



Continued earnings improvement

Presentation of the Q2/2017 result

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SSAB

Agenda

- ▶ Q2/2017 and performance by division
- ▶ Financials
- ▶ Summary & outlook
- ▶ Q&A



Q2/2017 and performance by division

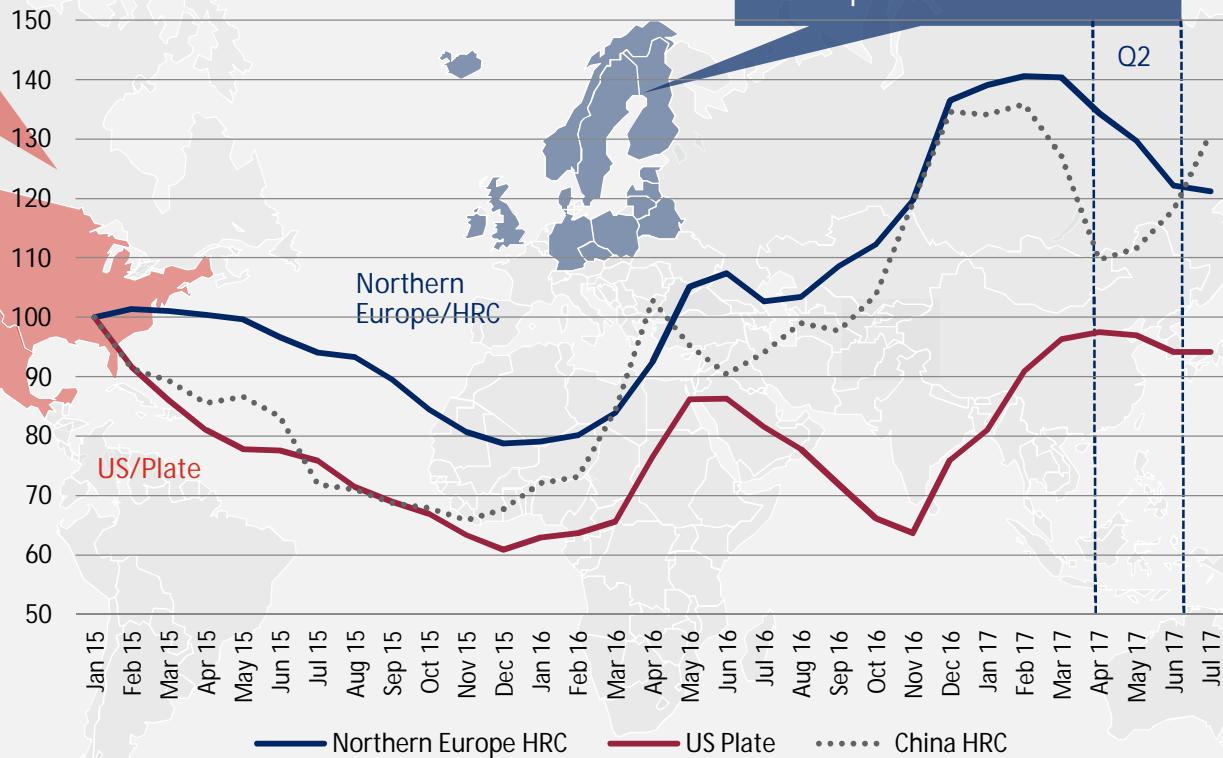
Stable market situation both in Europe and North America

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

Stable demand, lower imports, low inventories, plate spot prices decreased slightly

Good demand, higher imports, inventories somewhat high, spot prices decreased

Indexed (Jan 2015 = 100)



Summary of Q2/2017

Significant earnings improvement

- ▶ EBIT of SEK 1,205m, up SEK 503m compared with Q1/17
 - + Higher prices
 - + Improved capacity utilization
 - Higher costs of raw materials
- ▶ EBIT up SEK 613m vs. Q2/16
- ▶ Operating cash flow at SEK 1,069m
- ▶ Gearing down to 30% (32%)

Key figures

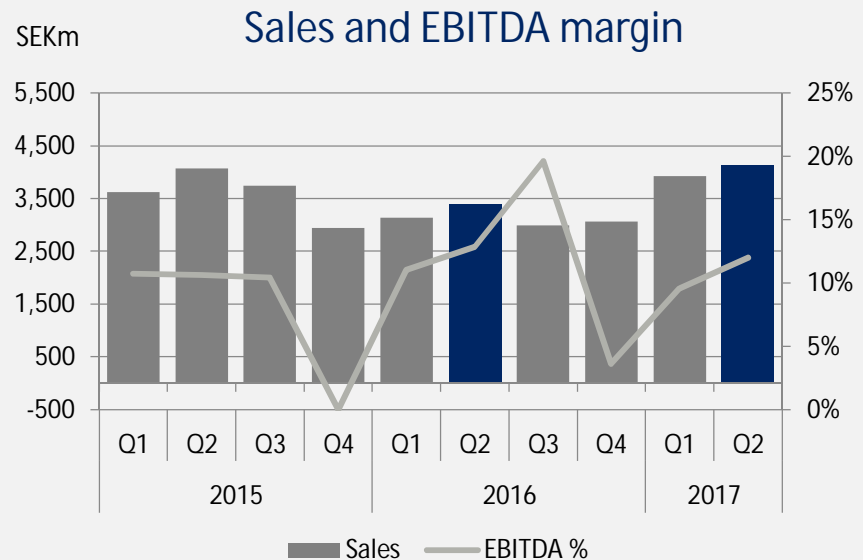
SEKm	Q2/2017	Q2/2016	Q1/2017	FY 2016
Sales	17,115	14,471	15,739	55,354
EBITDA	2,167	1,509	1,627	4,951
EBIT	1,205	592	702	1,213
Operating cash flow	1,069	1,151	876	3,207

