

Interim Report per 30 June 2011

Second quarter

- Net sales amounted to EUR 307 (239) million, an increase with 28 percent compared to the second quarter 2010.
- Operating profit improved to EUR 39 (30) million, or 27 percent
- Operating margin was 12.6 (12.7) percent of net sales.
- Net profit for the quarter was EUR 24 million.
- Cash flow from operations was EUR 27 million.

Half-year 2011

- Net sales amounted to EUR 610 (407) million, an increase with 50 percent compared to the first half-year 2010.
- Operating profit was EUR 74 (35) million, an increase with EUR 39 million or 111% percent.
- Operating margin was 12.2 (8.5) percent of net sales.
- Net profit for the period was EUR 44 million.
- Cash flow from operations was EUR 19 million.
- The net debt/equity ratio was 123 percent, compared to 149 percent at year-end 2010.

(in the report, amounts in brackets refer to the corresponding period of last year)

Group key figures

		2011	pro-forma	2011	pro-forma	pro-forma
		Q2	2010	Q1-Q2	2010	2010
			Q2		Q1-Q2	Full Year
Net sales	EUR million	307	239	610	407	861
Operating profit bef. depr. ("EBITDA")	EUR million	50	42	97	58	114
as % of Net sales	%	16,2%	17,5%	15,9%	14,2%	13,2%
Earnings bef interest, taxes and amort. ("EBITA")	EUR million	44	36	84	45	88
as % of Net sales	%	14,2%	14,8%	13,8%	11,0%	10,2%
Operating profit	EUR million	39	30	74	35	67
Operating margin	%	12,6%	12,7%	12,2%	8,5%	7,8%
Net profit for the period	EUR million	24	n/a	44	n/a	n/a
Cash flow from operations	EUR million	27	n/a	19	n/a	n/a
Net debt/equity ratio	%	123%	n/a	123%	n/a	149%
Full-time employees at end of period	no	3 268	3 024	3 268	3 024	3 141

Comments by the CEO

The recovery in demand that began in 2010 within the industrial sector continued during the first half of 2011. This was reflected by a very strong global market development within low-alloy special steels supplies to the engineering industry. Demand has periodically exceeded the overall market supply in both Western Europe and the USA, which resulted in longer delivery times within Ovako's product segments.

This recovery has been broad-based across all key customer segments and markets. Positive market conditions in combination with implemented efficiency measures have resulted in the continued positive development of Ovako's sales and earnings. Sales during the first half of 2011 amounted to EUR 610 million, up 50 percent compared to the corresponding period last year. Increased sales combined with cost savings resulting from restructuring led to an EBITDA margin of 16 percent, which is in line with the corresponding pre-crisis level.

During the second quarter Ovako decided to invest EUR 8 million in a new ring mill in order to meet increased demand for bearing steel, also used in large wind turbines. The new mill will be built adjacent to the group's existing ring mills at Hofors in Sweden. Construction of the mill will take place during the second half of 2012.

A number of actions have been taken during the period to ensure the Group's delivery capacity going forward, including extending shifts in areas with significant capacity constraints. Ongoing productivity improvement efforts have successfully increased production across several units, including at the Hofors steel mill.

Ovako holds a strong position in low-alloy special steels for the engineering industry in Northern Europe. A strategic decision was made this quarter to strengthen Ovako's sales operations over the long term in Europe and to further strengthen the Group's position as a leader in product and application development. The goal is to ensure the Group's long-term growth.

Short-term outlook

The third quarter will be affected by normal seasonal fluctuations. Extensive maintenance work has been carried out during summer with a normal downtime of 2-4 weeks in the mills. The turmoil in financial markets has increased in recent months, most likely leading to a weaker global economy.

The impact on Ovako of a weaker economic environment has been limited until now. In case of deteriorating business environment Ovako is prepared to take needed actions.

Ovako Group

Market Development

World crude steel production in the first six months of 2011 was 758 million tonnes, which is 7.6 percent higher in comparison with the same period of 2010, according to the World Steel Association. All major steel-producing regions showed increased production. The EU produced 93 mt of crude steel in the first half-year of 2011, up by 4.1 percent compared to the same period of 2010.

The EU economy continued its course of steady recovery and demand continued to develop positively also during second quarter 2011. In the manufacturing sector the order book situation improved.

