



# GRÄNGES

Second Quarter 2015 Earnings Conference

July 21, 2015

# Today's presenters



**JOHAN  
MENCKEL**  
*CEO*

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Since: 2012  
Gränges since: 2004



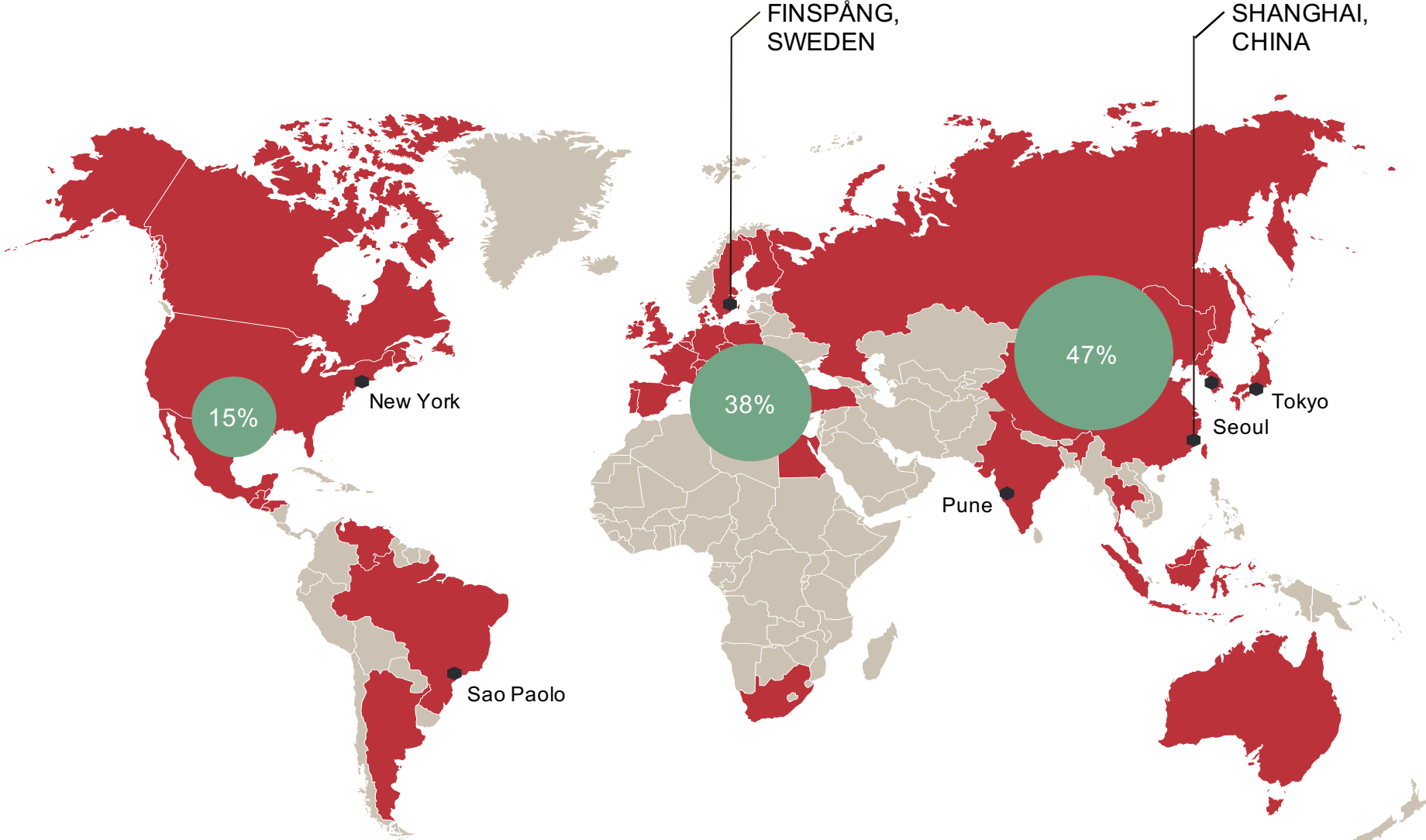
**OSKAR  
HELLSTRÖM**  
*CFO*

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Since: 2011



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



● Sales and Technical support    ■ Sales destinations    ● Percentage of sales volume H1 2015



















# Summary Q2 2015 – Earnings at new high, while Asia is slowing down



- Sales volume increased by 4% driven by Europe and Americas
- Adjusted operating profit improved by 21% to SEK 158 million
- Tailwind from favourable exchange rates partly offset by price lag on aluminium premiums
- Earnings per share of SEK 1.54
- Cash flow before financing activities of SEK 175 million
- Strong financial position

