

YEAR-END REPORT JANUARY-DECEMBER 2016

## Solid performance in fourth quarter concluded a record year

### Fourth quarter 2016

- Sales volume increased to 84.7 ktonnes (38.9) and net sales was SEK 2,546 million (1,252). Excluding the acquired business in US, sales volume increased by 12.3%.
- Adjusted operating profit increased by 47.6% to SEK 171 million (116), corresponding to an adjusted operating margin of 6.7% (9.2). Excluding the acquired business, adjusted operating profit rose 15.2% to SEK 133 million.
- Operating profit amounted to SEK 162 million (128), including items affecting comparability of SEK –9 million related to the US acquisition.
- Profit for the period increased to SEK 101 million (83).
- Diluted earnings per share rose to SEK 1.35 (1.11).
- Cash flow before financing activities decreased to SEK 104 million (159).

### January-December 2016

- The acquisition of Noranda's rolled aluminium business in the US has been consolidated into Gränges' accounts as of 22 August 2016.
- Sales volume increased to 239.1 ktonnes (163.9) and net sales was SEK 7,207 million (5,494). Excluding the acquired business, sales volume increased by 7.6%.
- Adjusted operating profit increased by 27.0% to SEK 687 million (541), corresponding to an adjusted operating margin of 9.5% (9.8). Excluding the acquired business, adjusted operating profit rose 10.9% to SEK 600 million.
- Operating profit amounted to SEK 559 million (538).
- Profit for the period rose to SEK 498 million (379).
- Diluted earnings per share increased to SEK 6.64 (5.07).
- At 31 December 2016, the equity to assets ratio amounted to 37.0% (56.8%) and net debt corresponded to 2.1 (0.4) times adjusted EBITDA<sup>1</sup>.
- The Board of Directors proposes a dividend of SEK 2.40 (2.00) per share, corresponding to 36% (39%) of profit for the year.

### Financial summary

SEK million	Q4			Jan - Dec		
	2016	2015	Δ	2016	2015	Δ
Sales volume, ktonnes	84.7	38.9	117.6%	239.1	163.9	45.9%
Net sales	2,546	1,252	103.4%	7,207	5,494	31.2%
Adjusted operating profit <sup>2</sup>	171	116	47.6%	687	541	27.0%
Adjusted operating margin, %	6.7	9.2	-2.5 ppt	9.5	9.8	-0.3 ppt
Adjusted operating profit per tonne, kSEK	2.0	3.0	-1.0	2.9	3.3	-0.4
Operating profit	162	128	26.4%	559	538	3.9%
Operating margin, %	6.4	10.2	-3.9 ppt	7.8	9.8	-2.0 ppt
Profit for the period	101	83	21.6%	498	379	31.4%
Earnings per share basic, SEK	1.35	1.12	0.24	6.66	5.07	1.59
Earnings per share diluted, SEK	1.35	1.11	0.23	6.64	5.07	1.58
Cash flow before financing activities	104	159	-34.8%	-2,046	600	n/a
Equity to assets, %	-	-	-	37.0	56.8	-19.8 ppt
Net debt	-	-	-	2,722	275	2,447
Return on capital employed, %	-	-	-	17.5	18.1	-0.7 ppt

<sup>1</sup> Calculated on a rolling 12-month basis, including estimated adjusted EBITDA for the acquired business in the US as a part of the Gränges Group.

<sup>2</sup> Adjusted for items affecting comparability, see note 5.

## COMMENTS BY THE CEO

# Strong performance and US acquisition successfully completed



### HIGHER SALES AND PROFIT

The fourth quarter was another strong quarter for Gränges, and overall 2016 was a new record year for the company. Sales volume increased 118% in the fourth quarter. Excluding the acquisition, sales volume increased 12%, driven

by continued strong demand for heat exchanger materials in Asia and the Americas. Adjusted operating profit increased to SEK 171 million (116) in the fourth quarter. Excluding the acquisition, adjusted operating profit rose to SEK 133 million.

### INCREASED SALES VOLUME IN AMERICAS AND ASIA

During the fourth quarter, we continued to experience strong demand growth in Asia, on the back of

a positive trend for light vehicles in China. The tax incentive on smaller vehicles, which is being phased out from 2017, has continued to have a positive effect. Further, stricter regulations on maximum loads have contributed to an increase in demand for new commercial vehicles in China. In all, sales volume increased 18% in Asia in the fourth quarter. In Europe, sales of heat exchanger materials were somewhat weaker in the fourth quarter compared to the same period previous year. This is primarily due to strong

sales to some of our larger customers during the fourth quarter previous year. In the Americas, demand remained strong. For the recently acquired business in the US, sales volume increased 8% in the fourth quarter. Demand for stationary heat exchanger material remained high during the final months of the year, which seasonally tend to be the weakest of the year.

### DELIVERED ON FINANCIAL TARGETS

Looking at the overall picture for 2016, we have delivered on our targets. We successfully completed a major acquisition in the US, gaining the platform in the region we have sought for. Meanwhile, we are increasing sales volume and generating improved profitability elsewhere in the Group. We ended the year with solid financials. The return on capital employed was 17.5% in 2016, well within target range. We have a robust long-term funding and net debt is down to 2.1 times EBITDA. In view of this, our Board of Directors proposes a dividend of SEK 2.40 per share, which represents an increase of 20% over previous year.

### OUTLOOK

The market for automotive heat exchanger material is expected to continue to grow in 2017. According to IHS, global production of light vehicles is projected to grow by 1% for the full year 2017, of which an increase of 3% is expected in the first quarter.

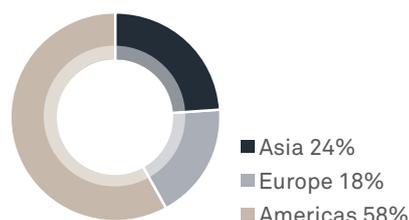
Gränges expects above market growth in Asia and Americas in the first quarter. In Europe, sales of heat exchanger materials are expected to grow in line with the market, while sales of non-heat exchanger materials are forecast to be lower. Overall, growth is expected to be above market rate in the first quarter.

For the recently acquired business in the US, sales volumes are expected to remain unchanged in the first quarter compared to first quarter last year.