SSAB Special Steels

Better capacity utilization and growing volumes

- ▶ Shipments increased 10% vs. Q1/17
 - Growing demand especially in Heavy Transport and Construction Machinery segments
- ▶ EBIT was SEK 362m, up SEK 119m vs. Q1/17
 - + Higher volumes
 - + Better capacity utilization
 - Production issues in steel mill and higher cost for logistics

SEKm	Q2/2017	Q2/2016	Q1/2017	2016
Sales	4,133	3,398	3,925	12,582
EBITDA	495	437	377	1,453
EBIT ¹	362	303	243	902
Shipments, ktonnes	304	256	277	1,008



SSAB Europe

Continued strong profitability improvement

► Shipments +1% vs. Q1/17

- Strong demand in Construction Material
- Automotive premium continued at good level

► EBIT in Q2 was SEK 1,022m, up SEK 196m vs. Q1/17

- + Higher prices
- + Better mix
- Higher raw material costs

SEKm	Q2/2017	Q2/2016	Q1/2017	2016
Sales	8,378	6,668	7,657	25,831
EBITDA	1,381	728	1,182	2,458
EBIT ¹	1,022	366	826	1,000
Shipments, ktonnes	991	946	982	3,720

Sales and EBITDA margin



SSAB Americas

Profitability improved due to higher prices

► Demand was stable during Q2

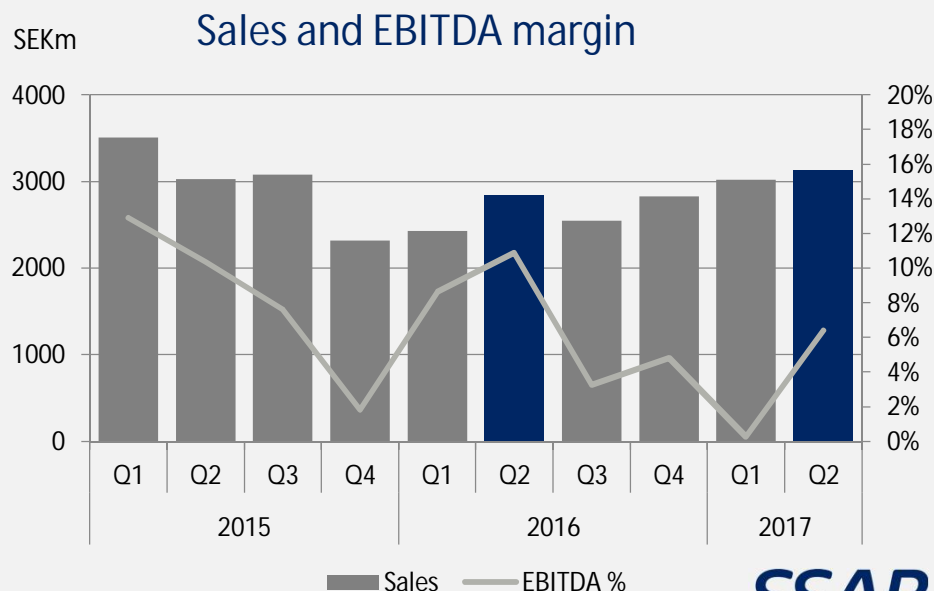
- Steel Service Centers in wait-and-see mode

► Shipments were down 7% vs. Q1/17 due to Mobile outage

► EBIT was SEK 39m, up SEK 196m from Q1/17

- + Higher prices
- Maintenance outage
- Lower volumes

SEKm	Q2/2017	Q2/2016	Q1/2017	2016
Sales	3,138	2,841	3,019	10,639
EBITDA	201	309	8	737
EBIT ¹	39	162	-157	110
Shipments, ktonnes	452	475	486	1,924

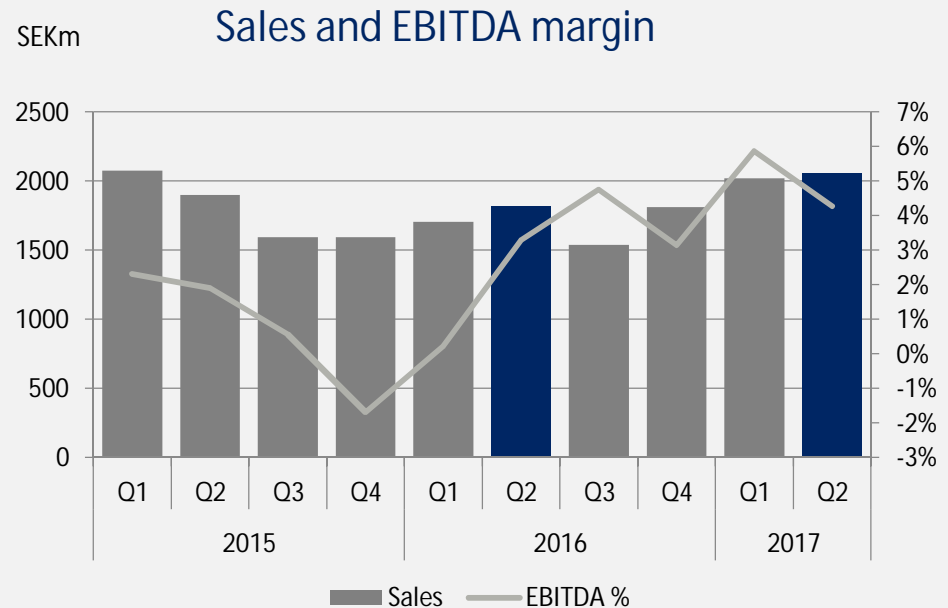


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Result improved year-on-year, but was lower than in Q1/17

