SSAB Americas leads the continued earnings improvement

Presentation of the Q3/2018 results

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Oct 26, 2018

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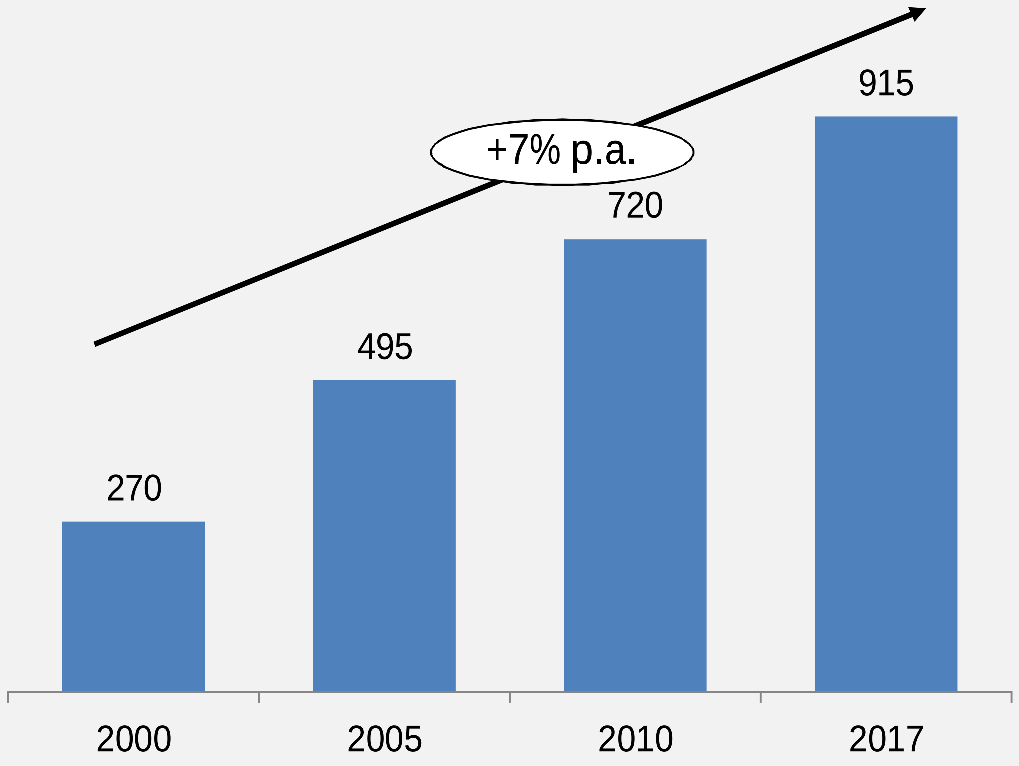
Agenda

- ▶ Q3 in summary and market situation
- ▶ Performance by division
- ▶ Financials
- ▶ Outlook
- ▶ Q&A

New Q&T investment in Mobile decided

SSAB is the driver of the Q&T market

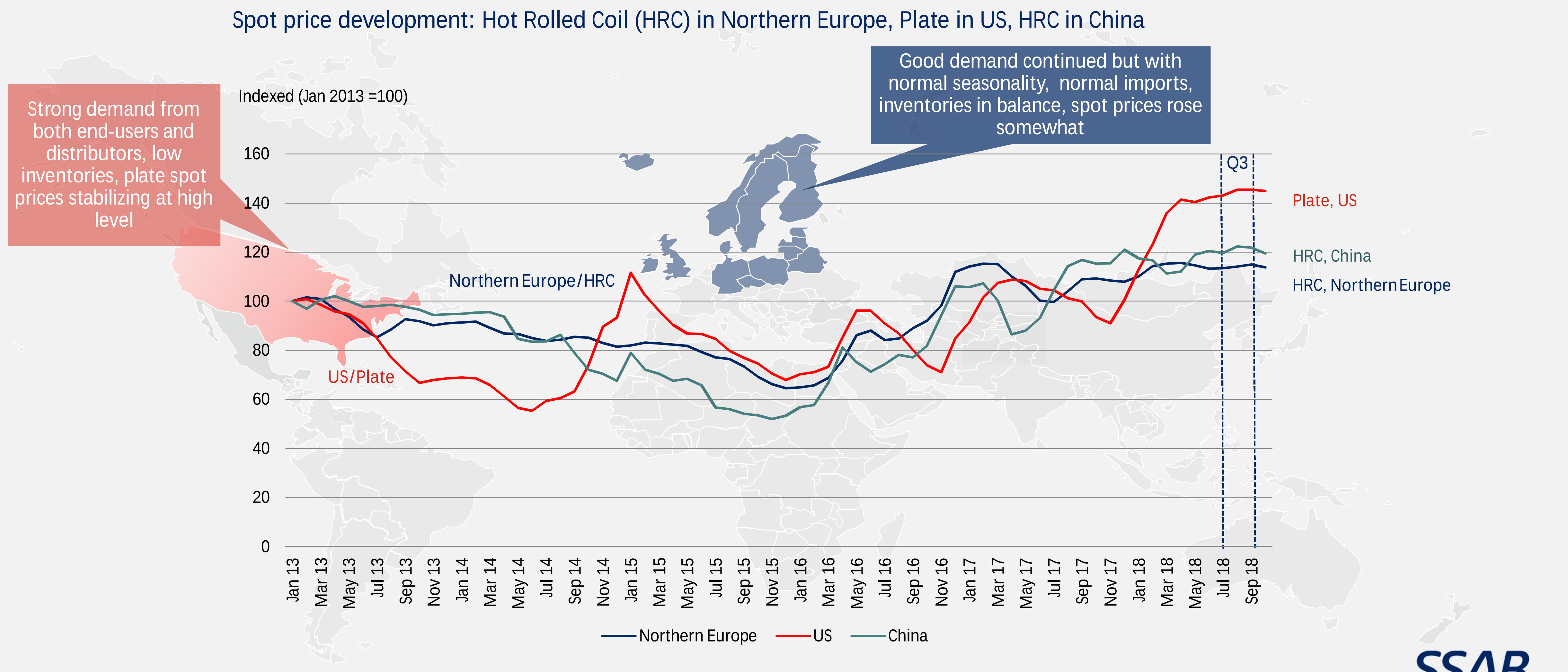


SSAB Q&T shipments per year, KTON
(excludes AHSS material sold by Special Steels)

Strategic rationale:

- Nine quenching lines – Oxelösund (4), Borlänge (1), Mobile (2) and Raahe (2)
- Relatively low penetration of Q&T plate in North and South America
- Total new investment of SEK 1bn over 2019-2021
- Capacity increase from ~300 kton to ~400 kton and cost savings
- Pay-back time less than 4 years (from today)
- Potential for additional bottleneck investments to lift capacity further

Strong demand continued both in Europe and North America



Demand in SSAB's key customer segments

● Strong ● Healthy ● Weak

Segment	Status	Comments
Heavy Transport	●	▶ High level of demand in Europe, especially heavy truck segment ▶ Positive trend in the US – Rail cars and barges
Automotive	●	▶ Some hesitation in mature markets ▶ Structural growth in AHSS
Construction Machinery	●	▶ Demand in the main European markets and in the US at high level
Material Handling	●	▶ High activity in Mining in several regions - maintenance and new equipment
Energy	●	▶ Solid demand in wind energy ▶ High activity in US oil and gas segment
Construction	●	▶ Good activity in several European markets, normal Q4 seasonality expected ▶ Some uncertainty in residential market in Scandinavia
Service Centers	●	▶ Relatively low inventories in US, some hesitation due to year-end planning ▶ Some hesitation in Europe – year-end planning

Financial summary of Q3/2018

Improvement driven by SSAB Americas and SSAB Special Steels

- EBIT of SEK 1,600m, up SEK 511m compared with Q3/17
  - \+ Higher prices
  - \- Higher costs of raw materials
  - \- Production disruptions
- Strong operating cash flow of SEK 1.9bn
- Focus on debt reduction – gearing 17% (27%)
- Earnings per share SEK 0.85 (0.56)

