

# YEAR-END REPORT 2018



Continued earnings  
improvement, strong cash  
flow and proposed higher  
dividend

January 29, 2019

**SSAB**

# Year-end report 2018

## The fourth quarter

- Sales were SEK 19,251 (17,017) million
- Operating profit before depreciation/amortization and items affecting comparability was SEK 1,971 (1,782) million
- Operating profit excluding items affecting comparability was SEK 1,035 (843) million
- Operating profit including items affecting comparability was SEK 1,007 (843) million
- Earnings per share were SEK 0.67 (0.32)
- Operating cash flow was SEK 1,960 (2,976) million
- Net debt/equity ratio was 14% (22%)
- The Board proposes a dividend of SEK 1.50 (1.00) per share

## Key figures

SEK millions	2018 Q4	2017 Q4	2018 Q3	2018 Full year	2017 Full year
Sales	19,251	17,017	19,038	74,941	66,059
Operating profit before depreciation and amortization EBITDA <sup>1)</sup>	1,971	1,782	2,563	8,952	7,591
Operating profit <sup>1)</sup>	1,035	843	1,600	5,181	3,838
Profit after financial items <sup>1)</sup>	1,001	636	1,447	4,644	2,863
Profit after tax <sup>1)</sup>	726	341	1,096	3,805	2,311
Earnings per share (SEK)	0.67	0.32	0.85	3.45	2.23
Operating cash flow	1,960	2,976	1,922	5,969	6,511
Net debt	8,582	11,574	10,192	8,582	11,574
Net debt/equity ratio (%)	14	22	17	14	22

1) Excluding items affecting comparability. Items affecting comparability were SEK -27 (-) million for Q4 2018 and SEK -240 (-) million for FY 2018. (In the report, the figures in parentheses refer to the corresponding period for the previous year.)

## Comments by the CEO

SSAB's operating profit for the fourth quarter of 2018 was SEK 1,035 million. The result rose by SEK 192 million, despite significantly higher maintenance costs compared to the fourth quarter of 2017. The improvement was mainly attributable to SSAB Americas. Operating profit was down quarter on quarter, primarily due to planned maintenance outages.

SSAB Special Steels saw continued strong demand in most segments. During the quarter we took the decision to prolong the planned maintenance outage in Oxelösund and increase preventive maintenance efforts, given the disruptions that occurred earlier in the year. This impacted shipments and costs negatively during the quarter but creates better conditions for more stable production going forward. The operating result was SEK -72 (641) million for the fourth quarter.

Demand in Europe was good, but showed a seasonal downturn towards the end of the fourth quarter. SSAB Europe's shipments were down somewhat compared with the fourth quarter of 2017, but premium products accounted for a higher share of sales. Operating profit for the fourth quarter rose to SEK 733 (460) million.

SSAB Americas' operating profit was SEK 553 (-15) million for the fourth quarter. This improvement was driven primarily by higher prices but was negatively impacted by the planned maintenance outage in Montpelier. Demand remained strong in most segments.

During 2018, we continued with our plan towards the strategic growth targets set for 2020. A key point in our strategy is to improve the product mix and to achieve a steadier development over business cycles. In operations, our top priority is to create a more stable production and a safer workplace. Resources are being focused on preventive measures and we are intensifying our work on continuous improvement and lowering working capital.

The political turbulence surrounding trade barriers and somewhat weaker leading economic indicators create some uncertainty regarding future steel demand. At the same time, since we continue to see positive signals from a number of larger customer segments, we expect the outlook to be relatively good for the first quarter of 2019. Cash flow was strong during 2018 and we reduced our net debt by SEK 3 billion. The Board proposes increasing the dividend to SEK 1.50 (1.00) per share. We expect to continue to generate strong cash flow.

## Outlook

In North America, demand for heavy plate is estimated to remain strong during the first quarter of 2019. In Europe, demand is expected to be fairly stable. Global demand for high-strength steels is expected to remain strong during the first quarter of 2019.

For SSAB Americas, shipments are expected to be higher during the first quarter of 2019 compared with the fourth quarter of 2018, when a major maintenance outage was completed. Shipments for SSAB Europe are expected to be higher in the first quarter compared with the fourth quarter, when maintenance outages were completed in parts of the operation. Shipments for SSAB Special Steels are expected to increase during the first quarter, primarily following the planned maintenance outage in Oxelösund during the fourth quarter.

Prices realized by SSAB Special Steels during the first quarter are expected to be stable and somewhat higher for SSAB Americas, compared to the fourth quarter of 2018. Prices realized by SSAB Europe during the first quarter are expected to be lower.

The table below shows all major maintenance outages planned for 2019 and the costs of outages completed during 2017 and 2018. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

### Major planned maintenance outages 2019

SEK millions	2019	2019	2019	2019	2019	2018	2017
	Q 1	Q 2	Q 3	Q 4	Full year	Full year	Full year
SSAB Special Steels	-	-	-	290	290	350	230
SSAB Europe	-	-	200	130	330	410	390
SSAB Americas	-	-	-	400	400	285	390
<b>Total</b>	-	-	200	820	1,020	1,045	1,010

## The market

According to the World Steel Association, global crude steel production for 2018 amounted to 1,790 (1,712) million tonnes, up 4.5% compared with 2017. Chinese steel production increased by just under 7%, compared with 2017. Steel production in the EU-28 was unchanged, whereas production in North America rose by just above 4% during 2018.

In North America, demand was good in 2018, especially during the second half of the year. Most segments showed good or growing demand during the year. The steel import tariffs introduced during the first half of 2018 have 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. To date, a minor share of these volumes have been exempted from the tariffs. Stock levels at distributors in North America are considered to be in balance, or somewhat low.

In Europe, demand was stable during the year, albeit with somewhat weaker development during the fourth quarter, driven primarily by the European automotive industry. There was also a normal seasonal slowdown towards the end of the year. Stock levels at distributors are considered to be in balance.

Demand for high-strength steels during 2018 was stable and at a relatively high level.

In North America, market prices for heavy plate rose somewhat further during the quarter. Compared with the full year 2017, prices for heavy plate have risen sharply. In Europe, market prices for strip and heavy plate rose initially during 2018, then decreased during the second half of the year, before leveling off towards the end of the fourth quarter. In China, market prices for both strip and heavy plate decreased during the fourth quarter and were somewhat lower also for the year as a whole.

## Items affecting comparability

During 2018, items affecting comparability had a negative impact of SEK 240 million. This mainly includes a capital loss of SEK 217 million following 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.

## SSAB Group – Full-year summary

### Sales and operating profit

Sales for the full year 2018 were SEK 74,941 (66,059) million, up SEK 8,882 million or 13% compared with the full year 2017.

Operating profit, excluding items affecting comparability, for the full year 2018 was SEK 5,181 (3,838) million, up SEK 1,342 million or 35%, compared with 2017. This improvement was primarily driven by SSAB Americas. Operating profit, including items affecting comparability, was SEK 4,940 (3,838) million. Items affecting comparability totaled SEK -240 million, which was primarily attributable to the capital loss on the divestment of Ruukki Construction's business operations in Russia.

### Sales and operating profit by business segment

SEK millions	Sales			Operating profit <sup>1)</sup>		
	2018 Full year	2017 Full year	Change	2018 Full year	2017 Full year	Change
SSAB Special Steels	18,869	16,053	2,816	1,421	1,465	-44
SSAB Europe	32,796	31,048	1,748	2,757	2,988	-231
SSAB Americas	16,878	12,727	4,150	1,837	183	1,654
Tibnor	8,434	7,821	613	230	252	-22
Ruukki Construction	6,140	5,773	367	181	171	10
Other	-	-	-	-249	-296	47
Depr. surplus values	-	-	-	-996	-924	-72
Group adjustments	-8,175	-7,363	-811	-	-	-
<b>Total</b>	<b>74,941</b>	<b>66,059</b>	<b>8,882</b>	<b>5,181</b>	<b>3,838</b>	<b>1,342</b>

1) Excluding items affecting comparability. For amounts per quarter see page 28.

