

# Presentation of the Q2/2022 report

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July 22, 2022



**SSAB**

# Agenda

- ▶ Q2/2022 in brief
- ▶ Financials
- ▶ Outlook and summary
- ▶ Q&A

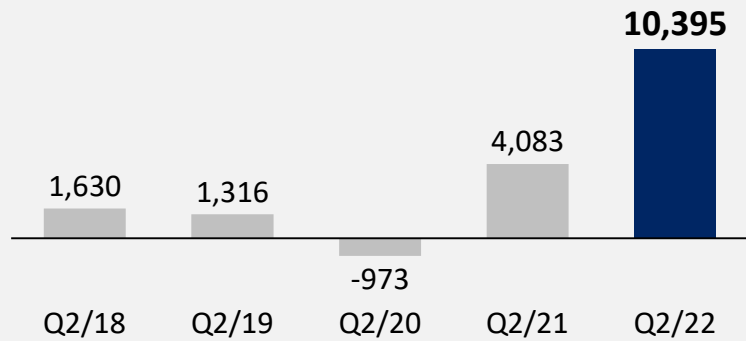


# Q2/2022 in brief

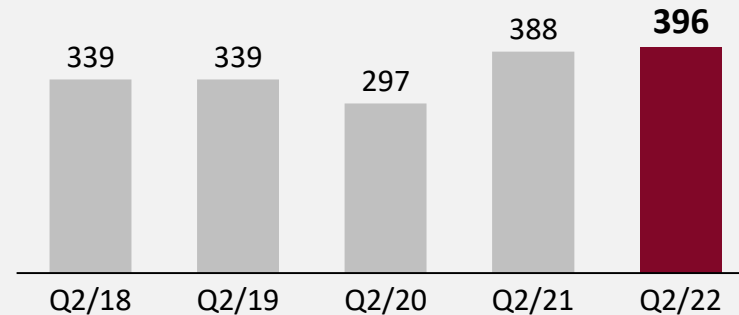
# Q2/2022 – A record quarter

Combination of high realized prices and solid internal performance

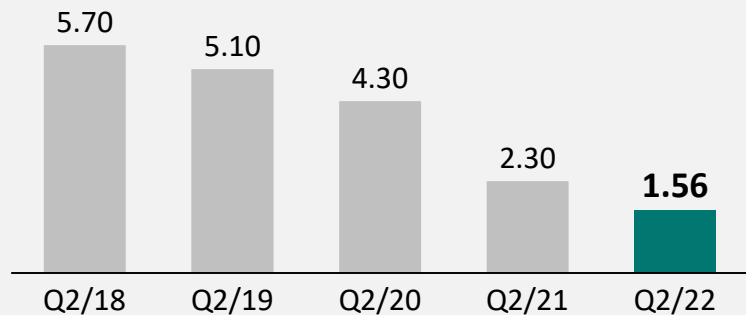
- ▶ Operating profit exceeded SEK 10bn
- ▶ General cost level in line with 2019



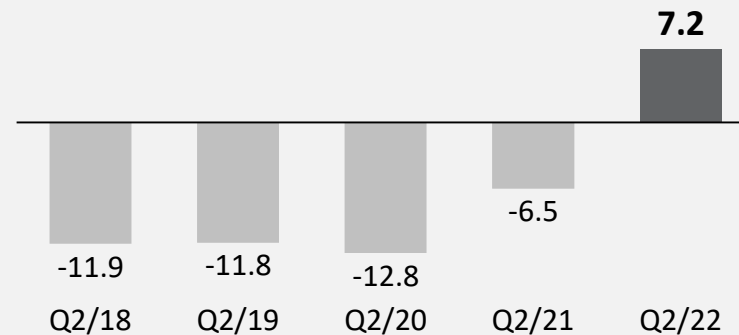
- ▶ Special Steels reached record shipment (kton)



- ▶ Improved safety performance (LTIF, r12m)

