

INTERIM REPORT
JANUARY – JUNE 2020



Earnings impacted negatively
by lower demand, stable
performance from Special
Steels

July 21, 2020

SSAB

Interim Report January – June 2020

The second quarter

- Revenue was SEK 15,155 (20,654) million
- EBITDA was SEK 705 (2,419) million
- Operating profit/loss was SEK -251 (1,316) million
- Earnings per share were SEK -0.28 (0.98)

Key figures

SEK millions	2020 Q2	2019 Q2	2020 Q1	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Revenue	15,155	20,654	18,772	33,927	40,672	76,485
Operating profit/loss before depreciation and amortization, EBITDA ¹⁾	705	2,419	1,286	1,991	5,174	6,375
Operating profit/loss ¹⁾	-251	1,316	343	92	2,990	2,159
Profit/loss after financial items ¹⁾	-365	1,230	221	-145	2,813	1,770
Profit/loss after tax ¹⁾	-280	1,014	178	-102	2,299	1,279
Earnings per share (SEK)	-0.28	0.98	0.17	-0.11	2.22	1.04
Operating cash flow	629	1,696	-411	218	2,835	5,194
Net debt	12,782	11,809	12,692	12,782	11,809	11,696
Net debt/equity ratio (%)	21	19	20	21	19	19

¹⁾ Excluding items affecting comparability. For detailed information, see pages 29.

(In the report, the figures in parentheses refer to the corresponding period for the previous year.)

Comments by the CEO

SSAB's operating result for the second quarter of 2020 was SEK -251 million, down SEK 1,567 million compared with the second quarter of 2019. The steel markets were affected by lower economic activity following the outbreak of Covid-19. Compared with the first quarter of 2020, which was largely unaffected by Covid-19, earnings contracted by SEK 594 million.

SSAB Special Steels' operating profit was SEK 485 (544) million, lower volumes compared with the second quarter of 2019 had a negative impact. Demand for the special steels business was better than for standard steels and Special Steels' operating margin amounted to 12% (11%) during the quarter. Compared with the first quarter of 2020, earnings were up SEK 27 million, partly related to cost savings and a good production rate.

The European steel market was characterized by low demand and SSAB Europe's shipments decreased to 695 (909) thousand tonnes. Lower volumes and the impacts of reduced production pushed earnings down to SEK -566 (66) million.

SSAB Americas' operating result for the second quarter decreased to SEK -10 (872) million and shipments decreased to 460 (475) thousand tonnes, impacted by weak demand. The second quarter of 2019 was characterized by favorable market conditions with high heavy plate prices.

Work on minimizing the effects and the risks of Covid-19 continued, with health and safety as our top priority. SSAB's operations ran as planned during the second quarter. We responded quickly to adjust the organization to lower demand and our actions reduced the fixed costs by SEK 800 million, compared to the second quarter of 2019. Cost savings, which include short-time working allowances and temporary layoffs, are continuing during the third quarter.

Lower production levels continue and the blast furnace idled in Raahe in mid-April is planned to remain idled during the most of the third quarter. Due to the uncertain market conditions, our planned maintenance outages were brought forward to July and August from the fourth quarter. The outlook is uncertain but there are some signals in several of our customer segments indicating that demand could start to improve towards the end of third quarter.

SSAB continues to focus on developing the special steels business, as well as being the first to market with fossil-free steel in 2026. Already during the third quarter 2020, HYBRIT's world unique pilot plant for fossil free steel will start operating in Luleå, Sweden.

Outlook for Q3 2020

Third quarter demand for steel is expected to be negatively affected by industrial deceleration due to the effects of Covid-19. In Europe in particular, but also to some extent also in North America, this effect is expected to be intensified by normal seasonal slowdown. Underlying demand is expected to improve somewhat toward the end of the third quarter. Global demand for high-strength steel is expected to be somewhat less affected than demand for standard steel.

SSAB Americas' shipments are expected to remain at more or less the same level as in the second quarter of 2020. For SSAB Europe and SSAB Special Steels, shipments are expected to decrease during the third quarter compared with the second quarter of 2020.

Prices realized by SSAB Americas are expected to be relatively unchanged on average, compared with the second quarter of 2020. For SSAB Europe, prices are expected to be somewhat lower, with generally lower contract prices partly counteracted by a positive product mix. Also for SSAB Special Steels, prices are expected to be somewhat lower in the third quarter than in the second quarter of 2020.

Major planned maintenance outages 2020

The table below shows all major planned maintenance outages for 2020 and the costs of outages completed during 2019. The costs for SSAB Americas will be marginally higher than earlier forecast and the allocation of costs between the second and third quarters has been adjusted so that a higher share will be booked in the third quarter. The Group's total maintenance costs for 2020 are expected to be SEK 900 million, compared with the earlier forecast of SEK 880 million. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
SEK millions	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Full year	Full year
SSAB Special Steels	-	-	-	-	280	-	-	300	280	300
SSAB Europe	-	-	-	-	285	285	85	135	370	420
SSAB Americas	-	-	50	-	200	-	-	415	250	415
Total	-	-	50	-	765	285	85	850	900	1,135

The market

According to the World Steel Association, global crude steel production for the first five months of the year amounted to 729 (769) million tonnes, down 5.2% compared with the same period in 2019. Chinese steel production increased by just under 2% and steel production in North America decreased by 15%, whereas production in the EU-28 contracted by 17% compared with the same period in 2019.

In North America, the heavy plate market weakened during the quarter as a result of Covid-19, as many customer segments sharply reduced production. Inventory levels at distributors are assessed to be at a low level still.

In Europe, demand fell during the second quarter in the wake of significantly lower industrial activity, particularly in the Automotive segment, due to Covid-19. Industry was shuttered in large parts of Europe during the first half of the quarter. Production has gradually resumed but at a lower level than before the crisis.

Global demand for high-strength steel fell during the second quarter, albeit with regional differences, with improved demand in China but lower demand in, for example, Europe and North America.

In North America, market prices for heavy plate fell initially during the second quarter but subsequently recovered. In Europe, market prices for both strip and heavy plate fell during the second quarter, while prices for the same products rose in China.

SSAB Group – First half year of 2020

Revenue and operating result

Revenue for the first half of 2020 was SEK 33,927 (40,672) million, down SEK 6,745 million or 17% compared with the same period in 2019. Operating profit for the first half of 2020 was SEK 92 (2,990) million, down SEK 2,898 million compared with the same period in 2019. This decrease was primarily attributable to SSAB Europe and SSAB Americas.

Revenue and operating profit/loss by business segment

SEK millions	Revenue			Operating profit/loss		
	2020 Qs 1-2	2019 Qs 1-2	Change	2020 Qs 1-2	2019 Qs 1-2	Change
SSAB Special Steels	8,519	10,013	-1,494	942	1,222	-280
SSAB Europe	14,328	17,391	-3,063	-566	412	-978
SSAB Americas	7,097	9,426	-2,329	96	1,828	-1,732
Tibnor	4,457	4,798	-340	41	68	-26
Ruukki Construction	2,919	2,964	-45	97	81	16
Other	-	-	-	-339	-84	-255
Depr. surplus values	-	-	-	-180	-537	357
Group adjustments	-3,393	-3,920	527	-	-	-
Total	33,927	40,672	-6,745	92	2,990	-2,898

Result after tax and earnings per share

The result after tax (attributable to shareholders in the parent company) for the first half of 2020 was SEK -111 (2,289) million, equating to SEK -0.11 (2.22) per share. Tax was SEK 43 (-514) million. Positive tax was attributable to the negative result.

