

# FOURTH QUARTER

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Earnings Presentation  
26 January 2023

# A stable fourth quarter concluded a record year

- Stable sales volume of 110 ktonnes (112)
  - Continued stable demand in Americas
  - Strong post-covid recovery in China
  - Significant slowdown in Europe

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- Adjusted operating profit up 10% in quarter to SEK 153 million (139) despite challenges

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- Strong cash flow, reduced net debt and improved leverage during quarter

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- Best-ever full-year profit and sustainability performance






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- Expansion in battery components








# Stable sales volume in the fourth quarter

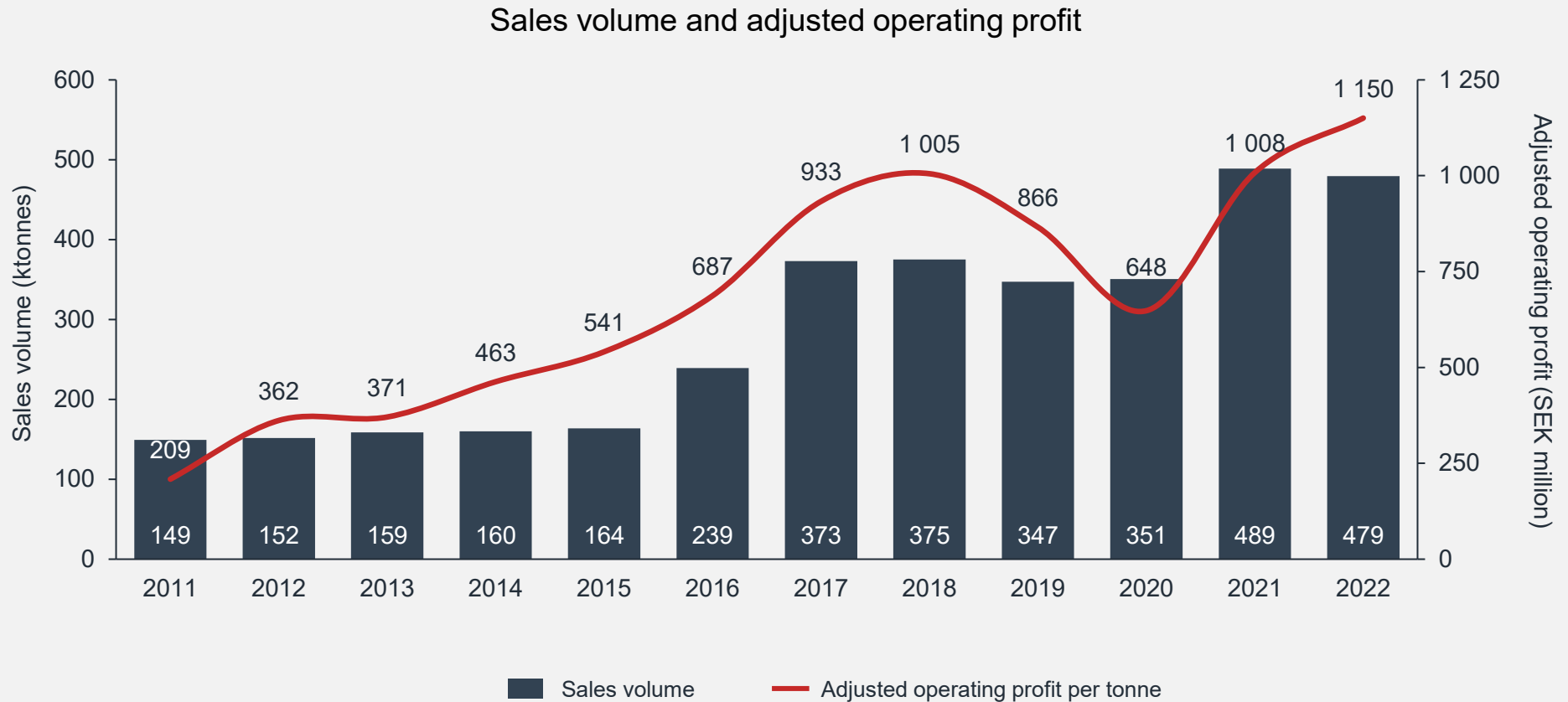
Q4 2022 sales volume growth year-on-year by business area and end-customer market

Gränges Americas		
HVAC		-5%
Speciality packaging		+12%
Other niches		-9%
Automotive		+9%
Total		+1%

