

Interim Report for Third Quarter 2014

Third quarter 2014

- Sales volumes and revenues were in line with last year. Revenue amounted to EUR 184 (185) million, and was positively influenced by an improved product mix, countered by somewhat lower scrap and alloy surcharges
- Operating profit before depreciation and amortisation (EBITDA) improved by EUR 2 million to EUR 7 (5) million. An improved product mix and the weakening of the Swedish krona contributed positively to the result
- Order intake was 3 percent weaker than in the same period last year. However, the order book was slightly larger than at the end of the third quarter 2013
- Operating profit (EBIT) amounted to EUR -5 (-6) million
- Cash flow from operating activities amounted to EUR 18 (22) million

January – September 2014

- Sales volumes increased by 7 percent compared to the same period last year, and revenue by 3 percent. The lower growth in revenues relative to volume is primarily due to lower scrap and alloy surcharges
- Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 65 (39) million. Higher volumes and a better product mix, coupled with the weakening of the Swedish krona, are the main reasons for the improvement in the result
- Steel production volume increased by 6 percent compared to the same period last year
- Operating profit (EBIT) amounted to EUR 29 (4) million
- Cash flow from operating activities amounted to EUR 24 (16) million

Amounts in brackets in this report refer to the corresponding period in the previous year.

Group key figures

		2014 Q3	2013 Q3	2014 Q1-3	2013 Q1-3	2013 Full year
Sales volumes	kton	145	144	538	505	675
Revenue	EURm	184	185	664	645	850
Operating profit before depreciation (EBITDA)	EURm	7	5	65	39	47
EBITDA margin	%	3.7 %	2.9 %	9.7 %	6.0 %	5.5 %
Operating profit (EBIT)	EURm	-5	-6	29	4	-1
EBIT margin	%	-2.4 %	-3.4 %	4.4 %	0.6 %	0.0 %
Net profit/loss	EURm	-8	-12	0	-14	-21
Earnings per share	EUR	-166	-248	5	-284	-412
Cash flow from operating activities	EURm	18	22	24	16	20
Net debt/equity ratio	%	154 %	155 %	154 %	155 %	160 %
Return on capital employed (ROCE)	%	5 %	-2 %	5 %	-2 %	0 %
Number of employees at end of period (FTE)	No.	2 939	2 988	2 939	2 988	2 995

Comments from the CEO

"Following a strong first half, Ovako's development continued to be stable during the third quarter. Results were strengthened and revenue was largely unchanged compared to the same quarter last year. The size of the order book was slightly higher than in the same period last year. The implementation of the efficiency programme that was announced for 2014 of EUR 17 million, is proceeding according to plan. In addition, an increased uncertainty in the European market has prompted an increased focus on costs and adjustments of inventory levels, with effect from September onwards. The production rate was reduced in the third quarter and will be held at a lower level until the end of the year.

Installation of the new continuous casting machine in Smedjebacken went according to plan during an eight-week shutdown. Inventory build-up ahead of the summer, coupled with supplementary production from other parts of the group, meant that delivery service from Smedjebacken has remained at a high level. The project is expected to be fully completed by year-end. Overall, Ovako's profit in the third quarter was negatively impacted by EUR 3 million as a result of the installation of the new continuous casting machine.

Work to enhance Ovako's customer offering has been ongoing for several years, resulting in three major launches for the autumn. These products are based on the concepts for improved wear resistance and ultra clean steels with excellent fatigue properties. They are well positioned to meet the demand for lightweight and durable products that can withstand high loads. The group's customer offering is now very competitive in our selected areas.

A decision was taken during the quarter to begin a multi-year process to develop the Hofors steel and rolling mill. The first steps will be taken in the next year, with an investment to increase the productivity of the rolling mill. Work is also taking place to produce larger ingots of 6-8 tonnes, and through forging supply our large ring mill.

