the income statement. Changes in fair value of financial assets available-for-sale (securities) are reported in other comprehensive income.

When securities, that are classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments of equity are carried to the income statement as gains and losses from financial instruments.

### Offsetting of financial instruments

Financial assets and liabilities are offset and recognised on a net basis in the balance sheet when there is a legal right to offset the carrying amounts and there is an intention to settle them on a net basis or to simultaneously realise the asset and settle the asset.

### Impairment of financial assets

#### (a) Assets recognised at accrued cost

At the end of each reporting period, the Group assesses if there is objective proof of an impairment requirement for a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and written down only if there is objective evidence of impairment as a result of one or more events that occurred after the asset has been recognised for the first time (a 'loss event') and that this event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The criteria used by the Group to determine whether there is objective evidence of impairment include:

- significant financial difficulty of the issuer or debtor,
- a breach of contract, such as default or delayed payments of interest or capital needs,
- Group grants, for economic or legal reasons related to the borrower's financial difficulties, a concession that the lender would not otherwise consider,
- it is probable that the borrower will enter bankruptcy or other financial reorganisation,
- termination of an active market for the asset because of financial difficulties, or
- observable data indicating that there is a measurable reduction in the estimated future cash flows from a portfolio of financial assets since these assets were recognised for the first time, although the decrease cannot yet be identified as relating to any of the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status for borrowers in the portfolio, or
  - (ii) domestic or local economic conditions that have a bearing on non-payments in assets in the portfolio.

The Group first assesses whether there is objective evidence of impairment.

Impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is impaired and impairment charges are recognised in the consolidated income statement. As a practical solution, the Group can determine the impairment based on the instrument's fair value using an observable market price.

If the impairment decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment is recognised (such as an improvement in the debtor's creditworthiness), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

#### **(b) Assets are classified as available-for-sale financial assets**

At the end of each reporting period, the Group assesses if there is objective proof of an impairment requirement for a financial asset or group of financial assets. For debt instruments the Group uses the criteria set out in (a) above.

#### **Derivative instruments and hedging activities**

Derivatives are initially reported at fair value at the time when the derivative contract is entered into and they are thereafter re-assessed at fair value. The method for reporting gain or loss depends on whether the derivative has been identified as a hedge instrument.

If hedge reporting is applied, the effective component of the change in fair value of the derivative that has been identified as qualifying for cash flow hedging is reported in other comprehensive income. The gain or loss attributable to the ineffective component is reported immediately on the income statement in 'Other operating costs' or 'Other operating income'.

The Group tests the effectiveness of all identified cash flow hedges when the contract is signed. A hedge is considered to be effective when the estimated future cash flow's currency fluctuations and due dates are in accordance with the hedge instrument's. The hedge relationship is tested regularly up to the due date.

Accumulated amounts in equity are returned to the income statement in the periods where the hedged item affects earnings, for example when the forecast sale that has been hedged takes place. The gain or loss attributable to the ineffective component is reported immediately on the income statement in 'Other operating profit' or 'Other operating costs'.

If the Group signs a derivative contract that is not identified as a hedge instrument, all changes in the fair value of the contract are reported immediately on the income statement in 'Other operating costs' or 'Other operating income'.

#### **Fair value**

In the event that fair value deviates from the book value, information about fair value is presented in the relevant note. On the closing dates in 2012 and 2011 there were no financial assets and liabilities reported at fair value, with the exception of derivative instruments, which are reported in note 23.

#### **New standards, amendments and interpretations of existing standards not yet in force and not applied in advance by the Group**

##### **• IAS 1 - Presentation of Financial Statements**

Amendments have been made to IAS 1 'Presentation of Financial Statements' concerning other comprehensive income. The key change is the requirement that items presented in "Other comprehensive income" be divided into two groups. This division is based on whether items can be reclassified in the income statement (reclassification adjustments) or not. The amendment does not address the issue of which items should be included in "Other comprehensive income".

##### **• IAS 19 - Employee benefits**

The change will mean that the Group will stop applying the "corridor method" and financial costs will be based on net surplus or net deficit in the plan. Costs for service in previous years will be reported immediately. Interest costs and expected returns on plan assets will be replaced with net interest estimated using the discount rate, based on the net surplus or deficit in the defined-benefit plan.

The Group intends to apply the amended standard for the financial year starting 1 January 2013. For 2012 the amendment would have meant that the reported part of the pension liability would have increased by around SEK 1.5 million. Equity would have been reduced by around SEK 1.2 million net concerning deferred tax.

##### **• IFRS 9 Financial instruments**

IFRS 9 addresses classifications, valuations and disclosures of financial liabilities and assets. The Group intends to apply the new standard by the latest for the financial year starting 1 January 2015 and has not yet assessed the effects. The Group will evaluate the effects of the remaining phases for IFRS 9 when they are finalised by the IASB. This standard has not yet been adopted by the EU.

##### **• IFRS 10 Consolidated Financial Statements**

IFRS 10 is based on existing principles as it identifies controlling influence as the decisive factor when determining if a business shall be consolidated. The standard provides further guidance for defining controlling influence when this is problematical. The Group intends to apply the new standard for the financial year starting 1 January 2014 and has not yet assessed the full effects on the financial statements.

##### **• IFRS 11 Joint Arrangements**

IFRS 11 replaces IAS 31 Participations Joint Ventures and introduces new reporting requirements for joint ventures. The possibility to apply the proportional consolidation method is abolished for reporting of joint ventures, which means that the equity method remains for use provided that the company shall not be consolidated in accordance with IFRS 10. The Group intends to apply the new standard for the financial year starting 1 January 2014 and has not yet assessed the full effects on the financial statements.

##### **• IFRS 12 Disclosures of interests in other entities**

IFRS 12 covers disclosure requirements concerning subsidiaries, joint arrangements associate companies and non-consolidated so-called structured entities. The Group intends to apply the new standard for the financial year starting 1 January 2014 and has not yet assessed the full effects on the financial statements.

None of the IFRS or IFRIC interpretations not yet in force are expected to have a significant impact on the Group.

## NOTE 3 RISKS AND RISK MANAGEMENT

### Financial risks

In its operations, FinnvedenBulten is exposed to various financial risks. Examples of these are currency, liquidity, interest rate, credit, capital, financing, pricing and market risks. It is the Board that sets policies for risk management. Financial activities in the form of risk management, liquidity management and borrowing are managed for the whole Group by the parent company. The Group's overall risk management focuses on the unpredictability of the financial markets, and strives to minimise potential unfavourable effects on the Group's finances.

### Currency risk

The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily for EUR, PLN and GBP. Currency risks arise from future commercial transactions, flow exposures in the form of deposits and payments in different currencies, recognised assets and liabilities, the translation of foreign subsidiary income and net investments in foreign operations.

Changes in currency exchange rates can also affect the Group's own or its customers' competitiveness and, indirectly, Group sales and earnings. The Group is exposed to changes in multiple currencies, where the change in EUR has the greatest impact on Group earnings.

The Group's policy for handling currency risks focuses on transaction-related currency risks. Currency risks are primarily handled by trying to change the operative conditions in the business by matching income and expenses in other currencies than SEK. The Group's a risk management policy sets a long-term objective of hedging 50-100% of forecast, significant net currency flows over the ensuing 12-month period. Currency flows shall only be hedged that fulfil criteria for hedge reporting in accordance with IAS 39. Application of hedge reporting is however determined in each individual case when the hedge is established.

If the Swedish krona had weakened/strengthened by 10% against the EUR with all other variables constant, the change in gross profit would be around SEK 49(51) million. A 10% change in the exchange rate for PLN would have affected gross profits by SEK 23 (22) million. A 10% change in GBP would have had an SEK 0 (9) million effect. Given current exposure the net effect would have been +/- SEK 26 (20) million if SEK had changed in value by 10% against EUR, PLN and GBP. The corresponding effect on equity would have been SEK 50 (44) million.

Group currency flows were distributed as follows during the financial year:

Currency*	2012			2011		
	Income	Costs	Operating P/L	Income	Costs	Operating P/L
SEK	1,155	-1,328	-173	1,314	-1,318	-4
EUR	1,632	-1,140	492	1,615	-1,108	507
PLN	43	-272	-229	60	-275	-215
GBP	68	-69	-1	61	-149	-88
Other currencies	65	-53	12	35	-33	2
Total	2,963	-2,862	101	3,085	-2,883	202

\* Expressed in SEK million.

The Group has holdings in foreign businesses whose net assets are exposed to currency changes. Currency exposure that results from assets in the Group's foreign activities is primarily handled through loans in the relevant foreign currencies.

### Liquidity risk

The liquidity risk is the risk that the company cannot make its payments due to insufficient liquid assets and/or difficulty in securing loans from external lenders. Liquidity risk is managed by the Group holding sufficient cash and cash equivalents and short-term investments with a liquid market, having financing available through the agreed credit facilities and the ability to close market positions. Management closely monitors rolling forecasts for the Group's liquidity reserve composed of unused credit lines and cash and cash equivalents based on the expected cash flows. This occurs at three levels in the Group; at a local level in the Group's operating companies, at a division level and at Group level.

The Group is primarily financed through bank financing via a credit facility worth SEK 575 million that runs to July 2016. Covenants associated with this credit facility are presented in more detail in note 33. The Group transfers ongoing accounts receivable within the framework of a block purchase agreement. The agreement means that the buyer of accounts receivable assumes the principal credit risks associated with the receivable. The criteria whereby the accounts receivable shall not be reported on the balance sheet have been met. The Group is therefore dependent on the buyer's ongoing assessment of the credit rating of customers. At the end of 2012 transferred accounts receivable were SEK 88.9 (112.7) million. The total capacity of the agreement covering purchases of accounts receivables is SEK 169 (169) million.

At the end of 2012, the available liquidity reserve for the Group was SEK 382.0 (467.2) million. The Group's policy stipulates that the available resources, namely cash and cash equivalents and available credit, must exceed 5% of net sales, and that the funds available at any time exceed SEK 100 million. Temporary over-liquidity shall be placed in investments with short maturities and minimal credit risk, e.g. in bank accounts or short bonds issued by Swedish banks or the Swedish state.

The table below analyses the Group's financial liabilities broken down according to the time remaining until the contractual maturity date at the closing day (including any interest payments where established). The amounts indicated in the table are the contractual, undiscounted cash flows.

As of 31 December 2012 (Including interest payments)	Less than 1 year	1-5 years	More than 5 years
Bank loans and overdrafts	21.9	287.5	–
Accounts payable and other liabilities	516.6	–	–
Liabilities for financial leases	82.4	257.8	216.4
<b>Total</b>	<b>620.9</b>	<b>545.3</b>	<b>216.4</b>

As of 31 December 2011 (Including interest payments)	Less than 1 year	1-5 years	More than 5 years
Bank loans and overdrafts	17.3	257.7	–
Accounts payable and other liabilities	598.9	–	–
Liabilities for financial leases	83.2	274.2	277.9
<b>Total</b>	<b>699.4</b>	<b>531.9</b>	<b>277.9</b>

### Interest rate risk

The Group's interest rate risk arises from short and long-term borrowing. Borrowing made at variable interest rates exposes the Group to a cash flow interest rate risk, which is partly neutralized by having cash and cash equivalents with variable interest. Borrowing made at fixed rates exposes the Group to an interest rate risk relating to fair value.

The Group's policy to manage the interest rate risk reflects the rate of change in the Group's financing. In recent years this has meant a short lock-in period. The financial policy sets the fixed term of interest rates for external loans at an average of six months, with the right to deviate +/- 3 months if the market assessment changes. The average fixed-rate term at the end of both 2012 and 2011 for external loans was around six months.

The Group had, at the end of the financial year, no financial contracts for changing the interest rate risk in relation to what the existing loan agreement regulates. In 2012 and 2011 Group borrowing with variable interest was in SEK, EUR, GBP and PLN. If the interest rates on borrowing in Swedish kronor in 2012 were 1% higher/lower with all other variables constant, after-tax earnings for the financial year would have been SEK 2.8 (3.4) million lower/higher.

### Credit risk

Credit risk is managed at a Group level. Credit risks arise from cash and cash equivalents and balances with banks and financial institutions and credit exposures, including outstanding receivables and agreed transactions.

Individual assessments of customer's creditworthiness and credit risk are made where the customer's financial position is taken into account, along with past experience and other factors. Management does not expect any losses due to default by counterparties in addition to what has been reserved as doubtful receivables, see Note 24.

### Capital risk

The Group's objective with regard to the capital structure is to secure the Group's ability to continue trading, so that it can generate returns to shareholders and benefits for other interested parties and to maintain an optimal capital structure in order to keep down the cost of capital.

To maintain or adjust the capital structure the Group can choose to change the dividend paid to shareholders, pay back capital to shareholders, issue new shares or sell assets to reduce debts.

The management team continually monitors requirements for refinancing of external loans with the objective of renegotiating credit facilities at the latest 12 months before the due date. In 2011 the company signed a new financing agreement that runs to July 2016. The maturity structure for existing loans is shown in Note 33.

One of the Group's financial targets is to achieve a return on average capital employed (equity and interest-bearing net liabilities) above 15%. For 2012, average capital employed was SEK 1,315.6 (1,313.7) million. Return, defined as earnings after financial items plus financial costs, on average capital employed was 8.1% in 2012 and 15.4% in 2011.

The consolidated equity/assets ratio was 55.8% (54.3).

Equity/assets ratio The Group	2012	2011
Equity	1,032.1	1,032.8
Balance sheet total	1,849.4	1,900.8
<b>Equity/assets ratio</b>	<b>55.8%</b>	<b>54.3%</b>

The net debt/equity ratio at 31 December 2012 and 2011 was as follows:

Debt/equity ratio The Group	2012	2011
Total borrowings	280,0	251,0
Provisions for pensions	18,5	16,8
Minus: Interest-bearing assets	-2,8	-3,5
Minus: Cash and cash equivalents	-51,8	-102,7
<b>Net debt</b>	<b>243,9</b>	<b>161,6</b>
Interest-bearing shareholder loan	1 032,1	1 032,8
<b>Net debt/equity ratio, times</b>	<b>0,2</b>	<b>0,2</b>

The net debt/equity ratio is calculated as net debt divided by equity including minority interests. Net debt is calculated as total interest-bearing liabilities (including short-term borrowing and long-term borrowing, and interest-bearing pension liabilities in the consolidated balance sheet) minus cash and cash equivalents and interest-bearing assets.

Average interest on borrowing liabilities excluding shareholder loan and preference shares amounted to 4.9% (4.6).

### Operational risks

#### Market risk

FinncavenBulten operates mainly in markets for commercial vehicles and passenger cars. Demand for the Group's products is dependent on transport demands, which in turn is driven by global trade and economic growth around the world. The Group's sales are diversified and spread over a number of customers, platforms, models and factory plants which usually dampens the effects of individual changes to demand. However, a marked decline in the production of some models may have a significant negative impact on individual production units.

