



# Results for the third quarter 2013

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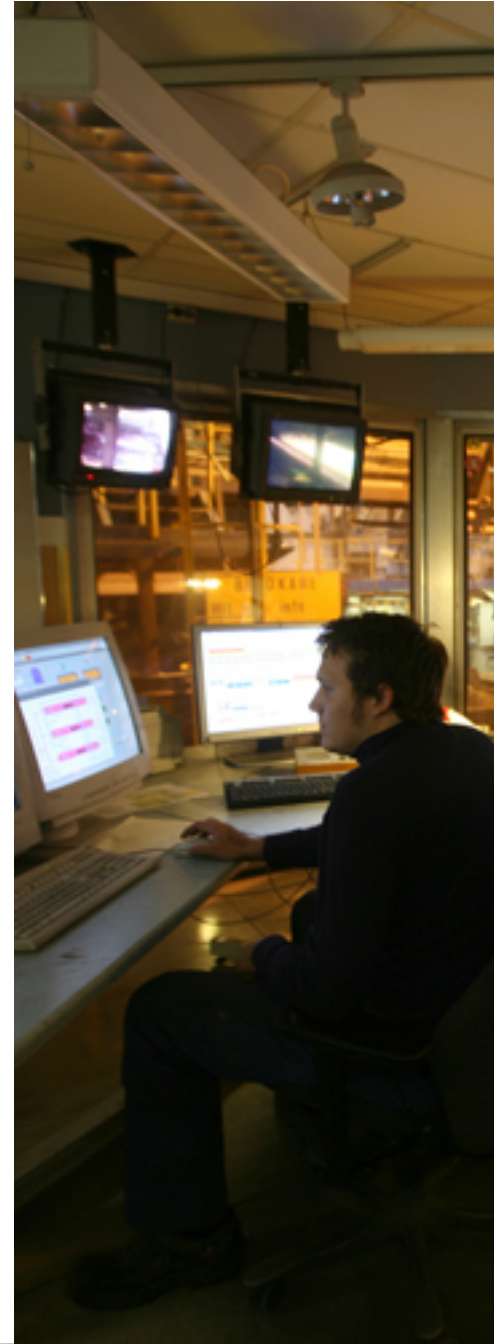
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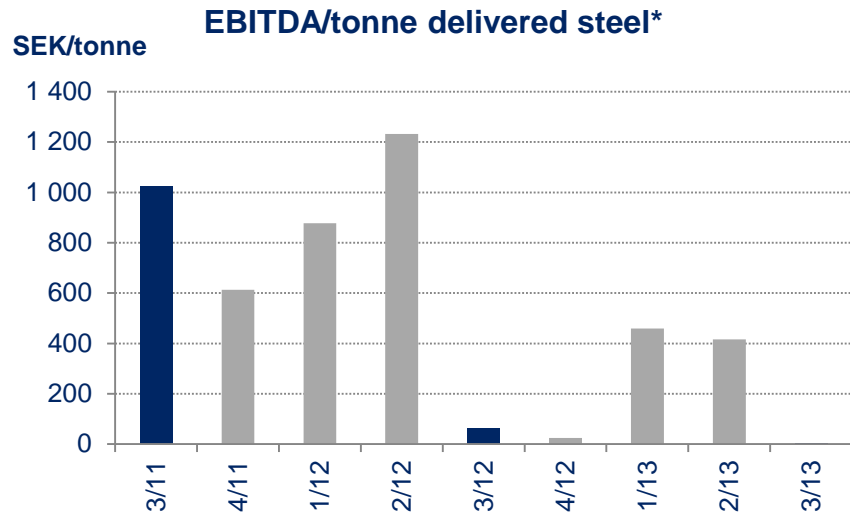
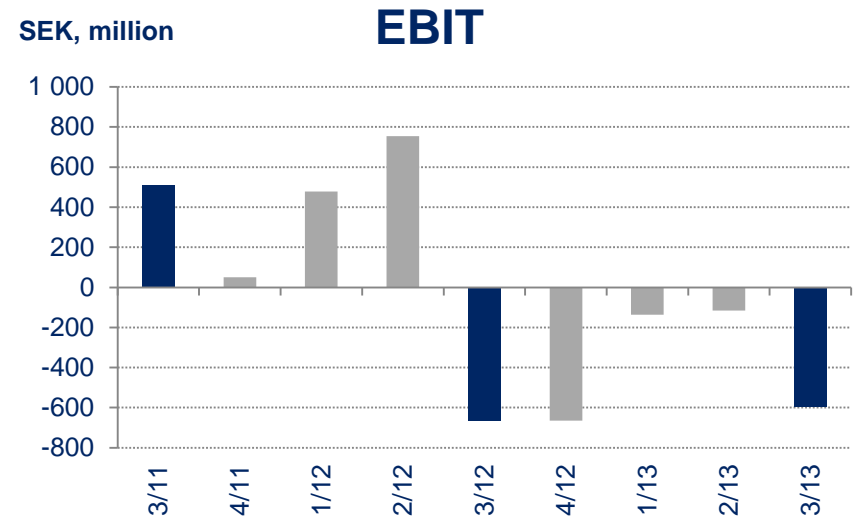
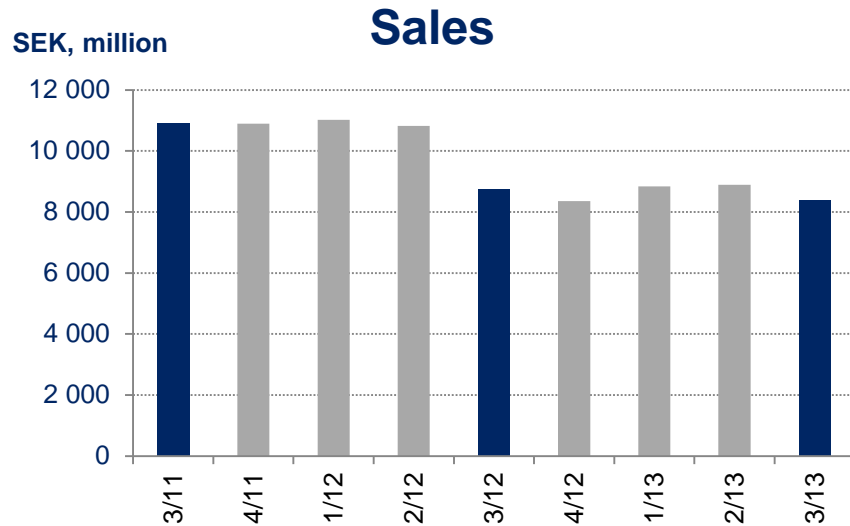
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# Highlights – Q3 2013

