Good demand drove continued improvement in earnings

Presentation of the Q2/2018 results

Martin Lindqvist, President & CEO
Håkan Folin, CFO

July 20, 2018

Agenda

- Market and demand trends
- Performance by division
- Financials
- Outlook
- Q&A

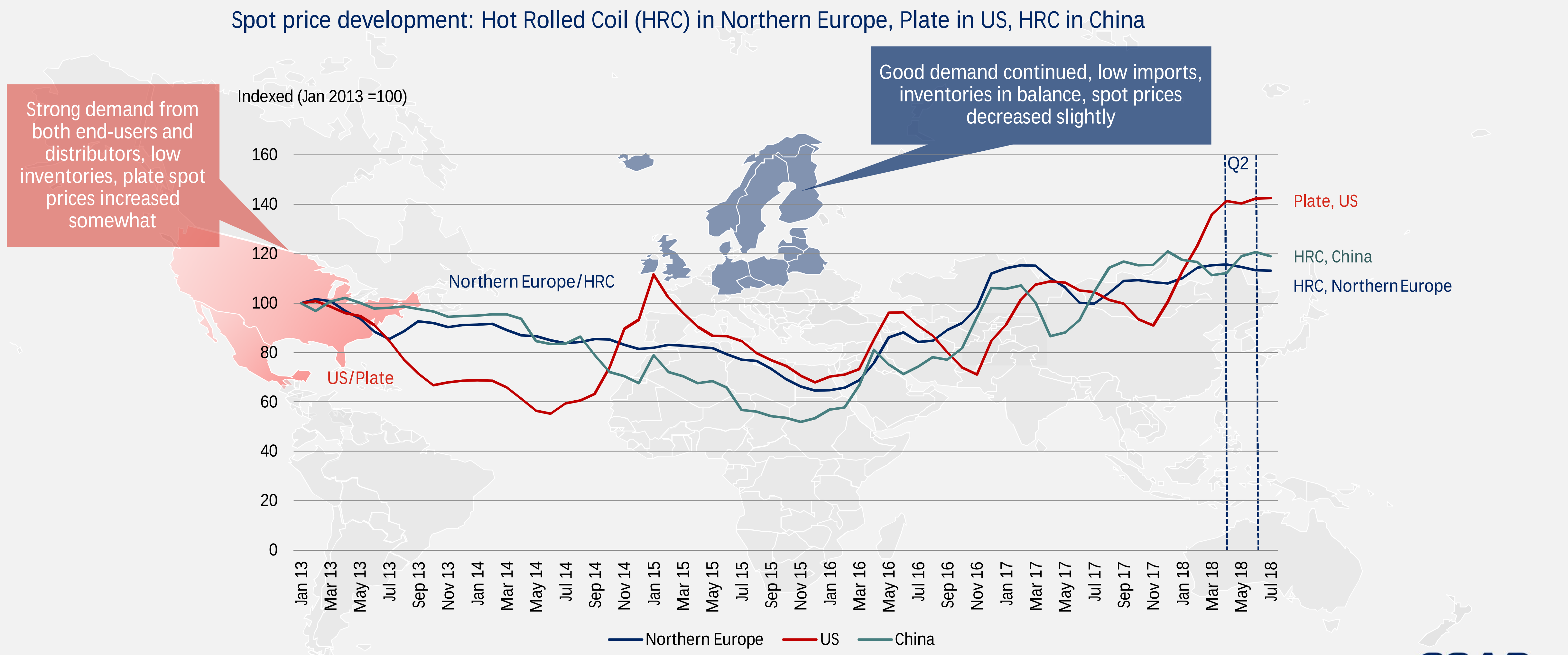
Winner of Swedish Steel Prize 2018

Mantella Stratosphere 3.0 rear tipping semi-trailer

- ▶ Chassis made of high-strength steel with formed Z-beams instead of classic welded I-profile
- ▶ Weight reduction of 30% compared to previous steel chassis
- ▶ Greater payload
- ▶ More on-road stability with full load
- ▶ Significant reduction in fuel and tire consumption

SSAB

Strong demand both in Europe and North America



SSAB

Demand in SSAB's key customer segments

● Strong ● Healthy ● Weak

Segment	Status (Q2)	Comments
Heavy Transport	●	▶ High level of demand in Europe, especially heavy truck segment ▶ Railcar and barges still at low levels in the US, but positive signs
Automotive	●	▶ Automotive production stable in mature markets ▶ Growth in emerging market and in AHSS
Construction Machinery	●	▶ Demand in the main European markets and the US at high level
Material Handling	●	▶ High activity in Mining in several regions ▶ Pick-up also in investments of new machinery
Energy	●	▶ Continued solid demand in wind energy in the US, some improvement in Europe ▶ US oil and gas segment has improved, higher activity in line pipe
Construction	●	▶ Good activity in several European markets ▶ Some uncertainty in residential market in Scandinavia
Service Centers	●	▶ US demand on good level, somewhat low inventories ▶ Some hesitation in Europe at the end of Q2, inventories in balance

Financial summary of Q2/2018

Continued earnings improvement

- EBIT of SEK 1,630m, up SEK 425m compared with Q2/17
  - \+ Higher prices
  - \+ Higher shipments
  - \- Higher costs of raw materials
  - \- Transformer fire in Hämeenlinna rolling mill
- Good operating cash flow of SEK 1.3bn
- Gearing 20% (30%)
- Earnings per share SEK 1.27 (0.86)

Key figures

SEKm	Q2/2018	Q2/2017	Q1/2018	2017
Sales	19,263	17,115	17,388	66,059
EBITDA	2,582	2,167	1,836	7,591
EBIT	1,630	1,205	916	3,838
Operating cash flow	1,325	1,069	761	6,511
Earnings per share (SEK)	1.27	0.86	0.65	2.23
Gearing %	20	30	21	22
Shipments	1,811	1,747	1,808	6,970

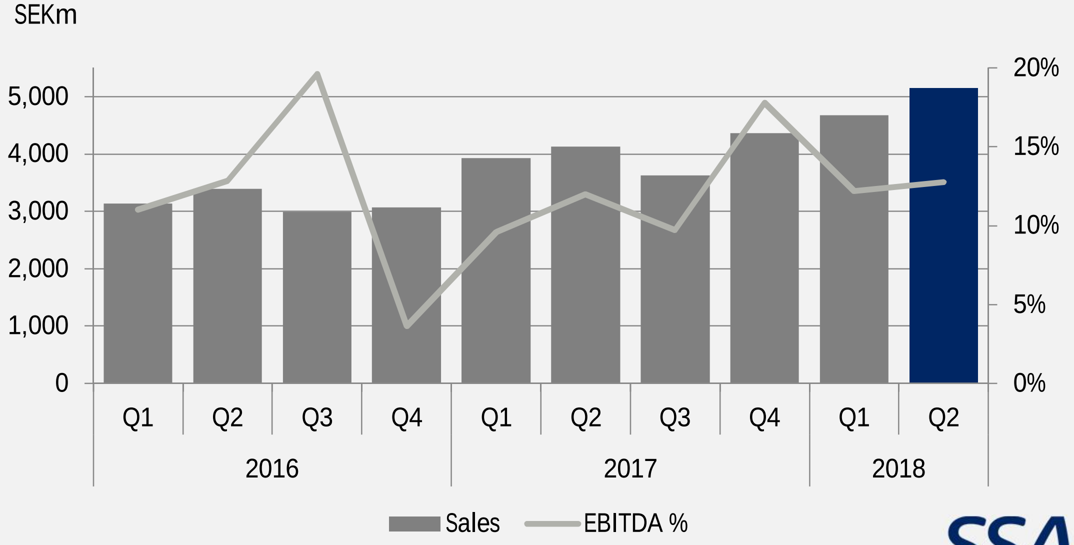
Q2/2018 - Performance by division

SSAB Special Steels

- Strong demand continued in all segments
- EBIT of SEK 522m, up SEK 160m compared with Q2/17
  - \+ Higher prices and volumes
  - \- Higher costs of raw materials
- Shipments +12% vs. Q2/17, but -2% vs. Q1/18
- Hardox Wearparts members increased to 411 (360 at the end of 2017)

