INNOVATIVE STEEL

FOR A BETTER ENGINEERED FUTURE

Interim report Q1 2017

Summary first quarter 2017

- Order intake increased by 35 percent compared to the previous year
- Sales volume was 11 percent higher than in the previous year and revenue rose by 16 percent
- EBITDA before restructuring costs improved considerably to EUR 32 (18) million, mainly due to higher volumes and reduced costs from the restructuring program
- Operating profit (EBITA) amounted to EUR 24 (10) million before restructuring costs of EUR 1 (1) million
- Cash flow from operating activities amounted to EUR -3 (2) million, incl. payment of restructuring costs of EUR 1 (2) million
- Ovako's restructuring program continues to be ahead of plan. It contributed EUR 6 million in the form of lower costs during the quarter.

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

Group KPIs

The table of key performance indicators (KPIs) contains data taken directly from the financial statements and information that can be derived from these, as well as statistical information. A reconciliation between financial KPIs and the financial statements, including those KPIs that are not defined under IFRS, is presented on Page 9, and definitions of all KPIs can be found on Page 12. KPIs are presented as a supplement to the financial statements to facilitate the understanding of performance and financial position over time.

		2017 Q1	**2016 Q1**	**2016 Full year**
Sales volumes [1)]	Kton	204	184	708
Net revenue [2)]	EURm	233	201	781
EBITDA before restructuring cost [3)]	EURm	32	18	57
EBITDA [3)]	EURm	31	17	50
Adjusted EBITDA margin [3)]		*13.7 %*	*8.8 %*	*7.3 %*
EBITDA margin [3)]		*13.3 %*	*8.4 %*	*6.4 %*
Operating profit (EBITA) before restructuring cost [3)]	EURm	24	10	25
Operating profit (EBITA) [3)]	EURm	23	9	18
Adjusted operating margin (EBITA) [3)]		*10.3 %*	*4.8 %*	*3.2 %*
Operating margin (EBITA) [3)]		*9.9 %*	*4.4 %*	*2.3 %*
EBIT [2)]	EURm	21	7	9
Net profit/loss [2)]	EURm	11	1	-12
Cash flow from operating activities [2)]	EURm	-3	2	35
Net debt (excl pension liabilities)/equity ratio [3)]		199 %	189 %	205 %
Return on capital employed (ROCE) [3)]		5 %	-2 %	2 %
Full time employees at end of period (FTE) [1)]	No.	2,839	2,848	2,773

1) Statistical KPIs, defined on Page 12

2) KPIs taken directly from the financial statements

3) KPIs calculated using the financial statements, see calculations on Page 9

Comments from the CEO

The year started strongly, with higher order intake, increased deliveries and improved earnings. At the same time our focused safety efforts continued to pay off. We saw positive effects both from our strengthened commercial efforts, where we continue to attract new customers and take new business, and from our restructuring program, which is improving our competitiveness through reduced structural costs. In addition, we saw a positive effect from generally stronger demand in the market.

Order intake in the quarter improved by 35 percent compared to last year, driven by higher demand but also changed customer behavior, with orders being booked also for deliveries further into the future. The sales volume for the quarter was 11 percent higher than in the previous year.

Operating profit (EBITA) increased from EUR 10 million to EUR 24 million and the operating margin rose from 5 to 10 percent. The improved results were mainly driven by higher sales volumes and reduced structural costs, to which our restructuring program contributed EUR 6 million. Towards the end of the quarter, we also saw that increases in base prices began to positively affect results.

Most of our segments developed positively, with particularly strong growth in the bearing, mining and construction equipment markets. We saw strong growth in several of our regions, including Central and Eastern Europe, North America and Asia.

In light of the growing demand, we decided during the quarter to raise our production capacity by selectively increasing the number of shifts at our facilities. However, the long-term market development is still uncertain. We continue to monitor the market and are fully prepared to adapt our capacity to further changes in demand.

On the safety side we continue our positive progress, and the number of accidents were reduced by more than half during the quarter compared to the previous year. We continue to have full focus on our safety work.

