Interim Report for Second Quarter 2015

Second quarter 2015

- Order intake was 3 percent lower than for the corresponding quarter in 2014, but strengthened gradually during the period
- Sales volumes and revenue were in line with last year
- Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 26 (28) million and operating profit (EBIT) amounted to EUR 16 (16) million. A lower production level than last year explains the decrease in EBITDA
- Cash flow from operating activities amounted to EUR 4 (1) million

January – June 2015

- Sales volumes decreased by 5 percent compared with the same period last year and revenue by 4 percent. The decrease is mainly attributable to the first quarter
- Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 53 (58) million and operating profit (EBIT) amounted to EUR 32 (34) million
- Cash flow from operating activities amounted to EUR -1 (6) million
- Steel and metals distributor Ovako Metals Oy Ab (formerly Tibnor Oy) in Finland was acquired on March 31 which lead to a 3 MEUR positive one-off effect on operating profit

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

Group key figures

		2015 Q2	2014 Q2	**2015 Q1-2**	2014 Q1-2	2014 Full year
Sales volumes	kton	**187**	189	**375**	393	697
Net revenue	EURm	**233**	233	**462**	479	862
Operating profit before depreciation (EBITDA)	EURm	**26**	28	**53**	58	69
EBITDA margin	%	**11.2 %**	12.0 %	**11.4 %**	12.1 %	7.9 %
Operating profit (EBIT)	EURm	**16**	16	**32**	34	15
EBIT margin	%	**6.8 %**	6.7 %	**7.0 %**	7.0 %	1.7 %
Net profit/loss	EURm	**7**	0	**15**	9	-15
Earnings per share	EUR	**141**	8	**291**	170	-302
Cash flow from operating activities	EURm	**4**	1	**-1**	6	66
Net debt/equity ratio	%	**144 %**	149 %	**144 %**	149 %	152 %
Return on capital employed (ROCE)	%	**3 %**	5 %	**3 %**	5 %	3 %
Full time employees at end of period (FTE)	No.	**2,993**	2,956	**2,993**	2,956	2,925

Comments from the CEO

"The market was stable during the second quarter and remained at the level of the same period last year. Ovako's sales followed the market, with the same sales volume as last year. Ovako experienced a positive development in important customer applications such as renewable energy and fuel injection applications. Inventory build-up in key customer segments is estimated to be slightly lower compared to last year.

The investment programme in Hofors, announced last quarter, is proceeding according to plan. The market has positively received the new offering of rings based on large ingots, and the first customer contract was signed during the quarter. A number of sample orders were also delivered in the quarter. Once the upgrade of the forging plant is completed next year, production of rings based on large ingots is expected to be approved by key customers.

The cost position has improved during the year, as a result of both the cost reduction programme and lower prices for energy and raw materials. EBITDA of EUR 53 million for the first half is slightly lower than last year, but is satisfactory given the lower sales volume and significantly less inventory build-up prior to the summer shutdown. The net profit is significantly improved compared to last year when it was affected by the cost of refinancing the group.

The integration of Ovako Metals Oy Ab (formerly Tibnor Oy) in Finland has proceeded according to plan, with stable sales. During the quarter, it was announced that Heikki Nyholm, currently president of business area Bar Imatra, will become the new managing director of Ovako Metals Oy Ab from September 1. The president of business area Bar Imatra will be Janne Pirttijoki, who joins Ovako from SSAB.

The summer maintenance shutdown will involve several important investments, including major improvements to the rolling mill in Hofors. Compared to last year, when a very extensive installation of a new casting machine in Smedjebacken was made, the maintenance shutdown is more normal and limited to 3-4 weeks in important facilities.

Short-term outlook

2014 was characterised by high demand in the first half and a weak market after the summer. This year is expected to be more balanced between the first and second half. Demand in the third quarter is thus expected to be slightly higher than in the same quarter last year. The third quarter is seasonally weaker than other quarters due to maintenance shutdowns and lower production rates for many customers."

