BULTEN

ANNUAL REPORT WITH SUSTAINABILITY REPORT 2018

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CEO'S STATEMENT

During the year 2018, Bulten had good growth thanks to ramping-up of previously won FSP contracts which, at anticipated full production in 2021, are expected to contribute an annual sales value of EUR 65 million while also bringing a continued increase in market shares.

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GLOBALIZED MARKET

Over the years, Bulten has become a leading European supplier of fasteners to the global automotive industry, and has a particularly strong position through its FSP offering.

14

FULL SERVICE PROVIDER (FSP)

Replacing the conventional purchasing model and assigning total responsibility for fasteners to an experienced, well-established company can save automotive manufacturers money and resources. The flexible Full Service Provider concept offers many advantages, and Bulten has developed and refined its offering over more than 20 years.

20

THE VALUE CHAIN BEHIND THE OFFERING

With clearly defined objectives, global presence, responsible conduct and the latest in technology and innovation, we are the company that can make a difference and create the greatest benefit for the customer.

24

SUSTAINABILITY

Bulten's ambition is to manage its operations in a sustainable way for the long term. Bulten aims to be a reliable and robust partner to its customers and suppliers, adding value to its owners and being an attractive employer. We report out our sustainability work according to GRI Standards, Core level, as summarized in a GRI index on page 42.

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STRONG FINANCES ALLOW FLEXIBILITY

Bulten's strong balance sheet, with low indebtedness and good liquid funds, provides flexibility and preparedness for the future, both when it comes to investments in increased capacity and for strategic acquisitions.

35

FINANCIAL CALENDAR

April 25, 2019	Interim report January–March 2019
July 10, 2019	Half-year report January–June 2019
October 24, 2019	Interim report January–September 2019
February 7, 2020	Full-year report January–December 2019

This report has been prepared in both a Swedish and an English versions. In case of variations in the content between the two versions, the Swedish version shall govern.

BULTEN

A STRONG SUPPLIER AND PARTNER

At Bulten, we are very proud to be one of few players in the global fastener industry to offer total responsibility for fastener solutions, thanks to our Full Service Provider (FSP) concept. We have strong global presence with cost-effective, value-enhancing production in Sweden, Germany and Poland, as well as on the emerging markets of Russia and China. A further production plant is under construction in the USA. Along with the fact that we are at the leading edge of technology and innovation, this means we enjoy a strong position as a supplier and partner of fastener solutions to the global automotive industry.

STABLE FINANCES BRING FLEXIBILITY

We have good, stable profitability thanks to ongoing streamlining, as well as a flexible, cost-effective production structure. A strong balance sheet brings us flexibility and good preparedness for increases in volume, along with opportunities for growth investments and strategic acquisitions.

A PROMISING OUTLOOK

Our FSP offering is one of the key reasons why we continue to take market share. Thanks to our portfolio of existing contracts and the increasing volumes, combined with several ongoing contract discussions, the outlook for continued profitable growth is good.

CORE VALUES
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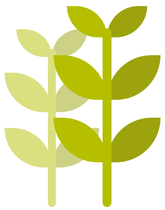
BULTEN IN BRIEF

Bulten was founded in 1873, and has since developed into one of the largest suppliers of fasteners to the international automotive industry. Today we have around 1,400 employees worldwide and are headquartered in Gothenburg, Sweden. Our offering extends from a wide range of standard products, to bespoke fasteners manufactured to the customer's specific needs. With our Full Service Provider concept, our customers can either leave total responsibility for fasteners to us, which means that we take care of development, sourcing, logistics and service, or choose just certain parts. The share (BULTEN) is listed on Nasdaq Stockholm.

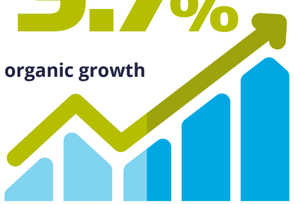
3,132
net sales 2018 (msek)



210
operating earnings (msek)

6.7%
operating margin

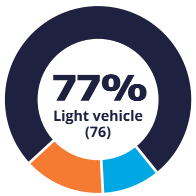
9.7%
organic growth



SOME OF OUR CUSTOMERS

AB Volvo, Audi, Autoliv, BAIC, BMW, Bosch, CEVT, Fiat, Ford, GAZ, Geely, Jaguar Land Rover, Lear, MACK Trucks, MAN Trucks, Nissan, Opel, Porsche, Renault, Scania, Seat, Skoda, Trelleborg, TRW, Volkswagen, Volvo Cars, etc.

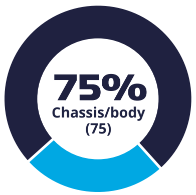
Sales by customer segment



14%
Heavy commerical vehicles (14)

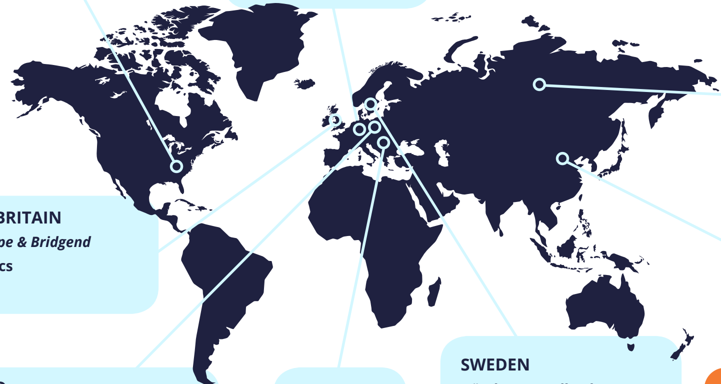
9%
Suppliers (10)

Sales by chassis/body and powertrain



25%
Powertrain (25)

1,433
employees (FTE)



USA
Hudson & Hagerstown
- Production
- Logistics
- Sales

GERMANY
Bergkamen
- Production
- Logistics
- Sales
- Development

RUSSIA
Nizhny Novgorod
- Production
- Logistics
- Sales
- Development

CHINA
Beijing
- Production
- Logistics
- Sales
- Development

GREAT BRITAIN
Scunthorpe & Bridgend
- Logistics
- Sales

POLAND
Bielsko-Biala & Wilkowice
- Production
- Logistics
- Sales
- Development

ROMANIA
Craiova
- Logistics

SWEDEN
Göteborg & Hallstahammar
- Head office – Göteborg
- Production
- Logistics
- Sales
- Development

SUCCESS FACTORS

Quality leader
Technology leader
FSP concept
Geographic proximity
Employees
Financial platform

Professional • Innovative
Dedicated • Empowered

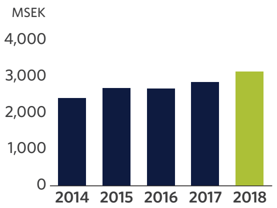
THE YEAR IN BRIEF

FINANCIAL SUMMARY, SEK M

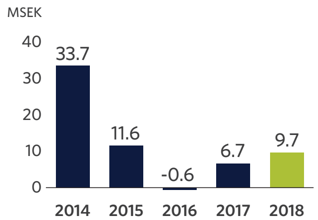
	2018	2017	2016	2015	2014 1)
Net sales	3,132	2,856	2,676	2,693	2,414
Gross profit	586	558	531	510	455
Earnings before depreciation (EBITDA)	300	290	271	225	180
Operating earnings (EBIT)	210	210	200	165	133
Operating margin, %	6.7	7.4	7.5	6.1	5.5
Adjusted operating earnings (EBIT)*	211	210	200	157	122
Adjusted operating margin, %*	6.7	7.4	7.5	5.8	5.1
Earnings after tax	143	159	146	111	84
Adjusted earnings after tax*	144	159	146	103	76
Order bookings	3,098	3,015	2,717	2,673	2,557
Net debt/equity ratio, times	-0.1	0.0	0.0	-0.1	0.1
Equity/assets ratio, %	64.8	66.8	68.9	64.0	67.5
Return on capital employed, %	12.8	14.4	13.9	11.5	9.6
Adjusted return on capital employed, %*	12.9	14.4	13.9	11.0	8.8

1) The opening balance for 2014 also includes the divested operations.
*) Adjusted for items affecting comparability.

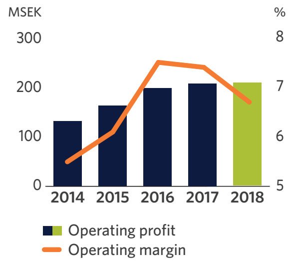
Net sales, SEK M



Organic growth, %



Operating earnings, SEK M
Operating margin, %



Q1

GROWTH PHASE CONFIRMED BY HIGHER NET SALES AND ORDER BOOKINGS

- The growth is an effect of an increase in previously announced contracts and a major model shift at a customer.
- Profitability was affected negatively by higher global market prices for steel and other metals as well as an uneven rate of production.
- Bulten's financial position remains strong.

Q2

VERY STRONG GROWTH

- Operating earnings were in line with the corresponding quarter last year.
- The lower operating margin is attributable to higher global market prices for steel and other metals as well as an uneven rate of production due to ramp-up in new models.
- Bulten won the prestigious automotive industry prize: the Jaguar Land Rover Global Supplier Excellence Award.

Q3

BULTEN GROWS ON A VOLATILE MARKET

- Operating earnings were on a par with last year, with a slight fall in operating margin, primarily attributable to negative exchange rate fluctuations, as well as an imbalance in production due to market volatility.
- Decision taken to relocate the operation in China from Beijing to Tianjin in order to enable expansion on the local market.

Q4

BULTEN WINS NEW CONTRACTS FOR ELECTRIC VEHICLES AND TAKES MARKET SHARES DESPITE WEAKER MARKET CONDITIONS

- Operating earnings during the quarter were down on the previous year, primarily due to reduced volume development in the latter part of the quarter.
- Two Full Service Provider (FSP) contracts for electric car drivelines with major European automotive manufacturers were signed, initially worth approximately EUR 2 million over seven years, and EUR 5 million over five years respectively.

	Q1	Q2	Q3	Q4
Net sales, SEK M	853	810	722	747
Organic growth, %	9.6	14.5	14.5	1.0
Operating earnings, SEK M	67	57	38	48
Operating margin, %	7.8	7.1	5.2	6.4

CEO'S STATEMENT

During the year 2018, Bulten had good growth thanks to ramping-up ofpreviously won FSP contracts which, at anticipated full production in 2021, are expected to contribute an annual sales value of EUR 65 million while also bringing a continued increase in market shares. We have also won new FSP contracts for electric cars during the year, which shows that we are well positioned for new business in this growing segment. We are continuing to invest in higher production capacity to deliver received orders, and to further streamline our operation.

February 8, 2019 was my first official day as the new President and CEO of Bulten. My appointment had, however, been agreed six months earlier, which means I have had plenty of time to familiarize myself with operations. I very much look forward to leading such an exciting company with so many competent employees.

Bulten's FSP (Full Service Provider) concept is growing stronger and has contributed to a growth of some 10% in 2018, despite increased uncertainty on the market during the autumn. The increased volatility in demand for vehicles is partly an effect of new environmental tax regulations in several European countries, as well as uncertainty regarding Brexit, which was especially noticeable during the fourth quarter. Bulten increased its market shares in a weaker market thanks to the launch of new contracts.

GOOD PROFITABILITY DESPITE HIGHER RAW MATERIAL PRICES

Our profitability for 2018 as a whole amounted to 6.7% (7.4), and thus underperformed our operating margin target of 7%. It is worth noting that we were adversely affected by gradual rises in raw material prices for virtually the entire year, as well as irregular production due to the volatility in demand. Towards the end of the year, an adjustment took place, with a certain lead time in production to the prevailing situation. Although market volatility towards the end of the year was noticeable, Bulten has an excellent starting point in the medium and long term.

We have our previously won FSP contracts which are now progressively being ramped up and, at anticipated full volumes in 2021, are expected to contribute an annual sales value of EUR 65 million. This also bodes well for a continued increase in market shares.

Anders Nyström, President and CEO

> Along with the rest of the Bulten management team, I look forward to continue creating value for our customers and shareholders in 2019.

FOCUS 2019

- Continue ramping up won contracts
- Secure continued efficient, profitable production
- Begin capacity investments in Poland
- Finalize capacity investments in Hallstahammar, Sweden
- Relocate the production plant in China
- Cultivate the American market further
- Win new FSP contracts
- Continue to promote and develop innovation and sustainability work
- Build on our already strong corporate culture

INVESTMENTS IN CONTINUED GROWTH

A continued strong balance sheet brings us flexibility and good preparedness for anticipated rises in volumes, along with opportunities for growth investments. As communicated in the past year, we now face a higher rate of investment to meet future volumes and increase our capacity in both Europe and China.

The investment in a new heat treatment line in Hallstahammar is proceeding according to plan, and is expected to come into operation in the near future. The investment will raise capacity by around 25% in Hallstahammar while also increasing energy efficiency.

A decision was made in October 2018 to relocate the Chinese operation from Beijing to Tianjin. Structural costs for this move are expected to total SEK 16–20 million distributed over the moving period, with the majority in 2019.

In autumn 2017, Bulten decided to invest approximately PLN 80.5 million (approx. SEK 177 million) in a new, strategically important production and logistics plant in Poland. The project has however been delayed due to negotiations on land exploitation and building, and this will raise the costs.

We also continued to work on our new establishment in the US during the year, the world's second largest automotive market.

INNOVATION AND SUSTAINABILITY DRIVE DEVELOPMENT

We have advanced our position when it comes to the vehicles of the future, and during the year we began FSP deliveries for a new electric car. We also won two new FSP contracts for powertrains for electric cars during the fourth quarter. The orders come from significant European vehicle manufacturers. The contracts are initially worth in the region of EUR 2 million over seven years, and EUR 5 million over five years respectively at full production in 2021.

Although these volumes may be limited relative to our total order book, demand and new regulations have meant a clear shift towards cars with lower carbon dioxide emissions during 2018. Moreover, our reference contracts show that Bulten's delivery value in an electric car exceeds that in a car with a conventional powertrain. This is just one of several examples that illustrate how our success is built on sustainable, innovative solutions. Bulten invests continuously in technological and product development so as to secure continued growth.

For Bulten, sustainability work is of strategic importance. Bulten's ambition and strategy is for our entire operation to have the sustainability vein running through it – an approach that gradually becomes increasingly business-critical. We have a responsibility to all our stakeholders to promote environmental and social development, as well as good business ethics.

From 2017, we report our sustainability efforts and strategy in line with the guidelines of the GRI Standards, Core level. As members of the UN Global Compact, we have chosen to support and work according to the ten principles of human rights, employment rights, environmental issues and anti-corruption. With our Annual Report including the Sustainability Report for 2018 we report on how we have worked according to these principles during the year, and we express our ongoing ambition in facing the challenges and opportunities ahead.

EVERY OPPORTUNITY FOR CONTINUED SUCCESS

It is beyond doubt that both my predecessor and my new colleagues have achieved great things in 2018, and in previous years. Bulten has a leading position, and we continue to strengthen our customer relations by delivering the best quality and service, along with cost-effective solutions.

Along with the rest of the Bulten management team, I look forward to continue creating value for our customers and shareholders in 2019. Our goal is to secure Bulten's ongoing growth phase as a result of the many large FSP contracts we have won in recent years. 2019 will therefore be a year of several industrial expansion and improvement projects. This should be done at the same time as we strengthen our innovation capacity and establish contacts with new customers in the growth regions. We have every opportunity to continue achieving success, winning new contracts and increasing our market share, in an industry where the trend towards electric cars works in our favor.

Anders Nyström, President and CEO

STRONGER SOLUTIONS – SUSTAINABLE RESULTS

VISION

- To shape the future fasteners solutions for the global automotive industry.

BUSINESS CONCEPT

- Bulten shall be the leading business partner and the most cost-effective supplier of fasteners and services to the automotive industry.
- With empowered and dedicated people continuously develop its full service concept and actively launch innovations.
- Develop long-term relations based on professionalism and good business ethics.

TARGETS

- Profitable organic growth, stronger than the market.
- Operating margin of at least 7%
- Return on average capital employed of at least 15%.
- Page 10

STRATEGY

Page 12

CORE VALUES

Professional
Empowered
Innovative
Dedicated

STAKEHOLDERS

Customers
Employees
Investors
Business partners
Community

TRENDS

Page 16

RISKS

Page 37

SUCCESS FACTORS

Bulten has identified its success factors and evolves them through the company's strategies.

QUALITY LEADER

Bulten has a leading position in quality, with well-developed and well-integrated quality systems. Quality every step of the way, from development to application, secures the product life cycle. Read more about our quality work on page 27.

TECHNOLOGY LEADER

Bulten adds value by developing its fastener solutions in close collaboration with customers. Read more about technologies and development on page 22.

FSP CONCEPT

Bulten's FSP concept offers total responsibility for all fasteners for an entire vehicle platform, vehicle model or production plant. By taking responsibility for the whole refinement chain, the customer is assured of profitability and peace of mind. Read more about our FSP concept on page 20.

GEOGRAPHIC PROXIMITY

Bulten's geographic spread allows global delivery capacity for vehicle manufacturers with production on several continents. Read more about the market on page 14 and the business model on page 18.

EMPLOYEES

Bulten has a unique corporate culture and skill set, with dedicated employees who can see the link between their day-to-day work and customer benefit. Read more about our employees on page 32.

FINANCIAL PLATFORM

A strong financial platform provides readiness to act for further growth on existing and new markets. Read more about our financial platform on page 35.

FUNDAMENTALS

VISION

BUSINESS CONCEPT

TARGETS

STRATEGY

STAKEHOLDERS

- Customers
- Employees
- Investors
- Business partners
- Community

RESOURCES & ASSETS

FINANCIAL

- Capital employed, SEK M 1,719
- Net debt, SEK M ....-181
- Investments, SEK M 165
- Equity/assets ratio, % 64.8

EMPLOYEES

- Number of employees (FTE) in 8 countries 1,433
- No of training hours 26,371

MANUFACTURING

- Energy consumption, MWh.. 95,696
- Percentage of renewable energy, %... 34

RELATIONS

- Customers
- Employees
- Investors
- Business partners (suppliers, JV partners, etc)
- Community

INTELLECTUAL CAPITAL

- Patents
- Licenses
- Bulten Advanced Technology Center (BATC)
- FSP concept

SUCCESS FACTORS

CORE VALUES

VALUE CREATED & OUTPUT

FINANCIAL

- Net sales, SEK M 2,856
- Growth, % 9.7
- EBIT margin, % 7.4
- Return on capital employed, % 12.8
- Return oh Equity 9.9

EMPLOYEES

- Engagement index 73
- Increase in no. of personnel (FTE), %....9.8
- Health and safety (LTIR)........................ 1.98

CUSTOMER VALUE

- Customer savings, page 20-23
- Quality excellence, page 27

SHAREHOLDER VALUE

- Proposed dividend, SEK M 81
- Dividend yield, % 4.5

ENVIRONMENTAL (OPERATIONAL)

- Energy intensity, kWh/kg 2.05
- Emissions, CO_2e/kg................................ 0.66
- Scrap cost in relation to turnover, index on 2012 66

SOCIETY

- Income tax paid, SEK M 26

FINANCIAL TARGETS

Bulten's financial targets help to maintain and consolidate the company's leading position in the industry, while also contributing to a strong total return for Bulten's shareholders.

ORGANIC GROWTH

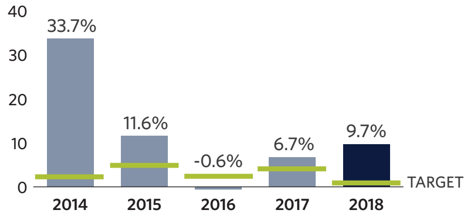
The goal is to achieve profitable organic growth and to grow more strongly than the industry average.

TARGET >0.3%

OUTCOME 9.7%

Comments

The organic growth in 2018 amounted to 9.7% (6.7). Weighted for Bulten's customer structure, the average growth in the industry * amounted to 0.3% (3.5), thereby exceeding the growth target. Growth comes from gradually increasing volumes according to customers' model shifts and that deliveries of previously taken contracts have started. A good general demand for passenger cars in Europe during the year has also had a positive impact even if it slowed down in the latter part of the year.



*) Average growth in the industry is defined as production volume in Europe in accordance with LMC Automotive's estimate, December 2018, weighted for Bulten's customer structure.

OPERATING MARGIN

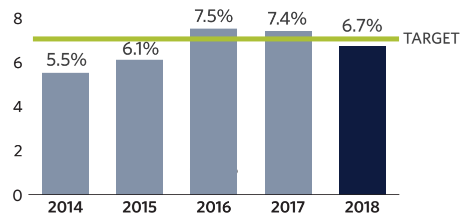
The goal is to achieve an operating margin of at least 7%.

TARGET >7.0%

OUTCOME 6.7%

Comments

The operating margin amounted to 6.7% (7.4) in 2018, and we thus did not achieve the target of at least 7.0 percent. Profitability was negatively impacted by increased world market prices for steel and other metals and uneven production rates, but was partly weighted by currency effects. Costs related to restructuring started in China amounted to SEK 1 million.



RETURN ON AVERAGE CAPITAL EMPLOYED (ROCE)

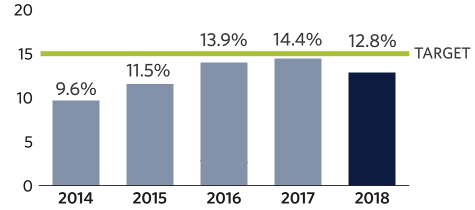
The goal is to achieve a return on average capital employed of at least 15%.

TARGET >15.0%

OUTCOME 12.8%

Comments

Return on average capital employed amounted to 12.8% (14.4) in 2018; this means we did not achieve our goal of at least 15%. The lower return on capital employed is mainly due to the reduced operating margin, the capital turnover rate of 1.9 times remaining at the same level as 2017.



DIVIDEND POLICY

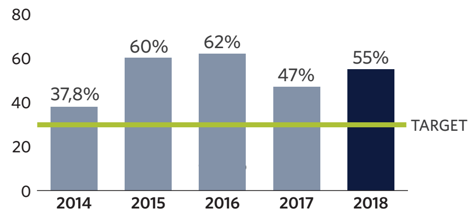
Bulten's dividend policy over time is to pay out a dividend of at least one third of net earnings after tax. Consideration is given, however, to Bulten's financial position, cash flow and outlook.

TARGET >33 %

OUTCOME 55%

Comments

The Board has proposed to the Annual General Meeting a dividend of SEK 4.00 per share for the 2018 financial year, compared to SEK 3.75 per share in 2017. The dividend equates to roughly 55% (47) of net earnings after tax, which is in line with the dividend policy.



SUSTAINABILITY TARGETS

Our sustainability targets better enables us to deliver higher value to all stakeholders in an environmentally, socially and economically sustainable way.

CODE OF CONDUCT FOR EMPLOYEES

The target is that the Code of Conduct is signed by all, 100%, employees.

TARGET 100%

OUTCOME 100%

Comments

Employees signs the Code of Conduct when they sign their employment contract and progress is monitored via the HR department. In the future, Bulten will provide further training in sustainability.

CODE OF CONDUCT FOR SUPPLIERS AND PARTNERS

The goal for 2018 was that Bulten's strategic and long-term suppliers of direct material must have accepted Bultens code of conduct or comply with a corresponding own.

TARGET 100%

OUTCOME 100%

Comments

In 2017, Bulten's Code of Conduct for suppliers and business partners was communicated to all suppliers of direct materials. In 2018, Bulten has followed up these suppliers' acceptance. All have accepted Bulten's Code of Conduct or comply with their own code corresponding to Bulten's requirements.

ENERGY INTENSITY

The target is to reduce energy intensity by 3% annually per kg cold forged steel.

TARGET -3.0%

Comments

As of 2018, a new way of measuring energy intensity was introduced and is therefore not comparable with the 2017 measurement figures. 2.05 kWh / kg is thus a starting value. The data includes all Bulten's goods-producing units. Definition can be found in GRI index on page 45.

EMPLOYEE ENGAGEMENT

The target is a result of 70 or higher on an index that measures employee engagement.

TARGET 70

OUTCOME 73

Comments

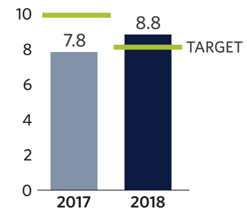
In 2018, Bulten carried out a group-wide employee survey. The goal was a value of 70 or higher on the Employee Engagement Index (EEI). The outcome was 73 for the entire Group.

EMPLOYEE TURNOVER

The goal is that the turnover of permanently employed personnel should be less than 8% (10).

TARGET < 8%

OUTCOME 8.8%



Comments

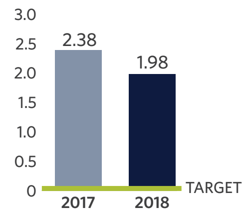
Employee turnover for permanent employees increased by 1% compared to the previous year and amounted to 8.8% (7.8) in 2018.

WORKPLACE ACCIDENTS LEADING TO SICK LEAVE

Bulten's ambition is that no one should be injured in the workplace. One of the most important measurements is LTIR (Lost Time Injury Rate*).

TARGET 0

OUT-COME 1.98



Comments

2018 was the second year that Bulten calculates LTIR. During the year, the outcome decreased by 16.8% compared with previous year. As the vision is 0 LTIR, we continue to develop our preventive work.

*) Number of accidents leading to absence x 200,000/total number of worked hours.

STRATEGY AND DEVELOPMENT DURING THE YEAR

Bulten has chosen several strategic paths for continued effective business development, and for achieving set goals.

GLOBAL SYSTEM SUPPLIER OF FASTENER SOLUTIONS

Bulten shall be a global system supplier of fastener solutions to the automotive industry, FSP.

The FSP (Full Service Provider) concept is growing ever stronger and contributed not only to good growth in 2017, but also to new contracts that secure growth for the years to come. During the year, Bulten signed two FSP contracts for powertrain for electric cars amounting to an initial value of approximately EUR 2 million and EUR 5 million per year in full pace 2021 and extends over 7 and 5 years, respectively.

INNOVATION DRIVES DEVELOPMENT

An innovative climate serves to develop technological know-how to create optimal, sustainable, cost-effective solutions for the customer.

The position when it comes to environmentally friendly cars has moved forward and during the year series deliveries to an FSP contract for a new electric car have started. Bulten also participates in the development of several drivelines for hybrids and is at the forefront of providing vehicle manufacturers with the latest technology, which is confirmed by the two new FSP contracts for drivelines for electric cars that were received during the fourth quarter. Bulten's success is built on sustainable, innovative solutions.

ORGANIC GROWTH

Bulten's primary strategy is to grow organically. Acquisitions and joint ventures deemed to complement the offering either in terms of products, processes or geography are also of interest.

Bulten has enjoyed a higher rate of growth in 2018 than the production increase on the European automotive market, and has consolidated its market position. The company has seen growth of around 9.7%, compared to the market's growth of around 0.3% during the same period. Starting in 2017, Bulten has set out on a new phase of growth and there is a good foundation for the business to go on growing organically on the global automotive market, based on new contracts already signed and rising volumes in the underlying contract portfolio of EUR 65 million in annual sales value in full production rate 2021.

CUSTOMERS IN THE AUTOMOTIVE INDUSTRY

Vehicle manufacturers and suppliers in the automotive industry are the primary target groups.

Bulten still enjoys great trust among customers in the global automotive industry. During the year Bulten has received the prestigious "Global Supplier Excellence Award" from Jaguar Land Rover.

GEOGRAPHIC PROXIMITY

Bulten's geographic spread allows global delivery capacity to the automotive industry.

Bulten can offer local content in Europe, USA, China and Russia. Capacity expansion is currently being carried out in new plants in China and Poland, as well as in existing facility in Sweden. Of Bulten's total volumes, approximately 40% comes from outsourced production, which creates flexibility in terms of volumes, both up and down.

VALUE ENHANCEMENT THROUGHOUT THE VALUE CHAIN

Bulten creates value throughout the value chain: from pre-development, technology and product development, production, purchasing and logistics, to final delivery at the customer's production line.

Development of plating lines at Bulten's German and Polish units began during 2017 and production started in early 2018 in Germany. In Poland, the production start is delayed. Surface treatment faclitites are already in operation at Bulten's units in Sweden and China.

GLOBAL PURCHASING STRATEGY

Bulten's global purchasing strategy harmonizes and consolidates the purchase of intermediate goods in a sustainable, cost-effective way.

The global purchasing strategy is under constant review and updating, the aim being to optimize the purchase of materials and intermediate goods towards greater sustainability and cost-efficiency.

STRONG BALANCE SHEET FOR GROWTH INVESTMENTS

A strong balance sheet and low indebtedness provide flexibility and preparedness for investments in increased capacity and growth, as well as for strategic acquisitions.

Retained high equity/assets ratio of 64.8% (66.8), despite a higher degree of investment. Reduced return on capital employed by 1.6 percentage points to 12.8 (14.4), mainly related to the lower operating margin during the year of 6.7 (7.4) percent. Maintained capital turnover rate of 1.9 times..

EMPLOYEES AND A UNIQUE CORPORATE CULTURE CREATE A SUSTAINABLE OPERATION

Bulten's employees contribute to a sustainable development with their expertise and dedication. The company's core values are the foundation of Bulten's unique corporate culture.

Continuous education and customer-oriented decision-making give employees a strong sense of influence on the company's results. Development of Group-wide HR processes and systems contributes to both cohesion and efficiency.

DEVELOPMENT OF THE SUSTAINABILITY WORK

All activities within Bulten should be sustainable and in line with the company's ethical guidelines and based on social responsibility considerations, environmental principles and responsible corporate governance.

Harmonization and development of a more systematic approach, with the aim of increasing sustainability in the areas that Bulten can influence. The work is coordinated in Bulten's sustainability committee. Its mission is to further develop and follow up the work, to suggest actions, exchange experiences and monitor trends.

SUSTAINABLE, COST-EFFECTIVE PRODUCTION

Bulten's production technology and structure ensures sustainable, cost-effective production of the highest quality.

The 2018 investment rate of around 5% was slightly higher than the average for Bulten, yet still in line with Bulten's ambition to be the most cost-effective producer of fasteners in the industry. Efforts include a decision to increase the hardening capacity in Hallstahammar by around 25% by investing in a new heat treatment line, as well as an investment of approximately EUR 9 million in new surface treatment lines at the German and Polish units. Moreover, an expansion of the production structure is planned in Poland, with a new building of some SEK 177 million. The establishment is however delayed due to negotiation regarding land-use exploitation and building, and will entail an increase in costs.

GLOBALIZED MARKET

Over the years, Bulten has become a leading European supplier of fasteners to the global automotive industry, and has a particularly strong position through its FSP offering.

In recent years Bulten has developed into the largest FSP supplier in Europe. At the end of 2018, our estimated market share was roughly 18% of the European market for fasteners for the automotive industry, and for FSP business it was roughly 65% of the same market, which was an increase by 1 respectively 5% compared to 2017. The information is based on data from the EIFI (European Industrial Fasteners Institute) relating to European automotive industry purchases of fasteners during 2018.

A FRAGMENTED SECTOR WITH FEW DIRECT COMPETITORS

There are several hundred manufacturers of fasteners in Europe, but many of them are small and target industries other than automotive. There are also a few major producers who operate on several continents. Most of them are privately owned, but some are listed players such as Lisi (Paris) and American ITW (NYSE). None of them, however, are direct competitors to Bulten. Our principal competitors are the players that offer a Full Service Provider concept similar to Bulten's. This category includes the companies Nedschroef, owned by Shanghai Prime Machinery Company Limited (PMC) of China and listed in Hong Kong, German company Kamax through the distribution company Facil, and the North American company Optimas.

A GROWING MARKET

Based on report from MarketsandMarkets, the automotive fastener market was valued at approximately USD 20 Billion in 2017 and is projected to reach approximately USD 25 Billion by 2025, at a Compound annual growth rate (CAGR) of 2.39% during the forecast period. The base year for the report is 2017 and the forecast period is 2018 to 2025.

Higher establishment of production on emerging markets

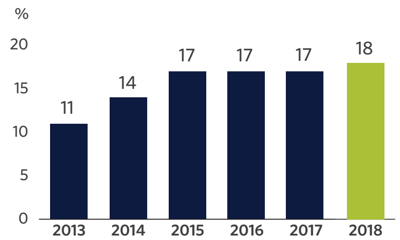
One clear trend in the automotive industry is that the position of emerging markets is growing stronger. China, for instance, has surpassed both North America and Europe in the number of cars and light trucks produced. See the production statistics charts on the next page.

On the European automotive market we can see a continued shift of production from Western Europe to Central and Eastern Europe. Bulten is already a part of this shift with production plants in Poland and Russia.

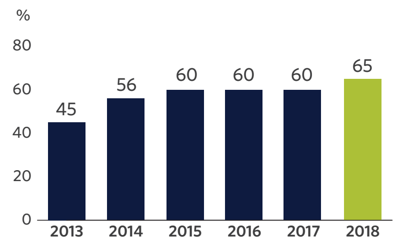
Forecast for the European automotive market

According to the latest LMC Automotive forecast in December 2018, European production of light vehicles is expected to increase by 0.2% and heavy commercial vehicles by 0.7% in 2018 compared to 2017. Weighted for Bulten's customer structure, this means an increase of 0.3% for the corresponding period, rather than the previous 0.7%. For 2019 as a whole, production of light vehicles is expected to decrease by -0.5% and increase 3.5% for 2020, and heavy commercial vehicles by 2.1% for 2019 as a whole and 4.1% for 2020 as a whole. Weighted for Bulten's customer structure, this means an decrease of -0.1% for 2019 and an increase of 3.6% for 2020.

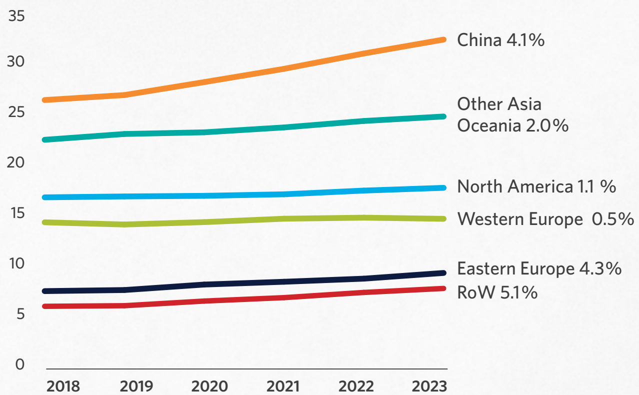
Bulten's share of the total market for fasteners for the automotive industry in Europe, 2018



Bulten's share of the total market for automotive-related FSP business in Europe, 2018

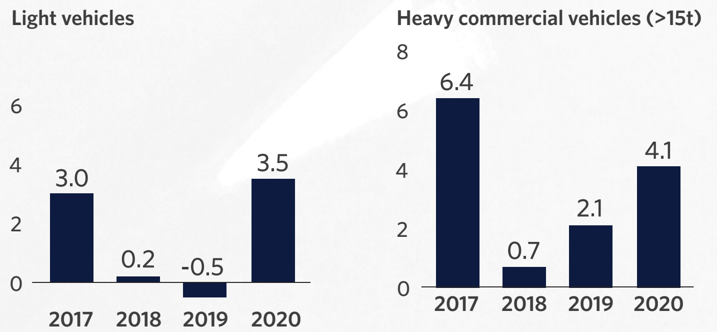


FORECAST, CARS PRODUCED PER REGION, AVERAGE ANNUAL GROWTH



Source: LMC Automotive

FORECAST, VEHICLE PRODUCTION IN EUROPE



Source: LMC Automotive, estimate Dec 2018

Source: LMC Automotive, estimate Dec 2018

According to production statistics from LMC Automotive, global annual growth for cars in 2018–2023 is expected to be 2.1%, with China increasing its total output by 4.1% annually compared to Western Europe, which is more constant. Eastern Europe will grow by 4.3% annually during the same period, and North America is estimated to grow by 1.1%.

Bulten's growth 2018

9.7%

Source: Bulten

Market growth in Europe for Bulten 2018

0.3%

Source: LMC Automotive, estimate Dec 2017

Forecast market growth in Europe for Bulten 2019

-0.1%

Source: LMC Automotive, estimate Dec 2018

Forecast market growth in Europe for Bulten 2020

3.6%

Source: LMC Automotive, estimate Dec 2018

TRENDS IN THE AUTOMOTIVE INDUSTRY

The automotive industry is undergoing major changes, related to hardware and software complexity increases, new business models and regional legislation shifts. This development will have an impact on Bulten's business in many respects, primarily in terms of markets and volumes.

According to KPMG's Global Automotive Executive Survey 2019 report, there is no clear consensus on which technologies will dominate the future drive systems in the automotive industry. The importance of finding their role in the ecosystem and how to strategically relate to development is more important than ever, and in an increasingly complex world, the legislator is expected to gain a more important position. The study also shows that different driving techniques will exist simultaneously. The distribution between battery-powered electric vehicles, hybrids, fuel cell vehicles and internal combustion engines is expected to be even in 2040, but the battery-powered electric vehicles take the lead. Consumers primarily choose a hybrid that their next car closely followed by a car with an internal combustion engine.

Expectations are also increasing on an ecosystem for mobility and logistics and more senior executives than ever (60 per cent) believe that in the future we will not distinguish between transport of people and goods.

WHAT DO THE TRENDS MEAN FOR BULTEN?

The conclusion of the particular trends in the fastener industry is that customers will place increasingly high demands on suppliers. Customer relations and delivery quality will be more and more important, which is why we are taking a more integrated total responsibility for the product. We believe there is great potential for streamlining in the segment, through our strategy and FSP concept.

Trends that affect Bulten	Implications for Bulten	Bulten actions
Globalization	Vehicle manufacturers are increasing their production in emerging countries and in new markets.	Bulten is following customers and establishes on selected markets.
Sustainability	Expectations and higher demands on Bulten actively contributing to increased sustainability relating to its customer offering, its own production and the suppliers.	Bulten is working systematically to increase sustainability in the parts of processes and deliveries that the company can influence. Sustainability is an integral part of the company's strategy.
Continued competition in automotive industry	New disruptive technology can lead to increased exclusion and brand new manufacturers.	Bulten focuses on offering the most cost-effective full service solutions and monitors changes in the market in order to have a customer base with the right customers.
Consolidation	Large-scale production leads to consolidation, i.e. fewer suppliers are expected to be more involved in the customer's development.	With the FSP offering, Bulten can be involved already from the development stage to delivery on the customer line.
Electrification	Hybrid vehicles, i.e. vehicles with combined combustion and electric engine, are already on the market. Electric cars, which are battery powered, are on the increase and are expected to make a commercial breakthrough once prices are on a par with established combustion-engine vehicles, and when their range increases. KPMG's study 2019 shows a relatively even distribution between battery-powered electric vehicles (30 percent), hybrids (25 percent), fuel cell vehicles (23 percent) and internal combustion engines (23 percent) in 2040 - but that battery-powered electric vehicles take the lead.	Bulten is collaborating with several customers on the development of fasteners for hybrid and electric vehicles. Both technologies require more fasteners, primarily for the battery and for new materials in the lightweight chassis. Bulten does not believe the fuel cell trend will have any impact on its business in the immediate future, and it is hard to judge when commercialization will take off.
Mobility	How people and goods are moved will change, driven by new technology and social trends. The result is that a completely new ecosystem is emerging that can offer ways to travel that are both faster, cheaper, cleaner and safer. This drives a shift from personal ownership and driving, to self-driving and unit-owned vehicles.	Bulten works systematically to review how value can be created in this new environment.
Digitalization	Digitalization with greater computerization, e.g. driverless cars, entails an increasing number of electronics boxes, sensors, transmitters, etc. This in turn requires more fasteners for installation.	Bulten is increasing its offering and supplying bespoke fasteners for in-vehicle installation.

ELECTRIFICATION – AN OPPORTUNITY FOR BULTEN

The fact that electrification is growing in the automotive market is a favorable development for Bulten. Today, it is primarily hybrids, cars with combined combustion and electric engines, introduced on the market with a growing demand. With double powertrains, the number of fasteners in these cars is much higher compared to a traditional car, which is favorable for Bulten.

