



GRÄNGES

Second Quarter 2019 Earnings Conference

18 July, 2019

Today's presenters



**JOHAN
MENCKEL**
CEO

Since: 2012
Gränges since: 2004



**OSKAR
HELLSTRÖM**
CFO

Since: 2011



Second quarter 2019

Continued soft market conditions

- Continued soft market conditions
 - Lower demand from automotive customers
 - Sales volume declined by 6%

- Reduced operating profit
 - Adjusted operating profit SEK 257 million

- Strong cash generation















- Large investments in US and Sweden
 - Expansion projects SEK 354 million
 - Utilities infrastructure SEK 93 million

- First site achieved ASI certification



Light vehicle production declined by 6% in the second quarter

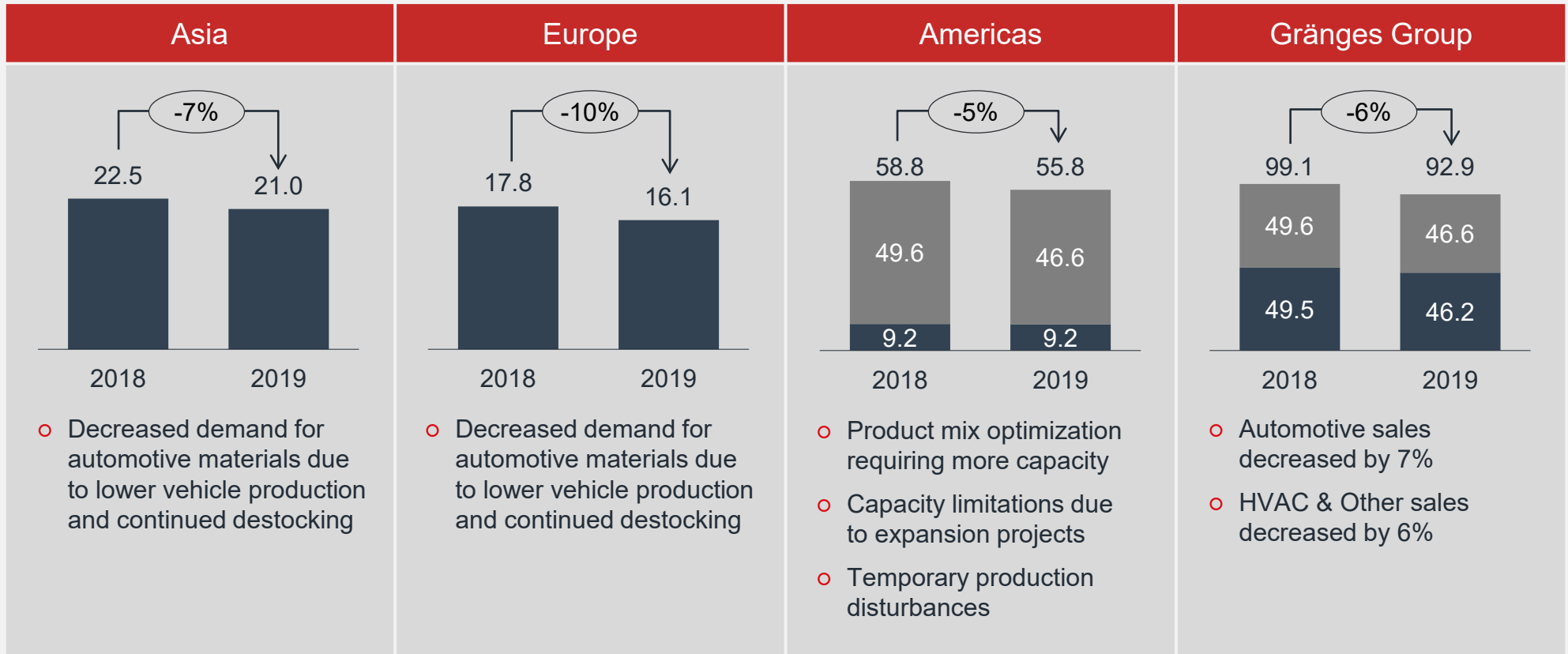
End market production growth (YoY)

End market	Automotive				HVAC
Region	Global	Asia	Europe	Americas	Americas
Q2 2019	 -6%	 -6%	 -7%	 -2%	 +3%
Q3 2019	 +2%	 +1%	 +4%	 +3%	
Full year 2019	 -3%	 -2%	 -2%	 -1%	 +5%

Source: Automotive light vehicle production - IHS Automotive, June 2019
 HVAC unit production – AHRI, July 2019, Forecast JP Morgan

Sales volume decreased by 6% in the second quarter – Asian and European markets especially challenging

Gränges sales volume (ktonnes)



■ Automotive

■ HVAC & Other

Focus on expansion projects and cost reduction



Americas

- Continued positive market outlook
- Finalization of the expansion projects in Huntington and Newport
- First commercial orders are expected to be shipped in September
- Gradual ramp-up of sales volume during the fourth quarter