Key figures

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	19,038	16,188	19,263	66,059
EBITDA[1)]	2,563	2,016	2,582	7,591
EBIT[1)]	1,600	1,089	1,630	3,838
Operating cash flow	1,922	1,590	1,325	6,511
Earnings per share (SEK)	0.85	0.56	1.27	2.23
Gearing %	17	27	20	22
Shipments	1,646	1,672	1,811	6,970

1) Excluding items affecting comparability

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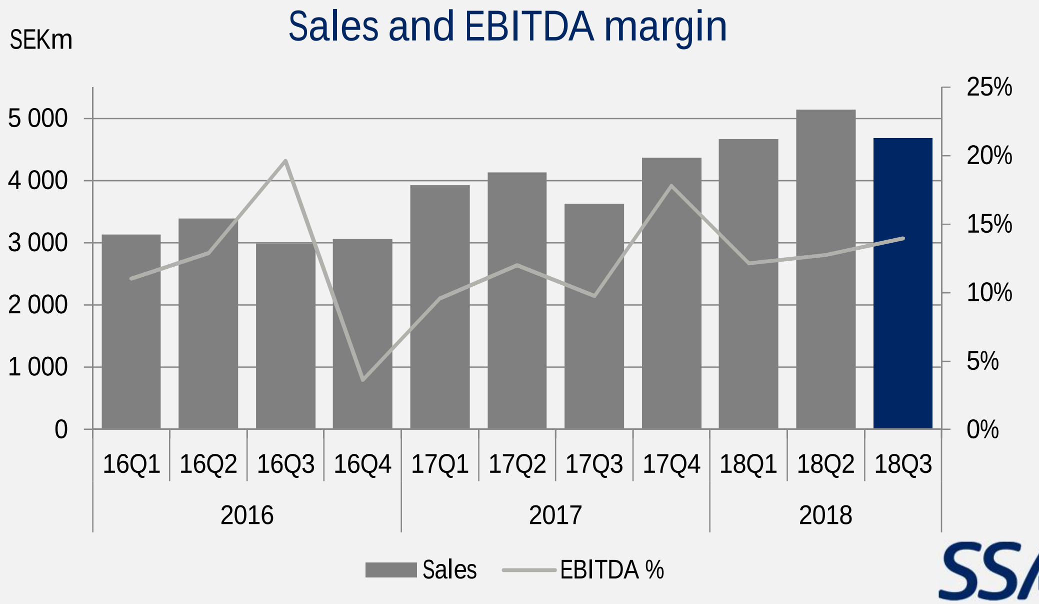
Q3/2018 - Performance by division

SSAB Special Steels

- Strong demand in main markets
- EBIT of SEK 536m, up SEK 317m compared with Q3/17
  + Higher prices and volumes
  - Higher costs of raw materials
  - Unplanned blast furnace shutdown, -SEK 100m
- Shipments +9% vs. Q3/17, but -6% vs. Q2/18 due to the seasonal pattern on the European markets

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	4,684	3,627	5,142	16,053
EBITDA	670	353	656	2,002
EBIT	536	219	522	1,465
Shipments, ktonnes	320	293	339	1,192



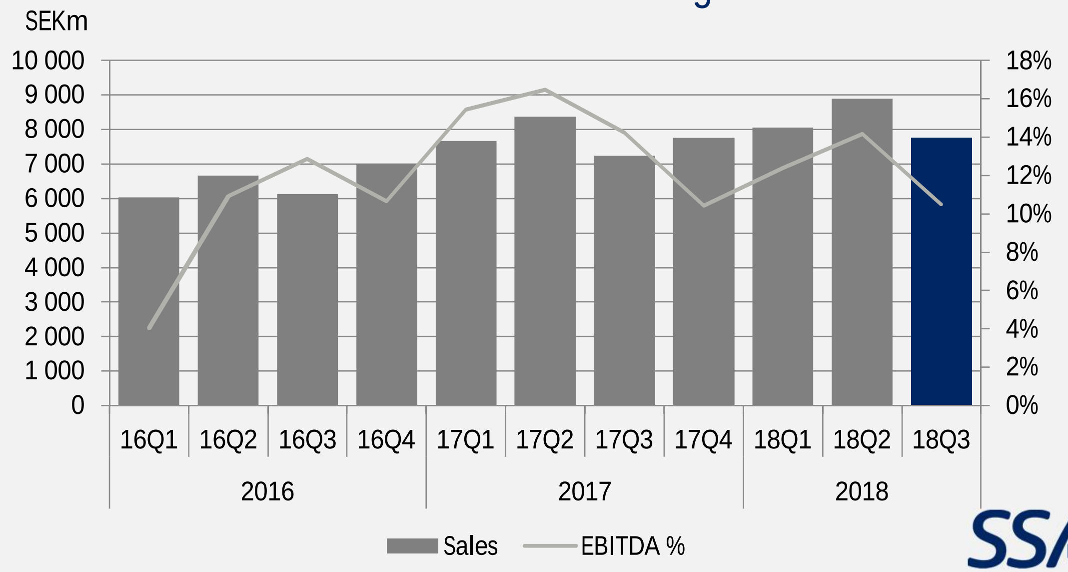
SSAB Europe

- ▶ Good demand continued
- ▶ EBIT in Q3/18 was SEK 460m, down SEK 220m vs. Q3/17
  - + Higher prices
  - – Production disruptions – lower shipments
  - – Higher raw material costs
- ▶ Shipments -7% vs. Q3/17, and -16% vs. Q2/18

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	7,754	7,245	8,892	31,048
EBITDA	814	1,031	1,259	4,405
EBIT 1)	460	680	907	2,988
Shipments, ktonnes	810	871	963	3,745

1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

Sales and EBITDA margin

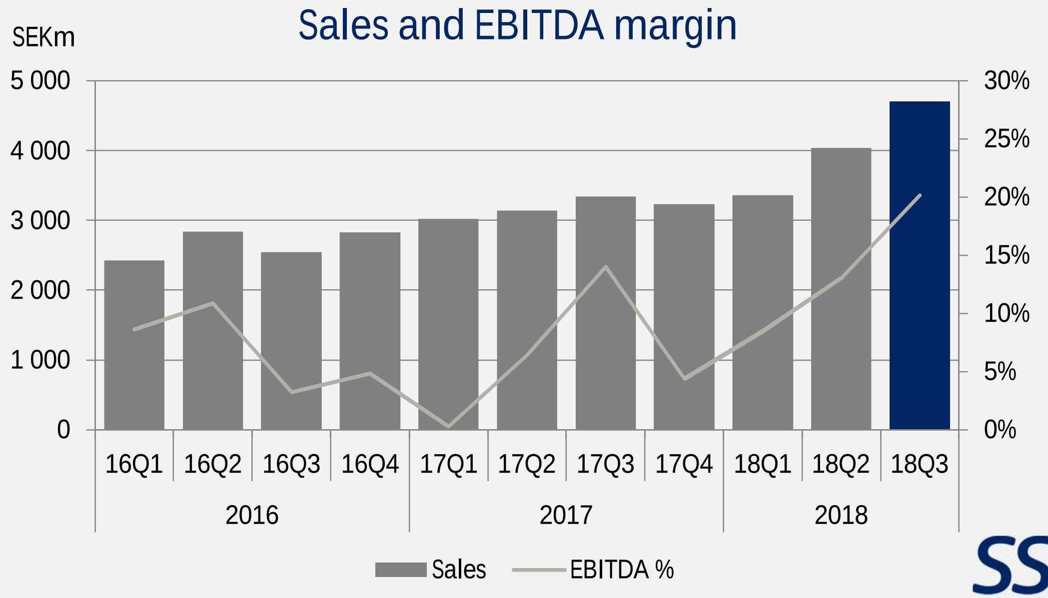


SSAB Americas

- Demand continued strong, spot plate prices at high level
- EBIT in Q3/18 was SEK 790m, up SEK 474m from Q3/17
  - \+ Higher prices
  - \- Higher raw material costs
- Shipments +2% both vs. Q3/17 and Q2/18

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	4,713	3,340	4,040	12,727
EBITDA	951	468	526	818
EBIT 1)	790	316	365	183
Shipments, ktonnes	517	508	509	1,971

1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO.



