



Solid earnings improvement driven by SSAB Europe

Presentation of the Q1/2017 result

Martin Lindqvist, President & CEO

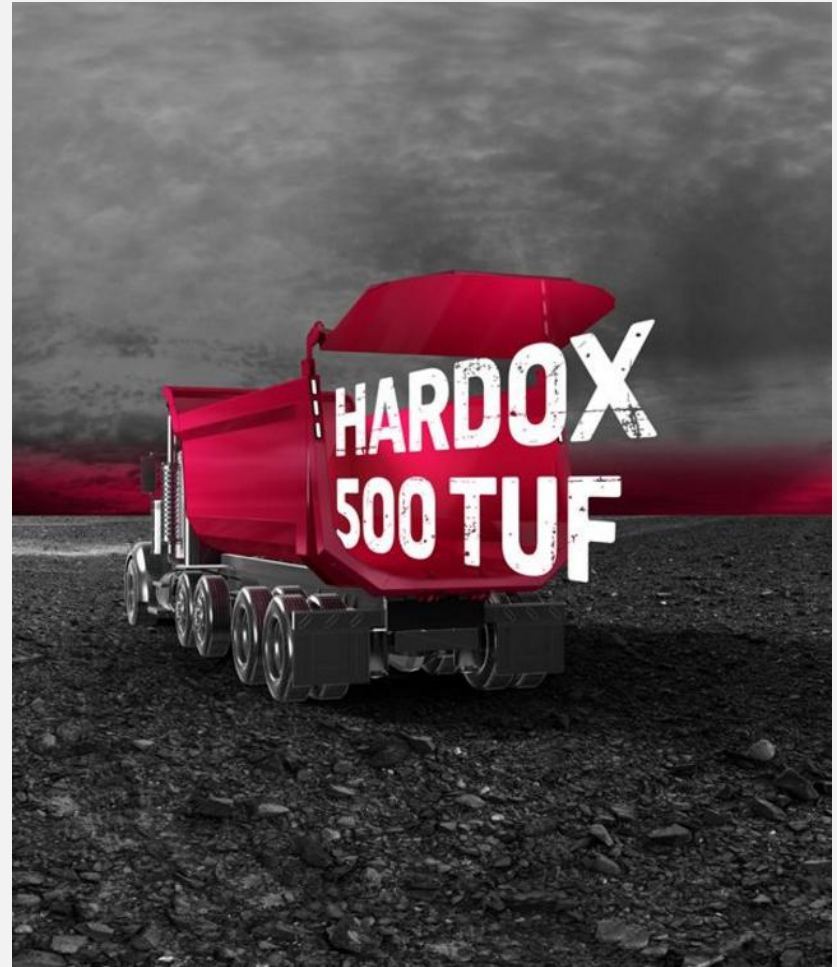
Håkan Folin, CFO

April 21, 2017

SSAB

Agenda

- ▶ Q1/2017 and performance by division
- ▶ Financials
- ▶ Summary & outlook
- ▶ Q&A

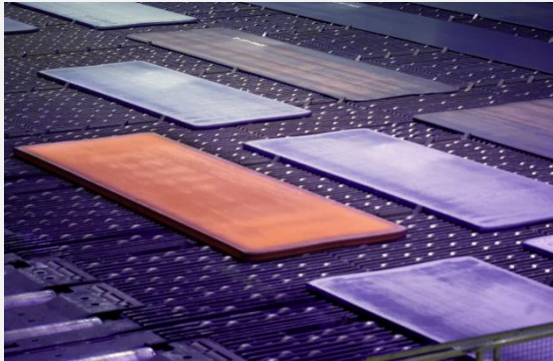


Q1/2017 and performance by division

Highlights in Q1/2017

Improved production flexibility

- Good level of deliveries in SSAB Special Steels despite the Oxelösund breakdown
- SSAB Europe and SSAB Americas mills produced high-strength steels above expectations



Strong performance from SSAB Europe

- High deliveries and production level, better prices and mix
- Automotive premium volumes up ~20%



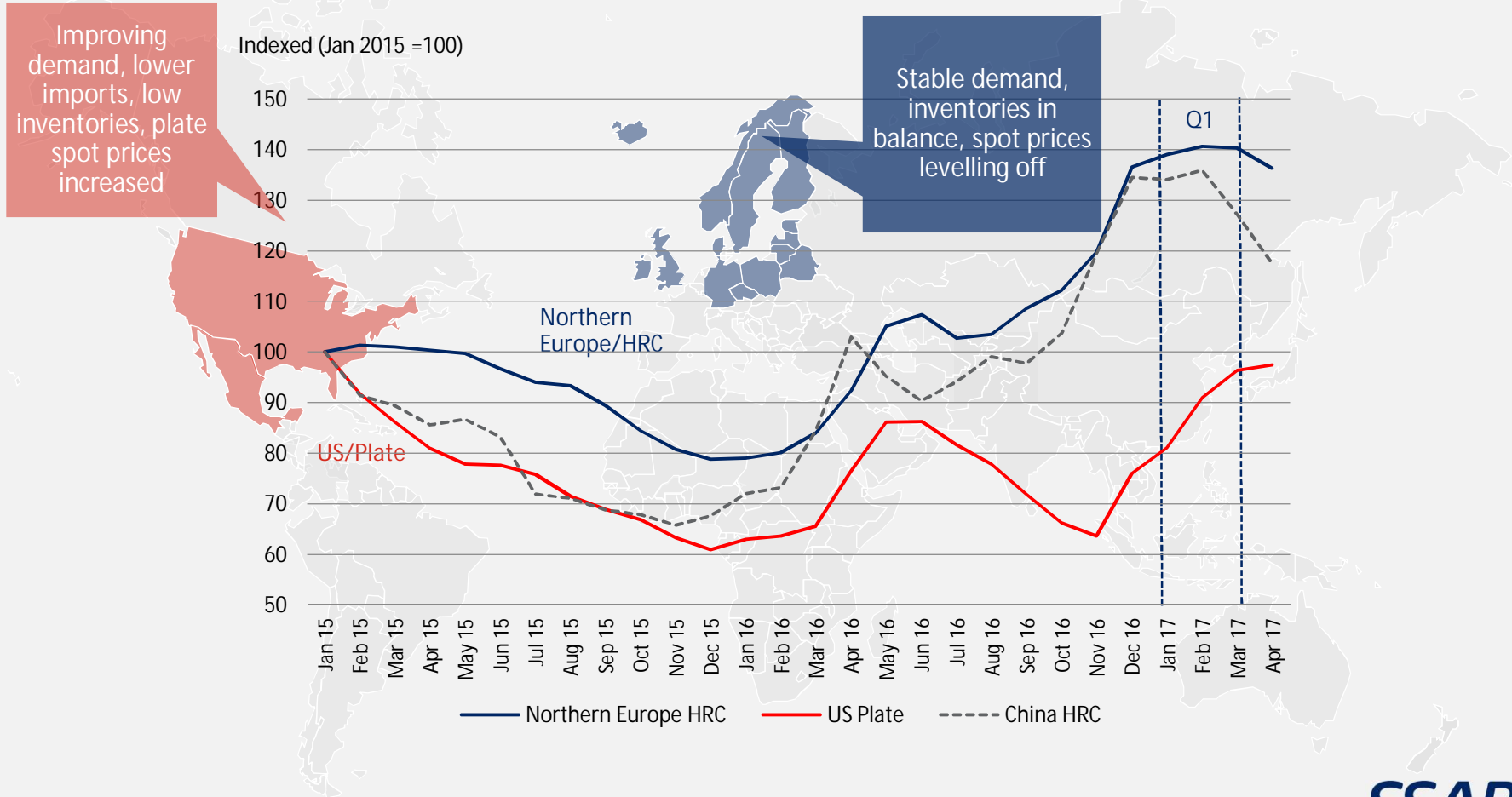
New products and progress in sustainability