Tom Erixon
President and CEO

Market development

The EU industrial production index showed growth of 1.5 percent in the first quarter of 2015, compared to the same quarter in 2014. For the latest three reported months (February to April) growth was 1.6 percent compared to the same period in 2014. The growth rate in Germany was subdued and remains below the EU average for the latest three reported months. Industrial production growth in Sweden and Finland was negative in the latest three reported months (-0.5 percent and -3.9 percent, respectively) compared with the corresponding period last year. Industrial production in the EU as a whole is recovering at a reasonable rate, while Ovako's core markets in Germany, Sweden and Finland together have negative growth and are developing at a pace below the European average.

The European market for merchant bar (which includes engineering steel) remains at a low level. According to the European Steel Association, Eurofer, the European market for merchant bar shrank by 2.9 percent in the first quarter of 2015, compared with the same quarter in 2014. EU deliveries of merchant bar remained at the same level for the latest three reported months (February to April) 2015 as in the same period 2014. Germany had marginal growth during the latest three months, while Sweden developed negatively and Finland saw positive growth. Overall, market development for merchant bar has been weak in the EU as a whole.

Revenue and profit for the second quarter 2015

Revenues and sales volumes for the second quarter were at the same level as for the corresponding period last year, which means that a slight recovery has occurred compared with developments during the first quarter. Revenues amounted to EUR 233 (233) million. Revenues have increased by approximately 6 percent due to the acquisition of Ovako Metals Oy Ab, but have at the same time decreased due lower scrap and alloy surcharges.

Sales volume amounted to 187 (189) thousand tonnes. Reported sales volumes refer to Ovako's own production, and have thus not been affected by the acquisition of Ovako Metals Oy Ab.

Ovako's crude steel production amounted to 263 (275) thousand tonnes. The higher production rate last year is mainly explained by inventory build-up prior to the installation of a new continuous casting machine in Smedjebacken.

Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 26 (28) million. Operating profit was negatively affected by lower inventory build-up than last year and was positively affected by the group's cost reduction programme. The number of FTEs has increased by 47 through the acquisition of Ovako Metals Oy Ab.

Total depreciation and amortisation during the period amounted to EUR 10 (12) million, and operating profit (EBIT) for the quarter was EUR 16 (16) million.

Net financial income for the period amounted to EUR -7 (-15) million. Last year's net financial income included positive foreign exchange effects of EUR 2 million but was affected by a non-recurring cost of EUR 9 million in connection with the group's refinancing in May 2014.

Profit before tax for the period amounted to EUR 9 (1) million and net profit was EUR 7 (0) million. Return on capital employed (ROCE) was 3 (5) percent.

Revenue and profit for the first half 2015

Ovako's sales volumes during the first half of the year amounted to 375 (393) thousand tonnes, which is 5 percent lower than in the corresponding period last year. Revenues amounted to EUR 462 (479) million, which is 4 percent lower than last year. Ovako's crude steel production decreased by 6 percent and amounted to 508 (542) thousand tonnes. The production rate last year, however, included inventory build-up prior to the installation of a new continuous casting machine.

Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 53 (58) million. Operating profit includes a positive effect of EUR 3 million from the acquisition of Ovako Metals Oy Ab which occurred at a price below the market value of net assets acquired. Operating profit was also positively affected by a better sales mix and the group's cost reduction programme, but was negatively affected by lower sales volume and lower inventory build-up than last year.

Total depreciation and amortisation during the period amounted to EUR 21 (24) million, and operating profit (EBIT) was EUR 32 (34) million.

Net financial income for the period amounted to EUR -14 (-22) million and was impacted by foreign exchange effects of EUR -1 (2) million. Last year's net financial income was affected by a non-recurring cost of EUR 9 million as above.

The profit before tax for the period amounted to EUR 19 (12) million and net profit was EUR 15 (9) million. Return on capital employed (ROCE) was 3 (5) percent.

