



# Presentation of the Year-end report

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**SSAB**

# Agenda

- ▶ Summary of 2021
- ▶ Financials
- ▶ Accelerated Nordic transformation
- ▶ Outlook and summary
- ▶ Q&A



# Summary of 2021

# A historical year for SSAB

## Solid internal performance in a strong market

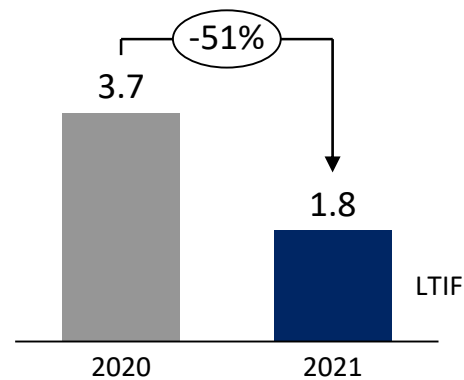


### Record earnings

- ▶ Operating profit of SEK 18.8bn
- ▶ Net cash flow of SEK 12.4bn
- ▶ Debt free with net cash position
- ▶ Board proposes dividend of SEK 5.25 per share



### Improved safety performance



### High and stable production

- ▶ Successful ramp-up after challenging 2020
- ▶ Record output in several production lines
- ▶ We managed the Covid-19 problems as well as transport capacity shortages



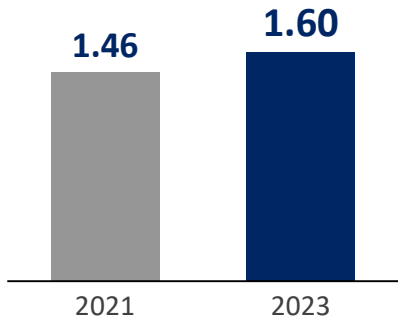
### First in fossil-free steel

- ▶ First fossil-free products produced and delivered to Volvo Group
- ▶ A number of strategic agreements with customers
- ▶ Strategic decision to plan for faster transformation

# Strategic targets – on track

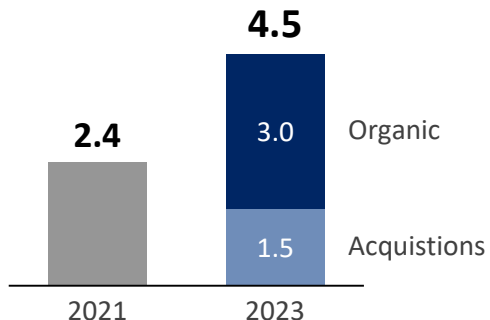
## SSAB Special Steels

Shipments  
(million tonnes)



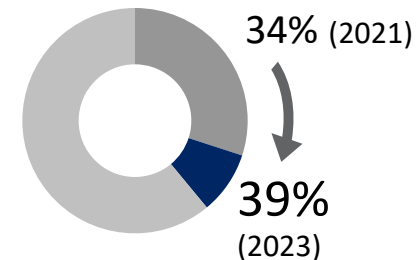
## SSAB Services

Sales  
(SEK billion)



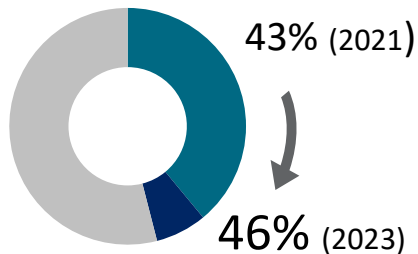
## SSAB Americas

### Premium share



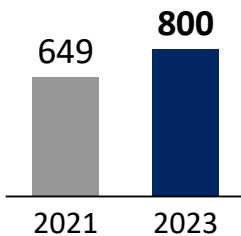
## SSAB Europe

### Premium share

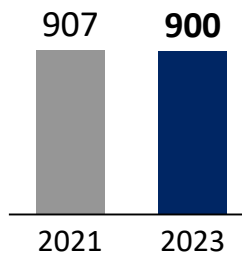


## SSAB Europe

Shipments (ktonne)  
**Automotive AHSS**



**Premium**



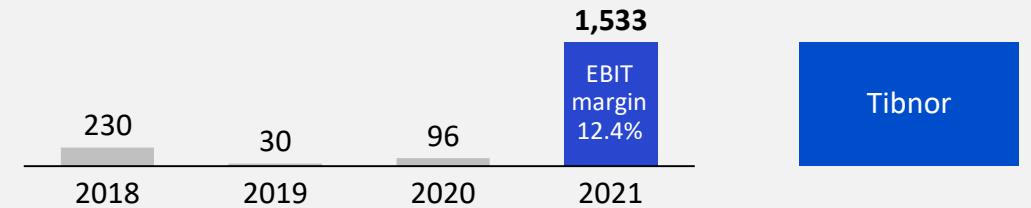
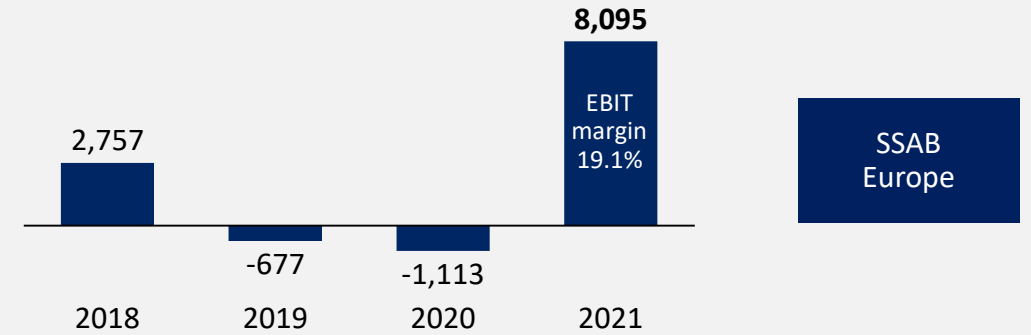
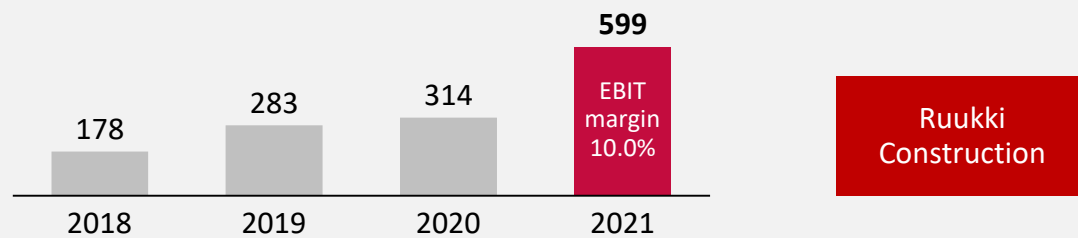
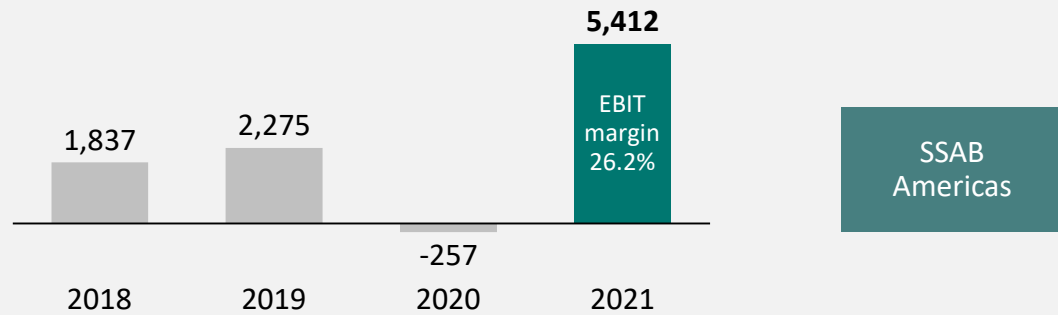
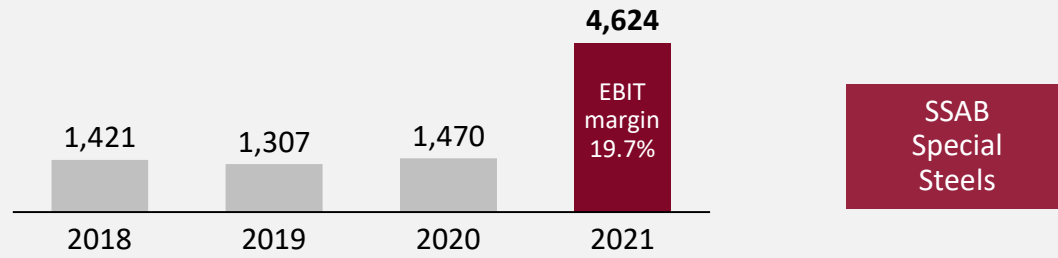
## SSAB Europe – supported by Tibnor and Ruukki Construction