Cash flow

Operating cash flow for the first half of 2020 amounted to SEK 218 (2 835) million. Compared with the first half of 2019, cash flow was impacted by lower operating profit.

Net cash flow amounted to SEK -703 (-1,074) million. The first half of 2019 was impacted by the acquisition of Sanistål's Danish distribution business by Tibnor and payment of a dividend to shareholders. Net debt at June 30, 2020 was SEK 12,782 (11,809) million.

Return on capital employed/equity

Return on capital employed before tax for the last 12 months was 0% and return on equity after tax was -2%, whereas the figures for the full year 2019 were 3% and 2% respectively.

Equity

With earnings of SEK -111 (2,289) million and other comprehensive income (mostly consisting of translation differences) of SEK -57 (1,753) million, shareholders' equity in the company amounted to SEK 60,146 (61,918) million, equating to SEK 58.40 (60.12) per share.

SSAB Group – Second quarter of 2020

Revenue and operating result

Revenue for the second quarter of 2020 was SEK 15,155 (20,654) million, down 27% compared with the second quarter of 2019 and down 19% compared with the first quarter of 2020.

Operating result for the second quarter of 2020 was SEK -251 (1,316) million, down SEK 1,567 compared with the second quarter of 2019. The decrease was primarily related to SSAB Europe and SSAB Americas. Compared with the first quarter of 2020, earnings were down SEK 594 million.

Revenue and operating profit/loss by business segment

SEK millions	Revenue			Operating profit/loss		
	2020 Q2	2019 Q2	Change	2020 Q2	2019 Q2	Change
SSAB Special Steels	3,983	5,139	-1,156	485	544	-59
SSAB Europe	6,189	8,814	-2,625	-566	66	-631
SSAB Americas	3,219	4,555	-1,336	-10	872	-883
Tibnor	2,037	2,534	-497	29	29	0
Ruukki Construction	1,439	1,690	-251	86	95	-9
Other	-	-	-	-186	-18	-168
Depr. surplus values	-	-	-	-89	-272	183
Group adjustments	-1,712	-2,077	365	-	-	-
Total	15,155	20,654	-5,499	-251	1,316	-1,567

Analysis of total change in revenue and operating profit/loss^{*)}

	Revenue		Operating profit/loss	
	Change vs Q2, 2019 %		Change vs Q2, 2019 SEK m.	
Volume	-17	Price and product mix	-1,670	
Price	-7	Volume	-870	
Product mix	0	Variable cost	610	
Currency effects	0	Fixed cost	780	
Other sales	-3	Currency effects	-190	
		Capacity utilization	-390	
		Other	163	
Total	-27		-1,567	

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

Raw materials

SSAB sources iron ore from LKAB in Sweden and from Severstal in Russia, and 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 on the spot market as a raw material for their production.

Change in SSAB's average purchase prices, second quarter of 2020

% change	Change vs. 2019 Q2		Change vs. 2020 Q1	
	USD	SEK	USD	SEK
Iron ore	-26%	-25%	1%	0%
Coking coal	-33%	-32%	-2%	0%
Scrap metal	-4%	-2%	-1%	-1%

Production and shipments

Crude steel production during the second quarter of 2020 was down 15% compared with both the second quarter of 2019 and the first quarter of 2020.

Rolling production during the second quarter of 2020 was down 18% compared with the same quarter of 2019 and down 20% compared with the first quarter of 2020.

SSAB's steel shipments during the second quarter of 2020 were 1,422 (1,722) thousand tonnes, down 17% compared with the second quarter of 2019 and 20% compared with the first quarter of 2020.

Production and shipments

	2020	2019	2020	2020	2019	2019
Thousand tonnes	Q2	Q2	Q1	Qs 1-2	Qs 1-2	Full year
Crude steel production	1,779	2,100	2,081	3,860	4,100	7,623
Rolling production	1,573	1,926	1,955	3,528	3,815	6,994
Steel shipments	1,422	1,722	1,787	3,209	3,467	6,560

Earnings after tax and earnings per share

Profit after tax (attributable to shareholders in the parent company) for the second quarter of 2020 was SEK -287 (1,010) million, equating to SEK -0.28 (0.98) per share. Tax was SEK 86 (-216) million. Positive tax was attributable to the negative result.

Return on capital employed/equity

Return on capital employed before tax for the last 12 months was 0% and return on equity after tax was -2%, whereas the figures for the full year 2019 were 3% and 2% respectively.

Equity

With earnings of SEK -287 (1,010) million and other comprehensive income (mostly consisting of translation differences) of SEK -4,015 (357) million, shareholders' equity in the parent company amounted to SEK 60,146 (61,918) million, equating to SEK 58.40 (60.12) per share.

Cash flow, financing and liquidity

Operating cash flow for the second quarter of 2020 amounted to SEK 629 (1,696) million. Compared with the second quarter of 2019, cash flow was impacted primarily by lower operating profit.

Net cash flow amounted to SEK 48 (-1,577) million. The second quarter last year was impacted by acquisitions and payment of a dividend to shareholders. Net debt at June 30, 2020 was SEK 12,782 (11,809) million.

The term to maturity of the total loan portfolio at June 30, 2020 averaged 5.3 (6.4) years, with an average fixed interest period of 0.9 (1.1) years.

Cash and cash equivalents were SEK 5,559 (4,427) million and non-utilized credit facilities were SEK 14,757 (7,153) million, which combined corresponds to 29% (15%) of rolling 12-month revenue.

Capital expenditure

Capital expenditure, including acquisitions and divestments of operations, totaled SEK 587 (1,227) million during the second quarter of 2020. Strategic investments of SEK 230 (231) million primarily included increased capacity in high-strength steel in Mobile and Borlänge. As earlier announced, SSAB has decided to postpone some of the strategic investments that had been planned for the rest of 2020, primarily the investment in Mobile and the start-up of the investment in Oxelösund to convert to electric arc furnaces. The goal to deliver fossil-free steel by 2026 remains unchanged. Maintenance investments will be performed as planned. The assessment that the total of maintenance and strategic investments will amount to between SEK 2.0 billion and SEK 2.5 billion for the full year of 2020 remains unchanged. Divestments during the second quarter refer to the sale of Ruukki Construction's project business, Building Systems.

