

3rd

quarter 2015



Good growth in Europe and North America. Market remains weak in China

INTERIM REPORT JANUARY-SEPTEMBER 2015

THIRD QUARTER 2015

- Sales volume reached 38.9 ktonnes (39.3), a decrease of 0.9% compared to previous year.
- Net sales totalled SEK 1,281 million (1,198), an increase of 6.9%.
- Adjusted operating profit increased by 6.2% to SEK 112 million (106), corresponding to an adjusted operating margin of 8.8% (8.8).
- Operating profit increased to SEK 97 million (81).
- Profit for the period was SEK 69 million (55). Earnings per share, basic and diluted, increased to SEK 0.93 (0.73).

JANUARY-SEPTEMBER 2015

- Sales volume reached 125.0 ktonnes (122.3), an increase of 2.2% compared to previous year.
- Net sales totalled SEK 4,243 million (3,531), an increase of 20.1%.
- Adjusted operating profit increased by 18.0% to SEK 425 million (360), corresponding to an adjusted operating margin of 10.0% (10.2).
- Operating profit increased to SEK 410 million (326).
- Profit for the period was SEK 295 million (230). Basic earnings per share amounted to SEK 3.96 (3.08) and diluted earnings per share to SEK 3.95 (3.08).
- Net debt reduced by SEK 323 million to SEK 442 million, corresponding to 0.6 times adjusted EBITDA (on a rolling 12-month basis).

FINANCIAL SUMMARY

SEK million	Q3			Jan-Sep			12-month rolling	Full year	Δ
	2015	2014	Δ	2015	2014	Δ	Oct 2014 - Sep 2015	2014	
Sales volume, ktonnes	38.9	39.3	-0.9%	125.0	122.3	2.2%	162.7	160.0	1.7%
Net sales	1,281	1,198	6.9%	4,243	3,531	20.2%	5,460	4,748	15.0%
Adjusted operating profit ¹	112	106	6.2%	425	360	18.0%	528	463	14.0%
Adjusted operating margin, %	8.8	8.8	-	10.0	10.2	-0.2 ppt	9.7	9.7	-
Adjusted operating profit per tonne, kSEK	2.9	2.7	0.2	3.4	2.9	0.5	3.2	2.9	0.4
Operating profit	97	81	19.7%	410	326	26.0%	507	422	20.1%
Operating margin, %	7.6	6.8	0.8 ppt	9.7	9.2	0.4 ppt	9.3	8.9	0.4 ppt
Profit for the period	69	55	26.3%	295	230	28.6%	384	319	20.6%
Earnings per share basic, SEK	0.93	0.73	0.19	3.96	3.08	0.88	5.15	4.27	0.88
Earnings per share diluted, SEK	0.93	0.73	0.19	3.95	3.08	0.87	5.15	4.27	0.88
Cash flow before financing activities	267	-45	n/a	440	408	8.0%	629	597	5.4%
Equity/assets, %	-	-	-	-	-	-	52.7	47.9	4.8 ppt
Net debt	-	-	-	-	-	-	442	765	-323
Return on capital employed, %	-	-	-	-	-	-	17.5	16.3	1.2 ppt

¹ Adjusted for items affecting comparability, see note 6.

COMMENTS BY THE CEO

We continued to improve profits during the third quarter, despite lower sales volume compared with previous year. In Europe and North America demand continued to be good while the weaker automotive market in China resulted in a negative development in Asia as a whole. Adjusted operating profit improved by 6.2 percent to SEK 112 million, corresponding to a margin of 8.8 percent. Favourable exchange rates continued to make a positive contribution to profits while the downturn in the aluminium premium meant an unfavourable price lag between the premiums we pay and the premiums we receive.

Sales volume in Asia fell during the third quarter due to a weaker automotive market in China. Inventory levels among car dealers in China decreased during the quarter but still remain at high levels. In Europe, sales continued to develop well during the third quarter. Sales of heat exchanger materials grew by double digits while sales of scrap-based products were somewhat lower, according to plan. In the Americas, sales increased compared to previous year as a result of new contracts effective as from the second quarter.

EFFICIENCY MEASURES AND FOCUS ON GROWTH

During the third quarter we took further steps to increase operational efficiency. Strategic research will have a clearer focus, as will customer-related technical development and metal management. We have also reviewed our costs and after completed negotiations a reduction of some 25 positions will be made in Sweden.

SUSTAINABILITY IN FOCUS

Sustainability is a prioritised area for Gränges and an integrated part of our business model. The work on extending our sustainability reporting is ongoing and as from 2016 we anticipate that we will begin to report in accordance with GRI.



OUTLOOK

According to the research firm IHS, global production of light vehicles is expected to be flat to slightly negative in the fourth quarter. For the full year 2015, a growth of less than 1 percent is anticipated.

