

INTERIM REPORT JANUARY–MARCH 2020

## Successful expansion in the US balanced slowing market demand

### First quarter 2020

- Sales volume decreased by 1.1 per cent to 89.9 ktonnes (90.8). Ramp-up of new US capacity partly offset COVID-19 related demand reduction in Asia and Europe. Net sales decreased to SEK 3,063 million (3,109).
- Adjusted operating profit was SEK 210 million (275) and adjusted operating profit per tonne was 2.3 kSEK (3.0). The decrease in operating profit was mainly driven by negative mix effects as lower automotive volumes could not be compensated by increasing HVAC & Other volumes.
- Profit for the period decreased to SEK 133 million (184) and includes items affecting comparability of SEK –6 million (–).
- Basic and diluted earnings per share decreased to SEK 1.76 (2.44).
- Cash flow before financing activities increased to SEK 181 million (–173) and includes capital expenditure of SEK 207 million (451). Adjusted cash flow before financing activities was SEK 329 million (166), representing a cash conversion of 157 per cent.
- Net debt increased to SEK 3,559 million at 31 March 2020 (SEK 3,465 million at 31 December 2019), corresponding to 2.8 times adjusted EBITDA<sup>1</sup> (2.6 times at 31 December 2019).
- Due to the outbreak of COVID-19 and the potential impact on Gränges' operations and financials, the Board of Directors has decided to withdraw the previously communicated dividend proposal of SEK 3.40 per share.

### Financial summary

SEK million	Q1		Δ	12 months rolling	Full year	
	2020	2019		Apr 2019 – Mar 2020	2019	Δ
Sales volume, ktonnes	89.9	90.8	–1.1%	346.4	347.3	–0.3%
Net sales	3,063	3,109	–1.5%	11,932	11,978	–0.4%
Adjusted operating profit <sup>1</sup>	210	275	–23.6%	801	866	–7.5%
Adjusted operating margin, %	6.9	8.8	–2.0 ppt	6.7	7.2	–0.5 ppt
Adjusted operating profit per tonne, kSEK	2.3	3.0	–0.7	2.3	2.5	–0.2
Operating profit	204	275	–25.9%	765	836	–8.5%
Operating margin, %	6.6	8.8	–2.2 ppt	6.4	7.0	–0.6 ppt
Profit for the period	133	184	–27.8%	549	600	–8.5%
Earnings per share basic, SEK	1.76	2.44	–0.68	7.27	7.95	–0.68
Earnings per share diluted, SEK	1.76	2.44	–0.68	7.27	7.95	–0.68
Cash flow before financing activities	181	–173	n/a	205	–148	n/a
Equity to assets, %	40.2	43.2	–3.1 ppt	40.2 <sup>2</sup>	41.2	–1.0 ppt
Net debt	3,559	3,057	501	3,559 <sup>2</sup>	3,465	94
Return on capital employed, %	–	–	–	10.3	11.7	–1.4 ppt

<sup>1</sup> Adjusted for items affecting comparability, see Note 5 for further information.

<sup>2</sup> Closing balances at the end of the period.

## COMMENTS BY THE CEO

# Continued strong cash generation and focus on measures to mitigate the effects of COVID-19

### CHALLENGING MARKET CONDITIONS

The COVID-19 pandemic and the extraordinary measures taken by governments and authorities to limit the spread of the virus, significantly slowed down the market demand for Gränges' products in the first quarter of 2020. Still, the successful ramp-up of the new production capacity in the US, partly offset the COVID-19 related demand reduction in Asia and Europe. Sales volume in the first quarter reached 89.9 ktonnes, which represents a 1.1 per cent reduction over last year. The adjusted operating profit declined by SEK 65 million to SEK 210 million, mainly driven by negative mix effects as lower volumes to automotive customers could not be compensated by increasing HVAC & Other volumes. Exchange rate fluctuations had a positive impact on adjusted operating profit of SEK 45 million. The cash generation continued to be strong in the first quarter. Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK 329 million, which represents a cash conversion of 157 per cent. The cash flow further improved Gränges liquidity. At the end of March Gränges had cash and available credit lines amounting to more than SEK 2 billion.

Market conditions in the first quarter were particularly challenging in Asia and Europe, where the sales volume to automotive customers declined by 17 per cent respectively. This was driven by a significant slowdown of the light vehicle production as several car producers closed their production facilities during the quarter due to the COVID-19 outbreak. In Americas, the automotive sales volume decreased by 8 per cent. For the HVAC & Other business we experienced the best individual quarter so far and the sales volume increased by 13 per cent driven by increased contracted market share and the successful ramp-up of the new production capacity at our sites in Huntingdon and Newport.

