

Presentation of the Q1/2020 results

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April 27, 2020



SSAB

Agenda

- ▶ Q1/2020 in brief
- ▶ Financials
- ▶ Summary
- ▶ Q&A



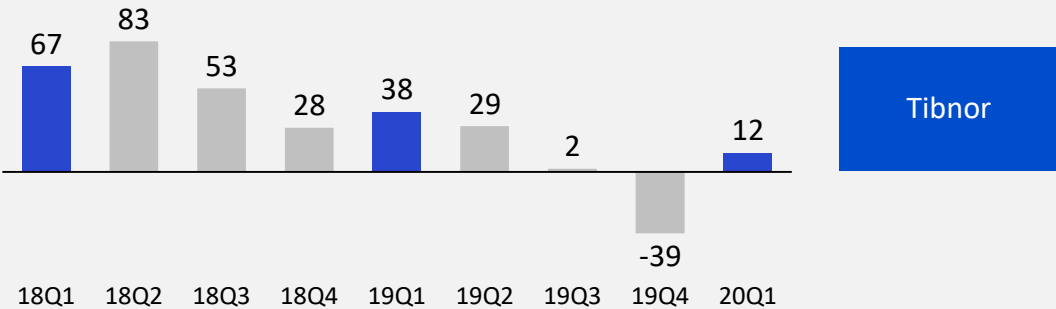
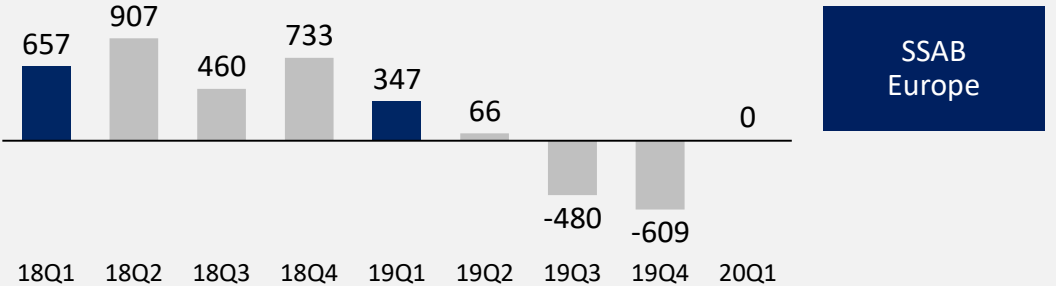
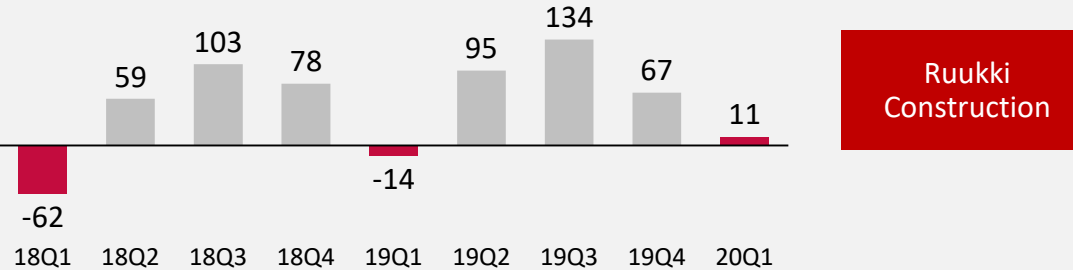
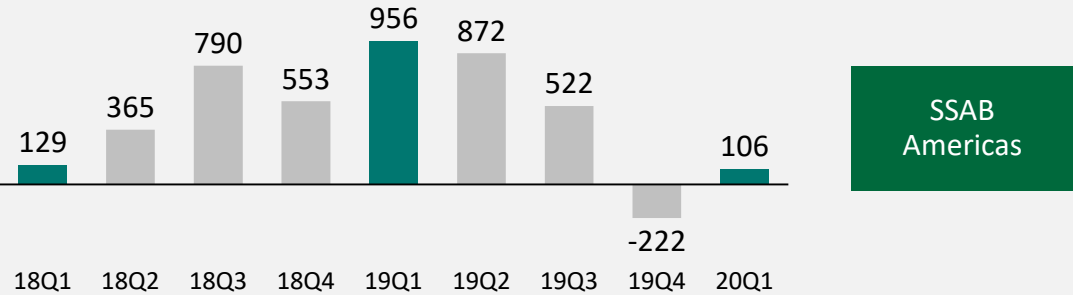
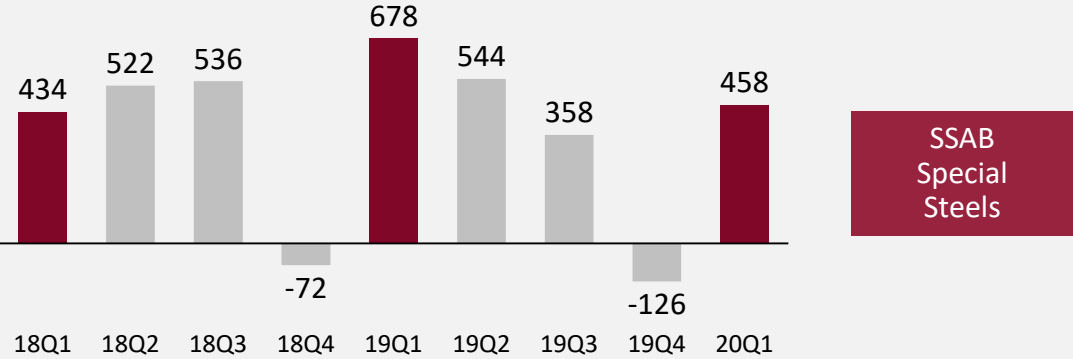
Q1/2020 in brief

Recovery in Q1/20 from Q4/19

- ▶ Improved demand and restocking
 - Higher shipments and production
- ▶ Improved capacity utilization
 - No maintenance
 - Stable production performance
- ▶ Continued pressure on steel margins in standard products
- ▶ Seasonal working capital build-up



Operating profit by division



Impacts of Covid-19 on SSAB operations

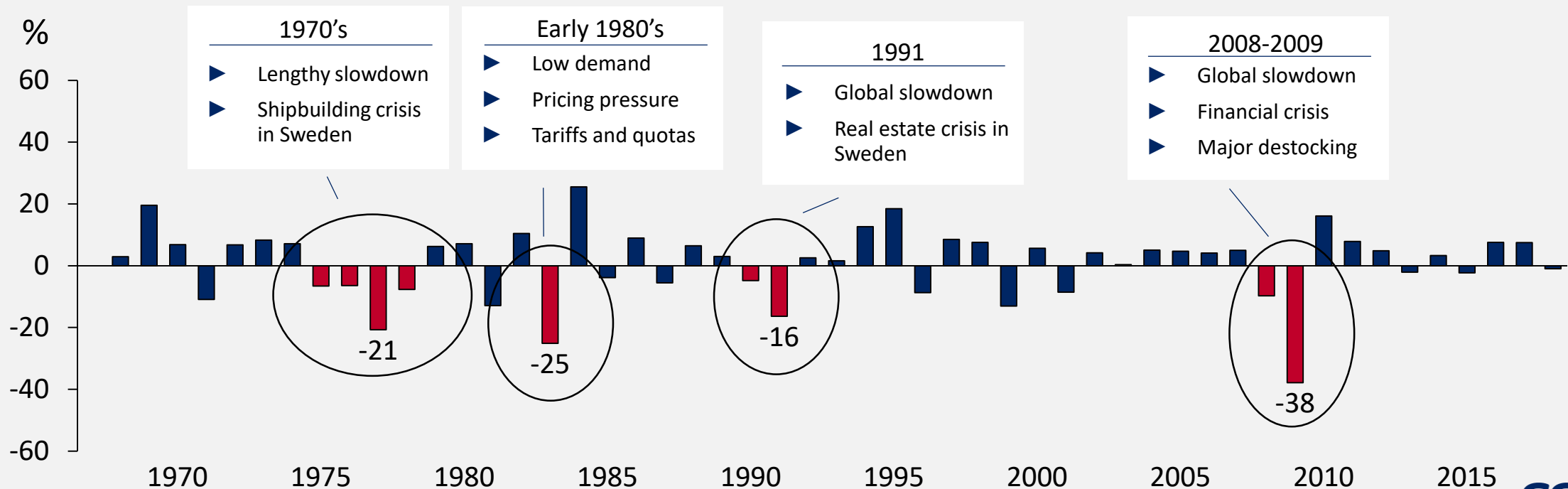
- ▶ Stable operations and production so far, higher sick leave has been manageable
- ▶ Several measures taken to safeguard the health and safety of our personnel
 - Work from home
 - No travel
 - No external visitors
 - Restriction on face-to-face meetings
 - Contingency plans for critical operations
- ▶ Focus to secure supply chain, only minor disruptions in Q1