## Fourth quarter 2016

- Sales volume **84.7** ktonnes
- Net sales SEK **2,546** million
- Adjusted operating profit SEK **171** million

## Sales volume per region



We will continue to work according to our strategic plan in 2017. This entails increased focus on our customer offering, innovation and sustainability, and to ensure that we have the capacity and capability in our plants to meet customer demand. This is work that supports our customers, employees and shareholders. We are optimistic about 2017, and are determined to continue to grow with sustainable profitability in the years ahead.

*Johan Menckel*  
CEO Gränges



Huntingdon production site in the US

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#### **ACQUISITION OF NORANDA'S ROLLED ALUMINIUM BUSINESS**

Gränges completed its acquisition of Noranda's rolled aluminium business in the US on 22 August 2016. The acquisition implies that Gränges now has its own manufacturing capacity in North America and expanded its presence in stationary heat exchangers, food packaging, transformers and a number of other niche markets. In terms of sales volume, Gränges has doubled in size following the acquisition.

The integration of the acquired business was concluded according to plan during the autumn of 2016. In conjunction with the acquisition, Patrick Lawlor, who has extensive experience of the aluminium industry and management roles in the US, was appointed new President Americas. Apart from this, the extent of organizational change has been minimal since the acquired business does not overlap with Gränges' pre-existing operations.

Since Gränges acquired the business in August 2016, sales have grown strongly, driven by strong demand and excellent customer relationships. Capacity utilisation has been high, and with continued strong sales growth during the autumn, production rates are close to their upper limits. Several smaller projects are underway to ease production bottlenecks and thereby increase capacity in the US. At the same time, a feasibility study was started in the autumn to evaluate an investment in additional capacity and new equipment in the US. The study will be conducted throughout 2017. For Gränges to be able to manufacture aluminium strips for brazed heat exchangers in the US, investment in production equipment is needed in the form of direct chill casting and a hot rolling mill.

## Excluding the acquired business, sales volume increased by 12.3% in the fourth quarter driven by sales in Asia and to Americas

### MARKET DEVELOPMENT

According to the international research firm IHS, global light vehicle production increased by 5.8% in the fourth quarter of 2016<sup>1</sup>, compared to the corresponding quarter 2015. During the full year 2016, light vehicle production increased by 4.4%. In Asia, light vehicle production increased by 7.3% during the fourth quarter, with a 12.2% growth in China. In the first quarter of 2017, a growth of 1.3% is expected in Asia. In Europe, light vehicle production increased by 2.3% in the fourth quarter 2016, while a growth of 5.3% is expected for the first quarter of 2017. Light vehicle production in the Americas increased by 1.6% in the fourth quarter, with a growth of 1.2% in North America and 4.2% in South America. For the first quarter 2017, a growth of 1.5% is anticipated in the Americas. For the full year 2017, IHS forecasts an increase in global light vehicle production of 0.9%.

Demand for aluminium products for automotive heat exchangers, which is Gränges' largest market and accounts for about half 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.

Regarding Gränges newly acquired operations in the US, materials for stationary heat exchangers represents about half of the total sales volume. The growth of this market is to a large extent correlated with the development of the US economy as a whole. Further, product development is driven by needs for more energy efficient devices and use of less harmful refrigerants.

### SALES DEVELOPMENT

The sales volume in the fourth quarter of 2016 was 84.7 ktonnes (38.9), an increase of 117.6% compared to the same quarter previous year. Excluding the acquired business, sales volume increased by 12.3% to 43.7 ktonnes (38.9). Net sales increased to SEK 2,546 million (1,252) and was SEK 1,495 million (1,252) excluding acquired

net sales. The net effect from changes in foreign exchange rates amounted to SEK 48 million in the quarter. Higher sales volume and the effect from the increased aluminium price was partly offset by lower average conversion price.

During the full year 2016, sales volume reached 239.1 ktonnes (163.9), an increase of 45.9% compared to previous year. Excluding the acquired business, sales volume increased by 7.6% to 176.4 ktonnes (163.9). Net sales increased to SEK 7,207 million (5,494) and was SEK 5,631 million (5,494) excluding acquired net sales. The net effect of changes in foreign exchange rates was positive and amounted to SEK 32 million during the full year 2016.

### ASIA

In the fourth quarter of 2016, sales volume in Asia increased by 18.1% to 20.7 ktonnes (17.5). The growth was primarily driven by sales to Chinese automotive customers. During the full year 2016, sales volume in Asia increased to 80.8 ktonnes (75.5), which represents an increase of 7.1% compared to previous year.

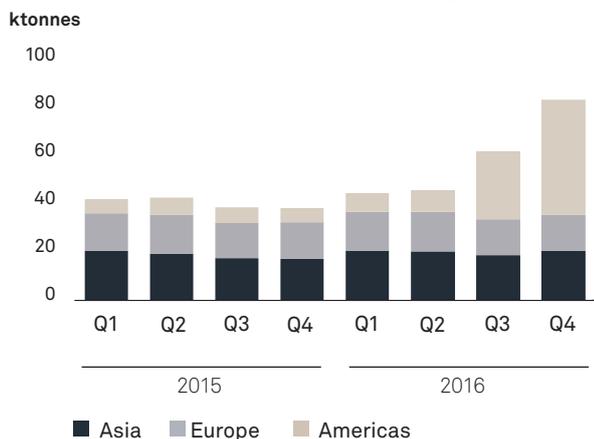
### EUROPE

In the fourth quarter of 2016, sales volume in Europe decreased by 1.4% to 15.2 ktonnes (15.4). Sales of heat exchanger material decreased while sales of material for non-heat exchanger applications increased during the quarter. During the full year 2016, sales volume in Europe reached 63.7 ktonnes (62.7), which represents an increase of 1.6% compared to previous year.

### AMERICAS

In the fourth quarter of 2016, sales volume in the Americas increased to 48.8 ktonnes (6.0) of which 41.0 ktonnes comes from the acquired business. Excluding the acquired business, sales volume increased by 30.9% to 7.8 ktonnes (6.0) due to higher contracted volumes with several customers. During the full year 2016, sales volume in Americas reached 94.6 ktonnes (25.8). Excluding the acquired business, sales volume increased by 23.6% to 31.8 ktonnes (25.8).

## Quarterly sales volume per region



## Quarterly adjusted operating profit



<sup>1</sup> Source: IHS, 16 December 2016.

