BULTEN

ANNUAL REPORT WITH SUSTAINABILITY REPORT 2017

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CEO'S STATEMENT

During 2017, Bulten has advanced its positions with significant new FSP contracts, we have established ourselves on the American market, we have once again exceeded our operating margin target, and our financial position remains strong.

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GLOBALIZED MARKET

Bulten is a leading manufacturer and supplier of fasteners to the international automotive industry, with a particularly strong position in Northern Europe.

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FULL SERVICE PROVIDER (FSP)

Bulten provides the automotive industry with fastener solutions and can offer a full-service concept, whereby we assume total responsibility for all fasteners for an entire vehicle platform, vehicle model or production plant. With responsibility for the entire refinement chain, the company can offer optimized total solutions.

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THE VALUE CHAIN BEHIND THE OFFERING

With clearly defined objectives, global presence, responsible conduct and the latest in technology and innovation, we are the company that can make a difference and create the greatest benefit for the customer.

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SUSTAINABILITY

Bulten has a responsibility and an ambition to manage its operations in a sustainable way. Bulten aims to be a reliable and robust partner to its customers and suppliers, adding value to its owners and to be an attractive employer. We report out our sustainability work according to GRI Standards, Core level, as summarized in a GRI index on page 42.

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STRONG FINANCES ALLOW FLEXIBILITY

Bulten's strong balance sheet, with low indebtedness and good liquid funds, provides flexibility and preparedness for the future, both when it comes to investments in increased capacity and for strategic acquisitions.

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FINANCIAL CALENDAR

April 26, 2018	Interim report January–March 2018
July 11, 2018	Half-year report January–June 2018
October 25, 2018	Interim report January–September 2018
February 7, 2019	Full-year report January–December 2018

BULTEN – A STRONGER SOLUTION

A RELIABLE SUPPLIER AND PARTNER

At Bulten, we are very proud to be one of few players in the global fastener industry to offer total responsibility for fastener solutions, thanks to our Full Service Provider (FSP) concept. We have strong global presence with cost-effective, value-enhancing production in Sweden, Germany and Poland, as well as on the emerging markets of Russia and China. A further production plant is under construction in the USA. Along with the fact that we are at the leading edge of technology and innovation, this means we enjoy a strong position as a supplier and partner of fastener solutions to the global automotive industry.

STABLE FINANCES BRING FLEXIBILITY

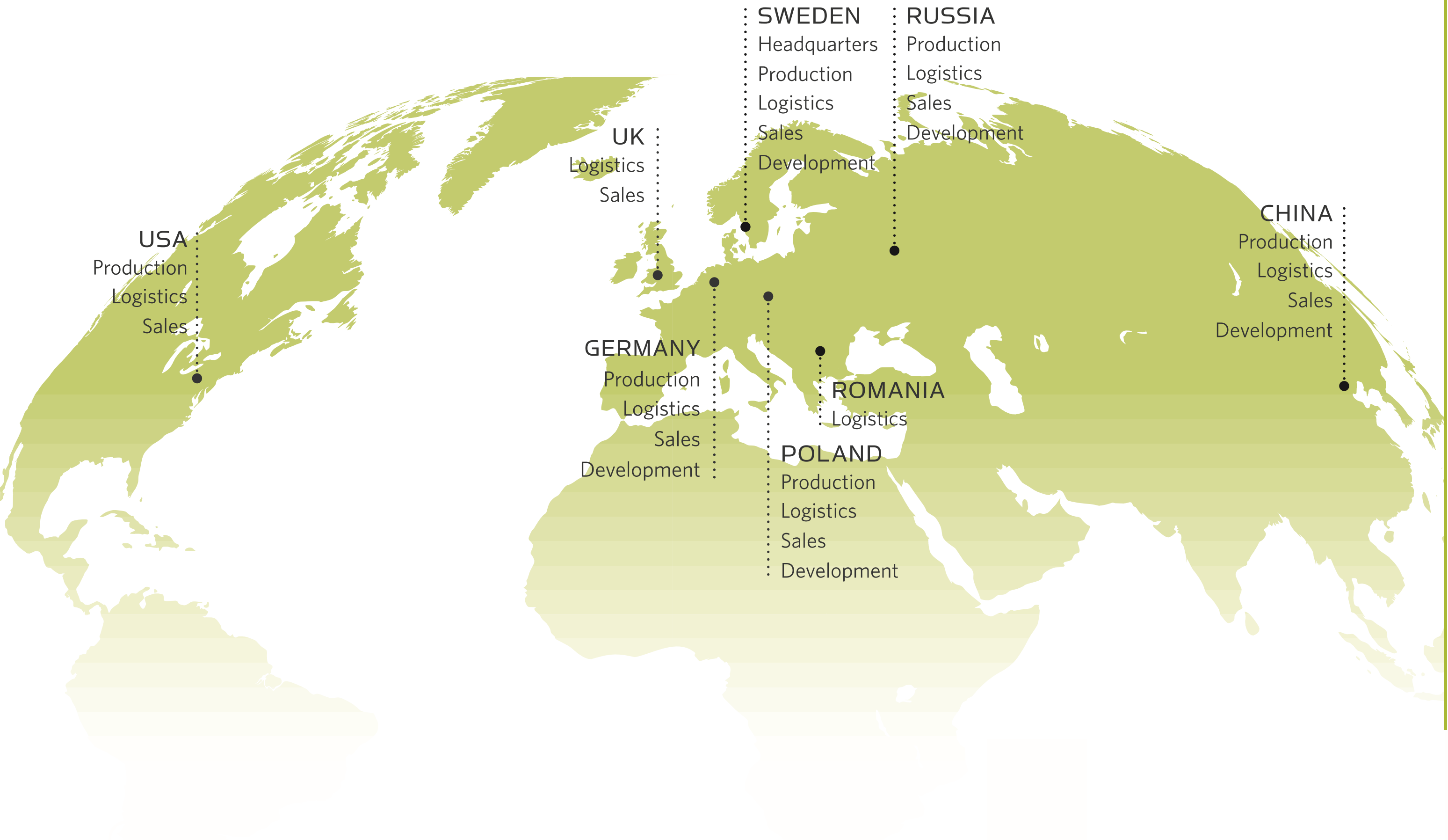
We have good, stable profitability thanks to ongoing streamlining, as well as a flexible, cost-effective production structure. A strong balance sheet brings us flexibility and good preparedness for increases in volume, along with opportunities for growth investments and strategic acquisitions.

A PROMISING OUTLOOK

Our FSP offering is one of the key reasons why we continue to take market share. Thanks to our portfolio of existing contracts and the increasing volumes in them, combined with several ongoing contract discussions, the outlook for continued profitable growth is good.

BULTEN IN BRIEF

Bulten was founded in 1873, and has since developed into one of the largest suppliers of fasteners to the international automotive industry. Today we have around 1,300 employees worldwide and are headquartered in Gothenburg, Sweden. Our offering extends from a wide range of standard products, to bespoke fasteners manufactured to the customer's specific needs. With our Full Service Provider concept, our customers can either leave total responsibility for fasteners to us, which means that we take care of development, sourcing, logistics and service, or choose just certain parts. The share (BULTEN) is listed on Nasdaq Stockholm.



President and CEO: Tommy Andersson

Number of employees (FTE): Approx. 1,300

Net sales 2017: Approx. SEK 2,856 million

Success factors

- Quality leader
- Technology leader
- FSP concept
- Geographic proximity
- Employees
- Financial platform

Core values

- Professional
- Innovative
- Dedicated
- Empowered

Production: Sweden (Hallstahammar), Germany (Bergkamen), Poland (Bielsko-Biała), China (Beijing), Russia (Nizhny Novgorod) and USA (Hudson) from 2018.

Sales and/or logistics centers: Sweden (Gothenburg and Hallstahammar), UK (Scunthorpe and Bridgend), Germany (Bergkamen), Poland (Bielsko-Biała and Wilkowice), Romania (Craiova), China (Beijing), Russia (Nizhny Novgorod) and USA (Hudson and Hagerstown).

Some of our customers: AB Volvo, Audi, Autoliv, BAIC, BMW, Bosch, Fiat, Ford, GAZ, Geely, Jaguar, Land Rover, Lear, MACK Trucks, MAN Trucks, Nemak, Nissan, Opel, Porsche, Renault, Scania, Seat, Skoda, Trelleborg, TRW, Volkswagen, Volvo Cars, etc.

THE YEAR IN BRIEF

NET SALES
2,856
SEK M

ORGANIC GROWTH
6.7%

OPERATING EARNINGS
210
SEK M

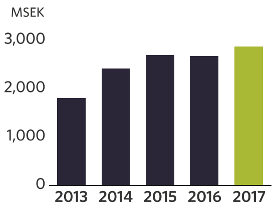
OPERATING MARGIN
7.4%

FINANCIAL SUMMARY, SEK M

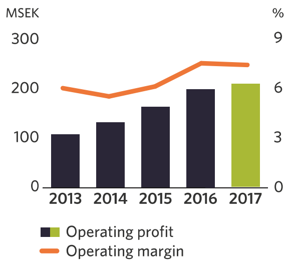
	2017	2016	2015	2014[1]	2013[1]
Net sales	2,856	2,676	2,693	2,414	1,806
Gross profit	558	531	510	455	342
Earnings before depreciation (EBITDA)	290	271	225	180	152
Operating earnings (EBIT)	210	200	165	133	110
Operating margin, %	7.4	7.5	6.1	5.5	6.0
Adjusted operating earnings (EBIT)*	210	200	157	122	109
Adjusted operating margin, %*	7.4	7.5	5.8	5.1	6.0
Earnings after tax	159	146	111	84	100
Adjusted earnings after tax*	159	146	103	76	73
Order bookings	3,015	2,717	2,673	2,557	2,012
Net debt/equity ratio, times	0.0	0.0	-0.1	0.1	-0.2
Equity/assets ratio, %	66.8	68.9	64.0	67.5	52.7
Return on capital employed, %	14.4	13.9	11.5	9.6	8.1
Adjusted return on capital employed, %*	14.4	13.9	11.0	8.8	8.1

*) Adjusted for non-recurring items.
1) The 2013 balance sheets also include discontinued operations.

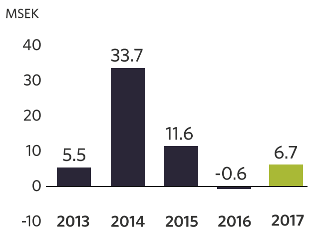
Net sales, SEK M



Operating earnings, SEK M
Operating margin, %



Organic growth, %



Q1

- Bulten's best quarter to date.
- Higher volumes, good capacity utilization and optimized production.
- Strong financial position and key indicators.
- Establishment on the North American market through a production company and a joint venture with Ramco in Hudson, Ohio. FSP concept can now be offered on the American market.

Q2

- Strong order bookings and significant new contracts signed.
- All financial targets met.
- Growth during the quarter was affected by fewer production days than the same period the previous year, along with slightly lower volumes due to model shifts.
- Bulten's joint venture company BBB Services Ltd. received the Ford Motor Company's prestigious Special Recognition World Excellence Award.
- Deliveries to pilot series of next generation electric vehicles began.

Q3

- Strong order bookings and preparation for continued growth.
- Two significant new contracts were signed; one is among Bulten's biggest ever FSP contracts and the other marks entry onto a strategically important market.
- Customer model shifts brought lower volumes, which hindered growth and profitability slightly.
- Higher global market prices for steel and other metals, as well as currency effects, affected profit negatively.

Q4

- A new growth phase began with higher net sales and continued strong order bookings.
- Growth comes from progressively rising volumes after model shifts, and the fact that deliveries to a previously announced significant contract worth EUR 20 million annually have now begun.
- The market is characterized by good general demand for cars in Europe.
- The operating margin was affected positively by currency effects, but with a corresponding negative effect due to higher global market prices for steel and other metals.

	Q1	Q2	Q3	Q4
Net sales, SEK M	778	708	630	740
Organic growth, %	8.8	3.0	5.0	9.8
Operating earnings, SEK M	63	57	35	55
Operating margin, %	8.1	7.9	5.5	7.5

CEO'S STATEMENT

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

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

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

STRONG EARNINGS AND HIGHER PROFITABILITY

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

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

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

Tommy Andersson, President and CEO

> During the year, Bulten signed one of the company's largest ever FSP contracts, with an annual value of around EUR 30 million at full capacity in 2020.

FOCUS 2017

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

FOCUS 2018

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

INVESTMENTS IN CONTINUED STRONG GROWTH

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

INNOVATION AND SUSTAINABILITY DRIVE DEVELOPMENT

We have advanced our position when it comes to the vehicles of the future, and during the year we began FSP deliveries for a new electric car. We are also involved in the development of several powertrains for hybrids, and we are a leader in providing vehicle manufacturers with the latest technology. Moreover, our reference contracts show that Bulten's delivery value in an electric car can exceed that in a car with a conventional combustion engine by approximately 40%. These are just examples that illustrate how our success is built on sustainable, innovative solutions.

Bulten invests continuously in technological and product development so as to secure continued growth.

For Bulten, sustainability work is of strategic importance. Bulten's ambition and strategy is for its entire operation to have the sustainability vein running through it. We have a responsibility to all our stakeholders to promote environmental and social development, as well as good business ethics.

From 2017, we report our sustainability efforts and strategy in line with the guidelines of the GRI Standards, Core level. As members of the UN Global Compact, we have actively chosen to support and work according to ten principles of human rights, employment rights, environmental issues and anti-corruption. With our Annual Report including the Sustainability Report for 2017 we report on how we have worked according to these principles during the year, and we express our ongoing ambition in facing the challenges and opportunities ahead.

CONTRACTS WITH AN ANNUAL VALUE OF AROUND EUR 64 MILLION

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

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

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

Tommy Andersson, President and CEO

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.

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, sustainable business.

INNOVATIVE
PROFESSIONAL
EMPOWERED
DEDICATED

SUCCESS FACTORS

Bulten has identified its success factors and evolves them through the company's strategies.

QUALITY LEADER

Bulten has a leading position in quality, with well-developed and well-integrated quality systems. Quality every step of the way, from development to application, secures the product life cycle.

Read more about our quality work on page 27.

GEOGRAPHIC PROXIMITY

Bulten's geographic spread allows global delivery capacity for vehicle manufacturers with production on several continents.

Read more about the market on page 14 and the business model on page 18.

TECHNOLOGY LEADER

Bulten adds value by developing its fastener solutions in close collaboration with customers.

Read more about technologies and development on page 22.

EMPLOYEES

Bulten has a unique corporate culture and skill set, with dedicated employees who can see the link between their day-to-day work and customer benefit.

Read more about our employees on page 32.

FSP CONCEPT

Bulten's FSP concept offers total responsibility for all fasteners for an entire vehicle platform, vehicle model or production plant. By taking responsibility for the whole refinement chain, the customer is assured of profitability and peace of mind.

Read more about our FSP concept on page 20.

FINANCIAL PLATFORM

A strong financial platform provides readiness to act for further growth on existing and new markets.

Read more about our financial platform on page 35.

THE VALUE CHAIN – BULTEN CREATES VALUE

RESOURCES

Financial

Capital employed, SEK M	1,555
Working capital, SEK M	661
Net debt, SEK M	-49
Investments, SEK M	124
Equity/assets ratio, %	66.8
No. of shareholders	6,631

Operational

Number of employees (FTE) in 8 countries	1,305
Energy consumption, GWh	77.5

Relations

Customers
Suppliers
JV partners
Employees
Local community
Shareholders

Intellectual capital

Patents
Licenses
BATC
FSP concept

OPERATIONAL MANAGEMENT

Vision and business concept, page 8, Goals, page 10, Strategies, page 12, Sustainability, page 28, Employees, page 32, Risk management, page 37, Corporate Governance Report, page 101.

SUCCESS FACTORS

Quality leader, technology leader, FSP concept, geographic proximity, financial platform and employees.

CORE VALUES

Professional, Innovative, Dedicated and Empowered

RESULTS

Financial

Net sales, SEK M	2,856
Growth, SEK M	180
Growth, %	6.7
EBIT margin, %	7.4
Interest expense, SEK M	-4
Interest coverage ratio, times	38.8
Income tax paid in relation to earnings before tax, %	12.1
Operating cash flow, SEK M	58
Proposed dividend on earnings for the year, SEK M	76.3
Proposed dividend in relation to earnings for the year, %	47.0
Investments in relation to net sales, %	4.3
Average working capital in relation to net sales, %	19.6
Return on capital employed, %	14.4
Equity/assets ratio, %	66.8

Operational

Net sales/no. of employees, KSEK	2,189
Operating earnings/no. of empl, SEK 000	161
Increase in no. of employees 2017, %	3.2
Percentage of personnel familiar with the code of conduct, %	100
No. of training hours	30,109
Energy intensity, kWh/kg	1.74
Emissions, CO_2/kg	0.65
Scrap outcome in relation to volume, %	0.77

Definitions: see page 100.

FINANCIAL TARGETS

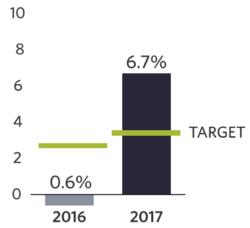
Bulten's financial targets help to maintain and consolidate the company's leading position in the industry, while also contributing to a strong total return for Bulten's shareholders.

ORGANIC GROWTH

The goal is to achieve profitable organic growth and to grow more strongly than the industry average.

TARGET >3.5%

OUTCOME 6.7%



Comments

Organic growth in 2017 was 6.7% (-0.6). Weighted for Bulten's customer structure, average growth in the industry* was 3.5% (2.6). We thereby exceeded our growth target. Growth comes from progressively rising volumes after customer model shifts, and the fact that deliveries to previously won contracts have now begun. Good general demand for cars in Europe has also had a positive impact.

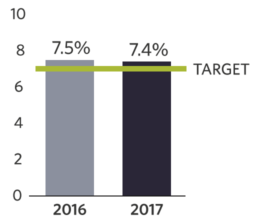
*) Average growth in the industry is defined as production volume in Europe in accordance with LMC Automotive's estimate, December 2017, weighted for Bulten's customer structure.

OPERATING MARGIN

The goal is to achieve an operating margin of at least 7%.

TARGET >7.0%

OUTCOME 7.4%



Comments

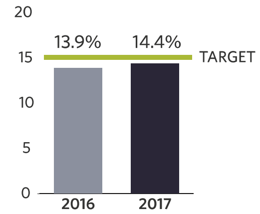
The operating margin was 7.4% (7.5) in 2017 and we exceeded our operating margin target by 0.4%. Operating earnings were adversely affected by higher global market prices for steel and other metals amounting to around SEK 13 million, and by exchange rate fluctuations of SEK -2 (4) million net (translated on the closing date). At the same time, operating earnings were positively affected by a recovered receivable of SEK 4 million.

RETURN ON AVERAGE CAPITAL EMPLOYED (ROCE)

The goal is to achieve a return on average capital employed of at least 15%.

TARGET >15.0%

OUTCOME 14.4%



Comments

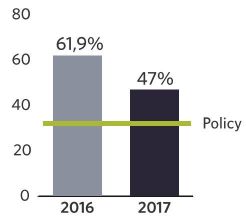
Return on average capital employed amounted to 14.4% (13.9) in 2017; this means we did not achieve our goal of at least 15%. The improved capital structure and the higher capital turnover rate did, however, contribute to an increase in return on capital employed by 0.5%.

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 Bulten's financial position, cash flow and outlook.

TARGET >33%

OUTCOME 47%



Comments

The Board has proposed to the Annual General Meeting a dividend of SEK 3.75 per share for the 2017 financial year, compared to SEK 4.50 per share in 2016, of which SEK 3.50 was a standard dividend and SEK 1.00 was an extra dividend. The dividend equates to roughly 47% (61.9) of net earnings after tax, which is in line with the dividend policy.

SUSTAINABILITY TARGETS

Deploying sustainability efforts with defined goals better enables us to deliver higher value to all stakeholders in an environmentally, socially and economically sustainable way.

CODE OF CONDUCT FOR EMPLOYEES

The target is that the Code of Conduct is signed by all, 100%, employees.

TARGET 100% | OUTCOME 100%

Comments

Employees signs the Code of Conduct when they sign their employment contract and progress is monitored via the HR department. In the future, Bulten will provide further training in sustainability.

CODE OF CONDUCT FOR SUPPLIERS BUSINESS PARTNERS AND SERVICE PROVIDERS

The target is that the further developed Code of Conduct will be communicated to all active suppliers, equivalent to 99% of purchased direct material, during 2017.

TARGET 100% | OUTCOME 100%

Comments

A further developed code of conduct for suppliers, business partners and service providers has been communicated and distributed as planned, with the aim to ensure that all Bulten's requirements regarding business ethics, working environment and environmental issues, as well social factors, are fully accepted by our suppliers. Purchasing agreement templates and terms and conditions have been updated accordingly.

ENERGY CONSUMPTION

The target is to reduce energy consumption by 3% annually.

TARGET -3.0% | OUTCOME +1.0%

Comments

Energy consumption has increased by 1% to 77.5 (76.5) GWh as Bulten's production volume has increased during 2017. We also monitor energy intensity, which fell by 5% in 2017 compared to 2016 – a very positive development. From 2018 Bulten will measure and monitor energy intensity per kWh/kg of screws, with the aim of a further 3% reduction moving forward.

EMPLOYEE TURNOVER

The goal is that the turnover of permanently employed personnel should be less than 10%.

TARGET <10.0% | OUTCOME 7.8%

Comments

Employee turnover for permanent employees amounted to 7.8% (6.4) in 2017, thus exceeding the goal.

WORKPLACE ACCIDENTS LEADING TO ABSENCE

The target is zero LTIR (Lost Time Injury Rate*).

TARGET 0 | OUT-COME 2.38

Comments

2017 is the first year Bulten is measuring LTIR. The actual number of accidents has increased on 2016 and Bulten has appointed a work group whose job it is to harmonize monitoring and identify activities for reducing the number of accidents in the workplace.

*) Number of accidents leading to absence x 200,000/total number of worked hours.

STRATEGIES AND DEVELOPMENT DURING THE YEAR

Bulten has chosen several strategic paths for continued effective business development, and for achieving set goals.

GLOBAL SYSTEM SUPPLIER OF FASTENER SOLUTIONS

Bulten shall be a global system supplier of fastener solutions to the automotive industry, FSP.

The FSP (Full Service Provider) concept is growing ever stronger and contributed not only to good growth in 2017, but also to new contracts that secure growth for the years to come. During the year, Bulten also signed one of the company's largest ever FSP contracts, with an annual value of around EUR 30 million at full capacity in 2020.

VALUE ENHANCEMENT THROUGHOUT THE VALUE CHAIN

Bulten creates value throughout the value chain: from pre-development, technology and product development, production, purchasing and logistics, to final delivery at the customer's production line.

Development of surface treatment plants at Bulten's German and Polish units began during 2017. Production will begin in early 2018 in Germany and early 2019 in Poland. Surface treatment plants are already in operation at Bulten's units in Sweden and China.

ORGANIC GROWTH

Bulten's primary strategy is to grow organically. Acquisitions and joint ventures deemed to complement the offering either in terms of products, processes or geography are also of interest.

Bulten has enjoyed a higher rate of growth in 2017 than the production increase on the European automotive market, and has consolidated its market position. The company has seen growth of around 6.7%, compared to the market's growth of around 3.5% during the same period. Starting in 2017, Bulten has set out on a new phase of growth and there is a good foundation for the business to go on growing organically on the global automotive market, based on new contracts already signed and rising volumes in the underlying contract portfolio.

CUSTOMERS IN THE AUTOMOTIVE INDUSTRY

Vehicle manufacturers and suppliers in the automotive industry are the primary target groups.

Bulten still enjoys great trust among customers in the global automotive industry. Bulten's joint venture company in the UK received the Ford Motor Company's prestigious Special Recognition World Excellence Award during the year.

GEOGRAPHIC PROXIMITY

Bulten's geographic spread allows global delivery capacity to the automotive industry.

Enhanced global delivery capacity thanks to establishment in the USA at the beginning of 2017, both through a proprietary production company and a joint venture company. In the third quarter, the American operation signed its first strategically important contract via the joint venture company, to a value of USD 5.5 million, and during 2018 Bulten's local production unit is expected to begin operating.

INNOVATION DRIVES DEVELOPMENT

An innovative climate serves to develop technological know-how to create optimal, sustainable, cost-effective solutions for the customer.

Bulten has advanced its position when it comes to environmentally friendly cars, and during the year an FSP contract for a new electric car began. The company is also involved in the development of several powertrains for hybrids, and is a leader in providing vehicle manufacturers with the latest technology. Bulten's success is built on sustainable, innovative solutions.

STRONG BALANCE SHEET FOR GROWTH INVESTMENTS

A strong balance sheet and low indebtedness provide flexibility and preparedness for investments in increased capacity and growth, as well as for strategic acquisitions.

Retained high equity/assets ratio of 66.8% (68.9), despite a higher degree of investment. Increase of 0.5 percentage points in return on capital employed to 14.4% (13.9) thanks to active work on the capital structure.

DEVELOPMENT OF THE SUSTAINABILITY WORK

All activities within Bulten should be sustainable and in line with the company's ethical guidelines and based on social responsibility considerations, environmental principles and responsible corporate governance.

Harmonization and development of a more systematic approach, with the aim of increasing sustainability in the areas that Bulten can influence. A Sustainability Committee has been established to develop and follow up the work, to suggest actions, exchange experiences and monitor trends.

GLOBAL PURCHASING STRATEGY

Bulten's global purchasing strategy harmonizes and consolidates the purchase of intermediate goods in a sustainable, cost-effective way

The global purchasing strategy is under constant review and updating, the aim being to optimize the purchase of materials and intermediate goods towards greater sustainability and cost-efficiency.

SUSTAINABLE, COST-EFFECTIVE PRODUCTION

Bulten's production technology and structure ensures sustainable, cost-effective production of the highest quality.

The 2017 investment rate of around 4% was slightly higher than the average for Bulten, yet still in line with Bulten's ambition to be the most cost-effective producer of fasteners in the industry. Efforts include a decision to increase the hardening capacity in Hallstahammar by around 25% by investing in a new heat treatment plant, as well as an investment of approximately EUR 9 million in new surface treatment plants at the German and Polish units. Moreover, an expansion of the production structure is planned in Poland, with a new building of some SEK 177 million. Production start-up is planned for 2019.

EMPLOYEES AND A UNIQUE CORPORATE CULTURE CREATE A SUSTAINABLE OPERATION

Bulten's employees contribute to a sustainable development with their expertise and dedication. The company's core values are the foundation of Bulten's unique corporate culture.

Harmonization and development of more uniform HR processes and implementation of a common, global HR policy, which supports a strong corporate culture moving forward.

GLOBALIZED MARKET

Over the years, Bulten has become a leading European supplier of fasteners to the global automotive industry, and has a particularly strong position through its FSP offering.

In recent years Bulten has developed into the largest FSP supplier in Europe. At the end of 2017, our estimated market share was roughly 17% of the European market for fasteners for the automotive industry, and for FSP business it was roughly 60% of the same market. Both these figures are unchanged compared to 2016. The information is based on data from the EIFI (European Industrial Fasteners Institute) relating to European automotive industry purchases of fasteners during 2017.

A FRAGMENTED SECTOR WITH FEW DIRECT COMPETITORS

There are several hundred manufacturers of fasteners in Europe, but many of them are small and target industries other than automotive. There are also a few major producers who operate on several continents. Most of them are privately owned, but some are listed global players such as Lisi (Paris) and American ITW (NYSE). None of them, however, are direct competitors to Bulten. Our principal competitors are the players that offer a Full Service Provider concept similar to Bulten's. This category includes the companies Nedschroef, owned by Shanghai Prime Machinery Company Limited (PMC) of China and listed in Hong Kong, and German company Kamax through the distribution company Facil.

A GROWING MARKET

Generally speaking, volumes in the fastener industry increased much the same as those of the automotive industry in 2017. Based on forecasts via Reportlinker, the market for fasteners for the automotive industry is expected to be valued at USD 22.2 billion in 2017, and is predicted to increase in value to SEK 25.9 billion by 2022. This equates to an annual growth rate of 3.1%.

Higher establishment of production on emerging markets

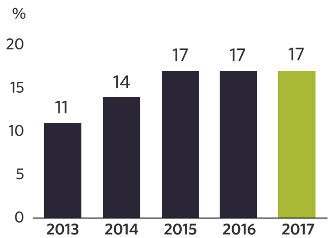
One clear trend in the automotive industry is that the position of emerging markets is growing stronger. China, for instance, has surpassed both North America and Europe in the number of cars and light trucks produced. See the production statistics charts on the next page.

On the European automotive market we can see a continued shift of production from Western Europe to Central and Eastern Europe. Bulten is already a part of this shift with production plants in Poland and Russia.

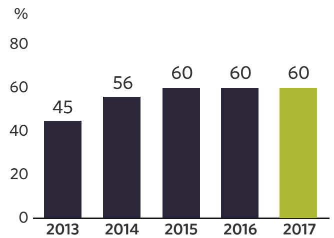
Forecast for the European automotive market

According to the latest LMC Automotive forecast in December 2017, European production of light vehicles is expected to increase by 3.2% and heavy commercial vehicles by 4.9% in 2017 compared to 2016. Weighted for Bulten's customer structure, this means an increase of 3.5% for the corresponding period, rather than the previous 3.0%. For 2018 as a whole, production of light vehicles is expected to increase by 1.1% and 2.1% for 2019, and heavy commercial vehicles by 4.6% for 2018 as a whole and 2.8% for 2019 as a whole. Weighted for Bulten's customer structure, this means an increase of 1.6% for 2018 and 2.2% for 2019.

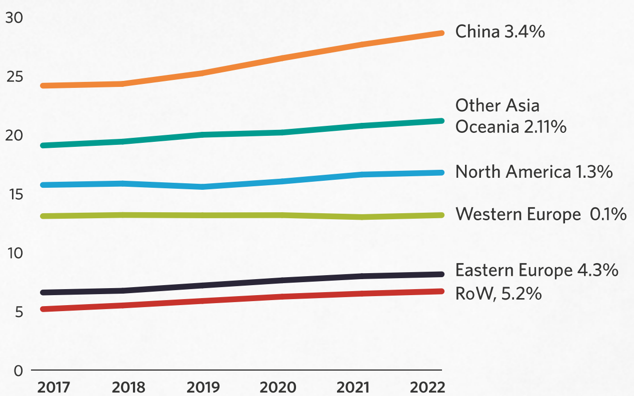
Bulten's share of the total market for fasteners for the automotive industry in Europe, 2017



Bulten's share of the total market for automotive-related FSP business in Europe, 2017



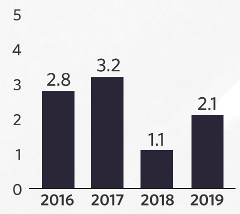
FORECAST, CARS PRODUCED PER REGION, AVERAGE ANNUAL GROWTH



Source: LMC Automotive

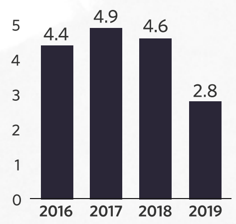
FORECAST, VEHICLE PRODUCTION IN EUROPE

Light vehicles



Source: LMC Automotive, estimate Dec 2017

Heavy commercial vehicles (>15t)



Source: LMC Automotive, estimate Dec 2017

According to production statistics from LMC Automotive, global annual growth for cars in 2017–2022 is expected to be 2.4%, with China increasing its total output by 3.4% annually compared to Western Europe, which is more constant. Eastern Europe will grow dramatically by 4.3% annually during the same period, and North America is estimated to grow by 1.3%.

Bulten's growth 2017

6.7%

Source: Bulten

Market growth in Europe for Bulten 2017

3.5%

Source: LMC Automotive, estimate Dec 2017

Forecast market growth in Europe for Bulten 2018

1.6%

Source: LMC Automotive, estimate Dec 2017

Forecast market growth in Europe for Bulten 2019

2.2%

Source: LMC Automotive, estimate Dec 2017

TRENDS IN THE AUTOMOTIVE INDUSTRY

The automotive industry is undergoing major changes, and its development has a direct impact on Bulten's business in many respects, primarily in terms of markets and volumes.

According to the KPMG Global Automotive Executive Survey 2018, the changes are predicted primarily to be technical and include vehicle powertrains, as well as production and utilization. Bearing in mind the digitalization and connection being developed in vehicles, new kinds of players are expected to enter the picture. The developments will likely lead to new forms of ownership and business models whereby a vehicle is not necessarily a personal possession, but perhaps people buy shares in a car pool or transport is sold as a service, for instance. Online car sales are also expected to increase dramatically, while physical sales at a dealership decrease. The survey also mentions the geographical changes in production, where the emphasis is shifting from established production countries, primarily in Western Europe,to China and other emerging economies.

WHAT DO THE TRENDS MEAN FOR BULTEN?

The conclusion of the particular trends in the fastener industry is that customers will place increasingly high demands on suppliers. Customer relations and delivery quality will be more and more important, which is why we are taking a more integrated total responsibility for the product. We believe there is great potential for streamlining in the segment, through our strategy and FSP concept.

Trends that affect Bulten	Implications for Bulten	Bulten actions
Globalization	Vehicle manufacturers move production to emerging economies and new markets.	Bulten is following customers and establishes on selected markets.
Sustainability	Expectations and higher demands on Bulten actively contributing to increased sustainability relating to its customer offering, its own production and the suppliers.	Bulten is working systematically to increase sustainability in the parts of processes and deliveries that the company can influence. Sustainability is an integral part of the company's strategy.
Continued competition in automotive industry	More vehicle manufacturers on more markets leads to a continued rise in large-scale production and global platforms for vehicle models.	Bulten is reducing fastener variants and creating volume synergies, and is offering closer collaboration with vehicle manufacturers through the FSP concept.
Consolidation	Large-scale production leads to consolidation, i.e. fewer suppliers are expected to be more involved in the customer's development.	With the FSP offering, Bulten can be involved already from the development stage to delivery on the customer line.
Electrification	Hybrid vehicles, i.e. vehicles with combined combustion and electric engine, are already on the market. Electric cars, which are battery powered, are on the increase and are expected to make a commercial breakthrough once prices are on a par with established combustion-engine vehicles, and when their range increases. The future share of electric vehicles is very hard to assess, but a summer 2017 market analysis by the company IHS estimates a breakthrough for electric cars around 2025, when the share of electric cars sold is predicted to be 6–16%. According to the KPMG survey, fuel cell electric vehicles are currently the leading trend.	Bulten is collaborating with several customers on the development of fasteners for hybrid and electric vehicles. Both technologies require more fasteners, primarily for the battery and for new materials in the lightweight chassis. Bulten does not believe the fuel cell trend will have any impact on its business in the immediate future, and it is hard to judge when commercialization will take off.
Digitalization	Digitalization with greater computerization, e.g. driverless cars, entails an increasing number of electronics boxes, sensors, transmitters, etc. This in turn requires more fasteners for installation.	Bulten is increasing its offering and supplying bespoke fasteners for in-vehicle installation.

