



GRÄNGES

Third Quarter 2014 Earnings Conference

November 13, 2014

Today's presenters



**JOHAN
MENCKEL**
CEO

Since: 2012
Gränges since: 2004



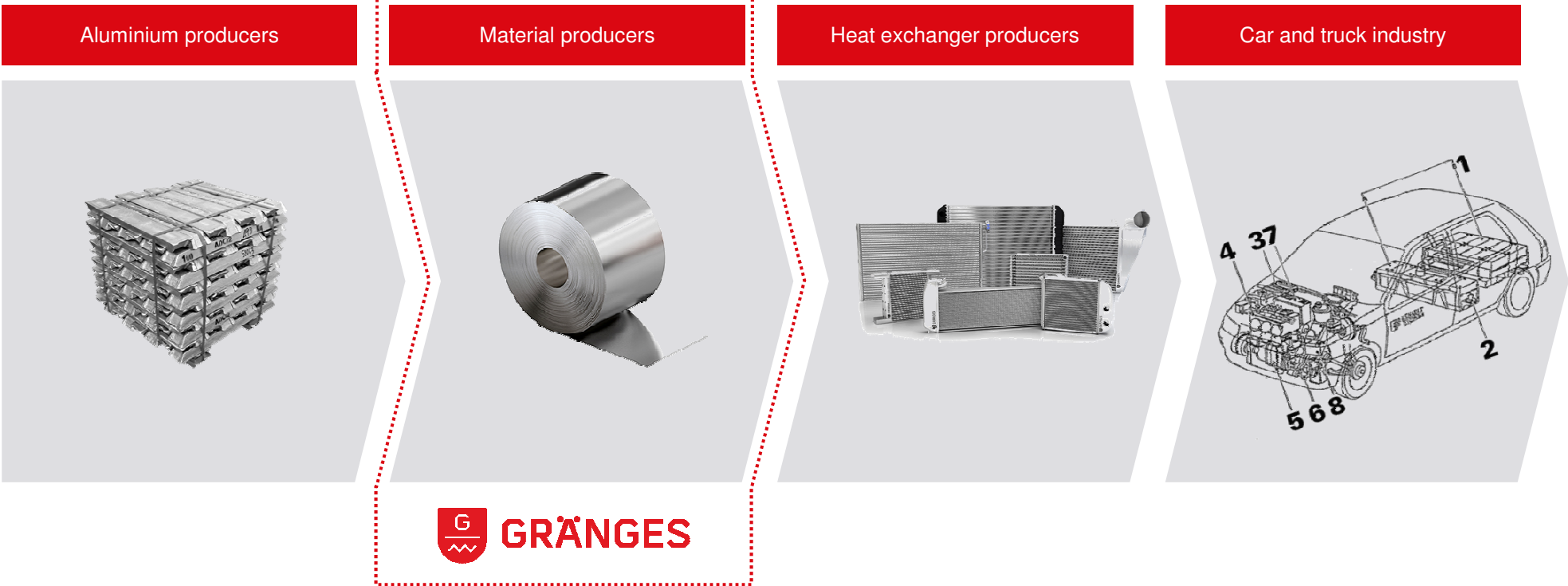
**OSKAR
HELLSTRÖM**
CFO

Since: 2011

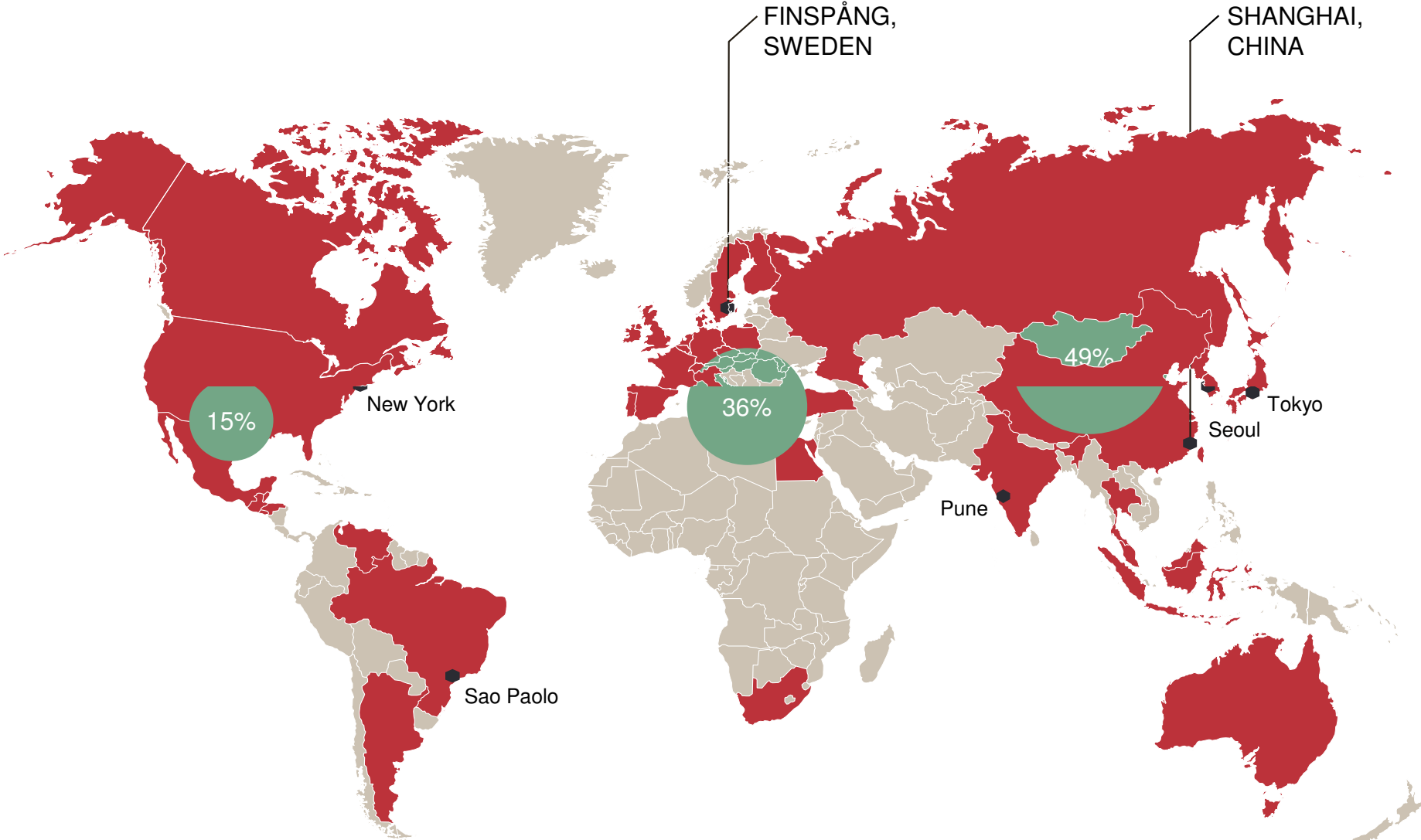


Gränges is a global aluminium company focused on rolled products for brazed heat exchangers

Heat exchanger value chain



Gränges is the global leader with a market share of 20%



◆ Sales and Technical support ■ Sales destinations ● Percentage of sales volume 2013



Gränges' vision and strategy



Vision

- We help create smaller, lighter and more designable heat exchangers to increase economic efficiency and reduce environmental impact

Strategy

- Focus on our niche market and a global offering of customised products with high technology content
 - High level of production expertise
 - Leading edge technology
 - Strong customer focus
- Sustainable development

Third quarter - Stable volume and earnings development



- Stable quarter with sales volume at level with previous year
- Adjusted operating profit increase by 8% to SEK 106 million
- Adjusted operating margin of 8.8% (8.9)
- Earnings per share was SEK 0.73 (0.53)
- Net cash flow before financing activities of SEK -45 million (124)













Successful IPO of Gränges on October 10, 2014



- Successful IPO on Nasdaq Stockholm in a volatile market
- Share priced at 42.50 SEK
- The offering comprised 69% of share capital in Gränges
- Orkla's ownership decreased to 31% of capital and votes
- Considerable interest for Gränges among investors

Market conditions remain mixed across regions

Light vehicle production growth (YoY)

