

Report for First quarter 2016

April 27, 2016

OVAKO

Brief overview Report for First Quarter 1(4)

Continued challenging business climate

- Weak European industrial activity
- Increased imports into Europe
- Somewhat cautious customers

Brief overview Report for First Quarter 2(4)

- Order intake 2% higher than first quarter last year
- Deliveries 2% lower than last year
- Demand from bearing- and oil and gas segments was weaker than last year
- However, demand from truck components increased and Ovako received new orders from automotive- and bearing industries
- EBITDA before restructuring expenses amounted to EUR 18 million.
- Results were negatively impacted by lower volume and weaker sales mix as well as continued price pressure
- Cost saving activities have reduced cost by EUR 4 million in the quarter.

Brief overview Report for First Quarter 3(4)

- Ovako's restructuring program is developing ahead of plan
- As a result, savings for 2016 are expected to be 2 MEUR higher than originally estimated.
- Annual cost savings for the entire program is expected to be EUR 45 million with full effect from 2018.

Brief overview Report for First Quarter 4(4)

Improved cash flow despite lower result

- Cash flow from operations amounted to EUR 3 million (-5).
- Cash flow for the period amounted to EUR -2 million (-22)
- Better working capital development and lower investments are main factors behind the improved cash flow.

Summary of key figures

Group key figures

		2016 Q1	2015 Q1	2015 Full year
Sales volumes	kton	184	188	681
Net revenue	EURm	201	229	834
EBITDA before restructuring cost	EURm	18	27	48
<i>Adjusted EBITDA margin</i>	%	8.8 %	11.7 %	5.7 %
EBITDA	EURm	17	27	44
<i>EBITDA margin</i>	%	8.4 %	11.7 %	5.2 %
EBIT before restructuring cost	EURm	7	17	7
<i>Adjusted EBIT margin</i>	%	3.7 %	7.2 %	0.9 %
Operating profit (EBIT)	EURm	7	17	1
<i>EBIT margin</i>	%	3.3 %	7.2 %	0.1 %
Net profit/loss	EURm	1	8	-23
Earnings per share	EUR	11	149	-458
Cash flow from operating activities	EURm	2	-5	25
Net debt/equity ratio	%	189 %	158 %	181 %
Return on capital employed (ROCE)	%	-2 %	3 %	0 %
Full time employees at end of period (FTE)	No.	2,848	2,981	2,905

Short-term outlook

- We expect the market for engineering steel in Europe to be characterized by continued uncertainty during the second quarter of 2016.
- Ovako's deliveries in the second quarter are expected to be in line with the corresponding quarter of the previous year.