40%

HIGHER SALES VALUE FOR FASTENERS

ELECTRIC CARS – A GOOD DEAL FOR BULTEN

The fact that electrification is growing on the automotive market is positive for Bulten, since the value of fasteners in an electric car is currently estimated at up to 40% higher than for a car with a conventional combustion engine. The increase is partly due to the fact that more fasteners are used for the battery, but above all because the lightweight chassis needs more fasteners for assembly. Bulten is taking part in electrification projects with several vehicle manufacturers, and is helping to drive the development of fasteners for electric cars.

When will electric cars make a breakthrough?
The car industry is facing an anticipated paradigm shift. Electrically powered cars as an alternative to combustion-engine vehicles are expected to make a breakthrough when total cost and availability reach a similar level. A summer 2017 market analysis by the company IHS estimates that this will not happen until around 2025, when the share of electric cars sold is predicted to be 6-16%.

It's challenging to find solutions that meet customers' needs and develop the business.

EDITH WANG, Managing Director of Bulten in China

If I had to choose two words to describe my job, I'd choose challenging and exciting. It's challenging to find solutions that meet customers' needs and develop the business, yet also exciting with all the opportunities we at Bulten have ahead of us. The best thing about the job is to retain our customers' confidence with growing orders. It's firm proof that we're working in the right way and getting our priorities right.

I started working for Bulten in 2013 as an executive assistant. I was later put in charge of the HR department, and in January 2017 I was appointed Managing Director of the Chinese company. It's a tremendously enjoyable, developmental journey I'm on with Bulten. My ambition as an MD is, together with the personnel, to find efficient working methods and approaches to enable us to achieve our common goals.

What do you do outside of work?
Apart from the energy I get from inspiring work days, I like to recharge my batteries with exercise, primarily fitness yoga and swimming. I also like to travel. It gives me a broader perspective of the world, which is very useful in my career. My latest trip took me to New Zealand, an exciting, beautiful country with a lot to offer.

BUSINESS MODEL – HIGH AWARENESS AMONG CUSTOMERS

With a broad customer base among the world's leading vehicle manufacturers, Bulten today is a strong brand on the market. Our business model is about guaranteeing high delivery quality throughout the sales process, but we also place great emphasis on customer relations.

RENOWNED CUSTOMER BASE

Our customers are mainly found in the automotive industry in Europe, Asia and the USA, and include some of the world's leading auto manufacturers such as AB Volvo, Ford, Jaguar Land Rover, Scania and Volvo Cars. They are primarily producers of cars but also of heavy vehicles, and some tiers.

Of total sales, 76% relates to cars, 10% to tiers and 14% to heavy commercial vehicles, the main delivery being critical fasteners for the engines. All in all around 75% of sales relate to chassis and around 25% to powertrains.

Net sales refer 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 by customers to other markets, such as North America and BRIC.

RELATIONS AND COMPETENCE

A vital component of our business model is a sales process that meets customer demands regarding the right product, good quality, delivery time, and optimization of stock levels. This is made possible by competence, long experience, and safeguarding new knowledge. A new sales and marketing organization was established during the year with the job of promoting continued profitable growth and the long-term strategy, and the results to date have been excellent.

Another important part of our sales model is to establish and preserve relations with existing and prospective customers. We have an extensive network in the global automotive industry, and we believe that personal contact is the key to greater awareness of and confidence in Bulten, and is the factor that eventually leads to business.

Global presence with local contacts

All employees with customer contact have a customer relations responsibility based on our core values, and also on receptiveness and clear communication. That way we can be sure we are represented in the best way. To establish contacts that extend from the executive to the regulatory and implementation levels, we have made sure to create contact interfaces through several functions.

Direct customer responsibility lies with our dedicated "Key Account Managers" (KAM), who are linked to our global customers. The collaboration between KAM and our local employees is close and important to best meet local customers' demands and expectations.

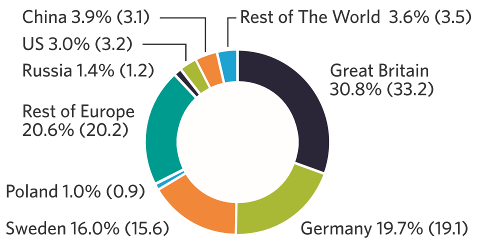
Another customer focused function are our Resident Engineers, i.e. Bulten engineers who

STRONG POSITION

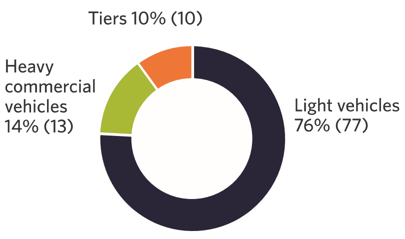
Bulten's market position is characterized by the following strengths and sales arguments:

- The market has high awareness of Bulten
- Good knowledge and expertise
- Professional in its conduct
- Proactive and supportive – curious, wants to understand customer needs
- Founded in the company's core values
- The FSP concept

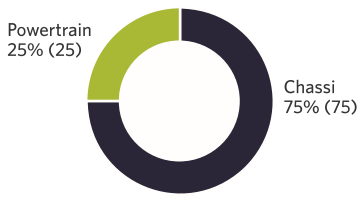
Distribution of Bulten's net sales 2017



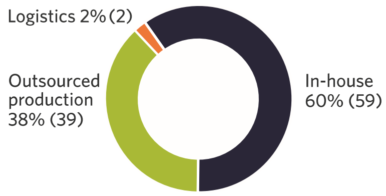
Sales by customer segment



Sales by chassis and powertrains



Sales by earnings category



All employees with customer contact have a customer relationship responsibility based on our core values, but also on receptiveness and clear communication. In the picture; Arnd Bergmann and Thorsten Lichtblau.

work at a customer's site. When we start up a project, they are involved and contribute their knowledge and experience. This is highly reassuring for customers, and also means we can be proactive even in the pre-development and technical design stage, an advantage for both the customer and ourselves.

Our Bulten Advanced Technology Center (BATC) is yet another contact interface where relations are built and maintained. Based in Gothenburg, the BATC runs development projects alongside customers and serves as a meeting-place for technical designers. Our training for customers' technical designers at the Bulten Fastener Application Academy (BFAA) is an important relations-building channel, where we either give talks on site or provide the customer with training material.

We also place great emphasis on meeting the customer in their arenas, and take part in trade shows or the customers' own shows where suppliers are invited. These are important occasions as they give us an opportunity to forge contacts at several different business levels among vehicle manufacturers.

RESPONSIBLE BUSINESS RELATIONS

Having many business relations on a global level makes it important for us to take responsibility. We therefore have a code of conduct and an anti-corruption policy to guide us in our relations with customers and suppliers alike. The code encompasses aspects such as social conditions, respect for human rights and environmental issues. In addition we have conducted a risk assessment which is reported out under sustainability risks on pages 37–38.

Moreover, during the year we have drawn up a policy that counteracts anti-competitive activities.

AGREEMENTS

Agreements are generally based on a platform, car model or factory. Orders for specific volumes are received on an ongoing basis. When the company communicates orders to the market, they refer to future business and are entered as an expected earning in annual value.

EARNINGS FOR DELIVERED VOLUMES

When an order is delivered from one of our warehouses, an invoice is issued and an earning thus arises. Earnings are divided into produced in-house, outsourced production, and to some extent logistics.

IN-PLACE COST – IPC

The IPC is the total cost of a fastener, from development to assembly and subsequent product life span. The cost of the physical fastener amounts on average to roughly 15% of the total cost. Thanks to our innovative solutions and services, the customer can achieve reductions in IPC while retaining, and in many cases improving, performance. Cost reduction is achieved for example through standardization, the right dimensioning, simplified assembly, and a decrease in indirect related costs such as development and logistics.

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

FULL SERVICE PROVIDER (FSP) – AN OFFERING THAT CREATES ADDED VALUE

Replacing the conventional purchasing model and assigning total responsibility for fasteners to an experienced, well-established company can save automotive manufacturers money and resources. The scalable Full Service Provider concept offers many advantages, and Bulten has developed and refined its offering over more than 20 years.

CUSTOMERS WITH DIFFERENT NEEDS

Bulten is one of few companies in Europe to offer a Full Service Provider concept, whereby we assume total responsibility for all fasteners for an entire platform, vehicle model or factory. We support customers with application-driven innovation, and develop new technology and new solutions based on the customers' application requirements. With extensive know-how, we can assure quality throughout the value chain, from development, through provision, and all the way to the customer's production line. All our customers have different needs, which is why our FSP offering is flexible. It is essentially a palette of solutions and different service levels, and the customer chooses the entire concept or just the parts that meet their specific needs.

COMPLEX LOGISTICS AND PURCHASING

Fasteners comprise under 1% of the manufacturing costs of a vehicle, but represent as much as 60% of all part numbers. They come in many shapes and sizes and in tremendous volumes, which makes purchasing and logistics a complex, time-consuming aspect of production.

Today, many automotive manufacturers still use a conventional purchasing model, with the company's purchasing department dealing with several different fastener suppliers – an approach that drains both resources and capital. Our FSP offering streamlines the process both time-wise and financially, since the purchasing department needs just one contact for the full range of fasteners – and can also count on reliable, quality-assured delivery.

KNOW-HOW THAT GUARANTEES QUALITY

Our responsibility and offering go far beyond stocking and delivering the required products. For us, full service entails having the right knowledge and intuition when it comes to coordinating components between different suppliers, delivery types, process stages, warehouse hubs and customer recipients. We manufacture many of the components under our own management, which gives us great insight into quality and an in-depth understanding of the production process. Combined with our global presence and long experience, we are familiar with the global supplier base and know exactly which subcontractors to call to get the best of the components we don't make ourselves.

By using our FSP offering and handing over total responsibility for fasteners to an experienced, well-established company, the customer has much to gain in terms of both time and money. We simplify and streamline a complex part of the production process with a reliable, profitable service.

Bulten continually works proactively to increase the awareness and benefit of the FSP concept. Today, roughly three quarters of our portfolio relates to FSP contracts, and this percentage is expected to increase.

ADDED VALUE FOR THE CUSTOMER

For more than 20 years we have been developing and refining our FSP concept by amassing extensive knowledge and expertise along the whole value chain, and we have built up a quality-assured network of business partners.

- One contact for all fasteners
- Simplified management and added value along the whole supply chain
- Cost savings, freed-up resources and capital
- The freedom to choose all or parts of the concept
- A long-term business partner with its own quality-assured production and good familiarity with the global supplier base

RELIABLE, MORE LONG-TERM BUSINESS FOR BULTEN

The FSP concept is very beneficial also for Bulten. It strengthens our market position by establishing closer, more long-term customer relations, in which we constantly expand our understanding of the individual customer's needs. This in turn lays the foundation for stable cash flow over time.

EXAMPLES OF ADDED VALUE CREATED

Here are two examples where the FSP concept has created a lot of benefit for our customers.

Case 1

>1.26 EUR M

One customer's V8 engine required 340 standard screws. Bulten got involved in the construction and was able to suggest improvements. We managed to reduce the number of fasteners by 10% by switching to 300 Taptite® screws (a thread-forming screw that simplifies assembly by forming a thread in a smooth hole while assembly is underway) and 10 standard screws. The result was an annual saving of EUR 1.26 million for the customer.

Case 2

>4.8 EUR M

In a collaboration with three major automotive manufacturers, we established a new logistical solution and were able to manage all volumes of fasteners all the way to the assembly plant, combined with technical and pre-production support. The collaboration reduced the number of fasteners from 1,800 to 1,100, which led to an annual saving of EUR 4.8 million for the customer.

FSP – FULL SERVICE PROVIDER

Bulten offers a tailor-made FSP solution which means that Bulten can assume responsibility for the whole, or parts of, the value chain, from pre-development to deliveries directly to the customer's assembly line.

DEVELOPMENT

- PRODUCT DEVELOPMENT
- ON-SITE SUPPORT

Bulten supports customers with application-driven innovation, and develops new technology and new solutions based on the customers' application requirements.

SUPPLY

- PRODUCTION
- PURCHASING
- QUALITY CONTROL

Delivery of fasteners takes place primarily from the company's own production, which is supplemented by components from suppliers who live up to Bulten's quality requirements.

LOGISTICS

- PACKING
- WAREHOUSING
- FREIGHT

Coordination of components between different suppliers, delivery types, process stages, warehouse hubs and customer recipients.

Just-in-time deliveries through local production or logistics centers.

Line feeding. Inventory management.

SERVICE

- ON-SITE SUPPORT
- OFF-SITE SUPPORT

Access to an on-site Resident Engineer and account manager in the customer's production to assure the FSP process.

Back-office function to support the customer agreement, delivery schedules and customer wishes.

QUALITY

SMARTER SOLUTIONS

Bulten offers technical solutions that aim to develop more sustainable, cost-effective solutions, from development to in-place assembly and function.

The screw is the most important part of a fastening application, since it creates the force that holds together the components, i.e. the clamping force. The screw must expand or contract exactly as calculated depending on heat, cold or vibrations. Also, a screw must never be too strong. If it does not break under certain circumstances, something else far more critical, expensive or harder to replace 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, wind, moisture, extreme heat and friction. Besides the obvious, that the screw must not rust, it must also be visible inside the vehicle, which means it must also be pleasing to the eye and harmonize with its surroundings.

Surface treatment is also a decisive parameter in achieving optimal clamping force. This is important because deviant clamping force contributes to an increased risk that the joint may loosen or break.

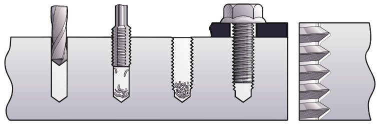
Today's fastening applications often consists of mixed materials like steel, aluminum or composite which provides new opportunities to streamline both joints and assembly methods. These combinations place even greater demands on both manufacturers and suppliers. The requirements for a screw to exactly 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, logistics and expertise at the highest level – something that Bulten masters fully.

Here we describe some of the technical solutions that aim to reduce the IPC (In-Place Cost) of a fastener, partly through more efficient assembly.

TAPTITE 2000

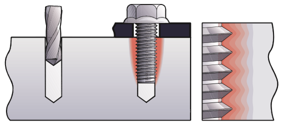
TAPTITE 2000® is a technique that offers major potential savings. It is a thread forming screw, which means that it forms a thread when being driven into a core hole, thus eliminating threading and washing, and the addition of a threadlocker such as a nut.

TRADITIONAL SCREW ASSEMBLY



Drilling Threading Washing Assembly

ASSEMBLY USING TAPTITE 2000®



Drilling Assembly

FASTITE 2000

FASTITE 2000™ thread forming screws are designed to solve common problems in sheet metal applications such as thread stripping, misalignment and inconsistent assembly performance.

STANDARD SCREW WITH ST THREADS

Sheet metal screws with ST threads often 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™ starts straight and finishes straight, guaranteeing a secure, tight assembly. The twin-lead thread centers the fastener in the hole and keeps it straight.

MATHREAD

MAThread® reduces installation time, since the technique eliminates manual initial threading, and thereby also the costs for waste, rework, and warranty repairs associated with conventional metric joints.

CONVENTIONAL METRIC SCREW

The first thread on a nut is always incomplete, which means there is a risk of cross threading. This risk is generally managed using manual fitting, which is both costly and time consuming.

HOW MATHREAD® WORKS

The MAThread® unique male thread 'rolls' over the first thread in the female thread crest.

ONE TOUCH ASSEMBLY

Since assembly times are planned in seconds, cost-efficient and functionally reliable fasteners can make a real difference in mass production. In order to offer better ergonomics and reduced assembly and workload time, Bulten is developing fastening systems with pre-assembled fasteners within the 'One Touch Assembly' family.

"PICK 'N' MIX' ASSEMBLY

Time consuming, with scope for error.

'ONE TOUCH' ASSEMBLY

Fast and accurate.

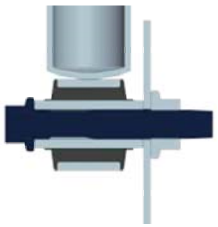
B14®

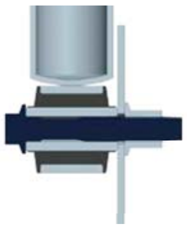
The unique B14® material, super clean carbon steel, makes it possible to downsize each and every screw without reducing the clamp load. This allows significant weight reduction of up to 40%.

Example: shock absorber assembly.
Optimization of the joint results in a total weight reduction of 25%, i.e. 250 grams per vehicle, 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 design.

Bulten places great emphasis on enabling its personnel to develop.

ILONA SZŁAPA, Project Manager for development and operation of the new surface treatment department in Radziechowy-Wieprz, Poland.

I've worked in the fastener segment for the past ten years and joined Bulten in autumn 2016. I'm a qualified engineer, and during my first year with Bulten I completed my doctoral thesis in the field of surface treatment. My thesis has been an ongoing challenge since 2013 so it was tremendously satisfying to finally complete it. It's basically about the mechanical durability of corrosion protection in fasteners.

The reason I was interested in Bulten was partly because the company is a major global player with a lot of exciting customers worldwide. I also knew that Bulten places great emphasis on enabling their personnel to develop, and that appealed to me.

My job focuses on setting up the new surface treatment department at the plant in Poland: building up the unit, being responsible for layout, making sure the equipment ends up in the right place, and eventually starting it all up. It's a great challenge and my thesis work comes in really useful.

What do you do outside of work?
I like to stay active and do everything from swimming and yoga to skiing in the winter. I also like to watch historical films, especially from my favorite period which is 17th century France. I look forward to spending the summer in the Polish lake region of Masuria.

VALUE CHAIN THAT MAKES A DIFFERENCE

Bulten works consciously toward its goal of offering market-leading fastener solutions that meet customer requirements on efficiency, quality, price and sustainability. With clearly defined objectives, global presence, responsible conduct and the latest in technology and innovation, we are the company that can make a difference and create the greatest benefit for the customer.

› PRE-DEVELOPMENT

By delivering the right screw for the right joint and ensuring they can be assembled efficiently, we reduce the customer's total cost. Development is more significant and the impact greater when that development takes place specifically for automotive manufacturers' global platforms. So that we can offer complete fastener solutions, we supplement proprietary production development with licensed manufacturing of fastener concepts, such as Taptite 2000®.

We create added value and benefit for the customer by being a proactive partner with full control through the whole value chain. The total cost of fasteners, known as the In-Place Cost or IPC (see fact box on page 19) can be optimized when we can influence every single parameter.

Our own development center

We have our own Bulten Advanced Technology Center (BATC) in Gothenburg, Sweden, with specialist expertise in chemistry, physics, engineering, technical design and production. This expertise is used for product development, which includes cold forging, friction calculation, surface treatment and strength. Quality assurance with traceability is conducted through detailed testing and structured documentation.

Development also takes place in connection with each production unit.

› TECHNICAL AND PRODUCT DEVELOPMENT

In new concepts and projects, we are proactive with a Resident Engineer, a development specialist stationed at the customer site. The objective is to find smart solutions and the right dimensioning, and to reduce the number of special solutions. We also write the specifications for critical fasteners which last for the entire life cycle of the end product.

Development for greater sustainability

We contribute to sustainable development, in part by reducing the weight of the vehicle. This reduces energy consumption, thereby contributing to lower carbon dioxide emissions. This is achieved through development of the right material for greater strength, the right dimensioning, and alternative solutions.

› PURCHASING

As Bulten increases its degree of refinement with more extensively assembled fasteners, the need to maintain control over the supply chain and create economies of scale also increases. Purchasing is managed at three levels: strategic, tactical, and operational. The aim of these levels is to establish a global purchasing strategy that governs how we act locally.

Purchasing is based on a geographical perspective, and on the degree of value refinement. The global purchasing strategy ensures that our local units use the suppliers who are familiar with and understand our needs, assure contrac-

Karsten Preuß quality tests fasteners after heat treatment.

tual terms and also create economies of scale. This level-based approach affords us a local establishment close to customers, as well as a strong position in negotiations thanks to our size.

Almost 40% of our sales come from outsourced production, which alongside our own production and further refinement evolves into total solutions. The parts we buy are components that require other production equipment and/or are needed in too low a volume to be profitable in our own production.

› LOGISTICS

The logistical flow of our product range is complex and global, with many different products and components needing to be sent between the various production plants, suppliers and logistics centers. The end product, i.e. the fastener solution, is always distributed to the customer from one of our logistics centers, many of which are near customers' production plants. Being able to deliver on time with tight deadlines is also crucial.

Greener transportation

A major project has been initiated to consolidate our road freight in Europe. The demands we place on transport companies include that they may only use trucks with engines that meet Euro 5 and Euro 6 standards, and that the company must comply with our code of conduct. We also have an objective to increase the percentage of renewable fuels, and to shift consignments from road to rail as far as possible.

> “Many different products and components need to be sent between the various production plants, suppliers and logistics centers.

One example of sustainable logistics can be seen in the restructuring of our transportation from Asia. The new structure optimizes loads in containers and we only use green ships, thus considerably reducing our environmental impact.

› PRODUCTION

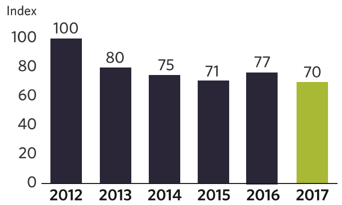
Bulten has its own production of fasteners in Sweden (Hallstahammar), Germany (Bergkamen), the USA (Hudson, from 2018), Poland (Bielsko-Biała, and from 2019 Radziechowy-Wieprz), Russia (Nizhny Novgorod) and China (Beijing).

The fasteners are primarily made of wire rods using a cold forging technique, an efficient production method that can make up to 300 fasteners a minute depending on the machine and dimensions. The production process is the same at all plants, which means that the flexibility exists to spread production to optimize overall capacity.

Further refinement is taking place to an increasing extent. As well as hardening and surface treatment there are also other forms of refinement, such as lubricating coatings and assembly with washers and other parts. This is so that we can deliver a more complete, pre-assembled fastener, ready for direct application in vehicle assembly with no further interim stages.

One of the reasons our price structure is so competitive is that just over half of all our employees are based in low-cost countries. Having plants in low-cost countries – Poland, China and Russia – as well as units in Sweden, Germany, the UK and USA, which have an important geographical proximity to our customers, creates a beneficial symbiosis which enables us to continue competing for new automotive contracts while evolving the contracts we already have.

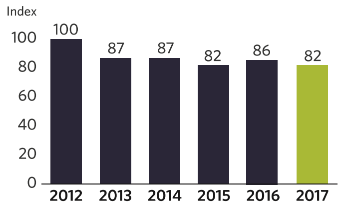
Scrap cost in relation to turnover



Status indicator December 2017

Scrap outcome is monitored throughout the production process. Residual waste materials are recycled and refined by recycling companies.

Energy consumption in relation to produced tonnage



Status indicator December 2017
The behavior is cyclical and is at the same December level as last year.

Energy consumption is monitored at all of Bulten's plants, and is linked to produced tonnage to drive efficiencies in the manufacturing process.

The environment in focus
Our environmental work strives to ensure that our production is conducted with the lowest environmental impact that is practically feasible and financially viable. All our production units have the necessary permits, and these are constantly being monitored. Environmental aspects are measured at each plant and reported externally in line with government requirements, and also internally for collation and follow-up. Energy use is mapped locally, and the results are checked against targets and reported. Bulten is not governed by any programs for emission allowances, and does not currently work with compensation of emissions.

Over the next five years, we aim to halve our emissions of greenhouse gases.

Several of our production plants today recover surplus heat from production (e.g. from compressors and hardening) and use it to heat the premises.

Every year Bulten uses around 77,500 MWh of electricity and gas, and with our current energy mix we generate approximately 29,000 tons of carbon dioxide a year. To reduce emissions and energy consumption, we plan for instance to further increase our heat recovery, and to gradually phase out the use of fossil-based energy and replace it with renewable sources.

The right processes
Production systems are a vital aspect of our endeavor to be the most cost-effective manufacturer of fasteners in the industry. Production is constantly being developed using a number of different methods, such as the internationally established 5S, LPA (Layered Process Audit), PDCA, Ishikawa, 5Why, TPM (Total Productive Maintenance), FMEA (Failure Mode Effect Analysis) and SIX Sigma, as well as our own proprietary processes.

Expanded production
Reliable delivery capacity is essential in winning customers' trust, as lead times are generally so short. In 2017 we therefore made a decision to increase our capacity in Poland with a further plant, which is planned for completion in 2019. The investment in the building is worth around SEK 177 million. Heat treatment capacity will also be expanded at the Swedish plant by 25%, at an investment cost of about SEK 45 million.

Furthermore, we began an establishment in the USA (Hudson, Ohio) during 2017, and over four years we will invest USD 9 million in a production plant that should be ready to start production as soon as 2018.

Production by forecast
Production is adjusted to customers' long-term delivery plans, and in the short term to timetabled orders that also demand precision in delivery times.

SUSTAINABLE SUPPLY CHAIN

Bulten currently has around 200 suppliers who provide us with products, materials and finishing. The majority relates to wire for producing screws, surface treatment, and outsourced production to supplement in-house production. To deliver a market-leading offering, it is vital that we place equally high demands on our suppliers as we do on ourselves. They must live up to our standards in terms of commercial requirements, quality and logistics, as well as environmental consideration and social responsibility.

All our suppliers should be certified to ISO 9001 (or to ISO/TS 16949 / IATF 16949), as well as ISO 14001. To check that we share the same values, in 2017 we produced a code of conduct based on the existing code, and on the

risk assessment carried out during the year (see pages 37–38). The code is specially designed for suppliers, the aim being to communicate more clearly our demands when it comes to business ethics, health and safety, environmental requirements and social responsibility. Implementation has begun with communication and distribution to all active suppliers, and the aim is to achieve acceptance from all suppliers. To ensure compliance with the code of conduct, it is now included in our purchasing agreement template and-terms and conditions.

Over the years we have established working methods to monitor and audit our main suppliers, and potential and new suppliers are carefully evaluated based on our code of conduct. If we decide to proceed, an audit is performed on site which for example includes the management system, financial status, the purchasing process and flow of goods, as well as the supplier's follow-up systems. With our existing suppliers we conduct regular assessments, and have dedicated employees who work with quality assurance and supplier development.

QUALITY LEADER

Maintaining high, consistent quality in processes and products is crucial in winning new orders and thereby securing strong, profitable growth.

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

A passenger car consists of 25 to 50 kilos of fasteners, representing approximately 400 unique part numbers. Defective or faulty components may result in costly recalls of parts or all units sold of the vehicle model affected. For global OEMs with most of the world as their market, a recall can have drastic consequences and result in considerable financial and prestige-related losses. Our ability to deliver consistently high quality is therefore vital if we are to retain our customers' trust.

EXPECTATIONS, REQUIREMENTS AND CERTIFICATES

Bulten works systematically with continuous improvement of its processes and systems. Our production units have ISO/TS certification and are all covered by our ISO 9001 certification.

Making quality our highest priority ensures that not only our own expectations are met, but also those of customers and owners. We work systematically to improve quality at every stage of the value chain, and to a large extent this work focuses on preventing faults and non-compliance.

MEASURABLE QUALITY GOALS

One aspect of our recipe for success is to set challenging goals and apply a structured work approach. Internally, we continually measure and follow up key indicators for production, markets and purchasing. We also assess external suppliers and their quality outcomes.

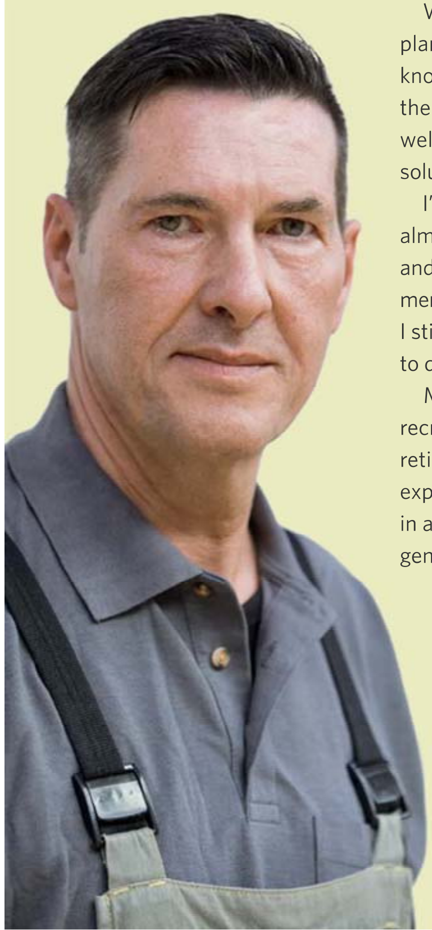
The choice of standardized working methods ensures continued improvement, continuity and a position as world class in the fastener industry.

QUALITY AWARDS

Ford Q1 JLRQ VQE

"We work with experience exchange and visit other plants in the Group, which is a good way of exchanging knowledge and building networks.

FRANK SIKORA, Head of Cold Forging Department, Bulten Germany.



The corporate culture is the main reason I enjoy working at Bulten so much. It's an open workplace with a great sense of community, and it spans across Bulten's various production plants worldwide.

We work with experience exchange and visit other plants in the Group, which is a good way of exchanging knowledge and building networks. I personally have visited the plants in Sweden, Poland and Russia. We work very well together and help each other out, both with practical solutions and when additional capacity is needed.

I've been at the Bulten plant in Bergkamen, Germany, for almost 25 years. I started off as an operator in cold forging, and after a few years I took over as assistant head of department. In 2003 I was appointed Head of Department, which I still am today. I'm very pleased with the way I've been able to develop at Bulten and enjoy my job a lot.

My main challenge as Head of Department right now is recruiting new people with the right skills. We have several retirements coming up, and to really capitalize on our experienced colleagues' expertise, we're planning to bring in apprentices so the knowledge can be passed on to a new generation.

What do you do outside of work?

After a hard day, I like to drive home with a great sense of satisfaction over a job well done working with my team.

As well as having a great job, I get a lot of energy from spending time with my family, friends and dog.

SUSTAINABILITY – A NATURAL PART OF OUR BUSINESS

Bulten has a responsibility and an ambition to manage its operations in a sustainable way for the long term. Bulten aims to be a reliable and robust partner to its customers and suppliers, adding value to its owners and being an attractive employer.

Bulten has a long history of developing its operations in a responsible manner aiming to being an attractive, long-term associate to our employees, customers and partners.

SUSTAINABILITY REPORTING

The aim of sustainability reporting is to provide an overview of our sustainability work and progress. It is an integral part of the Annual Report and is prepared in line with GRI Standards, Core level, as summarized in a GRI index on page 42.

Our ambition and sustainability strategy is that the entire business is being permeated by sustainability-oriented corporate governance, environmental principles and social responsibility, see the model below.

ROAD MAP AND GOALS

Deploying systematic sustainability efforts enables us to better deliver higher value to all stakeholders in a sustainable way. During the year we have developed our efforts and have harmonized our sustainability approach, governance, processes, and in reporting and follow-up.

Several activities have been carried out in 2017. For instance, a Sustainability Committee has been established, with representatives from all Functions. The purchasing, quality and logistics departments have been trained in minimizing sustainability risks in the supply chain. We have mapped our stakeholders, conducted a materiality analysis, and defined our sustainability goals.

A couple of the policies are based on existing ones, such as a special code of conduct for business partners and suppliers, and a global HR policy. We have also drawn up a new competition policy. In addition we have chosen to sign the UN Global Compact, a voluntary initiative that aims to guide companies to implement and assure compliance with internationally accepted sustainability principles, and have identified which of the United Nation's 17 Sustainable Development Goals we can have the greatest impact on.

We continue to invest in sustainable concepts, technology and production development which enable us taking the lead in our industry, but also in cost efficiency and sustainable in-house production of the highest quality.

Responsibility and implementation

To ensure that our sustainability efforts are realized, they are an integral aspect of operational management with a clear division of responsibility. Bulten's Board of Directors has the overall responsibility for the company's sustainability activities, with the CEO having the operational responsibility while the SVP HR & Sustainability manages and coordinates the efforts. The aim of the Sustainability Committee is to coordinate, draft, develop and assess the company's sustainability work. The various activities are then implemented by the people in charge of different areas of the operation.

We manage and monitor our sustainability work using a management system comprising shared policies/guidelines, measurable goals, and action plans. Work is carried out locally at each subsidiary, and is followed up and reported out regularly to the Group management in management reviews.

All our employees have a responsibility to actively contribute to our sustainability efforts in their areas of responsibility, but each manager is responsible for monitoring and ensuring compliance.

OUR VIEW ON SUSTAINABLE DEVELOPMENT

Environmental principles

- To conduct business that has as little negative environmental impact as possible while being economically viable.

Corporate Governance

- Strong business ethics, good risk management and a strong corporate culture
- Code of conduct and other policies
- Compliance with rules and regulations

Social responsibility

- Observance of human rights
- Treating people with respect and good ethics
- Working methods based on our core values

STAKEHOLDERS AND MATERIALITY ANALYSIS

Bulten's main stakeholders are defined as those that are affected by our operations to a large extent, and that in turn affect us to a large extent. We have identified these through workshops attended by all departments and subsidiaries, as well as the company management. Having an insight into the issues that are relevant to Bulten's stakeholders is crucial in prioritizing the right activities.

Stakeholder	Channels for dialog	Expectation/main issue
Customers	From initial sales contact to ongoing contact. Sustainability assessments and customer sustainability seminars, which have been held in 2017 primarily to define important sustainability issues.	Contribute to making customers' products and processes more sustainable. Sustainable in-house production and supply chain. See examples of how we deal with these issues on pages 7, 12–13, 22, 24–26.
Employees and their representatives	Local employee surveys once a year. Interviews were conducted with managers and employees, especially to determine which sustainability issues were important to them from an employee/manager perspective. Regular dialog with union representatives, personnel appraisals.	Attractive employer; working conditions, fair pay, fair treatment, zero tolerance of discrimination, well-being (incl. health and safety), professional development. See examples of how we deal with these issues on pages 28–31, 32–33.
Business partners (JV partners, suppliers etc.)	Sustainability is reported, discussed and followed up at JV board meetings. Dialog in connection with audits. Meetings have been held with suppliers in connection with introduction of the enhanced CoC during 2017.	Values and commitment for sustainability. Fair business practices/ethics and compliance (long-term relations). Examples of how we deal with these issues on pages 11, 26.
Owners, investors, analysts etc.	Owners represented on the board – regular dialog, reporting and follow-up at about 8-10 board meetings a year. Capital market days, investor meetings, interviews, quarterly reports, AGM.	Support and guidance, openness and information, responsible profitability, business ethics and rule compliance. Examples of how we deal with these issues on pages 7, 8, 12–13, 18–19, 37–39.
Local community (residents, local management and authorities, etc.)	Student fairs, collaboration groups in the local community, cooperation with colleagues/universities, establishment of new operations, permit processes etc.	Good neighbor (environment, no pollution, noise, traffic). Continuous improvement, openness, contributions to local development e.g. by purchasing, attractive employer and local recruitment, proactivity. Examples on page 33.
Governments, legislators, authorities	Legislative texts, reporting, directives, establishment and permit processes, interest and industry organizations.	Openness, compliance, reporting (contribute to sustainability plans, legislation and strategies). Examples of how we deal with these issues on page 33, reporting in line with GRI standards, Core level pages 42–48, reporting according to Swedish law page 49.

IMPORTANT FOCUS AREAS BASED ON BULTEN'S VALUE CHAIN

Stakeholder dialogs as well as other external factors are fundamental in assessing Bulten's impact on the economy, society and environment. The materiality analysis below has been developed internally through workshops, and is a balance of the issues we consider to be of strategic importance.

