



**GRÄNGES**

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Second Quarter 2017 Earnings Conference

20 July, 2017

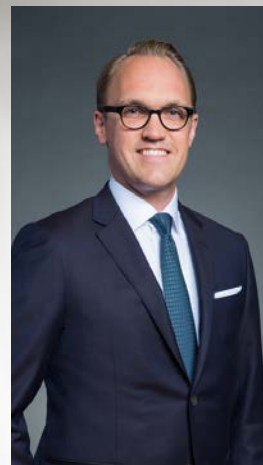
# Today's presenters



**JOHAN  
MENCKEL**  
*CEO*

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Since: 2012  
Gränges since: 2004



**OSKAR  
HELLSTRÖM**  
*CFO*

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Since: 2011



# Gränges Group



- A global leader in the market for rolled products for aluminium heat exchangers
- Production in Sweden, China and in the US
- R&I centres in Sweden and China
- Headquarter in Stockholm
- Gränges is represented all over the world

- 1,600 employees
- Net sales of SEK 10 billion including the US acquisition
- Listed on Nasdaq Stockholm

# 20%

We have a global market share of approximately 20% in rolled products for brazed aluminium heat exchangers.

# Second quarter 2017 – Continued strong growth and profitability

- Strongest quarter to date
- Good demand across all regions
- Sales volume increased by 112% to 98.7 ktonnes – organic growth 6%
- Adjusted operating profit increased to SEK 290 million – SEK 193 million excluding the acquisition
- Cash flow before financing increased to SEK 307 million
- Net debt of 1.9x EBITDA



# Increased focus on Research and Innovation

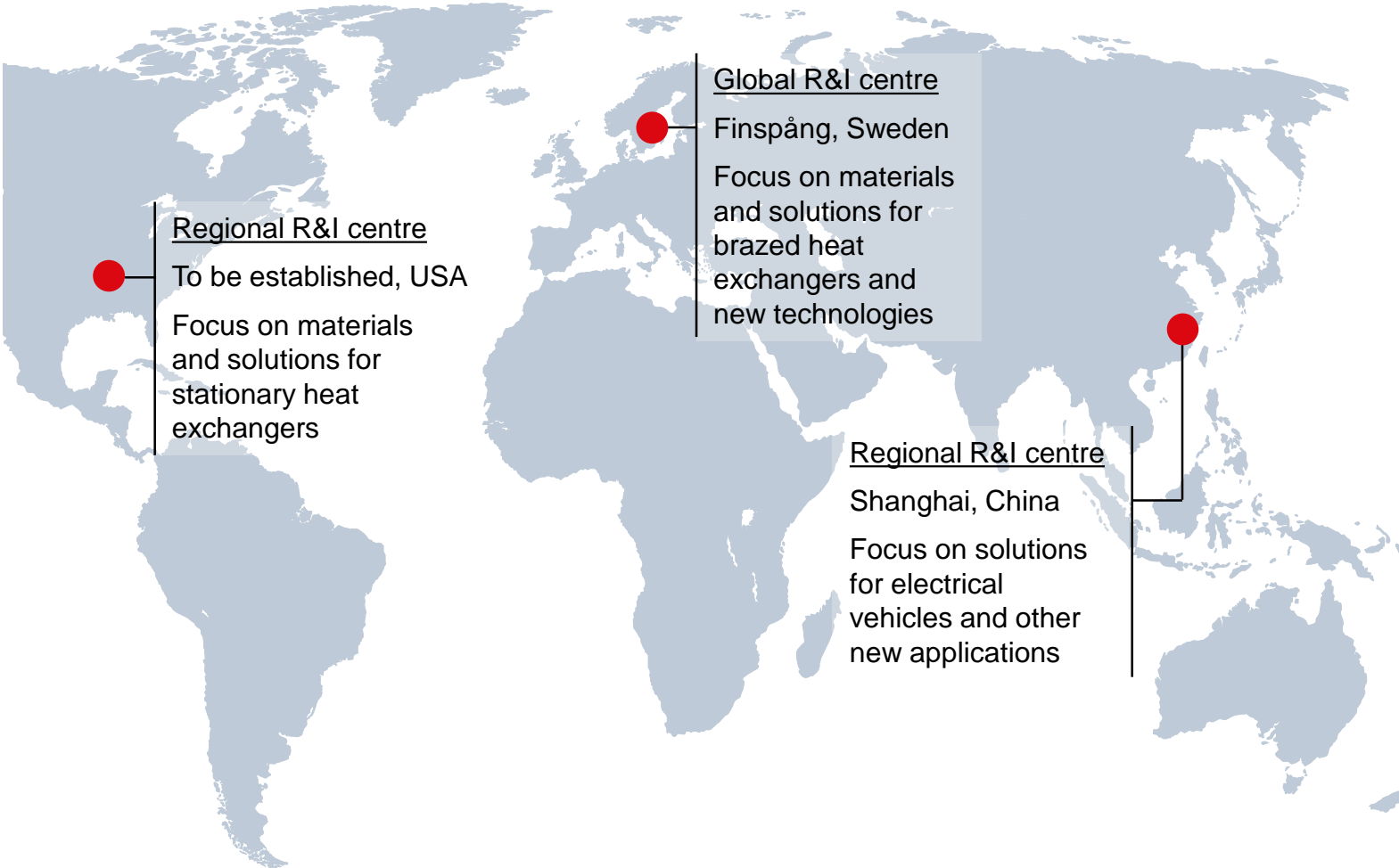
Kent Schölin  
appointed SVP  
Research & Innovation



