

YEAR-END REPORT JANUARY–DECEMBER 2020

Strong fourth quarter concluded a challenging yet productive year

Fourth quarter 2020

- The acquisition of Aluminium Konin has been completed and is consolidated from November.
- Sales volume increased by 32.6 per cent to 103.3 ktonnes (77.9). Net sales increased to SEK 3,149 million (2,682). Excluding acquisitions sales volume increased by 13.9 per cent and net sales was SEK 2,761 million.
- Adjusted operating profit increased to SEK 193 million (144) and adjusted operating profit per tonne was 1.9 kSEK (1.9). Excluding acquisitions, adjusted operating profit increased to SEK 177 million.
- Profit for the period increased to SEK 106 million (47) and includes items affecting comparability of SEK –27 million (–30).
- Basic and diluted earnings per share increased to SEK 1.19 (0.56).¹
- Adjusted cash flow before financing activities was SEK 232 million (191).
- A rights issue has been completed and proceeds of SEK 1,701 million before transaction costs was received.

January–December 2020

- Sales volume increased by 0.9 per cent to 350.6 ktonnes (347.3). Net sales decreased to SEK 11,008 million (11,978). Excluding acquisitions sales volume decreased by 3.2 per cent and net sales was SEK 10,620 million.
- Adjusted operating profit was SEK 648 million (866) and adjusted operating profit per tonne was 1.8 kSEK (2.5). Excluding acquisitions, adjusted operating profit was SEK 632 million.
- Profit for the period amounted to SEK 363 million (600) and includes items affecting comparability of SEK –64 million (–30).
- Basic and diluted earnings per share amounted to SEK 4.21 (7.05).¹
- Adjusted cash flow before financing activities was SEK 1,180 million (1,048), representing a cash conversion of 182 per cent.
- Net debt decreased to SEK 3,292 million at 31 December 2020 (SEK 3,465 million at 31 December 2019), corresponding to 2.2 times adjusted EBITDA^{2,3} (2.6 times at 31 December 2019).
- The Board of Directors proposes a dividend of SEK 1.10 (–) per share, corresponding to 32 per cent (–) of the profit for the year.

Financial summary

SEK million	Q4			Jan–Dec		
	2020	2019	Δ	2020	2019	Δ
Sales volume, ktonnes	103.3	77.9	32.6%	350.6	347.3	0.9%
Net sales	3,149	2,682	17.4%	11,008	11,978	–8.1%
Adjusted operating profit ³	193	144	34.0%	648	866	–25.1%
Adjusted operating margin, %	6.1	5.4	0.8 ppt	5.9	7.2	–1.3 ppt
Adjusted operating profit per tonne, kSEK	1.9	1.9	0.0	1.8	2.5	–0.6
Operating profit	167	115	45.5%	584	836	–30.1%
Operating margin, %	5.3	4.3	1.0 ppt	5.3	7.0	–1.7 ppt
Profit for the period	106	47	124.3%	363	600	–39.5%
Earnings per share basic, SEK ¹	1.19	0.56	0.63	4.21	7.05	–2.84
Earnings per share diluted, SEK ¹	1.19	0.56	0.63	4.21	7.05	–2.84
Cash flow before financing activities	–1,017	68	n/a	–322	–148	117.2%
Equity to assets, %	–	–	–	43.7	41.2	2.6 ppt
Net debt	–	–	–	3,292	3,465	–173
Return on capital employed, %	–	–	–	8.1	11.7	–3.6 ppt

¹ Weighted outstanding ordinary shares have been adjusted to reflect dilution effect from rights issue in December 2020.

² Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see Note 7 for further information.

³ Adjusted for items affecting comparability, see Note 5 for further information.

COMMENTS BY THE CEO

The acquisition of Aluminium Konin and the rights issue create a solid foundation for growth

IMPROVED MARKET CONDITIONS

We experienced a continued market recovery in the fourth quarter of 2020. The sales volume in the fourth quarter exceeded 100 ktonnes for the first time in an individual quarter and reached 103.3 ktonnes, which represents a 33 per cent growth over the same period last year. Excluding the acquired sales volume from Aluminium Konin, the fourth quarter sales volume was up 14 per cent compared with the same period last year and 2 per cent compared to the sales volume in the third quarter. The adjusted operating profit increased to SEK 193 million largely driven by the higher sales volume. Aluminium Konin contributed to the operating profit with SEK 17 million while exchange rate fluctuations had a negative impact on adjusted operating profit of SEK 11 million. The cash generation continued to be strong in the fourth quarter and the cash flow before financing, adjusted for expansion investments and acquisitions, amounted to SEK 232 million.

Market conditions in the fourth quarter were particularly strong for the HVAC business, where the unusually long and warm season together with a market share increase contributed to a 24 per cent increase in sales volume compared to last year. For the automotive business we continued to experience a recovery in the fourth quarter recording a sales volume growth of 4 per cent over prior year and 16 per cent over the third quarter, excluding acquired growth from Aluminium Konin. The signs of recovery were strongest in Americas, where sales to automotive customers increased by 8 per cent over prior year, followed by Europe and Asia with a growth of 5 and 2 per cent respectively. Sales in Americas and Europe was positively impacted by restocking at customer level.

ALUMINIUM KONIN ACQUISITION COMPLETED

In the beginning of November we completed the acquisition of Aluminium Konin, now renamed Gränges Konin. The acquisition strengthens our product offering and presence in Europe and contributes with strong positions in new attractive niche markets. Gränges Konin also adds new capabilities and capacity to expand the offering for future transportation solutions, such as electric vehicles. Following the completion of the acquisition we

have worked closely with our new colleagues in Poland to integrate Konin into Gränges and I am very pleased with the development I have seen so far. Subsequent to the Konin acquisition we undertook a new share issue of SEK 1.7 billion, with preferential rights for existing shareholders, to finance the acquisition and future growth investments in line with our strategy. The interest to participate in the rights issue was very high and resulted in an over subscription of approximately 51 per cent. It is very positive for Gränges with this strong support from both current and new shareholders.

FULL YEAR 2020

Despite challenging market conditions following the COVID-19 pandemic, 2020 has been a productive year in many ways with a continued focus on expansion and growth as well as cost reductions and efficiency improvements in all regions. During the year we have completed the acquisition of Gränges Konin and entered into the market for aluminium powder for additive manufacturing through the establishment of Gränges Powder Metallurgy. In addition, the new production capacity in our Huntingdon plant was successfully ramped up during the year. We also continued to execute on Gränges' ambitious sustainability framework and targets and I'm very satisfied to see continued good progress on many of our sustainability priorities for 2020. This demonstrates the strength of our structured way of working when integrating sustainability aspects across our operations and value chain. For the full year 2020, sales volume including acquisitions increased by 1 per cent to 351 ktonnes and the adjusted operating profit decreased to SEK 648 million.

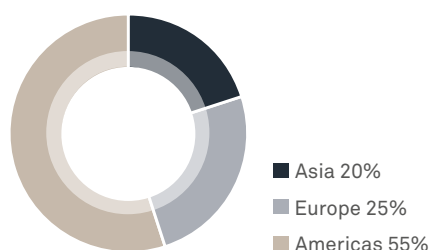


Cont. on next page

Fourth quarter 2020

- Sales volume **103.3** ktonnes
- Net sales SEK **3,149** million
- Adjusted operating profit SEK **193** million

Sales volume per region



Cont. from previous page

On the positive side, cash generation was very strong in the year with a cash conversion of 182 per cent and adjusted cash flow before financing of SEK 1,180 million. The strong cash flow contributed to that the rights issue to finance the acquisition of Aluminium Konin could be reduced in size compared with what was originally communicated. We ended the year with a net debt equivalent to 2.2 times EBITDA.

