

4th

quarter 2014



Improved earnings and stable volume in fourth quarter

YEAR-END REPORT JANUARY-DECEMBER 2014

FOURTH QUARTER 2014

- Sales volume reached 37.7 ktonnes (37.6).
- Net sales totalled SEK 1,217 million (1,065), an increase of 14.3%.
- Adjusted operating profit amounted to SEK 103 million (84), corresponding to an adjusted operating margin of 8.4% (7.9).
- Operating profit amounted to SEK 97 million (230). Operating profit for the corresponding quarter last year included insurance compensation of SEK 136 million.
- Profit for the period was SEK 89 million (162). Earnings per share amounted to SEK 1.19 (2.17).

JANUARY-DECEMBER 2014

- Sales volume reached 160.0 ktonnes (158.6), an increase of 0.9% compared to the previous year.
- Net sales totalled SEK 4,748 million (4,642), an increase of 2.3%.
- Adjusted operating profit amounted to SEK 463 million (371), corresponding to an adjusted operating margin of 9.7% (8.0).
- Operating profit amounted to SEK 422 million (456).
- Profit for the period was SEK 319 million (309). Earnings per share amounted to SEK 4.27 (4.14).
- Gränges has a sound financial position. At 31 December 2014, the equity/assets ratio amounted to 47.9% and net debt corresponded to 1.2 times adjusted EBITDA (on a rolling 12-month basis).
- The Board of Directors proposes a dividend of SEK 1.50 per share.

FINANCIAL SUMMARY

Amounts in SEK million	Q4			Jan-Dec		
	2014	2013	Δ	2014	2013	Δ
Sales volume, ktonnes	37.7	37.6	0.1%	160.0	158.6	0.9%
Net sales	1,217	1,065	14.3%	4,748	4,642	2.3%
Adjusted operating profit ¹	103	84	21.8%	463	371	24.8%
Adjusted operating margin, %	8.4	7.9	0.5 ppt	9.7	8.0	1.8 ppt
Adjusted operating profit per tonne, kSEK	2.7	2.2	0.5	2.9	2.3	0.6
Operating profit	97	230	-58.0%	422	456	-7.5%
Operating margin, %	7.9	21.6	-13.6 ppt	8.9	9.8	-0.9 ppt
Profit for the period	89	162	-45.0%	319	309	3.1%
Net cash flow before financing activities	188	235	-19.8%	597	450	32.6%
Return on capital employed, %	-	-	-	16.3	12.0	4.3
Earnings per share, SEK ²	1.19	2.17	-0.97	4.27	4.14	0.13

¹ Adjusted for other non-recurring income and expenses (see note 5).

² Earnings per share, before and after dilution. Previous periods have been restated according to the current number of outstanding shares.

COMMENTS BY THE CEO



Gränges performed well during the fourth quarter with a sales volume in line with the previous year and improved earnings. Adjusted operating profit rose to SEK 103 million, corresponding to an adjusted operating margin of 8.4%. Continuous improvements and more efficient production, in combination with favourable foreign exchange rates contributed

positively and offset higher central costs as a result of that we now are listed and an impairment loss on assets in Finspång.

Asia showed good volume growth in the fourth quarter, driven by a strong automotive market in China. In Europe, volume decreased during the quarter as expected. This was due to lower sales of scrap-based industrial products, which is positive and means that we have become more efficient in our materials handling, as well as lower contracted volumes to one heat exchanger customer. In the Americas, volume started to increase again in the fourth quarter due to the fact that we reached full production capacity in two new contracts that were signed earlier in the year.

STRATEGIC WORK HAS DELIVERED RESULTS

To sum up, 2014 was a good year for Gränges and we can see that our strategic work has delivered results. We have secured new contracts and developed new, innovative products. The important work on improving efficiency in Finspång has contributed positively while at the same time, we have worked actively with the cost base in Shanghai.

We have also delivered according to our long-term financial targets relating to return and net debt. Return on capital employed rose to 16.3% during the full-year 2014 – well within the target range of 15–20%, and net debt at year-end corresponded to 1.2 times EBITDA and was therefore also in line with the target of 1–2 times. Growth for the full-year measured in volume terms remained at 1%, which is a slightly lower rate than our end markets.

We have a strong financial position, favourable cash flow and good future prospects. In light of this, the Board of Directors proposes a dividend of SEK 1.50 per share for 2014, which means that 35% of net profit for the year will be returned to our shareholders.

OUTLOOK

The global vehicle production weakened at the end of 2014. We expect this trend to continue during the first half of 2015. Somewhat improved growth figures are expected during the second half of the year.

Rising aluminium premiums are expected to have some impact during the present year, provided the upswing remains. This means that there might be some lead time before Gränges receives full coverage for the entire premium cost. This is the same assessment as we made in the report for the third quarter in November 2014. The weakening of the Swedish krona in recent months is expected to have a positive impact during 2015.

Overall, we still feel comfortable ahead of 2015. We have a leading global position and a clear growth strategy where Asia and North America are prioritised geographical areas. Our aim is to secure and further strengthen our position with continued good profitability.

