



# BULTEN'S CAPITAL MARKETS DAY

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February 22, 2022



# Agenda

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## **Sustainable Growth**

Anders Nyström, CEO and President

## **A Strong Sustainable Offer**

Markus Baum, Chief Commercial Officer

## **Tomorrow's Products**

Emmy Pavlovic, SVP Technology and Innovation

## **A World-Class Production**

Fredrik Bäckström, Chief Operating Officer

## **A Stronger Supply Chain**

Claes Lindroth, SVP Purchasing and Quality

## **A Strong Financial Platform**

Anna Åkerblad, CFO

## **Summary**

Anders Nyström, CEO and President

## **Q&A session**



# SUSTAINABLE GROWTH

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**Anders Nyström**  
CEO and President



# Vision

**We create and supply the most innovative and sustainable fastening solutions**





# Bulten in brief



Net sales 2021

**3,730 MSEK**

Operating earnings 2021

**232 MSEK**

Operating margin 2021

**6.2 %**

Growth 2021

**16.7%**

Employees (FTE)\*

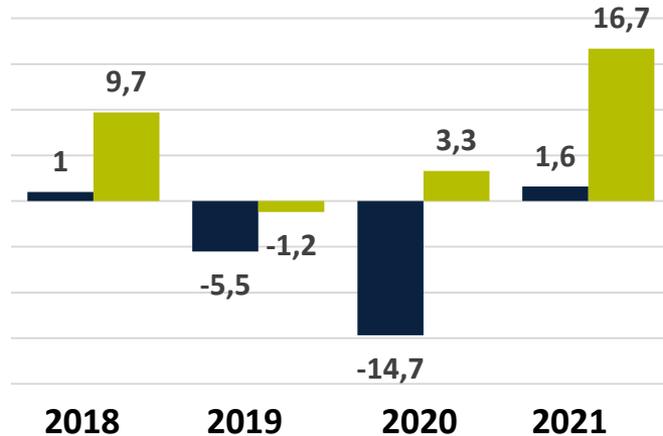
**1,673**

\*Number of FTEs by January 31, 2022



# Strong development through the pandemic

Annual growth Bulten vs. global light and heavy commercial vehicle market, %



■ BULTEN

■ GLOBAL LIGHT AND HEAVY COMMERCIAL VEHICLE MARKET

Target beating quarters in normalized market



Q4, 2020



Q1, 2021



# A record in new major contracts wins

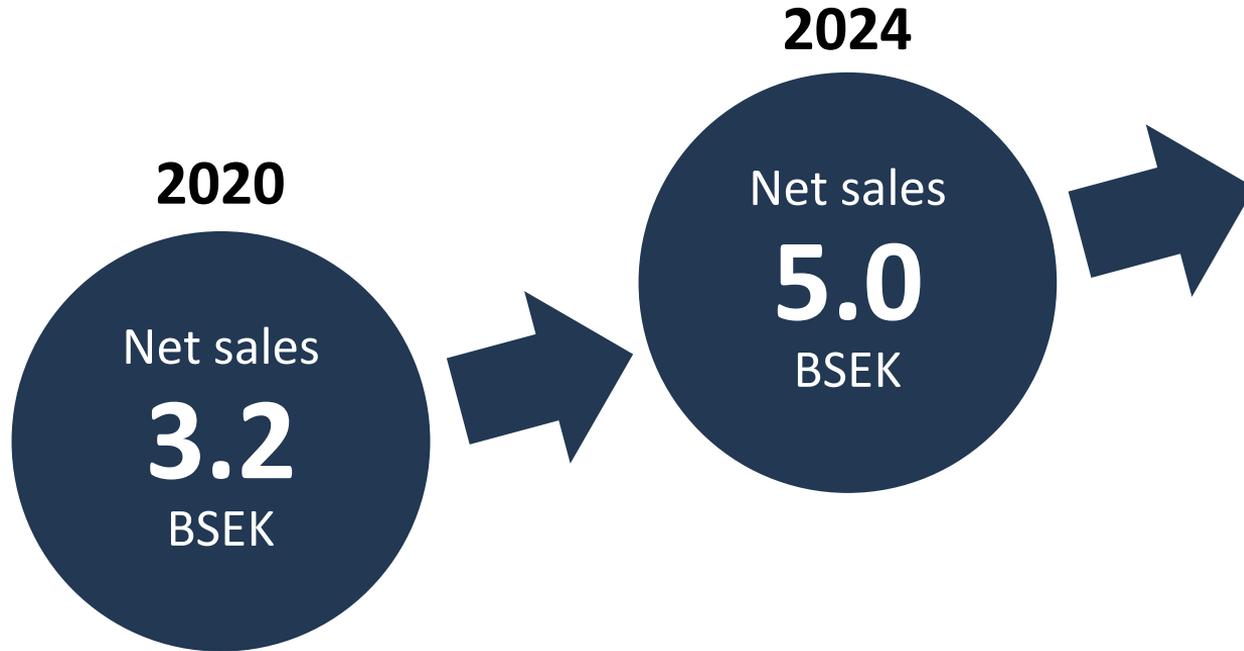
July 2020	650 MSEK*	FSP for current European automotive customer
July 2021	50 MSEK*	<b>Major contract with consumer electronics customer</b>
August 2021	68 MSEK*	Extended FSP for current European automotive customer
September 2021	220 MSEK*	<b>FSP for new European automotive customer (EV program)</b>
January 2022	100 MSEK*	FSP for current global automotive customer (new automotive program)