Market share in the Nordics  
(over time)

**40-45%**  
41% in 2021\*

# Record earnings for all divisions

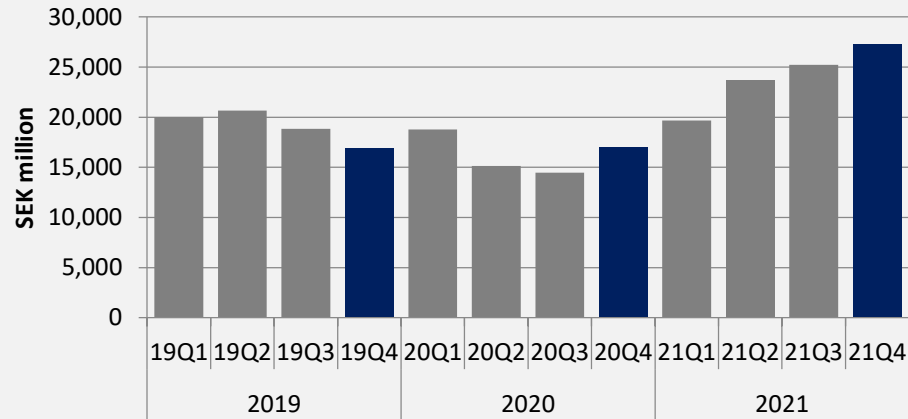
EBIT, SEK million



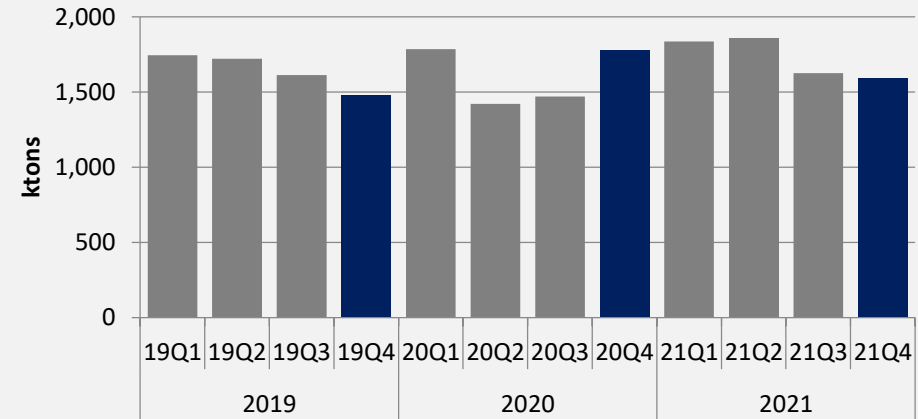
# Financials

# Record-high earnings

## Sales

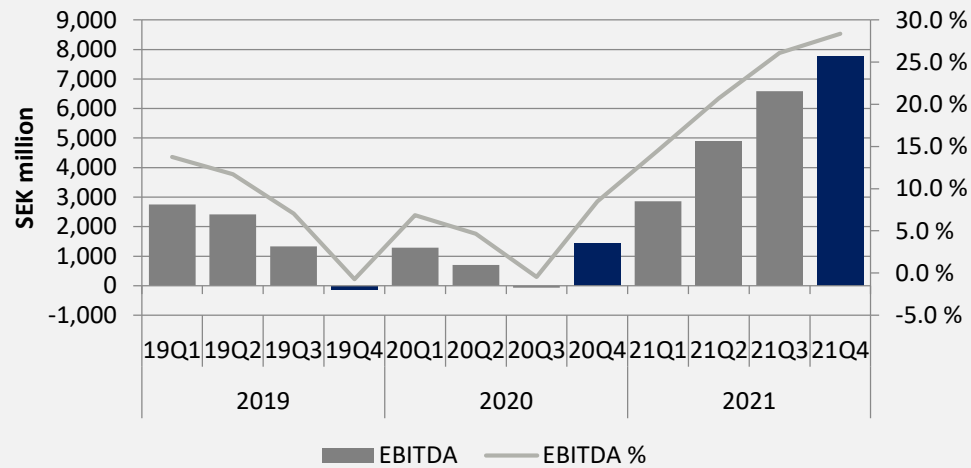


## Shipments<sup>1</sup>

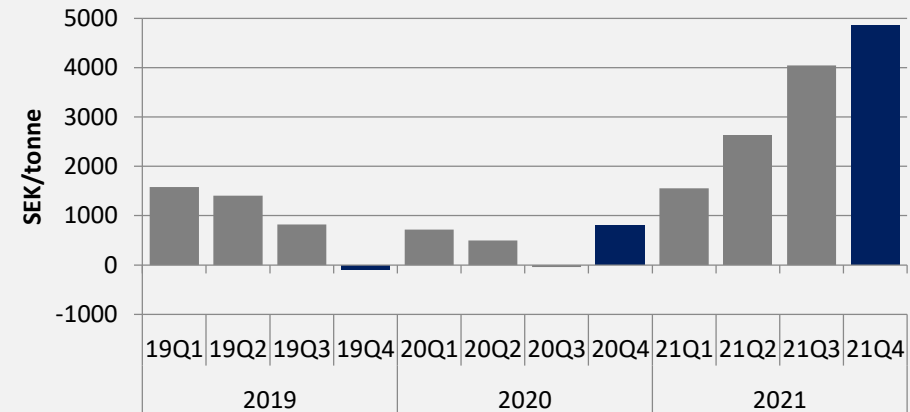


1) Including the steel operations: Special Steels, Europe and Americas

## EBITDA and EBITDA margin<sup>2</sup>



## EBITDA per tonne delivered steel<sup>2</sup>



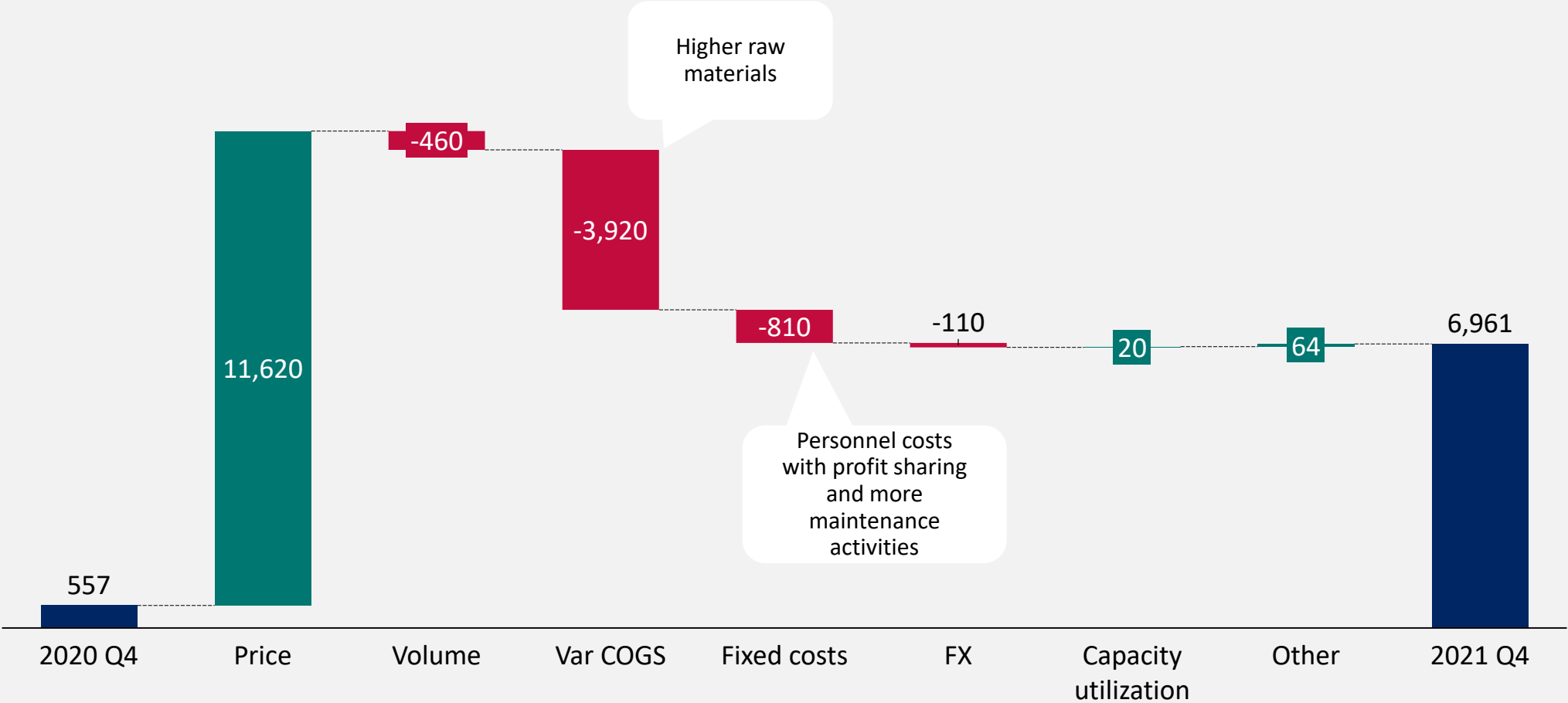
2) Excluding items affecting comparability



