

Investor presentation

November 7, 2017

Stockholm

SSAB

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Agenda

▶ SSAB in brief

▶ 2020 targets and strategy

▶ Group financials

SSAB in brief

55 BILLION
SEK
annual net sales in 2016

Steel making since
1878



15,000
professionals
in 50 countries

Annual steel
production capacity:
8.8 MILLION
TONNES

OUR BUSINESSES:

SSAB Special Steels,
SSAB Europe,
SSAB Americas, Tibnor,
Ruukki Construction

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

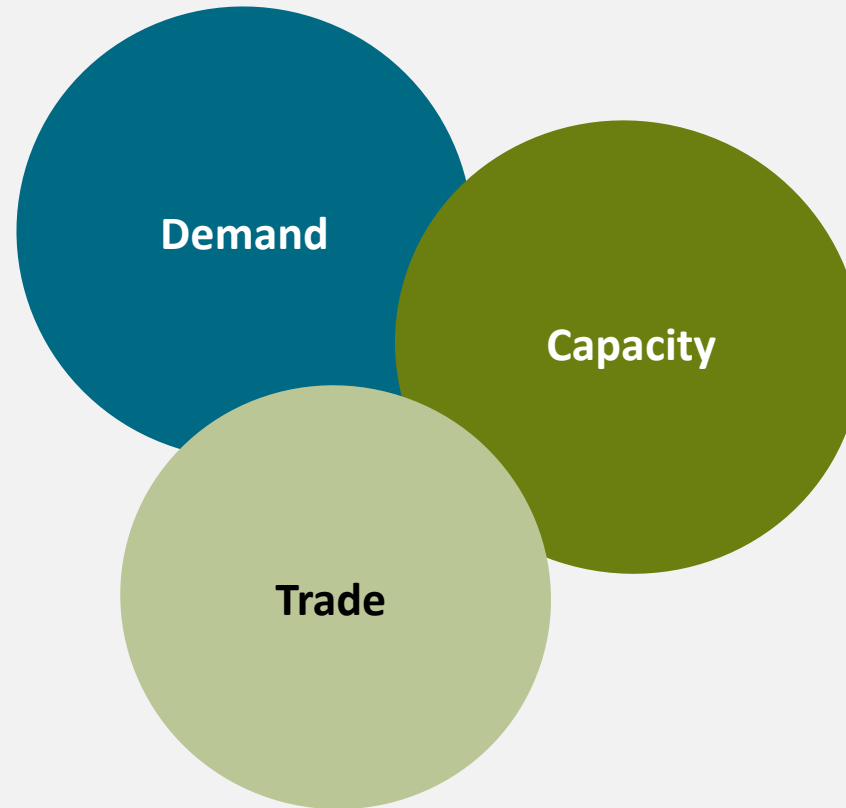
1,008



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