- ▶ Shipments at the same level as in Q1/17
- ▶ Sales increased 2% vs. Q1/17
- ▶ EBIT was SEK 67m, down SEK 32m vs. Q1/17
 - Lower margins
- ▶ EBIT improved by SEK 25m vs. Q2/16

SEKm	Q2/2017	Q2/2016	Q1/2017	2016
Sales	2,057	1,820	2,019	6 879
EBITDA	88	63	118	191
EBIT ¹	67	42	99	106



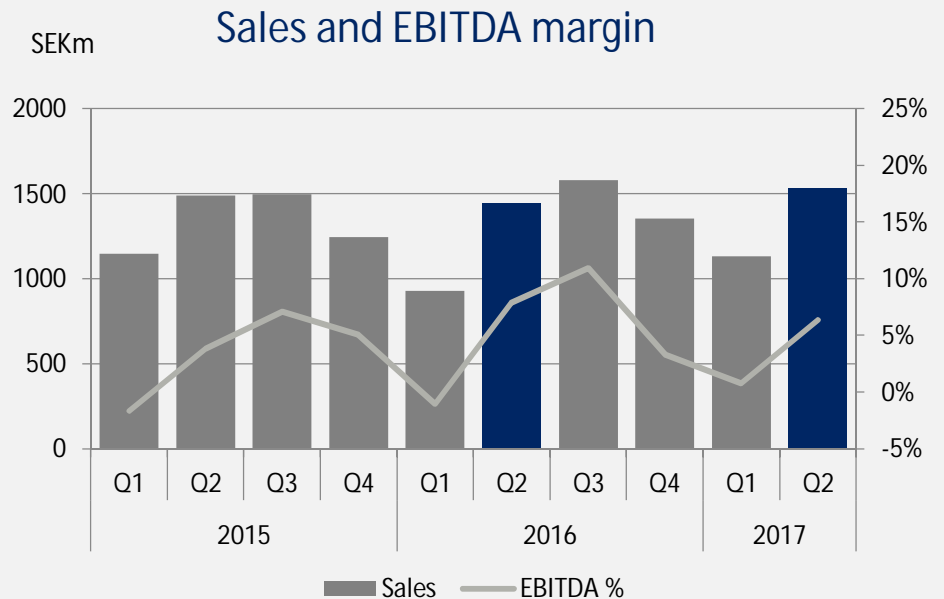
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

Ruukki Construction

Result below last year's level due to lower margins

- ▶ Seasonally higher demand
- ▶ Sales +6% vs. Q2/16
 - Growth in Building Components
- ▶ EBIT was SEK 63m, down SEK 12m vs. Q2/16
 - Lower margins due to higher input costs

SEKm	Q2/2017	Q2/2016	Q1/2017	2016
Sales	1,531	1,444	1,131	5,304
EBITDA	97	114	8	322
EBIT ¹	63	75	-29	171



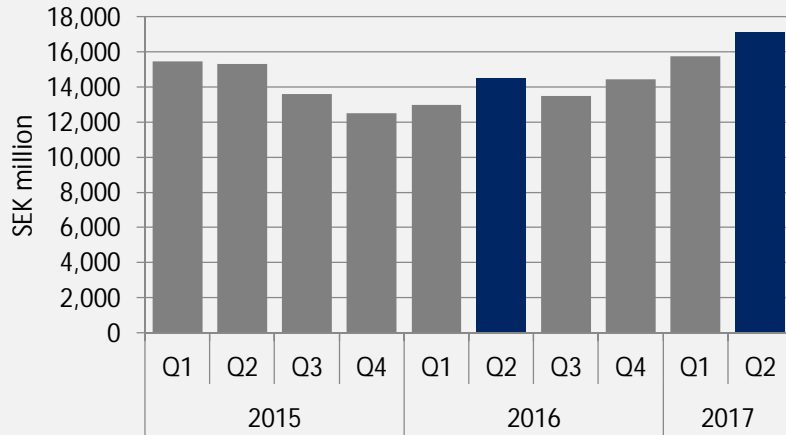
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Financials

