

HALF-YEAR REPORT 2020

Continued strong cash generation in difficult market conditions

Second quarter 2020

- The COVID-19 pandemic and the extraordinary measures taken to limit the spread of the virus significantly reduced the demand for Gränges' products in the quarter. Sales volume decreased by 23.8 per cent to 70.8 ktonnes (92.9). Net sales decreased to SEK 2,221 million (3,188).
- Adjusted operating profit was SEK 42 million (257) and adjusted operating profit per tonne was 0.6 kSEK (2.8).
- Profit for the period decreased to SEK 1 million (171) and includes items affecting comparability of SEK -5 million (-).
- Basic and diluted earnings per share decreased to SEK 0.01 (2.26).
- Cash flow before financing activities increased to SEK 166 million (-198) and includes capital expenditure of SEK 85 million (508). Adjusted cash flow before financing activities was SEK 238 million (249).

First half-year 2020

- Sales volume decreased by 12.5 per cent to 160.7 ktonnes (183.7). Net sales decreased to SEK 5,284 million (6,297).
- Adjusted operating profit was SEK 252 million (532) and adjusted operating profit per tonne was 1.6 kSEK (2.9).
- Profit for the period decreased to SEK 133 million (355) and includes items affecting comparability of SEK -11 million (-).
- Basic and diluted earnings per share decreased to SEK 1.76 (4.70).
- Cash flow before financing activities increased to SEK 347 million (-371) and includes capital expenditure of SEK 292 million (959). Adjusted cash flow before financing activities was SEK 568 million (415), representing a cash conversion of 226 per cent.
- Net debt decreased to SEK 3,247 million at 30 June 2020 (SEK 3,465 million at 31 December 2019), corresponding to 2.9 times adjusted EBITDA¹ (2.6 times at 31 December 2019).

Financial summary

SEK million	Q2			Jan-Jun			12 months rolling	Full year	
	2020	2019	Δ	2020	2019	Δ	Jul 2019 – Jun 2020	2019	Δ
Sales volume, ktonnes	70.8	92.9	-23.8%	160.7	183.7	-12.5%	324.3	347.3	-6.6%
Net sales	2,221	3,188	-30.3%	5,284	6,297	-16.1%	10,964	11,978	-8.5%
Adjusted operating profit ¹	42	257	-83.7%	252	532	-52.7%	586	866	-32.3%
Adjusted operating margin, %	1.9	8.1	-6.2 ppt	4.8	8.4	-3.7 ppt	5.3	7.2	-1.9 ppt
Adjusted operating profit per tonne, kSEK	0.6	2.8	-2.2	1.6	2.9	-1.3	1.8	2.5	-0.7
Operating profit	37	257	-85.7%	240	532	-54.8%	545	836	-34.9%
Operating margin, %	1.7	8.1	-6.4 ppt	4.5	8.4	-3.9 ppt	5.0	7.0	-2.0 ppt
Profit for the period	1	171	-99.7%	133	355	-62.4%	379	600	-36.9%
Earnings per share basic, SEK	0.01	2.26	-2.25	1.76	4.70	-2.93	5.02	7.95	-2.93
Earnings per share diluted, SEK	0.01	2.26	-2.25	1.76	4.70	-2.93	5.02	7.95	-2.93
Cash flow before financing activities	166	-198	n/a	347	-371	n/a	570	-148	n/a
Equity to assets, %	-	-	-	42.9	40.2	2.7 ppt	42.9 ²	41.2	1.7 ppt
Net debt	-	-	-	3,247	3,560	-313	3,247 ²	3,465	-218
Return on capital employed, %	-	-	-	-	-	-	7.5	11.7	-4.2 ppt

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

² Closing balances at the end of the period.

COMMENTS BY THE CEO

Continued focus on measures to mitigate effects of COVID-19 supported strong cash generation

UNPRECEDENTED MARKET CONDITIONS

The COVID-19 pandemic and the extraordinary measures taken by governments and authorities to limit the spread of the virus, significantly reduced the demand for Gränges' products in the second quarter of 2020. Sales volume in the second quarter reached 70.8 ktonnes, which is a 24 per cent decline compared with the same period last year. Although substantial measures to reduce cost was taken already in the first quarter, the lower sales volume led to a lower adjusted operating profit of SEK 42 million. The cash generation continued to be strong in the second quarter and the cash flow before financing, adjusted for expansion investments and acquisitions, amounted to SEK 238 million. The strong cash flow further improved the liquidity and at the end of June cash and available credit lines amounted to more than SEK 2.1 billion.

Market conditions in the second quarter were particularly challenging in Europe and Americas, where the sales volume to automotive customers declined by 47 and 60 per cent respectively. This was driven by a significant slowdown of the light vehicle production as several car producers closed their production facilities for a large part of the quarter due to the COVID-19 outbreak. In Asia, the automotive sales volume decreased by 28 per cent as positive development and signs of a recovery in China partly balanced the impact of the prolonged lock-down of several other markets. For the HVAC & Other business the sales volume declined by 7 per cent as the negative impact from COVID-19 was partly offset by a higher market share. Build-up of inventory at customer level had a positive effect on sales volume in all regions in the second quarter.

