

YEAR-END REPORT 2020



Higher deliveries and better capacity utilization improved earnings in Q4

January 29, 2021

SSAB

Year-end report 2020

The fourth quarter

- Revenue was SEK 16,988 (16,973) million
- EBITDA was SEK 1,439 (-127) million
- Operating profit/loss was SEK 557 (-1,131) million
- Earnings per share were SEK 0.33 (-0.21)
- The Board proposes that no dividend will be paid for 2020

Key figures

SEK millions	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Revenue	16,988	16,973	14,481	65,396	76,485
Operating profit/loss before depreciation and amortization, EBITDA ¹⁾	1,439	-127	-66	3,364	6,375
Operating profit/loss ¹⁾	557	-1,131	-973	-325	2,159
Profit/loss after financial items ¹⁾	418	-1,245	-1,075	-802	1,770
Profit/loss after tax ¹⁾	346	-1,204	-734	-490	1,279
Earnings per share (SEK)	0.33	-1.21	-0.72	-0.50	1.04
Operating cash flow	2,930	1,321	313	3,460	5,194
Net debt	10,278	11,696	12,926	10,278	11,696
Net debt/equity ratio (%)	19	19	22	19	19

¹⁾ Excluding items affecting comparability. Those amounted to SEK -47 million in Q4 2019 and SEK -197 million in full year 2019. For specification, see page 29.
(In the report, the figures in parentheses refer to the corresponding period for the previous year.)

Comments by the CEO

The year 2020 was affected by a weak market as a consequence of Covid-19, and SSAB's operating result fell to SEK -325 (2,159) million. The market picked up during the autumn and SSAB's shipments and capacity utilization improved. This lifted earnings for the fourth quarter of 2020 to SEK 557 (-1,131) million. Operating cash flow was strong during the quarter and amounted to SEK 2,930 (1,321) million. The net debt decreased to SEK 10.3 (11.7) billion and SSAB has a strong financial position.

All three steel divisions increased operating profit as a result of better capacity utilization and higher shipments. SSAB Special Steels' operating profit rose to SEK 491 (-126) million compared with the fourth quarter of 2019. SSAB Europe's earnings rose to SEK 83 (-609) million and SSAB Americas' to SEK 45 (-222) million.

Health and safety are top priorities and our efforts delivered results in 2020. Lost time injury frequency (LTIF) decreased to 3.7 (4.2). Several measures were put in place to limit the spread of Covid-19 and production and maintenance could be carried out without any major disruptions. The greatest impact of Covid-19 on SSAB in 2020 was from weaker steel markets, therefore we decided to push back the timing of achieving our strategic targets from 2022 to 2023. We introduced several cost savings measurements to counteract the negative effects of weak demand and cut fixed costs by a total of more than SEK 1.6 billion compared with full-year 2019. Market conditions have improved, and we expect good activity during the first quarter of 2021. Temporary layoffs and short-time work ended at the turn of the year.

SSAB's primary goal is to be fossil free by 2045, and we continue work on being the first to market, in 2026, with fossil-free steel. The world unique HYBRIT pilot plant was inaugurated during 2020 and it was decided to bring forward the start of the demonstration plant by three years. SSAB's climate goals were approved by the Science Based Targets initiative during the fourth quarter.

During the fourth quarter of 2020, SSAB announced that it was in discussions with Tata Steel concerning a possible acquisition of the IJmuiden steel mill. After deeper analysis and discussions, it became clear that there were limited possibilities to integrate IJmuiden into the SSAB strategic framework. We have carefully evaluated Tata Steel IJmuiden and have concluded that an acquisition would be difficult for technical reasons. We cannot be sufficiently certain that we could implement our industrial plan with the preferred technical solutions as quickly as we would wish. We cannot align Tata Steel IJmuiden with our sustainability strategy in the way desired. Furthermore, the synergies that we saw in the transaction would not fully justify the costs required for our desired transformation. This means that overall, the transaction would not meet our financial expectations. Discussions with Tata Steel have therefore concluded.

Outlook for Q1 2021

Demand for steel during the first quarter of 2021 is estimated to be good, driven both by underlying demand and by customer restocking. Nevertheless, there is still uncertainty as to how the development of Covid-19 will affect demand. Global demand for high-strength steel is estimated to be good during the first quarter.

Special Steels' shipments are expected to increase during the first quarter of 2021, compared to the fourth quarter of 2020, whereas SSAB Europe's shipments are also expected to increase, but to a somewhat lesser extent. SSAB Americas' shipments are expected to continue at a good level during the first quarter of 2021, but to be somewhat lower than in the fourth quarter of 2020, mainly due to low opening balance of slab inventories in the first quarter of 2021.

Prices realized by SSAB Americas and SSAB Europe are expected to increase significantly on average compared with the fourth quarter of 2020. For SSAB Special Steels, prices are expected to increase in the first quarter of 2021 compared to the fourth quarter of 2020. At the same time, costs for raw material will be higher in the first quarter of 2021, compared to the fourth quarter of 2020.

Major planned maintenance outages 2021

The Group's total maintenance costs for 2021 are expected to be SEK 1,200 million, compared to SEK 805 million in 2020. The increase can partly be explained by the fact that costs in 2020 were lower than normal, because maintenance could to a larger extent be carried out using our own resources due to a lower level of production. In addition, 2021 will see maintenance take place at SSAB's mill in Mobile, where among other things, the quenching and tempering (Q&T) lines will make this more comprehensive than the maintenance at Montpellier in 2020. The table below shows the major planned maintenance outages for 2021 and the costs of outages completed during 2020 and 2019. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

SEK millions	2021	2021	2021	2021	2021	2020	2019
	Q1	Q2	Q3	Q4	Full year	Full year	Full year
SSAB Special Steels	-	-	320	-	320	250	300
SSAB Europe	-	-	300	145	445	335	420
SSAB Americas	-	-	-	435	435	220	415
Total	-	-	620	580	1,200	805	1,135

The market

According to the World Steel Association, global crude steel production for 2020 amounted to 1,829 (1,846) million tonnes, down 0.9% compared to 2019. Chinese steel production increased by more than 5%. Steel production decreased in North America by 16% and in the EU-28 by 12%.

In North America, demand for heavy plate rose during the fourth quarter. Inventory levels were low in a number of customer segments, including at distributors, and some demand was related to restocking. Inventory levels at distributors were estimated to be at a low level also at the end of the quarter.

In Europe, the market picked up during the fourth quarter. Despite the growing spread of Covid-19, production increased in a number of segments and this had a positive impact on demand. Imports into Europe were at a relatively low level during the quarter, while most European steel mills restarted production that had been idled earlier in the year.

Global demand for high-strength steel picked up during the quarter, especially in the European and North American markets. Demand in some other regions, like China and Latin America, was at a good level for most of the year.

In North America, market prices for heavy plate increased during the fourth quarter, especially towards the end of the quarter. In Europe, market prices rose sharply for strip and also heavy plate prices were up. In China, prices for strip and heavy plate rose during the fourth quarter.

