

A photograph of two men in a workshop or laboratory setting. The man on the left, wearing a dark sweater over a blue and white striped shirt, holds a metallic cup. The man on the right, wearing a red sweater over a blue and white striped shirt, points at the cup with his right index finger. The background is blurred, showing shelves with various items. A large white diagonal shape is overlaid on the left side of the image, containing the text.

Presentation of the Q4 and full-year 2019 results

Martin Lindqvist, President & CEO
Håkan Folin, CFO

January 28, 2020

SSAB

Agenda

- ▶ Q4 and FY 2019
- ▶ Financials
- ▶ Summary
- ▶ Q&A

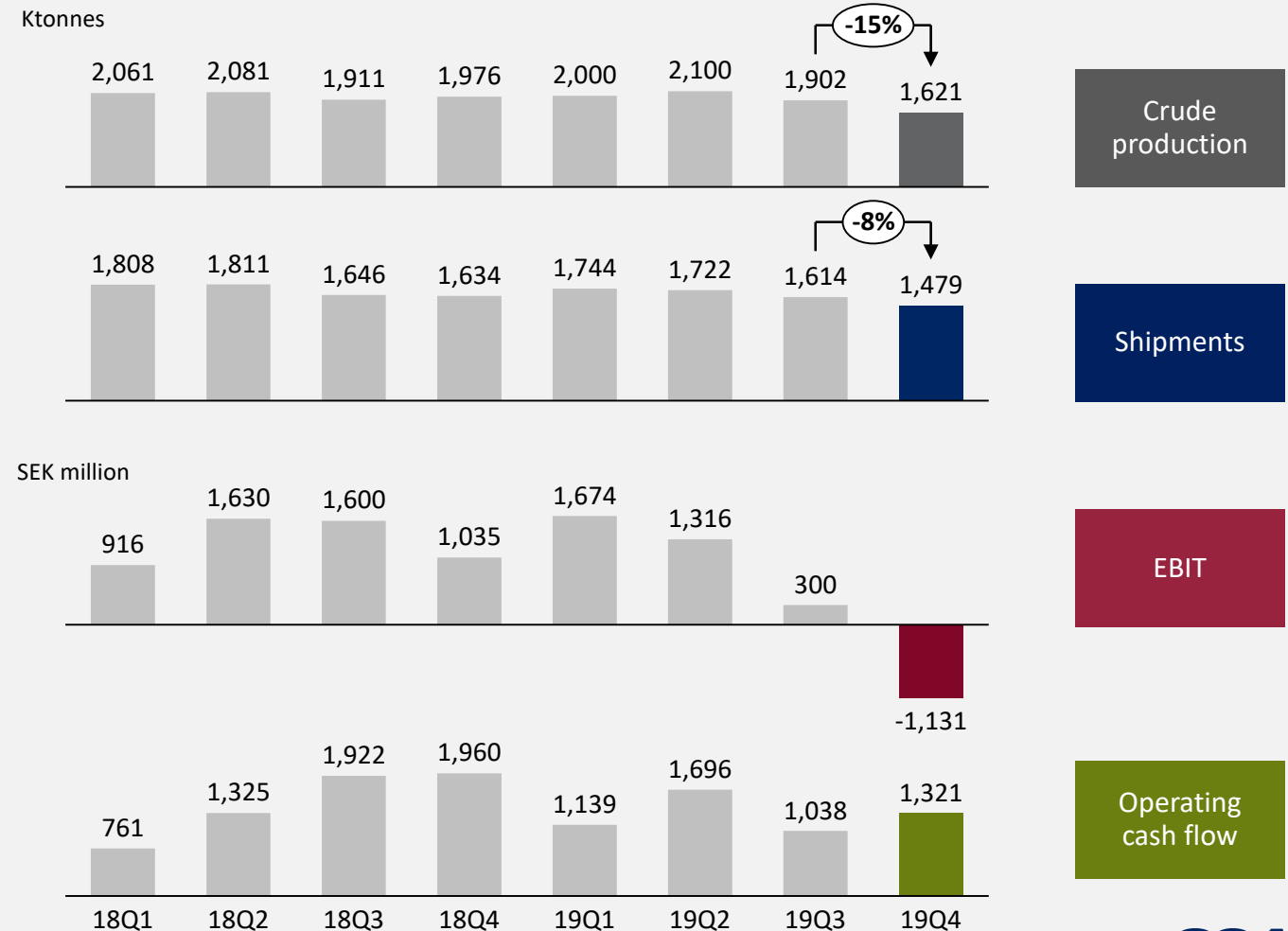


Q4 and FY 2019



Q4 2019 – A challenging quarter

- ▶ Weaker market, destocking in Europe
 - Lower shipments
- ▶ Production adjusted to lower demand
 - One BF in Raahе idled
- ▶ Margin squeeze in Europe and the US
- ▶ Planned maintenance SEK -850m
- ▶ Strikes in Finland SEK -250m
- ▶ Release of working capital supported cash flow



Going forward




- ▶ Destocking over, order intake normalized
- ▶ Underlying market still uncertain
- ▶ No planned maintenance stops during H1
- ▶ Higher production level and higher shipments expected



SSAB's outlook for Q1/2020

- ▶ In North America, demand for heavy plate is expected to be stable
- ▶ In Europe, underlying demand is expected to increase from a relatively low level
- ▶ Global demand for high-strength steels is expected to increase, primarily related to Europe
- ▶ Prices realized during Q1/20 are expected to be:
 - Somewhat lower for SSAB Europe and SSAB Special Steels
 - More or less unchanged for SSAB Americas

Volume outlook

| Business segment | Volume trend Q1/20 vs. Q4/19 | Comment |
|---------------------|---|---|
| SSAB Special Steels |  | Increased demand and no planned maintenance |
| SSAB Europe |  | Increased demand and no planned maintenance |
| SSAB Americas |  | Planned maintenance outage in Mobile in Q4/19 |

Summary of 2019

Lower earnings, cash flow held up

- ▶ Sales were up 2% vs. 2018, driven by higher prices, shipments lower
- ▶ EBIT of SEK 2,159 (5,181) million, down SEK 3,022m, mainly due to SSAB Europe
 - EBIT margin was 2.8% (6.9%)
- ▶ Good operating cash flow of SEK 5,194 (5,969)m, release of working capital
- ▶ Net debt (excl. IFRS16) SEK 9,880 (8,582)m
- ▶ Gearing ratio (excl. IFRS16) was 16% (14%)
- ▶ Earnings per share SEK 1.04 (3.45)

Key figures (SSAB Group)

| SEKm | 2019 | 2018 |
|--------------------------------|--------|--------|
| Sales | 76,485 | 74,941 |
| EBITDA ¹⁾ | 6,375 | 8,952 |
| EBIT ¹⁾ | 2,159 | 5,181 |
| Operating cash flow | 5,194 | 5,969 |
| Net debt, incl. IFRS16 | 11,696 | 10,527 |
| Gearing %, incl. IFRS16 | 19 | 18 |
| Profit after tax ¹⁾ | 1,279 | 3,805 |
| Earnings per share, SEK | 1.04 | 3.45 |
| Shipments, ktonnes | 6,560 | 6,899 |

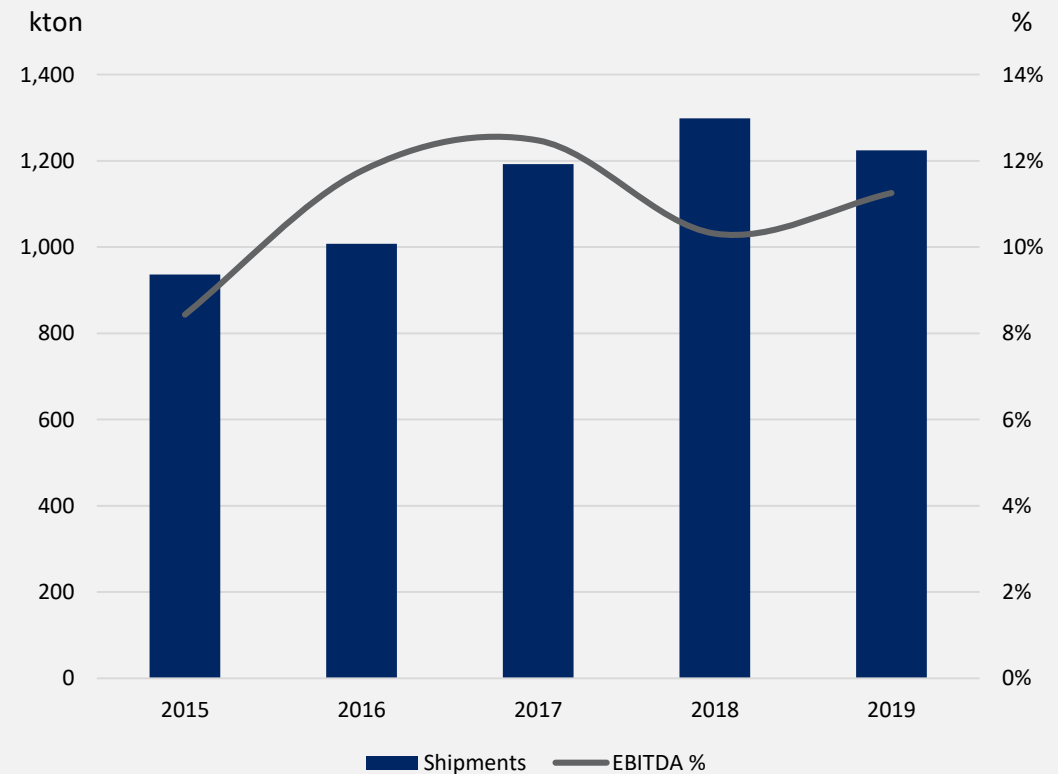
¹⁾ Excluding items affecting comparability.