### Profit after tax and earnings per share

Profit after tax (attributable to shareholders) for the full year 2018 was SEK 3,564 (2,311) million, equating to SEK 3.45 (2.23) per share. Tax for the full year was SEK 839 (552) million, which equates to around 19% (19%) of the profit after financial items.

### Cash flow, financing and liquidity

Operating cash flow for the full year 2018 was SEK 5,969 (6,511) million. Cash flow was impacted positively by operating profit but impacted negatively by higher working capital resulting from increased sales as well as capital expenditures.

Net cash flow amounted to SEK 3,435 (5,068) million. Net cash flow was impacted, among other things, by payments for strategic investments, including acquisitions of operations and businesses, of SEK 408 (248) million as well as by a dividend totaling SEK 1,030 (-) million to shareholders. Total capital expenditure was SEK 2,340 (1,603) million. Net debt decreased by SEK 2,992 million during 2018 and at year-end amounted to SEK 8,582 million. The net debt/equity ratio was 14% (22%).

The term to maturity of the total loan portfolio at December 31 averaged 6.5 (5.5) years, with an average fixed interest period of 1.1 (1.1) years.

Cash and cash equivalents were SEK 2,598 (4,249) million and non-utilized credit facilities were SEK 6,992 (8,263) million, which combined corresponds to 13% (19%) of rolling 12 months' sales.

### Return on capital employed/equity

Return on capital employed before tax for 2018 was 7% and return on equity after tax was 6%, whereas figures for the full year 2017 were 6% and 4% respectively.

### Equity

With earnings of SEK 3,549 million and other comprehensive income (mostly consisting of translation differences) of SEK 3,694 million, shareholders' equity in the company amounted to SEK 59,437 (53,231) million, equating to SEK 57.17 (51.69) per share.

## Major maintenance outages

During the fourth quarter of 2018, major maintenance outages were completed in all three steel divisions at a total cost of SEK 765 million. The table below shows all planned major maintenance outages completed during 2017 and 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 in 2018

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
SEK millions	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Full year	Full year
SSAB Special Steels	-	-	-	-	-	230	350	-	350	230
SSAB Europe	-	20	40	50	240	125	130	195	410	390
SSAB Americas	-	160	-	230	-	-	285	-	285	390
<b>Total</b>	-	180	40	280	240	355	765	195	1,045	1,010

## Assets with undeterminable useful life

Consolidated assets with undeterminable useful life are allocated to the Group's cash-generating units as shown in the table below:

### Assets with an undeterminable useful life per cash-generating unit

SEK millions	2018 Dec. 31	2017 Dec. 31
SSAB North America (incl. in the SSAB Americas division)	24,451	22,408
SSAB Special Steels	2,827	2,714
SSAB Europe	2,132	2,046
Tibnor	523	502
Ruukki Construction	60	60
<b>Total goodwill</b>	<b>29,994</b>	27,730
Ruukki Construction (Rautaruukki tradename)	458	440
<b>Total assets with an undeterminable useful life <sup>1)</sup></b>	<b>30,452</b>	28,170

1) All changes in value compared with the previous year are due to currency effects.

Goodwill is tested for impairment each year towards the end of the fourth quarter. The impairment test showed no need for an impairment charge.

## SSAB Group – Fourth quarter of 2018

### Sales and operating profit

Sales for the fourth quarter of 2018 were SEK 19,251 (17,017) million, up 13% compared with the fourth quarter of 2017 and up 1% compared with the third quarter of 2018.

Operating profit, excluding items affecting comparability, for the fourth quarter of 2018 was SEK 1,035 (843) million, up SEK 192 million compared with the fourth quarter of 2017 but down SEK 565 million compared with the third quarter of 2018. Lower operating profit was primarily attributable to the costs of planned maintenance outages in the three steel divisions.

### Sales and operating profit by business segment

SEK millions	Sales			Operating profit <sup>1)</sup>		
	2018 Q4	2017 Q4	Change	2018 Q4	2017 Q4	Change
SSAB Special Steels	4,369	4,368	2	-72	641	-713
SSAB Europe	8,099	7,768	331	733	460	272
SSAB Americas	4,762	3,231	1,532	553	-15	568
Tibnor	2,173	2,011	162	28	42	-14
Ruukki Construction	1,674	1,471	203	82	32	50
Other	-	-	-	-28	-80	51
Depr. surplus values	-	-	-	-260	-236	-24
Group adjustments	-1,827	-1,832	5	-	-	-
<b>Total</b>	<b>19,251</b>	<b>17,017</b>	<b>2,235</b>	<b>1,035</b>	<b>843</b>	<b>192</b>

1) Excluding items affecting comparability. For amounts per quarter see page 28.

### Analysis of total change in sales and operating profit \*)

	Sales		Operating profit <sup>1)</sup>	
		Change vs Q4, 2017 %		Change vs Q4, 2017 SEK m.
Volume		-6	Price and product mix	2,380
Price		11	Volume	-170
Product mix		0	Variable cost	-1,380
Currency effects		7	Fixed cost	-400
Other sales		1	Currency effects	60
			Capacity utilization	-170
			Other	-128
<b>Total</b>		<b>13</b>		<b>192</b>

1) Excluding items affecting comparability. For amounts per quarter see page 28.

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

## Raw materials

SSAB sources its iron ore from LKAB in Sweden and from Severstal in Russia. Current 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 purchases scrap metal in the spot market as a raw material for their production. Purchase prices of iron ore and coking coal rose during the fourth quarter and a small part of this increase impacted fourth quarter costs. The normal lead time between buying raw material and booking the cost means that the main impact from the higher prices will occur in the first quarter of 2019.

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

% change	Change vs. 2017 Q4		Change vs. 2018 Q3	
	USD	SEK	USD	SEK
Iron ore	22%	33%	14%	15%
Coking coal	13%	23%	6%	7%
Scrap metal	23%	34%	1%	2%

## Production and shipments

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

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

SSAB's shipments during the fourth quarter of 2018 were 1,634 (1,744) thousand tonnes, down 6% compared with the fourth quarter of 2017 and down 1% compared with the third quarter of 2018.

### Production and shipments

	2018 Q4	2017 Q4	2018 Q3	2018 Full year	2017 Full year
Thousand tonnes					
Crude steel production	1,976	2,006	1,911	8,028	7,995
Rolling production	1,753	1,795	1,788	7,391	7,397
Steel shipments	1,634	1,744	1,646	6,899	6,908

## Cash flow

Operating cash flow for the fourth quarter of 2018 amounted to SEK 1,960 (2,976) million. Cash flow was impacted positively by operating profit and lower working capital, but this impact was partly counteracted by capital expenditure.

Net cash flow amounted to SEK 1,585 (2,601) million. Total capital expenditure was SEK 1,030 (648) million. Net debt decreased by SEK 1,610 million during the fourth quarter and at December 31, 2018 amounted to SEK 8,582 million. The net debt/equity ratio was 14% (22%).