Gränges' sales volume is expected to grow in line with the market during the fourth quarter of 2015. In Europe a higher growth rate than the market is expected, while sales volume in the Americas is projected to develop in line with the market. In Asia the downturn during the fourth quarter is expected to be somewhat larger than during the third quarter, compared to last year.

The drop in aluminium premiums is predicted to have a negative effect during fourth quarter.

Even though the uncertainty has increased in the short term, we have a positive long-term view of China. Increased focus on energy efficiency and environmental requirements is expected to drive demand for rolled aluminium for brazed heat exchangers in the foreseeable future. We have a strong position today and we aim to strengthen it further while maintaining good profitability.

Johan Menckel, CEO of Gränges

THIRD QUARTER 2015

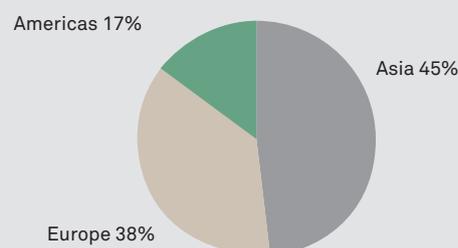
Sales volume

38.9 ktonnes

Net sales

SEK **1,281** million

Sales volume per region



Adjusted operating profit

SEK **112** million

Adjusted operating margin

8.8 %

MARKET DEVELOPMENT

According to the international research firm IHS, global light vehicle production increased by 1% in the third quarter of 2015, compared to the corresponding quarter 2014¹. In Asia, light vehicle production declined by 1% during the third quarter, as negative growth in China of 4% was partly compensated by growth in other Asian countries. A flat development is expected in the fourth quarter. In Europe, light vehicle production increased by 5% in the third quarter, whereas growth of 1% is expected for the fourth quarter. Light vehicle production in the Americas was flat in the third quarter, as growth in North America was offset by a weak South American market. For the fourth quarter, a decrease of about 3% is anticipated in the Americas region. For the full-year 2015 IHS forecasts an increase in global light vehicle production of slightly below 1%.

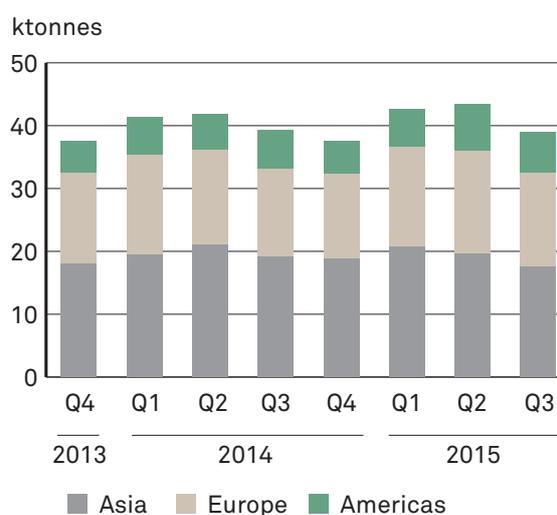
Demand for aluminium products for brazed heat exchangers, which is Gränges' main market and accounts for more than 90% of the sales volume, is strongly correlated with the market for light vehicles. Due to lead times in the supply chain there is, however, a time lag between growth in demand for Gränges' products and growth in vehicle production.

SALES DEVELOPMENT

The sales volume in the third quarter of 2015 was 38.9 ktonnes (39.3), a decrease of 0.9% compared with the same quarter last year. Net sales totalled SEK 1,281 million (1,198). The increase was due to a positive net effect from changes in foreign exchange rates of SEK 140 million.

In the period January-September 2015, sales volume reached 125.0 ktonnes (122.3), an increase of 2.2% compared to the corresponding period previous year. Net sales totalled SEK 4,243 million (3,531). The net effect of changes in foreign exchange rates was positive and amounted to SEK 547 million during the first three quarters of the year.

QUARTERLY SALES VOLUME PER REGION



Asia

In the third quarter of 2015, sales volume in Asia decreased by 7.9% to 17.6 ktonnes (19.1). The decrease was due to the slowdown in the Chinese automotive market in combination with continued inventory reductions at some customers. During January-September 2015, sales volume in Asia decreased by 2.6% compared to previous year and reached 57.9 ktonnes (59.5).

Europe

In the third quarter of 2015, sales volume in Europe increased by 6.3% to 14.9 ktonnes (14.0). Sales of heat exchanger material increased while sales of scrap-based products for non-heat exchanger applications decreased according to plan. During January-September 2015, sales volume in Europe reached 47.3 ktonnes (45.0), representing an increase of 5.2% compared to previous year.

Americas

In the third quarter of 2015, sales volume in the Americas increased by 4.4% to 6.5 ktonnes (6.2). Higher contracted volumes were partly offset by inventory reductions at some customers. During January-September 2015, sales volume in the Americas reached 19.8 ktonnes (17.9), an increase of 10.7% compared to previous year.

¹ Source: IHS, September 16 2015.

