

2nd
quarter 2015



Earnings at new high, while Asia is slowing down

HALF-YEAR REPORT 2015

SECOND QUARTER 2015

- Sales volume reached 43.4 ktonnes (41.7), an increase of 4.0% compared to previous year.
- Net sales totalled SEK 1,506 million (1,176), an increase of 28.0%.
- Adjusted operating profit increased by 21.2% to SEK 158 million (130), corresponding to an adjusted operating margin of 10.5% (11.1).
- Operating profit increased to SEK 158 million (124).
- Profit for the period was SEK 115 million (90). Earnings per share, basic and diluted, amounted to SEK 1.54 (1.21).

FIRST HALF-YEAR 2015

- Sales volume reached 86.1 ktonnes (83.1), an increase of 3.7% compared to previous year.
- Net sales totalled SEK 2,962 million (2,333), an increase of 26.9%.
- Adjusted operating profit increased by 22.9% to SEK 313 million (254), corresponding to an adjusted operating margin of 10.6% (10.9).
- Operating profit increased to SEK 313 million (244).
- Profit for the period was SEK 226 million (175). Earnings per share, basic and diluted, amounted to SEK 3.03 (2.35).
- Gränges has a solid financial position. At 30 June 2015, the equity to assets ratio amounted to 50.8% and net debt corresponded to 1.0 times adjusted EBITDA (on a rolling 12-month basis).

FINANCIAL SUMMARY

SEK million	Q2			Jan-Jun			12-month rolling	Full year	Δ
	2015	2014	Δ	2015	2014	Δ	Jul 2014 - Jun 2015	2014	
Sales volume, ktonnes	43.4	41.7	4.0%	86.1	83.1	3.7%	163.0	160.0	1.9%
Net sales	1,506	1,176	28.0%	2,962	2,333	26.9%	5,377	4,748	13.2%
Adjusted operating profit ¹	158	130	21.2%	313	254	22.9%	521	463	12.6%
Adjusted operating margin, %	10.5	11.1	-0.6 ppt	10.6	10.9	-0.3 ppt	9.7	9.7	-
Adjusted operating profit per tonne, kSEK	3.6	3.1	0.5	3.6	3.1	0.5	3.2	2.9	0.3
Operating profit	158	124	27.3%	313	244	28.1%	491	422	16.3%
Operating margin, %	10.5	10.5	-	10.6	10.5	0.1 ppt	9.1	8.9	0.2 ppt
Profit for the period	115	90	27.8%	226	175	29.3%	370	319	16.1%
Earnings per share basic, SEK ²	1.54	1.21	0.34	3.03	2.35	0.69	4.96	4.27	0.69
Earnings per share diluted, SEK ²	1.54	1.21	0.34	3.03	2.35	0.69	4.96	4.27	0.69
Cash flow before financing activities	175	91	92.5%	174	453	-61.7%	317	597	-46.9%
Equity/assets, %	-	-	-	-	-	-	50.8	47.9	2.9 ppt
Net debt	-	-	-	-	-	-	725	765	-40
Return on capital employed, %	-	-	-	-	-	-	17.5	16.3	1.2 ppt

¹ Adjusted for items affecting comparability.

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

COMMENTS BY THE CEO

I am pleased to present another strong quarter for Gränges. During the second quarter of 2015 adjusted operating profit rose by 21% to SEK 158 million compared to the same quarter last year. This is our best quarterly result so far. Favorable foreign exchange rates continue to affect us positively. Still, aluminium premiums have declined rapidly in the first half of the year and short term this means an unfavorable effect from the time lag between the premiums we pay and the premiums we receive. The time lag is expected to have a negative effect also in the second half of this year.

The sales volume in Asia remained flat in the first half of the year compared with the same period last year. In the second quarter, sales volume in Asia declined as a reversed effect of the inventory build-up seen at some customers in the first quarter. In Europe, the positive trend continued in the second quarter and sales volume of heat exchanger materials grew by double digits. Sales of scrap-based products have continued to decrease as planned. In the Americas, sales volume increased significantly during the second quarter. The increase is explained by an inventory build-up at a number of our customers as a result of labour conflicts in the US West Coast ports as well as higher contracted volume with existing customers.