Short-term outlook
In the second quarter, we expect to continue to see generally good market conditions, a positive contribution from new business, lower costs deriving from our restructuring program, and a positive effect from base price increases. Our assessment is that sales volumes in the second quarter will be higher than for the corresponding period of the previous year.

Marcus Hedblom
President and CEO

Market development

The EU industrial production index showed growth of 2.2 percent in the fourth quarter of 2016, compared to the same quarter in 2015. Sweden demonstrated lower growth than the EU as a whole during the fourth quarter, and Germany has stabilized at a high level, driven mainly by the strong car market, which, however, weakened somewhat in the fourth quarter. Demand in Finland was strong during the fourth quarter.

According to the European Steel Association, Eurofer, the European market for merchant bar (which includes engineering steel) increased by 6.1 percent in the fourth quarter of 2016, compared to the same quarter in 2015. Growth for full-year 2016 was 2.8 percent, compared to 2015.

Revenue and profit for the first quarter of 2017

Sales volume amounted to 204 (184) thousand metric tons and revenue to EUR 233 (201) million. Sales volume was 11 percent higher than in the previous year, and revenue rose by 16 percent. The fact that revenues rose more than volumes in relative terms is mainly due to higher purchasing prices for raw materials, which leads to higher revenues due to scrap and alloy surcharges.

Ovako's production volume (expressed as crude steel production, i.e. production in the steel mills but prior to further processing) was 6 percent higher than in the previous year and amounted to 266 (251) thousand metric tons.

Order intake rose by 35 percent during the first quarter. To meet the increased demand, a selective increase in the number of shifts at the company's steel and rolling mills began, totaling about 80 people, while seasonal capacity increases in the second quarter of the year were brought forward to the first quarter. In parallel with the increase in the production rate, efforts to reduce the company's structural costs continue and the company expects to realize EUR 18 million in savings during 2017. During the first quarter of the year, 24 full-time employees left the company within the restructuring program.

EBITDA before restructuring costs amounted to EUR 32 (18) million. The improvement in profit compared to 2016 was primarily driven by higher sales volumes and savings under the restructuring program, but also by positive timing effects of scrap and alloy prices. Sales volume, price and mix effects had a positive impact on profit of EUR 6 million compared to the previous year, after costs for selective capacity increases. Savings within the restructuring program contributed EUR 6 million in reduced fixed and variable costs, before cost inflation of EUR 1 million. Timing effects of scrap and alloy prices affected profit during the quarter by EUR 3 (0) million. Currency effects contributed positively by EUR 1 million.

Operating profit (EBITA) before restructuring cost amounted to EUR 24 (10) million, including depreciations according to plan of EUR 8 (8) million.

Restructuring costs of EUR 1 (1) million and amortization of surplus values have impacted earnings by EUR 2 (2) million.

Net financial income for the period amounted to EUR -7 (-6) million, and was influenced by currency effects of EUR 0 (1) million.

Profit before tax for the period amounted to EUR 14 (1) million, and net profit was EUR 11 (1) million.

Cash flow

Cash flow from operating activities for the first quarter amounted to EUR -3 (2) million. This includes payment of restructuring costs of EUR 1 (2) million. The underlying seasonal build-up of working capital during the first quarter was strengthened this year by rising sales volumes and higher prices for raw materials, which had a negative effect on cash flow. The inventory volume at the end of the quarter was marginally lower compared to the previous year.

Financial position

The group's loans amounted to EUR 300 (31 December 2016: 300) million and consist of listed senior secured notes due in June 2019. Interest-bearing liabilities after deduction of financing costs recognized as a deduction from the liability on the balance sheet amounted to EUR 296 (31 December 2016: 295) million. Net debt (excluding pension liabilities) amounted to EUR 254 (31 December 2016: 246) million.

In January 2017, the pension insurance line of SEK 440 million (corresponding to EUR 46 million) and a revolving credit facility of EUR 40 million were extended until 28 February 2019 (these previously matured in November 2018). Other terms and conditions are unchanged.

