



SSAB Americas leads the continued earnings improvement

Presentation of the Q3/2018 results

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SSAB

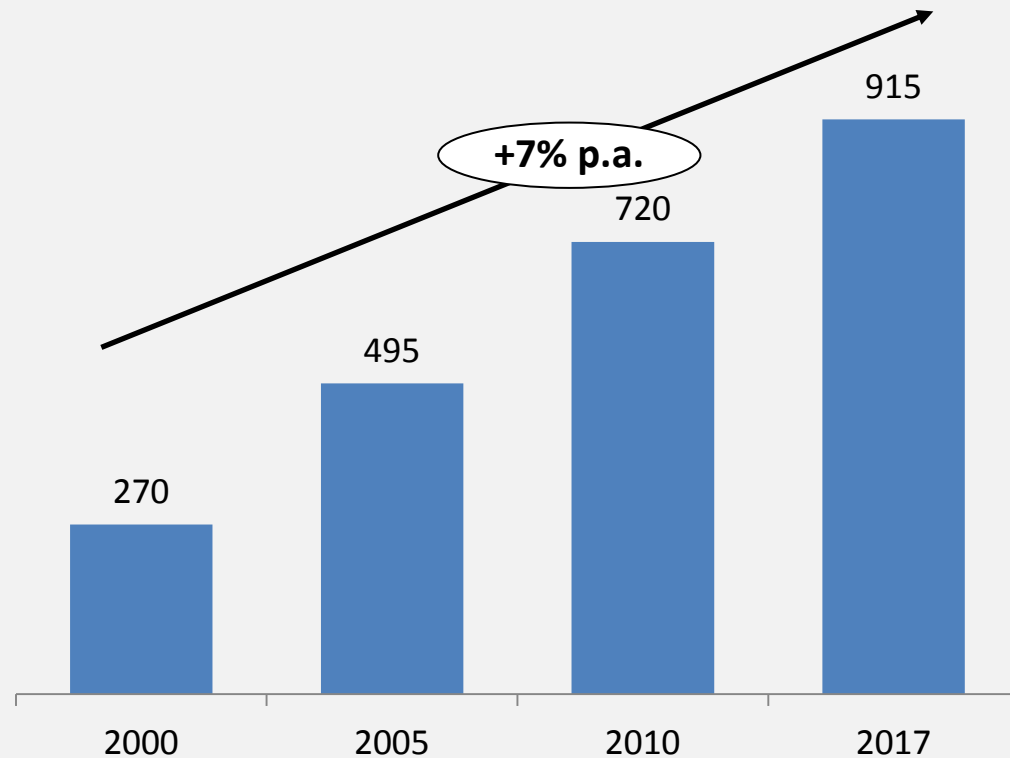
Agenda

- ▶ Q3 in summary and market situation
- ▶ Performance by division
- ▶ Financials
- ▶ Outlook
- ▶ Q&A



New Q&T investment in Mobile decided

SSAB is the driver of the Q&T market



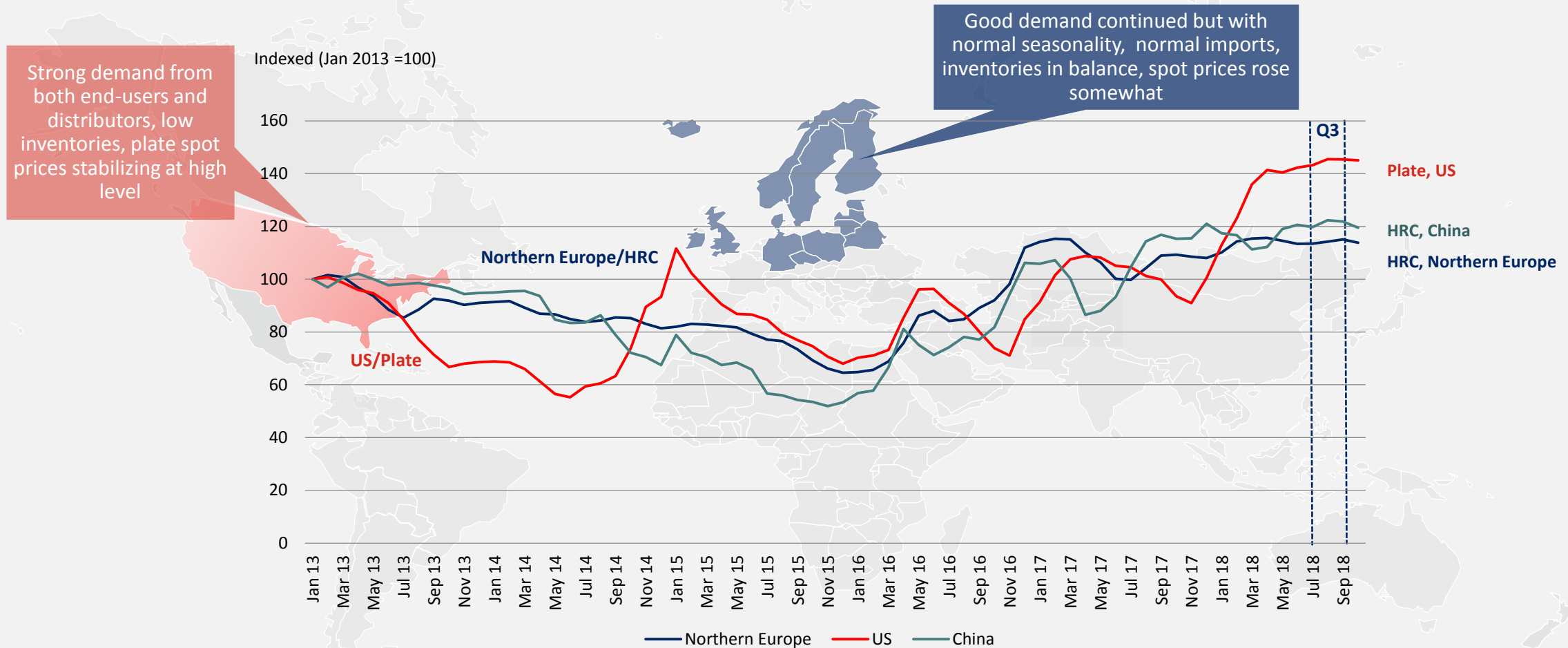
SSAB Q&T shipments per year, KTON
(excludes AHSS material sold by Special Steels)

Strategic rationale:




- ▶ Nine quenching lines – Oxelösund (4), Borlänge (1), Mobile (2) and Raahé (2)
- ▶ Relatively low penetration of Q&T plate in North and South America
- ▶ Total new investment of SEK 1bn over 2019-2021
- ▶ Capacity increase from ~300 kton to ~400 kton and cost savings
- ▶ Pay-back time less than 4 years (from today)
- ▶ Potential for additional bottleneck investments to lift capacity further







Strong demand continued both in Europe and North America

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



Demand in SSAB's key customer segments

 Strong
  Healthy
  Weak

Segment	Status	Comments
Heavy Transport		<ul style="list-style-type: none"> ▶ High level of demand in Europe, especially heavy truck segment ▶ Positive trend in the US – Rail cars and barges
Automotive		<ul style="list-style-type: none"> ▶ Some hesitation in mature markets ▶ Structural growth in AHSS
Construction Machinery		<ul style="list-style-type: none"> ▶ Demand in the main European markets and in the US at high level
Material Handling		<ul style="list-style-type: none"> ▶ High activity in Mining in several regions - maintenance and new equipment
Energy		<ul style="list-style-type: none"> ▶ Solid demand in wind energy ▶ High activity in US oil and gas segment
Construction		<ul style="list-style-type: none"> ▶ Good activity in several European markets, normal Q4 seasonality expected ▶ Some uncertainty in residential market in Scandinavia
Service Centers		<ul style="list-style-type: none"> ▶ Relatively low inventories in US, some hesitation due to year-end planning ▶ Some hesitation in Europe – year-end planning