Research & Innovation  
Centre in Finspång  
inaugurated















## Gränges research and innovation centres





# Market growth of 2% expected for full year 2017

Light vehicle production growth (YoY)

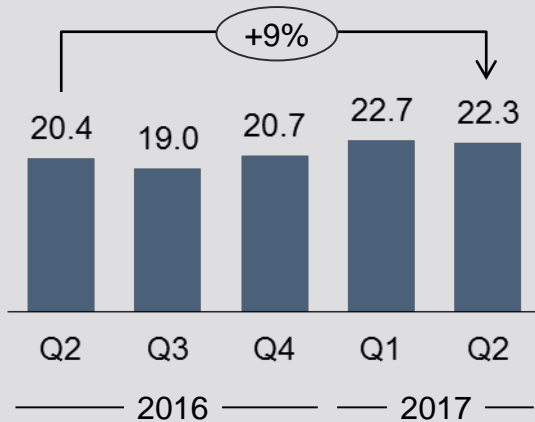
Region	Q2 2017	Q3 2017 outlook	FY 2017 outlook
Asia	 +2%	 +4%	 +2%
Europe	 -3%	 +4%	 +3%
Americas	 -1%	 -2%	 ±0%
Global	 ±0%	 +2%	 +2%

Source: IHS Automotive, June 16, 2017

# Strong sales volume growth in all regions

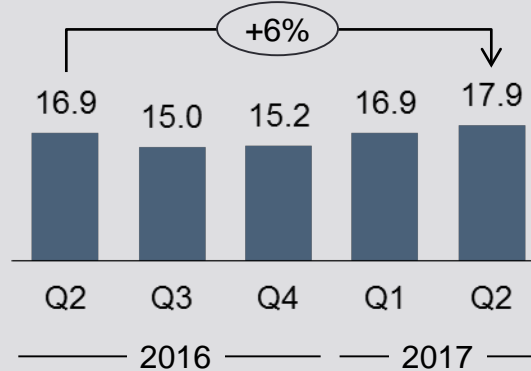
Gränges sales volume (ktonnes)

## Asia



- Continued strong sales to Chinese automotive customers
- Strong demand from commercial vehicle market

## Europe



- Growth in both heat exchanger materials and in material for non-heat exchanger applications