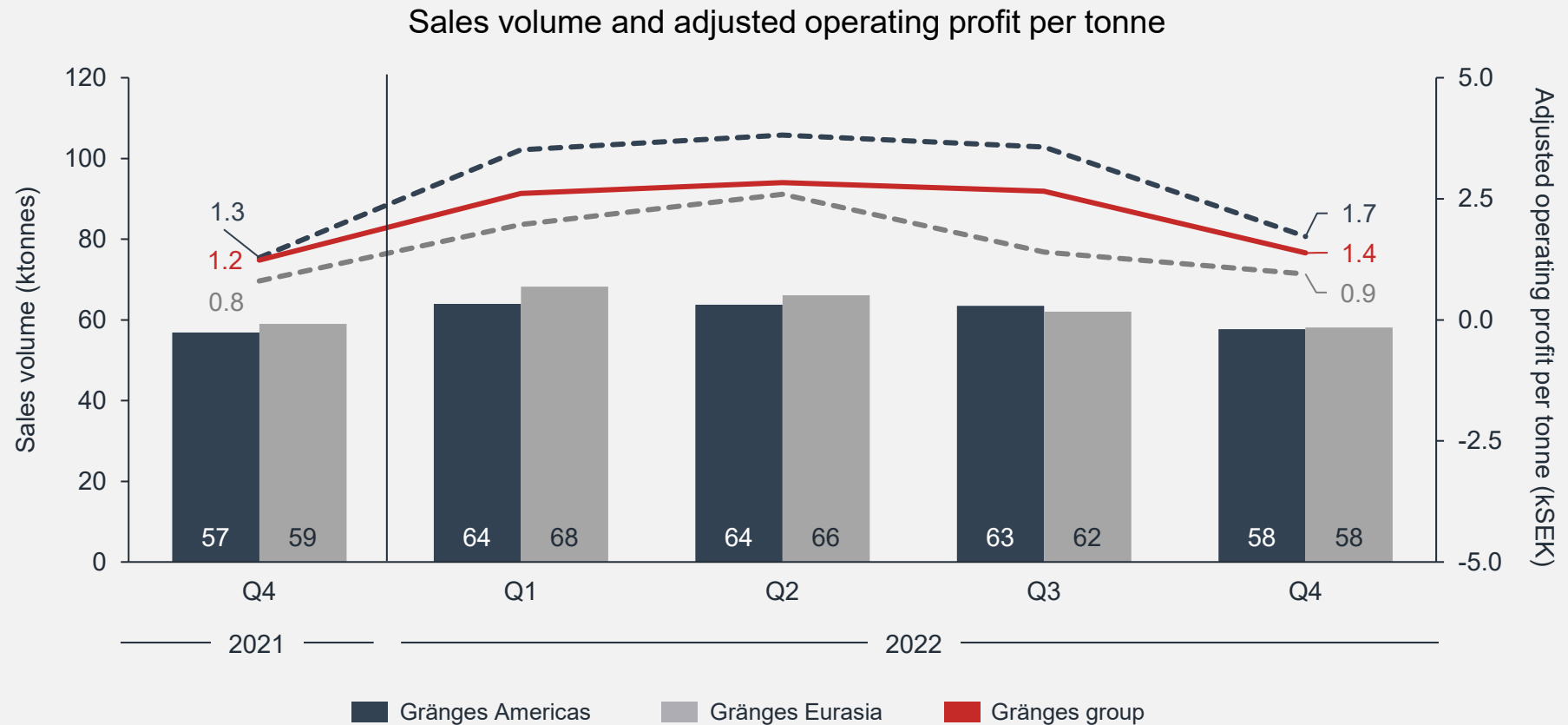
Gränges Eurasia		
Automotive		+17%
Other niches		-43%
Speciality packaging		-11%
HVAC		-
Total		-5%

Gränges Group		
Automotive		+15%
HVAC		-5%
Other niches		-32%
Speciality packaging		+6%
Total		-2%

# Record operating profit in 2022 despite challenges



# Continued year-over-year margin improvement



Note: Figures for the first three quarters of 2022 includes adjustments in accordance with IFRS to reflect higher cost of materials of in total SEK 80 million. For more information see Note 1 in the Gränges Year-end report for 2022.

