

# REPORT FOR THE FIRST QUARTER 2019



Strong earnings improvement  
in Americas and Special Steels

April 25, 2019

**SSAB**

# Report for the first quarter of 2019

## The first quarter

- Sales were SEK 20,017 (17,388) million
- Operating profit before depreciation/amortization was SEK 2,755 (1,836) million
- Operating profit was SEK 1,674 (916) million
- Earnings per share were SEK 1.24 (0.65)
- Operating cash flow was SEK 1,139 (761) million
- Net debt/equity ratio was 16% (21%)

## Key figures

SEK millions	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Sales	20,017	17,388	19,251	74,941
Operating profit before depreciation and amortization EBITDA	2,755	1,836	1,943	8,712
Operating profit	1,674	916	1,007	4,940
Profit after financial items	1,583	769	973	4,403
Profit after tax	1,285	670	699	3,564
Earnings per share (SEK)	1.24	0.65	0.67	3.45
Operating cash flow	1,139	761	1,960	5,969
Net debt, including IFRS 16	10,114	-	-	10,527
Net debt, excluding IFRS 16	8,096	11,391	8,582	8,582
Net debt/equity ratio (%), including IFRS 16	16	-	-	18
Net debt/equity ratio (%), excluding IFRS 16	13	21	14	14

For more information about IFRS 16, see page 14 and onwards.

(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 first quarter of 2019 was SEK 1,674 million, up SEK 758 million compared with the first quarter of 2018, attributable to SSAB Americas and SSAB Special Steels. Operating profit was also up compared to the fourth quarter of 2018, when there were several planned maintenance outages.

SSAB Americas' operating profit rose to SEK 956 (129) million for the first quarter. This improvement was driven primarily by significantly higher realized prices compared with the first quarter of 2018. Demand remained strong in most segments.

SSAB Special Steels saw continued strong demand in most segments. Operating profit was SEK 678 (434) million, up SEK 244 million compared with the first quarter of 2018. A more stable production contributed to the improvement in earnings.

Demand in Europe was fairly stable during the first quarter, although raw material prices increased. SSAB Europe carried out repairs and maintenance on one of the blast furnaces in Raahe during the quarter and this, together with some pressure on margins, pushed the operating profit down to SEK 347 (657) million.

All in all, 2019 has started on a positive note, with both SSAB Special Steels and SSAB Americas reporting record results. A further strengthening of our balance sheet creates a sound basis on which to continue to develop the company through strategic investments and bolt-on acquisitions. Even if growth in our high-strength steels leveled off somewhat during the quarter, we remain positive about the structural growth potential for these products. We continue to address production stability and are stepping up measures to create a safer workplace.

We see activity continuing at a good level, especially in Q&T steels and in heavy plate in the USA, whereas somewhat weaker leading economic indicators and a weakening in the automotive industry are contributing to some uncertainty regarding steel demand going forward. This means, all in all, that we expect the outlook for the second quarter of 2019 to be relatively good for the Group as a whole.

## Outlook

In North America, demand for heavy plate is estimated to continue to be good during the second quarter of 2019. In Europe, demand is expected to be somewhat weaker. Global demand for high-strength steels is expected to remain strong during the second quarter of 2019.

For SSAB Americas, shipments are expected to be at about the same level during the second quarter of 2019 as for the first quarter. Shipments for SSAB Europe are expected to increase during the second quarter compared with the first quarter, when production was restricted in one of the blast furnaces. Shipments for SSAB Special Steels are expected to increase somewhat during the second quarter.

Prices realized by SSAB Special Steels during the second quarter of 2019 are expected to be stable compared with the first quarter. Prices realized by SSAB Europe and SSAB Americas are expected to be somewhat lower during the second quarter. Higher raw material costs, primarily of iron ore, will have a negative impact on margins during the second quarter, mainly for SSAB Europe, but also for SSAB Special Steels.

## Major planned maintenance outages

The table below shows all major planned maintenance outages for 2019 and the costs of outages completed during 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

SEK millions	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Full year	Full year
SSAB Special Steels	-	-	-	-	-	-	290	350	290	350
SSAB Europe	-	-	-	40	230	240	140	130	370	410
SSAB Americas	-	-	-	-	-	-	410	285	410	285
Total	-	-	-	40	230	240	840	765	1,070	1,045

## The market

According to the World Steel Association, global crude steel production for the first two months of 2019 amounted to 288 (277) million tonnes, up 4.0% compared with the same period in 2018. Chinese steel production increased by 9% and steel production in North America rose by 4%, whereas production in the EU-28 decreased by over 2% compared with the same period in 2018.

In North America, demand for heavy plate was generally strong during the first quarter. However, demand from distributors was cautious and their stocks are considered to be in balance or somewhat high. In Europe, demand was fairly stable in many segments during the quarter, with the exception of weaker demand from the automotive industry and a continued cautious sentiment from distributors. Stock levels at distributors are considered to be in balance. Global demand for high-strength steels remained good during the quarter.

In North America, market prices for heavy plate decreased somewhat during the first quarter, albeit from a high level. In Europe, market prices for strip fell during the quarter, whereas those for heavy plate increased somewhat. In China, market prices for both strip and heavy plate rose during the first quarter.

## SSAB Group – Summary of the first quarter of 2019

### Sales and operating profit

Sales for the first quarter of 2019 were SEK 20,017 (17,388) million, up 15% compared with the first quarter of 2018 and up 4% compared with the fourth quarter of 2018.

Operating profit was SEK 1,674 (916) million, up SEK 758 million compared with the first quarter of 2018. This increase was mainly related to improved earnings for SSAB Americas and SSAB Special Steels. Compared with the fourth quarter of 2018, the result rose by SEK 667 million, primarily because the fourth quarter was affected by planned maintenance outages in the three steel divisions.

### Sales and operating profit by business segment

SEK millions	Sales			Operating profit		
	2019 Q1	2018 Q1	Change	2019 Q1	2018 Q1	Change
SSAB Special Steels	4,874	4,674	200	678	434	244
SSAB Europe	8,577	8,051	526	347	657	-310
SSAB Americas	4,871	3,363	1,508	956	129	827
Tibnor	2,264	2,058	206	38	67	-28
Ruukki Construction	1,274	1,088	186	-14	-62	48
Other	0	0	0	-67	-77	10
Depr. surplus values	-	-	-	-265	-233	-32
Group adjustments	-1,843	-1,846	3	-	-	-
Total	20,017	17,388	2,630	1,674	916	758

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

	Sales		Operating profit	
		Change vs Q1, 2018 %		Change vs Q1, 2018 SEK m.
Volume		-4	Price and product mix	1,960
Price		10	Volume	-80
Product mix		0	Variable cost	-770
Currency effects		8	Fixed cost	-270
Other sales		1	Currency effects	-60
			Capacity utilization	-30
			Other	8
Total		15		758

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

## Raw materials

SSAB has iron ore supply contracts with LKAB in Sweden and with Severstal in Russia. 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 for iron ore and coking coal rose during the first quarter and a small part of this increase impacted first quarter costs. The normal lead time between purchasing raw material and booking the cost means that the main impact from higher prices will be in the second quarter of 2019.

