

# SECOND QUARTER

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Earnings Presentation  
15 July 2022

# Strong result despite very challenging environment in the second quarter

- Safety first priority – serious setbacks in quarter

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- Sales volume 123 ktonnes (131)
  - Good demand except in automotive
  - China lock-down and Ukraine war
  - Reduced output in Shanghai and Salisbury

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- Adjusted operating profit SEK 374 million (309)
  - All-time-high result
  - Continued margin recovery despite large cost increases

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- Long-term Navigate plan and targets for sustainable growth in place



# Successful mitigation of COVID-19 lock-down in China by an extraordinary team effort

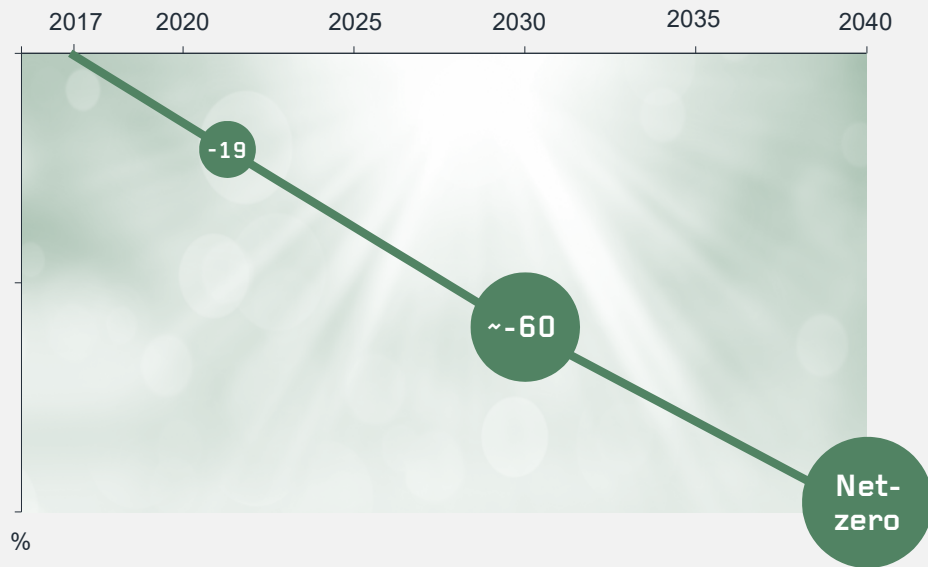


- Granges Shanghai production facility in COVID-19 lock-down in April and May
- Over 200 employees volunteered to live and work at the facility to secure operations
- Return to normal operations as of June
- Sales volume reduction limited to 4 ktonnes (20%) in second quarter