Johan Menckel, CEO Gränges

FOURTH QUARTER 2014

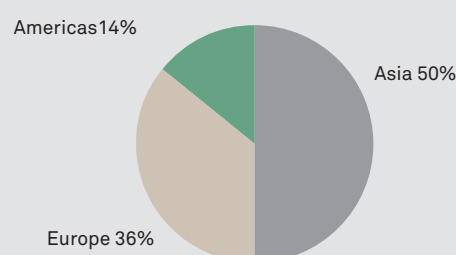
Sales volume

37.7 ktonnes

Net sales

SEK **1,217** million

Sales volume per region



Adjusted operating profit

SEK **103** million

Adjusted operating margin

8.4 %

MARKET DEVELOPMENT

According to the international analysis company IHS, global light vehicle production increased with 1% in the fourth quarter of 2014, compared to the corresponding quarter in 2013. During the full-year 2014, light vehicle production is estimated to have increased by approximately 3%. In Asia, light vehicle production increased with just under 1% during the fourth quarter of 2014 and by just under 4% during the full-year 2014. Growth was primarily driven by a strong development in China. In Europe, light vehicle production was stable in the fourth quarter of 2014 but it increased by some 3% during the full-year 2014. In the Americas, the increase was approximately 1% in the fourth quarter while production remained at the same level for the full-year 2014 as in the year before. The IHS forecast for the full-year 2015 is an increase in global light vehicle production of approximately 2%.

Demand for aluminium products for brazed heat exchangers, which is Gränges' main market and accounts for 90% of the company's sales volume, is strongly correlated with the market for light vehicles. Since Gränges is further up the supply chain, there is a lead time between growth in Gränges' markets and vehicle production.

SALES DEVELOPMENT

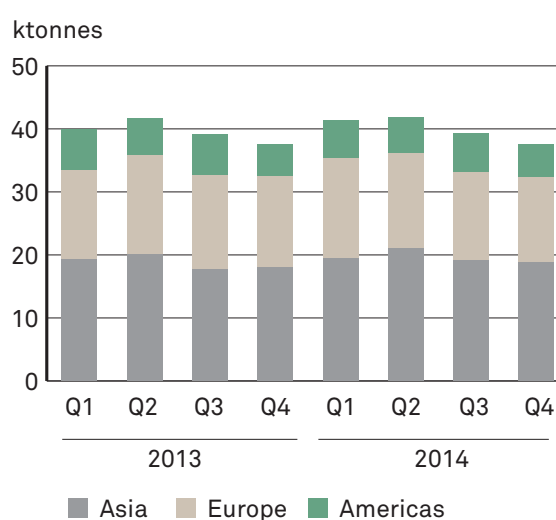
The sales volume in the fourth quarter of 2014 was 37.7 ktonnes (37.6), which is line with the corresponding quarter last year. Net sales totalled SEK 1,217 million (1,065). The increase was mainly explained by a positive net effect from changes in foreign exchange rates of SEK 100 million. Higher aluminium prices also contributed to the increase in net sales during the quarter.

During the full-year 2014, sales volume reached 160.0 ktonnes (158.6), an increase of 0.9% compared to the previous year. Net sales totalled SEK 4,748 million (4,642). The net effect of changes in foreign exchange rates was positive and amounted to SEK 160 million during the full-year 2014, while lower aluminium prices had a negative impact on net sales.

Asia

In the fourth quarter of 2014, sales volume to Asia increased by 4.5% to 18.8 ktonnes (18.0). Higher light vehicle production in China contributed to this upturn while the sales volume in other Asian countries increased at a slightly lower rate. During the full-year 2014, sales volume in Asia reached 78.3 ktonnes (75.0), an increase of 4.4% compared to the previous year.

QUARTERLY SALES VOLUME PER REGION



Europe

In the fourth quarter of 2014, sales volume in Europe fell by 5.9% to 13.6 ktonnes (14.5). The lower volume was due to lower sales of scrap-based products for non-heat exchanger applications as well as lower contracted volumes to one heat exchanger customer. During the full-year 2014, sales volume reached 58.6 ktonnes (59.5), which was a decrease of 1.6% compared to the previous year.

Americas

In the fourth quarter of 2014, sales volume to the Americas increased by 1.3% to 5.2 ktonnes (5.1). The increase compared to the previous year is mainly a result of the fact that volume to two new customers reached full run rate during the quarter, which offset lower contracted volumes to another customer. During the full-year 2014, the sales volume totalled 23.1 ktonnes (24.0), representing a decline of 4.1% compared to the previous year.

OPERATING PROFIT

Operating profit for the fourth quarter of 2014 amounted to SEK 97 million (230). Operating profit for the corresponding quarter of the previous year included insurance compensation of SEK 136 million.

Adjusted operating profit amounted to SEK 103 million (84), corresponding to an adjusted operating margin of 8.4% (7.9). Net changes in foreign exchange rates had a positive effect of SEK 23 million during the quarter, which offset increased central costs and an impairment loss on non-current assets of SEK 7 million. Efficiency improvements in Sweden continued to have an effect.

