

# SECOND QUARTER

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Earnings Presentation  
16 July 2021

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

- Strong market conditions in all regions

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- Record sales volume and improved profit
  - Sales volume increased by 86%
  - Adjusted operating profit SEK 309 million

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- Strong cash generation
  - Net debt back in target range at 2.0 times EBITDA

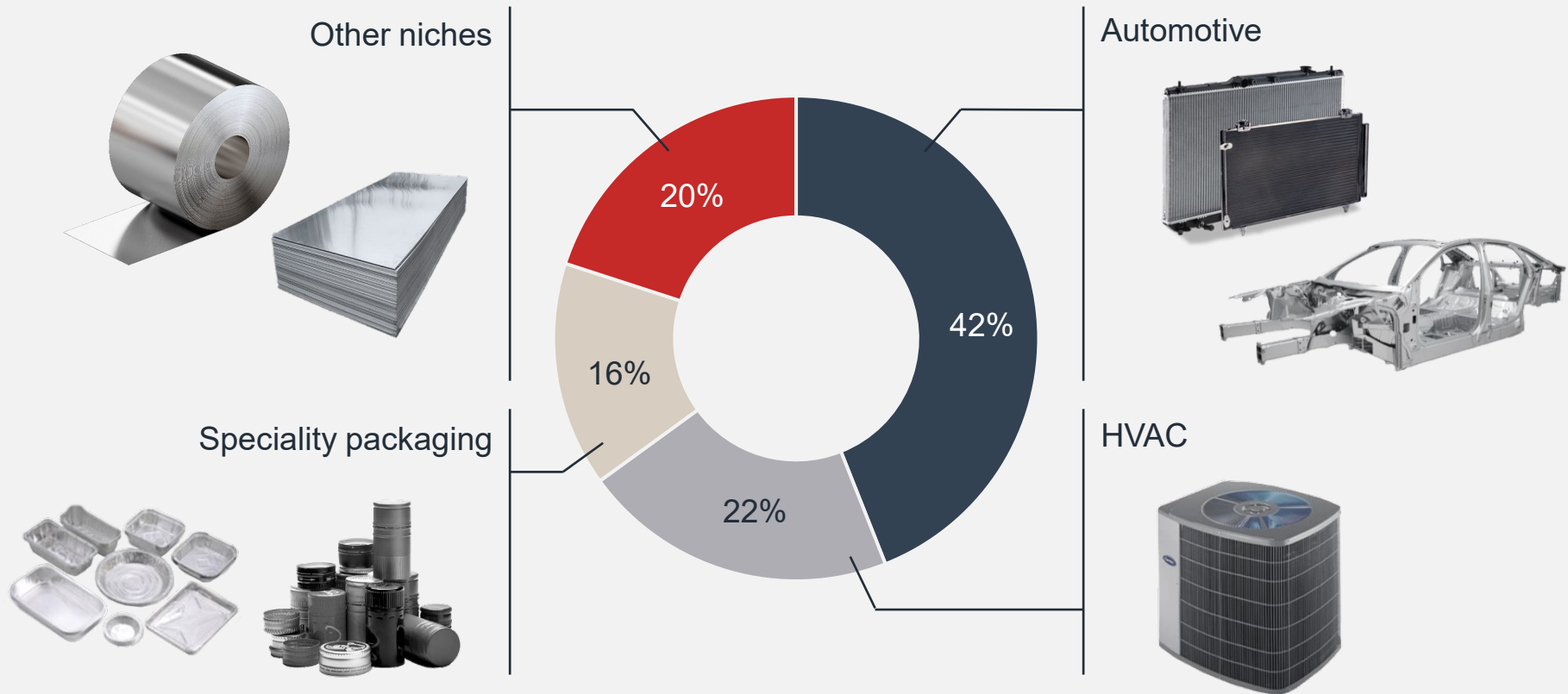
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- Execution on the strategy
  - Milestone reached for Finspång expansion
  - Increased focus on battery applications




















# Leading positions in four key end-customer markets

January – June 2021 sales volume by end-customer market



# Strong recovery against weak comparables across all markets in the second quarter

Q2 2021 sales volume growth by region and end-customer market<sup>1</sup>

YoY (%)	Automotive	HVAC	Speciality Packaging	Other niches	Total
Europe	 +82%	-	 +9% <sup>1</sup>	 +56%	 +78%
Asia Pacific	 +46%	-	-	 +20%	 +41%
North & South America	 +131%	 +51%	 +29%	 +27%	 +50%
Global	 +75%	 +51%	 +29%	 +29%	 +51%

