

SSAB



Results for the second quarter of 2014

Martin Lindqvist, President and CEO
Håkan Folin, CFO

July 23, 2014

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Combination with Rautaruukki

Building a cost efficient, stronger and more flexible company

- ▶ The European Commission has approved the combination between SSAB and Rautaruukki
 - SSAB has committed to certain divestitures within its Nordic distribution system and its Finnish construction business
- ▶ Approximately 95 percent of Rautaruukki's shareholders have accepted the share exchange offer. The offer period expired on July 22
- ▶ Final results of the share exchange offer to be presented on or about July 29
- ▶ SSAB will apply for a secondary listing at Nasdaq OMX Helsinki, trading is expected to start at July 31

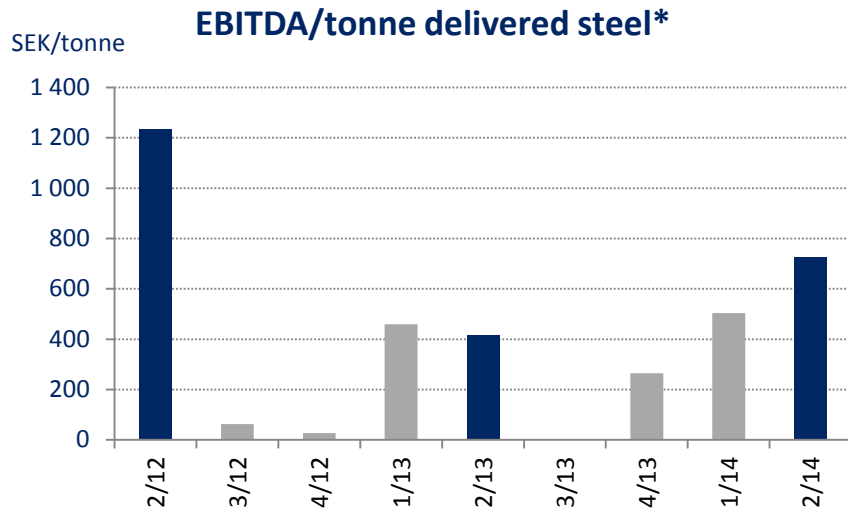
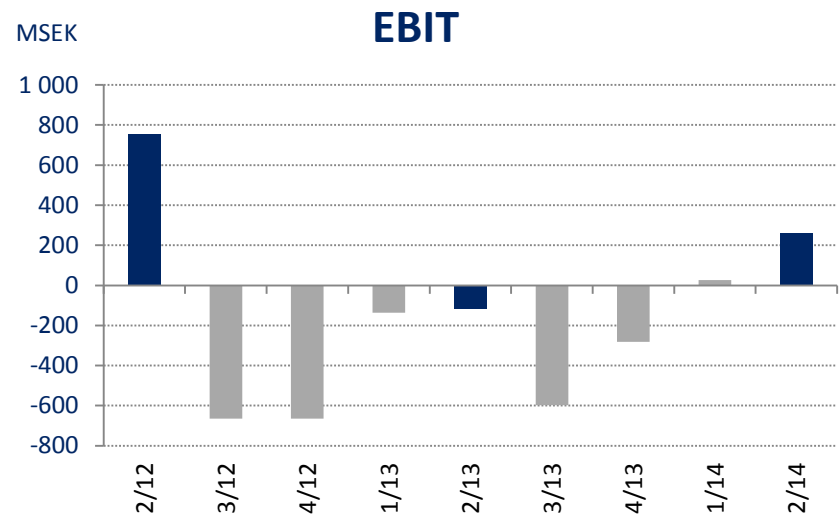
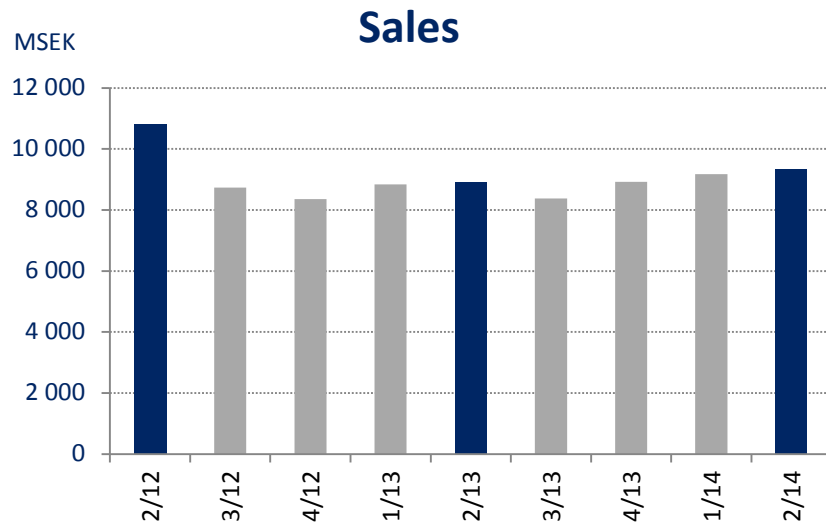
Highlights in Q2 2014

