



# Presentation of the Q1/2021 results

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April 26, 2021

**SSAB**



# Agenda

- ▶ Q1/2021
- ▶ Financials
- ▶ Outlook and summary
- ▶ Q&A



# Q1/2021 in brief

# Leading position in fossil-free steel





# Highlights Q1/2021

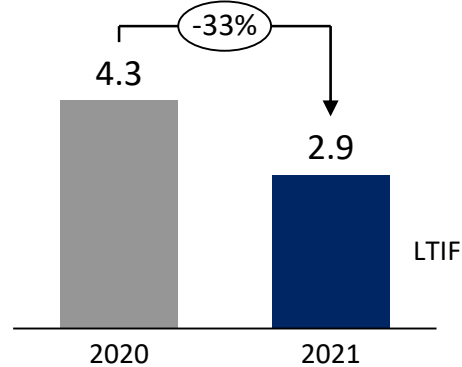


## Strong recovery

- ▶ Better prices, higher volume, stable production
- ▶ Operating result SEK 1.4 billion higher than Q4/20
- ▶ Record quarterly earnings for SSAB Special Steels and Tibnor



## Improved safety performance



## Actions to limit Covid-19

- ▶ Safeguard the health and safety of our personnel
- ▶ Production and other critical operations have been running according to plan

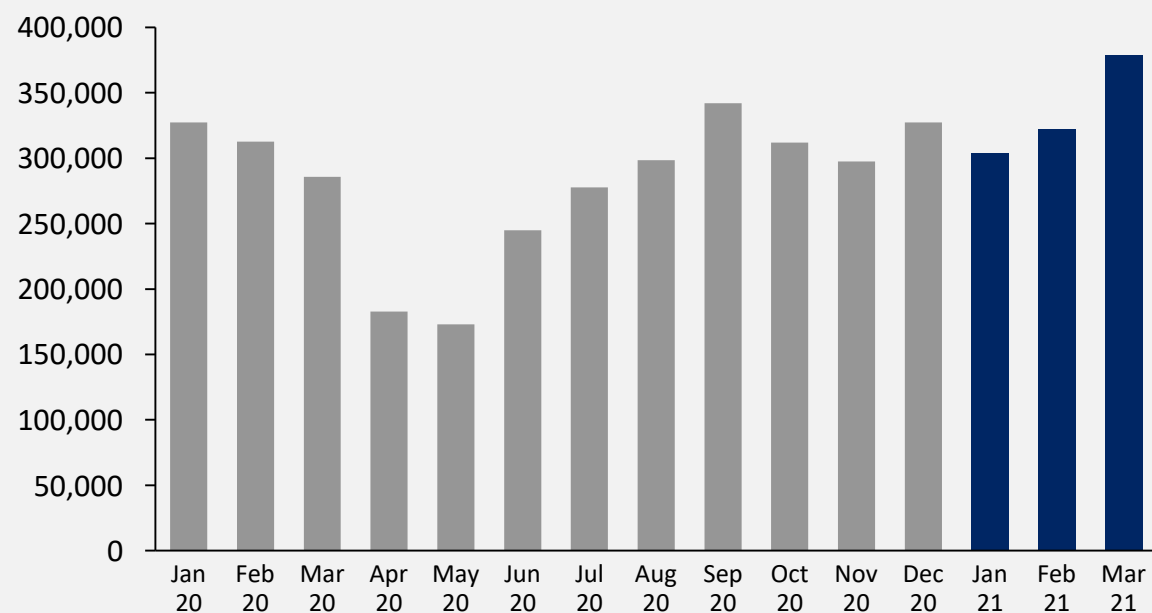


## First in fossil-free steel

- ▶ Demo-plant of 1.3 million tonne fossil-free sponge iron in Gällivare
- ▶ Strategic cooperation with AB Volvo on first fossil-free trucks in the world
- ▶ Concept vehicles with fossil-free steel already in 2021

