

# SAPA

SVEIN TORE HOLSETH, PRESIDENT & CEO  
18 MAY 2015  
SAPA INVESTOR CALL

## THE SAPA STORY

**THE  
CREATION OF  
A GLOBAL  
LEADER**

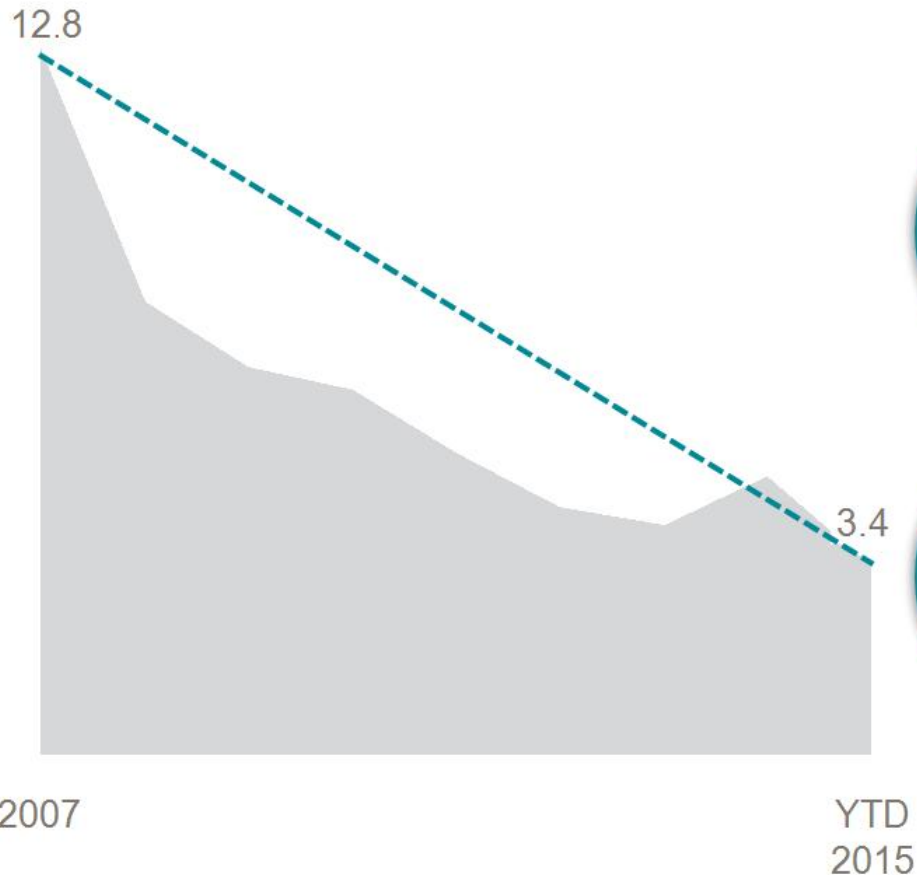
**DELIVERING  
NOK 1  
BILLION  
SYNERGY  
PROGRAM**

**LEVERAGING  
ON VALUE  
PROPOSITION**

**ATTRACTIVE,  
GROWING  
MARKETS**

# EHS, CSR, AND COMPLIANCE – INTEGRAL PARTS OF OUR BUSINESS

TOTAL RECORDABLE RATE (YTD)



Safety performance at **industry benchmark**

YTD 2015 performance

**3.4**



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**sapa:**

SAPA TODAY - A TRULY GLOBAL PLAYER

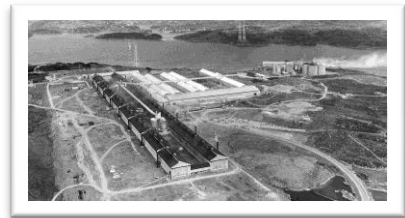
With presence in more than **40** countries

