

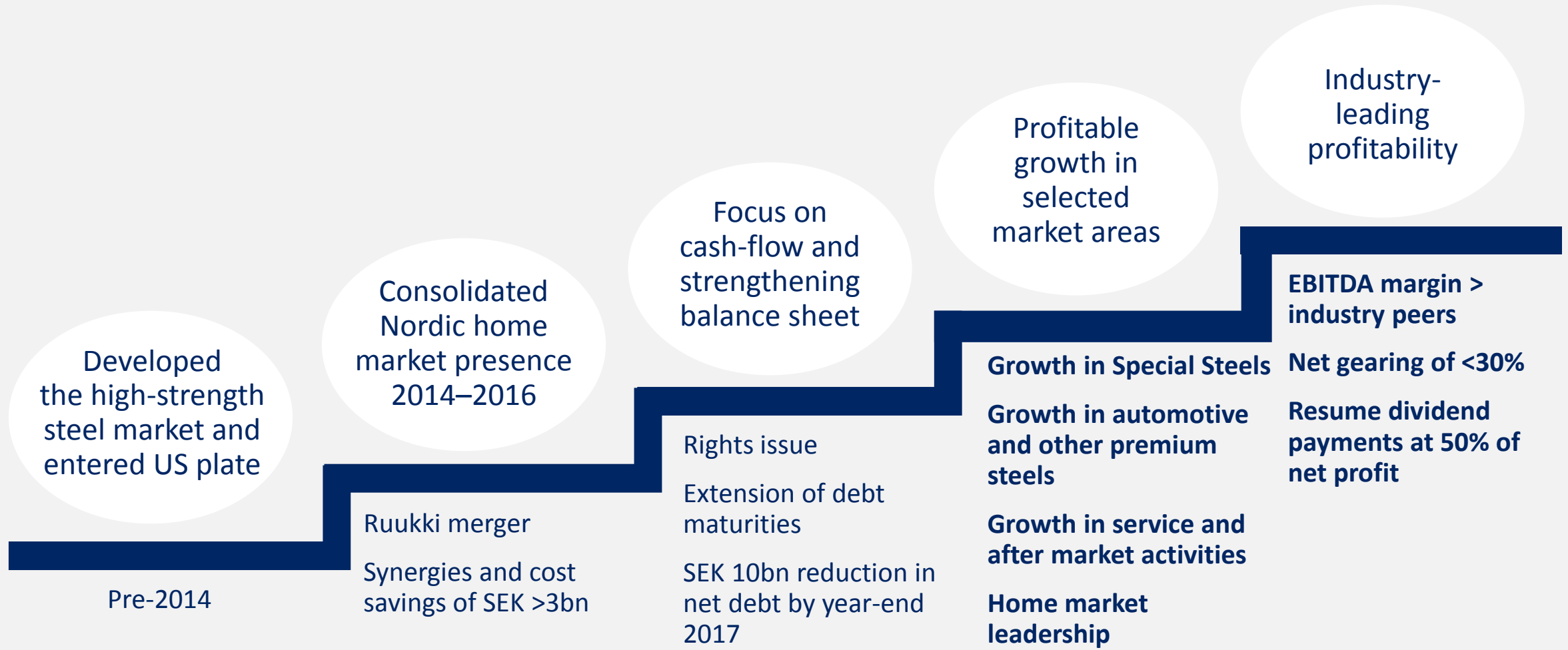
Profitable growth

Håkan Folin
CFO

SSAB

PUBLIC

Roadmap toward industry-leading profitability



Financial targets

Profitability

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

Capital Structure

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

