

YEAR-END REPORT JANUARY-DECEMBER 2017

Strong fourth quarter contributed to a new record year 2017

Fourth quarter 2017

- Sales volume increased by 2.1 per cent to 86.5 ktonnes (84.7) and net sales were SEK 2,734 million (2,546). Sales volume for the business acquired in 2016 increased to 42.7 ktonnes (41.0).¹
- Adjusted operating profit increased by 4.8 per cent to SEK 179 million (171), which corresponds to an adjusted operating margin of 6.6 per cent (6.7). The business acquired in 2016 is included with SEK 37 million (37).
- Profit for the period increased to SEK 152 million (101) and includes a release of a tax provision of SEK 53 million and withholding tax of SEK –19 million on a dividend paid from the Chinese subsidiary.
- Diluted earnings per share increased to SEK 2.02 (1.35).
- Cash flow before financing activities decreased to SEK 41 million (104) and includes capital expenditure of SEK –178 million (–89) and SEK –42 million related to the acquisition of 51 per cent of the shares in Getek GmbH.

January-December 2017

- Sales volume increased to 373.0 ktonnes (239.1) and net sales were SEK 11,435 million (7,207). Sales volume for the business acquired in 2016 increased to 187.4 ktonnes (62.8).¹
- Adjusted operating profit increased by 35.8 per cent to SEK 933 million (687), corresponding to an adjusted operating margin of 8.2 per cent (9.5). The business acquired in 2016 is included with SEK 268 million (87).
- Profit for the period increased to SEK 652 million (498).
- Diluted earnings per share rose to SEK 8.64 (6.64).
- Cash flow before financing activities increased to SEK 572 million (–2,046).
- Net debt decreased to SEK 2,292 million at 31 December 2017 (SEK 2,722 million at 31 December 2016), corresponding to 1.8 times adjusted EBITDA (2.1 times at 31 December 2016).
- The Board of Directors proposes a dividend of SEK 3.00 (2.40) per share, corresponding to 35 per cent (36) of profit for the year.

Financial summary

SEK million	Q4			Jan - Dec		
	2017	2016	Δ	2017	2016	Δ
Sales volume, ktonnes	86.5	84.7	2.1%	373.0	239.1	56.0%
Net sales	2,734	2,546	7.4%	11,435	7,207	58.7%
Adjusted operating profit ²	179	171	4.8%	933	687	35.8%
Adjusted operating margin, %	6.6	6.7	–0.2 ppt	8.2	9.5	–1.4 ppt
Adjusted operating profit per tonne, kSEK	2.1	2.0	0.1	2.5	2.9	–0.4
Operating profit	163	162	0.8%	917	559	64.0%
Operating margin, %	6.0	6.4	–0.4 ppt	8.0	7.8	0.3 ppt
Profit for the period	152	101	50.5%	652	498	31.0%
Earnings per share basic, SEK	2.02	1.35	0.67	8.65	6.66	1.99
Earnings per share diluted, SEK	2.02	1.35	0.67	8.64	6.64	2.00
Cash flow before financing activities	41	104	–61.1%	572	–2,046	n/a
Equity to assets, %	–	–	–	41.5	37.0	4.5 ppt
Net debt	–	–	–	2,292	2,722	–430
Return on capital employed, %	–	–	–	16.7	17.5	–0.8 ppt

¹ The acquired business has been consolidated into Gränges accounts as from 22 August 2016.

² Adjusted for items affecting comparability.

COMMENTS BY THE CEO

Higher sales volume and increased profit during 2017

STRONG FOURTH QUARTER CONTRIBUTED TO A NEW RECORD YEAR

During the fourth quarter, both sales and profitability continued to improve, which contributed to the full year 2017 becoming a new record year for Gränges. Sales volume increased by 2.1 per cent to 86.5 ktonnes during the quarter and the adjusted operating profit increased to SEK 179 million. Exchange rate fluctuations, primarily a weaker dollar, had a negative impact on adjusted operating profit of SEK 2 million during the quarter.

We continued to perform very well in Asia during the fourth quarter. However, sales volume was somewhat lower than the year before, when the tax rebate on light vehicles in China contributed to a very strong ending of the year 2016. In full year 2017, sales volume rose 6.8 per cent in Asia, which is a significantly better growth rate than the market. In Europe, sales of heat exchanger materials increased by almost 3 per cent both during the fourth quarter of the year and the whole of 2017. In the Americas, we continue to see a very good demand, which has been even more evident in the fall when the US imposed import duties on certain aluminium products from China. Gränges' sales of heat exchanger materials to the automotive industry in the Americas increased 1 per cent in the fourth quarter while the overall market was down a few percent. Sale of materials to HVAC customers increased in the quarter.

To summarize 2017, sales volume increased by 56 per cent to 373 ktonnes and the adjusted operating profit increased to SEK 933 million.

We have taken a number of important decisions in 2017. Among other things, the expansion of the Huntingdon facility that started in the fall and will be completed in the second half of 2019. In total, we will add nearly 40 ktonnes in new capacity. We have also announced plans to form a joint venture with Mitsubishi Aluminum in the United States to establish a joint

manufacturing of advanced materials for the automotive industry, which is in line with our growth plan.

During the year, we have continued to develop our sustainability efforts. Among other things, we have been working to establish a global sustainability strategy which will form the foundation for our sustainability work in the next few years. We have also conducted a group-wide study of Gränges' carbon footprint to better understand our climate impacts. Based on the results from the study, Gränges will continue its current focus on reducing impacts along the value chain.

DELIVERING ON FINANCIAL TARGETS

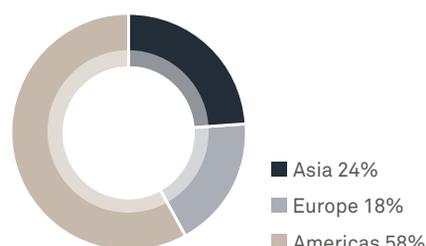
We have continued to deliver on our financial targets in 2017. Sales volume increased by 56 per cent, of which the increase in materials for the automotive industry was about 5 per cent. This means a higher growth rate than the market. Return on capital employed was 16.7 per cent and we ended the year with a net debt equivalent to 1.8 times EBITDA. In view of the financial results, and taking into account our outlook, the Board of Directors proposes that the dividend for 2017 will be increased by 25 per cent to 3.00 SEK per share.