- New wear plate Hardox 500 Tuf launched
- HYBRIT project gained support from The Swedish Energy Agency



Improved market situation both in Europe and North America

Spot price development: Hot Rolled Coil (HRC) in Northern Europe, Plate in US, HRC in China



Improving demand, lower imports, low inventories, plate spot prices increased

Stable demand, inventories in balance, spot prices levelling off

Q1

Anti-dumping measures are in place and under preparation in EU and the US

In place

Under preparation

Europe

- ▶ Cold-rolled carbon steels (China, Russia)
- ▶ Hot-Rolled flat carbon steels (China)
 - Final AD duties for strip 18%-36% in April 2017
 - Final AD duties 65%-74% for plate in Feb 2017

- ▶ Hot-Rolled flat carbon steels (Brazil, Russia, Iran, Serbia and Ukraine)
 - EU decided not impose preliminary duties, final decision expected in Oct 2017
- ▶ Corrosion Resistant Steel (China)

US

- ▶ Hot-rolled sheet and coils (China, Russia, India, Ukraine, Indonesia, Taiwan, Thailand)
- ▶ Hot-rolled sheet and coils (Australia, Brazil, Japan, Korea, Netherlands, Turkey)
- ▶ Heavy plate (China, India, Indonesia, Russia, Ukraine)
- ▶ Heavy plate (China, Austria, Belgium, Taiwan, France, Germany, Italy, Japan, South Korea)
 - Final AD decision for the 8 countries in March 2017 – increased duties vs. preliminary duties
 - Final AD and CVD decision on Chinese plate AD margin of 68% and a subsidy (CVD) margin of 251%

- ▶ Cold-rolled sheet and coils (Brazil, India, Korea, Russia, United Kingdom)
- ▶ Heavy plate (Turkey, Brazil, South Africa)
 - Preliminary AD decision in place for Turkey, Brazil, South Africa

Summary of Q1/2017

Solid earnings improvement driven by higher prices and volumes

- ▶ EBIT of SEK 702m, up SEK 595m compared with Q4/16
 - + Higher prices
 - + Higher volumes
 - Maintenance outage in Mobile
 - Higher costs of raw materials
- ▶ EBIT up SEK 895m vs. Q1/16
- ▶ Operating cash flow at SEK 876m
- ▶ Gearing at 32% (34%)

Key figures

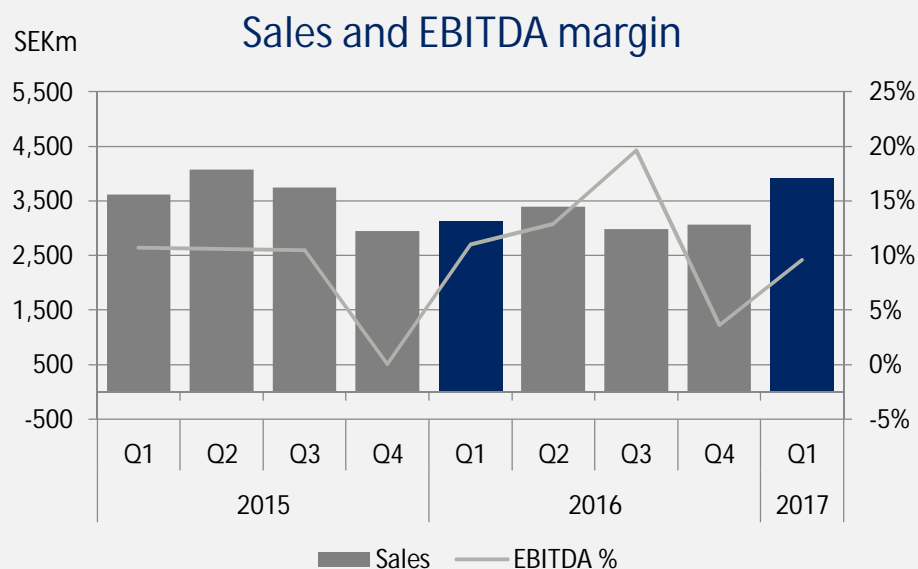
SEKm	Q1/2017	Q1/2016	Q4/2016	FY 2016
Sales	15,739	12,964	14,442	55,354
EBITDA	1,627	741	1,066	4,951
EBIT	702	-193	107	1,213
Operating cash flow	876	77	1,053	3,207

SSAB Special Steels

Improved result despite the breakdown

- ▶ Shipments increased 8% vs. Q1/2016 despite the breakdown
 - Improving demand in several segments
 - Flexible production system
- ▶ EBIT was SEK 243m, up SEK 272m vs. Q4/2016
 - + Higher volumes
 - + Lower fixed costs
 - Breakdown in Oxelösund
 - Higher raw material costs