## OPERATING PROFIT

Adjusted operating profit for the fourth quarter of 2016 increased to SEK 171 million (116), corresponding to an adjusted operating margin of 6.7% (9.2). Excluding the acquired business, adjusted operating profit increased by 15.2% to SEK 133 million (116). Net changes in foreign exchange rates had a positive impact of SEK 12 million in the quarter. The positive effect from higher sales volume was partly offset by lower average conversion price.

Operating profit for the fourth quarter of 2016 rose to SEK 162 million (128). Operating profit includes items affecting comparability of SEK –9 million (12) related to the acquisition in the US.

During the full year 2016, adjusted operating profit increased to SEK 687 million (541), corresponding to an adjusted operating margin of 9.5% (9.8). Excluding the acquired business, adjusted operating profit increased by 10.9% to SEK 600 million (541). The net effect of changes in foreign exchange rates was positive and amounted to SEK 79 million for the full year 2016. Operating profit during 2016 was SEK 559 million (538).

## PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

During the fourth quarter finance income and costs was SEK –28 million (–3) and includes interest expenses of SEK –32 million, interest income of SEK 2 million and net foreign exchange gains of SEK 2 million. Profit before tax was SEK 135 million (126). Income tax for the fourth quarter of 2016 amounted to SEK –33 million (–43), which corresponds to an effective tax rate of 25% (34%) in the quarter. Income tax in the quarter includes withholding tax of SEK –18 million on a dividend from the Chinese subsidiary to Gränges AB.

During the full year 2016, finance income and costs amounted to SEK –61 million (–19). Profit before tax was SEK 500 million (521). Income tax for the full year 2016 was SEK –2 million (–143). This includes the release of a provision for corporate income tax in China with a positive effect of SEK 139 million, as well as withholding tax of SEK –38 million paid on dividends from the Chinese subsidiary. Excluding the released tax provision and withholding tax, the effective tax rate was 21% (27%).

The profit for the period increased to SEK 101 million (83) during the fourth quarter of 2016. Diluted earnings per share rose to SEK 1.35 (1.11). During the full year 2016, the profit for the period increased to SEK 498 million (379) and diluted earnings per share to SEK 6.64 (5.07).

## CASH FLOW

Cash flow from operating activities was SEK 171 million (184) in the fourth quarter of 2016. Increased working capital and paid income taxes had a negative effect on cash flow. The increase in working capital in the quarter was driven by the increased aluminium price and higher inventories to meet demand in the first quarter of 2017. During the full year 2016, cash flow from operating activities was SEK 686 million (725).

Cash flow from investing activities for the fourth quarter of 2016 was SEK –68 million (–25) and includes a purchase price adjustment related to the US acquisition of SEK 17 million. Capital expenditure during the quarter amounted to SEK –89 million (–31) and was mainly related to investments to maintain and improve efficiency in current production facilities. During the full year 2016, cash flow from investing activities was SEK –2,732 million (–125). Cash flow before financing activities amounted to SEK 104 million (159) in the fourth quarter of 2016 and SEK –2,046 million (600) in the full year 2016.

Cash flow from financing activities for the fourth quarter of 2016 was SEK –21 million (–282) and includes proceeds from a rights issue related to the employee stock option program 2014 of SEK 34 million, new loans of SEK 362 million and amortisation of loans of SEK –414 million. During the full year 2016 cash flow from financing activities was SEK 2,245 million (–647).

Cash and cash equivalents amounted to SEK 851 million at 31 December 2016 (SEK 634 million at 31 December 2015).

## FINANCIAL POSITION

Gränges' total assets amounted to SEK 7,950 million at 31 December 2016 (SEK 4,402 million at 31 December 2015). The equity to assets ratio was 37.0% at 31 December 2016 (56.8% at 31 December 2015). Consolidated net debt including pension liabilities was SEK 2,722 million at 31 December 2016 (SEK 275 million at 31 December 2015). At 31 December 2016, the Group's net debt corresponds to 2.1 times adjusted EBITDA<sup>1</sup>.

## EMPLOYEES

The average number of employees in the Gränges Group was 1,545 (949) in the fourth quarter of 2016 and 1,154 (964) during the full year 2016.

## 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 communications. For the full year 2016, net sales in the parent company was SEK 119 million (128) and the profit for the period was SEK 718 million (254). The net profit includes dividends from the Chinese subsidiary of SEK 757 million, whereof SEK 354 million is anticipated. The anticipated dividend was received in January 2017. Income tax includes withholding tax of SEK 38 million related to the dividends.

<sup>1</sup> Calculated on a rolling 12-month basis, including estimated adjusted EBITDA for the acquired business in the US as a part of the Gränges Group.

## SIGNIFICANT EVENTS DURING THE PERIOD

### Changes to Gränges' Group management

Gränges has reorganized the work of Group management. Torbjörn Sternsjö has been appointed Senior Vice President Technology & Business Development and joins Gränges' Group management. Torbjörn Sternsjö is responsible for the R&D function, global customers and process and business development. In addition, CFO Oskar Hellström has been appointed deputy CEO of Gränges. These changes came into effect on 1 January 2017.

### Gränges praised for financial communication

Gränges was named the best Mid Cap company in Regi's annual ranking of listed companies' investor relations activities. The 2016 ranking included some twenty criteria, from annual report and website to personal relationships and confidence in the company's top management. The criteria are graded by retail analysts who actively follow the company. The year's IR Nordic Markets includes 129 listed companies from across the Nordics. It was the first time that Gränges took part in the evaluation.

### Gränges wins International Star award

Gränges won the International Star in the European Small and Mid-Cap Awards 2016. The competition seeks to highlight Europe's best small and medium-sized companies that have gained access to the capital markets with a listing. The awards are organised by the EU Commission, the Federation of European Securities Exchanges (FESE) and European Issuers.

### Gränges joins the UN Global Compact

In October 2016, Gränges signed the UN's Global Compact corporate sustainability initiative. By joining the Global Compact, Gränges makes a commitment to operate according to its 10 principles relating to human rights, employment law, the environment and anti-corruption.

## SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events have occurred between the end of the period and the date of the publication of the year-end report for 2016.

## SHARE INFORMATION

The share capital in Gränges amounts to SEK 101 million, divided into 75,155,386 shares, each with a quota value of SEK 1.339775. Gränges has only one class of shares.

