



Lower cost level and stronger financial position lay foundation for profitable growth

Presentation of the Q4/2016 and
full-year 2016 results

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SSAB

Agenda

- ▶ Highlights in 2016
- ▶ Q4/2016 and performance by division
- ▶ Financials
- ▶ Summary & outlook
- ▶ Q&A



A stronger competitive platform for profitable growth

Created one company

Successful integration of SSAB and Rautaruukki

Growth in strategic areas

- Special Steels volumes over 1m tonnes
- Automotive AHSS volumes up 28%
- Market share increased in North America

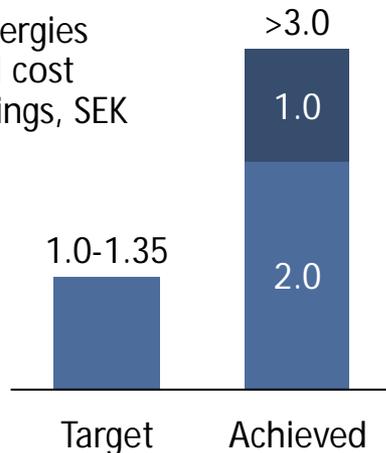
Expansion in services

- Hardox Wearparts network increased to 265 companies (+48% in 2016)



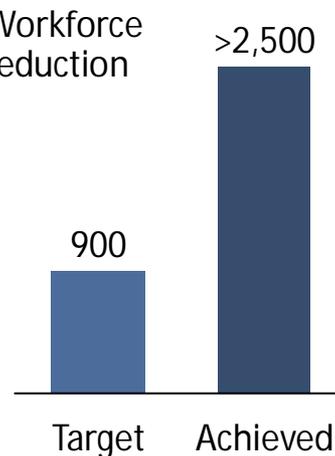
Over SEK 3bn lower cost base

Synergies and cost savings, SEK bn



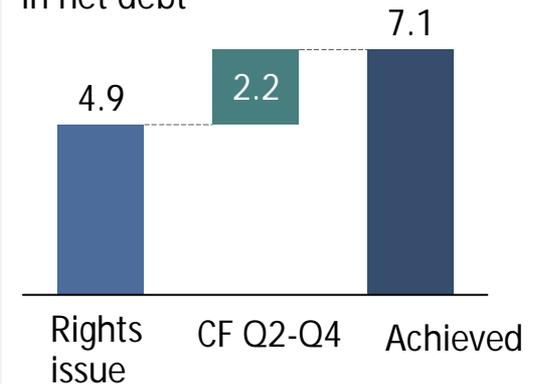
Improved productivity

Workforce reduction

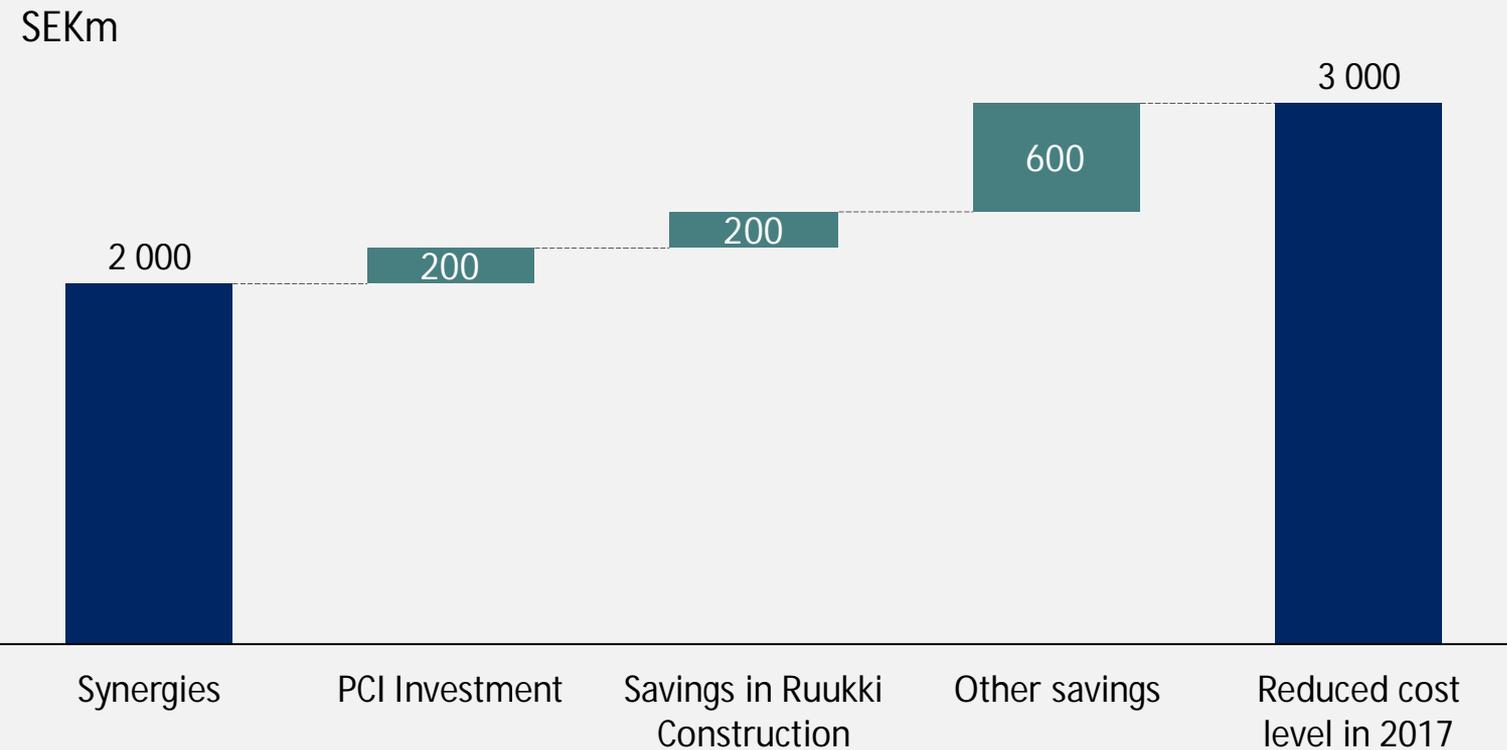


Stronger financial position

SEK 7.1bn reduction in net debt



In 2017, the cost level will be SEK 3.0bn lower vs. the time of the Ruukki acquisition

