



sapa:

Innovative aluminium solutions

Sapa Investor Briefing
Oslo, 3 November 2016

Today's presenters



Egil Hogna
President & CEO



Karl Eichinger
CFO



John Thuestad
Business Area President
Extrusion Europe



Erika Ahlqvist
EVP CSR &
Communication

Today's agenda

Building the Sapa of today and the future

CEO presentation

Leveraging the Sapa platform in practice

Business area Extrusion Europe presentation

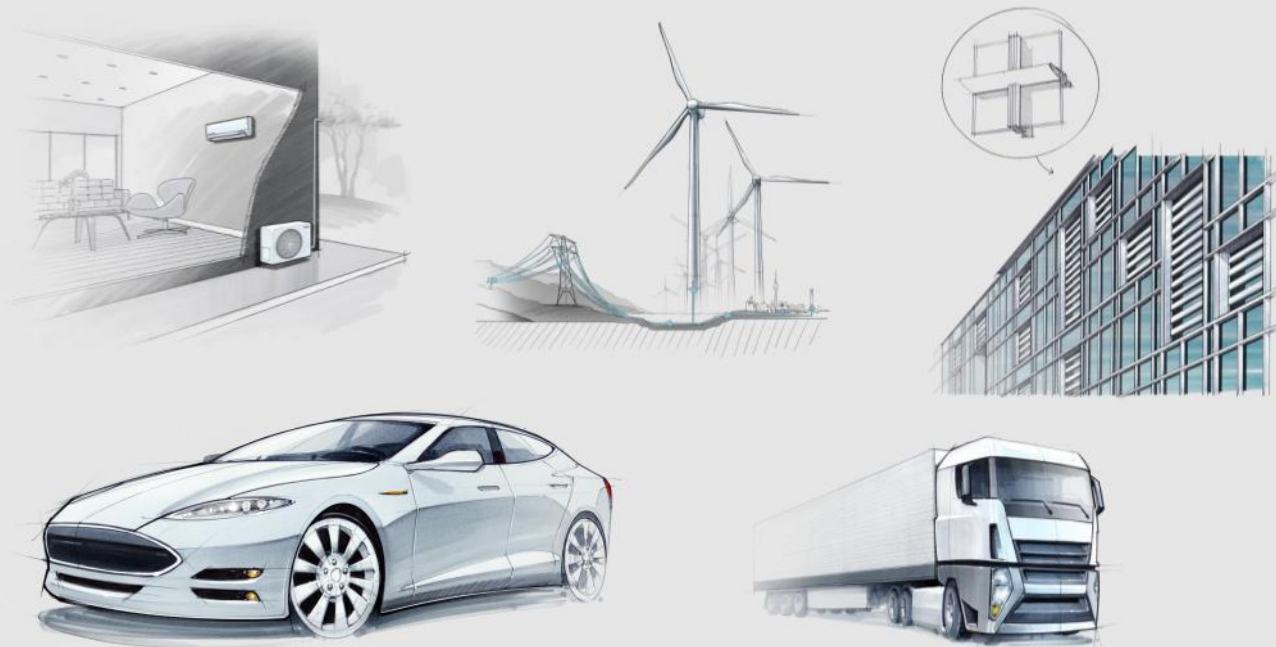
Shifting focus from turnaround to profitable growth

CFO presentation

The journey ahead

CEO concluding remarks

Q&A



sapa:

Building the Sapa of today and the future

Shaping a sustainable future through innovative aluminium solutions

Egil Hogna
President & CEO

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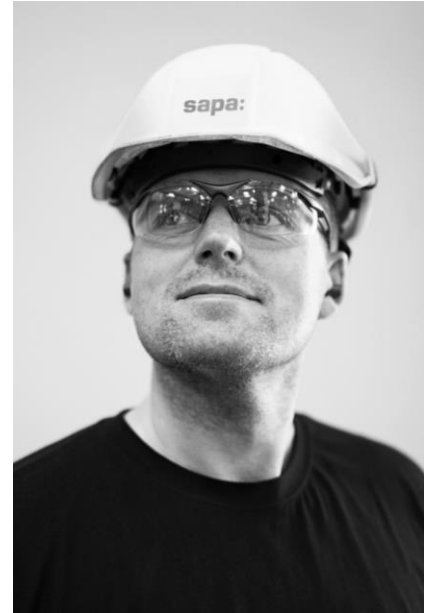
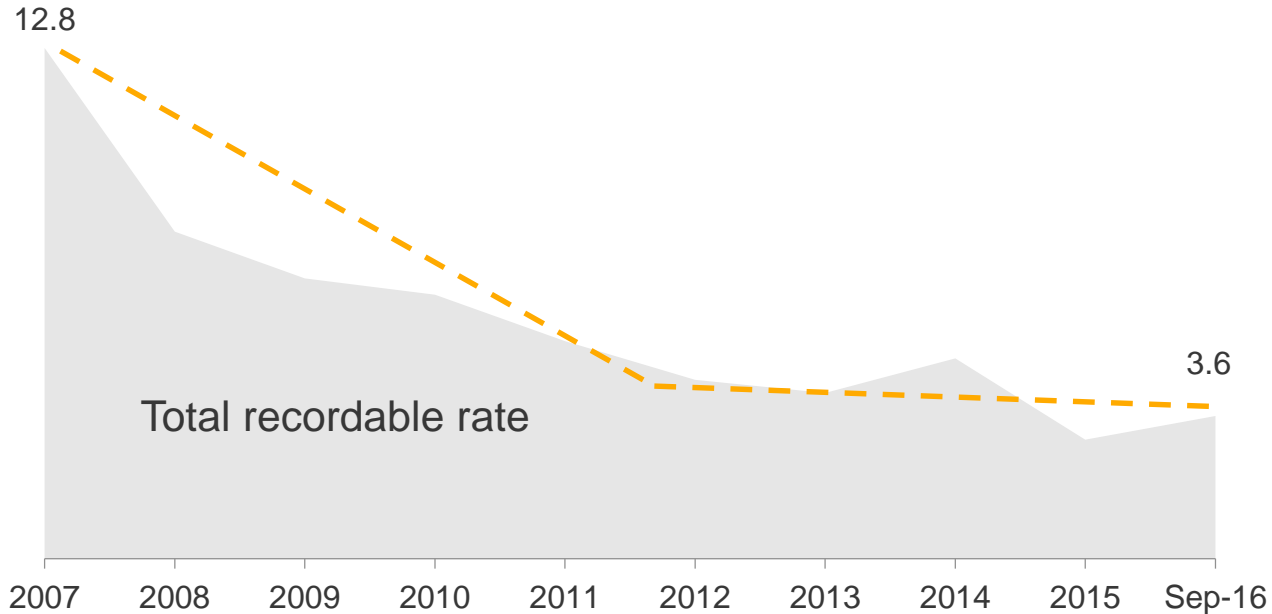
Unique position as world leading extrusion company

- Aluminium and Extrusion is an **attractive market**
- JV formation **rationale proven** with clear **competitive advantages**
- Business model with **high value added, flexibility** and **low commodity price risk**
- **Clear strategy** for growth and value creation
- Our journey is paying off – **consistent improvements** since inception

Our purpose

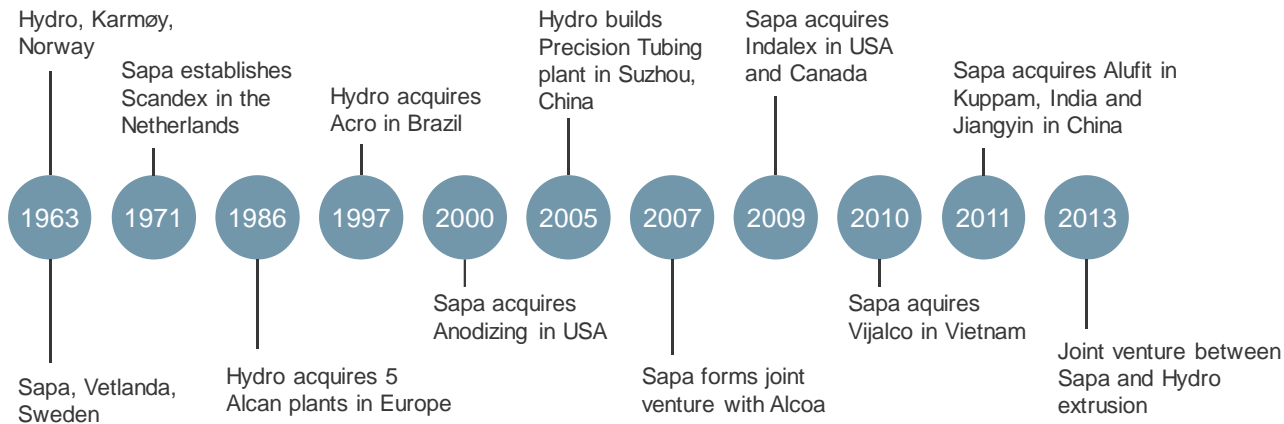
Shaping a sustainable future through
innovative aluminium solutions

Safety is our top priority

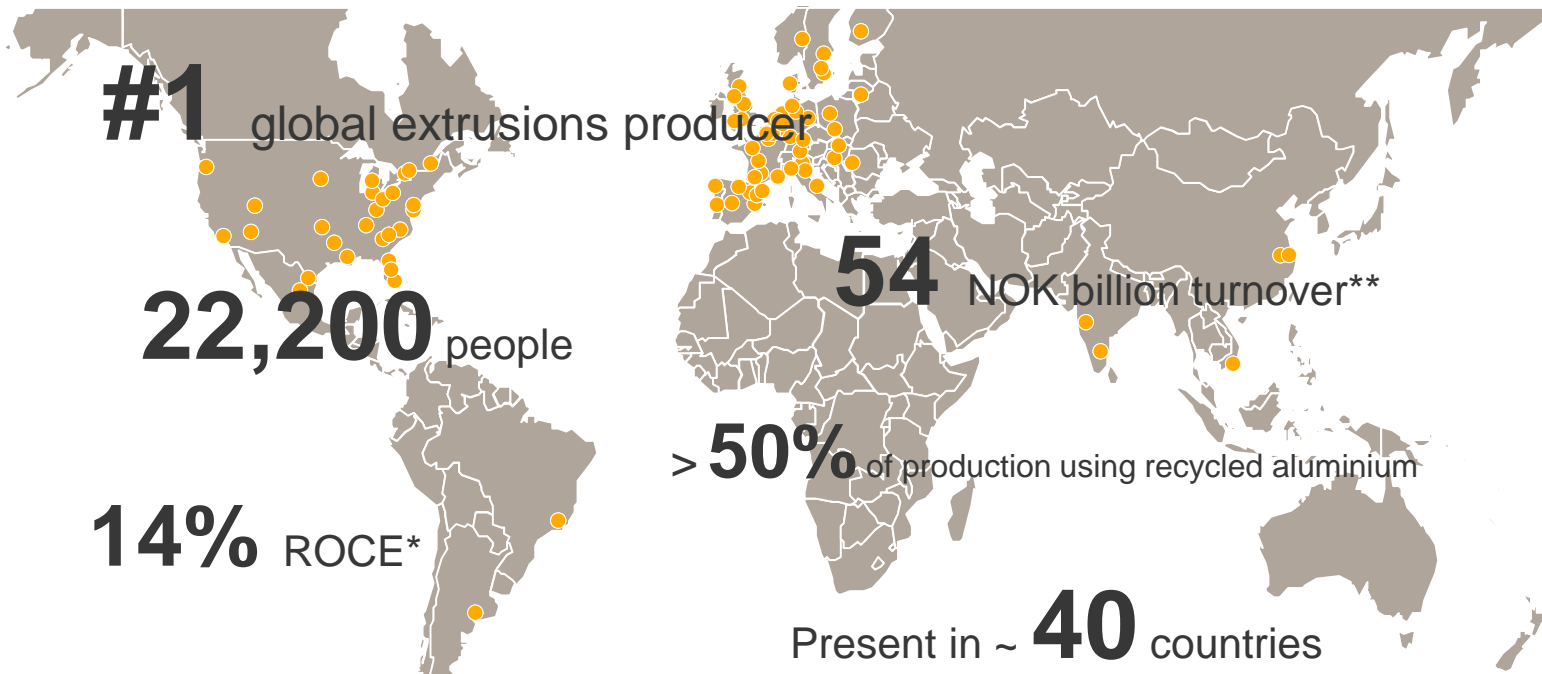


Sapa has driven consolidation in the extrusion industry

- Building on knowledge base and rightsizing portfolio in Europe
- Integrating and capitalizing on strong positions in North America
- Developing attractive positions in high-growth markets
- Flexibility and capability to meet challenging market conditions