**Operating cash flow and net debt**

SEK millions	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Operating profit before depreciation/amortization	1,943	1,782	8,712	7,591
Change in working capital	847	1,736	-967	303
Maintenance expenditures	-833	-563	-1,943	-1,366
Other <sup>1)</sup>	3	21	167	-17
<b>Operating cash flow</b>	<b>1,960</b>	<b>2,976</b>	<b>5,969</b>	<b>6,511</b>
Financial items	-46	-197	-541	-943
Taxes	-206	-94	-628	-249
<b>Cash flow from current operations</b>	<b>1,708</b>	<b>2,685</b>	<b>4,800</b>	<b>5,319</b>
Strategic expenditures in plants and machinery	-197	-85	-397	-237
Acquisitions of shares and operations	-1	-	-11	-11
Divestments of shares and operations	76	1	76	1
<b>Cash flow before dividend</b>	<b>1,587</b>	<b>2,601</b>	<b>4,468</b>	<b>5,072</b>
Dividend paid to shareholders	-	-	-1,030	-
Dividend, non-controlling interest	-1	-	-3	-4
<b>Net cash flow</b>	<b>1,585</b>	<b>2,601</b>	<b>3,435</b>	<b>5,068</b>
<b>Net debt at beginning of period</b>	<b>-10,192</b>	<b>-13,994</b>	<b>-11,574</b>	<b>-17,887</b>
Net cash flow	1,585	2,601	3,435	5,068
Revaluation of liabilities against equity <sup>2)</sup>	-36	-150	-666	1,286
Other <sup>3)</sup>	61	-31	224	-41
<b>Net debt at the end of period</b>	<b>-8,582</b>	<b>-11,574</b>	<b>-8,582</b>	<b>-11,574</b>

1) Other includes purchased emissions allowances by SEK 111 (-) million and the reversal of item the capital loss on the divestment of the Russian operations in Ruukki Construction by SEK -217 (-) million for the full year 2018, 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 – Fourth 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 and excludes items affecting comparability. See page 23 for more information about the business segments.

### SSAB Special Steels

#### Fourth quarter in brief

- Strong demand in main markets – expected to continue during the first quarter of 2019
- Shipments of 293 thousand tonnes, down 8% compared with the fourth quarter of 2017
- Operating result of SEK -72 (641) million, negative effect from prolonged planned maintenance outage

#### Key figures

	2018	2017	2018	2018	2017
	Q4	Q4	Q3	Full year	Full year
SEK millions					
Sales	4,369	4,368	4,684	18,869	16,053
Operating profit before depreciation/amortization, EBITDA	52	777	670	1,946	2,002
Operating profit/loss	-72	641	536	1,421	1,465
Operating cash flow	176	627	7	1,150	909
Number of employees at end of period	2,844	2,834	2,830	2,844	2,834

#### Sales and operating profit

Sales were more or less unchanged compared with the fourth quarter of 2017 and amounted to SEK 4,369 (4,368) million. Higher prices had a positive impact of 7 percentage points and positive currency effects 5 percentage points. Lower volumes had a negative impact of 8 percentage points and other sales (including internal sales) had a negative impact of 4 percentage points.

Compared with the third quarter of 2018, sales were down 7%. Lower volumes had a negative impact of 8 percentage points whereas currency effects had a negative impact of 1 percentage point. Higher prices had a positive impact of 1 percentage point and other sales (including internal sales) had a positive impact of 1 percentage point.

The operating result for the fourth quarter of 2018 was SEK -72 (641) million, down SEK 713 million compared with the fourth quarter of 2017. Capacity utilization was worse because of the prolonged annual maintenance outage, which also pulled shipments down. Fixed costs rose following among other things the start of the second blast furnace in Oxelösund. This capacity will be used to compensate lost volumes in conjunction with a minor refurbishment, carried out every 10 years, of one of the blast furnaces at SSAB Europe's mill in Raahe, Finland. This is scheduled during the summer of 2019. Higher prices had a positive impact on earnings, although this was partly counteracted by higher variable costs, primarily of raw materials. The fourth quarter of 2017, was also positively impacted by compensation of SEK 265 million for an earlier breakdown in production.

Compared with the third quarter of 2018, the operating result was down by SEK 608 million. The prolonged planned maintenance outage, with additional preventive activities, together with the start-up of the second blast furnace in Oxelösund resulted in underabsorption and higher fixed costs. Fixed costs were also seasonally higher. Lower volumes had a negative impact, likewise a weaker product mix, following lower shipments from Oxelösund.

#### Market trend

Demand was stable and at a high level during 2018 in all larger customer segments such as Heavy Transport, Material Handling and Construction Machinery. Demand for high-strength steel is being driven by high activity in the mining sector and infrastructure investments around the world. Material Handling, which also includes mining-related equipment, showed the highest growth compared with 2017. Even though SSAB's shipments declined during the fourth quarter, demand was at a high level in all main segments.

#### Production and shipments

Crude steel production was down 43% compared with the fourth quarter of 2017 and down 25% compared with the third quarter of 2018.

Rolling production for the fourth quarter of 2018 was down 43% compared with the fourth quarter of 2017 and down 39% compared with the third quarter of 2018.

External shipments of steel during the fourth quarter of 2018 were down 8% compared with both the fourth quarter of 2017 and the third quarter of 2018.

Both production and shipments were impacted negatively by the prolonged planned maintenance outage in Oxelösund in the fourth quarter 2018.

### Production and shipments

	2018	2017	2018	2018	2017
Thousand tonnes	Q4	Q4	Q3	Full year	Full year
Crude steel production	162	282	217	918	956
Rolling production	89	155	145	493	496
Shipments	293	318	320	1,298	1,192

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

### Cash flow and capital expenditure

Operating cash flow during the fourth quarter was SEK 176 (627) million. Cash flow was impacted positively by lower working capital.

Capital expenditure payments during the fourth quarter were SEK 269 (138) million, of which SEK 28 (3) million were strategic investments.

## SSAB Europe

### Fourth quarter in brief

- Somewhat lower demand during the quarter, seasonal downturn
- Better capacity utilization and higher share of premium products
- Operating profit rose to SEK 733 (460) million

### Key figures

SEK millions	2018	2017	2018	2018	2017
	Q4	Q4	Q3	Full year	Full year
Sales	8,099	7,768	7,754	32,796	31,048
Operating profit before depreciation/amortization, EBITDA	1,082	811	814	4,153	4,405
Operating profit/loss <sup>1)</sup>	733	460	460	2,757	2,988
Operating cash flow	703	1,016	1,028	3,039	3,782
Number of employees at end of period	6,826	6,798	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 (55) million during the fourth quarter.

### Sales and operating profit

Sales were up 4% compared with the fourth quarter of 2017 and amounted to SEK 8,099 (7,768) million. Higher prices and currency effects each had a positive impact of 4 percentage points, and a better product mix and other sales (including internal sales) each had a positive impact of 1 percentage point. Lower volumes had a negative impact of 6 percentage points.

Compared with the third quarter of 2018, sales were up 4%. Higher volumes had a positive impact of 5 percentage points and other sales (including internal sales) had a positive impact of 1 percentage point. Lower prices and currency effects each had a negative impact of 1 percentage point.

Operating profit for the fourth quarter was SEK 733 (460) million, up SEK 273 million compared with the fourth quarter of 2017. Higher prices contributed positively, but this impact was partly counteracted by higher variable costs, primarily of raw materials, and lower volumes. Insurance compensation for production disruptions earlier in the year also contributed positively.

Compared with the third quarter of 2018, earnings were up SEK 273 million. Higher volumes, better capacity utilization and insurance compensation contributed positively. Seasonally higher fixed costs impacted somewhat negatively.

### Market trend

Demand was good during 2018 in most customer segments including Automotive, Heavy Transport and Construction. The fourth quarter saw a slowdown in the Automotive segment and demand from Service Centers was characterized by some caution, especially towards the end of the quarter.

### Production and shipments

Crude steel production during the fourth quarter of 2018 was up 11% compared with the fourth quarter of 2017 and up 15% compared with the third quarter of 2018.

Rolling production was up 2% compared with the fourth quarter of 2017 and up 5% compared with the third quarter of 2018.

External shipments of steel during the fourth quarter of 2018 were down 6% compared with the fourth quarter of 2017 but up 5% compared with the third quarter of 2018.

