



Continued earnings improvement despite temporary headwinds in operations

Presentation of the Q1/2018 results

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SSAB

Agenda

- ▶ Q1/2018 – In summary
- ▶ Q1/2018 – Performance by division
- ▶ Financials
- ▶ Outlook
- ▶ Q&A

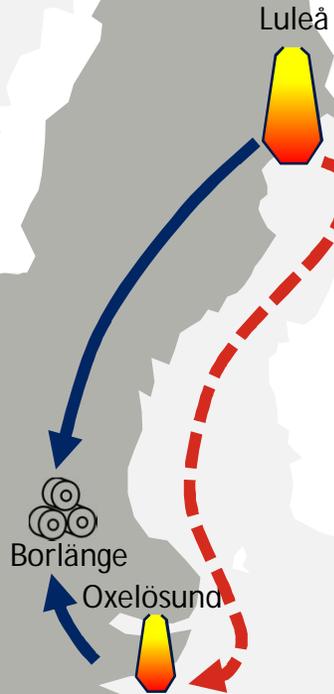


Q1/2018 – In summary



- ▶ Generally good demand
- ▶ Good growth in strategic areas
- ▶ Positive outlook – volume and price
- ▶ Improved earnings despite operational headwinds
- ▶ HYBRIT takes the next step
- ▶ AGM approved dividend of SEK 1.00 per share

Q1 negatively impacted by operational issues in Sweden



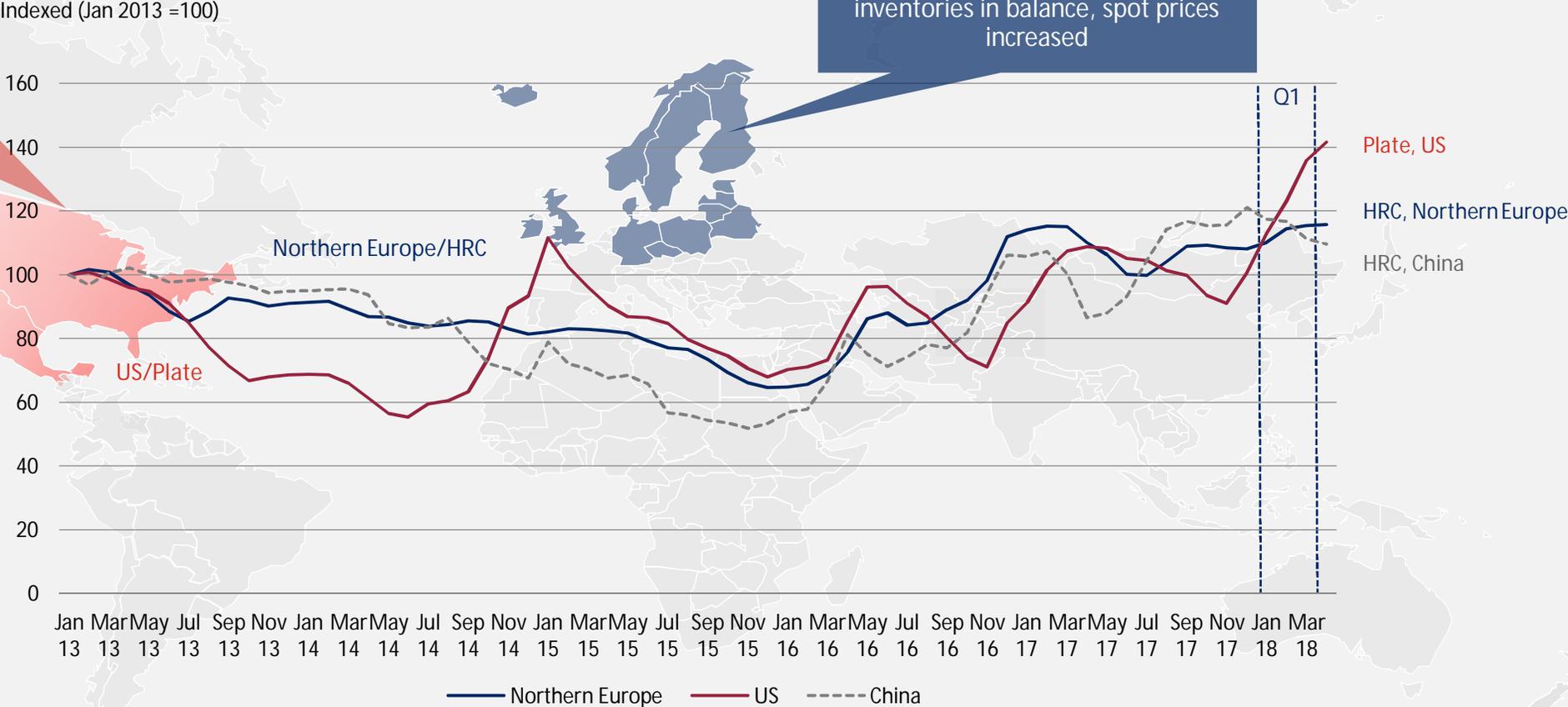
- ▶ Lack of rail car capacity of slabs between Luleå and Borlänge
 - Alternative sea transport via Oxelösund used
 - Resulting in delays, higher shipment costs, and output and shipment losses
- ▶ Production disruption in Oxelösund in the blast furnace
 - Resulted in 2 weeks of lost steel making production, and also impacting rolling

Strong demand both in Europe and North America

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

Strong demand from both end-users and distributors, low inventories, plate spot prices increased sharply

Good demand continued, low imports, inventories in balance, spot prices increased



Q1/2018 - Performance by division

Financial summary of Q1/2018

Continued profitability improvement despite operational disruptions

- ▶ EBIT of SEK 916m, up SEK 214m compared with Q1/17
 - + Higher prices
 - Higher costs of raw materials
 - 2w standstill in BF Oxelösund
 - Transport issues caused slab shortage in Borlänge
- ▶ Good operating cash flow of SEK 761m
- ▶ Net debt reduced to SEK 11.4bn and gearing to 21% (32%)
- ▶ Earnings per share SEK 0.65 (0.49)