- ▶ Operating cash flow of MSEK 500
- ▶ EBIT loss of MSEK 598, MSEK 70 better compared with Q3-12
- ▶ Planned outages in Sweden and the US affected earnings by MSEK ~300
- ▶ Shipments stable vs. Q2-13, but lower share of quenched plate due to weakness in global mining and yellow goods
- ▶ In general, SSAB's contract steel prices continued down and were slightly lower compared with Q2-13
- ▶ Focus on cost efficiency continued in all business areas



# Group – Sales, EBIT, EBITDA/Tonne



\* Reflecting the steel operations; EMEA, Americas, APAC

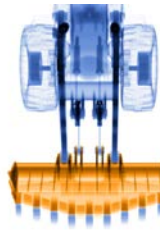
# Key customer segments – Sequential development

## Heavy Transport



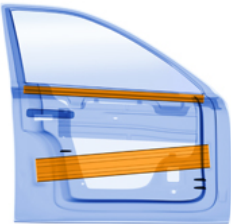
- ▶ EU heavy equipment demand has been weak due to uncertain business climate
- ▶ US heavy equipment manufacturers have booked at slightly improved levels in Q3

## Mining



- ▶ Continued slowdown in mining, leading to weak demand for quenched steel

## Automotive



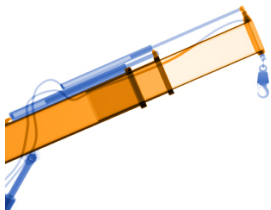
- ▶ The US automotive market has remained strong
- ▶ Despite a weak EU automotive industry, healthy volumes
- ▶ China automotive segment has remained stable

## Energy



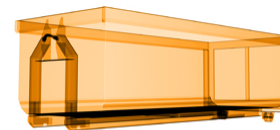
- ▶ Energy and energy related applications have continued to be the strongest end-use markets in US
- ▶ Wind tower activity continues to be better than early 2013

## Construction Equipment



- ▶ Still low construction activity in Europe
- ▶ China lifting segment continued to be weak

## Service centers (US)

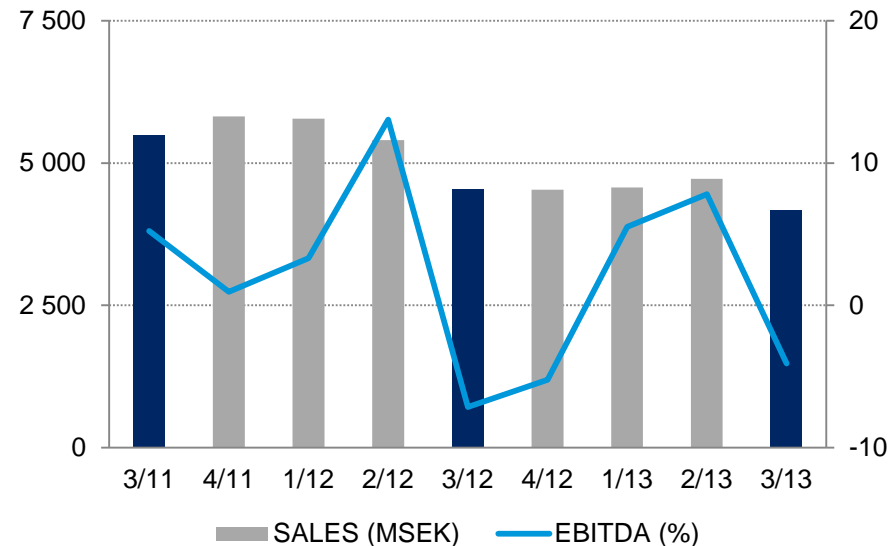


- ▶ Service centers has continued to purchase only what they absolutely need
- ▶ Inventories at low levels

# SSAB EMEA

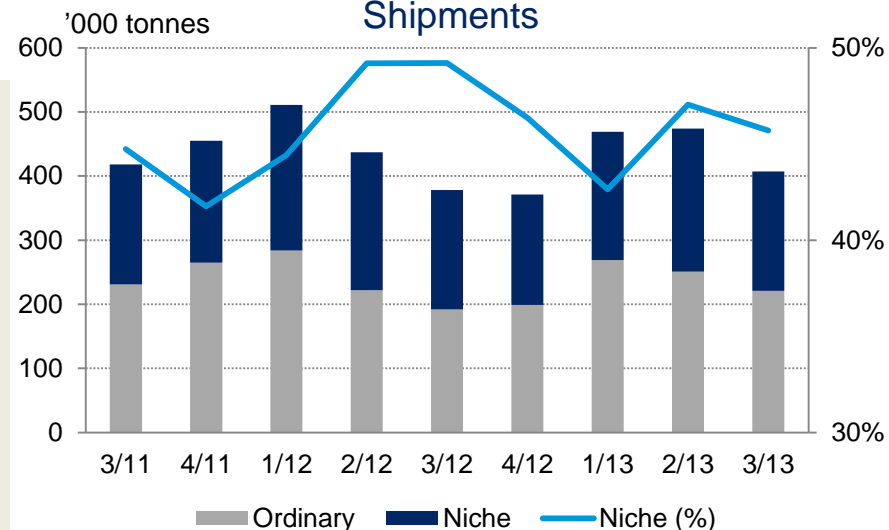
MSEK	Q3-13	Q3-12	Chge
Sales	4,165	4,549	-8%
EBITDA	-170	-325	n.m.
EBIT	-475	-644	n.m.
EBIT margin	-11.4%	-14.2%	

