

REPORT FOR THE THIRD QUARTER
2018



SSAB Americas leads the
continued earnings
improvement

October 26, 2018

SSAB

Report for the third quarter of 2018

The quarter

- Sales were SEK 19,038 (16,188) million
- Operating profit before depreciation/amortization and items affecting comparability was SEK 2,563 (2,016) million
- Operating profit excluding items affecting comparability was SEK 1,600 (1,089) million
- Operating profit, including items affecting comparability of SEK -213 million, was SEK 1,387 (1,089) million
- Earnings per share were SEK 0.85 (0.56)
- Operating cash flow was SEK 1,922 (1,590) million
- Net debt/equity ratio was 17% (27%)

Key figures

SEK millions	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Sales	19,038	16,188	19,263	55,689	49,042	66,059
Operating profit before depreciation and amortization EBITDA ¹⁾	2,563	2,016	2,582	6,981	5,809	7,591
Operating profit ¹⁾	1,600	1,089	1,630	4,146	2,995	3,838
Profit after financial items ¹⁾	1,447	864	1,427	3,643	2,227	2,863
Profit after tax ¹⁾	1,096	583	1,313	3,079	1,970	2,311
Earnings per share (SEK)	0.85	0.56	1.27	2.77	1.91	2.23
Operating cash flow	1,922	1,590	1,325	4,008	3,535	6,511
Net debt	10,192	13,994	11,881	10,192	13,994	11,574
Net debt/equity ratio (%)	17	27	20	17	27	22

¹⁾ Excluding items affecting comparability. For detailed information see page 3.
(In the report, the figures in parentheses refer to the corresponding period for the previous year.)

Comments by the CEO

SSAB's operating profit, excluding items affecting comparability, for Q3 2018 was SEK 1,600 million, up SEK 511 million compared with the third quarter 2017. The improvement was mainly related to SSAB Americas and SSAB Special Steels. Operating profit was in line with the previous quarter. Q3 was characterized by good demand and favorable pricing in our markets.

SSAB Special Steels saw strong demand in all segments and especially within Construction Machinery and Material Handling. Shipments during the third quarter were 320 thousand tonnes, up 9% compared with a year earlier. Operating profit was SEK 536 million. The two-week unplanned blast furnace outage in Oxelösund impacted earnings negatively by just under SEK 100 million.

Demand in Europe was seasonally lower compared with the previous quarter. Compared to last year, SSAB Europe's shipments were lower and operating profit decreased to SEK 460 million in the quarter. A lower production rate, partly due to the transformer fire in Hämeenlinna, reduced shipments and capacity utilization.

SSAB Americas' operating profit was a record high SEK 790 million, up SEK 474 million compared with the third quarter of 2017. This improvement was driven primarily by higher prices, but higher volumes and more stable production also contributed positively. Demand is showing a positive trend in most segments and the outlook for the fourth quarter is good.

Earnings for the Group have improved, even though we have had a number of larger production disruptions during the year. The main focus is on reaching a higher, more stable rate of production and a safer workplace. We are prioritizing our resources on preventive measures, both where we have experienced disruptions and in identified risk areas. On top of this we are stepping up our work on continuous improvement.

Despite the political turbulence surrounding trade barriers, we expect the outlook to remain good for the fourth quarter of 2018. SSAB has strong positions in our home markets and we are on track towards achieving our strategic growth targets for 2020. Our sustainability target to achieve CO₂ savings of 10 million tonnes annually together with our customers, will be achieved five years ahead of plan, in 2020 instead of 2025. New, longer-term objectives in this area will be evaluated.

Outlook

In North America, demand for heavy plate is estimated to remain strong during the fourth quarter of 2018. In Europe, demand is expected to be good, albeit with a certain seasonal slowdown towards the end of the year. The demand for high-strength steels is expected to remain strong during the fourth quarter.

For SSAB Americas, shipments are estimated to be lower during the fourth quarter compared with the previous quarter because of a major maintenance outage in Montpelier. Shipments for SSAB Europe are expected to be higher during the fourth quarter than during the third quarter, which was characterized by seasonally lower sales. Shipments for SSAB Special Steels are expected to be somewhat lower compared to the third quarter, due to the upcoming planned maintenance outage in Oxelösund.

Prices realized during the fourth quarter are expected to be somewhat higher than in the third quarter for SSAB Americas and SSAB Special Steels, but to be somewhat lower for SSAB Europe due to a seasonally weaker product mix.

Major maintenance outages

A planned major maintenance outage in SSAB Europe was completed during the third quarter of 2018. The table below shows all major maintenance outages planned for the fourth quarter of 2018 and the costs of outages completed during 2017 and the first nine months of 2018. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

Major maintenance outages

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
SEK millions	Q 1	Q 1	Q 2	Q 2	Q 3	Q 3	Q 4	Q 4	Full year	Full year
SSAB Special Steels	-	-	-	-	-	230	250	-	250	230
SSAB Europe	-	20	40	50	240	125	130	195	410	390
SSAB Americas	-	160	-	230	-	-	300	-	300	390
Total	-	180	40	280	240	355	680	195	960	1,010

The market

According to the World Steel Association, global crude steel production for the first nine months of 2018 amounted to 1,347 (1,286) million tonnes, up 4.7% compared with the same period in 2017. Chinese steel production increased by 6%, compared with the first nine months of 2017. Steel production in the EU-28 was up by more than 1%, whereas production in North America rose by more than 3% during the first nine months of the year.

In North America, demand remained strong during the third quarter. In consequence of the Section 232 investigation, import tariffs of 25% on steel have been introduced and this boosted demand for locally-produced material. Around 90% of the volumes SSAB sells in the USA are produced locally, with the remainder exported from Europe by SSAB Special Steels and SSAB Europe. It is still unclear as to what extent product exemptions from the tariffs can be granted.

In Europe, good demand continued during the third quarter, albeit with the normal seasonal slowdown during the summer. Stock levels at distributors are considered to be in balance.

In North America, market prices for heavy plate rose somewhat during the start of the third quarter before stabilizing at a high level. In Europe, market prices for strip and heavy plate rose somewhat during the quarter. In China, market prices for both strip and heavy plate were more or less at the same level at the end of the quarter as at the beginning.

Items affecting comparability

During the third quarter items affecting comparability had a negative impact of SEK 213 million on other operating income and expenses. The items include an estimated capital loss following the divestment of Ruukki Construction's business operations in Russia. During the quarter, SSAB agreed to divest Ruukki Construction's business operations in Russia to the Russian company Salavatneftemash, as announced in July. The transaction is expected to complete during the fourth quarter of 2018 and is subject to the approval of the Russian competition authority. The size of the

Group's own equity has not been affected to any greater extent, since most of the loss relates to realized foreign currency effects which have been reclassified from other comprehensive income to profit/loss for the period.

SSAB Group – Nine month summary 2018

Sales and operating profit

Sales for the first nine months of 2018 were SEK 55,689 (49,042) million, up SEK 6,646 million or 14% compared with the same period in 2017.

Operating profit, excluding items affecting comparability, for the first nine months of 2018 was SEK 4,146 (2,995) million, up SEK 1,150 million compared with the same period in 2017. This improvement was primarily attributable to SSAB Americas and SSAB Special Steels, whereas earnings for SSAB Europe were lower. Operating profit, including items affecting comparability, was SEK 3,933 (2,995) million. Items affecting comparability relate to the estimated capital loss of SEK 213 million on the divestment of Ruukki Construction's business operations in Russia.