Short-term outlook

The weakening recovery in Europe negatively impacted third-quarter order intake. We expect sales volumes in the fourth quarter to be in line with or slightly lower than in the same quarter last year. Likely inventory reductions by our customers towards the end of the year contributes to a cautious volume forecast."

Tom Erixon
President and CEO

Market development

End-user demand growth in Europe has continued to slow. The Eurostat EU industrial production index has improved since September 2013, reaching a peak in the first quarter of 2014, and has since gradually slowed. During the second quarter of 2014, there was growth of 1.5 percent compared to the same quarter last year, and for the past three months (June – August) growth was 0.6 percent compared to the same period in 2013. One explanation for this is the Automotive sub-segment in Germany, which has grown steadily since August 2013 on a rolling three-month basis, but recorded negative growth in the three most recently reported months (June – August), according to the same index and compared to the same period in 2013.

The supply of European merchant bar (which includes engineering steel) has increased since September 2013 and peaked in the first quarter of 2014, after which the increase gradually declined due to lower growth in demand from end users and slower activity in Germany. According to The European Steel Association, Eurofer, EU deliveries of merchant bar increased in the second quarter by 4.3 percent compared to the same quarter in 2013. The growth in the first quarter of 2014 compared to the same quarter in 2013 was 14 percent, driven by, at that time, the rebuilding of inventory to support the growth in the underlying industrial production. In Germany, growth in deliveries of merchant bar in the first quarter of 2014 was above the EU average (15.5 compared to the EU 14 percent), while growth for the second quarter was below the EU average (2.5 compared to the EU 4.3 percent).

Revenue and profit for the third quarter 2014

Ovako's sales volume in the third quarter amounted to 145 (144) thousand tonnes. Ovako's crude steel production for the same period amounted to 134 (187) thousand tonnes, a decrease of 28 percent, primarily due to the planned production shutdown for the installation of the new continuous casting machine in Smedjebacken.

The group's revenue amounted to EUR 184 (185) million, a decrease of 1 percent compared to the same quarter last year. Revenues were positively impacted by an improved product mix, countered by somewhat lower scrap and alloy surcharges.

Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 7 (5) million. The margin

increased from 3 percent to 4 percent. An improved product mix and the weakening of the Swedish krona contributed positively to the result. The lower production rate has meant under-absorption of fixed costs compared to last year, mainly linked to the renovation in Smedjebacken. Overall, Ovako's profit in the third quarter was negatively impacted by EUR 3 million as a result of the renovation.

Total depreciation and amortisation during the period amounted to EUR 11 (12) million, and operating profit (EBIT) for the quarter was EUR -5 (-6) million.

Net financial income for the period amounted to EUR -6 (-10) million. The main difference between the years is currency effects that had a negative impact of EUR 2 million last year.

Profit before tax for the period amounted to EUR -11 (-16) million and net profit was EUR -8 (-12) million.

Revenue and profit for the period January - September 2014

Ovako's sales volume during the period amounted to 538 (505) thousand tonnes, an increase of 7 percent. Ovako's production of crude steel during the same period increased to 676 (635) thousand tonnes, up 6 percent compared to last year.

The group's revenues amounted to EUR 664 (645) million, an increase of 3 percent compared to the same period last year. The relatively lower increase in revenues is largely explained by reduced scrap and alloy surcharges as a result of lower raw material prices.

Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 65 (39) million. The margin increased from 6 percent to 10 percent. Compared with the previous year, the result was positively affected mainly by the higher volumes, by a better product mix, and by a weaker Swedish krona and lower energy prices.

Total depreciation and amortisation during the period amounted to EUR 35 (35) million, and operating profit (EBIT) was EUR 29 (4) million.

Net financial income for the period amounted to EUR -28 (-22) million. As a result of the refinancing in May, financing costs that were amortised over the term of the previous loan were expensed and charged against financial income at EUR 8 million. Foreign exchange effects positively influenced net financial income by EUR 2 (0) million.

