

# Invitation to subscribe for shares in SSAB AB



Please note that the subscription rights are expected to have an economic value.

In order not to lose the value of the subscription rights, holders must either:

- Exercise the subscription rights received and subscribe for new shares no later than June 17, 2016; or
- Sell the subscription rights received, but not exercised, no later than June 15, 2016 (as regards Nasdaq Stockholm) and June 13, 2016 (as regards Nasdaq Helsinki).

Please note that shareholders with nominee-registered shareholdings subscribe for new shares through their nominee.

The distribution of this prospectus and the subscription for new shares are subject to restrictions in certain jurisdictions (see “*Selling and transfer restrictions*”).



Handelsbanken Capital Markets



# SSAB

## IMPORTANT INFORMATION

For certain definitions used in this prospectus, see “*Certain definitions*” below.

A Swedish version of this prospectus has been approved and registered by the Swedish Financial Supervisory Authority (the “**SFSA**”) in accordance with Chapter 2, sections 25 and 26 of the Swedish Financial Instruments Trading Act (SFS 1991:980) (*Sw. lagen (1991:980) om handel med finansiella instrument*). Approval and registration does not imply that the SFSA guarantees that the information in the prospectus is accurate or complete.

The prospectus and the offering hereunder are governed by Swedish law. Disputes arising in connection with this prospectus, the offering and related legal matters shall be settled exclusively by Swedish courts.

The prospectus has been prepared in both Swedish and English language versions. In the event of any conflict between the versions, the Swedish version shall prevail.

SSAB has not taken, and will not take any actions to allow a public offering in any jurisdiction other than Sweden, Finland, Denmark, the United Kingdom and Ireland. The offering is not being made to persons resident in Australia, Hong Kong, Japan, Canada, the United States or any other jurisdiction where participation would require additional prospectuses, registration or measures besides those required by Swedish, Finnish, Danish, British and Irish law. Consequently, the prospectus may not be distributed in or into the mentioned countries or any other country or jurisdiction in which distribution or the offering in accordance with this prospectus require such measures or otherwise would be in conflict with applicable regulations. Subscription of shares and other acquisitions of securities in violation of the restrictions described above may be void. Recipients of this prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may result in a violation of applicable securities regulations. For further information, see “*Selling and transfer restrictions*”.

Investing in shares is associated with risk (see “*Risk factors*”). When an investor makes an investment decision, he or she must rely on his or her own analysis of SSAB and the offering in accordance with this prospectus, including applicable facts and risks. Potential investors should, before making an investment decision, engage their own professional advisers and carefully evaluate and consider their investment decision. Investors may only rely on the information in this prospectus and any possible supplements to this prospectus. No person is authorized to provide any information or make any statements other than those made in this prospectus. Should such information or statement nevertheless be provided or be made it should not be considered to have been approved by SSAB, and SSAB is not responsible for such information or statements. Neither the publication of this prospectus nor any transaction made in respect of it shall be deemed to imply that the information in this prospectus is accurate or applicable at any time other than on the date of the publication of this prospectus or that there have been no changes in SSAB’s business since this date. If significant changes relating to the information contained in this prospectus occur, such changes will be announced in accordance with the provisions on prospectus supplements under the Swedish Financial Instruments Trading Act.

As a condition for subscription of shares under the offering in this prospectus, each person applying for subscription of shares shall be deemed to have made or, in some cases, be required to make, certain representations and warranties that will be relied upon by SSAB and its advisors (see “*Selling and transfer restrictions*”). SSAB reserves the right to declare null and void any subscription of shares that SSAB and its advisors believe may give rise to a breach or violation of any law, rule or regulation in any jurisdiction.

### Notice to investors in the United States

The subscription rights, paid subscribed shares/Interim shares and shares in SSAB (the “**Securities**”) have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities legislation of any state or any other jurisdiction in the United States and may not be exercised, offered, sold, resold, delivered or otherwise transferred directly or indirectly, in or into the United States except pursuant to an available exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities legislation of any state or any other jurisdiction of the United States. The Securities are being offered outside the United States in compliance with Regulation S under the Securities Act. A public offering will not be made in the United States. Any offering of the Securities to be made in the United States will be made by the issuer and only to a limited number of investors that (i) are both existing holders of shares in SSAB and qualified institutional buyers (as defined in Rule 144A under the Securities Act), pursuant to an exemption from the registration requirements of the Securities Act and (ii) provided they have signed and submitted an investor letter to SSAB. Consequently, in the United States, investors who are not qualified institutional buyers cannot participate in the offer, subscribe for new shares or exercise subscription rights. In connection with the offering, the Joint Global Coordinators will not effect any transactions or induce or attempt to induce the purchase or sale of any security in or into the United States. For a description of these and certain further restrictions regarding the Securities and the distribution of this prospectus, see “*Selling and transfer restrictions*”.

The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission (SEC), any state regulatory authority in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

### Information to investors in the EEA

No public offering of shares in SSAB is made to any countries within the European Economic Area (“**EEA**”) other than Sweden, Finland, Denmark, the United Kingdom and Ireland. In other member states of the EEA which have implemented European Parliament and Council Directive 2003/71/EC (the “**Prospectus Directive**”), such offering may be made only under an exemption in the Prospectus Directive as well as every relevant implementation measure (including measures to implement European Parliament and Council Directive 2010/73/EU). See also “*Selling and transfer restrictions*”.

### Forward-looking information

The prospectus contains certain forward-looking information that reflects SSAB’s present view of future events as well as financial and operational development. Words such as “intend”, “assess”, “expect”, “may”, “plan”, “believe”, “estimate” and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.

Factors that may cause SSAB’s future results and development to differ from the forward-looking information include, but are not limited to, those described in “*Risk factors*”. The forward looking information contained in this prospectus applies only as of the date of this prospectus. SSAB does not undertake any obligation to publicly announce any update or change in the forward-looking information as a result of new information, future events or similar circumstances other than as required by applicable laws and regulation.

### Presentation of financial information

Certain financial and other information presented in the prospectus has been rounded off in order to make the information more accessible for the reader. Consequently, in certain columns the numbers do not exactly correspond to the stated total amount.

## Certain definitions

In this prospectus, the following definitions are used:

“**SSAB**” or the “**Company**” means, depending on the context, SSAB AB (Swedish corporate identity number 556016-3429) or the group in which SSAB AB is the parent company.

The “**Group**” means SSAB AB and its subsidiaries.

“**Joint Global Coordinators**” means Crédit Agricole Corporate and Investment Bank (“**Crédit Agricole CIB**”), Handelsbanken Capital Markets, a business area within Svenska Handelsbanken AB (publ) (“**Handelsbanken**”), Nordea Bank AB (publ) (“**Nordea**”) and Swedbank AB (publ) (“**Swedbank**”).

“**Euroclear Sweden**” means Euroclear Sweden AB.

“**Euroclear Finland**” means Euroclear Finland Oy.

“**Nasdaq Stockholm**” means the Swedish regulated market Nasdaq Stockholm or its operator Nasdaq Stockholm AB, as the context may require.

“**Nasdaq Helsinki**” means the Finnish regulated market Nasdaq Helsinki or its operator Nasdaq Helsinki Oy, as the context may require.

“**SEK**”, “**EUR**”, “**GBP**” and “**USD**” means Swedish kronor, Euro, British pounds and U.S. dollars, respectively.

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## THE RIGHTS ISSUE IN BRIEF

### Preferential rights

Each existing share in SSAB, irrespective of share class, entitles to one (1) subscription right. Eight (8) subscription rights entitle to subscription for seven (7) new class B shares. To the extent new class B shares are not subscribed for by exercise of subscription rights, they shall be offered to shareholders and other investors.

### Subscription price

SEK 10.50 per share. As regards subscription of new class B shares that will be registered with the central securities depository Euroclear Finland and listed on Nasdaq Helsinki, payment shall be made in EUR with an amount corresponding to the subscription price of SEK 10.50 per new share, translated to EUR based on the European Central Bank's reference exchange rate at 15.00 CET on May 31, 2016. The EUR amount will be announced at 16.30 CET on May 31, 2016. See "*Terms and conditions*".

### Record date for participation in the rights issue

May 31, 2016

### Subscription period

June 3–June 17, 2016

### Trading in subscription rights, Nasdaq Stockholm

June 3–June 15, 2016

### Trading in subscription rights, Nasdaq Helsinki

June 3–June 13, 2016

### Trading in BTA

June 3–June 30, 2016

### Subscription and payment with preferential rights

Subscription by exercise of subscription rights is made during the subscription period through simultaneous cash payment. Custody account holders shall apply with, and in accordance with instructions from, the nominee.

### Subscription and payment without preferential rights

Application for subscription without preferential rights shall be made in accordance with instructions in "*Terms and conditions*". Custody account holders shall apply with, and in accordance with instructions from, the nominee.

### Other information

Ticker:	SSABA and SSABB (Nasdaq Stockholm)
	SSABAH and SSABBH (Nasdaq Helsinki)
ISIN code class B shares:	SE0000120669
ISIN code subscription right B:	SE0008405757
ISIN code BTA B:	SE0008405765

### Financial information

Interim report January–July 2016	July 22, 2016
Interim report January–September 2016	October 28, 2016
Year-end report 2016	February 15, 2017

# Summary

Prospectus summaries consist of information requirements presented in “items”. The items are numbered in sections A–E (A.1–E.7).

The summary in this prospectus includes all of the items required in a summary for the relevant type of security and issuer. However, since certain items are not applicable to all types of prospectuses, there may be gaps in the numbering of the items.

Even if an item is required to be included in the summary for the relevant type of security and issuer, it is possible that no relevant information can be provided regarding the item. In such case, the information is replaced by a brief description of the item together with the indication “not applicable”.

## SECTION A – INTRODUCTIONS AND WARNINGS

<b>A.1</b>	<i>Introduction and warnings</i>	<p>This summary should be read as an introduction to the prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor.</p> <p>Where a claim relating to the information in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated.</p> <p>Civil liability may attach to those persons who produced the summary, including any translation thereof, only if the summary is misleading, inaccurate or inconsistent with other parts of the prospectus or if, together with other parts of the prospectus, it fails to provide key information to help investors when considering investing in such securities.</p>
<b>A.2</b>	<i>Consent to use the prospectus</i>	Not applicable. Financial intermediaries are not entitled to use the prospectus for subsequent resale or final placement of securities.

## SECTION B – ISSUER

<b>B.1</b>	<i>Company name and trading name</i>	The name of the Company (and its trading name) is SSAB AB (publ).
<b>B.2</b>	<i>Registered office and type of company</i>	The registered office of the Board of Directors is situated in the municipality of Stockholm, Sweden. The Company is a public limited liability company governed by the Swedish Companies Act (2005:551).
<b>B.3</b>	<i>Main business operations</i>	<p>SSAB is a steel producer with a strong position on the global market for quenched and tempered steel (Q&amp;T) and advanced high-strength steels (AHSS). In terms of shipments and sales, the Company is clearly the largest producer of strip, plate and tubular products on its Nordic home market, as well as the largest producer of plate in North America, which is the Company's other home market. SSAB also provides building and construction solutions in the Nordic region and Eastern Europe.</p> <p>SSAB's operations are organized in three steel divisions; SSAB Special Steels, SSAB Europe and SSAB Americas, as well as two wholly-owned subsidiaries; Tibnor and Ruukki Construction.</p> <ul style="list-style-type: none"> <li>• SSAB Special Steels has global responsibility for the marketing and sales of high-strength steels, including all SSAB's quenched and tempered steels (Q&amp;T) and hot-rolled advanced high-strength steels (AHSS). The division also includes the SSAB Services business unit, which focuses on service and aftermarket operations.</li> <li>• SSAB Europe is responsible for strip, plate and tubular products in Europe and for the automotive segment globally. The division has four production facilities in Sweden and Finland.</li> <li>• SSAB Americas comprises SSAB's operations in North and Latin America and produces plate and quenched and tempered plate (Q&amp;T). The division has two strategically located production units in the US.</li> <li>• Tibnor comprises SSAB's steel distribution operations in the Nordic and Baltic regions.</li> <li>• Ruukki Construction is responsible for sales and production of energy-efficient building and construction solutions, with a focus on Northern and Eastern Europe.</li> </ul>

B.3, cont'd.		SSAB's main production facilities are located in Sweden, Finland and the US with a combined annual steel production capacity of 8.8 million tonnes. The Company also has smaller production facilities and Steel Service Centers located around the world. These facilities include a finishing line in Shanghai for customers in Asia as well as steel service centers in the Nordic and Baltic regions.																								
B.4a	Trends	The Company's earnings in 2015 were affected primarily by the difficult market climate, but also by costs related to investments in the blast furnace system during the year. The financial year 2015 came to be characterized by imbalances on the global steel market. Prices of raw materials, such as iron ore and coal, fell sharply and had a negative impact on steel prices. This, in combination with a substantial increase in steel exports from Asia and Russia, contributed to strong pressure on prices on the Company's home markets, despite the fact that underlying demand was stable. The industry has been characterized by low profitability, and the possibility to achieve a satisfactory return has been adversely affected by excess capacity in both Europe and Asia. However, the Company's shipment volumes for the full year of 2015 increased by 18% compared with 2014, but during the first quarter of 2016 volumes decreased by 2% compared with the first quarter of 2015. During 2015, the Company has devoted resources to realizing synergies following the acquisition of Rautaruukki. This represents the most important part of the Company's cost saving program, in which the Company's objective is to reduce the cost level on an annual basis by SEK 2.8 billion during 2017. In North America, underlying demand for plate is expected to be relatively unchanged during the second quarter of 2016, in respect of both end customers and distributors. Inventory downsizing at distributors, which took place throughout 2015, should be completed. In Europe, too, demand is expected to be stable during the second quarter. This is particularly the case in Western Europe, while the trend in Eastern Europe and Russia is expected to remain weak.																								
B.5	The Group	SSAB is the ultimate parent company of the Group, which comprises approximately 20 directly owned subsidiaries in approximately 10 countries, which in their turn hold approximately 130 subsidiaries, the majority of which are wholly-owned.																								
B.6	Major shareholders, etc.	<p>In Sweden, the lowest threshold for mandatory reporting of changes in shareholdings (so-called flagging) is 5% of all shares or voting rights in respect of all shares. The table below shows shareholders with holdings corresponding to at least 5% of the shares and voting rights in the Company as of April 30, 2016.</p> <table><tr><th>HOLDER/NOMINEE/CUSTODIAN</th><th>NUMBER OF SHARES</th><th>NUMBER OF SHARES, %</th><th>VOTING RIGHTS, %</th></tr><tr><td>AB Industrivärden</td><td>63,860,957</td><td>11.63</td><td>19.22</td></tr><tr><td>Solidium Oy</td><td>93,965,035</td><td>17.11</td><td>10.10</td></tr><tr><td><b>Total 10 largest shareholders</b></td><td><b>208,534,330</b></td><td><b>37.97</b></td><td><b>42.43</b></td></tr><tr><td>Other shareholders</td><td>340,711,180</td><td>62.03</td><td>57.57</td></tr><tr><td><b>Total</b></td><td><b>549,245,510</b></td><td><b>100.00</b></td><td><b>100.00</b></td></tr></table> <p>Source: Euroclear Sweden.</p>	HOLDER/NOMINEE/CUSTODIAN	NUMBER OF SHARES	NUMBER OF SHARES, %	VOTING RIGHTS, %	AB Industrivärden	63,860,957	11.63	19.22	Solidium Oy	93,965,035	17.11	10.10	<b>Total 10 largest shareholders</b>	<b>208,534,330</b>	<b>37.97</b>	<b>42.43</b>	Other shareholders	340,711,180	62.03	57.57	<b>Total</b>	<b>549,245,510</b>	<b>100.00</b>	<b>100.00</b>
HOLDER/NOMINEE/CUSTODIAN	NUMBER OF SHARES	NUMBER OF SHARES, %	VOTING RIGHTS, %																							
AB Industrivärden	63,860,957	11.63	19.22																							
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Other shareholders	340,711,180	62.03	57.57																							
<b>Total</b>	<b>549,245,510</b>	<b>100.00</b>	<b>100.00</b>																							

B.7 Selected historical financial information

The following financial reports in brief (as well as key figures calculated in accordance with IFRS) relating to full years have been derived from SSAB's annual reports for the financial years 2013–2015, which have been prepared in accordance with IFRS and audited by the Company's auditor. The financial reports in brief (as well as key figures calculated in accordance with IFRS) relating to the first three months of 2016 and 2015 have been derived from SSAB's interim report for the period January–March 2016, which has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Annual Accounts Act. The interim report has been reviewed by the Company's auditor.

In addition, the prospectus contains certain key figures that have not been calculated in accordance with IFRS. These financial key figures have been neither reviewed nor audited by the Company's auditor. SSAB believes that, to a large extent, these key figures are used by certain investors, securities analysts and other interested parties as supplementary measures of earnings trend and financial condition.

Consolidated income statement in brief

SEK MILLION	UNAUDITED		AUDITED		
	JAN–MAR 2016	JAN–MAR 2015	2015	2014	2013
Sales	12,964	15,468	56,864	47,752	35,022
Cost of goods sold	–12,127	–13,687	–52,552	–44,428	–33,290
<b>Gross profit</b>	<b>837</b>	<b>1,781</b>	<b>4,312</b>	<b>3,324</b>	<b>1,732</b>
Selling and administrative costs	–1,083	–1,255	–4,636	–3,728	–2,939
Other operating income and expenses	39	–5	36	296	60
Affiliated companies, profit after tax	14	13	45	1	16
<b>Operating profit/loss</b>	<b>–193</b>	<b>534</b>	<b>–243</b>	<b>–107</b>	<b>–1,131</b>
Financial income	23	21	50	202	62
Financial expenses	–177	–240	–978	–1,684	–659
<b>Profit/loss for the period after financial items</b>	<b>–347</b>	<b>315</b>	<b>–1,171</b>	<b>–1,589</b>	<b>–1,728</b>
Tax	214	–32	666	195	662
<b>Profit/loss for the period</b>	<b>–133</b>	<b>283</b>	<b>–505</b>	<b>–1,394</b>	<b>–1,066</b>

Consolidated balance sheet in brief

SEK MILLION	UNAUDITED		AUDITED		
	JAN–MAR 2016	JAN–MAR 2015	2015	2014	2013
<b>Assets</b>					
<b>Fixed assets</b>					
Intangible assets	30,269	32,649	31,161	30,385	19,911
Tangible fixed assets	25,955	27,109	26,276	26,570	16,467
Financial assets	2,576	2,726	2,544	3,244	2,536
<b>Total fixed assets</b>	<b>58,800</b>	<b>62,484</b>	<b>59,981</b>	<b>60,199</b>	<b>38,914</b>
<b>Current assets</b>					
Inventories	12,385	14,356	12,691	14,203	8,783
Accounts receivable	6,949	8,287	6,048	7,705	4,785
Other current receivables	3,134	5,089	3,727	4,606	1,330
Cash and cash equivalents	2,629	1,848	2,711	3,014	2,124
<b>Total current assets</b>	<b>25,097</b>	<b>29,580</b>	<b>25,177</b>	<b>29,528</b>	<b>17,022</b>
<b>Total assets</b>	<b>83,897</b>	<b>92,064</b>	<b>85,158</b>	<b>89,727</b>	<b>55,936</b>
<b>Equity and liabilities</b>					
Equity	43,826	46,283	44,441	43,879	27,149
Non-current liabilities	24,413	25,647	24,209	25,521	19,692
Current liabilities	15,658	20,134	16,508	20,327	9,095
<b>Total equity and liabilities</b>	<b>83,897</b>	<b>92,064</b>	<b>85,158</b>	<b>89,727</b>	<b>55,936</b>

**B.7,  
cont'd.**

**Consolidated cash flow statement in brief**

SEK MILLION	UNAUDITED		AUDITED		
	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
Cash flow from operating activities	59	831	4,444	1,737	1,735
Cash flow from investing activities	-303	-319	-2,161	-1,268	-716
Cash flow from financing activities	129	-1,767	-2,560	195	-1,850
<b>Cash flow for the period</b>	<b>-115</b>	<b>-1,255</b>	<b>-277</b>	<b>664</b>	<b>-831</b>
Cash and cash equivalents at beginning of period	2,711	3,014	3,014	2,124	3,004
Exchange rate difference in cash and cash equivalents	33	89	-26	226	-49
<b>Cash and cash equivalents at end of period</b>	<b>2,629</b>	<b>1,848</b>	<b>2,711</b>	<b>3,014</b>	<b>2,124</b>

**Key figures**

SEK MILLION	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
Sales <sup>1)</sup>	12,964	15,468	56,864	47,752	35,022
Operating profit/loss <sup>3)</sup>	-193	534	-243	-107	-1,131
Operating profit/loss, excluding items affecting comparability <sup>2)</sup>	-190	564	-128	894	-1,204
Operating profit/loss before depreciation/amortization, excluding items affecting comparability, EBITDA <sup>2)</sup>	744	1,501	3,655	3,695	1,260
Profit/loss after tax <sup>1)</sup>	-133	283	-505	-1,394	-1,066
Return on capital employed before tax, % (rolling 12 months) <sup>2)</sup>	-1	1	0	0	-2
Return on equity after tax, % (rolling 12 months) <sup>2)</sup>	-2	-3	-1	-4	-4
Earnings per share, SEK <sup>1)</sup>	-0.24	0.52	-0.93	-3.33	-3.29
Equity per share, SEK <sup>2)</sup>	79.70	84.16	80.82	79.78	83.74
Average number of shares, million <sup>2)</sup>	549	549	549	420	324
Operating cash flow <sup>2)</sup>	77	784	3,874	1,737	1,956
Net debt <sup>2)</sup>	23,213	25,634	23,156	24,674	14,833
Net debt/equity ratio, % <sup>2)</sup>	53	55	52	56	55
Equity ratio, % <sup>2)</sup>	52	50	52	49	48
Number of employees at end of period <sup>2)</sup>	15,757	16,566	16,045	16,887	8,712

The key figures for the interim periods January–March 2016 and January–March 2015 are not audited.

1) IFRS key figures, audited.

2) Not audited.

3) Non-IFRS key figures, audited.

**Definitions**

**Earnings per share**

Profit for the year attributable to the parent company's shareholders divided by the average number of shares.

**Equity per share**

Equity, excluding minority interests, divided by number of shares at year-end.

**Equity ratio**

Equity as a percentage of total assets.

**Net debt**

Interest-bearing liabilities less interest-bearing assets.

**Net debt/equity ratio**

Net debt as a percentage of equity.

**Operating cash flow**

Funds generated from operations including change in working capital as well as cash flow for regular maintenance investments, but before financial items and paid tax.

**Return on capital employed before tax**

Operating profit increased by financial revenue as a percentage of average capital employed per month during the year.

**Return on equity after tax**

Profit for the year after tax as a percentage of average equity per month during the year.

**Sales**

Sales less deduction for value added tax, discounts and returns.



