



# Results for the second quarter 2011

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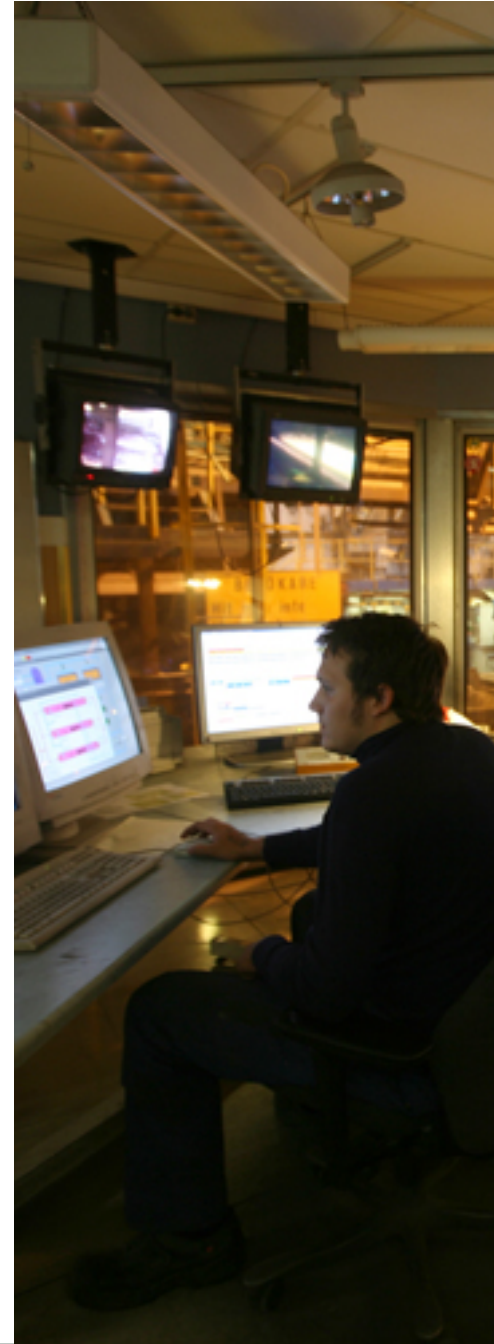
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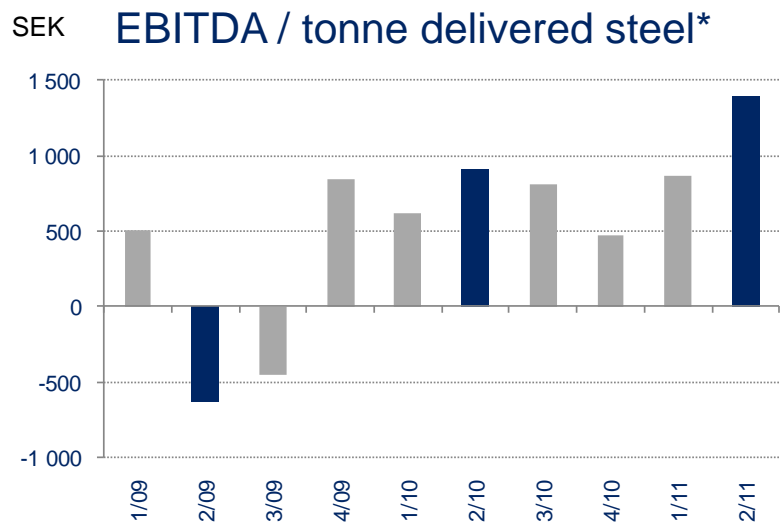
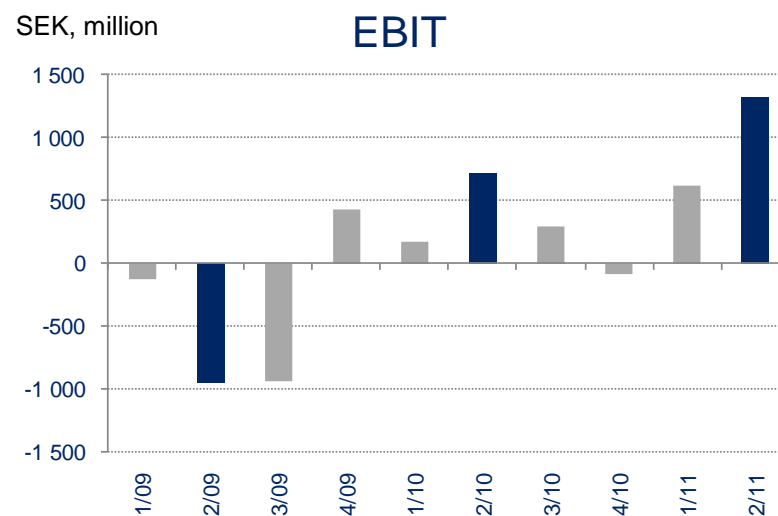
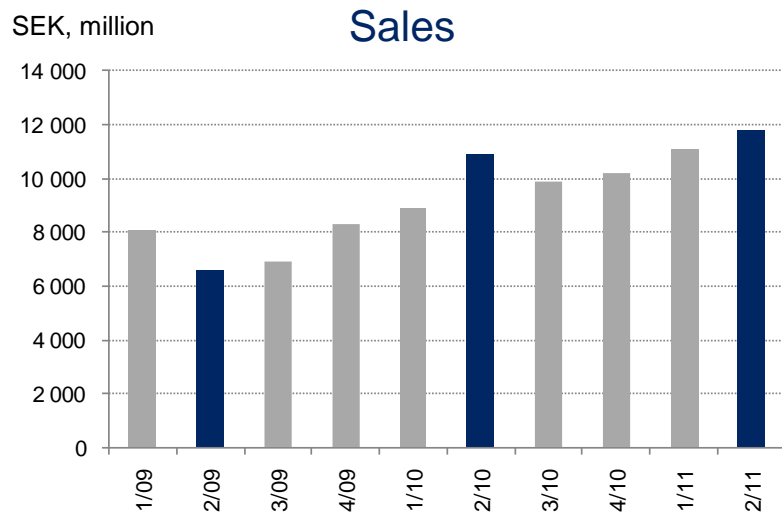
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# Highlights – Q2 2011

