

INTERIM REPORT JANUARY–MARCH 2021

New record for sales volume and earnings in first quarter

First quarter 2021

- Sales volume increased by 41.0 per cent to 126.7 ktonnes (89.9) and net sales to SEK 4,043 million (3,063). Excluding acquisitions sales volume increased by 14.3 per cent to 102.8 ktonnes and net sales was SEK 3,365 million.
- Adjusted operating profit increased to SEK 342 million (210) and adjusted operating profit per tonne was 2.7 kSEK (2.3). Excluding acquisitions, adjusted operating profit increased to SEK 293 million.
- Profit for the period increased to SEK 239 million (133) and includes items affecting comparability of SEK –16 million (–6).
- Diluted earnings per share increased to SEK 2.24 (1.56).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK –55 million (329).
- Net debt increased to SEK 3,690 million at 31 March 2021 (SEK 3,292 million at 31 December 2020), corresponding to 2.4 times adjusted EBITDA^{1,2} (2.2 times at 31 December 2020).
- Two new Business areas, Gränges Eurasia and Gränges Americas, have been established during the quarter.
- Selected sustainability targets to 2025 have been upgraded to reflect that the development of the sustainability performance has been strong during the recent years.

Financial summary

SEK million	Q1			12 months rolling	Full year	
	2021	2020	Δ	Apr 2020 – Mar 2021	2020	Δ
Sales volume, ktonnes	126.7	89.9	41.0%	387.5	350.6	10.5%
Net sales	4,043	3,063	32.0%	11,987	11,008	8.9%
Adjusted operating profit ²	342	210	62.9%	780	648	20.4%
Adjusted operating margin, %	8.5	6.9	1.6 ppt	6.5	5.9	0.6 ppt
Adjusted operating profit per tonne, kSEK	2.7	2.3	0.4	2.0	1.8	0.2
Operating profit	326	204	60.1%	707	584	21.0%
Operating margin, %	8.1	6.6	1.4 ppt	5.9	5.3	0.6 ppt
Profit for the period	239	133	79.9%	469	363	29.2%
Earnings per share basic, SEK	2.25	1.56	0.69	5.13	4.21	0.92
Earnings per share diluted, SEK	2.24	1.56	0.68	5.11	4.21	0.90
Cash flow before financing activities	–250	181	n/a	–752	–322	n/a
Equity to assets, %	45.7	40.2	5.5 ppt	45.7	43.7	1.9 ppt
Net debt	3,690	3,559	131	3,690	3,292	398
Return on capital employed, %	–	–	–	9.2	8.1	1.1 ppt

¹ Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures page 23 for further information.

² Adjusted for items affecting comparability, see Note 5 for further information.

COMMENTS BY THE CEO

Strong start of the year with growing demand and good cost performance

STRONG MARKET DEMAND

We experienced a strong market in the first quarter of 2021. The sales volume in the first quarter reached 126.7 ktonnes, which is the highest sales volume in an individual quarter so far and represents a 41 per cent growth over the same period last year. Excluding the acquired sales volume from Gränges Konin, the first quarter sales volume was up 14 per cent compared with the same period last year and 16 per cent compared to the sales volume in the fourth quarter 2020. The adjusted operating profit increased by 63 per cent to a new record level of SEK 342 million largely driven by the higher sales volume supported by continued good cost performance. Gränges Konin contributed to the operating profit with SEK 49 million while exchange rate fluctuations had a negative impact on adjusted operating profit of SEK 62 million. The increase in the market price for aluminium is by contract passed on to the customer and has not had a material impact on the earnings in the quarter. The higher aluminium price does, however, increase the value of our working capital which reduced the cash flow from operations in the first quarter.

The market development in the first quarter was particularly strong in the Automotive business, where increased light vehicle production and continued restocking activities at customer level contributed to a 22 per cent increase in sales volume compared to last year. The semiconductor shortage currently experienced in the automotive industry did not have a material impact on the sales in the first quarter. Including the acquired growth from Gränges Konin the sales volume to Automotive customers increased 43 per cent in the quarter. For the HVAC business we continued to see a positive development with a 12 per cent year

over year growth fueled by positive underlying market demand and a continued market share increase. Demand for Speciality packaging material remained stable in the quarter. The market conditions are currently expected to remain stable from the first to the second quarter.



EXECUTING ON OUR STRATEGY

At the end of March, the upgrade of the final of the rolling mills in Newport, Arkansas, was completed and the first aluminium coil was successfully rolled on April 20. Commissioning of the mill will take place during the second quarter and commercial volumes are expected to start to ramp-up as of the third quarter. This means that both the investments undertaken to increase the rolling capacity in Newport and Huntingdon Tennessee, have now been successfully completed. To meet the continuously increasing demand from North American customers we have during the first quarter taken a decision to invest USD 33 million to expand our aluminium casting operations in Huntingdon. When completed in less than two years, this investment will enable us to increase the capacity utilization of our rolling and slitting operations even further. Finally, I am also happy that the integration of Gränges Konin progresses according to plan.

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First quarter 2021

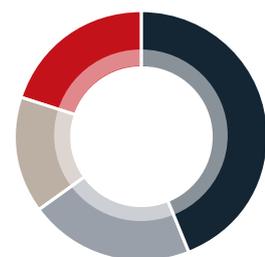
- Sales volume **126.7** ktonnes
- Net sales SEK **4,043** million
- Adjusted operating profit SEK **342** million

Sales volume per region



■ Asia Pacific 18%
■ Europe 29%
■ North and South America 53%

Sales volume per end-customer



■ Automotive 44%
■ HVAC 21%
■ Speciality packaging 15%
■ Other niches 20%

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RAISING OUR SUSTAINABILITY AMBITIONS

Sustainability is a strong driver and enabler of our long-term competitiveness and value creation. In March 2019, we launched sustainability targets to 2025 and since then good progress has been achieved towards many of these. To reflect the stronger than anticipated development in the sustainability performance as well as the increased interest and expectations from customers and other stakeholders, we are now upgrading selected sustainability targets. We have for example raised the target to have third-party verified sustainability information on our products, from 80 per cent to 100 per cent. Already today we can offer third-party verified sustainability information for all products produced at the site in Finspång. We have also increased the target for sourced recycled aluminium, from 20 per cent to 30 per cent. Moreover, we have quantified the emission reduction target for sourced metal inputs (GHG Protocol: Scope 3) to 30 per cent versus 2017 baseline. I'm very proud that we have achieved good progress on our sustainability priorities and that we are now further raising our ambition level. A full summary of the upgraded targets can be found on page 8.

OUTLOOK

Although the COVID-19 pandemic is still ongoing, some of the uncertainty has been reduced and the market demand is currently expected to remain on a healthy level in the coming quarter. For the second quarter 2021, Gränges currently expects a similar sales volume as in the first quarter. Still, uncertainty related to the semiconductor shortage within the automotive industry pose a downside risk to the second quarter outlook. The development of foreign exchange rates is expected to have a negative net impact on profitability when comparing the second quarter to the first quarter.

Looking further ahead, I strongly believe that we will be able to capitalize on the strong platform we have established for Gränges. With a strong commitment to sustainability, innovation, digitalization, and continuous improvement, Gränges is well positioned to deliver sustainable and profitable growth for the coming years.

Johan Menckel, CEO

NEW BUSINESS AREAS

Following recent years' successful growth initiatives that have resulted in a larger production footprint and a more diverse product portfolio Gränges sees an opportunity to further increase efficiency and transparency by grouping the different businesses based on production technology and end-customer markets. As of the first quarter of 2021 Gränges has established two business areas that will be presented separately in the external financial reporting: *Gränges Eurasia* and *Gränges Americas*. Gränges Eurasia includes the three rolling mills with direct chill casting and hot rolling technology in Finspång, Sweden, Konin, Poland, and Shanghai, China, as well as the newly established Gränges Powder Metallurgy business unit in St Avold, France. The largest end-customer market for Gränges Eurasia is heat exchanger material

for the automotive industry which represents 71 per cent of the business area's sales volume in the first quarter 2021. Gränges Americas includes the three rolling mills in Huntingdon, Salisbury, and Newport with continuous casting technology. The largest end-customer markets for Gränges Americas is heat exchanger material for the HVAC industry and speciality packaging material which represents 42 per cent and 23 per cent of the business area's sales volume respectively in the first quarter 2021. Gränges Americas also serves as a distributor of heat exchanger material for the automotive industry from Gränges Eurasia on the North and South American market. Gränges Eurasia is headed by the CEO and Gränges Americas is headed by the Regional President for the Americas region. For more information please refer to pages 6–7.