Fourth quarter 2017

- Sales volume **86.5** ktonnes
- Net sales SEK **2,734** million
- Adjusted operating profit SEK **179** million

Sales volume per region



OUTLOOK

The automotive heat exchanger market is expected to continue to grow in 2018. The IHS analyst estimates that light vehicle production will increase by 2 per cent globally during the year, of which growth in the first quarter is expected to be 1 per cent.

We expect a better sales trend than the market in Asia during the first quarter, while we foresee a decline in Europe. In the Americas, sales volume to automotive customers is expected to be lower as we have changed distribution method of imported volume from January 2018, which will have a onetime effect during first quarter. For the locally produced material in the Americas, sales volume is expected to be on par with last year's. Overall, Gränges sales volume is expected to develop slightly better than the market during the first quarter.

Looking further ahead into 2018, we expect a positive development in all our regions. We will continue to work actively with innovation and customer offering, which includes increased focus on product development for electric vehicles where we see a good growth potential. Sustainability is another important area, as well as ensuring that we have both the capacity and capability of our facilities to meet future demand. We are currently working actively to establish new capacity in the US, but also addressing the capacity needs in Asia and Europe. Here we evaluate different ways going forward. We are determined to continue to grow with a sustainable profitability in the coming years.

Johan Menckel
CEO Gränges

HIGHER DUTIES ON IMPORTS FROM CHINA TO THE UNITED STATES

In the autumn, the US Department of Commerce imposed countervailing and anti-dumping duties (CVD/AD) on imports of certain aluminium foil products from China. This has increased the demand for domestically produced aluminium products, including the product range Gränges produces locally in the United States. The tariffs also include products that Gränges produces in Shanghai to customers in the United States. During 2017, Gränges has gradually shifted Shanghai production of foil products to Finspång, and during the spring 2018, the remaining products produced in Shanghai for customers in the United States will be transferred to Finspång.

CHANGE IN DISTRIBUTION MODEL IN THE US WILL HAVE NEGATIVE IMPACT ON EARNINGS IN FIRST QUARTER 2018

Norca Heat Transfer LLC ("Norca"), in which Gränges held a 50 per cent ownership until January 2018, has administered the import and distribution of Gränges' heat exchanger materials to customers in the Americas. The joint venture has been discontinued and as from January 2018 the import and distribution will be administered by Gränges Americas.

During the first quarter of 2018 Gränges' import from Finspång and Shanghai will be built up as inventory in Gränges Americas. This will cause a delay in revenue recognition and thereby have a negative impact on operating profit of some SEK 65 million during the first quarter 2018. This is a non-recurring item and will not impact adjusted operating profit. For more information see Note 7.

Sales volume increased by 2.1 per cent in the fourth quarter primarily driven by strong sales in the Americas

MARKET DEVELOPMENT

According to the international research firm IHS¹, global light vehicle production increased by 1.1 per cent in the fourth quarter of 2017, compared to the corresponding quarter 2016. In Asia, light vehicle production decreased by 1.1 per cent during the fourth quarter. In the first quarter of 2018, a decrease of 0.7 per cent is expected in Asia. In Europe, light vehicle production increased by 7.9 per cent in the fourth quarter, and an increase of 2.7 per cent is expected for the first quarter of 2018. Light vehicle production in the Americas decreased by 1.2 per cent in the fourth quarter, whereas an increase of 1.6 per cent is anticipated in the first quarter of 2018. For the full year 2018, IHS forecasts an increase in global light vehicle production of 1.9 per cent.

Demand for aluminium products for automotive heat exchangers, which is Gränges' largest market and accounts for about half of the group's sales volume, is correlated to the number of produced light vehicles. A higher share of hybrid vehicles, electrical vehicles and advanced features such as autonomous driving is also positive for the demand of heat exchanger materials. Due to lead times in the supply chain there is, however, a time lag between growth in demand for Gränges' products and vehicle production.

In the Americas, materials for stationary heat exchangers is the dominant product category. The growth in this market is mainly driven by energy efficiency requirements and construction of new houses and buildings.

SALES DEVELOPMENT

The sales volume in the fourth quarter of 2017 increased by 2.1 per cent to 86.5 ktonnes (84.7) compared to the same quarter previous year. Net sales increased to SEK 2,734 million (2,546). For the business acquired in 2016, sales volume increased to 42.7 ktonnes (41.0) and net sales to SEK 1,184 million (1,051). The net effect from changes in foreign exchange rates was negative with SEK 162 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 2017 sales volume increased by 56.0 per cent to 373.0 ktonnes (239.1). The organic growth during the year was 4.6 per cent. Net sales totalled SEK 11,435 million (7,207). For the business acquired in 2016, sales volume increased to 187.4 ktonnes (62.8) and net sales to SEK 5,075 million (1,577). The net effect of changes in foreign exchange rates was negative and amounted to SEK 116 million during the full year 2017.

ASIA

In the fourth quarter of 2017, sales volume in Asia remained stable at 20.6 ktonnes (20.7). Sales to Chinese automotive customers boosted in the fourth quarter 2016 in anticipation of new regulations introduced in 2017, prohibiting overload for commercial vehicles and reduced government incentives for lowered purchase tax on smaller vehicles. During the full year 2017, sales volume in Asia increased by 6.8 per cent to 86.3 ktonnes (80.8).

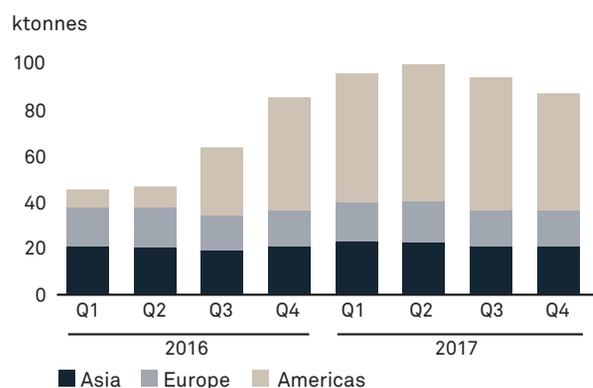
EUROPE

In the fourth quarter of 2017, sales volume in Europe increased by 0.9 per cent to 15.4 ktonnes (15.2). Sales of heat exchanger material increased while sales of material for non-heat exchanger applications decreased during the quarter. During the full year 2017, sales volume in Europe reached 65.6 ktonnes (63.7), which represents an increase of 2.9 per cent compared to previous year.

