

Presentation of the Q3/2019 results

Martin Lindqvist, President & CEO

Håkan Folin, CFO

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SSAB

Agenda

- ▶ Summary of Q3/2019
- ▶ Financials
- ▶ Outlook
- ▶ Q&A



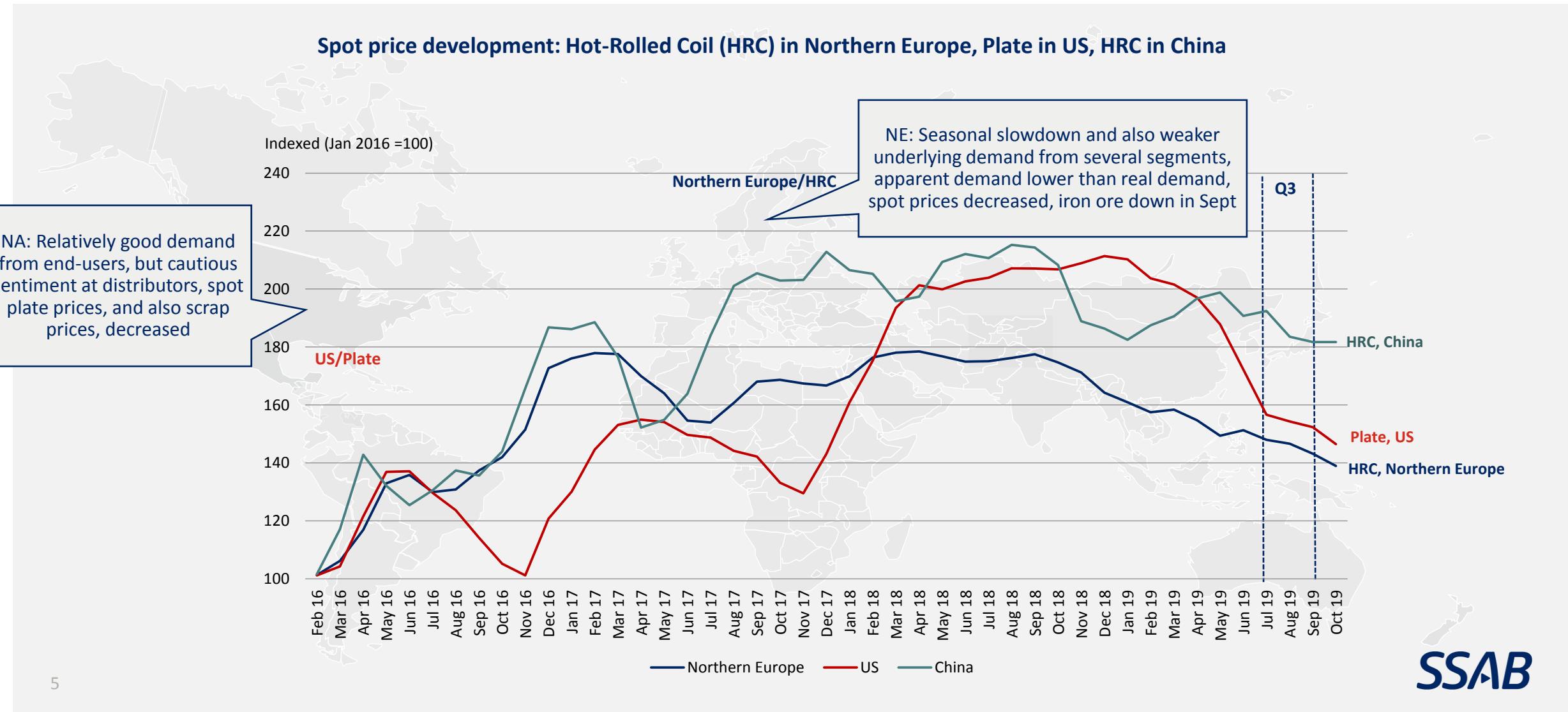
Summary of Q3/2019

- ▶ Weak market in Europe, lower earnings
- ▶ SSAB Americas held up well
- ▶ High-end products more stable
- ▶ Measures to cut costs implemented
- ▶ Decent operating cash flow and strong balance sheet





Demand weakened and steel prices remain under pressure



Lower earnings – weaker market and higher iron ore cost

- ▶ EBIT of SEK 300m, down SEK 1,300m vs. Q3/18, SEK 1,316m in Q2/19
 - Lower result was mainly due to SSAB Europe
 - Total shipments were down 2% vs. Q3/18 and 6% vs. Q2/19
- ▶ Earnings per share SEK 0.03 (0.85)

