Year-End Report 2014

Fourth quarter 2014

- Sales volumes were 6 percent below the fourth quarter of 2013, and revenue was down 3 percent
- Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 4 (8) million. The weaker outcome is largely explained by lower sales volumes and inventory reductions
- Operating profit (EBIT) amounted to EUR -15 (-4) million
- Cash flows from operating activities amounted to EUR 42 (4) million, significantly strengthened through reductions of inventories and other trade working capital
- Order intake for the quarter was 7 percent weaker than in the same period the previous year. The order book at end of year was on the same level as at the end of 2013

Full-year 2014

- Sales volumes increased by 3 percent compared to the previous year, and revenue by 1 percent
- Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 69 (47) million, supported by higher volumes, improved product mix, implemented cost reduction programme and a weaker Swedish krona
- Operating profit (EBIT) amounted to EUR 15 (1) million
- Cash flow from operating activities amounted to EUR 66 (20) million

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

Group key figures

		2014 Q4	2013 Q4	**2014 Full year**	2013 Full year
Sales volumes	kton	**160**	171	**697**	675
Revenue	EURm	**199**	205	**862**	850
Operating profit before depreciation (EBITDA)	EURm	**4**	8	**69**	47
EBITDA margin	%	**2.0 %**	3.8 %	**7.9 %**	5.5 %
Operating profit (EBIT)	EURm	**-15**	-4	**15**	-1
EBIT margin	%	**-7.3 %**	-2.0 %	**1.7 %**	0.0 %
Net profit/loss	EURm	**-15**	-6	**-15**	-21
Earnings per share	EUR	**-306**	-128	**-302**	-412
Cash flow from operating activities	EURm	**42**	4	**66**	20
Net debt/equity ratio	%	**152 %**	160 %	**152 %**	160 %
Return on capital employed (ROCE)	%	**3 %**	0 %	**3 %**	0 %
Number of employees at end of period (FTE)	No.	**2 925**	2 995	**2925**	2 995

Comments from the CEO

"The gradual market improvement that started mid 2013 continued in the first half of 2014. Markets slowed again in the second half of 2014, with order intake and invoicing ending somewhat lower than in 2013. The contribution margin per ton stayed stable throughout the year, but the EBITDA margin decreased in the second half due to under absorption in production and lower sales volumes. For the full year Ovako grew 3 percent in volume and EBITDA improved with 47 percent to 69 MEUR. It was a good step forward in a volatile market.

Also in terms of cash flow, it was a strong year. Cash flow from operating activities more than tripled compared to the previous year to 66 MEUR.

The investments in new markets continued to gain momentum during the year. Our new sales companies in China, Italy, Eastern Europe, together with the increased efforts in the US and Russia, all grew ahead of the group average and now account for 22 percent of our sales. Our customer portfolio and prospects strengthened significantly, and we expect these markets to continue to grow towards our target level of 30 percent of our total sales in 2017.

From a product point of view 2014 has been a very exciting year. Our portfolio of M-Steel™ for improved machinability, WR-Steel® for improved wear resistance, and our BQ- and IQ-Steels® to avoid metal fatigue are now improved and launched in the market. High productivity and long tool life in machining, ability to reduce weight in critical components without risking fatigue, and extended durability in heavy wear applications is at the core of our customer offer.

Investments in our production system were still significant during 2014 and reached 34 MEUR, however decreased compared to the year before. The biggest project by far was the installation of a new continuous caster in the steel mill in Smedjebacken.

Operational efficiency remains high on the agenda. Ovako launched a three year program in 2014 to reduce costs with 34 MEUR. The program includes productivity improvements, cost reductions in purchasing, and an energy efficiency program. During the fourth quarter, the Cromax unit in Mora was closed as planned. The full program resulted in 15 MEUR of savings for 2014. For 2015 another 9 MEUR is planned for. The savings are off-setting inflationary pressure, especially on salaries and wages, but they are also contributing to fund the growth initiatives and improve the bottom line.

Ovako's program to improve health and safety was accelerated in the end of 2014. Significant efforts are made to build a safer work place. The program for 2015 is our biggest ever, and includes training of all personnel, identification of risks, and selective investments.

Short-term outlook

Although the economic recovery in Europe is characterized by uncertainty, we expect the market for engineering steel in Europe to remain at a similar level compared to 2014. We expect Ovako sales volumes in the first quarter to be in line with or slightly lower than in the same quarter last year, but significantly above the seasonally weak fourth quarter."

