

US acquisition to strengthen Gränges position and create opportunities for growth

The US Bankruptcy Court has approved Gränges acquisition of Noranda Aluminum Holding Corporation's ("Noranda") downstream aluminium rolling business in the United States. When completed the transaction will double Gränges sales volume and strengthen its position in North America. Further, Gränges will add a number of strategic and attractive market segments in rolled aluminium. Through the acquisition, Gränges' business is significantly strengthened, creating very good opportunities for continued profitable growth. The transaction is expected to close on 22 August, 2016.

Summary

- Gränges will acquire the business and related assets for 2.8 billion SEK, corresponding to an EV/EBITDA multiple of 6.2x pro-forma 2015 adjusted EBITDA
- Noranda downstream's stable and profitable operations complement Gränges' current business
- Integrated production chain in North America with close geographic proximity to customers
- Modern and cost effective manufacturing with no immediate investment needs
- Access to attractive customer base in stationary heat exchangers (HVAC&R)
- Transaction expected to be earnings per share accretive year one
- Net debt expected to reach financial target of 1-2 times EBITDA in 2018

"This is a strategically important transaction for us, meaning a new chapter in the history of Gränges is written. Together we become a global player in our chosen key areas and significantly strengthen our market offering. At the same time, we acquire the platform we have been seeking to expand Gränges in North America. Through this transaction we now see large opportunities to further build our business and market share in the coming years", says Gränges' CEO Johan Menckel.

"We are satisfied to have the opportunity to execute this transaction at an attractive valuation. We will remain financially strong after the transaction, as we expect our gearing to be in line with our long-term financial targets already in 2018. We believe this is a transaction that will benefit our employees as well as our customers and shareholders", continues Gränges' CEO Johan Menckel.

The transaction

On June 14, 2016 Gränges announced that the company reached an agreement with Noranda to acquire its downstream aluminum rolling business in the United States as part of a Chapter 11 reorganization of Noranda. Gränges emerged as the winner of a subsequent auction valuing the business and its related assets to 324.2 million USD, corresponding to 2.8 billion SEK. On 17 August, 2016 Gränges received final approval as a buyer by the US Bankruptcy Court.

About the acquired business

Noranda's downstream aluminium rolling business manufactures aluminium products for customers in North America, including manufacturers of stationery air conditioners, transformers, food packaging and other adjacent market segments. The company is a major supplier in each of these areas.

The company's rolling mills are well located in the Southeast United States. The rolling mill in Huntingdon, Tennessee, is one of the most modern and cost effective light gauge mills in North America and accounts for about 80% of the sales volume. In Salisbury, North Carolina, the company has a smaller rolling mill and in Newport, Arkansas, the company has a surface treatment plant. Total capacity in the acquired units amounts to approximately 180 ktonnes and number of employees amount to approximately 550.

Legally, the acquired business will be part of Gränges Americas Inc., a wholly owned subsidiary of Gränges AB

Rationale for the transaction

The acquisition delivers on Gränges goal to be a global supplier with a more balanced footprint by firmly establishing the company in North America and as US market leader in the strategic HVAC&R market. In addition, the acquisition expands Gränges's offering into attractive adjacent aluminium rolled product areas.

Through the transaction, Gränges will more than double its sales volume. The new Gränges will have a sales volume of approximately 336 ktonnes, of which 59% goes to customers in Americas, 22% to Asia and 19% to Europe.

The acquisition provides several strategic advantages for Gränges. The acquired assets include a complete production chain with no anticipated immediate major investment needs. The organization is very experienced, the customer relationships are longstanding and the business exhibits several years of stable profitability. Geographic proximity to a majority of customers is another strategic advantage.

Pro-forma

Gränges sales volume, including the acquired business, would have reached 336 ktonnes in 2015. Pro-forma net sales would have reached 10.1 billion SEK (1.2 billion USD) and the adjusted EBITDA, calculated based on Gränges group assumptions, would have reached 1.2 billion SEK (141 million USD).

Key financials for 2015 (pro forma)

SEK million	Gränges	Acquired business	Total
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Sales volume, ktonnes	164	172	336
Net sales	5 494	4 650	10 145
EBITDA	749	438	1 187

This information is only intended to show approximate effects of the acquisition, and do not include any other effects of the transaction including synergies, integration costs or other transaction related items.

The acquisition is expected to be accretive to Gränges earnings per share in the first year.

Gränges net debt increases as a result of the acquisition. As of June 30, 2015, Gränges' pro forma net debt would have amounted to SEK 3.1 billion, corresponding to 2.5 times EBITDA. The gearing is expected to gradually reduce and during 2018 it is expected to be in line with Gränges' long-term financial targets of 1-2 times EBITDA.

Financing

Gränges has secured bank loan financing from Svenska Handelsbanken and Danske Bank to finance the transaction. The loan financing has been secured on customary corporate terms. The company's interest costs are expected to increase by SEK 20 million per quarter based on current base rates. No rights issue is currently planned as a consequence of the acquisition.

Webcasted conference call

Gränges will host a webcasted conference call tomorrow, 18 August, 2016, at CET 10.00 a.m., with CEO Johan Menckel and CFO Oskar Hellström. The webcast can be accessed on www.granges.com/investors. The presentation will be in English. To take part in the telephone conference, please call **+46 856642661** (Sweden), **+44 2031940544** (United Kingdom) or

+1 8552692604 (USA). Call a few minutes before the conference call begins.

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The information in this press release is such that Gränges must disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on Wednesday, 17 August, 2016, at 17.45 CET.

About Gränges

Gränges is a leading global supplier of rolled products for brazed aluminium heat exchangers. The company develops, produces and markets advanced materials that enhance efficiency in the customer manufacturing process and the performance of the final products; brazed heat exchangers. The company's geographical markets are Europe, Asia and the Americas. Its production facilities are located in Finspång, Sweden, and Shanghai, China, and have a combined annual capacity of 220,000 metric tonnes. Gränges has some 950 employees and net sales in 2015 totalled SEK 5,494 million. Its shares have been listed on Nasdaq Stockholm since October 2014. More information on Gränges is available at granges.com.