Positive trend from Q1 continuing

- ▶ EBIT of MSEK 260
 - Improvement of MSEK 234 versus Q1 2014 and MSEK 375 versus Q2 2013
 - Higher prices in Americas and lower costs in EMEA
 - Negative impact of MSEK 150 for maintenance stop in Mobile, mainly affecting Q2
- ▶ Positive operating cash flow of MSEK 528
- ▶ No major changes in outlook
 - Continued positive outlook for the US plate market
 - Seasonally weakening in Europe expected in Q3, but overall stable demand
 - No short term improvement expected in Asia















Group - Sales EBIT EBITDA/Tonne



*Reflecting the steel operations; EMEA, Americas, APAC

Key customer segments

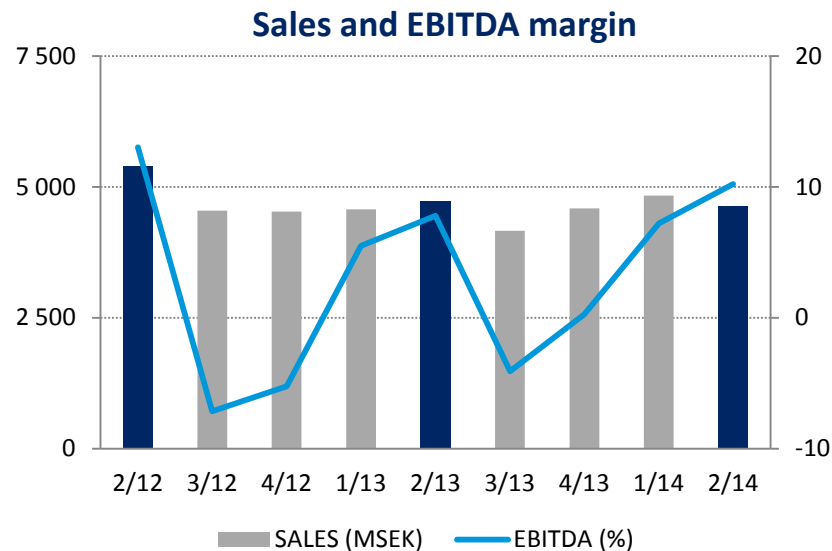
Segment	Q2 vs Q1	Comments	Outlook
Heavy Transport		<ul style="list-style-type: none"> ▶ Good demand in EMEA for trucks ▶ Heavy transport remains strong in the US, primarily due to the strong development in the railcars business 	
Automotive		<ul style="list-style-type: none"> ▶ Continued stable demand in EMEA ▶ The US automotive market is strong - highest production level since 2008 	
Construction Machinery		<ul style="list-style-type: none"> ▶ Unchanged demand in EMEA ▶ Small signs of pick up in yellow goods in North America. Lifting segment shows some growth in the US ▶ Continued weak demand in China 	
Mining		<ul style="list-style-type: none"> ▶ Continued slow demand in all regions 	
Energy		<ul style="list-style-type: none"> ▶ Energy continues to be stable in the US, driven by high wind tower and shale gas/oil activities 	
Service Centers (US)		<ul style="list-style-type: none"> ▶ Demand from service centers in the US remains strong 	

Market environment

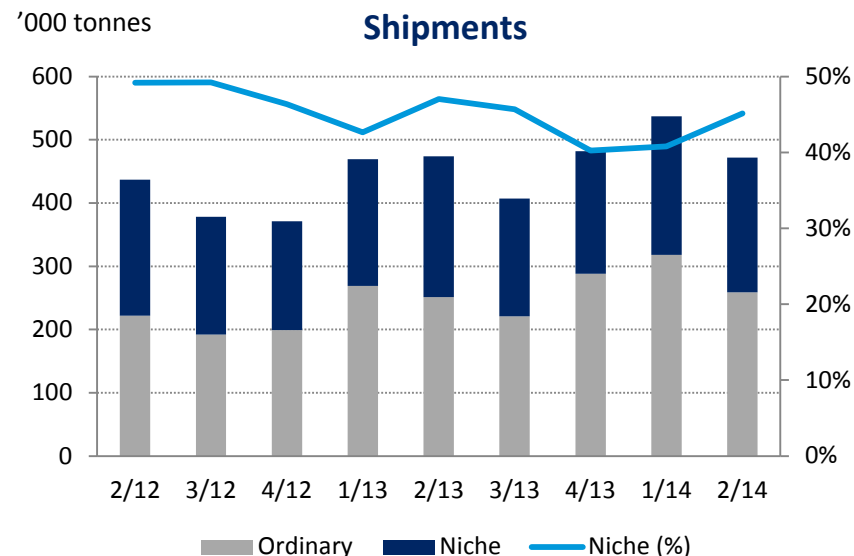
- ▶ WSA estimates that global steel production increased by 3% (Jan–June 2014)
 - Production in EU increased by 4%
 - Production in North America increased by 2%
 - Production in China increased by 3%
- ▶ Market prices in Europe, for both strip and plate products, were stable during the first two months of the quarter, but subsequently declined somewhat
- ▶ In North America, the increase in market prices for plate which already began during the fourth quarter of last year has continued
- ▶ In China, strip prices increased somewhat during the quarter, while market prices for plate continued on the negative trend
- ▶ Inventory levels in Europe and North America at distributors and end customers are believed to be in balance

