

FINNVEDENBULTEN



**AGM 26 APRIL 2012**

JOHAN WESTMAN, PRESIDENT AND CEO FINNVEDENBULTEN

# FINNVEDENBULTEN IN SHORT

## FinnvedenBulten develops and manages industrial businesses, offering products, technical solutions and systems in metallic materials

The Group

**FINNVEDENBULTEN**

FinnvedenBulten is structured into two divisions, both with strong positions in their respective customer segments.



Division Bulten

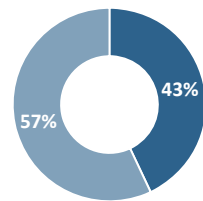


Division Finnveden Metal Structures

SAMPLE OF CUSTOMERS

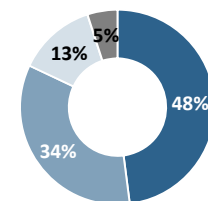
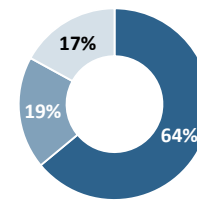


SALES DISTRIBUTION 2011



■ Bulten  
■ Finnveden Metal Structures

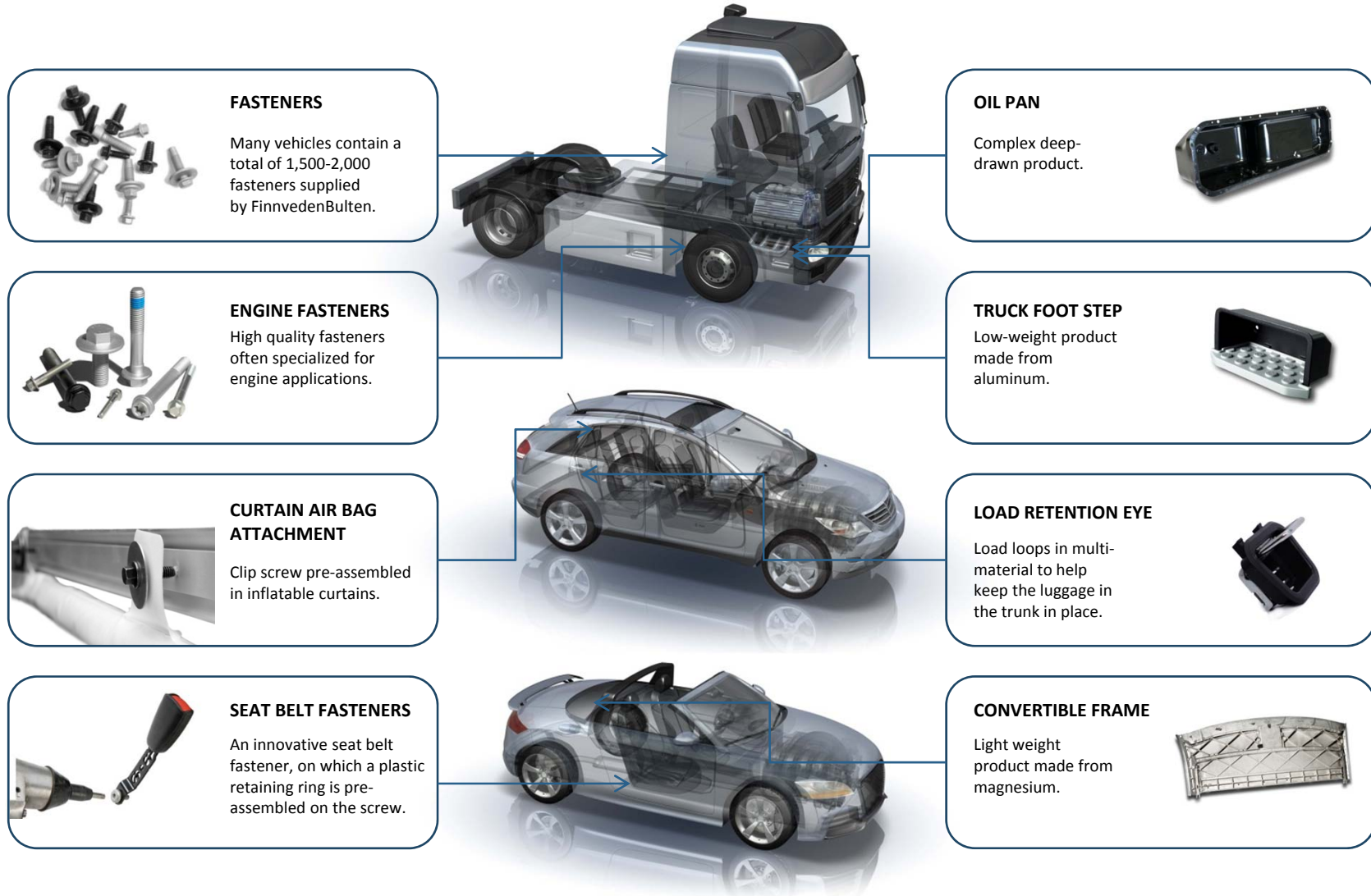
SALES PER CUSTOMER SEGMENT 2011



■ LV ■ HCV ■ Tier 1 ■ Industrial

- Deliveries to LV (Light Vehicles) amounted to 73 percent and HCV (Heavy Commercial Vehicles) to 27 percent, including Tier 1, of Groups sales 2011

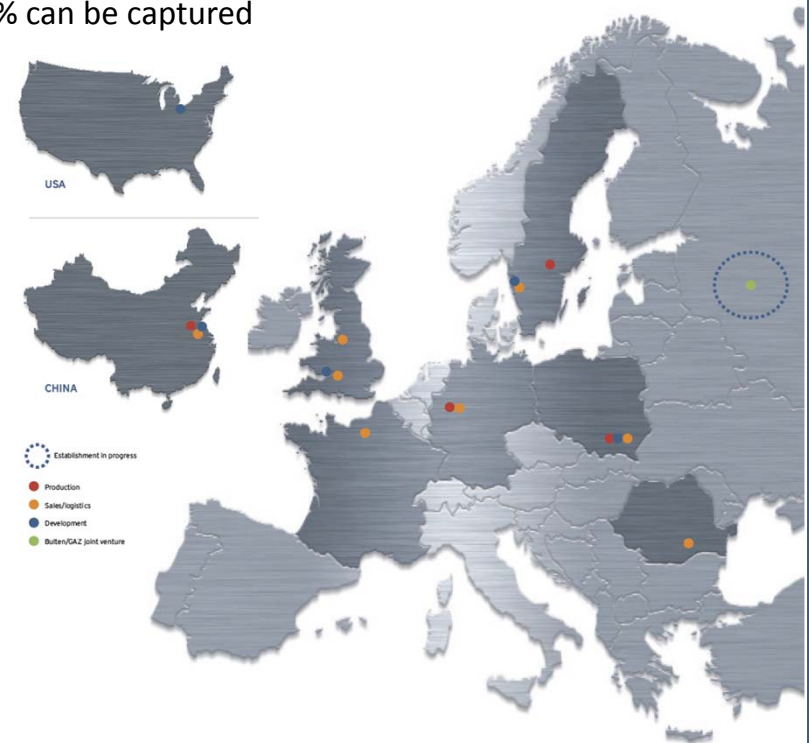
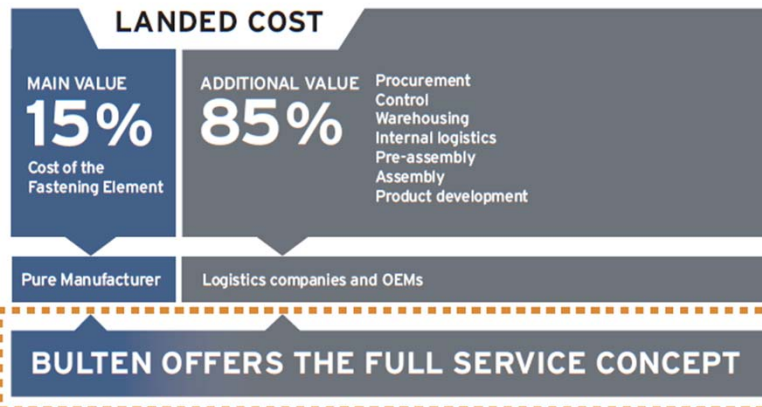
## FinnvedenBulten offers an advanced product portfolio with new technology and quality leadership