With more than **100** production units

**46** BNOK Sales

**23,500** employees

# SAPA – DEVELOPED A UNIQUE MARKET POSITION THROUGH MARKET CONSOLIDATION

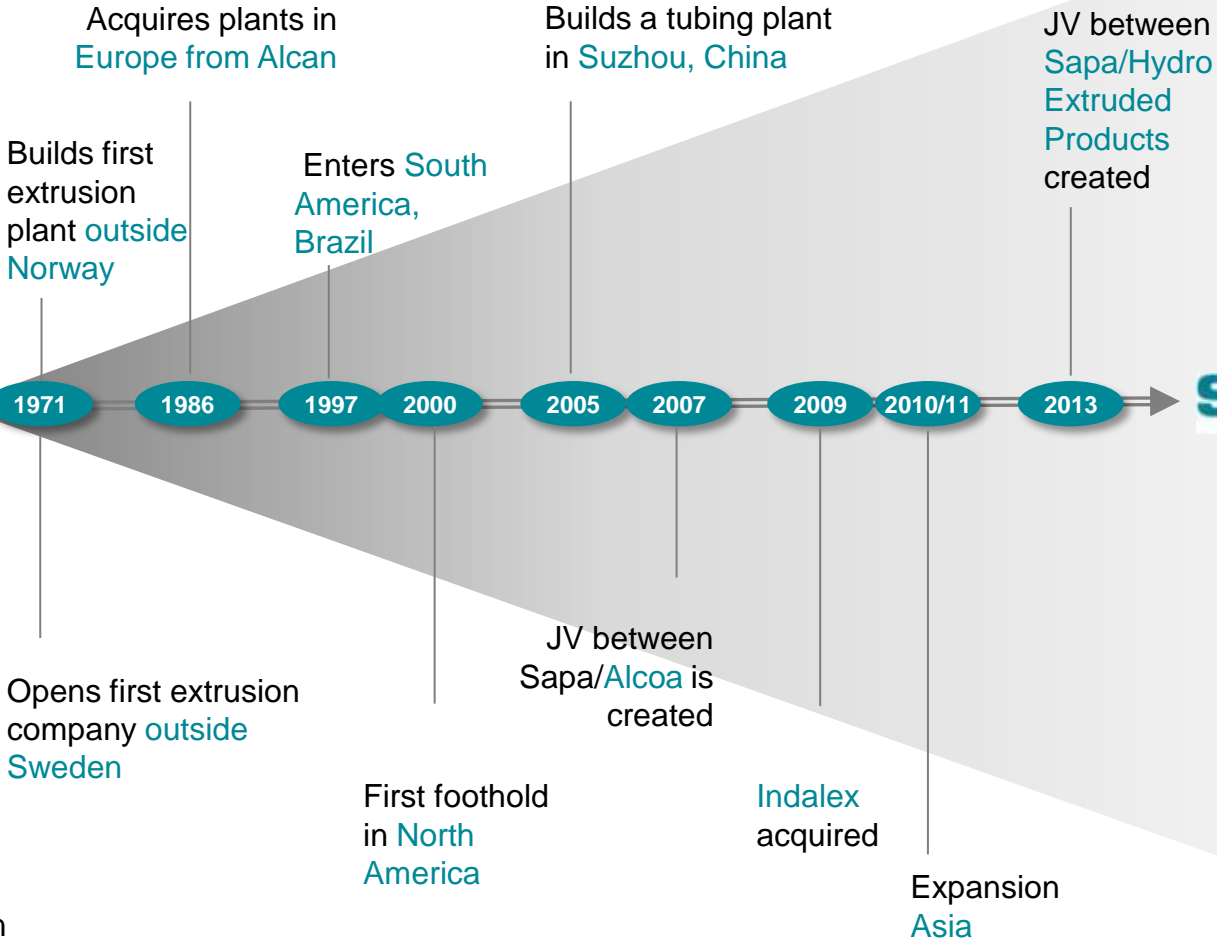


**Hydro** builds its first aluminium operation in Karmøy, Norway

1963



**Sapa** opens first production facility in Vetlanda, Sweden



sapa:



## TODAY WE HAVE THREE MAIN LINES OF BUSINESS

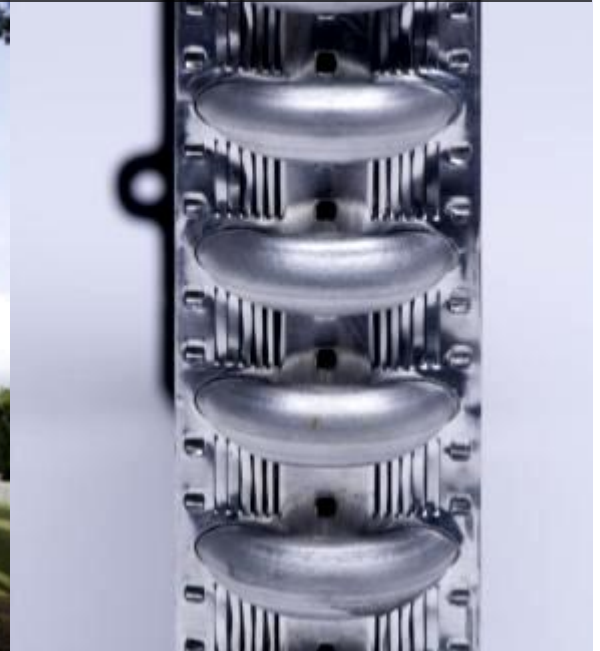
EXTRUSION



BUILDING SYSTEMS

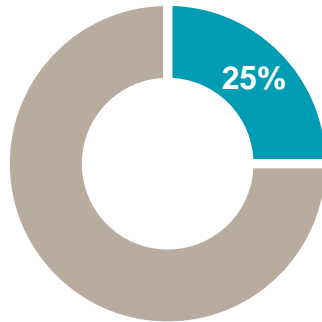


PRECISION TUBING

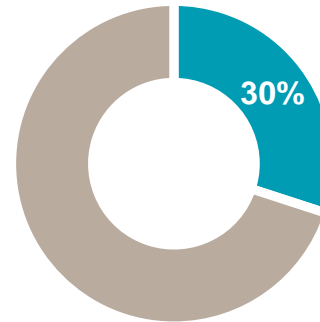


## CLEAR MARKET LEADING POSITIONS

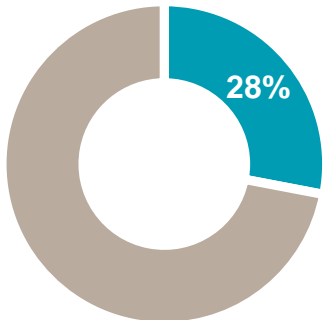
Sapa Europe



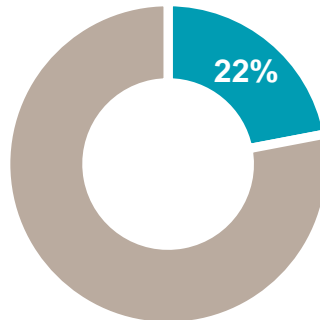
Sapa North America



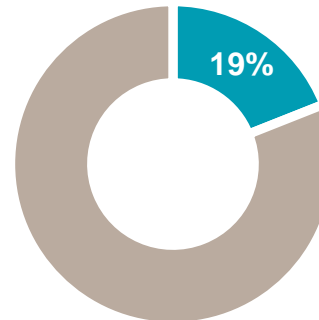
Extrusion North America



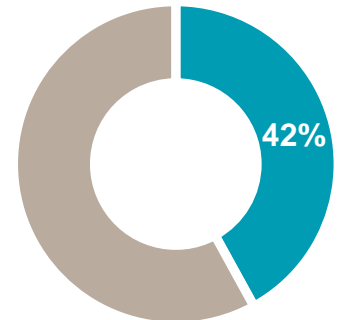
Extrusion Europe\*



Building Systems\*



Precision Tubing\*





## THE SAPA STORY

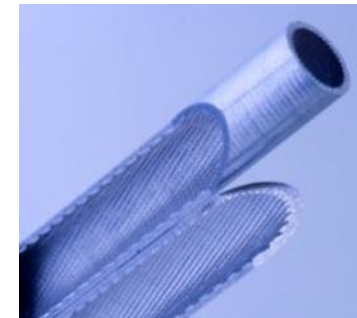
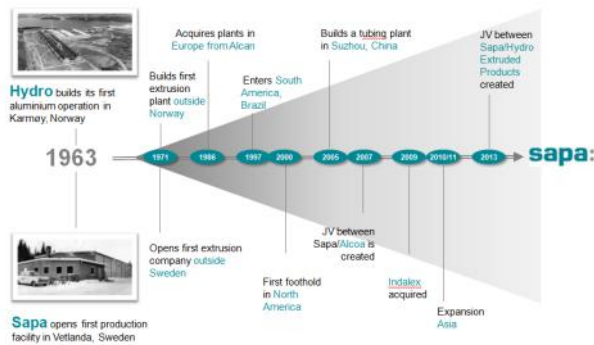
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# SYNERGY REALISATION AHEAD OF PLAN - LEVERAGING BUSINESS MODEL AS ONE COMPANY



## THE CREATION OF A GLOBAL LEADER

- Deep roots in aluminium
- Consolidation of market

## DELIVERING ON NOK 1 BILLION SYNERGY PROGRAM

- Synergy realisation
- Position for growth

## LEVERAGING ON VALUE PROPOSITION

- Leverage scale
- Expand margins

PAST

PRESENT

FUTURE

# EUROPEAN RESTRUCTURING DRIVING SYNERGY PROGRAM WITH LEARNING FROM NORTH AMERICA



**9**  
full plant  
closures

**1,450**  
FTE reduction

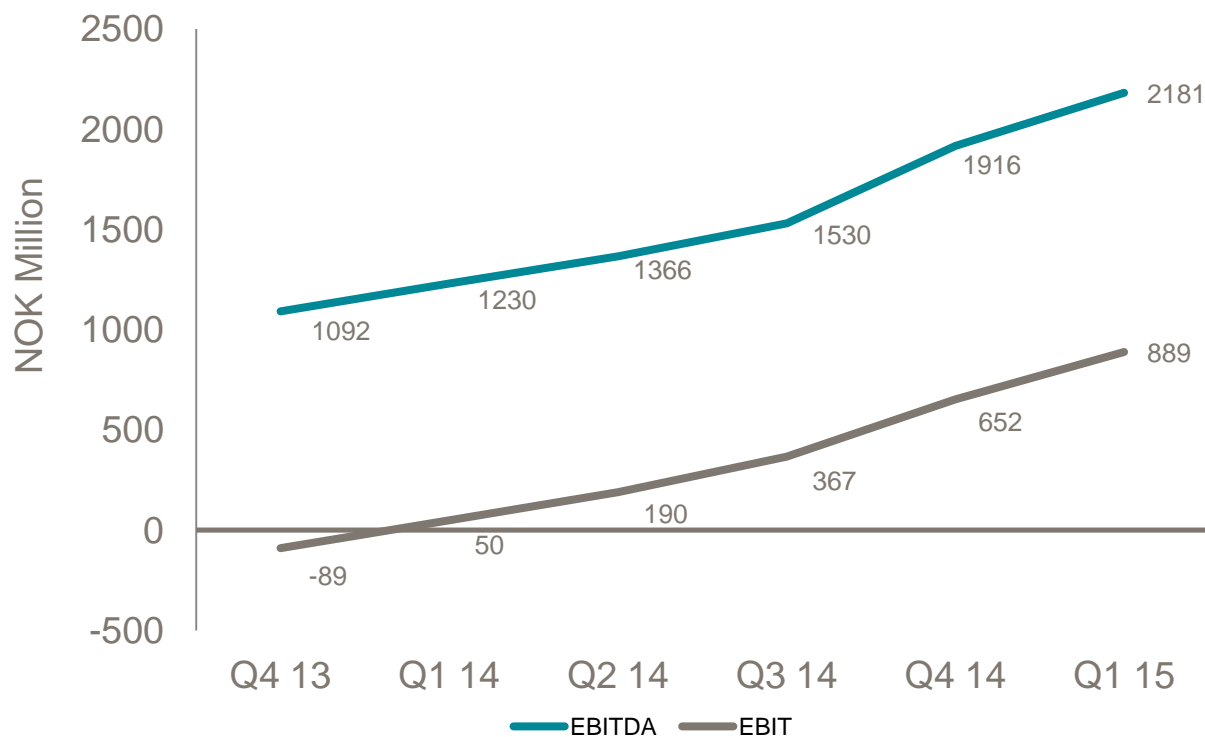
**4\***  
divestments

RESTRUCTURING MAP; THE LOCATIONS MARKED WITH RED ON THE MAP IS LOCATIONS THAT HAVE BEEN CLOSED/SOLD.

\* TWO DIVESTMENTS INITIATED PRIOR TO JV AS RESULT OF EUROPEAN COMMISSION COMPETITION FILING.

# CONTINUED IMPROVEMENT TREND – DELIVERING ON NOK 1 BILLION SYNERGY PROGRAM

## UNDERLYING RESULTS (ROLLING 12 MONTHS)

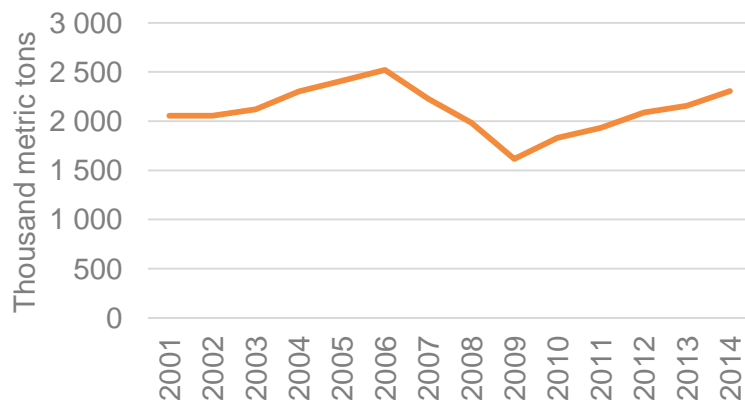


- Synergy realization ahead of plan
- Approximately NOK 0.5 billion included in 2014 result
- Savings mainly from plant closures, sourcing and cost reductions
- Currency effects

