



PRESS RELEASE

May 22, 2013

## Interim Report for First Quarter 2013

### First quarter 2013

- Net sales amounted to EUR 220 (277) million, a decrease of 20 percent compared to the first quarter of 2012.
- Order intake increased by 41 percent compared to the previous quarter, and by 1 percent compared to the first quarter of 2012.
- Operating profit (EBIT) was EUR 4 (21) million, corresponding to 1,7 (7,6) percent of net sales.
- Net profit for the quarter was EUR -4 (9) million.
- Cash flows from operating activities amounted to EUR -15 (17) million.

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

### Group key figures

		2013 Q1	2012 Q1	2012 Full year
Net sales	EURm	220	277	937
Operating profit before depreciation ("EBITDA")	EURm	15	32	66
% of net sales	%	6,7 %	11,5 %	7,0 %
Operating profit ("EBIT")	EURm	4	21	20
Operating margin (% of net sales)	%	1,7 %	7,6 %	2,1 %
Net profit/loss	EURm	-4	9	-4
Earnings per share	EUR	-74	187	-74
Cash flow from operating activities	EURm	-15	17	87
Net debt/equity ratio	%	145 %	128 %	130 %
Return on capital employed ("ROCE")	%	1 %	14 %	4 %
Full time employees at end of period ("FTE")	No.	3 001	3 129	3 040

### Comments from the CEO

"Ovako delivered positive operating results for the first quarter. Despite a low level of invoicing, which was due to weak order intake during the end of 2012 and negative currency effects, Ovako achieved an operating margin of 2 percent. A significant contribution to the positive results came from the group's cost-cutting programme, which has a target of EUR 25 million for 2013. The interim target was exceeded during the quarter and savings of EUR 8 million were achieved.

Order intake improved by 41 percent compared to the relatively weak previous quarter, and by 1 percent compared to the first quarter of 2012. Key customer groups have now completed their inventory adjustments and we estimate that the order intake now reflects the underlying rate of production of our customers. The improved order intake is also a result of strengthened market shares in spring steel and bearing steel. Orders are expected to positively affect invoicing in the second quarter.



The development of new applications for Ovako's IQ Steel, such as advanced gear applications, continued during the quarter. There is significant growth potential for IQ Steel outside fuel injection systems.

During the quarter, Ovako's presence in Eastern Europe, Italy and China continued to strengthen. The strategic plan is essentially being carried out despite cutbacks and the economic situation.

### **Short-term outlook**

Sales and earnings for the second quarter are expected to be better than in the first quarter of 2013 as a result of improved order intake. This is in large part due to key customer groups having now completed their inventory adjustments. The cyclical recovery is marked by continued uncertainty."

*Tom Erixon*  
*President and CEO*

Stockholm, May 22, 2013

You will find the full Interim Report for First Quarter 2013 on the website:  
<http://www.ovako.com/Financial-information/>

### **Further information can be obtained from:**

Viktoria Karsberg, Head of Group Communications, +46 70 209 93 96

*Ovako is a leading European producer of engineering steel for customers in the bearing, transportation and engineering industries. Our production covers low-alloy steels and carbon steels in the form of bars, tubes, rings and pre-components. The company has production plants in 11 locations and a number of sales companies in Europe and the USA. Net sales in 2012 amounted to EUR 937 million and the company had 3,040 employees. Our total production capacity is 1.3 million tonnes of steel per year.*