



# GRÄNGES

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Fourth Quarter 2017 Earnings Conference

1 February, 2018

# Today's presenters



**JOHAN  
MENCKEL**  
*CEO*

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Since: 2012  
Gränges since: 2004



**JOHAN  
DUFVENMARK**  
*VP GROUP TREASURY*

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**NIKLAS  
HERMANSSON**  
*VP GROUP BUSINESS CONTROL*



# Gränges Group



- Focused on rolled aluminium products for heat exchangers and selected niche applications
- Production in Sweden, China and in the US
- Research & Innovation centres in Sweden and China
- Headquarter in Stockholm
- Gränges is represented all over the world

- ~1,600 employees
- Listed on Nasdaq Stockholm
- Production capacity of 420,000 metric tonnes
- Net sales of SEK 11 billion

# 20%

We have a global market share of approximately 20% in rolled products for brazed aluminium heat exchangers.

# Fourth quarter 2017 – good development in all our markets

- Higher sales and increased profits
- Sales volume increased by 2.1% to 86.5 ktonnes
- Adjusted operating profit increased to SEK 179 million
- Cash flow before financing was SEK 41 million
- Net debt of 1.8 x EBITDA
- Dividend of 3.00 SEK per share

















# Higher duties on imports from China to the United States

- In 2017, countervailing and anti-dumping duties were imposed on Chinese imports of aluminium foil products into the US
- Increased demand for Gränges locally produced materials in US
- Production of automotive HEX products for North American customers has been shifted from Shanghai to Finspång
- Investigation initiated to also impose countervailing and anti-dumping duties on aluminium sheet products from China



# Market growth of 2% expected for full year 2018

Light vehicle production growth (YoY)

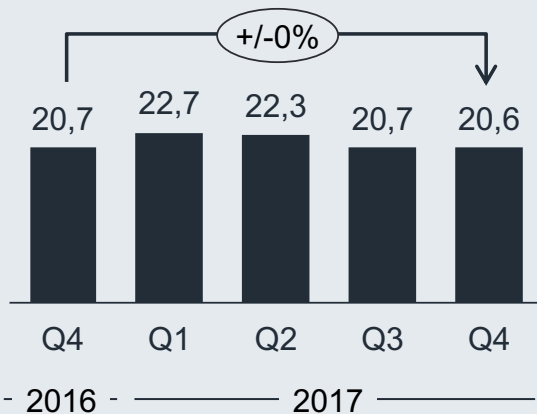
Region	Q4 2017	Q1 2018 outlook	FY 2018 outlook
Asia	 -1%	 -1%	 +1%
Europe	 +8%	 +3%	 +2%
Americas	 -1%	 +2%	 +4%
Global	 +1%	 +1%	 +2%

Source: IHS Automotive, December 15, 2017

# Continued growth in Americas and Europe in fourth quarter

Gränges sales volume (ktonnes)

## Asia



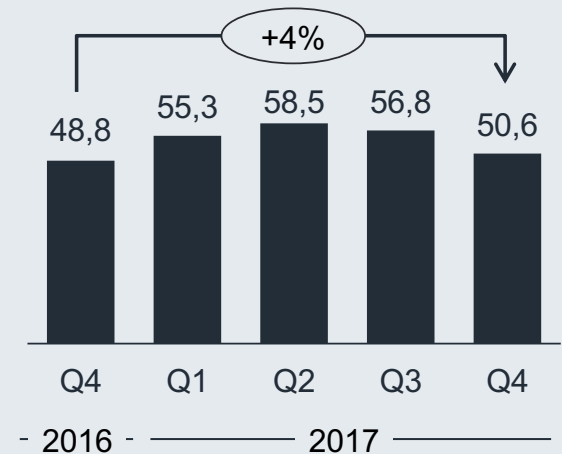
- Meeting high comparables, sales to Chinese automotive customers boosted in Q4 2016

## Europe



- Growth in automotive heat exchanger materials
- Decreased sales of material for non-heat exchanger applications

## Americas



- Organic growth in acquired business of 4%
- Growth in automotive heat exchanger materials of 1%