# Modest market growth expected for full year 2015

Light vehicle production growth (YoY)

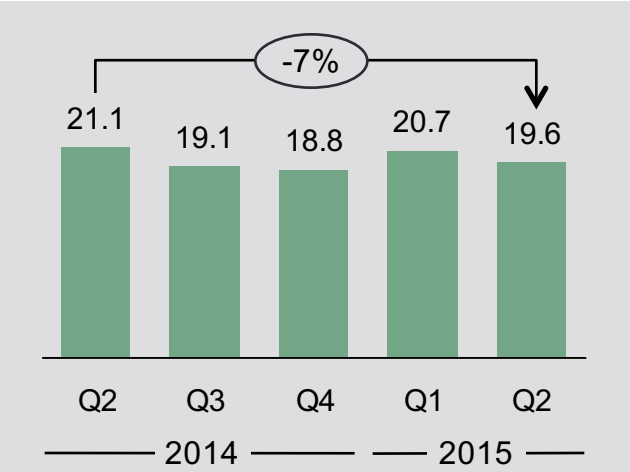
Region	Q2 2015	H1 2015	H2 2015 outlook	FY 2015 outlook
Asia	 -2%	 ±0 %	 +2%	 +1%
Europe	 +1%	 +2%	 +2%	 +2%
Americas	 -1%	 -1%	 +1%	 ±0%
Global	 ±0 %	 +1%	 +2%	 +2%

Source: IHS Automotive, July 16, 2015

# Good volume growth in Europe while Asia is slowing down

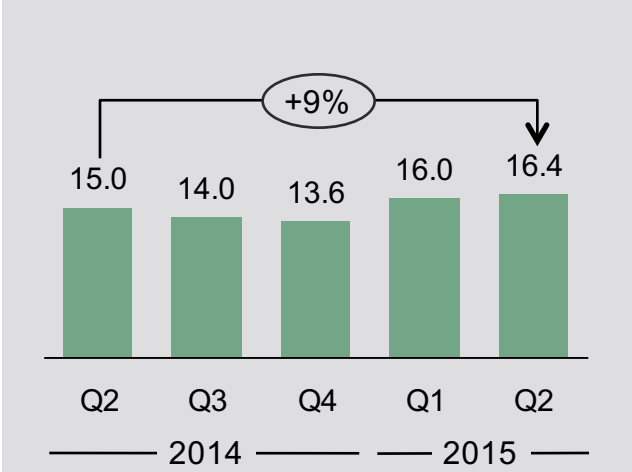
Gränges sales volume (ktonnes)

## Asia



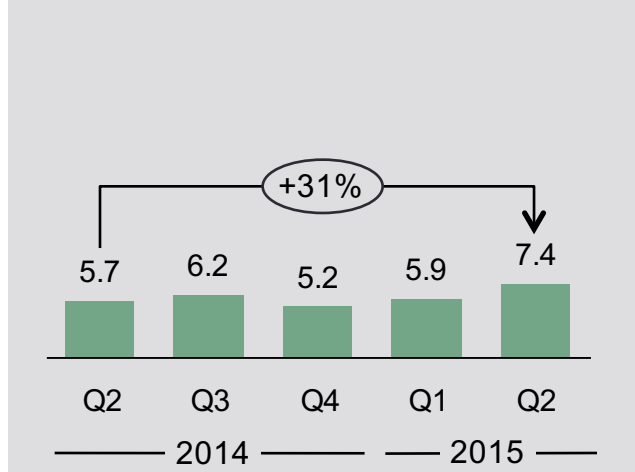
- Reversal of inventory build-up at some customers in first quarter
- Flat development in first half of the year in line with market