Tom Erixon
President and CEO

Market development

End-user demand growth in Europe has continued to slow down. The Eurostat EU industrial production index showed a growth of 1.4 percent for 2014 Q3 compared to the same period 2013. For the last reported three months (September – November) growth compared to the same time period 2013 was 1.0 percent. The main driver has been a decline of the growth rate in Germany from the EU average of 1.4 percent in Q3 to below EU average of 0.6 percent for the last reported three months (September – November), according to the same index and compared to the same respective time periods in 2013. Industrial production development in Sweden and Finland was negative during the last reported three months (-2.7 percent and -0.6 percent respectively) compared to the same periods 2013.

The supply of European merchant bar (which includes engineering steel) for 2014 Q3 remains on a similar growth rate as the previous quarter. According to The European Steel Association, Eurofer, EU supply of merchant bar increased in the third quarter by 4.9 percent compared to the same quarter in 2013. This is in-line with the growth rate of 4.1 percent for the second quarter 2014. Germany continues to grow slower than the EU average and recorded growth of 2.5 percent for Q2 and Q3 respectively compared to the corresponding quarters in 2013. The supply of European merchant bar to Sweden and Finland had a weak development during the third quarter with growth of -5.8 percent in Sweden and 0.4 percent in Finland compared to the same quarter the year before.

Revenue and profit for the fourth quarter 2014

Ovako's sales volume in the fourth quarter amounted to 160 (171) thousand tonnes, a decrease of 6 percent. Ovako's crude steel production amounted to 212 (226) thousand tonnes. The lower production (-6 percent) is an effect of continued focus on reduced capital tied up in inventory but also a slowdown in demand at the end of the year.

The group's revenue amounted to EUR 199 (205) million, a decrease of 3 percent compared to the same quarter the previous year. Revenues were positively impacted by an improved product mix, countered somewhat by lower scrap and alloy surcharges.

Operating profit before depreciation, amortisation and impairment (EBITDA) amounted to EUR 4 (8) million. The profit for 2013 included restructuring costs of EUR 3.7 million. The weakening compared to 2013 is largely due to lower absorption of fixed costs as a result of inventory reductions. The fourth quarter 2014 saw a reduction in inventories, whereas inventory levels increased during the same period 2013. The effects of a slightly lower sales volume than the previous year have been offset by improved product mix and the weakening of the Swedish krona.

Total depreciation and amortisation during the period amounted to EUR 18 (12) million. The increase in depreciation is explained by accelerated depreciation of residual values from surplus values for older plant and equipment, and to a lesser extent the closure of operations in Mora. Against the background of ongoing renewal work being undertaken, the depreciation plan for older assets, for which new investments are being made or planned, was accelerated. Operating profit (EBIT) for the quarter was EUR -15 (-4) million.

Net financial income for the period amounted to EUR -5 (-4) million. The main difference between the years consists of currency effects which had a positive impact in the fourth quarter of EUR 2 (3) million.

Profit before tax for the period amounted to EUR -20 (-8) million and net profit was EUR -15 (-6) million.

Revenue and profit for full-year 2014

Ovako's sales volume during the period amounted to 697 (675) thousand tonnes, an increase of 3 percent. Ovako's production of crude steel increased to 887 (862) thousand tonnes, up 3 percent compared to the previous year.

The group's revenues amounted to EUR 862 (850) million, an increase of 1 percent compared to the previous 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 69 (47) million. The margin increased to 8 percent from 6 percent. The profit increase of EUR 18 million (adjusted for restructuring costs that were charged to profit and loss in 2013) is a result of higher volumes, a better product mix, implemented cost reduction programmes and a weaker Swedish krona.

Total depreciation and amortisation amounted to EUR 54 (47) million, and operating profit (EBIT) was EUR 15 (-1) million. As stated above, the results were affected by accelerated depreciation of EUR 7 (0) million.

Net financial income amounted to EUR -33 (-26) 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 5 (3) million.

Profit before tax amounted to EUR -18 (-27) million, and net profit was EUR -15 (-21) million. Return on capital employed (ROCE) increased to 3 (0) percent.

Cash flow

Cash flows from operating activities during the fourth quarter amounted to EUR 42 (4) million, and cash flows before financing activities amounted to EUR 32 (-5) million. Cash flows from operating activities for the full-year amounted to EUR 66 (20) million, and cash flows before financing activities amounted to EUR 27 (-26) million.

The change in working capital contributed EUR 49 (-5) million during the quarter and EUR 19 (-4) million over the full year. Continued focus on improving the efficiency of working capital has, among other things, meant that inventory levels have been held down. The strong cash flow compared with the previous year is also explained by a significantly improved operating profit and lower expenses for investment.

