

# Presentation of the Q3/2021 results

Martin Lindqvist, President & CEO  
Håkan Folin, CFO

Oct 25, 2021



SSAB

# Agenda

- ▶ Q3/2021 in brief
- ▶ Financials
- ▶ Outlook and summary
- ▶ Q&A

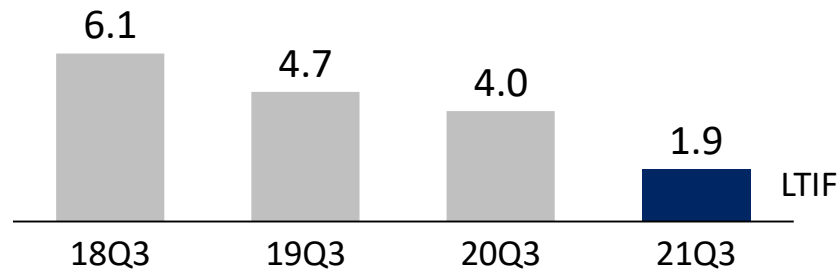


# Q3/2021 in brief

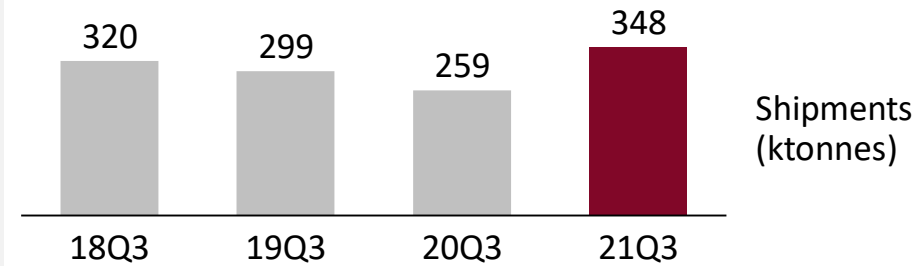
# Another record quarter for SSAB

## Solid internal performance in a strong market

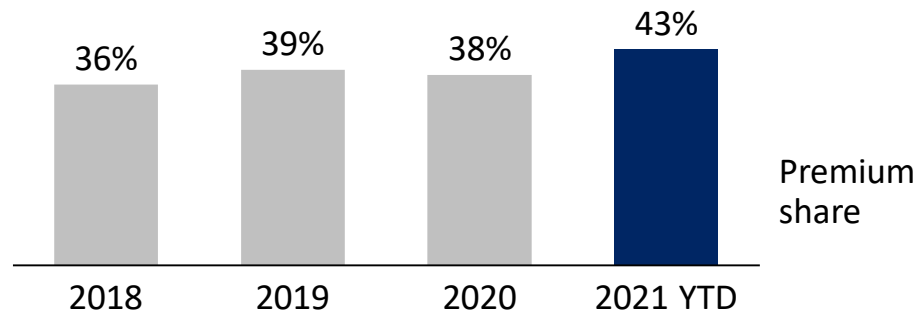
### Improved safety performance



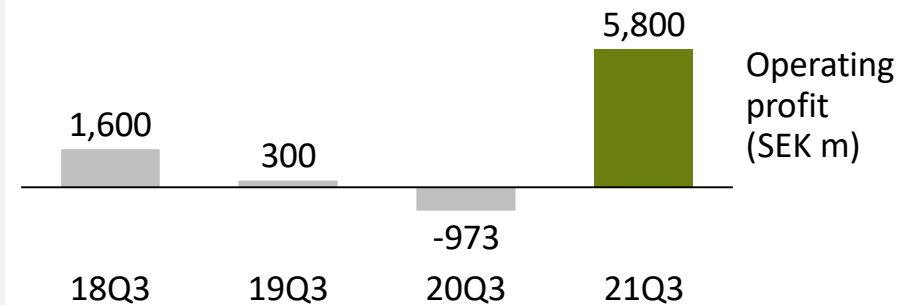
### SSAB Special Steels growth



### Improved product mix, SSAB Europe



### Record high earnings





# Leading force in the green transition

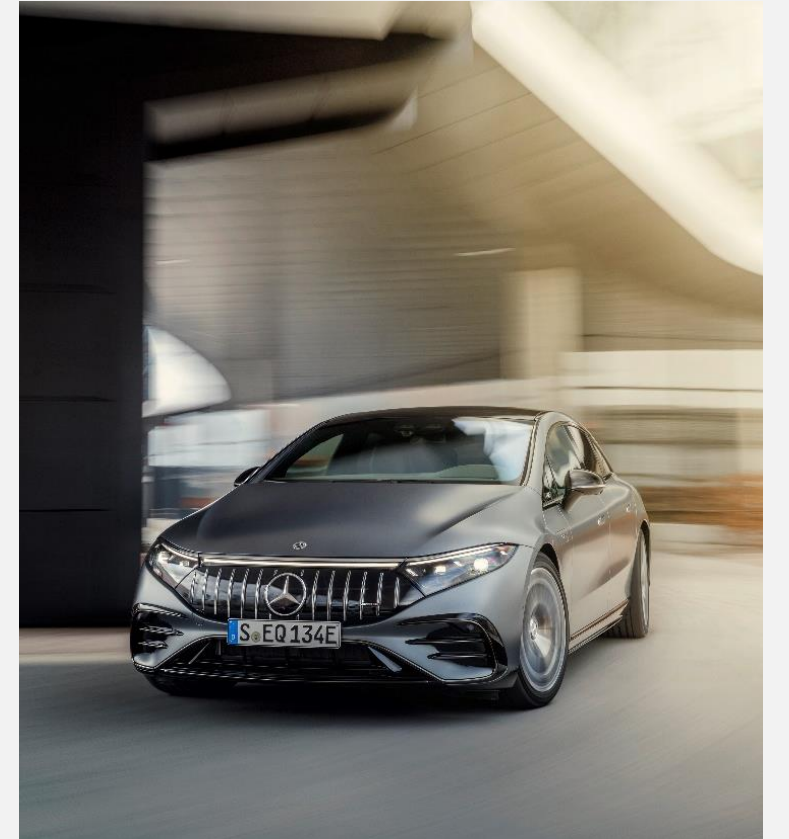
Proven fossil-free value chain



World's first fossil-free plates rolled in Oxelösund



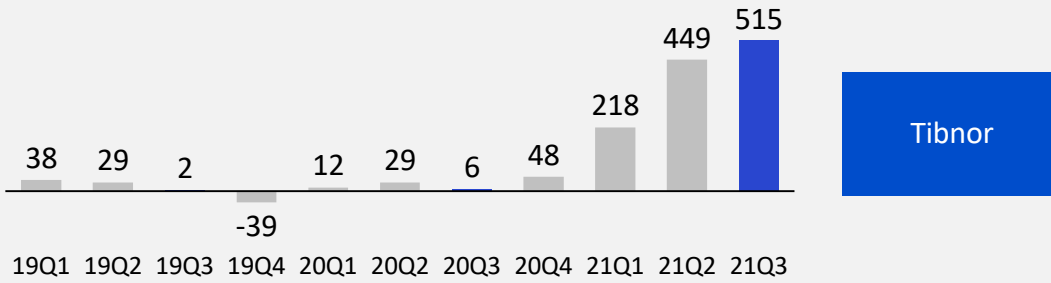
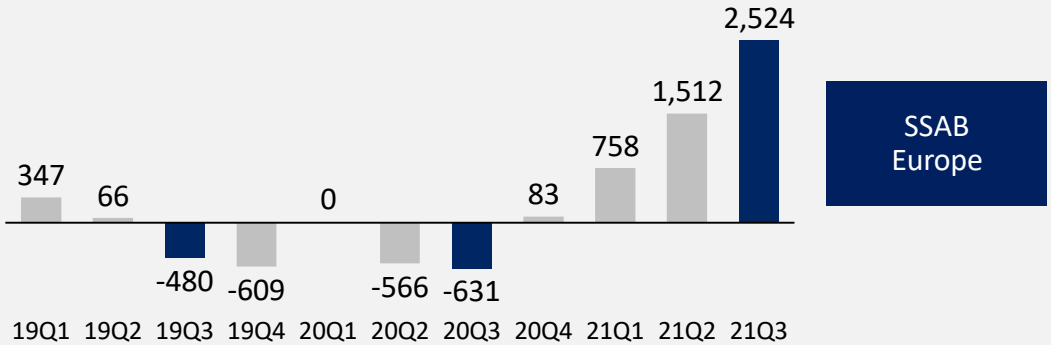
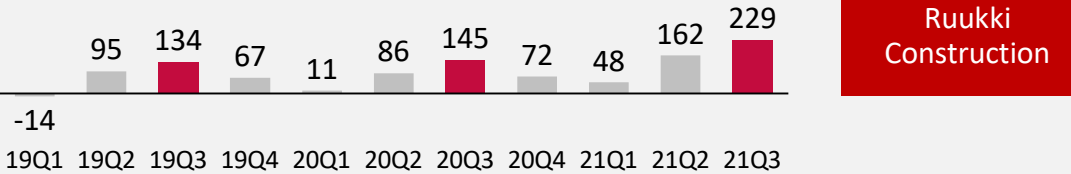
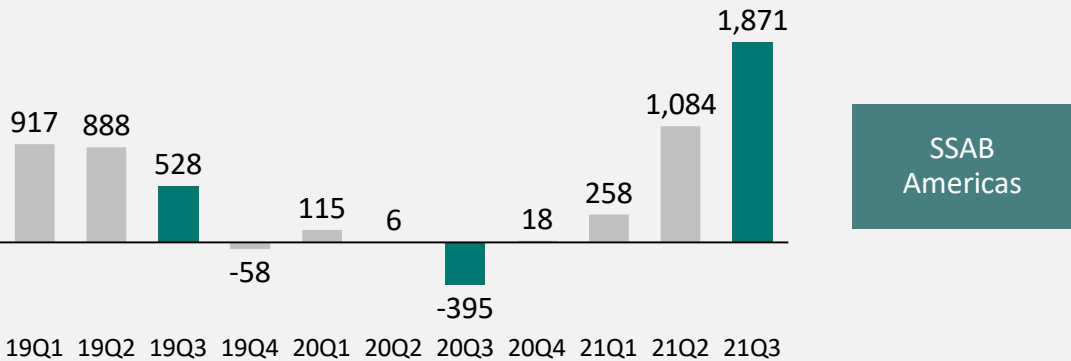
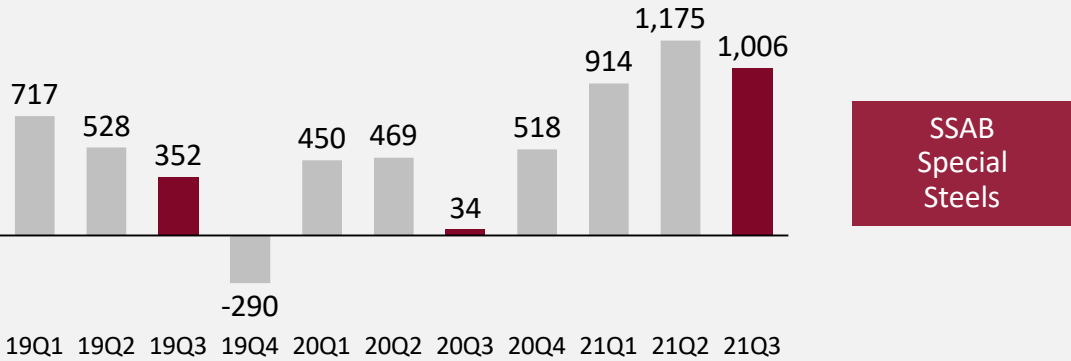