OPERATING PROFIT

Operating profit for the third quarter of 2015 increased by 19.7% to SEK 97 million (81) compared to the same quarter last year. Operating profit includes items affecting comparability of SEK -15 million (-24) related to personnel reductions in Sweden.

Adjusted operating profit increased to SEK 112 million (106), corresponding to an adjusted operating margin of 8.8% (8.8). During the quarter net changes in foreign exchange rates had a positive impact of SEK 30 million. Price lag effects on the aluminium premium were negative and amounted to SEK -19 million. The negative impact from lower volume, slightly lower conversion prices and increased central costs was partly offset by the lower cost of material, driven by more efficient recycling of process scrap.

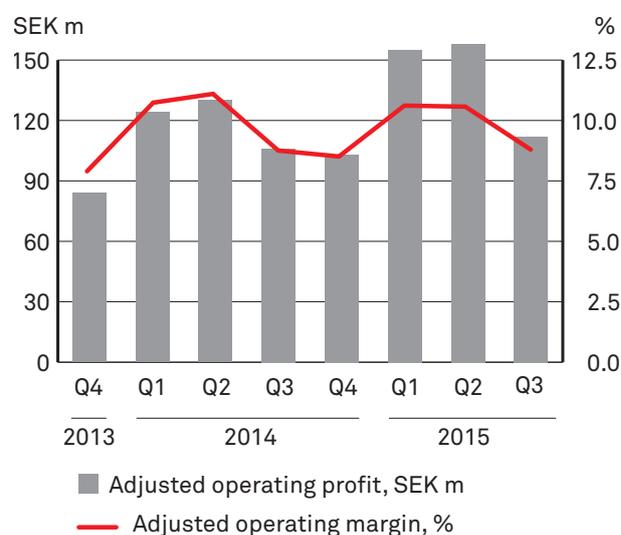
During the period January-September 2015, operating profit amounted to SEK 410 million (326). Adjusted operating profit totalled SEK 425 million (360), corresponding to an adjusted operating margin of 10.0 percent (10.2). The net effect of changes in foreign exchange rates was positive and amounted to SEK 126 million for the period. Price lag effects on the aluminium premium amounted to SEK -39 million.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Finance income and costs amounted to SEK -5 million (-9) in the third quarter of 2015 and were related to interest expenses. Profit before tax increased to SEK 93 million (73), including profits from joint ventures of SEK 1 million (0). Income tax for the period amounted to SEK -24 million (-18), which corresponds to an effective tax rate of 26% (25) in the quarter.

During the period January-September 2015, finance income and costs amounted to SEK -17 million (-23). Profit before tax was SEK 395 million (305), which inclu-

ADJUSTED QUARTERLY OPERATING PROFIT AND OPERATING MARGIN



des profits from joint ventures of SEK 2 million (2). The tax expense for the period amounted to SEK -100 million (-75), corresponding to an effective tax rate of 25% (25).

The profit for the period was SEK 69 million (55) during the third quarter of 2015 and earnings per share, basic and diluted, rose to SEK 0.93 (0.73). During January-September 2015, the profit for the period increased to SEK 295 million (230). Earnings per share before dilution increased to SEK 3.96 (3.08) and earnings per share after dilution increased to SEK 3.95 (3.08).

CASH FLOW

Cash flow from operating activities increased to SEK 300 million (-36) in the third quarter of 2015 and was mainly driven by a reduction of working capital due to the lower business activity in China and decreasing aluminium prices. In the third quarter previous year, cash flow was negatively impacted by increased working capital levels due to increasing aluminium prices and the depreciating SEK. During the period January-September 2015, cash flow from operating activities amounted to SEK 540 million (451). Cash flow in the corresponding period previous year includes insurance compensation of SEK 325 million related to a fire in Finspång in 2010.

Cash flow from investing activities for the third quarter of 2015 amounted to SEK -34 million (-9). Capital expenditure during the quarter was mainly related to investments to maintain and improve efficiency in current production facilities. During the period January-September 2015, cash flow from investing activities amounted to SEK -100 million (-42). Cash flow before financing activities amounted to SEK 267 million (-45) in the third quarter of 2015 and to SEK 440 million (408) in January-September 2015.

Cash flow from financing activities for the third quarter of 2015 was SEK -57 million (-665), due to a reduced utilisation of the Group's credit facility. During the period January-September 2015 cash flow from financing activities amounted to SEK -365 million (-786) and was negatively impacted by a reduction of external working capital financing in China as well as a dividend payment of SEK -112 million.

Cash and cash equivalents amounted to SEK 748 million at 30 September 2015 (SEK 644 million at 31 December 2014).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 4,622 million at 30 September 2015 (SEK 4,460 million at 31 December 2014). The equity to assets ratio amounted to 52.7% at 30 September 2015 (47.9% at 31 December 2014).