Sapa – more than 50 years of consolidation



Significant steps taken since last year

Integration and restructuring

- Significant bottom line improvements, supported by Sapa delivering on synergy targets ahead of time

Increased quality and value-added

- Quality systems lifted to industry benchmark
- Improved product mix and increased Net Added Value per kg by 12%*

Simplification and collaboration

- Corporate HQ streamlined, business area synergy setup strengthened

Asian footprint consolidated

- Strengthened platform for growth in Asia in attractive niches, expansions commencing in Precision Tubing

Sapa operates in four business areas

Extrusion Europe



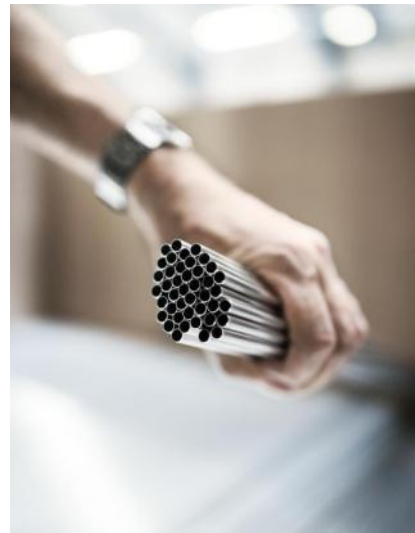
Extrusion North America



Building Systems

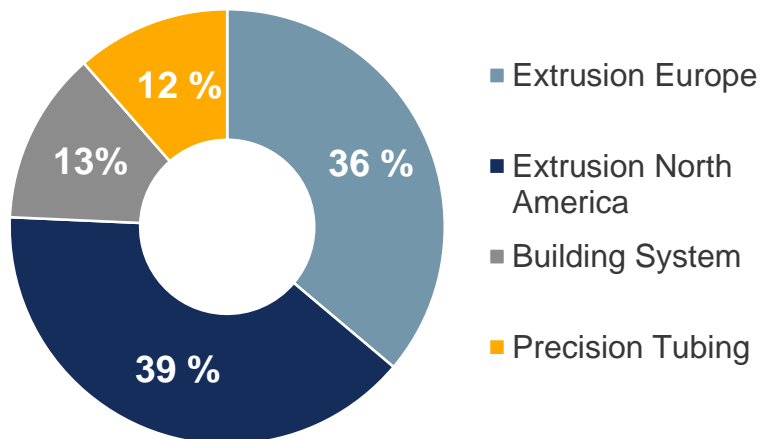


Precision Tubing

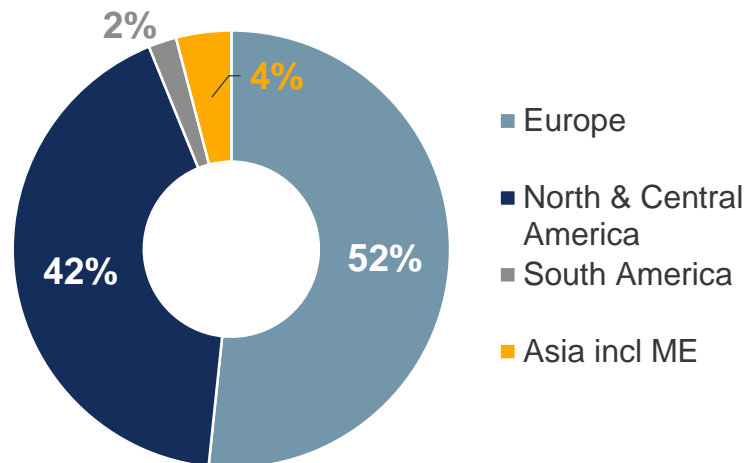


Business concentrated in Extrusion North America and Europe

Sales breakdown by business area (2015)



Sales breakdown by geography (2015)



Global trends drive the demand for aluminium

Environment & climate change



Reduced CO₂ emissions targets
Higher fuel efficiency



Lighter cars

Population growth



New industrialized areas
Higher mobility



Transportation demand

Urbanization



New concept of cities
Durable material



Energy efficient building solutions

Aluminium is durable, infinitely recyclable and provides more efficient solutions



Low weight
high strength



Superior
malleability



Corrosion
resistance



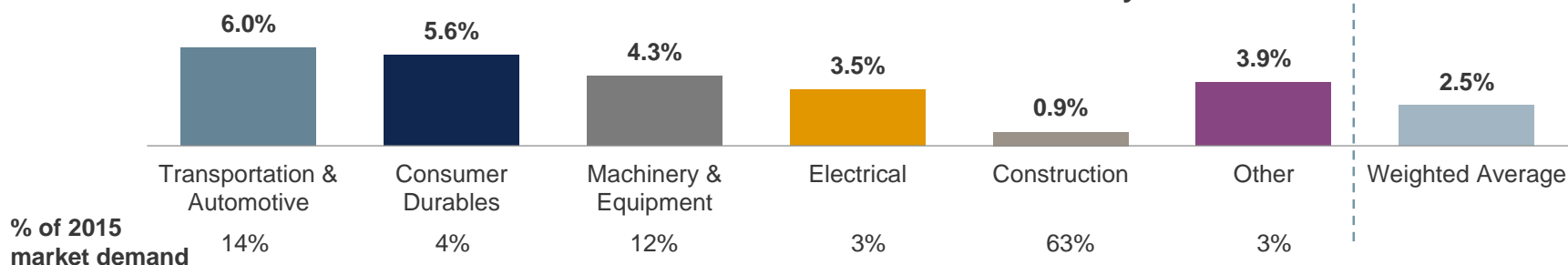
Recyclable with
low energy input

Well-positioned in downstream aluminium

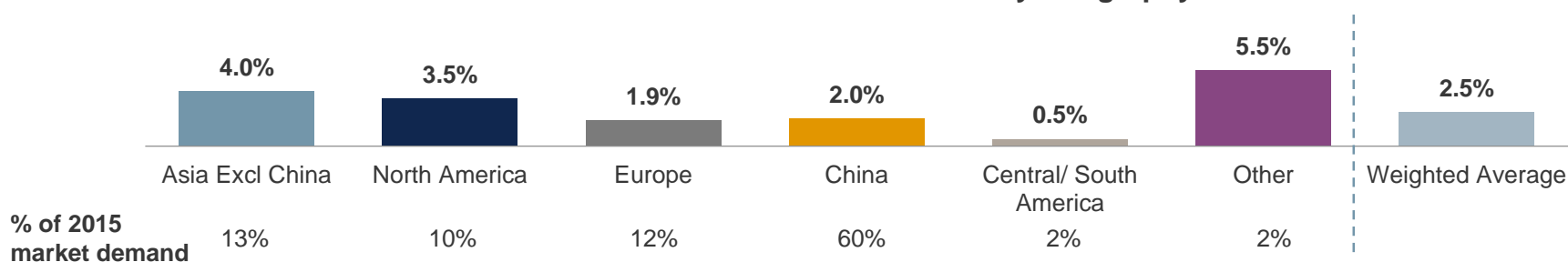


Robust outlook for aluminium extrusion end markets

Extrusion Demand Volume CAGR 2015-2020 by Sector

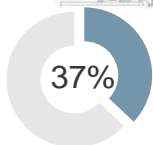
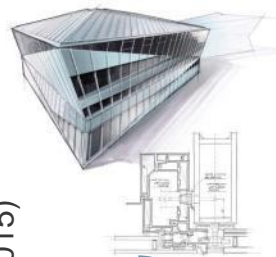


Extrusion Demand Volume CAGR 2015-2020 by Geography

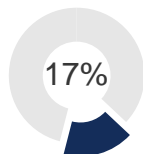


We serve a broad range of end markets

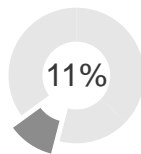
Building & construction



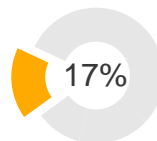
Transportation



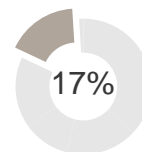
Distribution



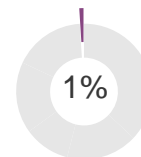
Industrial



Automotive



HVAC&R*

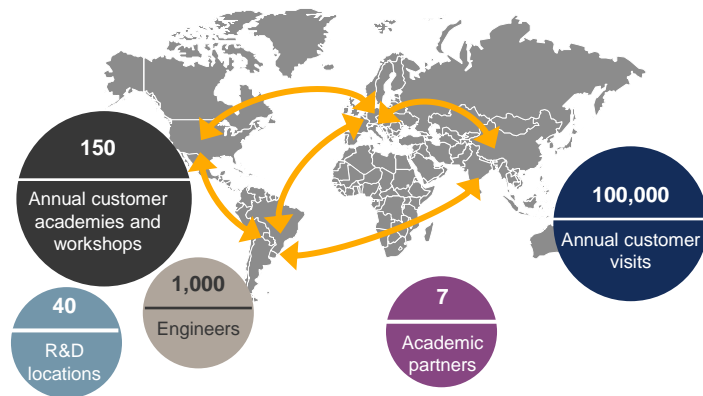


Share of Sapa
revenues (2015)

Sapa's vision guides our strategy and how we do business

We are aluminium.
Excelling in technology and innovation.
Today and tomorrow.
Sapa – Innovative aluminium solutions

Competitive advantage: Unmatched technology competence



- Unique R&D network close to customers
- Leading competence in value-add activities
- Expanding world wide Sapa Academy concept
- More engineers than most of our competitors have employees
- Collaboration bringing knowledge to customers wherever they are