Operating cash flow and net debt

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Operating profit before depreciation/amortization	705	2,419	1,991	5,174	6,177
Change in working capital	237	-240	-1,164	-1,496	896
Maintenance expenditures	-381	-401	-684	-753	-1,875
Other	68	-82	75	-91	-4
Operating cash flow	629	1,696	218	2,835	5,194
Financial items	-202	-150	-296	-243	-432
Taxes	-173	-702	-181	-956	-1,315
Cash flow from current operations	254	845	-259	1,636	3,447
Strategic expenditures in plants and machinery	-230	-231	-393	-344	-1,035
Acquisitions of shares and operations	-82	-595	-153	-770	-1,221
Divestments of shares and operations	106	-	106	-	118
Cash flow before dividend	48	19	-699	522	1,309
Dividend paid to shareholders	-	-1,545	-	-1,545	-1,545
Dividend, non-controlling interest	-	-6	-4	-6	-7
Acquisition, non-controlling interest	-	-45	-	-45	-46
Net cash flow	48	-1,577	-703	-1,074	-289
Net debt at beginning of period	-12,692	-10,114	-11,696	-8,582	-8,582
Adjustment net cash flow, IFRS 16	-	-	-	-1,945	-1,945
Net cash flow	48	-1,577	-703	-1,074	-289
Revaluation of liabilities against equity ¹⁾	370	-46	9	-237	-287
Other ²⁾	-508	-72	-392	29	-593
Net debt at the end of period	-12,782	-11,809	-12,782	-11,809	-11,696

¹⁾ Revaluation of hedges of currency risks in foreign operations.

²⁾ Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial instruments in foreign currency, 2019 including acquired net debt.

Business segments – Second quarter of 2020

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

SSAB Special Steels

Second quarter in brief

- Operating profit decreased to SEK 485 (544) million, primarily due to lower shipments
- Shipments decreased 22% to 266 (339) thousand tonnes
- Cost savings and stable production mostly offset the impact of lower shipments

Key figures

SEK millions	2020 Q2	2019 Q2	2020 Q1	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Revenue	3,983	5,139	4,536	8,519	10,013	18,495
Operating profit before depreciation/amortization, EBITDA	639	703	614	1,253	1,545	2,081
Operating profit/loss	485	544	458	942	1,222	1,454
Operating cash flow	439	759	397	837	1,199	668
Number of employees at end of period	2,832	2,908	2,835	2,832	2,908	2,886

Revenue and operating profit

Revenue was down 22% compared with the second quarter of 2019 and amounted to SEK 3,983 (5,139) million. Lower volumes had a negative impact of 22 percentage points and lower prices 1 percentage point. Product mix had a positive impact of 1 percentage point.

Compared with the first quarter of 2020, revenue was down 12%. Lower volumes had an impact of 13 percentage points and negative currency effects 2 percentage points. Better product mix contributed 2 percentage points and higher prices 1 percentage point.

Operating profit for the second quarter of 2020 was SEK 485 (544) million, down SEK 59 million compared with the second quarter of 2019. Lower volumes and currency effects had a negative impact, which was partly offset by cost savings and stable production with higher capacity utilization.

Compared with the first quarter of 2020, earnings were up SEK 27 million. Cost savings and better product mix contributed positively, whereas lower volumes had a negative impact.

SSAB Special Steels has introduced a number of measures to reduce costs and these yielded result during the second quarter. Short-time work allowances and time banks will continue to be utilized during the third quarter. The maintenance outage has been brought forward to July and August, which, among other things, reduces the need for summer employees. Production has been at a stable level during the second quarter and some inventory build-up has occurred. Therefore, there is a need for further production adjustments during the third quarter in addition to the maintenance outage and this will mean increased underabsorption.

Market trend

Demand during the second quarter was negatively affected by the outbreak of Covid-19 and the ensuing lower economic activity. The sharpest deceleration took place in the Heavy Transport and Construction Machinery customer segments, where larger OEMs lowered their production rates. Material Handling, which includes mining equipment, was more stable with support from smaller customers, especially in the Hardox Wearparts business.

Production and shipments

Crude steel production was down 14% compared with the second quarter of 2019 and up 1% compared with the first quarter of 2020. The decrease compared to the second quarter of 2019 was because both blast furnaces in Oxelösund were operating until mid-September 2019.

Rolling production during the second quarter of 2020 was up 20% compared with the same period in 2019 and up 3% compared with the first quarter of 2020.

External shipments of steel during the second quarter of 2020 were down 22% compared with the same period in 2019 and down 13% compared with the first quarter of 2020.

Production and shipments

	2020	2019	2020	2020	2019	2019
Thousand tonnes	Q2	Q2	Q1	Qs 1-2	Qs 1-2	Full year
Crude steel production	295	343	293	588	728	1,225
Rolling production	156	130	151	307	276	493
Shipments	266	339	305	571	677	1,224

Figures for steel shipments include high-strength steel produced at SSAB Europe's and SSAB Americas' steel mills but sold by SSAB Special Steels.

Cash flow and capital expenditure

Operating cash flow during the second quarter was SEK 439 (759) million. The change is explained primarily by less working capital being freed up compared to the second quarter of 2019.

Capital expenditure during the second quarter was SEK 84 (131) million, of which SEK 40 (18) million were strategic investments.

SSAB Europe

Second quarter in brief

- Operating result fell to SEK -566 (66) million, primarily due to lower shipments and production
- Shipments decreased 24% to 695 (909) thousand tonnes

Key figures

	2020	2019	2020	2020	2019	2019
SEK millions	Q2	Q2	Q1	Qs 1-2	Qs 1-2	Full year
Revenue	6,189	8,814	8,139	14,328	17,391	31,730
Operating profit/loss before depreciation/amortization, EBITDA	-133	469	413	280	1,207	945
Operating profit/loss ¹⁾	-566	66	0	-566	412	-677
Operating cash flow	650	150	-1,125	-475	-394	182
Number of employees at end of period	6,827	6,854	6,865	6,827	6,854	6,853

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 61 (61) million during the second quarter.

Revenue and operating profit

Revenue was down 30% compared with the second quarter of 2019 and amounted to SEK 6,189 (8,814) million. Lower volumes had a negative impact of 24 percentage points and lower prices 3 percentage points. Other sales had a negative impact of 3 percentage points.

Compared with the first quarter of 2020, revenue was down 24%. Lower volumes had a negative impact of 27 percentage points and other revenue was down 1 percentage point. Higher prices had a positive impact of 4 percentage points.

Operating result for the second quarter fell to SEK -566 (66) million, down SEK 632 million compared with the second quarter of 2019. Lower volumes had a negative impact. Lower steel prices were more than offset by lower variable costs (primarily raw materials). Weaker capacity utilization as a result of lower production rate burdened earnings, although this was partly offset by cost savings.

Compared with the first quarter of 2020, earnings were down by SEK 566 million. Lower volumes and lower production rate had a negative impact on earnings. Higher prices and a better product mix, together with cost savings had a certain positive impact.

During the second quarter, SSAB Europe operated at lower production of around 30% at the rolling mills in Borlänge and Hämeenlinna. One of the blast furnaces in Raahe was idled in mid-April and is planned to remain idled for most of the third quarter. Short-time work allowances and temporary layoffs introduced in Sweden and Finland are continuing during the third quarter. Most of the year's planned maintenance outages have been brought forward to the summer.

Market trend

The second quarter of 2020 was characterized by low demand at distributors and OEMs within several customer segments, primarily in Heavy Transport and Automotive, where production was temporarily shuttered. Stable development in the Construction segment in the Nordic region was an exception, and demand for SSAB's color-coated products was relatively good.

Production and shipments

Crude steel production during the second quarter of 2020 was down 22% compared with the second quarter of 2019 and down 23% compared with the first quarter of 2020. The quarter was negatively affected by the temporary idling of one of the blast furnaces in Raahe, Finland to adjust production to lower demand.

Rolling production was down 30% compared with both the second quarter of 2019 and first quarter of 2020. The quarter was characterized by lower production rates because of weaker demand.

