

The background image shows two men in a steel mill. They are wearing dark blue work jackets with yellow accents and white hard hats with yellow earmuffs. The man on the left is gesturing with his hand while talking to the man on the right. The background is filled with industrial machinery and bright lights.

Strong earnings improvement in Americas and Special Steels

Presentation of the Q1/2019 results

Martin Lindqvist, President & CEO

Håkan Folin, CFO

April 25, 2019

SSAB

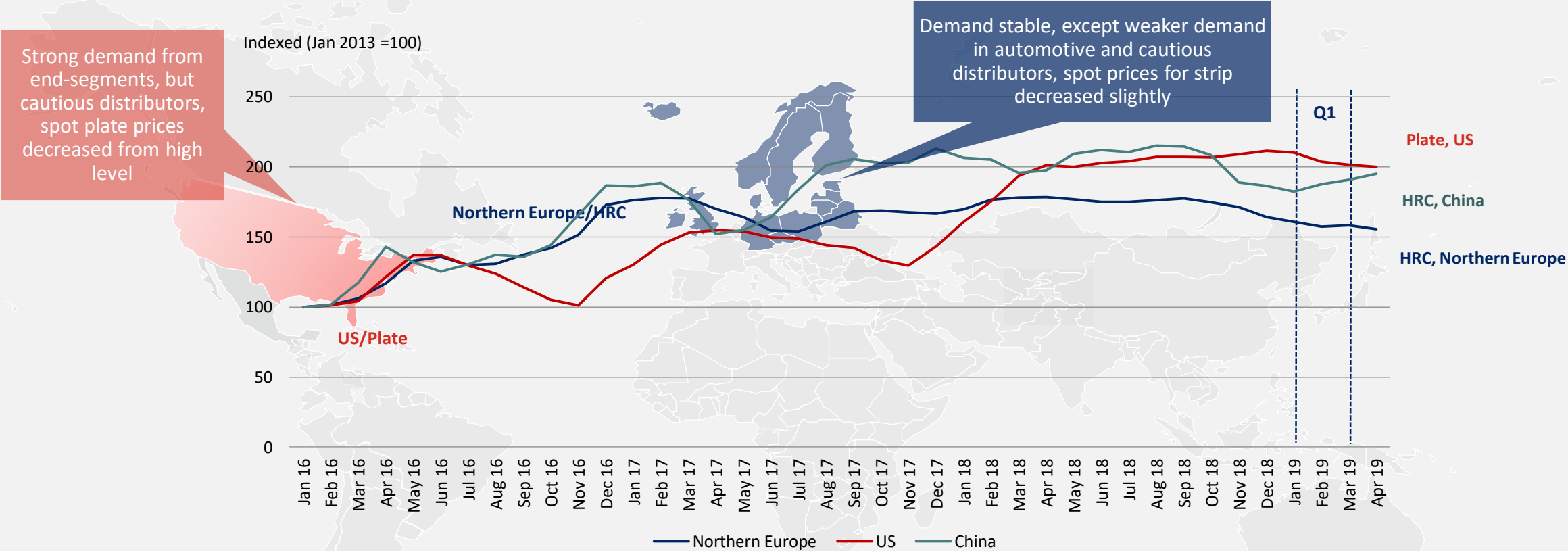
Agenda

- ▶ Summary of Q1/2019
- ▶ Performance by division
- ▶ Financials
- ▶ Outlook
- ▶ Q&A



In North America, demand continued strong, somewhat weaker trend in the European market

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



Summary of Q1/2019

Strong earnings improvement by SSAB Americas and SSAB Special Steels

- ▶ EBIT of SEK 1,674m, up SEK 758m compared with Q1/18, and SEK 667 vs. Q4/18
 - + Record high results from SSAB Americas and SSAB Special Steels
 - + Higher sales prices
 - + Ruukki Construction improved y-on-y
 - SSAB Europe's result was burdened by the standstill of blast furnace # 2 in Raahе
- ▶ Strong operating cash flow of SEK 1.1bn
- ▶ Earnings per share SEK 1.24 (0.65)

Key figures

SEKm	Q1/2019	Q1/2018	Q4/2018	2018
Sales	20,017	17,388	19,251	74,941
EBITDA	2,755	1,836	1,943	8,712
EBIT	1,674	916	1,007	4,940
Operating cash flow	1,139	761	1,960	5,969
Earnings per share (SEK)	1.24	0.65	0.67	3.45
Gearing % ¹⁾	13	21	14	14
Shipments, ktonnes	1,744	1,808	1,634	6,899

1) Excluding IFRS 16

Performance by division

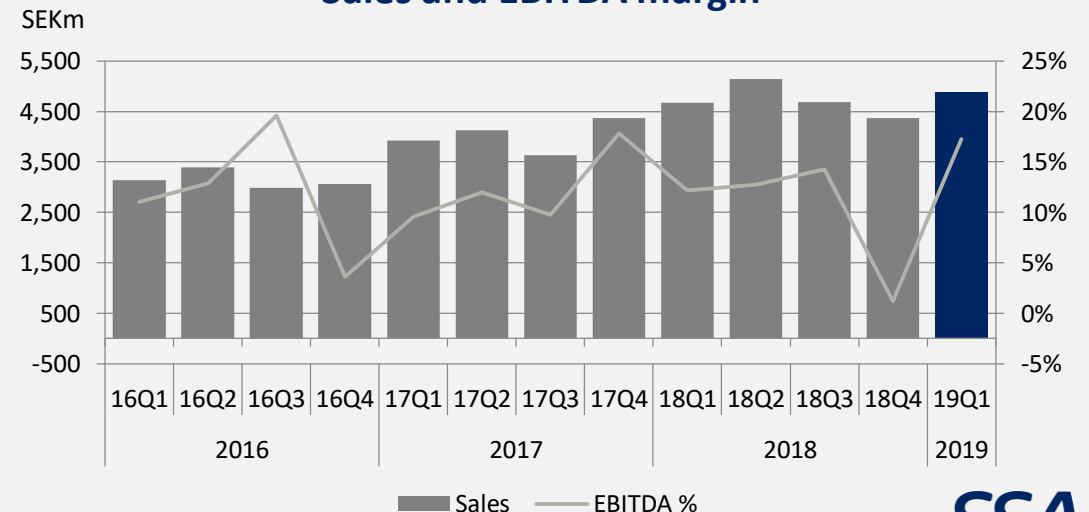
SSAB Special Steels

Record high operating profit – higher prices and stable production

- ▶ Continued strong demand – expected to continue during Q2/19
- ▶ EBIT of SEK 678m, up SEK 244m compared with Q1/18
 - + More stable production and two blast furnaces in operation since the start of the year
 - + Higher prices
 - Higher costs of raw materials
- ▶ Shipments -2% vs. Q1/18, but up 15% vs. Q4/18
 - Lack of inventory due to the prolonged maintenance outage in Q4 decreased shipments vs. Q1/18