### Change in SSAB's average purchase prices, first quarter of 2019

% change	Change vs. 2018 Q1		Change vs. 2018 Q4	
	USD	SEK	USD	SEK
Iron ore	15%	30%	14%	15%
Coking coal	-5%	7%	6%	8%
Scrap metal	-3%	9%	-3%	-2%

## Production and shipments

Crude steel production during the first quarter of 2019 was down 3% compared with the first quarter of 2018 but up 1% compared with the fourth quarter of 2018.

Rolling production during the first quarter of 2019 was down 1% compared with the first quarter of 2018, but up 8% compared with the fourth quarter of 2018.

SSAB's steel shipments during the first quarter of 2019 were 1,744 (1,808) thousand tonnes, down 4% compared with the first quarter of 2018 but up 7% compared with the fourth quarter of 2018.

### Production and shipments

Thousand tonnes	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Crude steel production	2,000	2,061	1,976	8,028
Rolling production	1,889	1,909	1,753	7,391
Steel shipments	1,744	1,808	1,634	6,899

## Profit after tax and earnings per share

Profit after tax (attributable to shareholders in the parent company) for the first quarter of 2019 was SEK 1,280 (665) million, equating to SEK 1.24 (0.65) per share. Tax for the first quarter was SEK -298 (-99) million, which equates to a tax rate of around 19% (13%) of profit after financial items.

## Return on capital employed/equity

Return on capital employed before tax for the last 12 months was 8% and return on equity after tax was 7%, whereas figures for the full year 2018 were 7% and 6% respectively.

## Equity

With earnings of SEK 1,280 million and other comprehensive income (mostly consisting of translation differences) of SEK 1,395 million, parent company's shareholders' equity amounted to SEK 62,113 (55,250) million, equating to SEK 60.31 (53.65) per share.

## Cash flow, financing and liquidity

Operating cash flow for the first quarter of 2019 amounted to SEK 1,139 (761) million. Cash flow was impacted positively by operating profit, but this impact was partly counteracted by higher working capital and capital expenditures.

Net cash flow amounted to SEK 503 (311) million. Net cash flow was impacted by, among other things, payments for strategic investments, including acquisitions of operations and businesses, of SEK 288 (73) million. Total capital expenditure was SEK 640 (358) million. Net debt at March 31, 2019 was SEK 10,114 (11,391) million.

The term to maturity of the total loan portfolio at March 31, 2019 averaged 6.3 (5.5) years, with an average fixed interest period of 1.0 (1.0) years. Cash and cash equivalents were SEK 4,873 (3,862) million and non-utilized credit facilities were SEK 7,091 (8,585) million, which combined corresponds to 15% (18%) of rolling 12 months' sales.

### Operating cash flow and net debt

SEK millions	2019	2018	2018
	Q1	Q1	Full year
Operating profit before depreciation/amortization	2,755	1,836	8,712
Change in working capital	-1,256	-799	-967
Maintenance expenditures	-352	-285	-1,943
Other <sup>1)</sup>	-9	9	167
Operating cash flow	1,139	761	5,969
Financial items	-93	-141	-541
Taxes	-254	-236	-628
Cash flow from current operations	791	384	4,800
Strategic expenditures in plants and machinery	-113	-63	-397
Acquisitions of shares and operations	-175	-10	-11
Divestments of shares and operations	-	-	76
Cash flow before dividend	503	311	4,468
Dividend paid to shareholders	-	-	-1,030
Dividend, non-controlling interest	-	-	-3
Net cash flow	503	311	3,435
Net debt at beginning of period <sup>4)</sup>	-10,527	-11,574	-11,574
Net cash flow	503	311	3,435
Revaluation of liabilities against equity <sup>2)</sup>	-191	-155	-666
Other <sup>3)</sup>	101	27	224
Net debt at the end of period	-10,114	-11,391	-8,582

1) Other includes purchased emissions allowances of SEK -28 (-) million. The full year 2018 includes purchased emissions allowances with SEK 111 (-) millions and the reversal of the capital loss on the divestment of the Russian operations in Ruukki Construction by SEK -217 (-) million as it was 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 and cash and cash equivalents in Pirsteel Oy from the acquisition of SEK 37 million.

4) The opening balance 2019 has been adjusted regards to the IFRS 16 changes.

## Business segments – First quarter of 2019

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. For more information about the business segments, see page 23.

### SSAB Special Steels

#### First quarter in brief

- Strong demand in main markets – expected to continue during the second quarter of 2019
- Shipments were 338 (346) thousand tonnes
- Operating profit rose to a record SEK 678 (434) million

#### Key figures

SEK millions	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Sales	4,874	4,674	4,369	18,869
Operating profit before depreciation/amortization, EBITDA	842	569	52	1,946
Operating profit/loss	678	434	-72	1,421
Operating cash flow	440	70	176	1,150
Number of employees at end of period	2,899	2,770	2,844	2,844

#### Sales and operating profit

Sales were up 4% compared with the first quarter of 2018 and amounted to SEK 4,874 (4,674) million. Higher prices had a positive impact of 9 percentage points and positive currency effects 6 percentage points. Lower volumes had a negative impact of 2 percentage points and other sales (including internal sales) had a negative impact of 9 percentage points.

Compared with the fourth quarter of 2018, sales were up 12%. Higher volumes had a positive impact of 15 percentage points and currency effects a positive impact of 1 percentage point. Higher prices had a positive impact of 1 percentage point, whereas other sales (including internal sales) had a negative impact of 5 percentage points.

Operating profit for the first quarter of 2019 was SEK 678 (434) million, up SEK 244 million compared with the first quarter of 2018. Capacity utilization was better because the first quarter of last year was affected by an unplanned outage and because this year both blast furnaces in Oxelösund have been operating since the beginning of the year. The higher capacity will be used to compensate for the loss of volume in conjunction with refurbishment in summer 2019 of one of the blast furnaces at SSAB Europe's mill in Raahe, Finland. Higher prices had a positive impact on earnings, although this was partly counteracted by higher variable costs, primarily of raw materials.

Compared with the fourth quarter of 2018, earnings were up SEK 750 million. Improved earnings were largely attributable to the fact that the result for the previous quarter was affected by a prolonged planned maintenance outage. Better capacity utilization resulting from both blast furnaces in Oxelösund being in operation since the start of the year also contributed to improved earnings.

#### Market trend

Demand was stable during the first quarter, with high demand in, for example, Heavy Transport and Construction Machinery. Demand from Material Handling, which also includes mining-related equipment, increased compared with the first quarter of 2018.