MARKET DEVELOPMENT

Gränges is a leading global supplier of rolled aluminium products and solutions for thermal management systems, speciality packaging and selected niche applications. Gränges' key end-customer markets are Automotive representing 44 per cent of sales volume, HVAC representing 21 per cent of the sales volume, Speciality packaging and Other niches representing 15 per cent and 20 per cent respectively. Short term sales to the automotive industry is primarily driven by the number of vehicles produced, longer term the increasing share of hybrid and electric vehicles will have a further positive impact on demand for Gränges' products. Sales to the HVAC industry is short term driven by consumer confidence and the general activity within building and construction, whereas increased requirements on energy efficiency of HVAC units is expected to have a further positive impact on the demand for Gränges' products in the longer term. The demand for materials for Speciality packaging is relatively stable in its nature and sales to Other niche applications are largely driven by the general economic activity.

In the first quarter of 2021, all Gränges' end-customer markets continued to recover. Demand for Automotive products increased by 22 per cent compared with last year driven by increased light vehicle production and continued restocking activities at customer level. The research firm IHS¹ estimates that the global light vehicle production increased by 14 per cent in the first quarter and currently forecasts an increase of 58 per cent for the second quarter. Demand for HVAC products increased by 11 per cent in the first quarter driven by continued increase in HVAC unit production and an increase in market share. Demand for Speciality packaging material remained stable on the same level as in previous year whereas demand for materials to Other niches increased by 16 per cent in the first quarter.

SALES DEVELOPMENT

Gränges' sales volume in the first quarter of 2021 increased by 41.0 per cent to 126.7 ktonnes (89.9) and net sales by 32.0 per cent to SEK 4,043 million (3,063) compared to the same quarter previous year. Excluding acquisitions, sales volume increased by 14.3 per cent to 102.8 ktonnes and net sales by 9.9 per cent to SEK 3,365 million. The increase in net sales was primarily driven by higher sales volume. Changes in foreign exchange rates had a net negative effect of SEK 449 million.

For Gränges Eurasia, sales volume increased to 73.2 ktonnes (38.8) and net sales rose to SEK 2,339 million (1,355) during the first quarter of 2021. For Gränges Americas, sales volume increased to 62.7 ktonnes (58.4) and net sales increased to SEK 2,015 million (1,974). For the acquired business, sales volume was 24.0 ktonnes and net sales amounted to SEK 678 million during the first quarter.

ASIA PACIFIC

In the first quarter of 2021, sales volume in Asia Pacific increased by 39.1 per cent to 23.2 ktonnes (16.6). The increase was primarily driven by stronger Automotive market demand and continued inventory restocking at several of Gränges' customers.

EUROPE

In the first quarter of 2021, sales volume in Europe increased by 170.2 per cent to 37.1 ktonnes (13.7). Excluding acquisitions, sales volume increased by 12.0 per cent to 15.4 ktonnes. The increase was primarily driven by stronger Automotive market demand and continued inventory restocking at several of Gränges' customers.

NORTH AND SOUTH AMERICA

In the first quarter of 2021, sales volume in North and South America increased by 11.7 per cent to 66.5 ktonnes (59.5). Excluding acquisitions, sales volume increased by 8.0 per cent to 64.3 ktonnes (59.5). The increase was primarily driven by stronger HVAC and Other niche markets further fueled by a continued market share increase. Continued restocking at several of Gränges' customers had a positive impact on especially the Automotive side.

Sales volume growth excluding acquisitions

Q1 2021

End market	Automotive		HVAC		Speciality packaging		Other niches		Total	
Asia Pacific	38%	↑	-	-	-	-	44%	↑	39%	↑
Europe	14%	↗	-	-	-	-	-2%	→	12%	↗
North and South America	10%	↗	11%	↗	-1%	→	12%	↗	8%	↗
Total	22%	↗	11%	↗	-1%	→	16%	↗	14%	↗

¹ Source: IHS, 16 April 2021.

OPERATING PROFIT

Adjusted operating profit for the first quarter of 2021 increased to SEK 342 million (210), corresponding to adjusted operating profit per tonne of 2.7 kSEK (2.3). Adjusted operating margin increased to 8.5 per cent (6.9). Excluding acquisitions, adjusted operating profit increased to SEK 293 million (210). The improvement in operating profit was driven by the increased sales volume in combination with a slightly higher average conversion price, improved metal management and a continued good cost performance. Net changes in foreign exchange rates had a negative impact of SEK 62 million in the quarter.

Operating profit for the first quarter of 2021 increased to SEK 326 million (204) and includes items affecting comparability of SEK –16 million (–6). Items affecting comparability in the quarter relates to the realization of acquired inventory in Gränges Konin valued at fair value instead of at cost. For further information see Note 5.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax for the first quarter of 2021 increased to SEK 304 million (169). Finance income and costs was SEK –22 million (–35). Income tax for the first quarter of 2021 was SEK –65 million (–36) which corresponds to an effective tax rate of 21 per cent (21). The profit for the period increased to SEK 239 million (133) during the first quarter of 2021 and diluted earnings per share rose to SEK 2.24 (1.56).

CASH FLOW

Cash flow from operating activities amounted to SEK –3 million (387) in the first quarter of 2021. Working capital increased by SEK 455 million driven by increased business activity and increasing aluminium price. Cash flow from investing activities amounted to SEK –247 million (–207) in the quarter. This includes additional purchase consideration of SEK 14 million for the acquisition of Aluminium Konin and the purchase price of 64 million for the acquisition of Dispal®, see note 7 for further information. Total capital expendi-

ture was SEK 169 million in the quarter. Of this, SEK 52 million refers to investments to maintain and improve efficiency in current production facilities and SEK 117 million refers to investments related to the expansion of the production facilities in the US, Sweden and Poland. Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK –55 million (329).

Cash flow from financing activities was SEK –646 million (225) in the first quarter of 2021. This includes new loans of SEK 740 million and repayment of loans of SEK –1,380 million.

Cash and cash equivalents amounted to SEK 607 million at 31 March 2021 (SEK 1,473 million 31 December 2020).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 14,071 million at 31 March 2021 (SEK 13,652 million at 31 December 2020). The equity to assets ratio was 45.7 per cent at 31 March 2021 (43.7 per cent at 31 December 2020).

Consolidated net debt including pension and lease liabilities was SEK 3,690 million at 31 March 2021 (SEK 3,292 million at 31 December 2020), corresponding to 2.4 times adjusted EBITDA¹ (2.2 times at 31 December 2020).

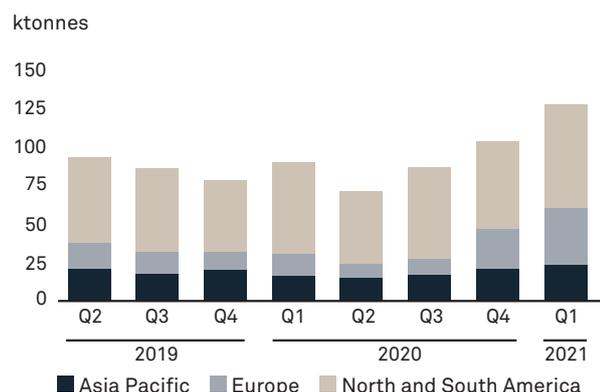
EMPLOYEES

The average number of employees was 2,602 (1,751) in the first quarter of 2021. The increased number of employees in the first quarter is mainly related to the acquisition of Aluminium Konin.