“No other supplier comes close to Sapa in terms of application development“

- HVAC&R customer

Competitive advantage: Value chain width and depth

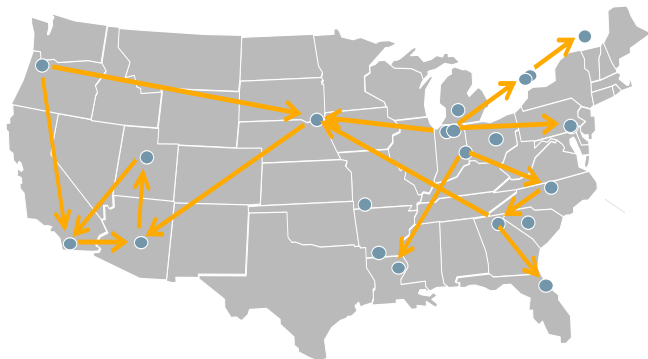


- Unmatched wide range of solutions
- Creating value with design, materials, and services
- Complete customer solutions

“Value added processing by the supplier reduces complexity for us and avoids the need to coordinate supply chain flows between different suppliers, which ultimately results in a loss of responsibility for defects or failures”

- Transportation customer

Competitive advantage: Global reach and local presence – plant-network



- Number one globally
- Close to local customers
- Network of plants allows for flexibility and reliability
- Dies can be switched and moved swiftly and at low cost to adapt to specific customer needs
- Building Systems has a global offering with three main brands

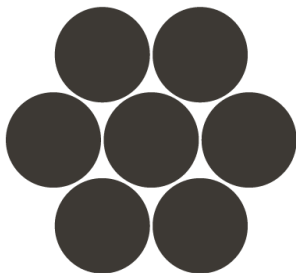
“Sapa has the widest network of manufacturing sites, and therefore the best capabilities in terms of supply security”

- Building and construction customer

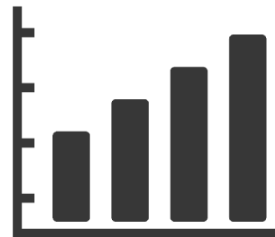
Our strategy is to lead the aluminium extrusion industry by offering the best value in innovative aluminium solutions



1. Increase value-added to our customers



2. Simplify and collaborate



3. Selective growth

Extrusion Europe – market leader with strong focus on value added products

- Be the European industry shaper
- Benefit from speed and proximity in building and construction
- Outperform competition in vertical integration and material substitution
- Grow exposure to high value add automotive, transport, and engineering end markets

Fast facts



9,400 people



40 locations



Revenues:
NOK 19.8 bn



Market share

Extrusion North America – uniquely positioned as the only coast-to-coast supplier

- Further develop strong position in transportation and distribution
- Increase position through superior “ease of doing business” model and unique new services and product offerings
- Lead in alloy development, application engineering support, and customer education academies
- Grow exposure to high value add automotive and building and construction end markets

Fast facts



6,300 people



23 locations



Revenues:
NOK 20.6 bn



Market share

Building Systems – leading European player with well recognized multi-brand portfolio

- Become the market leader in Europe
- Grow business in Asia and enter North America
- Lead in product design and energy efficient solutions through strong R&D capabilities
- Reinforce three main brands to improve market positions and lower product development costs

Fast facts



2,800 people



Employees in
29 countries



Revenues:
NOK 7.2 bn



18%
Market share

Precision Tubing – technology leaders in selected niches

- Be in the forefront in precision aluminium solutions for heat transfer and industrial applications
- Lead the material substitution in the HVAC&R industry
- Focus extrusion business in South America and Asia on selected high added value market niches
- Create new aluminium solutions for fluid lines, cables and cooling lines for batteries

Fast facts



3,100 people



17 locations



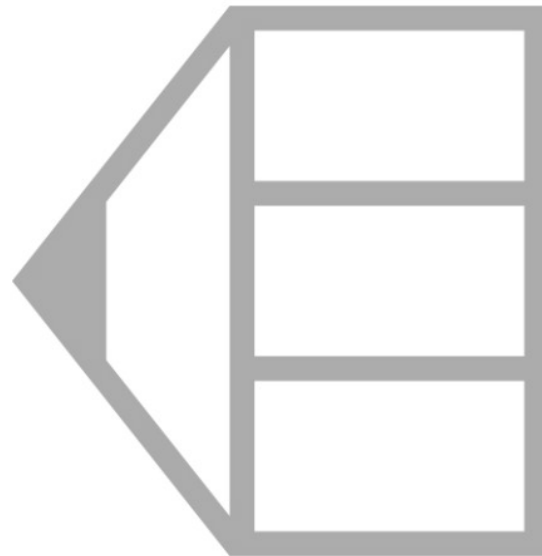
Revenues:
NOK 6.3 bn

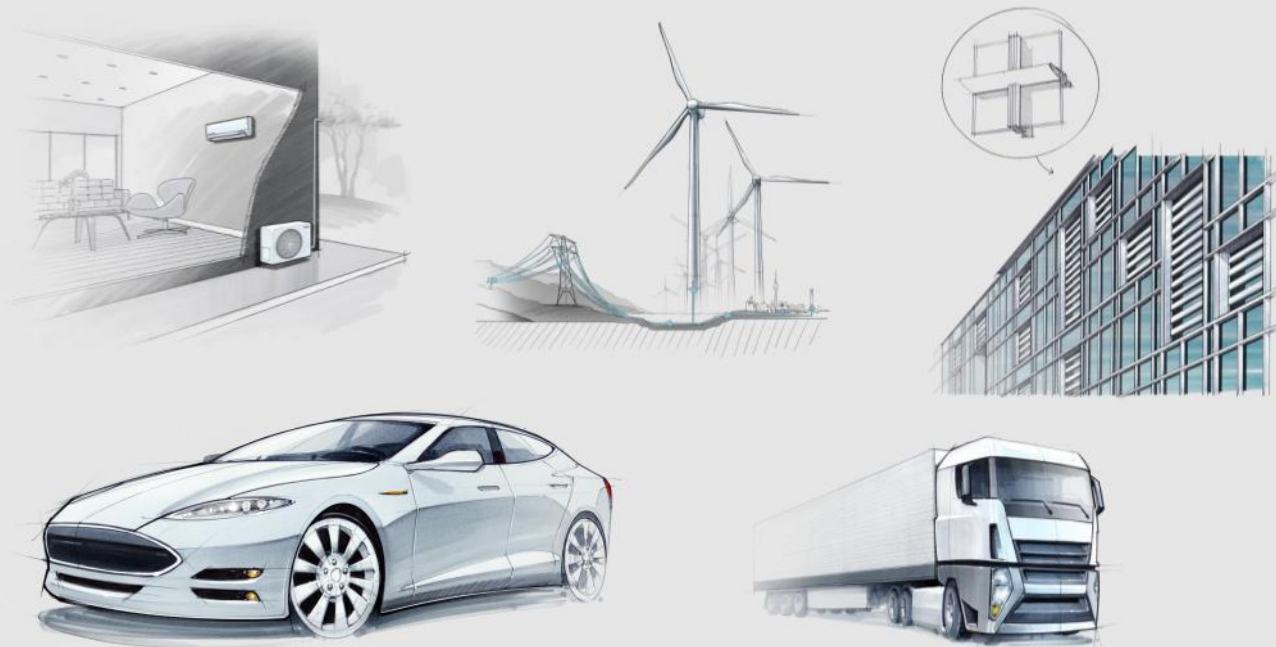


Market share*

Key priorities for 2017

- Continuing improvements in safety and quality
- Value over volume - increased share of value-added products in all business areas
- Simplification and collaboration to further reduce costs and operate smarter
- Continued focus on capital efficiency and strong cash generation
- Continue to lay the foundation for strategic growth





sapa:

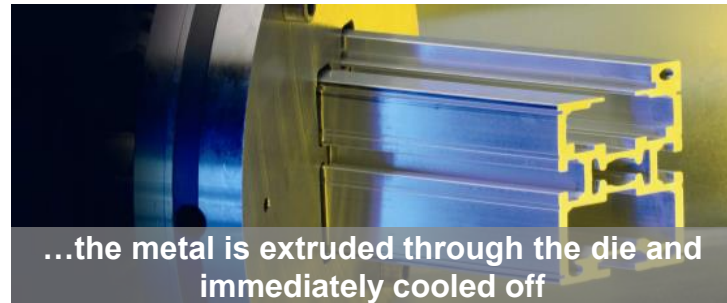
Leveraging the Sapa platform in practice

John Thuestad
BA President
Extrusion Europe

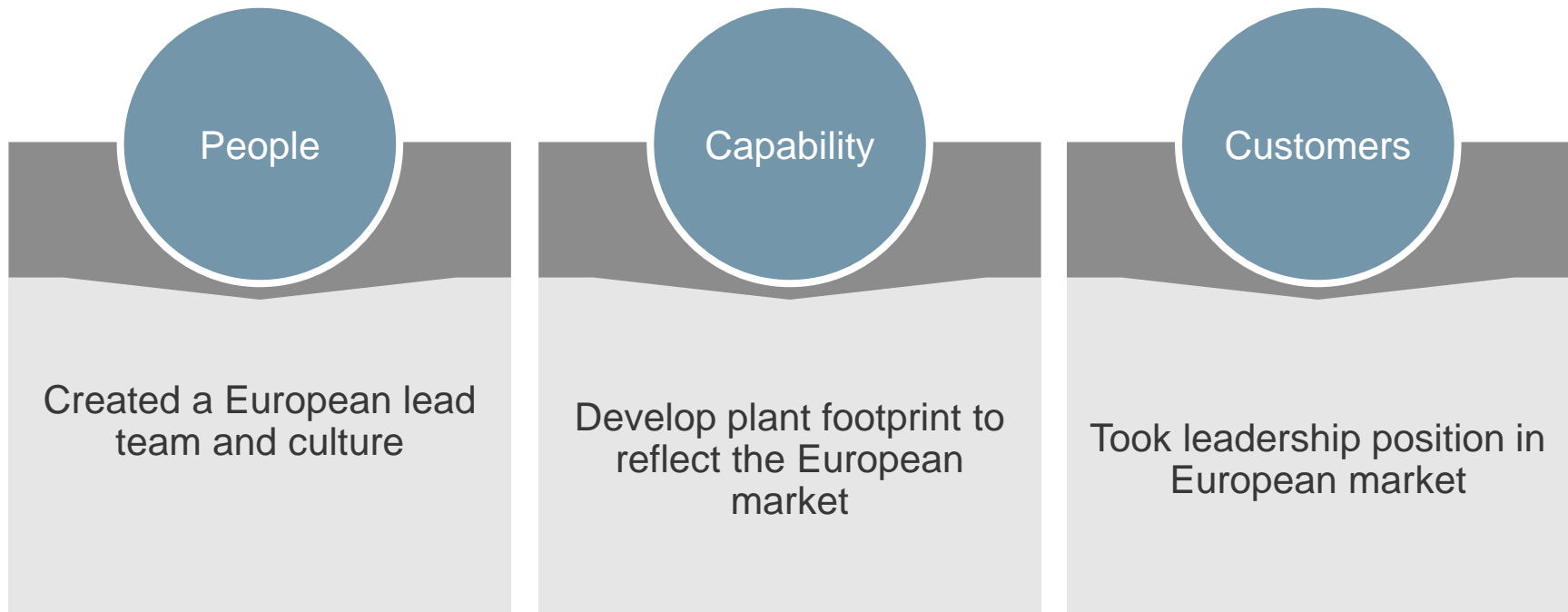
Shaping a sustainable future through innovative aluminium solutions

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What is extrusion?