External shipments of steel during the second quarter of 2020 were down 24% compared with the second quarter of 2019 and down 27% compared with the first quarter of 2020.

Production and shipments

	2020	2019	2020	2020	2019	2019
Thousand tonnes	Q2	Q2	Q1	Qs 1-2	Qs 1-2	Full year
Crude steel production	872	1,120	1,130	2,002	2,113	3,969
Rolling production	836	1,198	1,190	2,026	2,361	4,217
Shipments	695	909	955	1,650	1,816	3,362

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 second quarter was SEK 650 (150) million. Compared with the second quarter of 2019, cash flow was impacted negatively by lower earnings but positively with the release of more working capital.

Capital expenditure during the second quarter of 2020 was SEK 353 (367) million, of which SEK 57 (129) million were strategic investments.

SSAB Americas

Second quarter in brief

- Operating result fell to SEK -10 (872) million due to lower prices
- Shipments decreased 3% to 460 (475) thousand tonnes

Key figures

	2020	2019	2020	2020	2019	2019
SEK millions	Q2	Q2	Q1	Qs 1-2	Qs 1-2	Full year
Revenue	3,219	4,555	3,878	7,097	9,426	17,460
Operating profit/loss before depreciation/amortization, EBITDA	178	1,037	294	472	2,156	2,852
Operating profit/loss ¹⁾	-10	872	106	96	1,828	2,128
Operating cash flow	-158	837	151	-8	2,077	3,540
Number of employees at end of period	1,226	1,243	1,243	1,226	1,243	1,254

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 20 (207) million during the second quarter.

Revenue and operating profit

Revenue was down 29% compared with the second quarter of 2019 and amounted to SEK 3,219 (4,555) million. Lower prices had a negative impact of 27 percentage points and lower volumes 3 percentage points. Currency effects had a positive impact of 1 percentage point.

Compared with the first quarter of 2020, revenue was down 17%. Lower volumes had a negative impact of 13 percentage points and lower prices 4 percentage points.

Operating result for the second quarter of 2020 was SEK -10 (872) million, down SEK 882 million compared with the second quarter of 2019. Lower earnings were mainly attributable to lower prices since the second quarter last year was marked by more favorable market conditions with high prices for heavy plate. Lower costs of raw materials and cost savings had a positive impact.

Compared with the first quarter of 2020, operating profit was down SEK 116 million. Lower prices and lower volumes had a negative impact. The quarter was also negatively impacted by the costs of planned maintenance, whereas cost savings and lower raw material costs had a positive impact.

SSAB Americas has brought forward the annual planned maintenance outage to June and July. SSAB Americas has a relatively high share of variable costs, which allows for some flexibility, reducing the impact from lower shipments.

Market trend

Demand was impacted by the outbreak of Covid-19 and lower economic activity, which affected several customer segments including Construction Machinery. Steel Service Centers generally have a cautious sentiment. Wind power within Energy and marine applications in Heavy Transport held up relatively well.

Production and shipments

Crude steel production was down 4% compared with the second quarter of 2019 and 7% compared with the first quarter of 2020.

Rolling production was down 3% compared with the second quarter of 2019 and 6% compared with the first quarter of 2020.

External shipments of steel were down 3% compared with the second quarter of 2019 and 13% compared with the first quarter of 2020.

Production and shipments

	2020	2019	2020	2020	2019	2019
Thousand tonnes	Q2	Q2	Q1	Qs 1-2	Qs 1-2	Full year
Crude steel production	612	637	658	1,269	1,258	2,429
Rolling production	580	597	614	1,195	1,178	2,285
Shipments	460	475	527	988	974	1,974

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 second quarter of 2020 was SEK -158 (837) million. Compared with the second quarter of 2019, cash flow was impacted primarily by lower earnings.

Capital expenditure during the second quarter was SEK 132 (103) million, of which SEK 108 (64) million were strategic investments.

Tibnor

Second quarter in brief

- Operating profit was SEK 29 (29) million
- The restructuring program is starting to deliver results and mitigated the impact of lower volume

Key figures

	2020	2019	2020	2020	2019	2019
SEK millions	Q2	Q2	Q1	Qs 1-2	Qs 1-2	Full year
Revenue	2,037	2,534	2,421	4,457	4,798	9,149
Operating profit before depreciation/amortization, EBITDA	65	73	50	115	152	206
Operating profit/loss ¹⁾	29	29	12	41	68	30
Operating cash flow	-106	10	120	14	89	348
Shipments, thousand tonnes	190	219	222	411	406	786
Number of employees at end of period	1,010	1,197	1,068	1,010	1,197	1,133

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 second quarter.

Revenue and operating profit

Revenue was down 20% compared with the second quarter of 2019 and amounted to SEK 2,037 (2,534) million.

Revenue was 16% lower compared with the first quarter of 2020.

Operating profit for the second quarter of 2020 was unchanged compared with the same period a year earlier and amounted to SEK 29 (29) million. Lower volumes were compensated by cost savings, related both to the restructuring program, as well as additional measures to manage the worsened market.

Compared with the first quarter of 2020, earnings were up SEK 17 million. Cost savings and revaluation of inventory contributed positively, whereas lower volumes had a negative impact on earnings.

Tibnor's restructuring program is progressing according to plan and is expected to lower costs by around SEK 200 million on an annual basis, with full effect from the second half of 2020 onwards.

Market trend

During the quarter, the market was characterized by the slowdown due to Covid-19, especially in OEMs and their subcontractors, including the engineering industry. The Construction segment held up relatively well, as did wind power in Denmark.

Cash flow and capital expenditure

Operating cash flow during the second quarter was SEK -106 (10) million. Compared with the second quarter of 2019, tied up working capital was higher.

Capital expenditure during the second quarter of 2020 was SEK 12 (30) million, of which SEK 4 (13) million were strategic investments.

Ruukki Construction

Second quarter in brief

- Operating profit was SEK 86 (95) million
- Stable underlying demand
- Building Systems divested during the quarter

Key figures

SEK millions	2020 Q2	2019 Q2	2020 Q1	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Revenue	1,439	1,690	1,480	2,919	2,964	6,510
Operating profit before depreciation/amortization, EBITDA	128	141	55	183	171	466
Operating profit/loss ¹⁾	86	95	11	97	81	283
Operating cash flow	85	-25	45	130	-45	348
Number of employees at end of period	1,343	1,848	1,837	1,343	1,848	1,841

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 1 (-3) million during the second quarter.

Revenue and operating profit

Revenue was down 15% compared with the second quarter of 2019 and amounted to SEK 1,439 (1,690) million. Compared with the first quarter of 2020, revenue was down 3%, primarily attributable to the divestment of Building Systems, which since May 2020 has no longer been included in the figures.

On a comparable basis, revenue compared with the first quarter increased, following the usually seasonal pattern for Roofing. Comparable revenue was somewhat lower compared with the second quarter of 2019, due to the impacts of Covid-19 on some of Building Envelopes' markets outside the Nordic region.

Operating profit for the second quarter was SEK 86 (95) million.

Compared with the first quarter of 2020, earnings were up SEK 75 million, primarily due to seasonally higher volumes.

