



GRÄNGES

Third Quarter 2015 Earnings Conference

23 October, 2015

Today's presenters



**JOHAN
MENCKEL**
CEO

Since: 2012
Gränges since: 2004

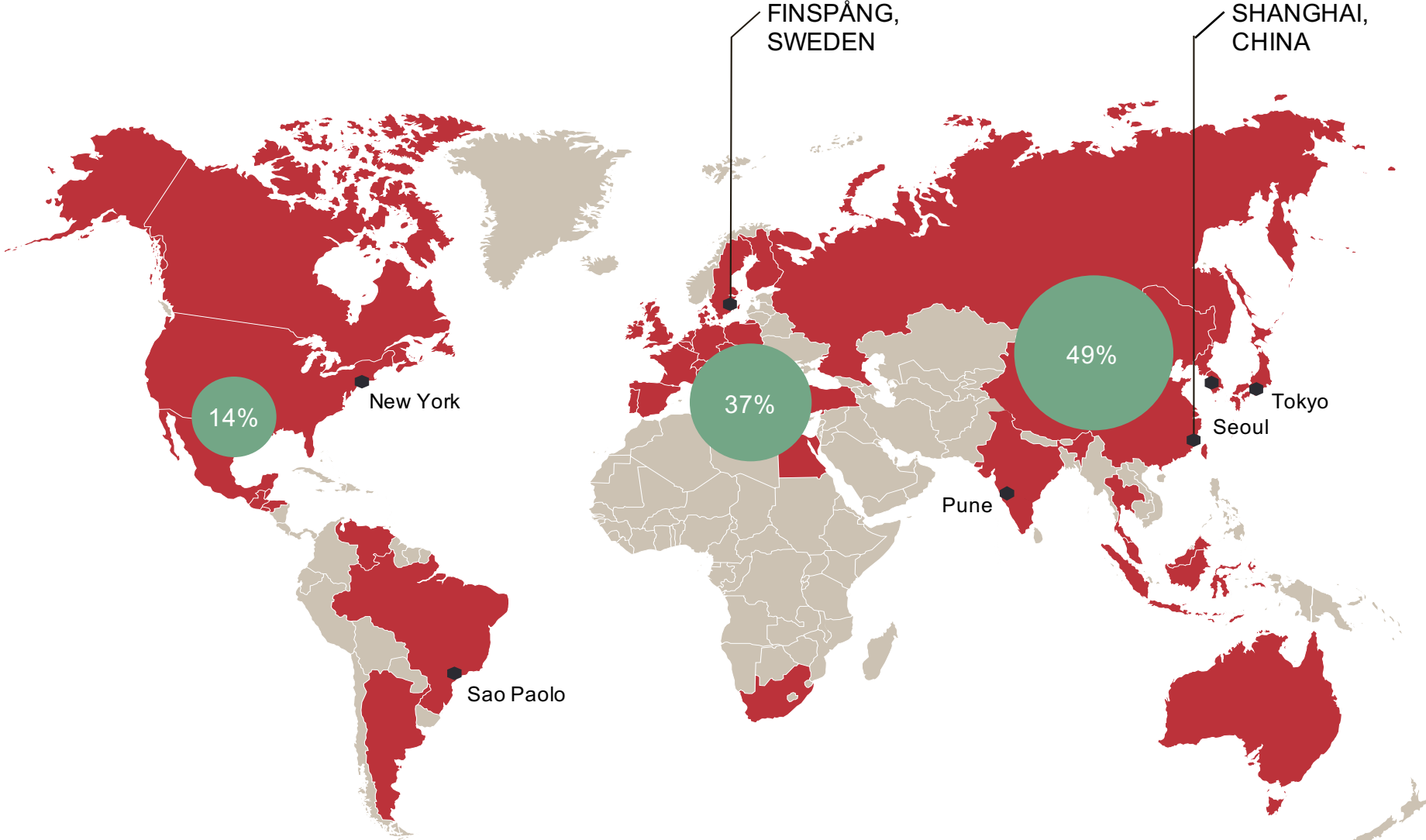


**OSKAR
HELLSTRÖM**
CFO

Since: 2011



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



● Sales and Technical support ■ Sales destinations ● Percentage of sales volume FY 2014















Summary Q3 2015 – Good growth in Europe and North America. Market remains weak in China



- Sales volume decreased by 0.9%
- Adjusted operating profit improved by 6.2% to SEK 112 million
- Tailwind from favourable exchange rates partly offset by price lag on aluminium premiums and lower sales volume in Asia
- Earnings per share of SEK 0.93
- Cash flow before financing activities of SEK 267 million
- Strong financial position