### Production and shipments

	2018	2017	2018	2018	2017
	Q4	Q4	Q3	Full year	Full year
Thousand tonnes					
Crude steel production	1,205	1,089	1,049	4,576	4,599
Rolling production	1,082	1,058	1,031	4,494	4,618
Shipments	850	901	810	3,561	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 fourth quarter was SEK 703 (1,016) million. During the fourth quarter, cash flow was impacted positively by operating profit and lower working capital but counteracted by high capital expenditure.

Capital expenditure payments during the fourth quarter were SEK 608 (398) million, of which SEK 149 (66) million were strategic investments.

## SSAB Americas

### Fourth quarter in brief

- Strong market – expected to continue during the first quarter of 2019
- Continued positive trend in prices
- Operating profit was SEK 553 (-15) million, with planned maintenance outage during the quarter

### Key figures

	2018	2017	2018	2018	2017
	Q4	Q4	Q3	Full year	Full year
SEK millions					
Sales	4,762	3,230	4,713	16,878	12,727
Operating profit before depreciation/amortization, EBITDA	699	141	951	2,459	818
Operating profit/loss <sup>1)</sup>	553	-15	790	1,837	183
Operating cash flow	826	814	949	1,523	1,166
Number of employees at end of period	1,250	1,228	1,244	1,250	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 203 (182) million during the fourth quarter.

## Sales and operating profit

Sales were up 47% compared with the fourth quarter of 2017 and amounted to SEK 4,762 (3,230) million. Higher prices had a positive impact of 39 percentage points, currency effects 11 percentage points, higher other sales (including internal sales) 2 percentage points and a positive product mix 1 percentage point. Lower volumes had a negative impact of 6 percentage points.

Compared with the third quarter of 2018 sales were up 1%. Higher prices had a positive impact of 5 percentage points and currency effects 1 percentage point, whereas lower volumes had a negative impact of 5 percentage points.

Operating profit for the fourth quarter of 2018 was SEK 553 (-15) million, up SEK 568 million compared with the fourth quarter of 2017. Improved earnings were primarily due to higher prices. The planned maintenance outage had a negative impact as well as higher variable costs, primarily for raw material.

Compared with the third quarter of 2018, operating profit was down SEK 237 million. This was primarily due to the costs of the planned maintenance outage and to lower volumes. Higher prices had a certain positive effect.

## Market trend

Demand for heavy plate was strong during 2018 and increased in most segments such as Construction Machinery, Energy, Heavy Transport and from Service Centers. The market was similarly strong during the fourth quarter in the Energy and Heavy Transport segments, for example. SSAB Americas' shipments decreased during the quarter due to the planned maintenance outage at the plant in Montpelier.

## Production and shipments

Crude steel production was down 4% compared with the fourth quarter of 2017 and down 6% compared with the third quarter of 2018.

Rolling production was unchanged compared with the fourth quarter of 2017 but down 5% compared with the third quarter of 2018.

External shipments of steel were down 6% compared with the fourth quarter of 2017 and down 5% compared with the third quarter of 2018.

The planned maintenance outage during the fourth quarter had a negative impact on production and shipments.

### Production and shipments

	2018	2017	2018	2018	2017
Thousand tonnes	Q4	Q4	Q3	Full year	Full year
Crude steel production	609	635	645	2,534	2,440
Rolling production	582	582	612	2,404	2,284
Shipments	491	525	517	2,039	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 fourth quarter of 2018 was SEK 826 (814) million. During the quarter, cash flow was impacted positively by operating profit and lower working capital.

Capital expenditure payments during the fourth quarter were SEK 92 (69) million, of which SEK 1 (2) million was strategic investments.

## Tibnor

### Fourth quarter in brief

- Stable demand
- Operating profit decreased to SEK 28 (42) million, due to somewhat lower margins

### Key figures

SEK millions	2018 Q4	2017 Q4	2018 Q3	2018 Full year	2017 Full year
Sales	2,173	2,012	1,949	8,434	7,821
Operating profit before depreciation/amortization, EBITDA	50	63	73	313	334
Operating profit/loss <sup>1)</sup>	28	42	53	230	252
Operating cash flow	130	263	-125	205	472
Shipments, thousand tonnes	181	180	160	705	716
Number of employees at end of period	1,077	1,091	1,066	1,077	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 fourth quarter.

### Sales and operating profit

Sales were up 8% compared with the fourth quarter of 2017 and amounted to SEK 2,173 (2,012) million. The increase was primarily due to higher prices.

Compared with the third quarter of 2018, sales were up 11% due to seasonally higher shipments.

Operating profit for the fourth quarter of 2018 was SEK 28 (42) million, down SEK 14 million compared with the fourth quarter of 2017. Lower earnings were primarily due to somewhat lower margins.

Compared with the third quarter of 2018, earnings were down SEK 25 million, primarily due to seasonally higher fixed costs and somewhat lower margins. Higher volume had a positive effect.

### Market trend

Total shipments were up 2% for the full year 2018. This increase was primarily driven by the construction industry, although the strip segment and steel products for the engineering sector also rose. Demand during the fourth quarter was at the same level as the fourth quarter of 2017, albeit with an upswing in rebar products.

Total shipments during the fourth quarter of 2018 were principally unchanged compared with the fourth quarter of 2017 but up 13% compared with the seasonally weaker third quarter of 2018.

### Cash flow and capital expenditure

Operating cash flow during the fourth quarter was SEK 130 (263) million. Cash flow was impacted positively by operating profit and lower working capital.

Capital expenditure payments during the fourth quarter were SEK 23 (10) million, of which SEK 7 (0) million were strategic investments.

## Ruukki Construction

### Fourth quarter in brief

- Higher sales compared with the fourth quarter of 2017
- Operating profit rose to SEK 82 million compared with SEK 32 million for the fourth quarter of 2017

### Key figures

SEK millions	2018 Q4	2017 Q4	2018 Q3	2018 Full year	2017 Full year
Sales	1,674	1,471	1,799	6,140	5,773
Operating profit before depreciation/amortization, EBITDA	111	65	136	309	307
Operating profit/loss <sup>1)</sup>	82	32	103	181	171
Operating cash flow	135	260	156	303	340
Number of employees at end of period	1,801	2,502	2,388	1,801	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 fourth quarter.

### Sales and operating profit

Sales were up 14% compared with the fourth quarter of 2017 and amounted to SEK 1,674 (1,471) million. Sales increased mainly in Building Systems.

Compared with the third quarter of 2018, sales were down 7%, due to the normal seasonal pattern, primarily in Residential Roofing.

Operating profit for the fourth quarter was SEK 82 (32) million. The improvement compared to the fourth quarter 2017 was due to higher volume in all business areas.

Compared with the third quarter of 2018, earnings were down SEK 21 million, primarily due to seasonally lower sales in Residential Roofing.

### Market trend

Demand in the construction industry in 2018 was generally good, except in the Russian market. During the fourth quarter demand was seasonally lower.

### Cash flow and capital expenditure

Operating cash flow during the fourth quarter was SEK 135 (260) million. Cash flow during the quarter was impacted positively by operating profit.

Capital expenditure payments during the fourth quarter were SEK 19 (19) million, of which SEK 12 (13) million were strategic investments.

