

Continued earnings
improvement, strong cash
flow and proposed higher
dividend

Presentation of the Q4 and full-year
2018 results

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January 29, 2019



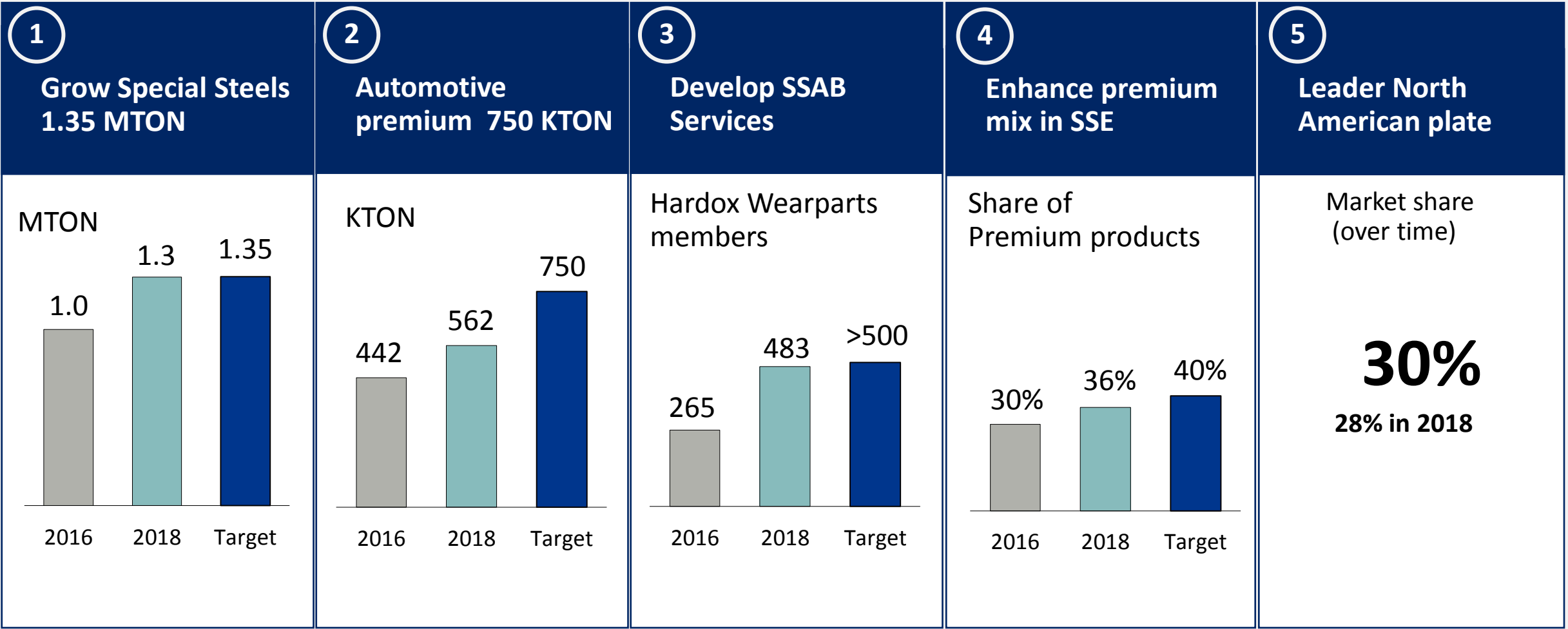
SSAB

Agenda

- ▶ Summary of 2018
- ▶ Q4 and FY 2018 - performance by division
- ▶ Financials
- ▶ Outlook
- ▶ Q&A

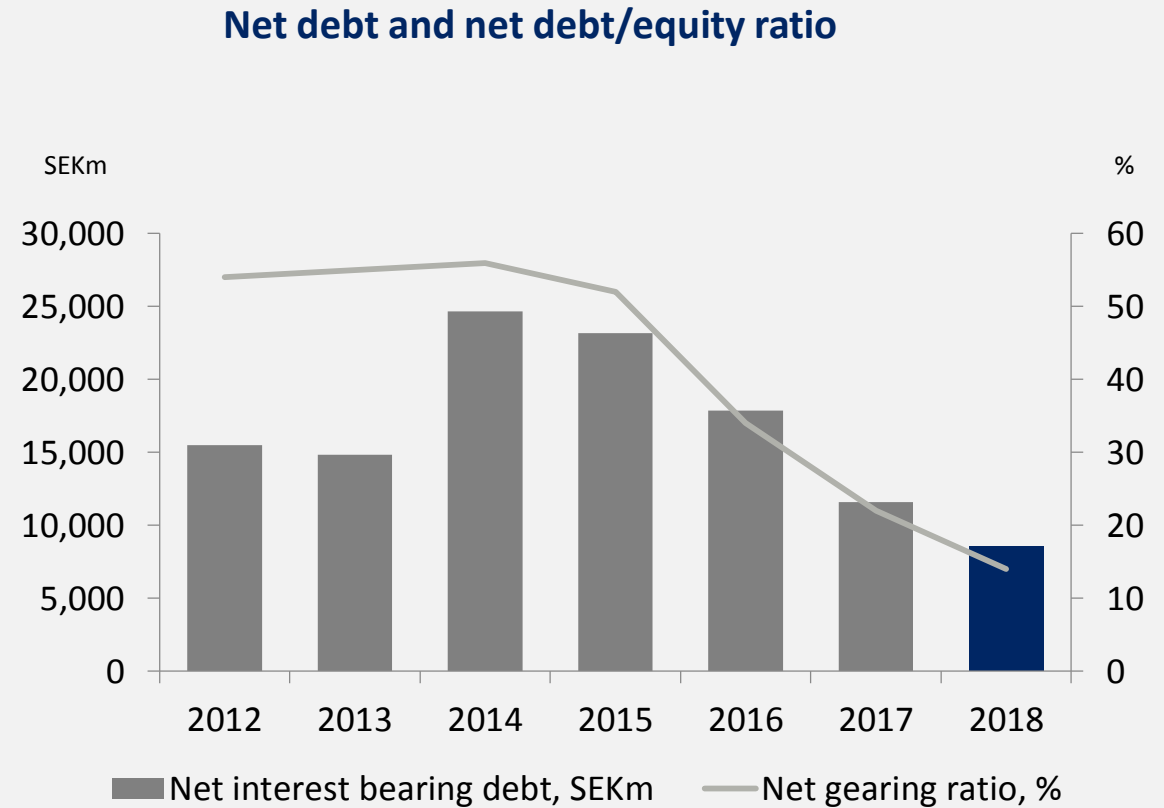


Summary of 2018 – Towards 2020 targets



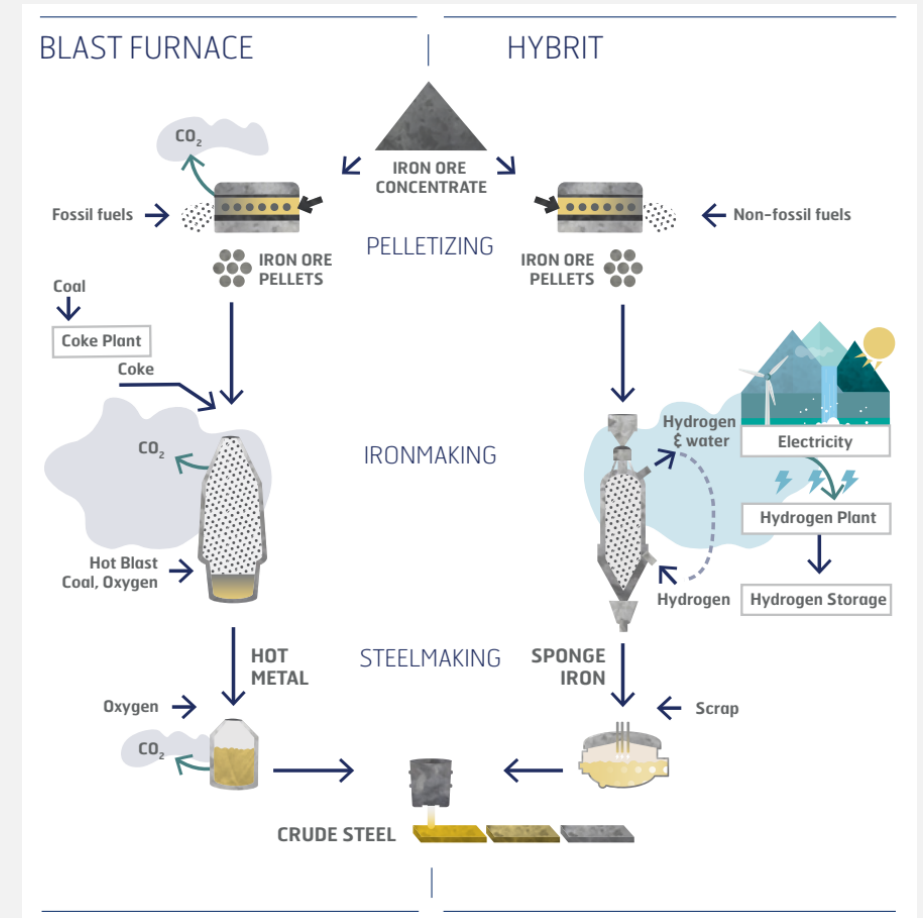
Summary of 2018 – Significant net debt reduction