The profit before tax for the period amounted to EUR 2 (-19) million and net profit was EUR 0 (-14) million. Return on capital employed (ROCE) increased to 5 (-2) percent.

Cash flow from operating activities

The change in working capital has contributed by EUR 12 (25) million in the quarter, driven by a seasonal reduction of inventory after the second-quarter build-up ahead of the planned summer maintenance shutdown. The increased sales volumes in 2014 compared to 2013, however, meant that the value of inventory on the balance sheet increased compared to last year.

Cash flow from operating activities during the third quarter of 2014 amounted to EUR 18 (22) million and cash flow before financing activities to EUR 7 (1). Cash flow from operating activities during the period January to September 2014 amounted to EUR 24 (16) million and cash flow before financing activities to EUR -5 (-22) million.

The improvement in cash flow compared to last year is attributable to stronger operating results, lower investment charges and lower interest expenses. The interest on the senior secured notes is payable semi-annually in arrears, in December and June, which means that the current-year earnings are charged with interest expense of EUR 7 million that has not yet been paid.

Financing

The group's loans amounted to EUR 300 (December 2013: 272) million. The total interest-bearing net debt after deducting financing expenses amounted to EUR 256 (December 2013: 242) million. Pension liabilities

increased by EUR 5 million due to a readjustment to lower discount rate in the valuation of the liability. This has also had a negative impact on equity by EUR 4 million. Equity amounted to EUR 167 (December 2013: 151) million and was positively affected by a shareholder contribution in the first quarter. The net debt/equity ratio therefore amounted to 154 (December 2013: 160) percent. The group's capital structure is consistent with a potential future IPO to provide further financial flexibility.

The expenses for the refinancing conducted in May are estimated to amount to approximately EUR 10 million, of which EUR 8 million has been paid. These expenses are recognised as a deduction from the liability on the balance sheet and the cost is amortised over the duration of the loan.

The group's liquidity buffer amounted to EUR 73 (December 2013: 71) million, consisting of cash and cash equivalents of EUR 35 (December 2013: 21) million and unutilised contractually agreed credit facilities of EUR 38 (December 2013: 50) million.

Investments

Investments in intangible assets and property, plant and equipment totalled EUR 10 (21) million in the third quarter and EUR 24 (37) million for the period January to September. Of the year's investments, EUR 15 million relates to process and capacity improvements, such as the continuous casting machine in Smedjebacken and a new heat treatment furnace in Imatra, and EUR 9 to regular maintenance investments.

Acquisitions of shares amounted to EUR 0.5 (0.0) million in the third quarter and 5.0 (0.0) million in January – September, and related to the acquisition of a small minority stake in French steel company Ascometal.

Parent company

The consolidated figures in the report are presented at the consolidated level of Ovako Group AB. The parent company, Ovako Group AB (corporate registration number 556813-5361), directly and indirectly holds 100 percent of the shares in all subsidiaries of the group. Net profit in Ovako Group AB for the interim period amounted to EUR 0.3 (0.2) million.

Changes to Ovako's Board of Directors

Sakari Tamminen has been elected as a new member of Ovako's board of directors. Sakari Tamminen has extensive experience of managing and developing large international industrial companies, such as Ruukki and Metso Corporation. He is already Vice Chairman of Sanoma Corporation, Chairman of Industry Investment Ltd and the Association of Finnish Steel and Metal Producers, and Vice President of Eurofer. He was also formerly a board member of the World Steel Association. Oskari Eskola has replaced Simon Andberg in the board of directors.

Events after the reporting date

No significant events occurred after the reporting date.

Most significant risks and uncertainty factors

For information regarding the most significant risks and uncertainty factors, please refer to the description in the annual report for 2013. The company does not consider that there have been any material changes during the reporting period in the risks and factors of uncertainty presented in the annual report. The current macroeconomic uncertainty may influence the development of the business.