Financial summary of Q3/2018

Improvement driven by SSAB Americas and SSAB Special Steels

- ▶ EBIT of SEK 1,600m, up SEK 511m compared with Q3/17
 - + Higher prices
 - Higher costs of raw materials
 - Production disruptions
- ▶ Strong operating cash flow of SEK 1.9bn
- ▶ Focus on debt reduction – gearing 17% (27%)
- ▶ Earnings per share SEK 0.85 (0.56)

Key figures

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	19,038	16,188	19,263	66,059
EBITDA ¹⁾	2,563	2,016	2,582	7,591
EBIT ¹⁾	1,600	1,089	1,630	3,838
Operating cash flow	1,922	1,590	1,325	6,511
Earnings per share (SEK)	0.85	0.56	1.27	2.23
Gearing %	17	27	20	22
Shipments	1,646	1,672	1,811	6,970

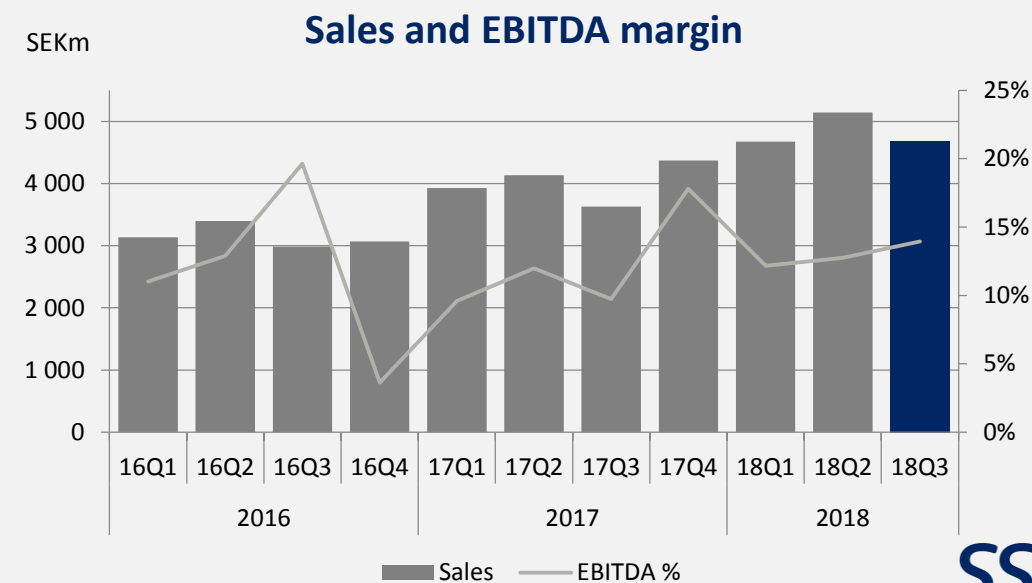
1) Excluding items affecting comparability

Q3/2018 - Performance by division

SSAB Special Steels

- ▶ Strong demand in main markets
- ▶ EBIT of SEK 536m, up SEK 317m compared with Q3/17
 - + Higher prices and volumes
 - Higher costs of raw materials
 - Unplanned blast furnace shutdown, -SEK 100m
- ▶ Shipments +9% vs. Q3/17, but -6% vs. Q2/18 due to the seasonal pattern on the European markets

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	4,684	3,627	5,142	16,053
EBITDA	670	353	656	2,002
EBIT	536	219	522	1,465
Shipments, ktonnes	320	293	339	1,192



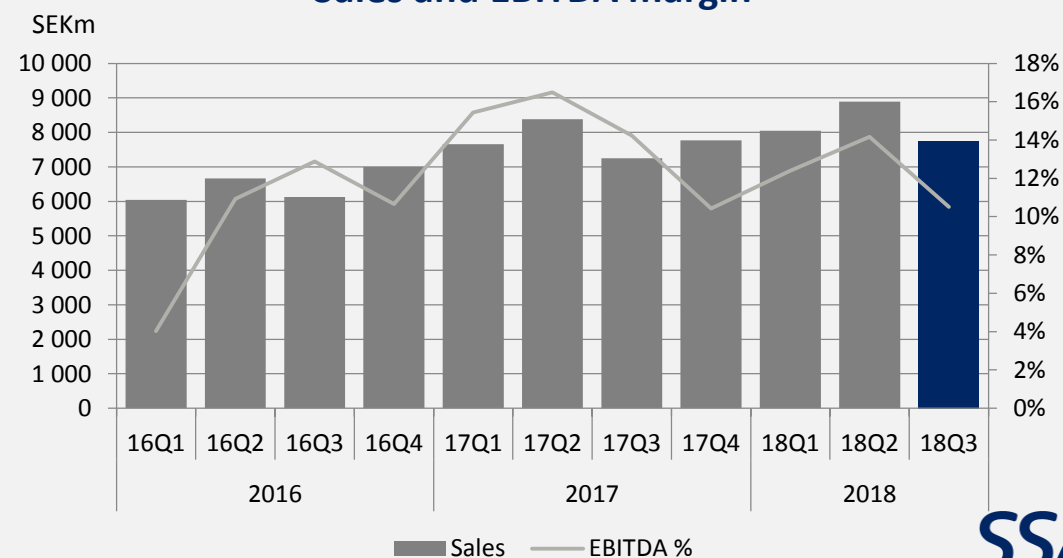
SSAB Europe

- ▶ Good demand continued
- ▶ EBIT in Q3/18 was SEK 460m, down SEK 220m vs. Q3/17
 - + Higher prices
 - Production disruptions – lower shipments
 - Higher raw material costs
- ▶ Shipments -7% vs. Q3/17, and -16% vs. Q2/18

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	7,754	7,245	8,892	31,048
EBITDA	814	1,031	1,259	4,405
EBIT 1)	460	680	907	2,988
Shipments, ktonnes	810	871	963	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

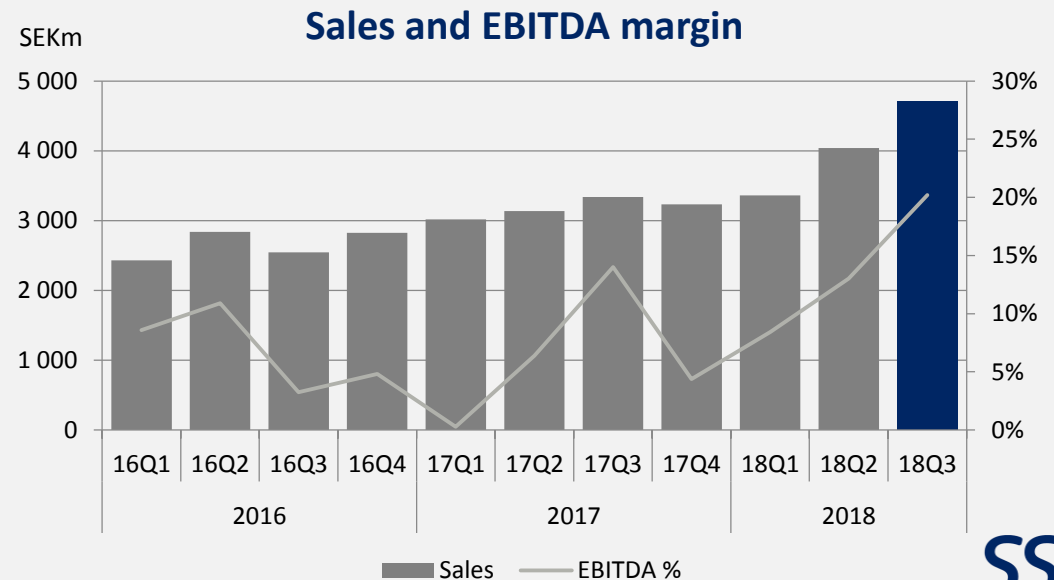


SSAB Americas

- ▶ Demand continued strong, spot plate prices at high level
- ▶ EBIT in Q3/18 was SEK 790m, up SEK 474m from Q3/17
 - + Higher prices
 - Higher raw material costs
- ▶ Shipments +2% both vs. Q3/17 and Q2/18