*\*Per year at full pace*



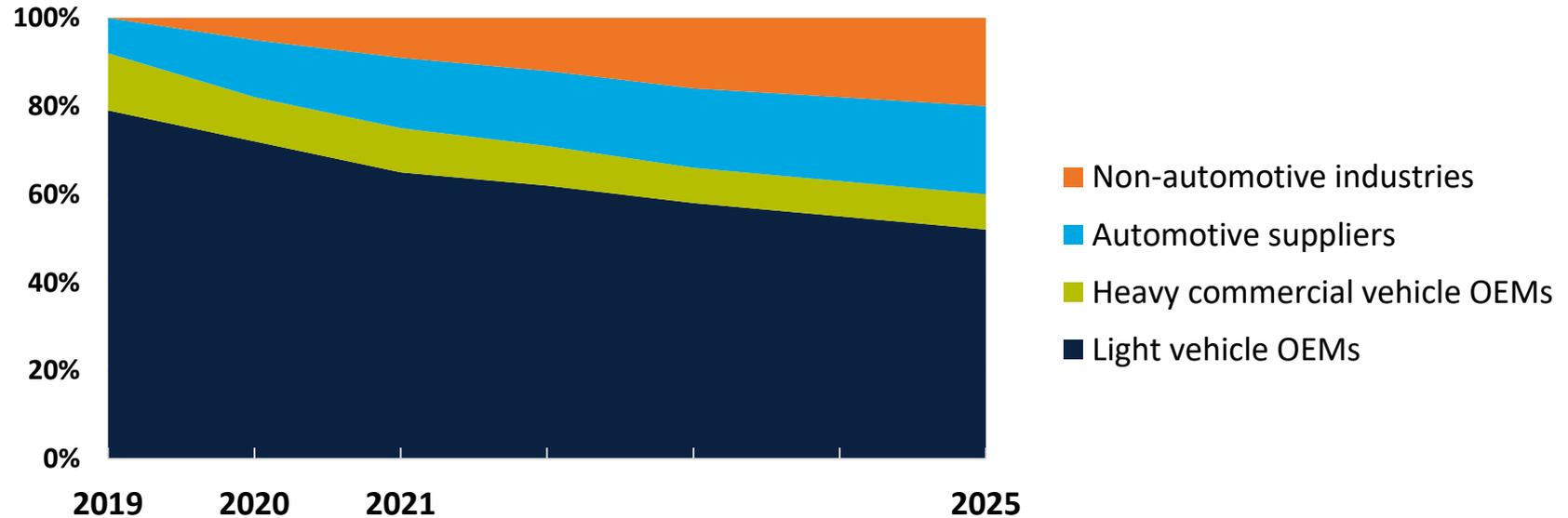
# Existing financial targets remain





# Diversified customer portfolio

Customer sector shares





# Stronger regional presence

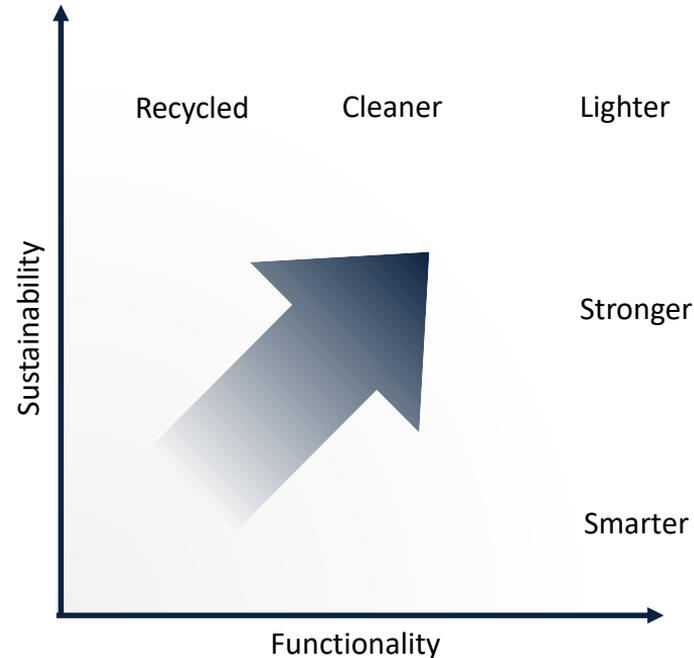


**Scale in North America and Asia-Pacific**

**Acquisition in North America necessary to reach economy of scale**



# Focusing on both functionality and sustainability to innovate new products

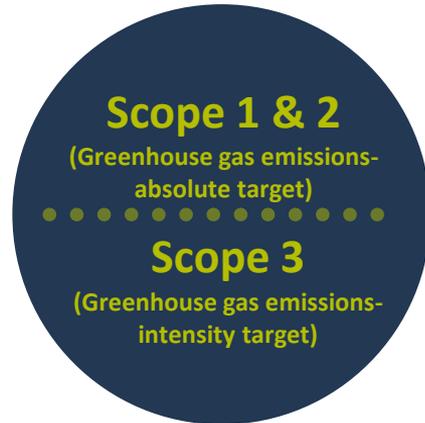




# Sustainability is key in everything we do

*Sustainability is not an add-on. To be a sustainability leader is core to our vision.*

2019 (base year)



2030





# Strategy

## STRONG POSITION

FSP concept, geographic proximity, forefront of innovation and sustainability

## GROWTH

Organic and **acquisition** growth, **inside and outside automotive**

## MARGIN EXPANSION

Economy of scale, production efficiency, technology, **premium sustainable solutions**

## STRONG FINANCIAL PLATFORM

Financial leverage, investments in efficiency, solid equity/asset ratio, dividends

## STRONG OFFER

Including sustainability and innovation leadership

## SALES 5 BSEK

CAGR 10%

## EBIT MARGIN

> 8%

## ROCE

> 15%

# 2024



# A STRONG SUSTAINABLE OFFER

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**Markus Baum**

Chief Commercial Officer



# A changing landscape – global trends



## Digitalization

Connectivity

Artificial Intelligence



## Sustainability

Understanding of sustainability  
as a key driver for companies  
and organizations