Our journey since 2013



Setting the industry standard



The diagram consists of a light gray horizontal bar containing three blue circles. Each circle contains a white text label: 'Safety', 'Quality', and 'Service' from left to right. Below this bar is a large, light gray downward-pointing arrow. At the base of this arrow is the text 'Foundation for success'.

Safety

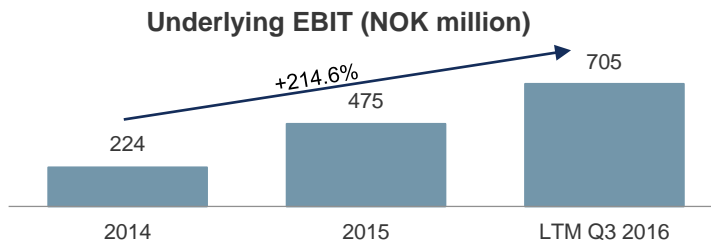
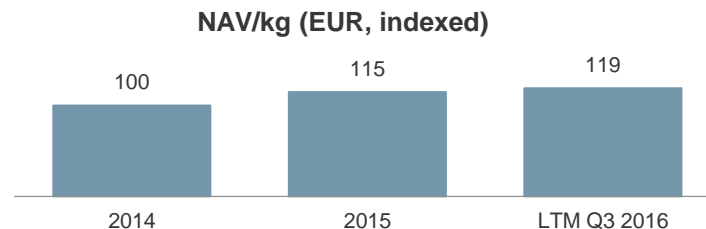
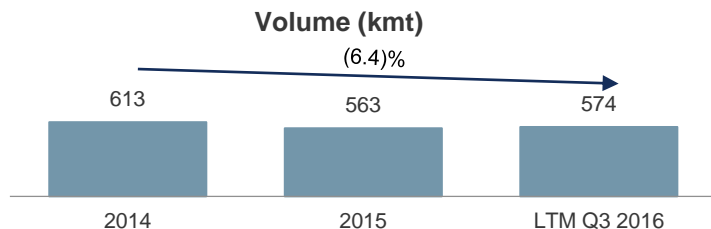
Quality

Service

Foundation for success

Extrusion Europe's journey is paying off

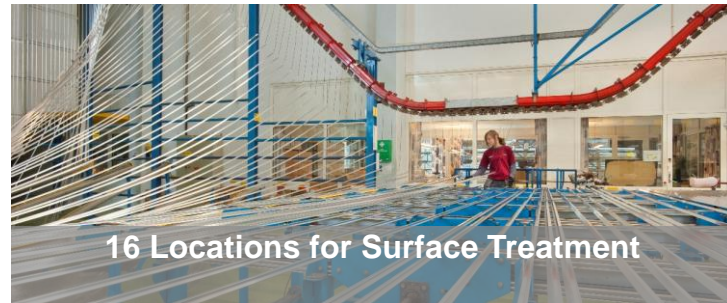
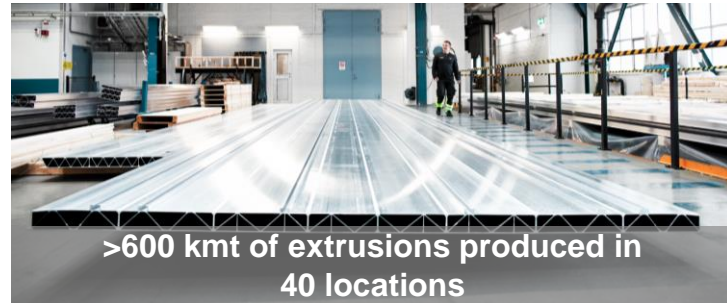
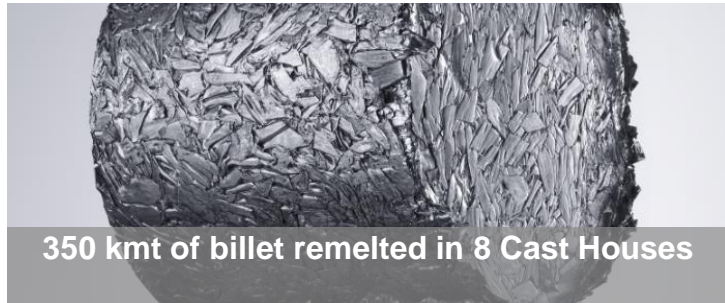
Focus shift: Value over volume



Highlights

- Value over volume – selective on segments to develop
- Improved product mix
- Improving cost position through significant restructuring

From extrusions to solutions



How do we leverage the strengths of Sapa?

1

Scale



2

Capability



3

R&D/Applications



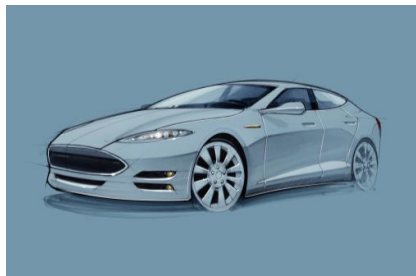
1 Scale

- 40 production locations in 20 countries with 24% market share
- 10,000 employees with knowledge & experience unparalleled in the market
- 20,000 customers (300-600 customers per plant)
- Low dependence on individual customers, markets or segments



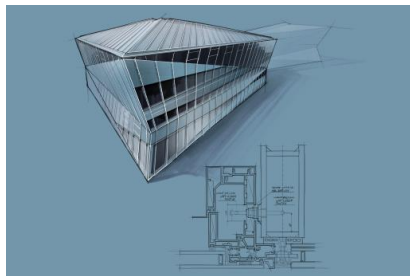
2 Capability

Customized design and tailored solutions



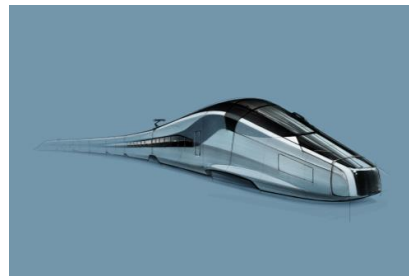
Automotive

- Light & strong structural parts
- Next generation crash management systems and alloys
- Smart and modular battery solutions for e-mobility
- Aesthetical and functional roof rails and trims



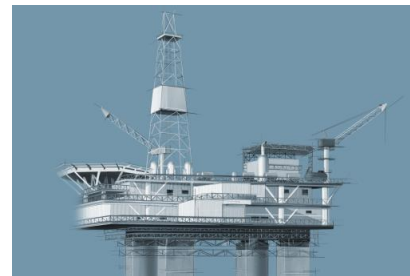
B&C

- Exceptional quality and lead times for large scale high end projects
- Direct connection with local metal builders driving high value in regional markets
- Internal synergies & service driving the value proposition of Sapa Building Systems



Rail

- Structural friction stir welded components and sub-assemblies
- Large structural extrusions to support light weight designs
- Alloy development to drive material efficiency



Marine & Offshore

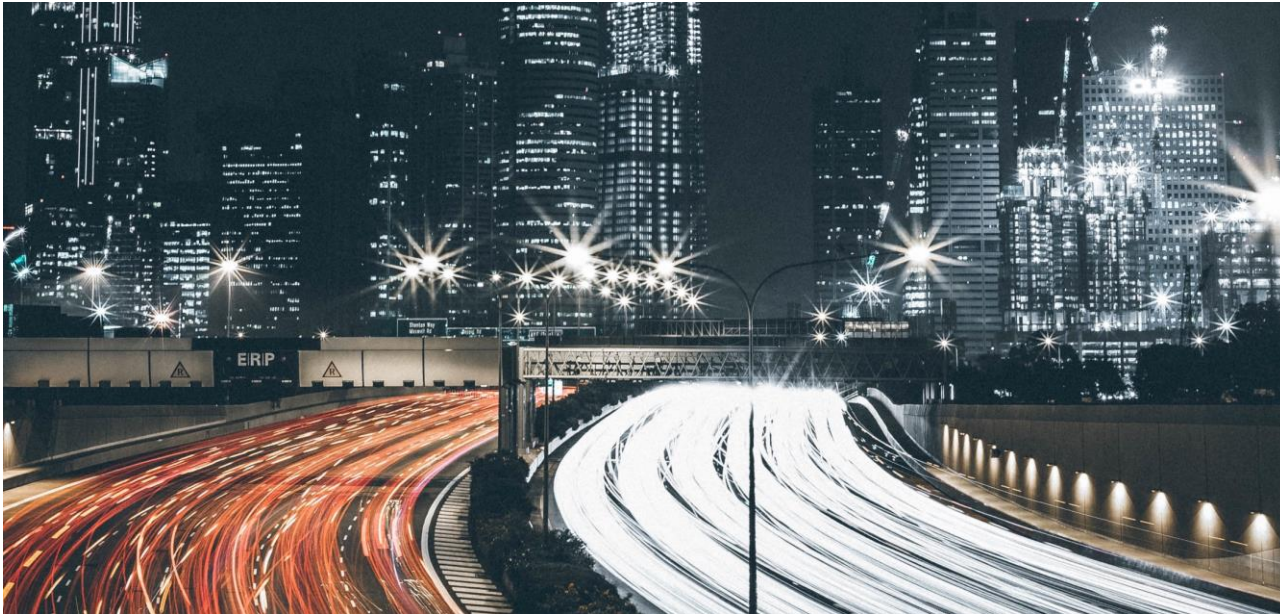
- Welded panels for structures below and above the waterline
- Fully fabricated components
- New alloy development, focusing on corrosion resistance

3 R&D and application development



- We have the Sapa Technology facility in Sweden focusing on process and product development
- We have over 200 application engineers throughout Europe
- We have an unparalleled ability to partner with our customers for advanced solutions

When we combine these, there is nothing we can't do when it comes to aluminium



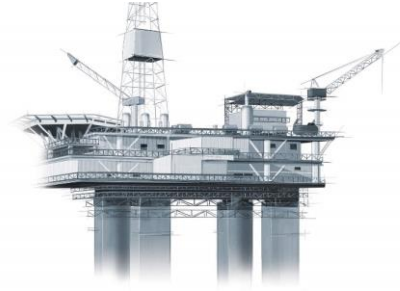
Taking a leadership position going forward