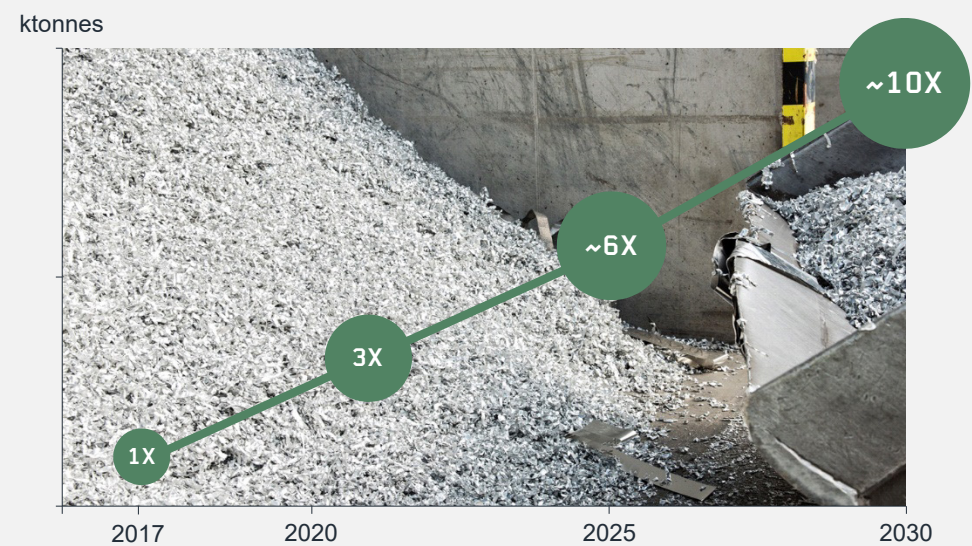


# Raised ambition level for climate and circularity

## Committing to climate neutrality by 2040



## Raised ambitions for recycling and circularity



# Gränges Endure – our new product brand for sustainable and circular solutions



▶ Helping our customers decarbonize

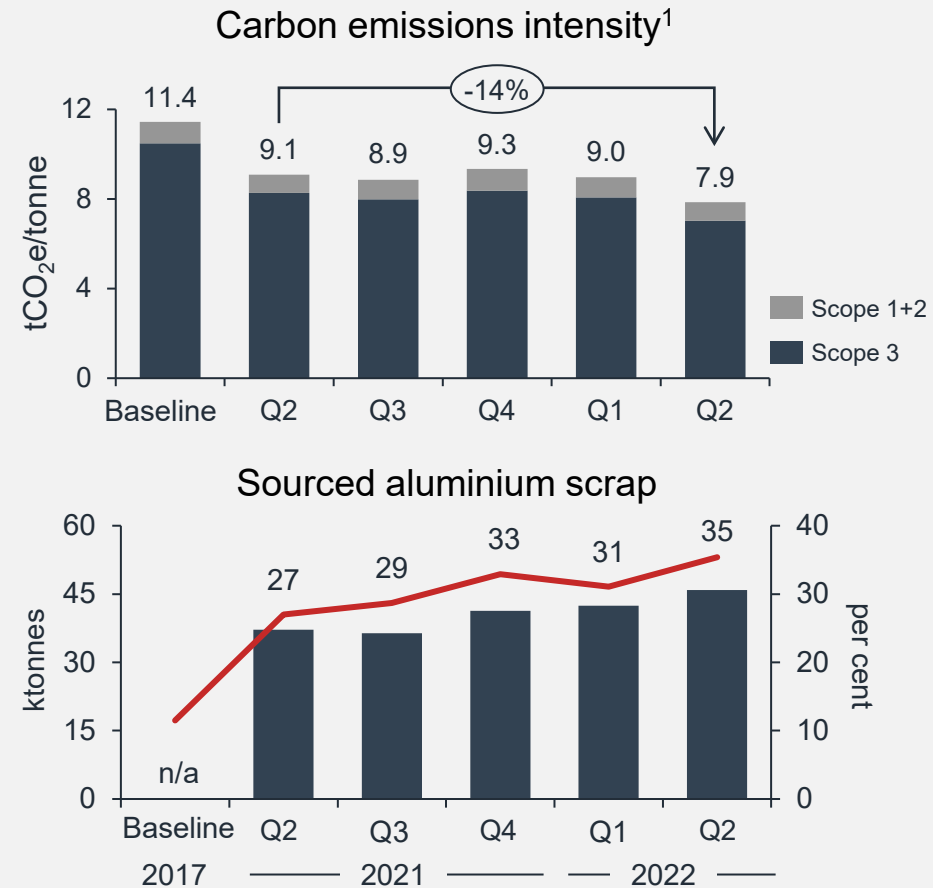
▶ Meeting demands of climate-conscious end-users

▶ Offering the highest quality with the lowest sustainability impact

- ✓ Carbon footprint at maximum 4.0 tCO<sub>2</sub>e/t, cradle-to-gate
- ✓ Third-party verified carbon footprint
- ✓ Third-party verified responsibly sourced and produced

# Continued good sustainability performance in 2022

- Commitment to climate neutrality by 2040 and joining the Science-Based Targets initiative
- Significant decarbonization progress with record-low total carbon footprint
- Sharp increase in recycling volumes through successful recycling and circularity initiatives
- Launch of Gränges Endure product brand for sustainable and circular solutions