## INCENTIVE PROGRAMME

From October 2016, the vesting period started for Gränges' stock option programme from 2014 (LTI 2014), which is designed for senior executives and other key Gränges employees. In total, the programme comprises 1,000,000 stock options that if fully used represent a dilution of around 1.3% of the total number of shares in Gränges. The vesting period runs from October 2016 to November 2017. The strike price is SEK 51 per option, less dividends paid during the period. In 2016, a total of 516,000 options were exercised, resulting in an increase in the total number of outstanding shares in Gränges to 75,155,396.

## OWNERSHIP STRUCTURE

Largest shareholders in Gränges at 31 December 2016<sup>1</sup>.

Shareholder	Number of shares	Share of capital and votes %
Fjärde AP-fonden	6,548,931	8.7
AFA Försäkring	4,235,760	5.6
JP Morgan Asset Management	4,113,338	5.5
SEB Fonder	3,379,460	4.5
Copper Rock Capital Partners	2,907,727	3.9
Catella Fonder	1,448,646	1.9
Acadian	994,507	1.3
DFA Foner	970,582	1.3
Associated British Foods Pension	949,809	1.3
Länsförsäkringar Fonder	765,752	1.0
<b>Total 10 largest shareholders</b>	<b>26,314,512</b>	<b>35.0</b>
Other	48,840,874	65.0
<b>Total</b>	<b>75,155,386</b>	<b>100.0</b>

<sup>1</sup> Source: Modular Finance Holdings.

The number of shareholders in Gränges was 7,757 at 31 December 2016.

## OTHER

### Annual General Meeting 2017

The Annual General Meeting (AGM) 2017 for Gränges AB (publ.) will be held in Näringslivets Hus, Storgatan 19, in Stockholm, on Thursday, May 4 2017 at 4pm. Light refreshments will be served from 3pm when registration begins.

Shareholders have the right to have an issue addressed at the AGM if a written request has been received by the Board of Directors by 10 March 2017, or after this date but at such time that the issue can be included in the notice regarding the AGM. Additional information on registration for the AGM, and the Board of Directors' and Nomination Committee's proposals will be published on the company's website at the time for the notification to the Gränges Annual General Meeting 2017.

Notice of the Annual General Meeting 2017 is expected to be published around the 28 March 2017. Gränges' Annual Report for 2016, including the Sustainability Report, is expected to be published on the company's website on 14 March, 2017. A printed version of the Annual Report 2016 can be ordered from reports@granges.com.

### Dividend

The Gränges Board of Directors proposes a dividend of SEK 180 million (149), amounting to SEK 2.40 (2.00) per share for 2016. The proposed dividend constitutes 36% (39%) of profit for the year in 2016. The Board's proposal reflects the company's financial position, cash flow and outlook, and the company's growth plans. The Board proposes Monday 8 May 2017 as the record date for the dividend. This means that the dividend, subject to the approval of the AGM, is expected to be disbursed on Thursday, 11 May 2017.

## RISKS AND UNCERTAINTY FACTORS

As a global business with operations in different parts of the world, Gränges is exposed to various risks and uncertainties such as raw material prices, market risk, operational and legal risk, as well as financial risk related to foreign exchange, interest rates, liquidity and funding opportunities. In its risk management, Gränges seeks to identify, evaluate, and reduce risk related to the Group's business and operations.

During 2016 Gränges acquired Noranda's downstream operations in the US. The acquisition expands Gränges operations with more manufacturing facilities and presence in further end-customer markets, which is considered to reduce operational risks. In connection with the acquisition the existing debt was refinanced. Gränges' operations in the US, Gränges Americas Inc., is financed with internal loans from Gränges AB and the financial risks are treated in a similar manner as for the rest of the Group. Information about risk management is available on pages 36–38 in the Gränges 2015 annual report.

## SEASONAL VARIATIONS

Gränges' business is subject to seasonal variations. Following the acquisition in North America which was completed in August 2016, the second quarter of the year is considered to be the strongest and the fourth quarter the weakest.

Stockholm, 2 February 2017

Johan Menckel  
CEO Gränges

*The year-end report has not been reviewed by the auditors of the company.*

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## For additional information, please contact:

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*The information in this report is such that Gränges must disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on Thursday 2 February 2017 at 07.30 CET.*

## Webcasted telephone conference

CEO Johan Menckel and CFO Oskar Hellström will present Gränges' year-end report for January-December 2016 at a webcasted conference call at CET 10.00, Thursday 2 February, 2017.

The webcast can be viewed on [www.granges.com/investors](http://www.granges.com/investors). To participate in the telephone conference, please call +46 856 642 661 (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

14 March 2017	Annual Report 2016
27 April 2017	Interim Report January-March 2017
4 May 2017	2017 Annual General Meeting
20 July 2017	Half-year Report 2017
26 October 2017	Interim Report January-September 2017

## CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
<b>Net sales</b>	4	<b>2,546</b>	<b>1,252</b>	<b>7,207</b>	<b>5,494</b>
Cost of materials		-1,623	-698	-4,374	-3,280
Payroll and other operating expenses		-656	-385	-1,882	-1,465
Depreciation and amortisation		-96	-52	-265	-208
Items affecting comparability	5	-9	12	-128	-3
<b>Operating profit</b>		<b>162</b>	<b>128</b>	<b>559</b>	<b>538</b>
Profit from joint ventures		0	1	2	2
Finance income and costs		-28	-3	-61	-19
<b>Profit before tax</b>		<b>135</b>	<b>126</b>	<b>500</b>	<b>521</b>
Income tax	3	-33	-43	-2	-143
<b>Profit for the period</b>		<b>101</b>	<b>83</b>	<b>498</b>	<b>379</b>
<b>Earnings per share</b>					
Earnings per share basic, SEK		1.35	1.12	6.66	5.07
Earnings per share diluted, SEK		1.35	1.11	6.64	5.07

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
<b>Profit for the period</b>	<b>101</b>	<b>83</b>	<b>498</b>	<b>379</b>
<b>Items not to be reclassified to profit/loss in subsequent periods</b>				
Remeasurement of pensions after tax	41	2	16	10
<b>Items to be reclassified to profit/loss in subsequent periods</b>				
Change in hedging reserve after tax	-11	15	-26	23
Translation effects	65	-35	69	62
<b>Comprehensive income for the period attributable to owners of the parent company</b>	<b>197</b>	<b>65</b>	<b>557</b>	<b>474</b>

## CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Dec 2016	31 Dec 2015
<b>ASSETS</b>			
Property, plant and equipment		3,347	1,669
Intangible assets		584	9
Deferred tax assets		64	54
Investments in joint ventures		30	30
Interest-bearing receivables		36	34
Other non-current receivables	2	10	4
<b>Non-current assets</b>		<b>4,071</b>	<b>1,800</b>
Inventories		1,428	888
Receivables	2	1,598	1,080
Interest-bearing receivables		2	0
Cash and cash equivalents		851	634
<b>Current assets</b>		<b>3,878</b>	<b>2,601</b>
<b>TOTAL ASSETS</b>		<b>7,950</b>	<b>4,402</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		101	100
Retained earnings		2,841	2,399
<b>Equity</b>		<b>2,942</b>	<b>2,499</b>
Interest-bearing liabilities		2,888	804
Provisions and other liabilities	2	321	185
<b>Non-current liabilities</b>		<b>3,209</b>	<b>989</b>
Interest-bearing liabilities		436	0
Other liabilities	2	1,363	913
<b>Current liabilities</b>		<b>1,799</b>	<b>914</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,950</b>	<b>4,402</b>

## CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million		31 Dec 2016	31 Dec 2015
<b>Opening balance as at 1 January</b>		<b>2,499</b>	<b>2,137</b>
Profit for the period		498	379
Items in other comprehensive income for the period		59	95
<b>Group comprehensive income for the period</b>		<b>557</b>	<b>474</b>
Employee stock option scheme		1	1
Dividend		-149	-112
Rights issue	6	34	-
<b>Total transactions with owners, recognised directly in equity</b>		<b>-115</b>	<b>-111</b>
<b>Closing balance</b>		<b>2,942</b>	<b>2,499</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million		Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Operating profit		162	128	559	538
Depreciation and amortisation		96	61	265	217
Change in working capital etc.		-66	12	43	100
Income taxes paid		-21	-16	-181	-130
<b>Cash flow from operating activities</b>		<b>171</b>	<b>184</b>	<b>686</b>	<b>725</b>
Acquisitions	7	17	-	-2,581	-
Investments in property, plant, equipment and intangible assets		-89	-31	-155	-134
Divestment of property, plant and equipment		0	1	0	5
Other capital transactions		4	4	4	4
<b>Cash flow from investing activities</b>		<b>-68</b>	<b>-25</b>	<b>-2,732</b>	<b>-125</b>
Dividend		-	-	-149	-112
Rights issue	6	34	-	34	-
Interest paid and received		-2	-3	-35	-15
New loan		362	-	3,620	-
Amortisation		-414	-280	-1,224	-520
<b>Cash flow from financing activities</b>		<b>-21</b>	<b>-282</b>	<b>2,245</b>	<b>-647</b>
<b>Cash flow for the period</b>		<b>83</b>	<b>-123</b>	<b>198</b>	<b>-47</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>746</b>	<b>748</b>	<b>634</b>	<b>644</b>
Cash flow for the period		83	-123	198	-47
Exchange rate differences in cash and cash equivalents		22	9	19	37
<b>Cash and cash equivalents at end of period</b>		<b>851</b>	<b>634</b>	<b>851</b>	<b>634</b>

## PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million		Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
<b>Net sales</b>		<b>51</b>	<b>46</b>	<b>119</b>	<b>128</b>
Payroll and other operating expenses		-45	-36	-178	-159
Depreciation and amortisation		-6	-4	-18	-15
<b>Operating profit/loss</b>		<b>1</b>	<b>5</b>	<b>-77</b>	<b>-47</b>
Dividends from subsidiaries		354	306	757	306
Finance income and costs		7	-2	-6	-10
<b>Profit/loss after financial items</b>		<b>362</b>	<b>309</b>	<b>674</b>	<b>249</b>
Change in accelerated depreciation		-46	1	-46	1
Group contributions		132	15	132	15
Income tax		-20	-8	-42	-10
<b>Profit/loss for the period</b>		<b>428</b>	<b>317</b>	<b>718</b>	<b>254</b>

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	31 Dec 2016	31 Dec 2015
<b>ASSETS</b>		
Property, plant and equipment	214	223
Intangible assets	170	–
Investments related to Group companies	1,093	426
Receivables from Group companies	2,204	303
Interest-bearing receivables	36	34
Other non-current receivables	11	14
<b>Non-current assets</b>	<b>3,728</b>	<b>999</b>
Receivables from Group companies	573	187
Other receivables	73	78
Cash and cash equivalents	182	106
<b>Current assets</b>	<b>828</b>	<b>371</b>
<b>TOTAL ASSETS</b>	<b>4,557</b>	<b>1,371</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
Restricted equity	101	100
Non-restricted equity	951	349
<b>Equity</b>	<b>1,052</b>	<b>449</b>
<b>Untaxed reserves</b>	<b>55</b>	<b>9</b>
Provisions and other liabilities	27	23
Interest-bearing liabilities	2,888	804
<b>Non-current liabilities</b>	<b>2,915</b>	<b>827</b>
Interest-bearing liabilities	375	49
Other liabilities	161	37
<b>Current liabilities</b>	<b>536</b>	<b>86</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>4,557</b>	<b>1,371</b>

# 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) 2015, which is available at [www.granges.com](http://www.granges.com). There are no new accounting principles applicable from 2016 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 Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities. During 2016 the Parent Company has changed its accounting principle to apply IAS 39, which has resulted in the derivatives being measured at fair value instead of at cost. The change in accounting policy to fair value is deemed to provide more relevant information. The change in accounting policy is applied retrospectively in the Parent company. The change in measuring derivatives from cost to fair value has resulted in an effect on derivative assets of SEK 25 million at 31 December 2016 (SEK 40 million at 31 December 2015) and on derivative liabilities of SEK 71 million at 31 December 2016 (SEK 27 million at 31 December 2015). The Parent Company has a hedging strategy where group internal and group external derivatives are entered into back to back. The change in accounting policy has therefore had a gross up effect on the balance sheet but the effect on profit or loss has been zero and the effect on the opening balance of equity as of 1 January 2016 amounts to zero.

The change in accounting principle for the Parent Company has no impact on Gränges Group's financial statements.