New solutions that have an environmental and economic impact throughout the value chain; choice of materials, waste generation, surface treatment, production, pollution, transport, recycling opportunities. See pages 20–26.

Delivering **sustainable solutions:** Product quality, packaging, logistics and transport emissions. See pages 25–27.

Continuous development of products, processes and technology: Enabling customer to improve the sustainability performance for their products and processes (materials, weight, energy use in production, surface treatment). See pages 20–26.

Sustainable, responsible production: energy, waste/scrap and chemicals, greenhouse gas emissions, health and safety, employee well-being, lifelong development and commitment, reduce the use of non-renewable energy sources and increase recycling, impact on local community. See pages 25–27 and 32–33.

Sustainable, responsible purchasing and logistics: raw materials and conflict minerals, human rights and working conditions in the supply chain and logistics, greenhouse gas emissions from transports and manufacturing, energy use, waste, business ethics and compliance. See page 26.

Code of conduct with clearly defined requirements
Since 2011, Bulten has had a code of conduct for its own organization, and in 2017 it was further developed to a separate code of conduct for business partners and suppliers of products and services. It has been adopted with the aim of expressing the fundamental principles that form the basis for the company's relations with personnel, customers, suppliers and other stakeholders. All personnel shall be aware of and follow the code of conduct. Alongside the company's other policies, the code outlines the fundamental principles for how the Group works. Examples include the anti-corruption policy and policies on conflict minerals, as well as REACH (Registration, Evaluation, Authorisation and restriction of Chemicals).

As a further step in Bulten's strategy to support human rights, the company has formulated a separate policy against modern slavery and human trafficking. It describes how Bulten's companies are working to ensure that slavery and trafficking do not occur in our value chain or in any other activity related to our business.

Global HR strategy and policy
During 2017 we have further developed the Group-wide HR strategy and policy so as to ensure a long-term sustainable HR policy, competence supply and an attractive workplace. The aim of the global HR policy is to communicate and guide the organization in its implementation of the HR strategy.

Human rights
Bulten supports and respects the international conventions on human rights, and works actively to ensure that all universally recognized human rights are respected throughout the value chain. As part of this, we have increased the dialog with and monitoring of our suppliers. Through our code of conduct, we communicate our posture and encourage transparency by making it possible for employees and other stakeholders to turn to us to report serious deviations from our code of conduct without the risk of reprisal.

We strive actively not to participate in or support slavery or forced labor in any form, whether directly or indirectly in the supply chain, for example. We never require any form of deposit nor do we confiscate ID documents from our employees. Each employee has the right to terminate his or her employment after a reasonable period of notice, in line with prevailing laws and agreements. We always check the ID and relevant work permits of all new employees or contracted personnel.

During 2017, we have communicated clear requirements and have developed the qualification process for suppliers further, so as to minimize the risk of human rights violations in the supply chain.

Environmental policy
To reduce our negative environmental impact, we systematically assess and work on all aspects of our operations. We follow an environmental policy, and the work led by the Group environmental director, who oversees and develops our environmental efforts and makes sure they continually improve. All units in the Group have integrated their environmental and quality management in their management system. In 2017 we revisited our environmental policy to clarify which areas are essential and how we should set priorities moving forward.

We contribute to the environmental benefit of customers, end users and society by being a full service provider that considers the environment in several parts of the value chain – from pre-development to application and in use.

Reporting breaches against the code of conduct and other ethical policies
Our core values describe the open culture and the professional, responsible attitude we represent. Everyone who works at or with Bulten should feel that there is room to raise issues or report violations against our ethical guidelines and policies, without the fear of reprisal.

All employees and Board members in the Group have a responsibility to report conflicts of interest, and breaches or infringements of the code of conduct. Any reports should be made to the immediate manager or his/her superior in accordance with local internal communication and reporting channels.

Any questions on reporting violations should primarily be directed to the company's sustainability director, as described in all policy documents.

Standards
Bultens subsidiares are certified to ISO/TS 16949, ISO 9001, ISO 14001 and meet the requirements of OHSAS 18001, as well as ISO 50001 for production companies.

SOCIAL RESPONSIBILITY A CENTURY AGO

Even 100 years ago, we at Bulten in Hallstahammar were doing our best to think and work sustainably with the best interest of our employees in mind. The factory workers were paid every two weeks, as was common in Sweden in those days. One problem at the time, however, was that the wages were often spent on intoxicating beverages rather than feeding the family. Bulten tried to relieve this social problem by introducing its own payments system, whereby part of the wage was paid in tokens. The tokens could then be exchanged for butter, milk, coal and other necessities in the local shop. The proportion of tokens was based on the daily need for each family and meant great peace of mind for many households.

By using cad systems, processes can be analyzed and we can therefore avoid problems and mistakes before production. On the picture Torsten Maron and Janna Spangenberg.

ROADMAP 2018 AND BEYOND

Bulten's sustainability work is managed in a determined manner through ongoing, in-depth interaction with our stakeholders, follow-up of plans and activities, and our set goals. Examples of activities moving forward:

Business ethics: Monitor compliance with policies. Ongoing training of personnel in anti-corruption and other policy issues.

The environmental perspective: The new policy will be implemented, training of personnel, secure activities that drive Bulten's ambition to reduce negative impact on the environment.

The social perspective: Bulten creates more jobs through its expansion. There will be further initiatives for employee health and safety, and we have started a global project to support the zero accident vision. A global employee survey will be launched and conducted in order to better define HR goals and prioritize activities. Personnel will also be involved and trained in sustainability issues, partly via online learning.

UN's SUSTAINABLE DEVELOPMENT GOALS

Through internal management discussions and on the Sustainability Committee, Bulten has analyzed how the company contributes to achieving the United Nation's 17 global Sustainable Development Goals (SDGs). As company you can have both a positive and a negative impact (see e.g. our sustainability risk analysis on pages 37–39). Bulten can contribute positively especially to the SDGs outlined below.

Ensure access to affordable, reliable, sustainable and modern energy for all.

- Bulten is working on several levels to increase its energy efficiency.
- Investments in energy efficiency in Bulten's production plants.
- ISO 50001 certification in Bergkamen and Bielsko-Biała (management system for energy efficiency).
- Increase the share of renewable energy, e.g. purchasing certificate for renewable energy.

Promote inclusive and sustainable economic growth, employment and decent work for all.

- Code of conduct both internally and externally.
- Bulten's global HR policy.
- Monitoring of health and safety, also a company-wide project group.
- Long-term employments (low percentage of contracted staff).

Build resilient infrastructure, promote sustainable industrialization and foster innovation.

- Investments in new and existing plants.
- Supporting suppliers in their development, contributing to global trade
- Cooperation with universities in sustainable technology.

Ensure sustainable consumption and production patterns.

- Environmental certification.
- Responsible consumption of transportation services.
- Wastewater treatment

Take urgent action to combat climate change and its impacts.
Training of employees/suppliers and communication help to raise awareness.
See also SDG 7.

DEDICATED EMPLOYEES

A strong contributing factor to Bulten's success is its dedicated employees. Good relationships and open dialog are key in preserving and developing the knowledge and culture that has been built up over many years. We want to be a secure employer for our personnel, and to offer the best possible pre-requisites and conditions.

It is the expertise and strong dedication of our employees that make Bulten's sustainable development possible. We therefore place great emphasis on creating a workplace where everyone can thrive, with the right pre-requisites and opportunities to develop.

GOOD GETS EVEN BETTER

We aim to be a long-term employer, and our employees' competence development is as important to the company as it is to the individual. Much of the competence development takes place through internships and experience exchange at the workplace, both in other parts of the company and at other units. The results of cooperation across national borders has been very positive since it creates internal networks, which facilitates problem-solving and is a great benefit in various development projects.

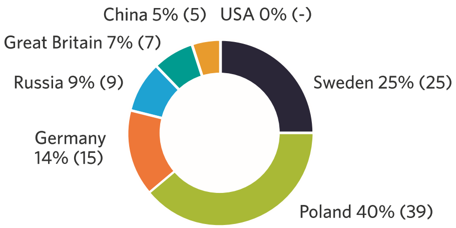
A new global training software platform is under development. It will simplify our development offering and develop it in an efficient, positive way.

EMPLOYEES OF THE FUTURE

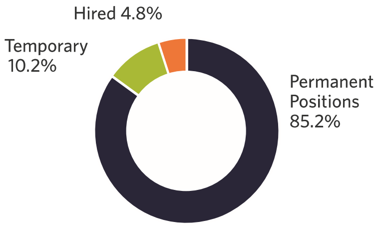
There is increasing competition for people with the skills that are important to us. The fact that the Bulten brand is associated with a good corporate culture and respect for employees is a major advantage when recruiting new colleagues.

Sylvia Werner packs and sorts fasteners before sending them to customers.

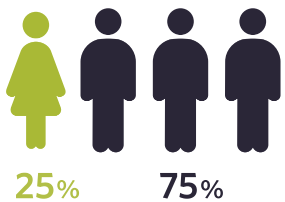
Geographic distribution



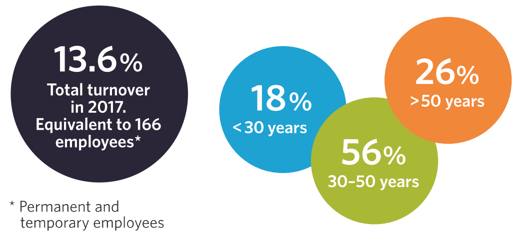
Employment category



Gender distribution



Employee turnover, total and by age category



As far as possible, we strive to offer permanent employment after a probationary period, and our percentage of contracted personnel is below 5% of the total number of people in service. In countries where independent unions are not allowed, we create forums for dialog in different ways, in order to ensure the cooperation between employer and employees.

EMPLOYEE WELL-BEING EQUALS BULTEN'S WELL-BEING

We work systematically on health and safety to ensure good physical and mental health, well-being and job satisfaction among all our employees. Another aim of this work is to prevent accidents in the workplace, and all accidents and incidents are followed up and reported as part of our systematic approach. The number of accidents which led to absence increased slightly in 2017, partly due to the fact that more sites are now included in the follow-up. To identify the causes we have appointed a global working group, and measures will be implemented accordingly.

PRESERVATION OF BULTEN'S CORPORATE CULTURE

During 2017, we have focused a lot on harmonizing and developing more uniform HR processes and a comprehensive global HR policy. This contributes to a continued strong, positive corporate culture, and helps us to retain our position as an attractive employer. To support implementation of the HR strategy, the Group has decided to introduce a global Group-wide HR system.

EQUALITY AND DIVERSITY

Our HR policy focuses on areas such as equality and diversity, and provides support in work against harassment of different kinds, as well as discrimination. It is important that everyone at Bulten feels responsible for combating discrimination and harassment, and works for greater equality. Our policy is an important tool in this process, as is e.g. training of managers, employee appraisals and so on.

At the beginning of 2017, the Group's board adopted a diversity policy for its board work.

EMPLOYEE SURVEY

We use employee surveys to gather our employees opinions on Bulten as a workplace and employer. The survey has previously been conducted locally, and important aspects that emerged are summarized in the stakeholder and materiality analysis on page 29.

During 2018, we will conduct a global employee survey for the first time, throughout the entire Group. The result is an important tool in our ongoing development, and an opportunity for employees to influence what happens with the company in the future.

AWARD IN POLAND

Bulten Polska has been awarded the Employee Friendly Employer award 2017. This is the only award an employer can win in Poland where the employees have nominated the winner. The prize is awarded to employers who have distinguished themselves in meeting legal requirements and the terms of collective agreements, health and safety, and the cooperation with union organizations in the workplace. The aim is to reward employers characterized by good collaboration with the union organizations.

Pictured here, Polish President Andrzej Duda presents the award to Bulten's MD in Poland, Anders Karlsson, at a ceremony in Warsaw.

BULTEN'S CORE VALUES

Bulten strives to maintain and develop a corporate culture characterized by an open-minded atmosphere, non hierarchical, helpfulness, and opportunities for continuous development. The company's core values are the foundation of the corporate culture and originate in the company's history. They define the way we work and behave, and inspire and support us in our efforts to continue building a successful, 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 in our company. In our customer relations 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 fastener industry 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, willing and empowered to make decisions and drive progress. We keep our promises and provide the strongest possible solution for your fastening requirements.

HISTORY

1873

It has been 145 years since young Stockholm engineers Nils Petersson and Gottfrid Rystedt saw Bulten's potential. They went to wholesaler Herman Friedländer, who wrote a prospectus and convinced some friends and acquaintances to guarantee the start-up capital of 225,000 old crowns. In February 1873, Bultfabriksaktiebolaget was instituted. Some suitable land for the new factory was found by the Kolbäck river in Hallstahammar, central Sweden, next door to the old iron works. To begin with there were 20 employees.

The 20th century

1960 Bulten moves into new headquarters. In the early 1990s, crucial steps in the company's history were taken. Production in Sweden was streamlined and restructured, and Hallstahammar began focusing exclusively on the automotive industry.

New production units were acquired in Germany, Poland and China, and sales offices were established there and in the UK and France.

The 21st century

In 1997 Bulten was listed on the Stockholm Stock Exchange, but just four years later was acquired by Finnveden and delisted again. When Bulten was once again listed in the Nasdaq Stockholm Small Cap segment in 2011, it was as a division of the Finnveden-Bulten Group. In 2014 the board decided to focus exclusively on fasteners for the automotive industry, and the Finnveden Metal

BULTEN

Structures division was divested. The company took on new management and the name was changed back to Bulten; the next year, the company was moved up to the Mid Cap segment.

In recent years Bulten has also established itself in Russia, Romania and the USA, business has grown and major new contracts have been won, primarily as part of the Full Service Provider (FSP) concept. In 2017 Bulten had approximately 1,300 employees and net sales of SEK 2,856 million – breathtaking figures for Messrs Petersson, Rystedt and Friedländer.

STRONG FINANCES ALLOW FLEXIBILITY

Bulten's strong balance sheet, with low indebtedness and good liquid funds, provides flexibility and preparedness for the future, both when it comes to investments in increased capacity and for strategic acquisitions.

CLEAR FINANCIAL MANAGEMENT

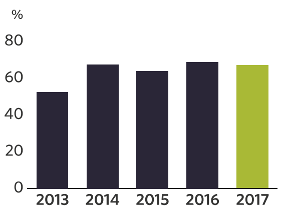
Our profitable growth, combined with a strong balance sheet, allow great flexibility. We can manage the higher formation of capital that comes with growth, but can also take action should a strategic acquisition opportunity arise.

Our financial management enables long-term, cost-effective production. With clearly defined key indicators, guidelines and targets, we ensure the best possible use of capital.

High equity ratio and low net debt

In 2017 our equity/assets ratio was 66.8% (68.9) and net debt SEK -49 million (net cash balance SEK 30 million), which equates to a net debt in relation to EBITDA of -0.2 (0.1). The net debt/equity ratio is -0.0 times (0.0). The capital turnover rate has increased to 1.9 times in 2017 compared to 1.8 times thanks to active work on the capital structure.

Equity/assets ratio, %



Good liquidity

Access to capital allows flexibility. Our financial policy ensures that we always have a prudent level of disposable funds. At the end of 2017 there was an available liquidity reserve in the Group of SEK 450.6 (535.5) million, which corresponds to 15.8% (20.0) of net sales.

Extra capital resources are secured through borrowing facilities, which means that we can finance major one-off investments. Borrowing facilities are guaranteed via a financing agreement that runs until June 2019, with a credit limit of SEK 460 million. We focus on profitable growth and cash flow, and our actions are always based on the lowest possible risk at any given time.

TAX POLICY WITH RESPONSIBILITY

We have drawn up a tax policy which establishes how we can work responsibly as a tax payer on a global level. In it we promote and place demands on ethical, transparent business transactions and tax compliance, while also fulfilling OECD Transfer Pricing Guidelines.

We take great care to clarify that Bulten is a company that wants to do the right thing. We report and present our tax position in line with statutory standards and regulations.

In 2017 we paid SEK 25 (21) million in income tax and our tax expense was equivalent to 24.8% (24.9). We paid SEK 119 million in social security contributions, of which SEK 18 million related to pension costs. In addition we paid withholding tax and value-added tax. During the year we utilized SEK 81.1 million in loss carry-forward.

SUSTAINABLE PROFITABILITY BENEFITS STAKEHOLDERS

We actively run our organization to be profitable over time and handle anticipated growth, and thanks to this we can create a sustainable business. With a strong financial platform as a foundation, we create stability and security, both within the Group and for our owners, customers, employees, suppliers and society at large.

We work together to ensure the company's share yields a competitive total return in relation to risk. Consequently, all actions should be based on the long-term perspective, and we practice open, true and fair reporting to shareholders, the capital and credit market, and to the media, although without exposing individual business relations.

We may acquire and transfer our own shares to adapt our capital structure to the capital requirement or raise cash, or to finance investments or share savings programs. We may not trade our own shares, however, for the purposes of short-term profit.

With this sustainable approach, we create great benefit for all our stakeholders. Our ability to quickly increase our capacity makes us a dependable player, and also builds trust among suppliers and partners who invest in long-term collaborations. It also means our employees regard us as a long-term employer and invest their time in developing with the company. Shareholders can enjoy a strong yield from a solid company with a valuation that is expected to continue rising. Last but not least, society benefits from our profitability through taxation.

LONG-TERM FINANCIAL TARGETS SECURE A GENEROUS DIVIDEND POLICY

- Profitable organic growth, grow more strongly than the industry average
- Operating margin >7%
- Return on average capital employed (ROCE) >15%
- Dividend policy >1/3. Over time, to pay out a dividend of at least one third of net earnings after tax. Consideration is given, however, to Bulten's financial position, cash flow and outlook.

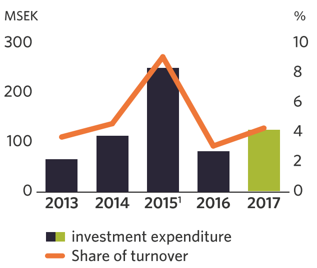
* For target outcomes, see page 10.

Key financial indicators	2017	2016
Net sales	2,856	2,676
Gross profit	558	531
Earnings before depreciation (EBITDA)	290	271
Operating earnings (EBIT)	210	200
Operating margin, %	7.4	7.5
Earnings after tax	159	146
Order bookings	3,015	2,717
Net debt/equity ratio, times	0.0	0.0
Equity/assets ratio, %	66.8	68.9
Return on capital employed, %	14.4	13.9

INVESTMENTS FOR CONTINUED GROWTH

Bulten invests and develops its business at a low risk. We continuously invest in increased delivery capacity and efficiency, primarily with our own resources. Invested capital is generally between 2 and 3 percent of annual turnover, but may in the short term be more when adapting to higher volumes or a higher degree of refinement.
Over the next three years the percentage will be slightly higher as a result of already planned investments to raise capacity in line with anticipated growth. These investments will, however, further increase our cost efficiency. Our production units have a geographical distribution and a well-balanced spread of risk. Sustainability is a prerequisite for economic growth.

Investments



1) Includes the acquisition of a production property in Hallstahammar.

Investments in the past five years

2013
SEK 67 million, 3.7% of turnover. Logistical capacity has been strengthened and investments in logistics centers in Scunthorpe, UK, Bielsko-Biała, Poland, and a logistics hub in Hagerstown, USA have been initiated. All in rented premises.

2014
SEK 113 million, 4.6% of turnover. Investments in more energy-efficient production equipment, more recycling and better treatment equipment. Investments in Poland have increased capacity in Poland by about 30%. During the year Bulten grew by 34%.

2015
SEK 250 million, 9.1% of turnover. Continued investments in production and logistics platforms, primarily in Poland. Investments have increased capacity in Poland by about 30% for the second consecutive year. Investments have also been made at other operating sites to enhance production capacity and the degree of refinement. SEK 116 million relates to the acquisition of a production property in Hallstahammar. During the year Bulten grew by 12%, and the higher investment rate was part of Bulten's optimization program, which led to a higher operating margin.

2016
SEK 83 million, 3.1% of turnover. Continued investments to become the most cost-effective manufacturer of fasteners in the industry. A decision was made to invest EUR 9 million in new surface treatment plants at the German and Polish units. Estimated payback of just over two years after production begins in 2018–2019. As well as increased competitiveness and improved profitability, these investments entail less transportation, thus reducing environmental impact.

2017
SEK 124 million, 4.3% of turnover. Bulten increases its capacity in Europe to meet future volumes. A decision was made to invest in an additional plant for production and distribution in Poland, which is planned for completion during 2019, and in a new heat treatment plant in Sweden. During the year Bulten grew by 6.7%.

> We continuously invest in increased delivery capacity and efficiency, primarily with our own resources.

RISK FACTORS

Exposure to risk is a natural part of a business and this is reflected in Bulten's approach to risk management. The aim of risk management is to identify risk and prevent risk arising, while also limiting any damage that arises from these risks.

Risks can be categorized as business cyclical and external risks, operational risks, sustainability risks and financial risks. A description of how the Group management assesses and manages the main risks in the operation from a time frame of 1–3 years. A more detailed description can be found in note 5, page 63.

FINANCIAL RISKS

- A Currency risk
- B Liquidity risk
- C Interest rate risk
- D Credit risk
- E Capital risk

SUSTAINABILITY RISKS

- F Energy use
- G Environmental impact
- H Organization and competence supply
- I Shortcomings in equality and diversity, and discrimination
- J Shortcomings in health and safety
- K Violation of human rights
- L Corruption

BUSINESS CYCLE AND EXTERNAL RISKS

- M Market and macroeconomic risks
- N Legal and political risks
- O Trends and driving forces
- P Force majeure

OPERATIONAL RISKS

- Q Customer dependency
- R Global supply chain
- S Product liability, warranty and recall
- T Suspension of operations and property damage
- U Environmental risks
- V IT-related risks

RISK AREA		DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT
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, CNY and RUB.	• 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.	**Likely**	**Moderate**
B	**Liquidity risk**	• The risk that the Group cannot meet payment commitments due to insufficient liquidity or problems in raising credit from external creditors.	• Bulten's management team continually monitors the Group's liquidity reserves that comprise liquid funds and unutilized credit facilities.	**Very unlikely**	**Low**
C	**Interest rate risk**	• The Group's interest rate risk arises through short and long-term loans where a sharp rise in interest rates could affect the company's position and earnings.	• Bulten's interest rate risk is deemed to be low due to the low level of borrowing. As of 31 December 2017 the Group's net debt was SEK 49 million.	**Very unlikely**	**Low**
D	**Credit risk**	• Credit risk arises with regard to liquid funds and holdings at banks and financial institutions, as well as credit exposure including outstanding receivables and contracted transactions.	• 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.	**Very unlikely**	**Low**
E	**Capital risk**	• The risk that the Group does not have the right capital structure to keep costs and capital down.	• Bulten has a clear dividend policy and the management team continuously monitors refinancing requirements for operating activities.	**Very unlikely**	**Negligible**
SUSTAINABILITY RISKS					
F	**Energy use**	• Increased production and future processes will lead to greater energy use. There is a risk that Bulten does not use energy from renewable sources where possible, and thereby impacts the environment negatively.	• Bulten continuously monitors its energy consumption. • The starting point when procuring energy is that it should come from renewable sources. • In investments, energy efficiency is a decision parameter.	**Possible**	**Moderate**
G	**Environmental impact**	• Bulten uses direct and indirect transport services, which entails the use of fossil fuels.	• Bulten is working to optimize its logistical flows. • Emission requirements are set when procuring transport services. • Supplier strategy including the qualification process, which includes sustainability aspects.	**Likely**	**High**
H	**Organization and competence supply**	• Bulten depends on being able to attract/recruit and retain the right staff and management to safeguard Bulten's core values. The risk of not being perceived as an attractive employer could affect this adversely. • A lack of employee commitment could have a direct negative impact on the company's brand, position and results.	• Bulten's core values and leadership foundation. • Bulten's global HR policy. • Employee surveys and internal development and career opportunities. • Clear vertical and horizontal communication as regards to short-term goals and strategy.	**Unlikely**	**High**
I	**Shortcomings in equality and diversity, and discrimi-nation**	• A lack of focus and commitment regarding implementation of and compliance with Bulten's values and HR policy could lead to shortcomings in equality and diversity. • A lack of diversity on the Parent Company board could lead to a lack of equality. If the Nominations Committee does not have sufficient focus on the board composition, the risk of shortcomings in equality and diversity on the board increases. Could also lead to a lack of focus on the topic itself.	• To ensure a more equal company, Bulten e.g. takes action for equal and non-discriminating HR processes, working conditions, recruitment, equal opportunity and diversity, and works to combat discrimination and harassment. • Employee survey, measurement and follow-up. • Transparency regarding policies via the intranet, staff manuals and reporting of violations as regards discrimination. • Equality policy for the Board of Directors. • Non-discriminatory nomination and recruitment processes.	**Possible**	**Moderate**
J	**Shortcomings in health and safety**	• Working environment, health and safety are strategically important to Bulten. Shortcomings in the work on working environment, health and safety entail a higher risk of ill health.	• Bulten works systematically to secure and improve the working environment. • Bulten measures and follows up important KPIs relating to health and safety. Improvement activities are identified and implemented. • Bulten encourages wellness activities for its employees.	**Possible**	**Moderate**
K	**Violation of human rights**	• Bulten operates on a global market where insight into human rights may be limited. This entails a risk that Bulten could contribute to violations of human rights.	• Bulten is a signatory member of the UN Global Compact. • Bulten has formulated an official statement on modern slavery and human trafficking. • A code of conduct and a comprehensive global HR policy which state Bultens policy on human rights. • Bulten applies a code of conduct for suppliers, business partners and service providers. • Supplier strategy including the qualification process, which includes all sustainability aspects.	**Possible**	**Moderate**
L	**Corruption**	• Corruption occurs in all countries and sectors, although to varying degrees. Bulten runs the risk of being involved in unethical business. Areas deemed to be at particular risk are the sales and purchasing process, and the exercise of authority of Governments.	• Bulten trains employees in its code of conduct, anti-corruption and other policies. Along with the framework for internal control and monitoring, this forms the basis of a correct approach with regard to business ethics and accurate financial reporting. • Bulten's application of global and local certification manuals. • Procurement processes that ensure good business ethics. • Supplier strategy including the qualification process, which includes all sustainability aspects. • Training suppliers in the code of conduct.	**Likely**	**Moderate**

RISK AREA	DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT
BUSINESS CYCLE, MARKET AND EXTERNAL RISKS				
M **Global market and macroeconomic risks**	• Bulten operates on a cyclical global market governed by macroeconomic factors. • Entering new markets can be associated with risks such as cultural and political risks, as well as other risks that are not easy to determine.	• Bulten meets these risks by operating in different markets and segments, such as cars and commercial vehicles. • Bulten combats these risks by carefully assessing and planning establishments, primarily through partners with greater knowledge of the local market.	**Very likely**	**Low**
N **Legal and political risks**	• Bulten operates in various jurisdictions and is subject to local regulations and laws in 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 geopolitical risk are deemed higher than in Sweden. Political unpredictability can also entail greater risk in these jurisdictions.	• Bulten meets these risks through continual risk assessment and by using external expertise as necessary in 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 accurate financial reporting. • Political risk can also be limited somewhat through collaboration with locally based businesses.	**Likely**	**Moderate**
O **Trends and driving forces in the automotive industry**	• Bulten operates in a competitive, cost-conscious market with high demands on environmental issues, quality, delivery precision, technological development and customer service. • Price pressure is a natural aspect of Bulten's industry. • Developments of products and materials could change Bulten's competitiveness.	• Bulten meets risk associated with competition through its FSP concept. This means that Bulten is always focused on high competence in the specific areas of production, quality, logistics, technology and service. • The Group monitors research and development in the automotive industry, as well as market trends. • Bulten works continuously to create added value for customers, as well as scope to meet the industry's needs for cost reductions. • By conducting its own development in e.g. new materials and applications, the risk of lost competitiveness is deemed to be low.	**Possible**	**Low**
P **Force majeure**	• Global just-in-time logistics have made global trade more sensitive to disruptions such as natural disasters and strikes.	• Capacity planning and good relations with customers and suppliers reduce the risk of disruptions in global production and logistics.	**Unlikely**	**Low**
OPERATIONAL RISKS				
Q **Customer dependency**	• Bulten's customers include virtually every vehicle manufacturer in Western Europe, and a few key customers account for a large proportion of the Group's sales. • Bulten's turnover is dependent on customer's success with their range of models on the market.	• The FSP concept comprises pre-development, product and technological development, production, quality, logistics and service, and entails a close collaboration with customers. • Underlying contracts with key customers relate to a wide range of different products and contracts with different durations and counterparties. • Bulten operates in different markets and segments, such as cars and commercial vehicles.	**Possible**	**Low**
R **Global supply chain**	• Various risks exist relating to global goods flows, such as reliance on specific suppliers, intermediate goods and logistics, as well as quality risks. • Bulten is dependent on raw materials and intermediate goods for delivery to customers. • Volatility in prices for raw materials and intermediate goods could affect the Group's earnings.	• Bulten balances these risks with active, professional work on purchasing, quality and logistics. • The global purchasing strategy is under constant review and updating, the aim being to optimize the purchase of materials and intermediate goods towards greater sustainability and cost-efficiency. • Customers usually compensate Bulten for price volatility in materials.	**Possible**	**Moderate**
S **Product liability, warranty and recall**	• Bulten has product responsibility and can be exposed to warranty claims if products supplied by the Group cause damage to persons or property.	• Bulten meets this risk through comprehensive testing during the product design and development phases and by implementing quality, management and control measures throughout production. • Bulten has insurance covering a certain amount of damages relating to product responsibility and recall.	**Unlikely**	**Moderate**
T **Suspension of operations and property damage**	• Damage to production equipment could have a negative impact, both due to direct damage to property and in terms of down time.	• Bulten performs routine maintenance on production equipment and has strong internal and external support networks in the industry. Bulten also has insurance cover for down time caused by damage to property.	**Possible**	**Moderate**
U **Environmental risks**	• Bulten conducts activities requiring permits and reporting in several jurisdictions.	• Bulten meets these risks by ensuring that the company has all the necessary permits and contracts, and that it meets established security, reporting and control requirements.	**Unlikely**	**Low**
V **IT-related risks**	• Bulten is dependent on IT systems and hardware to conduct its business. Breakdowns in these systems or hardware would risk disrupting production and the ability to meet customer delivery times. • Risk of unauthorized intrusion into systems.	• Bulten has developed an IT environment that can quickly be replicated in the event of a breakdown. • Bulten has well-established routines relating to information security and processes for follow-up and control (ITGC).	**Unlikely**	**Low**

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

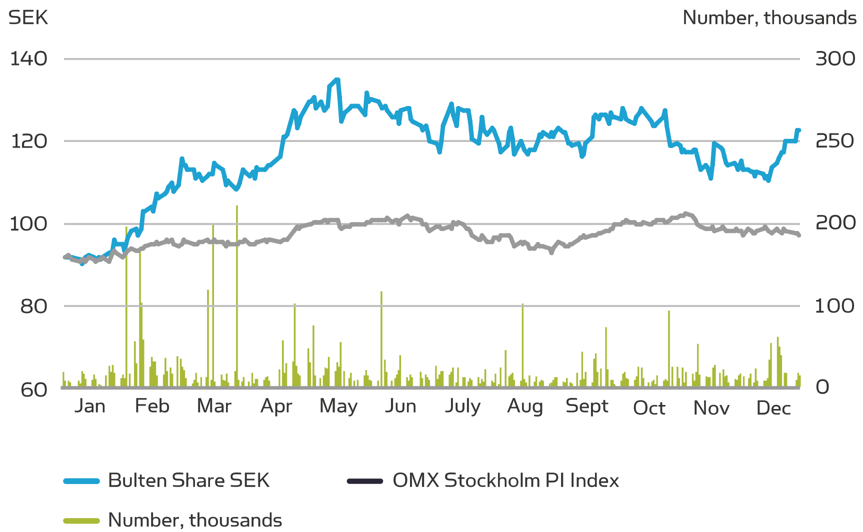
During 2017, Nasdaq Stockholm rose by 6.4% (5.8). Bulten's sector index, Stockholm Automobiles & Parts, rose by 0.3% (0.3). Bulten's share price rose by 37.6% (8.5) from a rate at the start of the year of SEK 89.00 (82.00) to SEK 122.50 (89.00), an increase in market value of SEK 704 (147) million. The lowest closing price, SEK 89.00, was noted on 11 January 2017 and the highest, SEK 135.50, on 25 April 2017. The market value of Bulten at the end of 2017 was SEK 2,577 (1,873) million.

SHARE TURNOVER

Bulten's total share turnover in 2017 was 5.6 (8.0) million shares, corresponding to an average turnover of 22.2 (31.7) thousand shares per day over 251 (253) trading days.

The turnover rate, calculated as the number of traded shares in relation to the total number of shares in the company, was 26.5% (38.1).

SHARE PERFORMANCE 2017



SHAREHOLDERS

As of 31 December 2017, Bulten had 6,631 (6,568) shareholders. The number of registered shareholders abroad was 22.4% (20.8), of which 8.8% (9.2) were held by owners in the USA, 5.4% (8.6) by owners in UK and 3.2% (0.6) by owners in Luxembourg.

The five largest shareholders as of 31 December 2017 had a total of 52.5% (54.2) of the capital and votes, with the three largest holding 44.7% (45.7).

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

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 2017 the Board intends to propose to the Annual General Meeting a total dividend of SEK 3.75 (4.50) per share for the financial year. Last year, SEK 3.50 per share was a standard dividend and SEK 1.00 per share was an extra dividend. This represents a dividend of 47.0% (61.9) of net earnings after tax.

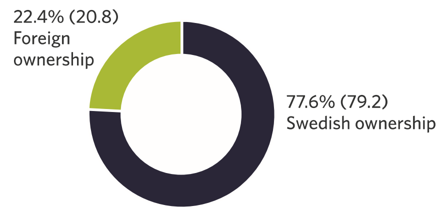
FINANCIAL INFORMATION

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

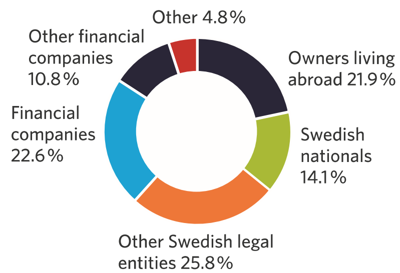
2018 ANNUAL GENERAL MEETING

The Annual General Meeting of Bulten AB (publ) will be held on Thursday 26 April at 17.00 CET at the company's head office at August Barks gata 6A in Gothenburg, Sweden.

Swedish and foreign ownership



Ownership structure



OWNERSHIP STRUCTURE, 31 DECEMBER 2017

SHARE INTERVAL	NO. OF OWNERS	NO. OF SHARES	SHAREHODING,%
1–500	5,400	683,580	3.2
501–1,000	643	548,160	2.6
1,001–5,000	448	1,006,642	4.8
5,001–10,000	44	325,839	1.5
10,001–15,000	20	250,208	1.2
15,001–20,000	10	175,240	0.8
20,001-	66	18,050,538	85.9
Total	**6,631**	**21,040,207**	**100.0**

Source: Euroclear Sweden AB register, 31 December 2017.