Financial position

The group's loans, which since May 2014 consist of senior secured notes listed on the Luxembourg Stock Exchange, amounted to EUR 300 (272) million. Total interest-bearing net debt after deduction of financing costs which are recognised as a deduction from the liability on the balance sheet amounted to EUR 226 (242) million.

The expenses for the refinancing conducted in May amounted to EUR 10 million, of which EUR 9 million was paid in 2014. 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 pension liability has increased by EUR 8 million due to changes in the assumptions used for actuarial valuation of the group's pension liabilities, primarily against the background of low interest rates. The revaluation has affected equity negatively by EUR 6 million. Equity increased by a net EUR 16 million from shareholder contributions after deducting group contributions and amounted to EUR 149 (151) million. The net debt/equity ratio therefore amounted to 152 (160) percent.

The group’s liquidity buffer amounted to EUR 104 (71) million, comprising cash and cash equivalents of EUR 65 (21) million and unutilised contracted loan commitments of EUR 39 (50) million.

Investments

Investments in intangible assets and property, plant and equipment amounted to EUR 10 (8) million in the fourth quarter and EUR 34 (45) million for the full-year. Of the year’s investments, EUR 19 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 15 million to regular maintenance investments.

During the year, a small stake of approximately 8.5% in the French steel company Ascometal was acquired for a value of EUR 5.0 (0.0) million.

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 amounted to EUR -1.0 (0.0) million.

Events after the balance sheet date

Björn Nilsson has replaced Magnus Lindquist on Ovako's board of directors from February 10, 2015. Björn Nilsson has been an investment advisory professional and a member of the Investment Committee at Triton since inception in 1997. Before Triton, Björn Nilsson was with Chase Manhattan in New York.

Ovako has signed an agreement with SSAB to acquire steel and metals distributor Tibnor Oy in Finland. The deal has been approved by the European Commission and will now be examined by competition authorities in Finland and Estonia for final approval. Tibnor Oy purchases, warehouses, processes and distributes steel and other metals for the engineering, process and construction industries. The company has approximately 50 employees and sales amounted to EUR 66.6 million in 2013. The acquisition is expected to have a slightly positive impact on Ovako’s operating profit and a slightly negative impact on cash flows for 2015.

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. During the year the group received shareholder contributions of a net EUR 16 million from the parent company, after deducting group contributions.

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.

Future accounting policies: The following describes the new IFRSs that will have, or are expected to have, an impact on the consolidated financial statements:

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 not been reviewed by the company’s independent auditor.

The Board of Directors and the CEO declare that the year-end report gives a fair view of the performance of the business, position and profit or loss of the company and the Group, and describes the principal risks and uncertainties that the company and the companies in the Group face.

Stockholm, February 11, 2015
Ovako Group AB

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	**2014 Q4**	2013 Q4	**2014 Full year**	2013 Full year
REVENUE	**198.6**	205.0	**862.1**	849.9
Cost of goods sold	**-199.7**	-198.2	**-795.7**	-806.6
GROSS PROFIT	**-1.1**	6.8	**66.4**	43.3
Selling expenses	**-7.1**	-5.6	**-25.6**	-22.0
Administrative expenses	**-6.9**	-8.7	**-30.1**	-32.0
Other operating income	**0.6**	3.3	**4.0**	10.1
OPERATING PROFIT/LOSS	**-14.5**	-4.2	**14.7**	-0.6
Financial income and expenses, net	**-5.1**	-4.1	**-32.7**	-26.2
PROFIT/LOSS BEFORE TAX	**-19.6**	-8.3	**-18.0**	-26.8
Taxes	**4.3**	1.9	**2.9**	6.2
NET PROFIT/LOSS FOR THE PERIOD	**-15.3**	-6.4	**-15.1**	-20.6
Of which attributable to				
Owners of the parent	**-15.3**	-6.4	**-15.1**	-20.6
Non-controlling interests	**-**	-	**-**	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	**2014 Q4**	2013 Q4	**2014 Full year**	2013 Full Year
Net profit/loss for the period	**-15.3**	-6.4	**-15.1**	-20.6
Items that will be reclassified to profit or loss				
Translation differences	**-1.5**	-1.3	**-0.9**	-1.9
Cash flow hedges	**-5.5**	-1.7	**-0.9**	2.6
Tax attributable to cash flow hedges	**1.2**	0.3	**0.2**	-0.6
	-5.8	-2.7	**-1.6**	0.1
Items that will not be reclassified to profit or loss				
Revaluation of pension obligations	**-2.1**	13.0	**-7.5**	13.0
Tax attributable to revaluation of pension obligations	**0.3**	-2.9	**1.5**	-2.9
	-1.8	10.1	**-6.0**	10.1
Other comprehensive income, net of tax	**-7.6**	7.4	**-7.6**	10.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-22.9**	1.0	**-22.7**	-10.4