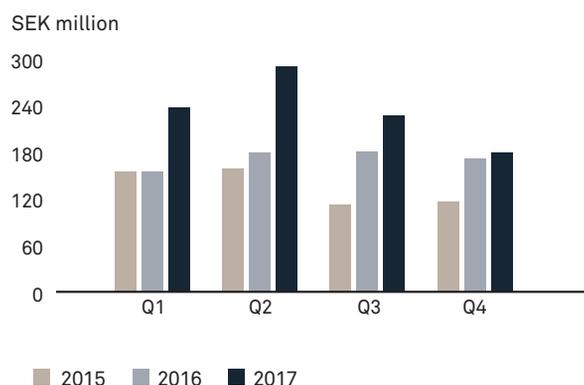
AMERICAS

In the fourth quarter of 2017, sales volume in the Americas increased by 3.6 per cent to 50.6 ktonnes (48.8). Of this, 42.7 ktonnes (41.0) relates to the business acquired in 2016. During the full year 2017, sales volume in Americas reached 221.1 ktonnes (94.6), of which 187.4 ktonnes (62.8) relates to the business acquired in 2016.

Quarterly sales volume per region



Quarterly adjusted operating profit



¹ Source: IHS, 15 December 2017.

OPERATING PROFIT

Adjusted operating profit for the fourth quarter of 2017 increased to SEK 179 million (171), corresponding to an adjusted operating margin of 6.6 per cent (6.7). The business acquired in 2016 is included with SEK 37 million (37). The positive effects from higher sales volume, improved metal management and productivity were partly offset by lower average conversion price. Further, costs for strategic projects and the implementation of a new ERP system had a negative impact of SEK –11 million. Net changes in foreign exchange rates had a negative impact of SEK –2 million in the quarter.

Operating profit for the fourth quarter of 2017 rose to SEK 163 million (162). Operating profit includes items affecting comparability of SEK –16 million (–9) related to closure costs for Norca. For more information of items affecting comparability refer to Note 4.

During the full year 2017, adjusted operating profit increased to SEK 933 million (687), corresponding to an adjusted operating margin of 8.2 per cent (9.5). The business acquired in 2016 is included with SEK 268 million (87). The net effect of changes in foreign exchange rates was positive and amounted to SEK 32 million for the full year 2017.

Operating profit during the full year 2017 increased to SEK 917 million (559), including items affecting comparability of SEK –16 million (–128).

Revised assessment of useful life of property, plant and equipment

In the third quarter of 2017 the useful life of Gränges' tangible fixed assets was reviewed and revised to better reflect the actual useful life of the assets. The revised assessment has an impact on the depreciation periods applied in Gränges and the new useful life assumptions are now more in line with assumptions applied by peers. The positive effect on adjusted operating profit due to changed depreciation periods amounts to SEK 16 million in the fourth quarter and SEK 23 million for the full year 2017. For more information refer to Note 1.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

During the fourth quarter, finance income and costs was SEK –31 million (–28) and includes interest expenses of SEK –26 million, interest income of SEK 1 million and foreign exchange effects of SEK –6 million. Profit before tax decreased to SEK 126 million (135) and includes a negative effect from joint ventures of SEK –7 million. Income tax for the fourth quarter of 2017 was positive and amounted to SEK 26 million (–33). The income tax in the quarter includes the release of a provision for corporate income tax in China with a positive effect of SEK 53 million, as well as a withholding tax on dividend of SEK –19 million from the Chinese subsidiary to Gränges AB. Income tax for the fourth quarter of last year includes withholding tax of SEK –20 million. Excluding the released tax provision and withholding tax, the effective tax rate was 6 per cent (10) in the fourth quarter of 2017. The profit for the period was SEK 152 million (101) during the fourth quarter of 2017 and diluted earnings per share was SEK 2.02 (1.35).

During the full year 2017, finance income and costs amounted to SEK –115 million (–61). Profit before tax increased to SEK 797 million (500) and includes a negative effect from joint ventures of SEK –5 million. Income tax for the full year 2017 was SEK –145 million (–2), which corresponds to an effective tax rate of 18 per cent. Excluding the positive effect from release of corporate income tax in China of SEK 53 million and cost for withholding tax on dividend of SEK –19 million, the effective tax rate was 22 per cent for the full year 2017. Income tax for 2016 includes a 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 dividend from the Chinese subsidiary to Gränges AB. Excluding these effects, the effective tax rate for 2016 was 21 per cent. During the full year 2017, the profit for the period increased to SEK 652 million (498) and diluted earnings per share rose to SEK 8.64 (6.64).

CASH FLOW

Cash flow from operating activities increased to SEK 257 million (171) in the fourth quarter of 2017. Cash flow from investing activities was SEK –216 million (–68) and includes SEK –42 million for the acquisition of Getek GmbH. Capital expenditure during the quarter amounted to SEK –178 million (–89) and was mainly related to investments to maintain and improve efficiency in current production facilities, but also investments related to the expansion of the Huntingdon facility in the US. Cash flow before financing activities amounted to SEK 41 million (104). Cash flow from financing activities was SEK –9 million (–21) and includes new loans of SEK 531 million and amortization of loans of SEK –506 million.

During the full year 2017, cash flow from operating activities increased to SEK 968 million (686) and cash flow from investing activities was SEK –396 million (–2,732). Cash flow before financing activities increased to SEK 572 million (–2,046). Cash flow from financing activities was SEK –650 million (2,245) and includes a dividend payment of SEK –180 million as resolved by Gränges' 2017 Annual General Meeting, new loans of SEK 888 million and amortization of loans of SEK –1,250 million.