Fossil-free steel to Volvo Group – load carrier for mining and quarrying



A number of new strategic agreements

# Operating profit by division – Record levels

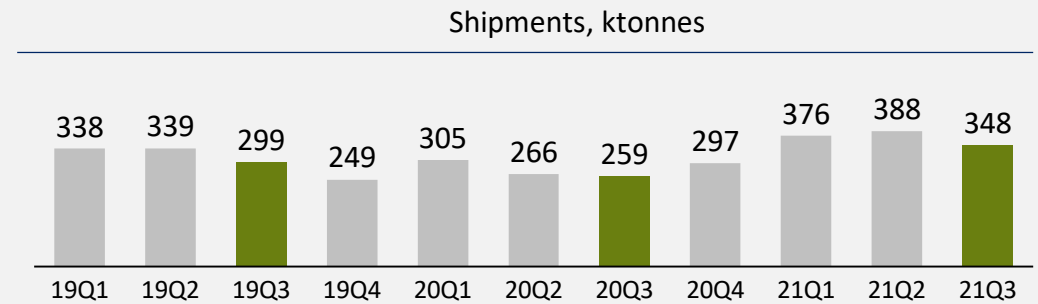
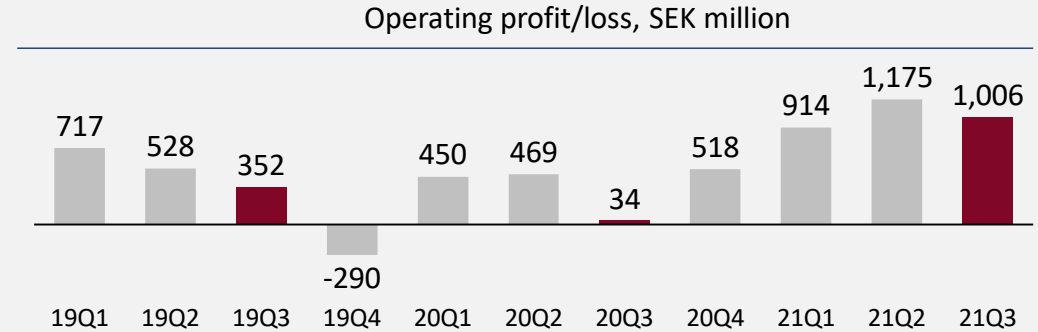
SEK million



# SSAB Special Steels

## High level of shipments and earnings

- ▶ Strong underlying demand – planned maintenance and seasonal slowdown in Europe in Q3
- ▶ Shipments at 348 ktonnes – record for a Q3
  - Up 34% vs. Q3/20 but -10% vs. Q2/21
- ▶ EBIT of SEK 1,006m (34m) and EBIT margin rose to 17% (1%)
  - Better prices and higher volumes
  - Stable production
- ▶ SSAB Special Steels assumed responsibility for the Mobile steel mill in Q3 to increase focus on high-strength steels



# SSAB Europe

## Strong market conditions, seasonal slowdown in Q3

### ► Higher share of premium

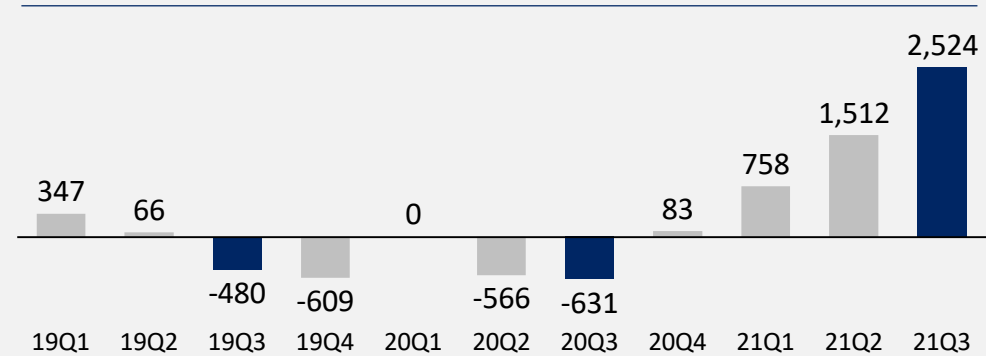
- Shipments up 6% vs. Q3/20 but -19% vs. Q2/21
- Premium share of 43% YTD and 45% in Q3