SSAB Group – Full-year summary

Revenue and operating result

Revenue for the full year 2020 was SEK 65,396 (76,485) million, down SEK 11,088 million or 15% compared with 2019. Operating result was SEK -325 (2,159) million, down SEK 2,484 million compared with the full year 2019. This decrease was primarily attributable to SSAB Americas, although earnings decreased in SSAB Europe as well.

Revenue and operating profit/loss by business segment

SEK millions	Revenue			Operating profit/loss ¹⁾		
	2020 Full year	2019 Full year	Change	2020 Full year	2019 Full year	Change
SSAB Special Steels	16,143	18,495	-2,352	1,506	1,454	52
SSAB Europe	27,954	31,730	-3,777	-1,113	-677	-436
SSAB Americas	13,266	17,460	-4,194	-293	2,128	-2,421
Tibnor	8,241	9,149	-908	96	30	65
Ruukki Construction	5,516	6,510	-994	314	283	32
Other	-	-	-	-489	-233	-256
Depr. surplus values	-	-	-	-346	-827	480
Group adjustments	-5,722	-6,859	1,137	-	-	-
Total	65,396	76,485	-11,088	-325	2,159	-2,484

¹⁾ Excluding items affecting comparability. Those amounted to SEK -197 million in full year 2019. For specification, see page 29.

Result after tax and earnings per share

The result after tax (attributable to shareholders in the parent company) for 2020 was SEK -510 (1,075) million, equating to SEK -0.50 (1.04) per share. Tax was SEK 312 (-479) million. Positive tax was attributable to the negative result.

Cash flow, financing and liquidity

Operating cash flow for the full year 2020 amounted to SEK 3,460 (5,194) million. Compared with 2019, cash flow was impacted primarily by a lower operating result. Net cash flow amounted to SEK 2,180 (-289) million. The full year of 2019 was impacted among other things by Tibnor's acquisition of Sanistål's Danish distribution business and the payment of a dividend to shareholders. Net debt at December 31, 2020 was SEK 10,278 (11,696) million.

The term to maturity of the total loan portfolio at December 31 averaged 4.7 (7.1) years, with an average fixed interest period of 0.9 (1.1) years.

Cash and cash equivalents were SEK 7,051 (3,597) million and non-utilized credit facilities were SEK 14,471 (6,727) million, which combined corresponds to 33% (14%) of rolling 12-months' revenue.

Major maintenance outages

During the fourth quarter of 2020, a maintenance outage was completed in SSAB Europe. The table below shows all major planned maintenance outages for 2020 and 2019. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

SEK millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Full year	Full year
SSAB Special Steels	-	-	-	-	250	-	-	300	250	300
SSAB Europe	-	-	-	-	250	285	85	135	335	420
SSAB Americas	-	-	50	-	170	-	-	415	220	415
Total	-	-	50	-	670	285	85	850	805	1,135

Assets with undeterminable useful life

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

Assets with an undeterminable useful life per cash-generating unit

SEK millions	2020 Dec. 31	2019 Dec. 31
SSAB North America (incl. in the SSAB Americas division)	22,325	25,388
SSAB Special Steels	2,813	3,046
SSAB Europe	2,085	2,171
Tibnor	512	533
Ruukki Construction	140	140
Total goodwill	27,872	31,279
Ruukki Construction (Rautaruukki tradename)	397	467
Total assets with an undeterminable useful life ¹⁾	28,269	31,746

¹⁾The change in values compared to the previous year is mainly due to currency effects, but also due to that the PPA of Abraservice was completed during 2020.

Assets with an undeterminable useful life are tested for impairment each year towards the end of the fourth quarter and in the case of an indication of decline in value. The impairment test showed no need for an impairment charge.

Return on capital employed/equity

Return on capital employed before tax for the full year 2020 was 2% and return on equity after tax was -1%, whereas the corresponding figures for the full year 2019 were 3% and 2% respectively.

Equity

With earnings of SEK -510 (1,075) million and other comprehensive income (mostly consisting of translation differences) of SEK -5,817 (1,365) million, shareholders' equity in the company amounted to SEK 53,987 (60,314) million, equating to SEK 52.42 (58.57) per share.

SSAB Group – Fourth quarter of 2020

Revenue and operating result

Revenue for the fourth quarter of 2020 was SEK 16,988 (16,973) million, which was in principle unchanged compared to the fourth quarter of 2019 and up 17% compared with the third quarter of 2020.

Operating result for the fourth quarter of 2020 was SEK 557 (-1,131) million, up SEK 1,688 compared with the fourth quarter of 2019. The improvement was primarily related to SSAB Europe and SSAB Special Steels. Compared with the third quarter of 2020, earnings were up SEK 1,530 million.

Revenue and operating profit/loss by business segment

SEK millions	Revenue			Operating profit/loss ¹⁾		
	2020		2019	2020		2019
	Q4	Q4	Change	Q4	Q4	Change
SSAB Special Steels	4,055	3,973	82	491	-126	617
SSAB Europe	7,472	6,702	770	83	-609	692
SSAB Americas	3,454	3,588	-134	45	-222	268
Tibnor	2,031	2,172	-141	48	-39	87
Ruukki Construction	1,206	1,752	-546	72	67	5
Other	-	-	-	-100	-97	-3
Depr. surplus values	-	-	-	-83	-105	22
Group adjustments	-1,231	-1,215	-16	-	-	-
Total	16,988	16,973	15	557	-1,131	1,688

¹⁾ Excluding items affecting comparability. Those amounted to SEK -47 million in Q4 2019. For specification, see page 29.

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

	Revenue		Operating profit/loss	
	Change vs		Change vs	
	Q4, 2019	%	Q4, 2019	SEK m.
Volume	20		Price and product mix	-1,110
Price	-6		Volume	600
Product mix	-1		Variable cost	1,510
Currency effects	-10		Fixed cost	210
Other sales	-3		Currency effects	-80
			Capacity utilization	820
			Other	-262
Total	0			1,688

^{*)} 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. The upswing in purchase prices of iron ore during the fourth quarter will affect SSAB's earnings from the first quarter of 2021 onwards.

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

	Change vs. 2019 Q4		Change vs. 2020 Q3	
	USD	SEK	USD	SEK
% change				
Iron ore	31%	17%	9%	6%
Coking coal	-31%	-38%	1%	-2%
Scrap metal	33%	19%	14%	11%

Production and shipments

Crude steel production during the fourth quarter of 2020 was up 33% compared with the fourth quarter of 2019 and up 42% compared with the third quarter of 2020.

Rolling production during the fourth quarter of 2020 was up 33% compared with the same quarter of 2019 and up 37% compared with the third quarter of 2020.

Production figures for the third quarter of 2020 and the fourth quarter of 2019 were affected negatively by planned maintenance and adjustment to lower demand.

SSAB's steel shipments during the fourth quarter of 2020 were 1,779 (1,479) thousand tonnes, up 20% compared with the fourth quarter of 2019, and 21% higher compared with the third quarter of 2020.