(1) Organic sales volume growth excluding acquisitions, except for Specialty Packaging in Europe where Gränges Konin sales volume growth has been included for reference



# Milestone reached for Finspång capacity expansion and logistics improvement project



- Ongoing investment in Finspång to:
  - Improve environmental footprint
  - Reduce production cost
  - Increase capacity by 20 ktonnes

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- First coil successfully rolled in new cold rolling mill on 11 June, 2021

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- Target completion in second half of 2022

# Supporting the green transition through increased focus on products for battery applications

- The electrification of the transportation industry drives increased demand for rolled aluminium for Lithium-ion battery cathodes and casing

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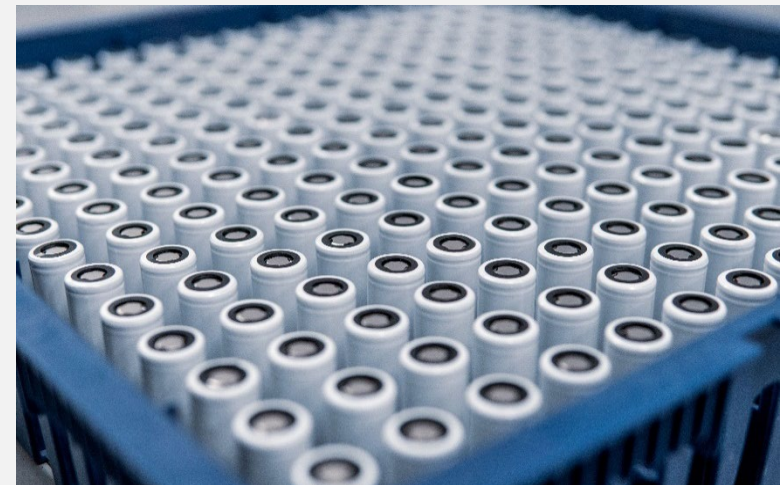
- Gränges has capabilities to serve emerging battery value chains in all geographical regions

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- Demand for rolled aluminium for battery applications estimated to about 900 ktonnes by 2025

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- Investment of SEK 100 million to add capabilities for production of initially 10 ktonnes of cathode foil in Shanghai and Finspång





# Collaborating with Hydro to reduce climate impacts in the automotive industry

- Increased customer commitment and focus on sourcing sustainable materials

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- More than 90% of Gränges' total carbon footprint comes from sourced metals

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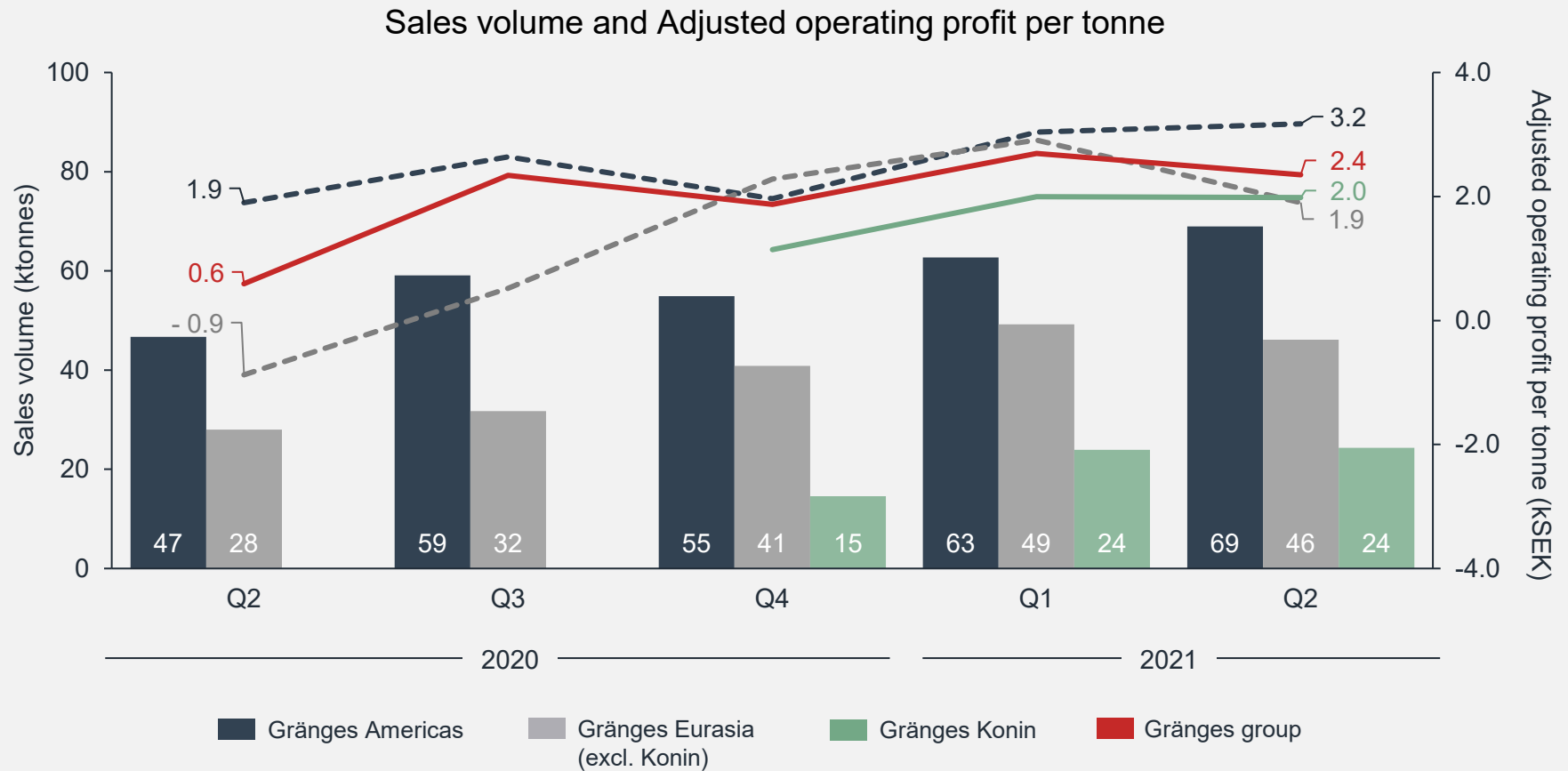
- Collaboration with suppliers important to reduce the climate impact along the value chain