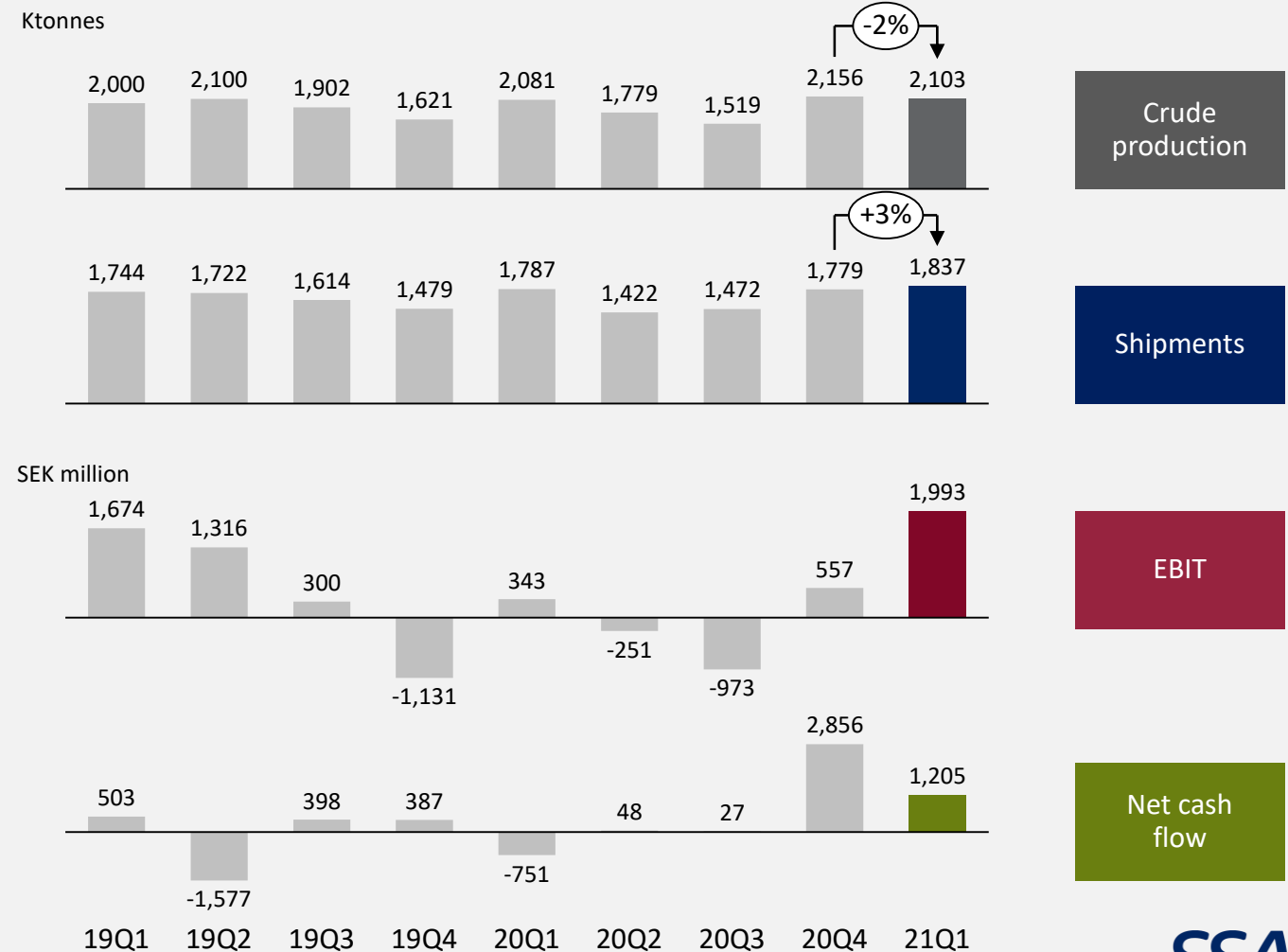
# Strong recovery since mid-2020

SSAB Europe, monthly order intake, tonnes



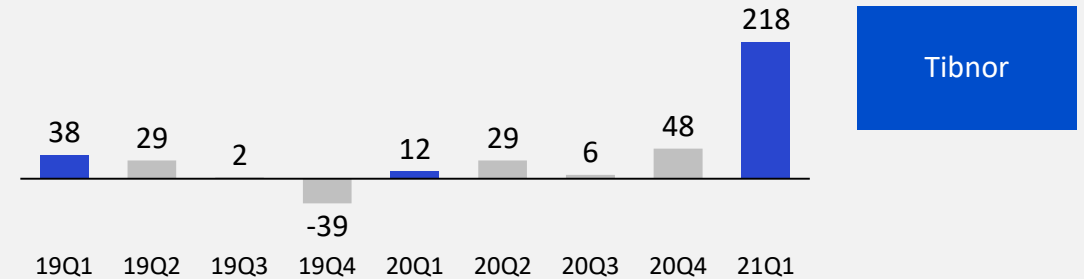
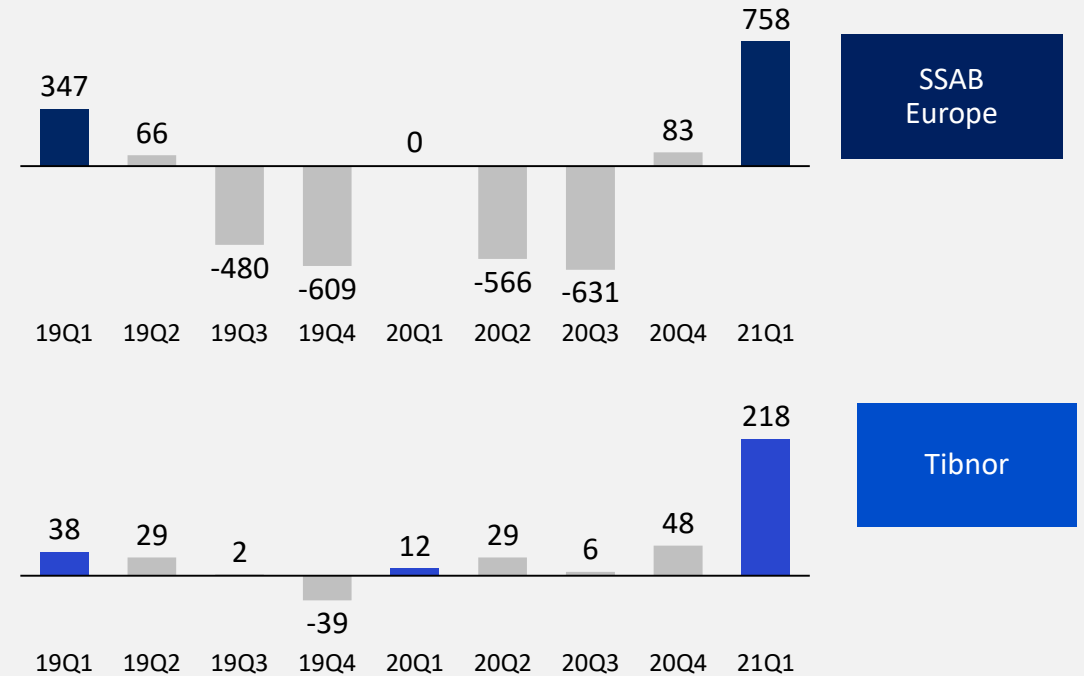
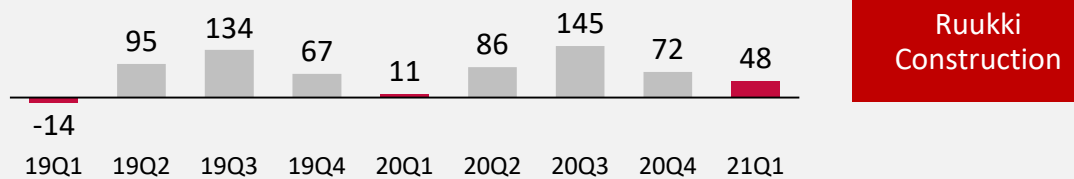
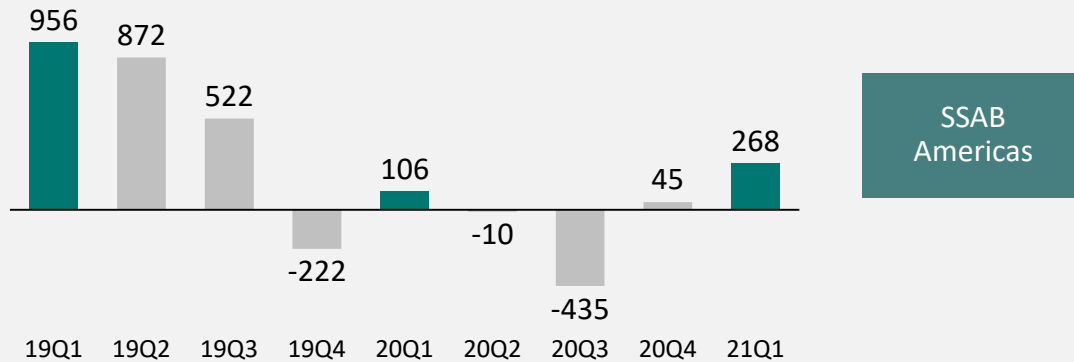
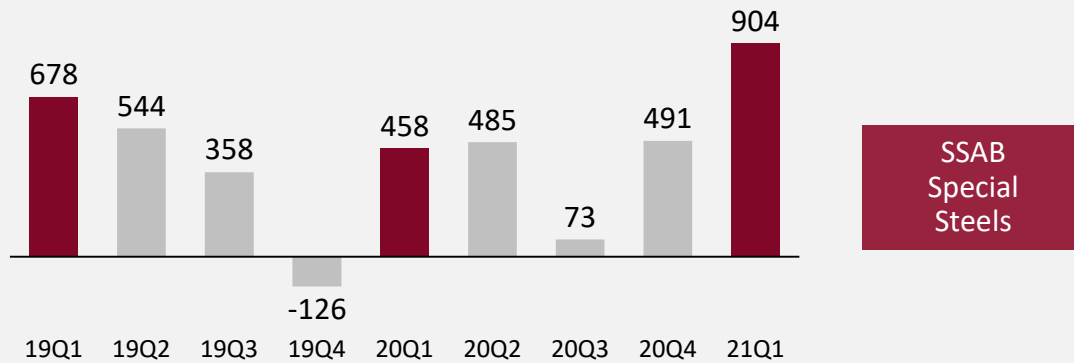
# Q1/21 – sharp increase in earnings

- ▶ Market recovery strengthened
- ▶ Better prices, higher volume
- ▶ EBIT SEK 1,993m (343m) in Q1
- ▶ Positive net cash flow despite build-up of working capital