Key figures

SEKm	Q1/2018	Q1/2017	Q4/2017	2017
Sales	17,388	15,739	17,017	66,059
EBITDA	1,836	1,627	1,782	7,591
EBIT	916	702	843	3,838
Operating cash flow	761	876	2,976	6,511
Earnings per share (SEK)	0.65	0.49	0.32	2.23
Gearing %	21	32	22	22

SSAB Special Steels

- ▶ Good demand continued in all segments, especially Construction Machinery and Material Handling
- ▶ EBIT of SEK 434m, up SEK 191m compared with Q1/17
 - + Higher prices
 - + Higher volumes
 - Higher costs of raw materials
 - Standstill in BF Oxelösund
- ▶ Shipments +9% vs. Q4/17 and +25% vs. Q1/17

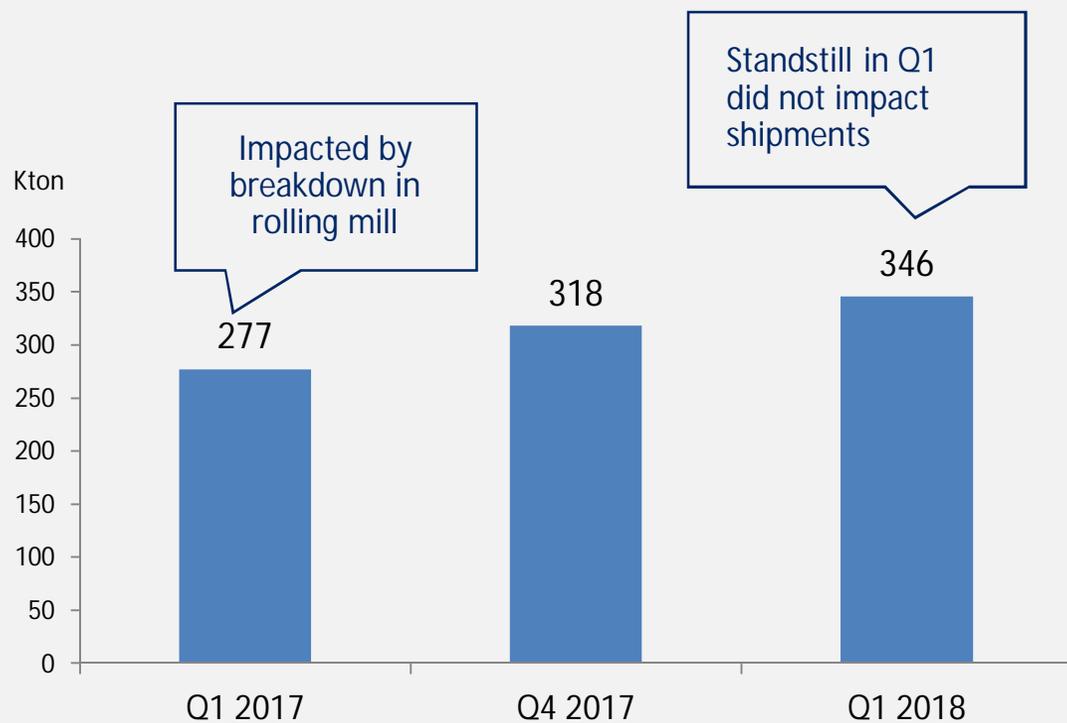
SEKm	Q1/2018	Q1/2017	Q4/2017	2017
Sales	4,674	3,925	4,368	16,053
EBITDA	569	377	777	2,002
EBIT	434	243	641	1,465
Shipments, ktonnes	346	277	318	1,192