Related party transactions

The group is under the controlling influence of Triako Holdco AB, the parent company of Ovako Group AB. Triako Holdco AB is under the controlling influence of Triton Fund III. There are no material transactions with companies in which Triton Fund III has significant or controlling influence.

Accounting policies

The interim report for the group has been prepared in accordance with IAS 34 Interim Reporting. The interim report for the parent has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities.

The group applies the International Financial Reporting Standards (IFRS) adopted by the EU and the Swedish Annual Accounts Act. Segment information is presented based on the company management's perspective, and operating segments are identified based on the internal reporting to Ovako's chief operating decision maker. Ovako has identified the CEO as its chief operating decision maker, and the internal reporting used by this person to review operations and make decisions about resource allocation is the basis for segmentation. Ovako has combined its segments (business units) into one reportable operating segment in accordance with the rules for aggregation.

The accounting policies applied in this interim report are the same as those applied in the consolidated annual accounts for 2013 with the exception of the following new and amended standards and interpretations applicable from 1 January 2014:

Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities: This standard clarifies existing application issues relating to the requirements for offsetting financial assets and financial liabilities. The amendments entered into force on 1 January 2014 and have not had any material impact on the submitted report for Ovako.

IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 Disclosures of Involvement with Other Entities; IAS 27 Separate Financial Statements (amended 2011); and IAS 28 Investments in Associates and Joint Ventures (amended 2011): These standards started to apply within the EU to financial years beginning on 1 January 2014 or later. They have not had any material impact on the consolidated financial statements for Ovako.

IFRS 9 Financial Instruments: This standard is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, and deals with the classification and measurement of financial instruments. It will probably affect Ovako's recognition of financial assets and financial liabilities. The date of entry into force is not yet decided, but will not be earlier than 1 January 2017. A complete position on how Ovako's accounting will be affected will be taken once all aspects of the project are published in the final version. The EU has indefinitely postponed approval of the standard.

IFRS 15 Revenue Recognition: This standard will replace all existing standards for revenue recognition. The standard enters into force on 1 January 2017. The impact of this new standard on the consolidated earnings and financial position has not yet been investigated.

A number of standards, amendments to standards, and interpretations other than those noted above enter into force for reporting periods beginning after 1 January 2014. The group does not plan early adoption of these standards and they are not expected to have any material impact on the group's earnings and position.

The term "IFRS" in this document includes the application of IAS and IFRS, as well as the interpretations of these standards as published by IASB's Standards Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

This report has been reviewed by the company's independent auditor.

Stockholm, November 5, 2014

Tom Erixon
President and CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	2014 Q3	2013 Q3	2014 Q1-3	2013 Q1-3	2013 Full year
REVENUE	184.3	185.0	663.5	644.9	849.9
Cost of goods sold	-179.4	-183.0	-596.0	-608.4	-806.6
GROSS PROFIT	4.9	2.0	67.5	36.5	43.3
Selling expenses	-5.7	-5.0	-18.5	-16.3	-22.0
Administrative expenses	-5.9	-6.8	-23.2	-23.4	-32.0
Other operating income	2.2	3.5	3.4	6.8	10.1
OPERATING PROFIT/LOSS	-4.5	-6.3	29.2	3.6	-0.6
Financial income	0.2	0.3	0.6	0.6	0.6
Financial costs	-6.2	-10.3	-28.2	-22.7	-26.8
PROFIT/LOSS BEFORE TAX	-10.5	-16.3	1.6	-18.5	-26.8
Taxes	2.2	3.9	-1.4	4.3	6.2
NET PROFIT/LOSS FOR THE PERIOD	-8.3	-12.4	0.2	-14.2	-20.6
Of which attributable to					
Owners of the parent	-8.3	-12.4	0.2	-14.2	-20.6
Non-controlling interests	-	-	-	-	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	2014 Q3	2013 Q3	2014 Q1-3	2013 Q1-3	2013 Full Year
Net profit/loss for the period	-8.3	-12.4	0.2	-14.2	-20.6
Items that will be reclassified to profit or loss					
Exchange differences	1.4	0.3	0.6	-0.6	-1.9
Cash flow hedges	2.9	4.2	4.6	4.3	2.6
Tax attributable to cash flow hedges	-0.6	-0.9	-1.0	-0.9	-0.6
	3.7	3.6	4.2	2.8	0.1
Items that will not be reclassified to profit or loss					
Revaluation of pension obligations, net	-5.4	-	-5.4	-	13.0
Tax attributable to revaluation of pension obligations	1.2	-	1.2	-	-2.9
	-4.2	-	-4.2	-	10.1
Other comprehensive income, net of tax	-0.5	3.6	0.0	2.8	10.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-8.8	-8.8	0.2	-11.4	-10.4

