

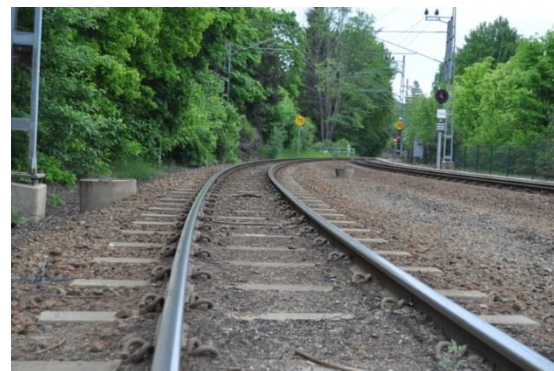
# **Q1 2017** interim report presentation

April 27, 2017

**OVAKO**

# Financial summary Q1 2017

- Order intake increased by 35 % compared to the previous year
- Sales volume was 11 % higher and revenue rose by 16 %
- EBITDA before restructuring costs improved considerably to EUR 32 (18) million, mainly due to higher volumes and reduced costs from the restructuring program
- The 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, including 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.



# Business summary Q1 2017

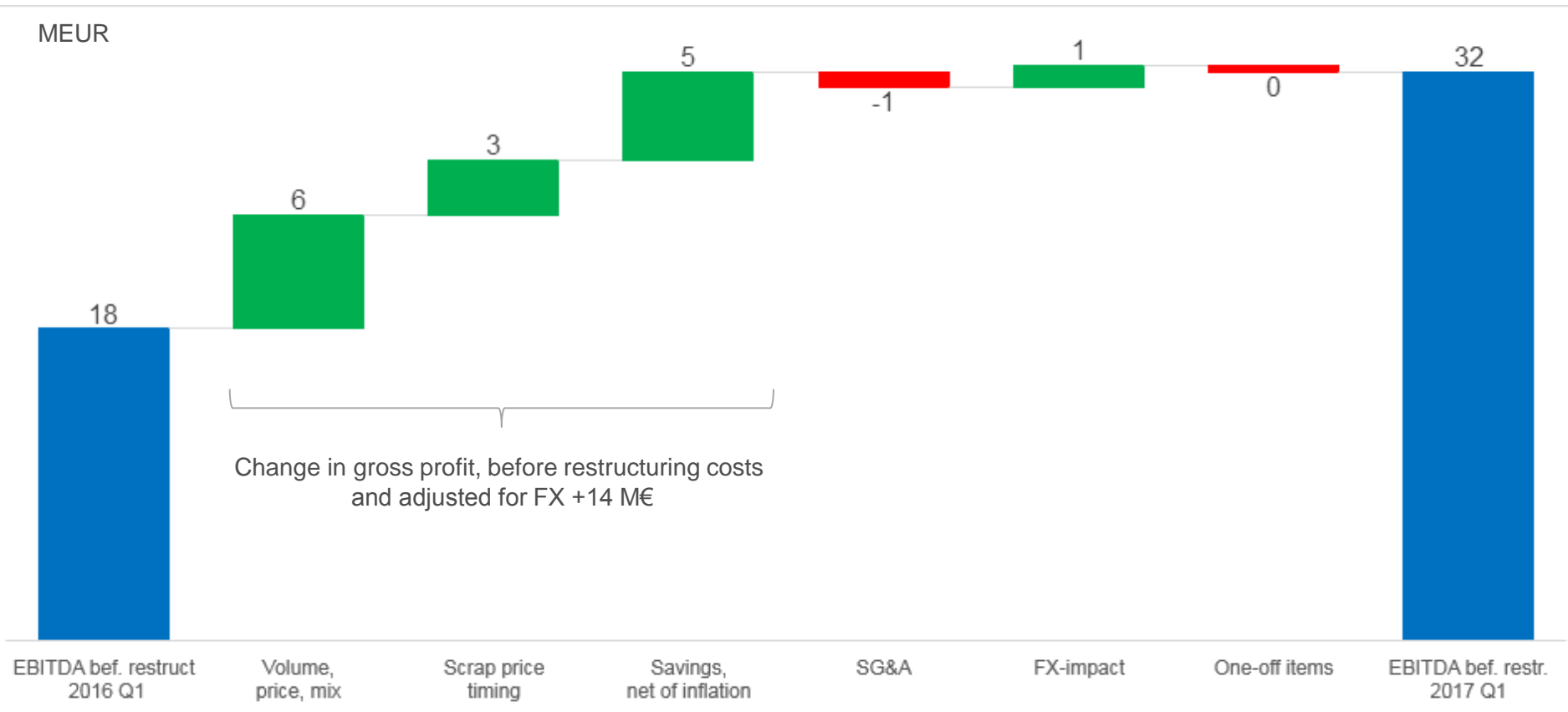
- Strengthened commercial efforts starting to pay off;
  - Deliveries started on several new bearing contracts of in total 18 kton/annum
  - Deliveries started to new general engineering customer, focused on the energy sector, 4 kton/annum
  - Renegotiated base prices positively affected the result toward the end of the quarter
- Selectively added shifts to increase production capacity
- Inaugurated new forging shop in Hofors to meet demand for large bearing rings for e.g. the wind industry
- Heat treatment capacity installed in Smedjebacken plant to improve flexibility and efficiency



# Summary of key figures

		2017 Q1	2016 Q1	2016 Full year
<b>Sales volumes</b>	Kton	204	184	708
<b>Net revenue</b>	EURm	233	201	781
<b>EBITDA before restructuring cost</b>	EURm	32	18	57
<i>Adjusted EBITDA margin</i>		13.7 %	8.8 %	7.3 %
<b>Operating profit (EBITA) before restructuring cost</b>	EURm	24	10	25
<i>Adjusted operating margin (EBITA)</i>		10.3 %	4.8 %	3.2 %
<b>Restructuring costs</b>	EURm	1	1	7
<b>Net profit/loss</b>	EURm	11	1	-12
<b>Cash flow from operating activities</b>	EURm	-3	2	35
<b>Full time employees at end of period (FTE)</b>	No.	2,839	2,848	2,773

# EBITDA before restructuring cost; Q1 2016 to Q1 2017



# Market trends first quarter

- Most of our segments developed positively, with particularly strong growth in;
  - bearings
  - mining
  - construction equipment
- Strong growth in several of our regions including;
  - Central and Eastern Europe
  - North America
  - Asia



# 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.

# Questions & Answers

