

**Board of Directors' Proposed Resolutions etc.  
Annual General Meeting of Bulten AB (publ)  
25 April, 2019**

## Table of Content

<b>Item 10 – The Board’s proposal of disposition of earnings and establishment of the date of dividend</b>	<b>3</b>
<hr/>	
<b>Item 15 – The Board’s proposed resolution regarding guidelines for remuneration for senior management</b>	<b>4</b>
<hr/>	
<b>Item 17, the Board’s proposal for a decision on authorisation for the Board to decide on acquisition of the company’s own shares and to decide on transfer of the company’s own shares.</b>	<b>7</b>
<hr/>	
<b>Item 18, The Board’s proposal for decision to authorise the Board to decide on new share issue</b>	<b>10</b>
<hr/>	
<b>Appendix 1 - The Board's statement pursuant to Chapter 18. 4 and chapter 19 § 22 § Companies Act</b>	<b>11</b>

## Item 10 – The Board’s proposal of disposition of earnings and establishment of the date of dividend

### Proposed disposition of earnings

The Board proposes that the profits at the disposal of the Annual General Meeting amounting to SEK 1,004 491 614,14 shall be allocated as follows:

Dividend to shareholders of a total of SEK 4.00 per share giving entitlement to dividend	SEK 80,303,584.00
Be carried forward to a new account	<u>SEK 924,188,030.14</u>
Total	SEK 1,004,491,614.14

It is proposed that 29 April 2019 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 2019.

The company has in total 21,040,207 shares, of which 964,311 shares are owned by the company as of the date of the notice of the annual general meeting. The proposed dividend of 80,303,584.00 to be distributed on 20,075,896 shares that bear entitlement to receive the dividend.

The Board’s statement in accordance with Chapter 18, section 4 of the Swedish Companies Act is enclosed (Appendix 1).

---

Göteborg, March 2019  
Bulten AB (publ)  
The Board of Directors

## **Item 15 – The Board’s proposed resolution regarding guidelines for remuneration for senior management**

The Board proposes that the AGM decide on the following guidelines for remuneration and other terms and conditions of employment for the Company’s senior management.

### **Guidelines for remuneration for senior management**

These guidelines for remuneration to senior management encompass salaries and other terms and conditions for the management group of Bulten, including the CEO. The guidelines shall be applied to all agreements signed, or amendments to existing agreements, in accordance with the guidelines adopted at the AGM of Bulten.

#### **Basic principles**

Salaries and other terms and conditions of employment shall be such that the Group can constantly attract and retain competent senior managers at a reasonable cost to the Company.

Remuneration within the Group shall be based on the positions character, performance, competence, competitiveness and fairness. Different remuneration components are applied to a varying degree to reflect these principles. The Group therefore uses a combination of several components to reflect the remuneration principles in a balanced way in the total compensation.

Remuneration for senior management comprises a fixed salary, variable remuneration, pension and other benefits. The Annual General Meeting may also, if a resolution has been made to this effect, submit an offer of a long-term incentive program such as a share or share price related incentive program.

The details of the total remuneration for each financial year are described in the Annual Report of each Company and in the Group’s Annual Report.

#### **Fixed salary**

Each senior manager shall be offered a fixed salary in line with market conditions and based on the senior manager’s responsibilities, expertise and performance. The salary shall be confirmed each calendar year.

#### **Variable pay (STI) and incentive program (LTI)**

Each senior executive may, from time to time, be offered variable salary (performance-based bonus) to be paid in cash. Such a bonus may amount to a maximum of 60% of the annual fixed salary of the CEO, and a maximum of 40% of the annual fixed salaries of other senior managers. Bonuses will primarily be based on the overall growth of the Bulten group or growth at the department, for which the person is responsible. Growth involves fulfilling various improvement targets or achieving various financial goals. Performance goals must be related to growth, operating profit/loss prior to goodwill amortization (EBITA) in relation to sales and parameters related to the return on capital employed (ROCE). These types of goals are prepared by the remuneration committee and approved by the Board of Directors. Any bonuses and reasons for bonuses shall be established for each financial year.