MEASURES TAKEN TO MITIGATE COVID-19 IMPACT

Gränges' highest priority is to ensure the health and safety of our employees while maintaining continuity and developing the business. During the quarter we have continued to take measures to mitigate the negative impact of COVID-19 and adapt the

operations to the new market situation. We continue to work in line with our contingency plans to secure business continuity, protect cash flow and reduce cost. This includes postponed capital expenditure, a reinforced general savings program and capacity adjustments through temporary site closures. During the quarter 560 or 34 per cent of our employees were temporary laid off on full or part time in accordance with local regulations. At the end of the quarter we decided to keep the Salisbury plant closed for the remainder of the year and as a consequence 128 employees were terminated at the end of June. Going forward we will continue to take necessary measures to further adapt our operations to new and changing market conditions.

OUTLOOK

Given the rapid development of the spread of COVID-19 and the high level of uncertainty in the market, it is currently very difficult to provide an accurate forecast even for the short term. The research firm IHS currently assumes a gradual recovery of the global light vehicle production with a sequential growth and a lower year over year decline in the third compared with the second quarter. In combination with expected inventory reductions at customers and the seasonality of the Gränges business, we currently expect a lower year over year decline and that the sales volume in the third quarter will be fairly similar to the sales volume in the second quarter. Increasing effects of cost reduction measures are expected to have a positive impact on profitability in the third quarter.

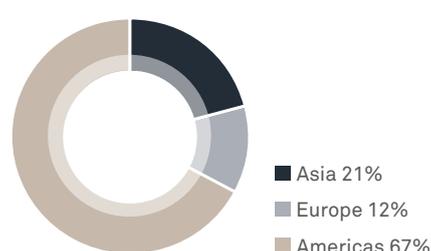


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Second quarter 2020

- Sales volume **70.8** ktonnes
- Net sales SEK **2,221** million
- Adjusted operating profit SEK **42** million

Sales volume per region



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Despite the short-term challenges, we remain positive of the future and as we look further ahead, we will continue to work actively with innovation, efficiency improvements, and develop our sustainable customer offering even more, which includes an increased focus on product development for electric vehicles. Demand for advanced heat exchanger materials for electric vehicles is expected to increase significantly in the coming years,

as more car manufacturers choose liquid cooling solutions for batteries.

With a strong commitment to constantly improve and develop, Gränges is well positioned to deliver sustainable and profitable growth throughout the economic cycle.

Johan Menckel, CEO



Gränges' production facility in Finspång, Sweden.

ACQUISITION OF ALUMINIUM KONIN

In the fourth quarter 2019 Gränges announced the acquisition of Aluminium Konin. The acquisition will strengthen the product offering and presence in Europe and contribute with strong positions in new attractive niche markets. Aluminium Konin will also add new capabilities and capacity to expand the offering for future transportation solutions, such as electric vehicles. The completion of the transaction is subject to customary

approval from competition authorities. The outbreak of COVID-19 has affected the filing and clearance from the competition authorities. The process has been delayed and the closing of the transaction is expected in the second half of the year. Following the completion of the transaction Gränges intends to undertake a new share issue, with preferential rights for existing shareholders, to finance the acquisition and future growth investments in line with Gränges' strategy.

MARKET DEVELOPMENT

Gränges is a leading global supplier of rolled aluminium products for heat exchanger applications and other niche markets. About half of the Group's sales volume refers to sales to the automotive industry, while HVAC and other niche markets account for about one quarter each.

Light vehicle production is an important macro driver of Gränges' sales of heat exchanger materials to the automotive industry. An increasing share of hybrid vehicles, electric vehicles and advanced features such as autonomous driving is also positive for the demand of heat exchanger materials. According to the international research firm IHS¹, global light vehicle production decreased by 47 per cent in the second quarter of 2020, compared to the corresponding quarter in 2019. In Asia, light vehicle production decreased by 25 per cent during the second quarter. This includes an increase of 5 per cent in China while production in other Asian markets declined by 56 per cent. In the third quarter of 2020, a decrease of 15 per cent is expected in Asia. In Europe, light vehicle production declined by 65 per cent in the second quarter, and a decrease of 10 per cent is expected for the third quarter of 2020. Light vehicle production in the Americas declined by 73 per cent in the second quarter, and a decrease of 6 per cent is anticipated in the third quarter of 2020. For the full year 2020, IHS forecasts a decrease in global light vehicle production of 23 per cent.

With regards to sales to the HVAC industry, Americas is Gränges' most important market and US shipments of HVAC units is a key driver of Gränges' sales. The growth in this market is partly driven by energy efficiency requirements as well as construction of new houses and buildings. According to the North American trade

association AHRI², US shipments of HVAC units decreased by 19 per cent in the second quarter of 2020 compared to the corresponding quarter 2019. The full year 2020 outlook is currently uncertain as US shipments of HVAC units are expected to be impacted by the COVID-19 outbreak.

SALES DEVELOPMENT

Gränges' sales volume in the second quarter of 2020 decreased by 23.8 per cent to 70.8 ktonnes (92.9) compared to the same quarter previous year. Net sales amounted to SEK 2,221 million (3,188). The decrease in net sales was primarily driven by lower sales volume and a decreased aluminium price. Changes in foreign exchange rates had a net positive effect of SEK 1 million.

For the Automotive business, sales volume decreased to 27.3 ktonnes (46.2) and net sales was SEK 937 million (1,651) during the second quarter 2020. For the HVAC & Other business, sales volume decreased to 43.4 ktonnes (46.6) and net sales amounted to SEK 1,284 million (1,538).

During January-June 2020, Gränges' sales volume decreased by 12.5 per cent to 160.7 ktonnes (183.7) compared to the corresponding period previous year. Net sales amounted to SEK 5,284 million (6,297). The net effect of changes in foreign exchange rates was positive and amounted to SEK 177 million.