The interim information on pages 2-14 are an integrated part of these financial statements.

## NOTE 2 FINANCIAL INSTRUMENTS

Financial instruments measured at fair value consist of derivative instruments (currency forwards and aluminium futures). The table below shows the fair value of the derivatives included in the balance sheet.

SEK million	31 Dec 2016	31 Dec 2015
Other non-current receivables	1	4
Receivables	31	42
Provisions and other liabilities	8	1
Other liabilities	91	51

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. Fair value of currency forward contracts is calculated by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the balance sheet date for the remaining contract period. Aluminium futures are measured at observable quoted prices on LME (London Metal Exchange) and SHFE (Shanghai Futures Exchange) for similar assets and liabilities.

Danske Bank and Svenska Handelsbanken have provided Gränges with a credit facility in order to facilitate the acquisition in the US. The acquisition is financed with a five-year term loan equivalent to USD 300 million. The loan is amortised with USD 30 million per year. In conjunction with the acquisition, Gränges also refinanced its existing revolving credit facility with a new three-year multi-currency revolving credit facility of SEK 1,200 million. For the revolving credit facility Gränges has the right to choose among maturities and fixed interest terms of one, two, three or six months. The new financing is subject to conventional covenants, which are Net debt/EBITDA and interest coverage ratio.

Borrowings are measured at amortised cost and the carrying amount at 31 December 2016 is SEK 3,321 million (SEK 804 million at 31 December 2015). The fair value of borrowings amounted at 31 December 2016 to SEK 3,339 million (SEK 810 million at 31 December 2015). For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value. The borrowings are measured at fair value and are classified according to level 2.

## NOTE 3 TAX

Gränges reported a positive tax effect of approximately SEK 139 million in the third quarter of 2016 as a result of Gränges' subsidiary in China was classified as a High Technology Enterprise in China for the period 2013-2015. The classification meant that the company was approved to pay 15% income tax in China instead of 25% over a three-year period.

The positive tax effect impacted the profit for the year with SEK 139 million, but had no effect on the cash flow.

The company has applied for an additional three-year period, 2016-2018, for being classified as a High Technology Enterprise. No pre-approval has been received and the higher tax rate of 25% has therefore been applied by the Chinese subsidiary for the period January to December 2016.

#### NOTE 4 RELATED PARTY TRANSACTIONS

Gränges has a share of 50% in two joint ventures, Norca Heat Transfer LLC and Shanghai Gränges Moriyasu Aluminium Co Ltd. Gränges reports these two joint ventures based on the equity method and transactions with them are specified in the table below.

SEK million	Oct -Dec 2016	Oct -Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Sales to joint ventures	247	188	961	801
Expenses to joint ventures	-12	-17	-53	-47

SEK million	31 Dec 2016	31 Dec 2015
Interest-bearing receivables (non-current) from joint ventures	36	34
Non-interest-bearing receivables from joint ventures	179	110
Non-interest-bearing liabilities to joint ventures	4	7

#### NOTE 5 ITEMS AFFECTING COMPARABILITY

SEK million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
M&A costs	-9	-	-70	-
Realisation of fair value step-up on acquired inventory	-	-	-48	-
Closure costs for US sales company	-	-	-10	-
Restructuring costs	-	-	-	-15
Insurance settlement	-	21	-	21
Write-down of machinery and equipment	-	-8	-	-8
<b>Total items affecting comparability</b>	<b>-9</b>	<b>12</b>	<b>-128</b>	<b>-3</b>

During the fourth quarter 2016 Gränges had costs of SEK -9 million related to acquisition activities in North America. The corresponding amount for the period January to December 2016 was SEK -70 million.

The acquired inventory in the US was measured at fair value in accordance with IFRS. The realisation cost of the difference between the inventory valued at fair value and at cost, the so called step-up, of SEK -48 million has been considered as an

item affecting comparability for the period January to December 2016.

Following the acquisition in US, Gränges will coordinate the distribution in North America through the new company Gränges Americas Inc. The costs for closing the current sales company Norca Heat Transfer LLC are estimated to SEK -10 million and is included in items affecting comparability for the period January to December 2016.

#### NOTE 6 SHARE CAPITAL DEVELOPMENT

Date	Event	Change number of Shares	Total number of shares	Change share capital SEK	Total share capital SEK
1 January 2016	-	-	74,639,386	-	100,000,000
18 November 2016	Rights issue	516,000	75,155,386	691,324	100,691,324

The number of shares and share capital in Gränges has changed as a result of the exercise of 516,000 options within the company's incentive program LTI 2014. Equity has in total increased by SEK 34 million due to the rights issued.

## NOTE 7 ACQUISITION

On August 22, 2016 Gränges successfully completed the acquisition of Noranda Aluminum Holding Corporation's downstream aluminium rolling business in the US. The acquisition delivers on Gränges' goal to be a global supplier with a more balanced footprint by firmly establishing the company in North America and as US market leader in the strategic stationary heat exchanger market. In addition, the acquisition expands Gränges' offering into attractive adjacent aluminium rolled product areas. Through the transaction, Gränges will more than double its sales volume and the significantly strengthened business creates very good opportunities for continued profitable growth.

The transaction is an asset deal conducted by Gränges Americas Inc, a wholly owned subsidiary to Gränges AB. The acquired business is consolidated from 22 August, 2016. The preliminary acquisition balance is presented below.

<b>Preliminary purchase price allocation</b>	<b>USD million</b>	<b>SEK million</b>
Property, plant and equipment	197	1,673
Intangible assets	23	196
Other non-current receivables	2	14
Inventories	52	437
Receivables	40	337
Provision and other liabilities	-18	-155
Other liabilities	-30	-253
<b>Net identifiable assets and liabilities</b>	<b>265</b>	<b>2,250</b>
Goodwill	39	331
<b>Cash consideration</b>	<b>305</b>	<b>2,581</b>
<b>Cash consideration paid for acquisition</b>	<b>-305</b>	<b>-2,581</b>
Cash and Cash equivalents in acquired operation	-	-
<b>Effect on the Group's cash and cash equivalents</b>	<b>-305</b>	<b>-2,581</b>

Cash consideration paid for the acquisition has decreased compared to the third quarter 2016 due to settlement with seller regarding agreed working capital level.