Ruukki Construction's divested project business, Building Systems, had revenue of around SEK 1.5 billion in 2019 and a slightly positive operating profit. During the first quarter of 2020, revenue amounted to SEK 0.4 billion and operating profit was positive.

Market trend

Demand was seasonally better during the second quarter, but was somewhat negatively impacted by the outbreak of Covid-19 on the markets in Central and Eastern Europe.

Cash flow and capital expenditure

Operating cash flow during the second quarter was SEK 85 (-25) million. The improvement was attributable to lower tied up working capital.

Capital expenditure during the second quarter was SEK 26 (39) million, of which SEK 21 (10) million were strategic investments.

Sustainability

Key figures – rolling 12 months

	2020 Q2	2019 Q2	2020 Q1	2019 Full year
<u>Responsible partner</u>				
Lost time injury frequency (LTIF) ¹⁾	4.3	5.1	4.3	4.2
Total number of injuries (LTI) ²⁾	125	153	128	126
<u>Sustainable operations</u>				
Energy consumption, GWh ³⁾	8,941	9,421	9,096	9,093
Energy intensity, kWh/tonnes crude steel	1,211	1,180	1,181	1,193
Carbon dioxide emissions (Scope 1), thousand tonnes ⁴⁾	8,996	9,890	9,315	9,433
Carbon dioxide emissions (Scope 2), thousand tonnes ⁵⁾	1,137	1,201	1,163	1,171
Intensity, tonnes of CO ₂ /tonnes crude steel ⁶⁾	1.37	1.39	1.36	1.39

¹⁾ Number of accidents resulting in an absence of more than one day per million working hours (LTIF, Lost Time Injury Frequency), own employees and 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 – Health and Safety

SSAB's lost time injury frequency resulting in an absence of at least one day (LTIF) was 4.3 (5.1) (rolling 12 months), which means a clear improvement. The positive trend in safety performance is a result of systematic and consistent work across the organization.

SSAB continued during the quarter to implement measures to prevent the spread of Covid-19 and to safeguard the health of its employees and subcontractors. Examples of the measures include a ban on all business travel, employees working from home where possible, not allowing external visitors at sites and restricting face-to-face meetings. SSAB has contingency plans in place for all production sites and key functions. SSAB is monitoring the situation closely and is prepared to take additional actions where required.

Sustainable operations – Environment and HYBRIT

SSAB's total energy consumption related to electricity, purchased fuels and purchased heat was 8,941 (9,421) GWh (rolling 12 months). SSAB's direct (Scope 1) CO₂ emissions were 8,996 (9,890) thousand tonnes and indirect (Scope 2) CO₂ emissions were 1,137 (1,201) thousand tonnes.

SSAB is transforming toward a fossil-free steelmaking process through HYBRIT (Hydrogen Breakthrough Ironmaking Technology), which is a joint venture between SSAB, LKAB, and Vattenfall. In Q3, 2020 a world unique pilot plant for fossil-free steel, producing sponge iron (DRI/HBI), will start up in Luleå, Sweden. The pilot plant will be adjusted stepwise and will initially run on natural gas and switch over to green hydrogen in the spring of 2021. At the same time, HYBRIT has started studies to select a location for the demonstration plant. Parallel consultations are ongoing at two sites in Sweden: the Vitåfors industrial estate in Gällivare Municipality, where LKAB has mining operations, and the Svartön industrial estate in Luleå, where facilities including SSAB's steel mill and LKAB's ore harbor are located. The purpose is to consult and conduct an open dialog about the location and design of the plant ahead of the upcoming selection of the site and permit application. The plan is to start construction of the demonstration plant in 2023, with the goal of bringing the plant into operation in 2025. It will then be possible to produce iron ore-based fossil-free steel for commercial use already in 2026.

More information on sustainability at SSAB is available at www.ssab.com/company/sustainability.

Risks and uncertainty factors

The spread of Covid-19 and its impact on global industrial production and economic development have affected and will affect SSAB's revenue and earnings negatively. The extent of this impact on the upcoming quarter is difficult to quantify due to the prevailing uncertainty.

For information regarding other material risks and uncertainty factors, reference is made to the detailed description in the Annual Report for 2019.

Accounting principles

This interim 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 2019.

Affirmation

The Board of Directors and the President and CEO affirm that this half-year report provides a fair and true view of the operations, financial position and earnings of the Parent Company and Group, and describes the material risks and uncertainties facing the Parent Company and the Group.

Stockholm, July 21, 2020

Bengt Kjell
Chairman

Sture Bergvall
Director

Petra Einarsson
Director

Marika Fredriksson
Director

Tomas Karlsson
Director

Pasi Laine
Director

Annareetta Lumme-Timonen
Director

Bo Annvik
Director

Patrick Sjöholm
Director

Marie Grönborg
Director

Martin Lindqvist
President & CEO

Review report

SSAB AB, Registration number 556016-3429

Introduction

We have reviewed the condensed interim report for SSAB AB as at June 30, 2020 and for the six months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Scope of review

We have conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, with IAS 34 and the Swedish Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, July 21, 2020
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Financial reports in accordance with IFRS – Group

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

Consolidated statement of profit and loss, in summary

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Revenue	15,155	20,654	33,927	40,672	76,485
Cost of goods sold	-14,386	-18,289	-31,572	-35,531	-70,191
Gross profit/loss	769	2,365	2,356	5,141	6,293
Selling and administrative costs	-991	-1,260	-2,208	-2,512	-4,956
Other operating income and expenses	-22	177	-61	295	560
Affiliated companies, profit/loss after tax	-7	33	6	66	64
Operating profit/loss	-251	1,316	92	2,990	1,961
Financial income	241	72	915	288	504
Financial expenses	-356	-158	-1,152	-464	-893
Profit/loss for the period after financial items	-365	1,230	-145	2,813	1,572
Tax	86	-216	43	-514	-479
Profit/loss for the period	-280	1,014	-102	2,299	1,093
Of which attributable to:					
- Parent Company's shareholders	-287	1,010	-111	2,289	1,075
- Non-controlling interest	7	4	9	10	18

Consolidated statement of comprehensive income

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Profit/loss for the period after tax	-280	1,014	-102	2,299	1,093
Other comprehensive income					
<u>Items that may be subsequently reclassified to the income statement</u>					
Translation differences for the period	-4,329	448	96	2,123	1,990
Cash flow hedges	106	-40	-183	-170	-239
Hedging of currency risks in foreign operations ¹⁾	370	-46	9	-237	-287
Share in other comprehensive income of affiliated companies and joint ventures	-	-	-	-7	8
Tax attributable to items that may be subsequently reclassified to the income statement	-101	18	35	87	-68
Reclassification Items that will not be reclassified to the income statement	-	-	-	-	-88
Total items that may be subsequently reclassified to the income statement	-3,953	380	-44	1,796	1,316
<u>Items that will not be reclassified to the income statement</u>					
Remeasurements of the net defined benefit liability	-84	-28	-18	-62	-54
Tax attributable to items that will not be reclassified to the income statement	17	5	4	12	12
Share in other comprehensive income of affiliated companies and joint ventures	-	-	-	7	-
Reclassification Items that may be subsequently reclassified to the income statement	-	-	-	-	88
Total items that will not be reclassified to the income statement	-67	-23	-14	-43	46
Total other comprehensive income for the period, net after tax	-4,020	357	-58	1,753	1,362
Total comprehensive income for the period	-4,300	1,371	-160	4,052	2,455
Of which attributable to:					
- Parent Company's shareholders	-4,302	1,368	-168	4,043	2,440
- Non-controlling interest	2	3	8	9	15