# Financial overview – fourth quarter 2022

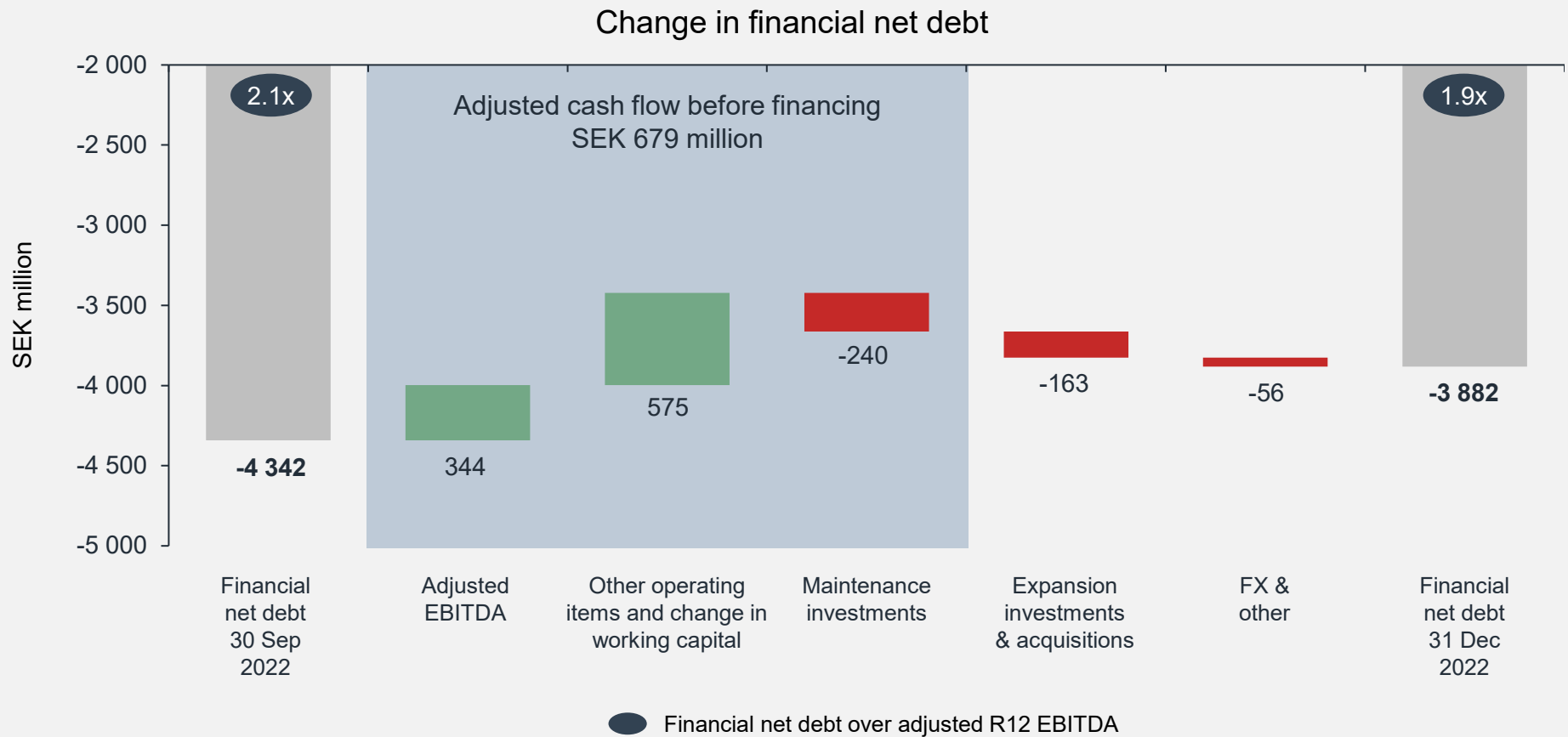
SEK million	Q4			January – December		
	2022	2021	Change	2022	2021	Change
Sales volume (ktonnes)	110.3	112.3	-1.8%	479.3	488.9	-2.0%
Net sales	5,366	4,857	11%	24,492	18,130	35%
Adjusted operating profit <sup>1</sup>	153	139	10%	1,150	1,008	14%
Adjusted operating profit per tonne (kSEK)	1.4	1.2	0.2	2.4	2.1	0.3
Operating profit	153	-21	n/a	1,136	833	36%
Profit for the period	51	-23	n/a	700	595	18%
Earnings per share <sup>2</sup> (SEK)	0.48	-0.21	0.69	6.59	5.58	1.00
Adj. cash flow before financing activities <sup>3</sup>	679	463	46%	618	607	2%
Return on capital employed, R12 (%)				9.4	10.0	-0.6 ppt
Financial net debt / adjusted EBITDA, R12				1.9	1.8	0.1

1. Adjusted for items affecting comparability

2. Diluted

3. Adjusted for expansion investments and acquisitions

# Reduced net debt and leverage in the fourth quarter

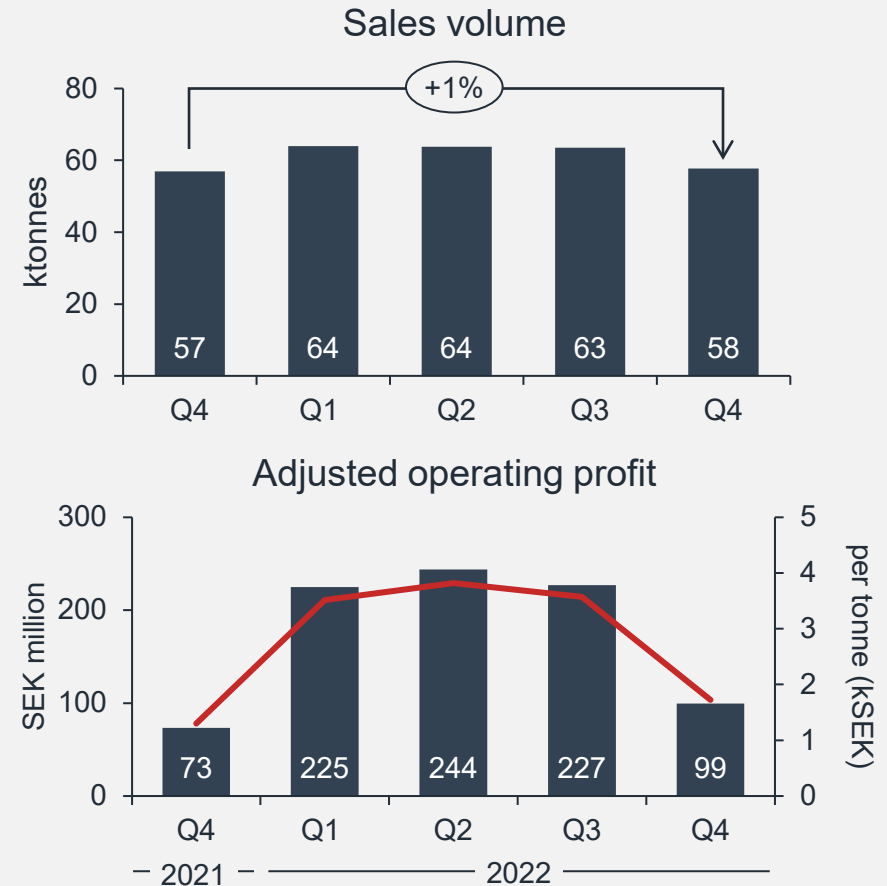


# Gränges Americas – fourth quarter 2022

- Continued good demand from most end-customer markets
  - Constrained production capacity in Salisbury facility limiting sales
  - Normalization of seasonal mix