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

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

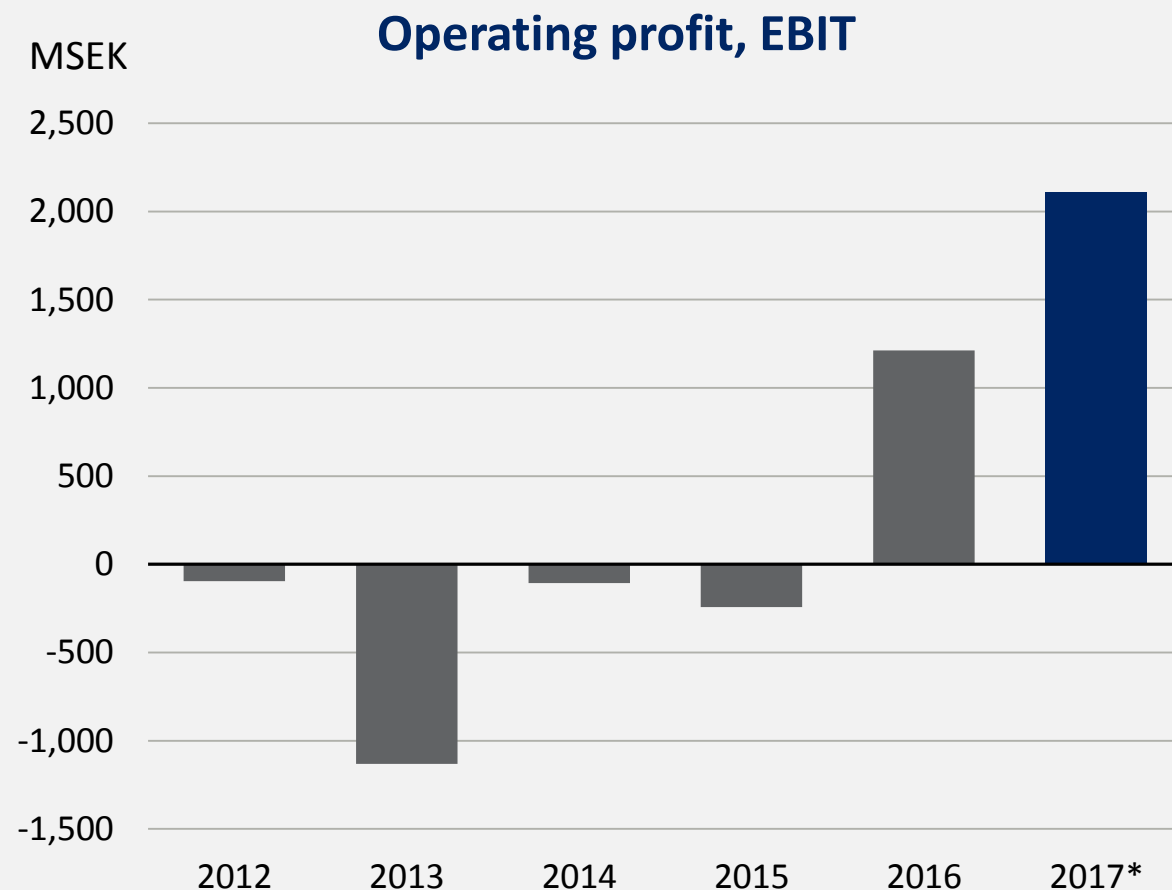
Profitability

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

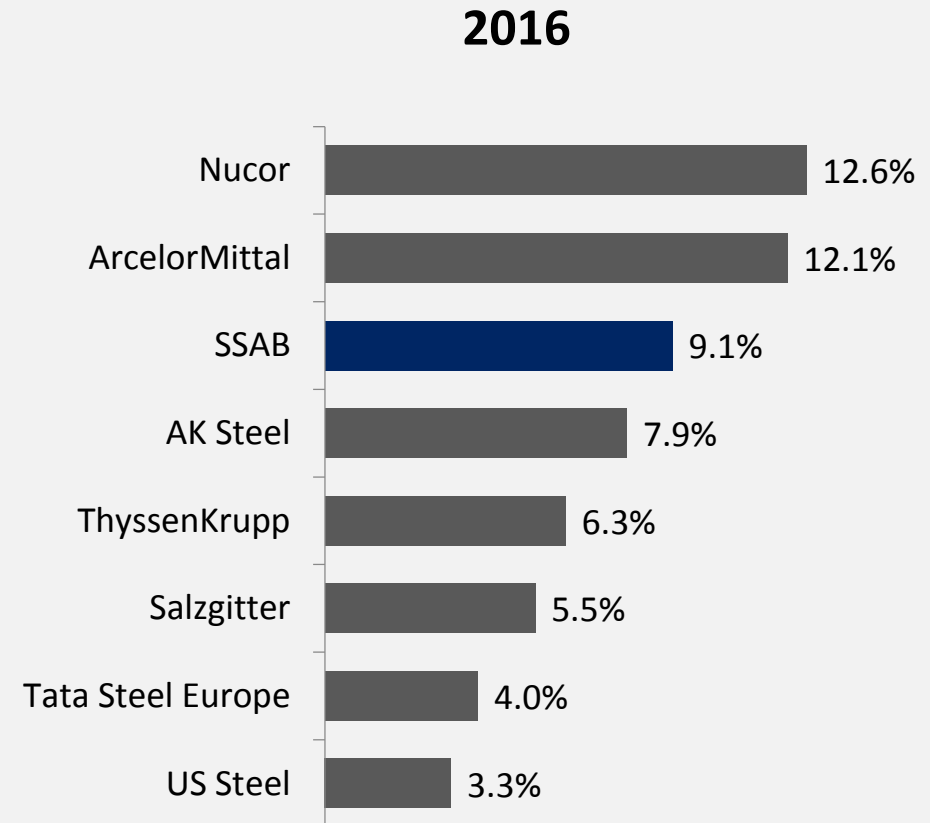
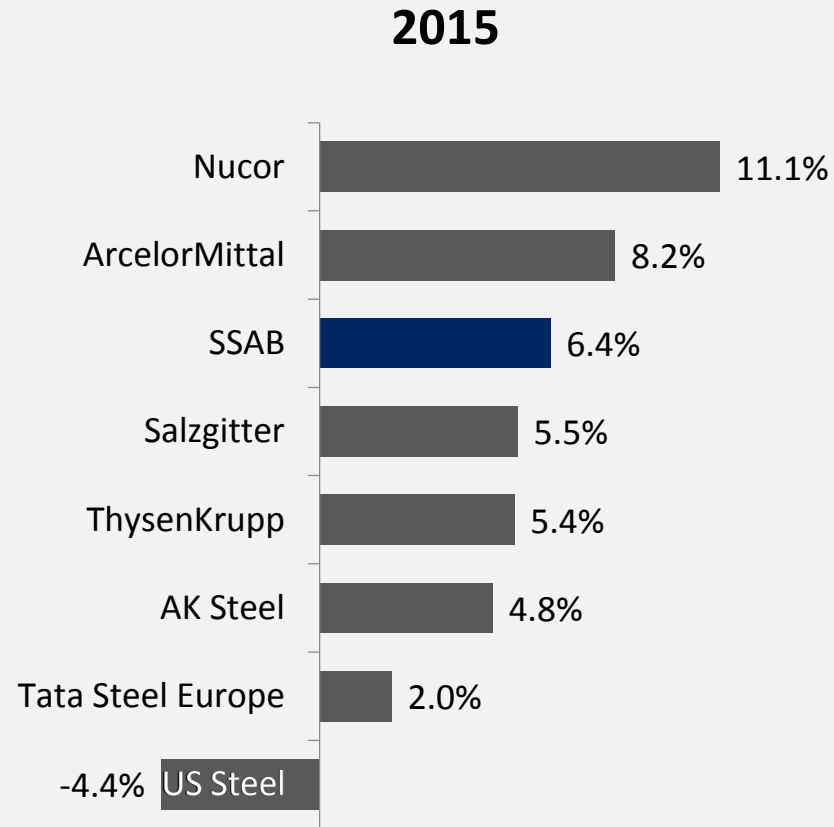