During January-June 2020 sales volume for the Automotive business decreased to 65.6 ktonnes (91.2) and net sales was SEK 2,309 million (3,265). For the HVAC & Other business, sales volume increased to 95.1 ktonnes (92.5) while net sales amounted to SEK 2,975 million (3,032).

Light vehicle production¹

Year-on-year growth, %	Q2 2020	Q3 2020	Full year 2020
Region			
Asia	-25.4	-14.7	-20.4
Europe	-64.9	-10.1	-26.0
Americas	-73.1	-5.8	-24.4
Global	-47.0	-12.0	-22.8

Gränges' sales volume

Sales volume, ktonnes	Apr-Jun 2020	Apr-Jun 2019	Δ
Region			
Asia Automotive	15.1	21.0	-28.1%
Europe Automotive	8.6	16.1	-46.9%
Americas Automotive	3.7	9.2	-59.6%
Total Automotive	27.3	46.2	-40.9%
Americas HVAC & Other	43.4	46.6	-6.8%
Total	70.8	92.9	-23.8%

¹ Source: IHS, 18 June 2020.

² Source: AHRI, 10 July 2020.

ASIA

In the second quarter of 2020, sales volume in Asia decreased by 28.1 per cent to 15.1 ktonnes (21.0). The decrease was driven by a continued slowdown in light vehicle production due to the COVID-19 outbreak. Signs of a market recovery in China partly balanced the impact of the prolonged lock-down of several other markets. During January–June 2020, sales volume in Asia declined to 31.7 ktonnes (41.0), which represents a decrease of 22.5 per cent compared to previous year.

EUROPE

In the second quarter of 2020, sales volume in Europe decreased by 46.9 per cent to 8.6 ktonnes (16.1). The decline was driven by a significant reduction of light vehicle production as several car producers closed their production facilities for a large part of the quarter due to the COVID-19 outbreak. This was to some extent offset by a build-up of inventories at several of Gränges' customers. During January–June 2020, sales volume in Europe reached 22.3 ktonnes (32.6), which represents a decrease of 31.7 per cent compared to previous year.

AMERICAS

In the second quarter of 2020, sales volume in the Americas decreased by 15.5 per cent to 47.1 ktonnes (55.8). Of this, 43.4 ktonnes (46.6) relates to the HVAC & Other business while 3.7 ktonnes (9.2) relates to the Automotive business. For the HVAC & Other business, the negative impact from COVID-19 was partly offset by a higher market share. In the Automotive business, the decrease in sales volume was driven by a significant reduction of light vehicle production as several car producers closed their production facilities for a large part of the quarter due to the COVID-19 outbreak. This was to some extent offset by a build-up of inventories at several of Gränges' automotive customers. During January–June 2020, sales volume in Americas

decreased to 106.6 ktonnes (110.1) compared to previous year. 95.1 ktonnes (92.5) relates to the HVAC & Other business while 11.5 tonnes (17.7) relates to the Automotive business.

OPERATING PROFIT

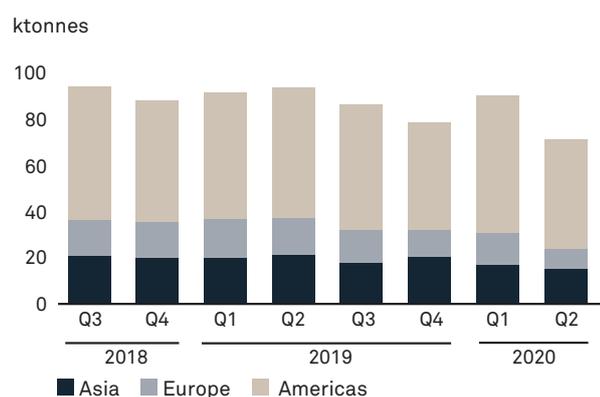
Adjusted operating profit for the second quarter of 2020 was SEK 42 million (257), corresponding to adjusted operating profit per tonne of 0.6 kSEK (2.8). Adjusted operating margin was 1.9 per cent (8.1). The decrease in operating profit was driven by the lower sales volume in the quarter. In addition, less optimal metal management and higher depreciation related to new operational equipment in the Huntingdon and Newport facilities had a negative impact on operating profit. This was partly offset by higher average conversion price. Operating profit includes government grants of SEK 14 million related to financial support in connection with the COVID-19 pandemic. Net changes in foreign exchange rates had a positive impact of SEK 4 million in the quarter.

Operating profit for the second quarter of 2020 amounted to SEK 37 million (257) and includes items affecting comparability of SEK –5 million (–). Items affecting comparability in the quarter refers to costs for the ongoing acquisition of Aluminium Konin. For further information see Note 5.

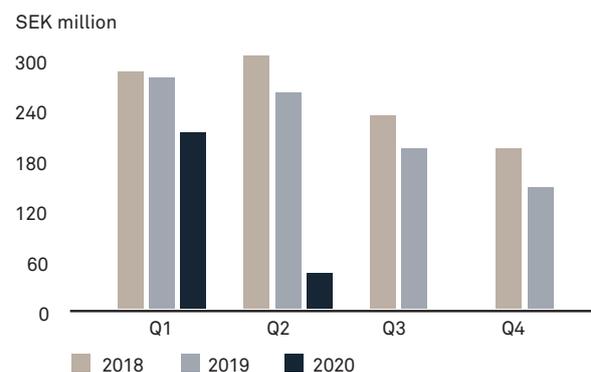
During the period January–June 2020, adjusted operating profit amounted to SEK 252 million (532), while adjusted operating profit per tonne was 1.6 kSEK (2.9). Adjusted operating margin amounted to 4.8 per cent (8.4). The net effect of changes in foreign exchange rates was positive and amounted to SEK 49 million in the first half of 2020.