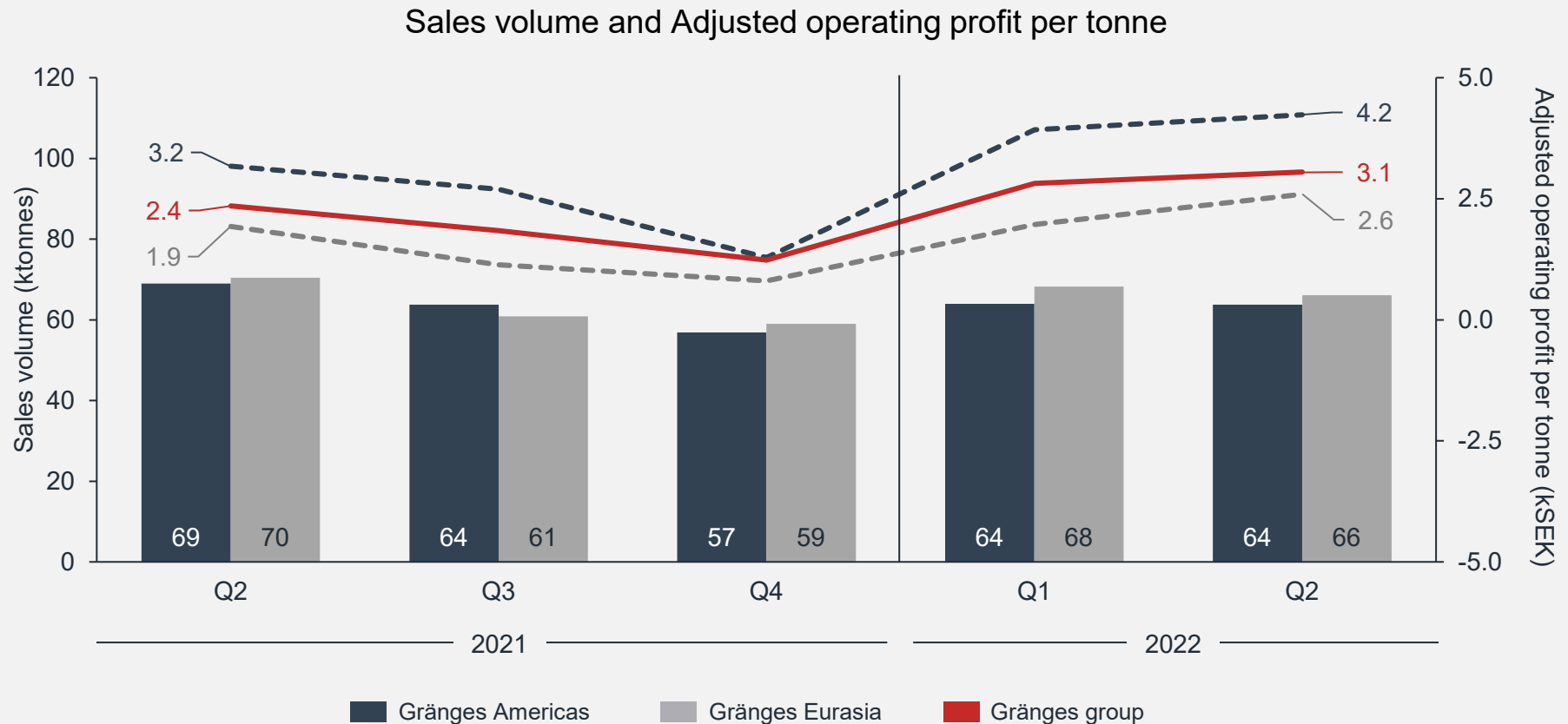
1. Gränges follows the Greenhouse Gas Protocol Standards to calculate its climate impact (cradle-to-gate). Scope 1+2 covers direct emissions from own operations and indirect emissions from purchased energy. Scope 3 covers indirect emissions from sourced metal inputs.

# Generally good demand but China lock-down, Ukraine war and temporary stop in Salisbury impacted sales

Q2 2022 sales volume growth by business area and end-customer market

Gränges Americas			Gränges Eurasia			Gränges Group		
HVAC		-5%	Automotive		-8%	Automotive		-11%
Speciality packaging		-4%	Other niches		+1%	HVAC		-5%
Other niches		-8%	Speciality packaging		-14%	Other niches		-2%
Automotive		-19%	HVAC		-	Speciality packaging		-6%
Total		-8%	Total		-6%	Total		-7%