SSAB EMEA

MSEK	Q2-14	Q2-13	Chge
Sales	4 635	4 723	-2%
EBITDA	474	369	28%
EBIT	188	56	236%
EBIT margin	4.1%	1.2%	



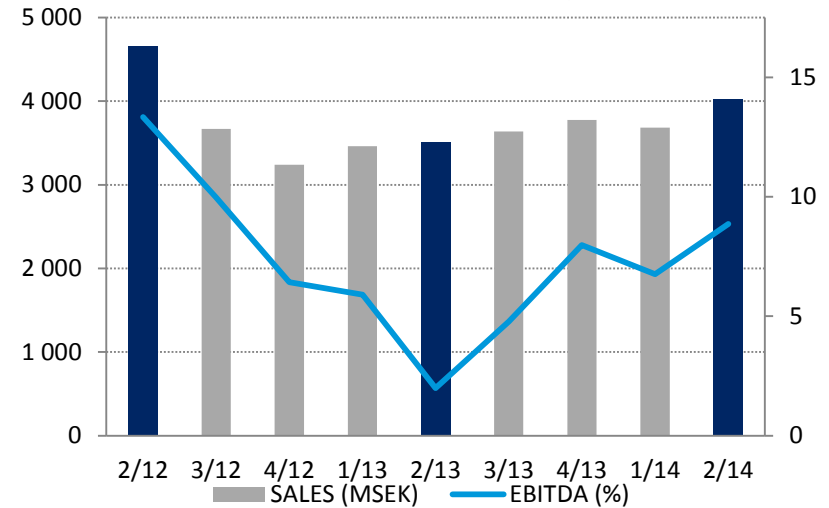
- ▶ Shipments decreased by 12% versus Q1 but at the same level as Q2 2013
- ▶ Demand from service centers declined slightly, while most other segments were stable
- ▶ In local currency, prices of both high strength steels and standard steels were unchanged
- ▶ High strengths steels accounted for 45% (47%) of shipments



SSAB Americas

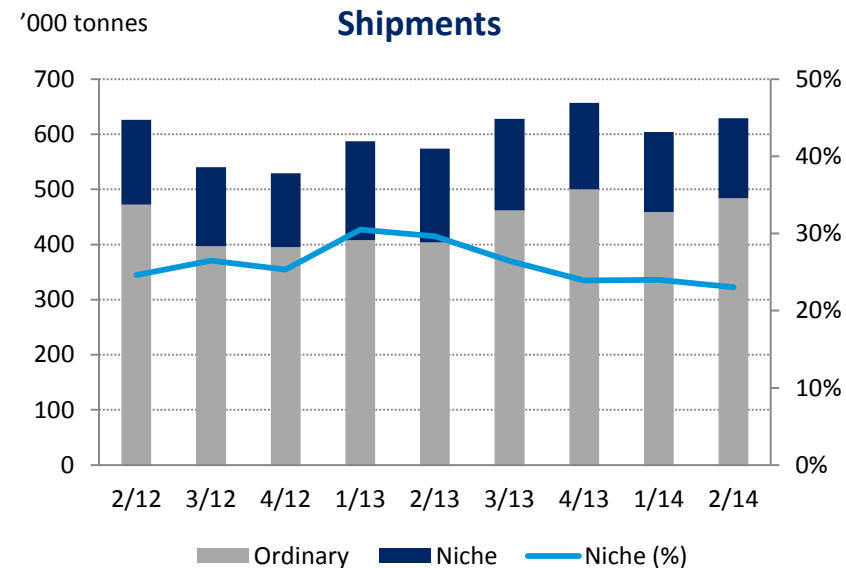
MSEK	Q2-14	Q2-13	Chge
Sales	4 020	3 508	15%
EBITDA	356	70	409%
EBIT	232	-49	n.m.
EBIT margin	5.8%	-1.4%	

Sales and EBITDA margin



- ▶ Shipments increased by 4% versus Q1 and by 10% versus Q2 2013
- ▶ Demand from the Automotive and Service Centers segments strengthened during the quarter, while other segments were stable
- ▶ Prices of standard steels were up 5% and up 1% for high strength steels versus Q1 (local currency)
- ▶ The maintenance outage in Mobile, USA, had a negative impact on earnings of approximately SEK 150 million, mainly in Q2

