

HALF-YEAR REPORT 2021

Strong market conditions and all-time high sales volume in second quarter

Second quarter 2021

- Sales volume increased by 85.7 per cent to 131.4 ktonnes (70.8) and net sales to SEK 4,609 million (2,221). Excluding acquisitions sales volume increased by 51.3 per cent to 107.1 ktonnes and net sales was SEK 3,876 million.
- Adjusted operating profit increased to SEK 309 million (42) and adjusted operating profit per tonne was 2.4 kSEK (0.6). Excluding acquisitions, adjusted operating profit increased to SEK 261 million.
- Profit for the period increased to SEK 226 million (1) and includes no items affecting comparability (–5).
- Diluted earnings per share increased to SEK 2.12 (0.01).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 334 million (238).
- Net debt decreased to SEK 3,532 million at 30 June 2021 (SEK 3,690 million at 31 March 2021), corresponding to 2.0 times adjusted EBITDA^{1,2} (2.4 times at 31 March 2021).

First half-year 2021

- Sales volume increased by 60.7 per cent to 258.1 ktonnes (160.7) and net sales to SEK 8,651 million (5,284). Excluding acquisitions sales volume increased by 30.6 per cent to 209.9 ktonnes and net sales was SEK 7,240 million.
- Adjusted operating profit increased to SEK 651 million (252) and adjusted operating profit per tonne was 2.5 kSEK (1.6). Excluding acquisitions, adjusted operating profit increased to SEK 554 million.
- Profit for the period increased to SEK 465 million (133) and includes items affecting comparability of SEK –16 million (–11).
- Diluted earnings per share increased to SEK 4.36 (1.56).
- Cash flow before financing activities adjusted for expansion investments and acquisitions was SEK 279 million (568).

Financial summary

SEK million	Q2			Jan–Jun			12 months rolling	Full year	
	2021	2020	Δ	2021	2020	Δ	Jul 2020 – Jun 2021	2020	Δ
Sales volume, ktonnes	131.4	70.8	85.7%	258.1	160.7	60.7%	448.1	350.6	27.8%
Net sales	4,609	2,221	107.5%	8,651	5,284	63.7%	14,375	11,008	30.6%
Adjusted operating profit ²	309	42	638.3%	651	252	158.6%	1,048	648	61.6%
Adjusted operating margin, %	6.7	1.9	4.8 ppt	7.5	4.8	2.8 ppt	7.3	5.9	1.4 ppt
Adjusted operating profit per tonne, kSEK	2.4	0.6	1.8	2.5	1.6	1.0	2.3	1.8	0.5
Operating profit	309	37	742.8%	635	240	164.3%	979	584	67.6%
Operating margin, %	6.7	1.7	5.1 ppt	7.3	4.5	2.8 ppt	6.8	5.3	1.5 ppt
Profit for the period	226	1	n/a	465	133	248.6%	695	363	91.2%
Earnings per share basic, SEK	2.12	0.01	2.12	4.37	1.56	2.81	7.18	4.21	2.97
Earnings per share diluted, SEK	2.12	0.01	2.11	4.36	1.56	2.79	7.16	4.21	2.95
Cash flow before financing activities	239	166	44.0%	–10	347	n/a	–679	–322	n/a
Equity to assets, %	–	–	–	44.2	42.9	1.3 ppt	44.2	43.7	0.5 ppt
Net debt	–	–	–	3,532	3,247	285	3,532	3,292	240
Return on capital employed, %	–	–	–	–	–	–	11.8	8.1	3.7 ppt

¹ Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures page 24 for further information.

² Adjusted for items affecting comparability, see Note 5 for further information.

COMMENTS BY THE CEO

Strong cash generation and important steps taken for continued profitable growth

CONTINUED STRONG MARKET DEMAND

The strong market demand that we experienced in the first quarter continued in the second quarter of 2021. The sales volume in the second quarter reached 131.4 ktonnes, which is the highest sales volume in an individual quarter so far. This represents a 4 per cent growth over the first quarter 2021 and an 86 per cent growth over the second quarter last year that was heavily impacted by the COVID-19 pandemic. Excluding the acquired sales volume from Gränges Konin, the second quarter sales volume was up 51 per cent compared with the same period last year.

The adjusted operating profit increased to SEK 309 million largely driven by the higher sales volume supported by continued good productivity which mitigated the increased inflationary pressure experienced for certain cost items. Gränges Konin contributed to the operating profit with SEK 48 million while exchange rate fluctuations had a negative impact on adjusted operating profit of SEK 36 million. Further, the adjusted operating profit includes costs of SEK 10 million related to a fire in a rolling mill in Newport and SEK 7 million related to the repayment of COVID-19 linked government grants in Sweden. We continue to manage working capital well and the cash generation was strong in the quarter. The cash flow before financing, adjusted for expansion investments and acquisitions, amounted to SEK 334 million. As a consequence of this, the net debt to EBITDA ratio is at the end of the second quarter back into the target range at 2.0 times.

The market development in the second quarter was particularly strong in the Automotive business, where the recovery of the

light vehicle production contributed to a 75 per cent increase in sales volume compared to last year. The semiconductor shortage currently experienced in the automotive industry had a negative impact on the sales with a slowdown towards the end of the quarter. For the HVAC business we continued to see a positive development with a 51 per cent year over year growth while sales of Speciality packaging material increased by 29 per cent in the period.



MILESTONE REACHED FOR FINSPÅNG EXPANSION

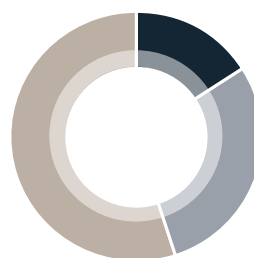
In the beginning of June, our operations in Finspång completed an important milestone in the ongoing capacity expansion and logistics improvement project by successfully rolling the first coil in the new cold rolling mill. Once the project is completed in the second half of 2022, the site will have a significantly better production flow which will enable both lower production costs and an improved environmental footprint. This investment will add an additional capacity of 20 ktonnes that will be available for continued growth in materials for automotive heat exchangers and other niche applications.

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Second quarter 2021

- Sales volume **131.4** ktonnes
- Net sales SEK **4,609** million
- Adjusted operating profit SEK **309** million

Sales volume per region



■ Asia Pacific 16%
■ Europe 29%
■ North and South America 55%

Sales volume per end-customer



■ Automotive 39%
■ HVAC 23%
■ Speciality packaging 18%
■ Other niches 20%

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INCREASED FOCUS ON BATTERY APPLICATIONS

Gränges works actively to support the green transition and the electrification of the transportation industry creates additional opportunities for Gränges also outside of the current product portfolio. For instance, rolled aluminium is used to produce both the cathode and the cell casing for Lithium-ion batteries and the demand for these materials is expected to increase significantly over the coming years. With its global footprint of aluminium rolling mills, Gränges has capabilities to serve emerging battery value chains in all geographical regions with high quality aluminium materials for battery applications. To capture the growth in battery market, we have made a decision to invest SEK 100 million over two years to add capabilities for commercial production of initially 10 ktonnes of cathode foil in the production sites in Shanghai and Finspång.

OUTLOOK

Although the COVID-19 pandemic is still ongoing, the market demand is generally anticipated to remain on a healthy level in the coming quarter. Still, the slowdown in sales to the automotive industry towards the end of the second quarter is expected to continue into the third quarter. As a consequence,

Gränges currently expects the sales volume in the third quarter to be lower than in the second quarter by a low to mid-single digit percentage. Increased costs for strategic projects will have a negative impact on profitability when comparing the third quarter to the second quarter.

Looking further ahead, I strongly believe that we will be able to capitalize on the strong global platform we have established for Gränges. With a strong commitment to sustainability, innovation, digitalization, and continuous improvement, Gränges is well positioned to continue to deliver sustainable and profitable growth for the years to come.

From a personal perspective I am very grateful for having been a part of Gränges' 125 years history and it is with great pride that I now hand over to Jörgen Rosengren who will start as the 20th CEO of Gränges in October this year. Most of all I'm proud of all my colleagues throughout the organization who has done a fantastic job in developing the company to what it is today.

Johan Menckel, CEO



New cold rolling mill in Gränges Finspång.