KEY FIGURES

EUR million	**2014 Q4**	2013 Q4	**2014 Full year**	2013 Full Year
Operating profit before depreciation (EBITDA)	**3.9**	7.8	**68.5**	46.5
Depreciation	**-8.0**	-7.2	**-29.8**	-27.7
Operating profit before amortization of surplus values and impairments (EBITA)	**-4.1**	0.6	**38.7**	18.8
Amortization of surplus values and impairments	**-10.4**	-4.8	**-24.0**	-19.4
Operating profit (EBIT)	**-14.5**	-4.2	**14.7**	-0.6
Number of shares	**50 000**	50 000	**50 000**	50 000
Earnings per share (EUR)	**-306**	-128	**-302**	-412

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	2014 31 Dec	2013 31 Dec
Property, plant and equipment	**327.0**	347.4
Intangible assets	**8.4**	7.4
Other financial assets	**6.9**	1.9
Derivative assets	**0.0**	1.0
Deferred tax assets	**13.4**	11.7
Non-current assets	**355.7**	369.4
Inventories	**200.9**	198.7
Trade and other receivables	**108.8**	108.7
Current tax assets	**0.8**	1.4
Derivative assets	**1.2**	2.1
Cash and cash equivalents	**65.0**	20.6
Current assets	**376.7**	331.5
ASSETS	**732.4**	700.9
Equity	**148.7**	150.7
Non-current interest-bearing liabilities	**291.0**	221.5
Derivative liabilities	**1.7**	3.0
Deferred tax liabilities	**38.0**	47.7
Other provisions	**84.0**	82.1
Other non-current liabilities	**0.3**	0.3
Non-current liabilities	**415.0**	354.6
Current interest-bearing liabilities	**0.1**	40.7
Derivative liabilities	**8.0**	7.7
Trade and other payables	**160.5**	146.9
Current tax liabilities	**0.1**	0.3
Current liabilities	**168.7**	195.6
EQUITY AND LIABILITIES	**732.4**	700.9

KEY FIGURES

EUR million	2014 Full year	2013 Full year
Equity	**148.7**	150.7
Net debt	**226.2**	241.6
Net debt/equity ratio (%)	**152 %**	160 %
Return on Capital Employed (%)	**3 %**	0 %

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	**2014 Q4**	2013 Q4	**2014 Full year**	2013 Full Year
Operating profit	**-14.5**	-4.2	**14.7**	-0.6
Adjustment for depreciation and amortization	**18.4**	12.0	**53.8**	47.1
Adjustment for other non-cash items	**0.6**	3.0	**0.0**	2.4
Change in working capital	**49.1**	-5.3	**19.3**	-4.2
Cash flow from operations	**53.6**	5.5	**87.8**	44.7
Interest received and paid	**-11.2**	-5.4	**-20.4**	-25.0
Income tax paid	**-0.1**	3.8	**-1.6**	0.1
Cash flow from operating activities	**42.3**	3.9	**65.8**	19.8
Acquisition of businesses	**-**	-	**-**	-0.7
Investments in non-current assets	**-10.3**	-8.4	**-34.1**	-45.1
Acquisition of shares	**0.0**	-	**-5.0**	-
Cash flow from investing activities	**-10.3**	-8.4	**-39.1**	-45.8
Cash flow before financing activities	**32.0**	-4.5	**26.7**	-26.0
Repayment of loans	**-**	-	**-282.0**	-15.1
New loans	**-**	-	**310.0**	20.0
Other	**-1.3**	0.0	**-9.4**	0.0
Cash flow from financing activities	**-1.3**	0.0	**18.6**	4.9
Cash flow for the period	**30.7**	-4.5	**45.3**	-21.1
Cash and cash equivalents at the beginning of period	**34.9**	25.7	**20.6**	42.6
Translation differences on cash and cash equivalents	**-0.6**	-0.6	**-0.9**	-0.9
Cash and cash equivalents at the end of period	**65.0**	20.6	**65.0**	20.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2014		**Equity attributable to owners of the parent**			
EUR million	Share capital	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	**Total equity**
Balance at 1 Jan	**0.0**	**0.7**	**-5.9**	**155.9**	**150.7**
Comprehensive income					
Profit for the period	-	-	-	-15.1	**-15.1**
Other comprehensive income	-	-0.9	-0.7	-6.0	**-7.6**
Total comprehensive income	**-**	**-0.9**	**-0.7**	**-21.1**	**-22.7**
Group contribution, net of tax	-	-	-	-17.8	**-17.8**
Shareholders' contribution	-	-	-	38.5	**38.5**
Balance at 31 Dec	**0.0**	**-0.2**	**-6.6**	**155.5**	**148.7**