#### Production and shipments

Crude steel production was up 65% compared with the first quarter of 2018 and up 138% compared with the fourth quarter of 2018.

Rolling production for the first quarter of 2019 was up 20% compared with the same period in 2018 and up 63% compared with the fourth quarter of 2018.

External shipments of steel during the first quarter of 2019 were down 2% compared with the first quarter of 2018 but up 15% compared with the fourth quarter of 2018. The decrease in shipments compared to the first quarter of 2018 was due to a minor lack of inventory as a result of the extended maintenance stop during the fourth quarter of 2018.

Both production and shipments during the fourth quarter of 2018 were affected negatively by the prolonged planned maintenance outage in Oxelösund. The strong upswing in crude steel production is also explained by the fact that both blast furnaces in Oxelösund have been operating since the beginning of the year.

### Production and shipments

Thousand tonnes	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Crude steel production	385	234	162	918
Rolling production	145	121	89	493
Shipments	338	346	293	1,298

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 first quarter was SEK 440 (70) million. Compared to the first quarter of 2018, cash flow was impacted positively by higher earnings.

Capital expenditure payments during the first quarter were SEK 68 (61) million, of which SEK 11 (0) million were strategic investments.

### SSAB Europe

#### First quarter in brief

- Fairly stable demand, but higher raw material costs
- Repairs and maintenance in Raahe had a negative impact of over SEK 200 million
- Operating profit fell to SEK 347 (657) million

#### Key figures

SEK millions	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Sales	8,577	8,051	8,099	32,796
Operating profit before depreciation/amortization, EBITDA	738	998	1,082	4,153
Operating profit/loss <sup>1)</sup>	347	657	733	2,757
Operating cash flow	-543	543	703	3,039
Number of employees at end of period	6,868	6,828	6,826	6,826

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 59 (55) million during the first quarter.

### Sales and operating profit

Sales were up 7% compared with the first quarter of 2018 and amounted to SEK 8,577 (8,051) million. Higher prices had a positive impact of 4 percentage points, a better product mix 1 percentage point, positive currency effects 3 percentage points and higher other sales (including internal sales) 2 percentage points. Lower volumes had a negative impact of 3 percentage points.

Compared with the fourth quarter of 2018, sales were up 6%. Higher volumes had a positive impact of 7 percentage points, whereas other sales (including internal sales) had a negative impact of 1 percentage point.

Operating profit for the first quarter was SEK 347 (657) million, down SEK 310 million compared with the first quarter of 2018. Repairs and maintenance of one of the blast furnaces in Raahe, Finland, together with lower capacity utilization had a negative impact of over SEK 200 million. Also lower volumes pulled down the result. Higher prices and a better product mix contributed positively, but this impact was partly counteracted by higher costs of raw materials.

Compared with the fourth quarter of 2018, earnings were down SEK 386 million. Repairs and maintenance of one of the blast furnaces in Raahe together with higher variable costs, primarily of raw materials, had a negative impact on earnings. Higher volumes and a better product mix contributed positively. Insurance compensation contributed positively to the fourth quarter of 2018.

### Market trend

Demand was relatively stable during the first quarter in major customer segments, except for Automotive and Steel Service Centers, which were characterized by lower activity and cautious sentiment. The construction market had a seasonal improvement compared with the previous quarter.

### Production and shipments

Crude steel production during the first quarter of 2019 was down 15% compared with the first quarter of 2018 and down 18% compared with the fourth quarter of 2018. Repairs and maintenance of one of the blast furnaces in Raahe had a negative impact.

Rolling production was down 2% compared with the first quarter of 2018, but up 7% compared with the fourth quarter of 2018.

External shipments of steel during the first quarter of 2019 were down 3% compared with the first quarter of 2018, but up 7% compared with the fourth quarter of 2018.

### Production and shipments

	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Thousand tonnes				
Crude steel production	993	1,175	1,205	4,576
Rolling production	1,162	1,180	1,082	4,494
Shipments	907	939	850	3,561

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 first quarter was SEK -543 (543) million. Compared to the first quarter 2018, cash flow was impacted negatively primarily by higher working capital and lower earnings.

Capital expenditure payments during the first quarter of 2019 were SEK 246 (211) million, of which SEK 59 (46) million were strategic investments.

### SSAB Americas

#### First quarter in brief

- Strong market – expected to continue during the second quarter of 2019
- Higher realized prices, whereas spot market prices decreased somewhat
- Operating profit rose to a record SEK 956 (129) million

### Key figures

SEK millions	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Sales	4,871	3,363	4,762	16,878
Operating profit before depreciation/amortization, EBITDA	1,119	283	699	2,459
Operating profit/loss <sup>1)</sup>	956	129	553	1,837
Operating cash flow	1,239	131	826	1,523
Number of employees at end of period	1,238	1,238	1,250	1,250

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 201 (179) million during the first quarter.

## Sales and operating profit

Sales were up 45% compared with the first quarter of 2018 and amounted to SEK 4,871 (3,363) million. Higher prices had a positive impact of 31 percentage points, positive currency effects 17 percentage points and higher other sales (including internal sales) 1 percentage point. Lower volumes had a negative impact of 4 percentage points.

Compared with the fourth quarter of 2018 sales were up 2%. Higher volumes had a positive impact of 2 percentage points and positive currency effects 1 percentage point, whereas other sales (including internal sales) had a negative impact of 1 percentage point.

Operating profit for the first quarter of 2019 was SEK 956 (129) million, up SEK 827 million compared with the first quarter of 2018. Improved earnings were primarily due to higher prices.

Compared with the fourth quarter of 2018, operating profit was up SEK 403 million. Higher earnings were primarily due to the planned maintenance outage which took place in the fourth quarter of 2018. Somewhat higher volumes had a positive effect.

## Market trend

Demand was strong during the first quarter in segments such as Energy and Construction Machinery. Steel Service Centers continued to have a somewhat cautious sentiment.

## Production and shipments

Crude steel production was down 5% compared with the first quarter of 2018 but up 2% compared with the fourth quarter of 2018.

Rolling production was 4% lower compared with the first quarter of 2018 and remained unchanged compared with the fourth quarter of 2018.

External shipments of steel were down 4% compared with the first quarter of 2018 but up 2% compared with the fourth quarter of 2018.

## Production and shipments

Thousand tonnes	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Crude steel production	621	652	609	2,534
Rolling production	581	607	582	2,404
Shipments	500	523	491	2,039

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 first quarter of 2019 was SEK 1,239 (131) million. Compared to the first quarter of 2018, cash flow was impacted positively by higher earnings and lower working capital.

Capital expenditure payments during the first quarter were SEK 75 (30) million, of which SEK 11 (6) million was strategic investments.