KEY FIGURES

EUR million	2014 Q3	2013 Q3	2014 Q1-3	2013 Q1-3	2013 Full Year
Operating profit before depreciation (EBITDA)	6.8	5.3	64.6	38.7	46.5
Depreciation	-7.4	-6.7	-21.8	-20.5	-27.7
Operating profit before amortization of surplus values (EBITA)	-0.6	-1.4	42.8	18.2	18.8
Amortization of surplus values	-3.9	-4.9	-13.6	-14.6	-19.4
Operating profit (EBIT)	-4.5	-6.3	29.2	3.6	-0.6
Number of shares	50 000	50 000	50 000	50 000	50 000
Earnings per share (EUR)	-166	-248	5	-284	-412

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	2014 30 Sep	2013 30 Sep	2013 31 Dec
Property, plant and equipment	335.9	351.0	347.4
Intangible assets	8.0	7.5	7.4
Other financial assets	7.0	2.0	1.9
Derivative assets	0.5	0.8	1.0
Deferred tax assets	11.8	13.5	11.7
Non-current assets	363.2	374.8	369.4
Inventories	207.7	185.4	198.7
Trade and other receivables	133.6	132.5	108.7
Current tax assets	1.2	5.2	1.4
Derivative assets	1.5	0.3	2.1
Cash and cash equivalents	34.9	25.7	20.6
Current assets	378.9	349.1	331.5
ASSETS	742.1	723.9	700.9
Equity	166.6	152.2	150.7
Non-current interest-bearing liabilities	290.9	220.8	221.5
Derivative liabilities	0.9	5.4	3.0
Deferred tax liabilities	47.3	49.4	47.7
Other provisions	84.0	94.1	82.1
Other non-current liabilities	0.3	0.3	0.3
Non-current liabilities	423.4	370.0	354.6
Current interest-bearing liabilities	0.1	40.7	40.7
Derivative liabilities	4.0	2.3	7.7
Trade and other payables	147.6	145.7	131.3
Current tax liabilities	0.4	0.5	0.3
Other current liabilities	0.0	12.5	15.6
Current liabilities	152.1	201.7	195.6
EQUITY AND LIABILITIES	742.1	723.9	700.9

KEY FIGURES

EUR million	2014 Q3	2013 Q3	2013 Full year
Equity	166.6	152.2	150.7
Net debt	256.1	235.8	241.6
Net debt/equity ratio (%)	154 %	155 %	160 %
Return on Capital Employed (%)	5 %	-2 %	0 %