2013		**Equity attributable to owners of the parent**			
EUR million	Share capital	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	**Total equity**
Balance at 1 Jan	0.0	2.6	-7.9	168.9	163.6
Comprehensive income					
Profit for the period	-	-	-	-20.6	-20.6
Other comprehensive income	-	-1.9	2.0	10.1	10.2
Total comprehensive income	-	-1.9	2.0	-10.5	-10.4
Group contribution, net of tax	-	-	-	-2.5	-2.5
Balance at 31 Dec	0.0	0.7	-5.9	155.9	150.7

PARENT COMPANY INCOME STATEMENT

EUR million	2014 Q4	2013 Q4	2014 Full year	2013 Full year
REVENUE	**-**	-	**-**	-
Administrative expenses	**-0.1**	0.0	**-0.2**	-0.2
OPERATING PROFIT/LOSS	**-0.1**	0.0	**-0.2**	-0.2
Financial income and expenses, net	**0.1**	0.1	**0.5**	0.5
PROFIT BEFORE ALLOCATIONS AND TAX	**0.0**	0.1	**0.3**	0.3
Group contribution	**-1.6**	-0.3	**-1.6**	-0.3
Taxes	**0.3**	0.0	**0.3**	0.0
NET PROFIT/LOSS FOR THE PERIOD	**-1.3**	-0.2	**-1.0**	0.0

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

EUR million	2014 Q4	2013 Q4	2014 Full year	2013 Full Year
Net profit/loss for the period	**-1.3**	-0.2	**-1.0**	0.0
Other comprehensive income	**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-1.3**	-0.2	**-1.0**	0.0

PARENT COMPANY CONDENSED BALANCE SHEET

EUR million	2014 31 Dec	2013 31 Dec
Investments in subsidiaries	**139.8**	139.8
Receivables from group companies	**23.4**	22.6
Deferred tax assets	**0.3**	-
Non-current assets	**163.5**	162.4
Receivables from group companies	**37.3**	16.3
Current assets	**37.3**	16.3
ASSETS	**200.8**	178.7
Equity	**200.2**	162.7
Other current liabilities to group companies	**0.6**	16.0
Current liabilities	**0.6**	16.0
EQUITY AND LIABILITIES	**200.8**	178.7
Pledged collateral	**None**	None
Contingent liabilities	**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.

	31 Dec 2014		31 Dec 2013	
EUR million	**Carrying value**	**Fair value**	Carrying value	Fair value
Derivatives	**1.2**	**1.2**	3.1	3.1
Financial non-current assets	**6.8**	**6.8**	1.8	1.8
Accounts receivable	**86.7**	**86.7**	87.8	87.8
Cash and cash equivalents	**65.0**	**65.0**	20.6	20.6
Total assets	**159.7**	**159.7**	113.3	113.3
Derivatives	**9.7**	**9.7**	10.7	10.7
Interest-bearing liabilities	**291.1**	**283.7**	262.2	272.3
Trade and other payables	**108.3**	**108.3**	99.5	99.5
Total liabilities	**409.1**	**401.7**	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.

	31 Dec 2014		31 Dec 2013	
EUR million	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
Gross amount,derivatives	**1.2**	**9.7**	3.1	10.7
Amount offset	**-**	**-**	-	-
Disclosed in balance sheet	**1.2**	**9.7**	3.1	10.7
Amounts included in an offset agreement	**-1.1**	**-1.1**	-2.3	-2.3
Net after amounts included in an offset agreement	**0.1**	**8.6**	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 financial income and expenses, Taxes, Depreciation, amortisation and impairments
EBITA	Earnings before financial income and expenses, Taxes, amortisation of surplus values from acquisitions and impairments
Operating profit (EBIT)	Profit before financial income and expenses 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, percent	(Net debt/equity) x 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 2014 amounted to EUR 862 million and the company had 2,925 employees. For further information please visit us at www.ovako.com

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The Group's annual report will be available on the website www.ovako.com from March 2, 2015. The Annual General Meeting will be held on March 30, 2015.