Cash and cash equivalents amounted to SEK 742 million at 31 December 2017 (SEK 851 million at 31 December 2016).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 8,005 million at 31 December 2017 (SEK 7,950 million at 31 December 2016). The equity to assets ratio was 41.5 per cent at 31 December 2017 (37.0 per cent at 31 December 2016).

Consolidated net debt including pension liabilities was SEK 2,292 million at 31 December 2017 (SEK 2,722 million at 31 December 2016). At 31 December 2017, the Group's net debt corresponds to 1.8 times adjusted EBITDA.

EMPLOYEES

The average number of employees in the Gränges Group was 1,632 (1,499) in the fourth quarter of 2017 and 1,568 (1,136) during the full year 2017.

PARENT COMPANY

Gränges AB is the parent company of the Gränges Group. The operations include Group Management and Group functions such as finance, treasury, legal, business development and communications. For the period January–December 2017, net sales in the parent company were SEK 219 million (119) and the result for the period was SEK 385 million (718). The net profit includes dividend from the Chinese subsidiary of SEK 378 million (757). Income tax includes withholding tax of SEK –19 million (–38) relating to the dividend.

SIGNIFICANT EVENTS DURING THE PERIOD

Technical seminar in India

Gränges India Technical Seminar 2017 took place in Pune, India, at the end of October. India is one of the fastest growing markets in the world today in the manufacture of light vehicles. During the seminar, invited guest speakers from the Indian automotive industry held talks about current topics, such as electrification and fuel efficiency.

Jörgen Abrahamsson new President Europe

Jörgen Abrahamsson, who has been Acting President for Gränges Europe since May 2017, has assumed a permanent position as President Europe. Furthermore, Fredrik Spens has been appointed as Deputy President Gränges Europe with responsibility for regional marketing and sales. Fredrik Spens started his new position in January 2018.

SIGNIFICANT EVENTS AFTER THE PERIOD

2 January 2018 Gränges acquired the remaining 50 per cent of Norca Heat Transfer LLC (“Norca”). See Note 7 for further information. No additional significant events have occurred after the period.

THE SHARE

The share capital in Gränges amounts to SEK 101 million split on 75,517,386 shares, each with a quota value of SEK 1,339775. Gränges has only one class of shares.

In 2017 senior executives and other key employees had the opportunity to redeem options in Gränges’ employee stock option program from 2014 (LTI 2014). The redemption period expired in November 2017. The program has then been terminated and no further shares can be issued under this program. A long-term incentive program to senior executives and other key employees has replaced the LTI2014. The new long-term incentive program is not share based.

OWNERSHIP STRUCTURE

Largest shareholders in Gränges at 31 December 2017¹.

Shareholder	Number of shares	Share of capital and votes %
Fjärde AP-fonden	7,111,207	9.4
AFA Försäkring	5,124,790	6.8
SEB Fonder	3,670,513	4.9
Swedbank Robur Fonder	3,052,050	4.0
Allianz Global Investors	2,785,794	3.7
Copper Rock Capital Partners	2,227,526	3.0
Fidelity	1,982,699	2.6
Dimensional Fund Advisors	1,879,537	2.5
Columbia Threadneedle	1,345,613	1.8
Acadian Asset Management	1,261,569	1.7
Norges Bank	1,230,748	1.6
Paradice Fonder	857,854	1.1
Avanza Pension	812,926	1.1
Lazard	719,719	1.0
Invesco	699,426	0.9
Total 15 largest shareholders	34,761,971	46.1
Other	40,755,415	53.9
Total	75,517,386	100.0

¹Source: Modular Finance Holdings.

The number of shareholders in Gränges was 9,279 at 31 December 2017, according to Euroclear.



Kent Schölin, SVP Research and Innovation, speaks at Gränges India Technical Seminar 2017 in Pune, India.

OTHER

Annual General Meeting 2018

The Annual General Meeting 2018 in Gränges AB (publ) takes place in Näringslivets Hus, Storgatan 19, Stockholm, on Thursday 3 May 2018 at 16.00 CET. Light refreshments is served from 15.00 CET when registration starts. Shareholders wishing to have a matter considered at the Annual General Meeting should submit such request to the Board of Directors 15 March 2018, or after that date but at such time that the matter may be included in the notice to attend the Annual General Meeting.

Further information on the notification and the proposals of the Board of Directors and the Nomination Committee will be published on the company's website in connection with the notification. Notice to attend the Annual General Meeting 2018 is expected to be published around 27 March, 2018. Gränges Annual Report for 2017, including sustainability reporting, is expected to be published on 13 March, 2018 on the company's website. A printed version of the annual report can be ordered at reports@granges.com.

Dividend

Gränges' Board of Directors proposes a dividend of SEK 227 million (180), equivalent to SEK 3.00 (2.40) per share for 2017. The proposed dividend represents 35 per cent (36) of profit for the year 2017. In its proposal, the Board of Directors has taken into account the company's financial position, cash flow and future outlook, and the company's growth plans. The record date for the dividend is proposed Monday, 7 May, 2018, which means that the dividend, assuming the AGM's approval, is expected to be paid on Friday, 11 May, 2018.

RISKS AND UNCERTAINTY FACTORS

As a global group with operations in many parts of the world, Gränges is exposed to various risks and uncertainties such as raw material price risk, market risk, operational and legal risk, as well as financial risk related to foreign exchange rates, interest rates, liquidity and funding opportunities. In its risk management, Gränges seeks to identify, evaluate, and reduce risks related to the Group's business and operations. More information about risk management is available on pages 27–29 in Gränges' 2016 annual report.

SEASONAL VARIATIONS

Gränges' operations are 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, 1 February 2018

Johan Menckel
CEO Gränges

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

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 1 February 2018 at 07.30 CET.

Webcasted telephone conference

CEO Johan Menckel and CFO Oskar Hellström will present Gränges' year-end report for January–December 2017 at a webcasted conference call at CET 10.00, Thursday 1 February, 2018.

The webcast is available on www.granges.com/investors. To participate in the conference call, 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 conference call starts. The presentation will be in English.