SEKm	Q2/2018	Q2/2017	Q1/2018	2017
Sales	5,142	4,133	4,674	16,053
EBITDA	656	495	569	2,002
EBIT	522	362	434	1,465
Shipments, ktonnes	339	304	346	1,192

Sales and EBITDA margin



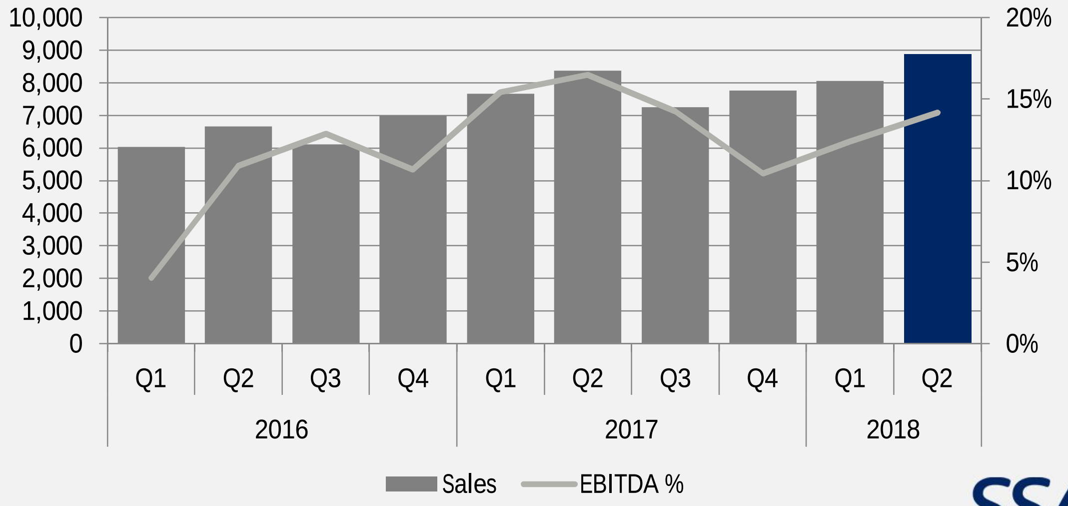
SSAB Europe

- ▶ Good demand continued
- ▶ EBIT in Q2/18 was SEK 907m, down SEK 115m vs. Q2/17
  - + Higher prices
  - – Higher raw material costs
  - – Transformer fire at Hämeenlinna rolling mill negative impact of SEK 50m
  - – Lower shipments
- ▶ EBIT improved SEK 250m vs. Q1/18
- ▶ Shipments +3% vs. Q1/18, but -3% vs. Q2/17
  - + Automotive premium continued at good level, +12% vs. Q2/17

SEKm	Q2/2018	Q2/2017	Q1/2018	2017
Sales	8,892	8,378	8,051	31,048
EBITDA	1,259	1,381	998	4,405
EBIT 1)	907	1,022	657	2,988
Shipments, ktonnes	963	991	939	3,745

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

Sales and EBITDA margin

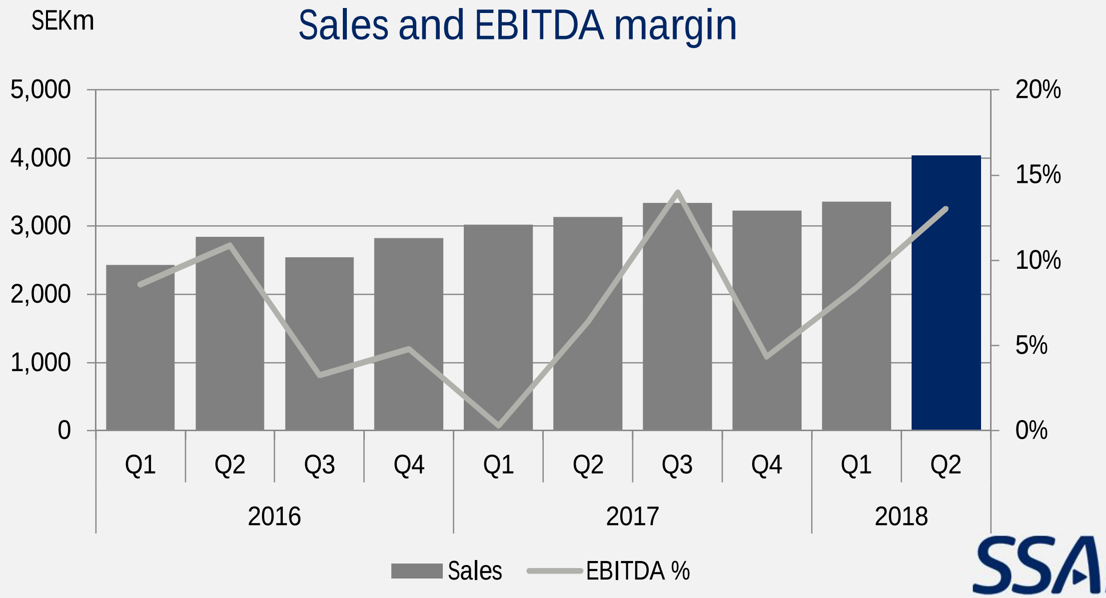


SSAB Americas

- Demand continued strong, spot plate prices on high level
- EBIT in Q2/18 was SEK 365m, up SEK 326m from Q2/17
  - + Higher prices and volumes
  - + No maintenance outage (Q1-Q2/17 in Mobile)
  - - Higher raw material costs
- Shipments +13% vs. Q2/17, but -3% vs. Q1/18
  - – Production performance not optimal, some bottlenecks in the US transport sector

SEKm	Q2/2018	Q2/2017	Q1/2018	2017
Sales	4,040	3,138	3,363	12,727
EBITDA	526	201	283	818
EBIT 1)	365	39	129	183
Shipments, ktonnes	509	452	523	1,971

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

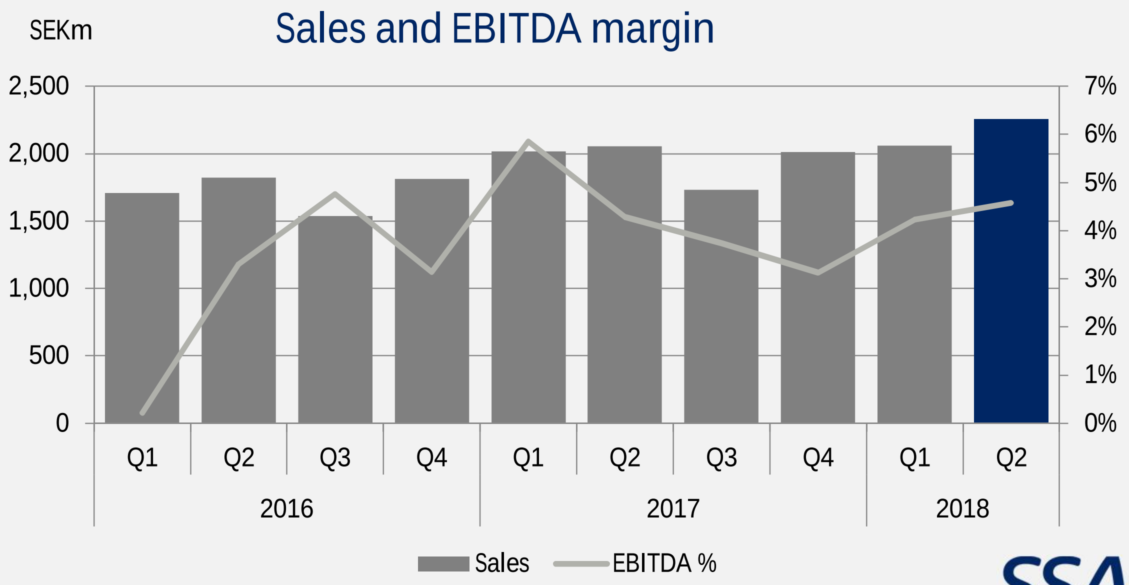


Tibnor

- ▶ Stable demand with seasonal pick-up
- ▶ Sales increased by 10% vs. Q2/17 and 9% vs. Q1/18
- ▶ Shipments increased by 7% vs. Q1/18
- ▶ EBIT in Q2/18 was SEK 83m, up SEK 16m from Q2/17
  + Better margins