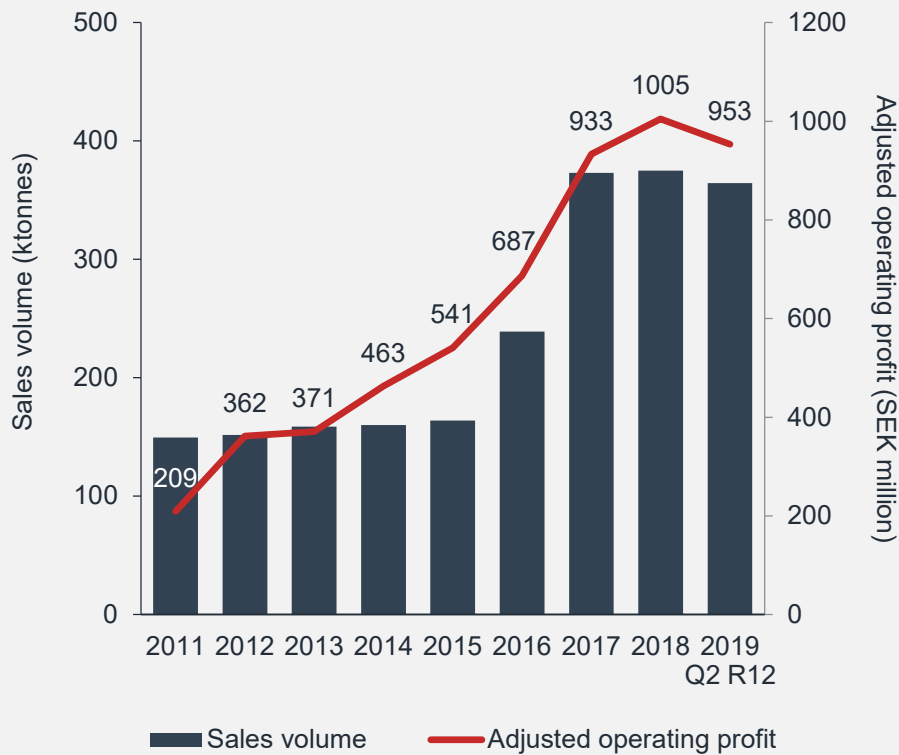


Europe and Asia

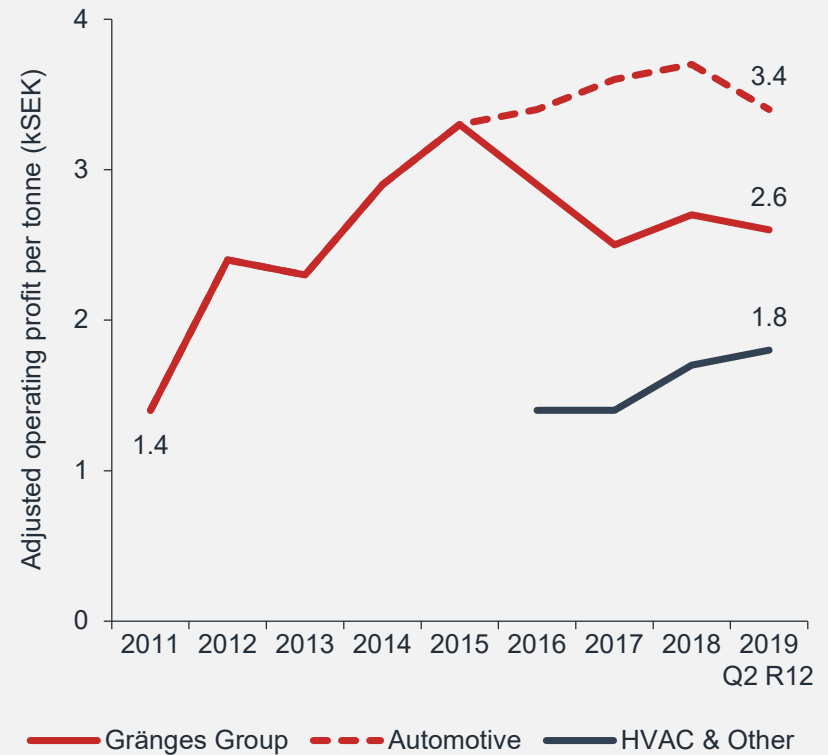
- Soft market conditions expected to remain short term
- Cost reduction measures taken to align the cost base to current market conditions