Financial calendar

13 March 2018	Annual Report 2017
21 March 2018	Gränges Capital Markets Day in Stockholm
26 April 2018	Interim Report January–March 2018
3 May 2018	Annual General Meeting 2018
19 July 2018	Half-year Report 2018
25 October 2018	Interim Report January–September 2018

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	3	2,734	2,546	11,435	7,207
Cost of materials		-1,774	-1,623	-7,396	-4,374
Payroll and other operating expenses		-697	-656	-2,735	-1,882
Depreciation, amortization and impairment charges		-83	-96	-370	-265
Items affecting comparability	4	-16	-9	-16	-128
Operating profit		163	162	917	559
Profit or loss from joint ventures		-7	0	-5	2
Finance income and costs		-31	-28	-115	-61
Profit before tax		126	135	797	500
Income tax	5	26	-33	-145	-2
Profit for the period		152	101	652	498
Earnings per share					
Earnings per share basic, SEK		2.02	1.35	8.65	6.66
Earnings per share diluted, SEK		2.02	1.35	8.64	6.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million		Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Profit for the period		152	101	652	498
Items not to be reclassified to profit/loss in subsequent periods					
Remeasurement of pensions after tax		6	41	12	16
Items to be reclassified to profit/loss in subsequent periods					
Change in hedging reserve after tax		-3	-11	41	-26
Translation effects		62	65	-160	69
Comprehensive income for the period attributable to owners of the parent company		217	197	545	557

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Property, plant and equipment		3,076	3,347
Intangible assets		640	584
Deferred tax assets		44	64
Investments in joint ventures		17	30
Interest-bearing receivables		33	36
Other non-current receivables	2	16	10
Non-current assets		3,827	4,071
Inventories		1,611	1,428
Receivables	2	1,826	1,598
Interest-bearing receivables	2	0	2
Cash and cash equivalents		742	851
Current assets		4,179	3,878
TOTAL ASSETS		8,005	7,950
EQUITY AND LIABILITIES			
Share capital		101	101
Retained earnings		3,221	2,841
Equity		3,322	2,942
Interest-bearing liabilities		2,215	2,888
Provisions and other non-current liabilities	2	340	321
Non-current liabilities		2,555	3,209
Interest-bearing liabilities		576	436
Provisions and other current liabilities	2, 5	1,552	1,363
Current liabilities		2,128	1,799
TOTAL EQUITY AND LIABILITIES		8,005	7,950

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Dec 2017	31 Dec 2016
Opening balance as at 1 January	2,942	2,499
Profit for the period	652	498
Other comprehensive income for the period	-107	59
Total comprehensive income for the period	545	557
Employee stock option scheme	-	1
Dividend	-180	-149
Rights issue	16	34
Total transactions with owners	-164	-115
Closing balance	3,322	2,942

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Operating profit	163	162	917	559
Depreciation and amortization	83	96	370	265
Change in working capital etc.	1	-66	-267	43
Income taxes paid	9	-21	-53	-181
Cash flow from operating activities	257	171	968	686
Acquisitions	-42	17	-42	-2,581
Investments in property, plant, equipment and intangible assets	-178	-89	-358	-155
Other capital transactions	4	4	4	4
Cash flow from investing activities	-216	-68	-396	-2,732
Dividend	-	-	-180	-149
Rights issue	0	34	16	34
Interest paid and received	-34	-2	-124	-35
New loans	531	362	888	3,620
Amortization	-506	-414	-1,250	-1,224
Cash flow from financing activities	-9	-21	-650	2,245
Cash flow for the period	32	83	-79	198
Cash and cash equivalents at beginning of period	703	746	851	634
Cash flow for the period	32	83	-79	198
Exchange rate differences in cash and cash equivalents	7	22	-30	19
Cash and cash equivalents at end of period	742	851	742	851

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	119	51	219	119
Payroll and other operating expenses	-71	-45	-240	-178
Depreciation and amortization	-6	-6	-27	-18
Operating profit/loss	41	1	-47	-77
Dividends from subsidiaries	378	354	378	757
Finance income and costs	-2	7	13	-6
Profit/loss after financial items	417	362	344	674
Change in accelerated tax depreciation	-25	-46	-25	-46
Group contributions	90	132	90	132
Income tax	-38	-20	-23	-42
Profit/loss for the period	443	428	385	718

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 2017	31 Dec 2016
ASSETS		
Property, plant and equipment	217	214
Intangible assets	159	170
Investments related to Group companies	1,160	1,093
Receivables from Group companies	2,344	2,204
Interest-bearing receivables	33	36
Other non-current receivables	13	11
Non-current assets	3,925	3,728
Receivables from Group companies	147	573
Other receivables	95	73
Cash and cash equivalents	106	182
Current assets	348	828
TOTAL ASSETS	4,273	4,557
EQUITY AND LIABILITIES		
Restricted equity	107	106
Non-restricted equity	1,166	946
Equity	1,273	1,052
Untaxed reserves	80	55
Provisions and other liabilities	22	22
Interest-bearing liabilities	2,215	2,888
Other non-current liabilities	3	5
Non-current liabilities	2,240	2,915
Liabilities to Group companies	-	-
Interest-bearing liabilities	548	375
Other liabilities	132	161
Current liabilities	680	536
TOTAL EQUITY AND LIABILITIES	4,273	4,557

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) 2016, which is available at www.granges.com. There are no new accounting principles applicable from 2017 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.

The interim information on pages 2–15 is an integrated part of these financial statements.

Revised assessment of useful life of property, plant and equipment

In connection with the acquisition of the US operation in 2016 an extensive study was performed to determine the value of the tangible fixed assets and their remaining useful life. The preliminary study showed that life expectancy was different from the assessments applied by Gränges in terms of useful lives, mainly related to machinery and installations. In connection with the determination of the acquisition balance in the third quarter 2017, a study was carried out on Gränges entire operation regarding machinery and installations and based on this study a new assessment of the useful lives was made as from 1 July 2017.