SSAB Special Steels

Despite challenging market in 2019, profitability improved slightly from 2018

- ▶ In 2019 a slowdown in demand, especially Europe
 - Shipments decreased by 6%
 - The volume of high-end products, as well as own distribution channels more stable
- ▶ FY2019 EBIT increased by 2.4% and was SEK 1,454m
 - EBITDA margin at 11.3% (10.3%)
- ▶ Acquisition of Abraservice – Strengthens own channels to the fragmented end-user market
- ▶ Strategic priorities:
 - Grow shipments
 - Shift volume to own stocks and service channel
 - Fully utilize production capacity
 - Convert Oxelösund to fossil-free steel mill

Shipments and EBITDA-margin

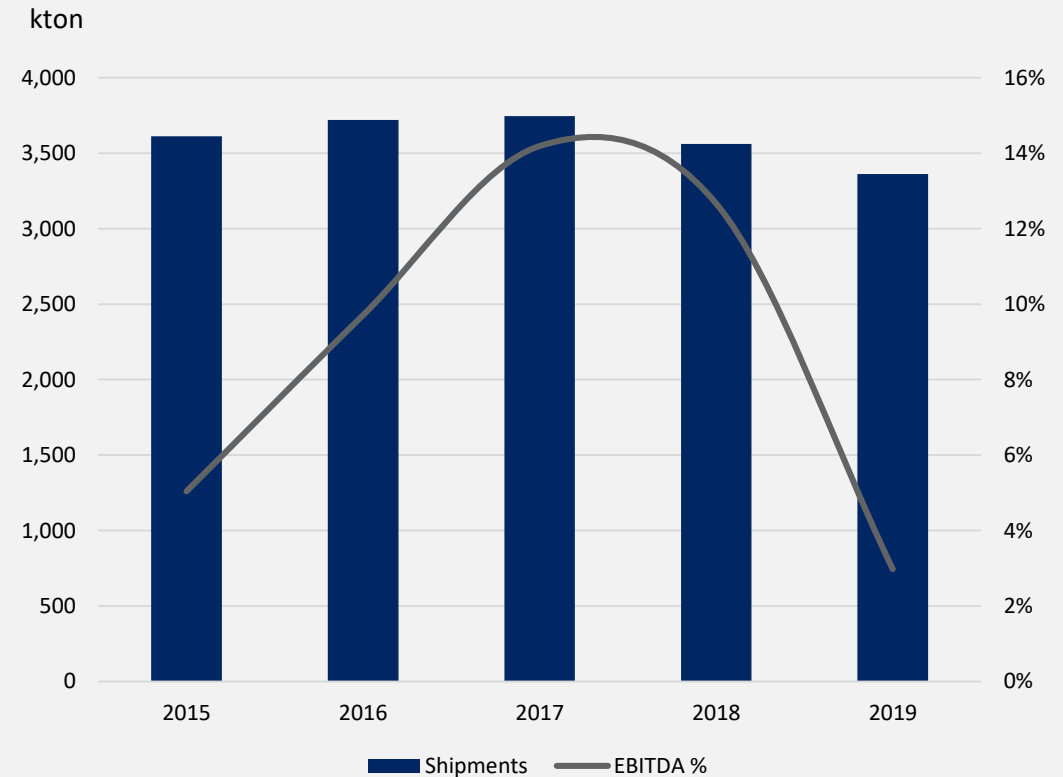


SSAB Europe

Focus on improving product mix

- ▶ 2019 was impacted by exceptional margin squeeze and lower demand
 - Shipments decreased by 6%
 - Automotive AHSS shipments stable
 - Premium share increased to 39% (36%)
 - Maintained Nordic market share of ~40%
- ▶ Profitability decreased due to lower shipments, prices and higher raw material costs
 - EBITDA margin was 3.0% (12.7%)
- ▶ Strategic priorities
 - Nordic home market position
 - Automotive AHSS target 800kt in 2022
 - Premium steels target 900kt in 2022

Shipments and EBITDA-margin

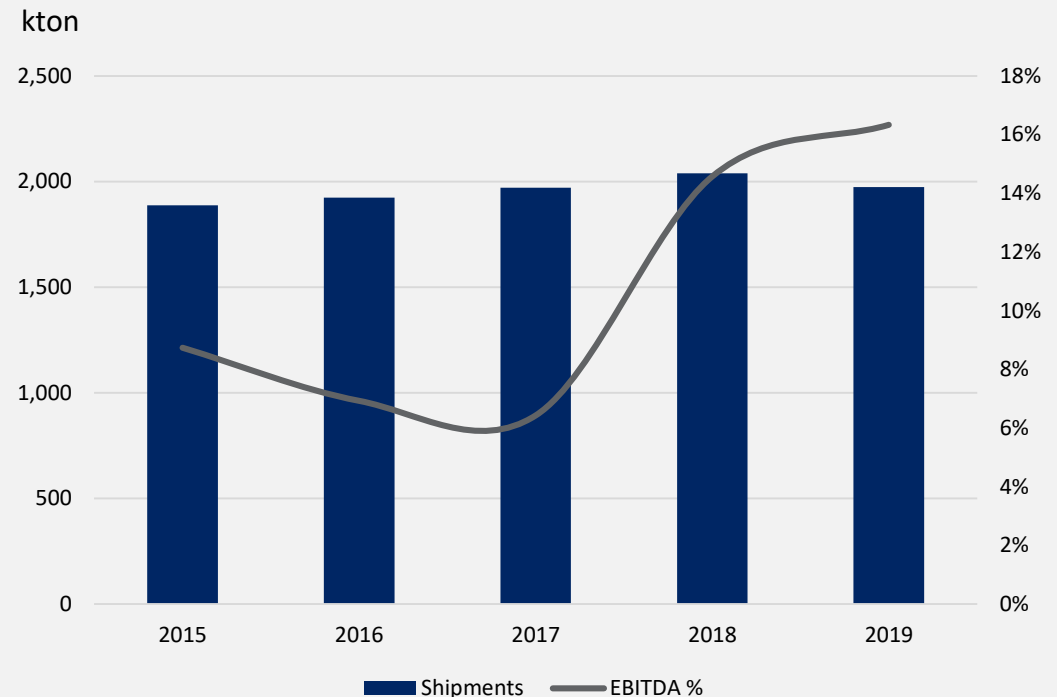


SSAB Americas

Focus on maintaining the leading position and grow in premium products

- ▶ Strong H1, more challenging market in H2
 - FY shipments were down 3%
- ▶ Profitability for full year improved
 - EBITDA margin increased to 16.3% (14.6%)
- ▶ Strategic priorities:
 - Industry leading profitability
 - To reach a share of premium products of 39% (33% in 2019)
 - To reach a customer mix of >50% end-users in 2022

Shipments and EBITDA-margin

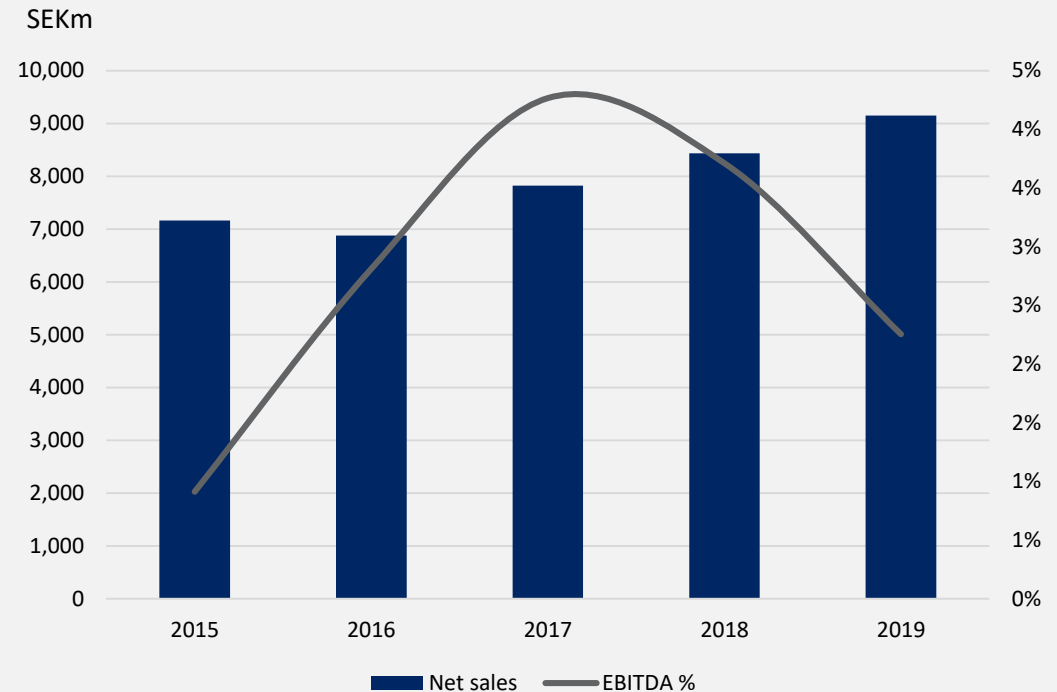


Tibnor

Leading position in the Nordic steel distribution market

- ▶ The Nordic steel market slowdown in H2/2019 impacted Tibnor's profitability
 - EBITDA margin declined to 2.3% (3.7%)
 - Sales increase vs. 2018 came from Sanistål acquisition
- ▶ Strategic priorities:
 - Support SSAB's Nordic market share
 - Restructure to reach industry leading profitability
 - Integrate Sanistål and realize synergies
 - Reach EBITDA margin of more than 5% and ROCE of more than 15% in 2022