Sales and operating profit by business segment

SEK millions	Sales			Operating profit ¹⁾		
	2018 Qs 1-3	2017 Qs 1-3	Change	2018 Qs 1-3	2017 Qs 1-3	Change
SSAB Special Steels	14,500	11,685	2,814	1,493	824	669
SSAB Europe	24,697	23,280	1,416	2,024	2,528	-504
SSAB Americas	12,115	9,497	2,619	1,283	198	1,086
Tibnor	6,260	5,809	451	202	210	-8
Ruukki Construction	4,466	4,302	163	100	139	-39
Other	-	-	-	-221	-215	-6
Depr. surplus values	-	-	-	-735	-688	-48
Group adjustments	-6,348	-5,531	-817	-	-	-
Total	55,689	49,042	6,646	4,146	2,995	1,150

1) Excluding items affecting comparability. For amounts see page 26.

Cash flow, financing and liquidity

Operating cash flow for the first nine months of 2018 was SEK 4,008 (3,535) million. Cash flow was positively impacted by operating profit but negatively impacted primarily by higher working capital resulting from increased sales, as well as higher maintenance capital expenditures.

Net cash flow amounted to SEK 1,850 (2,467) million. Net cash flow was impacted, among other things, by payments for strategic expenditure, including acquisitions of operations and businesses, of SEK 211 (163) million as well as by a dividend totaling SEK 1,030 (-) million to shareholders. Total capital expenditure was SEK 1,394 (966) million. Net debt decreased by SEK 1,382 million during the nine months of the year and at September 30, 2018 amounted to SEK 10,192 million. The net debt/equity ratio was 17% (27%).

The term to maturity of the total loan portfolio at September 30 averaged 6.1 (4.9) years, with an average fixed interest period of 1.3 (1.1) years.

Cash and cash equivalents were SEK 4,148 (4,865) million and non-utilized credit facilities were SEK 7,025 (7,747) million, which combined corresponds to 15% (20%) of rolling 12 months' sales.

Return on capital employed/equity

Return on capital employed before tax and return on equity after tax for the last 12 months was 7% and 6% respectively, whereas figures for the full year 2017 were 6% and 4% respectively.

Equity

With earnings of SEK 2,866 million and other comprehensive income (mostly consisting of translation differences) of SEK 3,465 million, shareholders' equity in the company amounted to SEK 58,588 (52,568) million, equating to SEK 56.82 (50.99) per share.

SSAB Group – Third quarter of 2018

Sales and operating profit

Sales for the third quarter of 2018 were SEK 19,038 (16,188) million, up 18% compared with the third quarter of 2017 and down 1% compared with the second quarter of 2018.

Operating profit, excluding items affecting comparability, for the third quarter of 2018 was SEK 1,600 (1,089) million, up SEK 511 million compared with the third quarter of 2017 and down SEK 30 million compared with the second quarter of 2018. Operating profit, including items affecting comparability, was SEK 1,387 (1,089) million. Items affecting comparability relate to the estimated capital loss of SEK 213 million on the divestment of Ruukki Construction's business operations in Russia.

Sales and operating profit by business segment

SEK millions	Sales			Operating profit ¹⁾		
	2018 Q3	2017 Q3	Change	2018 Q3	2017 Q3	Change
SSAB Special Steels	4,684	3,627	1,057	536	219	317
SSAB Europe	7,754	7,245	509	460	680	-220
SSAB Americas	4,713	3,340	1,373	790	316	474
Tibnor	1,949	1,733	216	53	44	8
Ruukki Construction	1,799	1,640	159	103	105	-2
Other	-	-	-	-86	-42	-44
Depr. surplus values	-	-	-	-255	-233	-22
Group adjustments	-1,861	-1,397	-464	-	-	-
Total	19,038	16,188	2,850	1,600	1,089	511

1) Excluding items affecting comparability. For amounts see page 26.

Analysis of total change in sales and operating profit *)

	Sales		Operating profit ¹⁾	
		Change vs Q3, 2017 %		Change vs Q3, 2017 SEK m.
Volume		-2	Price and product mix	1,500
Price		9	Volume	-100
Product mix		1	Variable cost	-990
Currency effects		8	Fixed cost	-140
Other sales		2	Currency effects	250
			Capacity utilization	-9
Total		18		511

1) Excluding items affecting comparability. For amounts see page 26.

*) Estimated change, the figures in the table have been rounded.

Profit after tax and earnings per share

Profit after tax (attributable to shareholders) for the third quarter was SEK 879 (580) million, equating to SEK 0.85 (0.56) per share. Tax for the third quarter was SEK -351 (-281) million. On a rolling 12 month basis, the tax rate was around 21% of profit after financial items.

Raw materials

SSAB sources its iron ore from LKAB in Sweden and from Severstal in Russia. Both agreements are valid until March 31, 2019. During the contract period, prices vary depending on the market index. SSAB sources coking coal from Australia, the USA and Canada, usually on annual supply contracts with monthly pricing. SSAB Americas regularly purchase scrap metal in the spot market as a raw material for their production.

Change in SSAB's average purchase prices, third quarter of 2018

% change	Change vs. 2017 Q3		Change vs. 2018 Q2	
	USD	SEK	USD	SEK
Iron ore	6%	16%	-6%	-3%
Coking coal	9%	20%	-3%	0%
Scrap metal	15%	26%	-8%	-5%

Production and shipments

Crude steel production during the third quarter of 2018 was down 3% compared with the third quarter of 2017 and down 8% compared with the second quarter of 2018.

Rolling production during the third quarter of 2018 was down 2% compared with the third quarter of 2017 and down 8% compared with the second quarter of 2018.

SSAB's shipments during the third quarter of 2018 were 1,646 (1,672) thousand tonnes, down 2% compared with the third quarter of 2017 and down 9% compared with the second quarter of 2018.

Production and shipments

	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Thousand tonnes						
Crude steel production	1,911	1,960	2,081	6,053	5,989	7,995
Rolling production	1,788	1,818	1,941	5,638	5,602	7,397
Steel shipments	1,646	1,672	1,811	5,265	5,164	6,908

Cash flow

Operating cash flow for the third quarter of 2018 amounted to SEK 1,922 (1,590) million. Cash flow was positively impacted by operating profit, but this impact was partly counteracted by higher working capital and maintenance expenditures.

Net cash flow amounted to SEK 1,674 (1,281) million. Total capital expenditure was SEK 529 (414) million. Net debt decreased by SEK 1,689 million during the third quarter and at September 30, 2018 amounted to SEK 10,192 million. The net debt/equity ratio was 17% (27%).

Operating cash flow and net debt

SEK millions	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Operating profit before depreciation/amortization	2,350	2,016	6,768	5,809	7,591
Change in working capital	-209	-38	-1,813	-1,433	303
Maintenance expenditures	-481	-346	-1,183	-803	-1,366
Other ¹⁾	262	-42	237	-38	-17
Operating cash flow	1,922	1,590	4,008	3,535	6,511
Financial items	-119	-180	-495	-746	-943
Taxes	-81	-61	-422	-155	-249
Cash flow from current operations	1,722	1,349	3,092	2,634	5,319
Strategic expenditures in plants and machinery	-48	-68	-201	-152	-237
Acquisitions of shares and operations	0	0	-10	-11	-11
Divestments of shares and operations	-	-	-	-	1
Cash flow before dividend	1,674	1,281	2,881	2,471	5,072
Dividend paid to shareholders	-	-	-1,030	-	-
Dividend, non-controlling interest	-	-	-1	-4	-4
Net cash flow	1,674	1,281	1,850	2,467	5,068
Net debt at beginning of period	-11,881	-15,738	-11,574	-17,887	-17,887
Net cash flow	1,674	1,281	1,850	2,467	5,068
Revaluation of liabilities against equity ²⁾	81	533	-630	1,436	1,286
Other ³⁾	-66	-70	163	-10	-41
Net debt at the end of period	-10,192	-13,994	-10,192	-13,994	-11,574

1) Other includes the estimated reversal of the capital loss on the divestment of the Russian operations in Ruukki Construction by SEK -213 (-) million, as it is a non cash flow generated item.