<b>B.7, cont'd.</b>		<p><b>Significant changes</b></p> <p>The Company's operating profit/loss for the first quarter of 2016 was SEK –193 (534) million, representing a deterioration of SEK 727 million. The change in operating profit/loss is primarily due to lower prices, lower volumes and lower capacity utilization. However, the impact was partly offset by lower variable and fixed costs.</p> <p>The Company's operating loss for the financial year 2015 was SEK –243 (–107) million, corresponding to a deterioration of SEK –136 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit decreased by SEK –332 million from a level of SEK 89 million for 2014. The negative operating profit/loss trend is due to lower prices, adverse currency effects as well as weaker capacity utilization; however, the impact was partly offset by lower costs.</p> <p>The Company's operating loss for the financial year 2014 was SEK –107 (–1,131) million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating loss improved by SEK 948 million. The change in operating loss is due to lower costs in the European operations as well as higher prices and increased efficiency in the North American operations. Operating loss for 2014 was also, among other things, affected by a write-down of goodwill (SEK –291 million) and a one-off write-off of surplus values on inventory and order book (SEK –186 million).</p> <p>In April 2016, it was announced that the negotiations regarding personnel downsizing involving office workers (as part of the efficiency measures following the acquisition of Rautaruukki) in the Company's Finnish and Swedish operations were completed. On April 22, 2016, the intention to carry out the forthcoming rights issue was announced.</p>
<b>B.8</b>	<i>Selected pro forma accounts</i>	Not applicable. The prospectus contains no pro forma accounts.
<b>B.9</b>	<i>Earnings forecast</i>	Not applicable. The prospectus contains no earnings forecast or calculation of anticipated earnings.
<b>B.10</b>	<i>Qualification of audit report</i>	Not applicable. There are no qualifications of audit reports.
<b>B.11</b>	<i>Insufficient working capital</i>	Not applicable. The Company's working capital is sufficient for its present requirements during the coming 12-month period.

## SECTION C – SECURITIES

<b>C.1</b>	<i>Securities offered</i>	Class B shares in SSAB (ISIN code SE0000120669).
<b>C.2</b>	<i>Denomination</i>	The shares in SSAB are denominated in SEK.
<b>C.3</b>	<i>Number of shares in the issuer</i>	As of the date of this prospectus, the Company's registered share capital is SEK 4,833,360,488, represented by 549,245,510 shares, of which 304,183,270 are class A shares and 245,062,240 are class B shares, each with a quota value of SEK 8.80. All shares are fully paid.
<b>C.4</b>	<i>Rights associated with the securities</i>	Each share of class A carries one (1) vote and each share of class B carries one-tenth (1/10) of a vote at General Meetings. Should the Company decide to issue new shares by way of a cash issue or a set-off issue ( <i>Sw. kvittningsemission</i> ), shareholders, as a general rule, shall have preferential rights to subscribe in proportion to their existing shareholdings. All shares carry the same right to dividend and any surplus in the event of liquidation. Dividends are resolved upon by the General Meeting and the payment is administered by Euroclear Sweden. On the record date established by the General Meeting, holders recorded as owners of shares in the register of shareholders maintained by Euroclear Sweden will be entitled to receive dividends.
<b>C.5</b>	<i>Restrictions on transferability</i>	Not applicable. The shares are not subject to any restrictions on transferability.
<b>C.6</b>	<i>Admission to trading</i>	The new shares will be traded on Nasdaq Stockholm and Nasdaq Helsinki.
<b>C.7</b>	<i>Dividend policy</i>	Dividends are adapted to the average earnings level over a business cycle and, in the long term, constitute approximately 50% of profit after tax, taking into consideration the net debt/equity ratio. It should also be possible to use dividends to adjust the capital structure.



## SECTION D – RISKS

D.1	Main risks associated with the issuer or the industry	<p>An investment in securities is associated with risk. Prior to any investment decision, it is important to carefully analyze the risk factors considered to be of importance in relation to SSAB and the future performance of the shares. The main risks associated with SSAB and the industry are:</p> <p><b>The steel industry is affected by macroeconomic conditions and the prevailing uncertainty continues to have a material adverse effect on demand for steel:</b> The steel market is cyclical and demand is affected by global, regional and national economic conditions, as well as levels of industrial investment activity and industrial production. In addition, steel demand is sensitive to the business cycles of the industries that use SSAB's products. Weak demand may also lead to obsolescence in inventories within the steel divisions. Demand volatility also makes it difficult for SSAB to optimize production capacity. Protracted declines in steel consumption caused by uncertain economic conditions in one or more of SSAB's major geographic markets or end-user industries, the deterioration of the financial condition of any of SSAB's key customers or any other reason would have a material adverse effect on SSAB's business, financial condition and results of operations.</p> <p><b>Overcapacity in the global steel industry could lead to reduced steel prices and have a material adverse effect on SSAB:</b> Due to the high fixed costs related to steel production, steel producers generally attempt to maintain high capacity utilization rates in order to maintain their profitability. During periods of declining demand, this may result in a significant oversupply of steel and a corresponding decline in steel prices. Global steelmaking capacity currently exceeds global consumption of steel products. A lower utilization rate would affect SSAB's fixed costs, which cannot be fully reduced in line with production, leading to a higher per unit cost. A decrease in SSAB's utilization rate could have a material adverse effect on its business, financial condition and results of operations.</p> <p><b>Volatility in the supply and prices of, or the inability to procure, raw materials could have a material adverse effect on SSAB:</b> If the pricing terms in SSAB's contracts for raw materials do not reflect market steel prices, it could have a material adverse effect on SSAB's results of operations and financial condition. SSAB may also be unable to procure certain necessary raw materials on a timely basis, at acceptable terms, in sufficient amounts or at all. For some raw materials, the number of alternative suppliers is limited and the suppliers' pricing power has been strong in recent years. Further, SSAB may suffer from quality problems. If SSAB is unable to obtain adequate and punctual deliveries of required raw materials at acceptable prices, the Company may be unable to manufacture sufficient quantities of products in a timely or profitable manner which, among other things, could cause SSAB to lose customers and incur additional costs. In addition, switching the supplier of a certain raw material may negatively affect SSAB's production since it might be forced to carry out adjustments to its production process. Any prolonged interruption in the supply of raw materials, or increases in raw materials costs that cannot be passed on to customers, could have a material adverse effect on SSAB's business, financial condition and results of operations.</p> <p><b>Unfair trade and pricing practices or subsidies could adversely affect steel prices, while trade restrictions could limit SSAB's access to new export markets:</b> SSAB is exposed to unfair trade and pricing practices by competitors. Several countries also grant substantial subsidies to companies active in local steel industries, which may impair SSAB's ability to compete with such producers. This may also lead to increased supply in certain markets, resulting in increased price competition. Due to the global nature of its operations, SSAB has significant exposure to the effects of trade actions and barriers, which could have a material adverse effect on SSAB's business, financial condition and results of operations by limiting SSAB's access to steel markets.</p> <p><b>SSAB may be adversely affected by any future application of restrictions in regard to greenhouse gas emissions under emission allowance schemes:</b> Increased restrictions on carbon dioxide emissions stemming from the EU Emissions Trading Scheme could place SSAB at a competitive disadvantage in relation to steel producers located outside the EU. In the event that SSAB is not allocated a sufficient amount of emission rights, SSAB's steel production costs will increase. As a result, SSAB may not be able to produce products that are competitive in terms of price. If the US were to implement a carbon dioxide emissions trading program, it could result in increased energy costs for SSAB's operations in North America. This could have a material adverse effect on SSAB's business, financial condition and results of operations.</p> <p><b>Changes in assumptions underlying the carrying value of certain assets, including goodwill and fixed assets, could result in impairment of such assets:</b> SSAB tests goodwill annually. Testing for impairment is also carried out if there are indications that the asset may have diminished in value. The process of testing goodwill for impairment involves numerous judgments, assumptions and estimates which inherently reflect a high degree of uncertainty. For example, the latest impairment test was carried out at a time when the global economy was characterized by uncertainty. If management's judgments, assumptions or estimates change, the estimate of the recoverable amount of goodwill, could fall significantly and result in impairment. Any future impairment loss related to SSAB's fixed assets due to, for example, a change in the business or in the economic environment, could have a material adverse effect on SSAB's financial position and results of operations.</p>
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<b>D.3</b>	<b>Main risks associated with the securities</b>	<p>The main risks associated with the shares and the rights issue are:</p> <p><b>The market price of the shares or subscription rights may be volatile:</b> Risk and risk-taking are unavoidable aspects of share ownership. The price of SSAB's shares or subscription rights could fluctuate substantially as a result of factors related to SSAB, the industry and the securities market in general. Hence, there is a risk that investors may not get their invested capital back. There is also a risk that an active trade in subscription rights may not develop or that sufficient liquidity may not exist.</p> <p><b>Shareholders who do not participate in the rights issue face dilution:</b> Shareholders who do not exercise their subscription rights or only partially exercise their subscription rights, or who cannot exercise subscription rights because of applicable legal restrictions, will experience dilution of their proportional holdings of shares and votes in SSAB.</p> <p><b>Subscription and underwriting commitments relating to the rights issue are not secured:</b> The subscription and underwriting commitments made by certain larger shareholders and the Joint Global Coordinators are not secured. Consequently, there is a risk that these larger shareholders or Joint Global Coordinators will not be able to meet their respective commitments. Furthermore, the underwriting agreement that has been entered into with the Joint Global Coordinators, can be terminated by the Joint Global Coordinators under certain circumstances. If the above-mentioned commitments are not met, this could negatively impact SSAB's ability to successfully complete the rights issue.</p>
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## SECTION E – OFFERING

<b>E.1</b>	<b>Issue amount and issue expenses</b>	The rights issue will raise SSAB a maximum of SEK 5,046 million, before deduction of rights issue costs. From the issue proceeds, a deduction will be made for rights issue costs estimated to SEK 130 million (including compensation to the Joint Global Coordinators of approximately SEK 90 million for underwriting commitments).
<b>E.2a</b>	<b>Reasons and use of the issue proceeds</b>	<p>Having been focusing on integration and cost-cutting initiatives following the successful merger with Rautaruukki, SSAB now intends to continue the transformation of its business model. This includes a higher share of high-strength steels and other premium products, increased focus on service and after-market activities, as well as further growth in attractive market segments from the current well-invested asset base. SSAB is now undertaking comprehensive measures to strengthen its balance sheet to pursue its journey toward achieving industry leading profitability. These measures will put SSAB in a competitive financial position, which together with the transformed business model, will enable long-term profitable growth and competitiveness. Suggested measures to strengthen the balance sheet and improve flexibility going forward include the forthcoming rights issue of around SEK 5 billion. The rights issue, combined with planned divestments of non-core assets and internal cash flow generation is expected to strengthen the Company's balance sheet, reduce net debt by around SEK 10 billion and improve net gearing to around 30% by year end 2017, in line with SSAB's long-term financial targets.</p> <p>Net of transaction costs, the rights issue is estimated to raise SSAB approximately SEK 4,916 million at the maximum.</p>
<b>E.3</b>	<b>Form and terms of the Offering</b>	<p>On April 21, 2016, the Board of Directors of SSAB resolved, subject to approval by the extraordinary general meeting, to increase the Company's share capital through a rights issue of class B shares with preferential rights for SSAB's shareholders. The final terms and conditions were resolved by the Board of Directors on May 23, 2016. On May 27, 2016, the extraordinary general meeting approved the Board of Directors' resolution on a rights issue. The rights issue resolution means that the Company's share capital will increase by a maximum of SEK 4,229,190,380.80 through an issue of not more than 480,589,816 new class B shares. The Company's shareholders have preferential right to subscribe for new class B shares in relation to the number of shares previously owned, irrespective of share class. The record date for participation in the rights issue is May 31, 2016. Those who on the record date are registered as shareholders of SSAB may subscribe for seven (7) new class B shares for each eight (8) existing shares in SSAB. To the extent new class B shares are not subscribed for with preferential rights, they shall be allotted to shareholders and other investors who have subscribed for shares without any preferential right. Subscription shall take place during the period as from June 3, 2016 up to and including June 17, 2016, or such later date as determined by the Board of Directors. The subscription price has been set at SEK 10.50 per class B share.<sup>1)</sup></p> <p>1) As regards subscription of new class B shares that will be registered with Euroclear Finland and listed on Nasdaq Helsinki, payment shall be made in EUR with an amount corresponding to the subscription price of SEK 10.50 per new share, translated to EUR based on the European Central Bank's reference exchange rate at 15.00 CET on May 31, 2016. The EUR amount will be announced at 16.30 CET on May 31, 2016.</p>

<b>E.4</b>	<b><i>Interested parties of importance for the Offering</i></b>	<p>SSAB's two largest shareholders, Industrivärden and Solidium, together holding 28.7% of the total number of shares and 29.3% of the total number of votes in the Company, have each committed to exercise their preferential rights in the rights issue and thereby subscribe for new shares equivalent to their respective shareholdings in the Company, <i>i.e.</i>, totaling 28.7% of the rights issue. In addition, Crédit Agricole CIB, Handelsbanken, Nordea and Swedbank have, subject to certain conditions, guaranteed to subscribe for additional shares at an aggregate amount of approximately SEK 3,596 million, corresponding to 71.3% of the rights issue. Altogether, subscription and underwriting commitments total 100% of the rights issue.</p> <p>Crédit Agricole CIB, Handelsbanken, Nordea and Swedbank provide financial advice to SSAB in connection with the rights issue. These advisors (and their affiliates) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to SSAB for which they have received, and may receive, compensation. Furthermore, the above mentioned financial advisors (and their affiliates) are lenders and/or brokers, alternatively guarantors, of loans granted to SSAB and have entered into underwriting agreements regarding the forthcoming rights issue.</p>
<b>E.5</b>	<b><i>Seller of the securities and lock-up agreement</i></b>	Shareholders having entered into subscription commitments (see E.4 above) have also undertaken not to reduce their holdings in the Company during certain periods. These undertakings relate to both the period up to and including two weeks after the end of the subscription period, and, in the event that the Joint Global Coordinators subscribe for shares under the underwriting commitments, the earlier of (i) the date on which the Joint Global Coordinators have sold all of the shares for which they have subscribed in the rights issue pursuant to their underwriting commitments; and (ii) July 21, 2016.
<b>E.6</b>	<b><i>Dilution effect</i></b>	The forthcoming rights issue will, if fully subscribed, result in an increase of the number of shares in the Company from 549,245,510 shares to 1,029,835,326 shares, representing an increase of approximately 87.5%. Shareholders who choose not to participate in the rights issue, will have their shareholdings diluted by a total of not more than 480,589,816 new shares, representing approximately 46.7% of the total shares and approximately 12.8% of the total votes in the Company after the rights issue.
<b>E.7</b>	<b><i>Expenses borne by the investor</i></b>	Not applicable. The issuer will not impose any charges or taxes on investors.

# Risk factors

An investment in securities is associated with risk. Prior to any investment decision, it is important to carefully analyze the risk factors considered to be of importance in relation to SSAB and the future performance of the shares. The risks currently considered to be of importance to SSAB are described below, without being ranked in particular order of importance. There are risks both regarding circumstances linked to SSAB or the industry and those that are of a more general nature as well as risks associated with the shares and the rights issue. Some risks are beyond SSAB's control. The description below does not purport to be complete and, for natural reasons, all risk factors cannot be predicted or described in detail. Therefore, an overall assessment must also include the other information in the prospectus, as well as a general assessment of extraneous factors. The below risks and uncertainty factors may have a material adverse effect on SSAB's operations, financial position and/or results. They may also cause the shares in SSAB to decrease in value, which may result in SSAB shareholders losing all or part of their invested capital. Additional factors of which SSAB is currently unaware, or which it currently deems not to be risks, may also have corresponding negative effects.

## RISKS RELATED TO THE INDUSTRY AND THE BUSINESS

**The steel industry is affected by global, regional and national economic conditions and the prevailing macroeconomic uncertainty continues to have a material adverse effect on demand for steel.**

The steel market is cyclical and demand for standard steel products and, to a lesser extent, high strength steel products is affected by global, regional and national economic conditions, as well as levels of industrial investment activity and industrial production. In Europe, austerity drives in most major economies have weakened the economic climate. Growing threats of recession and further budget constraints have had an adverse impact on the demand for steel. Demand in the North American market was relatively weak in 2015, primarily due to destocking at distributors and prices fell as a result throughout the year. The growth of the Chinese economy continued to decelerate in 2015 with tougher regulation of the financial system and a cooling of the real estate sector.

SSAB Europe represented approximately 39% of SSAB's total net sales for the three months ended March 31, 2016, compared to 37% for the three months ended March 31, 2015. SSAB thus faces significant exposure to the economic conditions as well as levels of industrial investment activity and industrial production in Europe, which have recently been affected by the economic slowdown in the region. The economic environment in Europe has been, and may continue to be, adversely affected by increased levels of public debt in Europe; actual or perceived risk of sovereign illiquidity or insolvency, such as the problems recently experienced by certain members of the euro area; loss of confidence in certain currencies; credit austerity and tensions in the capital

markets; weak consumer confidence; decline in consumption; inflationary pressure resulting from rising energy and raw material prices; rising interest rates; and general factors such as political instability, terrorism or natural disasters; as well as fear of, or actual, contagion of any of the foregoing to previously unaffected markets. In addition, the impending referendum relating to the exit of the United Kingdom from the European Union (Brexit) may create considerable uncertainty in the European markets, and in the event of a withdrawal of the United Kingdom from the EU the impact on SSAB's business in Europe and the European steel industry in general is very difficult to predict. However, any continuation or worsening of economic instability in Europe due to the referendum in the United Kingdom or otherwise, could have a material adverse effect on SSAB's business, financial condition and results of operations.

In addition, any deterioration of economic conditions in other regions in which SSAB has significant operations, such as North America (where the SSAB Americas business area represented 19% of SSAB's total net sales for the three months ended March 31, 2016, compared to 23% for the three months ended March 31, 2015), or the spread of recessionary conditions to emerging economies that are substantial consumers of steel, such as China, could result in a recession or a prolonged period of slower growth, which could have a material adverse effect on SSAB's business, financial condition and results of operations.

In addition to macroeconomic trends, steel demand is sensitive to the business cycles of the industries that use SSAB's products. For example, high strength steels are primarily used in the heavy transport, automotive, material handling (including mining), construction machinery (including lifting), as well as energy and protection industries, whereas standard steels are used by the manufacturing industry in general, including construction and building material, machinery and equipment. Some of these end-user indus-

tries, such as the automotive and construction industries, are highly cyclical and as a result, the demand for SSAB's products may vary significantly. See also "Financial difficulties or bankruptcy of one or more of SSAB's major customers or suppliers, or losing major customers for any other reason, could have a material adverse effect on SSAB's business, financial condition and results of operations" below.

Weak demand may also lead to obsolescence in inventories within the steel divisions, for example due to rust issues. Demand volatility also makes it difficult for SSAB to optimize production capacity. During periods of lower demand, SSAB may decide to reduce production in an attempt to counter the corresponding decline in prices. However, such reductions in capacity utilization also increase per unit production costs and decrease profitability; therefore, there can be no assurance that such reductions would mitigate the adverse effects of lower demand. Increases in costs per unit and the resulting decline in competitiveness as a result of demand volatility have had a material adverse effect on SSAB's business, financial condition and results of operations in the past, and may continue to have a material adverse effect on SSAB's business, financial condition and results of operations.

Protracted declines in steel consumption caused by uncertain economic conditions in one or more of SSAB's major geographic markets or end-user industries, the deterioration of the financial condition of any of SSAB's key customers would have a material adverse effect on SSAB's business, financial condition and results of operations.

**Protracted low steel prices and price volatility could have a material adverse effect on SSAB's business, financial condition and results of operations.**

The development of steel prices directly affects SSAB's profitability. Unlike many commodities, steel is not completely fungible due to several different factors such as wide differences in shape, chemical composition, quality, specifications and application, all of which impact sales prices. Steel prices fluctuate based on macroeconomic factors, including, but not limited to, consumer confidence, employment rates, interest rates and inflation rates, in the economies in which steel producers sell their products. Moreover, steel prices are largely sensitive to the cyclical nature of the business sectors that are the principal consumers of steel, namely the automotive, construction, appliance, machinery, equipment, infrastructure and transportation industries. When steel prices increase, customers may delay purchasing decisions until they have stabilized.

Protracted low steel prices have had a material adverse effect on SSAB's revenues and profitability in the past, and may continue to have a material adverse effect on SSAB's business, financial condition and results of operations.

**Overcapacity in the global steel industry, and particularly in Europe and China, could lead to reduced steel prices and have a material adverse effect on SSAB's profitability, business, financial condition and results of operations.**

SSAB's competitiveness and long-term profitability are, to a significant degree, dependent upon its ability to optimize capacity utilization and maintain low-cost and efficient production relative to competitors. Due to the high fixed costs related to steel production, steel producers generally

attempt to maintain high capacity utilization rates in order to maintain their profitability. During periods of declining demand, this may result in a significant oversupply of steel and a corresponding decline in steel prices. During periods of economic instability, such as is currently being experienced, overcapacity has increased due to weaker demand for steel. Global steelmaking capacity currently exceeds global consumption of steel products, which also affects high strength steels. This excess capacity often results in manufacturers exporting significant amounts of steel and steel products at prices that are at or below their costs of production. In addition, oversupply may result in decreased steel prices. A lower utilization rate would also affect SSAB's fixed costs, which cannot be fully reduced in line with production, leading to a higher cost per unit. A decrease in SSAB's utilization rate could have a material adverse effect on its business, financial condition and results of operations.

**Volatility in the supply and prices of, or the inability to procure, raw materials could have a material adverse effect on SSAB's business, financial condition and results of operations.**

Steel production requires substantial amounts of certain raw materials, including iron ore, scrap metal, metallurgical coal, injection coal, coke and alloys. Raw materials are priced in the world market and the prices, which are primarily quoted in USD, generally vary in accordance with demand for steel. The price volatility is primarily due to fluctuating customer demand, supply and speculation, which may, from time to time, be compounded by decreases in extraction and production due to natural disasters, political and/or financial instability or unrest.

SSAB's profitability is dependent in part on raw materials prices and the extent to which changes in raw material prices correlate to changes in steel prices. Complicating factors include the extent of the time lag between: (i) the raw material price change and the steel selling price change; and (ii) the date of the raw material purchase and the actual sale of the steel product in which the raw material was used (on an average cost basis). Raw material prices are important drivers in the steel industry. During 2015, iron ore prices continued to fall. In the beginning of 2016, the prices stabilized on low levels and rebounded slightly in the end of the first quarter. This was against a backdrop of demand not meeting expectations at the same time as both new and existing actors are adding new iron ore capacity. Coal prices also fell to historically low levels during 2015. Similar as the iron ore, the coal prices stabilized on low levels in the beginning of 2016 and have increased slightly in March and beginning of April. If the pricing terms in SSAB's contracts for raw materials do not reflect market steel prices, it could have a material adverse effect on SSAB's results of operations and financial condition.

The primary raw material for SSAB's production operations in the US is scrap metal. Prices and other terms in conjunction with trading in scrap metal are affected by market forces that are beyond SSAB's control, including demand from American and international steel producers, freight costs and speculation. As at the end of 2015, scrap metal prices in North America were 46% lower than at the end of 2014. Beginning of 2016 has showed some increase in the scrap pricing mainly due to a lack of supply. The overall market situation may affect SSAB's ability to receive full coverage for its overall product costs. Raw material inventories



and long customer contracts could, furthermore, lead to a risk that price increases in raw materials could not be passed on to customers.