Consolidated net debt including pension liabilities was SEK 442 million at 30 September 2015 (SEK 765 million at 31 December 2014).

At 30 September 2015, the Group's net debt was 0.6 times adjusted EBITDA (calculated on a rolling 12-month basis).

EMPLOYEES

The average number of employees in the Gränges Group was 975 (955) in the third quarter of 2015 and 969 (951) during the period January-September 2015.

PARENT COMPANY

Gränges AB is the parent company of the Gränges Group. The operations include Group Management and Group functions such as R&D, finance, treasury, legal and communication. For the period January-September 2015, net sales in the parent company amounted to SEK 82 million (71) and the loss for the period was SEK -63 million (-19).



SIGNIFICANT EVENTS DURING THE PERIOD

Increased operational efficiency in Sweden

On 10 September it was announced that Gränges has decided on organisational changes in the Swedish business. The aim is to take greater advantage of the Group's technical competence through increased focus on strategic research and customer-related technical development and also to ensure more efficient management of metal purchasing and distribution.

In this connection, notice was given of personnel reductions and after completed negotiations around 25 positions will be lost in Sweden, primarily within administrative functions. The measures decided on entails costs totaling SEK 15 million during the third quarter of 2015.

The organisational change will give Gränges' research and development a clearer focus. The Group's strategic research will be coordinated globally, while other research and development projects will be more integrated in the business and can be conducted closer to customers.

New CIO for Gränges

Bilal Chebaro has been appointed CIO of Gränges, with global responsibility for the Group's IT. Bilal Chebaro assumed his position on 1 September 2015.

Former employee at Gränges in Finspång suspected of embezzlement

On 15 July 2015, Gränges publicly disclosed that a former employee in Finspång had been dismissed after suspicions of embezzlement of metal scrap. The incident is currently being investigated by the Swedish Economic Crime Authority.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events have occurred after the end of the period until the report for the third quarter of 2015 was published.

SHARE INFORMATION

The share capital in Gränges amounts to SEK 100 million, divided into 74,639,386 shares, each with a quota value of SEK 1.339775. Gränges only has one class of shares.

OWNERSHIP STRUCTURE

Largest shareholders in Gränges at 30 September 2015¹.

Shareholder	Number of shares	Share of capital and votes %
Orkla Industriinvesteringar AB	11,942,378	16.0
Lannebo Fonder	8,240,420	11.0
Fjärde AP-fonden	6,274,996	8.4
AFA Försäkring	5,584,618	7.5
SEB Fonder	2,283,329	3.1
Aktie-Ansvar Fonder	1,569,000	2.1
Invesco Fonder	1,432,115	1.9
Catella Fonder	1,172,060	1.6
Länsförsäkringar Fonder	1,158,810	1.6
Clients Fonder	1,122,944	1.5
Total 10 largest shareholders	40,780,670	54.6
Other	33,858,716	45.4
Total	74,639,386	100.0

¹ Source: Modular Finance Holdings.

The number of shareholders in Gränges was 8,890 at 30 September 2015.

MISCELLANEOUS

Nomination Committee appointed

Gränges' Nomination Committee for the 2016 Annual General Meeting was appointed on 24 September. The Nomination Committee consists of representatives from the three largest shareholders and the company's Chairman of the Board. Orkla Industriinvesteringar has appointed Mikael Aru as its representative, Lannebo Fonder has appointed Claes Murander and Fjärde AP-fonden has appointed Jannis Kitsakis. In addition, Gränges' Chairman of the Board Anders G Carlberg is also a member of the Nomination Committee. Thus, Gränges' Nomination Committee has the same members as for the 2015 Annual General Meeting.

Gränges' 2016 Annual General Meeting will be held on 28 April 2016 at 4 pm in Kammarsalen at Berns, Stockholm.

Risks and uncertainty factors

As a Group operating globally and in multiple jurisdictions, Gränges is exposed to various risks and uncertainties, such as raw material prices, market risks, operational and legal risks, as well as financial risks related to changes in foreign exchange rates, interest rates, liquidity and funding capability. Risk management in Gränges is focused on identifying, evaluating and reducing risks related to the Group's business and operating environment. No additional significant risks affecting the operations of Gränges have emerged since year-end 2014. More information about risk management is available on pages 32-33 of Gränges' 2014 annual report.

Seasonal variations

Gränges' business is subject to seasonal variations to a limited degree. Due to summer vacations and Christmas holidays in Europe and the Americas, the first six months are generally stronger than the second half of the year. Gränges' increased presence in global markets has led to lower seasonal variations.

Stockholm, 23 October 2015

Johan Menckel
CEO Gränges

For additional information, please contact:

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Director Communications and Investor Relations
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Webcasted telephone conference

On Friday 23 October 2015 at 10.00 CET, CEO Johan Menckel and CFO Oskar Hellström will present Gränges' interim report for January-September 2015 at a webcasted telephone conference. The webcast can be accessed on Gränges website www.granges.com/investors. To take part in the telephone conference, please call +46 856 642 701 (Sweden), +44 203 194 0544 (UK) or +1 855 269 2604 (USA). Please call a few minutes before the telephone conference starts. The presentation will be in English.