Operating profit during January–June 2020 amounted to SEK 240 million (532) and includes items affecting comparability of SEK –11 million (–). For further information see Note 5.

Quarterly sales volume per region



Quarterly adjusted operating profit



PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax for the second quarter of 2020 amounted to SEK 1 million (215). Finance income and costs was SEK –36 million (–42) and includes interest expenses and financing costs of SEK 38 million and interest income of SEK 2 million. Income tax for the second quarter of 2020 was 0 (–44). The profit for the period was SEK 1 million (171) during the second quarter of 2020 and diluted earnings per share amounted to SEK 0.01 (2.26).

During the period January–June 2020 profit before taxes amounted to SEK 170 million (454). In the first half of 2020, finance income and costs was SEK –71 million (–79) and includes interest expenses of SEK 76 million and interest income of SEK 4 million. Income tax for the period January–June 2020 was SEK –36 million (–99) which corresponds to an effective tax rate of 21 per cent (22). The profit for the first half year 2020 was SEK 133 million (355) and diluted earnings per share was SEK 1.76 (4.70).

CASH FLOW

Cash flow from operating activities amounted to SEK 283 million (310) in the second quarter of 2020. This was driven by working capital reductions following a continued high focus on inventory control and collection of receivables. Cash flow from investing activities amounted to SEK –117 million (–508) in the quarter. Of this, SEK 85 million relates to capital expenditure and SEK 32 million to a negative effect from realized currency hedges connected to the ongoing acquisition of Aluminium Konin. Of the total capital expenditure, SEK 45 million refers to investments to maintain and improve efficiency in current production facilities and SEK 40 million refers to investments related to the expansion of the production facilities in the US and Sweden. Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK 238 million (249).

Cash flow from financing activities was SEK –312 million (302) in the second quarter of 2020 and includes new loans of SEK 750 million and repayment of loans of SEK –1,011 million. Net financing from commercial papers was SEK –250 million in the quarter.

During January–June 2020, cash flow from operating activities was SEK 670 million (588). Cash flow from investing activities amounted to SEK –323 million (–959) in the period. Of this, SEK 292 million relates to capital expenditure and SEK 32 million to a negative effect from realized currency hedges connected to the acquisition of Aluminium Konin. Of the total capital expenditure, SEK 103 million refers to investments to maintain and improve efficiency in current production facilities and SEK 189 million refers to investments related to the expansion of the

production facilities in the US and Sweden. During January–June 2020 cash flow before financing activities amounted to SEK 347 million (–371). Cash flow from financing activities was SEK –87 million (487) and includes new loans of SEK 1,919 million and repayment of loans of SEK –1,922 million.

Cash and cash equivalents amounted to SEK 987 million at 30 June 2020 (SEK 747 million 31 December 2019).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 10,202 million at 30 June 2020 (SEK 10,480 million at 31 December 2019). The equity to assets ratio was 42.9 per cent at 30 June 2020 (41.2 per cent at 31 December 2019).

Consolidated net debt including pension and lease liabilities was SEK 3,247 million at 30 June 2020 (SEK 3,465 million at 31 December 2019). At 30 June 2020, the Group's net debt corresponded to 2.9 times adjusted EBITDA (2.6 times at 31 December 2019).

EMPLOYEES

The average number of employees was 1,489 (1,814) in the second quarter of 2020 and 1,620 (1,827) during the period January–June 2020. Implemented temporary layoffs and reduced working hours as well as termination of employees at the Salisbury plant have decreased average number of employees as of the second quarter of 2020.

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. For the period January–June 2020, net sales in the parent company was SEK 91 million (98) and the result for the period was SEK –35 million (–33).

SIGNIFICANT EVENTS DURING THE PERIOD

Gränges strengthens the management team

As part of Gränges' continued sustainable and profitable growth, a decision was made to strengthen the company's management team. Camilla Weiner was appointed SVP Corporate Responsibility & Communication, a new role in Gränges' Group Management with responsibility for HR, Sustainability, Operational Development and Communication. Sofia Hedevåg, SVP Sustainability, and Bilal Chebaro, CIO, became members of Gränges' extended Group Management. The changes were effective as of 15 May 2020.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events have occurred after the period.

THE SHARE

The share capital in Gränges amounts to SEK 101 million split on 75,517,386 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 9,667 at 30 June 2020, according to Euroclear.

Largest shareholders in Gränges at 30 June 2020¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	7,233,994	9.6
AFA Insurance	6,866,585	9.1
Handelsbanken Funds	5,465,506	7.2
Swedbank Robur Funds	4,817,487	6.4
Franklin Templeton	3,567,641	4.7
Dimensional Fund Advisors	3,210,867	4.3
Allianz Global Investors	2,866,950	3.8
Paradice Investment Management	2,606,605	3.5
Fidelity Investments (FMR)	2,237,151	3.0
Unionen	1,850,000	2.4
Total 10 largest shareholders	40,722,786	53.9
Other	34,794,600	46.1
Total	75,517,386	100.0

¹ Source: Modular Finance.

