

Growth and continuous improvements drive profitability

Martin Lindqvist
President and CEO

PUBLIC

SSAB



Agenda

- ▶ Stronger platform for profitable growth
- ▶ Improved industry outlook
- ▶ Strategic focus areas

Stronger platform for profitable growth

Created one company

- Successful integration of SSAB and Rautaruukki
- Combined “Best of both”
- Decentralized organization – business units

The SSAB logo is displayed in a large, bold, blue sans-serif font.

Broader product and brand portfolio

- Strenx – our brand of high-strength structural steels
- Several new Docol products for automotive
- Five new SSAB product families - Domex, Boron, Form, Laser Plus and Weathering

The STRENX logo features the word "STRENX" in a bold, white, sans-serif font, with "PERFORMANCE STEEL" in a smaller, white, sans-serif font below it, all contained within a dark blue square.

Strengthened service offering

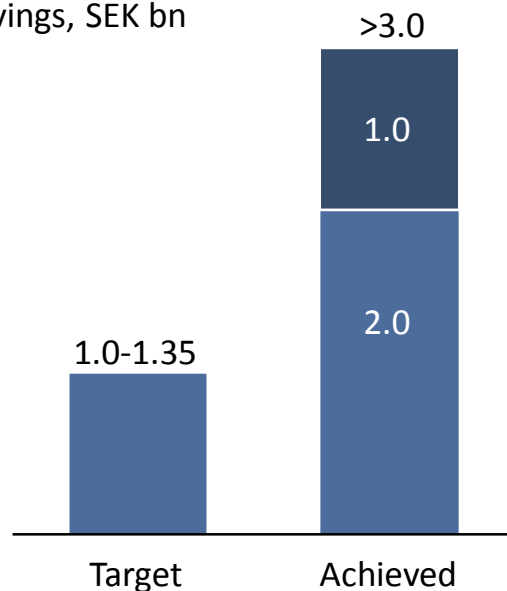
- Established SSAB Services business unit
- Hardox Wearparts network has grown to over 300 companies

The SSAB SHAPE logo consists of "SSAB" in a large, bold, blue sans-serif font, followed by "SHAPE" in a smaller, bold, blue sans-serif font, and "TAILORED SOLUTIONS" in a smaller, blue sans-serif font below it.The HARDOX logo features the word "HARDOX" in a bold, red, sans-serif font, with "WEARPARTS" in a smaller, red, sans-serif font below it, all contained within a red rectangular border.

Stronger platform for profitable growth

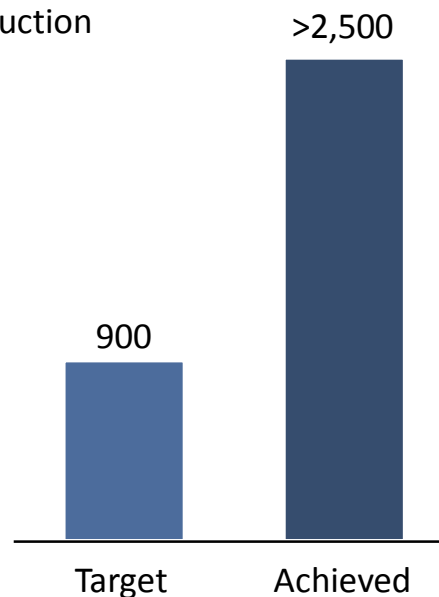
Lower cost base and better flexibility

Synergies and cost savings, SEK bn



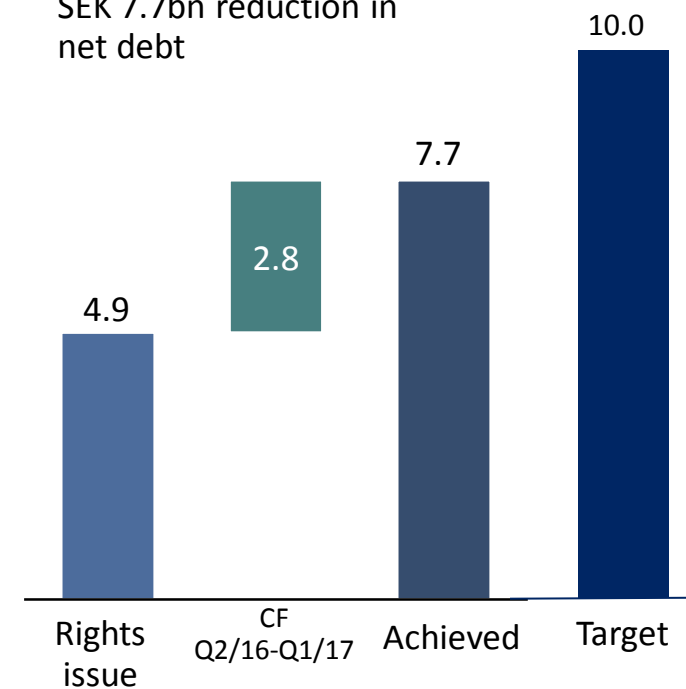
Improved productivity

Workforce reduction



Stronger financial position

SEK 7.7bn reduction in net debt



SSAB's four focus areas

2016 market position (#) and shipment volumes (ktonnes)