SEKm	Q2/2018	Q2/2017	Q1/2018	2017
Sales	2,253	2,057	2,058	7,821
EBITDA	103	88	87	334
EBIT 1)	83	67	67	252
Shipments (kton)	188	188	176	716

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

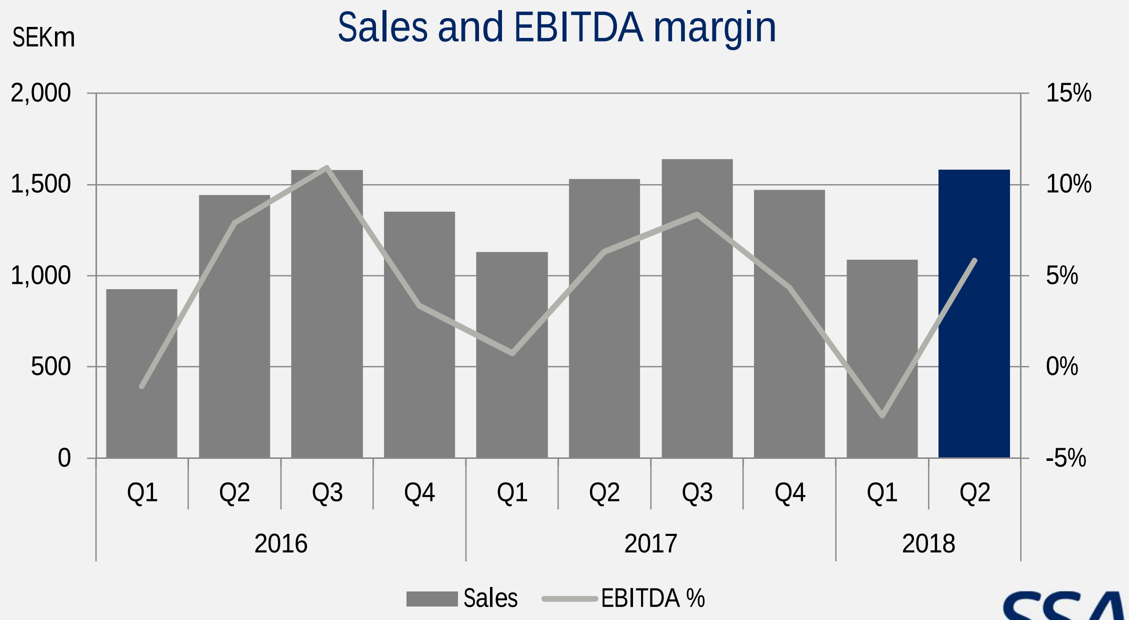


Ruukki Construction

- Seasonally good demand, underlying demand in Russia continued weak
- Sales up by 3% vs. Q2/17
- EBIT in Q2/18 was SEK 59m, down SEK 4m vs. Q2/17
  - + Residential Roofing and Building Components
  - – Building Systems

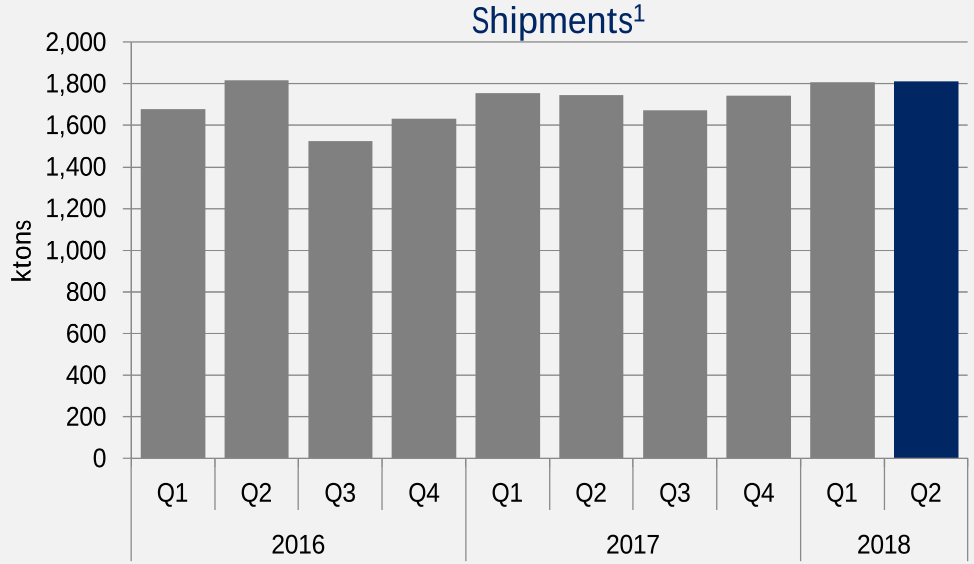
SEKm	Q2/2018	Q2/2017	Q1/2018	2017
Sales	1,578	1,531	1,088	5,773
EBITDA	92	97	-29	307
EBIT 1)	59	63	-62	171

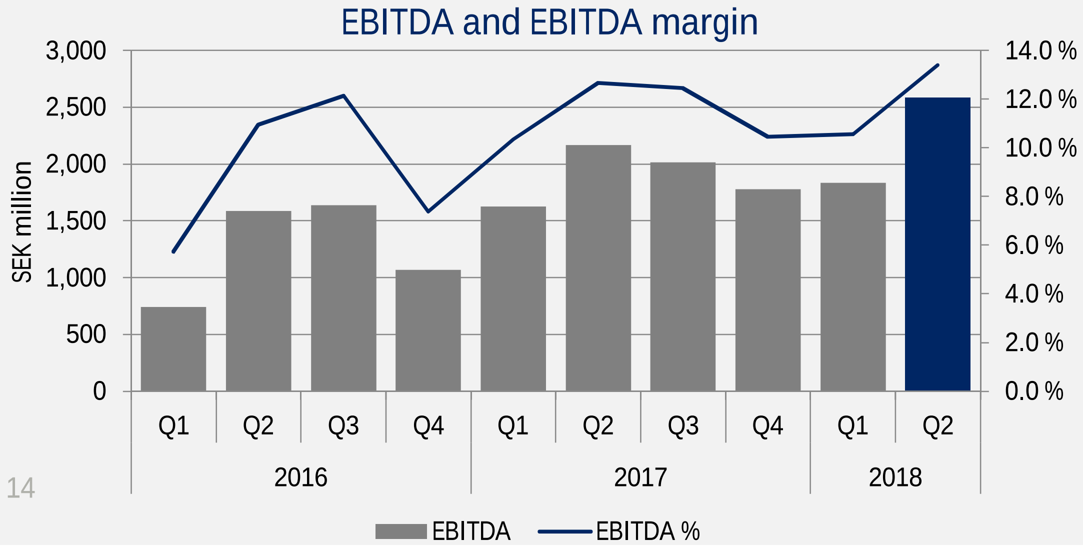
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

