



GRÄNGES

First Quarter 2015 Earnings Conference

May 4, 2015

Today's presenters



**JOHAN
MENCKEL**
CEO

Since: 2012
Gränges since: 2004



**OSKAR
HELLSTRÖM**
CFO

Since: 2011



Gränges is a global aluminium company focused on rolled products for brazed heat exchangers

Heat exchanger value chain

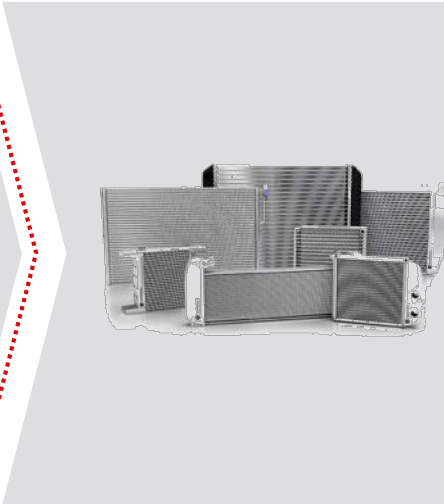
Aluminium producers



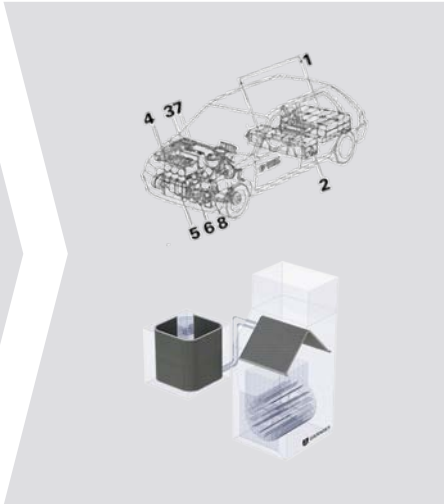
Material producers



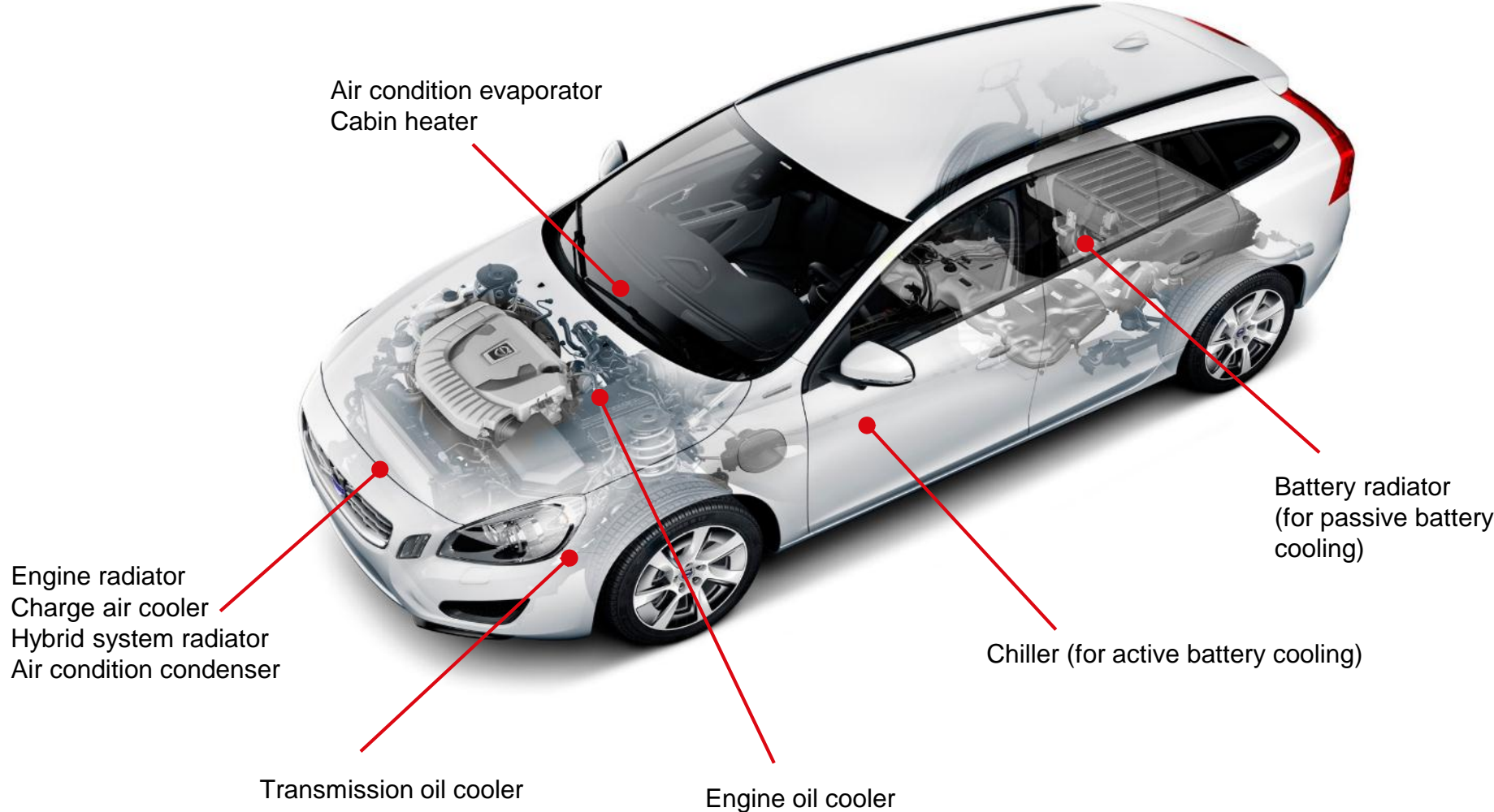
Heat exchanger producers



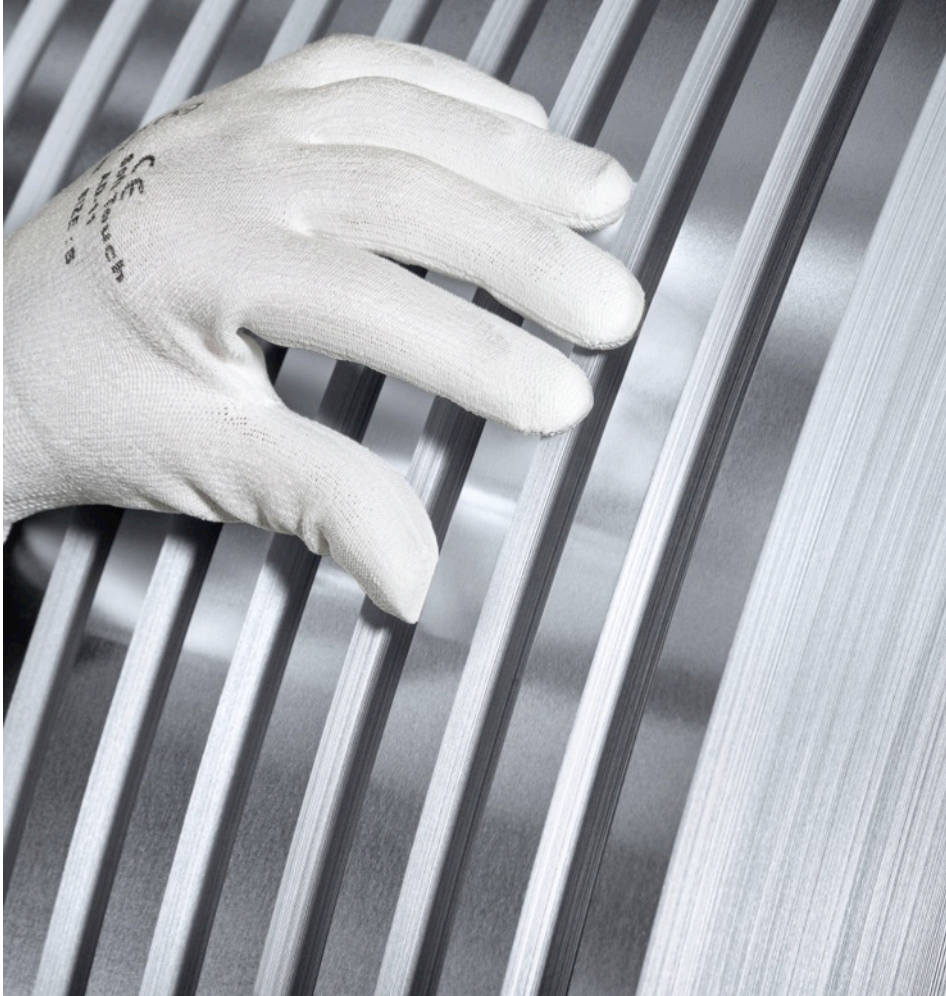
Automotive and HVAC&R



Modern vehicles have up to ten different heat exchangers, sometimes even more



Improved earnings and higher volume in first quarter



- Sales volume +3.3%, partly due to stock building by a number of customers in Asia
- Adjusted operating profit increased by 25% to SEK 155 million
- Support from favorable exchange rates offset by higher costs and slightly lower conversion prices
- Earnings per share of SEK 1.49
- Net cash flow before financing activities of SEK -1 million
- Solid financial position