The use of production forecasts and close relationships with customers means that the Group is well informed about the customers' production schedules.

#### Price reduction

Price pressure from customers is a natural part of the activities of suppliers in the automotive industry. The degree of price pressure varies from year to year and for the different products. In response

to price reductions, the Group is working continuously on improvements to reduce costs and to offer customers added value through new products and services.

#### **Competition**

FinnvedenBulten operates as a supplier in the automotive industry which is a large but highly competitive market. The industry is characterised by overcapacity and high demands from customers for quality, reliable delivery, technology and overall customer service. The Group's long-term success is therefore dependent on a favourable market positioning, a good competitive position and high operating efficiency in all parts of the Group.

#### **Raw materials and commodity prices**

The Group is dependent on a number of raw materials and intermediate goods. Exposure is greatest in the different grades of steel, magnesium and aluminium. The price of raw materials is adjusted periodically to reflect current market levels based on price developments over the period. Changes in prices of raw materials could significantly affect the Group's earnings. The Group's strategy is to offset these risks by an active and professional purchasing process, with consolidation and standardisation of the volumes purchased and long-term relationships with suppliers through price compensation from the customers.

#### **Product liability, warranty and recall**

The Group is exposed to product liability and warranty claims in cases where our products cause injury to any person or damage to property. FinnvedenBulten is insured against damages applicable to product liability. No substantive claims concerning product liability have been made over the past decade. If a product is defective, the Group may have to participate in a recall. FinnvedenBulten has historically not been affected by any major recalls. FinnvedenBulten minimises risks related to product liability, warranty insurance and damages through extensive testing in the design and development phase as well as in production by continuously implementing quality management and control measures.

#### **Suspension of operations and property damage**

Damage to production equipment, as a result of factors such as fire, may have a negative impact, both in direct property damage and in business interruption, which makes it harder to fulfil the Group's obligations to the Group's customers. This in turn could encourage customers to use other suppliers. The effect of such damage to production equipment can be characterised as high as the production equipment is very much associated with the customer's assembly with just-in-time deliveries. Continuous efforts are being made to improve the Group's forward planning and preventative security measures. The Group also has full insurance cover against business interruption such as property damage.

#### **Legal risks**

FinnvedenBulten's business is conducted in several jurisdictions and is subject to local rules and laws that are applicable in each jurisdiction as well as general international laws.

Changes in rules, customs regulations and other trade barriers, pricing and currency controls and other public guidelines in countries where FinnvedenBulten is active may affect the Group's business. The Group is exposed to legal risks when the activity is influenced by a large number of commercial and financial agreements with customers, suppliers, employees and other parties, as well as licenses, patents and other intellectual property rights. This is normal for a business such as the Group's. Legal risks are managed as and when they arise, and at present there are no ongoing processes of any substantial nature.

FinnvedenBulten establishes itself on markets and in new countries where the Group was not previously active. New start-ups, especially in growth countries, may involve unforeseen costs, due to delays in receiving business-related permits, for example.

#### **Environmental risks**

In several jurisdictions, FinnvedenBulten's business is subject to reporting and permit requirements. All of the Group's production plants are either required to apply for a permit or are regulated by the environmental laws of the country in which they operate. FinnvedenBulten's assessment is that all units have received the permits and agreements that are required, and that they fulfil given safety, reporting and control requirements.

#### **Insurance**

FinnvedenBulten insures its assets against property damage and losses due to stoppages. There is also insurance cover for liability damages. In certain cases the Group has taken out insurance for any environmental liabilities that may arise in connection with divestments.

#### **Sensitivity analysis**

Significant factors that affect Group earnings are presented below. The analysis is based on year-end values and the assumptions that all other factors remain unchanged.

- Price fluctuations are the variable with the largest impact on earnings. A change of +/-1% in prices to customers affects earnings by approximately SEK 30 (31) million.
- Development of raw material prices affects FinnvedenBulten's earnings. A change of 1% to raw material prices, affects earnings by about SEK 16 (16) million, however FinnvedenBulten, and other actors in this sector, can pass higher raw material costs onto its customers to compensate.
- Payroll costs comprise a major share of Group expenses. An increase of 1% affects earnings by approximately SEK 7 (6) million.
- A one percentage point change in interest rates on the closing net debt which is attributable to variable interest rates affects earnings by about SEK 1 (2) million. None of the net debt of SEK 243.9 (161.6) million has fixed rates of interest.
- For a description of FinnvedenBulten's exposure against changes in currencies, see page 42.

#### **NOTE 4 IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES**

Estimates and assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing conditions.

The Group makes estimates and assumptions about the future. The estimates for accounting purposes which result from these, by definition, will rarely equate to the actual result. The estimates and assumptions that involve a significant risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are shown below.

Assumptions are also necessary in calculating the present value of defined-benefit pensions. Note 30 describes the assumptions made. Same note also presents the results of the actuarial calculations which lead to the carrying amount entered in the balance sheet.

Note 2, Summary of significant accounting policies, includes a description of how tax is recognised in the Group, which describes how the temporary differences in the form of tax losses are to be recognised. In this context it is important that management considers whether the business will recognise the excess close in time for the claim balance to be approved. In countries where management believes that the Group can benefit from future lower tax receipts in the near future resulting from existing fiscal deficits, the receipts are recognised as deferred tax assets.

As of 31 December 2012, the management's assessment was that it is probable that a fiscal surplus will occur for the Group's Swedish activities. This assessment is based on a fiscal surplus being reported in 2012 and, based on existing business plans, this is expected to continue in coming years. As of 31 December 2012, the Group is reporting a deferred tax asset attributable to deficit deductions and other temporary fiscal differences amounting to SEK 102.3 (128.8) million, of which SEK 96.1 (121.9) million is attributable to Sweden.

The plans for the future that form the basis for the management's position regarding tax assets, also constitute a basis for the impairment test of goodwill that is conducted at least once a year. When reviewing the value of goodwill, SEK 181.4 (181.5) million, at 31 December 2012 and 2011, no impairment requirement was identified. Note 17 presents the assumptions made in connection with the impairment test on goodwill.

In connection with the Group having substantive leases, an assessment must be made as to whether the agreement is of a financial or operational nature. An assessment of whether the agreement should be classified as operational or financial is made in connection to the signing of the agreement and includes an analysis of key parameters such as discount rate, probability assessments of alternative future decisions and the asset's market value. Different assessments regarding these parameters may lead to different conclusions regarding the classification of the agreement.

The Group regularly transfers a share of outstanding accounts receivable to a third party. The divestments are based on framework agreements and conditions that have been assessed as a whole mean that the risks and benefits associated with the accounts receivable for the most part are transferred to the buyer. As of 31 December 2012, the value of transferred accounts receivable was SEK 88.9 (112.7) million.

The Group is exposed to legal risks when the business is impacted by a large number of commercial and financial agreements with customers, suppliers, employees and other parties. This is normal for a business such as the Group's. Management assesses the expected outcome of compensation claims made against the Group on an ongoing basis. At the balance sheet date there were a few compensation claims against the Group, but management believes that it is unlikely that these will mean a substantial impact on the consolidated earnings and financial position. No provision is recognised at balance sheet date for these compensation claims.

## NOTE 5 INFORMATION ON BUSINESS SEGMENTS (DIVISIONS) AND GEOGRAPHICAL MARKETS

### Identification of operating segments

The Group's two divisions, Bulten and Finnveden Metal Structures, constitute the Group's operating segments for reporting purposes. This concerns the information reported to the highest executive decision maker and the Board of Directors. Division into these segments is based on the product range offered by the divisions to various customer segments. Bulten develops and manufactures fasteners for the automotive industry. Finnveden Metal Structures develops and manufactures optimised interior and exterior structures in multi-materials for applications in cars and trucks.

### Customers

The Group's structures are almost exclusively based in the automotive industry.

### Key customers

The Group has three external customers, each of which generate revenues greater than 10% of total Group sales. Sales to these customers amounted to SEK 859 (909) million, SEK 682 (647) million and SEK 420 (502) million, which together constitute 66.2% (66.7) of sales. Customer agreements cover a wide range of products with various periods of validity and parties. Revenues are distributed between both divisions.

### Reporting of operating segments

Internal pricing for the Group's various segments is based on the arm's length principle, i.e. between parties that are independent of each other, well informed and with an interest in the transactions. The accounting principles for operating segments is to all extents and purposes the same as those applied by the Group.

### Information on the Group's operating segments

GROUP	Bulten		Finnveden Metal Structures		Other/Eliminations <sup>1)</sup>		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Income								
External sales	1,706.3	1,763.5	1,257.2	1,321.5	–	–	2,963.5	3,085.0
Internal sales	4.2	5.0	4.2	4.0	-8.4	-9.0	–	–
Total income	1,710.5	1,768.5	1,261.4	1,325.5	-8.4	-9.0	2,963.5	3,085.0
Operating Profit/loss	79.6	117.1	30.1	107.1	-8.3	-22.7	101.4	201.5
Financial items	–	–	–	–	–	–	-10.8	-45.6
Profit/loss after financial items	–	–	–	–	–	–	90.6	155.9
Taxes	–	–	–	–	–	–	-48.6	-41.4
Profit/loss for the year	–	–	–	–	–	–	42.0	114.5
Assets	1,328.8	1,355.3	630.3	647.7	-109.7	-102.2	1,849.4	1,900.8
Liabilities	585.4	653.6	367.9	399.4	-136.0	-185.0	817.3	868.0
Other disclosures								
Investments	64.0	49.4	47.8	35.1	0.9	0.2	112.7	84.7
Depreciation	41.7	38.0	34.7	33.6	0.1	0.1	76.5	71.7
Impairment	–	–	–	–	–	–	–	–

<sup>1)</sup>Includes parent company and Group adjustments. For 2011, the increase relates to costs attributable to the listing process on NASDAQ OMX, which amounted to SEK -17.8 million.

### Information on the Group's geographic markets

Most of the Group's income is generated in northern Europe. The following table presents the Group's fixed assets and its income from external customers divided among geographic markets. Income is based on the geographic location of subsidiaries. Fixed assets are also based on their geographic location.

	Sweden		Germany		The UK		Poland		Other countries		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
External sales	1,821.1	2,042.7	383.1	407.7	458.6	392.8	264.5	230.7	36.2	11.1	2,963.5	3,085.0
Fixed assets	206.0	202.2	29.3	25.2	1.7	2.0	160.5	143.3	7.2	5.0	404.7	377.7

## NOTE 6 EMPLOYEES, PERSONNEL COSTS AND FEES TO THE BOARD

### AVERAGE NUMBER OF EMPLOYEES

	2012	2011	Of whom men, %	
			2012	2011
Parent company	7	7	43	29
Subsidiaries				
Sweden	831	832	75	75
Germany	158	158	79	78
Poland	718	665	74	75
The UK	46	42	67	74
China	50	42	56	67
Total subsidiaries	1,803	1,739	74	75
Group total	1,810	1,746	74	75

### GENDER DISTRIBUTION OF EXECUTIVE MANAGEMENT

	Women, %	
	2012	2011
Board*	22	22
Executive management	33	33

\*) Including deputy board members

### WAGES/SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	Wages and remuneration		Social security costs	
	2012	2011	2012	2011
Parent company	9.7	9.2	5.4	4.7
(of which pension costs)	–	–	2.6	2.0
Subsidiaries	468.5	463.2	166.3	151.2
(of which pension costs)	–	–	41.8	34.0
Group total	478.2	472.4	171.8	155.9
(of which pension costs)	–	–	44.4	36.0

### WAGES/SALARIES, OTHER REMUNERATION BY COUNTRY AND BETWEEN EXECUTIVE PERSONNEL AND OTHER

	Executive staff <sup>1)</sup>		Other staff	
	2012	2011	2012	2011
Parent company in Sweden	4.5	4.9	5.2	4.3
(of which bonus and similar)	–	1.0	–	0.9
Subsidiaries in Sweden	5.3	6.7	295.5	296.6
(of which bonus and similar)	–	1.3	0.5	2.0
Subsidiaries abroad				
EU countries	4.7	4.7	158.0	150.6
(of which bonus and similar)	–	0.7	0.7	1.5
Other countries	1.2	1.0	3.9	3.6
(of which bonus and similar)	–	0.2	–	–
Group total	15.7	17.3	462.6	455.1
(of which bonus and similar)	–	3.2	1.2	4.4

Pension costs for the Board and President are SEK 3.5 (3.0) million in the Group.

1) Includes current and former Board members and their deputies, and current and former President and deputy President and directors of the parent company and its subsidiaries.

The Chairman of the Board and Board Members receive fees approved by the Annual General Meeting. The Annual General Meeting approved remuneration to the Board totalling SEK 1.9 (1.9) million which was distributed in accordance with the Board's decision. The Chairman of the Board received remuneration of SEK 0.6 (0.6) million. No Board fees are paid to employee representatives. Remuneration to the President and other senior executives consists of base salary, variable remuneration, other benefits and pension. Senior executives are defined as those individuals who are members of the executive management. For the President, remuneration is proposed by the remuneration committee and adopted by the Board, with the President determining remuneration for the other senior executives. For the President, the variable remuneration is a maximum of 60% of base salary, and for other senior executives 40%. The variable remuneration is based on the results achieved in relation to their set objectives. The President was paid a base salary of SEK 2.4 (2.2) million in remuneration for the year. Other senior executives during the year received base salary of SEK 3.4 (3.0) million.

For 2012, the President earned a variable remuneration of SEK - (1.2) million. Other senior executives earned a variable remuneration of SEK - (1.8) million.

The pension age for the President is 65 years. Pension costs are premium-based and are equal to 35% of base salary. For other senior executives the retirement age is 65 years and the commitment is also premium-based for them. There is a mutual period of termination notice of six months between the company and the President. Compensation in lieu of notice is set off against other income during this period. In the event of termination of employment initiated by the company, severance pay is 12 monthly salaries. Other income is not deducted from severance pay. There is a mutual period of termination notice of six months between the company and other senior executives. Compensation in lieu of notice is set off against other income during this period. In the event of termination of employment initiated by the company, severance pay is 12 monthly salaries. Settlement is not made in relation to other income.

**REMUNERATION TO SENIOR EXECUTIVES**

	2012				2011			
	Board fee <sup>1)</sup> / basic salary	Variable remunera- tion	Other benefits	Pension	Board fee <sup>1)</sup> / basic salary	Variable remunera- tion	Other benefits	Pension
<b>The Group</b>								
Board								
Roger Holtback	0.6	–	–	–	0.6	–	–	–
Johan Lundsgård (from 2012-04-26)	0.3	–	–	–	–	–	–	–
Ulf Rosberg (to 2012-04-26)	0.1	–	–	–	0.4	–	–	–
Hans Gustavsson	0.4	–	–	–	0.4	–	–	–
Arne Karlsson	0.4	–	–	–	0.4	–	–	–
Adam Samuelsson	0.4	–	–	–	0.4	–	–	–
CEO								
Johan Westman	2.4	–	0.1	0.9	2.2	1.2	0.1	0.8
Two other senior executives	3.4	–	0.2	1.2	3.0	1.8	0.2	1.1

<sup>1)</sup> Relates to board and audit committee fees.