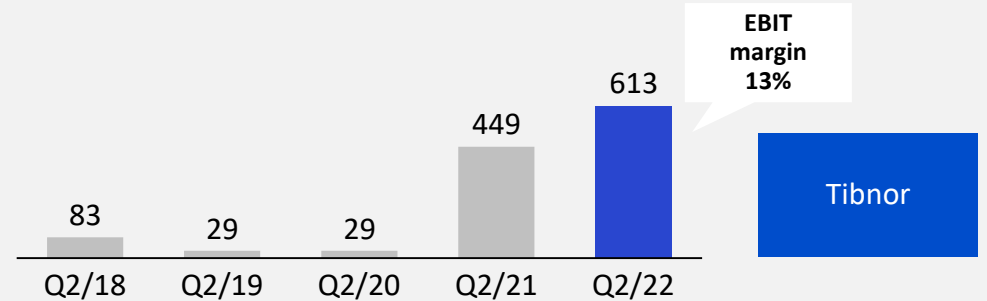
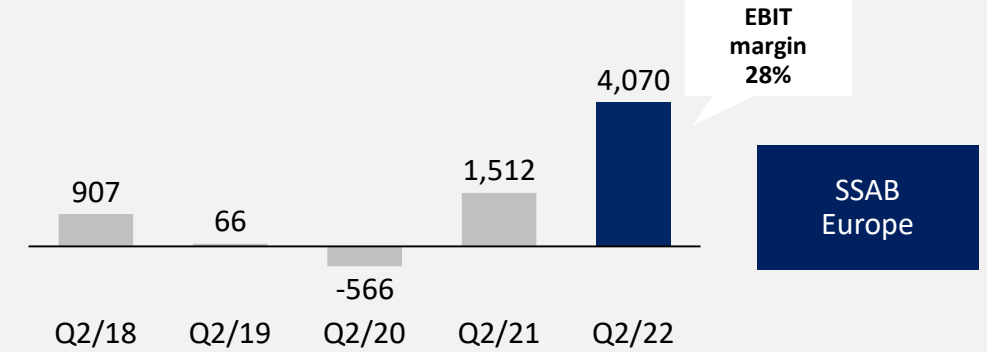
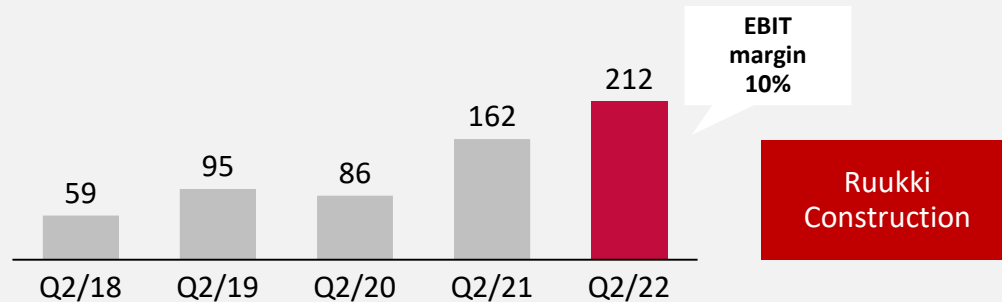
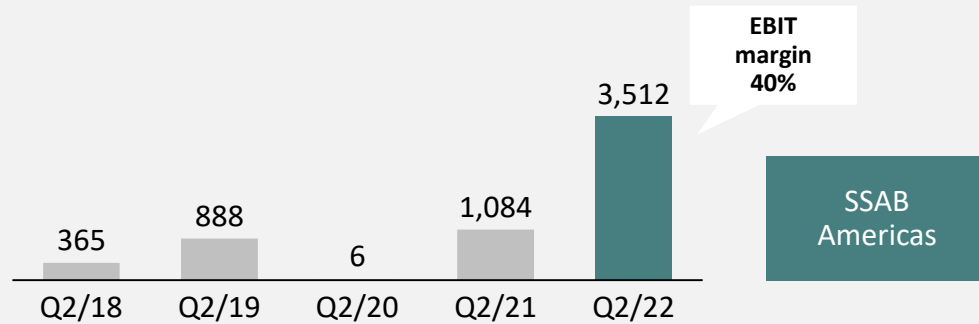
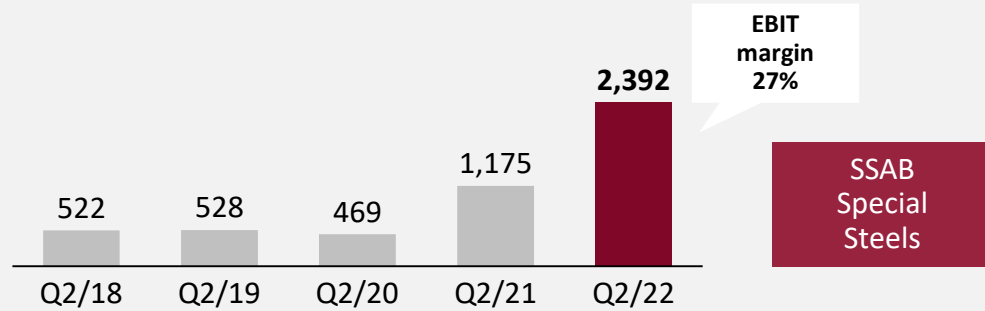


- ▶ Strong balance sheet (net cash, SEK bn)



# Record result for all divisions in Q2

EBIT, SEK million



Excluding items affecting comparability

**SSAB**



# Pilot shipments of fossil-free steel to partner customers

## Unique value chain

Hydrogen  
storage  
inauguration  
in Q2



Fossil-free  
pellet  
production at  
LKAB



HBI  
production at  
HYBRIT pilot  
plant



Fossil-free steel production at  
SSAB



Construction  
Machinery



Mining



Automotive

# Leading the green transition of the steel industry

- ▶ In Q2, the world's first construction machine built using SSAB fossil-free steel was delivered by Volvo to the construction company NCC