Sales and EBITDA margin

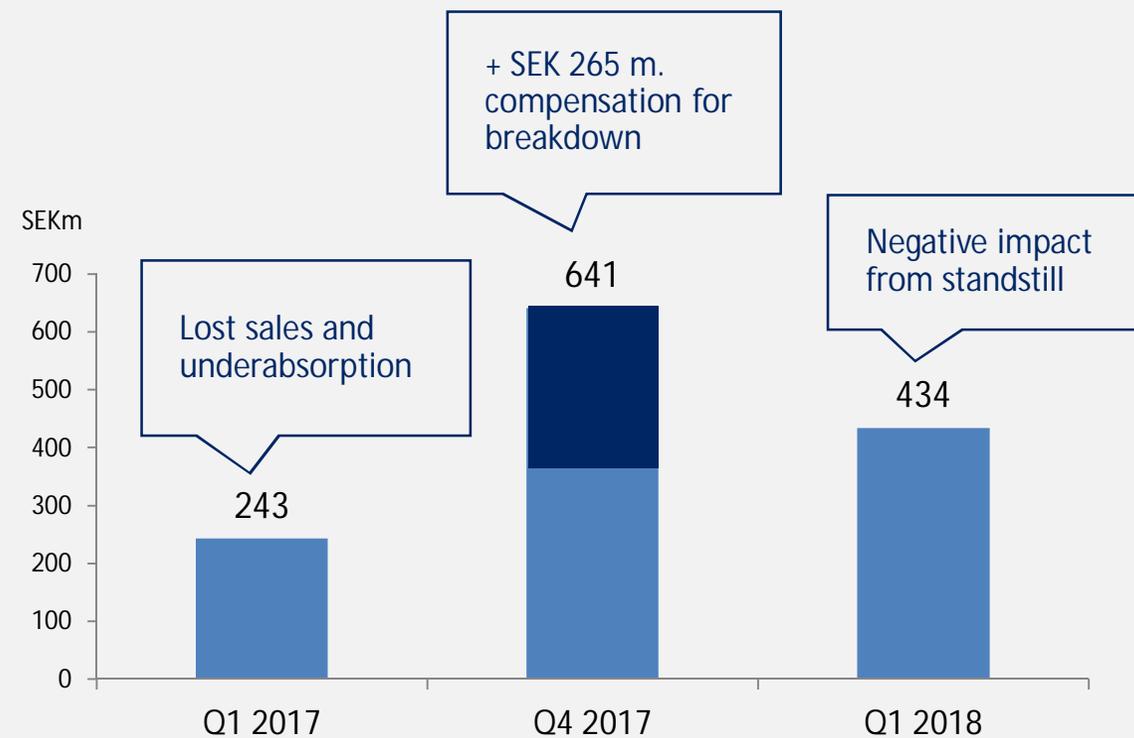


SSAB Special Steels

Shipments (thousand tonnes)



Operating profit (SEK millions)



SSAB Europe

- ▶ Good demand continued in all segments
- ▶ EBIT in Q1/18 was SEK 657m, down SEK 169m vs. Q1/17
 - + Higher prices
 - Higher raw material costs
 - Transportation problems causing slab shortage in Borlänge
 - Lower volume
- ▶ Shipments +4% vs. Q4/17, but -4% vs. Q1/17
 - + Automotive premium continued at good level, +11% vs. Q1/17

SEKm	Q1/2018	Q1/2017	Q4/2017	2017
Sales	8,051	7,657	7,768	31,048
EBITDA	998	1,182	811	4,405
EBIT 1)	657	826	460	2,988
Shipments, ktonnes	939	982	901	3,745

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



SSAB Americas

- ▶ Demand improved and plate prices continued to increase
- ▶ EBIT in Q1/18 was SEK 129m, up SEK 286m from Q1/17
 - + Higher prices
 - + Higher volumes
 - + No maintenance outage (Q1-Q2/17 in Mobile)
 - Higher raw material costs
- ▶ Shipments +8% vs. Q1/17, but slightly lower than in Q4/17

SEKm	Q1/2018	Q1/2017	Q4/2017	2017
Sales	3,363	3,019	3,230	12,727
EBITDA	283	8	141	818
EBIT 1)	129	-157	-15	183
Shipments, ktonnes	523	486	525	1,971

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



Tibnor

- ▶ Sales increased by 2% both vs. Q1/17 and Q4/17
- ▶ EBIT in Q1/18 was SEK 67m, down SEK 32m from Q1/17
 - Lower volumes and margins

SEKm	Q1/2018	Q1/2017	Q4/2017	2017
Sales	2,058	2,019	2,012	7,821
EBITDA	87	118	63	334
EBIT 1)	67	99	42	252
Shipments (kton)	176	190	180	716

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



Ruukki Construction

- ▶ Good underlying demand, but lower volumes vs. Q1/17, due to harsh winter
- ▶ Sales -4% vs. Q1/17
- ▶ EBIT in Q1/18 was SEK -62m, down SEK 33m vs. Q1/17
 - Lower volumes
 - Lower margins

SEKm	Q1/2018	Q1/2017	Q4/2017	2017
Sales	1,088	1,131	1,471	5,773
EBITDA	-29	8	65	307
EBIT 1)	-62	-29	32	171

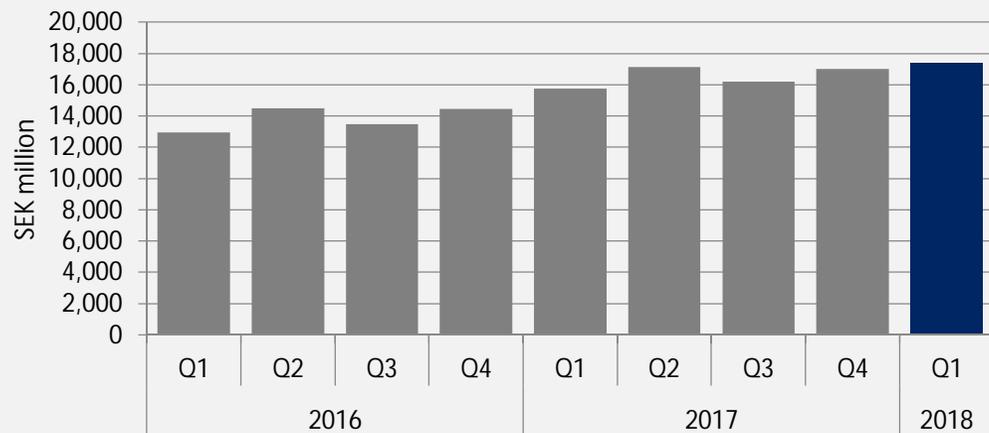
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.



