



**GRÄNGES**

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Third Quarter 2017 Earnings Conference

26 October, 2017

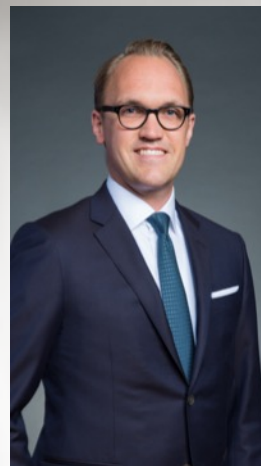
# Today's presenters



**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 11 billion and operating profit of SEK 925 million
- Listed on Nasdaq Stockholm

# 20%

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

# Third quarter 2017 – Strong demand in all regions

- Several important steps taken in our strategic growth plan
- Sales volume increased by 48% to 93 ktonnes
- Adjusted operating profit increased to SEK 227 million
- Cash flow before financing increased to SEK 148 million
- Net debt of 1.7 x EBITDA



# Gränges will invest USD 110 million to expand capacity and capabilities in the Huntingdon plant

- Investment in Huntingdon, Tennessee to meet growing demand for Auto HEX, HVAC, and light gauge foil
- Huntingdon production capacity will increase from 160 to 200 ktonnes
- The expansion will create 85 permanent full-time jobs
- The project will take about two years to complete and contribute positively to operating profit in 2019
- The investment will be financed using existing cash and available credit facilities











# Investment in advanced spray-forming production provides opportunities to expand within Active Brazing



- Investment together with Erbslöh Aluminium to secure:
  - Competence for spray-forming of aluminium billets
  - Supply chain for next generation of materials for brazed heat exchangers
- Gränges invests EUR 4.4 million for 51% of GETEK GmbH
- Provides a platform to grow within Active Brazing and TRILLIUM®

# Market growth of 2% expected for full year 2017

Light vehicle production growth (YoY)

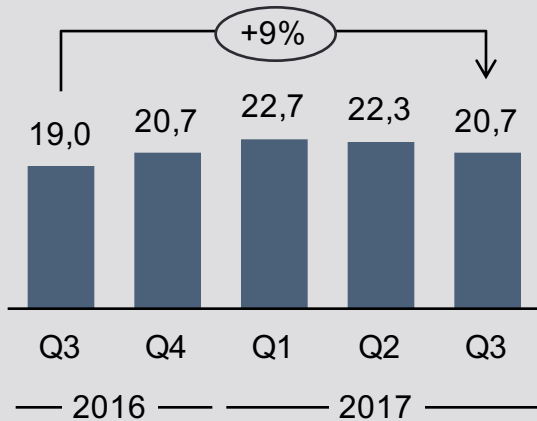
Region	Q3 2017	Q4 2017 outlook	FY 2017 outlook
Asia	 +3%	 -2%	 +2%
Europe	 5%	 +6%	 +3%
Americas	 -4%	 -1%	 ±0%
Global	 +2%	 ±0%	 +2%

Source: IHS Automotive, September 18, 2017

# Strong demand across all regions

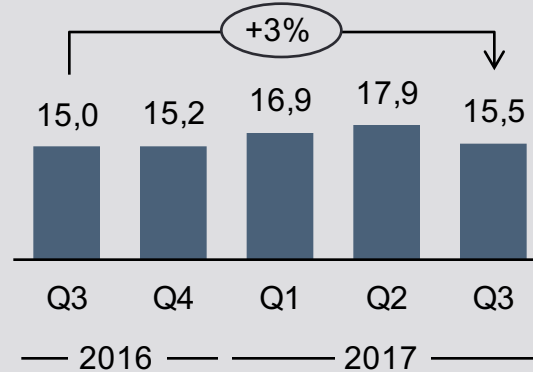
Gränges sales volume (ktonnes)

## Asia



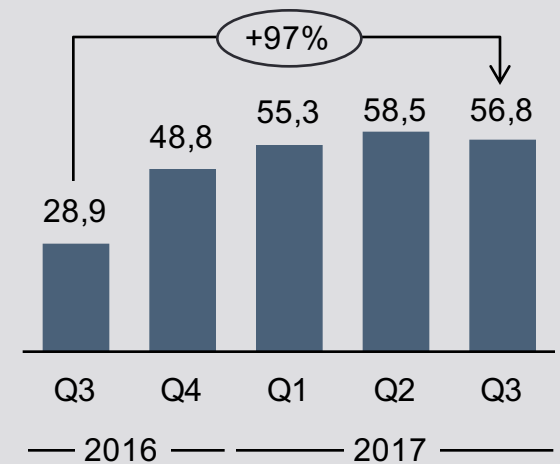
- Continued strong sales to Chinese automotive customers
- Strong demand from commercial vehicle market

## Europe



- Growth in automotive heat exchanger materials and in materials for non-heat exchanger applications

