

Report for Third quarter 2016

28 October 2016

OVAKO

Q3 2016 in summary

- Order intake increased by 2 percent compared to the previous year
- Sales volume was down 3 percent compared to previous year, and revenue 12 percent
- EBITDA before restructuring costs improved to EUR 5 (0) million
- EBIT amounted to EUR -8 (-12) million after restructuring costs of EUR 3 (2) million
- Ovako's restructuring program is proceeding according to plan and has contributed EUR 7 million in the form of lower costs during the quarter
 - In total, the restructuring program has lowered costs by EUR 17 M during the year
 - The group now has 174 fewer employees compared to a year ago

Summary of key figures

		2016 Q3	2015 Q3	2016 Q1-3	2015 Q1-3	2015 Full year
Sales volumes	Kton	146	150	532	525	681
Net revenue	EURm	165	188	585	651	834
EBITDA before restructuring cost	EURm	5	0	51	53	48
<i>Adjusted EBITDA margin</i>		3.2 %	-0.2 %	8.8 %	8.1 %	5.7 %
EBITDA	EURm	2	-2	47	51	44
<i>EBITDA margin</i>		1.4 %	-1.1 %	8.0 %	7.8 %	5.2 %
EBIT before restructuring cost	EURm	-5	-11	21	22	7
<i>Adjusted EBIT margin</i>		-2.9 %	-5.6 %	3.6 %	3.4 %	0.9 %
Operating profit (EBIT)	EURm	-8	-12	16	20	1
<i>EBIT margin</i>		-4.7 %	-6.5 %	2.8 %	3.1 %	0.1 %
Net profit/loss	EURm	-11	-14	-1	0	-23
Cash flow from operating activities	EURm	3	15	14	14	25
Net debt (excl pension liabilities)/equity ratio		209 %	164 %	209 %	164 %	181 %
Return on capital employed (ROCE)		-1 %	1 %	-1 %	1 %	0 %
Full time employees at end of period (FTE)	No.	2,811	2,985	2,811	2,985	2,905

Current market segment trends

Market driven

- Trucks +
- Cars +
- Industrial bearings –
- Applications within O&G –

New business

- Standard bearings +
- Forging applications for automotive +

Short-term outlook

We expect the market for engineering steel in Europe to be characterized by continued uncertainty in the next quarter.

In view of the current strong order book, we believe that Ovako's deliveries in the fourth quarter will be slightly higher than in the corresponding period of the previous year.