Strong trend in profitability improvement

- ▶ Significant improvement in earnings:
 - Synergies from Rautaruukki
 - Cost savings
 - Better mix
 - Improved market conditions
- ▶ Breakdown in Oxelösund and margin pressure in SSAB Americas weighed on earnings in Q4 2016 and Q1 2017

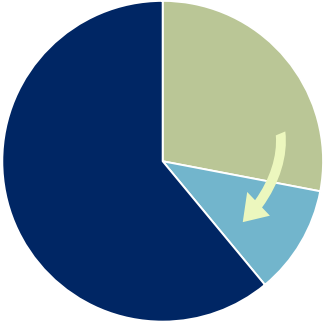


EBITDA-margin vs. peer group



Adjusted for major non-recurring items

2020 - Targets

<div>1</div> <div>Grow Special Steels 1.35 MTON</div>	<div>2</div> <div>Automotive premium 750 KTON</div>	<div>3</div> <div>Develop SSAB Services</div>	<div>4</div> <div>Enhance premium mix in SSE</div>	<div>5</div> <div>Leader North American plate</div>
<div>MTON</div> <div><div>1.0</div><div>1.35</div></div> <div>2016Target</div>	<div>KTON</div> <div><div>442</div><div>750</div></div> <div>2016Target</div>	<div>Wearparts members</div> <div><div>265</div><div>>500</div></div> <div>2016Target</div>	<div>Share of Premium products</div> <div><div></div><div>40%</div></div>	<div>Market share (over time)</div> <div><div>30%</div></div>

Industry-leading profitability

Strategic focus

Growth in Special Steels

Growth in services

Mix improvement

Strengthen home market position –
local producer close to customer

P&L impact

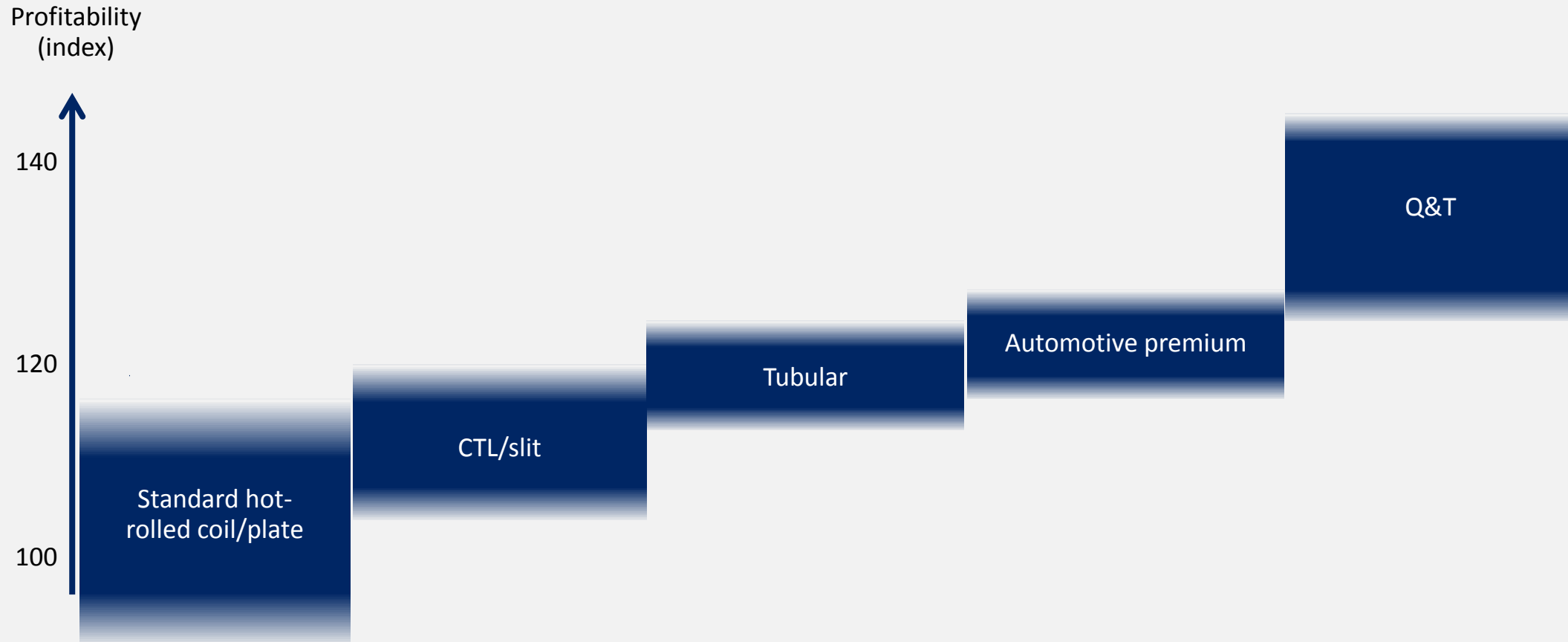
- ▶ Higher revenue
- ▶ Operating leverage from volume
- ▶ Product and channel upgrade lifts margin per tonne