Cash flow

Cash flow from operating activities, including interest paid, for the second quarter amounted to EUR 4 (1) million, and cash flow before financing activities amounted to EUR 1 (-10) million. Cash flow from operating activities, including interest paid, for the first half year amounted to EUR -1 (6) million, and before financing activities to EUR -21 (-13) million. Working capital has been significantly reduced in the second quarter compared to the same quarter in the previous year. However, the low working capital at the end of 2014 compared with 2013, and the lower EBITDA in the first half compared with the same period last year, resulted in an operating cash flow for the first six months that was somewhat lower than last year.

Financial position

The group's loans amounted to EUR 300 (December 2014: 300) million. Interest-bearing debt after deduction of financing costs recognised as a deduction from the liability on the balance sheet amounted to EUR 292 (December 2014: 291) million. Net debt amounted to EUR 248 (December 2014: 226) million.

A change in the assumption for the discount rate used in valuing pension liabilities, from 2.5 percent at the start of the year to 2.9 percent at the reporting date, has meant that the liability has decreased by EUR 5 million and equity has increased by EUR 4 million (after taking into account deferred tax) since the beginning of the year. At the beginning of the quarter, a discount rate of 2.0 percent was used. The interest rate increase has therefore resulted in a reduction of the pension liability of EUR 10 million and an increase in equity of EUR 8 million in the second quarter.

Equity amounted to EUR 173 (December 2014: 149) million. The net debt/equity ratio amounted to 144 (December 2014: 152) percent.

The acquisition of Ovako Metals Oy Ab has increased inventory on the reporting date by EUR 10 million, and accounts receivable and trade payables each by EUR 9 million, compared with the start of the year and with the corresponding date last year.

The group's liquidity buffer of EUR 83 (December 2014: 104) million comprises cash and cash equivalents of EUR 44 (December 2014: 65) million and unutilised contracted loan commitments of EUR 39 (December 2014: 39) million.

Investments

Investments in intangible assets and property, plant and equipment for the second quarter amounted to EUR 4 (7) million, and for the first half to EUR 14 (14) 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 for the period amounted to EUR 0.2 (0.2) million.

Most significant risks and uncertainty factors

For information regarding the most significant risks and uncertainty factors, refer to the description in the annual report for 2014. 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 and Triton F&F Fund, which, directly and indirectly, together control 83.27% of the shares in the Ovako group. There are no material transactions with companies in which Triton Fund III and Triton F&F Fund 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 2014. No new or revised IFRSs entering into force during 2015 have any material effect on the group.

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.

Stockholm, 16 July 2015

Tom Erixon
President and CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	2015 Q2	2014 Q2	2015 Q1-2	2014 Q1-2	2014 Full year
REVENUE	**233.0**	233.3	**462.3**	479.2	862.1
Cost of goods sold	**-201.2**	-202.3	**-403.0**	-416.6	-795.7
GROSS PROFIT	**31.8**	31.0	**59.3**	62.6	66.4
Selling expenses	**-7.8**	-7.2	**-14.5**	-12.8	-25.6
Administrative expenses	**-8.9**	-8.3	**-16.9**	-17.3	-30.1
Other operating income	**0.7**	0.2	**4.4**	1.2	4.0
OPERATING PROFIT/LOSS	**15.8**	15.7	**32.3**	33.7	14.7
Financial income and expenses, net	**-6.6**	-14.7	**-13.8**	-21.6	-32.7
PROFIT/LOSS BEFORE TAX	**9.2**	1.0	**18.5**	12.1	-18.0
Taxes	**-2.2**	-0.6	**-4.0**	-3.6	2.9
NET PROFIT/LOSS FOR THE PERIOD	**7.0**	0.4	**14.5**	8.5	-15.1
Of which attributable to					
Owners of the parent	**7.0**	0.4	**14.5**	8.5	-15.1
Non-controlling interests	**-**	-	**-**	-	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	2015 Q2	2014 Q2	2015 Q1-2	2014 Q1-2	2014 Full year
Net profit/loss for the period	**7.0**	0.4	**14.5**	8.5	-15.1
Items that will be reclassified to profit or loss					
Translation differences	**-0.8**	-0.8	**1.8**	-0.8	-0.9
Cash flow hedges	**1.3**	2.5	**5.2**	1.7	-0.9
Tax attributable to cash flow hedges	**-0.3**	-0.6	**-1.2**	-0.4	0.2
	0.2	1.1	**5.8**	0.5	-1.6
Items that will not be reclassified to profit or loss					
Revaluation of pension obligations	**10.0**	-	**4.5**	-	-7.5
Tax attributable to revaluation of pension obligations	**-2.2**	-	**-1.0**	-	1.5
	7.8	-	**3.5**	-	-6.0
Other comprehensive income, net of tax	**8.0**	1.1	**9.3**	0.5	-7.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**15.0**	1.5	**23.8**	9.0	-22.7