Engineering



Rail



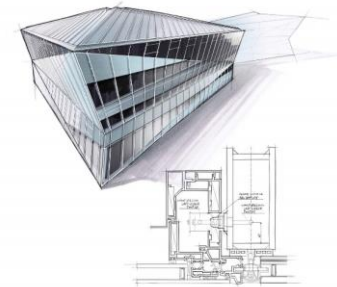
Marine & Offshore



Automotive



Truck



Building & Construction

Crash management systems for safer trucks



- Joint development with major truck manufacturers
- Sapa in Tier 1 position, delivering 100% of the volume
- 45% weight reduction
- Value add based product including alloy development, bending, machining, welding, and assembly



Delivering solutions to marine and offshore market



- Working with Apply Leirvik, delivering parts to the housing quarters constructed with wide panels
- Weight reduction, corrosion resistance, and lowered maintenance costs
- Utilizing Sapa's competence and capabilities in Finspång, Sweden



Driving high end building and construction solutions

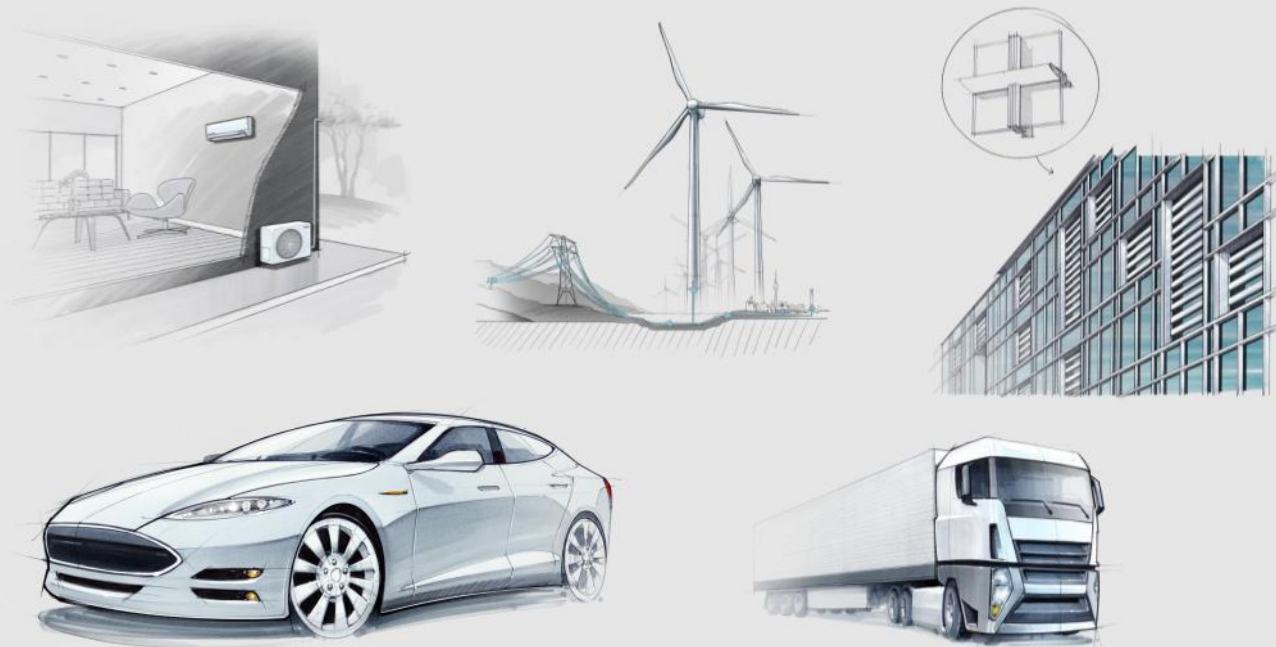


- Supply a façade system designed by Gartner
- Provides a one stop solution – project management, extrusion, thermal break & surface treatment
- Uniquely positioned to provide profiles including big and wide shapes

Our strategic priorities going forward

- Increase solution development serving the high value markets
- Outperform competition in vertical integration and material substitution
- Shape the European aluminium extrusion Industry





sapa:

From turnaround to profitable growth

Shaping a sustainable future through innovative aluminium solutions

Karl Eichinger
CFO

Recap of financial priorities at JV formation

- 1 Retain business
- 2 Extract synergies
- 3 Improve margins

Integration targets achieved well ahead of plan

1

Retain business



No significant loss of business due to customer overlap



Building system market share trend reversed

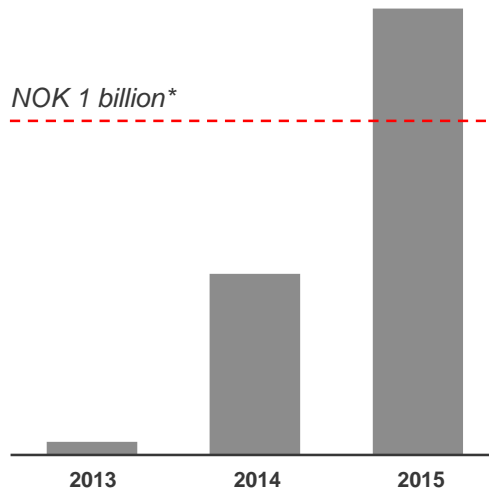


2

Initial synergies plan



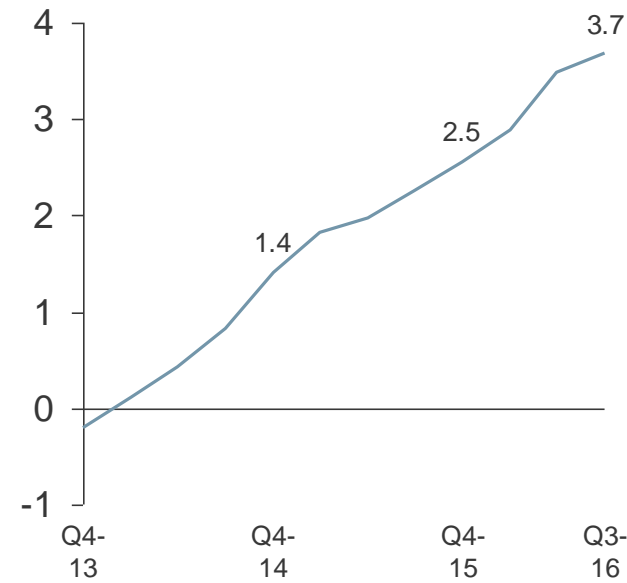
NOK 1 billion*



* Recurring EBITDA synergies

3

EBIT margin improving

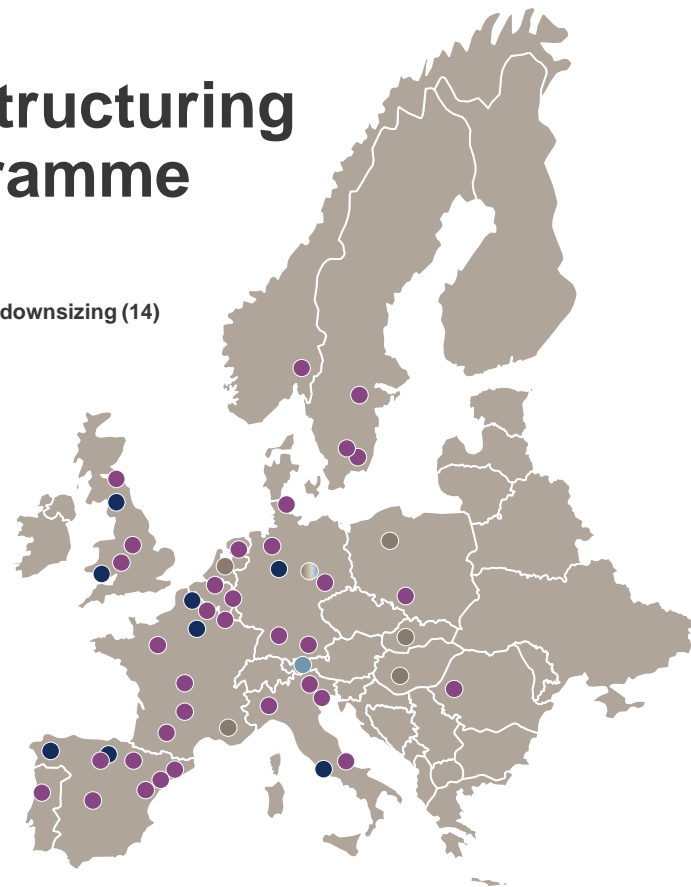


12 months rolling underlying EBIT%

We went through 29 significant restructuring projects in the initial synergy programme

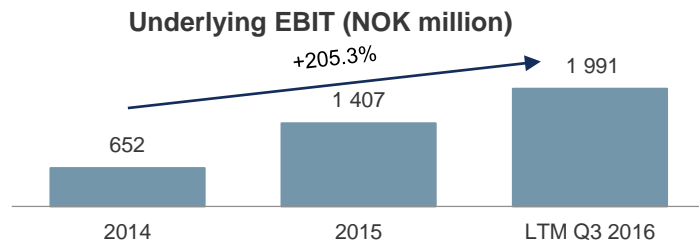
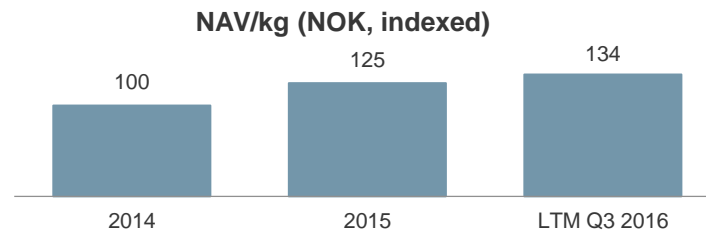
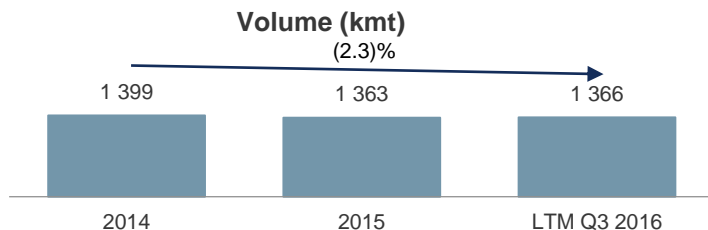
Bolzano	Sweden I
Haticon II	Sweden II
Autocar	Koefem I
Jiangyin	Koefem II
SCAP	Trzcianca
Guelph	Ziar
Hanover	X-Docks France
Miami	X-Docks DACH
Workington	Harderwijk
Pinon	Haticon I
Bedwas	Benelux cost reduction
Seneffe	Iberia cost reduction
Fossanova	Puget
Eural	Extrusion Americas 2 nd round restructuring
Perfialsa	

■ Divestments (5)
■ Full plant closure (10)
■ Part closure / restructuring / downsizing (14)