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- Increased operating profit and margin
  - Price increases fully compensated for cost increases
  - Positive FX effects SEK 20 million





# Gränges Eurasia – fourth quarter 2022

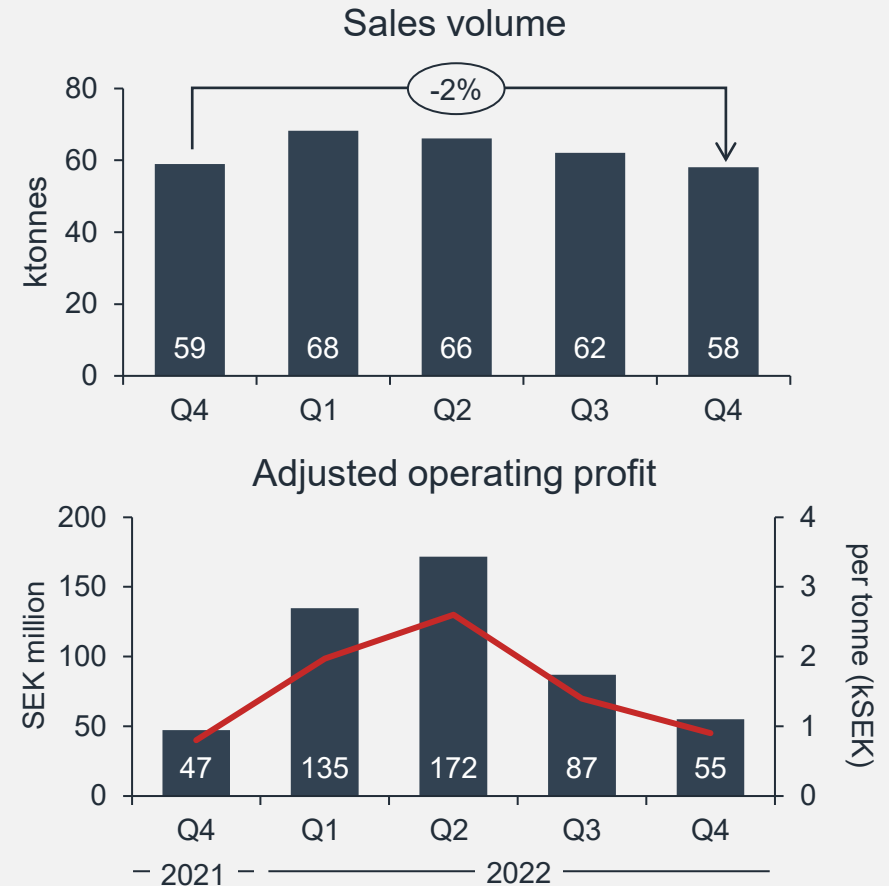
- Asia sales volume increased by 15%
  - Strong China post-COVID recovery

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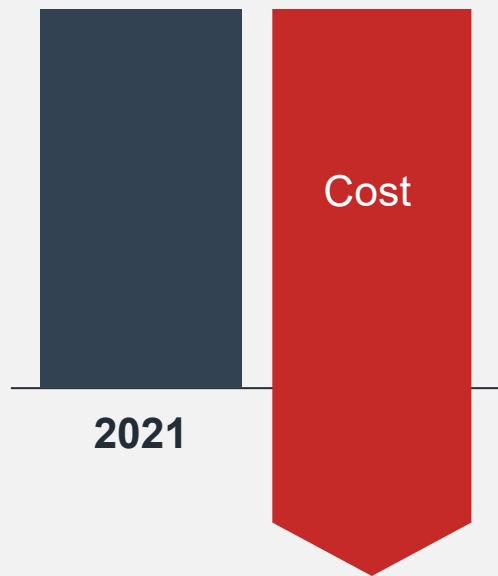
- Europe sales volume decreased by -10%
  - Continued weak demand in many end-customer markets
  - High downstream inventory levels remain

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- Improved operating profit and margin
  - Positive FX effects SEK 13 million
  - Restructuring costs SEK -7 million