BULTEN'S FIVE LARGEST SHAREHOLDERS, 31 DECEMBER 2017

NAME	NO. OF SHARES	SHARE OF VOTES AND CAPITAL, %
Volito AB	4,450,000	21.2
Lannebo fonder	2,676,454	12.7
Investment AB Öresund	2,263,535	10.8
Spiltan Fonder AB	967,312	4.6
JP Morgan	697,705	3.3
Five largest owners	11,055,006	52.6
Total other owners	9,985,201	47.4
Total	**21,040,207**	**100.0**

Source: Euroclear Sweden AB register, 31 December 2017.

NO. OF SHARES

	REGISTRATION DATE	CHANGE IN NO. OF SHARES	NO. 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

PRICE-RELATED SHARE DATA	2017	2016
Share price at year-end (closing price paid), SEK	122.50	89.00
Highest share price during the year (price paid), SEK	135.50	99.75
Lowest share price during the year (price paid), SEK	89.00	67.75
Market value at year-end, SEK M	2,577	1,873
P/E	15.36	12.23
Yield, %	3.06	5.06
Data per share		
Earnings before depreciation (EBITDA)	14.22	13.32
Operating earnings (EBIT)	10.32	9.83
Earnings after net financial items (EAFI)	10.32	9.63
Earnings for the year	7.98	7.27
Shareholders' equity	70.76	65.96
Cash flow from operating activities	2.88	17.23
Cash flow for the year	-3.13	3.27
Proposed dividend	3.75	4.50
Total outstanding ordinary shares, 000		
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	ANALYST
Carnegie	Kenneth Toll Johansson
Handelsbanken Capital Markets	Hampus Engellau
Kepler Cheuvreux	Mats Liss

PRESS RELEASES

Q1

24 Jan	Invitation to presentation of Bulten's Q4 report 2016
9 Feb	Bulten's Q4 report 2016
24 Feb	Bulten establishes in USA and forms a joint venture with Ramco for fastener solutions on the North American market
22 March	Notice to attend Annual General Meeting of Bulten AB (publ)

Q2

3 April	Bulten's Swedish Annual Report for the 2016 financial year published
11 April	Invitation to presentation of Bulten's Q1 report 2017
25 April	Bulten's Q1 report 2017
25 April	Press release from the Annual General Meeting of Bulten AB (publ) 25 April 2017
23 May	Ford Honors Bulten Joint Venture Company at 19th Annual World Excellence Awards (in English only)
27 June	Invitation to presentation of Bulten's Q2 report 2017

Q3

6 July	Bulten signs strategically important contract with vehicle manufacturer in USA
7 July	Bulten continues to win FSP contracts and wins a new order with an annual value of around EUR 30 million
12 July	Bulten's Q2 report 2017
16 Aug	Invitation to Bulten's Capital Market Day 2017
11 Sep	Bulten continues to grow and invests in a further plant in Poland

Q4

9 Oct	Invitation to presentation of Bulten's Q3 report 2017
20 Oct	Nominations Committee appointed ahead of Bulten AB's (publ) 2018 AGM
26 Oct	Bulten prepares for a change of CEO by 2019 due to retirement
26 Oct	Bulten's Q3 report 2017
26 Oct	Bulten invests in capacity and replacement in a new heat treatment plant in Hallstahammar
26 Oct	Employee representative finished assignment on Bulten AB (publ) Board of Directors

GRI INDEX

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	GLOBAL COMPACT PRINCIPLE
GRI 102: General Disclosures 2016 (Core level)				
Organizational profile				
102-1	Name of the organization	Bulten AB	page 59 note 1	
102-2	Activities, brands, products and services		pages 4, 18–19, 20–21, 22–23, 24–25	
102-3	Location of headquarters	Gothenburg	page 116	
102-4	Location of operations		pages 4, 59 note 3	
102-5	Ownership and legal form		pages 40–41, 59 notes 1 and 3	
102-6	Markets served		page 4, page 18	
102-7	Scale of the organization	Bulten reports the number of employees financially by Average no. of employees (FTE). The number of FTEs at the end of 2017 was: 1,305 For disclosures about the organization, Bulten has chosen to use another definition, Headcount (HC), which encompasses the actual number of employees, including absent employees and temporary employees, regardless of working hours. Total number of employees, Headcount (HC): 1,420 of whom permanent: 1,268 (85.2%) and temporary: 152 (10.2%).	pages 4, 5, 9 page 18 page 100 page 59 note 1, pages 55–56	
102-8	Information on employees and other workers	See 102-7. Bulten has no traditional seasonal variation but the year reflects the customers' production days, which vary between quarters. Generally speaking, the lowest net sales and operating earnings are seen in the third quarter with the lowest number of production days. The other quarters are relatively even but may vary slightly. Bulten gathers data on the number of employees (Headcount) via the local HR organization in each country. Total number of employees: 1,420, of whom 25% women and 75% men. Percentage of employees by region (EU and Outside of EU):	pages 32–33	

NO. PER EMPLOYMENT FORM, GENDER, REGION		PERMANENT EMPLOYEES		TEMPORARY EMPLOYEES		TOTAL	
		FULL TIME	PART TIME	FULL TIME	PART TIME	%	NUMBER
EU	Total	72.8%	3.9%	10.6%	0.1%	87.4%	1,241
	Women	17.3%	1.7%	1.8%	0.0%	20.8%	295
	Men	55.6%	2.2%	8.8%	0.1%	66.6%	946
Outside of EU	Total	12.6%	0.0%	0.0%	0.0%	12.6%	179
	Women	4.2%	0.0%	0.0%	0.0%	4.2%	59
	Men	8.5%	0.0%	0.0%	0.0%	8.5%	120
All regions	Total	85.4%	3.9%	10.6%	0.1%	100%	1,420
	Women	21.4%	1.7%	1.8%	0.0%	25%	354
	Men	64.0%	2.2%	8.8%	0.1%	75%	1,066

Total number of contractors: 68, of which in EU: 37 and outside of EU: 22. Contracted employees comprise 4.8% of the total number of employees.

102-9	Supply chain		pages 24–26	

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	GLOBAL COMPACT PRINCIPLE
102-10	Significant changes to the organization and its supply chain	Bulten Invest Sp.z.z.o was registered as a subsidiary to Bulten Polska S.p.a. during 2017. A subsidiary, Bulten North America LLC, was established in North America in 2017, with which Bulten has started a Joint Venture, Ram-Bul LLC, together with Ramco. Efforts have begun to harmonize sustainability work alongside the JV partner.	pages 5, 24–26, 59 note 2, 40–41	
102-11	Precautionary Principle or approach	Policies, certification, risk assessment, etc.	pages 28–31, 37	Principles 1, 2
102-12	External initiatives	Global Compact, signatory membership	pages 7, 30–31	
102-13	Membership of associations	EIFI – European Industrial Fasteners Institute: Bulten holds the chair. Swerea IVF AB interest association: active membership of research projects.		
Strategy				
102-14	Statement from senior decision-maker		pages 6–7	
102-15	Key impacts, risks, and opportunities		pages 29, 37–39, 63–68 note 5, 16, 12–13	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	Core values, CEO's statement, success factors, sustainability work, dedicated employees, financial management.	page 4, pages 6–7, 8–9, 28, 30–31, 32-33, 35	Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10
Governance				
102-18	Governance structure	Corporate Governance Report.	pages 28, 101–107 and illustration page 107	
Stakeholder engagement				
102-40	List of stakeholder groups		page 29	
102-41	Collective bargaining agreements	Bulten operates in countries where collective bargaining agreements are not permitted. Bulten expresses its view in its global HR policy. Around 70–75% of Bulten's employees are covered by collective bargaining agreements.	page 33	Principle 3
102-42	Identifying and selecting stakeholders	Workshops have been held in management teams involving all departments and subsidiaries including the company management, and also on strategy days, and a Sustainability Committee has been established. The stakeholder analysis has been conducted via these various forums during 2017.		
102-43	Approach to stakeholder engagement	See table	page 29	
102-44	Key topics and concerns raised	See table	page 29	
Reporting practice				
102-45	Entities included in the consolidated financial statements		page 59 note 3	
102-46	Defining report content and topic Boundaries	Bulten has carried out structured work alongside management functions and the Sustainability Committee to define stakeholders and significant focus areas. Bulten has started from its value chain to define impacts and to prioritize focus areas.	pages 28–31	

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	GLOBAL COMPACT PRINCIPLE
102-47	List of material topics	Materiality analysis	page 29	
102-48	Restatements of information	IFRS 15 has been introduced but the standard does not entail any restatement of information submitted.	page 69 note 6	
102-49	Changes in reporting	None		
102-50	Reporting period	Financial year: 1 January – 31 December 2017	page 59	
102-51	Date of most recent report	22 March 2017		
102-52	Reporting cycle	Annual (calendar year)	page 59	
102-53	Contact point for questions regarding the report	Financial data: EVP & CFO. Sustainability reporting: SVP HR & Sustainability	page 110	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Core level.	page 28	
102-55	GRI content index		pages 42–48	
102-56	External assurance	There has been no external assurance of the report.		
Bulten's own disclosure	Sustainability Report in accordance with the Swedish Annual Accounts Act (1995:1554) §10–§14	Index for Bulten's Sustainability Report in accordance with Swedish law and the Auditor's Report.	page 49	

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
Material topics					
Economic standards					
GRI 205: Anti-corruption 2016					
103-1 – 103-3	Disclosures on management approach		pages 30–31, 37–39, 104–105		Principle 10
205-1	Operations assessed for risks related to corruption	Own operation and to some extent the supply chain.	pages 37–39		Principle 10
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidences of corruption in 2017.			
Environmental standards					
GRI 302: Energy 2016					
103-1 – 103-3	Disclosures on management approach		pages 11, 26, 31 and 38–39		

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
302-1	Energy consumption within the organization	The disclosures include Bulten Polska, Bulten GmbH, Bulten Hallstahammar AB, excluding energy consumption for warehousing of finished goods. Bulten intends to include the operation in China in the summary moving forward. a) Non-renewable* energy – total consumption .... 48,319,182 kWh b) Renewable** energy – total consumption ....26,273,567 kWh c) Electricity – consumption...................................... 41,877,916 kWh c) Heating – consumption .... 1,050,277 kWh d) Bulten does not consume or sell cooling or steam so does not report this. Nor does Bulten sell on electricity or heating so does not report this either. e) Total energy consumption .... 74,592,749 kWh f) Warehousing of finished goods is not included in the data. g) The data comes from Bulten's energy providers. * primarily natural gas for direct use in the production processes, but also through purchased electricity produced mainly from coal. ** primarily purchased electricity produced by water and wind.		Bulten Hallstahammar has not included flakes surface treatment and hardening of stainless steel, which are new processes in 2017, but these will be included from 2018.	Principles 7, 8 and 9
Bulten's own disclosure: Environmental standards					
Bulten's own disclosure relating to energy intensity, emission intensity and net consumption of groundwater and tap water					
103-1 - 103-3	Disclosures on management approach		pages 11, 26, 31 and 38–39		
Bulten's own disclosure	Energy intensity as total energy consumption in relation to delivered quantity. The data includes all production plants.	1.74 kWh/kg delivered screws	pages 9, 11, 26		
	Emission intensity as direct and indirect greenhouse gas emissions in relation to delivered quantity. The data includes all production plants.	0.65 kg CO2/kg delivered screws			
	Net consumption of ground water and tap water. The disclosures include Bulten Hallstahammar AB, Bulten GmbH and Bulten Polska SA.	34,948,000 liters			
Social standards					
GRI 401: Employment 2016					
103-1 - 103-3	Disclosures on management approach		pages 11, 32–33 and 28		

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
401-1	New employee hires and employee turnover	Bulten's new hires and employee turnover include all units. To calculate the recruitment rate and employee turnover, an average of the total number of employees at the end of 2016 and 2017 has been used.			

Total number of recruitments of permanent and temporary employees in 2017: 284 (recruitment rate 23.2%), of whom 69 women (24.3%) and 215 men (75.7%).
Recruitment by age group, by gender within the age group by region in 2017:

	<30 YEARS			30–50 YEARS			>50 YEARS		
	TOT	M	W	TOT	M	W	TOT	M	W
Tot	45.8%	82.3%	26.1%	46.1%	67.2%	32.8%	8.0%	87.0%	13.0%
of whom:									
EU	94.6%	77.7%	16.9%	90.1%	61.8%	28.2%	100%	87.0%	13.0%
Outside of EU	5.4%	4.6%	0.8%	9.9%	5.3%	4.6%	0%	0%	0%

Employee turnover. Total turnover 13.6% in 2017 equating to 166 employees, of whom 50 women (30.1%) and 116 men (69.9%). Of the total employee turnover, 7.8% comprises permanent employees and 5.8% temporary employees.

Employee turnover by age group, by gender within the age group by region in 2017:

	<30 YEARS			30–50 YEARS			>50 YEARS		
	TOT	M	W	TOT	M	W	TOT	M	W
Tot	42.2%	68.6%	48.9%	42.8%	63.4%	36.6%	15.0%	92.0%	8.0%
of whom:									
EU	92.9%	64.3%	28.6%	77.5%	49.3%	28.8%	100%	92.0%	8.0%
Outside of EU	7.1%	4.3%	2.9%	22.5%	14.1%	8.5%	0%	0%	0%

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
GRI 403: Occupational Health and Safety 2016					
103-1 – 103-3	Disclosures on management approach		pages 31, 32–33 and 38		
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number or work related fatalities	Bulten did not monitor/report occupational diseases or accidents by gender or region in 2017, as no data is available. Bulten intends to begin reporting these aspects from 2018. All units excluding the Parent Company (Bulten AB) are included in the summary below. The number includes everybody, i.e. employees and contractors: IR, Incident Rate (number of accidents * 200,000/total number of worked hours): 4.35 LDR, Lost work Day Rate (number of days off work due to accidents * 200,000/total number of worked hours): 43.52 LTIR= Lost Time Injury Rate (number of accidents leading to absence * 200,000/total number of hours worked): 2.38 SR, Severity Rate (number of days off work due to accidents/number of accidents with at least one day off work): 18.29 FAR, Fatal Accident Rate (number of fatalities * 200,000/total number of hours worked): 0 NM, Near Miss rate (number of near misses * 200,000/total number of hours worked): 3.04 Total sick leave during 2017 (permanent and temporary employees): 4.4%	pages 11, 33	Incident Rate: Some units have included minor incidents. NM rate: Not all units reported NM in 2017 but from 2018.	
GRI 404: Training and Education 2016					
103-1 – 103-3	Disclosures on management approach	The employee's job description forms the basis for prioritizing his/her training and education. Each manager is responsible for ensuring that there are clearly defined roles, and that the employee has the conditions for doing a good job, and that performance and training are regularly followed up. Each employee has a responsibility to develop the necessary competence to perform their work duties correctly and completely. During 2017, Bulten has implemented an HR policy which aims to create insight, compliance and equal treatment of all Bulten's employees, regardless of gender or form of employment.	pages 32–33		
404-1	Average hours of training per year per employee	Average hours of training by gender and employment form in 2017: (see table below)			Principle 6
GRI 405: Diversity and Equal Opportunity 2016					
103-1 – 103-3	Disclosures on management approach		pages 28, 30, 32–33		

AVERAGE NO. OF TRAINING HOURS	PERMANENT EMPLOYEE	TEMPORARY EMPLOYEE	TOTAL
Men	14 h	29 h	17 h
Women	38 h	46 h	39 h
Total	18 h	32 h	20 h

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
405-1	Diversity of governance bodies and employees	Distribution of women and men as % of total number of employees (Headcount): Women 25%, Men 75%. The company's (Bulten AB, publ) Board: Women 22%, Men 78%. Total number 9 members including one (1) ordinary employee representative and one (1) Deputy member. Age group Younger than 30: 0, Aged 30-50: 3, Older than 50: 6. Bulten's Group management: Women 33.3%, Men 66.7%. Total 9 members. Age group Younger than 30: 0, Aged 30-50: 0, Older than 50: 9 (100%).	page 38	Bulten has not reported gender by age group for different personnel categories and no data is available. Therefore unable to report personnel categories separately in 2017.	Principle 6
GRI 406: Non-discrimination 2016					
103-1 – 103-3	Disclosures on management approach		pages 30, 33, 38		
406-1	Incidents of discrimination and corrective actions taken	No reported incidents of discrimination in 2017.			Principle 6
Other disclosures: Human rights					
Child labor		Bulten's code of conduct, comprehensive global HR policy, code of conduct for suppliers, monitoring of suppliers, working conditions and human rights.	page 33		Principles 1, 2, 5
Forced labor		Bulten has drawn up guidelines to combat modern slavery and trafficking.	www.bulten.com/en About-Bulten/Sustainability/Statement-Modern-Slavery		Principles 1, 2, 4
Other disclosures:					
The UN's 17 Sustainable Development Goals		Bulten has mapped its impact/contribution regarding the UN's 17 Sustainable Development Goals.	pages 31, 37–39		Principles 1, 2, 7, 8, 9
Environmental projects		Bulten is working actively to develop more sustainable production processes, and is investing in new technology and new equipment, leading to more sustainable in-house production. The Bulten GmbH (Germany) project "Heat recovery system on washing lines" was voted project of the month in January 2017 by EnergieAgentur.NRW.	page 26 www.energieagentur.nrw/eanrw/energieersparnis_durch_abgaswaermenutzung		Principles 8, 9

DISTRIBUTION BY AGE GROUP	YOUNGER THAN 30	AGE 30 TO 50	OLDER THAN 50
% Men	81.7	71.9	77.1
% Women	18.3	28.1	22.9
Age group as % of total employees	18.5	55.9	25.6

Index Bulten's Sustainability Report in accordance with the Swedish Annual Accounts Act (1995:1554)

DISCLOSURE	PAGE REFERENCES
The company's business model	4, 8, 14–15, 18–19, 20–23, 24–26, 37–39, 63–68
Environmental matters	9, 11, 13, 26, 28–31, 37–39, 44–45, 53, 66, 68
Social matters	29–31, 35, 37–39, 66–68
Personnel matters	9, 11, 13, article page 17, article page 23, article page 27, 28–31, 31–33, 37–39, 45–48
Human rights	7, 11, 26, 28–31, 31–33, 37–39, 48, 66–67
Anti-corruption	7, 11, 13, 19, 26, 28–31, 43–44, 66–68

The sustainability reporting encompasses the Group and all subsidiaries covered by the requirement on sustainability reporting.

Auditor's assurance statement on the statutory Sustainability Report

To the Annual general meeting of shareholders of Bulten AB (publ), reg. no. 556668-2141

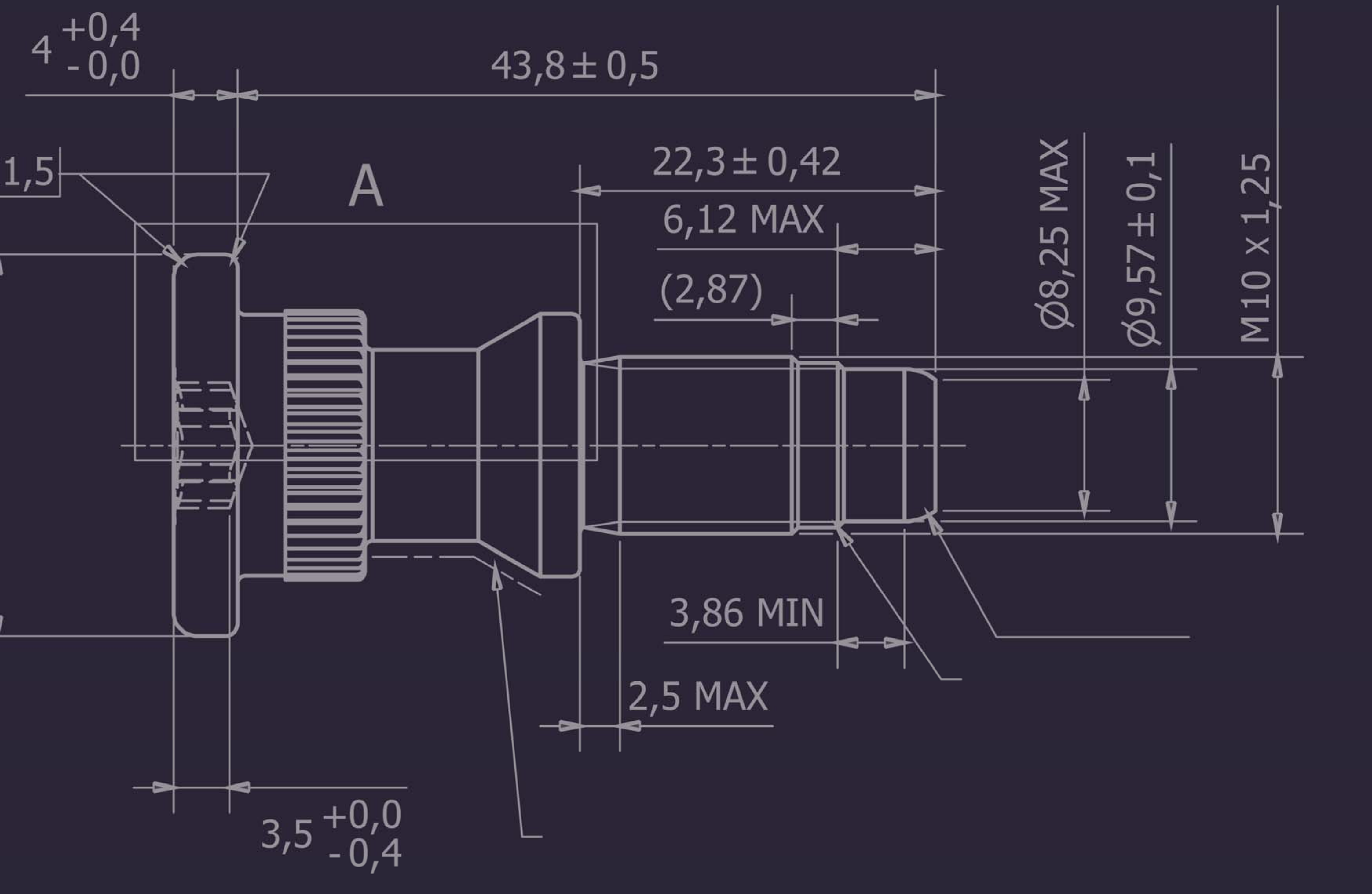
Engagement and responsibility
It is the Board of Directors that is responsible for the statutory Sustainability Report for the year 2017 on the pages referenced above, and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Focus and scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller extent than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Gothenburg, 20 March 2018
PricewaterhouseCoopers AB

Fredrik Göransson
Authorized Public Accountant



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

FINANCIAL INFORMATION

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 2017 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% (21.2), Lannebo Fonder 12.7% (13.8) and Investment AB Öresund AB 10.8% (10.8).

THE GROUP'S BUSINESS

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

Bulten is one of the few companies in Europe that provide full-service accountability throughout the value chain for fasteners, from development of the product to final delivery to 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 2017, Bulten had business in eight countries, averaging 1,305 (1,264) employees, an increase of 3.2% from the end of 2016. The Group's invoiced sales in 2017 were SEK 2,856 (2,676) million, an increase of 6.7% compared with the previous year.

The year in brief

In 2017, Bulten grew quicker than the increase in production in the European vehicle market, thus strengthening its market position. The company's growth of 6.7% can be seen against growth of 3.5% in the wider market in the same period. This growth comes despite volatile demand due to customers switching models and increased global market prices for steel and other metals. In 2017, Bulten entered a new phase of growth with good conditions for the business to continue to grow organically within the global automotive market on the basis of contracts that have already been signed, and increasing volumes in the underlying contract portfolio.

Bulten is maintaining a strong operating margin, exceeding its financial operating margin target. Profit before tax amounted to SEK 210 million, corresponding to 7.4% of sales. These strong figures are evidence of the impact of the company's fundamental cost-effective production and logistics structure, as well as the company's flexibility in adapting to volatile volumes.

Profit per share rose by 10% from SEK 7.27 to SEK 7.98. The profit trend for the year and improved capital structure contributed to a further strengthening of Bulten's key financial indicators. Return on capital employed increased to 14.4%, which is just under the financial target of 15%. Bulten's strong financial position serves as a sound basis for continued investment in future growth.

An operating cash flow of SEK 58 million was generated during the year, with net debt amounting to SEK 49 million at the end of the year.

The rate of investment of 4% of sales in 2017 was slightly higher than Bulten's average rate of investment, but in line with Bulten's ambition to become the industry's most cost-effective manufacturer of fasteners. The plan includes decisions to increase capacity in Hallstahammar by 25% by investing in a new heat treatment plant, as well as investing EUR 9 million in new surface treatment plants in the German and Polish units. In addition, there are plans to expand the production structure by way of an additional building in Poland costing SEK 177 million. In addition to increased competitiveness and improved profitability, the result of these investments means fewer shipments, leading to a smaller environmental impact.

During the year, Bulten enhanced its global delivery capacity by establishing itself in the US in the beginning of 2017 by way of a joint venture, as well as through its own production company. During the third quarter and via the joint venture, the US business concluded its first strategically important contract, worth USD 5.5 million. Bulten's local production unit is expected to start operating in 2018.

During the third quarter, Bulten signed a new full-service contract to deliver EUR 30 million worth of fasteners annually at full capacity in 2020. The technical expertise within Bulten, combined with many years of experience in successfully supplying the automotive industry with complex and crucial fasteners, has been instrumental in helping Bulten win this contract.

Bulten has further advanced its position with regard to environmentally friendly cars and during the year launched an FSP contract for a new electric car. In addition, Bulten is involved in the development of several hybrid drivetrains and is at the forefront of providing vehicle manufacturers with the latest technology. Bulten's success is based on innovative sustainable solutions.

Order bookings and net sales

Order bookings for the full year were SEK 3,015 million (2,717), which was 11.0% higher than in the previous year.

Net sales for the full year totalled SEK 2,856 million (2,676), which is an increase of 6.7%.

According to LMC Automotive (LMC), production of light vehicles in Europe increased by 3.2%, while the production of heavy vehicles rose by 4.9% in 2017 compared with 2016. Weighted for Bulten's exposure, this means that average growth in the sector was 3.5% in 2017.

Key financial indicators

REMAINING BUSINESS	2017	2016	2015	2014	2013 [1]
Net sales	2,856	2,676	2,693	2,414	1,806
EBITDA margin, %	10.1	10.1	8.4	7.4	8.4
EBIT margin (operating margin), %	7.4	7.5	6.1	5.5	6.0
Adjusted EBIT margin (operating margin), % *	7.4	7.5	5.8	5.1	6.0
Capital turnover	1.9	1.8	1.9	1.7	1.3
Return on capital employed, %	14.4	13.9	11.5	9.6	8.1
Return on equity, %	11.7	11.5	9.4	15.0	8.3
Debt/equity ratio	-0.0	0.0	-0.1	0.1	-0.2
Interest coverage ratio	38.8	30.6	14.4	8.7	15.4
Equity/assets ratio, %	66.8	68.9	64.0	67.5	52.7
Average number of employees	1,305	1,264	1,199	1,175	948

*) Adjusted EBIT margin. Operating profit adjusted for non-recurring costs as a percentage of net sales for the year.
1) The balance sheet for 2013 includes divested business.

Profit and profitability

The Group's gross profit was SEK 558 (531) million, corresponding to a gross margin of 19.6% (19.8).

Profit before depreciation (EBITDA) amounted to SEK 290 (271) million, corresponding to an EBITDA margin of 10.1% (10.1).

Profit before tax (EBIT) amounted to SEK 210 (200) million, corresponding to an operating margin of 7.4% (7.5).

Operating profit was affected positively by currency changes of SEK -2 (4) million net when converting operating capital on the closing date. In addition, operating profit was positively affected by an amount of SEK 4 million attributable to a recovered claim.

The Group's net financial items were SEK -0 (-4) million. Financial income was SEK 6 (3) million, including foreign exchange gains of SEK 6 (3) million. Financial expenses were SEK -6 (-7) million, comprising primarily interest expenses of SEK -4 (-6) million and other financial expenses of SEK -2 (-1) million.

The Group's profit before tax amounted to SEK 210 (196) million and profit after tax amounted to SEK 159 (146) million.

Cash flow, working capital, investments and financial position

Cash flow from operating activities before changes in working capital totalled SEK 259 (247) million, which equates to 9.1% (9.2) of net sales. The effect of the change in working capital on cash flow amounted to SEK -201 (104) million. Inventories changed during the year by SEK 83 (-23) million, while current receivables changed by SEK 212 (-16) million. Current liabilities changed by SEK 93 (51) million.

Accounts receivable during the past year averaged SEK 546 (474) million, which equates to 19.1% (17.7) of net sales. Average inventories amounted to SEK 491 (461) million, corresponding to an inventory turnover of 4.7 (4.7).

Investments in intangible and tangible fixed assets amounted to SEK 123 (82) million. Investments of SEK 122 (82) million relate to tangible fixed assets. The corresponding amount for intangible fixed assets is SEK 1 (0) million. Depreciation amounted to SEK -80 (-71) million.

Consolidated cash and cash equivalents amounted to SEK 48 (109) million at year-end. In addition, the Group had approved but unutilised overdraft facilities of SEK 399 (422) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 446 (531) million. Consequently, disposable cash and cash equivalents amounted to 15.6% (19.8) of net sales.

Consolidated total assets at year-end were SEK 2,178 (1,969) million. Equity in the Group was SEK 1,454 (1,357) million at the end of the financial year. In addition to the net profit for the year of SEK 159 (146) million, translation differences totalling SEK 24 (29) million and transactions with shareholders totalling SEK -86 (-64) million have had an impact on equity.

During the year, SEK 67 million of loans to the joint venture company BBB Services Ltd were replaced by working capital financing. This change has resulted in a negative impact on consolidated cash flow from operating activities of SEK 67 million, with a corresponding positive impact on consolidated cash flow from investing activities.

On the closing date net debt amounted to SEK 49 million. Net cash for the previous year amounted to SEK 30 million. Net debt adjusted for financial leasing agreements amounted to SEK 12 million. Adjusted net cash for the previous year amounted to SEK 68 million.

The equity/assets ratio was 66.8% (68.9). Group goodwill at the end of the financial year was SEK 203 (204) million, or 9.3% (10.4) of total assets.

Risks and risk management

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

Risks can be categorised as financial risks, sustainability risks, business cycle, markets- and external risks, and operational risks. For a description of how the Group manages these risks in its activities, see Note 5.

Permits and the environment

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

At the end of 2017, 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 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 an express strategy for reducing the environmental impact of, among other things, its process water, energy consumption, transport, chemicals and waste.

Significant events after the end of the financial year

No significant events occurred after the balance sheet date.

Outlook for 2018

86% of Bulten's net sales in 2017 were attributable to light vehicles and 14% to commercial vehicles. 90% of total sales were attributable to direct deliveries to vehicle manufacturers (OEMs) and the remainder to their subcontractors and other actors.

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% of FSP business in the same market, which is unchanged from 2016. The information is based on data on the European automotive industry's purchases of fasteners in 2017 according to the European Industrial Fasteners Institute (EIFI).

Bulten's underlying market is also showing growth. According to LMC Automotive's forecast in Q4, annual production of light vehicles in Europe is expected to increase by 1.1% in 2018 compared with 2017, while annual production of commercial vehicles is expected to rise by 4.6%. Weighted for Bulten's business exposure, this means a rise of 1.6%.

Bulten considers that the expansion of automotive manufacturers in growth markets will continue to benefit the company. Furthermore, Bulten continues to see good prospects for expansion through new and existing contracts.

PARENT COMPANY

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

The equity/assets ratio was 75.1% (73.1). Equity amounted to SEK 1,124 (1,155) million.

There were no cash or cash equivalents on the balance sheet date. The company had nine employees on the balance sheet date.

Total number of shares

The total number of shares is 21,040,207. The total number of outstanding shares as at 31 December 2017 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, the President and CEO and Group management. The Board has ultimate responsibility for the Group's operations and organisation and ensures that the duties of the President and CEO as well as financial operations are carried out in compliance with established principles. The board held ten minuted meetings during the year, including one strategy meeting.

From its membership, the Board has appointed an audit committee and a remuneration committee. During the year, the audit committee held eight meetings and the remuneration committee four meetings.

Guidelines for remuneration to senior executives

The 2017 Annual General Meeting adopted the following guidelines for remuneration to 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 such that Bulten can always attract and retain skilled senior managers at a reasonable cost to the company. Remuneration in Bulten shall be based on the nature of the role, principles of performance, competitiveness and fairness. The salaries of senior executives consist of a fixed salary, bonuses, pension and other benefits. Every senior executive shall be offered a fixed salary in line with market conditions and based on the senior executive's responsibility, expertise and performance. In addition, the AGM may decide to offer long-term incentive programmes such as share and share price-related incentive programmes. These incentive programmes are intended to contribute to long-term value growth and provide a joint interest in share value growth for shareholders and employees.

All senior executives may, from time to time, be offered cash bonuses. In the case of the President and CEO such bonuses may amount to a maximum of 60% of their annual fixed salary. In the case of the other senior executives bonuses may not exceed 40% of their annual fixed salaries. Bonuses shall be based primarily 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 8 to this annual report.

Prior to the 2018 AGM the Board is proposing to maintain essentially the same guidelines for remuneration to senior executives.

Corporate governance report

Bulten is submitting a separate corporate governance report, which is included in this annual report on pages 101 to 107.

Sustainability report

Bulten is submitting a separate corporate governance report in accordance with the Swedish Annual Accounts Act 6:11. The sustainability report is an integral part of this annual report - see page 49 for further information.

Appropriation of earnings

Bulten's goal over time is to appropriate at least one third of its net profit after tax. Nevertheless, consideration should be given to Bulten's financial position, cash flow and outlook.

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

Premium reserve	1,132,950,039
Retained earnings	-118,672,448
	1,014,277,591

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

Board's proposed divided (SEK 3.75 per share)	76,348,901
To be carried forward to new account	937,928,690
Total	1,014,277,591

It is proposed that 30 April 2018 be the settlement date for the dividend. If the meeting decides according to Euroclear Sweden AB on 4 May 2018. As at 31 December 2017 there were a total 21,040,207 shares in the company, of which 680,500 are held by the company. The dividend amount of SEK 76,348,901.25 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 as at 31 December 2017 was 75.1% for the Parent Company and 66.8% for the Group.

No part of the Parent Company's or the Group's equity relates to market values of financial instruments. The currently proposed dividend of SEK 76,348,901 means that the Parent Company's equity/assets ratio will fall to 73.8% and the Group's equity/assets ratio will fall to 65.6%.