- ▶ Net gearing down to 14% (22%)
- ▶ Net debt reduction of around SEK 3bn down to SEK 8.6bn
- ▶ Continued focus on reducing net debt



Summary of 2018 – HYBRIT enters execution phase

- ▶ Construction for a HYBRIT pilot plant in Luleå ongoing - expected to be completed in 2020
- ▶ The Swedish Energy Agency gives financial support of SEK 528 million for the HYBRIT pilot plant
- ▶ Total investment for the pilot plant is expected to amount to SEK 1.4 billion for the joint venture



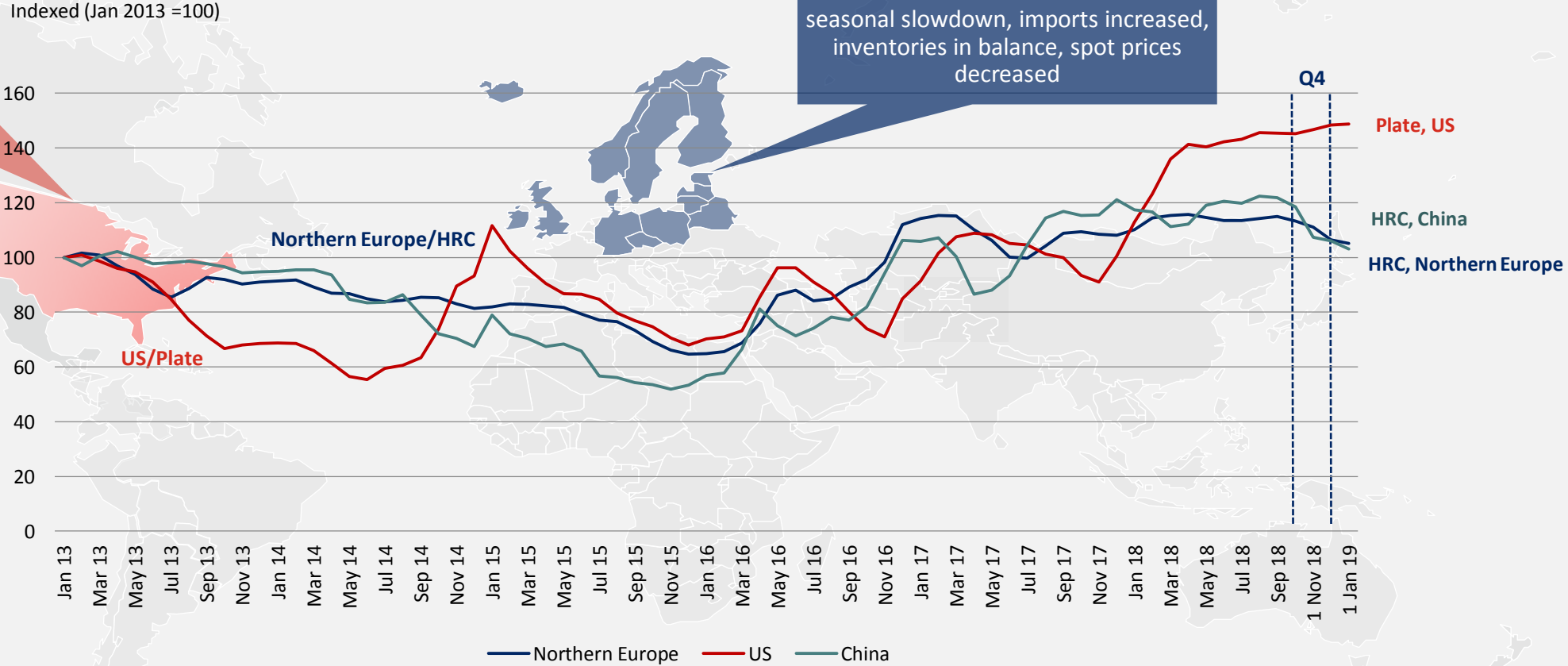
Summary Q4 and FY performance

In North America, demand continued strong, somewhat weaker development in the European market during Q4

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

Strong demand from both end-users and distributors, balanced to low inventories, plate prices at high level

Stable demand continued but with seasonal slowdown, imports increased, inventories in balance, spot prices decreased



Summary of 2018

Higher sales and earnings

- ▶ EBIT of SEK 5,181, up SEK 1,342m compared with 2017
 - The improvement was primarily attributable to SSAB Americas
- ▶ Strong operating cash flow of SEK 5,969 (6,511)
- ▶ Earnings per share SEK 3.45 (2.23)
- ▶ The Board proposes a dividend of SEK 1.50 (1.00) per share

Key figures

SEKm	2018	2017
Sales	74,941	66,059
EBITDA ¹⁾	8,952	7,591
EBIT ¹⁾	5,181	3,838
Operating cash flow	5,969	6,511
Gearing %	14	22
Profit after tax ¹⁾	3,805	2,311
Earnings per share, SEK	3.45	2.23

1) Excluding items affecting comparability.

Summary of Q4/2018

Improvement driven mainly by SSAB Americas

- ▶ EBIT of SEK 1,035m, up SEK 192m compared with Q4/17, but down SEK 565 vs. Q3/18
 - + Higher prices
 - Lower shipments
 - Planned maintenance outages in all the three steel divisions
- ▶ Strong operating cash flow of SEK 1.96bn
- ▶ Earnings per share SEK 0.67 (0.32)

Key figures

SEKm	Q4/2018	Q4/2017	Q3/2018
Sales	19,251	17,017	19,038
EBITDA ¹⁾	1,971	1,782	2,563
EBIT ¹⁾	1,035	843	1,600
Operating cash flow	1,960	2,976	1,922
Earnings per share (SEK)	0.67	0.32	0.85
Gearing %	14	22	17
Shipments	1,634	1,744	1,647

1) Excluding items affecting comparability

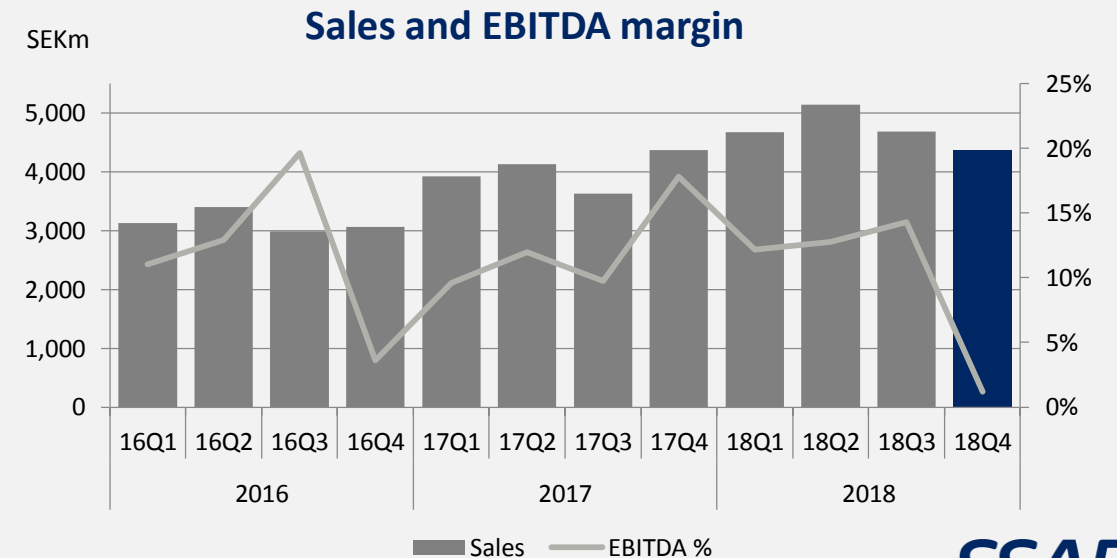
Q4 and FY 2018 - performance by division

SSAB Special Steels

Prolonged annual maintenance outage

- ▶ Continued strong demand - expected to continue during Q1/19
- ▶ Decision taken to extend maintenance outage to improve production stability going forward
- ▶ EBIT of SEK -72m, down SEK 713m compared with Q4/17
 - + Higher prices
 - Higher costs of raw materials
 - Prolonged outage
 - Start of second blast furnace
 - Product mix
 - Q4/17 boosted by SEK 265m insurance compensation
- ▶ Shipments -8% vs. both Q4/17 and Q3/18

SEKm	Q4/2018	Q4/2017	Q3/2018	2018	2017
Sales	4,369	4,368	4,684	18,869	16,053
EBITDA	52	777	670	1,946	2,002
EBIT	-72	641	536	1,421	1,465
Shipments, ktonnes	293	318	320	1,298	1,192