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- Low-carbon primary aluminum from Hydro has a certified maximum carbon footprint less than a quarter of the global average



# Continued year over year sales volume and margin recovery in the second quarter





# Financial overview – second quarter 2021

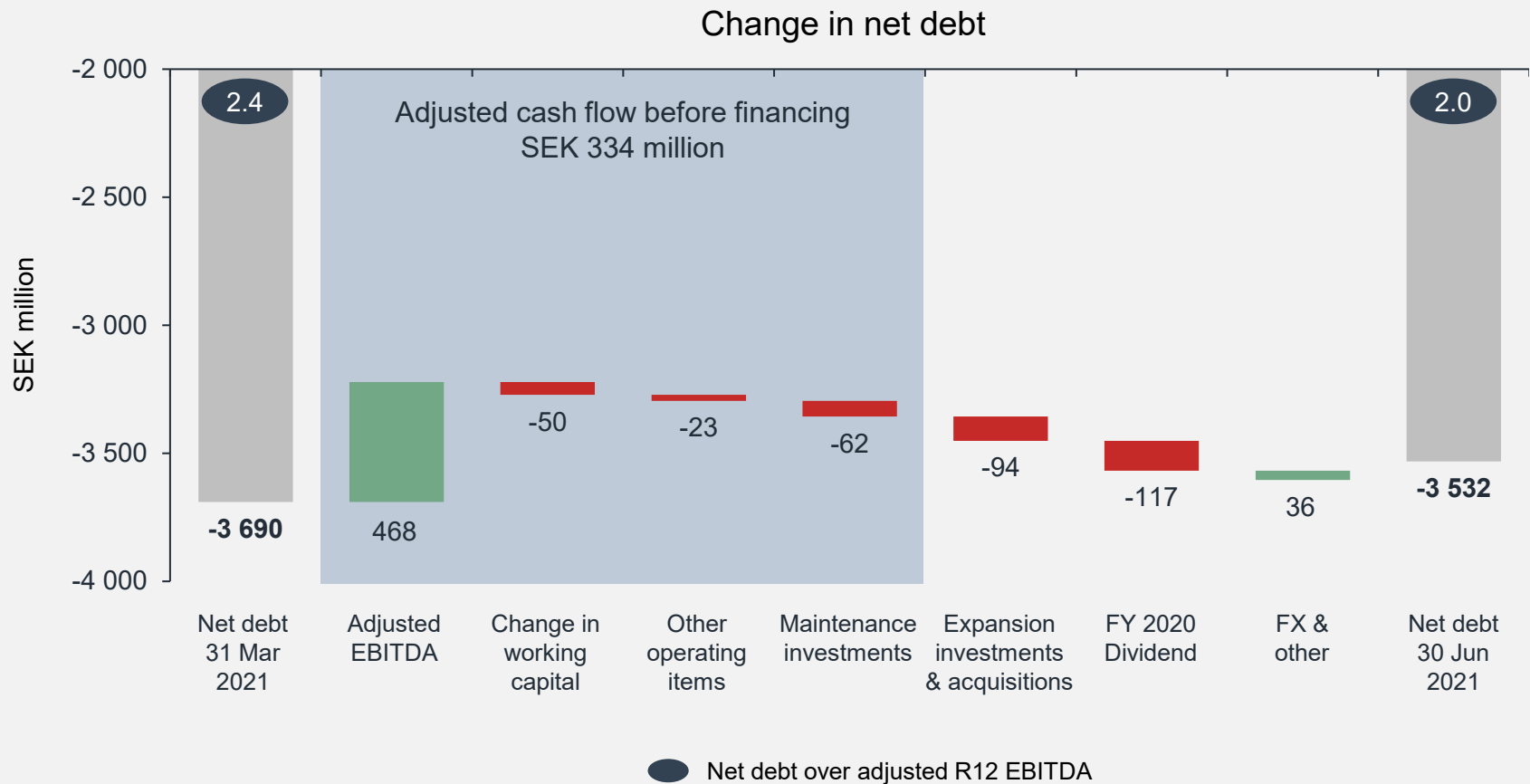
SEK million	Q2			January-June		
	2021	2020	Change	2021	2020	Change
Sales volume (ktonnes)	131.4	70.8	86%	258.1	160.7	61%
Net sales	4,609	2,221	107%	8,651	5,284	64%
Adjusted operating profit <sup>1</sup>	309	42	638%	651	252	159%
Adjusted operating margin (%)	6.7	1.9	4.8 ppt	7.5	4.8	2.8 ppt
Adjusted operating profit per tonne (kSEK)	2.4	0.6	1.8	2.5	1.6	1.0
Operating profit	309	37	743%	635	240	164%
Profit for the period	226	1	n/a	465	133	249%
Earnings per share <sup>2</sup> (SEK)	2.12	0.01	2.11	4.36	1.56	2.79
Adj. cash flow before financing activities <sup>3</sup>	334	238	40%	279	568	-51%
Return on capital employed, R12 (%)	11.8	8.1	3.7 ppt			
Net debt / adjusted EBITDA, R12	2.0	2.9				