**Bulten is one of few Full Service Providers taking care of the entire value chain, from conceptual ideas to deliveries direct to the customer’s production line**

- The physical product is just the tip of the iceberg ...
- ...the majority of Bulten’s work takes place behind the scenes
- By being a Full Service Provider (FSP), part of the remaining 85% can be captured
- An FSP profile also strengthens customer relations and increases entry barriers
- Increased penetration in service offers major potential

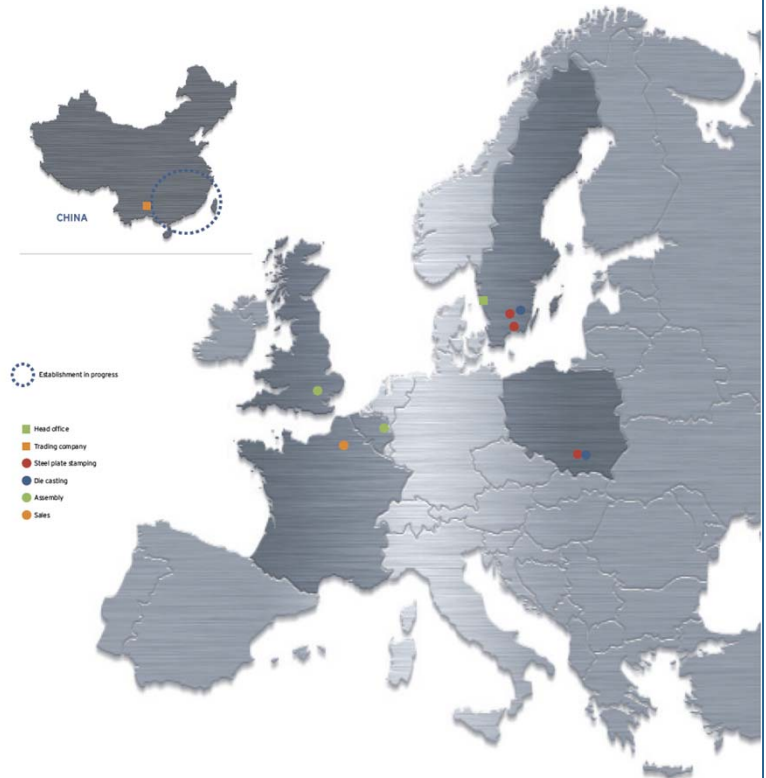






## Finnveden Metal Structures creates customer value by providing design advice, industrialization reliability and cost efficient production

- Combines material know-how and capabilities from stamping and die casting
- One of few suppliers that can offer flexibility in material choice, such as magnesium castings and sheet metal stampings in steel
- A joint sales and engineering department enables customers to have a single point of contact
- Offers logistic solutions such as assembly at the customer's production line



# 2011 IN SHORT

## 2011 in short

- Relocation of production of Finnveden Metal Structures' factory in Mora to Olofström and Poland is completed
- The Group changes name from Finnveden to FinnvedenBulten
- FinnvedenBulten was listed on NASDAQ OMX Stockholm, with the first day of trading on May 20
  - On December 31, FinnvedenBulten had 2,216 shareholders, whereof 55% were foreign
- Bulten division signed a letter of intent with GAZ Group, one of Russia's largest automotive manufacturers, concerning a joint venture
- Finnveden Metal Structures establish a trading company in China (Jiading, Shanghai)
- Shareholder's loan converted into equity - new, more extensive financing agreement with Svenska Handelsbanken