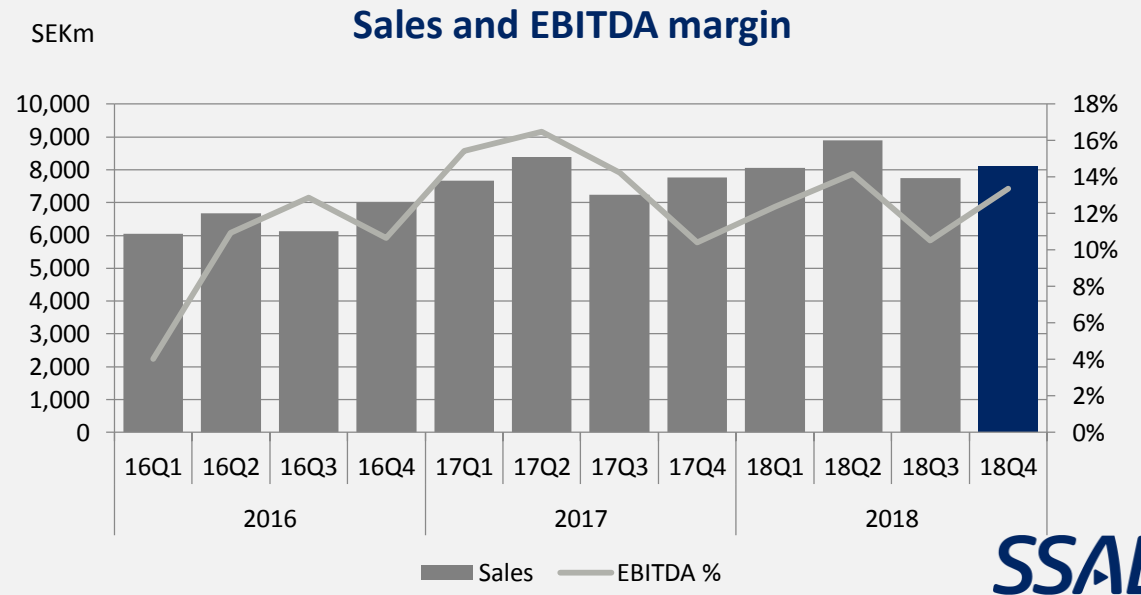
SSAB Europe

Mix improvement

- ▶ Year end seasonal slowdown during the quarter
- ▶ EBIT in Q4/18 was SEK 733m, up SEK 273m vs. Q4/17
 - + Higher share of premium products
 - + Insurance compensation
 - Lower shipments
- ▶ Shipments -6% vs. Q4/17, but +5% vs. Q3/18

SEKm	Q4/2018	Q4/2017	Q3/2018	2018	2017
Sales	8,099	7,768	7,754	32,796	31,048
EBITDA	1,082	811	814	4,153	4,405
EBIT 1)	733	460	460	2,757	2,988
Shipments, ktonnes	850	901	810	3,561	3,745

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



SSAB Americas

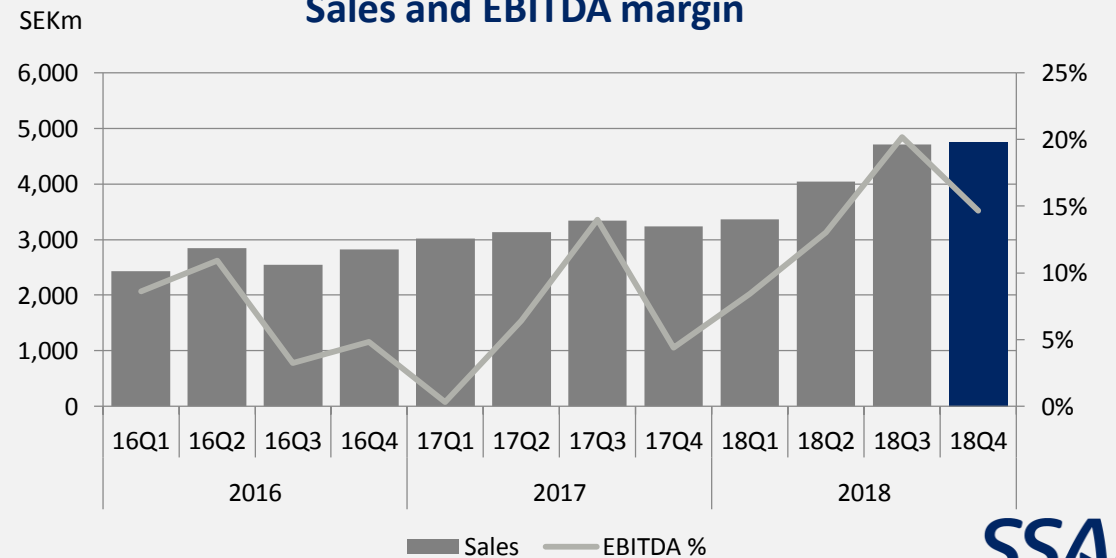
Plate prices at a high level

- ▶ Demand continued strong, spot plate prices at high level
- ▶ EBIT in Q4/18 was SEK 553m, up SEK 568m from Q4/17
 - + Higher prices
 - Maintenance outage
- ▶ Shipments -6% vs. Q4/17 and -5% vs. Q3/18 due to the planned maintenance outage

SEKm	Q4/2018	Q4/2017	Q3/2018	2018	2017
Sales	4,762	3,230	4,713	16,878	12,727
EBITDA	699	141	951	2,459	818
EBIT 1)	553	-15	790	1,837	183
Shipments, ktonnes	491	525	517	2,039	1,971

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

Sales and EBITDA margin

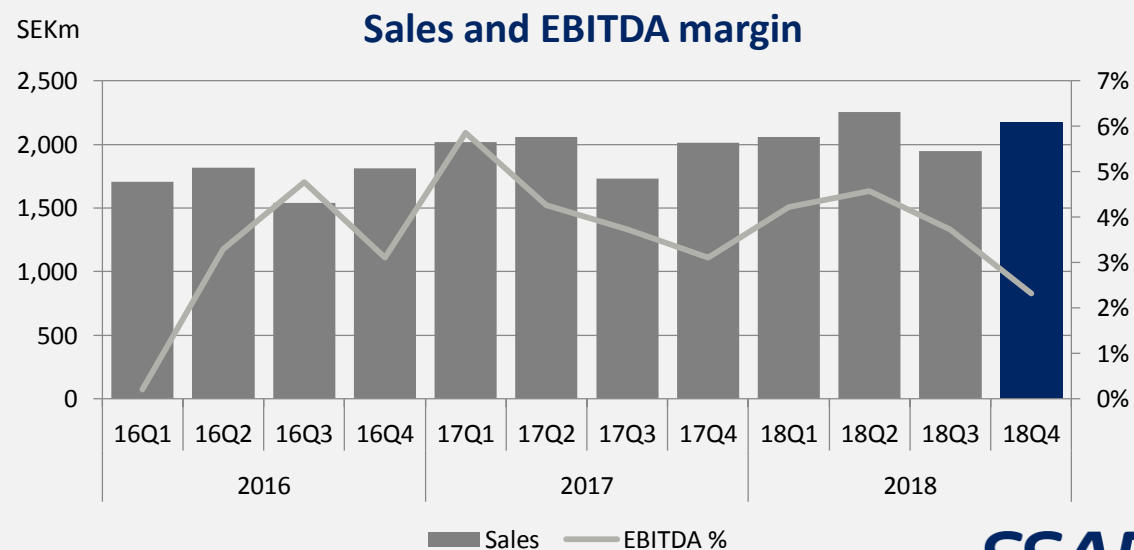


Tibnor

- ▶ Stable demand, but with seasonal slowdown
- ▶ Shipments at previous year's level
- ▶ EBIT in Q4/18 was SEK 28m, down SEK 14m from Q4/17
 - Somewhat lower margins
- ▶ Acquisition of Saniståls steel division in Denmark

SEKm	Q4/2018	Q4/2017	Q3/2018	2018	2017
Sales	2,173	2,012	1,949	8,434	7,821
EBITDA	50	63	73	313	334
EBIT 1)	28	42	53	230	252
Shipments (kton)	181	180	160	705	716