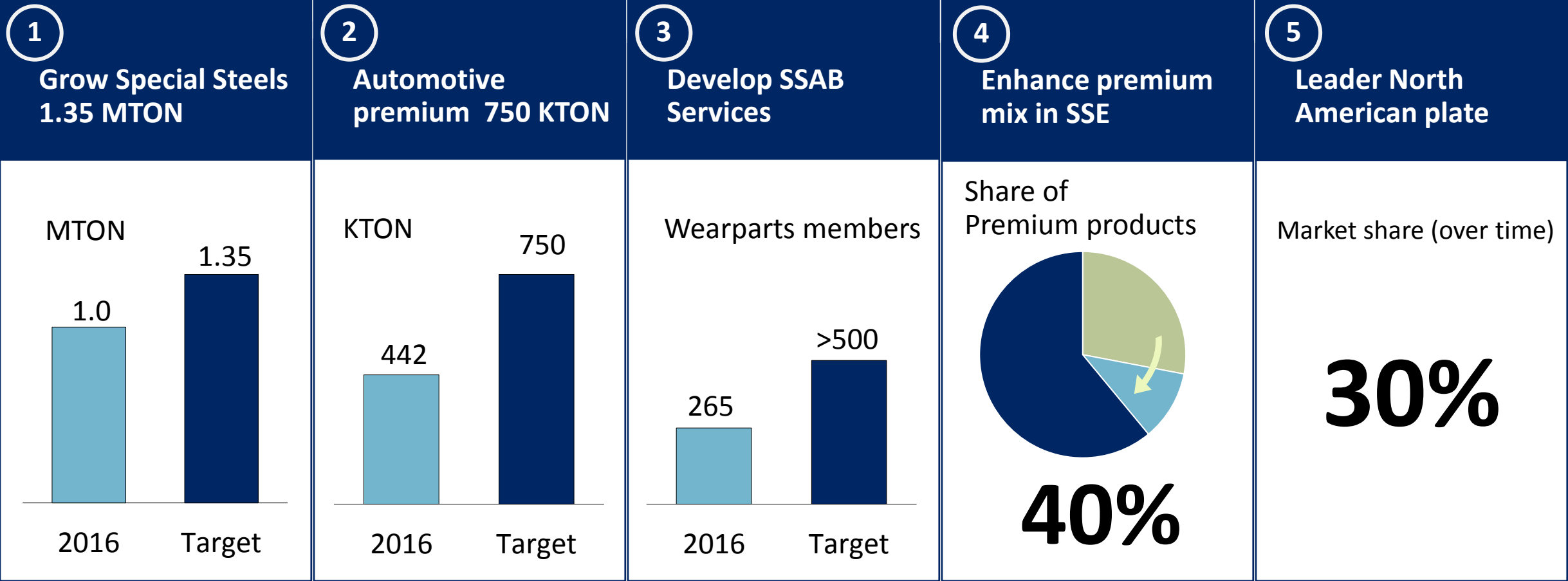
Conclusions

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

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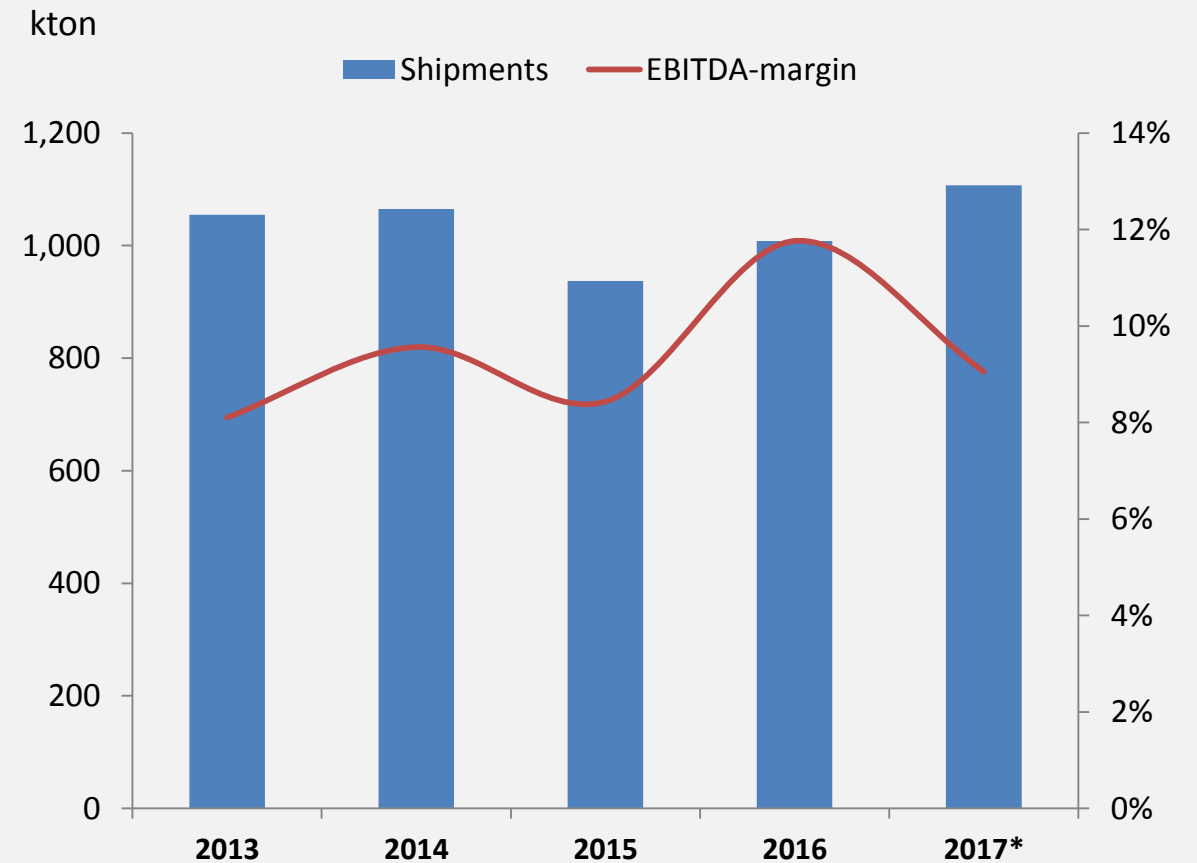
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2020 - Targets



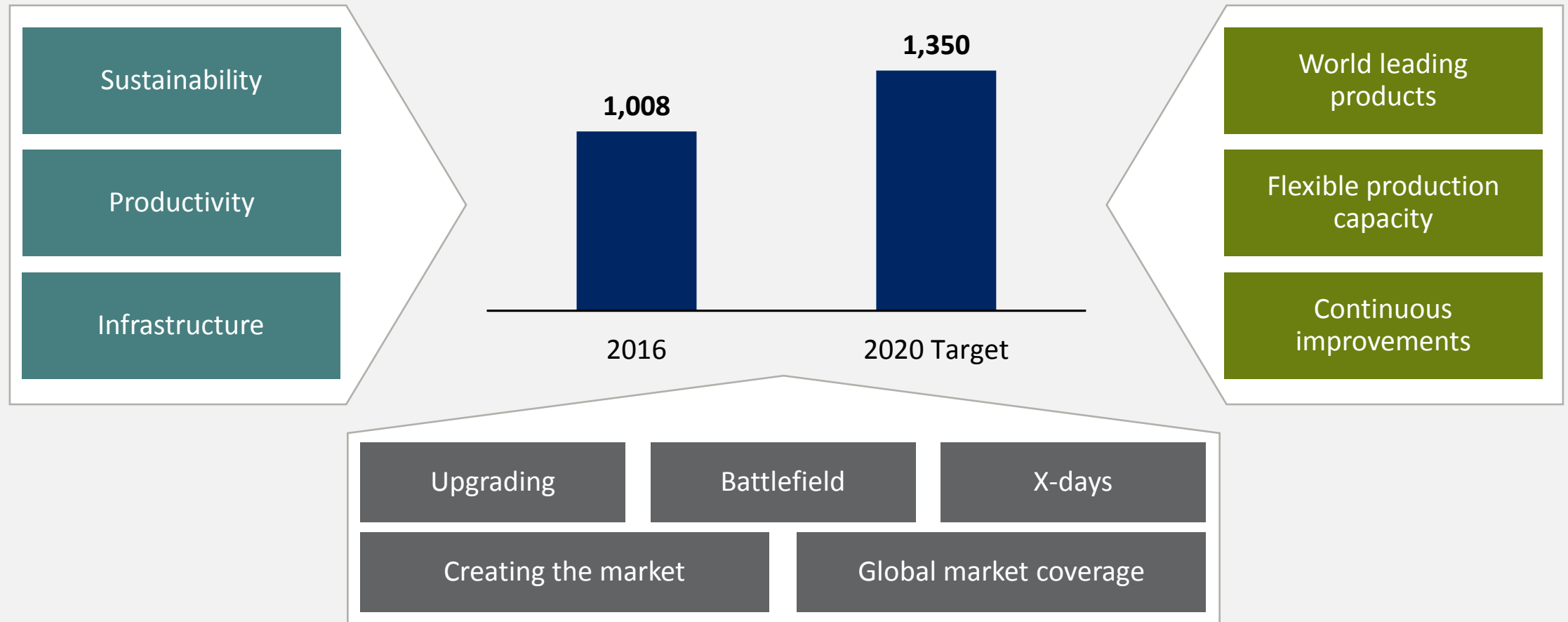
SSAB Special Steels

- ▶ Shipments 2013-2016 impacted by low activity in mining, construction machinery and lifting segments
- ▶ Improved growth during 2016 and 2017
- ▶ Breakdown in Oxelösund weighed on earnings in H1 2017
- ▶ Solid demand trend