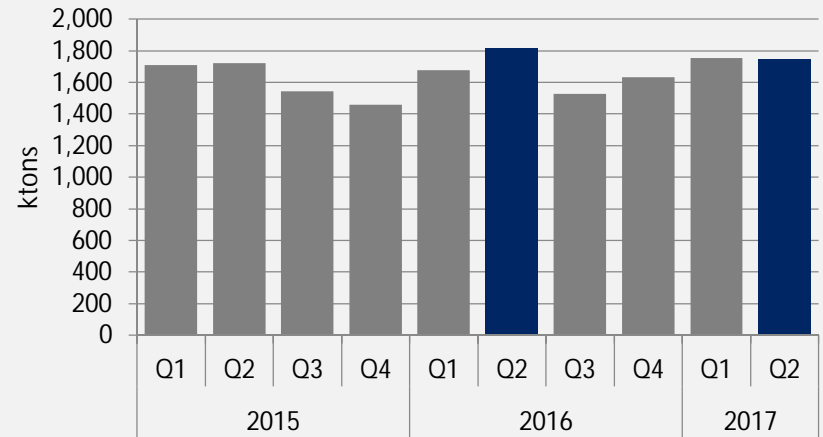
Profitability continued to improve

EBITDA margin above 12%

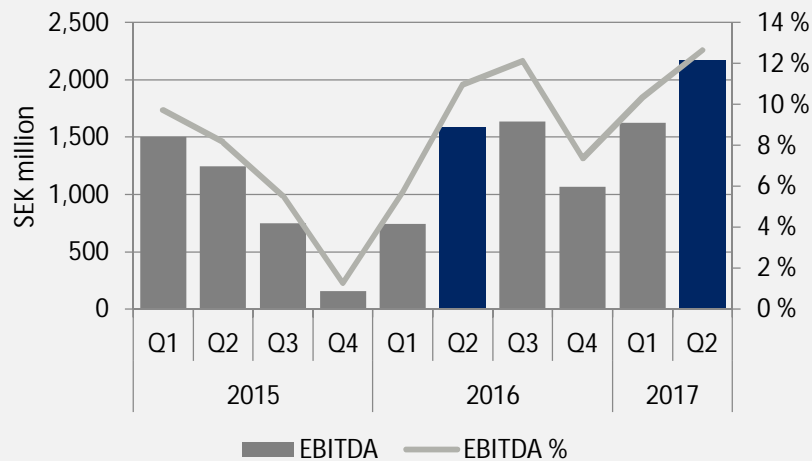
Sales



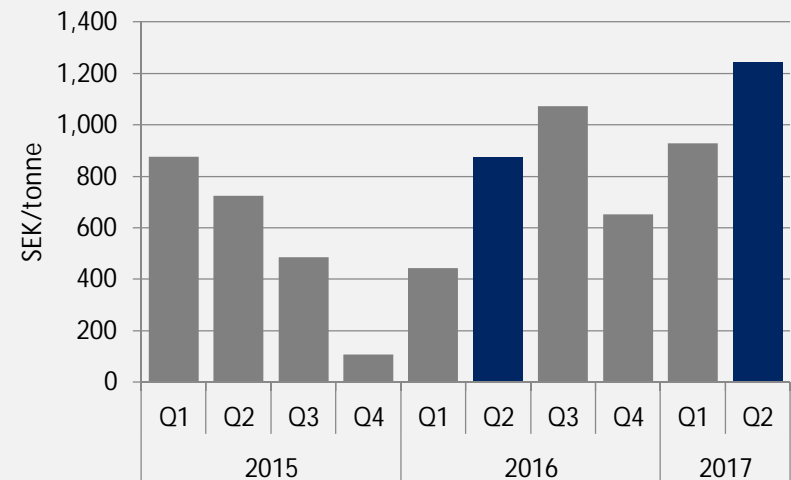
Shipments¹



EBITDA and EBITDA margin



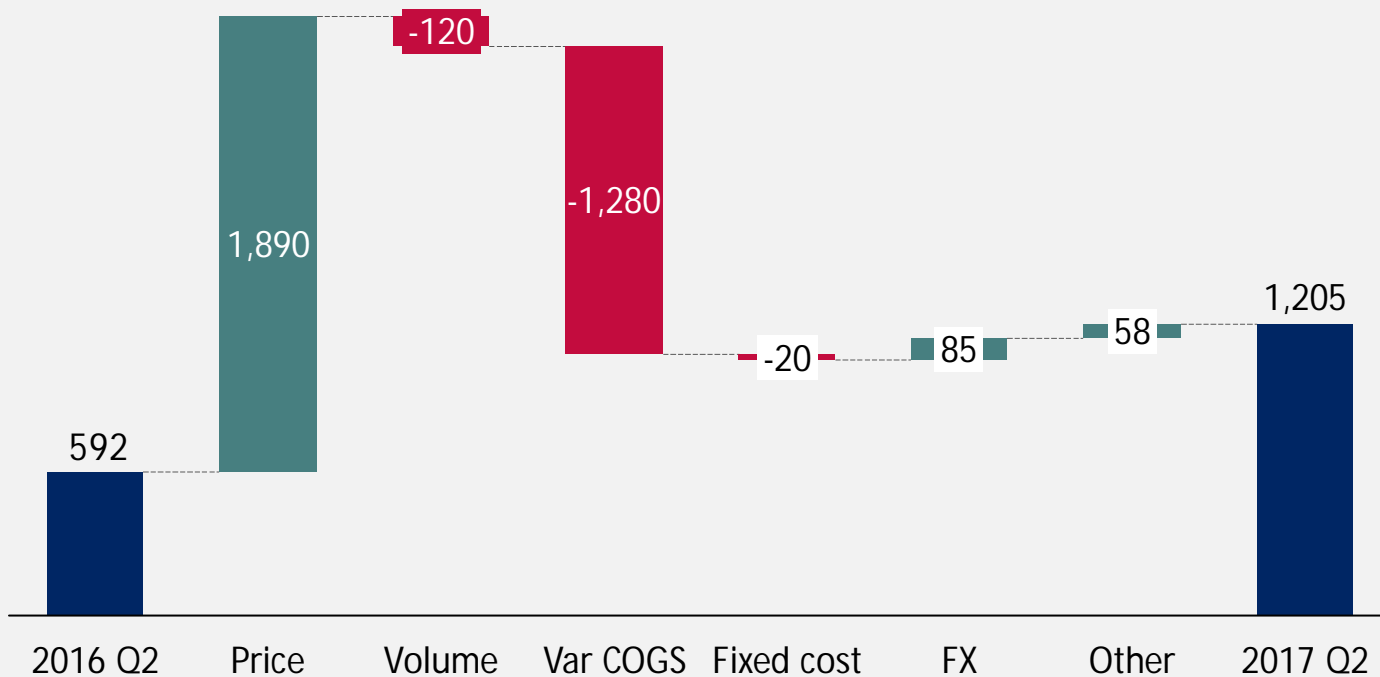