Sales and EBITDA-margin

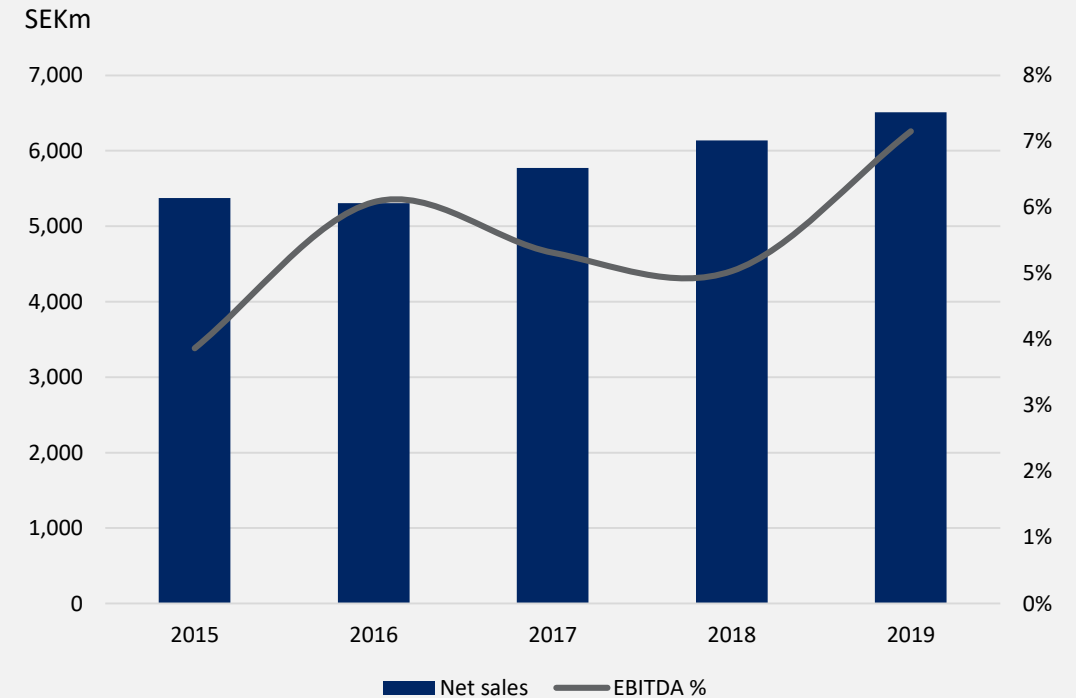


Ruukki Construction

Clear improvement in profitability in 2019

- ▶ Net sales increased by 6% vs. 2018
 - Mainly in Roofing business, and Piristeel acquisition (Q1/19) contributed
- ▶ Profitability improved clearly
 - EBITDA margin increased to 7.2% (5.0%)
 - Improvement mainly coming from Roofing business
- ▶ Strategic focus areas and targets
 - Grow faster than the general construction market
 - Reach an EBITDA margin of more than 10% in 2022