In view of the financial results, and our outlook into account, the Board of Directors proposes that the dividend for 2020 will be 1.10 SEK per share.

STRATEGY 2025

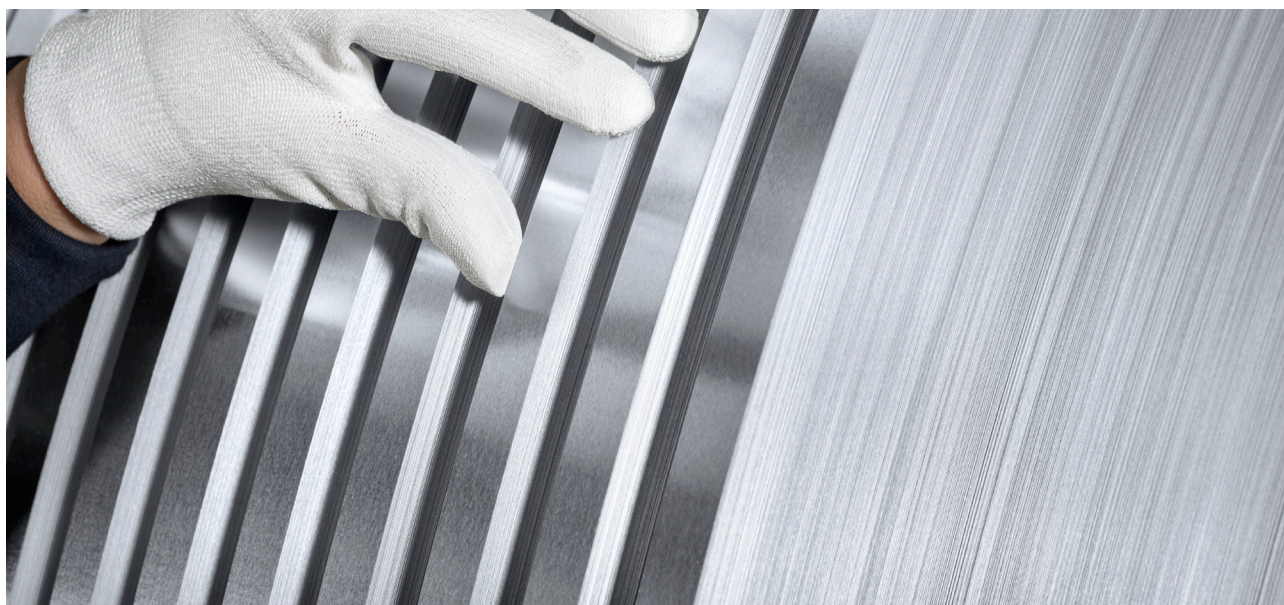
During 2020 we have further developed our strategy and identified four focus areas for growth. Gränges' competence, capabilities, and global footprint serve as a good foundation to capture growth opportunities, organically as well as by acquisitions, within *Thermal management*, *Electrified transportation*, *New rolled products niches* and *New materials technology*. The realization of the updated growth strategy is supported by an increased focus on *Sustainability*, *Innovation*, *Digitalization* and *Continuous improvement*. An increased focus on these business drivers, together with our strong company culture and committed employees, will further strengthen Gränges' profitability and competitiveness and ensure realization of the updated strategy.

OUTLOOK

Although the COVID-19 pandemic continues to impact several of Gränges' end-markets, the recovery is currently expected to continue going into 2021. For the first quarter 2021 the research firm IHS currently assumes that the global light vehicle production will increase by 17 per cent year over year. For the first quarter 2021, Gränges currently expects an organic increase in sales volume, excluding Gränges Konin, by low-double digits compared with last year. This includes a low-double digit growth for the Automotive and a mid-single digit growth for the HVAC and Other business. Gränges Konin is operating at close to full capacity and is under current market conditions expected to contribute with a sales volume of about 24 ktonnes in the first quarter. The development of foreign exchange rates is expected to have a negative impact on profitability in the first quarter.

Leaving 2020 behind and looking further ahead, I conclude that we in the last few years have established a strong platform through organic growth, expansion investments and acquisitions. With a strong commitment to sustainability, innovation, digitalization and continuous improvement, Gränges is well positioned to deliver sustainable and profitable growth for the coming years.

Johan Menckel, CEO



MARKET DEVELOPMENT

Gränges is a leading global supplier of rolled aluminium products for heat exchanger applications and other niche markets. About half of the Group's sales volume refers to sales to the automotive industry, while HVAC and other niche markets account for about one quarter each.

Light vehicle production is an important macro driver of Gränges' sales of heat exchanger materials to the automotive industry. An increasing share of hybrid vehicles, electric vehicles and advanced features such as autonomous driving is also positive for the demand of heat exchanger materials. According to the international research firm IHS¹, global light vehicle production increased by 2.5 per cent in the fourth quarter of 2020, compared to the corresponding quarter in 2019. In Asia, light vehicle production increased by 4.3 per cent during the fourth quarter. This includes an increase of 5.9 per cent in China and 2.0 per cent in other Asian markets. In the first quarter of 2021, an increase of 26.6 per cent is expected in Asia. In Europe, light vehicle production increased by 1.3 per cent in the fourth quarter 2020, and an increase of 1.8 per cent is expected for the first quarter of 2021. Light vehicle production in the Americas increased by 0.5 per cent in the fourth quarter 2020, and an increase of 8.1 per cent is anticipated in the first quarter of 2021. For the full year 2021, IHS forecasts an increase in global light vehicle production of 13.7 per cent.

With regards to sales to the HVAC industry, Americas is Gränges' most important market and US shipments of HVAC units is a key driver of Gränges' sales. The growth in this market is partly driven by energy efficiency requirements as well as construction of new houses and buildings. According to the North American trade association AHRI², US shipments of HVAC units increased by 61 per cent in the fourth quarter of 2020 compared to the corresponding quarter 2019.

Light vehicle production¹

Year-on-year growth, %	Q4 2020	Q1 2021	Full year 2020
Region			
Asia	4.3	26.6	8.7
Europe	1.3	1.8	14.3
Americas	0.5	8.1	26.2
Global	2.5	14.6	13.7

SALES DEVELOPMENT

Gränges' sales volume in the fourth quarter of 2020 increased by 32.6 per cent to 103.3 ktonnes (77.9) and net sales by 17.4 per cent to SEK 3,149 million (2,682) compared to the same quarter previous year. Excluding acquisitions, sales volume increased by 13.9 per cent to 88.7 ktonnes and net sales by 2.9 per cent to SEK 2,761 million. The increase in net sales was primarily driven by higher sales volume. Changes in foreign exchange rates had a net negative effect of SEK 264 million.

For the Automotive business, sales volume increased to 40.4 ktonnes (38.8) and net sales was SEK 1,346 million (1,437) during the fourth quarter of 2020. For the HVAC & Other business, sales volume increased to 48.3 ktonnes (39.1) and net sales increased to SEK 1,415 million (1,245). For the acquired business, sales volume was 14.6 ktonnes and net sales amounted to SEK 388 million during the fourth quarter.

During the full year 2020, Gränges' sales volume increased by 0.9 per cent to 350.6 ktonnes (347.3) while net sales decreased by 8.1 per cent to SEK 11,008 million (11,978) compared to previous year. Excluding acquisitions, sales volume decreased by 3.2 per cent to 336.1 ktonnes (347.3) and net sales by 11.3 per cent to SEK 10,620 million. The net effect of changes in foreign exchange rates was negative and amounted to SEK 318 million.