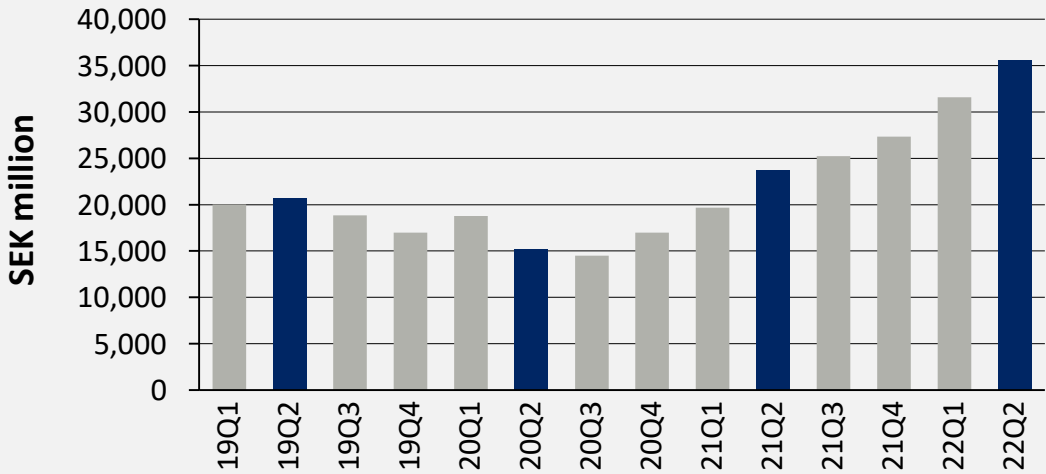


# Financials

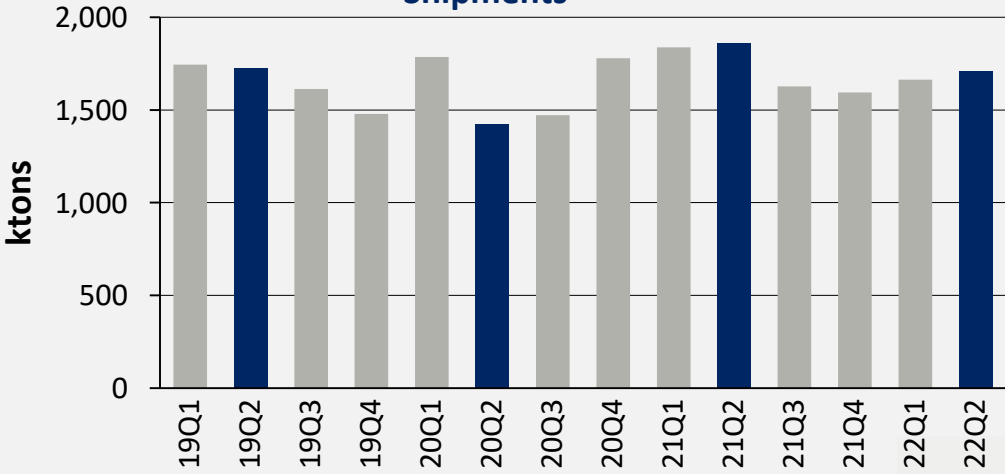


# Strong earnings

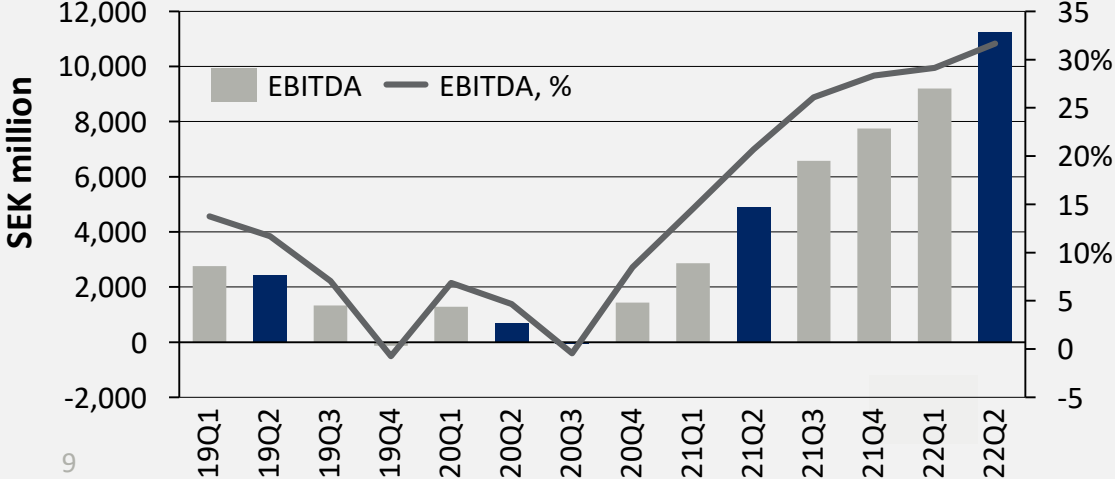
Sales



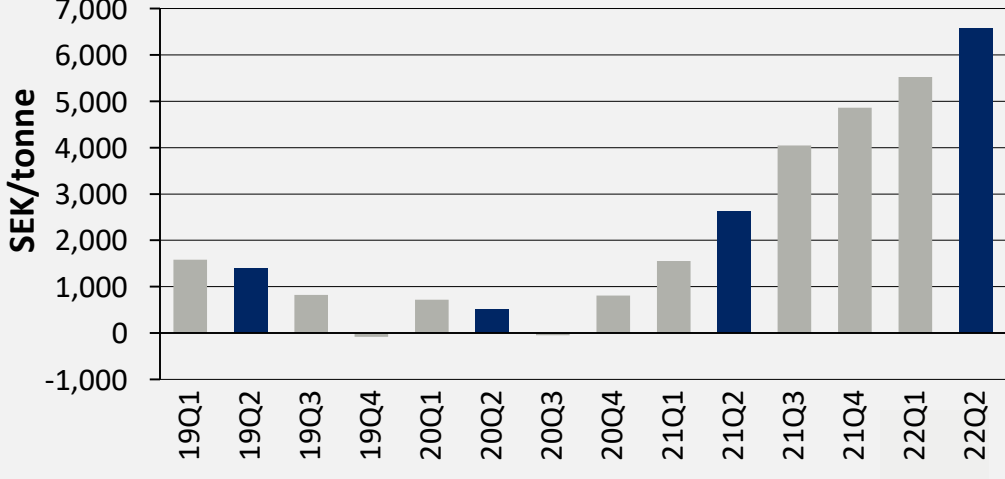
Shipments<sup>1</sup>



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



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



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

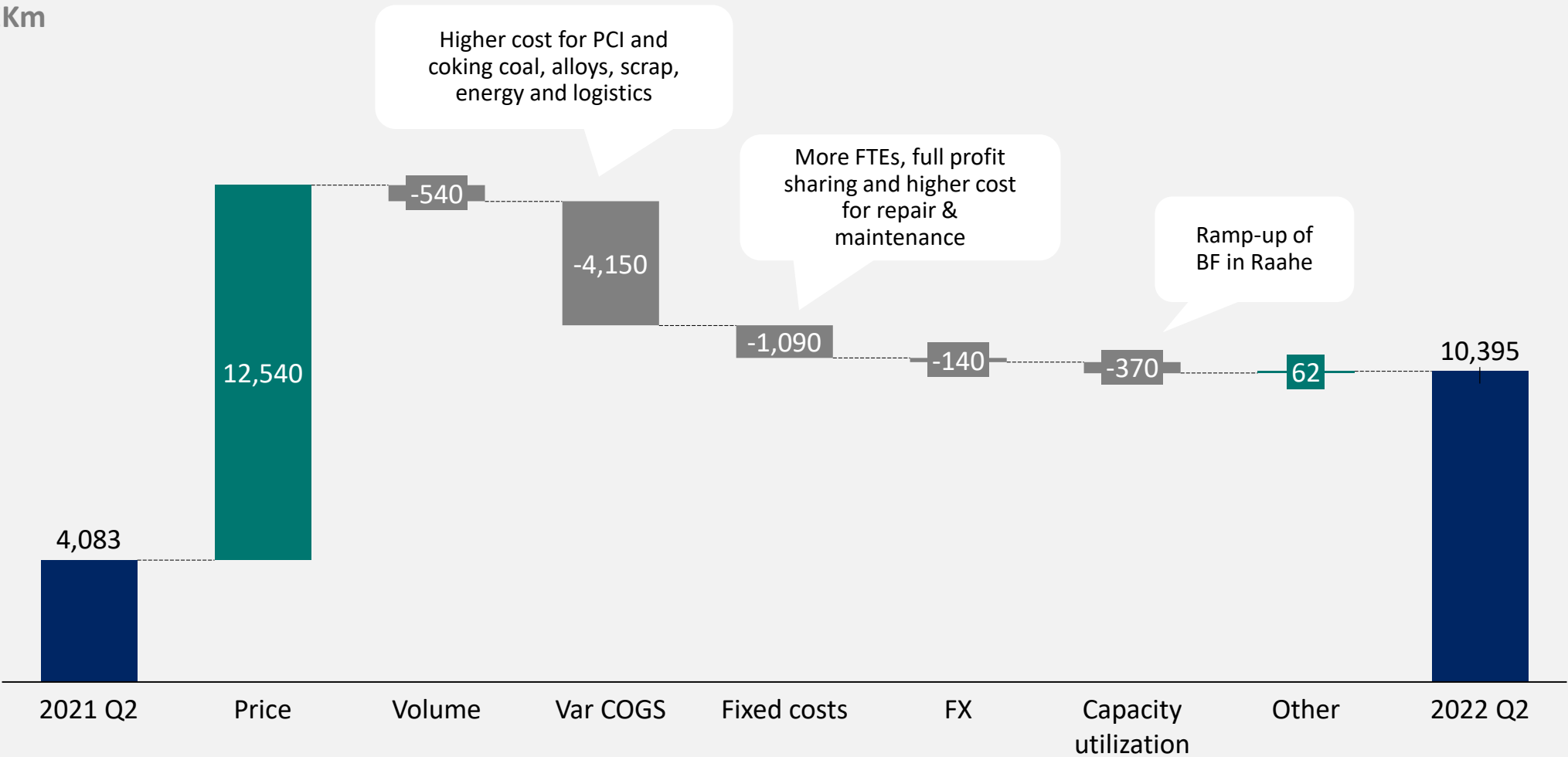
2) Excluding items affecting comparability