**NOTE 7 FEES AND REIMBURSEMENT TO AUDITORS**

	2012	2011
PricewaterhouseCoopers		
Audit	3.5	3.3
Other auditing assignments	0.6	0.7
Tax advice	2.3	2.0
Other services	1.5	2.9
<b>Total</b>	<b>7.9</b>	<b>8.9</b>

'Audit' refers to the examination of financial statements and accounting records and the President's administration, other tasks that might be incumbent on the company's auditors, and advice and other assistance as a result of observations during the audit or the implementation of the other duties referred to. 'Other auditing assignments' mainly comprises a general survey of interim reports. 'Tax advice' includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refer to services not relating to the above categories, e.g. advice in connection with the listing process.

**NOTE 8 OTHER OPERATING INCOME**

	2012	2011
Repayment pensionpremie, FORA	3.5	–
Currency gain on derivative instruments - cash flow modell	8.7	–
Other operating income	12.0	13.5
<b>Total other operating income</b>	<b>24.2</b>	<b>13.5</b>

**NOTE 9 OTHER OPERATING EXPENSES**

	2012	2011
Exchange losses on receivables/liabilities relating to operations	-7.9	-0.9
Exchange losses on forward currency contracts - cash flow hedging	–	-1.9
Loss on sale of fixed assets	-0.4	-0.2
Restructuring costs	–	-0.2
Other operating expenses	-1.0	-17.5
<b>Total other operating expenses</b>	<b>-9.3</b>	<b>-20.7</b>

**NOTE 10 DEPRECIATION AND IMPAIRMENT  
OF TANGIBLE AND INTANGIBLE ASSETS**

	2012	2011
Depreciation according to plan by class of asset		
Intangible assets	-0.4	-0.5
Buildings	-1.7	-1.2
Plant and machinery	-62.8	-58.7
Equipment, tools, fixtures and fittings	-11.6	-11.3
<b>Total depreciation</b>	<b>-76.5</b>	<b>-71.7</b>
Depreciation according to plan by function		
Cost of goods sold	-73.2	-69.0
Selling expenses	-1.5	-1.2
Administrative expenses	-1.8	-1.5
<b>Total depreciation</b>	<b>-76.5</b>	<b>-71.7</b>

Assets are primarily machinery and other equipment. No impairment was reported for 2012 and 2011.

### NOTE 11 LEASING FEES RELATING TO OPERATING LEASES

	2012	2011
Assets held via operating leases		
Minimum lease fees	83.2	85.8
Variable lease fees paid	–	–
Income from hired-out leases	-0.2	-0.2
<b>Total lease fees for the year</b>	<b>83.0</b>	<b>85.6</b>
Contractual future minimum lease fees with respect to irrevocable contracts due for payment:		
Within 1 year	82.4	83.2
1-5 years	257.8	274.2
Later than 5 years	216.4	277.9

Operating leases mostly comprise rental agreements for industrial premises in Sweden, Germany and Poland, and to a lesser extent vehicles and machinery. The rental agreements for industrial premises cover a remaining rental period of 10-11 years, with a right to extend the agreement for 5 years with unchanged conditions.

### NOTE 12 FINANCIAL INCOME

	2012	2011
Interest income	0.2	1.1
Exchange rate differences on loan	4.8	–
<b>Total</b>	<b>5.0</b>	<b>1.1</b>

### NOTE 13 FINANCIAL EXPENSES

	2012	2011
Interest expenses*)	-13.9	-32.9
Exchange rate differences on loans	–	-11.7
Other	-1.9	-2.1
<b>Total</b>	<b>-15.8</b>	<b>-46.7</b>

\*) The interest expenses include interest on shareholder loans of SEK - (15.4) million and interest on preference shares of SEK - (1.9) million.

### NOTE 14 EXCHANGE RATE DIFFERENCES AFFECTING EARNINGS

	2012	2011
Exchange rate differences affecting operating profit/loss	-5.5	-2.8
Exchange rate differences on financial items	4.8	-11.7
<b>Total</b>	<b>-0.7</b>	<b>-14.5</b>

### NOTE 15 TAX ON INCOME FOR THE YEAR

	2012	2011
Current tax		
Current tax for the year	-19.4	-18.0
Current tax from previous year	-0.6	–
<b>Total current tax</b>	<b>-20.0</b>	<b>-18.0</b>
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-28.6	-23.4
<b>Total deferred tax</b>	<b>-28.6</b>	<b>-23.4</b>
<b>Total taxes</b>	<b>-48.6</b>	<b>-41.4</b>

Reconciliation of effective tax, amount	2012	2011
Earnings before tax	90.6	155.9
Tax according to applicable tax rate for parent company (26.3%)	-23.8	-41.0
Effect of other tax rates for foreign subsidiaries	0.5	-0.8
Non-taxable income	0.2	0.4
Non-deductible expenses	-1.3	-2.1
Deferred tax for previous years' non-reported other temporary differences	–	4.5
Deferred tax for previous years' non-reported tax loss carry forward	-4.5	-2.4
One-off effect due change in Swedish tax rate	-19.1	–
Adjustment of previous years' tax	-0.6	–
<b>Tax on income for the year according to income statement</b>	<b>-48.6</b>	<b>-41.4</b>

### NOTE 16 EARNINGS PER SHARE

	2012	2011
Profit/loss for the year attributable to shareholders of FinnvedenBulten AB (publ)	42.0	114.5
Average no. of shares before dilution	21,040,207	17,433,920
Earnings per share, SEK	2.00	6.57
Average no. of shares after dilution	21,040,207	17,433,920
Earnings per share after dilution, SEK	2.00	6.57

Earnings per share before dilution are calculated by dividing the profit/loss attributable for the period to parent company shareholders by the parent company's weighted average number of shares outstanding for the financial year. Earnings per share after dilution are calculated by dividing the profit/loss attributable for the period to parent company shareholders by the parent company's average number of shares outstanding after dilution.

## NOTE 17 TANGIBLE AND INTANGIBLE FIXED ASSETS

	31/12/2012					31/12/2011				
	Good-will	Other intangible assets <sup>1)</sup>	Land and buildings	Plant and machinery <sup>2)</sup>	Equipment, tools, fixtures and fittings <sup>2)</sup>	Good-will	Other intangible assets <sup>1)</sup>	Land and buildings	Plant and machinery <sup>2)</sup>	Equipment, tools, fixtures and fittings <sup>2)</sup>
Accumulated cost										
At start of the year	301.5	3.2	26.0	697.8	100.2	301.5	3.2	20.9	687.9	89.4
Acquisitions for the year	–	12.5	0.2	2.8	8.0	–	0.2	–	4.1	5.4
Reclassification during the year	–	0.1	2.8	59.0	10.2	–	0.2	7.0	47.6	10.9
Divestments and disposals	–	–	–	-6.5	-11.6	–	–	–	-10.6	-3.1
Exchange rate differences for the year	-0.1	-0.2	0.9	7.0	-0.4	–	-0.4	-1.9	-31.2	-2.4
At year end	301.4	15.6	29.9	760.1	106.4	301.5	3.2	26.0	697.8	100.2
Accumulated depreciation according to plan										
At start of year	–	-2.4	-4.6	-366.6	-58.5	–	-2.3	-3.8	-335.9	-51.8
Reclassification during the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	–	–	–	–	11.0	–	–	–	9.4	2.7
Depreciation according to plan	–	-0.4	-1.7	-62.7	-11.6	–	-0.5	-1.2	-58.7	-11.3
Exchange rate differences for the year	–	0.1	-0.2	2.2	-0.4	–	0.4	0.4	18.6	1.9
At year end	–	-2.7	-6.5	-427.1	-58.8	–	-2.4	-4.6	-366.6	-58.5
Accumulated impairment										
At start of year	-120.0	–	–	-44.0	–	-120.0	–	–	-44.0	–
Impairment for the year	–	–	–	–	–	–	–	–	–	–
At year end	-120.0	–	–	-44.0	–	-120.0	–	–	-44.0	–
Carrying amount at start of period	181.5	0.8	21.4	287.2	41.7	181.5	0.9	17.1	308.0	37.6
Carrying amount at end of period	181.4	12.8	23.4	289.0	47.6	181.5	0.8	21.4	287.2	41.7

1) Relates primarily to expenses for licences and development of IT-systems.

2) Includes assets in financial leases, see note 19.

### Impairment test for goodwill

Consolidated goodwill amounted to SEK 181.4 (181.5) million, fully attributable to the Bulten division.

FinnvedenBulten carries out an impairment test each year to determine any impairment requirement for goodwill. The recoverable amounts for cash generating units have been established by calculating the value in use. Calculations are based on estimated future cash flows from financial plans approved by management, and covering a period of three years.

Significant assumptions in financial planning include turnover growth, productivity developments and operating margins. These assumptions are based on published statistics for the automotive industry's development, customers' model strategy and their long-term delivery plans as well as the assessment of management about the development of Group margins.

Cash flows beyond the three-year period are extrapolated using an estimated growth rate resulting from the assumption of inflation at 2.0% (2.0). The forecast cash flow has been calculated at present value using a discount rate of 8.2% (8.7) before tax.

In both 2012 and 2011 the estimated recoverable amount for Bulten has exceeded the book value, which is why no impairment requirement has been identified.

Alternative calculations were made by changing the assumptions concerning the discount interest rate and sustainable operating-margin. A change in these individual assumptions of two percentage points would not result in any impairment requirement for goodwill related to Bulten.

## NOTE 18 CONSTRUCTION IN PROGRESS AND ADVANCED PAYMENTS FOR TANGIBLE ASSETS

	31/12/2012	31/12/2011
At start of year	27.4	20.7
Acquisitions during the year	89.2	75.0
Minus divestments	–	-1.3
Reclassifications during the year	-72.0	-65.7
Year's currency differences	-0.2	-1.3
Carrying amount at end of period	44.8	27.4

## NOTE 19 FINANCIAL LEASES

	Acquisition values		Accumulated depreciation	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Plant and machinery	45.8	45.2	-23.8	-17.3
Equipment, tools, fixtures and fittings	2.0	5.8	-0.5	-4.1
Total financial leases	47.8	51.0	-24.3	-21.4

Future minimum lease fees have the following due dates:

	Nominal values		Present values	
	2012	2011	2012	2011
Within one year	8.3	7.9	8.0	7.7
1-5 years	4.7	13.3	4.1	11.8
Later than 5 years	–	–	–	–
Total future lease fees	13.0	21.2	12.1	19.5

The present value of future minimum lease fees is recognised as an interest-bearing liability. Group earnings do not include variable fees for financial leases. Financial leases refer to production equipment.

## NOTE 20 OTHER LONG-TERM SECURITIES

	31/12/2012	31/12/2011
Accumulated acquisition value		
At start of year	0.4	0.4
Carrying amount at end of year	0.4	0.4

## NOTE 21 OTHER LONG-TERM RECEIVABLES

	31/12/2012	31/12/2011
Accumulated acquisition value		
At start of year	3.5	2.1
Amortisations, -deductible receivables	-0.7	-0.1
Other additional receivables	–	1.6
Carrying amount at end of year	2.8	3.5

## NOTE 22 INVENTORIES

	31/12/2012	31/12/2011
Raw materials and consumables	98.4	83.9
Production in progress	184.5	174.5
Completed products and tradable goods	235.3	203.5
Total	518.2	461.9

The capitalised cost for inventories is included in the item 'Cost of sold goods'.

## NOTE 23 DERIVATIVE INSTRUMENTS

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Long-term part				
Forward currency contracts, cash flow hedging	–	–	–	0.3
Short-term part				
Forward currency contracts, cash flow hedging	1.8	0.7	3.3	0.2
Total	1.8	0.7	3.3	0.5

The nominal amount for outstanding forward currency contracts amounted to SEK 103.2 (122.3) million as of 31 December 2012. The hedged transactions will take place at varying times over the next 9 months. Profit and loss on forward contracts as of 31 December 2012, which are reported in the hedge reserve under shareholders' equity (note 29), are reported in the income statements for the periods during which the hedged transactions affects the income statement.

## NOTE 24 ACCOUNTS RECEIVABLE

	31/12/2012	31/12/2011
Accounts receivable	464.4	539.9
Less provision for doubtful accounts receivable	-3.4	-5.0
Total	461.0	534.9

Accounts receivable are amounts collectible from customers from the sale of the Group's products and services.

### Sale of accounts receivable

The Group regularly transfers a share of outstanding accounts receivable to a third party. The divestments are based on framework agreements and the conditions, that have been assessed as a whole, mean that the risks and benefits associated with the accounts receivable for the most part are transferred to the buyer, based on a review in accordance with IAS 39 - Financial instruments; Recognition and measurement. At 31 December 2012, the value of the transferred accounts receivable was SEK 88.9 (112.7) million.

At 31 December 2012, the accounts receivable were SEK 101.7 (94.3) million due without any impairment requirement considered necessary. These concern a number of independent customers who previously had no payment difficulties. The age analysis of these receivables is as follows:

	31/12/2012	31/12/2011
Less than 3 months	70.2	76.3
3-6 months	17.1	3.6
More than 6 months	14.4	14.4
Total	101.7	94.3

At 31 December 2012 the Group recognised accounts receivable where the impairment requirement was SEK -3.4 (-5.0) million, which corresponds to the reserve for doubtful accounts receivable. The age analysis of these is as follows:

	31/12/2012	31/12/2011
Less than 3 months	-0.9	-1.2
3-6 months	-0.9	-0.5
More than 6 months	-1.6	-3.3
Total	-3.4	-5.0

Carrying amounts as per the currency for the Group's accounts receivable are as follows:

	31/12/2012	31/12/2011
SEK	151.6	187.9
EUR	232.6	289.6
GBP	52.9	37.5
PLN	5.2	7.8
Other	19.1	11.9
Total	461.0	534.7

Change in reserve for doubtful accounts receivable is as follows:

	31/12/2012	31/12/2011
At start of the year	5.0	6.2
Provision for doubtful receivables	2.8	1.6
Receivables written off during the year that are non-recoverable	-4.0	-2.5
Reversal of unused amounts	-0.4	-0.3
Total	3.4	5.0

Provision for, or reversals of reserves for doubtful accounts receivable, is included in the Selling expenses in the income statement item.

Other categories of accounts receivable and other receivables, i.e. Prepaid expenses and accrued income and Other receivables do not include assets that require impairment. The maximum exposure to credit risk at the balance sheet date is the fair value of each category of receivable mentioned above.