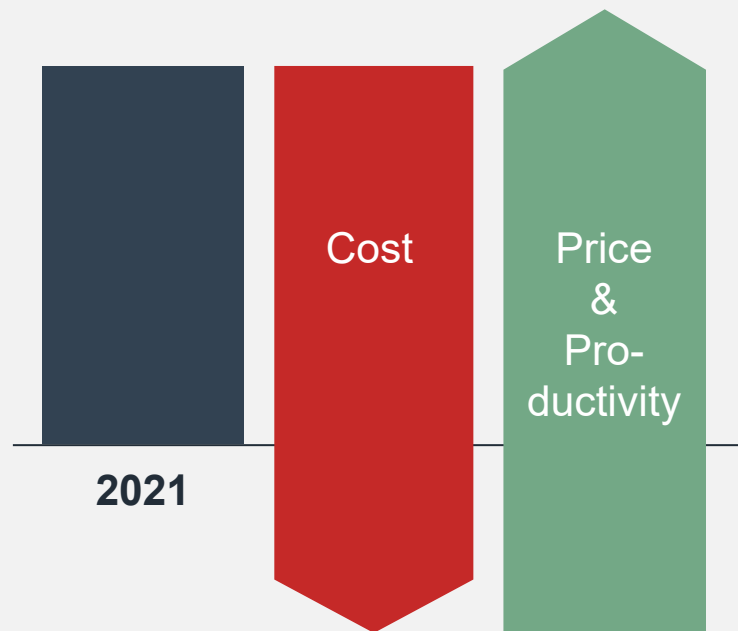


# A year of challenge...



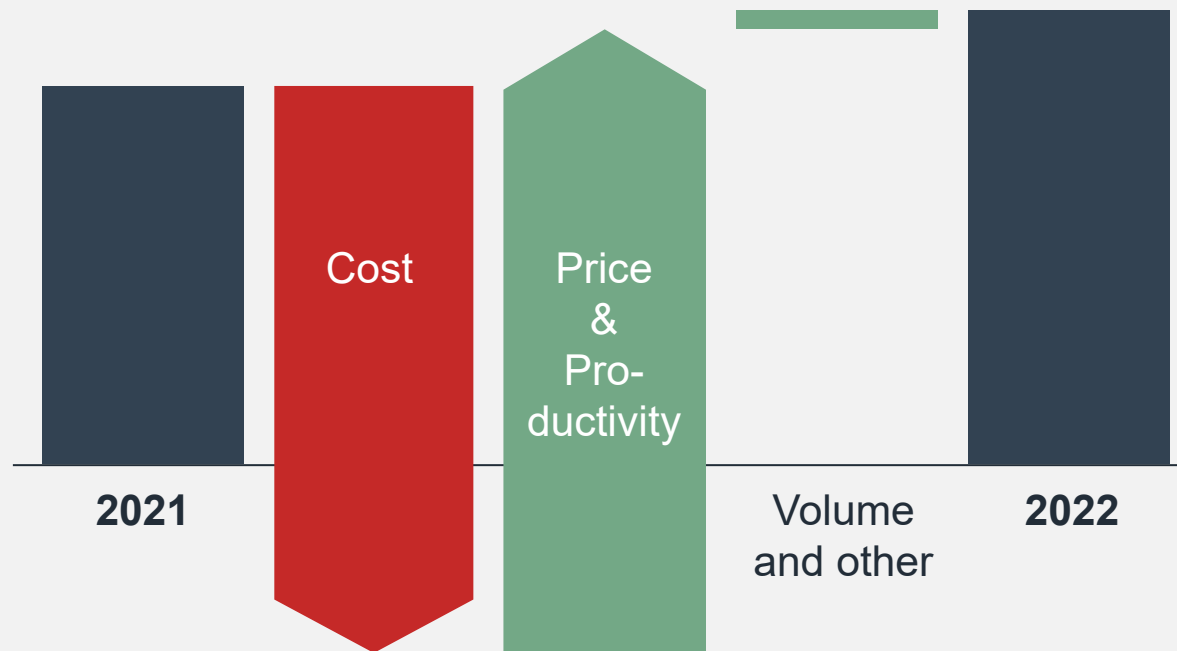
- Lockdown in China
- War and energy crisis in Europe
- Supply chain constraints
- All-time-high aluminum price
- Inflation and interest rates
- Dramatic demand swings

# A year of challenge and achievement



- **Steady supply and satisfied customers**
- Financing secured
- Strong sustainability progress
- New long-term plan and increased targets
- Expansion and new investments
- **Productivity and price increases**

