

Q3 2017 interim report **presentation**

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OVAKO

Financial summary Q3 2017

- Order intake increased by 14 % compared to the previous year, and the order stock remains above 50 % higher than last year
- Sales volume was 11 % higher y-o-y, and revenue rose by 19 %
- EBITDA before restructuring costs amounted to EUR 9 (5) M
 - strengthened by higher volumes and reduced costs from the restructuring program
 - also affected by ramp-up costs, which will contribute to higher production during the fourth quarter.
- Ovako's restructuring program contributed EUR 4 M in the form of lower costs.
- EBITA was EUR 1 (-3) M before restructuring costs of EUR 0 (3) M
- Cash flow from operating activities amounted to EUR 14 (3) M, including payment of restructuring costs of EUR 1 (2) M

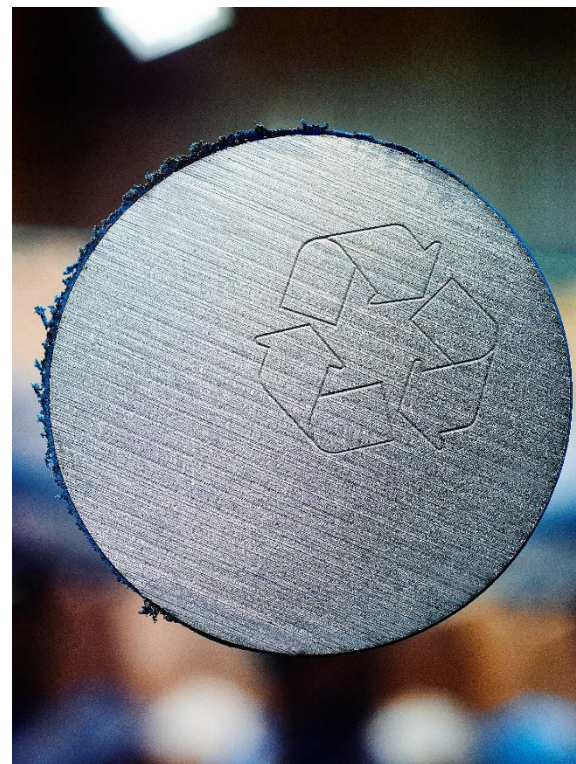


Financial summary – bond update

- Successfully placed EUR 310 M 5.0 percent senior secured notes due 2022
 - New notes issued on October 5; old bond redeemed/repaid on October 16
 - Old bonds classified as short-term debt according to IFRS. New bonds classified as long-term debt as per October
- New notes provide a cash saving of EUR 4 M annually due to reduced interest rate (6.5 % to 5.0 %).
- The new notes will be listed on the Euro MTF market of the Luxembourg Stock Exchange.

Business summary

- Continued strong demand in most geographies
- Continued to increase manned capacity throughout the quarter, including preparations for additional shifts starting production from October 1 (Hofors-Hälsfors) and January 1 (Imatra)
- Recorded the Lowest Lost Time Injury Frequency Rate (LTIFR) in Ovako's history
- Introduced a new innovative steel family called Hybrid Steel®