Electrification places new demands and Bulten is involved in projects with several different vehicle manufacturers. The products we have today can meet the new requirements, but it is the knowledge of how to use them in new ways that make a difference. In other words, not the essential development of the product itself, but rather the understanding of the new designs and how we can optimally utilize our fasteners in future vehicles.

Two new FSP contracts for electric cars
During the fourth quarter of 2018, Bulten signed two new full-service contracts (FSP) for powertrain for electric cars with significant European vehicle manufacturers. The contract initially amounts to approximately EUR 2 million and EUR 5 million per year in full pace 2021 and extends over 7 and 5 years, respectively.

"

We are a good team where everyone has the same high ambitions.

SUKHVINDER GILL, **President Bulten NA and for the JV Ram-Bul**

I have been working at Bulten since 1997, mainly in sales in the UK market but also with more technology-oriented tasks. I worked early on with the FSP concept and have always had a strong faith in its strengths. My current role is as President of Bulten North America and the joint venture Ram-Bul in the USA.

What are you most proud of having accomplished in 2018?
That I have been involved in establishing Bulten in the US market, through the start-up of the start-up of the wholly owned subsidiaryand the joint venture company for which I am the President.

When we started, we had no local sales nor any staff, so a lot of work has gone into implementing business processes and recruiting the right people. We have tried to reflect many of the Group's processes and systems, and new employees have to be trained to be able to perform their tasks.

Today, we have business and production up and running, and we are a good team where everyone has the same ambitions to provide our customers with good service, and to deliver a quality product at the right time.

BUSINESS MODEL – STRONG CUSTOMER OFFERING

With a broad customer base among the world's leading vehicle manufacturers, Bulten today is a strong brand on the market. Our tailor-made offers through the FSP concept solve our customers' needs.

RENOWNED CUSTOMER BASE

Our customers are mainly found in the automotive industry in Europe, Asia and the USA, and include some of the world's leading auto manufacturers such as AB Volvo, Ford, Jaguar Land Rover, Scania and Volvo Cars. They are primarily producers of cars but also of heavy vehicles, and some tiers linked to the OEMs.

Of total sales, 77% relates to cars, 9% to tiers and 14% to heavy commercial vehicles, the main delivery being critical fasteners for the engines. All in all around 75% of sales relate to chassis/body and around 25% to powertrains.

Net sales refer to where the customer's delivery point is located. The major part of sales goes to production of vehicles in Europe, of which a portion is exported by customers to other markets, such as North America and BRIC.

RELATIONS AND COMPETENCE

A vital component of our business model is a sales process that meets customer demands regarding the right product and quality, delivery time, and optimization of stock levels. This is made possible by competence, long experience, and safeguarding new knowledge.

Another important part of our sales model is to establish and preserve relations with existing and prospective customers. We have an extensive network in the global automotive industry, and we believe that personal contact is the key to greater awareness of and confidence in Bulten, and is the factor that eventually leads to business.

Global presence with local contacts

All employees with customer contact have a customer relations responsibility based on our core values, and also on receptiveness and clear communication. That way we can be sure we are represented in the best way. To establish contacts that extend from the executive to the regulatory and implementation levels, we have made sure to create contact interfaces through several functions.

Direct customer responsibility lies with our dedicated "Key Account Managers" (KAM), who are linked to our global customers. The collaboration between KAM and our local employees is close and important to best meet local customers' demands and expectations.

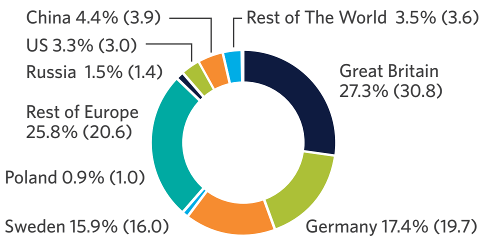
Another customer focused function are our Resident Engineers, i.e. Bulten engineers who work at a customer's site. When we start up a project, they are involved and contribute their knowledge and experience. This is highly reas-

STRONG POSITION

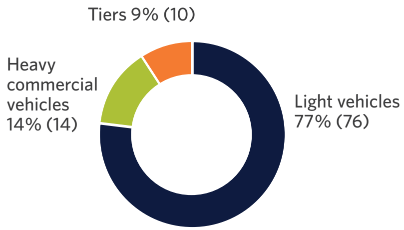
Bulten's market position is characterized by the following strengths and sales arguments:

- The market has high awareness of Bulten
- Good knowledge and expertise
- Professional in its conduct
- Proactive and supportive – curious, wants to understand customer needs
- Founded in the company's core values
- The FSP concept

Income by geographic market

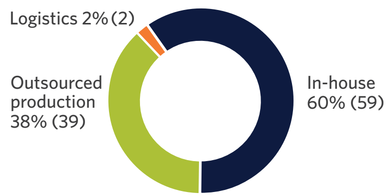


Income by customer group



Income by chassis/body and powertrain

Income by earnings category



At the BATC center in Gothenburg, development projects are run together with the customers and the site therefore becomes a natural meeting place. In the picture, Åsa Glans, Key Account Manager.

suring for customers, and also means we can be proactive even in the pre-development and technical design stage, an advantage for both the customer and ourselves.

Our Bulten Advanced Technology Center (BATC) is yet another contact interface where relations are built and strengthened. At the center in Gothenburg, development projects are run together with the customers and the site therefore becomes a natural meeting place.

Furthermore, our education at Bulten Fastener Application Academy (BFAA) is also an important relationship-building channel.

We also place great emphasis on meeting the customer in their arenas, and take part in trade shows or the customers' own shows where suppliers are invited. These are important occasions as they give us an opportunity to forge contacts at several different business levels among vehicle manufacturers.

RESPONSIBLE BUSINESS RELATIONS

Having many business relations on a global level makes it important for us to take responsibility. We therefore have a code of conduct and an anti-corruption policy to guide us in our relations with customers and suppliers alike. The code encompasses aspects such as social conditions, respect for human rights and environmental issues. We also have a policy that counteracts anti-competitive activities. In addition we have conducted a risk assessment which is reported out under sustainability risks on pages 37–38.

AGREEMENTS

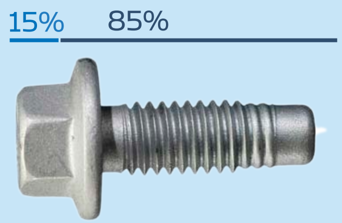
Agreements are generally based on a platform, car model or factory. Orders for specific volumes are received on an ongoing basis. When the company communicates orders to the market, they refer to future business and are entered as an expected earning in annual value. However, Bulten is always bound by confidentiality agreements, which often prevents specification of specific customers for new agreements.

EARNINGS FOR DELIVERED VOLUMES

When an order is delivered to the customer from one of our warehouses, an invoice is issued and an earning thus arises. Earnings are divided into produced in-house, outsourced production, and to some extent logistics.

IN-PLACE COST – IPC

The IPC is the total cost of a fastener, from development to assembly and subsequent product life span. The cost of the physical fastener amounts on average to roughly 15% of the total cost. Thanks to our innovative solutions and services, the customer can achieve reductions in IPC while retaining, and in many cases improving, performance. Cost reduction is achieved for example through standardization, the right dimensioning, simplified assembly, and a decrease in indirect related costs such as development and logistics.



- Cost of fastener
- Product development
- Procurement
- Inspection/quality
- Warehousing
- Internal logistics
- Pre-assembly
- Assembly

FULL SERVICE PROVIDER (FSP) – AN OFFERING THAT CREATES ADDED VALUE

Replacing the conventional purchasing model and assigning total responsibility for fasteners to an experienced, well-established company can save automotive manufacturers money and resources. The flexible Full Service Provider concept offers many advantages, and Bulten has developed and refined its offering over more than 20 years.

CUSTOMERS WITH DIFFERENT NEEDS

Bulten is one of few companies in Europe to offer a Full Service Provider concept, whereby we assume total responsibility for all fasteners for an entire platform, vehicle model or factory. We support customers with application-driven innovation, and develop new technology and new solutions based on the customers' application requirements. With extensive know-how, we can assure quality throughout the value chain, from development, through provision, and all the way to the customer's production line. All our customers have different needs, which is why our FSP offering is flexible. It is essentially a palette of solutions and different service levels, and the customer chooses the entire concept or just the parts that meet their specific needs.

COMPLEX LOGISTICS AND PURCHASING

Fasteners comprise under 1% of the manufacturing costs of a vehicle, but represent as much as 25% of all part numbers. They come in many shapes and sizes and in tremendous volumes, which makes purchasing and logistics a complex, time-consuming aspect of production.

Today, many automotive manufacturers still use a conventional purchasing model, with the company's purchasing department dealing with several different fastener suppliers – an approach that drains both resources and capital. Our FSP offering streamlines the process both time-wise and financially, since the purchasing department needs just one contact for the full range of fasteners – and can also count on reliable, quality-assured delivery.

KNOW-HOW THAT GUARANTEES QUALITY

Our responsibility and offering go far beyond stocking and delivering the required products. For us, full service entails having the right knowledge and intuition when it comes to coordinating components between different suppliers, delivery types, process stages, warehouse hubs and customer recipients. We manufacture many of the components under our own management, which gives us great insight into quality and an in-depth understanding of the production process. Combined with our global presence and long experience, we are familiar with the global supplier base and know exactly which subcontractors to call to get the best of the components we don't make ourselves.

By using our FSP offering and handing over total responsibility for fasteners to an experienced, well-established company, the customer has much to gain in terms of both time and money. We simplify and streamline a complex part of the production process with a reliable, profitable service.

Bulten continually works proactively to increase the awareness and benefit of the FSP concept. Today, roughly three quarters of our portfolio relates to FSP contracts, and this percentage is expected to increase.

ADDED VALUE FOR THE CUSTOMER

For more than 20 years we have been developing and refining our FSP concept by amassing extensive knowledge and expertise along the whole value chain, and we have built up a quality-assured network of business partners.

- One contact for all fasteners
- Simplified management and added value along the whole supply chain
- Cost savings, freed-up resources and capital
- The freedom to choose all or parts of the concept
- A long-term business partner with its own quality-assured production and good familiarity with the global supplier base
- A partner that contributes to the customer's sustainable development

RELIABLE, MORE LONG-TERM BUSINESS FOR BULTEN

The FSP concept is very beneficial also for Bulten. It strengthens our market position by establishing closer, more long-term customer relations, in which we constantly expand our understanding of the individual customer's needs. This in turn lays the foundation for stable cash flow over time.

EXAMPLES OF ADDED VALUE CREATED

Here are two examples where the FSP concept has created a lot of benefit for our customers.

Case 1

>1.26 EUR M

One customer's V8 engine required 340 standard screws. Bulten got involved in the construction and was able to suggest improvements. We managed to reduce the number of fasteners by 10% by switching to 300 Taptite® screws (a thread-forming screw that simplifies assembly by forming a thread in a smooth hole while assembly is underway) and 10 standard screws. The result was an annual saving of EUR 1.26 million for the customer.

Case 2

>4.8 EUR M

In a collaboration with three major automotive manufacturers, we established a new logistical solution and were able to manage all volumes of fasteners all the way to the assembly plant, combined with technical and pre-production support. The collaboration reduced the number of fasteners from 1,800 to 1,100, which led to an annual saving of EUR 4.8 million for the customers.

FSP – FULL SERVICE PROVIDER

Bulten offers a tailor-made FSP solution which means that Bulten can assume responsibility for the whole, or parts of, the value chain, from pre-development to deliveries directly to the customer's assembly line.

DEVELOPMENT

- PRODUCT DEVELOPMENT
- ON-SITE SUPPORT

Bulten supports customers with application-driven innovation, and develops new technology and new solutions based on the customers' application requirements.

SUPPLY

- PRODUCTION
- PURCHASING
- QUALITY CONTROL

Delivery of fasteners takes place primarily from the company's own production, which is supplemented by components from suppliers who live up to Bulten's quality requirements.

LOGISTICS

- PACKING
- WAREHOUSING
- FREIGHT

Coordination of components between different suppliers, delivery types, process stages, warehouse hubs and customer recipients.

Just-in-time deliveries through local production or logistics centers.

Line feeding. Inventory management.

SERVICE

- ON-SITE SUPPORT
- OFF-SITE SUPPORT

Access to an on-site Resident Engineer and account manager in the customer's production to assure the FSP process.

Back-office function to support the customer agreement, delivery schedules and customer wishes.

QUALITY

SMARTER SOLUTIONS

Bulten offers technical solutions that aim to develop more sustainable, cost-effective solutions, from development to in-place assembly and function.

The screw is the most important part of a fastening application, since it creates the force that holds together the components, i.e. the clamping force. The screw must expand or contract exactly as calculated depending on heat, cold or vibrations. Also, a screw must never be too strong. If it does not break under certain circumstances, something else far more critical, expensive or harder to replace might be disabled instead.

Surface treatment is another important part of the process where consideration must be taken to what extent the fastening application is exposed to the weather, wind, moisture, extreme heat and friction. Besides the obvious, that the screw must not rust, it might also be visible inside the vehicle, which means it must also be pleasing to the eye and harmonize with its surroundings.

Surface treatment is also a decisive parameter in achieving optimal clamping force. This is important because deviant clamping force contributes to an increased risk that the joint may loosen or break.

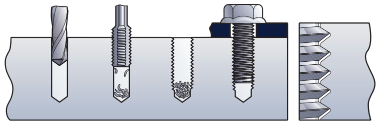
Today's fastening applications often consists of mixed materials like steel, aluminum or composite which provides new opportunities to streamline both joints and assembly methods. These combinations place even greater demands on both manufacturers and suppliers. The requirements for a screw to exactly live up to the demands placed on it are extremely high. To design and manufacture a screw for high-volume production for the automotive industry places demands on technology, quality, logistics and expertise at the highest level – something that Bulten masters fully.

Here we describe some of the technical solutions that aim to reduce the IPC (In-Place Cost) of a fastener, partly through more efficient assembly.

TAPTITE 2000

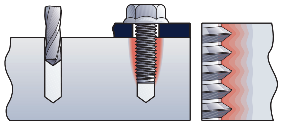
TAPTITE 2000® is a technique that offers major potential savings. It is a thread forming screw, which means that it forms a thread when being driven into a core hole, thus eliminating threading and washing, and the addition of a threadlocker such as a nut.

TRADITIONAL SCREW ASSEMBLY



Drilling Threading Washing Assembly

ASSEMBLY USING TAPTITE 2000®



Drilling Assembly

FASTITE 2000

FASTITE 2000™ thread forming screws are designed to solve common problems in sheet metal applications such as thread stripping, misalignment and inconsistent assembly performance.

STANDARD SCREW WITH ST THREADS

Sheet metal screws with ST threads often lean over as the screw tends to align with the helix angle of the thread – with stripped threads or loose assemblies as a result.

FASTITE 2000 THREAD FORMING SCREWS

FASTITE 2000™ starts straight and finishes straight, guaranteeing a secure, tight assembly. The twin-lead thread centers the fastener in the hole and keeps it straight.

MATHREAD

MAThread® reduces installation time, since the technique eliminates manual initial threading, and thereby also the costs for waste, rework, and warranty repairs associated with conventional metric joints.

CONVENTIONAL METRIC SCREW

The first thread on a nut is always incomplete, which means there is a risk of cross threading. This risk is generally managed using manual fitting, which is both costly and time consuming.

HOW MATHREAD® WORKS

The MAThread® unique male thread 'rolls' over the first thread in the female thread crest.

ONE TOUCH ASSEMBLY

Since assembly times are planned in seconds, cost-efficient and functionally reliable fasteners can make a real difference in mass production. In order to offer better ergonomics and reduced assembly and workload time, Bulten is developing fastening systems with pre-assembled fasteners within the 'One Touch Assembly' family.

"PICK 'N' MIX' ASSEMBLY

Time consuming, with scope for error.

'ONE TOUCH' ASSEMBLY

Fast and accurate.

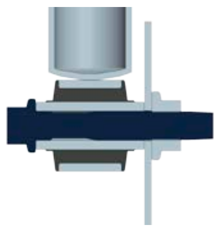
B14®

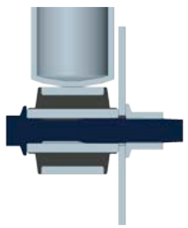
The unique B14® material, super clean carbon steel, makes it possible to downsize each and every screw without reducing the clamp load. This allows significant weight reduction of up to 40%.

Example: shock absorber assembly.
Optimization of the joint results in a total weight reduction of 25%, i.e. 250 grams per vehicle, with maintained joint performance.

EQUAL PERFORMANCE M14 = 465 G

Clamp lengths, bushing, diameters etc. are directly related to the bolt diameter.





EQUAL PERFORMANCE M12 B14 = 340 G

Proportionally decreased clamp length enables more compact design.

VALUE CHAIN THAT MAKES A DIFFERENCE

Bulten works consciously toward its goal of offering market-leading fastener solutions that meet customer requirements on efficiency, quality, price and sustainability. With clearly defined objectives, global presence, responsible conduct and the latest in technology and innovation, we are the company that can make a difference and create the greatest benefit for the customer.

› PRE-DEVELOPMENT

By delivering the right screw for the right joint and ensuring they can be assembled efficiently, we reduce the customer's total cost. Development is more significant and the impact greater when that development takes place specifically for automotive manufacturers' global platforms. So that we can offer complete fastener solutions, we supplement proprietary production development with licensed manufacturing of fastener concepts, such as Taptite 2000®.

We create added value and benefit for the customer by being a proactive partner with full control through the whole value chain. The total cost of fasteners, known as the In-Place Cost or IPC (see fact box on page 19) can be optimized when we can influence every single parameter.

Our own development center

We have our own Bulten Advanced Technology Center (BATC) in Gothenburg, Sweden, with specialist expertise in chemistry, physics, engineering, technical design and production. This expertise is used for product development, which includes cold forging, friction calculation, surface treatment and strength. Quality assurance with traceability is conducted through detailed testing and structured documentation.

Development also takes place in connection with each production unit.

› TECHNICAL AND PRODUCT DEVELOPMENT

In new concepts and projects, we are proactive with a Resident Engineer, a development specialist stationed at the customer site. The objective is to find smart solutions and the right dimensioning, and to reduce the number of special solutions. We also write the specifications for critical fasteners which last for the entire life cycle of the end product.

Development for greater sustainability

We contribute to sustainable development, in part by reducing the weight of the vehicle. This reduces energy consumption, thereby contributing to lower carbon dioxide emissions. This is achieved through development of the right material for greater strength, the right dimensioning, and alternative solutions.

The end product, i.e. the fastener solution, is always distributed to the customer from one of our logistics centers, many of which are near customers' production plants. In the picture is Niklas Johansson in Göteborg, Sweden.

› PURCHASING

In our supply base we have a network of capabilities to offer all kind of fasteners to our OEM customers. Almost 40% of our sales value are components from external suppliers. The main purchasing categories are raw material (steel wire rod), components and outsourced production.

As Bulten increases its degree of refinement with more extensively assembled fasteners, the need to maintain control over the supply chain and create economies of scale also increases. Purchasing is managed at three levels: strategic, tactical, and operational.

Purchasing is based on a geographical perspective, and on the degree of value creation. The global purchasing strategy create economies of scale and ensures that our local units use the suppliers who are compliant with Bulten's requirements. This level-based approach provides us with best possible local support close to customers, supported by a global strategy.

During 2018 a new SRM (Supplier Relationship Management) system was introduced in order to be more transparent in sharing data and information with our supply base. This tool also provides opportunities to monitor supplier performance in real time cross all Bulten units.

› LOGISTICS

The logistical flow of our product range is complex and global, with many different products and components needing to be sent between the various production plants, suppliers and logistics centers. The end product, i.e. the fastener solution, is always distributed to the customer from one of our logistics centers, many of which are near customers' production plants. Being able to deliver on time and in the right packaging is also crucial.

Greener transportation

All new road freight tenders in Europe require use of trucks with engines that meet Euro 5 respectively Euro 6 standards, and that the company must comply with our code of conduct. We also have an objective to increase the percentage of renewable fuels, and to shift consignments from road to rail as far as possible.

One example of sustainable logistics can be seen in the restructuring of our transportation from Asia. The new structure optimizes loads in containers and since 2016 we only use "green ships", thus considerably reducing our environmental impact.

> "Since 2016, we only use "green ships", thus considerably reducing our environmental impact.

› PRODUCTION

Bulten has its own production of fasteners in Sweden (Hallstahammar), Germany (Bergkamen), the USA (Hudson), Poland (Bielsko-Biała), Russia (Nizhny Novgorod) and China (Beijing).

The fasteners are primarily made of wire rods using a cold forging technique, an efficient production method that can make up to 300 fasteners a minute depending on the machine and dimensions. The production process is the same at all plants, which means that the flexibility exists to spread production to optimize overall capacity.

Further refinement is taking place to an increasing extent. As well as hardening and surface treatment there are also other forms of refinement, such as lubricating coatings and assembly with washers and other parts. This is so that we can deliver a more complete, pre-assembled fastener, ready for direct application in vehicle assembly with no further interim stages.

One of the reasons our price structure is so competitive is that just over half of all our employees are based in low-cost countries. Having plants in low-cost countries – Poland, China and Russia – as well as other units in Sweden, Germany, the UK, Romania and USA, which have an important geographical proximity to our customers, creates a beneficial symbiosis which enables us to continue competing for new automotive contracts while evolving the contracts we already have.

The environment in focus

Our environmental work strives to ensure that our production is conducted with the lowest environmental impact that is practically feasible and financially viable. All our production units have the necessary permits, and these are constantly being monitored. Environmental aspects are measured at each plant and reported externally in line with government requirements, and also internally for collation and follow-up. Energy use is mapped locally, and the results are checked against targets and reported. Bulten is not governed by any programs for emission allowances, and does not currently work with compensation of emissions.

Several of our production plants today recover surplus heat from production (e.g. from compressors and hardening) and use it to heat the premises.

Every year Bulten uses around 96,000 MWh of electricity and gas, and with our current energy mix we generate approximately 31,000 tons of carbon dioxide equivalents a year. To reduce emissions and energy consumption, we plan for instance to further increase our heat recovery, and to gradually phase out the use of fossil-based energy and replace it with renewable sources.

The right processes

Production systems are a vital aspect of our endeavor to be the most cost-effective manufacturer of fasteners in the industry. Production is constantly being developed using a number of different methods, such as the internationally established 5S, LPA (Layered Process Audit), PDCA, Ishikawa, 5Why, TPM (Total Productive Maintenance), FMEA (Failure Mode Effect Analysis) and SIX Sigma, as well as our own proprietary processes.

The first solar panels (Q-cells) for installation at the production plant in Poland were projected in 2018, for installation in 2019.

Expanded production

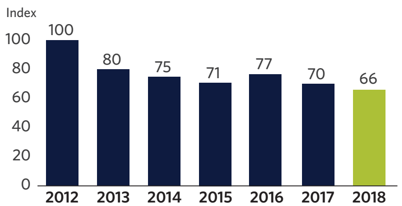
Reliable delivery capacity is essential in winning customers' trust, as lead times are generally so short. In 2017 we therefore made a decision to increase our capacity in Poland with a further plant. The investment in the building is worth around SEK 177 million. Heat treatment capacity will also be expanded at the Swedish plant by 25%, at an investment cost of about SEK 45 million.

We have also established ourselves in USA (Hudson, Ohio) where production has begun in 2018.

Production by forecast

Production is adjusted to customers' long-term delivery plans, and in the short term to timetabled orders that also demand precision in delivery times.

Scrap cost in relation to turnover



Status indicator December 2018

Scrap outcome is monitored throughout the production process. Residual waste materials are recycled and refined by recycling companies.

SUSTAINABLE SUPPLY CHAIN

Bulten currently has around 200 suppliers who provide us with products, materials and finishing. The majority relates to wire for producing screws, surface treatment, and outsourced production to supplement in-house production. To deliver a market-leading offering, it is vital that we place equally high demands on our suppliers as we do on ourselves. They must live up to our standards in terms of commercial requirements, quality and logistics, as well as environmental consideration and social responsibility.

All our suppliers should be certified to ISO 9001 (IATF 16949), as well as ISO 14001. To check that we share the same values, in 2017 we produced a code of conduct based on the existing code, and on the risk assessment

carried out during the year (see pages 37–38). The code is specially designed for suppliers, the aim being to communicate more clearly our demands when it comes to business ethics, health and safety, environmental requirements and social responsibility. Implementation has begun with communication and distribution to all active suppliers, and the aim is to achieve acceptance from all suppliers. To ensure compliance with the code of conduct, it is included in our terms and conditions. Supplier compliance is managed through our SRM (Supplier Relationship Management) system.

Over the years we have established working methods to monitor and audit our main suppliers, and potential and new suppliers are carefully evaluated based on our code of conduct. If we decide to proceed, an audit is performed on site which for example includes the management system, financial status, the purchasing process and flow of goods, as well as the supplier's follow-up systems. With our existing suppliers we conduct regular assessments, and have dedicated employees who work with quality assurance and supplier development.

QUALITY LEADER

Maintaining high, consistent quality in processes and products is crucial in winning new orders and securing strong, profitable growth.

Vehicle designs and vehicle engines are constantly evolving and becoming more complex, resulting in increasing demands on components.

A passenger car consists of 25 to 50 kilos of fasteners, representing approximately 400 unique part numbers. Defective or faulty components may result in costly recalls of parts or all units sold of the vehicle model affected. For global OEMs with most of the world as their market, a recall can have drastic consequences and result in considerable financial and prestige-related losses. Our ability to deliver consistently high quality is therefore vital if we are to maintain our customers' trust.

EXPECTATIONS, REQUIREMENTS AND CERTIFICATES

Bulten works systematically with continuous improvement of its processes and systems. Our production units have IATF 16949 certification and are all covered by our ISO 9001 certification. In the US, however, we are certified via our JV company and our JV partner.

Making quality our highest priority ensures that not only our own expectations are met, but also those of customers and owners. We work systematically to improve quality at every stage of the value chain, and to a large extent this work focuses on preventing faults and non-compliance.

MEASURABLE QUALITY GOALS

One aspect of our recipe for success is to set challenging goals and apply a structured work approach. Internally, we continually measure and follow up key indicators for production, markets and purchasing. We also assess external suppliers and their quality performance.

The choice of standardized working methods ensures continued improvement, continuity and a position as world class in the fastener industry.

QUALITY AWARDS

VQE

Ford Q1

JLRQ

The team at Bulten Ltd. UK.

GLOBAL SUPPLIER EXCELLENCE AWARD

Bulten received a Global Supplier Excellence Award from Jaguar Land Rover which recognises extraordinary contribution and performance to Jaguar Land Rover's business over the course of the last year. Fifteen suppliers were recognised with awards.

Bulten was honoured to receive a Silver Award in respect of extraordinary contribution and performance as the Full Service Provider (FSP) of fasteners to the Jaguar Land Rover vehicle factories in Halewood and Graz, and to the Engine Manufacturing Centre (EMC) at Wolverhampton.

"We are extremely proud to receive such a prestigious award and will work hard to continuously improve and develop our performance underpinned by our core values in order to deliver even greater benefits to Jaguar Land Rover and all of our other valued customers," said Neal Thomas, Senior Vice President Market and Sales Region West.

> "We are extremely proud to receive such a prestigious award.

SUSTAINABILITY – A NATURAL PART OF OUR BUSINESS

Bulten's ambition is to manage its operations in a sustainable way for the long term. Bulten aims to be a reliable and robust partner to its customers and suppliers, adding value to its owners and being an attractive employer.

Bulten has a long history of developing its operations in a responsible manner aiming to being an attractive and long-term employer and a good partner for customers and partners.

SUSTAINABILITY REPORTING

The aim of sustainability reporting is to provide an overview of our sustainability work and progress. It is an integral part of the Annual Report and is prepared in line with GRI Standards, Core level, as summarized in a GRI index on page 42.

Our ambition and sustainability strategy is that the entire business is being permeated by sustainability-oriented corporate governance, environmental principles and social responsibility, see the model below.

ROAD MAP AND GOALS

Systematic sustainability work better enables us to deliver higher value to all stakeholders in a sustainable way both environmentally and socially, as well as in terms of corporate governance. In recent years we have evolved our approaches and work in a coordinated manner with regard to governance and management, processes, and also reporting and monitoring.

During 2018 we have continued working in our sustainability committee, which is well represented by our various functions and departments. We have developed our focus on our stakeholder dialogue and materiality analysis, and established new sustainability goals within for example the environmental area. During 2018 we conducted our first global employee survey.

We asked what areas Bulten should focus more on to be perceived as an attractive, sustainable employer. The focus areas can be found in the stakeholder mapping on page 29.

Bulten's Code of Conduct for Suppliers has focused on providers of direct materials, and this group was asked if they would endorse and sign the code. The goal for 2018 was for Bulten's strategic and long-term suppliers of direct material to have accepted Bulten's code of conduct or to comply with a corresponding own. During the year, Bulten followed up these suppliers' acceptance. All have accepted Bulten's code or comply with their own code corresponding to Bulten's requirements.

Also, during 2018 we published our first Communication on Progress to the UN Global Compact, a voluntary initiative that aims to guide companies to implement and assure compliance with internationally accepted sustainability principles, and have identified which of the United Nation's 17 Sustainable Development Goals we can have the greatest impact on.

We continue to invest in sustainable concepts and in technology in order to be world-leading and cost-effective in our industry with sustainable own production of the highest quality.

Responsibility and implementation

To ensure that our sustainability efforts are realized, they are an integral aspect of operational management with a clear division of responsibility. Bulten's Board of Directors has the overall responsibility for the company's sustainability activities, with the CEO having the operational responsibility while the SVP HR & Sustainability manages and coordinates the efforts. The aim of the Sustainability Committee is to coordinate, draft, develop and assess the company's sustainability work. The various activities are then implemented by the people in charge of different areas of the operation.

We manage and monitor our sustainability work using a management system comprising shared policies/guidelines, measurable goals, and action plans. Work is carried out locally at each subsidiary, and is followed up and reported out regularly to the Group management. Group management evaluates the work in management reviews.

All our employees have a responsibility to actively contribute to our sustainability efforts in their areas of responsibility, but each manager is responsible for monitoring and ensuring compliance.

OUR VIEW ON SUSTAINABLE DEVELOPMENT

ENVIRONMENTAL PRINCIPLES

- To conduct business that has as little negative environmental impact as possible while being economically viable.

CORPORATE GOVERNANCE

- Strong business ethics, good risk management and a strong corporate culture
- Code of conduct and other policies
- Compliance with rules and regulations

SOCIAL RESPONSIBILITY

- Observance of human rights
- Treating people with respect and good ethics
- Working methods based on our core values

Code of conduct with clearly defined requirements
Since 2011, Bulten has had a code of conduct for its own organization, and in 2017 it was further developed to a separate code of conduct for suppliers and business partners. The aim of the codes are to express the fundamental principles that form the basis for the company's relations with personnel, customers, suppliers and other stakeholders.

All personnel shall be aware of and follow Bulten's code of conduct. Alongside the company's other policies, the code outlines the fundamental principles for how the Group works. Examples include policies for anti-corruption, anti-competition, conflict minerals, as well as REACH (Registration, Evaluation, Authorisation and restriction of Chemicals).

As a further step in Bulten's strategy to support human rights, the company has formulated a separate policy against modern slavery and human trafficking. It describes how Bulten's companies are working to ensure that slavery and trafficking do not occur in our value chain or in any other activity related to our business.

Global HR strategy and policy
The Group-wide HR strategy and policy aim to secure long-term sustainable personnel policy and competence supply, and to ensure that our current and prospective employees perceive us as an attractive employer. The global HR policy is a tool to communicate and guide the organization in its implementation of the HR strategy.

Human rights
Bulten supports and respects the international conventions on human rights, and works actively to ensure that all universally recognized human rights are respected throughout the value chain. As part of this, we have increased the dialog with and monitoring of our suppliers. Through our code of conduct, we communicate our posture and encourage transparency by making it possible for employees and other stakeholders to turn to us to report serious deviations from our code of conduct without the risk of reprisal.

We strive actively not to participate in or support slavery or forced labor in any form, whether directly or indirectly in the supply chain, for example. We never require any form of deposit nor do we confiscate ID documents from our employees. Each employee has the right to terminate his or her employment after a reasonable period of notice, in line with prevailing laws and agreements. We always check the ID and relevant work permits of all new employees or contracted personnel.

Since 2017, we communicate even more clear requirements and have developed the qualification process for suppliers further, so as to minimize the risk of human rights violations in the supply chain.

Environmental policy
Our environmental policy was revised during 2018. To reduce our negative environmental impact, we systematically assess and work on all aspects of our operations. The work is led by the Group's environmental manager, who oversees and develops our environmental efforts and makes sure they continually improve. All units in the Group have integrated their environmental and quality management in their management system. Our environmental policy clarifies which areas are essential and how we should set priorities moving forward.

We contribute to the environmental benefit of customers, end users and society by being a full service provider that considers the environment in several parts of the value chain through our FSP concept – from pre-development to application and in use.

STAKEHOLDER MAPPING

Bulten's main stakeholders are defined as those that are affected by our operations to a large extent, and that in turn affect us to a large extent. We have identified these through workshops attended by all departments and subsidiaries, as well as the company management. Having an insight into the issues that are relevant to Bulten's stakeholders is crucial in prioritizing the right activities.

STAKEHOLDER	CHANNELS FOR DIALOG	EXPECTATION/MAIN ISSUE
Customers	From initial sales contact to ongoing contact. Sustainability assessments and customer sustainability seminars.	Contribute to making customers' products and processes more sustainable. Sustainable in-house production and supply chain. See examples of how we deal with these issues on pages 7, 12–13, 22, 24–26.
Employees and their representatives	Through questions in Bulten's global employee survey. Regular dialog with union representatives, personnel appraisals.	Attractive employer; Health and safety, working conditions/fair pay, employee-manager dialogue and career development. See examples of how we deal with these issues on pages 28–31, 32–33.
Business partners (JV partners, suppliers etc.)	Sustainability is reported, discussed and followed up at JV board meetings. Dialog in connection with audits. Meetings have been held with suppliers in connection with introduction of Bulten's Code of Conduct for Suppliers during 2018.	Values and commitment for sustainability. Fair business practices/ethics and compliance (long-term relations). Examples of how we deal with these issues on pages 11, 26.
Owners, investors, analysts etc.	Owners represented on the board with regular dialog, reporting and follow-up. In 2018, 12 board meetings were held. Capital market days, investor meetings, interviews, quarterly reports, AGM.	Support and guidance, openness and information, responsible profitability, business ethics and rule compliance. Examples of how we deal with these issues on pages 7, 8, 12–13, 18–19, 37–39.
Local community (residents, local management and authorities, etc.)	Student fairs, collaboration groups in the local community, cooperation with colleagues/ universities, establishment of new operations, permit processes etc.	Good neighbor (environment, no pollution, noise, traffic). Continuous improvement, openness, contributions to local development e.g. by purchasing, attractive employer and local recruitment, proactivity. Examples on page 33.
Governments, legislators, authorities	Legislative texts, reporting, directives, establishment and permit processes, interest and industry organizations.	Openness, compliance, reporting (contribute to sustainability plans, legislation and strategies). Examples of how we deal with these issues on page 33, reporting in line with GRI standards, Core level pages 42–48, reporting according to Swedish law page 49.

Reporting breaches against the code of conduct and other ethical policies

Our core values describe the open culture and the professional, responsible attitude we represent. Everyone who works at or with Bulten should feel that there is room to raise issues or report violations against our ethical guidelines and policies, without the fear of reprisal.

All employees and Board members in the Group have a responsibility to report conflicts of interest, and breaches or infringements of the code of conduct. Any reports should be made to the immediate manager or his/her superior in accordance with local internal communication and reporting channels.

Any questions on reporting violations should primarily be directed to the company's sustainability director, as described in all policy documents.

Standards

Bulten's units are certified according to ISO 9001 and ISO 14001, our production units also according to IATF 16949. In the US, we are certified via our JV company and our JV partner. In addition to these certifications, certain units have also been certified according to OHSAS 18001 and ISO 50001.

ROADMAP 2019 AND BEYOND

Bulten's sustainability work is managed in a determined manner through ongoing, in-depth interaction with our stakeholders, follow-up of plans and activities, and our set goals. Examples of activities moving forward:

Business ethics: Monitor compliance with policies. Ongoing training of personnel in anti-corruption and other policy issues.

The environmental perspective: Continued training of personnel, secure activities that drive Bulten's ambition to reduce negative impact on the environment.

The social perspective: Bulten creates more jobs through its expansion. There will be further initiatives relating to employee health and safety will be implemented, and the global H&S network is continuing its efforts to harmonize and improve processes in our endeavor to achieve zero injuries in the workplace. A global employee survey will be conducted at the end of 2019 to follow up on employees' commitment and ideas, and on implementation of the improvement activities the organization has been working on since the previous survey in spring 2018.

MATERIALITY ANALYSIS WITH IMPORTANT FOCUS AREAS BASED ON BULTEN'S VALUE CHAIN

Stakeholder dialogues as well as other external factors are fundamental in assessing Bulten's impact on the economy, society and environment. The materiality analysis below has been developed internally through workshops, and is a balance of the issues we consider to be of strategic importance.

New solutions that have an environmental and economic impact throughout the value chain; choice of materials, waste generation, surface treatment, production, pollution, transport, recycling opportunities. See pages 20–26.

Delivering sustainable solutions: Product quality, packaging, logistics and transport emissions. See pages 25–27.

Continuous development of products, processes and technology: Enabling customer to improve the sustainability performance for their products and processes (materials,weight, energy use in production, surface treatment). See pages 20–26.

Sustainable, responsible production: energy, waste/scrap and chemicals, greenhouse gas emissions, health and safety, employee well-being, lifelong development and commitment, reduce the use of non-renewable energy sources and increase recycling, impact on local community. See pages 25–27 and 32–33.

Sustainable, responsible purchasing and logistics: raw materials and conflict minerals, human rights and working conditions in the supply chain and logistics, greenhouse gas emissions from transports and manufacturing, energy use, waste, business ethics and compliance. See page 26.

A SCORE OF 100%

Independent audits of suppliers' operations are common in the automotive industry, but when the auditor says that the result at Bulten is one of the best they have seen, we are extra pleased.

But we can't be anyting else, with a score of 100% at the audit conducted at Bulten's unit in Bergkamen during the year. The assessment was based on a questionnaire from "European Automotive Working Group on Supply Chain Sustainability" which many of Bulten's customers use. This audit takes place on site and includes a review of the factory and its departments, as well as several interviews with employees. During the audit, twelve different criteria within working conditions, environment, occupational safety, and social responsibility were checked.

REDUCED ENVIRONMENTAL IMPACT

In accordance with the UN and the EU intentions, Bulten is working to reduce its climate impact. This often happens in improvement projects within an area of activity where an exchange of knowledge with other units takes place after the project has been completed.

Bulten's production unit in Poland completed a multi-year project in 2018, where heat is recovered from various parts of the business to heat water that is then used in both production operations but also to heat buildings and provide hot water in the cranes. The project reduces energy consumption by approximately 2,150 MWh per year, which corresponds to a CO_2 reduction of just over 400 tonnes.

UN's SUSTAINABLE DEVELOPMENT GOALS

Through internal management discussions and on the Sustainability Committee, Bulten has analyzed how the company contributes to achieving the United Nation's 17 global Sustainable Development Goals (SDGs). As company you can have both a positive and a negative impact (see e.g. our sustainability risk analysis on pages 37–39). Bulten can contribute positively especially to the SDGs outlined below.

Ensure access to affordable, reliable, sustainable and modern energy for all.

- Bulten is working on several levels to increase its energy efficiency, see page 26.
- Investments in energy efficiency in Bulten's production plants.
- ISO 50001 certification in Bergkamen and Bielsko-Biała (management system for energy efficiency).
- The first solar panels for installation at their own production plant were designed in 2018 for installation in 2019.

Promote inclusive and sustainable economic growth, employment and goodworking conditions for all.

- Code of conduct both internally and externally.
- Bulten's global HR policy.
- Monitoring of health and safety, also a company-wide project group.
- Long-term employments (low percentage of contracted staff).
- Increased assessment of the supply chain from a social perspective.

