

Q2 2017 interim report presentation

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OVAKO

Financial summary Q2 2017

- Order intake increased by 15 % compared to the previous year
- Sales volume was 5 % higher y-o-y, and revenue rose by 11 %
- EBITDA before restructuring costs improved to EUR 30 (28) M due to higher volumes and reduced costs, but was affected by EUR -7 M year-on-year by timing effects in scrap and alloy prices and currency effects.
- EBITA was EUR 22 (21) M before restructuring costs of EUR 2 (1) M
- Cash flow from operating activities amounted to EUR 9 (8) M, including payment of restructuring costs of EUR 2 (2) M
- Ovako's restructuring program contributed EUR 5 M in the form of lower costs.



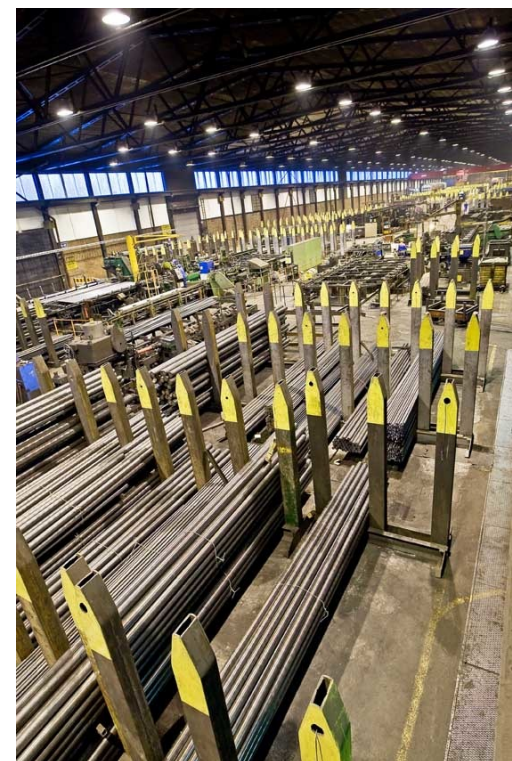
Financial summary H1 2017

- Order intake increased by 25 % compared to the previous year
- Sales volume was 8 % higher y-o-y, and revenue rose by 14 %
- EBITDA before restructuring costs improved considerably to EUR 62 (46) M, mainly due to higher volumes and reduced costs from the restructuring program. Timing effects in scrap and alloy prices affected profit by EUR -2 million compared to the previous year
- EBITA was EUR 46 (30) M before restructuring costs of EUR 3 (2) M
- Cash flow from operating activities amounted to EUR 6 (11) M, including payment of restructuring costs of EUR 3 (4) M
- Ovako's restructuring program is proceeding ahead of plan and contributed EUR 11 M in the form of lower costs.



Business summary

- Strengthened commercial efforts paying off
- Launched M-Steel® Calculator
- Previously negotiated base price increases implemented
- Continued to selectively add shifts to increase production capacity
- Production site Imatra recorded a full year without absence related to accidents in June.
- Move of Forsbacka operations completed
- Property in Turenki, Finland, divested