The preliminary purchase price allocation has been adjusted compared to the third quarter 2016 as additional information has been obtained about fair values. New calculations have mainly been made with respect to intangible and tangible assets, as well as for deferred taxes.

Gross amounts for acquired receivables do not significantly deviate from the book value.

Goodwill is mainly justified by market access into Americas and synergies from shared distribution in North America for the Gränges group companies. The goodwill is tax deductible in the acquiring legal entity.

Contingent liabilities of SEK 7 million have been added in connection with the acquisition.

The effect of the acquisition on the Group's consolidated income statement for 22 August to 31 December 2016 is presented below.

<b>SEK million</b>	<b>22 Aug- 31 Dec 2016</b>
<b>Net Sales</b>	<b>1,577</b>
Cost of materials	-1,033
Payroll and other operating expenses	-394
Depreciation and amortisation	-63
Items affecting comparability	-89
<b>Operating profit</b>	<b>-2</b>

Items affecting comparability consists of realisation of step-up value on the inventories due to fair value measurement of SEK -48 MSEK and M&A costs of SEK -41 million.

Transaction costs for the acquisition has affected the Group's consolidated income statement for January to December with SEK -58 million.

If the acquisition had been consolidated as from 1 January 2016, it is assessed that the Group's consolidated income statement for January to December would have been presented as below.

<b>SEK million</b>	<b>Jan-Dec 2016</b>
<b>Net sales</b>	<b>9,965</b>
Cost of materials	-6,053
Payroll and other operating expenses	-2,669
Depreciation and amortisation	-398
Items affecting comparability	-128
<b>Operating profit</b>	<b>718</b>
Profit from joint ventures	2
Finance income and costs	-117
<b>Profit before taxes</b>	<b>603</b>
Income Tax	-38
<b>Profit for the period</b>	<b>565</b>

In the consolidated income statement above, the acquired business in the US has been included based on the assessed cost structure of the operations as a part of the Gränges Group. Finance income and costs includes estimated financing costs for the period calculated based on the Group's interest rate levels and financing structure as per 30 September 2016.

# CONSOLIDATED QUARTERLY DATA

SEK million	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume, ktonnes	84.7	62.8	46.5	45.1	38.9	38.9	43.4	42.7
<b>Income statement</b>								
Net sales	2,546	1,859	1,442	1,360	1,252	1,281	1,506	1,456
Adjusted EBITDA <sup>1</sup>	267	251	228	206	168	165	210	206
Adjusted operating profit <sup>1</sup>	171	181	179	155	116	112	158	155
Operating profit	162	88	154	155	128	97	158	155
Profit for the period	101	189	114	94	83	69	115	111
Adjusted EBITDA margin, %	10.5	13.5	15.8	15.1	13.4	12.9	13.9	14.2
Adjusted operating margin, %	6.7	9.7	12.4	11.4	9.2	8.8	10.5	10.6
Adjusted operating profit per tonne, kSEK	2.0	2.9	3.9	3.4	3.0	2.9	3.6	3.6
Operating margin, %	6.4	4.7	10.7	11.4	10.2	7.6	10.5	10.6
Net margin, %	4.0	10.2	7.9	6.9	6.7	5.4	7.6	7.6
<b>Balance sheet</b>								
Non-current assets	4,071	3,951	1,712	1,725	1,800	1,849	1,867	1,942
Current assets	3,878	3,631	2,578	2,279	2,601	2,772	2,818	2,796
Equity	2,942	2,712	2,489	2,537	2,499	2,435	2,378	2,478
Non-current liabilities	3,209	3,370	775	593	989	1,262	1,293	1,086
Current liabilities	1,799	1,500	1,025	874	914	925	1,014	1,174
<b>Cash flow</b>								
Operating activities	171	344	178	-8	184	300	212	28
Investing activities	-68	-2,629	-21	-14	-25	-34	-37	-29
Cash flow before financing activities	104	-2,285	157	-22	159	267	175	-1
Financing activities	-21	2,660	8	-402	-282	-57	-17	-291
Cash flow for the period	83	375	165	-424	-123	209	158	-292
<b>Capital structure</b>								
Net debt	2,722	2,823	335	316	275	442	725	775
Equity to assets, %	37.0	35.8	58.0	63.3	56.8	52.7	50.8	52.3
<b>Data per share, SEK</b>								
Earnings per share basic	1.35	2.53	1.53	1.25	1.12	0.93	1.54	1.49
Earnings per share diluted	1.35	2.52	1.52	1.25	1.11	0.93	1.54	1.49
Equity <sup>2</sup>	39.17	36.21	33.29	33.93	33.45	32.62	31.81	33.14
Cash flow from operating activities <sup>2</sup>	2.28	4.51	2.38	-0.10	2.46	4.02	2.84	0.37
Share price at the end of the period	86.00	87.50	73.00	70.50	70.00	54.25	59.00	69.25
Weighted outstanding ordinary shares, basic in thousands	74,897.4	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	75,106.6	74,898.5	74,767.3	74,764.6	74,719.4	74,657.3	74,754.3	74,744.8

<sup>1</sup> Adjusted for items affecting comparability, see note 5.

<sup>2</sup> Calculated on weighted outstanding ordinary shares, diluted.

## CONSOLIDATED QUARTERLY DATA

SEK million	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Sales volume by region, ktonnes</b>								
Asia	20.7	19.0	20.4	20.8	17.5	17.6	19.6	20.7
Europe	15.2	15.0	16.9	16.6	15.4	14.9	16.4	16.0
Americas	48.8	28.9	9.2	7.8	6.0	6.5	7.4	5.9
<b>Total</b>	<b>84.7</b>	<b>62.8</b>	<b>46.5</b>	<b>45.1</b>	<b>38.9</b>	<b>38.9</b>	<b>43.4</b>	<b>42.7</b>
<b>Net sales by region</b>								
Asia	719	619	639	646	569	605	720	742
Europe	497	465	498	473	477	470	526	506
Americas	1,330	775	306	241	206	206	260	208
<b>Total</b>	<b>2,546</b>	<b>1,859</b>	<b>1,442</b>	<b>1,360</b>	<b>1,252</b>	<b>1,281</b>	<b>1,506</b>	<b>1,456</b>
<b>Employees</b>								
Average number of employees	1,545	1,145	961	962	949	975	975	958