## Americas

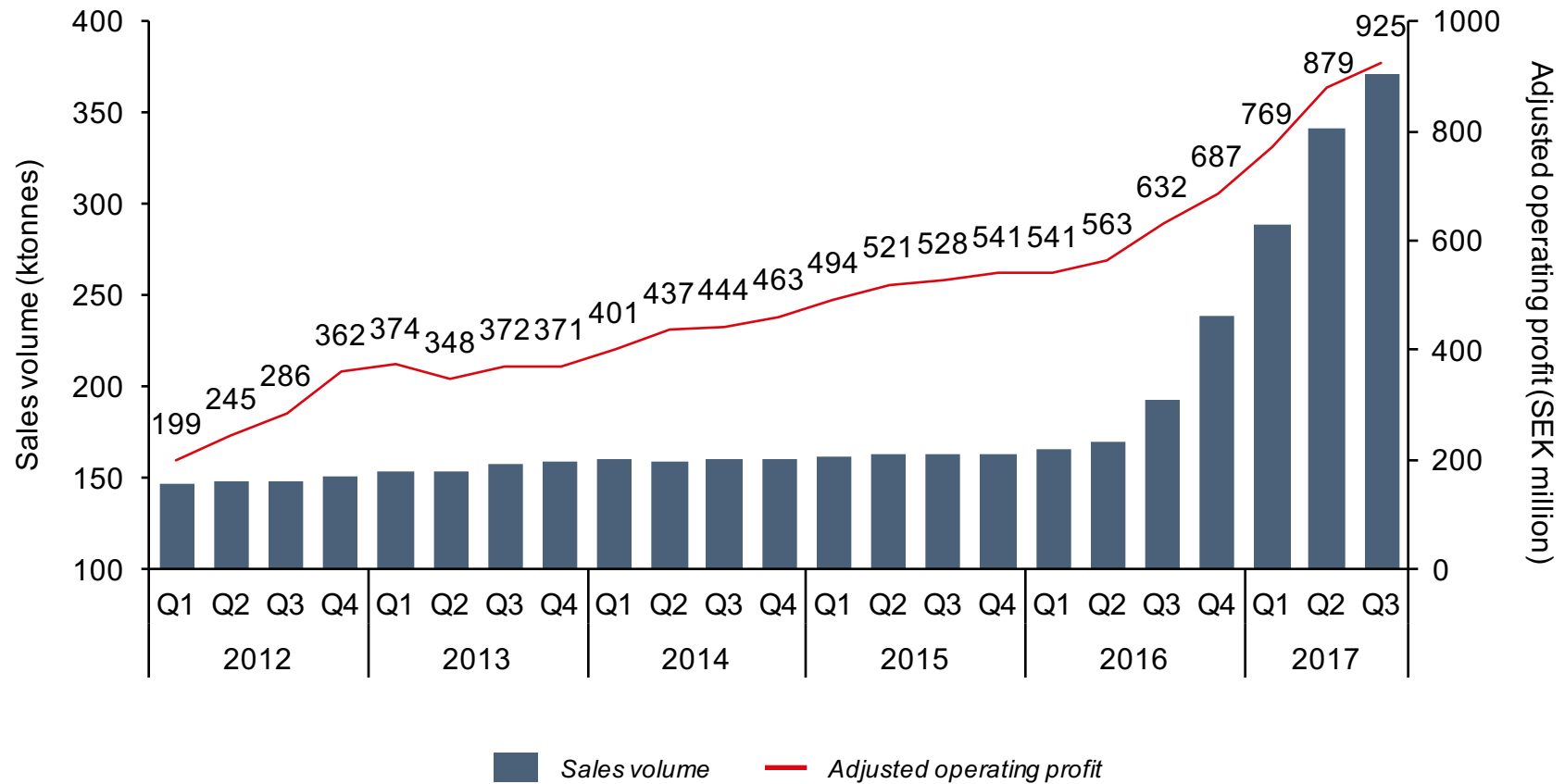


- Organic growth in acquired business 4%
- Growth in existing automotive heat exchanger business 11%



