BULTEN

ANNUAL REPORT 2016

"PROFITABILITY DEVELOPED STRONGLY IN 2016. THE OPERATING MARGIN ROSE BY 1.4 PERCENTAGE POINTS TO 7.5% AND WE EXCEEDED OUR OPERATING MARGIN."

Tommy Andersson, President and CEO

BULTEN IN BRIEF

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VISION

Supporting the global automotive industry with state of the art fastener technology and services.

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.

BULTEN IS A LEADING SUPPLIER OF FASTENERS TO THE EUROPEAN AUTOMOTIVE INDUSTRY. THE TURNOVER IN 2016 AMOUNTED TO SEK 2,676 MILLION AND THE NUMBER OF EMPLOYEES AT YEAR-END WAS 1,264. THE SHARE IS LISTED ON NASDAQ STOCKHOLM SINCE 2011.

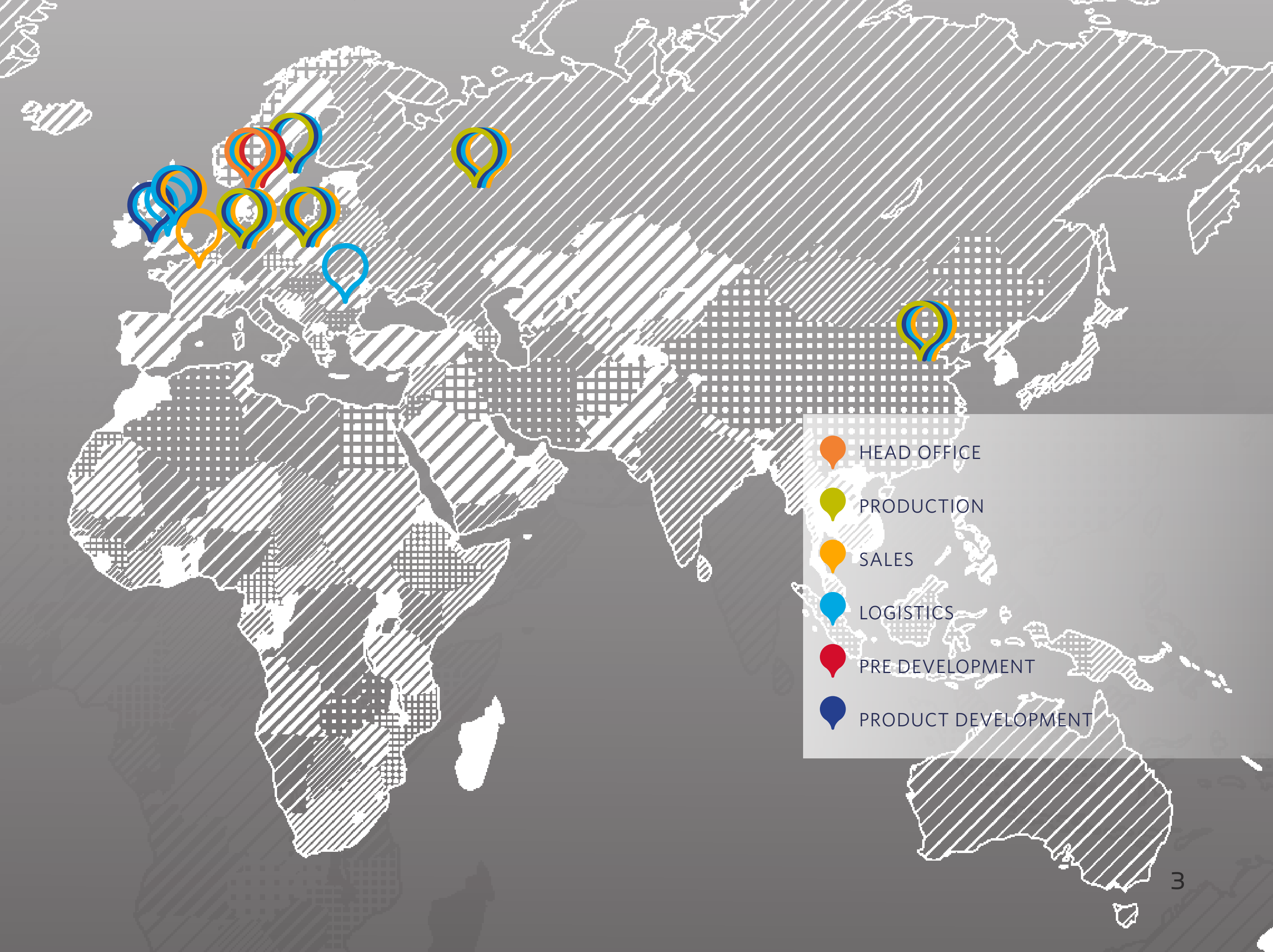
STRATEGY

Bulten has a clear focus on organic growth in Europe, USA, Russia and China. In 2016, Bulten had a growth rate in line with production in the European automotive market. The turnover was however, effected by a weaker export of fasteners to Asia and America than previous year and that a lower number of vehicles was produced due to model changes. During 2009-2015 Bulten's growth rate amounted to approximately 14% in average, to be compared with the market that grew 5% over the same period. The prospects for Bulten to continue to grow organic on the global automotive market are good.

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

Bulten's strategy is based on offering competitive products and services. This will be achieved by having **production processes at low costs with geographical proximity to the customer**. Bulten is continuously working to develop its expertise in order to offer its customers the best possible quality at the best possible price.

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



THE YEAR IN BRIEF 2016

NET SALES

SEK 2,676 MILLION

OPERATING EARNINGS

SEK 200 MILLION

OPERATING MARGIN

7.5 %

ORGANIC GROWTH

-0.6 %

	Q1	Q2	Q3	Q4
Net sales	SEK 715 MILLION	SEK 686 MILLION	SEK 601 MILLION	SEK 674 MILLION
Operating earnings	SEK 55 MILLION	SEK 54 MILLION	SEK 39 MILLION	SEK 52 MILLION
Operating margin	7.7 %	7.8 %	6.5 %	7.7 %
Organic growth	0.3 %	-1.4 %	-2.7 %	1.1 %
The quarter in summary	• Improved profitability and good order intake. • Several smaller orders were received in Russia, including one from the country's largest vehicle manufacturer. The total annual value is initially relatively low, but the development potential is large. • Volvo Cars Quality Excellence (VQE) Award was received.	• Strong cash flow and continued high operating margin. • Somewhat uneven sales development on the different markets. Deliveries to carmakers with European exposure remained good but deliveries to China and to heavy vehicle manufacturers were at a lower rate • Decision taken to invest in a new plating line in the Polish unit to prepare for future growth. • Environmental award for energy saving project was received.	• Strong earnings and good cash flow. • Volume development and order bookings deteriorated slightly due to customers' model shifts, lower export volumes to China and to heavy vehicle production, and to some effects of Brexit. • Decision taken to invest in a new surface-treatment facility at the Germany unit to prepare for future growth. • Jaguar Land Rover's JLRQ award was received.	• Strong earnings, cash flow and order bookings • Continued positive earnings and profitability development as a result of the good and even rate of production and of completed optimisation measures. • Bulten positioned itself with technology for electric cars and hybrids, among other things by a developed cooperation with one of the world's largest electric car producers • New order from Chinese automotive manufacturer for engine fasteners.

FINANCIAL SUMMARY (SEK M)

(CONTINUING OPERATIONS)	2016	2015	2014	2013 1)	2012 1)
Net sales	2,676.0	2,693.5	2,414.3	1,805.9	1,711.9
Gross profit	530.8	510.1	454.6	341.8	294.4
Earnings before depreciation (EBITDA)	271.2	225.0	179.8	152.2	115,0
Operating earnings (EBIT)	200.1	165.0	133.4	109.2	73.1
Operating margin, %	7.5	6.1	5.5	6.0	4.3
Adjusted operating earnings (EBIT)*	200.1	157.2	122.2	109.2	73.1
Adjusted operating margin, %*	7.5	5.8	5.1	6.0	4.3
Earnings after tax	146.5	110.9	84.4	100.4	30.8
Adjusted earnings after tax*	146.5	103.1	75.7	73.3	49.9
Order bookings	2,716.5	2,673.5	2,556.8	2,011.5	1,670.2
Net debt/equity ratio, times	0.0	-0.1	0.1	-0.2	-0.2
Equity/assets ratio, %	68.9	64.0	67.5	52.7	54.9
Return on capital employed, %	13.9	11.5	9.6	8.1	5.7
Adjusted return on capital employed, % *	13.9	11.0	8.8	8.1	5.7

**) Adjusted for non-recurring costs. For 2015, see note 38.*
1) The balance sheet for 2013 and 2012 includes discontinued operations.

FINANCIAL TARGETS

LONG-TERM FINANCIAL TARGETS

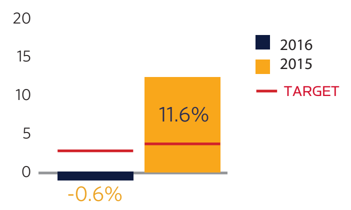
TARGET PERFORMANCE

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

Definition on page 87.

Organic growth in 2016 was -0.6% (11.6). Weighted for Bulten's exposure, average growth in the industry* was 2.6% (3.8).

**) Average growth in the industry is defined asproduction volume in Europe in accordance with LMC Automotive's estimate, December 2016.*

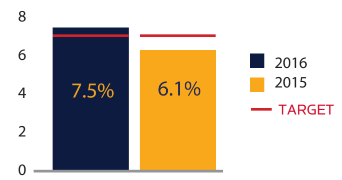


Operating margin
The Group's target is to achieve an operating margin of at least 7%.

Definition on page 87.

The operating margin amounted to 7.5% (6.1) in 2016. The adjusted operating margin* amounted to 7.5% (5.8) in 2016.

**) Adjusted for non-recurring costs. See note 38.*

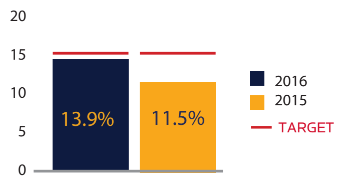


Return on capital employed (ROCE)
The Group's target is to achieve a return on average capital employed of at least 15%.

Definition on page 87.

Return on capital employed amounted to 13.9% (11.5). Adjusted return on capital employed amounted to 13.9% (11.0) in 2016.

**) Adjusted for non-recurring costs. See note 38.*

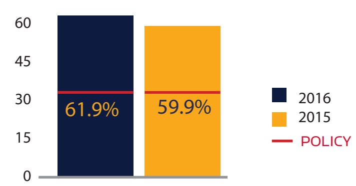


Dividend
Bulten's dividend policy over time is to pay out a dividend of at least one third of net earnings after tax. Consideration is given, however, to the company's financial position, cash flow and outlook.

Shareholder information on page 31-31.

The Board has proposed to the Annual General Meeting a total dividend of SEK 4.50 (3.25) per share for the financial year, representing a dividend of 61.9% (59.9)* of net earnings after tax.

**) Adjusted for non-recurring costs. See note 38.*



CEO'S STATEMENT

2016 WAS THE YEAR WHEN WE ADVANCED OUR POSITIONS OPERATIONALLY AND PREPARED THE ORGANIZATION FOR CONTINUED PROFITABLE GROWTH. IT IS PLEASING THAT WE EXCEEDED OUR OPERATING MARGIN AND STRENGTHENED OUR FINANCIAL POSITION FURTHER. DURING THE YEAR WE ALSO DEVELOPED THE PLAN FOR ESTABLISHING IN THE US, WHICH HAS RESULTED IN A JOINT VENTURE AND OUR OWN PRODUCTION COMPANY IN THIS IMPORTANT MARKET STARTING IN 2017.

Bulten's strategy, to be a preferred full-service provider, has made us a growth company in recent years. During the period 2009-2015, average organic growth was approximately 14% and there was an increase in market shares. In 2016 we consolidated operations and had a growth in line with the production on the European market, and in 2017 we believe that the conditions to gain market shares are good based on contracts already received and customer discussions.

STRONG PROFITABILITY GROWTH THANKS TO OPTIMIZATION

Profitability developed strongly in 2016. The operating margin rose by 1.4 percentage points to 7.5% and we exceeded our operating margin. The strong profitability was a result of good and steady production, but above all due to the impact of the implemented optimization and streamlining of production, purchasing and logistics.

In 2016, our financial position and our key ratios strengthened further. For this reason the board proposes a total dividend of SEK 4.50 per share for the 2016 financial year, of which SEK 3.50 per share is to be seen as an ordinary dividend and SEK 1.00 per share is to be seen as an extraordinary dividend.

"PROFITABILITY DEVELOPED STRONGLY IN 2016. THE OPERATING MARGIN ROSE BY 1.4 PERCENTAGE POINTS TO 7.5% AND WE EXCEEDED OUR OPERATING MARGIN."

Tommy Andersson
President and CEO

ADVANCED POSITIONS IN A NUMBER OF AREAS

Strong finances are important in a competitive and changing industry like ours. They give us a unique opportunity to take advantage of growth opportunities and to invest in long-term efficiency and expertise-raising policies, while it provides security for our customer relationships.

In 2016, Bulten took another step towards becoming the industry's most cost-effective producer of fasteners through the decision to invest around EUR 9 million in new plating lines at our German and Polish units. The investments have a repayment period of just over two years after the start of production in 2018-2019. In addition to increased competitiveness and improved profitability the result of these investments will be fewer shipments, leading to a reduced environmental impact.

We have also advanced our position in technology for electric cars and hybrids, through, among other efforts, expanded cooperation with one of the world's largest electric car manufacturers which has appointed Bulten as a "certified preferred supplier". In addition, we are working on several projects that show that we are well ahead in this area.

Our investment in the joint venture in Russia had a breakthrough this year with a new contract to supply fasteners to a major Russian vehicle manufacturer.

CONDITIONS FOR THE COMING YEAR

Strong order bookings at the end of Q4 2016 have given a promising start to 2017. In February 2017, we established ourselves in the United States, which is the world's second largest auto market and has significant potential. Together with the American company Ramco, we have formed Ram-Bul LLC, a joint venture company for fasteners for the automotive industry for the North American market. By this, Bulten's Full Service Provider concept will be established in the US. The joint venture will operate from Ramco's modern facility in Hudson, Ohio. Bulten will additionally launch its first production unit in the US in the same building.

Bulten's investment for establishing in the US is estimated at around USD 9 million over four years starting in 2017 and the annual business potential is estimated at USD 20-40 million. This venture is the fastest and most cost-effective way of supporting our customers on the North American market. I look very positively at future cooperation with Ramco, which I am convinced will create long-term value for our shareholders.

I also look forward to start volume shipments for signed contracts at the end of the year 2017 that will provide opportunities for increased market share for Bulten.

Being a supplier to the automotive industry is challenging in many ways, but in 2016 we further strengthened our customer relationships by providing the best quality service and the most cost-effective solutions. This is a result of long-term work, but above all of the excellent contributions from all employees over the past year. Bulten has a strong business concept, a competitive offer, good customer relations, skilled staff and strong finances, which is a good position for continuing to create value.

Tommy Andersson
President and CEO

STRATEGIC FRAMEWORK

BULTEN OF TODAY

Bulten has a successful history and a strong position as a supplier of fasteners to the global automotive industry.

- One of the few companies in Europe that offers complete responsibility throughout the entire value chain for fasteners (FSP).
- Manufacturing in Sweden, Germany and Poland in Europe, and on growth markets such as Russia and China. As from 2017 also in the USA.

Bulten has good profitability and strong finances.

- Strong, stable profitability thanks to ongoing efficiency improvements and a flexible, optimised production structure.
- A strong balance sheet that provides opportunities for investment in growth through new contracts, expanded production and strategic acquisitions.

Bulten has good prospects for continued profitable growth and higher market share.

- An attractive FSP offer that will help Bulten win market shares.
- A comprehensive portfolio of existing contracts, ramp up of received contracts, ongoing contract discussions and possible future acquisitions.
- An experienced management team with a proven record of increasing market share over two decades.

VISION

Supporting the global automotive industry with state of the art fastener technology and services.

THE FOUNDATION

SUCCESS FACTORS

Bulten has exceeded the growth of the automotive industry in Europe thanks to a strong business model based on our important success factors.

FINANCIAL PLATFORM
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TECHNOLOGY LEADER
PAGE 10

GEOGRAPHIC PROXIMITY
PAGE 14

QUALITY LEADER
PAGE 20

FSP CONCEPT
PAGE 21

DEDICATED EMPLOYEES
PAGE 22

CORE VALUES

Bulten's core values originate in the company's history and are the foundation of our corporate culture. They define the way we work and behave and inspire and support us in our efforts to continue building a successful and sustainable business.

- PROFESSIONAL
- INNOVATIVE
- DEDICATED
- EMPOWERED

Read more on page 24.

TARGETSC

Bulten's target is to meet the operational and financial objectives to create sustainable and profitable growth for shareholders, employees and customers.

FINANCIAL TARGETS:

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

OPERATING MARGIN
The Group's target is to achieve an operating margin of at least seven (7) percent.

RETURN ON CAPITAL EMPLOYED (ROCE)
The Group's target is to achieve a return on average capital employed of at least fifteen (15) percent.

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

SUSTAINABILITY TARGET:

Bulten's overall target regarding sustainability is that it should be a natural part of all acitvities within corporate governance and envir-onmental and social responsible throughout the Group.

STRATEGIC FOCUS AREAS

ORGANIC GROWTH

In 2016, Bulten had a growth rate in line with production in the European automotive market. The turnover was however, effected by a weaker export of fasteners to Asia and America than previous year and that a lower number of vehicles was produced due to model changes. During 2009-2015 Bulten's growth rate amounted to approximately 14% in average, to be compared with the market that grew 5% over the same period. The prospects for Bulten to continue to grow organic on the global automotive market are good.

Bulten has a clear focus on organic growth in Europe, USA and in the emerging countries Russia and China. During the last years, Bulten has signed several new significant contracts, mainly within the frame of the FSP concept. In Russia there is a lot of interest from potential new customers and in China the start-up of several new contracts is ongoing.

Besides the organic growth strategy, Bulten also sees opportunities for growth through acquisitions or joint ventures. Bulten currently has joint ventures in both the UK and Russia and as from 2017 also in the USA and has good experience of entering new markets in this way.

PREFERRED FULL SERVICE PROVIDER (FSP)

Bulten is one of few European fastener producers with comprehensive know-how and many years of experience of supplying full service solutions for OEMs.

Bulten's growth strategy will be fulfilled by continue offering full service solutions globally for OEMs.

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

COMPETITIVE COST STRUCTURE AND GEOGRAPHIC PROXIMITY

Bulten's strategy is based on offering competitive products and services. This will be achieved by having advanced and cost efficient production processes with geographical proximity to the customer. Bulten is constantly working to retain its expertise and must offer its customers the best possible quality and service at the lowest possible cost.

INNOVATIVE AND TECHNOLOGICALLY ADVANCED PRODUCTS

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

Part of Bulten's strategy is to promote innovations and develop technological know-how needed to create new products together with customers, thus offering improved and more cost-effective solutions to OEMs. Bulten currently has a number of its own patents.

A SCREW.
HOW DIFFICULT CAN IT BE?

A SCREW'S MISSION IS TO BE PART OF A FASTENING APPLICATION. A FASTENING APPLICATION CONSISTS OF A SCREW, A FEMALE PART, POSSIBLY A WASHER OR A NUT AND THE MATERIAL THAT NEEDS TO BE FASTENED. EVERY COMPONENT HAS ITS OWN FUNCTION TO PERFORM WHICH IS UNIQUE TO THE PARTICULAR FASTENING APPLICATION IT IS A PART OF.

The screw is the most important part in an application because it creates the force that holds together the components, ie the clamping force. The fastener must bend or contract exactly as calculated depending on heat, cold or vibrations. Also, a screw should never be too strong. If it does not break under certain circumstances, something else, and far more critical or expensive, might be disabled instead.

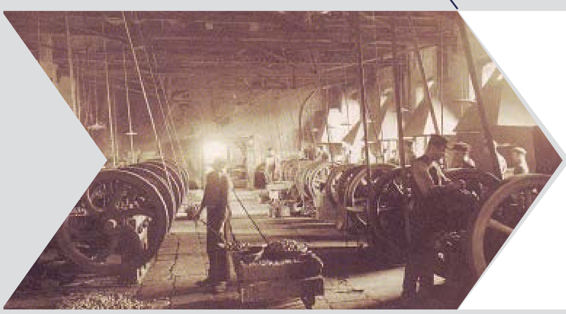
Surface treatment is another important part of the process where consideration must be taken to what extent the fastening application is exposed to the weather, moisture, extreme heat and friction. Besides the obvious, that the screw cannot rust, it might also be visible from outside the vehicle, in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

Surface treatment is also a decisive parameter to achieve 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 and expertise at the highest level - something that Bulten master fully.

MORE THAN 140 YEARS OF FASTENERS EXPERIENCE



BULTEN WAS FOUNDED.

1873

In 1873 Bulten was founded through Bultfabriks AB Hallstahammar. Hot-forging machines were bought in UK and were driven by water power from the river beside the factory. Ever since the beginning Bulten produced high quality fasteners.

During the 1980's and 1990's, Bulten grow, mainly by acquisitions in Sweden, Germany, Poland and China. In the 1990's Bulten started to concentrate on the automotive industry.

HOW MUCH MIGHT A SCREW COST?

To define the price of a screw one needs to look into the total cost. The purchase price for a fastener is just one of many factors. Besides that, additional services are a significant part of the total cost and it is important to find the right balance between requirements, function, performance and price.

IN PLACE COST

Bulten's advanced products are intended to optimize the total costs (so-called In-Place-Cost, IPC) for the customer. IPC is the total cost from development until the fastener is mounted and performs its function.

The cost of the physical fastener normally amounts to about 15% of the total cost. By using Bulten's innovative solutions and value-added technologies the customer can achieve cost reductions of IPC while maintaining – and in many cases improved – performance. This is done, for example by standardization, simplified assembly and reduction of indirect peripheral costs such as development and logistics costs.

COST PROFILE FOR A FASTENER

15%

- Fastener cost

85%

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

FULL SERVICE PROVIDER

As a Full Service Provider, Bulten offers services from the entire value chain, from concept to delivery. What Bulten does not manufacture itself, is bought from our network of suppliers in order to deliver complete FSP solutions.

A CLEAR PURCHASE STRATEGY

As our components are the foundation for joining a vehicle they must meet the automotive industry's specifications. In order to ensure the purchase of direct and indirect materials, Bulten has a clear purchasing strategy to guarantee that the suppliers used are qualified and certified and meet Bulten's standards.

Suppliers are categorized by quality, but also after delivery performance, volume and product range.

LOGISTICS

When we defined what, how and how much it is time to focus on when. Logistics is an important factor in the assessment of overall quality. Right article and the right volume at the right time is crucial in a process that is based on the just in time philosophy. With the right tools for planning the customers' needs are sorted out in order to deliver the right item, at the right volume, at the right time, to the right person, around the world and throughout the year.

ESSENTIAL QUALITY

Bulten has a leading quality position. Quality and safety are always in the center and developed and integrated quality systems are the basis for quality work.

For a fastener to function in an application, well-established quality processes are required. Therefore, quality and quality outcomes are involved from concept phase and ensure and transfer all parameters in the purchasing and production processes.

BULTEN STARTED TO FOCUS ON THE FSP CONCEPT AND WON SEVERAL SIGNIFICANT CONTRACTS.

BULTEN HAS HAD A STRONG GROWTH AND IS NOW A MAJOR PLAYER IN THE EUROPEAN AUTOMOTIVE MARKET.

In the 2000's and 2010's Bulten started to focus on the FSP concept and gain markets shares. Major contracts were signed with Autoliv, Ford, Volvo Cars, etc. In 2013 Bulten signed two new significant FSP contracts with annual value of appr. SEK 500 m and in 2014 supplementary volumes with annual value of appr. SEK 150 m.

Bulten has grown strongly with a clear focus on organic growth in Europe, Russia and China. In the coming years, Bulten sees good opportunities for continued organic growth on the global automotive market. In 2015 Bulten signed a new FSP contract with annual value of appr. SEK 180 m and a contract with an annual value of appr. SEK 17 m. In 2016 strategic contracts were signed in both China and Russia..

SMART TECHNOLOGIES

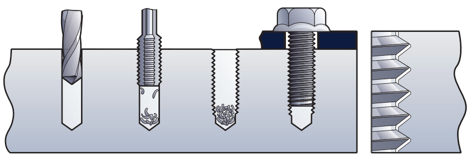
BULTEN'S INNOVATIVE AND TECHNOLOGICALLY ADVANCED PRODUCTS ARE DESIGNED TO REDUCE THE IPC (IN-PLACE-COST) OF A FASTENER, INCLUDING AMONG OTHERS COSTS RELATED TO EFFICIENT ASSEMBLY.

TAPTITE 2000

TAPTITE 2000® is a thread forming fastener. That means that it forms a thread when being driven into core holes that are drilled, punched or cast in ductile steel and aluminium members.

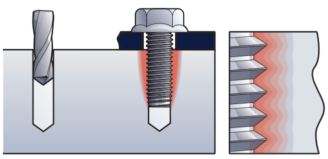
The trilobular geometry and the Radius Profile™ thread design offer a thread forming to failure ratio. TAPTITE 2000® is a true money-saver, since the technology eliminates process steps like pre threading and degreasing.

TRADITIONAL SCREW ASSEMBLY



Drilling Threading Threading Assembly

ASSEMBLY WITH TAPTITE 2000®



Drilling Assembly

FASTITE 2000

FASTITE® 2000™ thread forming screws are designed to solve common fastening problems such as thread stripping, fastener alignment and inconsistent assembly performance. It is a small screw for strong assembly.

STANDARD SCREW WITH ST THREADS

Sheet metal screw with ST threads 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™ fastener starts straight and finishes straight, providing a secure, tight assembly. The twin-lead thread centers the fastener in the hole.

ONE TOUCH ASSEMBLY

As assembly times are planned by seconds, cost-efficient and functionally reliable fastening devices can make a real difference in terms of mass production productivity. In order to offer better ergonomics and reduced assembly and workload time, pre-assembled components are the natural choice. Bulten is developing fastening systems with pre-assembled fasteners within the "One Touch Assembly" family.

THE OLD "PICK 'N' MIX" APPROACH

Time consuming, with room for error.

THE ONE TOUCH APPROACH

Fast and accurate.

MATHREAD

MAThread® dramatically reduces installation time, since there is no need for manual initial threading. The technology practically eliminates cost for waste, rework, and warranty repairs associated with conventional metric joints.

CONVENTIONAL METRIC JOINTS

Missplaced male thread. The starting point of "cross threading" If not manually started, which is time consuming, there is a risk of miss-placed male thread.

HOW MATHREAD® WORKS

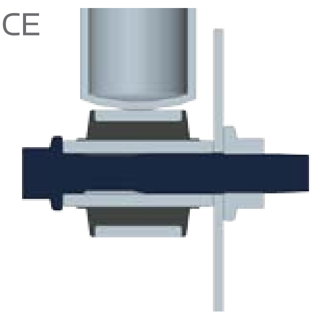
MAThread® unique male thread "rolls" over the hole in the female thread crest.

B14

The unique B14® material, super clean carbon steel, basically allows you to downsize each and every fastener one dimension with maintained clamp load which reduces the weight of fasteners with 30–40%.

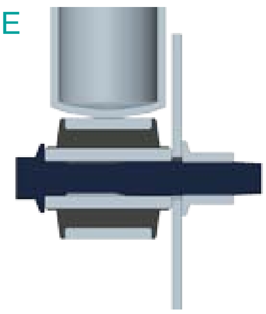
Example: shock absorber assembly.
The re-design of a specific joint achieved a total 25% weight decrease – i.e. 250 grams per vehicle in this particular case – with maintained joint performance.

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 designs.

GEOGRAPHIC PROXIMITY AND MARKET

BULTEN'S MARKET SHARE AMOUNTS TO 17% OF THE EUROPEAN MARKET FOR FASTENERS FOR THE AUTOMOTIVE INDUSTRY AND 60% FOR THE FSP BUSINESS ON THE CORRESPONDING MARKET. IN 2016 BULTEN HAS GROWN IN LINE WITH PRODUCTION ON THE EUROPEAN AUTOMOTIVE MARKET.

CUSTOMERS

Bulten's customers are active in the automotive markets mainly in Europe, Asia and the US. The customers are mainly manufacturers of cars but some of them also of heavy vehicles and suppliers, so called Tier 1's.

Bulten's customer base includes virtually every vehicle manufacturer in Western Europe. Some of the largest are AB Volvo, Ford, Jaguar Land Rover, Scania and Volvo Cars. Approximately 87% of sales go to production of cars and 13% to heavy commercial vehicles. For heavy vehicles, mainly critical fasteners for engines are supplied. Of total sales, approximately 75% goes to chassis and approximately 25% to powertrain.

A portion of sales is exported to other markets around the world.

PRODUCTION AND LOGISTICS

The fasteners are manufactured in Bulten's production units in Sweden (Hallstahammar), Germany (Bergkamen), Poland (Bielsko-Biala), Russia (Nizhny Novgorod) and China (Beijing). In 2017 a manufacturing unit is also established in the USA (Hudson, Ohio).

The fasteners are mainly made of iron wire using so-called cold forging technology. Cold forging is an efficient production method where up to 300 fasteners are forged every minute, depending on dimensions and machine. The production process is described on the next pages.

A little more than half of Bulten's labor force works in low-cost countries and contributes strongly to Bulten's competitive cost structure. The manufacturing units in the low-cost countries Poland, China and Russia together Bulten's other units in Sweden, Germany and Great Britain also have an important geographically proximity to the customers. By an active presence in these markets, Bulten is enabled to continue competing for new contracts with OEMs and develop existing ones.

An important aim is to create an optimized sales process, in which short lead times, efficient component flows to customers and optimized levels of stocks play a crucial role.

The logistics flow of Bulten's product range is complex. Depending on where the customer is located material flows through one or more of Bulten logistics centers.

There is also a comprehensive flow of non-value-added products and components between the various production units, sub-suppliers and logistics centers and. In many cases, further product refinement is performed through the integration of Bulten's fasteners with components from external suppliers. The fasteners which Bulten does not produce in-house include, for example, nuts, washers, clamps and plastic components, are purchased from suppliers. The end product is distributed to the customer from one of these logistics centers, in many cases located near the customers' manufacturing facilities.