2) Revaluation of hedges of currency risks in foreign operations.

3) Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial instruments in foreign currency.

Business segments – Third quarter of 2018

The information in the tables below excludes the depreciation/amortization on surplus values on tangible and intangible assets relating to the acquisitions of IPSCO and Rautaruukki. See page 21 for more information about the business segments.

SSAB Special Steels

Third quarter in brief

- Strong demand in main markets – expected to continue during the fourth quarter
- Shipments 320 thousand tonnes, up 9% compared with the third quarter of 2017
- Operating profit of SEK 536 million, negative effect from unplanned blast furnace outage

Key figures

SEK millions	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Sales	4,684	3,627	5,142	14,500	11,685	16,053
Operating profit before depreciation/amortization, EBITDA	670	353	656	1,894	1,225	2,002
Operating profit/loss	536	219	522	1,493	824	1,465
Operating cash flow	7	70	897	974	282	909
Number of employees at end of period	2,830	2,764	2,788	2,830	2,764	2,834

Sales and operating profit

Sales were up 29% compared with the third quarter of 2017 and amounted to SEK 4,684 (3,637) million. Higher volumes had a positive impact of 9 percentage points, higher prices 12 percentage points and positive currency effects 8 percentage points.

Compared with the second quarter of 2018, sales were down 9%. Higher prices had a positive impact of 3 percentage points whereas other sales (including internal sales) and lower volumes each had a negative impact of 6 percentage points.

Operating profit for the third quarter of 2018 was SEK 536 (219) million, up SEK 317 million compared with the third quarter of 2017. Better capacity utilization contributed to this improvement since there was a planned maintenance outage in Oxelösund during the third quarter of 2017. Higher prices and volumes also contributed to the improvement, whereas higher variable costs, primarily of raw materials, impacted negatively together with the unplanned blast furnace shutdown.

Compared with the second quarter of 2018, operating profit was up by SEK 14 million. Higher prices and seasonally lower fixed costs impacted positively, whereas variable costs rose, and capacity utilization was lower because of the blast furnace outage. The total negative effect of the outage was just under SEK 100 million in the third quarter and a further SEK 50 million will burden the fourth quarter.

Market trend

Demand continued to be strong during the third quarter, especially in the Construction Machinery and Material Handling segments. Demand is being driven by higher activity in the mining sector and infrastructure investments around the world. Shipments in the Heavy Transport segment were somewhat lower than during the previous quarter on the back of a slowdown in Turkey, whereas demand in the segment in other regions continued to be at a good level.

Production and shipments

Crude steel production was up 21% compared with the third quarter of 2017 but down 29% compared with the second quarter of 2018. The unplanned blast furnace outage in Oxelösund during the third quarter resulted in two weeks of lost production, whereas the third quarter last year was impacted negatively by a planned maintenance outage.

Rolling production for the third quarter of 2018 was up 31% compared with the third quarter of 2017 and up 5% compared with the second quarter of 2018. The third quarter of 2017 was negatively affected by a planned maintenance outage.

External shipments of steel during the third quarter of 2018 were up 9% compared with the third quarter of 2017, but down 6% compared with the second quarter of 2018 due to the seasonal pattern on the European markets.

Production and shipments

Thousand tonnes	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Crude steel production	217	180	305	756	674	956
Rolling production	145	111	138	404	341	496
Shipments	320	293	339	1,005	874	1,192

Figures for steel shipments include high-strength steel made at SSAB Europe's and SSAB Americas' steel mills.

Cash flow and capital expenditure

Operating cash flow during the third quarter was SEK 7 (70) million. Cash flow was impacted negatively by higher working capital.

Capital expenditure payments during the third quarter were SEK 63 (97) million, of which SEK 0 (11) million were strategic investments.

SSAB Europe

Third quarter in brief

- Good demand during the quarter and steady outlook for the fourth quarter
- Low production volume reduced capacity utilization and shipments were down 7%
- Operating profit decreased to SEK 460 million

Key figures

SEK millions	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Sales	7,754	7,245	8,892	24,697	23,280	31,048
Operating profit before depreciation/amortization, EBITDA	814	1,031	1,259	3,071	3,594	4,405
Operating profit/loss ¹⁾	460	680	907	2,024	2,528	2,988
Operating cash flow	1,028	1,478	765	2,336	2,766	3,782
Number of employees at end of period	6,801	6,826	6,811	6,801	6,826	6,798

1) Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK 58 (54) million during the third quarter.

Sales and operating profit

Sales were up 7% compared with the third quarter of 2017 and amounted to SEK 7,754 (7,245) million. Higher prices had a positive impact of 4 percentage points, positive currency effects 6 percentage points, a better product mix 1 percentage point and other sales 3 percentage points. Lower volumes had a negative impact of 7 percentage points.

Compared with the second quarter of 2018, sales were down 13%. Lower volumes had a negative impact of 16 percentage points and higher prices had a positive impact of 3 percentage points.

Operating profit for the third quarter was SEK 460 (680) million, down SEK 220 million compared with the third quarter of 2017. A lower production rate, partly due to the transformer fire in Hämeenlinna and a number of other production disruptions, reduced volumes and capacity utilization. Higher variable costs, primarily of raw materials, had a negative impact, whereas currency effects and higher prices impacted positively.

Compared with the second quarter of 2018, earnings were down SEK 447 million. This was primarily due to lower volumes and capacity utilization following the normal seasonal pattern as well as a lower overall rate of production because of, among other things, planned maintenance outages. Seasonally lower fixed costs had a somewhat positive earnings effect.

Market trend

Demand continued at a good level during the third quarter, albeit with a seasonal slowdown. The main segments showed a stable trend, with the highest activity seen in the construction sector.

Production and shipments

Crude steel production during the third quarter of 2018 was down 8% compared with the third quarter of 2017 and down 9% compared with the second quarter of 2018.

Rolling production was down 7% compared with the third quarter of 2017 and down 14% compared with the second quarter of 2018.

Production during the quarter was negatively impacted by maintenance outages and the transformer fire in Hämeenlinna, among other things.

External shipments of steel during the third quarter of 2018 were down 7% compared with the third quarter of 2017, and down 16% compared with the second quarter of 2018.

Production and shipments

	2018	2017	2018	2018	2017	2017
Thousand tonnes	Q3	Q3	Q 2	Qs 1-3	Qs 1-3	Full year
Crude steel production	1,049	1,146	1,147	3,371	3,510	4,599
Rolling production	1,031	1,104	1,200	3,412	3,560	4,618
Shipments	810	871	963	2,712	2,844	3,745

Production figures include high-strength steel made for SSAB Special Steels. These volumes are not included in SSAB Europe's shipments.

Cash flow and capital expenditure

Operating cash flow during the third quarter was SEK 1,028 (1,478) million. Cash flow was positively impacted by operating profit and lower working capital.

Capital expenditure payments during the third quarter were SEK 315 (212) million, of which SEK 34 (44) million were strategic investments.

SSAB Americas

Third quarter in brief

- Strong market– expected to continue during the fourth quarter
- Significantly higher realized prices
- Operating profit reached a new record of SEK 790 million

Key figures

	2018	2017	2018	2018	2017	2017
SEK millions	Q3	Q3	Q2	Qs 1-3	Qs 1-3	Full year
Sales	4,713	3,340	4,040	12,115	9,497	12,727
Operating profit before depreciation/amortization, EBITDA	951	468	526	1,761	677	818
Operating profit/loss ¹⁾	790	316	365	1,283	198	183
Operating cash flow	949	165	-383	697	352	1,166
Number of employees at end of period	1,244	1,226	1,239	1,244	1,226	1,228

¹⁾ Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of IPSCO. Depreciation/amortization on surplus values was SEK 198 (180) million during the third quarter.