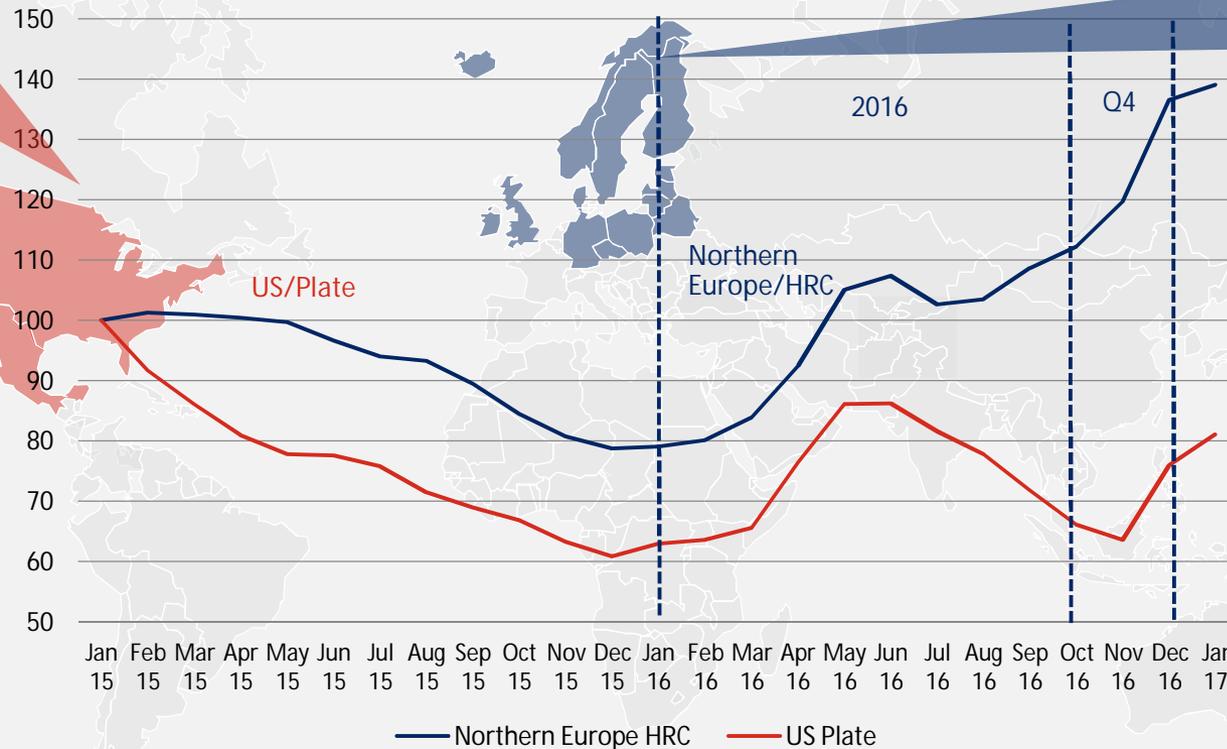


Q4/2016 and performance by division

Improving market situation both in Europe and North America

Spot price development: Hot Rolled Coil (HRC) in Northern Europe, Plate in US

Indexed (Jan 2015 = 100)



Improving demand, SCCs restocking, slowing imports, plate spot prices increasing

Stable demand, inventories in balance, spot prices increasing

Summary of 2016

Cost reductions and higher volumes improved the result

- ▶ EBIT of SEK 1,213m, up SEK 1,456m compared with 2015
 - + Cost savings program
 - + Higher volumes
 - + Better capacity utilization
 - Lower prices
- ▶ Operating cash flow of SEK 3.2bn
- ▶ Net debt reduced to SEK 17.9bn and gearing down to 34%
- ▶ The Board proposes that no dividend will be paid for 2016

Key figures

SEKm	2016	2015
Sales	55,354	56,864
EBITDA	4,951	3,593
EBIT	1,213	-243
Operating cash flow	3,207	3,874
Gearing %	34	52
Profit after tax	943	-505
Profit per share, SEK	1.04	-0.66

Summary of Q4/2016

Maintenance outage and the breakdown in Oxelösund, lower margins in North America

- ▶ Stable demand and higher realized prices in Europe, improving demand, but lower margins in North America
- ▶ EBIT of SEK 107m, down SEK 600m compared with Q3/16
 - + Higher volumes
 - Lower prices
 - Maintenance outages and the breakdown
- ▶ EBIT was up SEK 985m vs. Q4/15
- ▶ Good operating cash flow at SEK 1,053m

Key figures

SEKm	Q4/2016	Q4/2015	Q3/2016
Sales	14,442	12,499	13,477
EBITDA	1,066	134	1,635
EBIT	107	-878	707
Operating cash flow	1,053	1,788	926

SSAB Special Steels

Maintenance outage and breakdown impacted Q4 negatively, but very positive development in 2016 as a whole

- ▶ Shipments increased 8% in 2016 - over 1m tonnes
 - Good trend in Hardox and Strenx sales
- ▶ EBIT in Q4 was SEK -29m, down SEK 482m vs. Q3/2016
 - Maintenance outage and the breakdown

SEKm	Q4/2016	Q4/2015	Q3/2016	2016	2015
Sales	3,066	2,942	2,986	12,582	14,382
EBITDA ¹	111	1	587	1,480	1,213
EBIT ^{1,2}	-29	-134	453	929	662
Shipments, ktonnes	233	202	242	1,008	937



- 1) Excluding items affecting comparability
- 2) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki
- 3) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

The breakdown in Oxelösund

- ▶ During the planned maintenance outage in Oxelösund, ABB replaced the control system for the power supply of the rolling mill
 - Faulty design in the control system resulted in damaged transformers during restart attempt on December 15 and January 8
- ▶ The net production and delivery loss is estimated to total around 70,000 tonnes, of which majority in Q1
 - We are producing as much of the orders as possible on other production lines; Raahe, Borlänge and Mobile
- ▶ Production restarted in the beginning of February and is running according to plan