PURCHASING

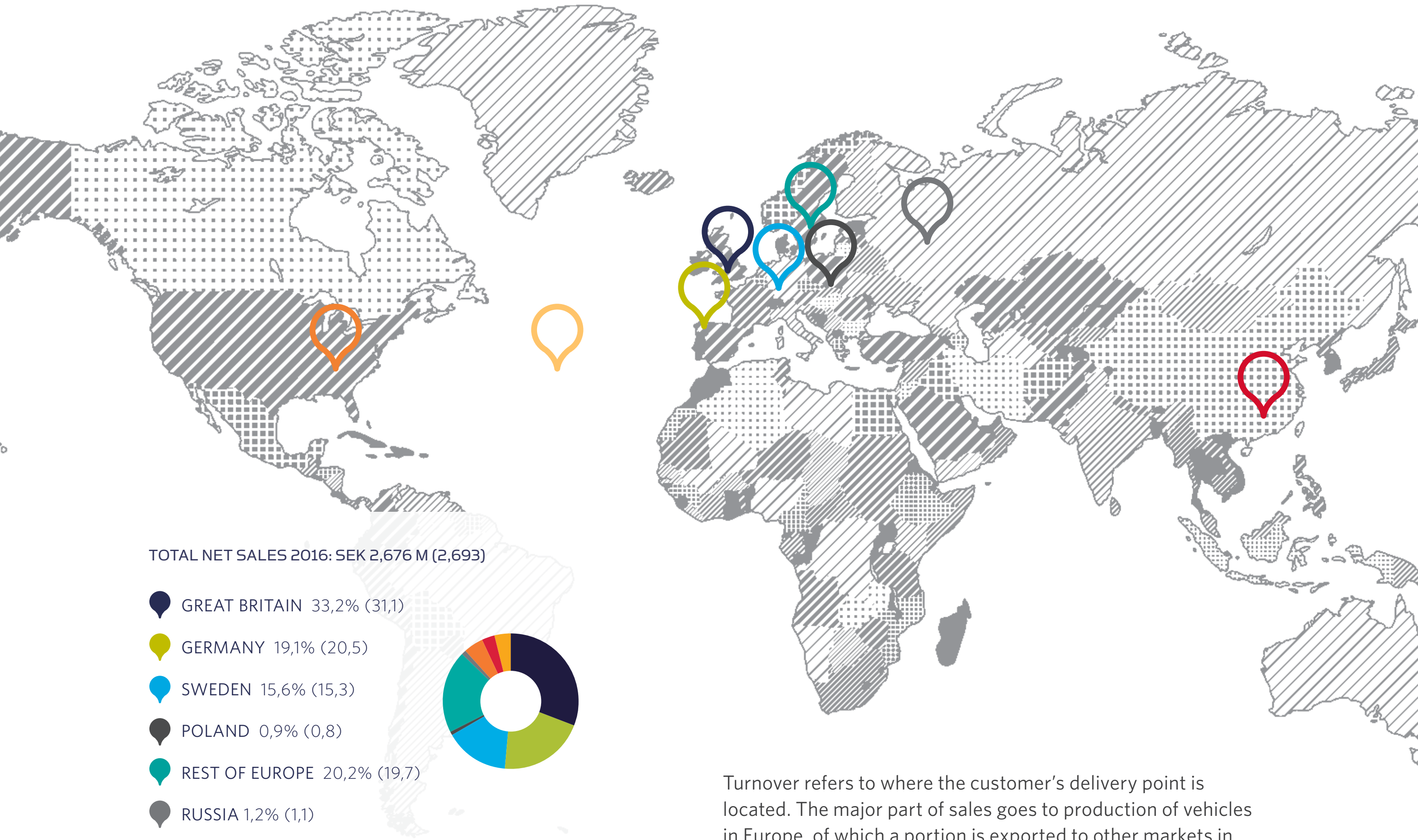
Purchasing of components is done by central and local purchases that are included in Bulten's full service commitment. A significant part of the purchased volume is raw material, with steel wire accounts for the largest portion. Bulten also provides components that the company does not make itself but which are included in the total commitment supplied to customers. Bulten also has extensive trading operations representing approximately 40% of the total sales value. The share of trading can vary, which creates flexibility for volume changes among others.

In pursuit of a sustainable society, long term trust with its stakeholders is crucial for a responsible business. The Group aims to achieve transparency, good communication and long-term collaboration with all its suppliers. This is part of the Group's guidelines and is significant for the quality of products and services.

The Group's purchasing decisions are based on objective factors such as quality, cost-efficiency and delivery precision. In addition, suppliers must meet the demands based on the principles in Bulten's code of conduct in terms of working environment, respect for human rights and the environment and that they comply with the ten principles stated in the UN Global Compact.

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

NET SALES PER GEOGRAPHIC MARKET

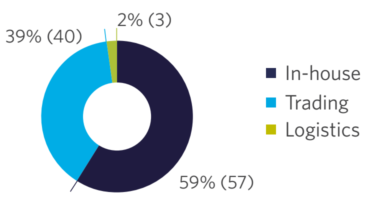


TOTAL NET SALES 2016: SEK 2,676 M (2,693)

- GREAT BRITAIN 33,2% (31,1)
- GERMANY 19,1% (20,5)
- SWEDEN 15,6% (15,3)
- POLAND 0,9% (0,8)
- REST OF EUROPE 20,2% (19,7)
- RUSSIA 1,2% (1,1)
- US 3,2% (4,7)
- CHINA 3,1% (3,1)
- REST OF THE WORLD 3,5% (3,7)

Turnover refers 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 to other markets in for example North America and BRIC.

IN-HOUSE VS TRADING OF TOTAL SALES VALUE



Bulten has a lean and efficient production flow to support the well-positioned logistics operations. The company's largest and fastest growing business can be found in Poland, where capacity expansion is in progress. The company also has an extensive trading operation to offer the customers with full service solutions and also to have a high level of flexibility at volume changes.

MARKET POSITION

Bulten is one of the leading manufacturers and suppliers of fasteners to the international automotive industry, with an especially strong position in northern Europe. Bulten has in recent years developed into the largest FSP in Europe.

Based on statistics from European Industrial Fasteners Institute (EIFI), Bulten's company management assesses the total value of the fastener market in Europe at approximately SEK 16 billion.

The management team estimates that Bulten's market share is around 17% of the European market for fasteners for the automotive industry and 60% of the corresponding market for FSP business, which are unchanged compared to 2015. This estimate is based on data about the European automotive industry's purchasing of fasteners in 2016 according to EIFI.

COMPETITORS

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

Bulten's two principal competitors are the suppliers offering the full service concept in Europe, Nedschroef and Kamax through Facil.

2016 has been a year when the fastener industry has focused on responding to globalization. It has led to the production volumes have been moved from the existing production structure to new establishments, which in some cases have led to under-absorption in Europe. Bulten has managed this situation better than many of its competitors, partly thanks to its strong FSP offer, efficient cost structure and well developed logistics solutions. The company is therefore well positioned to capture additional market shares.

THE AUTOMOTIVE INDUSTRY, TRENDS AND DRIVING FORCES

There is intense competition in the global automotive industry and OEMs attach great importance to efficiency enhancement efforts and cost cutting rationalization. In addition, for a long time there has been widespread consolidation in the automotive industry in order to create larger and more cost-effective organizations.

Realizing economies of scale is an important aspect of the work of reducing product development, purchasing and production costs. Therefore, OEMs are developing global platforms. For the fasteners industry, the global platforms mean an opportunity for variation reduction and thus greater volumes per variant and thus volume synergies, which is beneficial for both Bulten and its customers.

The trend among suppliers to the automotive industry is that automotive makers are reducing the number of suppliers while there is an expectation that the suppliers are more involved in the development of components and systems, from the concept stage to the final assembly, which Bulten offers through its FSP concept.

At the same time, vehicle design is developing and engines are becoming more complex. Weight reduction has remained a major focus area and increased demands in combination with new, more efficient drivelines. Overall, the demands on the components are increasing. These trends have meant that customer relations are becoming more and more important and that Bulten as supplier is taking a more integrated and complete responsibility for the product.

A clear trend in the automotive industry is increased establishment of production on growth markets. According to production statistics from LMC Automotive, e.g. China passed both the US and Japan in number of produced cars. Between 2016 and 2021,

> ”A growing electrification in the automotive market will benefit Bulten.

The trend for electric cars is on the increase with many automotive manufacturers planning on launching versions of their own. What do you think will be needed for electric cars to really make a breakthrough?
That electric cars cost consumers the same as equivalent petrol or diesel cars with a similar combustion engine. Besides which the range should be comparable. Opinion is divided when this will happen, but Bloomberg New Energy Finance believes this will be by 2022. I think that many people are prepared to pay more for an electric car, quite simply because of the exciting properties that electric cars have and the status they convey.

How do you think the electric car market will develop?
All major automotive manufacturers are making electric cars today. In five years there will be a wider range for consumers to choose from. Many of these will be more affordable alternatives than the ones we're used to today. Market shares will increase quickly, but from a very low level.

How will the expanding electric car market affect Bulten?
Cars with electric motors can either be hybrids or purely electric. Both require batteries. These battery packs and how they are fixed into the car have lead to a significantly greater need for the number of fasteners. An average car with a combustion engine for example has between 1,500 and 2,000 fasteners. Some electric cars today have as many as 7,000. Even if this number can be cut when the electric car market

Chinese production is expected to grow by approximately 3.4%.

Over the longer term, it is likely that automotive makers will require their suppliers to be established locally on the markets being served.

On the European automotive market the trend is towards continued transfer of production from Western Europe to Eastern Europe. Bulten is already represented with production facilities in Poland and Russia.

In China, Bulten has had wholly owned factory for many years.

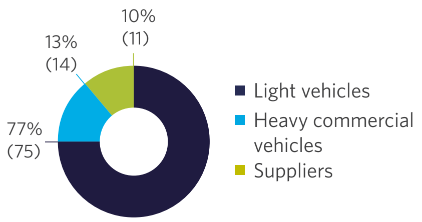
Since a significant part of the European vehicle production is exported, the European manufacturers are also favoured by global growth.

Looking further ahead, the automotive industry is facing major changes and trends that drives and accelerates change is the electrification of powertrains, autonomous cars, the digitization process in production, sales and distribution, form of ownership (own ownership or share in carpool) and MaaS (Mobility as a Service).

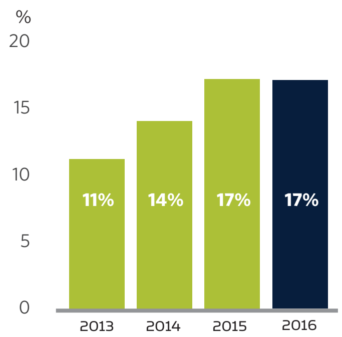
Of these trends, the electrification trend is today the most clear where both regulatory requirements and consumer demand drive the development forward. The world's car manufacturers have investment focus on new technologies as a replacement for today's combustion engines and we can already see that the fasteners intensive hybrid engines are becoming increasingly common.

The breakthrough for the electrification technology is expected to come when the cost of battery technology has been reduced. Bulten is involved in electrification projects with various automotive manufacturers and is helping to drive developments concerning fastener shape and material to create optimal conditions for the new technology.

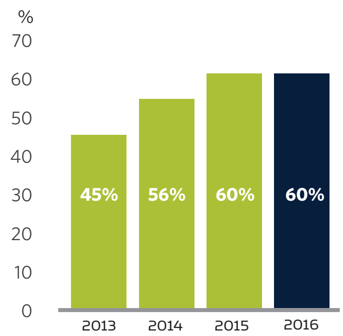
SALES PER CUSTOMER SEGMENT
TOTAL NET SALES 2016:
SEK 2,676 M (2,693)



SHARE OF TOTAL MARKET FOR FASTENERS TO THE AUTOMOTIVE INDUSTRY IN THE EU IN 2016

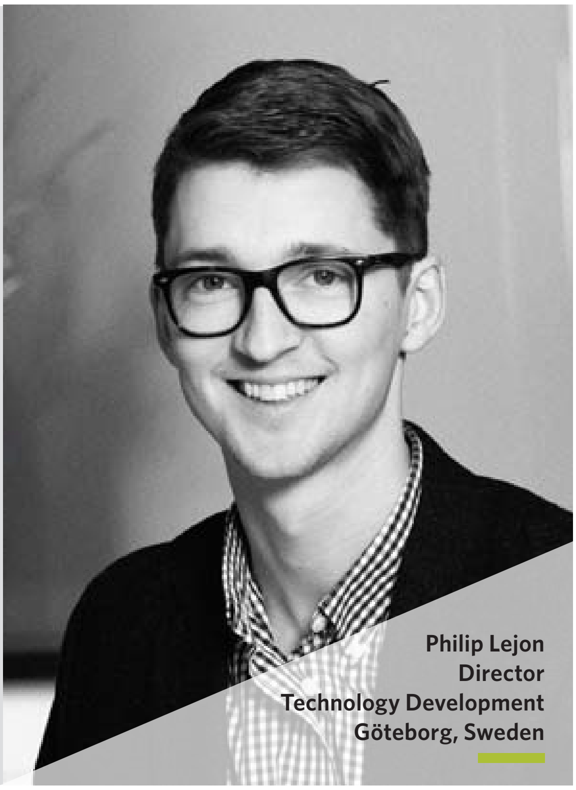


SHARE OF THE TOTAL MARKET FOR AUTOMOTIVE-RELATED FSP-BUSINESS IN THE EU IN 2016



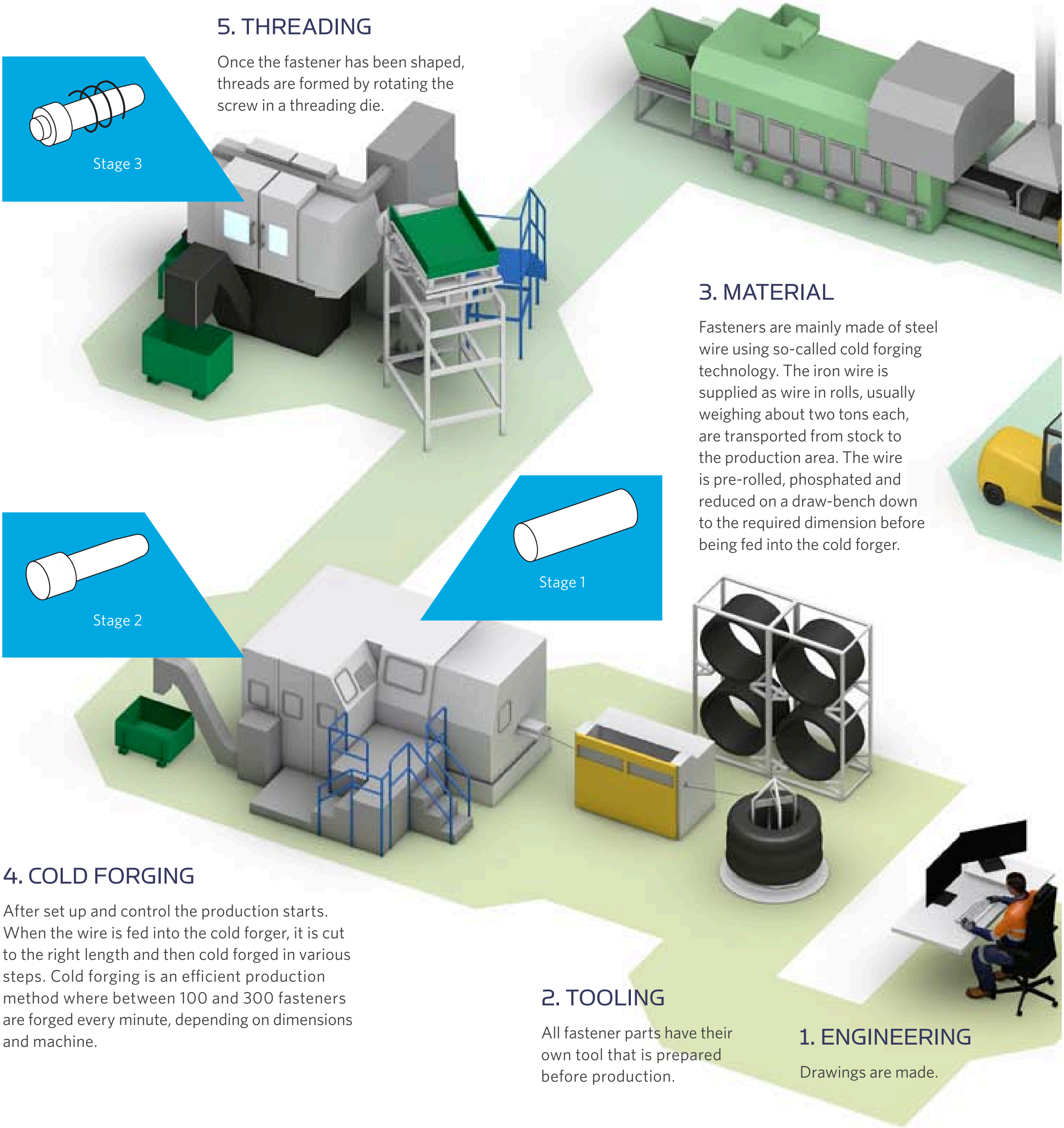
matures, electric cars will probably still have a significantly high level of fasteners. The potential of hybrids is large due to the need of fasteners to both the combustion engine and the electric motor as well as those connected to the batteries. A growing electrification in the automotive market will benefit Bulten.

How is Bulten contributing in developing electric cars?
Today, electric cars generally have a much lower driving range as equivalent cars with combustion engines. More powerful batteries are being developed to counteract this problem, but that's not enough. The cars must be made lighter. This is where Bulten is helping with ultra high-tensile materials like B14. We're also helping with developing, testing and evaluating screw joints with properties uniquely for applications connected to electric drivelines. These are often air and watertight and must be able to be reassembled an unusual number of times, up to 100 reassembles in some cases.



PRODUCTION PROCESS

BULTEN'S PRODUCTION IS CHARACTERIZED BY FOCUS ON DELIVERY PERFORMANCE, HIGH QUALITY, COST EFFECTIVENESS AND WORKERS' SAFETY IN ALL STEPS OF THE PRODUCTION PROCESS .



5. THREADING

Once the fastener has been shaped, threads are formed by rotating the screw in a threading die.

3. MATERIAL

Fasteners are mainly made of steel wire using so-called cold forging technology. The iron wire is supplied as wire in rolls, usually weighing about two tons each, are transported from stock to the production area. The wire is pre-rolled, phosphated and reduced on a draw-bench down to the required dimension before being fed into the cold forger.

4. COLD FORGING

After set up and control the production starts. When the wire is fed into the cold forger, it is cut to the right length and then cold forged in various steps. Cold forging is an efficient production method where between 100 and 300 fasteners are forged every minute, depending on dimensions and machine.

2. TOOLING

All fastener parts have their own tool that is prepared before production.

1. ENGINEERING

Drawings are made.

6. HEAT TREATMENT

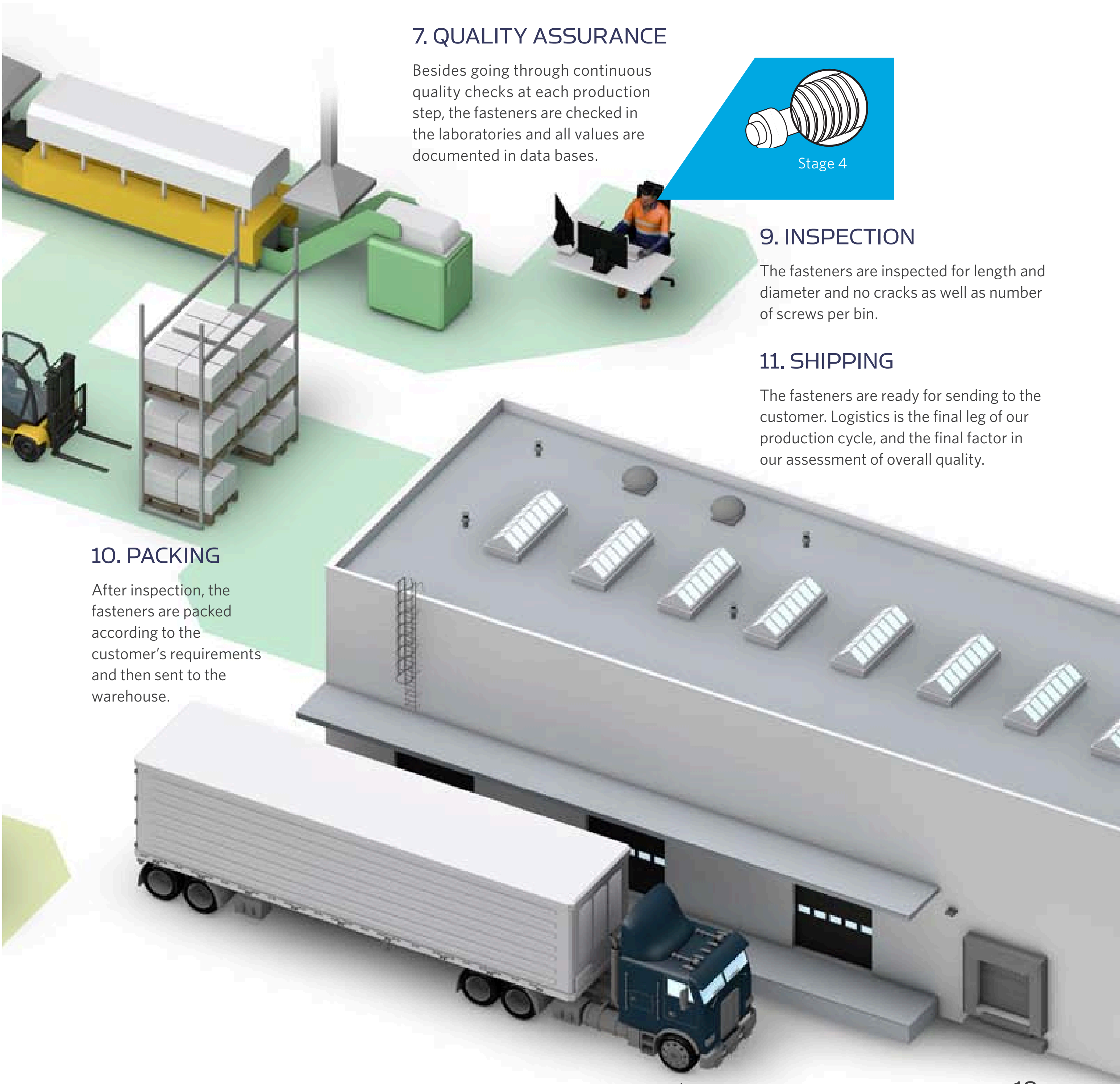
During the heat treatment the screw is hardened to the right mechanical properties. The process starts with a washing and de-phosphating operation and then the fasteners are heated to approximately 900 °C. Thereafter, the fasteners are cooled in oil to 60 °C, then heated up again to 350 – 450 °C and then finally cooled again which ends the hardening process.

8. SURFACE TREATMENT

The fasteners are further processed through surface treatment and other steps to further develop the product. This is done by transporting the fasteners through a range of baths depending on the requirements.

7. QUALITY ASSURANCE

Besides going through continuous quality checks at each production step, the fasteners are checked in the laboratories and all values are documented in data bases.



9. INSPECTION

The fasteners are inspected for length and diameter and no cracks as well as number of screws per bin.

11. SHIPPING

The fasteners are ready for sending to the customer. Logistics is the final leg of our production cycle, and the final factor in our assessment of overall quality.

10. PACKING

After inspection, the fasteners are packed according to the customer's requirements and then sent to the warehouse.

QUALITY LEADER

AN EFFECTIVE QUALITY PROGRAMME IS A NECESSARY PRECONDITION FOR A LONG-TERM AND SUSTAINABLE BUSINESS. QUALITY IS KEY TO BULTEN ’S FINANCIAL RESULTS AND STRONG GROWTH AS WELL AS A DECISIVE FACTOR IN WINNING NEW ORDERS.

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

A passenger car consists of some 30,000 components of which 1,500-2,000 are fasteners. The fasteners represent approximately 60 percent of all part numbers in the vehicle.

Defective or incorrect components may result in costly recalls of parts or all units sold of the model affected. For the global OEMs with most of the world as its market, recalls, if not detected in time, can have extremely drastic consequences and result in considerable economic and prestige-related losses.

Bulten’s ability to deliver consistently high quality is therefore of very high importance in order to maintain the customers’ trust.

EXPECTATIONS, REQUIREMENTS AND CERTIFICATE S

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

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

All Bulten’s sites have ISO-TS 16949/ISO 9001 certification and also meet specific customer quality requirements. Furthermore, Bulten works for external suppliers of direct materials not only meet the basic requirements, as quality and environmental management systems, but also our customers’ specific requirements.

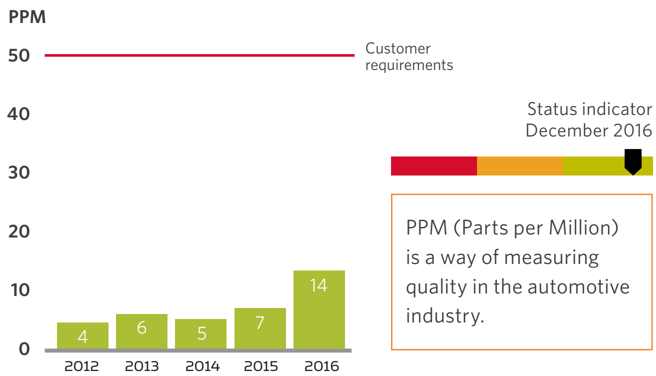
QUALITY OBJECTIVES AND RECIPES FOR SUCCESS

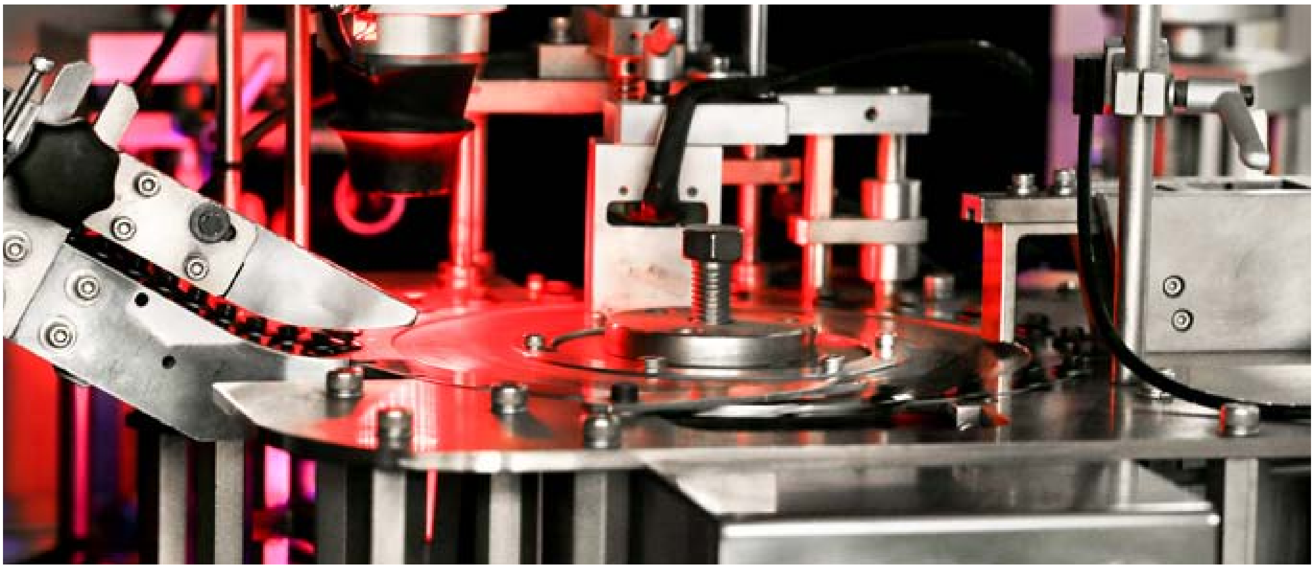
Challenging goals and a structured way of working is part of Bulten’s recipes for success. Internally, Bulten continually measures and follows up key indicators for production, markets and purchasing.

The Group also regularly assesses external suppliers and their quality outcomes.

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

PPM (DELIVERIES TO EXTERNAL CUSTOMERS)





FULL SERVICE PROVIDER (FSP)

BULTEN IS ONE OF THE FEW PLAYERS IN EUROPE THAT OFFERS COMPLETE RESPONSIBILITY THROUGHOUT THE VALUE CHAIN FOR FASTENERS, FROM PRODUCT DEVELOPMENT TO FINAL DELIVERY TO THE CUSTOMER, AND HAS EXTENSIVE EXPERIENCE IN MANAGING COMPLEX FULL SERVICE CONTRACTS FOR THE AUTOMOTIVE INDUSTRY.

Fasteners are high-volume components in terms of the amount of variants and number of units shipped, resulting in very complex handling in both purchasing and logistics. This means that the customer has much to gain by entrusting Bulten with full responsibility. As an FSP supplier to the international automotive industry, Bulten provides services in all areas of design, development, verification, quality assurance, documentation, production and logistics. Thanks to its FSP concept, Bulten can take responsibility for all fasteners for an entire platform, model or factory throughout the value chain.

Projects are based on a close collaboration between engineers from Bulten and the customer. The technical specifications and blueprints are optimized based on the unique conditions in each situation. The process is controlled from the start in accordance with the APQP model (Advanced Product Quality Planning), which means that the quality of all the components is considered to ensure that the prototypes are consistent with products that enter series production.

Being an FSP provider requires exceptional organization and coordination ability. The handling of a large supplier base to meet the total demand for fasteners is often very complex because there are many variables to consider that affect administration and cost.

Bulten's work as a global FSP supplier creates opportunities for vehicle manufacturers to free up their own resources and capital. When a vehicle producer integrates activities with a Full Service Provider that has extensive industry knowledge it makes internal management of projects related to fasteners much simpler.

Bulten produces a large part of the components in-house and it is very important to understand and control the manufacturing process. Having its own production skills combined with good knowledge of the global supply base allows Bulten to select the right suppliers for the products Bulten choose to not produce itself. In many FSP projects it is not just a matter of stocking and delivering a range of fasteners, but also coordinating components among different suppliers, delivery locations, processing phases, storage hubs and customer receivers.

The challenge in this type of large global project is to ensure that deliveries meet customers' high demands on cost, quality, delivery performance, volume and product range.

COMPLETE RESPONSIBILITY THROUGHOUT THE ENTIRE VALUE CHAIN OF FASTENERS

CONCEPT PHASE

Engagement in early concept stage enables optimal fastener solutions to be introduced in the next generation of car platforms.

R&D AND QUALITY

Product development (innovations, tests, quality etc.) to secure cost control and quality throughout the entire process.

PURCHASE & LOGISTICS

- Fewer component numbers
- Just in time-deliveries (local production or logistic center)
- Line feeding
- Inventory management

ASSEMBLY

- In place cost control
- Single point of contact
- Line trial support
- On-site support
- Resident services

AFTER SALES

- Long term commitment
- Assured supply
- Original details
- Quality guarantee

EMPOWERED EMPLOYEES

A STRONG CONTRIBUTING FACTOR TO BULTEN'S SUCCESS IS ITS EMPLOYEES. BULTEN STRIVES TO HAVE A GOOD RELATIONSHIP AND OPEN DIALOGUE WITH ITS EMPLOYEES AND PUTS STRONG EMPHASIS ON PRESERVING THE EXPERTISE AND CULTURE THAT HAS BEEN BUILT UP OVER MANY YEARS. BULTEN'S CORPORATE CULTURE IS A UNIQUE ASSET THAT IS HIGHLY VALUED BY THE COMPANY AND MUCH APPRECIATED BY BOTH EMPLOYEES AND CUSTOMERS.

A good basis for involved and dedicated employees is well-run, development-oriented dialoguess. Through these talks, managers can understand employees' needs for training, how the working atmosphere is seen, together with other important and relevant issues.

For Bulten to achieve its goals, access to the right skills in priority areas and cooperation is a prerequisite. In addition to external traditional training, the company has internal trainings that among others follow a successful model that allow employees to spend time in different parts of the company, with colleagues who can ensure that the right skills and expertise are developed in relation to the expectations of the work tasks.

Bulten's systematic working environment means monitoring sick leave and accidents. To promote a good working environment and a sustainable business, focus on local wellness initiatives will continue.