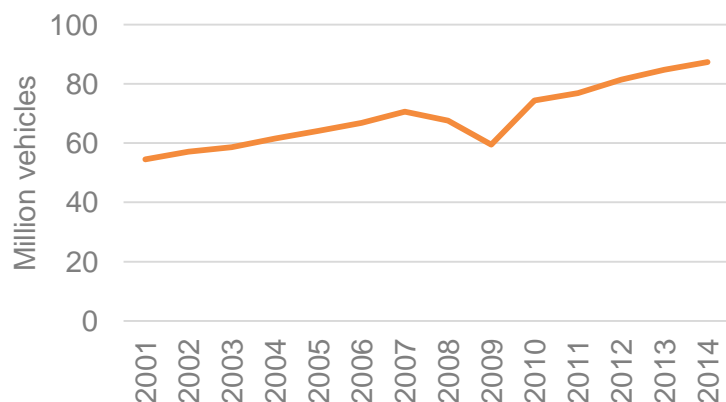
\*ROLLING 12 MONTHS BASED ON QUARTERLY FIGURES. Q4-13 TO Q2-14 CONTAINING PRO-FORMA FIGURES FOR Q1-Q3 2013.

# STRONG MARKETS SUPPORT PERFORMANCE IN EXTRUSION AMERICAS AND PRECISION TUBING

NORTH AMERICA: EXTRUSION SHIPMENTS



GLOBAL MOTOR VEHICLE PRODUCTION



## ROLLING TWELVE MONTHS PERFORMANCE

### EXTRUSION AMERICAS Q1 2015

Sales (BNOK)

19.1

EBITDA %

6.1%

### PRECISION TUBING Q1 2015

Sales (BNOK)

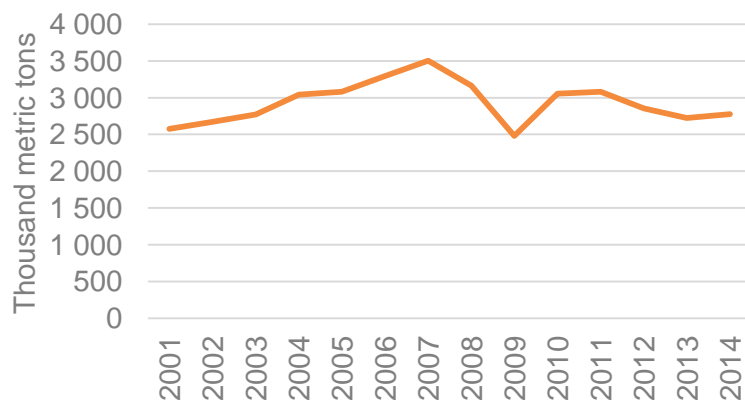
3.9

EBITDA %

9.4%

# SLOWER RECOVERY IN EUROPE AND BUILDING & CONSTRUCTION WEIGHS ON PERFORMANCE

EUROPE: EXTRUSION SHIPMENTS



ROLLING TWELVE MONTHS PERFORMANCE

## EXTRUSION EUROPE Q1 2015

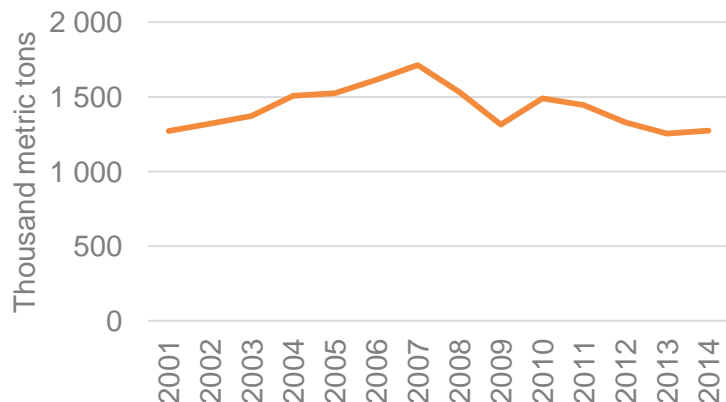
Sales (BNOK)

19.3

EBITDA %

4.5%

EUROPE: EXTRUSION SHIPMENTS TO B&C



## BUILDING SYSTEMS Q1 2015

Sales (BNOK)

6.8

EBITDA %

2.6%



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# MACRO TRENDS DRIVE DEMAND FOR ALUMINIUM