Build resilient infrastructure, promote sustainable industrialization and foster innovation.

- Investments in new and existing plants.
- Supporting suppliers in their development, contributing to global trade
- Cooperation with universities in sustainable technology.

Ensure sustainable consumption and production patterns.

- Environmental certification for all Bulten units during 2018.
- Responsible consumption of transportation services.
- Wastewater treatment.
- Recycling

Take urgent action to combat climate change and its impacts.

- Training of employees and suppliers and communication help to raise awareness.
- Recycling.
- Water treatment.
- Extended assessment of the supply chain from an environmental perspective.
- See also SDG 7.

"Our health and safety project will help us become even better in preventing injuries and accidents.

CHRISTINE SCHMIDT, Process- and Management System Representative

I started at Bulten as an apprentice 18 years ago. After the apprenticeship period I was employed, and since then I have worked in customer service and logistics. In 2016 I started in our department for process-oriented integrated management systems, where I mainly work with issues related to health and safety and our quality management system.

My job is very versatile and developing. I am part of a Group-wide project in health and safety, which gives us all great opportunities to learn from each other and to harmonize current processes in all our units. Currently we are checking to see if it makes sense to introduce Group-wide software for health and safety, and there are plans to start a campaign to raise awareness of reporting near misses.

What are you looking forward to in 2019?
I look forward to continued good development in process management, as it brings us greater openness and increased efficiency. In addition I look forward to further development of our health and safety project, which will help us to be even better in preventing injuries and accidents. This is a focus area for Bulten which I am happy to be a part of.

DEDICATED EMPLOYEES

A strong contributing factor to Bulten's success is its dedicated employees. Good relationships and open dialog are key in maintaining and developing the knowledge and culture that has been built up over many years. We want to be a secure employer for our personnel, and to offer the best possible pre-requisites and conditions.

It is the expertise and strong dedication of our employees that make Bulten's sustainable development possible. We therefore place great emphasis on creating a workplace where everyone can thrive, with the right pre-requisites and opportunities to develop.

GOOD GETS EVEN BETTER

We aim to be a long-term employer, and our employees' competence development is as important to the company as it is to the individual. Much of the competence development takes place through internships and experience exchange at the workplace, both at their own workplace but also at other units. The results of cooperation across national borders has been very positive since it creates internal networks, which facilitates problem-solving and contributes very positively to various development projects.

During 2018 we launched a global HR system with a training platform. It means that our development offer can be communicated and made available in a simple way and further developed in an efficient and positive way.

EMPLOYEES OF THE FUTURE

There is increasing competition for employees with the skills that are important to us. The fact that the Bulten brand is associated with a good corporate culture and respect for employees is a major advantage when recruiting new colleagues.

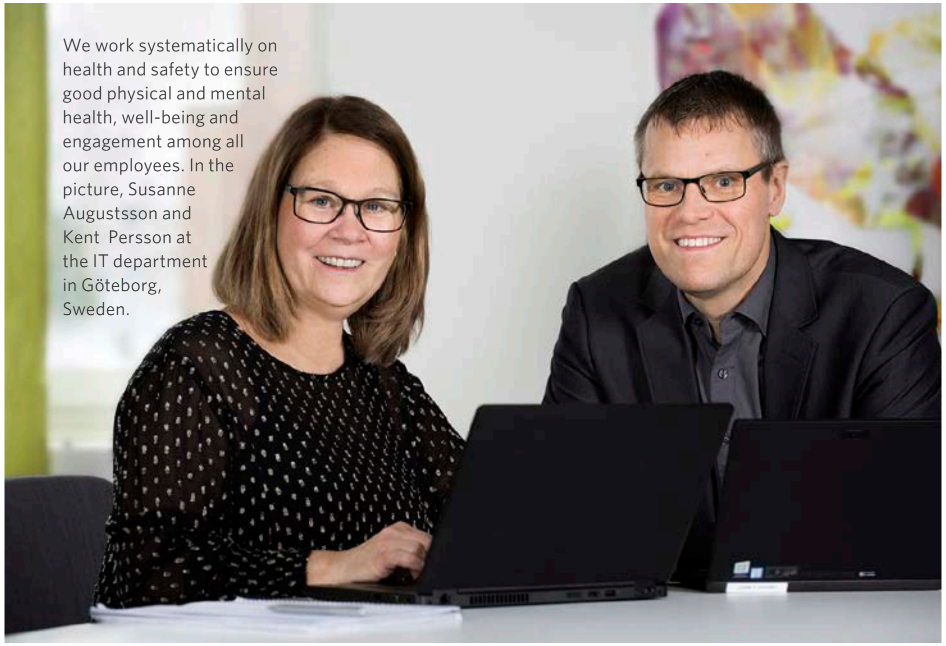
As far as possible, we strive to offer permanent employment after a probationary period, and our percentage of contracted personnel amounts to approximately 2.5% of the total number of people in service. In countries where independent trade unions are not allowed, we create forums for dialog in different ways, in order to ensure the cooperation between employer and employees.

EMPLOYEE WELL-BEING EQUALS BULTEN'S WELL-BEING

We work systematically with health and safety measures to ensure good physical and mental health, well-being and engagement among all our employees. Another aim of this work is to prevent accidents in the workplace, and all accidents and incidents are followed up and reported as part of our systematic approach. The number of accidents leading to sick-leave has decreased compared with 2017. A Group-wide project was implemented in 2018 to lay the foundation for more uniform efforts related to the working environment, and to identify causes and actions to reduce the number of accidents.

THE GROUP'S HR WORK

During 2018 we have harmonized the HR work further and have for instance implemented a training catalogue, and a platform for e-learning, recruitment and a career portal. This helps us to



We work systematically on health and safety to ensure good physical and mental health, well-being and engagement among all our employees. In the picture, Susanne Augustsson and Kent Persson at the IT department in Göteborg, Sweden.

73 Index for employee engagement

16.8% Reduction of accidents as leads to sick leave

16.9 Average number training hours per employee and year maintain our role as an attractive employer. To support the implementation of the HR strategy, we continue to implement our global HR system by migrating existing processes, for example employee appraisals, in the coming year.

EMPLOYEE SURVEY

In order to to gather input for our sustainability work and to get the employees' opinions of Bulten as a workplace and employer, we conducted a global employee survey for the first time during 2018. Similar surveys have previously been carried out locally. The results of the first global survey were very positive, with an Employee Engagement Index of 73. Other important aspects that emerged are summarized in the stakeholder mapping on page 29.

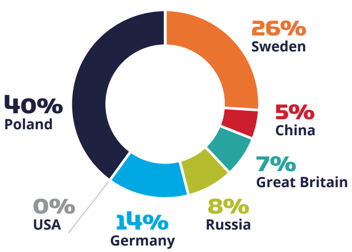
The results of the survey have been presented to employees, and each subsidiary has developed an action plan for improvement activities, which are followed up by the executive management team. The survey is a vital tool in our continued development, and an opportunity for employees to influence their future with the company.

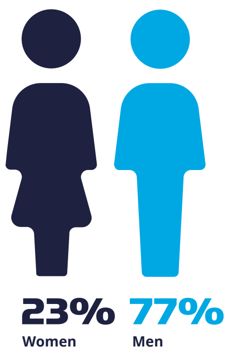
EQUALITY AND DIVERSITY

Our HR policy focuses on areas such as e.g. equality and diversity, and provides support in work against harassment of different kinds, as well as discrimination. It is important that everyone at Bulten feels responsible for combating discrimination and harassment, and works for greater equality. Our policy is an important tool in this process, as is e.g. training of managers and employees.

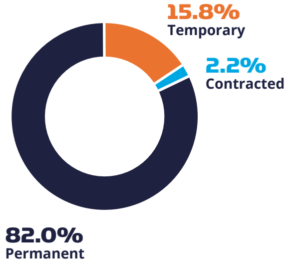
At the beginning of 2017, the Group's board adopted a diversity policy for its board work. These matters are also followed up in the employee survey and in development interviews.

Geographic distribution





Employment category



BULTEN'S CORE VALUES

Bulten strives to maintain and develop a corporate culture characterized by an open-minded atmosphere, non hierarchical, helpfulness, and opportunities for continuous development. The company's core values are the foundation of the corporate culture and originate in the company's history. They define the way we work and behave, and inspire and support us in our efforts to continue building a successful, sustainable business.

PROFESSIONAL

We take full responsibility throughout the value chain, delivering quality at every stage and making sustainability a natural part of all activities in our company. In our customer relations we are responsive, friendly and accountable.

INNOVATIVE

We are constantly pushing the boundaries of our business. With proven and new technology and creative ideas, we are striving to improve fastener applications, quality and enhance cost efficiency.

DEDICATED

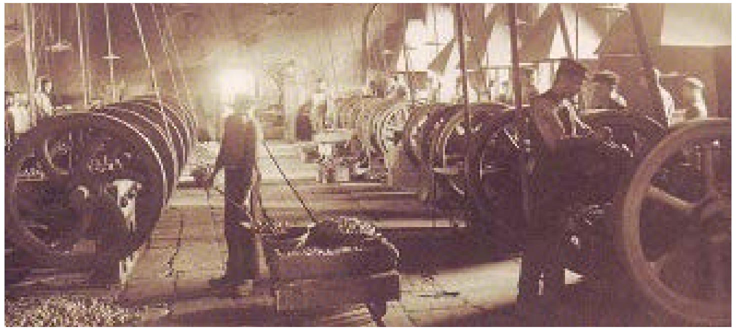
We are passionate about the fastener industry and will always go that extra mile to meet the expectations of our clients. We are proud to carry forward the long heritage of Bulten into a challenging and exciting future.

EMPOWERED

At Bulten you'll meet highly skilled and motivated people, willing and empowered to make decisions and drive progress. We keep our promises and provide the strongest possible solution for your fastening requirements.

HISTORY

1873



It has been 145 years since young Stockholm engineers Nils Petersson and Gottfrid Rystedt saw Bulten's potential. They went to wholesaler Herman Friedländer, who wrote a prospectus and convinced some friends and acquaintances to guarantee the start-up capital of 225,000 old crowns. In February 1873, Bultfabriksaktiebolaget was instituted. Some suitable land for the new factory was found by the Kolbäck river in Hallstahammar, central Sweden, next door to the old iron works. To begin with there were 20 employees.

The 20th century

1960 Bulten moves into new headquarters. In the early 1990s, crucial steps in the company's history were taken. Production in Sweden was streamlined and restructured, and Hallstahammar began focusing exclusively on the automotive industry.

New production units were acquired in Germany, Poland and China, and sales offices were established there and in the UK and France.

The 21st century

In 1997 Bulten was listed on the Stockholm Stock Exchange, but just four years later was acquired by Finnveden and delisted again. When Bulten was once again listed in the Nasdaq Stockholm Small Cap segment in 2011, it was as a division of the Finnveden-Bulten Group. In 2014 the board decided to focus exclusively on fasteners for the automotive industry, and the Finnveden Metal Structures division was divested. The company took on new management and the name was changed back to Bulten; the next year, the company was moved up to the Mid Cap segment.

In recent years Bulten has also established itself in Russia, Romania and the USA, business has grown and major new contracts have been won, primarily as part of the Full Service Provider (FSP) concept. In 2018 Bulten had approximately 1,400 employees and net sales of SEK 3,132 million – breathtaking figures for Messrs Petersson, Rystedt and Friedländer.

BULTEN

STRONG FINANCES ALLOW FLEXIBILITY

Bulten's strong balance sheet, with low indebtedness and good liquid funds, provides flexibility and preparedness for the future, both when it comes to investments in increased capacity and for strategic acquisitions.

CLEAR FINANCIAL MANAGEMENT

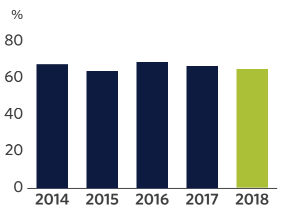
Our profitable growth, combined with a strong balance sheet, allow great flexibility. We can manage the higher formation of capital that comes with growth, but can also take action should a strategic acquisition opportunity arise.

Our financial management enables long-term, cost-effective production. With clearly defined key indicators, guidelines and targets, we ensure the best possible use of capital.

High equity ratio and low net debt

In 2018 our equity/assets ratio was 64.8% (66.8) and net debt SEK -181 million (SEK -49 million), which equates to a net debt in relation to EBITDA of -0.6 (-0.2). The net debt/ equity ratio is -0.1 times (-0.0). The capital turnover rate 1.9 times, still at the same level as in 2018. We monitor the capital structure closely.

Equity/assets ratio, %



Good liquidity

Access to capital allows flexibility. Our financial policy ensures that we always have a prudent level of disposable funds. At the end of 2018 there was an available liquidity reserve in the Group of SEK 612.9 (450.6) million, which corresponds to 19.6% (15.8) of net sales.

During the second quarter 2018, the company signed a new, extended financing agreement with an operating and real estate credit facility totaling SEK 750 million, compared to the previous SEK 460 million. The agreement covers a period of 4+1+1 years and initially runs until the end of June 2022. Otherwise the new financing agreement entails no significant changes compared to the previous one.

We focus on profitable growth and cash flow, and our actions are always based on the lowest possible risk at any given time.

TAX POLICY WITH RESPONSIBILITY

We have drawn up a tax policy which establishes how we can work responsibly as a tax payer on a global level. In it we promote and place demands on ethical, transparent business transactions and tax compliance, while also fulfilling OECD Transfer Pricing Guidelines.

We take great care to clarify that Bulten is a company that wants to do the right thing. We report and present our tax position in line with statutory standards and regulations.

In 2018 we paid SEK 26 (25) million in income tax and our tax expense was equivalent to 29.1% (24.8). We paid SEK 131 million in social security contributions, of which SEK 20 million related to pension costs. In addition we paid withholding tax and value-added tax. During the year we utilized SEK 14 million in loss carry-forward.

SUSTAINABLE PROFITABILITY BENEFITS STAKEHOLDERS

We actively run our organization to be profitable over time and handle anticipated growth, and thanks to this we can create a sustainable business. With a strong financial platform as a foundation, we create stability and security, both within the Group and for our owners, customers, employees, suppliers and society at large.

We work together to ensure the company's share yields a competitive total return in relation to risk. Consequently, all actions should be based on the long-term perspective, and we practice open, true and fair reporting to shareholders, the capital and credit market, and to the media, although without exposing individual business relations.

We may acquire and transfer our own shares to adapt our capital structure to the capital requirement or raise cash, or to finance investments or share savings programs. We may not trade our own shares, however, for the purposes of short-term profit.

With this sustainable approach, we create great benefit for all our stakeholders. Our ability to quickly increase our capacity makes us a dependable player, and also builds trust among suppliers and partners who invest in long-term collaborations. It also means our employees regard us as a long-term employer and invest their time in developing with the company. Shareholders can enjoy a strong yield from a solid company with a valuation that is expected to continue rising. Last but not least, society benefits from our profitability through taxation.

LONG-TERM FINANCIAL TARGETS SECURE A GENEROUS DIVIDEND POLICY

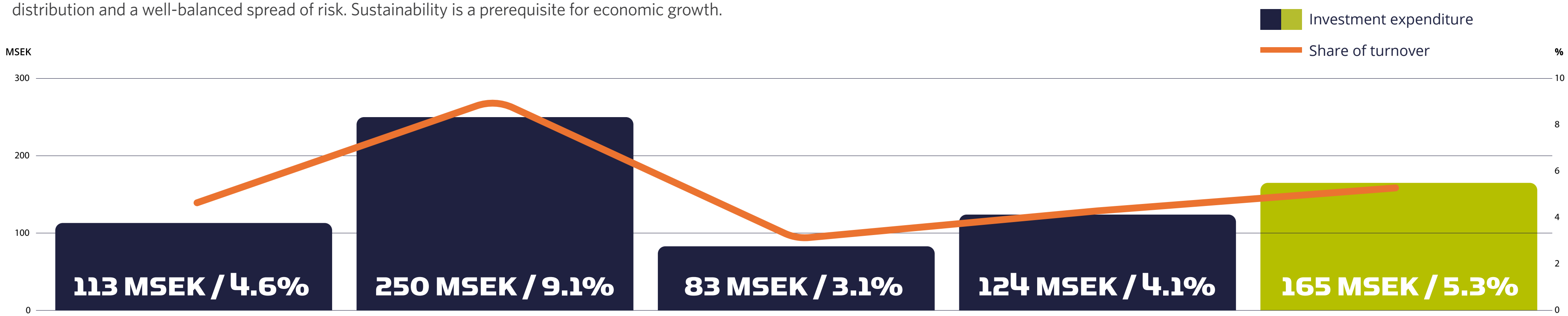
- Profitable organic growth, grow more strongly than the industry average
- Operating margin >7%
- Return on average capital employed (ROCE) >15%
- Dividend policy >1/3. Over time, to pay out a dividend of at least one third of net earnings after tax. Consideration is given, however, to Bulten's financial position, cash flow and outlook.

* For target outcomes, see page 10.

Key financial indicators	2018	2017
Net sales	3,132	2,856
Gross profit	586	558
Earnings before depreciation (EBITDA)	300	290
Operating earnings (EBIT)	210	210
Operating margin, %	6.7	7.4
Earnings after tax	143	159
Order bookings	3,098	3,015
Net debt/equity ratio, times	-0.1	0.0
Equity/assets ratio, %	64.8	66.8
Return on capital employed, %	12.8	14.4

INVESTMENTS FOR CONTINUED GROWTH

Bulten invests and develops its business at a low risk. We continuously invest in increased delivery capacity and efficiency, primarily with our own resources. Invested capital is generally between 2 and 3 percent of annual turnover, but may in the short term be more when adapting to higher volumes or a higher degree of refinement. Over the next three years the percentage will be a bit higher as a result of already planned investments to raise capacity in line with antici–pated growth. These investments will, also improve our production efficiency even further. Our produc–tion units have a geographical distribution and a well-balanced spread of risk. Sustainability is a prerequisite for economic growth.



2014

SEK 113 million, 4.6% of turnover. Investments in more energy-efficient production equipment, more recycling and better treatment equipment. Investments in Poland have increased capacity in Poland by about 30%. During the year Bulten grew by 34%.

2015

SEK 250 million, 9.1% of turnover. Continued investments in production and logistics platforms, primarily in Poland. Investments have increased capacity in Poland by about 30% for the second consecutive year. Investments have also been made at other operating sites to enhance production capacity and the degree of refinement. SEK 116 million relates to the acquisition of a production property in Hallstahammar. During the year Bulten grew by 12%, and the higher investment rate was part of Bulten's optimization program, which led to a higher operating margin.

2016

SEK 83 million, 3.1% of turnover. Continued investments to become the most cost-effective manufacturer of fasteners in the industry. A decision was made to invest EUR 9 million in new surface treatment plants at the German and Polish units. Estimated payback of just over two years after production begins in 2018–2019. As well as increased competitiveness and improved profitability, these investments entail less transportation, thus reducing environmental impact.

2017

SEK 124 million, 4.3% of turnover. Bulten increases its capacity in Europe to meet future volumes. A decision was made to invest in an additional plant for production and distribution in Poland, which is planned for completion during 2019, and in a new heat treatment plant in Sweden. During the year Bulten grew by 6.7%.

2018

SEK 165 million, 5.3% of turnover. Bulten continuing to increase its capacity to meet future volumes and opportunities. During 2018 Bulten has invested in a new heat treatment line in Hallstahammar, the line should be ready to come into operation at the end of Q1 2019. This investment will increase the capacity by 25% in Hallstahammar while also increasing energy efficiency. During the year Bulten grew by 9.7%. The investment of the additional plant in Poland has been delayed due to negotiations on land exploitation and building.

RISK FACTORS

Exposure to risk is a natural part of a business and this is reflected in Bulten's approach to risk management. The aim of risk management is to identify risk and prevent risk arising, while also limiting any damage that arises from these risks.

Bulten categorize its risk as business cyclical and external risks, operational risks, sustainability risks and financial risks. A description of how the Group management assesses and manages the main risks in the operation from a time frame of 1–3 years. A more detailed description can be found in note 5, page 63.

FINANCIAL RISKS

- A Currency risk
- B Liquidity risk
- C Interest rate risk
- D Credit risk
- E Capital risk

SUSTAINABILITY RISKS

- F Energy use
- G Emission
- H Organization and competence supply
- I Shortcomings in equality and diversity, and discrimination
- J Shortcomings in health and safety
- K Violation of human rights
- L Corruption

BUSINESS CYCLE AND EXTERNAL RISKS

- M Market and macroeconomic risks
- N Legal and political risks
- O Trends and driving forces
- P Force majeure

OPERATIONAL RISKS

- Q Customer dependency
- R Global supply chain
- S Product liability, warranty and recall
- T Suspension of operations and property damage
- U Environmental risks
- V IT-related risks

RISK AREA		DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT
FINANCIAL RISKS					
A	**Currency risk**	• Bulten operates internationally and is exposed to currency risk in the form of currency exposure, mostly in EUR, PLN, GBP, USD, CNY and RUB.	• Bulten manages currency risk primarily by trying to change the operational conditions in the business by getting revenues and costs in currencies other than SEK to match each other.	**Likely**	**Moderate**
B	**Liquidity risk**	• The risk that the Group cannot meet payment commitments due to insufficient liquidity or problems in raising credit from external creditors.	• Bulten's management team continually monitors the Group's liquidity reserves that comprise liquid funds and unutilized credit facilities.	**Very unlikely**	**Low**
C	**Interest rate risk**	• The Group's interest rate risk arises through short and long-term loans where a sharp rise in interest rates could affect the company's position and earnings.	• Bulten's interest rate risk is deemed to be low due to the low level of borrowing. As of 31 December 2018 the Group's net debt was SEK 181 million.	**Very unlikely**	**Low**
D	**Credit risk**	• Credit risk arises with regard to liquid funds and holdings at banks and financial institutions, as well as credit exposure including outstanding receivables and contracted transactions.	• The Group's accounts receivable are spread across a large number of customers and historically the Group's bad debts have been very low. • Liquid funds are invested exclusively with credit institutions with high credit ratings.	**Very unlikely**	**Low**
E	**Capital risk**	• The risk that the Group does not have the right capital structure to keep costs and capital down.	• Bulten has a clear dividend policy and the management team continuously monitors refinancing requirements for operating activities.	**Very unlikely**	**Negligible**
SUSTAINABILITY RISKS					
F	**Energy use**	• Increased production and future processes will lead to greater energy use. The risk is that Bulten does not have access to energy produced by renewable sources of the corresponding needs.	• Bulten continuously monitors its energy consumption in order to streamline and reduce consumption of non-renewable energy. • The starting point when procuring energy is that it should come from renewable sources. • In investments, energy efficiency is a decision parameter.	**Possible**	**Moderate**
G	**Emissions**	• Bulten use of transport services entails the use of fossil fuels.	• Bulten is working to optimize its logistical flows. • Emission requirements are set when procuring transport services for at least Euro 5/6 as well as sustainability focus.	**Likely**	**Moderate**
H	**Organization and competence supply**	• Bulten depends on being able to attract/recruit and retain the right staff and management to safeguard Bulten's core values. The risk of not being perceived as an attractive employer could affect this adversely. • A lack of employee commitment could have a direct negative impact on the company's brand, position and results.	• Bulten's core values and leadership foundation. • Bulten's global HR policy. • HR system that helps the organization to implement and follow up HR policy and strategy. • Employee surveys with concrete action plans and internal development and career opportunities. • Clear vertical and horizontal communication as regards to short-term goals and strategy.	**Unlikely**	**High**
I	**Shortcomings in equality and diversity, and discrimination**	• Bulten operates in a traditionally male-dominated industry. • Lack of diversity in the parent company's board can lead to a lack of gender equality.	• In order to combat discrimination and harassment and to ensure a more equal company, Bulten works with its HR policy and processes for e.g. recruitment. • Employee survey, measurement and follow-up. • Transparency regarding policies via the intranet, staff manuals and reporting of violations as regards discrimination. • The Nomination Committee focuses on the equal composition of the Board. • Gender equality policy for the Board and the business.	**Possible**	**Moderate**
J	**Shortcomings in health and safety**	• Working environment, health and safety are strategically important to Bulten. Shortcomings in the work on working environment, health and safety entail a higher risk of ill health.	• Bulten works systematically to secure and improve the working environment. • Bulten measures and follows up important KPIs relating to health and safety. Improvement activities are identified and implemented. • Bulten encourages wellness activities for its employees.	**Possible**	**Moderate**
K	**Violation of human rights**	• Bulten operates on a global market where insight into human rights may be limited. This entails a risk that Bulten could contribute to violations of human rights.	• Bulten is a signatory member of the UN Global Compact. • Bulten has formulated an official statement on modern slavery and human trafficking. • A code of conduct and a comprehensive global HR policy which state Bultens policy on human rights. • Bulten also applies a code of conduct for business partners (suppliers, JV partners, etc). • Supplier strategy including the qualification process, which includes all sustainability aspects.	**Possible**	**Moderate**
L	**Corruption**	• Corruption occurs in all countries and sectors, although to varying degrees. Bulten runs the risk of being involved in unethical business. Areas deemed to be at particular risk are the sales and purchasing process, and the exercise of authority of Governments.	• Bulten trains employees in its code of conduct, anti-corruption and other policies. Along with the framework for internal control and monitoring, this forms the basis of a correct approach with regard to business ethics and accurate financial reporting. • Bulten's application of global and local certification manuals. • Procurement processes that ensure good business ethics. • Supplier strategy including the qualification process, which includes all sustainability aspects.	**Likely**	**Moderate**

RISK AREA	DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT
BUSINESS CYCLE, MARKET AND EXTERNAL RISKS				
M **Global market and macroeconomic risks**	• Bulten operates on a cyclical global market governed by macroeconomic factors.	• Bulten meets these risks by operating in different markets and segments, such as cars and commercial vehicles.	**Very likely**	**Low**
N **Legal and political risks**	• Bulten operates in various jurisdictions and is subject to local regulations and laws in each jurisdiction, in addition to general international rules. Changes in local and international rules and laws could impact on the Group's business. • Bulten operates in countries where instances of geopolitical risk are deemed higher than in Sweden. Political unpredictability can also entail greater risk in these jurisdictions. • Depending on the content of the agreement, a Brexit may entail a cost increase for the business in the form of duties and fees.	• Bulten meets these risks through continual risk assessment and by using external expertise as necessary in each identified area of risk. Bulten's code of conduct, together with internal controls for financial reporting, form the basis for its business ethics and accurate financial reporting. • Political risk can also be limited somewhat through collaboration with locally based businesses.	**Very likely**	**Moderate**
O **Trends and driving forces in the automotive industry**	• Bulten operates in a competitive, cost-conscious market with high demands on environmental issues, quality, delivery precision, technological development and customer service. • Price pressure is a natural aspect of Bulten's industry. • Developments of products and materials could change Bulten's competitiveness.	• Bulten meets risk associated with competition through its FSP concept. This means that Bulten is always focused on high competence in the specific areas of production, quality, logistics, technology and service. • The Group monitors research and development in the automotive industry, as well as market trends. • Bulten works continuously to create added value for customers, as well as scope to meet the industry's needs for cost reductions. • By conducting its own development in e.g. new materials and applications, the risk of lost competitiveness is deemed to be low.	**Very likely**	**Low**
P **Force majeure**	• Global just-in-time logistics have made global trade more sensitive to disruptions such as natural disasters and strikes.	• Capacity planning and good relations with customers and suppliers reduce the risk of disruptions in global production and logistics.	**Unlikely**	**Low**
OPERATIONAL RISKS				
Q **Customer dependency**	• Bulten's customers include virtually every vehicle manufacturer in Western Europe, and a few key customers account for a large proportion of the Group's sales. • Bulten's turnover is dependent on customer's success with their range of models on the market.	• The FSP concept comprises pre-development, product and technological development, production, quality, logistics and service, and entails a close collaboration with customers. • Underlying contracts with key customers relate to a wide range of different products and contracts with different durations and counterparties. • Bulten operates in different markets and segments, such as cars and commercial vehicles.	**Unlikely**	**Moderate**
R **Global supply chain**	• Various risks exist relating to global goods flows, such as reliance on specific suppliers, intermediate goods and logistics, as well as quality risks. • Bulten is dependent on raw materials and intermediate goods for delivery to customers. • Volatility in prices for raw materials and intermediate goods could affect the Group's earnings.	• Bulten balances these risks with active, professional work on purchasing, quality and logistics. • The global purchasing strategy is under constant review and updating, the aim being to optimize the purchase of materials and intermediate goods towards greater sustainability and cost-efficiency. • Customers usually compensate Bulten for price volatility in materials.	**Possible**	**Low**
S **Product liability, warranty and recall**	• Bulten has product responsibility and can be exposed to warranty claims if products supplied by the Group cause damage to persons or property.	• Bulten meets this risk through comprehensive testing during the product design and development phases and by implementing quality, management and control measures throughout production. • Bulten has insurance covering a certain amount of damages relating to product responsibility and recall.	**Unlikely**	**Moderate**
T **Suspension of operations and property damage**	• Damage to production equipment could have a negative impact, both due to direct damage to property and in terms of down time.	• Bulten performs routine maintenance on production equipment and has strong internal and external support networks in the industry. Bulten also has insurance cover for down time caused by damage to property.	**Possible**	**Moderate**
U **Environmental risks**	• Bulten conducts activities requiring permits and reporting in several jurisdictions.	• Bulten meets these risks by ensuring that the company has all the necessary permits and contracts, and that it meets established security, reporting and control requirements.	**Unlikely**	**Low**
V **IT-related risks**	• Bulten is dependent on IT systems and hardware to conduct its business. Breakdowns in these systems or hardware would risk disrupting production and the ability to meet customer delivery times. • Risk of unauthorized intrusion into systems.	• Bulten has developed an IT environment that can quickly be replicated in the event of a breakdown. • Bulten has well-established routines relating to information security and processes for follow-up and control (ITGC).	**Unlikely**	**Low**

SHAREHOLDER INFORMATION

Bulten AB (publ) was listed on Nasdaq Stockholm on 20 May 2011. The company is on the Mid Cap list under the BULTEN 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

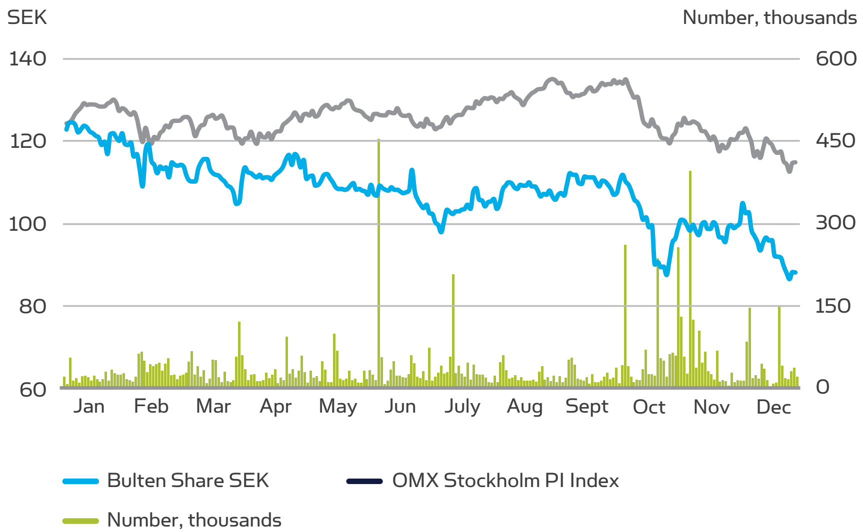
During 2018, Nasdaq Stockholm declined by 7.7% (+6.4). Bulten's sector index, Stockholm Automobiles & Parts, declined by 20.7% (+0.3). Bulten's share price declined by 28.0% (+37.6) from a rate at the start of the year of SEK 122.50 (89.00) to SEK 88.20 (122.50). The lowest closing price, SEK 85.90, was noted on 27 December and the highest, SEK 124.40, on 2 January. The market value of Bulten at the end of 2017 was SEK 2,577 (1,873) million. A decrease in market value of SEK -721 (704) million

SHARE TURNOVER

Bulten's total share turnover in 2018 was 8.9 (5.6) million shares, corresponding to an average turnover of 35.5 (22.2) thousand shares per day over 250 (251) trading days.

The turnover rate, calculated as the number of traded shares in relation to the total number of shares in the company, was 42.1% (26.5).

SHARE PERFORMANCE 2018



SHAREHOLDERS

As of 31 December 2017, Bulten had 7,401 (6,631) shareholders. The number of registered shareholders abroad was 16.2% (22.4), of which 6.4% (8.8) were held by owners in the USA, 2.5% (5.4) by owners in UK and 2.1% (3.2 by owners in Luxembourg.

The five largest shareholders as of 31 December 2018 had a total of 55.2% (52.5) of the capital and votes, with the three largest holding 49.1% (44.7).

Bulten is the fourth largest shareholder and owned 4.3% at year-end. Senior management of the Group and elected board members' shareholdings were 2.3% (2.3) at the end of the year.

DIVIDEND POLICY AND DIVIDEND

Bulten's target over time is to pay out a dividend of at least one third of net earnings after tax. Consideration is given, however, to the company's financial position, cash flow and outlook. For 2018 the Board intends to propose to the Annual General Meeting a total dividend of SEK 4.00 (3.75) per share for the financial year. This represents a dividend of approximately 55% (47) of net earnings after tax.

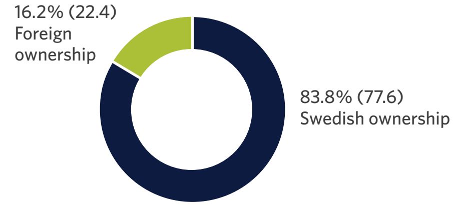
FINANCIAL INFORMATION

Bulten publishes four interim reports a year and an annual report. These reports are available to read, download or order as a printed copy from the company's website, www.bulten.com.

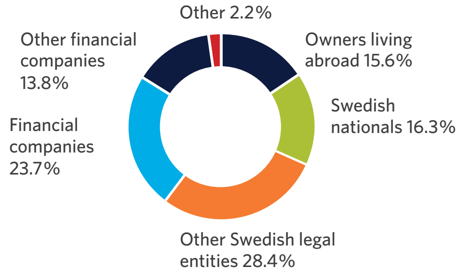
2019 ANNUAL GENERAL MEETING

The Annual General Meeting of Bulten AB (publ) will be held on Thursday 25 April at 17.00 CET at the company's head office at August Barks gata 6A in Gothenburg, Sweden.

Swedish and foreign ownership



Ownership structure



OWNERSHIP STRUCTURE, 31 DECEMBER 2018

SHARE INTERVAL	NO. OF OWNERS	NO. OF SHARES	SHAREHODING,%
1–500	5,978	783,264	3.7
501–1,000	764	650,494	3.1
1,001–5,000	529	1,185,925	5.6
5,001–10,000	54	412,509	2.0
10,001–15,000	11	142,076	0.7
15,001–20,000	11	196,084	0.9
20,001-	54	17,669,855	84.0
Total	**7,401**	**21,040,207**	**100.0**

Source: Euroclear Sweden AB register, 31 December 2018.

BULTEN'S FIVE LARGEST SHARE-HOLDERS, 31 DECEMBER 2018

NAME	NO. OF SHARES	SHARE OF VOTES AND CAPITAL, %
Volito AB	4,750,000	22.6
Investment AB Öresund	2,900,000	13.8
Lannebo fonder	2,674,367	12.7
Bulten AB	907,220	4.3
Spiltan Fonder AB	388,620	1.8
Five largest owners	11,620,207	55.2
Total other owners	9,420,000	44.8
Total	**21,040,207**	**100.0**

Source: Euroclear Sweden AB register, 31 December 2018.

NO. OF SHARES

	REGISTRATION DATE	CHANGE IN NO. OF SHARES	NO. OF SHARES AFTER ISSUE
New share issue 1)	2011-05-25	1,842,777	21,040,207
New share issue 2)	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	321,500	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	2018	2017
Share price at year-end (closing price paid), SEK	88.20	122.50
Highest share price during the year (price paid), SEK	124.40	135.50
Lowest share price during the year (price paid), SEK	85.90	89.00
Market value at year-end, SEK M	1,856	2,577
P/E	12.26	15.36
Yield, %	4.54	3.06
Data per share		
Earnings before depreciation (EBITDA)	14.78	14.22
Operating earnings (EBIT)	10.32	10.32
Earnings after net financial items (EAFI)	9.76	10.32
Earnings for the year	7.19	7.98
Shareholders' equity	74.70	70.76
Cash flow from operating activities	6.14	2.88
Cash flow for the year	-1.56	-3.13
Proposed dividend	4.00	3.75
Total outstanding ordinary shares, 000		
Weighted total	20,323.7	20,359.7
At year-end	20,133.0	20,359.7

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

COMPANY	ANALYST
Carnegie	Kenneth Toll Johansson
Handelsbanken Capital Markets	Hampus Engellau
Kepler Cheuvreux	Mats Liss

PRESS RELEASES

Q1

29 Jan	Invitation to presentation of Bulten's Q4 report 2017
8 Feb	Bulten's Q4 report 2017
26 Feb	New employee representative appointed to the Bulten AB (publ) board
20 March	Notice to attend Annual General Meeting of Bulten AB (publ)

Q2

4 April	Bulten's Swedish Annual Report including Sustainability Report for the 2017 financial year is published
12 April	Invitation to presentation of Bulten's Q1 report 2018
19 April	New employee representative appointed to the Bulten AB (publ) board
26 April	Bulten's Q1 report 2018
26 April	Press release from the Annual General Meeting of Bulten AB (publ) 26 April 2018
18 May	Bulten receives Jaguar Land Rover Global Supplier Excellence Award
20 June	Anders Nyström new President and CEO of Bulten
26 June	Invitation to presentation of Bulten's Q2 report 2018

Q3

10 July	Bulten AB (publ) utilizes authorization for the acquisitionof own shares
11 July	Bulten's Q2 report 2018
19 Sep	Bulten's Annual Report voted best in Sweden

Q4

2 Oct	Bulten awarded Electric Vehicle Drive Technologies FSP contract
5 Oct	Invitation to presentation of Bulten's Q3 report 2018
19 Oct	Bulten AB (publ):s Nomination Committee for 2019 AGM appointed
25 Oct	Bulten continues to grow and relocate its operation in China
25 Oct	Bulten's Q3 report 2018
23 Nov	Bulten awarded further Electric Vehicle Drive Technologies FSP contract

GRI INDEX

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	GLOBAL COMPACT PRINCIPLE
GRI 102: General Disclosures 2016 (Core level)				
Organization profile				
102-1	Name of the organization	Bulten AB	page 59 note 1	
102-2	Activities, brands, products and services		pages 4, 18–19, 20–21, 22–23, 24–25	
102-3	Location of headquarters	Gothenburg	pages 59, note 1, page 116	
102-4	Location of operations		pages 4, 59 note 3	
102-5	Ownership and legal form		pages 40–41, 59 notes 1 and 3	
102-6	Markets served		page 4, page 18, page 68, note 6	
102-7	Scale of the organization	Bulten reports the number of employees financially according to the definition Average number of employees (FTE). The number of FTEs at the end of 2018 was: 1433. An increase of 128 from 2017. In order to provide information about the organization, Bulten has chosen to use another definition, Headcount (HC), which encompasses the actual number of employees, including absent employees and temporary employees, regardless of working hours. Total number of employees, Headcount (HC): 1557 of whom are permanent: 1306 (83.9%) and temporary: 251 (16.1)% An increase in the total headcount (HC) of 137 compared with 2017.	pages 4, 9 page 18 page 52, page 59, note 1, pages 55–56 definitions page 100	
102-8	Information on employees and other workers in the organization	See 102-7. Bulten has no traditional seasonal variation, but the year reflects the customers' production days, which vary between quarters. Normally, the lowest net sales and operating earnings are seen in the third quarter with the lowest number of production days. The other quarters are relatively even but may vary slightly. Bulten gathers data on the number of employees (Headcount) via the local HR organization in each country. Total number of employees: 1557, of whom 23% women and 77% men. All values are rounded to one decimal place. Note that the figures are rounded, so amounts might not always appear to match when added up. Percentage of employees by region (EU and Outside of EU):	pages 32–33	

NUMBER BY EMPLOYMENT FORM, SEX, REGION		PERMANENT EMPLOYEES		TEMPORARY EMPLOYEES		TOTAL	
		FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	%	NUMBER
EU	Total	67.8%	2.8%	13.9%	0.3%	84.8%	1320
	Women	14.3%	2.2%	2.8%	0.0%	19.4%	302
	Men	53.4%	0.5%	11.1%	0.3%	65.4%	1018
Outside of EU	Total	13.4%	0.0%	1.9%	0.0%	15.2%	237
	Women	2.3%	0.0%	1.3%	0.0%	3.7%	57
	Men	11.0%	0.0%	0.5%	0.0%	11.6%	180
All regions	Total	81.1%	2.8%	15.8%	0.3%	100%	1557
	Women	16.6%	2.2%	2.2%	0.0%	23%	359
	Men	64.5%	0.5%	11.6%	0.3%	77%	1198

Total number of contractors: 35, of which in EU: 35 and outside of EU: 0. Contracted employees comprise 2.2% of the total number of employees.

