

CEO'S STATEMENT

During 2017, Bulten has advanced its positions with significant new FSP contracts, we have established ourselves on the American market and have once again exceeded our operating margin target. Significant investment decisions were made during the year, and with previously signed contracts to an annual value of EUR 64 million at anticipated full production speed in 2020, Bulten has entered into a new period of growth.

Bulten's FSP (Full Service Provider) concept is growing ever stronger and contributed to good growth in 2017, and to new contracts that secure growth for the years to come. During the year, Bulten signed one of the company's largest ever FSP contracts, with an annual value of around EUR 30 million at full capacity in 2020.

We also strengthened our global delivery capacity during the year by establishing ourselves in the USA, with both our own production company and a joint venture company. Establishment on the world's second largest automotive market gives us further opportunities, and already during the third quarter our joint venture company signed its first important contract in the USA, with an annual delivery value of USD 5.5 million.

STRONG EARNINGS AND HIGHER PROFITABILITY

The operating margin for the full year 2017 was 7.4%, thereby exceeding our target of 7% despite higher raw material prices and customer model shifts.

Return on capital employed improved during the year and is now just below our financial target. A strong balance sheet brings us flexibility and good preparedness for increases in volume, along with opportunities for growth investments and strategic acquisitions.

Ahead of the 2018 Annual General Meeting, the Board proposes a higher ordinary dividend of SEK 3.75 per share for the 2017 financial year.



Tommy Andersson, President and CEO

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FOCUS 2017

- › Establishment of an operation in the USA with a wholly owned production company and a joint venture
- › Several FSP contracts signed
- › Decision to invest in capacity in Sweden and Poland
- › Start-up of significant new contracts
- › Development of technology for powertrains for electric cars and hybrids
- › Investment in innovation and development of sustainability work

FOCUS 2018

- › Continue ramping up won contracts
- › Secure continued efficient, profitable production
- › Begin capacity investments in Poland and Sweden
- › Cultivation of the American market
- › Win new FSP contracts
- › Continue to promote and develop innovation and sustainability work
- › Build on the strong corporate culture

INVESTMENTS IN CONTINUED STRONG GROWTH

Bulten’s production plants are relatively well utilized. We now face a higher rate of investment to meet future volumes and increase our capacity in Europe. We have therefore decided to invest in an additional plant for production and distribution in Poland, which is planned for completion during 2019. The new plant will be a platform for becoming one of Europe’s leading producers of fasteners. We are also investing further in our Hallstahammar unit with the purchase of a new heat treatment plant, which is expected to increase the factory’s hardening capacity by around 25%.

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 are also involved in the development of several powertrains for hybrids, and we are a leader in providing vehicle manufacturers with the latest technology. Moreover, our reference contracts show that Bulten’s delivery value in an electric car can exceed that in a car with a conventional combustion engine by approximately 40%. These are just 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 its entire operation to have the sustainability vein running through it. 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 actively chosen to support and work according to ten principles of human rights, employment rights, environmental issues and anti-corruption. With our Annual Report including the Sustainability Report for 2017 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.

CONTRACTS WITH AN ANNUAL VALUE OF AROUND EUR 64 MILLION

Bulten has contracts signed with an annual value of around EUR 64 million at anticipated full production speed in 2020, and the outlook to carry on winning new business is deemed to be good.

Excellent efforts by our employees have been a major factor in this development, and we continue to reinforce our customer relations by delivering the best quality and service, and the most cost-effective solutions.

I, along with the rest of the Bulten management team, look forward to continue creating value for our customers and shareholders in 2018.

Tommy Andersson, President and CEO