SEKm	Q1/2017	Q1/2016	Q4/2016	2016
Sales	3,925	3,132	3,066	12,582
EBITDA	377	345	111	1,453
EBIT ¹	243	202	-29	902
Shipments, ktonnes	277	256	233	1,008

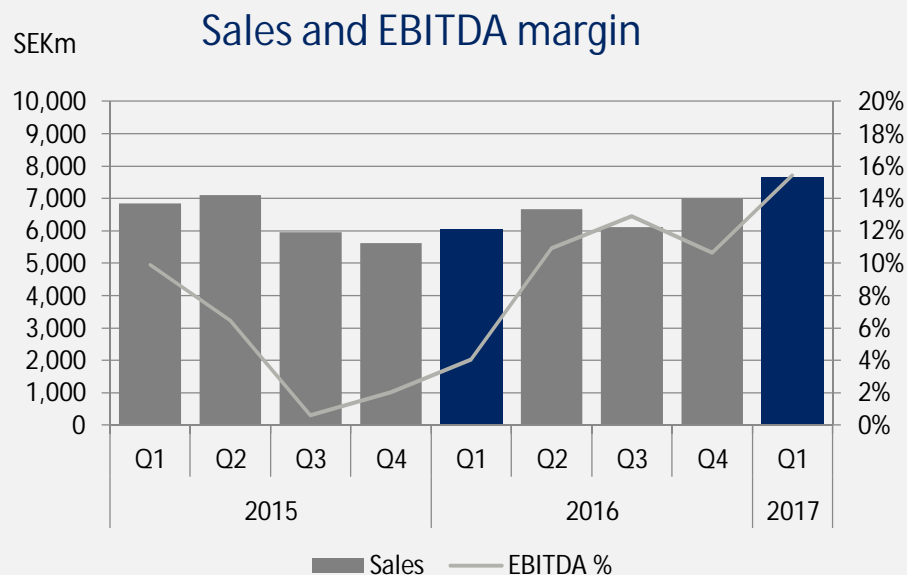


SSAB Europe

Strong result improvement due to higher prices and volumes

- ▶ Shipments +9% vs. Q4/16
 - Good demand in all segments
 - Automotive continued at high level
- ▶ EBIT in Q1 was SEK 826m, up SEK 450m vs. Q4/2016
 - + Higher volumes
 - + Higher prices
 - Higher raw material costs

SEKm	Q1/2017	Q1/2016	Q4/2016	2016
Sales	7,657	6,040	7,001	25,831
EBITDA	1,182	244	746	2,458
EBIT ¹	826	-118	376	1,000
Shipments, ktonnes	982	946	898	3,720

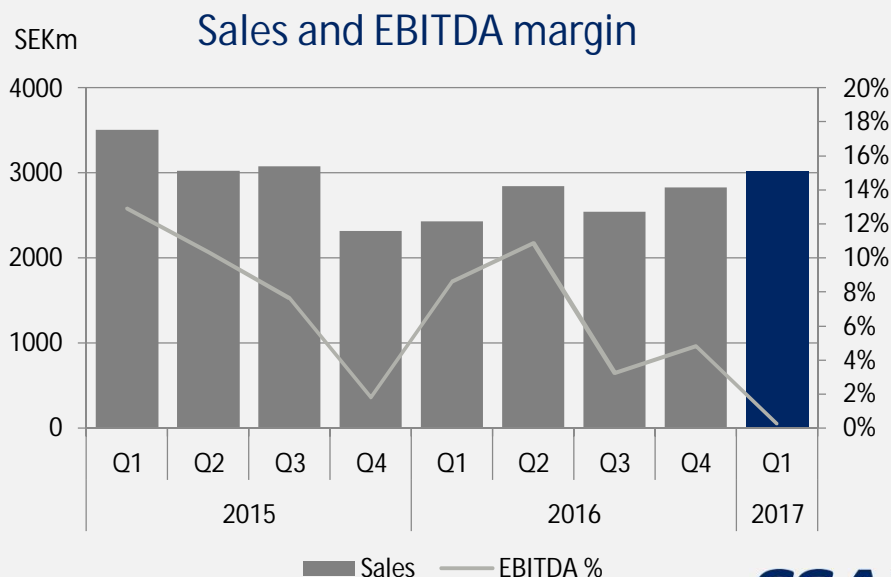


SSAB Americas

Lower profitability due to the Mobile outage and higher scrap costs

- ▶ Demand improved during Q1
 - Continued good demand from Energy segment
- ▶ EBIT was SEK -157m, down SEK 123m from Q4/16
 - + Higher prices
 - Mobile outage
 - Higher scrap costs

SEKm	Q1/2017	Q1/2016	Q4/2016	2016
Sales	3,019	2,428	2,825	10,639
EBITDA	8	209	136	737
EBIT ¹	-157	55	-34	110
Shipments, ktonnes	486	475	502	1,924

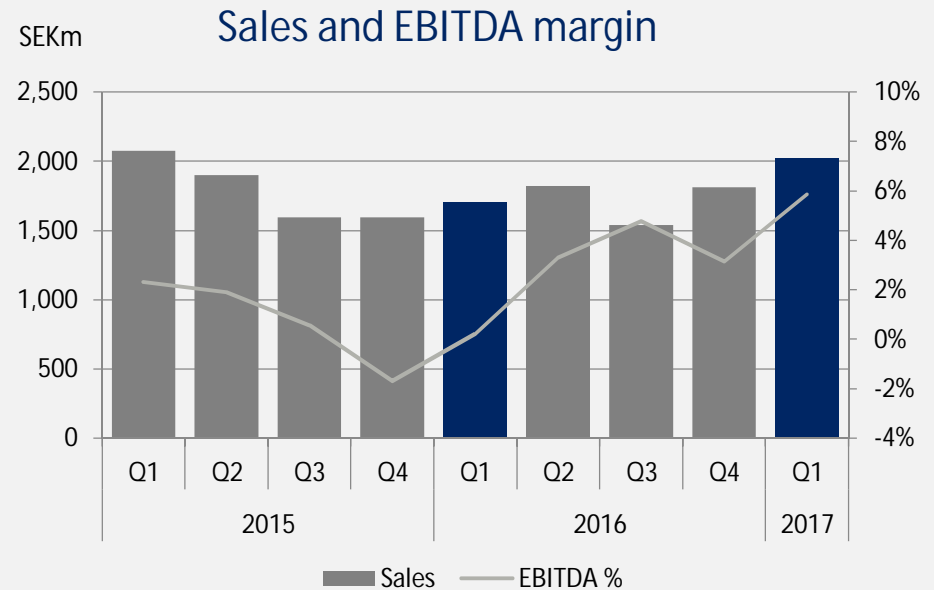


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Higher volumes and better margins