Flat carbon steels Nordic region

1
(#7 Europe)

1,860



Automotive premium (AHSS) Globally

~# 5
(#1 Martensitic)

442



Plate North America

1

1,924



Special Steels (Q&T) Globally

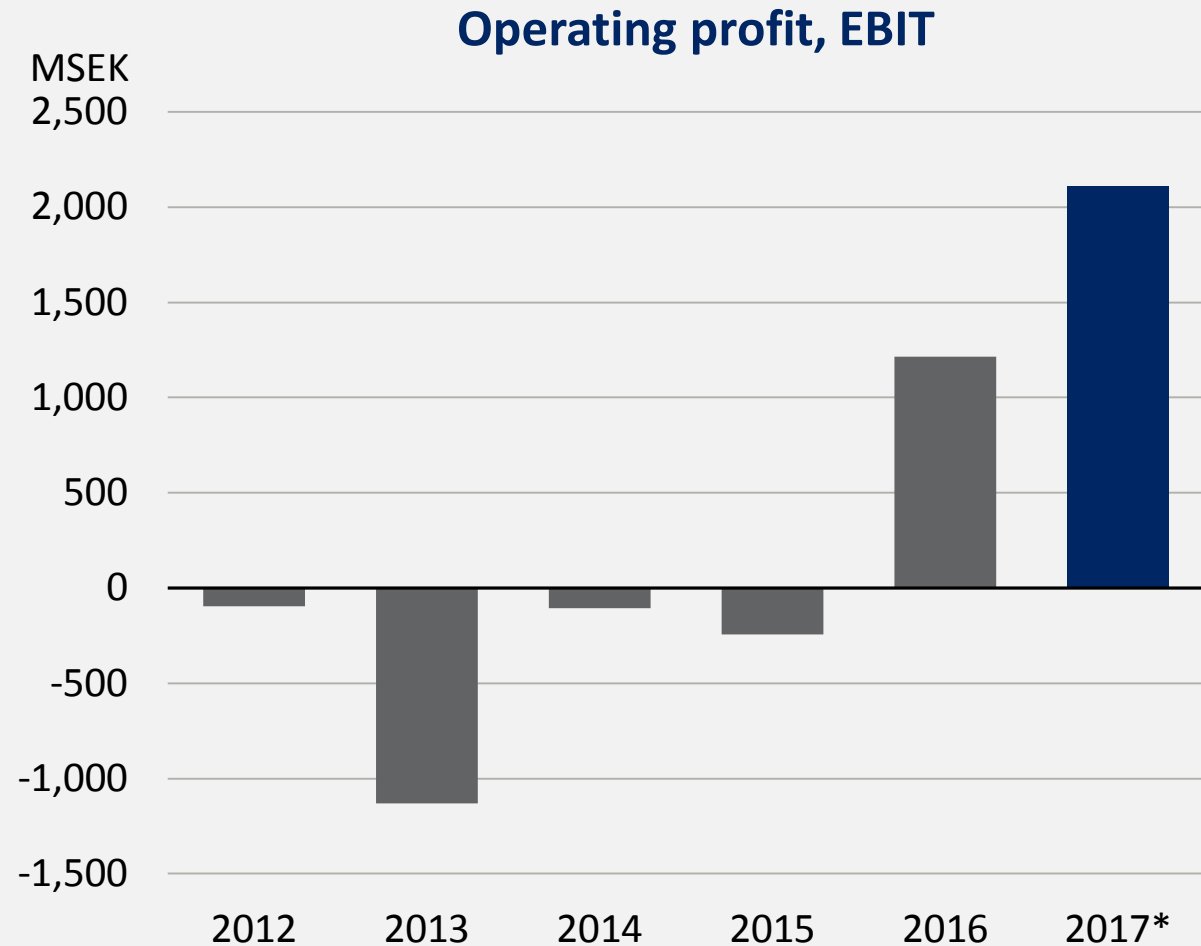
1

1,008



Strong trend in profitability improvement

- Significant improvement in earnings:
 - Synergies from Rautaruukki
 - Cost savings
 - Better mix
 - Improved market conditions



*2017 refers to 2017 Q1 rolling 12 month

Financial targets

Profitability

SSAB aims for an industry-leading profitability measured as EBITDA-margin among comparable peers*

#3 in 2016

Capital Structure

The Group's operations are cyclical. The objective is a long-term net debt/equity ratio of 30%

32% at the end of Q1/17

Dividends

Dividends are adapted to the average earnings level over a business cycle and, in the long term, constitute ~50% of profit after tax, taking into consideration the net debt/equity ratio.