Stricter regulations to  
minimize emissions



## Urbanization

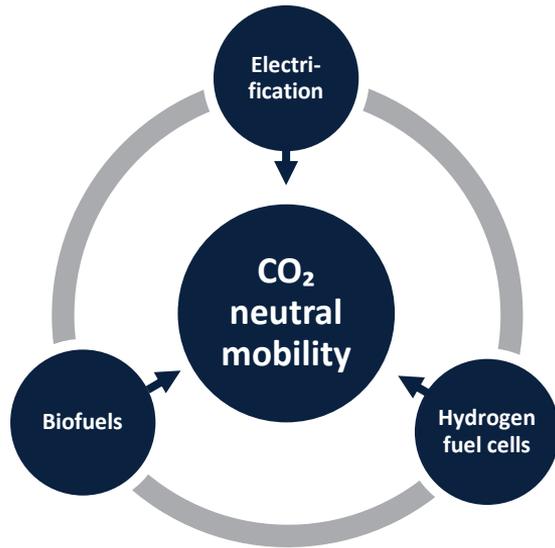
Growing megacities and urban  
areas with larger number of  
inhabitants

New ways of transportation  
systems (car sharing, new  
systems and new types of  
vehicles)



# A changing landscape – automotive trends

## Alternative powertrain technologies



New technologies and investments **will accelerate the development** in the automotive industry tremendously over the next 20 years.

To stay ahead of the game, we focus on:

- New applications
- New materials and processes
- New customers and partnerships

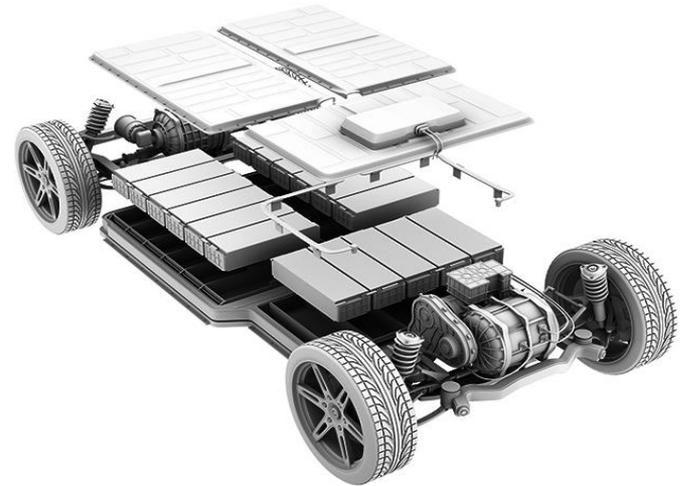
Offer special products and services for CO<sub>2</sub> neutral mobility



# A changing landscape – automotive trends

## Platform consolidation

- Various skateboard platforms in development
- OEMs to increasingly share platforms and architectures
- Suppliers (old and new) will play an important role in developing future platforms



Extend customer base to new players in the automotive ecosystem



# A changing landscape – automotive trends

- The number of players – OEMs and suppliers – in the automotive industry is increasing rapidly
- Car sharing, autonomous driving etc. generate new customer needs
- Various collaborations will be entered
- The decision making power is shifting

EINRIDE • TESLA • RIMAC •  
AMAZON • APPLE CAR • RIVIAN • CATL •  
TOGG • ARRIVAL • NORTHVOLT •  
MAGNA • FISKER • VOLTA • POLESTAR •  
WAYMO • SONO MOTORS



**New opportunities arise in the total value chain of fasteners**

A long, straight asphalt road stretches into the distance through a vast, open landscape. The road is flanked by grassy fields and yellow markers. In the background, there are large, rugged mountains under a clear sky. The overall scene is serene and expansive.

**If we want to outperform the market,  
which customer strategy do we adopt?**



# How can we adapt to the changing landscape?



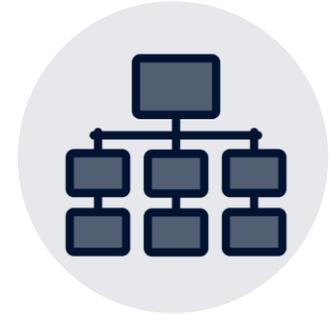
**CUSTOMERS**



**PRODUCTS  
AND SERVICES**



**OPERATIONS  
AND REGIONS**



**WAY OF WORKING**

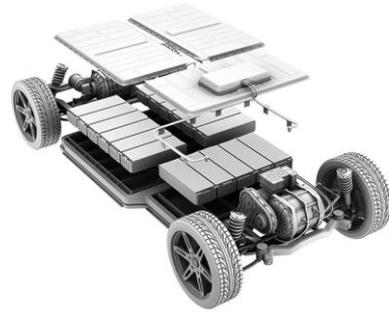


# Targeted customer approach



## AUTOMOTIVE

Existing and new OEMs – passenger/commercial



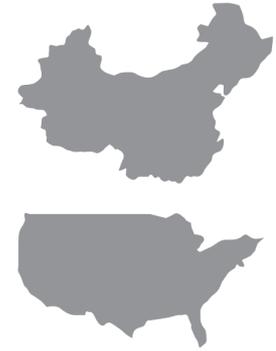
## AUTOMOTIVE SUPPLIERS

Engage with the growing number of new players



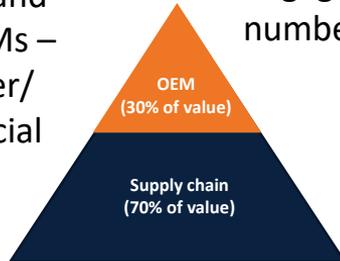
## NEW CUSTOMER GROUPS

E.g. consumer electronics, agricultural and recreational vehicles, wind power, household appliances