SSAB Europe

Strong full year result improvement due to cost savings and growth in volumes

- ▶ Shipments were up 4% vs. Q3/16 and 9% vs. Q4/15
 - Strong growth in Automotive segment
- ▶ EBIT in Q4 was SEK 376m, down SEK 50m vs. Q3/2016
 - + Higher capacity utilization
 - + Higher prices
 - Higher raw material costs
- ▶ Cost savings clearly improved result year-on-year

SEKm	Q4/2016	Q4/2015	Q3/2016	2016	2015
Sales	7,001	5,620	6,122	25,831	25,517
EBITDA ¹	746	114	789	2,507	1,286
EBIT ^{1,2}	376	-253	426	1,050	-175
Shipments, ktonnes	898	823	863	3,720	3,612



1) Excluding items affecting comparability

2) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

3) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

SSAB Americas

Higher volumes, but lower realized prices in Q4

- ▶ Demand improved during Q4
 - Steel Service Centers were restocking
 - Plate spot prices were increasing, but also scrap prices were up
- ▶ Shipments were up 19% vs. Q3/16 and 15% vs. Q4/15
- ▶ EBIT improved slightly from Q3/16 to SEK -34
 - + Higher volumes
 - + Lower costs (maintenance outage in Q3)
 - Lower prices

SEKm	Q4/2016	Q4/2015	Q3/2016	2016	2015
Sales	2,825	2,321	2,545	10,639	11,936
EBITDA ¹	136	42	83	737	1,043
EBIT ^{1,2}	-34	-100	-73	110	428
Shipments, ktonnes	502	435	421	1,924	1,888



1) Excluding items affecting comparability

2) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO

3) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Ruukki Construction

The SEK 200m cost savings program clearly visible in the 2016 result

- ▶ Seasonally lower demand
- ▶ Sales were up 9% vs. Q4/2015
 - Growth in Building Systems segment
- ▶ Full year EBIT improved SEK 153m vs. 2015
 - + Cost reduction program

SEKm	Q4/2016	Q4/2015	Q3/2016	2016	2015
Sales	1,353	1,243	1,579	5,304	5,374
EBITDA ¹	45	64	173	322	208
EBIT ^{1,2}	7	3	137	171	18



1) Excluding items affecting comparability

2) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

3) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Tibnor

Higher volumes and better margins

- ▶ Shipments were up 16% vs. Q3/2016 and 10% vs. Q4/2015
- ▶ EBIT was SEK 33m, down SEK 20m vs. Q3/2016
 - + Better margins
 - + Higher volumes
 - Seasonally higher fixed costs
- ▶ Full year EBIT improved SEK 118m vs. 2015
 - + Higher volumes
 - + Lower costs

SEKm	Q4/2016	Q4/2015	Q3/2016	2016	2015
Sales	1 813	1,596	1,539	6 879	7,163
EBITDA ¹	57	-28	73	194	65
EBIT ^{1,2}	33	-47	53	108	-10



- 1) Excluding items affecting comparability
- 2) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki
- 3) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Financials

Strong profitability improvement vs. 2015

Higher shipments, but lower prices resulted in 3% lower sales

Sales



Shipments²



EBITDA and EBITDA margin¹



EBITDA¹ per tonne delivered steel



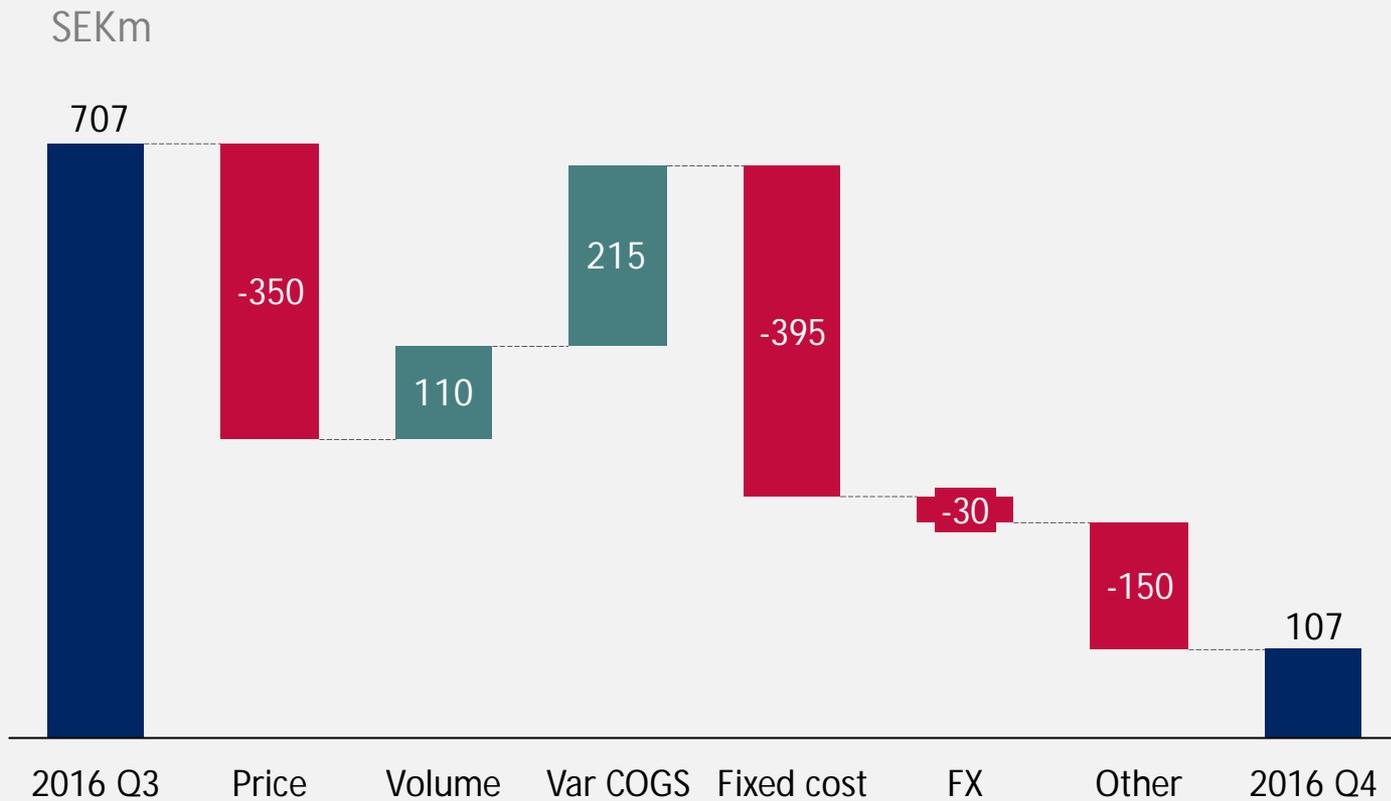
1) Excluding items affecting comparability