# Margins continued to recover in the second quarter as price adjustments increasingly offset cost increases





# Financial overview – second quarter 2022

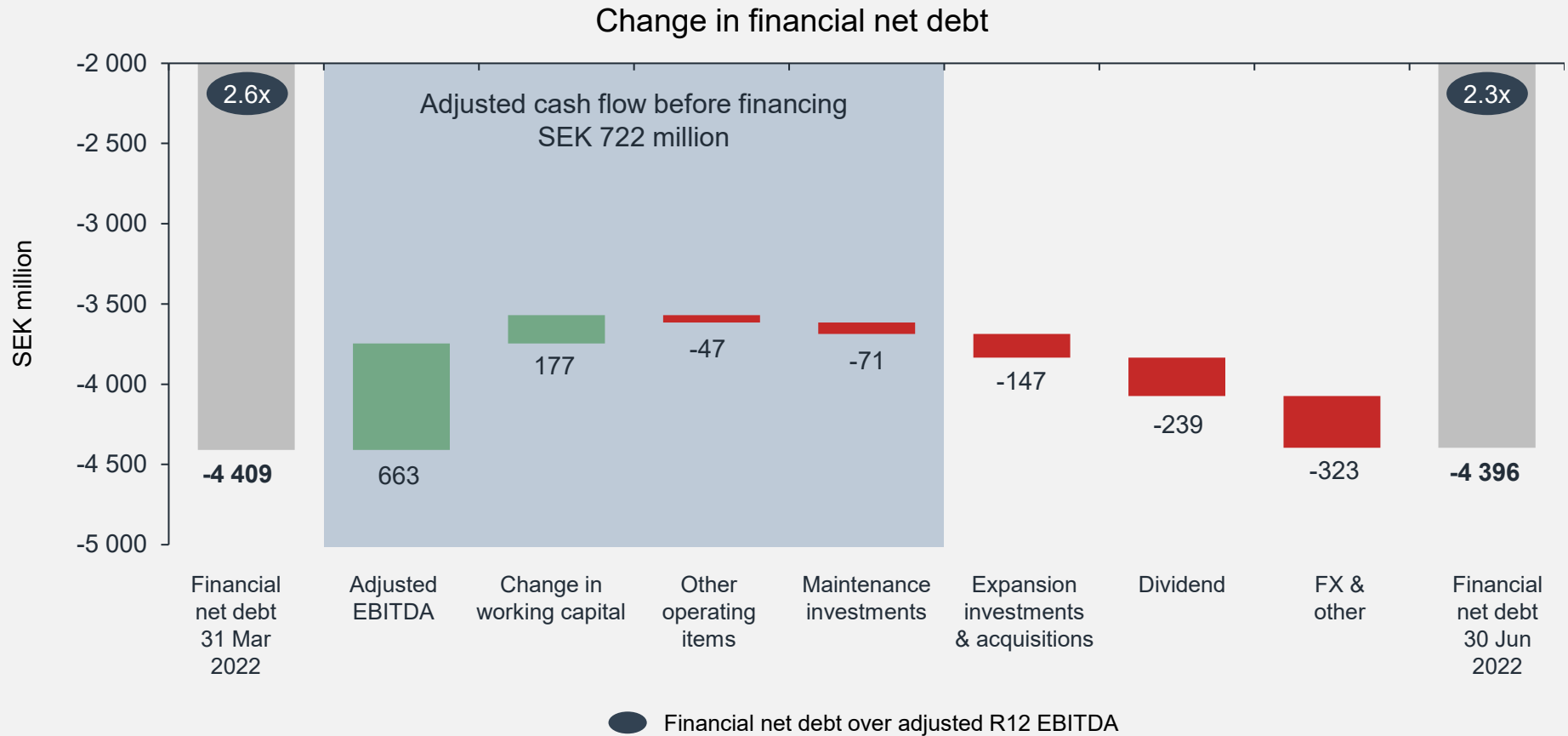
SEK million	Q2			January - June		
	2022	2021	Change	2022	2021	Change
Sales volume (ktonnes)	122.5	131.4	-6.8%	249.2	258.1	-3.4%
Net sales	6,875	4,609	49%	12,955	8,651	50%
Adjusted operating profit <sup>1</sup>	374	309	21%	732	651	12%
Adjusted operating profit per tonne (kSEK)	3.1	2.4	0.7	2.9	2.5	0.4
Operating profit	436	309	41%	794	635	25%
Profit for the period	295	226	31%	556	465	20%
Earnings per share <sup>2</sup> (SEK)	2.78	2.12	0.66	5.23	4.36	0.87
Adj. cash flow before financing activities <sup>3</sup>	722	334	117%	-502	279	n/a
Return on capital employed, R12 (%)				9.7	11.8	-2.2 ppt
Financial net debt / adjusted EBITDA, R12				2.3	1.8	0.5