# A year of challenge and achievement



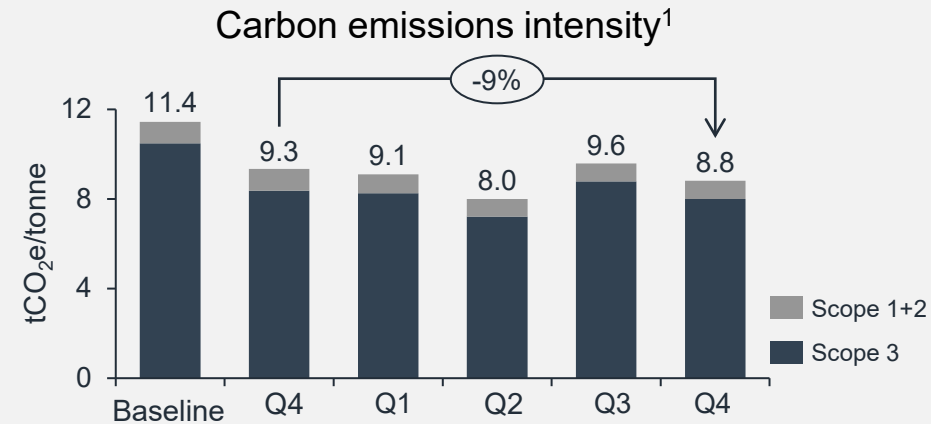
**Stable volume**

**Best-ever profit**

**Strengthened team,  
footprint and  
partnerships**

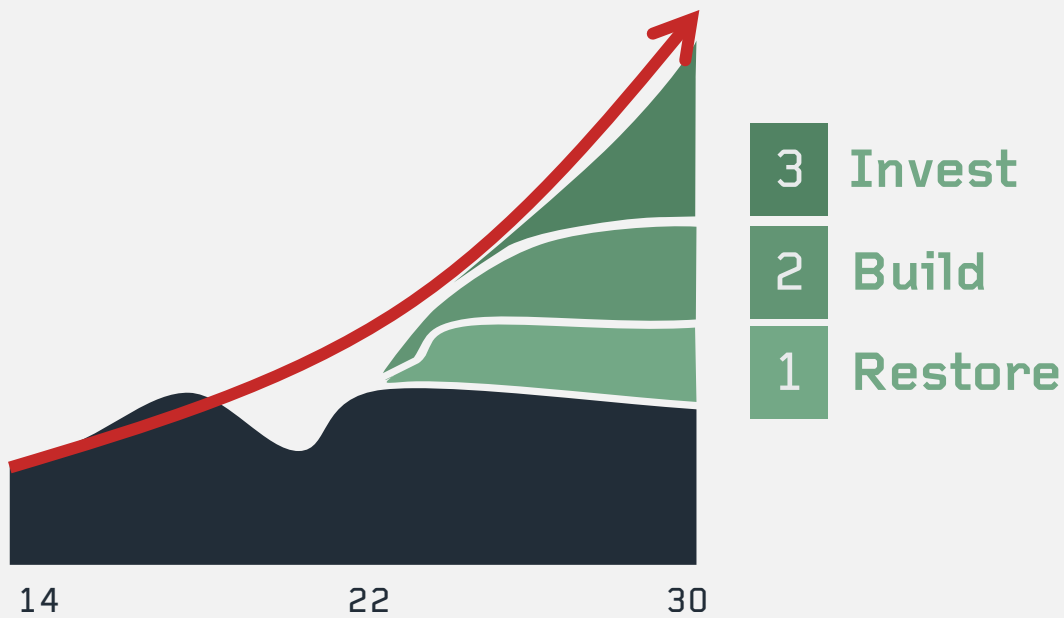
# Continued good sustainability performance

- Record levels for recycling and carbon emissions intensity for full year 2022
- Decrease in carbon emissions intensity in the fourth quarter driven by higher recycling and renewable energy
- Solid recycling performance year on year through successful circularity initiatives
- Dual ASI certifications for Gränges Americas and EcoVadis Platinum rating in the fourth quarter



1. Gränges follows the Greenhouse Gas Protocol Standards to calculate its climate impact (cradle-to-gate). Scope 1+2 covers direct emissions from own operations and indirect emissions from purchased energy. Scope 3 covers indirect emissions from sourced metal inputs.

# Our Navigate plan



## Sustainable Growth

- World's best aluminium technology company
- 15% ROCE
- 10% EBIT growth
- Continue toward 2040 carbon neutrality

# Good start on Navigate execution—some examples

## 1 Restore

Finalize • Utilize • Optimize

- Global footprint being completed
- Good utilization in Americas, uneven in Eurasia
- Price, mix and flexibility

## 2 Build

Improve • Innovate & Grow  
Source Green & Recycle

- Always Safe
- Progress in electrification solutions and other new business
- Recycling growth
- Partnerships for green energy and aluminium

## 3 Invest

Recycling • Optimization  
New markets • M&A&P

- Large expansion remelting and recycling
- Continued expansion battery components