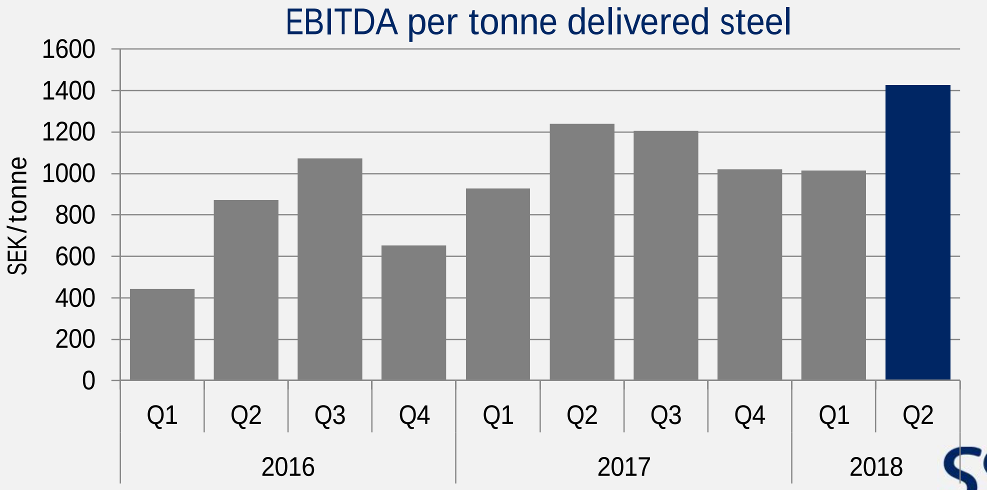


Financials

Improvement year-on-year continued

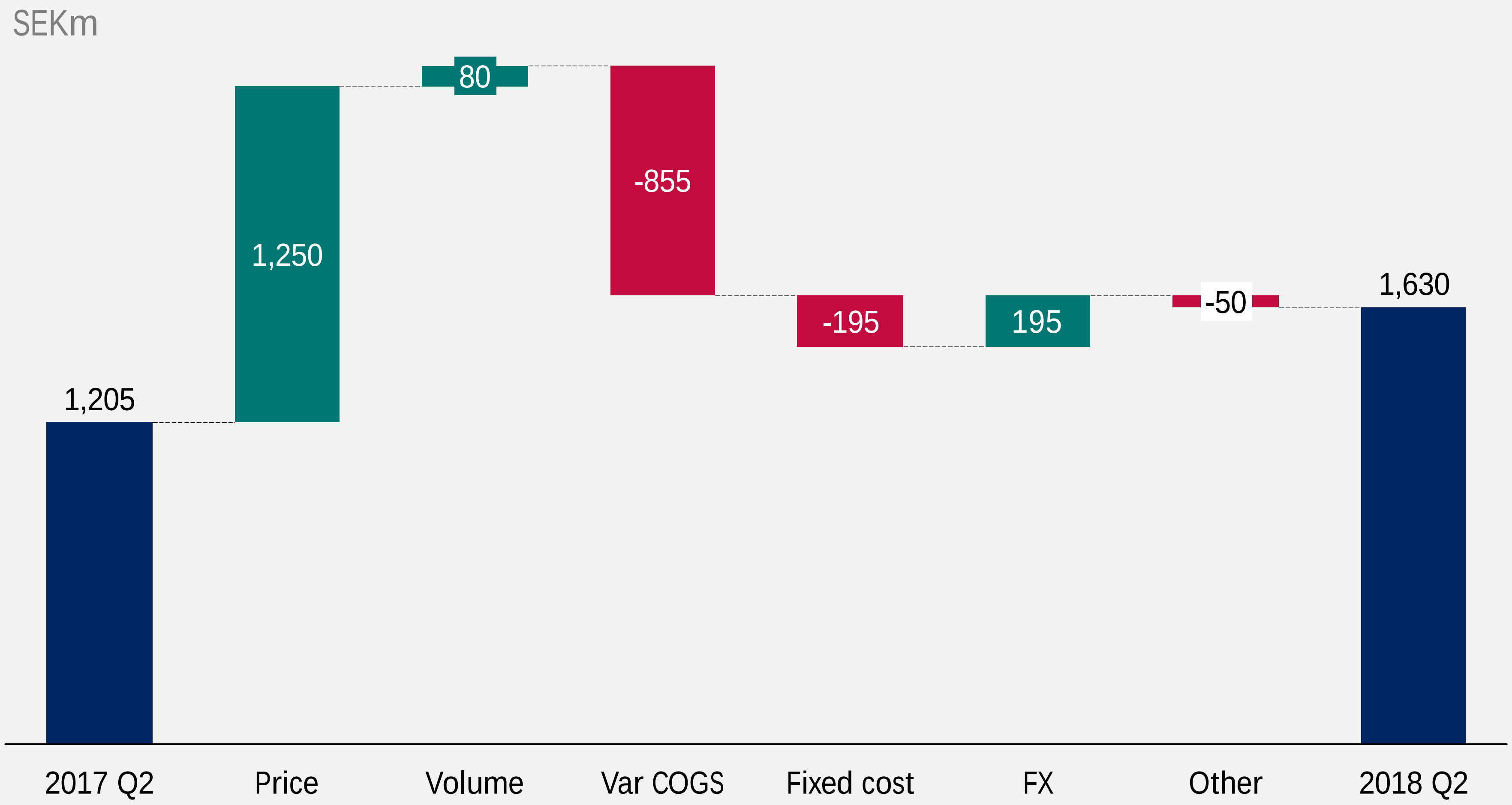




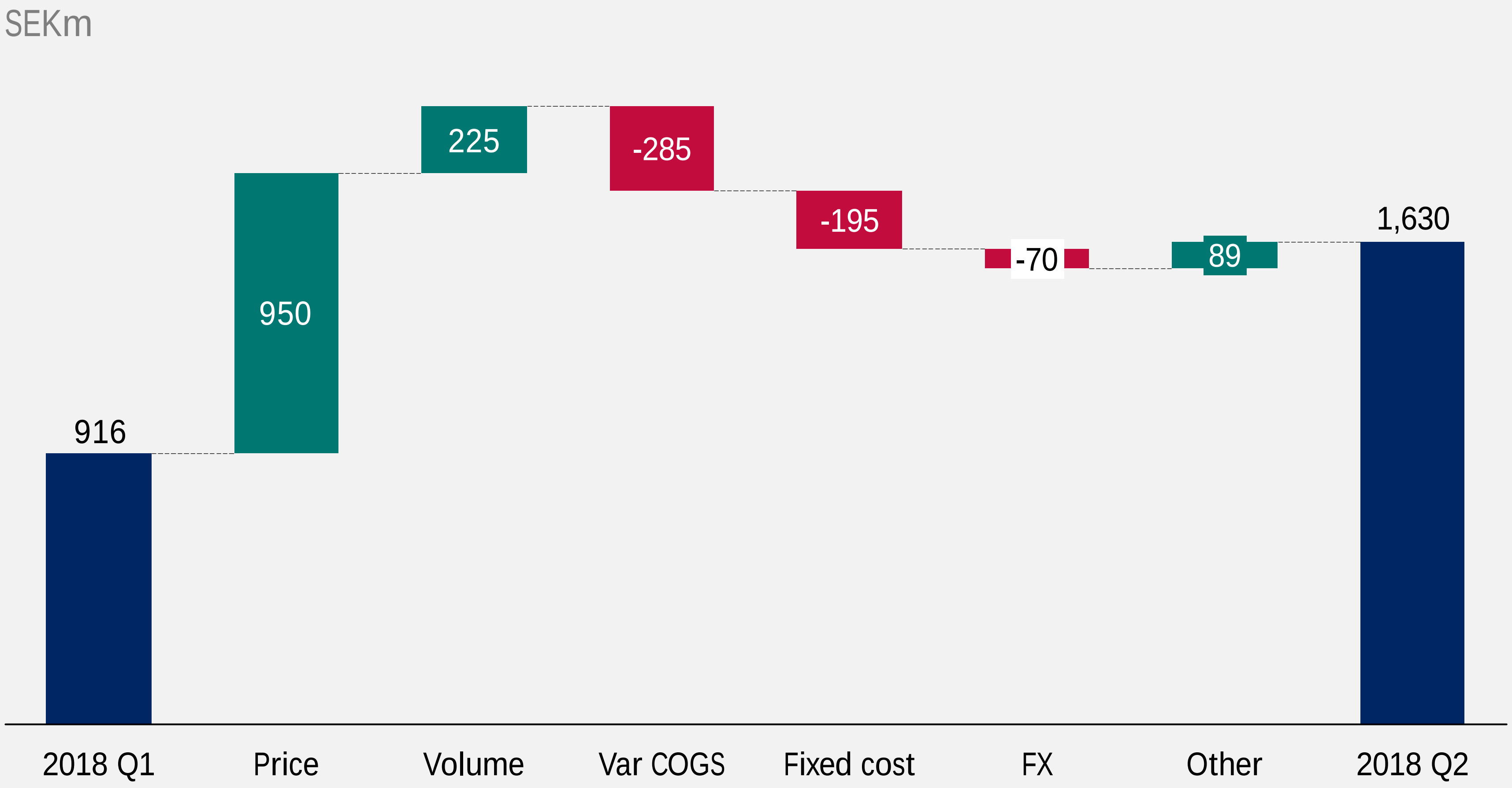


1) Including the steel operations: Special Steels, Europe and Americas

Change in operating profit
Q2/2018 vs. Q2/2017



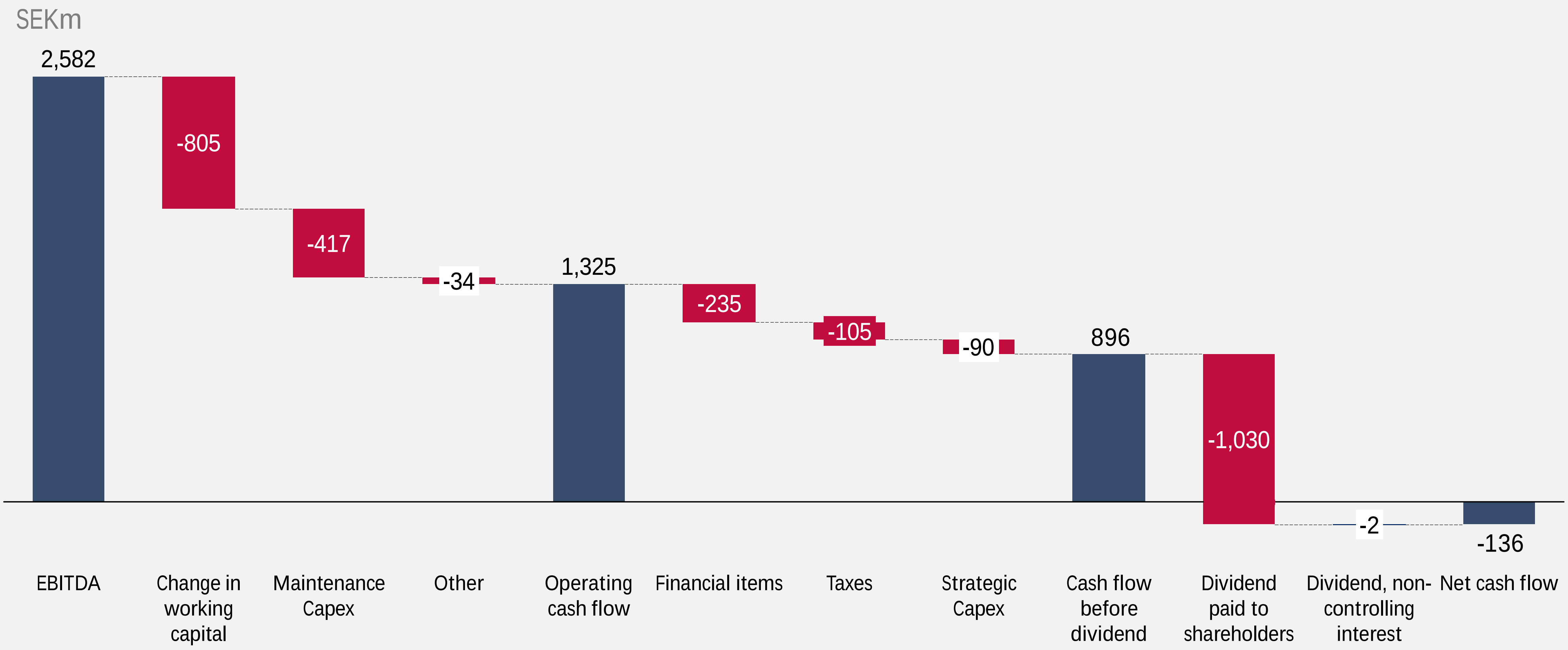
Change in operating profit
Q2/2018 vs. Q1/2018



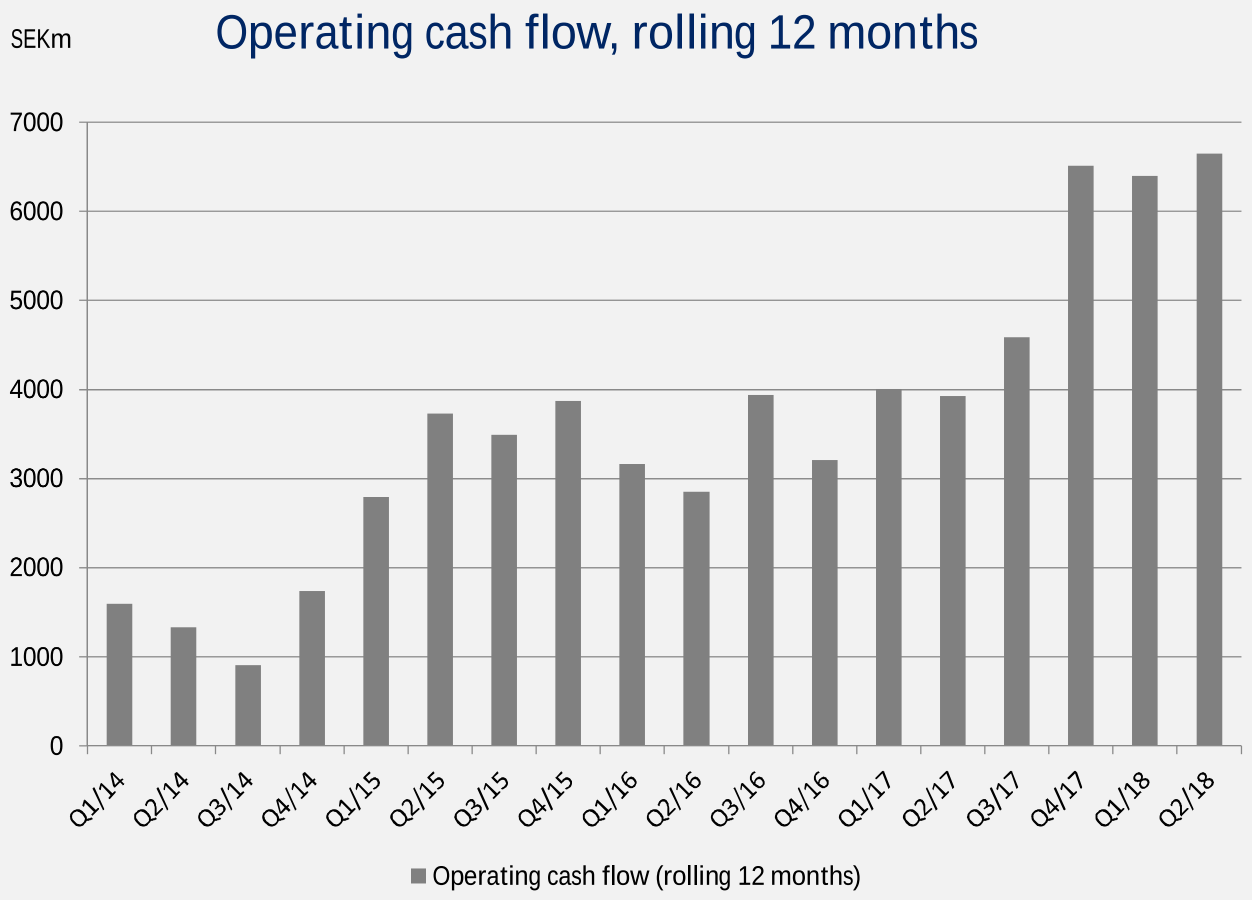
Continued positive operating cash flow in Q2

SEKm	Q2/2018	Q2/2017	Q1/2018	2017
Operating profit before depreciation/amortization	2,582	2,167	1,836	7,591
Change in working capital	-805	-869	-799	303
Maintenance expenditure	-417	-242	-285	-1,366
Other	-34	13	9	-17
Operating cash flow	1,325	1,069	761	6,511
Financial items	-235	-344	-141	-943
Taxes	-105	-73	-236	-249
Cash flow from current operations	986	652	384	5,319
Strategic capital expenditure in plant and machinery	-90	-40	-63	-237
Acquisitions of shares and operations	0	-11	-10	-11
Divestments of shares and operations	0	0	0	1
Cash flow before dividend	896	601	311	5,072
Dividend paid to shareholders	-1,030	-		-
Dividend, non-controlling interest	-2	-4		-4
Net cash flow	-136	597		5,068