Sales and operating profit

Sales were up 41% compared with the third quarter of 2017 and amounted to SEK 4,713 (3,340) million. Higher prices had a positive effect of 25 percentage points, higher volumes 2 percentage points, positive currency effects 12 percentage points and other sales 3 percentage points. Product mix had a negative impact of 1 percentage point.

Compared with the second quarter of 2018 sales were up 17%. Higher prices had a positive impact of 11 percentage points, positive currency effects 4 percentage points, volumes 2 percentage points and other sales 1 percentage point. Product mix had a negative impact of 1 percentage point.

Operating profit for the third quarter of 2018 was SEK 790 (316) million, up SEK 474 million compared with the third quarter of 2017. Improved earnings were primarily due to higher prices. Higher variable costs, primarily of raw materials, impacted somewhat negatively.

Compared with the second quarter of 2018, operating profit was up SEK 425 million. Improved earnings were primarily due to higher prices.

Market trend

Demand for heavy plate was strong and distributor stocks are relatively low. There was a good demand trend in most segments, especially Construction Machinery and Energy. The market was also supported by import tariffs.

Production and shipments

Crude steel production was up 2% compared with the third quarter of 2017 but down 3% compared with the second quarter of 2018.

Rolling production was up 1% both compared with the third quarter of 2017 and the second quarter of 2018.

External shipments of steel were up 2% both compared with the third quarter of 2017 and the second quarter of 2018.

Production and shipments

	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Thousand tonnes						
Crude steel production	645	634	629	1,926	1,806	2,440
Rolling production	612	603	603	1,822	1,701	2,284
Shipments	517	508	509	1,548	1,446	1,971

Production figures include high-strength steel made for SSAB Special Steels. These volumes are not included in SSAB Americas' shipments.

Cash flow and capital expenditure

Operating cash flow during the third quarter of 2018 was SEK 949 (165) million. During the quarter, cash flow was positively impacted by operating profit and lower working capital.

Capital expenditure payments during the third quarter were SEK 78 (67) million, of which SEK 5 (1) million were strategic investments.

Tibnor

Third quarter in brief

- Steady demand during the quarter, with seasonal slowdown compared with the second quarter
- Operating profit was SEK 53 million

Key figures

SEK millions	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Sales	1,949	1,733	2,253	6,260	5,809	7,821
Operating profit before depreciation/amortization, EBITDA	73	65	103	263	271	334
Operating profit/loss ¹⁾	53	44	83	202	210	252
Operating cash flow	-125	-122	170	75	209	472
Shipments, thousand tonnes	160	159	188	524	536	716
Number of employees at end of period	1,066	1,106	1,061	1,066	1,106	1,091

1) Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK 6 (6) million during the third quarter.

Sales and operating profit

Sales were up 12% compared with the third quarter of 2017 and amounted to SEK 1,949 (1,733) million. The increase was primarily due to higher prices.

Compared with the second quarter of 2018, sales were down 14% due to seasonally lower volumes.

Operating profit for the third quarter of 2018 was SEK 53 (44) million, up SEK 9 million compared with the third quarter of 2017. Higher earnings were primarily due to higher prices.

Compared with the second quarter of 2018, earnings were down SEK 30 million, primarily due to seasonally lower volumes.

Market trend

Demand was seasonally weaker compared with the second quarter, although the trend was somewhat better than expected in Denmark, Finland and the Baltics. Compared with a year earlier, demand rose in, among others, the engineering sector, whereas residential construction declined somewhat from a high level.

Total shipments during the third quarter of 2018 were principally unchanged compared with the third quarter of 2017 and down 15% compared with the second quarter of 2018.

Cash flow and capital expenditure

Operating cash flow during the third quarter was SEK -125 (-122) million. Cash flow was negatively impacted by higher working capital.

Capital expenditure payments during the third quarter were SEK 17 (12) million, of which SEK 4 (6) million were strategic investments.

Ruukki Construction

Third quarter in brief

- Seasonal improvement compared with the second quarter
- Operating profit was SEK 103 million

Key figures

SEK millions	2018 Q3	2017 Q3	2018 Q2	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Sales	1,799	1,640	1,578	4,466	4,302	5,773
Operating profit before depreciation/amortization, EBITDA	136	137	92	198	242	307
Operating profit/loss ¹⁾	103	105	59	100	139	171
Operating cash flow	156	71	5	168	80	340
Number of employees at end of period	2,388	2,522	2,443	2,388	2,522	2,502

¹⁾ Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK -8 (-7) million during the third quarter.

Sales and operating profit

Sales were up 10% compared with the third quarter of 2017 and amounted to SEK 1,799 (1,640) million. The increase was mainly related to Building Components.

Compared with the second quarter of 2018, sales were up 14%, primarily due to seasonal improvement.

Operating profit for the third quarter was SEK 103 (105) million. Residential Roofing and Building Components showed improved earnings, whereas earnings weakened for Building Systems and Ruukki Russia.

Compared with the second quarter of 2018, earnings were up SEK 44 million, primarily due to seasonally higher volumes.

Market trend

Demand during the third quarter was generally good in the construction industry with a normal seasonal upswing. Activity in the construction sector remains weak in Russia, but continues to be good in Ruukki Construction's other markets in northern and eastern Europe.

Cash flow and capital expenditure

Operating cash flow during the third quarter was SEK 156 (71) million. Cash flow during the quarter was positively impacted by operating profit and lower working capital.

Capital expenditure payments during the third quarter were SEK 22 (18) million, of which SEK 4 (7) million were strategic investments.

Sustainability

Key figures – rolling 12 months

	2018 Q3	2018 Q2	2018 Q1	2017 Full year
<u>Responsible partner</u>				
Lost time injury frequency (LTIF) 1)	6.1	5.7	5.6	5.6
Total number of injuries (LTIs) 2)	185	171	168	167
<u>Sustainable operations</u>				
Energy consumption, GWh 3)	9,444	9,372	9,303	9,208
Energy intensity, kWh/tonnes crude steel	1,172	1,167	1,155	1,152
Carbon dioxide emissions, Scope 1, thousand tonnes 4)	9,770	9,751	9,801	9,854
Carbon dioxide emissions, Scope 2, thousand tonnes 5)	1,208	1,213	1,207	1,215
Carbon dioxide emissions intensity, tonnes of CO ₂ /tonnes crude steel 6)	1.4	1.4	1.4	1.4

1) Number of accidents resulting in an absence of more than one day per million working hours (LTIF, Lost Time Injury Frequency), including contractors

2) Number of accidents resulting in an absence of more than one day (LTIs, Lost Time Injuries), including contractors

3) Total energy consumption (electricity, purchased fuels and purchased heat)

4) Direct emissions from production (Scope 1)

5) Indirect emissions from the generation of purchased electricity, heating and steam (Scope 2)

6) Includes Scope 1 and Scope 2

Responsible partner - Safety

SSAB's lost time injury frequency resulting in an absence of at least one day (LTIF) was 6.1 as a rolling 12 months average. This is somewhat higher than for the full year 2017 (5.6), despite safety having the highest priority and the extensive efforts undertaken to improve safety and the company's safety culture.