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	2014 Q3	2013 Q3	2014 Q1-3	2013 Q1-3	2013 Full Year
Operating profit	-4.5	-6.3	29.2	3.6	-0.6
Adjustment for depreciation and amortization	11.3	11.6	35.4	35.1	47.1
Adjustment for other non-cash items	-0.5	-0.1	-0.6	-0.6	2.4
Interest paid	-0.4	-6.3	-9.2	-19.6	-25.0
Income tax paid	-0.4	-1.5	-1.5	-3.7	0.1
Change in working capital	12.0	24.9	-29.8	1.1	-4.2
Cash flow from operating activities	17.5	22.3	23.5	15.9	19.8
Acquisition of businesses	-	-0.7	-	-0.7	-0.7
Investments in non-current assets	-9.7	-20.9	-23.8	-36.7	-45.1
Acquisition of shares	-0.5	-	-5.0	-	-
Cash flow from investing activities	-10.2	-21.6	-28.8	-37.4	-45.8
Cash flow before financing activities	7.3	0.7	-5.3	-21.5	-26.0
Repayment of loans	0.0	-9.7	-282.0	-15.1	-15.1
New loans	0.0	-	310.0	20.0	20.0
Other	-1.2	0.0	-8.1	0.0	0.0
Cash flow from financing activities	-1.2	-9.7	19.9	4.9	4.9
Cash flow for the period	6.1	-9.0	14.6	-16.6	-21.1
Cash and cash equivalents at the beginning of period	28.6	34.5	20.6	42.6	42.6
Translation differences on cash and cash equivalents	0.2	0.2	-0.3	-0.3	-0.9
Cash and cash equivalents at the end of period	34.9	25.7	34.9	25.7	20.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2014	Equity attributable to owners of the parent				Total equity
	Share capital	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	
EUR million					
Balance at 1 Jan	0.0	0.7	-5.9	155.9	150.7
Comprehensive income					
Profit for the period	-	-	-	0.2	0.2
Other comprehensive income	-	0.6	3.6	-4.2	0.0
Total comprehensive income	-	0.6	3.6	-4.0	0.2
Shareholders' contribution	-	-	-	15.7	15.7
Balance at 30 Sep	0.0	1.3	-2.3	167.6	166.6

2013	Equity attributable to owners of the parent				Total equity
	Share capital	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	
EUR million					
Balance at 1 Jan	0.0	2.6	-7.9	168.9	163.6
Comprehensive income					
Profit for the period	-	-	-	-14.2	-14.2
Other comprehensive income	-	-0.6	3.4	-	2.8
Total comprehensive income	-	-0.6	3.4	-14.2	-11.4
Balance at 30 Sep	0.0	2.0	-4.5	154.7	152.2

PARENT COMPANY INCOME STATEMENT

EUR million	2014 Q3	2013 Q3	2014 Q1-3	2013 Q1-3	2013 Full year
REVENUE	-	-	-	-	-
Administrative expenses	0.0	-0.2	-0.1	-0.2	-0.2
OPERATING PROFIT/LOSS	0.0	-0.2	-0.1	-0.2	-0.2
Interest income from group companies	0.1	0.1	0.4	0.4	0.5
PROFIT BEFORE ALLOCATIONS AND TAX	0.1	-0.1	0.3	0.2	0.3
Group contribution	-	-	-	-	-0.3
Taxes	0.0	0.0	0.0	0.0	0.0
NET PROFIT/LOSS FOR THE PERIOD	0.1	-0.1	0.3	0.2	0.0

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

EUR million	2014 Q3	2013 Q3	2014 Q1-3	2013 Q1-3	2013 Full Year
Net profit/loss for the period	0.1	-0.1	0.3	0.2	0.0
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0.1	-0.1	0.3	0.2	0.0

PARENT COMPANY CONDENSED BALANCE SHEET

EUR million	2014 30 Sep	2013 30 Sep	2013 31 Dec
Investments in subsidiaries	139.8	139.8	139.8
Receivables from group companies	23.4	23.1	22.6
Non-current assets	163.2	162.9	162.4
Receivables from group companies	15.9	12.8	16.3
Current assets	15.9	12.8	16.3
ASSETS	179.1	175.7	178.7
Equity	178.6	162.9	162.7
Other current liabilities	0.5	12.8	16.0
Current liabilities	0.5	12.8	16.0
EQUITY AND LIABILITIES	179.1	175.7	178.7
Pledged collateral	None	None	None
Contingent liabilities	None	None	None