Output in the EU mechanical engineering industry grew almost 14 percent year-on-year in the first quarter of 2011. A robust export demand for equipment and machinery in combination with strengthening domestic demand for capital goods have been the driving factors in this positive development. The trend continued into second quarter and order books have been filled up steadily and lead times are reported to be rising.

Demand for commercial vehicles continued to grow significantly in the first six months of 2011, supported by very strong demand for medium and heavy trucks and a more moderate growth in sales of light commercial vehicles.

According to July 2011 report from European Confederation of Iron and Steel Industries ("EUROFER") steel consumption in the EU grew by almost 16 percent year-on-year in Q1 2011, driven by strength in real consumption as well as some stock building. April-May data signal a moderation in growth in domestic deliveries from EU mills. At the end of quarter distribution chain stocks remained well-balanced with downstream business activity.

Favourable economic environment contributed to that Ovako's order intake continued at healthy and stable level during the second quarter 2011 driven by the good underlying demand in major customer segments. Order intake weakened slightly towards end of the second quarter ahead of the holiday season.

Net Sales and result Half-year 2011

Consolidated net sales amounted to EUR 610 (407) million, which correspond to an increase by 50 percent compared to the same period last year. Sales volume during the period rose to 469 (349) thousand tonnes, which is increase of 34 percent. The group's average sales price increased by 14 percent explained by base price increases and higher Scrap & Alloy ("S&A") surcharges in 2011. Currency effects accounted for a positive effect of 2 percent on net sales.

Reported EBITDA increased to EUR 97 (58) million, equivalent to an EBITDA-margin of 15.9 (14.2) percent. The improvement in earnings was due to higher volumes, higher capacity utilisation and increasing margins.

The average purchase price for ferrous scrap, which is the most important raw material, increased by 26 percent compared to the first half-year 2010. The surcharges mechanism implies that changes in underlying raw material prices are passed on through customers.

The translation effect when converting SEK denominated personnel and other expenses to EUR has had a negative impact on earnings, which offset the positive currency effect on net sales. The total currency effect was insignificant.

Deprecation and amortization during the period was EUR 23 million. The consolidated operating profit was EUR 74 (35) million, equivalent to an operating margin of 12.2 (8.5) percent of net sales.

Net financial items for the first half-year amounted to EUR 13 million. Financial items include EUR 2 million in deferred financing expenses from bank arrangement fees paid in September 2010, costs which have been spread out over the maturity of the loan agreement in accordance with IFRS accounting principles.

Result before tax or the period was EUR 61 million. Tax for the period was EUR 17 million and net profit for the period was EUR 44 million.

Net Sales and result Q2 2011

Consolidated net sales amounted to EUR 307 (239) million, which is an increase by 28 percent compared to the second quarter 2010. Sales volume during the quarter rose to 237 (201) thousand tonnes, an increase of 18 percent. The average sales price was 13 percent higher than in the corresponding quarter 2010.

The average purchase price for ferrous scrap decreased during second quarter compared to the high level which was seen during the first quarter 2011. The average sales price during second quarter increased by 1 percent compared to the first quarter 2011.

Operating profit before depreciation and amortization ("EBITDA") rose to EUR 50 (42) million, equivalent to an EBITDA-margin of 16.2 (17.5) percent. The improved earnings are mainly explained by higher volumes, higher capacity utilisation and improved sales margins as price increases have more than compensated higher raw material prices during 2011. The EBITDA during the second quarter last year was positively affected by stock effects due to increasing raw material prices, further emphasising the strong development in earnings seen this quarter.

Reported operating profit during second quarter was EUR 39 (30) million, equivalent to operating margin of 12.6 (12.7) percent.

Result before tax for the quarter was EUR 33 million. Tax for the period was EUR 9 million and net profit for the quarter was EUR 24 million.

Cash flow and financing

Cash flow from operations during first half-year of 2011 was EUR 19 million and cash flow before financing was EUR 9 million.

Working capital increased EUR 57 million due to higher sales and activity during the first half-year 2011. EUR 46 million of increase in working capital occurred during the first quarter, which offset the operating cash surplus. Deferred social costs and payroll tax of approximately EUR 9 million from 2009, paid in January 2011, affected cash flow and working capital negatively during the first quarter of 2011. The growth in working capital levelled off during the second quarter when operations stabilised at the higher capacity utilisation level.

