

# Report for Second Quarter 2015

July 16, 2015

**OVAKO**

# Brief overview Report for Second Quarter 1(3)

## 1. Ovako saw a stable performance in the second quarter. Sales volumes and revenues were in level with the same quarter last year

- 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
- EBITDA was slightly lower than in the same period last year, at EUR 26 (28) million. This was due to lower production and significantly less inventory build-up

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## 2. Ovako had a good cost control and a positive development in important customer applications

- Increased sales in renewable energy and fuel injection applications
- 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
- The net profit is significantly improved compared to last year when it was affected by the cost of refinancing the group.

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## 3. Initiatives to enhance our customer offering have been well received by the market

- The investment programme in Hofors is proceeding according to plan and the first customer contracts were signed during the quarter. A number of sample orders were also delivered in the quarter
- Integration of Ovako Metals Oy Ab (formerly Tibnor Oy) in Finland has gone well and sales are stable
- Janne Pirttijoki becomes the new President of Bar Imatra business area and will join the group management. Janne Pirttijoki joins us from SSAB

# 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

# Summary of 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

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

# Summary of First half 2015

## 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.*

# Summary of key figures

## 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