MARKET DEVELOPMENT

Gränges is an aluminium technology company and a leading global supplier of rolled aluminium products and solutions for thermal management systems, speciality packaging and selected niche applications. Gränges' key end-customer markets are Automotive representing 42 per cent of year to date 2021 sales volume, HVAC representing 22 per cent of the sales volume, Speciality packaging and Other niches representing 16 per cent and 20 per cent respectively. Short term sales to the automotive industry is primarily driven by the number of vehicles produced, longer term the increasing share of hybrid and electric vehicles will have a further positive impact on demand for Gränges' products. Sales to the HVAC industry is short term driven by consumer confidence and the general activity within building and construction, whereas increased requirements on energy efficiency of HVAC units is expected to have a further positive impact on the demand for Gränges' products in the longer term. The demand for materials for Speciality packaging is relatively stable in its nature and sales to Other niche applications are largely driven by the general economic activity.

In the second quarter 2021, all Gränges' end-customer markets continued to recover from the significant drop of demand due to the COVID-19 pandemic last year. Demand for Automotive products increased by 75 per cent compared with last year driven by increased light vehicle production and continued restocking activities at customer level. A softening in Automotive demand was seen towards the end of the quarter due to an increasing impact on light vehicle production from the semiconductor shortage. The research firm IHS¹ estimates that the global light vehicle production increased by 50 per cent in the second quarter and currently forecasts a flat growth in the third quarter. Demand for HVAC products increased by 51 per cent in the second quarter driven by continued increase in HVAC unit production and an increase in market share. Demand for Speciality packaging and materials for Other niches increased by 29 per cent respectively in the second quarter.

SALES DEVELOPMENT

Gränges' sales volume in the second quarter of 2021 increased by 86 per cent to 131.4 ktonnes (70.8) and net sales by 108 per cent to SEK 4,609 million (2,221) compared to the same quarter previous year. Excluding acquisitions, sales volume increased by 51 per cent to 107.1 ktonnes and net sales by 74 per cent to SEK 3,876 million. The effect from higher sales volume and an increased aluminium price was partly offset by a net negative effect from changes in foreign exchange rates of SEK 429 million.

For Gränges Eurasia, sales volume increased to 70.4 ktonnes (28.0) and net sales rose to SEK 2,482 million (943) during the second quarter of 2021. For Gränges Americas, sales volume increased to 69.0 ktonnes (46.7) and net sales increased to SEK 2,426 million (1,420). For the acquired business, sales volume was 24.3 ktonnes and net sales amounted to SEK 733 million during the second quarter.

During January–June 2021, Gränges' sales volume increased by 61 per cent to 258.1 ktonnes (160.7) compared to the corresponding period previous year. Net sales amounted to SEK 8,651 million (5,284). Excluding acquisitions, sales volume increased by 31 per cent to 209.9 ktonnes and net sales by 37 per cent to SEK 7,240 million. The net effect of changes in foreign exchange rates was negative and amounted to SEK 878 million.

For Gränges Eurasia, sales volume increased to 143.6 ktonnes (66.8) and net sales rose to SEK 4,821 million (2,298) during January–June. For Gränges Americas, sales volume increased to 131.7 ktonnes (105.2) and net sales rose to SEK 4,441 million (3,395). For the acquired business, sales volume was 48.3 ktonnes and net sales amounted to SEK 1,411 million during the first half of 2021.

Sales volume growth excluding acquisitions Q2 2021

End market	Automotive		HVAC		Speciality packaging		Other niches		Total	
Asia Pacific	46%	↑	–	–	–	–	20%	↑	41%	↑
Europe	82%	↑	–	–	–	–	56%	↑	78%	↑
North and South America	131%	↑	51%	↑	29%	↑	27%	↑	50%	↑
Total	75%	↑	51%	↑	29%	↑	29%	↑	51%	↑

¹ Source: IHS, June 2021.

Asia Pacific

In the second quarter of 2021, sales volume in Asia Pacific increased by 42 per cent to 21.4 ktonnes (15.1). The increase was primarily driven by a strong recovery in the Automotive demand and continued inventory restocking at several of Gränges' customers. During January–June 2021, sales volume increased to 44.5 ktonnes (31.7) representing an increase of 40 per cent.

Europe

In the second quarter of 2021, sales volume in Europe increased by 340 per cent to 37.7 ktonnes (8.6). Excluding acquisitions, sales volume increased by 78 per cent to 15.2 ktonnes. The increase was primarily driven by a strong recovery in the Automotive demand. During January–June 2021, sales volume increased to 74.8 ktonnes (22.4) which represents an increase of 234 per cent.

North and South America

In the second quarter of 2021, sales volume in North and South America increased by 54 per cent to 72.3 ktonnes (47.1). Excluding acquisitions, sales volume increased by 50 per cent to 70.5 ktonnes. The increase was driven by recovered demand in all end markets from the pandemic turbulence last year, fueled by a continued market share increase. During January–June 2021, sales volume increased to 138.8 ktonnes (106.6) corresponding to an increase of 30 per cent.

OPERATING PROFIT

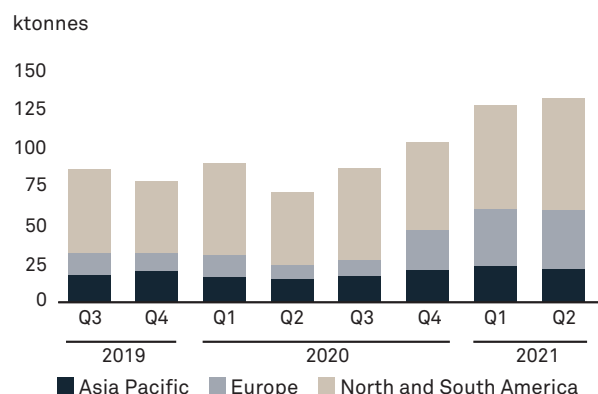
Adjusted operating profit for the second quarter of 2021 increased to SEK 309 million (42), corresponding to adjusted operating profit per tonne of 2.4 kSEK (0.6). Adjusted operating margin amounted to 6.7 per cent (1.9). Excluding acquisitions, adjusted operating profit increased to SEK 261 million. The improvement in operating profit was driven by the increased sales volume in combination with a continued good underlying cost performance. Net changes in foreign exchange rates had a negative impact of SEK 36 million in the quarter.

Operating profit for the second quarter of 2021 increased to SEK 309 million (37). No items affecting comparability were recorded in the period (–5).

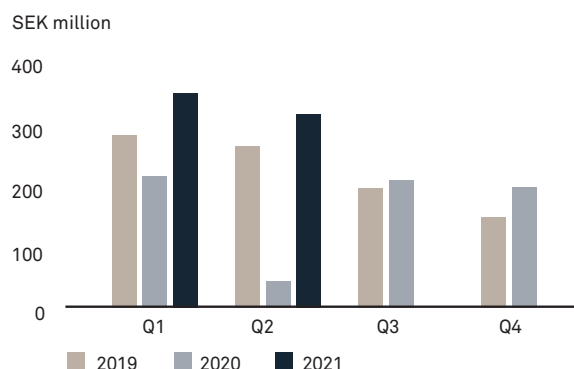
During the period January–June 2021, adjusted operating profit amounted to SEK 651 million (252), and adjusted operating profit per tonne was 2.5 kSEK (1.6). Excluding acquisitions, adjusted operating profit increased to SEK 554 million. Adjusted operating margin amounted to 7.5 per cent (4.8). The net effect of changes in foreign exchange rates was negative and amounted to SEK 98 million in the first half of 2021.

Operating profit during January–June 2021 amounted to SEK 635 million (240) and includes items affecting comparability of SEK –16 million (–11). 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 2021 increased to SEK 287 million (1). Finance income and costs was SEK –22 million (–36). Income tax for the second quarter of 2021 was SEK –62 million (0) which corresponds to an effective tax rate of 21 per cent. The profit for the period amounted to SEK 226 million (1) during the second quarter of 2021 and diluted earnings per share was SEK 2.12 (0.01).