# Change in operating profit

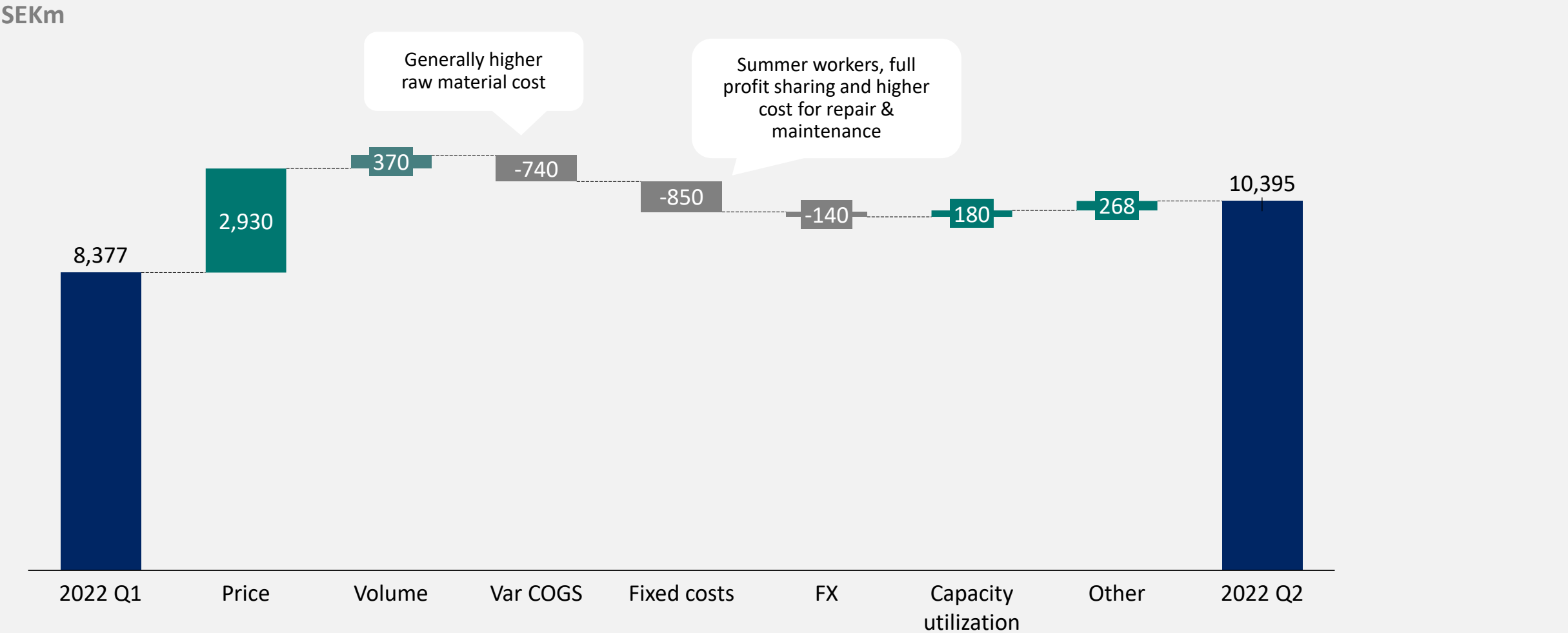
Q2/22 vs. Q2/21

SEKm



# Change in operating profit

Q2/22 vs. Q1/22



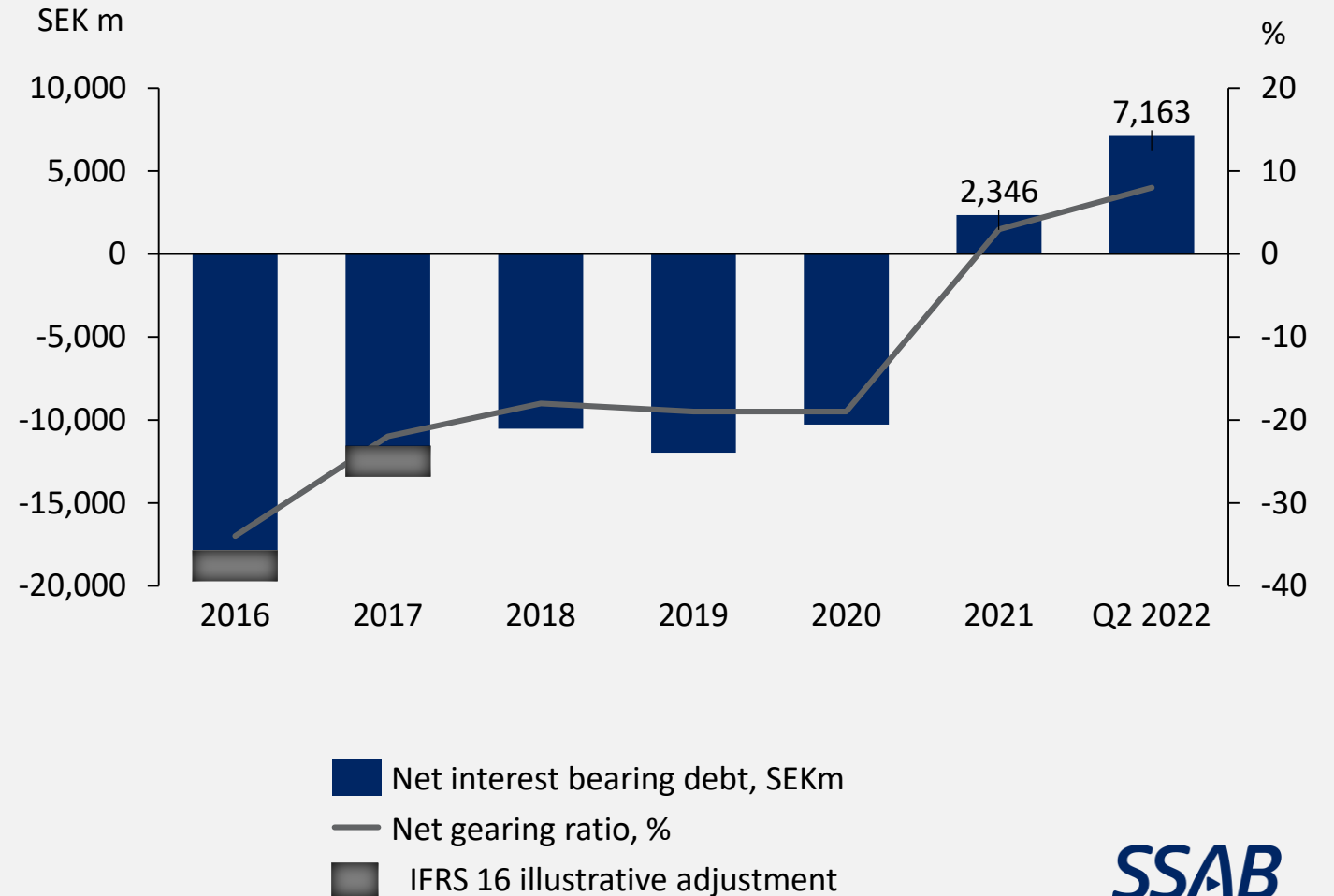
# Strong cash flow generation

Net cash flow in Q2 impacted by dividend payment

SEK millions	2022 Q2	2021 Q2	2022 Jan-Jun	2021 Jan-Jun	2021 Full-year
Operating profit before depreciation/amortization	11,234	4,899	20,230	7,759	22,094
Change in working capital	-3,396	-586	-7,800	-1,766	-5,485
Maintenance expenditures	-429	-359	-700	-569	-2,053
Other	-286	-43	313	-84	741
<b>Operating cash flow</b>	<b>7,124</b>	<b>3,910</b>	<b>12,042</b>	<b>5,339</b>	<b>15,296</b>
Financial items	-42	-113	-57	-176	-373
Taxes	-1,636	-359	-2,990	-390	-1,357
<b>Cash flow from current operations</b>	<b>5,446</b>	<b>3,438</b>	<b>8,995</b>	<b>4,773</b>	<b>13,566</b>
Strategic expenditures in plants and machinery	-478	-203	-817	-308	-835
Acquisitions of shares and operations	-148	-79	-419	-103	-130