The utilisation of loans under senior facilities remained at EUR 310 million per 30 June 2011 and the total net interest-bearing debt was EUR 258 million. Equity at the end of second quarter was EUR 209 million. The net debt/equity ratio was 123 percent, compared with 149 percent at year-end 2010.

At the end of June, the group had liquid funds which totalled EUR 33 million. The liquidity buffer, including undrawn committed credit facilities of EUR 75 million, amounted to EUR 108 million per end-of-quarter.

Capital expenditures

Capital expenditures in property, plant and equipment during first six months of 2011 amounted to EUR 10 million and were mainly maintenance capital expenditures.

During the first half year 2011 Ovako has decided to invest in a new ring mill to meet the increased demand for bearing steel used in large wind turbines. The new mill will be built in connection with the group's existing ring mills at Hofors in Sweden and the value of the investment is close to EUR 8 million. Construction of the mill will take place during the second half of 2012.

Changes in company management

Ovako changed President and CEO as of April 1, 2011 when Tom Erixon was appointed and succeeded Jarmo Tonteri. Tom Erixon was former President of Sandvik Coromant and his career includes various executive positions in the Sandvik Group, preceded by a post as a consultant and partner with the Boston Consulting Group.

Marcus Hedblom has been appointed Chief Financial Officer ("CFO") for Ovako as of August 7, 2011. He was previously deputy CFO at SAS airline. Hedblom, 41, has a master's degree in Engineering, with a major in Industrial Engineering and Management, from the Institute of Technology at Linköping University. During his career he has held various positions at McKinsey, Scania and SAS. While working at SAS he was also the CEO of Spanair.

Most significant risks and uncertainty factors

For information regarding most significant risks and uncertainty factors, reference is made to the description in the Annual Report 2010. The company does not consider there has been any material changes during the report period in the risks and factors of uncertainty presented in the Annual Report.

The Board of Directors and CEO declare that the interim report gives a fair view of the performance of the operations, financial position and earnings of the company and the group, and describes the principal risks and uncertainties facing the company and the group

Stockholm
September 6, 2011

INTERIM REPORT AND NOTES

This interim report has been prepared in accordance with IAS 34 and is in conformity with the accounting policies applied in the 2010 financial statements. The accounting principles are based on International Financial Reporting Standards ("IFRS").

In presentation of cash flow statement the company has classified received and paid interest under cash flow from operating activities which is change from the 2010 financial statements when this item was classified as cash flow from financing activities.

The consolidated figures in interim report are presented at consolidated level of Triako Midco AB Group, who is parent in the senior facilities agreement. Triako Midco AB, directly and indirectly, holds 100 percent of the shares in all of the operational subsidiaries in the Group including the direct subsidiary Ovako AB.

Segment reporting in accordance with IAS 34 is not disclosed as this is not mandatory for companies whose equity securities are not publicly traded.

All of the Group's holding companies and major Swedish subsidiaries changed its functional currency to Euro as from January 1, 2011. At the same time the reporting currency for the Consolidated Financial Statements in the Group changed to Euro.

Consolidated pro forma accounting

On September 29 2010, after receiving approval from primarily EU competition authorities, private equity investor Triton completed its acquisition of the majority of business activity in Ovako when signing the final agreement on Triton's purchase of all shares in the Ovako companies belonging to the divisions Bar, Bright Bar and Tube and Ring.

Pro forma income statement has been prepared for 2010 to illustrate what Ovako would have looked like had the group been formed as of January 1, 2010. Pro forma reporting is intended to represent a hypothetical situation and has only been prepared for illustrative and informative purposes. It does not aim to present the financial position or earnings that the business actually would have achieved if the acquisition had been completed as of the date of reporting.

The pro forma income statement has been prepared excluding non-recurring items due to above transaction. The non-recurring expenses amounted to EUR 24 million, whereof surplus values inventories of EUR 12 million derived from the purchase price allocation and transaction costs of EUR 12 million due to the acquisition of shares in September 2010.

Due to refinancing of debts in September last year which impacted capital structure and total net debt of the Group the pro-forma income statement accounting have been prepared down to earnings level operating profit only. For same reason no pro forma accounting has been prepared for other statements such as balance sheet and cash flow.