SSAB may also be unable to procure certain necessary raw materials on a timely basis, at acceptable prices and other terms, in sufficient amounts or at all. The iron ore and metallurgical coal industries are highly concentrated. The number of alternative suppliers is thus limited and their pricing power has been strong in recent years. For certain raw materials, such as iron ore and injection coal, SSAB relies on a small number of suppliers. Although there are alternative suppliers in the market for each of SSAB's raw materials, replacing a supplier may be time consuming and the terms available may not be as favorable as the terms in current supply agreements. SSAB could also experience issues with the quality of the raw materials it purchases. Further, SSAB may be forced to purchase products from other suppliers for various reasons, including if a supply contract is not extended, if a supplier is not able to meet its delivery obligations (including due to export, import or other restrictions for certain raw materials) or if a supplier faces financial or operational difficulties or disruptions. If SSAB is unable to obtain adequate and punctual deliveries of required raw materials at acceptable prices, the Company may be unable to manufacture sufficient quantities of products in a timely or profitable manner (especially those products that require long lead times or that involve complex manufacturing processes), which could harm SSAB's reputation and cause the Company to lose customers, incur additional costs or delay new product introductions. In addition, switching the supplier of a certain raw material may negatively affect SSAB's production since it might be forced to carry out necessary adjustments to its production process as dictated by differences in quality and other characteristics of the raw materials.

Any prolonged interruption in the supply of raw materials, or increases in raw materials costs that cannot be passed on to customers, could have a material adverse effect on SSAB's business, financial condition and results of operations.

### **The global steel industry is characterized by high levels of competition.**

The markets in which steel companies operate are highly competitive. SSAB's long-term growth and profitability are dependent on its ability to continue to develop products that are competitive in terms of quality and price as well as to build its position in higher value-added markets. SSAB may be adversely affected by, among other things, increases in competitors' activity; lower sales prices; the development of new production technologies, products, services and customer offerings. If SSAB is unable to meet customer demands, or is unable to develop new products that help generate profitable business, it may lose market share and competitive position. SSAB's operations are, and will be for the foreseeable future, exposed to severe competition which has caused, and could continue to cause, significant downward price pressure, declining margins and reductions in SSAB's sales. If SSAB is unable to compete effectively or is unable to keep up with price or product trends, it could have a material adverse effect on SSAB's business, financial condition and results of operations.

Further, due to the system of carbon dioxide emission rights within the EU, there is a risk of distortion of competition due to the fact that a large proportion of steel producing countries in the world are not covered by the system. For

more information about carbon dioxide emission rights, see *"SSAB may be adversely affected by any future application of restrictions in regard to greenhouse gas emissions under emission allowance schemes and face risks associated with identifying and controlling the cost of compliance with these emission allowance schemes"* below.

Competition in the form of established producers expanding in new markets, smaller producers increasing production in anticipation of demand increases or amid recoveries, or exporters selling excess capacity from markets such as China, could cause SSAB to lose market share, increase expenditures or reduce pricing. Any of these developments could have a material adverse effect on its business, financial conditions, results of operations or prospects.

### **The steel industry is characterized by large capital expenditures.**

The steel industry is capital intensive and a significant portion of the cash flow from operating activities generated from sales of steel products is often used to undertake necessary major investments. In recent years, SSAB has undertaken significant strategic investments in order to expand and upgrade its production facilities and improve its competitive position. The failure to reach target production capacities, budget overruns or lower than expected returns on these investments could have a material adverse effect on SSAB's business, financial condition and results of operations. In addition, ongoing maintenance of SSAB's production and other facilities requires significant capital expenditures and any deterioration of its production facilities may result in higher maintenance and replacement costs in the long term. Furthermore, any postponed capital expenditure may reduce the value of SSAB's production facilities, subject such facilities to a higher risk of accidents and have an adverse effect on SSAB's ability to compete effectively.

There can also be no assurance that financing for necessary maintenance of SSAB's facilities or for future strategic capital expenditure projects will be available on terms that are acceptable to SSAB, or at all. If SSAB cannot raise funds on acceptable terms, it may not be able to develop or upgrade its facilities, execute its business strategy, take advantage of future opportunities or respond to competitive pressures or unanticipated customer requirements. Further, changes to and maintenance of existing production facilities and construction of new production facilities require extensive regulatory permits and approvals, and there can be no assurance that such permits and approvals would be granted with the anticipated terms, within the targeted timeframe, or at all. Any of these events could have a material adverse effect on SSAB's ability to achieve its development goals as well as the Company's business, financial condition and results of operations.

### **Substitute materials and new technologies, or changes in the products or manufacturing processes of customers or end users of steel, could have an adverse effect on the market price of and demand for steel.**

In many applications, steel competes with other natural and synthetic materials, such as concrete, glass, aluminum, composites, plastic and wood. Pricing of competing products, development of new or improved substitutes for steel prod-

ucts or government regulatory initiatives mandating the use of such materials instead of steel could significantly reduce the prices of and demand for steel products.

In addition, the steel market is characterized by evolving technology standards that require improved quality, changing customer specifications and wide fluctuations in product supply and demand. The products or manufacturing processes of the customers that use SSAB's steel products may change from time to time due to improved technologies or product enhancements. These changes may require SSAB to develop new products and enhancements for its existing products. In addition, the emergence of new technologies could result in certain products containing steels becoming obsolete. Failure to keep pace with market changes or to produce steel products that meet customers' specifications and quality standards in a timely and cost-effective manner could have a material adverse effect on SSAB's business, financial condition and results of operations.

**Failure to manage external growth and difficulties integrating acquired companies and subsequently implementing steel development projects could adversely affect SSAB's business, financial condition and results of operations.**

SSAB's past growth, partly through acquisitions, has entailed significant investment and increased operating costs, and has required greater allocation of management resources away from daily operations. Managing growth has required continued development of SSAB's financial and management information control systems, the integration of acquired assets with existing operations, attracting and retaining qualified management and personnel as well as continued training and supervision of such personnel, and the ability to manage the risks and liabilities associated with the acquired businesses. Failure to continue to manage such growth could have a material adverse effect on SSAB's business, financial condition and results of operations. In addition, SSAB may not successfully identify appropriate targets or consummate transactions on satisfactory terms. Furthermore, SSAB may be unable to arrange financing for acquired businesses (including acquisition financing) on favorable terms to it and, as a result, elect to fund acquisitions with cash that could otherwise be allocated for other uses in its existing operations.

**Competitive prices for and reliable access to energy resources required for the production of steel products are subject to volatile market conditions.**

The production of steel products requires significant amounts of energy resources, particularly coal (see "*Volatility in the supply and prices of, or the inability to procure, raw materials could have a material adverse effect on SSAB's business, financial condition and results of operations*" above) as well as, to a lesser extent, electricity, oil, liquid petroleum gas and natural gas. Electricity and natural gas represent significant energy costs for the SSAB Americas business area. Energy prices have historically varied and may continue to vary significantly as a result of political and economic factors beyond SSAB's control. For example, the European Climate and Energy Package (the "**CEP**") could have a significant impact on the electricity markets in Europe and could, therefore, also affect SSAB's business and results of operations. The imple-

mentation of EU-level and national directives within the CEP is currently ongoing and includes a number of significant uncertainties.

Disruptions in the supply of energy resources could also temporarily impair the ability of SSAB to manufacture products. Such disruptions may also occur as a result of the loss of energy supply contracts or the inability to enter into new energy supply contracts on commercially attractive terms. Furthermore, natural disasters or similar events could affect the electricity grid and disrupt the delivery of electricity to SSAB's production sites. Any such disruptions, or increases in energy costs as a result of the aforementioned factors or otherwise, could have a material adverse effect on SSAB's business, financial condition and results of operations.

**Fluctuations in foreign exchange rates could have a material adverse effect on SSAB's business, financial condition and results of operations.**

SSAB's currency exposure largely relates to the translation risk regarding net assets of foreign subsidiaries. SSAB also operates and sells its products globally and, as a result, generates a significant portion of its sales and incurs a significant portion of its expenses in currencies other than SEK, primarily USD and EUR. Generally, steel sales are priced in the currency of the local market. To the extent that SSAB incurs costs in one currency and generates sales in another, its profit margins may be affected by changes in the exchange rates between the two currencies. In addition, there are currency flows as a consequence of major capital expenditure purchases that are made in foreign currencies, primarily EUR and USD. SSAB's European sales are denominated mainly in EUR and SEK, and its North American sales are generally denominated in USD. The raw material purchases for SSAB's European operations are denominated mainly in USD while employee-related expenses and other costs are primarily denominated in SEK and EUR. The costs of SSAB's North American operations, including raw material costs, are mainly denominated in USD. Accordingly, fluctuations in exchange rates, particularly between SEK and EUR and SEK and USD, affect SSAB's profit margins and revenue. Generally, appreciation of USD or depreciation of EUR against SEK would have an adverse effect on SSAB's profit margins and revenue. Foreign exchange rates in emerging markets where SSAB is active, including China, India and South America, could also fluctuate significantly and cause value changes in SSAB's investments and therefore give rise to the risk of write downs in balance sheet values. On June 23, 2016, a referendum is being held in Great Britain to resolve on the country's membership in the European Union. The impacts of an outcome in favor of an exit (Brexit) are uncertain. For instance, it may have an effect on the exchange rates on GBP, EUR and SEK. To the extent foreign exchange rate exposures are not hedged, any fluctuations in currencies may have a material adverse effect on SSAB's business, financial condition and results of operations.

**Costs related to pension benefit plans could increase, which could have a material adverse effect on SSAB's business, financial condition and results of operations.**

SSAB has both contribution-based and benefit-based pension plans. Generally, the plans are financed through payments to insurance companies or manager-administered



funds. For contribution-based plans, fixed fees are paid to a separate legal entity and there is no obligation, legal or informal, to pay any additional fees. In the contribution-based plans, payments are recognized as an expense during the period when the employees have performed the services to which the fees relate. Blue-collar employees in Sweden are covered by such a contribution-based plan. A large part of SSAB's pension obligations with respect to white-collar employees are benefit-based and compensation is payable to employees and former employees based on their salary at the time of retirement and number of years in service. Pension obligations in the Swedish benefit-based plans are generally insured on a collective basis by Alecta. According to the current accounting rules, such insured benefit-based plans are reported and treated as contribution-based plans.

As a result of the acquisition of Rautaruukki, which has defined benefit plans in Finland, Norway and Germany, the amount of unfunded defined benefit pension plan obligations increased markedly. As at March 31, 2016, SSAB's unfunded defined benefit pension plan obligations amounted to SEK 431 million. SSAB is exposed to various risks related to the benefit-based plans, which are not insured on a collective basis, including the risk that the costs for the promised payments will be higher than estimated, the risk of actual investment returns being less than assumed rates of return and the risk of results deviating from actuarial assumptions for areas such as life expectancy of plan participants. Any of these risks, if they materialize, could have a material adverse effect on SSAB's business, financial condition and results of operations.

### **SSAB is subject to stringent health and safety laws and regulations that may give rise to significant costs and liabilities.**

SSAB is subject to a broad range of health and safety laws and regulations in each of the jurisdictions in which it operates and these laws and regulations impose increasingly stringent health and safety protection standards. The costs of complying with, and the liabilities imposed pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the assessment of civil and criminal penalties, suspension of permits, temporary or permanent closure of production facilities, or claims or lawsuits by third parties.

Furthermore, SSAB is subject to the risk of industrial accidents that could lead to production stoppages, the loss of key assets and employees (and those of sub-contractors and suppliers) or injuries to persons living near the affected sites.

The occurrence of any of these events could prevent or delay production, increase production costs and result in death or injury to employees, damage to property and liability for SSAB, as well as substantially harm SSAB's reputation, which could have a material adverse effect on SSAB's business, financial condition and results of operations.

### **Disruptions to production processes could have a material adverse effect on SSAB's operations and customer service levels.**

Steel production takes place in a process chain. The processes are dependent on the continuous operation of critical production equipment, including furnaces, continuous casters, rolling mills and electrical equipment (e.g., transformers), and production downtime may occur as a result of unanticipated

mechanical failures or other events. Disruptions in any part of the chain can rapidly have serious repercussions on the entire process. SSAB's production facilities have experienced, and may in the future experience, plant shutdowns or periods of reduced production as a result of such equipment failures and planned maintenance. Operations may also be disrupted for a variety of other reasons including civil unrest or civil disobedience, natural disasters (e.g., earthquakes, flood, snow, fires or other natural disasters or other force majeure events), cyber or other forms of terrorist attacks, flooding, release of substances harmful to the environment or health, strikes, transportation disruptions, or other events occurring in the regions where it carries out its businesses. Furthermore, accidents may lead to production downtimes with respect to certain machinery or plants or even plant closures, including for the duration of any ongoing investigation. To the extent that lost production as a result of disruptions could not be compensated for by the production of unaffected facilities, such disruptions could have a material adverse effect on SSAB's business, financial condition and results of operations.

### **Financial difficulties or bankruptcy of one or more of SSAB's major customers or suppliers, or losing major customers for any other reason, could have a material adverse effect on SSAB's business, financial condition and results of operations.**

Some of SSAB's customers and suppliers have experienced financial and operational challenges throughout the difficult economic environment that has continued during the past years. The continuation or exacerbation of the difficulties experienced by these customers or suppliers could place them in additional financial and operational distress or could even result in bankruptcy. The potential inability of SSAB to collect outstanding account receivables on a timely basis, or at all, could have a material adverse effect on its sales and cash flow. See *"SSAB's insurance policies provide limited coverage, potentially leaving it uninsured against certain risks"* below. Furthermore, there is a risk that SSAB loses future income due to bankruptcy or financial difficulties of its customers. Similarly, any financial difficulties experienced by SSAB's suppliers could result in an interruption in the supply of raw materials. In addition, the competition in the markets in which SSAB operates is intense and SSAB is subject to the risk of losing customers, including customers that may be significant to SSAB, to its competitors. Any of the foregoing could have a material adverse effect on SSAB's business, financial condition and results of operations.

### **SSAB's operations in certain emerging economies may be adversely affected by political, economic and legal developments in these countries.**

SSAB's business operations are expanding in countries in which the political, economic and legal and regulatory systems are less predictable than in countries with more developed institutional structures. Political or economic upheaval, changes in laws and other factors could have a material adverse effect on SSAB's results of operations and/or impair the value of its investments in such countries. For example, the recent occupation of Crimea and the hostilities in the eastern region of Ukraine and related events have had an adverse effect on the economic climate in both Ukraine and Russia. In addition, sanctions have been imposed on the con-

ducting of certain business with Russian entities and persons by the US and EU. These have the effect of limiting the types of sales SSAB can make to Russian companies, for example limiting the ability to sell steel to companies involved in the military sector. While these sanctions have so far not had a significant effect on the operations of SSAB, should the hostilities in Eastern Ukraine continue or new or escalated tensions between Russia and Ukraine or other countries emerge, or should new economic or other sanctions, such as further limitations on trade, in response to such crises or tensions be imposed, this could have a material adverse effect on the economies in the region, including the Russian economy, and SSAB's operations in the region. Another significant risk of operating in emerging market countries is the potential establishment or enforcement of foreign exchange restrictions, which could effectively prevent SSAB from receiving profits from, or from selling its investments in, these countries. For example, China, which is the world's largest consumer of steel, imposes foreign exchange controls on foreign companies established in China. Legal and regulatory systems in emerging market countries are also typically less developed and not as well enforced as in Western European countries, which creates uncertainty in the operating environment. In addition, the need for qualified employees in emerging market countries may require SSAB to hire foreign trained employees, which may reduce the cost competitiveness of its operations. Expansion in emerging market countries also places greater pressure on monitoring corrupt behavior, in particular in countries that have a history of governmental corruption. The reputation of SSAB could be severely harmed due to corrupt behavior by its employees, which could also subject SSAB to fines and other sanctions. This could have a material adverse effect on SSAB's business, financial condition and results of operations.

**Unfair trade and pricing practices or subsidies in the markets in which SSAB operates could adversely affect steel prices and reduce SSAB's profitability, while trade restrictions could limit SSAB's access to new export markets.**

SSAB has been, and will continue to be, exposed to unfair trade and pricing practices by competitors. Several countries also grant substantial subsidies to companies active in local steel industries. The pricing advantage enjoyed by these producers on their subsidized products may impair or eliminate SSAB's ability to compete with such producers. This and other practices may further impair SSAB's profitability to the extent heavily subsidized steel products are produced in or exported into SSAB's key markets, the EU, the US, China and Russia. Unfair trade and pricing practices or subsidies may also lead to increased supply in certain markets, resulting in increased price competition. In addition, SSAB has significant exposure to the effects of trade actions and barriers due the global nature of its operations. Various countries (*e.g.*, Australia, China, India and the US) have implemented, or may in the future implement, trade actions and barriers, which could have a material adverse effect on SSAB's business, financial condition and results of operations by limiting SSAB's access to steel markets.

**SSAB's insurance policies provide limited coverage, potentially leaving it uninsured against certain risks.**

While SSAB maintains insurance on property, equipment and business interruption in amounts believed to be consistent with industry practices, it is not fully insured against all risks, and insurance against all types of risks may not be available. For example, SSAB does not carry trade credit insurance. SSAB's insurance policies cover physical loss of or damage to its property and equipment on a reinstatement basis arising from a number of specified risks and certain consequential losses, including business interruption arising from the occurrence of an insured event. Under these policies, damages and losses caused by certain natural disasters are also covered. SSAB also maintains various other types of insurance relating to its operations, subject to limits that it believes are consistent with those in the steel industry. Notwithstanding the insurance coverage SSAB carries, the occurrence of an accident that causes losses in excess of limits specified under the relevant policy or is subject to material deductibles, or losses arising from events not covered by insurance policies, could have a material adverse effect on SSAB's business, financial condition and results of operations.

**Product liability claims or loss of product certifications could have a material adverse effect on SSAB's business, financial condition and results of operations.**

SSAB's products are used in a wide range of areas and products (applications). For instance, certain of SSAB's products are used in safety-critical components and products, such as in the automotive industry and in armored vehicles. There could be significant consequential damages resulting from the use of or defects in such products. Any failure by SSAB to meet the qualifications needed to receive the necessary third-party certifications or the loss of existing third-party certifications may lead to the loss of business opportunities, which could lead to a decline in sales.

The performance, quality and safety of SSAB's products are critical to the success of SSAB's business. These characteristics depend significantly on the effectiveness of quality control systems, which in turn depend on a number of factors, including the quality of the training programs, the design of the systems and SSAB's ability to ensure that its employees adhere to quality control guidelines and policies. Any significant failure or deterioration of SSAB's quality control systems could have a material adverse effect on its reputation and could result in product liability claims. SSAB has limited product liability insurance coverage, which may not be sufficient to cover all potential liabilities. Accordingly, a major claim or a series of smaller claims for damages related to SSAB's products sold, or advice given to customers in connection with products sold, may not be fully covered by insurance, or may not be covered by insurance at all, which could have a material adverse effect on SSAB's business, financial condition and results of operations.

**SSAB is, and may in the future be, involved in governmental, litigation and other similar proceedings that could adversely affect SSAB's business, financial condition and results of operations.**

SSAB is involved in various legal proceedings in the ordinary course of business, primarily concerning insurance and warranty matters as well as complaints, none of which individually would be material to the financial condition, business or results of operations. However, if a number of these proceedings were to result in adverse judgments they may potentially be significant in aggregate.

In addition, SSAB is involved in one set of proceedings which are not in the ordinary course of business and could be significant. The proceedings relate to a number of class action lawsuits brought in the fall of 2008 against eight steel producers with operations in the US, including SSAB. The plaintiffs allege that the defendants violated U.S. antitrust law by collusively restricting the output of raw steel in the US during certain periods in 2005, 2006 and 2007, in order to support steel product prices. Even though SSAB believes that the substantive allegations are without merit, if the court were to certify a class, these matters could, in the aggregate, implicate or result in substantial adverse publicity, penalties and damages.

The proceedings discussed above and any future governmental, legal or other similar proceedings can be costly, divert management attention and may result in reputational damage for SSAB. An unfavorable outcome in the ongoing proceedings, or any proceedings that may arise in the future, could have a material adverse effect on SSAB's business, financial condition and results of operations.

**SSAB's governance, internal controls and compliance processes could fail to prevent regulatory penalties, reputational harm and fraud, both at operating subsidiaries and joint ventures.**

SSAB operates in a global environment and its activities straddle multiple jurisdictions and complex regulatory frameworks at a time of increased enforcement activity and enforcement initiatives in areas such as competition and anti-corruption law. SSAB's governance and compliance processes may not prevent breaches of law or governance standards by SSAB or by its subsidiaries. SSAB also faces the risk of fraud by its employees as well as violations at its joint ventures and other companies in which it has an interest, particularly if it only has a minority stake and does not control accounting or other rules and protocols for the conduct of business. SSAB's failure to comply with applicable laws and other standards could subject it to fines, loss of operating licenses and reputational harm.

There is a risk that errors and delays in internal reporting are not discovered in time. Additionally, at the operational level, individual employees may not comply with SSAB's policies and guidelines and as a result may cause SSAB to incur compliance costs and cause SSAB reputational damage. SSAB relies upon governance, internal control and compliance systems, the effective operation of which will be necessary for SSAB to accurately and effectively compile SSAB's financial results and monitor its internal control processes. In addition, inadequate internal controls could also cause investors and other third parties to lose confidence in SSAB's

reported financial information. Any problems with these systems could have a material adverse effect on SSAB's business, financial condition and results of operations.

**SSAB's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or successful hacking.**

SSAB's operations depend on the secure and reliable performance of its information technology systems. An increasing number of companies have recently experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. If unauthorized parties attempt or manage to bring down the Company's website or force access into its information technology systems, they may be able to misappropriate confidential information, cause interruptions in the Company's operations, damage its computers or process control systems or otherwise damage its reputation and business. In such circumstances, the Company could be held liable or be subject to regulatory or other actions for breaching confidentiality and personal data protection rules. Any compromise of the security of the Company's information technology systems could result in a loss of confidence in the Company's security measures and subject it to litigation, civil or criminal penalties, and adverse publicity that could adversely affect its reputation, financial condition and results of operations.

**SSAB faces risks associated with a nuclear power plant project in Finland.**

On February 26, 2014, Rautaruukki confirmed to Voimaosakeyhtiö SF Oy its binding commitment to participate in the Hanhikivi 1 nuclear power plant project of Fennovoima Oy ("**Fennovoima**"), a Finnish nuclear power company. Fennovoima has been granted a decision-in-principle by the Government of Finland to build a new nuclear power plant in Finland. In 2013, Fennovoima selected Rusatom Overseas CJSC as a power plant supplier. According to the plans, infrastructure work at the site began in 2015 and is expected to last approximately two to three years. The construction of the plant would begin after the infrastructure work is completed and the power plant is expected to start commercial operations in 2024. When operational, shareholders will be able to procure electricity at cost against payment of their *pro rata* share of operating expenses of the power plant. However, the project involves a number of potential risks, including delays, cancellation, non-completion (for external or internal reasons), technical risks (including tightening nuclear safety regulations in the future), budget overruns (including non-competitive cost of power or increased cost of production), financing risks (including cost and availability of financing), political risks (including public acceptance risks) and environmental risks. There can be no assurance that one or more of the project risks will not occur which would have a material adverse effect on SSAB's business, financial condition and results of operations.