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	4,713	3,340	4,040	12,727
EBITDA	951	468	526	818
EBIT 1)	790	316	365	183
Shipments, ktonnes	517	508	509	1,971

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

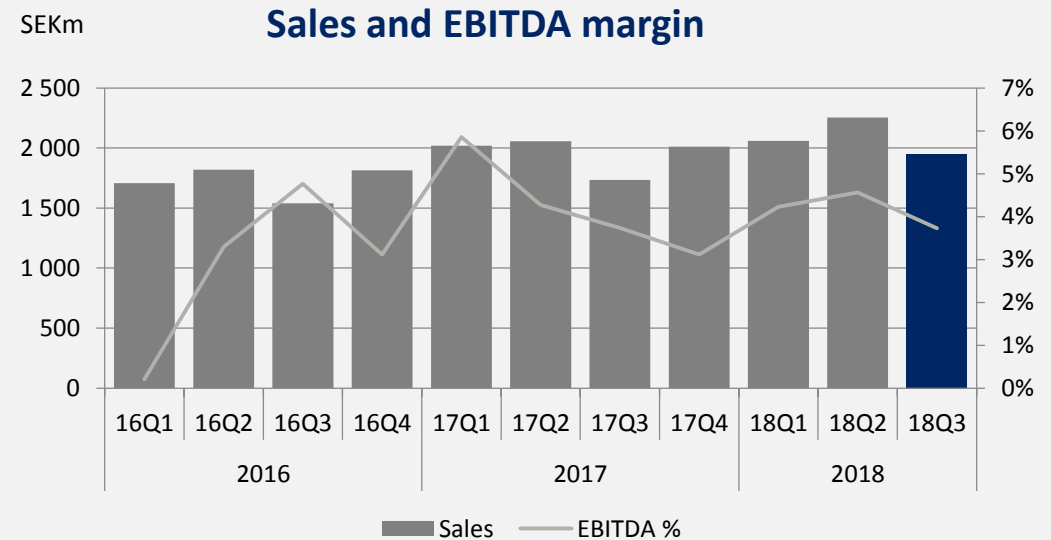


Tibnor

- ▶ Stable demand, but with seasonal slowdown
- ▶ Sales increased by 12% vs. Q3/17, but were down 14% vs. Q2/18 due to seasonally lower volumes
- ▶ Shipments at previous year's level
- ▶ EBIT in Q3/18 was SEK 53m, up SEK 9m from Q3/17
 - + Higher prices

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	1,949	1,733	2,253	7,821
EBITDA	73	65	103	334
EBIT 1)	53	44	83	252
Shipments (kton)	160	159	188	716

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

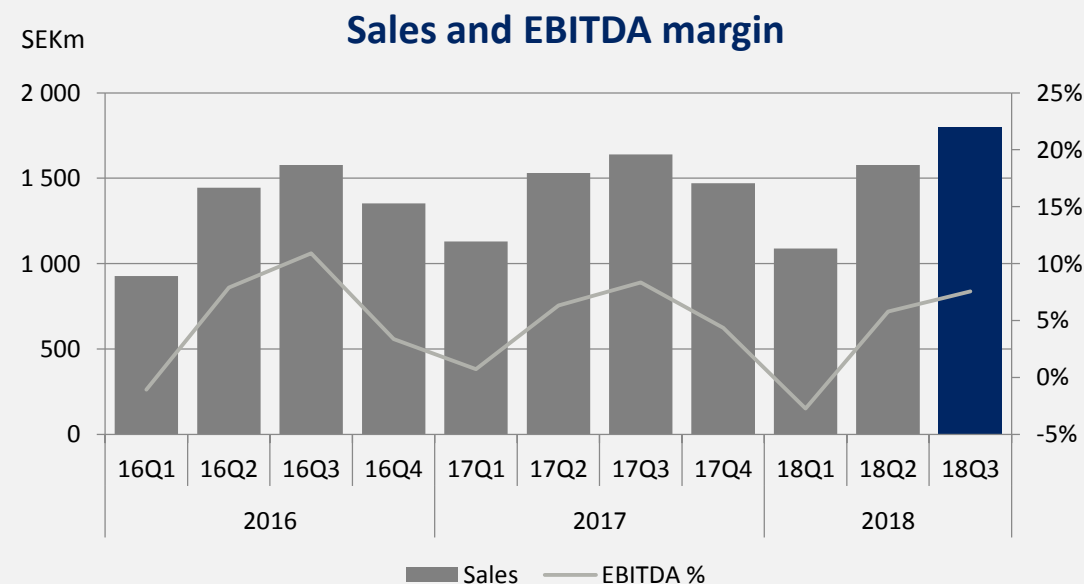


Ruukki Construction

- ▶ Seasonally good demand, underlying demand in Russia remained weak
- ▶ Sales up by 10% vs. Q3/17
- ▶ EBIT in Q3/18 was SEK 103m, down SEK 2m vs. Q3/17
 - + Residential Roofing and Building Components
 - Building Systems and Ruukki Russia
- ▶ Agreement for divesting Ruukki Construction Russia signed – closing expected in Q4
 - Estimated capital loss of SEK 213m in Q3

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	1,799	1,640	1,578	5,773
EBITDA	136	137	92	307
EBIT 1)	103	105	59	171

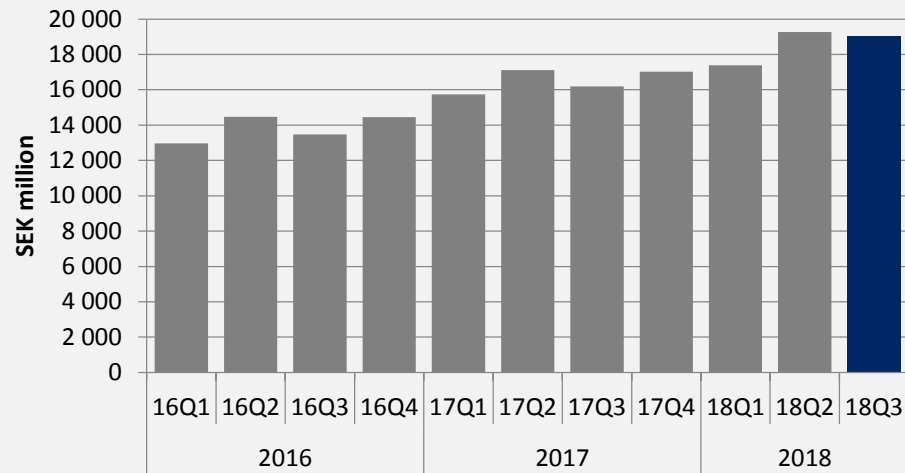
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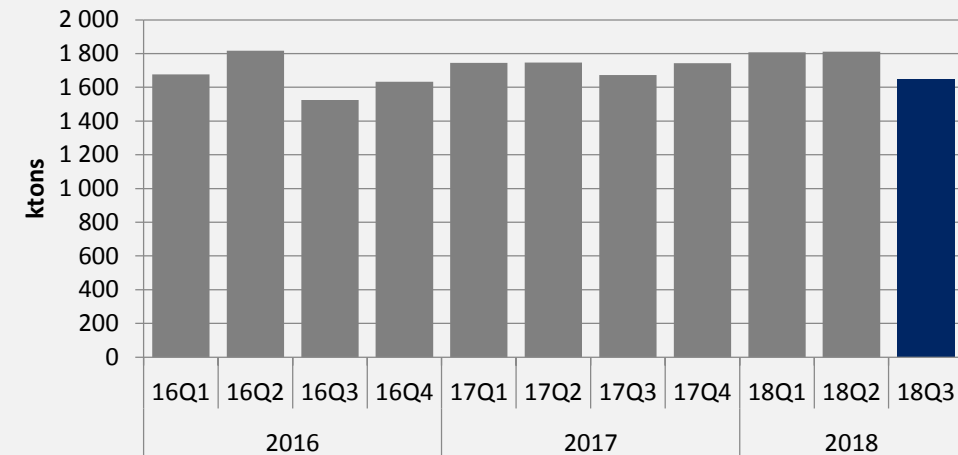
Financials