### MEASURES TAKEN TO MITIGATE COVID-19 IMPACT

Gränges' highest priority is to ensure the health and safety of our employees, customers and other stakeholders while maintaining continuity and developing the business. During the quarter we have taken measures to mitigate the negative impact of COVID-19

and to adapt the operations to the new market situation, first in Asia and thereafter in Europe and Americas. Contingency plans have been activated 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. Temporary layoffs and reduced working hours have been implemented across our operations in accordance with local regulations and temporary employments and contracted workers have been terminated. Due to the increased market uncertainty and to ensure that Gränges remains well-positioned for the future Gränges' Board of Directors also decided to withdraw the dividend proposal for 2019.

### OUTLOOK

Given the rapid development of the spread of COVID-19, the prevailing global climate and the high level of uncertainty in the markets, it is currently very difficult to provide a forecast even for the short term. The automotive industry is expected to be significantly impacted by COVID-19 in the second quarter and the research firm IHS currently estimates that the global light vehicle production will decline by 47 per cent compared with last year. The HVAC & Other business in Americas is more diverse and less cyclical than the Automotive business and the demand for these products are expected to follow the development of the general economy. A change in product mix following a larger decline in automotive products compared with HVAC products is expected to have a negative impact on profitability in the second quarter.

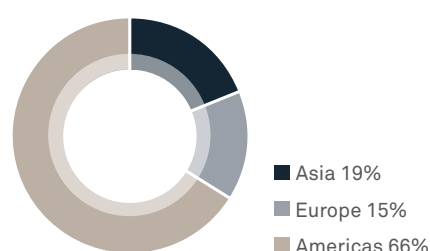


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## First quarter 2020

- Sales volume **89.9** ktonnes
- Net sales SEK **3,063** million
- Adjusted operating profit SEK **210** 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 vehi-

cles 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*

#### **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. Due to the COVID-19 outbreak the

process to receive clearance from the competition authorities is expected to take longer time than originally anticipated. As a consequence, the closing of the transaction is expected to take place in the second half of 2020. 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.



The production facility in Konin, Poland.

## 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 IHS<sup>1</sup>, global light vehicle production decreased by 23 per cent in the first quarter of 2020, compared to the corresponding quarter in 2019. In Asia, light vehicle production decreased by 30 per cent during the first quarter. This includes a decrease of 46 per cent in China while production in other Asian markets declined by 13 per cent. In the second quarter of 2020, a decrease of 30 per cent is expected in Asia. In Europe, light vehicle production declined by 19 per cent in the first quarter, and a decrease of 60 per cent is expected for the second quarter of 2020. Light vehicle production in the Americas decreased by 11 per cent in the first quarter, whereas a decrease of 72 per cent is anticipated in the second quarter of 2020. For the full year 2020, IHS forecasts a decrease in global light vehicle production of 22 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 AHRI<sup>2</sup>, US shipments of HVAC units increased by 5 per cent in the first 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.

## Light vehicle production<sup>1</sup>

Year-on-year growth, %	Q1 2020	Q2 2020	Full year 2020
<b>Region</b>			
Asia	-30.1	-29.7	-18.9
Europe	-18.9	-59.9	-24.8
Americas	-11.3	-71.8	-26.2
<b>Global</b>	<b>-23.0</b>	<b>-47.4</b>	<b>-22.0</b>

## SALES DEVELOPMENT

Gränges' sales volume in the first quarter of 2020 decreased by 1.1 per cent to 89.9 ktonnes (90.8) compared to the same quarter previous year. Net sales amounted to SEK 3,063 million (3,109). The negative effect from lower sales volume and a decreased aluminium price was partly offset by a net positive effect from changes in foreign exchange rates of SEK 177 million.

For the Automotive business, sales volume decreased to 38.2 ktonnes (45.0) and net sales was SEK 1,372 million (1,615) during the first quarter 2020. For the HVAC & Other business, sales volume increased to 51.7 ktonnes (45.9) and net sales amounted to SEK 1,691 million (1,494).

### ASIA

In the first quarter of 2020, sales volume in Asia decreased by 16.6 per cent to 16.7 ktonnes (20.0). The decrease was driven by a significant slowdown in light vehicle production due to the COVID-19 outbreak as many car producers closed their production facilities during the quarter. This was to some extent offset by a temporary build-up of inventories at several of Gränges' customers.

### EUROPE

In the first quarter of 2020, sales volume in Europe decreased by 16.9 per cent to 13.7 ktonnes (16.5). The decline was driven by significantly lower automotive market demand primarily due to the COVID-19 outbreak.

### AMERICAS

In the first quarter of 2020, sales volume in the Americas increased by 9.5 per cent to 59.5 ktonnes (54.4). Of this, 51.7 ktonnes (45.9) relates to the HVAC & Other business while 7.8 ktonnes (8.5) relates to the Automotive business. The increase in sales volume for the HVAC & Other business was due to a successful ramp-up of new production capacity in the Huntingdon and Newport facilities.