CONTINUOUS EFFICIENCY IMPROVEMENTS AND FOCUS ON GROWTH

To be competitive on a global basis, we need to continue to streamline our operations and focus on growth. The rationalisations previously made in our Swedish operations has resulted in important improvements, not least in terms of production efficiency. We see now that further steps need to be taken. We intend to improve the coordination of our global resources, with specific emphasis on commercial and engineering activities, in order to optimize and strengthen our customer offering.



OUTLOOK

Global light vehicle production rose about 1% in the first half of the year, according to the research firm IHS. For the full year 2015, a growth of slightly less than 2% is anticipated.

Gränges' sales volume in Asia is expected to decline by low single digits in the third quarter as a result of a weaker automotive market in the region. In Europe, the positive trend for heat exchanger materials is expected to continue in the third quarter with a higher growth rate than the market. Sales volume to the Americas is anticipated to grow in line with the market during the third quarter.

The weakening of the Swedish krona is expected to continue to have a positive effect during 2015. The drop in aluminium premiums are predicted to have a negative effect in the second half of the year.

Energy efficiency and increased environmental requirements are expected to continue to drive demand for rolled aluminium for brazed heat exchangers for a foreseeable future. We have a strong position today, and the aim is to strengthen it further with continued good profitability.

Johan Menckel, CEO of Gränges

SECOND QUARTER 2015

Sales volume

43.4 ktonnes

Net sales

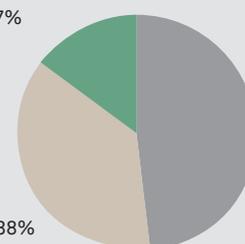
SEK **1,506** million

Sales volume per region

Americas 17%

Asia 45%

Europe 38%



Adjusted operating profit

SEK **158** million

Adjusted operating margin

10.5 %

MARKET DEVELOPMENT

According to the international research firm IHS, global light vehicle production remained flat in the second quarter of 2015, compared to the corresponding quarter 2014¹. In Asia, light vehicle production declined by 2% during the second quarter, mainly as a result of a declining growth rate in China no longer fully compensating for negative growth in other Asian countries. In the first half of the year light vehicle production in Asia remained flat compared to previous year. In the second half of the year, an increase of 2% is anticipated in Asia. In Europe, light vehicle production increased by 1% in the second quarter, whereas a growth of 2% is expected for the second half of the year. Light vehicle production in the Americas declined by 1% in the second quarter, primarily due to a weak South American market. For the second half of the year, a growth of 1% is anticipated in the Americas region. For the full-year 2015 IHS forecasts an increase in global light vehicle production of slightly below 2%.

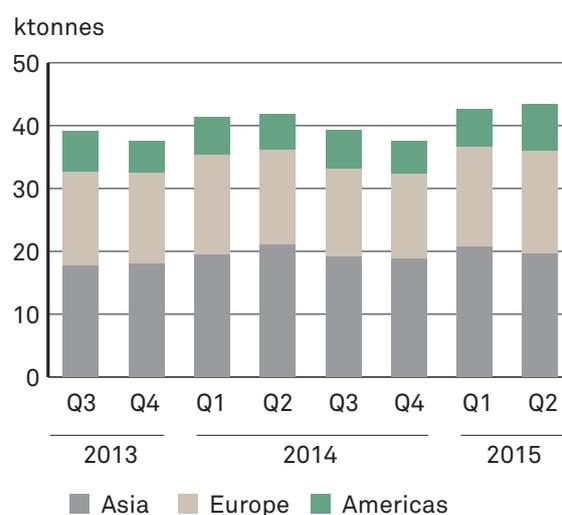
Demand for aluminium products for brazed heat exchangers, which is Gränges' main market and accounts for more than 90% of the sales volume, is strongly correlated with the market for light vehicles. Since Gränges is further up the supply chain, there is a time lag between growth in Gränges' markets and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

SALES DEVELOPMENT

The sales volume in the second quarter of 2015 was 43.4 ktonnes (41.7), an increase of 4.0% compared with the same quarter last year. Net sales totalled SEK 1,506 million (1,176). Higher sales volume and a positive net effect from changes in foreign exchange rates of SEK 199 million were primary drivers of the increase.

In the period January-June 2015, sales volume reached 86.1 ktonnes (83.1), an increase of 3.7% compared to the corresponding period previous year. Net sales totalled SEK 2,962 million (2,333). The net effect of changes in foreign exchange rates was positive and amounted to SEK 407 million during the first half of the year. Higher aluminium prices also had a positive impact on net sales.