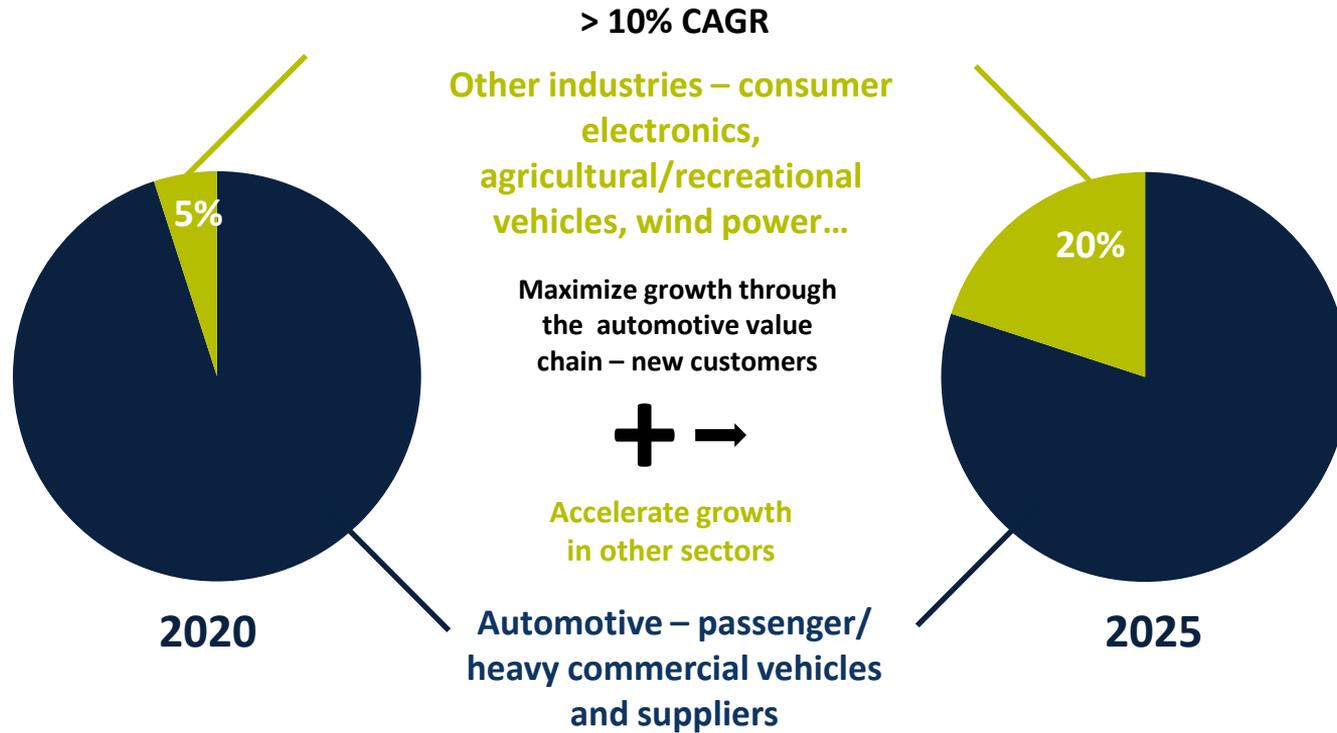
## NORTH AMERICA AND ASIA-PACIFIC

Increase market share





# Balancing customer base and market sectors





# Focus areas for products and services

- **Broaden our product portfolio** with new **sustainable products and service offers**
- Leverage our unique **BUFOe offer**
- Strengthen **technical sales** and increase number of **development projects**
- Further penetrate the **EV ecosystem** with tailored products and service value propositions
- Be a **response time** leader



# FSP – one stop partner for all fastener management



## Value added elements addressing every step of a fastener's life:

- Customer resource efficiency
- Supply base de-complexing



### ENGINEERING

- Optimization of systems and applications, not merely the fasteners
- Standardization across applications

### MANUFACTURING

- Access to Bulten's 150 years of manufacturing experience
- Local production in all regions

### SOURCING

- Proven certified supply base

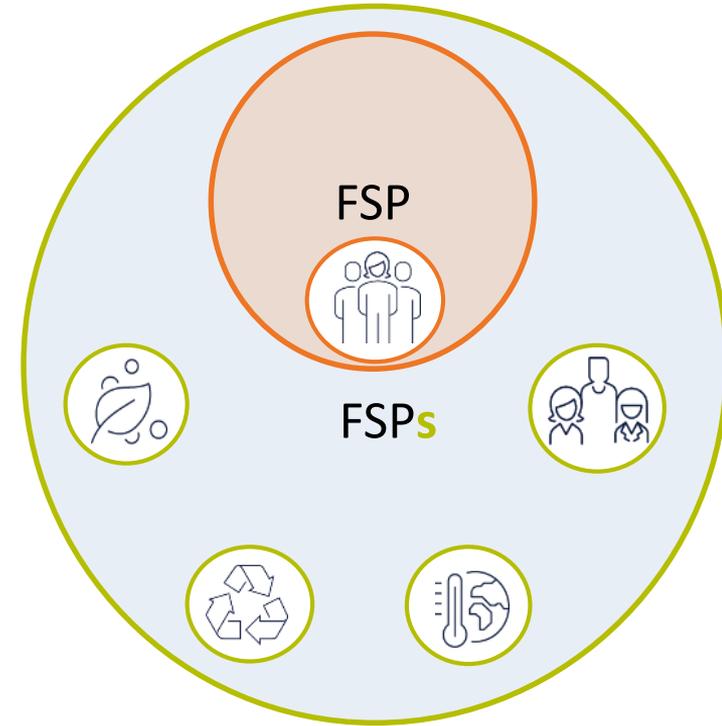
### LOGISTICS

- Seamless delivery of all fasteners to point-of-use
- Warehousing close to customers