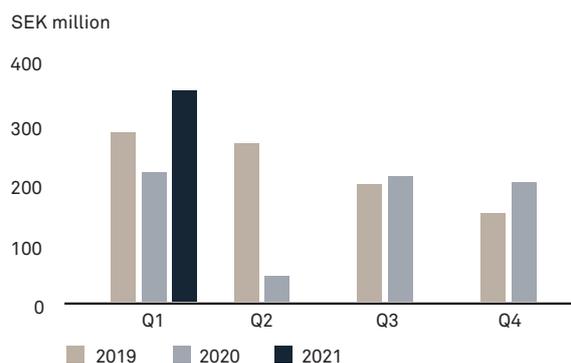
PARENT COMPANY

Gränges AB is the parent company of the Gränges Group. The operations include Group Management and Group functions such as finance, treasury, legal and communications. In the first quarter 2021, net sales in the parent company was SEK 30 million (46). Result for the period was SEK –19 million (–10).

Quarterly sales volume per region



Quarterly adjusted operating profit



¹ Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures for further information.

GRÄNGES EURASIA

- Strong market recovery in Asia driving sales volume
- Solid organic increase in operating profit per tonne despite negative FX effects
- Integration of Gränges Konin progressing according to plan

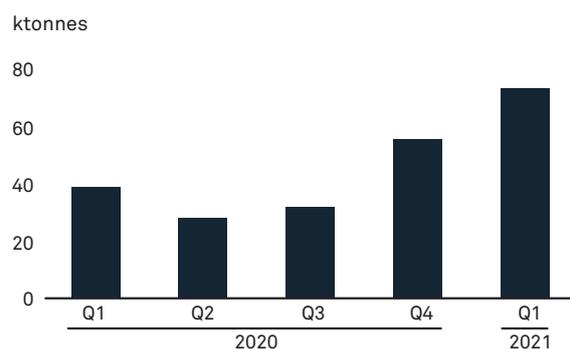
MARKET AND SALES

Gränges Eurasia experienced a strong market activity in the first quarter of 2021 primarily driven by increased demand from Automotive customers in especially Asia, where increased light vehicle production and continued restocking activities at customer level had a positive impact on demand for Gränges' products. The sales volume in the first quarter 2021 increased by 88.8 per cent to 73.2 ktonnes (38.8) and net sales by 72.6 per cent to SEK 2,339 million (1,355) compared to the same quarter previous year. Excluding the acquisition of Gränges Konin, sales volume increased by 27.0 per cent to 49.2 ktonnes and net sales by 22.6 per cent to SEK 1,661 million. Changes in foreign exchange rates had a net negative effect on net sales of SEK 129 million.

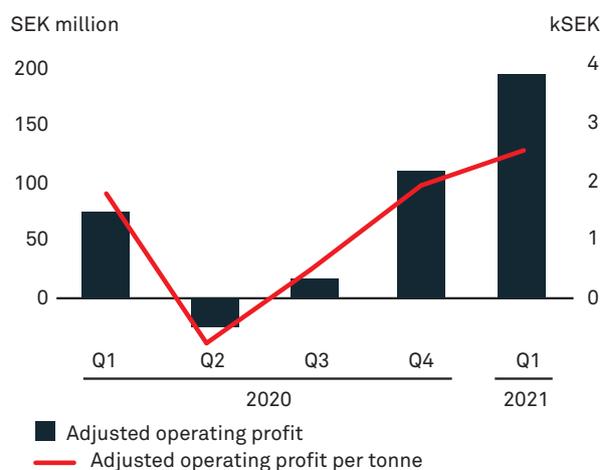
OPERATING PROFIT

The adjusted operating profit for the first quarter 2021 increased by 162 per cent to SEK 193 million (74), corresponding to an adjusted operating profit per tonne of SEK 2.6 thousand (1.9). Excluding the acquired adjusted operating profit from Gränges Konin of SEK 49 million, adjusted operating profit increased by 95 per cent to SEK 144 million (74), corresponding to an adjusted operating profit per tonne of SEK 2.9 thousand (1.9). Positive effects from the increased sales volume, improved metal management and continued good cost performance was partly offset by a slightly lower average conversion price. Net changes in foreign exchange rates had a negative impact of SEK 31 million in the quarter. Operating profit for the first quarter increased to SEK 209 million (74) and includes items affecting comparability of SEK -16 million (-) related to the realization of acquired inventory in Gränges Konin valued at fair value instead of at cost. Return on capital employed amounted to 6.7 per cent on a rolling 12 month basis.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q1		Δ	12 months rolling	Full year	
	2021	2020		Apr 2020 – Mar 2021	2020	Δ
Sales volume external, ktonnes	64.0	31.4	103.5%	164.0	131.5	24.7%
Sales volume internal, ktonnes	9.2	7.3	25.7%	24.4	22.5	8.4%
Total sales volume, ktonnes	73.2	38.8	88.8%	188.4	154.0	22.4%
Net sales, external	2,028	1,085	86.9%	5,205	4,262	22.1%
Net sales, internal	311	270	15.1%	816	775	5.3%
Total net sales	2,339	1,355	72.6%	6,021	5,037	19.5%
Adjusted operating profit	193	74	161.7%	295	176	67.9%
Operating profit	177	74	140.1%	224	121	85.7%
Adjusted operating margin, %	8.3	5.4	2.8 ppt	4.9	3.5	1.4 ppt
Adjusted operating profit per tonne, kSEK	2.6	1.9	38.6%	1.6	1.1	37.2%
Return on capital employed, %	-	-	-	6.7	4.6	2.1 ppt

GRÄNGES AMERICAS

- Record quarter for sales volume and operating profit
- Upgrade of Newport rolling mill completed
- Decision to invest USD 33 million to increase casting capacity

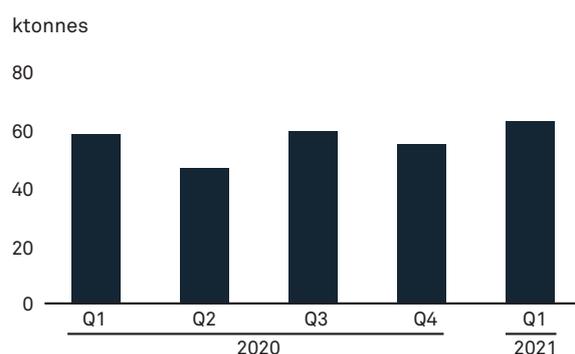
MARKET AND SALES

Gränges America experienced a strong market activity in the first quarter of 2021 driven by increased underlying market demand from HVAC, Automotive and Other customers combined with a continued market share increase. Demand for speciality packaging was stable in the quarter. In total the sales volume in the first quarter 2021 increased by 7.4 per cent to 62.7 ktonnes (58.4) which is the highest sales volume in an individual quarter so far for Gränges Americas. Net sales increased by 2.1 per cent to SEK 2,015 million (1,974) compared to the same quarter previous year. Changes in foreign exchange rates had a net negative effect on net sales of SEK 320 million.

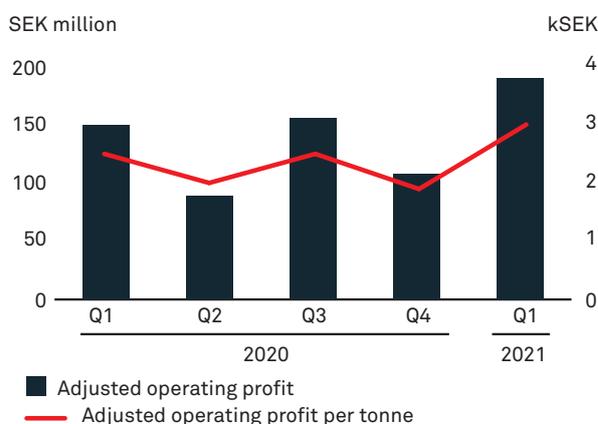
OPERATING PROFIT

The adjusted operating profit for the first quarter 2021 increased by 27 per cent to SEK 191 million (150), corresponding to an adjusted operating profit per tonne of SEK 3.0 thousand (2.6). The improvement in operating profit was driven by increased sales volume in combination with a slightly higher average conversion price, whereas increased depreciation following the completion of the Newport investment project had a negative impact. Net changes in foreign exchange rates had a negative impact of SEK 31 million in the quarter. There are no items affecting comparability in the quarter. Return on capital employed increased to 13.1 per cent on a rolling 12 month basis.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q1		Δ	12 months rolling	Full year	
	2021	2020		Apr 2020 – Mar 2021	2020	Δ
Sales volume external, ktonnes	62.7	58.4	7.4%	223.4	219.1	2.0%
Sales volume internal, ktonnes	-	-	-	-	-	-
Total sales volume, ktonnes	62.7	58.4	7.4%	223.4	219.1	2.0%
Net sales, external	2,012	1,974	1.9%	6,763	6,725	0.6%
Net sales, internal	3	1	252.7%	26	24	9.7%
Total net sales	2,015	1,974	2.1%	6,789	6,748	0.6%
Adjusted operating profit	191	150	27.3%	544	503	8.1%
Operating profit	191	150	27.3%	539	498	8.2%
Adjusted operating margin, %	9.5	7.6	1.9 ppt	8.0	7.5	0.6 ppt
Adjusted operating profit per tonne, kSEK	3.0	2.6	18.6%	2.4	2.3	6.1%
Return on capital employed, %	-	-	-	13.1	11.8	1.2 ppt