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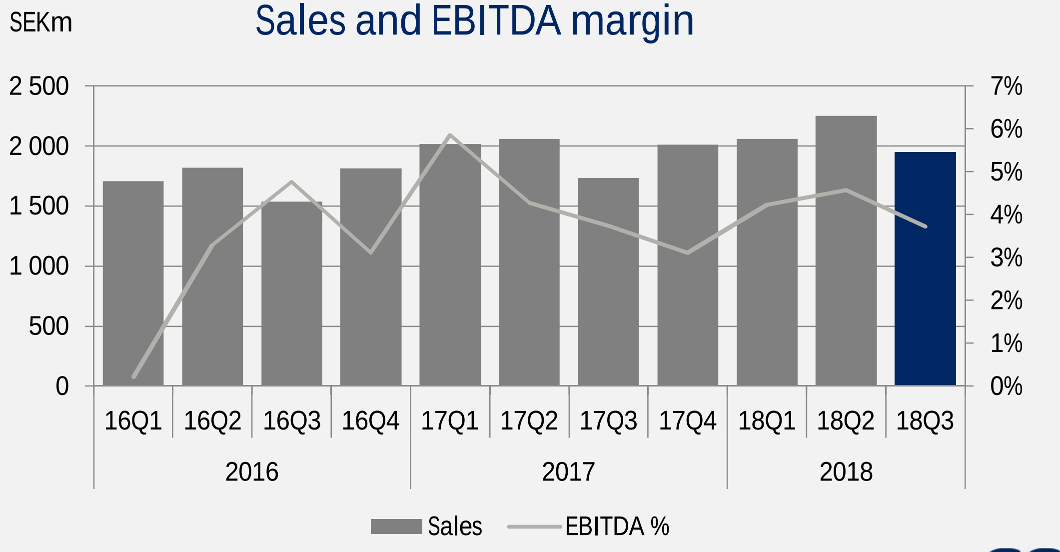
- ▶ Stable demand, but with seasonal slowdown
- ▶ Sales increased by 12% vs. Q3/17, but were down 14% vs. Q2/18 due to seasonally lower volumes
- ▶ Shipments at previous year's level
- ▶ EBIT in Q3/18 was SEK 53m, up SEK 9m from Q3/17
  - + Higher prices

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	1,949	1,733	2,253	7,821
EBITDA	73	65	103	334
EBIT 1)	53	44	83	252
Shipments (kton)	160	159	188	716

1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

Sales and EBITDA margin



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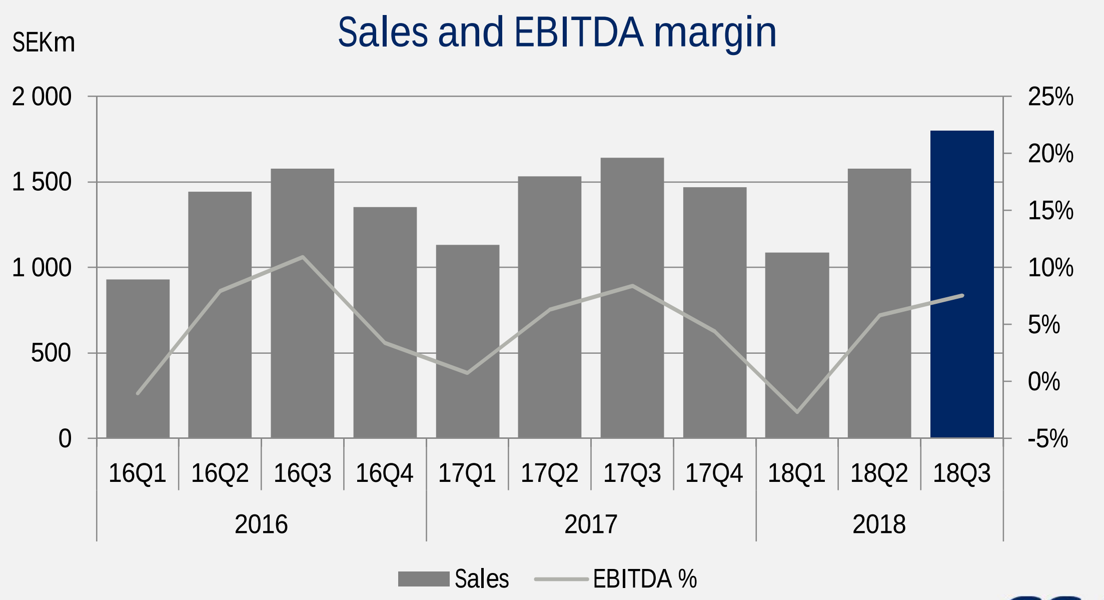
Ruukki Construction

- ▶ Seasonally good demand, underlying demand in Russia remained weak
- ▶ Sales up by 10% vs. Q3/17
- ▶ EBIT in Q3/18 was SEK 103m, down SEK 2m vs. Q3/17
  - + Residential Roofing and Building Components
  - – Building Systems and Ruukki Russia
- ▶ Agreement for divesting Ruukki Construction Russia signed – closing expected in Q4
  - – Estimated capital loss of SEK 213m in Q3

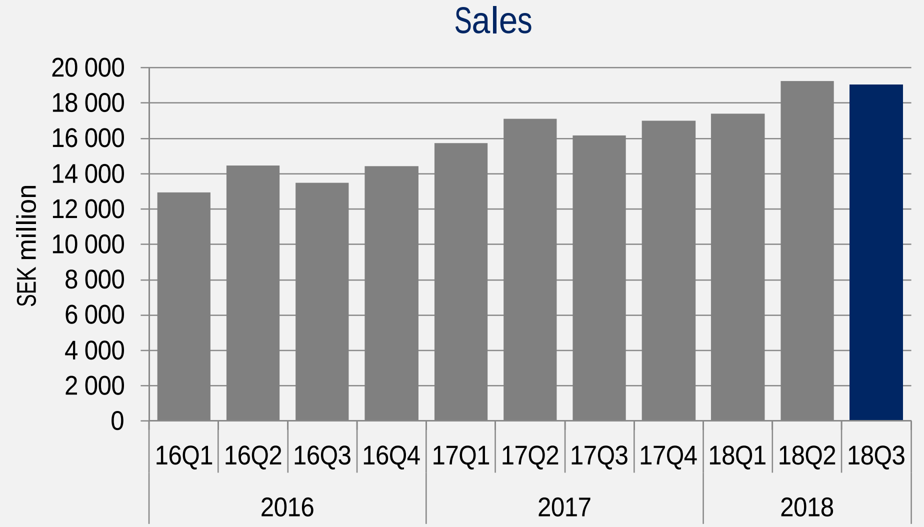
SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Sales	1,799	1,640	1,578	5,773
EBITDA	136	137	92	307
EBIT 1)	103	105	59	171

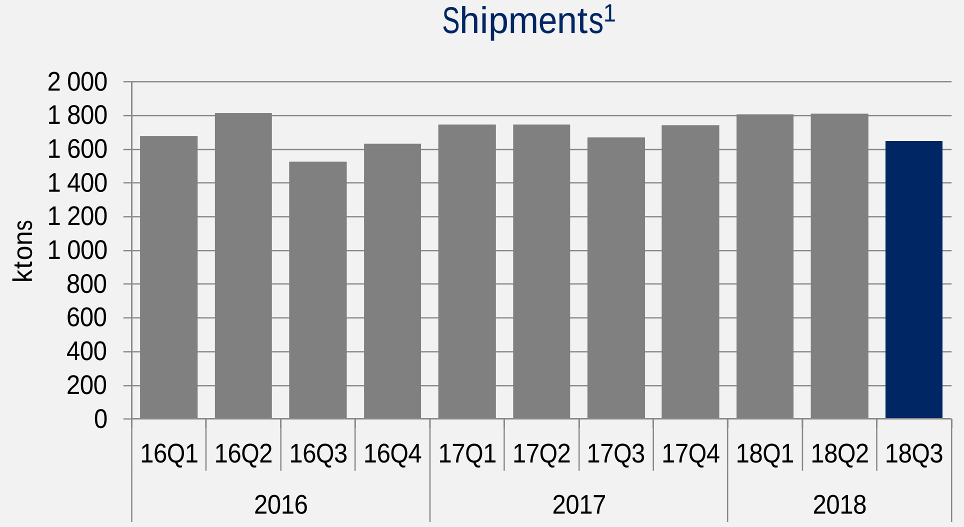
1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.