## Sustainability

### Key figures – rolling 12 months

	2018 Full year	2018 Q3	2018 Q2	2018 Q1	2017 Full year
<b>Responsible partner</b>					
Lost time injury frequency (LTIF) 1)	6.1	6.1	5.7	5.6	5.6
Total number of injuries (LTIs) 2)	184	185	171	168	167
<b>Sustainable operations</b>					
Energy consumption, GWh 3)	9,448	9,444	9,372	9,303	9,208
Energy intensity, kWh/tonnes crude steel	1,177	1,172	1,167	1,155	1,152
Carbon dioxide emissions, Scope 1, thousand tonnes 4)	9,833	9,770	9,751	9,801	9,854
Carbon dioxide emissions, Scope 2, thousand tonnes 5)	1,189	1,208	1,213	1,207	1,215
Carbon dioxide emissions intensity, tonnes of CO <sub>2</sub> /tonnes crude steel 6)	1.37	1.36	1.36	1.38	1.38

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 for the full year of 2018. 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

By increased use of high-strength steels SSAB's customers will, by 2020, achieve annual CO<sub>2</sub> savings of 10 million tonnes during the use phase of their end-products. This amount corresponds to SSAB's direct CO<sub>2</sub> emissions. The CO<sub>2</sub> savings will be achieved through the SSAB EcoUpgraded initiative (8.0m tonnes) and through Automotive Premium products (2.0m tonnes). In 2018, the customer end-product CO<sub>2</sub> savings totaled 9.2m tonnes: 7.7m tonnes from SSAB EcoUpgraded deliveries and 1.5m tonnes from Automotive Premium deliveries. For more information on calculations regarding these savings, see [www.ssab.com/company/sustainability/sustainable-offering](http://www.ssab.com/company/sustainability/sustainable-offering).

### Sustainable operations - Environment and HYBRIT

SSAB's total energy consumption related to electricity, purchased fuels and purchased heat was 9,448 GWh during 2018. SSAB's direct (Scope 1) CO<sub>2</sub> emissions were 9,833 thousand tonnes and indirect (Scope 2) CO<sub>2</sub> emissions were 1,189 thousand tonnes. By the end of 2018, SSAB achieved:

- 272,000 tonnes or 91% of the CO<sub>2</sub> emissions reduction target of 300,000 tonnes,
- 345 GWh (1,242 TJ) or 86% of the purchased energy reduction target of 400 GWh and
- 44,000 tonnes or 88% of the residuals utilization target of 50,000 tonnes.

The targets will be achieved by the end of 2020 and the base-year is 2014.

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. More information on HYBRIT is available at [www.hybritdevelopment.com](http://www.hybritdevelopment.com).

More information on sustainability at SSAB is available at [www.ssab.com/company/sustainability](http://www.ssab.com/company/sustainability) and in SSAB's Annual Report 2018, which will be published during week 12.

## Dividend

The Board proposes a dividend of SEK 1.50 (1.00) per share for 2018. If the Annual General Meeting approves the proposal, a total of around SEK 1.5 billion will be paid out to shareholders.

## Annual general meeting

The annual general meeting will be held at the Scandic Continental Hotel in Stockholm on April 8, 2019 starting at 1pm. The Annual Report will be published during week 12 and will be available at the company's head office and at [www.ssab.com](http://www.ssab.com). Notice of the annual general meeting may be given commencing February 28, 2019 up to and including 12 noon on April 2, 2019. Notice to attend may be given online via SSAB's website or by telephone at +46 8 4545 760.

## Risks and uncertainty factors

For information regarding material risks and uncertainty factors, reference is made to the detailed description in the annual report for 2017. 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 Group's opening balance in equity has been affected by SEK -7 million due to the new standards credit loss principle. 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 24.



## **Upcoming changes in accounting principles applicable from January 1, 2019**

### **IFRS 16, Leasing**

This standard applies from January 1, 2019. The Group applies the standard from January 1, 2019. The Group intends to apply the simplified transition approach and will not restate the comparative figures.

IFRS 16 mainly affects lessee accounting and the main impact is that all leases that are currently recognized as operating leases will be recognized in a way that resembles the existing recognition of finance leases, i.e. a right-of-use asset and a leasing liability are recognized. The Group applies an exemption to the new rules whereby the recognition of low value leases, where no right-of-use asset or leasing liability are recognized.

As at December 31, 2018, the Group's non-cancelable operating leasing commitments (undiscounted) were around SEK 1.9 billion. Of these, around SEK 0.1 billion were for leasing agreements for which the underlying asset was of low value. These will be recognized as a straight-line cost over the lease term.

Regarding the remaining leasing commitments, the Group expects to recognize the rights of use, which amount to around SEK 1.6 billion as at January 1, 2019, and leasing liabilities of around SEK 1.6 billion. No impact on equity is expected since under the transition approach, all earlier finance leases will continue to be recognized as leasing agreements in accordance with IFRS 16 and working capital will decrease by around SEK 0.5 billion since some of the leasing liability will be recognized as short-term. This change would, if applied to the end of 2018, have increased net debt by around SEK 1.6 billion to around SEK 10.2 billion and net debt to equity would increase from 14% to around 17%.

The parent company will apply the exemption rules under RFR 2 and so will not apply IFRS 16. The parent company will continue to recognize all leasing agreements as operating leases.

## **Review**

This report has not been reviewed by the auditors.

Stockholm, January 28, 2019

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

	2018	2017	2018	2017
SEK millions	Q4	Q4	Full year	Full year
Sales	19,251	17,017	74,941	66,059
Cost of goods sold	-17,026	-15,438	-65,339	-58,592
<b>Gross profit</b>	<b>2,225</b>	1,579	<b>9,602</b>	7,467
Selling and administrative costs	-1,368	-1,106	-4,691	-4,210
Other operating income and expenses <sup>1)</sup>	134	356	-36	514
Affiliated companies, profit after tax	16	14	65	68
<b>Operating profit/loss</b>	<b>1,007</b>	843	<b>4,940</b>	3,838
Financial income	110	74	353	321
Financial expenses	-144	-281	-890	-1,297
<b>Profit/loss for the period after financial items</b>	<b>973</b>	636	<b>4,403</b>	2,863
Tax	-274	-295	-839	-552
<b>Profit/loss for the period</b>	<b>699</b>	341	<b>3,564</b>	2,311
Of which attributable to:				
- Parent Company's shareholders	695	332	3,549	2,295
- Non-controlling interest	4	9	16	16

### Key figures

	2018	2017	2018	2017
	Q4	Q4	Full year	Full year
Operating margin (%)	5	5	7	6
Earnings per share (SEK)	0.67	0.32	3.45	2,23
Equity per share (SEK)	57.71	51.69	57.71	51,69
Net debt/equity ratio (%)	14	22	14	22
Equity ratio (%)	64	61	64	61
Adjusted average number of shares during the period (millions)	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
Number of employees at end of period	15,223	14,925	15,223	14,925