### ► EBIT rose to SEK 2,524m (-631m) – record level

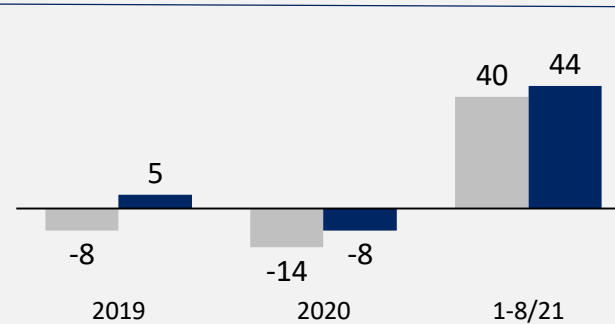
- Higher prices
- Higher volume and better capacity utilization
- Planned maintenance

### ► EBIT margin increased to 23% (-10%)

Operating profit/loss, SEK million



Good development for Automotive AHSS strategy (y/y growth in %)



European industry volume, Automotive strip (Eurofer data)

SSAB European volume, Automotive AHSS

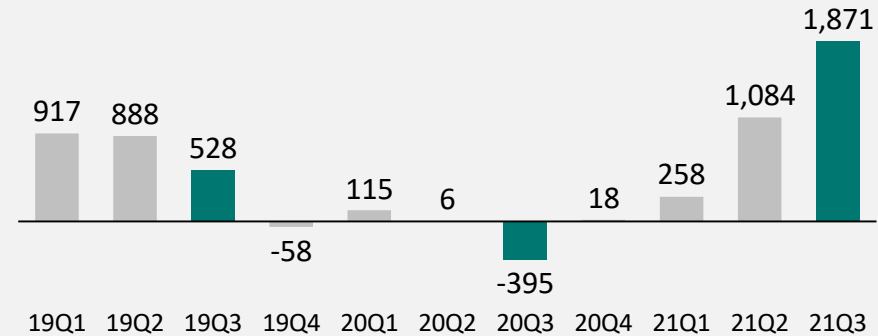


# SSAB Americas

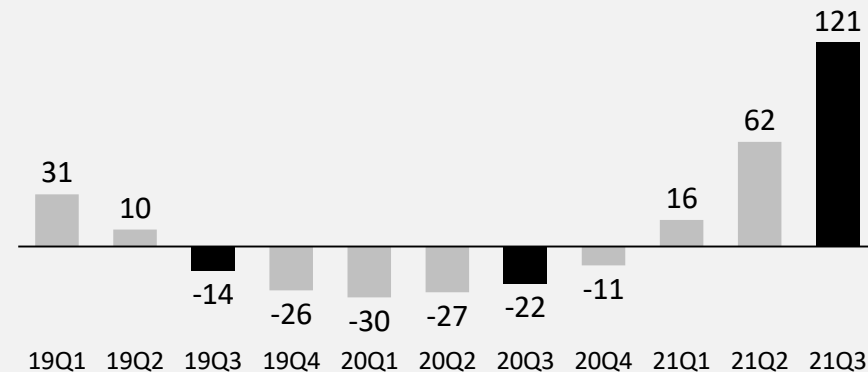
## Significantly higher prices

- ▶ Controlled order intake enables good price realization
- ▶ Good demand, higher shipments
  - Up 5% vs. Q3/20 but down 2% vs. Q2/21
- ▶ EBIT rose to SEK 1,871m (-395m) – record level
  - Significantly higher prices
- ▶ EBIT margin increased to 31% (-15%)

Operating profit/loss, SEK million



Change in realized prices y/y, %

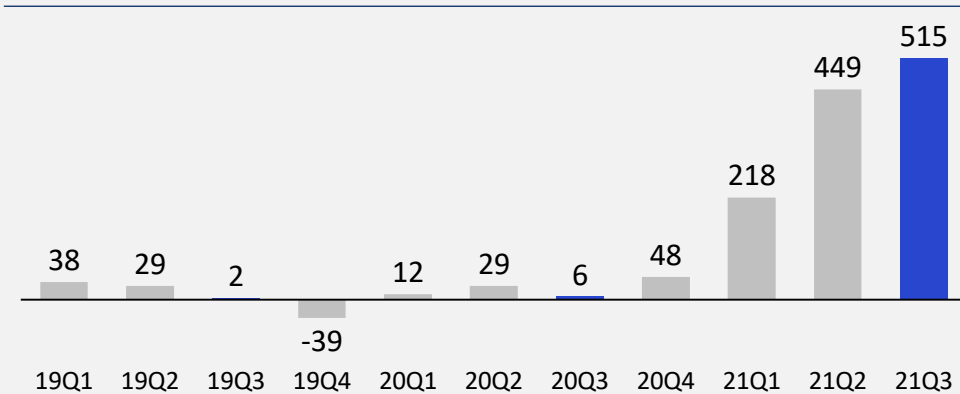


# Tibnor

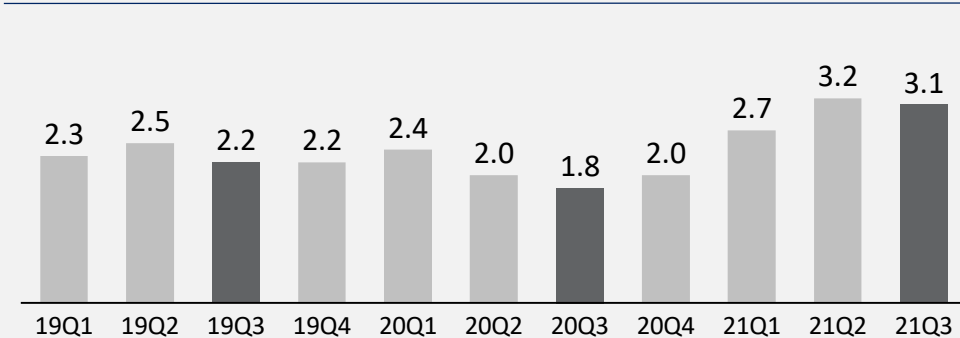
## Another strong quarter, despite seasonal slowdown

- ▶ Competitive position improved significantly through completed efficiency program – SEK 200m on annual basis
- ▶ Revenue was up by 75% vs. Q3/20
- ▶ EBIT rose to SEK 515m (6m), EBIT margin 17% (0%)
  - Higher volumes
  - Better prices
  - Inventory gains