- ▶ EBIT of MSEK 1,323 – healthy improvement vs. Q2-10 and Q1-11
- ▶ Recovery continues although demand growth softened somewhat in Europe by the end of the period
- ▶ Americas and APAC performed well, EMEA improved from Q1-11
- ▶ In general, prices were higher in Q2-11 vs. Q1-11
- ▶ Iron ore prices settled for Q2-11 and Q3-11 – price increase of 19% (in USD)
- ▶ Share of niche products increased to 37% (31%)









# Q2 2011 – Good demand and increased prices



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

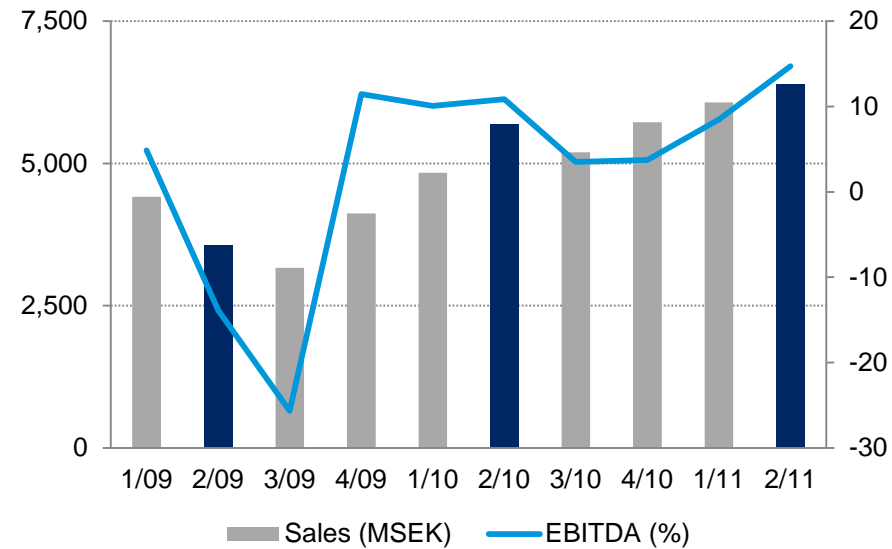
# SSAB key segments continue to recover

|                                 | Customer trends  | Indicator   |
|---------------------------------|--|---|
| <b>Heavy Transport</b>          | <p>Heavy Transport <b>show good activity</b> in especially EMEA and Americas</p> <p>North American <b>truck production was up 56%</b> in H1 2011 vs. H1 2010</p> <p>EU <b>truck registrations increased</b> by 62% in Jan-May 2011</p>                               |    |
| <b>Automotive</b>               | <p><b>China car production</b> was up by 6% in Jan-May 2011</p> <p>North American <b>auto production was up 3%</b> in H1 2011 vs. H1 2010</p> <p>EU car <b>registrations fell 2%</b> in Jan-May 2011</p>   |    |
| <b>Construction Machinery</b>   | <p><b>European construction</b> indicates less confidence for Q3 activity vs. previous forecast</p> <p>US construction has slowed down – outlook moderately positive</p> <p>Lifting industry has shown good demand in APAC but <b>outlook is somewhat softer</b></p> |    |
| <b>Material Handling/Mining</b> | <p>Mining demand <b>continues to be very positive</b> in all geographical markets</p> <p>Positive development <b>especially in emerging markets</b></p>  |    |
| <b>Energy</b>                   | <p>Outlook for North American <b>line pipe plate demand</b> positive</p> <p>US <b>wind tower installations</b> in 2011 expected to exceed the 2010 levels</p> <p>China's 5-year plan indicates <b>twice as much wind</b> power capacity in 2015 vs. 2010</p>         |  |
| <b>Service Centers</b>          | <p>May shipments from <b>North American service centers</b> increased by 25% vs. May 2010</p> <p>End-June, <b>inventories at N.A. service centers</b> were equal to a 2.7 month supply</p>   |  |

# SSAB EMEA

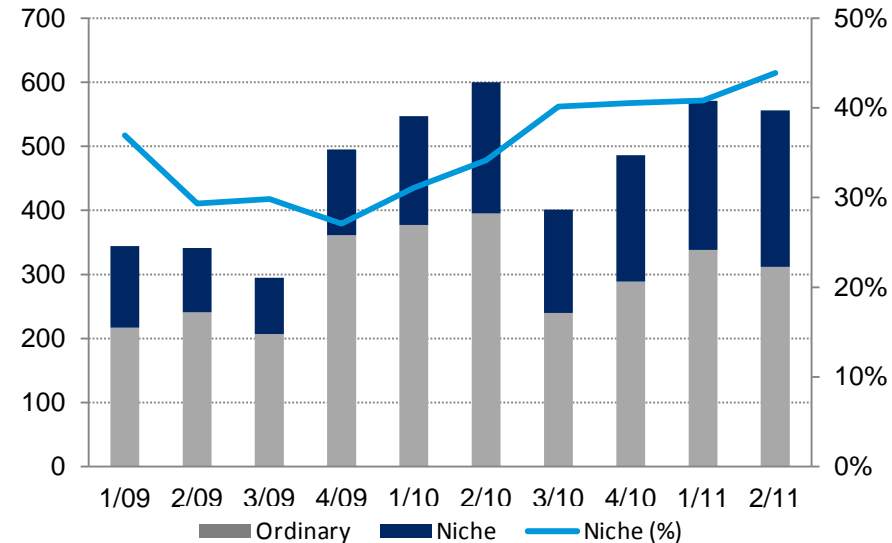
| MSEK           | Q2-11 | Q2-10 | Chge, % |
|----------------|-------|-------|---------|
| Sales          | 6,386 | 5,678 | 12      |
| EBITDA         | 940   | 615   | 53      |
| EBIT           | 664   | 338   | 96      |
| EBIT-margin, % | 10    | 6     |         |