Uncertain outlook due to the Covid-19 outbreak

- Examples of previous downturns

Nordic Apparent Steel growth y-o-y, %



SSAB's outlook for main customer segments Q2/2020




Segment	Q2/2020	Comments	● Strong ● Healthy ● Weak
Heavy Transport	●	<ul style="list-style-type: none"> ▶ Clearly lower heavy truck production ▶ Rail cars weaker, barges more stable 	
Automotive	●	<ul style="list-style-type: none"> ▶ Temporary close down of production in major markets ▶ AHSS and Asia more stable 	
Construction Machinery	●	<ul style="list-style-type: none"> ▶ Lower production levels 	
Material Handling	●	<ul style="list-style-type: none"> ▶ Lower investment in new equipment ▶ Mining operations continue at fairly stable level 	
Energy	●	<ul style="list-style-type: none"> ▶ Substantially lower oil price ▶ Wind energy more stable 	
Construction	●	<ul style="list-style-type: none"> ▶ Seasonal improvement vs. Q1 ▶ Risk of slow down 	
Service Centers	●	<ul style="list-style-type: none"> ▶ Generally cautious sentiment 	

SSAB's outlook for Q2/2020

Industrial deceleration affects steel demand negatively

- ▶ The outlook is more uncertain than normal
- ▶ Shipments for SSAB Americas and SSAB Europe expected to contract sharply
- ▶ Contraction also for SSAB Special Steels, albeit somewhat less compared to standard steel
- ▶ Prices realized during Q2/20 (compared to Q1/20) are expected to be:
 - Flat for SSAB Europe
 - Somewhat lower for SSAB Special Steels
 - Lower for SSAB Americas

Volume outlook

Business segment	Volume trend Q2/20 vs. Q1/20	Comment
SSAB Special Steels		Covid-19 impacting demand, China recovering
SSAB Europe		Covid-19 impacting demand
SSAB Americas		Covid-19 impacting demand

Actions taken to decrease the negative effects of lower demand

SSAB Special Steels

- ▶ Annual planned maintenance brought forward to the summer
- ▶ Short-time work allowances
- ▶ Postponing capacity expansion projects

SSAB Europe

- ▶ One BF in Raahe idled in mid-April (1.3 million tonnes/year)
- ▶ Rolling production reduced by >25%
- ▶ Short-time work allowances and layoffs
- ▶ Planned maintenance brought forward

SSAB Americas

- ▶ Planned maintenance in Montpelier less extensive and brought forward to the summer
- ▶ Production in Mobile will be idled at least one week, both in May and June
- ▶ Relatively high share of variable cost

Common activities

- ▶ External services sharply reduced
- ▶ Projects postponed
- ▶ Group Executive Committee reduced salaries by 10%
- ▶ Hiring freeze
- ▶ Postponing investments

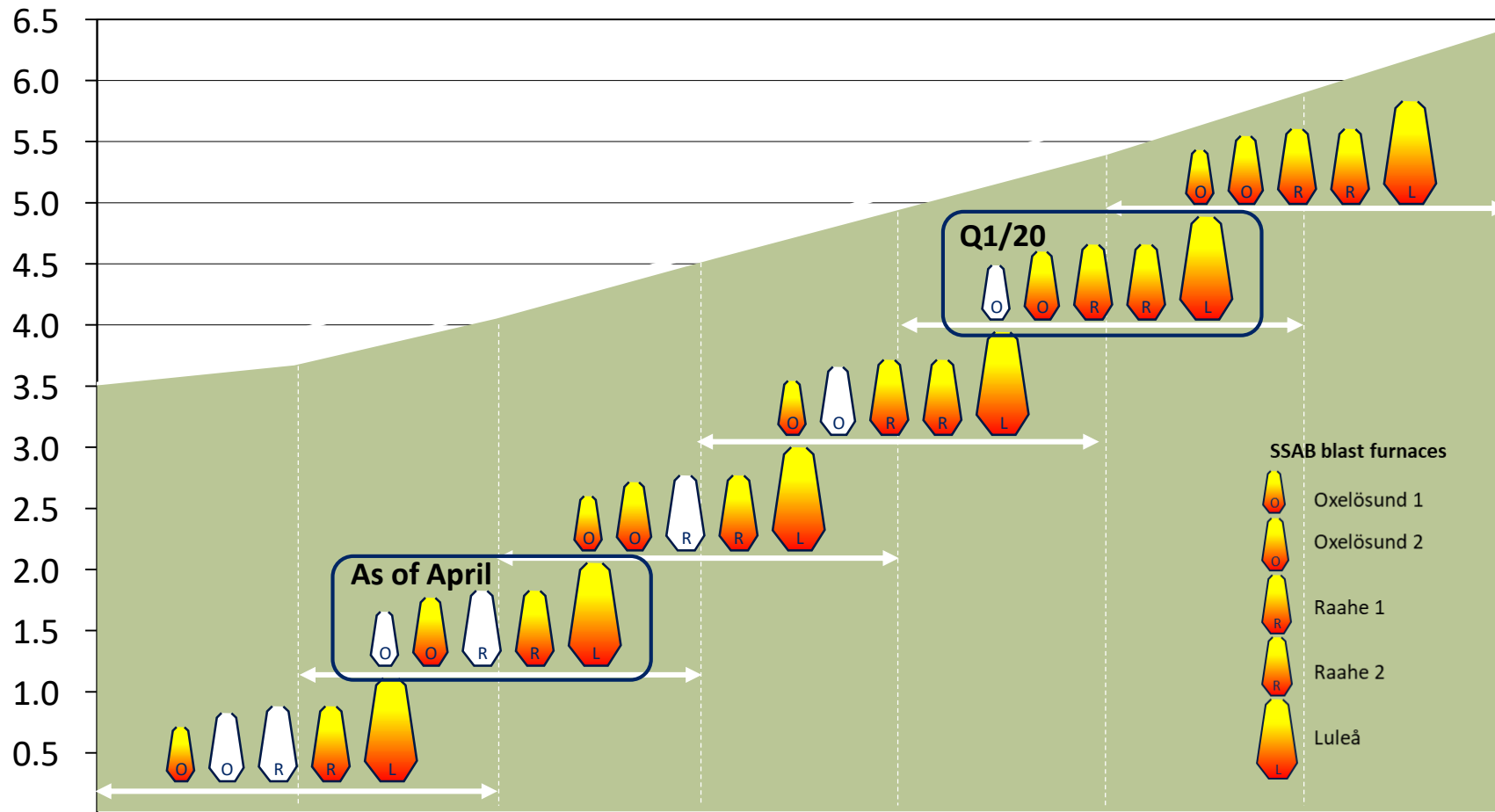
Summary

- ▶ So far, annualized savings totaling SEK >1bn implemented
- ▶ Investment level reduced to SEK 2.0 – 2.5bn (earlier 3bn) in FY 2020
- ▶ Liquid assets and committed credit lines increased to SEK 22bn (as of March 31)
- ▶ Further actions prepared and can be implemented on short notice