- ▶ Further improvement in revenue and earnings – less volatility

- ▶ Higher revenue
- ▶ Higher margin per tonne

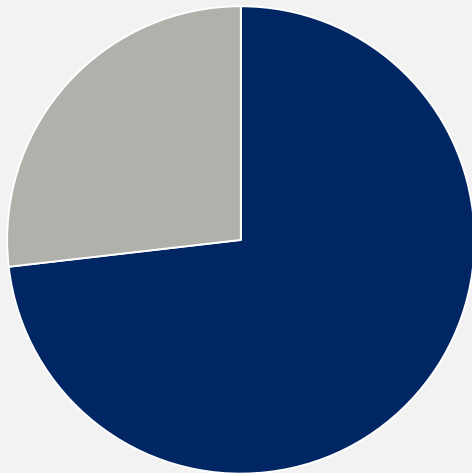
- ▶ Higher margin per tonne

Mix improvement drives profitability – examples



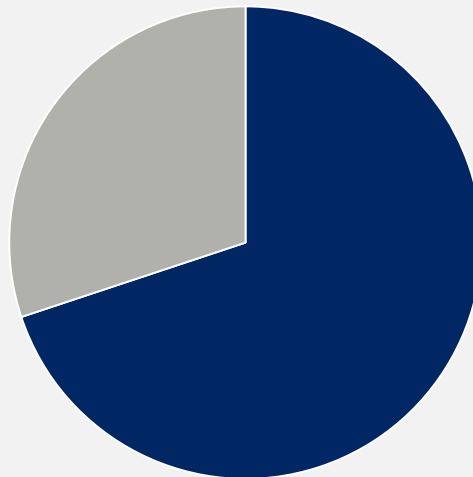
Operational leverage – cost structure

SSAB Special Steels



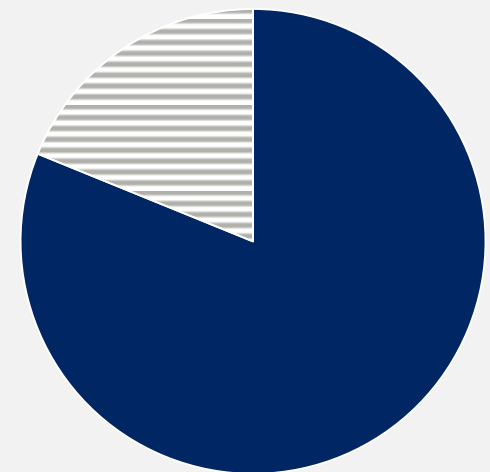
■ Variable ■ Fixed

SSAB Europe



■ Variable ■ Fixed

SSAB Americas



■ Variable ■ Fixed

Continuous improvements – cost efficiency

Large number of efficiency actions across all divisions

Driven by the employees

Monthly follow-up of KPIs

Continuous improvement in daily work

Improvement projects



Capital Structure

The Group's operations are cyclical

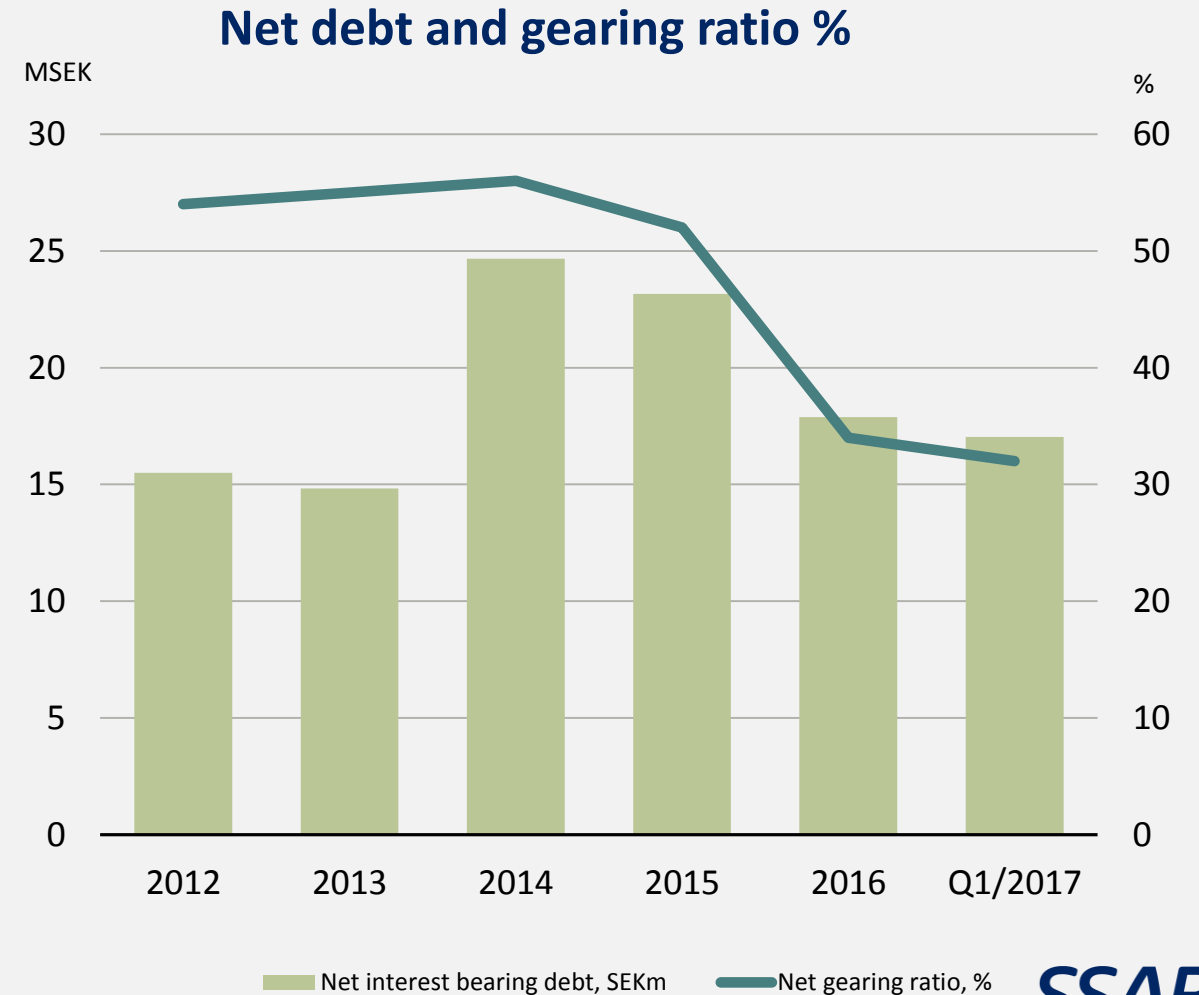
The objective is a long-term net debt/equity ratio of 30%