**SSAB's operations are subject to various environmental laws and regulations and a failure to comply with these laws and regulations could result in unexpected costs and other liabilities.**

SSAB is subject to various environmental laws and regulations governing, among other things, atmospheric emissions, water quality, solid and hazardous waste handling and disposal, plant and wildlife protection, reclamation and restoration of mining properties, and the remediation of contaminated properties. As these environmental laws and regulations are amended or as their application or enforcement is changed, significant costs in complying with new and more stringent regulations may be imposed on SSAB. Further, many of SSAB's operations require environmental and other regulatory permits that are subject to modification, renewal or, subject to certain conditions, revocation. In certain countries, the procedures for obtaining these permits are often long and complex and there can be no assurance that the requested permit will be granted or renewed. In addition, violations of applicable environmental laws and regulations could result in civil and criminal penalties, revocation of permits and licenses, the curtailment or cessation of operations, third-party claims or any combination thereof, any of which could have a material adverse effect on SSAB's business, financial condition and results of operations.

SSAB owns and operates facilities in Sweden and Finland, where certain environmental liability is not limited by the statute of limitations, North America and Asia and is subject to the laws and regulations of these jurisdictions, including environmental laws and laws governing the clean-up of hazardous materials and the management of properties. It also has plants and processing units in a number of countries, including Norway, Lithuania, Poland, Romania and Russia. In the future, SSAB may operate in additional territories and be subject to additional laws and regulations. SSAB might in the future be required to participate in the clean-up of a property that it owns or leases, or at which SSAB has operated or has been alleged to have disposed of hazardous materials from one of its facilities. In certain circumstances, SSAB might be solely responsible for any such liability under environmental laws, and such claims could be material. Provisions have not been made for land clean-up to prepare the industrial areas for other use in the future, since it is not possible to make a reasonable estimation of when such clean-up will take place.

Future remediation may be required if new contamination occurs, existing contamination that is currently unknown is discovered, known contamination requires more extensive remediation than originally anticipated or environmental regulations or their enforcement become more stringent, any of which could have a material adverse effect on SSAB's business, financial condition and results of operations.

**SSAB may be adversely affected by any future application of restrictions in regard to greenhouse gas emissions under emission allowance schemes and face risks associated with identifying and controlling the cost of compliance with these emission allowance schemes.**

Increased restrictions on carbon dioxide emissions stemming from the EU Emissions Trading Scheme (the "ETS") could place SSAB at a competitive disadvantage in relation to steel producers located outside the EU. SSAB's steel production operations in Sweden and Finland, which are covered by the

ETS, generate significant amounts of carbon dioxide. As unused emission allowances can be sold, the ETS creates a financial incentive for companies to restrict their emissions of carbon dioxide. Conversely, if the level of a company's emissions of carbon dioxide exceeds the rights in its possession, sufficient allowances for the emissions may have to be purchased.

Until the end of 2012, a certain amount of emission rights was allocated free of charge to operators (companies), thereby providing a no cost-cap on the carbon dioxide emissions of their production facilities. While several operators, including SSAB, received all of their emission rights free of charge during the previous trading period (2008–2012), the EU ETS became more restrictive in the current trading period (2013–2020). From 2013 onwards, manufacturing companies generally have to purchase a steadily increasing amount of emission rights. Both the cap on total annual emissions in the EU and the amount of emission rights allocated at no cost are gradually reduced. SSAB applied for free emission rights for the 2013–2020 trading period for its Luleå, Oxelösund, Borlänge and Finspång production facilities in Sweden and for its Brahestad and Tavastehus facilities in Finland. Compared with 2012, the allocation to the Swedish production facilities corresponds to approximately 71% in 2013 and 62% in 2020. SSAB did not receive as many free emission rights as the Company finds it has a right to and has appealed the national authorities' allocation decisions to relevant courts in Sweden and Finland. The cases are still pending in both courts. Furthermore, in accordance with SSAB's proposal, the Swedish Environmental Court have requested a preliminary ruling from the European Court of Justice, similar to the requests that have already been made by national courts in Austria, Finland, Netherlands and Italy. However, in a similar case, the Advocate General issued an opinion in November 2015, which was not in favor of the appellants. The Court has not issued its judgment.

In the event that SSAB is not allocated a sufficient amount of emission rights, including free emission rights, in the future, SSAB's operations, earnings and financial position may be negatively affected as its steel production costs will increase. As a result, SSAB may not be able to produce products that are competitive in terms of price, which would place SSAB at a competitive disadvantage and could have a material adverse effect on SSAB's business, financial condition and results of operations.

In the US, the U.S. Environmental Protection Agency is continuing to develop a framework for carbon dioxide emissions trading despite the fact that the U.S. Congress voted down a bill to implement such a system. If the US were to implement a carbon dioxide emissions trading program, it could result in increased energy costs for SSAB's operations in North America and place SSAB at a competitive disadvantage with respect to competitors that would not be subject to such program, which could have a material adverse effect on SSAB's business, financial condition and results of operations.

**SSAB may be adversely affected by restrictions regarding sulfur emissions.**

On September 11, 2012, the European Parliament approved the directive amending Council Directive 1999/32/EC as regards the sulfur content of marine fuel (2012/33/EU). The Directive was implemented into Swedish law from July 1, 2014. The legislation revises the Directive on the sulfur content of certain liquid fuels and incorporate new International Mari-



time Organization standards into EU law to ensure their proper and harmonized enforcement by all Member States. The new sulfur directive, with its stringent maritime fuel requirements regarding the Baltic Sea, North Sea and English Channel, will have a significant impact on the competitiveness of, among others, many Swedish companies. The EU's previous sulfur directive also included requirements regarding the sulfur content of shipping fuel. The new sulfur directive requires that the sulfur content in the fuel of vessels on the Baltic Sea, North Sea and English Channel be reduced to 0.1% by 2015. This has led to, and will continue to lead to, extra transportation costs for products produced at SSAB's production facilities in Sweden and Finland, which could have an adverse effect on SSAB's business, financial condition and results of operations.

**Failure to protect intellectual property rights could have a material adverse effect on SSAB's competitiveness as well as on its business, financial condition and results of operations.**

Developing new steel products and construction products and services, brands and manufacturing technologies that can be differentiated from those of its competitors, such as Hardox, Strenx and its other brands of high strength steels as well as construction products and services, is important to SSAB's success. SSAB relies on a combination of patents, trademarks and contractual rights to protect its intellectual property. In addition, SSAB relies on know-how, the development of new products and technological development in combination with non-disclosure agreements and certain other agreements to protect its intellectual property rights. However, there can be no assurance that the measures SSAB takes will effectively deter competitors from improper use of its intellectual property. Competitors may misappropriate intellectual property owned or licensed by SSAB, disputes as to ownership of intellectual property may arise or intellectual property may otherwise become known or independently developed by competitors. In addition, certain technologies and processes used by SSAB may be subject to the intellectual property rights of third parties in certain countries. Such third parties may take legal action for infringement of these intellectual property rights and any such claims could delay or prevent the delivery of SSAB's products. Any failure to protect SSAB's intellectual property or resulting claims of infringement on third-party intellectual property rights could have a material adverse effect on SSAB's competitiveness and thus on its business, financial condition and results of operations.

**Any significant problems with information systems could have a material adverse effect on SSAB's business, financial condition and results of operations.**

SSAB is dependent on an efficient IT infrastructure in its operations and has a number of applications and different software programs that are being used at many of its locations around the world. In the event SSAB's IT infrastructure becomes unusable or its function is significantly impaired for any reason during an extended period of time, SSAB's operations may be adversely affected since the manufacturing process as well as the ability to deliver products at the appointed time, order raw materials and handle inventory are largely dependent on SSAB's IT infrastructure. Difficulties in

maintaining, upgrading and integrating these systems may result in damage to SSAB's reputation in the eyes of its customers, increased costs, and reduced profitability.

In addition, any problems with IT systems could result in leakage of sensitive information, theft of intellectual property and unavailability of production systems, which in turn could have a material adverse effect on SSAB's business, financial condition and results of operations. Any compromise of its IT security could result in a loss of confidence in SSAB's security measures and subject to litigation, civil or criminal penalties, and adverse publicity that could have a material adverse effect on SSAB's business, financial condition and results of operations.

**Failure to attract qualified personnel or a loss of key personnel or labor unrest could disrupt SSAB's business and have a material adverse effect on SSAB's business, financial condition and results of operations.**

SSAB's ability to continue to maintain and grow its business as well as provide high quality products depend, to a large extent, on the contributions of its management team and key personnel. The loss of key individuals or other employees who have specific knowledge of, or relationships with, trade customers in the markets in which SSAB operate could have a material adverse effect on SSAB's business, financial condition and results of operations.

SSAB's success also depends, to a great extent, on its ability to attract, retain and motivate qualified employees throughout the organization. If SSAB is unable to attract, retain and motivate qualified employees at all levels, it could have a material adverse effect on SSAB's business, financial condition and results of operations.

SSAB is also subject to the risk of labor disputes and adverse employee relations that could disrupt its business operations. The majority of SSAB's employees in Sweden are represented by labor unions that have signed collective bargaining agreements with SSAB. However, there can be no assurance that the collective bargaining agreements will prevent strikes or work stoppages at any of SSAB's facilities, or that such agreements will be renewed on substantially similar terms and conditions in the future. Any work stoppage could have a material adverse effect on SSAB's business, financial condition and results of operations.

**If the current challenging market conditions deteriorate, SSAB could encounter difficulties in repaying its debt and financing or refinancing its operations.**

SSAB's ability to finance its operations or refinance its existing loans depends on a number of factors, such as the availability of cash flows from operations and access to additional financing, and there can be no assurance that such funds will be available at a commercially reasonable cost, or at all. There can be no assurance that SSAB will be able to incur additional debt and/or refinance its existing debt when it matures.

In addition, the adverse developments in the credit markets, as well as other future adverse developments such as the deterioration of the overall financial markets or a worsening of general economic conditions, could have a material adverse effect on SSAB's ability to borrow additional funds as well as the cost and other terms of funding. The failure to

obtain sufficient funding for operations or the increased costs or unfavorable terms of financing or refinancing could have a material adverse effect on SSAB's business, financial condition and results of operations. Furthermore, SSAB may encounter difficulties in financing its capital investments, which may prevent the realization of its strategic plans and could result in SSAB having to forgo opportunities that may arise in the future. This, in turn, could have a material adverse effect on SSAB's competitive position.

### **SSAB is exposed to interest rate risk on its floating rate debt.**

As at December 31, 2015, SSAB's total interest-bearing liabilities were SEK 27,108 million, of which SEK 8,985 million incurred interest at a fixed rate (including the effect of floating to fixed interest rate derivatives). Any increase or decrease in interest rates would affect SSAB's current interest expenses and its future refinancing costs. If interest rates fall below the level hedged by the derivative financial instruments, SSAB could be required to pay interest at a higher rate than the then prevailing interest rate under these hedging transactions or could have incurred the expenses of the hedging transaction without receiving any benefit. Furthermore, the default of a counterparty to any of the hedges or the early termination of any hedging transaction may lead to increased costs or the loss of the planned protective mechanism. In addition, SSAB may be unable to use hedging instruments in line with its hedging strategy or may incur increased costs, or not be able to hedge its interest rates at all, due to the conditions in the financial markets, SSAB's own financial situation, especially its level of indebtedness, its credit ratings or other factors. There can be no assurance that SSAB will be able to hedge its exposure to fluctuations in interest rates or that any hedging policy that it adopts will mitigate the adverse effects of interest rate fluctuations on its results of operations.

### **SSAB's tax burden could increase due to changes in tax laws or regulations or their application, or as a result of current or future tax audits.**

SSAB's tax burden is dependent on specific aspects of tax laws and regulations in several jurisdictions, including their application and interpretation. Changes in tax laws or regulations or their interpretation or application could significantly increase SSAB's tax burden. Due to the international nature of SSAB's business, the Company is subject to the tax law and regulations of several jurisdictions, in particular with regard to transfer pricing rules that apply in certain jurisdictions. Pursuant to such rules, related enterprises must conduct all inter-company transactions on an arm's length basis and provide sufficient documentation thereof, subject to the applicable rules of the relevant jurisdiction. Tax authorities may challenge SSAB's compliance with applicable transfer pricing rules and SSAB will be, from time to time, subject to regular tax audits by the national tax authorities. As a result of current or future tax audits or other review actions of the relevant market surveillance authorities or tax authorities, additional taxes (including, but not limited to, income taxes, withholding taxes, real estate taxes, capital taxes, stamp duties and value added taxes) could be assessed, which could lead to an increase in SSAB's tax liabilities. In addition, tax authorities in countries in which SSAB operates could introduce additional revenue raising measures. The introduction of any

such measures may affect SSAB's overall tax efficiency and may result in significant additional taxes becoming payable. Any such additional tax exposure could have a material adverse effect on SSAB's financial condition and results of operations.

### **If SSAB is unable to utilize its deferred tax assets, its net result could be reduced.**

As at March 31, 2016, SSAB had SEK 1,508 million recorded as deferred tax receivables, of which SEK 258 million constituted a valuation of the future tax credits regarding SSAB's investments in Alabama, US. However, this tax asset is off-set by a long-term deferred income, which amounted to SEK 258 million as at March 31, 2016. SSAB's ability to generate taxable income is subject to competition on the markets on which it operates as well as general economic, financial, legislative, regulatory and other factors that are beyond its control. If SSAB generates lower taxable income than the amount SSAB has assumed in determining its deferred tax assets, then the value of its deferred tax assets will be reduced, which could have a material adverse effect on SSAB's financial condition and results of operations. In addition, the value of SSAB's deferred tax assets would be reduced if tax rates are reduced. These factors could have a material adverse effect on SSAB's financial condition and results of operations.

### **Changes in assumptions underlying the carrying value of certain assets, including goodwill and fixed assets, as a result of adverse market conditions or otherwise, could result in impairment of such assets.**

As at March 31, 2016, SSAB's goodwill amounted to SEK 27,608 million. This goodwill almost entirely relates to SSAB's acquisition of the steel producers IPSCO in 2007 and Rautaruukki in 2014. SSAB tests goodwill annually to identify any impairment. Testing for impairment is also carried out if there are indications that the asset may have diminished in value. The annual impairment test performed by SSAB on November 30, 2015 showed no impairment. The valuation was carried out at a time when the global economy remains characterized by uncertainty. Under these circumstances, it is of course extraordinary difficult to make an assessment as regards future earning capacity and thereby an assessment of the fair value of assets with indefinite useful lives. The North American operations showed a significant decline in earnings during the year and this meant that the room for deterioration in the estimates concerning the cash-generating unit SSAB North America declined compared with last year. The assessment is, however, that there is still room for deterioration in the estimates without this leading to any impairment. The room before any impairment would occur amounted to approximately SEK 2.5 billion. For other cash-generating units it is estimated that there is an adequate room for deterioration in the estimates without this leading to any impairment. However, the process of testing goodwill for impairment involves numerous judgments, assumptions and estimates made by management which inherently reflect a high degree of uncertainty. If management's judgments, assumptions or estimates change, the estimate of the recoverable amount of goodwill, could fall significantly and result in impairment. Further, if the business climate deteriorates, or if there is a failure to manage acquired companies successfully, then actual results may not be consistent with the management judg-

ments, assumptions and estimates, and SSAB's goodwill may become impaired. In assessing the value of fixed assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects, among other things, risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying value, an impairment loss is recognized as an expense immediately as part of the consolidated income statement. Any future impairment loss related to SSAB's fixed assets due to, for example, a change in the business or economic environment, could have a material adverse effect on SSAB's financial position and results of operations.

## **RISKS RELATED TO THE SHARES AND THE RIGHTS ISSUE**

### **The market price of the shares or subscription rights may be volatile.**

Risk and risk-taking are unavoidable aspects of share ownership. The price of SSAB's shares or subscription rights could fluctuate substantially as a result of, among other things, changes in the results of operations of SSAB and its competitors, and fluctuations in general conditions in the steel industry, changes in the estimates of SSAB's results of operations by securities analysts, investor perception of the impact of the offering on SSAB and its shareholders, potential or actual sales of blocks of shares in the market or short selling of shares, volatility in the market as a whole or investor perception of SSAB's industries and competitors, announcements by SSAB or its competitors of significant contracts, loss of major customers, additions or departures of key personnel, new government regulation, the overall economy and the financial markets. In addition, securities markets have experienced significant price and volume fluctuations in recent years. Such fluctuations in the future could adversely affect the market price SSAB's shares, without regard to the Group's results of operations or financial condition. Hence, there is a risk that investors may not get their invested capital back.

In addition, the market price of the shares and subscription rights may be adversely affected if SSAB's largest shareholder, or other shareholders, sell substantial amounts of shares or by the perception that such sales could occur. The market price of SSAB's shares could also be adversely affected by the level of take-up by existing shareholders in the rights issue, as well as sales of any shares not subscribed for by exercise of subscription rights.

### **An active trading in subscription rights may not develop or sufficient liquidity may not exist.**

SSAB expects the subscription rights to be traded on Nasdaq Stockholm, during the period from June 3, 2016 up to and including June 15, 2016 and on Nasdaq Helsinki, during the period from June 3, 2016 up to and including June 13, 2016. SSAB will not make an application for trading in subscription rights on any other securities exchanges. There can be no assurance that active trading in subscription rights will develop during this period or that sufficient liquidity will exist. The trading price of the subscription rights will also depend, among other things, on the development of the price of currently outstanding shares and may be subject to greater price volatility than the trading price of such shares.

### **Shareholders who do not participate in the rights issue before the expiration date of the subscription period will lose their subscription rights and shareholders who do not exercise their subscription rights face dilution.**

Holders of shares who do not participate in the rights issue before the expiration date of the subscription period will lose their rights to subscribe for new shares at the subscription price, and no compensation will be paid to holders whose rights lapse as a result of a failure to exercise or sell their subscription rights. Holders of shares who do not exercise their subscription rights or only partially exercise their subscription rights, or who cannot exercise subscription rights because of applicable legal restrictions, will experience dilution of their proportional holdings of shares and votes in SSAB.

### **Subscription and underwriting commitments relating to the rights issue are not secured.**

Certain larger shareholders in SSAB have undertaken to subscribe for around 28.7% of the rights issue in total. The remainder of the rights issue is underwritten by the Joint Global Coordinators. These subscription and underwriting commitments are not secured. Consequently, there is a risk that one or more of the shareholders or Joint Global Coordinators will not be able to meet their respective underwriting or subscription commitments. If the abovementioned commitments are not met, this could negatively impact SSAB's ability to successfully complete the rights issue.

### **Terms of underwriting agreement.**

Pursuant to the underwriting agreement that the Company has entered into with the Joint Global Coordinators, the agreement can be terminated by the Joint Global Coordinators in the event of, among other things, infringement of the guarantees provided by the Company or if the conditions set out for the commitments are not met. Joint Global Coordinators also have the right to terminate the agreement if there has been a material adverse change in respect of the Company's business or other events that affect the conditions (financial or otherwise) to issue new shares, or conditions in the financial markets in general. If such an event occurs, it could adversely affect the Company's ability to complete the rights issue.

### **SSAB's ability to declare a dividend in the future is dependent on a variety of factors.**

Future dividends will be proposed by the Board of Directors of SSAB. SSAB's dividends depend on, among other things, SSAB's earnings and equity ratio. SSAB's target is for the dividend paid to shareholders, in the long term, to correspond to approximately 50% of profit after tax, taking into consideration the net debt/equity ratio. The declaration and payment of future dividends will be at the discretion of SSAB's shareholders. SSAB's ability to pay dividends in the future depends on numerous factors including, but not limited to, SSAB's business, financial condition, results of operations, distributable reserves, cash flows, prospects, capital requirements, and general economic and statutory restrictions. SSAB cannot make any assurance that dividends will be payable or paid in the future.



**Differences in currency exchange rates may negatively affect the value of shareholdings or dividends paid.**

Any future dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholdings and their dividend when converted into their local currencies if SEK depreciates against the relevant currencies.

**Shareholders in the United States or other countries outside Sweden and Finland may not be able to participate in any potential future rights issues.**

If SSAB in the future issues additional new shares with preferential rights for existing shareholders, shareholders in certain other countries, as in the current rights issue, may be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. For example, shareholders in the US may not be able to exercise any rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden and Finland may be similarly affected. SSAB is under no obligation to

file a registration statement under the Securities Act or to seek similar approvals or relevant exemptions under the laws of any other jurisdiction outside Sweden and Finland, and doing so in the future may be impractical and costly. To the extent that SSAB's shareholders in jurisdictions outside Sweden and Finland are not able to exercise their rights to subscribe for new shares in any future rights issues, their proportional interests in SSAB will be reduced.

**Any future capital increases by the Company could have a negative impact on the price of the shares.**

SSAB may in the future increase its share capital against cash or contributions in kind for various reasons including to finance any future acquisition or other investment or to strengthen its balance sheet. In connection with such transactions, SSAB may, subject to certain conditions, deviate from the preferential subscription rights of the existing shareholders otherwise applicable to capital increases through contributions in cash, and no preferential subscription rights apply to capital increases through contributions in kind. Such transactions could therefore dilute the stakes in SSAB share capital held by the shareholders at that time and could have an adverse effect on the share price, earnings per share and net asset value per share.

# Invitation to subscribe for shares in SSAB

On April 21, 2016, the Board of Directors of SSAB resolved, subject to approval by the extraordinary general meeting, to increase the Company's share capital through a rights issue of class B shares with preferential rights for SSAB's shareholders. The final terms and conditions were resolved by the Board of Directors on May 23, 2016. On May 27, 2016, the extraordinary general meeting approved the Board of Directors' resolution on a rights issue.

Pursuant to the rights issue resolution the Company's share capital will increase by a maximum of SEK 4,229,190,380.80 million through an issue of not more than 480,589,816 new class B shares. The Company's shareholders have preferential right to subscribe for new class B shares in relation to the number of shares previously owned, irrespective of share class. The record date for participation in the rights issue is May 31, 2016. Those who on the record date are registered as shareholders of SSAB will receive one (1) subscription right of class B for each existing class A share and class B share, respectively. Eight (8) subscription rights of class B entitle to subscription for seven (7) new class B shares. To the extent new class B shares are not subscribed for with preferential rights, they shall be allotted to shareholders and other investors who have subscribed for shares without any preferential right in accordance with what is stated in the section "*Terms and conditions*". Such allotment shall firstly be made to those who have also subscribed for shares by exercise of subscription rights. Subscription shall take place during the period as from June 3, 2016 up to and including June 17, 2016, or such later date as determined by the Board of Directors and otherwise in accordance with what is stated in the section "*Terms and conditions*".

The subscription price has been set at SEK 10.50 per class B share<sup>1)</sup>, which means that the rights issue, in the event of full subscription, will raise in aggregate approximately SEK 5 billion, before deduction of rights issue costs.<sup>2)</sup>

Shareholders who choose not to participate in the rights issue will have their shareholdings diluted by up to 46.7%, but have the possibility to be financially compensated for the dilution by selling their subscription rights.