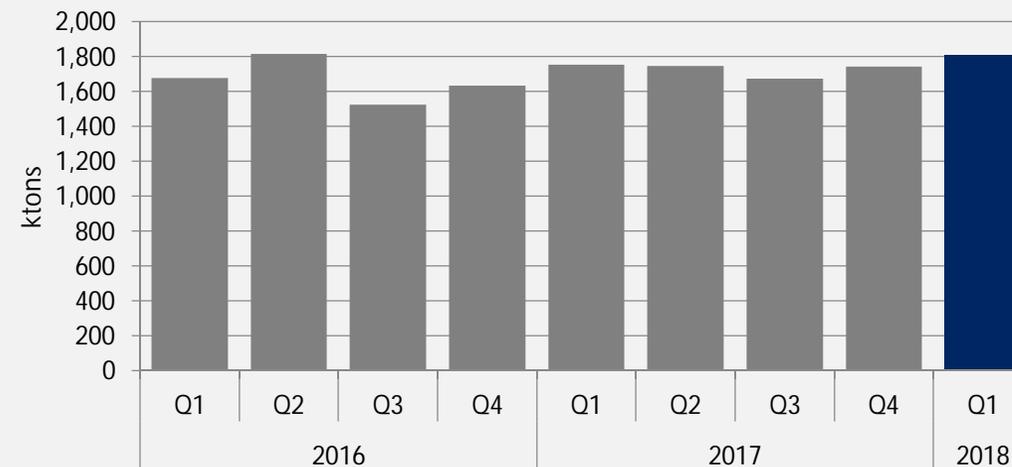
Financials

Improvement year-on-year continued

Sales



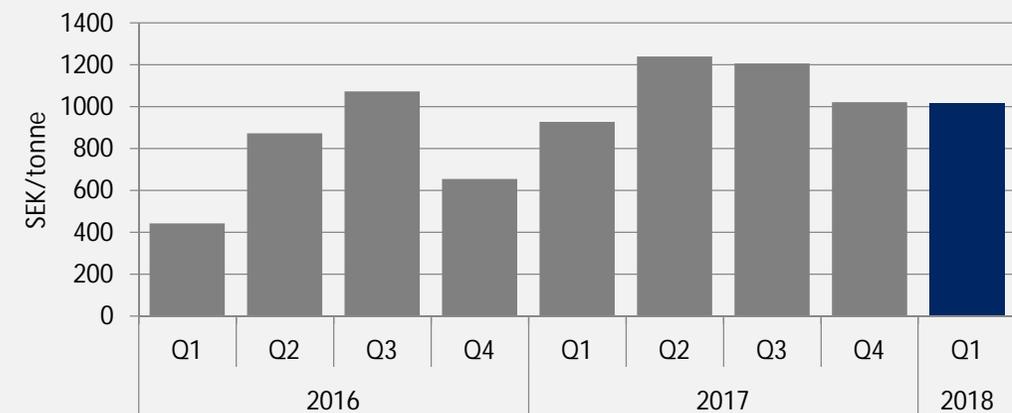
Shipments¹



EBITDA and EBITDA margin



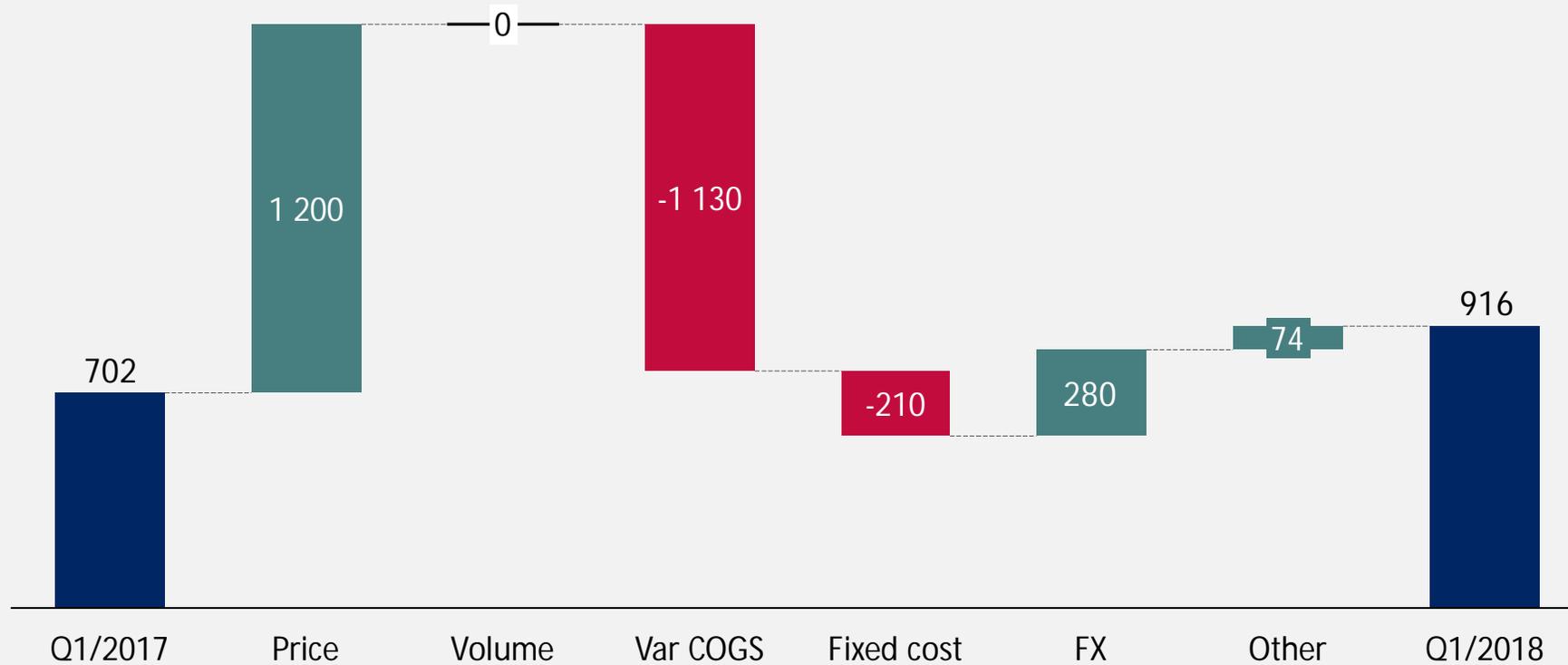
EBITDA per tonne delivered steel



Change in operating profit

Q1/2018 vs. Q1/2017

SEKm



Change in operating profit

Q1/2018 vs. Q4/2017

SEKm



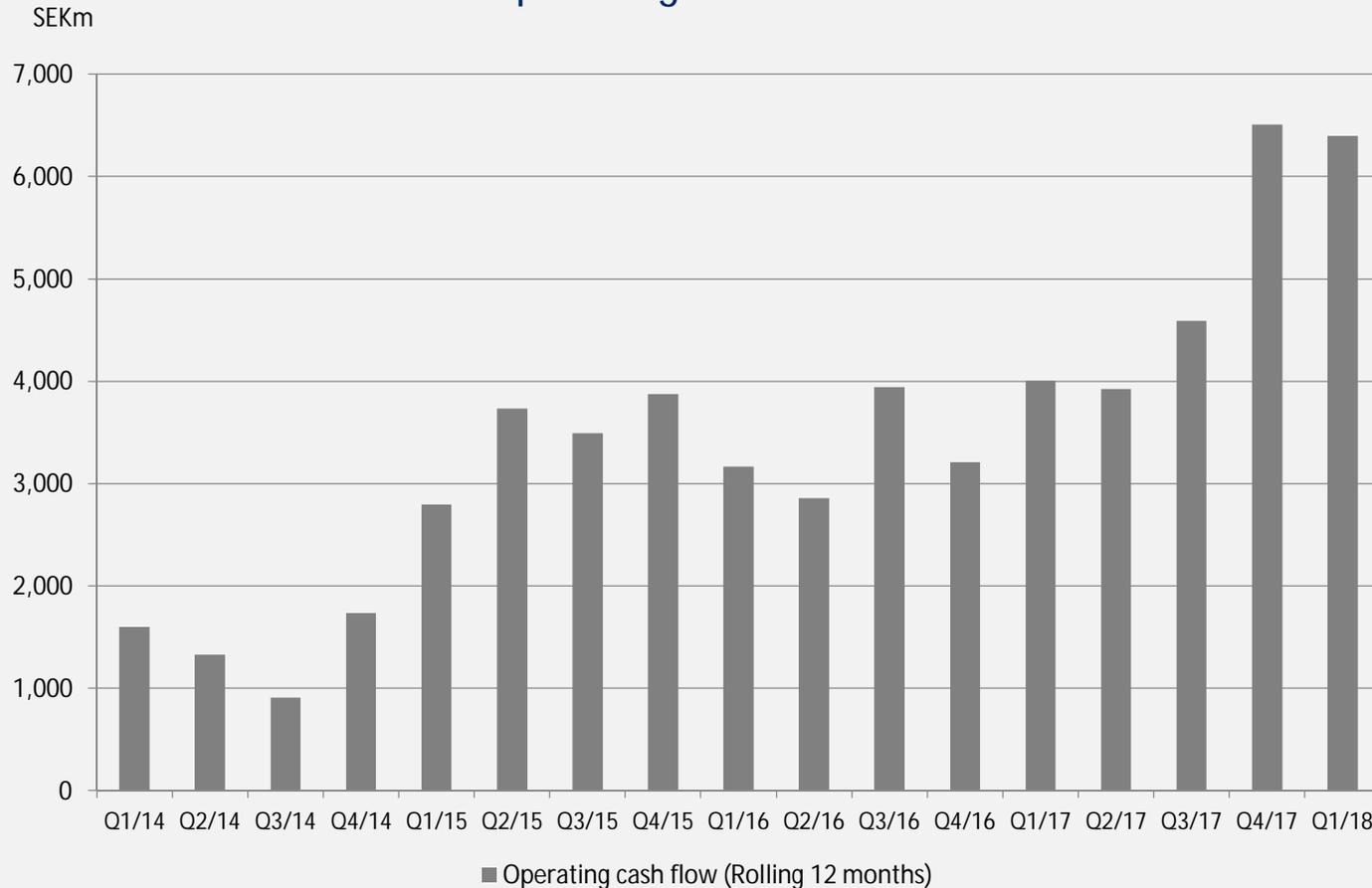
*Includes the compensation of SEK 265m for the breakdown in Oxelösund

Continued positive cash flow in Q1

SEKm	Q1/2018	Q1/2017	Q4/2017	2017
Operating profit before depreciation/amortization	1,836	1,627	1 782	7 591
Change in working capital	-799	-526	1 736	303
Maintenance expenditure	-285	-215	-563	-1 366
Other	9	-10	21	-17
Operating cash flow	761	876	2 976	6 511
Financial items	-141	-222	-197	-943
Taxes	-236	-21	-94	-249
Cash flow from current operations	384	633	2 685	5 319
Strategic capital expenditure in plant and machinery	-63	-44	-85	-237
Acquisitions of shares and operations	-10	0	0	-11
Divestments of shares and operations	0	0	1	1
Cash flow before dividend	311	589	2 601	5 072