Divestments of shares and operations	-	-	-	-	-
<b>Cash flow before dividend</b>	<b>4,820</b>	<b>3,157</b>	<b>7,759</b>	<b>4,362</b>	<b>12,602</b>
Dividend, non-controlling interest	-5,406	-0	-5,406	-	-
Dividend, non-controlling interest	-7	-7	-7	-7	-9
Acquisitions of shares, non-controlling interest	-	-127	-	-127	-157
<b>Net cash flow</b>	<b>-593</b>	<b>3,024</b>	<b>2,346</b>	<b>4,229</b>	<b>12,436</b>

# Strong financial position

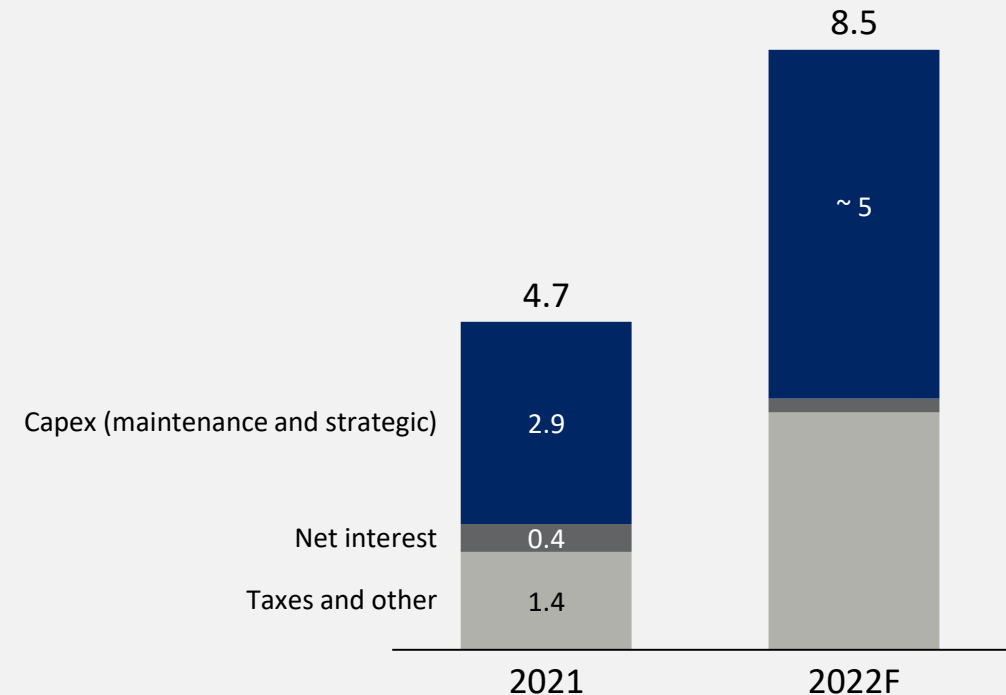
- ▶ Group is debt free with net cash of SEK 7.2bn (-6.5bn) at the end of Q2/22





# Cash needs of the business

- ▶ Total cash needs\* estimated at SEK 8.5bn in 2022 (unchanged)
- ▶ Higher strategic capex vs. 2021:
  - Oxelösund conversion
  - Mobile Q&T expansion
- ▶ Interest paid expected to decrease
- ▶ Taxes paid\*\* will increase
  - some SEK 2bn of the tax cost incurred in 2021 will be paid in 2022, due to normal delay