## CLIMATE CHANGE

By 2030 the temperature will increase with 0.5 to 1.5 °C



## DEMOGRAPHIC CHANGE

By 2050 the population will reach 9.8 billion people



## URBANIZATION

By 2050 70% of the population will be living in cities

# THE FUTURE OF ALUMINIUM WILL BE DRIVEN BY DEMAND FOR ITS UNIQUE PROPERTIES



Low weight  
High strength



Superior  
malleability



Corrosion  
resistance

Recyclable with low energy input



# YOU WILL FIND OUR PRODUCTS ALL AROUND YOU



## AT HOME

Front doors  
Windows  
Stepladders  
Designer furniture



## IN YOUR OFFICE

Building construction  
Windows  
Partition walls  
Computers



## IN YOUR CAR

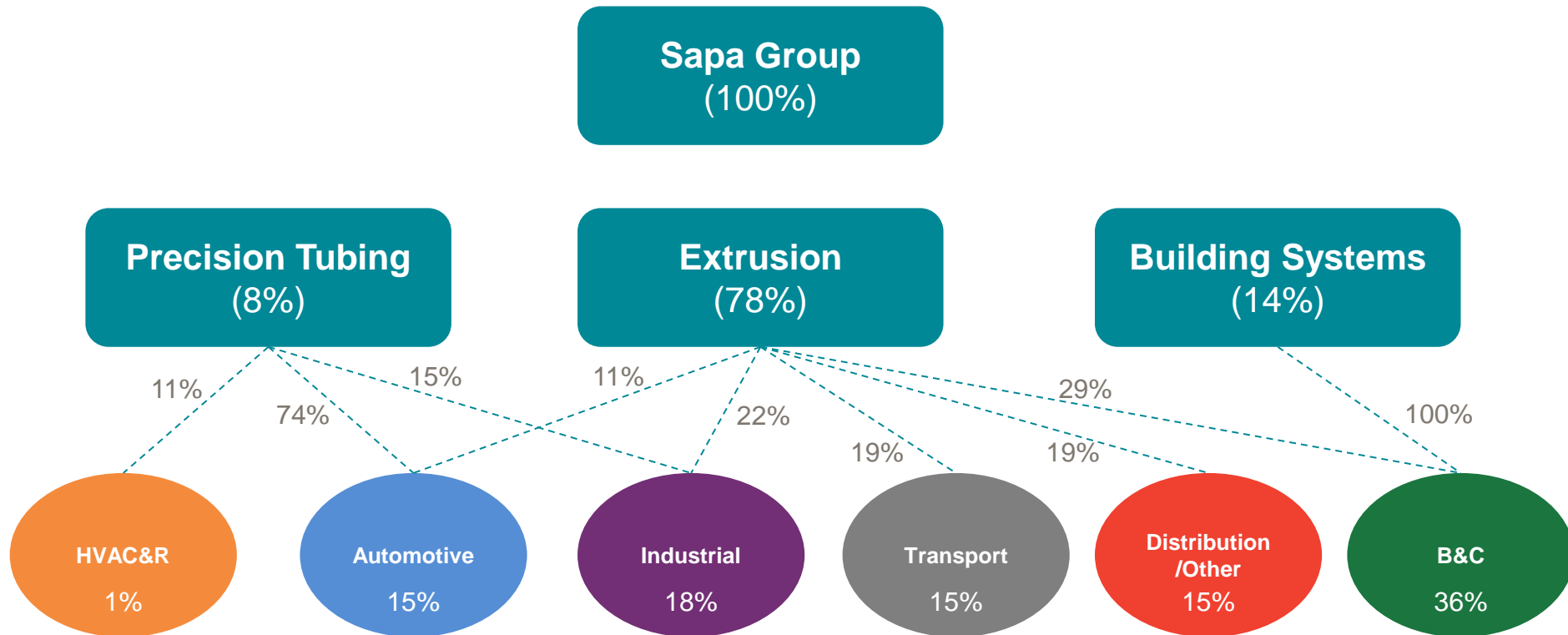
Selected components  
Accessories  
Side impact bars  
Airbag deployment doors



## TRAVELLING

Train carriage bodies  
Handrails  
Luggage racks

## BROAD END-MARKET EXPOSURE

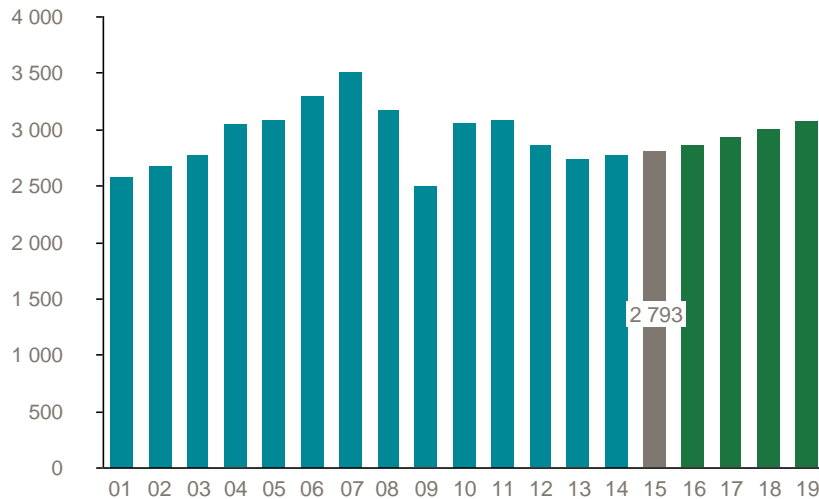


ESTIMATED SHARE OF REVENUES FROM EACH MARKET SEGMENT IN 2014  
 INDUSTRIAL INCLUDES MACHINERY & EQUIPMENT, ELECTRICAL, SOLAR AND CONSUMER ELECTRONICS  
 DISTRIBUTION/OTHER INCLUDES DISTRIBUTION, STOCKISTS, TRADERS AND OTHER