Sustainable offering – Sustainability target will be reached ahead of time

By increased use of high-strength steels SSAB's customers will, by 2020, achieve annual carbon dioxide savings of 10 million tonnes during the use phase of their end-products. This amount corresponds to SSAB's direct carbon dioxide emissions. These carbon dioxide savings will be achieved partly through the SSAB EcoUpgraded initiative (8.0m tonnes) and partly through Automotive Premium products (2.0m tonnes). The earlier target was to reach the same carbon dioxide savings targets by 2025, but since volumes for EcoUpgraded and Automotive Premium products have grown more than originally expected, the target has been brought forward to 2020. New, longer-term objectives in this area will be evaluated.

Sustainable operations – Environment and HYBRIT

SSAB's total energy consumption related to electricity, purchased fuels and purchased heat was 9,444 GWh (rolling 12 months). SSAB's direct (Scope 1) carbon dioxide emissions were 9,770 thousand tonnes and indirect (Scope 2) carbon dioxide emissions were 1,208 thousand tonnes.

SSAB is migrating towards a fossil-free steelmaking process through HYBRIT (Hydrogen Breakthrough Ironmaking Technology), which is a joint initiative from SSAB, LKAB, and Vattenfall. Work started on building a pilot plant in Luleå in June 2018 and the plant is expected to be ready in 2020. The Swedish Energy Agency has previously contributed SEK 70 million in support for the initiative. More information on HYBRIT is available at www.hybritdevelopment.com.

More information about sustainability can be found in SSAB's annual report, which is available on SSAB's website.

Risks and uncertainty factors

For information regarding material risks and uncertainty factors, reference is made to the detailed description in the annual report. No material new or changed risks and uncertainty factors have been identified during the year.

Accounting principles

This report has been prepared in compliance with IAS 34.

The accounting principles are based on International Financial Reporting Standards as adopted by the EU and ensuing references to Chapter 9 of the Swedish Annual Accounts Act. The accounts of the parent company have been prepared in compliance with RFR 2 and the Swedish Annual Accounts Act.

No material changes in accounting principles have taken place since the Annual Report for 2017, other than the information below.

Changes in accounting principles applied from January 1, 2018

From January 1, 2018, the Group applies IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers.

IFRS 9, Financial instruments

This standard applies from January 1, 2018. SSAB applies IFRS 9 from January 1, 2018. IFRS 9 replaces IAS 39, Financial instruments; Recognition and measurement. IFRS 9 involves changes in how financial assets are classified and measured, introduces an impairment model for expected credit losses and changes in hedge accounting requirements.

IFRS 9 introduces a new model to calculate the credit loss reserve based on expected loan losses. The new impairment model affects SSAB regarding calculation of the credit loss reserve for accounts receivable, including those that have yet to fall due. SSAB applies the simplified approach where the reserve will correspond to the expected credit loss over the full lifetime of the account receivable.

The opening balance in equity has been adjusted by SEK -7 million due to the new standard. For the Parent Company, equity has been adjusted by SEK -6 million due to an additional credit loss reserve. The receivables in the Parent Company are all intercompany receivables.

Regarding the changes in the requirements in hedge accounting, this will have no impact on SSAB's existing hedges but may impact future hedging arrangements.

IFRS 15, Revenue from contracts with customers

This standard applies commencing from January 1, 2018. SSAB applies IFRS 15 from January 1, 2018. IFRS 15 is the new standard for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts and all the relevant interpretations (IFRIC and SIC).

SSAB has evaluated the Group's contracts and concluded that revenue recognition will not be impacted by the transition to IFRS 15 and no adjustment to the opening balance of equity has been made. However, additional information regarding the sales of the group has been disclosed, see page 22.

Upcoming changes in accounting principles applicable from January 1, 2019

IFRS 16, Leasing

This standard applies from January 1, 2019. IFRS 16 is the new standard for the recognition, measurement, presentation and disclosure of leases. Work on implementation of IFRS 16 has begun, but as at September 30, 2018 no quantitative estimates or calculations have been made as to the impacts of the transition.

Review

This report has not been reviewed by the auditors.

Stockholm, October 25, 2018

Martin Lindqvist

President & CEO

Financial reports in accordance with IFRS – Group

The figures in the tables have been rounded, which might affect aggregates

Consolidated income statement

SEK millions	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Sales	19,038	16,188	55,689	49,042	66,059
Cost of goods sold	-16,341	-14,211	-48,313	-43,154	-58,592
Gross profit	2,697	1,977	7,377	5,888	7,467
Selling and administrative costs	-1,045	-916	-3,323	-3,104	-4,210
Other operating income and expenses ¹⁾	-275	8	-170	158	514
Affiliated companies, profit after tax	11	20	49	54	68
Operating profit/loss	1,387	1,089	3,933	2,995	3,838
Financial income	-22	84	242	247	321
Financial expenses	-132	-309	-745	-1,016	-1,297
Profit/loss for the period after financial items	1,234	864	3,430	2,227	2,862
Tax	-351	-281	-564	-257	-552
Profit/loss for the period	883	583	2,866	1,970	2,311
Of which attributable to:					
- Parent Company's shareholders	879	580	2,854	1,963	2,295
- Non-controlling interest	4	3	12	7	16

Key figures

	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Operating margin (%)	7	7	7	6	6
Earnings per share (SEK)	0.85	0.56	2.77	1.91	2.23
Equity per share (SEK)	56.82	50.99	56.82	50.99	51.69
Net debt/equity ratio (%)	17	27	17	27	22
Equity ratio (%)	62	59	62	59	61
Adjusted average number of shares during the period (millions)	1,029.8	1,029.8	1,029.8	1,029.8	1,029.8
Number of shares at end of period (millions)	1,029.8	1,029.8	1,029.8	1,029.8	1,029.8
Number of employees at end of period	14,839	14,931	14,839	14,931	14,925

1) The result for the quarter includes items of SEK -213 (-) million relating to the estimated capital loss on the divestment of Ruukki Construction's business operations in Russia. The size of the Group's own equity has not been affected to any greater extent since most of the loss relates to realized foreign currency effects which have been reclassified from other comprehensive income to profit/loss for the period.

Consolidated statement of comprehensive income

SEK millions	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Profit/loss for the period after tax	883	583	2,866	1,970	2,311
<i>Other comprehensive income</i>					
<u>Items that may be subsequently reclassified to the income statement</u>					
Translation differences for the period	-592	-1,178	3,741	-3,462	-2,984
Cash flow hedges	-53	77	217	-5	26
Hedging of currency risks in foreign operations ¹⁾	81	533	-630	1,436	1,286
Share in other comprehensive income of affiliated companies and joint ventures	0	-	0	-	-
Tax attributable to items that may be subsequently reclassified to the income statement	-7	-133	94	-315	-289
Total items that may be subsequently reclassified to the income statement	-571	-701	3,422	-2,346	-1,961
<u>Items that will not be reclassified to the income statement</u>					
Remeasurements of the net defined benefit liability	28	-8	55	9	-2
Tax attributable to items that will not be reclassified to the income statement	-6	1	-11	-2	10
Total items that will not be reclassified to the income statement	22	-7	44	7	8
Total other comprehensive income for the period, net after tax	-549	-708	3,465	-2,339	-1,953
Total comprehensive income for the period	334	-125	6,332	-369	358
Of which attributable to:					
- Parent Company's shareholders	331	-126	6,318	-375	340
- Non-controlling interest	2	1	14	6	18

1) Hedging is structured such that the net/equity ratio is unchanged in the event of changed exchange rates.