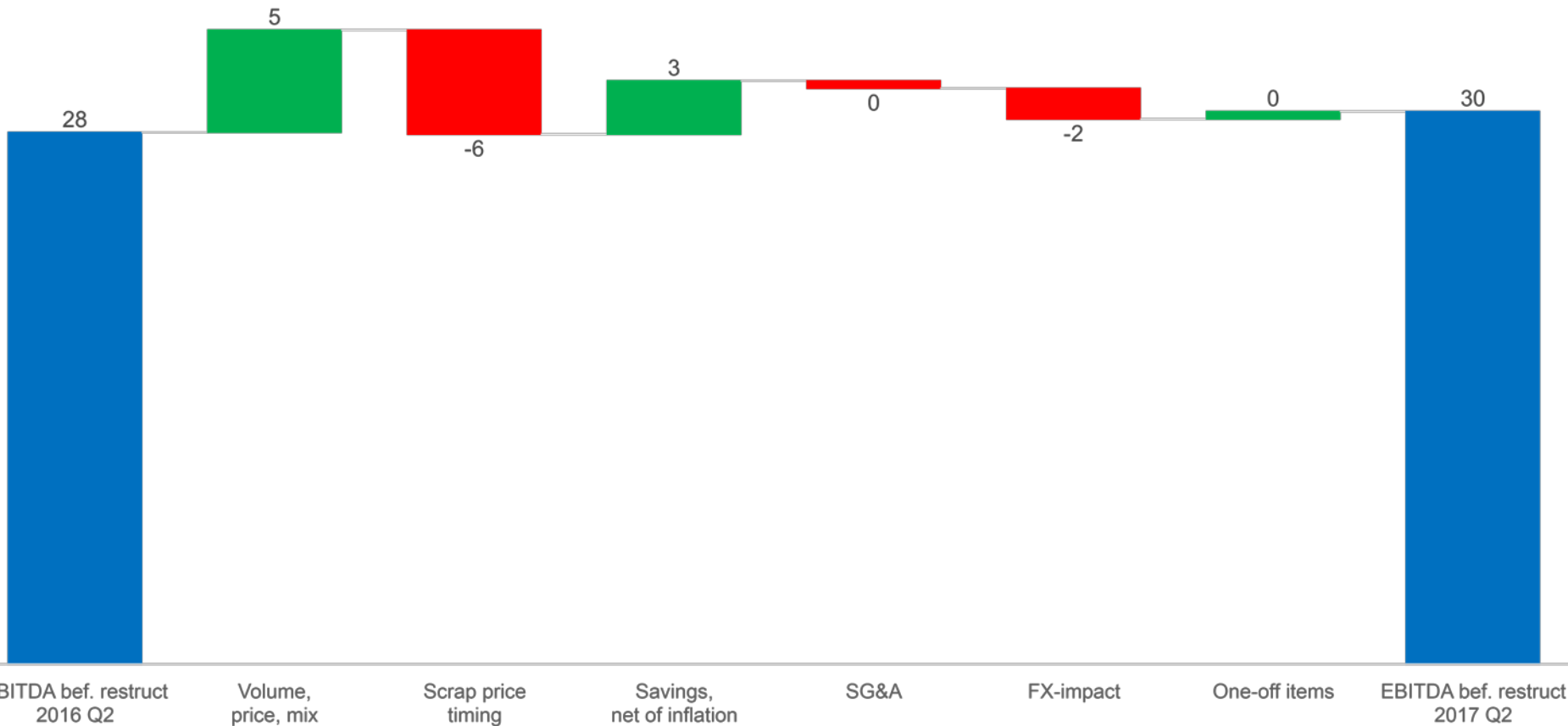


Summary of key figures

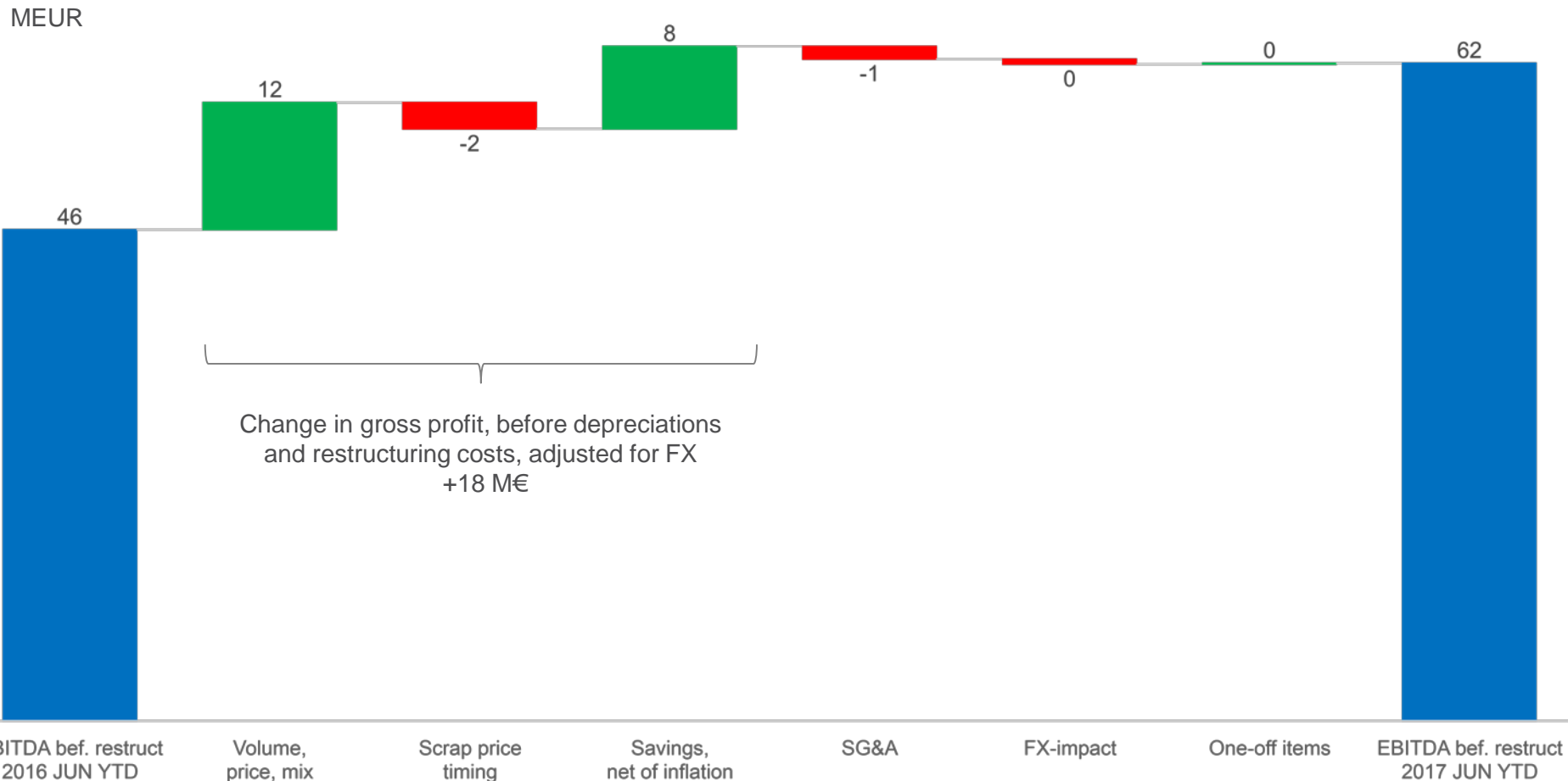
KPI		2017	2016	2017	2016	2016
		Q2	Q2	Q 1–2	Q 1–2	Full year
Sales volumes	Kton	212	201	416	386	708
Net revenue	EURm	244	219	478	420	781
EBITDA before restructuring cost	EURm	30	28	62	46	57
Adjusted EBITDA margin		12.1 %	13.0 %	12.9 %	11.0 %	7.3 %
Operating profit (EBITA) before restructuring cost	EURm	22	21	46	30	25
Adjusted operating margin (EBITA)		8.9 %	9.4 %	9.6 %	7.2 %	3.2 %
Restructuring costs	EURm	2	1	3	2	7
Net profit/loss	EURm	9	10	20	10	-12
Cash flow from operating activities	EURm	9	8	6	11	35
Full time employees at end of period (FTE)	No	2,889	2,809	2,889	2,809	2,773

EBITDA before restructuring cost; Q2 2016 to Q2 2017

MEUR



EBITDA before restructuring cost; H1 2016 to H1 2017



Market trends second quarter

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



Short-term outlook

- In the light of currently high activity among our customers and a larger order stock that also extends further ahead in time, we expect the sales volume in the third quarter to be higher than for the same period last year, but seasonally lower than in the second quarter this year.

Questions & Answers