*2017 refers to rolling 12 month (Oct 2016 - Sep 2017)

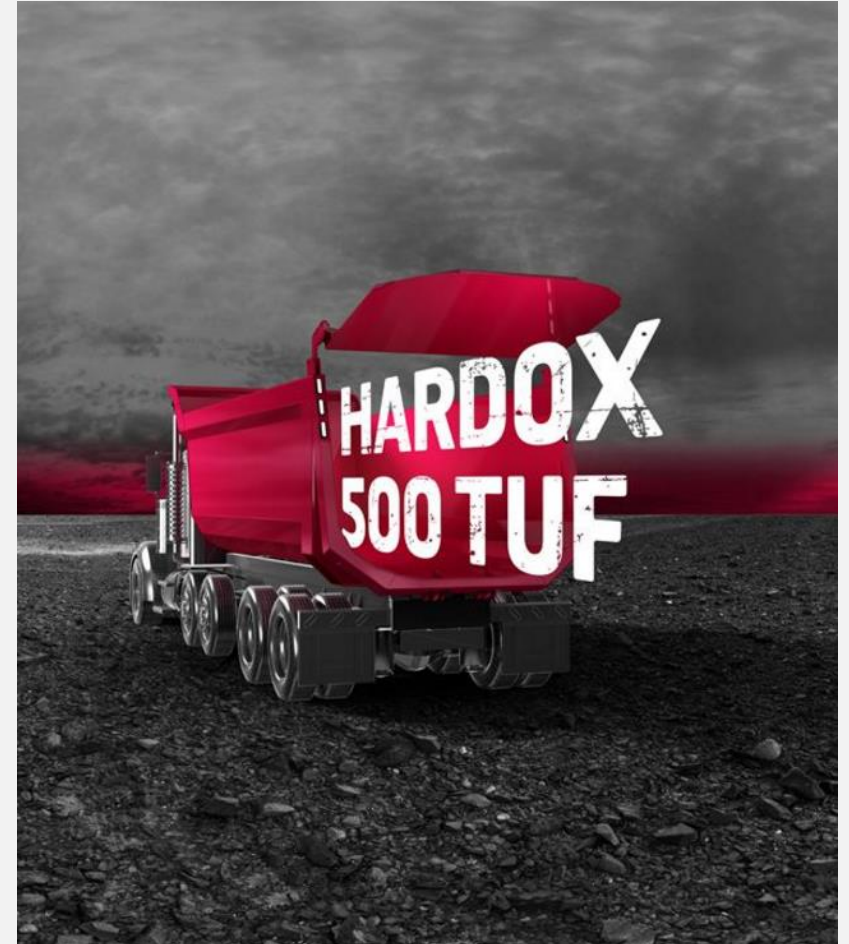
SSAB Special Steels - Growth target 1,350 kton by 2020