Example of production flexibility

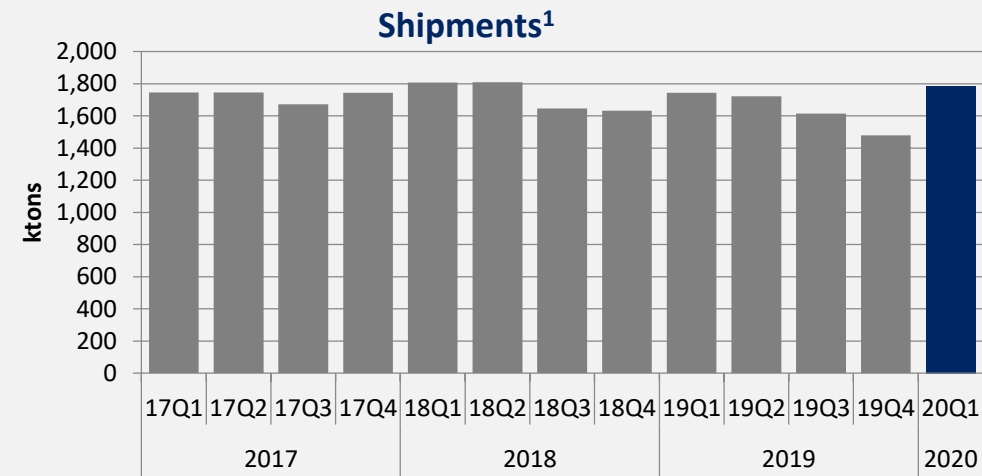
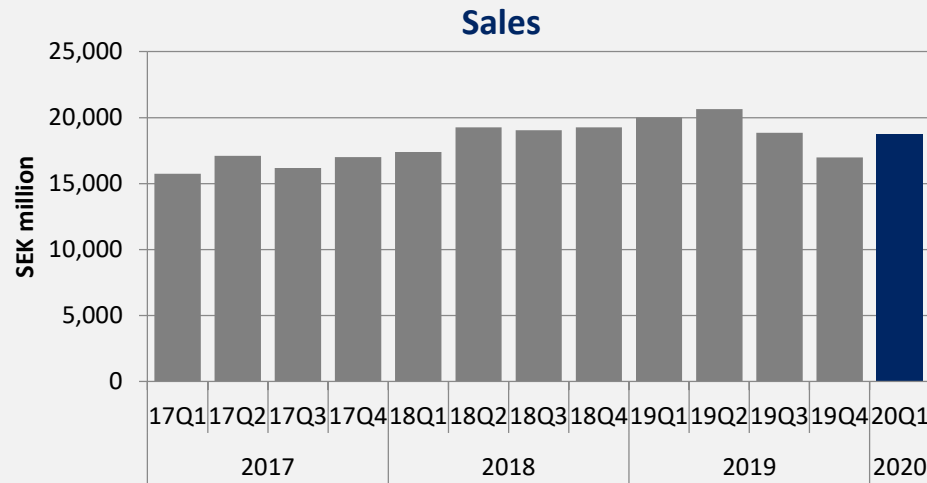
Decided to go to 3 blast furnaces starting in April

Possible Nordic slab production scenarios / from 3.5 – 6.5 million tonnes

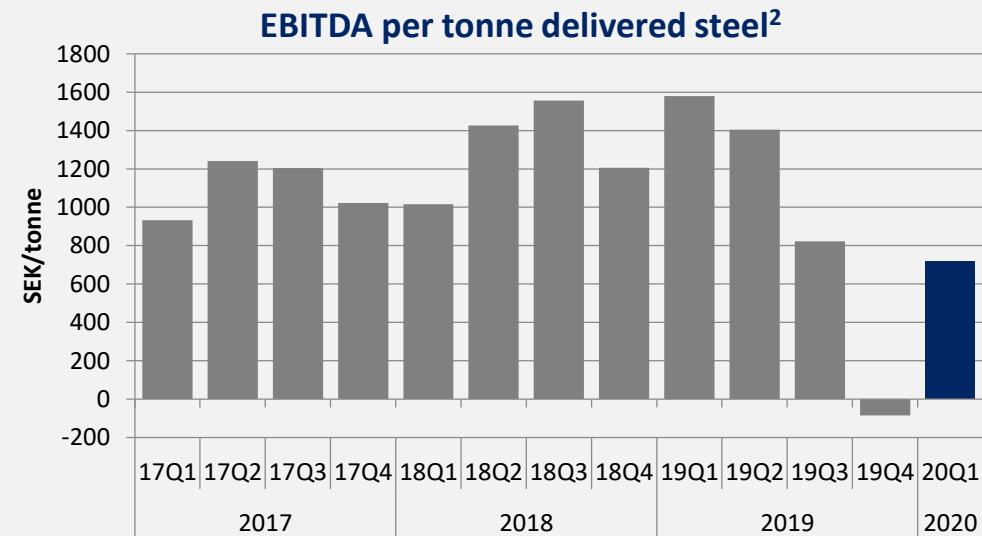
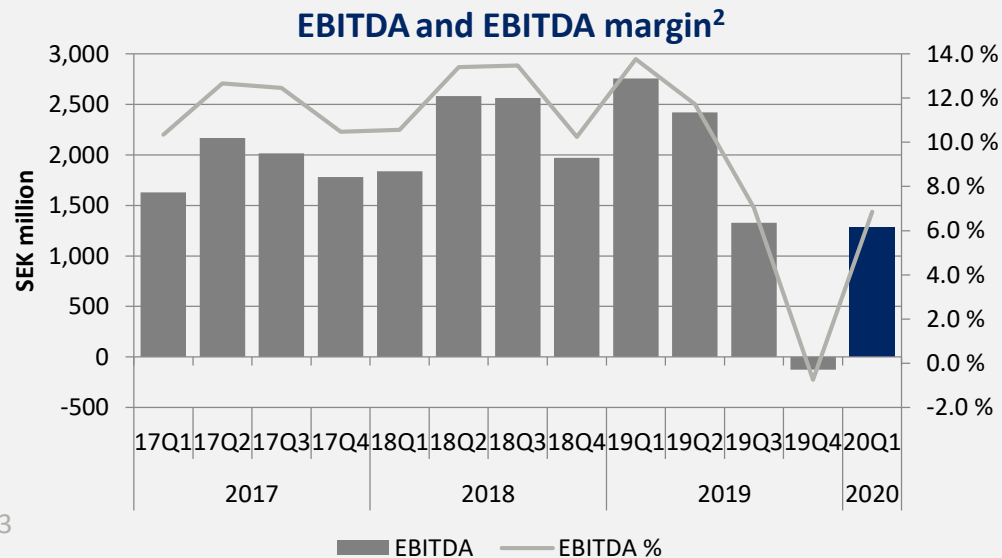