Limited market growth expected for full year 2015

Light vehicle production growth (YoY)

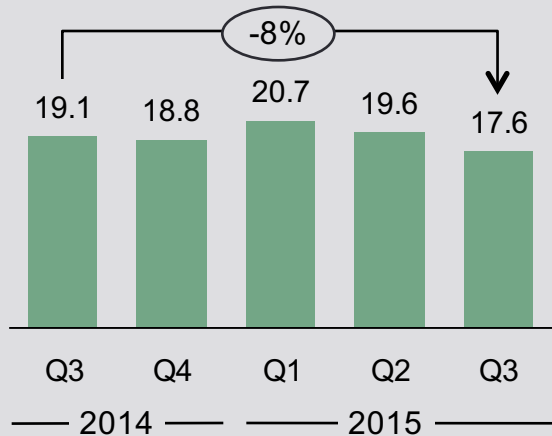
Region	Q3 2015	Q4 2015 outlook	FY 2015 outlook
Asia	 -1%	 ±0%	 ±0%
Europe	 +5%	 +1%	 +3%
Americas	 ±0%	 -3%	 -1%
Global	 +1%	 ±0%	 +1%

Source: IHS Automotive, September 16, 2015

Europe and North America show good growth, while market remain weak in China

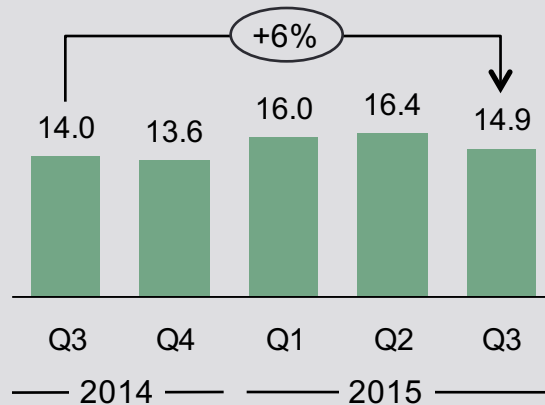
Gränges sales volume (ktonnes)

Asia



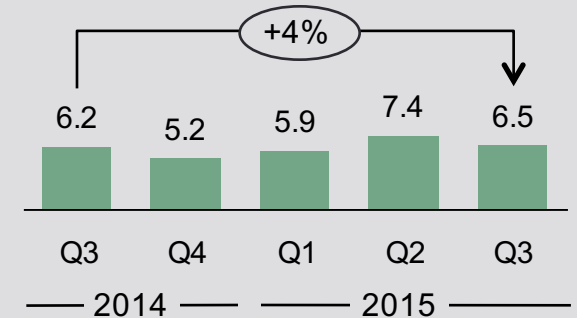
- Slowdown in the Chinese automotive market
- Continued inventory reductions at some customers in third quarter