# FSPs – we add superior sustainability to FSP

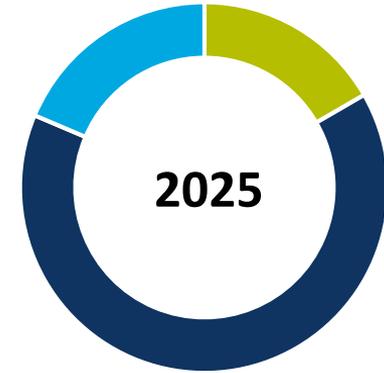
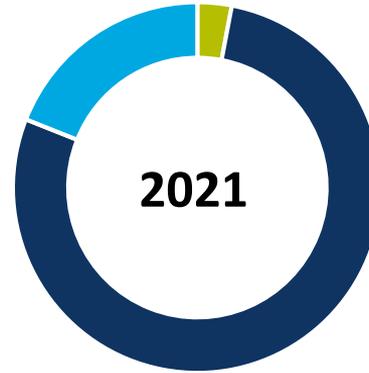
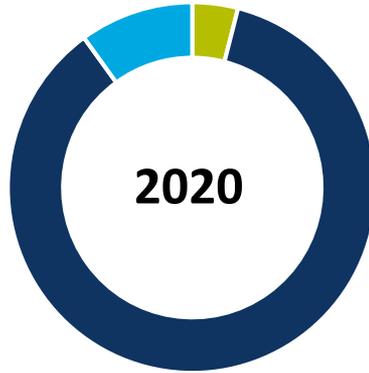
- Addresses each element of the value chain from a sustainability point of view
- Committed and agreed sustainability objectives for customer specific programs
- Alignment on sustainability actions together with the customer
- Examples:
  - Reduction of carbon footprint in our value chain beyond 50%
  - Replacement of plastic packaging
  - Implementation of Bulten's green product line BUFOe



**Improved sustainability across the entire value chain**



# Regional balance



EUROPE ASIA-PACIFIC NORTH AMERICA

- Keep momentum in Europe and Asia-Pacific
- Enhance sales activities in Central Europe, especially in Germany
- Break ground in North America and target new customers through M&A



# Way of working

Leverage the integrated global sales team to promote **Bulten & PSM International** product capabilities

Motivate **application engineering to explore sales opportunities**

Agile sales and focus on customer **value proposition**

**BULTEN**





# Continue to outgrow the market



# Summary

- The automotive industry is currently undergoing an enormous transformation
- Bulten is well positioned and will outperform the general market growth, also in challenging market conditions
- Our customer portfolio will be more balanced and new markets and customer groups will be established
- Regional growth areas >>> North America and Asia-Pacific
- We further build on our leading FSP position and open the next chapter with FSPs
- Focus on our green product line – BUFOe





# TOMORROW'S PRODUCTS

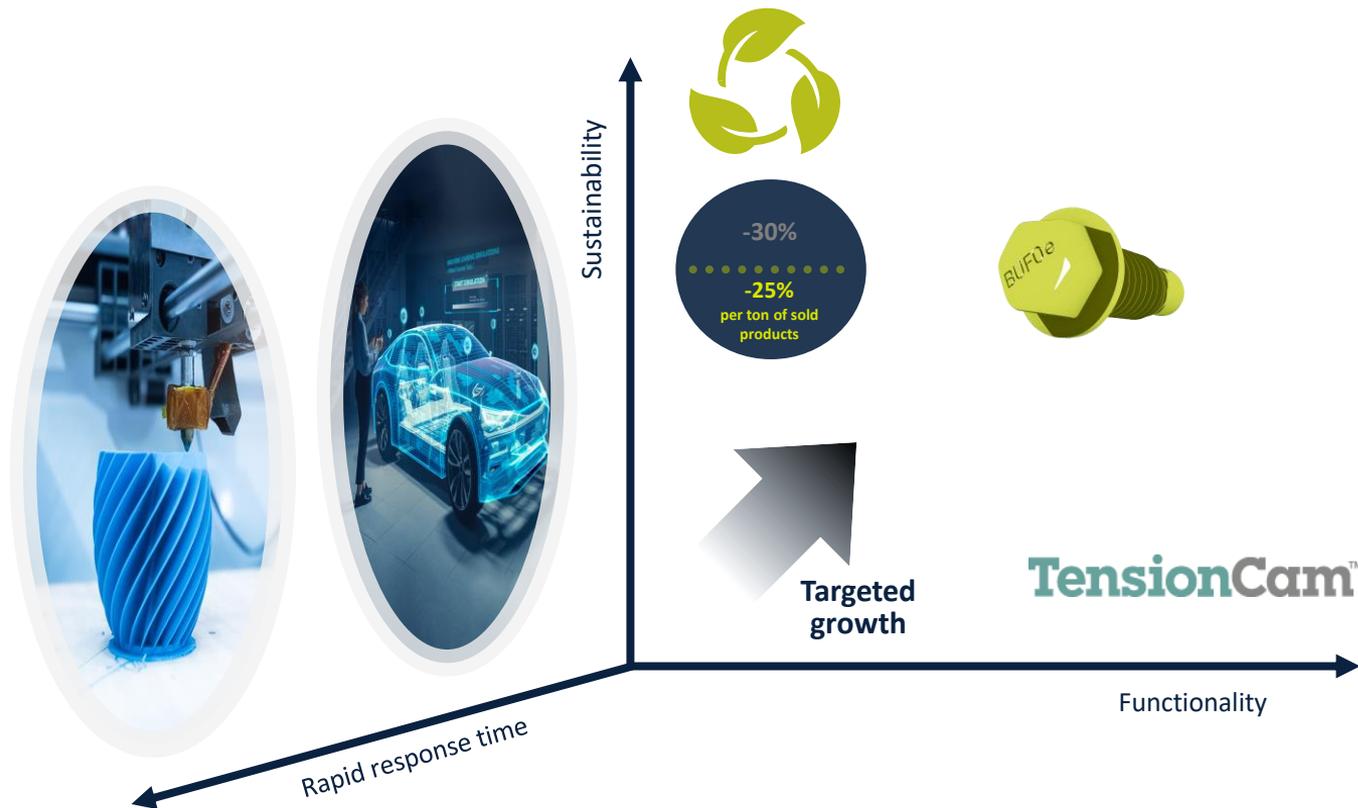
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**Emmy Pavlovic**