1. Adjusted for items affecting comparability

2. Diluted

3. Adjusted for expansion investments and acquisitions

# Stable net debt and improved leverage in second quarter helped by gradually falling aluminium price

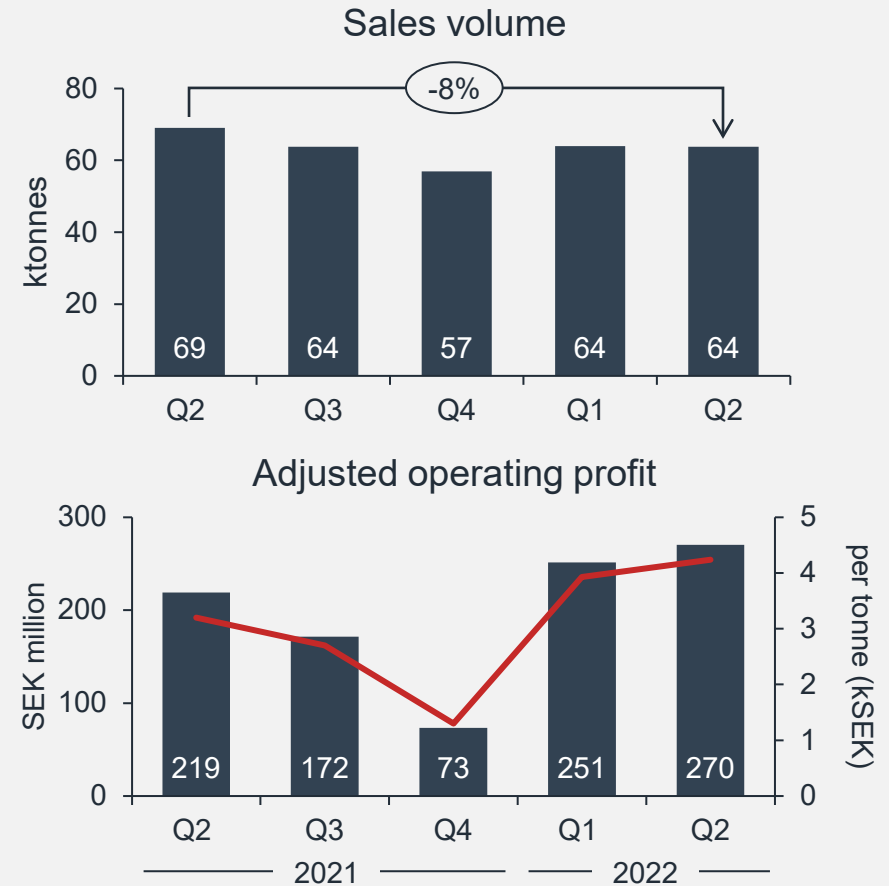


# Gränges Americas – second quarter 2022

- Sales volume decreased by -8%
  - Continued weak automotive market
  - Temporary stop in Salisbury facility

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- All-time-high operating profit and margin
  - Price increases fully compensated for cost increases
  - Positive FX effects SEK 40 million