## Tibnor

### First quarter in brief

- Sales increased by 10% compared to the first quarter of 2018
- Operating profit decreased to SEK 38 (67) million, due to lower margins

### Key figures

SEK millions	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Sales	2,264	2,058	2,173	8,434
Operating profit before depreciation/amortization, EBITDA	78	87	50	313
Operating profit/loss <sup>1)</sup>	38	67	28	230
Operating cash flow	79	30	130	205
Shipments, thousand tonnes	188	176	181	705
Number of employees at end of period	1,079	1,077	1,077	1,077

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 first quarter.

### Sales and operating profit

Sales were up 10% compared with the first quarter of 2018 and amounted to SEK 2,264 (2,058) million. Higher sales were due to higher volumes and somewhat higher prices.

Compared with the fourth quarter of 2018, sales were up 4% due to somewhat higher shipments.

Operating profit for the first quarter of 2019 was SEK 38 (67) million, down SEK 29 million compared with the first quarter of 2018. Lower earnings were primarily due to lower margins, including revaluation of inventory.

Compared with the fourth quarter of 2018, earnings were up SEK 10 million, primarily due to higher volumes.

### Market trend

Demand increased somewhat in the first quarter, driven primarily by rebar products.

Total shipments during the first quarter of 2019 were 7% higher compared with the first quarter of 2018 and up 4% compared with the fourth quarter of 2018.

In April, the Danish Competition Authority approved Tibnor's acquisition of the steel distribution business of Sanistål, Denmark's second largest steel distributor. The steel distribution business acquired had sales of around SEK 1.9 billion in 2018. Tibnor and SSAB expect the acquisition to deliver annual synergies of around SEK 50 million to be realized within three years. The acquisition is expected also to strengthen the platform for SSAB's Nordic steel business. Acquisition is as an asset deal at a net value of around SEK 630 million.

### Cash flow and capital expenditure

Operating cash flow during the first quarter was SEK 79 (30) million. Compared to the first quarter of 2018, cash flow during the quarter was impacted positively by lower working capital.

Capital expenditure payments during the first quarter of 2019 were SEK 46 (13) million, of which SEK 23 (0) million were strategic investments.

## Ruukki Construction

### First quarter in brief

- Sales rose by 17% compared to the first quarter of 2018
- Operating result rose to SEK -14 million compared with SEK -62 million for the first quarter of 2018

### Key figures

SEK millions	2019	2018	2018	2018
	Q1	Q1	Q4	Full year
Sales	1,274	1,088	1,674	6,140
Operating profit before depreciation/amortization, EBITDA	30	-29	111	309
Operating profit/loss <sup>1)</sup>	-14	-62	82	181
Operating cash flow	-20	7	135	303
Number of employees at end of period	1,802	2,492	1,801	1,801

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 -3 (-7) million during the first quarter.

### Sales and operating profit

Sales were up 17% compared with the first quarter of 2018 and amounted to SEK 1,274 (1,088) million. Sales increased mainly in Building Systems.

Compared with the fourth quarter of 2018, sales were down 24%, primarily due to the normal seasonal weaker demand in Residential Roofing and Building Components.

The operating result for the first quarter was SEK -14 (-62) million. The improvement compared to the first quarter of 2018 was due to higher volumes in all business areas.

Compared with the fourth quarter of 2018, earnings were down SEK 96 million, primarily due to seasonally lower sales in Residential Roofing and Building Components.

### Market trend

Demand in the construction industry was seasonally lower during the first quarter, while the underlying demand was at a good level in Ruukki Construction's main markets.

During the first quarter of 2019, Ruukki Construction acquired a 67% holding in Finnish company Piristeel Oy. Piristeel's sales in 2018 were around SEK 200 million, whereof the majority from Finland. Piristeel is Finland's leading manufacturer of roof safety products and rainwater systems. The transaction supports Ruukki Construction's growth strategy for the roofing business and at the same time improves SSAB's position in the Nordic home market.

### Cash flow and capital expenditure

Operating cash flow during the first quarter was SEK -20 (7) million. Compared to the first quarter of 2018, cash flow during the quarter was impacted negatively by higher working capital.

Capital expenditure payments during the first quarter were SEK 198 (19) million, of which SEK 183 (11) million were strategic investments, including the acquisition of Piristeel.

## Sustainability

### Key figures – rolling 12 months

	2019	2018	2018
	Q1	Q1	Full year
<b>Responsible partner</b>			
Lost time injury frequency (LTIF) 1)	6.0	5.6	6.1
Total number of injuries (LTIs) 2)	180	168	184
<b>Sustainable operations</b>			
Energy consumption, GWh 3)	9,454	9,303	9,448
Energy intensity, kWh/tonnes crude steel	1,187	1,155	1,177
Carbon dioxide emissions, Scope 1, thousand tonnes 4)	9,806	9,801	9,833
Carbon dioxide emissions, Scope 2, thousand tonnes 5)	1,186	1,207	1,189
Carbon dioxide emissions intensity, tonnes of CO <sub>2</sub> /tonnes crude steel 6)	1.38	1.38	1.37

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 6.0 (rolling 12 months). To further emphasize the importance of safety issues, Group safety management has been given a clearer mandate in order to improve management in terms of co-ordination, process development and responsibility. All governing documents regarding safety have been reviewed and updated. The Sustainability function has taken over Group responsibility for safety, whereas primary operational responsibility rests with the divisions and subsidiaries.

### 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). The first quarter saw the launch of a new app for EcoUpgraded, which shows how, by upgrading to high-strength steels, customers can contribute to lower carbon dioxide emissions and better fuel economy during the use phase of their products.

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 9,454 GWh (rolling 12 months). SSAB's direct (Scope 1) CO<sub>2</sub> emissions were 9,806 thousand tonnes and indirect (Scope 2) CO<sub>2</sub> emissions were 1,186 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 on building the pilot plant in Luleå is progressing to plan 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, see [www.ssab.com/company/investors/reports-and-presentations](http://www.ssab.com/company/investors/reports-and-presentations).

## Risks and uncertainty factors

For information regarding material risks and uncertainty factors, reference is made to the detailed description in the annual report for 2018. 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 2018, other than the information below.

### IFRIC 23, Uncertainty over income tax treatments

This interpretation applies from January 1, 2019. The interpretation has not had any impact on the Group's opening balances at January 1, 2019.

### IFRS 16, Leasing

The Group has applied IFRS 16, Leasing since January 1, 2019. IFRS 16 mainly affects lessee accounting and the main impact is that all leases that were recognized as operating leases are currently recognized in a way that resembles the previous recognition of financial leases, i.e. a right-of-use asset and a lease liability are recognized.

#### The Group as lessee

The right-of-use asset and lease liability are recognized at the start of the lease term. The lease liability is initially recognized at the present value of future lease payments discounted at the rate implicit in the lease agreement, or where this cannot be determined, the Group's incremental borrowing rate. Subsequent measurement of the lease liability is done by increasing the value to reflect the interest rate and the decrease in the value due to payments. In addition, any remeasurements of the lease liability are taken into account.