SEKm	Q1/2019	Q1/2018	Q4/2018	2018
Sales	4,874	4,674	4,369	18,869
EBITDA	842	569	52	1,946
EBIT	678	434	-72	1,421
Shipments, ktonnes	338	346	293	1,298

Sales and EBITDA margin



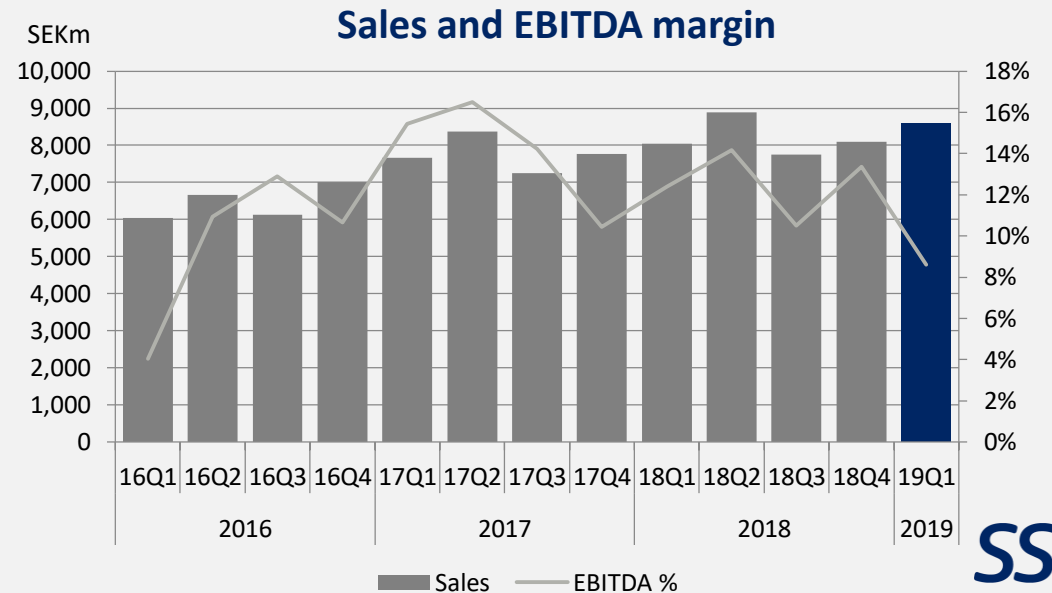
SSAB Europe

Result burdened by the stand-still of blast furnace # 2 in Raahe

- ▶ Fairly stable demand, but lower activity in Automotive and Steel Service Centers hesitant
- ▶ EBIT of SEK 347m, down SEK 310m vs. Q1/18
 - + Higher prices and share of premium products
 - Stand-still of Raahe blast furnace # 2
 - Lower shipments
 - Higher raw material costs
- ▶ Shipments -3% vs. Q1/18, but +7% vs. Q4/18

SEKm	Q1/2019	Q1/2018	Q4/2018	2018
Sales	8,577	8,051	8,099	32,796
EBITDA	738	998	1,082	4,153
EBIT 1)	347	657	733	2,757
Shipments, ktonnes	907	939	850	3,561

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



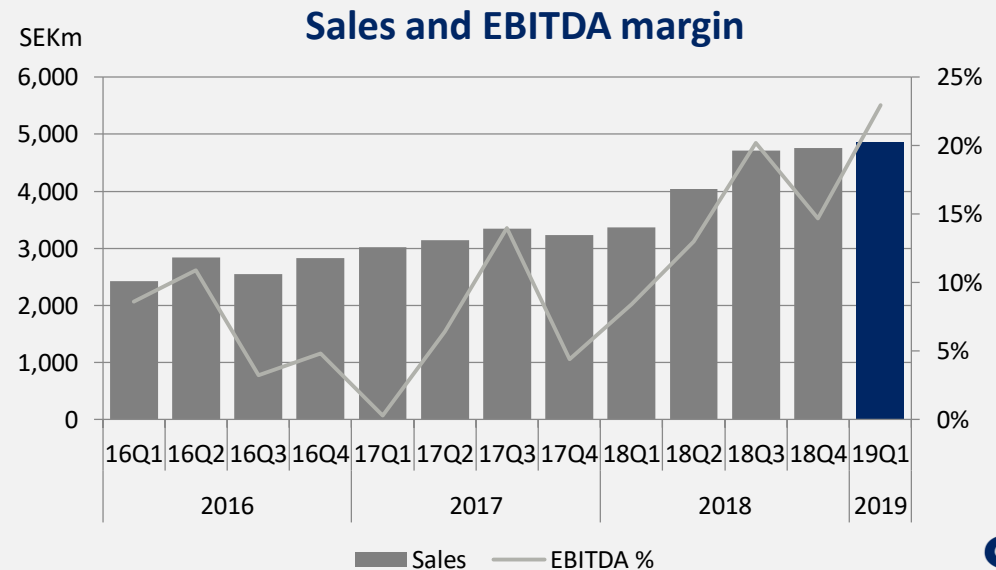
SSAB Americas

Record result driven by higher margins

- ▶ Demand continued strong
- ▶ EBIT of SEK 956m, up SEK 827m from Q1/18 + Higher margins
- ▶ Shipments -4% vs. Q1/18, but up 2% vs. Q4/18

SEKm	Q1/2019	Q1/2018	Q4/2018	2018
Sales	4,871	3,363	4,762	16,878
EBITDA	1,119	283	699	2,459
EBIT 1)	956	129	553	1,837
Shipments, ktonnes	500	523	491	2,039