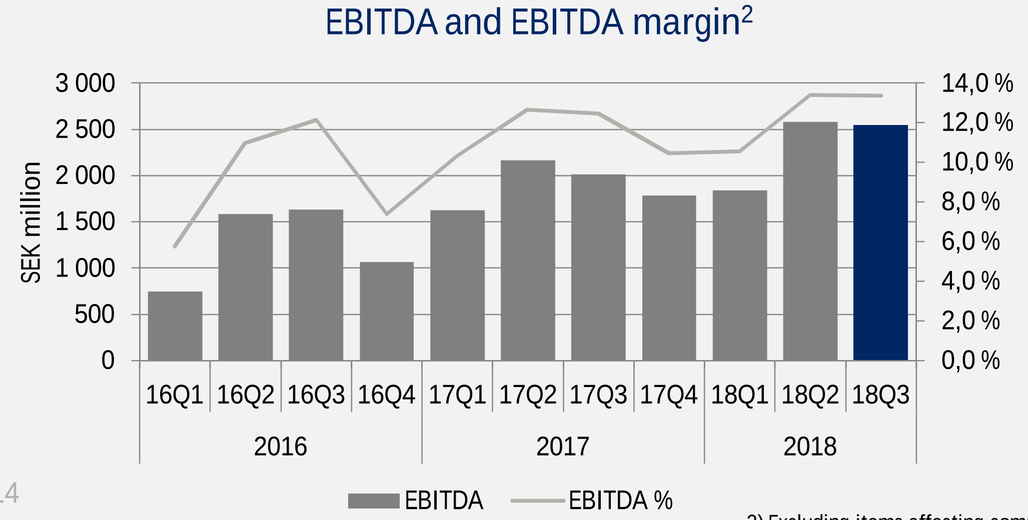
Financials

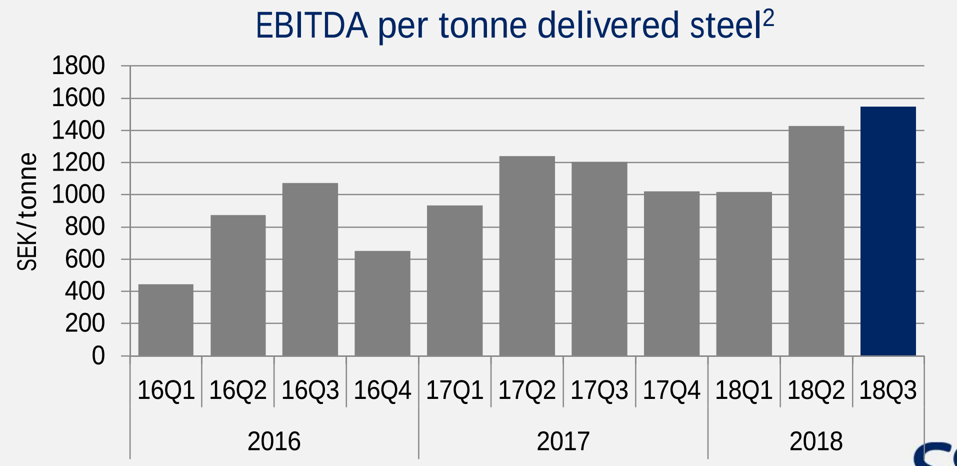
Profitability continued to improve y-on-y





1) Including the steel operations: Special Steels, Europe and Americas





2) Excluding items affecting comparability

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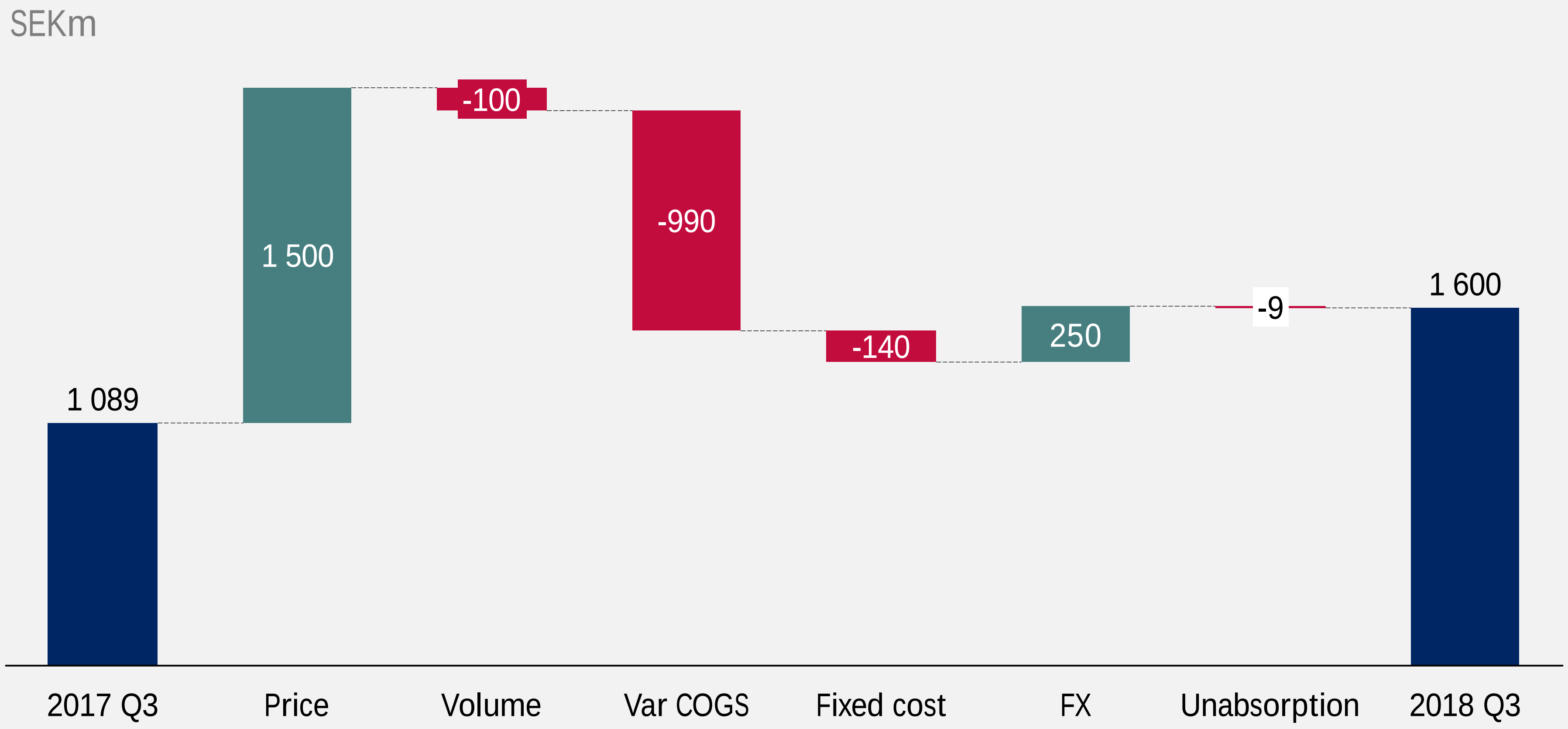
Change in operating profit
Q3/2018 vs. Q3/2017