# Operating profit – All divisions improved vs. Q1/20

SEK million

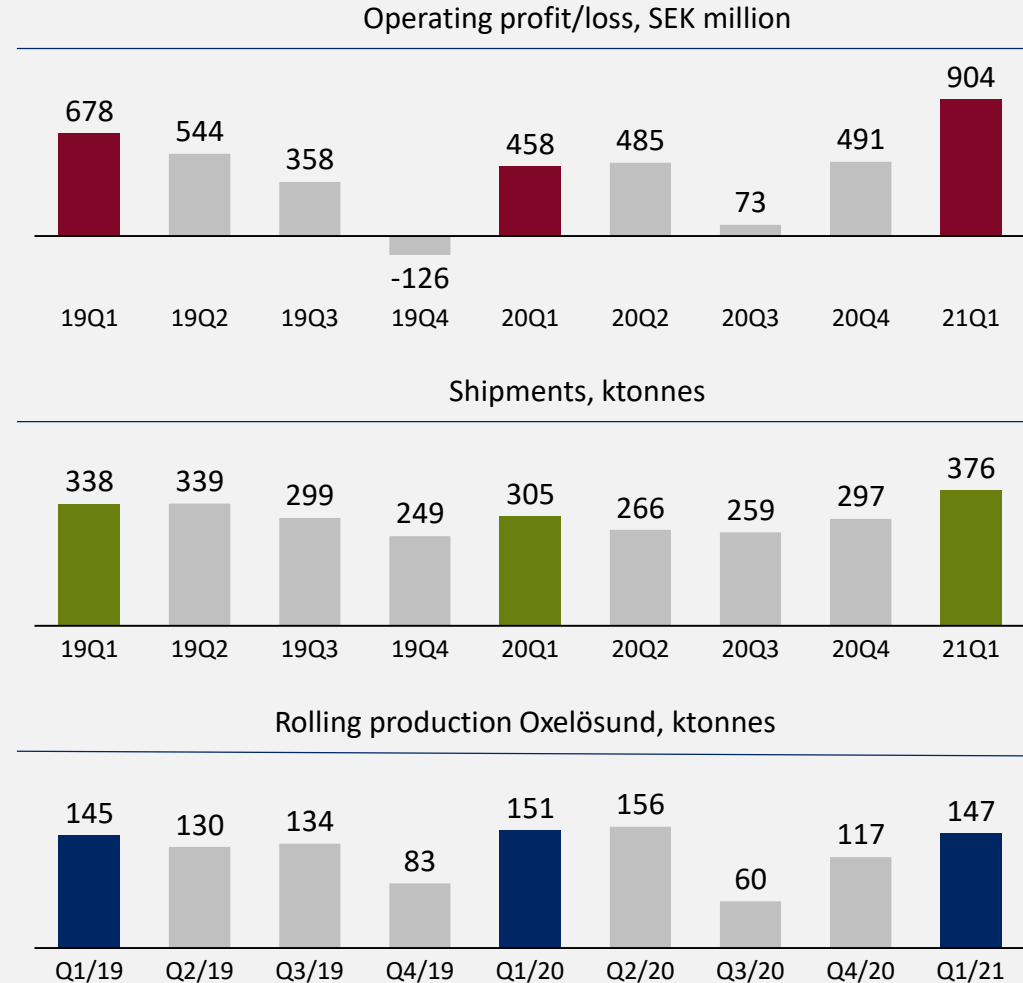




# SSAB Special Steels

## Record shipments and earnings

- ▶ Strong demand in most markets
- ▶ Shipments at record level in Q1
  - Up 23% vs. Q1/20 and 27% vs. Q4/20
- ▶ EBIT increased to SEK 904m (458m)
  - Higher volumes and better prices
  - Stable production
  - Partly counteracted by higher raw material cost
- ▶ EBIT margin rose to 17.7% (10.1%)



# SSAB Europe

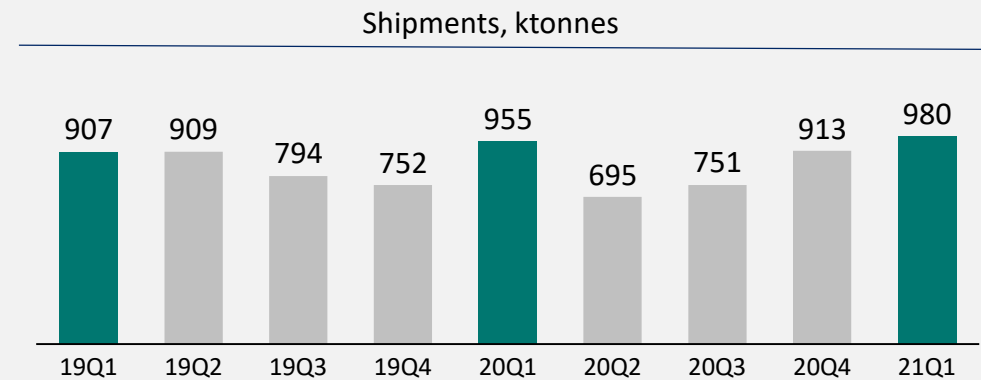
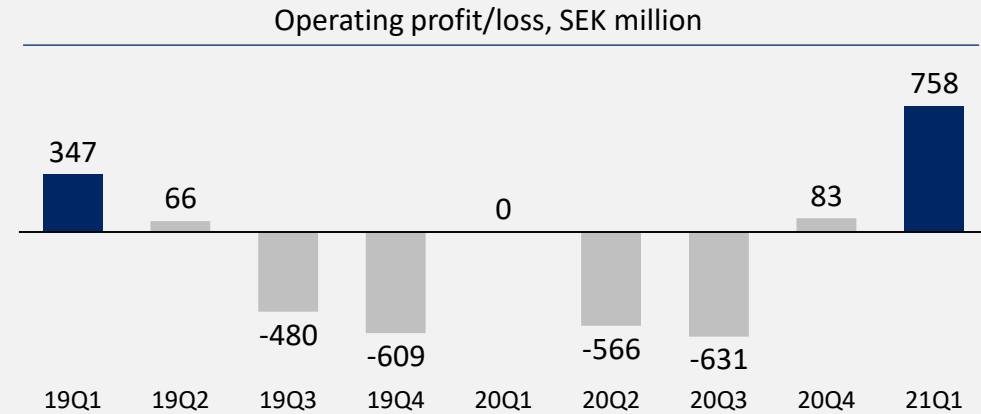
Strong market and significantly better prices

## ► Shipments at good level

- Up 3% vs. Q1/20 and 7% vs. Q4/20
- Automotive AHSS shipments up 6% vs. Q1/20

## ► EBIT rose to SEK 758m (0m)

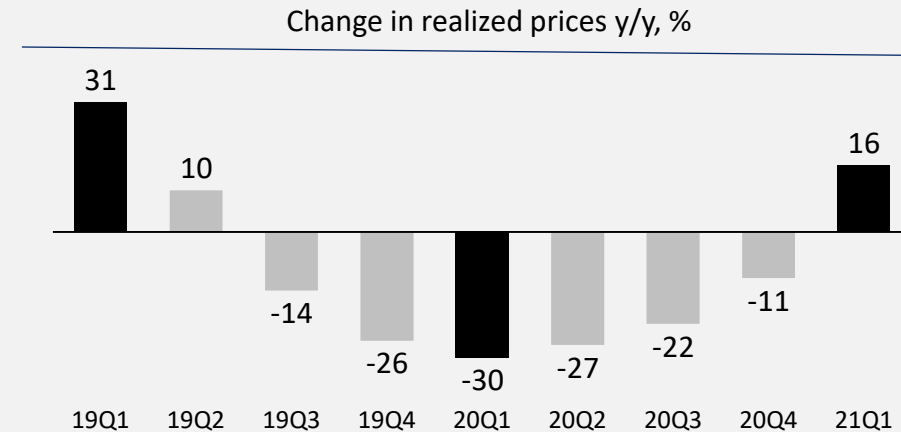
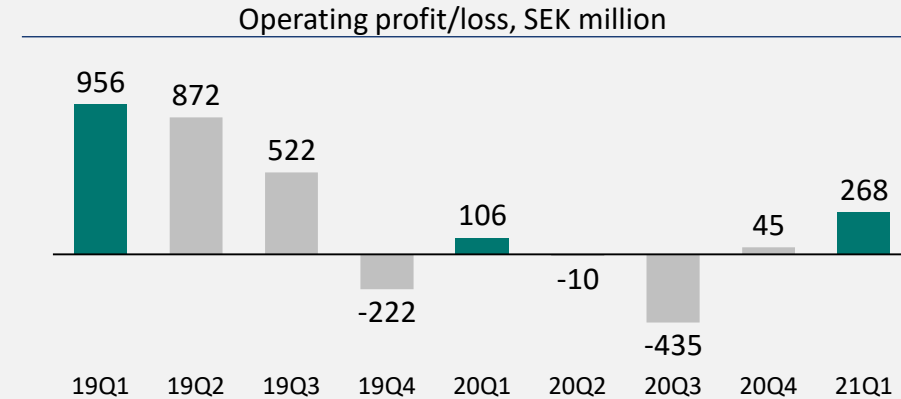
- Better prices
- Higher volume and better capacity utilization
- Partly counteracted by higher raw material cost



# SSAB Americas

## Improving market conditions

- ▶ Good demand, Q1 shipments affected by weather related issues and low slab inventory
  - Down 9% vs. Q1/20 and down 16% vs. Q4/20
- ▶ EBIT rose to SEK 268m (106m)
  - Higher prices
  - Partly mitigated by higher raw material cost
  - Lower fixed cost