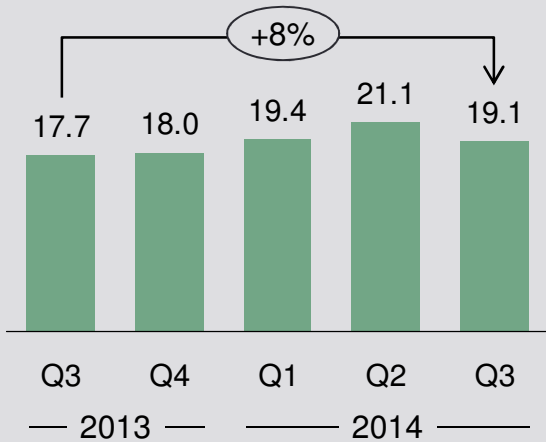
Region	Q3 2014	Q4 2014 outlook	FY 2014 outlook
Asia	 +5%	 +2%	 +4%
Europe	 -1%	 -1%	 +2%
Americas	 +1%	 +2%	 +1%
Global	 +3%	 +2%	 +3%

Source: IHS Automotive, 16 October, 2014

Continued strong volume growth in Asia

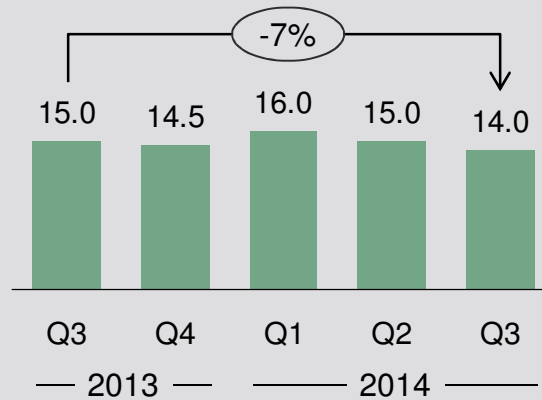
Gränges sales volume (ktonnes)

Asia



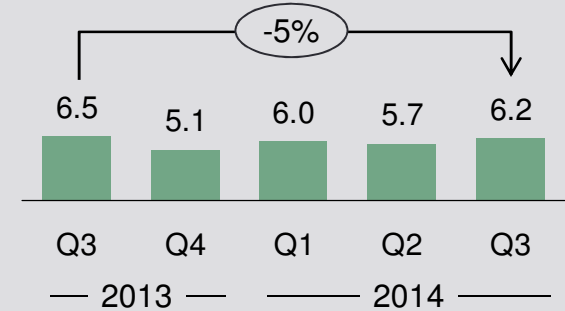
- Strong growth in sales to Chinese customers
- Moderate growth in rest of Asia with some exceptions

Europe



- Lower sales of scrap based non heat exchanger products
- Lower contracted volumes with one heat exchanger customer