Net cash flow impacted by dividend in Q2



Cash flow trend

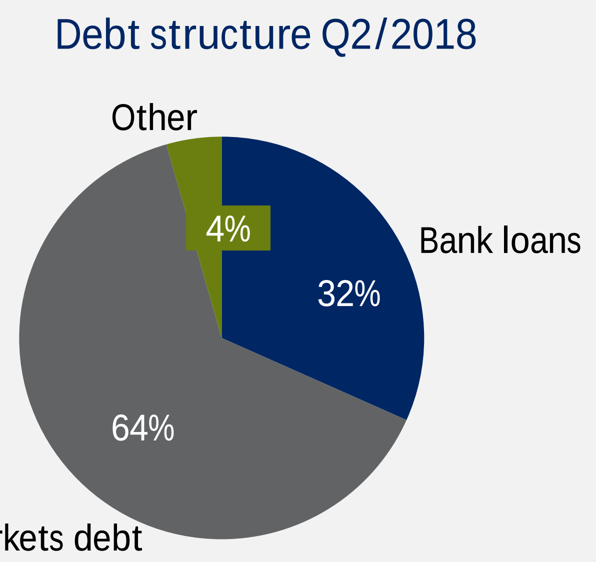


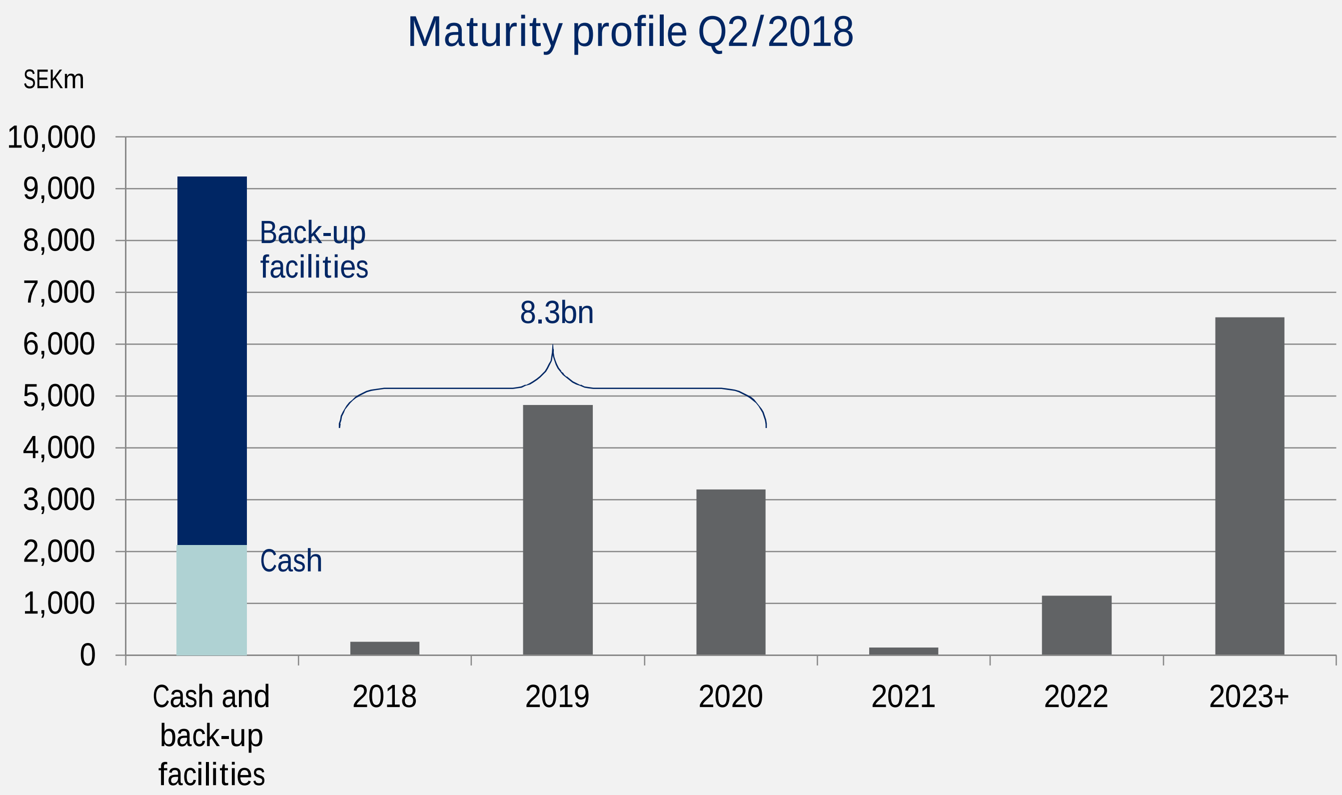
- Potential to further improve profitability
- Well-invested
- Reduction of working capital/sales
- Lower interest cost
- Tax rate ~20%

SSAB

Maturity profile and net debt

- ▶ Net debt increased by SEK 490m and amounted to SEK 11.9bn
- ▶ Duration of the loan portfolio was 6.2 years (5.5 at the end of Q1/18)





Iron ore and coking coal – Purchase prices fairly stable

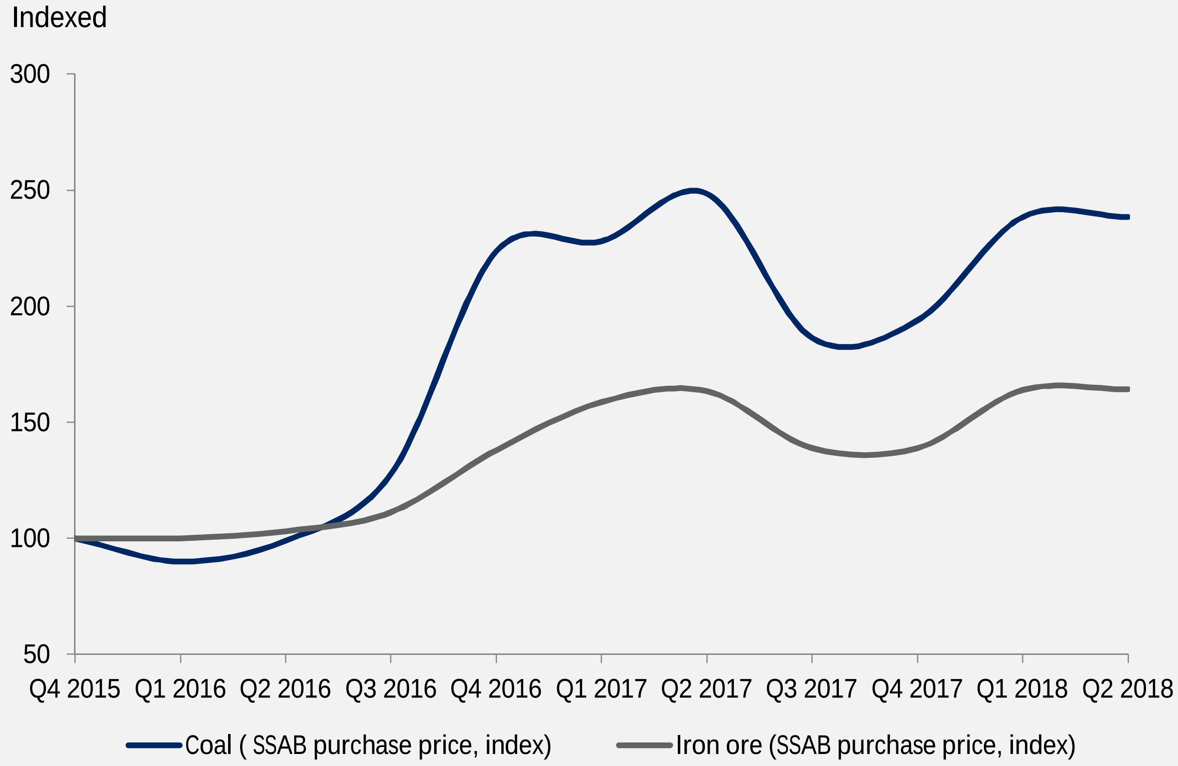
Iron ore

- Average pellet purchase price in Q2/18 was 2% higher in terms of SEK (-5% in USD) vs. Q1/18