Profitability continued to improve y-on-y

Sales

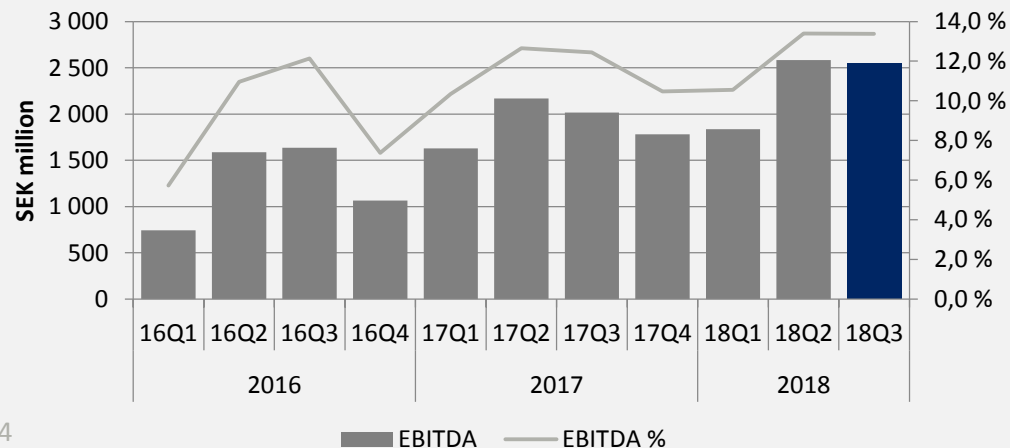


Shipments¹



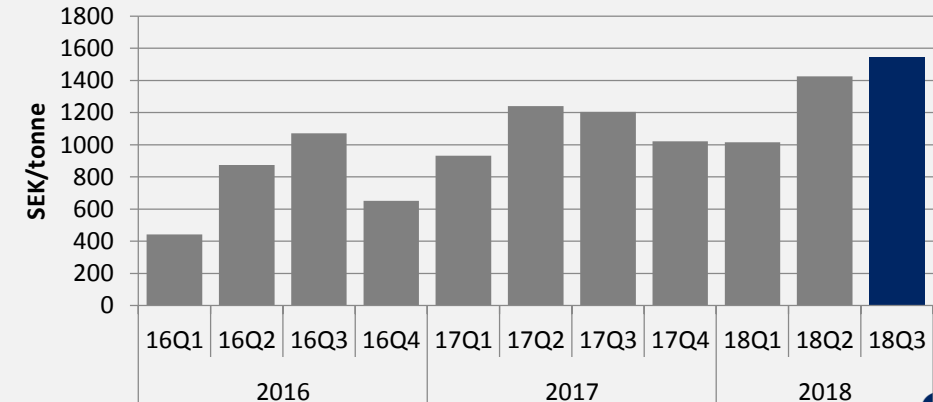
1) Including the steel operations: Special Steels, Europe and Americas