Strategic products

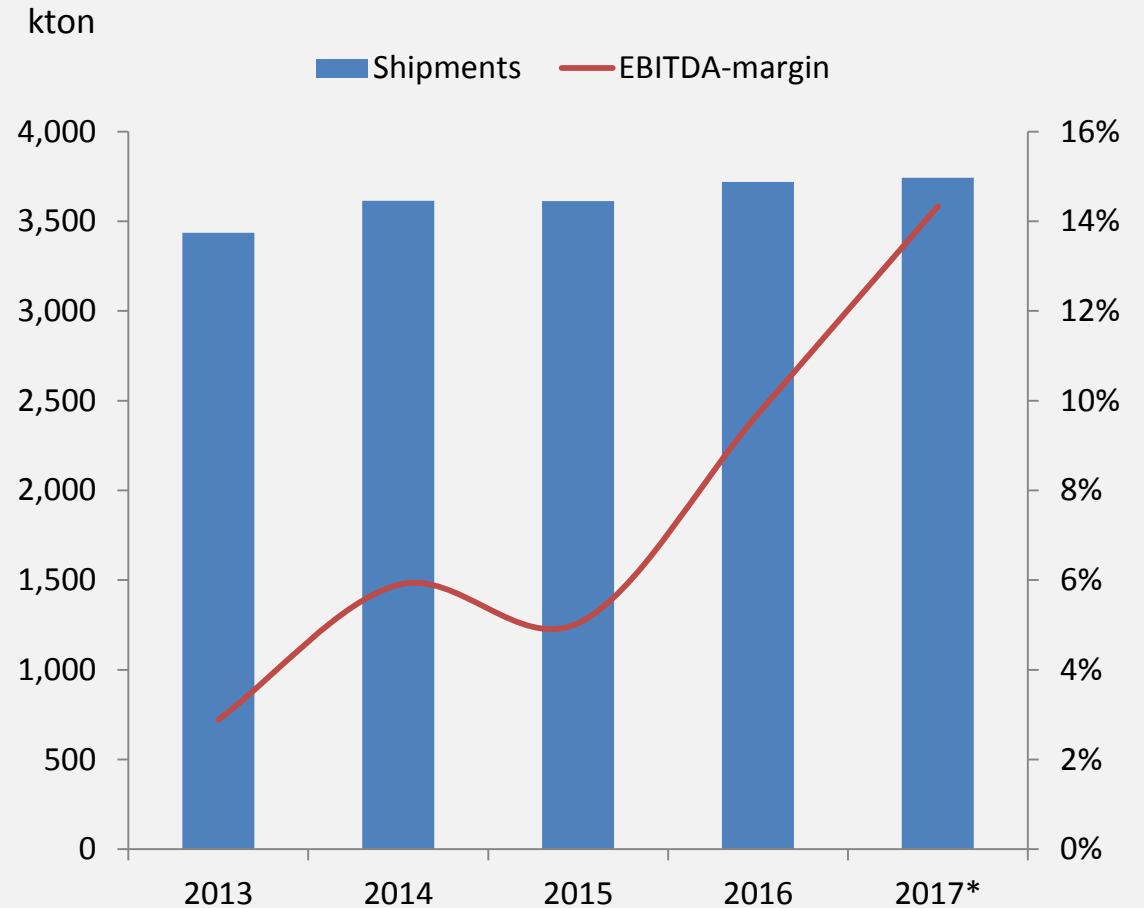
New HARDOX 500 TUF

- ▶ Hardox 500 TUF delivers exceptional strength, hardness and toughness in one and the same wear plate.
- ▶ Combines the best properties from Hardox 450 and Hardox 500 - a wear plate that has no real competition on the market
- ▶ Excels in handling heavy and sharp rocks, steel scrap and in demolition
- ▶ Several end-user benefits, e.g. for a Tipper
 - Reduced thickness from 8 to 6 mm, 25% weight reduction
 - Increased payload by 500-750 kg/cycle



SSAB Europe

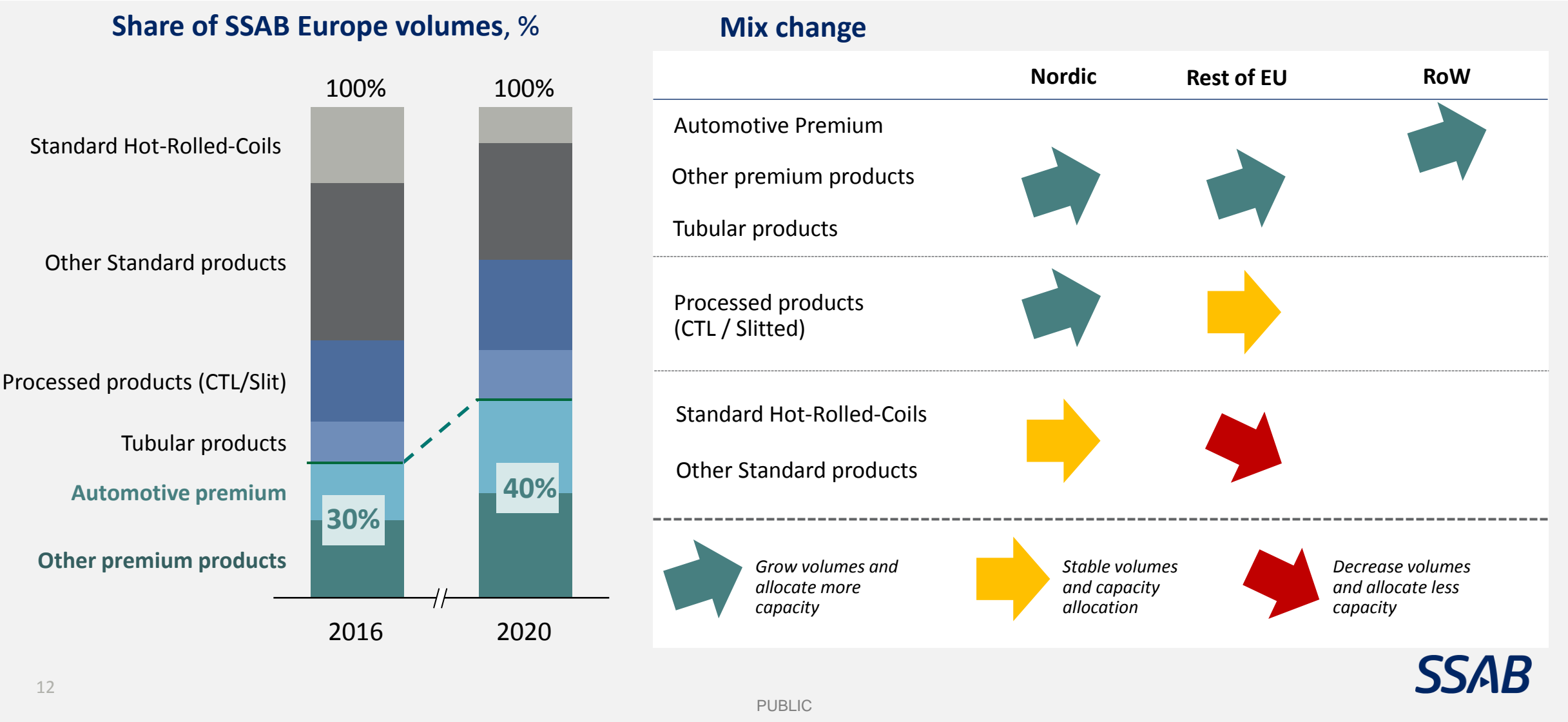
- ▶ Challenging market situation during 2013-2015, Chinese imports peaked in 2015
- ▶ Synergies, cost savings, improved market conditions (anti-dumping) and better mix has lifted profitability
- ▶ Continuous improvements and further strengthening of the mix in focus
- ▶ Solid demand trend