Consolidated statement of changes in equity

SEK millions	Equity attributable to the Parent Company's shareholders					Non-controlling interest	Total equity
	Share capital	Other contributed funds	Reserves	Retained earnings	Total equity		
Equity, December 31, 2016	9,062	23,021	4,004	16,804	52,891	49	52,940
<u>Changes Jan. 1 – Sep. 30 2017</u>							
Total comprehensive income for the period			-2,345	1,970	-375	6	-369
Dividend, non-controlling interest						-3	-3
Equity, September 30, 2017	9,062	23,021	1,659	18,774	52,516	52	52,568
<u>Changes Jul. 1 - Dec. 31, 2017</u>							
Total comprehensive income for the period			382	333	715	12	727
Dividend, non-controlling interest						-1	-1
Equity, December 31, 2017	9,062	23,021	2,041	19,107	53,231	63	53,294
<u>Changes Jan. 1 - Sep. 30, 2018</u>							
Adjustment opening balance - change in accounting principle, IFRS 9				-7	-7	-	-7
Adjusted equity, Jan. 1, 2018	9,062	23,021	2,041	19,100	53,224	63	53,287
Total comprehensive income for the period			3,420	2,898	6,318	14	6,332
Dividend, shareholders				-1,030	-1,030		-1,030
Dividend, non-controlling interest						-1	-1
Equity, September 30, 2018	9,062	23,021	5,461	20,968	58,512	76	58,588

There are 1,029,835,326 shares with a quotient value of SEK 8.80.

Consolidated balance sheet

SEK millions	2018 30 Sep	2017 30 Sep	2017 31 Dec
<i>Assets</i>			
Goodwill	29,883	27,531	27,730
Other intangible assets	1,581	2,066	1,918
Tangible fixed assets	23,714	23,841	23,931
Participations in affiliated companies	685	638	651
Financial assets	578	356	433
Deferred tax receivables ²⁾	507	328	291
Total fixed assets	56,947	54,760	54,954
Inventories	19,190	16,771	16,035
Accounts receivable	9,689	8,458	7,822
Current tax receivables	193	438	302
Other current receivables ¹⁾	3,412	4,214	4,114
Cash and cash equivalents	4,148	4,865	4,249
Total current assets in continuing operations	36,633	34,746	32,522
Assets held for sale	337	-	-
Total current assets	36,969	34,746	32,522
Total assets	93,917	89,506	87,476
<i>Equity and liabilities</i>			
Equity for shareholders in the Company	58,512	52,516	53,231
Non-controlling interest	76	52	63
Total equity	58,588	52,568	53,294
Deferred tax liabilities	907	717	874
Other long-term provisions	575	509	591
Long-term non-interest bearing liabilities ²⁾	353	363	346
Long-term interest-bearing liabilities	12,528	14,535	16,053
Total long-term liabilities	14,363	16,124	17,864
Short-term interest-bearing liabilities	3,572	6,548	2,011
Accounts payable	13,042	9,985	10,215
Current tax liabilities	399	333	215
Other current liabilities	3,825	3,948	3,877
Total current liabilities in continuing operations	20,839	20,814	16,318
Liabilities held for sale	127	-	-
Total current liabilities	20,966	20,814	16,318
Total equity and liabilities	93,917	89,506	87,476
Pledged assets	2,090	2,464	2,513
Contingent liabilities	2,702	3,849	2,674

1) Other current receivables comprise short-term bank deposits (escrow agreement) in the amount of SEK 2,029 (2,404) million.

2) Of the Deferred tax receivable, SEK 164 (197) million constitutes a valuation of the future tax credits regarding investments in Alabama, USA. Since the credits cannot yet be booked as income, a corresponding liability has been booked as Long-term non-interest bearing liabilities.

Valuation of financial assets and liabilities

Financial assets and liabilities in the balance sheet are valued based on their classification at acquisition value or fair value. Both interest rate derivatives and currency derivatives are valued at fair value. In the balance sheet item "Other current receivables" derivatives are valued at a total of SEK 267 (223) million and in the balance sheet item "Other current liabilities" derivatives are valued at a total of SEK 151 (529) million. In the balance sheet item "Financial assets" derivatives are valued at a total of SEK 151 (39) million and in the balance sheet item "Long-term non-interest bearing liabilities", derivatives are included valued at a total of SEK 4 (30) million.

Other financial assets and liabilities in the balance sheet are reported at acquisition value. In the case of valuation at fair value, the loans at fixed interest reported in the balance sheet item "Long-term interest-bearing liabilities" (including short-term part) would exceed the reported amount by SEK 178 (91) million. However, since the loans will be held until maturity, this does not affect the reported value.

Assessment of the fair value of financial instruments

Classification takes place hierarchically on three different levels based on the input data used in valuing instruments. On level 1, listed prices on an active market are used, e.g. stock exchange prices. On level 2, observable market data regarding assets and liabilities other than listed prices are used, e.g. interest rates and return curves. On level 3, the fair value is determined based on a valuation technique which is based on assumptions which are not based on prices or observable data.

The fair value valuation of the financial assets in SSAB is based on data in accordance with level 2, with the exception of electricity derivatives, where the fair value is based on listed market prices, and which are therefore classified on level 1.

Cash flow

SEK millions	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Operating profit/loss	1,387	1,089	3,933	2,995	3,838
Adjustment for depreciation and impairment	963	927	2,835	2,814	3,753
Adjustment for other non-cash items	225	-42	158	-81	-52
Received and paid interest	-119	-180	-495	-746	-943
Tax paid	-81	-61	-422	-155	-249
Change in working capital	-209	-38	-1,813	-1,433	303
Cash flow from operating activities	2,165	1,694	4,197	3,394	6,650
Capital expenditure payments in plants and machinery	-529	-414	-1,384	-955	-1,603
Acquisitions, shares and operations	-	-	-10	-11	-11
Divested shares and operations	-	-	-	-	1
Other investing activities	38	1	78	43	35
Cash flow from investing activities	-491	-413	-1,316	-923	-1,578
Dividend paid to shareholders	-	-	-1,030	-	-
Dividend, non-controlling interest	-	-	-1	-4	-4
Change in loans	719	128	-2,512	-803	-4,008
Change in financial investments	93	12	448	-6	-437
Other financing activities	-425	-225	117	-632	-234
Cash flow from financing activities	387	-85	-2,979	-1,445	-4,683
Cash flow for the period	2,062	1,199	-98	1,026	389
Cash and cash equivalents at beginning of period	2,134	3,687	4,249	3,879	3,879
Exchange rate difference in cash and cash equivalents	-47	-21	-3	-40	-19
Cash and cash equivalents at end of period	4,148	4,865	4,148	4,865	4,249

1) The result for the quarter includes items of SEK -213 million relating to the estimated capital loss on the divestment of Ruukki Construction's business operations in Russia. The size of the Group's own equity has not been affected to any greater extent since most of the loss relates to realized foreign currency effects which have been reclassified from other comprehensive income to profit/loss for the period.

Financial reports in accordance with IFRS – The Parent Company

The Parent Company's income statement

SEK millions	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Gross profit	0	0	0	0	0
Selling and administrative costs	-77	-66	-276	-237	-343
Other operating income/expenses	74	27	146	92	118
Operating profit/loss	-3	-39	-130	-145	-225
Financial items	46	372	229	1,447	1,164
Profit/loss after financial items	42	333	99	1,302	939
Appropriations	0	-	0	-	1,423
Tax	-6	-74	227	-172	-406
Profit/loss after tax	36	259	326	1,130	1,956

The Parent Company's statement of comprehensive income

SEK millions	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Profit/loss after tax	36	259	326	1,130	1,956
<i>Other comprehensive income</i>					
<u>Items that may be classified to the income statement</u>					
Cash flow hedges	-3	2	29	3	21
Tax attributable to other comprehensive income	1	-1	-6	-1	-5
Total items that will be reclassified to the income statement	-2	1	23	2	16
Other comprehensive income, net after tax	-2	1	23	2	16
Total comprehensive income for the period	34	260	348	1,132	1,972

The Parent Company's balance sheet

SEK millions	2018 30 Sep	2017 30 Sep	2017 31 Dec
<i>Assets</i>			
Fixed assets	72,686	68,842	71,426
Other current assets	8,978	12,970	11,140
Cash and cash equivalents	2,805	3,635	3,187
Total assets	84,468	85,447	85,753
<i>Equity and liabilities</i>			
Restricted equity	9,964	9,964	9,964
Unrestricted equity ¹⁾	51,720	51,568	52,407
Total equity	61,684	61,532	62,371
Long-term liabilities and provisions	9,405	11,075	12,913
Current liabilities and provisions	13,380	12,840	10,469
Total equity and liabilities	84,468	85,447	85,753

¹⁾ Equity at January 1, 2018 has been adjusted by SEK -6 million due to additional credit loss reserve in accordance with IFRS 9.