Cash flow trend

Operating cash flow

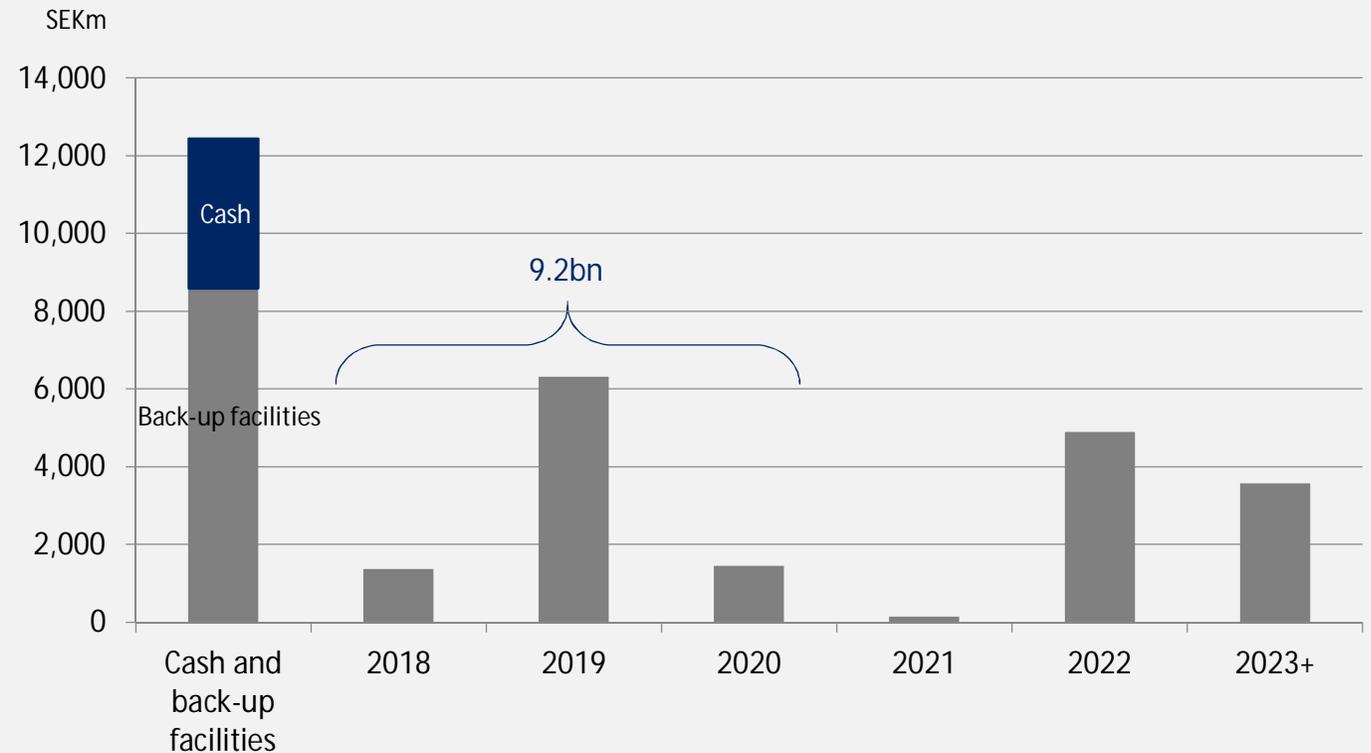


- ▶ Potential to further improve profitability
- ▶ Well-invested
- ▶ Reduction of working capital/sales
- ▶ Lower interest cost
- ▶ Tax rate ~20%

Maturity profile and net debt

- ▶ Loans maturing in 2018-2020 amounts to around SEK 9.2bn
- ▶ Duration of the loan portfolio was 5.5 years (5.5 at the end of 2017)
- ▶ Net gearing ratio decreased from 22% at the end of 2017 to below 21%
- ▶ Net debt decreased by SEK 183m during Q1/18 and amounted to SEK 11.4bn

Maturity profile Q1/2018



Iron ore and coking coal – Purchase prices increased

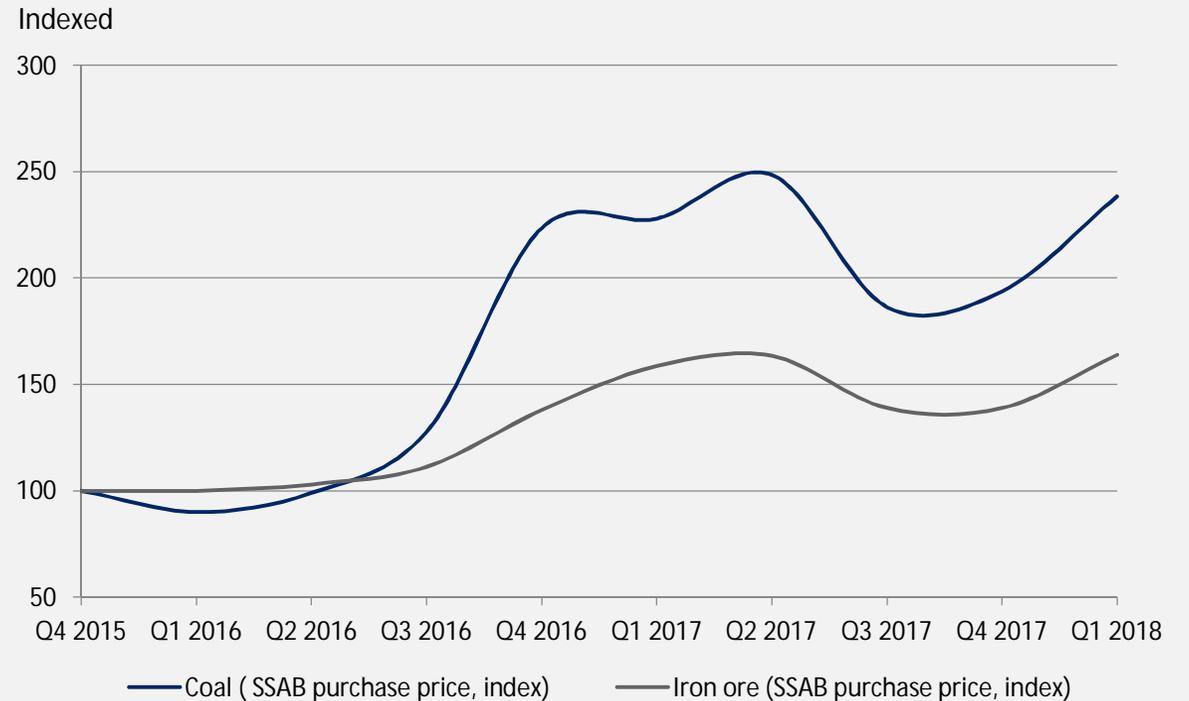
Iron ore

- ▶ Average pellet purchase price in Q1/18 was 18% higher in terms of SEK (+21% in USD) vs. Q4/17

Coking coal

- ▶ Average coking coal purchase price in Q1/18 was 23% higher in terms of SEK (+27% in USD) vs. Q4/17

SSAB's purchase price, coking coal and iron ore



Scrap – Upwards price trend continued

- ▶ SSAB's average purchase price for scrap was 23% higher in Q1/18 vs. Q4/17 (USD)
- ▶ Spot prices have increased also in April