## Europe



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

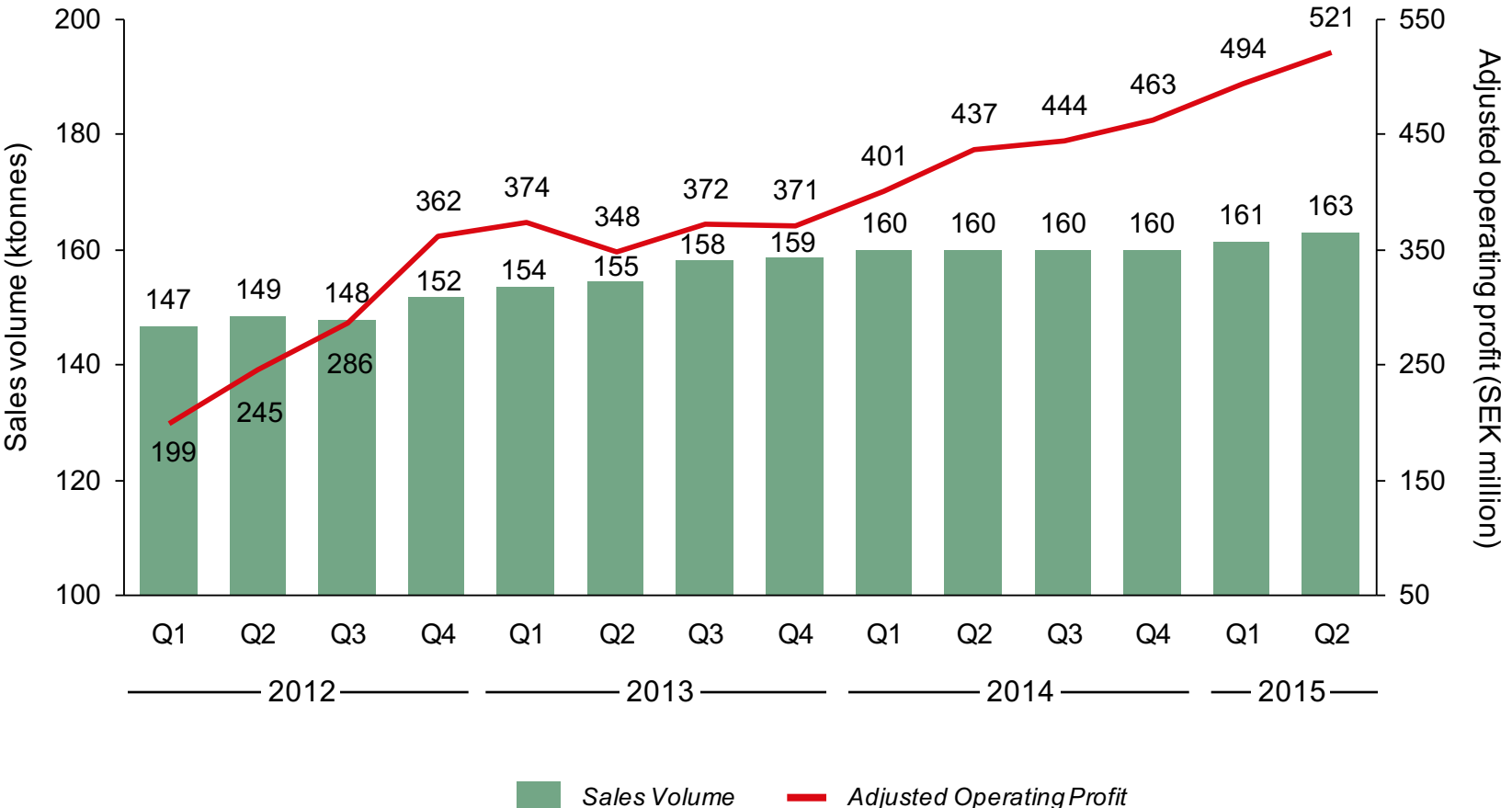
## Americas



- Inventory build-up following US West Coast ports labour conflicts
- Increased contracted volume with some customers as of Q2