Previous useful life for machinery and installations of between 5 and 20 years are according to the new assessment now between 5 and 30 years, depending on type of component. The change in assessment has decreased the costs on the line depreciation, amortization and impairment charges in the consolidated income statement for the fourth quarter 2017 by SEK 16 million and by SEK 28 MSEK for the full year 2017. Of the SEK 28 million for the full year 2017, SEK 33 million are decreased costs due to extended remaining useful life and SEK –5 million are increased costs due to reduced remaining useful life. In addition, the line cost of materials was affected by increased costs of SEK –5 million during the third quarter 2017 as a result of the revised assumptions. The line cost of materials has not had any effect as a result of the changed depreciation periods in the fourth quarter of 2017. In total, the revised assumptions have affected the operating profit positively by SEK 16 million in the fourth quarter 2017 and by SEK 23 million for the full year 2017.

New and amended standards which have not yet become effective but will be applied in future periods

From the financial year beginning 1 January 2018, Gränges will apply IFRS 9 Financial Instruments and IFRS 15 Revenues from contracts with customers. In addition to expanded disclosure requirements, Gränges analysis provides that the new standards will not have a material impact on the Group's financial statements.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. Gränges' analysis of the new standard is completed and there will be no impact on the Group's financial statements from the new principles regarding classification of financial assets. The new principles regarding calculation of credit loss will impact the impairment process, however it will not have a significant impact on the Group's financial statements. The new principles for hedge accounting will neither have an impact on the Group's financial statements. The transition will not significant affect the Group's financial statements and consequently the opening balance 2018 will not be restated.

IFRS 15 Revenues from contracts with customers replace existing revenue standards and interpretations. Gränges Group will adopt IFRS 15 using the full retrospective approach from 1 January 2018. The transition will not affect the Group's financial statements and consequently previous periods will not be restated.

IFRS 16 Leasing is effective 1 January 2019. Gränges has initiated the work with evaluating the effects of the new standard. The initial assessment is that the new standard will impact Gränges insofar as leasing contracts for premises, vehicles and other large leasing objects will be recognized in the balance sheet.

Other changes in IFRS are not expected to have a significant impact on Gränges accounts for the first period of application.

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 2017	31 Dec 2016
Other non-current receivables	5	1
Receivables	68	31
Provisions and other non-current liabilities	3	8
Provisions and other current liabilities	67	91

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.

Gränges' interest bearing debt consists mainly of USD term loans amounting to USD 220 million and SEK term loans of SEK 670 million. Gränges amortizes USD 30 million per year. Gränges commercial paper program established in the fourth quarter 2017 was utilized to SEK 300 million at 31 December 2017. Gränges also has a revolving credit facility of SEK 1,200 million, with a remaining time to maturity of three years. The revolving credit facility was unutilized at 31 December 2017. Other current interest-bearing debt amounted to SEK 30 million. The loan facilities are subject to covenants, which are Net Debt/EBITDA and Interest coverage ratio.

SEK million	Frame	Year			Total
		<1	1–2	>2	
Term loans					
SEK		–	200	470	670
USD		246	246	1 313	1 805
Commercial papers	1 500	300	–	–	300
Revolving Credit Facility	1 200	–	–	–	–
Other		30	–	–	30
Total		576	446	1 783	2 805

Borrowings are measured at amortized cost and the carrying amount at 31 December 2017 is SEK 2,791 million (SEK 3,321 million at 31 December 2016). The fair value of borrowings amounted at 31 December 2017 to SEK 2,805 million (SEK 3,339 million at 31 December 2016). For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value.

NOTE 3 RELATED PARTY TRANSACTIONS

Gränges has classified its joint ventures as transactions with related parties in relation to the Group. No transactions between Gränges and key employees or board members that significantly impacted the Group's position and results took place during the period.

SEK million	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Sales to joint ventures	148	247	751	961
Other income and expenses to joint ventures	–1	–12	3	–53
			31 Dec 2017	31 Dec 2016
Interest-bearing receivables (non-current) from joint ventures			33	36
Non-interest-bearing receivables from joint ventures			256	179
Non-interest-bearing liabilities to joint ventures			8	4

NOTE 4 ITEMS AFFECTING COMPARABILITY

SEK million	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Closure costs for US sales company	–16	–	–16	–10
Realisation of fair value step-up on acquired inventory	–	–	–	–48
M&A costs	–	–9	–	–70
Total items affecting comparability	–16	–9	–16	–128

Following the acquisition in US 2016, Gränges will from 2 January 2018 coordinate the group's distribution in North America through Gränges Americas. The costs for closing down the current sales company Norca Heat Transfer LLC are estimated to SEK –16 million and is included in items affecting comparability for the fourth quarter 2017. For more information about the acquisition of the remaining 50 per cent of Norca refer to Note 7. Items affecting comparability for 2016 includes mergers and acquisitions costs for acquisition activities in North America of SEK –70 million and a realisation of fair value inventory step-up on acquired US business of SEK –48 million.

NOTE 5 TAX

Gränges' Chinese subsidiary has obtained a pre-qualification as a High and New-Technology Enterprise for the three years period 2016 to 2018. The pre-qualification means that the company preliminary pays 15 per cent in corporate income tax instead of the ordinary tax of 25 per cent for the period. However, in order to finally obtain the lower tax rate, the company must meet special requirements established by the authorities in China for each one of the three years. The tax return for 2016 has been approved and thereby also the special requirements to finally obtain the lower tax rate of 15 per cent for 2016. The provision related to the ordinary tax rate for 2016 has been released and effects the line income tax positive with SEK 53 million for the fourth quarter 2017. In view of the difficulties to currently estimate whether these special requirements will be met for the financial year 2017, corporate income tax in the Chinese operation has been based on the standard rate of 25 per cent for 2017. The provision for the higher tax rate applied on 2017 years profit for China amount to SEK 53 million per 31 December 2017.

NOTE 6 SHARE CAPITAL DEVELOPMENT

SEK million	Event	Change number of shares	Total number of shares	Change share capital	Total share capital
1 January 2017	–	–	75,155,386	–	101
4 April 2017	Rights issue	20,000	75,175,386	0	101
31 May 2017	Rights issue	337,000	75,512,386	0	101
6 December 2017	Rights issue	5,000	75,517,386	0	101

The number of shares and share capital in Gränges has changed during the fourth quarter 2017 as a result of the exercise of 5,000 options within the company's incentive program LTI 2014. Equity has in total increased by SEK 16 million during the full year 2017 due to the rights issued.

