

Report for Q4 & Full Year 2016

13 February 2017

OVAKO

Financial summary Q4 2016

- Order intake increased 7 percent compared to Q4 2015 the previous year
- Sales volume was up 13 percent and revenue 7 percent compared to Q4 2015
- EBITDA before restructuring costs was EUR 5 (-5) million
- EBIT amounted to EUR -5 (-15) million before restructuring costs of EUR 2 (5) million
- Cash flow from operating activities was EUR 21 (11) million, including payment of restructuring costs of EUR 2 (1) million
- Ovako's restructuring program is proceeding ahead of plan and contributed EUR 6 million in the form of lower costs during the quarter.

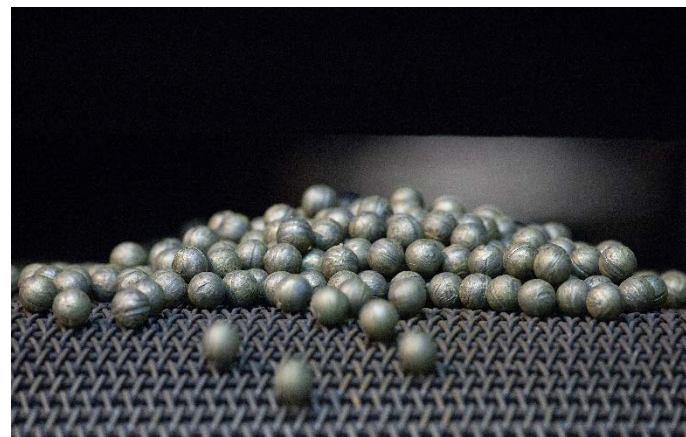


Business summary Q4 2016

- Signed agreement to sell grinding ball mill in Forsbacka (closed in January 2017)
- Launched Steel Navigator to help customers find the best steel for their applications

Other

- Extended Pension Insurance Line and Revolving Credit Facility agreements
- Dispute in Finland regarding deductibility of interest expenses



Financial summary Full Year 2016

- Order intake was up by 6 percent compared to 2015
- Sales volume increased by 4 percent, while revenue was 6 percent lower than in the previous year
- EBITDA before restructuring costs was EUR 57 (48) million
- EBIT amounted to EUR 16 (7) million before restructuring costs of EUR 7 (7) million
- Cash flow from operating activities was EUR 35 (25) million, including payment of restructuring costs of EUR 8 (1) million
- Ovako's restructuring program contributed EUR 23 million in the form of lower costs during the year
 - The number of FTE:s has been reduced by 212 since the start of the restructuring program



Summary of key figures

		2016 Q4	2015 Q4	2016 FY	2015 FY
Sales volumes	Kton	177	156	708	681
Net revenue	EURm	196	183	781	834
EBITDA before restructuring cost	EURm	5	-5	57	48
<i>Adjusted EBITDA margin</i>		2.8 %	-2.7 %	7.3 %	5.7 %
EBITDA	EURm	3	-7	50	44
<i>EBITDA margin</i>		1.6 %	-4.0 %	6.4 %	5.2 %
EBIT before restructuring cost	EURm	-5	-15	16	7
<i>Adjusted EBIT margin</i>		-2.6 %	-7.9 %	2.0 %	0.9 %
Operating profit (EBIT)	EURm	-7	-20	9	1
<i>EBIT margin</i>		-3.7 %	-10.6 %	1.2 %	0.1 %
Net profit/loss	EURm	-11	-23	-12	-23
Cash flow from operating activities	EURm	21	11	35	25
Full time employees at end of period (FTE)	No.	2 773	2 905	2 773	2 905

Market trends fourth quarter

- Volume growth in standard bearings and forging applications for automotive contributed to EBITDA but had an unfavorable mix effect.
- Toward the end of the year, we saw a positive sentiment in the market in most of our segments, for example in:
 - Trucks
 - Mining
 - General Engineering

Short-term outlook

- The assessment for the first quarter of 2017 is that sales volumes will be slightly higher than for the corresponding period of the previous year.
- Increases in base prices will have a positive impact on profits from the second quarter, linked to the timing of reviews for most annual contracts.
- To achieve a strong full-year 2017 we need the support of a stable industrial market in the Nordic countries and the rest of Europe.

Questions & Answers