Europe



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

Americas



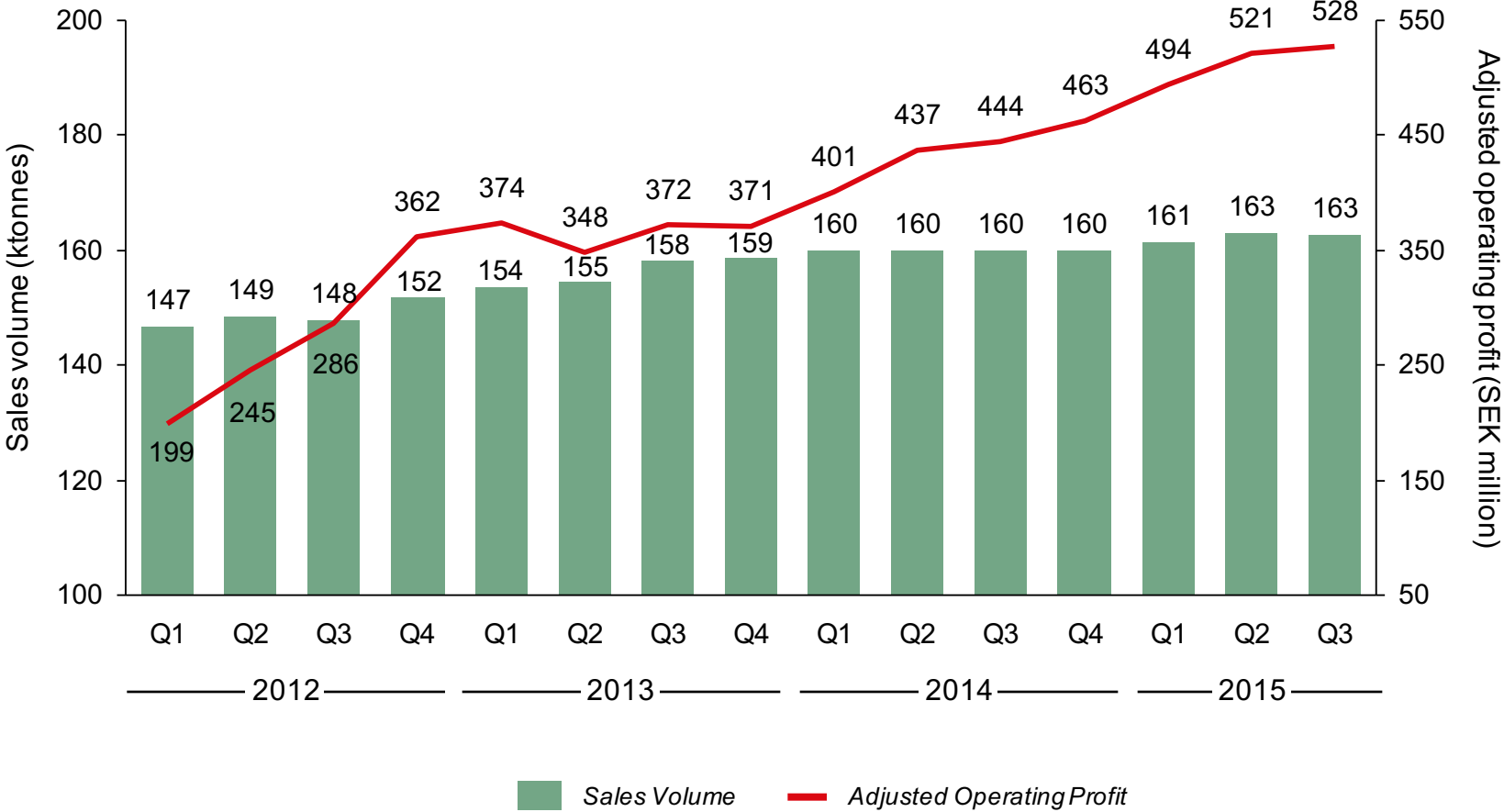
- Increased contracted volume with some customers
- Inventory reductions at some customers that built inventory in second quarter

Efficiency measures and focus on growth

- Further steps taken in third quarter to increase operational efficiency
- Organisational changes
 - increased focus on strategic R&D
 - applied R&D in closer cooperation with operations
- Metal management improvement through a more focused leadership
- Reduction of FTE's in Sweden
- Gradually extend Gränges sustainability work and reporting