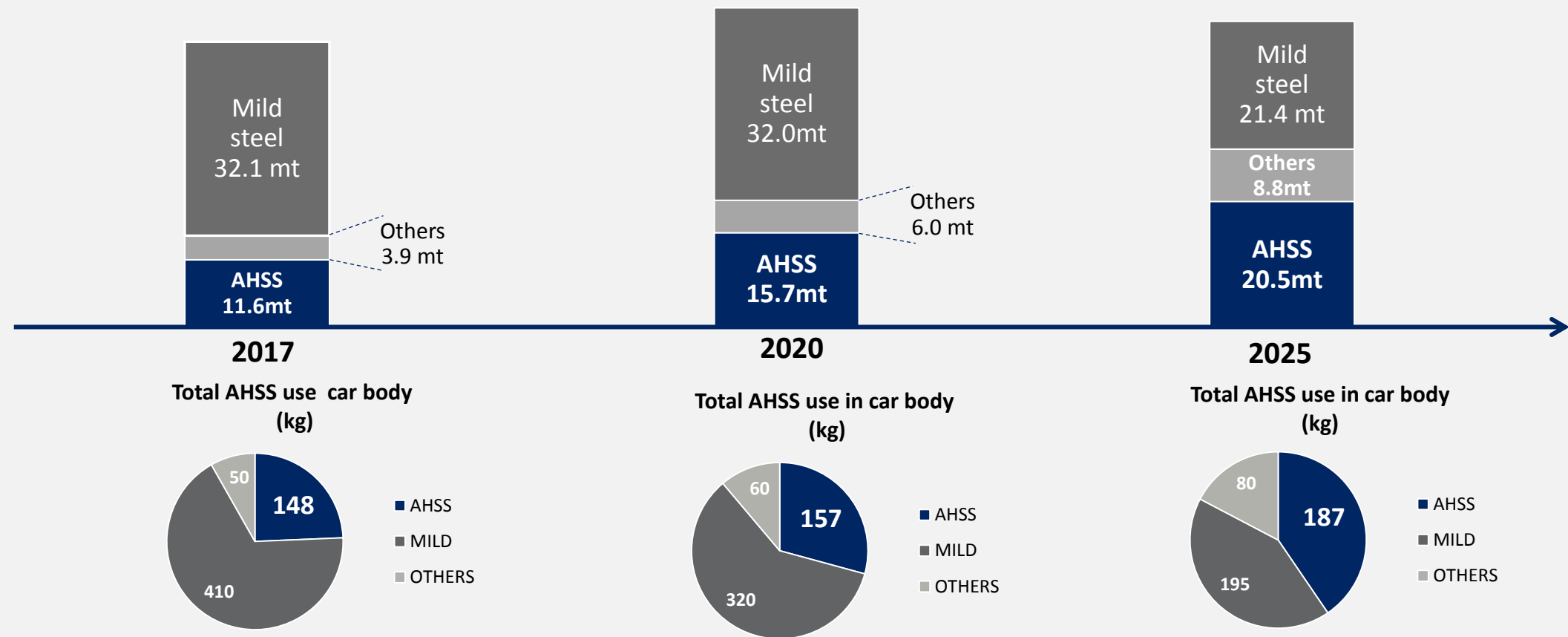
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SSAB Europe - premium product share to 40% by 2020