Information about business segments

SSAB has been organized into five reportable business segments with a clear profit responsibility. The business segments consist of the three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas as well as the fully owned subsidiaries Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries.

SSAB Special Steels

SSAB Special Steels has global responsibility for the marketing and sales of all SSAB's quenched and tempered steels (Q&T) and hot-rolled, advanced high-strength steels with yield strengths of 700 MPa and above. SSAB Special Steels is responsible for steel and rolling production in Oxelösund (Sweden), and for sales of the above products produced in Mobile (USA), Raahe (Finland) and Borlänge (Sweden). When SSAB Special Steels sells steels made by another division, the revenue is reported by SSAB Special Steels and the accounts are settled between the divisions at the cost of goods sold.

SSAB Europe

SSAB Europe has responsibility for strip, plate and tubular products in Europe, and global profit responsibility for the Automotive segment (cold-rolled strip). SSAB Europe is responsible for steel and plate production in Raahe and Hämeenlinna (Finland), and in Luleå and Borlänge (Sweden).

SSAB Americas

SSAB Americas has profit responsibility for heavy plate in North America, and for steel and plate production in Montpelier and Mobile, USA.

Tibnor

Tibnor is the Group's distributor of a full range of steel and non-ferrous metals in the Nordic region and Baltics. Tibnor buys and sells materials produced both by SSAB and other suppliers.

Ruukki Construction

Ruukki Construction is responsible for the sales and production of energy-efficient building and construction solutions, with a focus on northern and eastern Europe. Ruukki Construction includes Plannja.

Specification of sales, nine months

The following table describes external sales by business segments broken down by geographical areas and product areas.

External sales, Jan-Sep 2018	Business segments					Total
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	
SEK millions						
<u>Geographical areas</u>						
Sweden	520	4,579	-	2,942	992	9,034
Finland	185	3,479	-	1,157	1,175	5,996
Germany	1,064	1,780	-	28	4	2,876
Other EU-28	3,706	7,219	-	796	1,432	13,153
Norway	48	450	-	1,177	473	2,148
Russia	253	195	-	-	277	725
Other Europe	709	227	-	6	71	1,013
USA	2,676	1,044	11,064	1	1	14,785
Canada	821	7	915	-	-	1,743
Rest of the world	3,255	867	50	28	16	4,217
Total	13,236	19,846	12,029	6,136	4,441	55,689
<u>Product area</u>						
Steel products	12,507	18,597	11,913	-	-	43,017
Trading operations	-	-	-	6,136	-	6,136
Ruukki Construction operations	-	-	-	-	4,441	4,441
Slabs, by-products and scrap	595	1,146	92	-	-	1,833
Other	134	103	24	-	-	262
Total	13,236	19,846	12,029	6,136	4,441	55,689

External sales, Jan-Sep 2017	Business segments					Total
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	
SEK millions						
<u>Geographical areas</u>						
Sweden	546	4,536	-	2,695	978	8,755
Finland	128	3,408	-	1,035	1,076	5,647
Germany	853	1,610	-	-	22	2,485
Other EU-28	2,942	6,891	-	767	1,413	12,013
Norway	40	441	-	1,161	383	2,025
Russia	160	282	-	-	311	752
Other Europe	618	332	-	4	71	1,025
USA	1,776	776	8,424	1	-	10,979
Canada	647	173	917	-	-	1,737
Rest of the world	2,559	979	43	21	21	3,624
Total	10,270	19,428	9,384	5,685	4,274	49,042
<u>Product area</u>						
Steel products	9,737	17,944	9,337	-	-	37,018
Trading operations	-	-	-	5,685	-	5,685
Ruukki Construction operations	-	-	-	-	4,274	4,274
Slabs, by-products and scrap	411	1,426	29	-	-	1,866
Other	121	58	18	-	-	198
Total	10,270	19,428	9,384	5,685	4,274	49,042

Specification of sales during the third quarter

The following table describes external sales by business segments broken down by geographical areas and product areas.

External sales, Jun-Sep 2018	Business segments					Total
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	
SEK millions						
<u>Geographical areas</u>						
Sweden	98	1,350	-	891	370	2,709
Finland	56	1,305	-	380	435	2,176
Germany	329	597	-	8	1	934
Other EU-28	1,080	2,129	-	242	618	4,069
Norway	19	141	-	380	211	752
Russia	95	72	-	-	114	280
Other Europe	190	59	-	3	39	291
USA	1,010	348	4,329	-	-	5,688
Canada	272	2	334	-	-	608
Rest of the world	1,151	341	26	7	8	1,531
Total	4,299	6,343	4,689	1,912	1,795	19,038
<u>Product area</u>						
Steel products	4,203	5,777	4,633	-	-	14,613
Trading operations	-	-	-	1,912	-	1,912
Ruukki Construction operations	-	-	-	-	1,795	1,795
Slabs, by-products and scrap	52	532	43	-	-	627
Other	44	34	13	-	-	91
Total	4,299	6,343	4,689	1,912	1,795	19,038

External sales, Jun-Sep 2017	Business segments					Total
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	
SEK millions						
<u>Geographical areas</u>						
Sweden	171	1,338	-	785	312	2,606
Finland	41	1,183	-	327	419	1,969
Germany	289	439	-	-	-	729
Other EU-28	918	2,104	-	241	606	3,869
Norway	9	124	-	338	127	598
Russia	62	85	-	-	124	271
Other Europe	232	185	-	-	36	454
USA	589	216	2,979	-	-	3,784
Canada	200	62	304	-	-	566
Rest of the world	903	409	17	4	9	1,342
Total	3,414	6,146	3,299	1,695	1,633	16,188
<u>Product area</u>						
Steel products	3,446	5,627	3,288	-	-	12,361
Trading operations	-	-	-	1,695	-	1,695
Ruukki Construction operations	-	-	-	-	1,633	1,633
Slabs, by-products and scrap	-78	457	6	-	-	386
Other	46	61	5	-	-	112
Total	3,414	6,146	3,299	1,695	1,633	16,188

Relevant reconciliations of non-IFRS-based performance measures

Besides the definitions below, definitions of the non-IFRS-based performance measures below can be found in the Annual Report.