# Aluminium is a key material in the electrification revolution

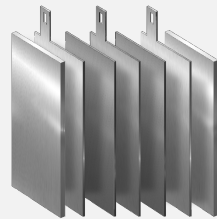
## Battery cell



Cathode foil



Casing

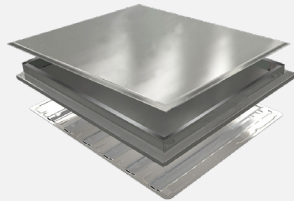


Pouch foil

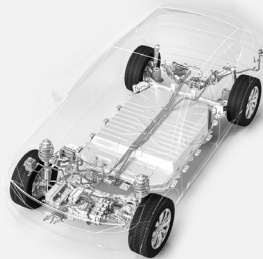
## Battery system



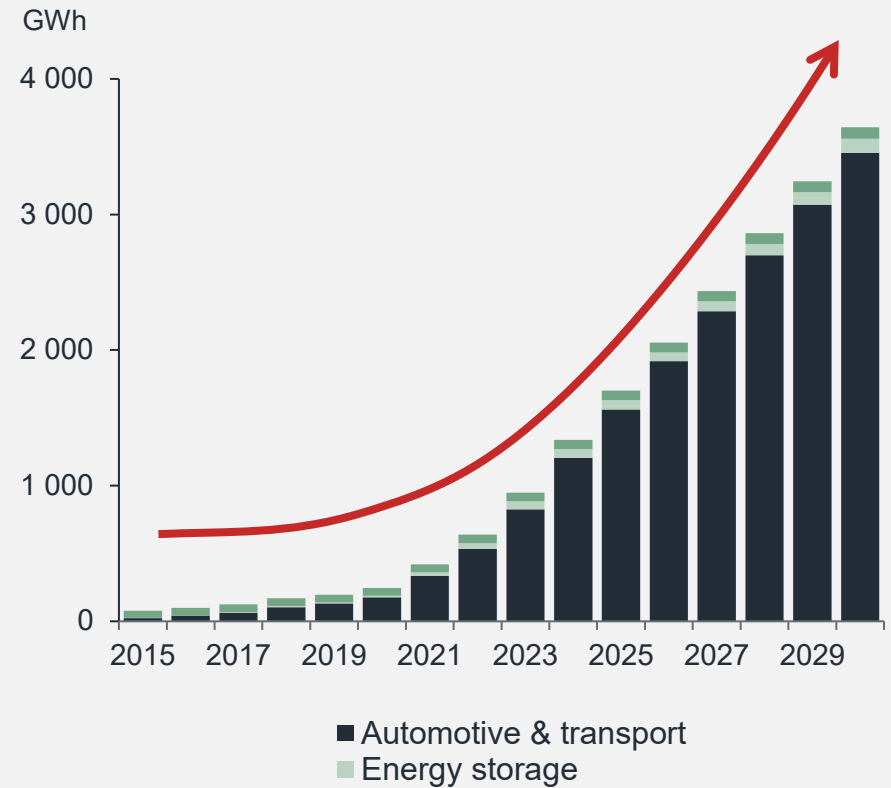
Cooling plate



Battery module and box

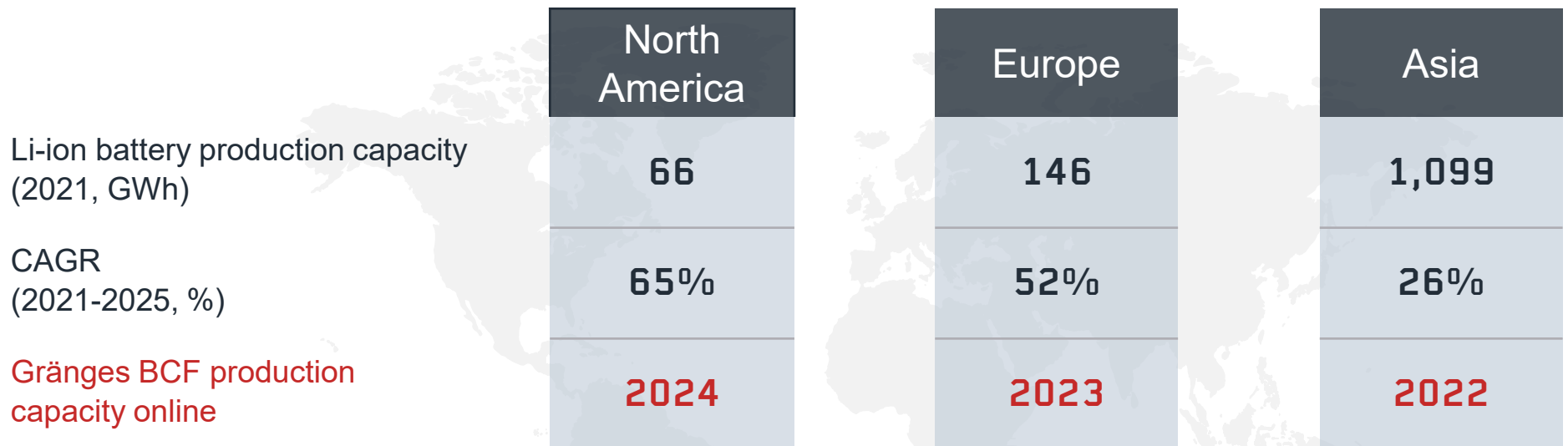


## Li-ion battery demand by application





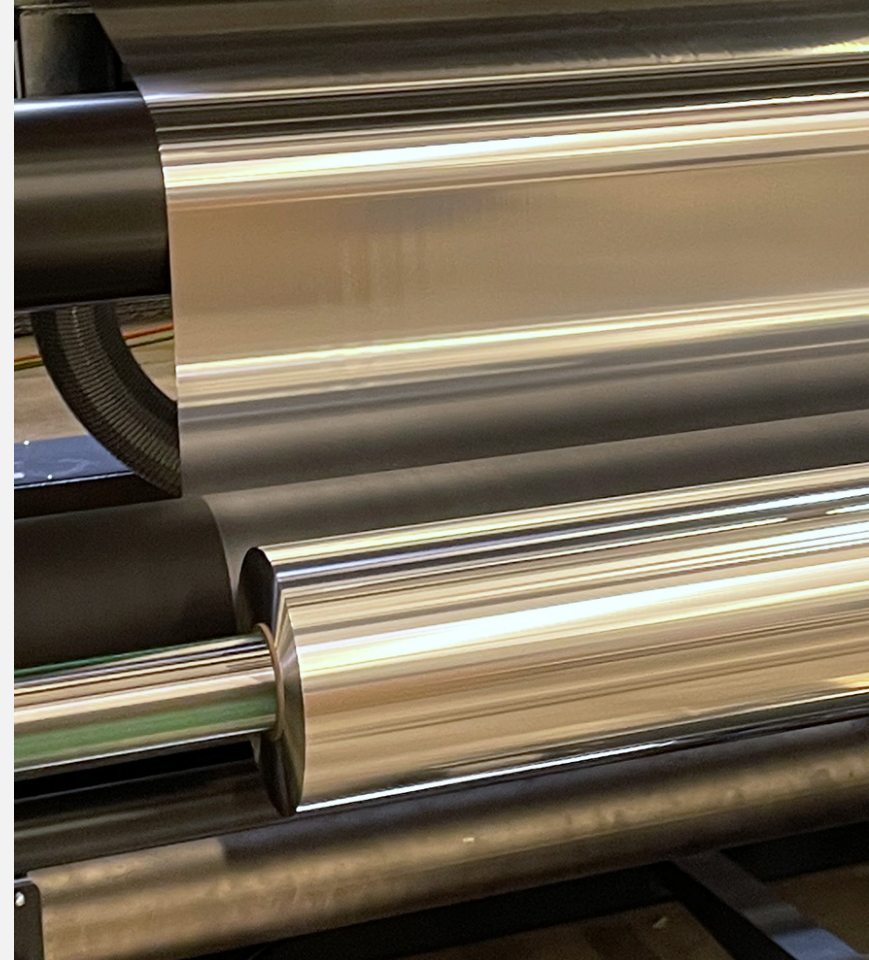
# New battery supply chains being established – Gränges the only roller with global footprint by 2024



Source: IHS Markit, Gränges analysis

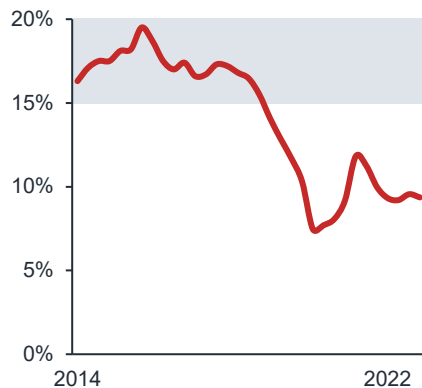
# Gränges doubles European battery foil capacity to meet growing demand

- Investments in battery components since 2021
- Strong and growing interest from leading global players
- Agreement with global battery manufacturer triggers further expansion need 2025
- SEK 600 million investment in Finspång 2023-2024 doubles our European capacity



# Positive development towards financial targets in 2022

## Profitability

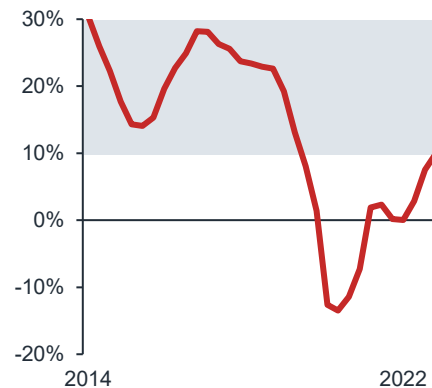