No dividends paid
in 2016

* ArcelorMittal, AK Steel, Nucor, Salzgitter, Tata Steel Europe, ThyssenKrupp, US Steel

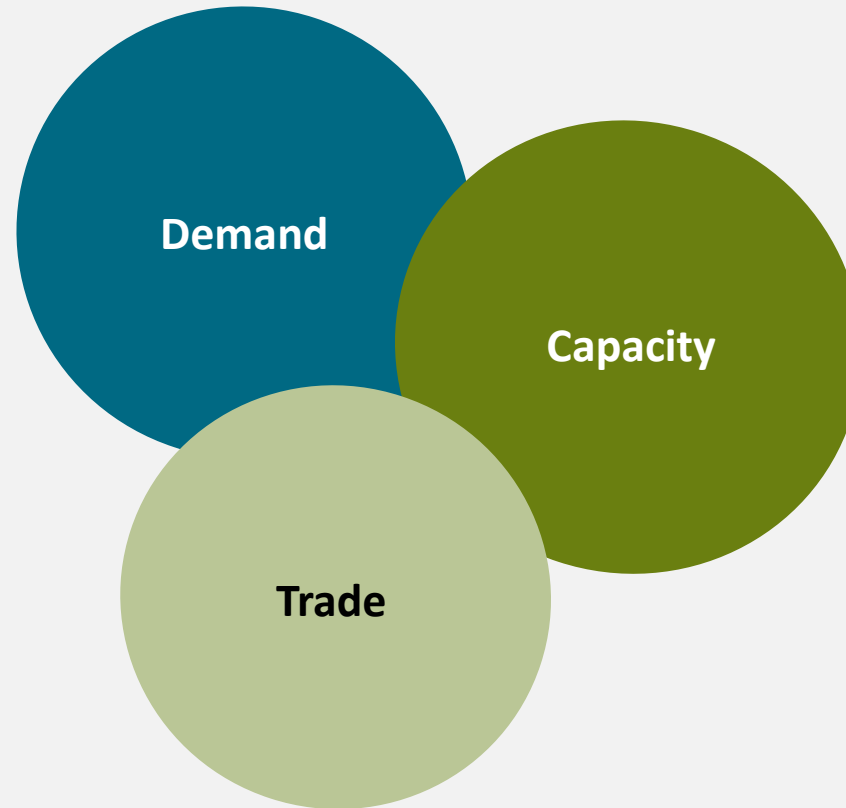
Agenda

- ▶ Stronger platform for profitable growth
- ▶ Improved industry outlook
- ▶ Strategic focus areas

Industry outlook has improved during the last 12 months

- ▶ Recovering end user segments in core markets
- ▶ Declining steel demand in China, but less than expected
- ▶ Growing emerging markets offering opportunities

- ▶ Trade barriers are being put in place
- ▶ Global free trade system continues to be challenged



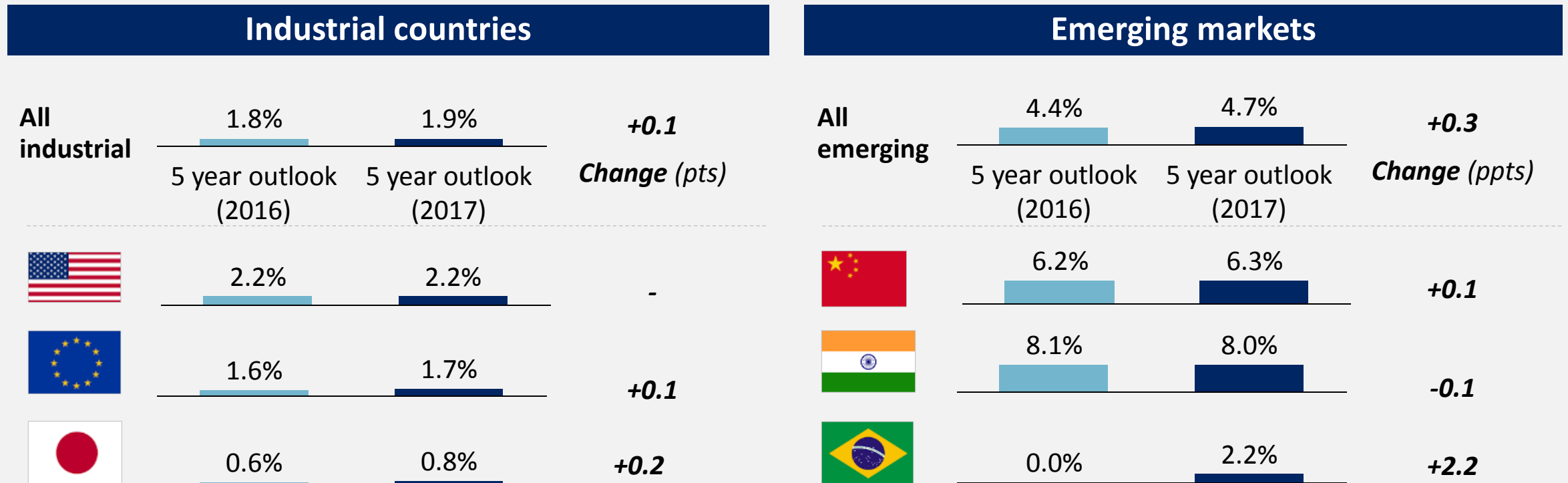
- ▶ Global overcapacity situation remains, but is impacting less in western economies
- ▶ China over-delivering on initial capacity reduction targets