Operating profit/loss, SEK million



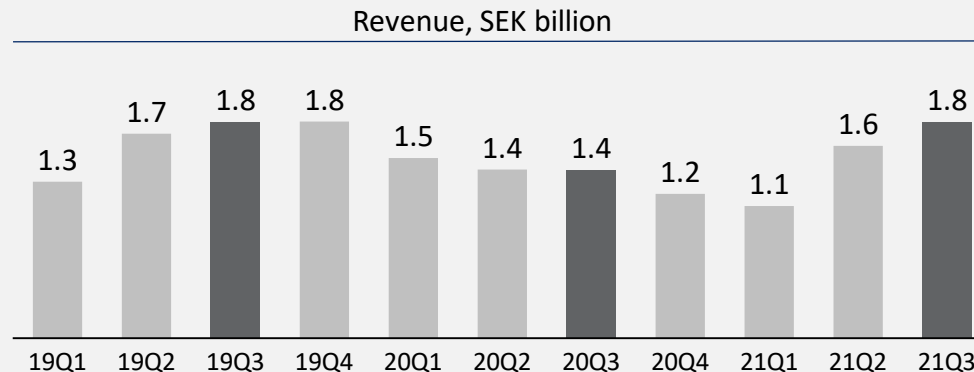
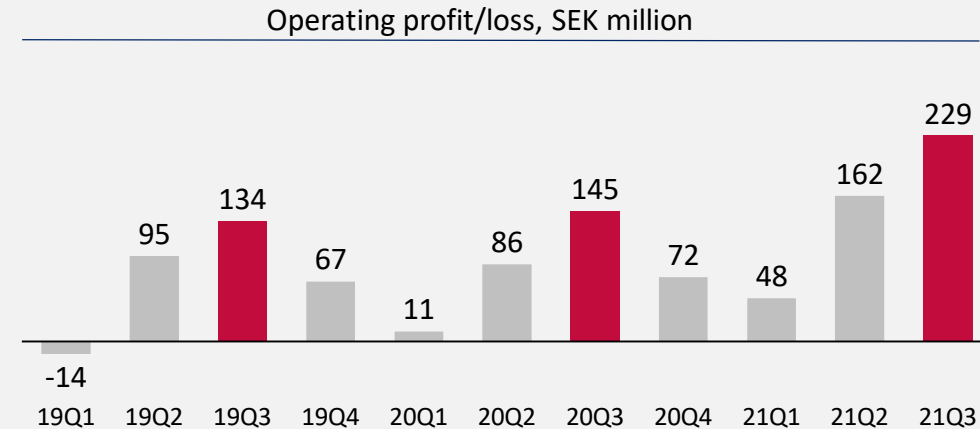
Revenue, SEK billion



# Ruukki Construction

## Continued improvement of operating profit

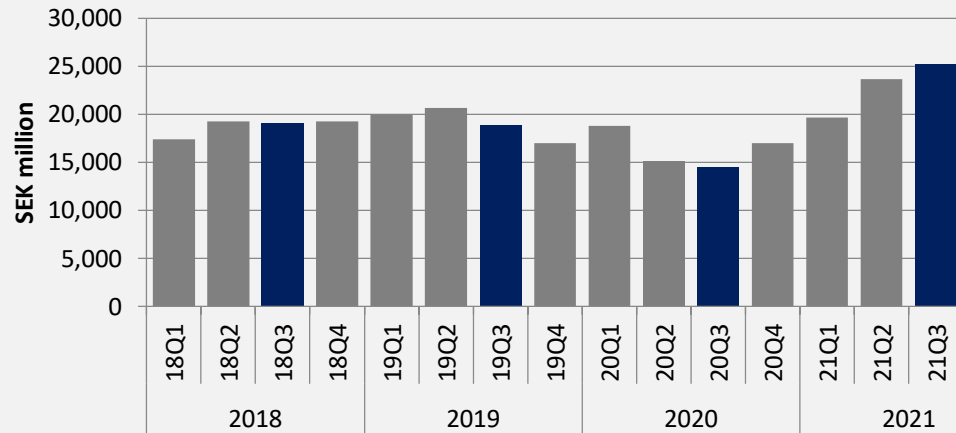
- ▶ Solid performance with full focus on product business
- ▶ Revenue increased by 27% vs. Q3/20
- ▶ EBIT improved to SEK 229m (145m), EBIT margin 13% (10%)
  - Better volumes in both Roofing and Envelopes