Coking coal

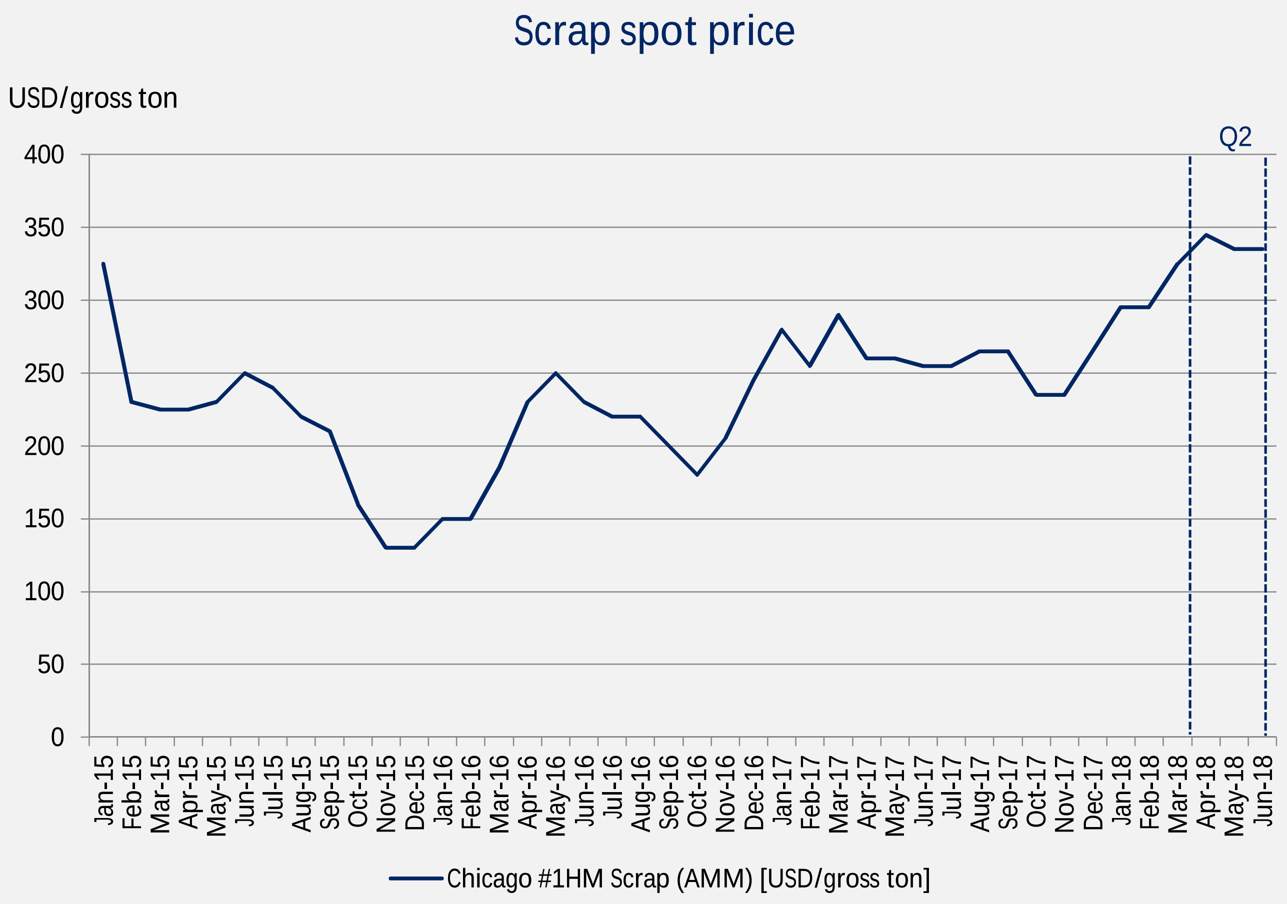
- Average coking coal purchase price in Q2/18 was at the same level as in Q1/18 in terms of SEK (-6% in USD)

SSAB's purchase price, coking coal and iron ore



Scrap spot prices stabilizing in Q2

- SSAB's average purchase price for scrap was 7% higher in Q2/18 vs. Q1/18 (USD)



Source: AMM

Outlook

SSAB’s outlook for Q3/2018

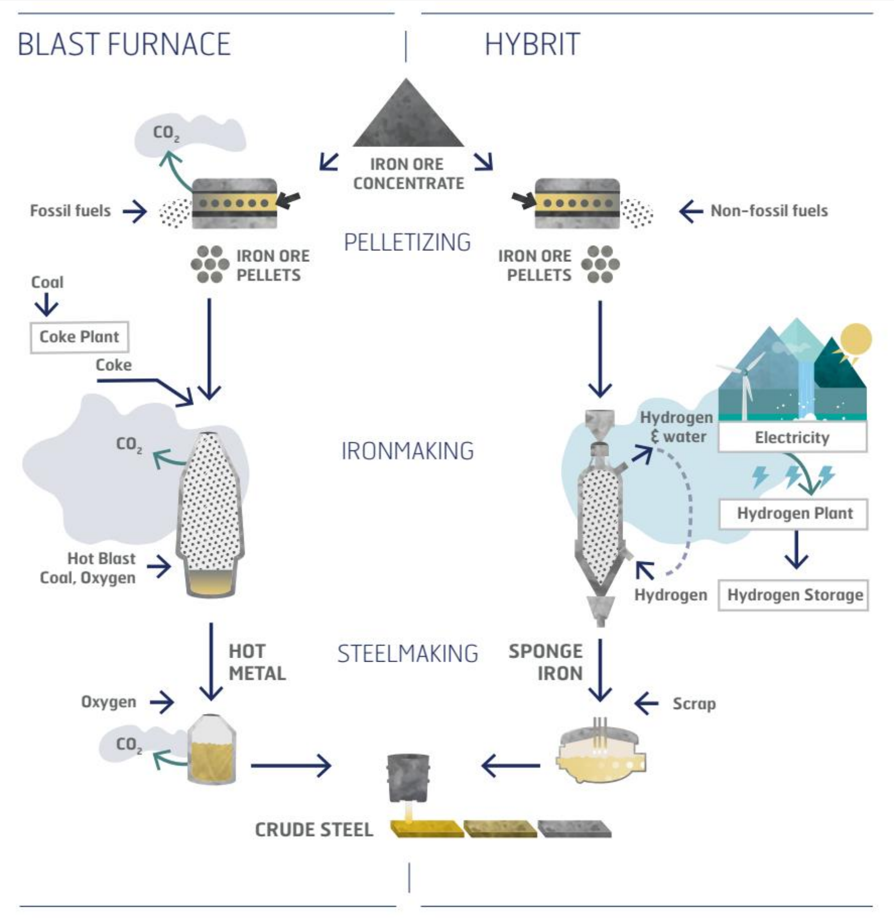
- In North America, demand for heavy plate is expected to remain strong
- In Europe, a certain seasonal slowdown is expected during the third quarter, although underlying demand is good
- The underlying demand for high-strength steels is expected to remain strong with a certain seasonal slowdown
- Prices realized are expected to be higher for SSAB Americas and SSAB Special Steels, but to remain relatively unchanged for SSAB Europe

Segment	Volume trend Q3 vs. Q2	Comment
SSAB Special Steels	→	Strong demand - seasonal slowdown in European markets
SSAB Europe	↘	Good demand - seasonal slowdown in European markets
SSAB Americas	↗	Strong demand

SSAB

HYBRIT - Initiative for fossil-free steel

- Construction start for a HYBRIT pilot plant in Luleå in June - expected to be completed in 2020
- The Swedish Energy Agency gives financial support of SEK 528 million for the HYBRIT project in connection with the construction of the pilot plant
- The Swedish Energy Agency has previously contributed SEK 70 million in support for the initiative
- Expenditure for the pilot phase is expected to total SEK 1.4 billion for the joint venture



SSAB

Q2/2018 - Summary

- Strong demand continued in most markets
- Good growth in strategic areas – in line with targets
- Earnings growth
- Positive outlook – normal seasonality in Europe
- HYBRIT, our initiative for fossil-free steel, is progressing to plan
  - SEK 500 million in financial support from the Swedish Energy Agency

SSAB

Questions
& Answers

Appendix

Major planned maintenance outages in 2018

SEKm	Q1/18	Q2/18	Q3/18	Q4/18	2018	2017
SSAB Special Steels	-	-	-	230	230	230
SSAB Europe	-	40	220	130	390	390
SSAB Americas	-	-	-	280	280	390
Total	-	40	220	640	900	1,010