The acquisition value of the right-of-use asset consists of the initial value of the lease liability plus any advance payments and other initial direct costs. Subsequent measurement of the right-of-use asset is at acquisition value less accumulated depreciation and any accumulated impairment, and taking into account any remeasurements. Depreciation is recognized on a straight-line basis over the lease term or over the economic life of the asset if it is reasonably certain that title will transfer to the Group, for example, through exercising an option to purchase at the end of the lease term.

An exception to the new principles that the Group is applying is applicable to low value leases, where no right-of-use asset or lease liability is recognized. These will be recognized as a straight-line cost over the lease term. The Group defines low value leases as, for example, office equipment such as printers, copying machines, coffee machines and other assets having a value of less than around SEK 50 thousand in new condition.

#### Transition to IFRS 16

The Group has applied the simplified transition approach and has not restated any comparable figures for earlier periods. This means that the right-of-use asset has been recognized at the same amount as the lease liability plus the advance payments made immediately prior to transition. Lease liability has been calculated by applying the incremental borrowing rate on transition. The Group has elected to apply the practical expedient of not reconsidering whether or not a lease exists. The exception regarding recognition of low value leases has also been applied at transition. This is an exception which will continue to be applied after the transition.

As at December 31, 2018, the Group's non-cancelable lease commitments (undiscounted) amounted to SEK 2,964 million, of which SEK 656 million were financial leases. In addition, SEK 121 million in lease commitments are attributable to assets of low value. These are recognized as a straight-line cost over the lease term. Regarding the remaining lease commitments, rights of use amounting to SEK 1,961 million and lease liabilities of SEK 1,946 million have been recognized as at January 1, 2019. The transition has not affected shareholders' equity since under the transition approach all earlier finance leases will continue to be recognized as leases in accordance with IFRS 16.

The tables below show the impact of transition to IFRS 16.

Transition effect of IFRS 16, Leasing

SEK millions	2019 Jan 1
Total lease commitments as per December 31, 2018	2,964
Previous financial leasing agreements according to IAS 17	-656
Leasing agreements, low value	-121
Variable leasing fees (linked to index or interest)	13
Total impact undiscounted as of January 1, 2019	2,201
Discounting	-255
Impact on lease liability as of January 1, 2019	1,946
Prepayment, leasing fees	15
Impact of right of use as per January 1, 2019	1,961

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 3.74%

Adjusted Opening balance as per January 1, 2019:

Consolidated balance sheet

SEK millions	2018 Dec 31	Adjustment IFRS 16	2019 Jan 1
Assets			
Intangible assets	31,438	-	31,438
Tangible assets	23,953	1,961	25,914
Other fixed assets	1,811	-	1,811
Total fixed assets	57,202	1,961	59,163
Other current receivables	3,894	-15	3,879
Other current assets	31,390	-	31,390
Total current assets	35,284	-15	35,269
Total assets	92,487	1,946	94,432
Equity and liabilities			
Equity for shareholders in the Company	59,437	-	59,437
Non-controlling interest	78	-	78
Total equity	59,514	-	59,514
Long-term interest-bearing liabilities	9,693	1,307	11,000
Other provisions and long-term non interest-bearing liabilities	1,973	-	1,973
Total long-term liabilities	11,666	1,307	12,973
Short-term interest-bearing liabilities	3,523	638	4,161
Other current liabilities	17,783	-	17,783
Total current liabilities	21,306	638	21,945
Total equity and liabilities	92,487	1,946	94,432

Impact on key figures

Profit/loss after tax will decrease for 2019 due to the application of the new principles compared to how the profit/loss after tax would have been recognized applying the earlier IAS 17. This is due to the fact that the new standard results in a front-loaded recognition of the costs at the beginning of a contract, which is due to the recognition of the interest expenses. EBITDA will increase since the costs for the operating leases was included in EBITDA when applying previous principles, but the depreciation on the right-of-use asset and the interest expense on the lease liability are excluded from EBITDA. Operational cash flow will increase, while the cash flow from financial activities will decrease, but the total cash flow will not be affected. However, working capital will decrease as net debt and the net debt/equity ratio rises. For the impacts of IFRS 16 on the first quarter key figures, see page 25.

Parent company as lessee

The parent company will apply the exemption rules under RFR 2 and will therefore not apply IFRS 16. The parent company will continue to recognize all leasing agreements as a straight-line cost over the lease.

**Subsequent events since the end of the reporting period**

The annual general meeting took place on April 8, 2019. It was resolved that the Board of Directors will comprise eight members. Directors Petra Einarsson, Marika Fredriksson, Bengt Kjell, Pasi Laine, Matti Lievonen and Martin Lindqvist were all re-elected. Bo Annvik and Marie Grönborg were elected as new directors. Annika Lundius and Lars Westerberg had declined re-election. Bengt Kjell was re-elected as Chairman of the Board.

The AGM resolved to pay a dividend of SEK 1.50 per share for the financial year 2018.

**Review**

This report has not been reviewed by the auditors.

Stockholm, April 24, 2019

Martin Lindqvist

President and 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	2019	2018	2018
	Q1	Q1	Full year
Sales	20,017	17,388	74,941
Cost of goods sold	-17,242	-15,540	-65,339
Gross profit	2,775	1,848	9,602
Selling and administrative costs	-1,252	-1,091	-4,691
Other operating income and expenses	118	138	-36
Affiliated companies, profit after tax	33	21	65
Operating profit/loss	1,674	916	4,940
Financial income	215	133	353
Financial expenses	-307	-280	-890
Profit/loss for the period after financial items	1,583	769	4,403
Tax	-298	-99	-839
Profit/loss for the period	1,285	670	3,564
Of which attributable to:			
- Parent Company's shareholders	1,280	665	3,549
- Non-controlling interest	5	5	16

### Key figures

	2019	2018	2018
	Q1	Q1	Full year
Operating margin (%)	8	5	7
Earnings per share (SEK)	1.24	0.65	3.45
Equity per share (SEK)	60.31	53.65	57.71
Net debt/equity ratio (%) <sup>1)</sup>	16	21	18
Equity ratio (%) <sup>1)</sup>	64	62	63
Adjusted average number of shares during the period (millions)	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
Number of employees at end of period	14,415	14,904	14,313

1) The opening balance 2019 has been adjusted regards to the IFRS 16 changes.