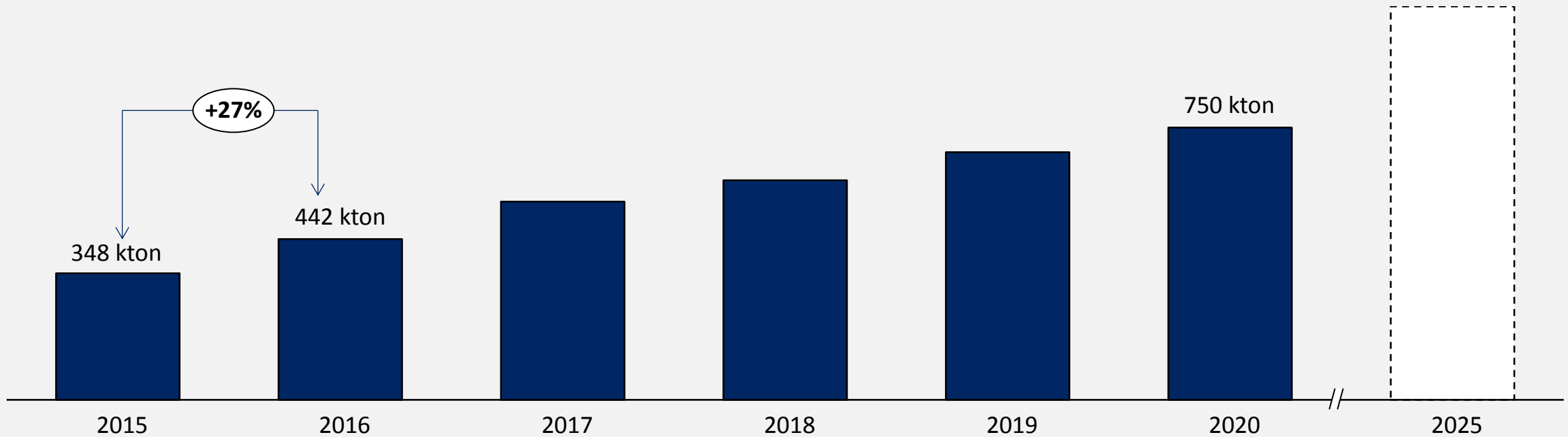


Automotive - growth of AHSS will outperform the overall market



Automotive - strong growth momentum

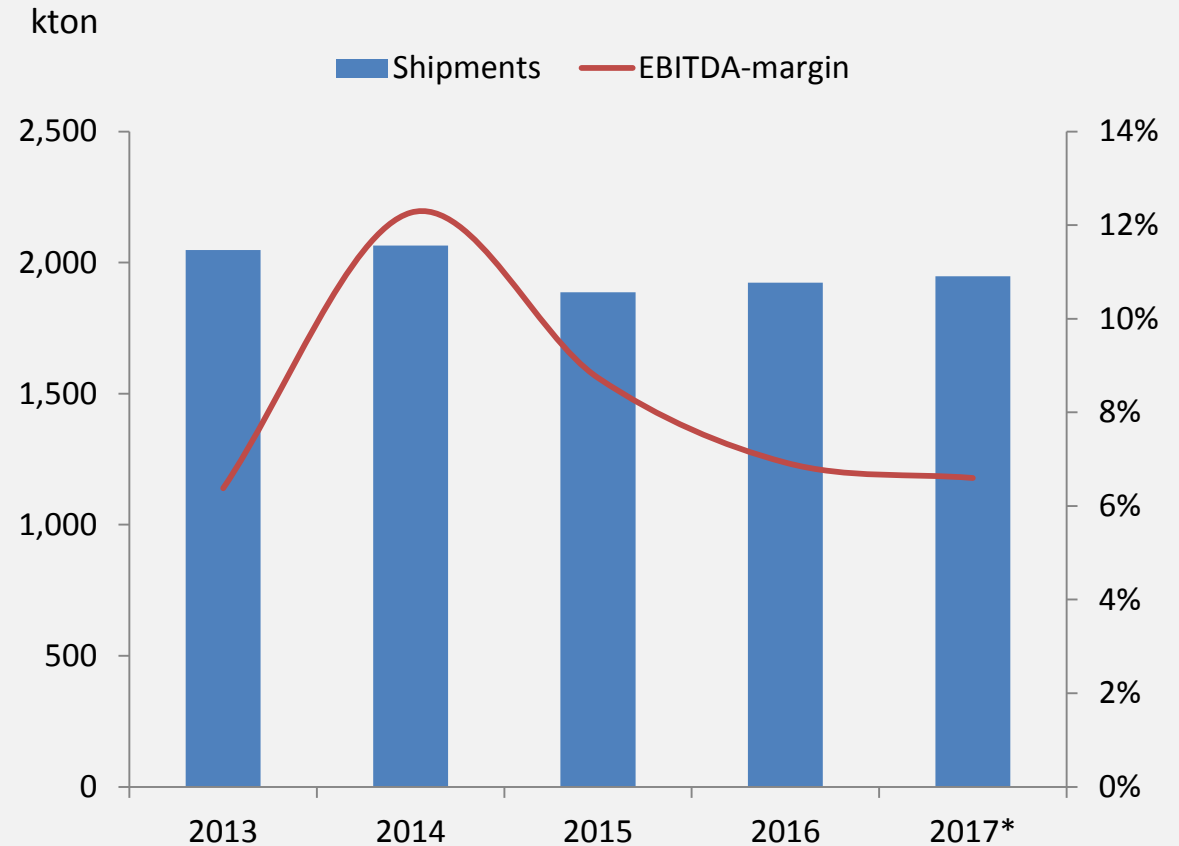
SSAB Automotive Premium Product sales volumes



- ▶ Renewed focus on Automotive since the SSAB-Ruukki merger delivers stronger than market growth
- ▶ Extended product portfolio and solid pipeline of projects support continued growth

SSAB Americas

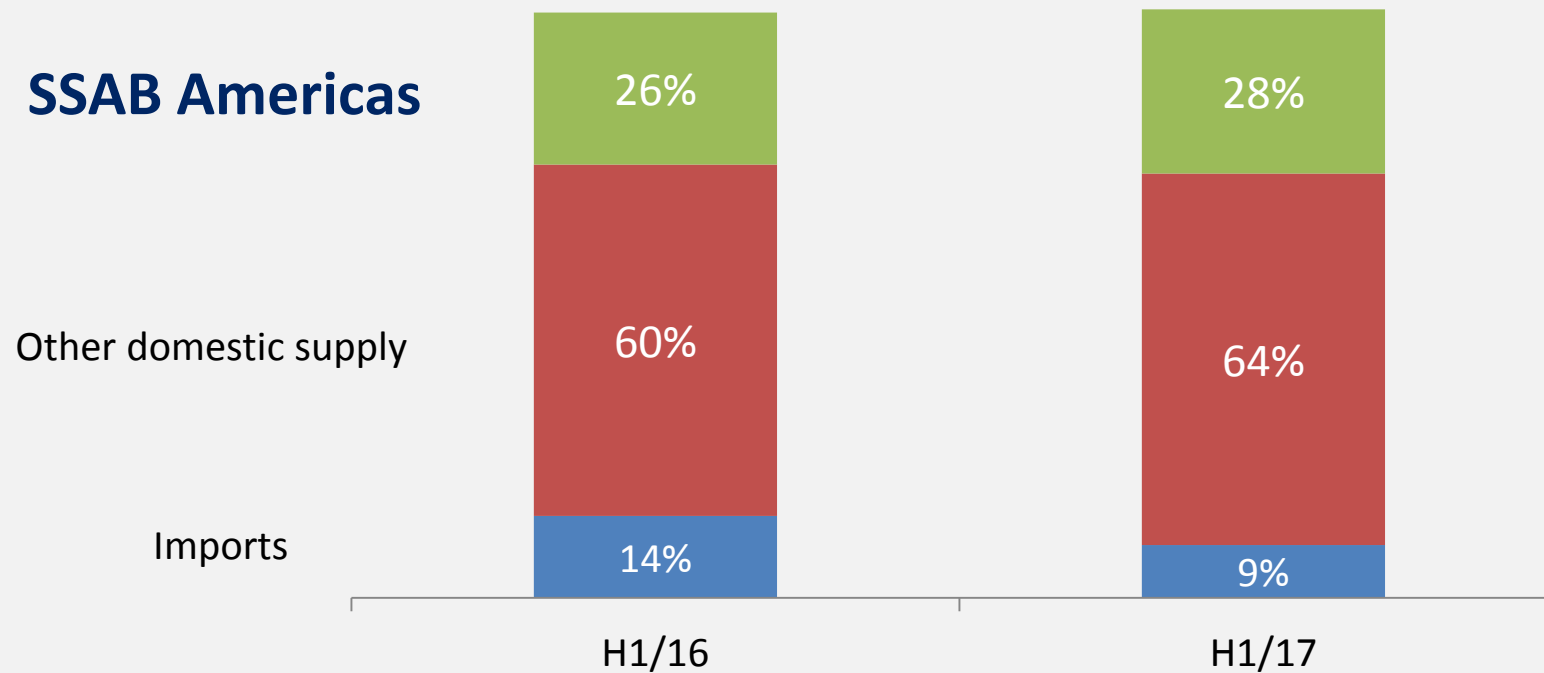
- ▶ Higher import volume and lower demand resulted in weak pricing in 2016
- ▶ Anti-dumping duties introduced during Q4 2016
- ▶ Outage in Mobile in Q1 and Q2 2017
- ▶ Improvement in Q3 on the back of better volume, margins and no outage cost