## Sales & EBITDA margin



- ▶ Shipments were 8% higher vs. Q3-12, but 14% lower vs. Q2-13
- ▶ Local prices fell 2% for niche steels, and 5% for standard steels vs. Q2-13
- ▶ Niche products were 46% (49% in Q3-12) of shipments
- ▶ The quarter was affected by normal summer outages
- ▶ Demand during the seasonally weak third quarter was slow, with a wait-and-see attitude from customers

## Shipments



# SSAB EMEA – Efficiency program with the target to reach MSEK 800 cost improvements

## Sustainable savings – MSEK 500

- ▶ Cost savings production
- ▶ White collar reduction
- ▶ Cost savings IT
- ▶ Changed transport solutions
- ▶ Renegotiation of contracts
- ▶ Consolidation of suppliers

## Increased flexibility – MSEK 300

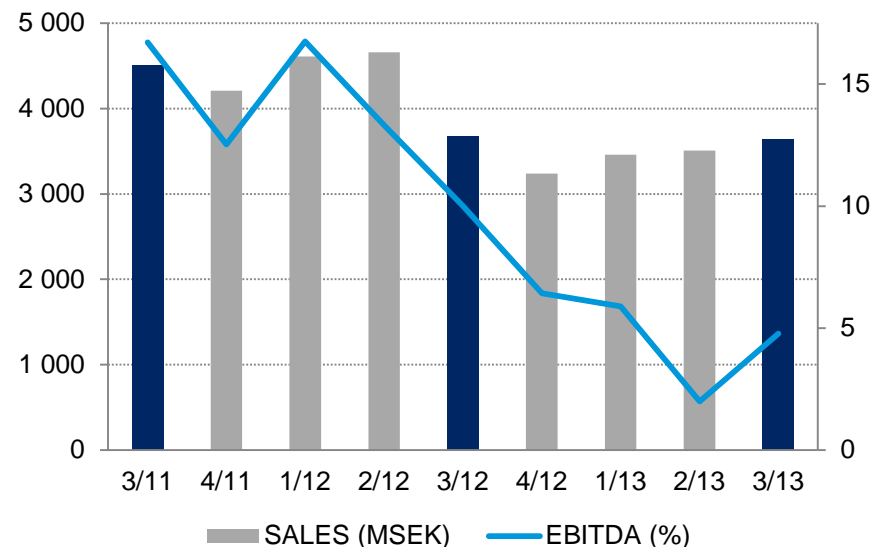
- ▶ Cost savings in production - flexible staffing
- ▶ Outsourcing of support functions

**Y-t-D reached MSEK 500**

# SSAB Americas

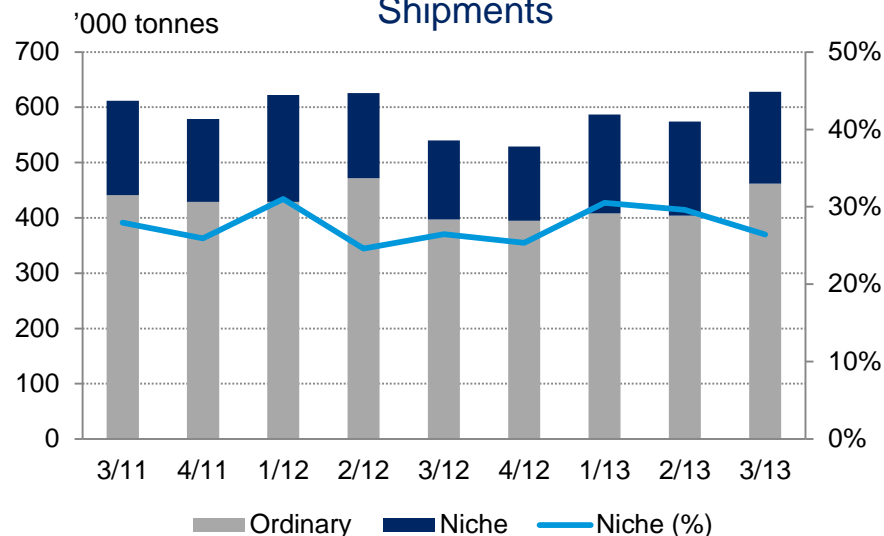
MSEK	Q3-13	Q3-12	Chge
Sales	3,639	3,669	-1%
EBITDA	174	366	-52%
EBIT	53	251	-79%
EBIT margin	1.5%	6.8%	

## Sales & EBITDA margin



- ▶ Shipments were 16% higher vs. Q3-12 and 9% higher vs. Q2-13,
- ▶ Local prices were unchanged for niche steels, and decreased 3% for standard steels vs. Q2-13
- ▶ Volumes remains stable, however margin between steel prices vs. scrap is still historically low
- ▶ Niche products were 26% (26% in Q3-12) of shipments
- ▶ Planned outage in Mobile affected earnings negatively by slightly more than MSEK 50