## Consolidated statement of comprehensive income

SEK millions	2019 Q1	2018 Q1	2018 Full year
Profit/loss for the period after tax	1,285	670	3,564
Other comprehensive income			
<u>Items that may be subsequently reclassified to the income statement</u>			
Translation differences for the period	1,675	1,391	4,009
Cash flow hedges	-130	83	231
Hedging of currency risks in foreign operations <sup>1)</sup>	-191	-155	-666
Share in other comprehensive income of affiliated companies and joint ventures	-7	-	3
Tax attributable to items that may be subsequently reclassified to the income statement	69	16	100
Total items that may be subsequently reclassified to the income statement	1,416	1,335	3,677
<u>Items that will not be reclassified to the income statement</u>			
Remeasurements of the net defined benefit liability	-34	29	27
Share in other comprehensive income of affiliated companies and joint ventures	7	-	-
Tax attributable to items that will not be reclassified to the income statement	7	-6	-8
Total items that will not be reclassified to the income statement	-20	23	19
Total other comprehensive income for the period, net after tax	1,396	1,358	3,696
<b>Total comprehensive income for the period</b>	<b>2,681</b>	<b>2,028</b>	<b>7,260</b>
Of which attributable to:			
- Parent Company's shareholders	2,675	2,020	7,242
- Non-controlling interest	6	8	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, 2017	9,062	23,021	2,041	19,107	53,231	63	53,294	
<b>Changes Jan. 1 – Mar. 31 2018</b>								
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			1,337	689	2,026	8	2,034	
Equity, March 31, 2018	9,062	23,021	3,378	19,789	55,250	71	55,321	
<b>Changes April. 1 - Dec. 31, 2018</b>								
Total comprehensive income for the period			2,335	2,881	5,216	10	5,226	
Dividend, shareholders				-1,030	-1,030			-1,030
Dividend, non-controlling interest						-3		-3
Equity, December 31, 2018	9,062	23,021	5,715	21,638	59,437	78	59,514	
<b>Changes Jan. 1 - Mar. 31, 2019</b>								
Total comprehensive income for the period			1,415	1,260	2,675	6	2,683	
Investments, non-controlling interest						47		47
Equity, March 31, 2019	9,062	23,021	7,131	22,898	62,113	131	62,244	

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

## Consolidated balance sheet

SEK millions	2019	2018	2019	2018
	31 Mar	31 Mar	1 Jan	31 Dec
<b>Assets</b>				
Goodwill	30,962	28,345	29,994	29,994
Other intangible assets	1,311	1,818	1,444	1,444
Tangible fixed assets	26,071	24,068	25,914	23,953
Participations in affiliated companies	715	686	697	697
Financial assets	637	443	608	608
Deferred tax receivables <sup>2)</sup>	419	704	507	507
<b>Total fixed assets</b>	<b>60,114</b>	<b>56,064</b>	<b>59,163</b>	<b>57,202</b>
Inventories	20,105	16,348	19,813	19,813
Accounts receivable	9,737	9,017	8,784	8,784
Current tax receivables	133	383	195	195
Other current receivables <sup>1)</sup>	2,807	4,079	3,879	3,894
<b>Cash and cash equivalents</b>	<b>4,873</b>	<b>3,862</b>	<b>2,598</b>	<b>2,598</b>
<b>Total current assets</b>	<b>37,656</b>	<b>33,690</b>	<b>35,269</b>	<b>35,284</b>
<b>Total assets</b>	<b>97,771</b>	<b>89,754</b>	<b>92,432</b>	<b>92,487</b>
<b>Equity and liabilities</b>				
Equity for shareholders in the Company	62,113	55,250	59,437	59,437
Non-controlling interest	131	71	78	78
<b>Total equity</b>	<b>62,244</b>	<b>55,321</b>	<b>59,514</b>	<b>59,514</b>
Deferred tax liabilities	746	1,217	1,044	1,044
Other long-term provisions	670	578	605	605
Long-term non-interest bearing liabilities <sup>2)</sup>	306	351	324	324
<b>Long-term interest-bearing liabilities</b>	<b>10,396</b>	<b>15,659</b>	<b>11,000</b>	<b>9,693</b>
<b>Total long-term liabilities</b>	<b>12,118</b>	<b>17,805</b>	<b>12,973</b>	<b>11,666</b>
Short-term interest-bearing liabilities	5,734	2,117	4,161	3,523
Accounts payable	12,785	10,315	13,375	13,375
Current tax liabilities	451	235	333	333
Other current liabilities	4,439	3,961	4,076	4,076
<b>Total current liabilities</b>	<b>23,408</b>	<b>16,628</b>	<b>21,945</b>	<b>21,306</b>
<b>Total equity and liabilities</b>	<b>97,771</b>	<b>89,754</b>	<b>92,432</b>	<b>92,487</b>
Pledged assets	1,356	2,655	2,305	2,305
Contingent liabilities	2,054	2,973	1,860	2,273

1) Other current receivables comprise short-term bank deposits (escrow agreement) in the amount of SEK 1,294 (2,594) million.

2) Of the Deferred tax receivable, SEK 118 (153) 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 332 (402) million and in the balance sheet item "Other current liabilities" derivatives are valued at a total of SEK 115 (204) million. In the balance sheet item "Financial assets" derivatives are valued at a total of SEK 153 (52) million and in the balance sheet item "Long-term non-interest bearing liabilities", derivatives are included valued at a total of SEK 11 (13) 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 69 (238) 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	2019	2018	2018
	Q1	Q1	Full year
Operating profit/loss <sup>1)</sup>	1,674	916	4,940
Adjustment for depreciation and impairment	1,080	920	3,771
Adjustment for other non-cash items <sup>1)</sup>	12	-30	174
Received and paid interest	-93	-141	-541
Tax paid	-254	-236	-628
Change in working capital	-1,256	-799	-967
Cash flow from operating activities	1,164	630	6,750
Capital expenditure payments in plants and machinery	-493	-348	-2,451
Acquisitions, shares and operations	-175	-10	-11
Divested shares and operations	-	-	76
Other investing activities	7	39	104
Cash flow from investing activities	-661	-319	-2,282
Dividend paid to shareholders	-	-	-1,030
Dividend, non-controlling interest	-	-	-3
Change in loans	788	-314	-5,988
Change in financial investments	959	-78	270
Other financing activities	-51	-348	640
Cash flow from financing activities	1,697	-740	-6,111
Cash flow for the period	2,200	-429	-1,644
Cash and cash equivalents at beginning of period	2,598	4,249	4,249
Cash in acquired subsidiary	37	-	-
Exchange rate difference in cash and cash equivalents	37	42	-7
Cash and cash equivalents at end of period	4,873	3,862	2,598

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	2019	2018	2018
	Q1	Q1	Full year
Gross profit	-	-	-
Selling and administrative costs	-102	-95	-345
Other operating income/expenses	41	36	178
Operating profit/loss	-60	-59	-167
Financial items	-208	-263	210
Profit/loss after financial items	-269	-322	43
Appropriations	-	-	1,738
Tax	56	70	-147
Profit/loss after tax	-212	-252	1,634

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

SEK millions	2019	2018	2018
	Q1	Q1	Full year
Profit/loss after tax	-212	-252	1,634
Other comprehensive income			
<u>Items that may be classified to the income statement</u>			
Cash flow hedges	-1	26	-23
Tax attributable to other comprehensive income	0	-6	5
Total items that will be reclassified to the income statement	-1	20	-18
Other comprehensive income, net after tax	-1	20	-18
<b>Total comprehensive income for the period</b>	<b>-213</b>	<b>-232</b>	<b>1,616</b>