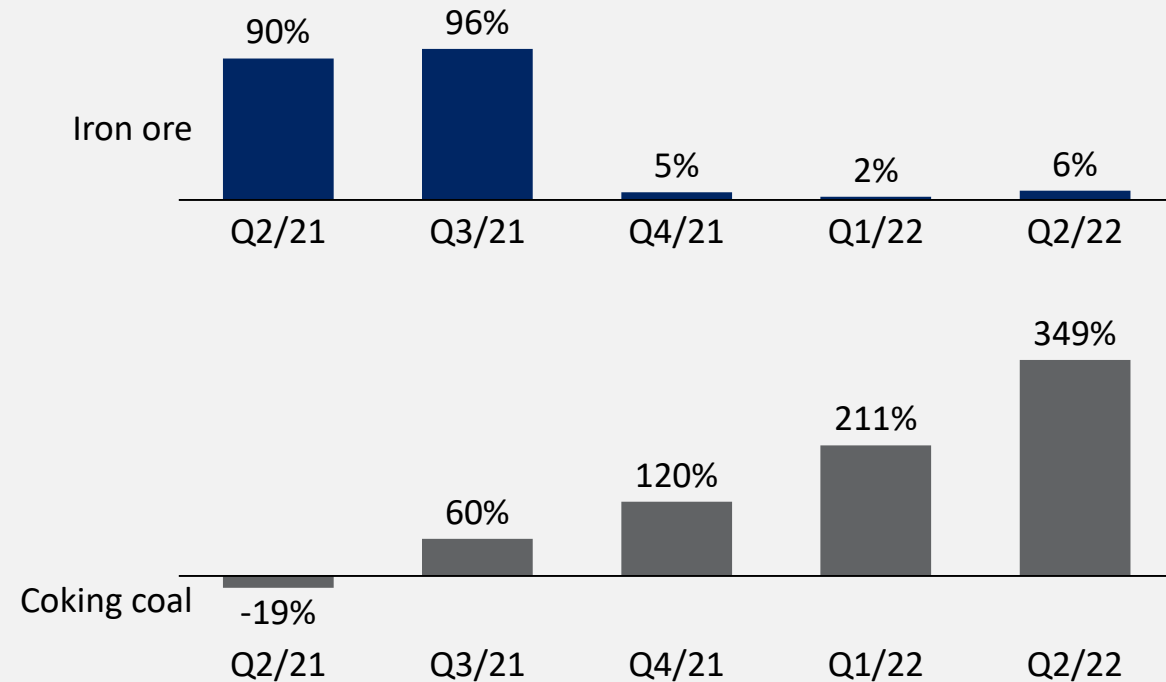
\*Cash needs defined as capex, interest paid and taxes paid. Excluding working capital

\*\*2021-level plus delayed payments used as reference point, will depend on earnings in FY 2022

# Increasing purchase price for coking coal

- ▶ During Q1/22, SSAB ceased new purchases of iron ore and coal from Russia
- ▶ The purchase prices of iron ore affects the result after a lag of around one quarter, while coking coal has a lag of around one and a half quarter

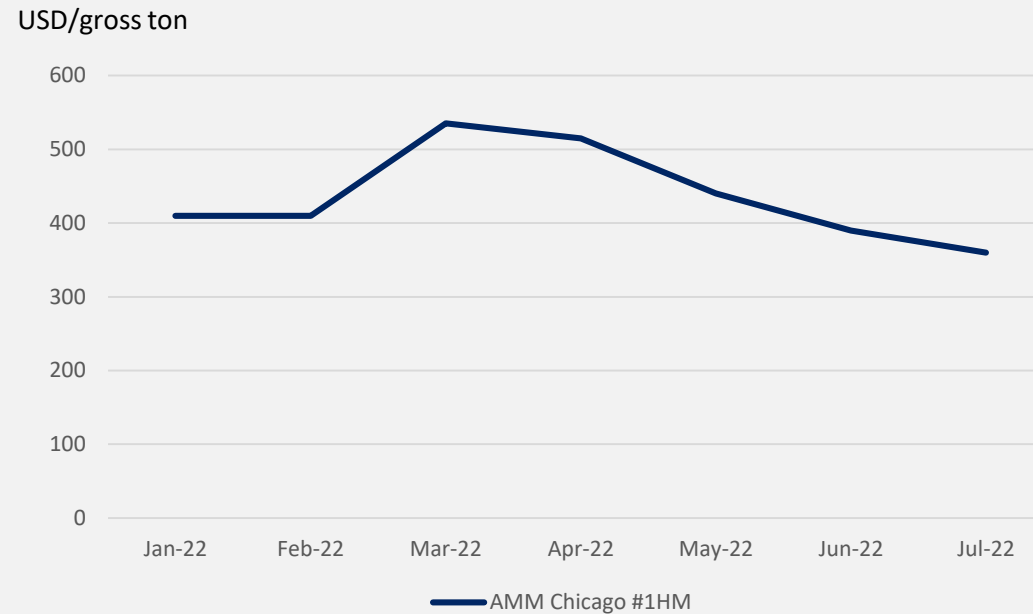
SSAB's purchase price, year over year changes



# Scrap prices

- ▶ SSAB's average purchase price for scrap in Q2/22 was 2% higher (in terms of USD) vs. Q1/22
- ▶ Spot prices continued down in July

Scrap spot price



Source: AMM

# Major planned maintenance outages in 2022

- ▶ Total maintenance costs for 2022 expected to be SEK 1,210 m (1,270)
- ▶ SSAB Americas outage moved from October to September

## Expected maintenance costs for 2022








	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
SEK millions	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Full-year	Full-year
SSAB Special Steels	0	0	0	0	60	440	380	150	440	590
SSAB Europe	0	0	0	0	155	270	245	160	400	430
SSAB Americas	0	0	0	0	370	0	0	250	370	250
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>585</b>	<b>710</b>	<b>625</b>	<b>560</b>	<b>1,210</b>	<b>1,270</b>