## CONSOLIDATED 12-MONTH ROLLING DATA

SEK million	Jan 2016 - dec 2016	Oct 2015 - Sep 2016	Jul 2015 - Jun 2016	Apr 2015 - Mar 2016	Jan 2015 - Dec 2015	Oct 2014 - Sep 2015	Jul 2014 - Jun 2015	Apr 2014 - Mar 2015
Sales volume, ktonnes	239.1	193.4	169.4	166.4	163.9	162.7	163.0	161.4
<b>Income statement</b>								
Net sales	7,207	5,913	5,335	5,398	5,494	5,460	5,377	5,047
Adjusted EBITDA <sup>1</sup>	952	853	768	749	749	738	728	697
Adjusted operating profit <sup>1</sup>	687	632	563	541	541	528	521	494
Operating profit	559	525	535	539	538	507	491	457
Adjusted EBITDA margin, %	13.2	14.4	14.4	13.9	13.6	13.5	13.5	13.8
Adjusted operating margin, %	9.5	10.7	10.6	10.0	9.8	9.7	9.7	9.8
Adjusted operating profit per tonne, kSEK	2.9	3.3	3.3	3.3	3.3	3.2	3.2	3.1
Operating margin, %	7.8	8.9	10.0	10.0	9.8	9.3	9.1	9.1
<b>Capital structure and return indicators</b>								
Capital employed	3,930	3,372	2,886	2,972	2,982	3,011	2,977	2,893
Return on capital employed, %	17.5	18.7	19.5	18.2	18.1	17.5	17.5	17.1
Equity	2,636	2,534	2,468	2,465	2,385	2,279	2,476	2,631
Return on equity, %	18.9	18.9	14.6	14.6	15.9	16.9	14.9	13.1
Net debt / Adjusted EBITDA	2.1 <sup>2</sup>	2.2 <sup>2</sup>	0.4	0.4	0.4	0.6	1.0	1.1

<sup>1</sup> Adjusted for items affecting comparability, see note 5.

<sup>2</sup> Calculated on a rolling 12-month basis, including estimated adjusted EBITDA on a stand alone basis for the acquired business in the US.

## Alternative Performance Measures

Gränges makes use of the alternative performance measures Return on capital employed, Net debt and Equity to assets ratio. Gränges believes that these performance measures are useful for readers of the financial reports as a complement to other performance measures when assessing the possibility of dividends, the implementation of strategic investments, and the Group's ability to meet financial commitments. Further, Gränges uses the alternative performance measures Adjusted operating profit and Adjusted EBITDA, which are measures that Gränges considers to be relevant for investors who want to understand the profit generation excluding items affecting comparability.

SEK million	Q4		Jan - Dec	
	2016	2015	2016	2015
<b>Adjusted operating profit</b>				
Operating profit	162	128	559	538
Items affecting comparability	9	-12	128	3
<b>Adjusted operating profit</b>	<b>171</b>	<b>116</b>	<b>687</b>	<b>541</b>
<b>Adjusted EBITDA</b>				
Adjusted operating profit	171	116	687	541
Depreciation and amortisation	96	52	265	208
<b>Adjusted EBITDA</b>	<b>267</b>	<b>168</b>	<b>952</b>	<b>749</b>
<b>Return on capital employed</b>				
Total assets less cash and cash equivalents and interest-bearing receivables	-	-	5,054	3,957
Non-interest-bearing liabilities, excluding pensions	-	-	-1,123	-976
<b>Capital employed</b>	<b>-</b>	<b>-</b>	<b>3,930</b>	<b>2,982</b>
Adjusted operating profit	-	-	687	541
<b>Return on capital employed, %</b>	<b>-</b>	<b>-</b>	<b>17.5</b>	<b>18.1</b>
<b>Net debt</b>				
Cash and cash equivalents and interest-bearing receivables	-	-	-889	-667
Interest bearing liabilities, including pensions	-	-	3,611	942
<b>Net debt</b>	<b>-</b>	<b>-</b>	<b>2,722</b>	<b>275</b>
<b>Equity to assets</b>				
Equity	-	-	2,942	2,499
Total assets	-	-	7,950	4,402
<b>Equity to assets, %</b>	<b>-</b>	<b>-</b>	<b>37.0</b>	<b>56.8</b>

## Definitions

### **Adjusted EBITDA**

Adjusted operating profit before depreciation and impairment charges.

### **Adjusted operating profit**

Operating profit excluding items affecting comparability.

### **Average number of employees**

The average number of employees converted to full-time positions.

### **Capital employed**

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

### **Earnings per share**

Profit for the period divided by the total number of shares.

### **Equity to Assets**

Equity divided by total assets.

### **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**

Heating, Ventilation and Air Conditioning.

### **LME**

London Metal Exchange.

### **MPE tube**

Multi-Port Extrusion tube used in brazed aluminium heat exchangers.

### **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.



Operators control room at Huntingdon, USA.



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### ABOUT GRÄNGES

Gränges is a global leader in aluminium engineering, manufacturing and innovation. We focus on rolled aluminium products for heat exchangers and selected niche applications. In materials for brazed heat exchangers, Gränges is the global leader with a market share of approximately 20%. Its production facilities are located in Sweden, China and the United States, and have a combined annual capacity of 400,000 metric tonnes. Gränges has some 1,500 employees and net sales of more than SEK 10 billion. The share is listed on Nasdaq Stockholm. More information on Gränges is available at [granges.com](http://granges.com).

### BUSINESS CONCEPT

Gränges vision is to transform the world through innovative, aluminium engineering. We support our customers with R&D, product development, and technical support during the product's lifecycle. Thereby, Gränges helps create smaller, lighter and more designable materials that increase economic efficiency and reduce environmental impact.

### BUSINESS MODEL

Gränges business model is based on long-term customer relationships. Revenue is generated through sale of material that is produced for a certain customer and application. Prices are expressed in metric tonnes and based on the added value Gränges offers in terms of material properties and production complexity, and the price of the raw material; aluminium. The cost of the raw material is passed on to the customer.

### STRATEGY

Gränges have a clear strategy for coming years. By offering customized products with a high technical content, Gränges aims to grow significantly above market rate in the coming years. By 2020, Gränges shall be the market leader in all geographical regions within rolled aluminium heat exchanger materials. That goal is based on four strategic pillars; Drive growth through innovations; Create value from sustainability; Increase efficiency through continuous improvements; and Grow presence through structural expansion.