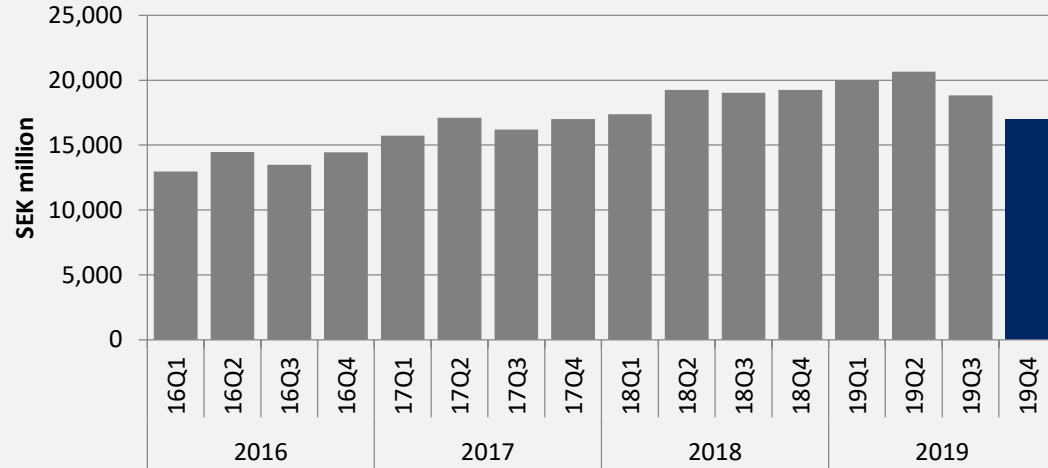
Sales and EBITDA-margin



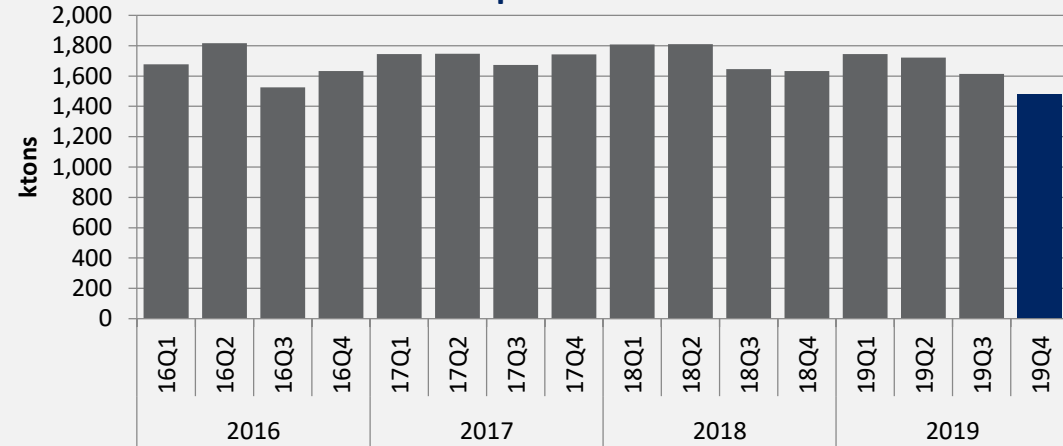
Financials

Weaker market and maintenance outages impacted Q4

Sales



Shipments¹

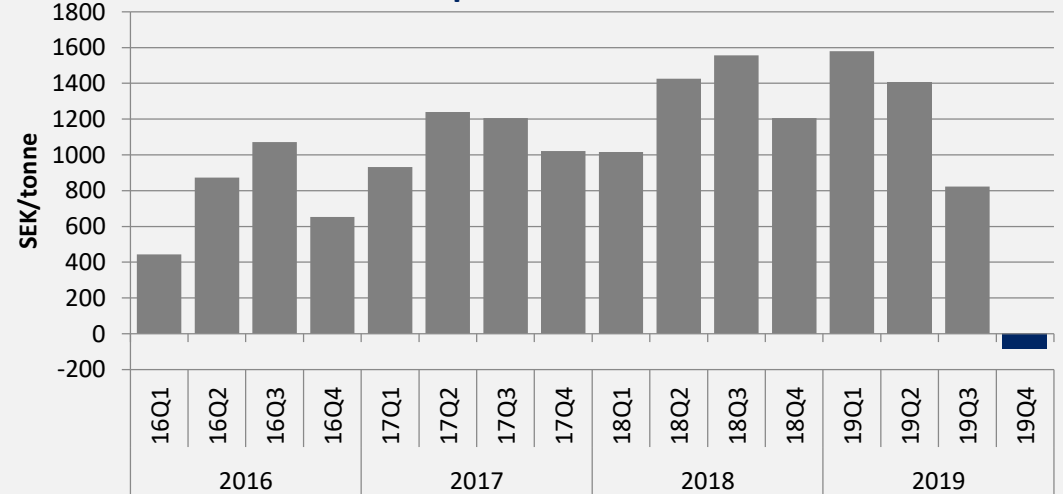


1) Including the steel operations: Special Steels, Europe and Americas

EBITDA and EBITDA margin²



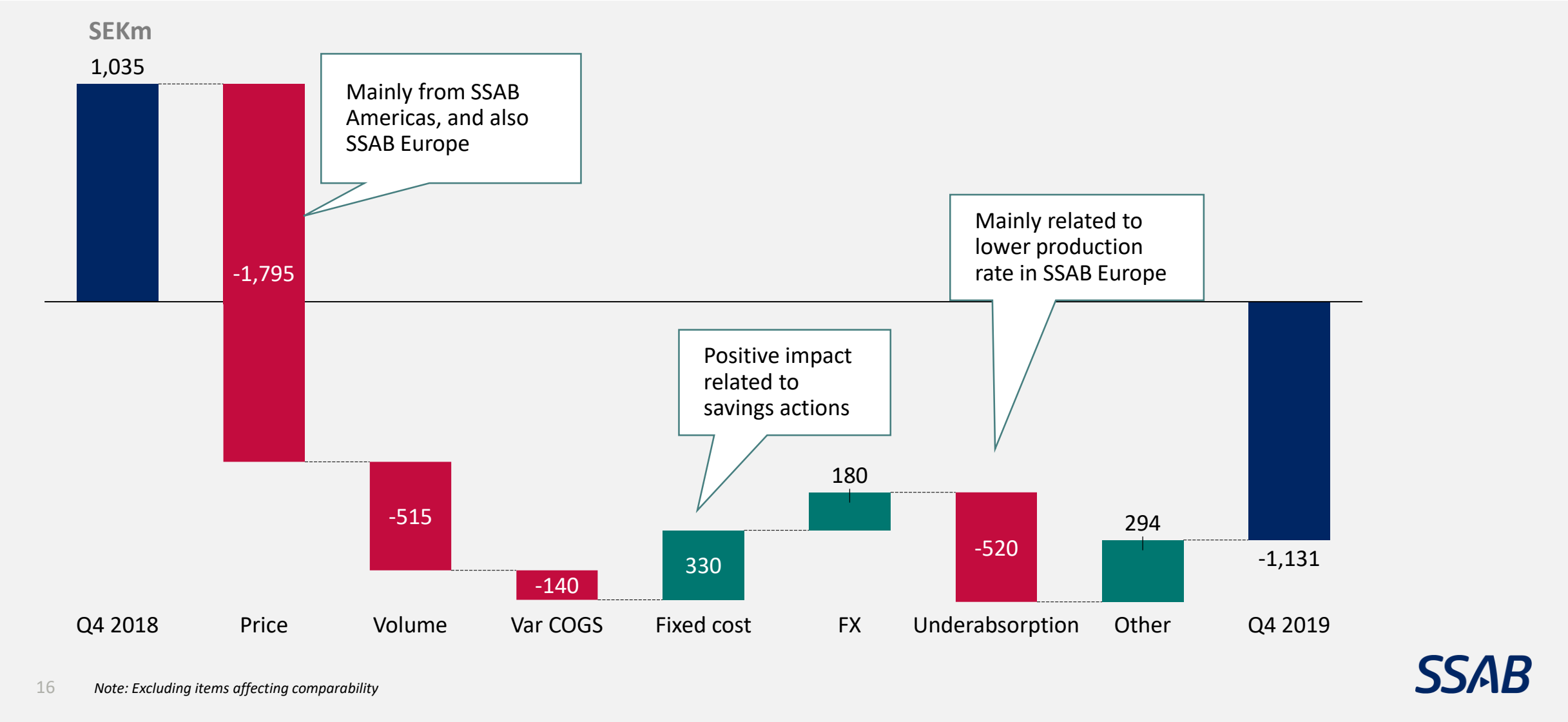
EBITDA per tonne delivered steel²



2) Excluding items affecting comparability

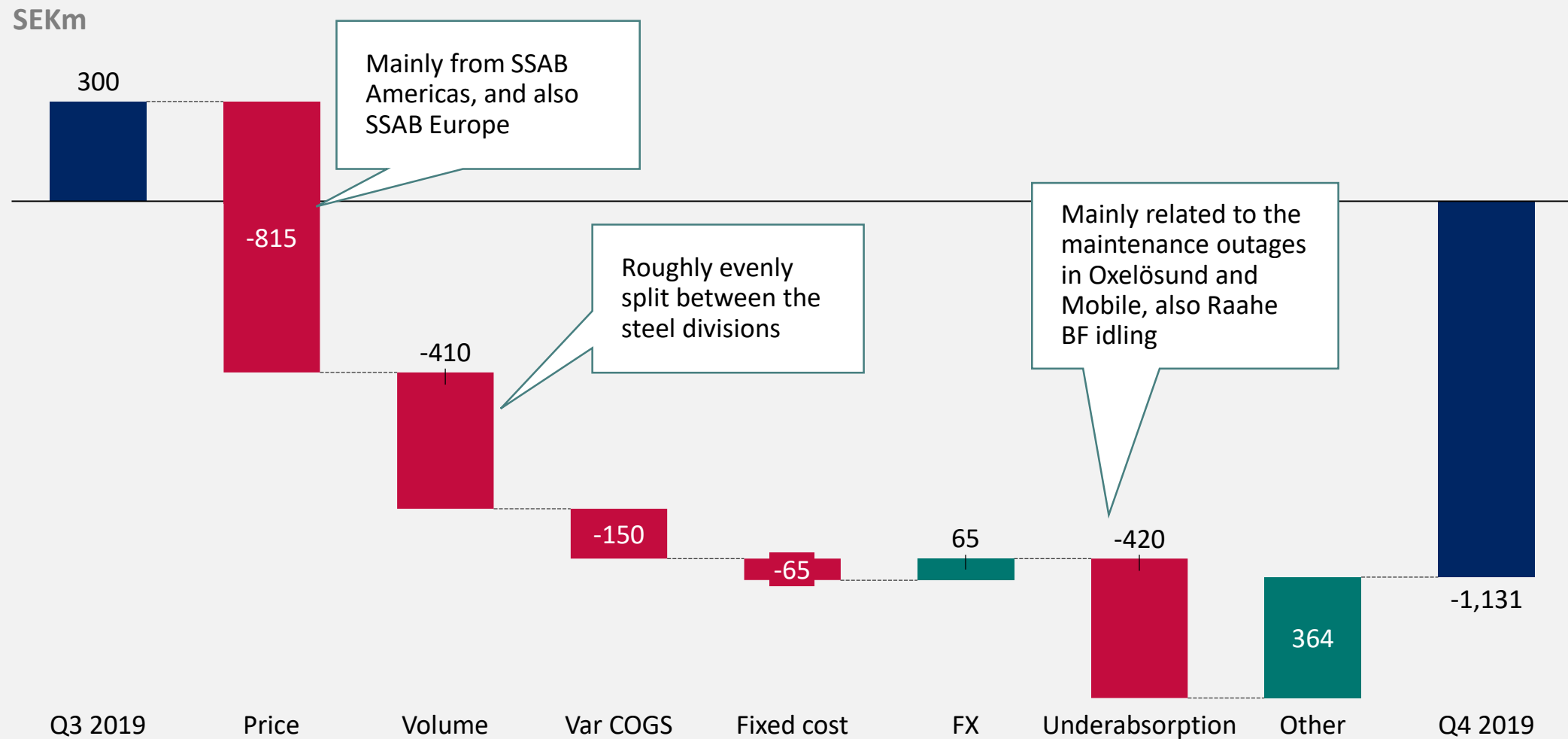
Change in operating profit

Q4/2018 vs. Q4/2018



Change in operating profit

Q4/2019 vs. Q3/2019



Operating cash flow at decent level

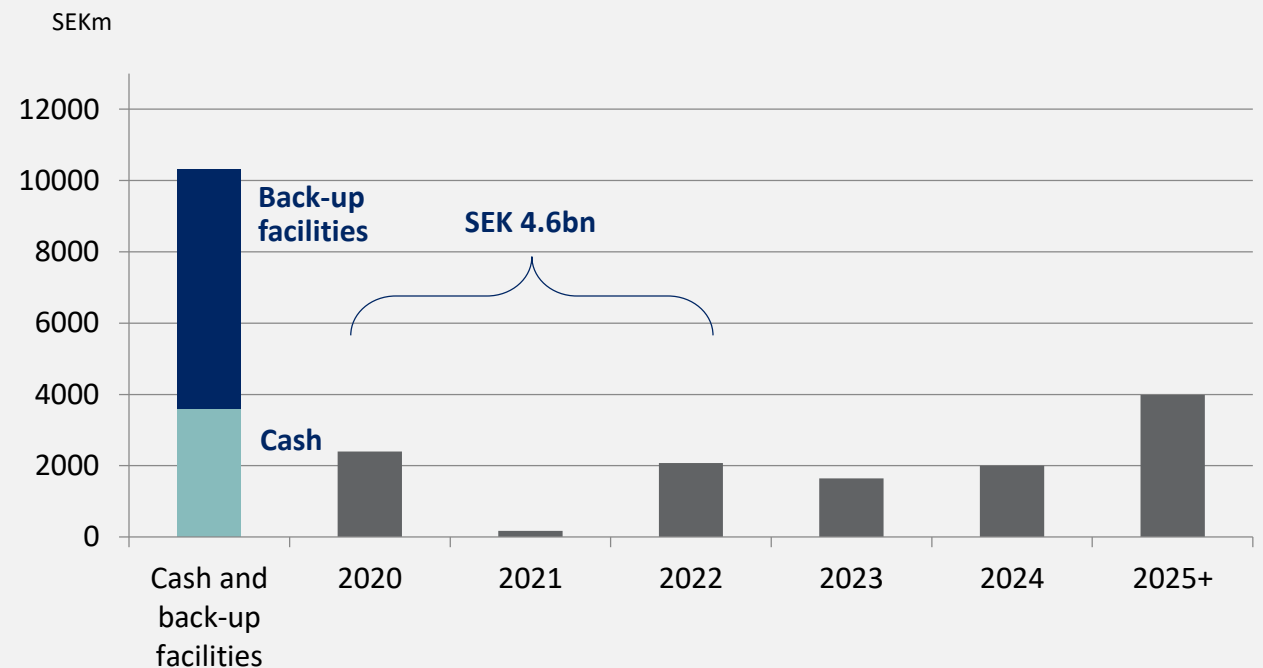
Impacted by lower operating profit and lower working capital

| SEKm | Q4/2019 | Q4/2018 | Q3/2019 | 2019 | 2018 |
|--|--------------|---------|--------------|--------------|--------|
| EBITDA | -174 | 1,943 | 1,177 | 6,177 | 8,712 |
| Change in working capital | 2,187 | 847 | 205 | 896 | -967 |
| Maintenance expenditure | -666 | -833 | -456 | -1,875 | -1,943 |
| Other | -25 | 3 | 113 | -4 | 167 |
| Operating cash flow | 1,321 | 1,960 | 1,038 | 5,194 | 5,969 |
| Financial items | -50 | -46 | -140 | -432 | -541 |
| Taxes | -97 | -206 | -262 | -1,315 | -628 |
| Cash flow from current operations | 1,175 | 1,708 | 636 | 3,447 | 4,800 |
| Strategic capital expenditure | -456 | -197 | -235 | -1,035 | -397 |
| Acquisitions of shares and operations | -448 | -1 | -3 | -1,221 | -11 |
| Divestments of shares and operations | 118 | 76 | - | 118 | 76 |
| Cash flow before dividend | 389 | 1,587 | 398 | 1,309 | 4,468 |
| Dividend paid to shareholders | - | - | - | -1,545 | -1,030 |
| Dividend, non-controlling interest | -1 | -1 | 0 | -7 | -3 |
| Acquisition, non-controlling interest | -1 | - | - | -46 | - |
| Net cash flow | 387 | 1,585 | 398 | -289 | 3,435 |

Maturity profile and net debt

- ▶ Net debt amounted to SEK 9,880m excl. IFRS 16 (9,526m in Q3/19)
 - Reported net debt amounted to SEK 11,696m
- ▶ Net gearing was 16% excl. IFRS 16, an increase of 1%-point vs. Q3/19
 - Reported net gearing was 19% (18% in Q3/19)
- ▶ Duration of the loan portfolio was 7.1 years (6.5)