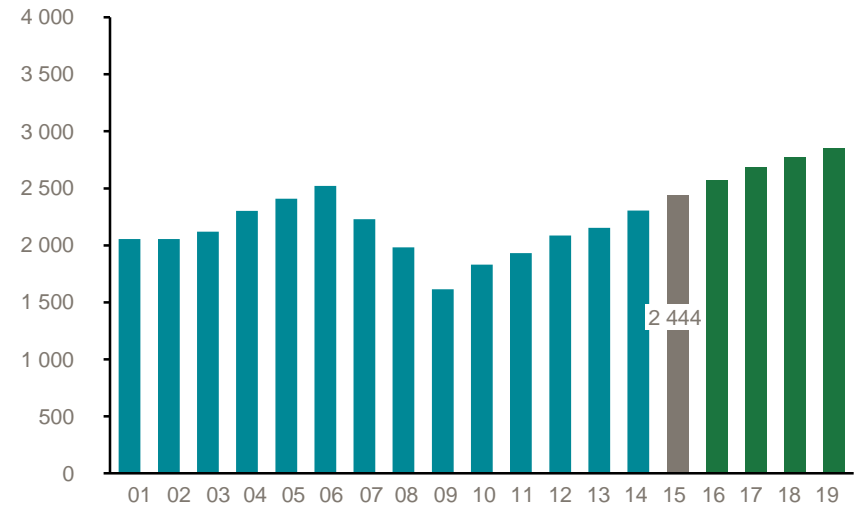
# LONG-TERM CORRELATION BETWEEN EXTRUSION DEMAND AND GENERAL ECONOMIC GROWTH

## ALUMINIUM EXTRUSION CONSUMPTION

EUROPE



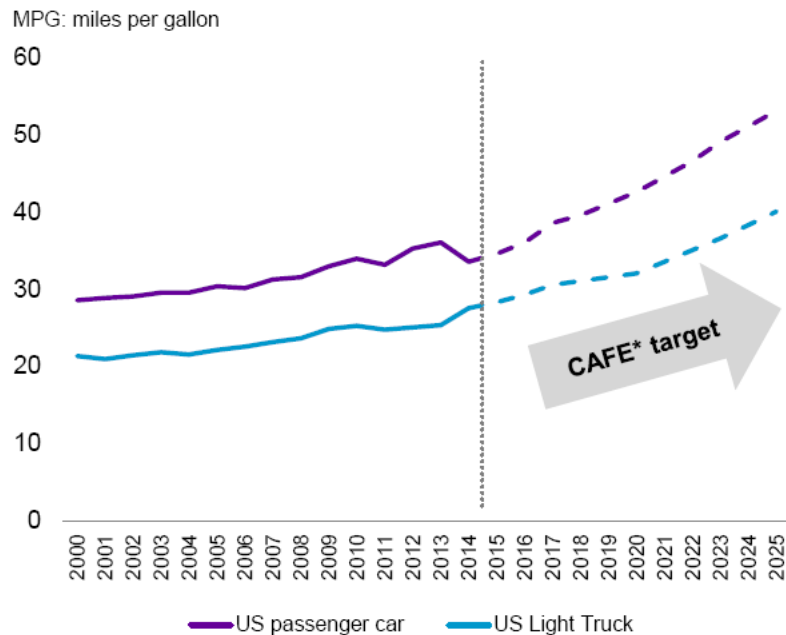
NORTH AMERICA



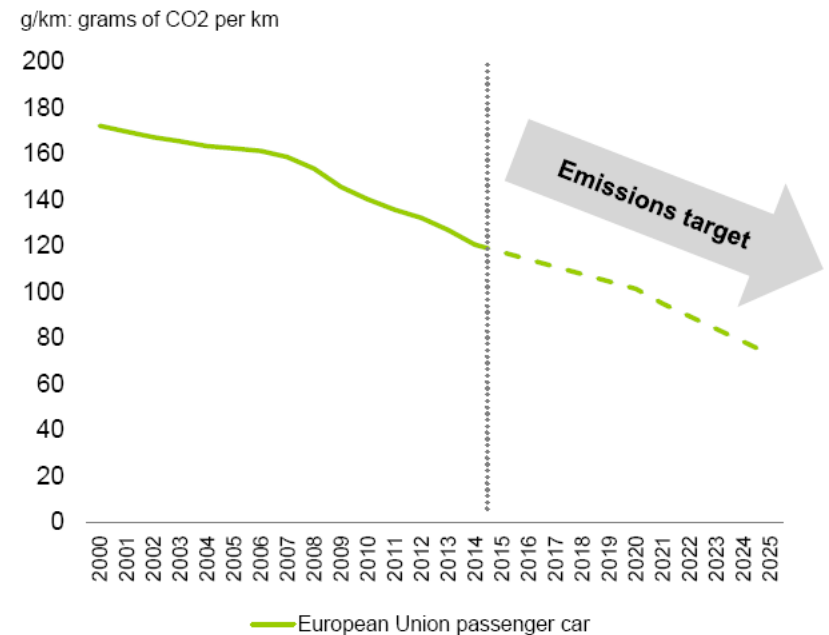


# LEGISLATION IS KEY DRIVER FOR ALUMINIUM GROWTH IN AUTO SEGMENT

## US: CAFE TARGET



## EUROPEAN UNION: EMISSIONS TARGET



## ALUMINIUM OFFERS DRASTIC REDUCTIONS IN SIZE, WEIGHT, AND REFRIGERANT CHARGE IN HVAC&R

- All-aluminium solutions make recycling far easier and more efficient than its copper based counterpart
- Copper is approximately 3 x the price of aluminium
- Sapa is the technology and market leader
- Estimated potential if all copper is substituted in HVAC&R is ~275 ktonnes