SVP Technology and Innovation

# A sustainable and functional product offer

- delivered faster than before





# Summary

- Bulten has increased the innovation capacity
- New products are developed with focus on sustainability and functionality
- The BUFOe concept is a product family – we are redefining fasteners
- Speed is a key differentiator





# A WORLD-CLASS PRODUCTION

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**Fredrik Bäckström**  
Chief Operating Officer

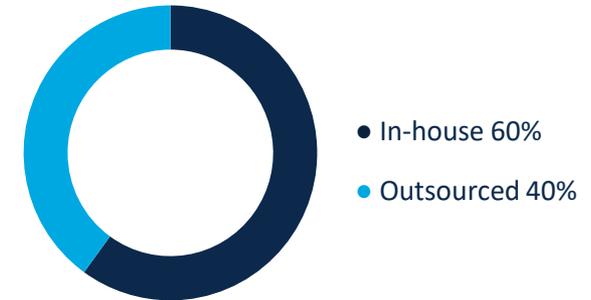


# Maximize the utilization of current asset footprint – smart CAPEX usage

## Lean and well positioned logistics and manufacturing facilities



## In-house vs. outsourced production - sales value

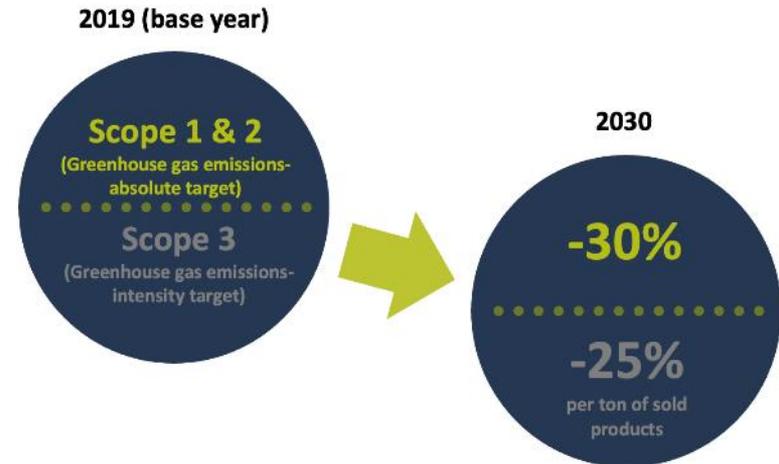


By balancing in-house production and outsourcing, we remain flexible and efficient



# Value chain improvements in 2020-2021

- **New value chain management process has improved cost and capital efficiency**
- **Insourcing of previously purchased products** to an approx. value of 300 MSEK
- **Sustainability measures for all plants implemented**, including renewable electricity contracts for all manufacturing plants in EU and North America





# Plant relocations and expansions 2020-2021



**Relocation to a new plant in Taipei, Taiwan**

- Increased capacity and margin, as well as sustainability



**30% expansion in Wuxi, China**

- Enabling expanding business outside Automotive and insourcing of high margin operations



**Consolidation of Bulten/PSM International business in North America - new plant in Streetsboro, Ohio**

- Enabling increased production and growing business in the region



# New surface treatment plant in Poland

## The new plant include:

- All major types of coatings supplied to customers, both electrolytic and flake
- All finishing operations after surface treatment, e.g. patching and plastic over-molding, as well as packaging
- A warehouse including high degree of automation
- Areas that can be used for expansion of other operations, e.g. cold forming and machining

**A world class surface treatment and logistic facility with superior sustainability**





# New surface treatment plant in Poland

## The new plant will lead to:

- Improved margins due to insourcing and state-of-the-art processes
- Shorter lead times and lower inventory
- Lower CO<sub>2</sub> emissions due to shorter transportation routes and 100% renewable energy
- Secured capacity in a very constrained European surface treatment market
- In-house control of product quality





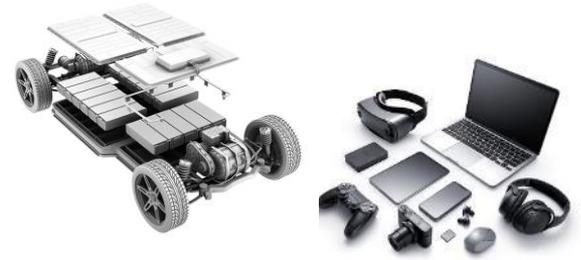
# Our sustainability journey

- Renewable electricity in all EU and US plants
- New state of the art solvent-free cleaning process in Taipei, Taiwan, has eliminated solvent emissions
- New German warehouse equipped with solar panels
- New Polish plant planned for solar panels and additional space for solar farm or wind turbines
- Industrialization of BUFO<sup>e</sup> in our plants





# Manufacturing focus areas ahead



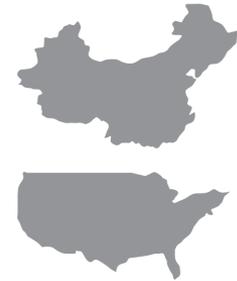
Digitalization and automation



New products



Integration of Bulten and PSM International



Manufacturing footprint



# A STRONGER SUPPLY CHAIN

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**Claes Lindroth**

SVP Purchasing and Quality



# The last years were a challenge with a magnitude hardly ever experienced in industry history

- Trade barriers due to Brexit and political/financial protectionism
- A global pandemic
- Sea freight turmoil (container shortage and blocked Suez channel)
- Raw material shortage
- Semiconductor shortage
- Incidents such as fires and flooding



# It isn't over yet, but we have managed to manoeuvre through the storm

We have:

- Been able to continue delivering products to our customers
- Managed to secure supply of material and components
- Kept our production running by being proactive and due to strong relationships with our key suppliers

*We will successfully continue securing timely and high-quality products to our customers thanks to extensive experience from the supply chain, together with strong relationships with our suppliers.*





# De-risking our supply chain by focusing on regional sourcing

## Benefits with remote sourcing

- Competitive cost structure
- Specialized skilled suppliers
- Solid supplier relations