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

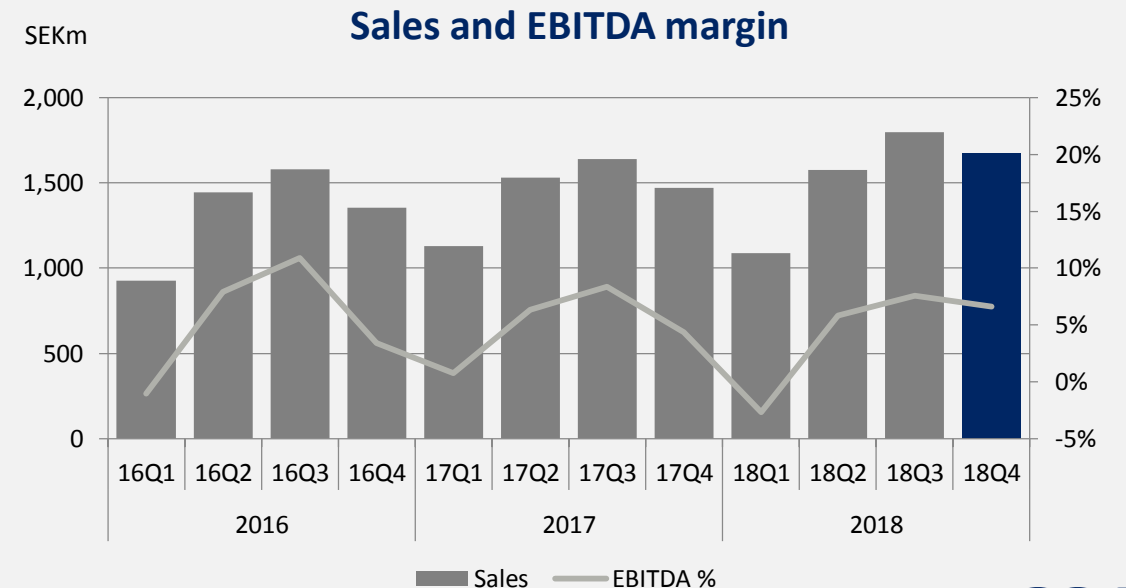


Ruukki Construction

- ▶ Higher earnings compared to Q4/17
- ▶ Sales up by 14% vs. Q4/17
- ▶ EBIT in Q4/18 was SEK 82m, up SEK 50m vs. Q4/17
 - + Higher volumes in all business areas
- ▶ Seasonally lower demand vs. Q3/18
- ▶ Divestment of business in Russia completed

SEKm	Q4/2018	Q4/2017	Q3/2018	2018	2017
Sales	1,674	1,471	1,799	6,140	5,773
EBITDA	111	65	136	309	307
EBIT 1)	82	32	103	181	171

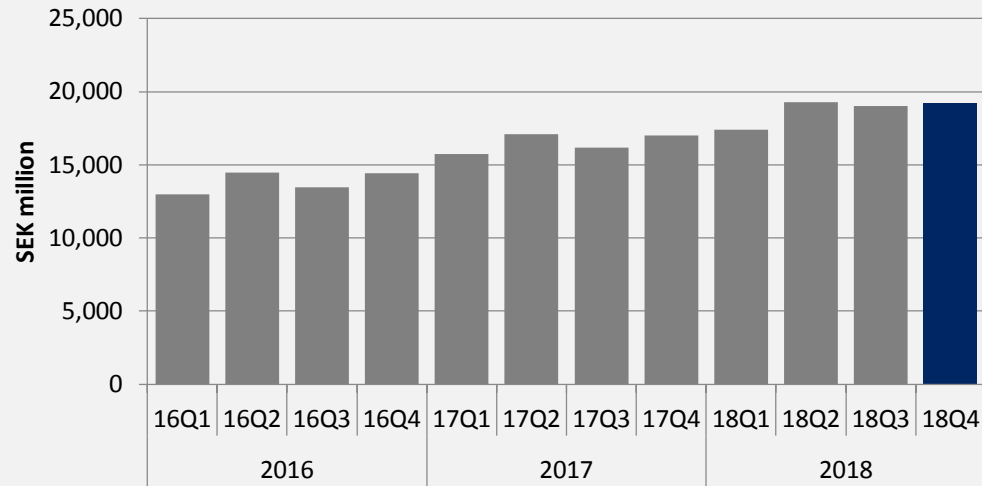
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.