# DRIVERS OF THE DEVELOPMENT IN BUILDING AND CONSTRUCTION



Regional  
legislation



**European Union**  
2012 Energy Efficiency  
Directive



**US**  
Building Energy Use  
laws

**Regional/country-specific  
legislation**



Global trends



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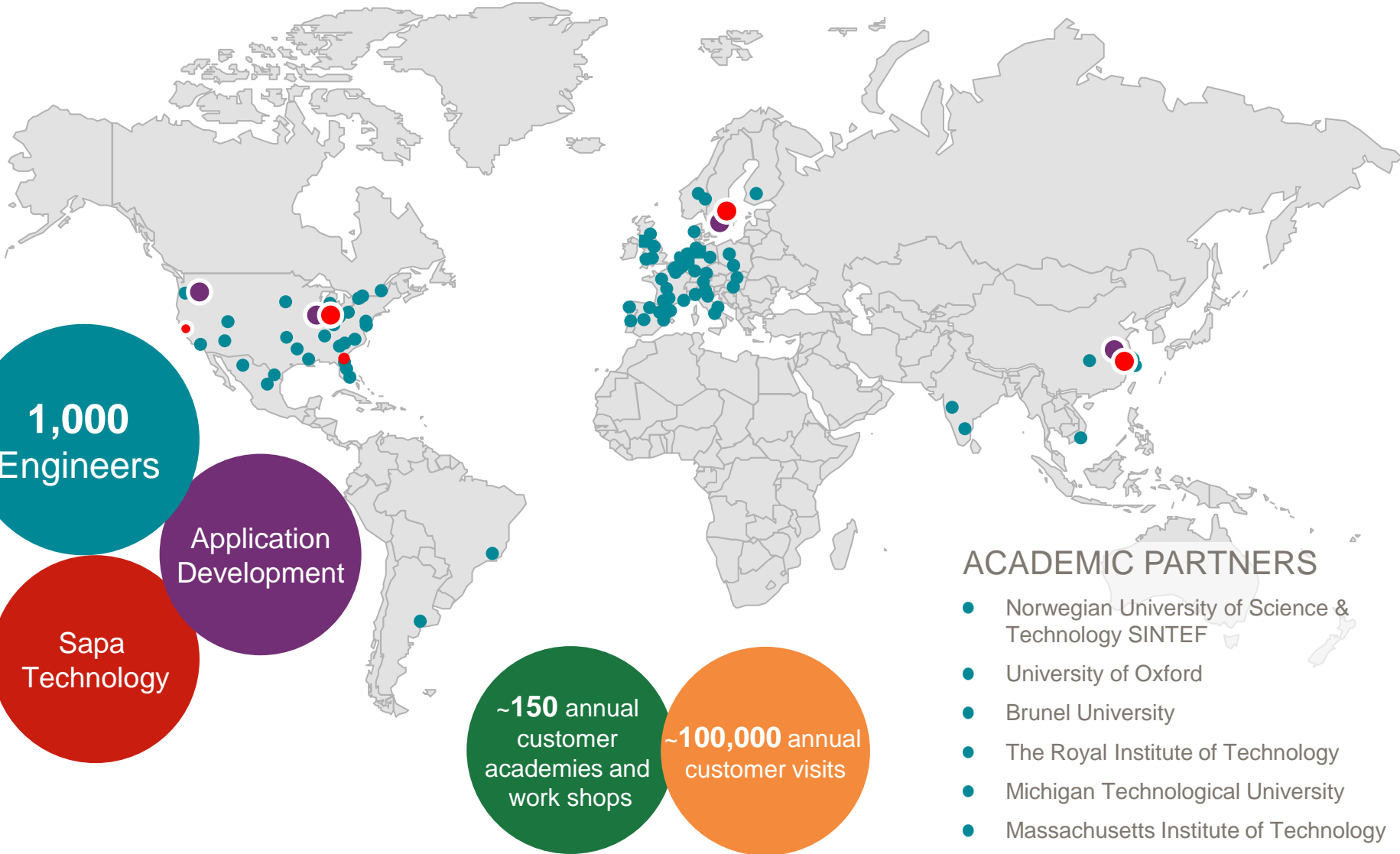
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## LEVERAGING OUR COMPETITIVE ADVANTAGES

- We utilize scale and competence across markets
  - Global customer insights and R&D collaboration
  - Global sourcing
  - Flexible production across 100 plants
- We have strong positions in growing niche markets
  - Precision Tubing
  - Building Systems
  - Automotive and Transportation
- We offer cost-competitive solutions for high volume extrusions to larger customers



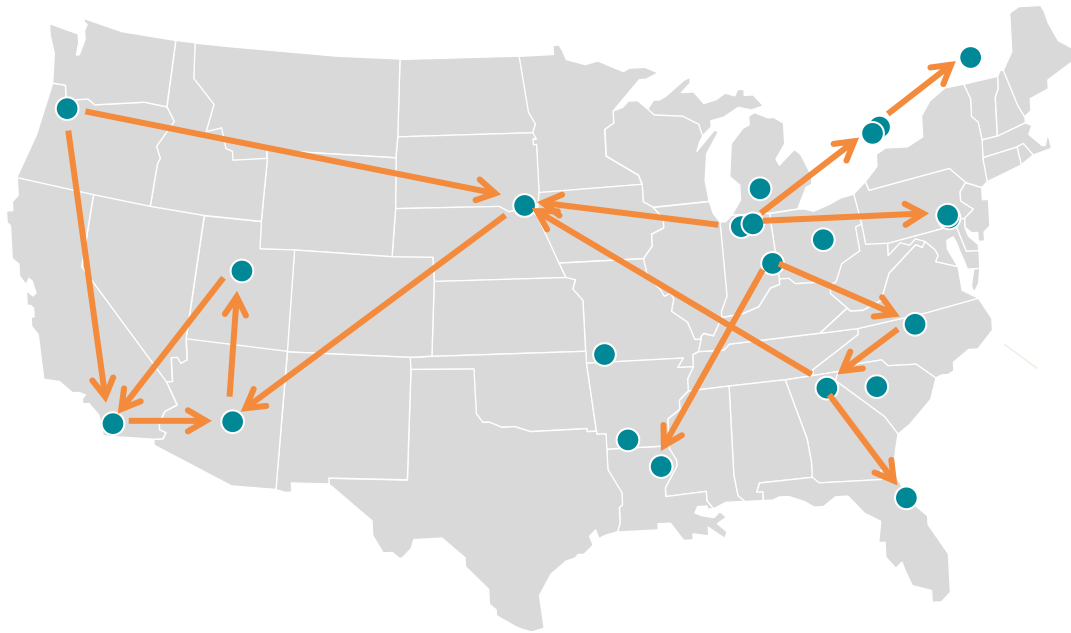
# UNMATCHED GLOBAL INNOVATION AND SERVICE NETWORK





## EXTRUSION AMERICAS

### - PLANT-NETWORK PROVIDING CUSTOMER FLEXIBILITY



- Network of plants increases flexibility and reliability
- More than 75% of volume serviced by more than one plant