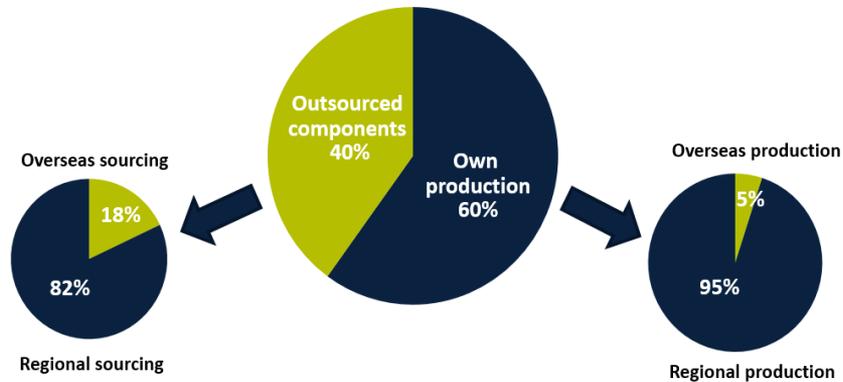
Risk/reward ratio for remote sourcing is changing

## Risks with remote sourcing

- Low flexibility
- Long lead time
- Building inventory
- Increases obsolescence risks
- Currency
- Freight
- Geopolitical situation
- Trade barriers
- Protectionism



# Make where we sell strategy



Relatively low exposure to overseas trading risks like:

- Long lead time
- Ocean freight cost and blockages
- Currency fluctuations
- Trade barriers
- Geopolitical and military conflicts
- Excess stock build-up





# Reducing an already low risk exposure

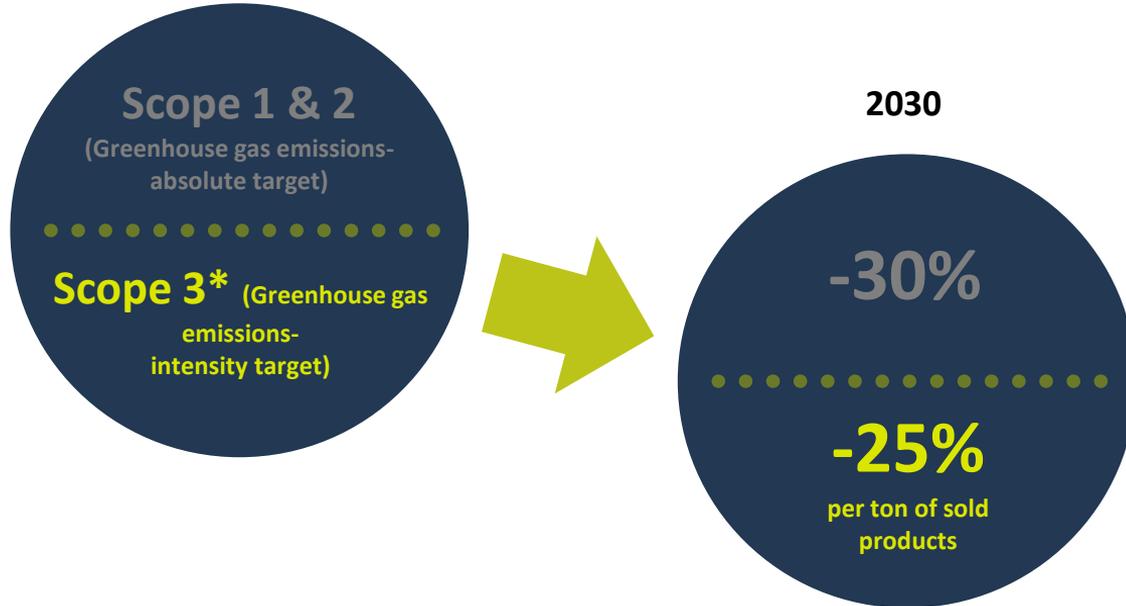
## **Actions to further reduce risks with remote sourcing:**

- Insource to utilize existing production capacity
- Invest in new equipment to expand our in-house production portfolio
- Expand business with regional suppliers
- Enter new regional strategic supplier partnerships
- Expand with more licenses for protected products

# Targets and actions to reduce scope 3 CO<sub>2</sub> emissions



2019 (base year)



- Technical collaborations with wire rod suppliers to increase use of scrap based material in our production
- In-sourcing of components from external suppliers

*\*Included in scope 3 target: Raw material (steel wire and other metal raw materials), externally threaded traded products, plating service, purchased transports incoming material and purchased transport internal.*



# Summary

- We have managed serving our customers with high quality products right on time even in challenging times. **This we will continue to do!**
- Regional supply is key to de-risking the supply chain going forward. Our global footprint enable us to successfully balance regional vs. global supply
- To reach our sustainability goals, focus on the supply chain is needed as purchased goods account for most of the CO<sub>2</sub> emissions
- Our target is to lower our supply chain CO<sub>2</sub> emissions by 25% to 2030, primarily by increasing the ratio of scrap based steel



# STRONG FINANCIAL PLATFORM

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**Anna Åkerblad**  
CFO



# Strong Financial platform

**We have a strong financial platform and a position to support further growth**

## **Financial development since last CMD:**

- Strong performance in Q4, 2020 and Q1, 2021
- Applied strict cost and cash flow control

## **Strong financial platform:**

- Financial leverage continued distribution of dividends
- Secured additional financing with solid equity/asset ratio
- Investments in growth and efficiency