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	GLOBAL COMPACT PRINCIPLE
102-9	Supply chain		pages 24–26	
102-10	Significant changes to the organization and the supply chain	No significant changes occurred during the reporting period. Financial position and profit/loss during the report period; A detailed report of the Group's financial position and profit can be found in the Board of Directors' Report.	page 59 note 2, page 89 note 38	
102-11	Precautionary principle	Policies, certification, risk assessment, etc.	page 19, 28-31, 35, 37-39	Principles 1, 2,
102-12	External sustainability initiatives that the organization supports/covered by	Global Compact, signatory membership	page 7, 28, 30-31	
102-13	Membership in organizations	EIFI – European Industrial Fasteners Institute: Bulten holds the chair position. Swerea IVF AB trade association: active membership in research projects. SAMS - Swedish Association for Material Sourcing: A trade association in the area of material supply. Bulten is represented through its position on the board of directors.		
Strategy				
102-14	Statement from senior executives		pages 6–7	
102-15	Key impacts, risks, and opportunities		pages 29, 37–39, 63–68 note 5, 16, 12-13	
Ethics and integrity				
102-16	Values, principles, and ethical guidelines	Core values, CEO's statement, success factors, Sustainability work, Dedicated employees, Financial management	page 4, pages 6–7, 8–9, 28-31, 32-33, 35	Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10
Governance				
102-18	Governance structure	Corporate Governance Report	pages 28, 101-107 and illustration on page 107	
Stakeholder dialog				
102-40	List of stakeholder groups		page 29	
102-41	Collective bargaining agreements	Bulten operates in countries where collective bargaining agreements are not permitted. Bulten expresses its view in its global HR policy. Around 70–75% of Bulten's employees are covered by collective bargaining agreements.	page 33	Principle 3
102-42	Identifying and selecting stakeholders	Workshops have been held regularly in management teams involving all departments and subsidiaries including the company management, and also on strategy days. The Sustainability Committee regularly reviews the results of surveys, self-assessment forms, feedback from stakeholders, etc.	page 29	
102-43	Approaches to stakeholder engagement	See table	page 29	
102-44	Key issues raised	See table	page 29	
Accounting practices				
102-45	Entities included in the consolidated financial statements		page 59 note 3	
102-46	Defining report content and clarifying issues	Bulten has carried out structured work alongside management functions and the Sustainability Committee to define stakeholders and significant focus areas. Bulten has started from its value chain to define impacts and to prioritize focus areas.	pages 28–31	
102-47	List of material topics	Materiality analysis	page 30	

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	GLOBAL COMPACT PRINCIPLE
102-48	Restatements of information	IFRS9 Financial instruments and IFRS15 has been introduced but the standards do not result in any restatement of information submitted.	page 69 note 6	
102-49	Changes in reporting	None		
102-50	Reporting period	Financial year: 1 January – 31 December 2018	page 59 note 1	
102-51	Date of publication for the most recent report	4 April 2019.		
102-52	Reporting cycle	Annual (calendar year)	page 59 note 1	
102-53	Contact point for questions regarding the report	Financial data, EVP & CFO, Sustainability reporting: SVP HR & Sustainability	pages 110–111	
102-54	Reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Core level	page 28	
102-55	GRI-index		pages 42–49	
102-56	External review	There has been no external review of the report.		
Bulten's own dis-closure	Sustainability report according to Swedish Annual Accounts Act (1995: 1554), Section 10-14	Index for Bulten's Sustainability Report in accordance with Swedish law and the Auditor's Report.	page 50	

Material topics				
GRI 200: General disclosures 2016 (Core level)				
Economic standards				
GRI 205: Anti-corruption 2016				
103-1 – 103-3	General requirements for reporting the management approach		pages 3, 11, 19, 26, 28-30, 37-39 and 104–105	Principle 10
205-1	Operations assessed for risks relating to corruption	Own operation and to some extent the supply base.	pages 29, 37-39	Principle 10
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidences of corruption in 2018.		
Environmental standards				
GRI 302: Energy 2016				
103-1 – 103-3	General requirements for reporting the management approach		pages 11, 26, 30 and 37–39	

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
302-1	Energy consumption within the organization	2018 is the first year when all of Bulten's manufacturing departments are included in the information. a) Fuel consumption from non-renewable sources*: 42,516,761 kWh (48,319,182 kWh). a) Fuel consumption from renewable sources: 0 kWh c) Total consumption i) electricity: 53,179,105 kWh ii) heating: 3,692,047 kWh iii) cooling: 0 kWh iv) steam: 209,779 kWh d) Bulten does not sell electricity, heating, cooling or steam and therefore does not report this. e) Total energy consumption: 95,695,866 kWh f) Warehousing of finished goods is not included in the data. g) The data comes from Bulten's energy providers. * mainly natural gas for direct consumption in the production processes.	page 28	Does not include Bulten NA, whose production started in the fourth quarter.	Principles 7, 8 and 9
302-3	Energy intensity	All of Bulten's manufacturing units are included in the information. This is the first year that Bulten is reporting this information. a) Energy intensity: 2.05 kWh/kg b) Produced (cold headed) kg c) All consumption is included, i.e. fuel consumption and purchased electricity, heating and steam. d) Only energy consumption within Bulten's production units.		Does not include Bulten NA, whose production started in the fourth quarter.	Principle 7, 8 and 9
303-1	Water consumption	All of Bulten's manufacturing units are included in the information. This is the first year that Bulten is reporting this information. a) Net recovered water i) Surface water: 0 m^3 ii) Ground water: 0 m^3 iii) Rain water: 0m^3 iv) Waste water from other activity: 0 m^3 v) Municipal water: 46,281 m^3 b) Assumptions Information collected via own separate water meter or supplier's water meter. Regarding Bulten China calculated numbers based on invoiced cost.		Does not include Bulten NA, whose production started in the fourth quarter.	Principle 7, 8 and 9
305-1	Direct GHG emissions (Scope 1)	All of Bulten's manufacturing units are included in the information. This is the first year that Bulten is reporting this information. a) Gross emissions: 8,099,041 kg b) All GHG gases are included c) CO2 emissions from biogenic sources: 0 kg d) Calendar year 2018 e) The factors are collected from the suppliers f) The information is consolidated to guide operations g) The information comes mostly from burning gases in the manufacturing processes.		Does not include Bulten NA, whose production started in the fourth quarter.	Principle 7, 8 and 9

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
305-2	Indirect GHG emissions (Scope 2)	All of Bulten's manufacturing units are included in the information. This is the first year that Bulten is reporting this information. a) Gross emissions: 22,636,050 kg b) Not applicable c) All GHG gases are included d) Calendar year 2018 e) The factors are collected from the suppliers f) The information is consolidated to guide operations g) The information is primarily based on the purchase of electricity, heating and steam.		Does not include Bulten NA, whose production started in the fourth quarter.	Principle 7, 8 and 9
305-4	GHG emissions intensity	The information includes all of Bulten's production units. This is the first year that Bulten is reporting this information. a) GHG emissions intensity: 0.66 kg CO_2e/kg b) Produced (cold headed) kg c) Scope 1 (direct, from fuel consumption) and scope 2 (indirect, from the purchase of electricity, heating, and steam) are included d) All GHG gases are included		Does not include Bulten NA, whose production started in the fourth quarter.	Principle 7, 8 and 9
306-2	Waste	All of Bulten's manufacturing units are included in the information. This is the first year that Bulten is reporting this information. a) hazardous waste i, reuse: 17 kg ii, recycling: 396,235 kg iii, composting: 0 kg iv, recovery: 1,822,039 kg v, incineration: 42,091 kg vi, deep well injection: 0 kg vii, landfill: 163,214 kg viii, on-site storage: 115,118 kg ix, other: 31,006 kg b) non-hazardous waste i, reuse: 95,731 kg ii, recycling: 3,240,354 kg iii, composting: 0 kg iv, recovery: 163,292 kg v, incineration: 108,500 kg vi, deep well injection: 0 kg vii, landfill: 56,972 kg viii, on-site storage: 0 kg ix, other: 3,581 kg c) ii, recycling: The absolute majority has been provided by contracted party		Does not include Bulten NA, whose production started in the fourth quarter.	Principle 7, 8 and 9

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
Bulten's own disclosure: Environmental standards					
Bulten's own disclosure regarding renewable energy					
Bulten's own disclosure	Percentage of renewable energy	34% of Bulten's energy consumption, all production units, comes from renewable sources. The renewable portion originates entirely from the purchase of electricity, primarily for the unit in Hallstammar.		Does not include Bulten NA, whose production started in the fourth quarter.	Principles 7, 8 and 9
Bulten's own disclosure regarding energy consumption					
Bulten's own disclosure	Reduction in consumption of non-renewable energy	In accordance with the intentions of the UN and EU, Bulten is working to reduce its environmental impact, often via improvement projects within a specific area of activity, where there is an exchange of knowledge with other departments at the end of the project. Bulten's production unit in Poland completed a long-term project in 2018 where heating was recovered from different parts of production in order to heat up water that was then used in both the production process as well as to heat buildings and provide warm water on tap. This project reduces energy consumption by approximately 2150 MWh per year, which corresponds to a CO_2 reduction of approximately 400 tons.	page 28		Principles 7, 8 and 9
Social standards					
GRI 401: Employment 2016					
103-1 – 103-3	Disclosure regarding management approach		page 11, 28, 32-33		
401-1	Recruiting new employees and employee turnover	Bulten's new recruits and employee turnover includes all departments. To calculate the recruitment percentage and employee turnover, an average made up of the total number of employees at the end of 2017 and 2018 was used.			

Total number of permanent employees and temporary employees recruited in 2018: 311 (recruitment l rate 20.9%), of which 77 women (24.8%) and 234 men (75.2%).
Recruited employees by age group, by gender within age group per region 2018:

	<30 YEARS			30-50 YEARS			>50 YEARS		
	TOTAL	M	F	TOTAL	M	F	TOTAL	M	F
Total	46.9%	82.2%	17.8%	40.8%	65.4%	34.6%	12.2%	81.6%	18.4%
of which:									
EU	87.7%	74.7%	13.0%	65.4%	50.4%	15.0%	89.5%	73.7%	15.8%
Outside of EU	12.3%	7.5%	4.8%	34.6%	15.0%	19.7%	10.5%	7.9%	2.6%

Employee turnover. Total turnover 13.6% during 2018 corresponding to 202 employees, of which 64 women (31.7%) and 138 men (68.3%). From the total employee turnover, 8.8% is made up of full-time employees and 4.8% are temporary employees.

Employee turnover by age group, by gender within the age group per region 2018:

	<30 YEARS			30-50 YEARS			>50 YEARS		
	TOTAL	M	F	TOTAL	M	F	TOTAL	M	F
Total	28.7%	81.0%	19.0%	45.0%	57.1%	42.9%	26.3%	73.6%	26.4%
of which:									
EU	87.9%	74.1%	13.8%	69.2%	49.5%	19.8%	98.1%	71.7%	26.4%
Outside of EU	12.1%	6.9%	5.2%	30.8%	7.7%	23.1%	1.9%	1.9%	0%

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
GRI 403: Health and safety at work 2016					
103-1 – 103-3	General requirements for reporting the management approach		page 29, 32-33, 38		
403-2	Injuries, work-related illnesses, lost workdays, absences and work-related fatalities	All units, excluding the parent company (Bulten AB) are included in the summary below. The number includes everyone, i.e. employees and contractors: IR, Incident rate (number of accidents * 200,000/total number of working hours): 8.38. (First year with correct data, therefore no comparison with 2017). LDR, Lost work day rate (number of days absent due to accidents * 200,000/ total number of hours worked): 25.83. A reduction of 17.67 (40.1%) LTIR = Lost Time Injury Rate (number of accidents that led to an absence * 200,000/total number of hours worked): 1.98: A reduction of 0.4 (16.8%). SR, Severity rate (number of days absent due to accidents/number of accidents with at least one day of absence): 13.02. A reduction of 5.27 (28.8%). FAR, Fatal accident rate (number of fatalities * 200,000/total number of hours worked): 0. (2017 FAR: 0) NM, Near miss (number of near misses *200.000/total number of hours worked): 4.56. An increase of 1.52 (50%). This is positive because reporting near misses provides good assumptions for proactive work to prevent accidents. Total sick leave in 2018 (permanent and temporary): 4.59. An increase of 0.19% compared with previous year.	page 11, 32-33	Bulten does not monitor/report non-work related illnesses and accidents by gender and per region.	
GRI 404: Training and development 2016					
103-1 – 103-3	General requirements for reporting the management approach	The employee's job description forms the basis for prioritizing the training and development of the employees. Each manager is responsible for ensuring that there are clear roles and that the employee has the skills to do a good job and for regularly monitoring performance and development. Each employee has a responsibility for acquiring the expertise that is necessary in order to be able to perform their work tasks fully and correctly. Bulten's HR policy is designed to create insights, compliance and equal treatment of Bulten employees regardless of gender or employment.	pages 32–33		
404-1	Average number of training hours per employee	Total number of training hours in 2018: 26,371. Average number of training hours by gender and employment type in 2018: (see table below)	page 32		Principle 6
404-3	Percentage of employees who regularly have performance and professional development interviews	Bulten conducted a global employee engagement survey in 2018, where the question was asked whether the employee has had a performance and development dialogue at any time in the past 12 months. The results of the question are listed below: Answered positively (has had one such meeting): 53% Answered that they did not know: 14% Did not answer the question: 33%	page 28, 33	The results of the survey were not broken down by employee category or by gender due to confidentiality. Therefore, Bulten cannot report the results by employee category.	

AVERAGE NUMBER OF TRAINING HOURS	PERMANENT EMPLOYEE	TEMPORARY	TOTAL
Men	17.3 hours	13.9 hours	16.8 hours
Women	17.3 hours	17.0 hours	17.3 hours
Total	17.3 hours	14.7 hours	16.9 hours

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
GRI 405: Diversity and equal treatment 2016					
103-1 – 103-3	General requirements for reporting the management approach		page 28, 30, 32-33		
405-1	Diversity among Board of Directors, management and employees	Distribution between women and men of total number of employees (Headcount): Women 23%, Men 77%.	page 38, 108-109	Bulten has not reported gender by age group for different employee categories and no data is available. Therefore unable to report employee categories separately.	Principle 6

DISTRIBUTION BY AGE GROUP	YOUNGER THAN 30 YEARS OF AGE	BETWEEN 30 AND 50 YEARS OF AGE	OLDER THAN 50 YEARS OF AGE
% Men	82.8	74.0	78.4
% Women	17.2	26.0	21.6
Age group as % of total employees	20.2	52.5	27.3

		The company's (Bulten AB, publ) Board: Women 12.5%, Men 87.5%. Total number 8 members including 2 ordinary employee representatives. Age group Younger than 30: 0, Aged 30-50: 4, Older than 50: 4.			
		Bulten's Group management: Women 33.3%, Men 66.7%. Total 9 members. Age group Younger than 30: 0, Aged 30-50: 0, Older than 50: 9 (100%).	pages 110–111		
GRI 406: Non-discrimination 2016					
103-1 – 103-3	General requirements for reporting the management approach		page 30, 33, 38		
406-1	Incidents of discrimination and corrective actions taken	No reported incidents of discrimination in 2018.			Principle 6
GRI 414:	**Assessment of suppliers based on social criteria**				
103-1 – 103-3	Disclosure regarding management approach	When interacting with a new supplier, Bulten's requirements are communicated through: General Terms and Conditions, Bulten's code of conduct for suppliers and business partners. The decision to reach an agreement with the new supplier is made jointly by the VP Bulten Purchase, VP Quality and Environment and VP Logistics. The criteria that are described above are included as an integral part of the decision.	page 11, 26		Principle 1-10
414-6	New suppliers that have been screened based on social criteria	In 2018, 11 new suppliers for direct material were introduced. All (100%) have been screened in accordance with the following criteria: • Approval of Bulten's general terms and conditions, which also include social criteria. • Acceptance of Bulten's code of conduct for suppliers and business partners. • That the supplier has a code of conduct of their own that includes social criteria if the supplier has a code of conduct that includes social criteria intended for the supplier's own supply chain.	page 26		Principle 1-10
Other information: Human rights					
Child labor		Bulten's code of conduct, Global HR policy, code of conduct for suppliers, monitoring of suppliers, working conditions, and human rights.	page 33		Principles 1, 2, 5
Forced labor		Bulten has drawn up guidelines to combat modern slavery and trafficking.	www.bulten.com/en About-Bulten/Sustainability/Statement-Modern-Slavery		Principles 1, 2, 4
Other information:					
The UN's 17 Sustainable Develop-ment Goals		Bulten has mapped its impact/contribution regarding the UN's 17 Sustainable Development Goals.	pages 31, 37–39		Principles 1, 2, 7, 8, 9

Index Bulten's Sustainability Report in accordance with the Swedish Annual Accounts Act (1995:1554)

DISCLOSURE	PAGE REFERENCE
The company's business model	4, 8, 14-15, 18-19, 20-23, 24-26, 37-39, 63-67.
Environmental issues	9, 11, 13, 26, 28-31, 37-39, 44-47, 53, 65, 68
Social issues	26, 28-33, 35, 37-39, 65
Personnel issues	9, 11, 13, article page 17, article page 23, article page 27, 28–31, 31–33, 37–39, 45–48
Human rights	7, 11, 26, 28-31, 31-33, 37-39, 48, 65-66
Anti-corruption	7, 11, 13, 19, 26, 28-31, 43-44, 65

The sustainability reporting encompasses the Group and all subsidiaries covered by the requirement on sustainability reporting.

Auditor's assurance statement on the statutory Sustainability Report

To the general meeting of shareholders of Bulten AB (publ), reg. no. 556668-2141

Engagement and responsibility
The Board of Directors is responsible for the statutory Sustainability Report for the year 2018 on the pages referenced above, and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Focus and scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 Auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Gothenburg, 20 March 2019
PricewaterhouseCoopers AB

Fredrik Göransson
Authorized Public Accountant

FINANCIAL INFORMATION

BOARD OF DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer hereby submit the annual report and consolidated financial statements for Bulten AB (publ), corporate registration number 556668-2141, for the 2018 financial year.

Ownership structure

Bulten (publ) is listed on Nasdaq Stockholm. The largest shareholders were Volito AB 22.6% (21.2), Investment AB Öresund 13.8% (10.8) and Lannebo Fonder 12.7% (12.7).

THE GROUP'S BUSINESS

Bulten develops and manufactures fasteners and supplies products, and technology, servicing and system solutions for the automotive industry. The Group acts as a business partner to international customers, mainly in the automotive industry. Customers are mostly based in Europe, Asia and the US.

Bulten is one of the few companies in Europe that provide full-service accountability throughout the value chain for fasteners, from development of the product to final delivery to the customer's production line.

Production takes place mostly in Europe, although the Group also operates production plants for fasteners in China, Russia and the USA.

At the end of 2018, Bulten had business in eight countries, averaging 1,433 (1,305) employees, an increase of 9.8% from the end of 2017. The Group's invoiced sales in 2018 were SEK 3,132 (2,856) million, an increase of 9.7% compared with the previous year.

The year in brief

In 2018, Bulten grew quicker than the increase in production in the European vehicle market, thus strengthening its market position. Bulten's market grew by 0.3% over the year. Bulten's FSP (Full Service Provider) concept is growing stronger all the time and has contributed to growth of 9,7% in 2018, despite increased unease on the market during the autumn. The increased volatility in demand for vehicles is partly an effect of new environmental tax regulations in several European countries, as well as uncertainty regarding Brexit. This was particularly palpable throughout the industry during the fourth quarter, when car sales declined on most of the world's important markets. In 2017, Bulten entered a new phase of growth with good conditions for the business to continue to grow organically within the global automotive market, based on contracts that have already been signed and increasing volumes in the underlying contract portfolio, with annual sales of EUR 65 million at full production in year 2021.

Bulten also won new FSP contracts for electric cars during the year, which shows that we are well positioned for new business in this growing segment. Bulten is continuing to invest in higher production capacity to deliver received orders, and in further streamlining our operation.

Profit before tax amounted to SEK 210 million, corresponding to 6.7% of sales. Profitability was affected negatively by increased world prices on steel and other metals, as well as an irregular production speed as a result of the volatility in demand. There was an adaptation to the prevailing situation in production towards the end of the year, with a certain lead time. Although volatility on the market was palpable towards the end of the year, Bulten is in an excellent starting position over the medium and long term.

The results per-share dropped by 9.9% from 7.98 SEK to 7.19 SEK as a result primarily of currency fluctuations and increased taxes. The return on capital employed (ROCE) dropped to 12.8%. The lower ROCE was due primarily to the reduced profit margin. The capital turnover rate of 1.9 times remains at the same level as 2017. Bulten's strong financial position serves as a sound basis for continued investment in future growth.

An operating cash flow of SEK 125 million was generated during the year, with net debt amounting to SEK 181 million at the end of the year.

The rate of investment of 5% of sales in 2018 was slightly higher than Bulten's average rate of investment, but in line with Bulten's ambition to become the industry's most cost-effective manufacturer of fasteners. As communicated previously, Bulten now faces a higher rate of investment to meet future volumes and increase our capacity in Europe and China. The plan includes ongoing investment in a new heat treatment plant in Hallstahammar, involving an increase in capacity of 25 percent. A decision was made to relocate the Chinese operation from Beijing to Tianjin.

In autumn 2017, Bulten decided to invest approximately PLN 80.5 million (approx. SEK 177 million) in a new, strategically important production and logistics plant in Poland. The project has however been delayed due to negotiations on land development and construction, and this will raise the costs.

In addition to increased competitiveness and improved profitability, the result of these investments means fewer shipments, leading to a smaller environmental impact.

During the year, work continued getting established in the USA.

The technical expertise within Bulten, combined with many years of experience in successfully supplying the automotive industry with complex and critical fasteners, has been instrumental in helping Bulten win new contracts and advancing their position in terms of environmentally-friendly cars. In addition, Bulten is involved in the development of several hybrid drivetrains and is at the forefront of providing vehicle manufacturers with the latest technology. Bulten's success is based on innovative sustainable solutions.

Orders received and net sales

Orders received for the full year were SEK 3,098 million (3,015), which was 2.8% higher than in the previous year.

Net sales for the full year totaled SEK 3,132 (2,856) million, which is an increase of 9.7%.

According to LMC Automotive (LMC), production of light vehicles in Europe increased by 0.2%. According to LMC Automotive (LMC), production of heavy vehicles in Europe increased by 0.7% during all of 2018 compared with 2017. Weighted for Bulten's exposure, this means that average growth in the sector was 0.3% in 2018.

Key financial indicators

REMAINING OPERATIONS	2018	2017	2016	2015	2014
Net sales	3,132	2,856	2,676	2,693	2,414
EBITDA margin, %	9.6	10.1	10.1	8.4	7.4
EBIT margin (operating margin), %	6.7	7.4	7.5	6.1	5.5
Adjusted EBIT margin (operating margin), % *	6.7	7.4	7.5	5.8	5.1
Capital turnover rate, times	1.9	1.9	1.8	1.9	1.7
Return on capital employed, %	12.8	14.4	13.9	11.5	9.6
Return on equity, %	9.9	11.7	11.5	9.4	15.0
Net debt/equity ratio, times	-0.1	-0.0	0.0	-0.1	0.1
Interest coverage ratio, times	18.2	38.8	30.6	14.4	8.7
Equity/assets ratio, %	64.8	66.8	68.9	64.0	67.5
Average no. of employees	1,433	1,305	1,264	1,199	1,175

*) Adjusted EBIT margin. Operating profit adjusted for non-recurring costs as a percentage of net sales for the year.

Earnings and profitability

The Group's gross profit was SEK 586 (558) million, corresponding to a gross margin of 18.7% (19.6).

Earnings before depreciation (EBITDA) amounted to SEK 300 (290) million, corresponding to an EBITDA margin of 9.6% (10.1).

Earnings before tax (EBIT) amounted to SEK 210 (210) million, corresponding to an operating margin of 6.7% (7.4).

Profitability was affected negatively by higher global market prices for steel and other metals as well as an uneven rate of production, but it was largely balanced out by currency effects; the operating earnings were affected positively by exchange rate fluctuations of SEK 2 (-2) million net on converting working capital at the exchange rate on the closing date. In the previous year, operating profit was affected positively by an amount of SEK 4 million attributable to a recovered claim. Costs related to the start of restructuring in China amounted to SEK 1 million over the year. The total expense for restructuring and relocation of the Chinese operation is estimated at SEK 16 to 20 million, the main part burdening the 2019 figures.

The Group's net financial items were SEK -12 (0) million. Financial income amounted to SEK 0 (6) million, the previous year included a foreign-exchange gain of SEK 6 million. Financial expenses were SEK -12 (-6) million, comprising interest expenses of SEK -4 (-4) million, foreign exchange losses of SEK -5 (-) million and other financial expenses of SEK -3 (-2) million.

The Group's earnings before tax amounted to SEK 198 (210) million and earnings after tax were SEK 143 (159) million.

Cash flow, working capital, investments and financial position

Cash flow from operating activities before changes in working capital totaled SEK 254 (259) million, which equates to 8.1% (9.1) of net sales. The effect of the change in working capital on cash flow amounted to SEK -129 (201) million. Inventories changed during the year by SEK 176 (83) million, while current receivables changed by SEK -52 (212) million. Current liabilities changed by SEK -29 (93) million.

Accounts receivable during the past year averaged SEK 595 (546) million, which equates to 19.0% (19.1) of net sales. Average inventories amounted to SEK 621 (491) million, corresponding to an inventory turnover of 4.1 (4.7) times.

Investments in intangible and tangible fixed assets amounted to SEK 165 (123) million. Investments of SEK 164 (122) million relate to tangible fixed assets. The corresponding amount for intangible fixed assets is SEK 1 (1) million. Depreciation amounted to SEK -90 (-80) million.

Consolidated cash equivalents amounted to SEK 18 (48) million at the year-end. In addition, the Group had approved but unused overdraft facilities of SEK 590 (399) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 611 (446) million. Consequently, disposable cash and cash equivalents amounted to 19.5% (15.6) of net sales.

Consolidated total assets at year-end were SEK 2,338 (2,178) million. Equity in the Group was SEK 1,514 (1,454) million at the end of the financial year. In addition to the net profit for the year of SEK 143 (159) million, translation differences totaling SEK 17 (24) million and transactions with shareholders totaling SEK -100 (-86) million have had an impact on equity.

On the closing date, net debt amounted to SEK 181 million. Net debt for the previous year amounted to SEK 49 million. Net debt adjusted for financial leasing agreements amounted to SEK 145 million. Adjusted net cash for the previous year amounted to SEK 12 million.

The equity/assets ratio was 64.8% (66.8). Group goodwill at the end of the financial year was SEK 201 (203) million, or 8.6% (9.3) of total assets.

Risks and risk management

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

Risks to the business can be categorized as financial risks, sustainability risks, business cycle and external risks, and operational risks. For a description of how the Group manages these risks in its activities, see Note 5.

Permits and the environment

Bulten engages in manufacturing at six facilities, located in Sweden, Germany, Poland, China, Russia and the USA.

At the end of 2018, the Swedish plant in Hallstahammar was subject to permit requirements under the Swedish Environmental Code. The permit requirements are due to the nature of the operations, which principally comprise activities involving cold work processing, finishing (heat and surface treatment) and assembly. The primary environmental impact derives from manufacturing processes in the form of emissions to water and air, waste generation, resource utilization, noise and transportation.

Manufacturing units outside Sweden adapt their operations, apply for the necessary permits and report to the authorities as required by local legislation.

Bulten has an explicit strategy for reducing the environmental impact of, among other things, its process water, energy consumption, transport, chemicals and waste.

Significant events after the end of the financial year

Bulten has signed a Full Service Provider (FSP) contract for fasteners in a new vehicle program, worth in the region of EUR 13 million a year at full production in 2021, starting in late 2019.

Anders Nyström took over as CEO and President on 8 February 2019.

There are no other significant events to report after the closing day.

Outlook 2019

86% of Bulten's net sales in 2018 were attributable to light vehicles and 14% to commercial vehicles. 91% of total sales were attributable to direct deliveries to vehicle manufacturers (OEMs) and the remainder to their subcontractors and other actors.

Bulten has noted continued strong demand. The management team estimates that Bulten's market share amounts to 18% of the European market for fasteners for the automotive industry and 65% of FSP business in the same market, which is an increase of five percentage points from 2017. The information is based on data on the European automotive industry's purchases of fasteners in 2018 according to the European Industrial Fasteners Institute (EIFI).

Bulten's underlying market is also showing growth. According to LMC Automotive's forecast in Q4, annual production of light vehicles in Europe is expected to increase by 0.2% in 2019 compared with 2018, while annual production of commercial vehicles is expected to rise by 0.7%. Weighted for Bulten's business exposure, this means a rise of 0.3%.

Bulten considers that the expansion of automotive manufacturers in growth markets will continue to benefit the company. Furthermore, Bulten continues to see good prospects for expansion through new and existing contracts.

PARENT COMPANY

Bulten AB (publ) owns, directly or indirectly, all the companies in the Group.

The equity/assets ratio was 71.8% (75.1). Equity amounted to SEK 1,115 (1,124) million.

There were no cash or cash equivalents on the closing date. The company had nine employees on the closing date.

Total number of shares

The total number of shares is 21,040,207. The total number of outstanding shares as of 31 December 2018 was 20,132,987.

Board activities

The Board has adopted a set of working procedures, instructions and a number of policies that define the allocation of responsibilities between the Board, the President and CEO, committees appointed by the Board and Group management. The Board has ultimate responsibility for the Group's operations and organization and ensures that the duties of the President and CEO as well as financial operations are carried out in compliance with established principles. The Board held twelve minuted meetings during the year, including one strategy meeting, and one budget and business-planning meeting.

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

Guidelines for remuneration to senior executives

The 2018 Annual General Meeting adopted the following guidelines for remuneration to senior executives. The guidelines cover remuneration and other employment terms and conditions for Bulten's President and CEO and other senior executives.

Salaries and other terms and conditions of employment shall be such that Bulten can always attract and retain skilled senior managers at a reasonable cost to the company. Remuneration within Bulten shall be based on the nature of the position, principles of performance, competitiveness and fairness. The salaries of senior executives consist of a fixed salary, bonuses, pension and other benefits. Every senior executive shall be offered a fixed salary in line with market conditions and based on the senior executive's responsibility, expertise and performance. In addition, the AGM may decide 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 joint interest in share value growth for shareholders and employees.

All senior executives may, from time to time, be offered cash bonuses. In the case of the President and CEO such bonuses may amount to a maximum of 60% of their annual fixed salary. In the case of the other senior executives, bonuses may not exceed 40% of their annual fixed salaries. Bonuses shall be based primarily on developments in the Group as a whole or developments in the division or unit for which the person in question is responsible. For further information about remuneration to senior executives, see Note 8 to this annual report.

Prior to the 2019 AGM, the Board is proposing to maintain essentially the same guidelines for remuneration to senior executives for 2019.

Corporate governance report

Bulten is submitting a separate corporate governance report, in accordance with the Annual Accounts Act, section 6:8, which is included in this annual report on pages 101 to 107.

Sustainability report

Bulten is providing a sustainability report according to the Annual Accounts Act, section 6, paragraph 11, which is included in this annual report, see page 50 for more information.

Appropriation of earnings

Bulten's goal over time is to appropriate at least one third of its net profit after tax. Nevertheless, consideration should be given to Bulten's financial position, cash flow and outlook.

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

Premium reserve	1,132,950,039
Profit brought forward	-128,458,425
	1,004,491,614

The Board of Directors and the President and CEO propose that these earnings be appropriated as follows (SEK):

Board's proposed divided (SEK 4.00 per share)	80 303 584
To be carried forward	924 188 030
Total	1,004,491,614

It is proposed that 29 April 2019 be the settlement date for the dividend. If the meeting resolves in accordance with the proposal, the dividend is expected to be distributed to the shareholders by Euroclear Sweden AB on May 3, 2019. As of 20 March 2019, there were a total 21,040,207 shares in the company, of which 964,311 are held by the company. The dividend amount of SEK 80,303,584 shall therefore be divided among the 20,075,896 shares that are entitled to receive the dividend.

Statement of the Board concerning the proposed dividend

The equity/assets ratio as of 31 December 2018 was 71.8% for the Parent Company and 64.8% for the Group. No part of the Parent Company's or the Group's equity relates to market values of financial instruments. The currently proposed dividend of SEK 80,303,584 means that the Parent Company's equity/assets ratio will fall to 70.3% and the Group's equity/assets ratio will fall to 63.5%.

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. The Board's statement in accordance with chapter 18, section 4, of the Swedish Companies Act has been published in a separate document.

CONSOLIDATED INCOME STATEMENT

SEK MILLION	NOTE	2018	2017
Net sales	6	3,132	2,856
Cost of goods sold	7	-2,546	-2,298
Gross profit		**586**	**558**
Other operating income	11	19	25
Selling expenses	7	-229	-196
Administrative expenses	7	-173	-177
Other operating expenses	11	-1	-4
Share of profit in joint ventures	34	8	4
Operating profit	8, 9, 10, 12	**210**	**210**
Financial income	13	0	6
Financial expenses	13	-12	-6
Earnings before tax		**198**	**210**
Tax on profit for the year	15	-55	-51
Earnings after tax		**143**	**159**
Attributable to			
Parent Company shareholders		146	162
Non-controlling interests		-3	-3
Earnings after tax		**143**	**159**
Profit per share (SEK) attributable to Parent Company shareholders			
Profit per share (SEK) before dilution	16	7.19	7.98
Profit per share (SEK) after dilution	16	7.18	7.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	2018	2017
Earning for the year		143	159
Other comprehensive income			
Items not to be reversed in the income statement			
Revaluation of defined-benefit pension plans, net after tax		0	-1
Items that may later be reversed in the income statement			
Exchange differences		18	24
Other comprehensive income attributable to joint venture	34	-1	1
Total other comprehensive income		**17**	**24**
Total comprehensive income for the year		**160**	**187**
Attributable to			
Parent Company shareholders		164	187
Non-controlling interests	27	-4	-4
Total comprehensive income for the year		**160**	**183**

Comments on the consolidated income statement

Net sales for the full year totaled SEK3,132 (2,856) million, which is an increase of 9.7%. The Group's gross profit amounted to SEK 586 (558) million, corresponding to a gross margin of 18.7% (19.6).

Earnings before depreciation (EBITDA) amounted to SEK 300 (290) million, corresponding to an EBITDA margin of 9.6% (10.1).

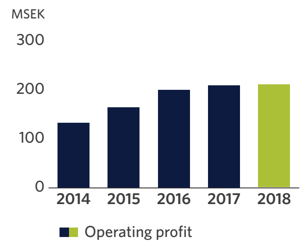
Earnings before tax (EBIT) amounted to SEK 210 (210) million, corresponding to an operating margin of 6.7% (7.4). Profitability was affected negatively by higher global market prices for steel and other metals as well as an uneven rate of production, but it was largely balanced out by positive currency effects of SEK 2 (-2) million net on converting working capital at the exchange rate on the closing date. In the previous year, operating profit was affected positively by an amount of SEK 4 million attributable to a recovered claim.

The Group's net financial items were SEK -12 (0) million. Financial income was SEK 0 (6) million, including foreign exchange gains of SEK -(6) million.

Financial expenses were SEK -12 (-6) million, comprising primarily interest expenses of SEK -4 (-4) million, foreign exchange losses of SEK -5(-) million and other financial expenses of SEK -3 (-2) million.

The Group's earnings before tax amounted to SEK 198 (210) million and earnings after tax were SEK 143 (159) million.

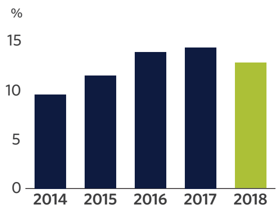
Operating profit, SEK million operating margin, %



The Group's operating profit amounted to SEK 210 million, which is the same level with the previous year.

The operating margin is 6.7% for 2018. This is 0.7% lower than in the previous year.

Return on capital employed (ROCE), %



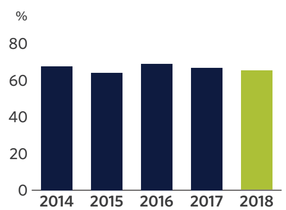
The return on capital employed (ROCE) amounts to 12.8% (14.4). A decrease attributable to lower operating margins.

CONSOLIDATED BALANCE SHEET

SEK MILLION	NOTE	31 DEC 2018	31 DEC 2017
ASSETS			
Non-current assets			
Intangible fixed assets			
Goodwill	17	201	203
Other intangible fixed assets	17	4	3
Total intangible fixed assets		**205**	**206**
Tangible fixed assets			
Land and buildings	18	178	183
Plant and machinery	18	355	299
Equipment, tools, fixtures and fittings	18	58	54
Construction in progress and advances for tangible fixed assets	18	111	92
Total tangible fixed assets		**702**	**628**
Financial assets			
Investments in joint venture	34	1	1
Other long-term receivables	19, 24	5	4
Total financial assets		**6**	**5**
Deferred tax assets	15	5	8
Total fixed assets		**918**	**847**
Current assets			
Inventories	20	709	533
Current receivables			
Accounts receivable	21, 24	569	621
Current tax receivables		6	11
Other receivables	22	39	41
Prepaid expenses and accrued income	23	80	77
Total current receivables		**693**	**750**
Cash equivalents	24, 35	18	48
Total current assets		**1,420**	**1,331**
Total assets		**2,338**	**2,178**

SEK MILLION	NOTE	31 DEC 2018	31 DEC 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	25	11	11
Other contributed capital	25	1,263	1,263
Other reserves	26	57	39
Profit brought forward		173	127
Equity attributable to Parent Company shareholders		**1,504**	**1,440**
Non-controlling interests	27	10	14
Total equity		**1,514**	**1,454**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	28	16	13
Interest-bearing liabilities	24, 29, 30	185	84
Total long-term liabilities		**201**	**97**
Current liabilities			
Interest-bearing liabilities	24, 29, 30	3	4
Accounts payable	24	414	432
Current tax liabilities		32	6
Other liabilities		51	55
Accrued expenses and deferred income	31	122	130
Other provisions	32	1	–
Total current liabilities		**623**	**627**
Total equity and liabilities		**2,338**	**2,178**

Equity/assets ratio, %



Comments to the balance sheet

Average working capital amounted to SEK 722 (560) million, which corresponds to 23.0% (19.6) of net sales. Working capital has been driven by positive developments in volume.