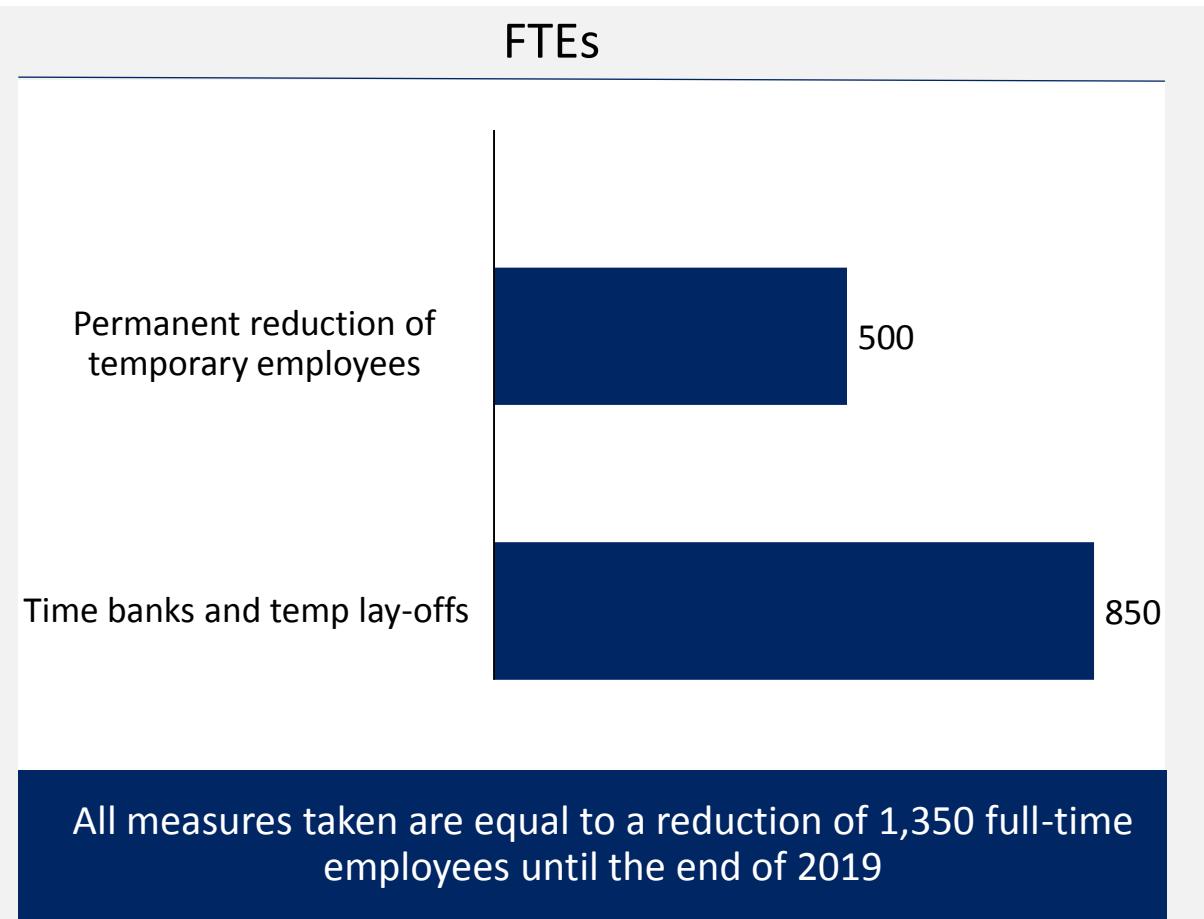
Key figures (SSAB Group)

SEKm	Q3/2019	Q3/2018	Q2/2019	2018
Sales	18,840	19,038	20,654	74,941
EBITDA ¹⁾	1,327	2,563	2,419	8,952
EBIT ¹⁾	300	1,600	1,316	5,181
Earnings per share (SEK)	0.03	0.85	0.98	3.45
Shipments, ktonnes	1,614	1,646	1,722	6,899

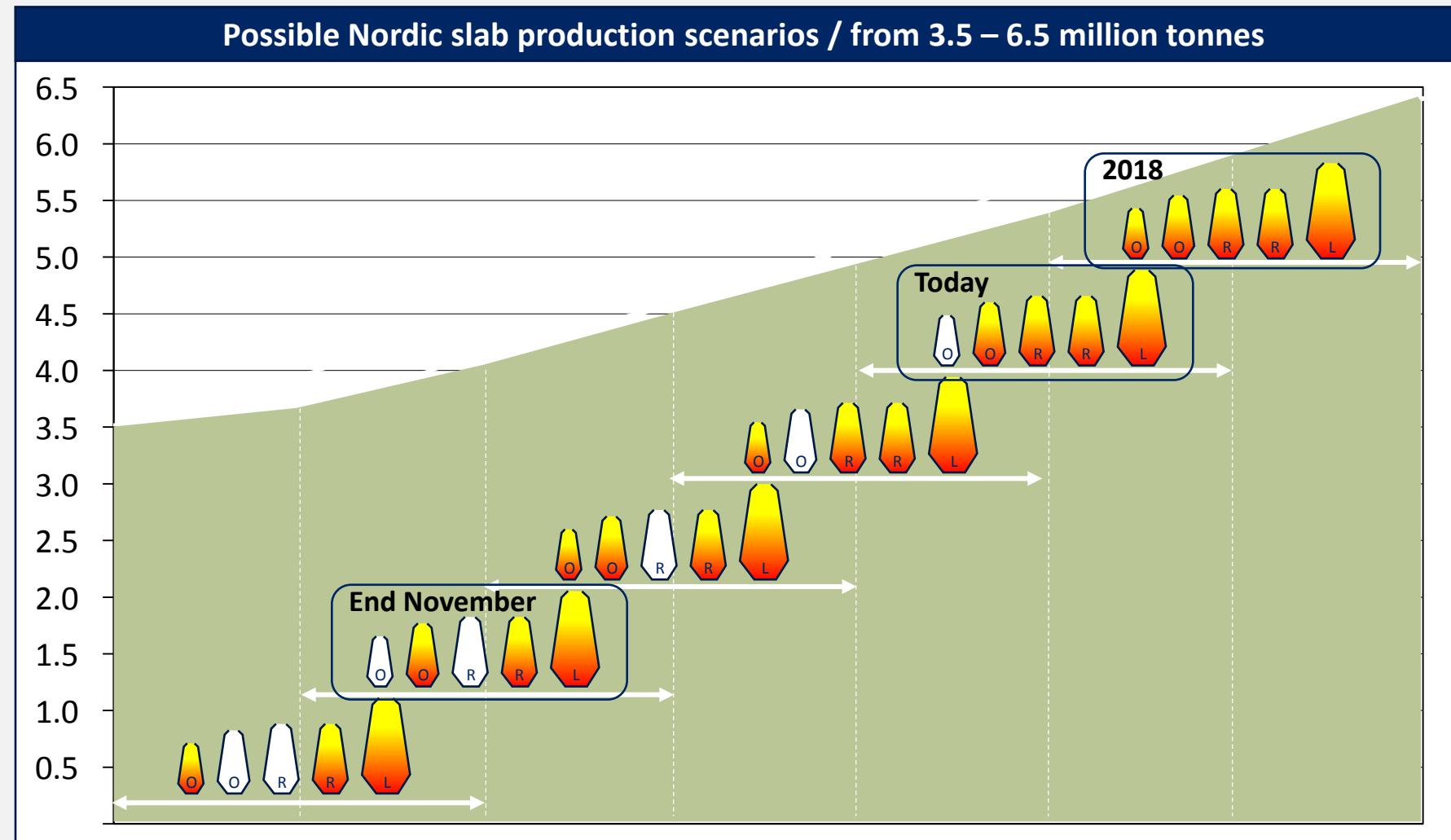
1) Excluding items affecting comparability