QUARTERLY SALES VOLUME PER REGION



Asia

In the second quarter of 2015, sales volume in Asia decreased by 7.0% to 19.6 ktonnes (21.1). The decrease was primarily due to a reversed effect from an inventory build-up seen at some customers in the first quarter. During January-June 2015, sales volume in Asia was flat compared to previous year and reached 40.4 ktonnes (40.4).

Europe

In the second quarter of 2015, sales volume in Europe increased by 9.2% to 16.4 ktonnes (15.0). The increase in sales of heat exchanger material was partly offset by lower sales of scrap-based products for non-heat exchanger applications. During January-June 2015, sales volume in Europe reached 32.4 ktonnes (31.0), which was an increase of 4.8% compared to previous year.

Americas

In the second quarter of 2015, sales volume in the Americas increased by 31.2% to 7.4 ktonnes (5.7). The increase was due to an inventory build-up at a number of our customers following labour conflicts in the US West Coast ports, as well as higher contracted volumes with existing customers. During January-June 2015, sales volume in Americas reached 13.3 ktonnes (11.7), an increase of 14.0% compared to previous year.

¹ Source: IHS, July 16 2015.

OPERATING PROFIT

Operating profit for the second quarter of 2015 increased by 27.3% to SEK 158 million (124) compared to same quarter last year.

Adjusted operating profit increased to SEK 158 million (130), corresponding to an adjusted operating margin of 10.5% (11.1). During the quarter net changes in foreign exchange rates had a positive impact of SEK 38 million. The price lag effect on aluminium premiums amounted to SEK -15 million. The positive impact from increased volume was offset by slightly lower conversion prices and increased costs, primarily explained by wage inflation in China and higher central costs.

During the period January-June 2015, operating profit amounted to SEK 313 million (244). Adjusted operating profit totalled SEK 313 million (254), corresponding to an adjusted operating margin of 10.6 percent (10.9). The net effect of changes in foreign exchange rates was positive and amounted to SEK 96 million for the first half year. The price lag effect on aluminium premiums amounted to SEK -20 million.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Finance income and costs amounted to SEK -5 million (-5) in the second quarter of 2015 and was related to interest expenses. Profit before tax increased to SEK 153 million (120), including profits from joint ventures of SEK 1 million (1). Income tax for the period amounted to SEK -38 million (-30), which corresponds to an effective tax rate of 25% (25) in the quarter.

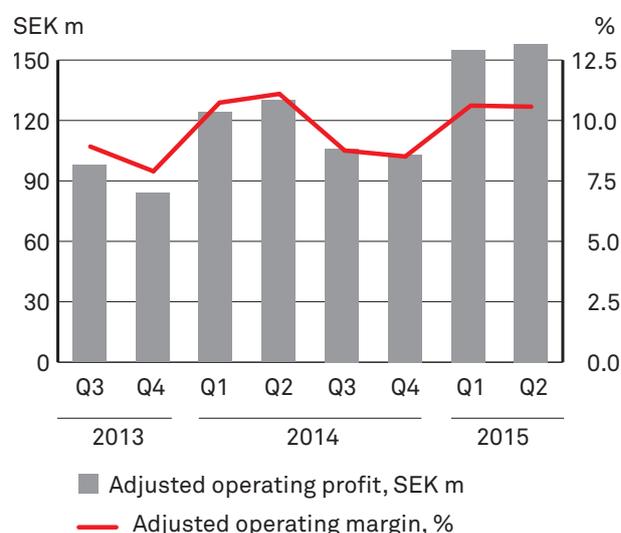
During the period January-June 2015, finance income and costs amounted to SEK -12 million (-14). Profit before tax was SEK 302 million (232), which includes profits from joint ventures of SEK 1 million (2). The tax expense for the first half year 2015 amounted to SEK -75 million (-57), corresponding to an effective tax rate of 25% (25).

Net profit was SEK 115 million (90) during the second quarter of 2015 and earnings per share, basic and diluted, rose to SEK 1.54 (1.21). During the period January-June 2015, net profit increased to SEK 226 million (175) and earnings per share, basic and diluted, increased to SEK 3.03 (2.35).

CASH FLOW

Cash flow from operating activities amounted to SEK 212 million (104) in the second quarter of 2015. Compared to the second quarter previous year, the higher cash flow from operations was mainly due to increased earnings and a reduction of working capital.