## Sales & EBITDA-margin



## Deliveries

'000 tonnes

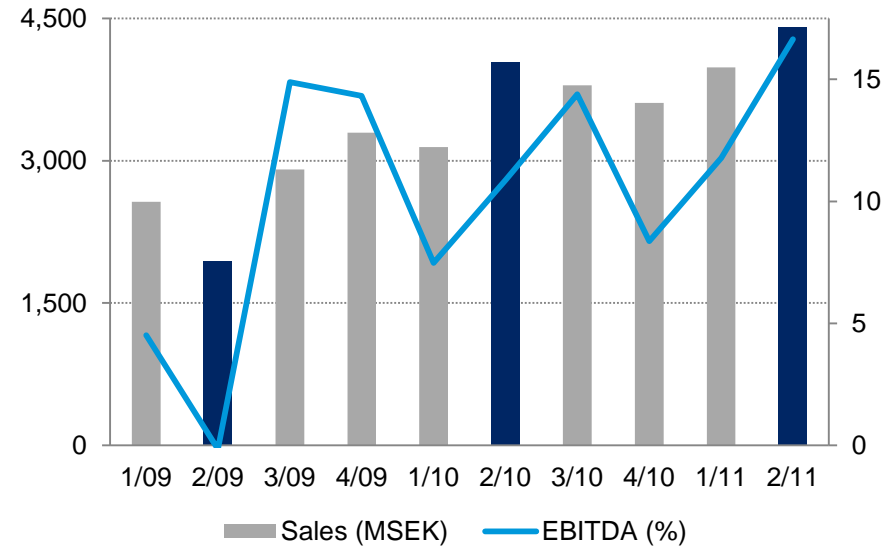


- ▶ Shipments were 3% lower vs. Q1-11, and 7% lower vs. Q2-10
- ▶ Niche products were 44% (34% in Q2-10) of shipments
- ▶ Local prices for advanced high strength steels increased by 6% and for quenched steels by 3% vs. Q1-11
- ▶ Local prices for ordinary steel increased 14% vs. Q1-11
- ▶ Ongoing investments in Borlänge and Oxelösund

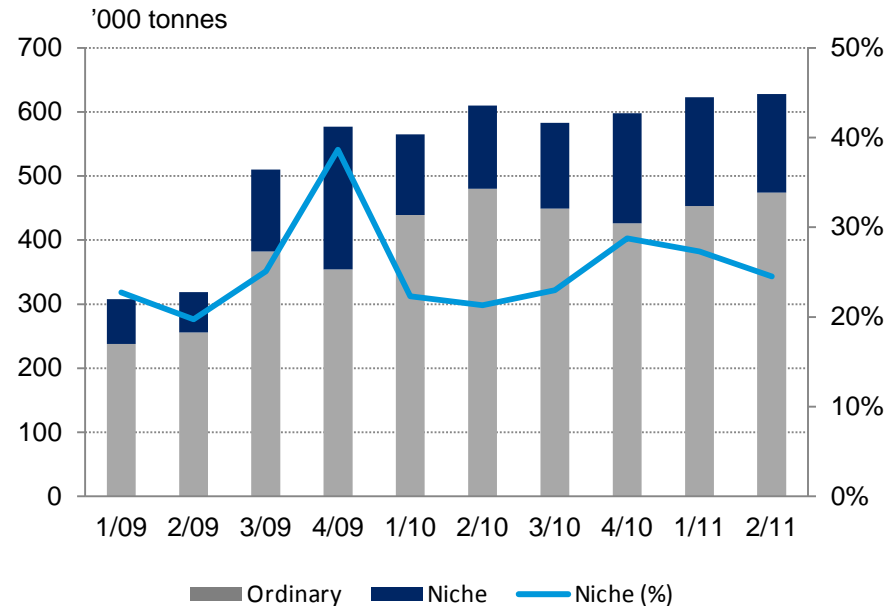
# SSAB Americas

| MSEK           | Q2-11 | Q2-10 | Chge, % |
|----------------|-------|-------|---------|
| Sales          | 4,403 | 4,037 | 9       |
| EBITDA         | 733   | 439   | 67      |
| EBIT           | 644   | 334   | 93      |
| EBIT-margin, % | 15    | 8     |         |