EBITDA and EBITDA margin²



2) Excluding items affecting comparability

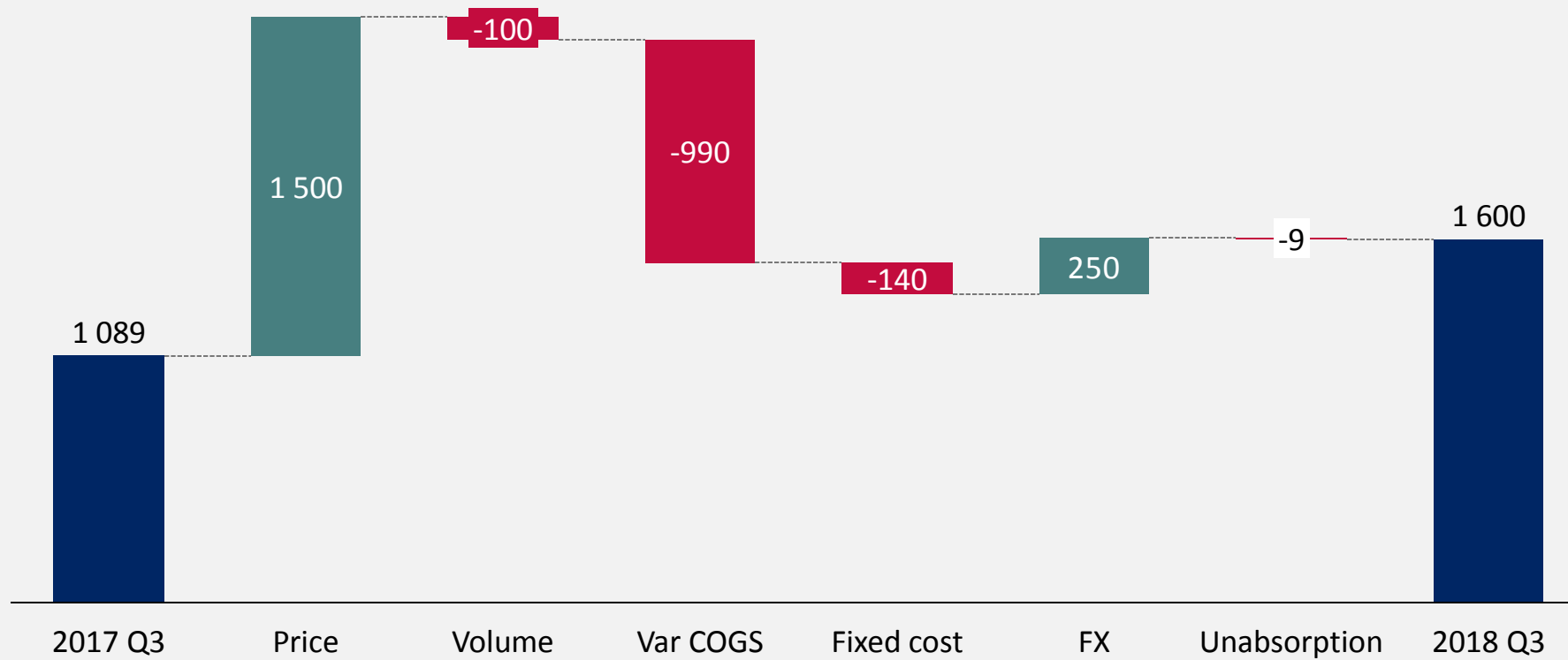
EBITDA per tonne delivered steel²



Change in operating profit

Q3/2018 vs. Q3/2017

SEKm

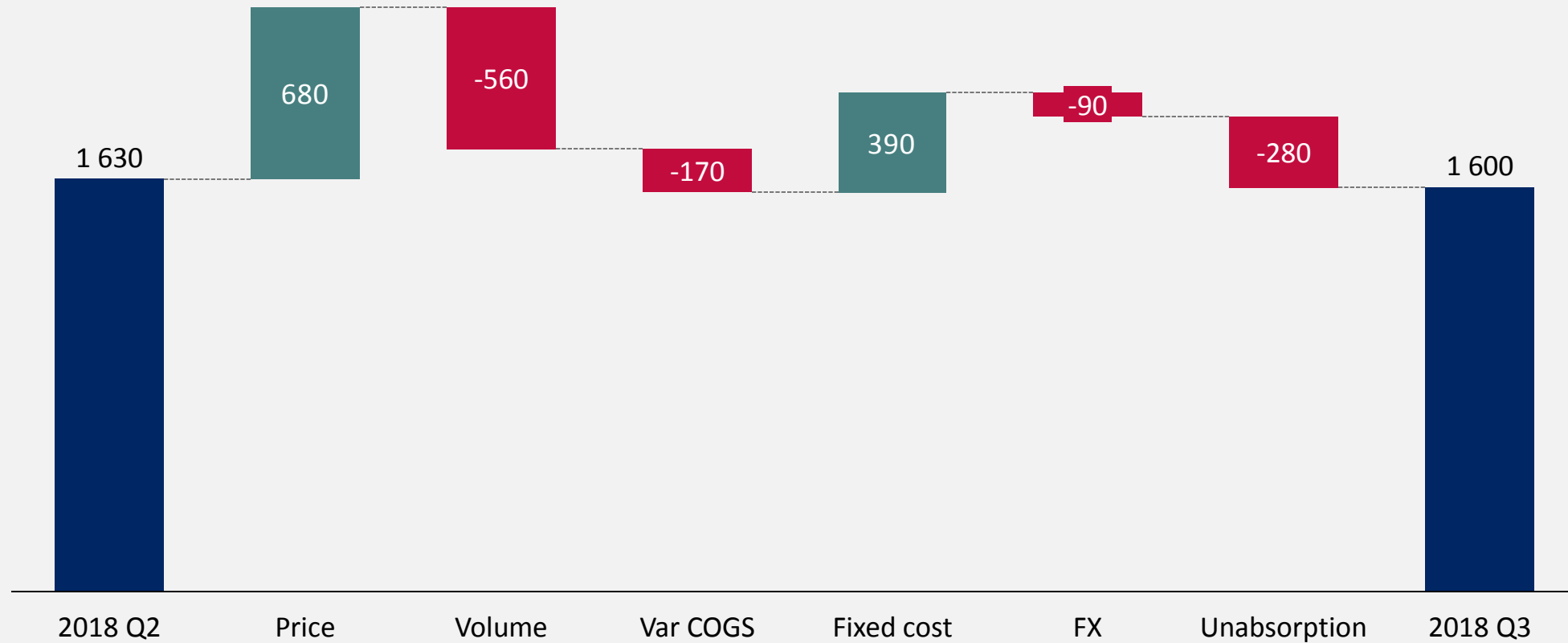


Note: Excluding items affecting comparability

Change in operating profit

Q3/2018 vs. Q2/2018

SEKm

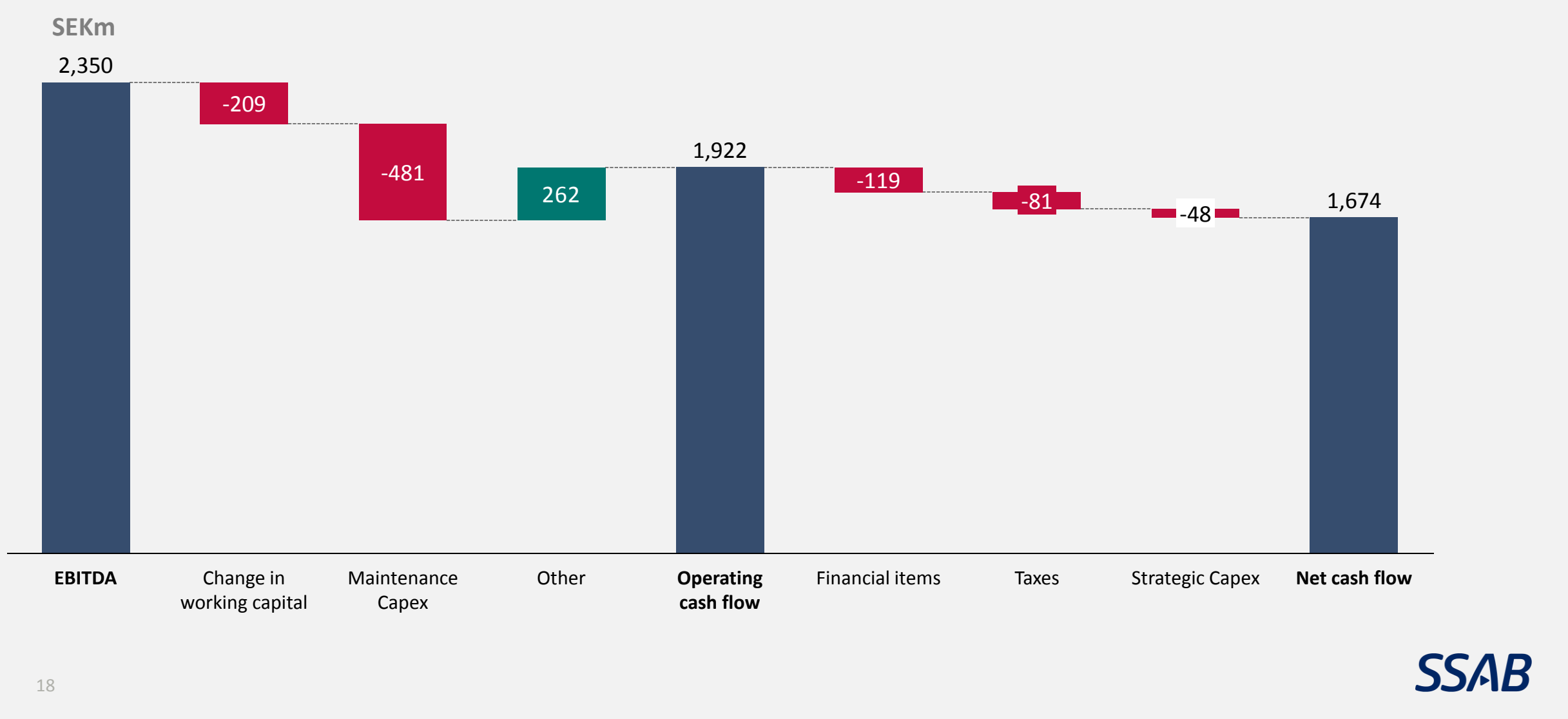


Note: Excluding items affecting comparability

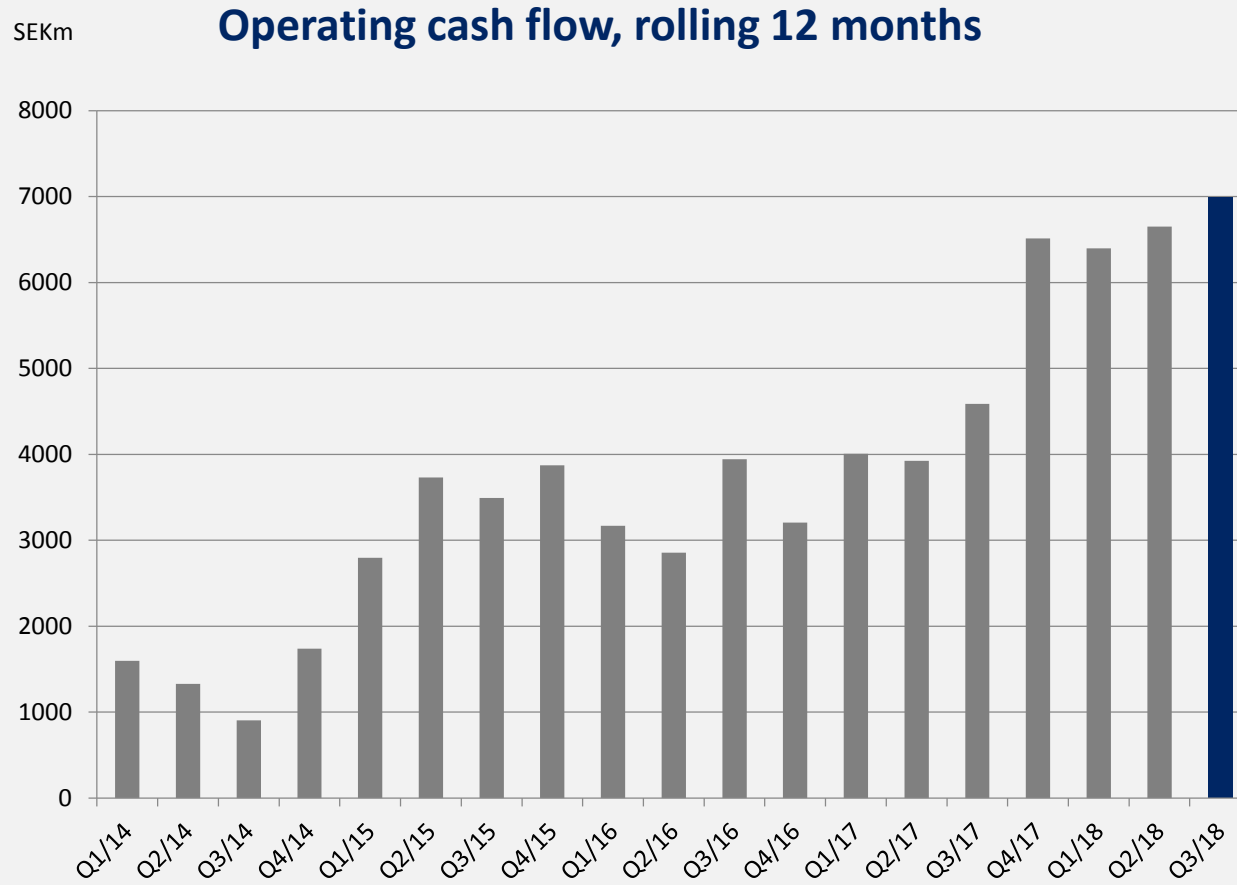
Continued positive operating cash flow in Q3