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 Q3/2022

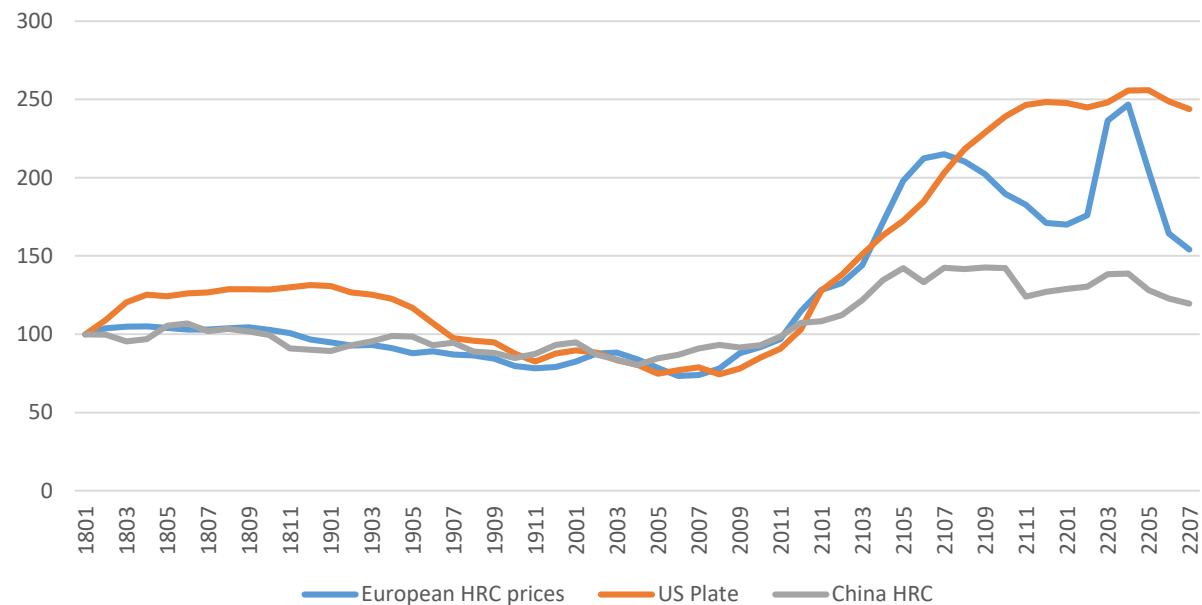
Segment	Demand	<div> <span>Strong</span> <span>Neutral</span> <span>Weak</span> </div> Comments
Heavy Transport		<ul style="list-style-type: none"> <li>▶ Risk of further production stops in EU heavy-duty trucks, due to shortages</li> <li>▶ Good activity in rail car and marine in the US</li> </ul>
Automotive		<ul style="list-style-type: none"> <li>▶ Risk of further production stops</li> <li>▶ Underlying structural growth in AHSS</li> </ul>
Construction Machinery		<ul style="list-style-type: none"> <li>▶ Increased uncertainty. China weak</li> </ul>
Material Handling		<ul style="list-style-type: none"> <li>▶ Good demand from mining</li> </ul>
Energy		<ul style="list-style-type: none"> <li>▶ Solid demand in wind power and transmission</li> </ul>
Construction		<ul style="list-style-type: none"> <li>▶ Slowdown in construction activity, rising inflation negative factor</li> </ul>
Service Centers		<ul style="list-style-type: none"> <li>▶ Low inventory levels in the US, speculation on lower plate prices</li> <li>▶ Seasonal slowdown in Europe</li> </ul>

# Lower spot prices in Q2

- ▶ European strip prices decreased from a high level
- ▶ Plate prices in the US more stable

**Price development: Hot Rolled Coil (HRC) in Northern Europe, Heavy plate in the US and HRC China**

Indexed (Jan 2018 = 100)



# SSAB's outlook for Q3/2022

- ▶ Q3 maintenance quarter for SSAB Europe and SSAB Americas
- ▶ Uncertain market outlook
- ▶ Expected seasonal downturn in Europe
- ▶ Relatively stable heavy plate market in North America

## Volume and pricing outlook

	Q3 2022 vs. Q2 2022	
	Shipments	Realized prices
SSAB Special Steels	Somewhat lower	Stable
SSAB Europe	Lower	Significantly lower
SSAB Americas	Significantly lower	Lower

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

# Summary

- ▶ Earnings at record level
- ▶ Continued good trend in safety
- ▶ Strong cash flow generation
- ▶ Uncertain market outlook
  - Structurally improved ability to manage downturn
- ▶ Plan for fossil-free steel production on track
  - Pilot shipments to partner customers on-going
  - Transition requires sufficient availability of fossil-free electricity