Intensified investments in new products



- Increased production capacity for TRILLIUM® in second quarter
 - Simplifies the brazing process for our customers
 - Enables a more compact heat exchanger design
- Good potential for products within MULTICLAD®
- Gränges was recognized for its leading edge in new products and quality by receiving a Delphi 2014 Pinnacle Award

Modest market growth expected for full-year 2015

Light vehicle production growth (YoY)

Region	Q1 2015	Q2 2015 outlook	FY 2015 outlook
Asia	 +1%	 +2%	 +3%
Europe	 +2%	 -2%	 ±0%
Americas	 -1%	 +1%	 ±0%
Global	 +1%	 +1%	 +2%

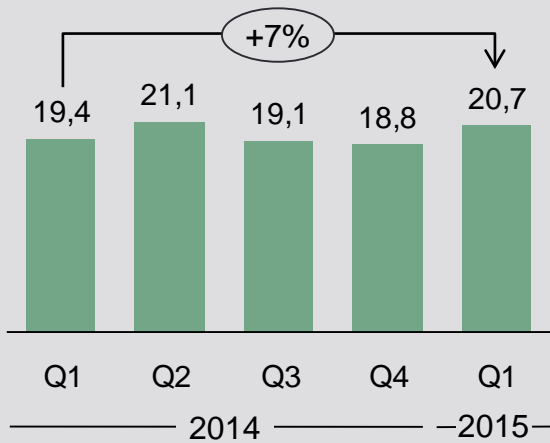
Source: IHS Automotive, April 16, 2015



Continued good volume growth in Asia

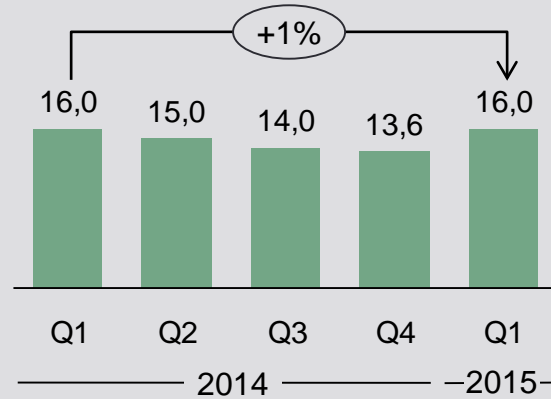
Gränges sales volume (ktonnes)

Asia



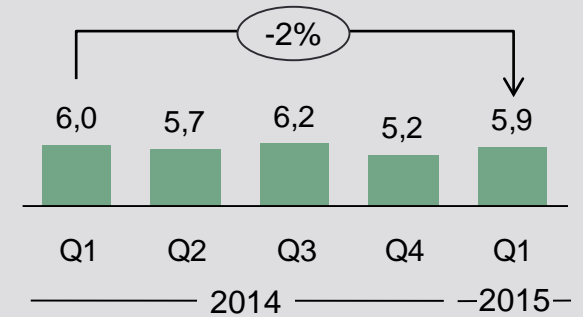
- Continued growth for light vehicle production in China
- Inventory build-up at some customers

Europe



- Increased sales of heat exchanger material
- Lower sales of scrap based products in line with plan