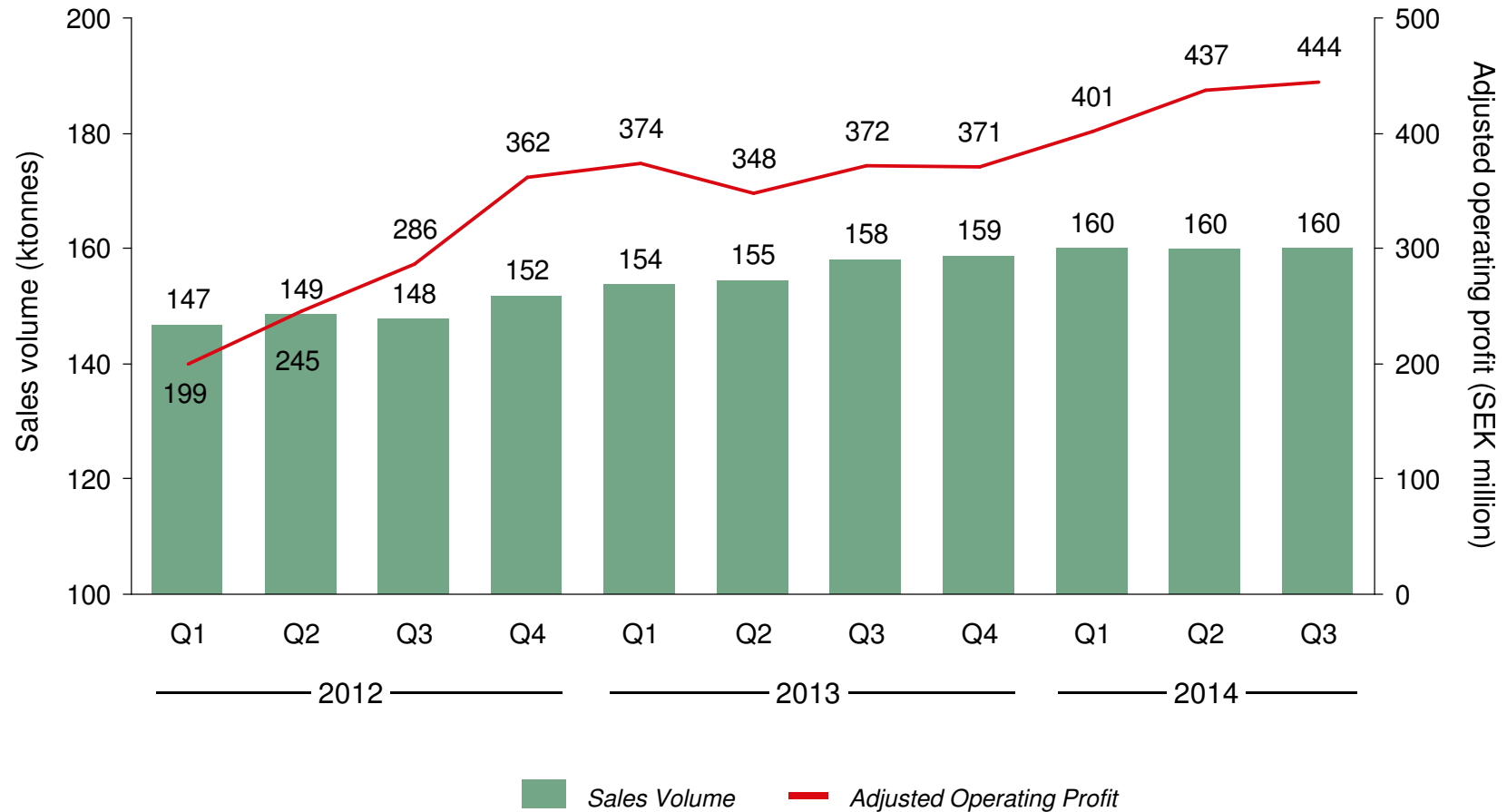
Americas



- Lower contracted volumes with one heat exchanger customer

Positive earnings trend continued in third quarter

Rolling 12 months sales volume and adjusted operating profit



Stable volume and earnings development

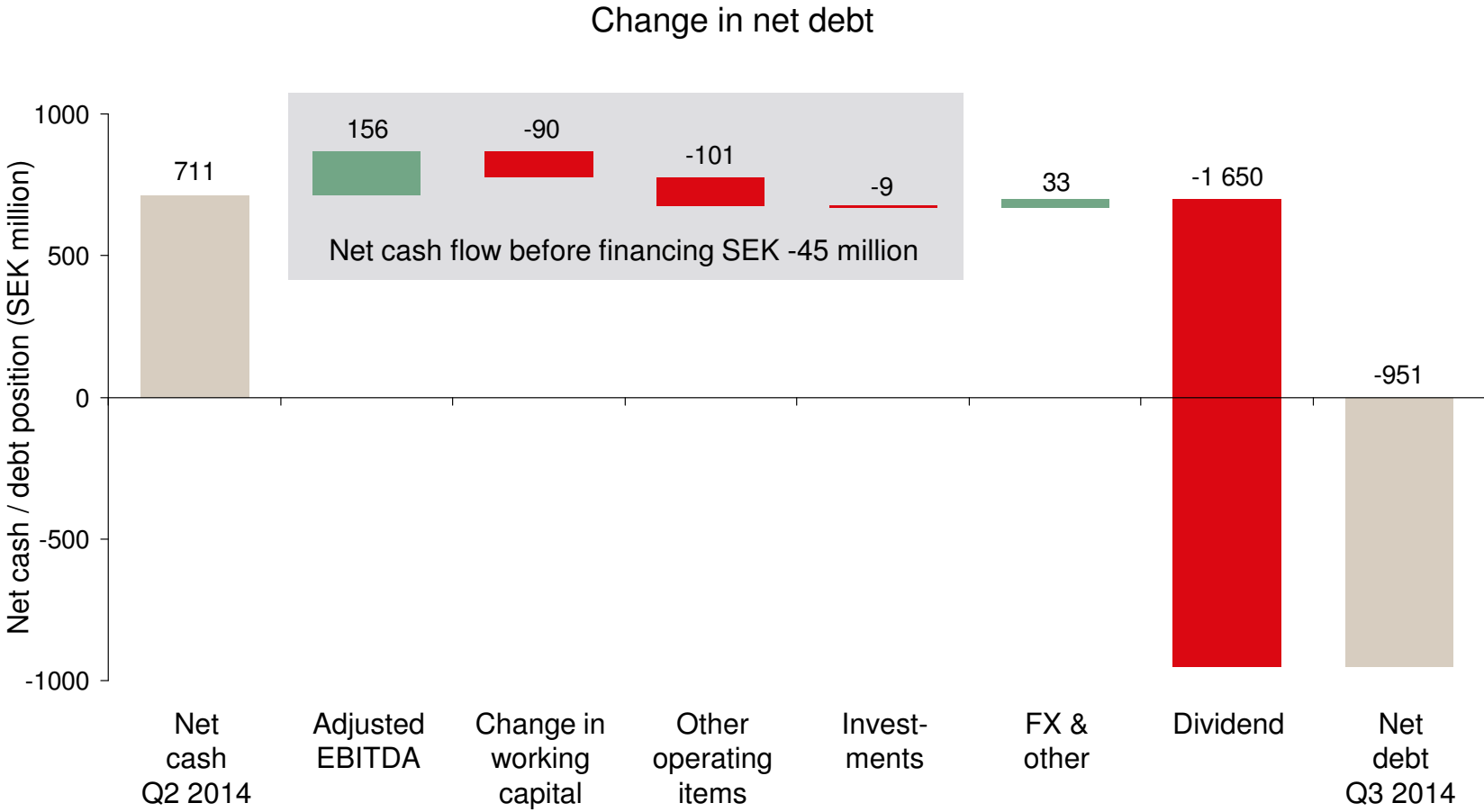
Financial overview

SEK million	Q3			January - September		
	2014	2013	Change	2014	2013	Change
Sales volume (ktonnes)	39.3	39.2	0.1%	122.3	121.0	1.1%
Net sales	1 198	1 104	8.5%	3 531	3 577	-1.3%
Adjusted operating profit ¹	106	98	7.7%	360	287	25.6%
Adjusted operating margin (%)	8.8	8.9	-0.1 ppt	10.2	8.0	2.2 ppt
Adjusted operating profit per tonne (kSEK)	2.7	2.5	0.2	2.9	2.4	0.6
Operating profit	81	60	36.3%	326	226	43.8%
Profit for the period	55	40	37.7%	230	147	55.9%
Earnings per share ² (SEK)	0.73	0.53	0.20	3.08	1.97	1.10
Net cash flow before financing	-45	124	-136%	408	215	89.6%
Return on capital employed, R12 (%)	15.5	12.0	3.5 ppt			
Net debt / adjusted EBITDA, R12	1.5	-0.2	1.7			