Production and shipments

Thousand tonnes	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Crude steel production	2,156	1,621	1,519	7,535	7,623
Rolling production	1,970	1,484	1,438	6,937	6,994
Steel shipments	1,779	1,479	1,472	6,459	6,560

Earnings after tax and earnings per share

The result after tax (attributable to shareholders in the parent company) for the fourth quarter of 2020 was SEK 334 (-1,242) million, equating to SEK 0.33 (-1.21) per share. Tax was SEK -73 (51) million.

Cash flow

Operating cash flow for the fourth quarter of 2020 amounted to SEK 2,930 (1,321) million. Compared with the fourth quarter of 2019, cash flow was positively impacted by higher operating profit.

Net cash flow amounted to SEK 2,856 (387) million. Net debt at December 31, 2020 was SEK 10,278 (11,696) million.

Capital expenditure

Capital expenditure, including acquisitions and divestments of operations, totaled SEK 717 (1,452) million during the fourth quarter of 2020. Abraservice was acquired during the fourth quarter of 2019. Strategic investments were SEK 115 (456) million. During the first part of 2020, SSAB decided to postpone some of the strategic investments that had been planned, primarily the investment in Mobile to increase the Q&T capacity and the start-up of the investment in Oxelösund to convert to electric arc furnaces. Maintenance investments were completed as planned. Total maintenance and strategic investments totaled SEK 2,204 (2,910) million during the full year 2020. The assessment is that the corresponding figures will amount to between SEK 3.0 billion and SEK 3.5 billion for the full year 2021, when, among other things, the strategic investments in Mobile and Oxelösund will be restarted. The goal to deliver fossil-free steel in 2026 remains unchanged.

Operating cash flow and net debt

SEK millions	2020	2019	2020	2019
	Q4	Q4	Full year	Full year
Operating profit before depreciation/amortization	1,439	-174	3,364	6,177
Change in working capital	2,036	2,187	1,570	896
Maintenance expenditures	-606	-666	-1,622	-1,875
Other	61	-25	147	-4
Operating cash flow	2,930	1,321	3,460	5,194
Financial items	-84	-50	-545	-432
Taxes	122	-97	-56	-1,315
Cash flow from current operations	2,967	1,175	2,859	3,447
Strategic expenditures in plants and machinery	-115	-456	-582	-1,035
Acquisitions of shares and operations	-35	-448	-231	-1,221
Divestments of shares and operations	39	118	143	118
Cash flow before dividend	2,856	389	2,189	1,309
Dividend paid to shareholders	-	-	-	-1,545
Dividend, non-controlling interest	-1	-1	-9	-7
Acquisition, non-controlling interest	-	-1	-	-46
Net cash flow	2,856	387	2,180	-289
Net debt at beginning of period	-12,926	-11,424	-11,696	-8,582
Adjustment net cash flow, IFRS 16	-	-	-	-1,945
Net cash flow	2,856	387	2,180	-289
Revaluation of liabilities against equity ¹⁾	600	320	778	-287
Other ²⁾	-808	-980	-1,540	-593
Net debt at the end of period	-10,278	-11,696	-10,278	-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 – Fourth 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

Fourth quarter in brief

- Operating result increased to SEK 491 (-126) million, better capacity utilization contributed positively
- Shipments rose 19% to 297 (249) thousand tonnes

Key figures

SEK millions	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Revenue	4,055	3,973	3,569	16,143	18,495
Operating profit before depreciation/amortization, EBITDA	644	28	228	2,126	2,081
Operating profit/loss	491	-126	73	1,506	1,454
Operating cash flow	703	-591	640	2,179	668
Number of employees at end of period	2,824	2,886	2,810	2,824	2,886

Revenue and operating profit

Revenue was up 2% compared with the fourth quarter of 2019 and amounted to SEK 4,055 (3,973) million. Higher volumes had a positive impact of 19 percentage points, whereas currency effects had a negative impact of 12 percentage points. Other revenue had a negative impact of 3 percentage points and lower prices and a weaker product mix each impacted 1 percentage point.

Compared with the third quarter of 2020, revenue was up 14%. Higher volumes had a positive impact of 15 percentage points and other revenue 2 percentage points. Negative currency effects had an impact of 2 percentage points and a weaker product mix affected 1 percentage point.

Operating profit for the fourth quarter of 2020 was SEK 491 (-126) million, up SEK 617 million compared with the fourth quarter of 2019. Better capacity utilization and higher volume impacted positively. The fourth quarter of 2019 was affected by the costs of planned maintenance and the adjustment of production to lower demand. Lower raw material costs had a positive impact, which was counteracted by lower prices.

Compared with the third quarter of 2020, earnings were up SEK 418 million. Better capacity utilization and higher volumes had a positive impact, which was partly offset by seasonally higher fixed costs. The previous quarter was impacted by costs of planned maintenance.

Market trend

Demand during the fourth quarter recovered, especially in Europe, after a third quarter affected by low economic activity. Among other things, demand improved from larger OEMs within the Construction Machinery customer segment, albeit from a low level. Also, Heavy Transport continued to improve during the quarter, whereas Material Handling, which includes mining equipment, continued to be at a good level.

Production and shipments

Crude steel production doubled compared with the fourth quarter of 2019 and tripled compared with the third quarter of 2020.

Rolling production during the fourth quarter of 2020 was up 41% compared with the same period in 2019 and up 95% compared with the third quarter of 2020.

Production figures for the third quarter of 2020 and fourth quarter of 2019 were affected by planned maintenance and adjustment to lower demand.

External shipments of steel during the fourth quarter of 2020 were up 19% compared with the same period in 2019, and up 15% compared with the third quarter of 2020.

Production and shipments

Thousand tonnes	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Crude steel production	309	142	102	1,000	1,225
Rolling production	117	83	60	484	493
Shipments	297	249	259	1,127	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 fourth quarter was SEK 703 (-591) million. The improvement compared with the same period in 2019 is explained primarily by higher earnings and release of working capital.

Capital expenditure during the fourth quarter was SEK 209 (207) million, of which SEK 42 (27) million were strategic investments.

SSAB Europe

Fourth quarter in brief

- Operating result increased to SEK 83 (-609) million, primarily due to better capacity utilization
- Shipments rose 21% to 913 (752) thousand tonnes

Key figures

SEK millions	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Revenue	7,472	6,702	6,153	27,954	31,730
Operating profit/loss before depreciation/amortization, EBITDA	496	-194	-221	554	945
Operating profit/loss ¹⁾	83	-609	-631	-1,113	-677
Operating cash flow	1,419	666	-242	702	182
Number of employees at end of period	6,701	6,853	6,768	6,701	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 60 (62) million during the fourth quarter.

Revenue and operating profit

Revenue was up 11% compared with the fourth quarter of 2019 and amounted to SEK 7,472 (6,702) million. Higher volumes had a positive impact of 21 percentage points and other sales had a positive impact of 1 percentage point. Lower prices had a negative impact of 6 percentage points and negative currency effects 5 percentage points.

Compared with the third quarter of 2020, revenue was up 21%. Higher volumes had a positive impact of 22 percentage points and other revenue 4 percentage points. Lower prices had a negative impact of 3 percentage points and negative currency effects and the product mix each reduced revenue by 1 percentage point.