QUARTERLY OPERATING PROFIT AND OPERATING MARGIN, ADJUSTED



During the period January-June 2015, cash flow from operating activities amounted to SEK 240 million (487). 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 operating activities in the first half year of 2015 was negatively impacted by a seasonal build-up of working capital and higher tax paid as a result of increased earnings.

Cash flow from investing activities for the second quarter of 2015 amounted to SEK -37 million (-13). Capital expenditure during the quarter was mainly related to investments to maintain and improve efficiency in current production facilities. During the period January-June 2015, cash flow from investing activities amounted to SEK -66 million (-34). Cash flow before financing activities amounted to SEK 175 million (91) in the second quarter of 2015 and to SEK 174 million (453) in the first half year of 2015.

Cash flow from financing activities for the second quarter of 2015 was SEK -17 million (120) and included a dividend payment of SEK -112 million as resolved by Gränges' 2015 annual general meeting. During the period January-June 2015 cash flow from financing activities amounted to SEK -308 million (-120) and was negatively impacted by a reduction of external working capital financing in China.

Cash and cash equivalents was SEK 541 million at 30 June 2015 (SEK 644 million at 31 December 2014).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 4,685 million at 30 June 2015 (SEK 4,460 million at 31 December 2014). The equity to assets ratio amounted to 50.8% at 30 June 2015 (47.9% at 31 December 2014).

Consolidated net debt including pension liabilities was SEK 725 million at 30 June 2015 (SEK 765 million at 31 December 2014).

At 30 June 2015, the Group's net debt was 1.0 times adjusted EBITDA (calculated on a rolling 12-month basis).

EMPLOYEES

The average number of employees in the Gränges Group was 975 (947) in the second quarter of 2015 and 966 (949) during the period January-June 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, legal and communication. For the period January-June 2015, net sales in the parent company amounted to SEK 54 million (48) and the loss for the period was SEK -35 million (-1).

SIGNIFICANT EVENTS DURING THE PERIOD

On 21 April 2015, Gränges was awarded the Delphi 2014 Pinnacle Award in the best supplier category. The assessment was made based on quality, value and cost during 2014.

SIGNIFICANT EVENTS AFTER THE PERIOD

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



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 June 2015¹.

	Number of shares	Share of capital and votes %
Orkla Industriinvesteringar AB	11,942,378	16.0
Lannebo Fonder	7,671,100	10.3
Fjärde AP-fonden	6,264,996	8.4
AFA Försäkring	5,276,171	7.1
Norges Bank	2,179,631	2.9
SEB Investment Management	1,872,060	2.5
Catella Fondförvaltning Fonder	1,748,744	2.3
Aktie-Ansvar Fonder	1,494,000	2.0
JP Morgan Bank	1,399,238	1.9
Handelsbanken Fonder	1,387,987	1.9
Total 10 largest shareholders	41,236,305	55.2
Other	33,403,081	44.8
Total	74,639,386	100.0

¹ Source: Euroclear Sweden AB.

The number of shareholders in Gränges was 8,020 at 30 June 2015.



OTHER

Resolutions on Gränges' 2015 AGM

Gränges 2015 Annual General Meeting was held on 4 May 2015. The AGM resolved on a dividend of SEK 1.50 per share, or 112 MSEK in total, that was paid out on 11 May 2015. The AGM also resolved on issue authorisation. The Board is authorised to, at one or more occasions, issue new shares or convertibles up to 10% of outstanding shares. The authorisation is valid until the next AGM.

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, operational and legal risks, as well as to 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.

The Board of Directors and the CEO declare that the half-year report gives a fair view of the performance of the business, financial position and result of operations of the parent company and the group, and describes the principal risks and uncertainties that the parent company and its subsidiaries are facing.

Stockholm, 21 July 2015
The Board of Directors of Gränges AB (publ)

Anders G Carlberg,
Chairman of the Board

Terje Andersen
Member of the Board

Carina Andersson
Member of the Board

Bertil Villard
Member of the Board

Ragnhild Wiborg
Member of the Board

Öystein Larsen
Employee representative

Konny Svensson
Employee representative

Johan Menckel
Chief Executive Officer

This half-year report has not been reviewed by the auditors of the company.

For additional information, please contact:

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Webcasted telephone conference

On Tuesday 21 July 2015 at 10.00 CET, CEO Johan Menckel and CFO Oskar Hellström will present Gränges' half-year report 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 +46 856 642 691 (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 done in English.