During the full year 2020 sales volume for the Automotive business decreased to 140.9 ktonnes (170.6) and net sales to SEK 4,798 million (6,210). For the HVAC & Other business, sales volume increased to 195.2 ktonnes (176.7) and net sales to SEK 5,822 million (5,768). For the acquired business, sales volume was 14.6 ktonnes and net sales amounted to SEK 388 million during 2020.

Gränges' sales volume

Sales volume, ktonnes	Oct-Dec 2020	Oct-Dec 2019	Δ
Region			
Asia Automotive	20.9	20.4	2.4%
Europe Automotive	12.1	11.5	5.1%
Americas Automotive	7.4	6.9	7.9%
Total Automotive	40.4	38.8	4.2%
Americas HVAC & Other	48.3	39.1	23.5%
Total excluding acquisitions	88.7	77.9	13.9%
Acquisitions	14.6	-	-
Total	103.3	77.9	32.6%

¹ Source: IHS, 18 January 2020.

² Source: AHRI, 11 December 2020.

ASIA

In the fourth quarter of 2020, sales volume in Asia increased by 2.4 per cent to 20.9 ktonnes (20.4). The increase was driven by stronger market demand.

During the full year 2020, sales volume in Asia declined to 69.4 ktonnes (79.0), which represents a decrease of 12.2 per cent compared to previous year.

EUROPE

In the fourth quarter of 2020, sales volume in Europe increased by 123 per cent to 25.7 ktonnes (11.5). Excluding acquisitions, sales volume increased by 5.1 per cent to 12.1 ktonnes. The increase was driven by stronger market demand and inventory restocking at several of Gränges' customers.

During the full year 2020, sales volume in Europe reached 58.3 ktonnes (58.3), which was in line with previous year. Excluding acquisitions, sales volume decreased by 23.2 per cent to 44.7 ktonnes (58.3).

AMERICAS

In the fourth quarter of 2020, sales volume in the Americas increased by 23.3 per cent to 56.7 ktonnes (46.0). Excluding acquisitions, sales volume increased by 21.2 per cent to 55.7 ktonnes (46.0) of which 48.3 ktonnes (39.1) relates to the HVAC & Other business and 7.4 ktonnes (6.9) relates to the Automotive business. For the HVAC & Other business, the unusually long season together with market share gains contributed to the 23.5 per cent increase in sales volume. In the Automotive business, sales volume increased by 7.9 per cent, driven by stronger market demand and inventory restocking at several of Gränges' customers.

During the full year 2020, sales volume in Americas increased to 222.9 ktonnes (210.1) compared to previous year. Excluding acquisitions, sales volume increased to 222.0 ktonnes (210.1) of which 195.2 ktonnes (176.7) relates to the HVAC & Other business while 26.8 ktonnes (33.4) relates to the Automotive business.

OPERATING PROFIT

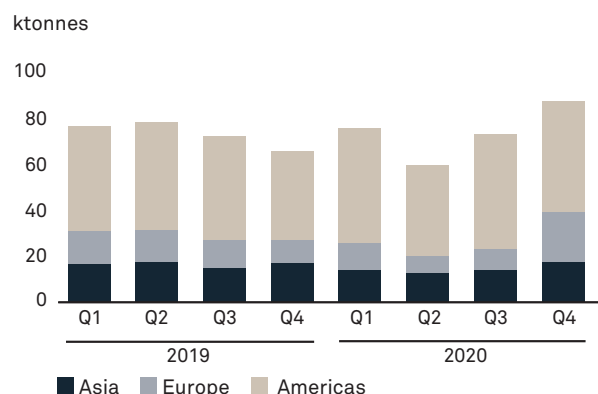
Adjusted operating profit for the fourth quarter of 2020 increased to SEK 193 million (144), corresponding to adjusted operating profit per tonne of 1.9 kSEK (1.9). Adjusted operating margin increased to 6.1 per cent (5.4). Excluding acquisitions, adjusted operating profit increased to SEK 177 million (144). Positive effects from the increased sales volume and higher average conversion price were partly offset by less optimal metal management and higher depreciation related to the completed expansion projects in the US. Operating profit includes government grants of SEK 2 million related to financial support in connection with COVID-19. Net changes in foreign exchange rates had a negative impact of SEK 11 million in the quarter.

Operating profit for the fourth quarter of 2020 increased to SEK 167 million (115) and includes items affecting comparability of SEK -27 million (-30). Items affecting comparability in the quarter includes realisation of acquired inventory valued at fair value instead of at cost, costs for the acquisition of Aluminium Konin, restructuring costs related to organizational changes in the American operations and a reversal of restructuring provisions related to the organizational changes in the Swedish operations. For further information see Note 5.

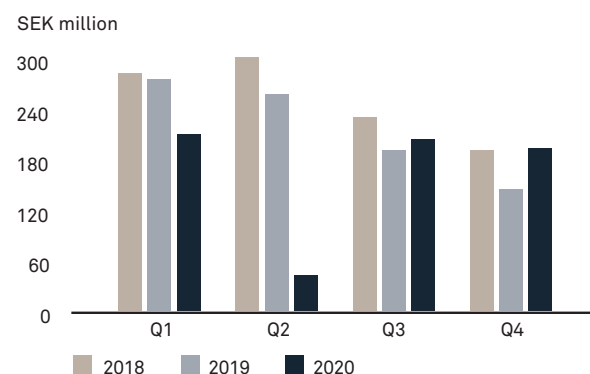
During the full year 2020, adjusted operating profit amounted to SEK 648 million (866), while adjusted operating profit per tonne was 1.8 kSEK (2.5). Adjusted operating margin reached 5.9 per cent (7.2). Excluding acquisitions, adjusted operating profit was SEK 632 million (866). The net effect of changes in foreign exchange rates was positive and amounted to SEK 32 million during the year.

Operating profit during the full year 2020 amounted to SEK 584 million (836) and includes items affecting comparability of SEK -64 million (-30). 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 fourth quarter of 2020 increased to SEK 131 million (78). Finance income and costs was SEK –36 million (–37) and includes interest expenses and financing costs of SEK 40 million, whereof SEK 5 million was related to closing and extension fees for the Aluminium Konin acquisition bridge loan, and interest income of SEK 4 million. Income tax for the fourth quarter of 2020 was SEK –25 million (–31) which corresponds to an effective tax rate of 19 per cent (40). Income tax in the quarter includes withholding tax of SEK –10 million (–17) related to a dividend from the Chinese subsidiary to Gränges AB. The withholding tax was partly offset by a positive tax effect of SEK 8 million due to deductible transaction costs related to the rights issue reported in equity. The profit for the period increased to SEK 106 million (47) during the fourth quarter of 2020 and diluted earnings per share rose to SEK 1.19 (0.56).

During the full year 2020 profit before taxes amounted to SEK 454 million (686). Finance income and costs was SEK –132 million (–152) and includes interest expenses of SEK 142 million and interest income of SEK 10 million. Income tax for the full year 2020 was SEK –91 million (–86) which corresponds to an effective tax rate of 20 per cent (13). The profit for the period was SEK 363 million (600) and diluted earnings per share was SEK 4.21 (7.05).

CASH FLOW

Cash flow from operating activities amounted to SEK 318 million (289) in the fourth quarter of 2020. Working capital decreased by SEK 32 million despite increased business activity, due to continued high focus on inventory control and collection of receivables. Cash flow from investing activities amounted to SEK –1,335 million (–221) in the quarter. This includes net cash consideration of SEK 1,196 million for the acquisitions of Aluminium Konin and GETEK GmbH, see note 7 for further information. Total capital expenditure was SEK 205 million in the quarter. Of this, SEK 102 million refers to investments to maintain and improve efficiency in current production facilities and SEK 102 million refers to investments related to the expansion of the production facilities in the US, Sweden and Poland. Cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK 232 million (191).