Stronger balance sheet

► Reduced net debt and lower gearing:

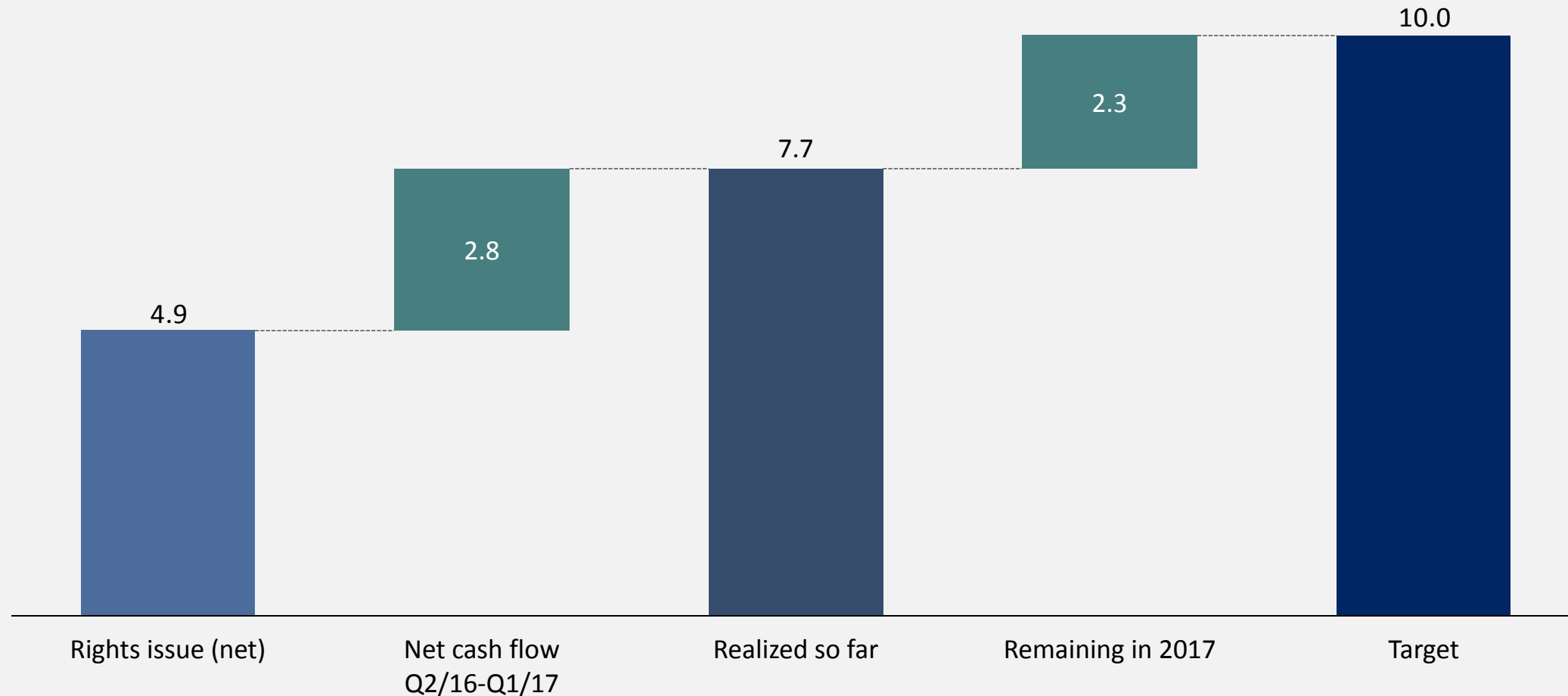
- Lower interest cost
- Ability to invest for growth