## Shipments



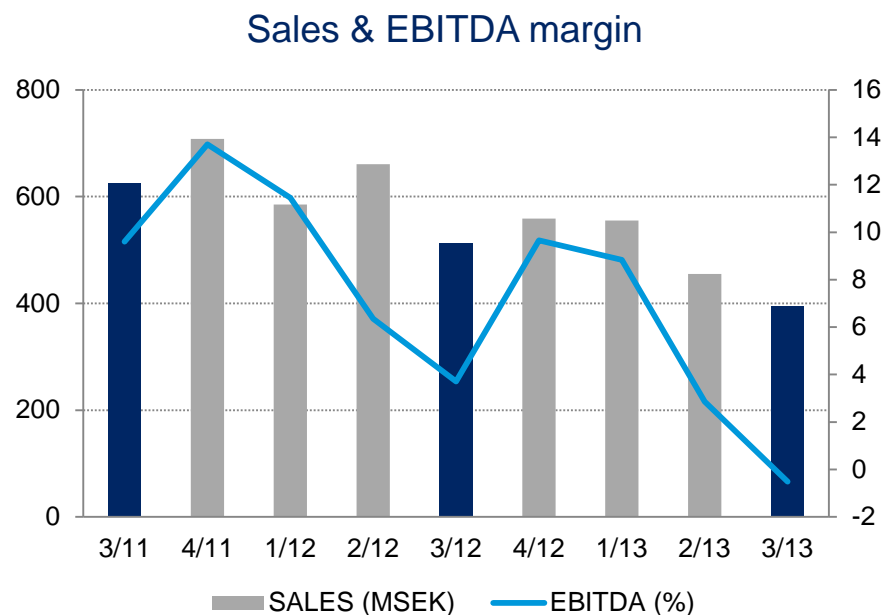


# Benchmark of our Americas Operations

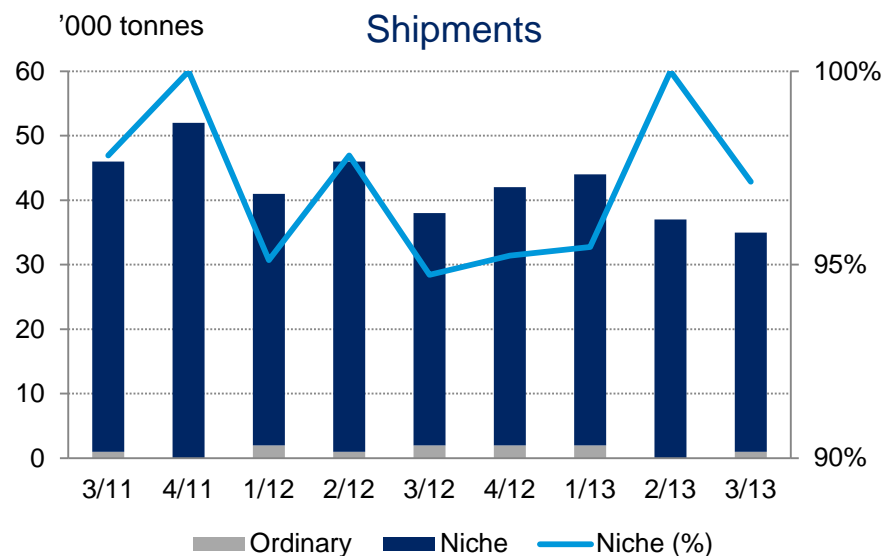
- ▶ **SSAB has the best cost position in North America and is the leading plate supplier in the region**
  - Lower production cost than the most competitive mini-mill and most competitive integrated mill producers
  - Less competitive plate mills are struggling
  - Decision last week by Evraz to idle the Claymont plate mill
  - Currently, positive signs in the market
  - SSAB and competitors announcing price increases

# SSAB APAC

MSEK	Q3-13	Q3-12	Chge
Sales	394	513	-23%
EBITDA	-2	19	n.m.
EBIT	-9	16	n.m.
EBIT margin	-2.3%	3.1%	



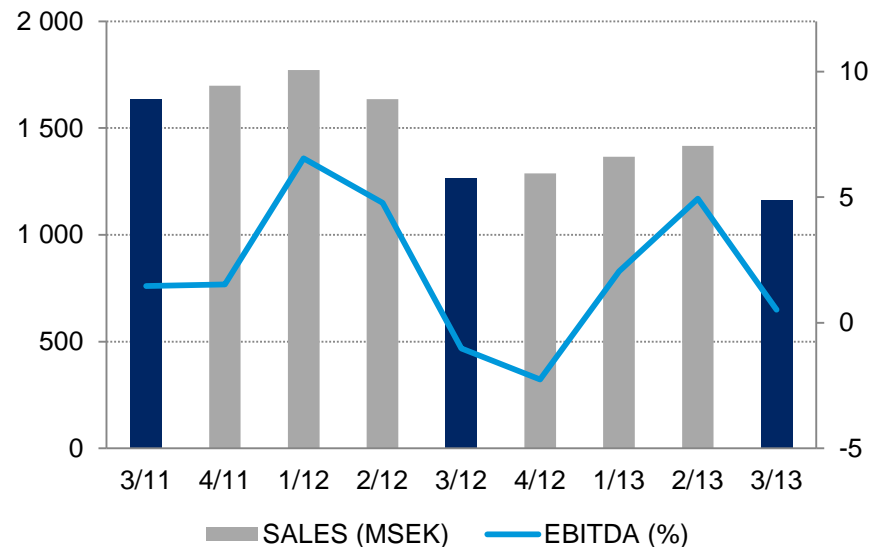
- ▶ Continued weak demand from OEM's due to high inventory levels
- ▶ Demand within Automotive increased slightly, but other segments remained weak
- ▶ Shipments of niche products were 6% lower vs. Q3-12 and 8% lower vs. Q2-13
- ▶ Local prices for niche steels were 1% lower vs. Q2-13