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

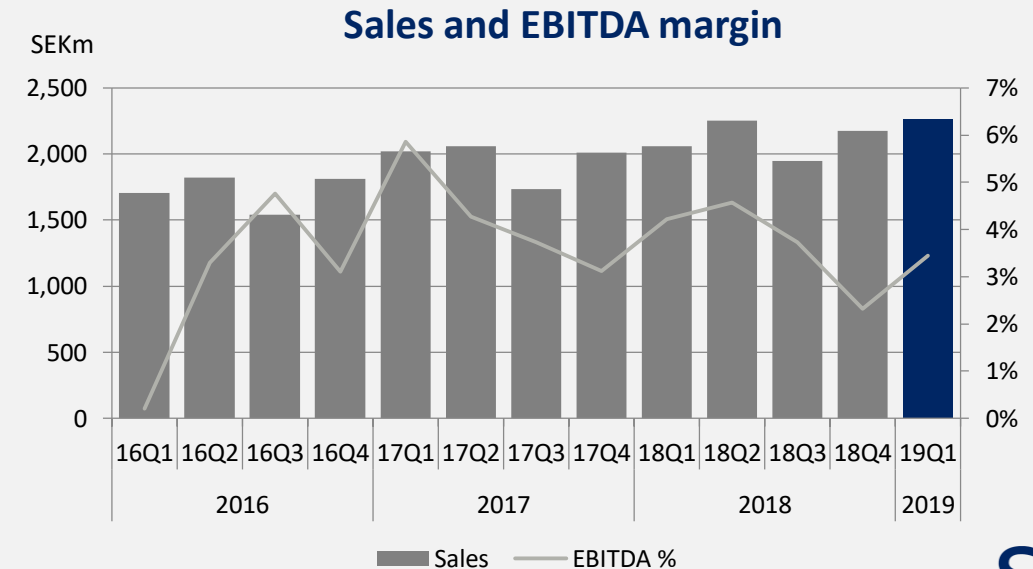


Tibnor

- ▶ Stable demand
- ▶ Shipments up 7% vs. Q1/18 and 4% vs. Q4/18
- ▶ EBIT of SEK 38m, down SEK 29m from Q1/18
 - Lower margins, inventory revaluation

SEKm	Q1/2019	Q1/2018	Q4/2018	2018
Sales	2,264	2,058	2,173	8,434
EBITDA	78	87	50	313
EBIT 1)	38	67	28	230
Shipments (ktonne)	188	176	181	705

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



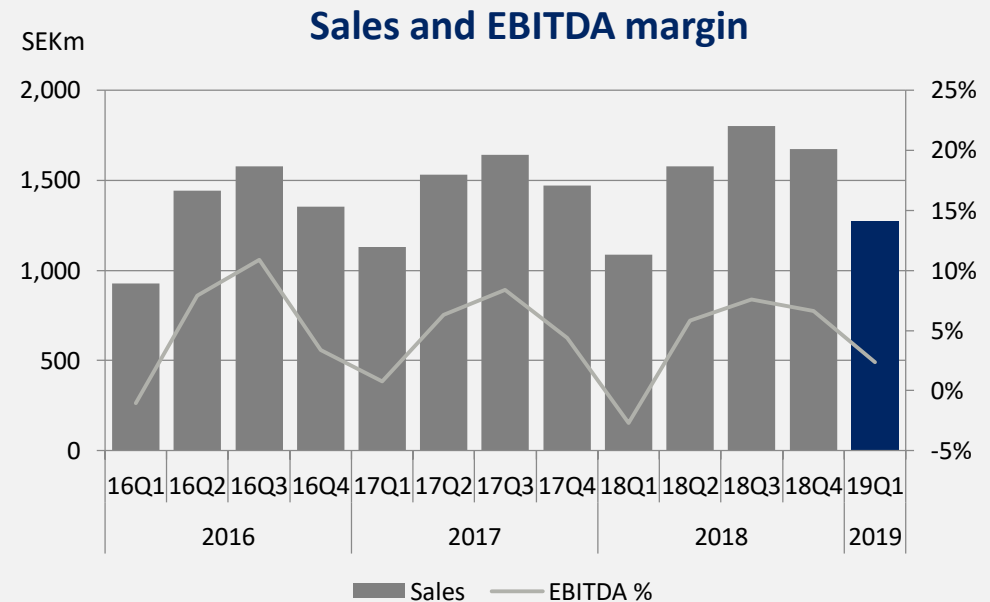
Ruukki Construction

Solid result

- ▶ Sales up by 17% vs. Q1/18
- ▶ EBIT of SEK -14m, up SEK 48m vs. Q1/18
+ Higher volumes in all business units

SEKm	Q1/2019	Q1/2018	Q4/2018	2018
Sales	1,274	1,088	1,674	6,140
EBITDA	30	-29	111	309
EBIT 1)	-14	-62	82	181

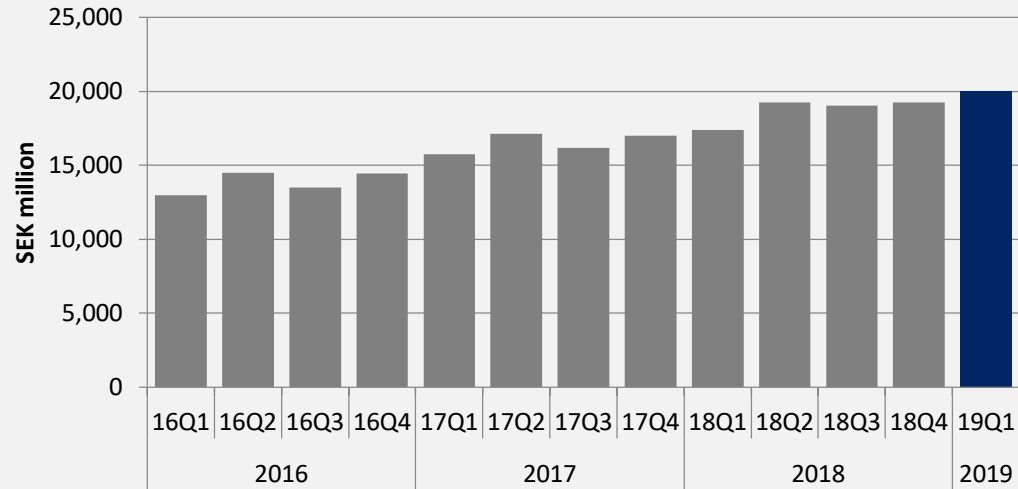
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.