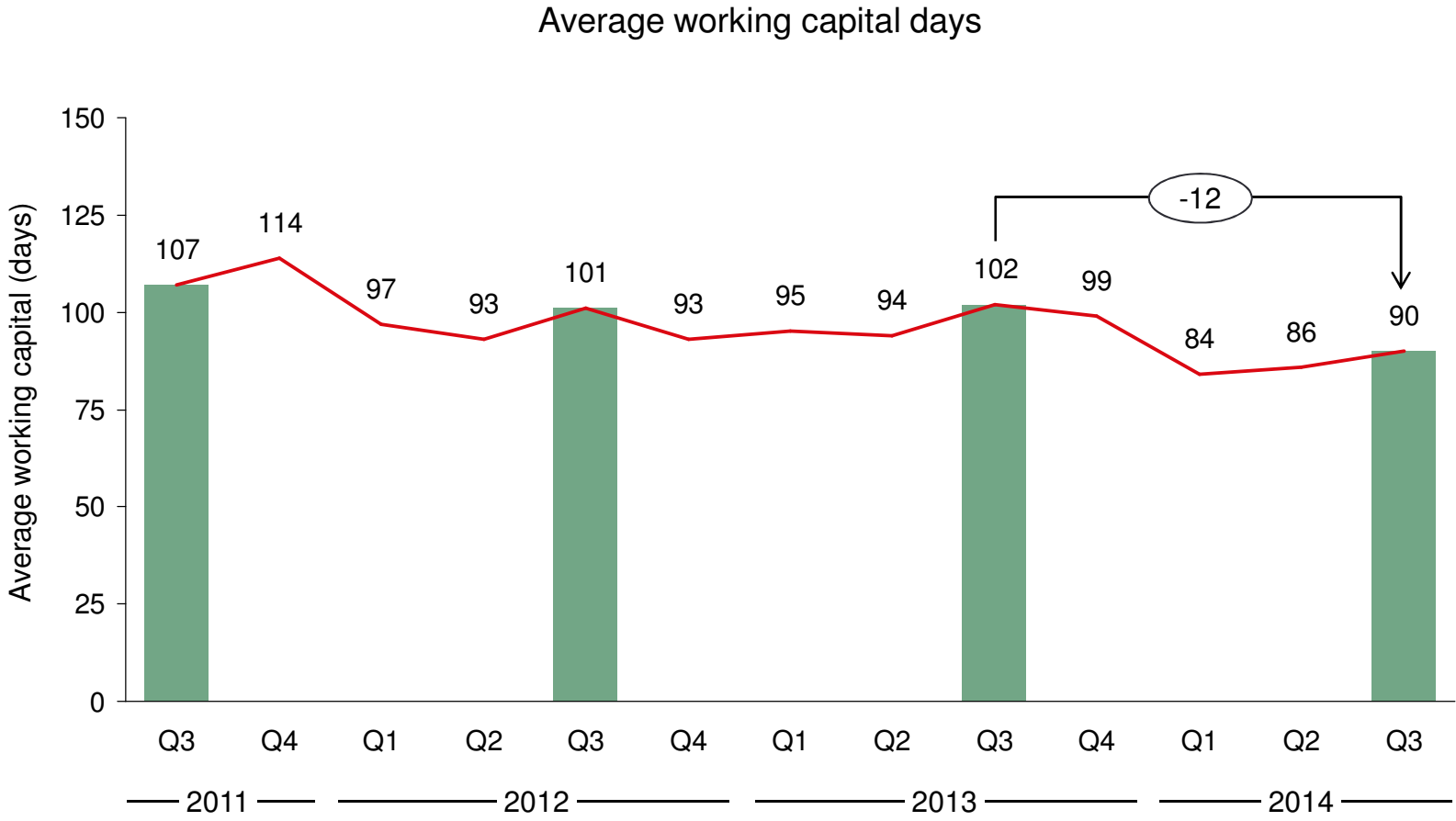
1. Adjusted for extraordinary items booked as other income and expense.

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

New capital structure in preparation for IPO



Working capital decreased by 12 days year over year



Financial targets and dividend policy

Growth

- Gränges aims to grow volumes sold **at least in line** with its **existing end markets** over time

ROCE

- Gränges aims to generate a **15 per cent to 20 percent** return on average capital employed over time

Capital structure

- The **Net Interest Bearing Debt** should normally be in the range of **one to two times EBITDA** over the last twelve months

Dividend policy

- Gränges aims to have an annual dividend corresponding to **30 to 50 percent of the net profit for the period**
- The financial position, cash flow and future outlook will be taken into account when the payout decision is made

Outlook

- Some slowdown in global vehicle production in Q3, particularly in Europe
 - Trend expected to continue in Q4 2014
- The global light vehicle production is forecasted to grow by 3% in full year 2014 and in 2015
- Rising aluminium premiums will have some impact during 2015 provided the upswing continues
- Our aim is to secure and further strengthen our position and continue to grow with good profitability



Summary of third quarter

- Stable quarter with sales volume at level with previous year
- Some slowdown in our end market, particularly in Europe
- Adjusted operating profit increase by 8% to SEK 106 million
- A new credit facility in place after IPO
- Solid financial position



Q&A

Johan Menckel, CEO

Oskar Hellström, CFO



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