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Target of 30% market share

SSAB Americas' market share of the plate market



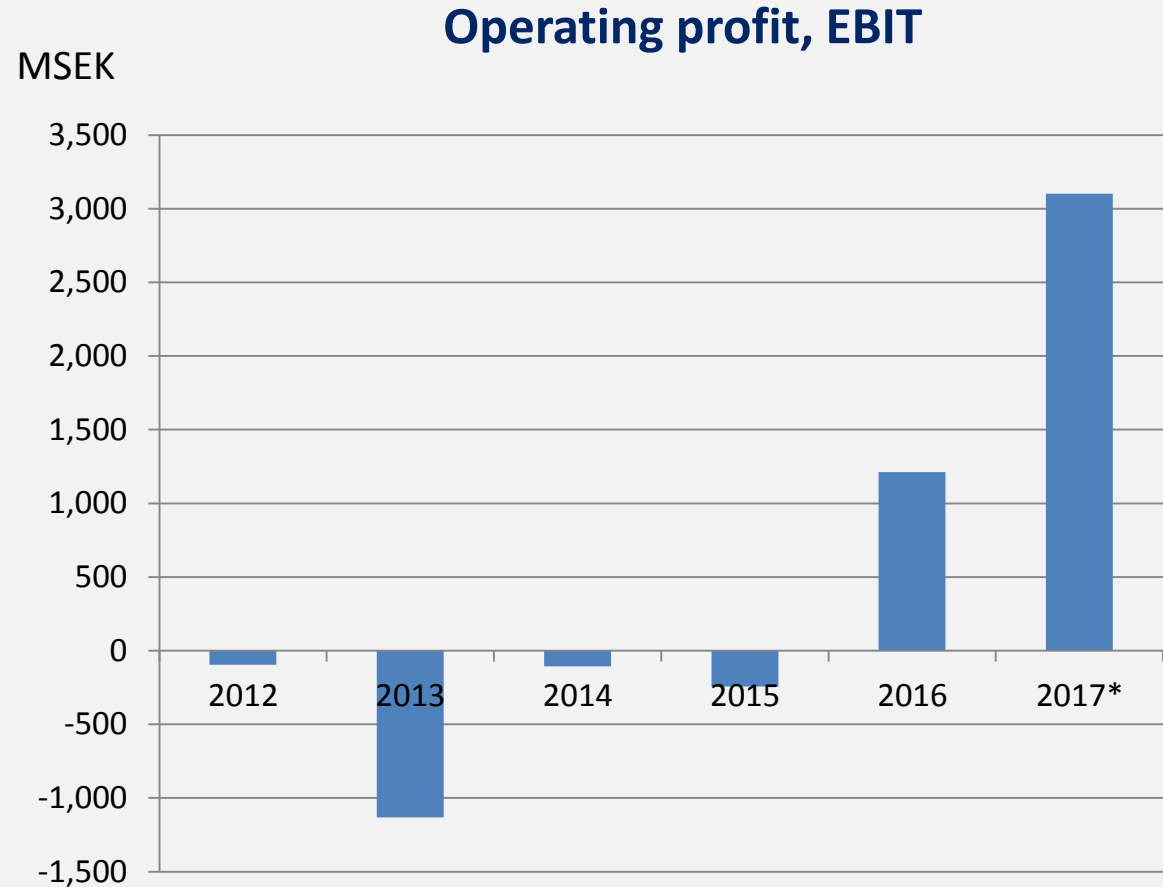
Source: AISI

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Strong trend in profitability improvement

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



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Summary of Q3/2017

Positive trend in earnings and continued strong cash flow

► EBIT of SEK 1,089m, up SEK 382m vs. Q3/16

- + Higher prices
- + Higher volumes
- Higher costs of raw materials

► EBIT was down SEK 116m compared with Q2/17

- + Lower fixed costs
- + Higher shipments in US
- Seasonally lower volumes in Europe
- Maintenance outages

► Operating cash flow at SEK 1,590m

► Gearing down to 27% (Q2/17: 30%)