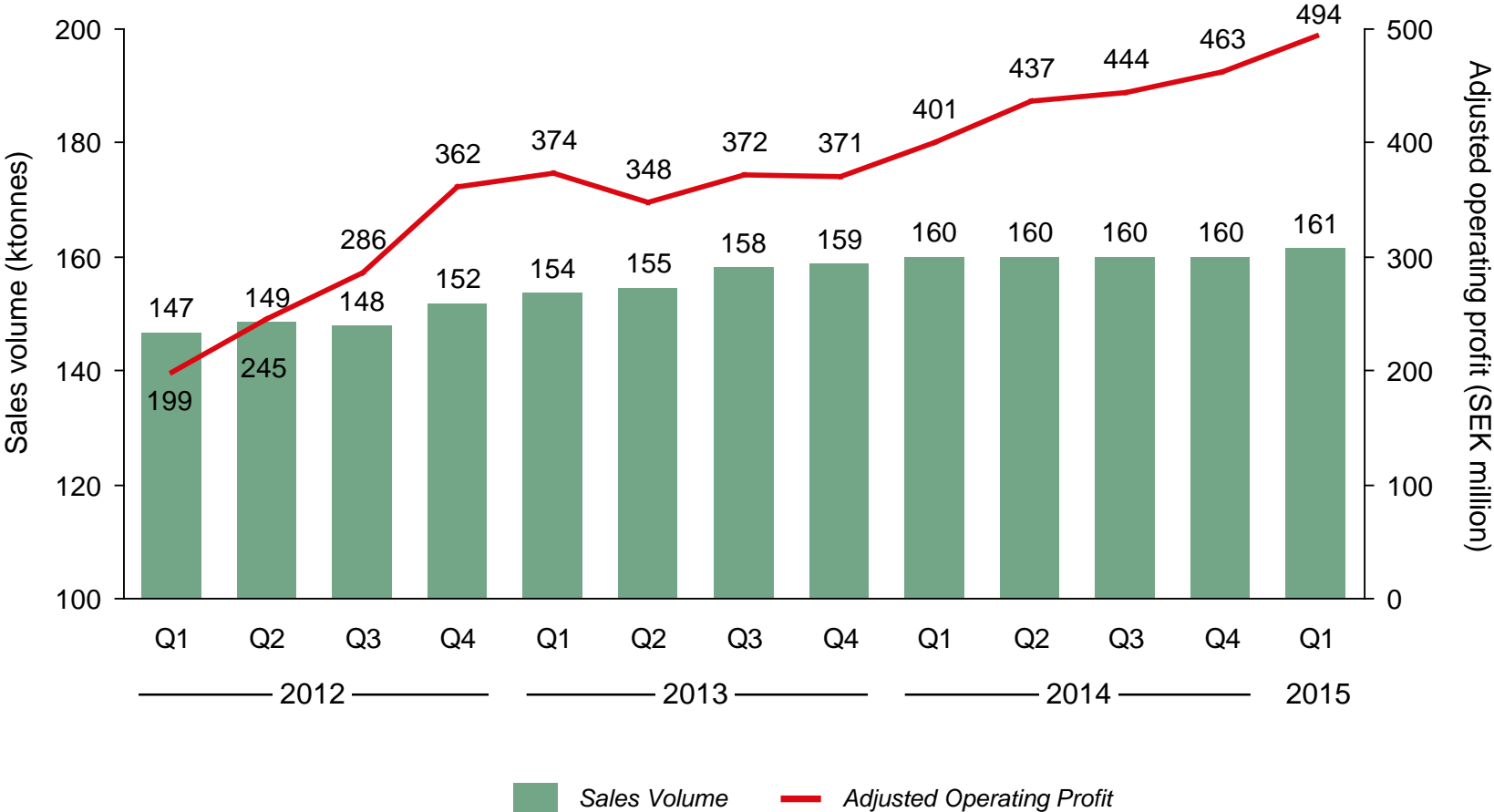
Americas



- Reduction of inventory at some customers
- Lower demand in South America

Positive earnings trend continued in first quarter

Rolling 12 months sales volume and adjusted operating profit



Increased volume and earnings

Financial overview

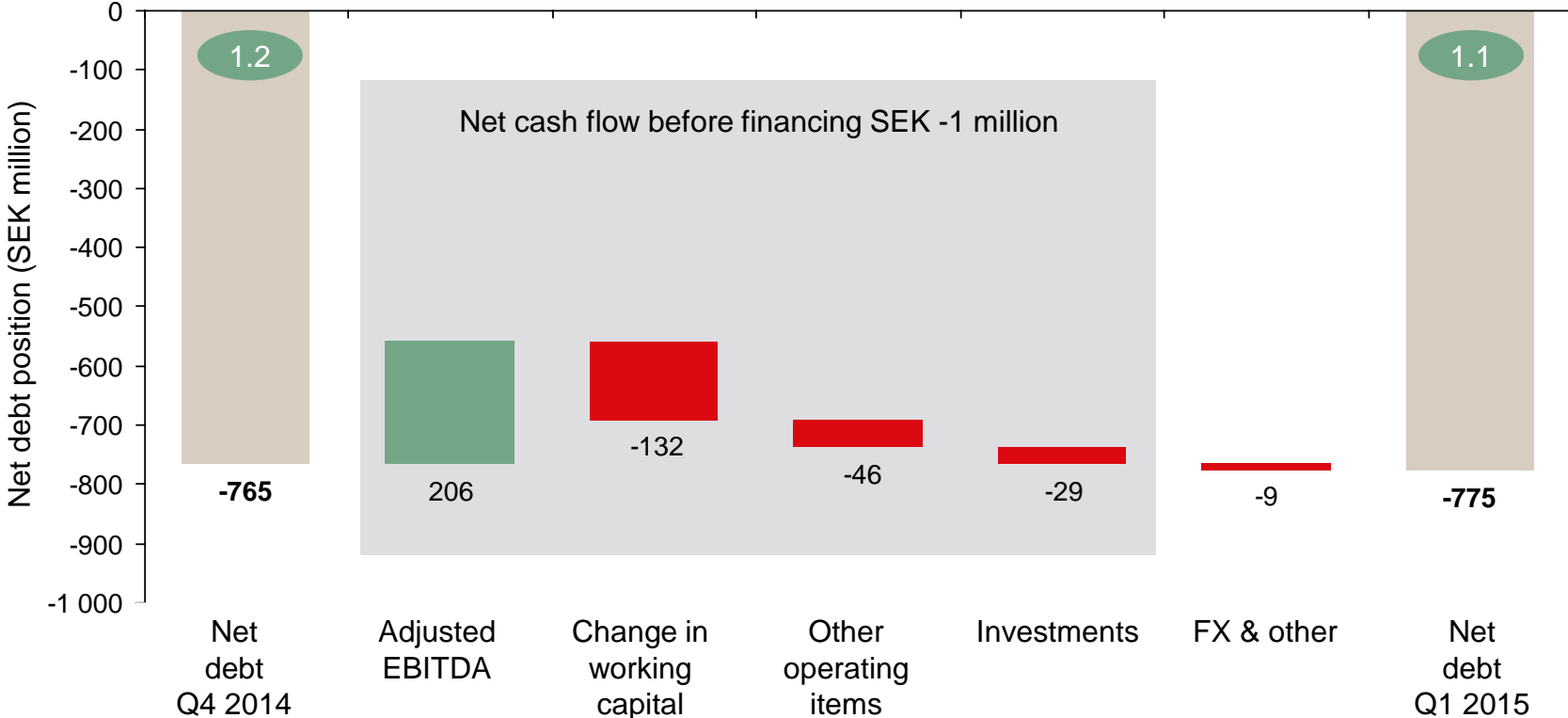
SEK million	Q1			Rolling 12 months		
	2015	2014	Change	Mar 2015	Dec 2014	Change
Sales volume (ktonnes)	42.7	41.3	3.3%	161.4	160.0	0.9%
Net sales	1,456	1,157	25.8%	5,047	4,748	6.3%
Adjusted operating profit ¹	155	124	24.7%	494	463	6.6%
Adjusted operating margin (%)	10.6	10.7	-0.1 ppt	9.8	9.7	0.0 ppt
Adjusted operating profit per tonne (kSEK)	3.6	3.0	0.6	3.1	2.9	0.2
Operating profit	155	120	29.0%	457	422	8.2%
Profit for the period	111	85	30.8%	345	319	8.2%
Earnings per share ² (SEK)	1.49	1.14	0.35	4.62	4.27	0.35
Net cash flow before financing	-1	362	n/a	233	597	-60.9%
Return on capital employed, R12 (%)	17.1	13.4	3.7 ppt	17.1	16.3	0.7 ppt
Net debt / adjusted EBITDA, R12	1.1	-0.8	1.9	1.1	1.2	-0.1