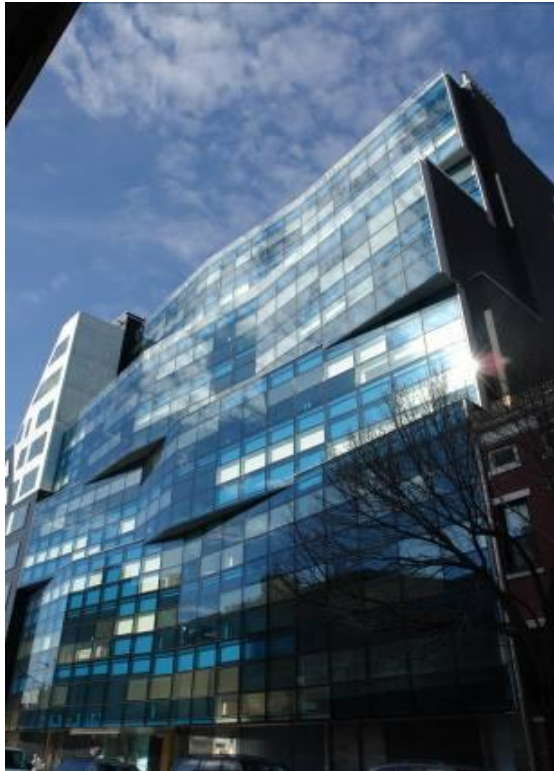
## EXTRUSION AMERICAS – COST COMPETITIVE SOLUTIONS TO UTILITY TRAILERS

- Sapa's largest customer globally
- Five trailer manufacturing plants in the US
- Signed new three year contract post JV, 100% supply to Sapa
- Sapa and Utility developing new trailer alloy (HSTT, High Strength Truck Trailer).
- The first new high strength aluminum alloy introduced in over 40 years



# HIGH-END SOLUTIONS AND COMPLETE SERVICE OFFERING IN BUILDING SYSTEMS

CHELSEA MODERN, MANHATTAN NYC



THE CRYSTAL, LONDON UK



## PARTNERING WITH TESLA ON INNOVATIVE ALUMINIUM SOLUTIONS

100% committed to aluminium



Process development,  
alloy development and  
complex extrusion &  
fabrication between 5  
states and 3 countries



## SAPA AND FORD F-150, A MULTI-PLANT DELIVERY TO THE AMERICA'S MOST SELLING VEHICLE



PICTURE WITH COURTESY OF FORD MOTORS

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## BACK-UP

## CAUTIONARY NOTE IN RELATION TO CERTAIN FORWARD-LOOKING STATEMENTS

Certain statements included within this announcement contain forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management's plans, objectives and strategies for Sapa, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Sapa's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Sapa's key markets and competition; and legislative, regulatory and political factors.

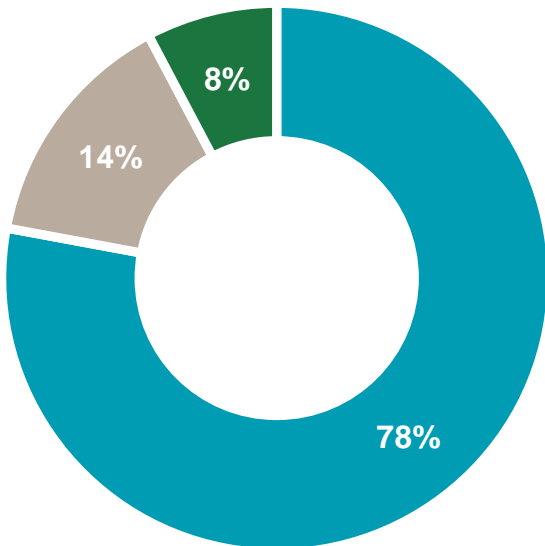
No assurance can be given that such expectations will prove to have been correct. Sapa disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# SAPA IS THE LEADER IN EXTRUDED ALUMINIUM



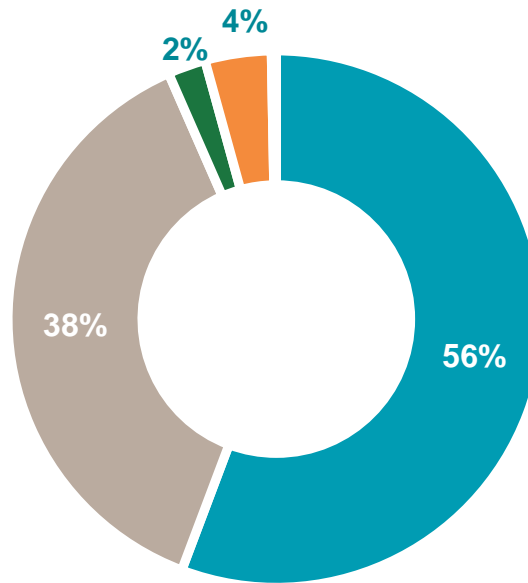
# SAPA'S BUSINESS IS DIVERSE

BY BUSINESS



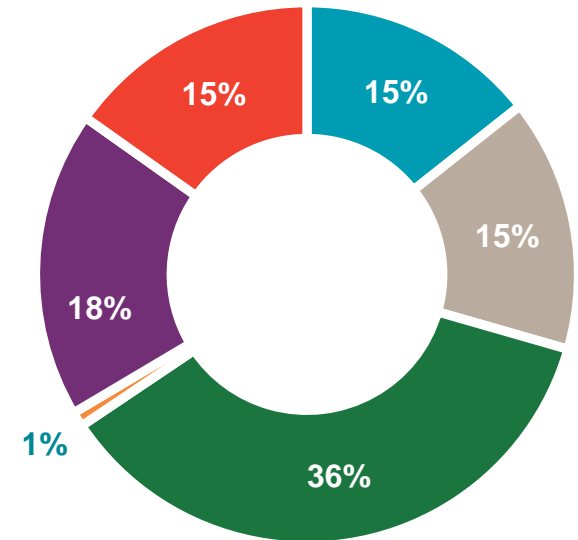
- Extrusion
- Building System
- Precision Tubing

BY GEOGRAPHY



- Europe
- North & Central America
- South America
- Asia incl ME

BY MARKET



- Automotive
- B&C
- Industrial
- Transportation
- HVAC&R
- Distribution/other

## REPORTED QUARTERLY FINANCIALS

Key figures	Q4 -13	Q1 -14	Q2 -14	Q3 -14	Q4 -14	Q1 -15
Volumes	314	359	368	350	322	353
Revenues	10 133	11 347	11 544	11 603	11 890	14 134
Underlying EBITDA	- 43	440	641	492	343	705
Underlying EBIT	- 339	155	350	201	- 55	392
Reported EBIT	- 787	- 3	168	198	- 679	201