Operating result for the fourth quarter increased to SEK 83 (-609) million, up SEK 692 million compared with the same quarter of 2019. Better capacity utilization and higher volumes lifted earnings. The fourth quarter of 2019 was affected by underabsorption as crude production and rolling production was adapted to lower demand. Lower steel prices had a negative impact during the fourth quarter of 2020, which was partly offset by lower variable costs of raw materials.

Compared with the third quarter of 2020, earnings were up by SEK 714 million, lifted by better capacity utilization and higher volumes. One of the blast furnaces in Raahe had been idled in mid-April to adjust to lower demand and was then restarted in mid-September. This meant that both blast furnaces in Raahe were operating during the fourth quarter. Seasonally higher fixed costs had a negative impact, whereas lower costs of planned maintenance had a positive impact.

Market trend

The market continued to improve during the fourth quarter, with restocking in a number of customer segments. Shipments to the Heavy Transport customer segment and Steel Service Centers improved compared with the third quarter of 2020 to more normal levels. In addition, Automotive had a relatively strong quarter for high-strength products. The underlying trend within the Construction customer segment was stable, albeit with a seasonal downturn compared to the previous quarter.

Production and shipments

Crude steel production during the fourth quarter of 2020 was up 30% compared with the fourth quarter of 2019 and up 44% compared with the third quarter of 2020.

Rolling production was up 39% compared with the fourth quarter of 2019 and up 41% compared with the third quarter of 2020.

Production figures for the third quarter of 2020 and the fourth quarter of 2019 were affected by planned maintenance and a lower production rate to adjust to weaker demand.

External shipments of steel during the fourth quarter of 2020 were up 21% compared with the fourth quarter of 2019 and up 22% compared with the third quarter of 2020.

Production and shipments

Thousand tonnes	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Crude steel production	1,207	926	837	4,046	3,969
Rolling production	1,220	876	864	4,111	4,217
Shipments	913	752	751	3,314	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 fourth quarter was SEK 1,419 (666) million. Compared with the fourth quarter of 2019, cash flow was impacted positively by higher earnings.

Capital expenditure during the fourth quarter of 2020 was SEK 426 (565) million, of which SEK 52 (204) million were strategic investments.

SSAB Americas

Fourth quarter in brief

- Operating result increased to SEK 45 (-222) million, among other things due to higher volumes
- Shipments rose 19% to 569 (478) thousand tonnes

Key figures

SEK millions	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Revenue	3,454	3,588	2,715	13,266	17,460
Operating profit/loss before depreciation/amortization, EBITDA	206	-1	-263	415	2,852
Operating profit/loss ¹⁾	45	-222	-435	-293	2,128
Operating cash flow	516	521	-94	415	3,540
Number of employees at end of period	1,211	1,254	1,206	1,211	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 18 (39) million during the fourth quarter.

Revenue and operating profit

Revenue was down 4% compared with the fourth quarter of 2019 and amounted to SEK 3,454 (3,588) million. Higher volumes had a positive impact of 19 percentage points. Currency effects had a negative impact of 12 percentage points and lower prices 11 percentage points.

Compared with the third quarter of 2020, revenue was up 27%. Higher volumes had a positive impact of 23 percentage points and higher prices 7 percentage points. Other revenue contributed 1 percentage point. Currency effects had a negative impact of 3 percentage points and a weaker product mix 1 percentage point.

Operating result for the fourth quarter of 2020 was SEK 45 (-222) million, up SEK 267 million compared with the fourth quarter of 2019. Higher volumes and better capacity utilization had a positive impact. The fourth quarter of 2019 was impacted by costs of planned maintenance. Lower prices and higher cost for scrap had a negative impact.

Compared with the third quarter of 2020, operating profit was up SEK 480 million. Higher volumes and better capacity utilization contributed positively. The previous quarter was impacted by costs of planned maintenance. Higher raw material costs, primarily scrap, were partly offset by higher prices.

Market trend

Shipments increased during the fourth quarter of 2020 compared with the third quarter, primarily within the customer segments Energy (wind power and transmission), Construction Machinery and Steel Service Centers. The improvement was partly driven by restocking.

Production and shipments

Crude steel production was up 16% compared with the fourth quarter of 2019 and 10% compared with the third quarter of 2020.

Rolling production was up 20% compared with the fourth quarter of 2019 and up 23% compared with the third quarter of 2020.

Production for the third quarter of 2020 and the fourth quarter of 2019 were affected by planned maintenance.

External shipments of steel were up 19% compared with the fourth quarter of 2019 and up 23% compared with the third quarter of 2020.

Production and shipments

Thousand tonnes	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Crude steel production	640	554	580	2,489	2,429
Rolling production	633	526	515	2,343	2,285
Shipments	569	478	462	2,019	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 fourth quarter of 2020 was SEK 516 (521) million. Compared with the fourth quarter of 2019, cash flow was impacted positively by higher earnings, whereas more working capital was released during the fourth quarter of 2019.

Capital expenditure during the fourth quarter was SEK 37 (329) million, of which SEK 4 (204) million were strategic investments.

Tibnor

Fourth quarter in brief

- Operating result increased to SEK 48 (-39) million
- Higher shipments and the positive effects of the restructuring program

Key figures

SEK millions	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Revenue	2,031	2,172	1,752	8,241	9,149
Operating profit before depreciation/amortization, EBITDA	83	8	42	240	206
Operating profit/loss ¹⁾	48	-39	6	96	30
Operating cash flow	285	370	-112	186	348
Shipments, thousand tonnes	198	189	172	781	786
Number of employees at end of period	981	1,133	999	981	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 fourth quarter.

Revenue and operating profit

Revenue was down 6% compared with the fourth quarter of 2019 and amounted to SEK 2,031 (2,172) million.

Revenue was up 16% compared with the third quarter of 2020.

Operating profit for the fourth quarter of 2020 was up SEK 87 million compared with the same period a year earlier and amounted to SEK 48 (-39) million. Higher volumes, cost savings related to the restructuring program and revaluation of inventory contributed to the improvement.

Compared with the third quarter of 2020, earnings were up SEK 42 million. Higher volumes were the main explanation for the improvement.

Market trend

Compared with the previous quarter, the market picked up, especially in Sweden and Finland, where also higher shipments were seen compared with the fourth quarter of 2019. The upswing was driven by the vehicle and engineering industry, whereas the construction industry was seasonally weaker.

Cash flow and capital expenditure

Operating cash flow during the fourth quarter was SEK 285 (370) million. Compared with the fourth quarter of 2019, cash flow was impacted positively by better earnings, whereas less working capital was released.

Capital expenditure during the fourth quarter of 2020 was SEK 17 (16) million, of which SEK 1 (3) million was strategic investments.

Ruukki Construction

Fourth quarter in brief

- Operating profit was SEK 72 (67) million
- Stable underlying demand

Key figures

SEK millions	2020	2019	2020	2020	2019
	Q4	Q4	Q3	Full year	Full year
Revenue	1,206	1,752	1,391	5,516	6,510
Operating profit before depreciation/amortization, EBITDA	116	116	185	484	466
Operating profit/loss ¹⁾	72	67	145	314	283
Operating cash flow	139	192	213	481	348
Number of employees at end of period	1,362	1,841	1,337	1,362	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 (-2) million during the fourth quarter.