### The Parent Company's balance sheet

SEK millions	2019	2018	2018
	31 Mar	31 Mar	31 Dec
Assets			
Fixed assets	72,764	70,602	72,325
Other current assets	7,757	10,693	10,697
Cash and cash equivalents	3,508	2,523	1,553
<b>Total assets</b>	<b>84,029</b>	<b>83,818</b>	<b>84,576</b>
Equity and liabilities			
Restricted equity	9,964	9,964	9,964
Unrestricted equity	52,775	52,170	52,988
<b>Total equity</b>	<b>62,739</b>	<b>62,134</b>	<b>62,952</b>
Long-term liabilities and provisions	6,012	12,511	6,604
Current liabilities and provisions	15,278	9,173	15,020
<b>Total equity and liabilities</b>	<b>84,029</b>	<b>83,818</b>	<b>84,576</b>

## 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 690 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 during the first quarter

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

External sales, Quarter 1, 2019 SEK millions	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
<u>Geographical areas</u>						
Sweden	111	1,302	-	1,038	388	2,839
Finland	70	51	-	413	281	816
Germany	416	543	-	9	6	974
Other EU-28	1,354	3,213	-	295	417	5,279
Norway	26	56	-	450	153	685
Russia	90	70	-	-	3	163
Other Europe	164	589	-	3	16	771
USA	1,051	330	4,619	-	0	6,001
Canada	282	167	206	-	1	657
Rest of the world	1,146	653	21	12	1	1,834
Total	4,710	6,974	4,847	2,220	1,266	20,017
<u>Product area</u>						
Steel products	4,526	6,453	4,840	-	0	15,819
Trading operations	-	-	-	2,220	-	2,220
Ruukki Construction operations	-	-	-	-	1,266	1,266
Slabs, by-products and scrap	122	500	-	-	-	623
Other	62	20	7	-	0	89
Total	4,710	6,974	4,847	2,220	1,266	20,017
External sales, Quarter 1, 2018 SEK millions		Business segments				
SEK millions	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
<u>Geographical areas</u>						
Sweden	196	1,624	-	987	294	3,101
Finland	76	1,023	-	369	280	1,748
Germany	344	562	-	11	2	919
Other EU-28	1,278	2,607	-	274	314	4,473
Norway	23	140	-	363	112	638
Russia	83	57	-	-	62	202
Other Europe	243	82	-	2	12	339
USA	947	234	3,117	0	0	4,298
Canada	82	62	227	-	-	371
Rest of the world	1,031	245	10	11	2	1,299
Total	4,303	6,636	3,354	2,018	1,078	17,388
<u>Product area</u>						
Steel products	4,036	6,127	3,331	-	-	13,494
Trading operations	-	-	-	2,018	-	2,018
Ruukki Construction operations	-	-	-	-	1,078	1,078
Slabs, by-products and scrap	223	458	16	-	-	697
Other	44	51	7	-	0	102
Total	4,303	6,636	3,354	2,018	1,078	17,388

## Impacts of the introduction of IFRS 16

The Group has applied IFRS 16, Leasing since January 1, 2019. The new standard has had the following impacts in the consolidated accounts and key figures in the first quarter of 2019.

### Consolidated income statement

SEK millions	2019 Q1	Effect IFRS 16	2019 Q1, excl IFRS 16
Sales	20,017	-	20,017
Cost of goods sold	-17,242	-12	-17,254
Gross profit	2,775	-12	2,763
Selling and administrative costs	-1,252	-	-1,252
Other operating income and expenses	118	0	118
Affiliated companies, profit after tax	33	-	33
Operating profit/loss	1,674	-12	1,662
Financial income	215	-	215
Financial expenses	-307	20	-287
Profit/loss for the period after financial items	1,583	8	1,591
Tax	-298	-2	-300
Profit/loss for the period	1,285	6	1,291

### Cash flow

SEK millions	2019 Q1	Effect IFRS 16	2019 Q1, excl IFRS 16
Operating profit/loss	1,674	-12	1,662
Adjustment for depreciation and impairment	1,080	-161	919
Received and paid interest	-93	20	-73
Change in working capital	-1,256	-18	-1,274
Other	-242	-	-242
Cash flow from operating activities	1,164	171	1,335
Cash flow from investing activities	-661	-	-661
Change in loans	789	155	944
Change in financial investments	959	-	959
Other financing activities	-51	16	-35
Cash flow from financing activities	1,697	171	1,868
Cash flow for the period	2,200	-	2,200

### Operating cash flow

SEK millions	2019 Q1	Effect IFRS 16	2019 Q1, excl IFRS 16
Operating profit before depreciation/amortization	2,755	-173	2,582
Change in working capital	-1,256	-18	-1,274
Other	-361	-	-361
Operating cash flow	1,139	-191	948
Financial items	-93	20	-73
Taxes	-254	-	-254
Cash flow from current operations	791	-171	620
Strategic expenditures in plants and machinery	-113	-	-113
Acquisitions of shares and operations	-175	-	-175
Cashflow before dividend	503	-171	332
Net cash flow	503	-171	332

## Key figures

SEK millions	2019	Effect	2019
	Q1	IFRS 16	Q1, excl IFRS 16
Operating profit before depreciation and amortization, EBITDA	2,755	-173	2,582
Operating profit	1,674	-12	1,662
Net debt	10,114	-2,018	8,096
Net debt/equity ratio (%)	16	-3	13

## The acquisition of Piristeel Oy – Preliminary purchase price allocation

During March 2019, Ruukki Construction acquired a 67% holding in the Finnish company, Piristeel Oy. Piristeel is Finland's leading manufacturer of roof safety products and rainwater systems. A preliminary purchase price allocation is presented below.

Preliminary purchase price allocation	EURm	SEKm
Purchase price, 67% of the shares	17	176
Preliminary fair value for the acquired net assets	-9	-96
Preliminary calculated goodwill	8	80

Final purchase price allocation of surplus values will be done during the year of 2019.