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

SEK MILLION	NOTE	2017	2016
Net sales	6	2,856	2,676
Cost of goods sold	7	-2,298	-2,145
Gross profit		**558**	**531**
Other operating income	11	25	26
Selling expenses	7	-196	-188
Administrative expenses	7	-177	-165
Other operating expenses	11	-4	-1
Share of profit in joint ventures	34	4	-3
Operating profit	8, 9, 10, 12	**210**	**200**
Financial income	13	6	3
Financial expenses	13	-6	-7
Profit before tax		**210**	**196**
Tax on profit for the year	15	-51	-50
Profit after tax		**159**	**146**
Attributable to			
Parent Company shareholders		162	148
Non-controlling interests		-3	-2
Profit after tax		**159**	**146**
Profit per share (SEK) attributable to Parent Company shareholders			
Profit per share (SEK) before dilution	16	7.98	7.27
Profit per share (SEK) after dilution	16	7.93	7.23

Consolidated statement of comprehensive income

SEK MILLION	NOTE	2017	2016
Profit for the year		159	146
Other comprehensive income			
Items not to be reversed in the income statement			
Revaluation of defined-benefit pension plans, net after tax		-1	1
Items that may later be reversed in the income statement			
Exchange rate differences		24	30
Other comprehensive income attributable to joint venture	34	1	-1
Total other comprehensive income		**183**	**30**
Total comprehensive income for the year		**187**	**176**
Attributable to			
Parent Company shareholders		187	174
Non-controlling interests	27	-4	2
Total comprehensive income for the year		**183**	**176**

Comments on the consolidated income statement

Net sales for the full year totalled SEK 2,856 (2,676) million, which is an increase of 6.7%. The Group's gross profit amounted to SEK 558 (531) million, corresponding to a gross margin of 19.6% (19.8).

Profit before depreciation (EBITDA) amounted to SEK 290 (271) million, corresponding to an EBITDA margin of 10.1% (10.1).

Profit before tax (EBIT) were SEK 210 (200) million, corresponding to an operating margin of 7.4% (7.5).

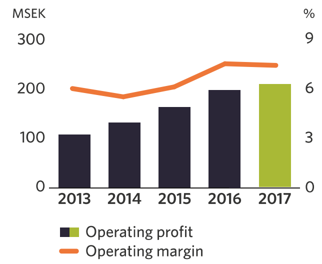
Operating profit was affected positively by currency changes of SEK -2 (4) million net when converting operating capital on the closing date. In addition, operating profit positively affected by an amount of SEK 4 million attributable to a recovered claim.

The Group's net financial items were SEK -0 (-4) million. Financial income was SEK 6 (3) million,including foreign exchange gains of SEK 6 (3) million.

Financial expenses were SEK -6 (-7) million, comprising primarily interest expenses of SEK -4 (-6) million and other financial expenses of SEK -2 (-2) million.

The Group's profit before tax amounted to SEK 210 (196) million and profit after tax amounted to SEK 159 (146) million.

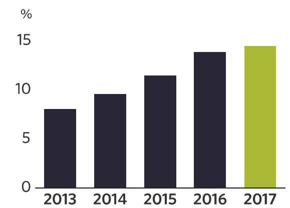
Operating profit, SEK million operating margin, %



The Group's operating profit amounted to SEK 210 million, which is an increase of SEK 10 million compared with the previous year.

The operating margin is 7.4% for 2017. This is 0.1% lower than in the previous year.

Return on capital employed (ROCE), %



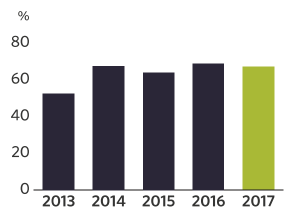
The return on capital employed (ROCE) amounts to 14.4% (13.9).

CONSOLIDATED BALANCE SHEET

SEK MILLION	NOTE	31-12-2017	31-12-2016
ASSETS			
Fixed assets			
Intangible fixed assets			
Goodwill	17	203	204
Other intangible fixed assets	17	3	2
Total intangible fixed assets		**206**	**206**
Tangible fixed assets			
Land and buildings	18	183	183
Plant and machinery	18	299	311
Equipment, tools, fixtures and fittings	18	54	48
Construction in progress and advances for tangible fixed assets	18	92	28
Total tangible fixed assets		**628**	**570**
Financial assets			
Investments in joint venture	34	1	56
Other long-term receivables	19, 24	4	5
Total financial assets		**5**	**61**
Deferred tax receivables	15	8	35
Total fixed assets		**847**	**872**
Current assets			
Inventories	20	533	450
Current receivables			
Accounts receivable	21, 24	621	470
Current tax receivables		11	6
Other receivables	22	41	38
Prepaid expenses and accrued income	23	77	24
Total current receivables		**750**	**538**
Cash and cash equivalents	24, 35	48	109
Total current assets		**1,331**	**1,097**
Total assets		**2,178**	**1,969**

SEK MILLION	NOTE	31-12-2017	31-12-2016
EQUITY AND LIABILITIES			
Equity			
Share capital	25	11	11
Other contributed capital	25	1,263	1,263
Other reserves	26	39	13
Retained earnings		127	56
Equity attributable to Parent Company shareholders		**1,440**	**1,343**
Non-controlling interests	27	14	14
Total equity		**1,454**	**1,357**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	28	13	18
Interest-bearing liabilities	24, 29, 30	84	60
Total non-current liabilities		**97**	**78**
Current liabilities			
Interest-bearing liabilities	24, 29, 30	4	5
Accounts payable	24	432	331
Current tax liabilities		6	6
Other liabilities		55	65
Accrued expenses and pre-paid income	31	130	126
Other provisions	32	–	1
Total current liabilities		**627**	**534**
Total equity and liabilities		**2,178**	**1,969**

Equity/assets ratio, %



Comments to the balance sheet

Average working capital amounted to SEK 560 (504) million, which corresponds to 19.6% (18.8) of net sales. Working capital has been driven by positive developments in volume.

Consolidated total assets at year-end were SEK 2,178 (1,969) million. Equity in the Group was SEK 1,454 (1,357) million at the end of the financial year. The equity/assets ratio was 66.8% (68.9).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	NOTE	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER RESERVES [1]	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS						
Opening balance as at 31 December 2016		**11**	**1,263**	**-11**	**-29**	**1,233**	**12**	**1,245**
Comprehensive income								
Profit for the year		–	–	–	148	148	-2	146
Other comprehensive income								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax [2]		–	–	–	1	1	–	1
Items that may later be reversed in the income statement								
Exchange rate differences		–	–	25	–	25	3	28
Other comprehensive income attributable to joint venture	34	–	–	-1	–	-1	–	-1
Total comprehensive income		**–**	**–**	**24**	**149**	**174**	**2**	**176**
Transactions with shareholders								
Transactions with non-controlling interests		–	–	–	-0	-0	0	–
Share-based remuneration to employees	8	–	–	–	2	2	–	2
Dividend to Parent Company shareholders (SEK 3.25 per share)		–	–	–	-66	-66	–	-66
Total transactions with shareholders		**–**	**–**	**–**	**-64**	**-64**	**0**	**-64**
Closing balance as at 31 December 2016		**11**	**1,263**	**13**	**56**	**1,343**	**14**	**1,357**
Comprehensive income								
Profit for the year		–	–	–	162	162	-3	159
Other comprehensive income								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax [2]		–	–	–	-1	-1	–	-1
Items that may later be reversed in the income statement								
Exchange rate differences		–	–	25	–	25	-1	24
Other comprehensive income attributable to joint venture	34	–	–	1	–	1	–	1
Total comprehensive income		**–**	**–**	**26**	**161**	**187**	**-4**	**183**
Transactions with shareholders								
Transactions with non-controlling interests		–	–	–	–	–	4	4
Share-based remuneration to employees	8	–	–	–	2	2	–	2
Dividend to Parent Company shareholders (SEK 4.50 per share)		–	–	–	-92	-92	–	-92
Total transactions with shareholders		**–**	**–**	**–**	**-90**	**-90**	**4**	**-86**
Closing balance as at 31 December 2017		**11**	**1,263**	**39**	**127**	**1,440**	**14**	**1,454**

1) A specification of Other reserves can be found in Note 26.
2) Tax effects are explained in Note 15.

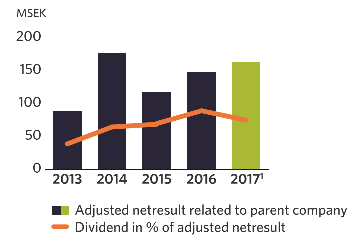
Comments on changes in equity

In addition to the net profit for the year of SEK 159 (146) million, translation differences totalling SEK 24 (28) million and transactions with shareholders totalling SEK -86 (-64) million have had an impact on equity.

Dividends to Parent Company shareholders during the year amounted to SEK 92 (66) million, which corresponds to 62% of the previous year's profit.

Other reserves consist entirely of a 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. During the year, currency translation impacted equity by SEK 25 (27) million.

Dividend as a percentage of adjusted net profit



1) Proposed dividend.

CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	NOTE	2017	2016
Operating activities			
Profit after financial items		210	196
Adjustments for items not included in cash flow	35	74	72
Taxes paid		-25	-21
Cash flow from operating activities before changes in working capital		**259**	**247**
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		-86	25
Increase(-)/Decrease(+) in operating receivables		-209	24
Increase(+)/Decrease(-) in operating liabilities		94	55
Cash flow from operating activities		**58**	**351**
Investing activities			
Acquisition of intangible fixed assets		-1	-1
Acquisition of tangible fixed assets		-122	-82
Divestment of tangible fixed assets		2	0
Change in financial assets		66	–
Cash flow from investing activities		**-55**	**-82**
Financing activities			
Amortisation of loans		–	-100
Change in overdraft facilities and other financial liabilities	35	21	-36
Dividend to Parent Company shareholders		-92	-66
Transactions with non-controlling interests		4	–
Cash flow from financing activities		**-67**	**-202**
Cash flow for the year		**-64**	**67**
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at start of financial year		109	40
Cash flow for the year		-64	67
Exchange rate difference in cash and cash equivalents		3	2
Cash and cash equivalents at year-end	35	**48**	**109**

CONSOLIDATED NET CASH/NET DEBT COMPOSITION

SEK MILLION	NOTE	31-12-2017	31-12-2016
Long-term interest-bearing liabilities		-84	-60
Provisions for pensions		-13	-18
Current interest-bearing liabilities		-4	-5
Financial interest-bearing receivables		4	5
Cash and cash equivalents		48	109
Net cash (+)/net debt (-)	35	**-49**	**30**
Less interest-bearing liabilities attributable to financial leases		37	38
Adjusted net cash (+)/net debt (-)		**-12**	**68**

Comments on the cash flow statement

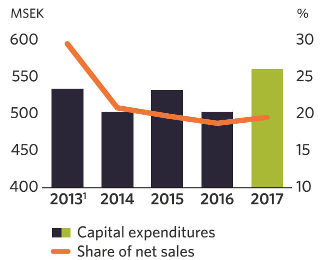
Cash flow from operating activities before changes in working capital totalled SEK 259 (247) million, which equates to 9.1% (9.2) of net sales. The effect on cash flow of the change in working capital amounted to SEK -201 (104) million. Inventories changed during the year by SEK 83 (-23) million, while current receivables changed by SEK 212 (-16) million. Current liabilities increased by SEK 93 (3) million. Average working capital corresponds to 19.6% (18.8) of net sales.

Investments in intangible and tangible fixed assets amounted to SEK 123 (83) million. Investments of SEK 122 (82) million relate to tangible fixed assets. The corresponding amount for intangible fixed assets is SEK 1 (1) million. Depreciation amounted to SEK -80 (-71) million.Investment payments correspond to 4.3% (3.1) of net sales.

Consolidated cash and cash equivalents amounted to SEK 48 (109) million at year-end. In addition, the Group had approved but unutilised overdraft facilities of SEK 399 (422) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 446 (531) million. Consequently, disposable cash and cash equivalents amounted to 15.6% (19.8) of net sales.

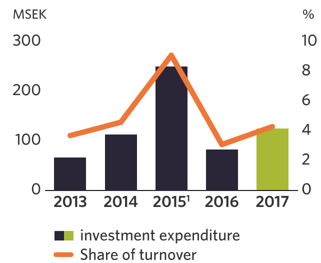
Net debt amounted to SEK -49 (30) million, which is a change of SEK -79 million compared with the previous year.

Working capital as a percentage of net sales



1) The balance sheet for 2013 includes divested business.

Investment expenses as a percentage of net sales



1) Includes the purchase of production property in Hallstahammar.

NOTES FOR THE GROUP All amounts are in SEK million unless otherwise stated. Figures in brackets refer to the previous year. Some figures are rounded, so amounts might not always appear to match when added up.

NOTE 1 GENERAL INFORMATION

Bulten AB (publ) (the Parent Company) with corporate identity number 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 Gothenburg, Sweden. The company's postal address is Bulten AB, Box 9148, SE-400 93 Gothenburg, Sweden.

This annual report and these consolidated financial statements were approved for publication by the Board on 20 March 2018 and will be presented to the Annual General Meeting of shareholders on 26 April 2018.

NOTE 2 CHANGES DURING THE REPORTING PERIOD

The Group's financial position and profit were affected by the following events and transactions during the reporting period.

Changes in the composition of the Group
Two subsidiaries were formed in 2017 – Bulten North America LLC and Bulten Invest Sp.z.o.o – as well as the joint venture Ram-Bul LLC.

Other changes during the reporting period
No other significant changes occurred during the reporting period.

Financial position and profit during the reporting period
A detailed report of the Group's financial position and profit can be found in the Board of Directors' Report.

NOTE 3 SPECIFICATION OF THE GROUP'S HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. ID. NO/REG. OFFICE	COUNTRY	PARTICIPATION, % 31-12-2017
Bulten Holding AB, 556224-0894, Gothenburg	Sweden	100.0
Bulten Fasteners AB, 556010-8861, Gothenburg	Sweden	100.0
Bulten Sweden AB, 556078-3648, Gothenburg	Sweden	100.0
Bulten Hallstahammar AB, 556261-2506, Hallstahammar	Sweden	100.0
Bulten Ltd, No. 85664, Edinburgh	United Kingdom	100.0
Bulten Polska S.A., KRS 0000019503, Bielsko-Biala	Poland	99.9
Bulten Invest Sp.z.o.o, KRS 0000690750, Radziechowy	Poland	99.9
Bulten GmbH, HRB 4748, Bergkamen	Germany	100.0
Finnveden Micro Fasteners AB, 556039-4180, Gothenburg	Sweden	100.0
Bulten North America LLC, 6300700, Hudson, Ohio	USA	100.0
Ram-Bul LLC, 6325829, Hudson, Ohio	USA	50.0
Bulten Fasteners (China) Co Ltd, 600041586, Peking	China	100.0
Finnveden Trading AB, 556201-4570, Gothenburg	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, Gothenburg	Sweden	100.0

The share of capital in all of the above holdings is equivalent to voting rights.

NOTE 4 SUMMARY OF IMPORTANT ACCOUNTING POLICIES AND DISCLOSURES

The consolidated financial statements in their Swedish original 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 English translation of the consolidated financial statements, although professionally translated, cannot guarantee compliance with generally accepted IFRS terminology. 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 a better 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 standard that is deemed to have significant influence.

ACCOUNTING POLICY	NOTE		IFRS STANDARD
Company acquisitions	4	Consolidated financial statements	IFRS 3
Segment	4	Segment reporting	IFRS 8
Income	6	Income	IAS 18
Operating expenses	7	Operating expenses	IAS 1
Share-based remuneration	8	Employees, employee benefit expenses and remuneration to the Board	IFRS 2
Operational and financial leasing	12	Leasing	IAS 17
Financial income and expenses	13	Financial income and expenses	IAS 39
Incomes taxes	15	Tax	IAS 12
Profit per share	16	Profit per share	IAS 33
Intangible fixed assets	17	Intangible fixed assets	IAS 36, IAS 38
Tangible fixed assets	18	Tangible fixed assets	IAS 16, IAS 36
Inventories	20	Inventories	IAS 2
Accounts receivable	24	Financial instruments by category	IAS 18, IAS 32, IAS 39, IFRS 7
Accounts payable	24	Financial instruments by category	IAS 32, IAS 37, IAS 39, IFRS 7
Derivative instruments and hedging instruments	24	Financial instruments by category	IAS 32, IAS 39, IFRS 7, IFRS 13
Non-controlling interests	27	Non-controlling interests	IFRS 10, IFRS 12
Pensions and similar obligations	28	Provisions for pensions and similar obligations	IAS 19 Revised
Borrowing	29	Interest-bearing liabilities	IAS 32, IAS 37, IAS 39, IFRS 7
Provisions	32	Other provisions	IAS 28, IAS 37, IFRS 11
Joint venture	34	Investments in joint ventures	IFRS 11, IAS 28, IFRS 12
Cash flow statement	35	Cash flow	IAS 7
Transactions with related parties	37	Transactions with related parties	IAS 24

Important estimates and assessments for accounting purposes

Preparing financial reports in accordance with IFRS requires important accounting estimates to be made. In addition, the management needs to make certain assessments in the application of 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 carrying amounts is recognised in the income statement.

ESTIMATES AND ASSESSMENTS	NOTE	
Recognition of income	6	Income
Classification of leasing	12	Leasing
Assessment of deficit deduction	15	Tax
Impairment of goodwill	17	Intangible fixed assets
Inventory obsolescence	20	Inventories
Transfer of accounts receivable	21	Accounts receivable
Legal risks, compensation demands	32	Other provisions

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including the anticipation 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.

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 date when the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date the controlling influence ceases.

The acquisition method is used for recognising the Group's acquisition of subsidiaries. The cost of an acquisition comprises the fair value of assets provided as remuneration, equity instruments issued and liabilities that arise or are assumed on the transfer date. In addition the cost of acquisition includes the fair value of all assets and liabilities arising from any agreement about conditional purchase sums. Costs relating to an acquisition are expensed as they arise. For each acquisition the Group determines whether any non-controlling interest in the acquired business is to be recognised at fair value or using the proportional share of the acquired company's net assets. The amount by which the purchase sum, any non-controlling 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 in the carrying amount is recognised in the income statement. Fair value is used as the first carrying amount and forms the basis for the continued recognition of the remaining holding as an associate company, joint venture or financial asset. All amounts concerning the divested unit that were previously recognised in other comprehensive income are recognised as if the Group had directly divested the attributable assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified as profit.

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 the 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 the settlement of such transactions and the recalculation of monetary assets and liabilities in foreign currencies at the rate on the balance sheet date are recognised in the income statement. Exchange gains and losses attributable to loans and cash and cash equivalents are recognised as financial income and expenses respectively. All other exchange gains and losses are recognised as 'Other operating income' or 'Other operating expenses'.

The profit and financial position of all Group companies are translated into the Group's reporting currency. Assets and liabilities are translated at the rate on the balance sheet date, 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 rate on the balance sheet date.

The following exchange rates have been used when translating the figures for foreign subsidiaries:

	AVERAGE EXCHANGE RATE		CLOSING EXCHANGE RATE	
	2017	2016	2017	2016
CNY	1.26	1.29	1.26	1.31
EUR	9.63	9.47	9.85	9.57
GBP	10.99	11.57	11.10	11.18
PLN	2.26	2.17	2.36	2.17
RUB	0.15	0.13	0.14	0.15
USD	8.54	8.56	8.23	9.10

Classification

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

Non-recurring items

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

Segment recognition

The Group consists of only one reportable segment, Bulten, as it is at this level that the Group's management team has responsibility for the allocation of resources and assesses the business's results. Operating segments are reported in a way that is consistent 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 operating segments. The executive management team of the Group has been identified as having this role.

Standards or amendments to or interpretations of existing standards that came into effect in 2017

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

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 2018 which have not been applied in preparing this financial report. These new standards and interpretations are expected to affect the Group’s financial statements as follows:

- 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’s analysis has shown that the implementation of IFRS 9 will not have any significant effect on the Group's financial reports. Consequently, no transition effects will arise as a result of the introduction of this accounting standard.
- IFRS 15 Revenue from Contracts with Customers regulates the recognition of revenue. The principles on which IFRS 15 is based will provide users of financial statements with more usable information about the company’s revenue. The expanded disclosure requirements mean that information must be provided about the type of revenue, the date of settlement, uncertainties related to the recognition of revenue and cash flow attributable to the company’s customer contracts. According to IFRS 15, revenue should be recognised when the customer takes 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 the related SIC and IFRIC. The standard is effective for fiscal years beginning 1 January 2018 or later. The Group’s analysis has shown that the implementation of IFRS 15 will not have any significant effect on the Group's financial reports. Consequently, no transition effects will arise as a result of the introduction of this accounting standard. For more information, see Note 6.
- 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, be recognised in the balance sheet. Such accounting is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time an obligation to pay for this right. Recognition for the lessor 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 Group is the lessee in operating leases that are expected to be affected by IFRS 16 such that these agreements shall be recognised in the balance sheet through assets and liabilities and in the income statement through the depreciation of the asset and an interest expense for the lease liabilities. Under the current IAS 17, lease payments are expensed over the term of the lease. This will mean that everything equal 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 reporting.

None of the IFRS and IFRIC interpretations yet to enter into force are expected to have a significant impact on the Group.

NOTE 5 RISKS AND RISK MANAGEMENT

FINANCIAL RISKS

In its operations, the business is exposed to various financial risks. Examples of these are currency, liquidity, interest rate, credit and capital risks. The Board determines risk management policies. Financial activities in the form of risk management, liquidity management and borrowing are managed for the Group as a whole by the Parent Company. The Group's overall risk management focuses on the unpredictability of 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, CNY and RUB. Currency risks arise from future business transactions, flow exposures in the form of receipts and disbursements in different currencies, recognised assets and liabilities, the translation of the profit/loss of foreign subsidiaries and net investments in foreign operations.

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

The Group's policy for managing currency risks is focused on transaction-related currency risks. Currency risks are primarily managed by trying to change the operational conditions in the business by matching income and expenses in currencies other than SEK. Nevertheless, hedging may be used in special circumstances. Currency flows shall be hedged only if this fulfils criteria for hedge accounting in accordance with IAS 39. The application of hedge accounting is, however, determined in each individual case when the hedge is established.

If SEK had weakened by 10% against EUR with all other variables constant, the improvement in gross profit would be around SEK 77 (71) million. An equivalent weakening against PLN would adversely affect operating profit by around SEK -17 (-15) million. An equivalent weakening against GBP would amount to around SEK -18 (-15) million, USD to around SEK 3 (3) million, CNY to around SEK -0 (-0) million and RUB to around SEK -0 (-0) million. Given current exposure the net effect would have been a net improvement of around SEK 44 (43) million if SEK had weakened in value by 10% against EUR, PLN, GBP, USD, CNY and RUB. The corresponding effect on equity would have been around SEK 98 (87) million.

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

	2017			2016		
CURRENCY*	INCOME	EXPENSES	NET EXPOSURE	INCOME	EXPENSES	NET EXPOSURE
SEK	297	-527	-230	255	-483	-228
EUR	2,340	-1,574	766	2,212	-1,505	707
PLN	19	-192	-173	19	-167	-148
GBP	52	-234	-182	57	-210	-153
USD	55	-24	31	56	-28	28
CNY	52	-49	3	44	-47	-3
RUB	41	-46	-5	32	-35	-3
Total	**2,856**	**-2,646**	**210**	**2,676**	**-2,476**	**200**

* Expressed in SEK million.

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 managed by way of borrowing in the relevant foreign currencies.

Distribution of financial liabilities per currency:

	2017			2016		
CURRENCY*	INTEREST-BEARING LIABILITIES[1]	ACCOUNTS PAYABLE	TOTAL	INTEREST-BEARING LIABILITIES[1]	ACCOUNTS PAYABLE	TOTAL
SEK	–	56	56	–	38	38
EUR	86	305	391	38	215	253
PLN	–	13	13	26	13	39
GBP	–	46	46	–	47	47
USD	–	3	3	–	6	6
CNY	–	4	4	–	5	5
RUB	–	6	6	–	7	7
Total	**86**	**432**	**518**	**64**	**331**	**395**

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

Liquidity risk

Liquidity risk is the risk that a company cannot make its payments due to insufficient liquid assets and/or difficulty in obtaining credit 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 access to finance through agreed credit facilities. The management closely monitors rolling forecasts for the Group's liquidity reserve, which consists of unused lines of credit and cash and cash equivalents based on 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 with total credit of SEK 460 million covering the period up to June 2019.

Covenants associated with this credit facility are presented in more detail in Note 29. All covenant conditions were met during the year. The Group systematically transfers accounts receivable within the framework of a block purchase agreement. The agreement means that the buyer of the accounts receivable assumes the credit risks associated with the receivables. The criteria for not reporting accounts receivable on the balance sheet have been met. The Group is therefore dependent on the buyer's ongoing assessment of customers' creditworthiness. At the end of 2017 the value of transferred accounts receivable amounted to SEK 55 (47) million. The total capacity of the agreement covering the purchase of accounts receivable is SEK 68 (68) million.

At the end of 2017, the available liquidity reserve for the Group amounted to SEK 451 (536) million, which corresponds to 15.8% (20.0) 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 must exceed SEK 100 million. Temporary excess liquidity is placed in investments with short maturities and minimal credit risk; e.g. in bank accounts or short-term bonds issued by Swedish banks or the Swedish state.

The table below analyses the Group's financial liabilities broken down according to the time remaining until the contractual maturity date at the balance sheet date (including any interest payments if these can be determined). The amounts indicated in the table are the contractual, non-discounted cash flows.

AS AT 31 DECEMBER 2017 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	–	50	–
Accounts payable and other liabilities	623	–	–
Liabilities for finance leases	5	20	38
Total	**628**	**70**	**38**

AS AT 31 DECEMBER 2016 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	–	26	–
Accounts payable and other liabilities	529	–	–
Liabilities for finance leases	5	17	36
Total	**534**	**43**	**36**

Interest rate risk

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

The Group's policy for managing 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 stipulates that the fixed term of interest rates for external loans should average six months, with the right to deviate by +/- 3 months if the market assessment changes. The average fixed-rate term at the end of both 2017 and 2016 for external borrowing was six months.

At the end of the financial year the Group had no financial contracts for changing the interest rate risk in relation to what the existing loan agreements regulate. In 2017 and 2016 Group borrowing with variable interest was in SEK, EUR and GBP. If interest rates on borrowing in SEK in 2017 were 1% higher/lower with all other variables constant, profit before tax for the financial year would have been SEK 1 (2) million lower/higher.

Credit risk

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

Individual assessments of a customer's creditworthiness and credit risk are made by taking the customer's financial position into account, along with past experience and other factors. The management does not expect any losses due to default by counterparties in addition to what has been reserved as doubtful receivables; see Note 21.

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 stakeholders, and to maintain an optimal capital structure in order to keep the cost of capital down.

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

The executive management systematically monitors refinancing requirements relating to external borrowing with the objective of renegotiating the Group's credit facilities no later than 12 months before the due date. One of the Group's financial targets is to achieve a return on average capital employed above 15%. Average capital employed, defined as equity plus interest-bearing liabilities, amounted to SEK 1,498 (1,453) million in 2017. Return, defined as profit after financial items plus financial expenses, on average capital employed amounted to 14.4% in 2017 and 13.9% in 2016.

The equity/assets ratio amounted to 66.8% as at 31 December 2017 and 68.9% as at 31 December 2016, as shown in the table below.

EQUITY/ASSETS RATIO	2017	2016
Equity	1,454	1,357
Balance sheet total	2,178	1,969
Equity/assets ratio, %	**66.8**	**68.9**

The net debt/equity ratio as at 31 December 2017 and 31 December 2016 was as follows in the table below:

DEBT/EQUITY RATIO	2017	2016
Total borrowings	-88	-65
Provisions for pensions	-13	-18
Minus Interest-bearing assets	4	5
Minus Cash and cash equivalents	48	109
Net cash (+)/net debt (-)	**-49**	**30**
Total equity	1,454	1,357
Debt/equity ratio	-0.0	0.0

The net debt/equity ratio is calculated as net cash/net debt divided by equity, including non-controlling interests. Net cash/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. The average interest rate on borrowing liabilities amounted to 4.2% (3.3).

SUSTAINABILITY RISKS

Bulten operates in an industry that has a direct and an indirect impact in the areas that Bulten has identified as important for sustainable business, namely the environment, social responsibility and corporate governance.

Environmental principles

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 in 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 efforts are conducted by all Group units to ensure that operations are conducted with as small an 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 deficient 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, to recycle and to implement energy-efficient production processes. To minimise 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 which 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 interest groups with respect and to demonstrate sound ethics. The Group complies with the UN Global Compact in areas such as human rights, working conditions and anti-corruption. All employees should be familiar with and follow the code of conduct. In addition Bulten 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 conflicts 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 responsibly and efficiently, with a high level of business ethics, good risk management and a sound corporate culture. Governance guidelines and policies serve as the basis for 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

Global market and macroeconomic risks

Bulten operates in cyclical global markets where customers are affected by macroeconomic factors as well as political decisions. Demand for the Group's products is dependent on demand for the transport of goods and passengers, which is in turn 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 sites, which usually reduces volatility depending on individual fluctuations in demand. The use of production forecasts and close relationships with customers means that the Group is well informed about the customers' production schedules and plans. The business's profit is dependent on the Group's ability to react swiftly to fluctuations in demand for the Group's products and to adapt production levels and operating expenses accordingly. Entry into new markets requires well-prepared plans, processes and local knowledge in which cultural and political aspects are important considerations. Bulten has good experience of entering new markets and geographical areas, which is best achieved by way of partners with better knowledge of the local market.

Legal and political risks

Bulten's business is conducted in several jurisdictions and is subject to the local rules and laws that apply 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 operates may affect the Group's business. The Group is exposed to legal risks as the business is influenced by a large number of commercial and financial agreements with customers, suppliers, employees and other parties, as well as licences, patents and other intellectual property rights. These are normal legal risks for a business such as the Group's. Bulten is established in markets and in countries where the Group has operated for a limited period. 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 with regard to financial reporting, as outlined in the Corporate Governance Report on pages 101 to 107, provides the basis for an ethical approach to doing business and proper 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 result in a degree of unpredictability in the business. Through collaboration with locally based companies, political risk can be mitigated somewhat. In addition, geopolitical unrest can pose a risk to the company's operations. The Group is addressing such risks through systematic efforts towards risk assessments and, if necessary, the use of external expertise in each identified risk area.

Trends and driving forces in the automotive industry

The automotive industry is in the midst of major changes. In many respects its development has a direct impact on Bulten's business, especially in terms of markets and volumes. The trends and driving forces that affect and are deemed to affect Bulten come in the form of: globalisation, as vehicle manufacturers move production to emerging and new markets; increased demands for sustainability with regard to what Bulten offers its customers within its in-house production and in the supply chain; continued competition in the automotive industry with more vehicle manufacturers in more markets, resulting in continued increased bulk production and global platforms for vehicle models; increased bulk production, which is expected to lead to consolidation, with fewer suppliers expected to be involved in customer development; electrification; and digitalisation (see page 16). Bulten is addressing increased globalisation by following its customers and creating production opportunities in new markets. Through systematic sustainability efforts in which sustainability is an integral part of the company's strategy, we meet the expectations of our customers and other stakeholders. Through the FSP concept and close co-operation with its customers, Bulten can offer cost-effective solutions by way of, for example, fewer fastener variants and the creation of volume synergies. Furthermore, this creates greater opportunities for Bulten to be involved from the development stage right through to delivery to the customer's production line. Bulten is working with several customers in the development of fasteners for hybrid and electric vehicles, and believes that the fuel cell trend will have no impact on the company's business in the near future. Furthermore, it is difficult to determine when commercialisation will take off. Digitalisation will require more components in vehicles, which in turn will result in increased demand for fasteners, enabling Bulten to expand its range and provide custom fasteners.

Force majeure

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

OPERATIONAL RISKS

Customer dependence
Bulten's customer base includes virtually all vehicle manufacturers in Western Europe, with some key customers accounting for a large proportion of the Group's sales. Losing the contract of a key customer and falling demand for a customer's product can result in reduced sales and profitability. Underlying agreements with key customers cover a wide range of products and have varying terms and counterparties. Bulten's FSP concept, including the development of products and technologies, production, quality, logistics and service, requires close co-operation with customers. Bulten operates in many different markets as well as in various segments, such as passenger cars and commercial vehicles.

Global supply chain
There are various risks inherent within the global supply chain relating to dependence on specific suppliers, raw materials and inputs, logistics and quality. With regard to raw materials and inputs, Bulten's exposure is greatest in relation to the different grades of steel for which price changes can affect the Group's profit. The prices of raw materials are adjusted periodically to reflect current market levels based on price trends over the period. Bulten's supply chain is global, which places great demands on procurement processes, quality assurance and monitoring. Bulten addresses these risks through active and professional efforts with regard to procurement, quality and logistics, as well as through a global purchasing strategy that is systematically reviewed and updated so as to optimise the Group's procurement, to ensure compliance with codes of conduct and to ensure that requested volumes are obtained on time, on budget and at the right level of quality. Bulten is usually compensated by its customers in the event of material volatility.

Product liability, warranty and recalls
The Group is exposed to product liability and warranty claims in cases where the Group's products cause personal injury or material damage. If a product is defective, the Group may have to participate in a vehicle recall. No significant claims for damages concerning product liability or recalls have occurred. Bulten is insured up to a specific amount 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 way of managed processes and systematic quality, management and control measures.

Suspension of operations and material damage
Damage to production equipment, as a result of factors such as fire, may have a negative impact, in terms of both direct material damage and the suspension of operations, which complicates the fulfilment of the Group's commitments to its customers. This in turn could encourage customers to use other suppliers. The effect of such damage to production equipment has been assessed to have a moderate impact. Systematic efforts are underway to improve the Group's forward planning and preventative safety measures. The Group also holds insurance against the suspension of operations and material 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 permits or regulated by the environmental laws of the country in which they operate. Bulten has received the permits and agreements required and complies with stipulated safety, reporting and control requirements. In addition Bulten focuses on activities that reduce both internal and external environmental impacts.

IT-related risks
Bulten's operations are dependent on IT systems and hardware that support the management of the Group's production, logistics and order processing. Disruption to a system that supports the above may have a negative impact on the company's production and its ability to fulfil its delivery commitments. Bulten systematically manages IT-related risks through the Group's central IT department. Bulten has well-established procedures for information security and monitoring and control processes (ITGC). Bulten ensures an IT environment than can be quickly replicated in the event of disruption.

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

- Fluctuation in sale prices is the variable with the largest impact on profit. A change of +/-1% in prices to customers affects profit by approximately SEK 29 (27) million.
- Trends in raw material prices affect Bulten's profit. Although a 1% change in raw material prices affects profit before tax by SEK 17 (16) million, Bulten and other actors in this sector can pass higher raw material costs on to their customers to compensate for higher costs.
- Payroll costs comprise a major share of the Group's expenses. A 1% increase affects profit before tax by SEK 5 (5) million.
- A 1% increase in interest rates on average net cash/net debt with variable interest rates affects profit before tax by SEK 0 (1) million. None of the net cash(+)/net debt(-) of SEK -49 (30) million has fixed rates of interest.
- For a description of Bulten's exposure to currency fluctuations, see 'Currency risk' on page 63.

NOTE 6 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 subsidiaries.

SEK MILLION	2017	2016
Sweden	891	824
Germany	625	615
United Kingdom	1,203	1,117
Poland	45	44
Other countries	92	76
Total income	**2,856**	**2,676**

The Group's customers
The Group's customers are almost exclusively in the automotive industry. The Group has three external customers each of which generates income greater than 10% of the Group's sales. Income from these customers amounted to SEK 933 (890) million, SEK 569 (548) million and SEK 414 (389) million, which together constitute 67.1% (68.3) of sales. Underlying agreements with customers cover a wide range of products and have varying terms and counterparties.