Consolidated total assets at year-end were SEK 2,338 (2,178) million. Equity in the Group was SEK 1,514 (1,454) million at the end of the financial year. The equity/assets ratio was 64.8% (66.8).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	NOTE	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS						
		SHARE CAPITAL	OTHER CONTRIB-UTED CAPITAL	OTHER RESERVES 1)	RETAINED EARNINGS	TOTAL	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
Opening balance as of 31 December 2017		**11**	**1,263**	**13**	**56**	**1,343**	**14**	**1,357**
Comprehensive income								
Earnings for the year		–	–	–	162	162	-3	159
Other comprehensive income								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax 2)		–	–	–	-1	-1	–	-1
Items that may later be reversed in the income statement								
Exchange differences		–	–	25	–	25	-1	24
Other comprehensive income attributable to joint venture	34	–	–	1	–	1	–	1
Total comprehensive income		**–**	**–**	**26**	**161**	**187**	**-4**	**183**
Transactions with shareholders								
Transactions with non-controlling interests		–	–	–	–	–	4	4
Share-based remuneration to employees	8	–	–	–	2	2	–	2
Dividend to Parent Company shareholders (SEK 4.50 per share)		–	–	–	-92	-92	–	-92
Total transactions with shareholders		**–**	**–**	**–**	**-90**	**-90**	**4**	**-86**
Closing balance as of 31 December 2017		**11**	**1,263**	**39**	**127**	**1,440**	**14**	**1,454**
Comprehensive income								
Earnings for the year		–	–	–	146	146	-3	143
Other comprehensive income								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax 2)		–	–	–	0	0	–	0
Items that may later be reversed in the income statement								
Exchange differences		–	–	19	–	19	-1	18
Other comprehensive income attributable to joint venture	34	–	–	-1	–	-1	–	-1
Total comprehensive income		**–**	**–**	**18**	**146**	**164**	**-4**	**160**
Transactions with shareholders								
Transactions with non-controlling interests		–	–	–	–	–	0	0
Share-based remuneration to employees	8	–	–	–	-2	-2	–	-2
Buy-back of own shares		–	–	–	-22	-22	–	-22
Dividend to Parent Company shareholders (SEK 3.75 per share)		–	–	–	-76	-76	–	-76
Total transactions with shareholders		**–**	**–**	**–**	**-100**	**-100**	**0**	**-100**
Closing balance as of 31 December 2018		**11**	**1,263**	**57**	**173**	**1,504**	**10**	**1,514**

1) A specification of Other reserves can be found in Note 26.
2) Tax effects are explained in Note 15.

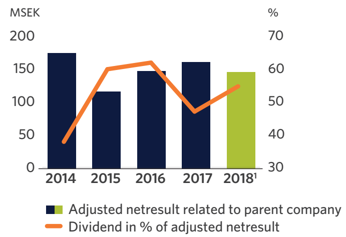
Comments on changes in equity

The net profit for the year of SEK 143 (159) million, translation differences totaling SEK 17 (24) million and transactions with shareholders totaling SEK -100 (-86) million have had an impact on equity.

Dividends to Parent Company shareholders during the year amounted to SEK 76 (92) million, which corresponds to 47% of the previous year's profit.

Other reserves consist entirely of a 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. During the year, currency translation impacted equity by SEK 17 (25) million.

Dividend as a percentage of adjusted net profit



1) Proposed dividend.

CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	NOTE	2018	2017
Operating activities			
Earnings after financial items		198	210
Adjustments for items not included in cash flow	35	82	74
Taxes paid		-26	-25
Cash flow from operating activities before changes in working capital		**254**	**259**
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		-173	-86
Increase(-)/Decrease(+) in operating receivables		60	-209
Increase(+)/Decrease(-) in operating liabilities		-16	94
Cash flow from operating activities		**125**	**58**
Investing activities			
Acquisition of intangible fixed assets		-1	-1
Acquisition of tangible fixed assets		-164	-122
Divestment of tangible fixed assets		5	2
Change in financial assets		–	66
Cash flow from investing activities		**-160**	**-55**
Financing activities			
Change in overdraft facilities and other financial liabilities	35	101	21
Dividend to Parent Company shareholders		-76	-92
Buy-back of own shares		-22	–
Transactions with non-controlling interests		–	4
Cash flow from financing activities		**3**	**-67**
Cash flow for the year		**-32**	**-64**
Reconciliation of cash and cash equivalents			
Cash equivalents as of beginning of the financial year		48	109
Cash flow for the year		-32	-64
Exchange rate difference in cash and cash equivalents		2	3
Cash and cash equivalents at the end of the year	35	**18**	**48**

CONSOLIDATED NET CASH/NET DEBT COMPOSITION

SEK MILLION	NOTE	31 DEC 2018	31 DEC 2017
Long-term interest-bearing liabilities		-185	-84
Provision for pensions		-16	-13
Current interest-bearing liabilities		-3	-4
Financial interest-bearing receivables		5	4
Cash equivalents		18	48
Net cash (+)/net debt (-)	35	**-181**	**-49**
Less interest-bearing liabilities attributable to financial leases		36	37
Adjusted net cash (+)/net debt (-)		**-145**	**-12**

Comments on the cash flow statement

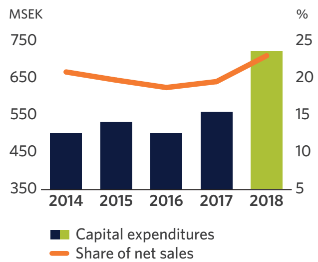
Cash flow from operating activities before changes in working capital totaled SEK 254 (259) million, which equates to 8.1% (9.1) of net sales. The effect on cash flow of the change in working capital amounted to SEK -129 (201) million. Inventories changed during the year by SEK 176 (83) million, while current receivables changed by SEK -52 (212) million. Current liabilities changed by SEK -29 (93) million. Average working capital corresponds to 23.0% (19.6) of net sales.

Investments in intangible and tangible fixed assets amounted to SEK 165 (123) million. Investments of SEK 164 (122) million relate to tangible fixed assets. The corresponding amount for intangible fixed assets is SEK 1 (1) million. Depreciation amounts to correspond to SEK -90 (-80) million. Investment payments correspond to 5.3 (4.3) percent of sales.

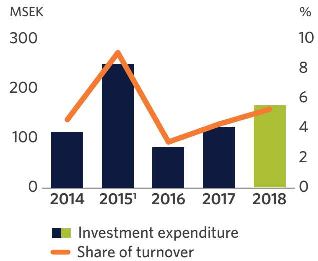
Consolidated cash equivalents amounted to SEK 18 (48) million at the year-end. In addition, the Group had approved but unused overdraft facilities of SEK 593 (399) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 611 (446) million. Consequently, disposable cash and cash equivalents amounted to 19.5% (15.6) of net sales.

Net debt amounted to SEK -181 (49) million, which is a change of SEK -132 million compared with the previous year.

Working capital as a percentage of net sales



Investment expenses as a percentage of net sales



1) Includes the purchase of production property in Hallstahammar.

NOTES FOR THE GROUP All amounts are in SEK million unless otherwise stated. Figures in parentheses refer to the previous year. Some figures are rounded, so amounts might not always appear to match when added up.

NOTE 1 GENERAL INFORMATION

Bulten AB (publ) (the Parent Company) with corporate identity number 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 Gothenburg, Sweden. The company's postal address is Bulten AB, Box 9148, SE-400 93 Gothenburg, Sweden.

The Group uses the calendar year as the financial year.

This annual report and these consolidated financial statements were approved for publication by the Board on 20 March 2019 and will be presented to the Annual General Meeting of shareholders on 25 April 2019.

NOTE 2 CHANGES DURING THE REPORTING PERIOD

The Group's financial position and profit were affected by the following events and transactions during the reporting period.

Changes in the composition of the Group
At the end of the year, Bulten acquired the remaining, outstanding shares in Bulten Polska S.A., and Bulten Invest Sp.z.o.o,

Other changes during the reporting period
No other significant changes occurred during the reporting period.

Financial position and profit during the reporting period
A detailed report of the Group's financial position and profit can be found in the Board of Directors' Report.

NOTE 3 SPECIFICATION OF THE GROUP'S HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. REG. NO./REGISTERED OFFICE	COUNTRY	PERCENTAGE % 31 DEC 2018
Bulten Holding AB, 556224-0894, Gothenburg	Sweden	100.0
Bulten Fasteners AB, 556010-8861, Gothenburg	Sweden	100.0
Bulten Sweden AB, 556078-3648, Gothenburg	Sweden	100.0
Bulten Hallstahammar AB, 556261-2506, Hallstahammar	Sweden	100.0
Bulten Ltd, No. 85664, Edinburgh	United Kingdom	100.0
Bulten Polska S.A., KRS 0000019503, Bielsko-Biala	Poland	100.0
Bulten Invest Sp.z.o.o, KRS 0000690750, Radziechowy	Poland	100.0
Bulten GmbH, HRB 4748, Bergkamen	Germany	100.0
Finnveden Micro Fasteners AB, 556039-4180, Gothenburg	Sweden	100.0
Bulten North America LLC, 6300700, Hudson, Ohio	USA	100.0
Ram-Bul LLC, 6325829, Hudson, Ohio	USA	50.0
Bulten Fasteners (China) Co Ltd, 600041586, Peking	China	100.0
Finnveden Trading AB, 556201-4570, Gothenburg	Sweden	100.0
BBB Services Ltd, 880 6643 02, Scunthorpe	United Kingdom	60.0
BBB Fasteners Craiova S.R.L, 381312, Bucharest	Romania	60.0
RUS Fasteners B.V., 59227419, Amsterdam	The Netherlands	63.0
Bulten Rus LLC, 1145256000064, Nizhniy Novgorod	Russia	63.0
Bulten Industrifastighet AB, 556872-5534, Gothenburg	Sweden	100.0

The share of capital in all of the above holdings is equivalent to voting rights.

NOTE 4 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 Swedish Financial Reporting Board's recommendation, RFR 1. Supplementary accounting rules for groups, and the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method.

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

The accounting policies applied in the preparation of the consolidated financial statements are disclosed in the respective notes in order to provide a better understanding of the respective accounting field.

See the table below for reference to the note in which each significant accounting policy is used and the applicable IFRS standard that is deemed to have significant influence.

ACCOUNTING POLICY	NOTE		IFRS STANDARD
Company acquisitions	4	Consolidated financial statements	IFRS 3
Segment	4	Segment reporting	IFRS 8
Income	6	Income	IFRS 15
Operating expenses	7	Operating expenses	IAS 1
Share-based remuneration	8	Employees, employee benefit expenses and remuneration to the Board	IFRS 2
Operational and financial leasing	12	Leasing	IAS 17
Financial income and expenses	13	Financial income and expenses	IFRS 9
Income tax	15	Tax	IAS 12
Profit per share	16	Profit per share	IAS 33
Intangible fixed assets	17	Intangible fixed assets	IAS 36, IAS 38
Tangible fixed assets	18	Tangible fixed assets	IAS 16, IAS 36
Inventories	20	Inventories	IAS 2
Accounts receivable	24	Financial instruments by category	IAS 18, IAS 32, IFRS 9, IFRS 7
Accounts payable	24	Financial instruments by category	IAS 32, IAS 37, IFRS 9, IFRS 7
Derivative instruments and hedging instruments	24	Financial instruments by category	IAS 32, IFRS 9, IFRS 7, IFRS 13
Non-controlling interests	27	Non-controlling interests	IFRS 10, IFRS 12
Pensions and similar obligations	28	Provisions for pensions and similar obligations	IAS 19 Revised
Borrowing	29	Interest-bearing liabilities	IAS 32, IAS 37, IFRS 9, IFRS 7
Provisions	32	Other provisions	IAS 28, IAS 37, IFRS 11
Joint venture	34	Investments in joint ventures	IFRS 11, IAS 28, IFRS 12
Cash flow statement	35	Cash flow	IAS 7
Transactions with related parties	37	Transactions with related parties	IAS 24

Important estimates and assessments for accounting purposes

Preparing financial reports in accordance with IFRS requires important accounting estimates to be made. In addition, the management 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 indicated in the following table. The estimates and assumptions are regularly reviewed, and the effect on the carrying amounts is recognized in the income statement.

ESTIMATES AND ASSESSMENTS	NOTE	
Recognition of income	6	Income
Classification of leasing	12	Leasing
Assessment of deficit deduction	15	Tax
Impairment of goodwill	17	Intangible fixed assets
Inventory obsolescence	20	Inventories
Transfer of accounts receivable	21	Accounts receivable
Legal risks, compensation demands	32	Other provisions

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 that result from these assumptions, by definition, seldom equal the related actual results.

Consolidated financial statements

Subsidiaries

A subsidiary is any company in which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to variable returns from its holdings in the company and has the ability to affect returns through its influence on the company. Subsidiaries are included in the consolidated financial statements from the date when the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date the controlling influence ceases.

The acquisition method is used for recognizing the Group's acquisition of subsidiaries. The cost of an acquisition comprises the fair value of assets provided as remuneration, equity instruments issued and liabilities that arise or are assumed on the transfer date. In addition, the cost of acquisition includes the fair value of all assets and liabilities arising from any agreement about conditional purchase sums. Costs relating to an acquisition are expensed as they arise. For each acquisition the Group determines whether any non-controlling interest in the acquired business is to be recognized at fair value or using the proportional share of the acquired company's net assets. The amount by which the purchase sum, any non-controlling 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 recognized as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognized 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 in the carrying amount is recognized in the income statement. Fair value is used as the first carrying amount and forms the basis for the continued recognition of the remaining holding as an associate company, joint venture or financial asset. All amounts concerning the divested unit that were previously recognized in other comprehensive income are recognized as if the Group had directly divested the attributable assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified as profit.

Elimination of transactions between Group companies

Intra-group transactions and balance sheet items, as well as unrealized gains on transactions between Group companies, are eliminated. Unrealized losses are also eliminated, unless the transaction is proof of an impairment requirement for the transferred asset. Unrealized 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 the 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 the settlement of such transactions and the recalculation of monetary assets and liabilities in foreign currencies at the rate on the balance sheet date are recognized in the income statement. Exchange gains and losses attributable to loans and cash and cash equivalents are recognized as financial income and expenses respectively. All other exchange gains and losses are recognized as Other operating income or Other operating expenses.

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

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

	AVERAGE RATE		CLOSING DAY RATE	
	2018	2017	2018	2017
CNY	1.31	1.26	1.31	1.26
EUR	10.26	9.63	10.28	9.85
GBP	11.59	10.99	11.35	11.10
PLN	2.41	2.26	2.39	2.36
RUB	0.14	0.15	0.13	0.14
USD	8.69	8.54	8.97	8.23

Classification

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

Non-recurring items

Non-recurring items are recognized separately in the financial statements when this is necessary for explaining the Group's results. Non-recurring items refer to significant income or expense items that are recognized separately because of the importance of their nature or amount.

Segment recognition

The Group consists of only one reportable segment, Bulten, as it is at this level that the Group's management team has responsibility for the allocation of resources and assesses the business' results.

Operating segments are reported in a way that is consistent 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 operating segments. The executive management team of the Group has been identified as having this role.

Standards or amendments to or interpretations of existing standards that came into effect in 2018

During the year, the following standards or amendments to or interpretations of existing standards came into effect that had a material impact on Bulten's financial statements.

- IFRS 9 Financial Instruments covers the classification, measurement and recognition of financial assets and liabilities and introduces new rules for hedge accounting. The full version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that concern the classification and measurement of financial instruments and introduces a new impairment model. The standard is effective for fiscal years beginning 1 January 2018 or later. The Group's analysis has shown that the implementation of IFRS 9 and IFRS 15 does not have any significant effect on the Group's financial reports. There were no transition problems when the new accounting standard was introduced.

- IFRS 15 Revenue from Contracts with Customers regulates the recognition of revenue. The principles on which IFRS 15 is based will provide users of financial statements with more usable information about the company's revenue. The expanded disclosure requirements mean that information must be provided about the type of revenue, the date of settlement, uncertainties related to the recognition of revenue and cash flow attributable to the company's customer contracts. According to IFRS 15, revenue should be recognized when the customer takes control of the sold goods or services and has the opportunity to use and receive the benefits of the product or service.

  IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the related SIC and IFRIC. The standard is effective for fiscal years beginning 1 January 2018 or later. The Group's analysis has shown that the implementation of IFRS 15 does not have any significant effect on the Group's financial reports. There were no transition problems when the new accounting standard was introduced. For more information, see Note 6.

New standards and interpretations not yet applied by the Group

A number of new standards and interpretations will come into effect for fiscal years after 1 January 2019 which have not been applied in preparing this financial report. These new standards and interpretations are expected to affect the Group's financial statements as follows:

- IFRS 16 Leases. In January 2016 the IASB published a new leasing standard that will replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities relating to all leases, with some exceptions, be recognized in the balance sheet. Such accounting is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time an obligation to pay for this right. Recognition for the lessor will essentially be unchanged. The standard is effective for fiscal years beginning 1 January 2019 or later. Early application is permitted provided that IFRS 15 is also applied.

  The Group is the lessee in operating leases that are expected to be affected by IFRS 16 such that these agreements shall be recognized in the balance sheet through assets and liabilities and in the income statement through the depreciation of the asset and an interest expense for the lease liabilities. Under the current IAS 17, lease payments are expensed over the term of the lease. This will mean that all else being equal, the Group's operating profit will increase and the Group's equity ratio will be reduced.

  The Group has conducted an overview of all of the leasing agreements, where the information has been compiled and summarized as background information for the estimate and quantifications in conjunction with converting to IFRS 16. The leasing agreements for the Group primarily involved leasing premises and in certain cases leasing equipment. The Group has decided to apply a simple transition method, which means that comparison figures do not need to be converted and there is no effect on opening equity. In the opening balance for 2019, non-current assets and interest-bearing liabilities increased by approx. SEK 223 million.

  None of the IFRS and IFRIC interpretations that are yet to enter into force are expected to have a significant impact on the Group.

NOTE 5 RISKS AND RISK MANAGEMENT

FINANCIAL RISKS

In its operations, the business is exposed to various financial risks. Examples of these are currency, liquidity, interest rate, credit and capital risks. The Board determines risk management policies. Financial activities in the form of risk management, liquidity management and borrowing are managed for the Group as a whole by the Parent Company. The Group's overall risk management focuses on the unpredictability of financial markets and strives to minimize potential unfavorable 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, GBP, USD, CNY and RUB. Currency risks arise from future business transactions, flow exposures in the form of receipts and disbursements in different currencies, recognized assets and liabilities, the translation of the profit/loss of foreign subsidiaries and net investments in foreign operations.

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

The Group's policy for managing currency risks is focused on transaction-related currency risks. Currency risks are primarily managed by trying to change the operational conditions in the business by matching income and expenses in currencies other than SEK. Nevertheless, hedging may be used in special circumstances. Currency flows shall be hedged only if this fulfils criteria for hedge accounting in accordance with IFRS 9. The application of hedge accounting is, however, determined in each individual case when the hedge is established.

If SEK had weakened by 10% against EUR with all other variables constant, the improvement in gross profit would be around SEK 72 (77) million. An equivalent weakening against PLN would adversely affect operating profit by around SEK -22 (-17) million. An equivalent weakening against GBP would amount to around SEK -13 (-18) million, USD to around SEK 6 (3) million, CNY to around SEK -1 (-0) million and RUB to around SEK -1 (-0) million. Given current exposure the net effect would have been a net improvement of around SEK 42 (44) million if SEK had weakened in value by 10% against EUR, PLN, GBP, USD, CNY and RUB. The corresponding effect on equity would have been around SEK 108 (98) million.

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

	2018			2017		
CURRENCY*	INCOME	EXPENSES	NET EXPOSURE	INCOME	EXPENSES	NET EXPOSURE
SEK	332	-537	-205	297	-527	-230
EUR	2,440	-1,724	716	2,340	-1,574	766
PLN	17	-236	-219	19	-192	-173
GBP	152	-282	-130	52	-234	-182
USD	74	-12	62	55	-24	31
CNY	71	-77	-6	52	-49	3
RUB	46	-54	-8	41	-46	-5
Total	**3,132**	**-2,922**	**210**	**2,856**	**-2,646**	**210**

* 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 managed by way of borrowing in the relevant foreign currencies.

Distribution of financial liabilities per currency:

	2018			2017		
CURRENCY*	INTEREST-BEARING LIABILITIES[1]	ACCOUNTS PAYABLE	TOTAL	INTEREST-BEARING LIABILITIES[1]	ACCOUNTS PAYABLE	TOTAL
SEK	102	46	148	–	56	56
EUR	85	277	362	86	305	391
PLN	–	20	20	–	13	13
GBP	–	36	36	–	46	46
USD	–	3	3	–	3	3
CNY	–	25	25	–	4	4
RUB	–	7	7	–	6	6
Total	**187**	**414**	**601**	**86**	**432**	**518**

* Expressed in SEK million.
1) Excluding pensions and similar obligations.

Liquidity risk

Liquidity risk is the risk that a company cannot make its payments due to insufficient liquid assets and/or difficulty in obtaining credit from external lenders. Liquidity risk is managed by the Group holding sufficient cash and cash equivalents and short-term investments with a liquid market and having access to financing through agreed credit facilities. The management closely monitors rolling forecasts for the Group's liquidity reserve, which consists of unused lines of credit and cash and cash equivalents based on 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 company is primarily financed through a financing agreement with total credit of SEK 750 million covering the period up to June 2022.

Covenants associated with this credit facility are presented in more detail in Note 29. All covenant conditions were met during the year. The Group systematically transfers accounts receivable within the framework of a block purchase agreement. The agreement means that the buyer of the accounts receivable assumes the credit risks associated with the receivables. The criteria for not reporting accounts receivable on the balance sheet have been met. The Group is therefore dependent on the buyer's ongoing assessment of customers' creditworthiness. At the end of 2018 the value of transferred accounts receivable amounted to SEK 62 (55) million. The total capacity of the agreement covering the purchase of accounts receivable is SEK 68 (68) million.

At the end of 2018, the available liquidity reserve for the Group amounted to SEK 616 (451) million, which corresponds to 19.7% (15.8) of net sales. 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 must exceed SEK 100 million. Temporary excess liquidity is placed in investments with short maturities and minimal credit risk; e.g. in bank accounts or short-term 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 balance sheet date (including any interest payments if these can be determined). The amounts indicated in the table are the contractual, non-discounted cash flows.

AS OF 31 DECEMBER 2018 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	–	155	–
Accounts payable and other liabilities	620	–	–
Liabilities for finance leases	5	20	33
Total	**625**	**175**	**33**

AS OF 31 DECEMBER 2017 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	–	50	–
Accounts payable and other liabilities	623	–	–
Liabilities for finance leases	5	20	38
Total	**628**	**70**	**38**

Interest rate risk

The Group's interest rate risk arises from short- and long-term borrowing. Borrowing 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 at fixed rates exposes the Group to an interest rate risk relating to fair value.

The Group's policy for managing 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 stipulates that the fixed term of interest rates for external loans should average six months, with the right to deviate by +/- 3 months if the market assessment changes. The average fixed-rate term at the end of both 2018 and 2017 for external borrowing was six months.

At the end of the financial year the Group had no financial contracts for changing the interest rate risk in relation to what the existing loan agreements regulate. In 2018 and 2017 Group borrowing with variable interest was in SEK and EUR. If interest rates on borrowing in SEK in 2018 were 1% higher/lower with all other variables constant, profit before tax for the financial year would have been SEK 2 (1) million lower/higher.

Credit risk

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

Individual assessments of a customer's creditworthiness and credit risk are made by taking the customer's financial position into account, along with past experience and other factors. The management does not expect any losses due to default by counterparties in addition to what has been reserved as doubtful receivables; see Note 21.

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 stakeholders, and to maintain an optimal capital structure in order to keep the cost of capital down.

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

The executive management systematically monitors refinancing requirements relating to external borrowing with the objective of renegotiating the Group's credit facilities no later than 12 months before the due date. One of the Group's financial targets is to achieve a return on average capital employed above 15%. Average capital employed, defined as equity plus interest-bearing liabilities, amounted to SEK 1,637 (1,498) million in 2018. Return, defined as profit after financial items plus financial expenses, on average capital employed amounted to 12.8% in 2018 and 14.4% in 2017.

The equity/assets ratio amounted to 64.8% as of 31 December 2018 and 66.8% as of 31 December 2017, as shown in the table below.

EQUITY RATIO	2018	2017
Equity	1,514	1,454
Balance sheet total	2,338	2,178
Equity/assets ratio, %	**64.8**	**66.8**

The net debt/equity ratio as of 31 December 2018 and 31 December 2017 was as follows in the table below:

DEBT/EQUITY RATIO	2018	2017
Total borrowings	-188	-88
Provisions for pensions	-16	-13
Minus: interest-bearing assets	5	4
Minus: cash and cash equivalents	18	48
Net cash (+)/net debt (-)	**-181**	**-49**
Total equity	1,514	1,454
Net debt/equity ratio, times	-0.1	-0.0

The net debt/equity ratio is calculated as net cash/net debt divided by equity, including non-controlling interests. Net cash/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. The average interest rate on borrowing liabilities amounted to 2.9% (4.2).

SUSTAINABILITY RISKS

Bulten operates in an industry that has a direct and an indirect impact in the areas that Bulten has identified as important for sustainable business, namely the environment, social responsibility and corporate governance.

Environmental principles

Within the framework of Bulten's operations both renewable and non-renewable natural resources are used, which could have a negative impact on the environment in the future. Resources such as fossil fuels, coal and metals are considered to be finite, whereas metals can be recycled. Examples of renewable resources are water, wind and solar energy.

Active environmental efforts are conducted by all Group units to ensure that operations are conducted with as small an environmental impact as practicable while being economically viable. Processes are in place to ensure that renewable resources such as water and air will not be adversely affected by, for example, hazardous emissions due to deficient treatment equipment. The main consumption of resources impacting on the environment occurs in the field of energy, where the Group strives to use renewable energy, to recycle and to implement energy-efficient production processes. To minimize the use of fossil fuels, a central logistics team works to ensure efficient logistics and transport.

Social responsibility

Bulten operates in a global market alongside various interest groups for which public health, welfare and general rights are fundamental values. If imbalances occur in these areas, there is a risk of unrest and conflict, both for the individual and for society at large.

Bulten's ambition is to respond to all interest groups with respect and to demonstrate sound ethics. The Group complies with the UN Global Compact in areas such as human rights, working conditions and anti-corruption. All personnel shall be aware of and follow the Code of Conduct. In addition, Bulten urges its suppliers, consultants and other business partners to apply the principles. All employees and Board members of Bulten have an individual responsibility to report conflicts of interest, crime or breaches of this code of conduct.

Corporate Governance

Risks exist when activities directly or indirectly fail to comply with applicable laws, rules, policies and society's accepted norms. Corruption occurs in all countries and sectors, although to varying degrees. Bulten runs the risk of being involved in unethical business. Areas deemed to be at particular risk are the sales and purchasing process, and the exercise of authority. Bulten conducts its business responsibly and efficiently, with a high level of business ethics, good risk management and a sound corporate culture. Governance guidelines and policies serve as the basis for sustainable and long-term business, where the Group's code of conduct provides guidance for all decisions made in the business.

BUSINESS CYCLE AND EXTERNAL RISKS

Global market and macroeconomic risks

Bulten operates in cyclical global markets where customers are affected by macroeconomic factors as well as political decisions. Demand for the Group's products is dependent on demand for the transport of goods and passengers, which is in turn driven by global trade and economic growth around the world. Bulten primarily operates in markets for commercial vehicles and passenger cars. The Group's sales are diversified and spread over a number of customers, platforms, models and factory sites, which usually reduces volatility depending on individual fluctuations in demand. The use of production forecasts and close relationships with customers means that the Group is well informed about the customers' production schedules and plans. The business's profit is dependent on the Group's ability to react swiftly to fluctuations in demand for the Group's products and to adapt production levels and operating expenses accordingly. Entry into new markets requires well-prepared plans, processes and local knowledge in which cultural and political aspects are important considerations. Bulten has good experience of entering new markets and geographical areas, which is best achieved by way of partners with better knowledge of the local market.

Legal and political risks

Bulten's business is conducted in several jurisdictions and is subject to the local rules and laws that apply 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 Bulten operates may affect the Group's business. The Group is exposed to legal risks as the business 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. These are normal legal risks for a business such as the Group's. Bulten is established in markets and in new countries where the Group has operated for a limited period. Start-ups, especially in growth countries, may involve unforeseen costs. In some of the countries where the Group now operates, corruption is more prevalent than is the case, for example, in Sweden. Bulten's code of conduct together with the Group's system of internal control with regard to financial reporting, as outlined in the Corporate Governance Report on pages 101 to 107, provides the basis for an ethical approach to doing business and proper financial reporting. In some emerging countries, there is also an increased risk of both central and local government decisions being made on political grounds, which may result in a degree of unpredictability in the business. Through collaboration with locally based companies, political risk can be mitigated somewhat. In addition, geopolitical unrest can pose a risk to the company's operations. The Group is addressing such risks through systematic efforts towards risk assessments and, if necessary, the use of external expertise in each identified risk area.

Uncertainty regarding whether the UK will remain within the EU or not remains large. There are currently a lot of signs pointing to a prolonged Brexit process. Depending on the content of an agreement, a Brexit could involve a cost increase for the business in the form of fees and duties.

Trends and driving forces in the automotive industry

The automotive industry is in the midst of major changes. In many respects its development has a direct impact on Bulten's business, especially in terms of markets and volumes. The trends and driving forces that affect and are deemed to affect Bulten come in the form of: globalization, as vehicle manufacturers increase production in emerging andnew markets; increased demands for sustainability with regard to what Bulten offers its customers within its in-house production and in the supply chain; continued competition in the automotive industry with new disruptive technology can result in increased failures and new manufacturers; the increased bulk production, which is expected to lead to consolidation, with fewer suppliers expected to be involved in customer development; electrification; mobility and digitalization. Bulten is addressing increased globalization by tracking their customers and creating production opportunities in new markets. Through systematic sustainability efforts in which sustainability is an integral part of the company's strategy, we meet the expectations of our customers and other stakeholders. Through the FSP concept and close co-operation with its customers, Bulten can offer cost-effective solutions by way of, for example, fewer fastener variants and the creation of volume synergies. Furthermore, this creates greater opportunities for Bulten to be involved from the development stage right through to delivery to the customer's production line.

Bulten is working with several customers in the development of fasteners for hybrid and electric vehicles and believes that the fuel cell trend will have no impact on the company's business in the near future. Furthermore, it is difficult to determine when commercialization will take off. Digitalization will require more components in vehicles, which in turn will result in increased demand for fasteners, enabling Bulten to expand its range and provide custom fasteners.

Force majeure

As global warming increases, natural disasters may occur. At the same time, globalization and "Just-in-time" logistics have made global trade more sensitive to disruptions. In recent years, natural disasters have occurred that have affected the vehicle industry, but thanks to careful capacity planning and good customer and supplier relations within the industry, production has been able to continue.

OPERATIONAL RISKS

Customer dependence

Bulten's customer base includes virtually all vehicle manufacturers in Western Europe, with some key customers accounting for a large proportion of the Group's sales. Losing the contract of a key customer and falling demand for a customer's product can result in reduced sales and profitability. Underlying agreements with key customers cover a wide range of products and have varying terms and counterparties. Bulten's FSP concept, including the development of products and technologies, production, quality, logistics and service, requires close co-operation with customers. Bulten operates in many different markets as well as in various segments, such as passenger cars and commercial vehicles.

Global supply chain

There are various risks inherent within the global supply chain relating to dependence on specific suppliers, raw materials and inputs, logistics and quality. With regard to raw materials and inputs, Bulten's exposure is greatest in relation to the different grades of steel for which price changes can affect the Group's profit. The prices of raw materials are adjusted periodically to reflect current market levels based on price trends over the period. Bulten's supply chain is global, which places great demands on procurement processes, quality assurance and monitoring. Bulten addresses these risks through active and professional efforts with regard to procurement, quality and logistics, as well as through a global purchasing strategy that is systematically reviewed and updated so as to optimize the Group's procurement, to ensure compliance with codes of conduct and to ensure that requested volumes are obtained on time, on budget and at the right level of quality. Customers usually compensate Bulten for price volatility in materials.

Product liability, warranty and recall

The Group is exposed to product liability and warranty claims in cases where the Group's products cause personal injury or material damage. If a product is defective, the Group may have to participate in a vehicle recall. No significant claims for damages concerning product liability or recalls have occurred. Bulten is insured up to a specific amount against damages applicable to product liability and recalls. Bulten minimizes risks related to product liability, warranty insurance and damages through extensive testing in the design and development phase as well as in production by way of managed processes and systematic quality, management and control measures.

Suspension of operations and material damage

Damage to production equipment, as a result of factors such as fire, may have a negative impact, in terms of both direct material damage and the suspension of operations, which complicates the fulfilment of the Group's commitments to its customers. This in turn could encourage customers to use other suppliers. The effect of such damage to production equipment has been assessed to have a moderate impact. Systematic efforts are underway to improve the Group's forward planning and preventative safety measures. The Group also holds insurance against the suspension of operations and material damage.

Environmental risks

In several jurisdictions, Bulten's business is subject to reporting and permit requirements. All of the Group's production plants are either required to apply for permits or regulated by the environmental laws of the country in which they operate. Bulten has received the permits and agreements required and complies with stipulated safety, reporting and control requirements. In addition, Bulten focuses on activities that reduce both internal and external environmental impacts.

IT-related risks

Bulten's operations are dependent on IT systems and hardware that support the management of the Group's production, logistics and order processing. Disruption to a system that supports the above may have a negative impact on the company's production and its ability to fulfil its delivery commitments. Bulten systematically manages IT-related risks through the Group's central IT department. Bulten has well-established procedures for information security and monitoring and control processes (ITGC). Bulten has developed an IT environment that can quickly be replicated in the event of a breakdown.

Sensitivity analysis

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

- Fluctuation in sale prices is the variable with the largest impact on profit. A change of +/-1% in prices to customers affects pre-tax earnings by approximately SEK 31 (29) million.
- Trends in raw material prices affect Bulten's profit. Although a 1% change in raw material prices affects pre-tax earnings by SEK 18 (17) million, Bulten and other actors in this sector can usually pass higher raw material costs on to their customers to compensate for higher costs.
- Payroll costs comprise a major share of the Group's expenses. A 1% increase affects pre-tax earnings by SEK 6 (5) million.
- A percentage point change in interest rates on average net cash/net debt with variable interest rates affects pre-tax profit by SEK 1 (0) million. None of the net cash(+)/net debt(-) of SEK -181 (-49) million has fixed rates of interest.
- For a description of Bulten's exposure to currency fluctuations, see "Currency risk" on page 63.

NOTE 6 INCOME

The Group manufacturers and sells fasteners. Income from product sales are listed at the point when the control of the product is given over to the customer. This occurs most often once the delivery has been made to the customer and ownership rights have been transferred. Bulten's customers are mainly found in the automotive industries in Europe, Asia and the USA.

Income based on geographic location of subsidiaries

The Group receives most of its income from Northern Europe. The table below presents the distribution of the Group's income from external customers based on the geographic location of the subsidiaries.

SEK MILLION	2018	2017
Sweden	952	891
Germany	578	625
United Kingdom	1,429	1,203
Poland	50	45
Other countries	123	92
Total income	**3,132**	**2,856**

Income by geographic market

The Group receives most of its income from Northern Europe. The table below presents the distribution of the Group's income from external customers based on the geographic market.

SEK MILLION	2018	2017
Sweden	499	457
Germany	545	563
United Kingdom	856	881
Poland	28	27
Rest of Europe	808	629
China	137	111
USA	102	86
Other countries	157	102
Total income	**3,132**	**2,856**

Income by customer group

Income is primarily from car manufacturers but also from heavy vehicles as well as other suppliers, so-called Tiers. The table below presents the distribution of the Group's income from external customers.

SEK MILLION	2018	2017
OEM Lightweight vehicles	2,412	2,178
OEM Heavy commercial vehicles	437	387
Suppliers (Tiers)	283	291
Total income	**3,132**	**2,856**

Income distributed across chassis/body and drivetrains

The Group receives most of its income from chassis/body. The table below shows the Group's income distributed by chassis/ body and drivetrains.

SEK MILLION	2018	2017
Chassis/body	2,345	2,054
Drivetrains	787	802
Total income	**3,132**	**2,856**

Income distributed by income category

Income comes primarily from in-house production and outsourced production. The table below shows the Group's income distributed by income category.

SEK MILLION	2018	2017
In-house production	1,871	1,685
Outsourced production	1,194	1,114
Logistics	67	57
Total income	**3,132**	**2,856**

The Group's customers

The Group's customers are almost exclusively in the automotive industry. The Group has three external customers each of which generates income greater than 10% of the Group's sales. Income from these customers amounted to SEK 970 (933) million, SEK 699 (569) million and SEK 442 (414) million, which together constitute 67.4% (67.1) of sales. Underlying agreements with customers cover a wide range of products and have varying terms and counterparties.

ACCOUNTING PRINCIPLES

Net sales consist of income from the sale of products and services. In accordance with IFRS 15, revenue recognition occurs when control of the goods/service is transferred to the customer based on a five-step model:

- Identify the contract with the customer
- Identify the various performance commitments in the contract
- Determine the transaction price
- Allocate the transaction price to the various performance commitments
- Recognize revenue once the commitment has been fulfilled

At the start of a customer contract, Bulten determines to what extent the goods and/or services to be delivered constitute a performance commitment or several separate performance commitments. A performance commitment is defined as a distinct promise to provide a product or service. A product or service that has been promised is distinct if both of the following criteria are fulfilled:

- the customer can use the product or service separately or together with other resources that are available for the customer, and
- the Group's commitment to transfer the product or service to the customer can be distinguished from other commitments in the agreement.

When determining the transaction price, which is the compensation that is promised in the agreement, the Group considers potential variable compensation. The transaction price includes variable payments only if it is highly likely that a substantial reversal of the income is not expected to occur for a future period. Bulten only receives advance payments from customers to a limited extent. No customer agreements within the Group are considered to include a significant financing component.

Bulten allocates the transaction price for each performance commitment on the basis of an independent sale price. The independent sale price is the price at which the Group would sell the product or service separately to the customer.

Bulten recognizes the income when the Group fulfills a performance commitment by transferring a product or service to a customer, i.e. when the customer takes control of the asset. A performance commitment is fulfilled either over time or by a specific time.

Bulten's income is made up primarily of the sale of goods. Services related to sold goods makes up a limited portion of revenues. The sale of goods is recognized as income when control of the products is transferred to the customer, which normally occurs in conjunction with delivery. Delivery occurs when the goods have been transported to the specific location, the risks of obsolete or lost items have been transferred to the customer, and the customer has either accepted the goods in accordance with the agreement, the time period for objections to the agreement has expired, or the Group has objective proof that all of the criteria for acceptance have been fulfilled. Services are recognized over time. For services that take place over a shorter period of time, the revenues are recognized in practice when the service has been completed.

Overall, the Group's previous income recognition complies with IFRS 15 and the introduction of the standard has not had any substantial impact on financial reporting. Therefore, a new opening balance for 2018 is not shown.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Customer contracts exist in which the pricing of goods and services is based on forecast volumes in accordance with customer delivery plans. In periods when unexpected volume changes occur, final remuneration may deviate from the invoiced remuneration. The Group regularly reconciles actual volume figures against delivery plans and adjusts remuneration systematically.

NOTE 7 OPERATING EXPENSES

The Group reports its income statement based on functions. The key cost items are presented below.

SEK MILLION	2018	2017
Changes in inventories, cost of goods sold	-2,118	-1,929
Costs for remuneration to employees and directors (Note 8)	-574	-512
Depreciation (Note 10)	-90	-80
Costs for operational leasing (Note 12)	-60	-58
Other costs	-99	-92
Total costs for goods sold, sales and administration	**-2,941**	**-2,671**

ACCOUNTING PRINCIPLES

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

"Cost of goods sold" refers to 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 used in the procurement and production process.

"Administrative expenses" refers to costs for the boards, executive management teams and corporate functions in the Group, and depreciation and impairment of tangible fixed assets used in the Group's administration functions.

"Selling expenses" refers to costs for the Group's own sales organization, including costs for logistics centers and depreciation and impairment of tangible fixed assets used in the Group's sales organization. Allocations to, or reversals from, the credit reserve for doubtful receivables are also included under "Selling expenses" in the income statement.