Equity amounted to EUR 128 (31 December 2016: 120) million, and the net debt/equity ratio (excluding pension liabilities) was 199 (31 December 2016: 205) percent.

The group's liquidity buffer of EUR 80 (88) million comprises cash and cash equivalents of EUR 41 (49) million and unutilized contracted loan commitments of EUR 39 (39) million.

Investments

Investments in intangible assets and property, plant and equipment during the period amounted to EUR 5 (4) million.

WR-Steel®. The WR in WR-Steel stands for Wear Resistance. As the name indicates, this steel is highly abrasion resistant. WR Steel eliminates or minimizes time consuming processing and heat treatment steps. Several varieties of WR-Steel are made from boron steel, which, despite being highly abrasion resistant, can easily be shaped to accommodate the customer's needs.

Parent company

The parent company of the group, 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 0.1 (0.1) million.

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 2016. 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 Fund III F&F LP, which, directly and indirectly, together control 84.26% of the shares in the Ovako group. There are no material transactions with companies in which Triton Fund III and Triton Fund III F&F LP have 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 2016. No new or revised IFRSs entering into force during 2017 have had 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 auditors.

Stockholm, April 27, 2017

Marcus Hedblom
President and CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	2017 Q1	2016 Q1	2016 Full year
REVENUE	233.2	200.9	780.8
Cost of goods sold	-196.7	-180.2	-716.1
GROSS PROFIT	36.5	20.7	64.7
Selling expenses	-8.2	-7.8	-30.1
Administrative expenses	-8.3	-7.6	-28.6
Other operating income	1.0	1.3	3.0
OPERATING PROFIT/LOSS	21.0	6.6	9.0
Financial income and expenses, net	-6.8	-5.7	-23.1
PROFIT/LOSS BEFORE TAX	14.2	0.9	-14.1
Taxes	-3.3	-0.3	2.3
NET PROFIT/LOSS FOR THE PERIOD	10.9	0.6	-11.8
Of which attributable to			
Owners of the parent	10.9	0.6	-11.8
Non-controlling interests	-	-	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	2017 Q1	2016 Q1	2016 Full year
Net profit/loss for the period	10.9	0.6	-11.8
Items that will be reclassified to profit or loss			
Translation differences	0.8	-0.6	-0.6
Cash flow hedges	-3.3	-2.4	5.9
Tax attributable to cash flow hedges	0.7	0.5	-1.3
	-1.8	-2.5	4.0
Items that will not be reclassified to profit or loss			
Revaluation of pension obligations	-1.8	-4.0	-9.3
Tax attributable to revaluation of pension obligations	0.4	0.9	2.0
	-1.4	-3.1	-7.3
Other comprehensive income, net of tax	-3.2	-5.6	-3.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7.7	-5.0	-15.1