Cash flow from financing activities was SEK 1,628 million (–69) in the fourth quarter of 2020. This includes net proceeds from the rights issue of SEK 1,662 million, a share swap of SEK –193 million, new loans of SEK 3,196 million and repayment of loans of SEK –3,008 million.

During the full year 2020, cash flow from operating activities was SEK 1,414 million (1,441). Cash flow from investing activities amounted to SEK –1,736 million (–1,590) during the year. This includes net cash consideration of SEK 1,196 million for the acquisitions of Aluminium Konin and GETEK GmbH, see note 7 for further information. Total capital expenditure was SEK 557 million during 2020. Of this, SEK 251 million refers to investments to maintain and improve efficiency in current production facilities and SEK 306 million refers to investments related to the expansion of the production facilities in the US, Sweden and Poland. During the full year 2020 cash flow before financing adjusted for expansion investments and acquisitions amounted to SEK 1,180 million (1,048).

Cash flow from financing activities was SEK 1,149 million (440) in full year 2020. This includes net proceeds from the rights issue of SEK 1,662 million, a share swap of SEK –193 million, new loans of SEK 5,785 million and repayment of loans of SEK –5,970 million.

Cash and cash equivalents amounted to SEK 1,473 million at 31 December 2020 (SEK 747 million 31 December 2019).

FINANCIAL POSITION

Gränges' total assets amounted to SEK 13,652 million at 31 December 2020 (SEK 10,480 million at 31 December 2019). The equity to assets ratio was 43.7 per cent at 31 December 2020 (41.2 per cent at 31 December 2019).

Consolidated net debt including pension and lease liabilities was SEK 3,292 million at 31 December 2020 (SEK 3,465 million at 31 December 2019), corresponding to 2.2 times adjusted EBITDA¹ (2.6 times at 31 December 2019).

EMPLOYEES

The average number of employees was 2,297 (1,781) in the fourth quarter of 2020 and 1,792 (1,805) during the full year 2020. The increased number of employees in the fourth quarter is mainly related to the acquisition of Konin. Implemented temporary layoffs and reduced working hours decreased average number of employees as of the second quarter of 2020, but from the fourth quarter manning is back to normal levels.

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 full year 2020, net sales in the parent company was SEK 169 million (187). Result for the period was SEK 122 million (335) and includes dividend from the Chinese subsidiary of SEK 194 million (335).

¹ Includes adjusted EBITDA for acquisitions as a part of Gränges Group for 12 months, see Note 7 for further information.

SIGNIFICANT EVENTS DURING THE PERIOD

Gränges completed the acquisition of Aluminium Konin and finalized an issue in kind

On 6 November 2020, Gränges completed the acquisition of the Polish flat rolled aluminium producer Aluminium Konin. The acquisition strengthens Gränges' product offering and presence in Europe and contributes with strong positions in new attractive niche markets. The acquisition adds new capabilities and capacity to, among other things, expand Gränges' offering for transportation solutions, such as electric vehicles.

On 7 October, Gränges and Boryszew S.A., the seller of Aluminium Konin, agreed on a new structure for the payment of the purchase price, which implied that a part of the purchase price consisted of an issue in kind of shares in Gränges AB to Boryszew S.A.. The issue in kind resulted in an increase of the number of shares in Gränges by 2,442,268 shares and an increase of the share capital by SEK 3,272,090. The share issue implied a dilution of 3.14 per cent based on the total number of shares in Gränges after the completion of the share issue.

New business unit, Gränges Powder Metallurgy, established

On 1 October 2020, the acquisition of the remaining 49 per cent of the shares in GETEK GmbH was completed, and the name of the

company was changed to Gränges Powder Metallurgy GmbH. The acquired business constitutes a new business unit within Gränges, focusing on advanced aluminium powder and spray forming technology. The new business unit also includes the Dispal® business, which is an existing product line consisting of a range of high-performance aluminium materials made with spray forming technique. The acquisition of the Dispal® business was completed with effect from 1 January 2021.

New management for Gränges' operations in Europe

In connection with the closing of the acquisition of Aluminium Konin in November 2020, Gränges appointed a new management for the operations in Europe. Torbjörn Sternsjö, until then SVP Technology & Business Development, was appointed President Europe. The name of the acquired business in Poland was changed to Gränges Konin S.A., and the name of the Swedish unit was changed from Gränges Sweden AB to Gränges Finspång AB. After the acquisitions, Gränges' operations in Europe consist of:

- Gränges Konin, with a production facility in Konin, Poland.
- Gränges Finspång, with a production facility in Finspång, Sweden.
- Gränges Powder Metallurgy, with a production facility in St Avold, France.



The production facility in Konin, Poland.

Gränges completed an oversubscribed rights issue

On 18 November 2020, Gränges' Board of Directors, by virtue of an authorization from the Annual General Meeting on 25 June 2020, decided on a fully guaranteed rights issue of approximately SEK 1.7 billion with preferential rights for existing shareholders in order to finance the acquisition of Aluminium Konin, maintain Gränges' financial strength and to finance future growth investments in line with Gränges' strategy. On 16 December 2020 Gränges announced that the rights issue had been oversubscribed with 51 per cent and that Gränges will receive proceeds of SEK 1,701 million before transaction costs through the rights issue. As a result of the rights issue, Gränges' share capital increased to SEK 142,429,653 and the total number of shares increased to 106,308,618 shares.

SIGNIFICANT EVENTS AFTER THE PERIOD

Gränges' CEO and President will leave his position

On 13 January 2021, Gränges' CEO and President Johan Menckel informed the Board of Directors that he has decided to leave his position after 18 years within Gränges, of which the last 8 years as CEO, and move on to a new position. He will remain in his role until 1 August 2021. The work to appoint a successor to Johan Menckel has started.

No other significant events have occurred after the period.

THE SHARE

The share capital in Gränges increased during the fourth quarter 2020 with SEK 3 million due to contribution in kind and with SEK 38 million due to rights issue and amounts to SEK 142 million at 31 December 2020. The number of shares increased with 2,442,268 due to the contribution in kind and 28,348,964 due to the rights issue, and amounts to 106,308,618 shares at 31 December 2020. Each share has a quota value of SEK 1.339775. Gränges has only one class of shares.

OWNERSHIP STRUCTURE

The number of shareholders in Gränges was 10,377 at 31 December 2020, according to Euroclear.

Largest shareholders in Gränges at 31 December 2020¹

Shareholder	Number of shares	Share of capital and votes %
Fourth Sw. National Pension Fund	9,864,534	9.3
AFA Insurance	9,357,313	8.8
Handelsbanken Funds	7,213,254	6.8
Swedbank Robur Funds	6,370,357	6.0
Boryszew S.A.	3,330,364	3.1
Dimensional Fund Advisors	3,188,062	3.0
Allianz Global Investors	2,866,950	2.7
Paradice Investment Management	2,658,485	2.5
Unionen	2,522,724	2.4
Columbia Threadneedle	2,368,215	2.2
Total 10 largest shareholders	49,740,258	46.8
Other	56,568,360	53.2
Total	106,308,618	100

¹ Source: Modular Finance.

OTHER

Annual General Meeting 2021

Gränges' 2021 Annual General Meeting will be held on Thursday 6 May 2021 at 16.00 CEST at Näringslivets Hus, Stockholm. Shareholders who wish to have a matter considered at the Annual General Meeting should normally submit such requests seven weeks before the meeting at the latest. Gränges' Annual Report for 2020, including sustainability report, is expected to be published on 18 March 2021 on the company's website. A printed version of the Annual Report can be ordered at reports@granges.com.