The cost of the above variable compensation for senior executives according to the recommendations of the Board of Directors is based on existing compensation levels and may amount to a maximum of approximately SEK 8 million, excluding Social Security contributions, assuming that all of the targets that were the basis of the compensation have been met. The estimate is based on the nine persons who currently make up the senior management, and is based on existing salary levels. The costs can change if there is a change in the senior management or change in salary levels.

In addition to variable compensation as above, senior executives may also be offered the opportunity to participate in a long-term incentive program, which the Board of Directors proposes at the annual shareholder's meeting, based on what is described in the separate proposal ("LTI"), item 16 on the agenda. Under the LTI program, senior executives will have the opportunity to receive a bonus where the net amount of the bonus, after deductions for taxes, shall immediately be used to acquire shares in Bulten. The participants must then keep the acquired shares for a minimum of two years. Compensation for the LTI program for fiscal year 2019 is paid based on meeting an established target regarding an increase in the company's earnings per share (EPS) for fiscal year 2019 compared with fiscal year 2018. The maximum bonus amount which the respective senior executive could receive within the LTI program shall be limited to a maximum of 30% of the annual fixed salary for the CEO and Executive Vice President, and a maximum of 25% of the annual fixed salary for other senior executives.

The cost of the LTI program for senior management for fiscal year 2019, according to the recommendations of the Board of Directors, is based on existing compensation levels and may amount to a maximum of approximately SEK 5 million, excluding Social Security contributions. The estimate is based on the nine persons who currently make up the senior management, and is based on existing salary levels. The costs can change if there is a change in the senior management or change in salary levels.

Prior to the annual shareholders' meeting, the Board shall consider whether a share or share price-related incentive program shall be proposed at the meeting or not, whereby it is noted that the Board currently foresees that these types of proposals will not be put forward as long as the Board feels that the above LTI program shall continue to be offered. It is the annual shareholders' meeting that decides on a share or share price-related incentive program. Incentive programs are intended to contribute to long-term value growth and to ensure that the company, participants and shareholders have a common interest in the share's positive value growth.

### **Non-monetary benefits**

Senior managers are entitled to medical insurance and, to the extent it remains in the ITP plan, health insurance. Furthermore, senior managers may be offered extra health insurance in exchange for a pay deduction. Senior managers shall also be offered relevant benefits offered to the Group's other employees.

Senior managers may be offered other customary benefits such as company car, occupational healthcare, for example.

### **Pension**

Senior managers may be offered a defined contribution pension agreement based on premiums which amount to a maximum of 35% of the fixed salary on an annual basis, (in addition there are pension benefits to which senior managers are entitled in accordance with ITP plans). In the

defined contribution pension agreement, the pension will correspond to the sum of the premiums paid and any return, rather than a guaranteed pension level. There is no set time for retirement within the framework of the defined contribution pension plan.

Some senior executives resident in Sweden have previously had defined benefit plans pension plans. However, all of them have renegotiated these to the new premium-defined system. Senior managers domiciled outside of Sweden may be offered pension solutions that are competitive in the country in which the persons are or have been domiciled or to which they have a significant link, primarily defined contribution solutions. Defined benefit pension solutions shall always be avoided where possible.

### **Period of notice and severance pay**

Senior managers domiciled in Sweden the main rule for the employee and the employer is a notice period of six months, however at a maximum of 12 months. Severance pay, in addition to salary during the period of notice, shall be paid and, together with the fixed salary during the period of notice, shall total a maximum of 18 months' salary.

Personnel domiciled outside of Sweden or who are domiciled in Sweden but have a significant link to another country or have been domiciled in another country may be offered periods of notice and severance pay that are competitive in the country in which the persons are or have been domiciled or to which they have a significant link, primarily solutions equivalent to those for senior managers domiciled in Sweden.

### **The Board of Directors' preparations and decision-making**

The Board's Remuneration Committee proposes, and the Board makes decisions on, salary and other conditions for the Managing Director, Deputy Managing Director and CFO and others senior executives.

The Company's auditor shall inspect the application of these guidelines each year in accordance with applicable regulations. The auditor's report shall be made available to the AGM.

### **Remuneration of Board members**

To the extent that Board members elected by the AGM perform work that goes beyond the work of the Board, they shall be paid for such work. The remuneration shall be market-based and shall be approved by the Board.