FINANCIAL CALENDAR

8 December 2015	Gränges Capital Markets Day
4 February 2016	Year-end Report 2015
28 April 2016	Interim Report January-March 2016
28 April 2016	2016 Annual General Meeting
21 July 2016	Half-year Report 2016
27 October 2016	Interim Report January-September 2016

The information in this report is such that Gränges must disclose pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on Friday 23 October 2015 at 07.30 CET.

REVIEW REPORT

Gränges AB, corporate identity number 556001-6122

Introduction

We have reviewed the condensed interim report for Gränges AB as at September 30, 2015 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical

and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 23 October, 2015

Ernst & Young AB

Erik Sandström

Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	5	1,281	1,198	4,243	3,531	4,748
Cost of materials		-764	-721	-2,581	-2,080	-2,819
Payroll and other operating expenses		-352	-321	-1,080	-945	-1,265
Depreciation and amortisation		-53	-50	-156	-147	-201
Items affecting comparability	6	-15	-24	-15	-35	-41
Operating profit		97	81	410	326	422
Profit from joint ventures		1	0	2	2	3
Finance income and costs		-5	-9	-17	-23	-5
Profit before tax		93	73	395	305	420
Income tax	4	-24	-18	-100	-75	-102
Profit for the period		69	55	295	230	319
Earnings per share						
Earnings per share basic, SEK		0.93	0.73	3.96	3.08	4.27
Earnings per share diluted, SEK		0.93	0.73	3.95	3.08	4.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Profit for the period	69	55	295	230	319
Items not to be reclassified to profit/loss in subsequent periods					
Remeasurement of pensions after tax	20	-18	9	-18	-20
Items to be reclassified to profit/loss in subsequent periods					
Change in hedging reserve after tax	-11	-16	8	-6	-21
Translation effects	-22	180	97	189	285
Comprehensive income for the period attributable to owners of the parent	56	201	409	395	563

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	30 Sep 2015	30 Sep 2014	31 Dec 2014
ASSETS				
Property, plant and equipment		1,718	1,665	1,713
Intangible assets		9	11	11
Deferred tax assets		56	65	44
Investments in joint ventures		33	30	30
Interest-bearing receivables		34	29	31
Non-current assets		1,849	1,801	1,829
Inventories		831	772	815
Receivables	2	1,194	1,289	1,172
Cash and cash equivalents		748	586	644
Current assets		2,772	2,647	2,631
TOTAL ASSETS		4,622	4,448	4,460
EQUITY AND LIABILITIES				
Share capital		100	100	100
Retained earnings		2,335	1,869	2,037
Equity		2,435	1,969	2,137
Interest-bearing liabilities		1,084	950	892
Provisions and other liabilities		178	166	178
Non-current liabilities		1,262	1,116	1,071
Interest-bearing liabilities		0	488	401
Other liabilities	2	925	876	852
Current liabilities		925	1,364	1,253
TOTAL EQUITY AND LIABILITIES		4,622	4,448	4,460

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	30 Sep 2015	30 Sep 2014	31 Dec 2014
Opening balance as at 1 January	2,137	3,098	3,098
Profit for the period	295	230	319
Items in comprehensive income for the period	114	165	244
Group comprehensive income for the period	409	395	563
Employee stock option scheme	1	-	0
Group and shareholder contributions	-	126	126
Dividend	-112	-1,650	-1,650
Total transactions with owners, recognised directly in equity	-111	-1,524	-1,524
Closing balance	2,435	1,969	2,137

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Note	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Operating profit		97	81	410	326	422
Depreciation and amortisation		53	49	156	146	201
Change in working capital etc.	3	183	-90	89	111	144
Income taxes paid		-34	-77	-114	-132	-88
Cash flow from operating activities		300	-36	540	451	678
Investments in property, plant, equipment and intangible assets		-38	-21	-103	-54	-94
Divestment of property, plant and equipment		4	14	4	14	14
Other capital transactions		-	-2	-	-3	-1
Cash flow from investing activities		-34	-9	-100	-42	-81
Dividend and group contributions		-	-1,650	-112	-1,524	-1,524
Interest paid and received		-3	-8	-12	-20	-28
<i>Change in interest-bearing liabilities</i>		-53	995	-238	761	616
<i>Change in interest-bearing receivables</i>		-1	-2	-3	-3	-5
Change in interest-bearing liabilities and receivables		-54	993	-240	758	611
Cash flow from financing activities		-57	-665	-365	-786	-941
Cash flow for the period		209	-710	75	-377	-344
Cash and cash equivalents at beginning of period		541	1,247	644	896	896
Cash flow for the period		209	-710	75	-377	-344
Exchange rate differences in cash and cash equivalents		-2	50	29	67	92
Cash and cash equivalents at end of period		748	586	748	586	644