EBITDA per tonne delivered steel



Change in operating profit

Q2/2017 vs. Q2/2016

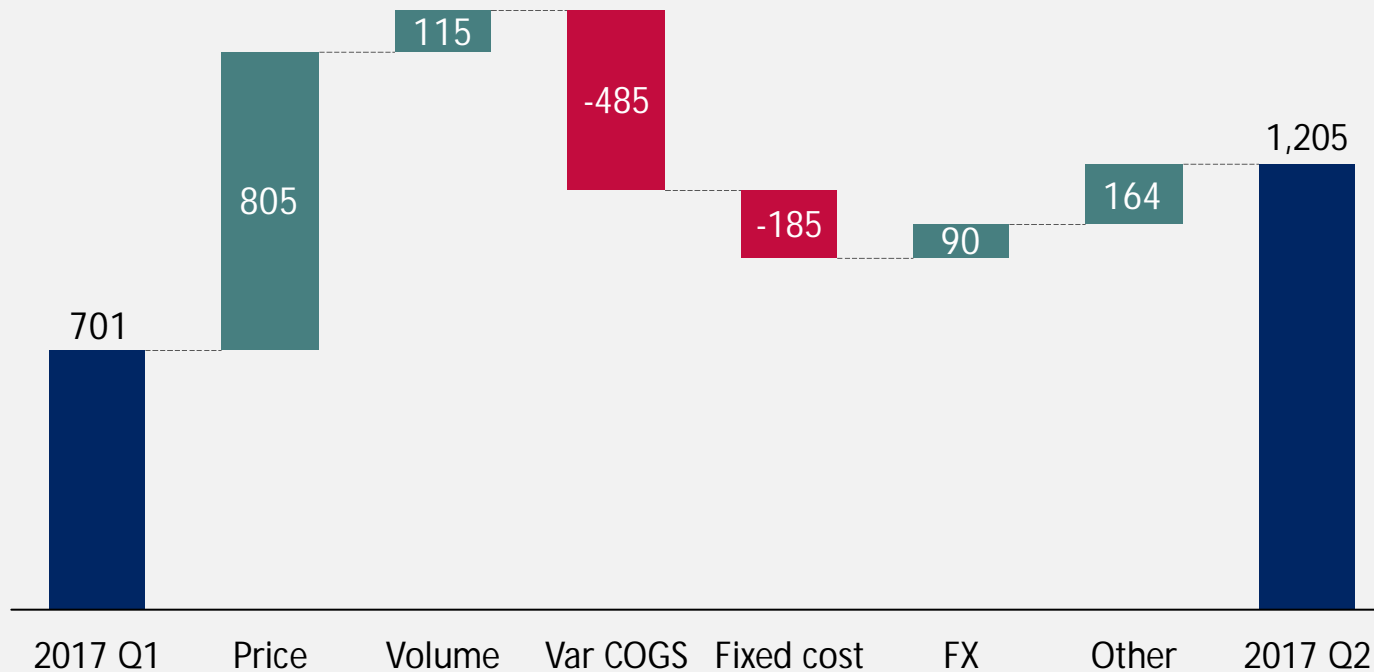
SEKm



Change in operating profit

Q2/2017 vs. Q1/2017

SEKm



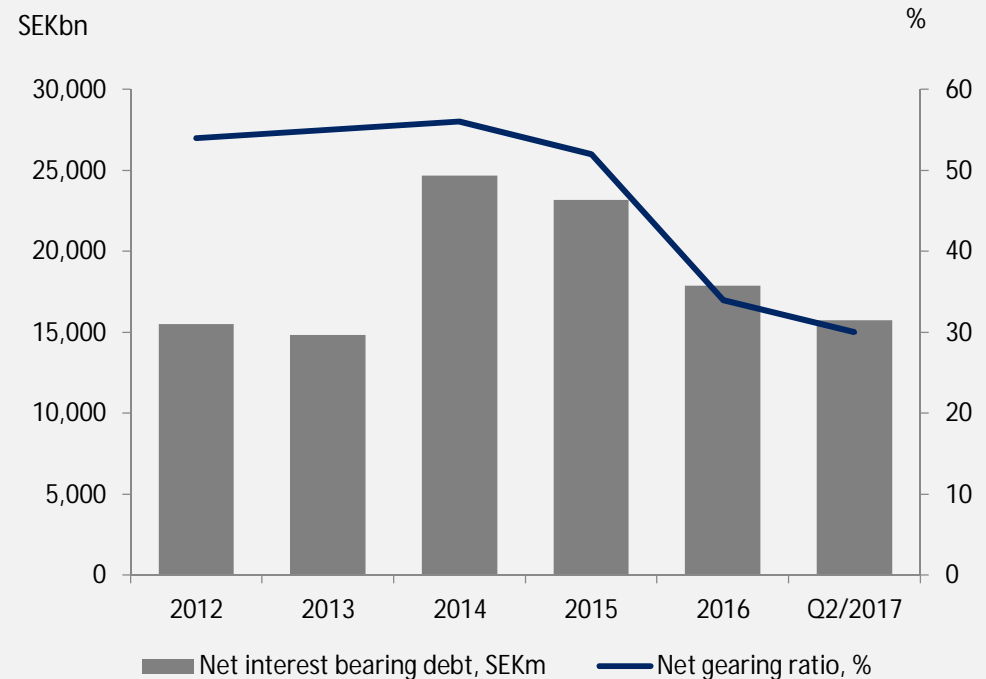
Cash flow - Improved earnings offset by higher working capital