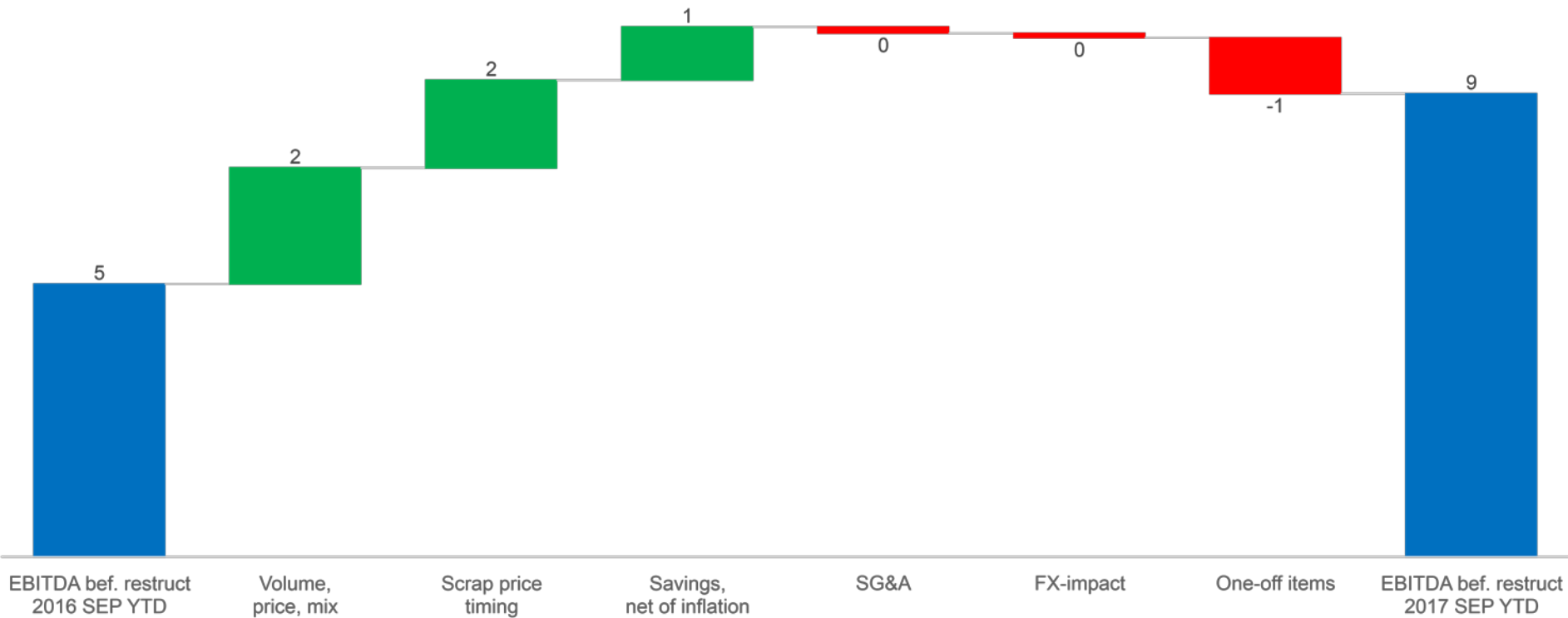
Market trends

- Most of our segments developed positively, with particularly strong growth in;
 - Bearings
 - Hydraulics
 - Wear parts
 - Rock processing
- Strong growth across all our regions notably
 - Central Europe
 - Eastern Europe
 - North America



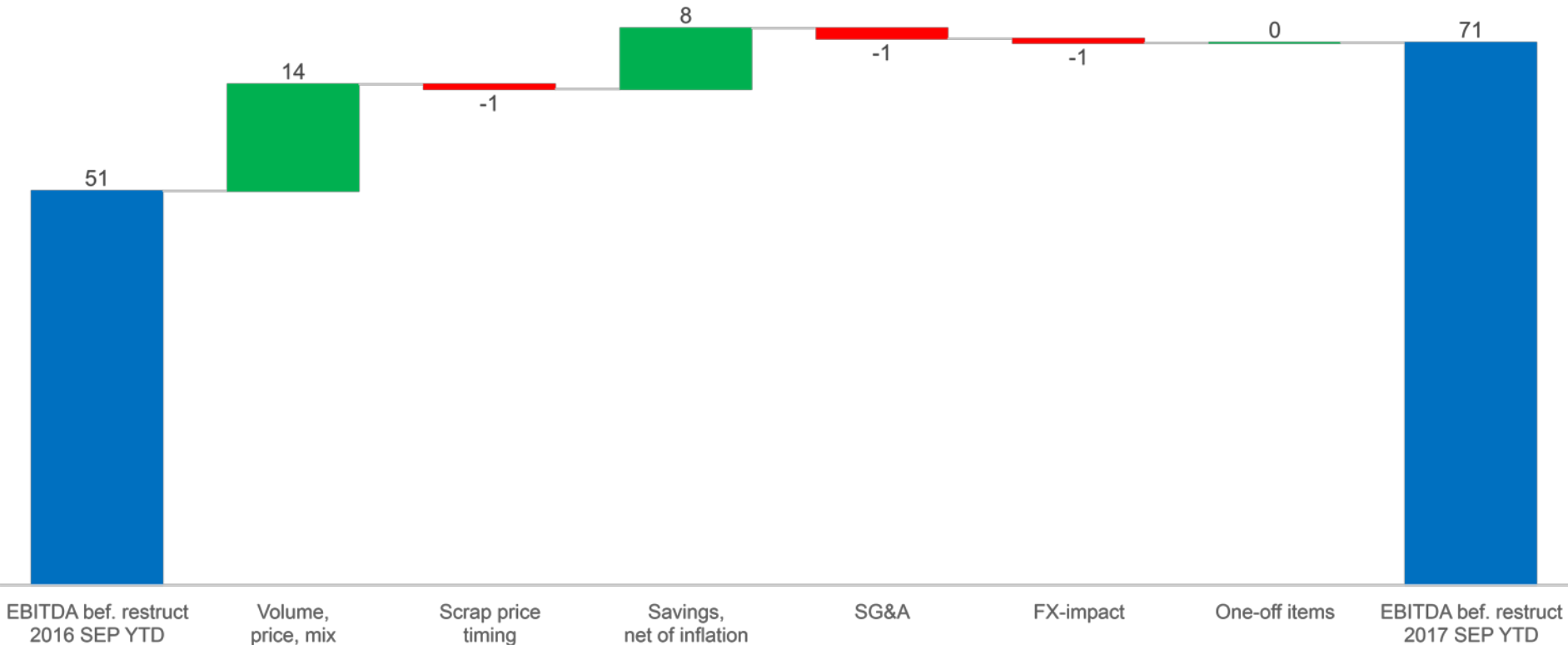
EBITDA before restructuring cost; Q3 2016 to Q3 2017

MEUR



EBITDA before restructuring cost; September YTD, from last year to actual

MEUR



Summary of key figures

KPI		2017	2016	2017	2016	2016
		Q3	Q3	Q 1–3	Q 1–3	Full year
Sales volumes	kton	162	146	578	532	708
Net revenue	EURm	197	165	675	585	781
EBITDA before restructuring cost	EURm	9	5	71	51	57
<i>Adjusted EBITDA margin</i>		4.6 %	3.2 %	10.5 %	8.8 %	7.3 %
Operating profit (EBITA) before restructuring cost	EURm	1	-3	47	28	25
<i>Adjusted operating margin (EBITA)</i>		0.6 %	-1.6 %	7.0 %	4.7 %	3.2 %
EBIT	EURm	-1	-8	38	16	7
Net profit/loss	EURm	-6	-11	14	-1	-12
Cash flow from operating activities	EURm	14	3	20	14	35
Full time employees at end of period (FTE)	No	3,024	2,811	3,024	2,811	2,773

Short-term outlook

- In view of the continued high level of industrial activity among our customers, increased shifts in several of our production flows, and a well-filled order book, we estimate that we will see a continued strong sales volume development in the fourth quarter.

Questions & Answers