Maturity profile Q4/2019



Purchase prices for iron ore and coking coal decreased

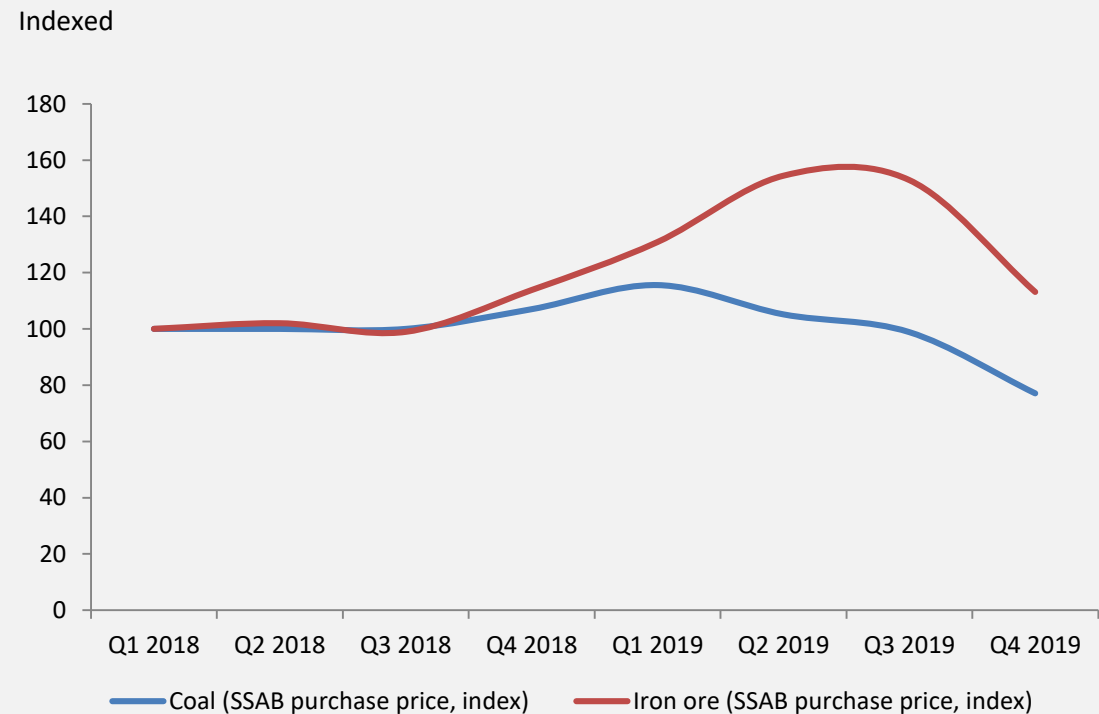
Iron ore

- ▶ Average pellet purchase price in Q4/19 was 26% lower in terms of SEK (-26% in USD) vs. Q3/19

Coking coal

- ▶ Average coking coal purchase price in Q4/19 was 22% lower in terms of SEK (-22% in USD) vs. Q3/19

SSAB's purchase price, coking coal and iron ore

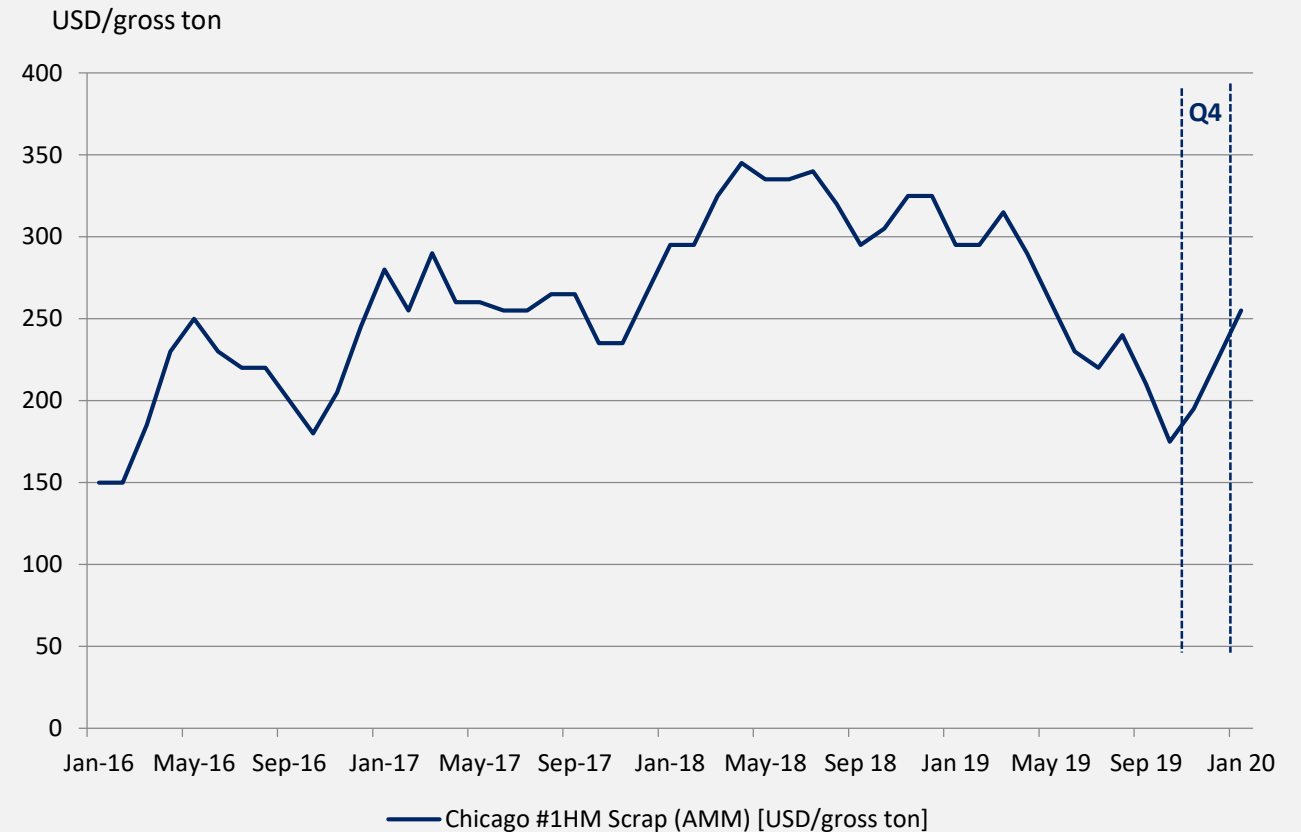


Scrap spot prices started to increase during Q4

SSAB's purchase prices declined from Q3/19

- ▶ SSAB's average purchase price for scrap in Q4/19 was 12% lower vs. Q3/19 (USD)
- ▶ Scrap spot prices have been increasing since November onwards, which will impact Q1

Scrap spot price



Major planned maintenance outages in 2020

| SEKm | Q1/20 | Q2/20 | Q3/20 | Q4/20 | 2020 | 2019 | 2018 |
|------------------------|-------|-------|-------|-------|------|-------|-------|
| SSAB Special Steels | - | - | - | 270 | 270 | 300 | 350 |
| SSAB Europe | - | - | 200 | 145 | 345 | 420 | 410 |
| SSAB Americas (Mobile) | - | - | - | 355 | 355 | 415 | 285 |
| Total | - | - | 200 | 770 | 970 | 1,135 | 1,045 |

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

Summary

Business highlights 2019

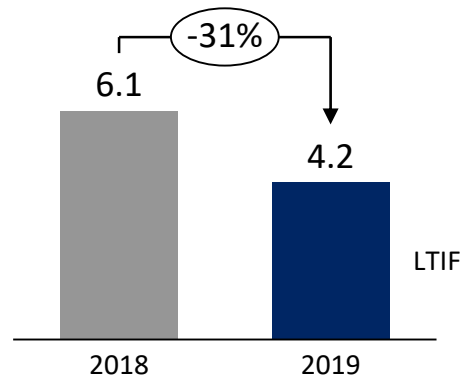


Portfolio optimization

- ▶ Closed Sanistål, Piristeen and Abraservice acquisitions
- ▶ Total of SEK 3bn sales added
- ▶ Ruukki Construction divestment of Building Systems



Improved safety performance



First in fossil free steel

- ▶ Hybrit pilot plant under construction, ready in summer 2020
- ▶ Hydrogen pilot storage under construction
- ▶ Planning for faster execution
- ▶ Extensive interest from customers



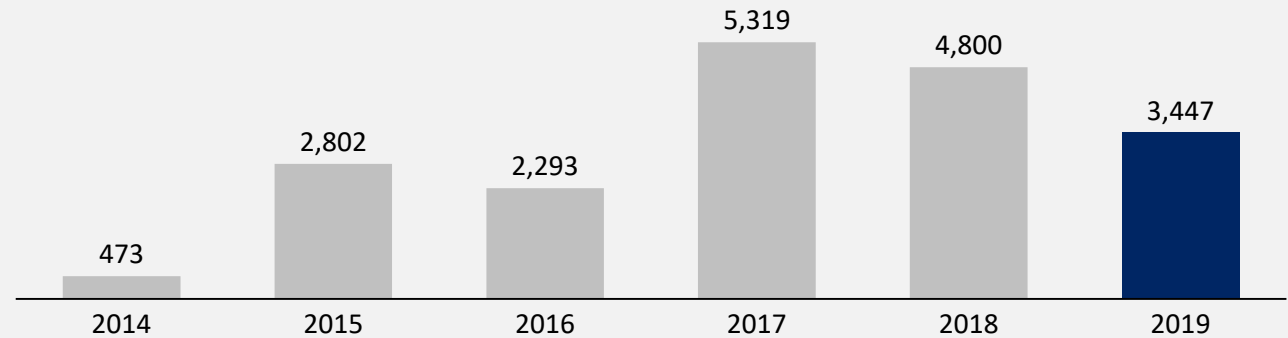
Investments in high-strength and premium capacity