Financials

Recovery from low levels in Q4/19



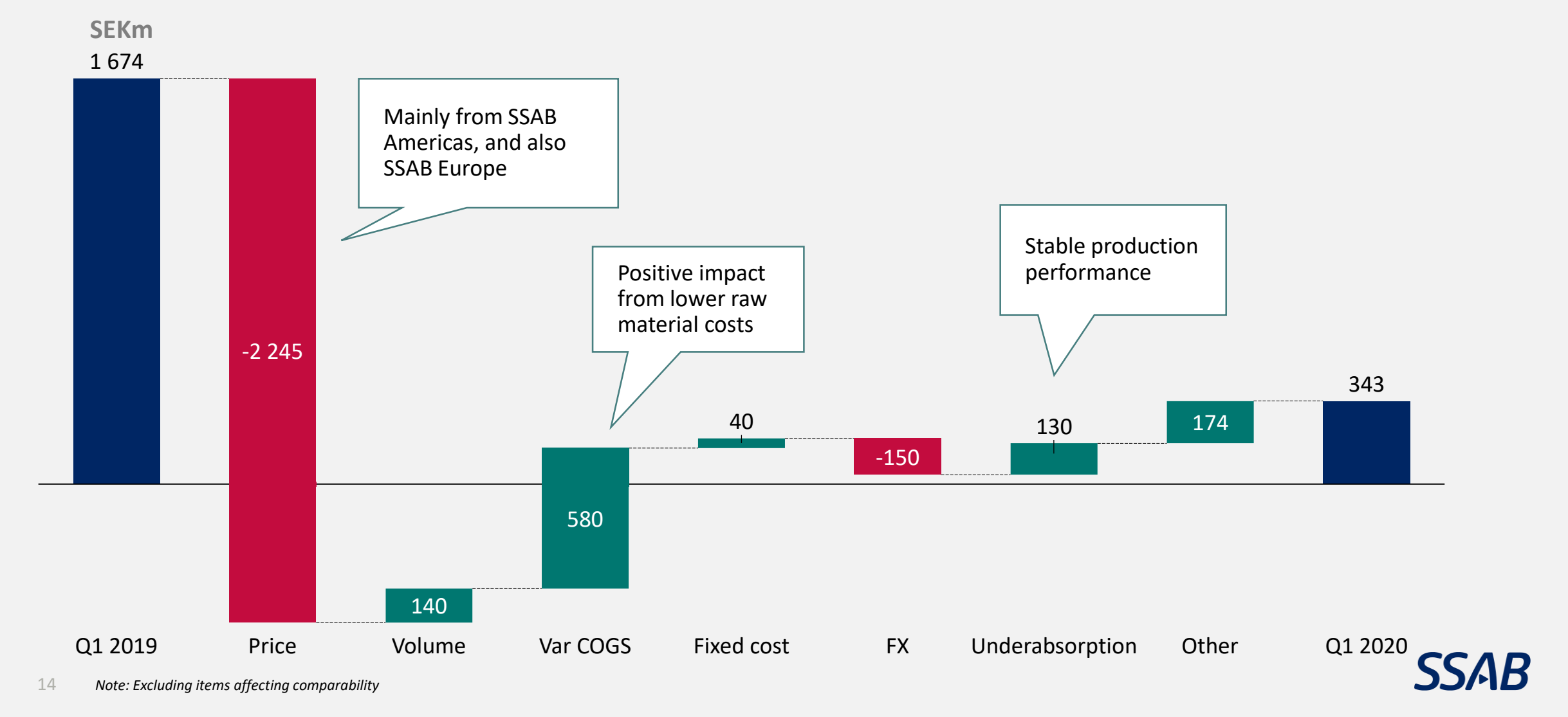
1) Including the steel operations: Special Steels, Europe and Americas



2) Excluding items affecting comparability

Change in operating profit

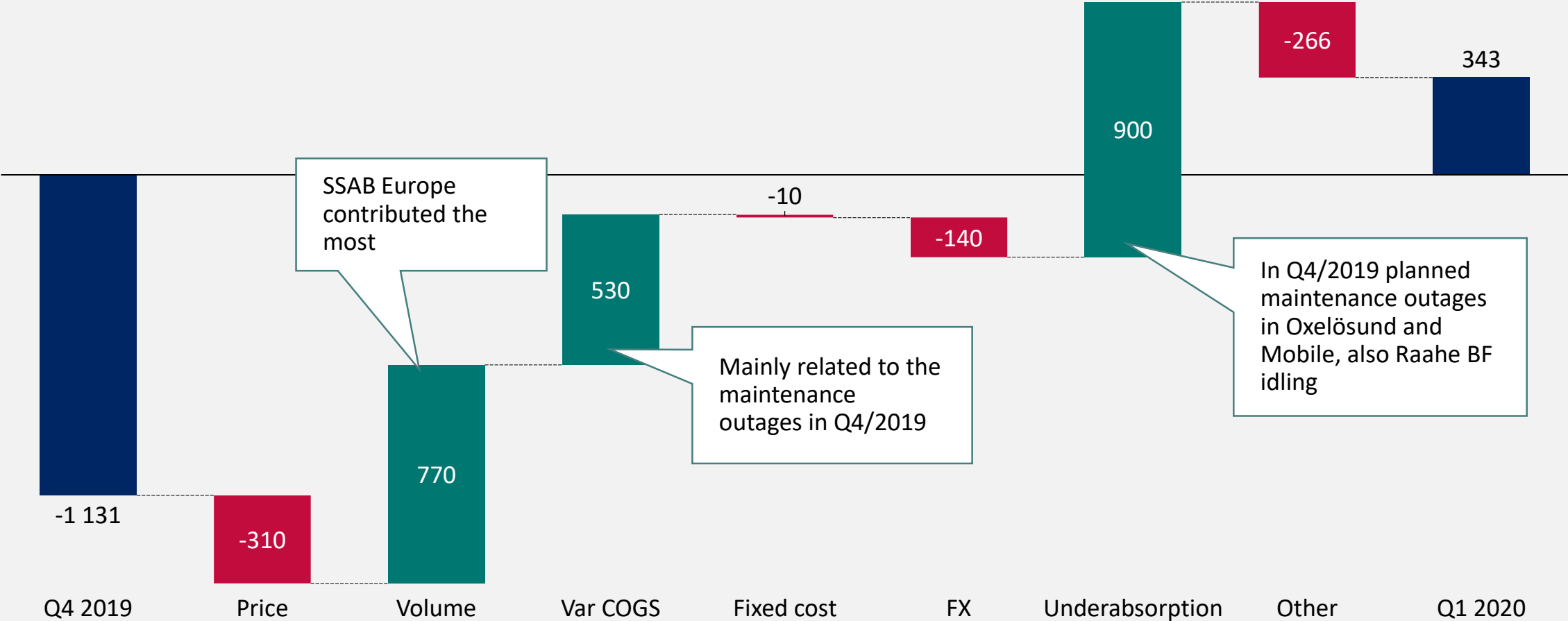
Q1/2020 vs. Q1/2019



Change in operating profit

Q1/2020 vs. Q4/2019

SEKm



Operating cash flow negative due to low result

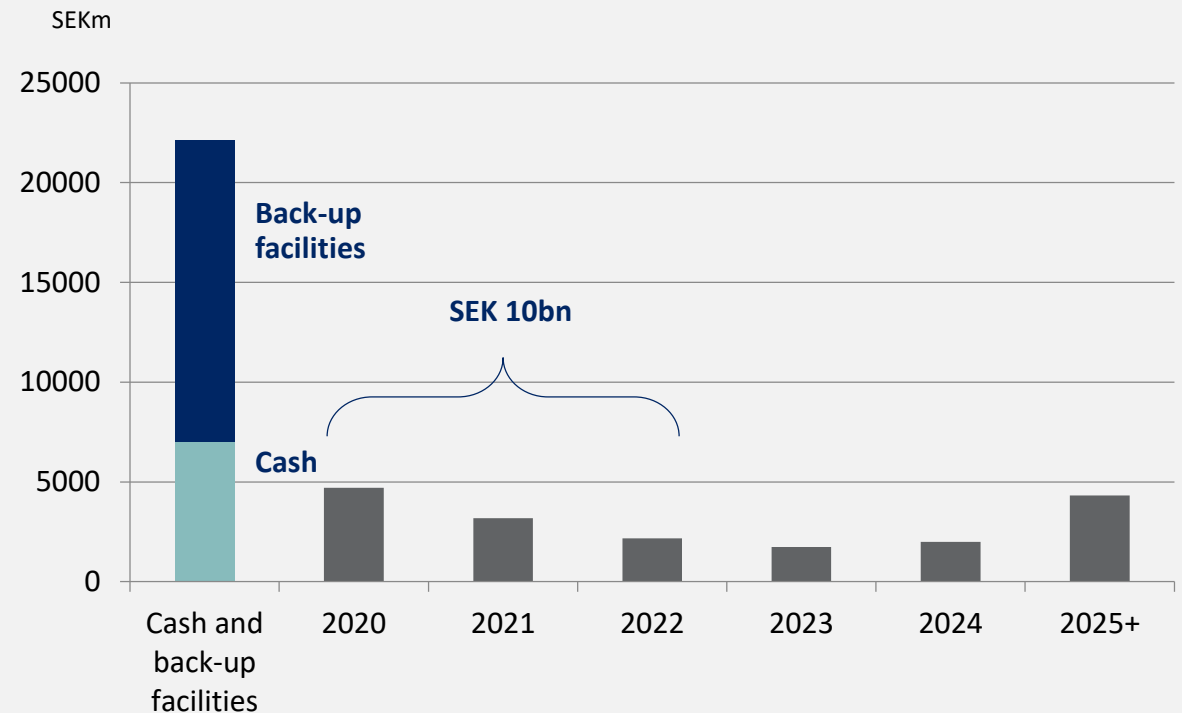
Also, build-up of working capital impacted