Dividend

The Board of Directors proposes a dividend of SEK 1.10 (–) per share for the 2020 fiscal year, in total SEK 117 million (–). The proposed dividend corresponds to 32 per cent (–) of the profit for the year 2020. The record date for the dividend will be communicated in conjunction with the notice to the Annual General Meeting.

Investment program

In accordance with the AGM's decision on a long-term investment program ("IP 2020") for senior executives and other key personnel, 1,080,000 call options and 792,000 synthetic call options have been issued in the fourth quarter. Each option qualifies for purchase of 1.13 shares in Gränges. Gränges has also entered into a share swap agreement regarding shares in Gränges, in order to be able to deliver the shares that within IP 2020 can be acquired by participants through the exercise of issued call options, and to hedge the price risk for the synthetic call options. The share swap agreement amounts to 2,192,000 shares with an average acquisition price of SEK 88.24 per share.

RISKS AND UNCERTAINTY FACTORS

As a global group with operations in different parts of the world, Gränges is exposed to various risks and uncertainties such as raw material price risk, market risk, operational and legal risk, as well as financial risks related to foreign exchange rates, interest rates, liquidity and refinancing. Gränges' risk management process entails to identify, assess and reduce risks related to the Group's business and operations. More information about risk management is available on pages 32–35 in Gränges' 2019 annual report.

A new business risk during 2020 is the spread of COVID-19. Gränges considers that the risk management described in the annual report 2019 essentially covers the market risks that may arise as a result of the coronavirus. Regarding the risk for increased sick leave and difficulties in managing the Group effectively in the event of key employees being ill, contingency plans have been established and remote access to business-critical systems have been secured.

SEASONAL VARIATIONS

Gränges' end-customer markets consist primarily of the global automotive industry and the HVAC industry in North America. Gränges' sales of rolled aluminium products to the automotive industry is mainly correlated with the production of light vehicles. Demand on the HVAC market is driven by factors such as construction investments, new regulations for energy efficiency and climate impact, and it is usually higher during summer months as there is a higher demand for cooling systems then. Major annual maintenance work in Gränges' production facilities mainly occurs in the fourth quarter. Overall, seasonal factors mean that the fourth quarter usually is the weakest and the second quarter is the strongest.

Stockholm, 28 January 2021

Johan Menckel
Chief Executive Officer

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

For additional information, please contact:

Johan Dufvenmark, VP Group Treasury & Investor Relations
Email: johan.dufvenmark@granges.com
Tel: +46 705 97 43 75

The information in this report is such that Gränges must disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on Thursday 28 January, 2021 at 07.30 CET.

Webcasted telephone conference

CEO Johan Menckel and CFO Oskar Hellström will present Gränges' year-end report for January–December 2020 at a webcasted conference call at 10.00 CET, Thursday 28 January, 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

18 March, 2021	Annual Report 2020
22 April, 2021	Interim Report January–March 2021
6 May, 2021	Annual General Meeting 2021
16 July, 2021	Half-year Report 2021

CONSOLIDATED INCOME STATEMENT (CONDENSED)

SEK million	Note	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales	2	3,149	2,682	11,008	11,978
Cost of materials	5	-1,983 ¹	-1,709	-6,778 ¹	-7,620
Payroll and other operating expenses		-856	-704	-3,059	-3,031
Depreciation, amortization and impairment charges		-148	-125	-553	-461
Items affecting comparability	5	4	-30	-33	-30
Operating profit		167	115	584	836
Profit or loss from joint ventures	4	1	0	2	1
Finance income and costs		-36	-37	-132	-152
Profit before tax		131	78	454	686
Income tax	6	-25	-31	-91	-86
Profit for the period		106	47	363	600
Profit for the period attributable to					
– owners of the parent company		106	47	363	600
– non-controlling interests		0	–	0	–
Earnings per share					
Earnings per share basic, SEK ²		1.19	0.56	4.21	7.05
Earnings per share diluted, SEK ²		1.19	0.56	4.21	7.05

¹ Includes items affecting comparability of SEK –31 million, see Note 5 for further information.

² Earnings per share have been recalculated due to dilution effect for weighted outstanding ordinary shares from rights issue in December 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Profit for the period	106	47	363	600
Items not to be reclassified to profit/loss in subsequent periods				
Remeasurement of pensions after tax	19	-7	1	-31
Items to be reclassified to profit/loss in subsequent periods				
Change in hedging reserve after tax	93	27	61	22
Translation effects	-384	-135	-463	91
Comprehensive Income for the period	-165	-68	-37	682
Comprehensive income for the period attributable to				
– owners of the parent company	-165	-68	-37	682
– non-controlling interests	0	–	0	–

CONSOLIDATED BALANCE SHEET (CONDENSED)

SEK million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Intangible assets		1,510	874
Property, plant and equipment		6,066	5,101
Deferred tax assets		20	28
Investments in joint ventures	4	13	12
Interest-bearing receivables		–	2
Other non-current receivables	3	24	8
Non-current assets		7,633	6,025
Inventories		2,398	1,957
Receivables	3	2,021	1,748
Interest-bearing receivables	3	128	3
Cash and cash equivalents		1,473	747
Current assets		6,020	4,455
TOTAL ASSETS		13,652	10,480
EQUITY AND LIABILITIES			
Share capital	8	142	101
Retained earnings		5,828	4,213
Equity		5,970	4,314
Interest-bearing liabilities	3	2,351	2,901
Provisions and other non-current liabilities	3	718	513
Non-current liabilities		3,068	3,414
Interest-bearing liabilities	3	2,184	953
Provisions and other current liabilities	3	2,429	1,799
Current liabilities		4,614	2,752
TOTAL EQUITY AND LIABILITIES		13,652	10,480

CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

SEK million	31 Dec 2020	31 Dec 2019
Opening balance	4,314	3,873
Profit for the period	363	600
Other comprehensive income for the period	–401	82
Total comprehensive income for the period	–37	682
Dividend	–	–242
Share swap	–193	–
Option premium	8	–
Issue in kind	215	–
Rights issue	1,662	–
Total transactions with owners	1,691	–242
Equity attributable to owners of the parent company	5,968	4,314
Equity attributable to non-controlling interests	2	–
Closing balance	5,970	4,314

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

SEK million	Note	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Operating profit		167	115	584	836
Depreciation, amortization and impairment charges		148	125	553	461
Other non-cash items	5	20	–	45	–
Change in working capital etc.		12	84	290	236
Income taxes paid		–29	–34	–59	–92
Cash flow from operating activities		318	289	1,414	1,441
Acquisitions	7	–1,196	–	–1,196	–
Investments in property, plant, equipment and intangible assets		–205	–221	–557	–1,590
Divestments		17	–	17	–
Other capital transactions		49	–	–	–
Cash flow from investing activities		–1,335	–221	–1,736	–1,590
Cash flow before financing activities		–1,017	68	–322	–148
Dividend		–	–	–	–242
Share swap		–193	–	–193	–
Option premium		8	–	8	–
Rights issue	8	1,662	–	1,662	–
Interest paid and received		–37	–36	–142	–137
New loans		3,196	1,586	5,785	5,546
Repayment of loans		–3,008	–1,619	–5,970	–4,727
Cash flow from financing activities		1,628	–69	1,149	440
Cash flow for the period		611	–1	827	292
Cash and cash equivalents at beginning of period		923	775	747	457
Cash flow for the period		611	–1	827	292
Exchange rate differences in cash and cash equivalents		–60	–27	–101	–2
Cash and cash equivalents at end of period		1,473	747	1,473	747

PARENT COMPANY INCOME STATEMENT (CONDENSED)