- ▶ Shipments +8% vs. Q4/2016
 - Good level of demand in all main market areas
- ▶ EBIT was SEK 99m, up SEK 119m vs. Q4/2016
 - + Better margins
 - + Higher volumes

SEKm	Q1/2017	Q1/2016	Q4/2016	2016
Sales	2,019	1,707	1 813	6 879
EBITDA	118	1	57	191
EBIT ¹	99	-20	34	106



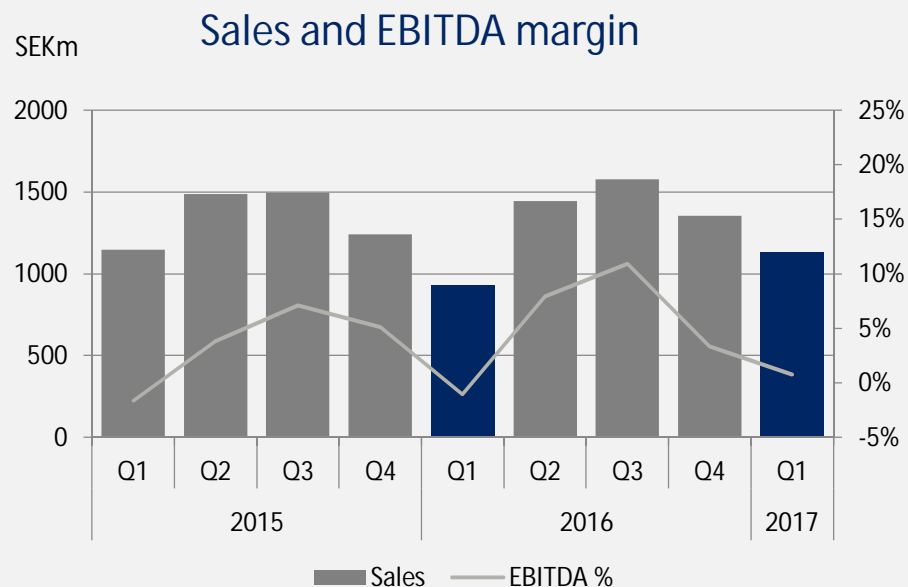
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

Ruukki Construction

Result improvement due to higher sales volumes

- ▶ Seasonally lower demand
- ▶ Sales +22% vs. Q1/2016
 - Growth in Building Components and Roofing segments
- ▶ EBIT was SEK -29m, up SEK 19m vs. Q1/2016
 - + Higher volumes

SEKm	Q1/2017	Q1/2016	Q4/2016	2016
Sales	1,131	928	1,353	5,304
EBITDA	8	-10	45	322
EBIT ¹	-29	-48	7	171

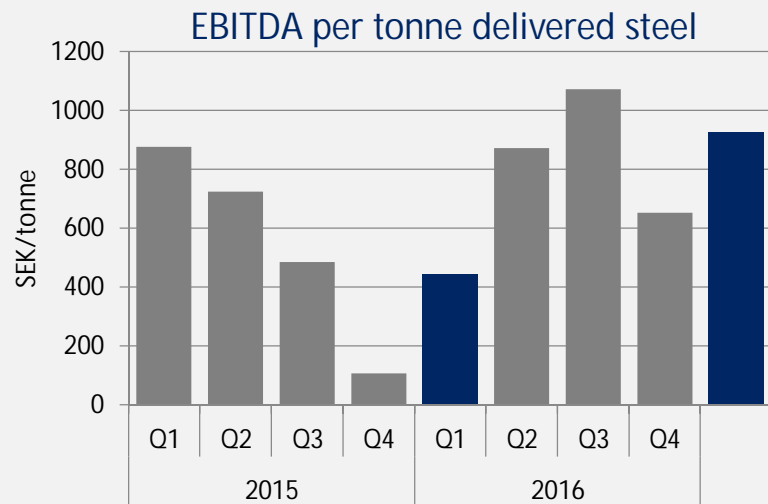
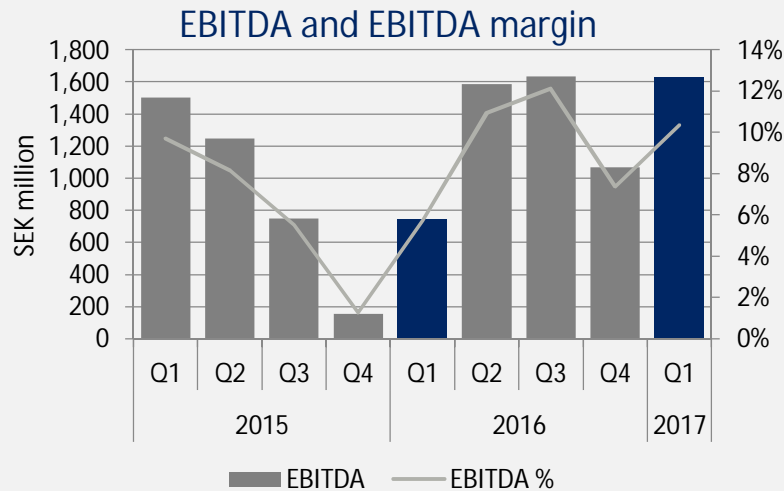
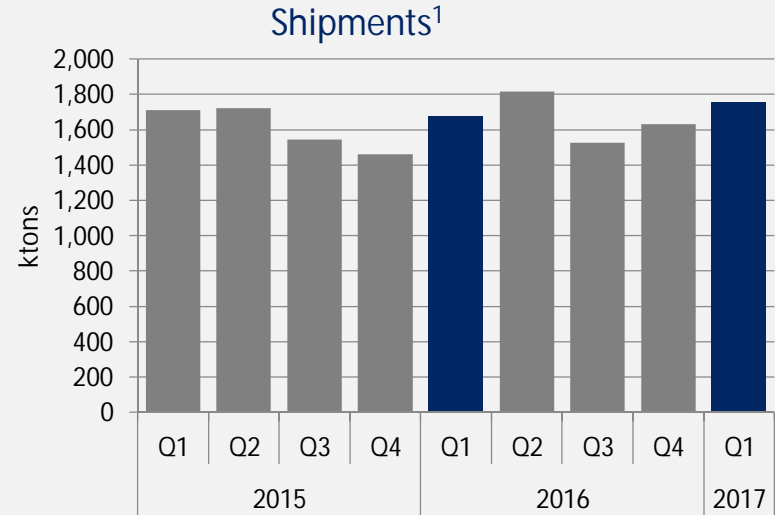
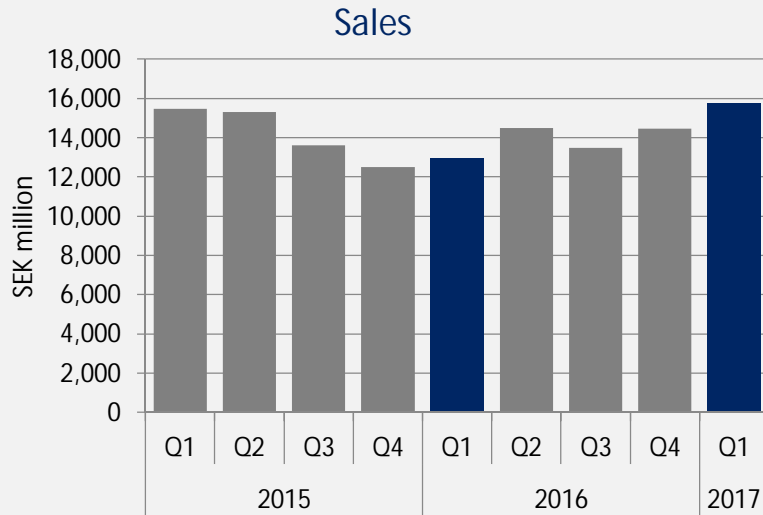