During the full-year 2014, operating profit amounted to SEK 422 million (456). Adjusted operating profit totalled SEK 463 million (371), corresponding to an adjusted operating margin of 9.7 percent (8.0). The net effect of changes in foreign exchange rates was positive and amounted to SEK 35 million for the twelve-month period.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

In the fourth quarter of 2014, net financial items amounted to SEK 18 million (-12), of which SEK 25 million related to exchange gains on a dividend from the Shanghai subsidiary earlier in the year. Profit before tax amounted to SEK 116 million (220), including profits of joint ventures of SEK 1 million (2). Income tax for the period amounted to SEK -27 million (-58), which corresponds to an effective tax rate of 23% (26). Gränges has been pre-qualified for a tax rate in China of 15% instead of 25% during the period 2013-2015. Pending final notice from the tax authorities, Gränges applies the higher tax rate in China.

During the full-year 2014, net financial items amounted to SEK -5 million (-43). Profit before tax was SEK 420 million (418), which includes profits of joint ventures of SEK 3 million (5). The tax expense for the full-year 2014 amounted to SEK -102 million (-109), corresponding to an effective tax rate of 24% (26).

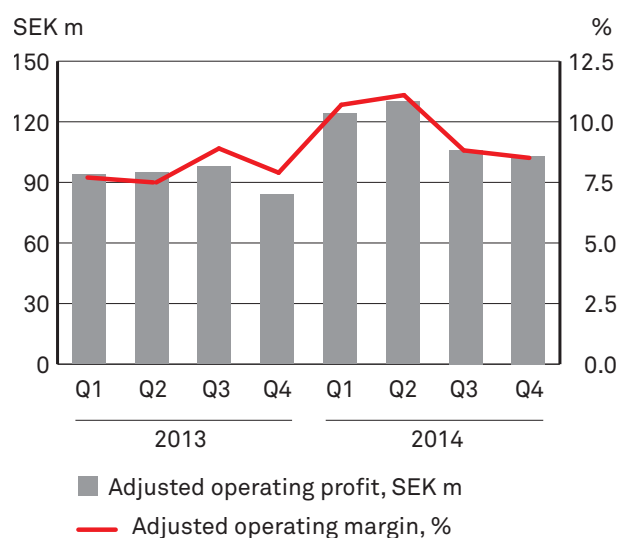
Net profit was SEK 89 million (162) during the fourth quarter of 2014. Earnings per share, before and after dilution, amounted to SEK 1.19 (2.17). During the period January-December 2014, net profit increased to SEK 319 million (309) and earnings per share, before and after dilution, increased to SEK 4.27 (4.14).

CASH FLOW

Cash flow from operating activities amounted to SEK 227 million (277) in the fourth quarter of 2014. A seasonal decrease in working capital and refunded tax had a positive impact on cash flow. Compared to the fourth quarter previous year, the lower cash flow from operations was due to decreasing working capital levels being partly offset by the depreciating SEK.

During the full-year 2014, cash flow from operating activities amounted to SEK 678 million (601). This includes insurance compensation of SEK 325 million (0) related to a fire in Finspång in 2010, of which SEK 13 million was paid to Sapa as compensation for a damaged building. Cash flow was negatively impacted by an increased working capital need due to higher aluminium prices and higher tax paid as a result of increased earnings.

QUARTERLY OPERATING PROFIT AND OPERATING MARGIN, ADJUSTED



Cash flow from investing activities for the fourth quarter of 2014 amounted to SEK -39 million (-42). Gränges has recently completed an extensive investment programme. Capital expenditure during the quarter mainly comprised investments to maintain production facilities and to improve efficiency in them to some extent.

During the full-year 2014, cash flow from investing activities amounted to SEK -81 million (-151). The disposal of a property had a positive impact of SEK 14 million on cash flow from investing activities during the year. Net cash flow before financing activities amounted to SEK 188 million (235) in the fourth quarter of 2014 and to SEK 597 million (450) during the period January–December 2014.

Cash flow from financing activities for the fourth quarter of 2014 amounted to SEK -155 million (-70). During the period January-December 2014, cash flow from financing activities amounted to SEK -941 million (-88). Prior to the listing of Gränges on Nasdaq Stockholm, a one-time dividend of SEK 1,650 million was paid to Orkla Industriinvesteringar.

Cash and cash equivalents amounted to SEK 644 million at 31 December 2014 (SEK 896 million at 31 December 2013).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 4,460 million at 31 December 2014 (SEK 4,626 million at 31 December 2013). The equity/assets ratio amounted to 47.9% at 31 December 2014 (67.0% at 31 December 2013).

Consolidated net debt including pension liabilities amounted to SEK 765 million at 31 December 2014 (net cash SEK 126 million at 31 December 2013). In September 2014, a one-time dividend was paid to Orkla Industriinvesteringar AB prior to the listing of SEK 1,650 million, of which SEK 700 million was funded by existing cash balances and SEK 950 million via a loan from Orkla ASA. The loan from Orkla was subsequently replaced by external bank financing.

At 31 December 2014, the Group's net debt was 1.2 times adjusted EBITDA (calculated on a rolling 12-month basis).