### Sales & EBITDA-margin



### Deliveries

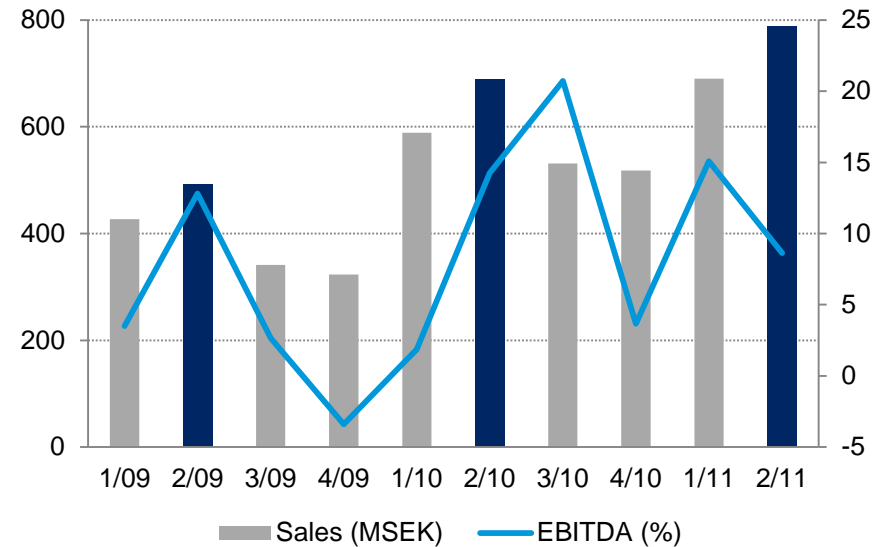


- ▶ Shipments were 1% higher vs. Q1-11, and 3% higher vs. Q2-10
- ▶ Niche products were 25% (21% in Q2-10) of shipments
- ▶ Local prices for advanced high strength steels increased by 13% and for quenched steels by 3% vs. Q1-11
- ▶ Local prices for ordinary steel increased 15% vs. Q1-11
- ▶ Investments in Montpelier to improve productivity in H2-11

# SSAB APAC

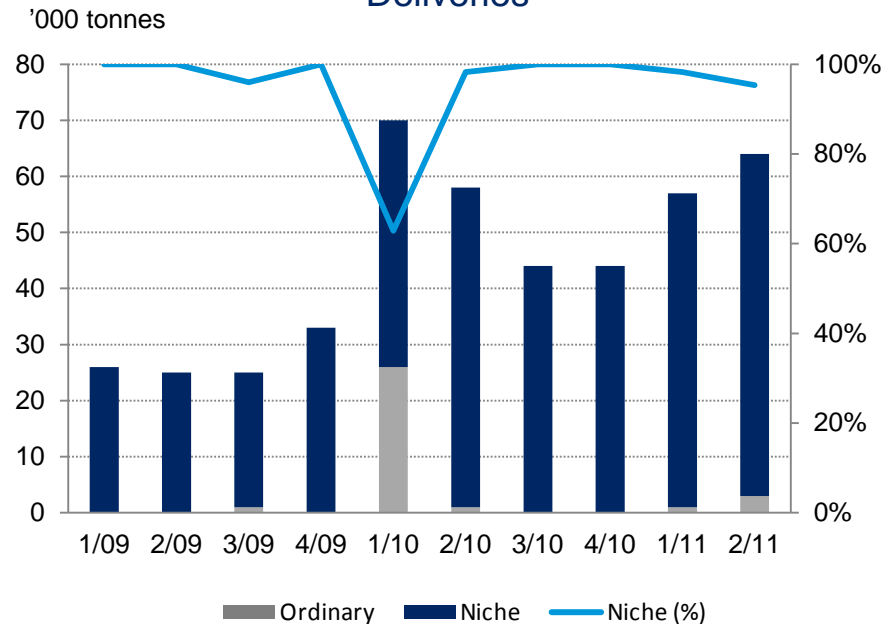
| MSEK           | Q2-11 | Q2-10 | Chge, % |
|----------------|-------|-------|---------|
| Sales          | 788   | 688   | 15      |
| EBITDA         | 68    | 98    | -31     |
| EBIT           | 67    | 96    | -30     |
| EBIT-margin, % | 9     | 14    |         |

## Sales & EBITDA-margin



- ▶ Shipments were 12% higher vs. Q1-11, and 10% higher vs. Q2-10
- ▶ Niche products were 95% (98% in Q2-10) of shipments
- ▶ Local prices for advanced high strength steels decreased by 1% and for quenched steels by 4% vs. Q1-11
- ▶ Work is ongoing to install a finishing line and a R&D center

## Deliveries

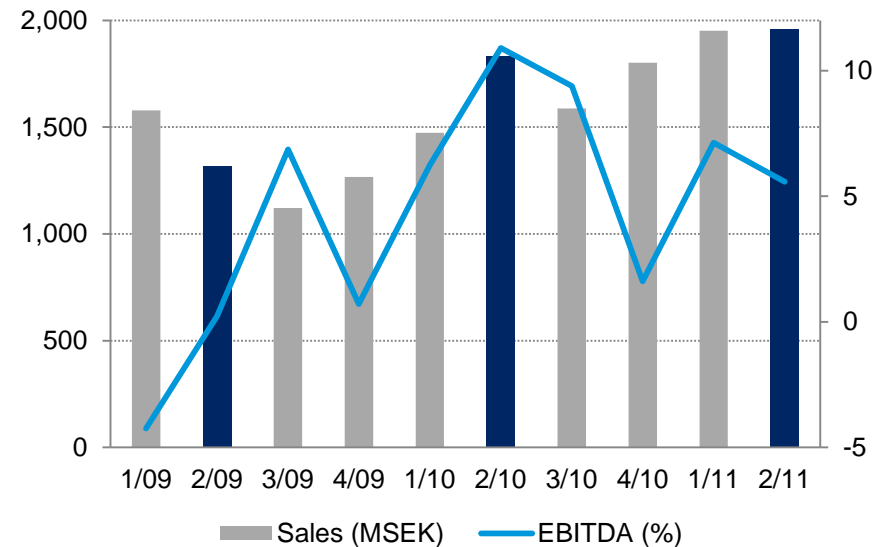




# Tibnor

| MSEK           | Q2-11 | Q2-10 | Chge, % |
|----------------|-------|-------|---------|
| Sales          | 1,957 | 1,834 | 7       |
| EBITDA         | 109   | 201   | -46     |
| EBIT           | 99    | 188   | -47     |
| EBIT-margin, % | 5     | 10    |         |