1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

Financials

Strong profitability improvement

Higher sales due to both higher prices and volumes

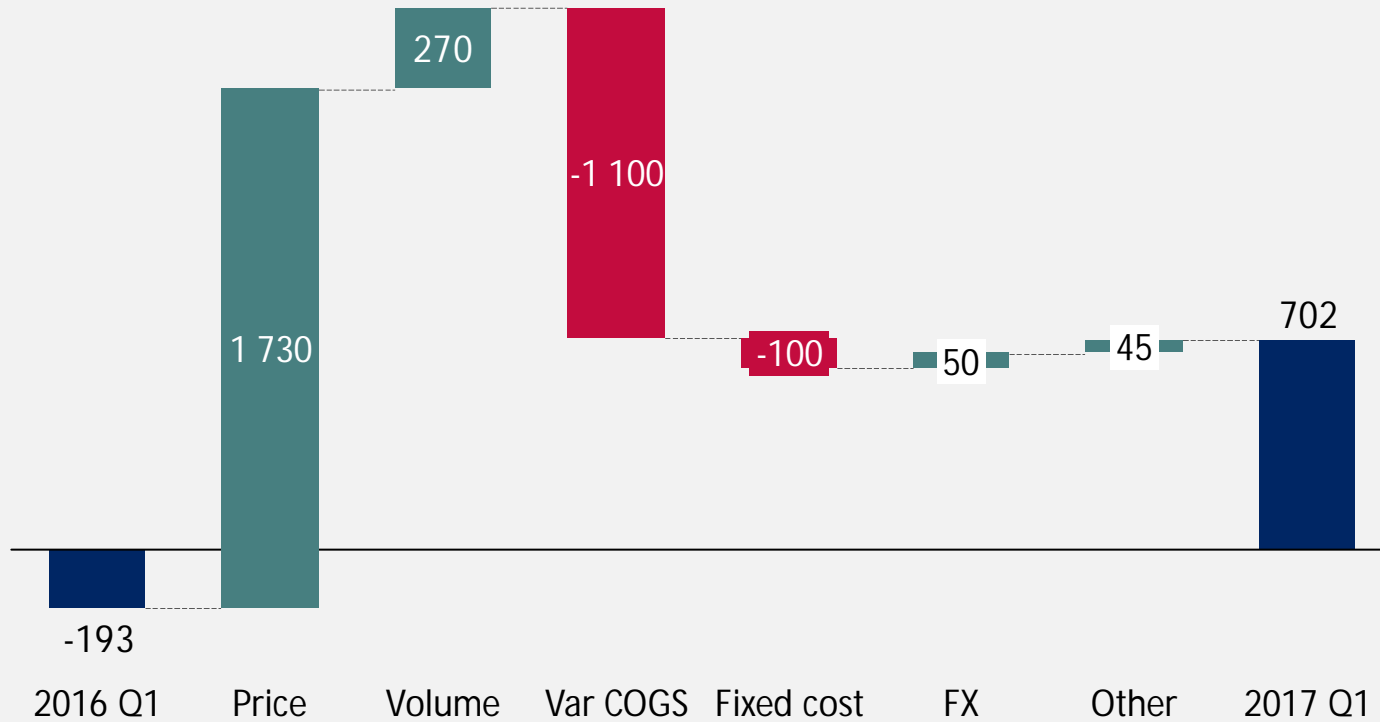


1) Including the steel operations: Special Steels, Europe and Americas

Change in operating profit

Q1/2017 vs. Q1/2016

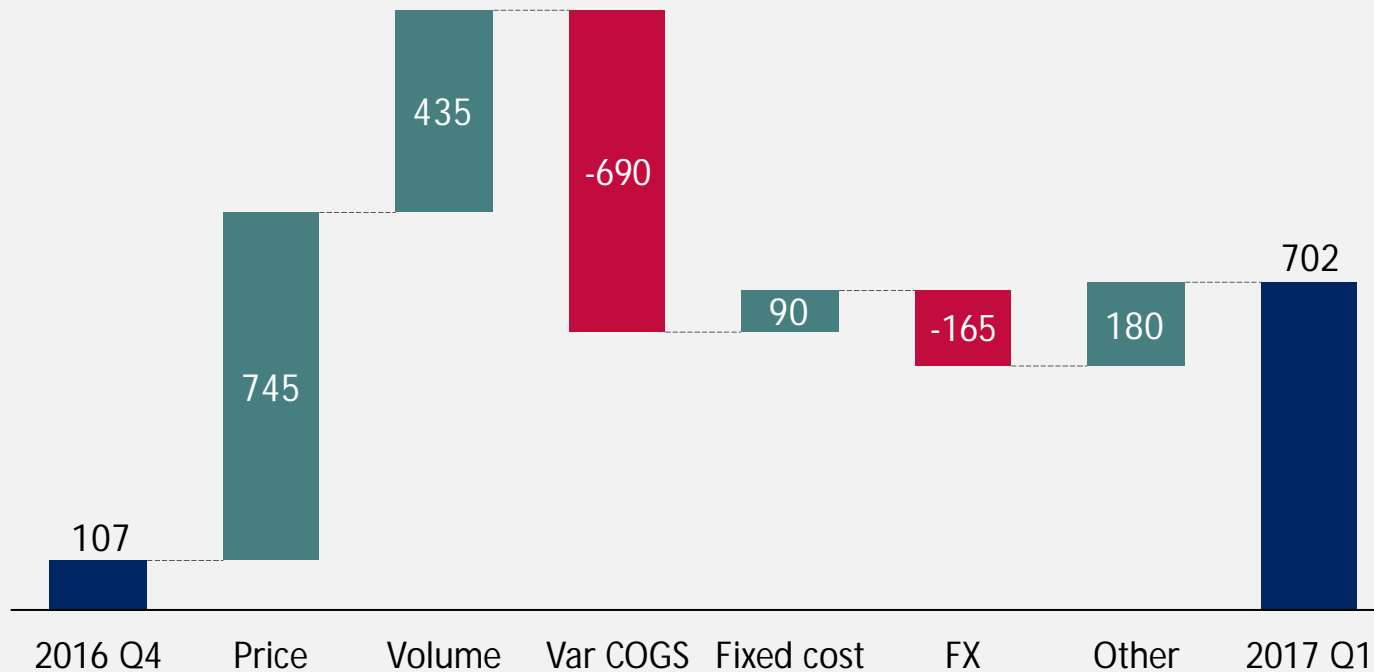
SEKm



Change in operating profit

Q1/2017 vs. Q4/2016

SEKm



Good operating cash flow despite higher inventories and accounts receivables

SEKm	Q1/2017	Q1/2016	Q4/2016	2016
Operating profit before depreciation/amortization	1,627	741	1,066	4,951
Change in working capital	-526	-476	417	-661