FINANCIAL CALENDAR

23 October 2015	Interim Report January-September 2015
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 Tuesday 21 July 2015 at 07.30 CET.

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	5	1,506	1,176	2,962	2,333	4,748
Cost of materials		-931	-679	-1,818	-1,359	-2,819
Payroll and other operating expenses		-365	-319	-729	-623	-1,265
Depreciation and amortisation		-52	-48	-103	-97	-201
Items affecting comparability		-	-6	-	-10	-41
Operating profit		158	124	313	244	422
Profit from joint ventures		1	1	1	2	3
Finance income and costs		-5	-5	-12	-14	-5
Profit before tax		153	120	302	232	420
Income tax	4	-38	-30	-75	-57	-102
Profit for the period		115	90	226	175	319
Earnings per share						
Earnings per share basic, SEK		1.54	1.21	3.03	2.35	4.27
Earnings per share diluted, SEK		1.54	1.21	3.03	2.35	4.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Profit for the period	115	90	226	175	319
Items not to be reclassified to profit/loss in subsequent periods					
Actuarial losses pensions after tax	-0	-	-11	-	-20
Items to be reclassified to profit/loss in subsequent periods					
Change in hedging reserve after tax	12	18	19	10	-21
Translation effects	-114	1	119	9	285
Comprehensive income for the period attributable to owners of the parent	13	109	353	194	563

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	30 Jun 2015	30 Jun 2014	31 Dec 2014
ASSETS				
Property, plant and equipment		1,743	1,618	1,713
Intangible assets		10	11	11
Deferred tax assets		49	36	44
Investments in joint ventures		32	28	30
Interest-bearing receivables		33	27	31
Non-current assets		1,867	1,720	1,829
Inventories		905	717	815
Receivables	2	1,372	1,155	1,172
Cash and cash equivalents		541	1,247	644
Current assets		2,818	3,119	2,631
TOTAL ASSETS		4,685	4,839	4,460
EQUITY AND LIABILITIES				
Paid in equity		100	1,195	100
Retained earnings		2,278	2,223	2,037
Equity		2,378	3,418	2,137
Interest-bearing liabilities		1,093	27	892
Provisions and other liabilities		200	164	178
Non-current liabilities		1,293	191	1,071
Interest-bearing liabilities		42	416	401
Other liabilities	2	972	814	852
Current liabilities		1,014	1,230	1,253
TOTAL EQUITY AND LIABILITIES		4,685	4,839	4,460

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	30 Jun 2015	30 Jun 2014	31 Dec 2014
Opening balance as at 1 January	2,137	3,098	3,098
Profit for the period	226	175	319
Items in comprehensive income for the period	127	19	244
Group comprehensive income for the period	353	194	563
Employee stock option scheme	1	-	0
Group and shareholder contributions	-	126	126
Dividend	-112	-	-1,650
Total transactions with owners, recognised directly in equity	-111	126	-1,524
Closing balance	2,378	3,418	2,137

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Note	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Operating profit		158	124	313	244	422
Depreciation and amortisation		52	48	103	97	201
Change in working capital etc.	3	37	-44	-95	201	144
Income taxes paid		-34	-24	-80	-55	-88
Cash flow from operating activities		212	104	240	487	678
Investments in property, plant, equipment and intangible assets		-37	-12	-66	-33	-94
Divestment of property, plant and equipment		0	0	0	0	14
Investments in joint ventures		-	-	-	-	0
Other capital transactions		-	-1	-	-1	-1
Cash flow from investing activities		-37	-13	-66	-34	-81
Dividend and group contributions		-112	126	-112	126	-1,524
Interest paid and received		-4	-4	-9	-11	-28
<i>Change in interest-bearing liabilities</i>		98	-1	-185	-234	616
<i>Change in interest-bearing receivables</i>		2	-1	-2	-1	-5
Change in interest-bearing liabilities and receivables		100	-2	-186	-235	611
Cash flow from financing activities		-17	120	-308	-120	-941
Cash flow for the period		158	211	-134	333	-344
Cash and cash equivalents at beginning of period		391	1,009	644	896	896
Cash flow for the period		158	211	-134	333	-344
Exchange rate differences in cash and cash equivalents		-8	27	33	18	92
Cash and cash equivalents at end of period		541	1,247	541	1,247	644