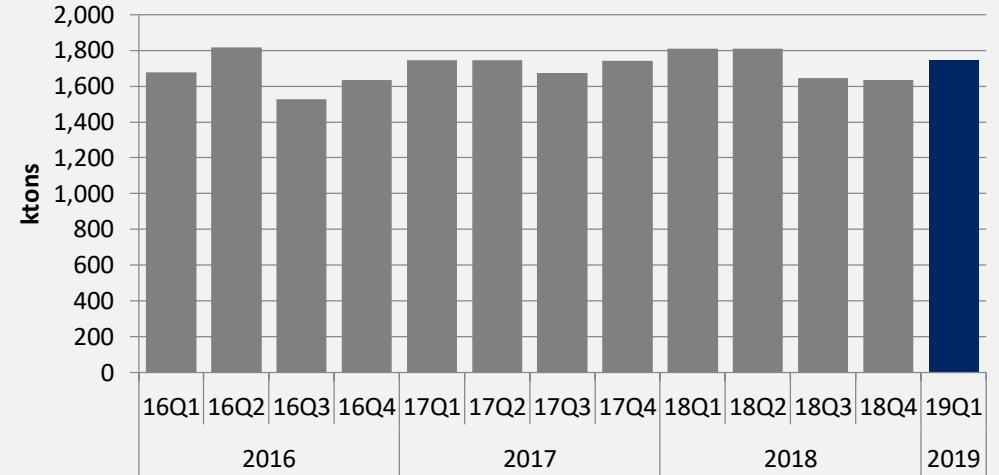
Financials

Profitability at good level

Sales

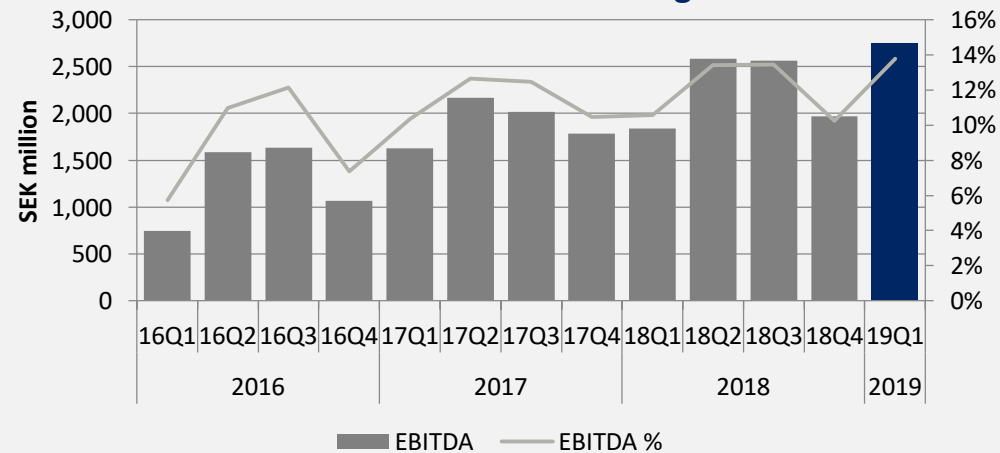


Shipments¹

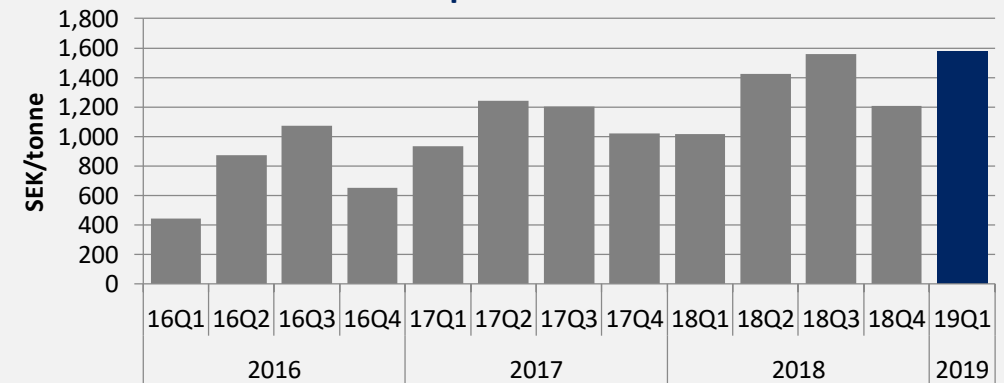


1) Including the steel operations: Special Steels, Europe and Americas

EBITDA and EBITDA margin²



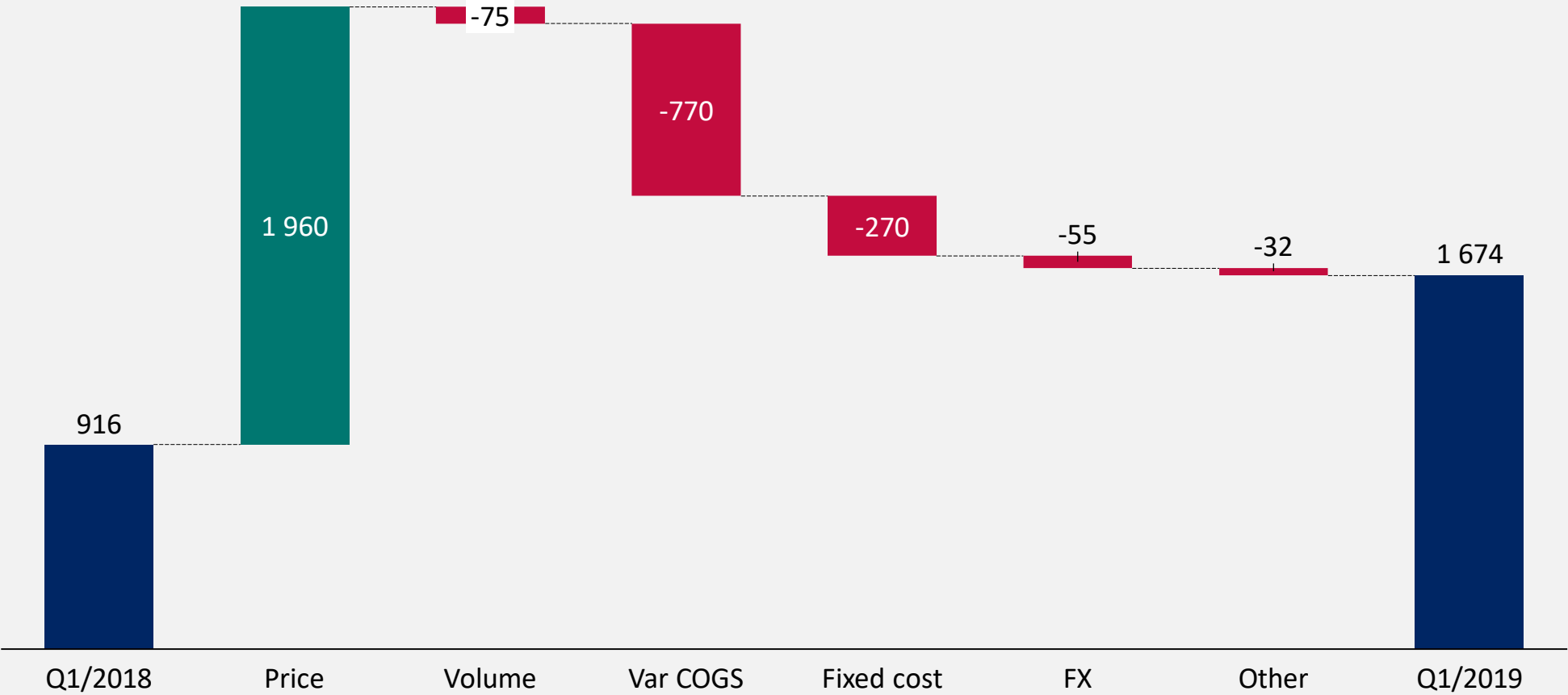
EBITDA per tonne delivered steel²



Change in operating profit

Q1/2019 vs. Q1/2018

SEKm

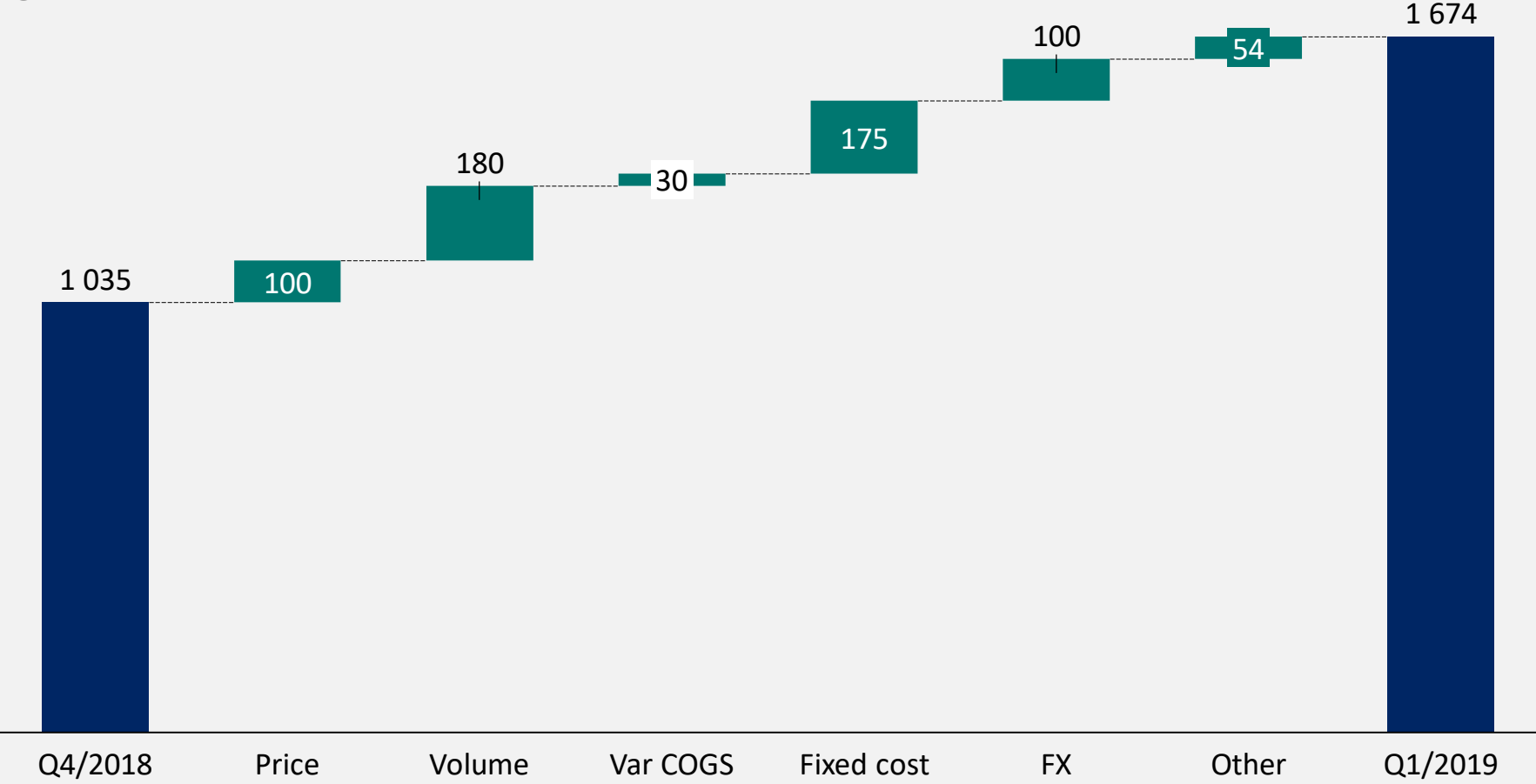


Note: Excluding items affecting comparability

Change in operating profit

Q1/2019 vs. Q4/2018

SEKm



