

# Q4 & FY 2017

# report presentation

February 9, 2018

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# Ovako at a glance 2017

Represented in

30



countries

~30000

employees

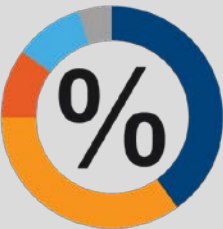


LTIFR

5,2



## END CUSTOMER INDUSTRIES

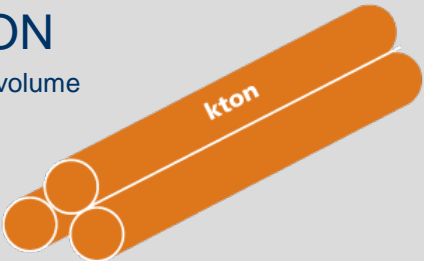


- Trucks, personal vehicles and yellow goods
- Other engineering
- Distributors
- Mining, oil and gas
- Energy production

783

KTON

Sales volume 2017



Green Clean Steel

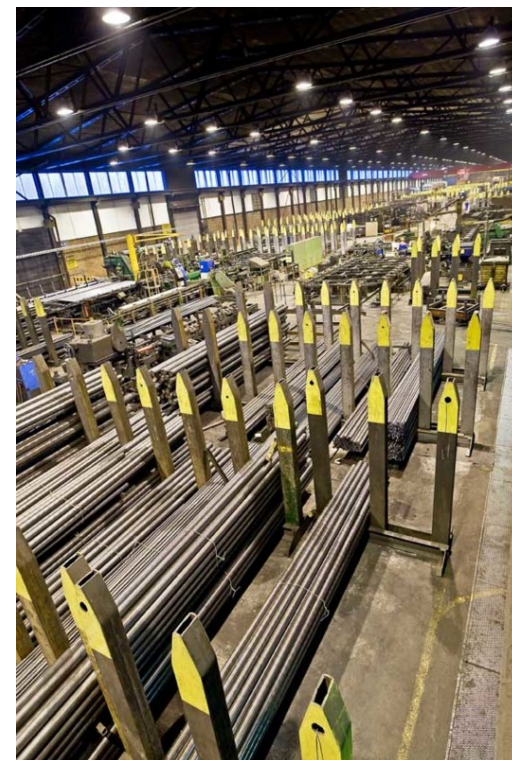
80%

lower CO<sub>2</sub> compared to global average



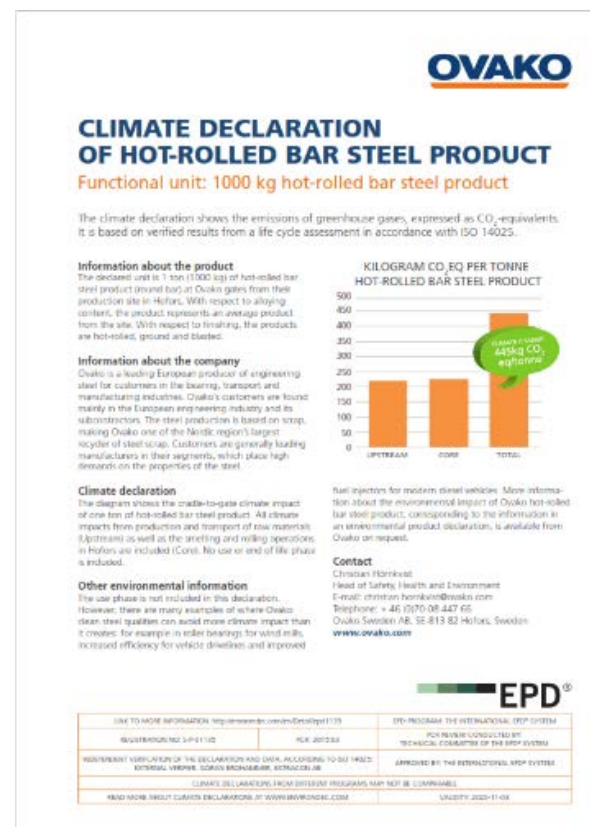
# Financial highlights Q4 2017

- Order intake increased by 29 % compared to the previous year, and the order stock was significantly higher than December last year
- Sales volume was 205 (177) kton, 16 % higher y-o-y, and revenue rose by 26 % to EUR 246 (196) M
- EBITDA before restructuring costs amounted to EUR 29 (5) M
- Ovako's restructuring program contributed EUR 5 M in lower costs
- Cash flow from operating activities amounted to EUR 18 (21) M, including payment of restructuring costs of EUR 1 (2) M
- Due to continued strong industrial activity throughout the quarter the normal release of TWC in December did not occur. However, capital efficiency has improved.