Sales & EBITDA-margin



- ▶ Shipments were 8% lower vs. Q1-11, and 7% lower vs. Q2-10
- ▶ Lower demand for strip products in particular affected shipments negatively
- ▶ Operating cash flow was MSEK -12 (20), negatively affected by an increase in working capital
- ▶ During Q2-11, SSAB acquired Outokumpu's minority share in Tibnor

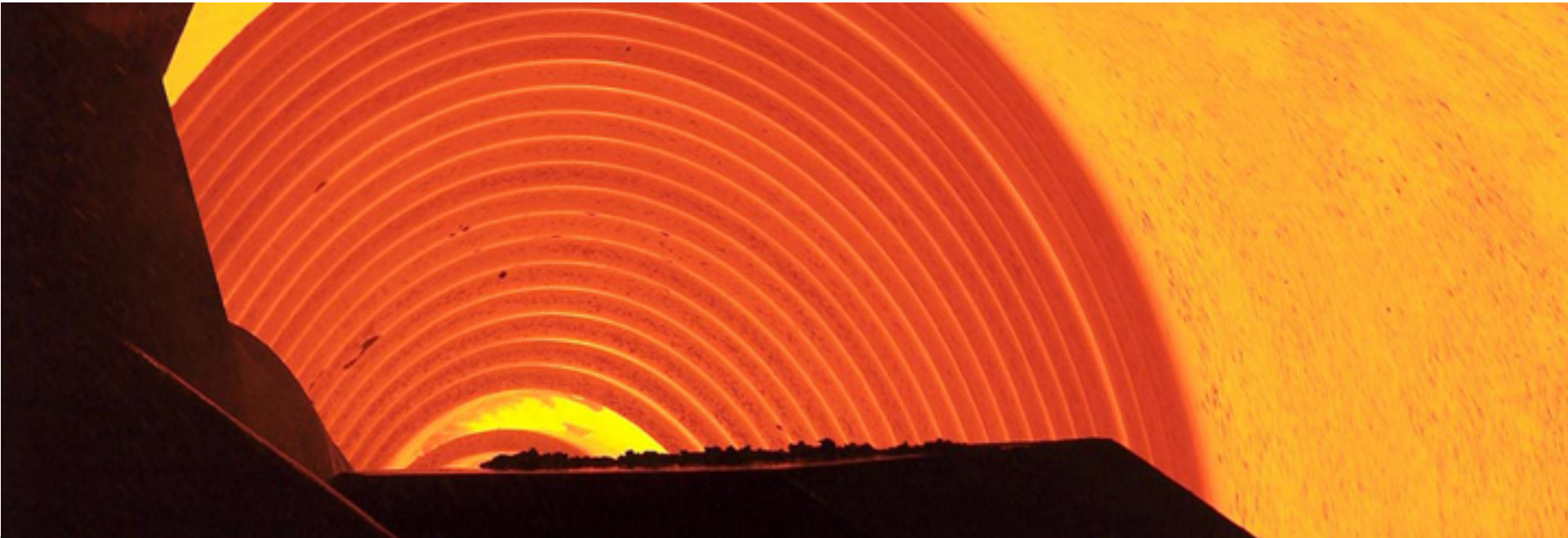
# Market environment and outlook

- ▶ Global crude steel production increased by 8% to 758 mt in Jan-June 2011
- ▶ Following a healthy April and May, demand growth slowed in June, due to uncertainties regarding the macroeconomic situation combined with a seasonal decline
- ▶ During the latter part of Q2-11, prices for strip steel fell. Plate prices held up better, but started to weaken in the U.S. and China by the end of the period.
- ▶ The recovery continues, and demand is expected to be higher than in 2010



# Financials

Marco Wirén, CFO



# Financials

- ▶ Sales increased 8% to MSEK 11,769 (10,911) in Q2-11
- ▶ Operating profit increased by 87% in Q2-11 to MSEK 1,323 (708)
- ▶ Acquisition of Outokumpu's 15% minority stake in Tibnor