2) Including the steel operations: Special Steels, Europe and Americas

Note: Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Change in operating profit

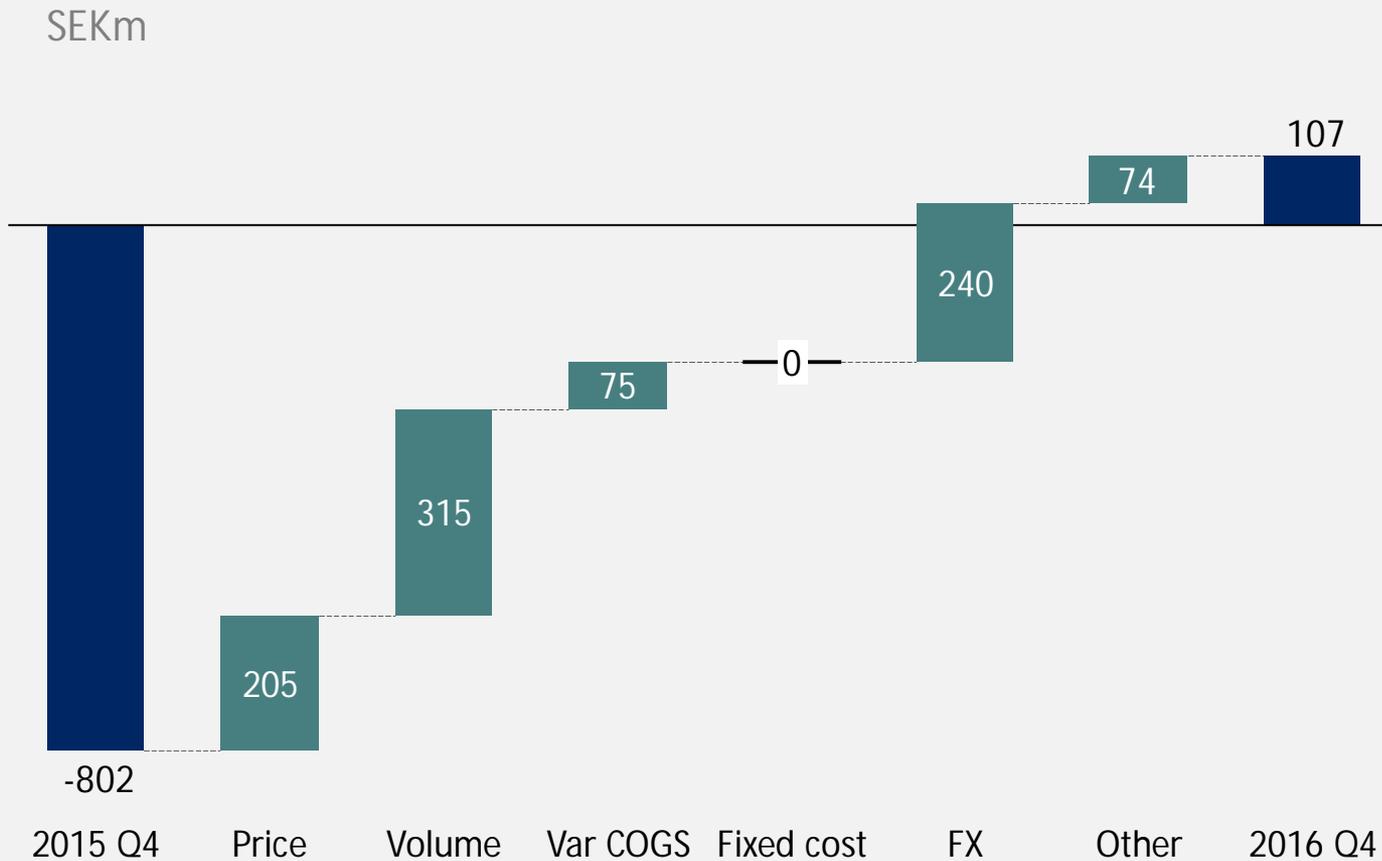
Q4/2016 vs. Q3/2016



Excluding items affecting comparability

Change in operating profit

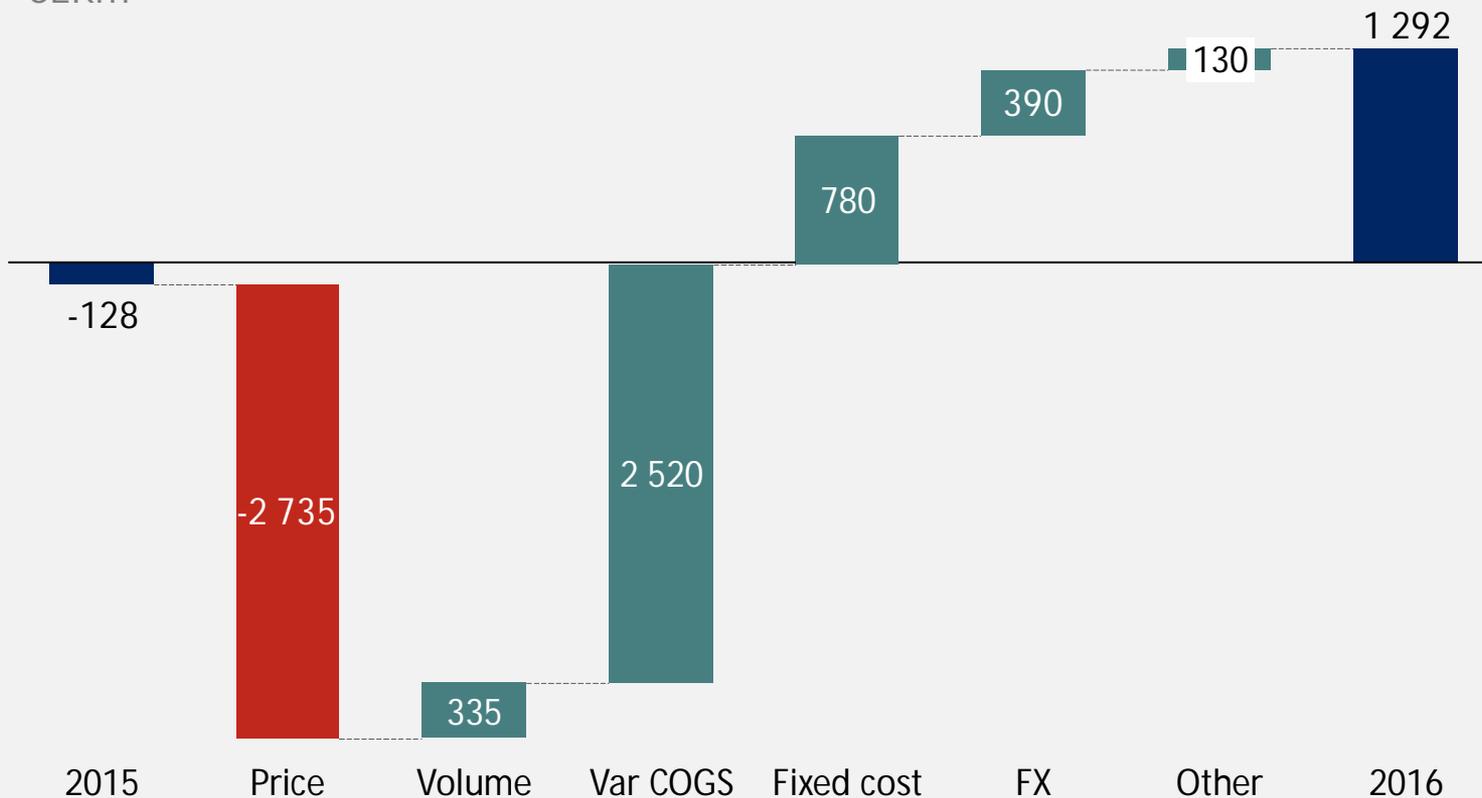
Q4/2016 vs. Q4/2015



Excluding items affecting comparability

Change in operating profit FY/2016 vs. FY/2015

SEKm



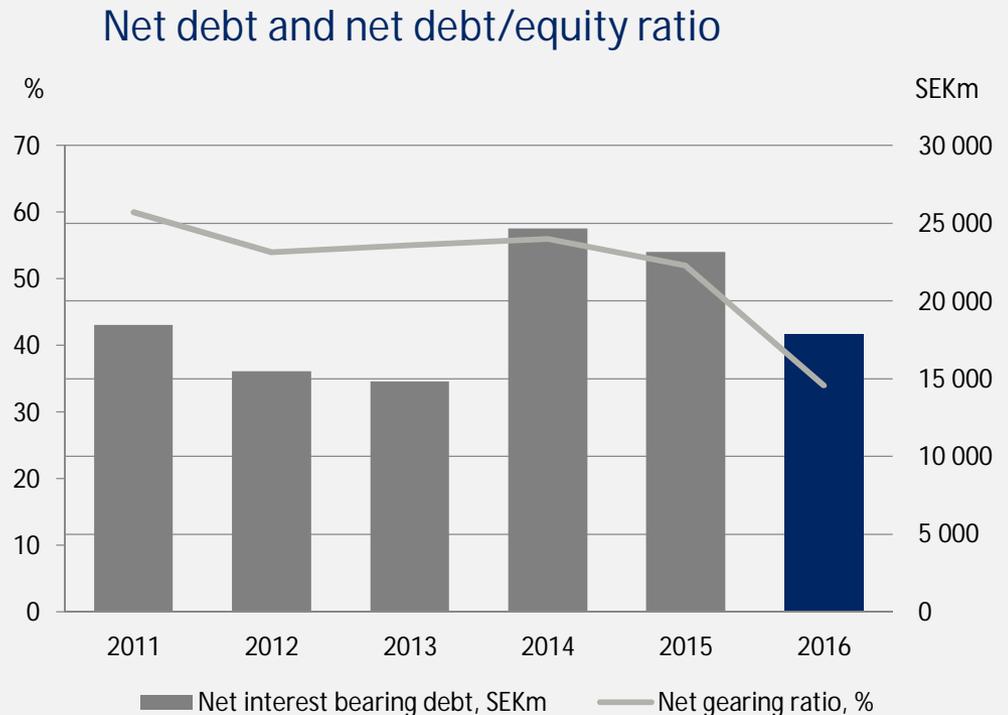
Excluding items affecting comparability

Good operating cash flow despite build-up of inventories

SEKm	Q4/2016	Q4/2015	2016	2015
Operating profit before depreciation/amortization	1,066	134	4,951	3,593
Change in working capital	417	2,084	-661	1,987
Maintenance expenditure	-365	-495	-1,053	-1,891
Other	-65	65	-30	185
Operating cash flow	1,053	1,788	3,207	3,874
Financial items	-271	-203	-994	-796
Taxes	244	34	80	-276
Cash flow from current operations	1,026	1,619	2,293	2,802
Strategic capital expenditure in plant and machinery	-83	-148	-273	-655
Acquisitions of shares and operations	-	-	-46	-36
Divestments of shares and operations	-	10	-	172
Net cash flow	943	1,481	1,974	2,283