NOTE 8 EMPLOYEES, EMPLOYEE BENEFIT EXPENSES AND REMUNERATION TO THE BOARD

AVERAGE NUMBER OF EMPLOYEES	NUMBER OF PEOPLE 2018	NUMBER OF PEOPLE 2017	OF WHOM MEN, % 2018	OF WHOM MEN, % 2017
Parent Company	9	9	33	33
Subsidiaries				
Sweden	359	323	79	79
Germany	195	188	80	80
Poland	581	519	79	77
United Kingdom	101	92	68	71
China	70	62	73	69
Russia	115	111	68	67
USA	3	1	100	100
Total for subsidiaries	1,424	1,296	77	76
Total average number of employees	**1,433**	**1,305**	**77**	**76**

GENDER DISTRIBUTION ON THE BOARD AND IN EXECUTIVE MANAGEMENT	NUMBER OF PEOPLE 2018	NUMBER OF PEOPLE 2017	OF WHOM WOMEN, % 2018	OF WHOM WOMEN, % 2017
Board of Directors*)	8	9	13	22
Executive management	9	9	33	33

*) Including employee representatives and their deputies

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	SALARIES AND REMUNERATION 2018	SALARIES AND REMUNERATION 2017	SOCIAL SECURITY EXPENSES 2018	SOCIAL SECURITY EXPENSES 2017
Parent Company	15	17	9	10
(of which pension costs)	–	–	4	3
Subsidiaries	428	376	122	109
(of which pension costs)	–	–	16	15
Total salaries, other remuneration and social security expenses	**443**	**393**	**131**	**119**
(of which pension costs)	–	–	20	18

SALARIES AND OTHER REMUNERATION ACCORDING TO COUNTRY, AND BETWEEN MANAGEMENT STAFF AND OTHER EMPLOYEES	MANAGEMENT STAFF[1] 2018	MANAGEMENT STAFF[1] 2017	OTHER EMPLOYEES 2018	OTHER EMPLOYEES 2017
Parent Company in Sweden	9	11	6	6
(of which bonus and similar)	2	1	1	1
Subsidiaries in Sweden	3	3	152	135
(of which bonus and similar)	0	1	2	3
Subsidiaries abroad				
Other countries in the EU	8	10	243	207
(of which bonus and similar)	1	2	1	2
Other countries	3	3	20	18
(of which bonus and similar)	0	1	0	0
Total	**23**	**27**	**420**	**366**
(of which bonus and similar)	2	5	4	6

Pension costs for the Board and the President and CEO amount to SEK 4 (4) million in the Group.

1) Includes current and former Board members and their deputies, the President and CEO, and the Executive Vice President and CEO of the Parent Company and its subsidiaries.

The Chair of the Board and Board members receive remuneration as approved by the Annual General Meeting. The Annual General Meeting approved remuneration to the Board totaling SEK 2.2 (2.5) million, which was distributed in accordance with the decision of the AGM. The Chair of the Board received remuneration of SEK 0.5 (0.5) million. No Board remuneration is paid to employee representatives.

Remuneration to the President and CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension. Senior executives are defined as those individuals who are members of the executive management. For the President and CEO and other senior executives, remuneration is proposed by the remuneration committee and adopted by the Board. For the President and CEO, variable remuneration is no more than 60% of their basic salary. For other senior executives, variable remuneration is no more than 40% of their basic salary. Variable remuneration is based on performance in relation to established targets.

The President and CEO was paid a basic salary of SEK 3.8 (3.3) million for the year. Other senior executives received a basic salary totaling SEK 12.7 (12.4) million for the year.

For 2018, the President and CEO earned variable remuneration of SEK 1.1 (1.4) million. Other senior executives earned variable remuneration totaling SEK 2.4 (3.4) million.

Senior executives domiciled in Sweden have been offered a defined-contribution pension agreement based on premiums which amount to a maximum of 35% of the fixed salary on an annual basis (in addition to pension benefits to which senior managers are entitled in accordance with ITP plans). The ordinary retirement age for the President and CEO is 65. The pension cost for the President and CEO is primarily based on a defined-contribution plan and corresponds to 30% of the fixed salary, in addition the pension benefits that the President and CEO is entitled to according to ITP plans. Senior executives domiciled outside of Sweden may be offered pension solutions that are competitive in the country in which the persons are or have been domiciled or to which they have a significant link, primarily defined-contribution solutions. Defined-benefit pension solutions shall always be avoided where possible.

There is a mutual period of termination notice of six months between the company and the President and CEO. Remuneration in lieu of notice is deducted from other income during this period. In the event of termination of employment initiated by the company prior to the President and CEO reaching retirement age, severance pay is equivalent to 12 months of salary. Severance pay is deducted from other income. No severance pay is payable once the President and CEO has reached retirement age.

With regard to the termination of other senior executives, generally there is a mutual notice period of six months, but of no more than 12 months, for the company and the employee. Severance pay is payable in addition to salary during the notice period and, together with the fixed salary during the notice period, may amount to a maximum of 18 months of salary.

Individuals domiciled outside Sweden may be offered notice periods and severance pay that are competitive for the country where they are or have been domiciled or with which they have a significant link, although these solutions shall preferably correspond to that which applies to senior executives domiciled in Sweden.

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES	2018 REMUNERATION 1)/ BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	SHARE-BASED REMUNERATION	PENSION	2017 REMUNERATION 1)/ BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	SHARE-BASED REMUNERATION	PENSION
The Group										
The Board										
Ulf Liljedahl	0.5	–	–	–	–	0.5	–	–	–	–
Ann-Sofi Danielsson (until 26 April 2018)	–	–	–	–	–	0.3	–	–	–	–
Hans Gustavsson	0.4	–	–	–	–	0.4	–	–	–	–
Hans Peter Havdal	0.3	–	–	–	–	0.3	–	–	–	–
Peter Karlsten	0.3	–	–	–	–	0.3	–	–	–	–
Anne-Lie Lind	0.3	–	–	–	–	0.3	–	–	–	–
Gustav Lindner (until 26 April 2018)	–	–	–	–	–	0.4	–	–	–	–
Nicklas Paulson (as of 26 April 2018)	0.3	–	–	–	–	–	–	–	–	–
Senior executives										
Tommy Andersson, President and CEO	3.8	1.1	0.2	-0.4	1.4	3.3	1.4	0.2	0.4	1.2
Other senior executives, 9 (9)	12.7	2.4	0.9	-0.9	3.1	12.4	3.4	0.8	1.5	3.1

1) Refers to remuneration to the Board and committees.

Incentive program

The Annual General Meeting held on 26 April 2016 resolved to establish a long-term share-based incentive program for 15 senior executives and key employees of the Bulten Group. The program will run over three years starting in April 2016 and will comprise a maximum of 300,000 shares, corresponding to a dilution effect of approximately 1.5% of the total number of outstanding shares. Participants in the program will invest in shares in the company and for each invested share the participant will receive a matching share free of charge. In total, the number of matching shares amounts to 34,817, which corresponds to the number of shares that the participants invested in under the program. In addition, the participant will have the opportunity to receive additional shares free of charge, called performance shares, provided that a performance target (earnings per share) set by the Board is met. At the end of 2018, it was confirmed that the performance targets were not achieved, and in accordance with IFRS 2, the previously incurred costs attributed to the performance shares are reversed. As a result of this, there was a positive effect of SEK 3 million on the profit after tax. In accordance with IFRS 2, the cost of the program will be reported in the income statement during the vesting period. (20 May 2016 – 20 May 2019).

At the end of the program, options will automatically be converted into shares at a subscription price of zero. Participants will not receive dividends and are not entitled to vote during the vesting period. If the participant ends their employment during this period, these rights will be terminated, except for in exceptional cases as approved by the Board.

The fair value of these options on the allocation date is estimated using market rates for the company's shares on the allocation date, which amounted to SEK 78 without taking into account dividends during the vesting period.

The total income, which was a cost in the previous year, for share-related remuneration during the period, which is recognized as a share of employee benefit expenses, amounted to SEK 4 (4) million.

ACCOUNTING PRINCIPLES

Through the long-term share-based incentive program, the company gives shares to employees free of charge. The fair value of share options that are granted to employees free of charge under the Group's program is expensed over the vesting period, which corresponds to the period in which remuneration is earned and the services are performed. The fair value is calculated on the allocation date and is recognized against equity. The assessment of the number of shares expected to be earned is based on non-market earning conditions. Estimates are reviewed at the end of each reporting period and any discrepancies are recognized in the income statement and a corresponding adjustment of equity is made.

In cases where the share options are forfeited because the employee has not satisfied the conditions, the amount previously recognized for these instruments is reversed.

NOTE 9 REMUNERATION TO AND REIMBURSEMENT OF AUDITORS

PWC	2018	2017
Audit engagement	3	3
of which to Pricewaterhouse Coopers AB	2	2
Other audit activities	0	0
of which to Pricewaterhouse Coopers AB	0	0
Tax advice	1	1
of which to Pricewaterhouse Coopers AB	0	1
Other services	1	0
of which to Pricewaterhouse Coopers AB	1	0
Total PwC	**5**	**4**
of which to Pricewaterhouse Coopers AB	3	3

"Audit engagement" refers to the examination of the financial statements and accounting records and the Board's and President and CEO's administration, other tasks that might be incumbent on the company's auditors, and advice or other assistance as a result of observations during the audit or the implementation of the other duties referred to. Auditing activities in addition to the audit engagement mainly comprise a general examination of interim reports. Tax advice includes advice on income tax, including internal pricing issues, and VAT. "Other services" refers to advice not related any of the above categories of services.

NOTE 10 DEPRECIATION/AMORTIZATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS

DEPRECIATION ACCORDING TO PLAN DISTRIBUTED BY CLASS OF ASSET	2018	2017
Intangible assets	-1	-1
Buildings	-11	-10
Plant and machinery	-67	-59
Equipment, tools, fixtures and fittings	-12	-10
Total depreciation/amortization	**-90**	**-80**

AMORTIZATION ACCORDING TO PLAN DISTRIBUTED BY FUNCTION	2018	2017
Cost of goods sold	-79	-68
Selling expenses	-7	-7
Administrative expenses	-4	-5
Total depreciation/amortization	**-90**	**-80**

The assets are primarily machinery and other technical equipment.

NOTE 11 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME	2018	2017
Profit from sale of fixed assets	1	2
Exchange gains on receivables/liabilities relating to operations	2	–
Income from administrative services	13	14
Recovered claim	–	4
Other operating income	3	5
Total other operating income	**19**	**25**

OTHER OPERATING EXPENSES	2018	2017
Loss from sale of fixed assets	0	-1
Exchange losses on receivables/liabilities relating to operations	–	-1
Other operating expenses	-1	-2
Total other operating expenses	**-1**	**-4**

ACCOUNTING PRINCIPLES

Other operating income and costs relate to secondary activities, such as income from e.g. administrative services, exchange rate differences for items relating to operations and capital gains on the sale of tangible fixed assets. Group profit relating to the sale of subsidiaries or joint ventures are also recognized here if recognition as divested business is not applicable.

NOTE 12 LEASING

Operational leasing

Operating leases mostly comprise rental agreements for industrial and office premises, and to a lesser extent for vehicles and machinery. The rental agreements for industrial premises cover a remaining rental period of five years, with a right to extend the agreement for five years with unchanged conditions.

OPERATIONAL LEASING	2018	2017
Assets held via operating leases		
Minimum lease fees	60	58
Variable lease fees paid	0	0
Income from sub-leasing	–	–
Total lease fees for the year	**60**	**58**
Contractual future minimum lease fees with respect to irrevocable contracts due for payment:		
Within one year	56	54
Between one and five years	103	123
Beyond five years	96	19
Total	**255**	**196**

Financial leasing

"Financial leasing contracts" refer to buildings and production equipment reported at the following amounts among tangible fixed assets

	COST OF ACQUISITION		ACCUMULATED DEPRECIATION	
FINANCIAL LEASING	31 DEC 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
Buildings	41	41	-9	-6
Plant and machinery	24	24	-24	-22
Equipment, tools, fixtures and fittings	0	4	-0	-2
Total financial leasing contracts	**65**	**69**	**-33**	**-30**

Contractual future minimum lease fees have the following maturities:

	NOMINAL VALUES		CURRENT VALUES	
FINANCIAL LEASING	2018	2017	2018	2017
Within one year	5	5	2	2
Between one and five years	18	18	12	13
Beyond five years	30	35	21	21
Total future leasing fees	**53**	**58**	**35**	**36**

The current value of future minimum lease fees is recognized as an interest-bearing liability.

The Group's profit does not include any variable fees in relation to financial leases.

ACCOUNTING PRINCIPLES

Leasing – lessees

In the consolidated financial statements, leases are classified as either financial or operating leases. A financial lease is a lease in which the economic risks and benefits associated with ownership are essentially 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 recognized as assets in the consolidated balance sheet. Obligations to pay future lease fees are recognized as non-current and current liabilities. Leased assets are depreciated according to plan while lease payments are recognized as interest and amortization of liabilities. The interest cost is distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognized in the respective period.

Variable fees are expenses in the periods in which they arise. For operating leases, the lease fee is expensed over the term of the lease starting from initial use, which may differ from what is paid in leasing fees during the year.

If key terms are changed during the agreement period, the extent to which these new terms, if they were known at the start of the agreement, may involve a different classification for the agreement at the start of the leasing period is evaluated. If this is the case, the agreement is treated as a new agreement that must be tested by applying updated parameters at the time when the new agreement is entered into.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

When the Group enters into significant leasing agreements, an assessment must be performed to determine the extent to which the agreement is of a financial or operational character. An assessment of whether the agreement should be classified as operational or financial is made in connection with the conclusion of the agreement and includes an analysis of key parameters such as discount factor, probability assessments of alternative future decisions and the asset's market value. Different assessments regarding these parameters may lead to different conclusions being reached regarding the classification of the agreement.

NOTE 13 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	2018	2017
Interest income	0	–
Exchange rate differences on loans	–	6
Other	–	0
Total financial income	**0**	**6**

FINANCIAL EXPENSES	2018	2017
Interest expenses	-4	-4
Exchange rate differences on loans	-5	–
Other	-3	-2
Total financial expenses	**-12**	**-6**

ACCOUNTING PRINCIPLES

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 entered 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 recognized 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.

NOTE 14 EXCHANGE RATE DIFFERENCES AFFECTING PROFIT

	2018	2017
Exchange differences affecting operating profit/loss	2	-1
Exchange differences on financial items	-5	6
Total exchange rate differences	**-3**	**5**

NOTE 15 TAX

REPORTED TAX	2018	2017
Current tax		
Current tax for the year	-52	-23
Total current tax	**-52**	**-23**
Deferred tax expense (-)/tax income (+)		
Change in deferred tax	-3	-28
Total deferred tax	**-3**	**-28**
Total reported tax	**-55**	**-51**

Income tax relating to components of other comprehensive income amounts to SEK -0.1 (0.2) million and relates entirely to the revaluation of pension plans.

RECONCILIATION OF EFFECTIVE TAX	2018	2017
Earnings before tax	198	210
Tax according to applicable tax rate for the Parent Company, 22.0%	-44	-46
Tax effect of:		
Differences in tax rates for foreign subsidiaries	-2	-2
Non-taxable income	2	3
Non-deductible expenses	-4	-3
Deferred tax for previous years non-recognized temporary differences	-1	-1
Tax losses for which non-deferred tax is recognized	-7	-3
Revaluation effect of change in Swedish tax rate	-1	–
Profit from joint ventures recognized after tax	2	1
Tax on profit for the year according to the income statement	**-55**	**-51**

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
Machinery and equipment	1	0	12	11
Inventories	3	3	–	–
Accounts receivable	0	0	–	–
Loss carry-for-wards in Swedish companies	1	2	–	–
Pensions	10	12	–	–
Other	2	2	–	0
Net recognition of receivables/ liabilities in the same jurisdiction	-12	-11	-12	-11
Total	**5**	**8**	**–**	**–**

Deferred tax assets are recognized 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 2018, the accumulated tax loss carry-forwards in Swedish limited companies amount to SEK 4 (9) million. The Group has also calculated tax loss carry-forwards amounting to SEK 95 (68) million, of which SEK 34 (21) million was attributable to China, SEK 46 (42) million to Russia, SEK 2 (2) to the Netherlands and SEK 13 (3) million to the United States, for which deferred tax assets are not recognized as of 31 December 2018. Of the total loss carry-forwards, SEK 12 million falls due in 2019, SEK 2 million in 2020, SEK 6 million in 2021, SEK 0 million in 2022, SEK 14 million in 2023, SEK 15 million in 2024, SEK 11 million in 2025, SEK 4 million in 2026, SEK 8 million in 2027, SEK 8 million in 2028, SEK 15 millions is due later than 2029.

ACCOUNTING PRINCIPLES

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized in other comprehensive income or directly in equity. In such cases the tax is also recognized in 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 in the consolidated financial statements and the tax value 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 publicized on the balance sheet date in the countries where the Parent Company's subsidiaries and associated companies operate 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 recognized if they arise due to a first recognition of goodwill. Neither is deferred tax recognized if it arises due to a transaction that is attributable to the first recognition of an asset or liability that is not a business acquisition and which, at the time of the transaction, affects neither recognized nor taxable profit. Deferred tax assets are recognized to the extent that it is probable that future taxable surpluses will be available against which the temporary differences may be utilized.

Untaxed reserves, including the deferred tax liability, are recognized 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 recognized only in so 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.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The accounting principles describe the conditions for recognizing deferred tax assets as temporary differences. In this context it is important that the executive management consider whether the business will recognize the tax surplus in a near enough time frame for the asset to be balanceable.

In countries where the management believes that the Group can benefit from future lower tax receipts in the near future resulting from existing tax deficits, the receipts are recognized as deferred tax assets.

As of 31 December 2018, the management's assessment was that it is probable that a tax surplus will occur for the Group's Swedish activities. This assessment is based on a tax surplus being recognized in 2018 and, based on existing business plans, this is expected to continue in the coming years.

At the same time, management determined that the tax losses of a combined SEK 95 (68) million from several overseas operations will not be able to be used within the foreseeable future. Based on this, they are not recognized as a deferred tax asset.

As of 31 December 2018, the Group is recognizing a deferred tax asset attributable to loss carry-forwards and other temporary tax differences amounting to SEK 5 (8) million, of which SEK 2 (6) million is attributable to Sweden.

NOTE 16 PROFIT PER SHARE

PROFIT PER SHARE	2018	2017
Profit for the year attributable to shareholders of Bulten AB (publ), SEK million	146	162
Weighted average number of outstanding shares before dilution	20,323,709	20,359,707
Weighted average number of outstanding shares after dilution	20,358,466	20,464,388
Profit per share (SEK) before dilution	**7.19**	**7.98**
Profit per share (SEK) after dilution	**7.18**	**7.93**

ACCOUNTING PRINCIPLES

Profit per share before dilution are calculated by dividing profit for the period attributable to the Parent Company's shareholders by the Parent Company's weighted average number of shares outstanding for the financial year. Profit per share after dilution are calculated by dividing the profit for the period attributable to the Parent Company's shareholders by the Parent Company's weighted average number of shares outstanding after dilution.

NOTE 17 INTANGIBLE FIXED ASSETS

	31 DEC 2018			31 DEC 2017		
	GOODWILL	OTHER INTANGIBLE ASSETS [1]	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS [1]	TOTAL
Accumulated cost of acquisition						
At beginning of year	323	7	330	324	5	329
Acquisitions during the year	–	1	1	–	1	1
Reclassifications during the year	–	1	1	–	0	0
Divestments and disposals	–	–	–	–	–	–
Exchange differences during the year	-2	0	-2	-1	1	0
At year-end	**321**	**9**	**330**	**323**	**7**	**330**
Accumulated depreciation/amortization according to plan						
At beginning of year	–	-4	-4	–	-3	-3
Divestments and disposals	–	–	–	–	–	–
Depreciation according to plan	–	-1	-1	–	-1	-1
Exchange differences during the year	–	-0	-0	–	0	0
At year-end	**–**	**-5**	**-5**	**–**	**-4**	**-4**
Accumulated impairment						
At beginning of year	-120	–	-120	-120	–	-120
Impairment for the year	–	–	–	–	–	–
At year-end	**-120**	**–**	**-120**	**-120**	**–**	**-120**
Recognized value						
At beginning of year	203	3	206	204	2	206
At year-end	**201**	**4**	**205**	**203**	**3**	**206**

1) Relates primarily to license fees.

Impairment requirement testing for goodwill

Recognized consolidated goodwill amounts to SEK 201 (203) million.

Each year, the Group tests whether there is an impairment requirement with regard to goodwill. Goodwill is monitored by the management at operating segment level. The recoverable amounts for Bulten have been determined by calculating the value in use. Calculations are based on estimated future cash flows from financial plans approved by the executive management and cover a period of three years.

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

Cash flows beyond the three-year period are extrapolated using an estimated growth rate resulting from assumed inflation of 2.0% (2.0). The forecast cash flow has been calculated at present value using a discount rate of 7.7% (7.3) before tax. The discount rate has been determined by calculating a weighted cost of own and borrowed capital.

In both 2018 and 2017 the estimated recoverable amount for Bulten exceeded the book value, which is why no impairment requirement has been identified.

Alternative calculations have been 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.

ACCOUNTING PRINCIPLES

Intangible assets

Expenditure on research and development

The Group conducts no research and development of the kind that is to be capitalized as an intangible asset. Expenditure is expensed 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 the planned start of production.

Goodwill

Goodwill consists of the amount by which the cost of acquisition exceeds the fair value of the Group's proportion of the acquired subsidiary's/associated company's/joint venture's identifiable net assets at the time of acquisition. Goodwill upon acquisition of subsidiaries is recognized under intangible assets. Goodwill upon the acquisition of associated companies/joint ventures is included in the value of holdings in associated companies/ joint ventures.

Goodwill is tested annually to identify any write-down requirement and is recognized at cost less accumulated impairment. Impairment of goodwill is not reversed. Gains or losses from the divestment of a unit include 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 acquisitions where the cost of acquisition is less than the net of the fair value of the acquired assets and assumed liabilities and contingent liabilities, the difference is recognized directly in the income statement.

Other intangible assets

Other intangible assets acquired by the Group are recognized at cost of acquisition less accumulated amortization and impairment. Expenditures for internally generated goodwill and trademarks are recognized in the income statement as an expense as it is incurred. The Group's intangible assets include acquired software licenses, 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 capitalized to the extent that the probable economic benefits exceed the expenditures.

Depreciation/amortization

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

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The impairment requirement for goodwill is assessed annually, or more frequently if needed, by calculating the recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. If the calculated value is less than the carrying amount, an impairment is made to the asset's recoverable amount. To determine the value in use, estimated future cash flows are used, which are based on internal business plans and forecasts. Although the executive management believes that the estimated future cash flows are reasonable, different assumptions regarding such cash flows could affect valuations substantially. In assessing the goodwill value of SEK 201 (203) million as of the end of 2018 and 2017, no impairment requirement was identified.

NOTE 18 TANGIBLE FIXED ASSETS

	31 DEC 2018					31 DEC 2017				
	LAND AND BUILDINGS 1) 2)	PLANT AND MACHINERY 1)	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS 1)	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL 1)	LAND AND BUILDINGS 1) 2)	PLANT AND MACHINERY 1)	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS 1)	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL 1)
Accumulated cost of acquisition										
At beginning of year	215	648	94	92	1,049	203	582	77	28	890
Acquisitions during the year	2	4	9	150	165	3	2	7	111	123
Reclassifications during the year	7	119	5	-132	-1	2	37	7	-47	0
Divestments and disposals	-5	-18	-1	–	-24	–	-3	-2	-1	-6
Exchange differences during the year	1	8	4	1	14	7	30	5	1	43
At year-end	**220**	**761**	**111**	**111**	**1,203**	**215**	**648**	**94**	**92**	**1,049**
Accumulated depreciation/amortization according to plan										
At beginning of year	-32	-305	-40	–	-377	-20	-227	-29	–	-276
Reclassifications during the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	1	18	1	–	20	–	3	2	–	5
Depreciation according to plan	-11	-67	-12	–	-90	-10	-59	-10	–	-79
Exchange differences during the year	0	-8	-2	–	-10	-2	-22	-3	–	-27
At year-end	**-42**	**-362**	**-53**	**–**	**-457**	**-32**	**-305**	**-40**	**–**	**-377**
Accumulated impairment										
At beginning of year	–	-44	–	–	-44	–	-44	–	–	-44
Impairment for the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	–	–	–	–	–	–	–	–	–	–
Exchange differences during the year	–	–	–	–	–	–	–	–	–	–
At year-end	**–**	**-44**	**–**	**–**	**-44**	**–**	**-44**	**–**	**–**	**-44**
Recognized value										
At the start of the period	183	299	54	92	628	183	311	48	28	570
At the end of the period	**178**	**355**	**58**	**111**	**702**	**183**	**299**	**54**	**92**	**628**

1) Includes assets in financial leases; see Note 12.
2) Of which land, SEK 15 (16) million

TANGIBLE FIXED ASSETS BY COUNTRY

	31 DEC 2018	31 DEC 2017
Sweden	275	242
Germany	83	79
United Kingdom	13	13
Poland	250	229
Russia	43	48
China	18	17
USA	20	–
Total tangible fixed assets	**702**	**628**

ACCOUNTING PRINCIPLES

Tangible fixed assets are recognized as assets in the balance sheet when, on the basis of available information, it is likely that the future economic benefit associated with their possession will pass to the Group, and the asset's cost of acquisition can be reliably calculated. Tangible fixed assets are recognized at their cost of acquisition less accumulated depreciation and any impairments. Land is not subject to depreciation.

The cost of acquisition includes the purchase price and costs directly attributable to bringing the asset to the location and the condition necessary for it to be utilized for its intended purpose. 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 acquisition may also include transfers from equity for possible gains/losses in cash flow hedging that meets hedge accounting requirements.

The cost of acquisition 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 the asset for its intended use.

Subsequent costs are added to an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will pass to the Group and the cost of acquisition of the asset can be measured reliably. The carrying amount of the replaced part is derecognized from the balance sheet. All other repairs and maintenance are expensed in the income statement in the period in which they arise.

The carrying amount for a tangible fixed asset is derecognized from the balance sheet upon its disposal or divestment, or when no future economic benefits are expected from its use. Profit from the divestment or disposal consist of the selling price and carrying amount of the asset less direct selling expenses. This is recognized as other operating income/expense.

Principles for depreciating tangible fixed assets

Depreciation according to plan is based on the original acquisition value less the 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	NUMBER OF YEARS
Buildings	15 – 40
Plant and machinery	5 – 14
Equipment, tools, fixtures and fittings	3 – 10

Impairment

Assets with indefinite useful lives are not depreciated/amortized but are tested annually for any impairment requirement. Assets that are depreciated/amortized are assessed for a reduction in value when events or changes in conditions indicate that the carrying amount may not be recoverable. A write-down is carried out for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units).

NOTE 19 OTHER LONG-TERM RECEIVABLES

ACCUMULATED COST	31 DEC 2018	31 DEC 2017
At beginning of year	4	5
Amortization, deductible receivables	-1	-1
Reclassifications	–	-4
Other additional receivables	2	4
Translation differences	0	0
Carrying amount at year-end	**5**	**4**

NOTE 20 INVENTORIES

	31 DEC 2018	31 DEC 2017
Raw materials and consumables	85	64
Products in progress	157	138
Finished products and goods for resale	467	331
Total inventories	**709**	**533**

The cost of inventories that have been expensed is included in the item "Cost of goods sold".

Impairment for the year of inventories at their net selling price amounts to SEK 4 (4) million. The impairment has been recognized in the income statement as the cost of goods sold. During the year, the Group reversed SEK -3 (-1) million of previous impairments of inventories. The amount is included in the cost of goods sold.

ACCOUNTING PRINCIPLES

Inventories are stated at the lower of their cost of acquisition and net selling price. The cost of acquisition is calculated by applying the first-in, first-out principle (FIFO) and includes costs arising upon acquisition of the inventory assets, transport to their current location and bringing them to their current condition. The net selling price is the estimated selling price in the ordinary course of business, less estimated costs for completion and effecting a sale. The valuation thereby takes into account the risk of obsolescence. For manufactured goods and work in progress, the cost of acquisition includes a reasonable proportion of indirect production costs. The valuation takes into account normal capacity utilization.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group is reporting a total inventory value of SEK 709 (533) million. An obsolescence reserve is recognized if the estimated net selling price is lower than the cost of acquisition, and in connection therewith, the Group makes estimates and assumptions regarding, among other things, future market conditions and estimated net selling prices. The risk of obsolescence arises especially in periods when there is an unexpected drop in demand. Additionally, obsolescence can occur if the Group is not successful in adjusting inventory levels in conjunction with customers phasing out vehicle models from their production.

NOTE 21 ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE	31 DEC 2018	31 DEC 2017
Accounts receivable	573	626
Minus credit reserve	-4	-5
Total accounts receivable	**569**	**621**

Accounts receivable are amounts collectible from customers from the sale of the Group's products and services. In the event that these are expected to be settled more than 12 months after the balance sheet date, they are classified as Other long-term receivables.

Accounts receivable are recognized initially at the transaction price. The Group holds accounts receivables in order to collect contractual cash flows and values them at the accrued cost using the effective interest method at subsequent reporting times.

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

ACCOUNTS RECEIVABLE FOR EACH CURRENCY	31 DEC 2018	31 DEC 2017
SEK	41	36
EUR	430	522
USD	29	19
GBP	34	22
PLN	1	2
CNY	25	14
Others	9	6
Total accounts receivable	**569**	**621**

Assessed impairment of accounts receivable

For accounts receivable, the Group applies the simplified approach to a credit reserve for doubtful receivables, i.e. the reserve will correspond to the expected loss over the entire lifespan of the accounts receivable. In order to measure the expected credit losses, the accounts receivables have been grouped based on their external credit rating or the payment history of the counterparty. The credit losses are listed in the Group's report of the comprehensive income under the item Sales and administration costs. Accounts receivable and current receivables are written off when there is no reasonable expectation of repayment.

These customers normally pay on the agreed due date and the Group has a history of very low credit losses. The loss provision included as of 1 January 2018, calculated in accordance with IAS 39, was assessed based on the new criteria for expected loss provisions in accordance with IFRS 9. The management's analysis shows that the loss provision essentially corresponds to the expected future loss risk according to IFRS 9. Accounts receivable in relation to the Group's net sales amounted to 0.07% in 2018. The transition to IFRS 9 has therefore not had any effect on the reported amounts. The age analysis of accounts receivable is as below.

AGE ANALYSIS, ACCOUNTS RECEIVABLE	31 DEC 2018	31 DEC 2017
Less than 3 months	69	87
3 to 6 months	2	1
More than 6 months	7	7
Total accounts receivable due	**78**	**95**

Change in credit reserve receivables is listed below.

CHANGE IN CREDIT RESERVE	31 DEC 2018	31 DEC 2017
At beginning of year	-5	-5
Change in credit reserve	-0	-1
Receivables written off during the year as non-recoverable	–	0
Reversal of unutilized amounts	1	0
Exchange differences during the year	-2	-0
At year-end	**-4**	**-5**

Other categories of current receivables, i.e. "Prepaid expenses and accrued income" and "Other receivables" do not include any assets which have an impairment requirement or anticipated future loss risks. The same applies for "Other long-term receivables". The maximum exposure to credit risk as of the balance sheet date is the fair value of each category of receivables mentioned above. For all these categories of receivables, the fair value is essentially considered to correspond to the book value.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group regularly transfers a share of outstanding accounts receivable to a third party. The divestments are based on framework agreements and conditions that, as a whole, have been assessed to mean that the risks and benefits associated with the accounts receivable are, essentially, transferred to the buyer based on a test in accordance with IAS 9 – Financial Instruments. As of 31 December 2018, the value of transferred accounts receivable amounted to SEK 62 (55) million.

NOTE 22 OTHER RECEIVABLES

	31 DEC 2018	31 DEC 2017
Receivable attributable to VAT	31	35
Other receivables	8	6
Total other receivables	**39**	**41**

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

	31 DEC 2018	31 DEC 2017
Prepaid rent	3	5
Prepaid licenses	5	4
Prepaid insurance	3	3
Other prepaid expenses	15	10
Other accrued income	54	55
Total prepaid expenses and accrued income	**80**	**77**

NOTE 24 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets
As of 1 January 2018, (the transition date for IFRS 9), the Group classifies its financial instruments in the following categories: financial assets valued at fair value either via the income statement or other comprehensive income or financial assets valued at the accrued cost. The classification of investments in debt instruments depends on the Group's business model for handling financial assets and the contractual terms for the cash flow of the assets. The management determines the classification of financial assets upon their first recognition. The Group only has financial assets in the accrued cost category.

For comparison year 2017, the Group classifies its financial instruments into the following categories: financial assets at fair value through the income statement; loans and accounts receivable; financial assets available for sale; and derivatives as hedging instruments. At the start of 2017, there were only financial assets in the Loans and accounts receivable category. These were reclassified on 1 January 2018 into the Accrued cost category according to IFRS 9. The reclassification had no effect on the reported amounts.

Financial assets at accrued cost
Assets that are held for the purposes of collecting contractual cash flows, and where the cash flows only constitute capital amounts and interest are valued at the accrued cost. 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. Interest income from these financial assets is recognized using the effective interest method and are included in financial income. The Group's financial assets that are valued at the accrued cost (previously Loans and receivables) are made up of the items, accounts receivable, other long-term receivables and cash equivalents.

FINANCIAL ASSETS	ACCRUED COST 31 DEC 2018	LOANS AND ACCOUNTS RECEIVABLE 31 DEC 2017
Other long-term receivables	5	4
Accounts receivable	569	621
Cash equivalents	18	48
Total	**592**	**673**

For investments in joint ventures, see Note 34.

ACCOUNTING PRINCIPLES

Purchases and sales of financial assets are taken up on the trade date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognized 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. Financial assets are initially valued at the fair value plus, in those cases where the asset has not been recognized at fair value via the income statement, transaction costs directly attributable to the purchase. After the acquisition period, they are reported at the accrued cost by applying the effective interest method.

Financial assets and liabilities are offset and reported on a net basis in the balance sheet when a legal right to offset the carrying amounts exists and there is an intention to settle them on a net basis or to simultaneously realize the asset and settle the debt. The legal right must not be dependent on future events and it must be legally binding for the company and counterparty, both during normal business activities and in the event of order cancellation, insolvency or bankruptcy.

The Group assesses the future anticipated credit losses that are connected to assets recognized at accrued costs. The Group recognizes a credit reserve for anticipated credit losses at each reporting date. The loss provisions regarding financial assets are based on assumptions of the risk of bankruptcy and anticipated losses. The Group makes its own assessments of the assumptions and choices regarding input data for calculating the impairment. These are based on history, known market conditions and forward-looking estimates at the end of each reporting period. For assessment of the credit reserve for accounts receivable, see Note 21.

Financial liabilities
As of 1 January 2018, the Group classifies its financial liabilities in the categories of: liabilities valued at accrued cost and derivative instruments. At the start of 2017, the Group classified its financial instruments into the following categories: liabilities assessed at fair value through the income statement; other financial liabilities; and derivatives as hedging instruments. At the start of 2017, there were only financial liabilities in the Other financial liabilities category. These were reclassified on 1 January 2018 into the category "Liabilities valued at accrued cost". The reclassification had no effect on the reported amounts.

Financial liabilities are distributed in the balance sheet using the following amounts:

FINANCIAL LIABILITIES	ACCRUED COST 31 DEC 2018	OTHER FINANCIAL LIABILITIES 31 DEC 2017
Long-term interest-bearing liabilities	185	84
Current interest-bearing liabilities	3	4
Accounts payable	414	432
Total other financial liabilities	**602**	**520**

ACCOUNTING PRINCIPLES

Interest-bearing liabilities
The accounting policies for other interest-bearing liabilities are presented in Note 29, Interest-bearing liabilities, and Note 12, Leasing.

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

Derivative instruments and hedging instruments
At the end of 2017 and 2018 the Group had no derivative contracts.

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 balance sheet dates in 2018 and 2017 there were no financial assets and liabilities recognized at fair value.

NOTE 25 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	ORDINARY SHARES	TOTAL NUMBER OF SHARES
Number of shares outstanding as of 31 December 2017	**20,359,707**	**20,359,707**
Buy-back of own shares 2018	-226,720	-226,720
Number of shares outstanding as of 31 December 2018	**20,132,987**	**20,132,987**

The total number of ordinary shares as of 31 December 2018 amounts to 21,040,207. The quotient value per share is SEK 0.50. All issued shares are fully paid.

ACCOUNTING PRINCIPLES

Equity is divided between capital attributable to Parent Company shareholders and non-controlling interests. Value transfers in the form of e.g. dividends from the Parent Company and the Group shall be based upon the Board's established statement on the proposed dividend. This statement has to take into account the legal precautionary rules to avoid dividends greater than what financial coverage exists for.

Share capital
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognized net after tax in equity as a deduction from the issue settlement. When financial liabilities are eliminated through the repayment of part or all of the loan being through issued shares, the shares are valued at fair value and the difference between this value and the book value of the loan is recognized in the income statement. In the event that the lender is, directly or indirectly, a shareholder and acts as a shareholder, the issued amount corresponds to the book value of the financial liability which is thereby eliminated (so-called set-off issue). In this way, there is no gain or loss to recognize in the income statement.

Other contributed capital
Refers to equity contributed by the owners.

NOTE 26 OTHER RESERVES

	TRANSLATION RESERVE	
	2018	2017
Opening balance	39	13
Exchange differences	19	25
Other comprehensive income attributable to joint ventures	-1	1
Closing balance	**57**	**39**

ACCOUNTING PRINCIPLES

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 27 NON-CONTROLLING INTERESTS

The following tables present summarized financial information for subsidiaries that have non-controlling interests and that are essential to the Group. Information for the owner company (Rus-Fasteners B.V.) and the underlying operating company (Bulten Rus LLC) is presented as one consolidated unit.

SUMMARIZED INCOME STATEMENT	2018	2017
Profit/loss items		
Income	54	41
Earnings after tax	-9	-9
Other comprehensive income		
Exchange differences	-3	-1
Total comprehensive income	**-12**	**-10**
Attributable to		
Parent Company shareholders	-8	-6
Non-controlling interests (37%)	-4	-4
Total comprehensive income	**-12**	**-10**

SUMMARIZED BALANCE SHEET	31 DEC 2018	31 DEC 2017
Assets		
Non-current assets	43	49
Current assets	35	33
Total assets	**78**	**82**
Liabilities		
Non-current liabilities	23	23
Current liabilities	29	22
Total liabilities	**52**	**45**
Net assets	**26**	**37**
Total net assets attributable to non-controlling interests (37%)	10	14

SUMMARIZED CASH FLOW	2018	2017
Cash flow from operating activities	-6	-5
Cash flow from investing activities	-3	-1
Cash flow from financing activities	4	11
Cash flow for the period	**-5**	**5**

ACCOUNTING PRINCIPLES

Non-controlling interests
The Group applies the principle of treating transactions with non-controlling interests as transactions with the Group's shareholders. For purchases from non-controlling interests, the difference between the compensation paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses on divestments to non-controlling interests are also recognized in equity.

NOTE 28 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Remuneration to employees after completed employment is primarily made by way of 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 and the value of the outstanding obligation are calculated using actuarial calculations, which aim to determine the present value of the obligations issued. Interest is classified as a financial expense. Other expense items are distributed in operating profit under the cost of goods sold, selling expenses or administrative expenses, depending on the employee's position. The Group also has pension obligations of SEK 33 (40) million secured through capital insurance, which means that any changes in pension obligations will be fully compensated through equivalent changes in the value of the capital insurance. Pension commitments are recognized as contingent liabilities and capital insurance as pledged assets.

DEFINED-BENEFIT PENSION PLANS AND SIMILAR OBLIGATIONS	31 DEC 2018	31 DEC 2017
FPG/PRI	12	12
Other retirement pensions in Swedish companies	1	1
Retirement pensions in foreign companies	1	1
Other long-term remuneration to employees	3	1
Total defined-benefit pension plans and similar obligations	**17**	**15**

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

	SWEDEN	
PENSION COMMITMENTS	2018	2017
Discount rate, %	1.4	1.3
Inflation, %	2.0	1.9

There is no further vesting in the defined-benefit system in Sweden. Consequently, the Group's pension commitment is based on an unchanged rate of pay increase. The discount rate is determined based on the market rate as of the balance sheet date for housing bonds in Sweden.