SUSTAINABILITY

To reflect the stronger than anticipated development in Gränges' sustainability performance as well as to meet the increased interest and expectations from customers and other stakeholders, Gränges now upgrades selected sustainability targets to 2025. The targets were originally launched in 2019 and since then good progress has been achieved towards many of these. The targets demonstrate Gränges' efforts to further integrate sustainability across the company and the value chain, executed through the company's five sustainability pillars. Gränges has made the following updates:

- 100 per cent of Gränges' products to have third-party verified sustainability information available. (Previously 80 per cent)
- At least 20 per cent renewable energy. (Previously "Increase")
- At least 30 per cent recycled aluminium of total sourced metal inputs. (Previously 20 per cent)
- 30 per cent reduction in carbon emissions intensity from sourced metal inputs (scope 3) versus baseline 2017.¹ (Previously "Reduce")
- All sites to have achieved certification in accordance with Aluminium Stewardship Initiative's (ASI) Performance Standard and Chain of Custody Standard. (New target)

A full overview of Gränges' 2025 sustainability targets can be found on the company's website: <https://www.granges.com/sustainability/framework-and-targets/>.

Gränges' production facility in Finspång, Sweden, achieved a provisional certification against Aluminium Stewardship Initiative's (ASI) Performance Standard in February, 2021. The certification verifies that Gränges' products are produced responsibly and sustainably and provides assurance to customers and other stakeholders that Gränges meets the increased sustainability requirements. ASI is a global non-profit organization which defines global standards for sustainability performance and chain-of-custody in the aluminium value chain. Gränges' production site in Shanghai was certified against ASI's Performance Standard in 2019.

SIGNIFICANT EVENTS DURING THE PERIOD

Jörgen Rosengren appointed as new CEO of Gränges

In January, Gränges' CEO Johan Menckel informed the Board of Directors that he had decided to leave his position after 18 years within Gränges, of which the last eight years as CEO. In March, Gränges' Board of Directors appointed Jörgen Rosengren as new CEO for Gränges. Jörgen Rosengren, currently CEO for Bufab, will take office at the latest on 1 October 2021. Jörgen Rosengren, born 1967, has a MSc in Electrical Engineering from Lund University, Faculty of Engineering. Before joining Bufab, he has worked for the Husqvarna Group, Electrolux, McKinsey & Company and Philips Electronics.

Gränges' Finspång site achieves ASI certification

In February, Gränges' production facility in Finspång, Sweden, achieved a provisional certification against Aluminium Stewardship Initiative's (ASI) Performance Standard. The certification verifies that Gränges' products are produced responsibly and sustainably and provides assurance to customers and other stakeholders that Gränges meets the increased sustainability requirements. The independent, third-party audit was carried out by DNV GL.

Gränges achieved good sustainability progress in 2020

Gränges continued to execute on its ambitious sustainability framework and targets in 2020 and good progress was achieved for many of the company's sustainability priorities, which was reported in the Annual and Sustainability Report for 2020. Highlights include a significant reduction in the company's total carbon emissions, an increased share of sourced recycled aluminium and renewable energy as well as a very high participation rate in the group-wide Code of Conduct and anti-corruption trainings. Actions to speed up the development of a broader and more sustainable customer offering were also taken, and Gränges' operations in Finspång can now start to offer customers third-party verified product carbon footprint certificates.

Changes in Gränges' Group Management

In March, Sofia Hedevåg, SVP Sustainability, was appointed to be a member of Gränges' Group Management and report to CEO Johan Menckel. Sofia has since 15 May 2020 been a member of Gränges' extended Group Management. By creating this new position in Gränges' Group Management with a global responsibility for sustainability, an important strategic area for Gränges, Gränges broadens management's competence and focus further to meet the increased interest and demand from the customers and other stakeholders. At the same time, it was announced that SVP Corporate Responsibility & Communication, Camilla Weiner, who has been a member of Gränges' Group Management since 2019, will leave Gränges to run her own business. The changes were effectuated on 1 April 2021.

¹ Gränges follows the Greenhouse Gas Protocol Standards to calculate its climate impact from bauxite extraction to delivery of Gränges' products to customers (cradle-to-gate).

Gränges to invest USD 33 million to increase aluminium casting capacity in the US

Gränges will invest USD 33 million to expand its aluminium casting operations in Huntingdon, Tennessee, to meet the growing demand from North American customers. This investment follows the previous and successful investments in new rolling capacity at the sites in Huntingdon and Newport, Arkansas. When completed, the casting capacity in Huntingdon will increase by about 25 ktonnes per year and will enable higher capacity utilization in the downstream rolling and slitting operations. The investment also supports Gränges' high sustainability ambitions by improving both energy and carbon intensity. The project is estimated to take less than two years to complete and is expected to contribute positively to Gränges' operating profit in 2023. The expansion investment will be financed with existing cash and internally generated cash flows.

SIGNIFICANT EVENTS AFTER THE PERIOD

Gränges upgrades 2025 sustainability targets

To reflect the stronger than anticipated development in the sustainability performance as well as to meet the increased interest and expectations from customers and other stakeholders, Gränges is upgrading selected sustainability targets. The upgraded targets, which were announced in April, demonstrate Gränges' efforts to further integrate sustainability across the company and the value chain, executed through the company's five sustainability pillars. Read more on page 8.

No other significant events have occurred after the period.

THE SHARE

The share capital in Gränges amounts to SEK 142 million split on 106,308,618 shares, each with a quota value of SEK 1.339775. Gränges has only one class of shares.

OWNERSHIP STRUCTURE

The number of shareholders in Gränges was 10,919 at 31 March 2021, according to Euroclear.

Largest shareholders in Gränges at 31 March 2021¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9,864,534	9.3
AFA Insurance	8,728,567	8.2
Handelsbanken Funds	5,937,678	5.6
Swedbank Robur Funds	5,570,357	5.2
Dimensional Fund Advisors	4,334,682	4.1
Boryszew S.A.	3,330,364	3.1
Allianz Global Investors	2,866,950	2.7
Unionen	2,522,724	2.4
Columbia Threadneedle	2,514,787	2.4
Norges Bank	2,249,089	2.1
Total 10 largest shareholders	47,929,215	45.1
Other	58,379,403	54.9
Total	106,308,618	100

¹ Source: Modular Finance.

OTHER

Annual General Meeting 2021

Gränges' 2021 Annual General Meeting (AGM) will be held on Thursday 6 May 2021. Due to COVID-19 the AGM will be carried out through advance voting (postal voting). No physical meeting with the possibility to attend in person or to be represented by a proxy will take place.

Shareholders wishing to attend the AGM through advance voting must be registered as shareholders in the share register maintained by Euroclear Sweden AB as of Wednesday 28 April 2021, and notify by casting its advance vote so that the advance voting form is received by Euroclear Sweden AB no later than on Wednesday 5 May 2021. A special form shall be used for advance voting. The form, as all other documentation concerning the AGM, is available on Gränges' website, www.granges.com.

Nomination Committee's proposals for the AGM 2021

Gränges' Nomination Committee proposes Martina Buchhauser as new member of the Board of Directors to be elected at the AGM on 6 May 2021. The Nomination Committee is in addition proposing re-election of Fredrik Arp, Carina Andersson, Mats Backman, Peter Carlsson, Katarina Lindström and Hans Porat. Ragnhild Wiborg, Board member since 2014, has chosen to resign. Fredrik Arp is proposed to continue as Chairman of the Board.