SEKm	Q1/2020	Q1/2019	Q4/2019	2019
EBITDA	1,286	2,755	-174	6,177
Change in working capital	-1,401	-1,256	2,187	896
Maintenance expenditure	-303	-352	-666	-1,875
Other	7	-9	-25	-4
Operating cash flow	-411	1,139	1,321	5,194
Financial items	-94	-93	-50	-432
Taxes	-8	-254	-97	-1,315
Cash flow from current operations	-513	791	1,175	3,447
Strategic capital expenditure	-162	-113	-456	-1,035
Acquisitions of shares and operations	-71	-175	-448	-1,221
Divestments of shares and operations	-	-	118	118
Cash flow before dividend	-747	503	389	1,309
Dividend paid to shareholders	-	-	-	-1,545
Dividend, non-controlling interest	-4	-	-1	-7
Acquisition, non-controlling interest	-	-	-1	-46
Net cash flow	-751	503	387	-289

Maturity profile and net debt

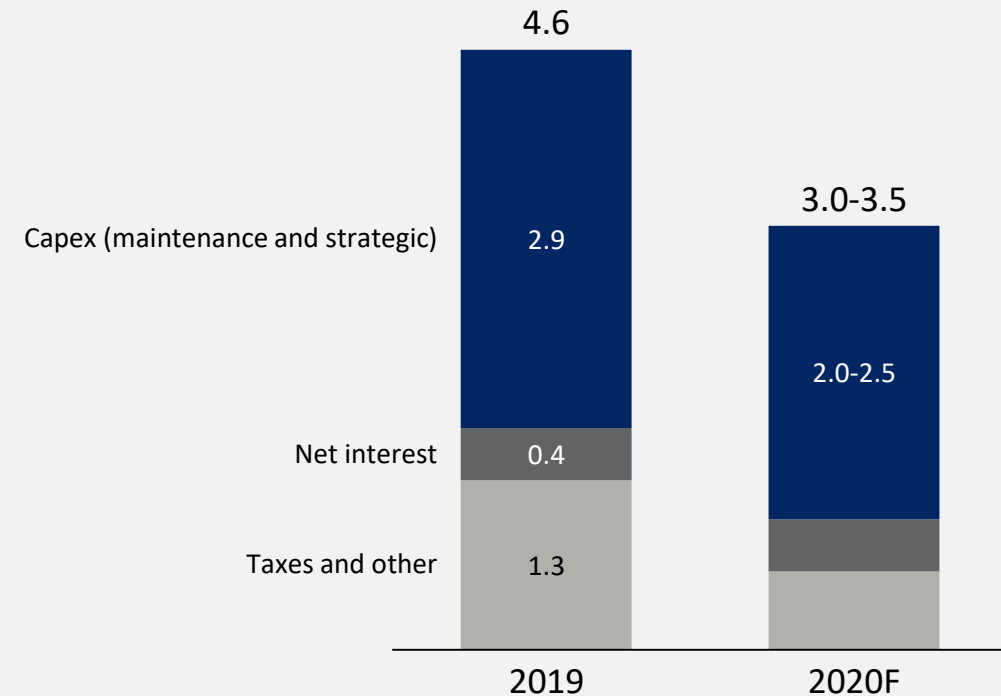
- ▶ Net debt amounted to SEK 12,692m (10,114)
- ▶ Net gearing was 20% (16%)
- ▶ Duration of the loan portfolio was 5.2 (6.3) years
- ▶ Liquid assets and committed credit lines increased to SEK 22 billion (as of March 31) – corresponds to 29% of revenue
- ▶ Further options for additional liquidity buffer under review

Maturity profile Q1/2020



Cash needs of the business

- ▶ Total cash needs* estimated at SEK 3.0 –3.5 billion in 2020 (4.6 in 2019)
- ▶ Projects postponed:
 - Capacity expansion in Mobile
 - Start of Oxelösund conversion
- ▶ Interest paid stable
- ▶ Lower taxes paid expected in 2020 (2019 unusually high due to lag in the US)



*Cash needs defined as capex, interest paid and taxes paid. Excluding working capital

Purchase prices for iron ore and coking coal fairly stable

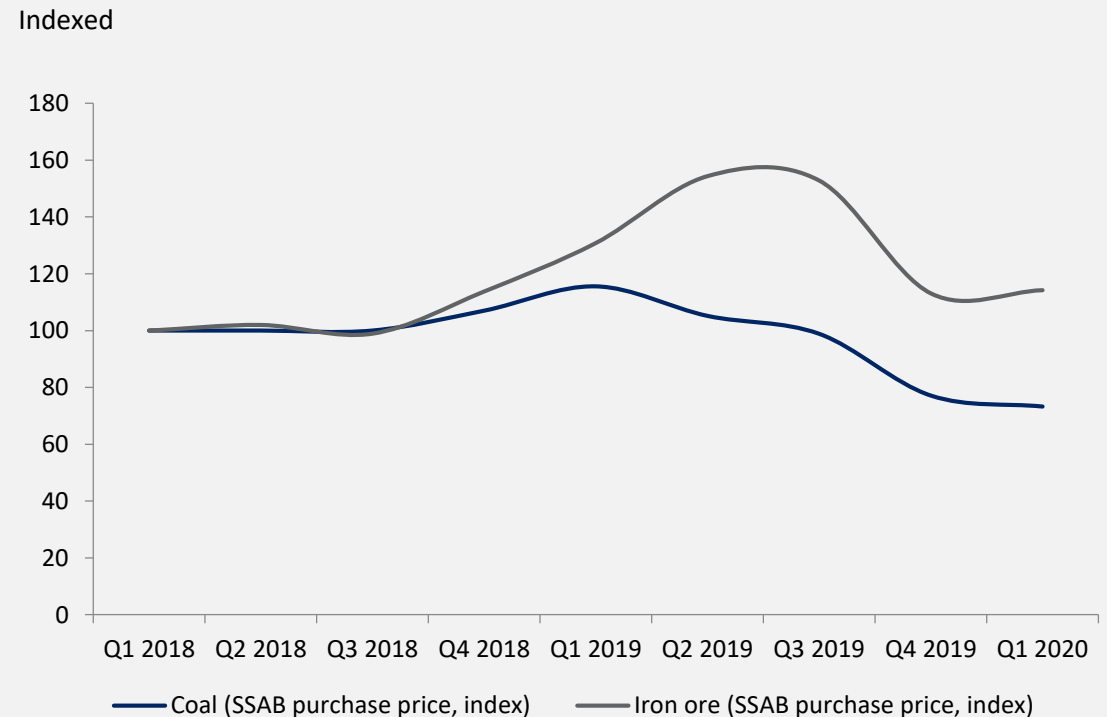
Iron ore

- ▶ Average pellet purchase price in Q1/20 was 1% higher in terms of SEK (1% in USD) vs. Q4/19