# Change in operating profit

Q4/21 vs. Q4/20

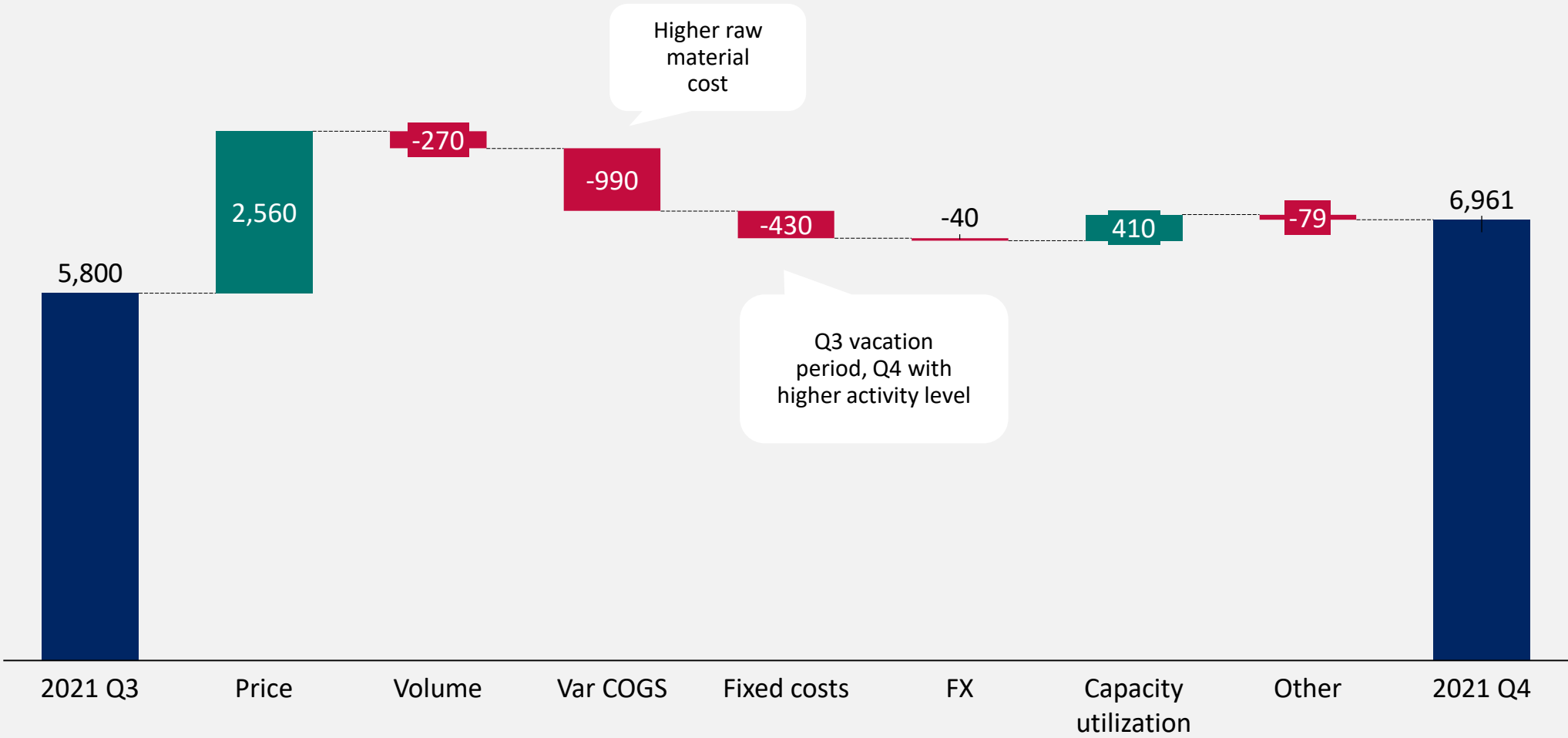
SEKm



# Change in operating profit

Q4/21 vs. Q3/21

SEKm

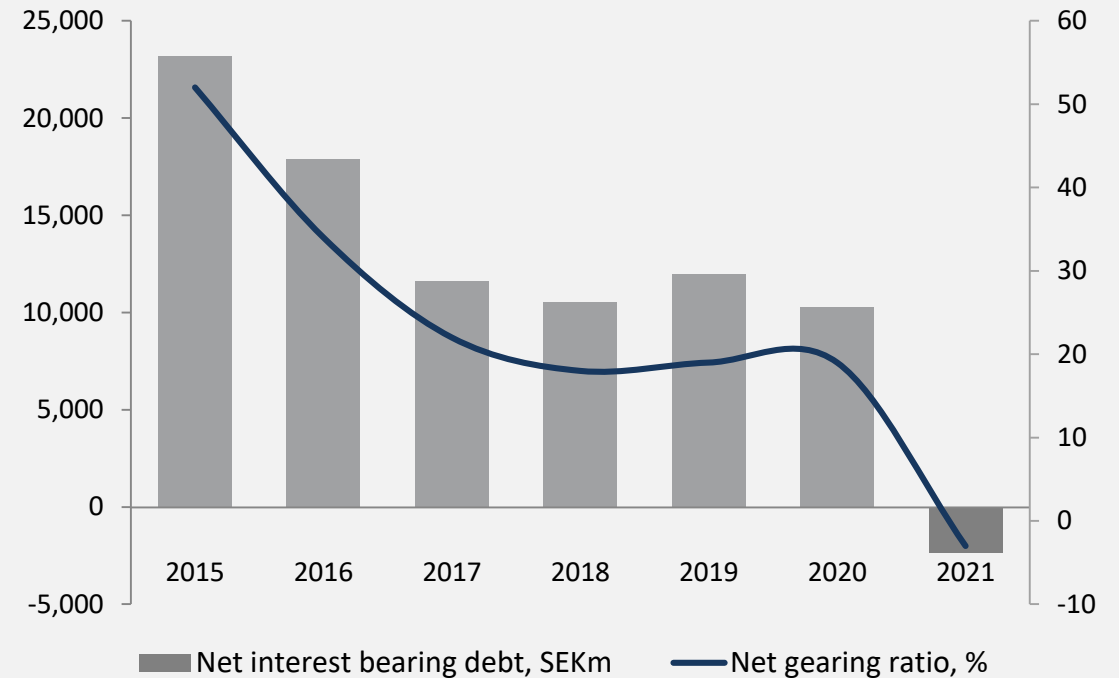


# Strong net cash flow

	2021	2020	2021	2020
SEK millions	Q4	Q4	Full-year	Full-year
Operating profit before depreciation/amortization	7,753	1,439	22,094	3,364
Change in working capital	-1,027	2,036	-5,485	1,570
Maintenance expenditures	-1,023	-606	-2,053	-1,622
Other	776	61	741	147
<b>Operating cash flow</b>	<b>6,479</b>	<b>2,930</b>	<b>15,296</b>	<b>3,460</b>
Financial items	-72	-84	-373	-545
Taxes	-644	122	-1,357	-56