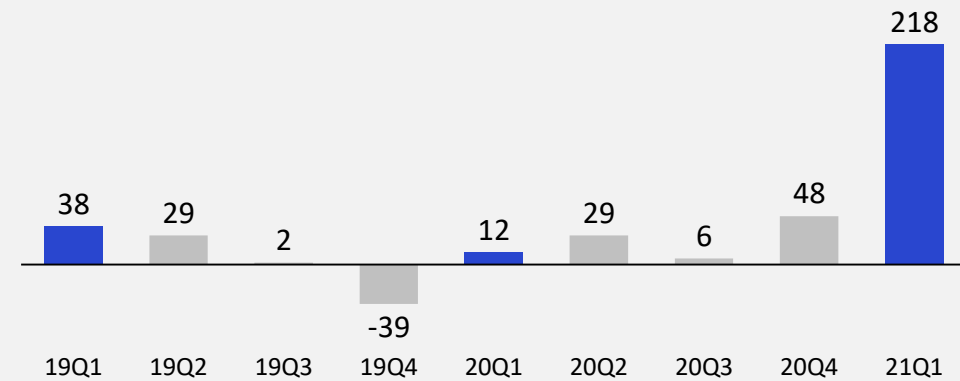


# Tibnor

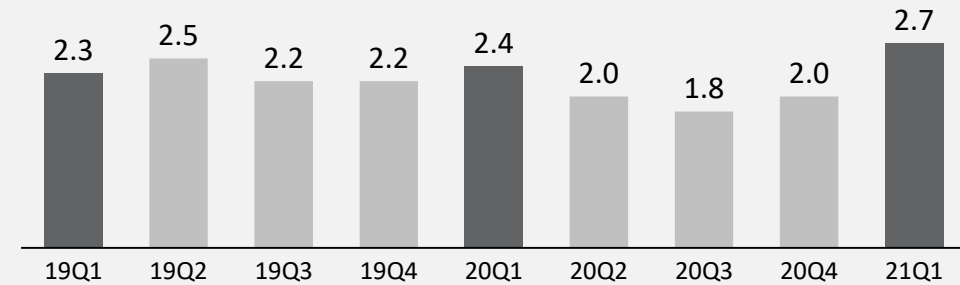
## Record earnings

- ▶ The market recovery strengthened
- ▶ Revenue was up by 10% vs. Q1/20
- ▶ EBIT rose to SEK 218m (12m)
  - Better margins
  - Higher volumes
  - Cost savings from the restructuring program

Operating profit/loss, SEK million



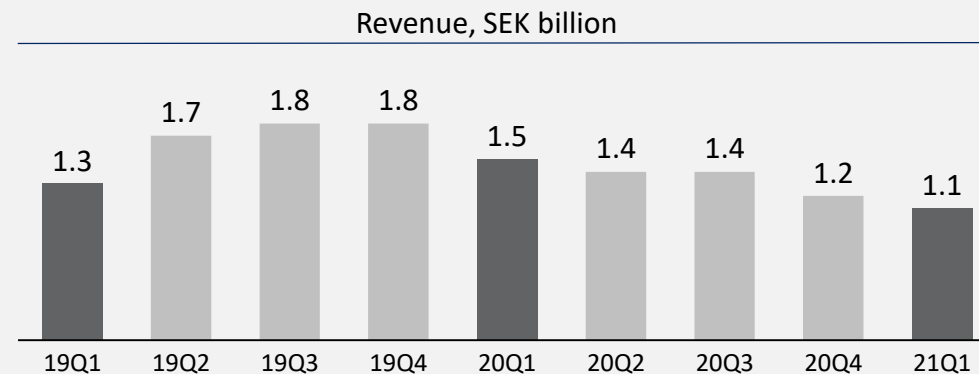
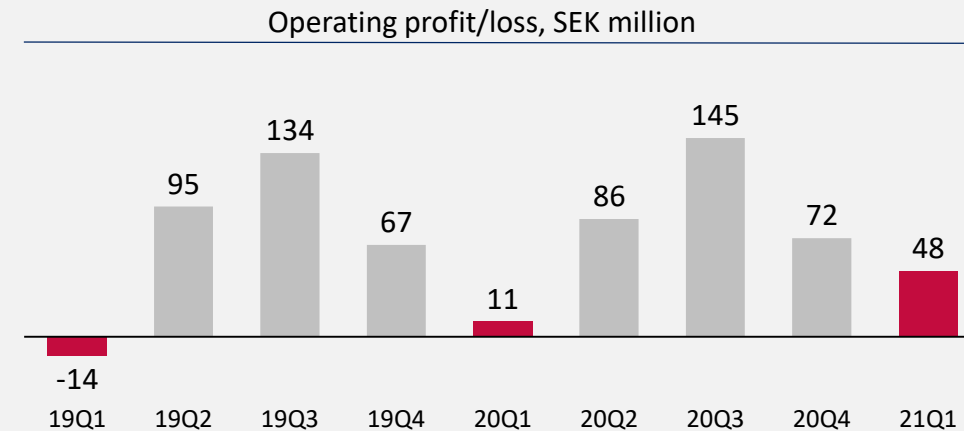
Revenue, SEK billion



# Ruukki Construction

## Improved operating profit

- ▶ Comparable revenue rose by more than 10% vs. Q1/20
- ▶ EBIT improved to SEK 48m (11m)
  - Better volumes in Roofing and Envelopes
  - Focus on product business (Building Systems divested late April 2020)