## SUBSCRIPTION AND UNDERWRITING COMMITMENTS<sup>3)</sup>

The shareholders Industrivärden and Solidium – together holding approximately 28.7% of the shares and approximately 29.3% of the votes in SSAB – have committed to subscribe for new shares corresponding to their respective *pro rata* shares of the rights issue. A syndicate of banks comprising Crédit Agricole CIB, Handelsbanken, Nordea and Swedbank have agreed to guarantee the remaining amount, subject to customary conditions. Accordingly, the rights issue is fully guaranteed.

*The shareholders of SSAB are hereby invited to subscribe for new shares in SSAB with preferential rights in accordance with the terms and conditions of this prospectus.*

Stockholm, May 30, 2016

**SSAB AB (publ)**  
*The Board of Directors*

- 1) As regards subscription of new class B shares that will be registered with Euroclear Finland and listed on Nasdaq Helsinki, payment shall be made in EUR with an amount corresponding to the subscription price of SEK 10.50 per new share, translated to EUR based on the European Central Bank's reference exchange rate at 15.00 CET on May 31, 2016. The EUR amount will be announced at 16.30 CET on May 31, 2016.
- 2) From the issue proceeds of SEK 5,046 million at the maximum, a deduction will be made for rights issue costs estimated to SEK 130 million (including compensation to the Joint Global Coordinators of approximately SEK 90 million for underwriting commitments). Net of transaction costs, the rights issue is estimated to raise SSAB approximately SEK 4,916 million at the maximum.
- 3) See also "*Subscription commitments and underwriting commitments*" in the section "*Legal consideration and supplementary information*".

# Background and reasons

SSAB has a strong global position in high-strength steels and value-added services, and holds leading positions in its Nordic and North American home markets. Having been focusing on integration and cost-cutting initiatives following the successful merger with Rautaruukki, SSAB now intends to continue the transformation of its business model. This includes a higher share of high-strength steels and other premium products, increased focus on service and after-market activities, as well as further growth in attractive market segments from the current well-invested asset base.

SSAB is now undertaking comprehensive measures to strengthen its balance sheet to pursue its journey toward achieving industry leading profitability. These measures will put SSAB in a competitive financial position, which together with the transformed business model, will enable long-term profitable growth and competitiveness.

Suggested measures to strengthen the balance sheet and improve flexibility going forward include the forthcoming rights issue of around SEK 5 billion. The rights issue, combined with planned divestments of non-core assets and internal cash flow generation is expected to strengthen the Company's balance sheet, reduce net debt by around SEK 10 billion and improve net gearing to around 30% by year end 2017, in line with SSAB's long-term financial targets.

Further financing measures taken include an extension of debt maturities of SEK 3.2 billion, existing bank guarantee extensions of SEK 3.7 billion and a new five-year (3+1+1 years) RCF of EUR 300–500 million. The financing package provided by shareholders and banks secures the refinancing needs during the next 3–5 years. Part of the financial package is subject to the forthcoming rights issue being carried out.

## USE OF PROCEEDS

The rights issue will raise SSAB a maximum of SEK 5,046 million, before deduction of rights issue costs. From the issue proceeds, a deduction will be made for rights issue costs estimated to SEK 130 million (including compensation to the Joint Global Coordinators of approximately SEK 90 million for underwriting commitments). SSAB intends to use the issue proceeds of not more than approximately SEK 4,916 million from the rights issue primarily to strengthen its balance sheet and improve the financial flexibility in order to pursue its journey toward achieving industry leading profitability, but also to create financial preparedness for managing periods with low demand for steel.

*The Board of Directors is responsible for the contents of this prospectus. The Board of Directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information in this prospectus is, to the best of the Board of Directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.*

Stockholm, May 30, 2016

**SSAB AB (publ)**  
*The Board of Directors*

# Terms and conditions

## GENERAL INSTRUCTIONS

SSAB's shares are – and the new class B shares will be – listed on Nasdaq Stockholm and Nasdaq Helsinki. Shares traded on Nasdaq Stockholm are registered with the central securities depository in Sweden, Euroclear Sweden. Shares traded on Nasdaq Helsinki are registered with the central securities depository in Finland, Euroclear Finland.

Consequently, separate instructions apply for participation in the rights issue, depending on where the shareholder's shares are registered and traded.

## Preferential rights and subscription rights

The offer comprises up to 480,589,816 new class B shares. Those who on the record date, May 31, 2016, are registered shareholders of SSAB have preferential rights to subscribe for new class B shares in relation to the number of shares held on the record date, irrespective of class of shares.

For this purpose, those who on the record date are registered as shareholders of SSAB will receive one (1) class B subscription right for each share held in SSAB, irrespective of class of shares. The subscription rights entitle the holder preferential right to subscribe for class B shares, whereupon eight (8) subscription rights entitle to subscription of seven (7) class B shares.

It will not be possible to transfer the subscription rights between Euroclear Sweden and Euroclear Finland.

Provided that the offer is subscribed for in full, the number of shares in the Company will increase from 549,245,510 shares to 1,029,835,326 shares, corresponding to an increase of approximately 87.5%. Existing shareholders who do not participate in the offer, will be subject to a dilution effect of up to 480,589,816 shares and 48,058,981.6 votes at the maximum, corresponding to approximately 46.7% of the total number of shares and approximately 12.8% of the total number of votes in the Company after the offering. Shareholders will be able to compensate themselves financially for the dilution effect by selling their subscription rights.

## Subscription price

The new class B shares in SSAB will be issued at a subscription price of SEK 10.50 per new share. As regards subscription of new class B shares that will be registered with the central securities depository Euroclear Finland and listed on Nasdaq Helsinki, payment shall be made in EUR with an amount corresponding to the subscription price of SEK 10.50 per new share, translated to EUR based on the European Central Bank's reference exchange rate at 15.00 CET on May 31, 2016. The EUR amount will be announced at 16.30 CET on May 31, 2016. No commission will be charged.

## Record date

The record date at Euroclear Sweden and Euroclear Finland for determination of which shareholders are entitled to receive subscription rights is May 31, 2016. The shares will be

traded excluding the right to participate in the rights issue from May 30, 2016. The final day for trading including the right to participate in the rights issue was May 27, 2016.

## Subscription period

Subscription for new class B shares shall take place during the period as from June 3, 2016 up to and including June 17, 2016. The Company's Board of Directors is entitled to extend the subscription period. Any extension will be announced by the Company through a press release not later than June 17, 2016.

## Trading in subscription rights

Trading in class B subscription rights will take place on Nasdaq Stockholm and Nasdaq Helsinki. Trading on Nasdaq Stockholm will take place during the period as from June 3, 2016 up to and including June 15, 2016 under the symbol SSAB TR B and on Nasdaq Helsinki during the period as from June 3, 2016 up to and including June 13, 2016 under the symbol SSABBU0116. The ISIN code for class B subscription rights is SE0008405757. Handelsbanken, Nordea and Swedbank as well as other securities institutions with requisite authorization will provide brokerage services regarding purchases and sales of subscription rights. Received subscription rights must either be exercised for subscription not later than June 17, 2016 or sold not later than June 15, 2016 on Nasdaq Stockholm and not later than June 13, 2016 on Nasdaq Helsinki, failing which they will become worthless. No compensation will be paid to holders whose subscription rights lapse due to the subscription rights not being exercised or being sold.

## Listing of the new class B shares

SSAB's shares are admitted to trading on Nasdaq Stockholm and Nasdaq Helsinki. After the Swedish Companies Registration Office has registered the new class B shares, they will also be traded on Nasdaq Stockholm and Nasdaq Helsinki. The first day of trading in the new class B shares subscribed for pursuant to subscription rights is expected to commence on or about July 6, 2016. The first day of trading in the new class B shares subscribed for without subscription rights is expected to commence on or about July 7, 2016.

## Entitlement to dividends

The new class B shares entitle their holders to participate in the distribution of dividends for the first time on the record date for dividends that occurs immediately following the registration of the new class B shares with the Swedish Companies Registration Office.

## Publication of the outcome in the rights issue

The preliminary subscription result in the rights issue will be announced through a press release from SSAB on or around

June 22, 2016. The final subscription result will be announced through a press release from SSAB on or around June 27, 2016.

### **Irrevocable subscription**

The Company is not entitled to discontinue the rights issue. In the event that a larger amount than necessary has been paid by a subscriber for the new class B shares, SSAB will arrange for the excess amount to be refunded. No interest will be paid on excess amounts.

A subscription for new class B shares, with or without the exercise of subscription rights, is irrevocable and the subscriber is not entitled to cancel or alter a subscription for new class B shares. Incomplete or incorrectly completed application forms may be disregarded. In the event that the subscription price is paid too late, is insufficient or has been paid in an incorrect manner, an application for subscription may be disregarded or subscription may take place at a lower amount. In such case, any payment made which has not been used for subscription will be refunded.

## **INSTRUCTIONS TO HOLDERS OF SHARES REGISTERED AT EUROCLEAR SWEDEN AND TRADED ON NASDAQ STOCKHOLM**

### **Issue statements**

#### ***Directly registered shareholders***

An information brochure and a pre-printed issue statement with an attached Bankgiro payment slip will be sent to directly registered shareholders and representatives of shareholders who, on the record date, are registered in the share register maintained by Euroclear Sweden on behalf of SSAB; however, the aforesaid shall not apply to shareholders who are resident in certain unauthorized jurisdictions. The issue statement sets out, *inter alia*, the number of subscription rights received and the full number of new class B shares that may be subscribed for pursuant thereto. Settlement notes (Sw. *VP-avi*) will not be distributed regarding the registration of subscription rights on securities accounts.

Persons included in the special list of pledgees and guardians maintained in connection with the share register will not receive any issue statement and will instead be informed separately.

#### ***Nominee-registered shareholders***

Shareholders whose holdings are nominee-registered with a bank or other nominee will not receive an information brochure or an issue statement. Subscription and payment must, instead, be made in accordance with instructions from the nominee.

#### ***Shareholders resident in certain unauthorized jurisdictions***

The allotment of subscription rights and the issuance of new class B shares through exercise of subscription rights to persons resident in countries other than Sweden may be affected by securities legislation in such countries. Consequently, subject to certain exceptions, shareholders whose existing shares are directly registered on a securities account and whose registered address is in the United States, Canada, Australia, Hong Kong, South Africa, Singapore, Japan, New Zealand and Switzerland or any other jurisdiction, in which

participation in the rights issue would not be permissible, will not receive any subscription rights or be allowed to subscribe for new class B shares. Subscription rights which otherwise would have been delivered to such shareholders will be sold and the sales proceeds (less deduction of costs) will be paid to such shareholders. Amounts of less than SEK 100 will not be paid out.

### **Subscription for new class B shares pursuant to subscription rights**

Subscription for new class B shares pursuant to subscription rights will take place through simultaneous cash payment during the period as from June 3, 2016 up to and including June 17, 2016. Upon expiry of the subscription period, unexercised subscription rights will lapse and be deleted from the holder's securities account, without notification from Euroclear Sweden.

To ensure that the value of subscription rights is not lost, the holder must either:

- exercise the subscription rights and subscribe for new class B shares not later than June 17, 2016; or
- sell the subscription rights that are not to be exercised, not later than June 15, 2016.

#### ***Directly registered shareholders resident in Sweden***

Subscription for new class B shares pursuant to subscription rights will take place through cash payment, either through use of the pre-printed Bankgiro payment slip or a special application form intended for the purpose, with simultaneous payment in accordance with either of the following alternatives:

- The pre-printed Bankgiro payment slip is to be used in the event all subscription rights in accordance with the issue statement from Euroclear are to be exercised for subscription. No additions or alterations may be made on the slip.
- The application form is to be used in the event subscription rights have been purchased, sold or transferred from another securities account or where, for any other reason, the number of subscription rights to be exercised for subscription differs from the number stated on the pre-printed issue statement. Payment for subscribed new class B shares must be made simultaneously with the submission of the application form. Application forms can be obtained from SSAB (website: [www.ssab.com](http://www.ssab.com)) and Swedbank (website: [www.swedbank.se/prospectus](http://www.swedbank.se/prospectus)). Payment must be received by Swedbank not later than June 17, 2016.

#### ***Directly registered shareholders not resident in Sweden***

Directly registered shareholders with subscription rights who are not resident in Sweden and who are not subject to the restrictions described in "Important information" and "Selling and transfer restrictions" who are unable to use the pre-printed Bankgiro payment slip may, instead, make payment in SEK through a foreign bank in accordance with the instruction below:

SSAB AB  
c/o Swedbank AB (publ), Emissioner S85  
SE-105 34 Stockholm, Sverige  
SWIFT: SWEDSESS  
IBAN number: SE3080000890119641870358  
Account name: SSAB AB

The subscriber's name, address, securities account number and the reference "Issue SSAB" must be stated in conjunction with payment. Application forms and payment must reach Swedbank AB (publ), Emissioner S85, SE-105 34 Stockholm, Sweden not later than June 17, 2016.

### ***Nominee-registered shareholders***

Shareholders whose holdings are nominee-registered and who wish to subscribe for new class B shares pursuant to subscription rights shall apply for subscription in accordance with instructions from their nominee.

### **Paid subscribed shares ("BTA")**

Following subscription and payment, Euroclear Sweden will distribute a settlement note (Sw. *VP-avi*) confirming the registration of paid subscribed shares (Sw. *betalda tecknade aktier*, BTAs) on the subscriber's securities account. The newly subscribed shares will be registered as BTAs on the account until such time as the rights issue has been registered by the Swedish Companies Registration Office. Registration of new class B shares subscribed for pursuant to subscription rights is expected to take place at the Swedish Companies Registration Office on or around June 23, 2016. Thereafter, BTAs will be re-registered as shares, which is expected to be made on or around July 6, 2016. No settlement notes (Sw. *VP-avi*) will be issued in connection with such re-registration.

It will not be possible to transfer BTAs between Euroclear Sweden and Euroclear Finland.

### ***Trading in BTAs***

Trading in class B BTAs on Nasdaq Stockholm is expected to take place during the period as from June 3, 2016 up to and including June 30, 2016 under the symbol SSAB BTA B. The ISIN code for the class B BTA is SE0008405765. Handelsbanken, Nordea and Swedbank as well as other securities institutions with requisite authorization will provide brokerage services regarding purchases and sales of BTAs.

### **Subscription for new class B shares without subscription rights**

Subscription for new class B shares may also take place without subscription rights.

### ***Directly registered shareholders and other securities account holders***

Applications to subscribe for new class B shares without subscription rights may be made on an application form intended for the purpose. Only one application per securities account may be submitted and, in the event of oversubscription, allotment will take place proportionately to the number of subscription rights each subscriber has exercised for subscription in the rights issue on the securities account stated on the application form. In the event several application forms are

submitted per securities account, only the application form last received by Swedbank will be considered. Application forms can be obtained from SSAB (website: [www.ssab.com](http://www.ssab.com)) and Swedbank (website: [www.swedbank.se/prospectus](http://www.swedbank.se/prospectus)). Application forms must be submitted to Swedbank AB (publ), Emissioner S85, SE-105 34 Stockholm, Sweden. Application forms must be received by Swedbank not later than June 17, 2016. Applications to subscribe for new class B shares without subscription rights are irrevocable and shareholders cannot cancel or alter subscriptions for new class B shares.

### ***Nominee-registered shareholders and other deposit account holder***

Application for subscription for new class B shares without subscription rights must be made to the relevant nominee and in accordance with instructions from the nominee, or, if the holding is registered with several nominees, from each of them.

### ***Allotment of new class B shares subscribed for without subscription rights***

Unless all new class B shares have been subscribed for pursuant to subscription rights, the Board of Directors will decide on the allotment of new class B shares without subscription rights. Allotment within the scope of the maximum amount of the rights issue will take place as follows:

- Firstly, to those who have subscribed for class B shares pursuant to subscription rights, irrespective of whether or not they were shareholders on the record date. In the event allotment to such subscribers cannot take place in full, allotment will be made *pro rata* to the number of subscription rights that each subscriber exercised for subscription and, insofar as this is not possible, through the drawing of lots.<sup>1)</sup>
- Secondly, to others who have notified their interest in subscribing for class B shares without subscription rights. In the event allotment to such persons cannot take place in full, allotment will be made *pro rata* to their notified interest and, insofar as this is not possible, through the drawing of lots.
- Finally, any remaining shares will be allotted to Joint Global Coordinators in their capacity as issue underwriters, *pro rata* to each Joint Global Coordinators' underwriting commitment.

As confirmation of the allotment of new class B shares subscribed for without subscription rights, a contract note will be sent to the subscriber on or about June 27, 2016. No notice will be sent to subscribers who have not received any allotment. Subscribed and allotted new class B shares must be paid for in cash in accordance with the instructions stated in the contract note sent to the subscriber. After payment has been made for subscribed and allotted new class B shares and the new class B shares have been registered by the Swedish Companies Registration Office, Euroclear will distribute a settlement note (Sw. *VP-avi*) confirming the registration of the new class B shares on the subscriber's securities account. The subscriber will receive shares directly, i.e., no BTAs will be registered on the subscriber's securities account. Registration of new class B shares subscribed for without subscription rights is expected to take place at the Swedish Com-

1) In order to, with certainty, take advantage of subscription for new class B shares pursuant to subscription rights in the allotment of new class B shares subscribed for without subscription rights, subscriptions of new class B shares without support of right must be made on the same securities account as subscription of new class B shares pursuant to subscription rights.



panies Registration Office on or about July 5, 2016. Booking of class B shares on securities accounts is expected to take place on July 7, 2016.

Nominee-registered shareholders will receive notice of allotment and payment in accordance with each nominee's procedures.

### Other information

Swedbank is acting as issuing and paying agent in respect of the rights issue, *i.e.*, assisting the Company with certain administrative services concerning the rights issue. The fact that Swedbank is acting as issuing and paying agent does not, in itself, mean that Swedbank regards the subscriber as a customer of Swedbank. For the purposes of the rights issue, the subscriber is regarded as a customer of Swedbank only if Swedbank has provided advice to the subscriber regarding the rights issue or has otherwise contacted the subscriber individually regarding the rights issue, or if the subscriber has an existing customer relationship with the bank. As a consequence of Swedbank not regarding the subscriber as a customer in respect of the rights issue, the investor protection rules set forth in the Securities Market Act (2007:528) will not apply to the rights issue. This means, among other things, that neither customer categorization nor a suitability assessment will take place with respect to the rights issue. Accordingly, the subscriber is personally responsible for ensuring that he or she possesses sufficient experience and knowledge to understand the risks associated with the rights issue.

Subscribers in the offering will provide personal data to Swedbank. Personal data provided to a company in the Swedbank group will be processed in data systems to the extent required to provide services and administer customer matters in the Swedbank group. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organizations with which companies in the Swedbank group cooperate. Information regarding the processing of personal data is provided by Swedbank's branch offices, which also accept requests for correction of personal data. Information regarding addresses may be obtained by Swedbank through automatic data runs at Euroclear Sweden.

Questions regarding the offering are answered on telephone number +46 (0) 480-404 116.

## INSTRUCTIONS TO HOLDERS OF SHARES REGISTERED AT EUROCLEAR FINLAND AND TRADED ON NASDAQ HELSINKI

### Instructions

Account operators, custodians or nominees will notify shareholders concerning the rights issue and subscription and payment related thereto in accordance with their own routines. It is possible that certain account operators, custodians or nominees will not notify such holders of subscription rights regarding the rights issue. In the event a shareholder receives no instructions regarding subscription and payment from the shareholder's account operator, custodian or nominee, the holder is advised to contact any Nordea branch office in Finland in order to effect subscription.

### *Shareholders resident in certain unauthorized jurisdictions*

The allotment of subscriptions rights and issuance of new class B shares through exercise of subscription rights to persons resident in countries other than Finland may be affected by securities regulations in such countries. Consequently, subject to certain exceptions, shareholders with registered addresses in the United States, Canada, Australia, Hong Kong, South Africa, Singapore, Japan, New Zealand and Switzerland or any other jurisdiction, in which participation in the rights issue would not be permissible, will receive subscription rights but will not be allowed to subscribe for new class B shares.

### Subscription for new class B shares pursuant to subscription rights

Subscription for new class B shares pursuant to subscription rights will take place through simultaneous payment during the period as from June 3, 2016 up to and including June 17, 2016. Upon expiry of the subscription period, unexercised subscription rights will lapse and be deleted from the holder's book-entry account, without notification from Euroclear Finland.

To ensure that the value of subscription rights is not lost, the holder must either:

- exercise the subscription rights and subscribe for new class B shares not later than June 17, 2016 or by an earlier date in accordance with instructions from the subscriber's account operator, custodian or nominee; or
- sell the subscription rights that are not to be exercised, not later than June 13, 2016.

Subscription for new class B shares pursuant to subscription rights will take place by submitting one application for subscription per book-entry account and effecting subscription payment in accordance with instructions from the account operator, custodian or, in the case of nominee-registered holdings, instruction from the nominee. The account operator, custodian or nominee may require the investor to submit an application for subscription and effect subscription payment at an earlier date than the final day for trading in subscription rights on Nasdaq Helsinki. An application for subscription must be submitted for each relevant book-entry account.

Subscription for new class B shares may also take place during business hours at Nordea Bank Finland Plc's (Nordea Finland) branch offices, Nordea's Private Banking units in Finland, and using a Bank-ID, via Nordea's customer service, Monday to Friday, between 8 a.m. and 8 p.m. EET on telephone number +358-200-3000 in Finnish (local rate/mobile phone rate) and +358-200-5000 in Swedish (local rate/mobile phone rate). Legal entities may not make any subscription by telephone via Nordea's customer service. Calls to customer service are recorded.

### Paid subscribed shares ("Interim shares")

Following subscription pursuant to subscription rights and payment of the relevant subscription payment, the newly issued shares will be issued in the Finnish book-entry register and registered on the issuer's book-entry account as Interim shares, which are freely transferable and represent the new class B shares. The newly issued shares will be registered as Interim shares on the account until such time as the rights



issue has been registered by the Swedish Companies Registration Office. Registration of new class B shares subscribed for pursuant to subscription rights is expected to take place at the Swedish Companies Registration Office on or around June 23, 2016. Thereafter, Interim shares will be re-registered as shares on or around July 6, 2016.

It will not be possible to transfer Interim shares between Euroclear Sweden and Euroclear Finland.

### Trading in Interim shares

Trading in Interim shares of class B on Nasdaq Helsinki is expected to take place during the period as from June 3, 2016 up to and including June 30, 2016 under the symbol SSAB-BHN0116. The ISIN code for SSABBHN0116 is SE0008405765. Handelsbanken, Nordea and Swedbank as well as other securities institutions with requisite authorization will provide brokerage services regarding purchases and sales of Interim shares.

### Subscription for new class B shares without subscription rights

Subscription for new class B shares may also be made without subscription rights. Application for subscription for new class B shares may take place by submitting an application for subscription and simultaneously effecting subscription payment in accordance with instructions from an account operator, custodian or nominee. Subscription may also take place at Nordea Finland, Nordea's Private Banking units and Nordea's Customer Service as stated above in the section entitled "*Subscription for new class B shares pursuant to subscription rights*". In the event an investor receives no instructions from his or her account operator, custodian or nominee, or if an application for subscription cannot be returned to the investor's account operator, custodian or nominee, the investor is advised to contact any of Nordea Finland's branch offices in order to submit an application for subscription. In the event an investor submits several applications for subscription concerning the same book-entry account, the applications will be combined as an application for subscription in respect of each book-entry account. Applications for subscription and subscription payment must have been received by the investor's account operator, custodian or nominee not later than June 17, 2016 or any earlier date in accordance with instructions from an account operator, custodian or nominee.