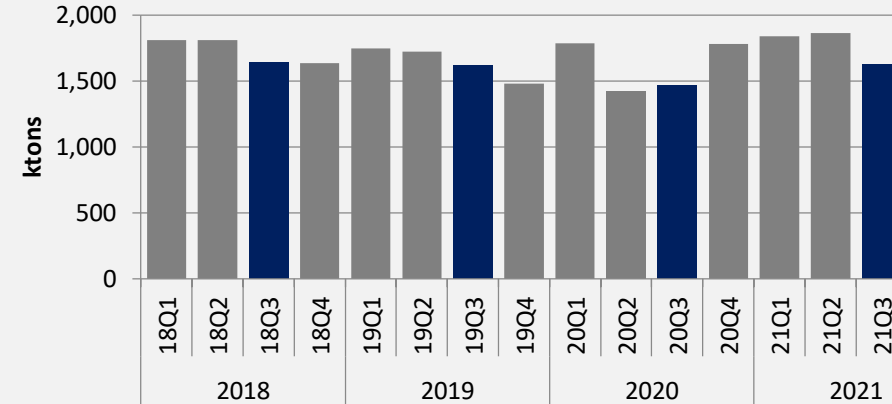
# Financials

# Strong earnings despite planned maintenance and seasonality

## Sales

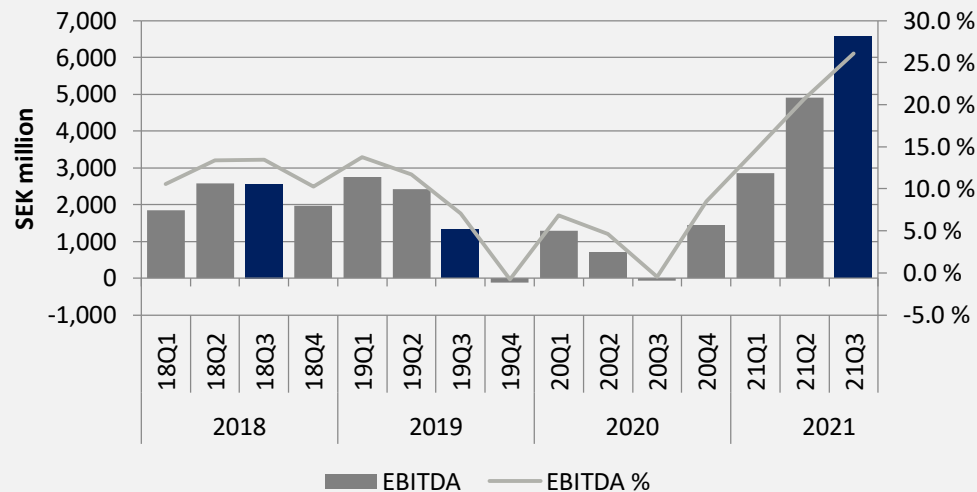


## Shipments<sup>1</sup>

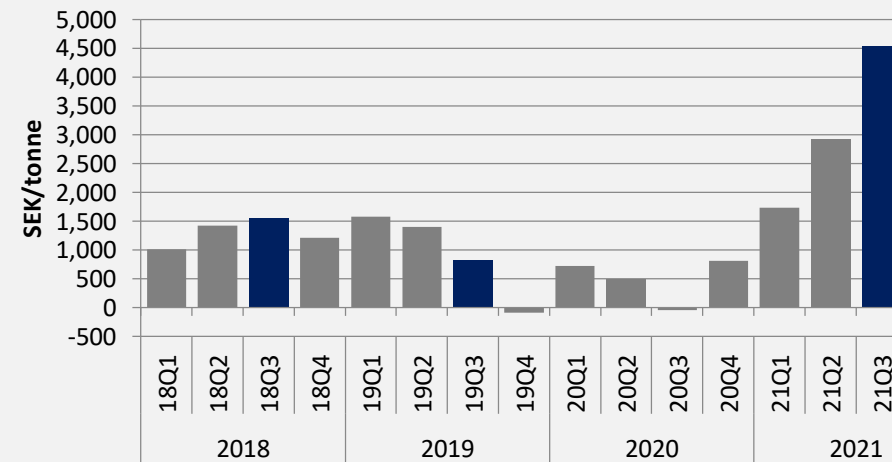


1) Including the steel operations: Special Steels, Europe and Americas

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



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



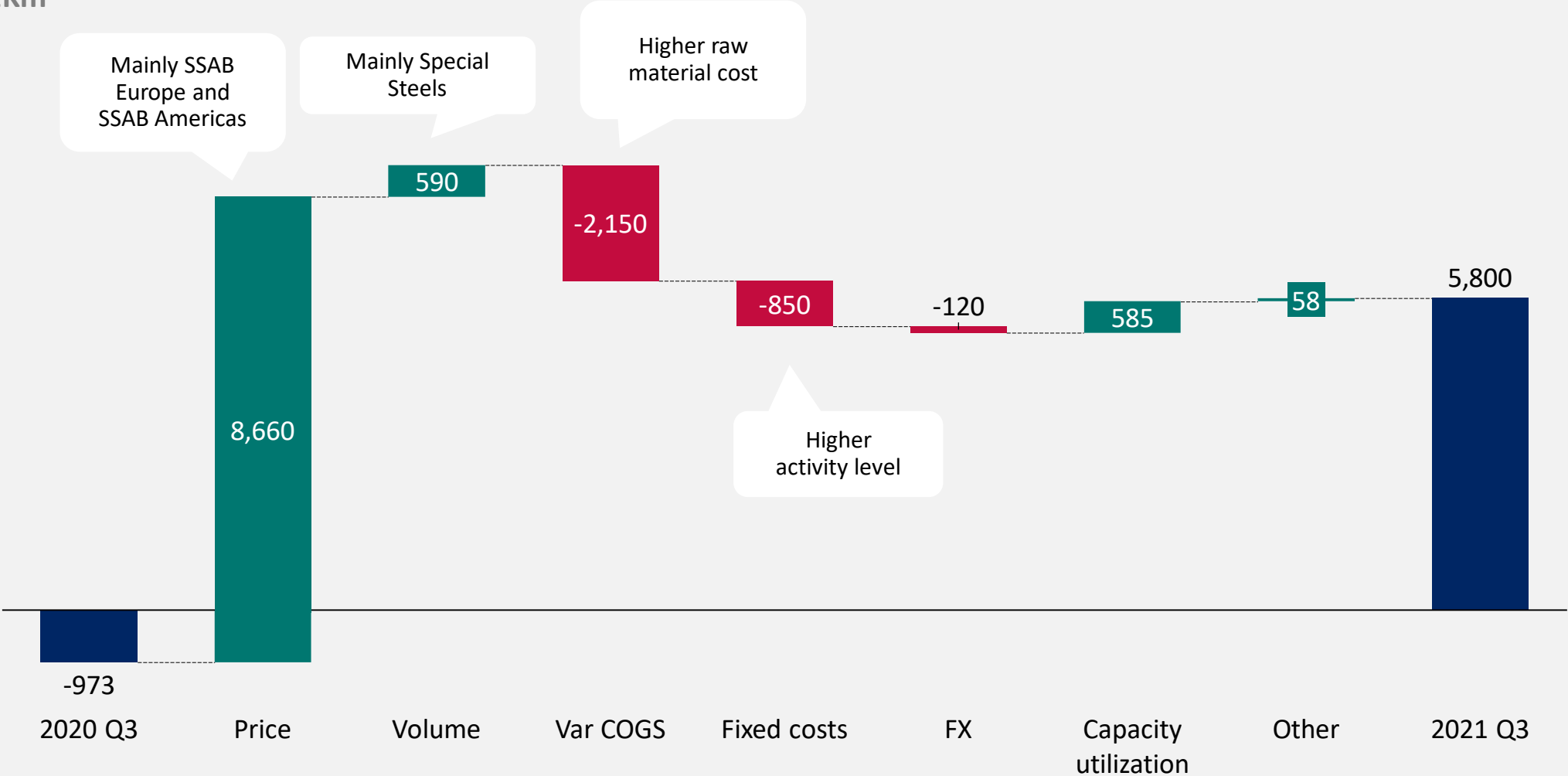
2) Excluding items affecting comparability