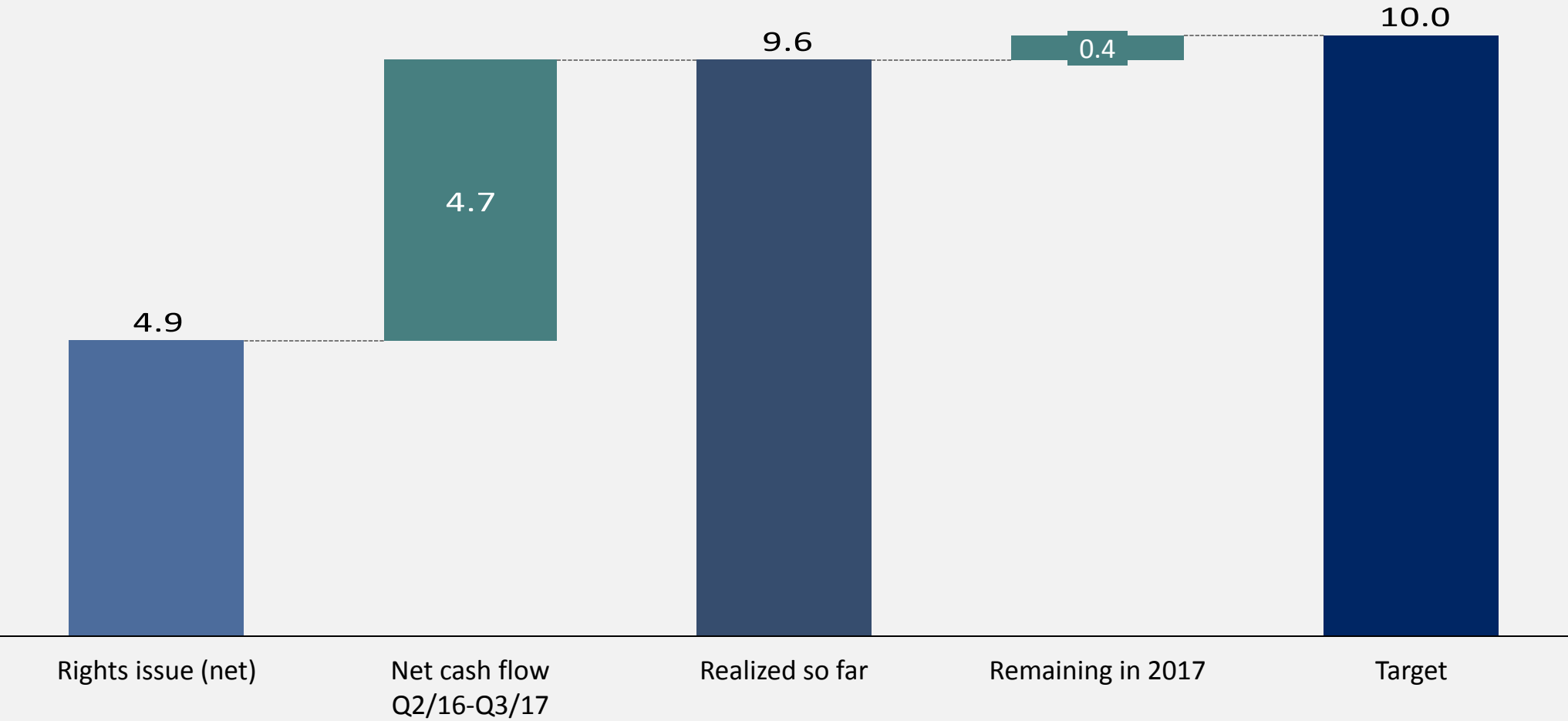
Key figures

SEKm	Q3/2017	Q3/2016	Q2/2017	FY 2016
Sales	16,188	13,477	17,115	55,354
EBITDA	2,016	1,635	2,167	4,951
EBIT	1,089	707	1,205	1,213
Operating cash flow	1,590	926	1,069	3,207

Net debt reduction according to plan

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

SEK bn



Continuous improvements – cost efficiency

Large number of efficiency actions across all divisions

Driven by the employees

Monthly follow-up of KPIs

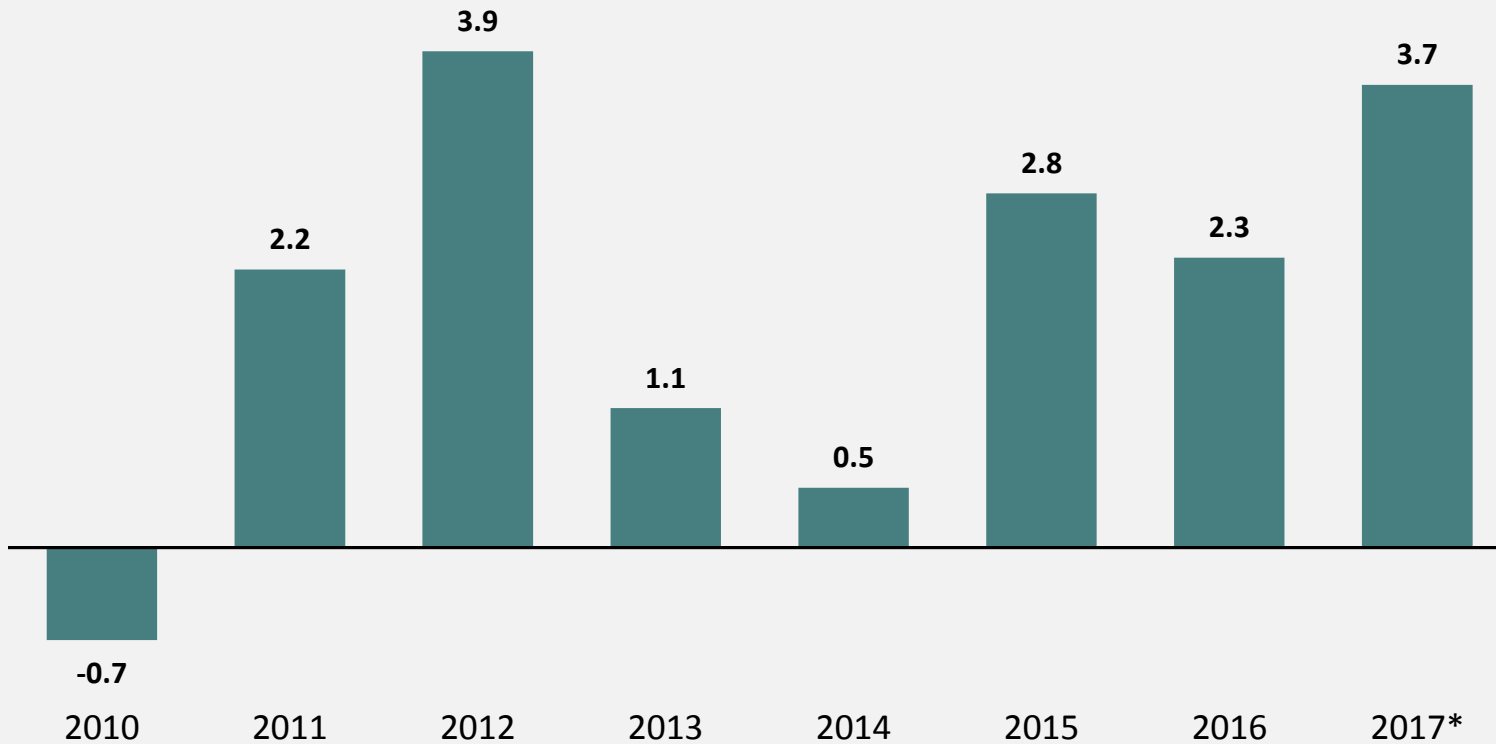
Continuous improvement in daily work

Improvement projects



Cash flow trend

Cash flow from current operations



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

Summary

- ▶ Top-line growth driven by high-strength steels
- ▶ Home market leadership, growth and mix improvement will improve profitability
- ▶ Well-invested to achieve the set targets
- ▶ Several initiatives to improve operational performance
- ▶ Towards industry-leading profitability



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*A stronger,
lighter and more
sustainable world*

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