SEK million	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales	38	46	169	187
Payroll and other operating expenses	–78	–67	–249	–256
Depreciation, amortization and impairment charges	–5	–5	–21	–20
Operating profit/loss	–45	–26	–101	–88
Dividends from subsidiaries	194	335	194	335
Finance income and costs	–15	2	–13	7
Profit/loss after financial items	134	310	80	254
Appropriations	30	97	30	97
Income tax	3	–25	12	–16
Profit/loss for the period	167	382	122	335

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)

SEK million	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit for the period	167	382	122	335
Items to be reclassified to profit/loss in subsequent periods				
Change in hedging reserve after tax	42	-1	1	-1
Comprehensive income for the period attributable to owners of the parent company	209	381	123	334

PARENT COMPANY BALANCE SHEET (CONDENSED)

SEK million	31 Dec 2020	31 Dec 2019
ASSETS		
Intangible assets	33	40
Property, plant and equipment	170	192
Shares in Group companies	2,891	1,160
Deferred tax assets	27	1
Receivables from Group companies	1,579	2,102
Other non-current receivables	5	2
Non-current assets	4,706	3,497
Receivables from Group companies	870	164
Other receivables	248	47
Cash and cash equivalents	736	190
Current assets	1,853	402
TOTAL ASSETS	6,559	3,899
EQUITY AND LIABILITIES		
Restricted equity	151	111
Non-restricted equity	3,362	1,589
Equity	3,513	1,699
Untaxed reserves	-	30
Interest-bearing liabilities	698	1,065
Provisions and other non-current liabilities	32	32
Non-current liabilities	730	1,097
Liabilities to Group companies	262	75
Interest-bearing liabilities	1,865	901
Provisions and other current liabilities	189	96
Current liabilities	2,316	1,072
TOTAL EQUITY AND LIABILITIES	6,559	3,899

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

The Gränges Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting principles adopted are consistent with those described in the Annual Report for Gränges AB (publ) 2019. This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities. New standards, amendments and interpretations effective from 1 January 2020 or later have not had any material impact on this financial report.

The COVID-19 pandemic has increased the economic uncertainty and the impact on Gränges and measures taken are described in the comments by the CEO, and in the description of the financial development on pages 4–6. Government grants of SEK 2 million related to financial support in connection with COVID-19 have reduced personnel and other operating expenses during the fourth quarter 2020. Corresponding amount for the full year 2020 amounts to SEK 27 million. Apart from the company's updated risk assessment described on page 9, Gränges management assesses that there are no additional significant uncertainties or judgements due to COVID-19 that have materially impacted the financial information in this year-end report.

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

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Gränges mainly sells aluminium rolled products for heat exchangers and selected niche applications in different geographical regions. Gränges' customers are in the automotive industry, the HVAC industry and niche markets such as transformers and food packaging. Revenue is generated through sale of material that is produced for a certain customer and application. Revenue is recognized at the point in time when control is transferred to the customer. The transaction price for Gränges' products is based on the added value Gränges offers in terms of material properties and production complexity (fabrication price), and the price of the raw material, aluminium. The fabrication price is to a large extent fixed while the aluminium price is variable and based on metal price clauses connected to the market price. The tables below show Gränges' net sales by geographical region and by market divided by type of revenue.

SEK million	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales by region				
Asia	669	714	2,268	2,736
Europe	774	440	1,875	2,074
Americas	1,702	1,524	6,848	7,150
Total revenue from contracts with customers	3,145	2,679	10,991	11,960
Other revenue	4	3	17	18
Net sales	3,149	2,682	11,008	11,978

SEK million	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales by market				
Automotive				
Fabrication revenue	611	653	2,265	2,925
Raw material and other revenue	731	781	2,516	3,267
Total	1,342	1,434	4,781	6,192
HVAC & Other				
Fabrication revenue	554	455	2,344	2,074
Raw material and other revenue	861	790	3,478	3,694
Total	1,415	1,245	5,822	5,768
Acquisitions				
Fabrication revenue	376	–	376	–
Raw material and other revenue	12	–	12	–
Total	388	–	388	–
Total revenue from contracts with customers	3,145	2,679	10,991	11,960
Other revenue	4	3	17	18
Net sales	3,149	2,682	11,008	11,978

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	31 Dec 2020	31 Dec 2019
Non-current assets	6	3
Current assets	249	37
Non-current liabilities	–	38
Current liabilities	138	45

All derivatives are measured at fair value and are classified according to level 2, i.e., all significant inputs required for measurement of the instruments are observable. Fair value of currency forward contracts is calculated by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the balance sheet date for the remaining contract period. Aluminium futures are measured at observable quoted prices on LME (London Metal Exchange) and SHFE (Shanghai Futures Exchange) for similar assets and liabilities.

Gränges' interest-bearing liabilities mainly consist of financing from banks and institutions. The amount of outstanding term loans was USD 150 million, SEK 900 million and PLN 31 million as per 31 December 2020. Gränges' revolving credit facilities amounted to SEK 2,964 million, whereof SEK 548 million was utilized. Interest-bearing liabilities also include corporate bonds of SEK 600 million, issued under Gränges' MTN programme, and commercial papers of SEK 840 million. The loan facilities are subject to covenants, which are Net Debt/EBITDA and Interest coverage ratio.

On November 9 2020 Gränges utilized SEK 1,300 million of a bridge loan facility of SEK 2,300 million to finance the acquisition of Aluminium Konin. The loan was repaid during December 2020.

SEK million	Limit/Program amount	Year			Total
		< 1	1–2	> 2	
Term loans					
SEK		700	–	200	900
USD		–	205	1,024	1,228
PLN		32	36	–	68
Bonds in MTN programme	3,000	300	–	300	600
Commercial papers	1,500	840	–	–	840
Revolving Credit Facilities	2,964	139	409	–	548
Lease liabilities		47	36	154	237
Other interest-bearing liabilities		126	–2	–12	112
Total interest-bearing liabilities		2,184	684	1,666	4,535

Interest-bearing liabilities are measured at amortized cost and the carrying amount as of 31 December 2020 was SEK 4,535 million (SEK 3,853 million as of 31 December 2019). The fair value of interest-bearing liabilities amounted to SEK 4,547 million as of 31 December 2020 (SEK 3,864 million as of 31 December 2019). For other receivables and liabilities, which are short-term, the carrying amount is considered to reflect the fair value.

NOTE 4 RELATED PARTY TRANSACTIONS

No changes have been made to the Group or parent company in relations or transactions with related parties, compared to what is described in the 2019 Annual Report. During the period there have been no significant transactions with related parties.

NOTE 5 ITEMS AFFECTING COMPARABILITY

SEK million	Financial statement line	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Restructuring costs	Items affecting comparability	11	-14	-14	-14
M&A costs	Items affecting comparability	-6	-16	-19	-16
Realisation of fair value inventory step-up on acquired business	Cost of materials	-31	-	-31	-
Items affecting comparability		-27	-30	-64	-30

As part of improving efficiency and adapting Gränges Europe's operation to current market conditions, a notice of redundancy was announced in August that affected 75 positions in total, whereof 50 positions within the blue-collar organization and 25 within the white-collar organization. Negotiations were concluded during the fourth quarter and agreements have been made on individual level. As a result of market recovery during the second half of 2020, fewer positions were finally affected by the organizational changes, and a total of 17 positions on the white-collar side were reduced to a cost of SEK 9 million. No reduction has been done for the blue-collar organization. Furthermore, Gränges Americas has conducted organizational restructuring during the quarter at a cost of SEK 5 million. For the full year 2020, restructuring costs amount to SEK 14 million and have not affected Gränges' cash flow.