Coking coal

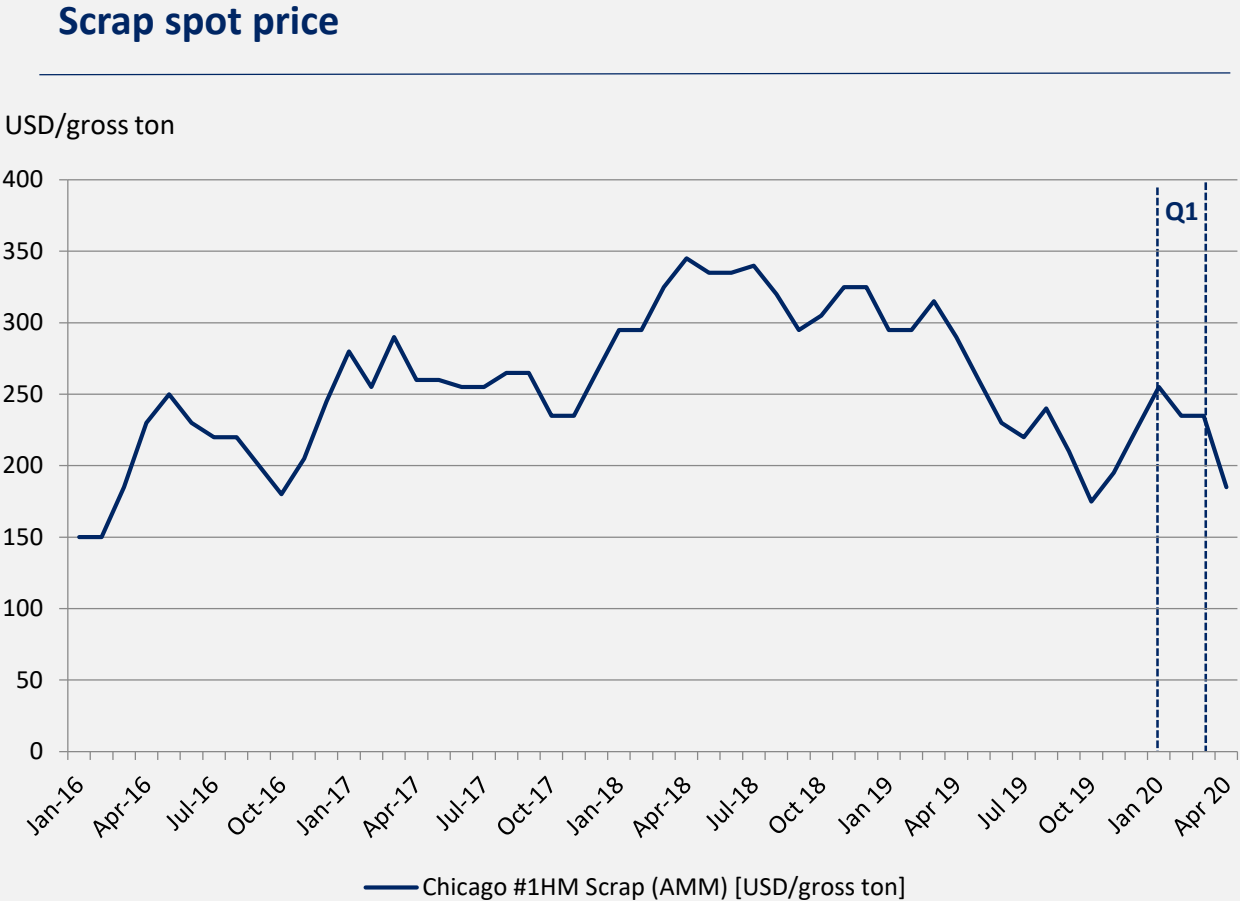
- ▶ Average coking coal purchase price in Q1/20 was 5% lower in terms of SEK (-5% in USD) vs. Q4/19

SSAB's purchase price, coking coal and iron ore



Scrap spot prices decreased during Q1/2020

- ▶ SSAB's average purchase price for scrap in Q1/20 was 22% higher vs. Q4/19 (USD)
- ▶ Scrap spot prices were increasing during Q4/19, which impacted Q1
- ▶ In Q1 spot prices first decreased in January and were fairly stable the rest of the quarter
- ▶ Spot prices decreased in April



Major planned maintenance outages in 2020

Timing of outages changed for all steel divisions

- ▶ Estimated cost reduced by SEK 90m for 2020, compared to previous forecast
- ▶ Cost SEK 255m lower compared to 2019

SEKm	Q1/20	Q2/20	Q3/20	Q4/20	2020	2019	2018
SSAB Special Steels	-	-	280		280	300	350
SSAB Europe	-	-	300	70	370	420	410
SSAB Americas	-	80	150		230	415	285
Total	-	80	730	70	880	1,135	1,045

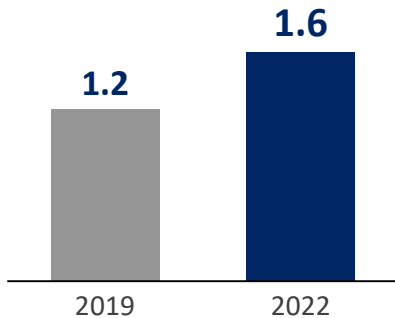
Note: The estimates shown in table includes direct maintenance cost and cost of lower capacity utilization (under absorption), but excludes lost margins.

Summary

Strategic targets for 2022

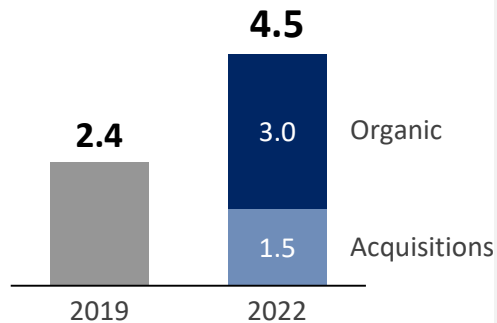
SSAB Special Steels

Shipments
(million tonnes)



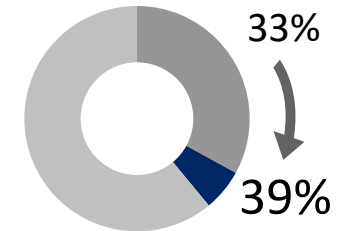
SSAB Services

Sales
(SEK billion)



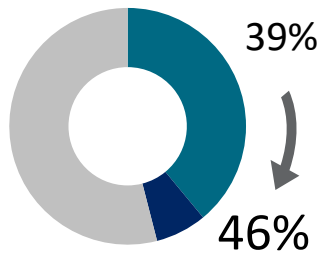
SSAB Americas

Premium share



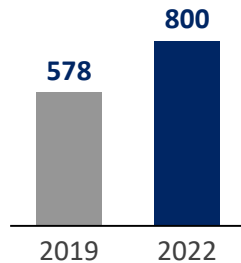
SSAB Europe

Premium share

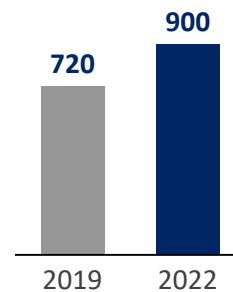


SSAB Europe

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

The HYBRIT pilot plant remains on track



Summary

- ▶ Recovery from low levels of Q4/19
- ▶ Q2 outlook is very uncertain, several measures taken to reduce costs
- ▶ Strong balance sheet, liquid assets and committed credit lines of SEK 22bn
- ▶ Despite the great uncertainty, SSAB continues to focus on developing the special steels business and the transition to fossil-free steel



Questions & Answers

Appendix

Summary of Q1/2020

Recovery from low level in Q4/19

- ▶ Sales were down 6% vs. Q1/19, driven by lower prices, shipments roughly at the same level
- ▶ EBIT of SEK 343 (5,181) million, down SEK 1,331m
 - Q1/2019 market conditions were more favourable, especially in SSAB Americas
- ▶ Operating cash flow of SEK -411 (1,139)m, lower result, higher working capital
- ▶ Net debt SEK 12,692 (10,114)m
- ▶ Gearing ratio was 20% (16%)
- ▶ Earnings per share SEK 0.17 (1.24)

Key figures (SSAB Group)

SEKm	Q1/2020	Q1/2019	Q4/2019	2019
Sales	18,772	20,017	16,973	76,485
EBITDA ¹⁾	1,286	2,755	-127	6,375
EBIT ¹⁾	343	1,674	-1,131	2,159
Operating cash flow	-411	1,139	1,321	5,194
Net debt	12,692	10,114	11,696	11,696
Net debt/equity ratio (%)	20	16	19	19
Profit after tax ¹⁾	178	1,285	-1,204	1,279
Earnings per share, SEK	0.17	1.24	-1.21	1.04
Shipments, ktonnes	1,787	1,744	1,479	6,560

¹⁾ Excluding items affecting comparability.