Maintenance expenditure	-215	-219	-365	-1,053
Other	-10	31	-65	-30
Operating cash flow	876	77	1,053	3,207
Financial items	-222	-178	-271	-994
Taxes	-21	-48	244	80
Cash flow from current operations	633	-149	1,026	2,293
Strategic capital expenditure in plant and machinery	-44	-88	-83	-273
Acquisitions of shares and operations	0	-7	-	-46
Divestments of shares and operations	0	0	-	-
Net cash flow	589	-244	943	1,974

Net debt and gearing decreased

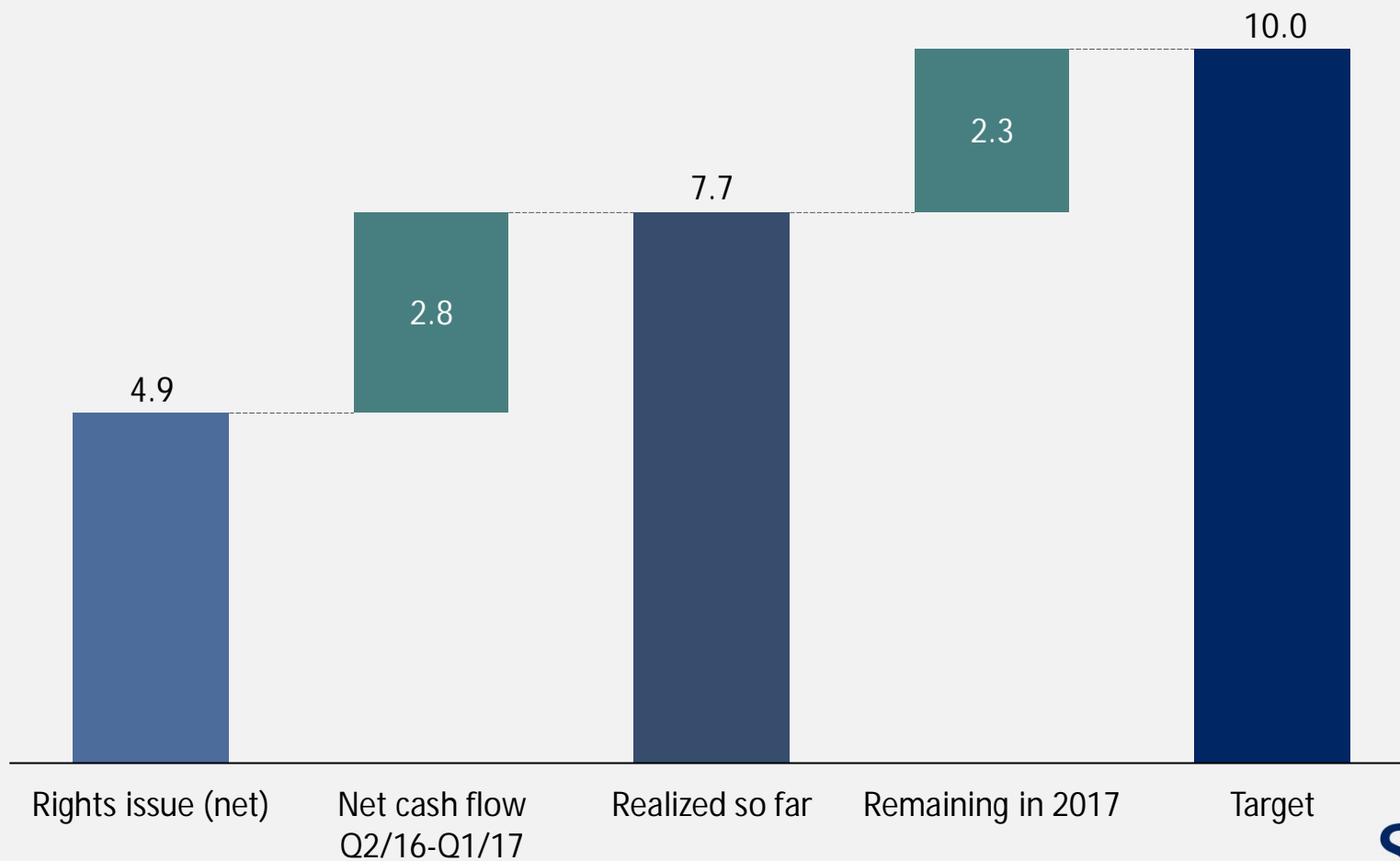
- ▶ Net gearing ratio decreased from 34% at the end of 2016 to 32%
- ▶ Net debt decreased by SEK 0.9bn and amounted to SEK 17.0bn