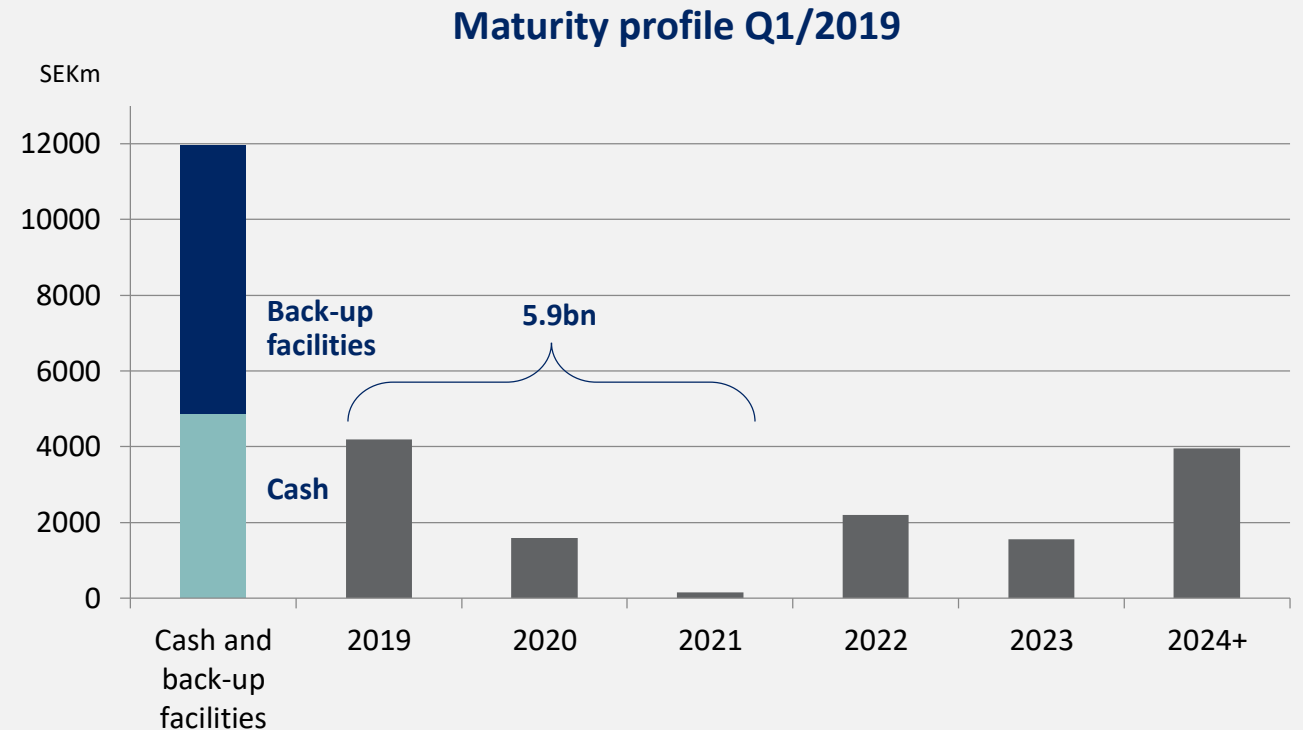
Note: Excluding items affecting comparability

Continued strong cash flow

SEKm	Q1/2019	Q1/2018	Q4/2018	2018
Operating profit before depreciation/amortization	2 755	1 836	1,943	8,712
Change in working capital	-1 256	-799	847	-967
Maintenance expenditure	-352	-285	-833	-1,943
Other	-9	9	3	167
Operating cash flow	1 139	761	1,960	5,969
Financial items	-93	-141	-46	-541
Taxes	-254	-236	-206	-628
Cash flow from current operations	791	384	1,708	4,800
Strategic capital expenditure in plant and machinery	-113	-63	-197	-397
Acquisitions of shares and operations	-175	-10	-1	-11
Divestments of shares and operations	-	-	76	76
Cash flow before dividend	503	311	1,587	4,468
Dividend paid to shareholders	-	-	-	-1,030
Dividend, non-controlling interest	-	-	-1	-3
Net cash flow	503	311	1,585	3,435

Maturity profile and net debt

- ▶ Net debt amounted to SEK 8,096m. excl. IFRS 16 (11,391 in Q1/18)
 - Reported net debt amounted to SEK 10,114m
- ▶ Net gearing 13% excl. IFRS 16, a reduction of 8 %-points vs. Q1/18
 - Reported net gearing 16%
- ▶ Duration of the loan portfolio was 6.3 years (5.5)