Measures to cut costs implemented

- ▶ Reduced production rates
- ▶ Smaller blast furnace in Oxelösund idled (capacity ~0.5m tonnes)
- ▶ Other cost reduced (traveling, consultants, etc.)
- ▶ Using own personnel instead of contractors where possible
- ▶ One of the blast furnaces in Raahe will be idled at the end of November (capacity ~1.3m tonnes)
- ▶ Idling means more underabsorption in the short term



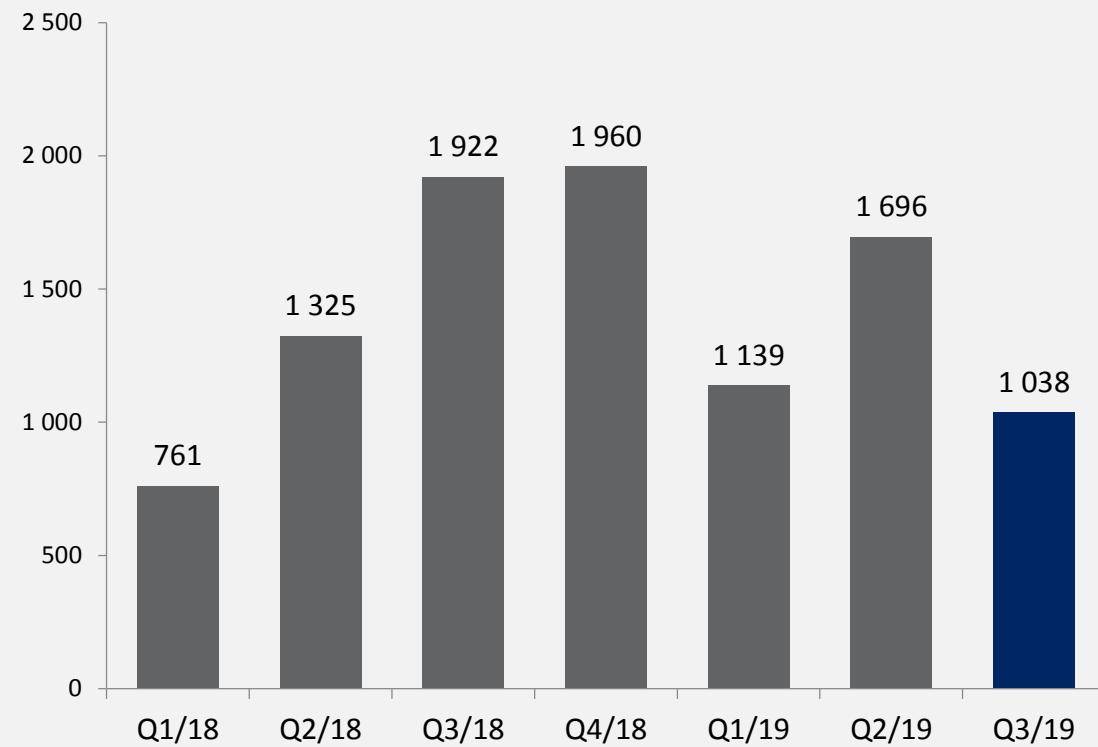
Decided to go to a 3 blast furnace production scenario starting end of November



Decent operating cash flow in Q3 and strong balance sheet

- ▶ Operating cash flow amounted to SEK 1,038m (1,922)
- ▶ Net gearing 15% excl. IFRS 16, a decrease of 1%-point vs. Q2/19
 - Reported net gearing 18%

Operating cash flow, SEK million



SSAB Special Steels

Higher iron ore costs, lower shipments

- ▶ Weaker demand mainly in Europe, but also North America, major OEMs more cautious
- ▶ EBIT of SEK 358m, down SEK 178m vs. Q3/18
 - Lower volumes
 - Higher variable costs, primarily of iron ore
- ▶ Shipments -7% vs. Q3/18 – Hardox and Strategic products holding up well

Key figures

SEKm	Q3/2019	Q3/2018	Q2/2019	2018
Sales	4,509	4,684	5,139	18,869
EBITDA	509	670	703	1,946
EBIT	358	536	544	1,421
Shipments, ktonnes	299	320	339	1,298

Sales and EBITDA margin



SSAB Europe

Weaker demand and significant pressure on margins

- ▶ Seasonal slowdown and downturn in business cycle
 - Automotive premium more stable
- ▶ EBIT of SEK -480m, down SEK 940m vs. Q3/18
 - Higher iron ore costs
 - Lower steel prices
 - Mid-term repair in Raahe
- ▶ Shipments -2% vs. Q3/18 and -13% vs. Q2/19

Key figures

SEKm	Q3/2019	Q3/2018	Q2/2019	2018
Sales	7,637	7,754	8,814	32,796
EBITDA	-67	814	469	4,153
EBIT ¹⁾	-480	460	66	2,757
Shipments, ktonnes	794	810	909	3,561

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

Lower result due to lower prices

- ▶ Stable demand
- ▶ EBIT of SEK 522m, down SEK 268m vs. Q3/18
 - Lower plate prices
- ▶ Shipments up 1% vs. Q3/18, and 10% vs. Q2/19
 - Shipments to distributors (Steel Service Centers) increased