1. Adjusted for items affecting comparability.

2. Basic and diluted, historical earnings per share has been calculated on the same number of shares as of today.

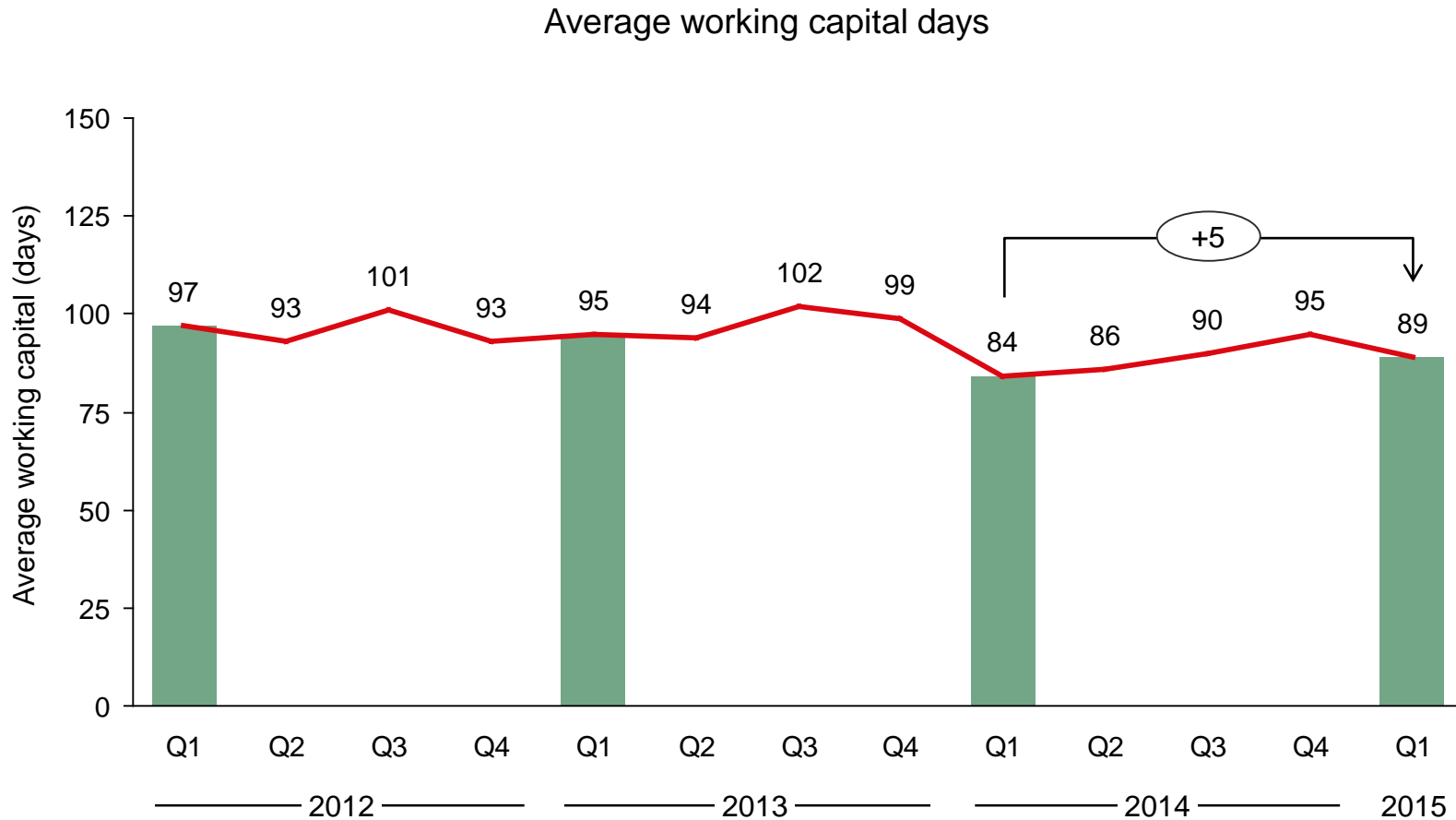
Net debt was SEK 775 million at the end of Q1 2015

Change in net debt



● Net debt over adjusted EBITDA (rolling 12 months)

Working capital increased by 5 days year over year



Outlook

- Aims to further strengthen our position and continue to grow with good profitability
- Global light vehicle production is expected to grow by 1% in Q2 2015
- For the full year 2015 IHS forecasts a 2% growth in global light vehicle production
- Gränges' growth in Asia is expected to be in line with the market during first half of 2015. Europe and the Americas are expected to grow in line with, or better than the than the market
- Positive effects of favorable foreign exchange rates



Summary of first quarter

- A positive start to 2015
 - Q1 the best quarter so far
- Sales volume +3.3%
- Adjusted operating profit increased by 25% to SEK 155 million
- Solid financial position
- Well positioned for profitable growth



Q&A

Johan Menckel, CEO

Oskar Hellström, CFO



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