To ensure that Bulten continues to be seen as a sustainable and attractive employer the company's personnel work must develop continuously. In 2016 a global human resources unit was established aimed at developing and harmonizing personnel work

> Bulten has a very strong corporate culture and we are proud to have been in business for so many years.

Bulten's overall goal in its work with sustainability is that it must be a natural part of ongoing activities throughout the entire business. How will Bulten achieve this?
Through regular dialogue about how and why we act responsibly towards various stakeholders. We must communicate our objectives and how we are performing, as well as presenting the activities that will get us there. It is, and will remain, a combination of several different factors that will contribute to our employees throughout the organization being made aware of sustainability issues.

What opportunities do you see?
Bulten has a very strong corporate culture and we are proud to have been in business for so many years - that is something that shows we are a sustainable company.

The opportunities ahead are to implement the company's strategy and thus secure sustainable employment for our employees. We will continue to run the business ethically, manage risks, ensure quality and delivery, constantly developing a capable and flexible organization which offers equal opportunities. We will reduce environmental impact throughout the supply chain and support the community in which we operate as we continue to be a good local partner and thereby build a long-term position in each market.

Bulten's corporate culture is a major contributory factor to the company's success. How will you work to preserve and strengthen this?
A prerequisite for preserving and strengthening the corporate culture is to always focus on our core values and ensure that they permeate everything we do. This should include everything from company-wide communication to conversations around our core values in performance appraisals. We should also consider core values in an educational context and in the recruitment process, etc.

Managers and employees should feel that they can have a good, regular development dialogue based on the employee's assignment, potential and ambition. The goal is that all employees feel they have clear roles and understand how they can contribute in the best way.

CHINA

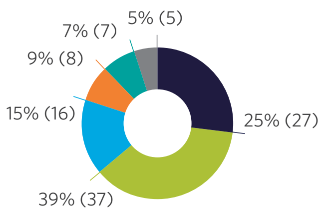
A team-building activity for all employees was carried out at our unit in China in 2016. Other activities have been technical days that are open courses for all staff and the 20-year anniversary activities.

GERMANY

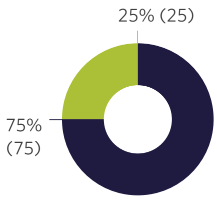
A health initiative was carried out at our unit in Germany in 2016. The project was started by a group of students and today parts of it, such as fruit baskets, water coolers and training activities, have been implemented.

KEY FIGURES	2016	2015
Net sales per employee, SEK 000	2,117.1	2,246.5
Operating earnings per employee, SEK 000	158.3	137.6
No. of employees on closing date	1,264	1,199

GEOGRAPHICAL DISTRIBUTION EMPLOYEES



GENDER DISTRIBUTION



together with local organizations. Bulten's core values – Professional, Innovative, Dedicated and Empowered – are the foundation of the company's common values and behaviour. The values have their roots in the company's history and help to guide all employees in their daily work. Continuous efforts are being made for these to be integrated into all areas of the business.

As support for managers and employees, we will continue to work with our common HR policies and processes based on our core values and we want to involve all employees in the continual development of the company's culture by implementing a company-wide employee survey. Through such an approach, we can collect business information directly from employees about how they see us, both as a company and as an employer, how they feel and the areas of improvement there might be. The goal is that employees feel and see that in future, as the Bulten Group develops further, that we have managed to establish sustainable HR work throughout.

Finally, what was your first impression of Bulten when you came here during the year?
Bulten is a company that has built up and maintained a very good corporate culture, both in prosperity and adversity and has a high level of loyalty. I have had the privilege of visiting all our companies and spoken to many colleagues and all have taken up the importance of Bulten's corporate culture. There is a creative environment, it's not hierarchical, you can get help when you need it and there's possibilities for continuous improvements. This we'll defend, and continue to build on.

Marlene Dybeck
SVP Sustainability and HR
Göteborg, Sweden

CORE VALUES

Bulten's core values originate in the company's history and are the foundation of our corporate culture. They define the way we work and behave and inspire and support us in our efforts to continue building a successful and 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 of our company. In the relation with our customers 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 fastening business 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, empowered to make decisions and drive progress. Thus, you can be certain we will keep our promises and provide you with the strongest possible solution for your fastening demands.

BULTEN IS PROUD SPONSOR OF RIDE OF HOPE

Ride of Hope is one of the Childhood Cancer Foundation many sports events where the participants raise money for cancer research. Through the sponsorship, we are helping children with cancer and their families to receive the care and support that they need and cancer research receives additional funds in its important work to fight cancer.

Besides Ride of Hope, Bulten supports various local initiatives such as sports organizations, organizations working for a drug-free society and children's rights, and environmental activities.

Bulten's Barnaby Rushton is active in the event Ride of Hope.

CODE OF CONDUCT

Bulten's Code of Conduct has been adopted with the aim of expressing the fundamental principles that form the basis for Bulten's relations with personnel, shareholders and other stakeholders. All personnel shall be aware of and follow the Code of Conduct.

The code, along with our various Group policies, forms the basis for how we work within the Group.

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

LONG-TERM SUSTAINABLE BUSINESS

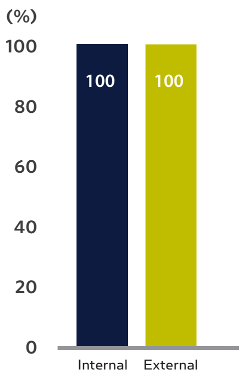
BULTEN IS ONE OF THE LARGEST SUPPLIERS OF FASTENERS TO THE INTERNATIONAL AUTOMOTIVE INDUSTRY AND HAS A RESPONSIBILITY TO OPERATE ITS BUSINESS IN A LONG-TERM AND SUSTAINABLE MANNER. THE COMPANY SHALL BE AN EFFECTIVE, RELIABLE AND STABLE PARTNER FOR CUSTOMERS AND SUPPLIERS, DELIVER VALUE TO OWNERS AND BE A SECURE EMPLOYER FOR ITS EMPLOYEES.

Bulten structures its work on sustainability in three areas: corporate governance, social responsibility and the environment. Guiding the company in its sustainability activities are the business vision, the core values of Professional, Innovative, Dedicated and Empowered, the corporate code of conduct and the anti-corruption policy.

Every year Bulten performs an overall risk analysis during which sustainability risks and environmental aspects are identified and analysed. Special emphasis is given to consideration for the environment throughout the entire chain of value, and the company has therefore assessed products and processes with regard to conflict minerals and REACH, among other key areas. Bulten also works to influence external flows of goods in a positive direction.

Bulten works to improve continuously and during 2016 a plan was made to develop and harmonise sustainability work even further and to extend dialogue with stakeholders.

BULTEN'S CODE OF CONDUCT



Status indicator
December 2016

Internal training is done in conjunction with introduction of new employees and the external at supplier visits.

CORPORATE GOVERNANCE

Responsibility and implementation

Bulten's board of directors has overall responsibility for the company's sustainability activities and the President and CEO has responsibility for operational matters. This work is managed and coordinated by the SVP HR and Sustainability, and implemented by managers throughout the business. All of Bulten's employees have responsibility for actively contributing to work on sustainability within their specific area of responsibility. Each manager has responsibility for follow-up and compliance with internal guidelines and the code of conduct.

Bulten's code of conduct was adopted with the purpose of formulating fundamental principles that underpin the company's relations with employees, shareholders and other stakeholders. The code, together with other corporate policies, forms the basis for how we work as a Group and it plays a central role in the company's sustainability activities.

Follow-up and reporting

Bulten's integrated management system for quality, the environment and working environment describes the company's way of working, from policies and guidelines to procedures and work instructions. The management process provides a systematic approach to strategy, objectives, and ongoing target monitoring. The reporting of sustainability information is done through the company's various management systems. Bulten companies are certified to ISO / TS 16949, ISO 9001, ISO 14001 and meets the requirements of OHSAS 18001, as well as ISO50001 for production companies.

In addition local employee surveys are conducted that form the basis for the company's continuous efforts to improve the work environment and employee involvement.

From 2017 Bulten will report its sustainability work in accordance with the guidelines outlined in the core level of GRI Standards, including submitting a report to the UN Global Compact.

BULTEN'S PRINCIPLES FOR SUSTAINABLE BUSINESS

Bulten operates its business with regard to corporate governance, environmental and social principles.

Minimization of sustainability risks in the flow of goods
Bulten takes responsibility wherever it can exert influence with respect to the environment and working environment throughout the value chain. A supplier to Bulten must confirm that it meets and complies with the company's code of conduct and anti-corruption policies or equivalent, and that furthermore it is certified according to ISO9001 (or ISO / TS16949) and ISO 14001. Further requirements must be also met, such as maintaining a policy regarding conflict minerals where applicable.

Bulten has an established working method to follow up and audit its main suppliers, which together account for between 90-95% of the total purchasing volume. All potential and new suppliers to Bulten have to undergo an evaluation based on parameters that include the code of conduct, environmental considerations and safety. If the decision is made to do business with a supplier after this evaluation is carried out, an audit is performed on site. This audit covers the management system, financial status, procurement and supply chain processes, and supplier monitoring. Regular evaluations are made of established suppliers, and Bulten has dedicated employees who work with, and develop, quality assurance.

> With a system of different heat exchangers and a buffer tank, we reduced the consumption of natural gas to almost nothing.

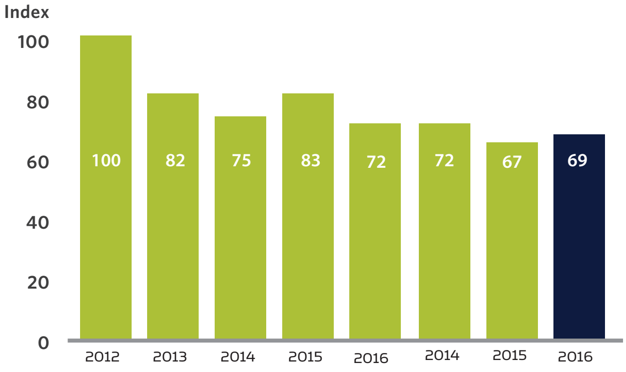
Bulten's unit in Bergkamen Germany won an environmental award 2016 for energy savings – Klimaschutzflagge. What type of award is this?
This award is a tribute to companies that are very ambitious in sustainable improvement regarding climate control and environmental protection. The award was made at an official Ceremony together with the local authorities, interested parties and the local press.

How important are these types of award?
Very important, as the public becomes aware of our responsibility and our own self-understanding for sustainable climate protection increases. It is also a complement for all employees working for an eco-friendly company.

Can you tell us about the project that led to you receiving the award?
Ordinary gas burners are commonly used in the industry for heating up water for the different zones on a dephosphating line. To reduce consumption, our idea was to get rid of these gas burners and use the process heat from our high temperature oven instead. With a system of different heat exchangers and a buffer tank, we reduced the consumption of natural gas to almost nothing. In figures we saved around 1.1 million Kw/h in natural gas consumption and reduced the CO2 emission by roughly 270 tons per year. As from August 2015 and onward, we have also reduced electricity consumption by 45%.

How was the project implemented?
We found out very quickly that today's producers of such equipment are good at construction work, but knowledge about efficient use from an energy saving perspective was very poor.

ENERGY CONSUMPTION IN RELATION TO PRODUCED TON



Energy consumption in Bulten's factories in Western Europe. Measurement takes place in all the main processes and approximately 95% of the energy consumption is monitored.

ENVIRONMENTAL RESPONSIBILITY

The environment

Bulten's environmental policy has been implemented over many years, and the company's main environmental impact consists of energy use and emissions to air and water. Environmental work should be preventative and involve all employees and strive to continually improve products, processes and systems to minimize environmental impact. Environmental impact is managed through objectives and improvements. Environmental risks are analyzed and managed within the framework of the company's overall risk management procedures.

Environmental work is headed by the Group environment manager who leads, develops and improves environmental performance. Units within the Group have integrated environmental management, quality management and partly also health and safety management systems. Bulten's plants work with energy management systems according to ISO 50001. Bulten's well-functioning environmental management system, ISO 14001, and its dedicated employees are audited partly by external environmental auditors and by the Group's customers.

Bulten estimates that about 50% of purchased raw materials come from scrap-based steel mills, which reduces the need for primary raw materials and thus also minimises energy use and emissions. Through the safe and correct handling of hazardous waste, Bulten contributes even further to reduced environmental impact.

Bulten aims to use renewable electricity and heat as much as possible and thus reduce energy consumption and emissions. Bulten does this through efficient logistics and energy-efficient production. The energy consumption has increased slightly during the year due to the fact that the company has taken over the former external processes, such as heat treatment of stainless steel products and surface treatment. For the first time in 2016 Bulten switched to a procurement tool for transport services where the company has specified conditions with regard to the inclusion of sustainability requirements.

Bulten's environmental work aims to ensure that the company's own production is carried out with as little environmental impact as practicable while being economically viable. The company conducts operations that require official permits and all of Bulten's production units have the necessary permits. These are monitored continuously and the environmental aspects measured at each site and reported externally according to official request while also being monitored internally to build up information and data for follow-up. Energy surveys are carried out locally, and outcomes are monitored and reported. Bulten is not covered by programs for emission allowances and does not work with compensation for emissions.

Therefore we spent a lot of time and effort investigating how to get the project work done in the way we wanted. Together with some expertise from local companies we managed to find the right set up for the energy recovery. Everyone in the project has done a very good job.

Are you currently working with further sustainability projects at Bergkamen?

Yes indeed. We are working with a variety of smaller projects, but our main focus is on total elimination of wastewater. A wastewater treatment line will be installed shortly, aimed at getting rid of more than 100m3 wastewater annually. It is good for the environment but also very cost-effective, as the investment will have a return of less than three years with savings of EUR 25,000 per year. This is another major step in Bulten's collective responsibility for a sustainable business.

Frank Welzel
Production manager
Bergkamen, Germany

Reduced environmental impact
Proactive environmental work is carried out at all units and the company's focus on reducing its negative environmental impact has produced good results. In 2016 Bulten's unit in Poland received a White Certificate for its efforts to increase energy efficiency using surplus heat from compressors to heat the premises. Bulten's German company also received an environmental award for energy savings during the year.

In Bulten's unit in Hallstahammar, work is under way to recover energy to heat from processes. The goal is that the unit should be self-sufficient in heat during 2018.

The company has noted improvements following investment in energy-efficient production equipment. Work is continuing to further develop expertise in energy consumption to support future investments.

During 2016, Bulten has also invested in new plating lines in the German and Polish unit. Start of production is planned in 2018-2019 and will mean less transportation, which will lead to a reduced impact on the environment.

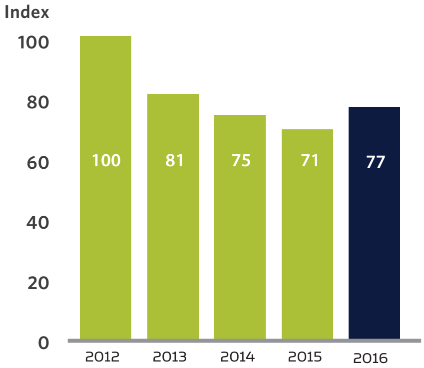
Reduced weight contributes to lower carbon emissions
Bulten offers optimized application solutions that can reduce fuel consumption in vehicles, which in turn contributes to lower carbon emissions. Bulten is actively working to help customers reduce the number of fasteners per vehicle and thus achieve weight reduction through the development of alternative solutions. Together with suppliers, Bulten is developing a high-strength material that will enable a reduction in the dimensions of fasteners. It will thus be possible to reduce the size of components that surround the fastener and this can in turn deliver further weight loss.

Sustainable product development
Bulten is involved in electric vehicle projects with various automotive manufacturers and is helping to drive development in terms of shape and material for fasteners to create optimal conditions for the new technology. The company has positioned itself with technology for electric cars and hybrids, and during the year developed cooperation with one of the world's largest electric car manufacturers, which chose Bulten as "Certified preferred supplier".

SOCIAL RESPONSIBILITY

Guiding principles
Since a couple of years ago, Bulten has supported the UN Global Compact's ten principles and the company's code of conduct guides the company in this work. Bulten also requires its subcontractors to choose whether to adhere to Bulten's code of conduct or if they have their own equivalent. The focus ahead will be to improve the monitoring of the value chain with regard to human rights and to train employees on sustainability issues.

SCRAP COST IN RELATION TO TURNOVER



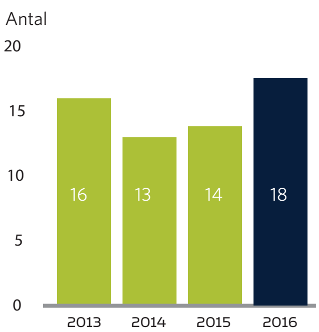
Scrap outcome, total per plant, is monitored throughout the whole process. Residual waste materials are recycled and refined by recycling companies.

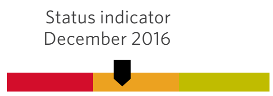
Employer liability
Bulten strives to be an attractive employer with a good working environment where involvement and participation are the basis for the continuous development of the company and its employees. The company's overall goal for environmental work is to achieve a long-term effective and sustainable business that safeguards good physical and mental health, offers job satisfaction for all employees and prevents accidents happening. Incidents are monitored and accidents that lead to absences are reported as part of the systematic work environment. The number of reported accidents has increased during the year, analyzes and measures implemented in each company to follow up and break the negative trend.

One way for Bulten to take responsibility as an employer is to offer permanent employment after a trial period. This means greater security for the individual compared to being contracted from an agency or being given a temporary appointment. Bulten's share of contracted and/or temporary employees is very low and represents only 4% of the total number of employees in work.

One of the reasons that Bulten is one of the largest players in the industry is that continuous training and skills development are a priority. A key value for the company is that all individuals are equal and must be treated as equal. It is therefore important that everyone feels responsible for combating discrimination and promoting greater gender equality. Bulten has an equality and diversity policy and follows up in this area with local surveys of employee satisfaction and commitment, which is the basis for the company's continuous improvement in the working environment and job satisfaction. The company's plan going forward is to harmonize the work of employee surveys and conduct a joint survey next year.

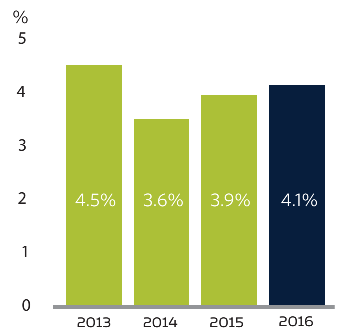
WORK-RELATED INJURIES*)

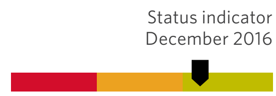




*) Bulten's units in Europe

SICK LEAVE*)





*) Bulten's units in Europe

FINANCIAL PLATFORM

BULTEN HAS A STRONG FINANCIAL PLATFORM TO SUPPORT FURTHER GROWTH ON NEW AND EXISTING MARKETS.

In 2016, Bulten had a growth rate in line with production in the European automotive market. The turnover was however, effected by a weaker export of fasteners to Asia and America than previous year and that a lower number of vehicles was produced due to model changes. During 2009-2015 Bulten's growth rate amounted to approximately 14% in average, to be compared with the market that grew 5% over the same period. The prospects for Bulten to continue to grow organic on the global automotive market are good.

Bulten has strengthened its earnings during the year, the operating profit amounted to SEK 200 million, equivalent to 7.5% of sales compared to the previous of 6.1%. The strengthened profit is a clear effect of the optimisation programme that has been carried out but also the business flexible ability to adjust to volumes, whether they go up or down.

The return on capital employed increased from 11.5% to 13.9%, which partly is an effect from the optimisation programme but also from a more modest growth rate. The good performance and a balanced lock-up of capital has also contributed to the strong operating cash flow generated during the year of SEK 351 million.

Bulten has grown strongly during the last years with a clear focus on organic growth in Europe and in the emerging countries Russia and China. The company has made investments to match the pace of this growth and capacity at the production units has been boosted. In coming years Bulten sees good opportunities for continued organic growth on the global auto market. The investment rate in 2016 was consistent with expectations of around 3% of sales, the rate is expected, however, to increase in 2017 to meet future growth. Bulten also sees opportunities to create value by both investing in value adding processes such as surface treatment. Bulten also sees opportunities to grow through the 2017 announced joint venture Ram-Bul LLC that will distribute fasteners to the North American automotive industry. Bulten currently is active with joint ventures in the UK and Russia and has good experiences from establishing on new markets in this way.

Bulten's strategy is based on close proximity to customers with a clearly competitive product and services offer. As a Full Service Provider, Bulten offers services throughout the whole value chain, from concept to delivery. The strategy and offer are implemented by operating advanced production at low cost and with a geographic presence close to the customer. Items not manufactured in-house are purchased among a network of suppliers so that complete solutions can be supplied. This gives Bulten great flexibility via its own production base and trading network, giving effective use of resources.

Bulten has strong, long-term owners in shareholder in Volito AB, Lannebo and Investment AB Öresund, of which two of them are represented on the Board of Directors. During 2015 Bulten carried out a share buyback programme and, as a result, by year-end Bulten was the sixth largest shareholder, with a holding of 3.2% of the shares. The aim of the share buy backs was to optimise the company's capital structure and to create added value for shareholders. The repurchased shares will also be used for a long-term management incentive plan, which was decided at the Annual General Meeting in 2016.

Having a good financial position is an important factor when competing for major projects in the automotive industry. The company has during the second quarter, used the extension option in the existing financing agreement of SEK 460 million, covering an additional period of three years and runs until June 2019 with unchanged terms.

Bulten's financial goals are to maintain profitable organic growth and to grow stronger than the industry average, achieve an operating margin of at least 7% and a return on capital employed of at least 15%.

Bulten's business is conducted in a responsible manner with regard to the principles of corporate governance, environmental and social responsibility. As part of the company's sustainability work a tax policy has been adopted. Bulten thereby makes its fiscal policies clear and its will to do the right thing in society

Bulten has an ambition to continue profitable growth. Having a strong financial platform is part of the strategy and it creates stability and security, both in the Group and for the owners, customers and suppliers.

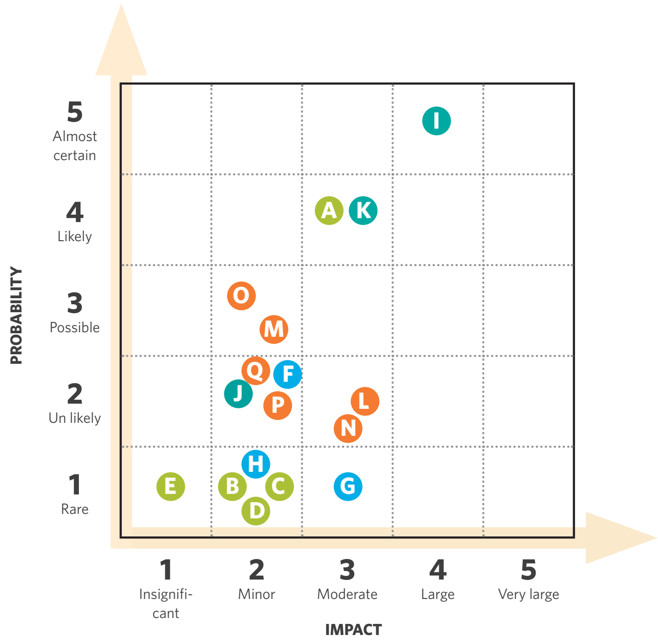
Heat treatment in Bulten's factory in China.

RISK FACTORS

EXPOSURE TO RISK IS A NATURAL PART OF BUSINESS AND THIS IS REFLECTED IN BULTEN'S APPROACH TO RISK MANAGEMENT.

The aim of the risk management is to identify risk and prevent risk arising as well as limiting any damage that arises from risks.

Risks can be categorized as business cyclical and external risks, operational risks, sustainability and financial risks. A description of how the Group management assesses and manages the main risks of the operation, see below. A more detailed description can be found in note 3.



PROBABILITY THAT RISK WILL OCCUR
1. Rare 2. Unlikely 3. Possible 4. Likely 5. Almost cetain

IMPACT IF IT HAPPENS
1. Insignificant 2. Minor 3. Moderate 4. Large 5. Very large

RISK AREA	DESCRIPTION	Probability	Impact	OPPOSING FACTORS
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 and RUB.	4	3	• 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.
B Liquidity isk	• The risk that the Group cannot meet payment commitments due to insufficient liquidity or problems in raising credit from external creditors.	1	2	• Bulten's management team continually monitors the Group's liquidity reserves that comprise unutilised credit and liquid funds.
C Interest rate risk	• The Group's interest rate risk arises through current and long-term loans and a sharp rise in interest rates can affect the company's position and earnings.	1	2	• Bulten's interest rate risk is low due to the low level of loans. As of 31 December 2016 the Group's net cash was SEK 30.4 million.
D Credit risk	• Credit risk covers liquid funds and holdings at banks and financial institutions as well as credit exposure including outstanding receivables and contracted transactions.	1	2	• 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.
E Capital risk	• Risk that the Group does not have the right capital structure to keep costs and capital down.	1	1	• Bulten has a clear dividend policy and the management team continually monitors refinancing requirements for current activities.
SUSTAINABILITY RISKS				
F Energy consumption	• Risk of high prices for conventional energy, including effects of high energy taxes.	2	2	• Bulten works proactively to reduce energy consumption and optimise logistics flows. • Bulten has ISO 14001 certification and is audited regularly.
G Environmental impact	• Risk of negative impact on finite and infinite natural resources through the production process.	1	3	• Bulten focuses on continuous improvement. Sustainability issues are a normal part of activities. Development towards more efficient products and production, reduced waste and recycling of resources reduces negative impacts on health and the environment. • Bulten has ISO 14001 certification and is audited regularly.
H Business disruption	• Risk of business disruption through poor skills, working conditions and undeveloped personnel strategy	1	2	• ISO 180001 certification, good management, policy documents and formal work procedures. • Relevant remuneration system, good relations with trade union representatives and guiding HR policy document. • Strong corporate culture with historically low staff turnover.

PROBABILITY THAT RISK WILL OCCUR 1. Rare 2. Unlikely 3. Possible 4. Likely 5. Almost certain			IMPACT IF IT HAPPENS 1. Insignificant 2. Minor 3. Moderate 4. Large 5. Very large	
RISK AREA	DESCRIPTION			OPPOSING FACTORS
BUSINESS CYCLE AND EXTERNAL RISKS				
I Market and macroeconomic risks	• Bulten operates on a global and cyclica market and customers are affected by macroeconomic factors. Price pressure is a natural part in Bulten's sector. • Bulten operates in a competitive market, and high demands are set for quality, delivery accuracy, precision, technology and customer service. • Bulten is dependent on a number of raw materials and additives for production, and cancelled deliveries or high price volatility would affect Group earnings	5	3	• Bulten meets these risks by operating on different markets and segments, such as cars and commercial vehicles. • Bulten works continuously to add value for the customer and have the capability to meet the industry's demand for cost reductions. • Bulten meets risk associated with competition through its FSP concept. This means that Bulten is always focused on high competence in production, quality, logistics, technology and service. • Bulten equalises risk connected to raw materials and additives through proactive and professional procurement and consolidation and standardisation of purchased volumes and long-term relations with suppliers. Customers ususally compensate Bulten for price volatility in materials.
J Force majeure	• Global just-in-time logistics have made global trade more sensitive for disruptions such as natural disasters and strikes.	2	2	• Capacity planning and good relations with customers and suppliers reduce the risk of global production and logistics disturbances.
K Legal and political risks	• Bulten operates within various jurisdictions and is subject to local regulation and laws within 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 corruption and geopolitical risks are higher than in Sweden. Political unpredictability can also mean greater business risk in these jurisdictions.	4	3	• Bulten meets these risks through continual risk assessment and by using external expertise as necessary within 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 aim to ensure correct financial reporting. • Political risk can also be limited somewhat through collaboration with locally based businesses.
OPERATION AL RISKS				
L Organization and competence	• Bulten depends on being able to attract and keep the right staff for continued operation. Deficiencies can affect adversely by high staff turnover and unengaged staff, which could mean a risk of impaired profitability, financial position and results.	2	3	• It is the responsibility of Group management and the management of the subsidiaries to identify and secure the retention of the right people and that they develop together with the company by, for example, offering competitive salaries, offering a good working environment, possibilities for training and pursuing a fulfilling career with the company. • Bulten has in 2016 strengthened the HR function and recruited a Senior Vice President Human Resources.
M Products and technology	• The global auto industry is characterised by awareness of the environment, competition and costs and by high tech research and development. The development of new products and materials could change Bulten's competitiveness.	3	2	• The Group closely follows research in the auto sector, customer development and market trends. • By conducting its own development activities within, for example, new materials and application areas the risk of reduced competitiveness is reduced.
N Product responsibility, warranties and recalls	• Bulten has product responsibility and can be exposed to warranty claims in case products supplied by the Group cause damage to persons or property.	2	3	• Bulten meets this risk through comprehensive testing during the design and development phases and by implementing quality, management and control measures throughout production
O Disruption to business activities and damage to property	• Damage to production equipment could have negative impact, both due to direct damage to property and in terms of disrupting activities.	3	2	• Bulten performs routine maintenance on production equipment and has strong internal and external support networks in industry. Bulten also has full insurance cover for disruption in activities caused by damaged property.
P Environmental risks	• Bulten conducts activities that are liable to permit and reporting restrictions in several jurisdictions and thus has an environmental responsibility.	2	2	• Bulten meets these risks by ensuring that the company has all of the permits and contracts that are required and that it fulfils established security, reporting and control requirements.
Q IT-related risk	• Bulten is dependent on IT systems and hardware to conduct its business. Breakdowns in systems or hardware would risk disrupting production and possibilities to meet delivery requirements to customers.	2	2	• Through high competence and good relations with external suppliers, Bulten has developed an IT environment that can be quickly replicated in the event of a breakdown.

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 2016, Nasdaq Stockholm rose by 5.8% (6.6). Bulten's sector index, Stockholm Automobiles & Parts rose by 0.3% (21.3). Bulten's rose by 8.5% (22.4) from a rate at the start of the year of SEK 82.00 (67.00) to SEK 89.00 (82.00). An increase of market value by SEK 142.5 million (259.8). The lowest price, SEK 67.75 was noted on 21 January 2016 and the highest, SEK 99.75 on 10 October 2016. The market value of Bulten at the end of 2016 was SEK 1,812.0 million (1,669.5).

SHARE TURNOVER

Bulten's total share turnover in 2016 was 8.0 (18.0) million shares, corresponding to an average turnover of 31.7 (71.8) thousand shares per day over 253 (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 38.1% (85.7).

SHAREHOLDERS

As of 31 December 2016, Bulten had 6,568 (6,411) shareholders. The number of registered shareholders abroad was 20.8% (20.8), of which 6.9% (8.6) are held by owners in the UK, 9.2% (5.0) by owners in USA and 0.6% (2.6) by owners in Luxemburg. The five largest shareholders as of 31 December 2016 had a total of 54.2% (48.9) of the capital and votes, with the three largest holding 45.7% (39.9).

Bulten is the sixth largest shareholder and owns at year-end 3.2%. Senior management of the Group and elected board members' shareholdings was at the end of the year 2.4% (2.3).

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 2016 the Board intends to propose to the Annual General Meeting a total dividend of SEK 4.50 (3.25) per share for the financial year, of which SEK 3.50 per share is to be seen as an ordinary dividend and SEK 1.00 per share is to be seen as an extraordinary dividend. This representing a dividend of 61.9% (59.9*) of net earnings after tax.