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	28	23	82	71	95
Payroll and other operating expenses	-48	-52	-122	-108	-152
Depreciation	-4	-4	-12	-12	-16
Operating loss	-24	-33	-52	-49	-74
Dividends from subsidiaries	-	-	-	-	100
Finance income and costs	-2	15	-8	30	30
Profit/loss after financial items	-26	-18	-60	-19	56
Change in accelerated depreciation	-	-	-	-	0
Group contributions	-	-	-	-	55
Income tax	-1	0	-3	0	-3
Profit/loss for the period	-27	-18	-63	-19	108

The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as profit/loss for the period.

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	30 Sep 2015	30 Sep 2014	31 Dec 2014
ASSETS			
Property, plant and equipment	230	234	234
Participations in Group companies	424	421	422
Non-interest-bearing receivables from Group companies	291	128	130
Interest-bearing receivables	34	29	31
Financial assets	748	578	582
Non-current assets	978	812	816
Receivables from Group companies	361	335	466
Other receivables	54	45	21
Cash and cash equivalents	-	48	21
Current assets	415	428	507
TOTAL ASSETS	1,393	1,241	1,323
EQUITY, PROVISIONS AND LIABILITIES			
Restricted equity	100	100	100
Non-restricted equity	31	79	205
Equity	131	179	305
Untaxed reserves	10	9	10
Provisions and other liabilities	26	23	23
Liabilities to Related Party	-	950	-
Interest-bearing liabilities	1,077	-	892
Non-current liabilities	1,103	973	915
Liabilities to Group companies	1	1	1
Other non-interest-bearing liabilities	76	72	63
Other interest-bearing liabilities	72	7	30
Current liabilities	148	80	94
TOTAL EQUITY, PROVISIONS AND LIABILITIES	1,393	1,241	1,323

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

The Gränges Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting principles adopted are consistent with those described in the Annual Report for Gränges AB (publ) 2014, which is available at www.granges.com. There are no new accounting principles applicable from 2015 that significantly affect the Gränges Group. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Annual Accounts Act and RFR 2 Reporting for Legal Entities.

NOTE 2 FINANCIAL INSTRUMENTS

Financial instruments measured at fair value consist of derivative instruments (currency forwards, currency swaps and aluminium futures). Receivables include derivative instruments amounting to SEK 64 million at 30 September 2015 (SEK 26 million at 30 September 2014). Other liabilities include derivative instruments amounting to SEK 54 million at 30 September 2015 (SEK 69 million at 30 September 2014).

All derivatives are measured at fair value and are classified according to level 2, i.e., all significant inputs required for measurement of the instruments are observable. Currency forwards and currency swaps are measured at fair value using the observed forward exchange rate for contracts with a corresponding term to maturity at the balance sheet date. Aluminium futures are measured at fair value using the quoted futures price on the LME (London Metal Exchange).

The use of derivatives involves a counterparty risk, in that a potential gain will not be realized if the counterparty does not fulfil its part of the contract. The Group has entered into netting agreements (primarily ISDA) with counterparties that are eligible for derivative transactions. Netting means that receivables and debts may be offset in some situations, including in the event of counterparty insolvency. These netting agreements have no impact on the Gränges Group's reported financial position, as derivative transactions are reported gross.

Management assesses that there are no material differences between the fair values and carrying amounts of financial instruments that are recognised at amortised cost. For current borrowings, the impact of discounting is not significant and interest-bearing liabilities are also subject to variable interest rates.

NOTE 3 INSURANCE SETTLEMENT

In December 2013, an arbitral award was issued in the process between Gränges and the insurer related to a fire in Finspång in February 2010. A positive cash flow effect of SEK 325 million related to the settlement occurred in January 2014.

NOTE 4 TAX

Gränges has been pre-qualified for a tax rate in China of 15% instead of 25% during the period 2013-2015. Pending final notice from the tax authorities, Gränges applies the higher tax rate in China. At 30 September 2015 the provision for the higher tax rate amounted to SEK 133 million.

NOTE 5 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 30 to Gränges' annual report 2014. At 30 September 2015 Orkla owned 16.0% of Gränges and 50.0% of SAPA. This means that both Orkla and SAPA still are related parties to Gränges. The transactions with Orkla

Group (including SAPA) and the Group's joint ventures, Norca Heat Transfer LLC and Shanghai Gränges Moriyasu Aluminium Co Ltd, are specified in the table below.