(1) Adjusted for items affecting comparability

(2) Diluted

(3) Adjusted for expansion investments and acquisitions

# The net debt amounted to SEK 3.5 billion on 30 June and is back in the target range at 2.0 times EBITDA



Note: Net debt including pension and leasing liabilities. As per 30 June 2021, total pension liabilities amounted to 332 MSEK and leasing liabilities to 233 MSEK. R12 EBITDA per 30 June 2021 includes R12 EBITDA for Gränges Konin.

# Gränges Americas – second quarter 2021

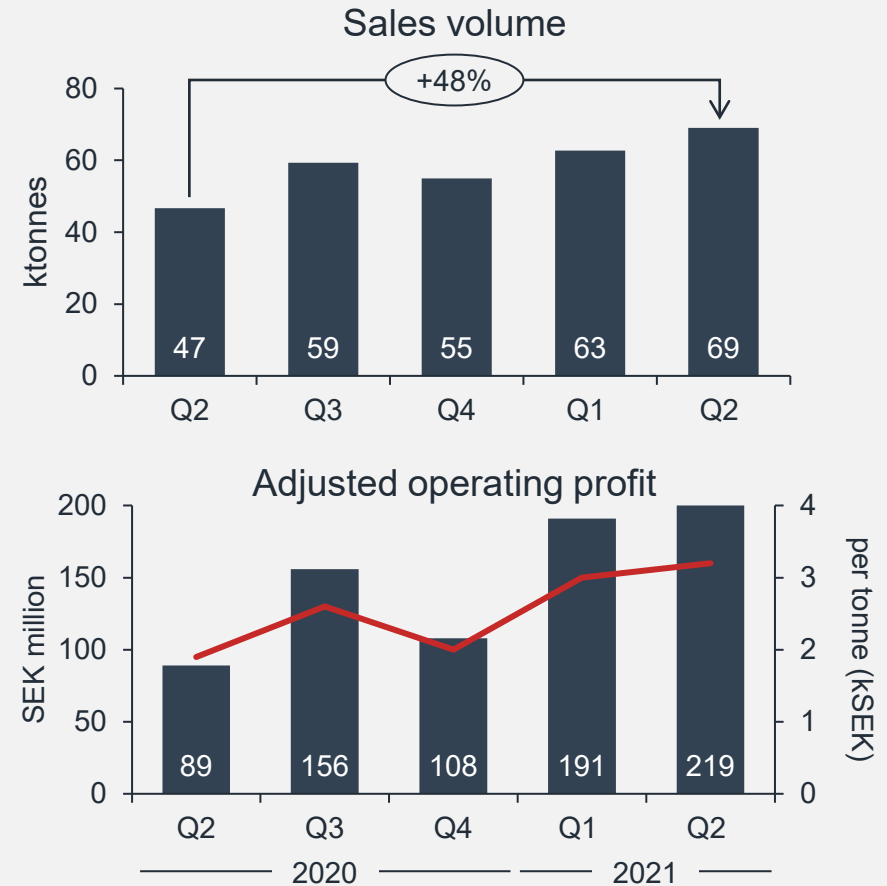
- Continued strong market recovery supported by market share increase