### Credit quality of financial assets

The credit quality of financial assets that are neither due nor requiring impairment have been assessed through external credit rating or, alternatively, through the party's payment record.

On the closing date, non-due or impaired accounts receivable amounted to SEK 363 (446) million, of which 96% refers to existing customers with whom the Group has had relations over many years. These customers normally pay on the agreed due date and the Group has a history of very low credit losses.

Outstanding cash and cash equivalents of SEK 51.8 (102.7) million are in their entirety placed at banks with the highest credit rating from the credit institution.

## NOTE 25 PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2012	31/12/2011
Prepaid rents	15.4	15.3
Prepaid licences	1.5	2.5
Other prepaid expenses	14.0	21.6
Accrued income	10.7	19.9
Carrying amount at year end	41.6	59.3

## NOTE 26 LIQUID FUNDS

	31/12/2012	31/12/2011
Cash and bank accounts	51.8	102.7
Total	51.8	102.7

Liquid funds in the balance sheet and cash flow statement refer solely to cash and bank accounts.

## NOTE 27 FINANCIAL INSTRUMENTS

The tables below show how financial instruments were distributed as of 31 December 2012 and 31 December 2011. For definitions of each category of financial instrument, see note 2

As of 31 December 2012	Loan receivables and accounts receivable	Derivatives used for hedging	Financial assets available for sale	Total
<b>Assets in balance sheet</b>				
Other long-term securities	–	–	0.4	0.4
Other long-term receivables	2.8	–	–	2.8
Derivative instruments	–	1.8	–	1.8
Accounts receivable	461.0	–	–	461.0
Other receivables	67.5	–	–	67.5
Liquid funds	51.8	–	–	51.8
<b>Total</b>	<b>583.1</b>	<b>1.8</b>	<b>0.4</b>	<b>585.3</b>

As of 31 December 2012	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities in balance sheet</b>			
Other interest-bearing liabilities	–	249.6	249.6
Other interest-bearing liabilities	–	30.5	30.5
Accounts payable	–	324.7	324.7
Derivative instruments	0.7	–	0.7
<b>Total</b>	<b>0.7</b>	<b>604.8</b>	<b>605.5</b>

As of 31 December 2011	Loan receivables and accounts receivable	Derivatives used for hedging	Financial assets available for sale	Total
<b>Assets in balance sheet</b>				
Other long-term securities	–	–	0.4	0.4
Other long-term receivables	3.5	–	–	3.5
Derivative instruments	–	3.3	–	3.3
Accounts receivable	534.9	–	–	534.9
Other receivables	39.9	–	–	39.9
Liquid funds	102.7	–	–	102.7
<b>Total</b>	<b>681.0</b>	<b>3.3</b>	<b>0.4</b>	<b>684.7</b>

As of 31 December 2011	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities in balance sheet</b>			
Other long-term interest-bearing liabilities	–	225.3	225.3
Other short-term interest-bearing liabilities	–	25.8	25.8
Accounts payable	–	405.1	405.1
Derivative instruments	0.2	–	0.2
<b>Total</b>	<b>0.2</b>	<b>656.2</b>	<b>656.4</b>

## NOTE 28 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	Ordinary shares	Preference shares	Total number of shares
Number of shares outstanding at 31 December 2010	11,037,000	963,000	12,000,000
Reclassification of preference shares at 3 March 2011	963,000	-963,000	–
Registered new share issue at 20 May 2011	7,197,430	–	7,197,430
Registered new share issue at 25 May 2011	1,842,777	–	1,842,777
Number of shares outstanding at 31 December 2011	21,040,207	–	21,040,207
Number of shares outstanding at 31 December 2012	21,040,207	–	21,040,207

The total number of ordinary shares at 31 December 2012 was 21,040,207. The quotient value of the share is SEK 0.50. All issued shares have been paid in full.

## NOTE 29 OTHER RESERVES

	Hedging reserve		Translation difference		Total	
	2012	2011	2012	2011	2012	2011
Opening balance	2.1	–	-33.3	-17.1	-31.2	-17.1
Derivative cash flow hedging	-1.7	2.8	–	–	-1.7	2.8
Tax on cash flow hedging	0.5	-0.7	–	–	0.5	-0.7
Exchange rate differences	–	–	0.6	-16.2	0.6	-16.2
Closing balance	0.9	2.1	-32.7	-33.3	-31.8	-31.2

### Hedge reserve

The hedge reserve includes unrealized profit and loss for forward contracts, which are reported in the income statement in the periods when the hedged transactions affect the income statement.

### Translation reserve

The translation reserve covers currency differences that arise as a result of translating the income statements and balance sheets of all Group companies into the Group's reporting currency.

## NOTE 30 PROVISIONS FOR PENSIONS

Remuneration to employees after completed employment is chiefly made through payments to insurance companies or authorities, which thereby assume the obligations in relation to the employees, known as defined contribution pensions. The largest defined benefit plans are in Sweden (FPG/PRI). For defined benefit plans the company's costs are calculated and the value of the outstanding obligation using actuarial calculations, which aim to determine the present value of the obligations issued. Interest is classified as a financial expense. Other cost items are distributed among operating profit/loss under cost of goods sold, selling expenses or administrative expenses depending on the employee's function. The Group also has pension commitments of SEK 34.5 (32.5) million secured through capital insurance, which means that any changes in pension obligations will be fully compensated through equivalent changes in value of the capital insurance. Both pension obligations and capital insurance are reported as line items.

	31/12/2012	31/12/2011
FPG/PRI	16.4	15.4
Other retirement pensions in Swedish companies	–	–
Retirement pensions in foreign companies	3.6	2.9
<b>Total</b>	<b>20.0</b>	<b>18.3</b>

Pension obligations relating to defined benefit pension plans are valued based on the assumptions shown in the table below.

Pension obligations	Sweden	
	2012	2011
Discount rate	3.2	3.7
Rate of pay increases	–	–
Inflation	1.5	2.0
Return on plan assets	–	–

There is no further vesting in the defined benefit system. Consequently, the Group's pension commitment is based on an unchanged rate of pay increase. From 2011, the discount rate is established based on the market rate on the closing date for housing bonds in Sweden, since these bonds are now considered as representing first-class corporate bonds with a functioning market. In previous years the discount rate was based on the current market return on government bonds. In 2011, assumptions about length of life changed as life length in Sweden has increased. The company uses the assumptions concerning life length that PRI established as of 1 July 2011.

Defined benefit obligations and value of plan	31/12/2012	31/12/2011
Present value of defined benefit obligations	21.5	22.1
Accumulated non-recognised actuarial gains and losses	-1.5	-3.8
<b>The net obligation's carrying value in the consolidated balance sheet</b>	<b>20.0</b>	<b>18.3</b>

Reconciliation of change in pension liability	31/12/2012	31/12/2011
Opening net debt	18.3	21.0
Net pension expense (+) income (-)	3.6	1.1
Pension payments	-1.5	-1.6
Settlement of pension liability	-0.4	-2.2
<b>Closing net debt</b>	<b>20.0</b>	<b>18.3</b>
of which, short-term	1.5	1.5

Specification of total costs for remuneration after completed employment as recognised in the income statement	31/12/2012	31/12/2011
Costs relating to defined benefit plans		
Income item of actuarial gain (+)/loss (-) for the period	-2.9	-0.4
Interest on obligations	-0.7	-0.7
<b>Total costs for defined-benefit plans</b>	<b>-3.6</b>	<b>-1.1</b>
Costs relating to defined contribution plans	-44.4	-36.0
<b>Total costs recognised in income statement</b>	<b>-48.0</b>	<b>-37.1</b>

	31/12/2012	31/12/2011
Assets pledged for pension commitments		
Endowment insurance <sup>1)</sup>	34.5	32.5
<b>Total</b>	<b>34.5</b>	<b>32.5</b>
Amount by which provision item is expected to be paid after more than 12 months	34.5	32.5

1) Pension obligations are funded through capital insurance, which means that any changes to the pension obligation will be fully compensated by the corresponding change in value of the capital insurance. Both the benefit obligation and the capital insurance are reported as memorandum items.

## NOTE 31 DEFERRED TAX LIABILITIES AND TAX ASSETS

	Deferred tax assets		Deferred tax liability	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Machinery and equipment	–	3.2	2.2	0.7
Reserves	–	0.7	–	–
Loss carry-forwards in Swedish Group companies	90.5	112.7	–	–
Loss carry-forwards in foreign Group companies	1.2	1.2	–	–
Pensions	10.5	11.0	–	0.2
Other	–	–	–	0.1
<b>Total</b>	<b>102.2</b>	<b>128.8</b>	<b>2.2</b>	<b>1.0</b>

Deferred tax assets are recognised for tax loss carry-forwards to the extent that it is likely they can be benefited from through future taxable surpluses. As of 31 December 2012, the accumulated tax losses in the Swedish company are SEK 411 (428) million. Note 4 explains the background to reporting of deferred tax assets for tax loss carry-forwards attributable to the Swedish business. The Group has also calculated tax loss carry-forwards amounting to SEK 43.6 (43.4) million attributable to China, for which deferred tax assets are not reported as of 31 December 2012, of which SEK 11.3 million falls due in 2013, SEK 11.0 million in 2014, SEK 6.4 million in 2016, SEK 8.1 million in 2017 and SEK 6.9 million in 2018.

In a review decision, certain deductions have been denied. FinnvedenBulten maintains its belief, which has the support of leading tax experts and has made an appeal to the administrative court. If the company should be ultimately denied the deduction, it would mean an additional tax expense of approximately SEK 31.0 (30.5) million. No provision has yet been made in the accounts because Finnveden Ltd has made a guarantee to FinnvedenBulten covering the payments the Group may be required to make to the tax authority if a legal verdict underpins the tax claim including legal costs. If the company wins this tax case the aforementioned guarantee expires and FinnvedenBulten will be permitted to make a deficit deduction of a further approximately SEK 197 (197) million.

## NOTE 32 OTHER PROVISIONS

	31/12/2012	31/12/2011
Costs for restructuring programmes	–	0.2
<b>Total</b>	<b>–</b>	<b>0.2</b>
Carrying amount at start of period	0.2	3.6
Amounts utilised during the period	-0.2	-2.4
Reversal of unused amounts	–	-1.0
<b>Carrying amount at end of period</b>	<b>–</b>	<b>0.2</b>
Amount by which provision item is expected to be paid after more than 12 months	–	–

Provisions for restructuring cover direct costs relating to restructuring and having no connection with the company's current activities, e.g. costs for unutilised rental contracts, environmental costs and remuneration to staff without employment. When the effect of when the payment is made has significance, the provision is established via a calculation of current value of future payments.

## NOTE 33 INTEREST-BEARING LIABILITIES

Interest-bearing long-term liabilities	31/12/2012	31/12/2011
Liabilities to credit institutions	79.7	78.4
Bank overdraft	165.7	135.1
Liabilities for finance leases	4.1	11.8
<b>Other interest-bearing liabilities</b>	<b>249.6</b>	<b>225.3</b>
Which mature between 1-5 years	249.6	225.3
Of which mature after more than five years	–	–
<b>Total</b>	<b>249.6</b>	<b>225.3</b>
Provisions for pensions	18.5	16.8
<b>Total long-term interest-bearing liabilities</b>	<b>268.1</b>	<b>242.1</b>
Interest-bearing current liabilities	31/12/2012	31/12/2011
Liabilities to credit institutions	1.7	1.8
Provisions for pensions	1.5	1.5
Bank overdraft facilities	19.3	14.8
Liabilities for finance leases	8.0	7.7
<b>Other interest-bearing liabilities</b>	<b>30.5</b>	<b>25.8</b>

Fair value is considered to correspond to the book value of the Group's financial liabilities because the interest-bearing liabilities have interest corresponding to market rates. The Group has special loan conditions (covenants) that must be fulfilled with respect to external lenders, including equity/assets ratio targets and other ratio that include EBITDA, net debt and certain financial expenses.

Long-term liabilities with credit institutes and the part of the bank overdraft facilities classified as long-term are covered by a credit facility that runs to July 2016.

#### NOTE 34 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	31/12/2012	31/12/2011
Business mortgages	405.0	403.0
Shares in subsidiaries	978.8	983.3
<b>Total</b>	<b>1 383.8</b>	<b>1 386.3</b>

#### NOTE 35 BANK OVERDRAFT FACILITIES

	31/12/2012	31/12/2011
Approved overdraft facilities	281.3	394.4
Unutilised portion	96.3	244.5
<b>Credits utilised <sup>1)</sup></b>	<b>185.0</b>	<b>149.9</b>

1) Of which SEK 165.7 (135.2) million is reported as a long-term liability as the Group has an unconditional right to extend the credit within the framework of existing credit arrangements, assuming compliance with the covenants as outlined in note 33.

#### NOTE 36 ACCRUED EXPENSES AND PREPAID INCOME

	31/12/2012	31/12/2011
Accrued wages/salary inc. holiday pay	49.3	54.0
Accrued social security costs	45.3	40.0
Other accrued expenses	37.9	46.1
<b>Total</b>	<b>132.5</b>	<b>140.1</b>

#### NOTE 37 CONTINGENT LIABILITIES

	31/12/2012	31/12/2011
Pension commitments in addition to those accounted for as liabilities or provisions <sup>1)</sup>	36.2	36.3
Taxes <sup>2)</sup>	31.0	30.5
Other contingent liabilities	17.8	14.3
<b>Total</b>	<b>85.0</b>	<b>81.1</b>

1) Of which SEK 34.5 (32.5) million refers to pension obligations that are secured through capital insurance, which means that any changes to the pension obligation will be fully compensated by the corresponding change in value of capital insurance. Both the benefit obligation and the capital insurance are reported as memorandum items.

2) Relates to a demand from the tax authority concerning a tax deduction that was rejected. Finnveden Ltd has made a guarantee relating to possible payments concerning this tax dispute. See note 31.

#### NOTE 38 INVESTMENT IN JOINT VENTURE

The Group has a shareholding of 60% in a joint venture, BBB Service Ltd., which supplies fasteners to a major engines project. The holding is recognised as a joint venture under the 'proportional method', given that no party can make significant business decisions without the consent of the other party and the risks and responsibilities are related to and connected with each party's deliveries and products. The following amounts are included in the consolidated income statement and balance sheet and represent the Group's share of sales and earnings, assets and liabilities.

	31/12/2012	31/12/2011
<b>Assets</b>		
Fixed assets	1.2	0.6
Current assets	71.8	44.2
<b>Total</b>	<b>73.0</b>	<b>44.8</b>
<b>Liabilities</b>		
Current liabilities	74.8	44.6
<b>Total</b>	<b>74.8</b>	<b>44.6</b>
<b>Net assets</b>	<b>-1.8</b>	<b>0.2</b>

	2012	2011
<b>Earnings</b>		
Income	226.5	156.7
Expenses	-228.7	-158.2
<b>Earnings after tax</b>	<b>-2.2</b>	<b>-1.5</b>

## NOTE 39 TRANSACTIONS WITH RELATED PARTIES

At the end of 2012 there were no loans with the owners.