KEY FIGURES

EUR million	2015 Q2	2014 Q2	2015 Q1-2	2014 Q1-2	2014 Full year
Operating profit before depreciation (EBITDA)	**26.0**	27.9	**52.9**	57.8	68.5
Depreciation	**-8.0**	-7.3	**-15.6**	-14.4	-29.8
Operating profit before amortization of surplus values and impairments (EBITA)	**18.0**	20.6	**37.3**	43.4	38.7
Amortization of surplus values and impairments	**-2.2**	-4.9	**-5.0**	-9.7	-24.0
Operating profit (EBIT)	**15.8**	15.7	**32.3**	33.7	14.7
Number of shares	**50,000**	50,000	**50,000**	50,000	50,000
Earnings per share (EUR)	**141**	8	**291**	170	-302

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	**2015 30 Jun**	2014 30 Jun	2014 31 Dec
Property, plant and equipment	**321.2**	336.6	327.0
Intangible assets	**9.1**	8.2	8.4
Other financial assets	**7.0**	6.5	6.9
Derivative assets	**1.0**	0.6	0.0
Deferred tax assets	**11.5**	11.4	13.4
Non-current assets	**349.8**	363.3	355.7
Inventories	**222.3**	224.6	200.9
Trade receivables	**122.3**	135.9	86.2
Other current receivables	**19.8**	19.2	22.6
Current tax assets	**1.0**	0.9	0.8
Derivative assets	**2.7**	1.4	1.2
Cash and cash equivalents	**43.9**	28.6	65.0
Current assets	**412.0**	410.6	376.7
ASSETS	**761.8**	773.9	732.4
Equity	**172.5**	175.4	148.7
Non-current interest-bearing liabilities	**292.0**	290.3	291.0
Derivative liabilities	**2.1**	1.9	1.7
Deferred tax liabilities	**41.6**	49.5	38.0
Other provisions	**80.1**	78.8	84.0
Other liabilities	**0.3**	0.3	0.3
Non-current liabilities	**416.1**	420.8	415.0
Current interest-bearing liabilities	**0.1**	0.1	0.1
Derivative liabilities	**5.1**	6.9	8.0
Trade payables	**105.8**	103.3	108.0
Current tax liabilities	**0.4**	0.4	0.1
Other current liabilities	**61.8**	67.0	52.5
Current liabilities	**173.2**	177.7	168.7
EQUITY AND LIABILITIES	**761.8**	773.9	732.4

KEY FIGURES

EUR million	**2015 Q2**	2014 Q2	2014 Full year
Equity	**172.5**	175.4	148.7
Net debt	**248.2**	261.8	226.2
Net debt/equity ratio (%)	**144 %**	149 %	152 %
Return on Capital Employed (%)	**3 %**	5 %	3 %