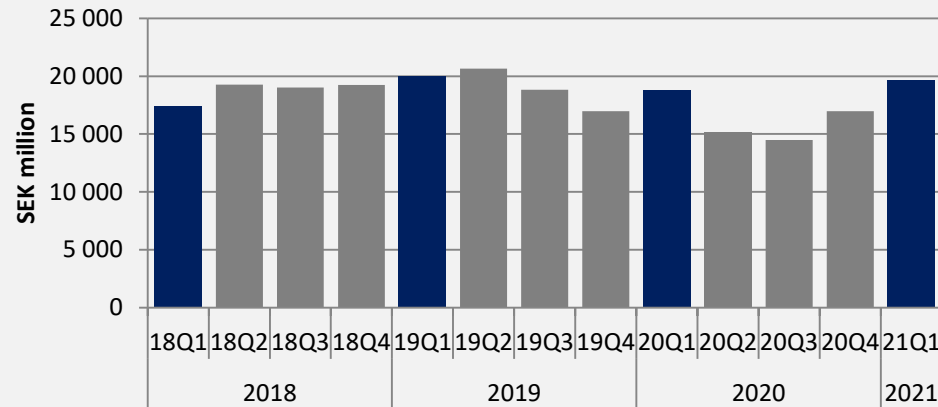


# Financials

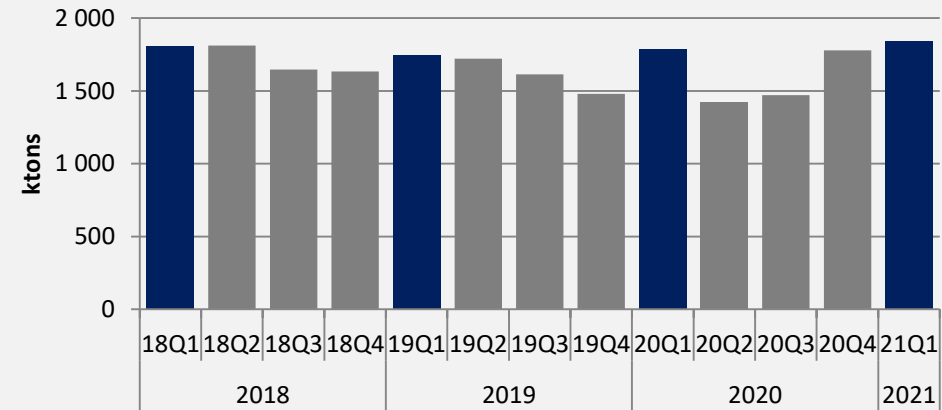


# Better prices and higher shipments improved the result

Sales

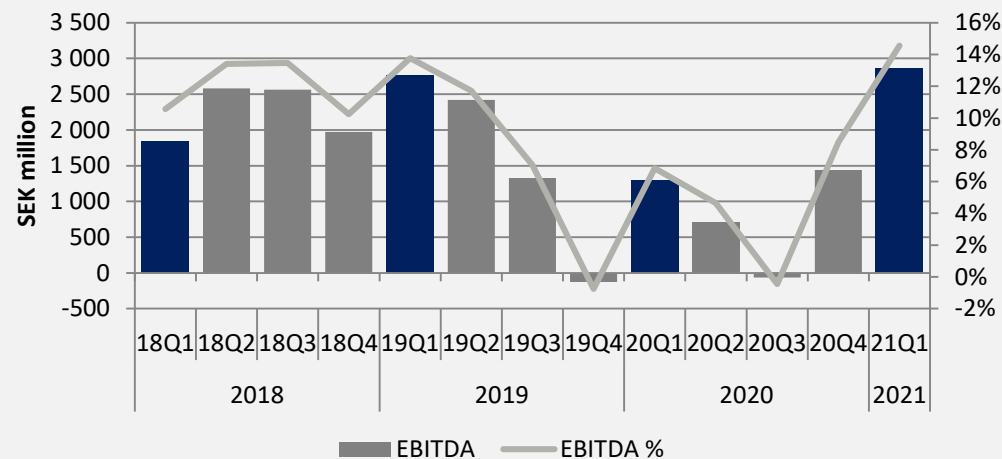


Shipments<sup>1</sup>

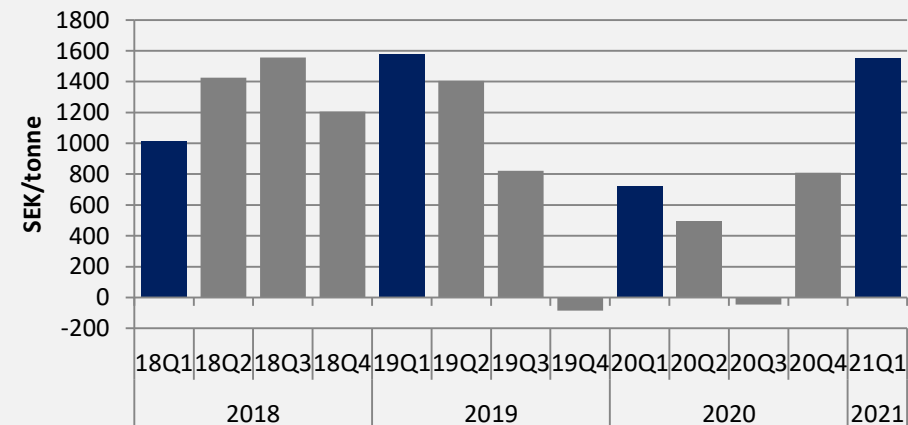


1) Including the steel operations: Special Steels, Europe and Americas

EBITDA and EBITDA margin<sup>2</sup>



EBITDA per tonne delivered steel<sup>2</sup>

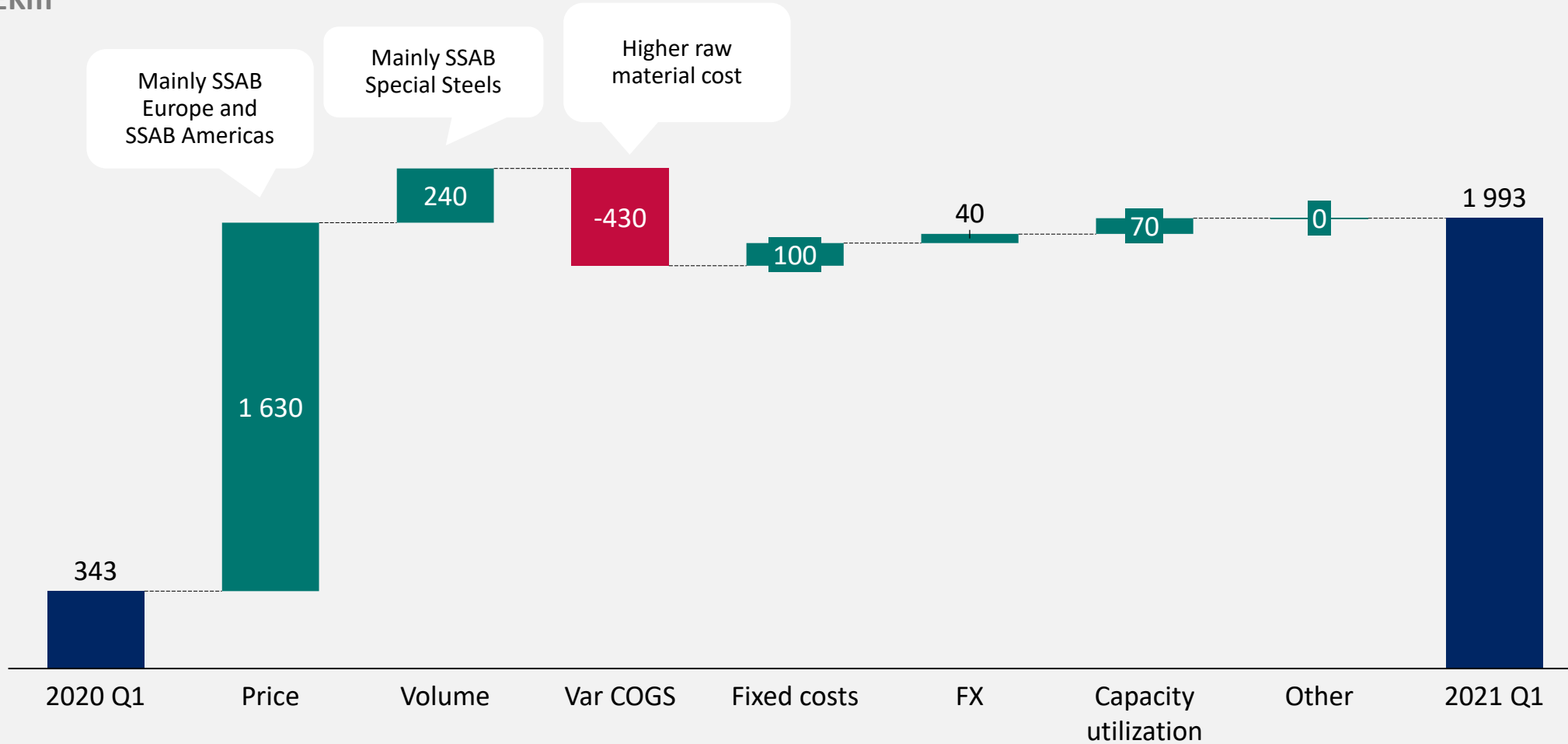


2) Excluding items affecting comparability

# Change in operating profit

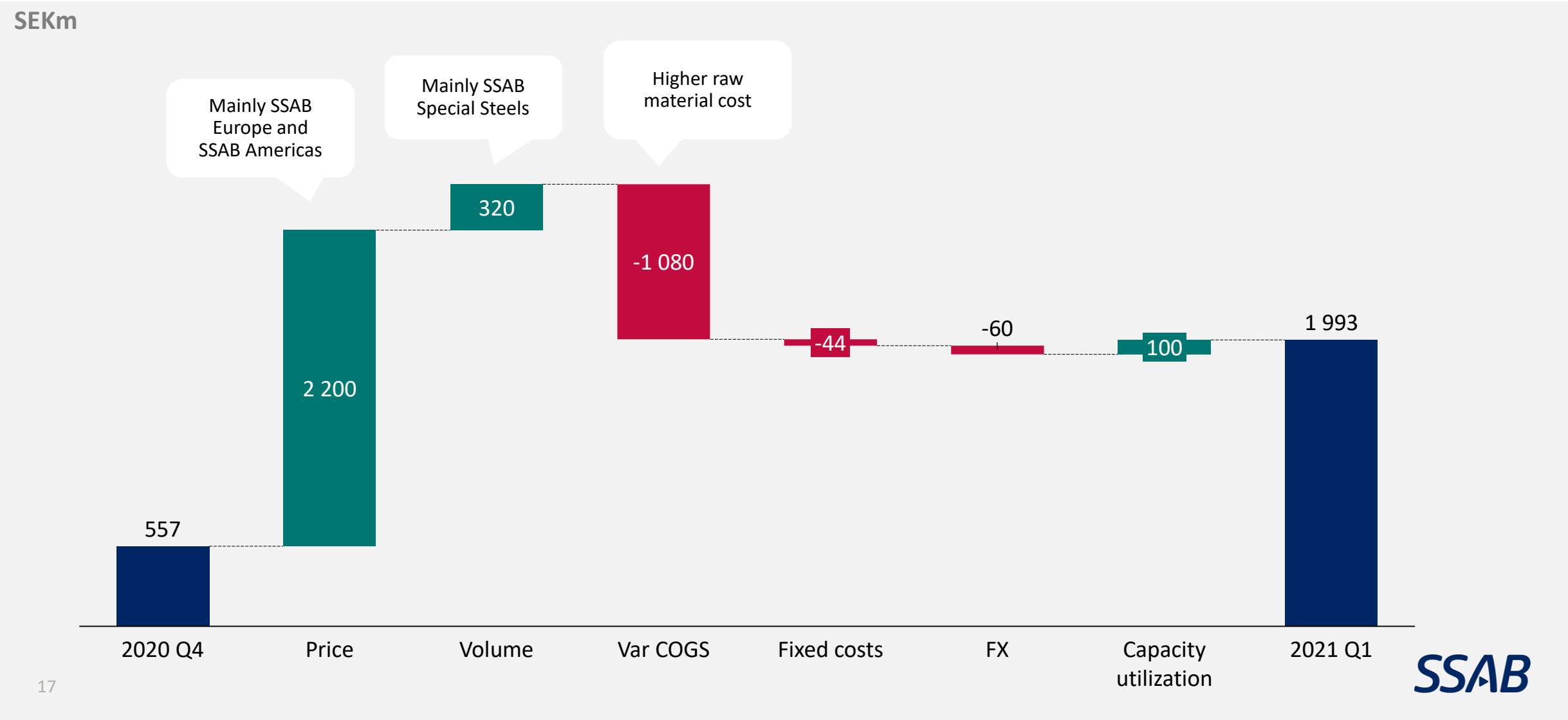
## Q1/2021 vs. Q1/2020

SEKm



# Change in operating profit

Q1/2021 vs. Q4/2020





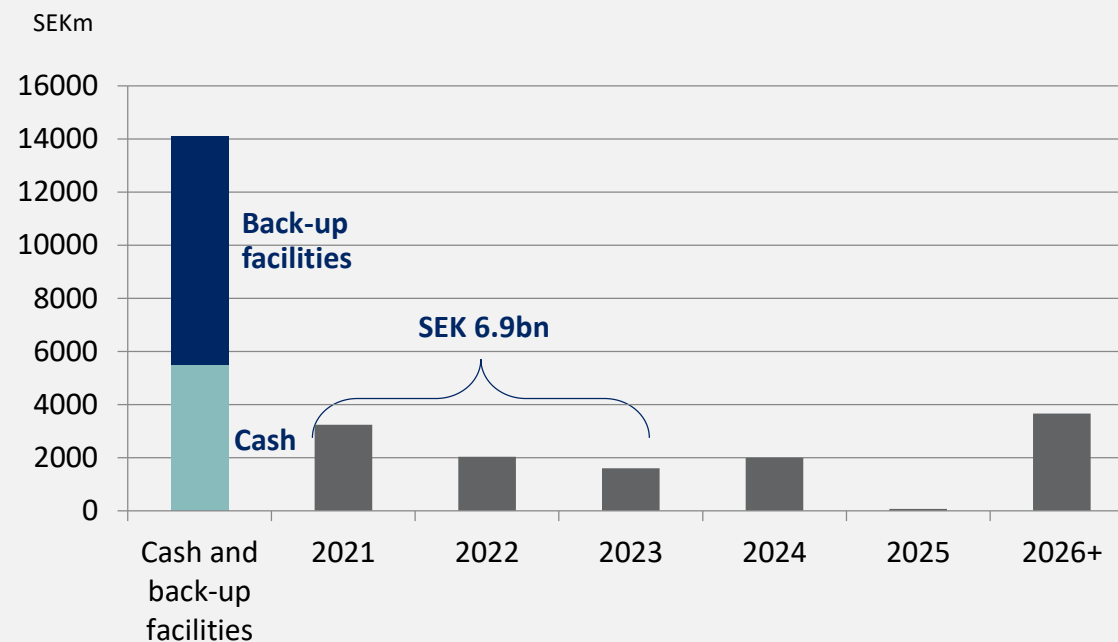
# Positive net cash flow in Q1

	2021	2020	2020
SEK millions	Q1	Q1	Full year
Operating profit before depreciation/amortization	2,860	1,286	3,364