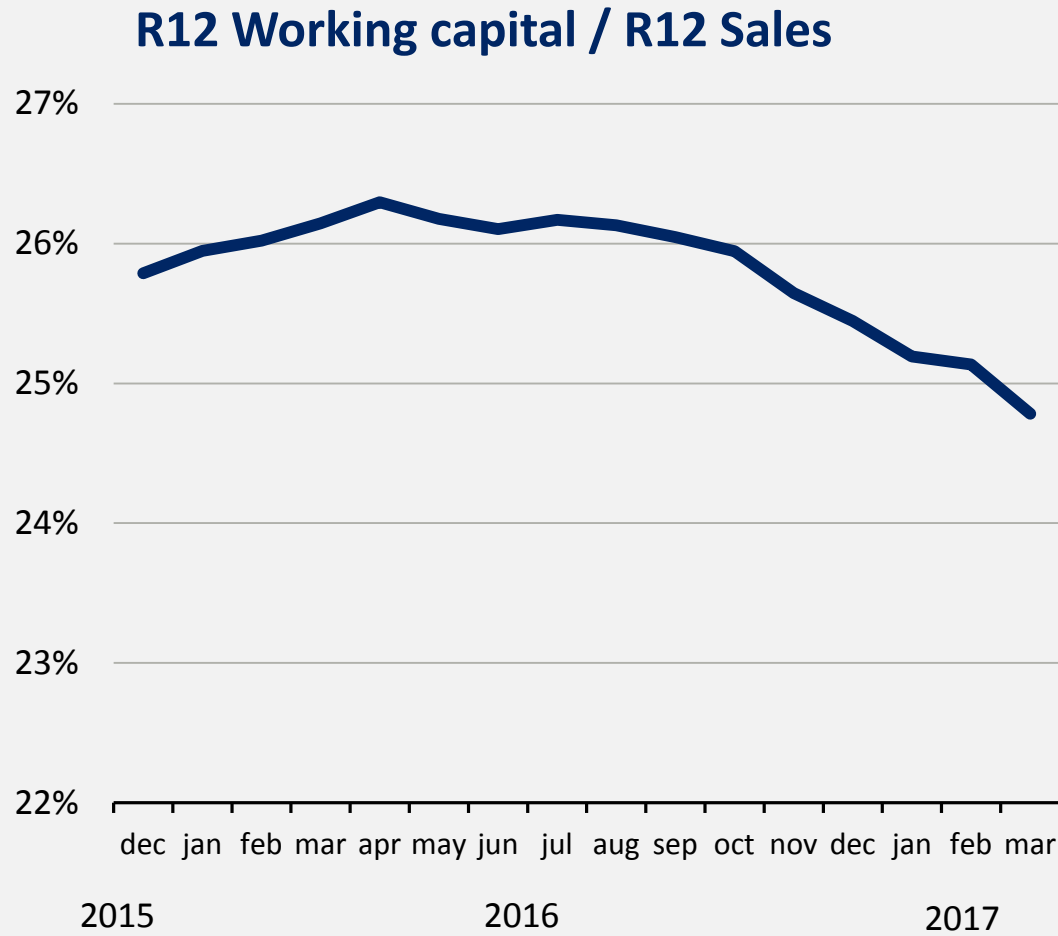
Net debt reduction according to plan

SEK 10 bn. between the end of Q1/16 and the end of 2017

SEK bn



Reduce working capital to sales

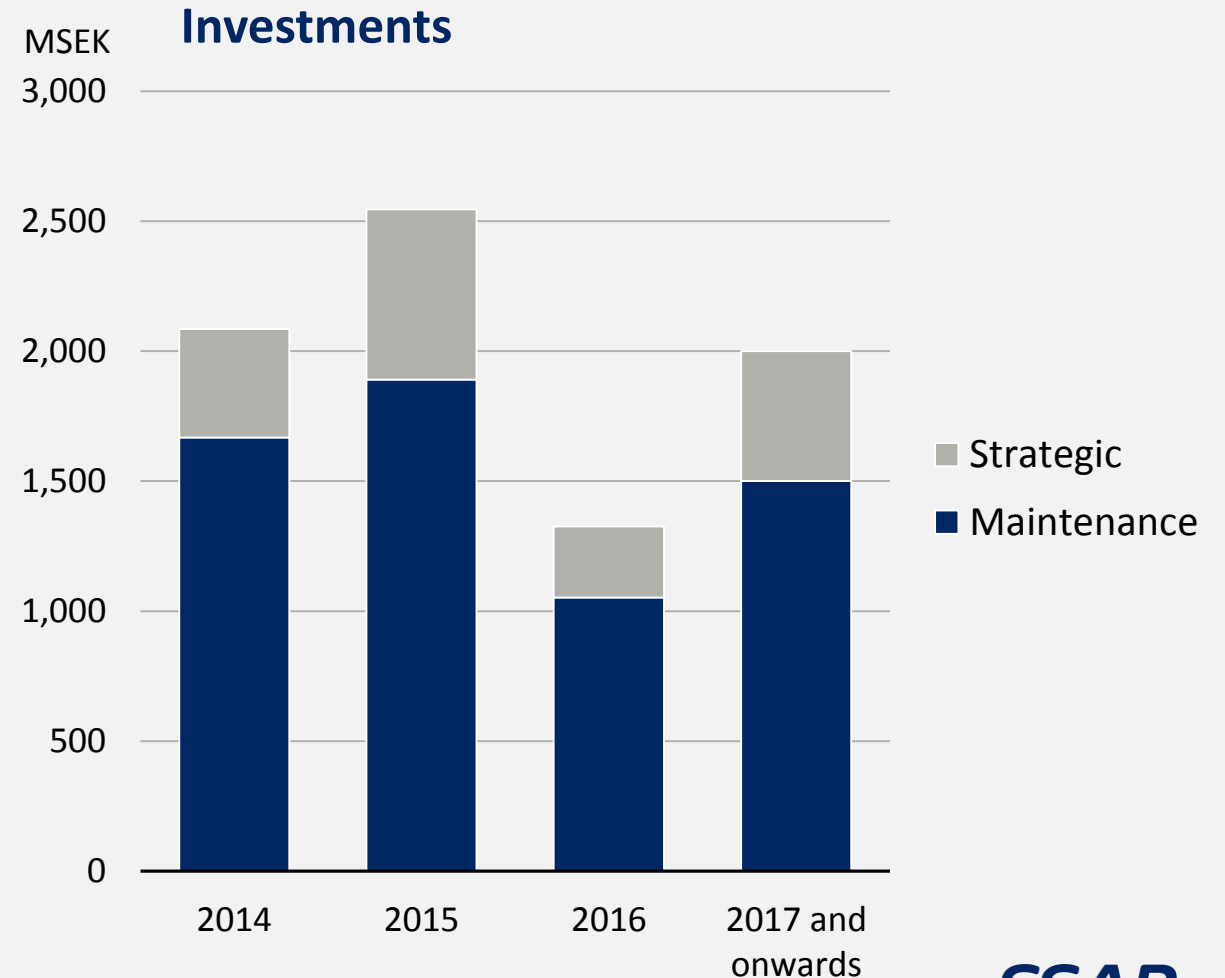


Key focus area in 2017 for all divisions

Large number of actions identified and being implemented

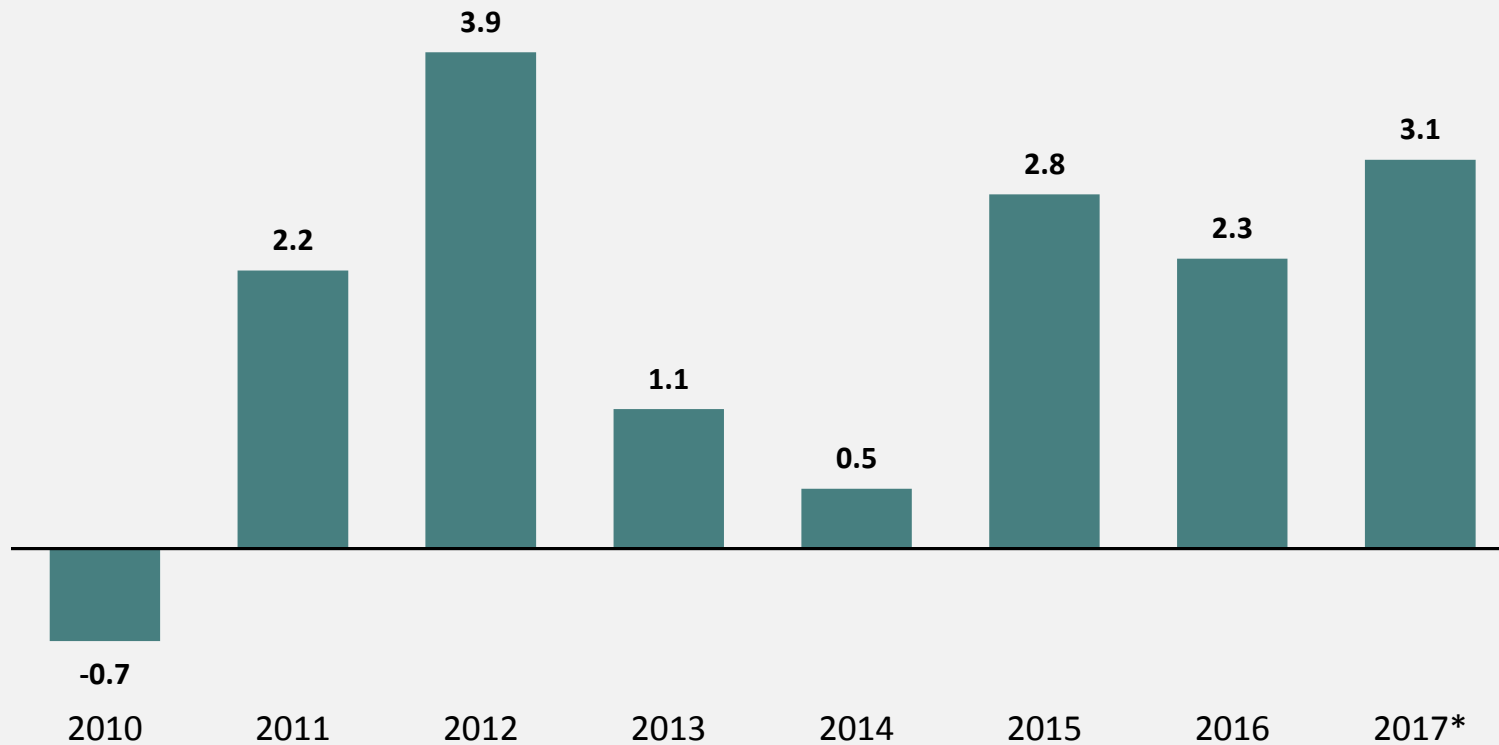
Investments

- ▶ Installed capacity sufficient to reach growth targets for SSAB Special Steels