<b>Finnveden Ltd.</b>	<b>2012</b>	<b>2011</b>
Interest-bearing liabilities	–	337.3
Interest charged on shareholder loan	–	15.4
Converted to equity (set-off issue)	–	-352.7
<b>Total interest-bearing liabilities</b>	<b>–</b>	<b>–</b>

<b>Finnveden S.á.r.l</b>	<b>2012</b>	<b>2011</b>
Interest-bearing liabilities	–	92.8
Interest charged on preference shares	–	1.8
Converted to equity (reclassification)	–	-94.6
<b>Total</b>	<b>–</b>	<b>–</b>

Information about intra-Group sales between other Group segments is presented in note 5, Information on business segments (divisions) and geographical markets. Internal pricing is based on the arm's-length principle, i.e. between parties that are independent of each other, well informed and with an interest in the transactions. Information about remuneration to senior executives is provided in Note 6 Employees, personnel costs and fees to the Board of Directors.

A payment of SEK 0.1 (0.1) million was made during the year to a company controlled by the chairman of the Board as remuneration for administration and rent, established on market terms.

The following related-party transactions were made with BBB Service Ltd (joint venture). All transactions were made on market terms according to the 'at arm's length' principle.

<b>BBB Service Ltd</b>	<b>2012</b>	<b>2011</b>
Sale of goods	226.5	142.8
Receivables	97.7	46.4

No provisions were made for doubtful receivables as the receivables' nominal sum is expected to be valid.

## NOTE 40 SPECIFICATION OF GROUP HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

<b>Subsidiary/Corp. reg. no./Reg. office</b>	<b>Country</b>	<b>Participation, % 31-12-2012</b>
Finnveden AB, 556224-0894, Göteborg	Sweden	100.0
Bulten AB 556010-8861, Göteborg	Sweden	100.0
Bulten Sweden AB, 556078-3648, Göteborg	Sweden	100.0
Bulten Hallstahammar AB, 556261-2506, Hallstahammar	Sweden	100.0
Bulten i Kalix AB, 556250-9579, Kalix	Sweden	100.0
Bulten Ltd, Edinburgh, UK	United Kingdom	100.0
Bulten Polska S.A., Bielsko-Biala, PL	Poland	99.9
Bulten GmbH, Bergkamen, DE	Germany	100.0
Bulten Russia AB, 556872-5534, Göteborg	Sweden	100.0
Finnveden Micro Fasteners AB, 556039-4180, Göteborg	Sweden	100.0
Bulten Apac Company Limited, Hong Kong, CN	China	100.0
Bulten Fasteners (China) Co Ltd, Peking, CN	China	100.0
Finnveden, Inc., St Louis, US	USA	100.0
Finnveden Metal Structures AB, 556502-8338, Göteborg	Sweden	100.0
Finnveden Metal Structures Spzoo Bielsko-Biala, PL	Poland	100.0
Finnveden GMF AB, 556248-3452, Mora	Sweden	100.0
Finnveden Trading AB, 556201-4570, Göteborg	Sweden	100.0
Finnveden Gjutal AB, 556429-2380, Hultsfred	Sweden	100.0
Finnveden China Trading AB, 556838-9950, Hultsfred	Sweden	100.0
Finnveden Metal Structures Ltd, Shanghai, CN	China	100.0
BBB Service Ltd 880 6643 02, Scunthorpe, UK	United Kingdom	60.0
BBB Fasteners Craiova S.R.L 381312, Bukarest, RO	Romania	100.0
FinnvedenBulten IT AB, 556245-8702, Göteborg	Sweden	100.0
Bulten Share MIPCO AB, 556843-5001, Göteborg	Sweden	100.0
Bulten Warrant MIPCO AB, 556812-4464, Göteborg	Sweden	100.0
Bulten Stock Option AB, 556812-4290, Göteborg	Sweden	100.0
FMS Warrant MIPCO AB, 556812-4456, Göteborg	Sweden	100.0

**NOTE 41 RECONCILIATION BETWEEN IFRS AND USED KEY CONCEPTS**

<b>Term used</b>	<b>2012</b>	<b>2011</b>
Operating income (EBIT)	101.4	201.5
Depreciation and impairments	76.5	71.7
Operating income before depreciation (EBITDA)	177.9	273.2

<b>Term used</b>	<b>2012</b>	<b>2011</b>
Operating income (EBIT)	101.4	201.5
Depreciation and impairments	76.5	71.7
Operating income before depreciation (EBITDA)	177.9	273.2
Non-recurring items <sup>1)</sup>	–	18.2
Adjusted operating income before depreciation (EBITDA)	177.9	291.4

In calculating adjusted operating income excluding depreciation, non-recurring items are added to operating income.

<b>Term used</b>	<b>2012</b>	<b>2011</b>
Operating income (EBIT)	101.4	201.5
Non-recurring items <sup>1)</sup>	–	18.2
Adjusted equity	101.4	219.7

In calculating the adjusted operating income, non-recurring items are added to operating income.

<b>Term used</b>	<b>2012</b>	<b>2011</b>
Earnings after tax	42.0	114.5
Non-recurring items <sup>1)</sup>	–	18.2
Interest expenses on shareholder loan and preference shares	–	17.2
Estimated tax on adjustment items	–	-9.3
Adjusted earnings after tax	42.0	140.6
No. of shares on closing date	21,040.2	21,040.2
Earnings per share, pro forma, SEK	2,00	6.68

<b>Term used</b>	<b>2012</b>	<b>2011</b>
Earnings after tax	42.0	114.5
One-off effect due to the changed tax rate in Sweden	19,1	–
Adjusted earnings after tax	61.1	140.6
No. of shares on closing date	21,040.2	21,040.2
Earnings per share, adjusted for one-off effect due to the changed tax rate in Sweden, SEK	2.91	6.57

<b>1) Non-recurring items</b>	<b>2012</b>	<b>2011</b>
Listing costs, NASDAQ OMX	–	17.8
Rationalisation programme	–	0.4
Total	–	18.2

**NOTE 42 EVENTS AFTER THE CLOSING DATE**

No significant events have occurred after the closing date.

## PARENT COMPANY'S INCOME STATEMENT

SEK MILLION	Note	2012	2011
Net sales	2	24.7	15.9
Cost of goods sold		–	–
Gross profit		24.7	15.9
Administrative expenses	3,5	-33.4	-30.5
Operating loss		-8.7	-14.6
Interest expenses and similar items	4	-9.1	-22.7
Earnings before tax		-17.8	-37.3
Tax on year's earnings	6	-5.1	7.9
<b>Profit/loss for the financial year</b>		<b>-22.9</b>	<b>-29.4</b>

## PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	2012	2011
Profit/loss for the year	-22.9	-29.4
Other comprehensive income	–	–
<b>Total comprehensive income for the year</b>	<b>-22.9</b>	<b>-29.4</b>

# PARENT COMPANY'S BALANCE SHEET

SEK MILLION	Note	2012-12-31	2011-12-31
<b>ASSETS</b>			
Fixed assets			
Tangible fixed assets			
Equipment		0.2	0.2
<b>Total tangible fixed assets</b>		<b>0.2</b>	<b>0.2</b>
Financial assets			
Participations in Group companies	7	1,381.3	1,367.1
Deferred tax receivables	6	48.9	57.2
Other long-term receivables		5.6	6.0
<b>Total financial assets</b>		<b>1,435.8</b>	<b>1,430.3</b>
<b>Total fixed assets</b>		<b>1,436.0</b>	<b>1,430.5</b>
Current assets			
Current receivables			
Receivables from Group companies		19.1	3.8
Current tax receivables		0.8	–
Prepaid costs and accrued income		1.6	1.8
<b>Total current receivables</b>		<b>21.5</b>	<b>5.6</b>
Cash and cash equivalents		6.0	1.2
<b>Total current assets</b>		<b>27.5</b>	<b>6.8</b>
<b>Total assets</b>		<b>1,463.5</b>	<b>1,437.3</b>

SEK MILLION	Note	2012-12-31	2011-12-31
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	8	10.5	10.5
Reserves		99.6	99.6
Premium reserve		1,133.0	1,133.0
Retained earnings		-36.5	19.4
<b>Total equity</b>		<b>1,206.6</b>	<b>1,262.5</b>
Liabilities			
Non-current liabilities			
Liabilities to Group companies		245,7	162,3
<b>Total non-current liabilities</b>		<b>245,7</b>	<b>162,3</b>
Current liabilities			
Accounts payable		2,0	4,2
Other liabilities		1,2	0,4
Accrued expenses and deferred income		8,0	7,9
<b>Total current liabilities</b>		<b>11,2</b>	<b>12,5</b>
<b>Total equity and liabilities</b>		<b>1,463,5</b>	<b>1,437,3</b>
Pledged assets	9	1,385,7	1,371,5
Contingent liabilities	10	49,0	45,0

# PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

SEK MILLION	Restricted equity		Non-restricted equity		Total equity
	Share capital	Reserve	Premium reserve	Retained earnings	
<b>Opening balance, 1 January 2011</b>	6.0	99.6	694.5	48.8	848.9
<b>Comprehensive income</b>					
Profit/loss for the year	-	-	-	-29.4	-29.4
Total comprehensive income	-	-	-	-29.4	-29.4
<b>Transactions with shareholders</b>					
New share issue via offset	3.6	-	349.1	-	352.7
New share issue in kind	0.9	-	89.4	-	90.3
Total transactions with shareholders	4.5	-	438.5	-	443.0
<b>Closing balance, 31 December 2011</b>	<b>10.5</b>	<b>99.6</b>	<b>1,133.0</b>	<b>19.4</b>	<b>1,262.5</b>
<b>Comprehensive income</b>					
Profit/loss for the year	-	-	-	-22.9	-22.9
<b>Other comprehensive income</b>					
Group contribution received	-	-	-	12.4	12.4
Tax on group contribution	-	-	-	-3.3	-3.3
Total comprehensive income	-	-	-	-13.8	-13.8
<b>Transactions with shareholders</b>					
Dividend to parent company shareholders (SEK 2.00 per share)	-	-	-	-42.1	-42.1
Total transactions with shareholders	-	-	-	-42.1	-42.1
<b>Closing balance, 31 December 2012</b>	<b>10.5</b>	<b>99.6</b>	<b>1,133.0</b>	<b>-36.5</b>	<b>1,206.6</b>

# PARENT COMPANY'S CASH FLOW STATEMENT

SEK MILLION	2012	2011
<b>Operating activities</b>		
Earnings after financial items	-17.8	-37.3
Adjustments for items not included in cash flow	9.2	15.4
Taxes paid	-	-
Cash flow from operating activities before changes in working capital	-8.6	-21.9
<b>Cash flow from changes in working capital</b>		
Increase(-)/Decrease(+) in operating receivables	-3.5	-5.3
Increase(+)/Decrease(-) in operating liabilities	-1.4	12.4
Cash flow from operating activities	-13.5	-15.0
<b>Investing activities</b>		
Acquisition of tangible fixed assets	-0.1	-0.2
Acquisition of financial assets	-14.2	-1.6
Cash flow from investing activities	-14.3	-1.8
<b>Financing activities</b>		
Increase in loan liabilities	74.7	18.0
Dividend to parent company shareholders	-42.1	-
Cash flow from financing activities	32.6	18.0
Cash flow for the year	4.8	1.2
Cash flow for the year	4.8	1.2
Cash and cash equivalents at start of financial year	1.2	0.0
Cash and cash equivalents at year end	6.0	1.2

## PARENT COMPANY'S ADDITIONAL DISCLOSURES FOR CASH FLOW ANALYSIS

SEK MILLION	2012	2011
Interest paid and received		
Interest paid	-	-
Interest received	-	-

# NOTES, PARENT COMPANY

All amounts in SEK million unless otherwise stated. Figures in brackets refer to the previous year. Some figures are rounded up, so amounts might not always appear to add up when summarised.

## NOTE 1 ACCOUNTING PRINCIPLES

The parent company applies standard RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. RFR 2 states that parent companies of Groups that voluntarily choose to apply IAS/IFRS in the consolidated accounts shall as a rule also apply the same IAS/IFRS. The parent company therefore applies the principles used for the consolidated accounts and which have been described above, with the exceptions stated below. The principles have been applied consistently for all years presented, unless otherwise stated. Shares and participations in subsidiaries are reported at acquisition cost after deductions for possible depreciation. Received dividends are reported as financial income. Dividends that exceed the comprehensive income of subsidiaries for the period or which mean that the reported value of the participation's net assets in the consolidated accounts are lower than the reported value of the participations, are an indication that there is an impairment requirement. When there is an indication that shares and participations in subsidiaries have fallen in value an estimate is made of the recoverable value. If this is lower than the reported value, impairment is carried out. Impairment is reported under 'Earnings from participations in Group companies'.

Shareholder contributions are reported directly under equity by the recipient and are activated as shares and participations for the contributor to the extent that impairment is not necessary.

The parent company applies a different basis for calculating defined-benefit pension plans than that stated in IAS 19. The parent company follows the Swedish law on safeguarding of pension commitments and the prescriptions of the Swedish Financial Supervisory Board since this is a prerequisite for tax deductions. The parent company has no defined-benefit pension plans.

## NOTE 2 NET SALES

	2012	2011
Intra-Group services	17.8	12.5
Other income	6.9	3.4
Total net sales	24.7	15.9

100% of net sales comprise intra-Group income. Intra-Group services include management, IT services and administrative support. Sales are based on market terms.

## NOTE 3 FEES AND REMUNERATION FOR AUDITING

	2012	2011
PricewaterhouseCoopers		
Audit	1.2	0.7
Other audit assignments	0.1	0.1
Tax advice	0.2	0.1
Other services	0.9	0.9
Total	2.4	1.8

'Audit' refers to the examination of financial statements and accounting records and the President's administration, other tasks that might be incumbent on the company's auditors, and advice and other assistance as a result of observations during the audit or the implementation of the other duties referred to. 'Other auditing assignments' mainly comprises a general survey of interim reports. 'Tax advice' includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refer to services not relating to the above categories, e.g. advice in connection with the listing process.

## NOTE 4 INTEREST EXPENSES AND SIMILAR ITEMS

	2012	2011
Interest expenses, Group companies	-8.7	-7.2
Interest expenses, other <sup>*)</sup>	-	-15.4
Other	-0.4	-0.1
Total	-9.1	-22.7

<sup>\*)</sup> Interest expenses include interest on the shareholder loan of SEK - (15.4) million, which was added to the loan amount.