### **Information about previously decided remuneration**

Previously decided remuneration for management which has not fallen due for payment comes within the framework of the guidelines and is dealt with in the 2018 Annual Report for the Company and/or the Annual Report of the relevant company within the Group.

### **Deviations from the guidelines for remuneration to senior executives**

The Board of Directors must be entitled to deviate from the guidelines if there is special in the individual case reasons for the deviation. During 2018, no deviations from the guidelines adopted by the Annual General Meeting 2018 have occurred.

### **Majority requirement**

The resolution regarding adopting the Board's proposed guidelines for remuneration for senior management requires the approval of shareholders representing more than one-half of the votes cast in order to be valid.

---

Gothenburg, March 2019

Bulten AB (publ)

Board of Directors

## Item 16, Board proposal for long-term incentive program (LTI)

The Board of Directors recommends that the shareholders' meeting make a decision regarding the introduction of a new annual, long-term variable incentive program for the company's senior executives and key personnel ("LTI").

### Background

The LTI program is a variable, long-term incentive program that provides senior management and key personnel (currently approx. 20 people) the opportunity to receive a bonus where the net amount of the bonus, after deductions for taxes, shall immediately be used to acquire shares in Bulten. The decision to offer LTI to the participants is made by the Board of Directors annually, with the first time being for fiscal year 2019, subject to the conditions set forth in this proposal.

The overall goal of the LTI program is to create increased personal engagement among the participants in order to increase interest in the overall profitability of the company. This is also expected to support the company's ability to recruit and retain current and future senior executives and other key personnel. LTI is one part of a competitive total compensation package. The Board of Directors feels that the proposed LTI program is of benefit to the company, participants and shareholders.

### Participants, performance targets and goal fulfilment

The LTI program is aimed at senior executives and key personnel and involves the participants being given the opportunity each fiscal year to obtain a bonus based on fulfilling an established target regarding an increase in the company's earnings-per-share ("EPS") for the current fiscal year compared to the previous fiscal year.

The maximum bonus amount that the respective participant may receive within the LTI program for each fiscal year is limited to the following percentages of the participant's fixed annual salary for the fiscal year.

<b>Category</b>	<b>Maximum bonus amount</b>
CEO and Executive Vice President	30 percent
Other senior management	25 percent
Key personnel	20 percent

The following targets apply for increasing the EPS for fiscal year 2019. In order to obtain the maximum bonus, the EPS must increase by 15 percent. If the EPS increase amounts to at least 5 percent, this amounts to 1/3 of the total bonus amount. If the EPS increase is between 5 percent and 15 percent, the bonus amount is calculated on a linear basis between 1/3 of the maximum bonus and the maximum bonus amount. If the EPS increase does not amount to at least 5 percent, no LTI bonus amount is paid.

For subsequent fiscal years, i.e. for LTI that are offered for fiscal year 2020 and beyond, the Board shall decide on the target levels for the EPS increase above prior to the annual LTI being offered to the participants.

### Payment of bonus amounts and acquisition of Bulten shares

Fulfillment of the target shall be determined by the Board of Directors in conjunction with submission of the earnings report for the fiscal year (i.e. the first time in conjunction with releasing the earnings report for the fiscal year 2019), whereby the established bonus amount shall be paid. The right to obtain a bonus depends on the participant continuing to be employed at the time of the earnings report being issued for the fiscal year and the participant not having terminated their employment at the time or having been terminated for personal reasons.



Prior to determining and paying the bonus amount for the respective fiscal year, the Board of Directors shall determine whether payment according to the principles above is appropriate considering the company's profits or loss and its financial position, as well as market conditions and other conditions. If the Board of Directors determines that payment is not appropriate, the Board can decide to reduce the bonus amount to be paid for the fiscal year.

The participants must use the entire bonus amount obtained within the LTI program for each fiscal year, net (after deducting taxes), to acquire Bulten shares on the market. Acquisition must take place within the period prescribed by the Board of Directors. The participants shall then retain the acquired shares until 31 March of the second year after the LTI bonus is paid out (i.e. to the extent that the LTI applies to fiscal year 2019, where the bonus will be paid after submitting the earnings report for the fiscal year 2019, until 31 March 2022). A participant who is no longer employed by the company, by having resigned, being terminated by Bulten or by some other manner, is required to retain the shares that were acquired in accordance with the provisions of the LTI.