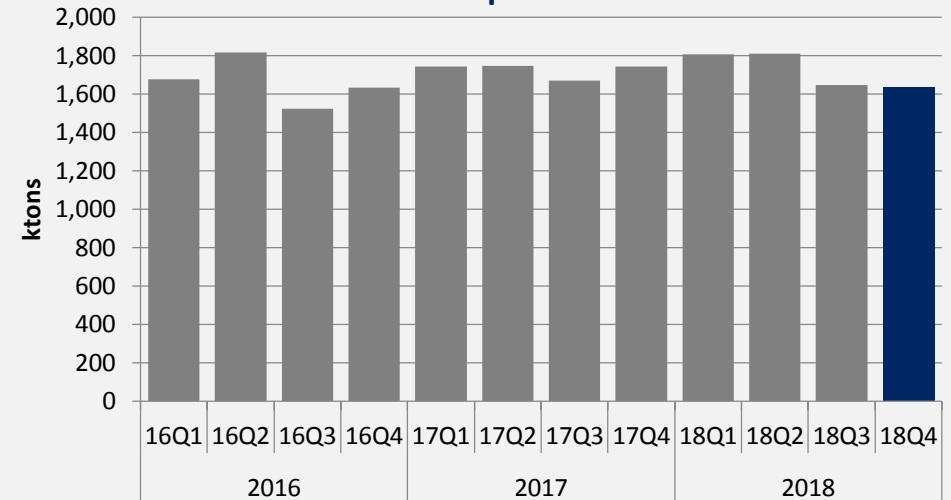
Financials

Improvement compared to Q4/17

Sales

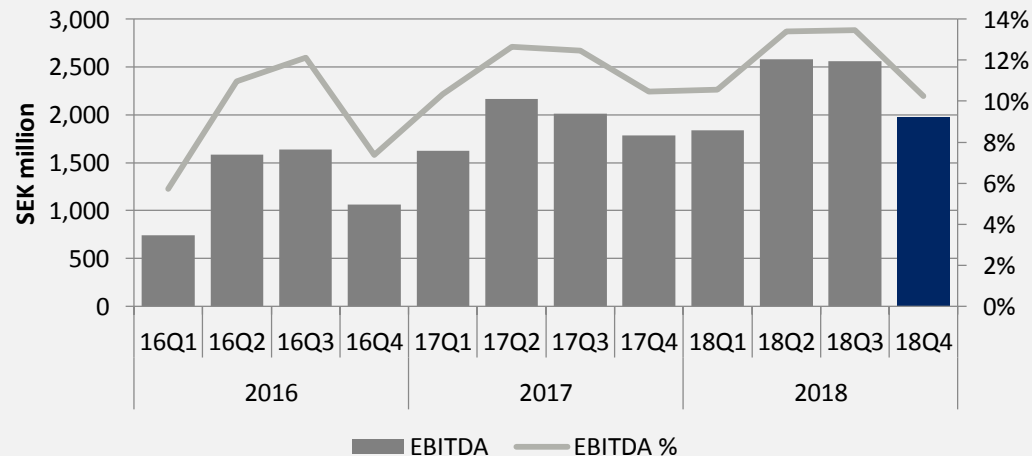


Shipments¹

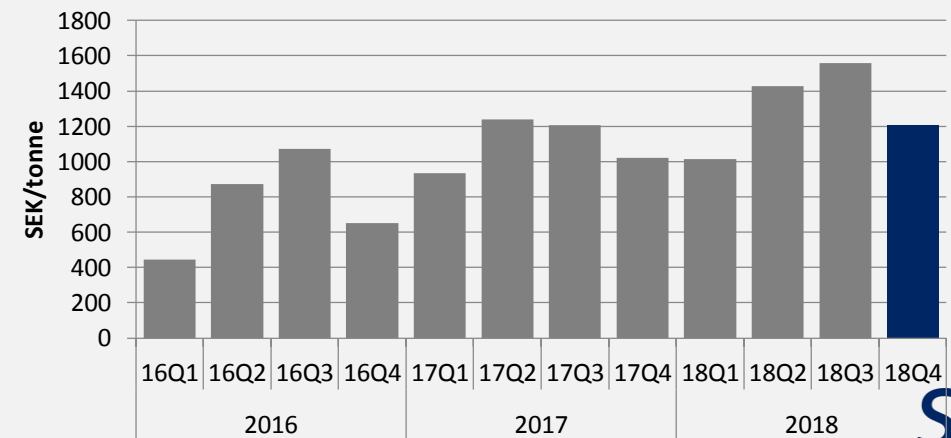


1) Including the steel operations: Special Steels, Europe and Americas

EBITDA and EBITDA margin²

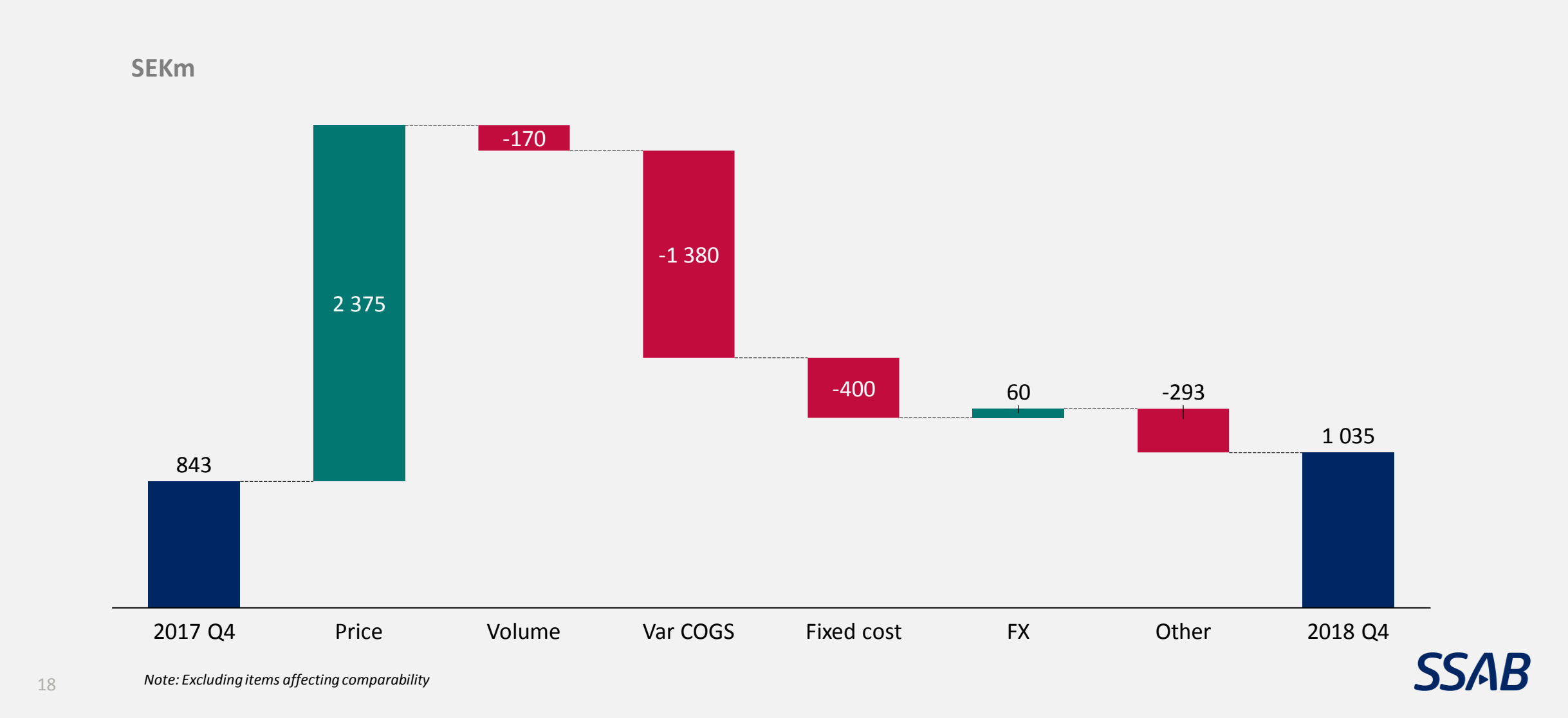


EBITDA per tonne delivered steel²



Change in operating profit

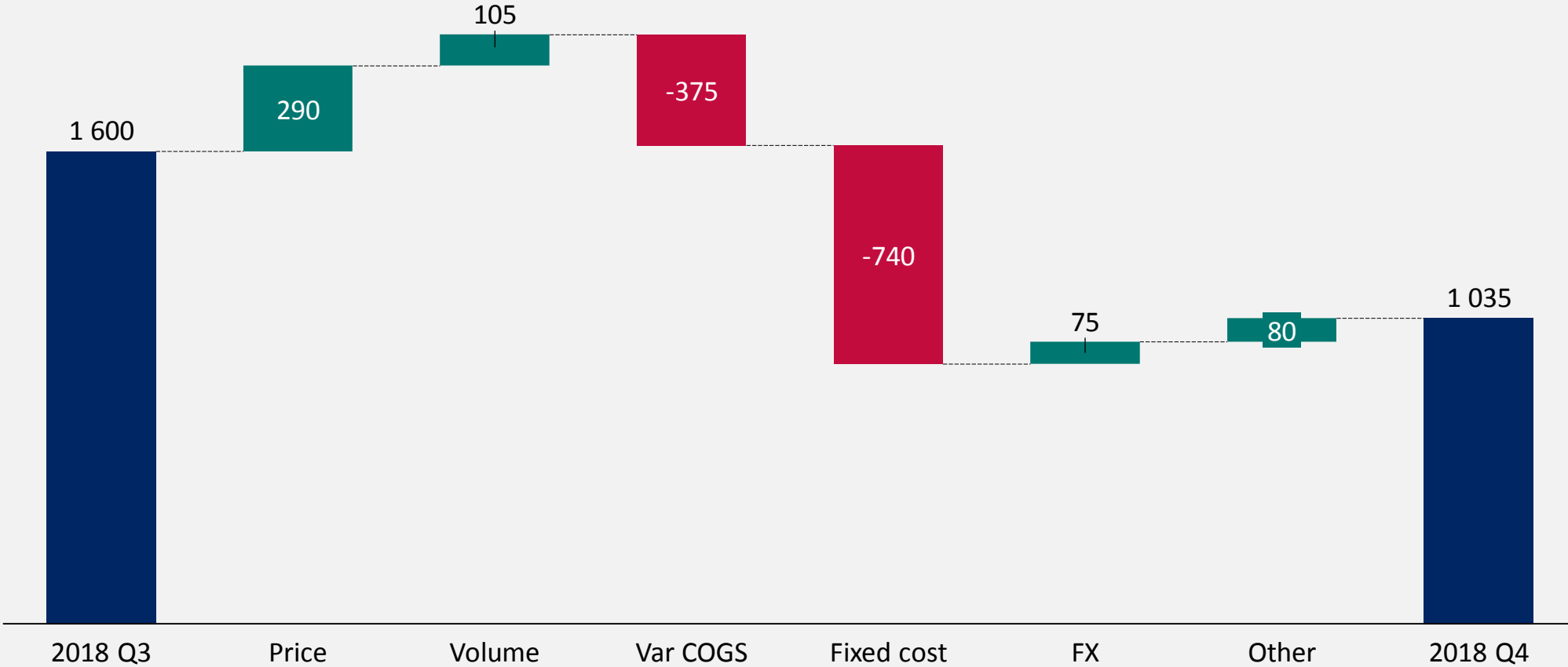
Q4/2018 vs. Q4/2017



Change in operating profit

Q4/2018 vs. Q3/2018

SEKm



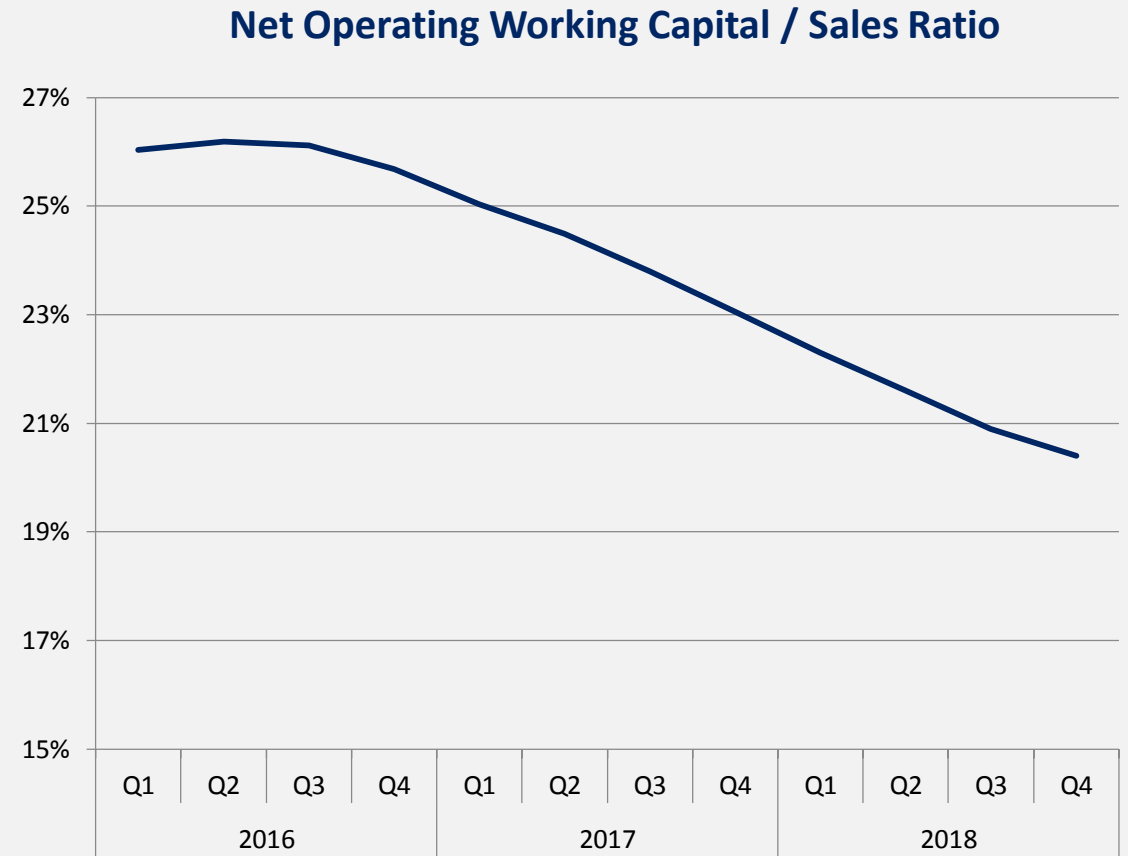
Note: Excluding items affecting comparability