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	2017 31 Mar	2016 31 Mar	2016 31 Dec
Property, plant and equipment	307.1	312.9	311.5
Intangible assets	9.5	9.3	9.8
Other financial assets	7.0	6.9	7.0
Derivative assets	0.0	1.6	0.2
Deferred tax assets	13.9	15.6	15.7
Non-current assets	337.5	346.3	344.2
Inventories	213.4	189.1	201.2
Trade receivables	114.6	96.8	85.7
Other current receivables	15.9	19.8	20.0
Current tax assets	1.5	1.0	1.2
Derivative assets	0.5	2.2	1.5
Cash and cash equivalents	41.4	47.4	49.2
Current assets	387.3	356.3	358.8
ASSETS	724.8	702.6	703.0
Equity	127.5	129.9	119.8
Non-current interest-bearing liabilities	295.5	293.5	295.0
Derivative liabilities	5.3	11.0	4.3
Deferred tax liabilities	34.8	36.6	34.8
Provisions for pensions	76.7	71.6	74.8
Other provisions	2.5	4.7	2.9
Other liabilities	0.4	0.4	0.3
Non-current liabilities	415.2	417.8	412.1
Derivative liabilities	2.7	5.1	1.7
Trade payables	107.6	85.1	109.4
Current tax liabilities	0.4	0.4	0.0
Provisions	2.4	2.5	2.6
Other current liabilities	69.0	61.8	57.4
Current liabilities	182.1	154.9	171.1
EQUITY AND LIABILITIES	724.8	702.6	703.0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	2017 Q1	2016 Q1	2016 Full year
Operating profit/loss	21.0	6.6	9.0
Adjustment for depreciation and amortization	10.2	10.2	40.9
Adjustment for other non-cash items	0.9	-0.5	4.1
Change in working capital	-34.3	-13.4	3.2
Cash flow from operations	-2.2	2.9	57.2
Interest received and paid	-0.3	0.1	-21.2
Income tax paid	-0.3	-0.6	-1.3
Cash flow from operating activities	-2.8	2.4	34.7
Investments in non-current assets	-5.0	-4.0	-34.3
Cash flow from investing activities	-5.0	-4.0	-34.3
Cash flow before financing activities	-7.8	-1.6	0.4
Other	-	-	-
Cash flow from financing activities	-	-	-
Cash flow for the period	-7.8	-1.6	0.4
Cash and cash equivalents at the beginning of period	49.2	49.1	49.1
Translation differences on cash and cash equivalents	0.0	-0.1	-0.3
Cash and cash equivalents at the end of period	41.4	47.4	49.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent				
2017 **EUR million**	**Share capital**	**Translation reserve**	**Cash flow hedge reserves**	**Retained earnings**	**Total equity**
Opening balance at 1 Jan	0.0	0.9	-3.3	122.2	119.8
Comprehensive income					
Profit/loss for the period	-	-	-	10.9	10.9
Other comprehensive income	-	0.8	-2.6	-1.4	-3.2
Comprehensive income	-	0.8	-2.6	9.5	7.7
Closing balance at 31 Mar	0.0	1.7	-5.9	131.7	127.5

	Equity attributable to owners of the parent				
2016 **EUR million**	**Share capital**	**Translation reserve**	**Cash flow hedge reserves**	**Retained Earnings**	**Total Equity**
Opening balance at 1 Jan	0.0	1.5	-7.9	141.3	134.9
Comprehensive income					
Profit/loss for the period	-	-	-	0.6	0.6
Other comprehensive income	-	-0.6	-1.9	-3.1	-5.6
Comprehensive income	-	-0.6	-1.9	-2.5	-5.0
Closing balance at 31 Mar	0.0	0.9	-9.8	138.8	129.9

KPIs - CALCULATIONS AND RECONCILIATION TO FINANCIAL STATEMENTS

From Income Statement **EUR million (if not otherwise stated)**			**2017** **Q1**	**2016** **Q1**	**2016** **Full year**
Revenue	A		233.2	201.1	780.8
Net result			10.9	0.6	-11.8
+ Taxes			3.3	0.3	-2.3
+ Financial income and expenses, net			6.8	5.7	23.1
EBIT	B		21.0	6.6	9.0
+ Amortization of surplus values			2.2	2.2	9.0
EBITA	C		23.2	8.8	18.0
+ Depreciation			7.9	8.0	31.9
EBITDA	D		31.1	16.8	49.9
EBIT margin %	***B/A*100***		***9.0***	***3.3***	***1.2***
EBITA margin %	***C/A*100***		***9.9***	***4.4***	***2.3***
EBITDA margin %	***D/A*100***		***13.3***	***8.4***	***6.4***
Net result (EUR thousand)	E		10,924	554	-11,754
Number of shares	F		50,000	50,000	50,000
Earnings per share	**E/F*1000**		**218**	**11**	**-235**