- ▶ Investments kept below depreciation:
 - SSAB and Ruukki merger
 - Major strategic investments in 2010-2012
 - Blast furnaces recently relined
- ▶ Areas for strategic capex 2017 and going forward:
 - Automotive premium
 - Service expansion



Cash flow trend

Cash flow from current operations



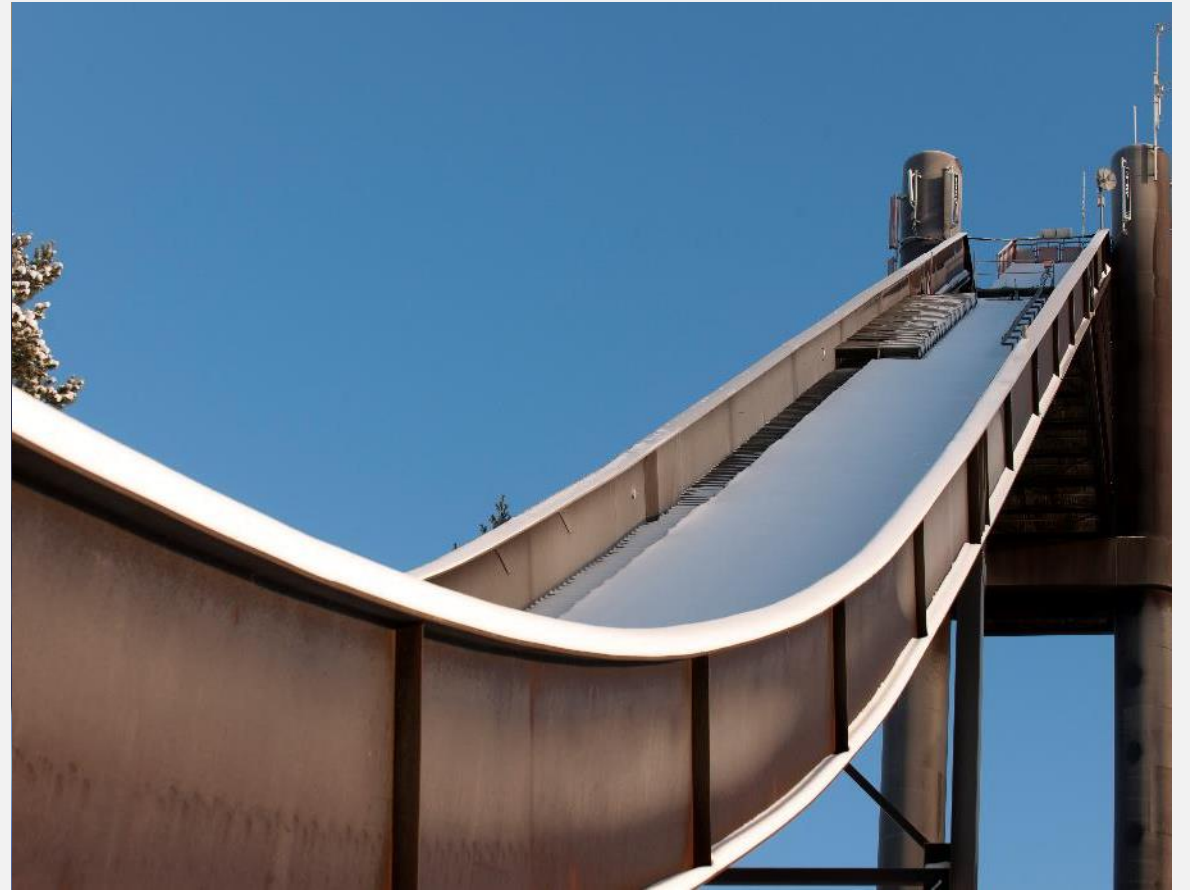
Refers to cash flow from current operations in SEK bn.