Key figures

SEKm	Q3/2019	Q3/2018	Q2/2019	2018
Sales	4,446	4,713	4,555	16,878
EBITDA	697	951	1,037	2,459
EBIT ¹⁾	522	790	872	1,837
Shipments, ktonnes	521	517	475	2,039

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

Sales and EBITDA margin



Tibnor and Ruukki Construction

Weaker demand for Tibnor, while Ruukki Construction improved year-over-year

Tibnor

SEKm	Q3/2019	Q3/2018	Q2/2019	2018
Sales	2,179	1,949	2,534	8,434
EBITDA	47	73	73	313
EBIT ¹⁾	2	53	29	230
Shipments (ktonne)	190	160	219	705

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

SEKm

Sales and EBITDA margin



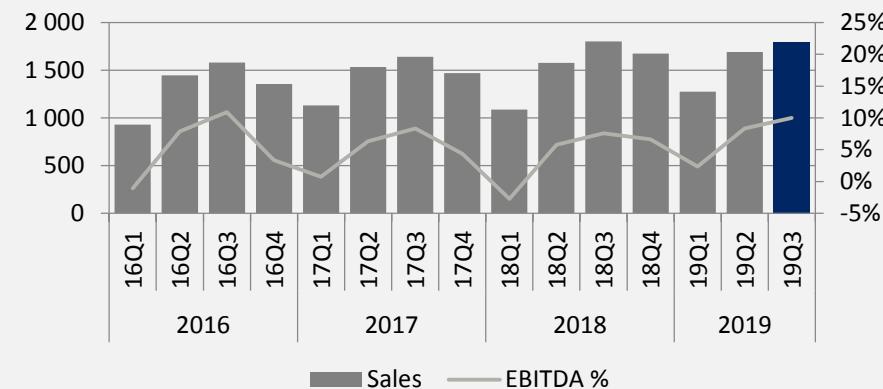
Ruukki Construction

SEKm	Q3/2019	Q3/2018	Q2/2019	2018
Sales	1,794	1,799	1,690	6,140
EBITDA	179	136	141	305
EBIT ¹⁾	134	103	95	178

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

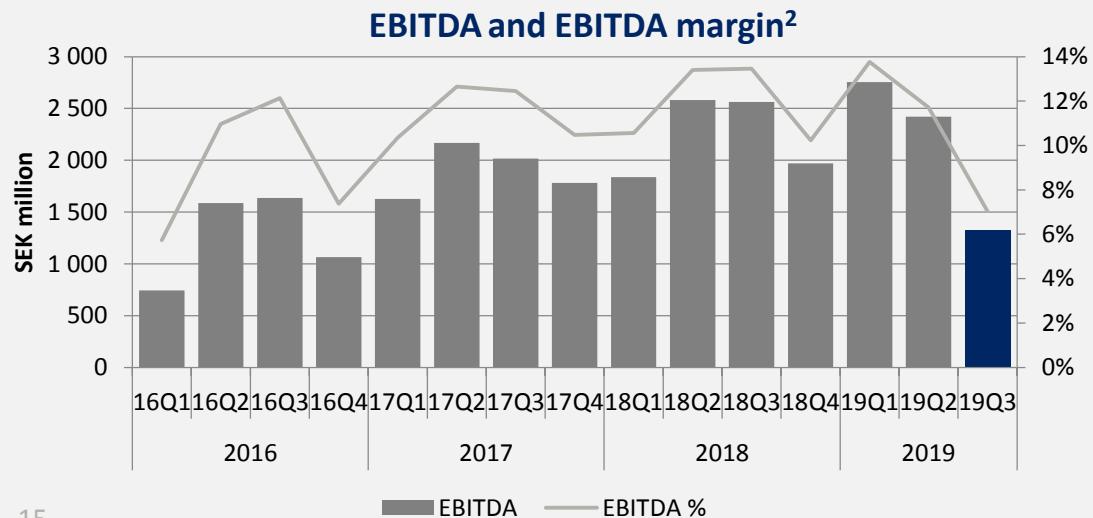
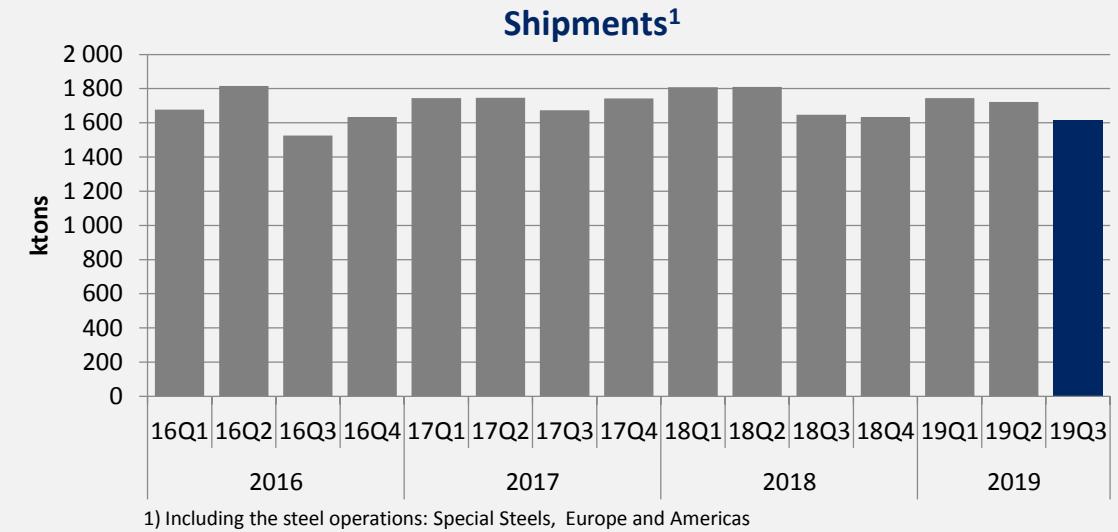
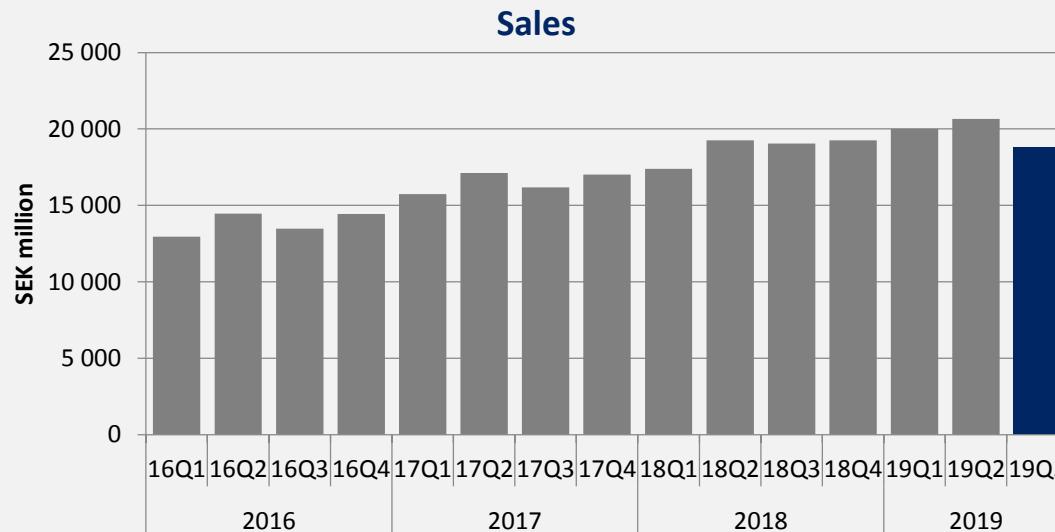
SEKm