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Operating profit before depreciation/amortization	2,350	2,016	2,582	7,591
Change in working capital	-209	-38	-805	303
Maintenance expenditure	-481	-346	-417	-1,366
Other	262	-42	-34	-17
Operating cash flow	1,922	1,590	1,325	6,511
Financial items	-119	-180	-235	-943
Taxes	-81	-61	-105	-249
Cash flow from current operations	1,722	1,349	986	5,319
Strategic capital expenditure in plant and machinery	-48	-68	-90	-237
Acquisitions of shares and operations	0	0	0	-11
Divestments of shares and operations	0	-	0	1
Cash flow before dividend	1,674	1,281	896	5,072
Dividend paid to shareholders	0	-	-1,030	-
Dividend, non-controlling interest	0	-	-2	-4
Net cash flow	1,674	1,281	-136	5,068

Net cash flow



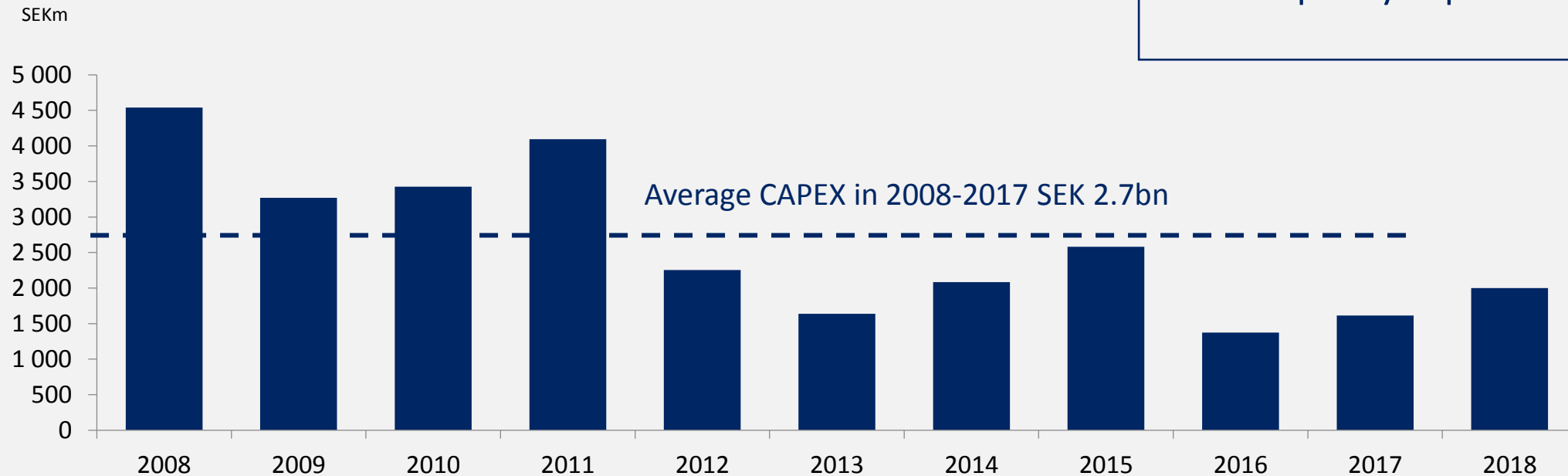
Cash flow trend



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

Investments

Current run-rate reflects no major relinings or major capacity expansions



Note: 2008-2013 refers to combined investments for Rautaruukki and SSAB

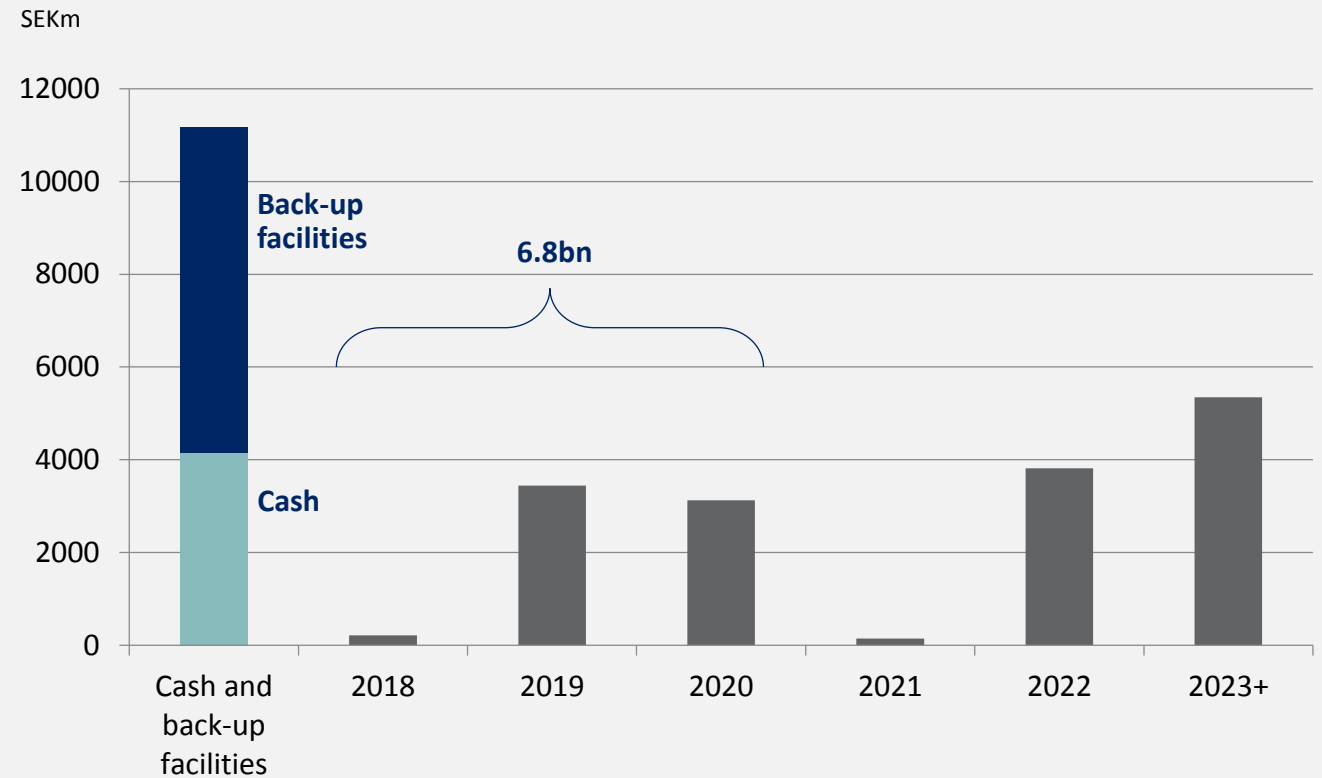
Maturity profile and net debt

- ▶ Net debt decreased by SEK 1,689m and amounted to SEK 10.2bn
- ▶ Duration of the loan portfolio was 6.1 years (6.2 at the end of Q2/18)
- ▶ Net gearing decreased to 17% (27%)