## Gränges' sales volume

Sales volume, ktonnes	Jan-Mar 2020	Jan-Mar 2019	Δ
<b>Region</b>			
Asia Automotive	16.7	20.0	-16.6%
Europe Automotive	13.7	16.5	-16.9%
Americas Automotive	7.8	8.5	-7.8%
<b>Total Automotive</b>	<b>38.2</b>	<b>45.0</b>	<b>-15.0%</b>
Americas HVAC & Other	51.7	45.9	12.7%
<b>Total</b>	<b>89.9</b>	<b>90.8</b>	<b>-1.1%</b>

<sup>1</sup> Source: IHS, 27 April 2020.

<sup>2</sup> Source: AHRI, 10 April 2020.

## OPERATING PROFIT

Adjusted operating profit for the first quarter of 2020 was SEK 210 million (275), corresponding to adjusted operating profit per tonne of 2.3 kSEK (3.0). Adjusted operating margin was 6.9 per cent (8.8). The decreased operating profit was mainly due to negative mix effects as lower Automotive volumes could not be compensated by increasing HVAC & Other volumes. In addition, less optimal metal management, higher depreciation related to new operational equipment in the Huntingdon and Newport facilities, and slightly lower average conversion price had a negative impact on operating profit in the first quarter. Net changes in foreign exchange rates had a positive impact of SEK 45 million in the quarter.

Operating profit for the first quarter of 2020 amounted to SEK 204 million (275) and includes items affecting comparability of SEK –6 million (–). Items affecting comparability in the quarter refers to costs for merger and acquisition activities in Poland. For further information see Note 5.

## PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit before tax for the first quarter of 2020 amounted to SEK 169 million (239). Finance income and costs was SEK –35 million (–36) and includes interest expenses and financing costs of SEK 38 million and interest income of SEK 3 million.

Income tax for the first quarter of 2020 amounted to SEK –36 million (–55) which corresponds to an effective tax rate of 21 per cent (23). The profit for the period decreased to SEK 133 million (184) during the first quarter of 2020 and diluted earnings per share amounted to SEK 1.76 (2.44).

## CASH FLOW

Cash flow from operating activities increased to SEK 387 million (278) in the first quarter of 2020. This was driven by working capital reductions in China and Sweden following an increased focus on

control and collection of receivables. Cash flow from investing activities amounted to SEK –207 million (–451) in the quarter and fully relates to capital expenditure. Of the total capital expenditure, SEK 58 million refer to investments to maintain and improve efficiency in current production facilities and SEK 149 million refer 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 329 million (166).

Cash flow from financing activities was SEK 225 million (185) in the first quarter of 2020 and includes new loans of SEK 1,169 million and repayment of loans of SEK –911 million. Net financing from commercial papers was SEK –100 million in the quarter.

Cash and cash equivalents amounted to SEK 1,187 million at 31 March 2020 (SEK 747 million at 31 December 2019).

## FINANCIAL POSITION

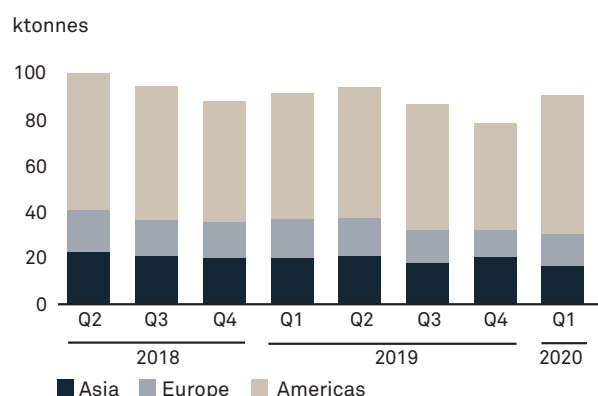
Gränges' total assets amounted to SEK 11,612 million at 31 March 2020 (SEK 10,480 million at 31 December 2019). The equity to assets ratio was 40.2 per cent at 31 March 2020 (41.2 per cent at 31 December 2019).

Consolidated net debt including pension and lease liabilities was SEK 3,559 million at 31 March 2020 (SEK 3,465 million at 31 December 2019). At 31 March 2020, the Group's net debt corresponded to 2.8 times adjusted EBITDA (2.6 times at 31 December 2019).

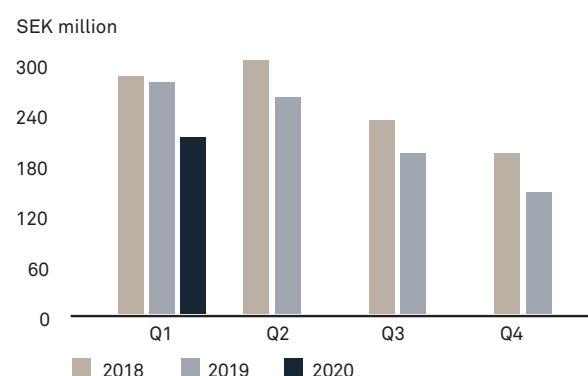
## EMPLOYEES

The average number of employees was 1,751 (1,810) in the first quarter of 2020. Implemented temporary layoffs and reduced working hours will have an effect on average number of employees as of the second quarter of 2020.