Sales and EBITDA margin

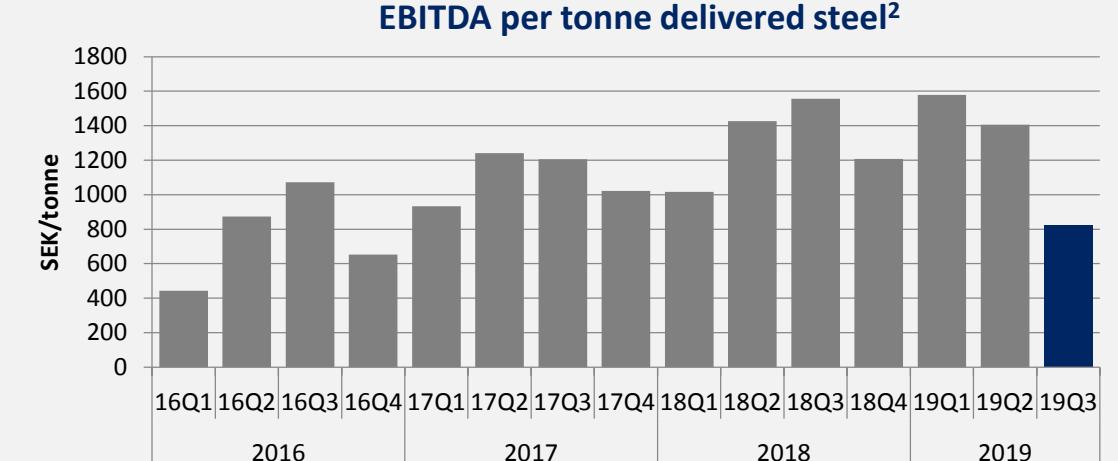


Financials

Weaker market and higher iron ore cost impacted Q3



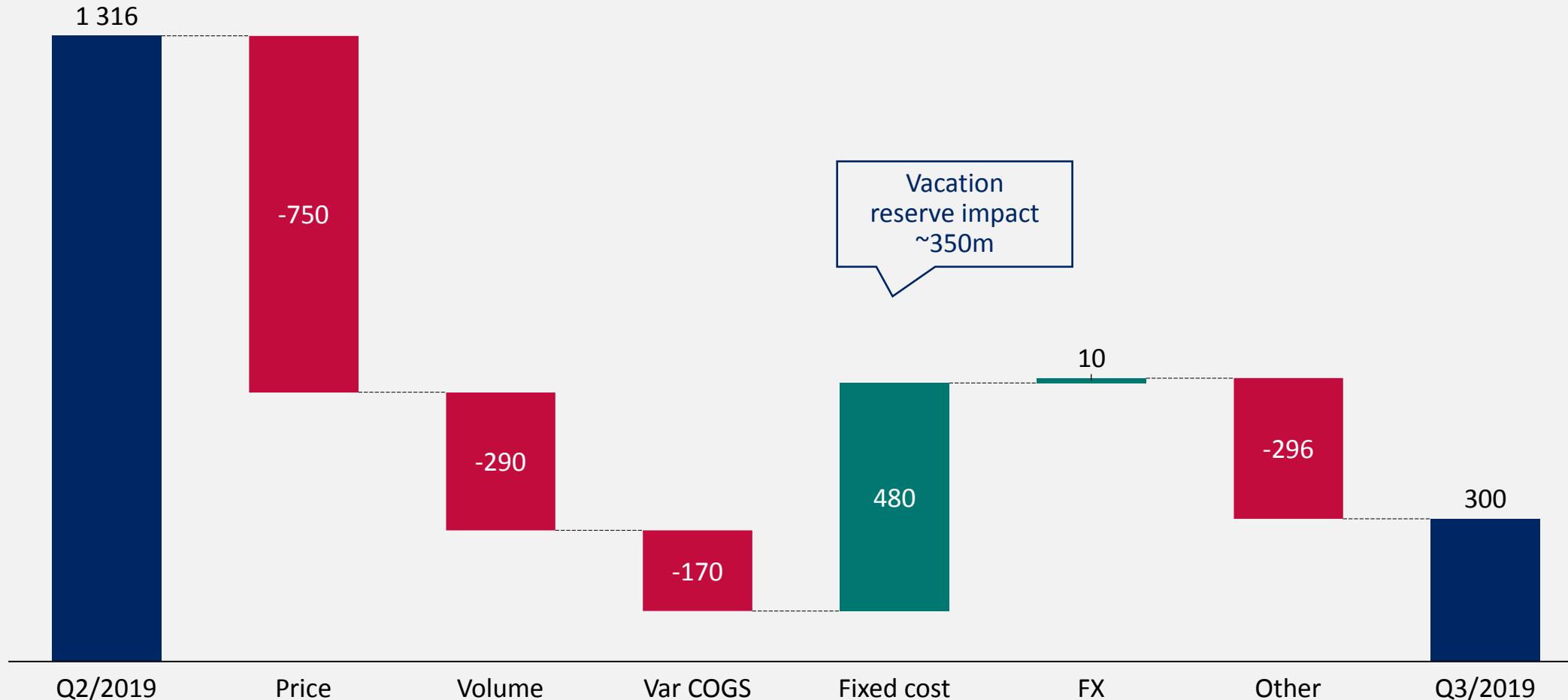
2) Excluding items affecting comparability