23%

73%

Maturity profile Q3/2018



Iron ore and coking coal – purchase prices fairly stable

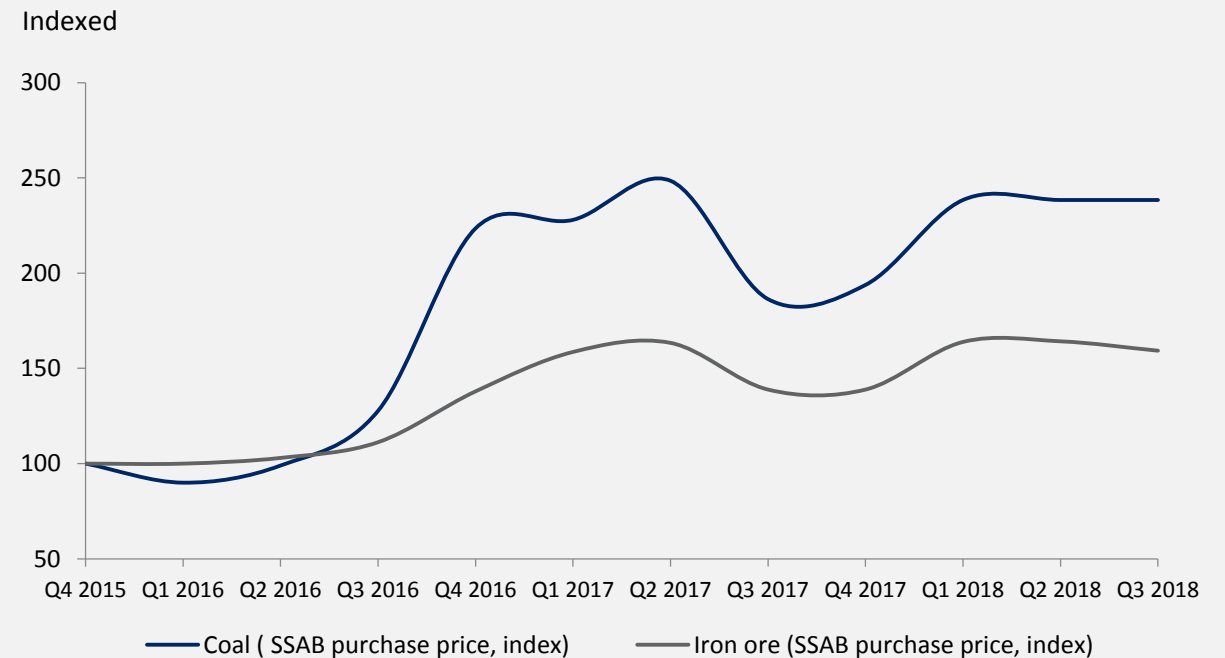
Iron ore

- ▶ Average pellet purchase price in Q3/18 was 3% lower in terms of SEK (-6% in USD) vs. Q2/18

Coking coal

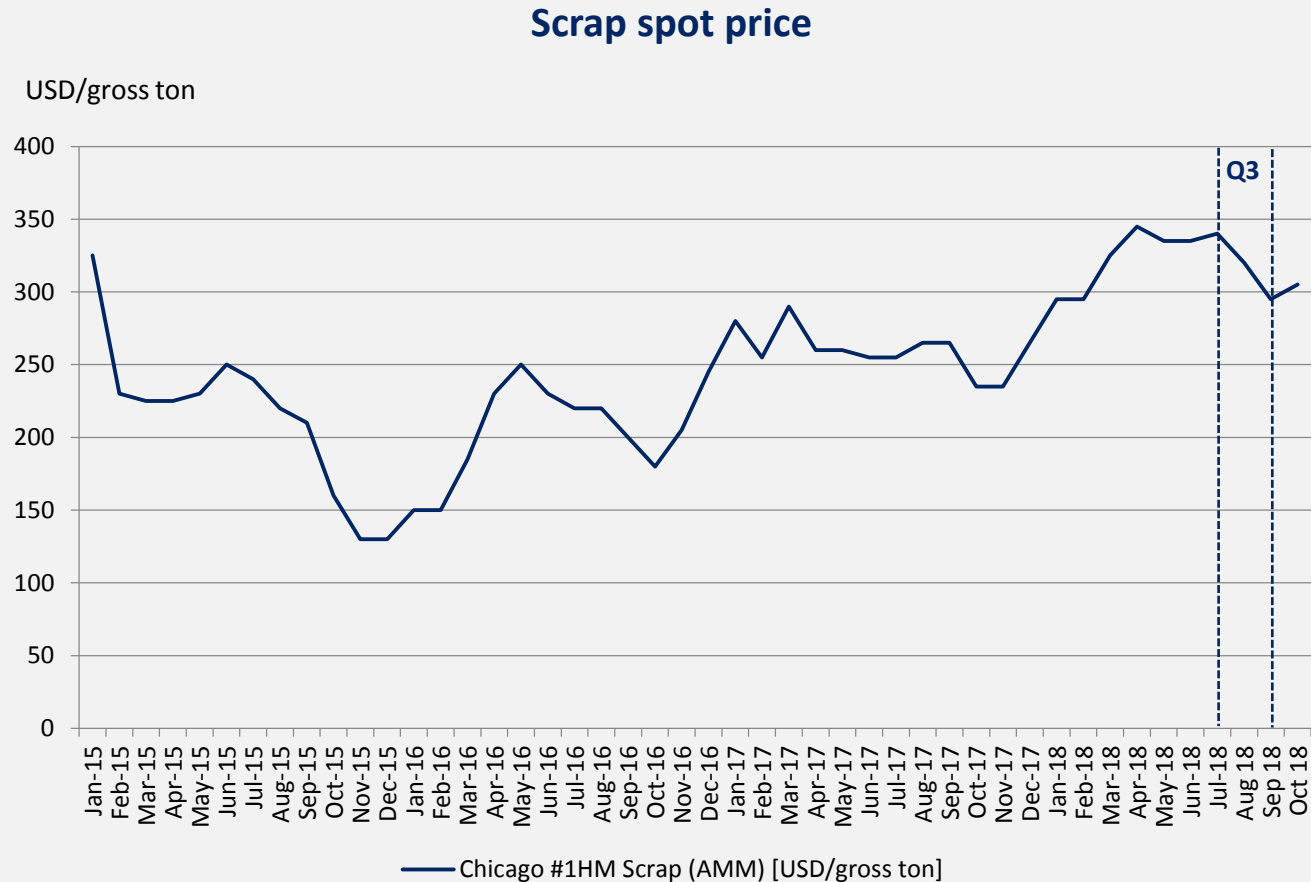
- ▶ Average coking coal purchase price in Q3/18 was at the same level as in Q2/18 in terms of SEK (-3% in USD)

SSAB's purchase price, coking coal and iron ore



Scrap spot prices decreased in Q3

- SSAB's average purchase price for scrap was 8% lower in Q3/18 vs. Q2/18 (USD)






Source: AMM

Outlook

SSAB's outlook for Q4/2018

- ▶ In North America, demand for heavy plate is expected to remain strong
- ▶ In Europe, demand is expected to be good, albeit with a seasonal slowdown towards the end of the year
- ▶ The demand for high-strength steels is expected to remain strong
- ▶ Prices realized during the fourth quarter are expected to be:
 - Somewhat higher for SSAB Americas and SSAB Special Steels
 - Somewhat lower for SSAB Europe due to a seasonally weaker product mix

Business segment	Volume trend Q4 vs. Q3	Comment
SSAB Special Steels		Strong demand, planned maintenance outage in Q4
SSAB Europe		Stable demand
SSAB Americas		Strong demand - planned maintenance outage in Montpelier in Q4

Summary

Q3:

- ▶ Strong result for SSAB Americas
- ▶ Good volume growth and pricing for SSAB Special Steels
- ▶ Positive outlook in SSAB Europe – normal year-end seasonality

In focus:

- ▶ High priority on production stability and safety
 - Preventive actions
 - Continuous improvement
- ▶ Debt reduction
 - Strong balance sheet regardless of business cycle
 - Flexibility to act on investment opportunities



SSAB

Questions & Answers

Appendix

Major planned maintenance outages in 2018

SEKm	Q1/18	Q2/18	Q3/18	Q4/18	2018	2017
SSAB Special Steels	-	-	-	250	250	230
SSAB Europe	-	40	240	130	410	390
SSAB Americas	-	-	-	300	300	390
Total	-	40	240	680	960	1,010

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

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

Europe

In place

- ▶ 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%)

Under preparation

- ▶ Corrosion Resistant Steel (China)
 - Provisional anti-dumping duties of 17.2%-28.5% in Aug 2017

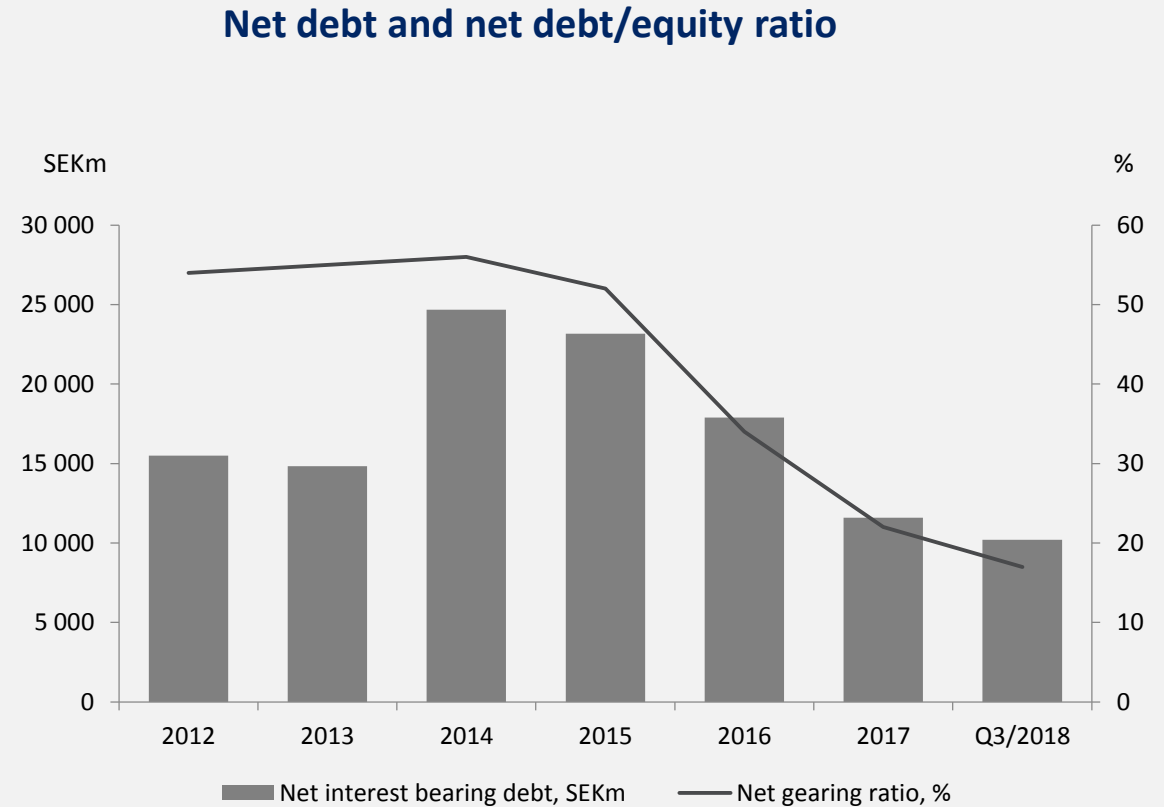
US

- ▶ 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

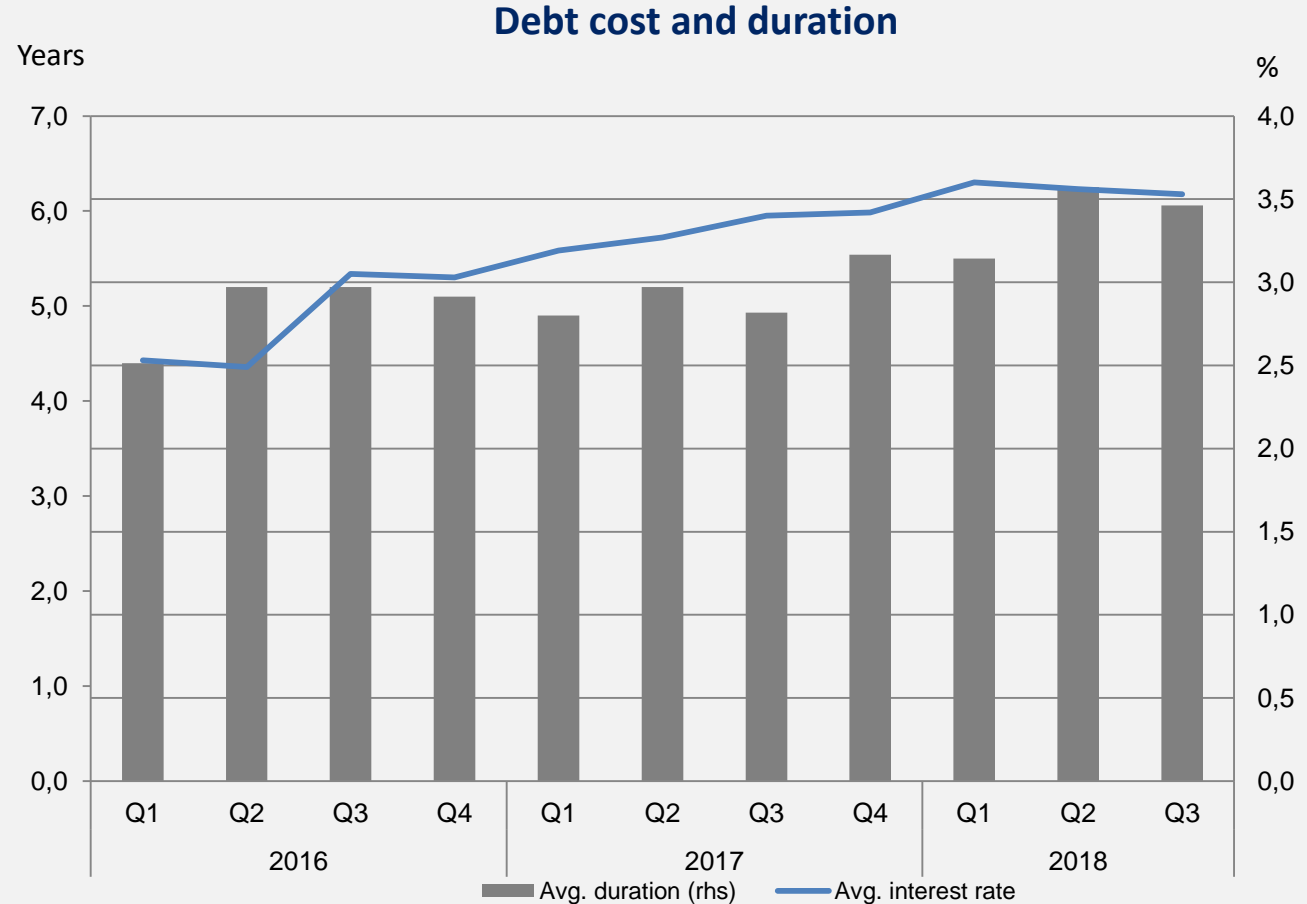
Gearing continued to decrease

- ▶ Net gearing at 17%
- ▶ Net debt amounted to SEK 10.2bn



Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.1 years (6.2 at the end of Q2/18)
- ▶ Averaged fixed interest term was 1.3 years (1.0 in Q2/18)
- ▶ Average interest rate was 3.53% (3.56% in Q2/18)



SSAB



*A stronger,
lighter and more
sustainable world*