SEK million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Sales to the Orkla Group and joint ventures	213	191	743	516	688
Expenses to the Orkla Group and joint ventures	-18	-2	-42	-4	-18

SEK million	30 Sep 2015	30 Sep 2014	31 Dec 2014
Interest-bearing receivables from the Orkla Group and joint ventures	34	29	31
Non-interest-bearing receivables from the Orkla Group and joint ventures	153	154	101
Interest-bearing liabilities to the Orkla Group and joint ventures	-	957	-
Non-interest-bearing liabilities to the Orkla Group and joint ventures	5	1	1

NOTE 6 ITEMS AFFECTING COMPARABILITY

SEK million	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Restructuring costs	-15	-	-15	-	-
IPO costs	-	-20	-	-25	-50
M&A	-	-	-	-	15
Capital loss from sale of property	-	-4	-	-4	-4
Finspång fire costs (net)	-	-	-	-5	-5
Other	-	-	-	-	4
Total items affecting comparability	-15	-24	-15	-35	-41

As the next step in Gränges' work on operational efficiency a decision has been made on a reorganisation in Sweden. In conjunction with the reorganisation, notice was given of personnel reductions and after completed negotiations around 25 positions

will be lost in Sweden, primarily in administrative functions. The measures decided on entail costs totalling SEK 15 million during the third quarter of 2015.

CONSOLIDATED QUARTERLY DATA

SEK million	2015			2014			2013	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales volume, ktonnes	38.9	43.4	42.7	37.7	39.3	41.7	41.3	37.6
Income statement								
Net sales	1,281	1,506	1,456	1,217	1,198	1,176	1,157	1,065
Adjusted EBITDA ¹	165	210	206	157	156	178	173	132
Adjusted operating profit ¹	112	158	155	103	106	130	124	84
Operating profit	97	158	155	97	81	124	120	230
Profit for the period	69	115	111	89	55	90	85	162
Adjusted EBITDA margin, %	12.9	13.9	14.2	12.9	13.0	15.2	15.0	12.4
Adjusted operating margin, %	8.8	10.5	10.6	8.4	8.8	11.1	10.7	7.9
Adjusted operating profit per tonne, kSEK	2.9	3.6	3.6	2.7	2.7	3.1	3.0	2.2
Operating margin, %	7.6	10.5	10.6	7.9	6.8	10.5	10.4	21.6
Net margin, %	5.4	7.6	7.6	7.3	4.6	7.7	7.4	15.2
Balance sheet								
Non-current assets	1,849	1,867	1,942	1,829	1,801	1,720	1,715	1,759
Current assets	2,772	2,818	2,796	2,631	2,647	3,119	2,754	2,867
Equity	2,435	2,378	2,478	2,137	1,969	3,418	3,154	3,098
Non-current liabilities	1,262	1,293	1,086	1,071	1,116	191	163	400
Current liabilities	925	1,014	1,174	1,253	1,364	1,230	1,152	1,128
Cash flow								
Operating activities	300	212	28	227	-36	104	383	277
Investing activities	-34	-37	-29	-39	-9	-13	-21	-42
Cash flow before financing activities	267	175	-1	188	-45	91	362	235
Financing activities	-57	-17	-291	-155	-665	120	-241	-70
Cash flow for the period	209	158	-292	33	-710	211	122	165
Capital structure								
Net debt	442	725	775	765	951	-711	-471	-126
Equity/assets, %	52.7	50.8	52.3	47.9	44.3	70.6	70.6	67.0
Data per share, SEK								
Earnings per share basic ²	0.93	1.54	1.49	1.19	0.73	1.21	1.14	2.17
Earnings per share diluted ²	0.93	1.54	1.49	1.19	0.73	1.21	1.14	2.17
Equity ³	32.62	31.86	33.16	28.63	26.38	45.80	42.26	41.50
Cash flow from operating activities ³	4.02	2.84	0.38	3.04	-0.49	1.39	5.14	3.71
Share price at the end of the period	54.25	59.00	69.25	51.00	-	-	-	-
Weighted outstanding ordinary shares, basic in thousands	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4
Weighted outstanding ordinary shares, diluted in thousands	74,657.3	74,754.3	74,744.8	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4

¹ Adjusted for items affecting comparability, see note 6.

² Previous periods have been restated according to the current number of outstanding shares.

³ Calculated on weighted outstanding ordinary shares, basic.

CONSOLIDATED QUARTERLY DATA

SEK million	2015				2014			2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales volume by region, ktonnes								
Asia	17.6	19.6	20.7	18.8	19.1	21.1	19.4	18.0
Europe	14.9	16.4	16.0	13.6	14.0	15.0	16.0	14.5
Americas	6.5	7.4	5.9	5.2	6.2	5.7	6.0	5.1
Total	38.9	43.4	42.7	37.7	39.3	41.7	41.3	37.6
Net sales by region								
Asia	605	720	742	634	594	588	563	535
Europe	470	526	506	410	416	426	426	385
Americas	206	260	208	173	188	162	168	145
Total	1,281	1,506	1,456	1,217	1,198	1,176	1,157	1,065
Employees								
Average number of employees	975	975	958	955	955	947	952	972