SSAB Special Steels

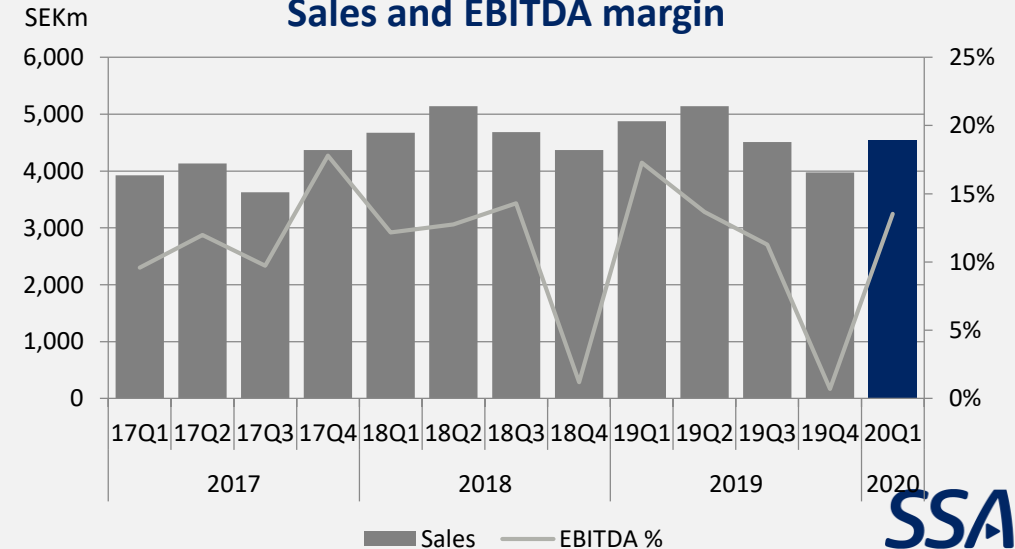
Recovery from Q4/2019, which was burdened by maintenance and destocking

- ▶ Demand recovered from Q4/2019 in large customer segments
 - Covid-19 had no major impact yet, although weaker order intake was seen towards the end of Q1
- ▶ Shipments were down 10% vs. Q1/19, but up 22% vs. Q4/19
 - Q1/19 had more favourable market conditions
 - Q4/19 had maintenance and lower demand
- ▶ EBIT of SEK 458m, down SEK 220m vs. Q1/19
 - Lower shipments
- ▶ EBIT increased SEK 584m vs. Q4/19
 - + Better capacity utilization
 - + Higher shipments
- ▶ Several measures taken to reduce costs during Q2 and onwards

Key figures

SEKm	Q1/2020	Q1/2019	Q4/2019	2019
Sales	4,536	4,874	3,973	18,495
EBITDA	614	842	28	2,081
EBIT	458	678	-126	1,454
Shipments, ktonnes	305	338	249	1,224

Sales and EBITDA margin



SSAB Europe

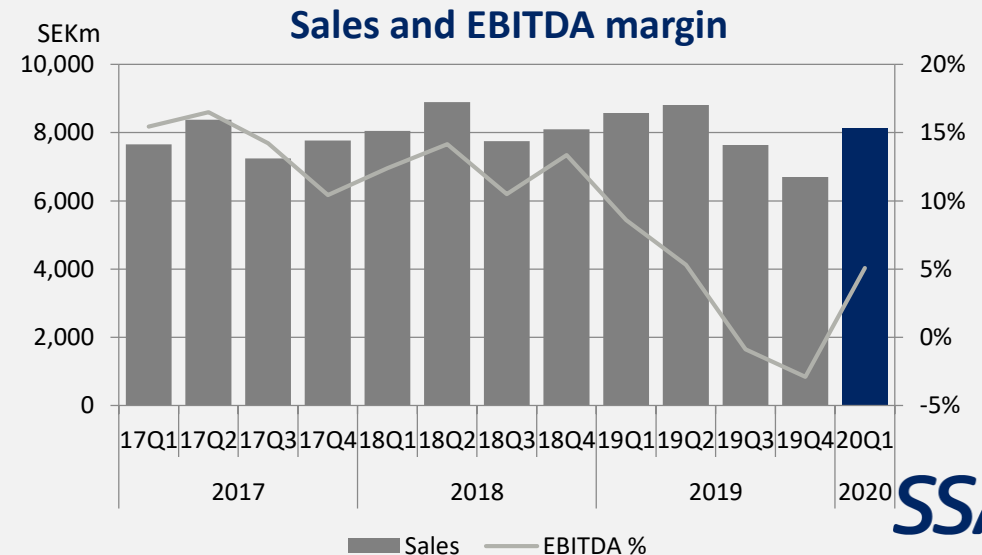
Recovery from Q4/2019, which was burdened by maintenance, strikes and destocking

- ▶ Inventory build-up at distributors and OEMs following the low activity in Q4/19
 - However order intake weakened towards the end of Q1 due to Covid-19
- ▶ Shipments were up 5% vs. Q1/19 and 27% vs. Q4/19
- ▶ EBIT in Q1/20 was SEK 0m, down SEK 347m vs. Q1/19
 - Lower prices
- ▶ EBIT was up SEK 609m vs. Q4/20
 - Q4/19 had maintenance, strikes, lower demand
- ▶ Several measures taken to lower costs
 - BF in Raahe idled at least 1-2 months
 - Rolling production being cut by > 25% in Borlänge and Hämeenlinna
 - Short-time work allowances and temporary layoffs

Key figures

SEKm	Q1/2020	Q1/2019	Q4/2019	2019
Sales	8,139	8,577	6,702	31,730
EBITDA	413	738	-194	945
EBIT 1)	0	347	-609	-677
Shipments, ktonnes	955	907	752	3,362

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



SSAB Americas

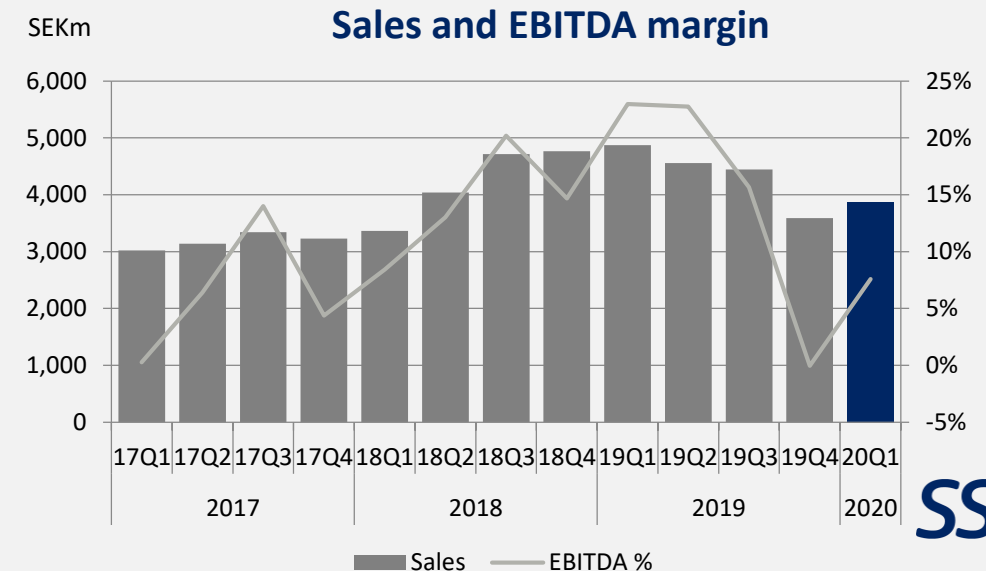
Result decreased from Q1/19 due to lower prices, but improved q-on-q

- ▶ Shipments were up 5% vs. Q1/19 and 10% vs. Q4/19
 - No maintenance, higher demand from SSC:s and Heavy Transport
 - In the end of Q1, signs of weaker demand
- ▶ EBIT in Q1/20 was SEK 106m, down SEK 850m vs. Q1/19
 - Lower prices
- ▶ EBIT was up SEK 328m vs. Q4/19
 - Q4/19 was affected by planned maintenance
- ▶ Annual planned maintenance outage has been brought forward to summer, less extensive than previously planned

Key figures

SEKm	Q1/2020	Q1/2019	Q4/2019	2019
Sales	3,878	4,871	3,588	17,460
EBITDA	294	1,119	-1	2,852
EBIT 1)	106	956	-222	2,128
Shipments, ktonnes	527	500	478	1,974