# Business highlights Q4 2017

- Continued strong industrial activity in most geographies and end-customer segments
- Continued increase of manned capacity in the quarter to meet strong demand. Most of Hofors-Hällefors steel production at five-shift operation per October and Imatra at four-shift as of January 2018.
- Recorded the lowest full year Lost Time Injury Frequency Rate (LTIFR) in Ovako's history
- Published Climate Declaration – outlines that Ovako's CO<sub>2</sub> footprint is approximately 80 percent lower than the world average for steel products



# Financial highlights – full year 2017

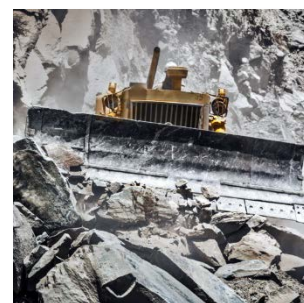
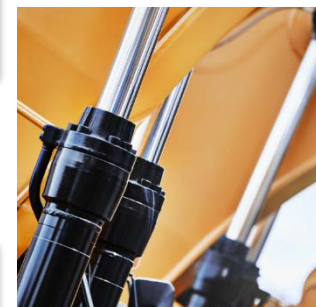
- Order intake increased by 24 % compared to the previous year
- Sales volume was 783 (708) kton, 11 % higher y-o-y, and revenue rose by 18 % to EUR 921 (781) M
- EBITDA before restructuring costs amounted to EUR 100 (57) M, equaling an EBITDA margin of 11 % (7)
- Ovako's restructuring program delivered EUR 20 M in savings during the year. The program has now been increased from EUR 50 to 55 M in annual savings at the end of 2018.
- Cash flow from operating activities amounted to EUR 39 (35) M, including payment of restructuring costs of EUR 4 (8) M
- Average trade working capital in relation to sales improved to 23.6 % (25.1)
- Placed EUR 310 M 5.0 percent senior secured notes due 2022



# Market trends 2017

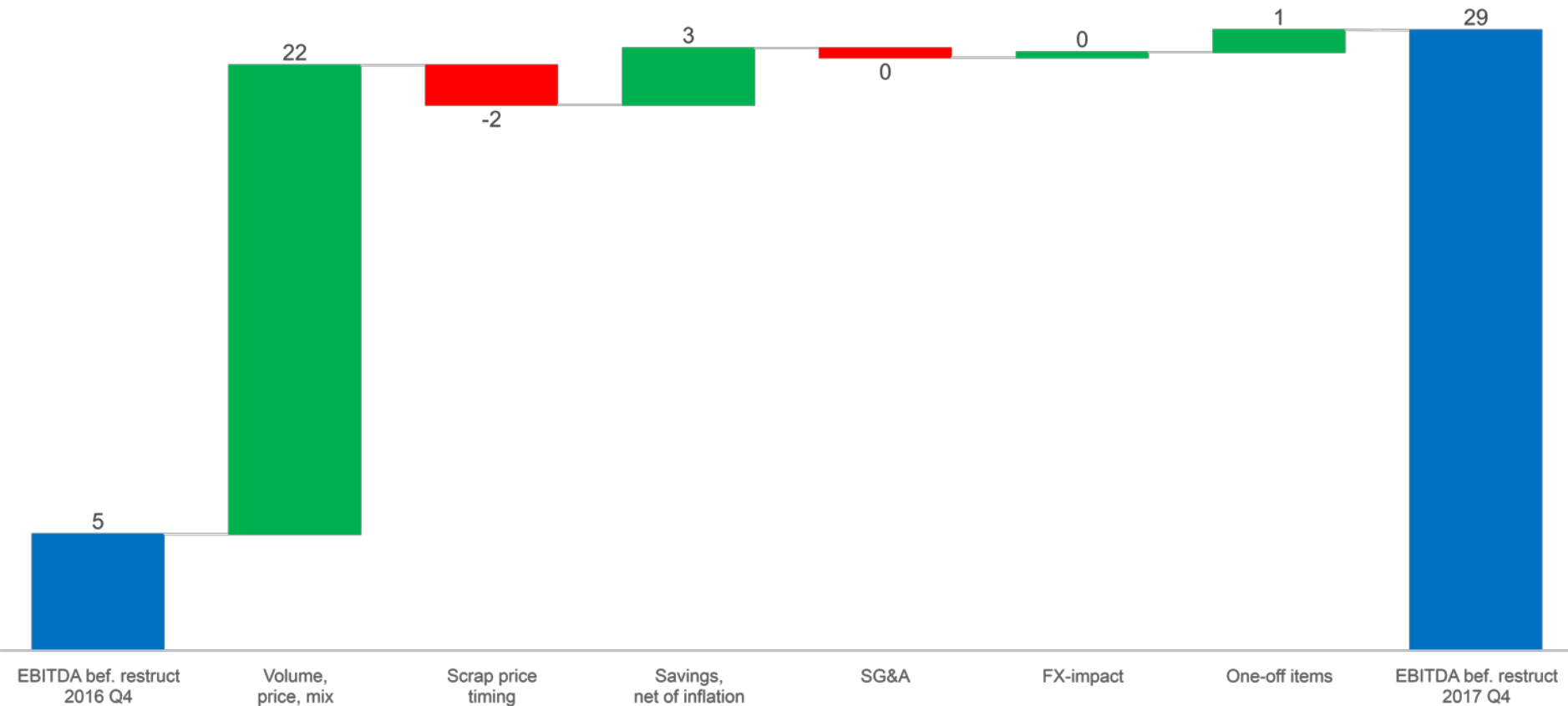
Most of our application segments developed positively during the year, with particularly strong growth in;