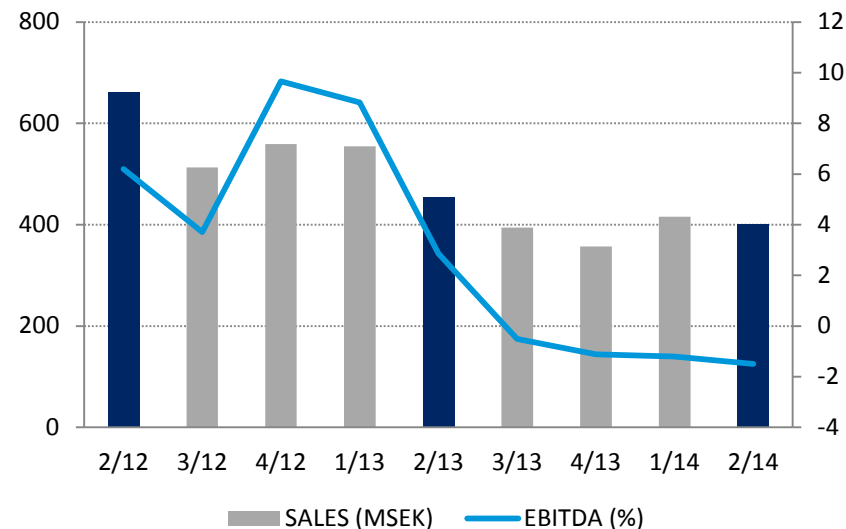
Shipments



SSAB APAC

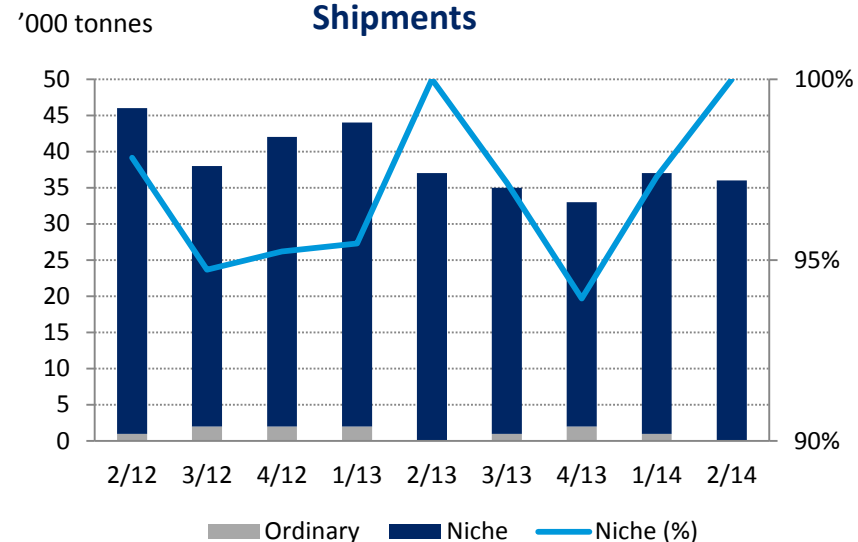
MSEK	Q2-14	Q2-13	Chge
Sales	401	455	-12%
EBITDA	-6	13	n.m.
EBIT	-14	6	n.m.
EBIT margin	-3.5%	1.3%	

Sales and EBITDA margin



- ▶ External shipments of high strength steels fell by 3% compared with Q1 and Q2 of 2013
- ▶ Demand from most segments within APAC was approximately at the same levels as in Q1
- ▶ Prices of high strength steels in local currency were 4% lower than Q1 2014

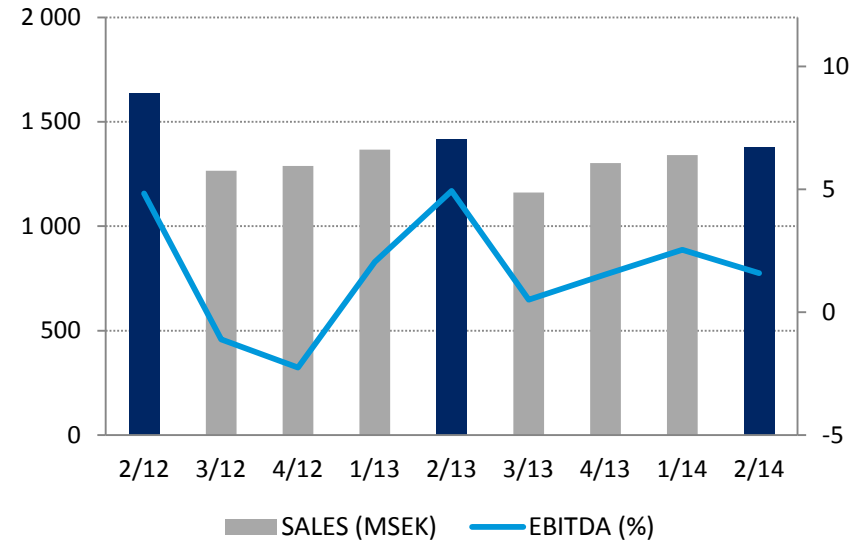
Shipments



Tibnor

MSEK	Q2-14	Q2-13	Chge
Sales	1 377	1 416	-3%
EBITDA	22	70	-69%
EBIT	9	57	-84%
EBIT margin	0.7%	4.0%	