Risk exposure and sensitivity analysis

The liabilities of defined-benefit pension plans are determined using a discount rate based on corporate bonds with a duration corresponding to the average remaining term of the obligation (eight years). A reduction in the interest rate on corporate bonds of 0.5% will mean an increase of SEK 0.5 million in the liabilities of the plan. Since the plans are unfunded, a reduced bond rate would increase liabilities without a corresponding increase in the value of plan assets.

DEFINED-BENEFIT OBLIGATIONS AND THE VALUE OF PLAN ASSETS	31 DEC 2018	31 DEC 2017
Present value of defined-benefit obligations	17	15
Fair value of plan assets	–	–
The Group's net obligation in respect of defined-benefit pension plans	**17**	**15**
- of which, provisions for pensions	16	13
- of which, current interest-bearing liabilities	1	2

RECONCILIATION OF NET OBLIGATION RELATING TO DEFINED-BENEFIT OBLIGATIONS	31 DEC 2018	31 DEC 2017
Opening net debt	15	18
Pension expense (+)/income (-) for the period	3	-0
Pension payments	-1	-1
Revaluation effect of changed assumptions after tax	-0	-2
Translation difference	0	0
Closing net debt	**17**	**15**

SPECIFICATION OF TOTAL EXPENSES FOR REMUNERATION AFTER TERMINATION OF EMPLOYMENT AS RECOGNIZED IN THE INCOME STATEMENT	2018	2017
Costs relating to defined-benefit plans		
Costs for service during current year	-3	-1
Interest expenses	-0	-0
Total costs relating to defined-benefit plans	**-3**	**-1**
Costs relating to defined-contribution plans	-17	-17
Total costs recognized in the income statement	**-20**	**-18**
Revaluation effect recognized in "Other comprehensive income (before tax)"	**0**	**1**

ASSETS PLEDGED FOR PENSION COMMITMENTS	31 DEC 2018	31 DEC 2017
Capital insurance [1]	33	40
Total	**33**	**40**
Amount of the provision item expected to be paid after more than 12 months	32	39

1) Pension obligations are secured by way of capital insurance, which means that any changes to the pension obligation will be fully compensated by a corresponding change in value of the capital insurance. Both pension commitments and the capital insurance are recognized in Note 33.

ACCOUNTING PRINCIPLES

Pension obligations

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

The predominant form of pension is a defined-contribution plan. These plans mean that the company reconciles its commitment systematically by way of payments to insurance companies or pension funds.

Conversely, pension plans that are based on an agreed future pension entitlement, known as defined-benefit pension plans, mean that the company has a greater responsibility in which, for instance, assumptions about the future have an impact on the company's recognized cost. The Group's net obligation is calculated separately for each plan by estimating the future remuneration that the employees have earned through their employment both in current and previous periods; this remuneration is discounted to a present value.

The liability recognized in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period less the fair value of plan assets. The defined-benefit obligation is calculated annually by independent actuaries using the so-called projected unit credit method.

The present value of the defined-benefit obligation is determined by discounting estimated future cash flows using the interest rates of high-quality corporate bonds denominated in the same currency as that in which the remuneration will be paid and with maturities comparable to the current pension obligation.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognized in "Other comprehensive income" in the period in which they arise.

Costs for service in earlier periods are recognized directly in the income statement.

Remuneration upon termination of employment
Remuneration upon termination of employment is payable when an employment relationship is terminated by the Group before the normal retirement age or when an employee accepts voluntary redundancy in exchange for such remuneration. The Group recognizes severance pay when it is demonstrably obliged either to terminate employees as part of a detailed formal plan without any possibility of revocation or to provide remuneration upon termination of employment 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.

Other long-term remuneration to employees
"Other long-term remuneration to employees" refers to the Group's defined-benefit obligations in accordance with a plan that gives employees a flexible transition from employment to retirement. The plan aims to enable flexible service as agreed between the employer and the employee. The Group's defined-benefit obligation is determined annually by applying the so-called projected unit credit method. Unlike the recognition of defined-benefit pension obligations, revaluations of the obligation are recognized in the income statement and not in "Other comprehensive income".

Bulten Polska has a long-term obligation to its employees that is classified as a defined-benefit plan. In accordance with local labor law, each employee is entitled to one-time compensation when employment in the company is terminated.

NOTE 29 INTEREST-BEARING LIABILITIES

LONG-TERM INTEREST-BEARING LIABILITIES	31 DEC 2018	31 DEC 2017
Bank overdraft facilities	102	50
Other interest-bearing liabilities	50	–
Liabilities for finance leases	33	34
Long-term interest-bearing liabilities	**185**	**84**
Which mature between 1 and 5 years	164	63
Which mature after more than five years	21	21
Total	**185**	**84**
Provisions for pensions and similar obligations	16	13
Total long-term liabilities	**201**	**97**

CURRENT INTEREST-BEARING LIABILITIES	31 DEC 2018	31 DEC 2017
Provisions for pensions and similar obligations	1	2
Liabilities for finance leases	2	2
Total current interest-bearing liabilities	**3**	**4**

The fair value is considered to correspond to the book value of the Group's financial liabilities because the interest-bearing liabilities incur interest corresponding to market rates. The Group has special loan covenants that must be fulfilled with respect to external lenders, including relational figures such as EBITDA, net debt/equity and financial expenses. All covenants were met in both 2018 and 2017.

Long-term liabilities to credit institutions and the portion of bank overdraft facilities classified as long-term are covered by a credit facility that runs to July 2022. The financing agreement covers a period of 4+1+1 years, i.e. with two extension periods of one year each.

BANK OVERDRAFT FACILITIES	31 DEC 2018	31 DEC 2017
Approved overdraft facilities	215	155
Unutilized portion	-113	-105
Utilized credit [1]	**102**	**50**

1) Of which SEK 102 (50) million is recognized as a long-term liability as the Group is entitled to extend the credit within the framework of existing credit arrangements.

ACCOUNTING PRINCIPLES

Borrowing
Borrowing is initially recognized at fair value. Borrowing is subsequently recognized at its accrued cost of acquisition, and any difference between the amount received and the repayment amount is recognized in the income statement over the loan period using the effective interest method. Preference shares, which are mandatorily redeemable at a specific time, are classified as liabilities.

Dividends from these are recognized in the income statement as an interest expense.

Borrowing, including bank overdraft facilities, is classified under current liabilities unless the Group has an unconditional right to defer the payment of the liability for at least 12 months after the balance sheet date.

See Note 12 for the accounting policies concerning the recognition of financial leasing.

NOTE 30 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	31 DEC 2018	31 DEC 2017
Shares in subsidiaries	1,533	1,447
Other long-term receivables	1	1
Total pledged assets for liabilities to credit institutions	**1,534**	**1,448**

NOTE 31 ACCRUED EXPENSES AND PREPAID INCOME

	31 DEC 2018	31 DEC 2017
Accrued salaries, including holiday pay	47	39
Accrued social security costs	29	43
Other accrued expenses	37	37
Prepaid income	9	11
Total accrued expenses and prepaid income	**122**	**130**

NOTE 32 OTHER PROVISIONS

	31 DEC 2018	31 DEC 2017
Costs for restructuring programs	-1	–
Total other provisions	**-1**	**–**

RESTRUCTURING MEASURES		
Carrying amount at start of period	–	1
Change during the period	1	-1
Carrying amount at end of period	**1**	**–**

Provisions for restructuring cover direct costs that are contingent on the restructuring and have no connection with the company's current activities, such as costs for unutilized rental contracts, environmental costs and remuneration to staff without employment. When the effect of the timing of the payment is of significance, the provision is determined by way of a calculation of the current value of future disbursements.

ACCOUNTING PRINCIPLES

A provision is recognized in the balance sheet when the company has a formal or informal obligation as a consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the commitment and that the amount can be estimated reliably. When the effect of the timing of the payment is of significance, the provision is 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 the money and, if applicable, the risks associated with the liability.

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

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

A provision for the Group's share in a joint venture's negative net assets is recognized when the Group has a formal or informal obligation to restore the company's own equity.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

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. The executive management systematically assesses the expected outcome of compensation claims made against the Group. As of the balance sheet date there were a few compensation claims against the Group, and the executive management believes that it is unlikely that these will have a material impact on the consolidated profit and financial position. No provision is recognized as of the balance sheet date for these compensation claims.

NOTE 33 CONTINGENT LIABILITIES

	31 DEC 2018	31 DEC 2017
Pension obligations in addition to those accounted for as liabilities or provisions [1]	33	40
Other contingent liabilities	8	7
Total contingent liabilities	**41**	**47**

1) Of which SEK 33 (40) million in pension obligations is secured by way of capital insurance, which means that any changes to the pension obligation will be fully compensated by a corresponding change in value of the capital insurance.

NOTE 34 INVESTMENTS IN JOINT VENTURES

The Group has a shareholding of 60% in a joint venture, BBB Services Ltd, which supplies fasteners to major projects primarily relating to engines. The company is based in Scunthorpe, UK. BBB Services Ltd also has a wholly owned subsidiary in Romania.

The shareholder agreement between the owners of BBB Services Ltd (Bulten and Brugola) means that the most relevant activities in the joint venture must be agreed by both parties. The key business risks and responsibilities are divided among and linked to the deliveries and products provided by each party.

An assessment of the factors and circumstances on which this collaboration is based means that this arrangement is classified as a joint venture. In light of this and the application of IFRS 11, BBB Services Ltd is recognized in accordance with the equity method.

In 2017, the Group became a partner in another joint venture: Ram-Bul LLC, based in Hudson, Ohio, USA. The Group has a 50% share. Ram-Bul LLC did not conduct any significant activities in 2018. The holding is recognized according to the equity method as investments in joint ventures.

The Group's share of BBB Services Ltd's net assets amounts to SEK 0 (-6) million. In accordance with the shareholder agreement, Bulten has no formal obligation to contribute additional capital to BBB Services Ltd as the business shall be financed primarily through operating liabilities to the company's owners. An informal obligation to restore the Group's share of the company's equity is considered to exist because the continued operation of the company is considered to be of commercial significance for the Group. The Group's negative share in BBB Services Ltd's net assets is therefore recognized under "Current other liabilities".

The Group's share of Ram-Bul LLC's net assets amounts to SEK 1 (1) million.

GROUP'S SHARE OF BBB SERVICES LTD	31 DEC 2018	31 DEC 2017
Opening balance	-6	-11
Share of profit for the year	8	4
Other comprehensive income	-2	1
Closing balance	**0**	**-6**

In 2015, the Group provided a long-term loan to the joint venture company BBB Services Ltd in order to finance the build-up of the company's working capital and settle outstanding operating liabilities with the Group.

In reality, the loan was part of the Group's net investment in BBB and was therefore recognized net, less the Group's share in the joint venture's accumulated losses, as an investment in a joint venture. The loan was fully repaid in 2017.

PRESENTATION OF BBB SERVICES LTD IN THE CONSOLIDATED BALANCE SHEET	31 DEC 2018	31 DEC 2017
Opening balance for long-term loans to joint venture	–	67
Settlement of long-term loan to joint venture	–	-67
Translation difference	–	–
Closing balance, long-term loans to joint ventures	**–**	**–**
Less Bulten's share of JV's negative net assets	0	-6
Investments in joint venture / Other current liabilities	**0**	**-6**

Summary of financial information

A summary of financial information for BBB Services Ltd is presented below, recognized using the equity method. The information below refers to amounts recognized in the joint-venture's year-end accounts (not the Bulten Group's share of these amounts) pursuant to the Group's accounting policies.

SUMMARIZED INCOME STATEMENT	2018	2017
Profit/loss items		
Income	570	522
Costs	-555	-513
Depreciation/amortization	–	–
Earnings before tax	**15**	**9**
Tax on profit for the year	-2	-2
Earnings after tax	**13**	**7**
Other comprehensive income		
Exchange differences	-2	1
Total comprehensive income	**11**	**8**
Attributable to		
Bulten Fasteners AB	6	5
Other participants	5	3
Total comprehensive income	**11**	**8**

SUMMARIZED BALANCE SHEET	31 DEC 2018	31 DEC 2017
Assets		
Non-current assets	1	1
Current assets, excluding cash and cash equivalents	128	153
Cash equivalents	25	25
Total assets	**154**	**179**
Liabilities		
Current liabilities	153	189
Total liabilities	**153**	**189**
Net assets/liabilities	**1**	**-10**
Group's share of joint venture (60%)	0	-6

The Group has no contingent liabilities relating to the joint venture other than the responsibility of the Group for the quality of items supplied by Bulten to the company in accordance with normal delivery and commercial terms for the industry.

ACCOUNTING PRINCIPLES

The Group applies IFRS 11 Joint Arrangements. Under IFRS 11 an interest in a joint arrangement is classified as either a joint operation or a joint venture, depending on the contractual rights and obligations of each investor. The Group has assessed its joint arrangements and determined that this is a joint venture. Joint ventures are recognized using the equity method.

Under the equity method, investments in joint ventures are initially recognized in the consolidated statement of financial position at their cost of acquisition. The carrying amount is subsequently increased or decreased to take into account the Group's share of profit and other comprehensive income from its joint ventures after the acquisition date. The Group's share of profit included in consolidated profit and the Group's share of other comprehensive income is included in other comprehensive income in the Group. When the Group's share of losses in a joint venture is equal to or exceeds its holding in the joint venture (including any long-term receivables which actually form part of the Group's net investment in the joint venture), the Group recognizes no further losses unless the Group has assumed formal or informal obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's holdings in joint ventures. Unrealized losses are also eliminated unless the transaction indicates an impairment of the transferred asset.

NOTE 35 CASH FLOW, NET CASH/NET DEBT

ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW	2018	2017
Depreciation of fixed assets	90	80
Unrealized currency gains/losses	2	0
Profit from participations in joint ventures	-8	-4
Profit from the sale of fixed assets	-1	-5
Other non-cash-affecting items	-1	3
Total adjustments for items not included in cash flow	**82**	**74**

INTEREST PAID AND RECEIVED	2018	2017
Interest paid	-4	-4
Interest received	–	–

CASH AND CASH EQUIVALENTS	31 DEC 2018	31 DEC 2017
Cash and bank accounts	18	48
Total cash and bank accounts	**18**	**48**

"Cash and cash equivalents" in the balance sheet and cash flow statement refers solely to cash and bank accounts. Outstanding bank funds of SEK 18 (48) million are, in their entirety, placed in banks with the highest credit rating from leading credit institutions.

CHANGE IN NET CASH/NET DEBT	2018	2017
Net cash (+)/debt (-) at the start of the year	-49	30
Change in bank overdraft facilities and other financial liabilities	-101	-23
Amortization of interest-bearing liabilities	–	–
Change of liabilities relating to financial leasing	1	1
Changes in provisions for pensions	-3	5
Change in interest-bearing receivables	1	-1
Change in cash and cash equivalents	-30	-61
Net cash (+)/net debt (-)	**-181**	**-49**
Less interest-bearing liabilities attributable to financial leases	36	37
Adjusted net cash (+)/net debt (-)	**-145**	**-12**

			CHANGES NOT AFFECTING CASH FLOW		
REPORT ON CASH FLOW	1 JAN 2018	CASH FLOW	PENSION	EXCHANGE RATE DIFFERENCES	31 DEC 2018
Long-term interest-bearing liabilities	-84	-101	–	–	-185
Provision for pensions	-13	1	-4	–	-16
Current interest-bearing liabilities	-4	1	–	–	-3
Total	**-101**	**-100**	**-3**	**–**	**-204**
Financial interest-bearing receivables	4	-1	2	–	5
Cash equivalents	48	-32	–	2	18
Total	**52**	**-33**	**2**	**2**	**23**
Total change in cash flow	**-49**	**-133**	**-1**	**2**	**-181**

			CHANGES NOT AFFECTING CASH FLOW		
REPORT ON CASH FLOW	1 JAN 2017	CASH FLOW	PENSION	EXCHANGE RATE DIFFERENCES	31 DEC 2017
Long-term interest-bearing liabilities	-60	-23	–	-1	-84
Provision for pensions	-18	1	4	–	-13
Current interest-bearing liabilities	-5	1	–	–	-4
Total	**-83**	**-21**	**4**	**-1**	**-101**
Financial interest-bearing receivables	5	–	-1	–	4
Cash equivalents	109	-64	–	3	48
Total	**114**	**-64**	**-1**	**3**	**52**
Total change in cash flow	**30**	**-85**	**3**	**2**	**-49**

ACCOUNTING PRINCIPLES

Cash flow statement

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

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

NOTE 36 RECONCILIATION BETWEEN IFRS AND KEY INDICATORS USED

ADJUSTED NET SALES, ORGANIC GROWTH	2018	2017
Net sales	3,132	2,856
Currency effect, current year	-159	–
Adjusted net sales	**2,973**	**2,856**

In calculating adjusted net sales and organic growth, net sales are adjusted for the currency effect of the current period and, in specific cases, adjustments are made for net sales from completed acquisitions. This item is an expression of comparable net sales from the previous year.

OPERATING PROFIT, EXCLUDING DEPRECIATION/AMORTIZATION, EBITDA	2018	2017
Operating profit (EBIT)	210	210
Depreciation/amortization and impairments	90	80
Operating profit excl. depreciation (EBITDA)	**300**	**290**

In calculating operating profit, excluding depreciation/amortization (EBITDA), depreciation/amortization and impairment are added to operating profit (EBIT). This item is an expression of operating profit cleared of depreciation/amortization, which in turn is based on investments.

ADJUSTED OPERATING PROFIT, EXCLUDING DEPRECIATION/AMORTIZATION, ADJUSTED EBITDA	2018	2017
Operating profit, excluding depreciation/amortization (EBITDA)	300	290
Restructuring costs	1	–
Adjusted operating profit excl. depreciation (EBITDA)	**301**	**290**

In calculating operating profit, excluding depreciation/amortization (EBITDA), depreciation/amortization and impairment are added to operating profit (EBIT). This measure expresses the operating profit, excluding depreciation/amortization, cleared of non-recurring items.

ADJUSTED OPERATING PROFIT, ADJUSTED EBIT	2018	2017
Operating profit (EBIT)	210	210
Restructuring costs	1	–
Adjusted operating profit (EBIT)	**211**	**210**

In calculating the adjusted operating profit (EBITDA), non-recurring items are added to operating profit (EBIT). This measurement provides a figure for the operating profit, cleared of non-recurring items.

ADJUSTED NET EARNINGS	2018	2017
Net earnings	143	159
Restructuring costs	1	–
Adjusted net earnings	**144**	**159**

When calculating the net earnings, the non-recurring items are moved to the net earnings. This measurement provides a figure for net earnings, cleared of non-recurring items.

ADJUSTED NET CASH/NET DEBT	31 DEC 2018	31 DEC 2017
Net cash (+)/net debt (-)	-181	-49
Less interest-bearing liabilities attributable to financial leases	36	37
Adjusted net cash(+)/net debt (-)	**-145**	**-12**

In calculating adjusted net debt, interest-bearing debt attributable to financial leases is deducted from net debt. This measurement provides a figure for a refined financial structure excluding lease liabilities.

NOTE 37 TRANSACTIONS WITH RELATED PARTIES

Information about remuneration to senior executives is provided in Note 8, Employees, employee benefit expenses and remuneration to the Board.

The following transactions with related parties were made with BBB Services Ltd (joint venture). All transactions were made on market terms under the arm's-length principle.

BBB SERVICES LTD GROUP	2018	2017
Sale of goods	371	315
Other income	13	14
Accounts receivable	94	150

ACCOUNTING PRINCIPLES

Transactions with related parties
Transactions have been made with related parties on terms equivalent to those that prevail in commercial transactions.

The internal prices of transactions between Group companies are based on the arm's-length principle (i.e. between parties that are independent of each other and well informed and that have an interest in the transactions).

NOTE 38 EVENTS AFTER THE BALANCE SHEET DATE

Bulten has signed a Full Service Provider (FSP) contract for fasteners in a new vehicle program, worth in the region of EUR 13 million a year at full production in 2021, starting in late 2019.

Anders Nyström took over as CEO and President on 8 February 2019.

There are no other significant events to report after the closing day.

PARENT COMPANY'S INCOME STATEMENT

SEK MILLION	NOTE	2018	2017
Net sales	2	32	31
Cost of goods sold		–	–
Gross profit		**32**	**31**
Administrative expenses	3.4	-46	-51
Operating loss		**-14**	**-20**
Interest expenses and similar loss items	5	-3	-3
Earnings after net financial items		**-17**	**-23**
Appropriations	6	132	99
Earnings before tax		**115**	**76**
Tax on profit for the year	7	-26	-17
Earnings after tax		**89**	**59**

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	2018	2017
Earnings for the year	89	59
Other comprehensive income	–	–
Total comprehensive income for the year	**89**	**59**

PARENT COMPANY'S CASH FLOW STATEMENT

SEK MILLION	2018	2017
Operating activities		
Earnings after financial items	-17	-23
Adjustments for items not included in cash flow	2	7
Taxes paid	-2	–
Cash flow from operating activities before changes in working capital	**-17**	**-16**
Cash flow from changes in working capital		
Increase(-)/Decrease(+) in operating receivables	-0	-2
Increase(+)/Decrease(-) in operating liabilities	-0	1
Cash flow from operating activities	**-17**	**-17**
Investing activities		
Acquisition of intangible fixed assets	-0	–
Acquisition of tangible fixed assets	-0	-1
Change in financial assets	-2	–
Cash flow from investing activities	**-2**	**-1**
Financing activities		
Borrowing	50	–
Changes in financial receivables/liabilities, Group companies	67	110
Buy-back of own shares	-22	–
Dividend to Parent Company shareholders	-76	-92
Cash flow from financing activities	**19**	**18**
Cash flow for the year	–	–
Cash equivalents as of beginning of the financial year	–	–
Cash and cash equivalents at the end of the year	–	–

PARENT COMPANY'S BALANCE SHEET

SEK MILLION	NOTE	31 DEC 2018	31 DEC 2017
ASSETS			
Non-current assets			
Intangible fixed assets		1	1
Tangible fixed assets		1	1
Total intangible and tangible fixed assets		**2**	**2**
Financial assets			
Participations in Group companies	8, 10	1,382	1,382
Deferred tax assets	7	1	3
Other long-term receivables		2	–
Total financial assets		**1,385**	**1,385**
Total fixed assets		**1,387**	**1,387**
Current assets			
Current receivables			
Receivables from Group companies		163	106
Current tax receivables		1	2
Prepaid expenses and accrued income		2	2
Total current receivables		**166**	**110**
Cash equivalents		–	–
Total current assets		**166**	**110**
Total assets		**1,553**	**1,497**

SEK MILLION	NOTE	31 DEC 2018	31 DEC 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	9	11	11
Statutory reserve		99	99
Total restricted equity		**110**	**110**
Premium reserve		1,133	1,133
Profit brought forward		-128	-119
Total unrestricted equity		**1,005**	**1,014**
Total equity		**1,115**	**1,124**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions		50	–
Liabilities to Group companies	10	285	290
Total long-term liabilities		**335**	**290**
Current liabilities			
Accounts payable		1	1
Liabilities to Group companies		67	67
Other liabilities		24	2
Accrued expenses and deferred income		11	13
Total current liabilities		**103**	**83**
Total equity and liabilities		**1,553**	**1,497**

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

	RESTRICTED EQUITY		UNRESTRICTED EQUITY		
PARENT COMPANY	SHARE CAPITAL	STATUTORY RESERVE	PREMIUM RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Opening balance, 1 January 2017	**11**	**99**	**1,133**	**-88**	**1,155**
Comprehensive income					
Earnings for the year	–	–	–	59	59
Total comprehensive income	**–**	**–**	**–**	**59**	**59**
Transactions with shareholders					
Dividend to Parent Company shareholders (SEK 4.50 per share)	–	–	–	-92	-92
Total transactions with shareholders	**–**	**–**	**–**	**-92**	**-92**
Closing balance as of 31 December 2017	**11**	**99**	**1,133**	**-119**	**1,124**
Comprehensive income					
Earnings for the year	–	–	–	89	89
Total comprehensive income	**–**	**–**	**–**	**89**	**89**
Transactions with shareholders					
Share-based remuneration to employees	–	–	–	-1	-1
Buy-back of own shares	–	–	–	-22	-22
Dividend to Parent Company shareholders (SEK 3.75 per share)	–	–	–	-76	-76
Total transactions with shareholders	**–**	**–**	**–**	**-98**	**-98**
Closing balance as of 31 December 2018	**11**	**99**	**1,133**	**-128**	**1,115**

NOTES FOR THE PARENT COMPANY All amounts are in SEK million unless otherwise stated. Figures in parentheses refer to the previous year. Some figures are rounded, so amounts might not always appear to match when added up.

NOTE 1 ACCOUNTING PRINCIPLES

The Parent Company applies standard RFR 2 Accounting for legal entities, issued by the Swedish Financial Reporting Board. Financial reporting for legal entities. RFR 2 states that parent companies of groups that voluntarily choose to apply IAS/IFRS in their consolidated accounts shall, as a rule, also apply the same IAS/IFRS. The Parent Company therefore applies the policies used for the consolidated accounts and which have been described above in Note 4 of the consolidated accounts, with the exceptions stated below. The policies have been applied consistently for all years presented, unless otherwise stated. Shares and participations in subsidiaries are recognized at their cost of acquisition after deductions for impairment where relevant.

Dividends received are recognized as financial income. Dividends that exceed the subsidiary's comprehensive income for the period or which mean that the book value of the participation's net assets in the consolidated accounts are lower than the book value of the participations are an indication of 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 carrying amount, impairment is carried out. Impairment is recognized under "Profit from participations in Group companies".

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

Group contributions are recognized by applying the so-called alternative rule in accordance with RFR 2, IAS 27, p.2. The alternative rule means that contributions both received and paid are recognized as an appropriation in the income statement. Standards or amendments to or interpretations of existing standards that came into effect in 2018

From 1 January 2018, the Group is applying IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. A more detailed description of these standards can be found on page 62.

The Parent Company applies the items that are specified in RFR 2 (IFRS 9 Financial Instruments, p. 3-10), whereby financial instruments are valued at their acquisition value. During subsequent periods, financial assets that were acquired with the intention of being held in the short-term will be recognized at the lower of the acquisition value or the fair market value, in accordance with the lowest value principle.

When calculating the net sales value of receivables that are recognized as current assets, the principles of impairment testing and loss risk reserves in IFRS 9 shall be applied. The Parent Company only has intra-Group receivables, where the loss risk is considered negligible.

The Parent Company's income consists solely of intra-Group invoicing. The income is recognized over time as the services are used.

Because IFRS 9 and IFRS 15 do not have any significant effects on the financial reports, no new opening balance for 2018 is presented.

New standards and interpretations not yet applied IFRS 16 is effective for fiscal years beginning 1 January 2019 or later. The Parent Company does not intend to apply IFRS 16 to legal persons in accordance with the exception in RFR 2

NOTE 2 NET SALES

	2018	2017
Intra-Group services	32	31
Other income	–	–
Total net sales	**32**	**31**

Intra-Group services include management, IT services and administrative support. Debiting took place on market terms.

NOTE 3 EMPLOYEES, EMPLOYEE BENEFIT EXPENSES AND REMUNERATION TO THE BOARD

The company has 9 (9) employees. Note 8 to the consolidated accounts presents total remuneration paid to Board members and senior executives.

AVERAGE NUMBER OF EMPLOYEES	2018	2017
Women	6	6
Men	3	3
Total	**9**	**9**

SALARIES, REMUNERATION, SOCIAL SECURITY COSTS AND PENSION EXPENSES	2018	2017
Salaries and remuneration to Board members, the President and CEO and the Executive Vice President	9	11
Salaries and remuneration to other employees	6	6
Total salaries and remuneration	**15**	**17**
Social security costs in accordance with legislation and agreements	5	7
Pension expenses for Board members, the President and CEO and the Executive Vice President	2	2
Pension costs, other employees	2	1
Total social security costs and pension expenses	9	10
Total	**24**	**27**

NUMBER OF BOARD MEMBERS ON THE BALANCE SHEET DATE	2018	2017
Women	1	2
Men	7	7
Total	**8**	**9**

NUMBER OF PRESIDENTS AND OTHER SENIOR EXECUTIVES	2018	2017
Women	3	3
Men	1	1
Total	**4**	**4**

NOTE 4 REMUNERATION AND REIMBURSEMENT OF AUDITORS

PWC	2018	2017
Audit	1	1
Other audit activities	0	0
Tax advice	0	1
Other services	1	0
Total remuneration to and reimbursement of auditors	**2**	**2**

"Audit engagement" refers to the examination of the financial statements and accounting records and the Board's and President and CEO's administration, other tasks that might be incumbent on the company's auditors, and advice or other assistance as a result of observations during the audit or the implementation of the other duties referred to.

"Auditing activities" in addition to the audit engagement mainly comprises a general examination of interim reports. "Tax advice" includes advice on income tax, including internal pricing issues, and VAT. "Other services" refers to advice not related any of the above categories of services.

NOTE 5 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	2018	2017
Interest expenses, Group companies	-2	-2
Other	-1	-1
Total interest expenses and similar profit/loss items	**-3**	**-3**

None of the interest expenses for 2018 and 2017 have been paid.

NOTE 6 APPROPRIATIONS

	2018	2017
Group contributions received	132	99
Group contributions paid	–	–
Total appropriations	**132**	**99**

NOTE 7 TAX ON PROFIT FOR THE YEAR

REPORTED TAX	2018	2017
Current tax		
Current tax for the year	-24	–
Total current tax	**-24**	–
Deferred tax expense (-)/ tax income (+)		
Deferred tax on temporary differences	-2	-17
Total deferred tax	**-2**	**-17**
Total reported tax	**-26**	**-17**

RECONCILIATION OF EFFECTIVE TAX	2018	2017
Earnings before tax	115	76
Tax according to applicable tax rate	-25	-17
Tax effect of:		
Non-deductible expenses	-1	-0
Tax on profit for the year according to the income statement	**-26**	**-17**

Deferred tax asset amounting to SEK 0 (3) million is primarily attributed to tax loss carry-forwards that were fully utilized in 2018.

NOTE 8 PARTICIPATIONS IN GROUP COMPANIES

	31 DEC 2018	31 DEC 2017
At beginning of year	1,382	1,382
Carrying amount at the end of the period	**1,382**	**1,382**

SPECIFICATION OF PARENT COMPANY'S PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. REG. NO./REGISTERED OFFICE	PARTICIPATION, % 31 DEC 2018	RECOGNIZED VALUE 31 DEC 2018
Bulten Holding AB, 556224-0894, Gothenburg	100%	1,382
Carrying amount at the end of the period		**1,382**

The share of capital in all of the above holdings is equivalent to voting rights.

NOTE 9 SHARE CAPITAL

	ORDINARY SHARES	TOTAL NUMBER OF SHARES
Number of shares outstanding as of 31 December 2017	**20,359,707**	**20,359,707**
Buy-back of own shares in 2018	-226,720	-226,720
Number of shares outstanding as of 31 December 2018	**20,132,987**	**20,132,987**

The total number of ordinary shares as of 31 December 2018 amounts to 21,040,207. The quotient value per share is SEK 0.50. All issued shares are fully paid.

NOTE 10 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	31 DEC 2018	31 DEC 2017
Shares in subsidiaries	1,382	1,382
Total pledged assets for liabilities to credit institutions	**1,382**	**1,382**

NOTE 11 CONTINGENT LIABILITIES

	31 DEC 2018	31 DEC 2017
Guarantees in favor of Group companies	5	6
Other contingent liabilities	2	1
Total contingent liabilities	**7**	**7**

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

Intra-Group sales and services are conducted between the Parent Company and Group companies. See Note 2 (Net sales).

Other transactions with related parties during the year are shown in Note 3 (Employees, personnel costs and remuneration to the Board of Directors) as well as interest expenses which appear in Note 5 (Interest expenses and similar items) Transactions with related parties have taken place on terms equal to those which apply for transactions on business terms.

DECLARATION AND SIGNATURES

The Board of Directors and the President and CEO 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 19 July 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 profit. 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 profit, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

Gothenburg, 20 March 2019

Ulf Liljedahl
Chair of the Board

Hans Gustavsson
Board member

Hans Peter Havdal
Board member

Peter Karlsten
Board member

Anne-Lie Lind
Board member

Nicklas Paulson
Board member

Mikael Jansson
Board member

Lars Jonsson
Employee representative

Anders Nyström
President and CEO

Our auditor's report was submitted on 20 March 2019
PricewaterhouseCoopers AB

Fredrik Göransson
Certified Public Accountant

AUDIT REPORT

To the Annual General Meeting of the shareholders of Bulten AB (publ), corporate identity number 556668-2141

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the annual accounts and consolidated financial statements of Bulten AB (publ) for the year 2018. The annual accounts and consolidated financial statements of the company are presented on pages 52 to 95 of this document.

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 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. 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 2018 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Board of Directors' Report is consistent with other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting adopt the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report that has been submitted to the audit committee of the Parent Company and the Group in accordance with Article 11 of the Auditors Regulations (537/2014).

Basis for opinions

We have conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section "Auditor's Responsibilities". We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services as referred to in Article 5.1 of the Auditors Regulations (537/2014) have been provided to the audited company or, as the case may be, its Parent Company or its controlled companies in the EU.

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

Our audit work

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the President and CEO have made subjective judgements such as in respect of significant accounting estimates that involved making assumptions and forecasts with regard to future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the President and CEO overriding internal controls, which included assessing whether there was evidence of systematic deviations that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform an appropriate review to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

When we designed our audit strategy and audit plan for the Group, we assessed the degree of audit that had to be carried out by the Group audit team and the component auditors from the PwC network. As a consequence of Bulten's decentralized financial organization, large parts of the Group's financial reporting are performed in units outside Sweden. This means that a significant portion of the audit must be performed by component auditors operating in the PwC network in other countries.

When we assessed the extent of the audit that needed to be performed in each unit, we considered the Group's geographical spread and the size of each unit, as well as the specific risk profile that each unit represents. Against this background, we estimated that a full audit should be performed on, in addition to the Parent Company in Sweden, the financial information prepared by the five main subsidiaries (based in a total of four different countries).

Considering that the Bulten Group has a significant joint venture in the UK, which is presented in detail in Note 34 of the consolidated financial statements, we judged that this joint venture should be subject to a full audit by our component auditors in the UK.

For two units that we did not consider it appropriate to conduct a full audit for, we instructed our component auditor to perform specifically defined review procedures and overview review procedures. For other units, which were assessed as individually immaterial to the Group audit, the Group audit team performed analytical review procedures at Group level.

In cases where the component auditors carry out work that is essential to our audit of the Group, we evaluate, in our capacity as Group auditors, the need for, and degree of, involvement in the component auditors' work in order to determine whether sufficient audit evidence has been obtained to form the basis for our opinion on the Group audit report. To this end, the Group audit team regularly visits the component auditors and significant subsidiaries.

Materiality

The scope of our audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions users make on the basis of the financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the focus and scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are the matters which, in our professional opinion, were of most significance in our audit of the annual accounts and consolidated financial statements of the current period. Although these matters were addressed in the context of our audit of the annual accounts and consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter

Inventory obsolescence

As of 31 December 2018, the Group recognizes inventories of SEK 709 million.
The executive management determines the value of inventories based on estimates of the cost of acquisition less estimated obsolescence.

The valuation of inventories is essential for our audit because it comprises a number of estimates and assumptions and also because the value of inventory is a significant proportion (30%) of the Group's total assets.

A key assessment that the executive management needs to undertake in the valuation of inventories is related to the Group's ability to sell the products it has in stock at a price in excess of their cost of acquisition, and in this context to consider the risk of obsolescence.

The risk of obsolescence arises especially in the event that the Group's customers stop making a vehicle model and/or in situations where the Group's sales volumes fall sharply due to reduced demand from customers.

In order to identify and consistently calculate the risk of obsolescence, the executive management has established a Group-wide obsolescence policy. This policy takes into account historic rates of scrapping and individual articles' inventory time (slow-moving inventory), which together with actual and estimated future sales volumes give the executive management a basis to establish a reasonable obsolescence reserve.

The Group's policies for the valuation of inventories and recognition of inventory obsolescence are described in Note 20 of the annual report.

How our audit addressed this key audit matter

Our audit procedures included an evaluation of the Group's policies for determining inventory obsolescence.

We have examined the application of the Group's obsolescence policy in reporting units. We specifically examined the reasons why the executive management had chosen to deviate from statistically calculated obsolescence based on the obsolescence policy.

We have tested mathematical correctness in the company's reports of items that have not moved in the inventory for an extended period, both by taking random samples and by way of data analysis of inventory transactions.

We have used analytical procedures to identify inventory items that are sold with a negative margin.

We have discussed the minutes of board meetings and other important management meetings with management and reviewed the same to identify projected changes in sales that could result in inventory items becoming obsolete.

Finally, we have checked whether the Group in a satisfactory manner described its policies for the valuation of inventories in financial statements, including the estimates and assumptions made for valuing the inventory as of 31 December 2018.

Information other than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated financial statements, which is presented on pages 1 to 51 and pages 107 to 116. The Board of Directors and the President and CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information, and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also take into account the knowledge we have obtained in our audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report the same. We have nothing to report in this regard.

Responsibility of the Board of Directors and of the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the annual accounts and consolidated financial statements such that they give a true and fair view in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The Board of Directors and the President and CEO are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the President and CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters that may affect the ability to continue as a going concern and the use of the going concern assumption. The assumption of continued operations is, however, not applied if the Board of Directors and the President and CEO intend to liquidate the company, cease operations or have no realistic alternative but to do so.

The Board's audit committee shall, among other things and without prejudice to the Board of Director's responsibilities and tasks in general, oversee the company's financial reporting.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions users make on the basis of these annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is available in Swedish on Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and the President and CEO of Bulten AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting that the profit be appropriated in accordance with the proposal in the Board of Director's Report and that the members of the Board of Directors and the President and CEO be discharged from liability for the financial year.

Basis for opinions

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under the same are further described in the section "Auditor's Responsibilities". We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

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

Responsibility of the Board of Directors and of the President and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A dividend proposal includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity and their consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes the continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, the management of assets and the company's financial affairs in general are controlled in a reassuring manner. The President and CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other things, take measures as necessary for ensuring the compliance of the company's accounting with the law and for ensuring the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President and CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability for the company; or
- has in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability for the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available in Swedish on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisorns-ansvar This description forms part of the auditor's report.

PricewaterhouseCoopers AB, SE-113 21 Stockholm was appointed as auditor of Bulten AB (publ) by the general meeting on 26 April 2018 and has been the company's auditor since 8 September 2004. Bulten AB (publ) has been a company of public interest since 20 May 2011.

Gothenburg, 20 March 2019
PricewaterhouseCoopers AB

Fredrik Göransson
Certified Public Accountant

DEFINITIONS

Return on equity
Profit/loss for the year excluding non-controlling interests in relation to average equity excluding non-controlling interests.

Return on adjusted equity
Profit/loss for the year excluding non-controlling interests in relation to average equity excluding non-controlling interests but including shareholder loans and preference shares.

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 net sales for the year.

EBITDA margin
Operating profit/loss before depreciation and amortization as a percentage of net sales for the year.

EBIT margin (operating margin)
Operating profit/loss after depreciation and amortization as a percentage of net sales for the year.

Adjusted EBIT margin (operating margin)
Operating profit/loss after depreciation and amortization adjusted for non-recurring items as a percentage of sales for the year.

Equity
Recognized equity including non-controlling interests.

Full Service Provider (FSP) concept
An offer to take complete responsibility throughout the entire value chain, from product development to delivery to the customer's production line.

Number of employees (headcount)
The actual number of employees, including absent employees and temporary employees, regardless of working hours.

Average number of employees (FTE)
The total number of hours worked divided by normal annual working hours, expressed as the number of full-time positions.

Pre-development
Preparatory product development to identify and secure future technology needs.