1) The result for the full year 2018 includes items affecting comparability of SEK -240 (-) million, mainly relating to the 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 Q4	2017 Q4	2018 Full year	2017 Full year
<b>Profit/loss for the period after tax</b>	<b>699</b>	341	<b>3,564</b>	2,311
<i>Other comprehensive income</i>				
<u>Items that may be subsequently reclassified to the income statement</u>				
Translation differences for the period	268	478	4,009	-2,984
Cash flow hedges	14	31	231	26
Hedging of currency risks in foreign operations <sup>1)</sup>	-36	-150	-666	1,286
Share in other comprehensive income of affiliated companies and joint ventures	3	-	3	-
Tax attributable to items that may be subsequently reclassified to the income statement	6	26	100	-289
Total items that may be subsequently reclassified to the income statement	255	385	3,677	-1,961
<u>Items that will not be reclassified to the income statement</u>				
Remeasurements of the net defined benefit liability	-28	-11	27	-2
Tax attributable to items that will not be reclassified to the income statement	3	12	-8	10
Total items that will not be reclassified to the income statement	-25	1	19	8
<b>Total other comprehensive income for the period, net after tax</b>	<b>230</b>	386	<b>3,696</b>	-1,953
<b>Total comprehensive income for the period</b>	<b>929</b>	727	<b>7,260</b>	358
Of which attributable to:				
- Parent Company's shareholders	925	715	7,242	340
- Non-controlling interest	4	12	18	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 – Dec. 31 2017</u>							
Total comprehensive income for the period			-1,963	2,303	340	18	358
Dividend, non-controlling interest						-4	-4
<b>Equity, December 31, 2017</b>	<b>9,062</b>	<b>23,021</b>	<b>2,041</b>	<b>19,107</b>	<b>53,231</b>	<b>63</b>	<b>53,294</b>
<u>Changes Jan. 1 - Dec. 31, 2018</u>							
Adjustment opening balance - change in accounting principle, IFRS 9				-7	-7		-7
<b>Adjusted equity, Jan. 1, 2018</b>	<b>9,062</b>	<b>23,021</b>	<b>2,041</b>	<b>19,100</b>	<b>53,224</b>	<b>63</b>	<b>53,287</b>
Total comprehensive income for the period			3,674	3,568	7,242	18	7,260
Dividend, shareholders				-1,030	-1,030		-1,030
Dividend, non-controlling interest						-3	-3
<b>Equity, December 31, 2018</b>	<b>9,062</b>	<b>23,021</b>	<b>5,715</b>	<b>21,638</b>	<b>59,437</b>	<b>78</b>	<b>59,514</b>

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

## Consolidated balance sheet

	<b>2018</b>	2017
SEK millions	<b>31 Dec</b>	31 Dec
<b>Assets</b>		
Goodwill	<b>29,994</b>	27,730
Other intangible assets	<b>1,444</b>	1,918
Tangible fixed assets	<b>23,953</b>	23,931
Participations in affiliated companies	<b>697</b>	651
Financial assets	<b>608</b>	433
Deferred tax receivables <sup>2)</sup>	<b>507</b>	291
<b>Total fixed assets</b>	<b>57,202</b>	54,954
Inventories	<b>19,813</b>	16,035
Accounts receivable	<b>8,784</b>	7,822
Current tax receivables	<b>195</b>	302
Other current receivables <sup>1)</sup>	<b>3,894</b>	4,114
Cash and cash equivalents	<b>2,598</b>	4,249
<b>Total current assets</b>	<b>35,284</b>	32,522
<b>Total assets</b>	<b>92,487</b>	87,476
<b>Equity and liabilities</b>		
Equity for shareholders in the Company	<b>59,437</b>	53,231
Non-controlling interest	<b>78</b>	63
<b>Total equity</b>	<b>59,514</b>	53,294
Deferred tax liabilities	<b>1,044</b>	874
Other long-term provisions	<b>605</b>	591
Long-term non-interest bearing liabilities <sup>2)</sup>	<b>324</b>	346
Long-term interest-bearing liabilities	<b>9,693</b>	16,053
<b>Total long-term liabilities</b>	<b>11,666</b>	17,864
Short-term interest-bearing liabilities	<b>3,523</b>	2,011
Accounts payable	<b>13,375</b>	10,215
Current tax liabilities	<b>333</b>	215
Other current liabilities	<b>4,076</b>	3,877
<b>Total current liabilities</b>	<b>21,306</b>	16,318
<b>Total equity and liabilities</b>	<b>92,487</b>	87,476
Pledged assets	<b>2,305</b>	2,513
Contingent liabilities	<b>2,273</b>	2,674

1) Other current receivables comprise short-term bank deposits (escrow agreement) in the amount of SEK 2,244 (2,453) million.

2) Of the Deferred tax receivable, SEK 138 (151) 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 325 (176) million and in the balance sheet item "Other current liabilities" derivatives are valued at a total of SEK 84 (185) million. In the balance sheet item "Financial assets" derivatives are valued at a total of SEK 135 (45) million and in the balance sheet item "Long-term non-interest bearing liabilities", derivatives are included valued at a total of SEK 12 (19) 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 54 (165) 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 Q4	2017 Q4	2018 Full year	2017 Full year
Operating profit/loss <sup>1)</sup>	1,007	843	4,940	3,838
Adjustment for depreciation and impairment	936	939	3,771	3,753
Adjustment for other non-cash items <sup>1)</sup>	15	29	174	-52
Received and paid interest	-46	-197	-541	-943
Tax paid	-206	-94	-628	-249
Change in working capital	847	1,736	-967	303
<b>Cash flow from operating activities</b>	<b>2,553</b>	<b>3,256</b>	<b>6,750</b>	<b>6,650</b>
Capital expenditure payments in plants and machinery	-1,067	-648	-2,451	-1,603
Acquisitions, shares and operations	-1	-	-11	-11
Divested shares and operations	76	1	76	1
Other investing activities	26	-8	104	35
<b>Cash flow from investing activities</b>	<b>-966</b>	<b>-655</b>	<b>-2,282</b>	<b>-1,578</b>
Dividend paid to shareholders	-	-	-1,030	-
Dividend, non-controlling interest	-1	-	-3	-4
Change in loans	-3,475	-3,205	-5,988	-4,008
Change in financial investments	-178	-9	270	-15
Other financing activities	523	-24	640	-656
<b>Cash flow from financing activities</b>	<b>-3,132</b>	<b>-3,238</b>	<b>-6,111</b>	<b>-4,683</b>
<b>Cash flow for the period</b>	<b>-1,546</b>	<b>-637</b>	<b>-1,644</b>	<b>389</b>
Cash and cash equivalents at beginning of period	4,148	4,865	4,249	3,879
Exchange rate difference in cash and cash equivalents	-4	21	-7	-19
<b>Cash and cash equivalents at end of period</b>	<b>2,598</b>	<b>4,249</b>	<b>2,598</b>	<b>4,249</b>

1) The result for the full year 2018 includes items affecting comparability of SEK -240 million, mainly relating to the 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 Q4	2017 Q4	2018 Full year	2017 Full year
Gross profit	-	-	-	-
Selling and administrative costs	-69	-106	-345	-343
Other operating income/expenses	33	26	178	118
<b>Operating profit/loss</b>	<b>-37</b>	<b>-80</b>	<b>-167</b>	<b>-225</b>
Financial items	-19	-283	210	1,164
<b>Profit/loss after financial items</b>	<b>-56</b>	<b>-363</b>	<b>43</b>	<b>939</b>
Appropriations	1,738	1,423	1,738	1,423
Tax	-374	-234	-147	-406
<b>Profit/loss after tax</b>	<b>1,308</b>	<b>826</b>	<b>1,634</b>	<b>1,956</b>

### The Parent Company's statement of comprehensive income

SEK millions	2018 Q4	2017 Q4	2018 Full year	2017 Full year
<b>Profit/loss after tax</b>	<b>1,308</b>	<b>826</b>	<b>1,634</b>	<b>1,956</b>
<i>Other comprehensive income</i>				
<u>Items that may be classified to the income statement</u>				
Cash flow hedges	-52	18	-23	21
Tax attributable to other comprehensive income	11	-4	5	-5
Total items that will be reclassified to the income statement	-40	14	-18	16
<b>Other comprehensive income, net after tax</b>	<b>-40</b>	<b>14</b>	<b>-18</b>	<b>16</b>
<b>Total comprehensive income for the period</b>	<b>1,268</b>	<b>840</b>	<b>1,616</b>	<b>1,972</b>

### The Parent Company's balance sheet

SEK millions	2018 31 Dec	2017 31 Dec
<b>Assets</b>		
Fixed assets	72,325	71,426
Other current assets	10,697	11,140
Cash and cash equivalents	1,553	3,187
<b>Total assets</b>	<b>84,576</b>	<b>85,753</b>
<b>Equity and liabilities</b>		
Restricted equity	9,964	9,964
Unrestricted equity <sup>1)</sup>	52,988	52,407
<b>Total equity</b>	<b>62,952</b>	<b>62,371</b>
Long-term liabilities and provisions	6,604	12,913
Current liabilities and provisions	15,020	10,469
<b>Total equity and liabilities</b>	<b>84,576</b>	<b>85,753</b>