<b>Cash flow from current operations</b>	<b>5,763</b>	<b>2,967</b>	<b>13,566</b>	<b>2,859</b>
Strategic expenditures in plants and machinery	-309	-115	-835	-582
Acquisitions of shares and operations	-27	-35	-130	-231
Divestments of shares and operations	-	39	-	143
<b>Cash flow before dividend</b>	<b>5,427</b>	<b>2,856</b>	<b>12,602</b>	<b>2,189</b>
Dividend, non-controlling interest	0	-1	-9	-9
Acquisitions of shares, non-controlling interest	-30	-	-157	-
<b>Net cash flow</b>	<b>5,397</b>	<b>2,856</b>	<b>12,436</b>	<b>2,180</b>

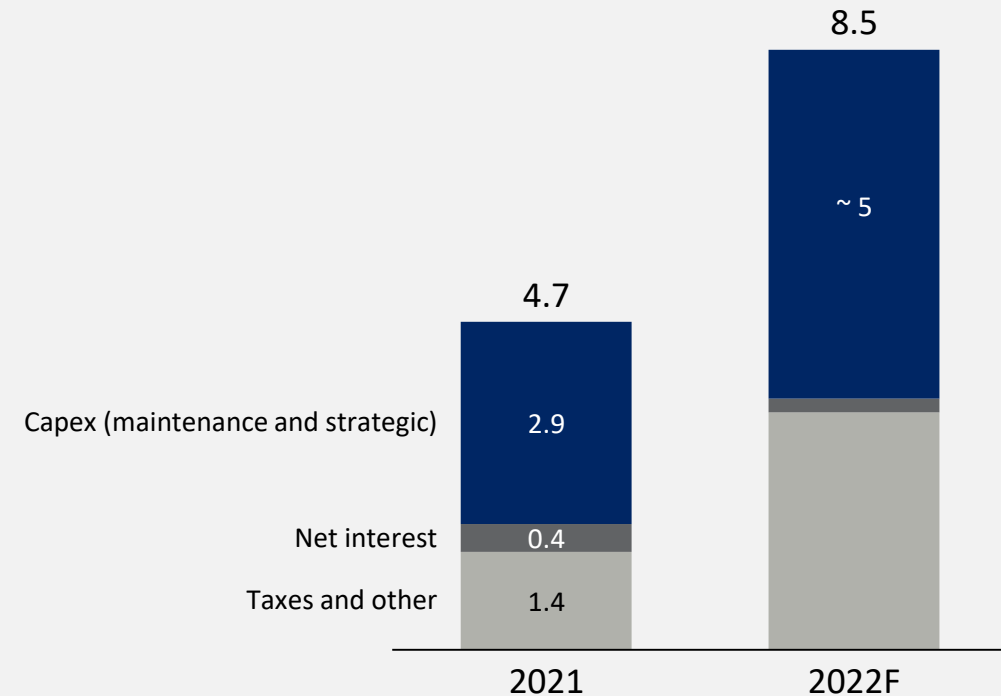
# Strong financial position – net cash at the end of 2021