## 2011 in figures

- Order bookings SEK 3,209 million (2,965)
- Net sales SEK 3,085 million (2,607)
- Operating earnings (EBIT) SEK 202 million (114)
- Operating margin (EBIT) 6,5% (4,4). Adjusted operating margin, excl. non-reoccurring costs 7.1% (4.8)
- Earnings after tax SEK 114 million (181\*)
- Earnings per share 6.57 SEK (16.36)

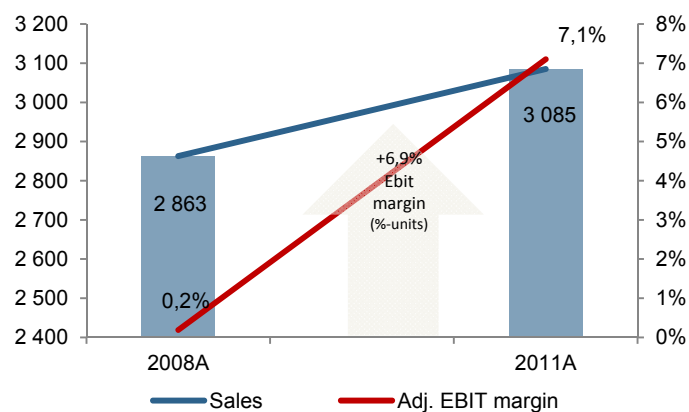
\*included deferred tax receivables of SEK 149 million.

### FINANCIAL SUMMARY (MSEK)

	2011	2010	Δ
Net sales	3,085.0	2,607.3	18.3%
Gross profit	558.9	432.9	126.0
Earnings before depreciation (EBITDA)	273.2	184.7	88.5
Operating earnings (EBIT)	201.5	114.2	87.3
Operating margin, %	6.5	4.4	2.1
Adjusted operating earnings (EBIT)	219.7	125.4	94.3
Adjusted operating margin, %	7.1	4.8	2.3
Earnings after tax	114.5	181.1	66.6
Order bookings	3,208.9	2,964.5	8.2%
Return on capital employed, %	15.4	9.5	-
Adjusted return on capital employed, %	16.8	10.4	-

## FinnvedenBulten has accomplished extensive cost structure rationalizations – SEK 260m in permanent cost savings achieved

### SIGNIFICANTLY IMPROVED MARGIN ON HIGHER VOLUME



- Reduced break-even level results in significantly improved margins at comparable volume level

### PRODUCTION, MATERIAL AND OTHER COST

- Factory rationalization and shift of production to LCC countries including a factory close down
- Price negotiations, improved recycling and efficient use of direct material
- Indirect material cost reduction (price and volume), decreased quality costs (claims and scrap), energy costs, tool costs and rent
- Productivity increase and reduction of indirect staff
- Optimization of material/product/production flows

## Financial objectives and achievements 2011

TARGETS		2011
<b>Sales growth</b>	Target to achieve a profitable organic growth in excess of the market growth on the Company's respective markets.	<b>18.3 %</b>
<b>Adjusted EBIT margin<sup>1</sup></b>	Target to achieve an EBIT margin of at least 7 %.	<b>7.1%</b>
<b>Return on capital employed (ROCE)</b>	Target to achieve a ROCE exceeding 15 %.	<b>15.4%</b>
<b>Adjusted return on capital employed (ROCE)<sup>2</sup></b>	Target to achieve a ROCE exceeding 15 %.	<b>16.%</b>
<b>Dividend policy</b>	FinnvedenBulten has a target to pay dividends corresponding to approximately 1/3 of net income after tax. FinnvedenBulten's financial position, cash flow and future prospects should however be considered.	<b>37%</b> <b>SEK 2.00 per share<sup>3</sup></b>

**Q1, 2012**

## Group summary

### First quarter

- Net sales up 1.4%
- Operating margin 5.0%
- Profit after tax SEK 29.9 million

### Comments

- Organic growth and order bookings up in a weaker market
- Weak demand initially, significantly higher in March
- Imbalanced demand and disturbances in production had a negative impact on EBIT margin, firm measures taken
- Good business opportunities ahead
- Term sheet signed with GAZ