- ▶ World leading cooling technology (MULPIC) installed in Mobile
- ▶ Automotive AHSS capacity in Borlänge – to be completed in 2020
- ▶ Q&T investment in Mobile – to be completed in 2021

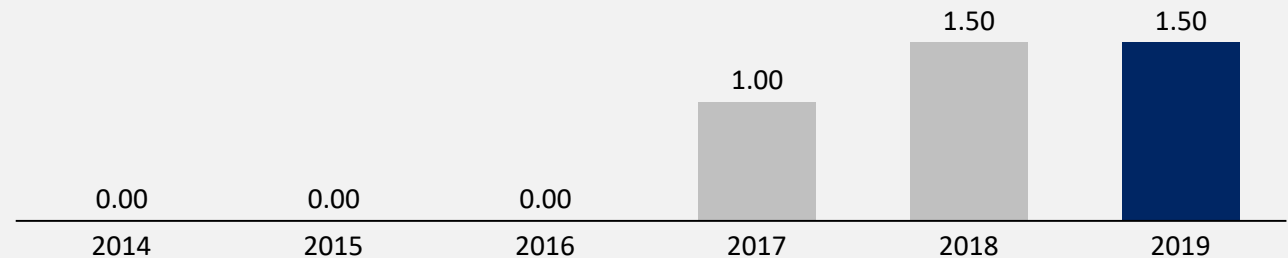
Dividend kept at SEK 1.50

- ▶ Continued good cash flow generation
- ▶ The Board proposes a dividend of SEK 1.50 (1.50) per share
- ▶ Proposal corresponds to 144% of earnings per share

Cash flow from current operations (SEKm)



Dividend per share (SEK)



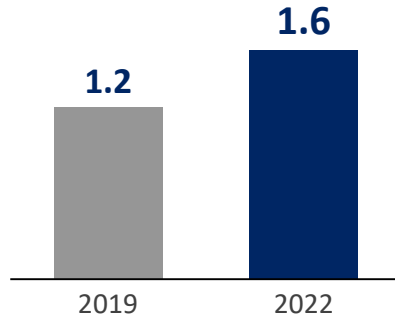
2019 refers to Board's proposal

Strategic targets for 2022

Presented at Capital Markets Day in December 2019

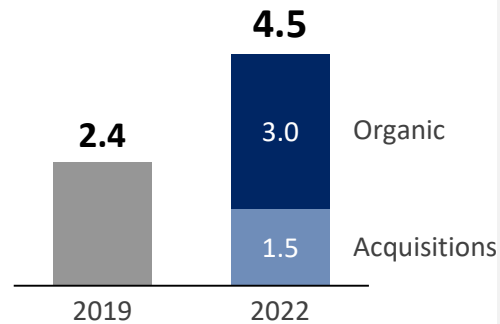
SSAB Special Steels

Shipments
(million
tonnes)



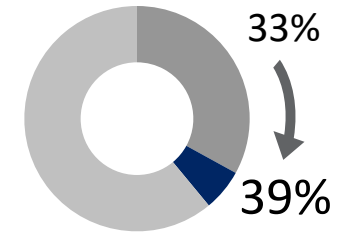
SSAB Services

Sales
(SEK billion)



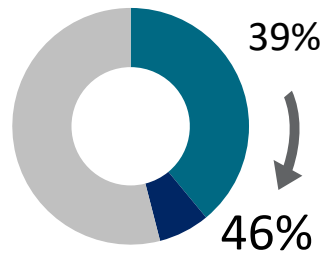
SSAB Americas

Premium share



SSAB Europe

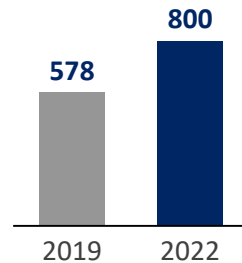
Premium share



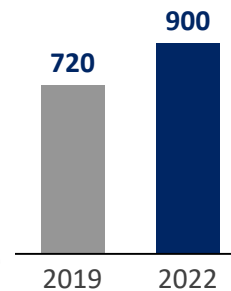
SSAB Europe

Shipments
(ktonne)

**Automotive
AHSS**



Premium



SSAB Europe – supported by Tibnor and Ruukki Construction

Market share in the Nordics
(over time)

40-45%
39% in 2019

Summary

- ▶ Q4/19 a challenging quarter
 - Weak market, destocking in Europe
 - Extensive planned maintenance
 - Production adjusted to lower demand
- ▶ Decent operating cash flow, strong balance sheet and dividend kept unchanged
- ▶ Q1 outlook – Improving demand and no planned maintenance

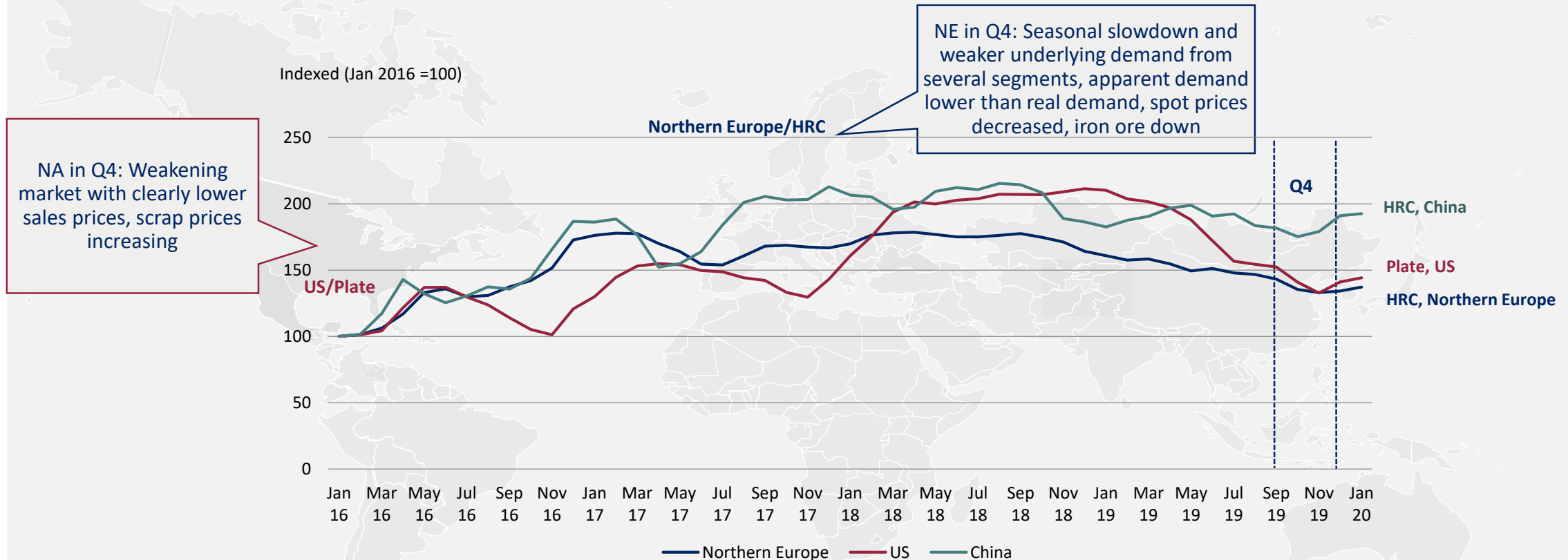


Questions & Answers








Appendix

Demand weakened and steel prices remained under pressure during Q4

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



SSAB's outlook for main customer segments Q1/2020

| Segment | Q1/2020 | Comments | ● Strong ● Healthy ● Weak |
|------------------------|---|--|--|
| Heavy Transport |  | <ul style="list-style-type: none"> ▶ Reduction in European heavy truck production ▶ Slowdown in the US – rail cars | |
| 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 ▶ Somewhat lower activity in oil and gas segment, from high level | |
| Construction |  | <ul style="list-style-type: none"> ▶ Seasonally lower demand level ▶ Some slowdown in the underlying demand in the Nordic region | |
| Service Centers |  | <ul style="list-style-type: none"> ▶ Potential for restocking in the US ▶ Some restocking expected in Europe after very cautious Q4/19 | |

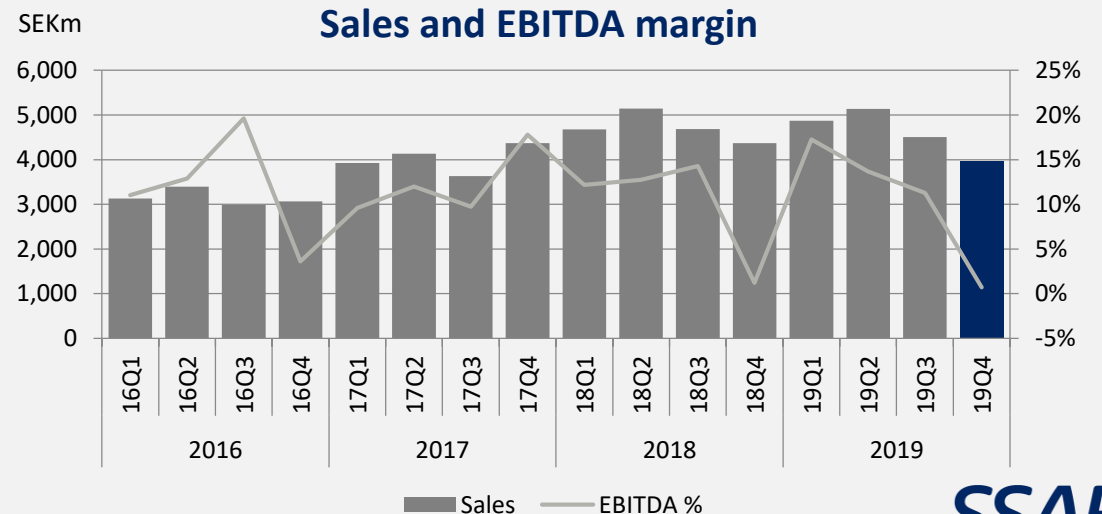
SSAB Special Steels

Low shipments due to weak demand

- ▶ Weaker demand in Europe and North America affecting all customer segments
- ▶ Shipments were down 9% vs. Q4/18 and 17% vs. Q3/19
 - FY2019 shipments 1,224 ktonnes
- ▶ EBIT of SEK -126m, down SEK 54m compared with Q4/18
 - + Higher prices
 - Lower shipments
 - Higher costs of raw materials
 - Lower capacity utilization to adjust production to lower demand