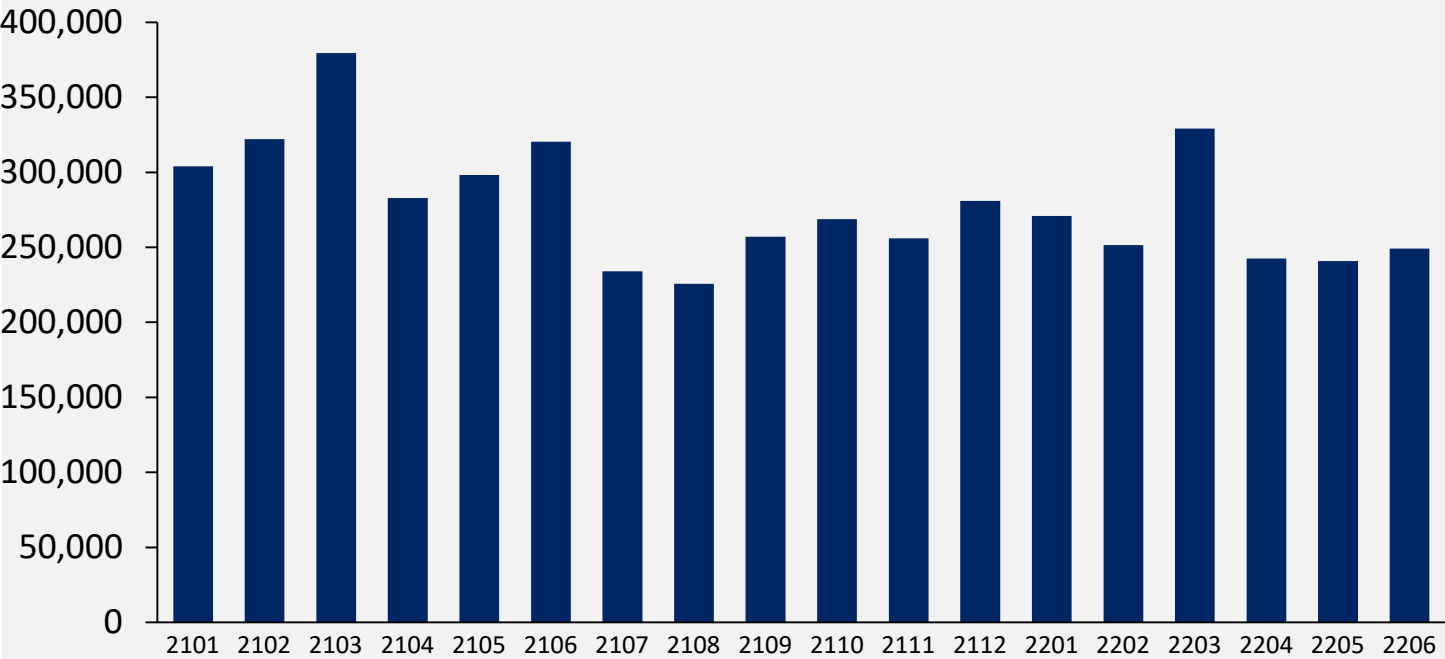
# Questions & Answers



# Appendix

# Order intake

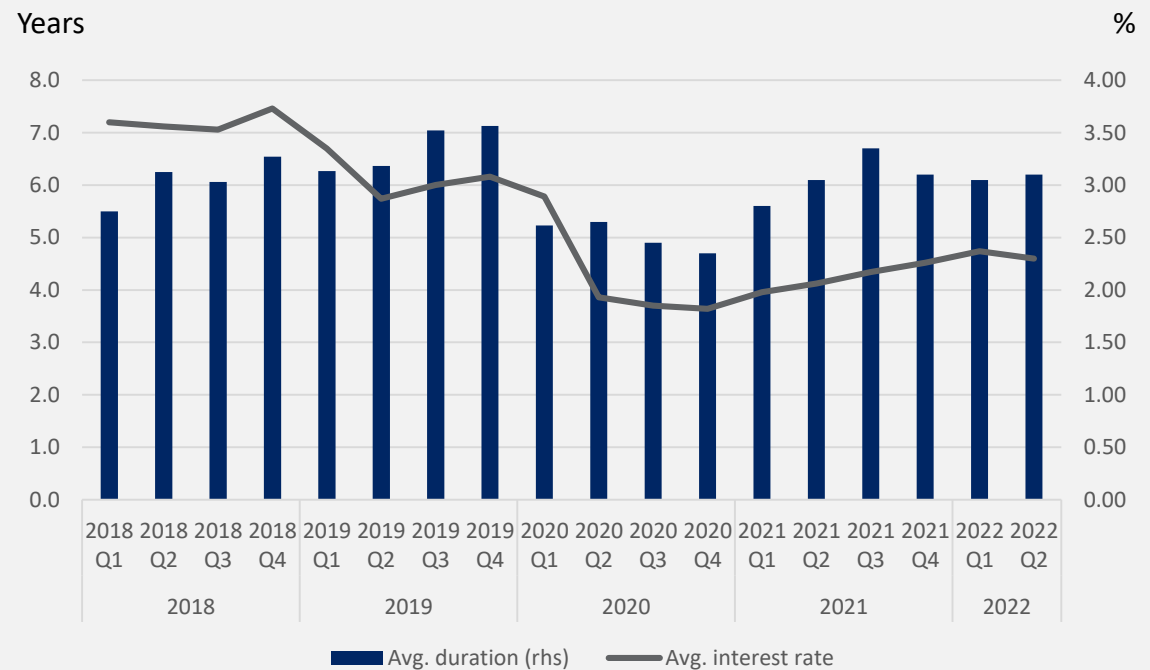
SSAB Europe, monthly order intake, tonnes



# Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.2 (6.1) years
- ▶ Averaged fixed interest term was 1.1 (1.2) years
- ▶ Average interest rate was 2.3% (2.1%)

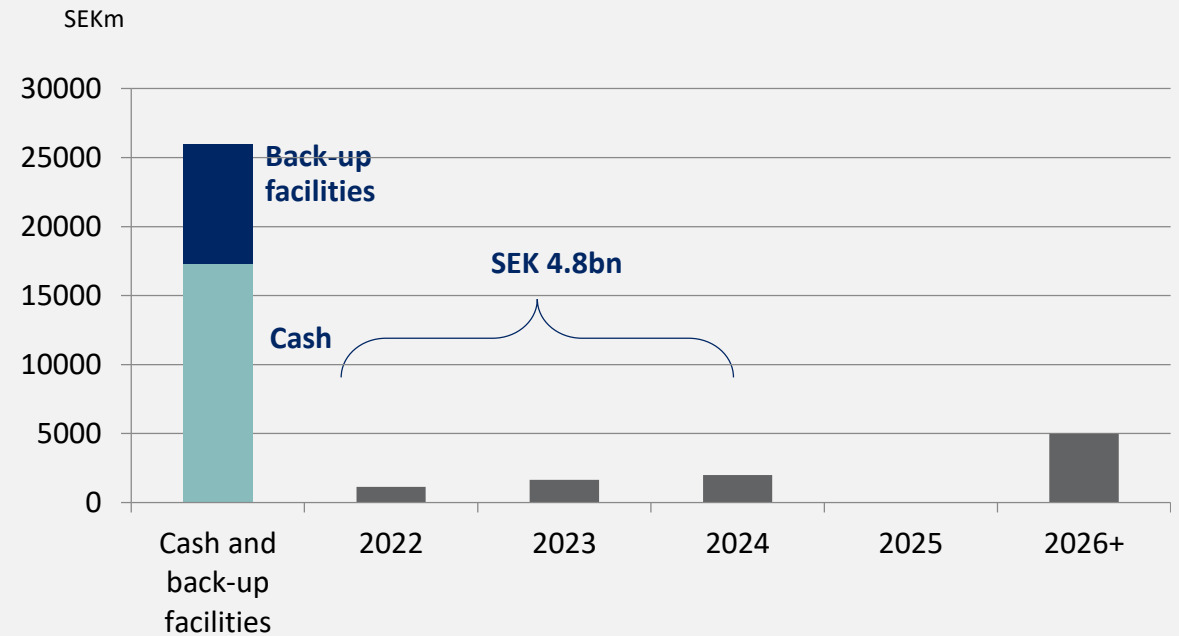
Debt cost and duration



# Maturity profile

- Liquid assets and committed credit lines at SEK 26.0 bn

Maturity profile Q2/2022



# SSAB



*A stronger,  
lighter and more  
sustainable world*