Iron ore and coking coal purchase prices continued to increase

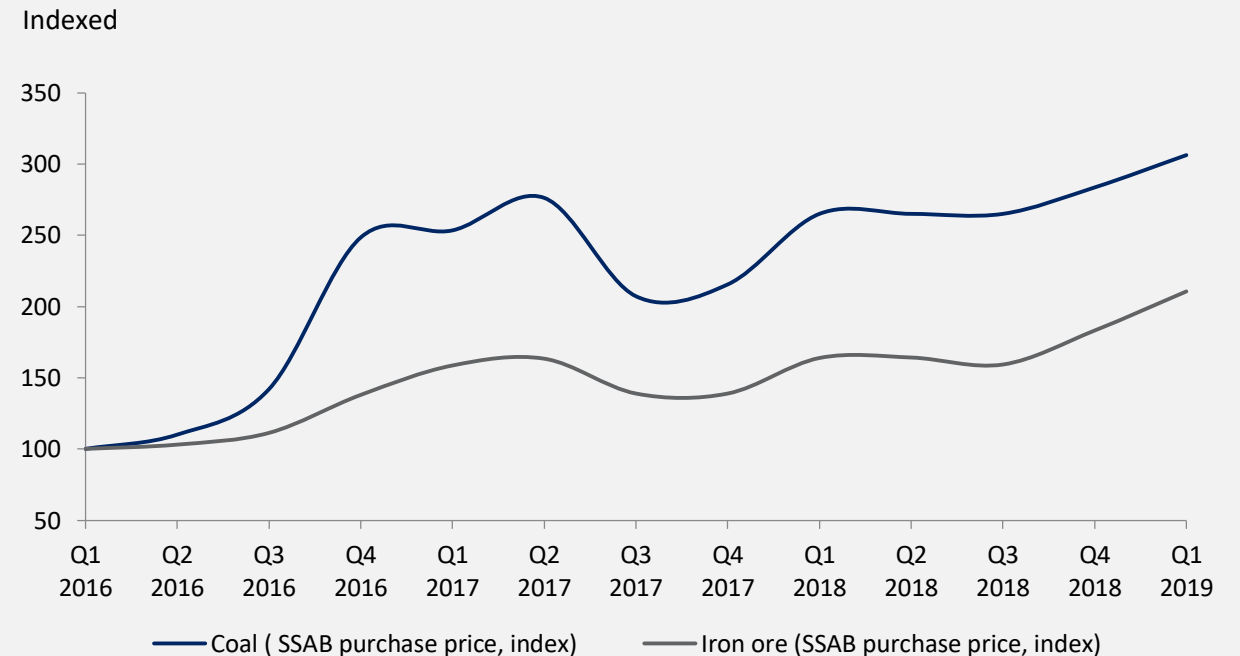
Iron ore

- ▶ Average pellet purchase price in Q1/19 was 15% higher in terms of SEK (14% in USD) vs. Q4/18

Coking coal

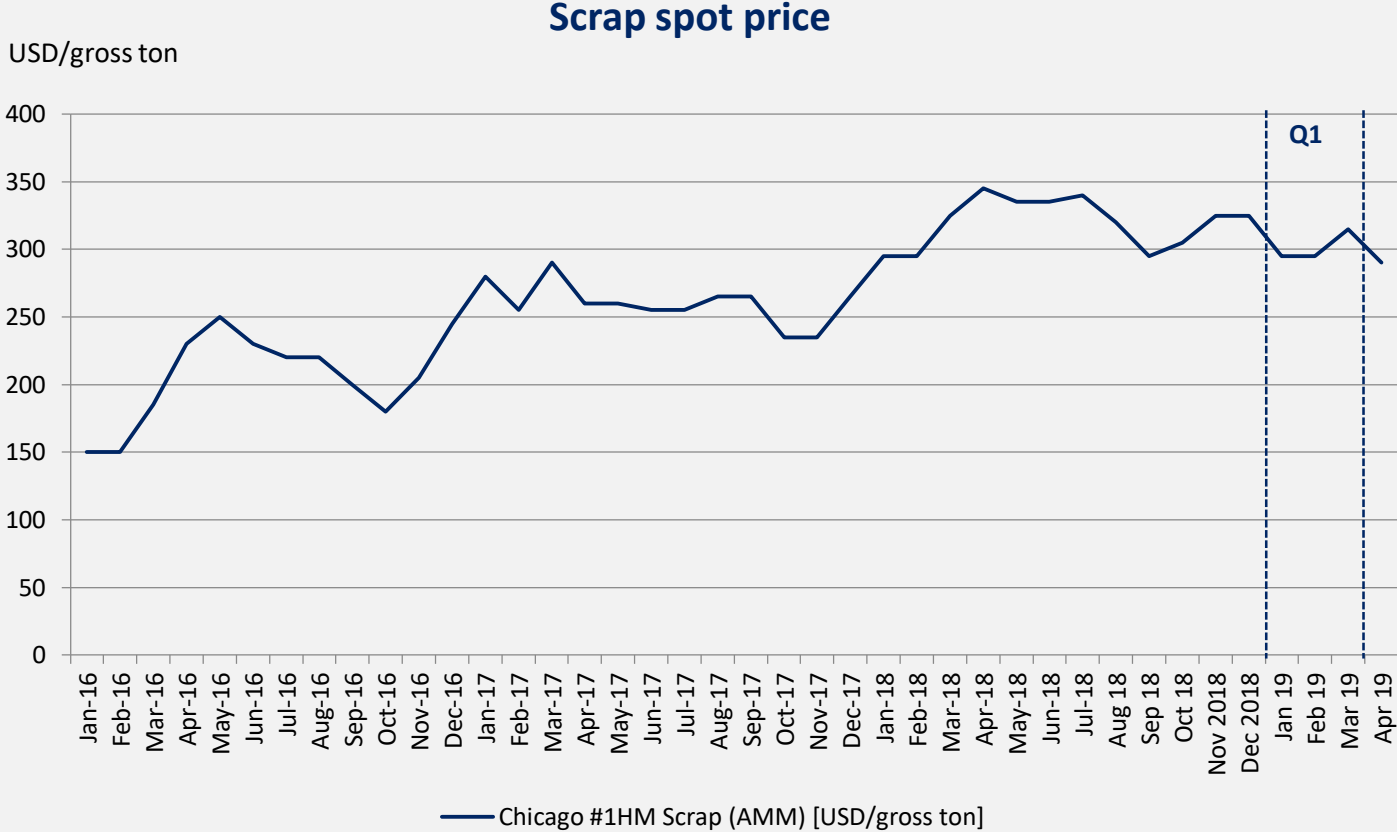
- ▶ Average coking coal purchase price in Q1/19 was 8% higher in terms of SEK (6% in USD) vs. Q4/18
- ▶ Higher purchase prices in Q1 will mostly affect the result of Q2 2019

SSAB's purchase price, coking coal and iron ore



Scrap spot prices decreased in Q1

► SSAB's average purchase price for scrap was 3% lower in Q1/19 vs. Q4/18 (USD)













Source: AMM






Outlook and summary

SSAB's outlook for main customer segments Q2/2019

Segment	Q2/2019	Comments	 Strong  Healthy  Weak
Heavy Transport		<ul style="list-style-type: none"> ▶ Demand at high level in Europe, especially heavy truck segment ▶ Good activity in the US – rail cars and barges 	
Automotive		<ul style="list-style-type: none"> ▶ Weakening trend in main markets ▶ 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 – both 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 underlying demand level ▶ Some uncertainty in residential market in Scandinavia 	
Service Centers		<ul style="list-style-type: none"> ▶ Hesitation in US due to high plate price level ▶ Hesitation in Europe due to weaker steel price trend 	