For the period January–June 2021, profit before tax increased to SEK 591 million (170). Finance income and costs was SEK –45 million (–71). Income tax for the period was SEK –127 million (–36) which corresponds to an effective tax rate of 21 per cent (21). The profit for the period increased to SEK 465 million (133) and diluted earnings per share rose to SEK 4.36 (1.56).

CASH FLOW

Cash flow from operating activities increased to SEK 395 million (283) in the second quarter of 2021. Working capital increased by SEK 50 million driven by increased business activity and increasing aluminium price. Cash flow from investing activities amounted to SEK –156 million (–117) in the quarter and fully relates to capital expenditure. Of this, SEK 62 million refers to investments to maintain and improve efficiency in current production facilities and SEK 94 million refers to investments related to the expansion of the production facilities in Poland, Sweden and the US.

Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK 334 million (238). Cash flow from financing activities was SEK 169 million (–312) in the second quarter of 2021 and includes a dividend payment of SEK –117 million as resolved by Gränges' 2021 Annual General Meeting, new loans of SEK 1,489 million and repayment of loans of SEK –1,211 million.

During January–June 2021, cash flow from operating activities was SEK 392 million (670). Cash flow from investing activities amounted to SEK –402 million (–323) in the period. This includes additional purchase consideration of SEK 14 million for the acquisition of Aluminium Konin and the purchase price of 64 million for the acquisition of Dispal®, see Note 7 for further information. Total capital expenditure was SEK 325 million in the period. Of this, SEK 114 million relates to investments to maintain and improve efficiency in current production facilities and SEK 211 million refers to investments related to the expansion of the production facilities in Sweden, Poland and the US.

During January–June 2021 cash flow before financing activities amounted to SEK –10 million (347). Cash flow from financing activities was SEK –477 million (–87) and includes a dividend payment of SEK –117 million, new loans of SEK 2,229 million and repayment of loans of SEK –2,591 million.

Cash and cash equivalents amounted to SEK 1,008 million at 30 June 2021 (SEK 1,473 million 31 December 2020).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 14,813 million at 30 June 2021 (SEK 13,652 million at 31 December 2020). The equity to assets ratio was 44.2 per cent at 30 June 2021 (43.7 per cent at 31 December 2020).

Consolidated net debt including pension and lease liabilities was SEK 3,532 million at 30 June 2021 (SEK 3,292 million at 31 December 2020), corresponding to 2.0 times adjusted EBITDA¹ (2.2 times at 31 December 2020).

EMPLOYEES

The average number of employees was 2,645 (1,489) in the second quarter and 2,624 (1,620) during the period January–June 2021. The increased number of employees is mainly related to the acquisition of Aluminium Konin.

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 2021, net sales in the parent company was SEK 59 million (91). Result for the period was SEK –35 million (–35).

SUSTAINABILITY

Increased collaboration in the aluminium value chain is necessary to support the shift to a more sustainable and circular economy, and Gränges has recently initiated a collaboration with Hydro to reduce climate impacts in the automotive industry, both for heat exchangers and battery applications. Through the collaboration, Gränges sources Hydro's low-carbon primary aluminium REDUXA, which has a certified maximum carbon footprint which is less than a quarter of the global average. Sourcing low-carbon primary aluminium is a key priority to reduce Gränges' carbon footprint from sourced metal inputs.

Gränges' customers are increasingly recognizing the importance of using sustainable materials, and customers are often committed to not only reducing their own carbon footprint and emissions in the use phase but also reducing the emissions in the production phase of the value chain where materials are in focus. An increased use of aluminium in transport applications reduces the weight, energy consumption and carbon footprint of the vehicle as well as the range of electric vehicles when in use. It can also contribute to improved resource efficiency and operational performance in the product manufacturing process.

Gränges' strategic priority is to offer customers sustainable aluminium products and solutions that have a low climate impact, are circular and resource efficient and are responsibly sourced and produced.

¹ Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures for further information.

GRÄNGES EURASIA

- Continued market recovery partly slowed down by semiconductor shortage
- Solid organic increase in operating profit supported by acquisitions
- Integration of Gränges Konin progressing according to plan

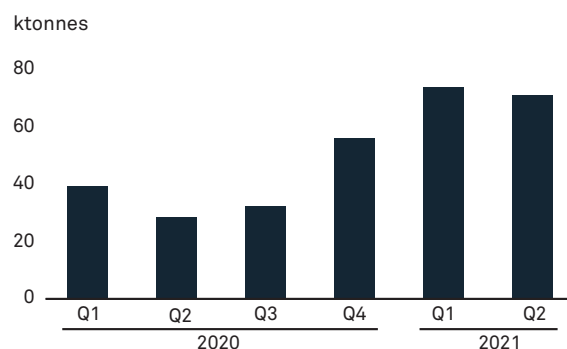
MARKET AND SALES

Gränges Eurasia continued to experience a strong market activity in the second quarter of 2021, although not as strong as in the first quarter. Demand from the automotive industry was initially strong but softened towards the end of the quarter as increasing effects of semiconductor shortage impacted vehicle build rates. The sales volume in the second quarter reached 70.4 ktonnes, which represents a 3.8 per cent decline over the first quarter 2021 and an 151 per cent growth over the second quarter last year that was heavily impacted by the COVID-19 pandemic. Net sales increased by 163 per cent to SEK 2,482 million (943) compared to the same quarter previous year. Excluding the acquired sales from Gränges Konin, the second quarter sales volume increased by 65 per cent and the net sales by 85 per cent compared with the same period last year. Net changes in foreign exchange rates had a negative effect on net sales of SEK 105 million.

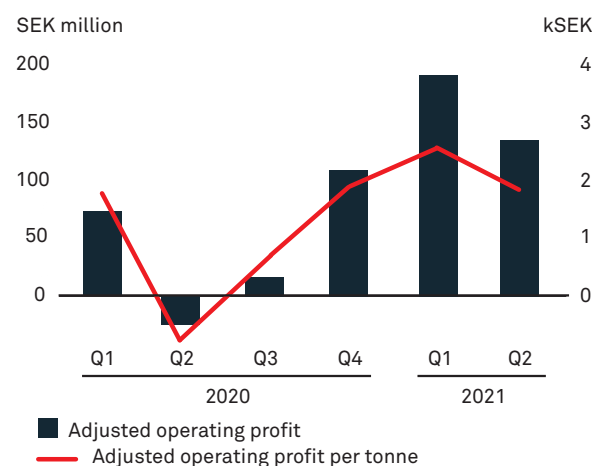
OPERATING PROFIT

The adjusted operating profit for the second quarter 2021 increased to SEK 136 million (-25), corresponding to an adjusted operating profit per tonne of 1.9 kSEK (-0.9). Excluding the acquired operating profit from Gränges Konin of SEK 48 million, adjusted operating profit amounted to SEK 88 million (-25), corresponding to an adjusted operating profit per tonne of 1.9 kSEK. Positive effects from the increased sales volume and continued good cost performance was partly offset by a slightly lower average conversion price. The operating profit includes a cost of SEK 7 million related to a repayment of COVID-19 related government grants in Sweden. Net changes in foreign exchange rates had a negative impact of SEK 8 million in the quarter. There are no items affecting comparability in the quarter. Return on capital employed increased to 9.0 per cent on a rolling 12-months basis.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q2			Jan–Jun			12 months rolling	Full year	
	2021	2020	Δ	2021	2020	Δ	Jun 2020 – Jul 2021	2020	Δ
Sales volume external, ktonnes	62.4	24.1	159.2%	126.4	55.5	127.6%	202.3	131.5	53.9%
Sales volume internal, ktonnes	8.0	3.9	103.2%	17.2	11.3	52.8%	28.4	22.5	26.5%
Total sales volume, ktonnes	70.4	28.0	151.3%	143.6	66.8	115.0%	230.8	154.0	49.9%
Net sales, external	2,184	806	170.8%	4,212	1,891	122.7%	6,582	4,262	54.4%
Net sales, internal	298	137	117.5%	609	407	49.6%	977	775	26.0%
Total net sales	2,482	943	163.1%	4,821	2,298	109.7%	7,559	5,037	50.1%
Adjusted operating profit	136	-25	n/a	329	49	568.2%	465	176	159.2%
Operating profit	136	-25	n/a	313	49	535.9%	385	121	218.8%
Adjusted operating margin, %	5.5	-2.6	8.1 ppt	6.8	2.1	4.7 ppt	6.0	3.5	2.5 ppt
Adjusted operating profit per tonne, kSEK	1.9	-0.9	n/a	2.3	0.7	210.8%	2.0	1.1	72.9%
Return on capital employed, %	-	-	-	-	-	-	9.0	4.6	4.3 ppt

GRÄNGES AMERICAS

- Continued strong market conditions across all customer segments
- New record quarter for sales volume and operating profit
- Fire in Newport rolling mill

MARKET AND SALES

Gränges Americas continued to experience a strong market activity in the second quarter of 2021 driven by increased underlying demand in all end customer markets combined with a continued market share increase. In total the sales volume in the second quarter 2021 increased by 48 per cent to 69.0 ktonnes (46.7) which is 10 per cent above the volume in the first quarter and the highest sales volume in an individual quarter so far for Gränges Americas. Net sales increased by 71 per cent to SEK 2,426 million (1,420) compared to the same quarter previous year. Net changes in foreign exchange rates had a negative effect on net sales of SEK 324 million.