EMPLOYEES

The average number of employees in the Gränges Group was 955 (972) in the fourth quarter of 2014 and 952 (964) during the period January–December 2014.

PARENT COMPANY

Gränges' parent company is the former parent company of the Sapa Group. A legal split of the company took place in March 2013 when Gränges and Sapa became separate companies. As a consequence, the historical financial statements include Sapa through the first quarter of 2013. The lower costs in 2014 are partly explained by the fact that costs related to Sapa in the first quarter of 2013 are included in the comparative period, which did not affect the consolidated financial statements, and partly by a loss in connection with property disposals in 2013.

In January–December 2014, net sales in the parent company totalled SEK 95 million (152) and the profit for the period was SEK 108 million (383).

SIGNIFICANT EVENTS DURING THE PERIOD

Gränges listed on Nasdaq Stockholm

On 10 October 2014, Gränges was listed on Nasdaq Stockholm. The offering comprised existing shares sold by the principal owner Orkla at SEK 42.50 per share. In total, shares in the offering were sold for SEK 2.2 billion.

New credit facility

Gränges entered into a SEK 1,800 million multicurrency credit facility, which came into force in conjunction with the IPO on 10 October 2014. The credit facility has a maturity of five years and will be used for general business purposes. As per 31 December 2014, SEK 900 million has been drawn of the credit facility.

Incentive programme

In conjunction with the Gränges IPO, an employee option programme was established for executive management and other key employees in the company. The programme comprises a total of 1,000,000 employee warrants, with a corresponding number of underlying shares, and has a term of two years from the listing date on Nasdaq Stockholm. The programme subsequently has a conversion period of one year. If exercised in full, the employee option programme would lead to a dilution of approximately 1.3% of the total number of shares in Gränges.

Energy efficiency in focus at Gränges' industry conference in China

Gränges hosted a technology seminar in China in mid-October 2014. The seminar, which is held every other year, was the eighth since Gränges started its operations in China in 1996. Delegates included some 300 people representing Gränges' key customers and partners in Asia. Energy efficiency and more environmentally friendly emissions were in focus at the seminar.



SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events have occurred after the end of the period until the year-end report for 2014 was published.

ANNUAL GENERAL MEETING IN GRÄNGES

Gränges' 2015 Annual General Meeting (AGM) will take place on 4 May 2015 at 16.00 CET at Näringslivets Hus, Storgatan 19, in Stockholm. Light refreshments will be served and registration will commence from 15.00 CET. Shareholders who wish to have a question dealt with at the AGM should make such a request no later than seven weeks before the AGM.

Additional information about registration for the AGM and the proposed decisions points of the Board of Directors and Nomination Committee will be published on the company's website in connection with the notice convening the AGM.

Nomination Committee

The Nomination Committee ahead of Gränges' 2015 Annual General Meeting is composed of representatives from the company's largest shareholders. Mikael Aru (Orkla), Claes Murander (Lannebo fonder), Jannis Kitsakis (AP4) and Anders G Carlberg (Chairman of Gränges) have been appointed members of the Nomination Committee. Mikael Aru is the Chairman of the Nomination Committee.

Dividend

The Board of Directors of Gränges proposes a dividend of SEK 1.50 per share for 2014, equivalent to SEK 112 million in total. The proposed dividend represents 35% of the net profit for the period. Gränges' dividend policy states that the target is to distribute 30-50% of the net profit for the period.

In its proposal, the Board has considered the company's financial position, cash flow and outlook.

Provided that the AGM approves the Board's proposal, the record day for the dividend will be Wednesday, 6 May 2015 and the funds will be disbursed via Euroclear Sweden on Monday, 11 May 2015.

SHARE INFORMATION

The share capital in Gränges amounts to SEK 100 million, divided into 74,639,386 shares, each with a quota value of SEK 1.339775. Gränges only has one class of shares.

Ahead of the listing of the company's shares on Nasdaq Stockholm, the company's share capital was reduced from SEK 933 million to SEK 100 million and a 2:1 split of the company shares was carried out.

OWNERSHIP STRUCTURE

Largest shareholders in Gränges at 31 December 2014.

	Number of shares	Share of capital and votes
Orkla Industriinvesteringar AB	23,138,286	31.0
Lannebo Fonder	8,797,863	11.8
Fjärde AP-fonden	5,810,000	7.8
AFA Försäkring	3,490,000	4.7
Handelsbanken fonder	2,682,162	3.6
Avanza Pension	2,317,530	3.1
Enter Fonder	1,870,506	2.5
SEB Investment Management	1,724,392	2.3
Norges Bank	1,200,000	1.6
Praktikertjänst Pensionsstiftelse	1,200,000	1.6
Total 10 largest shareholders	52,230,739	70.0
Other	22,408,647	30.0
Total	74,639,386	100.0

Source: Euroclear Sweden AB

The number of shareholders in Gränges amounted to 5,506 at 31 December 2014.

OTHER

Risks and uncertainty factors

As a group operating globally and in multiple jurisdictions, Gränges is exposed to various risks and uncertainties, such as raw material prices, market, operational and legal risks, as well as to financial risks related to changes in foreign exchange rates, interest rates, liquidity and funding capability. Risk management in Gränges is focused on identifying, evaluating and reducing risks related to the Group's business and operating environment. More information about risk management is available on pages 12-20 of the prospectus prepared prior to the listing of Gränges on Nasdaq Stockholm.