Conclusions

- ▶ Still uncertain industry outlook overall, but moving in the right direction
- ▶ Expect “micro cycles” driven by uncertainty in market

Somewhat improved outlook for global economic growth

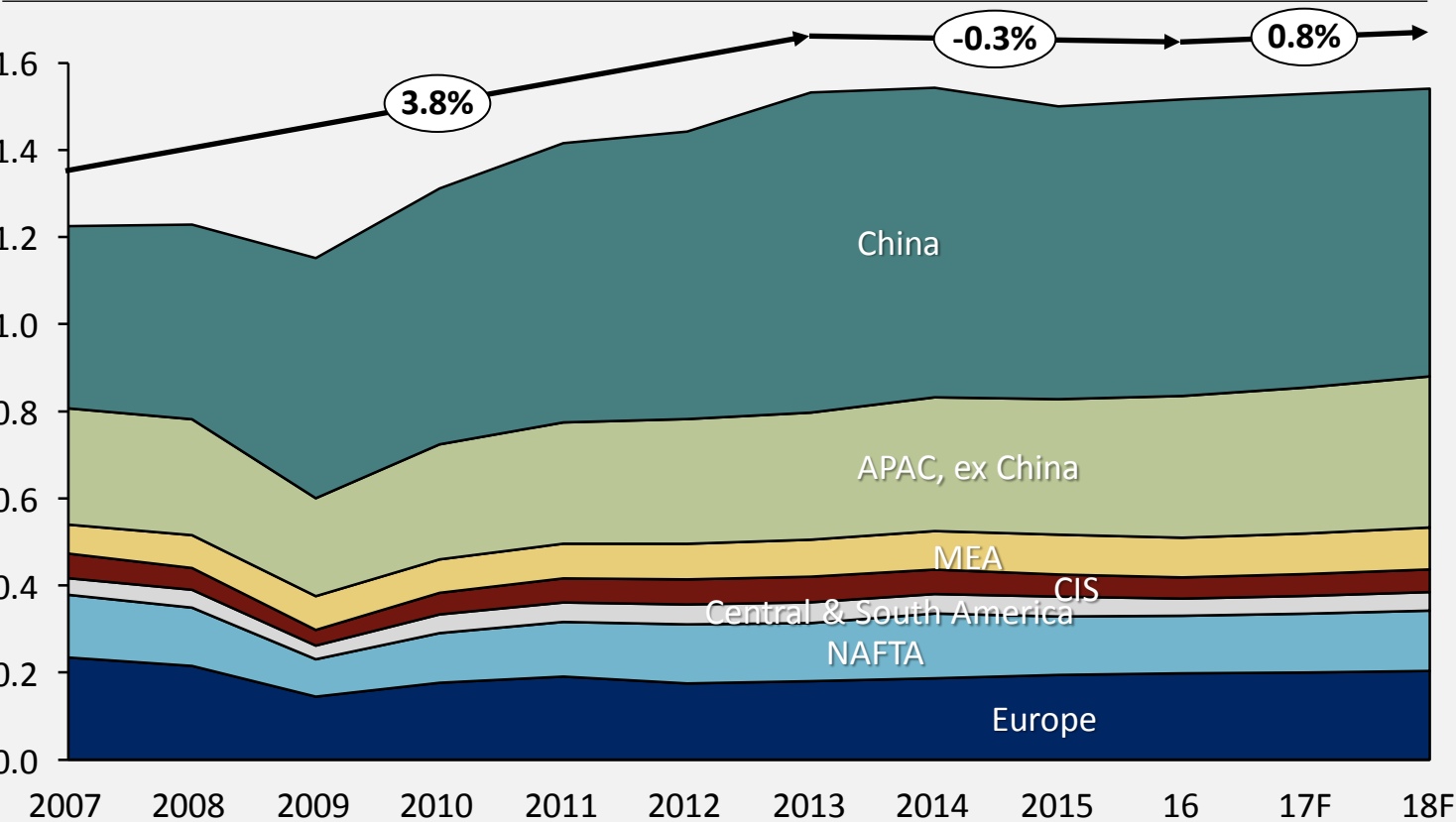
Outlook for average GDP growth rate of next five years, %