## NOTE 5 EMPLOYEES, PERSONNEL COSTS AND FEES TO THE BOARD

The company has 7 (7) employees. Remuneration to Board members, the CEO and other senior executives has also been contributed by other Group companies. Note 6 of the consolidated accounts presents total remuneration paid to Board members and senior executives.

Average number of employees	2012	2011
Women	4	5
Men	3	2
Total	7	7

Wages/salaries, other remuneration and social security costs	2012	2011
Salaries and remuneration to Board members and CEO	4.7	5.0
Salaries and remuneration to other employees	5.3	4.3
Sum of wages and salaries	10.0	9.3
Statutory social security costs	2.8	2.7
Pensions costs for Board members and CEO	1.1	0.9
Pension costs for other employees	1.6	1.1
Sum of social security and remuneration cost	5.5	4.7
Total	15.5	14.0

Number of Board members on closing date	2012	2011
Women	1	1
Men	6	6
Total	7	7

Number of CEOs and senior executives on closing date	2012	2011
Women	1	1
Men	2	2
Total	3	3

## NOTE 6 TAX ON INCOME FOR THE YEAR

	2012	2011
Current tax		
Current tax for the year	-	-
Total current tax	-	-
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-5.0	7.9
Total deferred tax	-5.0	7.9
Recognised tax	-5.0	7.9

Reconciliation of effective tax, amount	2012	2011
Earnings before tax	-17.8	-37.3
Tax according to applicable tax rate for parent company	4.7	9.8
Non-deductible expenses	-0.2	-
One-off effect due to the changed tax rate in Sweden	-9.5	-
Deferred tax for previous years' temporary differences	-	-1.9
Tax on income for the year according to income statement	-5.0	7.9

The deferred tax asset of SEK 48.9 (57.2) million is fully attributable to tax the deficit deduction.

In a review decision from the Swedish tax authority, certain deductions have been denied. FinnvedenBulten maintains its belief, which has the support of leading tax experts and has made an appeal to the administrative court. If the company should be ultimately denied the deduction, it would mean an additional tax expense of approximately SEK 31.0 (30.5) million. No provision has yet been made in the accounts because Finnveden Ltd has made a guarantee to FinnvedenBulten covering the payments the Group may be required to make to the tax authority if a legal verdict underpins the tax claim including legal costs. If the company wins this tax case the aforementioned guarantee expires and FinnvedenBulten will be permitted to make a deficit deduction of a further approximately SEK 197 (197) million.

## NOTE 7 PARTICIPATIONS IN GROUP COMPANIES

	31-12-2012	31-12-2011
Opening balance	1,367.1	1,281.2
Acquisitions during the year	14.2	85.9
Reported value at year end	1,381.3	1,367.1

### Specification of parent company's participations in group companies

Subsidiary/Corp. reg. no./Reg. office	Participations, %	Reported value
	31-12-2012	31-12-2012
Finnveden AB, 556224-0894, Göteborg	100.0	1,281.2
Bulten Share MIPCO AB, 556843-5001, Göteborg	100.0	4.6
Bulten Warrant MIPCO AB, 556812-4464, Göteborg	100.0	6.0
Bulten Stock Option AB, 556812-4290, Göteborg	100.0	34.4
FMS Warrant MIPCO AB, 556812-4456, Göteborg	100.0	55.1
Reported value at year end		1,381.3

For all participations above, the capital share is equal to the amount of votes.

## NOTE 8 SHARE CAPITAL

	Ordinary shares	Preference shares	Total no. of shares
Number of shares outstanding at 31 December 2010	11,037,000	963,000	12,000,000
Reclassification of preference shares at 3 March 2011	963,000	-963,000	-
Registered new share issue at 20 May 2011	7,197,430	-	7,197,430
Registered new share issue at 25 May 2011	1,842,777	-	1,842,777
Number of shares outstanding at 31 December 2011	21,040,207	-	21,040,207

The total number of ordinary shares at 31 December 2012, was 21,040,207. The quotient value of the share is SEK 0.50. All issued shares have been paid in full.

## NOTE 9 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	31-12-2012	31-12-2011
Shares in subsidiaries	1,385.7	1,371.5
Total	1,385.7	1,371.5

## NOTE 10 CONTINGENT LIABILITIES

	31-12-2012	31-12-2011
Guarantees on behalf of Group companies	18.0	14.5
Taxes <sup>1)</sup>	31.0	30.5
Total	49.0	45.0

1) Relates to a demand from the tax authority concerning a tax deduction that was rejected. Finnveden Ltd has made a guarantee relating to possible payments concerning this tax dispute. See note 31 of the consolidated accounts.

## NOTE 11 TRANSACTIONS WITH RELATED PARTIES

At the end of 2012 there were no loan relationships with owners.

Finnveden Ltd.	2012	2011
Interest-bearing liabilities	-	337.3
Interest charged	-	15.4
Converted to equity	-	-352.7
Total	-	-

The shareholder loan that had interest of 12.0% was settled in 2011.

# DECLARATION AND SIGNATURES

The Board of Directors and the Chief Executive Officer confirm that the annual accounts have been prepared in accordance with accepted accounting standards in Sweden, and that the consolidated accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Board of Directors' Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

Gothenburg 21 March 2013

Roger Holtback  
*Chairman of the Board*

Hans Gustavsson  
*Board member*

Arne Karlsson  
*Board member*

Johan Lundsgård  
*Board member*

Adam Samuelsson  
*Board member*

Tony Frunk  
*Employee representative*

Katarina Olsson  
*Employee representative*

Johan Westman  
*Chief Executive Officer*

Our Audit Report was submitted on 21 March 2013

PricewaterhouseCoopers AB

Bror Frid  
*Authorised Public Accountant*

# AUDITOR'S REPORT

To the Annual General Meeting of FinnvedenBulten AB (publ), corporate identification number 556668-2141

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of FinnvedenBulten AB (publ) for the year 2012. The company's annual report and consolidated accounts are included in the printed version of this document on pages 30-71.

## Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows in accordance with Inter-

national Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of FinnvedenBulten AB (publ) for the year 2012.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

## Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Gothenburg 21 March 2013

PricewaterhouseCoopers AB

Bror Frid

Authorised Public Accountant

# DEFINITIONS

## **Return on equity**

Profit/loss for the year excluding minority interests in relation to average equity excluding minority interests.

## **Return on adjusted equity**

Profit/loss for the year excluding minority interests in relation to average equity excluding minority interests but including shareholder loan and preference shares issued.

## **Return on capital employed**

Profit/loss after net financial items plus financial expenses as a percentage of the average capital employed.

## **Gross margin**

Gross profit/loss as a percentage of year's net sales.

## **EBITDA-margin**

Operating profit/loss before depreciation and amortisation as a percentage of year's net sales.

## **EBIT-margin (operating margin)**

Operating profit/loss after depreciation and amortisation as a percentage of year's net sales.

## **Adjusted EBIT-margin (operating margin)**

Operating profit/loss after depreciation and amortisation adjusted for non-recurring items as a percentage of year's net sales.

## **Equity**

Reported shareholders' equity including minority interests.

## **Capital turnover**

Net sales divided by average capital employed.

## **Net debt**

Interest-bearing liabilities, less interest-bearing assets, everything calculated at year-end.

## **Adjusted net debt**

Interest-bearing liabilities excluding interest-bearing shareholder loan, less interest-bearing assets, everything calculated at year-end.

## **Net margin**

Profit/loss for the year as a percentage of net sales.

## **Net debt/equity ratio**

Interest-bearing net liabilities divided by shareholders' equity.

## **Adjusted net debt/equity ratio**

Interest-bearing net liabilities divided by shareholders' equity. In the calculation, shareholder loan and preference shares issued are classified as equity.

## **OEM**

Original Equipment Manufacturer, vehicle manufacturer.

## **Organic growth**

Net sales compared to the previous year's results.

## **Net sales per employee**

Net sales divided by average number of annual employees.

## **Earnings per share**

Profit/loss for the year divided by the average number of shares.

## **Interest-coverage ratio**

Profit/loss after net financial items, plus financial expenses, divided by financial expenses.

## **Operating margin**

Operating profit/loss as a percentage of net sales.

## **Operating margin before goodwill**

Operating profit/loss before goodwill amortization as a percentage of net sales.

## **Operating profit per employee**

Profit/loss after financial items divided by average number of annual employees.

## **Equity/assets ratio**

Shareholders' equity including minority interests as a percentage of balance sheet total.

## **Adjusted equity/assets ratio**

Shareholders' equity including minority interests, shareholder loan and preference shares issued as a percentage of balance sheet total.

## **Capital employed**

Balance sheet total deducted with non-interesting liabilities, including deferred tax.

## **Tier 1 supplier**

A supplier that delivers directly to vehicle manufacturers.

# CORPORATE GOVERNANCE REPORT

FinnvedenBulten AB (publ) is a Swedish public limited company with its registered office in Göteborg, Sweden. FinnvedenBulten has been listed on NASDAQ OMX Stockholm since 20 May 2011. The Company conforms with the NASDAQ OMX Stockholm's regulatory framework for issuers and applies the Swedish Code of Corporate Governance (the "Code"). The Code is available on the website of the Swedish Corporate Governance Board at [www.bolagsstyrning.se](http://www.bolagsstyrning.se). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be fully applied at the first AGM held during the year following market listing. FinnvedenBulten started adapting to the Code in connection with its 2011 AGM and has since then implemented it. The Company need not obey all rules in the Code but has options for selecting alternative solutions which it may deem to better suit to its circumstances provided that any non-compliance and alternative solutions are described and the reasons explained in the corporate governance report.

This corporate governance report was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. It has been checked by the company's auditors.

## ANNUAL GENERAL MEETING

Under the Swedish Companies Act the shareholders' meeting is the Company's highest decision-making body. At shareholders' meetings, shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of Company profits, authorisation to release the members of the board of directors and the CEO from liability for the financial year, election of Board members and auditors and remuneration for the Board of Directors and the auditors.

Besides the AGM, extraordinary shareholders' meetings may be convened. In accordance with the Articles of Association, shareholders' meetings shall be convened through announcements in Post- och Inrikes Tidningar and by posting the convening notice on the Company's website. An announcement shall be placed in Dagens Industri announcing that the meeting has been convened.

## Board members elected at 2012 AGM

The following table presents an overview of the Board of Directors. See pages 80-81 for more information.

Name	Board role	Elected/ Appointed	Audit committee	Compensation committee	Independent of company and executive management	Independent of major shareholders
<b>Board members</b>						
Roger Holtback	Chairman	2005	–	Member	Yes	No
Hans Gustavsson	Member	2005	Member	Member	Yes	Yes
Arne Karlsson	Member	2010	Chairman	–	Yes	Yes
Johan Lundsgård	Member	2012	Member	Chairman	Yes	No
Adam Samuelsson	Member	2005	Member	–	Yes	No
Katarina Olsson	Employee representative	2011	–	–	–	–
Tony Frunk	Employee representative	2011	–	–	–	–
<b>Deputies</b>						
Maria Knutsson	Employee representative	2011	–	–	–	–
Thure Andersen	Employee representative	2011	–	–	–	–

## Right to Attend AGMs

All shareholders who are registered directly in one of Euroclear Sweden AB's share registers five weekdays prior to the shareholders' meeting and who notify the Company of their intention to attend (with possible assistants) the shareholders' meeting at the latest by the date specified in the convening letter shall be entitled to attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy, and may also be accompanied by two assistants.

## Initiatives from shareholders

Shareholders who wish to have a question addressed at the AGM must submit a written request to the Board which shall be received by the Board no later than seven weeks prior to the AGM.

## Largest shareholders

At the end of 2012 the Company had a total of 1,757 shareholders. The five largest shareholders controlled 63.5% of capital and votes by the end of the year. The single largest shareholder, Nordic Capital Fond V, controlled 34.6% of the capital and votes.

## 2013 Annual General Meeting

The Annual General Meeting (AGM) of FinnvedenBulten AB (publ) will be held at Svenska Mässan in Gothenburg, Sweden, on April 24, 2013. More information is available at [www.finnvedenbulten.com](http://www.finnvedenbulten.com)

## BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the shareholders' meeting. Under the Swedish Companies Act, the Board of Directors is responsible for the Company's management and organisation, which means the Board of Directors is responsible for setting goals and strategies, providing procedures and systems for the evaluation of established goals, constant assessment of the Company's financial position and profits and for evaluating operating management.

The Board of Directors is also responsible for ensuring that the annual report and the consolidated accounts are prepared in time. The Board of Directors also appoints the CEO.

Members of the Board of Directors are appointed annually by the AGM for the period until the end of the next AGM. According to the Company's Articles of Association, the part of the Board of Directors elected by the shareholders' meeting shall consist of a minimum of three and a maximum of 10 members without deputies. In addition, employee representatives have been appointed.

### Chairman of the Board

The Chairman of the Board is elected by the AGM and has special responsibility for leading the work of the Board of Directors and for ensuring that the Board of Directors' work is efficiently organised.

### Board's procedures

The Board of Directors follows written rules of procedure, which are revised annually, and are adopted by the constituting board meeting every year. Among other things, the rules of procedure regulate Board practice, functions and the division of work between the members of the Board and the CEO. At the time of the constituting Board meeting, the Board of Directors also establishes instructions for financial reporting and instructions for the CEO.

The Board of Directors meets five times a year in addition to the constituting Board meeting in accordance with an annual predetermined schedule. Besides these meetings, additional meetings can be arranged to discuss issues which cannot be postponed until the next ordinary meeting. Besides the meetings of the Board, the Chairman of the Board and the CEO constantly discuss the management of the Company.

At present, the Company's Board of Directors consists of five ordinary elected members and two ordinary employee representatives and two deputies for these. Board members are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

### Board meetings in 2012

Attendance of Board members at Board meetings in 2012.

Board member	Attendance/ total meetings
Roger Holtback	9/9
Ulf Rosberg (Resigned 2012-04-26)	4/9
Arne Karlsson	9/9
Hans Gustavsson	8/9
Johan Lundsgård (Elected 2012-04-26)	5/9
Adam Samuelsson	9/9
Katarina Olsson	8/9
Tony Frunk	8/9
<b>Deputies</b>	
Maria Knutsson	7/9
Thure Andersen	7/9

### Board assessment, 2012

An annual assessment is made of the work of the Board. The purpose of this assessment is to develop work procedures and enhance efficiency.

### AUDIT COMMITTEE

FinnvedenBulten has an audit committee consisting of four members: Arne Karlsson (chairman), Ulf Rosberg (resigned 26 April 2012), Hans Gustavsson, Johan Lundsgård (elected 26 April 2012) and Adam Samuelsson.