Outlook

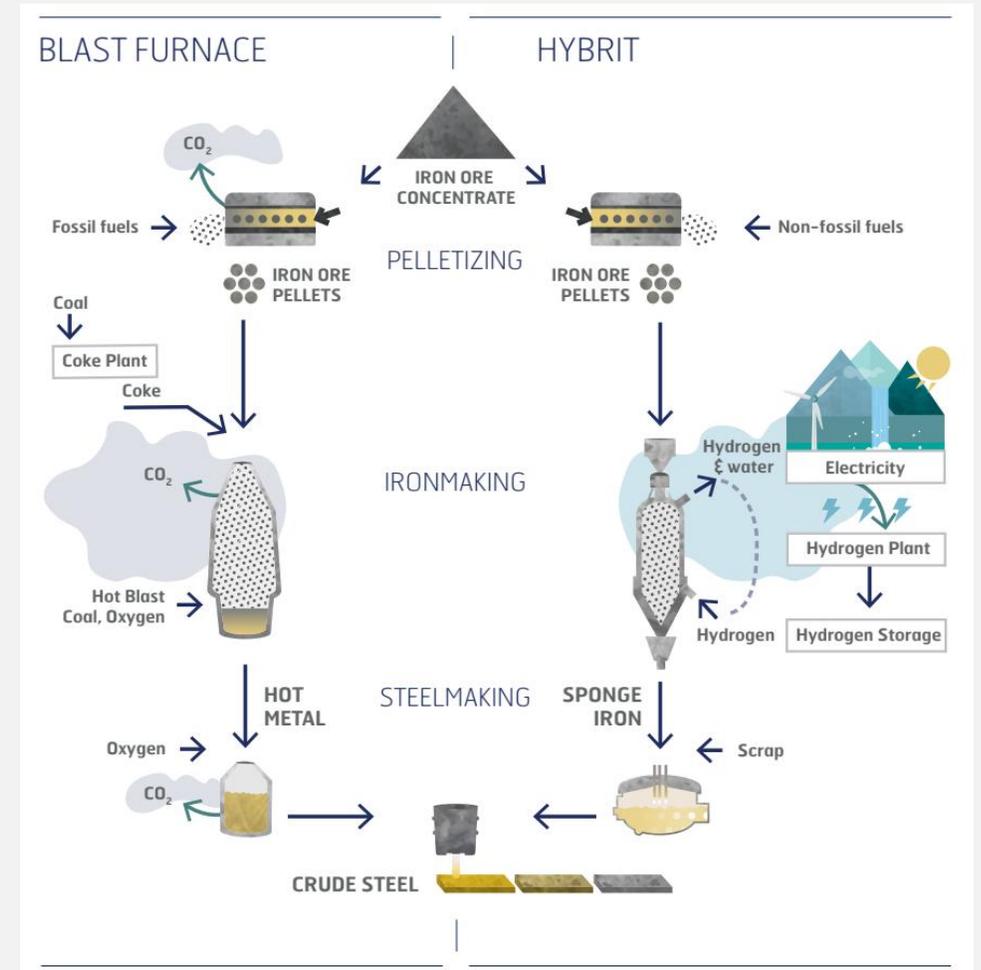
SSAB's outlook for Q2/2018

- ▶ In North America, demand for heavy plate is expected to remain strong
- ▶ In Europe, demand for strip and heavy plate is expected to remain good
- ▶ The underlying demand for high-strength steels is anticipated to be good in most markets
- ▶ The prices realized by the three steel divisions are expected to be somewhat higher during the second quarter, particularly for SSAB Americas

Segment	Volume trend Q2 vs. Q1	Comment
SSAB Special Steels		High level in Q1
SSAB Europe		Transport problem resolved
SSAB Americas		Strong demand

Initiative for fossil-free steel – HYBRIT

- ▶ Joint venture with Vattenfall and LKAB
- ▶ Successful pre-feasibility study closed in Q1 2018
- ▶ Planning and designing of pilot plants in Luleå and the iron ore field in Norrbotten
- ▶ First ground to be broken during the summer



Summary

- ▶ Generally good demand
- ▶ Good growth in strategic areas
- ▶ Positive outlook - volume and price
- ▶ Improved earnings despite operational headwinds



Questions & Answers

Appendix

Major planned maintenance outages in 2018

- ▶ No major planned maintenance outages in Q2/18
- ▶ Costs in 2018 are estimated to be SEK 885m (1,010)
 - Lower cost in SSAB Americas compared to 2017

SEKm	Q1/18	Q2/18	Q3/18	Q4/18	2018	2017
SSAB Special Steels	-	-	-	230	230	230
SSAB Europe	-	40	210	125	375	390
SSAB Americas	-	-	-	280	280	390
Total	-	40	210	635	885	1,010

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

SSAB's key customer segments – outlook

Segment	Outlook for Q2 vs. Q1	Comments on outlook
Heavy Transport		<ul style="list-style-type: none"> ▶ Solid demand expected in Europe, especially heavy truck segment ▶ Slight improvement expected for Railcar production in US (dry goods)
Automotive		<ul style="list-style-type: none"> ▶ Automotive is expected to remain at high level in Europe, increase in Asia and slow down in US
Construction Machinery		<ul style="list-style-type: none"> ▶ Demand in the main European markets is expected to continue at good level ▶ Continued recovery in US expected
Material Handling		<ul style="list-style-type: none"> ▶ High activity in the Mining sector ▶ Pick-up also in investments of new machinery
Energy		<ul style="list-style-type: none"> ▶ Continued solid demand in wind energy expected ▶ Oil-related segments has improved, higher activity in line pipe
Construction		<ul style="list-style-type: none"> ▶ Demand expected to be seasonally improving
Service Centers (US)		<ul style="list-style-type: none"> ▶ Demand in general expected to remain good