*2017 refers to 2017 Q1 rolling 12 month

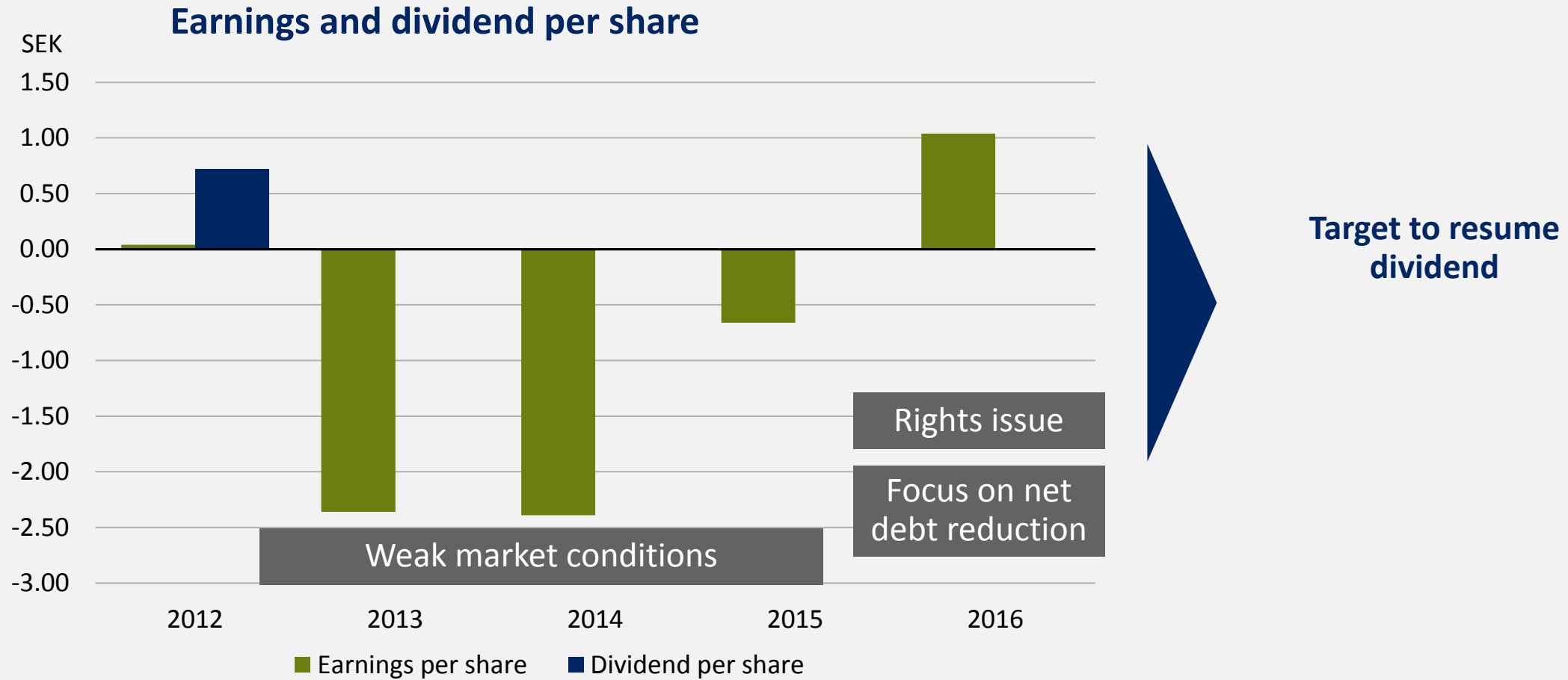
- ▶ Strong potential to improve profitability
- ▶ Well-invested
- ▶ Reduction of working capital/sales
- ▶ Lower interest cost
- ▶ Tax rate ~20%

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.



Dividend



Summary

- ▶ Top-line growth driven by high-strength steels
- ▶ Home market leadership, growth and mix improvement will support Group profitability
- ▶ Well-invested to achieve targets
- ▶ Several initiatives to improve operational performance
- ▶ Reduction of net debt according to plan
- ▶ Towards industry-leading profitability