FINANCIAL SUMMARY (MSEK)	Q1			Rolling 12 month	Full Year 2011
	2012	2011	Δ		
Net sales	807.1	796.1	1.4%	3,096.0	3,085.0
Gross profit	132.9	152.6	-19.7	539.2	558.9
Earnings before depreciation (EBITDA)	59.0	71.5	-12.5	260.7	273.2
Operating earnings (EBIT)	40.2	53.7	-13.5	188.0	201.5
Operating margin, %	5.0	6.7	-1.7	6.1	6.5
Adjusted operating earnings (EBIT)	40.2	66.2	-26.0	193.7	219.7
Adjusted operating margin, %	5.0	8.3	-3.3	6.3	7.1
Earnings after tax	29.9	22.6	7.3	121.8	114.5
Order bookings	864.7	838.4	3.1%	3,235.2	3,208.9
Return on capital employed, %	-	-	-	14.6	15.4
Adjusted return on capital employed, %	-	-	-	15.0	16.8

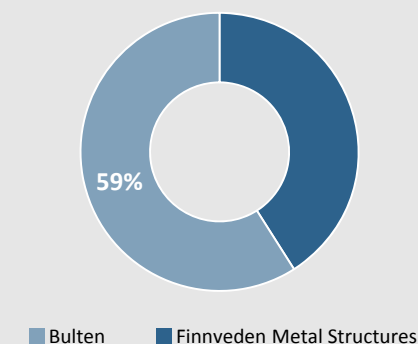


## Division Bulten

- Continued to gain market share and increased sales on a weaker market during the quarter
- Growth in new and existing FSP contracts - in line with division strategy
- Profitability was held back by imbalanced demand which affected productivity negatively compared to last year when leverage was very high
- Net sales increased to SEK 475 million, up 4.5% compared to the same period last year
- Operating earnings first quarter SEK 28 million, operating margin 6.0%
- Signed term sheet in April with GAZ Group regarding JV

FINANCIAL SUMMARY (MSEK)	Q1			Full Year
	2012	2011	Δ	2011
Net sales	474.6	454.1	4.5%	1,768.5
Earnings before depreciation (EBITDA)	38.6	49.0	-10.4	155.2
Operating earnings (EBIT)	28.4	39.3	-10.9	117.1
Operating margin, %	6.0	8.7	-2.7	6.6
Adjusted operating earnings (EBIT)	28.4	39.3	-10.9	117.1
Adjusted operating margin, %	6.0	8.7	-2.7	6.6
Order bookings	479.1	450.9	6.3%	1,799.4

BULTEN'S PROPORTION OF GROUP SALES

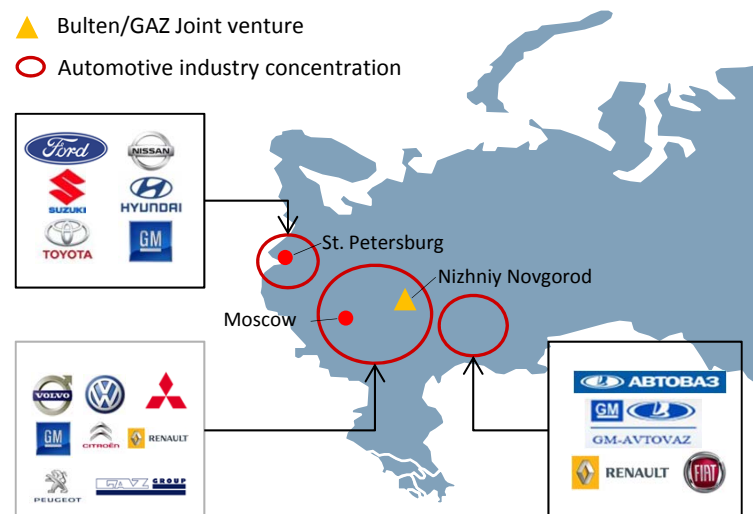


## Division Bulten: signed term sheet with GAZ

### INTENDED JOINT VENTURE SETUP

- FinnvedenBulten to invest approximately EUR 6.6 million to become the majority shareholder by 63%, GAZ Group 37%
- The operations included in the joint venture currently has a turnover of approximately EUR 11 million annually with significant growth potential
- Great interest from new and existing customers since Letter of Intent announcement in spring 2011