Change in working capital	-1,180	-1,401	1,570
Maintenance expenditures	-211	-303	-1,622
Other	-41	7	147
<b>Operating cash flow</b>	<b>1,429</b>	<b>-411</b>	<b>3,460</b>
Financial items	-64	-94	-545
Taxes	-31	-8	-56
<b>Cash flow from current operations</b>	<b>1,334</b>	<b>-513</b>	<b>2,859</b>
Strategic expenditures in plants and machinery	-106	-162	-582
Acquisitions of shares and operations	-24	-71	-231
Divestments of shares and operations	-	-	143
Cash flow before dividend	1,205	-747	2,189
Dividend, non-controlling interest	-	-4	-9
<b>Net cash flow</b>	<b>1,205</b>	<b>-751</b>	<b>2,180</b>

# Well-balanced maturity profile

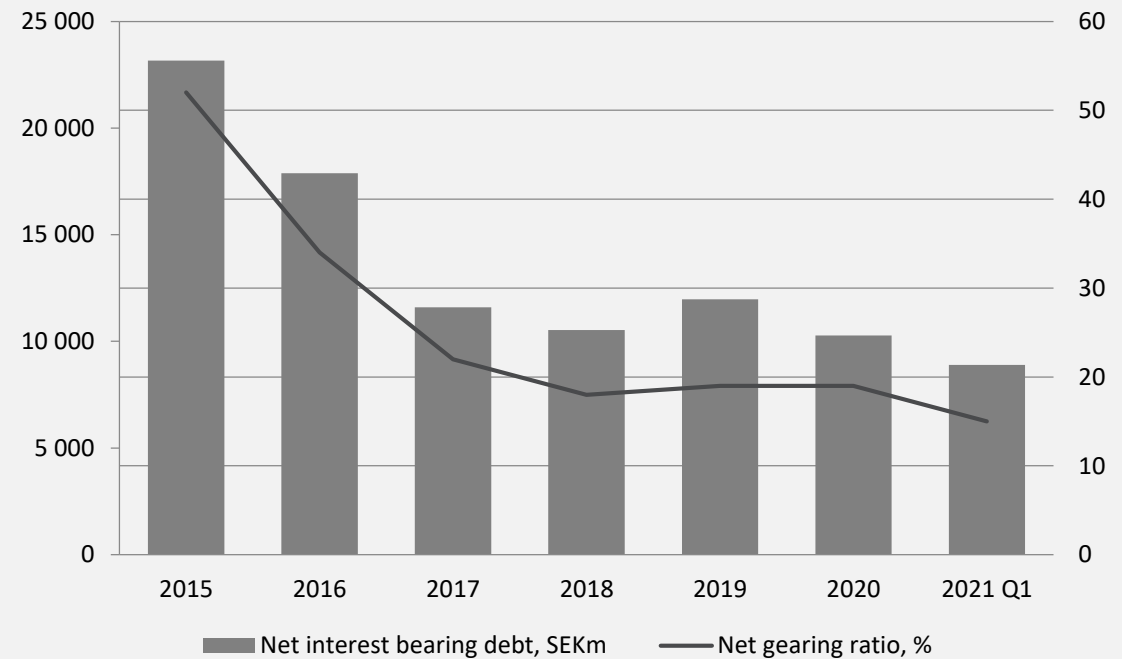
- ▶ Duration of the loan portfolio was 5.6 (5.2) years
- ▶ Liquid assets and committed credit lines at SEK 14.1bn – corresponds to 21% of rolling 12 month revenue
- ▶ Most maturities in 2021 refer to commercial papers