FINANCIAL INFORMATION

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

*) Adjusted for non-recurring cost.

2017 ANNUAL GENERAL MEETING

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

OWNERSHIP STRUCTURE, 31 DECEMBER 2016

SHARE INTERVAL	NO. OF OWNERS	NO. OF SHARES	SHAREHOLDING,%
1-500	5,247	645,670	3.1
501-1 000	658	565,045	2.7
1 001-5 000	505	1,137,808	5.4
5 001-10 000	60	444,781	2.1
10 001-15 000	18	221,721	1.0
15 001-20 000	14	248,531	1.2
20 001-	66	17,776,651	84.5
TOTAL	6,568	21,040,207	100.0

Source: Euroclear Sweden AB's register, 31 December 2016.

BULTEN'S FIVE LARGEST SHAREHOLDERS, 31 DECEMBER 2016

NAME	NO. OF SHARES	SHARE OF VOTES AND CAPITAL, %
Volito AB	4,450,000	21.2
Investment AB Öresund	2,896,443	13.8
Lannebo fonder	2,263,535	10.8
JP Morgan	1,046,329	5.0
Spiltan Fonder AB	752,479	3.6
Five largest owners	11,408,786	54.2
Other owners	9,631,421	45.8
Total	21,040,207	100.0

Source: Euroclear Sweden AB's register, 31 December 2016.

NUMBER OF SHARES

	REGISTRATION DATE	CHANGE IN NUMBER OF SHARES	NUMBER 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 – CONTINUING OPERATIONS

PRICE-RELATED SHARE DATA	2016	2015
Share price at year-end (final pay price), SEK	89.00	82.00
Highest share price during year (final pay price), SEK	99.75	104.75
Lowest share price during year (final pay price), SEK	67.75	62.00
Market value at year-end	1,812.0	1,669.5
P/E	12.23	15.62
P/E, adjusted for non-recurring items	12.23	15.47
Direct yield, %	5.06	3.96
Data per share		
Earnings before depreciation (EBITDA)	13.32	10.80
Operating earnings (EBIT)	9.83	7.92
Earnings after net financial items (EAFI)	9.63	7.38
Earnings for the year	7.27	5.61
Earnings for the year adjusted for non-recurring items	7.27	5.30
Shareholders' equity	65.96	60.58
Cash flow from operating activities	17.23	6.79
Cash flow for the year	3.27	-10.07
Proposed dividend	4.50	3.25
Total outstanding ordinary shares, 000s		
Weighted total	20,359.7	20,359.7
At year end	20,359.7	20,359.7

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

COMPANY	ANALYSTS
Carnegie	Kenneth Toll Johansson
Handelsbanken Capital Markets	Hampus Engellau
Swedbank	Mats Liss

PRESS RELEASES

Q1

Jan	160114	Bulten awarded new FSP contract from new customer within the Chinese automotive industry with a total value of approximately SEK 60 million
Jan	160126	Invitation to conference call regarding Bulten's Q4 report 2015
Feb	160209	Bulten's Q4 report 2015
Feb	160209	Correction of reconciliation date
March	160323	Notice to attend Annual General Meeting of Bulten AB (publ)

Q2

April	160404	Bulten's Swedish Annual Report for the 2015 financial year published
April	160414	Annual report 2015
April	160414	Invitation to conference call regarding Bulten's Q1 report 2016
April	160426	Bulten's Q1 report 2016
April	160426	Press release from the Annual General Meeting of Bulten AB (publ) April 26, 2016
April	160426	Changed dividend policy in Bulten AB (publ) as of financial year 2016
June	160609	Bulten invests in new plating line in Poland
June	160629	Invitation to conference call regarding Bulten's Q2 report 2016

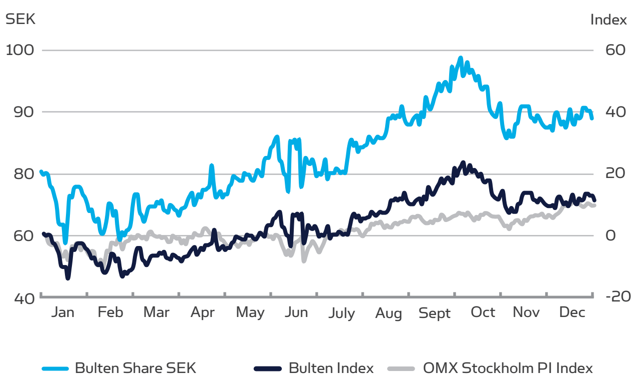
Q3

July	160713	Bulten's Q2 report 2016
Aug	160819	Bulten signs additional contract with major Russian automotive manufacturer
Sept	160907	Bulten makes further investment for increased cost efficiency

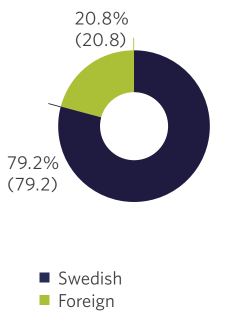
Q4

Oct	161010	Invitation to conference call regarding Bulten's Q3 report 2016
Oct	161021	Bulten AB (publ):s Nomination Committee for 2017 AGM appointed
Oct	161025	Bulten's Q3 report 2016
Dec	161216	Bulten strengthens Group Management and establishes a new market and sales organization to support profitable growth and long-term strategy

THE SHARE 2016

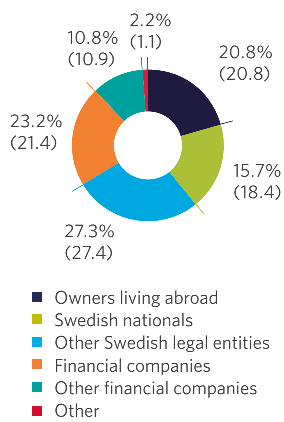


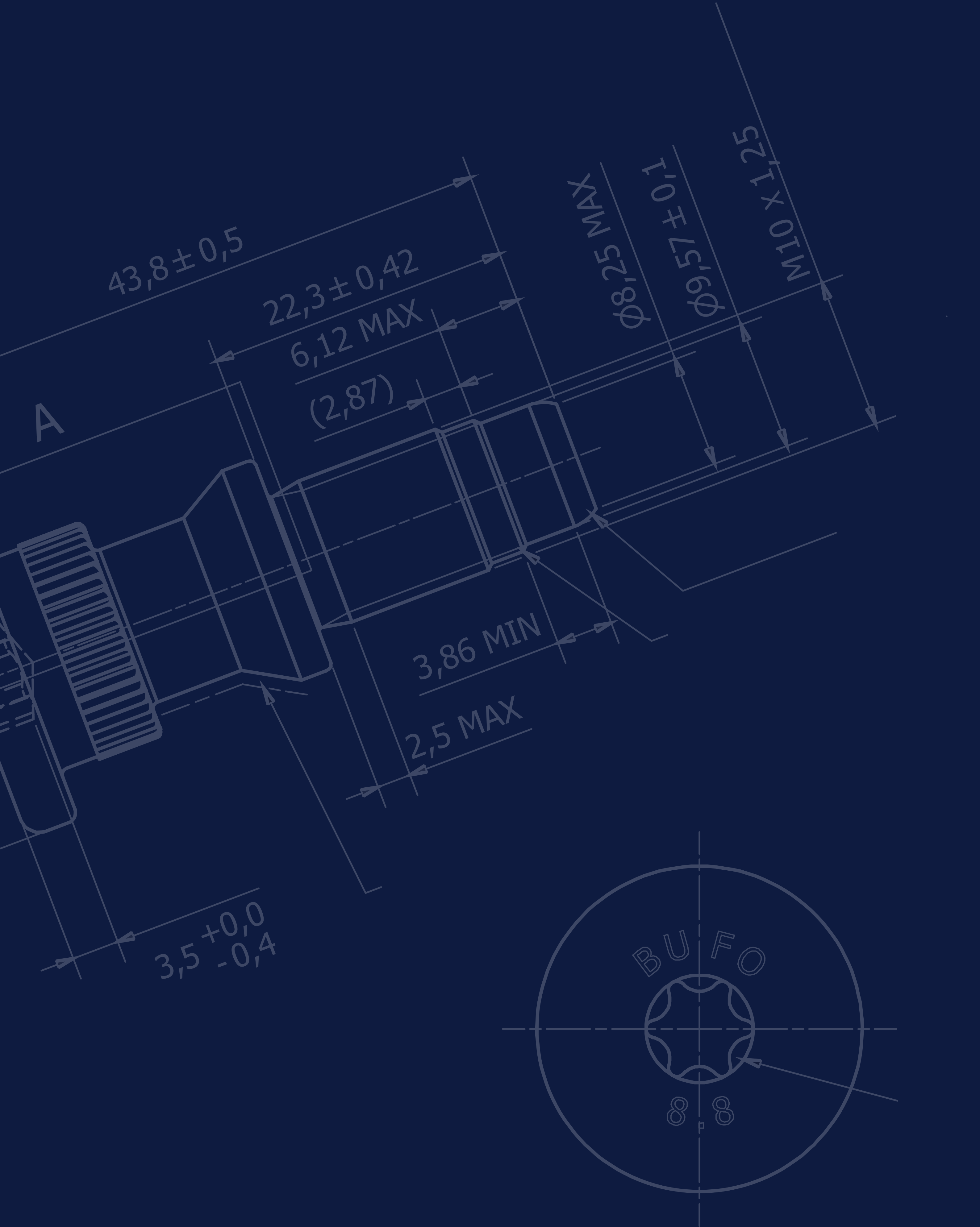
SWEDISH AND FOREIGN OWNERSHIP



Source: Euroclear Sweden AB's register, 31 December 2016.

OWNERSHIP STRUCTURE




43,8 ± 0,5
22,3 ± 0,42
6,12 MAX
(2,87)
A
Ø8,25 MAX
Ø9,57 ± 0,1
M10 x 1,25
3,86 MIN
2,5 MAX
3,5 +0,0 -0,4
BUFO
8.8

FINANCIAL INFORMATION

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A BOARD OF DIRECTORS' REPORT

The Board and the President and CEO hereby submit the annual report and consolidated financial statements for Bulten AB (publ), corporate registration number 556668-2141, for the 2016 financial year.

Ownership structure

At the end of the year, Bulten AB (publ) was listed on Nasdaq Stockholm. The largest shareholders were Volito AB 21.2% (21.1), Lannebo Fonder 13.8% (8.0) and Investment AB Öresund AB 10.8% (10.8).

THE GROUP'S BUSINESS

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

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

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

At the end of 2016, Bulten's business was in nine countries with 1,264 (1,199) full-time employees, an increase of 5.4% from the end of 2015. The Group's invoiced sales in 2016 were SEK 2,676.0 (2,693.5) million, a fall of -0.6% compared with the previous year.

The year in brief

Bulten saw a growth rate in production on the European automotive market in 2016. Sales were affected by the deliveries of fasteners to Asia and America being weaker than the previous year and that a lower number of vehicles have been produced due to model shifts. Bulten's average growth is about 14% compared with the market growing at 5% over the same period. The conditions for Bulten continuing to grow organically in the global automotive market are good.

Bulten strengthened its financial results for the year, and the operating profit was SEK 200 million, corresponding to 7.5% of sales from the previous year's 6.1%. The stronger results clearly show the effects of the optimization programs introduced, but also the operation of flexible capacity to adapt to volumes, regardless of whether they go up or down. Earnings per share rose from SEK 5.61 to SEK 7.27. The optimization program has also yielded results in terms of profitability as the average return on capital employed rose from 11.5% in 2015 to 13.9% in 2016.

The good performance and balanced tied-up capital have contributed to the strong operating cash flow generated during the year totalling SEK 351 million.

The investment rate in 2016 was in line with expectations of around 3% of sales. In 2016, Bulten took another step towards becoming the industry's most cost-efficient producer of fasteners through the decision to invest around EUR 9 million in new plating lines at the German and Polish unit. The investment has a repayment period of just over two years after the start of production in 2018. In addition to increased competitiveness and improved profitability the result of these investments mean fewer shipments, leading to a smaller environmental impact.

At the beginning of the year, Bulten signed an FSP contract with a new customer in the Chinese automotive industry with a total value of around SEK 60 million. Bulten's investment in the joint venture in Russia had a breakthrough this year with a new contract to supply fasteners to a major Russian vehicle manufacturer. The position of China has also been strengthened by new order bookings from the Chinese automotive manufacturer for engine fasteners.

Bulten has also advanced its position in technology for electric cars and hybrids, including extended cooperation with one of the world's largest electric car manufacturers that appointed Bulten as a "certified preferred supplier". In addition the company is working on several projects that show that Bulten is far ahead in this area. During the year Bulten received a number of quality and environmental awards.

In December Bulten announced a strengthening of the group management by establishing a new sales and marketing organization to support continued profitable growth and the long-term strategy. The new organization came into force on 1 January 2017.

During the year, Bulten's financial position was further boosted and at the end of the year the company had a net cash position of SEK 30 million. During the second quarter the company exercised an extension option in the existing financing agreement for SEK 460 million. The contract covers a period of three years and runs until June 2019 with the same terms.

Order bookings and net sales

Order bookings for the full year were SEK 2,716.5 million (2,673.5), which was 1.6% higher compared with the previous year.

Net sales for the full year totalled SEK 2,676,0 million (2,963.5), a fall of -0.6%.

According to LMC Automotive (LMC), production of light vehicles in Europe increased by 2.6% and production of heavy vehicles rose by 2,5% in 2016 compared with 2015. Weighted for Bulten's exposure, this means that average growth in the sector was around 2.6% in 2016.

Key financial indicators

REMAINING BUSINESS	2016	2015	2014	2013 [1]	2012 [1]
Net sales	2,676.0	2,693.5	2,414.3	1,805.9	1,711.9
EBITDA margin, %	10.1	8.4	7.4	8.4	6.7
EBIT margin (operating margin), %	7.5	6.1	5.5	6.0	4.3
Adjusted EBIT margin (operating margin), % *	7.5	5.8	5.1	6.0	4.3
Capital turnover, times	1.8	1.9	1.7	1.3	1.3
Return on capital employed, %	13.9	11.5	9.6	8.1	5.7
Return on equity, %	11.5	9.4	15.0	8.3	4.2
Debt/equity ratio, times	0.0	-0.1	0.1	-0.2	-0.2
Interest coverage ratio, times	30.6	14.4	8.7	15.4	10.2
Equity/assets ratio, %	68.9	64.0	67.5	52.7	54.9
Average number of employees	1,264	1,199	1,175	948	902

*) Adjusted EBIT margin. Operating profit adjusted for non-recurring costs as a percentage of net sales for the year.
1) Balance sheets for 2013 and 2012 include divested business.

A

Earnings and profitability

The Group's gross profit was SEK 530.8 (510.1) million, corresponding to a gross margin of 19.8% (18.9).

Earnings before depreciation (EBITDA) were SEK 271.2 (225.0) million, corresponding to an EBITDA margin of 10.1% (8.4). Earnings before tax (EBIT) were SEK 200.1 (165.0) million, corresponding to an operating margin of 7.5% (6.1).

Operating earnings were affected positively by currency changes of SEK 3.8 (-18.2) million net when converting operating capital on the closing date. Last year's operating earnings were affected by a capital gain of SEK 3.8 million from the sale of a former warehouse in the UK and sale of machinery for SEK 4.0 million. The operating margin adjusted for non-recurring items was 7.5% (5.8).

The Group's net financial items were SEK-4.1 (-11.3) million. Financial income was SEK 2.5 (0.1) million including foreign exchange gains of SEK 2.2 (–) million and other financial income SEK 0.3 (0.1) million. Financial expenses were SEK -6.6 (-11.4) million and comprise mainly of interest expenses, SEK -5.0 (-5.0) million, foreign exchange losses SEK – (-2.5) million and other financial expenses of SEK -1.6 (-3.9) million.

The Group's earnings before tax were SEK 196.0 (153.7) million and earnings after tax amounted to SEK 146.5 (110.9) million.

Cash flow, working capital, investments and financial position

Cash flow from operating activities before changes in working capital totalled SEK 246.9 (186.8) million, which equates to 9.2% (6.9) of net sales. Cash flow effects of the change in working capital amounted to SEK 103.8 (-45.5) million. Inventories changed during the year by SEK -22.6 (46.4) million, while accounts receivable fell by SEK -15.9 (-26.1) million. Current liabilities changed to SEK 51.2 (-12.2) million. Accounts receivable during the past year averaged SEK 474.3 (482.1) million, which equates to 17.7% (17.9) of net sales. Average inventories amounted to SEK 460.9 (449.0) million, corresponding to an inventory turnover of 4.7 (4.9) times.

Investments in intangible and tangible fixed assets amounted to SEK 82.4 (250.3) million. Investments in tangible fixed assets amounted to SEK 81.8 (249.2) million and investments in intangible fixed assets amounted to SEK 0.6 (1.1) million. Depreciation was SEK -71.1 (-60.0) million.

Consolidated cash and cash equivalents were SEK 108.6 (40.5) million at year-end. In addition, the Group had approved but unutilised overdraft facilities of SEK 422.2 (286.8) million, which means that disposable cash and cash equivalents were SEK 530.8 (327.3) million. Disposable cash and cash equivalents therefore were about 19.8% (12.2) of net sales.

Consolidated total assets at year-end were SEK 1,969.1 (1,944.5) million. Equity in the Group was SEK 1,356.8 (1,245.2) million at the end of the financial year. In addition to net income for the year of SEK 146.5 (110.9) million, translation differences totalling SEK 29.1 (-20.6) million and transactions with shareholders totalling SEK -64.0 (-117.8) million have had an impact on equity.

On the closing date net cash was SEK 30.4 million. Previous year net debt was SEK -176.0 million. Adjusted for finansiell leasing agreements net cash was SEK 68.2 million. Previous year adjusted net debt was SEK -137.7 million.

The equity/assets ratio was 68.9% (64.0). Group goodwill at the end of the financial year was SEK 203.9 (201.3) million, or 10.4% (10.4) of total assets.

Risks and risk management

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

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

Permits and the environment

Bulten engages in manufacturing at five facilities, located in Sweden, Germany, Poland, China and Russia.

At the end of 2016, 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 the manufacturing processes in the form of emissions to water and air, waste generation, resource utilisation, noise and transport.

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

Bulten has a stated strategy for reducing the environmental impact of, among other areas, its process water, energy consumption, transport, chemicals and waste.

DIVESTED BUSINESS

As of 30 June 2014 the Group completed the divestment of the Finnveden Metal Structures division and consequently Finnveden Metal Structures is reported as divested business separate from the remaining business.

Cash flow

For the January-December period, cash flow for divested business was SEK – (-2.5) million. Cash flow for the comparable year includes cash flow effects from the sale of Finnveden Metal Structures.

PARENT COMPANY

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

The equity/assets ratio was 73.1% (70.4). Equity was SEK 1,154.7 (1,100.8) million.

Disposable cash and cash equivalents in the parent company totalled SEK – (1.1) million. The company had 9 employees on the closing date.

Total number of shares

The total number of shares is 21,040,207. During 2015, 680,500 shares were bought back. The total number of outstanding shares as of 31 December 2016 was 20,359,707.

Board activities

The Board has adopted a set of working procedures and a number of policies that define the allocation of responsibilities between the Board, President and CEO and Group management. The Board has the ultimate responsibility for the Group's operations and organisation, and ensures that the President and CEO's duties and the financial operations are carried out in compliance with established principles. The board held 11 minuted meetings during the year and one additional strategy 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 six meetings.

A

Guidelines for remuneration to senior management

The 2016 Annual General Meeting reached a decision on the following guidelines for remuneration and other employment terms and conditions for senior executives. The guidelines cover remuneration and other employment terms and conditions for Bulten's President and CEO and other senior executives.

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

All senior managers may be offered cash bonuses now and again. In the case of the President and CEO such bonuses may amount to a maximum of 60 percent of the annual fixed salary. In the case of the other senior managers bonuses may not exceed 40 percent of their annual fixed salaries. Bonuses shall primarily be based on developments in the Group as a whole or developments in the division or unit, which the person in question is responsible for. For further information about remuneration to senior managers, see note 7 of this annual report.

Prior to the 2017 AGM the Board is proposing to maintain in principle the same guidelines adopted at the 2016 AGM for remuneration to senior managers.

Corporate governance report

Bulten is submitting a separate corporate governance report, which is included in this annual report on pages 88-93.

Significant events after the end of the financial year

Bulten established itself on the US market with its own production company and formed a joint venture with Ramco for fastener solutions for the North American market. Both operations are scheduled to start up in 2017. Establishing the joint venture and subsidiary will establish Bulten's "Full Service Provider" concept (FSP) and provide manufacturing capacity on one of the world's largest vehicle markets with significant potential.

No other significant events took place after the end of the year.

Outlook for 2017

Of Bulten's net sales in 2016, around 87% was attributable to light vehicles and 13% to commercial vehicles, with 90% of total net sales going in direct deliveries to vehicle producers (OEMs) and the remainder to their sub-suppliers and to other sectors.

Bulten has noted continued strong demand. The management team estimates that Bulten's market share amounts to 17% of the European market for fasteners for the automotive industry and 60% for FSP business in the same market, which is unchanged compared with 2015. The information is based on data from the European automotive industry's purchases of fasteners in 2016 according to the European Industrial Fasteners Institute (EIFI).

Bulten's underlying market is also showing growth. According to the LMC Automotives forecast in Q4, annual production of light vehicles in Europe is expected to have increased by 1.9% in 2017 compared with 2016, while annual production of commercial vehicles will have risen by 2.5%. Weighted for Bulten's business exposure, this means a rise of around 2.0%.

Bulten considers that automaker expansion on growth markets will continue to favour the company and continues to see good prospects to expand through new and existing contracts.

Appropriation of earnings

Bulten's goal over time is to distribute at least one third of the net earnings after tax. Consideration should be given to Bulten's financial position, cash flow and prospects.

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

Share premium	1,132,950,039
Profit brought forward	-88,354,381
	1,044,595,658

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

Board proposal for dividend (SEK 4.50 per share)	91,618,682
To be carried forward to new account	952,976,976
Total	1,044,595,658

It is proposed that 27 April 2017 be the settlement date for the dividend. If the AGM agrees to the Board's proposal, payment via Euroclear Sweden AB is expected to be completed by 3 May 2017. As of 31 December 2016 there were a total 21,040,207 shares in the company, of which 680,500 shares are held by the company. The dividend amount of SEK 91,618,681.50 shall therefore be divided among the 20,359,707 shares that are entitled to receive the dividend.

Statement of the Board concerning the proposed dividend

The equity/assets ratio on 31 December 2016 was 73.1% for the parent company and 68.9% for the Group. No part of the parent company's equity or the Group's equity relates to market values of financial instruments. The currently proposed dividend of SEK 91,618,682 means that the parent company's equity/assets ratio will fall to around 71.4% and the Group's equity/assets ratio will fall to around 67.4%.

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

B

SEK M	NOTE	2016	2015
Net sales	5	2,676.0	2,693.5
Cost of goods sold	6	-2,145.2	-2,183.4
Gross profit		**530.8**	**510.1**
Other operating income	10	26.5	32.5
Sales expenses	6	-188.0	-191.6
Administration expenses	6	-164.8	-166.5
Other operating expenses	10	-1.5	-19.7
Share of profit in joint venture	33	-2.9	0.2
Operating profit	7, 8, 9 ,11	**200.1**	**165.0**
Financial income	12	2.5	0.1
Financial expenses	12	-6.6	-11.4
Earnings before tax		**196.0**	**153.7**
Tax on year's earnings	14	-49.5	-42.8
Earnings after tax		**146.5**	**110.9**
Attributable to			
Parent company shareholders		148.1	116.8
Minority interests		-1.6	-5.9
Earnings after tax		**146.5**	**110.9**
Earnings per share attributable to parent company shareholders			
Earnings per share, SEK [1]		7.27	5.61
Earnings per share adjusted for non-recurring items, SEK [1]	38	7.27	5.30
Weighted number of outstanding shares, thousands [1]	38	20,359.7	20,829.5

[1] Both before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	NOTE	2016	2015
Income for the year		146.5	110.9
Other comprehensive income			
Items not to be returned in income statement			
Re-assessment of defined-benefit pension plans, net after tax		1.4	0.9
Items to be returned in income statement at a later date			
Exchange rate differences		28.3	-21.3
Other comprehensive income attributable to joint venture	33	-0.6	-0.2
Total other comprehensive income		**29.1**	**-20.6**
Total comprehensive income for the year		**175.6**	**90.3**
Attributable to			
Parent company shareholders		173.8	98.5
Minority interests	26	1.8	-8.2
Total comprehensive income for the year		**175.6**	**90.3**

CONSOLIDATED BALANCE SHEET

B

SEK M	NOTE	31-12-2016	31-12-2015
ASSETS			
Fixed assets			
Intangible fixed assets			
Goodwill	16	203.9	201.3
Other intangible fixed assets	16	2.1	1.6
Total intangible fixed assets		**206.0**	**202.9**
Tangible fixed assets			
Land and buildings	17	183.2	187.7
Plant and machinery	17	310.9	258.1
Equipment, tools, fixtures and fittings	17	48.3	46.0
Construction in progress and advances for tangible fixed assets	17	28.1	55.7
Total tangible fixed assets		**570.5**	**547.5**
Financial assets			
Receivables from joint venture	33	56.0	56.5
Other long-term receivables	18, 23	4.7	4.7
Total financial assets		**60.7**	**61.2**
Deferred tax receivables	14	35.0	65.7
Total fixed assets		**872.2**	**877.3**
Current assets			
Inventories	19	449.6	472.2
Current receivables			
Accounts receivable	20, 23	470.6	478.0
Current tax receivables		6.2	4.4
Other receivables	21	37.9	42.0
Prepaid costs and accrued income	22	24.0	30.1
Total current receivables		**538.7**	**554.5**
Cash and cash equivalents	23, 35	108.6	40.5
Total current assets		**1,096.9**	**1,067.2**
Total assets		**1,969.1**	**1,944.5**

SEK M	NOTE	31-12-2016	31-12-2015
EQUITY AND LIABILITIES			
Equity			
Share capital	24	10.5	10.5
Additional contributed capital	24	1,262.9	1,262.9
Other reserves	25	13.2	-11.1
Retained earnings		56.3	-28.8
Equity attributable to parent company shareholders		**1,342.9**	**1,233.5**
Minority interests	26	13.9	11.7
Total equity		**1,356.8**	**1,245.2**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar commitments	27	17.7	20.0
Other interest-bearing liabilities	23, 28, 29	60.4	147.7
Total non-current liabilities		**78.1**	**167.7**
Current liabilities			
Other interest-bearing liabilities	23, 28, 29	4.8	53.5
Accounts payable	23	331.3	316.7
Current tax liabilities		5.7	6.9
Other liabilities		65.7	55.3
Accrued expenses and deferred income	30	126.0	98.5
Other provisions	31	0.7	0.7
Total current liabilities		**534.2**	**531.6**
Total equity and liabilities		**1,969.1**	**1,944.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

B

SEK M	NOTE	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS SHARE CAPITAL	ADDITIONAL CONTRIBUTED CAPITAL	OTHER RESERVES 1)	RETAINED EARNINGS	TOTAL	MINORITY INTEREST	TOTAL EQUITY
Opening balance 1 January 2015		**10.5**	**1,262.9**	**8.1**	**-28.7**	**1,252.8**	**19.9**	**1,272.7**
Comprehensive income								
Profit/loss for the year		–	–	–	116.8	116.8	-5.9	110.9
Other comprehensive income								
Items not to be returned in income statement								
Re-assessment of defined-benefit pension plans, net after tax 2)		–	–	–	0.9	0.9	–	0.9
Items to be returned in income statement at a later date								
Exchange rate differences		–	–	-19.0	–	-19.0	-2.3	-21.3
Other comprehensive income attributable to joint venture	33	–	–	-0.2	–	-0.2	–	-0.2
Total comprehensive income		–	–	**-19.2**	**117.7**	**98.5**	**-8.2**	**90.3**
Transactions with shareholders								
Buy back of own shares	24	–	–	–	-54.7	-54.7	–	-54.7
Dividend to parent company shareholders (SEK 3.00 per share)		–	–	–	-63.1	-63.1	–	-63.1
Total transactions with shareholders		–	–	–	**-117.8**	**-117.8**	–	**-117.8**
Closing balance, 31 December 2015		**10.5**	**1,262.9**	**-11.1**	**-28.8**	**1,233.5**	**11.7**	**1,245.2**
Comprehensive income								
Profit/loss for the year		–	–	–	148.1	148.1	-1.6	146.5
Other comprehensive income								
Items not to be returned in income statement								
Re-assessment of defined-benefit pension plans, net after tax 2)		–	–	–	1.4	1.4	–	1.4
Items to be returned in income statement at a later date								
Exchange rate differences		–	–	24.9	–	24.9	3.4	28.3
Other comprehensive income attributable to joint venture	33	–	–	-0.6	–	-0.6	–	-0.6
Total comprehensive income		–	–	**24.3**	**149.5**	**173.8**	**1.8**	**175.6**
Transactions with shareholders								
Transactions with minority interests		–	–	–	-0.4	-0.4	0.4	–
Share-based remuneration to employees	7	–	–	–	2.2	2.2	–	2.2
Dividend to parent company shareholders (SEK 3.25 per share)		–	–	–	-66.2	-66.2	–	-66.2
Total transactions with shareholders		–	–	–	**-64.4**	**-64.4**	**0.4**	**-64.0**
Closing balance 31 December 2016		**10.5**	**1,262.9**	**13.2**	**56.3**	**1,342.9**	**13.9**	**1,356.8**

1) Specification of Other reserves is in note 25
2) Tax effects are explained in note 14.

CONSOLIDATED CASH FLOW STATEMENT

SEK M	NOTE	2016	2015
REMAINING BUSINESS			
Operating activities			
Earnings after financial items		196.0	153.7
Adjustments for items not included in cash flow	35	71.6	54.7
Taxes paid		-20.7	-21.6
Cash flow from operating activities before changes in working capital		**246.9**	**186.8**
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in inventories		25.2	-48.1
Increase(–)/Decrease(+)in operating receivables		23.7	22.1
Increase(+)/Decrease(–) in operating liabilities		54.9	-19.5
Cash flow from operating activities		**350.7**	**141.3**
Investment activities			
Acquisition of intangible fixed assets		-0.6	-1.1
Acquisition of tangible fixed assets	35	-81.8	-249.2
Divestment of tangible fixed assets		0.3	9.1
Change in financial assets		–	-65.7
Cash flow from investment activities		**-82.1**	**-306.9**
Financing activities			
Loans assumed		–	59.9
Amortisation of borrowings		-100.3	–
Change in overdraft facilities and other financial liabilities		-35.6	13.9
Buy back of shares		–	-54.7
Dividend to parent company shareholders		-66.2	-63.1
Cash flow from financing activities		**-202.1**	**-44.0**
Cash flow from remaining business		**66.5**	**-209.6**
DIVESTED BUSINESS			
Cash flow from current activities		–	-2.5
Cash flow for the year from divested business		–	**-2.5**
Cash flow for the year		**66.5**	**-212.1**
Change of cash and cash equivalents		**66.5**	**-212.1**
Cash and cash equivalents at start of financial year		40.5	255.5
Exchange rate difference in cash and cash equivalents		1.6	-2.9
Cash and cash equivalents at year end	35	**108.6**	**40.5**

CONSOLIDATED NET CASH/NET DEBT COMPOSITION

SEK M	NOTE	31-12-2016	31-12-2015
Long-term interest-bearing liabilities		-60.4	-147.7
Provisions for pensions		-17.7	-20.0
Current interest-bearing liabilities		-4.8	-53.5
Financial interest-bearing receivables		4.7	4.7
Cash and cash equivalents		108.6	40.5
Net cash (+) / net debt (-)	28	**30.4**	**-176.0**
Less interest-bearing liabilities attributable to financial leasing agreements		37.8	38.3
Adjusted net cash (+) / net debt (-)		**68.2**	**-137.7**

NOTES, THE GROUP

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

NOTE 1 GENERAL INFORMATION

Bulten AB (publ) (the parent company), Corp. Reg. No. 556668-2141 and its subsidiaries (jointly the Group) manufacture and distribute automotive components.