Source: Global Economic Outlook and Strategy, Citigroup, April 2017

Less slowdown in China improves global steel demand forecast

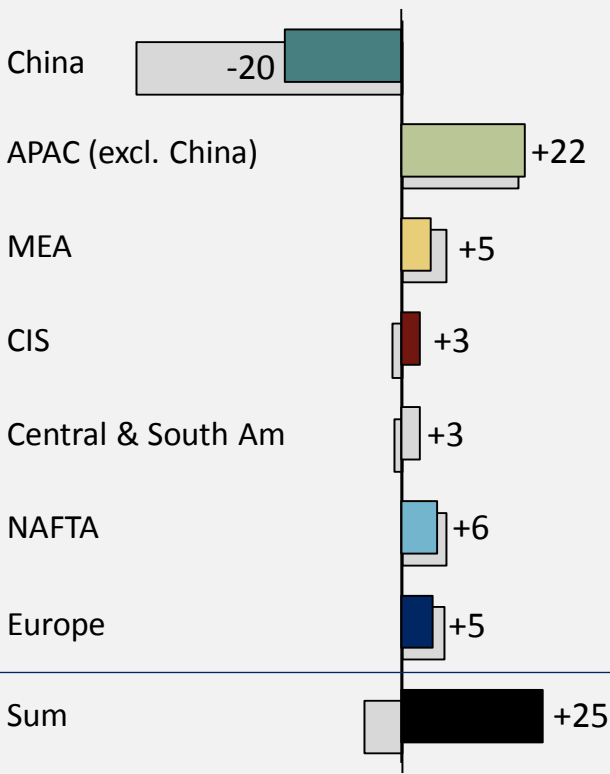
Apparent demand for finished steel products
Million metric tons; CAGR %