The Nomination Committee for the AGM 2021 has consisted of the following members: Jannis Kitsakis at Fjärde AP-fonden (Chair of the Nomination Committee); Anders Algotsson at AFA Insurance; Niklas Johansson at Handelsbanken Funds; and Fredrik Arp (Chairman of the Board). The Nomination Committee's complete resolutions and its statement are available on Gränges' webpage.

Dividend

Gränges' Board of Directors proposes a dividend of SEK 1.10 (-) per share for the 2020 fiscal year, in total SEK 117 million (-), which corresponds to 32 per cent of the profit for the year 2020. The proposed record date for the dividend is 10 May 2021. If the AGM resolves in accordance with the proposal, the dividend is expected to be distributed through Euroclear Sweden AB on 14 May 2021.

RISKS AND UNCERTAINTY FACTORS

As a global group with operations in different 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 risks related to foreign exchange rates, interest rates, liquidity and refinancing. Gränges' risk management process entails to identify, assess and reduce risks related to the Group's business and operations. More information about risk management is available on pages 39–44 in Gränges' 2020 annual report.

SEASONAL VARIATIONS

Gränges' customers are found in the automotive industry, the HVAC industry, the packaging industry, as well as in many other niche markets. Gränges' sales to the automotive industry is highly correlated with the production of light vehicles. Sales to the HVAC industry are impacted by factors such as construction investments, new regulations for energy efficiency and climate impact, and it is usually higher during the summer period driven by a seasonally higher demand for cooling systems. Sales to the packaging and other industries are fairly stable throughout the year. Major annual maintenance work in Gränges' production facilities mainly occurs in the fourth quarter. Overall, the fourth quarter is usually the weakest quarter and the second quarter usually the strongest quarter of the year.

Stockholm, 22 April 2021

Johan Menckel
Chief Executive Officer

This interim 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 22 April, 2021 at 07.30 CEST.

Webcasted telephone conference

CEO Johan Menckel and CFO Oskar Hellström will present Gränges' interim report for January–March 2021 at a webcasted conference call at 10.00 CEST, Thursday 22 April, 2021.

The webcast is available on www.granges.com/investors. To participate in the conference call, please call +46 8 5664 2651 (Sweden), +44 3333 000 804 (United Kingdom) or +1 631 913 1422 (United States). PIN code: 6978 8601#. Please call a few minutes before the conference call starts. The presentation will be in English.

Financial calendar

6 May, 2021	Annual General Meeting 2021
16 July, 2021	Half-year Report, January–June 2021
21 October, 2021	Interim Report, January–September 2021

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales	2	4,043	3,063	11,008
Cost of materials	5	-2,600 ¹	-1,914	-6,778 ²
Payroll and other operating expenses		-959	-804	-3,059
Depreciation, amortization and impairment charges		-157	-135	-553
Items affecting comparability	5	-	-6	-33
Operating profit		326	204	584
Profit or loss from joint ventures	4	0	0	2
Finance income and costs		-22	-35	-132
Profit before tax		304	169	454
Income tax	6	-65	-36	-91
Profit for the period		239	133	363
Profit for the period attributable to				
– owners of the parent company		239	133	363
– non-controlling interests		0	-	0
Earnings per share				
Earnings per share basic, SEK		2.25	1.56	4.21
Earnings per share diluted, SEK		2.24	1.56	4.21

¹ Includes items affecting comparability of SEK -16 million, see Note 5 for further information.

² Includes items affecting comparability of SEK -31 million, see Note 5 for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Profit for the period	239	133	363
Items not to be reclassified to profit/loss in subsequent periods			
Remeasurement of pensions after tax	-2	-	1
Items to be reclassified to profit/loss in subsequent periods			
Change in hedging reserve after tax	-72	-39	61
Translation effects	203	254	-463
Comprehensive Income for the period	368	348	-37
Comprehensive income for the period attributable to			
– owners of the parent company	368	348	-37
– non-controlling interests	0	-	0

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Mar 2021	31 March 2020	31 Dec 2020
ASSETS				
Intangible assets		1,568	914	1,510
Property, plant and equipment		6,329	5,519	6,066
Deferred tax assets		23	38	20
Investments in joint ventures	4	14	13	13
Interest-bearing receivables		–	2	–
Other non-current receivables	3	128	5	24
Non-current assets		8,062	6,491	7,633
Inventories		2,721	1,988	2,398
Receivables	3	2,610	1,946	2,021
Interest-bearing receivables	3	71	0	128
Cash and cash equivalents		607	1,187	1,473
Current assets		6,009	5,121	6,020
TOTAL ASSETS		14,071	11,612	13,652
EQUITY AND LIABILITIES				
Share capital		163	101	142
Retained earnings		6,261	4,562	5,828
Equity		6,424	4,663	5,970
Interest-bearing liabilities	3	1,990	3,376	2,351
Provisions and other non-current liabilities	3	790	534	718
Non-current liabilities		2,780	3,910	3,068
Interest-bearing liabilities	3	2,011	996	2,184
Provisions and other current liabilities	3	2,856	2,042	2,429
Current liabilities		4,867	3,038	4,614
TOTAL EQUITY AND LIABILITIES		14,071	11,612	13,652

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Mar 2021	31 Mar 2020	31 Dec 2020
Opening balance	5,968	4,314	4,314
Profit for the period	239	133	363
Other comprehensive income for the period	129	215	–401
Total comprehensive income for the period	368	348	–37
Share swap	86	–	–193
Option premium	–	–	8
Issue in kind	–	–	215
Rights issue	–	–	1,662
Total transactions with owners	86	–	1,691
Equity attributable to owners of the parent company	6,422	4,663	5,968
Equity attributable to non-controlling interests	2	–	2
Closing balance	6,424	4,663	5,970

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Operating profit		326	204	584
Depreciation, amortization and impairment charges		157	135	553
Other non-cash items	5	16	–	45
Change in working capital etc.		–471	66	290
Income taxes paid		–31	–17	–59
Cash flow from operating activities		–3	387	1,414
Acquisitions	7	–78	–	–1,196
Investments in property, plant, equipment and intangible assets		–169	–207	–557
Divestments		–	–	17
Cash flow from investing activities		–247	–207	–1,736
Cash flow before financing activities		–250	181	–322
Share swaps		–	–	–193
Option premium		–	–	8
Rights issue		–	–	1,662
Interest paid and received		–6	–33	–142
New loans		740	1,169	5,785
Repayment of loans		–1,380	–911	–5,970
Cash flow from financing activities		–646	225	1,149
Cash flow for the period		–896	406	827
Cash and cash equivalents at beginning of period		1,473	747	747
Cash flow for the period		–896	406	827
Exchange rate differences in cash and cash equivalents		30	34	–101
Cash and cash equivalents at end of period		607	1,187	1,473

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales	30	46	169
Payroll and other operating expenses	–56	–57	–249
Depreciation, amortization and impairment charges	–2	–5	–21
Operating profit/loss	–29	–16	–101
Dividends from subsidiaries	–	–	194
Finance income and costs	5	5	–13
Profit/loss after financial items	–23	–11	80
Appropriations	–	–	30
Income tax	5	1	12
Profit/loss for the period	–19	–10	122

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Profit for the period	-19	-10	122
Items to be reclassified to profit/loss in subsequent periods			
Change in hedging reserve after tax	-	-3	1
Comprehensive income for the period attributable to owners of the parent company	-19	-13	123

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Intangible assets	31	38	33
Property, plant and equipment	3	189	170
Shares in Group companies	2,894	1,160	2,891
Deferred tax assets	32	-	27
Receivables from Group companies	2,629	2,322	1,579
Other non-current receivables	1	3	5
Non-current assets	5,590	3,712	4,706
Receivables from Group companies	403	274	870
Other receivables	156	129	248
Cash and cash equivalents	246	265	736
Current assets	805	668	1,853
TOTAL ASSETS	6,394	4,380	6,559
EQUITY AND LIABILITIES			
Restricted equity	151	110	151
Non-restricted equity	3,344	1,576	3,362
Equity	3,494	1,686	3,513
Untaxed reserves	-	30	-
Interest-bearing liabilities	712	1,402	698
Provisions and other non-current liabilities	31	31	32
Non-current liabilities	744	1,434	730
Liabilities to Group companies	293	168	262
Interest-bearing liabilities	1,719	871	1,865
Provisions and other current liabilities	144	192	189
Current liabilities	2,156	1,231	2,316
TOTAL EQUITY AND LIABILITIES	6,394	4,380	6,559

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) 2020. 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. New standards, amendments and interpretations effective from 1 January 2021 or later have not had any material impact on this financial report.