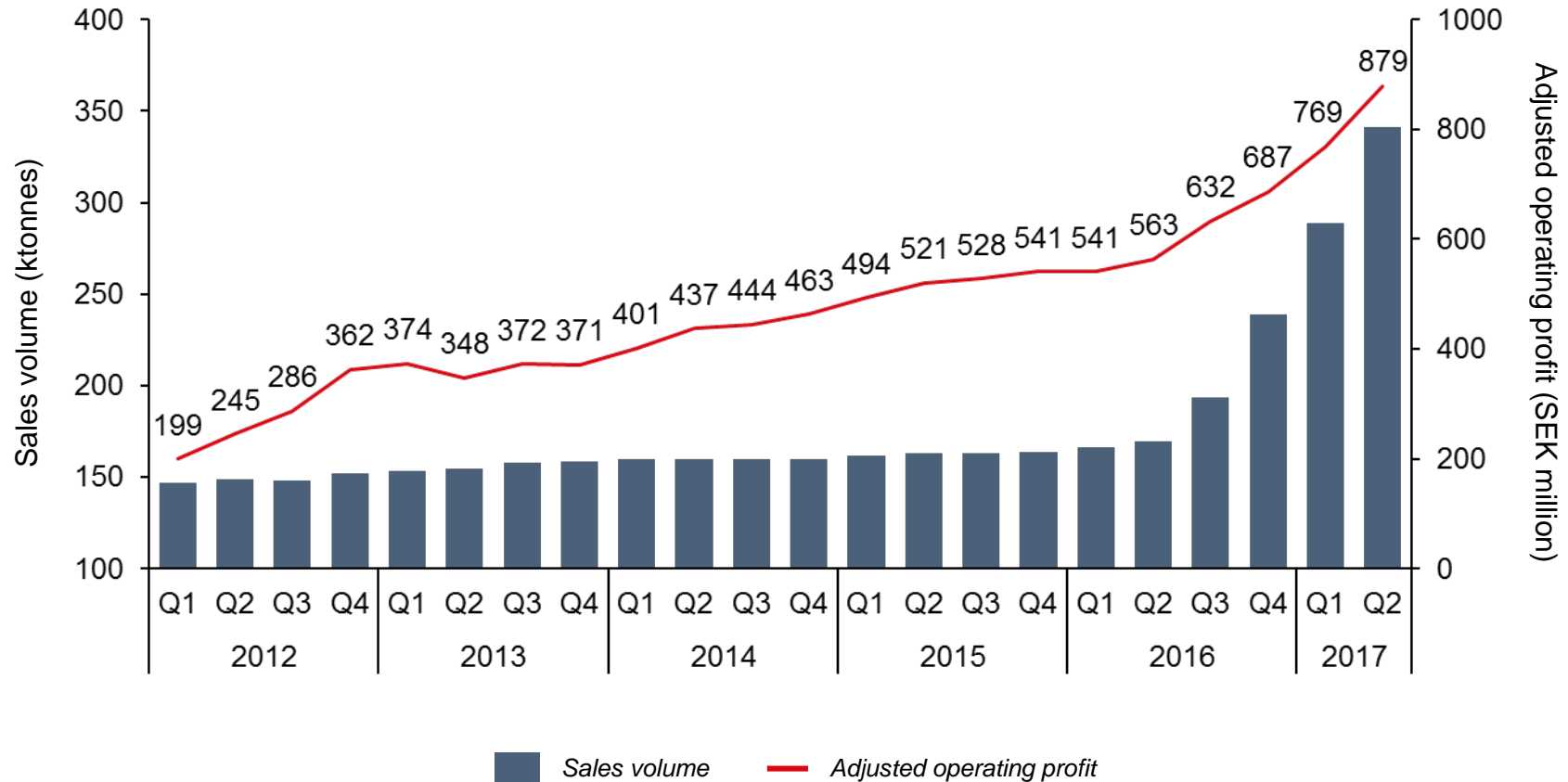
## Americas



- Sales volume from acquired business 49.3 ktonnes
- Excluding acquired business, sales volume remained stable at 9.1 ktonnes