Revenue and operating profit

Revenue on a comparable basis was in principle unchanged in the fourth quarter of 2020, compared to the fourth quarter of 2019. Reported revenue was down, due to the divestment of Building Systems, which is included in the figures until the end of April 2020.

Compared with the third quarter of 2020, revenue was down 13%, primarily driven by a seasonal downturn in Roofing.

Operating profit for the fourth quarter was SEK 72 (67) million. The improvement was primarily attributable to better volumes in Roofing.

Compared with the third quarter of 2020, earnings were down SEK 73 million, primarily due to seasonally lower volumes in Roofing.

Ruukki Construction's divested project business, Building Systems, had revenue of around SEK 1.5 billion in 2019 and a minor positive operating profit. During the first four months of 2020, Building Systems had revenue of SEK 0.6 billion and a minor positive operating profit.

Market trend

Demand was seasonally lower during the fourth quarter. Compared with the same period of 2019, demand was at a good level, despite a somewhat negative impact from Covid-19 seen especially in Central and Eastern Europe, the Baltics and Norway.

Cash flow and capital expenditure

Operating cash flow during the fourth quarter was SEK 139 (192) million. The change in working capital had a negative impact compared with the fourth quarter of 2019.

Capital expenditure during the fourth quarter was SEK 28 (24) million, of which SEK 14 (18) million were strategic investments.

Sustainability

Key figures – rolling 12 months

	2020 Full year	2020 Q3	2020 Q2	2020 Q1	2019 Full year
Responsible partner					
Lost time injury frequency (LTIF) ¹⁾	3.7	4.2	4.3	4.3	4.2
Total number of injuries (LTI) ²⁾	101	117	125	128	126
Sustainable operations					
Energy consumption, GWh ³⁾	9,070	8,752	8,941	9,096	9,093
Energy intensity, kWh/tonnes crude steel	1,204	1,250	1,211	1,181	1,193
Carbon dioxide emissions (Scope 1), thousand tonnes ⁴⁾	8,906	8,553	8,996	9,315	9,433
Carbon dioxide emissions (Scope 2), thousand tonnes ⁵⁾	1,142	1,112	1,137	1,163	1,171
Intensity, tonnes of CO ₂ /tonnes crude steel ⁶⁾	1.33	1.38	1.37	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 – Safety

SSAB's lost time injury frequency resulting in an absence of at least one day (LTIF) was 3.7 (4.2) (rolling 12 months), which meant a clear improvement. Overall, the development in safety was positive, particularly in SSAB Special Steels and Ruukki Construction.

Sustainable offering

By increased use of high-strength steels, SSAB's customers will, by 2021 (earlier the target year was 2020, but it was pushed back due to Covid-19 impacts), achieve annual CO₂ savings of 10 million tonnes during the use phase of their end products. This amount corresponds to SSAB's direct carbon dioxide emissions. The CO₂ savings will be achieved through the SSAB EcoUpgraded initiative (8.0 Mtonnes) and through Automotive premium products (2.0 Mtonnes). Customers achieved CO₂ savings of 8.9 million tonnes during 2020 – savings of 7.4 million tonnes through SSAB EcoUpgraded shipments and 1.5 million tonnes through Automotive Premium shipments.

Sustainable operations – Environment and HYBRIT

SSAB's total energy consumption related to electricity, purchased fuels and purchased heat was 9,070 (9,093) GWh during the full year 2020. SSAB's direct (Scope 1) CO₂ emissions were 8,906 (9,433) thousand tonnes and indirect (Scope 2) CO₂ emissions were 1,142 (1,171) thousand tonnes. By the end of 2020, SSAB achieved:

- 310,000 tonnes or 103% of the CO₂ emissions reduction target of 300,000 tonnes,
- 483 GWh or 121% of the purchased energy reduction target of 400 GWh and
- 62,000 tonnes or 124% of the residuals utilization target of 50,000 tonnes.

The base-year for the above targets was 2014.

SSAB's transformation toward a fossil-free steelmaking process will be done mostly through HYBRIT (Hydrogen Breakthrough Ironmaking Technology), which is a joint venture between SSAB, LKAB, and Vattenfall. During 2020, a world unique pilot plant for fossil-free steel, producing sponge iron (DRI/HBI), was started up in Luleå, Sweden. At the plant, HYBRIT will perform tests in several stages in the use of hydrogen in the direct reduction of iron ore. Tests will be carried out between 2020 and 2024, first using natural gas and then hydrogen to be able to compare production results.

The owners behind the HYBRIT initiative announced in 2020, that they will start efforts to prepare for the demonstration phase, three years ahead of plan. The next step is to have a HYBRIT demonstration plant, with a production capacity of over one million tonnes of sponge iron per year, in place in 2025, at the same time as the conversion of SSAB's blast furnace site in Oxelösund, Sweden. This will enable SSAB to produce fossil-free steel for commercial use in 2026.

Updated sustainability strategy

SSAB's updated sustainability strategy "With the future in mind" has two main themes: First in fossil-free steel and Leading sustainability performance. The strategy includes both short- and long-term ambitions. SSAB's sustainability strategy includes also new environmental targets for greenhouse gas (GHG) emissions and circularity. The new targets for GHG

emissions have been approved by the Science Based Targets initiative. SSAB commits to reducing GHG emissions by 35% by 2032 (compared to 2018 and measured as CO2e). The target applies to both direct and indirect emissions (Scope 1 and 2) and is in line with the Paris Agreement and the objective of keeping global warming well below 2°C. SSAB's overarching goal is to be fossil-free by 2045.

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

Dividend

The Board proposes that no dividend will be paid for the financial year 2020.

Annual general meeting

The annual general meeting will be held on April 14, 2021. The form of the meeting will be announced in conjunction with the notice of the meeting, which it is planned to publish in week 9. The annual report will be published in week 12 and will be available at the company's head office and www.ssab.com.

Risks and uncertainty factors

The spread of Covid-19 and its impact on global industrial production and economic development have affected SSAB's revenue and earnings negatively during 2020 and there is a risk of a continued impact. The extent of this impact on the upcoming quarter is difficult to assess 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 year-end 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.

Review

This year-end report has not been reviewed by the auditors.