OTHER

Annual General Meeting 2020

Gränges AB held its Annual General Meeting (AGM) on Thursday 25 June 2020. The AGM re-elected Carina Andersson, Mats Backman, Peter Carlsson, Katarina Lindström, Hans Porat and Ragnhild Wiborg as Board members. Fredrik Arp was elected as new Board member and Chairman of the Board. Anders G. Carlberg had declined re-election.

For more information on the resolutions on the AGM and the content in them, please refer to the report from the AGM and other AGM documents that are available on the company's website, www.granges.com.

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 32–35 in Gränges' 2019 annual report.

A new business risk during 2020 is the spread of COVID-19.

Gränges considers that the risk management described in the annual report 2019 essentially covers the market risks that may arise as a result of the coronavirus. Regarding the risk for increased sick leave and difficulties in managing the Group effectively in the event of key employees being ill, contingency plans have been established and remote access to business-critical systems have been secured.

SEASONAL VARIATIONS

Gränges' end-customer markets consist primarily of the global automotive industry and the HVAC industry in North America. Gränges' sales of rolled aluminium products to the automotive industry is mainly correlated with the production of light vehicles. Demand on the HVAC market is driven by factors such as construction investments, new regulations for energy efficiency and climate impact, and it is usually higher during summer months as there is a higher demand for cooling systems then. Major annual maintenance work in Gränges' production facilities mainly occurs in the fourth quarter. Overall, seasonal factors mean that the fourth quarter usually is the weakest and the second quarter is the strongest.



Fredrik Arp was elected new Chairman of the Board at the Annual General Meeting, here together with Johan Menckel and Anders G. Carlberg.

The Board of Directors and the CEO declare that the half-year report gives a true and fair view of the performance of the business, financial position and result of operations of the parent company and the group, and describes the principal risks and uncertainties that the parent company and its subsidiaries are facing.

Stockholm, 16 July, 2020
The Board of Directors of Gränges AB (publ)

Fredrik Arp
Chairman of the Board

Carina Andersson
Member of the Board

Mats Backman
Member of the Board

Peter Carlsson
Member of the Board

Katarina Lindström
Member of the Board

Hans Porat
Member of the Board

Ragnhild Wiborg
Member of the Board

Øystein Larsen
Employee representative

Konny Svensson
Employee representative

Johan Menckel
Chief Executive Officer

This half-year 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 16 July, 2020 at 07.30 CEST.

Webcasted telephone conference

CEO Johan Menckel and CFO Oskar Hellström will present Gränges' half-year report 2020 at a webcasted conference call at 10.00 CEST, Thursday 16 July, 2020.

The webcast is available on www.granges.com/investors. To participate in the conference call, please call +46 8 566 426 51 (Sweden), +44 3333 000 804 (United Kingdom) or +1 631 913 1422 (United States). PIN code: 69788601#. Please call a few minutes before the conference call starts. The presentation will be in English.

Financial calendar

22 October, 2020	Interim Report January–September 2020
28 January, 2021	Year-end Report 2020
22 April, 2021	Interim Report January–March 2021
6 May, 2021	Annual General Meeting 2021

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Net sales	2	2,221	3,188	5,284	6,297	11,978
Cost of materials		-1,321	-2,036	-3,235	-3,993	-7,620
Payroll and other operating expenses		-717	-782	-1,522	-1,552	-3,031
Depreciation, amortization and impairment charges		-140	-113	-275	-221	-461
Items affecting comparability	5	-5	-	-11	-	-30
Operating profit		37	257	240	532	836
Profit or loss from joint ventures	4	0	0	1	0	1
Finance income and costs		-36	-42	-71	-79	-152
Profit before tax		1	215	170	454	686
Income tax	6	0	-44	-36	-99	-86
Profit for the period		1	171	133	355	600
Earnings per share						
Earnings per share basic, SEK		0.01	2.26	1.76	4.70	7.95
Earnings per share diluted, SEK		0.01	2.26	1.76	4.70	7.95

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Profit for the period	1	171	133	355	600
Items not to be reclassified to profit/loss in subsequent periods					
Remeasurement of pensions after tax	-19	-24	-19	-24	-31
Items to be reclassified to profit/loss in subsequent periods					
Change in hedging reserve after tax	8	-5	-32	5	22
Translation effects	-277	-51	-22	109	91
Comprehensive income for the period attributable to owners of the parent company	-287	92	60	445	682

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS				
Intangible assets		855	854	874
Property, plant and equipment		5,146	4,701	5,101
Deferred tax assets		24	55	28
Investments in joint ventures	4	12	11	12
Interest-bearing receivables		2	2	2
Other non-current receivables	3	6	10	8
Non-current assets		6,047	5,633	6,025
Inventories		1,687	2,015	1,957
Receivables	3	1,463	1,911	1,748
Interest-bearing receivables	3	18	1	3
Cash and cash equivalents		987	581	747
Current assets		4,156	4,508	4,455
TOTAL ASSETS		10,202	10,141	10,480
EQUITY AND LIABILITIES				
Share capital		101	101	101
Retained earnings		4,273	3,976	4,213
Equity		4,374	4,077	4,314
Interest-bearing liabilities	3	3,171	2,587	2,901
Provisions and other non-current liabilities	3	548	467	513
Non-current liabilities		3,719	3,055	3,414
Interest-bearing liabilities	3	689	1,197	953
Provisions and other current liabilities	3	1,420	1,812	1,799
Current liabilities		2,109	3,009	2,752
TOTAL EQUITY AND LIABILITIES		10,202	10,141	10,480