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

Rolling 12 months sales volume and adjusted operating profit



# Continued strong growth and profitability in third quarter

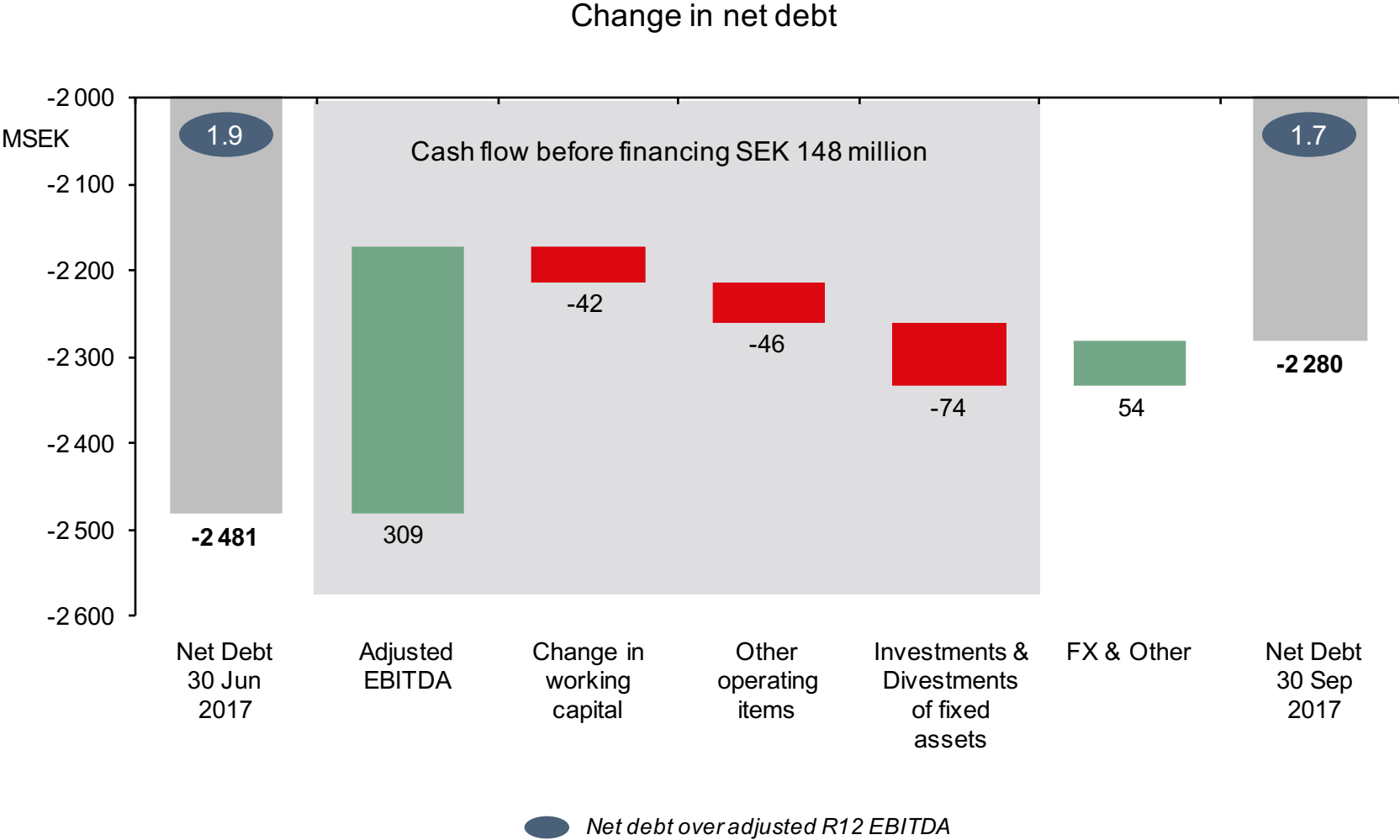
## Financial overview

SEK million	Q3			January - September		
	2017	2016	Change	2017	2016	Change
Sales volume (ktonnes)	93.0	62.8	48.0%	286.5	154.4	85.5%
Net sales	2,728	1,859	46.7%	8,701	4,662	86.7%
Adjusted operating profit <sup>1</sup>	227	181	25.1%	754	516	46.1%
Adjusted operating margin (%)	8.3	9.7	-1.4 ppt	8.7	11.1	-2.4 ppt
Adjusted operating profit per tonne (kSEK)	2.4	2.9	-0.4	2.6	3.3	-0.7
Operating profit	227	88	158.5%	754	397	89.9%
Profit for the period	151	189	-20.2%	500	397	26.0%
Earnings per share <sup>2</sup> (SEK)	2.00	2.52	-0.52	6.62	5.30	1.32
Cash flow before financing activities	148	-2,285	n/a	530	-2,150	n/a
Return on capital employed, R12 (%)	16.6	18.7				
Net debt / adjusted EBITDA, R12	1.7	2.2				

1. Adjusted for items affecting comparability

2. Diluted

# Net debt was SEK 2.3 billion at the end of third quarter



# Outlook

- Global Light Vehicle Production is expected to remain stable in the fourth quarter – for the full year 2017 a growth of 2% is projected<sup>1</sup>
- Automotive HEX – lower sales volume is expected in Asia and the Americas, while growth in Europe is projected to be in line with the market rate in fourth quarter
- Acquired business – continued growth expected for the fourth quarter
- Several important growth initiatives announced in third quarter
- Optimistic outlook for 2018 with positive development expected in all regions



1. Source: IHS Automotive, September 18, 2017

# Summary of third quarter

- Strong demand in all regions
- Acquired business in the US is performing very well
- Sales volume 93.0 ktonnes
- Adjusted operating profit rose to SEK 227 million
- Net debt of 1.7 x EBITDA
- Several important steps taken in strategic growth plan



# Q&A

Johan Menckel, CEO

Oskar Hellström, CFO



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