## Quarterly sales volume per region



## Quarterly adjusted operating profit





## 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. In the first quarter 2020, net sales in the parent company was SEK 46 million (49) and the result for the period was SEK –10 million (–15).

## SIGNIFICANT EVENTS DURING THE PERIOD

### The Nomination Committee proposes Fredrik Arp as new Chairman of the Board of Gränges AB

In February, Gränges announced that Anders G. Carlberg, Chairman of the Board of Gränges AB since 2014, will resign as member and Chairman of the Board at the Annual General Meeting 2020. The Nomination Committee proposed Fredrik Arp as new Chairman of the Board. Fredrik Arp has previously been CEO of Volvo Cars Corporation and Trelleborg AB. He is currently Chairman of the Board of Bravida Holding AB and Nolato AB, and board member of Vattenfall AB and Swedfund International AB. The Nomination Committee's other resolutions and its statement will be published in conjunction with the notice to the Annual General Meeting.

### The Board decided to withdraw the dividend proposal

In March, it was announced that Gränges' Board of Directors had decided to withdraw the previously communicated proposal to the Annual General Meeting 2020 for a dividend of SEK 3.40 per share. The Board's decision was made in the light of the prevailing global climate, due to the outbreak of COVID-19 and its effects on the world and markets, and the risk of the outbreak's potential financial impact on Gränges' operations and results. Withdrawing the dividend proposal also allows for the Board to evaluate and potentially reduce the size of the previously announced rights issue, which aims to finance the acquisition of Aluminium Konin and future growth investments.

### Measures to reduce the impact on Gränges of the COVID-19 outbreak

In March, Gränges announced measures to reduce the impact on the company of the COVID-19 outbreak. The measures aim to adapt Gränges' operations to the current market situation. With the highest priority to ensure health and safety of employees, customers and other stakeholders, work is in progress at Gränges to manage, minimize and quantify the effects of the coronavirus outbreak. Plans and activities are evaluated based on cost and risk, to minimize the potential negative impact on Gränges' operations and results. Gränges' measures include reductions of costs, number of consultants and temporary employments and increased flexibility

within the workforce as well as potential temporary site closures. Temporary layoffs and reduced working hours are being implemented across Gränges' operations, in accordance with local regulations.

## 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 8,958 at 31 March 2020, according to Euroclear.

### Largest shareholders in Gränges at 31 March 2020<sup>1</sup>

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	7,209,293	9.5
AFA Insurance	6,892,585	9.1
Swedbank Robur Funds	4,701,763	6.2
Handelsbanken Funds	3,928,041	5.2
Franklin Templeton	3,845,833	5.1
Dimensional Fund Advisors	3,233,052	4.3
Paradice Investment Management	2,729,810	3.6
Allianz Global Investors	2,645,597	3.5
Fidelity Investments (FMR)	1,881,327	2.5
Unionen	1,850,000	2.4
<b>Total 10 largest shareholders</b>	<b>38,917,301</b>	<b>51.5</b>
Other	36,600,085	48.5
<b>Total</b>	<b>75,517,386</b>	<b>100.0</b>

<sup>1</sup> Source: Modular Finance.

## OTHER

### Good sustainability progress in 2019

Gränges achieved good sustainability progress in 2019, which was reported in the Annual Report 2019. Improvements were achieved on many of the company's sustainability priorities, including a record-low safety accident rate, increased share of sourced recycled aluminium, reduced total carbon emissions as well as a very high participation rate in the group-wide Code of Conduct and anti-corruption trainings. Actions to speed up the development of broader and more sustainable customer offerings have also been taken.

### Annual General Meeting 2020

Considering the health and safety of Gränges' shareholders and employees, and that the company wanted to contribute to reducing concerns and spread of infection, the Board decided not to hold the Annual General Meeting on May 7, 2020, which was previously communicated. The Annual General Meeting 2020 will instead be held on Thursday 25 June at 14:00 CEST at IVA Conference Centre (Wallenbergsalen), Grev Turegatan 16 in Stockholm. Registration begins at 13:30 CEST. Shareholders wishing to have a matter considered at the Annual General Meeting shall send a written request to the Board of Directors. In order for the matter to be included in the notice to the Annual General Meeting, the request must have been received by Gränges' Board of Directors by 7 May at the latest. The request should be submitted to the Board of Gränges AB and sent to Gränges' General Counsel Niclas Nelson, Gränges AB, Box 5505, SE-114 85 Stockholm, Sweden. Further information on the notification and the proposals of the Board of Directors and the Nomination Committee will be published on the company's website in connection with the notification.