Demand development

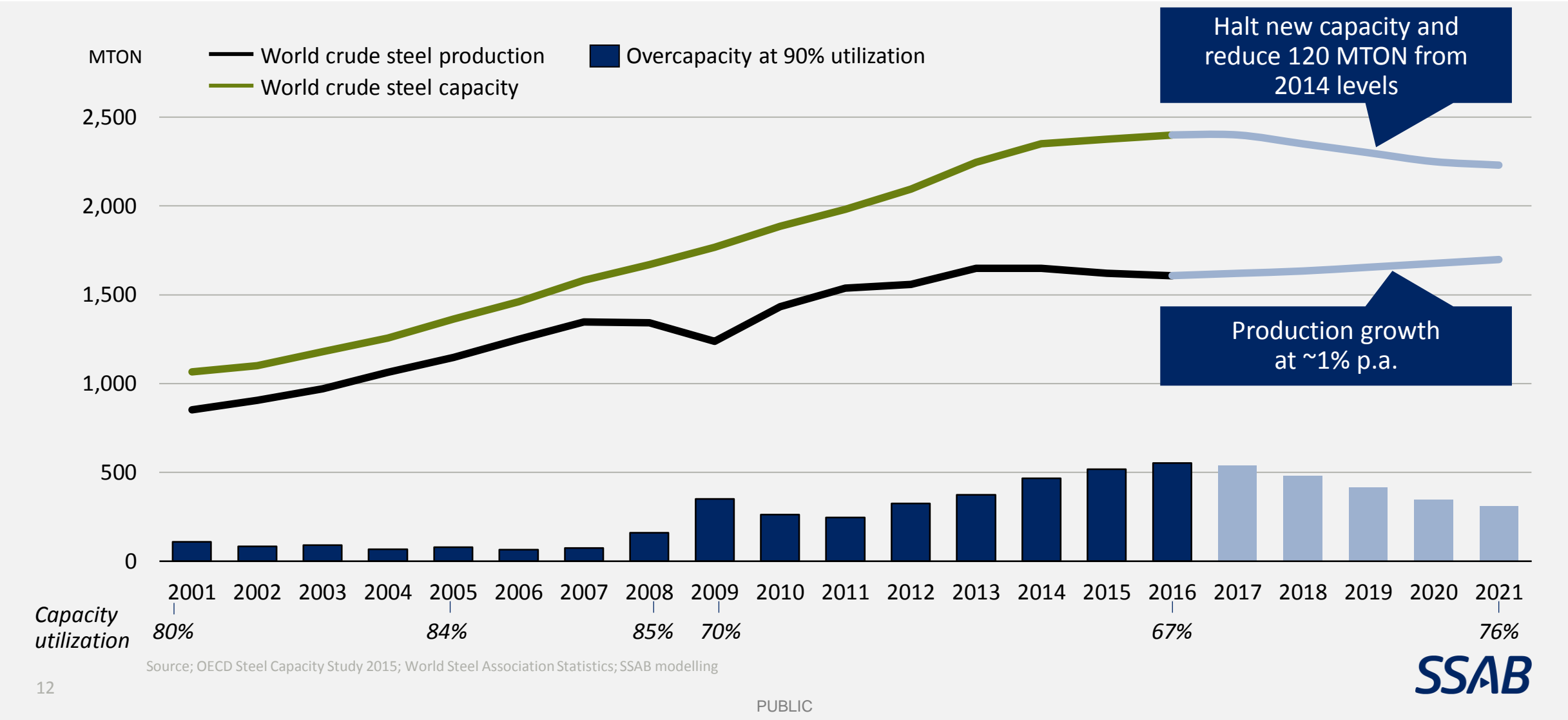
2018F vs. 2016, mtons

2 year forecast from last year shaded



Source: Worldsteel Short Range Outlook April 2017

Gradual reduction of global overcapacity



Agenda

- ▶ Stronger platform for profitable growth
- ▶ Improved industry outlook
- ▶ Strategic focus areas



Our vision:
A stronger,
lighter and more
sustainable
world

Together with our
customers, we
will go further
than anyone else
in realizing the
full potential of
lighter, stronger
and more durable
steel products.



Taking the Lead! strategy remains as a foundation



Where SSAB is heading

1 Grow Special Steels to 1.35 MTON (2020)

- ▶ Upgrade customers and markets
- ▶ Grow all products, and high-end even more
- ▶ Enter new markets/innovate
- ▶ 2nd brand and OEMs

2 Automotive premium sales to 750 KTON (2020)

- ▶ Grow with existing customers
- ▶ Attract new customers globally
- ▶ Enter new structural applications
- ▶ Research new steels

3 Develop SSAB Services to >500 centers (2020)

- ▶ Increase number of Shape partnerships
- ▶ Better usage of own centers
- ▶ Re-position SSAB in the value chain

4 Enhance premium mix in SSE to 40% (2020)

- ▶ Focus growth efforts on premium steels
- ▶ Grow processed products in home markets
- ▶ Reduce standard volume

5 Leader North American plate with market share 30%

- ▶ Expand product mix of plate and coil
- ▶ Leverage established relationships
- ▶ Identify additional debottlenecking opportunities