Note: Excluding items affecting comparability

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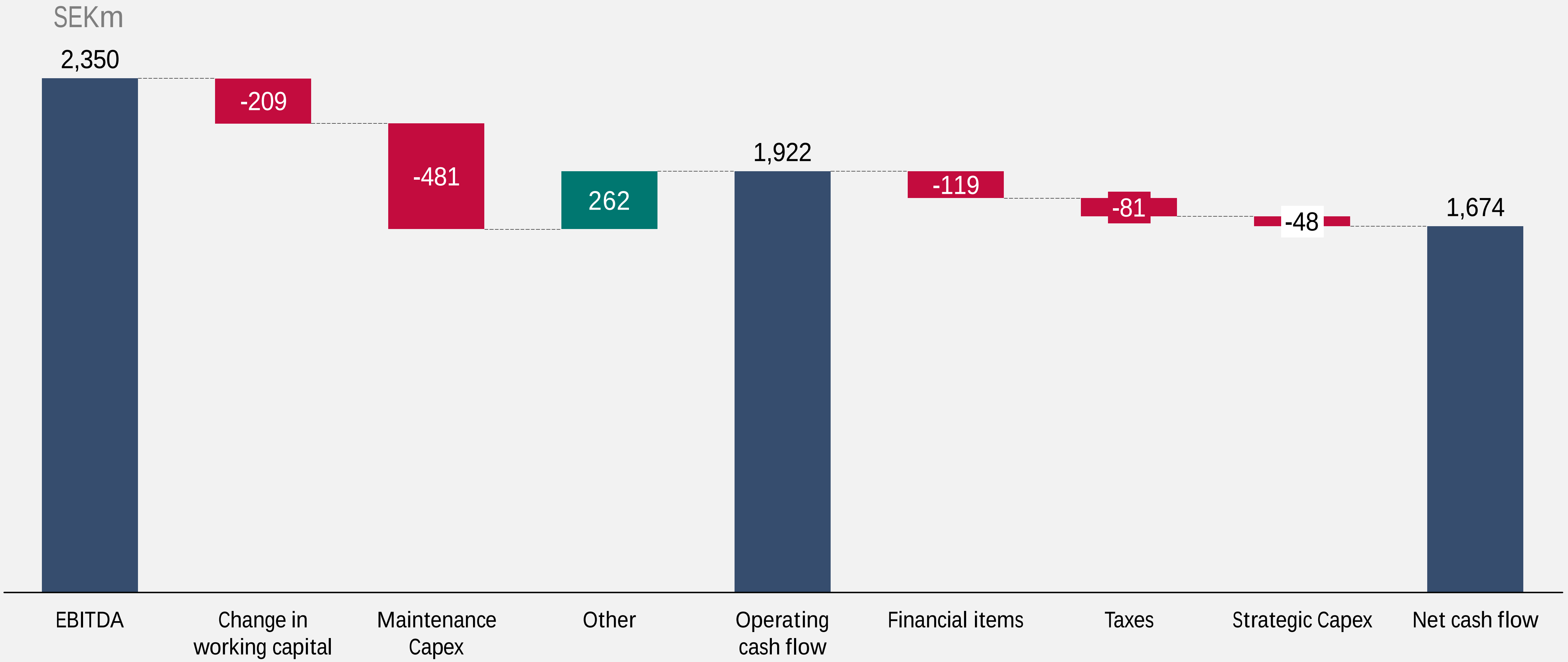
Change in operating profit
Q3/2018 vs. Q2/2018

Note: Excluding items affecting comparability

Continued positive operating cash flow in Q3

SEKm	Q3/2018	Q3/2017	Q2/2018	2017
Operating profit before depreciation/amortization	2,350	2,016	2,582	7,591
Change in working capital	-209	-38	-805	303
Maintenance expenditure	-481	-346	-417	-1,366
Other	262	-42	-34	-17
Operating cash flow	1,922	1,590	1,325	6,511
Financial items	-119	-180	-235	-943
Taxes	-81	-61	-105	-249
Cash flow from current operations	1,722	1,349	986	5,319
Strategic capital expenditure in plant and machinery	-48	-68	-90	-237
Acquisitions of shares and operations	0	0	0	-11
Divestments of shares and operations	0	-	0	1
Cash flow before dividend	1,674	1,281	896	5,072
Dividend paid to shareholders	0	-	-1,030	-
Dividend, non-controlling interest	0	-	-2	-4
Net cash flow	1,674	1,281	-136	5,068

Net cash flow



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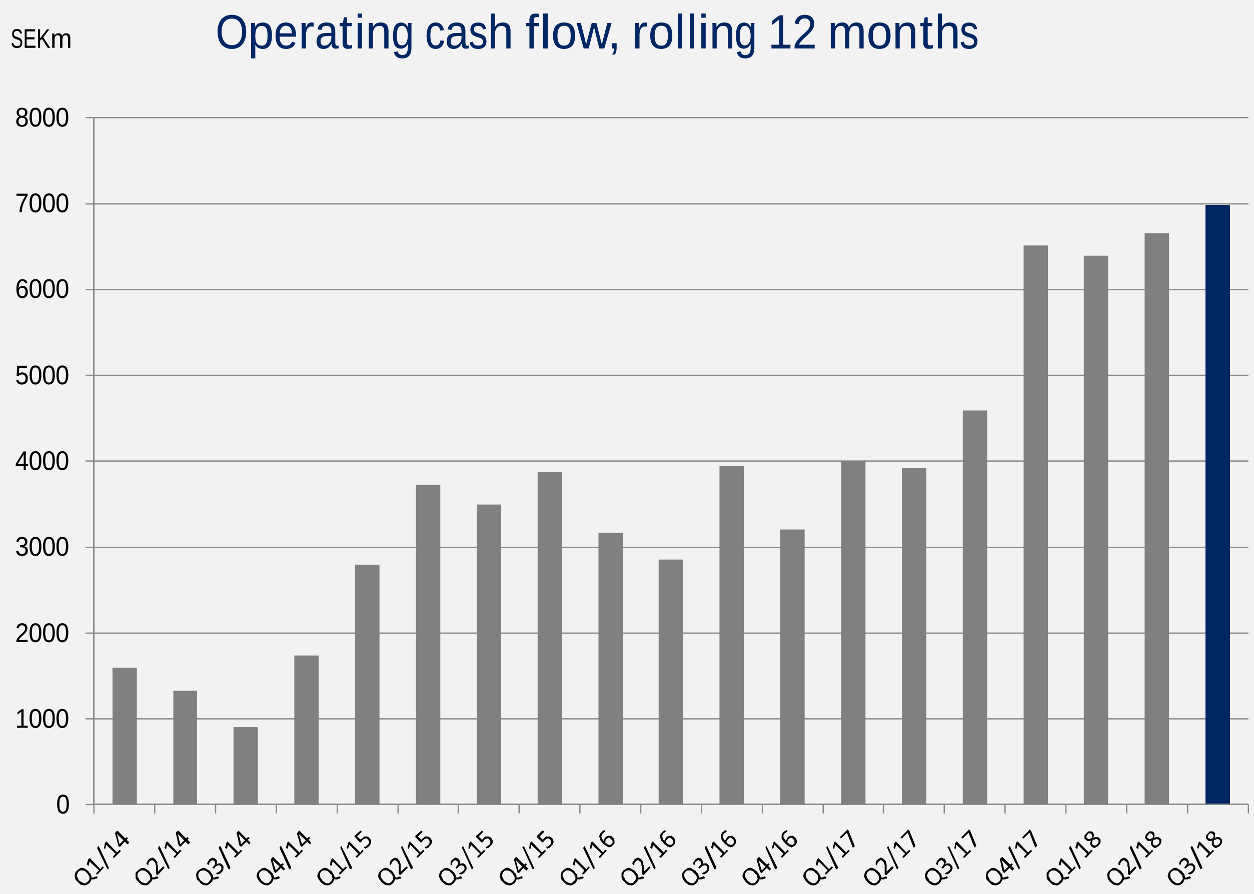
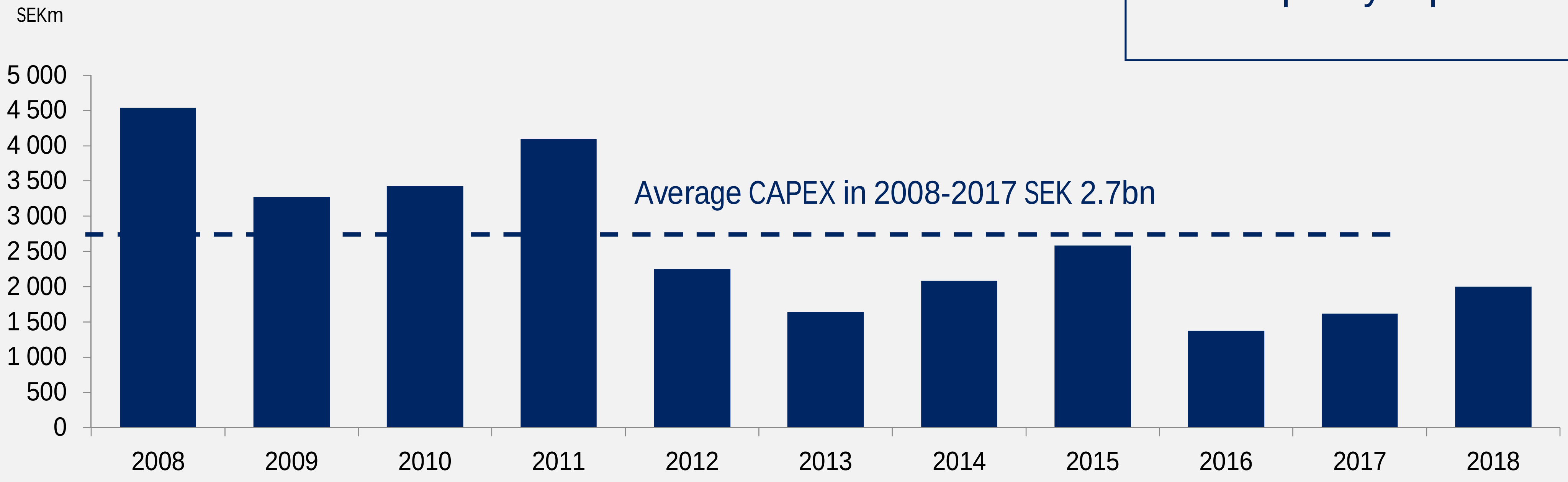
Cash flow trend



