

Press release Stockholm, 28 November 2019

Gränges has signed an agreement to acquire Aluminium Konin

Gränges AB (publ) ("Gränges") has signed an agreement (the "Agreement") to acquire the Polish flat rolled aluminium producer Aluminium Konin from Boryszew Group (the "Transaction").

The acquisition strengthens Gränges' product offering and presence in Europe and contributes with strong positions in new attractive niche markets. Aluminium Konin adds new capabilities and capacity to expand Gränges' offering for future transportation solutions, such as electric vehicles, and contributes to a stronger position in growing markets. The acquisition is a good strategic fit for Gränges and enhances the company's platform for sustainable profitable growth.

Summary

- Gränges has signed an agreement to acquire Aluminium Konin for SEK 2.3 billion on a cash and debt free basis (Enterprise Value), corresponding to an EV/EBITDA multiple of 6.9x LTM (Last Twelve Months) September 2019 EBITDA. The transaction is expected to be EPS accretive within twelve months from its completion.
- The acquisition adds a diversified product portfolio as well as new capabilities and capacity enabling Gränges to expand the offering of solutions for future vehicles.
- Aluminium Konin brings a strong position in several attractive niche markets, strengthens Gränges' presence in Europe and allows for realization of synergies.
- Aluminium Konin has a solid financial track-record and operates a highly developed and cost competitive integrated rolling mill located in Konin, Poland, with an annual capacity of 100 ktonnes. The company offers a broad range of flat rolled aluminium products with good profitability.
- Gränges will complete an expansion program initiated by the seller, of SEK 1.1 billion over three years, to further strengthen Aluminium Konin's capabilities and increase the annual capacity to 140 ktonnes.
- To finance the acquisition, Danske Bank, Nordea Bank and Svenska Handelsbanken are providing a SEK 2.3 billion bridge loan facility with a time to maturity of 18 months.
- In conjunction with the Transaction, Gränges intends to undertake a new share issue with preferential rights for existing shareholders to a total amount of approximately SEK 2 billion (the "Rights Issue"). The Transaction is not conditional upon the Rights Issue, which is proposed to maintain Gränges' financial strength and to partly be used for future growth investments in line with Gränges' strategy.
- The Fourth Swedish National Pension Fund, representing 9.5 per cent of the shares and votes in Gränges, has committed to subscribe for its pro-rata share of the Rights Issue. The financing banks have entered into a standby underwriting agreement, subject to customary terms, for the remaining part of the Rights Issue. In addition, shareholders holding in total 24.6 per cent of the shares and votes in Gränges have expressed their intention to subscribe for their respective pro-rata share of the Rights Issue.

- Post completion of the Transaction and Rights Issue, Gränges' net debt is expected to be about SEK 4.3 billion or 2.6 times adjusted EBITDA.
- The Transaction is subject to regulatory approval by the relevant competition authorities. Closing is expected in the second quarter of 2020.

“Aluminium Konin contributes with technically advanced operations, strategically located in Central Europe. The acquisition is a good strategic fit and complements our business and geographic presence. Together we are creating a strong platform for product mix optimization and sustainable profitable growth. Aluminium Konin strengthens Gränges' product offering for new niche markets and enables a broader offering of solutions for future vehicles. The acquisition will sharpen our competitive strength and create a stronger position in growing markets to further drive the development of sustainable customer offerings,” says Gränges' CEO Johan Menckel.

“With an even stronger position in growing markets and a broader offering of solutions for future vehicles and other applications, Gränges will be able to further drive the development of sustainable customer offerings. With Gränges' successful track record of acquisitions and ability to minimize environmental impact of its operations, we are confident that Gränges will continue to create long-term profitable growth. Since the listing of the share in 2014, Gränges has more than doubled its sales volume and profit and generated growth above industry average, driven by technically advanced products, innovation, successful acquisitions and a strong sustainability commitment,” says Jannis Kitsakis, Senior Portfolio Manager at The Fourth Swedish National Pension Fund, representing the largest shareholder in Gränges.

The transaction

Gränges has signed an agreement to acquire the Polish flat rolled aluminium producer Aluminium Konin from Boryszew Group. The Agreement provides that Gränges will acquire all outstanding shares of the company Impexmetal S.A. (“Impexmetal”), the assets of which consists of Aluminium Konin and certain other assets (the “Other Assets”). The Agreement is subject to conditions, including that the Other Assets are separated from Impexmetal by way of a demerger, following which the assets of Impexmetal will consist solely of the operations of Aluminium Konin. The demerger is expected to be completed during the first quarter of 2020.

Gränges will acquire all outstanding shares in Impexmetal for SEK 2.3 billion (PLN 938 million) on a cash and debt free basis (Enterprise Value), corresponding to an EV/EBITDA multiple of 6.9x LTM September 2019 EBITDA. The Transaction is expected to be EPS accretive within twelve months from its completion. The purchase price is subject to standard adjustments to the Enterprise Value, based on, among others: net debt, net working capital, pre-paid capex and other adjustments resulting from the terms and conditions of the Transaction.

The Transaction is subject to regulatory approval by the relevant competition authorities. Closing is expected in the second quarter of 2020.

The acquired business will be a wholly owned subsidiary of Gränges AB.

The acquired business and transaction rationale

Aluminium Konin operates a cost competitive, integrated rolling mill with a complete set of highly developed capabilities and offers a diversified product portfolio of flat rolled aluminium products.