Maturity profile Q1/2021



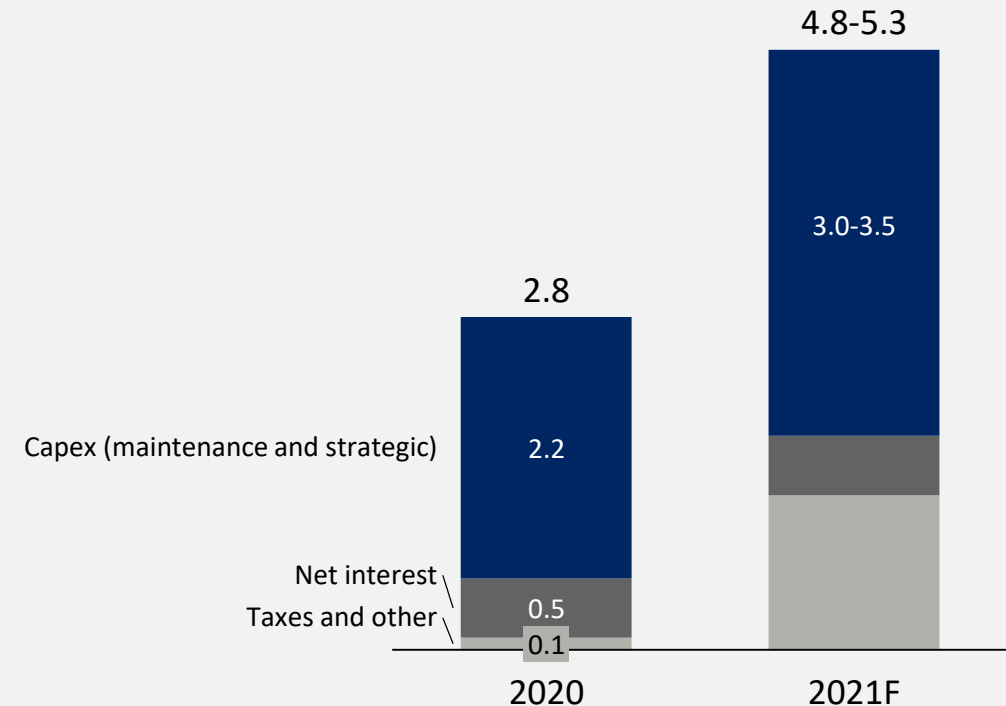
# Significant reduction of net debt

- ▶ Net debt decreased to SEK 8.9bn (12.7bn) at the end of Q1/21
- ▶ Net gearing was 15% (20%)
- ▶ 2015-2017 excluding IFRS 16 (impact of around SEK 2bn)



# Cash needs of the business

- ▶ Total cash needs\* estimated at SEK 4.8-5.3 billion in 2021 – unchanged compared to previous forecast
- ▶ Higher strategic capex:
  - Capacity expansion of Q&T in Mobile
  - Start of Oxelösund conversion
- ▶ Interest paid expected to be relatively stable
- ▶ Taxes paid will normalize\*\*



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

\*\*2019-level used as starting point, will depend on earnings in 2021

# Higher prices for iron ore

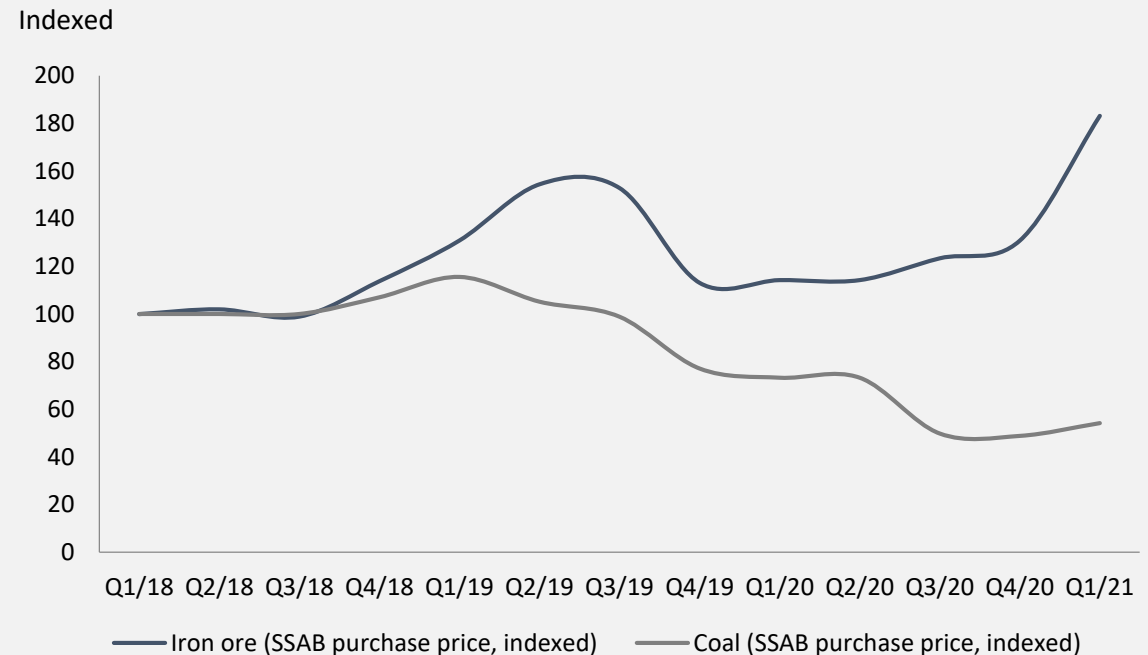
## Iron ore

- ▶ Average pellet purchase price in Q1/21 was 40% higher in terms of SEK (+43% in USD) vs. Q4/20 – will impact result in Q2/21
- ▶ Iron ore spot prices has increased so far in April

## Coking coal

- ▶ Average coking coal purchase price in Q1/21 was 11% higher in terms of SEK (14% in USD) vs. Q4/20
- ▶ Coal spot prices (Australia) stabilizing so far in April

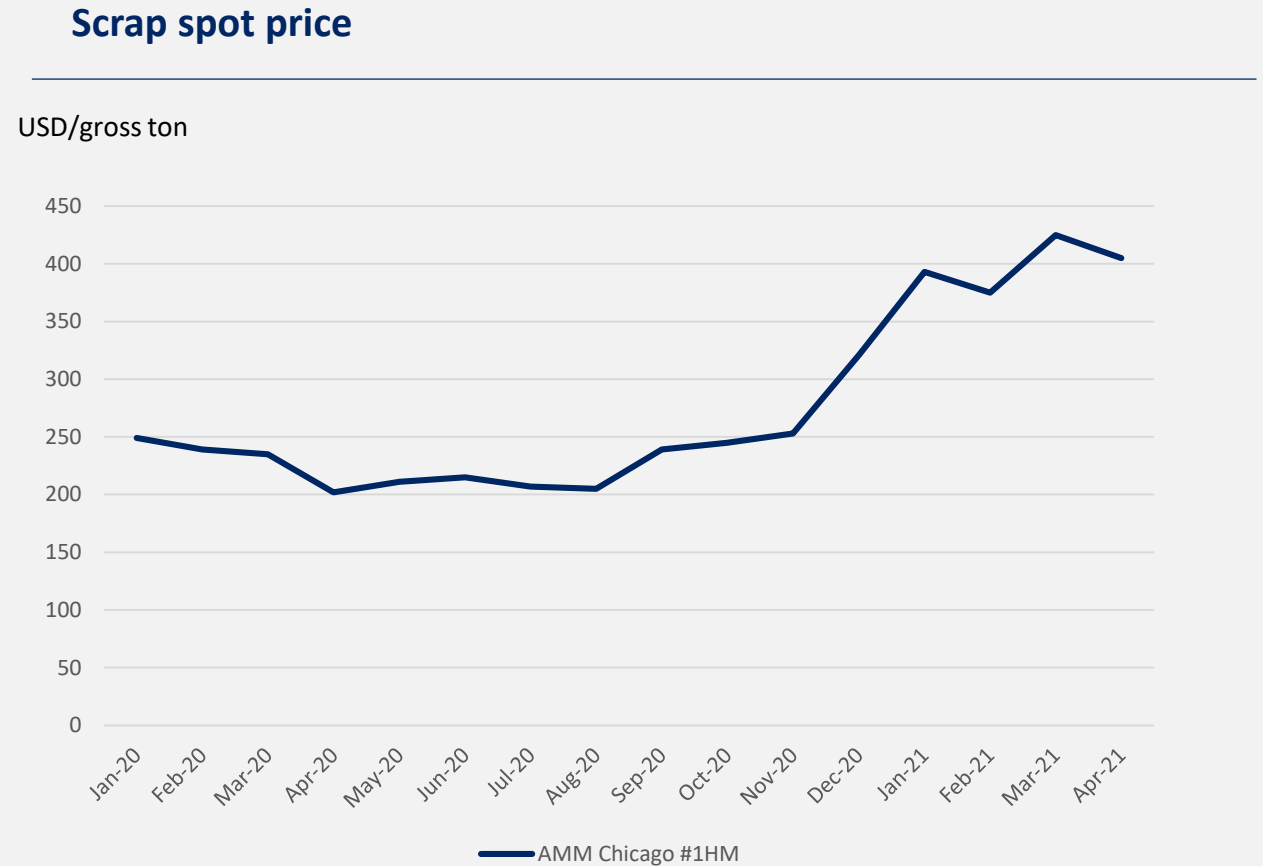
## SSAB's purchase price, coking coal and iron ore