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Opening balance	4,314	3,873	3,873
Profit for the period	133	355	600
Other comprehensive income for the period	-73	91	82
Total comprehensive income for the period	60	445	682
Dividend	-	-242	-242
Total transactions with owners	-	-242	-242
Closing balance	4,374	4,077	4,314

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Note	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Operating profit		37	257	240	532	836
Depreciation, amortization and impairment charges		140	113	275	221	461
Change in working capital etc.		108	-19	174	-107	236
Income taxes paid		-2	-41	-19	-58	-92
Cash flow from operating activities		283	310	670	588	1,441
Investments in property, plant, equipment and intangible assets		-85	-508	-292	-959	-1,590
Other capital transactions		-32	-	-32	-	-
Cash flow from investing activities		-117	-508	-323	-959	-1,590
Cash flow before financing activities		166	-198	347	-371	-148
Dividend		-	-242	-	-242	-242
Interest paid and received		-51	-29	-84	-60	-137
New loans		750	2,444	1,919	2,924	5,546
Repayment of loans		-1,011	-1,871	-1,922	-2,135	-4,727
Cash flow from financing activities		-312	302	-87	487	440
Cash flow for the period		-146	104	260	116	292
Cash and cash equivalents at beginning of period		1,187	485	747	457	457
Cash flow for the period		-146	104	260	116	292
Exchange rate differences in cash and cash equivalents		-53	-8	-20	8	-2
Cash and cash equivalents at end of period		987	581	987	581	747

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Net sales	45	50	91	98	187
Payroll and other operating expenses	-68	-65	-125	-133	-256
Depreciation, amortization and impairment charges	-5	-5	-11	-9	-20
Operating profit/loss	-28	-21	-45	-44	-88
Dividends from subsidiaries	-	-	-	-	335
Finance income and costs	-3	-3	3	2	7
Profit/loss after financial items	-31	-23	-42	-42	254
Appropriations	-	-	-	-	97
Income tax	6	5	7	9	-16
Profit/loss for the period	-25	-18	-35	-33	335

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Profit for the period	-25	-18	-35	-33	335
Items to be reclassified to profit/loss in subsequent periods					
Change in hedging reserve after tax	-29	-	-32	-	-1
Comprehensive income for the period attributable to owners of the parent company	-54	-18	-67	-33	334

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS			
Intangible assets	36	42	40
Property, plant and equipment	185	201	192
Shares in Group companies	1,160	1,160	1,160
Receivables from Group companies	2,052	2,013	2,102
Other non-current receivables	12	17	3
Non-current assets	3,445	3,432	3,497
Receivables from Group companies	182	87	164
Other receivables	78	48	47
Cash and cash equivalents	54	70	190
Current assets	314	205	402
TOTAL ASSETS	3,758	3,638	3,899
EQUITY AND LIABILITIES			
Restricted equity	110	110	111
Non-restricted equity	1,522	1,222	1,589
Equity	1,632	1,331	1,699
Untaxed reserves	30	37	30
Interest-bearing liabilities	1,346	857	1,065
Provisions and other non-current liabilities	20	31	32
Non-current liabilities	1,366	888	1,097
Liabilities to Group companies	49	182	75
Interest-bearing liabilities	572	1,079	901
Provisions and other current liabilities	110	120	96
Current liabilities	730	1,381	1,072
TOTAL EQUITY AND LIABILITIES	3,758	3,638	3,899

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) 2019. 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 2020 or later have not had any material impact on this financial report.

The COVID-19 pandemic has increased the economic uncertainty and the impact on Gränges and measures taken are described in the comments by the CEO, and in the description of the financial development on pages 4–6. Government grants of SEK 14 million related to financial support in connection with COVID-19 have reduced personnel and other operating expenses during the second quarter 2020. Apart from the company's updated risk assessment described on page 7, Gränges management assesses that there are no additional significant uncertainties or judgements due to COVID-19 that have materially impacted the financial information in this interim report.

The interim information on pages 2–15 is an integrated part of these financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Gränges mainly sells aluminium rolled products for heat exchangers and selected niche applications in different geographical regions. Gränges' customers are in the automotive industry, the HVAC industry and niche markets such as transformers and food packaging. 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 market divided by type of revenue.

SEK million	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Net sales by region					
Asia	486	717	1,073	1,405	2,736
Europe	305	517	774	1,101	2,074
Americas	1,425	1,949	3,429	3,781	7,150
Total revenue from contracts with customers	2,217	3,183	5,276	6,287	11,960
Other revenue	4	5	8	10	18
Net sales	2,221	3,188	5,284	6,297	11,978

SEK million	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Net sales by market					
Automotive					
Fabrication revenue	445	792	1,110	1,563	2,925
Raw material and other revenue	488	854	1,191	1,692	3,267
Total	933	1,646	2,300	3,255	6,192
HVAC & Other					
Fabrication revenue	550	552	1,200	1,079	2,074
Raw material and other revenue	734	986	1,775	1,953	3,694
Total	1,284	1,538	2,975	3,032	5,768
Total revenue from contracts with customers	2,217	3,183	5,276	6,287	11,960
Other revenue	4	5	8	10	18
Net sales	2,221	3,188	5,284	6,297	11,978

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	30 Jun 2020	30 Jun 2019	31 Dec 2019
Non-current assets	2	1	3
Current assets	68	43	37
Non-current liabilities	17	34	38
Current liabilities	117	61	45

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 was USD 150 million and SEK 200 million as per 30 June 2020. Gränges' revolving credit facilities amounted to SEK 2,469 million, whereof SEK 769 million was utilized. Interest-bearing liabilities also include corporate bonds of SEK 600 million, issued under Gränges' MTN programme, and commercial papers of SEK 549 million. The loan facilities are subject to covenants, which are Net Debt/EBITDA and Interest coverage ratio.