Stockholm, January 29, 2021

Martin Lindqvist
President & CEO

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	2019	2020	2019
	Q4	Q4	Full year	Full year
Revenue	16,988	16,973	65,396	76,485
Cost of goods sold	-15,450	-17,193	-61,617	-70,191
Gross profit/loss	1,537	-220	3,780	6,293
Selling and administrative costs	-1,008	-1,262	-4,074	-4,956
Other operating income and expenses	29	318	-30	560
Affiliated companies, profit/loss after tax	-2	-14	-1	64
Operating profit/loss	557	-1,178	-325	1,961
Financial income	620	-227	2,130	504
Financial expenses	-758	113	-2,607	-893
Profit/loss for the period after financial items	418	-1,292	-802	1,572
Tax	-73	51	312	-479
Profit/loss for the period	346	-1,240	-490	1,093
Of which attributable to:				
- Parent Company's shareholders	343	-1,242	-510	1,075
- Non-controlling interest	3	2	20	18

Consolidated statement of comprehensive income

SEK millions	2020	2019	2020	2019
	Q4	Q4	Full year	Full year
Profit/loss for the period after tax	346	-1,240	-490	1,093
<i>Other comprehensive income</i>				
<u>Items that may be subsequently reclassified to the income statement</u>				
Translation differences for the period	-4,790	-2,892	-6,252	1,990
Cash flow hedges	37	-56	-131	-239
Hedging of currency risks in foreign operations ¹⁾	600	320	778	-287
Share in other comprehensive income of affiliated companies and joint ventures	-	8	-	8
Tax attributable to items that may be subsequently reclassified to the income statement	-177	-237	-181	-68
Reclassification Items that will not be reclassified to the income statement	-	-88	-	-88
Total items that may be subsequently reclassified to the income statement	-4,330	-2,945	-5,787	1,316
<u>Items that will not be reclassified to the income statement</u>				
Remeasurements of the net defined benefit liability	-18	47	-38	-54
Tax attributable to items that will not be reclassified to the income statement	-2	-8	2	12
Share in other comprehensive income of affiliated companies and joint ventures	-	-	-	-
Reclassification Items that may be subsequently reclassified to the income statement	-	88	-	88
Total items that will not be reclassified to the income statement	-20	126	-35	46
Total other comprehensive income for the period, net after tax	-4,349	-2,819	-5,823	1,362
Total comprehensive income for the period	-4,004	-4,059	-6,312	2,455
Of which attributable to:				
- Parent Company's shareholders	-2,159	2,461	-2,327	2,440
- Non-controlling interest	8	7	17	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	
Changes Jan. 1 – Dec. 31, 2019								
Total comprehensive income for the period			1,317	1,122	2,440	15	2,455	
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						-7	-7	
Equity, December 31, 2019	9,063	23,022	7,028	21,202	60,314	103	60,417	
Changes Jan. 1 – Dec. 31, 2020								
Total comprehensive income for the period			-5,781	-545	-6,327	15	-6,312	
Dividend, non-controlling interest						-9	-9	
Equity, December 31, 2020	9,063	23,022	1,247	20,655	53,987	109	54,096	

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	2019
	31 Dec	31 Dec
Assets		
Intangible assets	28,896	32,508
Tangible fixed assets	22,022	23,987
Right of use assets	2,344	2,545
Financial assets	1,348	1,260
Deferred tax receivables ¹⁾	233	254
Total fixed assets	54,843	60,554
Inventories	17,444	20,391
Accounts receivable	6,905	6,945
Current tax receivables	417	422
Other current receivables ²⁾	1,942	1,411
Cash and cash equivalents	7,051	3,591
Total current assets	33,759	32,760
Assets held for sale	-	664
Total assets	88,601	93,978
 Equity and liabilities		
Equity for the shareholders in the Parent Company	53,987	60,314
Non-controlling interest	109	103
Total equity	54,096	60,417
Deferred tax liabilities	376	581
Other long-term provisions	657	665
Long-term non-interest bearing liabilities ¹⁾	316	320
Long-term interest-bearing liabilities	9,031	9,853
Lease liability	1,801	2,025
Total long-term liabilities	12,181	13,444
Short-term interest-bearing liabilities	5,960	2,756
Lease liability	652	604
Accounts payable	11,068	12,067
Current tax liabilities	233	114
Other current liabilities	4,412	4,206
Total current liabilities and provisions	22,324	19,746
Liabilities held for sale	-	371
Total equity and liabilities	88,601	93,978
Pledged assets	878	62
Contingent liabilities	2,338	2,432

¹⁾ Of the Deferred tax receivable, SEK 42 (118) 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 818 (0) 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 224 (259) million and in the balance sheet item "Other current liabilities" derivatives are valued at a total of SEK 805 (258) million. In the balance sheet item "Financial assets" derivatives are valued at a total of SEK 4 (43) million and in the balance sheet item "Long-term non-interest bearing liabilities", derivatives are included valued at a total of SEK 55 (10) 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 176 (111) 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	2019	2020	2019
	Q4	Q4	Full year	Full year
Operating profit/loss	557	-1,178	-325	1,961
Adjustment for depreciation and impairment	883	1,004	3,689	4,216
Adjustment for other non-cash items	36	-14	32	37
Received and paid interest	-84	-67	-545	-454
Tax paid	122	-97	-56	-1,315
Change in working capital	2,036	2,187	1,570	896
Cash flow from operating activities	3,549	1,836	4,366	5,341
Investments in plant and machinery	-721	-1,123	-2,204	-2,939
Investments/acquisitions, shares and operations	-35	-390	-233	-1,140
Divested shares and operations	39	118	143	118
Other investing activities	25	7	116	11
Cash flow from investing activities	-693	-1,387	-2,178	-3,950
Dividend paid to shareholders	-	-	-	-1,545
Dividend, non-controlling interest	-1	-1	-9	-7
Change in loans	-692	-1,130	3,302	-661
Change in financial investments	124	-82	-715	2,074
Acquisition, non-controlling interest	-	-1	-	-46
Other financing activities	-1,136	152	-1,893	-235
Cash flow from financing activities	-1,705	-1,062	685	-421
Cash flow for the period	1,152	-614	2,872	971
Cash and cash equivalents at beginning of period	5,412	4,266	3,597	2,598
Exchange rate difference in cash and cash equivalents	487	-54	581	28
Cash and cash equivalents at end of period¹⁾	7,051	3,597	7,051	3,597
Contracted, non-utilized overdraft facilities	14,471	6,727	14,471	6,727
Disposable cash and cash equivalents (incl. non-utilized overdraft facilities)	21,522	10,324	21,522	10,324

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

Key figures

	2020	2019	2020	2019
	Q4	Q4	Full year	Full year
Operating margin (%)	3	-7	-1	3
Earnings per share (SEK)	0.33	-1.21	-0.50	1.04
Equity per share (SEK)	52.42	58.57	52.42	58.57
Net debt/equity ratio (%)	19	19	19	19
Equity ratio (%)	61	64	61	64
Adjusted average number of shares during the period (millions)	1,029.8	1,029.8	1,029.8	1,029.8
Number of shares at end of period (millions)	1,029.8	1,029.8	1,029.8	1,029.8
Number of employees at end of period	13,974	14,514	13,974	14,514

Financial reports – The Parent Company

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

SEK millions	2020	2019	2020	2019
	Q4	Q4	Full year	Full year
Gross profit	-	-	-	-
Selling and administrative costs	-86	-98	-315	-385
Other operating income/expenses	28	52	164	174
Operating loss	-58	-46	-150	-211
Financial items	-274	365	-39	2,958
Profit/loss after financial items	-332	319	-190	2,747
Appropriations	-312	218	-312	218
Profit before tax	-645	537	-502	2,964
Tax	-41	-111	-14	58
Profit after tax	-686	426	-516	3,023