During the fourth quarter 2020 Gränges acquisition of Aluminium Konin, a Polish flat rolled aluminium producer, was finalized. The costs for the acquisition amount to SEK 6 million during the fourth quarter and to SEK 19 million for the full year 2020. The corresponding amount 2019 is SEK 16 million.

All of Konin's assets are valued at fair value by Gränges, as is the inventory. Upon sale of the acquired inventory, the difference between fair value and book value is realized. The amount is reported in the item cost of materials and is deemed to be an item affecting comparability. The item amounts to SEK 31 million for the fourth quarter 2020 and an additional item of SEK 16 million is expected for the first quarter 2021. The realization has not affected Gränges' cash flow. For further information of the acquisition, see Note 7.

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 preliminarily pays 15 per cent in corporate income tax instead of the ordinary tax of 25 per cent for the period. In order to finally obtain the lower tax rate, the company must meet special requirements established by the authorities in China for each one of the three years. Gränges currently considers it to be more likely than not that the special requirements will be met for the financial year 2020 and therefore applies a tax rate of 15 per cent for the Chinese operation.

NOTE 7 ACQUISITIONS

Aluminium Konin

On 6 November 2020 Gränges successfully completed the acquisition Aluminium Konin, a Polish flat rolled aluminium producer. The acquisition of Konin will strengthen Gränges' product offering and presence in Europe and contribute with strong positions in new attractive niche markets. The acquisition adds new capabilities and capacity to, among other things, expand Gränges' offering for future transportation solutions, such as electric vehicles. The acquisition is a good strategic fit for Gränges and enhances the company's platform for sustainable profitable growth.

The acquired business is consolidated from November, 2020. The preliminary acquisition balance is presented below.

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	184	447
Interest-bearing liabilities	507	1,231
Provision and other liabilities	290	704
Net identifiable assets and liabilities	402	970
Goodwill	202	491
Purchase price	605	1,461
Cash consideration paid for acquisition	-510	-1,236
Cash and Cash equivalents in acquired operation	24	57
Effect on the Group's cash and cash equivalents	-485	-1,179
Issue in kind	90	215

PLN 90 million of the purchase price is paid through an issue in kind. The capital contributed in the issue in kind is shares in Aluminium Konin and resulted in an increase of the number of shares and share capital in Gränges, see Note 8 for further information.

The purchase price allocation is preliminary and can be subject for change if additional information of fair value is obtained or if there are deviations in the final purchase price. Gross amounts for acquired receivables do not significantly deviate from the book value. Goodwill is mainly justified by access to new attractive niche markets. The goodwill is not tax deductible.

The effect of the acquisition on the Group's consolidated income statement for the fourth quarter 2020 is presented below.

SEK million	
Net sales	388
Cost of materials ¹	-281
Payroll and other operating expenses	-104
Depreciation and amortization	-17
Items affecting comparability	-
Operating profit	-14

¹ Cost of materials includes realization of step-up value on the inventories due to fair value measurement of SEK -31 MSEK, see Note 5 for further information.

Costs for the acquisition has affected the Group's consolidated income statement for 2020 with SEK 19 million. In 2019 the corresponding amount was SEK 16 million, see Note 5 for further information.

If the acquisition had been consolidated as from 1 January 2020, it is assessed that the Group's consolidated adjusted EBITDA and adjusted operating profit for the full year would have been presented as below.

SEK million	Jan–Dec 2020
Net sales	13,042
Adjusted EBITDA	1,477
Depreciation and amortization	–642
Adjusted operating profit	835

GETEK

On 17 September 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®, for EUR 8.5 million 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 and the operation has been consolidated in full since. The Dispal® business was acquired 1 January 2021 and will be consolidated from 2021.

Preliminary purchase price allocation GETEK	EUR million	SEK million
Non-current assets	6.3	66
Current assets, excluding cash	2.0	21
Cash	0.1	1
Non-current liabilities	0.3	3
Current liabilities	1.0	11
Net identifiable assets and liabilities	6.9	73
Goodwill	6.2	61
Purchase price	8.5	89
Investment in joint operation	4.6	44
Cash consideration paid for acquisition	–1.6	–16

The purchase price allocation of GETEK is still preliminary and can be subject for change if additional information of fair value is obtained or if there are deviations in the final purchase price. The acquisition has not led to any substantial transaction costs for Gränges. The impact on the Groups financials if consolidated into full from 1 January 2020 is considered low. Goodwill is mainly justified by the advanced aluminium powder and spray forming technology.

NOTE 8 SHARE CAPITAL DEVELOPMENT

Date	Event	Change number of shares	Total number of shares	Change share capital SEK	Total share capital SEK
1 January 2020	–	–	75,517,386	–	101,176,323
9 November 2020	Issue in kind	2,442,268	77,959,654	3,272,090	104,448,413
17 December 2020	Rights issue	28,194,804	106,154,458	37,774,700	142,223,113
28 December 2020	Rights issue	154,160	106,308,618	206,540	142,429,652

The number of shares increased in November as a result of an issue in kind as part of the purchase price for the acquisition of Aluminium Konin. In December the number of shares increased as a result of the completion of the rights issue with preferential rights for existing shareholders.

CONSOLIDATED QUARTERLY DATA

SEK million	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume, ktonnes	103.3	86.7	70.8	89.9	77.9	85.8	92.9	90.8
Income statement								
Net sales	3,149	2,575	2,221	3,063	2,682	2,998	3,188	3,109
Adjusted EBITDA ¹	342	332	182	345	269	305	370	382
Adjusted operating profit ¹	193	203	42	210	144	190	257	275
Operating profit	167	177	37	204	115	190	257	275
Profit for the period	106	124	1	133	47	198	171	184
Adjusted EBITDA margin, %	10.9	12.9	8.2	11.3	10.0	10.2	11.6	12.3
Adjusted operating margin, %	6.1	7.9	1.9	6.9	5.4	6.3	8.1	8.8
Adjusted operating profit per tonne, kSEK	1.9	2.3	0.6	2.3	1.9	2.2	2.8	3.0
Operating margin, %	5.3	6.9	1.7	6.6	4.3	6.3	8.1	8.8
Net margin, %	3.4	4.8	0.0	4.3	1.8	6.6	5.4	5.9
Balance sheet								
Non-current assets	7,633	5,825	6,047	6,491	6,025	6,153	5,633	5,260
Current assets	6,020	4,330	4,156	5,121	4,455	4,609	4,508	4,516
Equity	5,970	4,442	4,374	4,663	4,314	4,382	4,077	4,227
Non-current liabilities	3,068	2,905	3,719	3,910	3,414	3,280	3,055	2,840
Current liabilities	4,614	2,808	2,109	3,038	2,752	3,100	3,009	2,709
Cash flow								
Operating activities	318	426	283	387	289	564	310	278
Investing activities	-1,335	-78	-117	-207	-221	-409	-508	-451
Before financing activities	-1,017	348	166	181	68	155	-198	-173
Financing activities	1,628	-391	-312	225	-69	21	302	185
Cash flow for the period	611	-43	-146	406	-1	176	104	12
Capital structure								
Net debt	3,292	2,812	3,247	3,559	3,465	3,606	3,560	3,057
Equity to assets, %	43.7	43.7	42.9	40.2	41.2	40.7	40.2	43.2
Data per share, SEK^{2,3}								
Earnings per share basic	1.19	1.45	0.01	1.56	0.56	2.32	2.00	2.16
Earnings per share diluted	1.19	1.45	0.01	1.56	0.56	2.32	2.00	2.16
Equity	66.53	52.15	51.36	54.75	50.65	51.44	47.87	49.63
Cash flow from operating activities	3.54	5.00	3.32	4.55	3.39	6.62	3.64	3.26
Share price at the end of the period ⁴	100.20	71.06	65.39	43.62	87.73	89.10	94.33	84.85
Weighted outstanding ordinary shares, basic in thousands	89,742.0	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3	85,177.3
Weighted outstanding ordinary shares, diluted in thousands	89,742.0	85,177.3	85,177.3	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.