The product portfolio includes material for automotive heat exchangers and structures, speciality packaging, and general coil and sheet products for customers in Europe. The location in Konin, Poland, with close geographical proximity to key customers, provides good opportunities to further expand closed loop recycling systems, an area of increased importance for the aluminium industry.

The acquisition of Aluminium Konin is a good strategic fit for Gränges and enhances the company's platform for sustainable profitable growth.

Key rationales for the acquisition:

- **Additional production capacity and capabilities for solutions for future vehicles.** Aluminium Konin brings a modern and cost-efficient production facility with a location close to key customers. Gränges will get additional capacity for growth and capabilities to broaden the offering of solutions for future vehicles.
- **New attractive niche markets.** Aluminium Konin brings a strong position in several attractive niche markets with good growth potential. Gränges will get a more diversified business portfolio and a stronger position in the overall market for rolled aluminium.
- **Stronger market presence in Europe.** Aluminium Konin is primarily serving the European market and complements Gränges' geographical footprint. Gränges will get a stronger presence in Europe and can leverage the European organization to realize synergies within the areas of sales and product development, operations, sustainability and sourcing.

Aluminium Konin has an annual production capacity of approximately 100 ktonnes and a strong financial track-record. Sales by September LTM 2019 were approximately SEK 3.0 billion and EBITDA SEK 338 million. The company has approximately 750 employees.

Gränges will complete an expansion program initiated by the seller, of SEK 1.1 billion over three years, to further strengthen Aluminium Konin's capabilities and increase the capacity to 140 ktonnes. The program will be financed by future cash flows and existing credit facilities.

Sustainability

Gränges creates value from sustainability and has a strong commitment to develop more sustainable products, minimize the environmental impact of its operations, uphold ethical business practices, and provide a safe and good working environment. Through the acquisition of Aluminium Konin, Gränges can take a more active role in the transition to more sustainable transportation solutions by offering a broader range of sustainable products to applications such as electric vehicles. By implementing Gränges' well-established sustainability framework and tools, in combination with its system for lean operations, there is a potential to reduce the carbon footprint of the acquired business through improved material efficiency, increased recycling, reduced energy intensity and an improved energy mix.

Financials

Gränges' sales volume, including the acquired business, would be 456 ktonnes for LTM September 2019. Corresponding net sales would amount to SEK 15.4 billion and combined adjusted EBITDA would be SEK 1.7 billion. The combined financial information presented in this press release and in the table below is for illustrative purposes only. It does not include any other effects of the Transaction, such as synergies, integration costs or other transaction related items. The combined

financial information is not financial pro forma information and has not been audited or otherwise reviewed by the companies' auditors.

Combined financials for LTM September 2019

SEK million	Gränges	Aluminium Konin	Combined
Sales volume, ktonnes	357	99	456
Net sales, SEK million	12,370	2,989	15,359
Adj. EBITDA, SEK million	1,341	338	1,679
Adj. EBITDA/tonnes, SEK thousand	3.8	3.4	3.7

Financing

Gränges has secured bank financing to finance the Transaction. Danske Bank, Nordea Bank and Svenska Handelsbanken act as Underwriters and Bookrunners for a SEK 2.3 billion bridge loan facility with a time to maturity of 18 months. This is intended to be repaid by bank loans, debt capital market instruments, and a new share issue with preferential rights for existing shareholders to a total amount of approximately SEK 2 billion.

The Board of Directors of Gränges intends to propose that an extraordinary general meeting authorizes the Board of Directors to issue new shares through the Rights Issue. Approximately SEK 1.5 billion of the Rights Issue proceeds will be used to finance part of the Transaction, and approximately SEK 0.5 billion will be used for future growth investments in line with Gränges' strategy. The Rights Issue is expected to be carried out in the second quarter of 2020.

The Fourth Swedish National Pension Fund, representing 9.5 per cent of the shares and votes in Gränges, has committed to vote in favour of the Rights Issue at the extraordinary general meeting and to subscribe for its pro-rata share of the Rights Issue. The financing banks have entered into a standby underwriting agreement, subject to customary terms, for the remaining part of the Rights Issue. In addition, shareholders holding in total 24.6 per cent of the shares and votes in Gränges, including AFA Insurance, Swedbank Robur and Handelsbanken Fonder, have expressed their support for the Transaction and that they have the intention to subscribe for their respective pro-rata share of the Rights Issue.

Post completion of the Transaction and Rights Issue, Gränges' net debt is expected to amount to around SEK 4.3 billion or 2.6 times adjusted EBITDA.

Webcasted conference call

Gränges will host a webcasted conference call Thursday 28 November 2019 at 13:00 CET with CEO Johan Menckel and CFO Oskar Hellström. The webcast can be accessed on www.granges.com/investors. The presentation will be in English. To take part in the telephone conference, please call +46 8 51999355 (Sweden), +44 203 1940550 (United Kingdom) or +1 8552692605 (USA). Please call in a few minutes before the webcast begins.

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The information in this press release is such that Gränges must disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on Thursday 28 November 2019, at 07:30 CET.

About Gränges

Gränges is a global supplier of rolled aluminium products for heat exchanger applications and other niche markets. 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 about 1,800 employees and net sales of SEK 13 billion. The share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com.