Net debt and gearing decreased

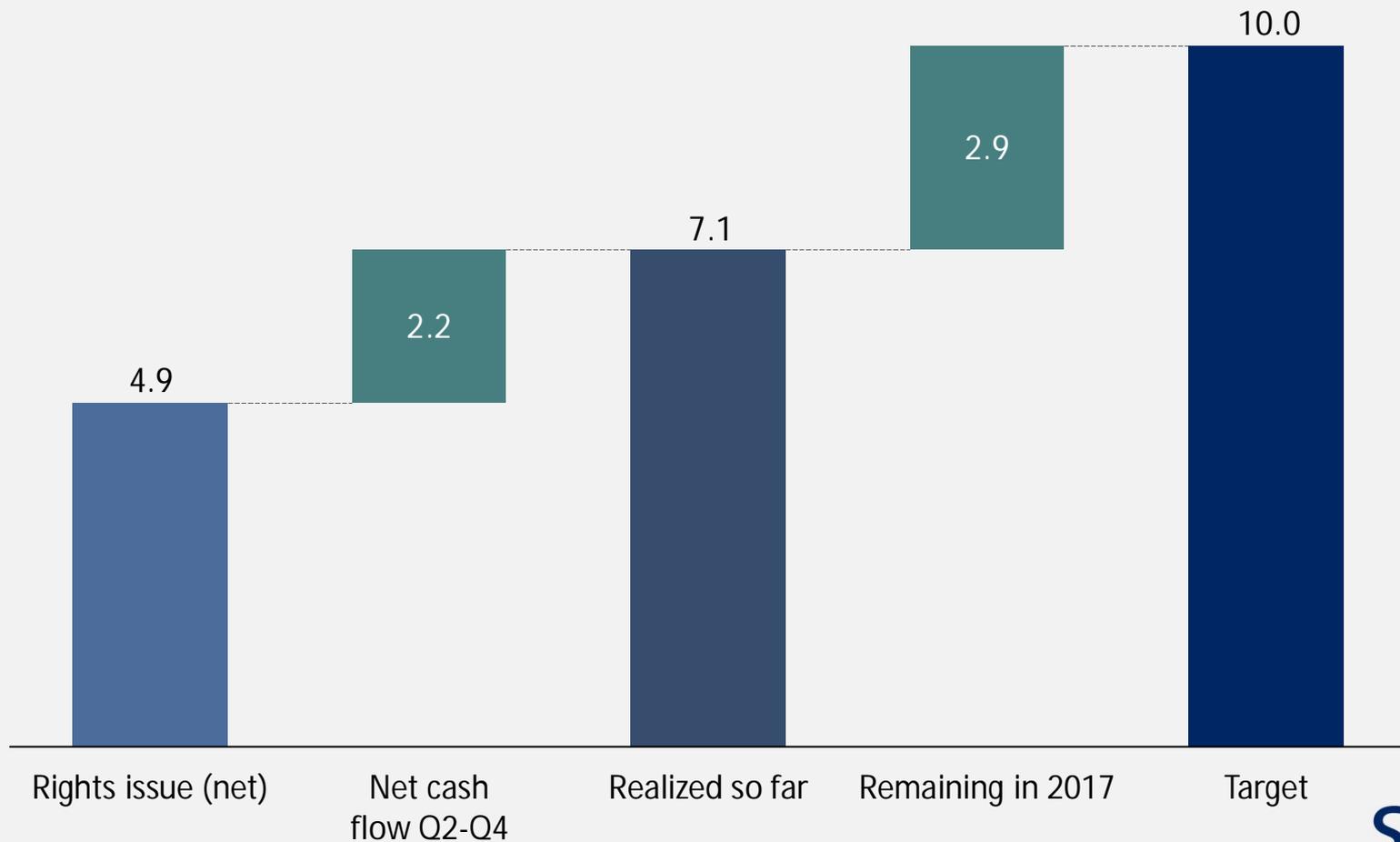
- ▶ Net gearing ratio decreased from 52% at the end of 2015 to 34%
- ▶ Net debt decreased during 2016 by SEK 5,3bn and amounted to SEK 17.9bn (SEK 23.2bn at the end of 2015)



How we will reduce net debt by SEK 10bn

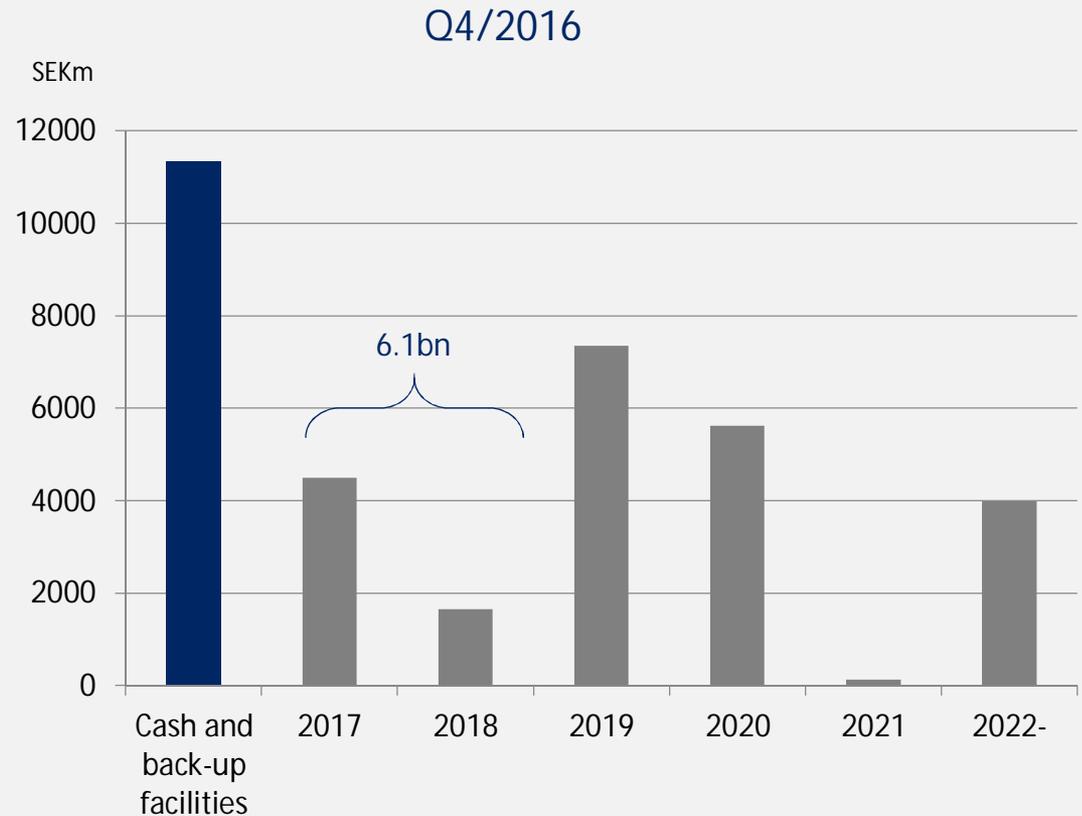
Between the end of Q1/16 and the end of 2017