# Gränges Eurasia – second quarter 2022

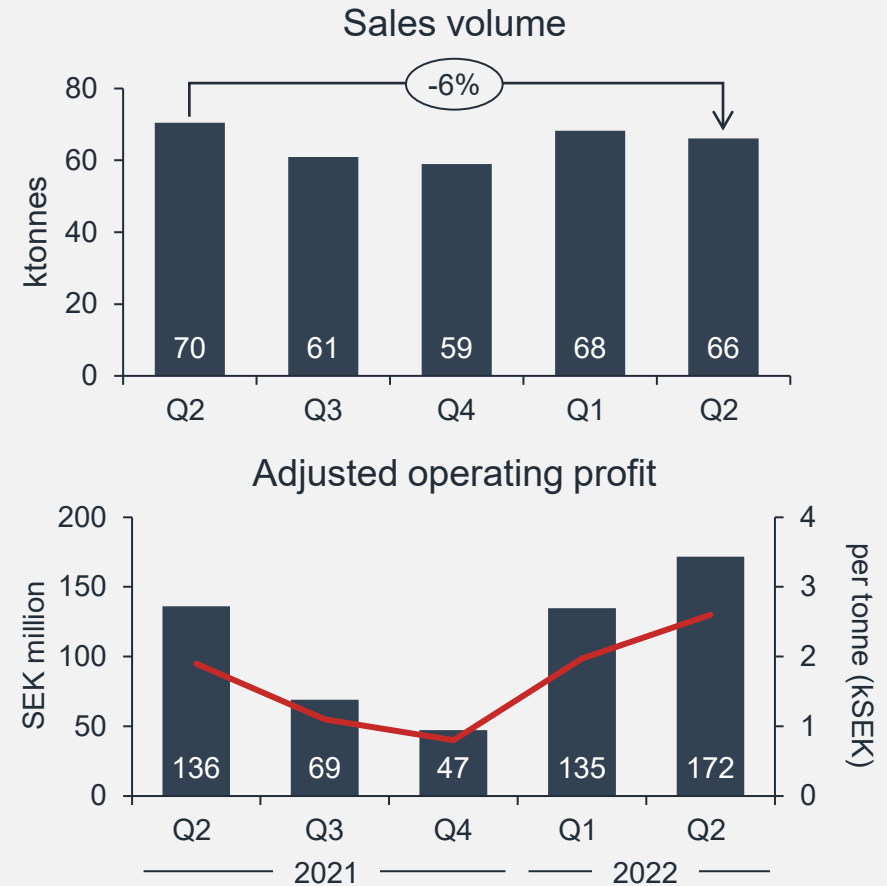
- Challenging situation in Asia due to COVID-19 lock-down in China

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- Sales volume declined by -6%
  - Europe  $\pm 0\%$  and Asia -18%
  - Continued weak automotive market

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- Improved operating profit and margin
  - Price adjustments increasingly offsetting cost increases
  - Negative FX effects SEK -18 million



# Outlook – third quarter 2022

- Short-term macro environment and market outlook remains uncertain
- So far, few concrete signs of sequentially weakening demand going into third quarter
- Ambition to continue margin defense and leverage reduction