- ► Potential to further improve profitability
- ► Well-invested
- ► Reduction in working capital/sales
- ► Lower interest cost
- ► Tax rate ~20%

Investments

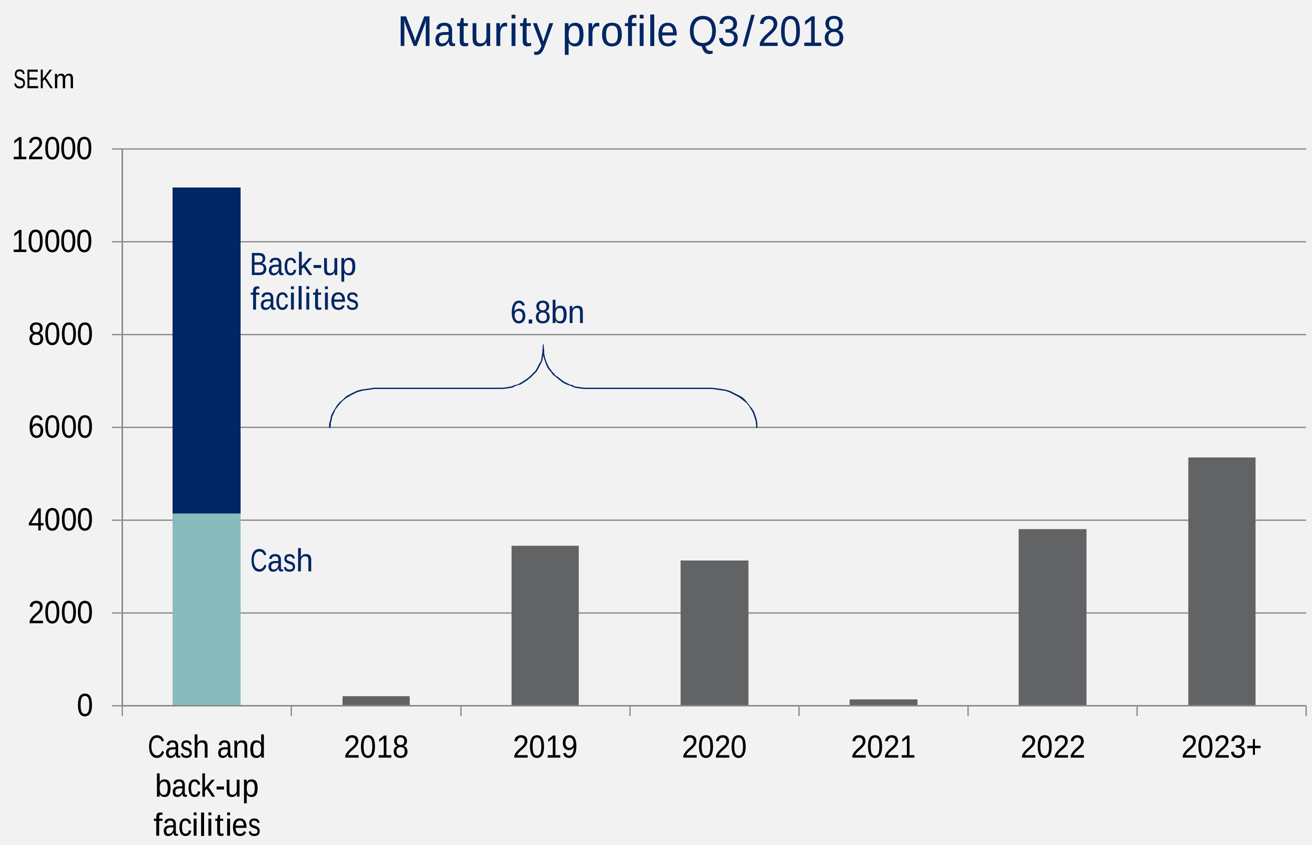
Current run-rate reflects no major relinings or major capacity expansions



Note: 2008-2013 refers to combined investments for Rautaruukki and SSAB

Maturity profile and net debt

- ▶ Net debt decreased by SEK 1,689m and amounted to SEK 10.2bn
- ▶ Duration of the loan portfolio was 6.1 years (6.2 at the end of Q2/18)
- ▶ Net gearing decreased to 17% (27%)



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Iron ore and coking coal – purchase prices fairly stable