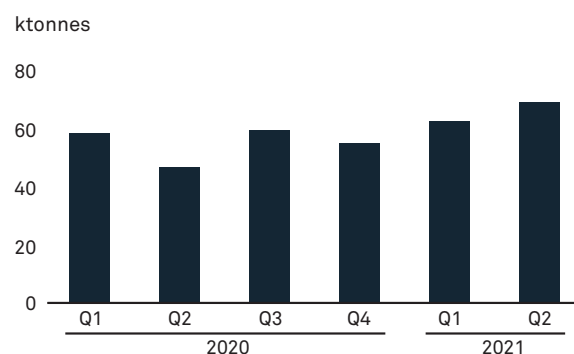
OPERATING PROFIT

The adjusted operating profit for the second quarter 2021 increased by 147 per cent to SEK 219 million (89), corresponding to an adjusted operating profit per tonne of 3.2 kSEK (1.9). The improvement in operating profit was driven by increased sales volume in combination with a slightly higher average conversion price, whereas additional cost of SEK 10 million related to the fire in Newport had a negative impact. Net changes in foreign exchange rates had a negative impact of SEK 27 million in the quarter. There are no items affecting comparability in the quarter. Return on capital employed increased to 17.2 per cent on a rolling 12-months basis.

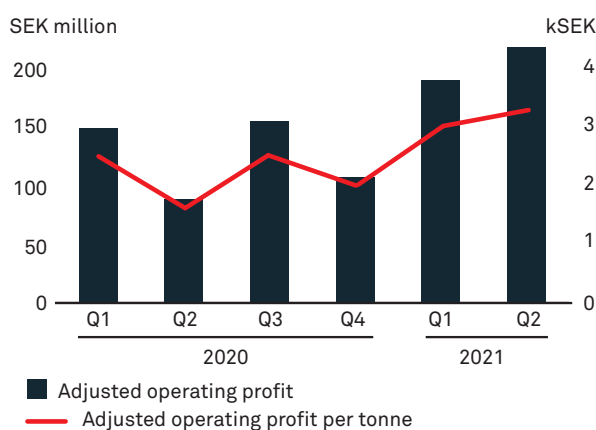
FIRE IN THE NEWPORT ROLLING MILL

On May 23 there was a fire in one of the cold rolling mills in the Newport facility. The damaged mill is expected to take between six and nine months to rebuild and during this time the Newport facility will operate with two instead of three mills. This means that the current production level in Newport may be sustained but that the volume ramp-up originally planned to take place in second half of 2021 will be delayed to 2022. The mill rebuild will be covered by insurance and currently no further cost for this, in addition to the SEK 10 million in the second quarter, is expected going forward.

Sales volume



Adjusted operating profit



Financial summary

SEK million	Q2			Jan-Jun			12 months rolling	Full year	
	2021	2020	Δ	2021	2020	Δ	Jun 2020 – Jul 2021	2020	Δ
Sales volume external, ktonnes	69.0	46.7	47.7%	131.7	105.1	25.3%	245.7	219.1	12.1%
Sales volume internal, ktonnes	-	-	-	-	-	-	-	-	-
Total sales volume, ktonnes	69.0	46.7	47.7%	131.7	105.1	25.3%	245.7	219.1	12.1%
Net sales, external	2,425	1,411	71.9%	4,437	3,384	31.1%	7,777	6,725	15.7%
Net sales, internal	1	10	-89.6%	4	10	-59.9%	17	24	-26.5%
Total net sales	2,426	1,420	70.8%	4,441	3,395	30.8%	7,795	6,748	15.5%
Adjusted operating profit	219	89	146.5%	410	239	71.7%	674	503	34.0%
Operating profit	219	89	146.5%	410	239	71.7%	669	498	34.3%
Adjusted operating margin, %	9.0	6.3	2.8 ppt	9.2	7.0	2.2 ppt	8.6	7.5	1.2 ppt
Adjusted operating profit per tonne, kSEK	3.2	1.9	66.9%	3.1	2.3	37.0%	2.7	2.3	19.6%
Return on capital employed, %	-	-	-	-	-	-	17.2	11.8	5.3 ppt

SIGNIFICANT EVENTS DURING THE PERIOD

Gränges upgrades 2025 sustainability targets

To reflect the stronger than anticipated development in the sustainability performance as well as to meet the increased interest and expectations from customers and other stakeholders, Gränges has upgraded selected sustainability targets. The upgraded targets, which were announced in April, demonstrate Gränges' efforts to further integrate sustainability across the company and the value chain, executed through the company's five sustainability pillars.

SIGNIFICANT EVENTS AFTER THE PERIOD

Gränges has appointed Oskar Hellström as Interim CEO

Gränges' Board of Directors has appointed Oskar Hellström, currently CFO and Deputy CEO, as Interim CEO in Gränges. The appointment is effective 1 August 2021 and until Jörgen Rosengren assumes his position as CEO, which will be no later than 1 October 2021. Johan Menckel, Gränges' current CEO, will leave office on 31 July 2021.

No other significant events have occurred after the period.

THE SHARE

The share capital in Gränges amounts to SEK 142 million split on 106,308,618 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 11,078 at 30 June 2021, according to Euroclear.

Largest shareholders in Gränges at 30 June 2021¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9.864.534	9.3
AFA Insurance	6.862.467	8.2
Handelsbanken Funds	6.107.891	5.6
Swedbank Robur Funds	5.795.163	5.2
Dimensional Fund Advisors	4.333.755	4.1
Allianz Global Investors	3.482.939	3.1
Boryszew S.A.	3.250.000	2.7
Vanguard	3.046.402	2.4
Norges Bank	2.525.335	2.4
Columbia Threadneedle	2.460.898	2.1
Total 10 largest shareholders	47.729.384	44.9
Other	58.579.234	55.1
Total	106,308,618	100

¹ Source: Modular Finance.

OTHER

Annual General Meeting 2021

Gränges AB held its Annual General Meeting (AGM) on Thursday 6 May 2021. Due to the extraordinary situation as a result of COVID-19, the AGM was conducted by advance postal vote, without physical attendance. The AGM elected Martina Buchhauser, and re-elected Fredrik Arp, Carina Andersson, Mats Backman, Peter Carlsson, Katarina Lindström and Hans Porat as Board members. Ragnhild Wiborg had declined re-election. The AGM re-elected Fredrik Arp as the Chairman of the Board of Directors.

The AGM resolved, in accordance with the Board of Directors' proposal, on a dividend of SEK 1.10 (-) per share, in total SEK 117 MSEK (-), corresponding to 32 per cent of the profit of the year 2020. The dividend was paid out by Euroclear Sweden AB on 14 May 2021. Further, the AGM resolved, in accordance with the Board of Directors' proposal, that the Board of Directors is authorized to, at one or more occasions until the next AGM, issue new shares and/or convertible bonds up to 10 per cent of the total outstanding shares in Gränges on the date of the authorization resolution. An issue can be decided with or without regard to shareholders' pre-emption rights. More information on the resolutions on the AGM and the content in them 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 39–44 in Gränges' 2020 annual report.