Net debt reduction according to plan

SEK 10 bn. between the end of Q1/16 and the end of 2017

SEK bn



Balanced maturity profile in coming years

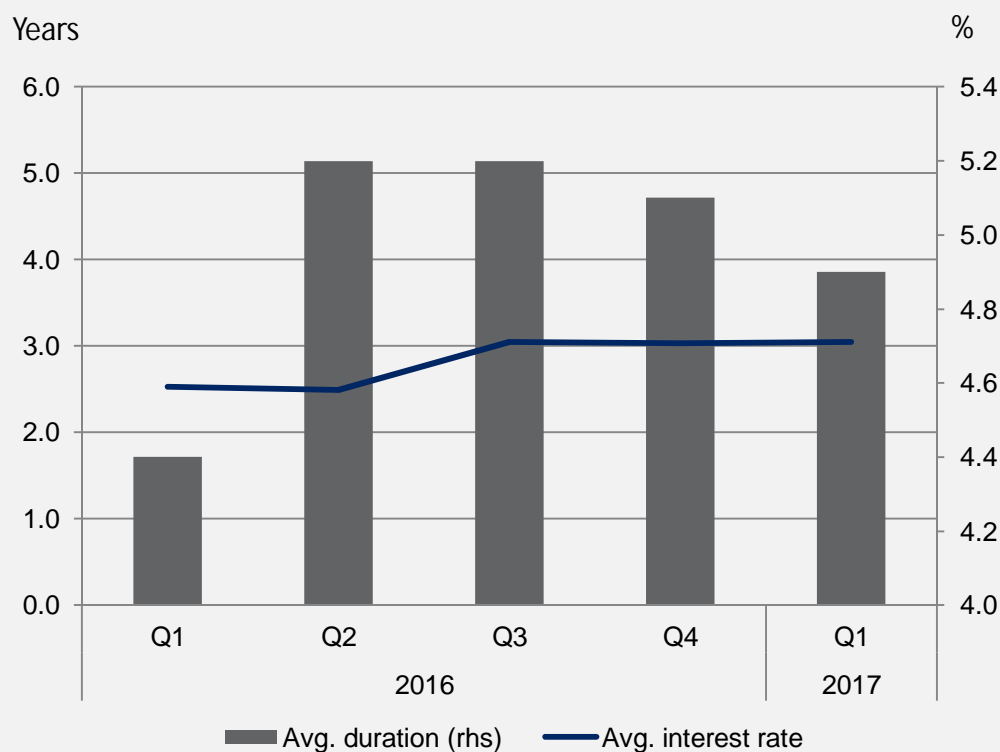
- ▶ Loans maturing in 2017-2018 amounted to SEK 6.0bn
- ▶ Of the total maturities in 2017, commercial paper accounts for SEK 0.75bn
- ▶ Bond issue of SEK 1bn and buy-back of 1.2bn outstanding bonds 2017 and 2019, effective in Q2



Duration on debt portfolio and interest rate

- ▶ Duration of the loan portfolio was 4.9 years (5.1 at the end of 2016)
- ▶ Averaged fixed interest term was 0.7 years (0.8)
- ▶ Average interest rate was 3.05% (3.03 % in Q4/2016)