Gränges has entered into a bridge loan facility of SEK 2,300 million to finance the acquisition of Aluminium Konin. The loan, that was unutilized by June 30, 2020, is subject to extension options and had an initial maximum tenor of 18 months and is finally due on 27 May 2021.

SEK million	Limit/Program amount	Year			Total
		< 1	1–2	> 2	
Term loans					
SEK		–	200	–	200
USD		–	–	1,406	1,406
Bonds in MTN programme	3,000	–	300	300	600
Commercial papers	1,500	549	–	–	549
Revolving Credit Facilities	2,469	–	469	300	769
Lease liabilities		51	44	145	239
Other interest-bearing liabilities		89	–	8	97
Total interest-bearing liabilities		689	1,013	2,159	3,859

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 30 June 2020 was SEK 3,859 million (SEK 3,853 million as of 31 December 2019). The fair value of interest-bearing liabilities amounted to SEK 3,868 million as of 30 June 2020 (SEK 3,864 million as of 31 December 2019). 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 2019 Annual Report. During the period there have been no significant transactions with related parties.

NOTE 5 ITEMS AFFECTING COMPARABILITY

SEK million	Financial statement line	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
M&A costs	Items affecting comparability	-5	-	-11	-	-16
Restructuring costs	Items affecting comparability	-	-	-	-	-14
Items affecting comparability		-5	-	-11	-	-30

During the second quarter 2020 Gränges had costs for the ongoing acquisition of Aluminium Konin of SEK 5 million. The corresponding amount for the period January–June 2020 was SEK 11 million (SEK 16 million for the full year 2019). Restructuring costs for 2019 related to manning reductions, mainly within the Swedish operation.

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 2020 and therefore applies a tax rate of 15 per cent for the Chinese operation.

CONSOLIDATED QUARTERLY DATA

SEK million	2020		2019			2018		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume, ktonnes	70.8	89.9	77.9	85.8	92.9	90.8	87.4	93.4
Income statement								
Net sales	2,221	3,063	2,682	2,998	3,188	3,109	3,074	3,322
Adjusted EBITDA ¹	182	345	269	305	370	382	283	320
Adjusted operating profit ¹	42	210	144	190	257	275	191	230
Operating profit	37	204	115	190	257	275	191	230
Profit for the period	1	133	47	198	171	184	149	158
Adjusted EBITDA margin, %	8.2	11.3	10.0	10.2	11.6	12.3	9.2	9.6
Adjusted operating margin, %	1.9	6.9	5.4	6.3	8.1	8.8	6.2	6.9
Adjusted operating profit per tonne, kSEK	0.6	2.3	1.9	2.2	2.8	3.0	2.2	2.5
Operating margin, %	1.7	6.6	4.3	6.3	8.1	8.8	6.2	6.9
Net margin, %	0.0	4.3	1.8	6.6	5.4	5.9	4.8	4.7
Balance sheet								
Non-current assets	6,047	6,491	6,025	6,153	5,633	5,260	4,489	4,243
Current assets	4,156	5,121	4,455	4,609	4,508	4,516	4,285	4,639
Equity	4,374	4,663	4,314	4,382	4,077	4,227	3,873	3,705
Non-current liabilities	3,719	3,910	3,414	3,280	3,055	2,840	2,522	2,884
Current liabilities	2,109	3,038	2,752	3,100	3,009	2,709	2,378	2,293
Cash flow								
Operating activities	283	387	289	564	310	278	450	316
Investing activities	-117	-207	-221	-409	-508	-451	-316	-236
Before financing activities	166	181	68	155	-198	-173	133	81
Financing activities	-312	225	-69	21	302	185	-339	-41
Cash flow for the period	-146	406	-1	176	104	12	-206	40
Capital structure								
Net debt	3,247	3,559	3,465	3,606	3,560	3,057	2,494	2,565
Equity to assets, %	42.9	40.2	41.2	40.7	40.2	43.2	44.2	41.7
Data per share, SEK								
Earnings per share basic	0.01	1.76	0.63	2.62	2.26	2.44	1.97	2.09
Earnings per share diluted	0.01	1.76	0.63	2.62	2.26	2.44	1.97	2.09
Equity ²	57.93	61.75	57.13	58.02	53.99	55.97	51.29	49.07
Cash flow from operating activities ²	3.75	5.13	3.83	7.47	4.11	3.68	5.95	4.19
Share price at the end of the period	73.75	49.20	98.95	100.50	106.40	95.70	80.50	106.00
Weighted outstanding ordinary shares, basic in thousands	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4
Weighted outstanding ordinary shares, diluted in thousands	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4	75,517.4

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

² Calculated on weighted outstanding ordinary shares, diluted.