### 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 has 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.

Stockholm, 30 April, 2020

Johan Menckel  
Chief Executive Officer

*This interim report has not been reviewed by the auditors of the company.*

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### 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 30 April, 2020 at 07:30 CEST.*

### Webcasted telephone conference

CEO Johan Menckel and CFO Oskar Hellström will present Gränges' interim report for January–March 2020 at a webcasted conference call at 10.00 CEST, Thursday 30 April, 2020.

The webcast is available on [www.granges.com/investors](http://www.granges.com/investors). To participate in the conference call, please call +46 8 566 426 51 (Sweden), +44 3333000804 (United Kingdom) or +1 6319131422 (United States). PIN code: 69788601#. Please call a few minutes before the conference call starts. The presentation will be in English.

### Financial calendar

25 June, 2020	Annual General Meeting 2020
16 July, 2020	Half-year Report 2020
22 October, 2020	Interim Report January–September 2020

## CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	2	3,063	3,109	11,978
Cost of materials		-1,914	-1,957	-7,620
Payroll and other operating expenses		-804	-770	-3,031
Depreciation, amortization and impairment charges		-135	-108	-461
Items affecting comparability	5	-6	-	-30
<b>Operating profit</b>		<b>204</b>	<b>275</b>	<b>836</b>
Profit or loss from joint ventures	4	0	0	1
Finance income and costs		-35	-36	-152
<b>Profit before tax</b>		<b>169</b>	<b>239</b>	<b>686</b>
Income tax	6	-36	-55	-86
<b>Profit for the period</b>		<b>133</b>	<b>184</b>	<b>600</b>
<b>Earnings per share</b>				
Earnings per share basic, SEK		1.76	2.44	7.95
Earnings per share diluted, SEK		1.76	2.44	7.95

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Profit for the period</b>	<b>133</b>	<b>184</b>	<b>600</b>
<b>Items not to be reclassified to profit/loss in subsequent periods</b>			
Remeasurement of pensions after tax	-	-	-31
<b>Items to be reclassified to profit/loss in subsequent periods</b>			
Change in hedging reserve after tax	-39	10	22
Translation effects	254	160	91
<b>Comprehensive income for the period attributable to owners of the parent company</b>	<b>348</b>	<b>354</b>	<b>682</b>



## CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>ASSETS</b>				
Intangible assets		914	830	874
Property, plant and equipment		5,519	4,353	5,101
Deferred tax assets		38	55	28
Investments in joint ventures	4	13	11	12
Interest-bearing receivables		2	2	2
Other non-current receivables	3	5	10	8
<b>Non-current assets</b>		<b>6,491</b>	<b>5,260</b>	<b>6,025</b>
Inventories		1,988	2,012	1,957
Receivables	3	1,946	2,020	1,748
Interest-bearing receivables	3	0	-	3
Cash and cash equivalents		1,187	485	747
<b>Current assets</b>		<b>5,121</b>	<b>4,516</b>	<b>4,455</b>
<b>TOTAL ASSETS</b>		<b>11,612</b>	<b>9,777</b>	<b>10,480</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		101	101	101
Retained earnings		4,562	4,126	4,213
<b>Equity</b>		<b>4,663</b>	<b>4,227</b>	<b>4,314</b>
Interest-bearing liabilities	3	3,376	2,415	2,901
Provisions and other non-current liabilities	3	534	425	513
<b>Non-current liabilities</b>		<b>3,910</b>	<b>2,840</b>	<b>3,414</b>
Interest-bearing liabilities	3	996	801	953
Provisions and other current liabilities	3	2,042	1,908	1,799
<b>Current liabilities</b>		<b>3,038</b>	<b>2,709</b>	<b>2,752</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,612</b>	<b>9,777</b>	<b>10,480</b>

## CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>Opening balance</b>	<b>4,314</b>	<b>3,873</b>	<b>3,873</b>
Profit for the period	133	184	600
Other comprehensive income for the period	215	170	82
<b>Total comprehensive income for the period</b>	<b>348</b>	<b>354</b>	<b>682</b>
Dividend	-	-	-242
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-242</b>
<b>Closing balance</b>	<b>4,663</b>	<b>4,227</b>	<b>4,314</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Note	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
Operating profit		204	275	836
Depreciation, amortization and impairment charges		135	108	461
Change in working capital etc.		66	-88	236
Income taxes paid		-17	-17	-92
<b>Cash flow from operating activities</b>		<b>387</b>	<b>278</b>	<b>1,441</b>
Investments in property, plant, equipment and intangible assets		-207	-451	-1,590
<b>Cash flow from investing activities</b>		<b>-207</b>	<b>-451</b>	<b>-1,590</b>
<b>Cash flow before financing activities</b>		<b>181</b>	<b>-173</b>	<b>-148</b>
Dividend		-	-	-242
Interest paid and received		-33	-31	-137
New loans		1,169	480	5,546
Repayment of loans		-911	-263	-4,727
<b>Cash flow from financing activities</b>		<b>225</b>	<b>185</b>	<b>440</b>
<b>Cash flow for the period</b>		<b>406</b>	<b>12</b>	<b>292</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>747</b>	<b>457</b>	<b>457</b>
Cash flow for the period		406	12	292
Exchange rate differences in cash and cash equivalents		34	15	-2
<b>Cash and cash equivalents at end of period</b>		<b>1,187</b>	<b>485</b>	<b>747</b>

## PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
Net sales	46	49	187
Payroll and other operating expenses	-57	-68	-256
Depreciation, amortization and impairment charges	-5	-4	-20
<b>Operating profit/loss</b>	<b>-16</b>	<b>-23</b>	<b>-88</b>
Dividends from subsidiaries	-	-	335
Finance income and costs	5	5	7
<b>Profit/loss after financial items</b>	<b>-11</b>	<b>-18</b>	<b>254</b>
Appropriations	-	-	97
Income tax	1	3	-16
<b>Profit/loss for the period</b>	<b>-10</b>	<b>-15</b>	<b>335</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Profit for the period</b>	<b>-10</b>	<b>-15</b>	<b>335</b>
<b>Items to be reclassified to profit/loss in subsequent periods</b>			
Change in hedging reserve after tax	-3	-	-1
<b>Comprehensive income for the period attributable to owners of the parent company</b>	<b>-13</b>	<b>-15</b>	<b>334</b>

## PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>ASSETS</b>			
Intangible assets	38	42	40
Property, plant and equipment	189	203	192
Shares in Group companies	1,160	1,160	1,160
Receivables from Group companies	2,322	3,207	2,102
Other non-current receivables	3	11	3
<b>Non-current assets</b>	<b>3,712</b>	<b>4,622</b>	<b>3,497</b>
Receivables from Group companies	274	190	164
Other receivables	129	33	47
Cash and cash equivalents	265	19	190
<b>Current assets</b>	<b>668</b>	<b>242</b>	<b>402</b>
<b>TOTAL ASSETS</b>	<b>4,380</b>	<b>4,865</b>	<b>3,899</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	110	108	111
Non-restricted equity	1,576	1,483	1,589
<b>Equity</b>	<b>1,686</b>	<b>1,591</b>	<b>1,699</b>
<b>Untaxed reserves</b>	<b>30</b>	<b>37</b>	<b>30</b>
Interest-bearing liabilities	1,402	2,198	1,065
Provisions and other non-current liabilities	31	29	32
<b>Non-current liabilities</b>	<b>1,434</b>	<b>2,227</b>	<b>1,097</b>
Liabilities to Group companies	168	200	75
Interest-bearing liabilities	871	680	901
Provisions and other current liabilities	192	129	96
<b>Current liabilities</b>	<b>1,231</b>	<b>1,009</b>	<b>1,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,380</b>	<b>4,865</b>	<b>3,899</b>

# 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 interim information on pages 2–13 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	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
<b>Net sales by region</b>			
Asia	587	687	2,736
Europe	469	584	2,074
Americas	2,004	1,832	7,150
<b>Total revenue from contracts with customers</b>	<b>3,059</b>	<b>3,104</b>	<b>11,960</b>
Other revenue	4	5	18
<b>Net sales</b>	<b>3,063</b>	<b>3,109</b>	<b>11,978</b>

SEK million	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
<b>Net sales by market</b>			
Automotive			
Fabrication revenue	665	771	2,925
Raw material and other revenue	703	838	3,267
Total	1,368	1,609	6,192
HVAC & Other			
Fabrication revenue	650	528	2,074
Raw material and other revenue	1,041	967	3,694
Total	1,691	1,494	5,768
<b>Total revenue from contracts with customers</b>	<b>3,059</b>	<b>3,104</b>	<b>11,960</b>
Other revenue	4	5	18
<b>Net sales</b>	<b>3,063</b>	<b>3,109</b>	<b>11,978</b>

## 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 and aluminium futures) included in the balance sheet.

SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
Non-current assets	0	1	3
Current assets	169	31	37
Non-current liabilities	63	33	38
Current liabilities	221	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 31 March 2020. Gränges' revolving credit facilities amounted to SEK 2,505 million, whereof SEK 805 million was utilized. Interest-bearing liabilities also include corporate bonds of SEK 600 million, issued under Gränges' MTN programme, and commercial papers of SEK 799 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 March 31, 2020, is subject to extension options and has a 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		–	–	1,516	1,516
Bonds in MTN programme	3,000	–	300	300	600
Commercial papers	1,500	799	–	–	799
Revolving Credit Facilities	2,505	–	505	300	805
Lease liabilities		54	48	162	264
Other interest-bearing liabilities		143	–	45	188
<b>Total interest-bearing liabilities</b>		<b>996</b>	<b>1,053</b>	<b>2,323</b>	<b>4,372</b>