Key figures

| SEKm | Q4/2019 | Q4/2018 | Q3/2019 | 2019 | 2018 |
|--------------------|---------|---------|---------|--------|--------|
| Sales | 3,973 | 4,369 | 4,509 | 18,495 | 18,869 |
| EBITDA | 28 | 52 | 509 | 2,081 | 1,946 |
| EBIT | -126 | -72 | 358 | 1,454 | 1,421 |
| Shipments, ktonnes | 249 | 293 | 299 | 1,224 | 1,298 |



SSAB Europe

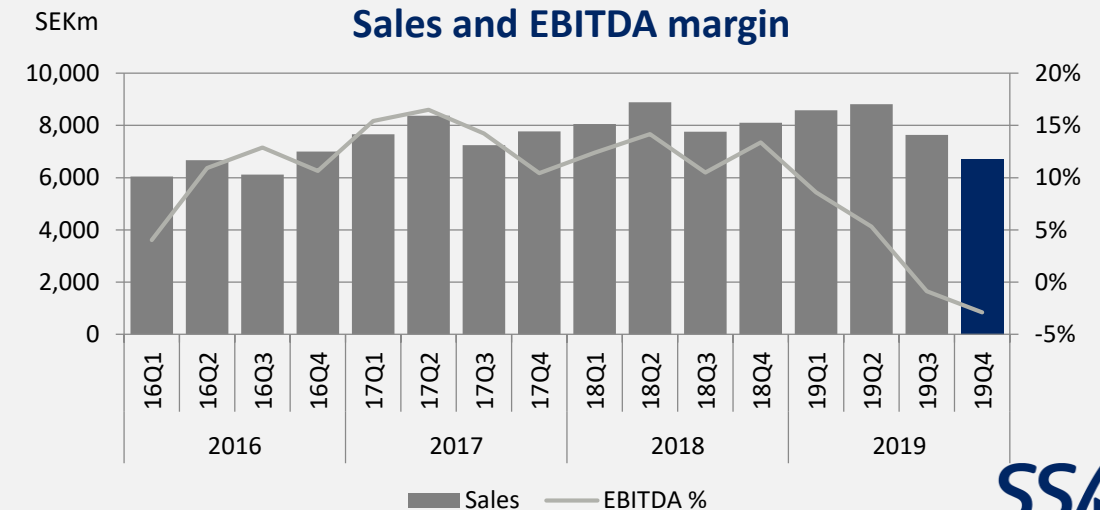
Weaker demand, margin squeeze and adjustment of production level

- ▶ Weaker demand, stock adjustments by larger OEMs and distributors
 - Shipments were down 12% vs. Q4/18 and 5% vs. Q3/19
- ▶ EBIT in Q4/19 was SEK -609m, down SEK 1,342m vs. Q4/18
 - Lower shipments
 - Lower prices
 - Lower capacity utilization
 - Higher raw material costs
 - Strikes in Finland (SEK -250)
 - + Insurance compensation
- ▶ Blast furnace #2 in Raahе was idled, now back in operation
- ▶ Share of premium 39% (36%)

Key figures

| SEKm | Q4/2019 | Q4/2018 | Q3/2019 | 2019 | 2018 |
|--------------------|---------|---------|---------|--------|--------|
| Sales | 6,702 | 8,099 | 7,637 | 31,730 | 32,796 |
| EBITDA | -194 | 1,082 | -67 | 945 | 4,153 |
| EBIT 1) | -609 | 733 | -480 | -677 | 2,757 |
| Shipments, ktonnes | 752 | 850 | 794 | 3,362 | 3,561 |

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



SSAB Americas

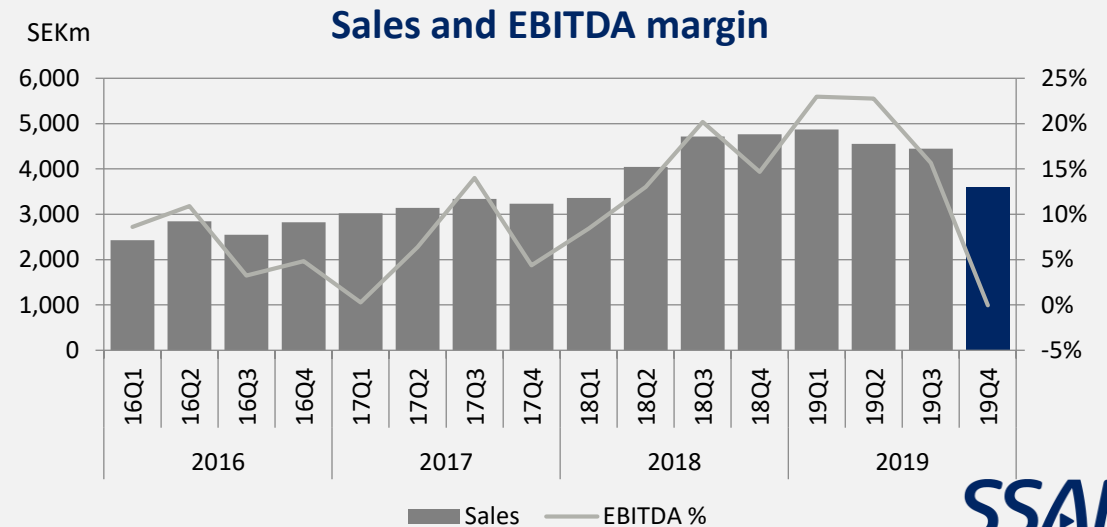
Lower shipments because of planned maintenance, lower realized prices

- ▶ Weaker demand, including from Heavy Transport and Construction Machinery
 - Shipments were down 3% vs. Q4/18 and 8% vs. Q3/19
- ▶ EBIT in Q4/19 was SEK -222m, down SEK 775m vs. Q4/18
 - Weaker margins
 - Maintenance outage

Key figures

| SEKm | Q4/2019 | Q4/2018 | Q3/2019 | 2019 | 2018 |
|--------------------|---------|---------|---------|--------|--------|
| Sales | 3,588 | 4,762 | 7,637 | 17,460 | 16,878 |
| EBITDA | -1 | 699 | -67 | 2,852 | 2,459 |
| EBIT 1) | -222 | 553 | -480 | 2,128 | 1,837 |
| Shipments, ktonnes | 478 | 491 | 521 | 1,974 | 2,039 |

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



SSAB

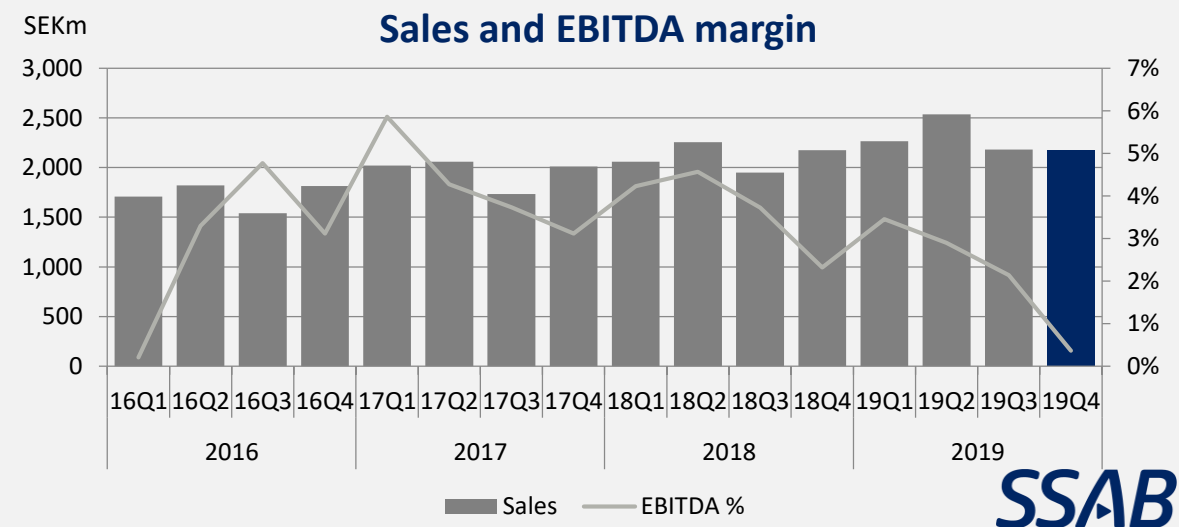
Tibnor

- ▶ Demand remained weak in many customer segments
- ▶ Sales were unchanged vs. Q4/18 at SEK 2,172 (2,173)m
 - Sanistål contributed SEK 327m
- ▶ EBIT in Q4/18 was SEK -39m, down SEK 67m from Q4/18
 - Lower margins, including revaluation of inventory
- ▶ The implementation of the cost restructuring program is according to plan, with annual savings impact of SEK 200m
 - Full run rate will, as initially planned, be reached as of mid-2020
 - Restructuring cost of SEK 52m in Q4/19 (reported as Items affecting comparability)

Key figures

| SEKm | Q4/2019 | Q4/2018 | Q3/2019 | 2019 | 2018 |
|------------------|---------|---------|---------|-------|-------|
| Sales | 2,172 | 2,173 | 2,179 | 9,149 | 8,434 |
| EBITDA | 8 | 50 | 47 | 206 | 313 |
| EBIT 1) | -39 | 28 | 2 | 30 | 230 |
| Shipments (kton) | 189 | 181 | 190 | 786 | 705 |