³ Weighted outstanding ordinary shares have been adjusted to reflect dilution effect from rights issue in December 2020.

⁴ Share price at end of the period has been adjusted to reflect dilution effect from rights issue in December 2020.

CONSOLIDATED QUARTERLY DATA

SEK million	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volume by region, ktonnes								
Asia	20.9	16.8	15.1	16.7	20.4	17.7	21.0	20.0
Europe	25.7	10.3	8.6	13.7	11.5	14.1	16.1	16.5
Americas	56.7	59.6	47.1	59.5	46.0	54.0	55.8	54.4
Total	103.3	86.7	70.8	89.9	77.9	85.8	92.9	90.8
Net sales by region								
Asia	669	526	486	587	714	617	717	687
Europe	778	331	310	473	443	537	522	589
Americas	1,702	1,717	1,425	2,004	1,524	1,845	1,949	1,832
Total	3,149	2,575	2,221	3,063	2,682	2,998	3,188	3,109
Employees								
Average number of employees	2,297	1,629	1,489	1,751	1,781	1,813	1,814	1,810

CONSOLIDATED 12-MONTHS ROLLING DATA

SEK million	Jan 2020 – Dec 2020	Oct 2019 – Sep 2020	Jul 2019 – Jun 2020	Apr 2019 – Mar 2020	Jan 2019 – Dec 2019	Oct 2018 – Sep 2019	Jul 2018 – Jun 2019	Apr 2018 – Mar 2019
Sales volume, ktonnes	350.6	325.2	324.3	346.4	347.3	356.9	364.5	370.8
Income statement								
Net sales	11,008	10,541	10,964	11,932	11,978	12,370	12,693	12,947
Adjusted EBITDA ¹	1,201	1,129	1,101	1,289	1,327	1,341	1,356	1,376
Adjusted operating profit ¹	648	599	586	801	866	913	953	997
Operating profit	584	532	545	765	836	913	953	997
Adjusted EBITDA margin, %	10.9	10.7	10.0	10.8	11.1	10.8	10.7	10.6
Adjusted operating margin, %	5.9	5.7	5.3	6.7	7.2	7.4	7.5	7.7
Adjusted operating profit per tonne, kSEK	1.8	1.8	1.8	2.3	2.5	2.6	2.6	2.7
Operating margin, %	5.3	5.0	5.0	6.4	7.0	7.4	7.5	7.7
Capital structure and return indicators								
Capital employed	8,028	7,773	7,849	7,782	7,411	7,109	6,769	6,432
Return on capital employed, %	8.1	7.7	7.5	10.3	11.7	12.8	14.1	15.5
Equity	4,752	4,435	4,362	4,333	4,175	4,053	3,909	3,814
Return on equity, %	7.6	6.9	8.7	12.7	14.4	17.3	16.9	18.5
Net debt / Adjusted EBITDA ²	2.2	2.5	2.9	2.8	2.6	2.7	2.6	2.2

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 Note 7 for further information.

Alternative performance measures

Gränges makes use of the alternative performance measures Return on capital employed, Net debt, Equity to assets ratio and Cash conversion. Gränges believes that these performance measures are useful for readers of the financial reports as a complement to other performance measures when assessing the possibility of dividends, the implementation of strategic investments, and the Group's ability to meet financial commitments. Further, Gränges uses the alternative performance measures Adjusted operating profit, Adjusted operating profit per tonne and Adjusted EBITDA, which are measures that Gränges considers to be relevant for investors who want to understand the profit generation excluding items affecting comparability. For definitions of the measures, see page 22.

SEK million	Q4		Jan – Dec	
	2020	2019	2020	2019
Adjusted operating profit				
Operating profit	167	115	584	836
Items affecting comparability	27	30	64	30
Adjusted operating profit	193	144	648	866
Adjusted operating profit per tonne				
Adjusted operating profit	193	144	648	866
Sales volume, ktonnes	103.3	77.9	350.6	347.3
Adjusted operating profit per tonne, kSEK	1.9	1.9	1.8	2.5
Adjusted EBITDA				
Adjusted operating profit	193	144	648	866
Depreciation, amortization and impairment charges	148	125	553	461
Adjusted EBITDA	342	269	1,201	1,327
Return on capital employed				
Total assets less cash and cash equivalents and interest-bearing receivables, rolling 12 months average	-	-	10,119	9,375
Non-interest-bearing liabilities, rolling 12 months average	-	-	-2,468	-2,311
Pensions, rolling 12 months average	-	-	377	348
Capital employed	-	-	8,028	7,411
Adjusted operating profit	-	-	648	866
Return on capital employed, %	-	-	8.1	11.7
Net debt				
Cash and cash equivalents and interest-bearing receivables	-	-	-1,601	-752
Interest-bearing liabilities	-	-	4,535	3,853
Pensions	-	-	358	363
Net debt	-	-	3,292	3,465
Equity to assets				
Equity	-	-	5,970	4,314
Total assets	-	-	13,652	10,480
Equity to assets, %	-	-	43.7	41.2
Adjusted cash flow before financing activities				
Cash flow before financing activities	-1,017	68	-322	-148
Cash flow from expansion investments	102	123	306	1,103
Cash flow from acquisitions	1,196	-	1,196	-
Cash flow from other capital transactions and non-maintenance investments	-49	-	-	93
Adjusted cash flow before financing activities	232	191	1,180	1,048
Cash conversion				
Adjusted cash flow before financing activities	232	191	1,180	1,048
Adjusted operating profit	193	144	648	866
Cash conversion, %	120	132	182	121

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.



Head office

Gränges AB (publ)
Box 5505
SE-114 85 Stockholm
Sweden

Visiting address

Linnégatan 18
114 47 Stockholm

Tel: +46 8 459 59 00
www.granges.com
Reg. no. 556001-6122

ABOUT GRÄNGES

Gränges is a leading global supplier of rolled aluminium products for heat exchanger applications and other niche markets. In materials for brazed heat exchangers Gränges is the global leader with a market share of approximately 20 per cent. The company develops, produces and markets advanced materials that enhance efficiency in the customer manufacturing process and the performance of the final products. The company's geographical markets are Europe, Asia and the Americas. Its production facilities are located in Sweden, China and the United States, and have a combined annual capacity of 560,000 metric tonnes. Gränges has 2,400 employees and net sales of SEK 13.5 billion. The share is listed on Nasdaq Stockholm. More information on Gränges is available at www.granges.com.

VISION AND BUSINESS CONCEPT

Gränges' vision is to transform the world through innovative aluminium engineering. We support our customers with research and innovation, product development, and technical support throughout the product's life-cycle. The performance of the customers' final product in terms of efficiency and environmental impact depends largely on material properties and design, which are Gränges' core competences.

BUSINESS MODEL

Gränges' business model is based on long-term customer relationships. Revenue is generated through sale of material that is produced for a certain customer and application. Prices are expressed in metric tonnes and based on the added value that Gränges offers in terms of material properties and production complexity, and the price of the raw material; aluminium. The cost for the material is passed on to the customer.

STRATEGY

Gränges has a clear strategy for the coming years. By offering customized products with a high technical content, Gränges aims to grow above market rate. The ambition is to be the market leader in all geographical regions within rolled aluminium heat exchanger materials in 2020. That goal is based on four strategic pillars: drive growth through innovations, create value from sustainability, increase efficiency through continuous improvements, and grow presence through structural expansion.