SEASONAL VARIATIONS

Gränges' customers are found in the automotive industry, the HVAC industry, the packaging industry, as well as in many other niche markets. Gränges' sales to the automotive industry is highly correlated with the production of light vehicles. Sales to the HVAC industry are impacted by factors such as construction investments, new regulations for energy efficiency and climate impact, and it is usually higher during the summer period driven by a seasonally higher demand for cooling systems. Sales to the packaging and other industries are fairly stable throughout the year. Major annual maintenance work in Gränges' production facilities mainly occurs in the fourth quarter. Overall, the fourth quarter is usually the weakest quarter and the second quarter usually the strongest quarter of the year.

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, 2021
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

Martina Buchhauser
Member of the Board

Peter Carlsson
Member of the Board

Katarina Lindström
Member of the Board

Hans Porat
Member of the Board

Öystein 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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Tel: +46 705 97 43 75

This information is information that Gränges AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on Friday 16 July, 2021 at 07.30 CEST.

Webcasted telephone conference

CEO Johan Menckel and CFO Oskar Hellström will present Gränges' half-year report 2021 at a webcasted conference call at 10.00 CEST, Friday 16 July, 2021.

The webcast is available on www.granges.com/investors. To participate in the conference call, please call +46 8 5664 2651 (Sweden), +44 3333 000 804 (United Kingdom) or +1 631 913 1422 (United States). PIN code: 6978 8601#. Please call a few minutes before the conference call starts. The presentation will be in English.

Financial calendar

21 October, 2021	Interim Report, January–September 2021
27 January, 2022	Year-end Report 2021
21 April, 2022	Interim Report, January–March 2022
4 May, 2022	Annual General Meeting 2022

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Net sales	2	4,609	2,221	8,651	5,284	11,008
Cost of materials	5	-3,112	-1,321	-5,712 ¹	-3,235	-6,778 ²
Payroll and other operating expenses		-1,028	-717	-1,988	-1,522	-3,059
Depreciation, amortization and impairment charges		-159	-140	-316	-275	-553
Items affecting comparability	5	-	-5	-	-11	-33
Operating profit		309	37	635	240	584
Profit or loss from joint ventures	4	1	0	1	1	2
Finance income and costs		-22	-36	-45	-71	-132
Profit before tax		287	1	591	170	454
Income tax	6	-62	0	-127	-36	-91
Profit for the period		226	1	465	133	363
Profit for the period attributable to						
– owners of the parent company		226	1	465	133	363
– non-controlling interests		0	-	0	-	0
Earnings per share						
Earnings per share basic, SEK		2.12	0.01	4.37	1.56	4.21
Earnings per share diluted, SEK		2.12	0.01	4.36	1.56	4.21

¹ Includes items affecting comparability of SEK -16 million, see Note 5 for further information.

² Includes items affecting comparability of SEK -31 million, see Note 5 for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Profit for the period	226	1	465	133	363
Items not to be reclassified to profit/loss in subsequent periods					
Remeasurement of pensions after tax	28	-19	25	-19	1
Items to be reclassified to profit/loss in subsequent periods					
Change in hedging reserve after tax	14	8	-58	-32	61
Translation effects	-31	-277	173	-22	-463
Comprehensive Income for the period	237	-287	605	60	-37
Comprehensive income for the period attributable to					
– owners of the parent company	237	-287	605	60	-37
– non-controlling interests	0	-	0	-	0

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Intangible assets		1,555	855	1,510
Property, plant and equipment		6,265	5,146	6,066
Deferred tax assets		33	24	20
Investments in joint ventures	4	14	12	13
Interest-bearing receivables		–	2	–
Other non-current receivables	3	135	6	24
Non-current assets		8,003	6,047	7,633
Inventories		2,976	1,687	2,398
Receivables	3	2,800	1,463	2,021
Interest-bearing receivables	3	26	18	128
Cash and cash equivalents		1,008	987	1,473
Current assets		6,810	4,156	6,020
TOTAL ASSETS		14,813	10,202	13,652
EQUITY AND LIABILITIES				
Share capital		142	101	142
Retained earnings		6,404	4,273	5,828
Equity		6,546	4,374	5,970
Interest-bearing liabilities	3	1,953	3,171	2,351
Provisions and other non-current liabilities	3	807	548	718
Non-current liabilities		2,761	3,719	3,068
Interest-bearing liabilities	3	2,281	689	2,184
Provisions and other current liabilities	3	3,225	1,420	2,429
Current liabilities		5,505	2,109	4,614
TOTAL EQUITY AND LIABILITIES		14,813	10,202	13,652

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Opening balance	5,968	4,314	4,314
Profit for the period	465	133	363
Other comprehensive income for the period	140	–73	–401
Total comprehensive income for the period	605	60	–37
Dividend	–117	–	–
Share swap	88	–	–193
Option premium	–	–	8
Issue in kind	–	–	215
Rights issue	–	–	1,662
Total transactions with owners	–29	–	1,691
Equity attributable to owners of the parent company	6,544	4,374	5,968
Equity attributable to non-controlling interests	2	–	2
Closing balance	6,546	4,374	5,970

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Operating profit		309	37	635	240	584
Depreciation, amortization and impairment charges		159	140	316	275	553
Other non-cash items	5	–	–	16	–	45
Change in working capital etc.		–50	108	–521	174	290
Income taxes paid		–23	–2	–54	–19	–59
Cash flow from operating activities		395	283	392	670	1,414
Acquisitions	7	–	–	–78	–	–1,196
Investments in property, plant, equipment and intangible assets		–156	–85	–325	–292	–557
Divestments		–	–	–	–	17
Other capital transactions		–	–32	–	–32	–
Cash flow from investing activities		–156	–117	–402	–323	–1,736
Cash flow before financing activities		239	166	–10	347	–322
Dividend		–117	–	–117	–	–
Share swaps		0	–	0	–	–193
Option premium		–	–	–	–	8
Rights issue		–	–	–	–	1,662
Interest paid and received		8	–51	2	–84	–142
New loans		1,489	750	2,229	1,919	5,785
Repayment of loans		–1,211	–1,011	–2,591	–1,922	–5,970
Cash flow from financing activities		169	–312	–477	–87	1,149
Cash flow for the period		409	–146	–487	260	827
Cash and cash equivalents at beginning of period		607	1,187	1,473	747	747
Cash flow for the period		409	–146	–487	260	827
Exchange rate differences in cash and cash equivalents		–8	–53	22	–20	–101
Cash and cash equivalents at end of period		1,008	987	1,008	987	1,473

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Net sales	30	45	59	91	169
Payroll and other operating expenses	–54	–68	–110	–125	–249
Depreciation, amortization and impairment charges	–2	–5	–4	–11	–21
Operating profit/loss	–26	–28	–55	–45	–101
Dividends from subsidiaries	–	–	–	–	194
Finance income and costs	7	–3	12	3	–13
Profit/loss after financial items	–19	–31	–43	–42	80
Appropriations	–	–	–	–	30
Income tax	3	6	8	7	12
Profit/loss for the period	–16	–25	–35	–35	122

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Profit for the period	-16	-25	-35	-35	122
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	-16	-54	-35	-67	123

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Intangible assets	30	36	33
Property, plant and equipment	2	185	170
Shares in Group companies	2,894	1,160	2,891
Deferred tax assets	36	-	27
Receivables from Group companies	2,438	2,052	1,579
Other non-current receivables	2	12	5
Non-current assets	5,401	3,445	4,706
Receivables from Group companies	494	182	870
Other receivables	107	78	248
Cash and cash equivalents	492	54	736
Current assets	1,094	314	1,853
TOTAL ASSETS	6,495	3,758	6,559
EQUITY AND LIABILITIES			
Restricted equity	150	110	151
Non-restricted equity	3,212	1,522	3,362
Equity	3,362	1,632	3,513
Untaxed reserves	-	30	-
Interest-bearing liabilities	707	1,346	698
Provisions and other non-current liabilities	33	20	32
Non-current liabilities	740	1,366	730
Liabilities to Group companies	568	49	262
Interest-bearing liabilities	1,699	572	1,865
Provisions and other current liabilities	126	110	189
Current liabilities	2,394	730	2,316
TOTAL EQUITY AND LIABILITIES	6,495	3,758	6,559

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) 2020. 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 2021 or later have not had any material impact on this financial report.