- Bearings
- Powertrain
- Hydraulics
- Wear parts
- Rock processing



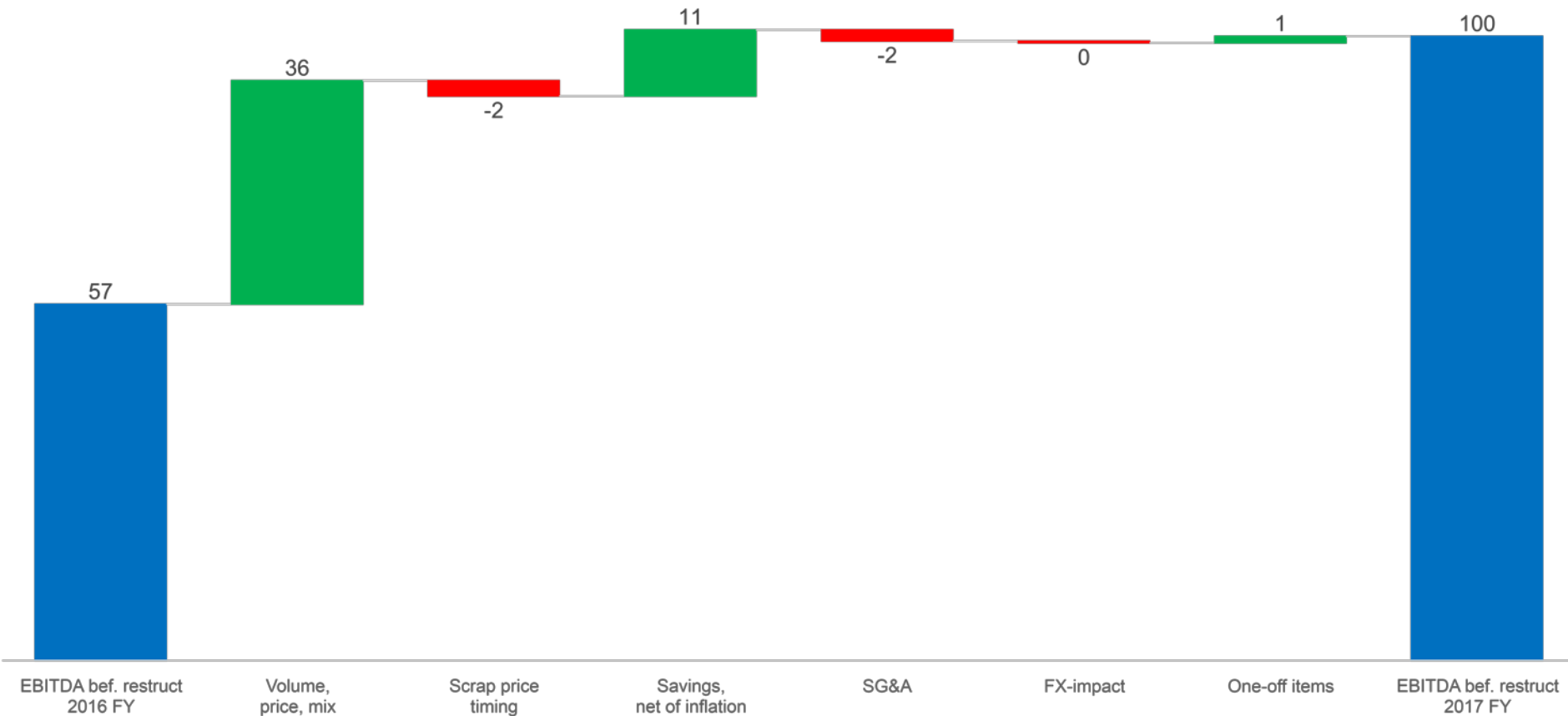
# EBITDA before restructuring cost; Q4 2016 to Q4 2017