# Tibnor

MSEK	Q3-13	Q3-12	Chge
Sales	1,161	1,266	-8%
EBITDA	6	-14	n.m.
EBIT	-6	-26	n.m.
EBIT margin	-0.5%	-2.1%	

Sales & EBITDA margin



- ▶ Shipments were unchanged vs. Q3-12, but 17% lower vs. Q2-13
- ▶ The downturn from Q2-13 is due to seasonal patterns
- ▶ Operating cash flow was MSEK -10 (4)
- ▶ Compared with Q3-12, strip and rebar shipments increased

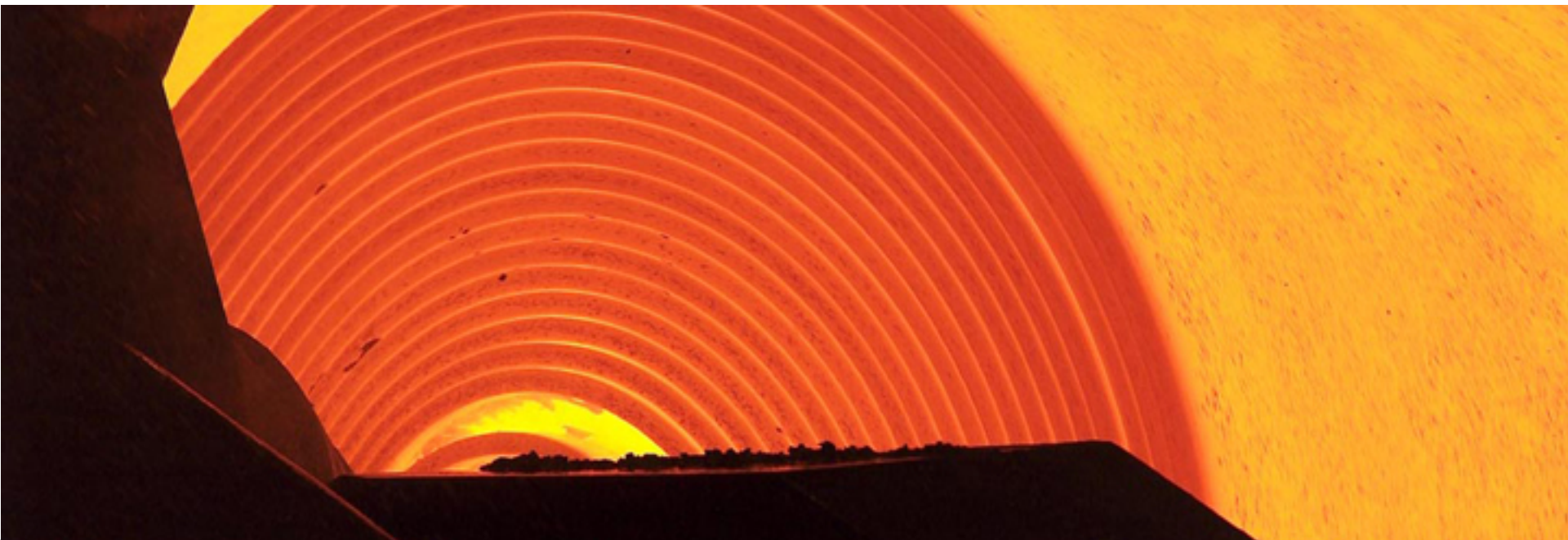
# Market environment

- ▶ WSA expects global steel consumption to increase by 3.1% in 2013; China to increase by 6%, flat consumption in North America and a downturn of 4% in EU
- ▶ European strip and plate spot prices have increased somewhat during the third quarter
- ▶ Spot plate prices in the US recovered during the summer but fell off slightly during the latter part of the quarter
- ▶ Inventories in Europe and North America are relatively low
- ▶ In China, many steel users have higher than normal inventories, and need to reduce stocks



# Financials

Håkan Folin, CFO



# Financials Q3-13

- ▶ Sales was MSEK SEK 8,375 (8,730)
- ▶ EBIT of MSEK -598 (-665)
- ▶ Lower fixed and variable costs and higher volumes vs. Q3-12 were offset by lower prices, weaker products mix and currency effects
- ▶ Operating cash flow of MSEK 500 (843)