Change in operating profit

Q3/2019 vs. Q2/2019

SEKm



Operating cash flow at decent level

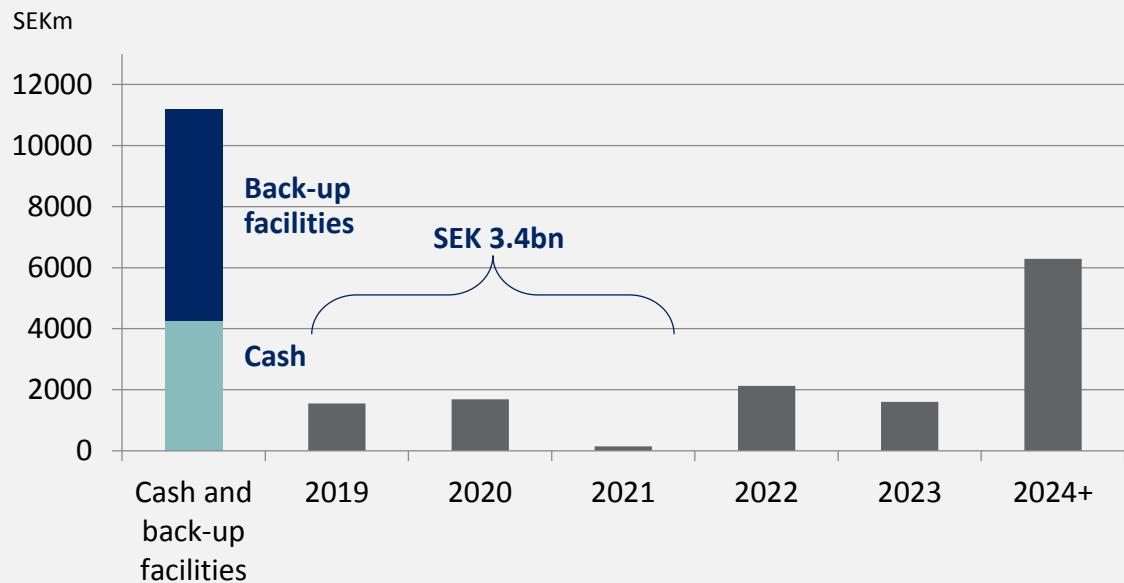
Impacted by lower operating profit

SEKm	Q3/2019	Q3/2018	Q2/2019	2018
Operating profit before depreciation/amortization	1,177	2,350	2,419	8,712
Change in working capital	205	-209	-240	-967
Maintenance expenditure	-456	-407	-401	-1,943
Other	113	189	-82	167
Operating cash flow	1,038	1,922	1,696	5,969
Financial items	-140	-119	-150	-541
Taxes	-262	-81	-702	-628
Cash flow from current operations	636	1,722	845	4,800
Strategic capital expenditure in plant and machinery	-235	-48	-231	-397
Acquisitions of shares and operations	-3	0	-595	-11
Divestments of shares and operations	-	-	-	76
Cash flow before dividend	398	1,674	19	4,468
Dividend paid to shareholders	-	-	-1,545	-1,030
Dividend, non-controlling interest	0	-	-6	-3
Acquisition, non-controlling interest	-	-	-45	-
Net cash flow	398	1,674	-1,577	3,435

Maturity profile and net debt

- ▶ Net debt amounted to SEK 9,526m excl. IFRS 16 (9,915m in Q2/19)
 - Reported net debt amounted to SEK 11,424m
- ▶ Net gearing 15% excl. IFRS 16, a decrease of 1%-point vs. Q2/19
 - Reported net gearing 18%
- ▶ Duration of the loan portfolio was 7.1 years (6.1)