Information Technology General Controls (ITGC)
ITGCs are policies and processes for IT applications in the business that aim to support functions and ultimately to secure the Group's financial reporting.

Inventory turnover
Cost of goods sold divided by average inventories.

Capital turnover
Net sales divided by average capital employed.

Net cash/net debt
Interest-bearing liabilities less interest-bearing assets, all calculated at year-end.

Adjusted net cash/net debt
Interest-bearing liabilities excluding interest-bearing liabilities attributable to financial leases, less interest-bearing assets.

Net margin
Net profit/loss for the year as a percentage of net sales.

Debt/equity ratio
Interest-bearing net liabilities divided by equity.

OEM
Original Equipment Manufacturer, vehicle manufacturer.

Organic growth
Net sales compared to the previous year's results, adjusted by currency.

Net sales per employee
Net sales divided by average number of FTEs.

Profit per share after tax
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.

Working capital
Current assets less current non-interest-bearing liabilities.

Operating margin
Operating profit/loss as a percentage of net sales.

Operating profit per employee
Profit/loss divided by average number of FTEs.

Equity ratio
Equity including non-controlling interests as a percentage of the balance sheet total.

Capital employed
Balance sheet total less non-interest-bearing liabilities, including deferred tax.

Tiers
A company that directly or indirectly supplies components to vehicle manufacturers.

CORPORATE GOVERNANCE REPORT

Bulten AB (publ) is a Swedish public limited company with its registered office in Gothenburg, Sweden. Bulten has been listed on Nasdaq Stockholm since 20 May 2011. The company conforms with Nasdaq 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. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and is to be adhered to in full in connection with the first AGM held in the year following listing. Bulten started adapting to the Code in connection with its 2011 AGM and has since implemented it.

The Company does not need to obey all rules in the Code but has options for selecting alternative solutions which it may deem better suit 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 has been 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.

Board members are shown on page 2018.

The table below provides an overview of the composition of the Board in 2018. Additional information about Board members can be found on pages 106 and 107.

NAME	BOARD ROLE	ELECTED/ APPOINTED	RESIGNED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INDEPENDENT OF THE COMPANY AND CORPORATE MANAGEMENT	INDEPENDENT OF THE COMPANY'S MAJOR SHAREHOLDERS
Board members							
Ulf Liljedahl	Chair	2015	–	Chair [1]	Member	Yes	No
Ann-Sofi Danielsson	Member	2014	2018	Member[2]	–	Yes	Yes
Hans Gustavsson	Member	2005	–	–	Chair	Yes	Yes
Hans Peter Havdal	Member	2013	–	–	Member	Yes	Yes
Peter Karlsten	Member	2015	–	Member	–	Yes	Yes
Anne-Lie Lind	Member	2016	–	–	–	Yes	Yes
Gustav Lindner	Member	2015	2018	Chair[3]	–	Yes	No
Nicklas Paulson	Member	2018	–	Member[1]	–	Yes	No
Mikael Jansson	Employee representative	2018	–	–	–	–	–
Lars Jonsson	Employee representative	2018	–	–	–	–	–
Deputy member							
Thure Andersen	Employee representative	2011	2018	–	–	–	–

1) As of Annual General Meeting of 26 April 2018
2) Up to Annual General Meeting of 26 April 2018
3) Up to Annual General Meeting of 26 April 2018, Board member to that point

ANNUAL GENERAL MEETING

Under the Swedish Companies Act, the Annual General Meeting (AGM) is the Company's highest decision-making body. At the AGM, shareholders exercise their voting rights over key issues, such as the adoption of income statements and balance sheets, the appropriation of the company's profits, the authorization to release the members of the Board of Directors and the President and CEO from liability for the financial year, the election of Board members and auditors and the remuneration for the Board of Directors and the auditors.

Besides the AGM, additional general meetings may be convened. In accordance with the Articles of Association, all 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.

Right to attend AGMs

All shareholders who are directly registered in the register of shareholders held by Euroclear Sweden AB five working days before the general meeting and who have notified the company of their intention to attend (with any assistants) the AGM by the date stated in the notice of the AGM have the right to attend the meeting and vote in accordance with the number of shares they hold. Shareholders may attend the AGM in person or through a proxy and may also be accompanied by at most two people.

Initiatives from shareholders

Shareholders who wish to have a question addressed at the AGM must submit a written request to the Board. The request must be received by the Board at least seven weeks prior to the AGM.

Major shareholders

At the end of 2018 the Company had a total of 7,401 (6,631) shareholders. The five largest shareholders controlled 55.2% (52.5) of capital and votes at the end of the year. The single largest shareholder, Volito AB, controlled 22.6% (21.2) of the capital and votes.

Annual General Meeting 2019

The regular Annual General Meeting for 2019 will be held on April 25 at 5:00 PM at the Company's headquarters with the address August Barks gata 6A in Gothenburg. More information is available at www.bulten.com

NOMINATIONS COMMITTEE

The nomination committee shall comprise four members: one representative for each of the three largest shareholders on the final banking day in September who wish to appoint a member to the committee and the Chairman of the Board. The three largest shareholders are considered to be the three largest shareholders as registered with Euroclear Sweden AB on the final banking day in September. In the event of a major change in ownership a new major shareholder is entitled, if it so requests, to appoint a representative to the nominations committee.

The instructions for the nominations committee were adopted at the AGM held on 26 April 2018. The nominations committee shall, among other activities, submit proposals for the Chair of the AGM, the number of Board members elected by the AGM, the names of the Chair of the Board and other Board members elected by the AGM, the members of the Board's committees, the appointment of auditors and the remuneration to auditors. Öystein Engebretsen was appointed Chair of the nominations committee.

NOMINATIONS COMMITTEE	COMPANY
Öystein Engebretsen, Chair	Investment AB Öresund
Claes Murander	Lannebo Fonder
Pär Andersson	Spiltan Fonder AB
Ulf Liljedahl, Chair of the Board	Bulten AB

With regard to the composition of the Board, the provisions of paragraph 4.1 of the Code on Diversity Policy apply. The aim is for the Board as a whole to possess the requisite breadth in terms of both background and knowledge, taking into account the importance of even gender distribution.

The result of the nomination committee's application of the diversity policy is a Board that represents a breadth of both professional experience and knowledge as well as geographical and cultural background. Women elected by the AGM comprise 17% of the Board.

BOARD OF DIRECTORS

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

In addition, the Board of Directors is responsible for ensuring that the annual accounts and the consolidated financial statements are prepared on time. Furthermore, the Board of Directors appoints the President and 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 portion of the Board of Directors elected by the general meeting shall consist of a minimum of three and a maximum of ten members without deputies. In addition, employee representatives have also been appointed.

Chair of the Board

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

Board's procedures

The Board of Directors follows written rules of procedure, which are revised annually and are adopted by the constituting board meeting each year. Among other things, the rules of procedure regulate functions and the division of work between the members of the Board and the President and CEO. At the time of the constituting Board meeting, the Board of Directors also establishes instructions for financial reporting and instructions for the President and CEO, in addition to rules of procedure for the Board's audit and remuneration committees.

The Board of Directors meets at least five times a year in addition to the constituting Board meeting in accordance with a predetermined annual 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 Chair of the Board and the President and CEO regularly discuss the management of the company.

At present, the company's Board of Directors consists of six ordinary elected members and two ordinary employee representatives. Board members are presented in more detail in the section "Board of Directors, senior executives and auditors".

Board meetings in 2018

Attendance of Board members at Board meetings in 2018.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Ulf Liljedahl	12/12
Ann-Sofi Danielsson (resigned 26 April 2018)	3/12
Hans Gustavsson	12/12
Hans Peter Havdal	11/12
Peter Karlsten	12/12
Anne-Lie Lind	12/12
Gustav Lindner (resigned 26 April 2018)	3/12
Nicklas Paulson (elected 26 April 2018)	9/12
Mikael Jansson (elected 2 March 2018)	10/12
Lars Jonsson (elected 19 April 2018)	9/12
Deputy member	
Thure Andersen (resigned 29 Aug 2018)	8/12

Evaluation of Board activities in 2018

Each year the Board evaluates its work and this evaluation is presented and discussed at a Board meeting. The purpose of this evaluation is to develop work procedures and enhance efficiency. The evaluation is carried out with the support of external consultants and is based on a survey. The results and an analysis of the survey are reported to the Board and this is followed by a discussion and then an identification of focus areas for future work.

The nominations committee receives the report and the conclusions and outcomes of the Board in their entirety.

AUDIT COMMITTEE

Bulten has an audit committee consisting of three members: Gustav Lindner (Chair until 26 April 2018), Ann-Sofi Danielsson (Chair until 26 April 2018), Ulf Liljedahl (Chairman from 26 April 2018), Peter Karlsten, Nicklas Paulson (from 26 April 2018).

The members of the committee may not be employed by the company. At least one member must have accounting or auditing skills. The committee shall appoint one of its members as its Chair. 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; inform itself of the auditing of the annual report and the consolidated accounts; scrutinize 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 general meeting's decision on the appointment of auditors. The audit committee shall meet regularly with the company's auditors. The audit committee has no special decision-making powers.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Gustav Lindner (resigned 26 April 2018)	3/5
Ann-Sofi Danielsson (resigned 26 April 2018)	2/5
Ulf Liljedahl (elected 26 April 2018)	2/5
Nicklas Paulson (elected 26 April 2018)	2/5
Peter Karlsten	5/5

REMUNERATION COMMITTEE

Bulten has a remuneration committee consisting of three members: Hans Gustavsson, Ulf Liljedahl and Hans Peter Havdal. The remuneration committee shall prepare matters concerning remuneration policies, remuneration and other employment terms for the President and CEO and all members of the company's management. In addition, the remuneration committee shall monitor and evaluate programs for variable remuneration to the company management that are ongoing and that are terminated during the year, and follow and evaluate the application of guidelines for remuneration to senior executives as adopted by the AGM, as well as applicable remuneration structures and levels in the company. The Chair of the Board may be Chair of the committee. Other members of the remuneration committee shall be independent of the company and the company management. The members of the committee must together possess the requisite knowledge and experience in matters relating to the remuneration of senior executives.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Hans Gustavsson	5/5
Ulf Liljedahl	5/5
Hans Peter Havdal	4/5

THE PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES

The President and 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 the President and CEO is set out in the rules of procedure for the Board and the instructions for the President and CEO. The President and CEO is also responsible for drafting reports and compiling information from the management ahead of Board meetings and for presenting the material at the meetings. Under the instructions for financial reporting, the President and 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 Bulten's profit and financial position. The President and CEO is therefore required to inform the Board of the company's development, sales volume, profit and financial position, liquidity and credit situation, important business events and other circumstances the knowledge of which cannot be assumed to be irrelevant to the company's shareholders and directors. The President and CEO and other senior executives are presented in more detail in the section headed "Board of Directors, senior executives and auditors".

REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Remuneration to the Board

Fees and other remuneration to elected members of the Board, including the Chair, are determined by the AGM. The AGM held on 26 April 2018 decided that a total fixed remuneration of SEK 2,150,000 shall be paid to the Board of Directors for the period until the next AGM, of which SEK 450,000 shall be paid to the Chair and SEK 300,000 to each of the other Board members who are elected at a shareholder meeting and not employed by the company. A condition of payment is that the Board member is elected at the AGM and not employed by the company. The AGM also decided that a fixed remuneration of SEK 75,000 should be paid to the Chair of the audit committee and SEK 25,000 to the other members of the committee. Remuneration of SEK 65,000 shall be paid to the Chair of the remuneration committee and SEK 10,000 to the members of the committee. The members of the company's Board shall not be entitled to any benefits once they cease to be members of the Board.

For further information about remuneration to Board members, see Note 8.

Remuneration for senior management

Pursuant to the decision of the AGM on 26 April 2018, the following guidelines shall apply to remuneration and other terms of employment for the President and CEO and other senior executives. Salaries and other terms and conditions of employment shall be such that Bulten can always attract and retain skilled senior executives at a reasonable cost to the company. Remuneration at Bulten shall be based on the nature of the role, performance, competitiveness and fairness. Remuneration for senior management comprises a fixed salary, variable remuneration, pension and other benefits. Every senior executive shall be offered a fixed salary in line with market conditions and based on their responsibility, expertise and performance. In addition, the AGM may decide 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 executives may, from time to time, be offered cash bonuses. In the case of the President and CEO, such bonuses may amount to a maximum of 60% of their annual fixed salary. In the case of the other senior executives, bonuses may not exceed 40% of their annual fixed salaries. Bonuses shall be based primarily on developments in the Group as a whole or developments in the division or unit for which the person in question is responsible.

For further information about remuneration to senior executives, see Note 8 to this annual report.

EXECUTIVE MANAGEMENT

In 2018, the executive management consisted of nine members: the President and CEO, Executive Vice President and CFO, Senior Vice President Marketing and Sales Region East, Senior Vice President HR and Sustainability, Executive Advisor Business Development, Senior Vice President Supply Chain, Senior Vice President Production, Senior Vice President Corporate Communications and Senior Vice President Marketing and Sales Region West. The executive management team meets monthly to follow up business and financial results. Great importance is attached to maintaining close contact with the operational business. See pages 110 and 111.

INTERNAL AUDIT

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

A special function for internal audits has not been established within Bulten. The Board makes an assessment each year whether to establish a special function for internal auditing. In 2018 the Board decided that this was not necessary. In reaching this decision the Board decided that internal controls are primarily exercised through the following:

- operations managers at various levels
- local and central finance functions
- monitoring by the executive management team

In light of the above points together and considering the size of the company, the Board believes that it is not economically viable to set up an additional administrative function.

INTERNAL CONTROL

This section contains the Board's annual report on how internal control in relation to 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 SRS.

The Board's responsibility for internal control is established in the Swedish Companies Act and internal control regarding financial reporting is covered by the Board's reporting instructions for the President and CEO. Bulten'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 the internal delegation of responsibility and authority with the overall aim of providing good control over financial reporting.

Control environment

The control environment forms the basis for internal control. Bulten'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 control of financial reporting. The Board has established written procedures outlining the Board's responsibility and regulating the Board's and its committees' division of responsibilities. The Board has appointed an audit committee with the task of safeguarding established policies for financial reporting and compliance with internal control. This committee is also responsible for maintaining appropriate relations with the company's auditors. The Board has also prepared instructions for the President and CEO and has agreed how economic reporting shall be submitted to the Board of Bulten AB (publ). The Group's Executive Vice President and CFO reports the results of the Group's efforts relating to internal control 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. Bulten AB's significant steering documents in the form of policies, guidelines and manuals, to the extent 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 management with the necessary reports about business results in relation to established targets. Information systems have been established as necessary to ensure that reliable and up-to-date information is provided so that the management can perform its duties correctly and efficiently.

Risk assessment
Bulten's risk assessment regarding financial reporting aims to identify and evaluate the significant risks that affect internal control relating to 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 control in relation to financial reporting are handled through control structures based on the reporting of non-compliance with established targets or norms for, for example, the valuation of inventories and other significant assets.

Internal control in relation to financial reporting
Financial reports are generated monthly, quarterly and annually for the Group and subsidiaries. In connection with reporting, comprehensive analyses and associated comments are prepared along with up-to-date forecasts aimed at ensuring, among other things, that financial reporting is accurate. Finance staff and controllers with functional responsibility for accounts, reports and the analysis of financial development work at the Group and unit levels.

Bulten'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; and
- support a rational and informed valuation of the business.

In addition to these three objectives, internal financial reporting shall support proper business decision-making at all levels of the Group.

Information and communication
Internal information and communication aim to create awareness among the Group's employees of internal and external control instruments as well as of authorities and responsibilities. Information and communication about internal control instruments for financial reporting are accessible by all affected employees.

The key tools for this are Bulten's manuals, policies, intranet and training activities.

Control activities
The Group's Executive Vice President and CFO play a key role in analyzing and monitoring the Group's financial reporting and results. The Parent Company has additional functions for the systematic analysis and follow-up of the financial reporting of the Group and subsidiaries.

A Group-wide internal control program for key processes at the subsidiary and Group levels has been implemented. The internal control program covers essential processes and aims to ensure that appropriate controls are designed and implemented to prevent errors in financial reporting.

The Group's reporting units also conduct regular self-assessments regarding the effectiveness of internal control in relation to financial reporting. The assessments are reported to the executive management, which summarizes the results for the audit committee to discuss measures and ongoing monitoring.

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, profit, 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 policies. In connection with this reporting, an analysis and risk assessment of the financial situation are carried out.

AUDITORS
Bulten's auditors are PricewaterhouseCoopers AB (PwC), with Fredrik Göransson being the certified public accountant in charge of the audit. PwC audits Bulten AB (publ) and all major subsidiaries. Each year the audit includes a statutory audit of Bulten AB's annual accounts, a statutory audit of the Parent Company and all significant subsidiaries, an audit of 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 to determine an audit plan and to analyze the organization, operations, business processes and balance sheet items for the purpose of identifying areas with an elevated risk of errors in financial reporting.

In addition, a meeting was held with the audit committee for the reconciliation of strategy and aims. The auditor also attends at least one Board meeting each year pursuant to the rules of procedure of the audit committee meeting.

A general review of the year-end closing is performed for the period January to September. In October an early warning review is performed of the nine-month 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 are performed between January and February.

During 2018, in addition to the audit assignment, Bulten consulted PwC on taxes, transfer price matters and accounting matters. The remuneration paid to PwC in 2018 is shown in Note 9 on page 72.

PwC has an obligation to examine its independence prior to decisions to provide independent advice to Bulten 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 stakeholders is supplied via the annual report, interim reports and press releases.

All external information is published on the company's website at www.bulten.se.

SIGNATURES

Gothenburg, 20 March 2019

Ulf Liljedahl
Chair of the Board

Hans Gustavsson
Board member

Hans Peter Havdal
Board member

Peter Karlsten
Board member

Anne-Lie Lind
Board member

Nicklas Paulson
Board member

Mikael Jansson
Employee representative

Lars Jonsson
Employee representative

Anders Nyström
President and CEO

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of the shareholders of Bulten AB (publ), corporate identity number 556668-2141

Engagement and responsibility
It is the Board of Directors that is responsible for the Corporate Governance Report for the year 2018 presented on pages 101 to 107 and its preparation in accordance with the Annual Accounts Act.

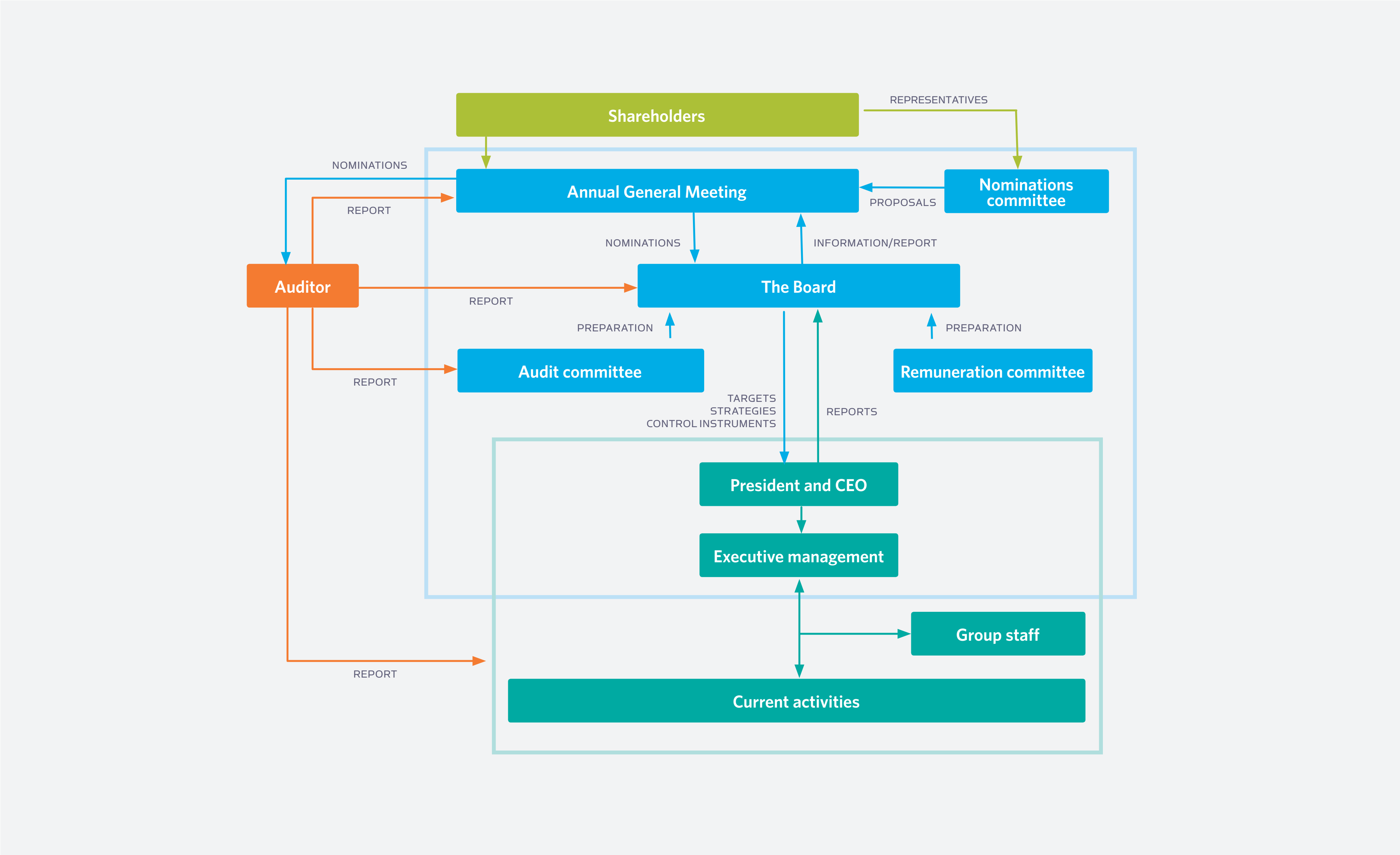
Focus and scope of the audit
Our review has been conducted in accordance with FAR's statement RevU 16 "Auditor's review of the corporate governance report". This means that our review of the corporate governance report has a different focus and is substantially smaller in scope than the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient basis for our opinion.

Statement
A corporate governance report has been prepared. Information in accordance with Chapter 6 Section 6, second paragraph, points 2 to 6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph, of the same act is consistent with the annual report and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 20 March 2019
PricewaterhouseCoopers AB

Fredrik Göransson
Certified Public Accountant

OVERVIEW OF CORPORATE GOVERNANCE



THE BOARD


ULF LILJEDAHL


HANS GUSTAVSSON


HANS PETER HAVDAL


PETER KARLSTEN


ANNE-LIE LIND


NICKLAS PAULSON


MIKAEL JANSSON


LARS JONSSON

	ULF LILJEDAHL	HANS GUSTAVSSON	HANS PETER HAVDAL	PETER KARLSTEN
	Chairman of the Board	Board member and Chairman of the remuneration committee	Board member	Board member
Year elected	2015	2005	2013	2015
Current employment	President and CEO of Volito AB	Provides consultancy services in leadership	Division Manager, Semcon Engineering Services Norway, UK and India	Runs own company focusing on corporate governance and consultancy
Born	1965	1946	1964	1957
Education	MBA	Engineer and training in finance and management	Master of Engineering, Machinery	Master of Engineering
Nationality	Swedish	Swedish	Norwegian	Swedish
Other duties	Several board assignments for companies in the Volito Group and board member of Konecranes Plc.	None	Chairman of the Board for Yeti Snow Technology AS	Chair of the Board for Holmberg Safety Systems
Independent of the company and corporate management	Yes	Yes	Yes	Yes
Independent of the company's major shareholders	No	Yes	Yes	Yes
Previous experience	Executive positions in the Husqvarna Group and Cardo Group and a number of positions in finance at Alfa Laval	Executive positions at Volvo Cars and Jaguar Land Rover	Executive positions at the Kongsberg Group	Executive positions at AB Volvo and ABB, among others
Shareholding as of 28 February 2019	–	130,768	2,650	3,000
Number of Board meetings Attendance/total number of meetings*	12/12	12/12	11/12	12/12
Audit committee Attendance/total number of meetings*	Yes 2/5	No –	No –	Yes 5/5
Remuneration committee Attendance/total number of meetings*	Yes 5/5	Yes 5/5	Yes 4/5	No –
Remuneration 2018	525,000	365,000	310,000	325,000
of which remuneration to the Board	450,000	300,000	300,000	300,000
of which committee work	75,000	65,000	10,000	25,000

	ANNE-LIE LIND	NICKLAS PAULSON	MIKAEL JANSSON	LARS JONSSON
	Board member	Board member	Employee representative for Unionen	Employee representative for IF Metall
Year elected	2016	2018	2018	2018
Current employment	Vice President Europe and Middle East, Camfil Power Systems	President of Investment AB Öresund	Production technician at Bulten's Hallstahammar facility	Tool maker at Bulten's Hallstahammar facility
Born	1971	1970	1982	1966
Education	Master of Engineering and MBA	MBA	Upper secondary education in electrics and automation	Upper secondary education in engineering
Nationality	Swedish	Swedish	Swedish	Swedish
Other duties	Board member of Opus Group AB	Board member of Bilia AB and Ovzon AB	None	None
Independent of the company and corporate management	Yes	Yes	-	-
Independent of the company's major shareholders	Yes	No	-	-
Previous experience	Executive positions at SKF, Volvo and Tetra Pak	Positions at Carnegie, Investment Banking and Alfred Berg, Investment Banking	-	-
Shareholding as of 28 February 2019	3,000	1,000	-	-
Number of Board meetings Attendance/total number of meetings*	12/12	9/12	10/12	9/12
Audit committee Attendance/total number of meetings*	No -	Yes 2/5	-	-
Remuneration committee Attendance/total number of meetings*	No -	No -	-	-
Remuneration 2018	300,000	325,000	-	-
of which remuneration to the Board	300,000	300,000	-	-
of which committee work	-	25,000	-	-

EXECUTIVE MANAGEMENT AND AUDITORS

	ANDERS NYSTRÖM	HELENA WENNERSTRÖM	MAGNUS CARLUNGER	MARLENE DYBECK	ANDERS KARLSSON	CLAES LINDROTH	JÖRG NEVELING	KAMILLA ORESVÄRD	NEAL THOMAS	FREDRIK GÖRANSSON
Current position	President and CEO	Executive Vice President and CFO	Senior Vice President Marketing and Sales Region East	Senior Vice President HR and Sustainability	Executive Advisor Business Development	Senior Vice President Supply Chain	Senior Vice President Production	Senior Vice President Corporate Communications	Senior Vice President Marketing and Sales Region West	Pricewaterhouse-Coopers AB Chief Auditor
In current position/ Employed in the company	2019/2019	2014/2002	2017/1995	2016/2016	2017/1975	2017	2014/1995	2014/2005	2017/1994	Auditor of the company since 2013
Education	Mechanical engineer with additional education in leadership and finance	MBA	Executive MBA and Mechanical Engineer	Executive MBA and university studies in behavioral science	MBA	Mechanical Engineer	Mechanical Engineer	Degree in the humanities	Advanced level education and training in sales and leadership	Certified Public Accountant
Previous experience	Extensive international experience in the automotive industry with several previous senior management positions within Kongsberg Automotive, Volvo Cars, Ford Motor Company and IAC Group.	CFO for Finnveden-Bulten (since 2009), and financial officer for Bulten (since 2006). Previous senior positions at Finnveden, Bulten, Digitalfabriken and Topcon, among others.	SVP Technology and Business Development at Bulten (2014-2017), Managing Director for Bulten Sweden AB (since 2003), other previous executive positions at Bulten and C I Pihl.	Previous positions at Volvo Cars, Hultafors Group and Gunnebo, among others.	SVP Market and Sales at Bulten (2014-2017), VP Marketing of Bulten (2003-2014), Managing Director Bulten Polska S.A. Previous senior management positions at Bulten.	Previous positions at Shiloh, Volvo Cars, Norsk Hydro and Raufoss.	VP Production for Bulten (since 2005) and Managing Director of Bulten GmbH (since 2009). Previous positions at Knipping - Dorn and GKS GmbH, among others.	Head of communications at FinnvedenBulten (since 2011). Previous positions at Finnveden and SCA, among others.	Managing Director for Bulten UK (since 2002). Previous senior management positions at Bulten.	-
Born	1965	1965	1967	1966	1949	1962	1960	1967	1961	1973
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish	German	Swedish	British	Swedish
Other duties	None	Board member and chairman of the audit committee of Ascelia Pharma AB (publ) and a member of Handelsbanken's office board in Sisjön, Gothenburg	None	None	Chairman of EIFI (European Industrial Fasteners Institute)	Member of SAMS (Swedish Association for Material Sourcing)	None	None	None	Chief auditor for VBG Group AB (publ), Bufab AB (publ) and HMS Networks AB (publ), among others.
Shareholding as of 28 February 2019	3,500	96,264	10,182	2,412	26,058	6,000	7,500	1,908	3,355	-

KEY FIGURES FOR THE GROUP

GROUP	2018	2017	2016	2015	2014
Margins					
EBITDA margin, %	9.6	10.1	10.1	8.4	7.4
Adjusted EBITDA margin, %	9.6	10.1	10.1	8.1	7.0
EBIT margin (operating margin), %	6.7	7.4	7.5	6.1	5.5
Adjusted EBIT margin (operating margin), %	6.7	7.4	7.5	5.8	5.1
Net margin, %	4.6	5.6	5.5	4.1	3.5
Adjusted net margin, %	4.6	5.6	5.5	3.8	3.1
Profitability ratios					
Return on capital employed, %	12.8	14.4	13.9	11.5	9.6
Adjusted return on capital employed, %	12.9	14.4	13.9	11.0	8.8
Return on capital employed, excluding goodwill, %	14.6	16.7	16.2	13.4	11.2
Adjusted return on capital employed, excluding goodwill, %	14.7	16.7	16.2	12.8	10.3
Return on equity, %	9.9	11.7	11.5	9.4	15.0
Adjusted return on equity, %	10.0	11.7	11.5	8.9	13.1
Capital structure					
Capital turnover rate, times	1.9	1.9	1.8	1.9	1.7
Net debt/equity ratio, times	-0.1	-0.0	0.0	-0.1	0.1
Interest coverage ratio, times	18.2	38.8	30.6	14.4	8.7
Equity/assets ratio, %	64.8	66.8	68.9	64.0	67.5
Employees					
Net sales per employee, SEK 000	2,186	2,189	2,117	2,246	2,055
Operating earnings per employee, SEK 000	146	161	158	138	114
Number of employees	1,433	1,305	1,264	1,199	1,175
Other					
Net cash (+)/net debt (-), SEK million	-181	-49	30	-176	137
Adjusted net cash (+)/net debt (-), SEK million[2)]	-145	-12	68	-138	140
Earnings per share attributable to Parent Company shareholders					
Profit per share – Continuing operations, SEK [*)]	7.19	7.98	7.27	5.61	4.32
Profit per share – Divested business, SEK [*)]	–	–	–	–	4.02
Profit per share – Total, SEK [*)]	7.19	7.98	7.27	5.61	8.34
Profit per share – Continuing operations adjusted for non-recurring items, SEK [*1)]	7.24	7.98	7.27	5.30	3.91
Number of shares outstanding					
Weighted number of outstanding ordinary shares, thousands [*)]	20,323.7	20,359.7	20,359.7	20,829.5	21,040.2

*) Refers to before dilution
1) Profit per share – Continuing operations adjusted for non-recurring items. Profit after tax adjusted for non-recurring expenses. All adjusted items take current tax and deferred tax into account. Divided by weighted number of outstanding shares at the balance sheet date.
2) Adjusted net cash/net debt. Interest-bearing liabilities excluding interest-bearing liabilities attributable to financial leases, less interest-bearing assets.

QUARTERLY DATA FOR THE GROUP

	2018				2017				2016			
GROUP	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Orders received	741	723	855	779	839	691	765	720	744	602	672	699
Income statement												
Net sales	747	722	810	853	740	630	708	778	674	601	686	715
Gross profit	139	132	156	159	142	122	141	153	140	117	138	136
Earnings before depreciation (EBITDA)	71	61	80	88	76	55	76	83	71	57	71	72
EBITDA margin, %	9.6	8.4	9.8	10.4	10.2	8.7	10.8	10.6	10.6	9.6	10.3	10.1
Adjusted earnings before depreciation (EBITDA)	72	61	80	88	76	55	76	83	71	57	71	72
Adjusted EBITDA margin, %	9.7	8.4	9.8	10.4	10.2	8.7	10.8	10.6	10.6	9.6	10.3	10.1
Operating profit (EBIT)	48	38	57	67	55	35	57	63	52	39	54	55
EBIT margin (operating margin), %	6.4	5.2	7.1	7.8	7.5	5.5	7.9	8.1	7.7	6.5	7.8	7.7
Adjusted operating profit (EBIT)	49	38	57	67	55	35	57	63	52	39	54	55
Adjusted EBIT margin (operating margin), %	6.6	5.2	7.1	7.8	7.5	5.5	7.9	8.1	7.7	6.5	7.8	7.7
Earnings after tax	30	25	40	48	47	22	39	51	37	30	39	40
Net margin, %	4.0	3.5	4.9	5.7	6.3	3.5	5.5	6.6	5.5	5.0	5.7	5.6
Adjusted earnings after tax	31	25	40	48	47	22	39	51	37	30	39	40
Adjusted net margin, %	4.1	3.5	4.9	5.7	6.3	3.5	5.5	6.6	5.5	5.0	5.7	5.6
Cash flow from												
operating activities	60	-15	54	26	2	21	37	-2	122	55	95	78
investing activities	-51	-34	-36	-39	-43	-40	2	26	-30	-29	-6	-16
financing activities	-16	48	-35	6	-1	26	-82	-10	-69	10	-135	-8
Cash flow for the period	-7	-1	-17	-7	-42	7	-43	14	23	36	-46	54
Earnings per share attributable to Parent Company shareholders												
Profit per share (SEK) before dilution *)	1.50	1.26	1.99	2.43	2.26	1.11	2.01	2.59	1.82	1.50	1.92	2.03
Profit per share (SEK) adjusted for non-recurring items before dilution *)	1.55	1.26	1.98	2.42	2.26	1.11	2.01	2.59	1.82	1.50	1.92	2.03
Number of outstanding ordinary shares												
Weighted number of outstanding ordinary shares before dilution, thousands *)	20,216.9	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7

QUARTERLY DATA FOR THE GROUP, BALANCE SHEET

GROUP	31 DEC 2018	30 SEP 2018	30 JUN 2018	31 MAR 2018	30 DEC 2017	30 SEP 2017	30 JUN 2017	31 MAR 2017	30 DEC 2016	30 SEP 2016	30 JUN 2016	31 MAR 2016
Balance sheet												
Non-current assets	918	895	886	877	847	823	808	832	872	867	852	867
Current assets	1,420	1,433	1,386	1,428	1,331	1,189	1,161	1,205	1,097	1,071	1,037	1,103
Equity	1,514	1,515	1,498	1,533	1,454	1,381	1,367	1,420	1,357	1,319	1,267	1,283
Non-current liabilities	201	191	145	104	97	100	80	69	78	100	90	160
Current liabilities	623	622	629	668	627	531	522	548	534	519	532	527
Other												
Net cash (+)/net debt (-)	-181	-164	-118	-60	-49	-13	3	54	30	-63	-89	-114
Adjusted net cash(+)/net debt (-)	-145	-128	-80	-22	-12	23	40	91	68	-25	-53	-76
Equity per share attributable to Parent Company shareholders												
Equity per share, SEK *)	74.73	73.86	73.01	74.66	70.76	67.18	66.64	69.08	65.96	64.20	61.63	62.48
Number of outstanding ordinary shares												
Weighted number of outstanding ordinary shares, thousands *)	20,323.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7
Share price												
Share price at end of period (SEK)	88.20	107.20	104.40	112.00	122.50	126.00	120.00	112.25	89.00	97.50	81.75	74.50

GROUP, 12-MONTH ROLLING

GROUP, 12-MONTH ROLLING	JANUARY 2018 TO DECEMBER 2018	OCTOBER 2017 TO SEPTEMBER 2018	JULY 2017 TO JUNE 2018	APRIL 2017 TO MARCH 2018	JANUARY 2017 TO DECEMBER 2017	OCTOBER 2016 TO SEPTEMBER 2017	JULY 2016 TO JUNE 2017	APRIL 2016 TO MARCH 2017	JANUARY 2016 TO DECEMBER 2016	OCTOBER 2015 TO SEPTEMBER 2016	JULY 2015 TO JUNE 2016	APRIL 2015 TO MARCH 2016
Orders received	3,098	3,196	3,164	3,074	3,015	2,920	2,831	2,738	2,717	2,646	2,696	2,712
Income statement												
Net sales	3,132	3,125	3,033	2,931	2,856	2,790	2,760	2,739	2,676	2,669	2,686	2,695
Gross profit	586	589	579	564	558	556	551	548	531	522	518	515
Earnings before depreciation (EBITDA)	300	304	299	295	290	285	287	282	271	264	257	246
EBITDA margin, %	9.6	9.7	9.8	10.1	10.1	10.2	10.4	10.3	10.1	9.9	9.6	9.1
Adjusted earnings before depreciation (EBITDA)	301	304	299	295	290	285	287	282	271	260	253	239
Adjusted EBITDA margin, %	9.6	9.7	9.8	10.1	10.1	10.2	10.4	10.3	10.1	9.7	9.4	8.9
Operating earnings (EBIT)	210	217	214	214	210	207	211	208	200	196	192	184
EBIT margin (operating margin), %	6.7	7.0	7.1	7.3	7.4	7.4	7.6	7.6	7.5	7.3	7.2	6.8
Adjusted operating earnings (EBIT)	211	217	214	214	210	207	211	208	200	192	188	176
Adjusted EBIT margin (operating margin), %	6.7	7.0	7.1	7.3	7.4	7.4	7.6	7.6	7.5	7.2	7.0	6.5
Earnings after tax	143	160	157	156	159	149	157	157	146	134	125	122
Net margin, %	4.6	5.1	5.2	5.3	5.6	5.4	5.7	5.7	5.5	5.0	4.7	4.5
Adjusted earnings after tax	144	160	157	156	159	149	157	157	146	130	121	114
Adjusted net margin, %	4.6	5.1	5.2	5.3	5.6	5.4	5.7	5.7	5.5	4.9	4.5	4.2
Employees												
Net sales per employee, SEK 000	2,186	2,185	2,139	2,111	2,189	2,161	2,145	2,140	2,117	2,115	2,154	2,193
Operating earnings per employee, SEK 000	146	152	151	154	161	160	164	163	158	155	154	150
Number of employees on closing date	1,433	1,430	1,418	1,388	1,305	1,291	1,287	1,280	1,264	1,262	1,247	1,229
Profitability ratios												
Return on capital employed, %	12.8	14.0	14.1	13.7	14.4	13.9	15.0	14.4	13.9	13.7	13.4	12.3
Adjusted return on capital employed, % [1]	12.9	14.0	14.1	13.7	14.4	13.9	15.0	14.4	13.9	13.5	13.1	11.8
Return on capital employed, excluding goodwill, %	14.6	16.0	16.2	15.8	16.7	16.1	17.4	16.7	16.2	16.0	15.7	14.3
Adjusted return on capital employed, excluding goodwill, % [1]	14.7	16.0	16.2	15.8	16.7	16.1	17.4	16.7	16.2	15.6	15.3	13.6
Return on equity, %	9.9	11.3	11.2	10.9	11.7	11.5	12.4	11.9	11.5	10.8	10.5	10.0
Adjusted return on equity, % [2]	10.0	11.3	11.2	10.9	11.7	11.5	12.4	11.9	11.5	10.6	10.3	9.5
Other												
Net cash(+)/net debt(-)/EBITDA	-0.6	-0.5	-0.4	-0.2	-0.2	-0.0	0.0	0.2	0.1	-0.2	-0.3	-0.5
Adjusted net cash(+)/net debt(-)/EBITDA	-0.5	-0.4	-0.3	-0.1	-0.0	0.1	0.1	0.3	0.3	-0.1	-0.2	-0.3

A STRONGER SOLUTION

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