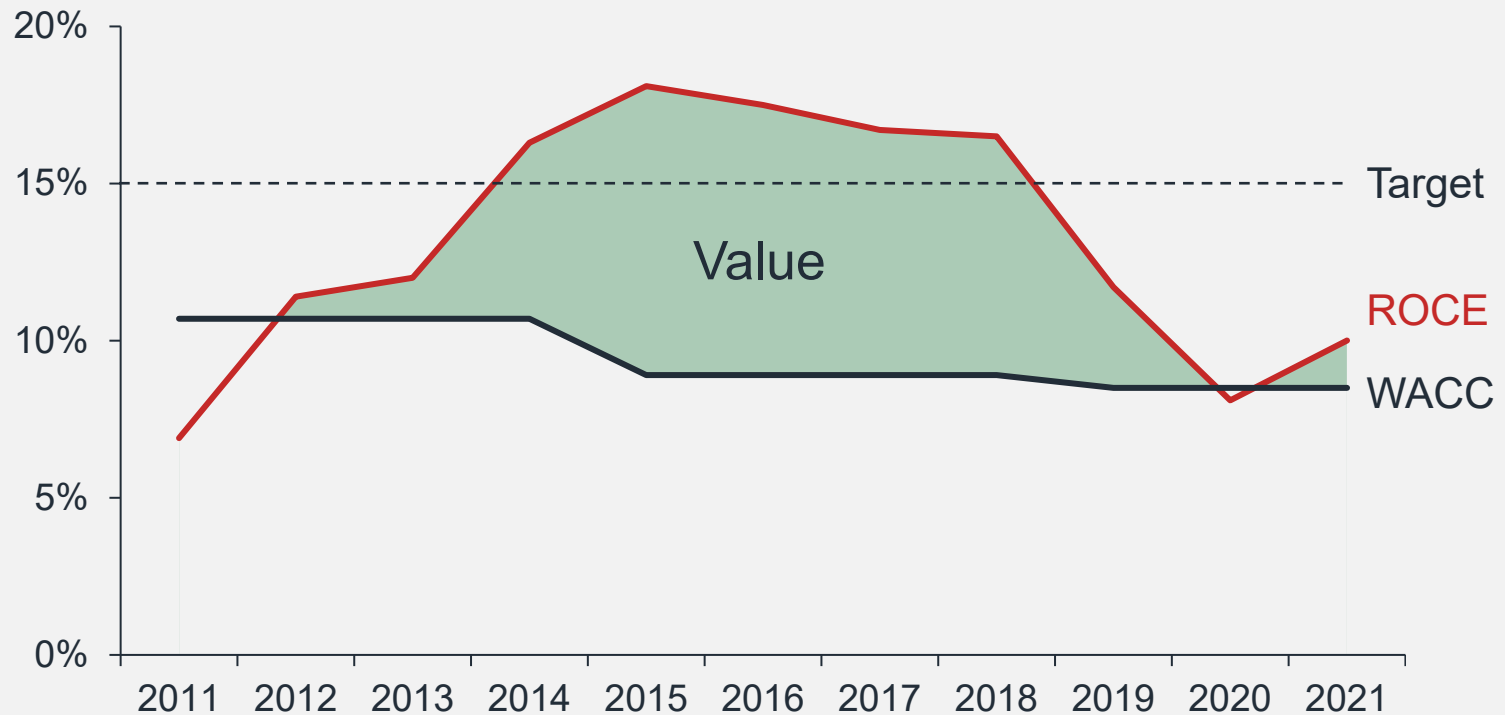




NAVIGATE

Sustainable growth

# Strong value creation for many years, but poor performance recently



# The Navigate plan for sustainable growth

1

## Restore

Strong value creation

Finalize

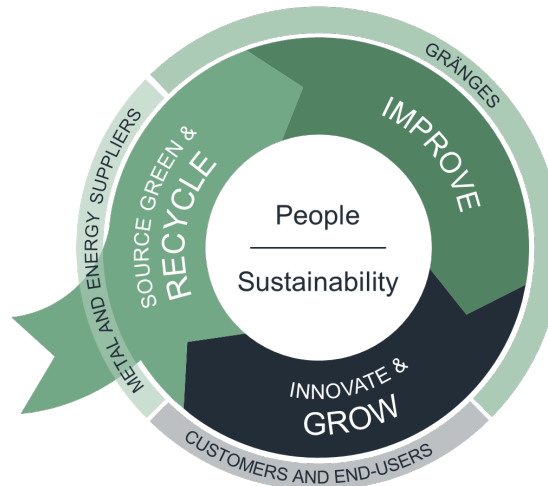
Utilize

Optimize

2

## Build

World's best aluminium technology company

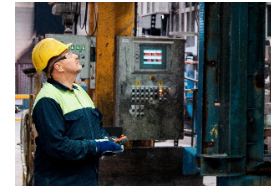


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## Invest

in sustainable growth

Recycling



Optimization



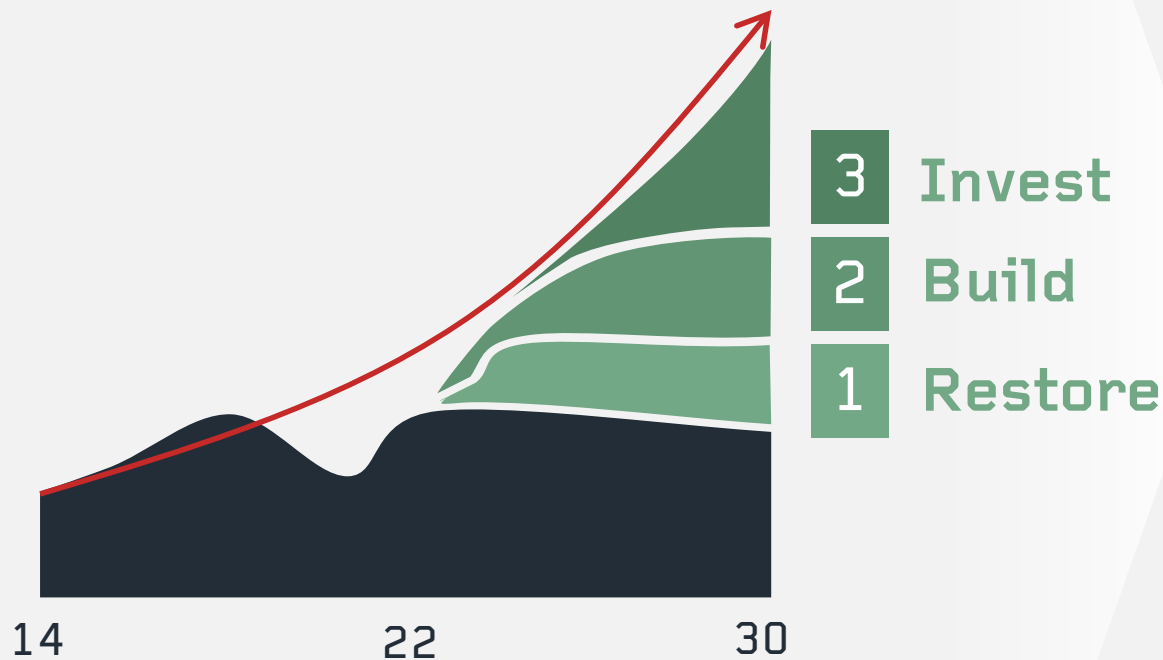
New Markets



M&A&P



# High ambitions

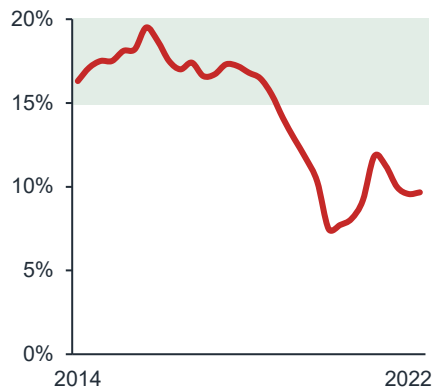


## Sustainable Growth

- World's best aluminium technology company
- 15% ROCE
- 10% operating profit growth
- Continue toward 2040 climate neutrality

# New targets

## Profitability

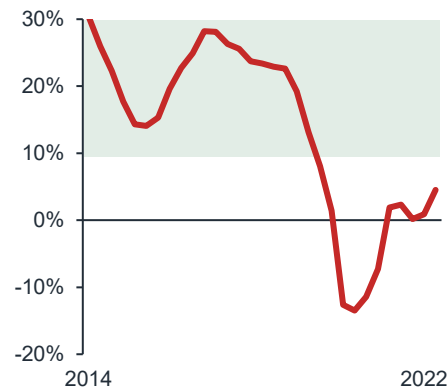


Return on capital employed

**>15%**

*“Restore as soon as possible”*

## Profit growth

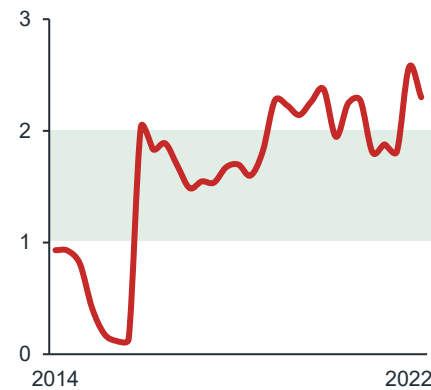