# Strong performance against targets in 2017

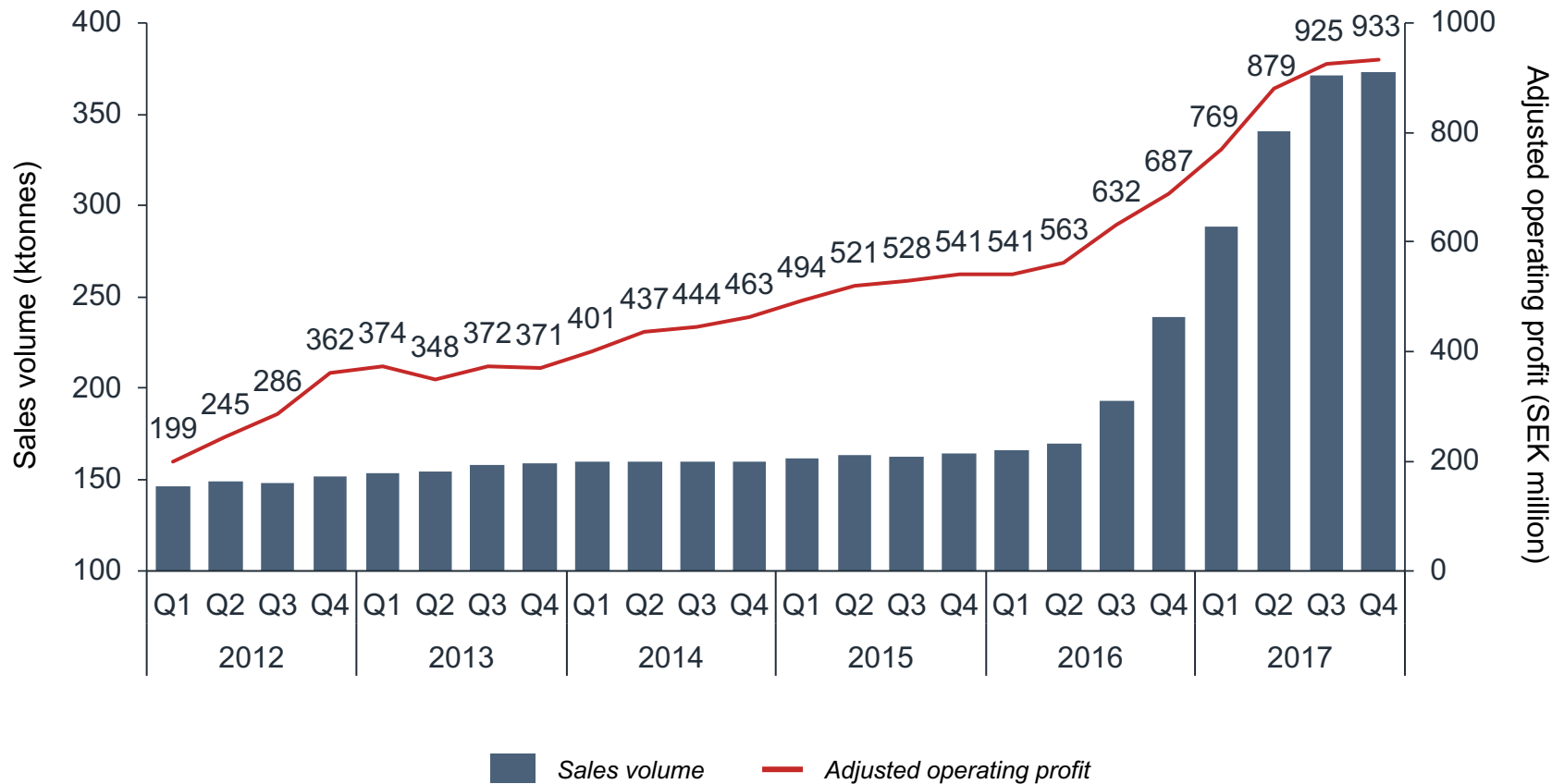


1. Organic sales volume growth in 2017
2. The Board of Director's proposal for the 2018 Annual General Meeting



# Positive trend continued in fourth quarter and contributed to a new record year 2017

Rolling 12 months sales volume and adjusted operating profit



# Strong performance in seasonally weak fourth quarter

## Financial overview

SEK million

Q4

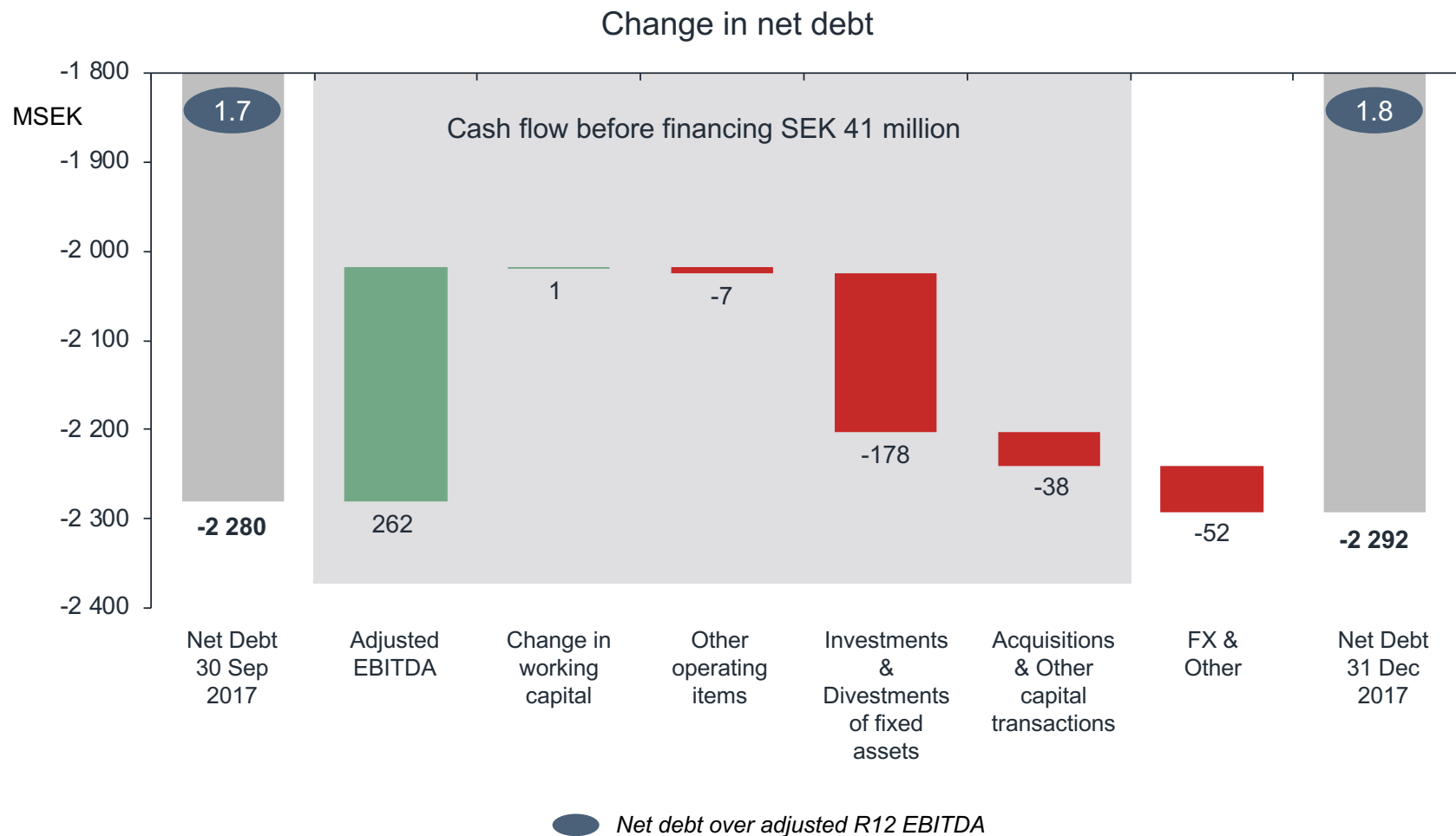
January - December

	2017	2016	Change	2017	2016	Change
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 <sup>1</sup>	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%
Profit for the period	152	101	50.5%	652	498	31.0%
Earnings per share <sup>2</sup> (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
Return on capital employed, R12 (%)	16.7	17.5				
Net debt / adjusted EBITDA, R12	1.8	2.1				

1. Adjusted for items affecting comparability

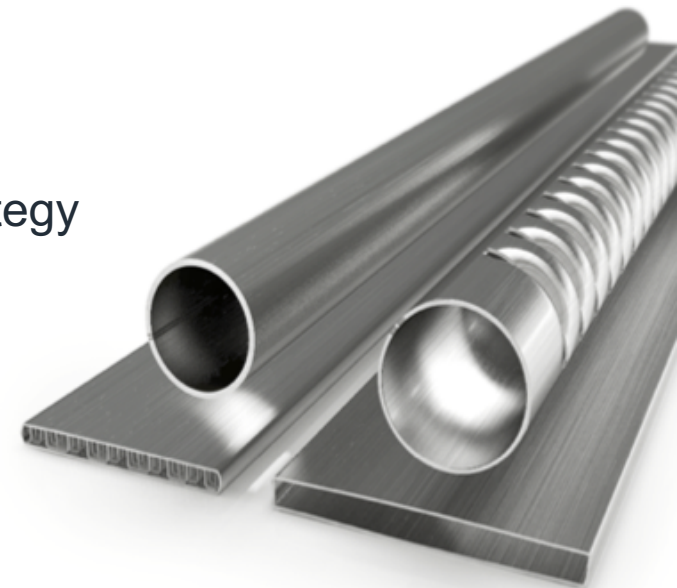
2. Diluted

# Net debt was SEK 2.3 billion at the end of fourth quarter



# Outlook

- Global Light Vehicle Production is expected to increase 1% during first quarter – for the full year 2018 a growth of 2% is projected<sup>1</sup>
- Automotive HEX – higher sales volume is expected in Asia, while growth in Europe and the Americas is projected to be below the market rate in first quarter
- Acquired business – stable sales development expected in first quarter
- Focus on growth initiatives in line with 2020 goals and strategy
- Optimistic outlook for 2018 with positive development expected in all regions



1. Source: IHS Automotive, December 15, 2017

# Summary of fourth quarter

- Good development in all regions
- Acquired business in the US is performing very well
- Sales volume 86.5 ktonnes
- Adjusted operating profit rose to SEK 179 million
- Net debt of 1.8 x EBITDA
- Dividend of 3.00 SEK per share



# Q&A

Johan Menckel, CEO

Johan Dufvenmark, VP Group Treasury

Niklas Hermansson, VP Group Business Control





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