# Positive trend continues in second quarter and is further strengthened by the US acquisition

Rolling 12 months sales volume and adjusted operating profit





# Continued strong growth and profitability in second quarter

## Financial overview

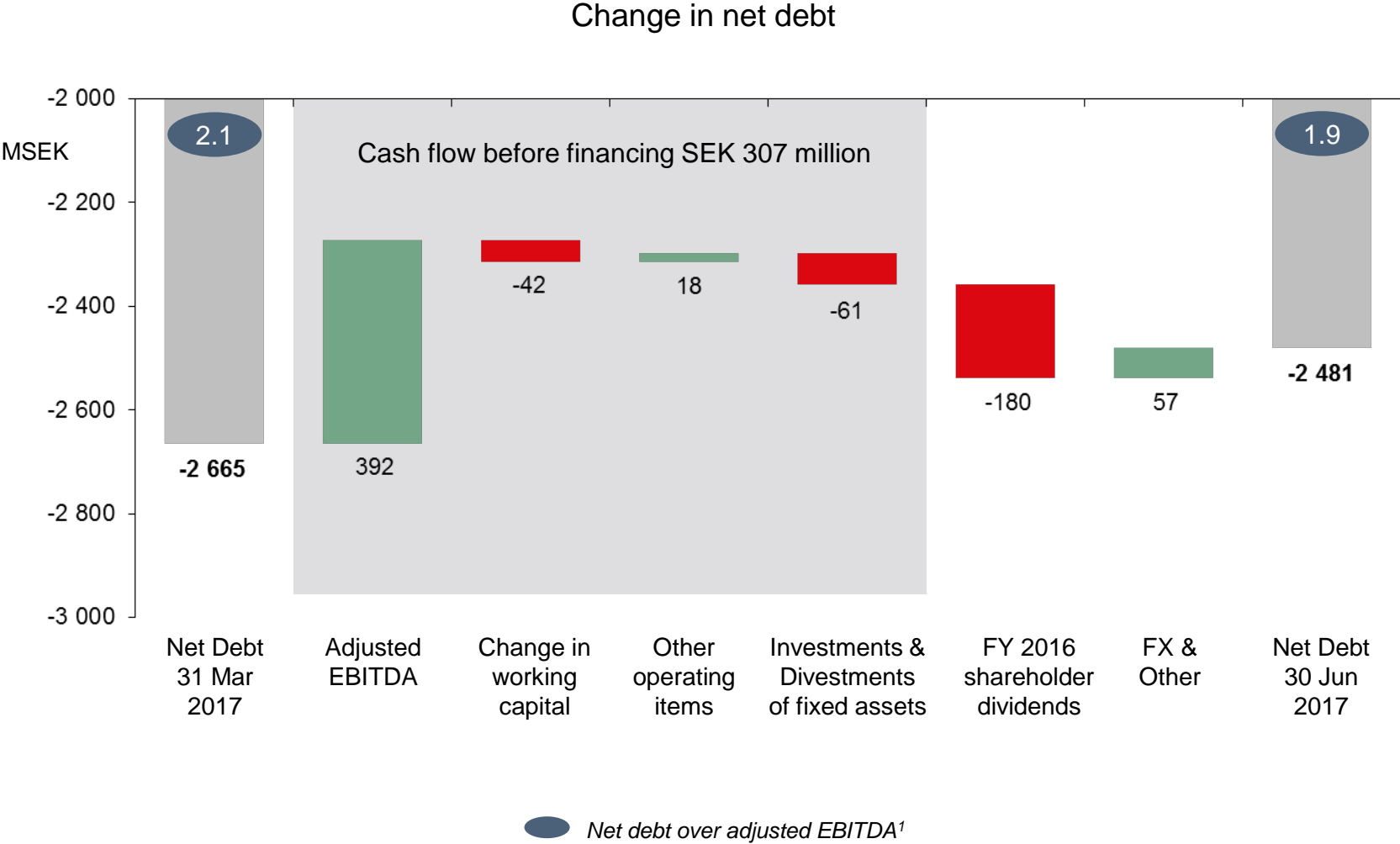
SEK million	Q2			January - June		
	2017	2016	Change	2017	2016	Change
Sales volume (ktonnes)	98.7	46.5	112.4%	193.5	91.6	111.2%
Net sales	3,081	1,442	113.6%	5,973	2,802	113.2%
Adjusted operating profit <sup>1</sup>	290	179	61.6%	527	335	57.5%
Adjusted operating margin (%)	9.4	12.4	-3.0 ppt	8.8	11.9	-3.1 ppt
Adjusted operating profit per tonne (kSEK)	2.9	3.9	-0.9	2.7	3.7	-0.9
Operating profit	290	154	88.2%	527	309	70.4%
Profit for the period	192	114	68.5%	349	208	68.1%
Earnings per share <sup>2</sup> (SEK)	2.55	1.52	1.02	4.63	2.78	1.85
Cash flow before financing activities	307	157	95.7%	382	135	183.0%
Return on capital employed, R12 (%)	17.4	19.5				
Net debt / adjusted EBITDA, R12 <sup>3</sup>	1.9	0.4				

1. Adjusted for items affecting comparability

2. Diluted

3. Adjusted EBITDA rolling 12 months, including estimated adjusted EBITDA for the acquired business in the US as a part of the Gränges Group

# Net debt was SEK 2.5 billion at the end of second quarter



1. Adjusted EBITDA rolling 12 months, including estimated adjusted EBITDA for the acquired business in the US as a part of the Gränges Group

# Outlook

- Global Light Vehicle Production is expected to grow by 2%<sup>1</sup> in third quarter – for the full year 2017 a growth of 2% is projected
- Automotive HEX - growth in line with or slightly below market rate is expected in Asia and Europe, while growth in Americas projected to be slightly above market rate in the third quarter
- Acquired business - modest growth expected for the third quarter
- Ambition to continue to grow and strengthen our presence and position globally
- Positive outlook for 2017



1. Source: IHS Automotive, June 16, 2017

# Summary of second quarter

- Strongest quarter to date
- Continued good development in all regions
- Acquired business in the US is performing very well
- Sales volume 98.7 ktonnes
- Adjusted operating profit rose to SEK 290 million
- Net debt of 1.9x EBITDA



# Q&A

Johan Menckel, CEO

Oskar Hellström, CFO



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