Sales and EBITDA margin



- ▶ Total shipments during Q2 were 4% higher than in the Q1 but 1% lower than in Q2 2013
- ▶ Strip products developed positively compared with Q2 2013
- ▶ The results for Q2 2013 included a capital gain of MSEK 57

Financials

Håkan Folin, CFO



Financials Q2 2014

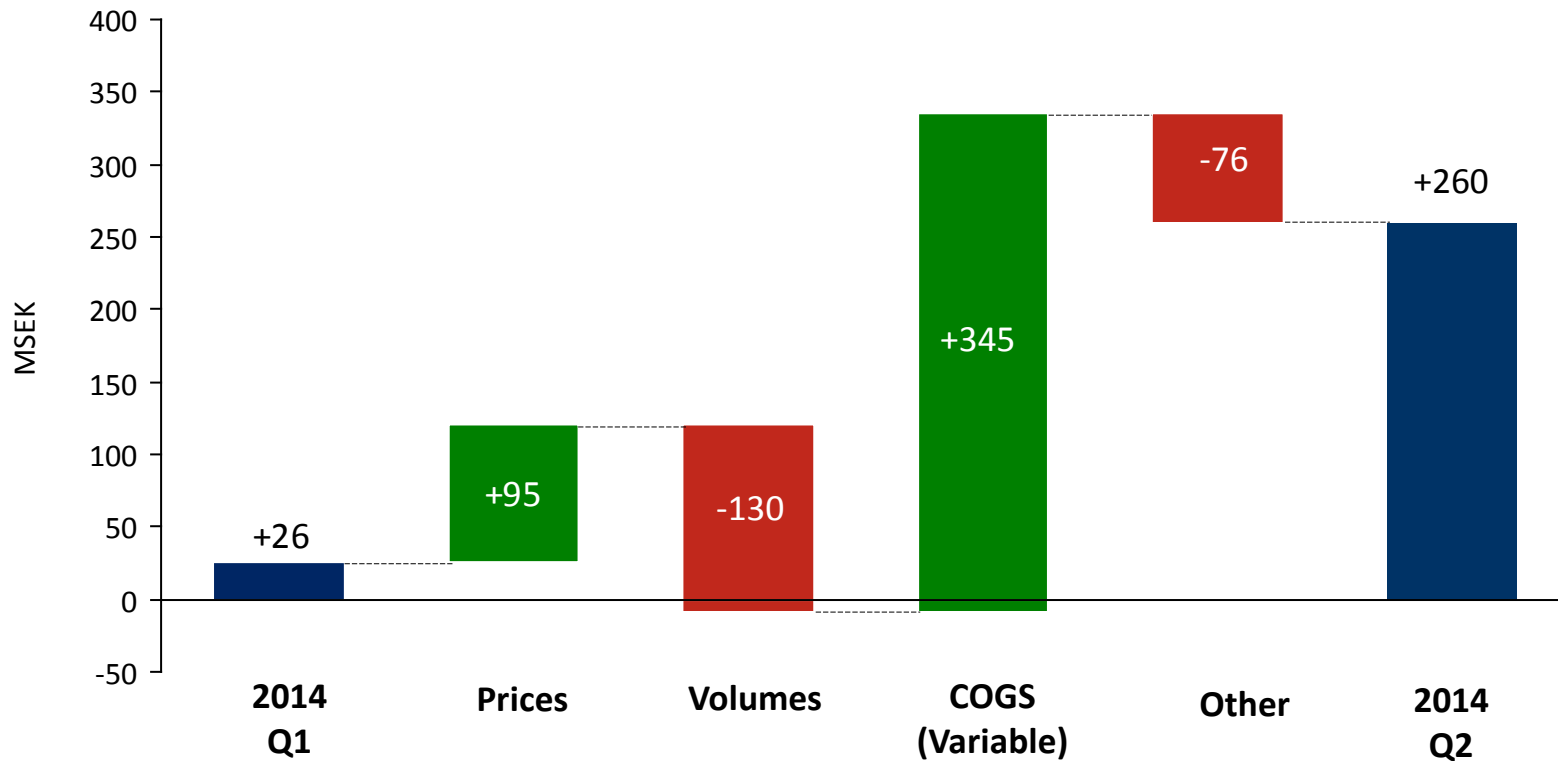
- ▶ Sales amounted to MSEK 9 323 (8 894)
- ▶ EBITDA of MSEK 816 (542)
- ▶ EBIT of MSEK 260 (-115)
- ▶ Operating cash flow of MSEK 528 (796)



