

## Press Release

August 12, 1999

### **Gränges emphasises focus on expansion**

At a meeting of financial analysts in Stockholm today, Group Chief Executive Officer Staffan Bohman briefly summarised his views on Gränges and its future development:

#### **Strategy review**

Historically, Gränges has demonstrated a particular ability to adapt to new and changing market conditions by growing organically and successfully integrating acquired operations. Since 1995, the company has been extensively streamlined and operations today concentrate on areas with good growth potential and a high content of technology and know-how. This transformation has been carried out very rapidly and the focus is now on providing customised solutions based on aluminium and plastics.

During the spring, I initiated a review of our corporate strategy during which we, among other things, analysed our positions in various product and geographic markets. I mentioned already at the 1999 Annual General Meeting at the end of April that our future direction would be characterised by evolution rather than revolution. Gränges' principal goal is to continue an industrial development characterised by customer focus and customer know-how, to achieve strong growth with high, sustainable profitability and an accompanying increase in value for its shareholders.

#### **Greater focus provides results – we are on the right track**

The initial stages of the strategy work have now been completed. We can see that the streamlining measures implemented during the past five years have generated results:

- Gränges net sales have increased by an average of more than 9 percent per year.
- Volume growth for aluminium-based products has exceeded 9 percent annually, which is 3 to 4 times higher than the underlying market.
- Growth has been achieved with favourable profitability and profit before tax has increased by more than 16 percent per year.

### **Ready for next stage**

Gränges' focus will be placed on areas that offer the greatest growth and profitability potential:

- We will expand our core areas of operation primarily within Europe but also in other selected markets.
  - The extrusion business is, and will be, the backbone of Gränges Group
  - Common points of interest shall exist between the operations we continue to develop, either technically or in terms of markets/customers.
- The expansion shall further develop and strengthen our positions within selected product and geographic markets.
  - Gränges is a customer-oriented and cost-effective manufacturer focused on products with a high technology content. We intend to further develop this by increasing the value content in our products, thereby differentiating ourselves from our competitors.
  - A close co-operation with demanding customers creates the most fertile soil for product development, our ability to resolve problems and our cost-effectiveness. Today Gränges has close partnerships with leading European companies in the transport-, telecommunication- and packaging industries.

### **Gränges' financial goals**

Gränges strives to achieve the following goals during a business cycle:

- Annual growth of 10-15 percent
- Operating margin of at least 8 percent
- A net margin of at least 5 percent
- A return of at least 18 percent (on capital employed before tax and on shareholders' equity after tax).

### **The perception of Gränges**

Gränges' operations are founded on such qualities as deep know-how of the industry, ability to adapt to new conditions and a strong entrepreneurial spirit with focus on profitability. These are critical success factors, which we must continue to safeguard and refine. Gränges shall be perceived as a stable, creative and competitive supplier. A good and stable profitability and growth shall ensure that the Gränges share is a good investment for its owners.

*Staffan Bohman*

President and CEO, Gränges

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**Gränges is an international industrial group focused on value-added products based on aluminium and plastics. The products range from extrusions, heat transfer material and foil to components and systems in plastics to the transport industry. The group is one of Europe leading companies within its field with customers in the transport, engineering, construction and packaging industries. Gränges is quoted on the OM Stockholm Exchange "O-list".**

**Visit Gränges web site on the Internet: [www.graenges.se](http://www.graenges.se)**