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, in summary

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, 2018	9,063	23,022	5,715	21,638	59,437	78	59,514
<u>Changes Jan. 1 – Jun. 30, 2019</u>							
Total comprehensive income for the period			1,797	2,246	4,043	9	4,052
Non-controlling interest through business acquisition						47	47
Investments, non-controlling interest			-3	-14	-17	-30	-47
Dividend, Parent company shareholders				-1,545	-1,545		-1,545
Dividend, non-controlling interest						-6	-6
Equity, June 30, 2019	9,063	23,022	7,509	22,325	61,918	98	62,017
<u>Changes Jul. 1 – Dec. 31, 2019</u>							
Total comprehensive income for the period			-481	-1,124	-1,605	6	-1,599
Dividend, non-controlling interest						-1	-1
Equity, December 31, 2019	9,063	23,022	7,028	21,202	60,314	103	60,417
<u>Changes Jan. 1 - Jun. 30, 2020</u>							
Total comprehensive income for the period			-43	-125	-168	8	-160
Dividend, non-controlling interest						-4	-4
Equity, June 30, 2020	9,063	23,022	6,985	21,076	60,146	107	60,254

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

Consolidated statement of financial position, in summary

SEK millions	2020 30 Jun	2019 30 Jun	2019 31 Dec
Assets			
Intangible assets	32,484	32,294	32,508
Tangible fixed assets	23,576	23,904	23,987
Right of use assets	2,679	2,352	2,545
Financial assets	1,369	1,374	1,260
Deferred tax receivables ¹⁾	313	425	254
Total fixed assets	60,422	60,349	60,554
Inventories	20,129	22,177	20,391
Accounts receivable	6,796	9,557	6,945
Current tax receivables	518	152	422
Other current receivables ²⁾	2,355	2,903	1,411
Cash and cash equivalents	5,559	4,427	3,591
Total current assets	35,357	39,217	32,760
Assets held for sale	-	-	664
Total assets	95,779	99,565	93,978
Equity and liabilities			
Equity for the shareholders in the Parent Company	60,146	61,918	60,314
Non-controlling interest	107	99	103
Total equity	60,254	62,017	60,417
Deferred tax liabilities	328	612	581
Other long-term provisions	685	632	665
Long-term non-interest bearing liabilities ¹⁾	409	297	320
Long-term interest-bearing liabilities	10,380	10,518	9,853
Lease liability	2,105	1,794	2,025
Total long-term liabilities	13,906	13,853	13,444
Short-term interest-bearing liabilities	5,836	4,204	2,756
Lease liability	678	607	604
Accounts payable	10,397	14,177	12,067
Current tax liabilities	278	147	114
Other current liabilities	4,429	4,560	4,206
Total current liabilities and provisions	21,619	23,696	19,746
Liabilities held for sale	-	-	371
Total equity and liabilities	95,779	99,565	93,978
Pledged assets	999	1,294	62
Contingent liabilities	2,695	2,129	2,432

¹⁾ Of the Deferred tax receivable, SEK 112 (100) 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.

²⁾ Other current receivables comprise short-term bank deposits (escrow agreement) in the amount of SEK 937 (1,232) million.

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 216 (262) million and in the balance sheet item "Other current liabilities" derivatives are valued at a total of SEK 296 (249) million. In the balance sheet item "Financial assets" derivatives are valued at a total of SEK 7 (90) million and in the balance sheet item "Long-term non-interest bearing liabilities", derivatives are included valued at a total of SEK 104 (18) 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 reported in the balance sheet item "Long-term interest-bearing liabilities" (including the short-term part) would exceed the reported amount by SEK 175 (50) 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.

Consolidated statement of cash flows, in summary

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Operating profit/loss	-251	1,316	92	2,990	1,961
Adjustment for depreciation and impairment	956	1,104	1,899	2,184	4,216
Adjustment for other non-cash items	-11	-97	-10	-85	37
Received and paid interest	-202	-150	-296	-243	-454
Tax paid	-173	-702	-181	-956	-1,315
Change in working capital	237	-240	-1,164	-1,496	896
Cash flow from operating activities	556	1,231	339	2,395	5,341
Investments in plant and machinery	-612	-632	-1,077	-1,124	-2,939
Investments/acquisitions, shares and operations	-61	-595	-155	-733	-1,140
Divested shares and operations	106	-	106	-	118
Other investing activities	80	15	85	22	11
Cash flow from investing activities	-487	-1,212	-1,040	-1,835	-3,950
Dividend paid to shareholders	-	-1,545	-	-1,545	-1,545
Dividend, non-controlling interest	-	-6	-4	-6	-7
Change in loans	-1,312	1,021	3,713	1,982	-661
Change in financial investments	108	74	-865	1,033	2,074
Acquisition, non-controlling interest	-	-45	-	-45	-46
Other financing activities	-701	35	-82	-189	-235
Cash flow from financing activities	-1,905	-467	2,761	1,230	-421
Cash flow for the period	-1,836	-448	2,060	1,789	971
Cash and cash equivalents at beginning of period	7,039	4,873	3,597	2,598	2,598
Exchange rate difference in cash and cash equivalents	357	3	-98	40	28
Cash and cash equivalents at end of period ¹⁾	5,559	4,427	5,559	4,427	3,597
Contracted, non-utilized overdraft facilities	14,757	6,820	14,757	6,820	6,727
Disposable cash and cash equivalents (incl. non-utilized overdraft facilities)	20,316	11,247	20,316	11,247	10,324

¹⁾ Includes cash flows from assets and liabilities held for sale

Key figures

	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Operating margin (%)	-2	6	0	7	3
Earnings per share (SEK)	-0.28	0.98	-0.11	2.22	1.04
Equity per share (SEK)	58.40	60.12	58.40	60.12	58.57
Net debt/equity ratio (%)	21	19	21	19	19
Equity ratio (%)	63	62	63	62	64
Adjusted average number of shares during the period (millions)	1,029.8	1,029.8	1,029.8	1,029.8	1,029.8
Number of shares at end of period (millions)	1,029.8	1,029.8	1,029.8	1,029.8	1,029.8
Number of employees at end of period	13,745	14,594	13,745	14,594	14,514

Financial reports – The Parent Company

Parent Company's statement of profit and loss, in summary

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Gross profit	-	-	-	-	-
Selling and administrative costs	-71	-98	-173	-200	-385
Other operating income/expenses	46	44	98	86	174
Operating loss	-24	-54	-74	-115	-211
Financial items	384	-41	28	-248	2,958
Profit/loss after financial items	359	-95	-46	-363	2,747
Appropriations	-	-	-	-	218
Profit before tax	359	-95	-46	-363	2,964
Tax	-76	20	13	76	58
Profit after tax	284	-74	-33	-287	3,023

Parent Company's statement of comprehensive income

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Profit after tax	284	-74	-33	-287	3,023
Other comprehensive income					
<u>Items that may be classified to the income statement</u>					
Cash flow hedges	-6	-6	-8	-7	1
Tax attributable to other comprehensive income	1	1	2	2	0
Total items that will be reclassified to the income statement	-5	-5	-6	-6	1
Other comprehensive income, net after tax	-5	-5	-6	-6	1
Total comprehensive income for the period	279	-79	-39	-292	3,024