# Continued positive earnings trend in second quarter

Rolling 12 months sales volume and adjusted operating profit





# Increased sales volume and earnings

## Financial overview

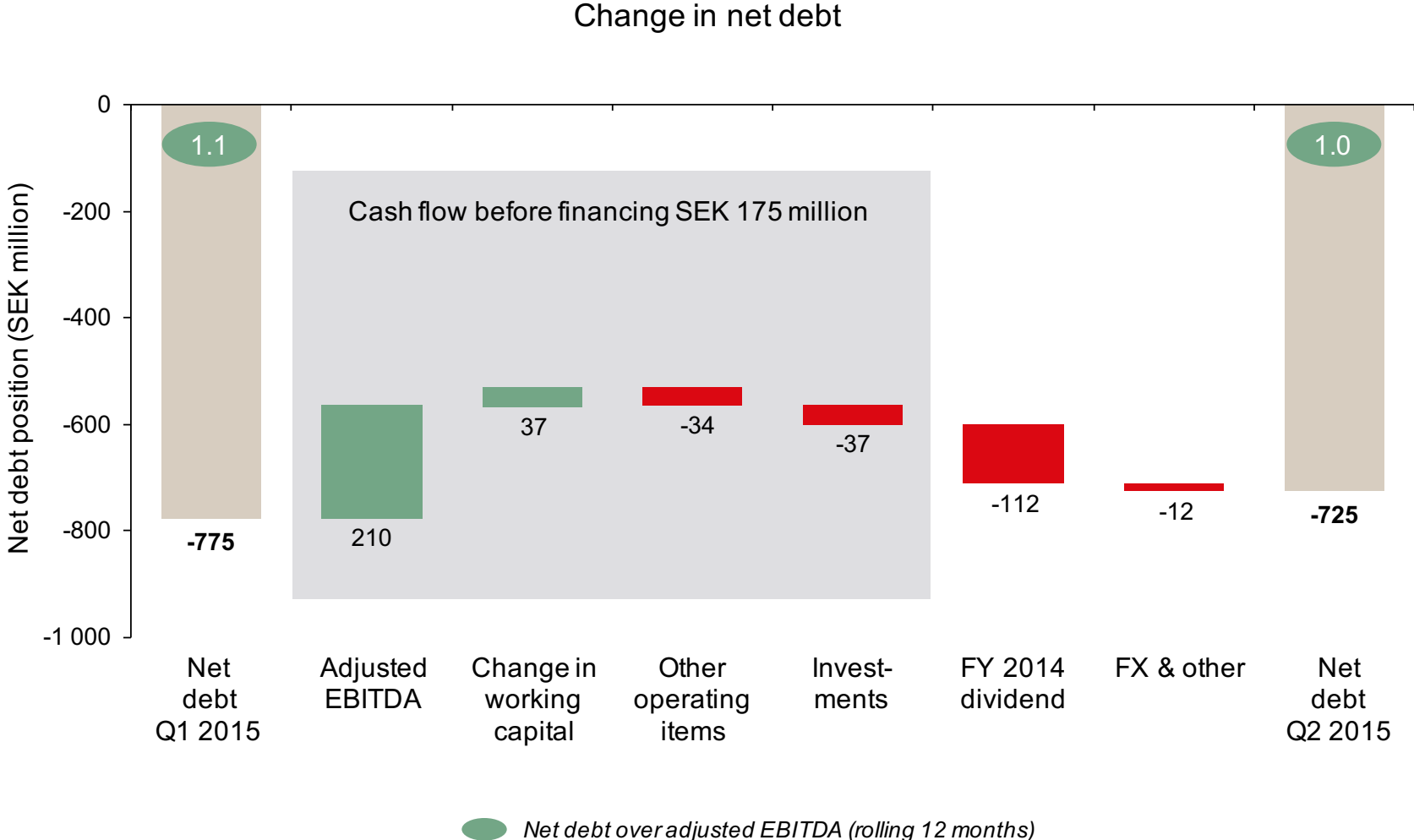
SEK million	Q2			January - June		
	2015	2014	Change	2015	2014	Change
Sales volume (ktonnes)	43.4	41.7	4.0%	86.1	83.1	3.7%
Net sales	1,506	1,176	28.0%	2,962	2,333	26.9%
Adjusted operating profit <sup>1</sup>	158	130	21.2%	313	254	22.9%
Adjusted operating margin (%)	10.5	11.1	-0.6 ppt	10.6	10.9	-0.3 ppt
Adjusted operating profit per tonne (kSEK)	3.6	3.1	0.5	3.6	3.1	0.5
Operating profit	158	124	27.3%	313	244	28.1%
Profit for the period	115	90	27.8%	226	175	29.3%
Earnings per share <sup>2</sup> (SEK)	1.54	1.21	0.34	3.03	2.35	0.69
Cash flow before financing activities	175	91	92.5%	174	453	-61.7%
Return on capital employed, R12 (%)	17.5	15.0	2.5 ppt			
Net debt / adjusted EBITDA, R12	1.0	-1,1	2.1			