SEKm	Q2/2017	Q2/2016	Q1/2017	2016
Operating profit before depreciation/amortization	2,167	1,509	1,627	4,951
Change in working capital	-869	-66	-526	-661
Maintenance expenditure	-242	-263	-215	-1,053
Other	13	-29	-10	-30
Operating cash flow	1,069	1,151	876	3,207
Financial items	-344	-359	-222	-994
Taxes	-73	-50	-21	80
Cash flow from current operations	652	742	633	2,293
Strategic capital expenditure in plant and machinery	-40	-69	-44	-273
Acquisitions of shares and operations	-11	-14	0	-46
Divestments of shares and operations	0	0	0	-
Cash flow before dividend	601	659	589	1,974

Net debt and gearing continued to decrease

- ▶ Net gearing ratio decreased from 32% at the end of Q1/17 to 30%
- ▶ Net debt decreased by SEK 1.3bn and amounted to SEK 15.7bn

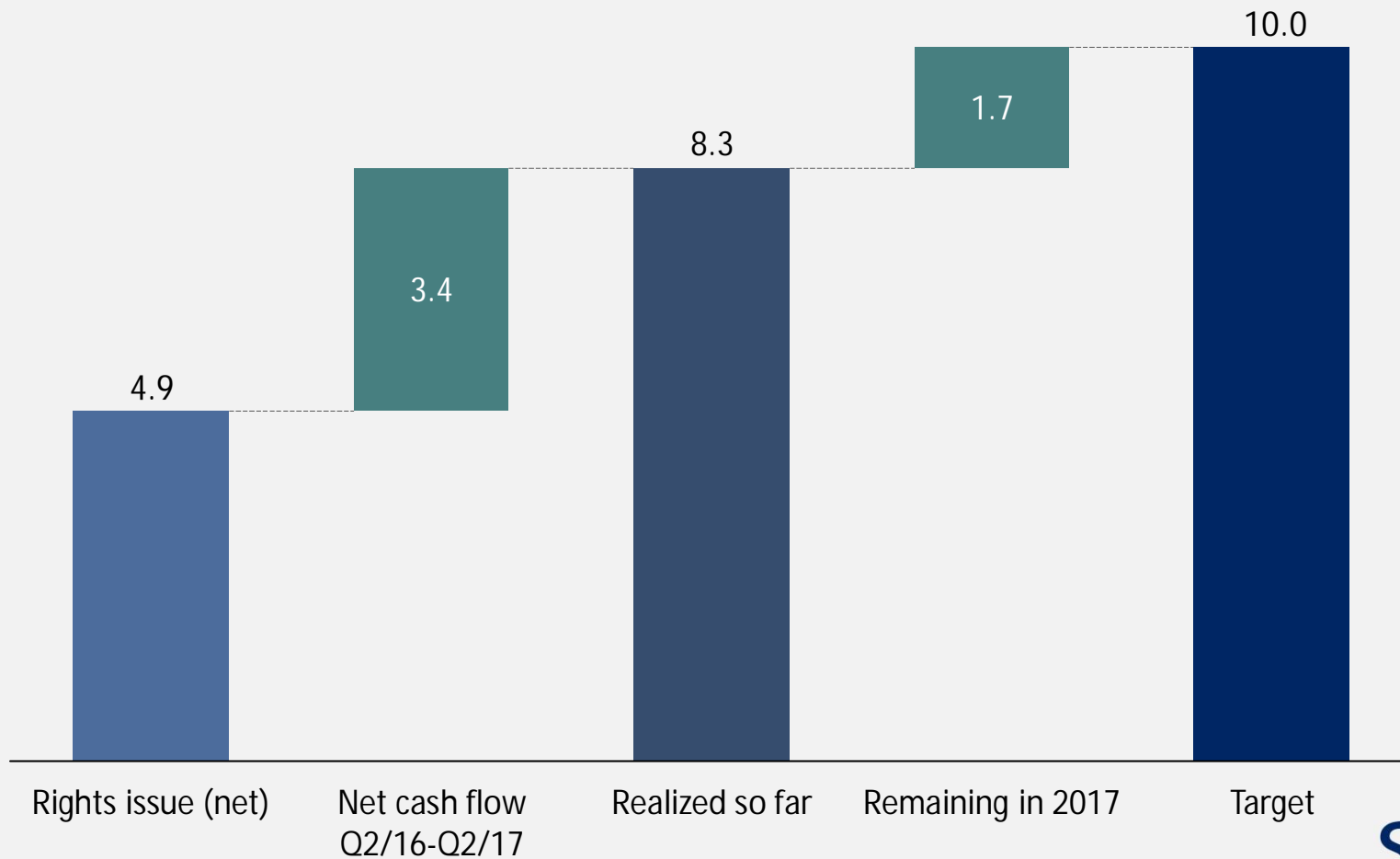
Net debt and net debt/equity ratio



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 amounts to SEK 5.4bn
- ▶ Of the total maturities in 2017, commercial paper accounts for SEK 0.6bn
- ▶ 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 5.2 years (4.9 at the end of Q1)
- ▶ Averaged fixed interest term was 0.8 years (0.7)
- ▶ Average interest rate was 3.27% (3.19 % in Q1)