Payment for the new class B shares must be made simultaneously with submission of an application for subscription. Payment in respect of new class B shares applied for but not allotted will be refunded beginning on or about June 29, 2016. No interest will be paid on the refunded amount.

### *Allotment of new class B shares subscribed for without subscription rights*

Unless all new class B shares have been subscribed for pursuant to subscription rights, the Board of Directors will decide on the allotment of new class B shares without subscription rights. Allotment within the scope of the maximum amount of the rights issue will take place as follows:

- Firstly, to those who have subscribed for class B shares pursuant to subscription rights, irrespective of whether or not they were shareholders on the record date. In the event allotment to such subscribers cannot take place in full, allotment will be made *pro rata* to the number of subscription rights that each subscriber exercised for subscription and, insofar as this is not possible, through the drawing of lots.<sup>1)</sup>
- Secondly, to others who have notified their interest in subscribing for class B shares without subscription rights. In the event allotment to such persons cannot take place in full, allotment will be made *pro rata* to their notified interest and, insofar as this is not possible, through the drawing of lots.
- Finally, any remaining shares will be allotted to Joint Global Coordinators in their capacity as issue underwriters, *pro rata* to each Joint Global Coordinators' underwriting commitment.

Allotment of new class B shares subscribed for without subscription rights will be confirmed to the subscriber to whom allotment has been made. Subscribers not allotted new class B shares will also be informed.

The subscriber will receive shares directly, *i.e.*, no Interim shares will be booked on the subscriber's book-entry account. Registration of new class B shares subscribed for without subscription rights is expected to take place at the Swedish Companies Registration Office on or about July 5, 2016. Booking of class B shares is expected on July 7, 2016.

### Other information

An application for subscription shall be deemed duly submitted only after the account operator, custodian or nominee has received the application and related subscription payment. Approval of participation in the rights issue pursuant to pledged or otherwise restricted shares may be dependent on written consent from the pledgee. It is the holder's responsibility to procure such consent and to provide it to the place of subscription.

Through submission of an application for subscription, Nordea Finland is instructed and authorized to subscribe for new class B shares on behalf of the holder in accordance with the terms and conditions governing the rights issue and to transfer the related subscription payment to SSAB.

Questions regarding the offering are answered on telephone number + 358 (0) 205 923 242.

1) In order to, with certainty, take advantage of subscription for new class B shares pursuant to subscription rights in the allotment of new class B shares subscribed for without subscription rights, subscriptions of new class B shares without support of right must be made on the same securities account as subscription of new class B shares pursuant to subscription rights.

# Market overview

The prospectus contains certain third party information regarding the market and industry. While SSAB has reproduced the sources accurately and SSAB finds the sources to be reliable, SSAB has not verified the data independently and therefore the accuracy and completeness cannot be guaranteed. As far as SSAB is aware, and is able to verify by comparing with other information published by these sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. In some places in this prospectus, the position of SSAB on the market is described. If not otherwise stated, this information is based on SSAB's net sales in comparison with the size of the relevant markets and the revenue of SSAB's competitors, respectively.

## INTRODUCTION

SSAB operates with significant market positions in three defined areas of the global carbon steel market: (i) high-strength steels, including quenched & tempered (Q&T) and advanced high-strength steel (AHSS) products; (ii) the Nordic flat carbon steel and tube market; and (iii) the North American heavy plate market, producing heavy plate, Q&T plate and commercial plate. In addition to the production of steel, SSAB is also a steel and non-ferrous metal distributor via its subsidiary Tibnor and offers construction solutions through its subsidiary Ruukki Construction.

With annual steel production capacity of approximately 8.8 million tonnes, SSAB is a small player in the global carbon steel market, which is approximately 1.5–1.6 billion tonnes of steel according to the World Steel Association ("WSA"). This is why SSAB has focused on defined markets, where it has strong market positions. These market segments account for only about 3% of the global market for carbon steel.

Customer segments served by SSAB include heavy transport, automotive, material handling (including mining), construction machinery (including lifting), energy, construction, as well as applications for protection steel and tool steel. In

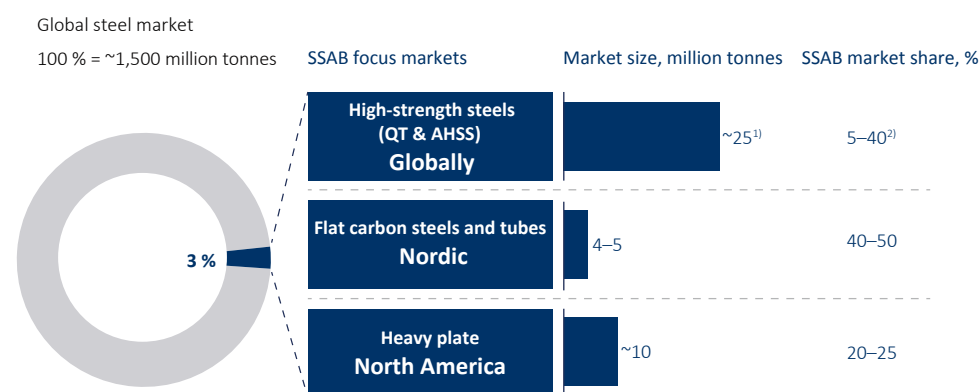
what SSAB regards as its home markets, the Nordic region and North America, standard steels are, to a large extent, sold to steel service centers and distributors.

## THE STEEL MARKET IN BRIEF

The steel market is heterogeneous and consists of a number of segments, for example stainless steels and tool steels. The dominant part comprises what are often referred to as carbon steels, *i.e.*, steel with a certain carbon content. These steels have lower percentages of usually occurring alloys, which influences the steels' properties, such as strength, hardness, weldability and formability. Stainless steel, on the other hand, is an example of high alloy steel and contains very high concentrations of chrome and nickel. SSAB manufactures only carbon steels, but relative to its industry, has an advanced alloy mix, which along with special production process provides advanced properties for steels. The heterogeneous steel market also means that there are a large number of products on the steel market with separate areas of use, different forces driving demand and large differences in price levels.

The steel market can be divided into long and flat steel products with widely differing areas of use. Long steel prod-

## STRONG POSITIONS WITHIN DEFINED AREAS OF THE GLOBAL CARBON STEEL MARKET



1) Q&T steels, strip steels  $\geq 700$  MPa.

2) Higher share in Q&T in some groups/region.

Source: SSAB's assessment based on million tonnes of produced crude steel.

ucts are used primarily within the building industry, for example, beams, reinforcement steel and bars. Flat steel products are used in a wide range of industries such as automobile, domestic appliances, energy, heavy transportation and construction machinery. In mature markets such as Europe, the proportion of flat steel products is larger than long steel products due to the fact that the building market has reached a more mature phase, while other areas such as industrial applications as well as durable consumer goods applications are increasing in importance.

## CURRENT STEEL MARKET SITUATION<sup>1)</sup>

According to WSA, global crude steel production for the first three months of 2016 was 386 (400) million tonnes, down just under 4% compared with the same period in 2015. Chinese crude steel production was 3% lower compared with the same period. The production during the first three months of the year was down by 7% in the EU-28 but down by 1% only in North America.

Demand during the first quarter 2016 increased both in North America and Europe compared to the fourth quarter 2015, when prices were falling and customers destocked to take advantage of lower prices. However, during the first quarter apparent demand corresponded to underlying demand. Inventory levels at distributors and other customers are considered to be in balance or possibly somewhat lower than normal. No significant restocking took place during the first quarter. Demand in China and Russia remained weak and both countries have continued to export a large part of their excess production to outside the local markets.

During the first quarter, the EU took a decision to impose import duties on imports of cold-rolled material from Russia and China, and to begin a study to impose import duties on imports of hot-rolled products from the same countries. Since the end of the first quarter, a number of steelmakers, including SSAB, have filed for duties on imports of heavy plate to the US from 12 countries. During the quarter, China has announced a goal to close production capacity of 100–150 million tonnes by the end of 2020.

In North America, market prices for heavy plate fell sharply throughout 2015, but began to rise during the first quarter of 2016. Prices increased, especially toward the end of the quarter following the announcement of a number of price increases by the largest producers. In Europe, market prices for both strip and heavy plate were at historically low levels at the start of 2016, but rose sharply during the second half of the first quarter driven by stable demand, somewhat lower imports and increased prices of raw materials. Also in China, market prices for both strip and heavy plate rose noticeably during the second half of the first quarter.

## STEEL INDUSTRY TRENDS AND DRIVERS

The steel market is cyclical and the demand for steel products is affected by global, regional and national economic conditions, levels of industrial investment activity and industrial production. In addition to macroeconomic trends, steel demand is sensitive to the business cycles of the industries that use steel products.

Long term, the global steel market (excluding China) is, according to the Company, expected to grow 2–3% a year driven by continued growth globally, greater demand from a

growing middle class in emerging countries, and by the development of new applications. The Company expects that emerging markets in Africa, India and Latin America will offer above-average growth rates, whereas moderate steel demand growth rates are anticipated in SSAB's home markets. Steel demand in China is expected to decline somewhat in 2016–2017 (according to WSA) and remain flat in the long term.

In recent years, the slower economic growth has been reflected in steel demand and led to production overcapacity and lower capacity utilization rates especially in Asia and Europe. The imbalanced supply-demand situation has led to growing export volumes especially from China, South Korea and Russia. With around 50% of the world's steel consumption and production, China has a large impact on the industry globally especially concerning the price effect in steel product prices as well as raw material prices.

According to the Company, overcapacity will remain the biggest issue for the industry at large, as price pressures exert an increasing influence over the operations of all steel producers. The profitability in the sector has deteriorated due to the overcapacity in the global steel industry, particularly in Europe and China, which have had a significant impact on steel prices. Together with lower demand and high competition, this has impacted the margins. The situation is expected to improve gradually in the years to come, driven by demand growth and in the short and medium long term, increased import duties, a lower rate of new investments and possibly structural removal of old capacity, particularly in Europe and China.

Requirements and demand for improved material and energy efficiency are important drivers leading to the growing use of high-strength steels, which provide advantages in the form of stronger, lighter and more durable steel applications. Steel users within, for example, the construction and automotive industries are working to lower costs, increase safety and reduce the weight of their products. Within the mining industry, customers are striving to increase the durability of equipment and reduce down-times. Thus, the growth potential for high-strength steels continues to be higher long-term than that for standard steels. However, the general economic climate and uncertain outlook will continue to impact short-term demand and willingness to invest within in some of SSAB's key end-customer segments, e.g., mining.

According to the Company, the shift from standard steels toward high-strength steels is expected to speed up during the next decade. Most steel consumers need to constantly improve the performance of their products and high-strength steels enable lighter and stronger applications. According to the Company, high-strength steels also enable better energy efficiency to the benefit of end users and are essential to meeting tougher environmental requirements.

Looking at specific segments, most areas are expected to see stable development in the coming years. The automotive segment has experienced positive growth recently, and the whole light vehicle industry is expected to improve even more in emerging markets. Within construction, developments have been stable, albeit at a low level, and the sector is expected to improve going forward. In mining, despite current challenges, the fundamentals of long-term demand for high-strength steels remain solid. Development in the energy

1) Source: WSA and Platts Steel Markets Daily (a leading independent supplier of benchmark prices on the steel markets).

sector has been impacted by low energy prices, but will be supported by growing populations and increased income per capita in the long term.

### **Volatile raw material prices**

Raw material prices are important drivers in the steel industry. Steel production requires substantial amounts of raw materials, including iron ore, scrap metal, metallurgical coal, injection coal, coke and alloys. Raw materials are priced in the world market and the prices, which are primarily quoted in USD, generally vary in accordance with demand for steel. The price volatility has increased in recent years and is primarily due to fluctuating customer demand globally, supply of raw material and price speculation.

SSAB sources most of its iron ore from LKAB (Sweden), but also some from Severstal (Russia). The agreement with LKAB was valid from April 1, 2015 until March 31, 2016 and prices were fixed quarterly. Negotiations on a new agreement are ongoing. The agreement with Severstal runs from October 1, 2015 until September 30, 2018 and prices are fixed monthly. For first quarter shipments in 2016, pellet prices were unchanged both in terms of USD and SEK compared with the fourth quarter of 2015. SSAB's price for pellets during the first quarter of 2016 was 17% lower in USD and 14% lower in SEK than during the first quarter of 2015.

SSAB sources coking coal from Australia, the US, Canada and Russia. Price agreements for Australian, Canadian and Russian coal are entered into monthly, whereas price agreement for most US coal is entered into quarterly. The average price during the first quarter of 2016 was down by 10% in terms of both USD and SEK compared with the fourth quarter of 2015. SSAB's price for coal during the first quarter of 2016 was 30% lower in USD and 28% lower in SEK than during the first quarter of 2015.

The US operations regularly purchase scrap metal as a raw material for their production. Spot prices for scrap metal increased sharply during the first quarter of 2016. Spot prices were 36% higher than at the turn of 2015/2016 but 3% lower than at the end of the first quarter 2015.<sup>1)</sup>

## **DESCRIPTION BY MARKET SEGMENT**

### **Quenched & tempered steels and advanced high-strength steels – SSAB Special Steels**

SSAB Special Steels has operated in a tough market environment as demand in many end segments such as the mining sector and the market for construction machinery have been stagnant or in decline. Heavy transport has been one of the best developing segments in recent years.

Customer demand for lighter and more sustainable products is driving development toward increased use of high-strength steels and wear steel. SSAB's steels offer the possibility to build lighter products with a longer lifecycle in a way that reduces component wear and lowers fuel consumption, increases lifting performance and enables higher payloads. Market penetration of high-strength steels (AHSS) is increasing in all markets, although the penetration rate in emerging markets is considerably lower than in mature markets.

On the quenched & tempered steels (Q&T) and advanced high-strength steels segment (AHSS), SSAB has market shares ranging from 5 to 40% depending on product group

and geography, with the highest market share in quenched & tempered steels in Europe. According to the Company, SSAB has particular strong market positions in main customer segments such as construction industry and heavy transport.

SSAB's main competitors are international steel product manufacturers such as Dillinger Hütte, NLMK Clabecq, Voestalpine, ArcelorMittal, ThyssenKrupp, Tata Steel Europe, JFE and Nucor.

### **High-quality strip, plate and tube products – SSAB Europe**

Steel demand in Europe has been at historically weak levels during the past few years, but modest growth is expected in the years to come. There are large regional differences and growing potential for SSAB Europe's products and services in some Central and Eastern European countries. The European steel industry continues to suffer from excess capacity and also considerable imports from producers in other parts of the world. The European steel industry is characterized by tough competition, with a margin squeeze when comparing raw material prices with steel prices on the market. During the first quarter of 2016, EU took a decision to impose import duties on imports of cold-rolled material from Russia and China, and to begin a study to impose import duties on imports of hot-rolled products from the same countries. The anti-dumping measures could improve the market situation and competitive position of European steel producers at least in the short term.

In the Nordic region, SSAB Europe is a full-range supplier of high-quality steel products from SSAB's broad product portfolio. SSAB has a prominent position within selected Advanced High-Strength Steel (AHSS) applications for the automotive industry. In Russia, SSAB has built up a market presence in recent years. In color-coated products, SSAB Europe believes that it has strong brands and products and an extensive offering of tube products developed by the Company's own product development team.

The key market segments display the wide range of the Company's customer offering: lifting, handling and transportation, yellow goods, automotive, offshore, agriculture, construction machinery and energy.

SSAB Europe is the only carbon steel tube manufacturer in the Nordic countries with an extensive selection of tubular products and sections to meet the needs of the construction, automotive and manufacturing industries.

SSAB Europe's main competitors include ArcelorMittal, Dillinger, Salzgitter, ThyssenKrupp, Tata Steel Europe and Voestalpine.

### **Quality steel plate and coil in North America – SSAB Americas**

The North American market for heavy plate has been challenging and a strong USD has had a negative effect on the US industry. Heavy plate imports from Asia have been high, and low oil prices have decreased investment in the energy sector. According to the Company, the US has experienced a record surge of unfairly traded imports, severely impacting market share. Since the end of the first quarter of 2016, a number of steelmakers, including SSAB, have filed for duties on imports of heavy plate to the USA from 12 countries. The anti-dumping measures could improve the market situation

1) Source: Platts.

in North America at least in the short term. The outlook is a modest improvement in line with the overall improvement of the North American economy.

Recovery within the general construction and civil engineering segments is improving employment in the construction sector and increasing equipment utilization rates. Automotive and heavy transport are expected to continue on a high level in the coming years. There remains strong long-term demand for heavy plate from energy-related industries and transportation. Wind tower and other alternative energy equipment continue to be excellent applications for heavy plate products.

SSAB is the largest producer and supplier of heavy plate in North America, with a market share of around 20–25%.

SSAB Americas' primary competitors are local steel producers, such as Nucor and ArcelorMittal and imported products.

## **Steel and non-ferrous metals distribution**

### **– Tibnor**

Close to 55% of all steel delivered in the Nordic region is supplied through distributors. Value-added services are of increasing importance for industrial customers as part of their efficiency improvement programs.

Tibnor's trading operations complement the steel operation's direct sales. The Nordic market for steels and metal trading primarily follows production trends for the important industrial groups in the region.

Tibnor has a strong presence in the Nordic region, with Sweden accounting for about half of the sales. Tibnor has a share of slightly more than 20% of the Nordic distribution market.

The driving forces on the market for steel trading operations are primarily:

- Increased need for service in the form of advice and cutting to size of steel before it can be placed in the customers' production. In addition, distributors often offer shorter delivery times than producers; and
- Steel trading companies are an important channel in the Nordic region for steel and metal producers outside the Nordic region.

Tibnor's competitors include BE Group, Stena, Norsk Stål, Kontino, as well as a number of national local companies and niche players.

## **Energy-efficient building and construction solutions – Ruukki Construction**

Ruukki Construction operates both in the residential and non-residential construction segments. Energy efficiency is a growing trend in both segments.

End-customer segments from housing and retail to logistics and industry are facing drastic transformation due to changes in technology, consumer behavior and new requirements in the area of sustainability. Greener, smarter solutions are increasing in popularity. Investment timeframes are shrinking and environmental transparency is becoming a norm. Demand is growing for buildings that can be modified to take into account changing space requirements. Renovation construction is experiencing market growth and construction business is becoming more service driven.

Operations in the Nordic region represent approximately half of the sales. The Nordic market has strong seasonal variations, with activity being strongest during the spring, summer and autumn when building activity is not impeded by cold and precipitation.

Ruukki Construction benefits from strong market positions in the Nordic region. According to the Company, CEE, in the long term, Russia are regions with the highest growth potential.

Competitors in building components and roofing include component suppliers such as Kingspan, Paroc, Trimo, Lindab, Weckman Steel, Metall Profil, Balex Metal and Blachy Pruszyński, the construction business of global steel companies, small, local companies and alternative construction materials companies. Competitors in building systems include steel frame suppliers such as Normek, Contiga and Polimex Mostostal, system suppliers such as Lindab and LLENTAB, small, local supply companies and alternative construction materials companies.



# Business description

## OVERVIEW

SSAB is a steel producer with a strong position on the global market for quenched and tempered steel (Q&T) and advanced high-strength steels (AHSS). In terms of shipments and sales, the Company is clearly the largest producer of strip, plate and tubular products on its Nordic home market, as well as the largest producer of plate in North America, which is the Company's other home market. SSAB also provides building and construction solutions in the Nordic region and Eastern Europe.

SSAB's operations are organized in three steel divisions; SSAB Special Steels, SSAB Europe and SSAB Americas, as well as two wholly-owned subsidiaries; Tibnor and Ruukki Construction.

- **SSAB Special Steels** has global responsibility for the marketing and sales of high-strength steels, including all SSAB's quenched and tempered steels (Q&T) and hot-rolled advanced high-strength steels (AHSS). The division also includes the SSAB Services business unit, which focuses on service and aftermarket operations.
- **SSAB Europe** is responsible for strip, plate and tubular products in Europe and for the automotive segment globally. The division has four production facilities in Sweden and Finland.
- **SSAB Americas** comprises SSAB's operations in North and Latin America and produces plate and quenched and tempered plate (Q&T). The division has two strategically located production units in the US.

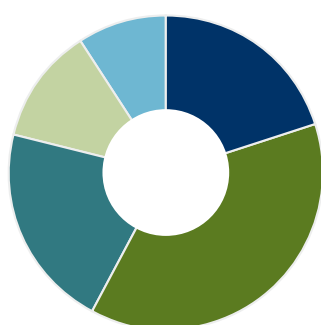
- **Tibnor** comprises SSAB's steel distribution operations in the Nordic and Baltic regions.
- **Ruukki Construction** is responsible for sales and production of energy-efficient building and construction solutions, with a focus on Northern and Eastern Europe.

The steel divisions' primary customer segments comprise heavy transport and lifting equipment, automotive, material handling (including mining), construction machinery, energy, protection and tooling. Within SSAB Special Steels, marketing and sales are directed to both equipment manufacturers and end users. Within SSAB Europe and SSAB Americas, sales largely comprise standard steels which are sold to Steel Service Centers and distributors as well as directly to equipment manufacturers.

SSAB's main production facilities are located in Sweden, Finland and the US with a combined annual steel production capacity of 8.8 million tonnes. The Company also has smaller production facilities and Steel Service Centers located around the world. These facilities include a finishing line in Shanghai for customers in Asia as well as steel service centers in the Nordic and Baltic regions.

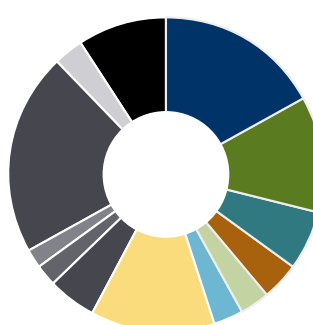
During the financial year 2015, sales amounted to SEK 57 billion and total steel shipments amounted to 6.4 million tonnes.

EXTERNAL SALES  
PER SEGMENT 2015



- SSAB Special Steels, 20%
- SSAB Europe, 38%
- SSAB Americas, 21%
- Tibnor, 12%
- Ruukki Construction, 9%

EXTERNAL SALES  
PER GEOGRAPHY 2015



- Sweden, 17%
- Finland, 12%
- Germany, 6%
- Poland, 4%
- Denmark, 3%
- UK, 3%
- Other EU 28, 13%
- Norway, 5%
- Russia, 2%
- Rest of Europe, 2%
- USA, 21%
- Canada, 3%
- Rest of the world, 9%

Source: SSAB's annual report for 2015.

## STRENGTHS AND COMPETITIVE ADVANTAGES

### Strong position within high-strength steels and value-added services

SSAB considers itself to have a strong global position within quenched and tempered steels (Q&T) and within selected segments of the market for advanced high-strength steels (AHSS), with an estimated market share of 5-40%<sup>1)</sup>, depending on product group and geography, with the highest market share within quenched and tempered steel in Europe.

SSAB offers its customers a wide range of high-strength steels and wear steels that allow for a more efficient use of energy and materials in addition to adding strength and durability to the applications in which they are used. The economic and environmental advantages of using high-strength steels are important drivers for customer demand. SSAB considers itself well positioned to take advantage of the opportunities within high-strength steels due to its strong brands, broad product offering, know-how and close collaboration with customers in the development of new steel applications.