The parent company conducts operations in the legal form of a limited liability company, with its registered office in Göteborg, Sweden. The company's postal address is Bulten AB, Box 9148, 400 93 Göteborg, Sweden.

These consolidated financial statements were approved by the Board on 22 March 2017 for publication and will be presented to the annual general meeting of shareholders on 25 April 2017.

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NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES AND DISCLOSURES

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and in accordance with the Council for financial reporting's recommendation, 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 greater 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 considered to have significant influence.

ACCOUNTING PRINCIPLE	NOTE		IFRS-STANDARD
Company acquisition	2	Group reporting	IFRS 3
Segment	4	Segment reporting	IFRS 8
Income	5	Income	IAS 18
Operating expenses	6	Operating expenses	IAS 1
Share-based payments	7	Employees, staff costs and Board fees	IFRS 2
Operational and financial leasing	11	Leasing	IAS 17
Financial income and costs	12	Financial income and costs	IAS 39
Incomes taxes	14	Tax on profit for the year	IAS 12
Earnings per share	15	Earnings per share	IAS 33
Intangible fixed assets	16	Intangible fixed assets	IAS 36, IAS 38
Tangible fixed assets	17	Tangible fixed assets	IAS 16, IAS 36
Inventories	19	Inventories	IAS 2
Accounts receivable	20	Accounts receivable	IAS 18, IAS 32, IAS 39, IFRS 7
Accounts payable	23	Financial instruments per category	IAS 32, IAS 37, IAS 39, IFRS 7
Derivative instruments and hedging instruments	23	Financial instruments per category	IAS 32, IAS 39, IFRS 7, IFRS 13
Minority interest	26	Minority interest	IFRS 10, IFRS 12
Pensions and similar commitments	27	Provisions for pensions and similar commitments	IAS 19 Revised
Borrowings	28	Interest-bearing liabilities	IAS 32, IAS 37, IAS 39, IFRS 7
Allocations	31	Other allocations	IAS 28, IAS 37, IFRS 11
Joint venture	33	Investment in joint venture	IFRS 11, IAS 28, IFRS 12
Transactions with related parties	34	Transactions with related parties	IAS 24
Cash flow statement	35	Cash flow	IAS 7
Fixed assets held for sale and divested business	39	Divested business	IFRS 5, IFRS 13

Critical accounting estimates and assessments for accounting purposes

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

ESTIMATES AND ASSESSMENTS	NOTE	
Reporting of income	5	Income
Classification of leasing	11	Leasing
Assessment of deficit deduction	14	Tax on profit for the year
Impairment of goodwill	16	Intangible fixed assets
Inventory obsolescence	19	Inventories
Transfer of accounts receivable	20	Accounts receivable
Legal risks, compensation demands	31	Other provisions

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The estimates for accounting purposes that result from these assumptions, by definition, seldom equal the related actual results.

Standards, amendments and interpretations of existing standards that came into effect in 2016

During the year, no standards, amendments or interpretations of existing standards came into effect that had a material impact on the Group's financial statements.

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 day on which controlling influence passes to the Group. They are excluded from the consolidated financial statements from the day on which this controlling influence ceases.

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

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

Elimination of transactions between Group companies

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

Translation of foreign currencies

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

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

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

The following exchange rates have been used when translating results of foreign subsidiaries:

	AVERAGE EXCHANGE RATE		CLOSING RATE	
	2016	2015	2016	2015
CNY	1.29	1.34	1.31	1.29
EUR	9.47	9.36	9.57	9.14
GBP	11.57	12.90	11.18	12.38
PLN	2.17	2.24	2.17	2.15
RUB	0.13	0.14	14.97	0.11
USD	8.56	8.44	9.10	8.35

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Classification

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

Non-recurring items

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

New standards and interpretations not yet applied by the Group

A number of new standards and interpretations will come into effect for fiscal years beginning after 1 January 2017 and they have not been applied in preparing this financial report. These new standards and interpretations are expected to affect the Group's financial statements in the following ways:

- 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 does not expect this to have any significant impact on classification, measurement or recognition of the Group's financial assets and liabilities. The EU has adopted this standard.

- IFRS 15 Revenue from Contracts with Customers, regulates reporting of revenue. The principles on which IFRS 15 is based will provide users of financial statements more useful information about the company's revenue. The expanded disclosure requirements mean that information about the type of revenue, the date of settlement, uncertainties related to revenue recognition and cash flow attributable to the company's customer contracts shall be provided. According to IFRS 15, revenue should be recognized when the customer obtains 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 related SIC and IFRIC. IFRS 15 shall enter into force on 1 January 2018. Earlier application is permitted. The Group has not yet assessed the impact of the introduction of the standard. The EU has adopted this standard.

- 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, are recognized in the balance sheet. This recognition is based on the view that the leaseholder has a right to use an asset for a specific period of time while at the same time having an obligation to pay for that right. Recognition for the leaseholder will essentially be unchanged. The standard is applicable to fiscal years beginning 1 January 2019 or later. Early application is permitted provided that IFRS 15 is also applied. The EU has not yet adopted the standard.

  The Group is the leaseholder 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 depreciation of assets and interest expenses for the lease liabilities. Under the current IAS 17, lease payments are capitalised over the lease term. This will mean that everything similar will increase the Group's operating profit and the Group's equity ratio will be reduced. The Group has not yet evaluated the full effect on the Group's financial position.

None of the other IFRS and IFRIC interpretations that have not yet entered into force are expected to have a material impact on the Group.

NOTE 3 RISKS AND RISK MANAGEMENT

Financial risks

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

Currency risk

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

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

The Group's policy for handling currency risks focuses on transaction-related currency risks. Currency risks are primarily handled by trying to change the operative conditions in the business by matching income and expenses in other currencies than SEK. Hedging may however be used in special circumstances. Currency flows shall only be hedged that fulfil criteria for hedge reporting in accordance with IAS 39. Application of hedge reporting is however determined in each individual case when the hedge is established.

If SEK had weakened/strengthened by 10% against the EUR with all other variables constant, the change in gross profit would be around SEK 71 (61) million. A 10% change in the exchange rate for PLN would have affected gross profits by SEK -15 (-13) million. A 10% change in GBP would have had an SEK -15 (-17) million effect, USD around SEK 3 (8) million, RUB around SEK -0 (-1) million, and CNY around SEK -0 (-3) million. Given current exposure the net effect would have been a net improvement of SEK 43 (35) million if SEK had weakened in value by 10% against EUR, PLN, GBP and RUB. The corresponding effect on equity would have been SEK 87 (75) million.

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

	2016			2015		
CURRENCY*	INCOME	COSTS	NET EXPOSURE	INCOME	COSTS	NET EXPOSURE
SEK	255	-483	-228	255	-441	-186
EUR	2,212	-1,505	707	2,167	-1,557	610
PLN	19	-167	-148	18	-151	-133
GBP	57	-210	-153	83	-253	-170
USD	56	-28	28	94	-15	79
RUB	32	-35	-3	28	-36	-8
CNY	44	-47	-3	48	-75	-27
Total	**2,676**	**-2,476**	**200**	**2,693**	**-2,528**	**165**

* Expressed in SEK million.

The Group regularly assesses the functional currencies used by foreign operations. Partly as a result of a number of newly acquired customer contracts having sales prices denominated in EUR, management has determined that the functional currency of the joint venture company BBB Services Ltd and the subsidiary Bulten UK Ltd is EUR rather than GBP as previously. The functional currency will be changed prospectively from December 2015 for BBB Services Ltd., and from January 2016 for Bulten UK Ltd. The change in functional currency is expected to reduce the transaction-related currency exposure between GBP and EUR significantly. The Group has holdings in foreign businesses whose net assets are exposed to currency changes. Currency exposure that results from assets in the Group's foreign activities is primarily handled through loans in the relevant foreign currencies.

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Distribution of financial liabilities per currency:

	2016			2015		
CURRENCY*	INTEREST-BEARING LIABILITIES[1]	ACCOUNTS PAYABLE	TOTAL	INTEREST-BEARING LIABILITIES[1]	ACCOUNTS PAYABLE	TOTAL
SEK	–	38.1	38.1	50.0	40.4	90.4
EUR	37.8	215.1	252.8	82.7	206.1	288.8
PLN	26.3	12.8	39.1	35.3	14.8	50.1
GBP	–	47.3	47.3	30.4	39.5	69.9
USD	–	5.6	5.6	–	7.8	7.8
RUB	–	7.2	7.2	–	3.0	3.0
CNY	–	5.2	5.2	–	5.0	5.0
Total	**64.1**	**331.3**	**395.4**	**198.4**	**316.6**	**515.0**

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

Liquidity risk

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

The company is primarily financed through a financing agreement establishing a total credit of SEK 460 million covering a period up to June 2019.

Covenants associated with this credit facility are presented in more detail in note 28. All covenant conditions were met during the year. The Group transfers ongoing accounts receivable within the framework of a block purchase agreement. The agreement means that the buyer of accounts receivable assumes the principal credit risks associated with the receivable. The criteria whereby the accounts receivable shall not be reported on the balance sheet have been met. The Group is therefore dependent on the buyer's ongoing assessment of the credit rating of customers. At the end of 2016 transferred accounts receivable were SEK 47.5 (50.8) million. The total capacity of the agreement covering purchases of accounts receivables is SEK 68 (68) million.

At the end of 2016, the available liquidity reserve for the Group was SEK 535.5 (332.0) million, which corresponds to 20.0% (12.3) 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 exceed SEK 100 million. Temporary excess liquidity shall be placed in investments with short maturities and minimal credit risk, e.g. in bank accounts or short bonds issued by Swedish banks or the Swedish state.

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

AS OF 31 DECEMBER 2016 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	–	26.5	–
Accounts payable and other liabilities	529.3	–	–
Liabilities for financial leases	4.7	16.9	35.6
Total	**534.0**	**43.4**	**35.6**

AS OF 31 DECEMBER 2015 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	50.2	113.6	–
Accounts payable and other liabilities	478.1	–	–
Liabilities for financial leases	4.6	16.7	38.3
Total	**532.9**	**130.3**	**38.3**

Interest rate risk

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

The Group's policy to manage the interest rate risk reflects the rate of change in the Group's financing. In recent years this has meant a short lock-in period. The financial policy sets the fixed term of interest rates for external loans at an average of six months, with the right to deviate +/– 3 months if the market assessment changes. The average fixed-rate term at the end of both 2016 and 2015 for external loans was around six months.

The Group had, at the end of the financial year, no financial contracts for changing the interest rate risk in relation to what the existing loan agreement regulates. In 2016 and 2015 Group borrowing with variable interest was in SEK, EUR and GBP. If the interest rates on borrowing in Swedish kronor in 2016 were 1% higher/lower with all other variables constant, after-tax earnings for the financial year would have been SEK 1.5 (1.7) million lower/higher.

Credit risk

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

Individual assessments of customer's creditworthiness and credit risk are made where the customer's financial position is taken into account, along with past experience and other factors. Management does not expect any losses due to default by counterparties in addition to what has been reserved as doubtful receivables, see Note 20.

Capital risk

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

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

The management team continually monitors requirements for refinancing of external loans with the objective of renegotiating credit facilities at the latest 12 months before the due date.

One of the Group's financial targets is to achieve a return on average capital employed (equity and interest-bearing net liabilities) above 15%. For 2016, average capital employed, defined as equity plus interest-bearing liabilities, was SEK 1,453.1 (1, 430.5) million. Return, defined as earnings after financial items plus financial costs, on average capital employed was 13.9% in 2016 and 11.5% in 2015.

The consolidated equity/assets ratio was 68.9% (64.0), compared with the target of 45%. The target for net debt in relation to EBITDA shall be under 3. The outcome for 2016 was -0.1 (0.8). The target for EBITDA in relation to net financial items is above 3. The outcome for 2016 was 66.0 (19.9).

EQUITY/ASSETS RATIO	2016	2015
Equity	1,356.8	1,245.2
Balance sheet total	1,969.1	1,944.5
Equity/assets ratio, %	**68.9**	**64.0**

The net debt/equity ratio at 31 December 2016 and 2015 was as follows:

DEBT/EQUITY RATIO	2016	2015
Total borrowings	-65.2	-201.2
Provisions for pensions	-17.7	-20.0
Minus: interest-bearing assets	4.7	4.7
Minus: cash and cash equivalents	108.6	40.5
Net debt (-)/net cash(+)	**30.4**	**-176.0**
Total equity	1,356.8	1,245.2
Net debt/equity ratio	0.0	-0.1

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

Average interest on borrowing liabilities amounted to 3.3% (2.9).

SUSTAINABILITY RISKS

Bulten operates in an industry that both directly and indirectly has an impact in the following areas that Bulten has identified as important for sustainable business; environment, social responsibility and corporate governance.

Environment

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 for 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 work is conducted by all Group units to ensure that operations are conducted with as little 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 inadequate 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, perform recycling and 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 whom the interests of 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 stakeholders with respect and good ethics. The Group complies with the UN Global Compact in areas such as human rights, employment rights and anti-corruption. All employees should know and follow the code of conduct. Bulten also 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 conflict 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. Bulten conducts its business in a responsible and efficient manner, with high business ethics, good risk management and a sound corporate culture. Governance guidelines and policies are the basis for a 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

Market and macroeconomic risks

Bulten operates in cyclical markets where customers are affected by macroeconomic factors and political decisions. Demand for the Group's products is dependent on demand for transport of goods and passengers, which in turn is 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 plants, which usually dampens the effects of individual changes to demand. The use of production forecasts and close relationships with customers means that the Group is well informed about the customers' production schedules. The financial results in the business are dependent on the Group's capability to react swiftly to changes in demand for the Group's products and adapt production levels and operating expenses thereafter.

Price pressure

Price pressure is a natural part of activities in the automotive industry. To meet price pressure and its consequences, the Group is working continuously on improvements to reduce costs and to offer customers added value through new products and services. Cost reductions can be achieved, for example, through standardisation, simpler assembly and reduction of indirect costs. This primarily takes place within the framework for Bulten's Full Service Provider concept (FSP).

Competition

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

Raw materials and commodity prices

The Group is dependent on a number of raw materials and intermediate goods and demand for them on global markets. Exposure is greatest in the different grades of steel and changes in prices may affect the Group's earnings. The price of raw materials is adjusted periodically to reflect current market levels based on price developments over the period. The Group's strategy is to offset these risks by an active and professional purchasing process, with consolidation and standardisation of the volumes purchased and long-term relationships with qualified suppliers and through transparent pricing for customers.

Force majeure

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

Legal and political risks

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

Changes in rules, customs regulations and other trade barriers, pricing and currency controls and other public guidelines in countries where Bulten is active may affect the Group's business.

The Group is exposed to legal risks when the activity is influenced by a large number of commercial and financial agreements with customers, suppliers, employees and other parties, as well as licenses, patents and other intellectual property rights. This is normal for a business such as the Group's. Bulten is established on markets and in new countries where the Group has been active for a limited period. New 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 in, for example, Sweden. Bulten's code of conduct together with the Group's system of internal control over financial reporting, as outlined in the Corporate Governance Report on 88-93, provides

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the basis for an ethical approach and accurate 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 cause a certain unpredictability in the business. Through collaboration with locally based companies, the political risk is mitigated somewhat. Even geopolitical concerns could create a risk for the company. The Group is addressing these risks by continuously working on risk assessments and, if necessary, using external expertise in each identified risk area.

OPERATIONAL RISKS

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Organization and competence procurement

It is important to be able to attract staff and management. Key personnel are very important for Bulten's future success. If key personnel leave Bulten or if the Group is unable to attract qualified personnel this may have an adverse effect on its business, its financial condition and results. The management of the Group and its subsidiaries are responsible for identifying and ensuring that the right people stay and develop together with the Group. This is done by offering competitive salaries, a good working environment, preventive health care, and the opportunity for education and careers within the Group.

Products and technology

The automotive industry is characterized by environmental, competitive and cost awareness. The industry is high-tech, so research and development is therefore important. Development of new materials can alter Bulten's competitiveness. The Group closely monitors market trends and works closely with customers in order to understand requirements as they change over time. The risk of loss of competitiveness is expected to decrease by performing research and development in new materials and applications.

Product liability, warranty and recall

The Group is exposed to product liability and warranty claims in cases where the Group's products cause injury to any person or damage to property. If a product is defective, the Group may have to participate in a recall. No significant claim for damages concerning product liability or recall has occurred. Bulten is insured against damages applicable to product liability and recalls. Bulten minimises risks related to product liability, warranty insurance and damages through extensive testing in the design and development phase as well as in production by continuously implementing quality management and control measures.

Suspension of operations and property damage

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

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 a permit or are regulated by the environmental laws of the country in which they operate. Bulten has received the permits and agreements that are required, and they fulfil given safety, reporting and control requirements. Bulten also focuses on activities that reduce both the internal and external environmental impacts.

IT-related risks

Bulten's operations are dependent on IT systems and hardware that support management of the Group's production, logistics and order processing. A break in a system that supports production, logistics and order management can have a negative impact on the company's production and the ability to meet its delivery commitments. Bulten handles IT-related risks continuously through the Group's central IT department. Bulten reduces risk by ensuring a high level of competence internally and by maintaining good relations with IT suppliers of both services and hardware.

Insurance

Bulten insures its assets against property damage and losses due to stoppages. There is also insurance cover for liability damages.

Sensitivity analysis

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

Price fluctuations are the variable with the largest impact on earnings. A change of +/–1% in prices to customers affects earnings by approximately SEK 27 (27) million.

- Development of raw material prices affects Bulten's earnings. A change of 1% to raw material prices, affects earnings by about SEK 16 (16) million, however Bulten, and other actors in this sector, can pass higher raw material costs onto its customers to compensate for higher costs.
- Payroll costs comprise a major share of Group expenses. An increase of 1% affects earnings by approximately SEK 4 (4) million.
- A one percentage point change in interest rates on the closing net debt which is attributable to variable interest rates affects earnings by about SEK - (-) million. None of the net cash(+)/net debt(-) of SEK 30.4 (-176.0) million has fixed rates of interest.
- For a description of Bulten's exposure against changes in currencies, see "Exchange risks" on page 47.

NOTE 4 REPORTING OF SEGMENTS

Identification of operating segments

Up to the divestment of the Finnveden Metal Structures division on 30 June 2014 the Group comprised two segments, the Bulten division and the Finnveden Metal Structures division. From 1 July 2014 the Group has only one segment for reporting purposes, Bulten, as it is at this level that the Group's management team has responsibility for the allocation of resources and assessment of results. The Finnveden Metal Structures division is presented in the annual report as Divested business, see note 39.

ACCOUNTING PRINCIPLES

Operating segments are reported in a way that agrees with the internal reporting submitted to the highest executive decision maker. The highest executive decision maker is the role with responsibility for allocating resources and making assessments of the results of the segments. The senior management team of the Group has been identified as having this role. Following the sale of Finnveden Metal Structures the Group has only one reportable segment.

NOTE 5 INCOME

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 subsidiary.

SEK M	2016	2015
Sweden	823.8	869.7
Germany	614.8	661.3
UK	1,117.1	1,047.9
Poland	43.7	37.7
Other countries	76.6	76.9
Total income	**2,676.0**	**2,693.5**

The Group's customers
The Group's customers are almost exclusively based in the automotive industry. The Group has three external customers, each of which generate revenues greater than 10% of total Group sales. Sales to these customers amounted to SEK 890 (949) million, SEK 548 (479) million, and SEK 389 (387) million, which together constitutes 68.3% (66.4) of sales. Customer agreements cover a wide range of products with various periods of validity and counter parties.

ACCOUNTING PRINCIPLES

Net sales turnover comprises income from sales of products and services. Income is recognised in the income statement when it becomes likely that the future economic benefits will accrue to the company and these benefits can be calculated in a reliable way. Income includes only the gross influx of economic benefits that the company receives or can receive for itself. Income arising from the sale of goods is recognised as income when the company has transferred the essential risks and benefits associated with ownership of the goods to the purchaser, and the company no longer exercises any real control over the goods sold. Income is recognised at the fair value of what has been received or will be received with deductions for discounts granted. Remuneration is in the form of cash and cash equivalents and income consists of the remuneration. Amounts levied on behalf of another party are not included in the company's income. Income recognition of service assignments takes place when the economic outcome of the service assignment can be reliably calculated and the economic benefits pass to the company.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Customer contracts exist in which pricing of goods and services are based on forecast volumes in accordance with customers' delivery plans. In periods when unexpected volume changes occur the final remuneration may deviate from the invoiced amount, which is then adjusted retroactively. The Group regularly reconciles actual volume outcomes against delivery plans and adjusts remuneration continually.

NOTE 6 OPERATING COSTS

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

SEK M	2016	2015
Changes in inventories, costs for sold goods	-1,818.9	-1,874.2
Costs for remuneration to employees and directors (note 7)	-467.7	-448.3
Depreciation (note 9)	-71.1	-60.0
Costs for operational leasing (note 11)	-53.9	-64.7
Other costs	-86.4	-94.2
Total costs for sold goods, sales and administration	**-2,498.0**	**-2,541.4**

ACCOUNTING PRINCIPLES

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

- Cost of goods sold comprises costs for goods management and manufacturing costs including salary and material costs, services bought, costs of premises and depreciation and impairment of tangible fixed assets used in purchasing and production processes.
- Administrative expenses refer to costs for Board of Directors, executive management and corporate functions in the Group, and depreciation and impairment of tangible fixed assets used in corporate administration functions.
- Selling expenses comprise costs for the Group's own sales organisation, including costs for logistics centres and depreciation and impairment of tangible fixed assets used in the Group's sales organization. Allocations to, or reversals from, reserves for uncertain accounts receivable are also included in Sales costs in the income statement.

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NOTE 7 EMPLOYEES, PERSONNEL COSTS AND FEES TO THE BOARD

NO. OF EMPLOYEES	NO. OF PEOPLE 2016	NO. OF PEOPLE 2015	OF WHOM MEN, % 2016	OF WHOM MEN, % 2015
Parent company	9	8	33	38
Subsidiaries				
Sweden	315	312	78	78
Germany	194	190	80	81
Poland	484	447	77	76
UK	84	81	68	69
China	63	60	65	63
Russia	115	101	68	66
Total, subsidiaries	1,255	1,191	76	75
Total no. of employees	**1,264**	**1,199**	**75**	**75**

GENDER OF BOARD AND SENIOR AMANAGEMENT	NO. OF PEOPLE 2016	NO. OF PEOPLE 2015	OF WHOM WOMEN, % 2016	OF WHOM WOMEN, % 2015
Board *)	10	9	20	11
Senior management	8	7	38	29

*) Including deputies

SALARIES, OTHER REMUNERATION AND SOCIAL COSTS	SALARIES AND REMUNERATION 2016	SALARIES AND REMUNERATION 2015	SOCIAL COSTS 2016	SOCIAL COSTS 2015
Parent company	15.0	11.4	9.0	6.5
(of which pension costs)	–	–	2.5	2.3
Subsidiaries	342.2	335.2	101.5	95.2
(of which pension costs)	–	–	13.7	15.1
Total salaries, other remuneration and social costs	**357.2**	**346.6**	**110.5**	**101.7**
(of which pension costs)	–	–	16.2	17.4

SALARIES & OTHER REMUNERATION PER COUNTRY, MANAGEMENT AND OTHER STAFF	SENIOR MANAGERS[1] 2016	SENIOR MANAGERS[1] 2015	OTHER EMPLOYEES 2016	OTHER EMPLOYEES 2015
Parent company in Sweden	9,8	7,8	5,2	3,6
(of which, bonus)	2,0	0,8	0,8	0,2
Subsidiaries in Sweden	3,1	2,4	124,8	123,3
(of which, bonus)	0,8	0,3	2,4	1,7
Subsidiaries overseas				
Countries within EU	8,4	8,2	188,6	181,5
(of which, bonus)	1,2	0,6	2,1	1,3
Other countries	3,0	3,6	14,5	16,1
(of which, bonus)	0,1	0,8	–	0,1
TOTAL	**24,3**	**22,0**	**332,9**	**324,6**
(of which, bonus)	4,1	2,5	5,3	3,3

Pension costs for the Board and President and CEO are SEK 4.0 (4.5) million in the Group.

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

The Chairman of the Board and Board Members receive fees approved by the Annual General Meeting. The Annual General Meeting approved remuneration to the Board totalling SEK 2.7 (2.4) million, which was distributed in accordance with the AGM decision. The Chairman of the Board received remuneration of SEK 0.5 (0.5) million.

No Board fees are paid to employee representatives. Remuneration to the President and CEO and other senior executives consists of base salary, variable remuneration, other benefits and pension. Senior executives are defined as those individuals who are members of the executive management. For the President and CEO and other senior executives, remuneration is proposed by the remuneration committee and adopted by the Board. For the President and CEO, the variable remuneration is a maximum of 60% of base salary, and for other senior executives 40%. The variable remuneration is based on the results achieved in relation to their set objectives. The President and CEO was paid a base salary of SEK 3.1 (2.6) million in remuneration for the year. Other senior executives during the year received base salary of SEK 8.8 (7.8) million.

For 2016, the President and CEO earned a variable remuneration of SEK 1.1 (0.5) million. Other senior executives earned a variable remuneration of SEK 1.9 (0.9) million.

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

There is a mutual period of termination notice of six months between the company and other senior executives resident in Sweden. In some cases the notice period on the company's side is longer, although a maximum of 12 months, and in some cases it is shorter on the employee's side, 4 months. Severance pay, in addition to pay during the notice period, is payable and may together with fixed salary during the notice period amount to a maximum of 18 months of salary.

Individuals resident outside Sweden or resident in Sweden but with significant links to other countries, may be offered periods of notice and severance pay that are competitive for the country where they are resident or with which they have significant links, although these solutions shall preferably match that which applies for senior executives resident in Sweden.

REMUNERATION TO BOARD AND SENIOR EXECUTIVES	2016 BOARD FEE 1)/ BASIC SALARY	2016 VARIABLE REMUNE-RATION	2016 OTHER BENEFITS	2016 SHARE BASED REMUNE-RATION	2016 PENSION	2015 BOARD FEE 1)/ BASIC SALARY	2015 VARIABLE REMUNE-RATION	2015 OTHER BENEFITS	2015 SHARE BASED REMUNE-RATION	2015 PENSION
The Group										
The Board										
Ulf Liljedahl (from 29/4/2015)	0.5	–	–	–	–	0.5	–	–	–	–
Ann-Sofie Danielsson	0.4	–	–	–	–	0.4	–	–	–	–
Hans Gustavsson	0.3	–	–	–	–	0.3	–	–	–	–
Hans Peter Havdal	0.3	–	–	–	–	0.3	–	–	–	–
Peter Karlsten (from 29/4/2015)	0.3	–	–	–	–	0.3	–	–	–	–
Anne-Lie Lind (from 26/4/2016)	0.3	–	–	–	–	–	–	–	–	–
Gustav Linder (from 29/4/2015)	0.3	–	–	–	–	0.3	–	–	–	–
Johan Lundsgård	0.3	–	–	–	–	0.3	–	–	–	–
Senior executives										
President and CEO Tommy Andersson	3.1	1.1	0.1	0.4	1.1	2.6	0.5	0.1	–	1.0
Other senior executives. 7 (6)	8.8	1.9	0.6	0.9	2.1	7.8	0.9	0.5	–	1.9

1) Refers to Board and audit committee fees.

Incentive scheme

The Annual General Meeting held on 26 April 2016 resolved to establish a long-term share-based incentive scheme for around 15 senior executives and key employees of the Bulten Group. The scheme 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 scheme will invest in shares in the company and for each invested share the participant will receive free-of-charge a so-called matching share. In addition, the participant will have the opportunity to receive additional shares free-of-charge, so-called performance shares, provided that a performance target (earnings per share) set by the board is met. In accordance with IFRS 2, the cost of the scheme will be carried in the income statement during the vesting period (20 May 2016 -20 May 2019). At the end of the scheme, options will be converted automatically into shares at a subscription price of zero. Participants will not receive dividends and are not entitled to vote during the period of earning. If the participant ends their employment during this period, these rights will be void, except for limited cases that must be approved by the Board.

The fair value of these options on the allocation date are estimated using market rates for the company's shares on the allocation date, which amounted to around SEK 78 without regard to dividends during the earning period.

The total cost of share-related remuneration during the period, which is reported as a portion of staff costs, was SEK 3.0 million (-).

ACCOUNTING PRINCIPLES

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

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

NOTE 8 FEES AND REIMBURSEMENT TO AUDITORS

PRICEWATERHOUSECOOPERS	2016	2015
Audit	2.7	2.7
Other auditing assignments	0.1	0.2
Tax advice	1.1	0.9
Other services	0.8	0.7
Total	**4.7**	**4.5**

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'Audit' refers to the examination of 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 and other assistance as a result of observations during the audit or the implementation of the other duties referred to. 'Other auditing assignments' mainly comprises a general survey of interim reports. 'Tax advice' includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refer to services not relating to the above categories.

NOTE 9 DEPRECIATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

DEPRECIATION ACCORDING TO PLAN BY CLASS OF ASSET	2016	2015
Intangible assets	-0.5	-0.2
Buildings	-10.2	-3.9
Plant and machinery	-51.0	-46.3
Equipment, tools, fixtures and fittings	-9.4	-9.6
Total depreciation	**-71.1**	**-60.0**

DEPRECIATION ACCORDING TO PLAN BY FUNCTION	2016	2015
Cost of goods sold	-59.1	-52.2
Selling expenses	-6.8	-3.9
Administration expenses	-5.2	-3.9
Total depreciation	**-71.1**	**-60.0**

Assets are primarily machinery and other equipment.

NOTE 10 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME	2016	2015
Profit from sale of fixed asset	0.3	8.0
Rate profit on current receivable/liability	3.8	–
Income from administrative services	19.7	21.9
Insurance payments	–	0.1
Other operating income	2.7	2.5
Total other operating income	**26.5**	**32.5**

OTHER OPERATING EXPENSES	2016	2015
Loss from sale of fixed asset	-0.1	-0.3
Exchange losses on receivables/liabilities relating to operations	–	-18.2
Other operating expenses	-1.4	-1.2
Total other operating expenses	**-1.5**	**-19.7**

ACCOUNTING PRINCIPLES

Other operating income and costs, relate to secondary activities, such as income from sale of IT services and other administrative services, exchange rate differences for items related to operations and capital gains on the sale of tangible fixed assets. On selling subsidiaries or joint ventures, the Group earnings are also recognised here, if reporting as divested business is not applicable.