### RUSSIAN AUTOMOTIVE MARKET CONCENTRATION



### GAZ GROUP – QUICK FACTS

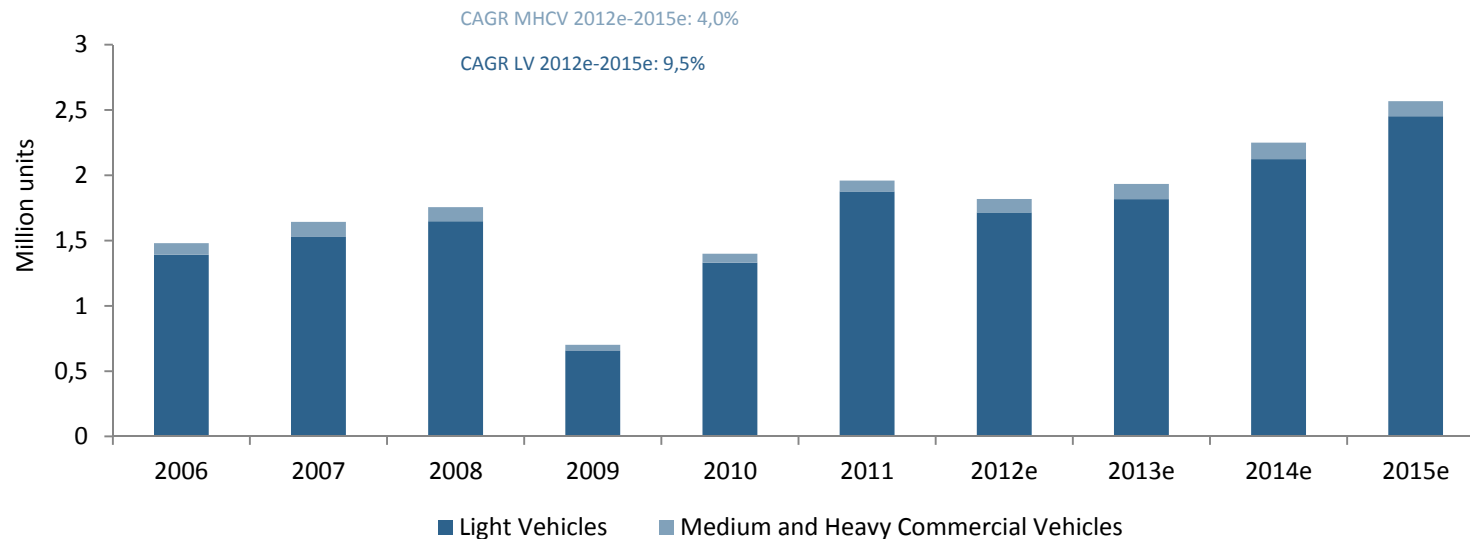
- Leader in the Russian commercial vehicles market
- Market shares in Russia 2010:
  - 50% of the light commercial vehicles segment
  - 45% of the all-wheel drive heavy-duty trucks segment
  - 70% of the bus segment
- GAZ's operations include 18 production plants in Russia, distribution and a service network

Source: GAZ Group

## Division Bulten: Unique bridgehead on Russian market

- The potential of the Russian market is estimated to be significant
- Growing middle class drives demand for both LV and HCV
- High import duties in Russia and high demand for quality products create great opportunities of efficient development for local manufacturers
- Trend of international OEM:s establishing production in Russia

RUSSIAN AUTOMOTIVE PRODUCTION



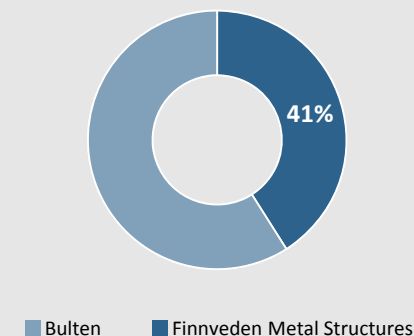
Source: 2014-15 FinnvedenBulten estimate, IHS Global Insight.