Bulten pays the Social Security contributions for bonuses that are paid through the LTI program. LTI compensation includes vacation pay and shall not form the basis for a pension, unless otherwise specified by applicable law or through an applicable collective agreement.

### **Administration of LTI**

The proposed LTI program is a recurrent program, where the Board of Directors has the right to determine whether the LTI shall be offered for the coming fiscal year. The Board of Directors is also responsible for the precise details of creating and managing the LTI program under the key conditions listed above, and the Board also has the right to make minor adjustments to these conditions that may be needed as a result of legal or administrative conditions. In addition, the Board of Directors also has the right to make adjustments to and deviations from these conditions based on local regulations and existing market practice. If the Board of Directors feels that general adjustments must be made to the principal conditions for the LTI program, the Board shall suggest such changes for adoption at the annual shareholders' meeting.

### **Dilution and costs**

The LTI program does not entail in any dilution for the company's shareholders.

The cost of the LTI program for fiscal year 2019, according to the recommendations of the Board of Directors, is based on existing compensation levels and can amount to a maximum of approximately SEK 7 million, excluding Social Security contributions. The estimate is based on the persons who are currently considered to be covered by the LTI program, and the existing salary levels. The costs, for both fiscal year 2019 as well as future fiscal years, will be adjusted in the event that there are changes in the personnel covered by the LTI program or changes in the salary levels of the participants.

### **Preparation process**

The proposal for an LTI program was prepared by the remuneration committee in consultation with external advisers. The final proposal was adopted by the Board.

### **Majority requirement**

The resolution regarding adopting the Board's proposed LTI program requires the approval of shareholders representing more than one-half of the votes cast in order to be valid.

---

Gothenburg, March 2019

Bulten AB (publ)

Board of Directors

## **Item 18, the Board’s proposal for a decision on authorisation for the Board to decide on acquisition of the company’s own shares and to decide on transfer of the company’s own shares.**

### **(a) Decision to authorise the Board to decide on the acquisition of the company’s own shares**

The purpose of the authorisation for the acquisition of the company’s own shares is to give the Board greater freedom of action and the ability to continuously adapt the company’s capital structure and thereby contribute to increased shareholder value while also enabling the Board to exploit attractive acquisition opportunities by fully or partially financing the acquisition of companies, business or assets with the company’s own shares.

In light of the above, the Board proposes that the Annual General Meeting authorises the Board to decide on the acquisition of the company’s own shares on the following terms:

- (a) Acquisition shall take place on Nasdaq Stockholm (“The Exchange”).
- (b) Acquisition shall be on one or more occasions before the 2020 Annual General Meeting.
- (c) The total amount of acquired shares after the acquisition can in total amount to no more than one tenth of all shares in the company.
- (d) Acquisition on the Exchange shall solely be at a price per share that lies within the registered share price range at that time, or in the event that the Board assigns an Exchange member to accumulate a specific amount of the company’s shares in its own holding for a specific period at a price per share within the price range at that time or corresponding volume-weighted average share price.
- (e) Payment for the company’s own shares shall be made in cash.
- (f) Upon acquisition the applicable regulations of the Exchange shall be observed.

The Board has in connection with the proposal submitted observations on Justification for under Chapter 19. Section 22 of the Companies Act, which is annexed to the proposal (Appendix 1).

### **(b) Decision to authorise the Board to decide on the transfer of the company’s own shares**

The purpose of the authorization to transfer the company’s own shares is in the corresponding way to give the Board greater freedom of action and opportunity to continuously adapt the company’s capital structure and thereby contribute to increased shareholder value. Furthermore the purpose is to enable the Board to utilise attractive acquisition opportunities by fully or partly financing the acquisition of companies, business operations or assets using the company’s own shares.

The Board proposes that the Annual General Meeting authorises the Board to decide on the transfer of the company’s own shares on the following terms:

- (a) Transfer may take place on the Exchange and/or in another way with or without deviation from shareholders’ preferential rights and with or without conditions concerning acquisition in kind, offsetting of receivables against the company or other conditions.