NOTE 11 LEASING

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

OPERATIONAL LEASING	2016	2015
Assets held via operating leases		
Minimum lease fees	54.5	65.3
Variable lease fees paid	–	–
Income from hired-out leases	-0.6	-0.6
Total lease fees for the year	**53.9**	**64.7**
Contractual future minimum lease fees with respect to irrevocable contracts due for payment:		
Within 1 year	53.3	48.1
1-5 years	149.7	149.5
Later than 5 years	22.8	39.7

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

	ACQUISITION VALUE		ACCUMULATED DEPRECIATION	
FINANCIAL LEASING	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Buildings	37.3	37.1	-3.1	-0.6
Machinery and plant	24.1	32.1	-20.6	-26.5
Inventory, tools and installations	3.8	3.7	-1.4	-1.0
Total financial leasing contracts	**65.2**	**72.9**	**-25.1**	**-28.1**

Contractual future minimum lease fees have following maturities:

	NOMINAL VALUE		CURRENT VALUE	
FINANCIAL LEASING	2016	2015	2016	2015
Within 1 years	4.7	4.6	3.7	4.3
1-5 years	16.9	16.7	14.1	13.7
Later than 5 years	35.6	38.2	20.0	20.3
Total future leasing fees	**57.2**	**59.5**	**37.8**	**38.3**

The present value of the future minimum lease payments are recognized as interest-bearing debt. Earnings include any contingent expenses related to finance leases.

ACCOUNTING PRINCIPLES

Leasing – lessees
Leases are classified in the consolidated financial statements as either financial or operating leases. A financial lease is a lease whereby the economic risks and benefits associated with ownership are in all essentials transferred to the lessee; if this is not the case the lease is an operating lease. Assets leased in accordance with financial leases have been recognised as assets in the consolidated balance sheet. Obligations to pay future lease payments have been recognised as non-current and current liabilities. The leased assets are depreciated according to plan while the lease payments are recognised as interest and debt reduction. The interest expense is distributed over the lease term so that each accounting period is assigned an amount corresponding to a fixed interest rate for the liability recognised in the respective period.

Variable fees are charged as expenses in the periods in which they arise.

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

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

KEY ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

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

NOTE 12 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	2016	2015
Exchange rate differences, loans	2.2	–
Other	0.3	0.1
Total	**2.5**	**0.1**

FINANCIAL EXPENSES	2016	2015
Interest costs	-5.0	-5.0
Exchange rate differences, loans	–	-2.5
Other	-1.6	-3.9
Total	**-6.6**	**-11.4**

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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 recognised in the income statement in accordance with the effective interest method, whereby interest is divided so that each accounting period is charged with an amount based on the liability recognised during the period in question. Issue expenses and similar direct transaction costs for raising loans are included in the acquisition cost of the borrowing and are expensed in accordance with the effective interest method.

NOTE 13 EXCHANGE RATE DIFFERENCES AFFECTING EARNINGS

	2016	2015
Exchange rate differences affecting operating earnings	3.8	-18.2
Exchange rate differences on financial items	2.2	-2.5
Total	**6.0**	**-20.7**

NOTE 14 TAX ON INCOME FOR THE YEAR

REPORTED TAX	2016	2015
Current tax		
Current tax for the year	-19.2	-22.4
Total current tax	**-19.2**	**-22.4**
Deferred tax expense (-)/tax income (+)		
Change in deferred tax	-30.3	-20.4
Total deferred tax	**-30.3**	**-20.4**
Total reported taxes	**-49.5**	**-42.8**

RECONCILIATION OF EFFECTIVE TAX	2016	2015
Earnings before tax	196.0	153.7
Tax according to applicable tax rate for parent company 22.0%	-43.1	-33.8
Tax effects of:		
Differences in tax rates for foreign subsidiaries	-2.0	-2.3
Non-taxable income	1.3	1.7
Non-deductible expenses	-2.5	-3.1
Deferred tax for previous years' non-reported other temporary differences	0.5	1.6
Tax losses for which no deferred tax is recognized	-3.1	-3.4
Impairment of deferred tax for loss carry-forwards	–	-3.6
Earnings from associated company reported after tax	-0.6	0.1
Tax on income for the year according to income statement	**-49.5**	**-42.8**

Income tax relating to components of other comprehensive income amounts to SEK 0.4 (-0.2) million and relate in full to revaluation of pension plans.

DEFERRED TAX ASSETS AND LIABILITIES

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Machinery and equipment	1.2	0.2	1.1	3.9
Inventories	2.6	2.8	–	–
Accounts receivable	0.3	0.5	–	–
Loss carry-forwards in Swedish companies	19.4	53.6	–	–
Pensions	11.8	12.4	–	–
Other	0.8	0.1	–	–
Netting of receivables/ liabilities in same jurisdiction	-1.1	-3.9	-1.1	-3.9
Total	**35.0**	**65.7**	**–**	**–**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that it is likely they can be benefited from through future taxable surpluses. As of 31 December 2016, the accumulated tax losses in the Swedish company are SEK 88.0 (243.8) million. The Group has also calculated tax loss carry-forwards amounting to SEK 72.5 (53.1) million, of which SEK 37.1 (29.6) million was attributable to China and SEK 35.4 (23.5) million attributable to Russia, for which deferred tax assets are not reported as of 31 December 2016. Of the total loss carry-forward, SEK 12.1 million falls due in 2017, SEK SEK 1.5 million in 2018, SEK 12.1 million in 2020, SEK 1.5 million in 2021, SEK 9.8 million in 2022, SEK 17.8 million in 2024, SEK 13.1 million in 2025 and SEK 4.6 million in 2026.

ACCOUNTING PRINCIPLES

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

Current tax is tax due for payment or receipt during the financial year in question. Adjustments to current tax related to earlier periods are also included in this item. Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the carrying amounts and the tax base of assets and liabilities. The amounts are calculated based on how the temporary differences are expected to be offset, and by applying the tax rates and tax regulations in effect or publicised on the balance sheet date in the countries where the parent company's subsidiaries and associated companies are active and generate taxable income.

Deductible temporary differences are not taken into consideration with respect to consolidated goodwill nor, in normal cases, to differences attributable to participations in subsidiaries that are not expected to be taxed in the foreseeable future. Deferred tax liabilities are not reported if they occur due to a first reporting of goodwill. Neither is deferred tax reported if it arises due to a transaction that is attributable to the first reporting of an asset or liability that is not a business acquisition and which, at the time of the transaction, affects neither reported earnings or taxable earnings. Deferred tax assets are reported to the extent that it is probable that future taxable surpluses will be available, against which the temporary differences may be utilised.

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

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

KEY ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The accounting principles describe how the temporary differences in the form of tax assets are to be recognised. In this context it is important that management considers whether the business will recognise the excess close in time for the claim balance to be approved.

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

As of 31 December 2016, the management's assessment was that it is probable that a fiscal surplus will occur for the Group's Swedish activities. This assessment is based on a fiscal surplus being reported in 2016 and, based on existing business plans, this is expected to continue in coming years.

As of 31 December 2016, the Group is reporting a deferred tax asset attributable to deficit deductions and other temporary fiscal differences amounting to SEK 35.0 (65.8) million, of which SEK 32.4 (64.0) million is attributable to Sweden.

NOTE 15 EARNINGS PER SHARE

EARNINGS PER SHARE	2016	2015
Profit/loss for the year attributable to shareholders of Bulten AB (publ)	148.1	116.8
Weighted average number of outstanding shares 1)	20,359,707	20,829,451
Earnings per share, SEK 1)	**7.27**	**5.61**

1) Figures are valid both before and after dilution

ACCOUNTING PRINCIPLES

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

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NOTE 16 INTANGIBLE FIXED ASSETS

	31-12-2016			31-12-2015		
	GOODWILL	OTHER INTANGIBLE ASSETS[1)]	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS[1)]	TOTAL
Accumulated cost						
At start of the year	321.3	4.2	325.5	322.1	3.2	325.3
Acquisitions for the year	–	0.6	0.6	–	1.1	1.1
Reclassifications for the year	–	0.2	0.2	–	–	–
Divestments and disposals	–	–	–	–	–	–
Exchange rate differences for the year	2.6	0.2	2.8	-0.8	-0.1	-0.9
At year end	**323.9**	**5.2**	**329.1**	**321.3**	**4.2**	**325.5**
Accumulated depreciation according to plan						
At start of the year	–	-2.6	-2.6	–	-2.4	-2.4
Divestments and disposals	–	–	–	–	–	–
Depreciation according to plan	–	-0.5	-0.5	–	-0.2	-0.2
Exchange rate differences for the year	–	–	–	–	–	–
At year end	**–**	**-3.1**	**-3.1**	**–**	**-2.6**	**-2.6**
Accumulated impairment						
At start of the year	-120.0	–	-120.0	-120.0	–	-120.0
Impairment for the year	–	–	–	–	–	–
At year end	**-120.0**	**–**	**-120.0**	**-120.0**	**–**	**-120.0**
Reported value						
At start of the year	201.3	1.6	202.9	202.1	0.8	202.9
At year end	**203.9**	**2.1**	**206.0**	**201.3**	**1.6**	**202.9**

1) Relates primarily to expenses for licences.

Impairment test for goodwill

Consolidated goodwill amounted to SEK 203.9 (201.3) million. The Group carries out an impairment test each year to determine any impairment requirement for goodwill. Goodwill is monitored by management at operating segment level. Following the sale in 2014 of the Finnveden Metal Structures division, the Group reports just one operating segment, Bulten. The recoverable amounts for Bulten have been established by calculating the value in use. Calculations are based on estimated future cash flows from financial plans approved by management, and covering a period of three years.

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

Cash flows beyond the three-year period are extrapolated using an estimated growth rate resulting from the assumption of inflation at 2.0% (2.0). The forecast cash flow has been calculated at present value using a discount rate of 7.3% (7.6) before tax.

In both 2016 and 2015 the estimated recoverable amount for Bulten has exceeded the book value, which is why no impairment requirement has been identified.

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

ACCOUNTING PRINCIPLES

Intangible assets

Expenditure on research and development

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

Goodwill

Goodwill is the amount by which the cost exceeds the fair value of the Group's proportion of the subsidiary/associated company/joint venture's identifiable net assets upon acquisition. Goodwill upon acquisition of subsidiaries is recognised under intangible assets. Goodwill upon 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 impairment requirement and is recognised at cost less accumulated impairments. Impairment of goodwill is not returned.

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

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

Other intangible assets

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

Depreciation

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

KEY ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The impairment of 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 recoverable amount. To determine the value in use estimated future cash flows are used, which are based on internal business plans and forecasts. Although management believes that the estimated future cash flows are reasonable, different assumptions regarding such cash flows could materially affect valuations. In examining the goodwill of SEK 203.9 (201.3) million at the end of 2016 and 2015, no impairment was identified.

NOTE 17 TANGIBLE FIXED ASSETS

	31-12-2016					31-12-2015				
	LAND AND BUILDINGS[1)2)]	PLANT AND MACHINERY[1)]	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS[1)]	CONTRUCTION IN PROGRESS AND ADVANCES	TOTAL[1)]	LAND AND BUILDINGS[1)2)]	PLANT AND MACHINERY[1)]	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS[1)]	CONTRUCTION IN PROGRESS AND ADVANCES	TOTAL[1)]
Accumulated cost										
At start of the year	197.5	492.6	72.7	55.7	818.5	45.8	438.5	62.1	20.6	567.0
Acquisitions for the year	0.4	1.3	5.6	70.1	77.4	155.1	7.9	7.5	120.7	291.2
Reclassification during the year	3.2	89.5	4.8	-97.7	-0.2	1.6	75.5	8.3	-85.4	–
Divestments and disposals	–	-23.3	-9.9	–	-33.2	-3.9	-9.7	-2.2	–	-15.8
Exchange rate differences for the year	2.4	21.6	3.8	–	27.8	-1.1	-19.6	-3.0	-0.2	-23.9
At year end	**203.5**	**581.7**	**77.0**	**28.1**	**890.3**	**197.5**	**492.6**	**72.7**	**55.7**	**818.5**
Accumulated depreciation according to plan										
At start of the year	-9.8	-190.5	-26.7	–	-227.0	-10.1	-163.3	-21.2	–	-194.6
Reclassification during the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	–	23.2	9.9	–	33.1	3.9	8.5	2.0	–	14.4
Depreciation according to plan	-10.2	-51.0	-9.4	–	-70.6	-3.9	-46.3	-9.6	–	-59.8
Exchange rate differences for the year	-0.3	-8.5	-2.5	–	-11.3	0.3	10.6	2.1	–	13.0
At year end	**-20.3**	**-226.8**	**-28.7**	**–**	**-275.8**	**-9.8**	**-190.5**	**-26.7**	**–**	**-227.0**
Accumulated impairment										
At start of the year	–	-44.0	–	–	-44.0	–	-44.0	–	–	-44.0
Impairment for the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	–	–	–	–	–	–	–	–	–	–
Exchange rate differences for the year	–	–	–	–	–	–	–	–	–	–
At year end	**–**	**-44.0**	**–**	**–**	**-44.0**	**–**	**-44.0**	**–**	**–**	**-44.0**
Reported value										
At start of the year	187.7	258.1	46.0	55.7	547.5	35.7	231.2	40.9	20.6	328.4
At year end	**183.2**	**310.9**	**48.3**	**28.1**	**570.5**	**187.7**	**258.1**	**46.0**	**55.7**	**547.5**

1) Includes assets in financial leases, see note 11.
2) Of which land, SEK 15.9 (15.9) million

TANGIBLE FIXED ASSETS PER COUNTRY

	31-12-2016	31-12-2015
Sweden	237.9	247.9
Germany	61.5	51.4
UK	12.8	13.2
Poland	190.0	173.3
China	16.5	19.0
Russia	51.8	42.7
Total tangible fixed assets	**570.5**	**547.5**

ACCOUNTING PRINCIPLES

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

The cost includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Also included are estimated costs for dismantling and removing the assets, as well as restoring the site or area where such costs are generated. The acquisition cost may also include transfers from equity for possible profit/loss in cash flow hedging that meets requirements for hedging accounting.

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

Subsequent costs are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. 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 derecognised from the balance sheet on scrapping or sale, or when no future economic benefits are expected from its use. The net financial gain or loss from the sale or scrapping comprises the selling price and carrying amount of the asset less direct selling expenses. This is recognised as other operating income/expense.

Principles for depreciating tangible fixed assets

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

The following depreciation periods are applied:

ACQUIRED TANGIBLE ASSETS	
Buildings	15-40 years
Plant and machinery	5-14 years
Equipment, tools, fixtures and fittings	3-10 years

Impairments

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

NOTE 18 OTHER LONG-TERM RECEIVABLES

ACCUMULATED ACQUISITION VALUE	31-12-2016	31-12-2015
At start of the year	4.7	5.2
Amortisation, outgoing receivables	-0.9	-2.2
Other receivables	0.5	2.5
Translation differences	0.2	-0.8
Reported value at year end	**4.7**	**4.7**

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NOTE 19 INVENTORIES

	31-12-2016	31-12-2015
Raw materials and consumables	55.6	61.1
Production in progress	126.2	95.5
Completed products and tradable goods	267.8	315.6
Total inventories	**449.6**	**472.2**

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

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ACCOUNTING PRINCIPLES

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

KEY ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group is reporting a total inventory value of SEK 449.6 (472.2) million. An obsolescence provision is recognized if the estimated net realizable value is lower than cost and in connection therewith, the Group makes estimates and assumptions regarding, among other things future market conditions and estimated net realizable values. The risk of obsolescence arises especially in periods when there is an unexpected drop in demand. Additionally, obsolescence occurs if the Group is not successful in adjusting inventory levels in conjunction with customers phasing out vehicle models from their production.

NOTE 20 ACCOUNTS RECEIVABLE

	31-12-2016	31-12-2015
Accounts receivable	475.4	481.4
Less provision for doubtful accounts receivable	-4.8	-3.4
Total accounts receivable	**470.6**	**478.0**

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 after more than 12 months from the balance sheet date they are classified as other long-term receivables.

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

ACCOUNTS RECEIVABLE PER CURRENCY	31-12-2016	31-12-2015
SEK	28.2	30.3
EUR	395.9	378.7
USD	16.3	29.2
GBP	9.0	13.4
PLN	2.5	5.1
CNY	12.8	15.2
Other	5.9	6.1
Total	**470.6**	**478.0**

Credit quality of financial assets

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

On the closing date, non-due or impaired accounts receivable amounted to SEK 434.6 (436.7) million, of which 98 (96)% refers to existing customers with whom the Group has had relations over many years. These customers normally pay on the agreed due date and the Group has a history of very low credit losses.

At 31 December 2016, the accounts receivable were SEK 40.7 (44.6) million due without any impairment requirement considered necessary. These concern a number of independent customers who previously had no payment difficulties. The age analysis of these receivables is as follows:

AGE ANALYSIS, ACCOUNTS RECEIVABLE	31-12-2016	31-12-2015
Less than 3 months	37.1	37.9
3-6 months	1.2	3.1
More than 6 months	2.4	3.6
Total, accounts receivable due	**40.7**	**44.6**

At 31 December 2016 the Group recognised accounts receivable where the impairment requirement was SEK -4.8 (-3.4) million, which corresponds to the reserve for doubtful accounts receivable. The age analysis of these is as follows:

AGE ANALYSIS, DOUBTFUL ACCOUNTS RECEIVABLE	31-12-2016	31-12-2015
Less than 3 months	-2.6	-0.7
3-6 months	-1.0	-1.1
More than 6 months	-1.2	-1.6
Total, doubtful accounts receivable due	**-4.8**	**-3.4**

Change in reserve for doubtful accounts receivable is as follows:

RESERVE FOR DOUBTFUL ACCOUNTS RECEIVABLE	31-12-2016	31-12-2015
At start of the year	-3.4	-4.9
Provision for doubtful receivables	-1.7	-0.9
Receivables written off during the year that are non-recoverable	0.2	1.8
Reversal of unused amounts	0.1	0.5
Reserve for doubtful accounts receivable	–	0.1
At end of the year	**-4.8**	**-3.4**

Other categories of accounts receivable and other receivables, i.e. Prepaid expenses and accrued income and Other receivables do not include assets that require impairment. The same applies for Other long-term receivables.

The maximum exposure to credit risk at the balance sheet date is the fair value of each category of receivable mentioned above. For all these categories of receivable the fair value is calculated to correspond in principle to the reported amount.

KEY 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 have been assessed as a whole mean that the risks and benefits associated with the accounts receivable for the most part are transferred to the buyer, based on a test in accordance with IAS 39 – Financial Instruments, recognition and measurement. As of 31 December 2016 the value of transferred accounts receivable was SEK 47.5 (50.8) million.

NOTE 21 OTHER RECEIVABLES

	31-12-2016	31-12-2015
Receivable attributable to VAT	35.0	37.5
Other receivables	2.9	4.5
Total other receivables	**37.9**	**42.0**

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

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	31-12-2016	31-12-2015
Prepaid rents	3.7	4.5
Prepaid licences	1.0	2.8
Prepaid insurance	2.3	2.3
Other prepaid expenses	7.3	10.3
Accrued income	9.7	10.2
Total prepaid expenses and accrued income	**24.0**	**30.1**

NOTE 23 FINANCIAL INSTRUMENTS PER CATEGORY

Financial assets

The Group classifies its financial instruments into the following categories: financial assets at fair value through the income statement, loans and accounts receivable, available-for-sale financial assets and derivatives as hedging instruments. The classification depends on the purpose of acquiring the instrument. Management determines the classification of financial assets at initial recognition. At the end of 2016 and 2015 the only financial assets held were those classified as Loans and Accounts receivable.

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Loans and accounts receivable

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

On the closing date financial assets classified in this category had the following amounts:

LOANS AND ACCOUNTS RECEIVABLE	31-12-2016	31-12-2015
Other long-term receivables	4.7	4.7
Accounts receivable	470.6	478.0
Liquid funds	108.6	40.5
Total loans and accounts receivable	**583.9**	**523.2**

For investments in Joint Venture see not 33.

ACCOUNTING PRINCIPLES

Loans and accounts receivable are recognised after the time of acquisition at accrued cost using the effective interest method.

Accounts receivable that have been sold are removed from the balance sheet when contractual rights and principal risks and benefits associated with ownership of the financial asset are transferred to the buyer. Financial assets and liabilities are offset and recognised on a net basis in the balance sheet when there is a legal right to offset the carrying amounts and there is an intention to settle them on a net basis or to simultaneously realise the asset and settle the debt.

Impairment of assets reported at accrued acquisition value only occurs if there is objective evidence of impairment as a result of one or more events that occurred after the asset has been recognised for the first time (a 'loss event') and that this event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

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

- significant financial difficulty of the issuer or debtor,
- default or delayed payments,
- it is probable that the borrower will enter bankruptcy or other financial reorganisation,
- domestic or local economic conditions that have a bearing on non-payments in assets in the portfolio.

Impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is impaired and impairment charges are recognised in the consolidated income statement as other operating expenses.

As a practical solution, the Group can determine the impairment based on the instrument's fair value using an observable market price.

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

Financial liabilities

The Group classifies its financial instruments into the following categories: financial liabilities assessed at fair value through the income statement, other financial liabilities and derivatives as hedging instruments. At the end of 2016 and 2015 the only financial liabilities held were those classified as Other financial liabilities, distributed among the following g items in the balance sheet.

OTHER FINANCIAL LIABILITIES	31-12-2016	31-12-2015
Other long-term interest-bearing liabilities	60.4	147.7
Other current interest-bearing liabilities	3.7	52.2
Accounts payable	331.3	316.7
Total other financial liabilities	**395.4**	**516.6**

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ACCOUNTING PRINCIPLES

Accounts payable

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

Interest-bearing liabilities

The accounting principles for other interest-bearing liabilities are presented in Note 28, Interest-bearing liabilities, and Note 11, Leasing.

Derivative instruments and hedging instruments

At the end of 2016 and 2015 the Group had no open 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 closing dates in 2016 and 2015 there were no financial assets and liabilities reported at fair value.

NOTE 24 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	ORDINARY SHARES	TOTAL NO. OF SHARES
Number of shares outstanding at 31 December 2014	**21,040,207**	**21,040,207**
Share buy backs 2015	-680,500	-680,500
Number of shares outstanding at 31 December 2015	**20,359,707**	**20,359,707**
Number of shares outstanding at 31 December 2016	**20,359,707**	**20,359,707**

The total number of ordinary shares at 31 December 2016 was 21,040,207. The quotient value of the share is SEK 0.50. All issued shares have been paid in full.

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Share buy-backs
In 2016 the company did not buy back any shares. In 2015 it bought back 680,500 shares.

ACCOUNTING PRINCIPLES

Equity is divided between capital attributable to parent company shareholders and minority interests. Distributions in the form of 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 legal prescriptions concerning payment of dividends for which there is no financial coverage.

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

Other contributed capital
Refers to equity contributed by the owners

NOTE 25 OTHER RESERVES

	TRANSLATION RESERVE		TOTAL	
	2016	2015	2016	2015
Opening balance	-11.1	8.1	-11.1	8.1
Exchange rate differences	24.9	-19.0	24.9	-19.0
Other comprehensive income attributable to joint venture	-0.6	-0.2	-0.6	-0.2
Closing balance	**13.2**	**-11.1**	**13.2**	**-11.1**

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 26 MINORITY INTERESTS

The following tables present financial information for subsidiaries that have minority interests and that are essential for the Group. Information is presented for the owner company (Bulten-GAZ B.V.) and its operating company (Bulten Rus LLC) as a consolidated unit.

SUMMARISED INCOME STATEMENT	2016	2015
Income items		
Income	32.2	31.0
Earnings after tax	**-4.4**	**-15.9**
Other comprehensive income		
Exchange rate differences	9.2	-6.2
Total comprehensive income	**4.8**	**-22.1**
Attributable to		
Parent company shareholders	3.0	-13.9
Minority interest (37%)	1.8	-8.2
Total comprehensive income	**4.8**	**-22.1**

SUMMARISED BALANCE SHEET	31-12-2016	31-12-20145
Assets		
Fixed assets	52.2	43.1
Current assets	28.8	23.2
Total assets	**81.0**	**66.3**
Liabilities		
Long-term liabilities	15.2	17.1
Current liabilities	28.3	17.4
Total liabilities	**43.5**	**34.5**
Net assets	**37.5**	**31.8**
Total net assets attributable to minority interest (37%)	13.9	11.7

CASH FLOW	2016	2015
Cash flow from current activities	1.6	-12.8
Cash flow from investing activities	0.1	4.8
Cash flow from financing activities	-0.2	0.2
Cash flow for the period	**1.5**	**-7.8**

ACCOUNTING PRINCIPLES

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

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NOTE 27 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

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Remuneration to employees after completed employment is chiefly made through payments to insurance companies or authorities, which thereby assume the obligations in relation to the employees, known as defined contribution pensions. The largest defined benefit plans are in Sweden (FPG/PRI). For defined benefit plans the company's costs are calculated and the value of the outstanding obligation using actuarial calculations, which aim to determine the present value of the obligations issued. Interest is classified as a financial expense. Other cost items are distributed among operating profit/loss under cost of goods sold, selling expenses or administrative expenses depending on the employee's function. The Group also has pension commitments of SEK 39.1 (40.1) million secured through capital insurance, which means that any changes in pension obligations will be fully compensated through equivalent changes in value of the capital insurance. Both pension obligations and capital insurance are reported as line items.

DEFINED-BENEFIT PENSION PLANS AND SIMILAR OBLIGATION	31-12-2016	31-12-2015
FPG/PRI	12.7	15.5
Other retirement pensions in Swedish companies	0.8	0.9
Retirement pensions in foreign companies	1.0	0.7
Other long-term remuneration to employees	4.4	4.2
Total defined-benefit commitments and similar obligations	**18.9**	**21.3**

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

	SWEDEN	
PENSION OBLIGATIONS	2016	2015
Discount rate	1.4	2.2
Inflation. %	1.5	1.5

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 established based on the market rate on the closing date for housing bonds in Sweden.

Risk exposure and sensitivity analysis

The defined-benefit liabilities are determined using a discount rate based on corporate bonds with a duration corresponding to the average remaining term commitment (9 years). A reduction in the interest rate on corporate bonds of 0.5% will mean an increase in the liabilities of the plan by about SEK 0.6 million. As plans are unfunded, a reduced bond rate would increase liabilities without a corresponding increase in the value of plan assets.

DEFINED BENEFIT OBLIGATIONS AND VALUE OF PLAN	31-12-2016	31-12-2015
Present value of defined benefit obligations	18.9	21.3
Fair value of plan assets	-0.7	-0.7
The Group's net obligation in respect of defined-benefit pension plans	**18.2**	**20.6**
- of which, Provisions for pensions	17.7	20.0
- of which, Other provisions	1.2	1.3
- of which, Other long-term receivables	-0.7	-0.7

RECONCILIATION OF NET OBLIGATION IN DEFINED-BENEFIT OBLIGATION	31-12-2016	31-12-2015
Opening net debt	20.6	21.8
Net pension expense (+) income (-)	0.5	1.6
Pension payments	-1.3	-1.5
Restatement effect of changed assumptions	-1.8	-1.1
Translation difference	0.2	-0.2
Closing net debt	**18.2**	**20.6**

SPECIFICATION OF TOTAL COSTS FOR REMUNERATION AFTER COMPLETED EMPLOYMENT AS RECOGNISED IN THE INCOME STATEMENT	2016	2015
Costs relating to defined-benefit plans		
Costs for service in current year	-0.2	-1.2
Interest costs	-0.3	-0.4
Total costs for defined-benefit plans	**-0.5**	**-1.6**
Costs relating to defined-contribution plans	-16.2	-18.0
Total costs recognised in income statement	**-16.7**	**-19.6**
Restatement effect reported in Other comprehensive income (before tax)	**1.8**	**1.1**

ASSETS PLEDGED FOR PENSION OBLIGATION	31-12-2016	31-12-2015
Capital insurance [1)]	39.1	40.1
Total	**39.1**	**40.1**
Amount by which provision item is expected to be paid after more than 12 months	38.0	38.8

1) Pension obligations are funded through capital insurance, which means that any changes to the pension obligation will be fully compensated by the corresponding change in value of the capital insurance. Both the benefit obligation and the capital insurance are reported in note 32.

ACCOUNTING PRINCIPLES

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

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

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

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 the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the same currency in which the benefits will be paid with terms 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 during the period in which they arise.

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

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

Other long-term employee benefits
Other long-term employee benefits refer to the Group's defined-benefit commitments under a plan that gives employees a flexible transition from employment to retirement. The plan aims to enable flexible service as agreed between employer and employee. The Group's defined-benefit commitment is determined annually by applying the so-called projected unit credit method. Unlike the accounting required for defined-benefit pension commitments, revaluation of the commitment is reported in the income statement, and not in other comprehensive income.

NOTE 28 INTEREST-BEARING LIABILITIES

INTEREST-BEARING LONG-TERM LIABILITIES	31-12-2016	31-12-2015
Liabilities to credit institutions	–	49.7
Bank overdraft	26.3	61.9
Liabilities for finance leases	34.1	36.1
Other interest-bearing liabilities	**60.4**	**147.7**
Which mature between 1–5 years	40.4	127.4
Of which mature after more than five years	20.0	20.3
Total	**60.4**	**147.7**
Provisions for pensions	17.7	20.0
Total long-term interest-bearing liabilities	**78.1**	**167.7**

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INTEREST-BEARING CURRENT LIABILITIES	31-12-2016	31-12-2015
Liabilities to credit institutions	–	50.0
Provisions for pensions	1.1	1.3
Liabilities for finance leases	3.7	2.2
Total current interest-bearing liabilities	**4.8**	**53.5**

Fair value is considered to correspond to the book value of the Group's financial liabilities because the interest-bearing liabilities have interest corresponding to market rates. The Group has special loan conditions (covenants) that must be fulfilled with respect to external lenders, including equity/assets ratio targets and other ratio that include EBITDA, net debt and certain financial expenses. Terms for all covenants were fulfilled in both 2016 and 2015.

Long-term liabilities with credit institutes and the part of the bank overdraft facilities classified as long-term are covered by a credit facility that runs to July 2019.

BANK OVERDRAFT FACILITIES	31-12-2016	31-12-2015
Approved overdraft facilities	153.2	267.0
Unutilised portion	-126.9	-205.1
Credits utilised [1)]	**26.3**	**61.9**

1) Of which SEK 26.3 (61.9) million is reported as a long-term liability as the Group has a right to extend the credit within the framework of existing credit arrangements.

CHANGE IN NET DEBT/NET CASH	2016	2015
Net debt/net cash at start of year	-176.0	137.3
Change in bank overdraft and other financial liabilities	35.5	-14.6
Loan raised	–	-50.0
Amortisation of interest-bearing liabilities	99.7	–
Change of finance lease liabilities	0.6	-36.0
Changes in provisions for pensions	2.5	1.3
Change in interest-bearing assets	–	1.0
Change in liquid funds	68.1	-215.0
Net cash (+) / netdebt (-)	**30.4**	**-176.0**
Less interest-bearing liabilities attributable to financial leases	37.8	38.3
Adjusted net cash (+) / net debt (-)	**68.2**	**-137.7**

ACCOUNTING PRINCIPLES

Borrowing

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

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

See note 11 for the accounting principles concerning reporting of financial leasing.