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- All time high sales volume, operating profit and margins, despite
  - Negative FX effects SEK -27 million

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- Fire in Newport cold rolling mill
  - Additional cost of SEK 10 million
  - Further sales ramp-up delayed



# Gränges Eurasia – second quarter 2021

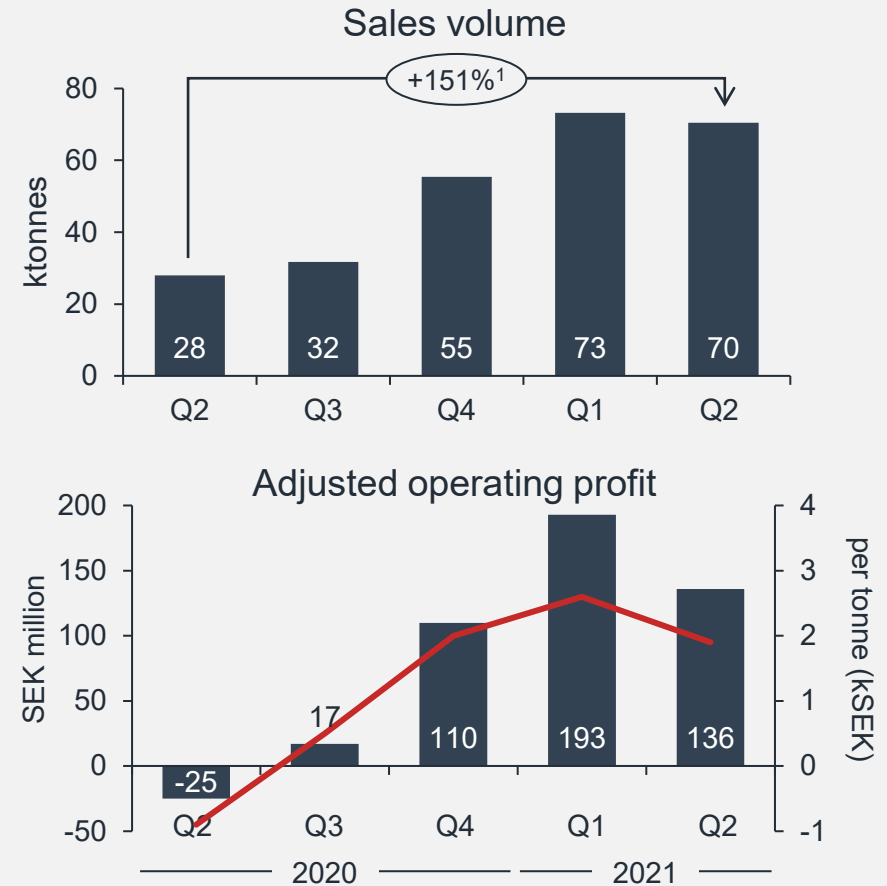
- Strong year over year demand recovery
  - Europe +78%
  - Asia Pacific +41%

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- Solid organic increase in operating profit per tonne, despite
  - Negative FX effects SEK -8 million
  - Grant repayment SEK -7 million

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- Integration of Gränges Konin progressing according to plan
  - Sales volume 24 ktonnes
  - Adj. operating profit SEK 48 million



(1) Excluding the acquisition of Gränges Konin, sales volume increased by 65 per cent to 46.1 ktonnes



# Outlook – third quarter 2021

- Market demand is generally anticipated to remain on a healthy level in the third quarter
- The slowdown in automotive sales is expected to continue into the third quarter
- Sales volume in the third quarter is currently expected to be lower than in the second quarter by a low to mid-single digit percentage
- Increased costs for strategic projects



# Summary – second quarter 2021

- Strong market conditions in all regions
- Record sales volume and improved profit
- Strong cash generation
- Execution on the strategy
- Positive outlook for the third quarter



# Q&A

Johan Menckel, CEO  
Oskar Hellström, CFO





GRÄNGES