SEK bn



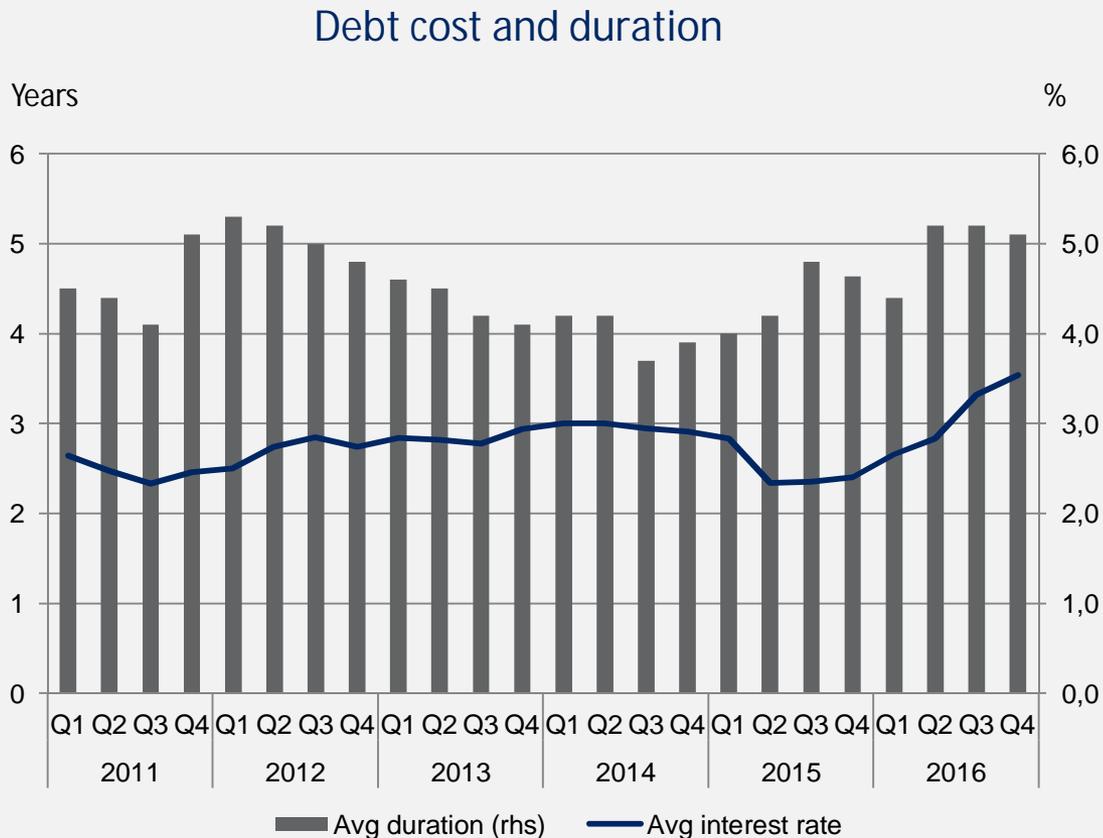
Reduced maturities in coming years

- ▶ Loans maturing in 2017-2018 amounted to SEK 6.1bn at the end 2016
- ▶ Of the total maturities in 2017, commercial paper accounts for SEK 0.9bn



Duration on debt portfolio and interest rate

- ▶ Duration of the loan portfolio was 5.1 years (4.6 at the end of 2015)
- ▶ Averaged fixed interest term was 0.8 years (1.1)
- ▶ Average interest rate was 3.5% (3.3 % in Q3/2016)



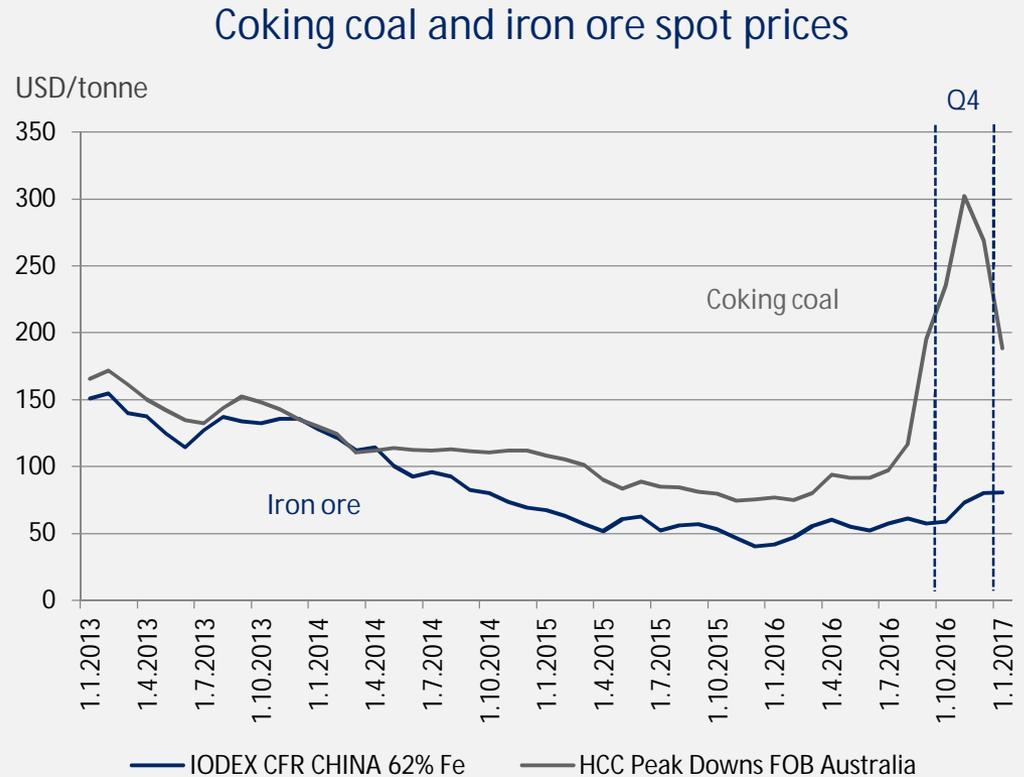
Coking coal spot prices peaked in Q4, iron ore increased