Operating segments

Following recent years' successful growth initiatives that have resulted in a larger production footprint and a more diverse product portfolio Gränges sees an opportunity to further increase efficiency and transparency by grouping the different businesses based on production technology and end-customer markets. As of the first quarter of 2021 Gränges established two business areas: Gränges Eurasia and Gränges Americas. Gränges Eurasia includes the three rolling mills with direct chill casting and hot rolling technology in Finspång, Sweden, Konin, Poland, and Shanghai, China, as well as the newly established Gränges Powder Metallurgy business unit in St Avold, France. The largest end customer market for Gränges Eurasia is heat exchanger material for the automotive industry. Gränges Americas includes the three rolling mills in Huntingdon, Salisbury, and Newport with continuous casting technology. The largest end-customer markets for Gränges Americas are heat exchanger material for the HVAC industry and speciality packaging material. Gränges Americas also serves as a distributor of heat exchanger material for the automotive industry from Gränges Eurasia on the North and South American market. Gränges Eurasia is headed by the CEO and Gränges Americas is headed by the Regional President for the Americas region.

The grouping of the businesses into two business areas, Gränges Eurasia and Gränges Americas, is considered to constitute the Group's operating segments and is consistent with the internal reporting submitted to the highest executive decision maker, which consists of the CEO. Group functions and other items that cannot be allocated to Gränges Eurasia or Gränges Americas are reported in Other and eliminations. The segment reporting presents volume, net sales, adjusted operating profit, operating profit, capital employed and return on capital employed for each segment. Financial items and taxes are reported and followed up for the Group as a whole. No detailed breakdown is presented for number of employees or items in the balance sheet, in addition to capital employed. Capital employed does not include any tax items or accrued interest per business area.

The interim information on pages 2–18 is an integrated part of these financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Gränges' 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 business area divided by type of revenue.

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Net sales by region					
Asia Pacific	801	486	1,582	1,073	2,268
Europe	1,270	305	2,411	774	1,875
North and South America	2,515	1,425	4,632	3,429	6,848
Total revenue from contracts with customers	4,586	2,217	8,625	5,276	10,991
Other revenue	23	4	26	8	17
Net sales	4,609	2,221	8,651	5,284	11,008

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Net sales by business area					
<i>Gränges Eurasia</i>					
Fabrication revenue	1,452	463	2,873	1,151	2,642
Raw material and other revenue	1,026	480	1,940	1,148	2,395
Revenue from contracts with customers	2,478	943	4,814	2,298	5,037
Other revenue	4	–	7	–	–
Total net sales Gränges Eurasia	2,482	943	4,821	2,298	5,037
<i>Gränges Americas</i>					
Fabrication revenue	849	625	1,633	1,431	2,855
Raw material and other revenue	1,558	795	2,789	1,964	3,893
Revenue from contracts with customers	2,407	1,420	4,422	3,395	6,748
Other revenue	19	–	19	–	–
Total net sales Gränges Americas	2,426	1,420	4,441	3,395	6,748
<i>Other and eliminations</i>					
Fabrication revenue	–173	–93	–363	–272	–512
Raw material and other revenue	–126	–54	–248	–146	–282
Revenue from contracts with customers	–299	–147	–611	–418	–794
Other revenue	–	4	–	8	17
Total net sales other and eliminations	–299	–142	–611	–409	–778
Total fabrication revenue	2,128	995	4,143	2,310	4,985
Total raw material and other revenue	2,459	1,222	4,482	2,966	6,006
Total revenue from contracts with customers	4,586	2,217	8,625	5,276	10,991
Total other revenue	23	4	26	8	17
Total net sales	4,609	2,221	8,651	5,284	11,008

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 2021	30 Jun 2020	31 Dec 2020
Non-current assets	119	2	6
Current assets	98	68	249
Non-current liabilities	0	17	–
Current liabilities	126	117	138

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 on 30 June 2021 was USD 150 million and SEK 400 million. A short term Term Loan of SEK 500 million was repaid in the period. Gränges' revolving credit facilities amounted to SEK 2,425 million, which were unutilized on 30 June 2021. Interest-bearing liabilities also include corporate bonds of SEK 600 million, issued under Gränges' MTN programme, commercial papers of SEK 1,199 million and working capital loans of CNY 200 million. The loan facilities are subject to covenants, which are Net Debt/EBITDA and Interest coverage ratio.

SEK million	Limit/Program amount	Year			Total
		< 1	1–2	> 2	
Term loans					
SEK		200	–	200	400
USD		–	425	851	1,276
Bonds in MTN programme	3,000	300	–	300	600
Commercial papers	1,500	1,199	–	–	1,199
Revolving Credit Facilities	2,425	–	–	–	–
Lease liabilities		46	35	152	233
Other interest-bearing liabilities		536	–	-10	526
Total interest-bearing liabilities		2,281	460	1,493	4,234

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 30 June 2021 was SEK 4,234 million (SEK 4,535 million as of 31 December 2020). The fair value of interest-bearing liabilities amounted to SEK 4,244 million as of 30 June 2021 (SEK 4,547 million as of 31 December 2020). 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 2020 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 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Realisation of fair value inventory step-up on acquired business	Cost of materials	–	–	-16	–	-31
M&A costs	Items affecting comparability	–	-5	–	-11	-19
Restructuring costs	Items affecting comparability	–	–	–	–	-14
Items affecting comparability		–	-5	-16	-11	-64

In the fourth quarter 2020 Gränges acquired Aluminium Konin, a Polish flat rolled aluminium producer. The costs for the acquisition amounted to SEK 19 million and was reported as an item affecting comparability in 2020. All of Aluminium Konin's assets were valued at fair value by Gränges, as was the inventory. Upon sale of the acquired inventory, the difference between fair value and book value was realized. The amount was reported in the financial statement line cost of materials and is deemed to be an item affecting comparability. The item amounted to SEK 16 million for the first quarter 2021, no further effect has occurred in the second quarter since all of the acquired inventory already had been sold. The corresponding amount for 2020 was SEK 31 million. For further information on the acquisition, see Note 7.

Restructuring costs for the full year 2020 refer to the organizational changes in Gränges' Swedish and US operations.

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 2021 and therefore applies a tax rate of 15 per cent for the Chinese operation.

NOTE 7 ACQUISITIONS

Aluminium Konin

In the fourth quarter 2020 Gränges acquired Aluminium Konin, a Polish flat rolled aluminium producer. The acquired business was consolidated from November, 2020. The preliminary purchase price allocation was updated during the first quarter 2021 with SEK 3 million (PLN 1 million). No further updates have been done in the second quarter, but the purchase price allocation is still preliminary and can be subject for change if additional information of fair value is obtained.

Preliminary purchase price allocation Aluminium Konin	PLN million	SEK million
Intangible assets	138	335
Property, plant and equipment	624	1,514
Other non-current receivables	10	23
Inventories	242	586
Other current receivables	159	388
Cash and cash equivalents	24	57
Interest-bearing liabilities	507	1,231
Provision and other liabilities	290	704
Net identifiable assets and liabilities	400	969
Goodwill	204	495
Purchase price	606	1,464
Issue in kind of new issued shares in Gränges	90	215
Paid cash for the acquisition	516	1,249
Purchase price	606	1,464
Less issue in kind of new issued shares in Gränges	-90	-215
Less cash and cash equivalents in acquired operation	-24	-57
Effect on the Group's cash and cash equivalents	-492	-1,192

Cash consideration paid during the first quarter 2021 amounted to SEK 14 million (PLN 6 million), cash consideration paid in 2020 amounted to SEK 1,236 million (PLN 510 million). No additional compensation has been paid during the second quarter 2021.

GETEK

In 2020 it was announced that Gränges would acquire the remaining 49 per cent of the shares in GETEK GmbH as well as the business Dispal®, including production assets, intellectual properties and trademark Dispal®, from Erbslöh Aluminium GmbH. GETEK GmbH has been jointly owned by Gränges (51 per cent) and Erbslöh (49 per cent) since 2017 and classified as a joint operation. Gränges has recognized its direct right to jointly owned assets, liabilities, revenues and expenses in the financial statements since 2017. The acquisition of the remaining 49 per cent shares in GETEK GmbH was done 1 October 2020 and the operation has been consolidated in full since then. The Dispal® business was acquired 1 January 2021 and is included from 2021.