# Change in operating profit

Q3/21 vs. Q3/20

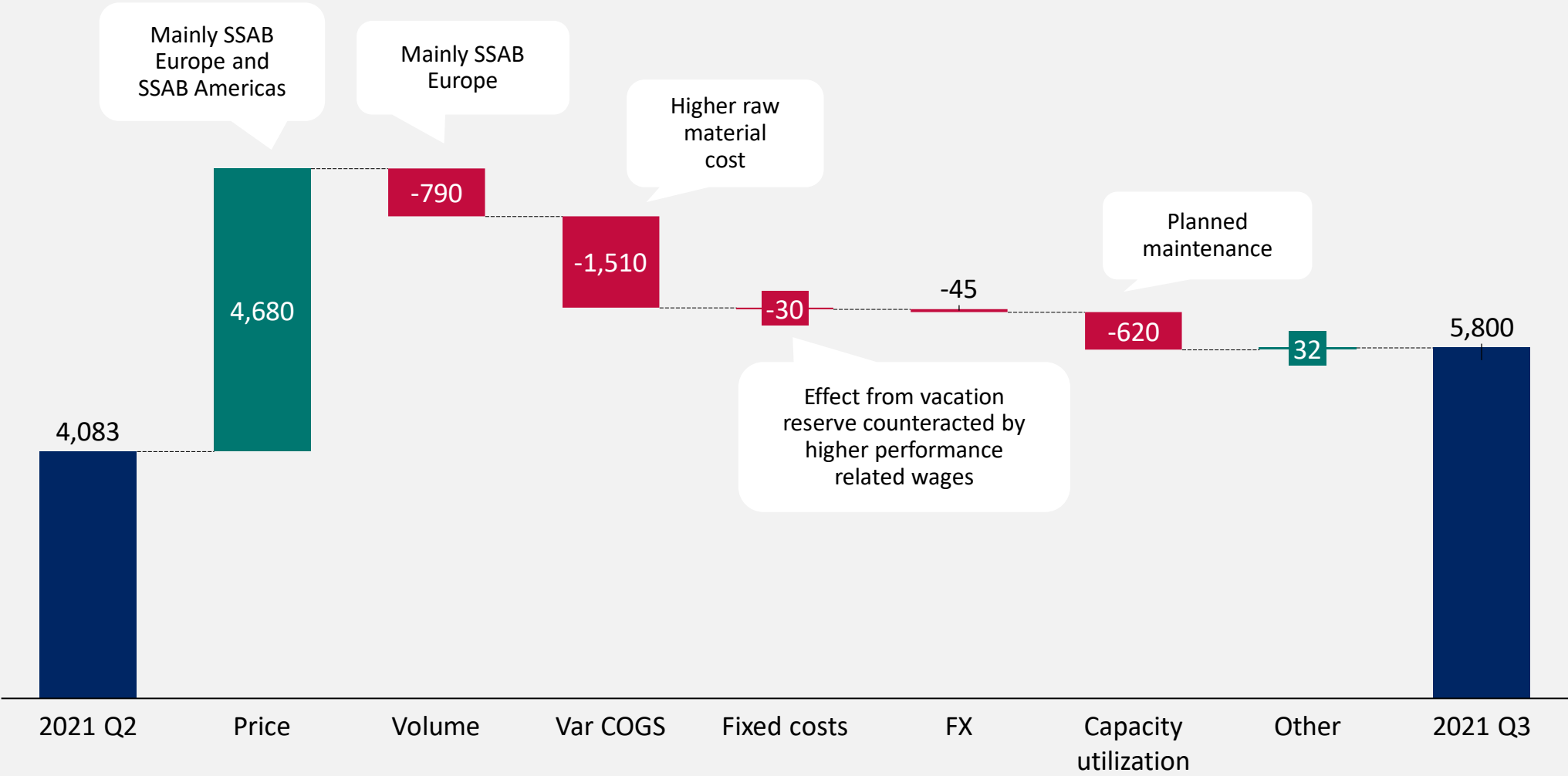
SEKm



# Change in operating profit

Q3/21 vs. Q2/21

SEKm

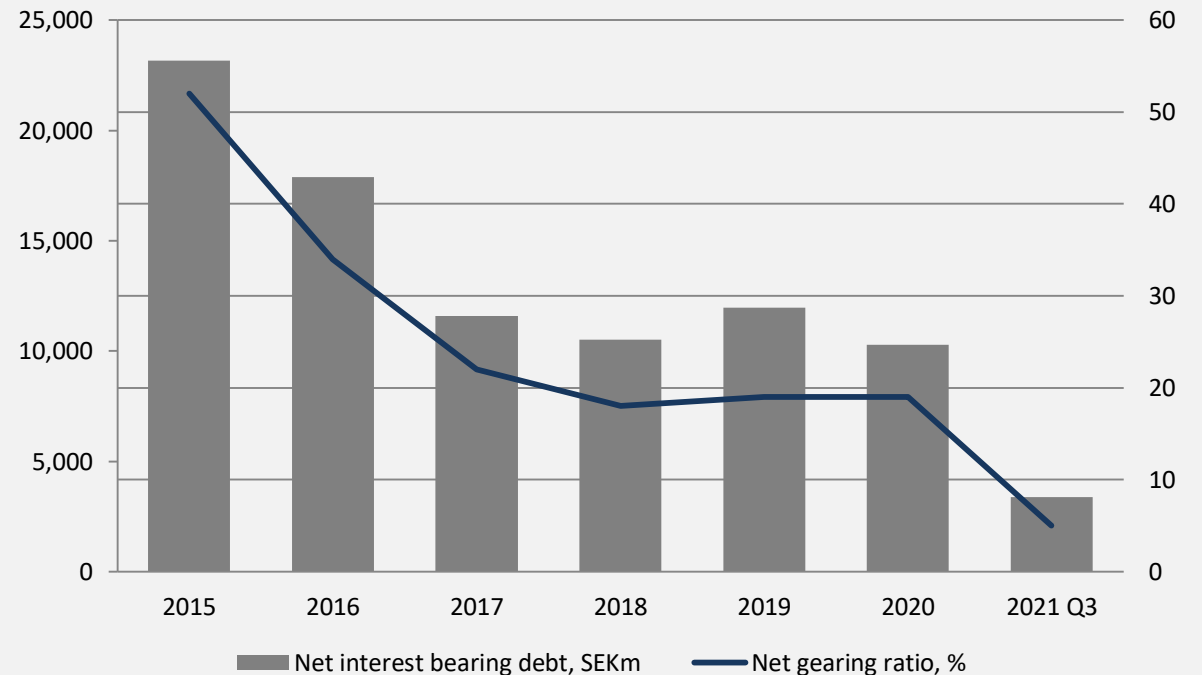


# Strong net cash flow

SEK millions	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep	2020 Full-year
Operating profit before depreciation/amortization	6,582	-66	14,341	1,925	3,364
Change in working capital	-2,693	699	-4,458	-465	1,570
Maintenance expenditures	-461	-332	-1,030	-1,016	-1,622
Other	49	11	-35	87	147
<b>Operating cash flow</b>	<b>3,478</b>	<b>313</b>	<b>8,817</b>	<b>530</b>	<b>3,460</b>
Financial items	-125	-164	-302	-460	-545
Taxes	-322	3	-712	-178	-56
<b>Cash flow from current operations</b>	<b>3,031</b>	<b>151</b>	<b>7,803</b>	<b>-108</b>	<b>2,859</b>
Strategic expenditures in plants and machinery	-218	-75	-526	-467	-582
Acquisitions of shares and operations	-	-43	-103	-196	-231
Divestments of shares and operations	-	-1	-	105	143
<b>Cash flow before dividend</b>	<b>2,812</b>	<b>32</b>	<b>7,174</b>	<b>-667</b>	<b>2,189</b>
Dividend, non-controlling interest	-2	-4	-9	-8	-9
Acquisitions of shares, non-controlling interest	-	-	-127	-	-
<b>Net cash flow</b>	<b>2,810</b>	<b>27</b>	<b>7,039</b>	<b>-675</b>	<b>2,180</b>

# Significant reduction in net debt

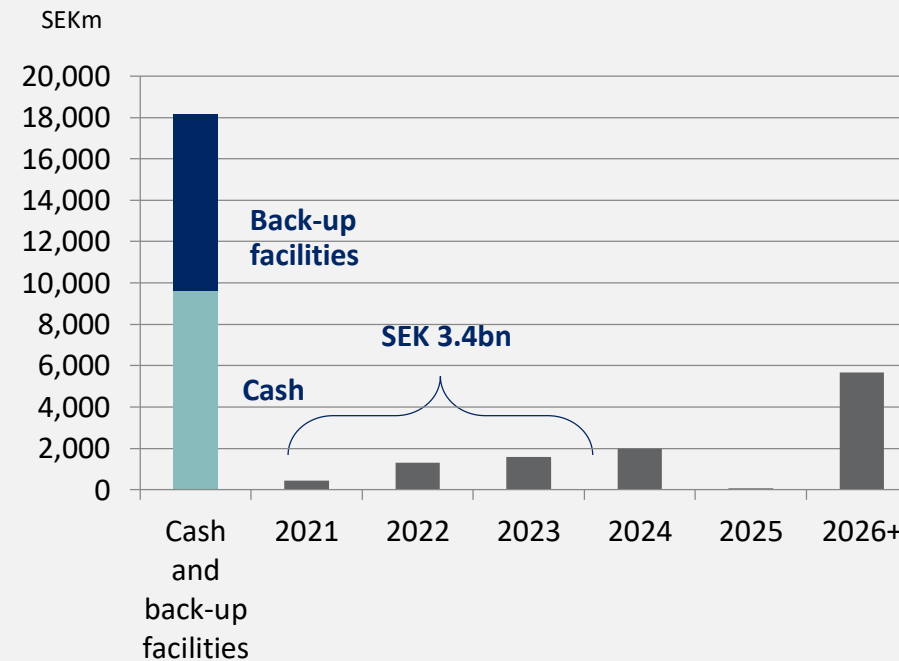
- ▶ Net debt decreased to SEK 3.4bn (12.9bn) at the end of Q3/21
- ▶ Net gearing was 5% (22%)
- ▶ 2015-2017 excluding IFRS 16 (impact of around SEK 2bn)



# Well-balanced maturity profile

- ▶ Duration of the loan portfolio was 6.7 (4.9) years
- ▶ Liquid assets and committed credit lines at SEK 18.1bn – corresponds to 21% of rolling 12-month revenue
- ▶ Most maturities in 2021 refer to commercial papers
- ▶ Sustainability-linked bond of SEK 2bn issued in Q2