The members of the committee may not be employed by the Company. The Chairman of the Board may be a member of the committee, but may not be its chairman. The audit committee shall consist of at least three Board members. The majority of the committee members shall be independent of the Company and the company management. At least one of the members who is independent of the Company and the company management shall also be independent of the Company's major owners and possess auditing or accountancy expertise. The audit committee shall without it affecting the responsibilities and tasks of the Board of Directors monitor the Company's financial reporting, monitor the efficiency of the Company's internal controls, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated accounts, scrutinise and monitor the impartiality of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Company, and assist in drawing up proposals for the shareholders' meeting's decision on choice of auditors. The audit committee shall meet regularly with the Company's auditors. The committee has no special decision-making powers.

Board member	Attendance/ total meetings
Arne Karlsson	7/7
Ulf Rosberg (Resigned 2012-04-26)	4/7
Johan Lundsgård (Elected 2012-04-26)	3/7
Hans Gustavsson	6/7
Adam Samuelsson	7/7

### REMUNERATION COMMITTEE

FinnvedenBulten has a remuneration committee consisting of three members: Ulf Rosberg (resigned 26 April 2012), Johan Lundsgård (chairman, elected 26 April 2012), Roger Holtback and Hans Gustavsson. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the CEO and all member of the Company management. The Chairman of the Board may be chairman of the committee. Other members of the committee shall be independent of the Company and the company management. The members of the committee must together have the necessary knowledge and experience in matters relating to the remuneration of senior management.

Board member	Attendance/ total meetings
Ulf Rosberg (Resigned 2012-04-26)	1/3
Johan Lundsgård (Elected 2012-04-26)	2/3
Roger Holtback	3/3
Hans Gustavsson	3/3

### NOMINATION COMMITTEE

The nomination committee shall consist of four members, one representative for each of the three major shareholders as at the last banking day in September who wish to appoint a member to the nomination committee and the Chairman of the Board of Directors. The term the three major shareholders refers to the three major

shareholders registered and ownership-grouped by Euroclear Sweden AB as at the last banking day in September. If there is a major change in ownership, the new major owner shall have the right, provided that a request is made, to appoint a member to the nomination committee.

Instructions for the nomination committee were adopted at the AGM held on 26 April 2012. Among other things the nomination committee shall submit proposals for the chairman of the AGM, the number of elected members of the Board, the chairman and other members of the Board, fees for each of the elected members of the Board and for members of the Board's committees, the number of auditors (should this be appropriate) and auditors' fees (where necessary). Claes Bodell was appointed chairman of the nomination committee.

Nomination committee	Company
Roger Holtback Chairman of the Board	FinnvedenBulten AB
Claes Bodell	Nordic Capital Fond V
Karl-Axel Granlund	Volito AB
Fredrik Grevelius	Investment AB Öresund

## THE CEO AND OTHER SENIOR EXECUTIVES

The CEO reports to the Board of Directors and is primarily responsible for the Company's day-to-day administration and operations. The division of responsibilities between the Board of Directors and CEO is set out in the rules of procedure governing the activities of the Board and the instructions for the CEO. The CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings. Under the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and is thus required to ensure that the Board obtains sufficient information to enable it to continuously evaluate FinnvedenBulten's earnings and financial position. The CEO is therefore required to keep the Board informed of the Company's development, sales, results and financial position, liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the Company's shareholders and directors. Board members are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

## REMUNERATION FOR MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

### Remuneration for Board members

Fees and other remuneration for elected members of the Board, including the chairman, are fixed by the AGM. The AGM held on 26 April 2012 decided that a total fixed remuneration of SEK 1,800,000 shall be paid to the board of directors for the period until the next AGM, whereof SEK 600,000 shall be paid to the chairman and SEK 300,000 shall be paid to each of the other board members who are elected at a shareholders meeting and not employed by the company. A total fixed remuneration of SEK 50,000 shall be paid to the member of the board who will have special responsibility for Finnveden Metal Structures AB, a condition for the payment is that such member is a board member who is elected at a shareholders' meeting and is not employed by the company. The AGM also decided on a fixed fee of SEK 250,000 for the audit committee, of which SEK 100,000 should be paid to the chairman of the audit committee and

SEK 50,000 to each of the other members of the audit committee. The members of the remuneration committee will receive no fees. A reimbursement of administrative expenses of SEK 20,000 plus VAT for each quarter of a year shall be paid to a company associated to the Chairman. The members of the Company's Board shall not be entitled to any benefits once they retire as members of the Board.

For further information about remuneration to Board members, see note 6.

### Remuneration for senior executives

By the decision of the AGM on 26 April 2012, the following guidelines shall apply to remuneration and other employment terms and conditions for the CEO and other senior management. Salaries and other terms and conditions of employment shall be adequate for FinnvedenBulten to constantly attract and retain skilled senior managers at a reasonable cost to the Company. Remuneration in FinnvedenBulten shall be based on principles of performance, competitiveness and fairness. The salaries of senior managers are made up of a fixed salary, bonuses, pension and other benefits. Every senior manager shall be offered a fixed salary in line with market conditions and based on the senior manager's responsibility, expertise and performance. In addition, the AGM may resolve to offer long-term incentive programs such as share and share price-related incentive programs. These incentive programs are intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees. All senior managers may be offered cash bonuses now and again. In the case of the CEO such bonuses may amount to a maximum of 60 percent of the annual fixed salary, but at present it amounts to 50 percent of the annual fixed salary. In the case of the other senior managers bonuses may not exceed 40 percent of their annual fixed salaries. Bonuses shall primarily be based on developments in the Group as a whole or developments in the division or unit which the person in question is responsible for.

For further information about remuneration to senior executives, see note 6.

## EXECUTIVE MANAGEMENT

The executive management team comprises the CEO, Executive Vice President and the CFO. The team meets regularly with the Vice President Corporate Communications, Group Chief Accountant and Vice President Business Development as deputy members. Both the CEO and Executive Vice President are the division heads, so there is close contact with business operations.

## DIVISIONS

FinnvedenBulten is divided into two operating divisions. These divisions operate as separate subsidiaries and, in turn, they own shares in subordinate subsidiaries. FinnvedenBulten's divisions have responsibility for development of their own business and for meeting established financial targets.

## INTERNAL CONTROLS

This section contains the Board's annual report on how financial reporting is organized. The basis for this description is the Swedish Code of Corporate Governance's rules and guidelines prepared by the Confederation of Swedish Enterprise and FAR.

The Board's responsibility for internal controls is established in the Swedish Companies Act and internal controls regarding financial

reporting are covered by the Board's reporting instructions for the CEO. FinnvedenBulten's financial reporting complies with the laws and rules for companies listed on the Stockholm stock exchange and the local rules that apply in all of the countries where business is carried out.

In addition to external rules and recommendations there are internal instructions, guidelines and systems as well as internal delegation of responsibility and authority that has the overall aim of providing good control over financial reporting.

In addition to external rules and recommendations there are internal instructions, guidelines and systems as well as internal delegation of responsibility and authority that has the overall aim of providing good control over financial reporting.

### **Control environment**

The control environment forms the basis for internal controls. FinnvedenBulten's control environment comprises, among other things, an organization structure, instructions, policies, guidelines, reporting and defined areas of responsibility. The Board has overall responsibility for internal controls for financial reporting. The Board has established written procedures outlining the Board's responsibility and regulating the Board's and its committee's division of responsibilities. The Board has appointed an audit committee with the task of safeguarding established principles for financial reporting and compliance with internal controls. This committee is also responsible for maintaining appropriate relations with the company's auditors. The Board has also prepared instructions for the CEO and has agreed how economic reporting shall be submitted to the Board of FinnvedenBulten AB (publ). The Group's CFO shall report the results of internal controls to the audit committee. The results of the audit committee's work in the form of observations, recommendations and proposals for decisions and measures are reported regularly to the Board. FinnvedenBulten AB's significant steering documents in the form of policies, guidelines and manuals, as they relate to financial reporting, are kept up-to-date and communicated through established channels to the companies in the Group. Systems and procedures have been established to supply the executive management team with the necessary reports about business results in relation to established targets. Appropriate information systems have been established to ensure that reliable and up-to-date information is provided so that senior executives can perform their assignments correctly and efficiently.

### **Risk assessment**

FinnvedenBulten's risk assessment regarding financial reporting aims to identify and evaluate the significant risks that affect internal controls for financial reporting of the Group's companies, business areas and processes.

The significant risks identified in the Group's internal control activities that affect internal controls for financial reporting are handled through control structures that are based on reporting of non-compliance based on established targets or norms for, for example, assessments of inventories and other significant assets.

### **Internal controls for financial reporting**

Financial reports are prepared monthly, quarterly and annually for the Group, its divisions and subsidiaries. In connection with reporting, extensive analysis and comments are prepared along with updated

forecasts aimed at ensuring, among other benefits, that financial reporting is accurate. Finance staff and controllers with functional responsibility for accounts, reports and analysis of financial development work at Group, divisions and unit level.

FinnvedenBulten's internal control activities aim to ensure that the Group meets its objectives for financial reporting.

Financial reporting shall:

- Be correct and complete, and meet all applicable laws, rules and recommendations
- Provide a fair description of the company's business
- Support a rational and informed valuation of the business

In addition to these three objectives, internal financial reporting shall support correct business decisions at all levels of the Group.

### **Information and communication**

Internal information and communication aims to create awareness among employees of internal and external control instruments as well as authority and responsibility. Information and communication about internal control instruments for financial reporting are accessible for all employees. The key tools for this are FinnvedenBulten's manuals, intranet and training activities.

### **Control activities**

The Group's companies are organized in two divisions. Each division management team includes a head of finance who has the central role for analyzing and following up the division's financial reporting and results. The parent company has additional functions for regular analysis and follow-up of the financial reporting of the Group, divisions and subsidiaries.

### **Follow-up**

The Board is kept informed about, and itself assesses monthly, business development, earnings, financial position and cash flow via a reporting package that contains outcomes, forecasts and comments on key indicators.

### **Follow-up of financial information**

The Board publishes, and has responsibility for, the company's financial reporting.

The audit committee supports the Board by preparing activities that assure the quality of the company's financial reporting. This is partly achieved by the audit committee checking the financial information and the company's financial controls.

The Board is informed monthly about business development, earnings, financial position and cash flow. Outcomes and forecasts are assessed and monitored.

All of the Group's companies report financial information in accordance with an established format and established accounting principles. In connection with this reporting an analysis and risk assessment of the financial situation is carried out.

### **AUDITORS**

FinnvedenBulten's auditors are PricewaterhouseCoopers AB, with Bror Frid as authorised public accountant in charge of the audit. PwC carries out the audit of FinnvedenBulten AB (publ) and all subsidiaries. The annual audit includes a statutory audit of FinnvedenBulten AB's annual accounts, a statutory audit of the Parent Company and all

subsidiaries (where required), an audit of the internal report packages, an audit of the year-end closing and a general review of one interim report. Reviews of internal control are included as part of the work.

During the second quarter a meeting was held with the executive management for analysis of the organisation, operations, business processes and line items for the purpose of identifying areas involving an elevated risk of errors in the financial reporting. A meeting was also held with the audit committee for reconciliation of strategy and aims.

The auditor also attends at least one Board meeting each year.

A general review of the year-end closing is performed for the period January–September. In October an early warning review is performed of the third quarter accounts, followed by an early warning meeting with the executive management where important questions for the annual closing are raised. A review and audit of the annual closing and annual accounts is performed in January–February.

During 2012, in addition to the audit assignment, FinnvedenBulten consulted PwC on taxes, transfer price matters and accounting matters. The size of remunerations paid to PwC in 2012 is shown in Note 7 on page 48.

PwC is obligated to examine its independence prior to decisions to provide independent advice to FinnvedenBulten in addition to its auditing assignments.

In accordance with the company's articles of association, the company shall have at least one, and at most two, auditors, and at most two deputy auditors. In accordance with the articles of association, the mandate period for the auditors shall be one year.

## COMMUNICATION

The company's information to shareholders and other interested parties is supplied via the annual report, interim reports and press releases. All external information is also available on the company's website, [www.finnvedenbulten.com](http://www.finnvedenbulten.com)

## INTERNAL AUDIT

FinnvedenBulten applies the Swedish Code of Corporate Governance with the following exceptions.

A special function for internal audits has not been established within the company. The Board makes an assessment each year whether to establish a function for internal auditing. In 2012 the Board decided that this was not necessary. In reaching this decision the Board decided that internal controls are primarily exercised through the following:

- Operational managers at various levels
- Local and central finance functions
- Monitoring by executive management team

The above points together with the size of the company persuade the Board that it is not economically viable to set up an additional administrative function.

Gothenburg, 21 March 2013

Roger Holtback  
*Chairman of the Board*

Hans Gustavsson  
*Board member*

Arne Karlsson  
*Board member*

Johan Lundsgård  
*Board member*

Adam Samuelsson  
*Board member*

Tony Frunk  
*Employee representative*

Katarina Olsson  
*Employee representative*

Johan Westman  
*Chief Executive Officer*

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of FinnvedenBulten AB (publ), corporate identity number 556668-2141

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2012 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg, 21 March 2013

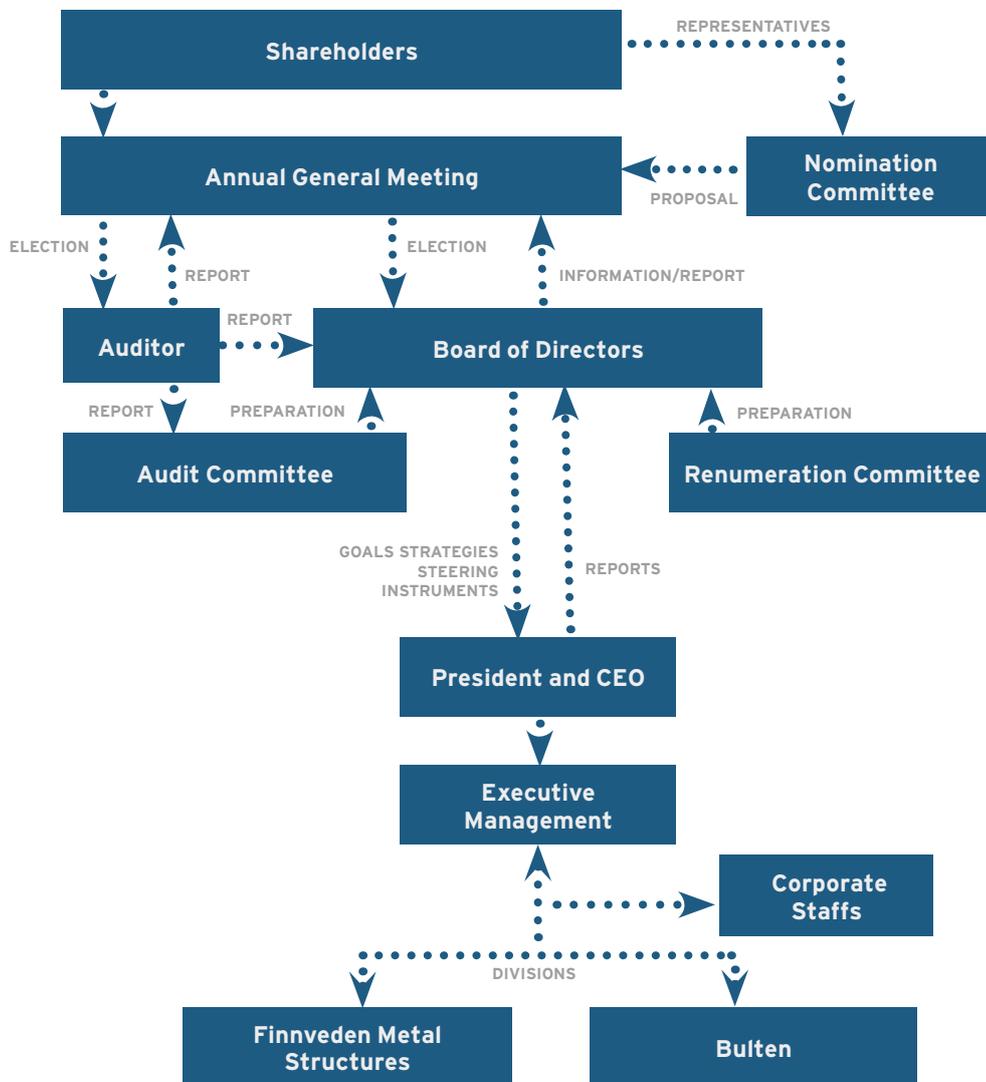
PricewaterhouseCoopers AB

Bror Frid

*Authorised Public Accountant*

# OVERVIEW OF CORPORATE GOVERNANCE

Illustration of FinnvedenBulten's corporate governance process, from shareholder to executive management .



