



## Press release

*Stockholm, February 13, 2017*

### **Ovako publishes its Year-End Report 2016**

**Today Ovako announced its fourth quarter and full year results 2016. For the full year, EBITDA before restructuring costs, improved to EUR 57 (48) million and order intake by 6 percent compared to previous year. Ovako's restructuring program has delivered savings of EUR 23 million on an annual basis. At the end of the year the group had a liquidity buffer of EUR 88 (88) million.**

#### **Fourth quarter 2016 (2015)**

- Order intake increased by 7 percent compared to the previous year
- Sales volume was 13 percent higher than in the previous year, and revenue rose by 7 percent
- EBITDA before restructuring costs improved considerably to EUR 5 (-5) million, mainly due to higher volumes and cost reductions from the restructuring program
- Operating profit (EBIT) amounted to EUR -5 (-15) million before restructuring costs of EUR 2 (5) million
- Cash flow from operating activities strengthened to EUR 21 (11) million, including payment of restructuring costs of EUR 2 (1) million
- Ovako's restructuring program is proceeding ahead of plan and contributed EUR 6 million in the form of lower costs during the quarter. The group now has 212 fewer employees than when the program started

#### **Full-year 2016 (2015)**

- Order intake increased by 6 percent compared to the previous year
- Sales volume increased by 4 percent compared to the previous year, while revenue was 6 percent lower than in the previous year
- EBITDA before restructuring costs improved to EUR 57 (48) million
- Operating profit (EBIT) amounted to EUR 16 (7) million before restructuring costs of EUR 7 (7) million
- Cash flow from operating activities strengthened to EUR 35 (25) million, including payment of restructuring costs of EUR 8 (1) million
- Ovako's restructuring program contributed EUR 23 million in the form of lower costs during the year

“Ovako demonstrated clear operational and financial improvements in 2016. We made great progress in the restructuring program that began just over a year ago, and we delivered increased sales volumes and operating results that were considerably better than in the previous year. Overall, this gave results in most areas for the full-year that were much better than in the previous year. Despite this our financial results are still not satisfactory and much work remains for us on the road to becoming one of the world’s most successful steel companies”, says Marcus Hedblom, President and CEO at Ovako.

## Group KPIs

		2016 Q4	2015 Q4	2016 Full year	2015 Full year
Sales volumes	Kton	177	156	708	681
Net revenue	EURm	196	183	781	834
EBITDA before restructuring cost	EURm	5	-5	57	48
<i>Adjusted EBITDA margin</i>		2.8 %	-2.7 %	7.3 %	5.7 %
EBITDA	EURm	3	-7	50	44
<i>EBITDA margin</i>		1.6 %	-4.0 %	6.4 %	5.2 %
EBIT before restructuring cost	EURm	-5	-15	16	7
<i>Adjusted EBIT margin</i>		-2.6 %	-7.9 %	2.0 %	0.9 %
Operating profit (EBIT)	EURm	-7	-20	9	1
<i>EBIT margin</i>		-3.7 %	-10.6 %	1.2 %	0.1 %
Net profit/loss	EURm	-11	-23	-12	-23
Cash flow from operating activities	EURm	21	11	35	25
Net debt (excl pension liabilities)/equity ratio		205 %	181 %	205 %	181 %
Return on capital employed (ROCE)		2 %	0 %	2 %	0 %
Full time employees at end of period (FTE)	No.	2,773	2,905	2,773	2,905

The table of key performance indicators (KPIs) contains data taken directly from the financial statements 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 11, and definitions of all KPIs can be found on Page 14. KPIs are presented as a supplement to the financial statements to facilitate the understanding of performance and financial position over time.

## Short-term outlook

With an extensive restructuring program under implementation, and with contractual base price rises in place, we look forward with confidence to 2017. That said, in order to achieve a really strong full-year 2017 we will also need the support of a stable industrial market in the Nordic countries and the rest of Europe.

The assessment for the first quarter of 2017 is that sales volumes will be slightly higher than for the corresponding period of the previous year. Increases in base prices will have a positive impact on profits from the second quarter, linked to the timing of reviews for most annual contracts.

- - -

Ovako's Year-End Report 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 2016 amounted to EUR 781 million and the company had 2,773 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)*

The information was submitted for publication at 07:30 CET on February 13, 2017.