FINANCIAL INSTRUMENTS DISCLOSURE - GROUP

Fair value of financial instruments:

Ovako's financial instruments include derivatives, unlisted equities, loan receivables, accounts receivable and cash and cash equivalents, interest-bearing liabilities, trade payables and other liabilities. Derivatives are measured at fair value in Level 2 as defined by IFRS 13 i.e. fair value determined using valuation techniques with observable market data, either directly (such as prices) or indirectly (derived from prices). Other financial instruments are measured at amortised cost. The fair value of the bond loan is determined based on the list price on the closing date. In the comparative numbers, interest-bearing liabilities relating to the former loan are recognised net of prepaid financing fees. The table below shows the carrying amounts and fair values of financial instruments.

EUR million	30 Sep 2014		30 Sep 2013		31 Dec 2013	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Derivatives	2.0	2.0	1.1	1.1	3.1	3.1
Financial non-current assets	6.9	6.9	1.9	1.9	1.8	1.8
Accounts receivable	119.0	119.0	112.1	112.1	87.8	87.8
Cash and cash equivalents	34.9	34.9	25.7	25.7	20.6	20.6
Total assets	162.8	162.8	140.8	140.8	113.3	113.3
Derivatives	4.9	4.9	7.7	7.7	10.7	10.7
Interest-bearing liabilities	291.0	294.3	261.5	272.4	262.2	272.3
Trade and other payables	89.0	89.0	107.4	107.4	99.5	99.5
Total liabilities	384.8	388.1	376.6	387.5	372.4	382.5

Financial assets and liabilities that are offset or subject to a legally enforceable framework agreement for netting or similar agreement:

Financial assets and liabilities subject to offset consist of electricity derivatives, interest derivatives and currency derivatives covered by legally binding master netting agreements.

EUR million	30 Sep 2014		30 Sep 2013		31 Dec 2013	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross amount, derivatives	2.0	4.9	1.1	7.7	3.1	10.7
Amount offset	-	-	-	-	-	-
Disclosed in balance sheet	2.0	4.9	1.1	7.7	3.1	10.7
Amounts included in an offset agreement	-1.3	-1.3	-0.9	-0.9	-2.3	-2.3
Net after amounts included in an offset agreement	0.7	3.6	0.2	6.8	0.8	8.4

DEFINITIONS OF KEY FINANCIAL FIGURES

Revenue	Sales less deduction for value added tax, discounts and returns
Gross profit	Revenue minus cost of goods sold
EBITDA	Earnings before interest, Taxes, Depreciation, amortisation and impairments
EBITA	Earnings before interest, Taxes, amortisation of surplus values from acquisitions and impairments
Operating profit (EBIT)	Profit before interest and taxes
Operating margin	Operating profit as a percentage of revenue
Net debt	Interest-bearing liabilities (excluding pension liabilities) minus cash and cash equivalents
Net debt/equity ratio	$(\text{Net debt/equity}) \times 100$
Earnings per share before and after dilution	Net profit for the period/weighted average number of shares during the period
Return on capital employed (ROCE)	EBIT rolling 12 months/equity plus financial liabilities (average of opening and closing balances for the period).

For more information, please contact:

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Ovako is a leading European producer of engineering steel for customers in the bearing, transportation and manufacturing industries. Our production is based on recycled steel and includes steel in the form of bars, tubes and pre-components. Ovako is represented in more than 30 countries and has sales offices in Europe, North America and Asia. Revenue in 2013 amounted to EUR 850 million and the company had 2,995 employees. For further information please visit us at www.ovako.com

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THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Ovako Group AB, org. nr 556813-5361

The Board of Directors

Introduction

We have reviewed the condensed interim report for Ovako Group AB as at September 30, 2014 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Reports Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, November 5, 2014

Ernst & Young AB

Heléne Siberg Wendin
Authorized Public Accountant