- (b) Transfer may take place on one or more occasions prior to the 2020 Annual General Meeting, of a maximum of all of the shares that the company owns at the time of the transfer decision. Transfer to cover social security costs for the program may cover a maximum of 50,000 shares
- (c) Transfer of shares on the Exchange may only be made at a price per share that is within the registered price range at the time.
- (d) Transfer that is made otherwise may be at a price that corresponds to the price in money or value of received property that corresponds to the share price at the time of transfer for the shares transferred with deviation considered suitable by the Board.
- (e) As regards the transfer in order to cover social security costs for the Program transfer may only be effected at The Exchange for cash payment.
- (f) The Board retains the right to set other terms for the transfer.

The possibility for deviation from shareholders' preferential rights in the transfer of the company's own shares and the reason for a transfer price is justified by the fact that transfer of shares on the Exchange or other manner with deviation of shareholders' preferential rights can be done with greater speed, flexibility and is more cost-effective than transfer to all shareholders. Furthermore the purpose is to enable that the best possible terms can be secured for the company while also giving the Board freedom of action in connection with the acquisition of a company, operations or assets. If the company's own shares are transferred for a consideration in other form than money in connection with an agreement to acquire a company, operations or assets the company cannot give shareholders the possibility to exercise any form of preferential rights.

Both the 964,311 shares which at the date of the notice to the Annual General Meeting held by the company, and the shares acquired pursuant to the General Meeting under item (a) above, is proposed to be transferred in accordance with this authorization.

The maximum number of shares that can be transferred in line with the above may be recalculated in the event that a bonus share issue (with the issue of new shares), split or a merger occurs in the company, or if any other event that causes a recalculation of the shares to be transferred to participants, in accordance with the terms of the share Program.

The Board intends to propose at future AGMs, a resolution authorizing the Board to resolve the transfer of the company's own shares on the stock exchange, to cover social security costs associated with the Program.

### **Others**

Bulten holds 964,311 shares at the date of the notice to the Annual General Meeting in 2019, corresponding to appr. 4.58 percent of all shares in the company.

### **Majority requirement for decision**

For a decision to be valid for each of the proposals above it is required that the decision is supported by shareholders representing at least two-thirds of the votes cast and the shares represented at the AGM.

---

Göteborg, March 2019  
Bulten AB (publ)  
The Board of Directors

## Item 19 - The Board's proposal for decision to authorise the Board to decide on new share issue

The Board proposes that the Annual General Meeting resolves to authorise the Board, up to the time of the next Annual General Meeting, on one or more occasions, to decide on a new issue of shares, subscription options and/or convertibles.

The issue may be with or without deviation from the preferential rights of shareholders.

The reason for the proposal and for deviating from shareholders' preferential rights and/or the possibility to decide on the issue with conditions concerning acquisition in kind, offset or other conditions, is to give the Board flexibility in the work of financing or enabling an accelerated expansion and development of the Group, its markets and products, such as the acquisition of companies, operations or assets for which payment in full or part shall be with newly issued shares and/or enable the Board to quickly raise capital for such acquisition.

The number of shares to be issued with such authorisation or which may arise through utilisation of options and conversion of convertibles issued with the authorisation shall be a maximum of 2,104,020 shares, which at full authorization represents a dilution of around 10% of all shares in the company, at the time of convening the Annual General Meeting 2019.

The number of shares that maximum may be issued based on the authorization and may be issued through the exercise of options and conversion of convertible bonds issued under the authorization will be recalculated in the event of a bonus issue (with the issuance of new shares), split or reverse split occurs in company.

Issues shall be on market-related terms. The Board retains the right to establish other terms for the issues.

### Authorisation for adjustments

The Board or a representative appointed by the Board is authorised to make minor formal adjustments of decisions that may prove necessary in connection with registration with the Swedish Companies Registration Office.

### Majority requirement for decision

A valid decision requires that this proposal be supported by shareholders with at least two-thirds of both votes cast as the shares represented at the meeting.