ACCOUNTING POLICIES

Net sales consist of income from the sale of products and services. Income is recognised in the income statement when it becomes likely that the future economic benefits will be passed to the company and these benefits can be reliably calculated. Income includes only the gross input 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 material 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 or returns where applicable. Remuneration is in the form of cash and cash equivalents and income consists of this remuneration. Amounts levied on behalf of another party are not included in the company's income. The provision of services is recognised as income once the economic outcome of the service can be reliably calculated and the economic benefits pass to the company.

The Group's analysis of IFRS 15
From 1 January 2018, the Group is applying IFRS 15 – Revenue from Contracts with Customers. IFRS 15 contains a combined model for revenue recognition for customer contracts not covered by other standards. It replaces IAS 11 Construction Contracts, IAS 18 Revenue and the related interpretations IFRIC 13, 15, 18 and SIC-31.

In accordance with the new standard, revenue recognition occurs when control (formerly 'the risk') of the goods/service is transferred to the customer based on a five-step model:

- Identify the contract with the customer
- Identify the various performance commitments in the contract
- Determine the transaction price
- Allocate the transaction price to the various performance commitments
- Recognise revenue once the commitment has been fulfilled

The Group has analysed all significant customer contracts and has deemed that the introduction of the new standard will not have any material impact on the Group's financial reports. Consequently, no transition effects will arise as a result of the introduction of this accounting standard.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

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

NOTE 7 OPERATING EXPENSES

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

SEK MILLION	2017	2016
Changes in inventories, cost of goods sold	-1,929	-1,819
Costs for remuneration to employees and directors (Note 8)	-512	-468
Depreciation (Note 10)	-80	-71
Costs for operational leasing (Note 12)	-58	-54
Other costs	-92	-86
Total costs for goods sold, sales and administration	**-2,671**	**-2,498**

ACCOUNTING POLICIES

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

'Cost of goods sold' refers to 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 the procurement and production process.

'Administrative expenses' refers to costs for the boards, executive management teams and corporate functions in the Group, and depreciation and impairment of tangible fixed assets used in the Group's administration functions.

'Selling expenses' refers to 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 organisation. Allocations to, or reversals from, reserves for doubtful accounts receivable are also included in the function 'Selling expenses' in the income statement.

NOTE 8 EMPLOYEES, EMPLOYEE BENEFIT EXPENSES AND REMUNERATION TO THE BOARD

AVERAGE NUMBER OF EMPLOYEES	NUMBER OF PEOPLE		OF WHOM MEN, %	
	2017	2016	2017	2016
Parent Company	9	9	33	33
Subsidiaries				
Sweden	323	315	79	78
Germany	188	194	80	80
Poland	519	484	77	77
United Kingdom	92	84	71	68
China	62	63	69	65
Russia	111	115	67	68
USA	1	–	100	–
Total for subsidiaries	1,296	1,255	76	76
Total average number of employees	**1,305**	**1,264**	**76**	**75**

GENDER DISTRIBUTION ON THE BOARD AND IN EXECUTIVE MANAGEMENT	NUMBER OF PEOPLE		OF WHOM WOMEN, %	
	2017	2016	2017	2016
Board*)	9	10	22	20
Executive management	9	8	33	38

*) Including employee representatives and their deputies

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	SALARIES AND REMUNERATION		SOCIAL SECURITY EXPENSES	
	2017	2016	2017	2016
Parent Company	17	15	10	9
(of which pension costs)	–	–	3	2
Subsidiaries	376	342	109	101
(of which pension costs)	–	–	15	14
Total salaries, other remuneration and social security expenses	**393**	**357**	**119**	**110**
(of which pension costs)	–	–	18	16

SALARIES AND OTHER REMUNERATION ACCORDING TO COUNTRY, MANAGEMENT STAFF AND OTHER EMPLOYEES	MANAGEMENT STAFF[1]		OTHER EMPLOYEES	
	2017	2016	2017	2016
Parent Company in Sweden	11	10	6	5
(of which bonuses and similar payments)	1	2	1	1
Subsidiaries in Sweden	3	3	135	125
(of which bonuses and similar payments)	1	1	3	2
Subsidiaries overseas				
Countries within the EU	10	8	207	189
(of which bonuses and similar payments)	2	1	2	2
Other countries	3	3	18	14
(of which bonuses and similar payments)	1	0	0	–
Total	**27**	**24**	**366**	**333**
(of which bonuses and similar payments)	5	4	6	5

Pension costs for the Board and the President and CEO amount to SEK 4 (4) million in the Group.

1) Includes current and former Board members and their deputies, the President and CEO, and the Vice President and CEO of the Parent Company and its subsidiaries.

The Chairman of the Board and Board members receive remuneration as approved by the Annual General Meeting. The Annual General Meeting approved remuneration to the Board totalling SEK 2.5 (2.7) million, which was distributed in accordance with the decision of the AGM. The Chairman of the Board received remuneration of SEK 0.5 (0.5) million. No Board remuneration is paid to employee representatives.

Remuneration to the President and CEO and other senior executives consists of a basic 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, variable remuneration is no more than 60% of their basic salary. For other senior executives, variable remuneration is no more than 40% of their basic salary. Variable remuneration is based on performance in relation to targets. The President and CEO was paid a basic salary of SEK 3.3 (3.1) million for the year. Other senior executives received a basic salary totalling SEK 12.4 (8.8) million for the year. In 2017, the number of senior executives increased by one person.

For 2017, the President and CEO earned variable remuneration of SEK 1.4 (1.1) million. Other senior executives earned variable remuneration totalling SEK 3.4 (1.9) million.

The ordinary retirement age for the President and CEO is 65. The Board and the President and CEO have agreed that the latter, who turns 65 in 2018, will remain in their role for a further period, but only until the 2019 Annual General Meeting. Pension costs for the President and CEO are primarily premium-based and equate to 35% of their basic salary.

The commitment for other senior executives is premium-based.

With regard to the termination of the President and CEO, there is a mutual notice period of six months for the company and the President and CEO. Remuneration in lieu of notice is deducted from other income during this period. In the event of termination of employment initiated by the company prior to the President and CEO reaching retirement age, severance pay is equivalent to 12 months of salary. Severance pay is deducted from other income. No severance pay is payable once the President and CEO has reached retirement age.

With regard to the termination of other senior executives, generally there is a mutual notice period of six months, but of no more than 12 months, for the company and the employee. Severance pay is payable in addition to salary during the notice period and, together with the fixed salary during the notice period, may amount to a maximum of 18 months of salary.

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

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES	2017 REMUNERATION [1]/ BASIC SALARY	2017 VARIABLE REMUNERATION	2017 OTHER BENEFITS	2017 SHARE-BASED REMUNERATION	2017 PENSION	2016 REMUNERATION [1]/ BASIC SALARY	2016 VARIABLE REMUNERATION	2016 OTHER BENEFITS	2016 SHARE-BASED REMUNERATION	2016 PENSION
The Group										
The Board										
Ulf Liljedahl	0.5	–	–	–	–	0.5	–	–	–	–
Ann-Sofi Danielsson	0.3	–	–	–	–	0.4	–	–	–	–
Hans Gustavsson	0.4	–	–	–	–	0.3	–	–	–	–
Hans Peter Havdal	0.3	–	–	–	–	0.3	–	–	–	–
Peter Karlsten	0.3	–	–	–	–	0.3	–	–	–	–
Anne-Lie Lind (from 26-04-2016)	0.3	–	–	–	–	0.3	–	–	–	–
Gustav Lindner	0.4	–	–	–	–	0.3	–	–	–	–
Johan Lundsgård (until 25-04-2017)	–	–	–	–	–	0.3	–	–	–	–
Senior executives										
Tommy Andersson, President and CEO	3.3	1.4	0.2	0.4	1.2	3.1	1.1	0.1	0.4	1.1
Other senior executives, 9 (8)	12.4	3.4	0.8	1.5	3.1	8.8	1.9	0.6	0.9	2.1

1) Refers to remuneration to the Board and audit committee.

Incentive scheme

The Annual General Meeting held on 26 April 2016 resolved to establish a long-term share-based incentive scheme for 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 a matching share free of charge. In addition, the participant will have the opportunity to receive additional shares free of charge, 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 recognised in the income statement during the vesting period (20 May 2016 to 20 May 2019). At the end of the scheme, options will automatically be converted into shares at a subscription price of zero.

Participants will not receive dividends and are not entitled to vote during the vesting period. If the participant ends their employment during this period, these rights will be terminated, except for in exceptional cases as approved by the Board.

The fair value of these options on the allocation date is estimated using market rates for the company's shares on the allocation date, which amounted to SEK 78 without taking into account dividends during the vesting period.

The total cost of share-related remuneration during the period, which is recognised as a share of employee benefit expenses, amounted to SEK 4 (3) million.

ACCOUNTING POLICIES

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

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

NOTE 9 REMUNERATION TO AND REIMBURSEMENT OF AUDITORS

PWC	2017	2016
Audit engagement	3	3
of which to Pricewaterhouse Coopers AB	2	2
Other audit activities	0	0
of which to Pricewaterhouse Coopers AB	0	0
Tax advice	1	1
of which to Pricewaterhouse Coopers AB	1	0
Other services	0	1
of which to Pricewaterhouse Coopers AB	0	1
Total PwC	4	**5**
of which to Pricewaterhouse Coopers AB	3	3

'Audit engagement' refers to the examination of the 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 or other assistance as a result of observations during the audit or the implementation of the other duties referred to. Auditing activities in addition to the audit engagement mainly comprise a general examination of interim reports. Tax advice includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refers to advice not related to any of the above categories of services.

NOTE 10 DEPRECIATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS

DEPRECIATION ACCORDING TO PLAN DISTRIBUTED BY CLASS OF ASSET	2017	2016
Intangible assets	-1	-1
Buildings	-10	-10
Plant and machinery	-59	-51
Equipment, tools, fixtures and fittings	-10	-9
Total depreciation	**-80**	**-71**

DEPRECIATION ACCORDING TO PLAN DISTRIBUTED BY FUNCTION	2017	2016
Cost of goods sold	-68	-59
Selling expenses	-7	-7
Administrative expenses	-5	-5
Total depreciation	**-80**	**-71**

The assets are primarily machinery and other technical equipment.

NOTE 11 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME	2017	2016
Profit from sale of fixed assets	2	0
Exchange gains on receivables/liabilities relating to operations	–	4
Income from administrative services	14	20
Recovered claim	4	–
Other operating income	5	3
Total other operating income	**25**	**26**

OTHER OPERATING EXPENSES	2017	2016
Loss from sale of fixed assets	-1	-0
Exchange losses on receivables/liabilities relating to operations	-1	–
Other operating expenses	-2	-1
Total other operating expenses	**-4**	**-1**

ACCOUNTING POLICIES

Other operating income and costs relate to secondary activities, such as income from e.g. administrative services, exchange rate differences for items relating to operations and capital gains on the sale of tangible fixed assets. Group profit relating to the sale of subsidiaries or joint ventures are also recognised here if recognition as divested business is not applicable.

NOTE 12 LEASING

Operational leasing

Operating leases mostly comprise rental agreements for industrial and office premises, and to a lesser extent for vehicles and machinery. The rental agreements for industrial premises cover a remaining rental period of five years, with a right to extend the agreement for five years with unchanged conditions.

OPERATIONAL LEASING	2017	2016
Assets held via operating leases		
Minimum lease fees	58	54
Variable lease fees paid	0	0
Income from sub-leasing	–	-0
Total lease fees for the year	**58**	**54**
Contractual future minimum lease fees with respect to irrevocable contracts due for payment:		
Within one year	54	53
Between one and five years	123	150
After more than five years	19	23

Financial leasing

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

	COST OF ACQUISITION		ACCUMULATED DEPRECIATION	
FINANCIAL LEASING	31-12-2017	31-12-2016	31-12-2017	31-12-2016
Buildings	41	37	-6	-3
Plant and machinery	24	24	-22	-21
Equipment, tools, fixtures and fittings	4	4	-2	-1
Total financial leasing contracts	**69**	**65**	**-30**	**-25**

Contractual future minimum lease fees have the following maturities:

	NOMINAL VALUES		CURRENT VALUES	
FINANCIAL LEASING	2017	2016	2017	2016
Within one year	5	5	2	4
Between one and five years	18	17	13	14
After more than five years	35	36	21	20
Total future leasing fees	**58**	**57**	**36**	**38**

The current value of future minimum lease fees is recognised as an interest-bearing liability.

The Group's profit does not include any variable fees in relation to financial leases.

ACCOUNTING POLICIES

Leasing – lessees

In the consolidated financial statements leases are classified as either financial or operating leases. A financial lease is a lease in which the economic risks and benefits associated with ownership are essentially 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 fees are recognised as non-current and current liabilities. Leased assets are depreciated according to plan while lease payments are recognised as interest and amortisation of liabilities. The interest cost is distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised in the respective period.

Variable fees are expenses in the periods in which they arise. For operating leases the lease fee is expensed over the term of the lease starting from initial use, which may differ from what is paid in leasing fees during the year.

If significant conditions change during the term of the agreement, an assessment is made as to whether these new conditions – if known when the agreement was concluded – would require a different classification of the agreement at the start of the lease period. If this is the case, the agreement is treated as a new agreement that shall be tested by applying the parameters valid at the time the new agreement is concluded.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

When the Group concludes a significant lease agreement, an assessment must be made as to whether the agreement is financial or operational in nature. An assessment of whether the agreement should be classified as operational or financial is made in connection with the conclusion of the agreement and includes an analysis of key parameters such as discount factor, probability assessments of alternative future decisions and the asset's market value. Different assessments regarding these parameters may lead to different conclusions being reached regarding the classification of the agreement.

NOTE 13 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	2017	2016
Exchange rate differences on loans	6	2
Other	0	0
Total financial income	**6**	**3**

FINANCIAL EXPENSES	2017	2016
Interest expenses	-4	-5
Other	-2	-2
Total financial expenses	**-6**	**-7**

ACCOUNTING POLICIES

Financial income and expenses consist of interest income from bank funds and receivables, interest expenses on loans, 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 distributed 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 14 EXCHANGE RATE DIFFERENCES AFFECTING PROFIT

	2017	2016
Exchange rate differences affecting operating profit	-1	4
Exchange rate differences on financial items	6	2
Total exchange rate differences	**5**	**6**

NOTE 15 TAX

REPORTED TAX	2017	2016
Current tax		
Current tax for the year	-23	-20
Total current tax	**-23**	**-20**
Deferred tax expense (-)/tax income (+)		
Change in deferred tax	-28	-30
Total deferred tax	**-28**	**-30**
Total reported tax	**-51**	**-50**

Income tax relating to components of other comprehensive income amounts to SEK -0.2 (0.4) million and relates entirely to the revaluation of pension plans.

RECONCILIATION OF EFFECTIVE TAX	2017	2016
Profit before tax	210	196
Tax according to applicable tax rate for the Parent Company, 22.0%	-46	-43
Tax effect of:		
Differences in tax rates for foreign subsidiaries	-2	-2
Non-taxable income	3	1
Non-deductible expenses	-3	-2
Deferred tax for previous years' non-recognised temporary differences	-1	1
Tax losses for which non-deferred tax is recognised	-3	-3
Profit from joint ventures recognised after tax	1	-1
Tax on profit for the year according to the income statement	**-51**	**-50**

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
Machinery and equipment	0	1	11	1
Inventories	3	3	–	–
Accounts receivable	0	0	–	–
Loss carry-forwards in Swedish companies	2	19	–	–
Pensions	12	12	–	–
Share savings scheme	2	1	–	–
Other	0	1	0	–
Net recognition of receivables/liabilities in the same jurisdiction	-11	-1	-11	-1
Total	**8**	**35**	**–**	**–**

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 at 31 December, the accumulated tax loss carry-forwards in Swedish limited companies amount to SEK 9 (88) million. The Group has also calculated tax loss carry-forwards amounting to SEK 68 (72) million, of which SEK 21 (37) million was attributable to China, SEK 42 (35) million to Russia, SEK 2 (2) to the Netherlands and SEK 3 (-) million to the United States for which deferred tax assets are not recognised as at 31 December 2017. Of the total loss carry-forwards, SEK 1 million falls due in 2018, SEK 2 million in 2020, SEK 1 million in 2021, SEK 6 million in 2022, SEK 0 million in 2023, SEK 17 million in 2024, SEK 13 million in 2025, SEK 4 million in 2026, SEK 8 million in 2027 or later, SEK 5 million falls due in 2027 or later.

ACCOUNTING POLICIES

Income tax consists of current tax and deferred tax. Income taxes are recognised 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 also recognised in other comprehensive income or in equity.

Current tax is tax due for payment or receipt during the 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 in the consolidated financial statements and the tax value 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 operate 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 recognised if they arise due to a first recognition of goodwill. Neither is deferred tax recognised if it arises due to a transaction that is attributable to the first recognition of an asset or liability that is not a business acquisition and which, at the time of the transaction, affects neither recognised nor taxable profit. Deferred tax assets are recognised 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 the 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 in so 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.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The accounting principles describe the conditions for recognising deferred tax assets as temporary differences. In this context it is important that the executive management consider whether the business will recognise the tax surplus in a near enough time frame for the asset to be balanceable.

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

As at 31 December 2017, the management's assessment was that it is probable that a tax surplus will occur for the Group's Swedish activities. This assessment is based on a tax surplus being recognised in 2017 and, based on existing business plans, this is expected to continue in the coming years.

As at 31 December 2017, the Group is recognising a deferred tax asset attributable to loss carry-forwards and other temporary tax differences amounting to SEK 8 (35) million, of which SEK 8 (32) million is attributable to Sweden.

NOTE 16 PROFIT PER SHARE

PROFIT PER SHARE	2017	2016
Profit for the year attributable to shareholders of Bulten AB (publ), SEK million	162	148
Weighted average number of outstanding shares before dilution	20,359,707	20,359,707
Weighted average number of outstanding shares after dilution	20,464,388	20,482,690
Profit per share (SEK) before dilution	**7.98**	**7.27**
Profit per share (SEK) after dilution	**7.93**	**7.23**

ACCOUNTING POLICIES

Profit per share before dilution are calculated by dividing profit for the period attributable to the Parent Company's shareholders by the Parent Company's weighted average number of shares outstanding for the financial year. Profit per share after dilution are calculated by dividing the profit for the period attributable to the Parent Company's shareholders by the Parent Company's weighted average number of shares outstanding after dilution.

NOTE 17 INTANGIBLE FIXED ASSETS

	31-12-2017			31-12-2016		
	GOODWILL	OTHER INTANGIBLE ASSETS [1]	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS [1]	TOTAL
Accumulated cost of acquisition						
At the start of the year	324	5	329	321	4	325
Acquisitions for the year	–	1	1	–	1	1
Reclassifications during the year	–	0	0	–	0	0
Divestments and disposals	–	–	–	–	–	–
Exchange rate differences for the year	-1	1	0	3	0	3
At year-end	**323**	**7**	**330**	**324**	**5**	**329**
Accumulated depreciation according to plan						
At the start of the year	–	**-3**	**-3**	–	-3	-3
Divestments and disposals	–	–	–	–	–	–
Depreciation according to plan	–	-1	-1	–	-0	-0
Exchange rate differences for the year	–	0	0	–	–	–
At year-end	**–**	**-4**	**-4**	**–**	**-3**	**-3**
Accumulated impairment						
At the start of the year	-120	–	-120	-120	–	-120
Impairment for the year	–	–	–	–	–	–
At year-end	**-120**	**–**	**-120**	**-120**	**–**	**-120**
Recognised value						
At the start of the year	204	2	206	201	2	203
At year-end	**203**	**3**	**206**	**204**	**2**	**206**

1) Relates primarily to licence fees.

Impairment requirement testing for goodwill
Recognised consolidated goodwill amounts to SEK 203 (204) million. Each year, the Group tests whether there is an impairment requirement with regard to goodwill. Goodwill is monitored by the management at operating segment level. The recoverable amounts for Bulten have been determined by calculating the value in use. Calculations are based on estimated future cash flows from financial plans approved by the executive management and cover a period of three years.

Significant assumptions in the financial plans include sales growth, productivity developments and operating margins. These assumptions are determined based on published statistics for the development of the automotive industry, customers' model strategies and their long-term delivery plans as well as the executive management's assessment of the development of Group margins. Cash flows beyond the three-year period are extrapolated using an estimated growth rate resulting from assumed inflation of 2.0% (2.0). The forecast cash flow has been calculated at present value using a discount rate of 7.3% (7.3) before tax. The discount rate has been determined by calculating a weighted cost of own and borrowed capital.

In both 2017 and 2016 the estimated recoverable amount for Bulten exceeded the book value, which is why no impairment requirement has been identified.

Alternative calculations have been 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 POLICIES

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 expensed 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 the planned start of production.

Goodwill

Goodwill consists of the amount by which the cost of acquisition exceeds the fair value of the Group's proportion of the acquired subsidiary's/associated company's/joint venture's identifiable net assets at the time of acquisition. Goodwill upon the acquisition of subsidiaries is recognised under intangible assets. Goodwill upon the 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 the cost of acquisition less accumulated impairments. Impairment of goodwill is not reversed. Gains or losses from the divestment of a unit include 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 acquisitions where the cost of acquisition is less than the net of the 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 Group are recognised at cost of acquisition less accumulated amortisation and impairment. Expenditure for internally generated goodwill and trademarks is recognised in the income statement as an expense as it is incurred. The Group's other intangible assets include acquired software licences, which are capitalised on the basis of the expenditure that arose when the software in question was acquired and put into use. The expenditure is balanced to the extent that the probable economic benefits exceed the expenditure.

Depreciation/amortisation

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

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The impairment requirement for 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 asset's recoverable amount. To determine the value in use, estimated future cash flows are used, which are based on internal business plans and forecasts. Although the executive management believes that the estimated future cash flows are reasonable, different assumptions regarding such cash flows could affect valuations substantially. In assessing the goodwill value of SEK 203 (204) million as at the end of 2017 and 2016, no impairment requirement was identified.

NOTE 18 TANGIBLE FIXED ASSETS

	31-12-2017					31-12-2016				
	LAND AND BUILDINGS 1) 2)	PLANT AND MACHINERY 1)	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS 1)	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL 1)	LAND AND BUILDINGS 1) 2)	PLANT AND MACHINERY 1)	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS 1)	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL 1)
Accumulated cost of acquisition										
At the start of the year	203	582	77	28	890	198	492	72	56	818
Acquisitions for the year	3	2	7	111	123	0	1	6	70	77
Reclassifications during the year	2	37	7	-47	0	3	90	5	-98	0
Divestments and disposals	–	-3	-2	-1	-6	–	-23	-10	–	-33
Exchange rate differences for the year	7	30	5	1	43	2	22	4	–	28
At year-end	**215**	**648**	**94**	**92**	**1,049**	**203**	**582**	**77**	**28**	**890**
Accumulated depreciation according to plan										
At the start of the year	-20	-227	-29	–	-276	-10	-190	-27	–	-227
Reclassifications during the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	–	3	2	–	5	–	23	10	–	33
Depreciation according to plan	-10	-59	-10	–	-79	-10	-51	-9	–	-70
Exchange rate differences for the year	-2	-22	-3	–	-27	-0	-9	-3	–	-12
At year-end	**-32**	**-305**	**-40**	**–**	**-377**	**-20**	**-227**	**-29**	**–**	**-276**
Accumulated impairment										
At the start of the year	–	-44	–	–	-44	–	-44	–	–	-44
Impairment for the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	–	–	–	–	–	–	–	–	–	–
Exchange rate differences for the year	–	–	–	–	–	–	–	–	–	–
At year-end	**–**	**-44**	**–**	**–**	**-44**	**–**	**-44**	**–**	**–**	**-44**
Recognised value										
At the start of the period	183	311	48	28	570	188	258	46	56	548
At the end of the period	**183**	**299**	**54**	**92**	**628**	**183**	**311**	**48**	**28**	**570**

1) Includes assets in financial leases; see Note 12.
2) Of which land, SEK 16 (16) million

TANGIBLE FIXED ASSETS BY COUNTRY

	31-12-2017	31-12-2016
Sweden	242	238
Germany	79	61
United Kingdom	13	13
Poland	229	190
China	17	16
Russia	48	52
Total tangible fixed assets	**628**	**570**

ACCOUNTING POLICIES

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 their possession will pass to the Group, and the asset's cost of acquisition can be reliably calculated. Tangible fixed assets are recognised at their cost of acquisition less accumulated depreciation and any impairments. Land is not subject to depreciation.

The cost of acquisition includes the purchase price and costs directly attributable to bringing the asset to the location and the condition necessary for it to be utilised for its intended purpose. 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 cost of acquisition may also include transfers from equity for possible gains/losses in cash flow hedging that meets hedge accounting requirements.

The cost of acquisition 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 the asset for its intended use.

Subsequent costs are added to an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will pass to the Group and the cost of acquisition of the asset can be measured reliably. The carrying amount of the replaced part is derecognised from the balance sheet. 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 upon its disposal or divestment, or when no future economic benefits are expected from its use. Profit from the divestment or disposal consist of 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 acquisition value less the 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	NUMBER OF YEARS
Buildings	15 - 40
Plant and machinery	5 - 14
Equipment, tools, fixtures and fittings	3–10

Impairment
Assets with indefinite useful lives are not depreciated/amortised but are tested annually for any impairment requirement. Assets that are depreciated/amortised are assessed for a reduction in value when events or changes in conditions indicate that the carrying amount may not be recoverable. An impairment loss is made equivalent to the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units).

NOTE 19 OTHER LONG-TERM RECEIVABLES

ACCUMULATED COST OF ACQUISITION	31-12-2017	31-12-2016
At the start of the year	5	5
Amortisation, deductible receivables	-1	-1
Reclassifications	-4	–
Other additional receivables	4	1
Translation differences	0	0
Reported value at year-end	**4**	**5**

NOTE 20 INVENTORIES

	31-12-2017	31-12-2016
Raw materials and consumables	64	56
Production in progress	138	126
Finished products and goods for resale	331	268
Total inventories	**533**	**450**

The cost of inventories that have been expensed is included in the item 'Cost of goods sold'.

Impairment for the year of inventories at their net selling price amounts to SEK 4 (2) million. The impairment has been recognised in the income statement as the cost of goods sold. During the year, the Group reversed SEK -1 (-3) million of previous impairments of inventories. The amount is included in the cost of goods sold.

ACCOUNTING POLICIES

Inventories are stated at the lower of their cost of acquisition and net selling price. The cost of acquisition is calculated by applying the first-in, first-out principle (FIFO) and includes costs arising upon acquisition of the inventory assets, transport to their current location and bringing them to their current condition. The net selling price is the estimated selling price in the ordinary course of business, less estimated costs for completion and effecting a sale. The valuation thereby takes into account the risk of obsolescence. For manufactured goods and work in progress, the cost of acquisition includes a reasonable proportion of indirect production costs. The valuation takes into account normal capacity utilisation.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group is reporting a total inventory value of SEK 533 (450) million. An obsolescence reserve is recognised if the estimated net selling price is lower than the cost of acquisition, and in connection therewith, the Group makes estimates and assumptions regarding, among other things, future market conditions and estimated net selling prices. The risk of obsolescence arises especially in periods when there is an unexpected drop in demand. Additionally, obsolescence can occur if the Group is not successful in adjusting inventory levels in conjunction with customers phasing out vehicle models from their production.

NOTE 21 ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE	31-12-2017	31-12-2016
Accounts receivable	626	475
Less reservation for doubtful accounts receivable	-5	-5
Total accounts receivable	**621**	**470**

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

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

ACCOUNTS RECEIVABLE FOR EACH CURRENCY	31-12-2017	31-12-2016
SEK	36	28
EUR	522	396
USD	19	16
GBP	22	9
PLN	2	2
CNY	14	13
Other	6	6
Total accounts receivable	**621**	**470**

Credit quality of accounts receivable

The credit quality of financial assets that are neither due nor requiring impairment has been assessed by way of external credit rating or, alternatively, by way of the counterparty's payment record.

On the balance sheet date, non-due or impaired accounts receivable amounted to SEK 531 (435) million, of which 98% (98) refers to existing customers with whom the Group has had relationships spanning many years. These customers normally pay on the agreed due date and the Group has a history of very low credit losses.

As at 31 December 2017, accounts receivable due totalled SEK 95 (41) million without any impairment requirement considered necessary. These relate to a number of independent customers who have not previously had any payment difficulties. The age analysis of these accounts receivable is as follows:

AGE ANALYSIS, ACCOUNTS RECEIVABLE	31-12-2017	31-12-2016
Less than 3 months	87	37
3 to 6 months	1	1
More than 6 months	7	3
Total accounts receivable due	**95**	**41**

As at 31 December 2017 the Group recognised accounts receivable with an impairment requirement totalling SEK -5 (-5) million, which corresponds to the reserve for doubtful accounts receivable. The age analysis of these doubtful accounts receivable is as follows:

AGE ANALYSIS, DOUBTFUL ACCOUNTS RECEIVABLE	31-12-2017	31-12-2016
Less than 3 months	-4	-3
3 to 6 months	-0	-1
More than 6 months	-1	-1
Total, doubtful accounts receivable	**-5**	**-5**

Changes in the reserve for doubtful accounts receivable are as follows:

RESERVE FOR DOUBTFUL ACCOUNTS RECEIVABLE	31-12-2017	31-12-2016
At the start of the year	-5	-3
Reserve for doubtful receivables	-1	-2
Receivables written off during the year as non-recoverable	0	0
Reversal of unutilised amounts	0	0
Exchange rate differences for the year	-0	–
At year-end	**-5**	**-5**

Other categories of current receivables, i.e. 'Prepaid expenses and accrued income' and 'Other receivables' do not include any assets which have an impairment requirement. The same applies for 'Other long-term receivables'.

The maximum exposure to credit risk as at the balance sheet date is the fair value of each category of receivables mentioned above. For all these categories of receivables the fair value is essentially considered to correspond to the book value.

IMPORTANT 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, as a whole, have been assessed to mean that the risks and benefits associated with the accounts receivable are, essentially, transferred to the buyer based on a test in accordance with IAS 39 – Financial Instruments: Recognition and Measurement. As at 31 December 2017 the value of transferred accounts receivable amounted to SEK 55 (47) million.

NOTE 22 OTHER RECEIVABLES

	31-12-2017	31-12-2016
Receivable attributable to VAT	35	35
Other receivables	6	3
Total other receivables	**41**	**38**

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

	31-12-2017	31-12-2016
Prepaid rents	5	4
Prepaid licences	4	1
Prepaid insurance	3	2
Other prepaid expenses	10	7
Other accrued income	55	10
Total prepaid expenses and accrued income	**77**	**24**

NOTE 24 FINANCIAL INSTRUMENTS BY 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; financial assets available for sale; and derivatives as hedging instruments. The classification depends on the purpose for which the instrument was acquired. The management determines the classification of financial assets upon their first recognition. At the end of 2017 and 2016 the only financial assets were those classified as loans and accounts receivable.

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 other long-term receivables and under accounts receivable in the balance sheet. Cash and cash equivalents are also included in this category.

On the balance sheet date, financial assets classified into this category amounted to the following amounts:

LOANS AND ACCOUNTS RECEIVABLE	31-12-2017	31-12-2016
Other long-term receivables	4	5
Accounts receivable	621	470
Cash and cash equivalents	48	109
Total loans and accounts receivable	**673**	**584**

For investments in joint ventures, see Note 34.

ACCOUNTING POLICIES

Loans and accounts receivable are recognised after the time of acquisition at their accrued cost of acquisition using the effective interestmethod. Accounts receivable that have been sold are removed from the balance sheet once the 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 on a net basis in the balance sheet when a legal right to offset the carrying amounts exists and there is an intention to settle them on a net basis or to simultaneously realise the asset and settle the debt.

The impairment of assets recognised at their accrued cost of acquisition occurs only if objective evidence of an impairment requirement exists as a result of one or more events occurring after the asset has been recognised for the first time (a 'loss event') and this event (or these 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 an impairment requirement include:

- significant financial difficulties of counterparty;
- default or delayed payments;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- domestic or local economic conditions that have a bearing on non-payments.

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 the impairment amount recognised in the consolidated income statement under other operating expenses.

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

If the impairment requirement decreases in a subsequent period and the decrease can be objectively related to an event occurring after the recognition of the impairment (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: liabilities assessed at fair value through the income statement; other financial liabilities; and derivatives as hedging instruments. At the end of 2017 and 2016 the only financial liabilities were those classified as other financial liabilities, distributed among the following items in the balance sheet:

OTHER FINANCIAL LIABILITIES	31-12-2017	31-12-2016
Long-term interest-bearing liabilities	84	60
Current interest-bearing liabilities	4	5
Accounts payable	432	331
Total other financial liabilities	**520**	**396**

ACCOUNTING POLICIES

Accounts payable
Accounts payable are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. 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 policies for other interest-bearing liabilities are presented in Note 29, Interest-bearing liabilities, and Note 12, Leasing.

Derivative instruments and hedging instruments
At the end of 2017 and 2016 the Group had no 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 balance sheet dates in 2017 and 2016 there were no financial assets and liabilities recognised at fair value.

NOTE 25 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	ORDINARY SHARES	TOTAL NUMBER OF SHARES
Number of shares outstanding as at 31 December 2014	**21,040,207**	**21,040,207**
Buy-back of own shares in 2015	-680,500	-680,500
Number of shares outstanding as at 31 December 2016	**20,359,707**	**20,359,707**
Number of shares outstanding as at 31 December 2017	**20,359,707**	**20,359,707**

The total number of ordinary shares as at 31 December 2017 amounts to 21,040,207. The quotient value per share is SEK 0.50. All issued shares are fully paid.

ACCOUNTING POLICIES

Equity is divided between capital attributable to Parent Company shareholders and non-controlling interests. Value transfers in the form of e.g. 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 the legal precautionary rules to avoid dividends greater than what financial coverage exists for.

Share capital
Ordinary shares are classified as equity. 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 through the repayment of part or all of the loan being through issued shares, the shares are valued at fair value and the difference between this value and the book value of the loan is recognised in the income statement. In the event that the lender is, directly or indirectly, a shareholder and acts as a shareholder, the issued amount corresponds to the book value of the financial liability which is thereby eliminated (so-called set-off issue). In this way there is no gain or loss to recognise in the income statement.

Other contributed capital
Refers to equity contributed by the owners.

NOTE 26 OTHER RESERVES

	TRANSLATION RESERVE		TOTAL	
	2017	2016	2017	2016
Opening balance	13	-11	13	-11
Exchange rate differences	25	25	25	25
Other comprehensive income attributable to joint ventures	1	-1	1	-1
Closing balance	**39**	**13**	**39**	**13**

ACCOUNTING POLICIES

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 27 NON-CONTROLLING INTERESTS

The following tables present summarised financial information for subsidiaries that have non-controlling interests and that are essential to the Group. Information for the owner company (Bulten-GAZ B.V.) and the underlying operating company (Bulten Rus LLC) is presented as one consolidated unit.