- ▶ Group is debt free with net cash of SEK 2.3bn (-10.3bn) at the end of Q4/21
- ▶ 2015-2017 excluding IFRS 16 (impact of around SEK 2bn)



# Cash needs of the business

- ▶ Total cash needs\* estimated at SEK 8.5bn in 2022
- ▶ Higher strategic capex vs. 2021:
  - Oxelösund conversion
- ▶ Interest paid expected to decrease
- ▶ Taxes paid\*\* will increase
  - some SEK 2bn of the tax cost incurred in 2021 will be paid in 2022, due to normal delay



\*Cash needs defined as capex, interest paid and taxes paid. Excluding working capital

\*\*2021-level plus delayed payments used as reference point, will depend on earnings in FY 2022

# Increasing raw material cost

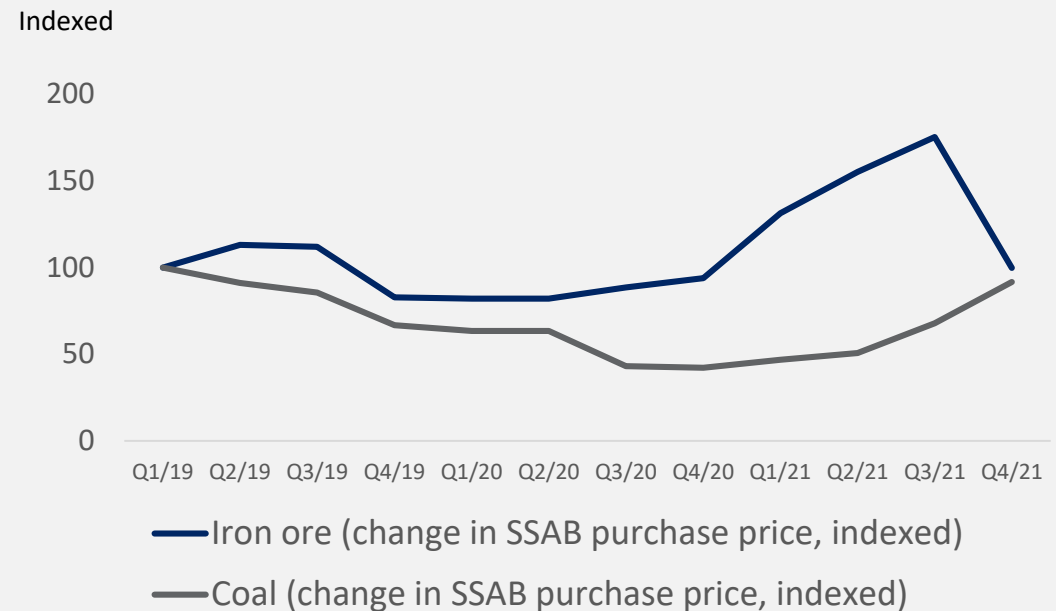
## Iron ore

- ▶ Average pellet purchase price in Q4/21 was clearly lower vs. Q3/21 – however, prices rose sharply in the second half of Q4

## Coking coal

- ▶ Average coking coal purchase price in Q4/21 was 35% higher in terms of SEK (33% in USD) vs. Q3/21
- ▶ General cost level increasing

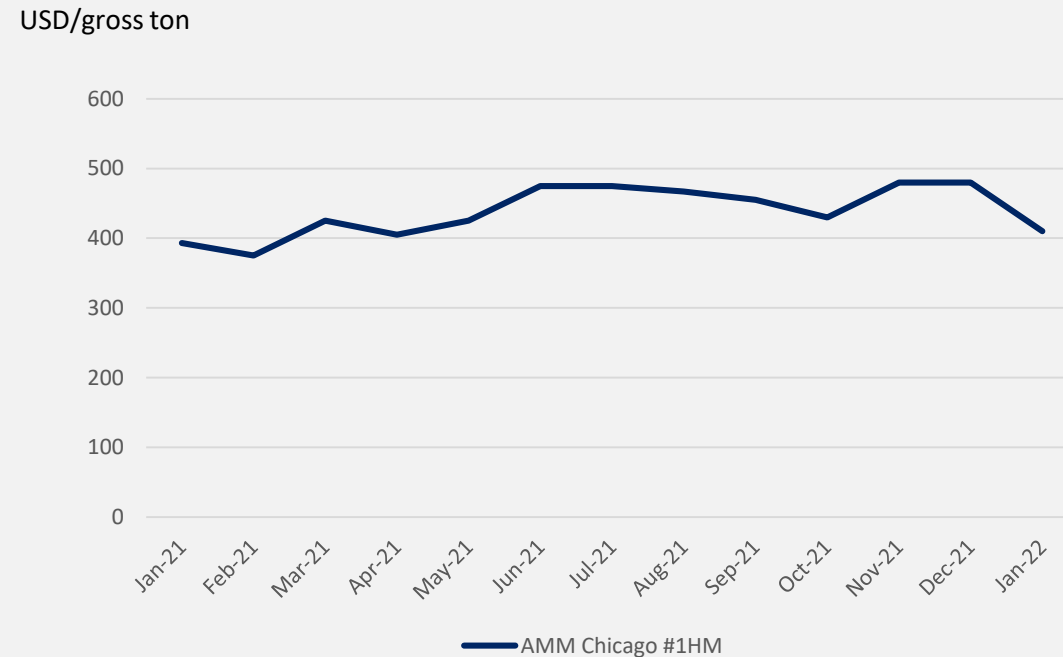
## SSAB's purchase price, coking coal and iron ore



# Scrap prices

- ▶ SSAB's average purchase price for scrap in Q3/21 was 7% higher (in terms of USD) vs. Q3/21
- ▶ Lower spot price in the beginning of 2022

## Scrap spot price



Source: AMM

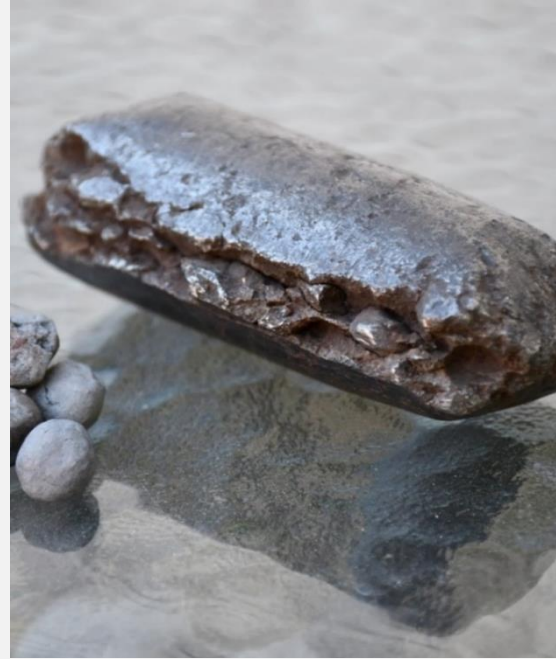
# Accelerated Nordic transformation



# Leading the green transition of the steel industry



HYBRIT Joint Venture between SSAB, LKAB and Vattenfall formed in 2017 – World-unique pilot plant in operation since 2020