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, twelve months

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

External sales, Full year, 2018	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<b>Geographical areas</b>						
Sweden	787	6,069	-	3,988	1,459	12,303
Finland	245	4,275	-	1,540	1,537	7,597
Germany	1,285	2,403	-	34	4	3,726
Other EU-28	4,705	9,724	-	1,064	1,982	17,475
Norway	80	608	-	1,591	687	2,967
Russia	346	270	-	-	313	929
Other Europe	851	301	-	14	103	1,269
USA	3,636	1,348	15,425	1	-	20,409
Canada	1,068	10	1,160	-	-	2,238
Rest of the world	4,315	1,584	69	40	20	6,028
<b>Total</b>	<b>17,318</b>	<b>26,590</b>	<b>16,655</b>	<b>8,272</b>	<b>6,105</b>	<b>74,941</b>
<b>Product area</b>						
Steel products	16,342	24,705	16,528	-	-	57,576
Trading operations	-	-	-	8,272	-	8,272
Ruukki Construction operations	-	-	-	-	6,105	6,105
Slabs, by-products and scrap	665	1,745	93	-	-	2,503
Other	311	140	33	-	-	484
<b>Total</b>	<b>17,318</b>	<b>26,590</b>	<b>16,655</b>	<b>8,272</b>	<b>6,105</b>	<b>74,941</b>

  

External sales, Full year, 2017	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<b>Geographical areas</b>						
Sweden	593	5,684	-	3,689	1,358	11,323
Finland	190	3,844	-	1,382	1,447	6,864
Germany	1,189	2,200	-	29	22	3,439
Other EU-28	4,232	9,962	-	973	1,837	17,004
Norway	39	707	-	1,537	510	2,793
Russia	232	377	-	-	427	1,036
Other Europe	870	435	-	13	101	1,419
USA	2,542	1,399	11,286	1	0	15,229
Canada	729	97	1,202	-	-	2,028
Rest of the world	3,606	1,199	63	29	26	4,923
<b>Total</b>	<b>14,221</b>	<b>25,904</b>	<b>12,551</b>	<b>7,652</b>	<b>5,729</b>	<b>66,059</b>
<b>Product area</b>						
Steel products	13,419	23,815	12,495	-	-	49,728
Trading operations	-	-	-	7,652	-	7,652
Ruukki Construction operations	-	-	-	-	5,729	5,729
Slabs, by-products and scrap	639	1,930	33	-	-	2,602
Other	163	160	24	-	-	348
<b>Total</b>	<b>14,221</b>	<b>25,904</b>	<b>12,551</b>	<b>7,652</b>	<b>5,729</b>	<b>66,059</b>



## Specification of sales during the fourth quarter

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

External sales, Quarter 4, 2018	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<b>Geographical areas</b>						
Sweden	266	1,490	-	1,046	467	3,269
Finland	60	796	-	382	362	1,600
Germany	221	623	-	6	0	850
Other EU-28	999	2,505	-	268	551	4,323
Norway	32	158	-	414	215	819
Russia	93	75	-	-	36	204
Other Europe	142	74	-	8	31	255
USA	960	304	4,361	-	0	5,625
Canada	247	3	245	-	-	495
Rest of the world	1,060	717	19	12	4	1,812
<b>Total</b>	<b>4,082</b>	<b>6,744</b>	<b>4,625</b>	<b>2,136</b>	<b>1,664</b>	<b>19,251</b>
<b>Product area</b>						
Steel products	3,835	6,108	4,616	-	-	14,559
Trading operations	-	-	-	2,136	-	2,136
Ruukki Construction operations	-	-	-	-	1,664	1,664
Slabs, by-products and scrap	70	599	1	-	-	669
Other	177	37	8	-	-	223
<b>Total</b>	<b>4,082</b>	<b>6,744</b>	<b>4,625</b>	<b>2,136</b>	<b>1,664</b>	<b>19,251</b>
<b>External sales, Quarter 4, 2017</b>	<b>Business segments</b>					
	<b>SSAB Special Steels</b>	<b>SSAB Europe</b>	<b>SSAB Americas</b>	<b>Tibnor</b>	<b>Ruukki Construction</b>	<b>Total</b>
SEK millions						
<b>Geographical areas</b>						
Sweden	46	1,149	-	994	379	2,568
Finland	62	437	-	346	371	1,217
Germany	336	589	-	28	1	955
Other EU-28	1,288	3,071	-	206	425	4,991
Norway	0	265	-	377	127	769
Russia	72	95	-	-	117	284
Other Europe	252	103	-	9	30	394
USA	766	623	2,862	0	0	4,250
Canada	82	0	285	-	-	367
Rest of the world	1,046	144	21	7	5	1,224
<b>Total</b>	<b>3,951</b>	<b>6,476</b>	<b>3,167</b>	<b>1,967</b>	<b>1,455</b>	<b>17,017</b>
<b>Product area</b>						
Steel products	3,682	5,871	3,157	-	-	12,710
Trading operations	-	-	-	1,967	-	1,967
Ruukki Construction operations	-	-	-	-	1,454	1,454
Slabs, by-products and scrap	228	503	4	-	-	735
Other	42	101	6	-	-	149
<b>Total</b>	<b>3,951</b>	<b>6,476</b>	<b>3,167</b>	<b>1,967</b>	<b>1,455</b>	<b>17,017</b>

## 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

	2018	2017	2018	2017
SEK millions	Q4	Q4	Full year	Full year
Operating profit/loss	1,007	843	4,940	3,838
Depreciation and impairment	936	939	3,771	3,753
<b>Operating profit before depreciation/amortization, EBITDA</b>	<b>1,943</b>	<b>1,782</b>	<b>8,712</b>	<b>7,591</b>

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

	2018	2017	2018	2017
SEK millions	Q 4	Q 4	Full year	Full year
Operating profit before depreciation/amortization, EBITDA	1,943	1,782	8,712	7,591
Items affecting comparability	27	-	240	-
<b>Operating profit before depreciation/amortization, EBITDA, excl items affecting comparability</b>	<b>1,971</b>	<b>1,782</b>	<b>8,952</b>	<b>7,591</b>

### Return on capital employed before tax, rolling 12 months

	2018	2017
SEK millions	Full year	Full year
Operating profit/loss	4,940	3,838
Financial income	353	321
Total	5,293	4,159
Average capital employed	74,417	74,947
<b>Return on capital employed before tax, %</b>	<b>7%</b>	<b>6%</b>

### Return on equity after tax, rolling 12 months

	2018	2017
SEK millions	Full year	Full year
Profit/loss for the period, after tax	3,564	2,311
Average equity	57,341	52,832
<b>Return on equity after tax, %</b>	<b>6%</b>	<b>4%</b>

### Operating cash flow

	2018	2017	2018	2017
SEK millions	Q 4	Q 4	Full year	Full year
Cash flow from operating activities	2,553	3,256	6,750	6,650
Reversal received and paid interests	46	197	541	943
Reversal tax paid	206	94	628	249
Maintenance expenditures <sup>1)</sup>	-833	-563	-1,943	-1,366
Other investing activities <sup>2)</sup>	-12	-8	-7	35
<b>Operating cash flow</b>	<b>1,960</b>	<b>2,976</b>	<b>5,969</b>	<b>6,511</b>

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

	2018	2017
SEK millions	31 Dec	31 Dec
Interest-bearing assets <sup>1)</sup>	5,126	7,037
Interest-bearing liabilities <sup>2)</sup>	13,708	18,611
<b>Net debt</b>	<b>8,582</b>	<b>11,574</b>