Operating profit before depreciation/amortization, EBITDA

SEK millions	2018 Q3	2017 Q3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Operating profit/loss	1,387	1,089	3,933	2,995	3,838
Depreciation and impairment	963	927	2,835	2,814	3,753
Operating profit before depreciation/amortization, EBITDA	2,350	2,016	6,768	5,809	7,591

Operating profit before depreciation/amortization, EBITDA, excl. items affecting comparability

SEK millions	2018 Q 3	2017 Q 3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Operating profit before depreciation/amortization, EBITDA	2,350	2,016	6,768	5,809	7,591
Items affecting comparability	-213	-	-213	-	-
Operating profit before depreciation/amortization, EBITDA, excl items affecting comparability	2,563	2,016	6,981	5,809	7,591

Return on capital employed before tax, rolling 12 months

SEK millions	Oct. 17 - Sep. 18	Oct. 16 - Sep. 17	2017 Full year
Operating profit/loss	4,776	3,101	3,838
Financial income	316	281	321
Total	5,092	3,382	4,159
Average capital employed	73,938	76,110	74,947
Return on capital employed before tax, %	7%	4%	6%

Return on equity after tax, rolling 12 months

SEK millions	Oct. 17 - Sep. 18	Oct. 16 - Sep. 17	2017 Full year
Profit/loss for the period, after tax	3,207	2,043	2,311
Average equity	55,773	52,762	52,832
Return on equity after tax, %	6%	4%	4%

Operating cash flow

SEK millions	2018 Q 3	2017 Q 3	2018 Qs 1-3	2017 Qs 1-3	2017 Full year
Cash flow from operating activities	2,165	1,694	4,197	3,394	6,650
Reversal received and paid interests	119	180	495	746	943
Reversal tax paid	81	61	422	155	249
Maintenance expenditures ¹⁾	-481	-346	-1,183	-803	-1,366
Other investing activities ²⁾	38	1	78	43	35
Operating cash flow	1,922	1,590	4,008	3,535	6,511

1) See the definition of Maintenance capital expenditures in the Annual Report.

2) Other investing activities primarily refer to cash flow from long-term receivables and investments.

Net debt

SEK millions	2018 30 Sep	2017 30 Sep	2017 31 Dec
Interest-bearing assets ¹⁾	6,445	7,862	7,037
Interest-bearing liabilities ²⁾	16,637	21,856	18,611
Net debt	10,192	13,994	11,574

1) Interest-bearing assets primarily refer to long-term and current interest-bearing receivables and investments, together with derivatives and cash and cash equivalents.

2) Interest-bearing liabilities primarily consist of long-term and current interest-bearing debt, pension liability and derivatives.

Financial information, per quarter

The Group's result per quarter, excluding items affecting comparability

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18	3/18
Sales	12,964	14,471	13,477	14,442	15,739	17,115	16,188	17,017	17,388	19,263	19,038
Operating expenses	-12,234	-12,904	-11,852	-13,390	-14,128	-14,966	-14,192	-15,250	-15,573	-16,699	-16,485
Depreciation/amortization ¹⁾	-934	-917	-928	-959	-926	-961	-927	-939	-920	-952	-963
Affiliated companies	14	18	10	14	17	17	20	14	21	18	11
Financial items	-154	-243	-246	-246	-253	-291	-225	-206	-147	-202	-153
Result before tax	-344	425	461	-139	449	914	864	636	769	1,427	1,447

¹⁾ For depreciation and amortization, see table Operating profit/loss per quarter and business segment, excluding items affecting comparability below

Sales per quarter and division

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18	3/18
SSAB Special Steels	3,132	3,398	2,986	3,066	3,925	4,133	3,627	4,368	4,674	5,142	4,684
SSAB Europe	6,040	6,668	6,122	7,001	7,657	8,378	7,245	7,768	8,051	8,892	7,754
SSAB Americas	2,428	2,841	2,545	2,825	3,019	3,138	3,340	3,230	3,363	4,040	4,713
Tibnor	1,707	1,820	1,539	1,813	2,019	2,057	1,733	2,012	2,058	2,253	1,949
Ruukki Construction	928	1,444	1,579	1,353	1,131	1,531	1,640	1,471	1,088	1,578	1,799
Other	5	3	1	5	-	1	-	-	0	0	0
Group adjustments	-1,276	-1,703	-1,295	-1,621	-2,012	-2,123	-1,397	-1,832	-1,845	-2,642	-1,861
Total	12,964	14,471	13,477	14,442	15,739	17,115	16,188	17,017	17,388	19,263	19,038

Operating profit before depreciation/amortization, EBITDA, per quarter and division, excluding items affecting comparability

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18	3/18
SSAB Special Steels	345	437	587	111	377	495	353	777	569	656	670
SSAB Europe	244	728	789	746	1,182	1,381	1,031	811	998	1,259	814
SSAB Americas	209	309	83	136	8	201	468	141	283	526	951
Tibnor	4	60	73	57	118	88	65	63	87	103	73
Ruukki Construction	-10	114	173	45	8	97	137	65	-29	92	136
Other	-48	-63	-70	-29	-66	-95	-38	-75	-71	-53	-81
Total	744	1,585	1,635	1,066	1,627	2,167	2,016	1,782	1,836	2,582	2,563

Operating profit/loss per quarter and division, excluding items affecting comparability

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18	3/18
SSAB Special Steels	202	303	453	-29	243	362	219	641	434	522	536
SSAB Europe	-118	366	426	375	826	1,022	680	460	657	907	460
SSAB Americas	55	162	-73	-34	-157	39	316	-15	129	365	790
Tibnor	-17	39	53	34	99	67	44	42	67	83	53
Ruukki Construction	-48	75	137	7	-29	63	105	32	-62	59	103
Depreciation on surplus values, IPSCO	-160	-157	-160	-159	-157	-194	-180	-182	-179	-192	-198
Depreciation on surplus values, Rautaruukki	-51	-50	-53	-54	-51	-53	-53	-54	-54	-56	-57
Other	-53	-70	-76	-33	-72	-101	-42	-81	-77	-58	-86
Total	-190	668	707	107	702	1,205	1,089	843	915	1,630	1,600

Items affecting comparability, per quarter and business segment

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18	3/18
SSAB Special Steels	-	27	-	-	-	-	-	-	-	-	-
SSAB Europe	-	49	-	-	-	-	-	-	-	-	-
SSAB Americas	-	-	-	-	-	-	-	-	-	-	-
Tibnor	3	-	-	-	-	-	-	-	-	-	-
Ruukki Construction	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	213
Total	3	76	-	-	-	-	-	-	-	-	213

Production and shipments

Thousand tonnes	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18	3/18
Crude steel production											
- SSAB Special Steels	218	288	291	178	265	229	180	282	234	305	217
- SSAB Europe	1,166	1,146	1,143	1,226	1,168	1,196	1,146	1,089	1,175	1,147	1,049
- SSAB Americas	617	623	533	558	569	602	634	635	652	629	645
- Total	2,001	2,058	1,967	1,962	2,002	2,027	1,960	2,006	2,061	2,081	1,911
Rolling production											
- SSAB Special Steels	130	137	146	85	83	147	111	155	121	138	145
- SSAB Europe	1,101	1,183	1,068	1,109	1,253	1,203	1,104	1,058	1,180	1,200	1,031
- SSAB Americas	575	584	493	544	545	553	603	582	607	603	612
- Total	1,807	1,904	1,707	1,738	1,881	1,903	1,818	1,794	1,909	1,941	1,788
Steel shipments											
- SSAB Special Steels	256	277	242	233	277	304	293	318	346	339	320
- SSAB Europe	946	1,013	863	898	982	991	871	901	939	963	810
- SSAB Americas	475	526	421	502	486	452	508	525	523	509	517
- Total	1,677	1,816	1,526	1,633	1,745	1,747	1,672	1,743	1,808	1,811	1,646

Note:

This report has been published in Swedish and English. In the event of any differences between the English translation and the Swedish original, the Swedish Report shall prevail.

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Annual General Meeting

SSAB's Annual General Meeting will be held in Stockholm on April 8, 2019

Results for 2018, report for the fourth quarter 2018

The results for 2018 will be published on January 29, 2019

SSAB

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