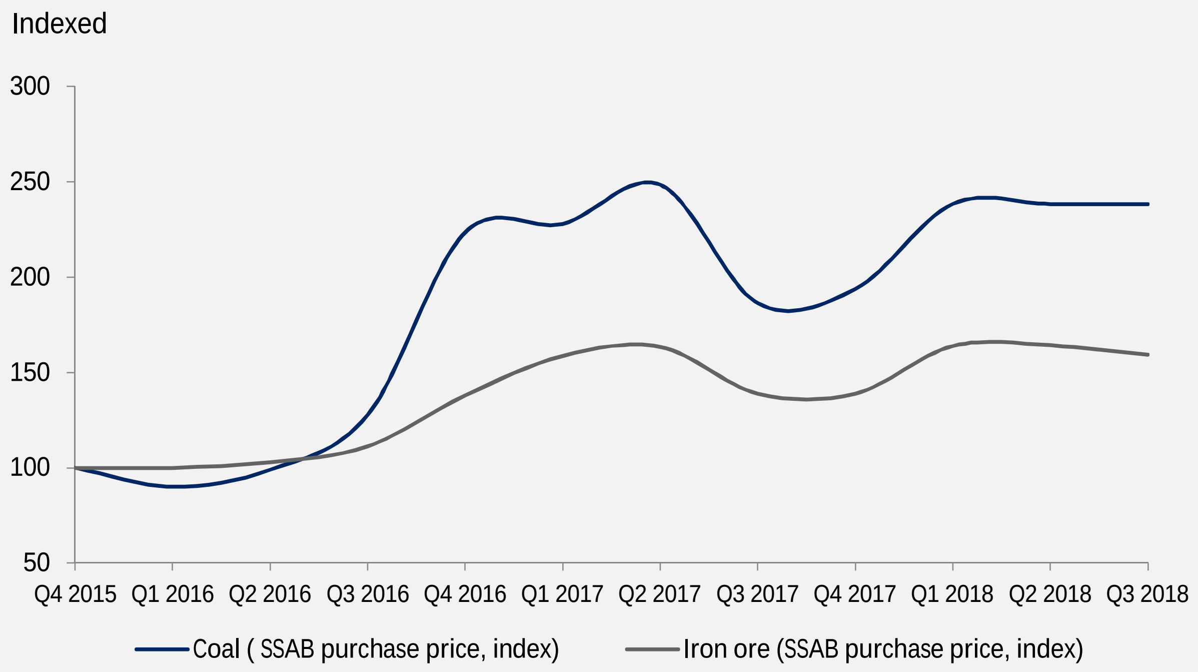
Iron ore

- Average pellet purchase price in Q3/18 was 3% lower in terms of SEK (-6% in USD) vs. Q2/18

Coking coal

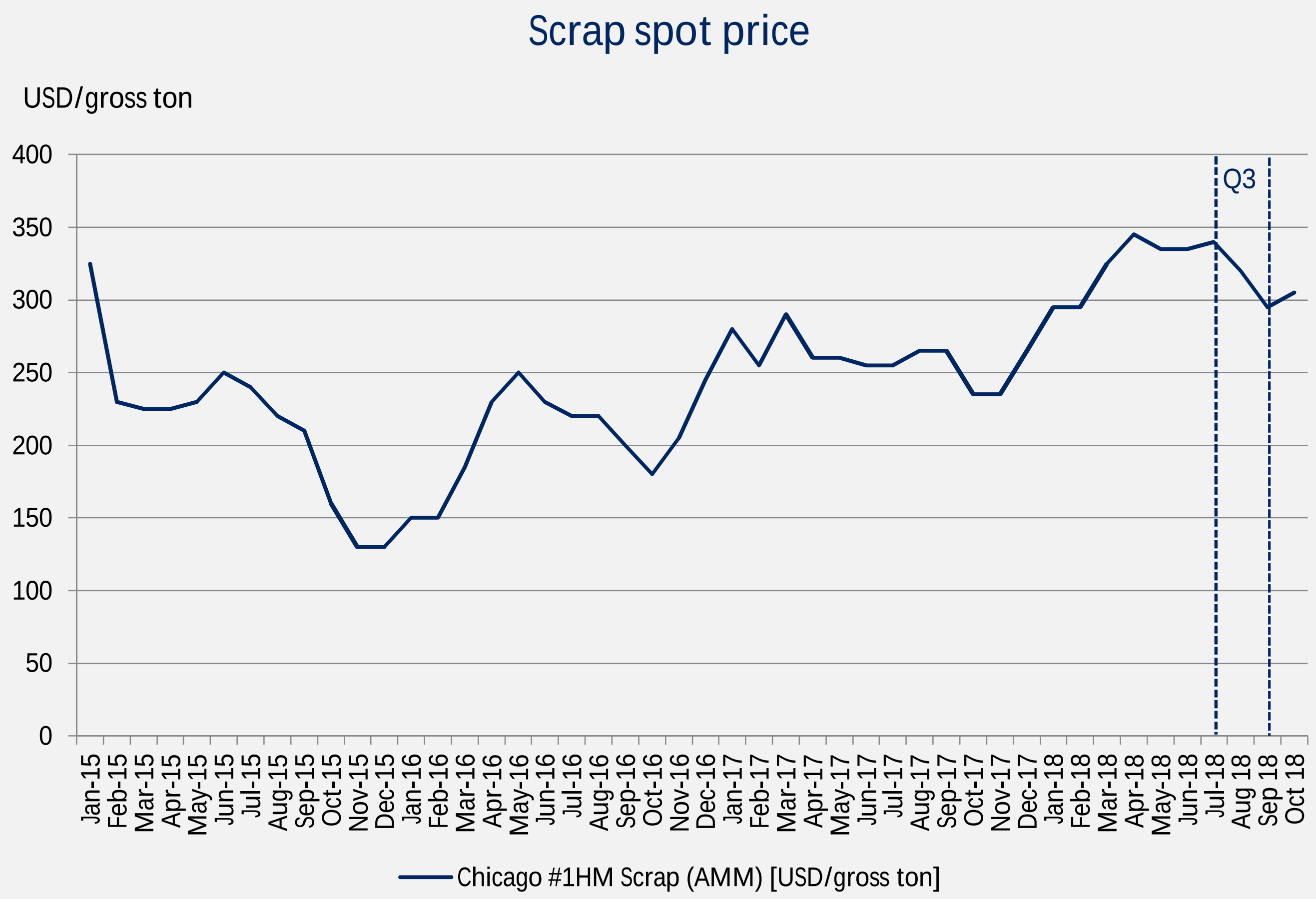
- Average coking coal purchase price in Q3/18 was at the same level as in Q2/18 in terms of SEK (-3% in USD)

SSAB’s purchase price, coking coal and iron ore



Scrap spot prices decreased in Q3

- SSAB's average purchase price for scrap was 8% lower in Q3/18 vs. Q2/18 (USD)



Source: AMM

Outlook

SSAB's outlook for Q4/2018

- In North America, demand for heavy plate is expected to remain strong
- In Europe, demand is expected to be good, albeit with a seasonal slowdown towards the end of the year
- The demand for high-strength steels is expected to remain strong
- Prices realized during the fourth quarter are expected to be:
  - Somewhat higher for SSAB Americas and SSAB Special Steels
  - Somewhat lower for SSAB Europe due to a seasonally weaker product mix

Business segment	Volume trend Q4 vs. Q3	Comment
SSAB Special Steels	→	Strong demand, planned maintenance outage in Q4
SSAB Europe	→	Stable demand
SSAB Americas	→	Strong demand - planned maintenance outage in Montpelier in Q4

Summary

Q3:

- Strong result for SSAB Americas
- Good volume growth and pricing for SSAB Special Steels
- Positive outlook in SSAB Europe – normal year-end seasonality

In focus:

- High priority on production stability and safety
  - Preventive actions
  - Continuous improvement
- Debt reduction
  - Strong balance sheet regardless of business cycle
  - Flexibility to act on investment opportunities

Questions
& Answers

Appendix

Major planned maintenance outages in 2018

SEKm	Q1/18	Q2/18	Q3/18	Q4/18	2018	2017
SSAB Special Steels	-	-	-	250	250	230
SSAB Europe	-	40	240	130	410	390
SSAB Americas	-	-	-	300	300	390
Total	-	40	240	680	960	1,010

Note: The estimates shown in table includes direct maintenance cost and cost of lower capacity utilization (under absorption), but excludes lost margins.