The pro forma reporting has not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	2011		pro forma 2010		pro-forma
	Q2	Q2	Q1-Q2	Q1-Q2	FY 2010
NET SALES	307,2	239,4	610,4	407,1	860,6
Cost of goods sold	-258,2	-210,4	-512,0	-375,9	-753,3
GROSS PROFIT	49,0	29,0	98,4	31,1	107,3
Selling and administrative expenses	-11,2	n/a	-25,4	n/a	-44,5
Other operating income and expenses	0,9	1,3	1,4	3,4	4,5
OPERATING PROFIT	38,6	30,3	74,4	34,5	67,3
Financial income	2,2		2,3		
Financial expenses	-8,2		-15,3		
RESULT BEFORE TAX	32,7	n/a	61,3	n/a	n/a
Income taxes	-8,5		-16,9		
NET PROFIT FOR THE PERIOD	24,2	n/a	44,4	n/a	n/a

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net profit for the period	24,2		44,4	
Other comprehensive income:				
Exchange differences on translating foreign operations	-1,9		-1,0	
Cash flow hedges	-9,2		-13,6	
Income tax relating to cash flow hedges	2,6		3,5	
Cash flow hedges (net of tax)	-6,6		-10,1	0,0
Defined benefit plans, actuarial gains and losses	-2,8		-2,8	-2,8
Income tax relating to defined benefit plans	0,7		0,7	0,7
Defined benefit plans, actuarial gains and losses (net of tax)	-2,1		-2,1	-2,1
Income tax relating to components of other comprehensive income				
Other comprehensive income for the period, net of tax	-10,6		-13,1	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,6		31,3	

Key figures	2011	2010	2011	2010	pro-forma
EUR million	Q2	Q2	Q1-Q2	Q1-Q2	FY 2010
Earnings bef. interest, taxes, depreciation and amortization ("EBITDA")	49,9	42,0	97,0	57,8	113,8
as % of Net Sales	16,2%	17,5%	15,9%	14,2%	13,2%
Depreciation	-6,3	-6,5	-12,7	-13,0	-25,9
Earnings bef. interest, taxes and amortization ("EBITA")	43,6	35,5	84,3	44,8	87,9
as % of Net Sales	14,2%	14,8%	13,8%	11,0%	10,2%
Amortization surplus values	-4,9	-5,1	-9,9	-10,3	-20,6
Operating profit	38,6	30,3	74,4	34,5	67,3
Operating margin (% of Net Sales)	12,6%	12,7%	12,2%	8,5%	7,8%
Number of shares	50 000		50 000		50 000
Earnings per share (Euro)	483		888		n/a
Equity	209,1		209,1		177,7
Net debt	257,5		257,5		264,6
Net debt/equity ratio (%)	123%		123%		149%
Number of full-time employees at end of period	3 268	3 024	3 268	3 024	3 141

CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	30 June 2011	31 Dec 2010
ASSETS		
Tangible assets (property, plant and equipment)	349,0	361,9
Intangible assets	3,2	3,4
Other financial assets	1,1	1,0
Deferred tax assets	17,7	16,2
Total non-current assets	371,0	382,5
Inventories	238,2	204,5
Trade and other receivable	163,9	128,8
Current tax receivables	0,0	0,4
Derivative financial instruments	13,6	28,8
Cash and cash equivalents	33,5	24,2
Total current assets	449,2	386,6
TOTAL ASSETS	820,2	769,2

EUR million	30 June 2011	31 Dec 2010
EQUITY AND LIABILITIES		
Total equity	209,1	177,7
Deferred tax liabilities	67,4	74,1
Other provisions	71,6	75,9
Non-current interest-bearing liabilities	290,3	288,6
Other liabilities	0,3	0,3
Total non-current liabilities	429,6	438,9
Non-current financial liabilities	0,8	0,2
Trade and other payables	140,9	127,2
Current tax liabilities	36,5	20,6
Derivative financial instruments	3,4	4,6
Total current liabilities	181,6	152,5
Total liabilities	611,2	591,4
TOTAL EQUITY AND LIABILITIES	820,2	769,2

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
2011**

EUR million	Issued capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
Equity at January 1, 2011	0,0	1,0	17,4	159,3	177,7
Other changes in equity for 2011					
Profit for the year				44,4	44,4
Other comprehensive income		-1,0	-10,1	-2,1	-13,1
Total comprehensive income for the year	0,0	-1,0	-10,1	42,3	31,3
Equity at June 30, 2011	0,0	0,0	7,4	201,7	209,1

Changes in fair value and other reserves relate to commodity derivatives and interest rate SWAP market value changes during the accounting period.