Taking the Lead! strategy remains as a foundation



What makes SSAB stand out

Areas for continuous improvements

The safest steel company in the world

Sales efficiency

Production stability

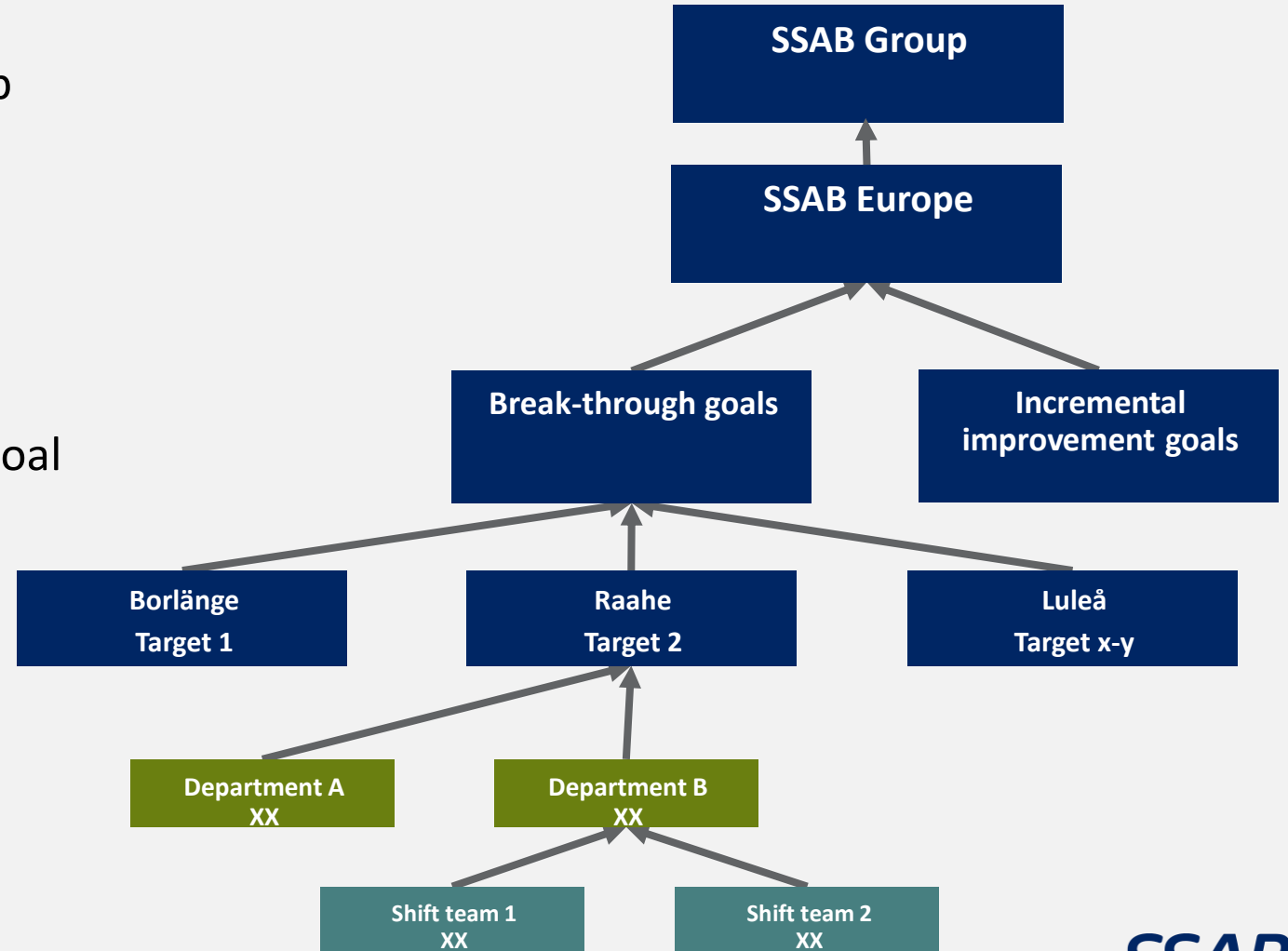
Delivery accuracy

Cost efficiency



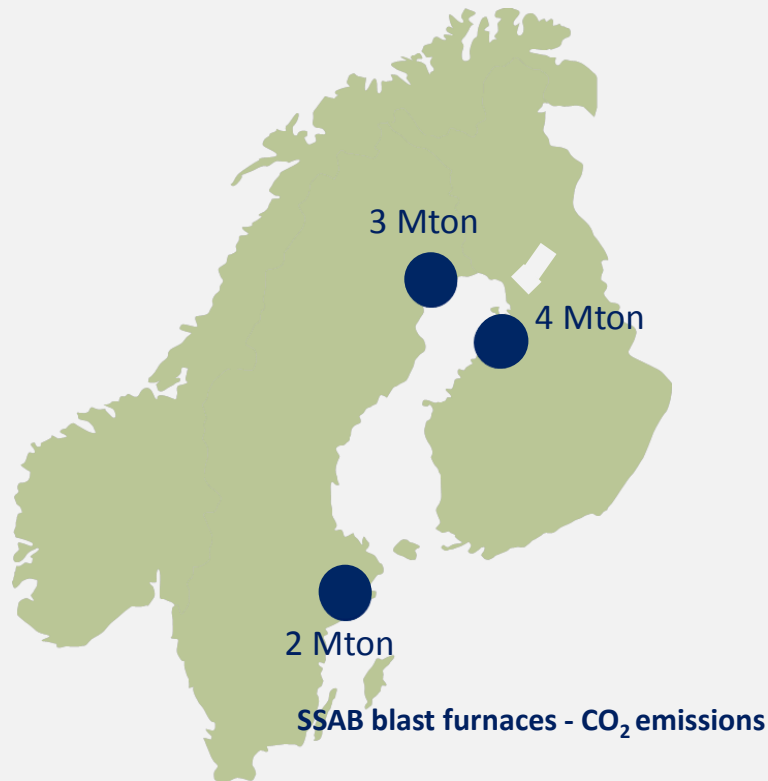
Targets broken down all the way to shift teams – example

- ▶ Work according to SSAB One – leadership method in which each employee is the expert in developing his/her own work
- ▶ Targets are broken down and set for all layers in the organization
- ▶ All employees are involved in setting targets and are aware of the overriding goal
- ▶ Monthly follow-up
- ▶ Result fully impacts SSABs bottom line



Long-term initiative for fossil-free steel (HYBRIT)

The project's goal is to come up with a process that emits H_2O instead of CO_2 by using hydrogen instead of the current procedure based on blast furnaces burning coal and coke