Maturity profile Q3/2019



Purchase prices for iron ore and coking coal decreased

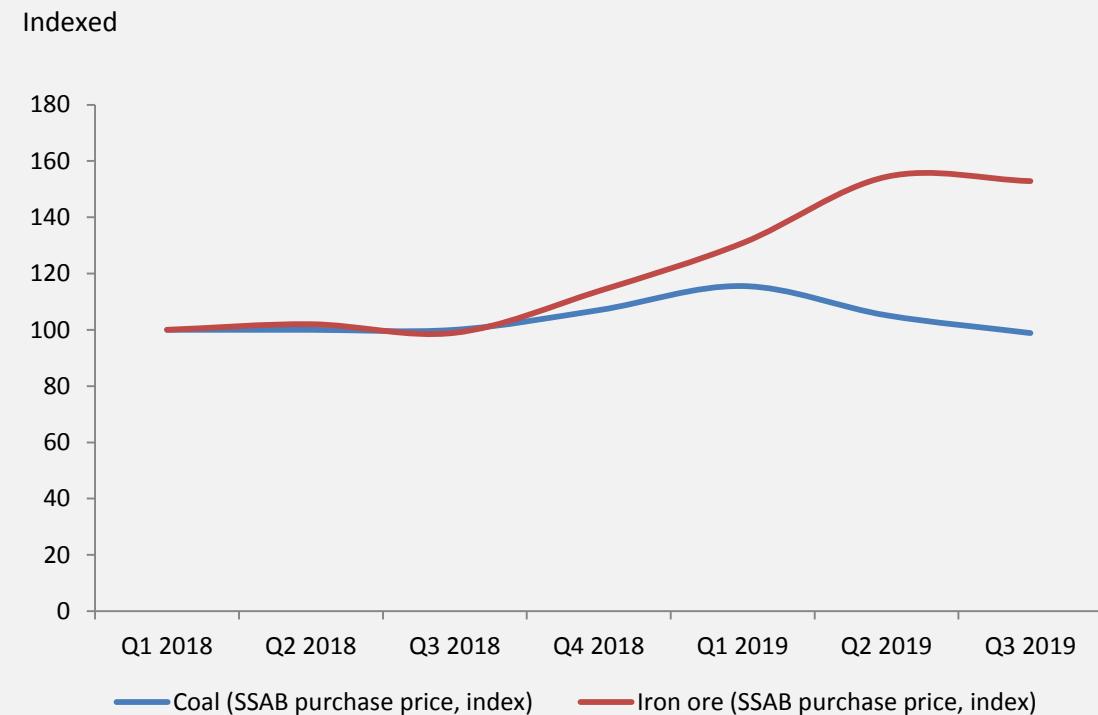
Iron ore

- Average pellet purchase price in Q3/19 was 1% lower in terms of SEK (-2% in USD) vs. Q2/19

Coking coal

- Average coking coal purchase price in Q3/19 was 6% lower in terms of SEK (-8% in USD) vs. Q2/19
- Lower purchase prices in Q3 will affect the result of Q4/19, mainly for SSAB Europe

SSAB's purchase price, coking coal and iron ore

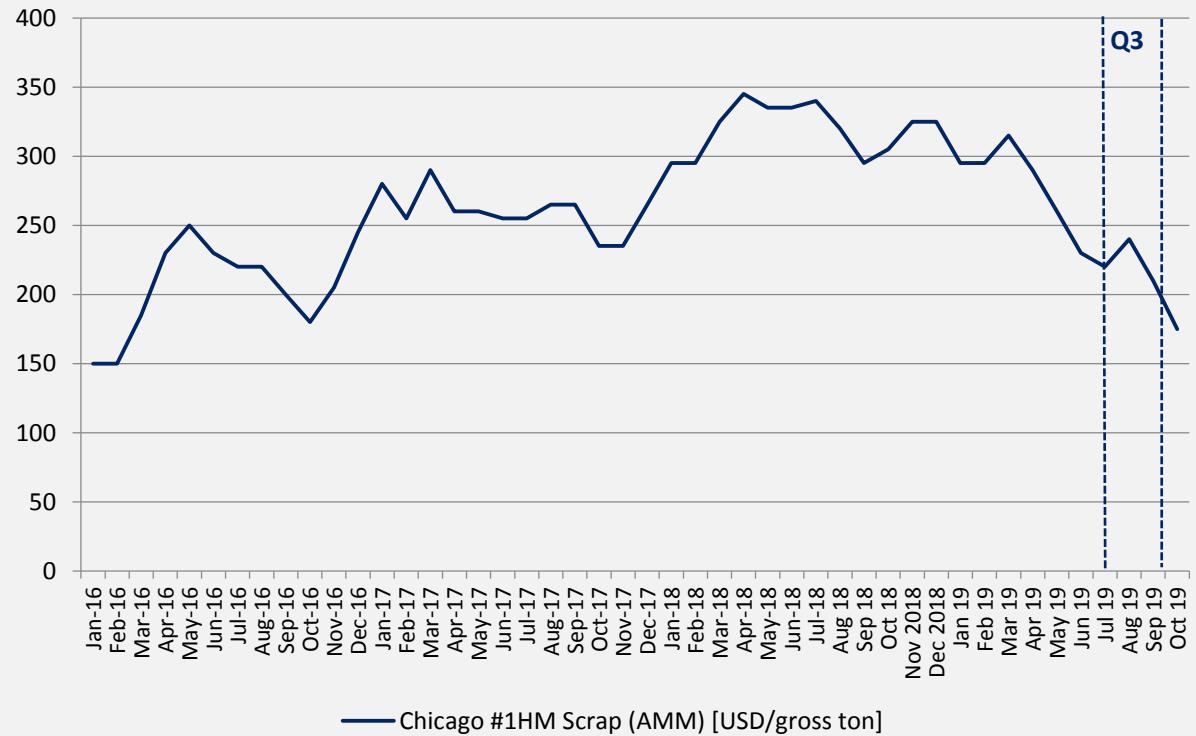


Scrap spot prices continued to decrease in Q3

- ▶ SSAB's average purchase price for scrap in Q3/19 was 10% lower vs. Q2/19 (USD)

Scrap spot price

USD/gross ton



Source: AMM

Major planned maintenance outages in 2019

SEKm	Q1/19	Q2/19	Q3/19	Q4/19	2019	2018
SSAB Special Steels	-	-	-	260	260	350
SSAB Europe	-	-	285	150	435	410
SSAB Americas (Mobile)	-	-	-	425	425	285
Total	-	-	285	835	1,120	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 Q4/2019