SSAB offers innovative solutions focusing on service and aftermarket operations, which create a foundation for closer collaborations and stronger customer relations. The Company has an extensive service offering, including engineering and processing services, Knowledge Service Center, local stock facilities and a global network of aftermarket service centers. By linking value-added services to its know-how in high-strength steels, SSAB is able to further differentiate itself on the highly competitive steel market and support development and growth initiatives within high-strength steels.

### Strong brands

SSAB has a portfolio of strong and globally recognized brands which the Company believes represent quality and trust, serving as one of the most valuable assets when introducing products on new markets. The Company has a strong end user focus and a product brand strategy that allow customers to benefit from SSAB's brands. SSAB has multiple product brands and channels with a comprehensive offering in high-strength steels, ranging from high-end branded products to commercial grades. The merger with Rautaruukki has broadened SSAB's product portfolio and enabled the development of a multi-channel strategy in high-strength steels.

SSAB has two of the best-known brands on the market, Hardox and Strenx:

- Hardox is a global leading brand of wear steel designed for maximum payload and longer service life
- Strenx is a brand covering structural steel products designed for sustainable and lightweight solutions

In addition to Hardox and Strenx, SSAB has a number of targeted product brands as well as five product groups in which the SSAB brand is included in the name.

### Strong positions on the home markets in the Nordic region and the US

SSAB has a leading position on its Nordic and North American home markets. In the Nordic region, SSAB has a market share of 40-50%<sup>2)</sup> on commercial grades and SSAB Europe's production structure and local presence enable high level of availability, short delivery times, extensive logistics services with accurate delivery, and a high degree of flexibility to meet the customers' needs. Following the successful acquisition and integration of Rautaruukki, SSAB Europe is well positioned to consolidate its position in the Nordic region and strengthen its position on nearby markets by focusing on an increased share of high-strength steels and other premium products, increased focus on service and aftermarket services as well as continued focus on growth in attractive market segments.

In North America, SSAB is the largest producer and supplier of plate with a market share of 20-25%.<sup>3)</sup> SSAB Americas has two modern production facilities with a cost position that SSAB considers to be among the best in the industry and which, together with high quality customer service and short lead times, is considered to contribute to a strong position on the plate market. Through a balanced mix between services and sales to end customers, SSAB can further differentiate itself from its competitors.

### Well-invested, cost efficient and flexible production system

SSAB has well-invested production facilities in Sweden, Finland and the US with an annual steel production capacity of 8.8 million tonnes, which can be adapted to prevailing market demand. SSAB also has capacity to process and finish various steel products in China and a number of other countries.

The merger between SSAB and Rautaruukki in 2014 is considered to have created a more competitive and flexible steel production system in the Nordic region. SSAB has five blast furnaces of which one is in Luleå, two in Brahestad and two in Oxelösund, providing a total capacity of approximately 6.4 million tonnes. Since the merger, SSAB has greater flexibility to adapt the production to market demand at any given time. In addition, SSAB has carried out significant strategic investments in the Nordic production facilities in order to increase flexibility and efficiency while reducing the environmental impact from the production processes. The blast furnace in Luleå was completely renovated and modernized during 2015 and is now set to continue production for another 15-20 years. The blast furnaces in Brahestad were renovated in 2011 and the renovation of the blast furnace in Oxelösund took place in 2010.

In the US, SSAB operates two modern electric arc furnaces with a cost position that SSAB believes to be among the best in the industry with an annual production capacity of 2.4 million tonnes. The steel mills are strategically located in Mobile, Alabama and Montpelier, Iowa in the southern and central parts of the US and thereby cover North America's industrial heartland, with access to the strategically important southern port system. The steel mill in Mobile has one of the world's most advanced quenching and tempering (Q&T) lines while the mill in Montpelier has an advanced research and development facility, which enable continuous improvements and an advanced product offering.

1) The Company's assessment is based on millions of tonnes of crude steel produced.

2) The Company's assessment is based on millions of tonnes of crude steel produced.

3) The Company's assessment is based on millions of tonnes of crude steel produced.



## Implemented operational improvements allow for increased focus on developing the business model

In order to outperform its competitors and achieve a leading cost position in the industry, SSAB has initiated cost reduction programs to the cost base by a total of SEK 2.8 billion with full annual effect as from 2017, including synergies from the acquisition of Rautaruukki. The integration with Rautaruukki is considered to have been successful and SSAB has realized greater cost synergies than originally estimated. The synergies are expected to amount to a full annual rate of SEK 1.8 billion as from the second half of 2016. In addition to the synergies with Rautaruukki, SSAB is implementing a number of efficiency measures aimed to structurally reduce the cost base by SEK 1 billion.

These operational improvements allow for greater focus on developing SSAB's business model. SSAB can further strengthen its market position through continuous development of the product mix and by focusing sales on more profitable products as well increased focus on service and after-market services.

## Strong financial position and increased financial flexibility provide conditions for achieving industry-leading profitability

SSAB has undertaken comprehensive measures to strengthen its balance sheet to pursue its journey toward achieving industry leading profitability. These measures will put SSAB in a competitive financial position, which together with the transformed business model, will enable long-term profitable growth and competitiveness.

The rights issue, combined with planned divestments of non-core assets and internal cash flow generation is expected to strengthen the Company's balance sheet, reduce net debt by around SEK 10 billion and, according to the Company's assessment, improve net gearing to around 30% by year-end 2017, in line with SSAB's long-term financial targets.

Further financing measures taken include an extension of debt maturities of SEK 3.2 billion, existing bank guarantee extensions of SEK 3.7 billion and a new five-year RCF of EUR 300-500 million. The financing package provided by shareholders and banks secures the refinancing needs and ensures continuous competitive financing costs during the next 3-5 years.

## STRATEGY

SSAB's strategy is to be the industry-leading producer of high-strength steels globally, the market leader on the Nordic and North American home markets and a provider of leading value-added services.

### Global leadership in high-strength steels

SSAB's aims for global leadership in quenched and tempered steels (Q&T) and in targeted advanced high-strength steels (AHSS) segments. The Company's strategic priorities for achieving growth are:

#### *Updated channel and brand strategy*

SSAB intends to work with multiple brands and channels and with a comprehensive offering in high-strength steels – from high-end branded products to more commercial grades. The

merger with Rautaruukki has broadened SSAB's product portfolio and enabled the development of a multi-channel strategy in high-strength steels.

SSAB's product brands – Hardox, Strenx, Docol, Green-Coat, Armox and Toolox – are valuable assets when introducing products on new markets, since they are believed to represent quality and trust for the customers' benefit. SSAB's product brand programs, "Hardox In My Body" and "My Inner Strenx" provide members with marketing support, extensive technical support and innovative design development methods. Other new SSAB-based brands include SSAB Domex, SSAB Form, SSAB Weathering, SSAB Boron and SSAB Laser Plus.

#### *Continued R&D and innovation in products and applications*

Research and development is a high priority for SSAB. This entails development in three areas:

- Product development, boosting SSAB's own high-strength steels offering with new products.
- Process development at the steel mills, enabling more efficient, cost-effective and sustainable production.
- Application development, taking the customers' own products into account.

SSAB intends to increase its investments in application development and to establish more customer collaborations aimed to increase the use of high-strength steels in their products.

#### *Increasing presence and penetration on new markets*

SSAB intends to focus on emerging markets where the penetration of high-strength steels is still low and growth potential is high as customers upgrade their steel usage from standard steels to high-strength steels. These markets include Africa, the Middle East, Latin America and Asia.

#### *Growing high-strength steels in the automotive sector*

SSAB considers itself to have a strong position within specific safety details related to the automotive sector. This market is expected to grow in the coming years due to continuing trends in safety standards and lightweighting to meet fuel efficiency standards. SSAB aims to grow in this area.

### Maintaining and strengthening its positions on home markets

The Nordic and North American home markets constitute the foundation for SSAB's operations. SSAB aims to maintain and strengthen its position on its home markets in the coming years.

#### *Priority initiatives in the Nordic region*

- **Develop the multi-channel sales strategy:** SSAB aims to further strengthen its position on the Nordic home market by developing all sales channels to the market from the steel mills. These include SSAB's own channels, including the metals distribution company Tibnor, as well as direct customers and external steel distributors with which the Company has long-term relations.

- **Improve the product mix towards premium products:** SSAB aims to strengthen its position in the Nordic region and on nearby markets by gradually improving its product mix and shifting sales focus to product grades where SSAB has special capabilities.

#### *Priority initiatives in North America*

- **Increase capacity at current mills to grow with the market:** The plate market in North America is expected to recover and grow in the coming years as industrial activity increases. SSAB has the possibility to gradually increase capacity at its US mills by improving process efficiency and growing sales on the expanding market. The Company regularly reviews, and endeavors to improve, its cost position and customer service, while maintaining short lead times.
- **Utilize Nordic imports as a complement to existing product offerings:** The Nordic strip and plate mills complement the US mills in terms of product grades and formats. With a growing domestic market, SSAB can increase sales in the North American market, either directly toward end customers or via its own distribution facilities.

#### **Value-added services**

The provision of value-added services is an important area for SSAB's long-term development, as they constitute a way for the Company to differentiate itself on the competitive steel market. The value-added services constitute an additional component in the Company's strategic ambitions, supporting and enhancing SSAB's activities in its home markets and growth initiatives within high-strength steels.

SSAB has established a new business unit, SSAB Services, to increase focus on service and the aftermarket business. This new unit is responsible for SSAB's extended global service offering, including the Wear Services and Shape businesses, and is reported as part of SSAB Special Steels.

#### *Expanding Wear Services and the Hardox Wearparts network*

SSAB Wear Services sells Hardox-branded wear plate to the Hardox Wearparts Network, which comprises around 200 member companies globally. The centers provide replacement parts and services to end customers in mining, recycling, quarrying, cement and agriculture. SSAB has high ambitions for developing the Wear Services business and aims to more than double the number of centers.

#### *Expanding SSAB Shape services in selected markets*

SSAB holds similar ambitions for SSAB Shape, which offers steel-processing services for OEMs and their sub-suppliers. As well as representing a step forward for SSAB in supporting its customers' value chain, with potential for joint investments, this initiative also contributes to enable the adoption of high-strength steels on selected emerging markets.

#### *Growing stock sales globally*

SSAB aims to grow through its own global stock network and is able to serve end customers with short lead times. SSAB intends to increase the share of stock shipments as a way to increase the value of steel shipments to the customers.

#### **Synergies and other cost efficiency improvements**

In order to achieve industry-leading profitability in the coming years, SSAB intends to reduce fixed costs and increase structural flexibility in the Company's production processes. It is believed that the following measures will allow for a reduction in costs of SEK 2.8 billion annually compared with the 2014 cost level, with full effect as from 2017.

- Capacity flexibility in the Nordic production process: SSAB has greater flexibility to adapt production to market demand at any given time.
- Synergy program: SSAB assess that synergies of SEK 1.8 billion annually can be achieved, with full annual effect being realized as from mid-2016.
- In addition to the synergies with Rautaruukki, SSAB is implementing a number of efficiency improvement measures aimed at structurally reducing the cost base by a further SEK 1 billion.
- Other cost improvements: For example, SSAB has continued to focus on maintaining a leading cost position in North America and reducing the costs for producing quenched and tempered steels in Oxelösund.
- Continuous improvements: Rollout of SSAB's "SSAB One" management philosophy to achieve continuous productivity improvements.

#### **Financial objectives**

SSAB's strategy is aimed at securing the Company's long-term development to create value for its shareholders and other stakeholders. SSAB's main financial objectives are to achieve industry-leading profitability and to generate solid cash flows, enabling debt reduction and shareholder dividends.

AREA	OBJECTIVE
<b>Profitability</b>	SSAB aims for industry-leading profitability measured as EBITDA margin among comparable peers. <sup>1)</sup>
<b>Capital structure</b>	The Group's operations are cyclical. The objective is a long-term net debt/equity ratio of 30%.
<b>Dividends</b>	Dividends are to be adapted to the average earnings level over a business cycle and, in the long term, constitute approximately 50% of profit after tax, taking into consideration the net debt/equity ratio. It should also be possible to use dividends to adjust the capital structure.

1) AK Steel, Dillinger, Nucor, Salzgitter, Steel Dynamics, Tata Steel Europe, ThyssenKrupp, US Steel.

## BUSINESS OVERVIEW

SSAB's business is organized in three steel divisions; SSAB Special Steels, SSAB Europe and SSAB Americas, as well as two subsidiaries; Tibnor and Ruukki Construction.

### Divisions and subsidiaries

#### *SSAB Special Steels*

SSAB Special Steels has global responsibility for the marketing and sales of high-strength steels, including all of SSAB's quenched and tempered steels (Q&T) and hot-rolled and advanced high-strength steels (AHSS) with yield strengths from 700 MPa and above. These products can further be divided into structural high-strength steels, wear steels, protection steels and tool steels. All of SSAB's special steels enable customers to design lighter, stronger and more durable products.

SSAB Special Steels has an extensive service offering, including engineering and processing services, Knowledge Service Centers, local stocks and a global network of centers for aftermarket services.

SSAB Special Steels is responsible for steel production in Oxelösund, with an annual production capacity of 1.5 million tonnes, as well as for the sale of the above-mentioned products in Mobile, Alabama (USA), Brahestad (Finland) and Borlänge (Sweden).

SEK 11,377 million in net sales in 2015 <sup>1)</sup>	2,900 employees
20% of the SSAB Group's total sales	0.9 million tonnes of steel shipments in 2015

Source: SSAB's annual report for 2015.

#### *Customers and end users*

SSAB Special Steels' main customer segments include manufacturers of machinery and equipment used in construction, mining, materials handling, heavy transport and lifting equipment; however, SSAB's special steels can be used in many contexts where the goal is to design lighter, stronger and more durable products.

Customers include both equipment manufacturers and end users. By understanding the needs of the end users, SSAB Special Steels is able to jointly develop products for enhanced performance.

The Company believes that SSAB's competitive edge within special steels lies in having one of the broadest product and service portfolios on the market, combined with deep knowledge of steel properties and performance. This is deemed to create the basis for collaboration with customers regarding the development of stronger, lighter and more durable products.

EXAMPLES OF APPLICATIONS FOR SPECIAL STEELS	MAIN CUSTOMER SEGMENTS
<p><b>Applications for structural steels</b></p> <ul style="list-style-type: none"> <li>• Mobile crane booms and support legs</li> <li>• Loader cranes</li> <li>• Aerial work platforms</li> <li>• Chassis for trailers and trucks</li> <li>• Agricultural machinery</li> <li>• Offshore oil rigs</li> </ul> <p><b>Applications for wear steels</b></p> <ul style="list-style-type: none"> <li>• Dumpers and tipper bodies</li> <li>• Buckets</li> <li>• Containers</li> <li>• Mining equipment</li> <li>• Recycling equipment and tools</li> <li>• Wear parts in all kinds of machinery</li> </ul> <p><b>Applications for protection steels</b></p> <ul style="list-style-type: none"> <li>• Vehicles and carriers for safe transportation of individuals and valuables</li> <li>• Protection for buildings</li> </ul> <p><b>Applications for tool steels</b></p> <ul style="list-style-type: none"> <li>• Molds and dies</li> <li>• Tool holders</li> <li>• Axles</li> </ul>	<ul style="list-style-type: none"> <li>• Heavy transport</li> <li>• Construction machinery</li> <li>• Materials handling (including mining)</li> <li>• Industrial applications and others</li> <li>• Service centers</li> </ul>

#### *Products*

- **Hardox** is a leading global brand of wear steels designed for maximum payload and longer service life – a unique combination of hardness and toughness.
- **Strenx** is SSAB's product brand for high-strength structural steel, offering the most extensive portfolio of high-strength steels on the market. Yield strengths range from 600 MPa to 1,300 MPa, which is currently the strongest steel available on the market.

- **Raex** is a wear steel designed to withstand even the most demanding conditions. It is the safe and cost-effective choice with both good weldability and formability.
- **Toolox** is presently the hardest pre-hardened tool steel in the world and is supplied as Q&T plate or round bars.
- **Armox** and **Ramox** are protection steels designed for the protection of life and property.

1) External sales.

## Services

SSAB Services focuses on the service and the after-market business. The unit is responsible for SSAB's extended global service offering, including the Wear Services and Shape businesses, and is reported as part of SSAB Special Steels.

- **Hardox Wearparts** is a one-stop shop for wear products and services. It consists of a worldwide network of approximately 200 Hardox Wearparts centers (16 of which are owned by SSAB) in more than 55 countries. These centers

provide spare parts and advice to the local aftermarket in, for example, the mining, infrastructure, recycling and construction sectors.

- **SSAB Shape** combines premium steel products with engineering and processing services offered through SSAB's own value added service centers and a worldwide network of processing suppliers.
- **Stock sales, technical support and Knowledge Service Center** complement the full service offering to further empower customers to develop their business and become more competitive.

## Strategy and strengths

SSAB Special Steels aims to be a global leader within wear steels, structural steels, protection and tools steels, and also within related value-added services.

STRATEGIC PRIORITIES	STRENGTHS
<ul style="list-style-type: none"> <li>• Maintain its strong position within innovation and offer customers leading products and services.</li> <li>• Expansion within service and aftermarket services through Hardox Wearparts and SSAB Shape.</li> <li>• Close collaboration with customers to upgrade their product designs for increased use of high-strength steels.</li> <li>• Accelerate growth by increase penetration and presence in new segments and markets.</li> <li>• Realize cost synergies from the acquisition of Rautaruukki and implement other efficiency improvements.</li> <li>• Focus on working safely throughout the division.</li> </ul>	<p><b>A cutting-edge developer and manufacturer of wear, structural, protection and tool steels</b></p> <ul style="list-style-type: none"> <li>• Comprehensive product portfolio of high-strength steels.</li> <li>• Close collaboration and joint projects with customers to increase innovation and development.</li> <li>• A global production system enabling the supply of products in a wide range of thicknesses, grades and dimensions.</li> <li>• Well-known and highly respected product brands with loyal customers.</li> </ul> <p><b>Competitive lead times and services on a global level</b></p> <ul style="list-style-type: none"> <li>• Steel service centers and supporting downstream production sites and own stock warehouses in approximately 160 locations in more than 50 countries.</li> <li>• A combination of in-depth expertise regarding the development of SSAB steels as well as design and manufacturing of applications in close collaboration with customers.</li> </ul>

## SSAB Europe

SSAB Europe is a well-established producer of high-quality steel strip, plate and tubular products. SSAB Europe's processing centers tailor products to customer needs. In the Company's opinion, production know-how in high-strength steels, combined with the value-added services that SSAB's customers need, distinguish SSAB Europe from many other steelmakers.

SSAB Europe is responsible for strip, plate and tubular products in Europe and for the automotive segment globally.

SSAB Europe's focus is on the home market in the Nordic region as well as on selected emerging markets in continental Europe and internationally. SSAB Europe's main production facilities are located in Brahestad and Tavastehus (Finland) as well as in Luleå and Borlänge (Sweden). Production is based on integrated blast furnace processes. SSAB Europe's steel mills have an annual production capacity of 4.9 million tonnes.

Other production facilities include the color-coating lines in Finspång (Sweden) and Kankaanpää (Finland). The division also has tube production in Tavastehus, Lappvik, Oulais, Pulkila and Toijala (Finland) as well as in Virsbo (Sweden) and has other processing sites in the Netherlands, Norway, Russia, Poland, Sweden and the UK.

SEK 21,405 million in net sales in 2015 <sup>1)</sup>	7,100 employees
38% of the SSAB Group's total sales	3.6 million tonnes of steel shipments in 2015

Source: SSAB's annual report for 2015.

## Customers and end users

SSAB Europe's broad range of products allows the division to support customers in diverse segments and in a wide range of applications.

SSAB Europe sells products directly to end users and to steel service centers. Some of the products for the Nordic and Baltic markets are also supplied by Tibnor.

SSAB Europe supplies different steel grades to major OEMs in the heavy and commercial vehicle sector. Similarly to manufacturers of passenger vehicles, these manufacturers are seeking the benefits of lightweighting and more efficient use of fuel. The division also sells its products to major agricultural machinery makers. Plate is used extensively in the Nordic market and in Europe within the energy sectors, while color-coated materials are used by manufacturers of metal roofing and rainwater systems, particularly in the Nordic and East European markets.

1) External sales.

## MAIN CUSTOMER SEGMENTS

- Building construction and infrastructure
- Automotive
- Industrial applications
- Heavy transport
- Energy
- Construction machinery
- Service centers

### Products and Services

SSAB Europe has a broad product offering comprising international, well-known product brands. Yield strength classes of hot-rolled products reach 600 MPa (steel grades exceeding this strength level in hot-rolled products are available in SSAB Special Steels' product offering). Cold-rolled and galvanized products range from 200 to 1,700 MPa and are also available for many specific needs, such as weather resistance and formability.

SSAB Europe's structure allows for a high level of availability, short lead times, extensive logistics services with delivery accuracy and a high level of flexibility to meet the customers' needs, particularly in the Nordic region. Customers can also obtain steel in various formats. SSAB Europe's service offering also includes technical development and workshop support, training, etc.

## PRODUCT RANGE

- Hot-rolled plate products
- Hot-rolled strip products
- Cold-rolled strip products
- Metal-coated strip products
- Color-coated strip products
- Tubes and sections
- Infra products

### Strategy and strengths

The Nordic region home market constitutes a core part of SSAB Europe's strategy and the ambition is to develop the market, including the value-added offering, while maintaining the Company's position as a reliable supplier with a high level of customer satisfaction.

The merger of SSAB and Rautaruukki is considered to have created a more competitive and flexible steel production system and an optimized product portfolio.

Outside the Nordic region, the Company is focused on providing value-added materials to customers on all markets and implementing a strategy of selective growth rather than the sale of standard products.

## STRATEGIC PRIORITIES

- Secure the Nordic home market and grow in selected segments and on nearby markets.
- Realize cost synergies from the acquisition of Rautaruukki and implement other efficiency improvements.
- Win market shares by strengthening the customer offering and value proposition.
- Create good opportunities for focused growth initiatives.
- Focus on working safely throughout the division.

## STRENGTHS

- Strong position on the Nordic market.
- Close collaboration with the customers to create a unique customer experience.
- Broad product portfolio with strong product brands.
- Strong and growing customer base in Europe.
- Strong technology and materials expertise.
- Flexible production capacity.
- Steel products tailored to customer-specific needs.
- Strong partner and distribution network.

### SSAB Americas

SSAB Americas is the largest supplier of plate in North America measured in terms of deliveries in 2015. SSAB Americas is considered to have a strong position and is recognized for its cost-efficiency and quality.

SSAB Americas' modern steel mills are located in Mobile, Alabama and Montpelier, Iowa, and have a combined annual production capacity of 2.4 million tonnes. Both mills utilize scrap-based electric arc furnace (EAF) technology to produce steel. The steel mills are strategically located with access to the important southern US port system, which provides a logistical advantage.

SSAB has a world-class modern research and development facility located adjacent to the steel mill in Iowa. It contains some of the most cutting-edge testing, simulation and metallography equipment in the world.

In Alabama, SSAB has one of the world's most advanced quenching and tempering (Q&T) lines with capacity to produce 300,000 tonnes of Q&T heavy plate a year.