CONSOLIDATED QUARTERLY DATA

SEK million	2020		2019				2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume by region, ktonnes								
Asia	15.1	16.7	20.4	17.7	21.0	20.0	19.9	20.8
Europe	8.6	13.7	11.5	14.1	16.1	16.5	15.3	15.1
Americas	47.1	59.5	46.0	54.0	55.8	54.4	52.2	57.5
Total	70.8	89.9	77.9	85.8	92.9	90.8	87.4	93.4
Net sales by region								
Asia	486	587	714	617	717	687	694	732
Europe	310	473	443	537	522	589	582	579
Americas	1,425	2,004	1,524	1,845	1,949	1,832	1,799	2,011
Total	2,221	3,063	2,682	2,998	3,188	3,109	3,074	3,322
Employees								
Average number of employees	1,489	1,751	1,781	1,813	1,814	1,810	1,777	1,695

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Jul 2019 – Jun 2020	Apr 2019 – Mar 2020	Jan 2019 – Dec 2019	Oct 2018 – Sep 2019	Jul 2018 – Jun 2019	Apr 2018 – Mar 2019	Jan 2018 – Dec 2018	Oct 2017 – Sep 2018
Sales volume, ktonnes	324.3	346.4	347.3	356.9	364.5	370.8	375.0	374.0
Income statement								
Net sales	10,964	11,932	11,978	12,370	12,693	12,947	12,910	12,570
Adjusted EBITDA ¹	1,101	1,289	1,327	1,341	1,356	1,376	1,357	1,336
Adjusted operating profit ¹	586	801	866	913	953	997	1,005	992
Operating profit	545	765	836	913	953	997	940	912
Adjusted EBITDA margin, %	10.0	10.8	11.1	10.8	10.7	10.6	10.5	10.6
Adjusted operating margin, %	5.3	6.7	7.2	7.4	7.5	7.7	7.8	7.9
Adjusted operating profit per tonne, kSEK	1.8	2.3	2.5	2.6	2.6	2.7	2.7	2.7
Operating margin, %	5.0	6.4	7.0	7.4	7.5	7.7	7.3	7.3
Capital structure and return indicators								
Capital employed	7,849	7,782	7,411	7,109	6,769	6,432	6,098	5,902
Return on capital employed, %	7.5	10.3	11.7	12.8	14.1	15.5	16.5	16.8
Equity	4,362	4,333	4,175	4,053	3,909	3,814	3,633	3,480
Return on equity, %	8.7	12.7	14.4	17.3	16.9	18.5	18.9	19.9
Net debt / Adjusted EBITDA	2.9	2.8	2.6	2.7	2.6	2.2	1.8	1.9

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

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 19.

SEK million	Q2		Jan – Jun		12 months rolling	Full year
	2020	2019	2020	2019	Jul 2019 – Jun 2020	2019
Adjusted operating profit						
Operating profit	37	257	240	532	545	836
Items affecting comparability	5	–	11	–	41	30
Adjusted operating profit	42	257	252	532	586	866
Adjusted operating profit per tonne						
Adjusted operating profit	42	257	252	532	586	866
Sales volume, ktonnes	70.8	92.9	160.7	183.7	324.3	347.3
Adjusted operating profit per tonne, kSEK	0.6	2.8	1.6	2.9	1.8	2.5
Adjusted EBITDA						
Adjusted operating profit	42	257	252	532	586	866
Depreciation, amortization and impairment charges	140	113	275	221	515	461
Adjusted EBITDA	182	370	527	753	1,101	1,327
Return on capital employed						
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	–	–	–	–	9,777	9,375
Non-interest-bearing liabilities, rolling 12 months average	–	–	–	–	–2,300	–2,311
Pensions, rolling 12 months average	–	–	–	–	372	348
Capital employed	–	–	–	–	7,849	7,411
Adjusted operating profit	–	–	–	–	586	866
Return on capital employed, %	–	–	–	–	7.5	11.7
Net debt						
Cash and cash equivalents and interest-bearing receivables	–	–	–1,008	–584	–1,008 ¹	–752
Interest-bearing liabilities	–	–	3,859	3,784	3,859 ¹	3,853
Pensions	–	–	395	360	395 ¹	363
Net debt	–	–	3,247	3,560	3,247¹	3,465
Equity to assets						
Equity	–	–	4,374	4,077	4,374 ¹	4,314
Total assets	–	–	10,202	10,141	10,202 ¹	10,480
Equity to assets, %	–	–	42.9	40.2	42.9¹	41.2
Adjusted cash flow before financing activities						
Cash flow before financing activities	166	–198	347	–371	570	–148
Cash flow from expansion investments	40	354	189	693	599	1,103
Cash flow from other non-maintenance investments	32	93	32	93	32	93
Adjusted cash flow before financing activities	238	249	568	415	1,200	1,048
Cash conversion						
Adjusted cash flow before financing activities	238	249	568	415	1,200	1,048
Adjusted operating profit	42	257	252	532	586	866
Cash conversion, %	570	97	226	78	205	121

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 a leading global supplier of rolled aluminium products for heat exchanger applications and other niche markets. In materials for brazed heat exchangers Gränges is the global leader with a market share of approximately 20 per cent. 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 460,000 metric tonnes. Gränges has 1,800 employees and net sales of SEK 12 billion. The share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com.

VISION AND BUSINESS CONCEPT

Gränges' vision is to transform the world through innovative aluminium engineering. We support our customers with research and innovation, product development, and technical support throughout the product's life-cycle. The performance of the customers' final product in terms of efficiency and environmental impact depends largely on material properties and design, which are Gränges' core competences.

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 the coming years. By offering customized products with a high technical content, Gränges aims to grow above market rate. The ambition is to be the market leader in all geographical regions within rolled aluminium heat exchanger materials in 2020. That goal is based on four strategic pillars: drive growth through innovations, create value from sustainability, increase efficiency through continuous improvements, and grow presence through structural expansion.