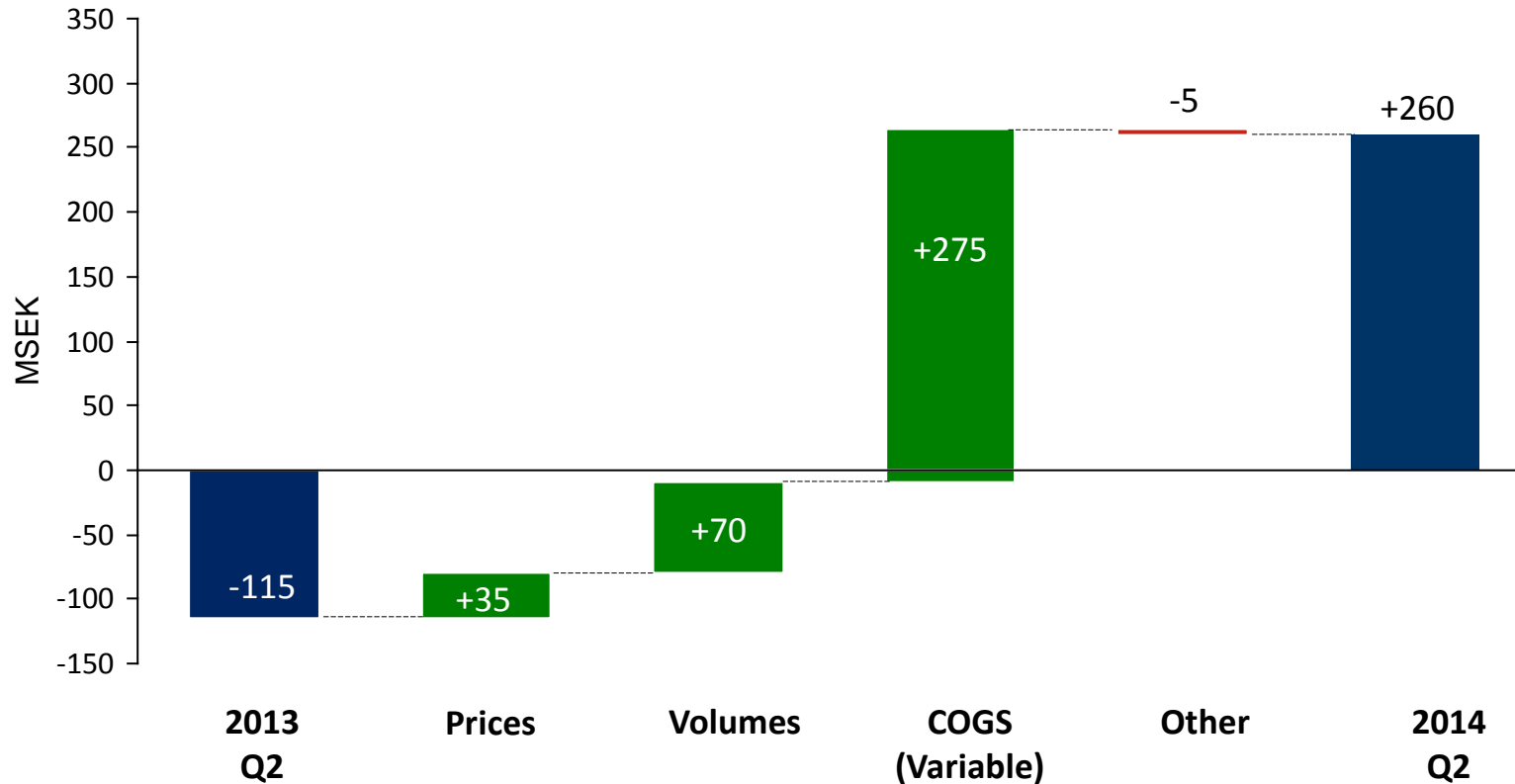
Key figures

SEK million	Q2-14	Q2-13	Jan-Jun 2014
Sales	9 323	8 894	18 492
Operating profit	260	-115	286
Pre-tax profit	73	-273	-62
Net profit	135	-144	86
Earnings per share, SEK	0.41	-0.42	0.26
Operating cash-flow	528	796	253
Debt/Equity (%)	54	54	54