The reporting of operating segments is consistent with the internal reporting submitted to the highest executive decision maker, which consists of the CEO. As of 1 January 2021, operations are reported and organized based on two business areas, Gränges Eurasia and Gränges Americas. Group functions and other items that cannot be allocated to Gränges Eurasia or Gränges Americas are reported in Other and eliminations. The segment reporting on page 22 presents volume, net sales, adjusted operating profit, operating profit, capital employed and return on capital employed for each segment. Financial items and taxes are reported and followed up for the Group as a whole. In the quarterly reporting, no detailed breakdown is presented for number of employees or items in the balance sheet, in addition to capital employed. Capital employed does not include any tax items or accrued interest per business area.

The interim information on pages 2–18 is an integrated part of these financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Gränges' revenue is generated through sale of material that is produced for a certain customer and application. Revenue is recognized at the point in time when control is transferred to the customer. The transaction price for Gränges' products is based on the added value Gränges offers in terms of material properties and production complexity (fabrication price), and the price of the raw material, aluminium. The fabrication price is to a large extent fixed while the aluminium price is variable and based on metal price clauses connected to the market price. The tables below show Gränges' net sales by geographical region and by business area divided by type of revenue.

SEK million	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales by business area			
<i>Gränges Eurasia</i>			
Fabrication revenue	1,421	688	2,642
Raw material and other revenue	914	667	2,395
Revenue from contracts with customers	2,335	1,355	5,037
Other revenue	4	–	–
Total net sales Gränges Eurasia	2,339	1,355	5,037
<i>Gränges Americas</i>			
Fabrication revenue	784	806	2,855
Raw material and other revenue	1,231	1,168	3,893
Revenue from contracts with customers	2,015	1,974	6,748
Other revenue	–	–	–
Total net sales Gränges Americas	2,015	1,974	6,748
<i>Other and eliminations</i>			
Fabrication revenue	–190	–179	–512
Raw material and other revenue	–122	–92	–282
Revenue from contracts with customers	–312	–271	–794
Other revenue	–	4	17
Total net sales other and eliminations	–312	–267	–778
Total fabrication revenue	2,016	1,315	4,985
Total raw material and other revenue	2,023	1,744	6,006
Total revenue from contracts with customers	4,039	3,059	10,991
Total other revenue	4	4	17
Total net sales	4,043	3,063	11,008

SEK million	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales by region			
Asia Pacific	781	587	2,268
Europe	1,141	469	1,875
North and South America	2,117	2,004	6,848
Total revenue from contracts with customers	4,039	3,059	10,991
Other revenue	4	4	17
Net sales	4,043	3,063	11,008

NOTE 3 FINANCIAL INSTRUMENTS

The Group's financial assets consist of loans, accounts receivable, cash and cash equivalents as well as derivatives. The Group's financial liabilities consist of borrowings and accounts payable as well as derivatives. The table below shows the fair value of the derivatives (currency forwards, aluminium futures and interest rate swaps) included in the balance sheet.

SEK million	31 Mar 2021	31 Mar 2020	31 Dec 2020
Non-current assets	111	0	6
Current assets	144	169	249
Non-current liabilities	2	63	–
Current liabilities	204	221	138

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 liabilities mainly consist of financing from banks and institutions. The amount of outstanding term loans on 31 March 2021 was USD 150 million and SEK 900 million. Gränges' revolving credit facilities amounted to SEK 2,436 million, which were unutilized on 31 March 2021. Interest-bearing liabilities also include corporate bonds of SEK 600 million, issued under Gränges' MTN programme, and commercial papers of SEK 700 million. The loan facilities are subject to covenants, which are Net Debt/EBITDA and Interest coverage ratio.

SEK million	Limit/Program amount	Year			Total
		< 1	1–2	> 2	
Term loans					
SEK		700	–	200	900
USD		–	218	1,090	1,308
Bonds in MTN programme	3,000	300	–	300	600
Commercial papers	1,500	700	–	–	700
Revolving Credit Facilities	2,436	–	–	–	–
Lease liabilities		48	36	156	239
Other interest-bearing liabilities		263	–	–10	253
Total interest-bearing liabilities		2,011	254	1,736	4,000

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 31 March 2021 was SEK 4,000 million (SEK 4,535 million as of 31 December 2020). The fair value of interest-bearing liabilities amounted to SEK 4,010 million as of 31 March 2021 (SEK 4,547 million as of 31 December 2020). For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value.

NOTE 4 RELATED PARTY TRANSACTIONS

No changes have been made to the Group or parent company in relations or transactions with related parties, compared to what is described in the 2020 Annual Report. During the period there have been no significant transactions with related parties.

NOTE 5 ITEMS AFFECTING COMPARABILITY

SEK million	Financial statement line	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Realisation of fair value inventory step-up on acquired business	Cost of materials	-16	-	-31
M&A costs	Items affecting comparability	-	-6	-19
Restructuring costs	Items affecting comparability	-	-	-14
Items affecting comparability		-16	-6	-64

During the fourth quarter 2020 Gränges acquired Aluminium Konin, a Polish flat rolled aluminium producer. The costs for the acquisition amounted to SEK 19 million and was reported as an item affecting comparability in 2020. All of Aluminium Konin's assets were valued at fair value by Gränges, as was the inventory. Upon sale of the acquired inventory, the difference between fair value and book value was realized. The amount is reported in the financial statement line cost of materials and is deemed to be an item affecting comparability. The item amounts to SEK 16 million for the first quarter 2021, and the corresponding amount for 2020 was SEK 31 million. There will be no further effects since all of the acquired inventory has been sold. The realization has not affected Gränges' cash flow. For further information on the acquisition, see Note 7. Restructuring costs for the full year 2020 refer to the organizational changes in Gränges' Swedish and American operations.

NOTE 6 TAX

Gränges' Chinese subsidiary has for tax purpose received a pre-qualification as a High and New-Technology Enterprise for the three-year period 2019 to 2021. 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. 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. Gränges currently considers it to be more likely than not that the special requirements will be met for the financial year 2021 and therefore applies a tax rate of 15 per cent for the Chinese operation.

NOTE 7 ACQUISITIONS

Aluminium Konin

In the fourth quarter 2020 Gränges acquired Aluminium Konin, a Polish flat rolled aluminium producer. The acquired business was consolidated from November, 2020. The preliminary purchase price allocation presented at 31 December 2020 has been updated mainly due to increased purchase price of SEK 3 million (PLN 1 million). The purchase price allocation is still preliminary and can be subject for change if additional information of fair value is obtained.

Preliminary purchase price allocation Aluminium Konin	PLN million	SEK million
Intangible assets	138	335
Property, plant and equipment	624	1,514
Other non-current receivables	10	23
Inventories	242	586
Other current receivables	159	388
Cash and cash equivalents	24	57
Interest-bearing liabilities	507	1,231
Provision and other liabilities	290	704
Net identifiable assets and liabilities	400	969
Goodwill	204	495
Purchase price	606	1,464
Issue in kind of new issued shares in Gränges	90	215
Paid cash for the acquisition	516	1,249
Purchase price	606	1,464
Less issued shares in Gränges	-90	-215
Less cash and cash equivalents in acquired operation	-24	-57
Effect on the Group's cash and cash equivalents	-492	-1,192

Cash consideration paid during the first quarter 2021 amounts to SEK 14 million (PLN 6 million), cash consideration paid in 2020 amounted to SEK 1,236 million (PLN 510 million). No additional compensation is expected to be paid.