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



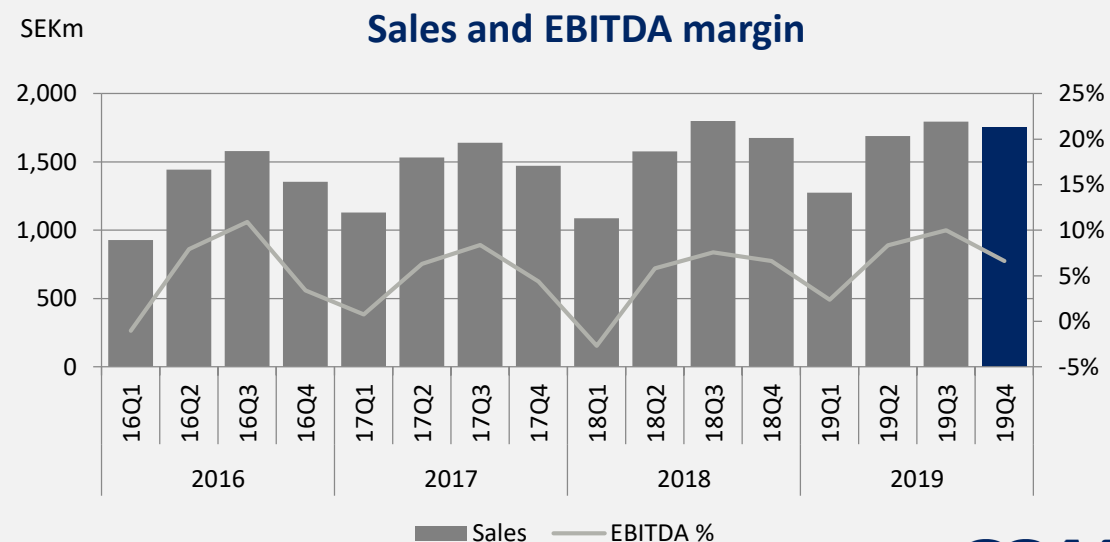
Ruukki Construction

- ▶ Seasonally weaker demand. The underlying demand remained at a good level in Ruukki Construction's main markets
- ▶ Sales up by 5% vs. Q4/18 (incl. Piristeel)
- ▶ EBIT in Q4/19 was SEK 67m, down SEK 11m vs. Q4/18
 - Lower margins in Building Systems
 - Lower volumes in Building Components
- ▶ Divestment of Building Systems is expected to be completed during 1H/2020

Key figures

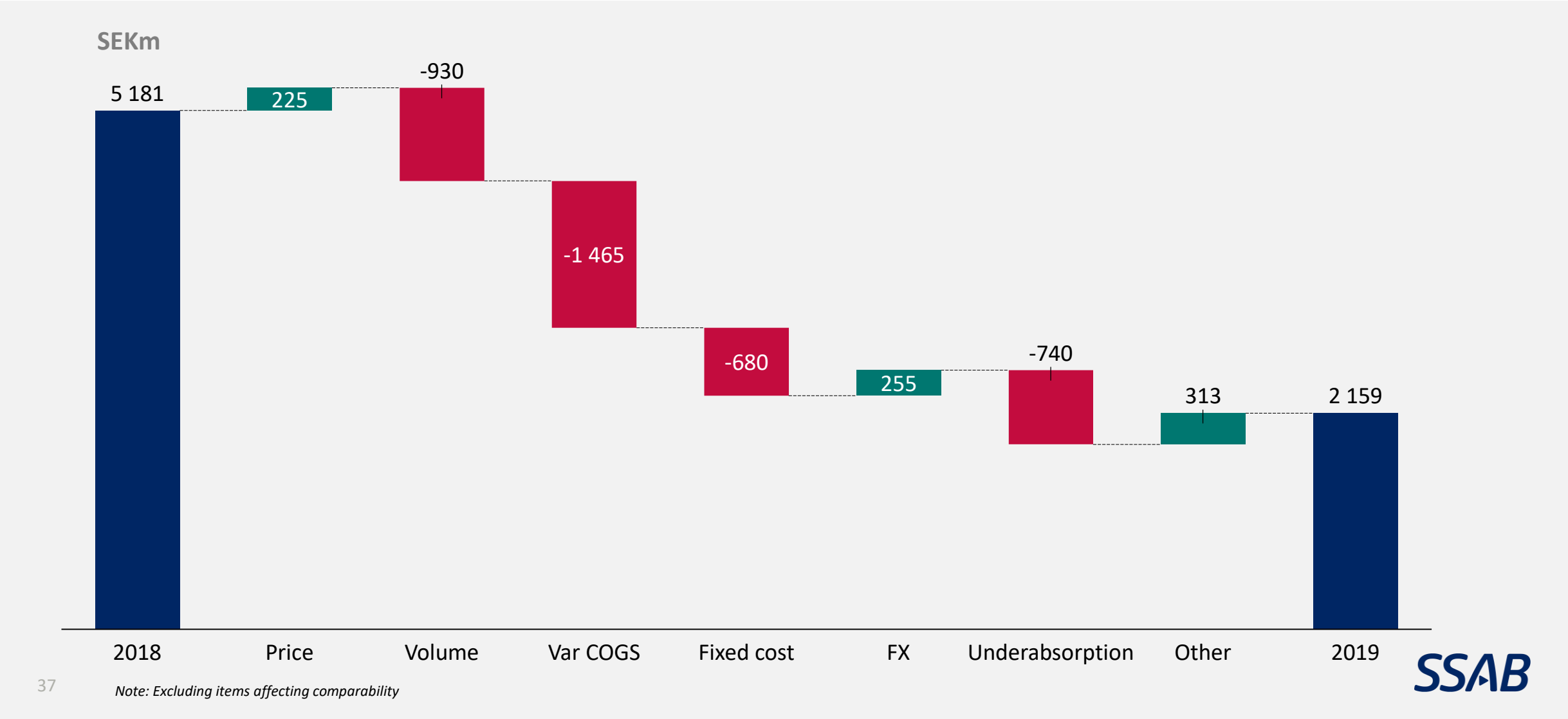
| SEKm | Q4/2019 | Q4/2018 | Q3/2019 | 2019 | 2018 |
|---------|---------|---------|---------|-------|-------|
| Sales | 1,752 | 1,674 | 1,794 | 6,510 | 6,140 |
| EBITDA | 116 | 107 | 179 | 466 | 309 |
| EBIT 1) | 67 | 78 | 134 | 283 | 181 |

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



Change in operating profit

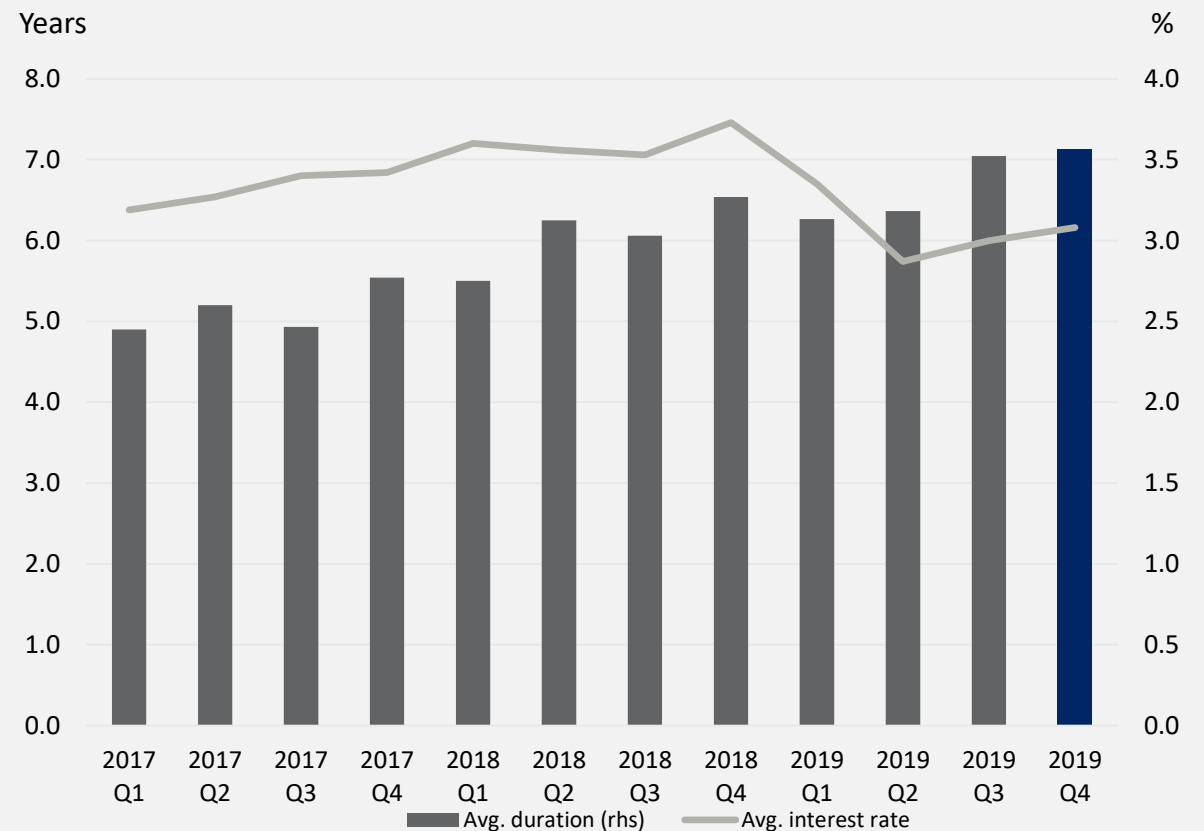
FY2019 vs. FY2018



Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 7.1 years (6.5)
- ▶ Averaged fixed interest term was 1.1 (1.1)
- ▶ Average interest rate was 3.1% (3.0% in Q3/19)

Debt cost and duration



SSAB



*A stronger,
lighter and more
sustainable world*