SSAB's outlook for Q2/2019

- ▶ In North America, demand for heavy plate is expected to continue to be good
- ▶ In Europe, demand is expected to be somewhat weaker
- ▶ Global demand for high-strength steels is expected to remain strong
- ▶ Prices realized during Q2 are expected to be:
 - Somewhat lower for SSAB Europe and SSAB Americas
 - Stable for SSAB Special Steels
- ▶ Higher raw material costs, primarily of iron ore, will have a negative impact on margins during the second quarter. This applies mostly to SSAB Europe, but also to SSAB Special Steels

Business segment	Volume trend Q2/19 vs. Q1/19	Comment
SSAB Special Steels		Strong demand continues
SSAB Europe		Somewhat weaker demand – Raahe blast furnace incident restricted shipments in Q1/19
SSAB Americas		Good demand

Two bolt-on acquisitions completed

Tibnor

- ▶ Acquisition of Sanistål's steel division in Denmark approved
- ▶ Stronger position in the Nordic home market
- ▶ Sales of SEK 1.9bn.
- ▶ Synergies for SSAB and Tibnor

Ruukki Construction

- ▶ Acquisition of a majority holding (67%) in Piristeel
- ▶ Supports growth strategy for the roofing business
- ▶ Sales of SEK 200m
- ▶ Option to acquire the remaining holding in the company

HYBRIT proceeds according to plan

- ▶ Hydrogen replaces coal – emits water instead of CO₂
- ▶ Construction of pilot plant in Luleå started
– ready in summer of 2020
- ▶ Swedish Energy Agency supports pilot with SEK 528m, total investment during pilot phase some SEK 1.4bn
- ▶ Oxelösund converts to EAF in 2025
- ▶ SSAB fossil free 2045



Summary

- ▶ Strong results from SSAB Americas and SSAB Special Steels
- ▶ Relatively good outlook for Q2
- ▶ High priority to production stability and safety
 - Preventive actions
 - Continuous improvement
- ▶ Debt reduction
 - Strong balance sheet
 - A sound basis to develop the company through strategic investments and bolt-on acquisitions



Questions & Answers

Appendix

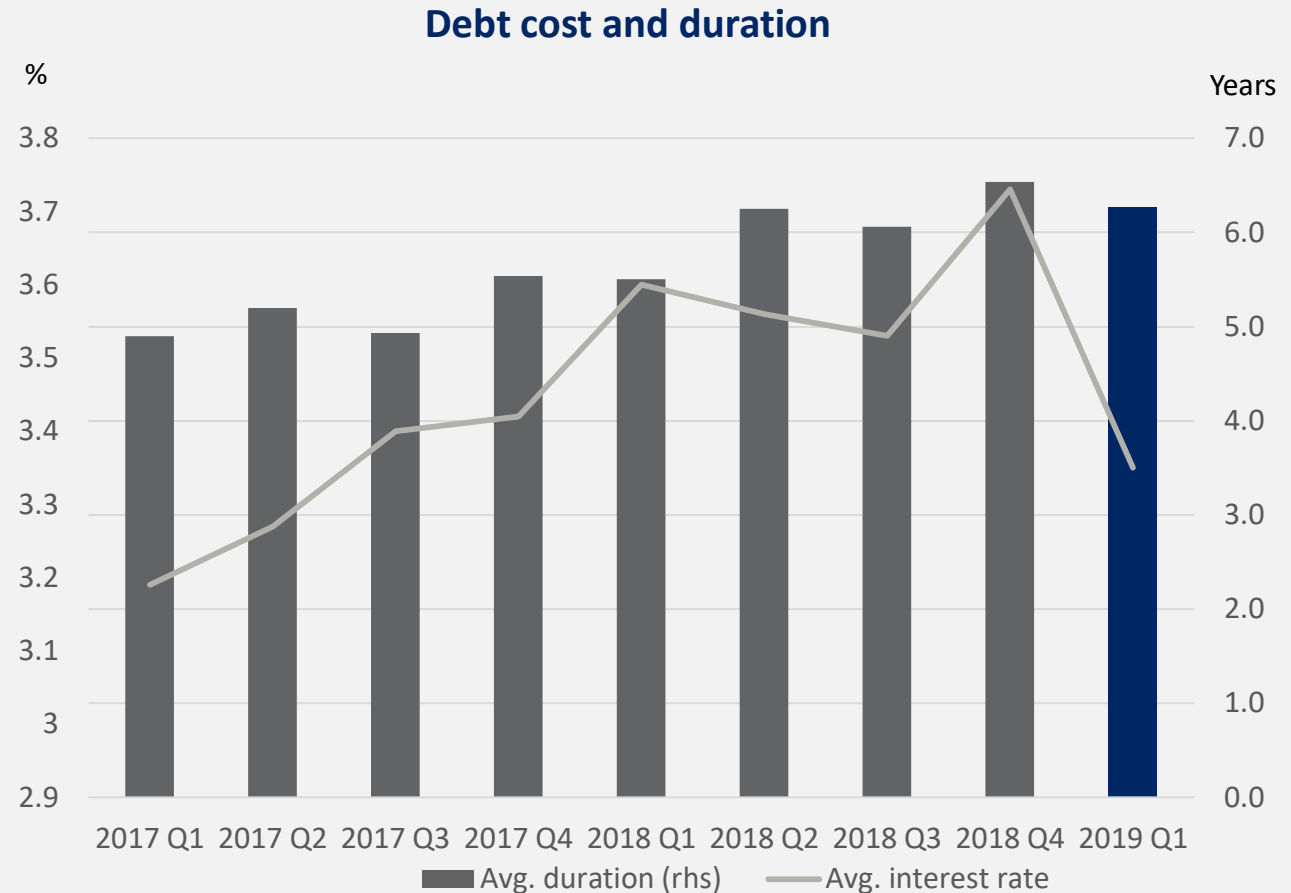
Major planned maintenance outages in 2019

SEKm	Q1/19	Q2/19	Q3/19	Q4/19	2019	2018
SSAB Special Steels	-	-	-	290	290	350
SSAB Europe	-	-	230	140	370	410
SSAB Americas (Mobile)	-	-	-	410	410	285
Total	-	-	230	840	1,070	1,045

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

Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.3 years (5.5)
- ▶ Averaged fixed interest term was 1.0 (1.0)
- ▶ Average interest rate was 3.35% (3.73% in Q4/18)



SSAB



*A stronger,
lighter and more
sustainable world*