Lower sales volume and adjusted operating profit in the second quarter

Sales volume and adjusted operating profit



Adjusted operating profit per tonne



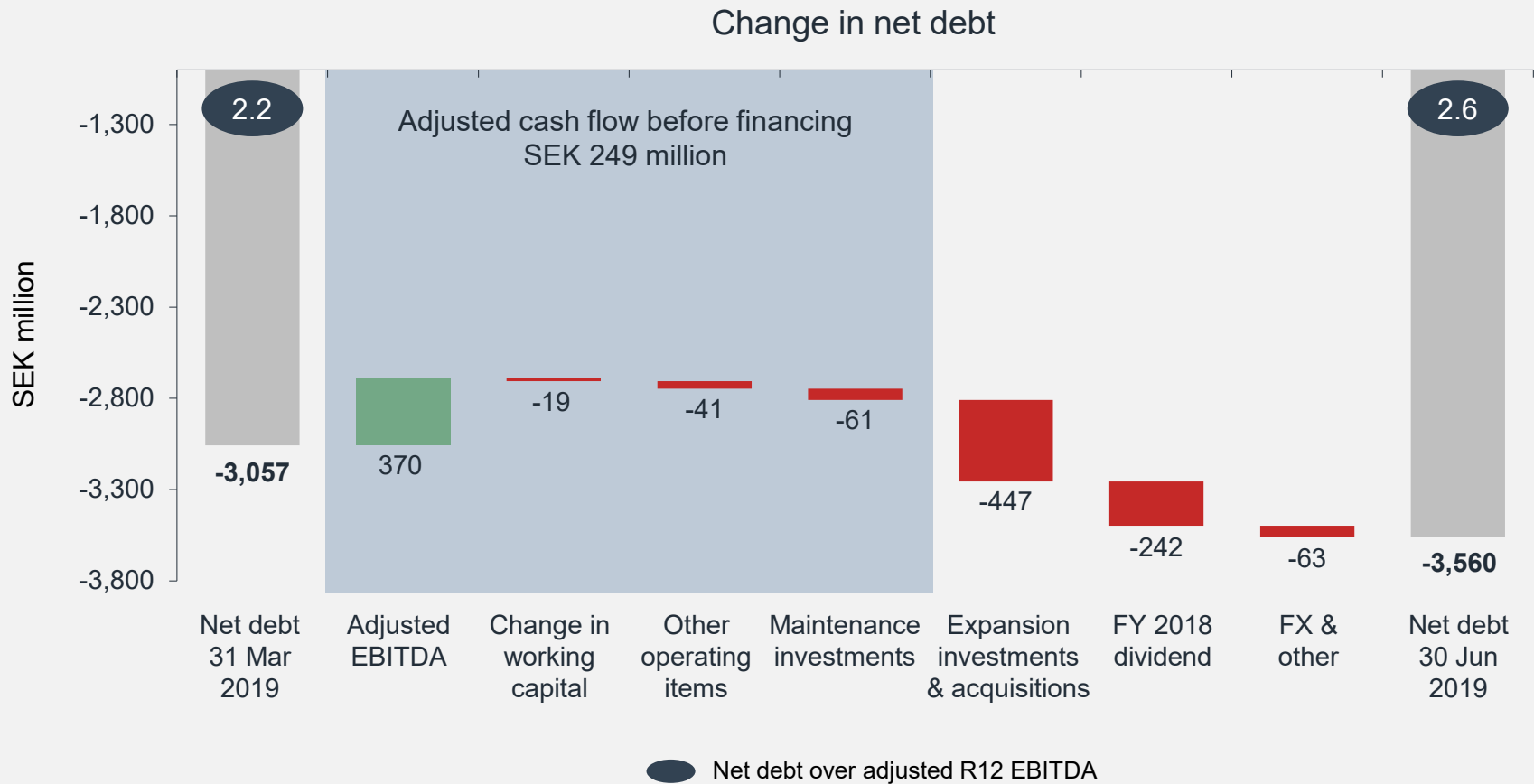
Financial overview – second quarter 2019

SEK million	Q2			January - June		
	2019	2018	Change	2019	2018	Change
Sales volume (ktonnes)	92.9	99.1	-6.3%	183.7	194.2	-5.4%
Net sales	3,188	3,443	-7.4%	6,297	6,514	-3.3%
Adjusted operating profit ¹	257	301	-14.6%	532	583	-8.8%
Adjusted operating margin (%)	8.1	8.7	-0.7 ppt	8.4	8.9	-0.5 ppt
Adjusted operating profit per tonne (kSEK)	2.8	3.0	-0.3	2.9	3.0	-0.1
Operating profit	257	301	-14.6%	532	519	2.5%
Profit for the period	171	214	-20.3%	355	381	-7.0%
Earnings per share ² (SEK)	2.26	2.84	-0.57	4.70	5.05	-0.35
Cash flow before financing activities	-198	125	n/a	-371	318	n/a
Return on capital employed, R12 (%)	14.1	16.5	-2.4 ppt			
Net debt / adjusted EBITDA, R12	2.6	2.0				

(1) Adjusted for items affecting comparability

(2) Diluted

Net debt was SEK 3.6 billion at the end of the second quarter



Note: Net Debt over adjusted R12 EBITDA excluding impact from IFRS 16 Leases (30 Jun 2019) = 2.4

Outlook - third quarter 2019

- IHS estimates that global light vehicle production will increase by 2% in third quarter
- Gränges expects a sales volume increase by low-single digits in the third quarter
 - Low to mid-single digit decline for automotive materials on global level
 - Mid-single digit growth for HVAC & other materials in Americas
- US expansion projects to gradually support higher sales volume going forward



Source: IHS Automotive, June 2019

Summary - second quarter 2019

- Continued soft market conditions
- Reduced operating profit
- Strong cash generation
- Large investments in US and Sweden
- First site achieved ASI certification



Q&A

Johan Menckel, CEO
Oskar Hellström, CFO



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