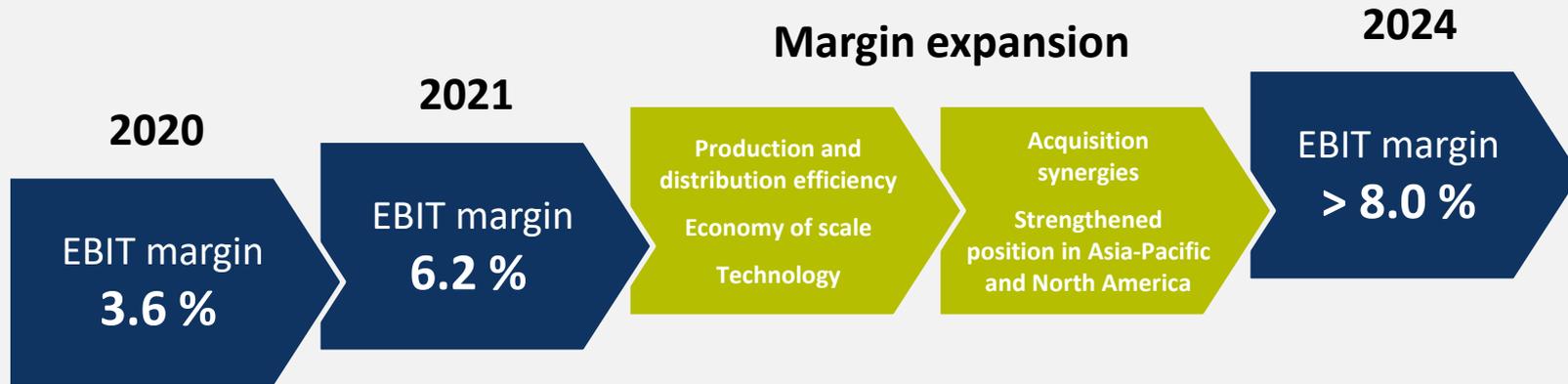


# Become a 5 BSEK company in 2024



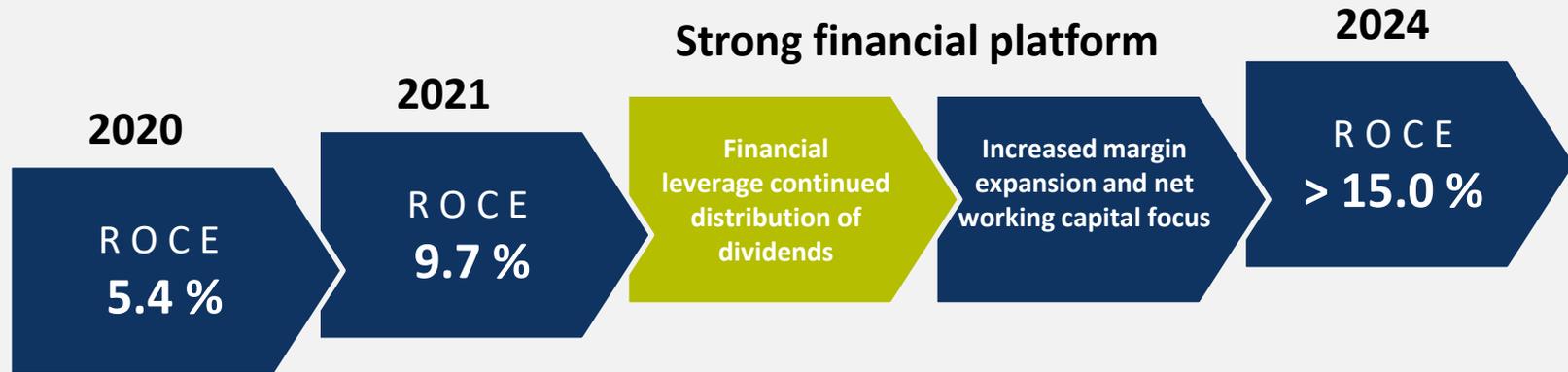


# Margin expansion to > 8 %





# Return on capital employed > 15 %

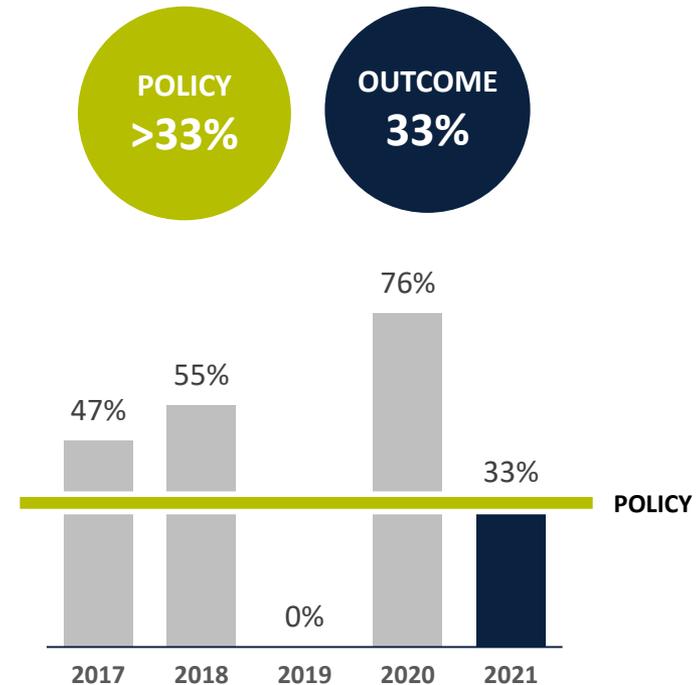




# Dividend with historical yield

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 the company's financial position, cash flow and outlook.

The Board has proposed a dividend to the Annual General Meeting of SEK 2.25 per share for the financial year 2021.





# Financing

## Additional financing secured in December 2021

- Existing credit facility with Svenska Handelsbanken was increased with 550 MSEK
- The total credit facility amounts 1,300 MSEK
- This enables further growth and expansion



# Summary

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# Strategy

## STRONG POSITION

FSP concept, geographic proximity, forefront of innovation and sustainability

## GROWTH

Organic and **acquisition** growth, **inside and outside automotive**

## MARGIN EXPANSION

Economy of scale, production efficiency, technology, **premium sustainable solutions**

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## SALES 5 BSEK

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# 2024

# A stronger solution

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