Segment	Q4/2019	Comments	Strong	Healthy	Weak
Heavy Transport		<ul style="list-style-type: none"> ▶ Reduction in European heavy truck production ▶ Some signs of slowdown in the US – rail cars and barges 			
Automotive		<ul style="list-style-type: none"> ▶ Low demand in main markets ▶ Structural growth in AHSS 			
Construction Machinery		<ul style="list-style-type: none"> ▶ Lower production levels 			
Material Handling		<ul style="list-style-type: none"> ▶ Stable activity in Mining in several regions 			
Energy		<ul style="list-style-type: none"> ▶ Solid demand in wind energy in the US ▶ Stable activity in US oil and gas segment 			
Construction		<ul style="list-style-type: none"> ▶ Seasonally lower demand level ▶ Some signs of slowdown in the underlying demand in the Nordic region 			
Service Centers		<ul style="list-style-type: none"> ▶ Cautious in US during end of Q3, inventories relatively low ▶ Hesitation and destocking in Europe 			

SSAB's outlook for Q4/2019

- ▶ In North America, demand for heavy plate is expected to be relatively stable
- ▶ In Europe, underlying demand is expected to be weaker, especially towards the end of the year
- ▶ Global demand for high-strength steels is expected to be somewhat weaker, primarily related to Europe
- ▶ Prices realized during Q4/19 are expected to be:
 - Lower for SSAB Europe and SSAB Americas
 - Somewhat lower for SSAB Special Steels
- ▶ Lower iron ore costs will have a positive impact on margins during Q4/19, mainly for SSAB Europe, but also for SSAB Special Steels

Volume outlook

Business segment	Volume trend Q4/19 vs. Q3/19	Comment
SSAB Special Steels	➡	Somewhat weaker demand and maintenance outage
SSAB Europe	➡	Q3 impacted by planned maintenance and seasonality
SSAB Americas	➡	Planned maintenance outage in Mobile

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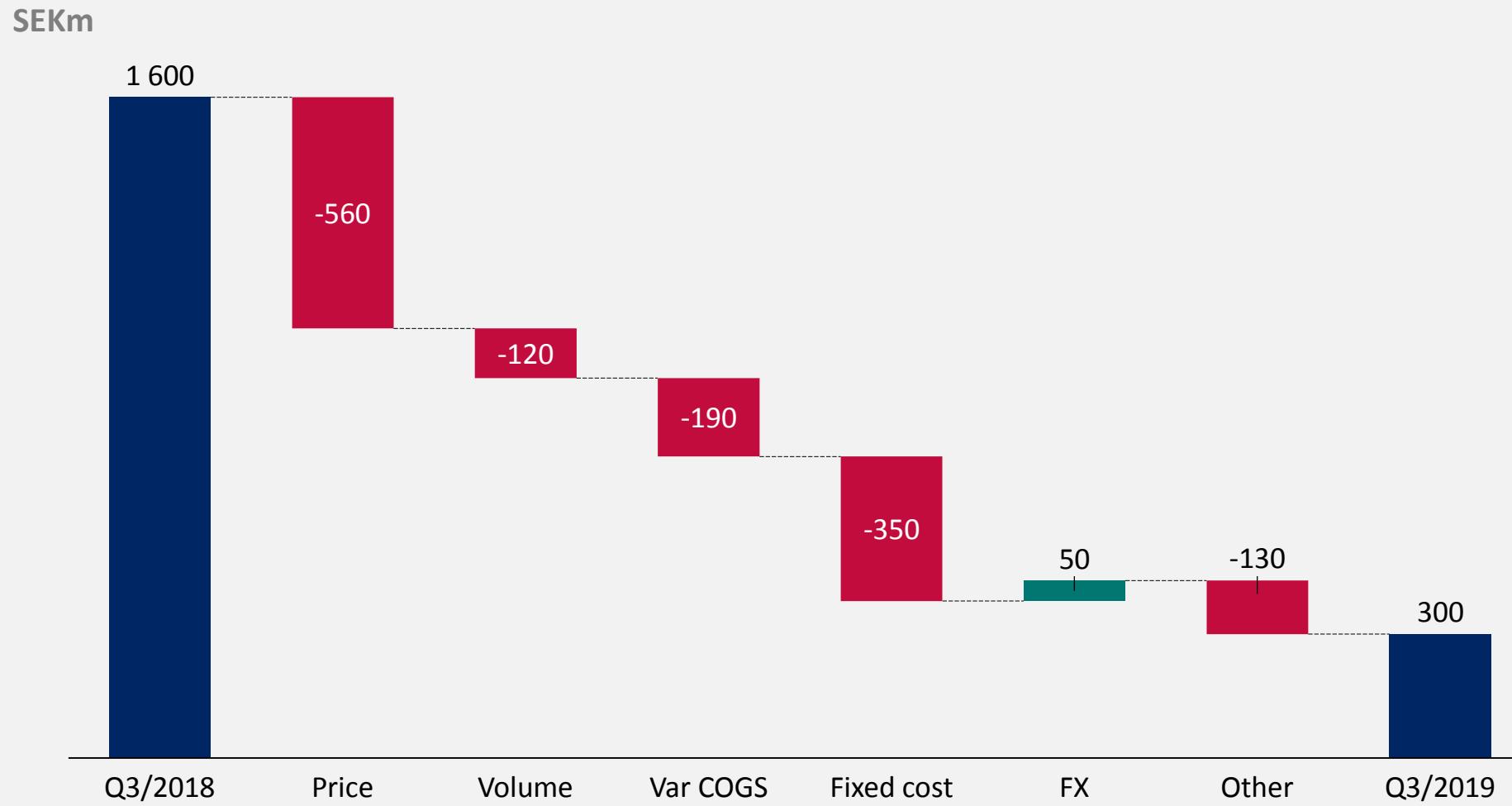


Questions & Answers

Appendix

Change in operating profit

Q3/2019 vs. Q3/2018



Note: Excluding items affecting comparability

Debt portfolio duration and interest rate

- Duration of the loan portfolio was 7.1 years (6.4 in Q2/19)
- Averaged fixed interest term was 1.1 (1.1 in Q2/19)
- Average interest rate was 3.0% (2.9% in Q2/19)

Debt cost and duration



SSAB



*A stronger,
lighter and more
sustainable world*