NOTE 7 ACQUISITIONS

Noranda

The acquisition balance from the acquisition of Noranda Aluminum Holding Corporation's downstream rolling business in the US, which was presented in the annual report for 2016, has been determined without adjustments during the third quarter 2017.

Getek

As part of the strategy to strengthen the company's leading position in the development of brazed heat exchanger materials, Gränges acquired 51 per cent of the production company Getek GmbH from Erbslöh Aluminium GmbH, which owns the remaining 49 per cent of the company. Getek has two production sites, one in Germany and one in France. The company produces aluminium billets using advanced spray-forming technology and that technology is well suited for the Gränges next generation of materials for heat exchangers.

The investment is classified as a joint operation and Gränges recognizes its direct right to jointly owned assets, liabilities, revenues and expenses. The investment is recognized in Gränges financial statements as from 6 October 2017.

Purchase price allocation Getek	EUR million	SEK million
Non-current assets	0.9	9
Current assets, excluding cash	0.7	7
Cash	0.1	1
Current liabilities	0.2	2
Net identifiable assets and liabilities	1.5	14
Goodwill	3.2	31
Purchase price	4.6	44
Cash consideration paid for acquisition	-4.4	-43
Cash in acquired operation	0.1	1
Effect on the Group's cash and cash equivalents	-4.3	-42
Additional purchase price to be paid	-0.2	-2

Gross amounts for the acquired receivables do not significantly deviate from book value. Goodwill is mainly justified by the advanced spray-forming technology well suited for the next generation of materials for heat exchangers. The effect of the acquisition on the Group's consolidated income statement from 6 October to 31 December 2017 is less than 1 MSEK. If the acquisition had been consolidated as from 1 January 2017, it is also assessed that the effect would have been less than 1 MSEK. The acquisition has not led to any substantial transaction costs for Gränges.

Norca

Norca Heat Transfer LLC ("Norca"), in which Gränges held a 50 per cent ownership until January 2018, has administered the import and distribution of Gränges' heat exchanger materials to customers in the Americas, supplied from the production sites in Finspång and Shanghai. 2 January 2018 Gränges acquired the remaining 50 per cent of Norca for a purchase price of USD 4 million. Gränges will from 2018 coordinate the Group's distribution in North America through Gränges Americas.

Preliminary purchase price allocation Norca	USD million	SEK million
Current assets, excluding cash	59.8	482
Cash	7.1	57
Interest-bearing liabilities	24.5	197
Other current liabilities	34.5	278
Net identifiable assets and liabilities	8.0	64
Purchase price	8.0	64
Cash consideration paid for acquisition	-4.0	-32
Fair value of investment in joint venture	-4.0	-32
Total purchase price	-8.0	-64

The acquired business will from 2018 be consolidated into Gränges by using the acquisition method. Norca Heat Transfer was until the acquisition classified as a joint venture and accounted for by using the equity method. Under the equity method, investments in joint ventures are initially carried at cost in the consolidated statement of financial position. The carrying amount is then increased or decreased to take account of the group's share of the profit or loss and other comprehensive income from its joint ventures after the date of acquisition. The group's share of the profit or loss is presented in the line profit or loss from joint ventures in the income statement and the line investments in joint ventures in the balance sheet. According to the acquisition method, assets, liabilities, income and expenses are recognized in the consolidated accounts in relation to ownership.

Norca only distributes products from Gränges, meaning that the inventory in Norca consists of products only from Gränges. When consolidating using the equity method, 50 per cent of the intercompany profit was eliminated and accounted for in the line Investments in joint ventures. When using the acquisition method 100 per cent of internal profit will be eliminated and accounted for within cost of materials. The change in consolidation method combined with the increased share will affect the operating profit with a non-recurring cost of approximately SEK 65 million in the first quarter 2018.

No substantial transaction costs for acquiring the remaining 50 per cent of Norca Heat Transfer LLC has occurred. For more information of items affecting comparability refer to Note 4.

NOTE 8 CONTINGENT LIABILITIES

SEK million	2017	2016
Guarantee commitment PRI Pensionsgaranti	2	2
Guarantee for workers' compensation	7	7
Guarantee for bank loan at Norca Heat Transfer LLC	170	-

During the third quarter 2017 Gränges issued a guarantee for a bank loan at the joint venture company Norca Heat Transfer LLC. The bank loan was repaid 2 January 2018 and the guarantee did at the same time expire.

CONSOLIDATED QUARTERLY DATA

SEK million	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume, ktonnes	86.5	93.0	98.7	94.8	84.7	62.8	46.5	45.1
Income statement								
Net sales	2,734	2,728	3,081	2,892	2,546	1,859	1,442	1,360
Adjusted EBITDA ¹	262	309	392	339	267	251	228	206
Adjusted operating profit ¹	179	227	290	237	171	181	179	155
Operating profit	163	227	290	237	162	88	154	155
Profit for the period	152	151	192	157	101	189	114	94
Adjusted EBITDA margin, %	9.6	11.3	12.7	11.7	10.5	13.5	15.8	15.1
Adjusted operating margin, %	6.6	8.3	9.4	8.2	6.7	9.7	12.4	11.4
Adjusted operating profit per tonne, kSEK	2.1	2.4	2.9	2.5	2.0	2.9	3.9	3.4
Operating margin, %	6.0	8.3	9.4	8.2	6.4	4.7	10.7	11.4
Net margin, %	5.6	5.5	6.2	5.4	4.0	10.2	7.9	6.9
Balance sheet								
Non-current assets	3,827	3,674	3,769	3,969	4,071	3,951	1,712	1,725
Current assets	4,179	4,040	3,957	3,822	3,878	3,631	2,578	2,279
Equity	3,322	3,106	3,001	3,096	2,942	2,712	2,489	2,537
Non-current liabilities	2,555	2,762	2,802	2,712	3,209	3,370	775	593
Current liabilities	2,128	1,847	1,923	1,983	1,799	1,500	1,025	874
Cash flow								
Operating activities	257	222	368	120	171	344	178	-8
Investing activities	-216	-74	-61	-45	-68	-2,629	-21	-14
Cash flow before financing activities	41	148	307	75	104	-2,285	157	-22
Financing activities	-9	-133	-45	-464	-21	2,660	8	-402
Cash flow for the period	32	16	263	-389	83	375	165	-424
Capital structure								
Net debt	2,292	2,280	2,481	2,665	2,722	2,823	335	316
Equity to assets, %	41.5	40.3	38.8	39.7	37.0	35.8	58.0	63.3
Data per share, SEK								
Earnings per share basic	2.02	2.00	2.55	2.09	1.35	2.53	1.53	1.25
Earnings per share diluted	2.02	2.00	2.55	2.08	1.35	2.52	1.52	1.25
Equity ²	44.00	41.13	39.81	41.10	39.17	36.21	33.29	33.93
Cash flow from operating activities ²	3.40	2.94	4.89	1.60	2.28	4.51	2.38	-0.10
Share price at the end of the period	84.25	93.25	77.50	82.00	86.00	87.50	73.00	70.50
Weighted outstanding ordinary shares, basic in thousands	75,513.7	75,512.4	75,295.0	75,155.4	74,897.4	74,639.4	74,639.4	74,639.4
Weighted outstanding ordinary shares, diluted in thousands	75,515.4	75,514.8	75,398.0	75,320.6	75,106.6	74,898.5	74,767.3	74,764.6