Sapa Group

Cost position and portfolio mix improved

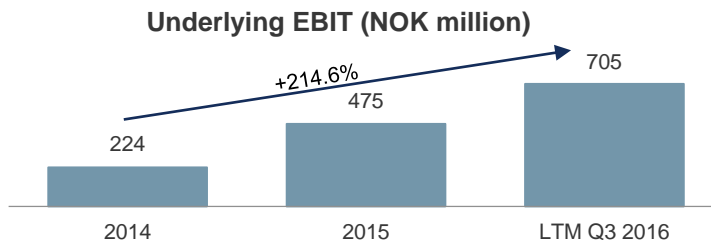
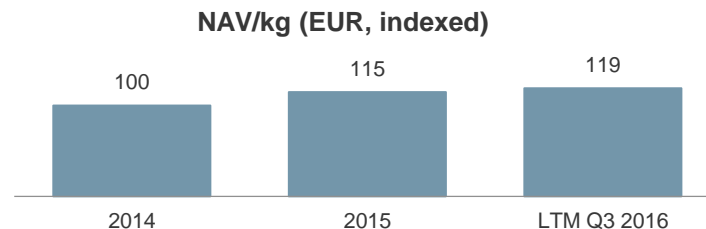
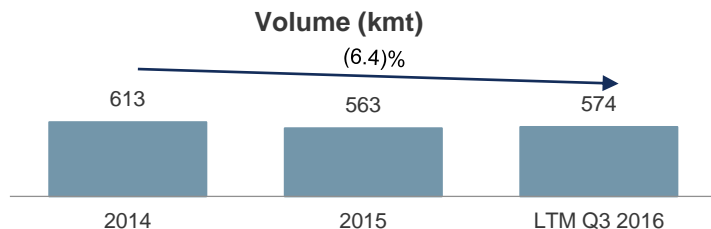


Highlights

- Value over volume – selective on segments to develop
- Customer value focus reflected in the margins
- Company wide restructuring has strengthened the cost position and enable result improvements

Extrusion Europe

Focus shift: Value over volume

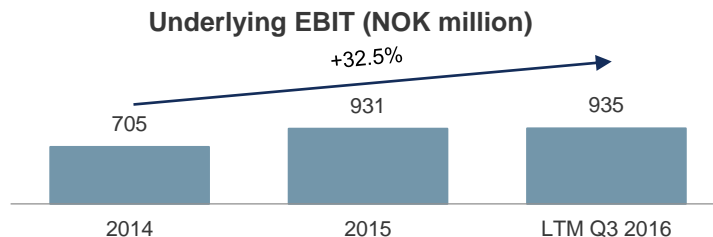
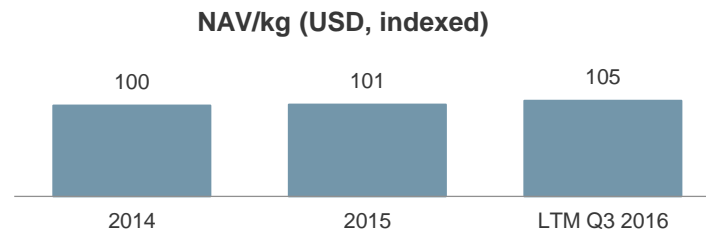
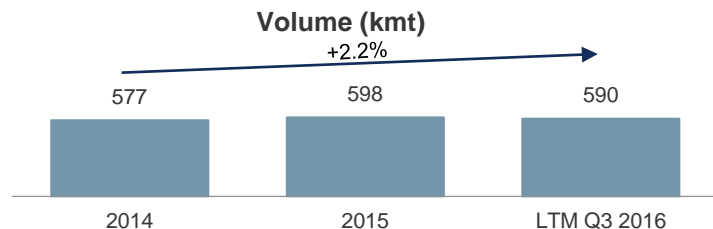


Highlights

- Value over volume – selective on segments to develop
- Improved product mix
- Improving cost position through significant restructuring

Extrusion North America

Robust performance in a strong market

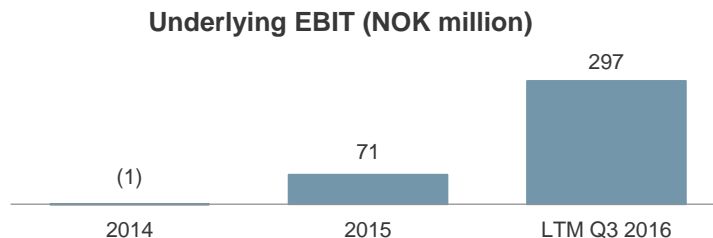
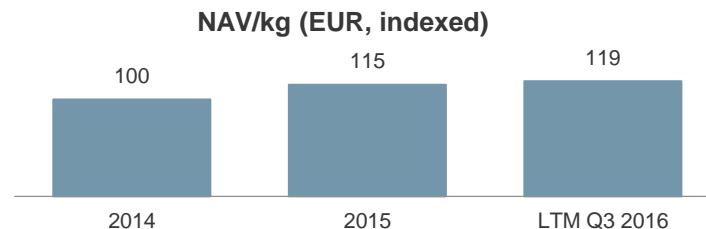
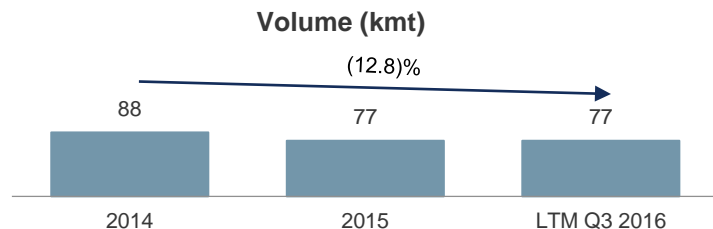


Highlights

- Strong market growth – Sapa selective on profitable segments
- Increasing value added
- Improving margins from already high capacity utilization and lean organization

Building Systems

Restructuring and stronger commercial offering improving results

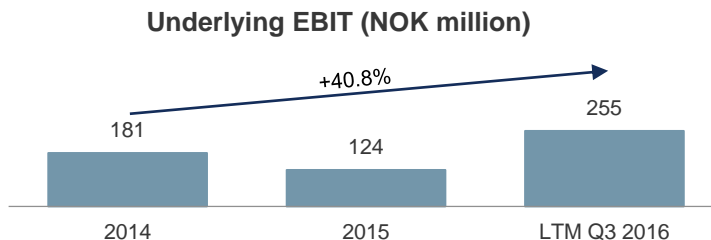
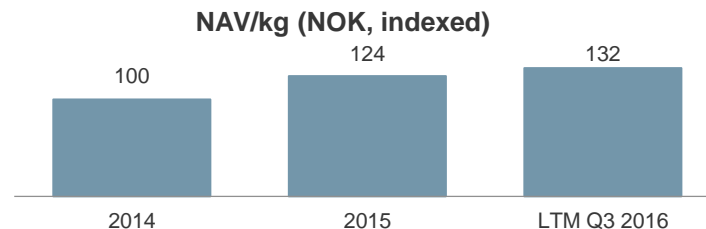
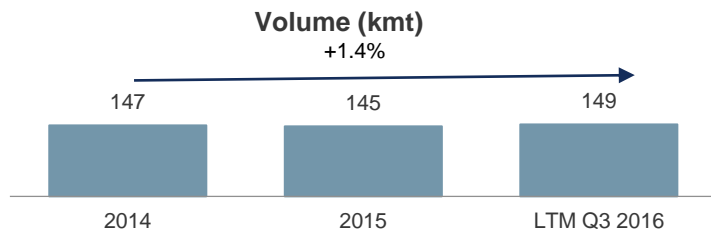


Highlights

- Improving results in weak market
- Increasing value added
- Significant restructuring has improved cost position

Precision Tubing

Benefiting from restructuring and growing end-markets

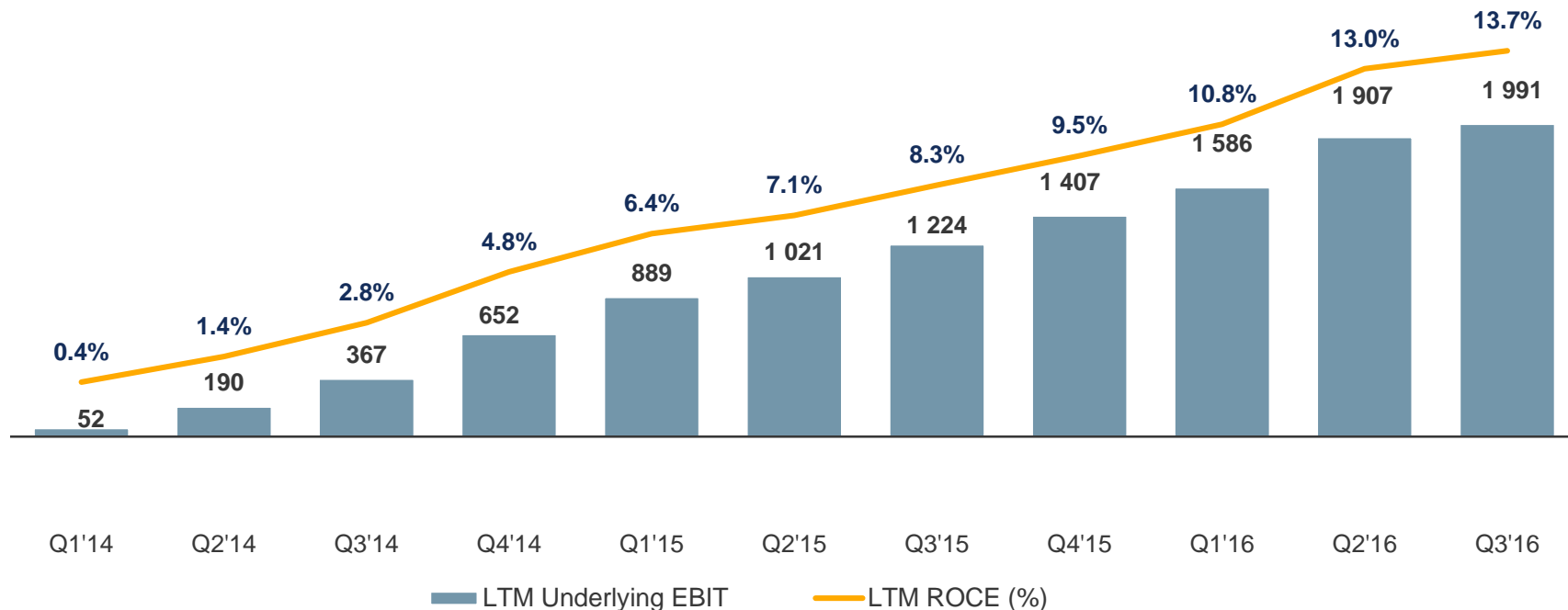


Highlights

- Underlying market improvement in automotive and HVAC&R
- Restructuring in 2014-16 in general extrusion
- Focus shift, niche strategy in emerging markets paying off