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



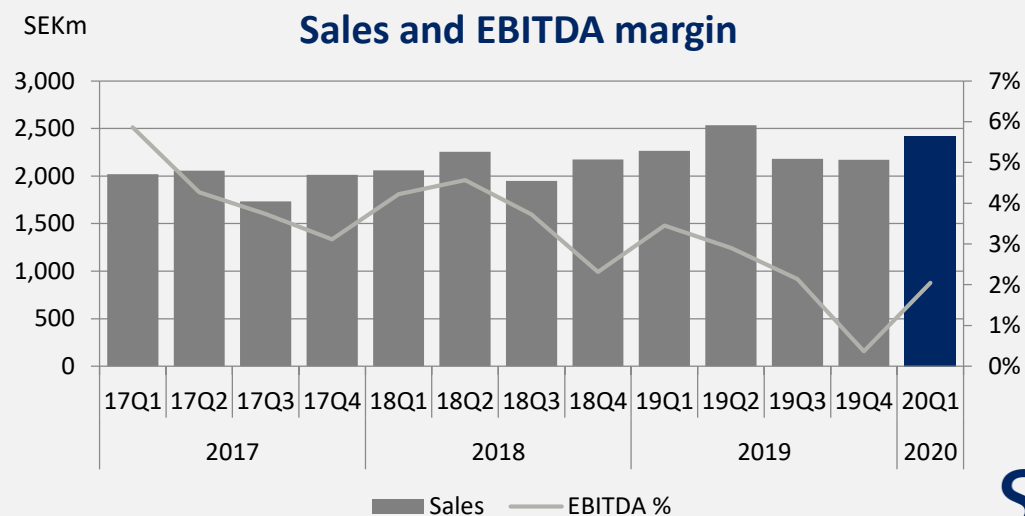
Tibnor

- ▶ Demand improved from Q4/19, but slowed down towards the end of Q1 due to Covid-19
- ▶ Sales increased vs. Q1/19 at SEK 2,421 (2,264)m
 - Sanistål contributed SEK 416m
- ▶ EBIT in Q1/20 was SEK 12m, down SEK 26m from Q1/19
 - Lower margins, including revaluation of inventory
- ▶ EBIT was up SEK 51m vs. Q4/19
- ▶ 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
 - Further measures will be implemented in Q2 due to the weak outlook

Key figures

SEKm	Q1/2020	Q1/2019	Q4/2019	2019
Sales	2,421	2,264	2,172	9,149
EBITDA	50	78	8	206
EBIT 1)	12	38	-39	30
Shipments (ktonne)	222	188	189	786

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



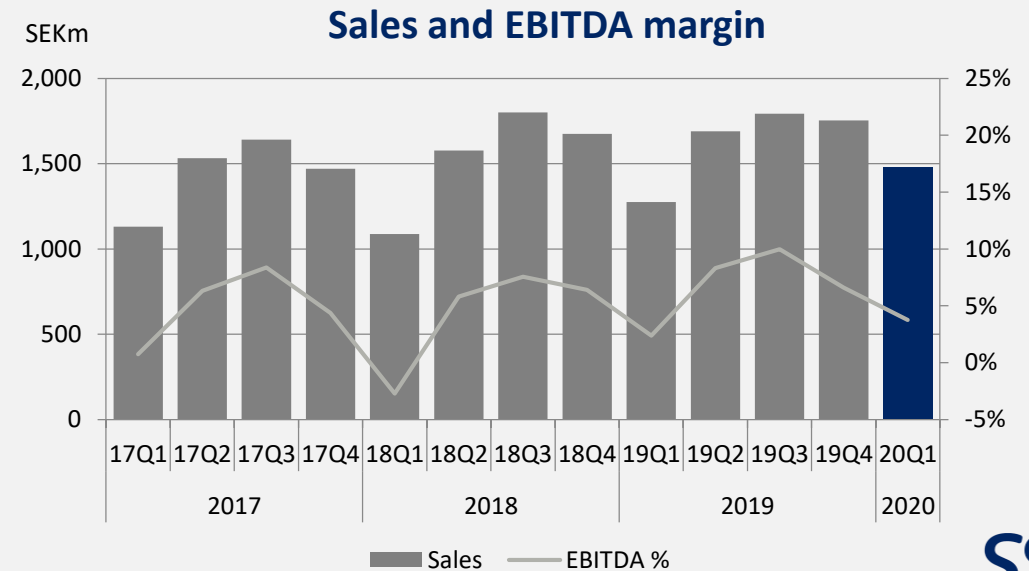
Ruukki Construction

- ▶ Seasonally weaker demand. The underlying demand remained at a good level in Ruukki Construction's main markets
- ▶ Sales up by 16% vs. Q1/19 (partly due to Piristeel)
- ▶ EBIT in Q1/20 was SEK 11m, up SEK 26m vs. Q1/19
 - Mainly due to Roofing and Building Envelopes
- ▶ Divestment of Building Systems is expected to be completed during 1H/2020

Key figures

SEKm	Q1/2020	Q1/2019	Q4/2019	2019
Sales	1,480	1,274	1,752	6,510
EBITDA	55	30	116	466
EBIT 1)	11	-14	67	283

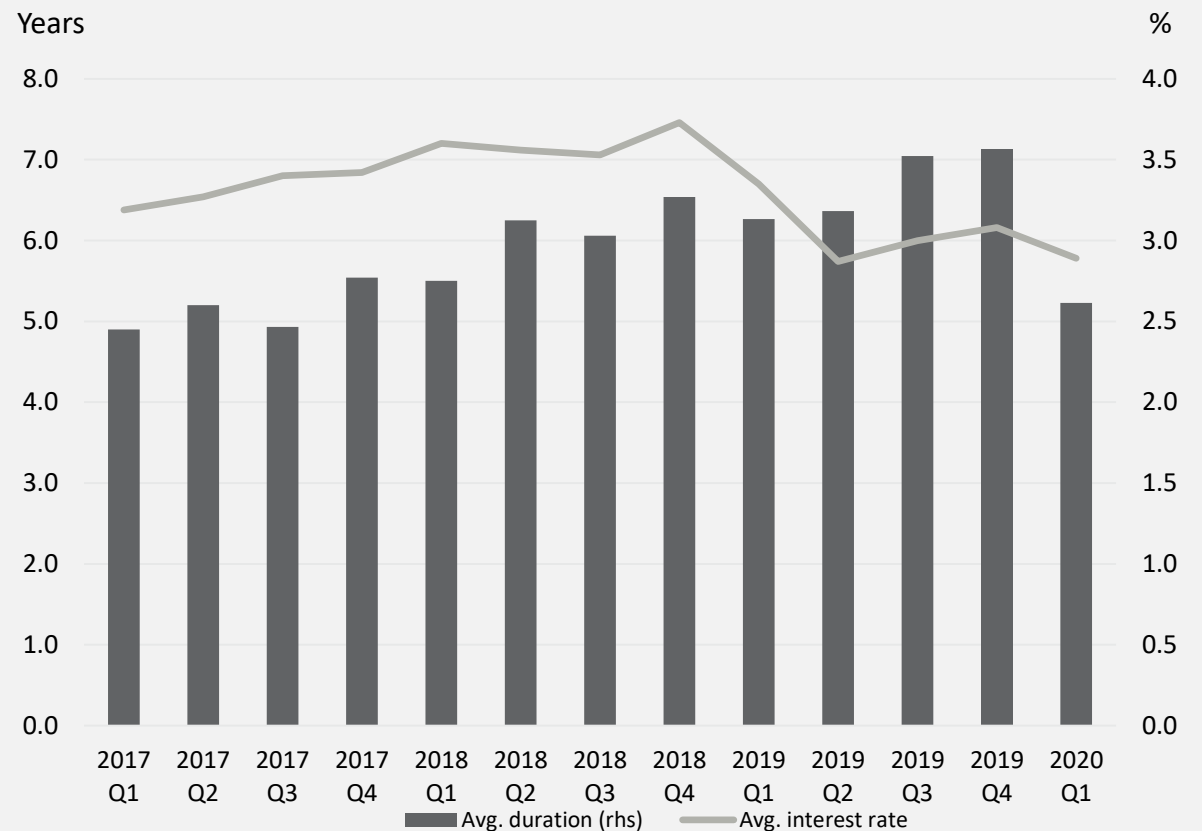
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.



Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 5.2 (6.3) years
- ▶ Averaged fixed interest term was 0.8 (1.0) years
- ▶ Average interest rate was 2.9% (3.35%)

Debt cost and duration



SSAB



*A stronger,
lighter and more
sustainable world*