¹ Adjusted for items affecting comparability.

² Calculated on weighted outstanding ordinary shares, diluted.

CONSOLIDATED QUARTERLY DATA

SEK million	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume by region, ktonnes								
Asia	20.6	20.7	22.3	22.7	20.7	19.0	20.4	20.8
Europe	15.4	15.5	17.9	16.9	15.2	15.0	16.9	16.6
Americas	50.6	56.8	58.5	55.3	48.8	28.9	9.2	7.8
Total	86.5	93.0	98.7	94.8	84.7	62.8	46.5	45.1
Net sales by region								
Asia	709	676	759	767	719	619	639	646
Europe	557	516	612	545	497	465	498	473
Americas	1,468	1,536	1,710	1,580	1,330	775	306	241
Total	2,734	2,728	3,081	2,892	2,546	1,859	1,442	1,360
Employees								
Average number of employees ¹	1,632	1,592	1,548	1,500	1,499	1,123	961	962

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Jan 2017 - Dec 2017	Oct 2016 - Sep 2017	Jul 2016 - Jun 2017	Apr 2016 - Mar 2017	Jan 2016 - Dec 2016	Oct 2015 - Sep 2016	Jul 2015 - Jun 2016	Apr 2015 - Mar 2016
Sales volume, ktonnes	373.0	371.2	341.0	288.8	239.1	193.4	169.4	166.4
Income statement								
Net sales	11,435	11,247	10,379	8,740	7,207	5,913	5,335	5,398
Adjusted EBITDA ²	1,303	1,308	1,249	1,085	952	853	768	749
Adjusted operating profit ²	933	925	879	769	687	632	563	541
Operating profit	917	916	777	641	559	525	535	539
Adjusted EBITDA margin, %	11.4	11.6	12.0	12.4	13.2	14.4	14.4	13.9
Adjusted operating margin, %	8.2	8.2	8.5	8.8	9.5	10.7	10.6	10.0
Adjusted operating profit per tonne, kSEK	2.5	2.5	2.6	2.7	2.9	3.3	3.3	3.3
Operating margin, %	8.0	8.1	7.5	7.3	7.8	8.9	10.0	10.0
Capital structure and return indicators								
Capital employed	5,581	5,565	5,053	4,527	3,930	3,372	2,886	2,972
Return on capital employed, %	16.7	16.6	17.4	17.0	17.5	18.7	19.5	18.2
Equity	3,093	2,971	2,848	2,755	2,636	2,534	2,468	2,465
Return on equity, %	21.1	20.2	22.4	20.4	18.9	18.9	14.6	14.6
Net debt / Adjusted EBITDA	1.8	1.7	1.9	2.1	2.1	2.2	0.4	0.4

¹ Previous periods have been restated due to adjustments in the acquired business in US.

² Adjusted for items affecting comparability.

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. For definitions of the measures see page 19.

SEK million	Q4		Jan - Dec	
	2017	2016	2017	2016
Adjusted operating profit				
Operating profit	163	162	917	559
Items affecting comparability	16	9	16	128
Adjusted operating profit	179	171	933	687
Adjusted EBITDA				
Adjusted operating profit	179	171	933	687
Depreciation and amortization	83	96	370	265
Adjusted EBITDA	262	267	1,303	952
Return on capital employed				
Total assets less cash and cash equivalents and interest-bearing receivables	-	-	7,111	5,054
Non-interest-bearing liabilities	-	-	-1,810	-1,335
Pensions	-	-	280	212
Capital employed	-	-	5,581	3,930
Adjusted operating profit	-	-	933	687
Return on capital employed, %	-	-	16.7	17.5
Net debt				
Cash and cash equivalents and interest-bearing receivables	-	-	-775	-889
Interest bearing liabilities	-	-	2,791	3,324
Pensions	-	-	276	288
Net debt	-	-	2,292	2,722
Equity to assets				
Equity	-	-	3,322	2,942
Total assets	-	-	8,005	7,950
Equity to assets, %	-	-	41.5	37.0

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.



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ABOUT GRÄNGES

Gränges is a leading global supplier of rolled aluminium products for heat exchanger applications and other niche markets. In materials for brazed heat exchangers Gränges is the global leader with a market share of approximately 20 per cent. The company develops, produces and markets advanced materials that enhance efficiency in the customer manufacturing process and the performance of the final products. The company's geographical markets are Europe, Asia and the Americas. Its production facilities are located in Sweden, China and the United States, and have a combined annual capacity of 420,000 metric tonnes. Gränges has some 1,600 employees and net sales of more than SEK 11 billion. The share is listed on Nasdaq Stockholm. More information on Gränges is available at granges.com.

VISION AND BUSINESS CONCEPT

Gränges vision is to transform the world through innovative, aluminium engineering. We support our customers with research and innovation, product development, and technical support during the product's life-cycle. 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 for the material is passed on to 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. 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.