► Coking coal

- Average coking coal purchase price in Q4 was 65% higher in USD and 75% higher in SEK vs. Q3/16
- Main cost impact of higher prices will come in H1/17

► Iron ore

- Average pellet purchase price in Q4 was 20% higher in USD and 24% higher in SEK vs. Q3/16



Scrap spot prices increased along with other raw materials

► Scrap spot prices in US at the end of Q4/16 were:

- 39% higher vs. Q3/16
- 54% higher vs. Q4/15



Maintenance outages in 2017

- ▶ Costs were SEK 350m for Q4/2016 (incl. direct costs and under absorption)
 - Special Steels SEK 250m and Europe SEK 100m
 - Q1/2017 costs are estimated to be SEK 180m and FY/2017 SEK 930m
- ▶ Mobile in SSAB Americas will have an outage in March/April

Major, planned maintenance outages 2017

SEKm	Q1/2017	Q2/2017	Q3/2017	Q4/2017	2017	2016
SSAB Special Steels			230		230	250
SSAB Europe	20	20	170	100	310	300
SSAB Americas	160	230			390	290
Total	180	250	400	100	930	840

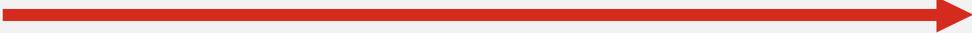
Note: The estimates shown in table includes direct maintenance cost and cost of lower capacity utilization (under absorption), but excludes lost margins.

Outlook

SSAB's outlook for Q1/2017

- ▶ In North America, demand for heavy plate is expected to be good
 - Low stocks are expected to result in increased purchases from distributors
- ▶ In Europe, demand is expected to be good
 - No major changes in inventory levels expected
- ▶ Demand for high-strength steels is expected to be relatively unchanged
- ▶ The production breakdown in Oxelösund will impact shipments during Q1
- ▶ Overall, SSAB's shipments are expected to be somewhat higher than during Q4
- ▶ Realized prices are expected to be higher than in Q4

SSAB has entered the next phase in its journey toward industry leading profitability

Challenging market situation 

Phase 1 – Successfully execute the SSAB-Ruukki combination

Phase 2 – Continuous improvement and selected growth areas

2014

2016

Future

Priorities

- ▶ Keep market shares - focus on core business
- ▶ Make new organization and operating model functional
- ▶ Deliver synergies and workforce optimization

Priorities

- ▶ Strategy execution – Taking the lead!
- ▶ Continuous improvements – sell, produce, ship on-time
- ▶ Focus on selected growth areas

Questions & Answers

Appendix

SSAB's key customer segments – outlook

Segment	Outlook for Q1 vs. Q4	Comments on outlook
Heavy Transport	➔	<ul style="list-style-type: none"> ▶ Growth in demand expected in Europe ▶ Railcar production in US is expected to continue to decline
Automotive	➔	<ul style="list-style-type: none"> ▶ Automotive is expected to remain at high level in Europe and in the US
Construction Machinery	➔	<ul style="list-style-type: none"> ▶ Demand in the main European markets is expected to pick-up somewhat ▶ Demand in US is showing some signs of recovery from low level
Mining	➔	<ul style="list-style-type: none"> ▶ Mining sector continues to be challenged, but is showing some signs of improvement
Energy	➔	<ul style="list-style-type: none"> ▶ Continued solid demand in wind energy segment expected ▶ Oil-related segments are expected to pick-up
Construction Material	➔	<ul style="list-style-type: none"> ▶ Demand expected to be start picking up
Service Centers (US)	➔	<ul style="list-style-type: none"> ▶ Demand from Service Centers is expected to increase in Q1 as the inventories are still low

Several anti-dumping measures are in place and under preparation in EU and the US

In place (examples)

Under preparation

Europe

- ▶ Wire-rod (China)
- ▶ Electrical steel (China, CIS, South Korea, US)
- ▶ Stainless cold-rolled (China, Taiwan)
- ▶ Cold-rolled carbon steels (China, Russia)

- ▶ Hot-Rolled flat carbon steels (China)
 - Provisional duties imposed in Oct 2016
 - Duties to be implemented; 13-22% for Strip and 65-74% for Heavy Plate
- ▶ Hot-Rolled flat carbon steels (Brazil, Russia, Iran, Serbia and Ukraine)

US

- ▶ Hot-rolled sheet and coils (China, Russia, India, Ukraine, Indonesia, Taiwan, Thailand)
- ▶ Hot-rolled sheet and coils (Australia, Brazil, Japan, Korea, Netherlands, Turkey)
 - Final decision came in Aug 2016
- ▶ Heavy plate (China, India, Indonesia, Russia, Ukraine)
- ▶ Cold-rolled sheet and coils (China, Japan)
 - Final AD duty decision in May 2016: 266% for Chinese and 71% for Japanese producers

- ▶ Cold-rolled sheet and coils (Brazil, India, Korea, Russia, United Kingdom)
- ▶ Heavy plate (Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, South Africa, South Korea, Turkey, Taiwan)
 - Preliminary AD decision came in Sept for Turkey, Brazil and South Africa and in Nov for the rest
 - Preliminary CVD decision came in Sept for Chinese plate

An aerial night photograph of a city, likely Singapore, showing a complex multi-level highway interchange. The image is characterized by long-exposure light trails from cars, creating vibrant streaks of white, red, and blue light that curve and cross over each other. The surrounding cityscape is illuminated with various lights, including streetlights and building lights, creating a dense, glowing urban environment. A large white triangular graphic is overlaid on the right side of the image, containing the text.

A stronger SSAB
toward industry-
leading profitability