Adjusted for restructuring **EUR million** (if not otherwise stated)			**2017** **Q1**	**2016** **Q1**	**2016** **Full year**
Impairments related to restructuring	G	1)	-	-	-
Restructuring cost	H	1)	0.9	0.8	6.9
EBIT before restructuring	I=B+G+H		21.9	7.4	15.9
EBITA before restructuring	J=C+H		24.1	9.6	24.9
EBITDA before restructuring	K=D+H		32.0	17.6	56.8
Adjusted EBIT margin %	***I/A*100***		***9.4***	***3.7***	***2.0***
Adjusted EBITA margin %	***J/A*100***		***10.3***	***4.8***	***3.2***
Adjusted EBITDA margin %	***K/A*100***		***13.7***	***8.8***	***7.3***

From Balance Sheet **EUR million** (if not otherwise stated)			**2017** **31 Mar**	**2016** **31 Mar**	**2016** **31 Dec**
Equity	L		127.5	129.9	119.8
+ Non-current interest-bearing liabilities			295.5	293.5	295.0
+ Current interest-bearing liabilities			-	-	-
./. Cash and cash equivalents			41.4	47.4	49.2
Net debt, excl provisions for pension	M		254.1	246.1	245.8
+ Provision for pension			76.7	71.6	74.8
Net debt	N		330.8	317.7	320.6
Net debt/equity ratio, excl provision for pension %	***M/L*100***		***199***	***189***	***205***
Net debt/equity ratio %	***N/L*100***		***259***	***245***	***268***
Equity			127.5	129.9	119.8
+ Non-current interest-bearing liabilities			295.5	293.5	295.0
+ Current interest-bearing liabilities			-	-	-
+ Provision for pension			76.7	71.6	74.8
Capital Employed			499.7	495.0	489.6
Average Capital Employed	O	2)	497.4	515.6	492.8
EBIT LTM	P	3)	23.4	-9.3	9.0
Return on Capital Employed %	***P/O*100***		***5***	***-2***	***2***

1, 2, 3) Definitions on page 14

PARENT COMPANY CONDENSED INCOME STATEMENT

EUR million	2017 Q1	2016 Q1	2016 Full year
REVENUE	-	-	-
Administrative expenses	0.0	0.0	-0.2
OPERATING PROFIT/LOSS	0.0	0.0	-0.2
Interest income from group companies	0.1	0.1	0.6
PROFIT BEFORE TAX	0.1	0.1	0.4
Group contribution	-	-	0.9
Taxes	0.0	0.0	-0.2
NET PROFIT/LOSS FOR THE PERIOD	0.1	0.1	1.1

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

EUR million	2017 Q1	2016 Q1	2016 Full year
Net profit/loss for the period	0.1	0.1	1.1
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0.1	0.1	1.1

PARENT COMPANY CONDENSED BALANCE SHEET

MEUR	2017 Kv 1	2016 Kv 1	2016 Helår
Shares in subsidiaries	139.8	139.8	139.8
Receivables from subsidiaries	24.9	24.4	24.9
Deferred tax asset	2.7	2.9	2.7
Non-current assets	167.4	167.1	167.4
Receivables from subsidiaries	37.9	37.0	37.8
Current assets	37.9	37.0	37.8
ASSETS	205.3	204.1	205.2
Equity	191.9	190.9	191.8
Current liabilities to subsidiaries	13.4	13.2	13.4
Current liabilities	13.4	13.2	13.4
EQUITY AND LIABILITIES	205.3	204.1	205.2
Pledged collateral	179.3	179.3	179.3
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. Depending on market conditions, the company may from time to time buy back its own bonds in the market. The table below shows the carrying amounts and fair values of financial instruments.

	31 Mar 2017		31 Mar 2016		31 Dec 2016	
EUR million	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair Value**
Derivatives	0.5	0.5	3.8	3.8	1.7	1.7
Financial non-current assets	6.9	6.9	6.8	6.8	6.9	6.9
Trade and other receivables	115.6	115.6	97.3	97.3	86.5	86.5
Cash and cash equivalents	41.4	41.4	47.4	47.4	49.2	49.2
Total assets	164.4	164.4	155.3	155.3	144.3	144.3
Derivatives	8.1	8.1	16.1	16.1	6.0	6.0
Interest-bearing liabilities	295.5	305.5	293.5	221.9	295.0	275.5
Trade and other payables	472.5	472.5	85.5	85.5	109.7	109.7
Total liabilities	776.1	786.1	395.1	323.5	410.7	391.2

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 and currency derivatives covered by legally binding master netting agreements.