Seasonal variations

Gränges' business is subject to seasonal variations to a limited degree. Due to the summer vacations and Christmas holidays in Europe and the Americas, the first six months are generally stronger than the second half of the year. Gränges' increased exposure to global markets has led to lower seasonal variations.

Stockholm 4 February 2015

Johan Menckel
CEO Gränges

This year-end report has not been reviewed by the auditors of the company.

For additional information, please contact:

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Webcasted telephone conference

On Wednesday, 4 February 2015 at 10.00 CET, CEO Johan Menckel and CFO Oskar Hellström will present Gränges' year-end report for the period January-December 2014 via a webcasted telephone conference. The webcast can be accessed on Gränges website www.granges.com/investors. To take part in the telephone conference, please call +46 851999030 (Sweden), +44 2076602077 (United Kingdom) or +1 8552692607 (USA). Please call a few minutes before the telephone conference starts. The presentation will be made in English.

FINANCIAL CALENDAR

17 March 2015	Annual Report 2014
4 May 2015	2015 Annual General Meeting
4 May 2015	Interim Report January-March 2015
21 July 2015	Interim Report January-June 2015
23 October 2015	Interim Report January-September 2015

The information in this year-end report is such that Gränges must disclose pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on Wednesday, 4 February 2015 at 07.30 CET.



CONSOLIDATED INCOME STATEMENT (CONDENSED)

Amounts in SEK million	Note	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	4	1,217	1,065	4,748	4,642
Cost of materials		-739	-613	-2,819	-2,806
Payroll and other operating expenses		-321	-320	-1,265	-1,278
Depreciation and impairment charges		-54	-48	-201	-187
Other income and expenses	5	-6	146	-41	85
Operating profit		97	230	422	456
Profit from joint ventures		1	2	3	5
Finance income and costs		18	-12	-5	-43
Profit before taxes		116	220	420	418
Taxes		-27	-58	-102	-109
Profit for the period		89	162	319	309
Earnings per share					
Earnings per share (SEK), basic and diluted	6	1,19	2,17	4,27	4,14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

Amounts in SEK million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Profit for the period	89	162	319	309
Items not to be reclassified to profit/loss in subsequent periods				
Actuarial gains and losses pensions after tax	-7	8	-20	8
Items to be reclassified to profit/loss in subsequent periods				
Change in hedging reserve after tax	-15	-6	-21	-15
Translation effects	101	22	295	25
Comprehensive income	79	24	244	18
Comprehensive income attributable to owners of the parent	168	186	563	327

CONSOLIDATED BALANCE SHEET (CONDENSED)

Amounts in SEK million	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Property, plant and equipment		1,712	1,661
Intangible assets		13	13
Deferred tax assets		44	34
Investments in joint ventures		30	25
Interest-bearing receivables		31	26
Non-current assets		1,829	1,759
Inventories		815	680
Receivables	2	1,172	1,291
Cash and cash equivalents		644	896
Current assets		2,631	2,867
TOTAL ASSETS		4,460	4,626
EQUITY			
Paid in equity		100	1,195
Retained earnings		2,037	1,903
Equity		2,137	3,098
LIABILITIES			
Interest-bearing liabilities		892	265
Provisions and other non-current liabilities		178	135
Non-current liabilities		1,071	400
Interest-bearing liabilities		401	412
Other current liabilities	2	852	716
Current liabilities		1,253	1,128
TOTAL EQUITY AND LIABILITIES		4,460	4,626

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

Amounts in SEK million	2014	2013
Opening balance as at 1 January	3,098	2,208
Profit/loss for the period	319	309
Items in comprehensive income for the period	244	18
Total comprehensive income for the period	563	327
Employee option programme	0	-
Group contributions/Shareholder contributions ¹	126	563
Dividend ¹	-1,650	-
Total transactions with owners, recognised directly in equity	-1,524	563
Closing balance as at 31 December	2,137	3,098

¹ Relating to transactions with Orkla Group before the IPO.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK million	Note	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Operating profit		97	230	422	456
Depreciation and impairment charges		54	48	201	194
Other items not affecting cash flow		-	-136	-	-136
Change in working capital etc.	3	33	112	144	118
Taxes paid (net)		43	23	-88	-31
Cash flow from operating activities		227	277	678	601
Investments in property, plant and equipment and intangible assets		-41	-51	-94	-125
Divestment of property, plant and equipment		-	4	14	5
Investments in joint ventures and associated companies		0	-5	0	-5
Other capital transactions		2	10	-1	-26
Cash flow from investing activities		-39	-42	-81	-151
Dividend/group contributions (net paid to/ received from shareholders)		0	11	-1,524	567
Interest paid/received (net)		-8	-8	-28	-43
<i>Change in interest-bearing liabilities</i>		-145	-73	616	-586
<i>Change in interest-bearing receivables</i>		-2	-	-5	-26
Net change in interest-bearing liabilities/receivables		-147	-73	611	-612
Cash flow from financing activities		-155	-70	-941	-88
Cash and cash equivalents at beginning of period		586	726	896	527
Change in cash and cash equivalents		33	165	-344	362
Exchange rate differences in cash and cash equivalents		25	6	92	7
Cash and cash equivalents at end of period		644	896	644	896