Debt cost and duration



Higher raw material prices

New contract with LKAB for iron ore pellets with monthly pricing

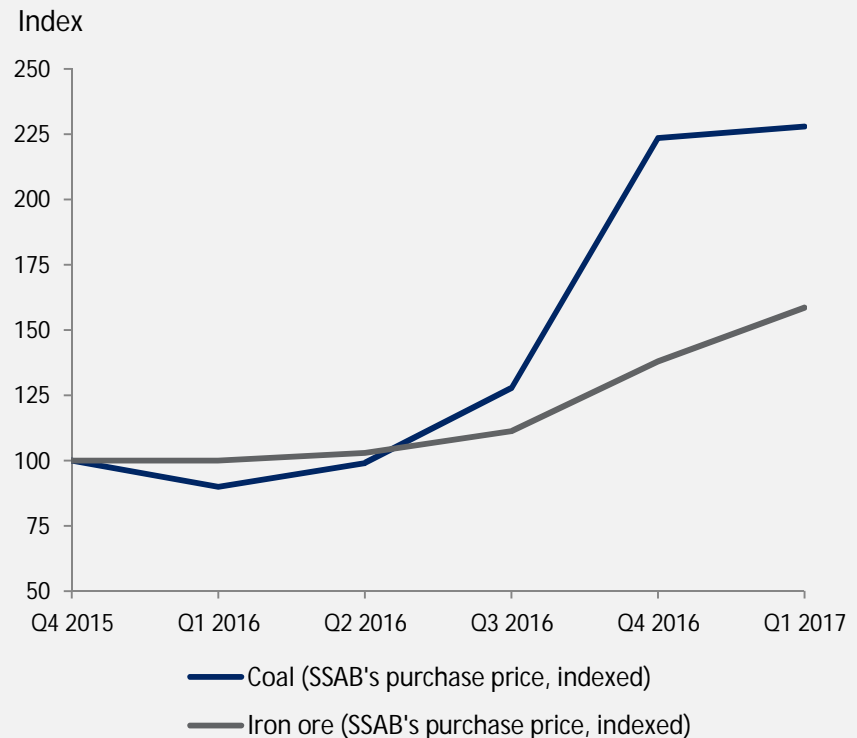
Coking coal

- ▶ Average coking coal purchase price in Q1 was 2% higher in SEK vs. Q4/16

Iron ore

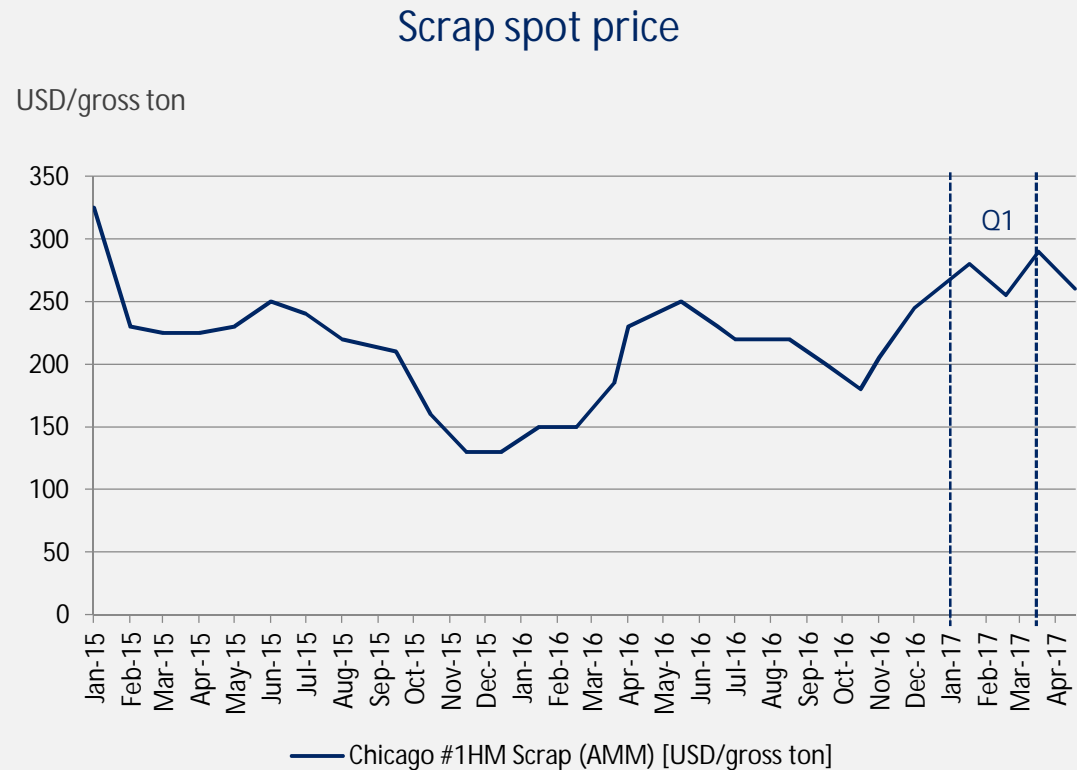
- ▶ Average pellet purchase price in Q1 was 15% higher in SEK vs. Q4/16
- ▶ New contract with LKAB for the period April 1, 2017- March 31, 2018
 - Prices are adjusted on monthly basis

SSAB's purchase price, coking coal and iron ore



Scrap spot prices continued to increase in Q1 along with other raw materials

- ▶ Scrap spot prices in US at the end of Q1/17 were:
 - 6% higher vs. Q4/16
 - 20% higher vs. Q1/16



Source: AMM

Outlook

SSAB's outlook for Q2/2017

- ▶ In North America, demand for heavy plate is expected to be good both from Steel Service Centers and end customers
- ▶ In Europe, demand is expected to be good
 - No major changes in inventory levels expected
- ▶ Demand for high-strength steels is expected to develop positively
- ▶ Overall, SSAB's shipments are expected to be somewhat higher than during Q1
- ▶ Realized prices are expected to be higher than in Q1, however mitigated by increased raw material costs
- ▶ Work started on the major maintenance outage in Mobile during Q1 and was completed during the beginning of Q2

Swedish Steel Prize 2017 finalists lead the way with innovative design concepts

Fermel, South Africa
MINING VEHICLE



JMG Cranes, Italy
ELECTRICAL PICK
AND CARRY CRANE



Kiruna Wagon, Sweden
DUMPER WAGON



Wabash National, USA
REAR IMPACT GUARD



Questions & Answers

Appendix

Maintenance outages in 2017

- ▶ Costs were SEK 180m for Q1/2017 (incl. direct costs and under absorption)
 - SSAB Americas SEK 160m, SSAB Europe SEK 20m
- ▶ Q2/2017 costs are estimated to be SEK 250m
 - SSAB Americas SEK 230m, SSAB Europe SEK 20m

Major, planned maintenance outages 2017

SEKm	Q1/2017	Q2/2017	Q3/2017	Q4/2017	2017	2016
SSAB Special Steels			230	0	230	250
SSAB Europe	20	20	170	100	310	300
SSAB Americas	160	230	0	0	390	290
Total	180	250	400	100	930	840

Note: The estimates shown in table includes direct maintenance cost and cost of lower capacity utilization (under absorption), but excludes lost margins.

SSAB's key customer segments – outlook

Segment	Outlook for Q2 vs. Q1	Comments on outlook
Heavy Transport	➔	<ul style="list-style-type: none"> ▶ Growth in demand expected in Europe ▶ Railcar production in US is expected to continue to decline
Automotive	➔	<ul style="list-style-type: none"> ▶ Automotive is expected to remain at high level in Europe and in the US
Construction Machinery	➔	<ul style="list-style-type: none"> ▶ Demand in the main European markets is expected to pick-up somewhat ▶ Demand in US is showing some signs of recovery from low level
Mining	➔	<ul style="list-style-type: none"> ▶ Higher repair and maintenance activity in the Mining sector
Energy	➔	<ul style="list-style-type: none"> ▶ Continued solid demand in wind energy segment expected ▶ Oil-related segments are expected to pick-up
Construction Material	➔	<ul style="list-style-type: none"> ▶ Demand expected to pick up seasonally
Service Centers (US)	➔	<ul style="list-style-type: none"> ▶ Demand from Service Centers is expected to be fairly stable in Q2, although inventories are still low

SSAB



*A stronger,
lighter and more
sustainable world*