Plan to reach commercial volume of 1.3 million tonnes fossil-free Hot Briquetted Iron (HBI) in 2026



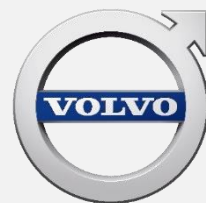
World's first fossil-free steel rolled and delivered to Volvo Group in 2021



Partnerships for a fossil-free value chain

# Accelerated customer demand for fossil-free products

## Examples of partnerships



## Demand will exceed supply

- ▶ Demand from existing customers already exceeds currently planned supply of 1.3 million tonnes in 2026
- ▶ Demand for broader portfolio of premium products – e.g. towards the mobility segment
- ▶ New customers approaching SSAB

# Planning for an accelerated transformation of the Nordic strip production system

A broader offering  
of fossil-free  
products

A step change in  
efficiency and  
flexibility

- ▶ Build **one mini-mill in Luleå and one in Raahe**, close existing blast furnaces
- ▶ **Scale of 2.5+ MT each**, in line with current capacity
- ▶ Complete **transformation during the next ~10 years**, before next scheduled blast furnace relinings
- ▶ **Expand product range** in terms of grades, dimensions and quality, within current specialty and premium strategy
- ▶ Capability to run a **flexible load of HBI and recycled scrap**
- ▶ **Leverage existing downstream assets** for the new mills (including Borlänge, Hämeenlinna, Tube mills, Tibnor and Ruukki Construction)
- ▶ Both mills to be built **fossil-free from start**, including power supply

# Eliminate CO<sub>2</sub> emissions 15 years earlier than planned

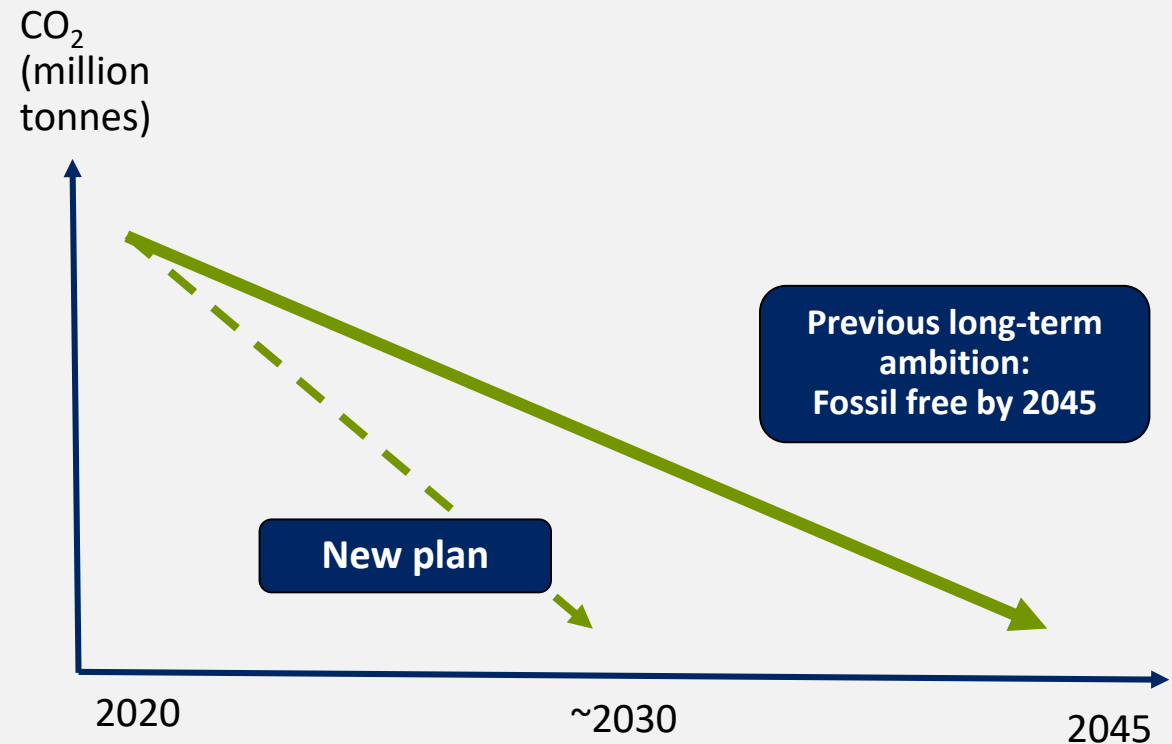
## ▶ Mitigating climate change

- Major contribution to climate targets in Sweden and Finland – around 8 million tonnes reduced CO<sub>2</sub> emissions per year

## ▶ Potential of CO<sub>2</sub> cost avoidance of ~SEK 7 bn/year in the beginning of next decade

- Assuming removal of free allocations and a price for emission allowances of EUR 90/t

## ▶ Strengthens SSAB's ESG position



\*Graph for illustrative purposes

# A structural and long-term profitability uplift

## Benefits of the accelerated transformation strategy

### Commercial benefits

- ▶ Broader range of specialty and premium products
- ▶ Increased sales to Nordic customers
- ▶ Faster ramp-up of fossil-free volumes

### Operational efficiencies

- ▶ Better cost position
- ▶ Reduced lead times
- ▶ Higher productivity

### CO<sub>2</sub> cost avoidance

- ▶ Remove virtually all CO<sub>2</sub> emissions
- ▶ De-risk the CO<sub>2</sub> cost exposure
- ▶ Agenda to increase biofuels to reach 100% fossil-free

### Increased operational flexibility

- ▶ Lower fixed costs
- ▶ Better ability to adopt to swings in demand

### Raw material flexibility

- ▶ Fossil-free HBI from Hybrit
- ▶ Recycled scrap from internal operations and customers

### Reduced maintenance

- ▶ Avoid reinvestment in existing coal-based operations
- ▶ Modern mills with lower capex needs