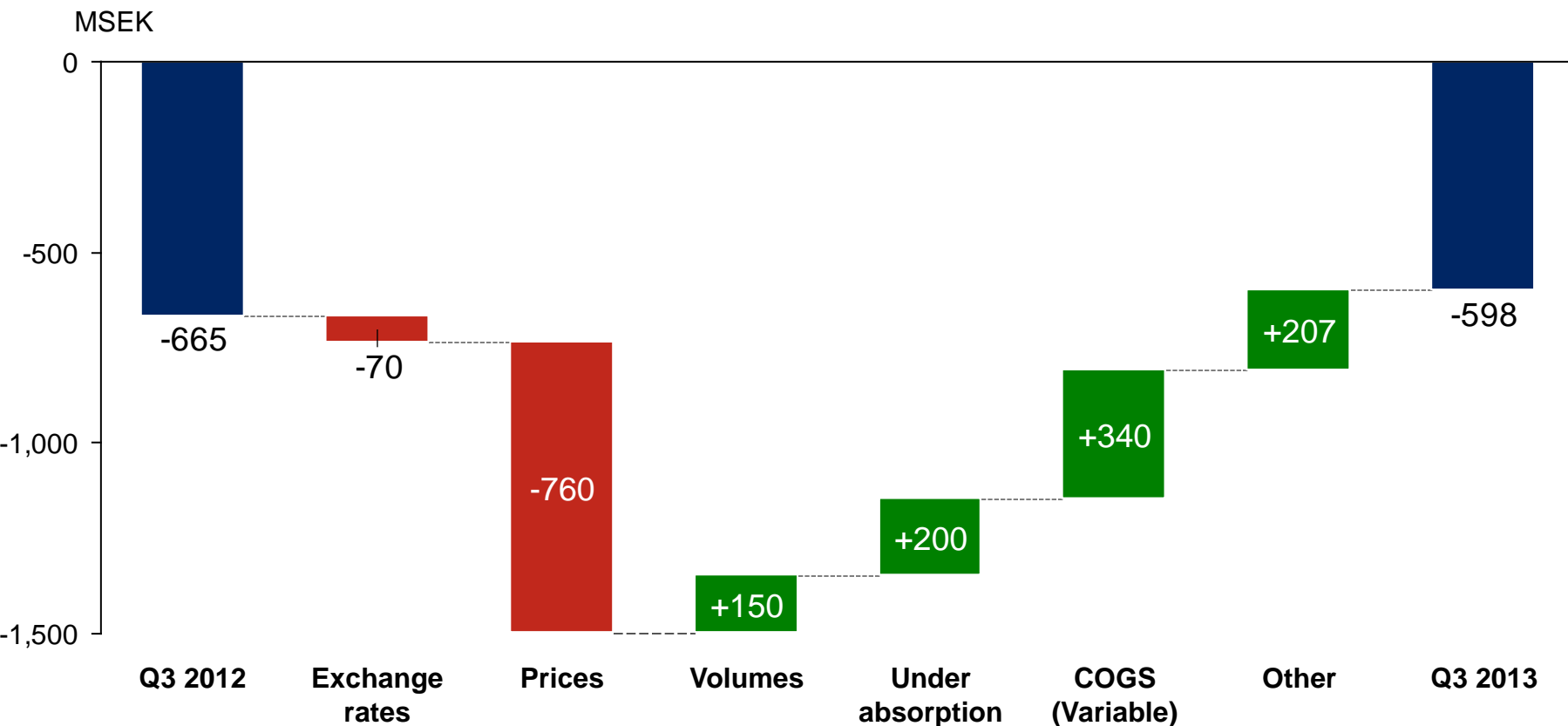


# Key Figures

SEK million (except for EPS and Dividend)	Q3-13	Q3-12	Oct-13 Sep-13	2012 Full year
Sales	8,375	8,730	34,456	38,923
Operating profit	-598	-665	-1,514	-96
Pre-tax profit	-741	-789	-2,134	-693
Net profit	-520	-519	-1,028	15
Earnings per share, SEK	-1.61	-1.60	-3.17	0.05
Operating cash-flow	500	843	2,632	4,929
Debt/Equity, %	55	56	55	54
ROCE, %	-	-	-3	0
ROE, %	-	-	-4	0
Dividend, SEK	-	-	-	1.00

# Change in operating profit, Q3 2013 vs. Q3 2012

Change in operating profit, excluding non-recurring items (SEK millions)