Change in operating profit Q2 2014 versus Q1 2014



Change in operating profit Q2 2014 versus Q2 2013



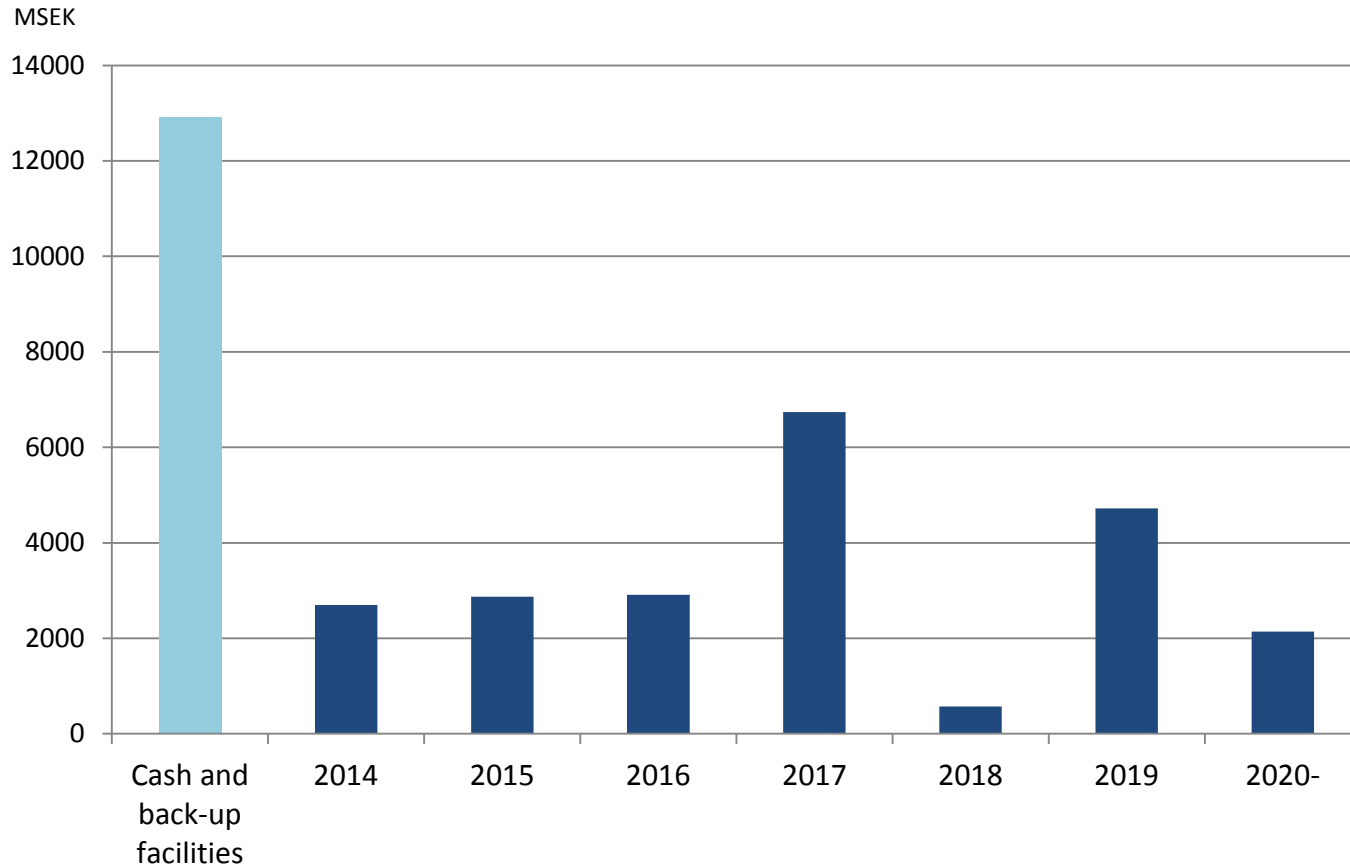
Cash flow

(MSEK)	Q2-14	Q2-13	Jan-Jun 2014
SSAB EMEA	313	982	331
SSAB Americas	302	-350	230
SSAB APAC	-98	87	-162
Tibnor	53	91	-72
Other	-42	-14	-74
Operating cash flow	528	786	253
Financial items	-139	-125	-251
Taxes	-134	-47	3
Cash flow from current operations	255	624	5
Strategic capex and acquisitions	-46	-41	-84
Divestments	-	69	-
Cash flow before dividends and financing	209	652	-79
Dividends	-	-324	
Net Cash flow	209	328	-79