MEUR



# EBITDA before restructuring cost; 2016 FY to 2017 FY

MEUR





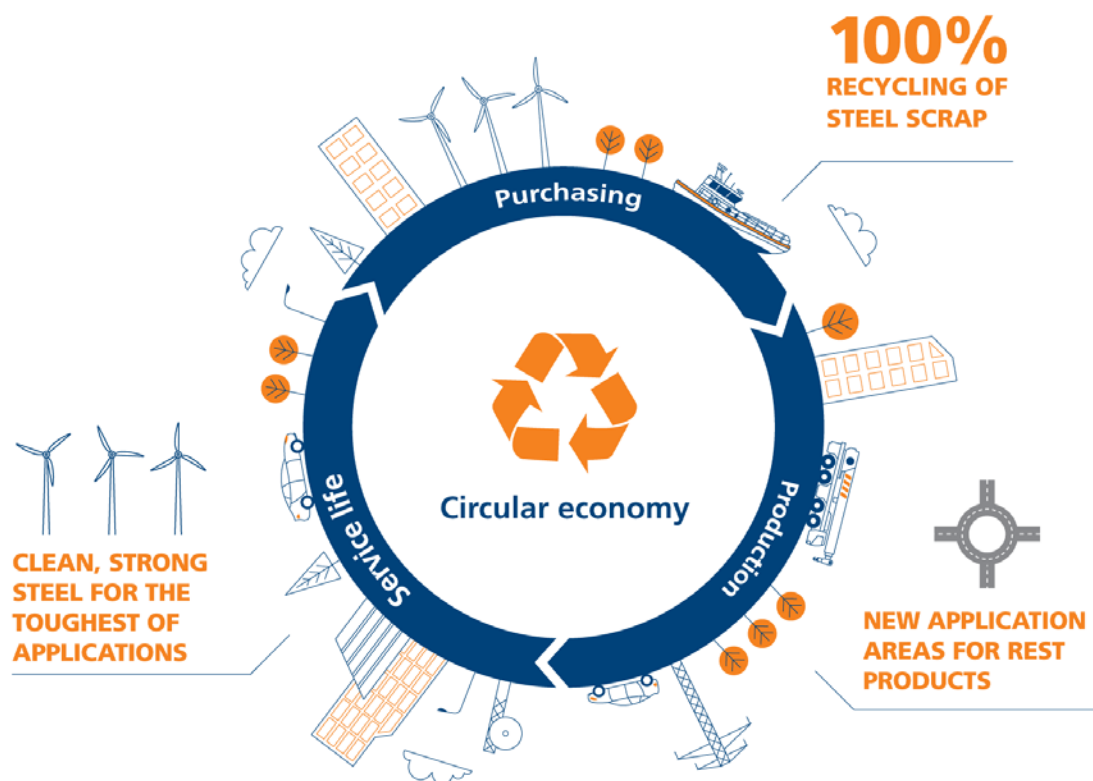
# Summary of key figures

KPI		2017	2016	2017	2016
		Q4	Q4	Full year	Full year
Sales volumes	kton	205	177	783	708
Revenue	EURm	246	196	921	781
EBITDA before restructuring cost	EURm	29	5	100	57
<i>Adjusted EBITDA margin</i>		11.7 %	2.8 %	10.8 %	7.3 %
Operating profit (EBITA) before restructuring cost	EURm	21	-3	69	25
<i>Adjusted operating margin (EBITA)</i>		8.6 %	-1.4 %	7.4 %	3.2 %
EBIT	EURm	18	-7	56	9
Net profit/loss	EURm	2	-10	15	-17
Cash flow from operating activities	EURm	18	21	39	35
Net debt (excl pension liabilities)/equity ratio		219 %	218 %	219 %	218 %
Full time employees at end of period (FTE)	No	3,040	2,773	3,040	2,773

# Short-term outlook

- In light of continued high industrial activity among our customers, increased manned capacity in several of our production flows and a strong order book, we expect sales volume in the first quarter 2018 to be higher than in the same period last year.

# Questions & Answers



*Ovako – part of a circular economy*