NOTE 29 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	31-12-2016	31-12-2015
Property mortgages	–	74.0
Shares in subsidiaries	1,332.8	1,186.0
Other long-term receivables	0.7	0.8
Total pledged assets for liabilities to credit institutions	**1,333.5**	**1,260.8**

NOTE 30 ACCRUED EXPENSES AND PREPAID INCOME

	31-12-2016	31-12-2015
Accrued wages/salary inc. holiday pay	33.9	30.7
Accrued social security costs	36.8	33.4
Other accrued expenses	33.2	31.2
Prepaid income	22.1	3.2
Total accrued expenses and prepaid income	**126.0**	**98.5**

NOTE 31 OTHER PROVISIONS

	31-12-2016	31-12-2015
Costs for restructuring programmes	0.7	0.7
Total other provisions	**0.7**	**0.7**

RESTRUCTURING MEASURES		
Carrying amount at start of period	0.7	0.7
Carrying amount at end of period	**0.7**	**0.7**

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

ACCOUNTING PRINCIPLES

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

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

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

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

KEY 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. Management assesses the expected outcome of compensation claims made against the Group on an ongoing basis. At the balance sheet date there were a few compensation claims against the Group, and management believes that it is unlikely that these will mean a substantial impact on the consolidated earnings and financial position. No provision is recognised at balance sheet date for these compensation claims.

NOTE 32 CONTINGENT LIABILITIES

	31-12-2016	31-12-2015
Pension commitments in addition to those accounted for as liabilities or provisions [1]	39.4	40.4
Other contingent liabilities	6.8	6.8
Total contingent liabilities	**46.2**	**47.2**

1) Of which SEK 39.1 (40.1) million refers to pension obligations that are secured through capital insurance, which means that any changes to the pension obligation will be fully compensated by the corresponding change in value of capital insurance.

In connection with the sale of the Finnveden Metal Structures division in 2014, the Group has provided normal seller's guarantees to the buyer. These guarantees cover, among others, environmental issues. Although it cannot be ruled out, it is judged that these seller's guarantees will not be realised.

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NOTE 33 INVESTMENT IN JOINT VENTURE

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

The shareholder agreement between the owners (Bulten and Brugola) means that the most relevant activities in the joint venture must be agreed by both parties. The key business risks and responsibility are divided among and linked to each party's contributed deliveries and products.

An assessment of the factors and circumstances on which this collaboration is based leads to the classification of this arrangement as a joint venture. With this background and with application of IFRS 11 the joint venture is reported using the equity method.

GROUP'S SHARE OF JOINT VENTURE	31-12-2016	31-12-2015
Opening balance	-7.5	-7.5
Share of profit for the year	-2.9	0.2
Other comprehensive income	-0.6	-0.2
Closing balance	**-11.0**	**-7.5**

The Group's share of BBB Service Ltd.'s negative net assets amounts to SEK -11.0 million (-7.5). In accordance with the shareholder agreement, Bulten has no formal obligation to contribute additional capital to BBB Service 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 arise because the continued operation of the company is considered to have commercial significance for the Group.

In 2015 the Group made a long-term loan to the joint venture, BBB Services Ltd., with the purpose of financing the build-up of the company's operating capital and settling outstanding operating liabilities owed to the Group. In reality this loan represents a part of the Group's net investment in BBB and is therefore reported net after deductions for the Group's share in the joint venture's accumulated losses.

PRESENTATION IN CONSOLIDATED BALANCE SHEET	2016	2015
Opening balance, long-term loan to joint venture	64.0	–
Closing balance, long-term loan to joint venture	–	65.3
Translation difference	3.0	-1.3
Closing balance, long-term loan to joint venture	67.0	64.0
Less Bulten's share of JV's negative net assets	-11.0	-7.5
Investments in joint venture	**56.0**	**56.5**

Summary of financial information

A summary of financial information is disclosed below for BBB Services Ltd, which is reported using the equity method. The information below refers to amounts reported in the year-end accounts of the joint venture (not Bulten's share of this amount) with application of the Group's accounting principles.

SUMMARISED INCOME STATEMENT	2016	2015
Income items		
Income	600.9	578.9
Expenses	-606.4	-578.4
Depreciation	–	–
Income before tax	**-5.5**	**0.5**
Tax on year's earnings	0.7	-0.1
Income after tax	**-4.8**	**0.4**
Other comprehensive income		
Exchange rate differences	-1.0	-0.4
Total comprehensive income	**-5.8**	**–**
Attributable to		
Bulten Fasteners AB	-3.5	–
Other participants	-2.3	–
Total comprehensive income	**-5.8**	**–**

SUMMARISED BALANCE SHEET	31-12-2016	31-12-20145
Assets		
Fixed assets	3.5	2.9
Current assets. excluding liquid funds	126.1	159.5
Liquid funds	5.9	2.1
Total assets	**135.5**	**164.5**
Liabilities		
Current liabilities	153.8	177.0
Total liabilities	**153.8**	**177.0**
Net assets/liabilities	**-18.3**	**-12.5**
Investment in joint venture (60%)	-11.0	-7.5

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

ACCOUNTING PRINCIPLES

The Group applies IFRS 11 Cooperation Arrangement. Under IFRS 11 an interest in a joint arrangement is classified as either joint operations or as a joint venture, depending on the contractual rights and obligations of each investor. The Group has assessed its cooperation arrangements and determined that there is a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method, investments in joint ventures are initially reported in the consolidated statement of financial position at acquisition cost. The carrying amount is increased or decreased to recognize the Group's share of earnings and other comprehensive income from its joint ventures after the acquisition date. The Group's share of results included in the consolidated results and the Group's share of other comprehensive income are 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 reports no further losses unless the Group has assumed the formal or constructive obligations or made payments on behalf of the joint venture.

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

NOTE 34 TRANSACTIONS WITH RELATED PARTIES

Information about remuneration to senior executives is provided in Note 7 Employees, personnel costs and fees to the Board of Directors.

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

BBB SERVICE LTD GROUP	2016	2015
Sale of goods	350.3	342.4
Other income	18.2	16.6
Long-term loan [1]	67.0	64.0
Accounts receivable	49.0	57.0

1) The long-term loan to BBB Services constitutes in reality a part of Bulten's net investment in BBB Services and is reported net after deductions for the Group's share in the negative net assets of the joint venture SEK -11.0 (7.5) million, see note 33.

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 price on transactions between Group companies are based on the "arm's length" principle, i.e. between parties that are independent of each other, well informed and with an interest in the transactions.

NOTE 35 CASH FLOW

ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW	2016	2015
Depreciation of fixed assets	71.1	60.0
Unrealized currency gain/currency loss	-5.2	-0.1
Earnings from participation in joint venture	2.9	-0.2
Earnings from sale of fixed assets	-0.2	-7.6
Other non cash-affecting items	3.0	2.6
Total adjustment for items not included in cash flow	**71.6**	**54.7**

INTEREST PAID AND RECEIVED	2016	2015
Interest paid	-5.0	-5.0
Interest received	–	–

LIQUID FUNDS	31-12-2016	31-12-2015
Cash and bank accounts	108.6	40.5
Total cash and bank accounts	**108.6**	**40.5**

Liquid funds in the balance sheet and cash flow statement refer solely to cash and bank accounts. Outstanding cash and cash equivalents of SEK 108.6 (40.5) million are in their entirety placed at banks with the highest credit rating from leading credit institutions.

Tangible fixed assets were acquired via financial leasing for SEK – million (37.1), which did not affect cash flow.

ACCOUNTING PRINCIPLES

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

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

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NOTE 36 SPECIFICATION OF GROUP HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORPORATE REG. NO./ REGISTERED OFFICE	COUNTRY	SHARE, % 31-12-2016
Bulten Holding AB, 556224-0894, Göteborg	Sweden	100.0
Bulten Fasteners AB 556010-8861, Göteborg	Sweden	100.0
Bulten Sweden AB, 556078-3648, Göteborg	Sweden	100.0
Bulten Hallstahammar AB, 556261-2506, Hallstahammar	Sweden	100.0
Bulten Ltd, Edinburgh	United Kingdom	100.0
Bulten Polska S.A., Bielsko-Biala	Poland	99.9
Bulten GmbH, Bergkamen	Germany	100.0
Finnveden Micro Fasteners AB, 556039-4180, Göteborg	Sweden	100.0
Bulten Apac Company Limited, Hong Kong	China	100.0
Bulten Fasteners (China) Co Ltd, Beijing	China	100.0
Finnveden Trading AB, 556201-4570, Göteborg	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
Bulten-GAZ B.V., 59227419, Amsterdam	The Netherlands	63.0
Bulten Rus LLC, 1145256000064, Nizhniy Novgorod	Russia	63.0
Bulten Industrifastighet AB, 556872-5534, Göteborg	Sweden	100.0

Capital amounts in all of the above holdings are also equivalent to voting rights. See note 37 for changes in the composition of the Group.

NOTE 37 CHANGES IN GROUP COMPOSITION

At the end of 2016, four subsidiaries were merged. Bulten Hallstahamhall AB was merged with Bulten Industrifastighet AB. Finnveden Gjutal AB and Finnveden GMF AB were merged with Bulten Holding AB. Bulten IT AB was merged with Bulten Fasteners AB.

NOTE 38 RECONCILIATION BETWEEN IFRS AND USED KEY INDICATORS

ADJUSTED NET SALES, ORGANIC GROWTH	2016	2015
Net sales	2,676.0	2,693.5
Currency effects	-15.9	–
Adjusted net sales	**2,660.1**	**2,693.5**

In calculating adjusted net sales, organic growth, net sales are adjusted for currency effects in 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 INCOME EXCLUDING DEPRECIATION. EBITDA	2016	2015
Operating income (EBIT)	200.1	165.0
Depreciation and impairments	71.1	60.0
Operating income before depreciation (EBITDA)	**271.2**	**225.0**

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

ADJUSTED OPERATING INCOME	2016	2015
Operating income (EBIT)	200.1	165.0
Capital gain on divestment of fixed asset	–	-7.8
Adjusted operating income (EBIT)	**200.1**	**157.2**

In calculating adjusted operating income (EBIT), non-recurring items are added to operating income (EBIT). This item is an expression of income cleared of non-recurring items, which can otherwise disturb comparisons.

ADJUSTED INCOME AFTER TAX	2016	2015
Income after tax	146.5	110.9
Capital gain on divestment of fixed asset	–	-7.8
Adjusted income after tax	**146.5**	**103.1**

In calculating adjusted income after tax, non-recurring items after tax are added to income after tax. This item is an expression of income after tax cleared of non-recurring items, which can otherwise disturb comparisons.

ADJUSTED EARNINGS PER SHARE	31-12-2016	31-12-2015
Income after tax attributable to parent company shareholders	148.1	116.8
Capital gains on sale of assets after tax attributable to parent company shareholders	–	-6.4
Adjusted income after tax attributable to parent company shareholders	**148.1**	**110.4**
Weighted average number of outstanding ordinary shares	20,359,707	20,829, 451
Adjusted earnings per share[1)]	**7.27**	**5.30**

1) Attributable to parent company shareholders

In calculating adjusted income after tax attributable to parent company shareholders, non-recurring items after tax attributable to parent company shareholders are added to income after tax attributable to parent company shareholders. This item is an expression of income after tax cleared of non-recurring items, which can otherwise disturb comparisons.

ADJUSTED INCOME AFTER TAX	2016	2015
Net cash (+) / net debt (-)	30.4	-176.0
Less interest-bearing liabilities attributable to financial leases	37.8	38.3
Adjusted net cash (+) / net debt (-)	**68.2**	**-137.7**

In calculating adjusted net debt, interest-bearing debt attributable to financial leasing agreements are deducted from net debt. This item gives an expression of the purified financial structure cleared of leasing debts.

NOTE 39 DISCONTINUED OPERATIONS

The Group sold its Finnveden Metal Structures division on 30 June 2014 to Shiloh Industries Inc of the US. The following tables present the earnings and cash flow from the divested business.

CASH FLOW FROM DIVESTED BUSINESS	2016	2015
Current activities	–	-2.5
Total cash flow from divested business	**–**	**-2.5**

The effect on the Group's liquid funds of the sale of Finnveden Metal Structures has been recognised in 'Cash flow from investing activities in divested business'.

ACCOUNTING PRINCIPLES

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

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

NOTE 40 EVENTS AFTER THE CLOSING DATE

Bulten has established its own production company in the US and has formed a joint venture with Ramco for fastener solutions for the North American market. Both businesses are planned for start-up in 2017. The establishment of the joint venture and subsidiary will establish Bulten's Full Service Provider concept and provide manufacturing capacity on one of the world's biggest auto markets with significant potential.

No other significant events have occurred after the closing date.

PARENT COMPANY'S INCOME STATEMENT

SEK M	NOTE	2016	2015
Net sales	2	27.9	27.0
Cost of goods sold		–	–
Gross profit		**27.9**	**27.0**
Administrative expenses	3,5	-39.1	-36.0
Operating earnings		**-11.2**	**-9.0**
Interest expenses and similar items	4	-8.4	-10.0
Earnings after net financial items		**-19.6**	**-19.0**
Appropriations	6	174.0	120.0
Earnings before tax		**154.4**	**101.0**
Tax on year's earnings	7	-34.3	-22.6
Profit/loss for the financial year		**120.1**	**78.4**

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PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK M	2016	2015
Profit/loss for the year	120.1	78.4
Other comprehensive income	–	–
Total comprehensive income for the year	**120.1**	**78.4**

PARENT COMPANY'S BALANCE SHEET

SEK M	NOTE	31-12-2016	31-12-2015
ASSETS			
Fixed assets			
Intangible fixed assets		1.1	1.1
Tangible fixed assets		1.3	1.7
Total intangible and tangible fixed assets		**2.4**	**2.8**
Financial assets			
Participations in Group companies	8, 10	1,382.5	1,382.5
Deferred tax receivables	7	19.3	53.6
Other long-term receivables		0.3	0.4
Total financial assets		**1,402.1**	**1,436.5**
Total fixed assets		**1,404.5**	**1,439.3**
Current assets			
Current receivables			
Receivables from Group companies		174.1	120.2
Other receivables		–	0.2
Current tax receivables		0.5	0.5
Prepaid costs and accrued income		1.6	1.8
Total current receivables		**176.2**	**122.7**
Cash and cash equivalents		–	1.1
Total current assets		**176.2**	**123.8**
Total assets		**1,580.7**	**1,563.1**

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SEK M	NOTE	31-12-2016	31-12-2015
EQUITY AND LIABILITIES			
Equity			
Share capital	9	10.5	10.5
Reserves		99.6	99.6
Total restricted equity		**110.1**	**110.1**
Premium reserve		1,133.0	1,133.0
Retained earnings		-88.4	-142.3
Total unrestricted equity		**1,044.6**	**990.7**
Total equity		**1,154.7**	**1,100.8**
Liabilities			
Non-current liabilities			
Liabilities to Group companies	10	345.6	328.4
Total non-current liabilities		**345.6**	**328.4**
Current liabilities			
Liabilities to credit institutions		–	50.0
Accounts payable		1.0	2.5
Liabilities to Group companies		66.9	71.0
Other liabilities		1.2	1.0
Accrued expenses and deferred income		11.3	9.4
Total current liabilities		**80.4**	**133.9**
Total equity and liabilities		**1,580.7**	**1,563.1**

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		
SEK M	SHARE CAPITAL	RESERVE	PREMIUM RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Opening balance, 1 January 2015	**10.5**	**99.6**	**1,133.0**	**-102.9**	**1,140.2**
Comprehensive income					
Profit/loss for the year	–	–	–	78.4	78.4
Total comprehensive income	**–**	**–**	**–**	**78.4**	**78.4**
Transactions with shareholders					
Share buy backs	–	–	–	-54.7	-54.7
Dividend to parent company shareholders (SEK 3.00 per share)	–	–	–	-63.1	-63.1
Total transactions with shareholders	**–**	**–**	**–**	**-117.8**	**-117.8**
Closing balance, 31 December 2015	**10.5**	**99.6**	**1,133.0**	**-142.3**	**1,100.8**
Comprehensive income					
Profit/loss for the year	–	–	–	120.1	120.1
Total comprehensive income	**–**	**–**	**–**	**120.1**	**120.1**
Transactions with shareholders					
Dividend to parent company shareholders (SEK 3.25 per share)	–	–	–	-66.2	-66.2
Total transactions with shareholders	**–**	**–**	**–**	**-66.2**	**-66.2**
Closing balance, 31 December 2016	**10.5**	**99.6**	**1,133.0**	**88.4**	**1,154.7**

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PARENT COMPANY'S CASH FLOW STATEMENT

SEK M	2016	2015
Operating activities		
Earnings after financial items	-19,6	-19,0
Adjustments for items not included in cash flow	8,4	9,4
Taxes paid	–	–
Cash flow from operating activities before changes in working capital	**-11,2**	**-9,6**
Cash flow from changes in working capital		
Increase(–)/Decrease(+)in operating receivables	0,8	2,8
Increase(+)/Decrease(–) in operating liabilities	0,5	-3,3
Cash flow from operating activities	**-9,9**	**-10,1**
Investing activities		
Acquisition of intangible fixed assets	-0,2	–
Acquisition of tangible fixed assets	-0,3	-1,8
Cash flow from investing activities	**-0,5**	**-1,8**
Financing activities		
Increase in loan liabilities	–	50,0
Amortisation of loans	-50,0	–
Changes in financial receivables/liabilities, Group companies	125,5	80,2
Share buy backs	–	-54,7
Dividend to parent company shareholders	-66,2	-63,1
Cash flow from financing activities	**9,3**	**12,4**
Cash flow for the year	**-1,1**	**0,5**
Cash and cash equivalents at start of financial year	1,1	0,6
Cash and cash equivalents at year end	**–**	**1,1**

NOTES, PARENT COMPANY

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

NOTE 1 ACCOUNTING PRINCIPLES

The parent company applies standard RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. RFR 2 states that parent companies of Groups that voluntarily choose to apply IAS/IFRS in the consolidated accounts shall as a rule also apply the same IAS/IFRS. The parent company therefore applies the principles used for the consolidated accounts and which have been described above in note 2 of the consolidated accounts, with the exceptions stated below. The principles have been applied consistently for all years presented, unless otherwise stated. Shares and participations in subsidiaries are reported at acquisition cost after deductions for possible impairment.

Received dividends are reported as financial income. Dividends that exceed the comprehensive income of subsidiaries for the period or which mean that the reported value of the participation's net assets in the consolidated accounts are lower than the reported value of the participations, are an indication that there is an impairment requirement. When there is an indication that shares and participations in subsidiaries have fallen in value an estimate is made of the recoverable value. If this is lower than the reported value, impairment is carried out. Impairment is reported under 'Earnings from participations in Group companies'.

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

Group contributions are reported by applying the so-called alternative rule in accordance with RFR 2, IAS 27, p.2. The alternative rule means that both received and paid contributions are recorded as an appropriation of profit and loss.

NOTE 2 NET SALES

	2016	2015
Intra-Group services	27.9	25.7
Other income	–	1.3
Total net sales	**27.9**	**27.0**

Intra-Group services include management, IT services and administrative support. Debiting is based on market terms.

NOTE 3 FEES AND REMUNERATION FOR AUDITING

PRICEWATERHOUSECOOPERS	2016	2015
Audit	0.9	1.3
Other audit assignments	0.1	0.1
Tax advice	0.3	0.3
Other services	0.6	0.7
Total fees and remuneration for auditing	**1.9**	**2.4**

'Audit' refers to the examination of 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 and other assistance as a result of observations during the audit or the implementation of the other duties referred to.

'Other auditing assignments' mainly comprises a general survey of interim reports. 'Tax advice' includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refer to services not relating to the above categories.

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NOTE 4 INTEREST EXPENSES AND SIMILAR ITEMS

	2016	2015
Interest expenses, Group companies	-7.5	-9.2
Other	-0.9	-0.8
Total interest expenses and similar items	**-8.4**	**-10.0**

None of the interest expenses for 2016 and 2015 are paid.

NOTE 5 EMPLOYEES, PERSONNEL COSTS AND FEES TO THE BOARD

The company has 9 (8) employees. Note 7 of the consolidated accounts presents total remuneration paid to Board members and senior executives.

NUMBER OF EMPLOYEES	2016	2015
Women	6	5
Men	3	3
Total	**9**	**8**

SALARIES, REMUNERATION, SOCIAL FEES AND PENSION COSTS	2016	2015
Salaries and remuneration to Board members, President and CEO	9.2	7.8
Salaries and remuneration to other employees	4.8	3.6
Sum of wages and salaries	**14.0**	**11.4**
Statutory social security costs	5.5	4.1
Pensions costs for Board members, President and CEO and deputy CEO	1.9	1.7
Pension costs for other employees	1.3	0.7
Sum of social security and remuneration cost	**8.7**	**6.5**
Total	**22.7**	**17.9**

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NUMBER OF BOARD MEMBERS ON CLOSING DATE	2016	2015
Women	2	1
Men	7	7
Total	**9**	**8**

NUMBER OF PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES	2016	2015
Women	3	2
Men	1	1
Total	**4**	**3**

NOTE 6 APPROPRIATIONS

	2016	2015
Group contribution, received	174.0	120.0
Tax on Group contribution	–	–
Total appropriations	**174.0**	**120.0**

NOTE 7 TAX ON INCOME FOR THE YEAR

REPORTED TAX	2016	2015
Current tax		
Current tax for the year	–	–
Total current tax	**–**	**–**
Deferred tax expense (-)/tax income(+)		
Deferred tax on temporary differences	-34.3	-22.6
Total deferred tax	**-34.3**	**-22.6**
Recognised tax	**-34.3**	**-22.6**

RECONCILIATION OF EFFECTIVE TAX, AMOUNT	2016	2015
Earnings before tax	154.4	101.0
Tax according to applicable tax rate	-34.0	-22.2
Tax effect of:		
Non-deductible expenses	-0.3	-0.4
Tax on income for the year according to income statement	**-34.3**	**-22.6**

The deferred tax asset of SEK 19.3 (53.6) million is fully attributable to a taxable deficit deduction.

NOTE 8 PARTICIPATIONS IN GROUP COMPANIEST

	31-12-2016	31-12-2015
Opening balance	1,382.5	1,382.5
Reported value at year end	**1,382.5**	**1,382.5**

SPECIFICATION OF PARENT COMPANY'S PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. REG. NO./REG. OFFICE	PARTICIPA-TION, % 31-12-2016	REPORTED VALUE 31-12-2016
Bulten Holding AB. 556224-0894. Göteborg	100%	1,382.5
Reported value at year end		**1,382.5**

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

NOTE 9 SHARE CAPITAL

	ORDINARY SHARES	TOTAL NO. OF SHARES
Number of shares outstanding at 31 December 2014	21,040,207	21,040,207
Share buy backs in 2015	-680,500	-680,500
Number of shares outstanding at 31 December 2015	20,359,707	20,359,707
Number of shares outstanding at 31 December 2016	20,359,707	20,359,707

The total number of ordinary shares at 31 December 2016 was 21,040,207. The quotient value of the share is SEK 0.50. All issued shares have been paid in full. The company did not buy back any shares in 2016. In 2015 the company bought back 680,500 shares, which corresponds to SEK 54.7 million.

NOTE 10 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTION

	31-12-2016	31-12-2015
Shares in subsidiaries	1,382.5	1,382.5
Total pledged assets for liabilities to credit institution	**1,382.5**	**1,382.5**

NOTE 11 CONTINGENT LIABILITIES

	31-12-2016	31-12-2015
Guarantees on behalf of Group companies	4.7	5.2
Other contingent liabilities	1.8	1.4
Total contingent liabilities	**6.5**	**6.6**

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NOTE 13 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 presented in note 5 (Employees, personnel costs and Board fees). Transactions have been made with related parties on terms equivalent to those that prevail in commercial transactions

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 July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Board of Directors' Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainty tfactors that the Parent Company and Group companies face.

Göteborg, Sweden, 22 March 2017

Ulf Liljedahl
Chairman of the Board

Ann-Sofi Danielsson
Board member

Hans Gustavsson
Board member

Hans Peter Havdal
Board member

Peter Karlsten
Board member

Anne-Lie Lind
Board member

Gustav Lindner
Board member

Johan Lundsgård
Board member

Johan Larsson
Employee representative

Tommy Andersson
President and CEO

Our Auditor's report was submitted on 22 March 2017

PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

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AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Bulten AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 36-82 in 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 parent company as of 31 December 2016 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 2016 and their 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 statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for opinions

We 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 Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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.

Our Audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated 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 result of Bulten's decentralized financial organization, large parts of the financial reporting are performed at entities 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, 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, 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 33 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 audit procedures. For other units, which were assessed as individually immaterial to the consolidated audit, the group audit team performed analytical 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 consolidated 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 application of materiality. An audit is designed to obtain reasonable assurance 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 of users taken 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 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 those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Valuation of goodwill

As of December 31, 2016 the Group reports goodwill of SEK 204 million. In accordance with IAS 36, the Group tests, at least, annually whether there is a need for impairment of goodwill. This testing is done by calculating the business recovery value and comparing it to the carrying value of the business. The recoverable amount is determined by management through a calculation of the company's ability to generate cash flow in the future. Impairment testing of goodwill is essential for our audit as this is based on significant estimates and assumptions about the future. Based on the company management's impairment test, the Board has concluded that no requirement for impairment of goodwill exists as at 31 December 2016. The most significant assumptions used in the impairment test are described in Note 16.

How our audit addressed this key audit matter

Our audit procedures included an assessment of the mathematical accuracy of the cash flow calculation, and a reconciliation of cash flow projections with the budget adopted by the Board for 2017 and the approved business plan for 2018-2019. We have evaluated and determined that the company's valuation is consistent with generally accepted valuation techniques. We have challenged management regarding the reasonableness of the assumptions that have the greatest effect on the value, which include sustained growth rate, sustainable operating margin and discount rate.
By conducting our own sensitivity analysis, we have challenged management's assumptions and tested the safety margins and assessed the risk that an impairment requirement could arise.
We have also assessed whether the company has provided enough information in the annual report regarding those assumptions that, if changed, might lead to impairment requirement for goodwill in the future.

Key audit matter

Inventory obsolescence

As of December 31, 2016 the Group reported inventories of SEK 450 million. Management determines the value of inventories based on estimates of the acquisition cost less estimated obsolescence. The valuation of inventories is essential for our audit because the valuation comprises a number of estimates and also the value of inventory is a significant proportion (about 23%) of the Group's total assets. A major assessment that management needs to do in the valuation of inventories is related to the Group's ability to sell their products in stock at a price in excess of cost, and in this context consider the risk of obsolescence. The risk of obsolescence arises especially in the event that the Group's customers were to 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, management has established a Group-wide obsolescence policy. This policy takes into account historic rates of scrapping, individual articles' time in stock (slow-moving stock), which together with actual and estimated future sales volumes gives management a basis to establish a reasonable obsolescence reserve. The Group's principles for the valuation of inventories and accounting for inventory obsolescence is described in note 19 of the annual report.

How our audit addressed this key audit matter

Our audit procedures included an evaluation of the Group's principles for determining inventory obsolescence. We have examined the application of the Group obsolescence policy in reporting units. We specifically examined the reasons in case management had chosen to deviate from the statistically calculated obsolescence based on the obsolescence policy. We have tested the mathematical correctness in the company's reports of items that have not moved in the stock for a longer period, partly by taking random samples and also by performing data analysis of stock transactions. We have used analytical procedures to identify inventory items that are sold with a negative margin. We have discussed with management and reviewed the minutes of board meetings and other important management meetings to identify projected changes in sales that could lead to inventory items becoming obsolete. Finally, we have checked whether the Group in a satisfactory manner described its principles for the valuation of inventories in financial statements, including the estimates and assumptions made for valuing stock as of 31 December 2016.

Information other than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is presented on pages 1-35 and pages 93-101. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the 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 that fact. We have nothing to report in this regard.

Responsibility of the Board of directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director 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 related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts 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 is not a guarantee that an audit conducted in accordance with ISAs 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 of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bulten AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

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

Basis for our statement

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this 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, 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 among other things 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, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle 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 Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has 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 reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but 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 to 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 on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf.

This description is part of the auditor´s report.

Göteborg, Sweden, 22 March 2017
PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

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DEFINITIONS

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

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

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

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

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

EBIT-margin (operating margin)
Operating profit/loss after depreciation and amortisation as a percentage of year's net sales.

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

Equity
Reported shareholders' equity including minority interests.

Full Service Provider (FSP) concept
An offer to take complete responsibility throughout the entire chain of value, from product development to delivery into the customer's production line.

Pre-development
Preparatory product development to identify and secure future technology needs.

Inventory turnover
Cost of sold goods divided by average inventories.

Capital turnover
Net sales divided by average capital employed.

Net cash assets/net debt
Interest-bearing liabilities, less interest-bearing assets, everything calculated at year-end.

Adjusted net cash assets/net debt
Interest-bearing liabilities excluding interest-bearing liabilities attributable to financial leasing agreements, less interest-bearing assets.

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

Net debt/equity ratio
Interest-bearing net liabilities divided by shareholders' equity

OEM
Original Equipment Manufacturer, vehicle manufacturer.

Organic growth
Net sales compared to the previous year's results.

Net sales per employee
Net sales divided by average number of annual employees.

Earnings per share 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.

Operating margin
Operating profit/loss as a percentage of net sales.

Operating profit per employee
Profit/loss after financial items divided by average number of annual employees.

Equity/assets ratio
Shareholders' equity including minority interests as a percentage of balance sheet total.

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

Tier 1 supplier
A supplier that delivers directly to vehicle manufacturers.

Tier 2 supplier
A supplier that delivers to a Tier 1 supplier.

CORPORATE GOVERNANCE REPORT

Bulten AB (publ) is a Swedish public limited company with its registered office in Göteborg, 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 with shares listed on a regulated market in Sweden and shall be fully applied at the first AGM held during the year following market listing. Bulten started adapting to the Code in connection with its 2011 AGM and has since then 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 to better suit its circumstances provided that any noncompliance and alternative solutions are described and the reasons explained in the corporate governance report.

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

ANNUAL GENERAL MEETING

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

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

Right to Attend AGMs

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

Initiatives from shareholders

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

Largest shareholders

At the end of 2016 the Company had a total of 6,588 (6,411) shareholders. The five largest shareholders controlled 54.2% (48.9) of capital and votes by the end of the year. The single largest shareholder, Volito AB, controlled 21.2% (21.1) of the capital and votes.

2017 Annual General Meeting

The 2017 Annual General Meeting (AGM) of Bulten AB (publ) will be held at the company's head office, August Barks gata 6A in Göteborg, Sweden, at 5 p.m. on 25 April. More information is available at www.bulten.com

Nominations Committee

The Nominations Committee shall comprise four members – one representative each for the three largest shareholders on the final banking day in September who wish to appoint a member of the committee, and the chairman of the Board. The three largest shareholders are considered to be the three largest shareholders registered as owners with Euroclear Sweden AB on the final banking day in September. In the event of a major change in ownership the new largest shareholder shall have the right, if a request is submitted, to appoint a representative to the Nominations Committee.

Board members elected at 2016 Annual General Meeting

The table below provides an overview of the Board in 2016.
Additional information about Board members can be found on pages 90-91.