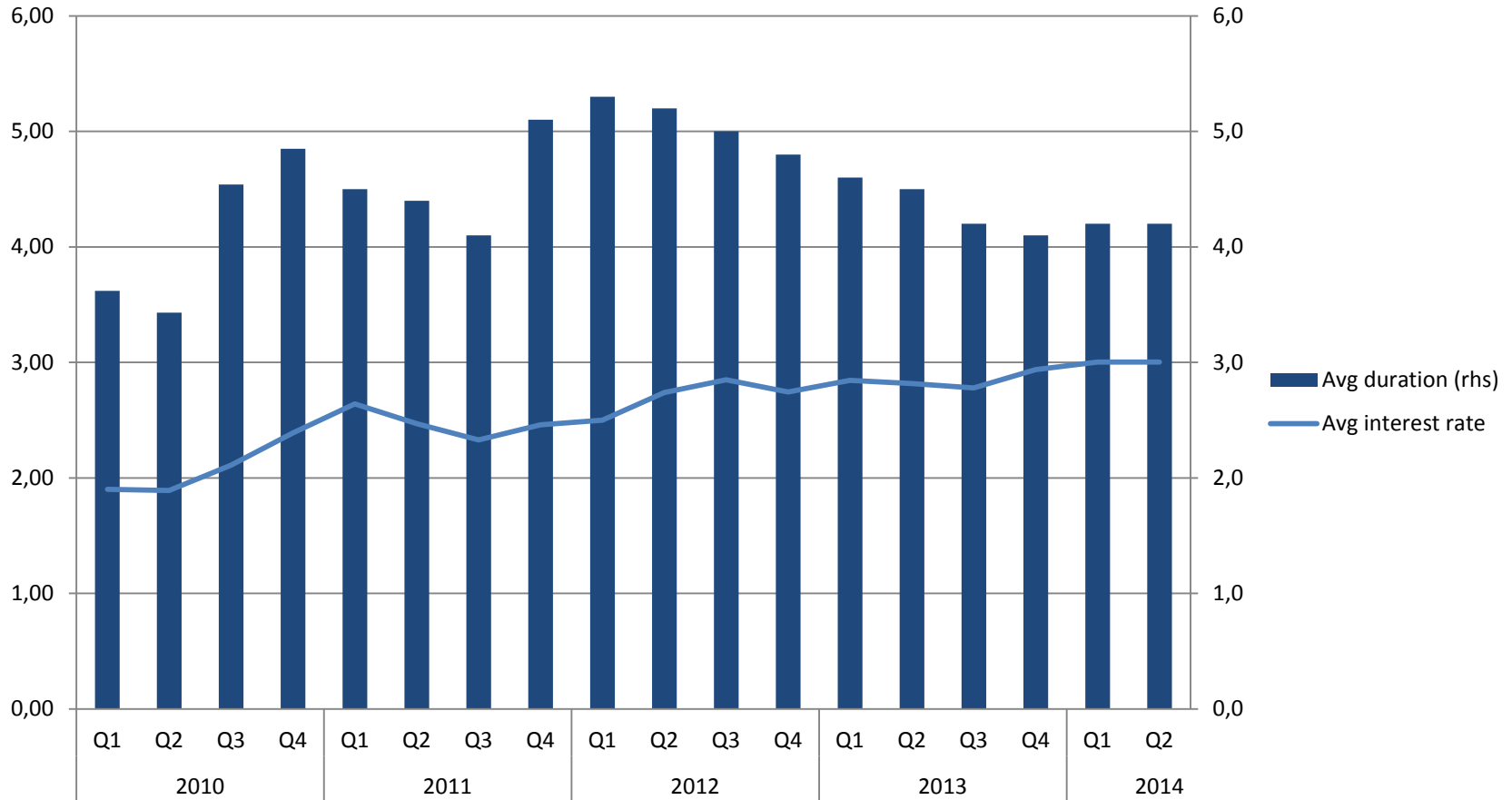
Financing and Liquidity – June 30, 2014

- ▶ Net debt increased by MSEK 51 since end of Q1 2014 and amounted to SEK 15.2 billion on June 30
- ▶ The net gearing was 54% by the end of Q2 2014 (56% Q1 2014)
- ▶ Liquidity preparedness as percentage of annual sales (rolling 12 months) was 41% (including commercial paper)
- ▶ Commercial paper amounted to MSEK 985
- ▶ The average term on the loan portfolio at 4.3 years with an interest term of 1.3 years
- ▶ During Q2, SSAB issued a five-year euro-bond totaling MEUR 350. The euro-bond carries fixed interest and is listed on the Irish exchange

Debt Maturity, June 30, 2014



Debt Cost and Duration



Raw material prices

▶ Iron ore

- Iron ore price was 10% lower in SEK versus Q1 and 15% lower versus Q2 2013
- A new contract with LKAB signed with quarterly price adjustments (expires in March 31, 2015)

▶ Coking coal

- The price for coking coal was 3% lower in SEK versus Q1 and 26% lower versus Q2 2013

▶ Scrap

- US spot scrap prices declined gradually during Q2 and ended 8% lower versus end of Q1 2014 and was unchanged versus Q2 2013



Outlook

Martin Lindqvist, President & CEO



Outlook for SSAB

- ▶ In North America, the improved demand development is expected to continue
 - Steel prices have risen gradually during the first and second quarters, and are expected to increase during the third quarter
 - Import of plate on a high level, uncertain impact
 - No maintenance stops in North America during Q3
- ▶ In Europe, a seasonal weakening in demand is anticipated during Q3 but underlying demand situation stable
 - Annual maintenance outages will be carried out during Q3 at the Swedish production plants
- ▶ In both North America and Europe, inventory levels are in balance, and we do not anticipate any inventory restocking or destocking
- ▶ No short term improvement in Asia expected
- ▶ SSAB's total shipments in Q3 2014 expected to be in line with the level in Q2 2014

Expansion of wear services in APAC

Acquisition of G & G Mining Fabrication in Australia

- ▶ SSAB has signed an agreement to acquire 51% of the shares
- ▶ G & G specializes in the refurbishment, manufacture and design of buckets for the West Australian mining industry
- ▶ The investment represents an important step for SSAB's strategy to grow its presence in the aftermarket for wear parts and service



Questions and Answers

- ▶ Please state your name and the company that you represent
- ▶ Please state one question at the time





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