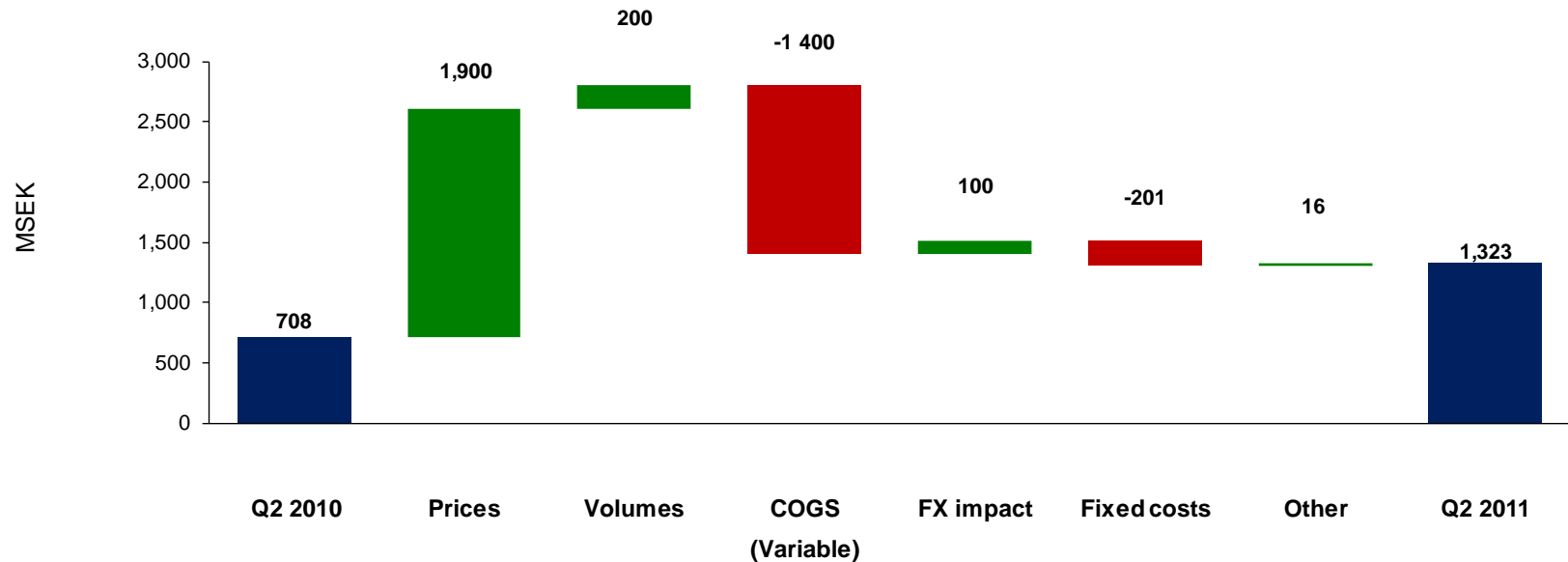


# Key Figures

| SEK million<br>(except for EPS and Dividend) | Q2-11         | Q2-10  | July-10-<br>Jun-11 | 2010<br>Full year |
|--|---------------|--------|--------------------|-------------------|
| Sales  | <b>11,769</b> | 10,911 | <b>42,932</b>      | 39,883            |
| Operating profit                             | <b>1,323</b>  | 708    | <b>2,147</b>       | 1,084             |
| Pre-tax profit                               | <b>1,179</b>  | 624    | <b>1,658</b>       | 682               |
| Net profit                                   | <b>871</b>    | 554    | <b>1,333</b>       | 764               |
| Earnings per share, SEK                      | <b>2.73</b>   | 1.64   | <b>4.06</b>        | 2.21              |
| Operating cash-flow                          | <b>590</b>    | 341    | <b>18</b>          | -212              |
| Debt/Equity, %                               | <b>65</b>     | 49     | <b>65</b>          | 58                |
| ROCE, %                                      | -             | -      | <b>4</b>           | 2                 |
| ROE, %                                       | -             | -      | <b>5</b>           | 2                 |
| Dividend, SEK                                | -             | -      | -                  | 2.00              |

# Change in operating profit, Q2-11 vs. Q2-10

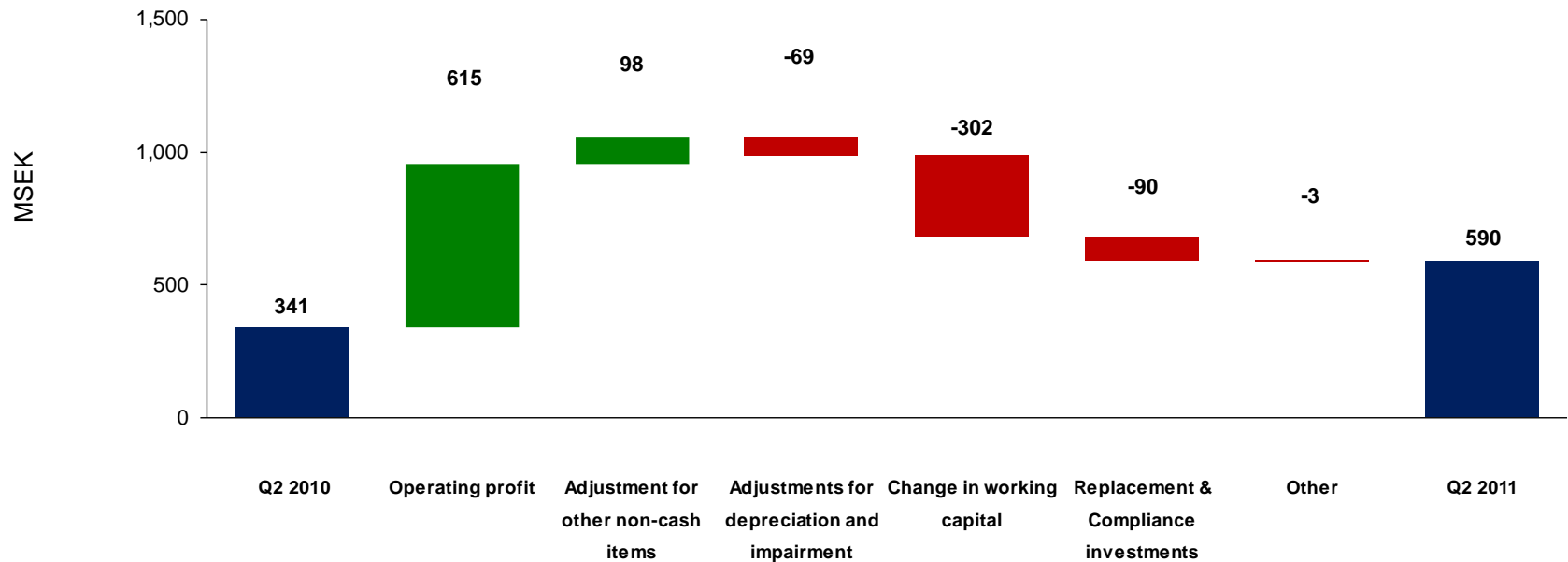
Change in operating profit, excluding non-recurring items, between the second quarters of 2011 and 2010 (SEK millions)