The preliminary acquisition balance presented at 31 December 2020 was updated during the first quarter 2021 due to updated fair value valuations of the net assets and adjustment of the purchase price. No further updates have been done in the second quarter but the purchase price allocation is still preliminary and can be subject for change if additional information of fair value is obtained.

Preliminary purchase price allocation GETEK	EUR million	SEK million
Non-current assets	6.5	66
Current assets, excluding cash	2.7	27
Cash and cash equivalents	0.1	1
Non-current liabilities	1.0	10
Current liabilities	1.0	11
Net identifiable assets and liabilities	7.2	73
Goodwill	5.3	52
Purchase price	12.5	124
Initial investment in joint operation	4,6	44
Cash compensation for remaining shares to obtain controlling interest	8,0	80
Purchase price	12,6	124
Less initial investment in joint operation	-4,6	-44
Effect on the Group's cash and cash equivalents	-7,9	-80

Cash consideration paid during the first quarter 2021 amounted to SEK 64 million (EUR 6.3 million), cash consideration paid in 2020 amounted to SEK 16 million (EUR 1.6 million). No additional compensation has been paid during the second quarter 2021.

CONSOLIDATED QUARTERLY DATA

SEK million	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume, ktonnes	131.4	126.7	103.3	86.7	70.8	89.9	77.9	85.8
Income statement								
Net sales	4,609	4,043	3,149	2,575	2,221	3,063	2,682	2,998
Adjusted EBITDA ¹	468	499	342	332	182	345	269	305
Adjusted operating profit ¹	309	342	193	203	42	210	144	190
Operating profit	309	326	167	177	37	204	115	190
Profit for the period	226	239	106	124	1	133	47	198
Adjusted EBITDA margin, %	10.2	12.3	10.9	12.9	8.2	11.3	10.0	10.2
Adjusted operating margin, %	6.7	8.5	6.1	7.9	1.9	6.9	5.4	6.3
Adjusted operating profit per tonne, kSEK	2.4	2.7	1.9	2.3	0.6	2.3	1.9	2.2
Operating margin, %	6.7	8.1	5.3	6.9	1.7	6.6	4.3	6.3
Net margin, %	4.9	5.9	3.4	4.8	0.0	4.3	1.8	6.6
Balance sheet								
Non-current assets	8,003	8,062	7,633	5,825	6,047	6,491	6,025	6,153
Current assets	6,810	6,009	6,020	4,330	4,156	5,121	4,455	4,609
Equity	6,546	6,424	5,970	4,442	4,374	4,663	4,314	4,382
Non-current liabilities	2,761	2,780	3,068	2,905	3,719	3,910	3,414	3,280
Current liabilities	5,505	4,867	4,614	2,808	2,109	3,038	2,752	3,100
Cash flow								
Operating activities	395	-3	318	426	283	387	289	564
Investing activities	-156	-247	-1,335	-78	-117	-207	-221	-409
Before financing activities	239	-250	-1,017	348	166	181	68	155
Financing activities	169	-646	1,628	-391	-312	225	-69	21
Cash flow for the period	409	-896	611	-43	-146	406	-1	176
Capital structure								
Net debt	3,532	3,690	3,292	2,812	3,247	3,559	3,465	3,606
Equity to assets, %	44.2	45.7	43.7	43.7	42.9	40.2	41.2	40.7
Data per share, SEK²								
Earnings per share basic	2.12	2.25	1.19	1.45	0.01	1.56	0.56	2.32
Earnings per share diluted	2.12	2.24	1.19	1.45	0.01	1.56	0.56	2.32
Equity	61.40	60.25	66.49	52.15	51.36	54.75	50.65	51.44
Cash flow from operating activities	3.71	-0.03	3.54	5.00	3.32	4.55	3.39	6.62
Share price at the end of the period	118.90	113.50	100.20	71.06	65.39	43.62	87.73	89.10
Weighted outstanding ordinary shares, basic in thousands	106,308.6	106,308.6	89,742.0	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	106,623.1	106,620.7	89,789.3	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3

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

² Calculated on weighted outstanding ordinary shares, diluted.

CONSOLIDATED QUARTERLY DATA

	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume by region, ktonnes								
Asia Pacific	21.4	23.2	20.9	16.8	15.1	16.7	20.4	17.7
Europe	37.7	37.1	25.7	10.3	8.6	13.7	11.5	14.1
North and South America	72.3	66.5	56.7	59.6	47.1	59.5	46.0	54.0
Total	131.4	126.7	103.3	86.7	70.8	89.9	77.9	85.8
Sales volume by end-customer, ktonnes								
Automotive	51.4	55.3	46.8	35.3	25.2	38.7	–	–
HVAC	30.4	26.1	19.4	22.4	20.2	24.3	–	–
Speciality packaging	22.8	19.1	18.2	18.1	13.7	14.4	–	–
Other niches	26.8	26.2	18.8	10.9	11.6	12.5	–	–
Total	131.4	126.7	103.3	86.7	70.8	89.9	–	–
Net sales by region, SEK million								
Asia Pacific	801	781	669	526	486	587	714	617
Europe	1,274	1,145	778	331	310	473	443	537
North and South America	2,534	2,117	1,702	1,717	1,425	2,004	1,524	1,845
Total	4,609	4,043	3,149	2,575	2,221	3,063	2,682	2,998
Employees								
Average number of employees	2,645	2,602	2,297	1,629	1,489	1,751	1,781	1,813

End market	Automotive		HVAC		Speciality packaging		Other niches		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
ktonnes										
Asia Pacific	18.3	12.5	1.0	0.6	–	–	2.2	2.0	21.4	15.1
Europe	19.5	7.1	0.1	0	5.1	–	13.0	1.4	37.7	8.6
North and South America	13.7	5.6	29.4	19.5	17.7	13.7	11.6	8.2	72.3	47.1
Total	51.4	25.2	30.4	20.2	22.8	13.7	26.8	11.6	131.4	70.8

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Jul 2020 – Jun 2021	Apr 2020 – Mar 2021	Jan 2020 – Dec 2020	Oct 2019 – Sep 2020	Jul 2019 – Jun 2020	Apr 2019 – Mar 2020	Jan 2019 – Dec 2019	Oct 2018 – Sep 2019
Sales volume, ktonnes	448.1	387.5	350.6	325.2	324.3	346.4	347.3	356.9
Income statement								
Net sales	14,375	11,987	11,008	10,541	10,964	11,932	11,978	12,370
Adjusted EBITDA ¹	1,641	1,355	1,201	1,129	1,101	1,289	1,327	1,341
Adjusted operating profit ¹	1,048	780	648	599	586	801	866	913
Operating profit	979	707	584	532	545	765	836	913
Adjusted EBITDA margin, %	11.4	11.3	10.9	10.7	10.0	10.8	11.1	10.8
Adjusted operating margin, %	7.3	6.5	5.9	5.7	5.3	6.7	7.2	7.4
Adjusted operating profit per tonne, kSEK	2.3	2.0	1.8	1.8	1.8	2.3	2.5	2.6
Operating margin, %	6.8	5.9	5.3	5.0	5.0	6.4	7.0	7.4
Capital structure and return indicators								
Capital employed	8,866	8,495	8,028	7,773	7,849	7,782	7,411	7,109
Return on capital employed, %	11.8	9.2	8.1	7.7	7.5	10.3	11.7	12.8
Equity	5,550	5,174	4,752	4,435	4,362	4,333	4,175	4,053
Return on equity, %	12.5	9.1	7.6	6.9	8.7	12.7	14.4	17.3
Net debt / Adjusted EBITDA ²	2.0	2.4	2.2	2.5	2.9	2.8	2.6	2.7

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

² Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see alternative performance measures for further information.