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

Europe

In place

- ▶ Cold-rolled carbon steels (China, Russia)
- ▶ Hot-Rolled flat carbon steels (China)
 - Final AD duties for strip 18%-36% in April 2017 and 65%-74% for plate in Feb 2017
- ▶ Hot-Rolled flat carbon steels (Brazil, Russia, Iran, Serbia and Ukraine)
 - Definitive AD duties on imports of hot rolled coil from Brazil, Iran, Russia and Ukraine in Oct 2017

Under preparation

- ▶ Corrosion Resistant Steel (China)
 - Provisional anti-dumping duties of 17.2%-28.5% in Aug 2017

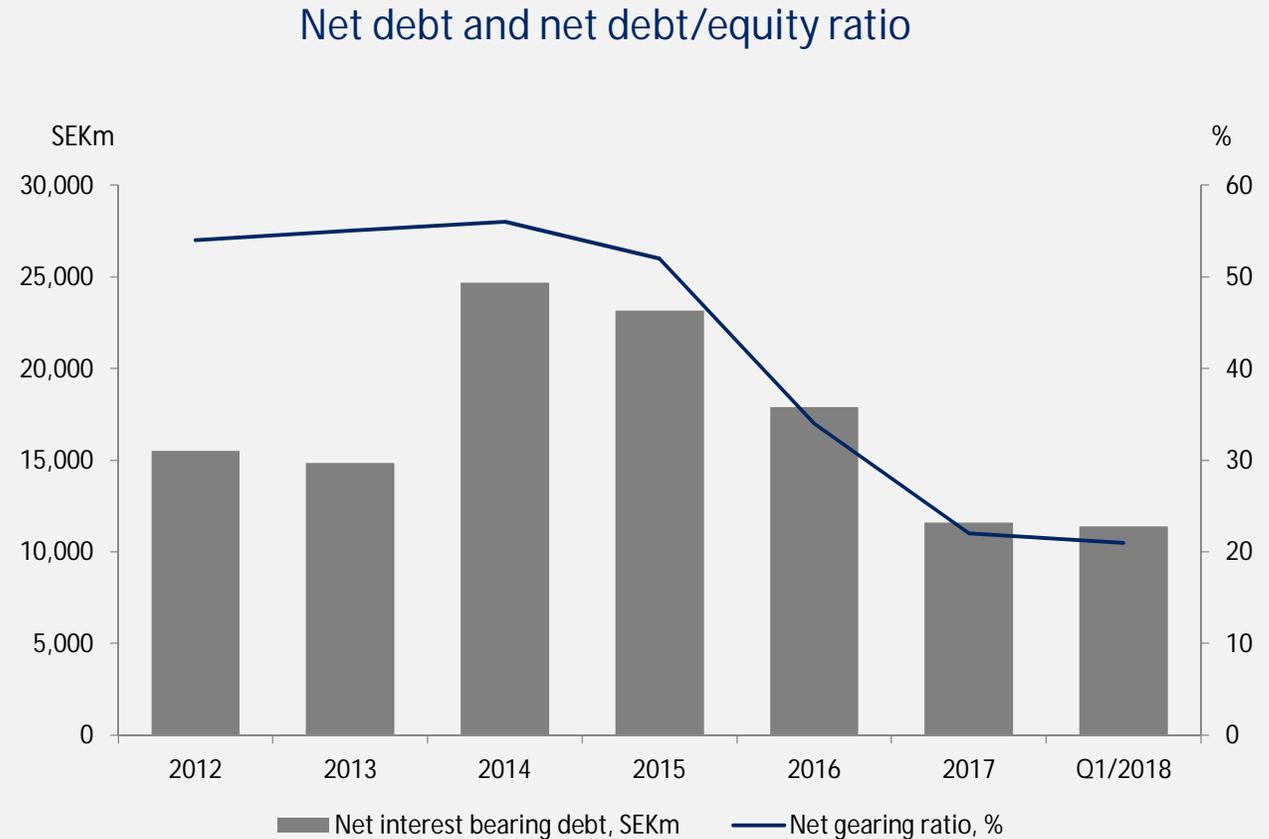
US

- ▶ Hot-rolled sheet and coils (China, Russia, India, Ukraine, Indonesia, Taiwan, Thailand)
- ▶ Hot-rolled sheet and coils (Australia, Brazil, Japan, Korea, Netherlands, Turkey)
- ▶ Heavy plate (China, India, Indonesia, Russia, Ukraine)
- ▶ Heavy plate (China, Austria, Belgium, Taiwan, France, Germany, Italy, Japan, South Korea)
 - Final AD decision for the 8 countries in March 2017 – increased duties vs. preliminary duties
 - Final AD and CVD decision on Chinese plate AD margin of 68% and a subsidy (CVD) margin of 251%
- ▶ As a result of the Section 232 steel investigation a duty of 25% was imposed on imports from all countries (exceptions for a number of countries, including a temporary exception for the EU-28)

- ▶ Cold-rolled sheet and coils (Brazil, India, Korea, Russia, United Kingdom)
- ▶ Heavy plate (Turkey, Brazil, South Africa)
 - Preliminary AD decision in place for Turkey, Brazil, South Africa

Net debt and gearing continued to decrease

- ▶ Net gearing ratio decreased from 22% at the end of 2017 to below 21%
- ▶ Net debt decreased by SEK 183m during Q1/18 and amounted to SEK 11.4bn



Duration on debt portfolio and interest rate

- ▶ Duration of the loan portfolio was 5.5 years (5.5 at the end of 2017)
- ▶ Averaged fixed interest term was 1.0 years (1.1 in Q4/17)
- ▶ Average interest rate was 3.60% (3.42 % in Q4/17)



SSAB



*A stronger,
lighter and more
sustainable world*