NAME	BOARD ROLE	ELECTED/ APPOINTED	RESIGNED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INDEPENDENCE IN RELATION TO COMPANY AND SENIOR EXECUTIVES	INDEPENDENCE IN RELATION TO MAJOR SHAREHOLDERS
Board members							
Ulf Liljedahl	Chairman	2015	–	–	Member	Yes	No
Ann-Sofi Danielsson	Member	2014	–	Chairman	–	Yes	Yes
Hans Gustavsson	Member	2005	–	–	Member	Yes	Yes
Hans Peter Havdal	Member	2013	–	–	–	Yes	Yes
Peter Karlsten	Member	2015	–	Member	–	Yes	Yes
Anne-Lie Lind	Member	2016	–	–	–	Yes	Yes
Gustav Lindner	Member	2015	–	Member	–	Yes	No
Johan Lundsgård	Member	2012	–	Member[1]	Chairman	Yes	Yes
Johan Larsson	Employee representative	2016	–	–	–	–	–
Tony Frunk	Employee representative	2011	2016	–	–	–	–
Deputy							
Thure Andersen	Employee representative	2011	–	–	–	–	–

1) Up to Annual General Meeting 26 of april 2016

Instructions for the Nominations Committee were adopted at the Annual General Meeting held on 26 April 2016. The Nominations Committee shall, among other activities, submit proposals for the chairman of the AGM, the number of elected Board members, names of the chairman of the Board and other elected Board members, members of Board committees, election of auditors and fees for auditors. Öystein Engebretsen was appointed chairman of the Nominations Committee.

NOMINATIONS COMMITTEE	COMPANY
Öystein Engebretsen	Investment AB Öresund
Pär Andersson	Spiltan Fonder AB
Claes Murander	Lannebo Fonder
Ulf Liljedahl, Chairman of the Board	Bulten AB

BOARD OF DIRECTORS

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

The Board of Directors is also responsible for ensuring that the annual report and the consolidated accounts are prepared in time. The Board of Directors also appoints the 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 part of the Board of Directors elected by the shareholders' meeting shall consist of a minimum of three and a maximum of 10 members without deputies. In addition, employee representatives have been appointed.

Chairman of the Board

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

Board's procedures

The Board of Directors follows written rules of procedure, which are revised annually, and are adopted by the constituting board meeting every year. Among other things, the rules of procedure regulate Board practice, functions and the division of work between the members of the Board and the 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.

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

At present, the Company's Board of Directors consists of eight ordinary elected members and one ordinary employee representative and one deputy. Board members are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

Board meetings in 2016

Attendance of Board members at Board meetings in 2016.

BOARD MEMBER	ATTENDANCE/ TOTAL MEETINGS
Ulf Liljedahl	11/11
Ann-Sofi Danielsson	10/11
Hans Gustavsson	11/11
Hans Peter Havdal	11/11
Peter Karlsten	9/11
Anne-Lie Lind (elected 26/4/2016)	7/11
Gustav Lindner	11/11
Johan Lundsgård	11/11
Johan Larsson (elected 26/4/2016)	7/11
Tony Frunk (resigned 26/4/2016)	3/11
Deputy	
Thure Andersen	10/11

Board assessment, 2016

Each year the Board makes an assessment of its work and this assessment is presented and discussed at a Board meeting. The purpose of this assessment is to develop work procedures and enhance efficiency. The assessment 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 is informed of the outcome of the assessment.

AUDIT COMMITTEE

Bulten has an audit committee consisting of four members: Ann-Sofi Danielsson (chairwoman), Peter Karlsten and Gustav Lindner. Johan Lundsgård resigned on 26 April 2016.

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

COMMITTEE MEMBER	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Ann-Sofi Danielsson	5/5
Johan Lundsgård (resigned 26/4/2016)	3/5
Peter Karlsten	5/5
Gustav Lindner	5/5

REMUNERATION COMMITTEE

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

COMMITTEE MEMBER	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Johan Lundsgård	6/6
Ulf Liljedahl	6/6
Hans Gustavsson	6/6

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 governing the activities of the Board and the instructions for the President and CEO. The President and CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings. Under the instructions for financial reporting, the 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 earnings and financial position. The President and CEO is therefore required to keep the Board informed of the Company's development, sales, results and financial position, liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the Company's shareholders and directors. Board members are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

REMUNERATION FOR MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

Remuneration for Board members

Fees and other remuneration for elected members of the Board, including the chairman, are fixed by the AGM. The AGM held on 26 April 2016 decided that a total fixed remuneration of SEK 2,700,000 shall be paid to the board of directors for the period until the next AGM, whereof SEK 450,000 shall be paid to the chairman and SEK 300,000 shall be paid to each of the other board members who are elected at a shareholder meeting and not employed by the company. It shall be a condition of payment that the Board member shall be elected at a shareholder meeting and not be employed by the company. The AGM also decided that a fixed fee of SEK 75,000 should be paid to the chairman of the audit committee and SEK 25,000 to other members of the committee. The members of the remuneration committee will receive no fees. The members of the Company's Board shall not be entitled to any benefits once they retire as members of the Board.

For further information about remuneration to Board members, see note 7.

Remuneration for senior executives

By the decision of the AGM on 26 April 2016, the following guidelines shall apply to remuneration and other employment terms and conditions for the President and CEO and other senior management. Salaries and other terms and conditions of employment shall be adequate for Bulten to constantly attract and retain skilled senior managers at a reasonable cost to the Company. Remuneration in Bulten shall be based on principles of performance, competitiveness and fairness. The salaries of senior managers are made up of a fixed salary, bonuses, pension and other benefits. Every senior manager shall be offered a fixed salary in line with market conditions and based on the senior manager's responsibility, expertise and performance. In addition, the AGM may resolve to offer long-term incentive programs such as share and share price-related incentive programs. These incentive programs are intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees.

All senior managers may be offered cash bonuses now and again. In the case of the President and CEO such bonuses may amount to a maximum of 60 percent of the annual fixed salary, but at present it amounts to 50 percent of the annual fixed salary. In the case of the other senior managers bonuses may not exceed 40 percent of their annual fixed salaries. Bonuses shall primarily be based on developments in the Group as a whole or developments in the division or unit which the person in question is responsible for.

For further information about remuneration to senior executives, see note 7.

EXECUTIVE MANAGEMENT

During 2016 the executive management team comprised eight members: the President and CEO, EVP and CFO, SVP technology and business development, SVP Supply Chain, SVP Marketing and Sales, SVP Production, SVP Corporate Communications and SVP HR and Sustainability. The executive management team meets monthly to follow up business and financial results. Great importance is given to maintaining close contacts with the operational business. As from January 1, 2017 a new organization has been established. See page 96-97.

INTERNAL CONTROLS

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

The Board's responsibility for internal controls is established in the Swedish Companies Act and internal controls regarding financial reporting are covered by the Board's reporting instructions for the 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 internal delegation of responsibility and authority that has the overall aim of providing good control over financial reporting.

Control environment

The control environment forms the basis for internal controls. 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 controls for financial reporting. The Board has established

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

Risk assessment

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

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

Internal controls for financial reporting

Financial reports are prepared monthly, quarterly and annually for the Group, its divisions and subsidiaries. In connection with reporting, extensive analysis and comments are prepared along with updated forecasts aimed at ensuring, among other benefits, that financial reporting is accurate. Finance staff and controllers with functional responsibility for accounts, reports and analysis of financial development work at Group, divisions and unit level.

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
- Support a rational and informed valuation of the business

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

Information and communication

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

Control activities

The Group's CFO has the central role for analyzing and following up the division's financial reporting and results. The parent company has additional functions for regular analysis and follow-up of the financial reporting of the Group, divisions and subsidiaries.

A Group-wide internal control programme for key processes at the subsidiary and corporate level has been implemented. The internal control programme covers essential processes and aims to ensure that appropriate controls are designed and implemented to prevent errors in financial reporting.

Follow-up

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

The Group's reporting units also conduct regular self-assessments on the effectiveness of internal control over financial reporting. The assessments are reported to the Group, 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, earnings, financial position and cash flow. Outcomes and forecasts are assessed and monitored.

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

AUDITORS

Bulten's auditors are PricewaterhouseCoopers AB, with Fredrik Göransson as authorised public accountant in charge of the audit. PwC carries out the audit of Bulten AB (publ) and all subsidiaries. The annual 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 the internal report packages, an audit of the year-end closing and a general review of one interim report. Reviews of internal control are included as part of the work.

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

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

During 2016, in addition to the audit assignment, Bulten consulted PwC on taxes, transfer price matters and accounting matters. The size of remunerations paid to PwC in 2016 is shown in Note 8 on page 54.

PwC is obligated 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 interested parties is supplied via the annual report, interim reports and press releases. All external information is also available on the company's website, www.bulten.se

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 the company. The Board makes an assessment each year whether to establish a function for internal auditing. In 2016 the Board decided that this was not necessary. In reaching this decision the Board decided that internal controls are primarily exercised through the following:

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

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

Göteborg, Sweden, 22 March 2016

Ulf Liljedahl
Chairman of the Board

Ann-Sofi Danielsson
Board member

Hans Gustavsson
Board member

Hans Peter Havdal
Board member

Peter Karlsten
Board member

Anne-Lie Lind
Board member

Gustav Lindner
Board member

Johan Lundsgård
Board member

Johan Larsson
Employee representative

Tommy Andersson
President and CEO

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Assignment and division of responsibility

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2016 presented on pages 88-92 and that it has been prepared in accordance with the Annual Accounts Act.

The focus and scope of the review

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 statement has a different focus and is substantially less in scope compared with 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 sufficient basis for our opinion.

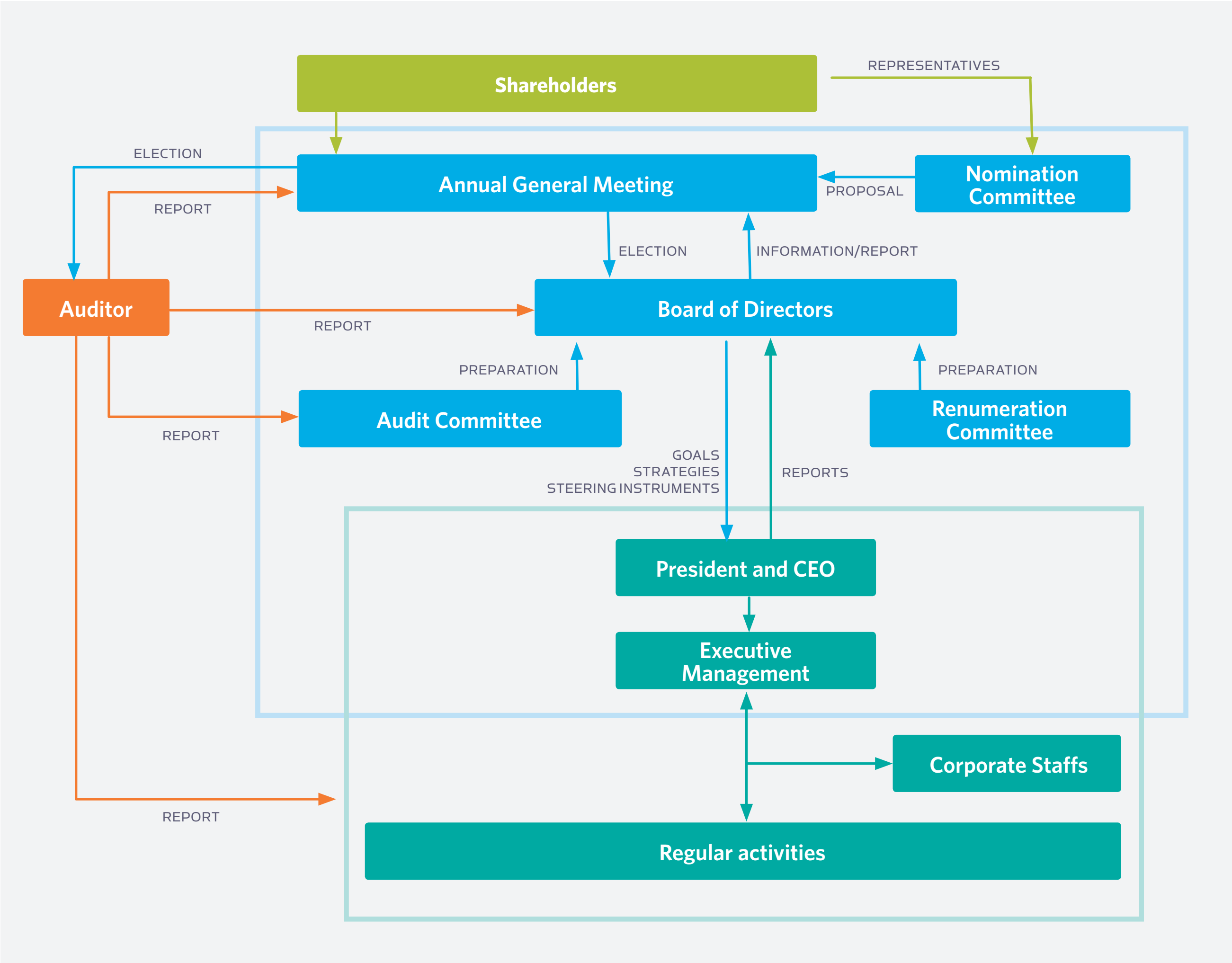
Statement

A corporate governance report has been prepared. Information in chapter 6, section 6, second paragraph, points 2-6 of the Annual Accounts Act, and chapter 7, section 31, second paragraph of the same Act is consistent with the annual report and consolidated financial statements, and are in accordance with the Annual Accounts Act.

Gothenburg, 22 March 2017
PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

OVERVIEW OF CORPORATE GOVERNANCE



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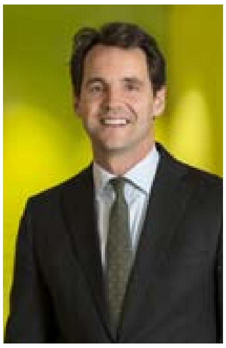
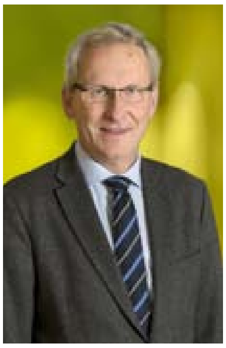
BOARD OF DIRECTORS





Name	ULF LILJEDAHL	ANN-SOFI DANIELSSON	HANS GUSTAVSSON	HANS PETER HAVDAL	PETER KARLSTEN
Role on the Board	Chairman of the Board	Board member Charirman of the audit committee	Board member	Board member	Board member
Elected	2015	2014	2005	2013	2015
Current occupation	President and CEO of Volito AB	CFO of Bonava AB	Runs a management consultancy company and is advisor for Denso Sweden AB	General Manager of Semcon Devotek AS	Runs a company which focus on corporate gover-nance and counseling
Born	1965	1959	1946	1964	1957
Education	Master of Business Administration	Master of Business Administration	Mechanical engineer, finance and management educations	Master of Science in Mechanical Engineering	Master of Science in Mechanical Engineering
Nationality	Swedish	Swedish	Swedish	Norweigen	Swedish
Other assignments	Several board assign-ments for companys in the Volito Group and board member of Konecranes Plc.	Board member of Pandox AB	Board member of CKAB Group AB	None	Board member of Prevas AB, Real Holding AB, Deutz AG and Alelion Energy Systems AB
Independent of the company and corporate management	YES	YES	YES	YES	YES
Independent of the company's major shareholders	NO	YES	YES	YES	YES
Previous experience	Executive positions at Husqvarna Group and Cardo Group and a number of positions in finance at Alfa Laval	Executive positions at NCC and Nynäs, authorized public accountant at Tönnerviksgruppen and KPMG	Executive positions at Volvo Cars and Jaguar Land Rover	Executive positions in the Kongsberg Group	Executive positions at AB Volvo and ABB
Shareholding in Bulten as of 28 Feb. 2017	-	-	126,268	2,650	3,000
Board meetings *Attendence/Meetings *)*	11/11	10/11	11/11	11/11	9/11
Audit committee *Attendence/Meetings *)*	NO -	YES *5/5*	NO -	NO -	YES *5/5*
Remuneration committee *Attendence/Meetings *)*	YES *6/6*	NO -	YES *6/6*	NO -	NO -
Remuneration 2016	450,000	375,000	300,000	300,000	325,000
of which Board work	*450,000*	*300,000*	*300,000*	*300,000*	*300,000*
of which Committee work	-	*75,000*	-	-	*25,000*

*) See Corporate Governance Report page 88.

Name	ANNE-LIE LIND	GUSTAV LINDNER	JOHAN LUNDSGÅRD	JOHAN LARSSON	THURE ANDERSEN
Role on the Board	Board member	Board member	Board member Charirman of the remu-neration committee	Employee representative for IF Metall	Employee representative for Unionen, deputy
Elected	2016	2015	2012	2016	2011
Current occupation	Vice President Europe, Camfil Power Systems	President of Investment AB Öresund	Board assignment	Purchaser at Bulten's Hallstahammar plant	Production planner at Bulten's Hallstahammar plant
Born	1971	1978	1953	1976	1952
Education	Master of Science in Mechanical Engineering and MBA	Master of Business Administration	Finance and management educations	Upper secondary school, 3 year	Mechanical and electrical engineering courses
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	Chairman of the Board of AkkaFRAKT and board member of Opus Group AB.	Board member of Bilia AB	None	-	-
Independent of the company and corporate management	YES	YES	YES	-	-
Independent of the company's major shareholders	YES	NO	YES	-	-
Previous experience	Executive positions at SKF, Volvo and Tetra Pak.	Positions within finance and management at HQ Bank and Swedbank	Executive positions at among others Getinge, Trelleborg, Novartis and Finnveden	-	-
Shareholding in Bulten as of 28 Feb. 2017	2,500	2,000	-	-	-
Board meetings *Attendence/Meetings *)*	7/11	11/11	11/11	7/11	10/11
Audit committee *Attendence/Meetings *)*	NO -	YES 5/5	YES 3/5	-	-
Remuneration committee *Attendence/Meetings *)*	NO -	NO -	YES 6/6	-	-
Remuneration 2016	300,000	325,000	325,000	-	-
of which Board work	*300,000*	*300,000*	*300,000*	-	-
of which Committee work	-	*25,000*	*25,000*	-	-

*) See Corporate Governance Report page 88.

GROUP MANAGEMENT AND AUDITOR

Name	TOMMY ANDERSSON	HELENA WENNERSTRÖM	MAGNUS CARLUNGER	MARLENE DYBECK	TORBJÖRN HJERPE
Current position	President and CEO	Executive Vice President and CFO	Senior Vice President Marketing and Sales region East	Senior Vice President HR and Sustainability	Senior Vice President of Supply Chain
In current position/ employed	2014/2000	2014/2002	As from 1 Jan, 2017/1995	2016/2016	2014/2004
Education	Mechanical engineer. Education in finance and management	MBA	Executive MBA and Mechanical Engineer	Executive MBA and University studies in Behavioural science	Mechanical Engineer
Previous experience	Head of division Bulten since 2001 and Executive Vice President of Finn-vedenBulten since 2011. Previous senior positions mainly within the Autoliv Group and Finnveden.	CFO of FinnvedenBulten since 2009 and CFO of Bulten since 2006. Previous positions within Finnveden, Bulten, Digitalfabriken and Top-con among others.	Managing Director of Bulten Sweden AB since 2003. Previous positions within C I Pihl among others.	Previous positions within Volvo Cars, Hultafors Group and Gunnebo. among	Vice President Quality, Environment and Purcha-sing of Bulten since 2004. Previous positions within Volvo Trucks among others.
Born	1953	1965	1967	1966	1950
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish
Other assignments	None	Member of Handels-banken's branch board Sisjön, Gothenburg	None	None	None
Shareholding in Bulten as of 28 Feb. 2017	188,610	96,264	10,182	2,412	16,500





Name	ANDERS KARLSSON	JÖRG NEVELING	KAMILLA ORESVÄRD	NEAL THOMAS	FREDRIK GÖRANSSON
Current position	Executive Advisor Business Development	Senior Vice President Production	Senior Vice President Corporate Communi-cations	Senior Vice President Marketing and Sales region West	Pricewaterhouse-Coopers AB Lead auditor
In current position/ employed	As from 1 Jan, 2017/1975	2014/1995	2014/2005	As from Jan 1, 2017/1994	Lead auditor of the company since 2013
Education	MBA	Mechanical Engineer	Arts degree	A-levels. Edcuations in sales and management.	Authorised public accountant
Previous experience	Vice President Marketing of Bulten since 2003. Previous positions within various Bulten companies among others	Vice President Production of Bulten since 2005 and Managing Director of Bulten GmbH since 2009. Previous positions within Knipping – Dorn and GKS GmbH among others	Vice President Corporate Communications of FinnvedenBulten since 2011 and manager of Communications for Finnveden since 2006. Previous positions within Finnveden and SCA among others	Managing Director of Bulten's companies in the UK since 2002 and many years of experience from additional leading positions at Bulten.	-
Born	1949	1960	1967	1961	1973
Nationality	Swedish	German	Swedish	British	Swedish
Other assignments	President of EIFI (Euro-pean Industrial Fasteners Institute) since 2008	None	None	None	Lead auditor for VBG Group AB (publ), Bufab AB (publ) and HMS Networks AB (publ)
Shareholding in Bulten as of 28 Feb. 2017	26,058	12,338	1,908	3,355	-

KEY INDICATORS

THE GROUP	2016	2015	2014	2013	2012
Margins					
EBITDA-margin, %	10.1	8.4	7.4	8.4	6.7
Adjusted EBITDA-margin, %	10.1	8.1	7.0	8.4	6.7
EBIT-margin, %	7.5	6.1	5.5	6.0	4.3
Adjusted EBIT-margin (operating margin), %	7.5	5.8	5.1	6.0	4.3
Net margin, %	5.5	4.1	3.5	5.6	1.8
Adjusted net margin, %	5.5	3.8	3.1	4.1	2.9
Profitability ratios					
Return on capital employed, %	13.9	11.5	9.6	8.1	5.7
Adjusted return on capital employed, %	13.9	11.0	8.8	8.1	5.7
Return on equity, %	11.5	9.4	15.0	8.3	4.2
Adjusted return on equity, %	11.5	8.9	13.1	8.6	6.1
Capital structure					
Capital turnover, times	1.8	1.9	1.7	1.3	1.3
Net debt/equity ratio, times	0.0	-0.1	0.1	-0.2	-0.2
Interest coverage, times	30.6	14.4	8.7	15.4	10.2
Equity ratio, %	68.9	64.0	67.5	52.7	54.9
Employees					
Net sales per employee, SEK thousand	2,117.1	2,246.5	2,054.7	1,905.0	1,897.9
Operating profit per employee, SEK thousand	158.3	137.6	113.5	115.2	81.0
Number of employees	1,264	1,199	1,175	948	902
Other					
Net cash(+)/net debt(-), SEK million	30.4	-176.0	137.3	-188.7	-247.3
Adjusted net cash(+)/net debt(-), SEK million [2)]	68.2	-137.7	139.6	-145.3	-233.9
Earnings per share attributable to parent company shareholders					
Earnings per share - Remaining operations, SEK [*)]	7.27	5.61	4.32	4.77	1.47
Earnings per share - Discontinued operations, SEK [*)]	–	–	4.02	-0.57	0.60
Earnings per share - Total, SEK [*)]	7.27	5.61	8.34	4.20	2.07
Earnings per share - Remaining operations adjusted for non-recurring items, SEK [*1)]	7.27	5.30	3.91	3.49	2.37
Number of outstanding shares					
Weighted number of ordinary shares outstanding, thousands [*)]	20,359.7	20,829.5	21,040.2	21,040.2	21,040.2

*) Both before and after dilution.
1) Earnings per share - remaining operations adjusted for non-recurring items. Profit after tax adjusted for non-recurring costs. Current and deferred tax is used for all adjusted items. Divided by the weighted number of outstanding shares on the balance sheet date.
2) Adjusted net cash/net debt. Interest-bearing liabilities excluding those interest-bearing liabilities relating to finance leases less interest-bearing assets.

QUARTERLY DATA

THE GROUP	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1
Orders received	744.0	602.1	671.8	698.6	673.6	652.3	688.0	659.6
Income statement								
Net sales	673.7	600.6	686.4	715.3	666.7	617.5	695.8	713.5
Gross profit	140.1	116.6	138.2	135.9	131.6	112.0	135.9	130.6
Earnings before depreciation (EBITDA)	71.3	57.4	70.5	72.0	63.9	50.9	59.7	50.5
EBITDA-margin, %	10.6	9.6	10.3	10.1	9.6	8.2	8.6	7.1
Adjusted earnings before depreciation (EBITDA)	71.3	57.4	70.5	72.0	59.9	50.9	55.9	50.5
Adjusted EBITDA-margin, %	10.6	9.6	10.3	10.1	9.0	8.2	8.0	7.1
Operating earnings(EBIT)	51.9	39.3	53.6	55.3	47.4	36.0	45.2	36.4
EBIT-margin (operating margin), %	7.7	6.5	7.8	7.7	7.1	5.8	6.5	5.4
Adjusted operating earnings (EBIT)	51.9	39.3	53.6	55.3	43.4	36.0	41.4	36.4
Adjusted EBIT-margin (operating margin), %	7.7	6.5	7.8	7.4	6.4	5.8	5.9	5.1
Earnings after tax	37.3	29.9	38.9	40.4	24.3	21.8	35.3	29.5
Net margin, %	5.5	5.0	5.7	5.6	3.6	3.5	5.1	4.1
Adjusted earnings after tax	37.3	29.9	38.9	40.4	20.3	21.8	31.5	29.5
Adjusted net margin, %	5.5	5.0	5.7	5.6	3.0	3.5	4.5	4.1
Cash flow from								
Current operations	122.3	55.4	95.1	77.9	90.8	-12.4	14.2	48.7
investment operations	-30.6	-29.0	-6.5	-16.0	-146.3	-40.0	-33.0	-87.6
financing operations	-68.9	9.8	-134.7	-8.3	20.9	4.6	-65.4	-4.1
Cash flow for the period	22.8	36.2	-46.1	53.6	-34.6	-47.8	-84.2	-43.0
Earnings per share attributable to parent company shareholders								
Earnings per share, SEK *)	1.82	1.50	1.92	2.03	1.33	1.14	1.69	1.44
Earnings per share adjusted for non-recurring items, SEK *)	1.82	1.50	1.92	2.03	1.21	1.14	1.50	1.44
Number of ordinary shares outstanding								
Weighted number of ordinary shares outstanding, thousands *)	20,359.7	20,359.7	20,359.7	20,359.7	20,457.6	20,786.7	21,040.2	21,040.2

THE GROUP	31-12-2016	30-09-2016	30-06-2016	31-03-2016	31-12-2015	30-09-2015	30-06-2015	31-03-2015
Balance sheet								
Fixed assets	872.2	867.6	851.6	866.9	877.3	725.4	711.1	699.3
Current assets	1,096.9	1,070.7	1,037.4	1,103.1	1,067.2	1,144.8	1,161.6	1,238.9
Equity	1,356.8	1,319.2	1,267.1	1,283.5	1,245.2	1,263.3	1,276.6	1,312.6
Long-term liabilities	78.1	100.3	89.7	159.5	167.7	153.8	114.2	115.9
Current liabilities	534.2	518.8	532.2	527.0	531.6	453.1	481.9	509.7
Other								
Net cash(+)/net debt(-)	30.4	-62.6	-89.3	-114.0	-176.0	-73.2	12.0	95.2
Adjusted net cash(+)/net debt(-)	68.2	-24.7	-52.6	-76.1	-137.7	-71.3	14.1	97.5
Equity per share attributable to parent company shareholders								
Equity per share, SEK *)	65.96	64.20	61.63	62.48	60.58	60.52	59.71	61.40
Number of ordinary shares outstanding								
Number of ordinary shares outstanding on the closing date, thousands *)	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,612.7	21,040.2	21,040.2
Share price								
Share price at end of period, (SEK)	89.00	97.50	81.75	74.50	82.00	71.50	81.50	93.50

12-MONTH ROLLING DATE, THE GROUP

THE GROUP	JANUARY 2016– DECEMBER 2016	OCTOBER 2015– SEPTEMBER 2016	JULY 2015– JUNE 2016	APRIL 2015– MARCH 2016	JANUARY 2015– DECEMBER 2015	OCTOBER 2014– SEPTEMBER 2015	JULY 2014– JUNE 2015	APRIL 2014– MARCH 2015
Orders received	2,716.5	2,646.1	2,696.3	2,712.5	2,673.5	2,705.5	2,623.7	2,584.4
Income statement								
Net sales	2,676.0	2,669.0	2,685.9	2,695.3	2,693.5	2,647.9	2,623.7	2,546.3
Gross profit	530.8	522.3	517.7	515.4	510.1	493.4	486.2	474.9
Earnings before depreciation (EBITDA)	271.2	263.8	257.3	246.5	225.0	212.5	197.3	186.4
EBITDA-margin, %	10.1	9.9	9.6	9.1	8.4	8.0	7.5	7.3
Adjusted earnings before depreciation (EBITDA)	271.2	259.8	253.3	238.7	217.2	208.7	182.3	175.2
Adjusted EBITDA-margin, %	10.1	9.7	9.4	8.9	8.1	7.9	6.9	6.9
Operating earnings(EBIT)	200.1	195.6	192.3	183.9	165.0	156.0	144.7	136.9
EBIT-margin (operating margin), %	7.5	7.3	7.2	6.8	6.1	5.9	5.5	5.4
Adjusted operating earnings (EBIT)	200.1	191.6	188.3	176.1	157.2	152.2	129.7	125.7
Adjusted EBIT-margin (operating margin), %	7.5	7.2	7.0	6.5	5.8	5.7	4.9	4.9
Earnings after tax	146.5	133.5	125.4	121.8	110.9	105.0	100.2	91.4
Net margin, %	5.5	5.0	4.7	4.5	4.1	4.0	3.8	3.6
Adjusted earnings after tax	146.5	129.5	121.4	114.0	103.1	101.2	87.7	82.7
Adjusted net margin, %	5.5	4.9	4.5	4.2	3.8	3.8	3.3	3.2
Employees								
Net sales per employee, SEK thousand	2,117.1	2,114.9	2,153.9	2,193.1	2,246.5	2,215.8	2,168.3	2,136.2
Operating profit per employee, SEK thousand	158.3	155.0	154.2	149.6	137.6	130.5	119.6	114.8
Number of employees on closing date	1,264	1,262	1,247	1,229	1,199	1,195	1,210	1,192
Profitability ratios								
Return on capital employed, %	13.9	13.7	13.4	12.3	11.5	10.9	10.7	9.6
Adjusted return on capital employed, % [1)]	13.9	13.5	13.1	11.8	11.0	10.6	9.6	8.8
Return on equity, %	11.5	10.8	10.5	10.0	9.4	9.0	8.6	13.3
Adjusted return on equity, % [2)]	11.5	10.6	10.3	9.5	8.9	8.7	7.6	12.6
Other								
Net cash(+)/net debt(-)/EBITDA	0.1	-0.2	-0.3	-0.5	-0.8	-0.3	0.1	0.5
Adjusted net cash(+)/net debt(-)/EBITDA	0.3	-0.1	-0.2	-0.3	-0.6	-0.3	0.1	0.5

COMMENTS

Bulten is one of the leading suppliers of fasteners to the international automotive industry. The company's product range includes everything from customer-specific standard products to specialist, customized fasteners. The company also provides technical development, line-feeding, logistics, material and production expertise. Bulten offers a Full Service Provider concept or parts thereof. Bulten AB (publ):s share is listed on Nasdaq Stockholm.

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COVER PICTURE

The picture is taken at Bulten Advanced Technology Centre (BATC). BATC is Bulten's central R&D function that aims to research and develop new technology in the field of automotive fasteners.

BULTEN

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