# Operating cash flow

| SEK millions  | Q2-11         | Q2-10         | July-10-<br>Jun-11 | 2010<br>Full year |
|---|---------------|---------------|--------------------|-------------------|
| SSAB EMEA   | 735           | 448           | -1,119             | -1,736            |
| SSAB Americas   | -18           | -52           | 1,005              | 1,421             |
| SSAB APAC   | -59           | 15            | 88                 | 162               |
| Tibnor  | -12           | 20            | 145                | 42                |
| Other   | -56           | -90           | -101               | -101              |
| <b>Operating cash flow</b>                                      | <b>590</b>    | <b>341</b>    | <b>18</b>          | <b>-212</b>       |
| Financial items   | -138          | -118          | -444               | -392              |
| Taxes   | -7            | -125          | -494               | -127              |
| <b>Cash flow from current operations</b>                        | <b>445</b>    | <b>98</b>     | <b>-920</b>        | <b>-731</b>       |
| Strategic investments & acquisitions                            | -486          | -241          | -1,616             | -1,170            |
| Divestment of businesses and operations                         | -             | -86           | -474               | -559              |
| <b>Cash flow before dividend and financing</b>                  | <b>-41</b>    | <b>-229</b>   | <b>-3,010</b>      | <b>-2,460</b>     |
| Dividend to shareholders, holdings without controlling interest | -648          | -339          | -693               | -339              |
| Acquisition of non-controlling interests                        | -393          | -             | -393               | -                 |
| Revaluation of debts against equity (hedge)                     | -74           | -804          | 2,185              | 599               |
| Currency effects  | -5            | 90            | -292               | -73               |
| <b>Change in net debt</b>                                       | <b>-1,161</b> | <b>-1,282</b> | <b>-2,203</b>      | <b>-2,273</b>     |

# Operating Cash Flow, Q2-11 vs. Q2-10

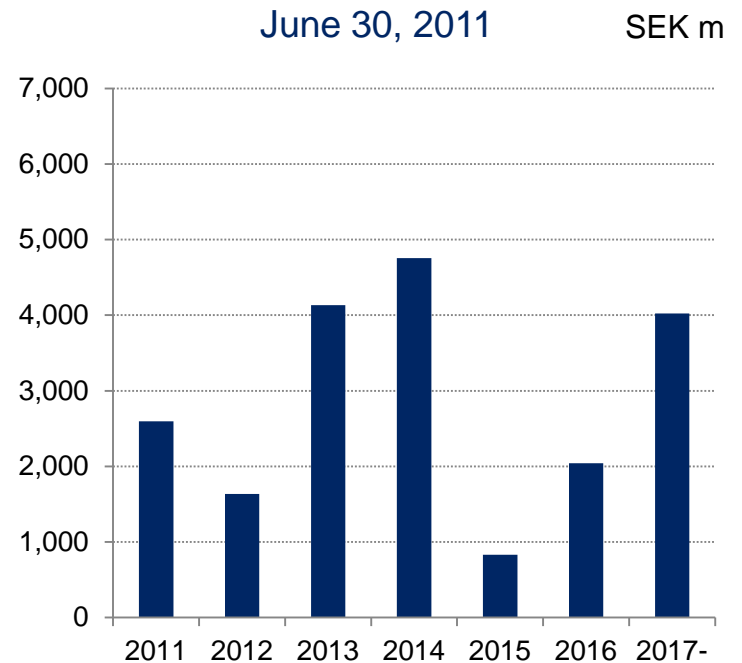
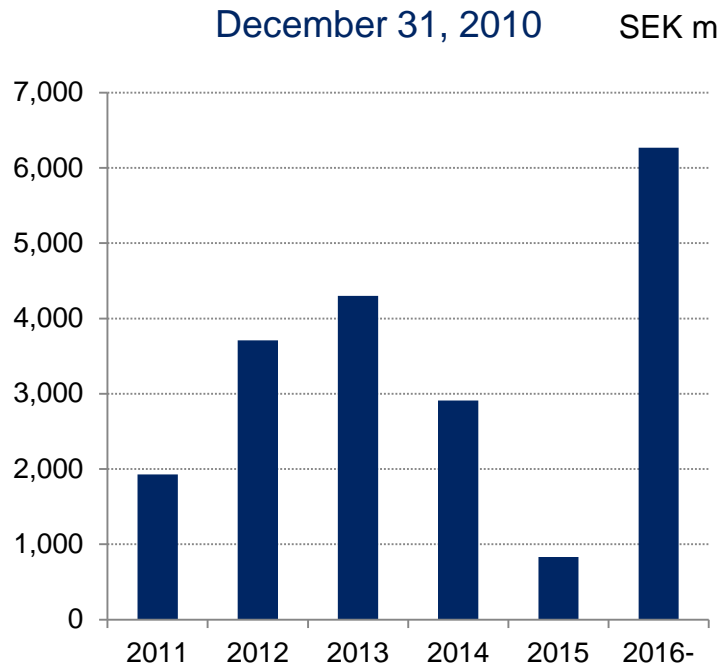