SUMMARISED INCOME STATEMENT	2017	2016
Profit/loss items		
Income	41	32
Profit after tax	-9	-4
Other comprehensive income		
Exchange rate differences	-1	9
Total comprehensive income	**-10**	**5**
Attributable to		
Parent Company shareholders	-6	3
Non-controlling interests (37%)	-4	2
Total comprehensive income	**-10**	**5**

SUMMARISED BALANCE SHEET	31-12-2017	31-12-2016
Assets		
Fixed assets	49	52
Current assets	33	29
Total assets	**82**	**81**
Liabilities		
Non-current liabilities	23	15
Current liabilities	22	28
Total liabilities	**45**	**43**
Net assets	**37**	**38**
Total net assets attributable to non-controlling interests (37%)	14	14

SUMMARISED CASH FLOW	2017	2016
Cash flow from operating activities	-5	2
Cash flow from investing activities	-1	0
Cash flow from financing activities	11	-0
Cash flow for the period	**5**	**2**

ACCOUNTING POLICIES

Non-controlling interests
The Group applies the principle of treating transactions with non-controlling interests as transactions with the Group's shareholders. For purchases from non-controlling interests, the difference between the compensation paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses on divestments to non-controlling interests are also recognised in equity.

NOTE 28 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Remuneration to employees after completed employment is primarily made by way of 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 and the value of the outstanding obligation are calculated using actuarial calculations, which aim to determine the present value of the obligations issued. Interest is classified as a financial expense. Other expense items are distributed in operating profit under the cost of goods sold, selling expenses or administrative expenses, depending on the employee's function. The Group also has pension obligations of SEK 40 (39) million secured through capital insurance, which means that any changes in pension obligations will be fully compensated through equivalent changes in the value of the capital insurance. Pension commitments are recognised as contingent liabilities and capital insurance as pledged assets.

DEFINED-BENEFIT PENSION PLANS AND SIMILAR OBLIGATIONS	31-12-2017	31-12-2016
FPG/PRI	12	13
Other retirement pensions in Swedish companies	1	1
Retirement pensions in foreign companies	1	1
Other long-term remuneration to employees	1	4
Total defined-benefit pension plans and similar obligations	**15**	**19**

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

	SWEDEN	
PENSION COMMITMENTS	2017	2016
Discount rate, %	1.3	1.4
Inflation, %	1.9	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 determined based on the market rate as at the balance sheet date for housing bonds in Sweden.

Risk exposure and sensitivity analysis

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

DEFINED-VALUE OBLIGATIONS AND VALUE OF PLAN ASSETS	31-12-2017	31-12-2016
Present value of defined-benefit obligations	15	19
Fair value of plan assets	–	-1
The Group's net obligation in respect of defined-benefit pension plans	**15**	**18**
- of which, provisions for pensions	13	18
- of which, current interest-bearing liabilities	2	1
- of which, other long-term receivables	–	-1

RECONCILIATION OF NET OBLIGATION RELATING TO DEFINED-BENEFIT OBLIGATIONS	31-12-2017	31-12-2016
Opening net debt	18	21
Pension expense (+)/income (-) for the period	-0	0
Pension payments	-1	-1
Revaluation effect of changed assumptions after tax	-2	-2
Translation difference	0	0
Closing net debt	**15**	**18**

SPECIFICATION OF TOTAL EXPENSES FOR REMUNERATION AFTER TERMINATION OF EMPLOYMENT AS RECOGNISED IN THE INCOME STATEMENT	2017	2016
Costs relating to defined-benefit plans		
Costs for service during current year	-1	-1
Interest expenses	-0	-0
Total costs relating to defined-benefit plans	**-1**	**-1**
Costs relating to defined-contribution plans	-17	-16
Total costs recognised in the income statement	**-18**	**-17**
Revaluation effect recognised in Other comprehensive income (before tax)	**1**	**2**

ASSETS PLEDGED FOR PENSION OBLIGATIONS	31-12-2017	31-12-2016
Capital insurance [1]	40	39
Total	**40**	**39**
Amount of the provision item expected to be paid after more than 12 months	39	38

1) Pension obligations are secured by way of capital insurance, which means that any changes to the pension obligation will be fully compensated by a corresponding change in value of the capital insurance. Both pension commitments and the capital insurance are recognised in Note 33.

ACCOUNTING POLICIES

Pension obligations

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

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

Conversely, pension plans that are based on an agreed future pension entitlement, known as defined-benefit pension plans, mean that the company has a greater responsibility in which, for instance, assumptions about the future have an impact on the company's recognised cost. The Group's net obligation is calculated separately for each plan by estimating the future remuneration that the employees have earned through their employment in both current and previous periods. This remuneration is discounted to a present value.

The liability recognised 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 estimated future cash flows using the interest rates of high-quality corporate bonds denominated in the same currency as that in which the remuneration will be paid and with maturities comparable to the current pension obligation.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in 'Other comprehensive income' in the period in which they arise.

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

Remuneration upon termination of employment

Remuneration upon termination of employment is payable when an employment relationship is terminated by the Group before the normal pension age or when an employee accepts voluntary redundancy in exchange for such remuneration. 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 to provide remuneration upon termination of employment 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 remuneration to employees

'Other long-term remuneration to employees' refers to the Group's defined-benefit obligations in accordance with a plan that gives employees a flexible transition from employment to retirement. The plan aims to enable flexible service as agreed between the employer and the employee. The Group's defined-benefit obligation is determined annually by applying the so-called projected unit credit method. Unlike the recognition of defined-benefit pension obligations, revaluations of the obligation are recognised in the income statement and not in 'Other comprehensive income'.

NOTE 29 INTEREST-BEARING LIABILITIES

LONG-TERM INTEREST-BEARING LIABILITIES	31-12-2017	31-12-2016
Bank overdraft facilities	50	26
Liabilities for finance leases	34	34
Long-term interest-bearing liabilities	**84**	**60**
Which mature between 1 and 5 years	63	40
Which mature after more than five years	21	20
Total	**84**	**60**
Provisions for pensions and similar obligations	13	18
Total non-current liabilities	**97**	**78**

CURRENT INTEREST-BEARING LIABILITIES	31-12-2017	31-12-2016
Provisions for pensions and similar obligations	2	1
Liabilities for finance leases	2	4
Total current interest-bearing liabilities	**4**	**5**

The fair value is considered to correspond to the book value of the Group's financial liabilities because the interest-bearing liabilities incur interest corresponding to market rates. The Group has special loan covenants that must be fulfilled with respect to external lenders, including relational figures such as EBITDA, net debt/equity and financial expenses. All covenants were met in both 2017 and 2016.

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

BANK OVERDRAFT FACILITIES	31-12-2017	31-12-2016
Approved credit limit	155	153
Unutilised portion	-105	-127
Utilised credit [1]	**50**	**26**

1) Of which SEK 50 (26) million is recognised as a long-term liability as the Group is entitled to extend the credit within the framework of existing credit arrangements.

ACCOUNTING POLICIES

Borrowing

Borrowing is initially recognised at fair value. Borrowing is subsequently recognised at its accrued cost of acquisition, and any difference between the amount received and the repayment amount is recognised in the income statement over the loan period 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 an interest expense.

Borrowing, including bank overdraft facilities, is classified under current liabilities unless the Group has an unconditional right to defer the payment of the liability for at least 12 months after the balance sheet date.

See Note 12 for the accounting policies concerning the recognition of financial leasing.

NOTE 30 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	31-12-2017	31-12-2016
Shares in subsidiaries	1,447	1,333
Other long-term receivables	1	1
Total pledged assets for liabilities to credit institutions	**1,448**	**1,334**

NOTE 31 ACCRUED EXPENSES AND PREPAID INCOME

	31-12-2017	31-12-2016
Accrued salaries, including holiday pay	39	34
Accrued social security costs	43	37
Other accrued expenses	37	33
Prepaid income	11	22
Total accrued expenses and prepaid income	**130**	**126**

NOTE 32 OTHER PROVISIONS

	31-12-2017	31-12-2016
Costs for restructuring measures	–	1
Total other provisions	**–**	**1**

RESTRUCTURING MEASURES

Carrying amount at start of period	1	1
Change during the period	-1	–
Carrying amount at end of period	**–**	**1**

Provisions for restructuring cover direct costs that are contingent on the restructuring and have no connection with the company's current activities, such as costs for unutilised rental contracts, environmental costs and remuneration to staff without employment. When the effect of the timing of the payment is of significance, the provision is determined by way of a calculation of the current value of future disbursements.

ACCOUNTING POLICIES

A provision is recognised in the balance sheet when the company has a formal or informal obligation as a consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the commitment and that the amount can estimated reliably. When the effect of the timing of the payment is of significance, the provision is 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 the money and, if applicable, the risks associated with the liability.

A provision for restructuring is recognised once 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 recognised when the Group has a formal or informal obligation to restore the company's own equity.

IMPORTANT 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. The executive management systematically assesses the expected outcome of compensation claims made against the Group. At the balance sheet date there were a few compensation claims against the Group, and the executive management believes that it is unlikely that these will have a material impact on the consolidated profit and financial position. No provision is recognised as at the balance sheet date for these compensation claims.

NOTE 33 CONTINGENT LIABILITIES

	31-12-2017	31-12-2016
Pension obligations in addition to those accounted for as liabilities or provisions [1)]	40	39
Other contingent liabilities	7	7
Total contingent liabilities	**47**	**46**

1) Of which SEK 40 (39) million in pension obligations is secured by way of capital insurance, which means that any changes to the pension obligation will be fully compensated by a corresponding change in value of the capital insurance.

NOTE 34 INVESTMENTS IN JOINT VENTURES

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

The shareholder agreement between the owners of BBB Services Ltd (Bulten and Brugola) means that the most relevant activities in the joint venture must be agreed by both parties. The key business risks and responsibilities are divided among and linked to the deliveries and products provided by each party.

An assessment of the factors and circumstances on which this collaboration is based means that this arrangement is classified as a joint venture. In light of this and the application of IFRS 11, BBB Services Ltd is recognised in accordance with the equity method.

In 2017, the Group became a partner in another joint venture: Ram-Bul LLC, based in Hudson, Ohio, USA. The Group has a 50% share. Ram-Bul LLC did not conduct any significant activities in 2017. The holding is recognised according to the equity method as investments in joint ventures.

The Group's share of BBB Services Ltd's net assets amounts to SEK -6 (-11) million. In accordance with the shareholder agreement, Bulten has no formal obligation to contribute additional capital to BBB Services 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 exist because the continued operation of the company is considered to be of commercial significance for the Group. The Group's negative share in BBB Services Ltd's net assets is therefore recognised under 'Current other liabilities'.

The Group's share of Ram-Bul LLC's net assets amounts to SEK 1 (-) million.

GROUP'S SHARE OF BBB SERVICES LTD	31-12-2017	31-12-2016
Opening balance	-11	-7
Share of profit for the year	4	-3
Other comprehensive income	1	-1
Closing balance	**-6**	**-11**

In 2015, the Group provided a long-term loan to the joint venture company BBB Services Ltd in order to finance the build-up of the company's working capital and settle outstanding operating liabilities with the Group.

In reality, the loan was part of the Group's net investment in BBB and was therefore recognised net, less the Group's share in the joint venture's accumulated losses, as an investment in a joint venture. The loan was fully repaid in 2017.

PRESENTATION OF BBB SERVICES LTD IN THE CONSOLIDATED BALANCE SHEET	31-12-2017	31-12-2016
Opening balance, long-term loans to joint ventures	67	64
Settlement of long-term loan to joint venture	-67	–
Translation difference	–	3
Closing balance, long-term loans to joint ventures	**–**	**67**
Less Bulten's share of JV's negative net assets	-6	-11
Current other liabilities / Investments in joint ventures	**-6**	**56**

Summary of financial information

A summary of financial information for BBB Services Ltd is presented below, recognised using the equity method. The information below refers to amounts recognised in the joint-venture's year-end accounts (not the Bulten Group's share of these amounts) pursuant to the Group's accounting policies.

SUMMARISED INCOME STATEMENT	2017	2016
Profit/loss items		
Income	522	601
Expenses	-513	-606
Depreciation/amortisation	–	–
Profit before tax	**9**	**-5**
Tax on profit for the year	-2	1
Profit after tax	**7**	**-5**
Other comprehensive income		
Exchange rate differences	1	-1
Total comprehensive income	**8**	**-6**
Attributable to		
Bulten Fasteners AB	5	-4
Other participants	3	-2
Total comprehensive income	**8**	**-6**

SUMMARISED BALANCE SHEET	31-12-2017	31-12-2016
Assets		
Fixed assets	1	4
Current assets, excluding cash and cash equivalents	153	126
Cash and cash equivalents	25	6
Total assets	**179**	**136**
Liabilities		
Current liabilities	189	154
Total liabilities	**189**	**154**
Net assets/liabilities	**-10**	**-18**
Group's share of joint venture (60%)	-6	-11

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

ACCOUNTING POLICIES

The Group applies IFRS 11 Joint Arrangements. Under IFRS 11 an interest in a joint arrangement is classified as either a joint operation or a joint venture, depending on the contractual rights and obligations of each investor. The Group has assessed its joint arrangements and determined that this is a joint venture. Joint ventures are recognised using the equity method.

Under the equity method, investments in joint ventures are initially recognised in the consolidated statement of financial position at their cost of acquisition. The carrying amount is subsequently increased or decreased to take into account the Group's share of profit and other comprehensive income from its joint ventures after the acquisition date. The Group's share of profit included in consolidated profit and the Group's share of other comprehensive income is 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 recognises no further losses unless the Group has assumed formal or informal 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 indicates an impairment of the transferred asset.

NOTE 35 CASH FLOW, NET CASH/NET DEBT

ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW	2017	2016
Depreciation of fixed assets	80	71
Unrealised currency gains/losses	0	-5
Profit from participations in joint ventures	-4	3
Profit from the sale of fixed assets	-5	-0
Other non-cash-affecting items	3	3
Total adjustments for items not included in cash flow	**74**	**72**

INTEREST PAID AND RECEIVED	2017	2016
Interest paid	-4	-5
Interest received	–	–

CASH AND CASH EQUIVALENTS	31-12-2017	31-12-2016
Cash and bank accounts	48	109
Total cash and bank accounts	**48**	**109**

'Cash and cash equivalents' in the balance sheet and cash flow statement refers solely to cash and bank accounts. Outstanding bank funds of SEK 48 (109) million are, in their entirety, placed in banks with the highest credit rating from leading credit institutions.

CHANGE IN NET CASH/NET DEBT	2017	2016
Net cash (+)/debt (-) at the start of the year	30	-176
Change in bank overdraft facilities and other financial liabilities	-23	35
Amortisation of interest-bearing liabilities	–	100
Change of liabilities relating to financial leasing	1	1
Changes in provisions for pensions	5	2
Change in interest-bearing receivables	-1	0
Change in cash and cash equivalents	-61	68
Net cash (+)/net debt (-)	**-49**	**30**
Less interest-bearing liabilities attributable to financial leases	37	38
Adjusted net cash (+)/net debt (-)	**-12**	**68**

			CHANGES NOT AFFECTING CASH FLOW		
REPORT ON CASH FLOW	01-01-2017	CASH FLOW	PENSION	EXCHANGE RATE DIFFE-RENCES	31-12-2017
Long-term interest-bearing liabilities	-60	-23	–	-1	-84
Provisions for pensions	-18	1	4	–	-13
Current interest-bearing liabilities	-5	1	–	–	-4
Total	**-83**	**-21**	**4**	**-1**	**-101**
Financial interest-bearing receivables	5	–	-1	–	4
Cash and cash equivalents	109	-64	–	3	48
Total	**114**	**-64**	**-1**	**3**	**52**
Total change in cash flow	**30**	**-85**	**3**	**2**	**-49**

ACCOUNTING POLICIES

Cash flow statement

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

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

NOTE 36 RECONCILIATION BETWEEN IFRS AND KEY INDICATORS USED

ADJUSTED NET SALES, ORGANIC GROWTH	2017	2016
Net sales	2,856	2,676
Currency effect, current year	-41	-16
Adjusted net sales	**2,815**	**2,660**

In calculating adjusted net sales and organic growth, net sales are adjusted for the currency effect of 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 PROFIT, EXCLUDING DEPRECIATION/AMORTISATION, EBITDA	2017	2016
Operating profit (EBIT)	210	200
Depreciation/amortisation	80	71
Operating profit, excluding depreciation/amortisation (EBITDA)	**290**	**271**

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

ADJUSTED NET CASH/NET DEBT	31-12-2017	31-12-2016
Net cash (+)/net debt (-)	-49	30
Less interest-bearing liabilities attributable to financial leases	37	38
Adjusted net cash (+)/net debt (-)	**-12**	**68**

In calculating adjusted net debt, interest-bearing debt attributable to financial leases is deducted from net debt. This item gives an expression of the pure financial structure clear of lease debts.

NOTE 37 TRANSACTIONS WITH RELATED PARTIES

Information about remuneration to senior executives is provided in Note 8, Employees, employee benefit expenses and remuneration to the Board.

The following transactions with related parties were made with BBB Services Ltd (joint venture). All transactions were made on market terms under the arm's-length principle.

BBB SERVICES LTD GROUP	2017	2016
Sale of goods	315	350
Other income	14	18
Long-term loan [1]	–	67
Accounts receivable	150	49

1) In reality, the long-term loan to BBB Services constitutes part of Bulten's net investment in BBB Services and is recognised net after deductions for the Group's share in the negative net assets of the joint venture of SEK -6 (-11) million; see Note 34.

ACCOUNTING POLICIES

Transactions with related parties

Transactions have been made with related parties on terms equivalent to those that prevail in commercial transactions.

The internal prices of transactions between Group companies are based on the arm's-length principle (i.e. between parties that are independent of each other and well informed and that have an interest in the transactions).

NOTE 38 EVENTS AFTER THE BALANCE SHEET DATE

No other significant events occurred after the balance sheet date.

PARENT COMPANY'S INCOME STATEMENT

SEK MILLION	NOTE	2017	2016
Net sales	2	31	28
Cost of goods sold		–	–
Gross profit		**31**	**28**
Administrative expenses	3.4	-51	-39
Operating loss		**-20**	**-11**
Interest expenses and similar profit/loss items	5	-3	-9
Loss after net financial items		**-23**	**-20**
Appropriations	6	99	174
Profit before tax		**76**	**154**
Tax on profit for the year	7	-17	-34
Profit after tax		**59**	**120**

Parent Company's statement of comprehensive income

SEK MILLION	2017	2016
Profit for the year	59	120
Other comprehensive income	–	–
Total comprehensive income for the year	**59**	**120**

PARENT COMPANY'S CASH FLOW STATEMENT

SEK MILLION	2017	2016
Operating activities		
Profit after financial items	-23	-20
Adjustments for items not included in cash flow	7	9
Taxes paid	–	–
Cash flow from operating activities before changes in working capital	**-16**	**-11**
Cash flow from changes in working capital		
Increase(-)/Decrease(+) in operating receivables	-2	1
Increase(+)/Decrease(-) in operating liabilities	1	0
Cash flow from operating activities	**-17**	**-10**
Investing activities		
Acquisition of intangible fixed assets	–	-0
Acquisition of tangible fixed assets	-1	-0
Cash flow from investing activities	**-1**	**-0**
Financing activities		
Amortisation of loans	–	-50
Changes in financial receivables/liabilities, Group companies	110	125
Dividend to Parent Company shareholders	-92	-66
Cash flow from financing activities	**18**	**9**
Cash flow for the year	–	**-1**
Cash and cash equivalents at start of financial year	–	1
Cash and cash equivalents at year-end	**–**	**–**

PARENT COMPANY'S BALANCE SHEET

SEK MILLION	NOTE	31-12-2017	31-12-2016
ASSETS			
Fixed assets			
Intangible fixed assets		1	1
Tangible fixed assets		1	1
Total intangible and tangible fixed assets		**2**	**2**
Financial assets			
Participations in Group companies	8, 10	1,382	1,382
Deferred tax receivables	7	3	19
Other long-term receivables		–	2
Total financial assets		**1,385**	**1,403**
Total fixed assets		**1,387**	**1,405**
Current assets			
Current receivables			
Receivables from Group companies		106	174
Current tax receivables		2	0
Prepaid expenses and accrued income		2	2
Total current receivables		**110**	**176**
Cash and cash equivalents		–	–
Total current assets		**110**	**176**
Total assets		**1,497**	**1,581**

SEK MILLION	NOTE	31-12-2017	31-12-2016
EQUITY AND LIABILITIES			
Equity			
Share capital	9	11	11
Statutory reserve		99	99
Total restricted equity		**110**	**110**
Premium reserve		1,133	1,133
Retained earnings		-119	-88
Total unrestricted equity		**1,014**	**1,045**
Total equity		**1,124**	**1,155**
Liabilities			
Non-current liabilities			
Liabilities to Group companies	10	290	346
Total non-current liabilities		**290**	**346**
Current liabilities			
Accounts payable		1	1
Liabilities to Group companies		67	67
Other liabilities		2	1
Accrued expenses and pre-paid income		13	11
Total current liabilities		**83**	**80**
Total equity and liabilities		**1,497**	**1,581**

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

	RESTRICTED EQUITY		UNRESTRICTED EQUITY		
PARENT COMPANY	SHARE CAPITAL	STATUTORY RESERVE	PREMIUM RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Opening balance, 1 January 2016	**11**	**99**	**1,133**	**-142**	**1,100**
Comprehensive income					
Profit for the year	–	–	–	120	120
Total comprehensive income	**–**	**–**	**–**	**120**	**120**
Transactions with shareholders					
Dividend to Parent Company shareholders (SEK 3.25 per share)	–	–	–	-66	-66
Total transactions with shareholders	**–**	**–**	**–**	**-66**	**-66**
Closing balance as at 31 December 2016	**11**	**99**	**1,133**	**-88**	**1,155**
Comprehensive income					
Profit for the year	–	–	–	59	59
Total comprehensive income	**–**	**–**	**–**	**59**	**59**
Transactions with shareholders					
Dividend to Parent Company shareholders (SEK 4.50 per share)	–	–	–	-92	-92
Total transactions with shareholders	**–**	**–**	**–**	**-92**	**-92**
Closing balance as at 31 December 2017	**11**	**99**	**1,133**	**-121**	**1,124**

NOTES FOR THE PARENT COMPANY All amounts are in SEK million unless otherwise stated. Figures in brackets refer to the previous year. Some figures are rounded, so amounts might not always appear to match when added up..

NOTE 1 ACCOUNTING POLICIES

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 their consolidated accounts shall, as a rule, also apply the same IAS/IFRS. The Parent Company therefore applies the policies used for the consolidated accounts and which have been described above in Note 4 of the consolidated accounts, with the exceptions stated below. The policies have been applied consistently for all years presented, unless otherwise stated. Shares and participations in subsidiaries are recognised at their cost of acquisition after deductions for impairment where relevant.

Dividends received are recognised as financial income. Dividends that exceed the subsidiary's comprehensive income for the period or which mean that the book value of the participation's net assets in the consolidated accounts are lower than the book value of the participations are an indication of 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 carrying amount, impairment is carried out. Impairment is recognised under 'Profit from participations in Group companies'.

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

Group contributions are recognised by applying the so-called alternative rule in accordance with RFR 2, IAS 27, p.2. The alternative rule means that contributions both received and paid are recognised as an appropriation in the income statement.

NOTE 2 NET SALES

	2017	2016
Intra-Group services	31	28
Other income	–	–
Total net sales	**31**	**28**

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

NOTE 3 REMUNERATION TO AND REIMBURSEMENT OF AUDITORS

PWC	2017	2016
Audit	1	1
Other audit activities	0	0
Tax advice	1	0
Other services	0	1
Total remuneration to and reimbursement of auditors	**2**	**2**

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

'Auditing activities' in addition to the audit engagement mainly comprises a general examination of interim reports. 'Tax advice' includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refers to advice not related any of the above categories of services.

NOTE 4 EMPLOYEES, EMPLOYEE BENEFIT EXPENSES AND REMUNERATION TO THE BOARD

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

AVERAGE NUMBER OF EMPLOYEES	2017	2016
Women	6	6
Men	3	3
Total	**9**	**9**

SALARIES, REMUNERATION, SOCIAL SECURITY COSTS AND PENSION EXPENSES	2017	2016
Salaries and remuneration to Board members, the President and CEO and the Vice President and CEO	11	9
Salaries and remuneration to other employees	6	5
Total salaries and remuneration	**17**	**14**
Statutory social security costs	7	6
Pension expenses for Board members, the President and CEO and the Vice President and CEO	2	2
Pension expenses for other employees	1	1
Total social security costs and pension expenses	10	9
Total	**27**	**23**

NUMBER OF BOARD MEMBERS ON THE BALANCE SHEET DATE	2017	2016
Women	2	2
Men	7	7
Total	**9**	**9**

NUMBER OF PRESIDENTS AND CEOS AND OTHER SENIOR EXECUTIVES	2017	2016
Women	3	3
Men	1	1
Total	**4**	**4**

NOTE 5 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	2017	2016
Interest expenses, Group companies	-2	-8
Other	-1	-1
Total interest expenses and similar profit/loss items	**-3**	**-9**

None of the interest expenses for 2017 and 2016 have been paid.

NOTE 6 APPROPRIATIONS

	2017	2016
Group contributions received	99	174
Group contributions paid	–	–
Total appropriations	**99**	**174**

NOTE 7 TAX

REPORTED TAX	2017	2016
Current tax		
Current tax for the year	–	–
Total current tax	–	–
Deferred tax expense (-)/ tax income (+)		
Deferred tax on temporary differences	**-17**	**-34**
Total deferred tax	**-17**	**-34**
Total reported tax	**-17**	**-34**

RECONCILIATION OF EFFECTIVE TAX	2017	2016
Profit before tax	76	154
Tax according to applicable tax rate	-17	-34
Tax effect of:		
Non-deductible expenses	-0	-0
Tax on profit for the year according to the income statement	**-17**	**-34**

The deferred tax asset of SEK 3 (19) million is fully attributable to a taxable deduction for losses.

NOTE 8 PARTICIPATIONS IN GROUP COMPANIES

	31-12-2017	31-12-2016
At the start of the year	1,382	1,382
Carrying amount at the end of the period	**1,382**	**1,382**

SPECIFICATION OF PARENT COMPANY'S PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. ID. NO/REG. OFFICE	PARTICIPATION, % 31-12-2017	REPORTED VALUE 31-12-2017
Bulten Holding AB, 556224-0894, Gothenburg	100%	1,382
Carrying amount at the end of the period		**1,382**

The share of capital in all of the above holdings is equivalent to voting rights.

NOTE 9 SHARE CAPITAL

	ORDINARY SHARES	TOTAL NUMBER OF SHARES
Number of shares outstanding as at 31 December 2014	**21,040,207**	**21,040,207**
Buy-back of own shares in 2015	-680,500	-680,500
Number of shares outstanding as at 31 December 2016	**20,359,707**	**20,359,707**
Number of shares outstanding as at 31 December 2017	**20,359,707**	**20,359,707**

The total number of ordinary shares as at 31 December 2017 amounts to 21,040,207. The quotient value per share is SEK 0.50. All issued shares are fully paid.

NOTE 10 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	31-12-2017	31-12-2016
Shares in subsidiaries	1,382	1,382
Total pledged assets for liabilities to credit institutions	**1,382**	**1,382**

NOTE 11 CONTINGENT LIABILITIES

	31-12-2017	31-12-2016
Guarantees in favour of Group companies	6	5
Other contingent liabilities	1	2
Total contingent liabilities	**7**	**7**

NOTE 12 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 4 (Employees, employee benefit expenses and remuneration to the Board). 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 19 July 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 profit. 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 profit, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

Gothenburg, 20 March 2018

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

Mikael Jansson
Employee representative

Tommy Andersson
President and CEO

Our auditor's report was submitted on 20 March 2018
PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of the shareholders of Bulten AB (publ), corporate identity number 556668-2141

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the annual accounts and consolidated financial statements of Bulten AB (publ) for the year 2017. The annual accounts and consolidated financial statements of the company are presented on pages 52 to 95 of 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 the Parent Company as at 31 December 2017 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 at 31 December 2017 and its 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 Board of Directors' Report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the general meeting adopt the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report that has been submitted to the audit committee of the Parent Company and the Group in accordance with Article 11 of the Auditors Regulations (537/2014).

Basis for opinions

We have 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 section 'Auditor's Responsibilities'. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services as referred to in Article 5.11 of the Auditors Regulations (537/2014) have been provided to the audited company or, as the case may be, its Parent Company or its controlled companies in the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit work

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the President and CEO have made subjective judgements such as in respect of significant accounting estimates that involved making assumptions and forecasts with regard to future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the President and CEO overriding internal controls, which included assessing whether there was evidence of systematic deviations that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform an appropriate review to enable us to provide an opinion on the 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 consequence of Bulten's decentralised financial organisation, large parts of the Group's financial reporting are performed in units 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 and 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, the 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 34 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 review procedures and overview review procedures. For the other six units, which were assessed as individually immaterial to the Group audit, the Group audit team performed analytical review 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 Group 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 assessment of materiality. An audit is designed to obtain reasonable assurance as to 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 users make 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 focus and 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 the matters which, in our professional opinion, were of most significance in our audit of the annual accounts and consolidated financial statements of the current period. Although these matters were addressed in the context of our audit of the annual accounts and consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter

Valuation of goodwill

As at 31 December 2017, the Group recognises goodwill of SEK 203 million.

In accordance with IAS 36 the Group tests whether an impairment requirement exists for goodwill at least once annually. This is done by calculating the business's recoverable amount and comparing it to the carrying amount of the business. The recoverable amount is determined by the executive 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 executive management's impairment test, the Board has concluded that there is no impairment requirement for goodwill as at 31 December 2017. The most significant assumptions used in the impairment test are described in Note 17.

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 2018 and the approved business plan for 2019-2020.

We have evaluated the company's valuation model and determined that it is consistent with generally accepted valuation techniques.

We have challenged the executive management regarding the reasonableness of the assumptions that have the greatest effect on the value, which include sustained growth rate, sustained operating margin and discount rate.

By conducting our own sensitivity analyses, we have challenged the executive management's assumptions, tested the safety margins and assessed the risk of an impairment requirement arising.

In addition we have assessed whether the company has provided sufficient information in the annual report regarding those assumptions which, if changed, might result in the impairment of goodwill in the future.

Key audit matter

Inventory obsolescence

As at 31 December 2017 the Group recognises inventories of SEK 533 million.
The executive management determines the value of inventories based on estimates of the cost of acquisition less estimated obsolescence.

The valuation of inventories is essential for our audit because it comprises a number of estimates and assumptions and also because the value of inventory is a significant proportion (24%) of the Group's total assets.

A key assessment that the executive management needs to undertake in the valuation of inventories is related to the Group's ability to sell the products it has in stock at a price in excess of their cost of acquisition, and in this context to consider the risk of obsolescence.

The risk of obsolescence arises especially in the event that the Group's customers 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, the executive management has established a Group-wide obsolescence policy. This policy takes into account historic rates of scrapping and individual articles' inventory time (slow-moving inventory), which together with actual and estimated future sales volumes give the executive management a basis to establish a reasonable obsolescence reserve.

The Group's policies for the valuation of inventories and recognition of inventory obsolescence are described in Note 20 of the annual report.

How our audit addressed this key audit matter

Our audit procedures included an evaluation of the Group's policies for determining inventory obsolescence.

We have examined the application of the Group's obsolescence policy in reporting units. We specifically examined the reasons why the executive management had chosen to deviate from statistically calculated obsolescence based on the obsolescence policy.

We have tested mathematical correctness in the company's reports of items that have not moved in the inventory for an extended period, both by taking random samples and by way of data analysis of inventory transactions.

We have used analytical procedures to identify inventory items that are sold with a negative margin.

We have discussed the minutes of board meetings and other important management meetings with management and reviewed the same to identify projected changes in sales that could result in inventory items becoming obsolete.

Finally, we have checked whether the Group in a satisfactory manner described its policies for the valuation of inventories in financial statements, including the estimates and assumptions made for valuing the inventory as at 31 December 2017.

Information other than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated financial statements, which is presented on pages 1 to 51 and pages 107 to 116. The Board of Directors and the President and CEO are responsible for this other information.

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

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

Responsibility of the Board of Directors and of the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the annual accounts and consolidated financial statements such that they give a true and fair view in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the President and CEO are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the President and CEO 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 that may affect the ability to continue as a going concern and the use of the going concern assumption. The going concern assumption is, however, not applied if the Board of Directors and the President and CEO intend to liquidate the company, cease operations or have no realistic alternative but to do so.

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is available in Swedish on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and the President and CEO of Bulten AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting that the profit be appropriated in accordance with the proposal in the Board of Director's Report and that the members of the Board of Directors and the President and CEO be discharged from liability for the financial year.

Basis for opinions

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under the same are further described in the section 'Auditor's Responsibilities'. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional 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 of the President and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A dividend proposal 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 and their consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes the continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, the management of assets and the company's financial affairs in general are controlled in a reassuring manner. The President and CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other things, take measures as necessary for ensuring the compliance of the company's accounting with the law and for ensuring 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 President and CEO in any material respect:

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

Reasonable assurance is a high level of assurance, but it 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 for 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 in Swedish on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report.

PricewaterhouseCoopers AB, SE-113 21 Stockholm was appointed as auditor of Bulten AB (publ) by the general meeting on 25 April 2017 and has been the company's auditor since 8 September 2004. Bulten AB (publ) has been a company of public interest since 20 May 2011.

Gothenburg, 20 March 2018
PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

DEFINITIONS

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

Return on adjusted equity
Profit/loss for the year excluding non-controlling interests in relation to average equity excluding non-controlling interests but including shareholder loans and preference shares.

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 net sales for the year.

EBITDA margin
Operating profit/loss before depreciation and amortisation as a percentage of net sales for the year.

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

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

Equity
Recognised equity including non-controlling interests.

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

Number of employees (headcount)
The actual number of employees, including absent employees and time-limited employees, regardless of working hours.

Average number of full-time equivalent employees (FTE)
The total number of hours worked divided by normal annual working hours, expressed as the number of full-time positions.

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

Information Technology General Controls (ITGC)
ITGCs are policies and processes for IT applications in the business that aim to support functions and ultimately to secure the Group's financial reporting.

Inventory turnover
Cost of goods sold divided by average inventories.

Capital turnover
Net sales divided by average capital employed.

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

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

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

Debt/equity ratio
Interest-bearing net liabilities divided by equity.

OEM
Original Equipment Manufacturer, vehicle manufacturer.

Organic growth
Net sales compared to the previous year's results, adjusted by currency.

Net sales per employee
Net sales divided by average number of FTEs.

Profit 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.

Working capital
Current assets less current non-interest-bearing liabilities.

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

Operating profit per employee
Profit/loss divided by average number of FTEs.

Equity/assets ratio
Equity including non-controlling interests as a percentage of the balance sheet total.

Capital employed
Balance sheet total less non-interest-bearing liabilities, including deferred tax.

Tiers
A company that directly or indirectly supplies components to vehicle manufacturers.

CORPORATE GOVERNANCE REPORT

Bulten AB (publ) is a Swedish public limited company with its registered office in Gothenburg, 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 whose shares are listed on a regulated market in Sweden and is to be adhered to in full in connection with the first AGM held in the year following listing. Bulten started adapting to the Code in connection with its 2011 AGM and has since 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 better suit its circumstances provided that any non-compliance and alternative solutions are described and the reasons explained in the corporate governance report.

This corporate governance report has been 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.

Board members elected at the 2017 Annual General Meeting

The table below provides an overview of the composition of the Board in 2017. Additional information about Board members can be found on pages 106 and 107.