1. Adjusted for items affecting comparability.

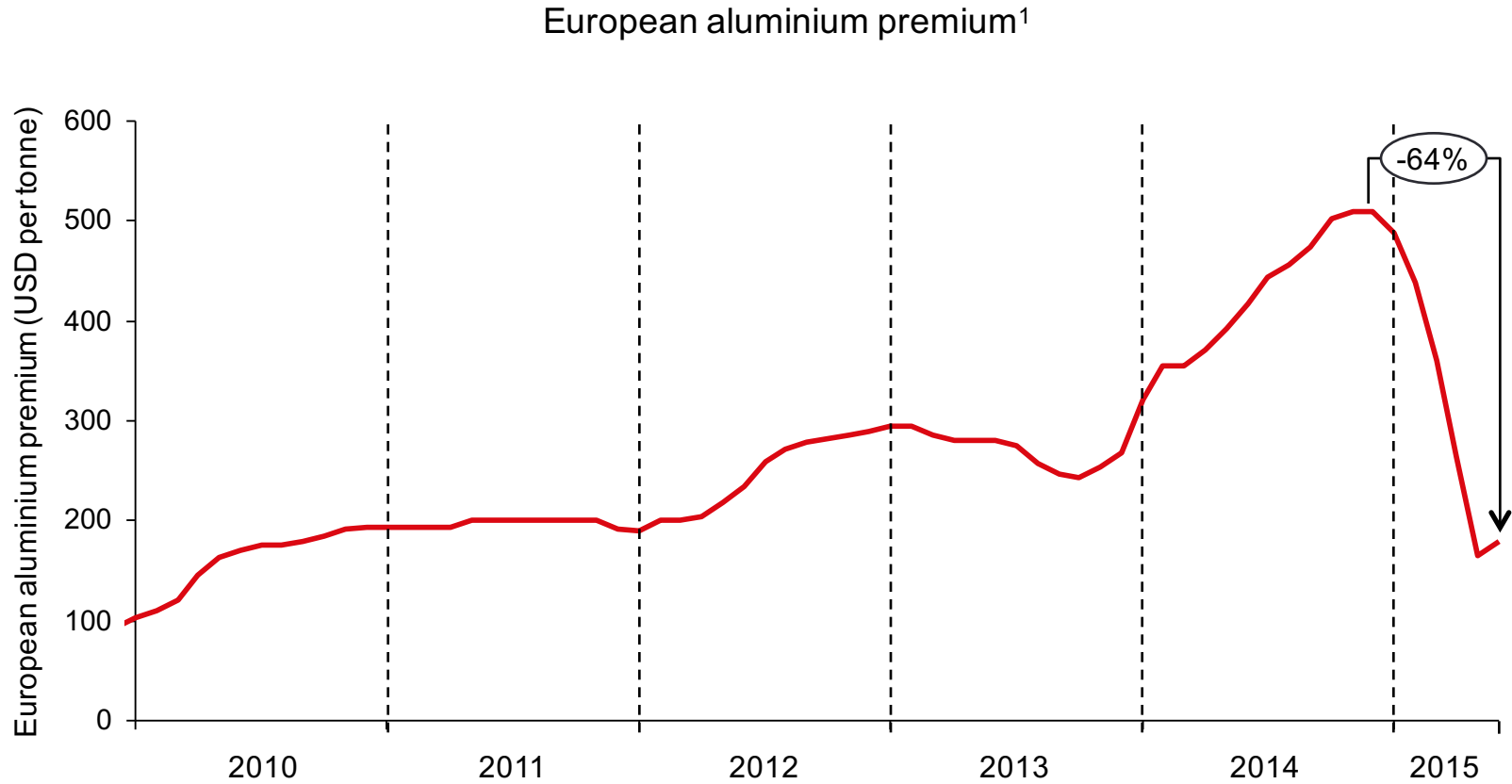
2. Basic and diluted, historical earnings per share has been calculated on the same number of shares as of today.



# Net debt was SEK 725 million at the end of second quarter



# Aluminium premiums have dropped dramatically in 2015



1. Aluminium premium, in-warehouse Rotterdam duty-paid. Source: Metal Bulletin

# Outlook

- We aim to further strengthen our leading global position and continue to grow with good profitability
- IHS forecasts global light vehicle production to grow by 2% in the second half of the year as well as in the full year of 2015
- In the third quarter sales volume in Asia is expected to decline by low single digits. Volume in Americas is expected to grow in line with the market and volume in Europe is expected to show above market growth
- Negative impact from aluminium premium price lag
- Positive effects from favourable foreign exchange rates



# Summary of second quarter

- Continued positive development – Q2 the best quarter so far
- Sales volume increased by 4%
- Adjusted operating profit rose by 21% to SEK 158 million
- Solid financial position
- Well positioned for profitable growth



# Q&A

Johan Menckel, CEO

Oskar Hellström, CFO



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