PARENT COMPANY INCOME STATEMENT (CONDENSED)

Amounts in SEK million	Jan-Dec 2014	Jan-Dec 2013
Net sales	95	152
Payroll and other operating expenses	-163	-256
Depreciation and impairment charges	-16	-20
Other income and expenses	11	-113
Operating profit	-74	-237
Profit from financial items		
Dividends from subsidiaries	100	477
Income from participations in group companies	-	24
Interest income and similar profit/loss items	36	238
Interest expenses and similar profit/loss items	-6	-99
Net financial items	130	641
Profit/loss before taxes	56	404
Appropriations		
Changes in additional depreciation	0	10
Group contributions	55	-
Income tax	-3	-31
Profit/loss for the period	108	383

In the Parent Company, there are no items that are recognised as other comprehensive income and therefore total comprehensive income corresponds to net profit for the year.

PARENT COMPANY BALANCE SHEET (CONDENSED)

Amount in SEK million	31 Dec 2014	31 Dec 2013
ASSETS		
Property, plant and equipment	234	257
Participations in group companies	422	421
Non-current receivables from group companies	130	575
Interest-bearing receivables	31	27
Financial assets	582	1,023
Total non-current assets	816	1,280
Receivables from group companies	466	747
Other receivables	21	32
Cash and cash equivalents	21	1
Total current assets	507	780
TOTAL ASSETS	1,323	2,060
EQUITY AND LIABILITIES		
Equity		
Restricted equity	100	1,195
Unrestricted equity	205	653
Total equity	305	1,848
Untaxed reserves, additional depreciation	10	9
Liabilities to group companies	-	27
Interest-bearing liabilities	892	0
Provisions and other non-current liabilities	23	22
Total non-current liabilities	915	49
Liabilities to group companies	31	84
Other liabilities	62	70
Total current liabilities	94	154
TOTAL EQUITY AND LIABILITIES	1,323	2,060

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 Consolidated Financial Statements for Gränges AB (publ) 2011–2013, which are available at www.granges.com. This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Accounting principles for the Parent Company

The Parent Company applies the Annual Accounts Act and RFR 2 Reporting for Legal Entities. Application of RFR 2 entails that in the year-end report for the legal entity, the Parent Company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligation Vesting Act and taking into account the connection between accounting and taxation.

The main deviations between the accounting principles applied by the Gränges Group and the Parent Company are described below.

Gränges Group applies IAS 19 Employee Benefits in the consolidated financial statements. The Parent Company applies the principles in FAR's Recommendation RedR4 Accounting of pension liabilities and pension costs. Consequently there are differences between the Gränges Group and the Parent Company in the accounting of defined benefit pension plans.

Regarding machinery and equipment, the Parent Company recognises the difference between depreciation according to plan and tax depreciation as accumulated additional depreciation, which is included in untaxed reserves.

Group contributions received from subsidiaries are recognised as financial revenues and group contributions received from the parent company are recognised in equity.

Gränges Group applies IAS 39 Financial Instruments: Recognition and Measurement and measures derivatives at fair value. The Parent Company measures derivatives at cost in accordance with the Swedish Annual Accounts Act.

New accounting principles 2014

No new IFRS or IFRIC interpretations have had any material impact during 2014.

NOTE 2 FINANCIAL INSTRUMENTS

Financial instruments measured at fair value consist of derivative instruments (currency forwards, currency swaps and aluminium futures). Receivables include derivative instruments amounting to SEK 55 million as of 31 December 2014 (SEK 25 million as of 31 December 2013). Other liabilities include derivative instruments amounting to SEK 85 million as of 31 December 2014 (SEK 29 million as of 31 December 2013).

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. Derivatives are calculated as follows. Currency forwards and currency swaps are measured at fair value using the observed forward exchange rate for contracts with a corresponding term to maturity at the balance sheet date. Aluminium futures are measured at fair value using the quoted futures price on the LME (London Metal Exchange).

The use of derivatives involves a counterparty risk, in that a potential gain will not be realized if the counterparty does not fulfil its part of the contract. The Group has entered into netting agreements (primarily ISDA) with counterparties that are eligible for derivative transactions. Netting means that receivables and debts may be offset in some situations, including in the event of counterparty insolvency. These netting agreements have no impact on the Gränges Group's reported financial position, as derivative transactions are reported gross.

Management assesses that there are no material differences between the fair values and carrying amounts of financial instruments that are recognised at amortised cost. For current borrowings, the impact of discounting is not significant and interest-bearing liabilities are also subject to variable interest rates.

NOTE 3 INSURANCE SETTLEMENT

In December 2013, an arbitral award was issued in the process between Gränges and the insurer related to the fire in Finspång in February 2010. The settlement entitled Gränges to compensation of SEK 325 million, in addition to the SEK 120 million already received in 2010. At the time of the settlement, Gränges had a booked net claim of SEK 165 million, after which the claim was increased by SEK 160 million to SEK 325 million in December 2013. The compensation was recognised as other income and claims. The cash flow effect of the settlement occurred in January 2014.