# Scrap spot prices increased in Q1

- ▶ SSAB's average purchase price for scrap in Q1/21 was 36% higher (in terms of USD) vs. Q4/20
- ▶ Somewhat lower scrap spot prices in April



Source: AMM

# Outlook and summary

# SSAB's outlook for main customer segments Q2/2021

Segment	Demand	Comments	<span>● Strong</span> <span>● Healthy</span> <span>● Weak</span>
Heavy Transport	●	<ul style="list-style-type: none"> <li>▶ Heavy truck production at high level – shortage of semi-conductors</li> <li>▶ Rail car production in the US still muted</li> </ul>	
Automotive	●	<ul style="list-style-type: none"> <li>▶ Good production levels – shortage of semi-conductors</li> <li>▶ Underlying structural growth in AHSS</li> </ul>	
Construction Machinery	●	<ul style="list-style-type: none"> <li>▶ Good trend in main markets</li> </ul>	
Material Handling	●	<ul style="list-style-type: none"> <li>▶ Strong demand from mining</li> </ul>	
Energy	●	<ul style="list-style-type: none"> <li>▶ Low activity in oil and gas</li> <li>▶ Good activity within wind power and transmission</li> </ul>	
Construction	●	<ul style="list-style-type: none"> <li>▶ High activity, seasonal improvement vs. Q1/21</li> </ul>	
Service Centers	●	<ul style="list-style-type: none"> <li>▶ Low inventory levels in Europe and the US into Q2</li> </ul>	

# SSAB's outlook for Q2/2021

- ▶ Demand for steel is estimated to be very strong, driven both by underlying demand and by customer restocking
  - Global demand for high-strength steel is also estimated to be very strong
- ▶ The increase in realized prices will be partly counteracted by higher raw material cost

## Volume and pricing outlook

	Q2 2021 vs. Q1 2021	
	Shipments	Realized prices
SSAB Special Steel	Somewhat lower	Somewhat higher
SSAB Europe	Somewhat higher	Significantly higher
SSAB Americas	Somewhat higher	Significantly higher

*Definitions: Significantly lower (>10%), Lower (5-10%), Somewhat lower (0-5%), Stable (~0%), Somewhat higher (0-5%), Higher (5-10%), Significantly higher (>10%)*

# Summary

- ▶ Strong demand, stable production, record earnings for SSAB Special Steels and Tibnor
- ▶ Positive outlook
- ▶ Positive net cash flow despite build-up of working capital
- ▶ Leading position in fossil-free steel
  - Strategic cooperation with AB Volvo
  - Shipments of fossil-free steel for concept vehicles already this year
  - Demo-plant with capacity of 1.3 million tonne fossil-free sponge iron – feedstock for fossil-free steel





# Questions & Answers

# Appendix

# Major planned maintenance outages in 2021

- ▶ Total maintenance costs for 2021 expected to be SEK 1,165m, compared to previous forecast of SEK 1,200m
- ▶ Costs in 2020 were lower than normal – more use of our own resources, due to a lower level of production
- ▶ SSAB Americas maintenance take place at SSAB's mill in Mobile in 2021, including Q&T lines

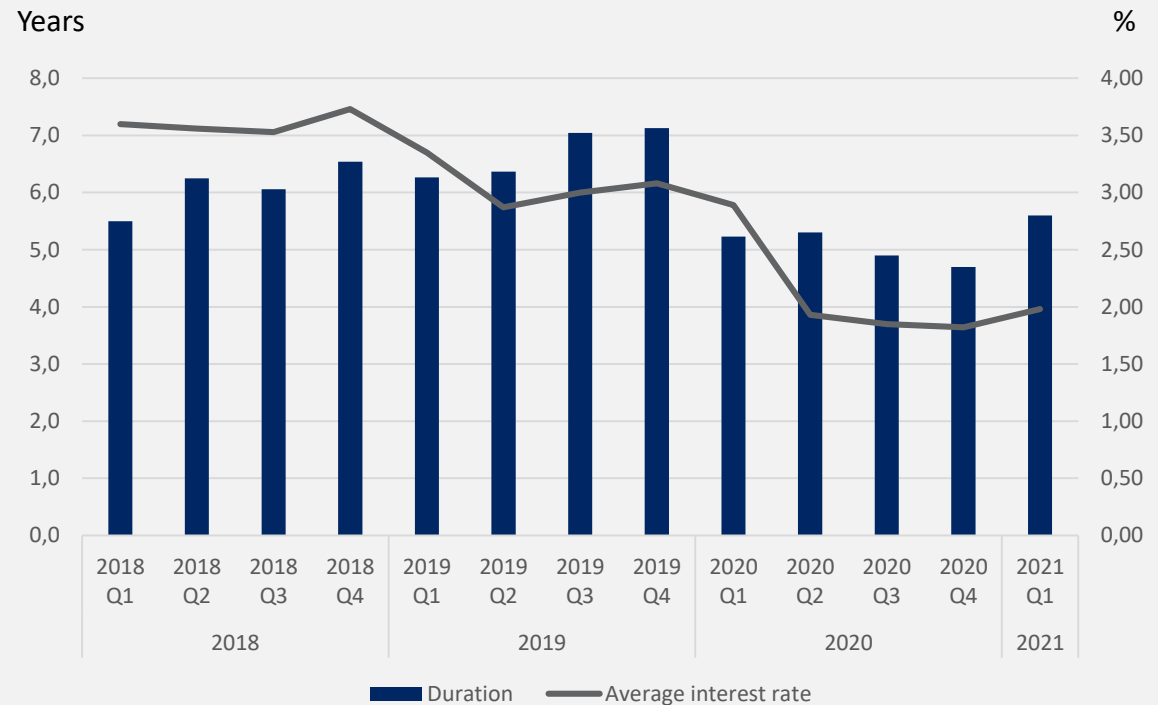
SEKm	Q1/21	Q2/21	Q3/21	Q4/21	2021	2020	2019
SSAB Special Steels	-	-	320	-	320	250	300
SSAB Europe	-	-	270	155	425	335	420
SSAB Americas	-	-	-	420	420	220	415
Total	-	-	590	575	1,165	805	1,135

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 5.6 (5.2) years
- ▶ Averaged fixed interest term was 0.9 (0.8) years
- ▶ Average interest rate was 1.98% (2.89%)

## Debt cost and duration



# Strategic steps towards fossil-free steel

- ▶ Industrialization of the HYBRIT-technology will start in Gällivare, with the world's first demo plant for fossil-free sponge iron – feedstock to fossil-free steel
  - Capacity of 1.3 million tonne of fossil-free sponge iron
  - Ready in 2026
- ▶ Strategic collaboration agreement with Volvo Group on the world's first vehicles to be made of fossil-free steel
- ▶ First concept vehicles and machines with steel from SSAB already in 2021
  - Plans for smaller-scale serial production will be made during 2022
  - gradual escalation towards mass production will follow
- ▶ SSAB, LKAB and Vattenfall builds a rock cavern storage facility for hydrogen gas on a pilot scale outside Luleå – storage will play an important role in future power and energy balancing, and in large-scale hydrogen production





# SSAB's climate goals approved by the Science Based Targets initiative

- ▶ SSAB is committed to reducing its greenhouse gas (CO<sub>2</sub>e) emissions by 35% by 2032 (based on 2018 figures).
  - The goal applies to both direct and indirect emissions (Scope 1 and 2)
  - In line with the objective of keeping global warming well below 2°C
- ▶ Objective is scientifically based and in line with the Paris Agreement



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# SSAB



*A stronger,  
lighter and more  
sustainable world*