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales	29	23	54	48	95
Payroll and other operating expenses	-37	-28	-75	-56	-152
Depreciation	-4	-4	-8	-8	-16
Operating loss	-13	-9	-28	-16	-74
Dividends from subsidiaries	-	-	-	-	100
Finance income and costs	-3	19	-5	15	30
Profit/loss after financial items	-16	10	-33	-1	56
Change in accelerated depreciation	-	-	-	-	0
Group contributions	-	-	-	-	55
Income tax	-2	-	-2	0	-3
Profit/loss for the period	-17	10	-35	-1	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 Jun 2015	30 Jun 2014	31 Dec 2014
ASSETS			
Property, plant and equipment	233	249	234
Participations in Group companies	423	421	422
Non-interest-bearing receivables from Group companies	289	560	130
Interest-bearing receivables	33	27	31
Financial assets	745	1,008	582
Non-current assets	978	1,257	816
Receivables from Group companies	361	317	466
Other receivables	49	73	21
Cash and cash equivalents	0	337	21
Current assets	410	727	507
TOTAL ASSETS	1,388	1,984	1,323
EQUITY, PROVISIONS AND LIABILITIES			
Restricted equity	100	1,195	100
Non-restricted equity	58	652	205
Equity	158	1,847	305
Untaxed reserves	10	9	10
Provisions and other liabilities	22	23	23
Liabilities to Group companies	0	27	-
Interest-bearing liabilities	1,086	-	892
Non-current liabilities	1,109	50	915
Liabilities to Group companies	42	19	2
Other liabilities	69	59	91
Current liabilities	111	78	94
TOTAL EQUITY, PROVISIONS AND LIABILITIES	1,388	1,984	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 affects 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 70 million as of 30th June 2015 (SEK 16 million as of 30th June 2014). Other liabilities include derivative instruments amounting to SEK 51 million as of 30th June 2015 (SEK 46 million as of 30th June 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 the fire in Finspång in February 2010. The settlement entitled Gränges to compensation of SEK 325 million, in addition to the SEK 120 million already received in 2010. At the time of the settlement, Gränges had a booked net claim of SEK 165 million, after which the claim was increased by SEK 160 million to SEK 325 million in December 2013. The compensation was recognised within items affecting comparability. The cash flow effect of 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.

NOTE 5 RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 30 to Gränges' annual report 2014. At 30 June 2015 Orkla owned 16.0% of Gränges and 50.0% of SAPA. This means that both Orkla and SAPA are still 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	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Sales to the Orkla Group and joint ventures	275	149	530	307	688
Expenses to the Orkla Group and joint ventures	-18	-1	-24	-2	-18

SEK million	30 Jun 2015	30 Jun 2014	31 Dec 2014
Interest-bearing receivables from the Orkla Group and joint ventures	33	27	31
Non-interest-bearing receivables from the Orkla Group and joint ventures	201	21	101
Interest-bearing liabilities to the Orkla Group and joint ventures	-	45	-
Non-interest-bearing liabilities to the Orkla Group and joint ventures	2	1	1