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	**2015 Q2**	2014 Q2	**2015 Q1-2**	2014 Q1-2	2014 Full year
Operating profit	**15.8**	15.7	**32.3**	33.7	14.7
Adjustment for depreciation and amortization	**10.2**	12.2	**20.6**	24.1	53.8
Adjustment for other non-cash items	**0.3**	0.0	**-2.8**	-0.1	0.0
Change in working capital	**-11.7**	-23.8	**-40.1**	-41.8	19.3
Cash flow from operations	**14.6**	4.1	**10.0**	15.9	87.8
Interest received and paid	**-9.8**	-2.8	**-9.7**	-8.8	-20.4
Income tax paid	**-0.6**	-0.3	**-0.9**	-1.1	-1.6
Cash flow from operating activities	**4.2**	1.0	**-0.6**	6.0	65.8
Acquisition of businesses	**0.5**	-	**-5.9**	-	-
Investments in non-current assets	**-4.1**	-6.6	**-14.4**	-14.1	-34.1
Acquisition of shares	**-**	-4.5	**-**	-4.5	-5.0
Cash flow from investing activities	**-3.6**	-11.1	**-20.3**	-18.6	-39.1
Cash flow before financing activities	**0.6**	-10.1	**-20.9**	-12.6	26.7
Repayment of loans	**-**	-273.0	**-**	-282.0	-282.0
New loans	**-**	300.0	**-**	310.0	310.0
Other	**-**	-6.9	**-0.9**	-6.9	-9.4
Cash flow from financing activities	**-**	20.1	**-0.9**	21.1	18.6
Cash flow for the period	**0.6**	10.0	**-21.8**	8.5	45.3
Cash and cash equivalents at the beginning of period	**43.1**	19.0	**65.0**	20.6	20.6
Translation differences on cash and cash equivalents	**0.2**	-0.4	**0.7**	-0.5	-0.9
Cash and cash equivalents at the end of period	**43.9**	28.6	**43.9**	28.6	65.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent				
2015 **EUR million**	Share capital	Translation reserve	Cash flow hedge reserves	Retained earnings	**Total** **equity**
Opening balance at 1 Jan	**0.0**	**-0.2**	**-6.6**	**155.5**	**148.7**
Comprehensive income					
Profit for the period	-	-	-	14.5	**14.5**
Other comprehensive income	-	1.8	4.0	3.5	**9.3**
Comprehensive income	**-**	**1.8**	**4.0**	**18.0**	**23.8**
Closing balance at 30 Jun	**0.0**	**1.6**	**-2.6**	**173.5**	**172.5**

	Equity attributable to owners of the parent				
2014 **EUR million**	Share capital	Translation reserve	Cash flow hedge reserves	Retained Earnings	**Total** **Equity**
Opening balance at 1 Jan	**0.0**	**0.7**	**-5.9**	**155.9**	**150.7**
Comprehensive income					
Profit for the period	-	-	-	8.5	**8.5**
Other comprehensive income	-	-0.8	1.3	-	**0.5**
Comprehensive income	**-**	**-0.8**	**1.3**	**8.5**	**9.0**
Shareholders’ contribution	**-**	**-**	**-**	**15.7**	**15.7**
Closing balance at 30 Jun	**0.0**	**-0.1**	**-4.6**	**180.1**	**175.4**

PARENT COMPANY CONDENSED INCOME STATEMENT

EUR million	**2015 Q2**	2014 Q2	**2015 Q1-2**	2014 Q1-2	2014 Full year
REVENUE	**-**	-	**-**	-	-
Administrative expenses	**-0.1**	-0.1	**-0.1**	-0.1	-0.2
OPERATING PROFIT/LOSS	**-0.1**	-0.1	**-0.1**	-0.1	-0.2
Interest income from group companies	**0.2**	0.2	**0.3**	0.3	0.5
PROFIT BEFORE TAX	**0.1**	0.1	**0.2**	0.2	0.3
Group contribution	**-**	-	**-**	-	-1.6
Taxes	**0.0**	0.0	**0.0**	0.0	0.3
NET PROFIT/LOSS FOR THE PERIOD	**0.1**	0.1	**0.2**	0.2	-1.0