Parent Company's statement of comprehensive income

SEK millions	2020	2019	2020	2019
	Q4	Q4	Full year	Full year
Profit after tax	-686	426	-516	3,023
<i>Other comprehensive income</i>				
<u>Items that may be classified to the income statement</u>				
Cash flow hedges	3	9	-5	1
Tax attributable to other comprehensive income	-1	-2	1	0
Total items that will be reclassified to the income statement	2	7	-4	1
Other comprehensive income, net after tax	2	7	-4	1
Total comprehensive income for the period	-684	433	-520	3,024

Parent Company's statement of financial position, in summary

SEK millions	2020	2019
	31 Dec	31 Dec
Assets		
Fixed assets	75,096	72,146
Other current assets	8,084	10,700
Cash and cash equivalents	5,662	2,066
Total assets	88,842	84,912
Equity and liabilities		
Restricted equity	9,964	9,964
Unrestricted equity	53,947	54,467
Total equity	63,911	64,431
Long-term liabilities and provisions	7,055	7,379
Current liabilities and provisions	17,876	13,102
Total equity and liabilities	88,842	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, full-year

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

External revenue, Jan-Dec 2020 SEK millions	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Geographical areas						
Sweden	336	5,149	-	3,100	1,474	10,059
Finland	235	3,490	-	1,426	1,536	6,687
Denmark	104	1,156	1	1,745	116	3,122
Germany	1,018	2,077	-	29	2	3,125
Poland	569	1,731	-	20	771	3,090
Italy	754	1,182	-	1	0	1,937
Other EU-27	2,258	4,266	-	455	926	7,905
Great Britain	375	942	-	0	6	1,324
Norway	64	505	-	1,315	512	2,396
Other Europe	1,208	654	-	17	142	2,022
USA	3,163	868	11,672	0	1	15,704
Canada	873	-	1,320	-	2	2,195
Rest of the world	4,750	902	164	13	2	5,831
Total	15,706	22,922	13,158	8,120	5,490	65,396
Product area						
Steel products	15,137	21,338	13,158	-	-	49,632
Trading operations	-	-	-	8,120	-	8,120
Ruukki Construction operations	-	-	-	-	5,490	5,490
Slabs, by-products and scrap	258	1,495	-	-	-	1,753
Other	310	90	-	-	-	400
Total	15,706	22,922	13,158	8,120	5,490	65,396

External revenue, Jan-Dec 2019 SEK millions	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Geographical areas						
Sweden	343	5,913	-	3,722	1,540	11,517
Finland	264	4,299	-	1,567	2,164	8,294
Denmark	134	1,245	-	1,559	97	3,035
Germany	1,554	2,379	-	27	6	3,965
Poland	694	1,844	-	84	827	3,449
Italy	842	1,223	-	1	1	2,067
Other EU-27	2,661	4,349	-	453	1,139	8,602
Great Britain	549	1,167	-	0	18	1,733
Norway	83	583	-	1,535	508	2,709
Other Europe	1,100	693	-	22	161	1,975
USA	3,715	1,277	16,311	0	1	21,305
Canada	1,055	1	904	-	4	1,964
Rest of the world	4,944	843	47	30	5	5,869
Total	17,938	25,815	17,262	8,999	6,470	76,485
Product area						
Steel products	17,209	23,926	17,251	-	-	58,386
Trading operations	-	-	-	8,999	-	8,999
Ruukki Construction operations	-	-	-	-	6,470	6,470
Slabs, by-products and scrap	463	1,795	-	-	-	2,259
Other	266	94	11	-	-	371
Total	17,938	25,815	17,262	8,999	6,470	76,485

Specification of revenue during the fourth quarter

External revenue, Q4, 2020 SEK millions	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Geographical areas						
Sweden	105	1,407	-	813	363	2,687
Finland	60	801	-	330	312	1,504
Denmark	28	265	0	416	80	789
Germany	228	672	-	8	1	909
Poland	167	453	-	4	182	806
Italy	197	393	-	0	-	589
Other EU-27	591	1,286	-	108	109	2,094
Great Britain	116	336	-	0	0	453
Norway	12	121	-	314	115	563
Other Europe	353	166	-	5	41	565
USA	735	254	2,956	0	0	3,946
Canada	228	-	389	-	0	617
Rest of the world	1,150	236	79	2	0	1,467
Total	3,969	6,390	3,424	2,000	1,205	16,988

Product area	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Steel products	3,795	5,828	3,424	-	-	13,047
Trading operations	-	-	-	2,000	-	2,000
Ruukki Construction operations	-	-	-	-	1,205	1,205
Slabs, by-products and scrap	88	541	-	-	-	629
Other	86	21	0	-	-	107
Total	3,969	6,390	3,424	2,000	1,205	16,988

External revenue, Q4, 2019 SEK millions	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Geographical areas						
Sweden	91	1,201	-	818	484	2,594
Finland	59	888	-	367	515	1,829
Denmark	20	233	-	434	16	703
Germany	296	575	-	5	-2	873
Poland	154	359	-	10	190	713
Italy	181	292	-	0	0	473
Other EU-27	611	1,115	-	112	320	2,157
Great Britain	100	258	-	-	18	376
Norway	10	119	-	377	145	651
Other Europe	292	133	-	11	55	491
USA	732	275	3,260	-	0	4,268
Canada	217	1	260	-	1	478
Rest of the world	1,108	244	9	4	2	1,368
Total	3,870	5,693	3,529	2,138	1,744	16,973

Product area	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Steel products	3,673	5,275	3,528	-	0	12,476
Trading operations	-	-	-	2,138	-	2,138
Ruukki Construction operations	-	-	-	-	1,744	1,744
Slabs, by-products and scrap	125	393	-	-	-	517
Other	72	25	1	-	0	98
Total	3,870	5,693	3,529	2,138	1,744	16,973

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 144 million and a profit of SEK 20 million.

Value of assets and liabilities divested during 2020

SEK millions	Dec. 31 2020
Fixed assets	265
Current assets	485
Liabilities	-472
Total divested net assets¹⁾	278
Accumulated exchange rate difference at the time of the divesture	-20
Total divested net assets, excluding exchange rate differences	258
Result divested assets and liabilities	-112
Reported result in the consolidated statement of profit and loss, 2019	-132
Reported result in the consolidated statement of profit and loss, 2020	20
- Of which transaction costs	-7
Cash and cash equivalents in divested companies	-2
Net cash received and impact on the Group's cash and cash equivalents, December 31 2020	144

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	2019	2020	2019
	Q4	Q4	Full year	Full year
Operating profit/loss	557	-1,178	-325	1,961
Depreciation and impairment	883	1,004	3,689	4,216
Operating profit/loss before depreciation/amortization, EBITDA	1,439	-174	3,364	6,177

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

SEK millions	2020	2019	2020	2019
	Q4	Q4	Full year	Full year
Operating profit/loss before depreciation/amortization, EBITDA	1,439	-174	3,364	6,177
Items affecting comparability	-	47	-	197
Operating profit/loss before depreciation/amortization, EBITDA, excl. items affecting comparability	1,439	-127	3,364	6,375