Continued strong cash flow

SEKm	Q4/2018	Q4/2017	Q3/2018	2018	2017
Operating profit before depreciation/amortization	1,943	1,782	2,350	8,712	7,591
Change in working capital	847	1,736	-209	-967	303
Maintenance expenditure	-833	-563	-481	-1,943	-1,366
Other	3	21	262	167	-17
Operating cash flow	1,960	2,976	1,922	5,969	6,511
Financial items	-46	-197	-119	-541	-943
Taxes	-206	-94	-81	-628	-249
Cash flow from current operations	1,708	2,685	1,722	4,800	5,319
Strategic capital expenditure in plant and machinery	-197	-85	-48	-397	-237
Acquisitions of shares and operations	-1	-	-	-11	-11
Divestments of shares and operations	76	1	-	76	1
Cash flow before dividend	1,587	2,601	1,674	4,468	5,072
Dividend paid to shareholders	-	-	-	-1,030	-
Dividend, non-controlling interest	-1	-	-	-3	-4
Net cash flow	1,585	2,601	1,674	3,435	5,068

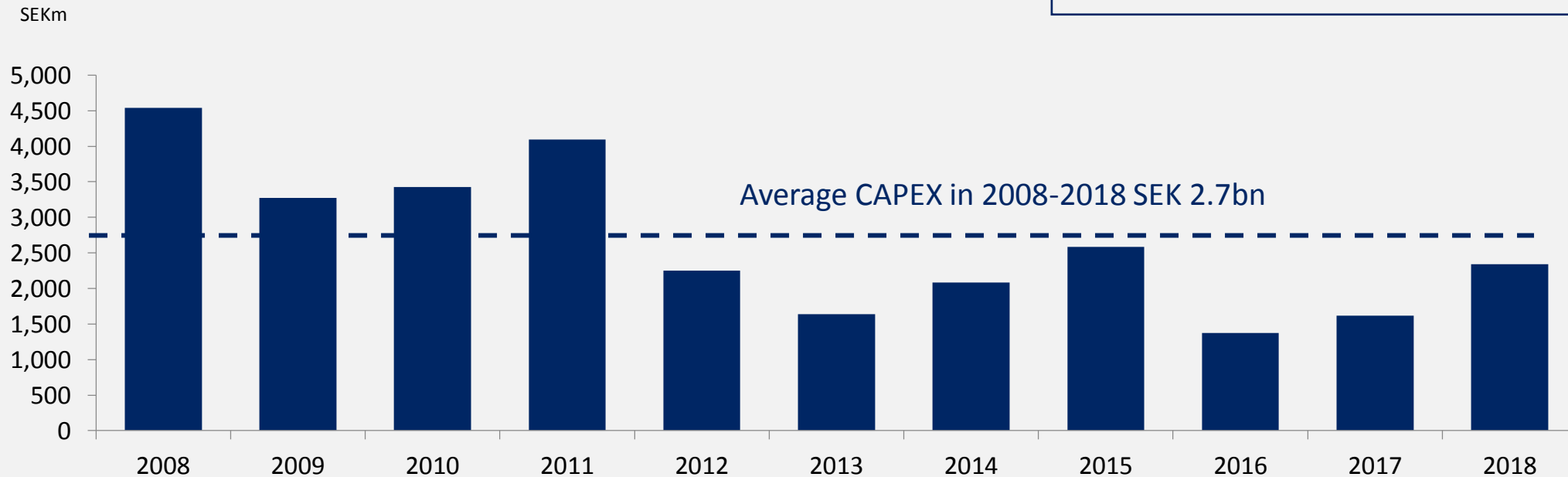
Lower working capital ratio contributed to net debt reduction

- ▶ Net operating working capital was reduced to 20.4% of sales (rolling 12 months) from 22.8% at the end of 2017
- ▶ Continue to be key focus area in 2019 for all divisions
- ▶ Large number of actions identified and implemented



Investments increased in 2018 – still below the long-term average

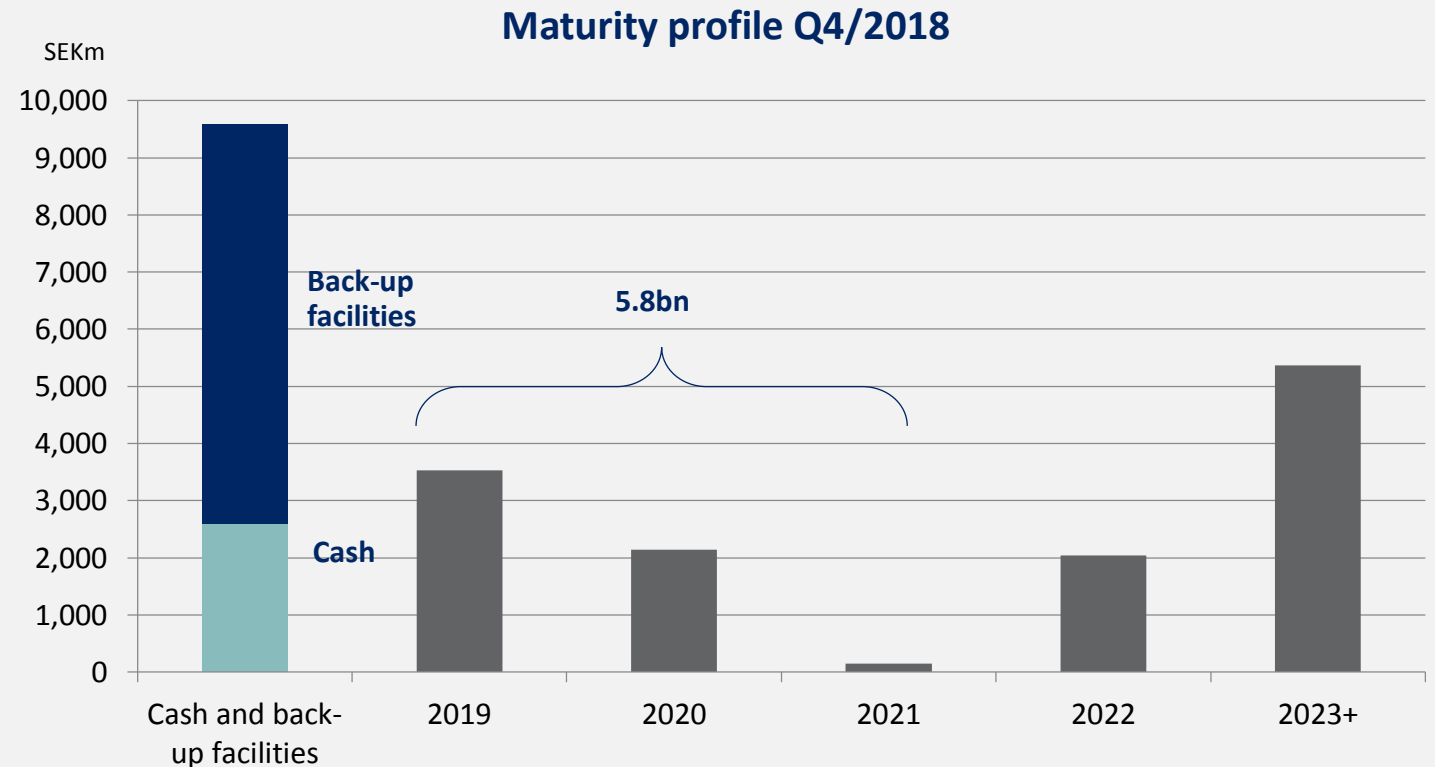
Run-rate 2016-2018 reflects no major relinings or major capacity expansions



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

Maturity profile and net debt

- ▶ Net debt decreased by SEK 1,610m during Q4 and amounted to SEK 8.6bn
- ▶ Duration of the loan portfolio was 6.5 years (5.5 at the end 2017)
- ▶ Net gearing decreased to 14% (22%)