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

EUR million	**2015 Q2**	2014 Q2	**2015 Q1-2**	2014 Q1-2	2014 Full year
Net profit/loss for the period	**0.1**	0.1	**0.2**	0.2	-1.0
Other comprehensive income	**-**	-	**-**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**0.1**	0.1	**0.2**	0.2	-1.0

PARENT COMPANY CONDENSED BALANCE SHEET

EUR million	**2015 30 Jun**	2014 30 Jun	2014 31 Dec
Shares in subsidiaries	**139.8**	139.8	139.8
Receivables from subsidiaries	**23.7**	23.4	23.4
Deferred tax asset	**0.3**	-	0.3
Non-current assets	**163.8**	163.2	163.5
Receivables from subsidiaries	**37.3**	15.8	37.3
Current assets	**37.3**	15.8	37.3
ASSETS	**201.1**	179.0	200.8
Equity	**200.4**	178.5	200.2
Other current liabilities	**0.7**	0.5	0.6
Current liabilities	**0.7**	0.5	0.6
EQUITY AND LIABILITIES	**201.1**	179.0	200.8
Pledged collateral	**179.3**	None	179.3
Contingent liabilities	**None**	None	None

PRELIMINARY ACQUISITION ANALYSIS FOR THE ACQUISITION OF OVAKO METALS OY AB

Purchase price	**EURm**
Preliminary purchase price paid	6.3
Preliminary fair value for acquired assets	9.6
Preliminary calculated negative goodwill	**-3.3**

Effect on the Group's cash and cash equivalents	**EURm**
Preliminary purchase price paid	-6.3
Acquired cash and cash equivalents	0.4
Effect on the Group's cash and cash equivalents	**-5.9**

Assets and liabilities acquired *)	**EURm**
Fixed assets	1.0
Current assets	21.3
Cash and cash equivalents	0.4
Current liabilities	-13.1
Acquired net assets	**9.6**

*) The preliminary assessment is that book values agree with fair values

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.

	30 Jun 2015		30 Jun 2014		31 Dec 2014	
EUR million	**Carrying value**	**Fair value**	Carrying Value	Fair value	Carrying value	Fair value
Derivatives	**3.7**	**3.7**	2.0	2.0	1.2	1.2
Financial non-current assets	**6.9**	**6.9**	6.3	6.3	6.8	6.8
Accounts receivable	**122.8**	**122.8**	136.4	136.4	86.7	86.7
Cash and cash equivalents	**43.9**	**43.9**	28.6	28.6	65.0	65.0
Total assets	**177.3**	**177.3**	173.3	173.3	159.7	159.7
Derivatives	**7.2**	**7.2**	8.8	8.8	9.7	9.7
Interest-bearing liabilities	**292.0**	**288.0**	290.3	300.2	291.1	283.6
Trade and other payables	**106.1**	**106.1**	103.3	103.3	108.3	108.3
Total liabilities	**405.3**	**401.3**	402.4	412.3	409.1	401.6

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.

	30 Jun 2015		30 Jun 2014		31 Dec 2014	
EUR million	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross amount,derivatives	**3.7**	**7.2**	2.0	8.8	1.2	9.7
Amount offset	**-**	**-**	-	-	-	-
Disclosed in balance sheet	**3.7**	**7.2**	2.0	8.8	1.2	9.7
Amounts included in an offset agreement	**-1.0**	**1.0**	-1.8	-1.8	-1.1	-1.1
Net after amounts included in an offset agreement	**2.7**	**6.2**	0.2	7.0	0.1	8.6

DEFINITIONS OF KEY FINANCIAL FIGURES

Sales volume	Includes only products manufactured by Ovako
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).

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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, rings 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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