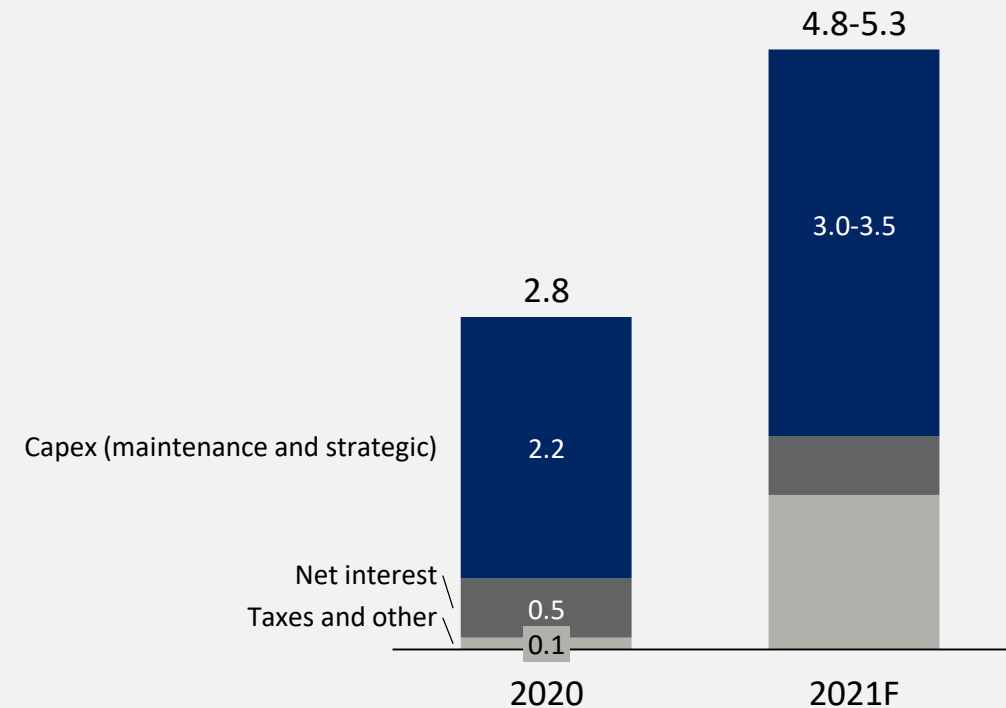
Maturity profile Q3/2021





# Cash needs of the business

- ▶ Total cash needs\* estimated at SEK 4.8-5.3bn in 2021 – unchanged compared to previous forecast
- ▶ Higher strategic capex vs. 2020:
  - 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 reference point, will depend on earnings in FY 2021

# Higher purchase prices for iron ore and coking coal

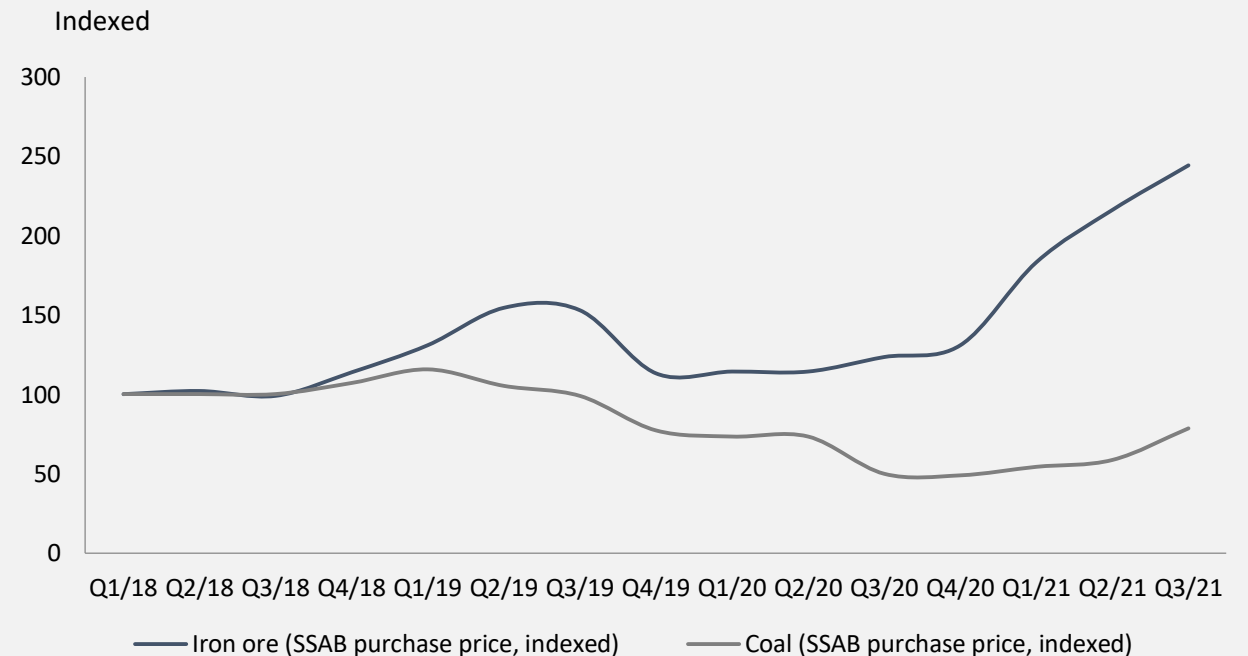
## Iron ore

- ▶ Average pellet purchase price in Q3/21 was 13% higher in terms of SEK (+9% in USD) vs. Q2/21

## Coking coal

- ▶ Average coking coal purchase price in Q3/21 was 34% higher in terms of SEK (31% in USD) vs. Q2/21

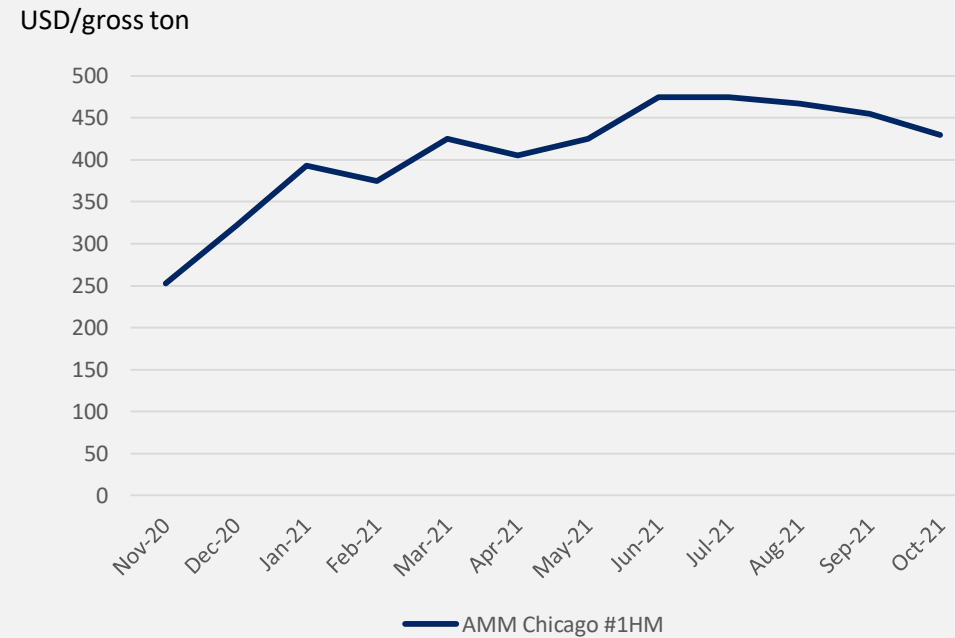
## SSAB's purchase price, coking coal and iron ore



# Scrap spot prices stable

- ▶ SSAB's average purchase price for scrap in Q3/21 was 1% higher (in terms of USD) vs. Q2/21
- ▶ Slight decrease in October

Scrap spot price



Source: AMM

# Major planned maintenance outages in 2021

- ▶ Total maintenance costs for 2021 expected to be SEK 1,265m
- ▶ As of Q3/21, Mobile is part of SSAB Special Steels and maintenance cost will be shared between SSAB Special Steels and SSAB Americas
- ▶ Costs in 2020 were lower than normal – more use of our own resources, due to a lower level of production

SEKm	Q1/21	Q2/21	Q3/21	Q4/21	2021	2020	2019
SSAB Special Steels	-	-	440	150	590	250	300
SSAB Europe	-	-	270	140	410	335	420
SSAB Americas	-	-	-	265	265	220	415
Total	-	-	710	555	1,265	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.