Parent Company's statement of financial position, in summary

SEK millions	2020 30 Jun	2019 30 Jun	2019 31 Dec
Assets			
Fixed assets	70,286	74,762	72,146
Other current assets	13,758	6,411	10,700
Cash and cash equivalents	4,055	2,728	2,066
Total assets	88,099	83,901	84,912
Equity and liabilities			
Restricted equity	9,964	9,964	9,964
Unrestricted equity	54,428	51,151	54,467
Total equity	64,392	61,115	64,431
Long-term liabilities and provisions	8,043	7,958	7,379
Current liabilities and provisions	15,664	14,829	13,102
Total equity and liabilities	88,099	83,901	84,912

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 (AHSS) 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 revenue during the first half year

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

External revenue, Jan-Jun 2020	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<u>Geographical areas</u>						
Sweden	159	2,585	-	1,548	817	5,108
Finland	127	1,866	-	789	804	3,586
Denmark	49	696	1	992	20	1,758
Germany	590	979	-	15	1	1,585
Poland	306	807	-	6	376	1,495
Italy	413	570	-	0	0	983
Great Britain	179	410	-	0	6	594
Other EU-27	1,239	2,144	-	243	543	4,169
Norway	33	256	-	780	273	1,342
Other Europe	598	265	-	9	54	925
USA	1,700	383	6,327	-	0	8,410
Canada	462	-	655	-	1	1,118
Rest of the world	2,368	433	43	8	1	2,854
Total	8,222	11,393	7,026	4,391	2,896	33,927
<u>Product area</u>						
Steel products	7,924	10,696	7,026	-	-	25,646
Trading operations	-	-	-	4,391	-	4,391
Ruukki Construction operations	-	-	-	-	2,896	2,896
Slabs, by-products and scrap	147	653	-	-	-	800
Other	151	44	0	-	0	195
Total	8,222	11,393	7,026	4,391	2,896	33,927
<hr/>						
External revenue, Jan-Jun 2019	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<u>Geographical areas</u>						
Sweden	208	3,461	-	2,094	585	6,348
Finland	148	2,415	-	834	1,139	4,536
Denmark	82	705	-	660	55	1,502
Germany	915	1,213	-	15	7	2,151
Poland	383	980	-	18	385	1,766
Italy	477	691	-	1	1	1,170
Great Britain	294	573	-	0	9	877
Other EU-27	1,475	2,243	-	233	480	4,430
Norway	55	331	-	836	219	1,441
Other Europe	555	305	-	6	59	924
USA	2,031	659	8,903	0	1	11,595
Canada	581	1	415	-	3	1,000
Rest of the world	2,477	400	30	21	3	2,932
Total	9,683	13,977	9,349	4,718	2,945	40,672
<u>Product area</u>						
Steel products	9,294	12,923	9,338	-	0	31,555
Trading operations	-	-	-	4,718	-	4,718
Ruukki Construction operations	-	-	-	-	2,935	2,935
Slabs, by-products and scrap	261	1,010	-	-	-	1,271
Other	127	44	11	-	10	192
Total	9,683	13,977	9,349	4,718	2,945	40,672

Specification of revenue during the second quarter

External revenue, Quarter 2, 2020	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<u>Geographical areas</u>						
Sweden	77	1,063	-	661	379	2,180
Finland	60	887	-	384	396	1,726
Denmark	21	301	1	453	11	788
Germany	246	372	-	5	1	623
Poland	132	324	-	-1	193	649
Italy	174	235	-	0	-	409
Great Britain	65	147	-	0	5	217
Other EU-27	549	822	-	123	283	1,777
Norway	13	119	-	380	130	641
Other Europe	275	74	-	3	29	381
USA	758	108	2,848	-	0	3,715
Canada	287	0	288	-	0	575
Rest of the world	1,179	268	24	3	0	1,475
Total	3,835	4,721	3,161	2,011	1,427	15,155
<u>Product area</u>						
Steel products	3,687	4,434	3,161	-	-	11,282
Trading operations	-	-	-	2,011	-	2,011
Ruukki Construction operations	-	-	-	-	1,427	1,427
Slabs, by-products and scrap	70	266	-	-	-	335
Other	78	21	0	-	0	99
Total	3,835	4,721	3,161	2,011	1,427	15,155
<hr/>						
External revenue, Quarter 2, 2019	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<u>Geographical areas</u>						
Sweden	97	1,720	-	1,056	198	3,071
Finland	78	1,296	-	421	858	2,652
Denmark	35	315	-	491	23	863
Germany	499	547	-	7	1	1,054
Poland	196	505	-	10	209	920
Italy	246	348	-	0	0	595
Great Britain	136	290	-	0	2	427
Other EU-27	745	1,142	-	115	279	2,281
Norway	29	165	-	386	66	646
Other Europe	301	167	-	3	40	511
USA	980	327	4,284	0	0	5,592
Canada	299	1	209	-	1	511
Rest of the world	1,332	181	9	8	2	1,532
Total	4,972	7,003	4,502	2,497	1,679	20,654
<u>Product area</u>						
Steel products	4,767	6,470	4,498	-	0	15,736
Trading operations	-	-	-	2,497	-	2,497
Ruukki Construction operations	-	-	-	-	1,669	1,669
Slabs, by-products and scrap	139	510	-	-	-	649
Other	66	24	4	-	10	103
Total	4,972	7,003	4,502	2,497	1,679	20,654

Divestments

During the second quarter of 2020, the divestment of Ruukki Construction's project business, Building Systems was completed. During 2019, related assets and liabilities was classified as Assets and Liabilities held for sale.

The divestment contributed with a positive cash flow of SEK 106 million and a profit of SEK 3 million.

Value of assets and liabilities divested during the second quarter of 2020

SEK millions	2020 June 30
Intangible assets	92
Tangible assets	113
Financial assets	55
Current assets	485
Long-term liabilities	-11
Current liabilities	-461
Total divested net assets ¹⁾	273
Accumulated exchange rate difference at the time of the divesture	-20
Total divested net assets, excluding exchange rate differences	253
Result in the consolidated statement of profit and loss	-129
Reported result in the consolidated statement of profit and loss, 2019	-132
Reported result in the consolidated statement of profit and loss, 2020	3
Cash and cash equivalents in sold companies	-2
Final payment receivable, preliminary	-16
Net cash received and impact on the Group's cash and cash equivalents	106

¹⁾ Of the net assets, SEK 664 million was reported as Assets held for sale and SEK 371 million as Liabilities held for sale in the balance sheet on December 31, 2019.

Relevant reconciliations of non-IFRS-based performance measures

SSAB has applied the guidelines issued by ESMA (European Securities and Markets Authority) on alternative performance measures (AFMs). These performance measures are not defined or specified in accordance with IFRS, but provide complementary information to investors and company management about the company's financial position and development. Besides the definitions below, definitions of the non-IFRS-based performance measures below can be found in the Annual Report.