# Strategic investment program of SEK 45bn

## ► Strategic investment program of SEK ~45bn for the Nordic transformation

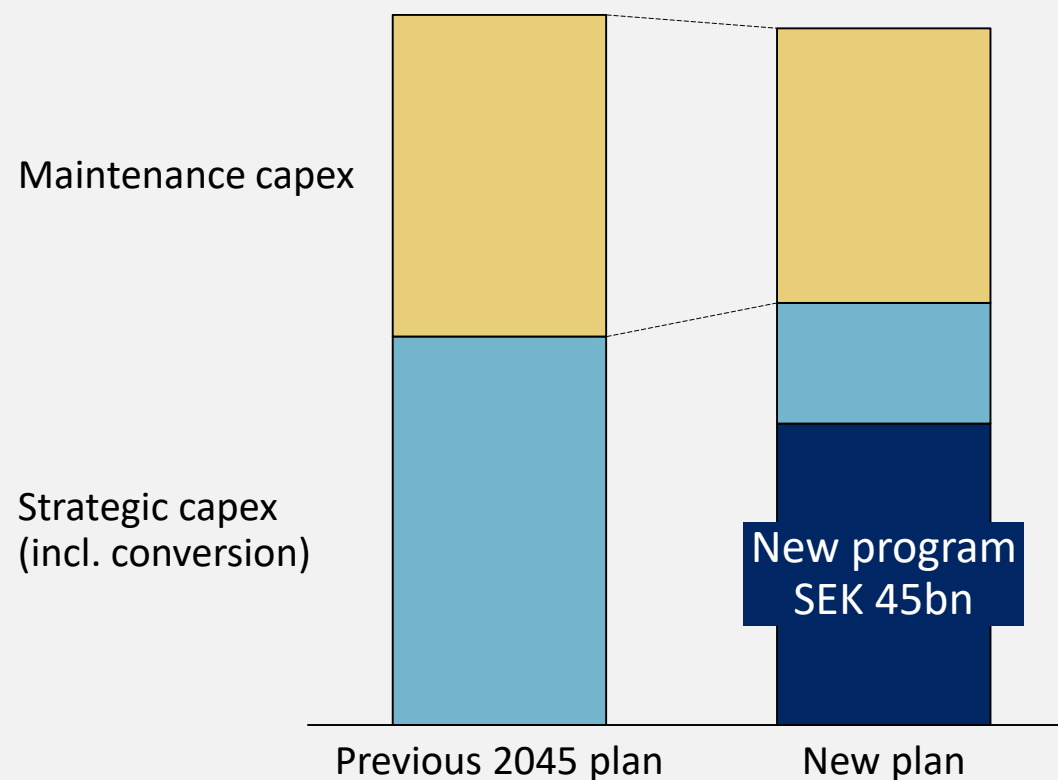
- Capex during 2022-2030 (timing depending on permits and approvals)
- The sum of SEK 45bn includes Luleå, Raahе, Borlänge and Hämeenlinna
- Oxelösund conversion (~SEK 5bn) not included
- Potential co-investment in HYBRIT-facilities not included

## ► Similar total investment level for the period 2022-2045 compared to previous plan

- Reduced maintenance capex and modernization needs
- More strategic and future oriented investments

## ► Ability to fund transition with own cash flow

### SSAB investments until 2045



# What is required

Electricity transmission on time

Efficient permit processes



# Way forward

*Feasibility studies have been initiated for Luleå and Raabe projects*

*Permit processes will start this year*

*Information about sequencing and financial guidance to be presented when available*



# Outlook and summary

# SSAB's outlook for main customer segments Q1/2022

Segment	Demand	Comments	<span style="color: green;">●</span> Good <span style="color: yellow;">●</span> Healthy <span style="color: red;">●</span> Weak
Heavy Transport	●	<ul style="list-style-type: none"> <li>▶ Heavy truck production impacted by shortage of semi-conductors</li> <li>▶ Improvement in rail car in the US</li> </ul>	
Automotive	●	<ul style="list-style-type: none"> <li>▶ Good end-user demand – shortage of semi-conductors</li> <li>▶ Underlying structural growth in AHSS</li> </ul>	
Construction Machinery	●	<ul style="list-style-type: none"> <li>▶ Good level in main markets, except China. Some component shortages</li> </ul>	
Material Handling	●	<ul style="list-style-type: none"> <li>▶ Strong demand from mining</li> </ul>	
Energy	●	<ul style="list-style-type: none"> <li>▶ Improvement in oil and gas</li> <li>▶ Good activity in wind power and transmission</li> </ul>	
Construction	●	<ul style="list-style-type: none"> <li>▶ Stable underlying demand, seasonal slowdown in Q1</li> </ul>	
Service Centers	●	<ul style="list-style-type: none"> <li>▶ Low inventory levels in the US</li> <li>▶ Increasing inventory levels in Europe in Q4, possibly wait-and-see mode in Q1</li> </ul>	

# SSAB's outlook for Q1/2022

- ▶ Demand for steel is estimated to be good. However, continued uncertainty associated with component shortages and Covid-19
  - Global demand for high-strength steel is estimated to be good
- ▶ Generally higher costs – raw material and fuels
- ▶ Bottlenecks within transportation

## Volume and pricing outlook

	Q1 2022 vs. Q4 2021	
	Shipments	Realized prices
SSAB Special Steel	Higher	Stable
SSAB Europe	Higher	Somewhat lower
SSAB Americas	Higher	Stable

*Definitions: Significantly lower (>10%), Lower (5-10%), Somewhat lower (0-5%), Stable (~0%), Somewhat higher (0-5%), Higher (5-10%), Significantly higher (>10%)*

# Summary

- ▶ Record earnings in all divisions
- ▶ High, stable production, better safety
- ▶ Strong cash flow generation and SSAB is debt free
- ▶ Board proposes a dividend of SEK 5.25 per share
- ▶ Plan for accelerated Nordic transformation
  - Meet customer demand for fossil-free products
  - A step change in efficiency and flexibility
  - Eliminate CO<sub>2</sub> emissions 15 years earlier than previous plan