## Division Finnveden Metal Structures

- Low volume at the beginning of the quarter but increased towards the end of the quarter
  - Imbalanced production temporarily led to an unfavorable resource utilization and low productivity
- Continued high costs for starting up new customer projects, firm measures taken
- Challenges isolated to two units in the division - a sheet metal stamping unit and a foundry unit
  - The situation has been stabilized and improvement actions have started to have impact
  - Further improvement initiatives are expected to gradually improve the situation coming quarters
- Net sales of SEK 335 million, down 2.6% on the same period last year when the operational leverage was very good with balanced production
- Operating earnings first quarter SEK 15 million, operating margin of 4.4%

FINANCIAL SUMMARY (MSEK)	Q1			Full Year
	2012	2011	Δ	2011
Net sales	335.1	344.2	-2.6%	1,325.5
Earnings before depreciation (EBITDA)	23.2	38.4	-15.2	140.6
Operating earnings (EBIT)	14.6	30.4	-15.8	107.1
Operating margin, %	4.4	8.8	-4.4	8.1
Adjusted operating earnings (EBIT)	14.6	30.6	-16.0	107.5
Adjusted operating margin, %	4.4	8.9	-4.5	8.1
Order bookings	388.1	389.5	-0.4%	1,418.5

FINNVEDEN METAL STRUCTURES'  
PROPORTION OF GROUP SALES



# OUTLOOK GOING FORWARD



## The macro environment is still uncertain but FinnvedenBulten has a solid financial position and a good flexibility to adjust its operations

### GLOBAL MARKET UNCERTAINTY

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- Concerns about consumption effects due to European debt crisis
- Concerns about Chinese economy slow-down and effects on global growth

But...

- Demand stabilized and outlook now more positive than a few months ago
- Pent up demand still a medium term driver
- The automotive industry in general seems well prepared: good financials, staff flexibility, low inventories, etc.
- Europe has a significant automotive export e.g. to emerging markets

### FINNVEDENBULTEN HAS A GOOD FINANCIAL POSITION

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- Significantly lower break even level and better margins compared to the company status in 2008/2009
- Solid financial situation with a low net debt to EBITDA of 0.5
- Good flexibility in operations
- Growing exposure to emerging markets (less affected) through e.g. joint venture GAZ and growth initiatives in China
- Opportunities to increase market share further

## Outlook for 2012

- Initiated improvement actions are expected to improve the cost structure coming quarters
- IHS Global Insight estimates for Western Europe automotive production show a volume reduction of 6.6% in 2012 compared to 2011, weighted to FinnvedenBulten's exposure
  - Production of LV estimated at 12.7 million vehicles in 2012, down 7% on 2011
  - Production of HCV (>15 ton) estimated at around 317,000 in 2012, down 6.1% on 2011
- FinnvedenBulten has a good position to continue gaining market share thanks to new customer contracts and a favorable customer base

## FinnvedenBulten's strategy is to continue the development of Bulten and Finnveden Metal Structures to realise the full potential in both divisions

### Bulten's strategy

- Organic growth
  - Gain market share in Europe
  - Expand in emerging markets
- Preferred full service provider, covering everything from development, production and logistics to final delivery to the customer's production line
- Competitive cost structure and geographic proximity
- Innovative and technologically advanced products

### Finnveden Metal Structures' strategy

- Organic growth
  - Capture business opportunities linked to weight reduction
  - Strengthen position within light metals and multi-material solutions
  - Continued cost and capital rationalization
  - Invest in new, strategic, production capacity
- Geographical and industry expansion
  - Follow key customers into emerging markets
  - Grow and develop the industry segment in e.g. renewable energy, food processing industry, furniture and agricultural products
- Growth through acquisitions

**THANK YOU FOR YOUR ATTENTION!**

[www.finnvedenbulten.com](http://www.finnvedenbulten.com)