---

Göteborg, March 2019  
Bulten AB (publ)  
The Board of Directors

## **Appendix 1: The Board's statement pursuant to Chapter 18, section 4 and Chapter 19, section 22 of the Swedish Companies Act regarding**

### **Board's statement pursuant to Chapter 18, section 4 and Chapter 19, section 22 of the Swedish Companies Act regarding**

The Board makes the following statement pursuant to Chapter 18, section 4 and Chapter 19, section 22 of the Companies Act in respect of the proposed for resolution on the dividend and the proposed resolution on the authorization to acquire own shares.

The type and scope of the business are explained in the articles of association and published annual reports. The type and scope of the business conducted by the company and Group companies do not entail more risks than the general risks that are associated with conducting business of this type or than arise or can be assumed to arise in the industry. The Company's and the Group's business cycles do not differ from that of other companies in the industry. Regarding essential events refer to what is stated in the Directors' Report in the Annual Report for fiscal year 2018. Since then, no significant events occurred that affect the company's ability to pay dividends.

The company's and Group's financial positions as of 31 December 2018 are presented in the 2018 annual report. The aforementioned annual report also describes the principles applied for the valuation of assets, provisions and liabilities. No assets and liabilities of the parent company or the Group are measured at fair value pursuant to Chapter 4 section 14 of the Swedish Annual Accounts Act. No modifications of the restricted equity have occurred after the balance sheet date.

Bulten has an objective to pay out in dividends to shareholders over time around one third of net earnings after tax. Consideration shall be given to Bulten's financial position, cash flow and outlook. The proposed dividend of in total SEK 4.00 per dividend-entitled share, a total of SEK 80,303,584.00 (amount calculated as of the date of the notice for the Annual General Meeting based on the company holding 964,311 of its own shares) corresponds to around 55 per cent of net profit after tax and is 7.2 per cent of the company's equity and 5.4 per cent of the Group's equity. The proposed dividend reduces the company's equity/assets ratio from 71.8 per cent to 67.9 per cent and the Group's equity/assets ratio from 66.4 per cent to 61.7 per cent, calculated as of 31 December 2018.

The proposed buy-back of the company's own shares means that the Board would be authorized to acquire as a maximum an amount of shares such that the company's holding of its own shares is not more than one tenth of all shares in the company. At maximum utilization of the buy-back authorization, 2,104,020 shares may be acquired (without taking into account that the company has already of the date of the notice of the Annual General Meeting repurchased 964,311 shares). The cost of these share buy-backs, based on a price using the share price on the date of the notice of the 2019 Annual General Meeting (SEK 86.10), amounts to SEK 181,156,122, which is 16.3 per cent of the company's equity and 12.0 per cent of the Group's equity. The buy-backs would reduce the company's equity/assets ratio from 71.8 per cent to 68.1 per cent and the Group's equity/assets ratio from 64.8 per cent to 61.8 per cent, calculated as of December 31, 2018.

The proposed dividend combined with full utilization of the authorization to buy back the company's own shares reduces the company's equity/assets ratio from 71.8 per cent to 66.1 per cent and the Group's equity/assets ratio from 64.8 per cent to 60.3 per cent, calculated as of 31 December 2018.

The company's and the Group's equity/assets ratios do not deviate from what is normal in the industry. The company has good liquidity.

According to the Board's assessment, the company's and the Group's equity, after both payment of the full dividend and after full utilization of the authorization to buy back the company's own shares, will be sufficiently large in relation to the nature, scope and risks in the business.

It is the Board's assessment that neither the proposed dividend nor the full utilization of the authorization to buy back the company's own shares will compromise performance of the investments deemed necessary, nor do they compromise the company's or the Group's ability to fulfil present and future payment obligations in a timely manner. The company's and the Group's liquidity forecasts contain preparedness to cope with variations in current payment obligations.

The company's and Group's financial position does not give rise to any other conclusion than that the company and Group after payment of the proposed dividend and full utilization of the authorization to buy back the company's own shares can continue its business and that the company and Group can meet their obligations in the short and long term.

With reference to the above and what has otherwise come to the knowledge of the Board, it is The Board's assessment is that the proposed dividend and full utilization of the authorization for repurchase own shares are justifiable considering the requirements of the nature, scope and risks of the business sets the company's and the Group's equity, as well as the company's and the Group's need for consolidation, liquidity and position in general.

---

Göteborg, March 2019

Bulten AB (publ)

The Board of Directors