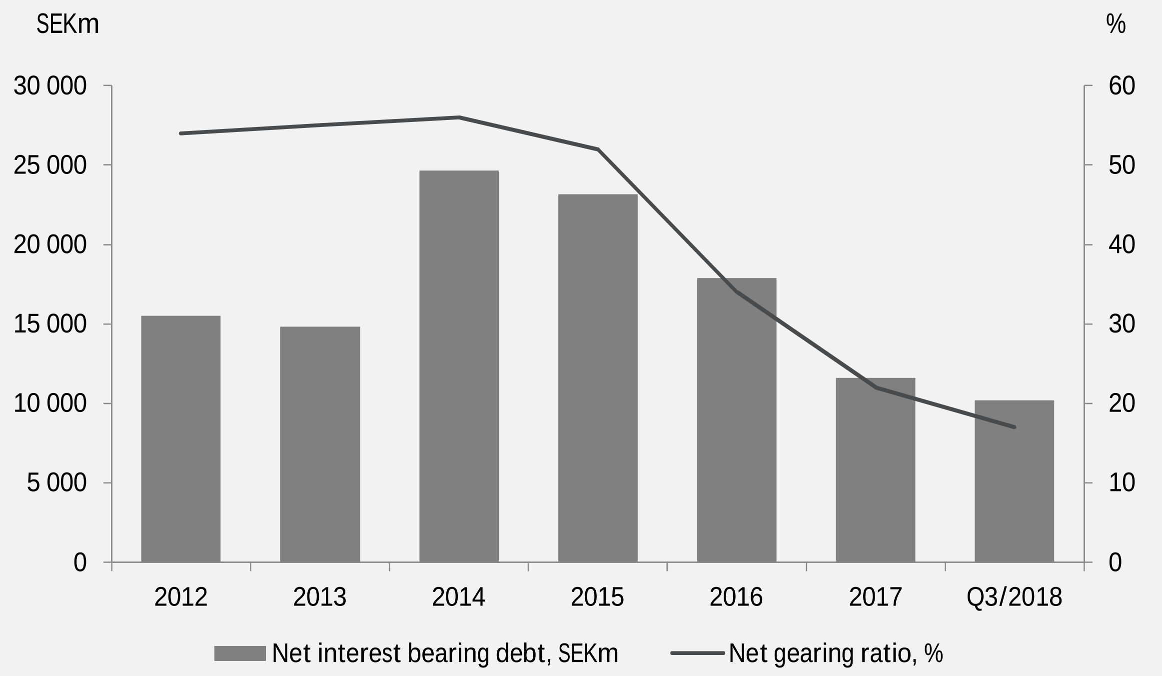
Anti-dumping measures are in place and under preparation in EU and the US

	In place	Under preparation
Europe	▶ Cold-rolled carbon steels (China, Russia) ▶ Hot-Rolled flat carbon steels (China) • Final AD duties for strip 18%-36% and 65%-74% for pla ▶ Hot-Rolled flat carbon steels (Brazil, Russia, Iran, Serbia and Ukraine) – AD duties on imports of hot rolled coil from Brazil, Iran, Russia and Ukraine ▶ EU provisional safeguard measures – quotas and tariffs (25%)	▶ Corrosion Resistant Steel (China) – Provisional anti-dumping duties of 17.2%-28.5% in Aug 2017
US	▶ Hot-rolled sheet and coils (China, Russia, India, Ukraine, Indonesia, Taiwan, Thailand) ▶ Hot-rolled sheet and coils (Australia, Brazil, Japan, Korea, Netherlands, Turkey) ▶ Heavy plate (China, India, Indonesia, Russia, Ukraine) ▶ Heavy plate (China, Austria, Belgium, Taiwan, France, Germany, Italy, Japan, South Korea) • Final AD decision for the 8 countries in March 2017 – increased duties vs. preliminary duties • Final AD and CVD decision on Chinese plate AD margin of 68% and a subsidy (CVD) margin of 251% ▶ As a result of the Section 232 steel investigation a duty of 25% was imposed on imports from all countries (exceptions for Argentina, Brazil, Australia and S. Korea	▶ Cold-rolled sheet and coils (Brazil, India, Korea, Russia, United Kingdom) ▶ Heavy plate (Turkey, Brazil, South Africa) – Preliminary AD decision in place for Turkey, Brazil, South Africa

Gearing continued to decrease

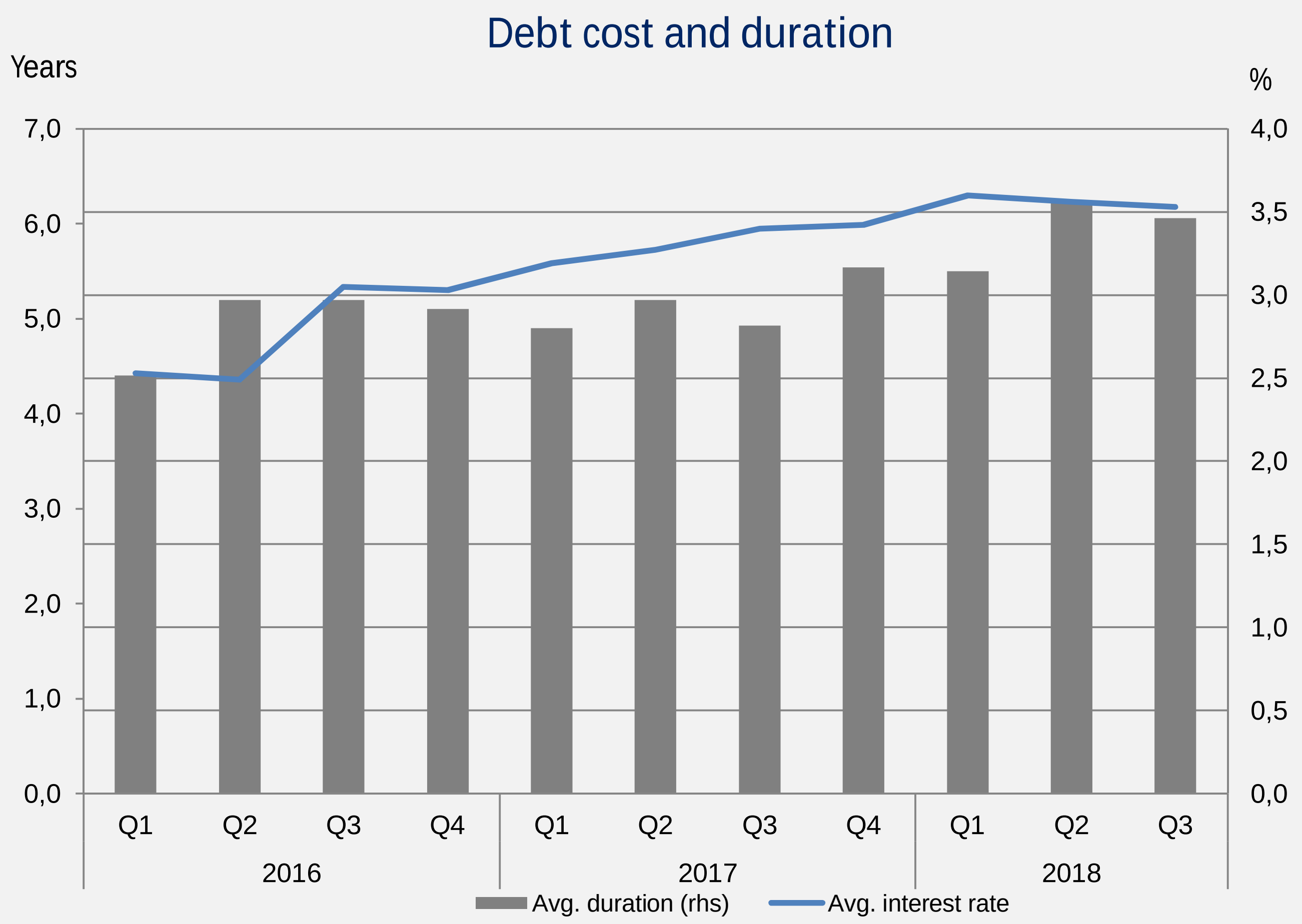
- Net gearing at 17%
- Net debt amounted to SEK 10.2bn

Net debt and net debt/equity ratio



Debt portfolio duration and interest rate

- Duration of the loan portfolio was 6.1 years (6.2 at the end of Q2/18)
- Averaged fixed interest term was 1.3 years (1.0 in Q2/18)
- Average interest rate was 3.53% (3.56% in Q2/18)



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A stronger,
lighter and more
sustainable world