GETEK

In 2020 it was announced that Gränges would acquire the remaining 49 per cent of the shares in GETEK GmbH as well as the business Dispal®, including production assets, intellectual properties and trademark Dispal®, from Erbslöh Aluminium GmbH. GETEK GmbH has been jointly owned by Gränges (51 per cent) and Erbslöh (49 per cent) since 2017 and classified as a joint operation. Gränges has recognized its direct right to jointly owned assets, liabilities, revenues and expenses in the financial statements since 2017. The acquisition of the remaining 49 per cent shares in GETEK GmbH was done 1 October 2020 and the operation has been consolidated in full since then. The Dispal® business was acquired 1 January 2021 and is included from 2021.

The preliminary acquisition balance presented at 31 December 2020 has been updated mainly due to updated fair value valuations of the net assets and adjustment of the purchase price.

The purchase price allocation is still preliminary and can be subject for change if additional information of fair value is obtained.

Preliminary purchase price allocation GETEK	EUR million	SEK million
Non-current assets	6.5	66
Current assets, excluding cash	2.7	27
Cash and cash equivalents	0.1	1
Non-current liabilities	1.0	10
Current liabilities	1.0	11
Net identifiable assets and liabilities	7.2	73
Goodwill	5.3	52
Purchase price	12.5	124
Initial investment in joint operation	4,6	44
Cash compensation for remaining shares to obtain controlling interest	8,0	80
Purchase price	12,6	124
Less initial investment in joint operation	-4,6	-44
Effect on the Group's cash and cash equivalents	-7,9	-80

Cash consideration paid during the first quarter 2021 amounts to SEK 64 million (EUR 6.3 million), cash consideration paid in 2020 amounted to SEK 16 million (EUR 1.6 million). No additional compensation is expected to be paid.

CONSOLIDATED QUARTERLY DATA

SEK million	2021		2020			2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume, ktonnes	126.7	103.3	86.7	70.8	89.9	77.9	85.8	92.9
Income statement								
Net sales	4,043	3,149	2,575	2,221	3,063	2,682	2,998	3,188
Adjusted EBITDA ¹	499	342	332	182	345	269	305	370
Adjusted operating profit ¹	342	193	203	42	210	144	190	257
Operating profit	326	167	177	37	204	115	190	257
Profit for the period	239	106	124	1	133	47	198	171
Adjusted EBITDA margin, %	12.3	10.9	12.9	8.2	11.3	10.0	10.2	11.6
Adjusted operating margin, %	8.5	6.1	7.9	1.9	6.9	5.4	6.3	8.1
Adjusted operating profit per tonne, kSEK	2.7	1.9	2.3	0.6	2.3	1.9	2.2	2.8
Operating margin, %	8.1	5.3	6.9	1.7	6.6	4.3	6.3	8.1
Net margin, %	5.9	3.4	4.8	0.0	4.3	1.8	6.6	5.4
Balance sheet								
Non-current assets	8,062	7,633	5,825	6,047	6,491	6,025	6,153	5,633
Current assets	6,009	6,020	4,330	4,156	5,121	4,455	4,609	4,508
Equity	6,424	5,970	4,442	4,374	4,663	4,314	4,382	4,077
Non-current liabilities	2,780	3,068	2,905	3,719	3,910	3,414	3,280	3,055
Current liabilities	4,867	4,614	2,808	2,109	3,038	2,752	3,100	3,009
Cash flow								
Operating activities	-3	318	426	283	387	289	564	310
Investing activities	-247	-1,335	-78	-117	-207	-221	-409	-508
Before financing activities	-250	-1,017	348	166	181	68	155	-198
Financing activities	-646	1,628	-391	-312	225	-69	21	302
Cash flow for the period	-896	611	-43	-146	406	-1	176	104
Capital structure								
Net debt	3,690	3,292	2,812	3,247	3,559	3,465	3,606	3,560
Equity to assets, %	45.7	43.7	43.7	42.9	40.2	41.2	40.7	40.2
Data per share, SEK²								
Earnings per share basic	2.25	1.19	1.45	0.01	1.56	0.56	2.32	2.00
Earnings per share diluted	2.24	1.19	1.45	0.01	1.56	0.56	2.32	2.00
Equity	60.25	66.49	52.15	51.36	54.75	50.65	51.44	47.87
Cash flow from operating activities	-0.03	3.54	5.00	3.32	4.55	3.39	6.62	3.64
Share price at the end of the period	113.50	100.20	71.06	65.39	43.62	87.73	89.10	94.33
Weighted outstanding ordinary shares, basic in thousands	106,308.6	89,742.0	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	106,620.7	89,789.3	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3

¹ Adjusted for items affecting comparability, see Note 5 for further information.

² Calculated on weighted outstanding ordinary shares, diluted.

CONSOLIDATED QUARTERLY DATA

	2021		2020			2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume by region, ktonnes								
Asia Pacific	23.2	20.9	16.8	15.1	16.7	20.4	17.7	21.0
Europe	37.1	25.7	10.3	8.6	13.7	11.5	14.1	16.1
North and South America	66.5	56.7	59.6	47.1	59.5	46.0	54.0	55.8
Total	126.7	103.3	86.7	70.8	89.9	77.9	85.8	92.9
Sales volume by end-customer, ktonnes								
Automotive	55.3	46.8	35.3	25.2	38.7	–	–	–
HVAC	26.1	19.4	22.4	20.2	24.3	–	–	–
Speciality packaging	19.1	18.2	18.1	13.7	14.4	–	–	–
Other niches	26.2	18.8	10.9	11.6	12.5	–	–	–
Total	126.7	103.3	86.7	70.8	89.9	–	–	–
Net sales by region, SEK million								
Asia Pacific	781	669	526	486	587	714	617	717
Europe	1,145	778	331	310	473	443	537	522
North and South America	2,117	1,702	1,717	1,425	2,004	1,524	1,845	1,949
Total	4,043	3,149	2,575	2,221	3,063	2,682	2,998	3,188
Employees								
Average number of employees	2,602	2,297	1,629	1,489	1,751	1,781	1,813	1,814

End market	Automotive		HVAC		Speciality packaging		Other niches		Total	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
ktonnes										
Asia Pacific	19.8	14.4	–	–	–	–	3.3	2.3	23.2	16.7
Europe	21.2	12.0	–	–	4.8	–	11.1	1.7	37.1	13.7
North and South America	14.3	12.3	26.1	23.5	14.3	14.4	11.8	9.3	66.5	59.5
Total	55.3	38.7	26.1	23.5	19.1	14.4	26.2	13.3	126.7	89.9

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Apr 2020 – Mar 2021	Jan 2020 – Dec 2020	Oct 2019 – Sep 2020	Jul 2019 – Jun 2020	Apr 2019 – Mar 2020	Jan 2019 – Dec 2019	Oct 2018 – Sep 2019	Jul 2018 – Jun 2019
Sales volume, ktonnes	387.5	350.6	325.2	324.3	346.4	347.3	356.9	364.5
Income statement								
Net sales	11,987	11,008	10,541	10,964	11,932	11,978	12,370	12,693
Adjusted EBITDA ¹	1,355	1,201	1,129	1,101	1,289	1,327	1,341	1,356
Adjusted operating profit ¹	780	648	599	586	801	866	913	953
Operating profit	707	584	532	545	765	836	913	953
Adjusted EBITDA margin, %	11.3	10.9	10.7	10.0	10.8	11.1	10.8	10.7
Adjusted operating margin, %	6.5	5.9	5.7	5.3	6.7	7.2	7.4	7.5
Adjusted operating profit per tonne, kSEK	2.0	1.8	1.8	1.8	2.3	2.5	2.6	2.6
Operating margin, %	5.9	5.3	5.0	5.0	6.4	7.0	7.4	7.5
Capital structure and return indicators								
Capital employed	8,495	8,028	7,773	7,849	7,782	7,411	7,109	6,769
Return on capital employed, %	9.2	8.1	7.7	7.5	10.3	11.7	12.8	14.1
Equity	5,174	4,752	4,435	4,362	4,333	4,175	4,053	3,909
Return on equity, %	9.1	7.6	6.9	8.7	12.7	14.4	17.3	16.9
Net debt / Adjusted EBITDA ²	2.4	2.2	2.5	2.9	2.8	2.6	2.7	2.6

¹ Adjusted for items affecting comparability, see Note 5 for further information.

² Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures for further information.

FINANCIALS PER BUSINESS AREA

SEK million	Jan–Mar 2021				Jan–Mar 2020			
	Gränges Eurasia	Gränges Americas	Other and eliminations	Total	Gränges Eurasia	Gränges Americas	Other and eliminations	Total
Sales volume external, ktonnes	64.0	62.7	–	126.7	31.4	58.4	–	89.9
Sales volume internal, ktonnes	9.2	–	–9.2	0	7.3	–	–7.3	0
Total sales volume	73.2	62.7	–9.2	126.7	38.8	58.4	–7.3	89.9
Income statement								
Net sales, external	2,028	2,012	2	4,043	1,085	1,974	4	3,063
Net sales, internal	311	3	–314	0	270	1	–271	0
Total net sales	2,339	2,015	–312	4,043	1,355	1,974	–267	3,063
Adjusted operating profit ¹	193	191	–42	342	74	150	–14	210
Operating profit	177	191	–42	326	74	150	–20	204
Adjusted operating margin, %	8.3	9.5	n/a	8.5	5.4	7.6	n/a	6.9
Adjusted operating profit per tonne, kSEK	2.6	3.0	n/a	2.7	1.9	2.6	n/a	2.3
Capital structure and return indicators								
Capital employed ²	6,483	3,895	–265	10,114	3,338	4,898	–14	8,222
Return on capital employed, % ³	6.7	13.1	e/t	9.2	12.7	9.3	e/t	10.3

SEK million	Gränges Eurasia					Gränges Americas				
	2021	2020				2021	2020			
	Q1	Q4	Q3	Q2	Q1	Q1	Q4	Q3	Q2	Q1
Sales volume external, ktonnes	64.0	48.3	27.7	24.1	31.4	62.7	54.9	59.1	46.7	58.4
Sales volume internal, ktonnes	9.2	7.1	4.1	3.9	7.3	–	–	–	–	–
Total sales volume, ktonnes	73.2	55.4	31.8	28.0	38.8	62.7	54.9	59.1	46.7	58.4
Income statement										
Net sales, external	2,028	1,488	882	806	1,085	2,012	1,652	1,688	1,411	1,974
Net sales, internal	311	231	137	137	270	3	–3	16	10	1
Total net sales	2,339	1,720	1,019	943	1,355	2,015	1,650	1,704	1,420	1,974
Adjusted operating profit ¹	193	110	17	–25	74	191	108	156	89	150
Operating profit	177	80	–8	–25	74	191	103	156	89	150
Adjusted operating margin, %	8.3	6.4	1.6	–2.6	5.4	9.5	6.5	9.2	6.3	7.6
Adjusted operating profit per tonne, kSEK	2.6	2.0	0.5	–0.9	1.9	3.0	2.0	2.6	1.9	2.6
Capital structure and return indicators										
Capital employed ²	6,483	5,911	3,237	3,179	3,338	3,895	3,555	3,989	4,441	4,898
Return on capital employed, % ³	6.7	4.6	4.9	7.4	12.7	13.1	11.8	9.8	8.1	9.3

¹ Adjusted for items affecting comparability, see Note 5 for further information.

² Closing balance at end of the period.

³ Calculated on the average capital employed during the past 12-months period.

Alternative performance measures

Gränges makes use of the alternative performance measures Return on capital employed, Net debt, Equity to assets ratio and Cash conversion. 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, Adjusted operating profit per tonne 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 24.

SEK million	Q1		12 months rolling	Full year
	2021	2020	Apr 2020 - Mar 2021	2020
Adjusted operating profit				
Operating profit	326	204	707	584
Items affecting comparability	16	6	74	64
Adjusted operating profit	342	210	780	648
Adjusted operating profit per tonne				
Adjusted operating profit	342	210	780	648
Sales volume, ktonnes	126.7	89.9	387.5	350.6
Adjusted operating profit per tonne, kSEK	2.7	2.3	2.0	1.8
Adjusted EBITDA				
Adjusted operating profit	342	210	780	648
Depreciation, amortization and impairment charges	157	135	575	553
Adjusted EBITDA	499	345	1,355	1,201
EBITDA for Aluminium Konin	-	-	179	276
Adjusted EBITDA including Aluminum Konin as a part of Gränges Group for 12 months	499	345	1,535	1,477
Return on capital employed				
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	-	-	10,852	10,119
Non-interest-bearing liabilities, rolling 12 months average	-	-	-2,735	-2,468
Pensions, rolling 12 months average	-	-	378	377
Capital employed	-	-	8,495	8,028
Adjusted operating profit	-	-	780	648
Return on capital employed, %	-	-	9.2	8.1
Net debt				
Cash and cash equivalents and interest-bearing receivables	-678	-1,189	-678 ¹	-1,601
Interest-bearing liabilities	4,000	4,372	4,000 ¹	4,535
Pensions	368	375	368 ¹	358
Net debt	3,690	3,559	3,690¹	3,292
Equity to assets				
Equity	6,424	4,663	6,424 ¹	5,970
Total assets	14,071	11,612	14,071 ¹	13,652
Equity to assets, %	45.7	40.2	45.7¹	43.7
Adjusted cash flow before financing activities				
Cash flow before financing activities	-250	181	-752	-322
Cash flow from expansion investments	117	149	274	306
Cash flow from acquisitions	78	-	1,273	1,196
Adjusted cash flow before financing activities	-55	329	795	1,180
Cash conversion				
Adjusted cash flow before financing activities	-55	329	795	1,180
Adjusted operating profit	342	210	780	648
Cash conversion, %	n/a	157	102	182

¹ Closing balance at the end of the period.

Definitions

Adjusted EBITDA

Adjusted operating profit before depreciation and impairment charges.

Adjusted cash flow before financing activities

Cash flow before financing activities excluding cash flow from non-maintenance investments and acquisitions.

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating profit per tonne

Adjusted operating profit divided by sales volume.

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.

Cash conversion

Adjusted cash flow before financing activities divided by adjusted operating profit.

Cash flow before financing activities

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

Glossary

Alloy

Material composed of one metal with additions of other metals and/or elements.

Aluminium strip

Rolled aluminium in coil form.

Brazing

Joining of metals through melting and solidification.

Cladding

A layer of metal bonded to a dissimilar metal or alloy.

Heat exchanger

A device for transferring heat from one medium to another.

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.

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-months period.

Return on equity

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

Sales volume

Volumes sold in metric tonnes.

SEK

Swedish Krona.

HVAC

Abbreviation for Heating, Ventilation and Air Conditioning systems including heat exchangers. Sometimes used to define the stationary heat exchanger market.

LME

London Metal Exchange.

Rolled aluminium

Aluminium that has been hot and/or cold rolled to desired gauge.

SHFE

Shanghai Futures Exchange.

Slab

Input material to the rolling process that is produced by casting.



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ABOUT GRÄNGES

Gränges is an aluminium technology company who drives the development of lighter, smarter and more sustainable aluminium products and solutions. The company develops, produces and markets advanced materials that enhance efficiency in the customers' manufacturing process and the performance of the final products. Gränges' innovative engineering has transformed the industry for more than 125 years, and the company holds leading positions in rolled products for thermal management systems, speciality packaging and selected niche applications. Gränges' geographical markets are Asia, Europe and Americas with production facilities in all three regions and a total annual production capacity of 560 ktonnes. Gränges has 2,400 employees and the share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com.

PURPOSE AND PROMISE

Gränges' purpose is to develop lighter, smarter and more sustainable aluminium products and solutions. Gränges' promise is to use expertise, flexibility and speed to deliver to the needs of today and tomorrow.

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 that 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 the customer.

STRATEGY

Gränges has a clear strategy for growth targeting four areas: Thermal management, Electrified transportation, New rolled products niches and New materials technology. The implementation of the strategy is supported by a focus on sustainability, innovation, digitalization and continuous improvement. Together with Gränges' strong company culture and committed employees, this will further strengthen Gränges' competitiveness and value creation as well as enabling Gränges to fulfil its purpose and promise.