NOTES

NOTE 4 RELATED PARTY TRANSACTIONS

Transactions are made between Gränges and the Orkla Group, which owned 100% of Gränges until October 2014. Gränges has paid Orkla for use of joint services. Orkla has provided capital

through equity and loans. Transactions are also made with the Group's joint venture Norca Heat Transfer LLC. The transactions with Orkla and Norca are specified in the table below.

Amounts in SEK million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Joint expenses with the Orkla Group	-14	-1	-18	-17
Sales to group companies and joint venture	172	180	688	708

Amounts in SEK million	31 Dec 2014	31 Dec 2013
Interest-bearing receivables joint ventures	31	26
Trade payables	1	-
Interest-bearing liabilities (non-current)	-	265
Interest-bearing liabilities (current)	-	81

NOTE 5 OTHER INCOME AND EXPENSES

Amounts in SEK million	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
IPO costs	-25	-	-50	-
M & A costs	15	-6	15	-24
Finspång fire costs (net)	-	136	-5	136
Finspång restructuring costs	-	-13	-	-13
Capital loss from sale of property	-	-	-4	-
Other	4	29	4	-14
Total other income and expenses	-6	146	-40	85
Of which:				
Impairment losses on property, plant and equipment	-	-	-	-7

Gränges was listed on the stock exchange during 2014. The costs related to this process amounted to SEK 50 million during 2014, of which SEK 25 million impacted the fourth quarter of 2014.

VAT relating to previous years' costs for M&A projects of SEK 15 million was claimed back during 2014 and received from the Swedish Tax Agency.

Other items amounted to SEK 4 million in the fourth quarter of 2014. This amount includes insurance compensation related to a claim from 2011.

NOTE 6 EARNINGS PER SHARE

The employee option programme has not resulted in any dilution as the redemption price exceeded the average share price during the period.

CONSOLIDATED QUARTERLY DATA

Amounts in SEK million	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume, ktonnes	37.7	39.3	41.7	41.3	37.6	39.2	41.8	40.0
Income statement								
Net sales	1,217	1,198	1,176	1,157	1,065	1,104	1,253	1,220
Adjusted EBITDA	157	156	178	173	132	145	143	138
Adjusted operating profit ¹	103	106	130	124	84	98	95	94
Operating profit	97	81	124	120	230	60	73	94
Profit for the period	89	55	90	85	162	40	48	60
Adjusted EBITDA margin, %	12.9	13.0	15.2	15.0	12.4	13.1	11.4	11.3
Adjusted operating margin, %	8.4	8.8	11.1	10.7	7.9	8.9	7.5	7.7
Adjusted operating profit per tonne, kSEK	2.7	2.7	3.1	3.0	2.2	2.5	2.3	2.4
Operating margin, %	7.9	6.8	10.5	10.4	21.6	5.4	5.8	7.7
Net margin, %	7.3	4.6	7.7	7.4	15.2	3.6	3.8	4.9
Cash flow								
Operating activities	227	-36	104	383	277	151	149	25
Investing activities	-39	-9	-13	-21	-42	-27	-35	-47
Net cash flow before financing activities	188	-45	91	362	235	124	114	-22
Financing activities	-155	-665	120	-241	-70	-134	57	59
Cash flow for the period	33	-710	211	122	165	-11	171	37
Data per share								
Earnings per share, SEK ²	1.19	0.73	1.21	1.14	2.17	0.53	0.64	0.80
Share price at the end of the period, SEK	51.00	-	-	-	-	-	-	-
Number of outstanding shares								
Weighted outstanding ordinary shares, '000	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4	74,639.4

¹ Adjusted for other non-recurring income and expenses (see note 5).

² Earnings per share, before and after dilution. Previous periods have been restated according to the current number of outstanding shares.

CONSOLIDATED QUARTERLY DATA

Amounts in SEK million	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume, ktonnes								
Asia	18.8	19.1	21.1	19.4	18.0	17.7	20.0	19.3
Europe	13.6	14.0	15.0	16.0	14.5	15.0	15.8	14.2
Americas	5.2	6.2	5.7	6.0	5.1	6.5	5.9	6.5
Gränges	37.7	39.3	41.7	41.3	37.6	39.2	41.8	40.0
Net sales								
Asia	634	594	588	563	535	504	626	607
Europe	410	416	426	426	385	412	454	421
Americas	173	188	162	168	145	187	174	193
Gränges	1,217	1,198	1,176	1,157	1,065	1,104	1,253	1,220

Amounts in SEK million	31 Dec 2014	30 Sep 2014	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013
Balance sheet								
Non-current assets	1,829	1,801	1,720	1,715	1,759	1,767	1,808	1,781
Current assets	2,631	2,647	3,119	2,754	2,867	2,730	2,907	2,664
Equity	2,137	1,969	3,418	3,154	3,098	2,912	2,941	2,266
Non-current liabilities	1,071	1,116	191	163	400	430	401	977
Current liabilities	1,253	1,364	1,230	1,152	1,128	1,155	1,373	1,202
Other								
Net cash/(debt)	-765	-951	711	471	126	-128	-227	-890
Capital employed	2,901	2,919	2,707	2,683	2,972	3,039	3,167	3,156