Average operating profit growth<sup>1</sup>

**>10%**

*“Exceed near-term then maintain”*

## Capital structure



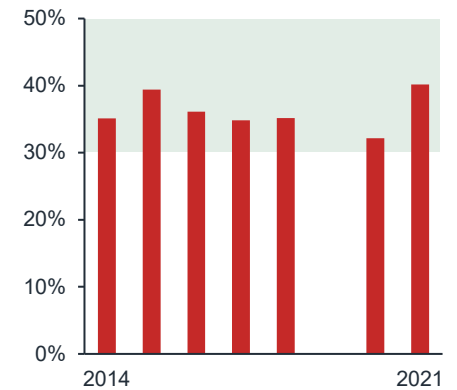
Financial net debt normally between

**1-2x**

**EBITDA**

*“Gradually normalize”*

## Dividend



Dividend as per cent of profit for the year

**30-50%**

*“Maintain”*

1. Chart shows 3y CAGR for R12m adjusted operating profit



# Summary: good progress on many fronts

- Important steps forward on sustainability
- Strong customer interest globally for sustainable, electric vehicle and battery offerings
- Existing investment programs making good headway
- New USD 52 million investment in recycling in Americas
- Battery cathode foil program taking form – first deliveries in Asia 2022, Europe 2023, and Americas 2024
- New Navigate long-term plan and targets in place for sustainable growth
- Best-ever financial and sustainability result in H1 2022



# Q&A

Jörgen Rosengren, CEO  
Oskar Hellström, CFO



GRÄNGES