Higher raw material prices

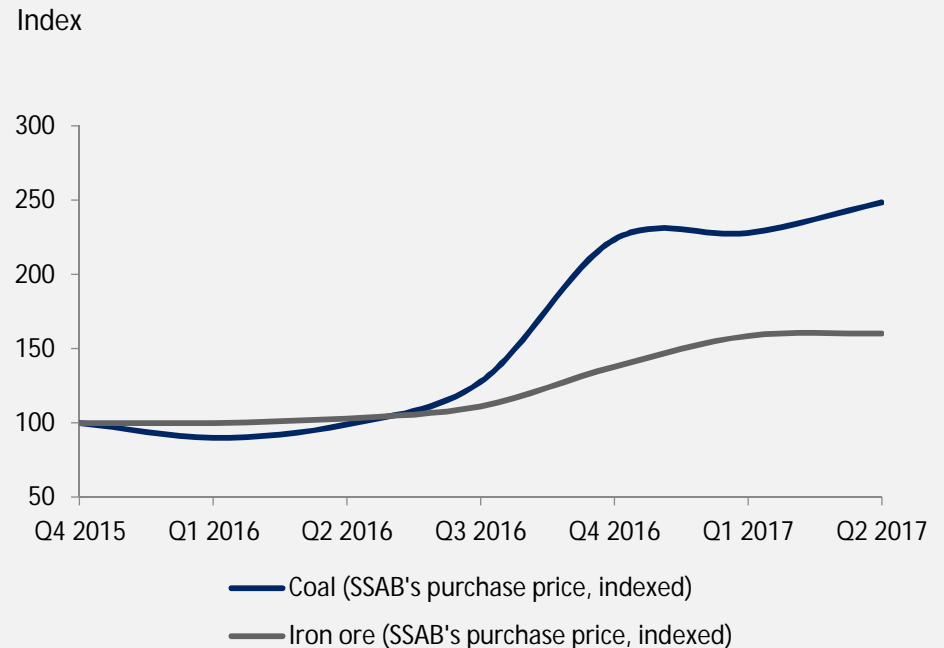
Coking coal

- ▶ Average coking coal purchase price in Q2 was 9% higher in SEK vs. Q1/17

Iron ore

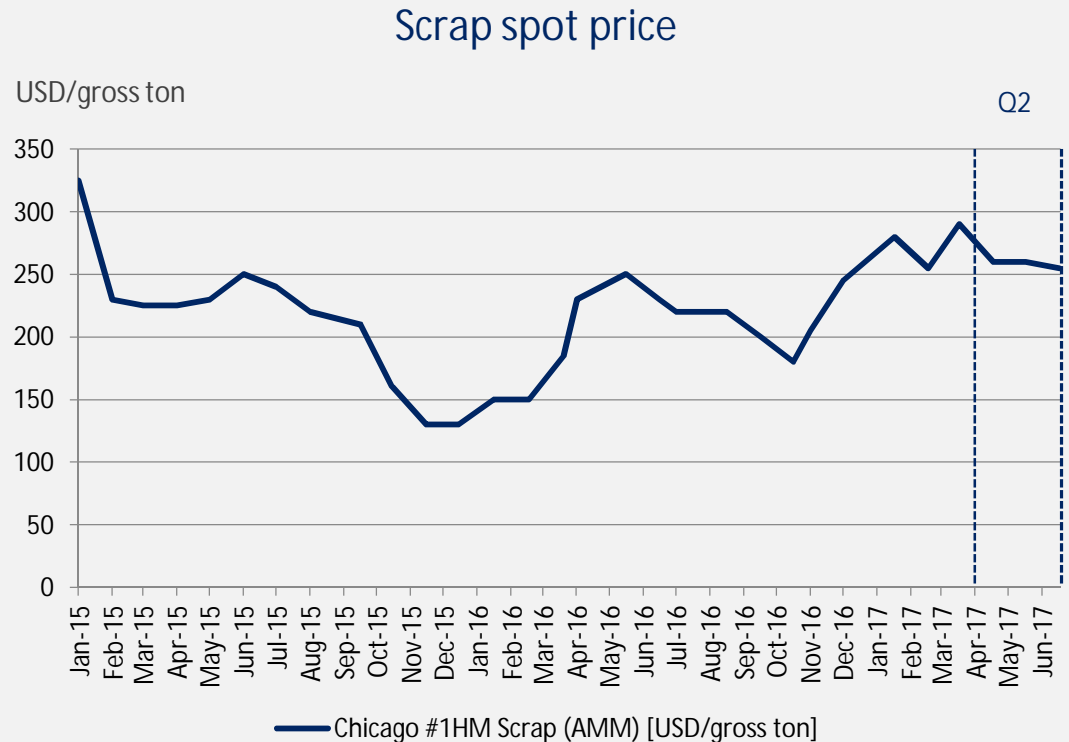
- ▶ Average pellet purchase price in Q2 was 1% higher in SEK vs. Q1/17
- ▶ Contract with LKAB for the period Apr 2017-Mar 2018
 - Prices are adjusted on monthly basis

SSAB's purchase price, coking coal and iron ore



Scrap spot prices decreased during Q2

- ▶ Scrap spot prices in US at the end of Q2/17 were:
 - 2% lower vs. Q1/17
 - 19% higher vs. Q2/16