	31 Mar 2017		31 Mar 2016		31 Dec 2016	
EUR million	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair Value**
Gross amount,derivatives	0.5	8.1	3.8	16.1	1.7	6.0
Amount offset	-	-	-	-	-	-
Disclosed in balance sheet	0.5	8.1	3.8	16.1	1.7	6.0
Amounts included in an offset agreement	-0.5	-0.5	0.0	0.0	-1.7	-1.7
Net after amounts included in an offset agreement	0.0	7.6	3.8	16.1	0.0	4.3

DEFINITIONS OF KPIs

Statistical KPIs	
Sales volume	Sold volume for products manufactured by Ovako, not including third-party products
Production volume	Produced volume expressed as the number of metric tons used as input materials
Full-time employees at end of period (FTE)	Number of employees at end of period, calculated as full-time equivalents

Financial KPIs derived from the financial statements	
EBIT	Profit before financial income and expenses and taxes
EBITA	Profit before financial income and expenses, taxes, amortization of surplus values from acquisitions and impairments. Shows the underlying operating profit development of the business
EBITDA	Profit before financial income and expenses, taxes, depreciation, amortization and impairments. EBITDA is a measure of the underlying cash-generating capacity of the business.
Restructuring costs	Costs for implementing Ovako's restructuring program, which consist mainly of costs for laying off personnel, termination of contracts, costs associated with moving plant and equipment, and impairment of assets. Restructuring costs are excluded when calculating adjusted measurements below. Adjusted measurements are used to give a better understanding of the business development.
Adjusted EBIT	EBIT excluding restructuring costs and impairments associated with restructuring
Adjusted EBITA	EBITA excluding restructuring costs
Adjusted EBITDA	EBITDA excluding restructuring costs
EBIT margin	Profit as above, expressed as a percentage of revenue
EBITA margin	Profit as above, expressed as a percentage of revenue
EBITDA margin	Profit as above, expressed as a percentage of revenue
Adjusted EBIT margin	Profit as above, expressed as a percentage of revenue
Adjusted EBITA margin	Profit as above, expressed as a percentage of revenue
Adjusted EBITDA margin	Profit as above, expressed as a percentage of revenue
Net debt	Interest-bearing liabilities including pension liabilities minus cash and cash equivalents
Net debt excluding pension liabilities	Interest-bearing liabilities excluding pension liabilities minus cash and cash equivalents. Ovako's pension liabilities consist mainly of liabilities financed via the Swedish PRI system, measured in accordance with IFRS. The company has chosen to present net debt excluding pension liabilities since these are provisions that will not be refinanced in the same way as borrowings
Net debt/equity ratio, percent	(Net debt (including or excluding pension liabilities)/equity) x 100
Return on capital employed (ROCE)	EBIT rolling 12 months/equity plus financial liabilities (average
	of opening and closing balances for the period).
Earnings per share, before and after dilution	Net profit for the period/weighted average number of shares during the period

Calculations are presented in the table on page 9

For more information, please contact: ir@ovako.com

Ovako develops high-tech steel solutions for, and in cooperation with, its customers in the bearing, transport and manufacturing industries. Our steel makes our customers' end products more resilient and extends their useful life, ultimately resulting in smarter, more energy-efficient and more environmentally-friendly products.

Our production is based on recycled scrap and includes steel in the form of bar, tube, ring and pre-components. Ovako is represented in more than 30 countries, and has sales offices in Europe, North America and Asia. Ovako's sales in 2016 amounted to EUR 781 million, and the company had 2,773 employees at year-end. For more information, please visit us at www.ovako.com

Ovako AB (publ), Box 1721, SE-111 87 Stockholm, Sweden
Visiting address: Kungsträdgårdsgatan 10, Stockholm
Tel: +46 (0)8 622 13 00