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 31 March 2020 was SEK 4,372 million (SEK 3,853 million as of 31 December 2019). The fair value of interest-bearing liabilities amounted to SEK 4,383 million as of 31 March 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	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
M&A costs	Items affecting comparability	–6	–	–16
Restructuring costs	Items affecting comparability	–	–	–14
<b>Items affecting comparability</b>		<b>–6</b>	<b>–</b>	<b>–30</b>

During the first quarter 2020 Gränges had mergers and acquisition costs for acquisition activities in Poland of SEK 6 million. The corresponding amount for 2019 was SEK 16 million. Restructuring costs for 2019 relates to manning reductions within Gränges, mainly related to 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		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume, ktonnes	89.9	77.9	85.8	92.9	90.8	87.4	93.4	99.1
<b>Income statement</b>								
Net sales	3,063	2,682	2,998	3,188	3,109	3,074	3,322	3,443
Adjusted EBITDA <sup>1</sup>	345	269	305	370	382	283	320	390
Adjusted operating profit <sup>1</sup>	210	144	190	257	275	191	230	301
Operating profit	204	115	190	257	275	191	230	301
Profit for the period	133	47	198	171	184	149	158	214
Adjusted EBITDA margin, %	11.3	10.0	10.2	11.6	12.3	9.2	9.6	11.3
Adjusted operating margin, %	6.9	5.4	6.3	8.1	8.8	6.2	6.9	8.7
Adjusted operating profit per tonne, kSEK	2.3	1.9	2.2	2.8	3.0	2.2	2.5	3.0
Operating margin, %	6.6	4.3	6.3	8.1	8.8	6.2	6.9	8.7
Net margin, %	4.3	1.8	6.6	5.4	5.9	4.8	4.7	6.2
<b>Balance sheet</b>								
Non-current assets	6,491	6,025	6,153	5,633	5,260	4,489	4,243	4,176
Current assets	5,121	4,455	4,609	4,508	4,516	4,285	4,639	4,823
Equity	4,663	4,314	4,382	4,077	4,227	3,873	3,705	3,665
Non-current liabilities	3,910	3,414	3,280	3,055	2,840	2,522	2,884	2,555
Current liabilities	3,038	2,752	3,100	3,009	2,709	2,378	2,293	2,780
<b>Cash flow</b>								
Operating activities	387	289	564	310	278	450	316	291
Investing activities	-207	-221	-409	-508	-451	-316	-236	-166
Before financing activities	181	68	155	-198	-173	133	81	125
Financing activities	225	-69	21	302	185	-339	-41	-173
Cash flow for the period	406	-1	176	104	12	-206	40	-48
<b>Capital structure</b>								
Net debt	3,559	3,465	3,606	3,560	3,057	2,494	2,565	2,621
Equity to assets, %	40.2	41.2	40.7	40.2	43.2	44.2	41.7	40.7
<b>Data per share, SEK</b>								
Earnings per share basic	1.76	0.63	2.62	2.26	2.44	1.97	2.09	2.84
Earnings per share diluted	1.76	0.63	2.62	2.26	2.44	1.97	2.09	2.84
Equity <sup>2</sup>	61.75	57.13	58.02	53.99	55.97	51.29	49.07	48.53
Cash flow from operating activities <sup>2</sup>	5.13	3.83	7.47	4.11	3.68	5.95	4.19	3.85
Share price at the end of the period	49.20	98.95	100.50	106.40	95.70	80.50	106.00	117.30
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

<sup>1</sup> Adjusted for items affecting comparability, see Note 5 for further information.

<sup>2</sup> Calculated on weighted outstanding ordinary shares, diluted.



## CONSOLIDATED QUARTERLY DATA

SEK million	2020		2019			2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Sales volume by region, ktonnes</b>								
Asia	16.7	20.4	17.7	21.0	20.0	19.9	20.8	22.5
Europe	13.7	11.5	14.1	16.1	16.5	15.3	15.1	17.8
Americas	59.5	46.0	54.0	55.8	54.4	52.2	57.5	58.8
<b>Total</b>	<b>89.9</b>	<b>77.9</b>	<b>85.8</b>	<b>92.9</b>	<b>90.8</b>	<b>87.4</b>	<b>93.4</b>	<b>99.1</b>
<b>Net sales by region</b>								
Asia	587	714	617	717	687	694	732	813
Europe	473	443	537	522	589	582	579	649
Americas	2,004	1,524	1,845	1,949	1,832	1,799	2,011	1,981
<b>Total</b>	<b>3,063</b>	<b>2,682</b>	<b>2,998</b>	<b>3,188</b>	<b>3,109</b>	<b>3,074</b>	<b>3,322</b>	<b>3,443</b>
<b>Employees</b>								
Average number of employees	1,751	1,781	1,813	1,814	1,810	1,777	1,695	1,669

## CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	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	Jul 2017 – Jun 2018
Sales volume, ktonnes	346.4	347.3	356.9	364.5	370.8	375.0	374.0	373.7
<b>Income statement</b>								
Net sales	11,932	11,978	12,370	12,693	12,947	12,910	12,570	11,976
Adjusted EBITDA <sup>1</sup>	1,289	1,327	1,341	1,356	1,376	1,357	1,336	1,325
Adjusted operating profit <sup>1</sup>	801	866	913	953	997	1,005	992	989
Operating profit	765	836	913	953	997	940	912	909
Adjusted EBITDA margin, %	10.8	11.1	10.8	10.7	10.6	10.5	10.6	11.1
Adjusted operating margin, %	6.7	7.2	7.4	7.5	7.7	7.8	7.9	8.3
Adjusted operating profit per tonne, kSEK	2.3	2.5	2.6	2.6	2.7	2.7	2.7	2.6
Operating margin, %	6.4	7.0	7.4	7.5	7.7	7.3	7.3	7.6
<b>Capital structure and return indicators</b>								
Capital employed	7,782	7,411	7,109	6,769	6,432	6,098	5,902	5,744
Return on capital employed, %	10.3	11.7	12.8	14.1	15.5	16.5	16.8	17.2
Equity	4,333	4,175	4,053	3,909	3,814	3,633	3,480	3,339
Return on equity, %	12.7	14.4	17.3	16.9	18.5	18.9	19.9	20.5
Net debt / Adjusted EBITDA	2.8	2.6	2.7	2.6	2.2	1.8	1.9	2.0

<sup>1</sup> 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	Q1		12 months rolling	Full year
	2020	2019	Apr 2019– Mar 2020	2019
<b>Adjusted operating profit</b>				
Operating profit	204	275	765	836
Items affecting comparability	6	–	36	30
<b>Adjusted operating profit</b>	<b>210</b>	<b>275</b>	<b>801</b>	<b>866</b>
<b>Adjusted operating profit per tonne</b>				
Adjusted operating profit	210	275	801	866
Sales volume, ktonnes	89.9	90.8	346.4	347.3
<b>Adjusted operating profit per tonne, kSEK</b>	<b>2.3</b>	<b>3.0</b>	<b>2.3</b>	<b>2.5</b>
<b>Adjusted EBITDA</b>				
Adjusted operating profit	210	275	801	866
Depreciation, amortization and impairment charges	135	108	488	461
<b>Adjusted EBITDA</b>	<b>345</b>	<b>382</b>	<b>1,289</b>	<b>1,327</b>
<b>Return on capital employed</b>				
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	–	–	9,796	9,375
Non-interest-bearing liabilities, rolling 12 months average	–	–	–2,373	–2,311
Pensions, rolling 12 months average	–	–	358	348
<b>Capital employed</b>	<b>–</b>	<b>–</b>	<b>7,782</b>	<b>7,411</b>
Adjusted operating profit	–	–	801	866
<b>Return on capital employed, %</b>	<b>–</b>	<b>–</b>	<b>10.3</b>	<b>11.7</b>
<b>Net debt</b>				
Cash and cash equivalents and interest-bearing receivables	–1,189	–487	–1,189 <sup>1</sup>	–752
Interest-bearing liabilities	4,372	3,216	4,372 <sup>1</sup>	3,853
Pensions	375	328	375 <sup>1</sup>	363
<b>Net debt</b>	<b>3,559</b>	<b>3,057</b>	<b>3,559<sup>1</sup></b>	<b>3,465</b>
<b>Equity to assets</b>				
Equity	4,663	4,227	4,663 <sup>1</sup>	4,314
Total assets	11,612	9,777	11,612 <sup>1</sup>	10,480
<b>Equity to assets, %</b>	<b>40.2</b>	<b>43.2</b>	<b>40.2<sup>1</sup></b>	<b>41.2</b>
<b>Adjusted cash flow before financing activities</b>				
Cash flow before financing activities	181	–173	205	–148
Cash flow from expansion investments	149	339	912	1,103
Cash flow from other non-maintenance investments	–	–	–	93
<b>Adjusted cash flow before financing activities</b>	<b>329</b>	<b>166</b>	<b>1,118</b>	<b>1,048</b>
<b>Cash conversion</b>				
Adjusted cash flow before financing activities	329	166	1,118	1,048
Adjusted operating profit	210	275	801	866
<b>Cash conversion, %</b>	<b>157</b>	<b>61</b>	<b>140</b>	<b>121</b>

<sup>1</sup> 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](http://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.