CONSOLIDATED 12-MONTH ROLLING DATA

SEK million	Oct 2014 - Sep 2015	Jul 2014 - Jun 2015	Apr 2014 - Mar 2015	Jan 2014 - Dec 2014	Oct 2013 - Sep 2014	Jul 2013 - Jun 2014	Apr 2013 - Mar 2014	Jan 2013 - Dec 2013
Sales volume, ktonnes	162.7	163.0	161.4	160.0	160.0	159.9	160.0	158.6
Income statement								
Net sales	5,460	5,377	5,047	4,748	4,596	4,502	4,579	4,642
Adjusted EBITDA ¹	738	728	697	664	639	628	593	558
Adjusted operating profit ¹	528	521	494	463	444	437	401	371
Operating profit	507	491	457	422	555	534	482	456
Adjusted EBITDA margin, %	13.5	13.5	13.8	14.0	13.9	14.0	12.9	12.0
Adjusted operating margin, %	9.7	9.7	9.8	9.7	9.7	9.7	8.8	8.0
Adjusted operating profit per tonne, kSEK	3.2	3.2	3.1	2.9	2.8	2.7	2.5	2.3
Operating margin, %	9.3	9.1	9.1	8.9	12.1	11.9	10.5	9.8
Capital structure and return indicators								
Capital employed	3,011	2,977	2,893	2,837	2,864	2,914	3,003	3,082
Return on capital employed, %	17.5	17.5	17.1	16.3	15.5	15.0	13.4	12.0
Equity	2,279	2,476	2,631	2,755	2,910	3,104	2,874	2,685
Return on equity, %	16.9	14.9	13.1	11.6	13.5	12.1	11.6	11.5
Net debt / Adjusted EBITDA	0.6	1.0	1.1	1.2	1.5	-1.1	-0.8	-0.2

¹ Adjusted for items affecting comparability, see note 6.

DEFINITIONS

Adjusted EBITDA

Adjusted operating profit before depreciation and impairment charges.

Adjusted operating profit

Operating profit excluding items affecting comparability.

Capital employed

Total assets less cash and cash equivalents and interest-bearing receivables, minus non-interest bearing liabilities.

Earnings per share

Profit for the period divided by the total number of shares. Historical share date has been recalculated and based on the present number of shares to increase comparability.

Items affecting comparability

Non-recurring income and expenses.

ktonnes

Volume expressed in thousands of metric tonnes.

Cash flow before financing activities

Cash flow from operating activities plus cash flow from investing activities.

Net debt

Cash and cash equivalents and interest-bearing receivables minus interest-bearing liabilities, including pensions.

Operating profit

Profit before net financial items and tax.

Return on capital employed

Adjusted operating profit divided by average capital employed during the past 12-month period.

Return on equity

Profit for the period divided by average equity during the past 12-month period.

Sales volume

Volumes sold in metric tonnes.

SEK

Swedish kronor.

GLOSSARY

Alloy

Material consisting of several metals.

Aluminium strip

Rolled aluminium in coils.

Brazing

Joining of metals through melting.

Cladding

Surface layer.

Heat exchanger

A device for transferring heat from one medium to another.

HVAC&R

Heating, Ventilation, Air Conditioning and Refrigeration.

LME

London Metal Exchange.

Rolled aluminium

Aluminium that has been down gauged, passing through two or more rollers.

Scrap

Residual aluminium that can be re-melted.

SHFE

Shanghai Futures Exchange.



ABOUT GRÄNGES

Gränges is a leading global supplier of rolled products for the brazed aluminium heat exchanger industry. The company develops, produces and markets advanced materials that enhance production economy in the customer manufacturing process and the performance of the final products; the brazed heat exchangers. The company's geographical markets are Europe, Asia and the Americas. The production facilities are located in Sweden and in China and have a combined annual capacity of 220,000 metric tonnes. Gränges has 950 employees and net sales in 2014 totalled SEK 4 748 million. The shares have been listed on Nasdaq Stockholm since October 2014. More information about Gränges is available on www.granges.com.

BUSINESS CONCEPT

Gränges' vision is to help create smaller, lighter and more designable heat exchangers to increase economic efficiency and reduce environmental impact.

BUSINESS MODEL

Gränges' business model is based on long-term customer commitments where the company supports customers with product development, service and technical support during the entire lifecycle for a heat exchanger model. Revenue is generated through the sale of finished products. Prices are expressed per metric tonne and based on the added value Gränges offers in terms of material properties, product complexity and as well as the price of the raw material, aluminium.

STRATEGIES

Granges' strategy is to be a global niche player in the market for rolled products for brazed aluminium heat exchangers. By focusing on this niche and a global offering of customised products with a high technology content, Gränges aims to strengthen its leading position and continue to grow with good profitability. The strategy is based on a high level of production expertise, leading technology and a strong customer focus.



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