# Financing & Liquidity

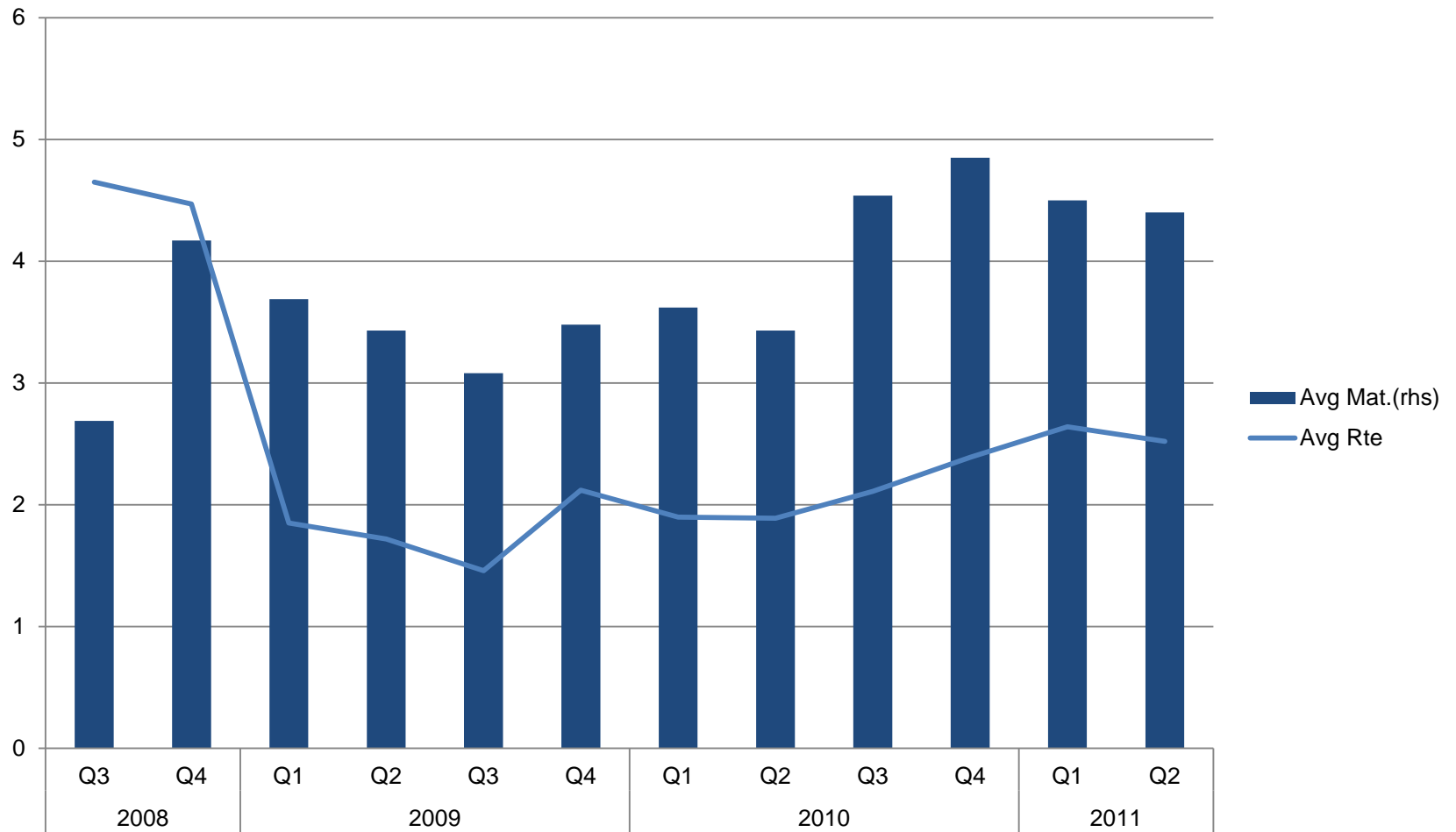
- ▶ Net debt increased by MSEK 900 to SEK 18.5 bn from the previous quarter and the net gearing was 65%
- ▶ Liquidity preparedness as percentage of annual sales (rolling 12 mths) was 27% (incl. commercial paper)
- ▶ The average term on the loan portfolio at 2.9 years with an interest term of 0.7 years (June 30)
- ▶ Commercial paper amounted to SEK 2.3 bn

# Debt Maturity



- Changes in the debt maturity profile thanks to continued work and activities within re-financing of the debt portfolio

# Debt Cost



# Trends in raw material prices

- ▶ In June, prices were settled with LKAB for iron ore for Q2 & Q3 2011. Vis-à-vis Q1-11, prices in USD increased 19% (8% in SEK)
- ▶ Coal procurement from Australia (monthly agreements); Q2-11 prices increased 57% in USD (26% in SEK) vs. Q1-11
- ▶ Coal procurement from the U.S. (yearly agreements); 2011 prices increased 36% in USD (10% in SEK) vs. previous contracts
- ▶ US scrap prices fell somewhat in Q1-11 and recovered in Q2-11



## Martin Lindqvist, President & CEO



# Actions and Outlook

- ▶ Construction of the new quenching lines, that, when commissioned in 2012, will further strengthen SSAB as a leading supplier of niche steels
- ▶ Extended outages in Sweden will affect EBIT negatively by MSEK 100-150 in Q3-11
- ▶ Planned outage in Montpelier in H2-11 will affect EBIT negatively by MSEK 350-400, of which ~25% in Q3-11
- ▶ Recently, ordinary steel prices under pressure
- ▶ Higher prices for iron and coal will show through in the results from Q3-11
- ▶ Overall, steel demand expected to increase in 2011 vs. 2010



# Summary

- ▶ Steel demand and prices strengthened during the quarter, leading to significant improvement in the results
- ▶ Demand growth slowed somewhat towards the end of the period
- ▶ Strongest segments remain Material Handling and Heavy Transport, and Energy in the U.S.
- ▶ Demand for niche products expected to remain healthy
- ▶ Iron ore prices settled for Q2 and Q3 2011
- ▶ Significant work ongoing during Q3-11 to install equipment to support the strategic investment programs



# Two ways of using Hardox

**HARDOX**<sup>®</sup>  
WEAR PLATE



- ▶ Finnish container company Ferreus has become a certified member of SSAB's Hardox In My Body family
- ▶ The container weighs a tonne less than its predecessor, and has tripled the lifespan



- ▶ The architecture firm Rainer+Amann was assigned to solve the problem of high noise levels at a restaurant in Austria
- ▶ The solution was quite unusual: a sound-absorbing piece of art made out of SSAB's Hardox steel



# Questions

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

