

*Stockholm, April 25, 2018*

## Ovako publishes its report for the first quarter 2018

**Today Ovako announced its result for the first quarter 2018. EBITDA before restructuring costs increased to EUR 41 (32) million. Revenue rose by 16 percent to EUR 271 (233) million and the sales volume rose by 6 percent to 216 (204) kton. Cash flow from operating activities amounted to EUR -4 (-3) million. In March, it was announced that Nippon Steel & Sumitomo Metal Corporation (NSSMC), one of the largest steel producers in the world, will be acquiring Ovako.**

### **First quarter 2018 (2017)**

- The quarter was characterized by continued strong demand from our customers. Order intake was 10 percent higher than our sales volume and the order stock consequently continued to grow. Order intake during the quarter was higher than in the past three quarters, which reflects the persistently strong market
- Sales volume rose by 6 percent to 216 (204) thousand metric tons. Growth was considerably stronger for products with a high degree of further processing
- EBITDA (before restructuring costs of EUR 0 (-1) million) increased to EUR 41 million from EUR 32 million in the previous year, driven by healthy growth and continued favorable development of the product mix and sales prices. The EBITDA margin rose to 15.3 (13.7) percent
- Cash flow from operating activities amounted to EUR -4 (-3) million, including paid restructuring costs of EUR 0 (-1) million
- In March, it was announced that Nippon Steel & Sumitomo Metal Corporation (NSSMC), one of the largest steel producers in the world, will be acquiring Ovako. Through the acquisition, Ovako will become part of NSSMC, which is a strong industrial owner and a clear technology leader in the global steel industry. The acquisition is subject to approval by competition authorities
- In March Ovako announced new financial targets to be achieved by 2020; sales volume above 850 thousand metric tons per year, EBITDA margin above 13 percent and a net debt (excluding pension liabilities) to equity ratio below 40 percent

“The year was off to a strong start with substantially higher revenue and earnings compared to last year. Order intake during the quarter was higher than in the past three quarters, which reflects the persistently strong market. We also received the positive news during the quarter that Nippon Steel & Sumitomo Metal Corporation (NSSMC) has signed an agreement to acquire Ovako. We will be owned by a global market leader in steel production with world-leading technology and production capacity. Backed by a strong industrial owner with the intent to expand in engineering steel, Ovako could not be in a better position. This is going to benefit both our customers and our employees,” says Marcus Hedblom, President and CEO at Ovako.

## Short-term outlook

In light of continued high industrial activity among our customers and a strong order stock, we expect sales volume in the second quarter 2018 to be higher than in the corresponding period last year.

## Group KPIs

|   |             | 2018<br>Q1 | 2017<br>Q1 | 2017<br>Full year |
|---|-------------|------------|------------|-------------------|
| <b>Sales volumes</b>                                      | <b>kton</b> | 216        | 204        | 783               |
| <b>Revenue</b>  | <b>EURm</b> | 271        | 233        | 921               |
| <b>EBITDA before restructuring cost</b>                   | <b>EURm</b> | 41         | 32         | 100               |
| <b>EBITDA</b>   | <b>EURm</b> | 41         | 31         | 96                |
| <i>Adjusted EBITDA margin</i>                             |             | 15.3 %     | 13.7 %     | 10.8 %            |
| <i>EBITDA margin</i>                                      |             | 15.3 %     | 13.3 %     | 10.5 %            |
| <b>Operating profit (EBITA) before restructuring cost</b> | <b>EURm</b> | 34         | 24         | 69                |
| <b>Operating profit (EBITA)</b>                           | <b>EURm</b> | 34         | 23         | 65                |
| <i>Adjusted operating margin (EBITA)</i>                  |             | 12.6 %     | 10.3 %     | 7.4 %             |
| <i>Operating margin (EBITA)</i>                           |             | 12.6 %     | 9.9 %      | 7.1 %             |
| <b>EBIT</b>   | <b>EURm</b> | 32         | 21         | 56                |
| <b>Net profit/loss</b>                                    | <b>EURm</b> | 18         | 11         | 15                |
| <b>Cash flow from operating activities</b>                | <b>EURm</b> | -4         | -3         | 39                |
| <b>Full time employees at end of period (FTE)</b>         | <b>No</b>   | 3,130      | 2,839      | 3,040             |

### 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 2017 amounted to EUR 921 million, and the company had 3,040 employees at year-end. For more information, please visit us at [www.ovako.com](http://www.ovako.com)

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