



## Press release

*Stockholm, October 28, 2016*

### **Ovako publishes its report for the third quarter 2016**

**Ovako today announced its results for the third quarter 2016. EBITDA before restructuring costs improved to EUR 5 (0) million and order intake increased by 2 percent compared to the previous year. Ovako's restructuring program is proceeding according to plan and has so far delivered savings of EUR 17 million during 2016.**

#### **Financial summary Q3 2016 (Q3 2015):**

- Order intake increased by 2 percent compared to the previous year
- Sales volume was 146 (150) thousand metric tons
- Revenue was EUR 165 (188) million. Revenue development was influenced by lower scrap and alloy surcharges and a weaker sales mix
- EBITDA before restructuring costs improved to EUR 5 (0) million
- EBIT was EUR -8 (-12) million after restructuring costs of EUR 3 (2) million
- Cash flow from operating activities was EUR 3 (15) million, including restructuring costs of EUR 2 million
- Ovako's restructuring program is proceeding according to plan and has contributed EUR 7 million in the form of lower costs during the quarter

"The third quarter of 2016 continued as the previous one for Ovako, with good order intake, growth in several customer segments, and improved profits. This was despite the fact that deliveries to customers fell slightly compared to the previous year. Safety is a top priority at Ovako and our safety data continues to move in the right direction. The number of accidents leading to sick leave decreased compared to the previous year", says Marcus Hedblom, President and CEO at Ovako, and continues:

"Profit strengthened significantly during the quarter compared to the previous year, and we can conclude that the restructuring program made a significant contribution to the result. Thanks to hard work throughout the company EUR 17 million of the planned savings of EUR 22 million for 2016 have been realized already. The group now has 174 fewer employees compared to a year ago and most of the initiatives in the restructuring program are on or ahead of schedule."

#### **Short-term outlook**

Ovako expects the market for engineering steel in Europe to be characterized by continued uncertainty in the next quarter. In view of the current strong order book, Ovako believes that the deliveries in the fourth quarter will be slightly higher than in the corresponding period of the previous year.

Group KPI:s		2016 Q3	2015 Q3	2016 Q1-3	2015 Q1-3	2015 Full year
Sales volumes	Kton	146	150	532	525	681
Net revenue	EURm	165	188	585	651	834
EBITDA before restructuring cost	EURm	5	0	51	53	48
<i>Adjusted EBITDA margin</i>		3.2 %	-0.2 %	8.8 %	8.1 %	5.7 %
EBITDA	EURm	2	-2	47	51	44
<i>EBITDA margin</i>		1.4 %	-1.1 %	8.0 %	7.8 %	5.2 %
EBIT before restructuring cost	EURm	-5	-11	21	22	7
<i>Adjusted EBIT margin</i>		-2.9 %	-5.6 %	3.6 %	3.4 %	0.9 %
Operating profit (EBIT)	EURm	-8	-12	16	20	1
<i>EBIT margin</i>		-4.7 %	-6.5 %	2.8 %	3.1 %	0.1 %
Net profit/loss	EURm	-11	-14	-1	0	-23
Cash flow from operating activities	EURm	3	15	14	14	25
Net debt (excl pension liabilities)/equity ratio		209 %	164 %	209 %	164 %	181 %
Return on capital employed (ROCE)		-1 %	1 %	-1 %	1 %	0 %
Full time employees at end of period (FTE)	No.	2,811	2,985	2,811	2,985	2,905

The table of key performance indicators (KPIs) contains data taken directly from the financial statements in Ovako's third quarter interim report and information that can be derived from these, as well as statistical information. A reconciliation between financial KPIs and the financial statements, including those KPIs that are not defined under IFRS, is presented on Page 10 of the quarterly report, and definitions of all KPIs can be found on Page 13. KPIs are presented as a supplement to the financial statements to facilitate the understanding of performance and financial position over time.

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Ovako's report for the third quarter 2016 can be found on [www.ovako.com/en/Financial-information/Financial-reports/](http://www.ovako.com/en/Financial-information/Financial-reports/)

### **About Ovako**

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).

### **For more information please contact:**

Media relations

Oskar Bosson, Head of Group Communications

T: +46 704 10 71 80

E: [oskar.bosson@ovako.com](mailto:oskar.bosson@ovako.com)

Investor relations

Nicholas Källsäter, Head of Group Business Control

T: +46 (0)8622 1323

E: [nicholas.kallsater@ovako.com](mailto:nicholas.kallsater@ovako.com)

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