Iron ore and coking coal – purchase prices increasing

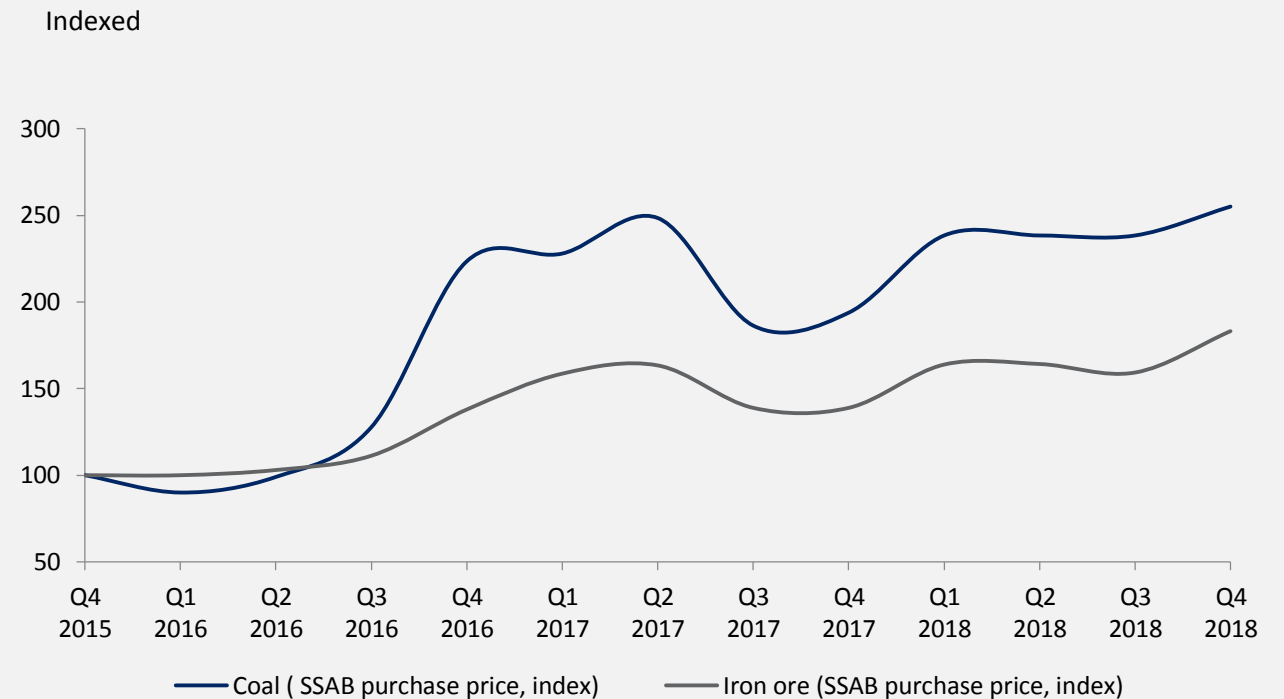
Iron ore

- ▶ Average pellet purchase price in Q4/18 was 15% higher in terms of SEK (14% in USD) vs. Q3/18

Coking coal

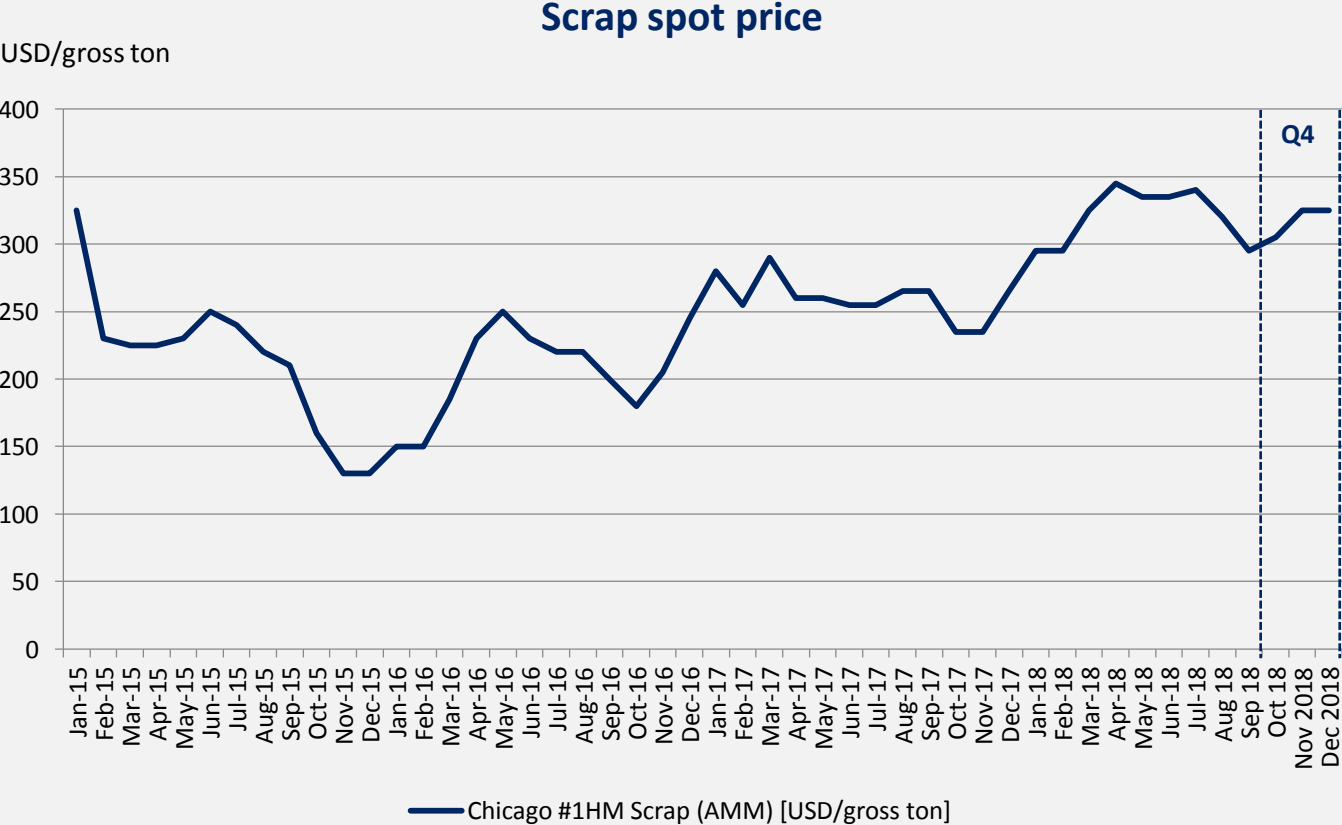
- ▶ Average coking coal purchase price in Q4/18 was 7% higher in terms of SEK (6% in USD) vs. Q3/18
- ▶ Most of the impact of higher prices will affect the result of Q1 2019

SSAB's purchase price, coking coal and iron ore



Scrap spot prices stable in Q4

- ▶ SSAB’s average purchase price for scrap was 1% higher in Q4/18 vs. Q3/18 (USD)
- ▶ Weaker trend in scrap prices in January 2019













Major planned maintenance outages in 2019

SEKm	Q1/19	Q2/19	Q3/19	Q4/19	2019	2018
SSAB Special Steels	-	-	-	290	290	350
SSAB Europe	-	-	200	130	330	410
SSAB Americas (Mobile)	-	-	-	400	400	285
Total	-	-	200	820	1,020	1,045

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




Outlook and summary

SSAB's outlook for main customer segments Q1/2019

Segment	Q1/2019	Comments	 Strong  Healthy  Weak
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"> ▶ Weakening trend in Europe and China ▶ Structural growth in AHSS 	
Construction Machinery		<ul style="list-style-type: none"> ▶ Lower momentum, but still 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"> ▶ Seasonally lower activity in Q4 and Q1 ▶ Some uncertainty in residential market in Scandinavia 	
Service Centers		<ul style="list-style-type: none"> ▶ Some hesitation in US due to high plate price level 	

SSAB's outlook for Q1/2019

- ▶ In North America, demand for heavy plate is expected to remain strong
- ▶ In Europe, demand is expected to be fairly stable
- ▶ Global demand for high-strength steels is expected to remain strong
- ▶ Prices realized during Q1 are expected to be:
 - Somewhat higher for SSAB Americas
 - Stable for SSAB Special Steels
 - Somewhat lower for SSAB Europe

Business segment	Volume trend Q1/19 vs. Q4/18	Comment
SSAB Special Steels		Strong demand - no maintenance outage in Q1/19
SSAB Europe		Stable demand - no maintenance outage in Q1/19
SSAB Americas		Strong demand - no maintenance outage in Q1/19

Summary

2018/Q4:

- ▶ On track for 2020 targets
- ▶ Q4 characterized by maintenance outages
- ▶ Fairly good outlook for Q1
- ▶ Proposal for higher dividend