FINANCIALS PER BUSINESS AREA

SEK million	Apr–Jun 2021				Apr–Jun 2020			
	Gränges Eurasia	Gränges Americas	Other and eliminations	Total	Gränges Eurasia	Gränges Americas	Other and eliminations	Total
Sales volume external, ktonnes	62.4	69.0	–	131.4	24.1	46.7	–	70.8
Sales volume internal, ktonnes	8.0	–	–8.0	0	3.9	–	–4.0	0
Total sales volume	70.4	69.0	–8.0	131.4	28.0	46.7	–4.0	70.8
Income statement								
Net sales, external	2,184	2,425	–	4,609	806	1,411	4	2,221
Net sales, internal	298	1	–299	0	137	10	–147	0
Total net sales	2,482	2,426	–299	4,609	943	1,420	–142	2,221
Adjusted operating profit ¹	136	219	–46	309	–25	89	–22	42
Operating profit	136	219	–46	309	–25	89	–28	37
Adjusted operating margin, %	5.5	9.0	n/a	6.7	n/a	6.3	n/a	1.9
Adjusted operating profit per tonne, kSEK	1.9	3.2	n/a	2.4	n/a	1.9	n/a	0.6
Capital structure and return indicators								
Capital employed ²	6,647	3,761	–330	10,079	3,179	4,441	1	7,621
Return on capital employed, % ³	9.0	17.2	n/a	11.8	7.4	8.1	n/a	7.5

SEK million	Jan–Jun 2021				Jan–Jun 2020			
	Gränges Eurasia	Gränges Americas	Other and eliminations	Total	Gränges Eurasia	Gränges Americas	Other and eliminations	Total
Sales volume external, ktonnes	126.4	131.7	–	258.1	55.5	105.1	–	160.7
Sales volume internal, ktonnes	17.2	–	–17.2	0	11.3	–	–11.3	0
Total sales volume	143.6	131.7	–17.2	258.1	66.8	105.1	–11.3	160.7
Income statement								
Net sales, external	4,212	4,437	2	8,651	1,891	3,384	8	5,284
Net sales, internal	609	4	–613	0	407	10	–418	0
Total net sales	4,821	4,441	–611	8,651	2,298	3,395	–409	5,284
Adjusted operating profit ¹	329	410	–88	651	49	239	–36	252
Operating profit	313	410	–88	635	49	239	–48	240
Adjusted operating margin, %	6.8	9.2	n/a	7.5	2.1	7.0	n/a	4.8
Adjusted operating profit per tonne, kSEK	2.3	3.1	n/a	2.5	0.7	2.3	n/a	1.6

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

² Closing balance at end of the period.

³ Calculated on the average capital employed during the past 12-months period.

FINANCIALS PER BUSINESS AREA

SEK million	Gränges Eurasia					
	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume external, ktonnes	62.4	64.0	48.3	27.7	24.1	31.4
Sales volume internal, ktonnes	8.0	9.2	7.1	4.1	3.9	7.3
Total sales volume, ktonnes	70.4	73.2	55.4	31.8	28.0	38.8
Income statement						
Net sales, external	2,184	2,028	1,488	882	806	1,085
Net sales, internal	298	311	231	137	137	270
Total net sales	2,482	2,339	1,720	1,019	943	1,355
Adjusted operating profit ¹	136	193	110	17	-25	74
Operating profit	136	177	80	-8	-25	74
Adjusted operating margin, %	5.5	8.3	6.4	1.6	-2.6	5.4
Adjusted operating profit per tonne, kSEK	1.9	2.6	2.0	0.5	-0.9	1.9
Capital structure and return indicators						
Capital employed ²	6,647	6,483	5,911	3,237	3,179	3,338
Return on capital employed, % ³	9.0	6.7	4.6	4.9	7.4	12.7

SEK million	Gränges Americas					
	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume external, ktonnes	69.0	62.7	54.9	59.1	46.7	58.4
Sales volume internal, ktonnes	-	-	-	-	-	-
Total sales volume, ktonnes	69.0	62.7	54.9	59.1	46.7	58.4
Income statement						
Net sales, external	2,425	2,012	1,652	1,688	1,411	1,974
Net sales, internal	1	3	-3	16	10	1
Total net sales	2,426	2,015	1,650	1,704	1,420	1,974
Adjusted operating profit ¹	219	191	108	156	89	150
Operating profit	219	191	103	156	89	150
Adjusted operating margin, %	9.0	9.5	6.5	9.2	6.3	7.6
Adjusted operating profit per tonne, kSEK	3.2	3.0	2.0	2.6	1.9	2.6
Capital structure and return indicators						
Capital employed ²	3,761	3,895	3,555	3,989	4,441	4,898
Return on capital employed, % ³	17.2	13.1	11.8	9.8	8.1	9.3

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

² Closing balance at end of the period.

³ Calculated on the average capital employed during the past 12-months period.

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 24.

SEK million	Q2		Jan–Jun		12 months rolling	Full year
	2021	2020	2021	2020	Jul 2020 – Jun 2021	2020
Adjusted operating profit						
Operating profit	309	37	635	240	979	584
Items affecting comparability	–	5	16	11	69	64
Adjusted operating profit	309	42	651	252	1,048	648
Adjusted operating profit per tonne						
Adjusted operating profit	309	42	651	252	1,048	648
Sales volume, ktonnes	131.4	70.8	258.1	160.7	448.1	350.6
Adjusted operating profit per tonne, kSEK	2.4	0.6	2.5	1.6	2.3	1.8
Adjusted EBITDA						
Adjusted operating profit	309	42	651	252	1,048	648
Depreciation, amortization and impairment charges	159	140	316	275	594	553
Adjusted EBITDA	468	182	967	527	1,641	1,201
EBITDA for Aluminium Konin	–	–	–	–	110	276
Adjusted EBITDA incl. Aluminium Konin as a part of Gränges Group for 12 months	468	182	967	527	1,751	1,477
Return on capital employed						
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	–	–	–	–	11,523	10,119
Non-interest-bearing liabilities, rolling 12 months average	–	–	–	–	–3,026	–2,468
Pensions, rolling 12 months average	–	–	–	–	369	377
Capital employed	–	–	–	–	8,866	8,028
Adjusted operating profit	–	–	–	–	1,048	648
Return on capital employed, %	–	–	–	–	11.8	8.1
Net debt						
Cash and cash equivalents and interest-bearing receivables	–	–	–1,034	–1,008	–1,034 ¹	–1,601
Interest-bearing liabilities	–	–	4,234	3,859	4,234 ¹	4,535
Pensions	–	–	332	395	332 ¹	358
Net debt	–	–	3,532	3,247	3,532¹	3,292
Equity to assets						
Equity	–	–	6,546	4,374	6,546 ¹	5,970
Total assets	–	–	14,813	10,202	14,813 ¹	13,652
Equity to assets, %	–	–	44.2	42.9	44.2¹	43.7
Adjusted cash flow before financing activities						
Cash flow before financing activities	239	166	–10	347	–679	–322
Cash flow from expansion investments	94	40	211	189	329	306
Cash flow from acquisitions and other capital transactions	–	32	78	32	1,241	1,196
Adjusted cash flow before financing activities	334	238	279	568	891	1,180
Cash conversion						
Adjusted cash flow before financing activities	334	238	279	568	891	1,180
Adjusted operating profit	309	42	651	252	1,048	648
Cash conversion, %	108	570	43	226	85	182

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 an aluminium technology company who drives the development of lighter, smarter, and more sustainable aluminium products and solutions. The company offers advanced materials that enhance efficiency in the customers' manufacturing process and the performance of the final products. Gränges' innovative engineering has transformed the industry for more than 125 years, and the company holds leading positions in rolled products for thermal management systems, speciality packaging and selected niche applications. Gränges has production facilities and conducts sales on three continents, Asia, Europe, and Americas. The total annual production capacity amounts to 560 ktonnes. Gränges has 2,600 employees and the share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com.

PURPOSE AND PROMISE

Gränges' purpose is to develop lighter, smarter and more sustainable aluminium products and solutions. Gränges' promise is to use expertise, flexibility and speed to deliver to the needs of today and tomorrow.

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 growth targeting four areas: Thermal management, Electrified transportation, New rolled products niches and New materials technology. The implementation of the strategy is supported by a focus on sustainability, innovation, digitalization and continuous improvement. Together with Gränges' strong company culture and committed employees, this will further strengthen Gränges' competitiveness and value creation as well as enabling Gränges to fulfil its purpose and promise.