# BOARD OF DIRECTORS, AUDITORS AND EXECUTIVE MANAGEMENT

## DIRECTORS ELECTED BY ANNUAL GENERAL MEETING



**ROGER HOLTBACK (1945)**

Chairman of the Board

Master of Science in Business Administration and Economics from the the University of Gothenburg School of Business. Board member since 2005. Former President and CEO of Volvo Car Corporation and Executive Vice President of AB Volvo.

**Other Board assignments:** Chairman of the board of the Swedish Exhibition Centre, Rullpack AB and Holtback Invest AB and its subsidiaries. Also board member of IHS Inc., USA (NYSE), Trox AB and member of Stena Sfärråd.

Shares in FinnvedenBulten: 202,794 <sup>1)</sup>



**HANS GUSTAVSSON (1946)**

Mechanical engineer, has studied economics at the University of Gothenburg School of Business, has management qualifications from the University of Columbia in the US, and from MCE in Brussels. Board member since 2005. Former senior executive at Volvo Cars, Jaguar Land Rover.

**Other Board assignments:** Board member of Calix Group AB and Klippan Group AB. Runs a consultancy business in leadership and is advisor for Denso Sweden AB.

Shares in FinnvedenBulten: 196,268 <sup>1)</sup>



**ARNE KARLSSON (1944)**

Master of Science in Business Administration from the University of Lund. Board member since 2010 (also Board member 2005-2008). Former CFO and Executive Vice President of Scania AB.

**Other Board assignments:** Board member of Haldex AB and chairman of the audit committee. Chairman or board memeber in a number of company boards within Scania AB.

Shares in FinnvedenBulten: 7, 165 <sup>1)</sup>



**JOHAN LUNDSGÅRD (1953)**

Economics and Business Administration, University of Lund. Advanced Management program, Stockholm School of Economics. Board member since 2012. Has previously held executive positions at Getinge, Trelleborg, Novartis, and Finnveden among others. Current position, President and CEO of Volito AB.

**Other Board assignments:** Chairman of the board of CTT Systems AB (publ) and HydX AB. Board member of Volito Fastigheter AB, Volito Industri AB, and Scandinavian Aviation Academy AB.

Shares in FinnvedenBulten: 0<sup>1)</sup>



**ADAM SAMUELSSON (1972)**

Master of Science in Finance and Economics from the Stockholm School of Economics and University of Virginia, Darden, and MBA from Harvard Business School. Board member since 2005.

**Other Board assignments:** Board member of Bufab Holding AB and Nefab Holding AB

Shares in FinnvedenBulten: 0<sup>1)</sup>

## EMPLOYEE REPRESENTATIVES



**TONY FRUNK (1950)**

Employee representative.  
Purchaser at FinnvedenBulten's Hallstahammar plant. Employed by the company since 1966. Board member since 2011.  
Representative of IF Metall.

Shares in FinnvedenBulten: 0<sup>1)</sup>



**KATARINA OLSSON (1955)**

Employee representative.  
Production Controller at FinnvedenBulten's Olofström plant. Employed by the company since 1974. Board member since 2011.  
Representative of Unionen.

Shares in FinnvedenBulten: 200<sup>1)</sup>



**THURE ANDERSEN (1952)**

Deputy employee representative.  
Production planner at FinnvedenBulten's Hallstahammar plant. Employed by the company since 2000. Board member since 2011.  
Representative of Unionen.

Shares in FinnvedenBulten: 0<sup>1)</sup>



**MARIA KNUTSSON (1974)**

Deputy employee representative.  
Processor/NC operator at FinnvedenBulten's Hultsfred plant. Employed by the company since 1998. Board member since 2011.  
Representative of IF Metall.

Shares in FinnvedenBulten: 0<sup>1)</sup>

## AUDITORS

### PRICEWATERHOUSECOOPERS AB

Lead auditor Bror Frid. Born 1957.  
Authorised public accountant. Auditor of FinnvedenBulten since 2005.

## EXECUTIVE MANAGEMENT TEAM



**JOHAN WESTMAN (1973)**  
President and CEO

President and CEO of FinnvedenBulten AB (publ) and CEO of Finnveden Metal Structures AB. Has worked for the Group since 2006. Holds a Master of Science in Industrial Engineering and Management from Chalmers University of Technology and studied economics at the University of Gothenburg. Previous career at Arthur D. Little AB.

Shares in FinnvedenBulten: 376,289<sup>1)</sup>



**HELENA WENNERSTRÖM (1965)**  
CFO

CFO for FinnvedenBulten AB (publ) and Bulten AB. Has worked for the Group since 2002. Holds a Master of Business Administration and Economics from Örebro University. Previous career at Digitalfabriken and Topcon.

Shares in FinnvedenBulten: 167,590<sup>1)</sup>



**TOMMY ANDERSSON (1953)**  
Executive Vice President

Executive Vice President of FinnvedenBulten (publ) AB and CEO of Bulten AB. Has worked for the Group since 2001. Studied economics and management at Ashridge. Previous career at Autoliv.

Shares in FinnvedenBulten: 212,868<sup>1)</sup>

<sup>1)</sup> Shareholding as of 28 February 2013.

# KEY INDICATORS

THE GROUP	2012	2011	2010	2009
<b>Margins</b>				
EBITDA margin, %	6.0	8.9	7.1	-2.9
EBIT margin (operating margin), %	3.4	6.5	4.4	-7.2
Adjusted EBIT margin (operating margin), %	3.4	7.1	4.8	-4.6
Net margin, %	1.4	3.7	6.9	-13.0
<b>Return indicators</b>				
Capital employed, %	8.1	15.4	9.5	neg
Adjusted return on capital employed, %	8.1	16.8	10.4	neg
Equity, %	4.1	15.1	44.5	neg
Adjusted equity, %	4.1	15.1	19.5	neg
<b>Capital structure</b>				
Capital turnover, times	2.3	2.4	2.2	1.8
Net debt/equity ratio, times	0.2	0.2	1.3	1.9
Adjusted net debt/equity ratio, times	0.2	0.2	0.2	0.3
Interest coverage ratio, times	6.7	4.3	1.5	-1.2
Equity/assets ratio, %	55.8	54.3	25.9	21.2
Adjusted equity/assets ratio, % <sup>1)</sup>	55.8	54.3	48.8	45.6
<b>Employees</b>				
Net sales per employee, SEK '000	1,637.3	1,766.9	1,654.4	1,407.3
Operating profit/loss per employee, SEK '000	56.0	115.4	72.5	-101.4
Average no. of employees	1,810	1,746	1,576	1,451
<b>Other</b>				
Net debt, SEK million	243.9	161.6	650.8	634.9
Adjusted net debt, SEK million <sup>2)</sup>	243.9	161.6	220.7	250.9
<b>Data per share</b>				
Earnings per share, SEK <sup>3)</sup>	2.00	6.57	16.36	-70.65
Earnings per share, pro forma, SEK <sup>3)</sup>	2.00	6.68	–	–
Earnings per share, adjusted for one-off effect due to changed tax rate in Sweden, SEK <sup>4)</sup>	2.91	–	–	–

\*) Refers to both before and after dilution.

1) Adjusted equity/assets ratio is calculated as recognised equity including interest-bearing liabilities to shareholders.

2) Adjusted net debt is calculated as interest-bearing liabilities excluding interest-bearing loans from shareholders minus interest-bearing assets.

3) Earnings per share, pro forma: Earnings after tax adjusted for non-recurring items and interest expenses for shareholder loan and preference shares.

Current tax is taken into account for all adjusted items. Divided by outstanding number of shares on closing date.

4) Earnings per share adjusted for one-off effect due the change in Swedish tax rate from 26.3% to 22.0%.

# QUARTERLY DATA

THE GROUP	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order bookings	577.8	609.7	780.7	864.7	780.1	736.0	854.4	838.4
Income statement								
Net sales	676.7	649.3	830.4	807.1	802.9	703.9	782.1	796.1
Gross earnings	92.7	92.3	128.7	132.9	139.2	116.3	150.8	152.6
Earnings before depreciation (EBITDA)	29.0	30.6	59.3	59.0	61.8	60.6	79.3	71.5
Operating earnings (EBIT)	9.6	11.4	40.2	40.2	43.4	43.1	61.3	53.7
Adjusted operating earnings (EBIT)	9.6	11.4	40.2	40.2	43.5	43.3	66.7	66.2
Cash flow statement								
Cash flow from current activities	43.5	-83.7	62.5	50.1	97.4	-42.7	49.4	39.5
Cash flow from investment activities	-37.2	-28.7	-21.6	-22.9	-17.0	-30.7	-22.9	-13.5
Cash flow from financing activities	-1.4	39.2	-43.8	-4.2	-24.9	-96.6	-4.7	-17.5
Cash flow for the period	4.9	-73.2	-2.9	23.0	55.5	-170.0	21.8	8.5
Data per share								
Earnings per share, SEK <sup>*)</sup>	-0.77	0.15	1.20	1.42	1.40	1.06	2.47	1.98
Pro forma earnings per share, SEK <sup>*)3)</sup>	-0.77	0.15	1.20	1.42	1.41	1.07	2.27	1.93
Earnings per share, adjusted for one-off effect due to changed tax rate in Sweden, SEK <sup>*)4)</sup>	0.14	0.15	1.20	1.42	1.40	1.06	2.47	1.98
Number of outstanding ordinary shares								
Weighted outstanding ordinary shares, '000 <sup>*)</sup>	21,040.2	21,040.2	21,040.2	21,040.2	21,040.2	21,040.2	16,172.4	11,336.6
Outstanding ordinary shares on closing day, 000 <sup>*)</sup>	21,040.2	21,040.2	21,040.2	21,040.2	21,040.2	21,040.2	21,040.2	12,000.0

THE GROUP	31-12-2012	30-09-2012	30-06-2012	31-03-2012	31-12-2011	30-09-2011	30-06-2011	31-03-2011
Balance sheet								
Fixed assets	704.4	713.5	701.1	702.8	692.7	713.7	715.2	712.0
Current assets	1,145.0	1,225.2	1,272.9	1,267.2	1,208.1	1,183.0	1,301.7	1,241.6
Equity	1,032.1	1,044.6	1,047.1	1,067.6	1,032.8	1,008.7	994.5	595.8
Non-current liabilities	270.3	275.6	243.5	246.2	243.4	268.5	366.1	726.9
Current liabilities	547.0	618.5	683.4	656.2	624.6	619.5	656.3	630.9
Other								
Net debt	243.9	250.4	132.8	135.6	161.6	238.5	165.0	543.5
Adjusted net debt <sup>2)</sup>	243.9	250.4	132.8	135.6	161.6	238.5	165.0	196.2

THE GROUP, 12 months rolling	January 2012-December 2012	October 2011-September 2012	July 2011-June 2012	April 2011-March 2012	January 2011-December 2011	October 2010-September 2011	July 2010-June 2011	April 2010-March 2011
Order bookings	2,832.9	3,035.2	3,161.5	3,235.2	3,208.9	3,214.0	3,135.0	3,052.1
Income statement								
Net sales	2,963.5	3,089.7	3,144.3	3,096.0	3,085.0	3,012.4	2,899.8	2,791.6
Gross earnings	446.6	493.1	517.0	539.2	558.9	549.6	531.9	498.7
Earnings before depreciation (EBITDA)	177.9	210.7	240.7	260.7	273.2	268.8	251.3	232.0
Operating earnings (EBIT)	101.4	135.2	166.9	188.0	201.5	199.8	181.6	161.6
Adjusted operating earnings (EBIT)	101.4	135.3	167.2	193.7	219.7	218.6	202.3	179.9
Employees								
Net sales per employee, SEK '000	1,637.3	1,690.2	1,707.0	1,718.1	1,766.9	1,682.9	1,690.8	1,650.9
Operating profit/loss per employee, SEK '000	56.0	73.9	90.6	104.3	115.4	111.6	105.9	95.6
Average no. of employees on closing date	1,810	1,828	1,842	1,802	1,746	1,790	1,715	1,691
Return indicators								
Capital employed, %	8.1	10.4	12.8	14.6	15.4	16.5	14.5	13.3
Adjusted return on capital employed, %	8.1	10.5	12.8	15.0	16.8	18.0	16.1	14.7
Equity, %	4.1	8.5	10.5	12.2	15.1	39.2	36.6	45.7
Adjusted equity, %	4.1	8.5	10.5	12.2	15.1	39.2	36.6	22.9
Other								
Net debt/EBITDA	1.4	1.2	0.6	0.5	0.6	0.9	0.7	2.3
Adjusted net debt/EBITDA <sup>2)</sup>	1.4	1.2	0.6	0.5	0.6	0.9	0.7	0.9

\*) Refers to both before and after dilution.



FINNVEDENBULTEN develops and manages industrial businesses, offering products, technical solutions and systems in metallic materials. The Group operates as a business partner to international customers in the engineering industry, primarily the automotive industry. FinnvedenBulten is structured into two divisions - Bulten and Finnveden Metal Structures - both with strong positions in their respective customer segments. Customers are mainly found in the automotive and engineering industries in Europe, Asia and the USA.

## HEAD OFFICE

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**FINNVEDENBULTEN**