



PRESS RELEASE  
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## Ovako broadens restructuring program 2016-2017

**The restructuring program that Ovako launched in November 2015 is being broadened. The annual cost saving for the entire program is now increased from EUR 45 million to EUR 50 million, with full effect in 2018. The planned reduction of employee numbers is also increased from 250 to 300.**

"The restructuring program that was launched in November is progressing well. We have now identified ways to further reinforce our restructuring program to strengthen our competitiveness in the market. It is of the utmost importance to reduce costs and ensure the future strength of our business," says Marcus Hedblom, CEO at Ovako.

Several initiatives from the initial plan are progressing according to plan:

- Closure of the Forsbacka production and distribution unit is planned to be finalized during 2016.
- Closure of the distribution center in Turenki and consolidation of Ovako's distribution in Finland is planned to be finalized during 2016.
- Workforce reductions in the steel and rolling mill in Hofors were achieved ahead of schedule in December 2015 by transitioning from 4 to 3 shifts.

Approximately 140 employees have so far left the company under the program.

The restructuring plan is being reinforced in several areas:

- The new organization that was launched in March enables reduced structural site costs in Hofors and Hällefors, and in the commercial organization.
- Reduced site costs in Business Unit Imatra and SmeBox through increased productivity.
- Increased energy savings with positive implications for costs and our environmental footprint.
- Reduced purchasing costs.

As a consequence of the planned increases in productivity in all our sites, our focus will be on implementing the above savings rather than the previously announced, and more time-consuming and complex, process of closing the Hällefors rolling mill. The Hällefors rolling mill will therefore remain in operation and continue to serve our customers.



The program will still include a maintained focus on continuous improvements in production and administration across the group. Detailed planning of the implementation, and negotiations with local labor unions, will start as needed.

The total program targets cost savings of EUR 50 million annually, with a net reduction of 300 employees in the group. The program will be implemented over two years, with full effect from 2018. For full-year 2016 the savings are estimated to EUR 20 million. Work continues to evaluate whether further cost savings can be achieved within the restructuring program.

Previously announced restructuring costs and capital expenditures for the program are estimated to remain unchanged.

"We are reinforcing the program as a proactive way of meeting the current market conditions and securing the future success of Ovako. We will use all our resources to manage personnel redundancies in a responsible way," concludes Marcus Hedblom.

Ovako will publish its report for the second quarter on July 15, 2016.

**Further information can be obtained from:**

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*Ovako develops high-tech steel solutions for, and in cooperation with, its customers in the bearing, transport and manufacturing industries. Our steel makes our customers' end products more resilient and extends their useful life, ultimately resulting in smarter, more energy-efficient and more environmentally-friendly products.*

*Our production is based on recycled scrap and includes steel in the form of bar, tube, ring and pre-components. Ovako is represented in more than 30 countries and has sales offices in Europe, North America and Asia. Ovako's sales in 2015 amounted to EUR 834 million, and the company had 2,905 employees at year-end. For more information, please visit us at [www.ovako.com](http://www.ovako.com).*