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	4/18
Sales	12,964	14,471	13,477	14,442	15,739	17,115	16,188	17,017	17,388	19,263	19,038	19,251
Operating expenses	-12,234	-12,904	-11,852	-13,390	-14,128	-14,966	-14,192	-15,250	-15,573	-16,699	-16,485	-17,295
Depreciation /amortization <sup>1)</sup>	-934	-917	-928	-959	-926	-961	-927	-939	-920	-952	-963	-938
Affiliated companies	14	18	10	14	17	17	20	14	21	18	11	16
Financial items	-154	-243	-246	-246	-253	-291	-225	-206	-147	-202	-153	-34
<b>Result before tax</b>	<b>-344</b>	<b>425</b>	<b>461</b>	<b>-139</b>	<b>449</b>	<b>914</b>	<b>864</b>	<b>636</b>	<b>769</b>	<b>1,427</b>	<b>1,447</b>	<b>1,001</b>

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	4/18
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	4,369
SSAB Europe	6,040	6,668	6,122	7,001	7,657	8,378	7,245	7,768	8,051	8,892	7,754	8,099
SSAB Americas	2,428	2,841	2,545	2,825	3,019	3,138	3,340	3,230	3,363	4,040	4,713	4,762
Tibnor	1,707	1,820	1,539	1,813	2,019	2,057	1,733	2,012	2,058	2,253	1,949	2,173
Ruukki Construction	928	1,444	1,579	1,353	1,131	1,531	1,640	1,471	1,088	1,578	1,799	1,674
Other	5	3	1	5	-	1	-	-	0	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	-1,827
<b>Total</b>	<b>12,964</b>	<b>14,471</b>	<b>13,477</b>	<b>14,442</b>	<b>15,739</b>	<b>17,115</b>	<b>16,188</b>	<b>17,017</b>	<b>17,388</b>	<b>19,263</b>	<b>19,038</b>	<b>19,251</b>

## 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	4/18
SSAB Special Steels	345	437	587	111	377	495	353	777	569	656	670	52
SSAB Europe	244	728	789	746	1,182	1,381	1,031	811	998	1,259	814	1,082
SSAB Americas	209	309	83	136	8	201	468	141	283	526	951	699
Tibnor	4	60	73	57	118	88	65	63	87	103	73	50
Ruukki Construction	-10	114	173	45	8	97	137	65	-29	92	136	111
Other	-48	-63	-70	-29	-66	-95	-38	-75	-71	-53	-81	-24
<b>Total</b>	<b>744</b>	<b>1,585</b>	<b>1,635</b>	<b>1,066</b>	<b>1,627</b>	<b>2,167</b>	<b>2,016</b>	<b>1,782</b>	<b>1,836</b>	<b>2,582</b>	<b>2,563</b>	<b>1,971</b>

## 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	4/18
SSAB Special Steels	202	303	453	-29	243	362	219	641	434	522	536	-72
SSAB Europe	-118	366	426	375	826	1,022	680	460	657	907	460	733
SSAB Americas	55	162	-73	-34	-157	39	316	-15	129	365	790	553
Tibnor	-17	39	53	34	99	67	44	42	67	83	53	28
Ruukki Construction	-48	75	137	7	-29	63	105	32	-62	59	103	82
Depreciation on surplus values, IPSCO	-160	-157	-160	-159	-157	-194	-180	-182	-179	-192	-198	-203
Depreciation on surplus values, Rautaruukki	-51	-50	-53	-54	-51	-53	-53	-54	-54	-56	-57	-57
Other	-53	-70	-76	-33	-72	-101	-42	-81	-77	-58	-86	-28
<b>Total</b>	<b>-190</b>	<b>668</b>	<b>707</b>	<b>107</b>	<b>702</b>	<b>1,205</b>	<b>1,089</b>	<b>843</b>	<b>915</b>	<b>1,630</b>	<b>1,600</b>	<b>1,035</b>

## 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	4/18
SSAB Special Steels	-	27	-	-	-	-	-	-	-	-	-	-
SSAB Europe	-	49	-	-	-	-	-	-	-	-	-	-
SSAB Americas	-	-	-	-	-	-	-	-	-	-	-	-
Tibnor	3	-	-	-	-	-	-	-	-	-	-	-
Ruukki Construction	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-213	-27
<b>Total</b>	<b>3</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-213</b>	<b>-27</b>

## 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	4/18
<b>Crude steel production</b>												
- SSAB Special Steels	218	288	291	178	265	229	180	282	234	305	217	162
- SSAB Europe	1,166	1,146	1,143	1,226	1,168	1,196	1,146	1,089	1,175	1,147	1,049	1,205
- SSAB Americas	617	623	533	558	569	602	634	635	652	629	645	609
<b>- Total</b>	<b>2,001</b>	<b>2,058</b>	<b>1,967</b>	<b>1,962</b>	<b>2,002</b>	<b>2,027</b>	<b>1,960</b>	<b>2,006</b>	<b>2,061</b>	<b>2,081</b>	<b>1,911</b>	<b>1,976</b>
<b>Rolling production</b>												
- SSAB Special Steels	130	137	146	85	83	147	111	155	121	138	145	89
- SSAB Europe	1,101	1,183	1,068	1,109	1,253	1,203	1,104	1,058	1,180	1,200	1,031	1,082
- SSAB Americas	575	584	493	544	545	553	603	582	607	603	612	582
<b>- Total</b>	<b>1,807</b>	<b>1,904</b>	<b>1,707</b>	<b>1,738</b>	<b>1,881</b>	<b>1,903</b>	<b>1,818</b>	<b>1,794</b>	<b>1,909</b>	<b>1,941</b>	<b>1,788</b>	<b>1,753</b>
<b>Steel shipments</b>												
- SSAB Special Steels	256	277	242	233	277	304	293	318	346	339	320	293
- SSAB Europe	946	1,013	863	898	982	991	871	901	939	963	810	850
- SSAB Americas	475	526	421	502	486	452	508	525	523	509	517	491
<b>- Total</b>	<b>1,677</b>	<b>1,816</b>	<b>1,526</b>	<b>1,633</b>	<b>1,745</b>	<b>1,747</b>	<b>1,672</b>	<b>1,743</b>	<b>1,808</b>	<b>1,811</b>	<b>1,646</b>	<b>1,634</b>

## Sensitivity analysis

The approximate full year effect on profit/loss after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

	Change, %	Effect on profit/loss before tax, SEK millions	Effect on earnings per share, SEK <sup>2)</sup>
Steel price - steel operations	10	6,010	4.55
Volume - steel operations <sup>1)</sup>	10	1,330	1.01
Iron ore prices	10	710	0.54
Coal prices	10	490	0.37
Scrap metal prices	10	820	0.62
Interest rate	1 %-point	50	0.04
Krona index <sup>3)</sup>	5	730	0.55

1) Excluding the effect of lower capacity utilization (underabsorption).

2) Calculated based on a 22% tax rate.

3) Calculated on SSAB's exposure without currency hedging. Any weakening of the Swedish krona entails a positive effect.

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.

**For further information:**

*Per Hillström, Head of Investor Relations, Tel. +46 70 2952 912*

*Viktoria Karsberg, Head of Corporate Identity and Group Communications, Tel +46 8 4545 734*

**Report for the first quarter 2019**

*The results for the first quarter of 2019 will be published on April 25, 2019*

# SSAB

**SSAB AB (publ)**

P.O. Box 70, SE-101 21 Stockholm, Sweden

Telephone +46 8-4545 700. Telefax +46 8-4545 725

Visiting address: Klarabergsviadukten 70 D6, Stockholm

E-mail: [info@ssab.com](mailto:info@ssab.com)

[www.ssab.com](http://www.ssab.com)