2010

EUR million	Share capital	Translation reserve	Fair value and other reserves	Retained earnings	Total equity
Equity at July 1, 2010	0,0	0,0	0,0	0,0	0,0
Changes in equity for 2010					
Issue of share capital	0,0				0,0
Shareholders contribution				160,0	160,0
Other changes in equity for 2010					0,0
Periodens nettoresultat				-3,9	-3,9
Övrigt totalresultat		1,0	17,4	3,2	21,6
Total comprehensive income for the year	0,0	1,0	17,4	-0,7	17,7
Equity at December 31, 2010	0,0	1,0	17,4	159,3	177,7

CONDENSED CASH FLOW STATEMENT

	2011	2011
EUR million	Q2	Q1-Q2
Operating profit	39,0	74,4
Adjustment for depreciation and amortization	11,2	22,6
Adjustment for other non-cash items incl. translation differences	-2,7	-2,7
Received and paid interest	-7,8	-13,1
Tax paid	-1,8	-5,3
Change in working capital	-10,5	-56,9
Cash flow from operations	27,5	19,1
Capital expenditure payments	-6,8	-9,9
Other investing activities	0,0	
Cash flow from investing activities	-6,8	-9,9
Cash flow before financing	20,6	9,1
Change in loans	0,1	0,1
Other financing activities		
Cash flow from financing activities	0,1	0,1
Cash flow for the period	20,7	9,3
Cash and cash equivalents at the beginning of period	12,8	24,2
Cash and cash equivalents at end of period	33,5	33,5
Change in cash and cash equivalents	20,7	9,3

Due to that the current group structure was established in September 2010 no cash flow figures are available for relevant group for comparable period previous year.

THE PARENT COMPANY CONDENSED INCOME STATEMENT

EUR million	2011 Q2	2011 Q1-Q2
GROSS PROFIT	0,0	0,0
Selling and administrative expenses	0,0	0,0
Other operating income and expenses	0,0	0,0
OPERATING PROFIT	0,0	0,0
Financial income	0,2	0,2
Financial expenses		
RESULT BEFORE TAX	0,2	0,2
Income taxes	-0,1	-0,1
NET PROFIT FOR THE PERIOD	0,2	0,2

THE PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Net profit for the period	0,2	0,2
Other comprehensive income:		
Other comprehensive income for the period, net of tax	0,0	0,0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0,2	0,2

THE PARENT COMPANY CONDENSED BALANCE SHEET

EUR million	30 June 2011	31 Dec 2010
Investment in subsidiaries	139,8	139,8
Receivables from subsidiaries	21,9	21,6
Deferred tax assets	0,4	0,4
Total non-current assets	162,2	161,9
TOTAL ASSETS	162,2	161,9
Total equity	162,1	161,9
Deferred tax liabilities	0,1	
Total liabilities	0,1	0,0
TOTAL EQUITY AND LIABILITIES	162,2	161,9

Definitions of key financial figures

Net sales	=	Sales less deduction for value added tax, discounts and returns
Gross profit	=	Net sales - Cost of goods sold
EBITDA	=	Earnings before interest, taxes, depreciation, amortisation and impairments
EBITA	=	Earnings before interest, taxes, amortisation and impairments
Operating profit	=	Net sales - operating expenses
Operating margin	=	Operating profit as a percentage of net sales
Net debt	=	Interest-bearing liabilities - Cash and Cash equivalents
Net debt / equity ratio	=	$(\text{Net debt} / \text{Total equity}) \times 100$
Earnings per share	=	Net profit / number of shares outstanding at the end of period

Auditor's Review Report

To the Board of Directors of Ovako AB

Introduction

We have reviewed the condensed interim financial information (interim report) of Ovako AB as of June 30, 2011 and the six-month reporting period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of this condensed interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. *Our review procedures did not include the presented pro forma and the comparable information for 2010.*

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm 6 September 2011

Heléne Siberg Wendin
Authorized public accountant