Return on capital employed before tax, rolling 12 months

SEK millions	2020	2019
	Full year	Full year
Operating profit	-325	1,961
Financial income	2,130	457
Total	1,805	2,418
Average capital employed	79,298	79,121
Return on capital employed before tax, %	2%	3%

Return on equity after tax, rolling 12 months

SEK millions	2020	2019
	Full year	Full year
Profit for the period, after tax	-490	1,093
Average equity	59,430	62,544
Return on equity after tax, %	-1%	2%

Operating cash flow

SEK millions	2020	2019	2020	2019
	Q4	Q4	Full year	Full year
Cash flow from operating activities	3,549	1,836	4,366	5,341
Reversal received and paid interests	84	50	545	432
Reversal tax paid	-122	97	56	1,315
Maintenance expenditures ¹⁾	-606	-666	-1,622	-1,875
Other investing activities ²⁾	24	5	115	-19
Operating cash flow	2,930	1,321	3,460	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	2019
	31 Dec	31 Dec
Interest-bearing assets ¹⁾	8,289	4,189
Interest-bearing liabilities ²⁾	18,567	15,885
Net debt	10,278	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	3/20	4/20
Revenue	17,388	19,263	19,038	19,251	20,017	20,654	18,840	16,973	18,772	15,155	14,481	16,988
Operating expenses	-15,572	-16,699	-16,487	-17,295	-17,295	-18,269	-17,524	-17,086	-17,500	-14,442	-14,543	-15,544
Depreciation/ amortization	-920	-952	-961	-938	-1,081	-1,102	-1,028	-1,005	-942	-956	-907	-885
Affiliated companies	21	18	11	16	33	33	12	-14	13	-7	-5	-2
Financial items	-147	-202	-153	-34	-91	-86	-99	-114	-123	-114	-102	-138
Result before tax	769	1,427	1,447	1,001	1,583	1,230	201	-1,245	221	-365	-1,075	418

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	3/20	4/20
SSAB Special Steels	4,674	5,142	4,684	4,369	4,874	5,139	4,509	3,973	4,536	3,983	3,569	4,055
SSAB Europe	8,051	8,892	7,754	8,099	8,577	8,814	7,637	6,702	8,139	6,189	6,153	7,472
SSAB Americas	3,363	4,040	4,713	4,762	4,871	4,555	4,446	3,588	3,878	3,219	2,715	3,454
Tibnor	2,058	2,253	1,949	2,173	2,264	2,534	2,179	2,172	2,421	2,037	1,752	2,031
Ruukki Construction	1,088	1,578	1,799	1,674	1,274	1,690	1,794	1,752	1,480	1,439	1,391	1,206
Other	-	-	-	-	-	-	-	-	-	-	-	-
Group adjustments	-1,846	-2,642	-1,861	-1,827	-1,843	-2,077	-1,725	-1,215	-1,681	-1,712	-1,099	-1,231
Total	17,388	19,263	19,038	19,251	20,017	20,654	18,840	16,973	18,772	15,155	14,481	16,988

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	3/20	4/20
SSAB Special Steels	569	656	670	52	842	703	509	28	614	639	228	644
SSAB Europe	998	1,259	814	1,082	738	469	-67	-194	413	-133	-221	496
SSAB Americas	283	526	951	699	1,119	1,037	697	-1	294	178	-263	206
Tibnor	87	103	73	50	78	73	47	8	50	65	42	83
Ruukki Construction	-29	92	136	111	30	141	179	116	55	128	185	116
Other	-71	-53	-81	-24	-52	-3	-37	-83	-140	-172	-37	-106
Total	1,836	2,582	2,563	1,971	2,755	2,419	1,327	-127	1,286	705	-66	1,439

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	3/20	4/20
SSAB Special Steels	434	522	536	-72	678	544	358	-126	458	485	73	491
SSAB Europe	657	907	460	733	347	66	-480	-609	0	-566	-631	83
SSAB Americas	129	365	790	553	956	872	522	-222	106	-10	-435	45
Tibnor	67	83	53	28	38	29	2	-39	12	29	6	48
Ruukki Construction	-62	59	103	78	-14	95	134	67	11	86	145	72
Depreciation on surplus values, IPSCO	-179	-192	-198	-203	-201	-207	-118	-39	-25	-20	-16	-18
Depreciation on surplus values, Rautaruukki	-54	-56	-57	-57	-64	-66	-67	-67	-66	-69	-66	-66
Other	-76	-58	-86	-24	-67	-18	-52	-97	-153	-186	-50	-100
Total	916	1,630	1,600	1,035	1,674	1,316	300	-1,131	343	-251	-973	557

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	3/20	4/20
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	3/20	4/20
Crude steel production												
-SSAB Special Steels	234	305	217	162	385	343	355	142	293	295	102	309
- SSAB Europe	1,175	1,147	1,049	1,205	993	1,120	930	926	1,130	872	837	1,207
- SSAB Americas	652	629	645	609	621	637	617	554	658	612	580	640
- Total	2,061	2,081	1,911	1,976	2,000	2,100	1,902	1,621	2,081	1,779	1,519	2,156
Rolling production												
- SSAB Special Steels	121	138	145	89	145	130	134	83	151	156	60	117
- SSAB Europe	1,180	1,200	1,031	1,082	1,162	1,198	980	876	1,190	836	864	1,220
- SSAB Americas	607	603	612	582	581	597	581	526	614	580	515	633
- Total	1,909	1,941	1,788	1,753	1,889	1,926	1,696	1,484	1,955	1,573	1,438	1,970
Steel shipments												
- SSAB Special Steels	346	339	320	293	338	339	299	249	305	266	259	297
- SSAB Europe	939	963	810	850	907	909	794	752	955	695	751	913
- SSAB Americas	523	509	517	491	500	475	521	478	527	460	462	569
- Total	1,808	1,811	1,646	1,634	1,744	1,722	1,614	1,479	1,787	1,422	1,472	1,779

Sensitivity analysis

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

	Change, %	Effect on profit/loss before tax, SEK millions	Effect on earnings per share, SEK ²⁾	Effect on equity, SEK millions ²⁾
Steel price - steel operations	+/- 10	+/- 5,150	+/- 3.93	+/- 4,048
Volume - steel operations ¹⁾	+/- 10	+/- 720	+/- 0.55	+/- 566
Iron ore prices	+/- 10	+/- 730	+/- 0.56	+/- 574
Coal prices	+/- 10	+/- 400	+/- 0.31	+/- 314
Scrap metal prices	+/- 10	+/- 690	+/- 0.53	+/- 542
Interest rate	+/- 1 %-point	+/- 60	+/- 0.05	+/- 47
Krona index ³⁾	+/- 5	+/- 320	+/- 0.24	+/- 252

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

²⁾ Calculated based on tax at 21.4%.

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

Note:

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

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Interim report for January-March 2021

The interim report for the first quarter of 2021 will be published on April 26, 2021.



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