Continued positive earnings trend in third quarter

Rolling 12 months sales volume and adjusted operating profit



Higher earnings and strong cash flow in third quarter

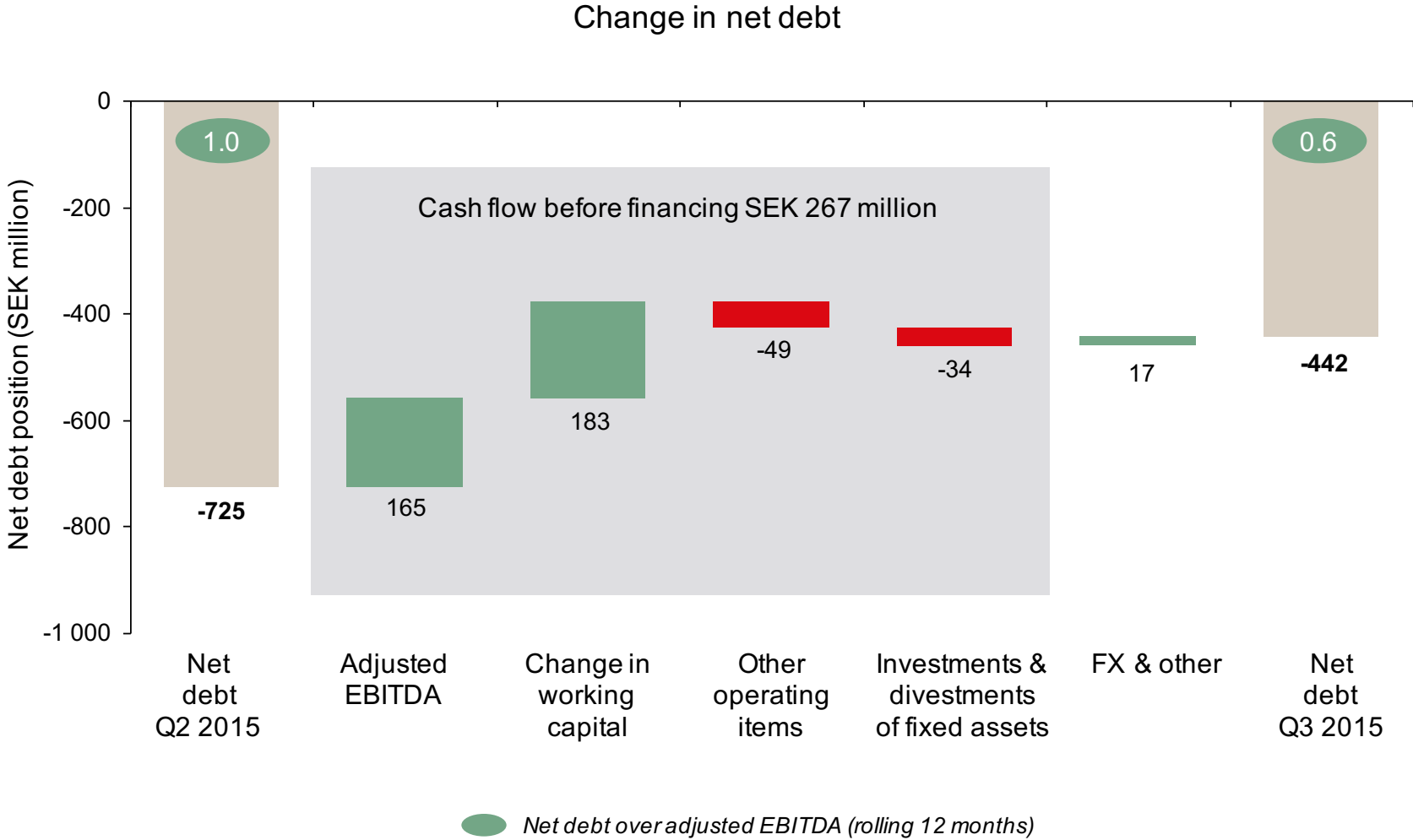
Financial overview

SEK million	Q3			January - September		
	2015	2014	Change	2015	2014	Change
Sales volume (ktonnes)	38.9	39.3	-0.9%	125.0	122.3	2.2%
Net sales	1,281	1,198	6.9%	4,243	3,531	20.2%
Adjusted operating profit ¹	112	106	6.2%	425	360	18.0%
Adjusted operating margin (%)	8.8	8.8	-	10.0	10.2	-0.2 ppt
Adjusted operating profit per tonne (kSEK)	2.9	2.7	0.2	3.4	2.9	0.5
Operating profit	97	81	19.7%	410	326	26.0%
Profit for the period	69	55	26.3%	295	230	28.6%
Earnings per share ² (SEK)	0.93	0.73	0.19	3.96	3.08	0.88
Cash flow before financing activities	267	-45	n/a	440	408	8.0%
Return on capital employed, R12 (%)	17.5	15.5	2.0 ppt			
Net debt / adjusted EBITDA, R12	0.6	1.5	-0.9			

1. Adjusted for items affecting comparability.

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

Net debt was SEK 442 million at the end of third quarter



Outlook

- We aim to further strengthen our leading global position and continue to grow with good profitability
- Global production of light vehicles is expected to be flat to slightly negative in the fourth quarter, according to IHS. Growth below 1% is expected for FY2015
- Gränges' sales volume is expected to grow in line with the market during the fourth quarter. Higher sales volume than the market is expected in Europe, while the Americas is expected to develop in line with the market. The downturn in Asia is expected to be somewhat larger in fourth quarter than in third quarter, compared to the corresponding quarters last year
- Negative impact from aluminium premium price lag
- Positive effects from favourable foreign exchange rates



Summary of third quarter

- Positive long-term view on China although the uncertainty has increased short term
- Sales volume decreased by 0.9%
- Adjusted operating profit rose by 6.2% to SEK 112 million
- Solid financial position
- Well positioned for profitable growth



Q&A

Johan Menckel, CEO

Oskar Hellström, CFO



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