NAME	BOARD ROLE	ELECTED/ APPOINTED	RESIGNED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INDEPENDENT OF THE COMPANY AND CORPORATE MANAGEMENT	INDEPENDENT OF THE COMPANY'S MAJOR SHAREHOLDERS
Board members							
Ulf Liljedahl	Chair	2015	–	–	member	Yes	No
Ann-Sofi Danielsson	member	2014	–	Chairman 1)	–	Yes	Yes
Hans Gustavsson	member	2005	–	–	Chairman 3)	Yes	Yes
Hans Peter Havdal	member	2013	–	–	member	Yes	Yes
Peter Karlsten	member	2015	–	member	–	Yes	Yes
Anne-Lie Lind	member	2016	–	–	–	Yes	Yes
Gustav Lindner	member	2015	–	Chairman 2)	–	Yes	No
Johan Lundsgård	member	2012	2017	–	Chairman 4)	Yes	Yes
Johan Larsson	Employee representative	2016	2017	–	–	–	–
Mikael Jansson	Employee representative	2018	–	–	–	–	–
Deputy							
Thure Andersen	Employee representative	2011	–	–	–	–	–

1) Up to Annual General Meeting of 26 April 2017, Board member thereafter
2) From Annual General Meeting of 26 April 2017, Board member to that point
3) From Annual General Meeting of 26 April 2017, Board member to that point
4) Up to Annual General Meeting of 26 April 2017

ANNUAL GENERAL MEETING

Under the Swedish Companies Act the Annual General Meeting (AGM) is the Company's highest decision-making body. At AGMs, shareholders exercise their voting rights over key issues, such as the adoption of income statements and balance sheets, the appropriation of the company's profits, the authorisation to release the members of the Board of Directors and the President and CEO from liability for the financial year, the election of Board members and auditors and the remuneration for the Board of Directors and the auditors.

Besides the AGM, additional general meetings may be convened. In accordance with the Articles of Association, all 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 directly registered in the register of shareholders held by Euroclear Sweden AB five working days before the general meeting and who have notified the company of their intention to attend (with any assistants) the AGM by the date stated in the notice of the AGM have the right to attend the meeting and vote in accordance with the number of shares they hold. Shareholders may attend the AGM in person or through a proxy and may also be accompanied by at most two people.

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.

Major shareholders

At the end of 2017 the Company had a total of 6,631 (6,568) shareholders. The five largest shareholders controlled 52.5% (54.2) of capital and votes at the end of the year. The single largest shareholder, Volito AB, controlled 21.2% (21.2) of the capital and votes.

Annual General Meeting 2018

The 2018 Annual General Meeting (AGM) of Bulten AB (publ) will be held at the company's head office, August Barks gata 6A in Gothenburg, Sweden, at 17:00 on 26 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 to the committee, and the Chairman of the Board. The three largest shareholders are considered to be the three largest shareholders as registered with Euroclear Sweden AB on the final banking day in September. In the event of a major change in ownership a new major shareholder is entitled, if it so requests, to appoint a representative to the nominations committee.

The instructions for the nominations committee were adopted at the AGM held on 25 April 2017. The nominations committee shall, among other activities, submit proposals for the Chairman of the AGM, the number of Board members elected by the AGM, the names of the Chairman of the Board and other Board members elected by the AGM, the members of the Board's committees, the appointment of auditors and the remuneration to auditors. Öystein Engebretsen was appointed Chairman of the nominations committee.

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

With regard to the composition of the Board, the provisions of paragraph 4.1 of the Code on Diversity Policy apply. The aim is for the Board as a whole to possess the requisite breadth in terms of both background and knowledge, taking into account the importance of even gender distribution.

The result of the nomination committee's application of the diversity policy is a Board that represents a breadth of both professional experience and knowledge as well as geographical and cultural background. Women elected by the AGM comprise 29% of the Board.

BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the general 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, for providing procedures and systems for the evaluation of established goals, for the systematic assessment of the company's financial position and profits and for evaluating the operational management.

In addition, the Board of Directors is responsible for ensuring that the annual accounts and the consolidated financial statements are prepared on time. Furthermore, the Board of Directors 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 portion of the Board of Directors elected by the general meeting shall consist of a minimum of three and a maximum of ten members without deputies. In addition, employee representatives have been appointed.

Chairman of the Board

The Chairman of the Board is elected by the AGM. The Chairman of the Board 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 each year. Among other things, the rules of procedure regulate 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, in addition to rules of procedure for the Board's audit and remuneration committees.

The Board of Directors meets at least five times a year in addition to the constituting Board meeting in accordance with a predetermined annual 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 systematically discuss the management of the company.

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

Board meetings in 2017

Attendance of Board members at Board meetings in 2017.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Ulf Liljedahl	10/10
Ann-Sofi Danielsson	8/10
Hans Gustavsson	10/10
Hans Peter Havdal	10/10
Peter Karlsten	9/10
Anne-Lie Lind	10/10
Gustav Lindner	10/10
Johan Lundsgård (until 25-04-2017)	3/10
Johan Larsson (until 26-10-2017)	7/10
Mikael Jansson (elected 26-02-2018)	-/-
Deputy	
Thure Andersen	9/10

Evaluation of Board activities in 2017

Each year the Board evaluates its work and this evaluation is presented and discussed at a Board meeting. The purpose of this evaluation is to develop work procedures and enhance efficiency. The evaluation 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 receives the report and the conclusions and outcomes of the Board in their entirety.

AUDIT COMMITTEE

Bulten has an audit committee consisting of three members: Gustav Lindner (Chairman from 26-04-2017), Ann-Sofi Danielsson (Chairman until 26-04-2017) and Peter Karlsten.

The members of the committee may not be employed by the company. At least one member must have accounting or auditing skills. The committee shall appoint one of its members as its Chairman. 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; inform itself 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 general meeting's decision on the appointment of auditors. The audit committee shall meet regularly with the company's auditors. The audit committee has no special decision-making powers.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Gustav Lindner	8/8
Ann-Sofi Danielsson	8/8
Peter Karlsten	8/8

REMUNERATION COMMITTEE

Bulten has a remuneration committee consisting of three members: Johan Lundsgård (Chairman until 25-04-2017), Hans Gustavsson, (Chairman from 25-04-2017), Ulf Liljedahl and Hans Peter Havdal (from 25-04-2017). The remuneration committee shall prepare matters concerning remuneration policies, remuneration and other employment terms for the President and CEO and all members of the company's management. In addition, the remuneration committee shall monitor and evaluate programmes for variable remuneration to the company management that

are ongoing and that are terminated during the year, and follow and evaluate the application of guidelines for remuneration to senior executives as adopted by the AGM, as well as applicable remuneration structures and levels in the company. The Chairman man 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 possess the requisite knowledge and experience in matters relating to the remuneration of senior executives.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Johan Lundsgård	2/4
Hans Gustavsson	4/4
Ulf Liljedahl	4/4
Hans Peter Havdal	2/4

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 for the Board and the instructions for the President and CEO. The President and CEO is also responsible for drafting reports and compiling information from the management ahead of 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 profit and financial position. The President and CEO is therefore required to inform the Board of the company's development, sales volume, profit and financial position, liquidity and credit situation, important business events and other circumstances the knowledge of which cannot be assumed to be irrelevant to the company's shareholders and directors. The President and CEO and other senior executives are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

Remuneration to the Board

Fees and other remuneration to elected members of the Board, including the Chairman, are determined by the AGM. The AGM held on 25 April 2017 decided that a total fixed remuneration of SEK 2,250,000 shall be paid to the Board of Directors for the period until the next AGM, of which SEK 450,000 shall be paid to the Chairman and SEK 300,000 to each of the other Board members who are elected at a shareholder meeting and not employed by the company. A condition of payment is that the Board member is elected at a shareholder meeting and not employed by the company. The AGM also decided that a fixed remuneration of SEK 75,000 should be paid to the Chairman of the audit committee and SEK 25,000 to the other members of the committee. Remuneration of SEK 65,000 shall be paid to the Chairman of the remuneration committee and SEK 10,000 to the members of the committee. The members of the company's Board shall not be entitled to any benefits once they cease to be members of the Board.

For further information about remuneration to Board members, see Note 8.

Remuneration to senior executives

Pursuant to the decision of the AGM on 25 April 2017, the following guidelines shall apply to remuneration and other terms of employment for the President and CEO and other senior executives. Salaries and other terms of employment shall be such that Bulten can always attract and retain skilled senior executives at a reasonable cost to the company. Remuneration at Bulten shall be based on the nature of the role, performance, competitiveness and fairness. The salaries of senior executives consist of a fixed salary, variable remuneration, pension and other benefits. Every senior executive shall be offered a fixed salary in line with market conditions and based on their responsibility, expertise and performance. In addition, the AGM may decide to offer long-term incentive programmes such as share and share price-related incentive programmes. These incentive programmes are intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees.

All senior executives may, from time to time, be offered cash bonuses. In the case of the President and CEO such bonuses may amount to a maximum of 60% of their annual fixed salary. In the case of the other senior executives bonuses may not exceed 40% of their annual fixed salaries. Bonuses shall be based primarily 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 8 to this annual report.

EXECUTIVE MANAGEMENT

As of 1 January 2017 a new organisation has been established. In 2017, the executive management consisted of nine members: the President and CEO, Executive Vice President and CFO, Senior Vice President Marketing and Sales Region East, Senior Vice President HR and Sustainability, Executive Advisor Business Development, Senior Vice President Supply Chain, Senior Vice President Production, Senior Vice President Corporate Communications and Senior Vice President Marketing and Sales Region West. The executive management team meets monthly to follow up business and financial results. Great importance is attached to maintaining close contact with the operational business. See pages 110 and 111.

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 2017 the Board decided that this was not necessary. In reaching this decision the Board decided that internal controls are primarily exercised through the following:

- operations managers at various levels
- local and central finance functions
- monitoring by the executive management team

In light of the above points together and considering the size of the company, the Board believes that it is not economically viable to set up an additional administrative function.

INTERNAL CONTROL

This section contains the Board's annual report on how internal control in relation to financial reporting is organised. 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 control is established in the Swedish Companies Act and internal control regarding financial reporting is 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 the internal delegation of responsibility and authority with the overall aim of providing good control over financial reporting.

Control environment

The control environment forms the basis for internal control. Bulten's control environment comprises, among other things, an organisation structure, instructions, policies, guidelines, reporting and defined areas of responsibility.The Board has overall responsibility for internal control in relation to financial reporting. The Board has established written procedures outlining the Board's responsibility and regulating the Board's and its committees' division of responsibilities. The Board has appointed an audit committee with the task of safeguarding established policies for financial reporting and compliance with internal control. 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 Executive Vice President and CFO reports the results of the Group's efforts relating to internal control 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, to the extent 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 management with the necessary reports about business results in relation to established targets. Information systems have been established as necessary to ensure that reliable and up-to-date information is provided so that the management can perform its duties correctly and efficiently.

Risk assessment

Bulten's risk assessment regarding financial reporting aims to identify and evaluate the significant risks that affect internal control relating to 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 control in relation to financial reporting are handled through control structures based on the reporting of non-compliance with established targets or norms for, for example, the valuation of inventories and other significant assets.

Internal control in relation to financial reporting

Financial reports are prepared monthly, quarterly and annually for the Group and subsidiaries. In connection with reporting, comprehensive analyses and associated comments are prepared along with up-to-date forecasts aimed at ensuring, among other things, that financial reporting is accurate. Finance staff and controllers with functional responsibility for accounts, reports and the analysis of financial development work at the Group and unit levels.

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; and
- support a rational and informed valuation of the business.

In addition to these three objectives, internal financial reporting shall support proper business decision-making at all levels of the Group.

Information and communication

Internal information and communication aim to create awareness among the Group's employees of internal and external control instruments as well as of authorities and responsibilities. Information and communication about internal control instruments for financial reporting are accessible by all employees.

The key tools for this are Bulten's manuals, policies, intranet and training activities.

Control activities

The Group's CFO plays a key role in analysing and following up the Group's financial reporting and results. The Parent Company has additional functions for the systematic analysis and follow-up of the financial reporting of the Group and subsidiaries.

A Group-wide internal control programme for key processes at the subsidiary and Group levels 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.

The Group's reporting units also conduct regular self-assessments regarding the effectiveness of internal control in relation to financial reporting. The assessments are reported to the executive management, which summarises 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, profit, 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 policies. In connection with this reporting, an analysis and risk assessment of the financial situation are carried out.

AUDITORS

Bulten's auditors are PricewaterhouseCoopers AB (PwC), with Fredrik Göransson being the authorised public accountant in charge of the audit. PwC audits Bulten AB (publ) and all major subsidiaries. Each year the 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 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 to determine an audit plan and to analyse the organisation, operations, business processes and balance sheet items for the purpose of identifying areas with an elevated risk of errors in financial reporting.

In addition, a meeting was held with the audit committee for the reconciliation of strategy and aims. The auditor also attends at least one Board meeting each year pursuant to the rules of procedure of the audit committee meeting.

A general review of the year-end closing is performed for the period January to September. In October an early warning review is performed of the nine-month 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 are performed between January and February.

During 2017, in addition to the audit assignment, Bulten consulted PwC on taxes, transfer price matters and accounting matters. The remuneration paid to PwC in 2017 is shown in Note 9 on page 72.

PwC has an obligation 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 stakeholders is supplied via the annual report, interim reports and press releases. All external information is published on the company's website at www.bulten.se.

SIGNATURES

Gothenburg, 20 March 2018

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

Mikael Jansson
Employee representative

Tommy Andersson
President and CEO

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of the shareholders of Bulten AB (publ), corporate identity number 556668-2141

Assignment and division of responsibility
It is the Board of Directors that is responsible for the Corporate Governance Report for the year 2017 presented on pages 101 to 107 and its preparation in accordance with the Annual Accounts Act.

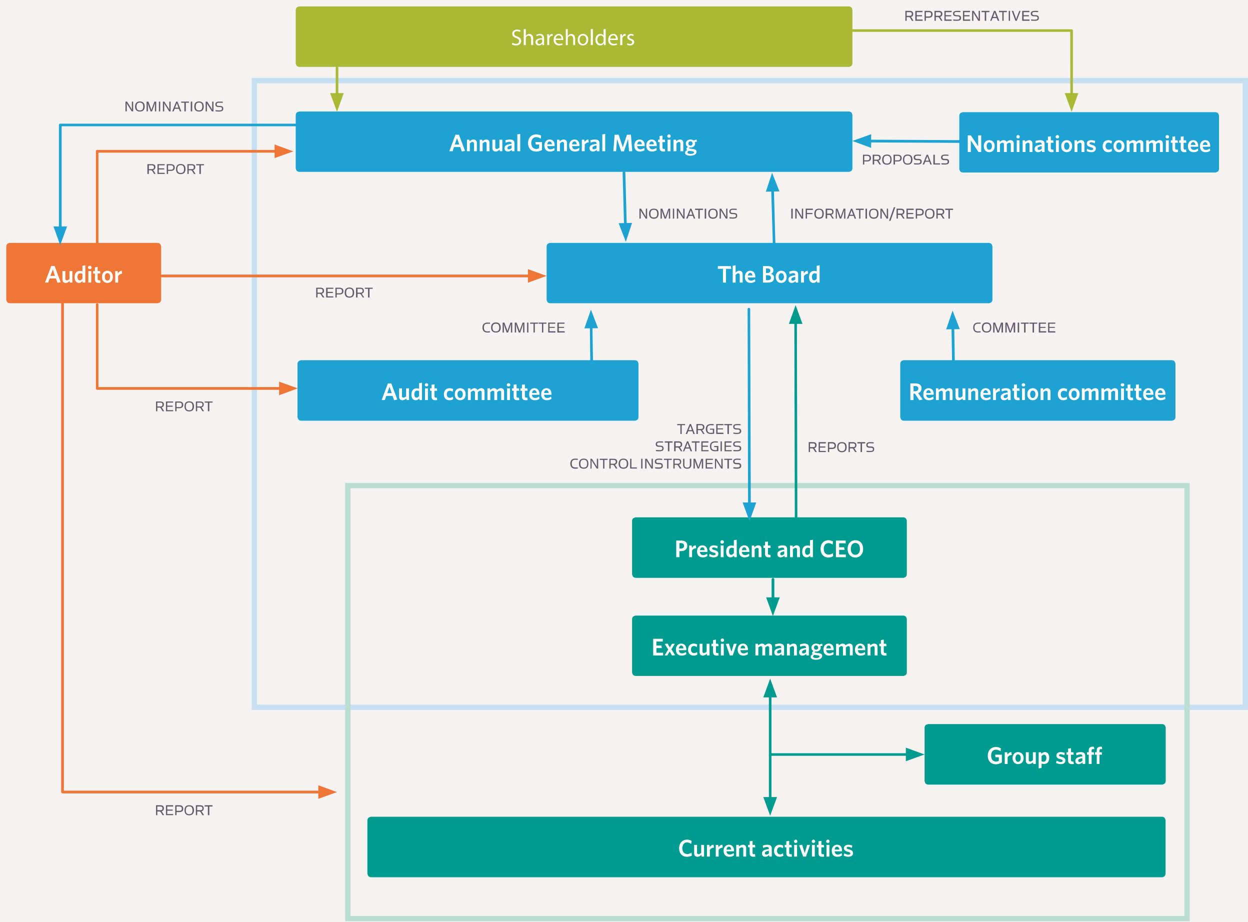
The focus and scope of the review
Our review has been conducted in accordance with FAR's statement RevU 16 'Auditor's review of the corporate governance report'. This means that our review of the corporate governance report has a different focus and is substantially smaller in scope than the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient basis for our opinion.

Statement
A corporate governance report has been prepared. Information in accordance with Chapter 6, Section 6, second paragraph, points 2 to 6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph, of the same act are consistent with the annual report and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 20 March 2018
PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

OVERVIEW OF CORPORATE GOVERNANCE



BOARD OF DIRECTORS

	ULF LILJEDAHL	ANN-SOFI DANIELSSON	HANS GUSTAVSSON	HANS PETER HAVDAL	PETER KARLSTEN	ANNE-LIE LIND	GUSTAV LINDNER	MIKAEL JANSSON	THURE ANDERSEN
	Chairman of the Board	Board member	Board member and Chairman of the remuneration committee	Board member	Board member	Board member	Board member and Chairman of the remuneration committee	Employee representative for Unionen	Employee representative for Unionen, deputy
Year elected	2015	2014	2005	2013	2015	2016	2015	2018	2011
Current employment	President and CEO of Volito AB	CFO of Bonava AB	Provides consultancy services in leadership and is an advisor to Denso Sweden AB	General Manager of Semcon Devotek AS	Runs own company focusing on corporate governance and consultancy	Vice President Europe and Middle East, Camfil Power Systems	Formerly President of Investment AB Öresund	Production technician at Bulten's Hallstahammar facility	Production manager at Bulten's Hallstahammar facility
Born	1965	1959	1946	1964	1957	1971	1978	1982	1952
Education	MBA	MBA	Mechanical Engineer and training in finance and management	Master of Science in Mechanical Engineering	Master of Science in Mechanical Engineering	Master of Science in Mechanical Engineering and MBA	MBA	Upper secondary education in electrics and automation	Mechanical and electrical engineering courses
Nationality	Swedish	Swedish	Swedish	Norwegian	Swedish	Swedish	Swedish	Swedish	Swedish
Other duties	Several board assignments for companies in the Volito Group and board member of Konecranes Plc.	Board member of Pandox AB and Vasakronan AB	Board member of CKAB Group AB –	None	Chairman of the Board of Holmberg Safety Systems. Board member of Prevas AB, Deutz AG and Alelion Energy Systems AB	Chairman of the Board of AkkaFRAKT and board member of Opus Group AB.	Board member of Bilia AB	–	–
Independent of the company and corporate management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	–	–
Independent of the company's major shareholders	No	Yes	Yes	Yes	Yes	Yes	No	–	–
Previous experience	Executive positions in the Husqvarna Group and Cardo Group and a number of positions in finance at Alfa Laval	Executive positions at NCC, authorised 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, among others	Executive positions at SKF, Volvo and Tetra Pak	Positions within finance and management at HQ Bank and Swedbank	–	–
Shareholding as at 28 February 2018	–	–	126,268	2,650	3,000	2,500	2,000	–	–
Number of Board meetings Attendance/total number of meetings*	10/10	8/10	10/10	10/10	9/10	10/10	10/10	v/–	9/10
Audit committee Attendance/total number of meetings*	No –	Yes 8/8	No –	No –	Yes 8/8	No –	Yes 8/8	–	–
Remuneration committee Attendance/total number of meetings*	Yes 4/4	No –	Yes 4/4	No 2/4	No –	No –	No –	–	–
Remuneration 2017	450,000	325,000	365,000	310,000	325,000	300,000	375,000	–	–
of which remuneration to the Board	450,000	300,000	300,000	300,000	300,000	300,000	300,000	–	–
of which committee work	–	25,000	65,000	10,000	25,000	–	75,000	–	–

EXECUTIVE MANAGEMENT AND AUDITOR

	TOMMY ANDERSSON	HELENA WENNERSTRÖM	MAGNUS CARLUNGER	MARLENE DYBECK	ANDERS KARLSSON	CLAES LINDROTH	JÖRG NEVELING	KAMILLA ORESVÄRD	NEAL THOMAS	FREDRIK GÖRANSSON
Current position	President and CEO	Executive Vice President and CFO	Senior Vice President Marketing and Sales Region East	Senior Vice President HR and Sustainability	Executive Advisor Business Development	Senior Vice President Supply Chain	Senior Vice President Production	Senior Vice President Corporate Communications	Senior Vice President Marketing and Sales Region West	Pricewaterhouse-Coopers AB Chief Auditor
In current position/ Employed in the company	2014/2000	2014/2002	2017/1995	2016/2016	2017/1975	2017	2014/1995	2014/2005	2017/1994	Auditor of the company since 2013
Education	Mechanical engineer and training in finance and management	MBA	Executive MBA and Mechanical Engineer	Executive MBA and university studies in behavioural sciences	MBA	Mechanical Engineer	Mechanical Engineer	Degree in the humanities	Advanced level education and training in sales and leadership	Authorised Public Accountant
Previous experience	Head of Bulten division since 2001 and Vice President of Finnveden-Bulten since 2011. Previously primarily executive positions at Autoliv and Finnveden.	CFO for Finnveden-Bulten since 2009, and financial officer for Bulten since 2006. Previous positions at Finnveden, Bulten, Digitalfabriken and Topcon, among others.	SVP Technology and Business Development at Bulten (2014-2017), Managing Director for Bulten Sweden AB (since 2003), many years of experience from other executive positions at Bulten and C I Pihl.	Previous positions at Volvo Cars, Hultafors Group and Gunnebo, among others.	SVP Market and Sales at Bulten (2014-2017), VP Marketing of Bulten (2003-2014), Managing Director Bulten Polska S.A. and many years of experience from other executive positions at Bulten.	Previous positions at Shiloh, Volvo Cars, Norsk Hydro and Raufoss.	VP Production for Bulten since 2005 and Managing Director of Bulten GmbH since 2009. Previous positions at Knipping – Dorn and GKS GmbH, among others.	Head of communications at FinnvedenBulten since 2011. Previous positions at Finnveden and SCA, among others.	Managing Director for Bulten's company in the UK (since 2002) and many years of experience from other executive positions with Bulten.	-
Born	1953	1965	1967	1966	1949	1962	1960	1967	1961	1973
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish	German	Swedish	British	Swedish
Other duties	None	Board member and chairman of the audit committee of Ascelia Pharma AB and a member of Handelsbanken's office board in Sisjön, Gothenburg	None	None	Chairman of EIFI (European Industrial Fasteners Institute)	Member of SAMS (Swedish Association for Material Sourcing)	None	None	None	Chief auditor for VBG Group AB (publ), Bufab AB (publ) and HMS Networks AB (publ), among others.
Shareholding as at 28 February 2018	188,610	96,264	10,182	2,412	26,058	5,000	7,500	1,908	3,355	-

KEY FIGURES FOR THE GROUP

THE GROUP	2017	2016	2015	2014	2013
Margins					
EBITDA margin, %	10.1	10.1	8.4	7.4	8.4
Adjusted EBITDA margin, %	10.1	10.1	8.1	7.0	8.4
EBIT margin (operating margin), %	7.4	7.5	6.1	5.5	6.0
Adjusted EBIT margin (operating margin), %	7.4	7.5	5.8	5.1	6.0
Net margin, %	5.6	5.5	4.1	3.5	5.6
Adjusted net margin, %	5.6	5.5	3.8	3.1	4.1
Profitability ratios					
Return on capital employed, %	14.4	13.9	11.5	9.6	8.1
Adjusted return on capital employed, %	14.4	13.9	11.0	8.8	8.1
Return on capital employed, excluding goodwill, %	16.7	16.2	13.4	11.2	9.4
Adjusted return on capital employed, excluding goodwill, %	16.7	16.2	12.8	10.3	9.4
Return on equity, %	11.7	11.5	9.4	15.0	8.3
Adjusted return on equity, %	11.7	11.5	8.9	13.1	8.6
Capital structure					
Capital turnover	1.9	1.8	1.9	1.7	1.3
Debt/equity ratio	-0.0	0.0	-0.1	0.1	-0.2
Interest coverage ratio	38.8	30.6	14.4	8.7	15.4
Equity/assets ratio, %	66.8	68.9	64.0	67.5	52.7
Employees					
Net sales per employee, SEK thousand	2,189	2,117	2,246	2,055	1,905
Operating profit per employee, SEK thousand	161	158	138	114	115
Number of employees	1,305	1,264	1,199	1,175	948
Other					
Net cash (+)/net debt (-), SEK million	-49	30	-176	137	-189
Adjusted net cash (+)/net debt (-), SEK million [2)]	-12	68	-138	140	-145
Profit per share attributable to Parent Company shareholders					
Profit per share – Continuing operations, SEK [*)]	7.98	7.27	5.61	4.32	4.77
Profit per share – Divested business, SEK [*)]	–	–	–	4.02	-0.57
Profit per share – Total, SEK [*)]	7.98	7.27	5.61	8.34	4.20
Profit per share – Continuing operations adjusted for non-recurring items, SEK [*)]	7.98	7.27	5.30	3.91	3.49
Number of shares outstanding					
Weighted number of outstanding ordinary shares, thousands [*)]	20,359.7	20,359.7	20,829.5	21,040.2	21,040.2

*) Refers to before dilution
1) Profit per share – Continuing operations adjusted for non-recurring items. Profit after tax adjusted for non-recurring expenses.
All adjusted items take current tax and deferred tax into account. Divided by weighted number of outstanding shares at the balance sheet date.
2) Adjusted net cash/net debt. Interest-bearing liabilities excluding interest-bearing liabilities attributable to financial leases, less interest-bearing assets.

QUARTERLY DATA FOR THE GROUP

	2017				2016				2015			
THE GROUP	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Orders received	839	691	765	720	744	602	672	699	674	652	688	660
Income statement												
Net sales	740	630	708	778	674	601	686	715	667	618	696	713
Gross profit	142	122	141	153	140	117	138	136	132	112	136	131
Profit before depreciation/amortisation (EBITDA)	76	55	76	83	71	57	71	72	64	51	60	50
EBITDA margin, %	10.2	8.7	10.8	10.6	10.6	9.6	10.3	10.1	9.6	8.2	8.6	7.1
Adjusted profit before depreciation/amortisation (EBITDA)	76	55	76	83	71	57	71	72	60	51	56	50
Adjusted EBITDA margin, %	10.2	8.7	10.8	10.6	10.6	9.6	10.3	10.1	9.0	8.2	8.0	7.1
Operating profit (EBIT)	55	35	57	63	52	39	54	55	47	36	45	36
EBIT margin (operating margin), %	7.5	5.5	7.9	8.1	7.7	6.5	7.8	7.7	7.1	5.8	6.5	5.4
Adjusted operating profit (EBIT)	55	35	57	63	52	39	54	55	43	36	41	36
Adjusted EBIT margin (operating margin), %	7.5	5.5	7.9	8.1	7.7	6.5	7.8	7.7	6.4	5.8	5.9	5.1
Profit after tax	47	22	39	51	37	30	39	40	24	22	35	29
Net margin, %	6.3	3.5	5.5	6.6	5.5	5.0	5.7	5.6	3.6	3.5	5.1	4.1
Adjusted profit after tax	47	22	39	51	37	30	39	40	20	22	32	29
Adjusted net margin, %	6.3	3.5	5.5	6.6	5.5	5.0	5.7	5.6	3.0	3.5	4.5	4.1
Cash flow from												
operating activities	2	21	37	-2	122	55	95	78	91	-12	14	49
investing activities	-43	-40	2	26	-30	-29	-6	-16	-146	-40	-33	-88
financing activities	-1	26	-82	-10	-69	10	-135	-8	21	5	-65	-4
Cash flow for the period	-42	7	-43	14	23	36	-46	54	-35	-48	-84	-43
Profit per share attributable to Parent Company shareholders												
Profit per share (SEK) before dilution *)	2.26	1.11	2.01	2.59	1.82	1.50	1.92	2.03	1.33	1.14	1.69	1.44
Profit per share (SEK) adjusted for non-recurring items before dilution *)	2.26	1.11	2.01	2.59	1.82	1.50	1.92	2.03	1.21	1.14	1.50	1.44
Number of outstanding ordinary shares												
Weighted number of outstanding ordinary shares before dilution, thousands *)	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,457.6	20,786.7	21,040.2	21,040.2

QUARTERLY DATA FOR THE GROUP, BALANCE SHEET

THE GROUP	31-12-2017	30-09-2017	30-06-2017	31-03-2017	30-12-2016	30-09-2016	30-06-2016	31-03-2016	30-12-2015	30-09-2015	30-06-2015	31-03-2015
Balance sheet												
Fixed assets	847	823	808	832	872	867	852	867	877	725	711	699
Current assets	1,331	1,189	1,161	1,205	1,097	1,071	1,037	1,103	1.067	1,145	1,162	1,239
Equity	1,454	1,381	1,367	1,420	1,357	1,319	1,267	1,283	1,245	1,263	1,277	1,313
Non-current liabilities	97	100	80	69	78	100	90	160	168	154	114	116
Current liabilities	627	531	522	548	534	519	532	527	532	453	482	510
Other												
Net cash (+)/net debt (-)	-49	-13	3	54	30	-63	-89	-114	-176	-73	12	95
Adjusted net cash (+)/net debt (-)	-12	23	40	91	68	-25	-53	-76	-138	-71	14	97
Earnings per share attributable to Parent Company shareholders												
Equity per share, SEK *)	70.76	67.18	66.64	69.08	65.96	64.20	61.63	62.48	60.58	60.52	59.71	61.40
Number of outstanding ordinary shares												
Weighted number of outstanding ordinary shares, thousands *)	20,359.7	20,359.7	20,359.7	20,359.7	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 the end of the period (SEK)	122.50	126.00	120.00	112.25	89.00	97.50	81.75	74.50	82.00	71.50	81.50	93.50

12-MONTH ROLLING DATA FOR THE GROUP

12-MONTH ROLLING DATA FOR THE GROUP	JANUARY 2017 TO DECEMBER 2017	OCTOBER 2016 TO SEPTEMBER 2017	JULY 2016 TO JUNE 2017	APRIL 2016 TO MARCH 2017	JANUARY 2016 TO DECEMBER 2016	OCTOBER 2015 TO SEPTEMBER 2016	JULY 2015 TO JUNE 2016	APRIL 2015 TO MARCH 2016	JANUARY 2015 TO DECEMBER 2015	OCTOBER 2014 TO SEPTEMBER 2015	JULY 2014 TO JUNE 2015	APRIL 2014 TO MARCH 2015
Orders received	3,015	2,920	2,831	2,738	2,717	2,646	2,696	2,712	2,673	2,705	2,624	2,584
Income statement												
Net sales	2,856	2,790	2,760	2,739	2,676	2,669	2,686	2,695	2,693	2,648	2,624	2,546
Gross profit	558	556	551	548	531	522	518	515	510	493	486	475
Profit before depreciation/amortisation (EBITDA)	290	285	287	282	271	264	257	246	225	212	197	186
EBITDA margin, %	10.1	10.2	10.4	10.3	10.1	9.9	9.6	9.1	8.4	8.0	7.5	7.3
Adjusted profit before depreciation/amortisation (EBITDA)	290	285	287	282	271	260	253	239	217	209	182	175
Adjusted EBITDA margin, %	10.1	10.2	10.4	10.3	10.1	9.7	9.4	8.9	8.1	7.9	6.9	6.9
Operating profit (EBIT)	210	207	211	208	200	196	192	184	165	156	145	137
EBIT margin (operating margin), %	7.4	7.4	7.6	7.6	7.5	7.3	7.2	6.8	6.1	5.9	5.5	5.4
Adjusted operating profit (EBIT)	210	207	211	208	200	192	188	176	157	152	130	126
Adjusted EBIT margin (operating margin), %	7.4	7.4	7.6	7.6	7.5	7.2	7.0	6.5	5.8	5.7	4.9	4.9
Profit after tax	159	149	157	157	146	134	125	122	111	105	100	91
Net margin, %	5.6	5.4	5.7	5.7	5.5	5.0	4.7	4.5	4.1	4.0	3.8	3.6
Adjusted profit after tax	159	149	157	157	146	130	121	114	103	101	88	83
Adjusted net margin, %	5.6	5.4	5.7	5.7	5.5	4.9	4.5	4.2	3.8	3.8	3.3	3.2
Employees												
Net sales per employee, SEK thousand	2,189	2,161	2,145	2,140	2,117	2,115	2,154	2,193	2,246	2,216	2,168	2,136
Operating profit per employee, SEK thousand	161	160	164	163	158	155	154	150	138	130	120	115
Number of employees at the balance sheet date	1,305	1,291	1,287	1,280	1,264	1,262	1,247	1,229	1,199	1,195	1,210	1,192
Profitability ratios												
Return on capital employed, %	14.4	13.9	15.0	14.4	13.9	13.7	13.4	12.3	11.5	10.9	10.7	9.6
Adjusted return on capital employed, % [1]	14.4	13.9	15.0	14.4	13.9	13.5	13.1	11.8	11.0	10.6	9.6	8.8
Return on capital employed, excluding goodwill, %	16.7	16.1	17.4	16.7	16.2	16.0	15.7	14.3	13.4	12.7	12.5	11.1
Adjusted return on capital employed, excluding goodwill, % [1]	16.7	16.1	17.4	16.7	16.2	15.6	15.3	13.6	12.8	12.4	11.2	10.2
Return on equity, %	11.7	11.5	12.4	11.9	11.5	10.8	10.5	10.0	9.4	9.0	8.6	13.3
Adjusted return on equity, % [2]	11.7	11.5	12.4	11.9	11.5	10.6	10.3	9.5	8.9	8.7	7.6	12.6
Other												
Net cash(+)/net debt(-)/EBITDA	-0.2	-0.0	0.0	0.2	0.1	-0.2	-0.3	-0.5	-0.8	-0.3	0.1	0.5
Adjusted net cash(+)/net debt(-)/EBITDA	-0.0	0.1	0.1	0.3	0.3	-0.1	-0.2	-0.3	-0.6	-0.3	0.1	0.5

BULTEN

A STRONGER SOLUTION

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