CONSOLIDATED QUARTERLY DATA

SEK million	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume, ktonnes	43.4	42.7	37.7	39.3	41.7	41.3	37.6	39.2
Income statement								
Net sales	1,506	1,456	1,217	1,198	1,176	1,157	1,065	1,104
Adjusted EBITDA ¹	210	206	157	156	178	173	132	145
Adjusted operating profit ¹	158	155	103	106	130	124	84	98
Operating profit	158	155	97	81	124	120	230	60
Profit for the period	115	111	89	55	90	85	162	40
Adjusted EBITDA margin, %	13.9	14.2	12.9	13.0	15.2	15.0	12.4	13.1
Adjusted operating margin, %	10.5	10.6	8.4	8.8	11.1	10.7	7.9	8.9
Adjusted operating profit per tonne, kSEK	3.6	3.6	2.7	2.7	3.1	3.0	2.2	2.5
Operating margin, %	10.5	10.6	7.9	6.8	10.5	10.4	21.6	5.4
Net margin, %	7.6	7.6	7.3	4.6	7.7	7.4	15.2	3.6
Balance sheet								
Non-current assets	1,867	1,942	1,829	1,801	1,720	1,715	1,759	1,767
Current assets	2,818	2,796	2,631	2,647	3,119	2,754	2,867	2,730
Equity	2,378	2,478	2,137	1,969	3,418	3,154	3,098	2,912
Non-current liabilities	1,293	1,086	1,071	1,116	191	163	400	430
Current liabilities	1,014	1,174	1,253	1,364	1,230	1,152	1,128	1,155
Cash flow								
Operating activities	212	28	227	-36	104	383	277	151
Investing activities	-37	-29	-39	-9	-13	-21	-42	-27
Cash flow before financing activities	175	-1	188	-45	91	362	235	124
Financing activities	-17	-291	-155	-665	120	-241	-70	-134
Cash flow for the period	158	-292	33	-710	211	122	165	-11
Capital structure								
Net debt	725	775	765	951	-711	-471	-126	128
Equity/assets, %	50.8	52.3	47.9	44.3	70.6	70.6	67.0	64.8
Data per share, SEK								
Earnings per share basic ²	1.54	1.49	1.19	0.73	1.21	1.14	2.17	0.53
Earnings per share diluted ²	1.54	1.49	1.19	0.73	1.21	1.14	2.17	0.53
Equity	31.86	33.16	28.63	26.38	45.80	42.26	41.50	39.01
Cash flow from operating activities	2.84	0.38	3.04	-0.49	1.39	5.14	3.71	2.02
Share price at the end of the period	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	74,754.3	74,744.8	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4

¹ Adjusted for items affecting comparability.

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

CONSOLIDATED QUARTERLY DATA

SEK million	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume by region, ktonnes								
Asia	19.6	20.7	18.8	19.1	21.1	19.4	18.0	17.7
Europe	16.4	16.0	13.6	14.0	15.0	16.0	14.5	15.0
Americas	7.4	5.9	5.2	6.2	5.7	6.0	5.1	6.5
Total	43.4	42.7	37.7	39.3	41.7	41.3	37.6	39.2
Net sales by region								
Asia	720	742	634	594	588	563	535	504
Europe	526	506	410	416	426	426	385	412
Americas	260	208	173	188	162	168	145	187
Total	1,506	1,456	1,217	1,198	1,176	1,157	1,065	1,104
Employees								
Average number of employees	975	958	955	955	947	952	972	966

CONSOLIDATED 12-MONTH ROLLING DATA

SEK million	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	Oct 2012 - Sep 2013
Sales volume, ktonnes	163.0	161.4	160.0	160.0	159.9	160.0	158.6	158.1
Income statement								
Net sales	5,377	5,047	4,748	4,596	4,502	4,579	4,642	4,757
Adjusted EBITDA ¹	728	697	664	639	628	593	558	550
Adjusted operating profit ¹	521	494	463	444	437	401	371	372
Operating profit	491	457	422	555	534	482	456	324
Adjusted EBITDA margin, %	13.5	13.8	14.0	13.9	14.0	12.9	12.0	11.6
Adjusted operating margin, %	9.7	9.8	9.7	9.7	9.7	8.8	8.0	7.8
Adjusted operating profit per tonne, kSEK	3.2	3.1	2.9	2.8	2.7	2.5	2.3	2.4
Operating margin, %	9.1	9.1	8.9	12.1	11.9	10.5	9.8	6.8
Capital structure and return indicators								
Capital employed	2,977	2,893	2,837	2,864	2,914	3,003	3,082	3,091
Return on capital employed, %	17.5	17.1	16.3	15.5	15.0	13.4	12.0	12.0
Equity	2,476	2,631	2,755	2,910	3,104	2,874	2,685	2,503
Return on equity, %	14.9	13.1	11.6	13.5	12.1	11.6	11.5	-
Net debt / Adjusted EBITDA	1.0	1.1	1.2	1.5	-1.1	-0.8	-0.2	0.2

¹ Adjusted for items affecting comparability.

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 Group develops, produces and markets advanced materials that enhance both production economy during the customer manufacturing process as well as the performance of the final products, the brazed heat exchangers. Gränges has its headquarters in Stockholm, Sweden, and operates in three geographical regions: Europe, Asia and the Americas. The company has production, research and development facilities in Finspång, Sweden, and Shanghai, China, with total annual capacity of approximately 220,000 metric tonnes. Gränges was founded in 1896 and the company started its present operations in 1972 when it started to develop material for brazed heat exchangers. Gränges has some 950 employees and net sales in 2014 totalled SEK 4,748 million. For more information about Gränges, you are welcome to visit 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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