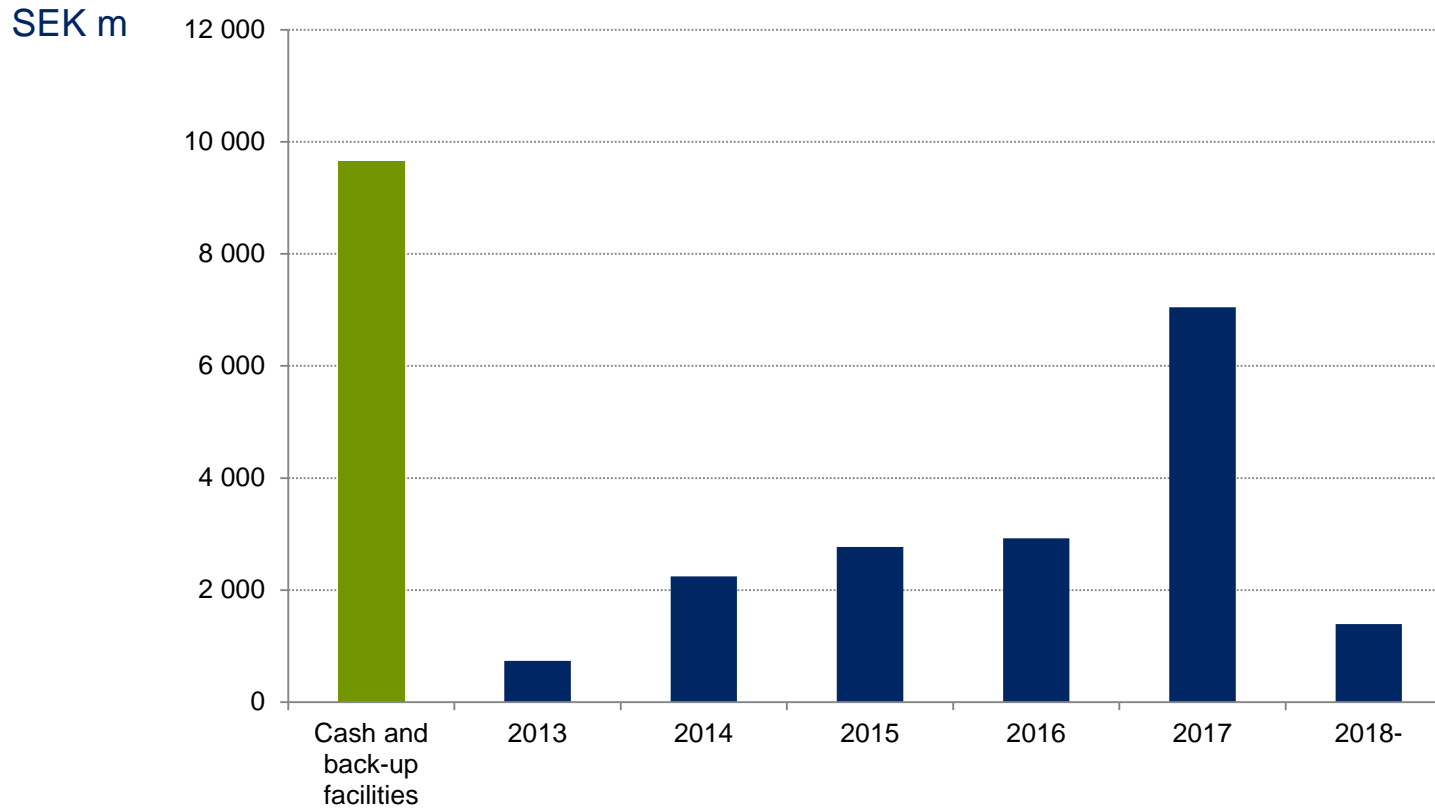
# Cash flow

SEK millions	Q3-13	Q3-12	Oct-13 Sep-13	2012 Full year
SSAB EMEA	-166	163	1,179	2,260
SSAB Americas	490	551	862	2,390
SSAB APAC	158	121	392	99
Tibnor	-10	4	284	378
Other	28	4	-85	-198
<b>Operating cash flow</b>	<b>500</b>	843	2,632	4,929
Financial items	-104	-119	-552	-572
Taxes	-23	-27	-145	-432
<b>Cash flow from current operations</b>	<b>373</b>	697	1,935	3,925
Strategic investments & acquisitions	-42	-166	-235	-686
Divestment of businesses and operations	-	-	69	31
<b>Cash flow before dividend and financing</b>	<b>331</b>	531	1,769	3,270
Dividend to shareholders, holdings without controlling interest	-	-	-324	-648
<b>Net cash flow</b>	<b>331</b>	531	1,445	2,622

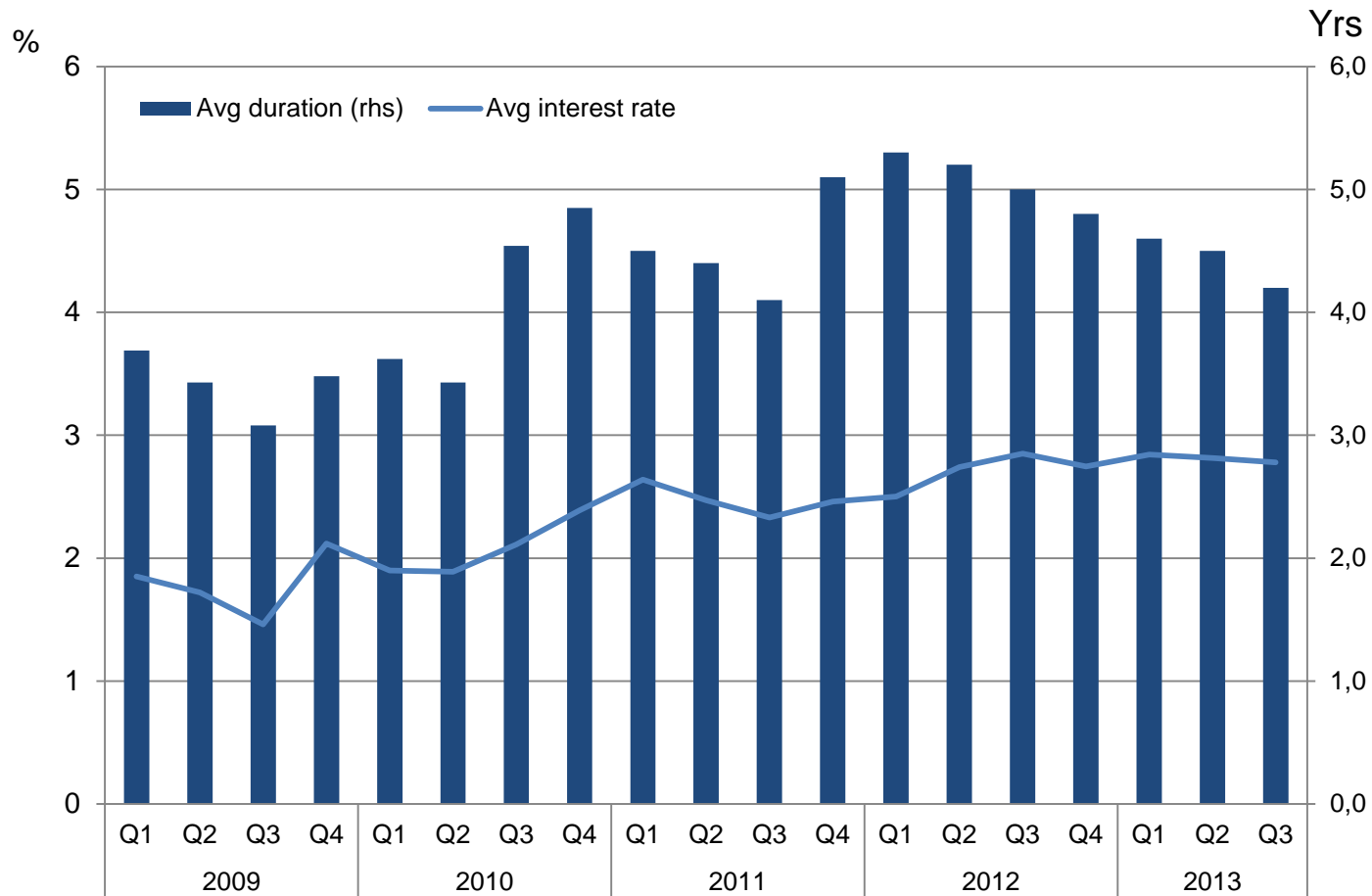
# Financing & Liquidity – September 30

- ▶ The net gearing was 55% by end of Q3-13 (56% Q3-12)
- ▶ Net debt decreased slightly more than MSEK 600 from the previous quarter to below SEK 15bn
- ▶ Liquidity preparedness as percentage of annual sales (rolling 12 months) was 28% (incl. commercial paper)
- ▶ Commercial paper amounted to MSEK 306
- ▶ The average term on the loan portfolio at 4.2 years (5.0 in Q3-12) with an interest term of 1.0 years