Operating profit/loss before depreciation/amortization, EBITDA

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Operating profit/loss	-251	1,316	92	2,990	1,961
Depreciation and impairment	956	1,104	1,899	2,184	4,216
Operating profit/loss before depreciation/amortization, EBITDA	705	2,419	1,991	5,174	6,177

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

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Operating profit/loss before depreciation/amortization, EBITDA	705	2,419	1,991	5,174	6,177
Items affecting comparability	-	-	-	-	197
Operating profit/loss before depreciation/amortization, EBITDA, excl. items affecting comparability	705	2,419	1,991	5,174	6,375

Return on capital employed before tax, rolling 12 months

SEK millions	Jul 19- Jun 20	Jul 18- Jun 19	2019 Full year
Operating profit	-937	5,384	1,961
Financial income	1,084	376	457
Total	148	5,761	2,418
Average capital employed	80,897	76,914	79,121
Return on capital employed before tax, %	0%	7%	3%

Return on equity after tax, rolling 12 months

SEK millions	Jul 19- Jun 20	Jul 18- Jun 19	2019 Full year
Profit for the period, after tax	-1,308	3,880	1,093
Average equity	62,602	60,599	62,544
Return on equity after tax, %	-2%	6%	2%

Operating cash flow

SEK millions	2020 Q2	2019 Q2	2020 Qs 1-2	2019 Qs 1-2	2019 Full year
Cash flow from operating activities	556	1,231	339	2,395	5,341
Reversal received and paid interests	202	150	296	243	432
Reversal tax paid	173	702	181	956	1,315
Maintenance expenditures ¹⁾	-381	-401	-684	-753	-1,875
Other investing activities ²⁾	80	15	85	-6	-19
Operating cash flow	629	1,696	218	2,835	5,194

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 emission allowances.

Net debt

SEK millions	2020 30 Jun	2019 30 Jun	2019 31 Dec
Interest-bearing assets ¹⁾	6,936	5,994	4,189
Interest-bearing liabilities ²⁾	19,718	17,803	15,885
Net debt	12,782	11,809	11,696

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	1/18	2/18	3/18	4/18	1/19	2/19	3/19	4/19	1/20	2/20
Revenue	17,388	19,263	19,038	19,251	20,017	20,654	18,840	16,973	18,772	15,155
Operating expenses	-15,572	-16,699	-16,487	-17,295	-17,295	-18,269	-17,524	-17,086	-17,500	-14,442
Depreciation/ amortization	-920	-952	-961	-938	-1,081	-1,102	-1,028	-1,005	-942	-956
Affiliated companies	21	18	11	16	33	33	12	-14	13	-7
Financial items	-147	-202	-153	-34	-91	-86	-99	-114	-123	-114
Result before tax	769	1,427	1,447	1,001	1,583	1,230	201	-1,245	221	-365

Revenue per quarter and division

SEK millions	1/18	2/18	3/18	4/18	1/19	2/19	3/19	4/19	1/20	2/20
SSAB Special Steels	4,674	5,142	4,684	4,369	4,874	5,139	4,509	3,973	4,536	3,983
SSAB Europe	8,051	8,892	7,754	8,099	8,577	8,814	7,637	6,702	8,139	6,189
SSAB Americas	3,363	4,040	4,713	4,762	4,871	4,555	4,446	3,588	3,878	3,219
Tibnor	2,058	2,253	1,949	2,173	2,264	2,534	2,179	2,172	2,421	2,037
Ruukki Construction	1,088	1,578	1,799	1,674	1,274	1,690	1,794	1,752	1,480	1,439
Other	-	-	-	-	-	-	-	-	-	-
Group adjustments	-1,846	-2,642	-1,861	-1,827	-1,843	-2,077	-1,725	-1,215	-1,681	-1,712
Total	17,388	19,263	19,038	19,251	20,017	20,654	18,840	16,973	18,772	15,155

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

SEK millions	1/18	2/18	3/18	4/18	1/19	2/19	3/19	4/19	1/20	2/20
SSAB Special Steels	569	656	670	52	842	703	509	28	614	639
SSAB Europe	998	1,259	814	1,082	738	469	-67	-194	413	-133
SSAB Americas	283	526	951	699	1,119	1,037	697	-1	294	178
Tibnor	87	103	73	50	78	73	47	8	50	65
Ruukki Construction	-29	92	136	111	30	141	179	116	55	128
Other	-71	-53	-81	-24	-52	-3	-37	-83	-140	-172
Total	1,836	2,582	2,563	1,971	2,755	2,419	1,327	-127	1,286	705

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

SEK millions	1/18	2/18	3/18	4/18	1/19	2/19	3/19	4/19	1/20	2/20
SSAB Special Steels	434	522	536	-72	678	544	358	-126	458	485
SSAB Europe	657	907	460	733	347	66	-480	-609	0	-566
SSAB Americas	129	365	790	553	956	872	522	-222	106	-10
Tibnor	67	83	53	28	38	29	2	-39	12	29
Ruukki Construction	-62	59	103	78	-14	95	134	67	11	86
Depreciation on surplus values, IPSCO	-179	-192	-198	-203	-201	-207	-118	-39	-25	-20
Depreciation on surplus values, Rautaruukki	-54	-56	-57	-57	-64	-66	-67	-67	-66	-69
Other	-76	-58	-86	-24	-67	-18	-52	-97	-153	-186
Total	916	1,630	1,600	1,035	1,674	1,316	300	-1,131	343	-251

Items affecting comparability in operating profit/loss, per quarter and business segment

SEK millions	1/18	2/18	3/18	4/18	1/19	2/19	3/19	4/19	1/20	2/20
SSAB Special Steels	-	-	-	-	-	-	-	-	-	-
SSAB Europe	-	-	-	-	-	-	-	-	-	-
SSAB Americas	-	-	-	-	-	-	-	-	-	-
Tibnor	-	-	-	-	-	-	-	-52	-	-
Ruukki Construction	-	-	-	-	-	-	-	-	-	-
Other	-	-	-213	-27	-	-	-150	5	-	-
Total	-	-	-213	-27	-	-	-150	-47	-	-

Production and shipments

Thousand tonnes	1/18	2/18	3/18	4/18	1/19	2/19	3/19	4/19	1/20	2/20
Crude steel production										
- SSAB Special Steels	234	305	217	162	385	343	355	142	293	295
- SSAB Europe	1,175	1,147	1,049	1,205	993	1,120	930	926	1,130	872
- SSAB Americas	652	629	645	609	621	637	617	554	658	612
- Total	2,061	2,081	1,911	1,976	2,000	2,100	1,902	1,621	2,081	1,779
Rolling production										
- SSAB Special Steels	121	138	145	89	145	130	134	83	151	156
- SSAB Europe	1,180	1,200	1,031	1,082	1,162	1,198	980	876	1,190	836
- SSAB Americas	607	603	612	582	581	597	581	526	614	580
- Total	1,909	1,941	1,788	1,753	1,889	1,926	1,696	1,484	1,955	1,573
Steel shipments										
- SSAB Special Steels	346	339	320	293	338	339	299	249	305	266
- SSAB Europe	939	963	810	850	907	909	794	752	955	695
- SSAB Americas	523	509	517	491	500	475	521	478	527	460
- Total	1,808	1,811	1,646	1,634	1,744	1,722	1,614	1,479	1,787	1,422

Note:

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

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Interim report for January-September 2020

The interim report for January-September 2020 will be published on October 22, 2020



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