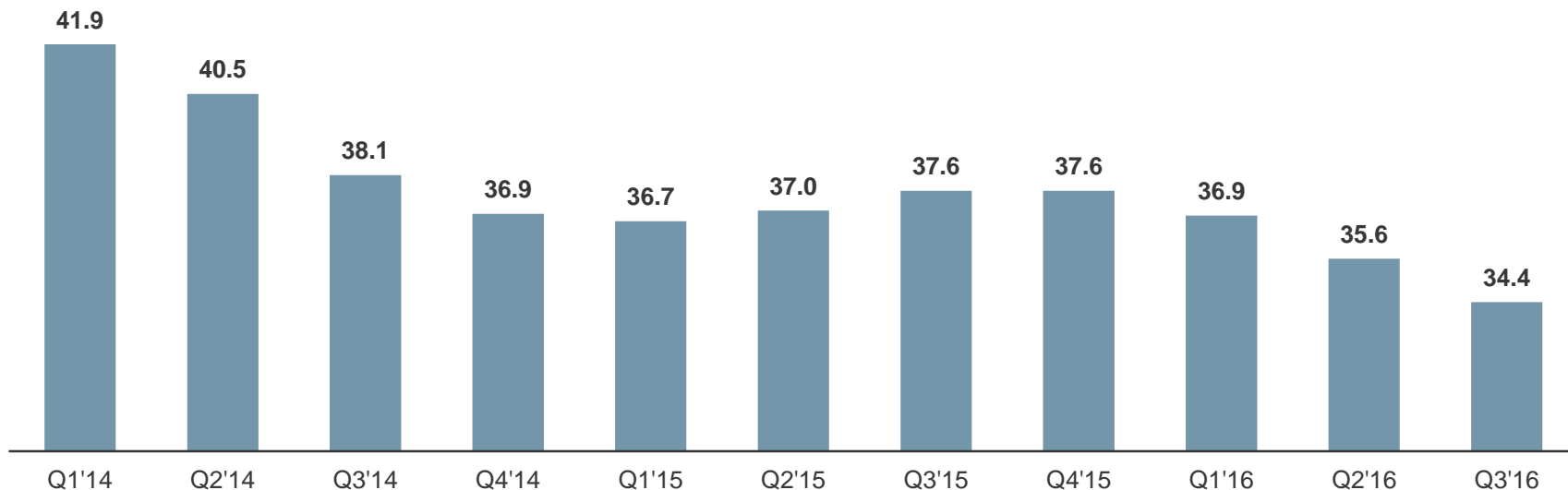
Steady trajectory of improving results

LTM rolling underlying EBIT in NOK million, ROCE (pre-tax)



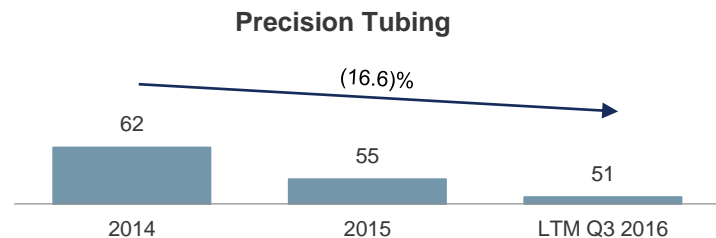
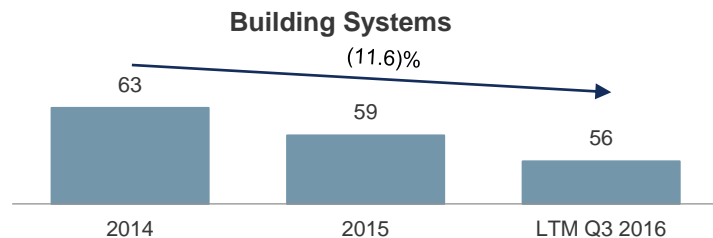
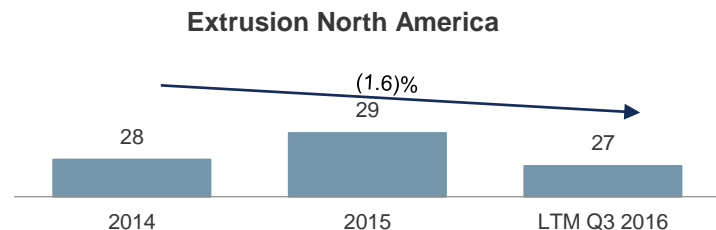
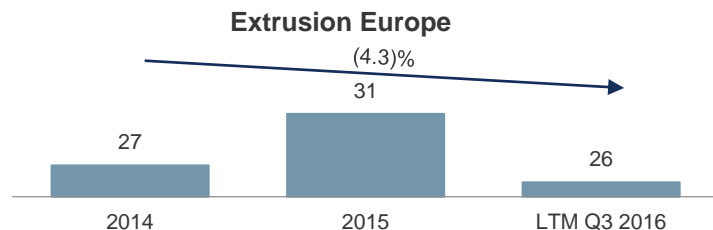
Increased working capital efficiency

Last 12 months rolling working capital days



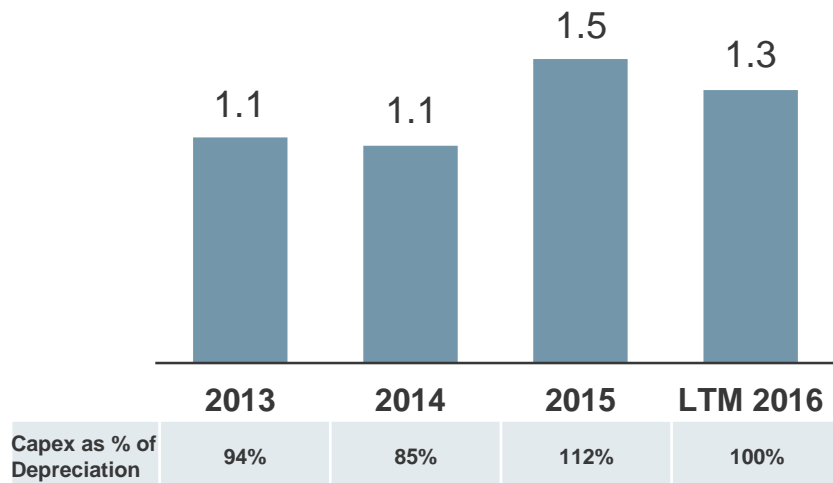
All business areas contribute to the development

Working capital days



Sustaining and safety Capex below depreciation

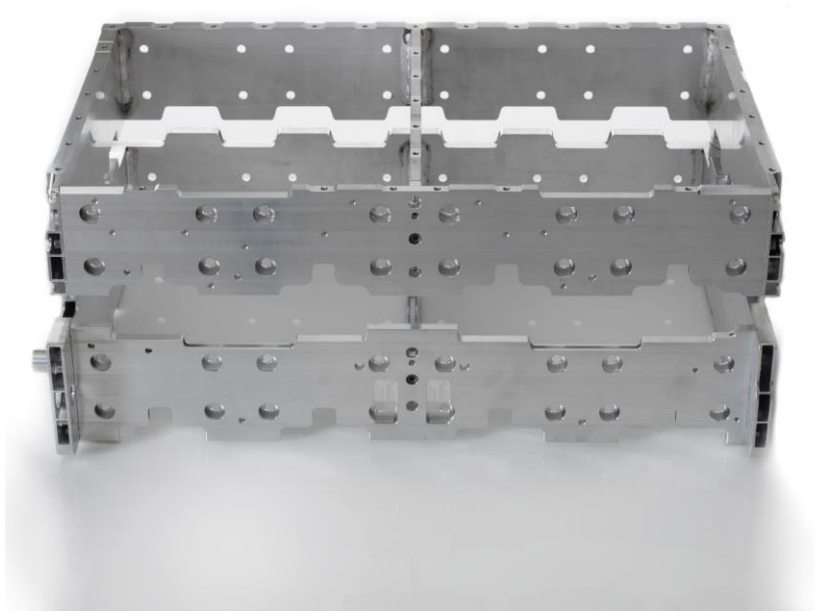
Capex (NOK billion)



Meeting strong demand in automotive in China



Select investments within e-mobility



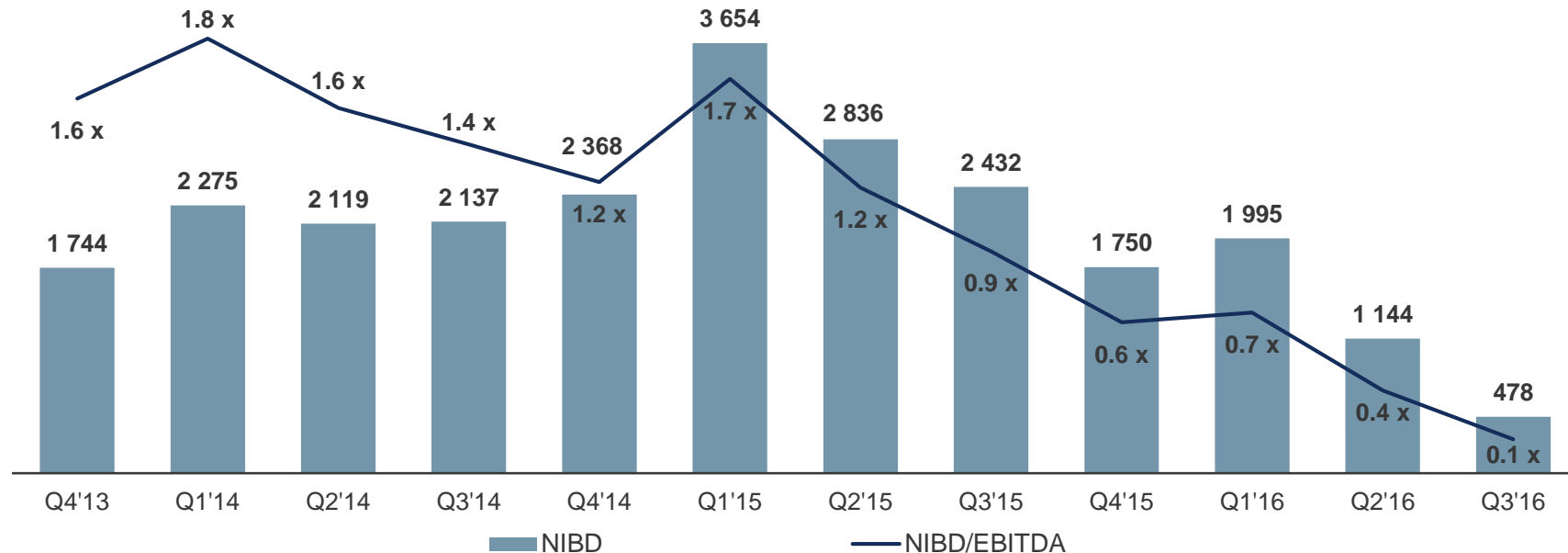
Continued focus on capital efficiency

- Continued tight working capital management
- Sustained and safety Capex below depreciation
- Selective capability and capacity investments to support move towards more value-added solutions



Net debt position development

Quarterly (NOK million)



NIBD / Underlying EBITDA is calculated as net interest bearing debt divided by LTM underlying EBITDA

Sapa has low exposure to aluminum price volatility

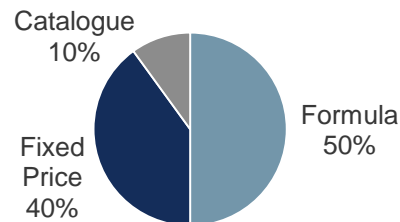
Pricing components

- **Spread:** production, engineering, design -> value added
- **Premium:** premium above LME reflecting standard ingot and billet premiums
- **London Metal Exchange (LME):** price