Return on capital employed

**>15%**

*“Restore as soon as possible”*

## Profit growth

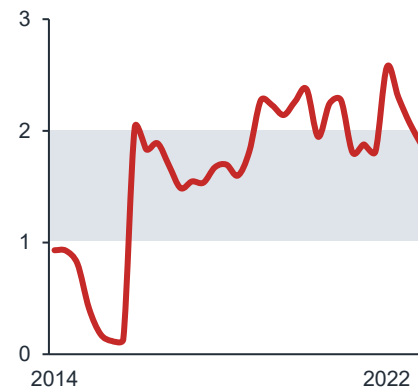


Average operating profit growth<sup>1</sup>

**>10%**

*“Exceed near-term then maintain”*

## Capital structure



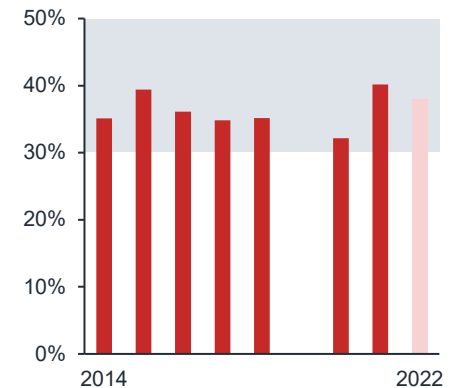
Financial net debt normally between

**1-2x**

**EBITDA**

*“Gradually normalize”*

## Dividend



Dividend as per cent of profit for the year

**30-50%**

*“Maintain”*

1. Chart shows 3y CAGR for R12m adjusted operating profit

# Outlook – first quarter 2023

- Uncertainty remains
  - Automotive backlogs and recovery in China likely to support demand
  - Customer focus in other sectors expected to shift from securing supply to managing inventories
- Expect first-quarter 2023 sales volume to increase about 10 per cent sequentially
- The ambition is to fully offset year-on-year cost increases with price increases remains



# Summary



PLATINUM | Top 1%  
2022  
ecovadis  
Sustainability  
Rating

# Q&A

Jörgen Rosengren, CEO  
Oskar Hellström, CFO



GRÄNGES