Source: AMM

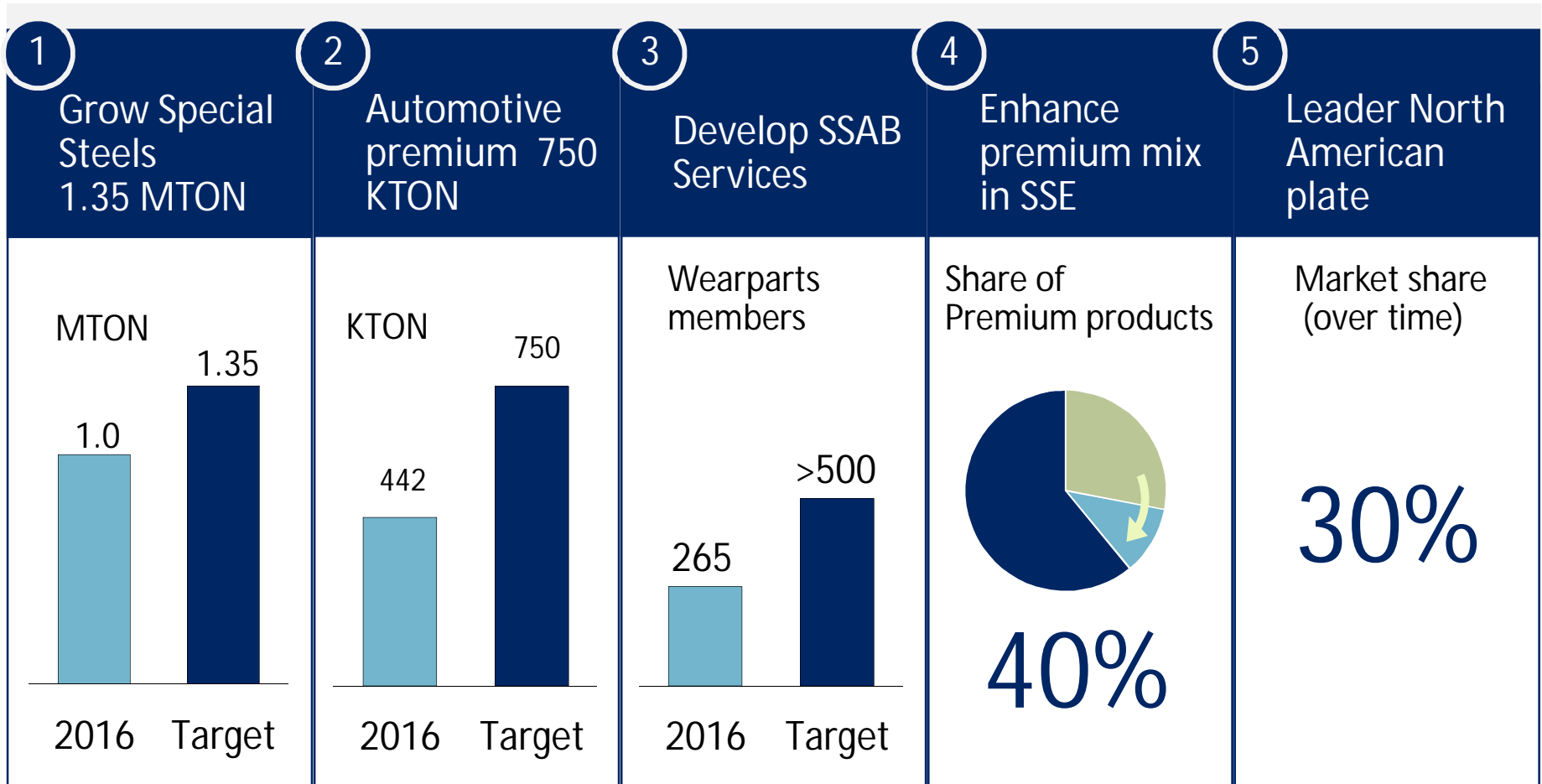
Outlook

SSAB's outlook for Q3/2017

- ▶ In North America, demand for heavy plate is expected to be relatively stable, although with some seasonal slowdown
- ▶ In Europe, demand is expected to be good, although with normal seasonal slowdown
- ▶ Demand for high-strength steels is expected to continue to develop positively
- ▶ Overall, SSAB's shipments are expected to be seasonally somewhat lower than during Q2/17
- ▶ Overall, realized prices are expected to be relatively stable vs. Q2/17
- ▶ Maintenance outage in SSAB Special Steels and SSAB Europe

Strategic direction – Taking the lead!

2020-targets presented at CMD in June



Questions & Answers

Appendix

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

Maintenance outages in 2017

- ▶ Costs were SEK 280m for Q2/17 (incl. direct costs and under absorption)
 - SSAB Americas SEK 230m, SSAB Europe SEK 50m
- ▶ Q3/17 costs are estimated to be SEK 350m
 - SSAB Special Steels SEK 230m, SSAB Europe SEK 120m

Major, planned maintenance outages 2017

SEKm	Q1/2017	Q2/2017	Q3/2017	Q4/2017	2017	2016
SSAB Special Steels			230		230	250
SSAB Europe	20	50	120	170	360	300
SSAB Americas	160	230			390	290
Total	180	280	350	170	980	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 Q3 vs. Q2	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
Construction Machinery	➔	<ul style="list-style-type: none"> ▶ Demand in the main European markets is expected to continue at good level ▶ 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 ▶ First signs of pick-up also in investments of new machinery
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 continue at seasonally high level
Service Centers (US)	➔	<ul style="list-style-type: none"> ▶ Demand from Service Centers is expected to be fairly stable in Q3, although inventories are still low

SSAB



*A stronger,
lighter and more
sustainable world*