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

SSAB

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

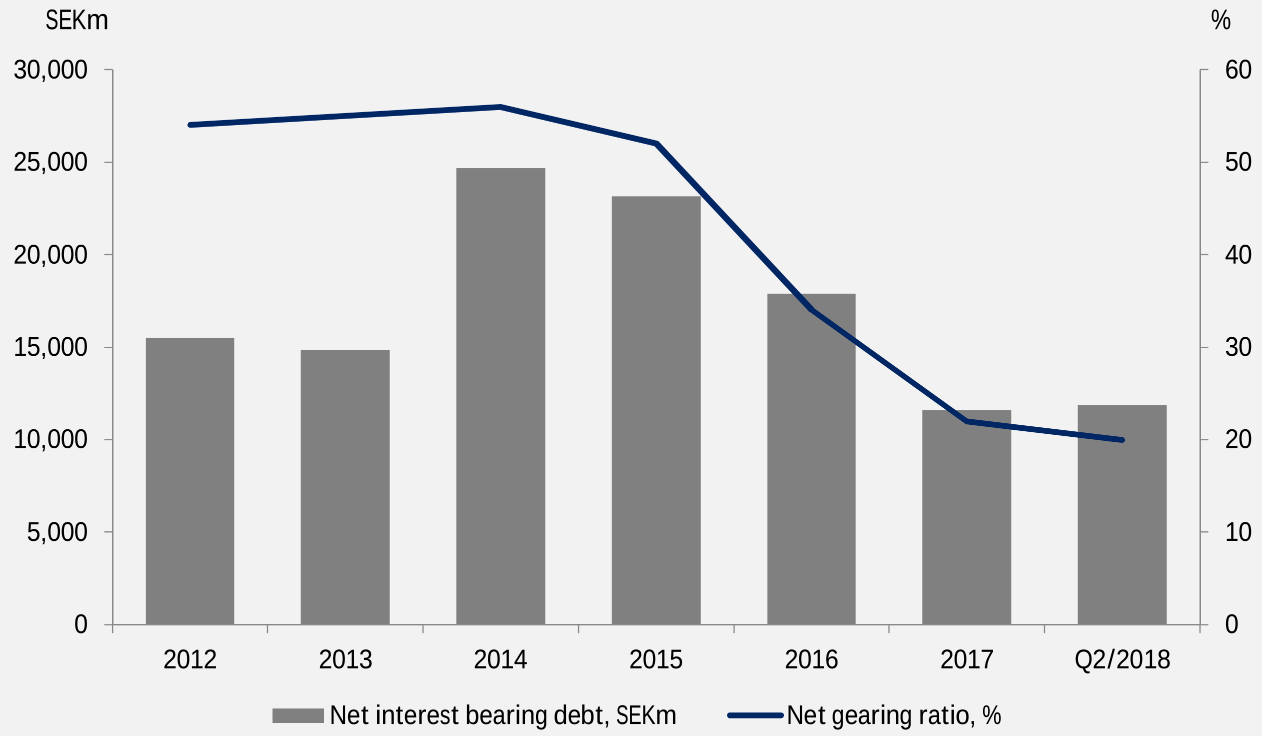
	In place	Under preparation
Europe	▶ Cold-rolled carbon steels (China, Russia) ▶ Hot-Rolled flat carbon steels (China) • Final AD duties for strip 18%-36% and 65%-74% for pla ▶ Hot-Rolled flat carbon steels (Brazil, Russia, Iran, Serbia and Ukraine) – AD duties on imports of hot rolled coil from Brazil, Iran, Russia and Ukraine ▶ EU provisional safeguard measures – quotas and tariffs (25%)	▶ Corrosion Resistant Steel (China) – Provisional anti-dumping duties of 17.2%-28.5% in Aug 2017
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% ▶ As a result of the Section 232 steel investigation a duty of 25% was imposed on imports from all countries (exceptions for Argentina, Brazil, Australia and S. Korea	▶ 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

SSAB

Gearing continued to decrease

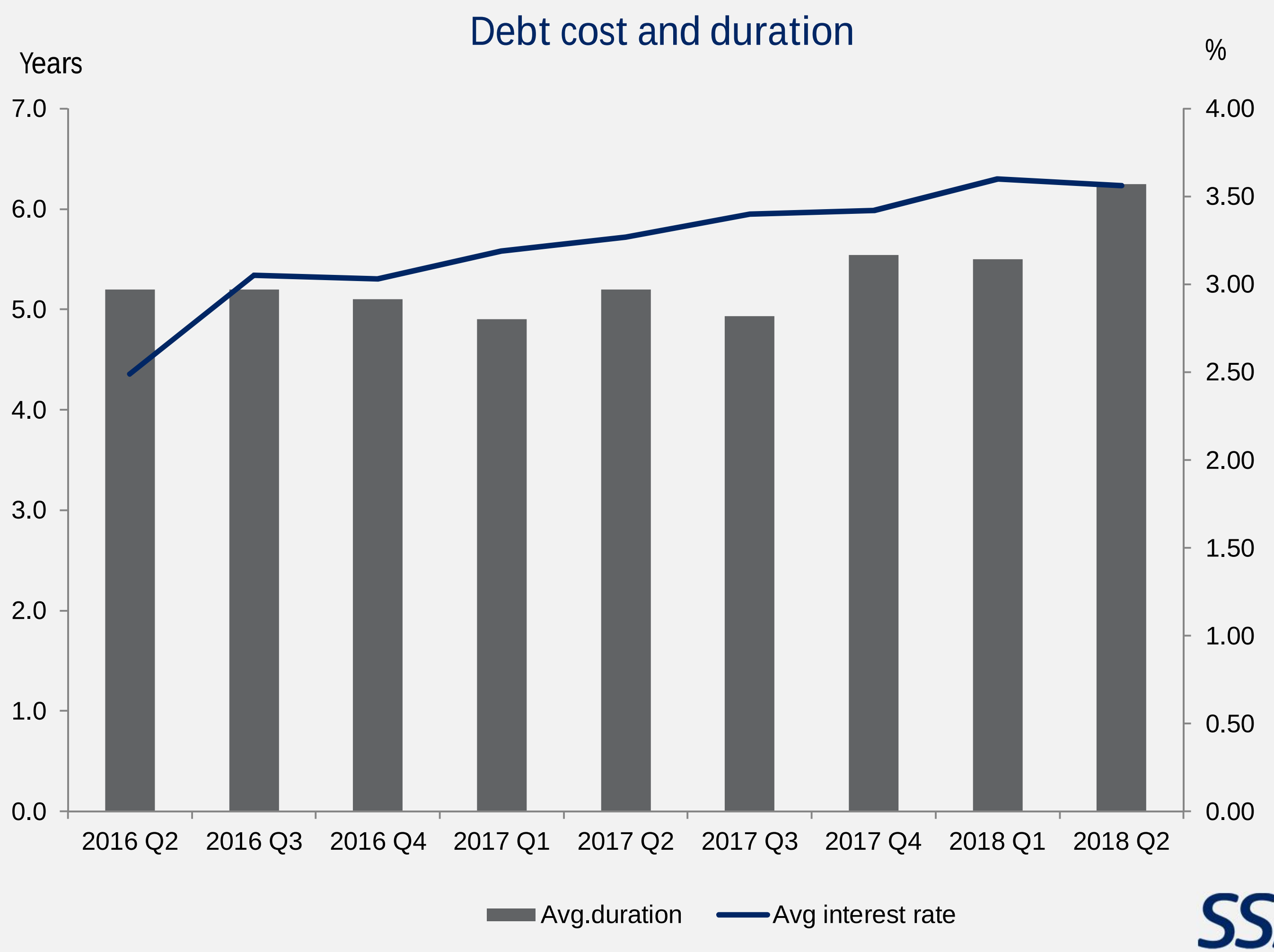
- Net gearing at 20%
- Net debt amounted to SEK 11.9bn

Net debt and net debt/equity ratio



Duration on debt portfolio and interest rate

- ► Duration of the loan portfolio was 6.2 years (5.5 at the end of Q1/18)
- ► Averaged fixed interest term was 1.0 years (1.0 in Q1/18)
- ► Average interest rate was 3.56% (3.60 % in Q1/18)




SSAB
A stronger,
lighter and more
sustainable world