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



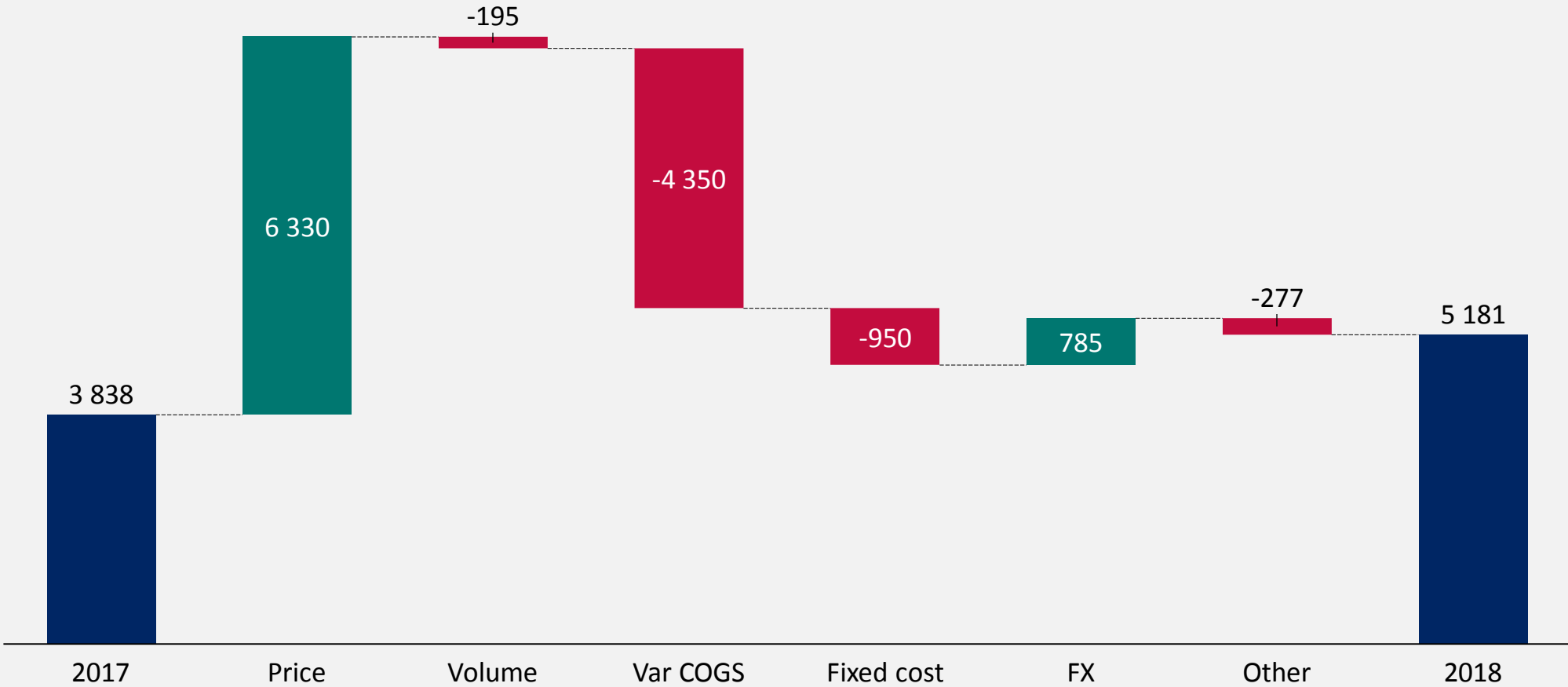
Questions & Answers

Appendix

Change in operating profit

FY2018 vs. FY2017

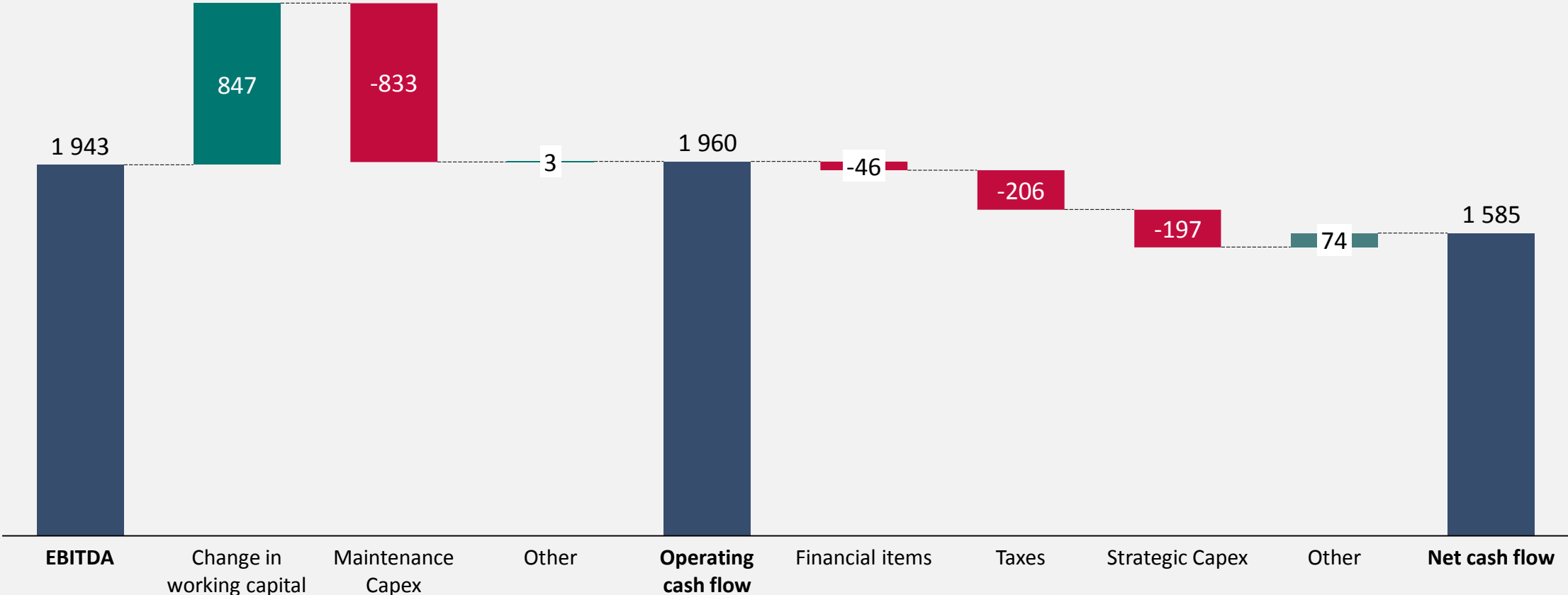
SEKm



Note: Excluding items affecting comparability

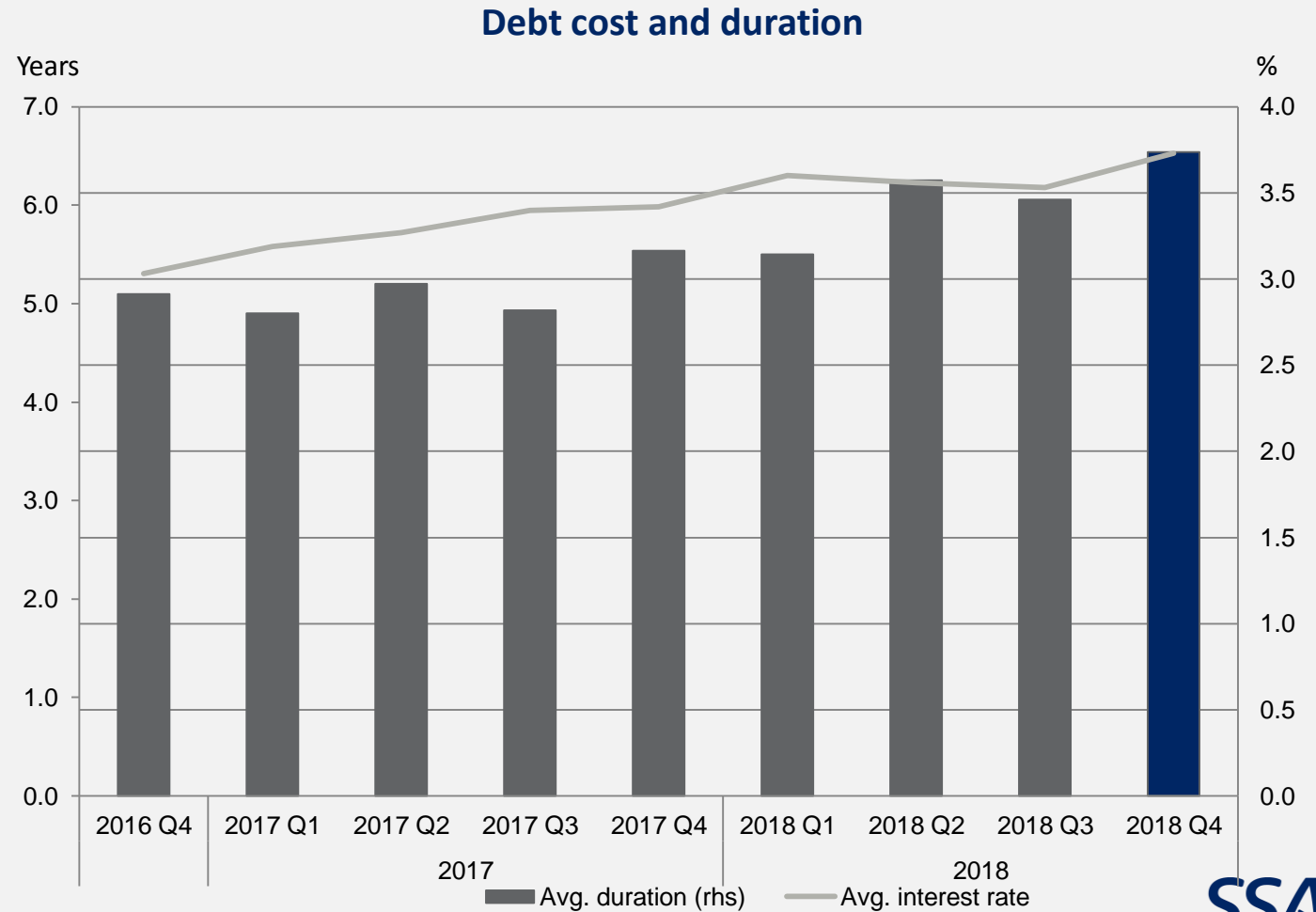
Net cash flow in Q4

SEKm



Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.5 (5.5)
- ▶ Averaged fixed interest term was 1.1 (1.1)
- ▶ Average interest rate was 3.73% (3.42% in Q4/17)



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 definitive safeguard measures – quotas and tariffs

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

SSAB



*A stronger,
lighter and more
sustainable world*