CONSOLIDATED 12-MONTH ROLLING DATA

Amounts in SEK million	Jan 2014 - Dec 2014	Okt 2013 - Sep 2014	Jul 2013 - Jun 2014	Apr 2013 - Mar 2014	Jan 2013 - Dec 2013	Okt 2012 - Sep 2013	Jul 2012 - Jun 2013	Apr 2012 - Mar 2013
Sales volume, ktonnes	160.0	160.0	159.9	160.0	158.6	158.1	154.5	153.6
Income statement								
Net sales	4,748	4,596	4,502	4,579	4,642	4,757	4,809	4,931
Adjusted EBITDA	664	639	628	593	558	550	522	542
Adjusted operating profit	463	444	437	401	371	372	348	374
Operating profit	422	555	534	482	456	324	365	405
Adjusted EBITDA margin, %								
Adjusted EBITDA margin, %	14.0	13.9	14.0	12.9	12.0	11.6	10.8	11.0
Adjusted operating margin, %								
Adjusted operating margin, %	9.7	9.7	9.7	8.8	8.0	7.8	7.2	7.6
Adjusted operating profit per tonne, kSEK								
Adjusted operating profit per tonne, kSEK	2.9	2.8	2.7	2.5	2.3	2.4	2.3	2.4
Operating margin, %								
Operating margin, %	8.9	12.1	11.9	10.5	9.8	6.8	7.6	8.2
Return indicators								
Return on capital employed, %	16.3	15.5	15.0	13.4	12.0	12.0	11.1	11.8
Return on equity, %	11.6	13.5	12.1	11.6	11.5	-	-	-
Other								
Net debt / Adjusted EBITDA	1.2	1.5	-1.1	-0.8	-0.2	0.2	0.4	1.6
Equity/Assets, %	47.9	44.3	70.6	70.6	67.0	64.8	62.4	51.0

DEFINITIONS

Adjusted EBITDA

Adjusted operating profit before depreciation and impairment

Adjusted operating profit

Operating profit excluding other income and expenses.

Capital employed

Total assets less cash and cash equivalents and interest-bearing receivables, minus non-interest bearing liabilities.

Earnings per share

Profit for the period divided by the total number of shares. Historical share date has been recalculated and based on the present number of shares to increase comparability.

ktonne

Volume expressed in thousands of metric tonnes.

Net cash flow before financing activities

Cash flow from operating activities plus cash flow from investing activities.

Net debt

Cash and cash equivalents and interest-bearing receivables minus interest-bearing liabilities, including pensions.

Other income and expenses

Non-recurring income and expenses

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-month period.

Return on equity

Profit for the period divided by average equity during the past 12-month period.

Sales volume

Sold volume specified in tonnes

SEK

Swedish kronor.

GLOSSARY

Alloy

Material consisting of several metals.

Aluminium strip

Rolled aluminium in coils

Brazing

Joining of metals through melting.

Cladding

Surface layer.

Heat exchanger

A device for transferring heat from one medium to another.

HVAC&R

Heating, Ventilation, Air Conditioning and Refrigeration.

LME

London Metal Exchange

Rolled aluminium

Aluminium that has been down gauged, passing through two or more rollers.

Scrap

Residual aluminium that can be re-melted

SHFE

Shanghai Futures Exchange



ABOUT GRÄNGES

Gränges is a leading global supplier of rolled products for the brazed aluminium heat exchanger industry. The Group develops, produces and markets advanced materials that enhance both production economy during the customer manufacturing process as well as the performance of the final products, the brazed heat exchangers. Gränges has its headquarters in Stockholm, Sweden, and operates in three geographical regions: Europe, Asia and the Americas. The company has production, research and development facilities in Finspång, Sweden, and Shanghai, China, with total annual capacity of approximately 210,000 metric tonnes. Gränges was founded in 1896 and the company started its present operations in 1972 when it started to develop material for brazed heat exchangers. Gränges has some 950 employees and net sales in 2014 totalled SEK 4,748 million. For more information about Gränges, you are welcome to visit www.granges.com.

VISION

Gränges' vision is to help create smaller, lighter and more designable heat exchangers to increase economic efficiency and reduce environmental impact.

BUSINESS MODEL

Gränges' business model is based on long-term customer commitments where the company supports customers with product development, service and technical support during the entire lifecycle for a heat exchanger model. Revenue is generated through the sale of finished products. Prices are expressed per metric tonne and based on the added value Gränges offers in terms of material properties, product complexity and as well as the price of the raw material, aluminium.

STRATEGIES

Gränges' strategy is to be a global niche player in the market for rolled products for brazed aluminium heat exchangers. By focusing on this niche and a global offering of customised products with a high technology content, Gränges aims to strengthen its leading position and continue to grow with good profitability. The strategy is based on a high level of production expertise, leading technology and a strong customer focus.



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