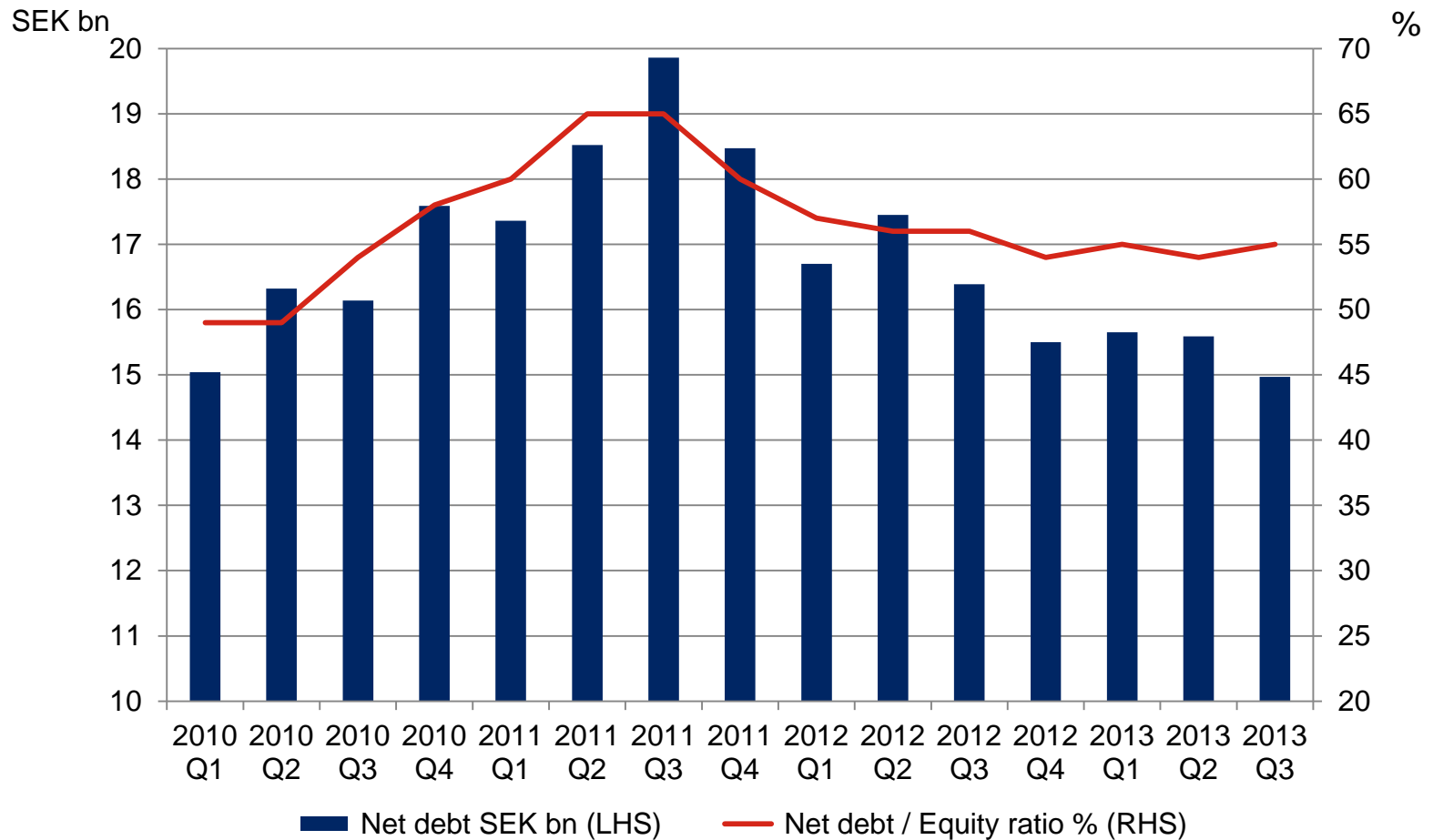
# Debt Maturity, September 30



# Debt Cost and Duration



# Net debt and net gearing



# Trends in raw material prices

- ▶ The frame agreement with iron ore supplier LKAB is valid from April 1, 2013 to March 31, 2014, and prices are set quarterly
- ▶ For Q3-13, iron ore prices increased 6% in SEK vs. Q2-13.
- ▶ The increased prices in Q3-13 will show through in the P/L from Q4-13
- ▶ The price for coking coal for Q3-13 was 11% lower in SEK vs. Q2-13
- ▶ US scrap prices were volatile during the quarter and were 2% higher by end of Q3-12 compared with end of Q2-13



## Martin Lindqvist, President & CEO



# Outlook

- ▶ Steel demand in Europe expected to be stable in Q4-13 compared with Q3-13
- ▶ Asian steel consumption expected to continue to grow, and North American steel demand will increase in line with economic recovery
- ▶ SSAB and other producers have recently announced price increases for US plate
- ▶ Inventory levels fairly low in Europe and North America, and no major re- or destocking is expected
- ▶ SSAB's shipments expected to be higher in Q4-13 vs. Q3-13





# Questions

- ▶ Please state your name and the company that you represent