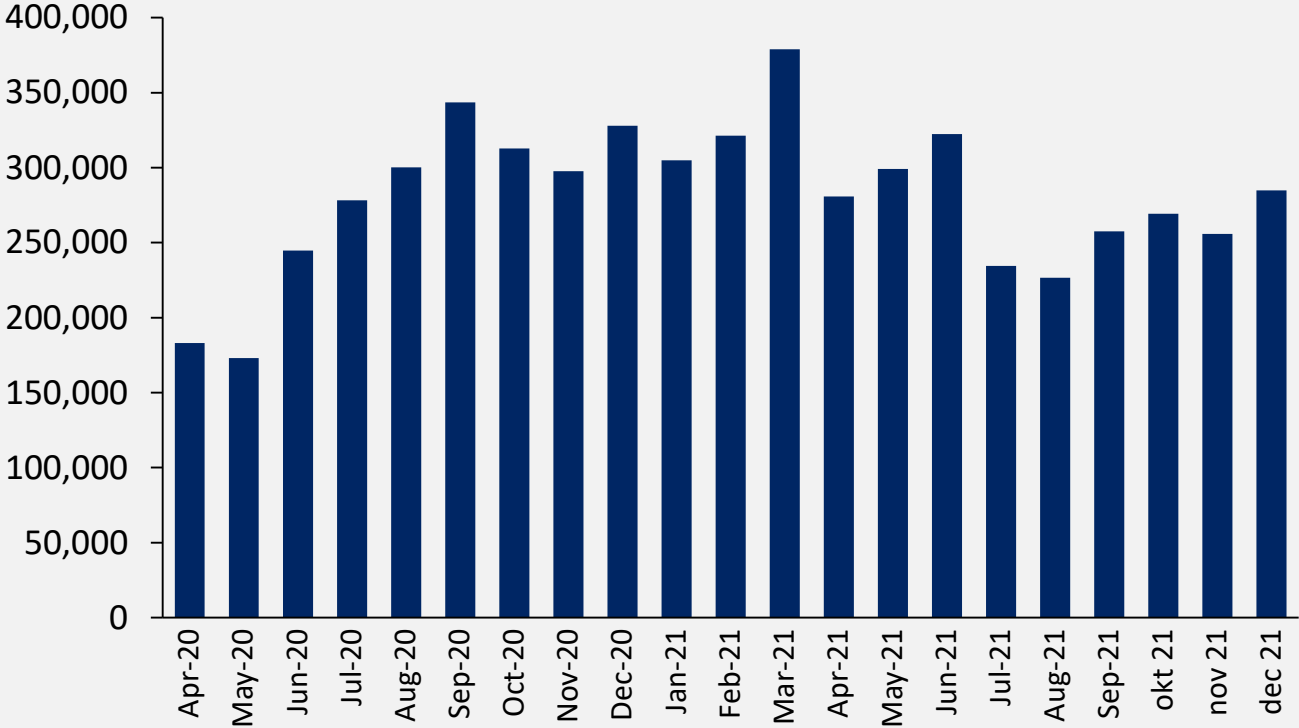


# Questions & Answers

# Appendix

# Order intake

SSAB Europe, monthly order intake, tonnes



# Major planned maintenance outages in 2022

- ▶ Total maintenance costs for 2022 expected to be SEK 1,040m (1,270)
- ▶ Lower maintenance cost for SSAB Special Steels, as Mobile has maintenance every other year

SEKm	Q1/22	Q2/22	Q3/22	Q4/22	2022	2021	2020
SSAB Special Steels	-	-	-	320	320	590	250
SSAB Europe	-	-	230	120	350	430	335
SSAB Americas	-	-	-	370	370	250	220
<b>Total</b>	-	-	230	810	1,040	1,270	805

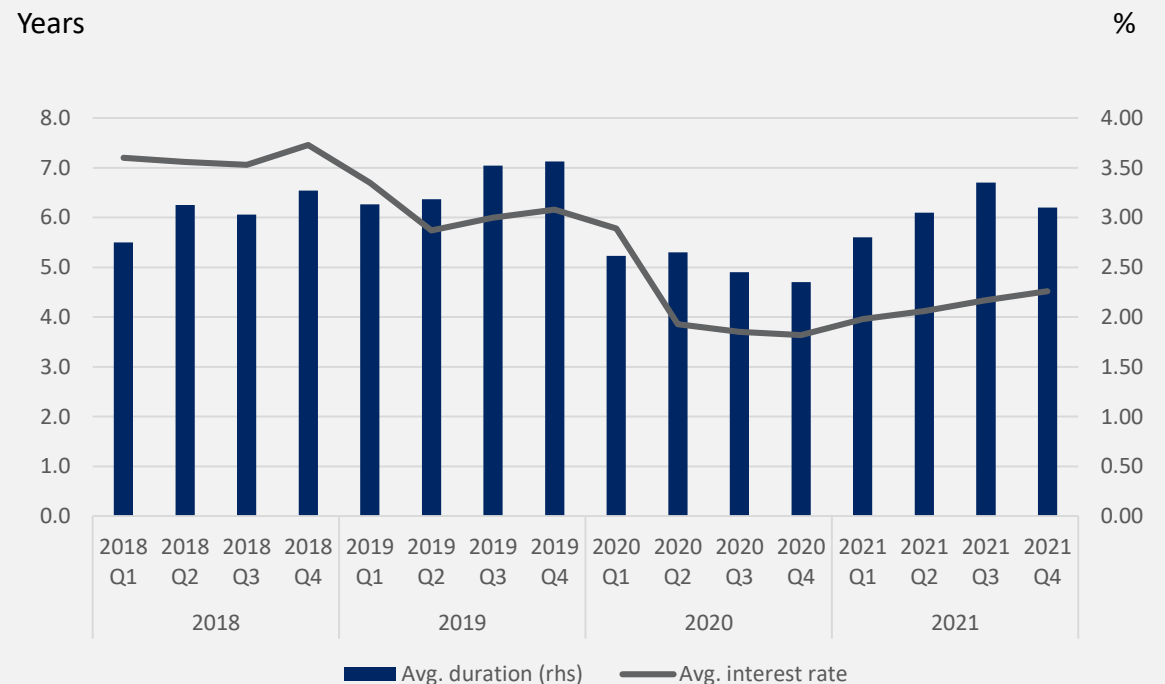
Note: The estimates shown in table includes direct maintenance cost and cost of lower capacity utilization (under absorption), but excludes lost margins.



# Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.2 (4.7) years
- ▶ Averaged fixed interest term was 1.2 (0.9) years
- ▶ Average interest rate was 2.3% (1.8%)

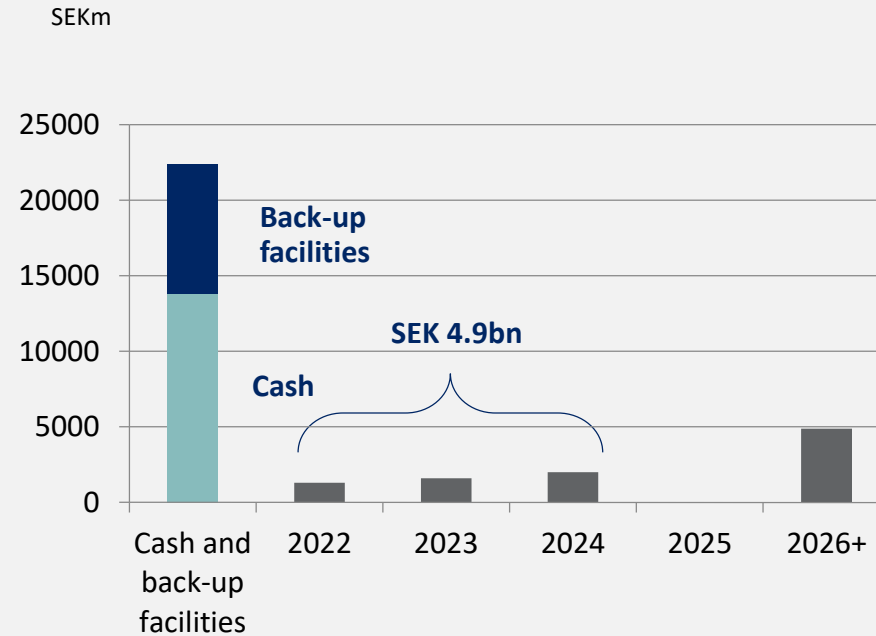
## Debt cost and duration



# Maturity profile

- ▶ Duration of the loan portfolio was 6.2 (4.7) years
- ▶ Liquid assets and committed credit lines at SEK 22.4bn – corresponds to 23% of rolling 12-month revenue
- ▶ Sustainability-linked bond of SEK 2bn issued in Q2/21

## Maturity profile Q4/2021



**SSAB**



*A stronger,  
lighter and more  
sustainable world*