# Outlook and summary



# SSAB's outlook for main customer segments Q4/2021

Segment	Demand	Comments	<span style="color: green;">●</span> Good <span style="color: yellow;">●</span> Healthy <span style="color: red;">●</span> Weak
Heavy Transport	●	<ul style="list-style-type: none"> <li>▶ Heavy truck production impacted by shortage of semi-conductors</li> <li>▶ Improvement in rail car in the US</li> </ul>	
Automotive	●	<ul style="list-style-type: none"> <li>▶ Good end-user demand – shortage of semi-conductors</li> <li>▶ Underlying structural growth in AHSS</li> </ul>	
Construction Machinery	●	<ul style="list-style-type: none"> <li>▶ Good level in main markets, except China</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>▶ Modest improvement in oil and gas</li> <li>▶ Good activity within wind power and transmission</li> </ul>	
Construction	●	<ul style="list-style-type: none"> <li>▶ Good underlying demand, seasonal slowdown in Q4</li> </ul>	
Service Centers	●	<ul style="list-style-type: none"> <li>▶ Inventory more normal in Europe. Hesitation due to price level</li> </ul>	

# SSAB's outlook for Q4/2021

- ▶ Demand for steel is estimated to be good, however, in Europe demand is expected to be impacted by semiconductor shortage and seasonal slowdown towards the end of the year
  - Global demand for high-strength steel is estimated to be strong

## Volume and pricing outlook

	Q4 2021 vs. Q3 2021	
	Shipments	Realized prices
<b>SSAB Special Steel</b>	Stable	Higher
<b>SSAB Europe</b>	Higher	Somewhat higher
<b>SSAB Americas</b>	Significantly lower	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

- ▶ Solid internal performance in a strong market
- ▶ Record earnings
- ▶ Continued strong cash flow generation
- ▶ Significant reduction in net debt
- ▶ Leading position in fossil-free steel
  - First steel rolled in Oxelösund
  - Shipments to Volvo Group
  - Proven fossil-free value chain

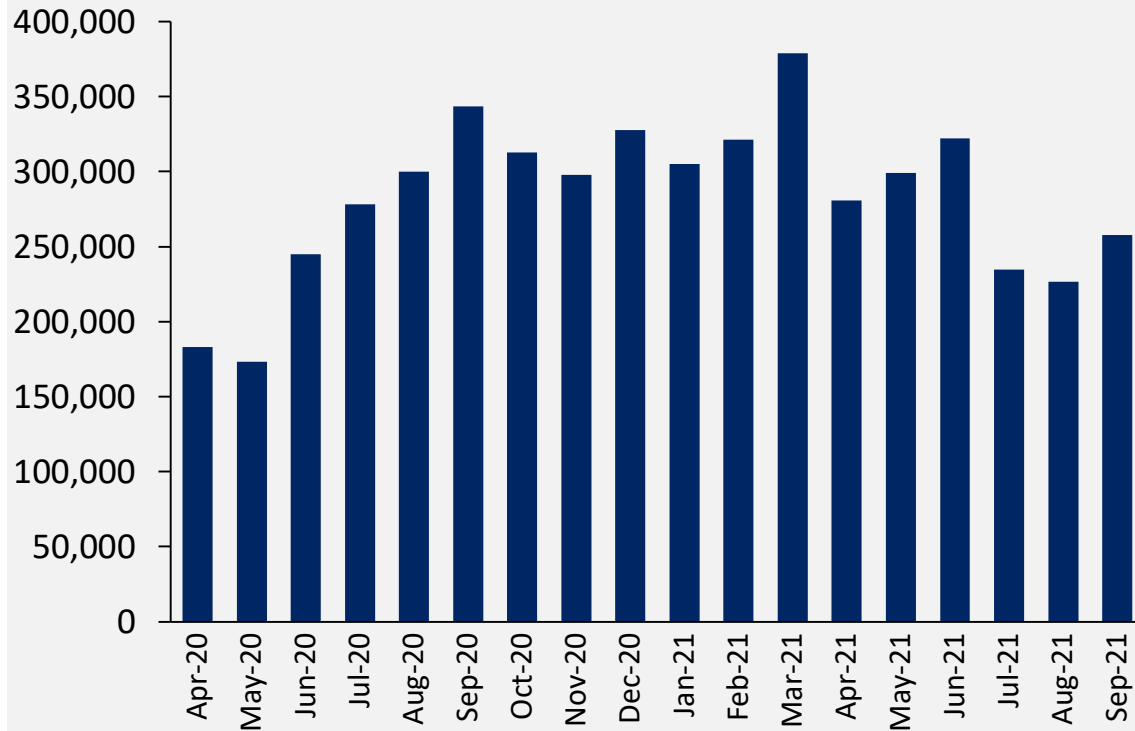


# Questions & Answers

# Appendix

# Order intake

SSAB Europe, monthly order intake, tonnes

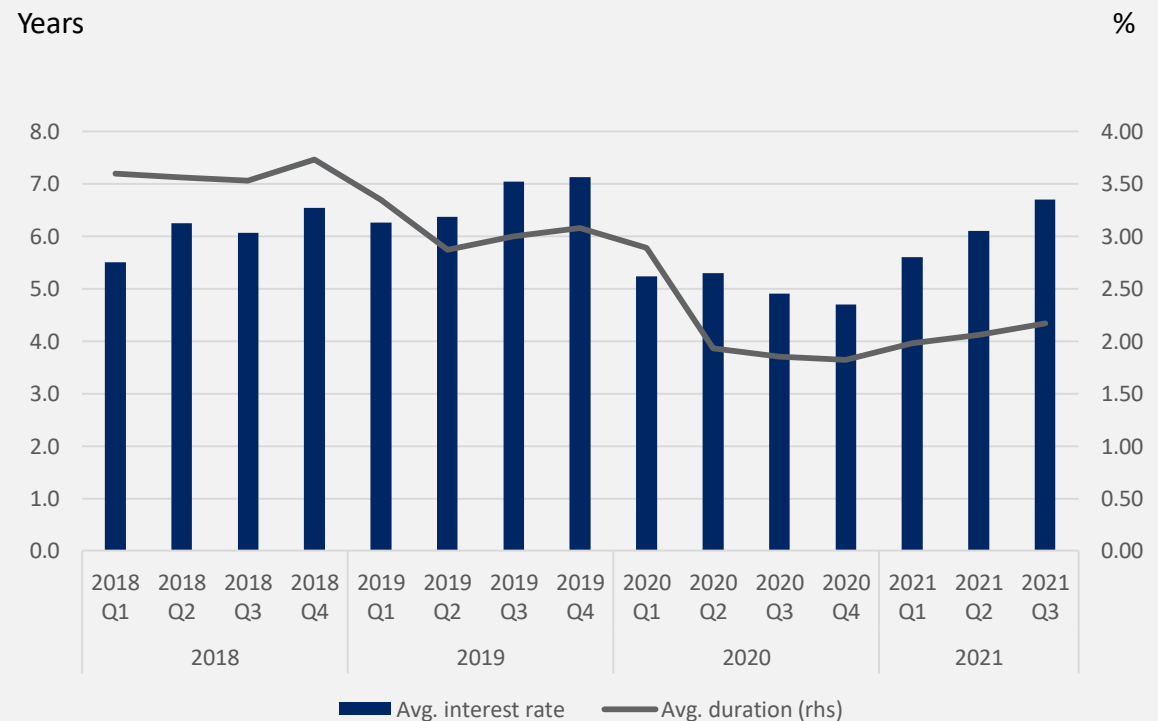


- ▶ Q4/21 is expected to be fully booked
- ▶ Some uncertainty regarding the impact of component shortages and the extent of the seasonal slowdown

# Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.7 (4.9) years
- ▶ Averaged fixed interest term was 1.2 (0.9) years
- ▶ Average interest rate was 2.17% (1.85%)

Debt cost and duration



# 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*