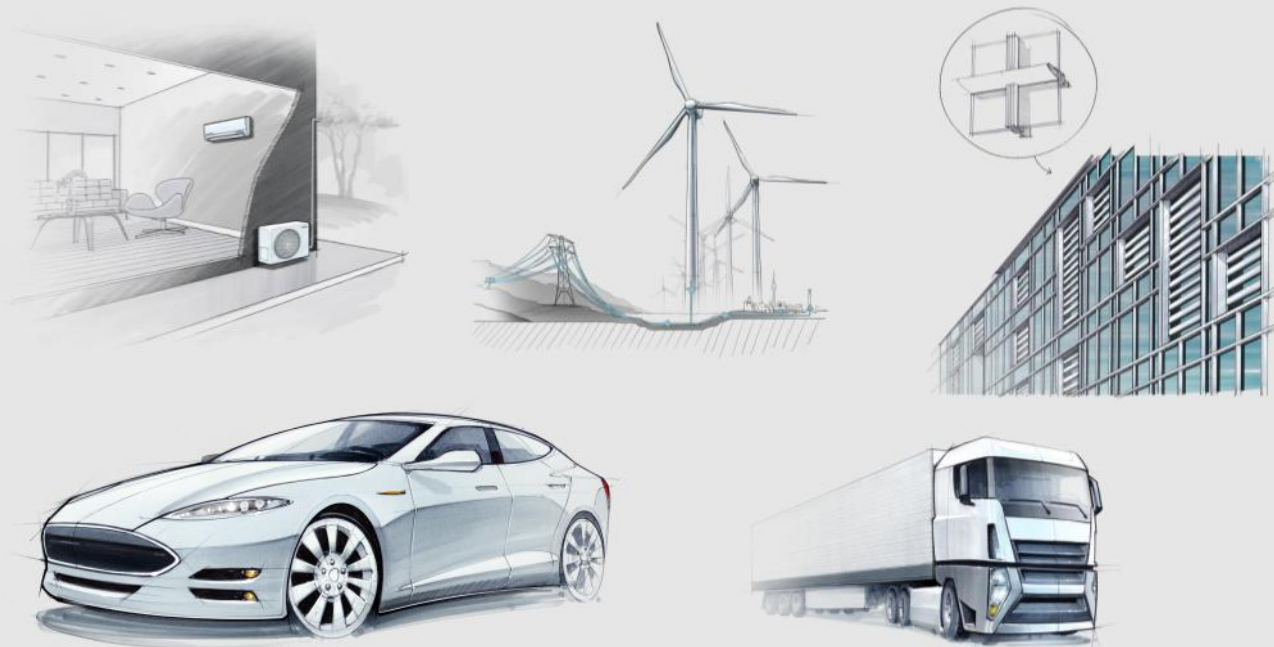
Pricing methods

- **Formula Pricing:** LME and Premium passed to the customer at market
- **Fixed Price Contract:** LME and Premium hedged for certain period during which customer charged a flat rate
- **Catalogue Pricing:** Set price in effect until a change is communicated



Key takeaways

- ROCE: 13.7% (up from 0.4% as of Q1-2014)
- EBIT: NOK 2.0 billion LTM* (up from NOK 52 million as of Q1-2014)
- NIBD/EBITDA: 0.1x (down from 1.8x as of Q1-2014)
- Working capital days: 34.4 (down from 41.9 as of Q1-2014)
- Sustaining capex: below depreciation



sapa:

The journey ahead

Egil Hogna
President & CEO

Shaping a sustainable future through innovative aluminium solutions

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Unique position as world leading extrusion company

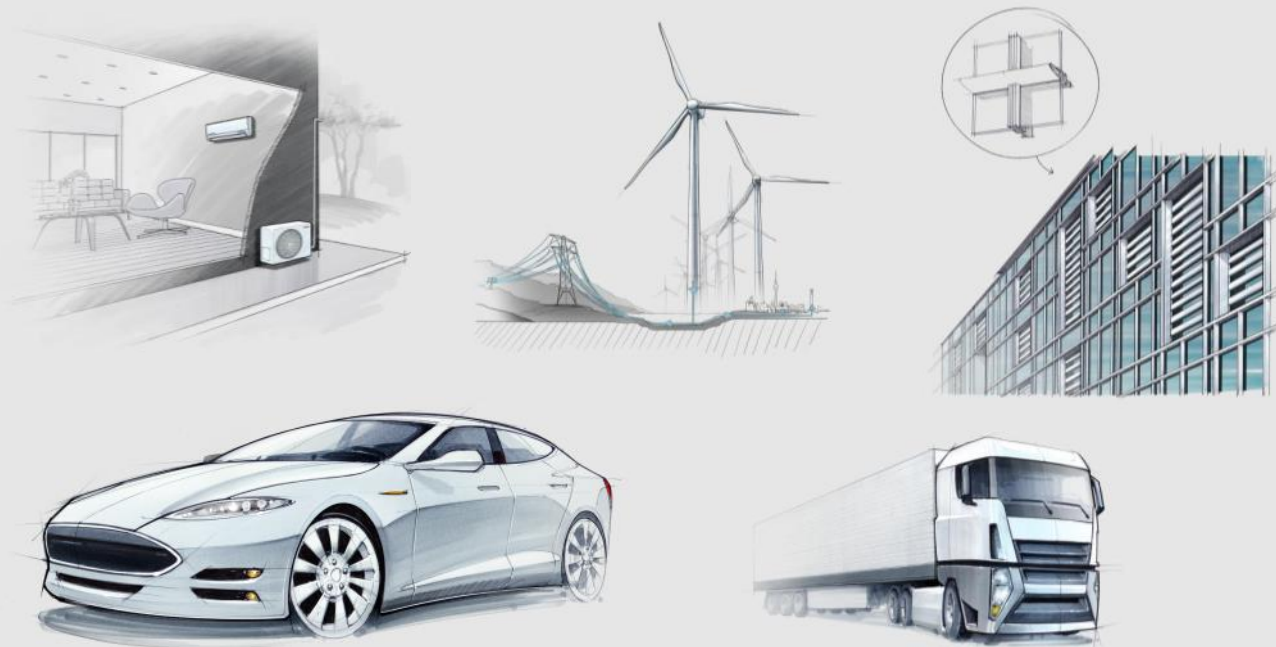
- Aluminium and Extrusion is an **attractive market**
- JV formation **rationale proven** with clear **competitive advantages**
- Business model with **high value added, flexibility** and **low commodity price risk**
- **Clear strategy** for growth and value creation
- Our journey is paying off – **consistent improvements** since inception

sapa:

Shapes.

The Aluminium
Design Knowledge
Hub.

www.shapes.al

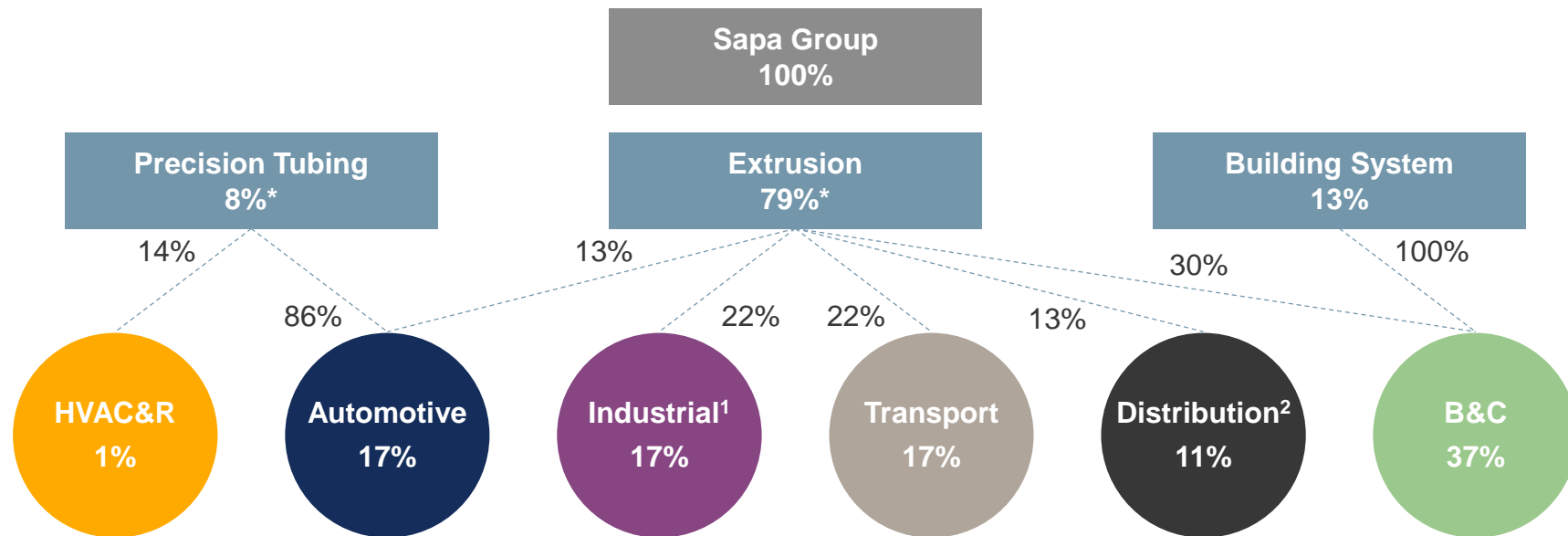


sapa:

Appendix

Shaping a sustainable future through innovative aluminium solutions

Broad end-market exposure



The corporate management team



Egil Hogna
President & CEO



Florian Krumbacher
EVP General
Counsel



Katarina Nilsson
EVP HR



Karl Eichinger
CFO



Rafael Fuertes
EVP Strategy &
Innovation



Erika Ahlqvist
EVP Communication



Charlie Straface
EVP Extrusion
Americas



Salvador Biosca
EVP Building
Systems



John Thuestad
EVP Extrusion
Europe



Sergio Vendasco
EVP Precision
Tubing

Key financials by business area

NOK million

Extrusion Europe	2014	2015	LTM 2016
Volume (kmt)	613	563	574
Sales (NOKm)	17,877	20,031	19,774
Underlying EBITDA (NOKm)	763	1,016	1,223
Underlying EBIT (NOKm)	224	475	705

Building Systems	2014	2015	LTM 2016
Volume (kmt)	88	77	77
Sales (NOKm)	6,677	7,043	7,202
Underlying EBITDA (NOKm)	159	220	451
Underlying EBIT (NOKm)	(1)	71	297

Extrusion North America	2014	2015	LTM 2016
Volume (kmt)	577	598	590
Sales (NOKm)	16,437	21,694	20,641
Underlying EBITDA (NOKm)	1,013	1,295	1,329
Underlying EBIT (NOKm)	705	931	935

Precision Tubing	2014	2015	LTM 2016
Volume (kmt)	147	145	149
Sales (NOKm)	5,039	6,275	6,307
Underlying EBITDA (NOKm)	371	353	495
Underlying EBIT (NOKm)	181	124	255