### Assets and liabilities at the time of the acquisition

	Acquired booked value (preliminary)		Preliminary purchase allocation of fair value
	EURm	SEKm	SEKm
Intangible assets	0	3	3
Tangible fixed assets	2	20	20
Other fixed assets	2	22	22
Inventory	6	59	59
Other current receivables	2	25	25
Cash and cash equivalents	4	37	37
Short-term liabilities	-2	-23	-23
	14	144	144
Non-controlling interest	-5	-47	-47
Total acquired net assets	9	96	96

### Change in the Group's cash and cash equivalents at the time of the acquisition

Purchase price paid	-17	-176	-176
Cash and cash equivalents in Piristeel Oy	4	37	37
Sum	-13	-139	-139

## 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

	2019	2018	2018
SEK millions	Q1	Q1	Full year
Operating profit/loss	1,674	916	4,940
Depreciation and impairment	1,080	920	3,771
Operating profit before depreciation/amortization, EBITDA	2,755	1,836	8,712

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

	2019	2018	2018
SEK millions	Q1	Q1	Full year
Operating profit before depreciation/amortization, EBITDA	2,755	1,836	8,712
Items affecting comparability	-	-	240
Operating profit before depreciation/amortization, EBITDA, excl items affecting comparability	2,755	1,836	8,952

Return on capital employed before tax, rolling 12 months

	Apr 18- Mar 19	Apr 17- Mar 18	2018
SEK millions			Full year
Operating profit/loss	5,699	4,053	4,940
Financial income	435	360	353
Total	6,134	4,413	5,293
Average capital employed	75,706	73,947	74,417
Return on capital employed before tax, %	8%	6%	7%

Return on equity after tax, rolling 12 months

	Apr 18- Mar 19	Apr 17- Mar 18	2018
SEK millions			Full year
Profit/loss for the period, after tax	4,180	2,478	3,564
Average equity	59,223	53,118	57,341
Return on equity after tax, %	7%	5%	6%

Operating cash flow

	2019	2018	2018
SEK millions	Q1	Q1	Full year
Cash flow from operating activities	1,164	630	6,750
Reversal received and paid interests	93	141	541
Reversal tax paid	254	236	628
Maintenance expenditures <sup>1)</sup>	-352	-285	-1,943
Other investing activities <sup>2)</sup>	-21	39	-7
Operating cash flow	1,139	761	5,969

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 and purchase of emissionsrights.

## Net debt

SEK millions	2019	2018	2018
	31 Mar	31 Mar	31 Dec <sup>3)</sup>
Interest-bearing assets <sup>1)</sup>	6,608	6,926	5,126
Interest-bearing liabilities <sup>2)</sup>	16,722	18,317	15,653
Net debt	10,114	11,391	10,527

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.

3) The opening balance 2019 has been adjusted regards to the IFRS 16 changes

## Financial information, per quarter

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

SEK millions	1/17	2/17	3/17	4/17	1/18	2/18	3/18	4/18	1/19
Sales	15,739	17,115	16,188	17,017	17,388	19,263	19,038	19,251	20,017
Operating expenses	-14,129	-14,966	-14,192	-15,250	-15,572	-16,699	-16,487	-17,295	-17,295
Depreciation									
/amortization	-926	-961	-927	-939	-920	-952	-961	-938	-1,081
Affiliated companies	17	17	20	14	21	18	11	16	33
Financial items	-253	-291	-225	-206	-147	-202	-153	-34	-91
<b>Result before tax</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>	<b>1,583</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	1/17	2/17	3/17	4/17	1/18	2/18	3/18	4/18	1/19
SSAB Special Steels	3,925	4,133	3,627	4,368	4,674	5,142	4,684	4,369	4,874
SSAB Europe	7,657	8,378	7,245	7,768	8,051	8,892	7,754	8,099	8,577
SSAB Americas	3,019	3,138	3,340	3,230	3,363	4,040	4,713	4,762	4,871
Tibnor	2,019	2,057	1,733	2,012	2,058	2,253	1,949	2,173	2,264
Ruukki Construction	1,131	1,531	1,640	1,471	1,088	1,578	1,799	1,674	1,274
Other	-	1	-	-	0	0	0	0	0
Group adjustments	-2,012	-2,123	-1,397	-1,832	-1,846	-2,642	-1,861	-1,827	-1,843
<b>Total</b>	<b>15,739</b>	<b>17,116</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>	<b>20,017</b>

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

SEK millions	1/17	2/17	3/17	4/17	1/18	2/18	3/18	4/18	1/19
SSAB Special Steels	377	495	353	777	569	656	670	52	842
SSAB Europe	1,182	1,381	1,031	811	998	1,259	814	1,082	738
SSAB Americas	8	201	468	141	283	526	951	699	1,119
Tibnor	118	88	65	63	87	103	73	50	78
Ruukki Construction	8	97	137	65	-29	92	136	111	30
Other	-66	-95	-38	-75	-71	-53	-81	-24	-52
<b>Total</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>	<b>2,755</b>

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

SEK millions	1/17	2/17	3/17	4/17	1/18	2/18	3/18	4/18	1/19
SSAB Special Steels	243	362	219	641	434	522	536	-72	678
SSAB Europe	826	1,022	680	460	657	907	460	733	347
SSAB Americas	-157	39	316	-15	129	365	790	553	956
Tibnor	99	67	44	42	67	83	53	28	38
Ruukki Construction	-29	63	105	32	-62	59	103	82	-14
Depreciation on surplus values, IPSCO	-157	-194	-180	-182	-179	-192	-198	-203	-201
Depreciation on surplus values, Rautaruukki	-51	-53	-53	-54	-54	-56	-57	-57	-64
Other	-72	-101	-42	-81	-76	-58	-86	-28	-67
<b>Total</b>	<b>702</b>	<b>1,205</b>	<b>1,090</b>	<b>844</b>	<b>916</b>	<b>1,630</b>	<b>1,600</b>	<b>1,035</b>	<b>1,674</b>

## Items affecting comparability, per quarter and business segment

SEK millions	1/17	2/17	3/17	4/17	1/18	2/18	3/18	4/18	1/19
SSAB Special Steels	-	-	-	-	-	-	-	-	-
SSAB Europe	-	-	-	-	-	-	-	-	-
SSAB Americas	-	-	-	-	-	-	-	-	-
Tibnor	-	-	-	-	-	-	-	-	-
Ruukki Construction	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-213	-27	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-213</b>	<b>-27</b>	<b>-</b>

## Production and shipments

Thousand tonnes	1/17	2/17	3/17	4/17	1/18	2/18	3/18	4/18	1/19
Crude steel production									
- SSAB Special Steels	265	229	180	282	234	305	217	162	385
- SSAB Europe	1,168	1,196	1,146	1,089	1,175	1,147	1,049	1,205	993
- SSAB Americas	569	602	634	635	652	629	645	609	621
- Total	2,002	2,027	1,960	2,006	2,061	2,081	1,911	1,976	2,000
Rolling production									
- SSAB Special Steels	83	147	111	155	121	138	145	89	145
- SSAB Europe	1,253	1,203	1,104	1,058	1,180	1,200	1,031	1,082	1,162
- SSAB Americas	545	553	603	582	607	603	612	582	581
- Total	1,881	1,903	1,818	1,795	1,909	1,941	1,788	1,753	1,889
Steel shipments									
- SSAB Special Steels	277	304	293	318	346	339	320	293	338
- SSAB Europe	982	991	871	901	939	963	810	850	907
- SSAB Americas	486	452	508	525	523	509	517	491	500
- Total	1,745	1,747	1,672	1,744	1,808	1,811	1,646	1,634	1,744

## 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 half-year 2019

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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)