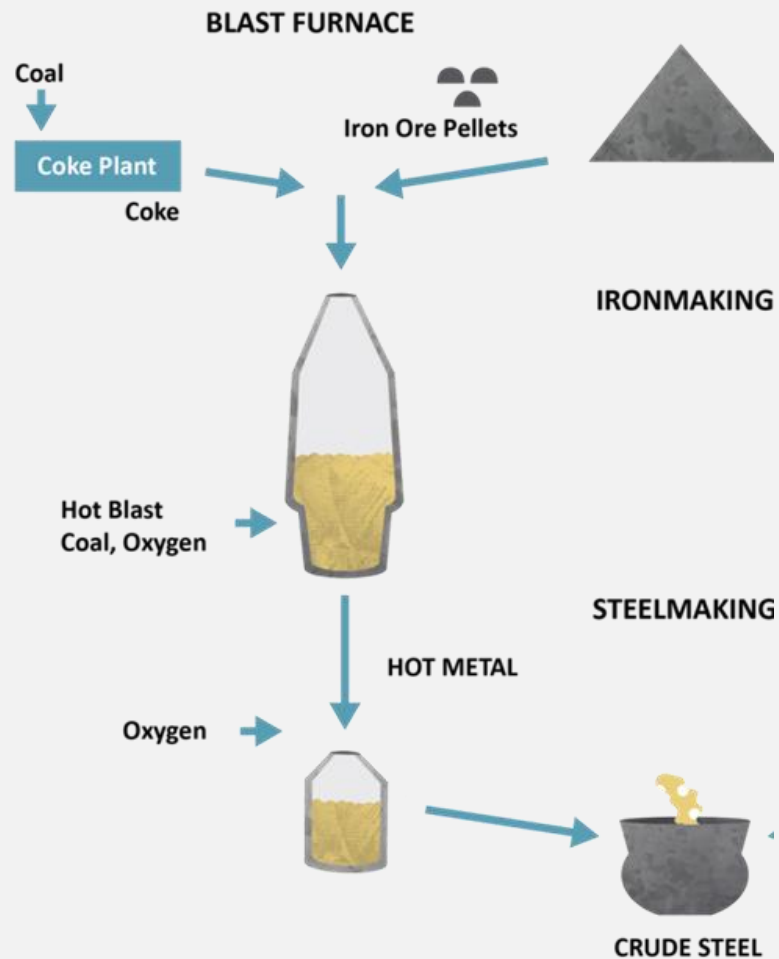


Background

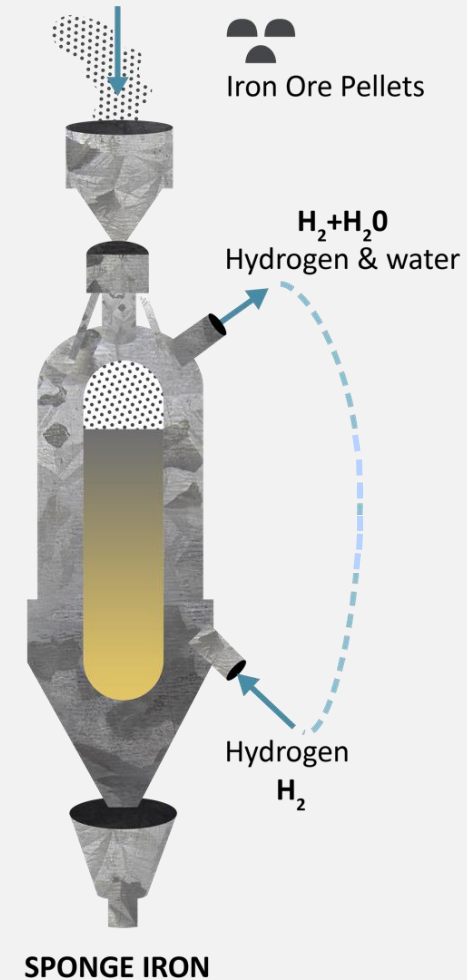
- ▶ SSAB's blast furnaces close to theoretical minimum of CO_2 -emission with today's technology
- ▶ Still SSAB stands for 10% of Sweden's total emission and ca 30% of ETS system in Sweden
- ▶ Fossil-free electricity – excess capacity
- ▶ Multiparty energy agreement – creates base for long term development

Long-term initiative for fossil-free steel (HYBRIT)

Traditional iron-making in Blast Furnace



HYBRIT (Hydrogen Breakthrough Iron-making Technology)



HYBRIT – A joint Swedish industrial project

- ▶ SSAB – world leading iron and steel-making know-how, experience and R&D
- ▶ Vattenfall - electrification and sustainable hydrogen production
- ▶ LKAB – high quality iron ore pellet production
- ▶ Swedish universities – a leader for metallurgical research
- ▶ Wide political support in Sweden
- ▶ Support from The Swedish Energy Agency

The SSAB logo is displayed in a bold, blue, sans-serif font.The LKAB logo features a stylized blue and black icon to the left of the word "LKAB" in a bold, black, sans-serif font.The Vattenfall logo consists of the word "VATTENFALL" in a bold, black, sans-serif font, followed by a circular icon containing a blue wave and an orange star.

HYBRIT project time schedule

Pre-feasibility study
2016-2017

Feasibility study-pilot
plant trials
2018-2024

Demonstration
plant trials
2025-2035



Growth and continuous improvements drive profitability