In addition to the two steel mills, SSAB Americas has three cut-to-length facilities located in Houston, Texas, St. Paul, Minnesota and Toronto, Ontario (Canada). With the flexibility to handle both SSAB's steel as well as steel from external suppliers, these facilities process coils of different widths, gauges and grades in order to meet customer-specific requirements with an enhanced service model.

<b>SEK 11,852 million in net sales in 2015<sup>1)</sup></b>	<b>1,200 employees</b>
<b>21% of the SSAB Group's total sales</b>	<b>1.9 million tonnes of steel shipments in 2015</b>

Source: SSAB's annual report for 2015.

### Customers and end users

SSAB Americas manufactures a wide range of quality steel products, including advanced high-strength steels that are used in various industries. SSAB Americas sells products both directly to end users and to steel service centers.

1) External sales.



## MAIN CUSTOMER SEGMENTS

- Energy: Gas, oil, offshore structures, transmission towers, wind turbines and petro-chemical tanks
- Heavy transport: Railway transport, ships and offshore, agriculture, forestry and fishing
- Construction: Lifting equipment, yellow goods, construction machinery
- Infrastructure: Water transmission, storage tanks and bridges
- Service centers: Plate and coil
- Mining: Earthmoving equipment

## PRODUCT RANGE

- Heavy plate
  - Heavy plate coils
  - Heat-treated heavy plate
  - Normalized plate
- Quenched and tempered plate
- Other products
  - Hot-rolled coil
  - Cold-rolled coil
  - Metal-coated products
  - Pre-painted products

## STRATEGIC PRIORITIES

- Provide industry-leading customer service
- Further strengthen its low-cost position through continuous improvement processes.
- Focus on working safely throughout the division.

## STRENGTHS

- Strong North American production base with an advantageous cost position and high quality customer service.
- Two modern production facilities, electric arc furnaces, which use recycled scrap metal as raw material.
- Close collaboration with the customers to develop customized products and solutions.

## Tibnor

In the Company's assessment, Tibnor is the leading distributor of steel and non-ferrous metals to industrial companies in the Nordic and Baltic regions. The company offers a complete range of these products and services in line with customer needs.

Tibnor has achieved a strong position thanks to its extensive range of products, effective processing of steel and non-ferrous metals, as well as efficient logistics combined with administrative solutions which make it easy for the customer to choose materials and place orders.

Tibnor's production units process products before delivery to the customer. This means that the customers do not need to deal with preparatory manufacturing operations and can use the material supplied directly in their core processes. The stock and processing business accounts for about 85% of sales and direct mill supplies accounts for the remaining 15%.

**SEK 6,968 million in net sales in 2015<sup>1)</sup>**

**12% of the SSAB Group's total sales**

**1,200 employees**

Source: SSAB's annual report for 2015.

## Strategy and strengths

SSAB Americas' goal is to maintain a leading position on the plate market and gradually expand capacity in order to benefit from the expected growth on the market. Further investment decisions will be made based on the assessments of long-term supply and demand and the possibility to maintain the cost position.

SSAB Americas is also strongly committed to the environment as evidenced by numerous recycling projects, including a scrap tire recycling program, electric arc furnace dust recycling, facility recycling/sorting areas as well as ISO certification for quality, environment and safety management (9001, 14001 and 18001).

## Customers and end users

Tibnor's customers comprise Nordic and Baltic industries using steel and non-ferrous metals in their manufacturing processes. The following industries are important customer segments:

- Engineering.
- Automotive.
- Construction.

The first two segments are often dependent on export markets, whereas the construction segment is driven more by local investments within housing, civil engineering and infrastructure. Tibnor has approximately 10,000 customers in the Nordic and Baltic regions.

## Products and Services

Tibnor offers a complete range of steel and non-ferrous products. The stock is closely monitored to meet the needs of the Nordic and Baltic manufacturing industry at all times. Other producers' commercial and special steels distributed by Tibnor include engineering steel and long products, such as beams, merchant bars and hollow sections for construction purposes, as well as reinforcement bars for the building industry.

Tibnor's processing activities are carried out in efficient production facilities. This saves time for the customers and reduces their risks and need for resources. Tibnor can process

1) External sales.

all of the product groups that it supplies to the market. Customers receive a product ready for use in their own production processes with no need for additional preparation.

Tibnor has a well-established distribution system that works with various logistics flows. The solutions range from 24-hour stock deliveries to individual material flows designed to meet customer needs.

Tibnor possesses extensive expertise within administrative solutions that make it easy for the customers to choose material, create their own offers, place orders, access docu-

ments or work with procurement punchout between the buyer's and seller's systems. Customers can choose between using e-services and web shops, or obtain personal service.

### *Strategy and strengths*

Tibnor operates within four clearly defined expert areas: materials (supply and advice), production, logistics and administrative solutions. Tibnor understands what works well in different industrial situations and can assist its customers in making the right decision when choosing steels and non-ferrous metals.

STRATEGIC PRIORITIES	STRENGTHS
<ul style="list-style-type: none"> <li>Winning market shares through a broad product and service offering.</li> <li>Capture synergies from the merger with Rautaruukki; especially within purchasing, asset optimization and fixed cost reduction.</li> <li>Continue to develop value-added services as well as customer and supplier collaborations.</li> <li>Increased digitalization and expand digital services to the entire Nordic region.</li> </ul>	<ul style="list-style-type: none"> <li>Extensive product offering and value-added services for customers, combined with an efficient distribution network.</li> <li>Full geographic coverage in the Nordics.</li> <li>Good delivery accuracy and short lead times with services that help customers to improve their logistics and administrative flows.</li> <li>Strong combined set-up processing for SSAB products, both flat carbon steel and tubes.</li> <li>Strategic relations within SSAB and with external material producers to enable provision of good customer support regarding choice of material.</li> </ul>

### *Ruukki Construction*

Ruukki Construction serves the construction industry by manufacturing products and offering services that respond to the growing needs of customers who require energy-efficient solutions and flexibility in designing buildings. Ruukki Construction's services include design and consultancy, manufacturing and installation – to achieve the lifetime efficiency of buildings. Ruukki Construction's product and service portfolio extends from design to delivery of products, such as steel frames, sandwich panels for walls, and profiled products such as load-bearing steel roof, as well as roofing products for residential construction.

Ruukki Construction has operations in 16 countries. The main production units are located in Seinäjoki, Alajärvi, Vimpeli and Ylivieska (Finland), Zyrardow and Oborniki (Poland), Obninsk and Balabanova (Russia), Gargždai (Lithuania), Tunari (Romania), Anderslöv, Järforsen and Landsbro (Sweden), Pärnu (Estonia) and Kopylov (Ukraine). Ruukki Construction's main steel supplier is SSAB Europe. External steel suppliers, mainly in Central and Eastern Europe and Russia, are relatively small. The division aims to ensure its competitiveness by market-level pricing from all suppliers.

**SEK 5,260 million in net sales in 2015<sup>1)</sup>**

**9% of the SSAB Group's total sales**

**3,000 employees**

Source: SSAB's annual report for 2015.

### *Customers and end users*

Ruukki Construction has a balanced customer mix across selected segments and the above-mentioned countries throughout the value chain:

- Investors and developers.
- Architects and construction engineers.
- Installation companies and contractors.
- Residential roofing dealers and tin smiths.
- Consumers.

### *Core business segments*

- Commercial and industrial construction.
- Residential construction.

### *Products and Services*

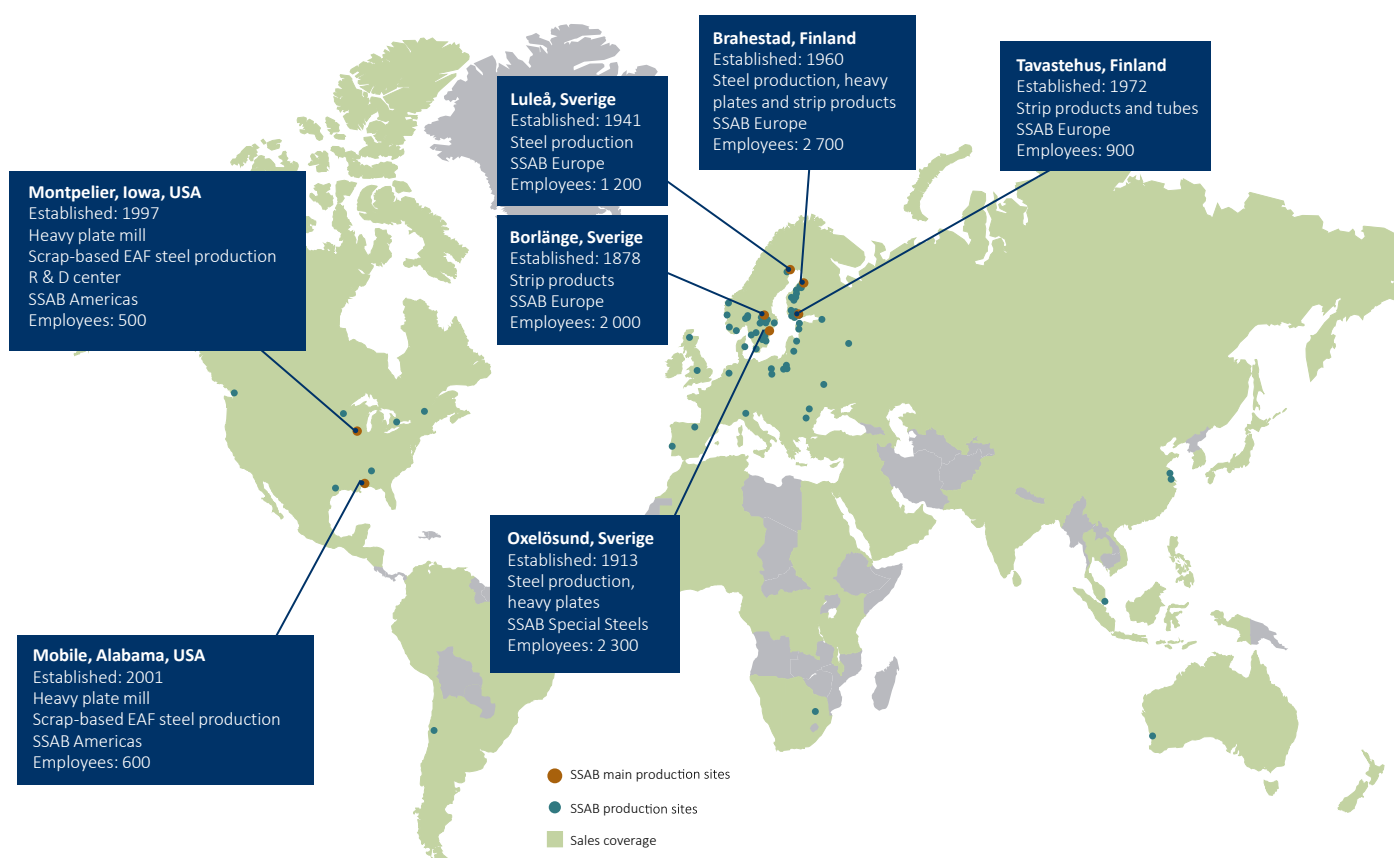
- Steel roof, rainwater systems and accessories for residential construction.
- Building components such as sandwich panels (e.g. Ruukki energy panels and Ruukki life panels), load-bearing steel roof and façade cladding for non-residential buildings, both new buildings and renovation properties.
- Solutions for single- and multi-storey buildings, commercial buildings, office buildings and industrial buildings, including steel frame, roof and wall components.
- Design, installation and other services.

1) External sales.

STRATEGIC PRIORITIES	STRENGTHS
<b>Residential roofing</b> <ul style="list-style-type: none"> <li>• Develop and roll out a replicable business model.</li> <li>• Focus on selling complete roof package with a high service level to customers in selected countries.</li> </ul> <b>Building components</b> <ul style="list-style-type: none"> <li>• Focus on fewer market segments and growth within them.</li> <li>• Differentiate the business, focusing on energy-efficient and functional products.</li> </ul> <b>Building systems</b> <ul style="list-style-type: none"> <li>• Incremental quality change within commercial and operational project management.</li> <li>• Develop replicable modular solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong brand and strong market positions.</li> <li>• New, innovative technologies and concepts.</li> <li>• Products that respond to market needs, delivered just in time.</li> <li>• Energy-efficient solutions.</li> <li>• High-quality products with extensive warranties and certificates.</li> <li>• Know-how including design, consultancy, manufacturing and installation.</li> <li>• Production capacity able to meet requirements imposed for large projects.</li> <li>• Frame and envelope delivery.</li> <li>• Inclusive installation, from a single supplier.</li> <li>• Strong materials know-how.</li> </ul>

## PRODUCTION SITES

SSAB has a cost-efficient and flexible production system with production facilities in Sweden, Finland and the US with a combined annual production capacity of 8.8 million tonnes of steel. In addition, SSAB has smaller production facilities and steel service centers throughout the world, including a finishing line in Shanghai for customers in Asia and steel service centers in the Nordic and Baltic regions.



## Sales and distribution

SSAB's sales organization is primarily structured geographically, with SSAB Special Steels, SSAB Europe and SSAB Americas each being independent profit centers. Each division has its own sales organization, which is further divided into regions, with specific sales staff focused on a particular product and/or service offering. The structure varies to some extent to take into account local differences with regards to customer segment and market demand. The organization also offers local technical sales support.

SSAB's distribution network comprises stock facilities on six continents, with Tibnor being one of the largest distributors in the Nordic region. Following completion of the merger with Rautaruukki, Tibnor also controls Rautaruukki's former distribution operations, which previously were a part of Ruukki Metals Oy. SSAB also provides finishing services such as cutting, shot-blasting and other value-added services. In addition, SSAB has an international network of certified Hardox centers (Hardox Wearparts) for companies that produce

spare parts made of Hardox plate. Hardox Wearparts offers its customers tailored finishing services for Hardox products, including bending, drilling, cutting, welding and milling.

## Raw materials and energy use

Raw materials prices have a major impact on the steel industry and SSAB. Iron ore and coal are the main raw materials required for SSAB's steel production in Sweden and Finland. Prices for SSAB's raw materials are set on the world market, usually in USD, and to a large extent affected by the demand for steel. Scrap metal is the most common raw material for SSAB's steel production in the US.

Coal, in the form of coke, is necessary to remove oxygen from the iron ore and has in recent years accounted for approximately 85% of the energy used for the steel production in Sweden. Other important sources of energy for the Nordic operations include electricity, natural gas and oil. In the US, the most important sources of energy for steel production are electricity and natural gas.

The divisions are responsible for securing and procuring their own energy supplies, but where possible purchases are

coordinated globally. Examples of this include refractory services and material as well as alloys. In addition, SSAB has a joint purchasing system with global purchasing processes.

Most of SSAB's iron ore is purchased from LKAB in Sweden and to a certain extent from Severstal in Russia. Coking coal is purchased from Australia, the US, Canada and Russia. Price agreements for Australian, Canadian and Russian coking coal are entered into monthly, while most price agreements for coking coal from the US are signed on an annual basis. The US operations regularly purchase scrap metal for their production.

## Research and development

SSAB's research and development activities are focused primarily on advanced high-strength steels and wear steels, with emphasis on those segments where demand for steel is particularly important. Increased environmental awareness has also been an important driver as regards to the development work. This is noticeable in high-strength steels, which enables

more energy-efficient transportation and reduced carbon footprint. Finally, knowledge about production processes, recycling of materials and an efficient use of resources also constitute very important aspects of SSAB's research and development.

With the aim of maintaining a strong position within high-strength steels, SSAB aims to allocate approximately 10% of its research and development budget to long-term projects, which lasts for approximately 5 to 10 years. Development projects begin with specific customer requirements, changes in the outside world or market analyses, or are developed around basic needs relating to the steel's core properties. SSAB aims to achieve a sound balance between these categories.

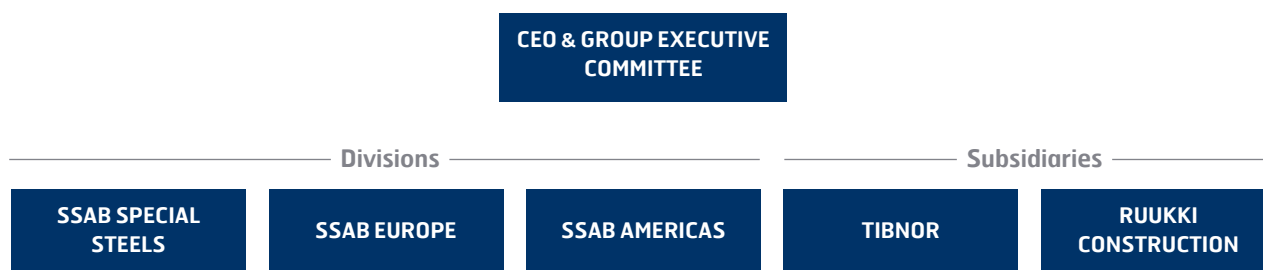
### Research and development centers

- Borlänge and Oxelösund (Sweden).
- Brahestad and Tavastehus (Finland).
- Montpelier (Iowa, USA).

## Organization and employees

### Organization

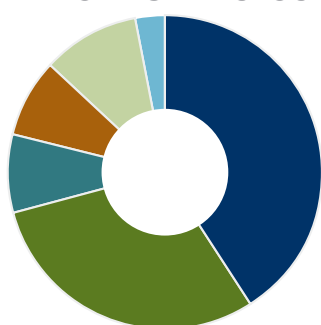
The diagram below shows SSAB's overall operational organization.



### Employees

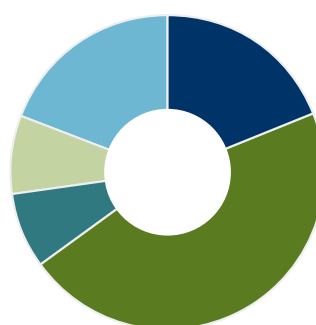
At the end of 2015, SSAB had 16,045 permanent employees in total. Temporary personnel accounted for approximately 3.3% of all employees. Full-time employees accounted for 97.2% of all permanent employees, while part-time staff accounted for 2.8%. SSAB has employees in more than 50 countries; 72% of them are located in Sweden and Finland and 8% in the US.

EMPLOYEES PER GEOGRAPHY 2015



- Sweden, 41%
- Finland, 30%
- Russia, 8%
- USA, 8%
- Rest of Europe, 10%
- Other countries, 3%

EMPLOYEES PER SEGMENT 2015



- SSAB Special Steels, 19%
- SSAB Europe, 46%
- SSAB Americas, 8%
- Tibnor, 8%
- Ruukki Construction, 19%

Source: SSAB's annual report for 2015.



## Sustainability, health and safety

SSAB's focus on operational efficiency ensures that the Company works as sustainable as possible. SSAB works with continuous improvements aimed at minimizing emissions by increasing material and energy efficiency at the same time as SSAB offers its employees a secure and safe workplace with opportunities for personal and professional development.

The continuous development of environmental improvements is ensured by monitoring the Company's performance against environmental targets and the environmental management system. SSAB's environmental work is based on the Company's environmental policy and the international standards ISO 14001 and ISO 50001 for environmental management systems and energy management systems. All of SSAB's production facilities have third-party certification in accordance with ISO 14001.

SSAB aims to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illness. The Company's top priority is to provide a safe and secure environment for its employees, service providers and visitors.

## History

SSAB's operations have their roots in three Swedish steel mills: Domnarvet's steel mill in Borlänge (founded in 1878), Oxelösund Steel Mill in Oxelösund (founded in 1913) and Norrbottens Järnverk AB in Luleå (founded in 1940). In 1977, the three steel mills found themselves in financial difficulties and, on the advice of the Swedish government, amalgamated and formed SSAB (at the time, Svenskt Stål AB) with the Swedish State as main owner. The Company commenced its operations on January 1, 1978.

Between 1978 and 1981, SSAB carried out an extensive restructuring plan aimed at creating a profitable company with a broad product range focused on the Nordic market. In

order to strengthen its position on the Swedish steel market, in 1979 a majority stake was acquired in Tibnor, which at the time was a distributor of steel and non-ferrous metals in the Nordic region. The restructuring contributed to SSAB reporting a profit for the first time in 1982. During that year, a strip mill was also inaugurated in Borlänge, Sweden.

Between 1987 and 1988, SSAB streamlined its product range to cover flat products and the production of scrap-based steel products was discontinued. SSAB reorganized its operations into two companies, focusing on strip and plate respectively. The Company's share was listed on the Stockholm Stock Exchange in 1989 and the Swedish State sold its remaining stake in the Company in 1994.

During the 1990s, SSAB developed the steel operations to focus on niche areas within high-strength steels, advanced high-strength steels (AHSS) and quenched and tempered steels (Q&T). Towards the end of the 1990s, SSAB carried out significant investments in order to increase production capacity for these products.

In 2007, SSAB acquired the North American steel group IPSCO, a supplier of plate and tubular products with plants in the US and Canada. SSAB divested IPSCO's tubular business in 2008 as part of its strategy to focus on plate and high-strength steel products. In terms of volume, IPSCO was the largest producer of plate in North America.

In 2011, SSAB acquired Outokumpu Stainless AB's 15% minority stake in Tibnor, the Swedish steel distributor, after which Tibnor became a wholly-owned subsidiary of SSAB.

In July 2014, SSAB merged with the Finnish steel group Rautaruukki, a supplier of strip, plate and tubular products with production facilities in Finland and a sales network throughout the world, with a view to create a more competitive company with a broader production base in the Nordic region, by increasing production flexibility and cost effectiveness.

# Selected historical financial information

The following financial reports in brief (as well as key figures calculated in accordance with IFRS) relating to full years have been derived from SSAB's annual reports for the financial years 2013-2015, which have been prepared in accordance with IFRS and audited by the Company's auditor. The financial reports in brief (as well as key figures calculated in accordance with IFRS) relating to the first three months of 2016 and 2015 have been derived from SSAB's interim report for the period January-March 2016, which has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Annual Accounts Act and has been reviewed by the Company's auditor. For further information on how reporting has taken place, reference is made to "Accounting and valuation principles" on p. 32 and onwards in SSAB's annual report for 2015 (Financial Reports 2015).

In addition, the prospectus contains certain key figures that have not been calculated in accordance with IFRS. These financial key figures have been neither reviewed nor audited by the Company's auditor. SSAB believes that, to a large

extent, these key figures are used by certain investors, securities analysts and other interested parties as supplementary measures of earnings trend and financial condition. SSAB's key figures that have not been calculated in accordance with IFRS are not necessarily comparable with similar measures presented by other companies and, as analysis tools, are subject to certain restrictions. Accordingly, they should not be considered separately from, or as a substitute for, SSAB's financial information prepared in accordance with IFRS.

The information below should be read together with SSAB's financial reports for the financial years 2013-2015 and for the period January-March 2016, which are incorporated in this prospectus by reference (see "*Incorporation by reference, etc.*" in the section "*Legal considerations and supplementary information*"). All reports are available on SSAB's website, [www.ssab.com](http://www.ssab.com).

Other than as stated above, no information in this prospectus has been reviewed or audited by the Company's auditor.

## Consolidated income statement in brief

SEK MILLION	UNAUDITED		AUDITED		
	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
Sales	12,964	15,468	56,864	47,752	35,022
Cost of goods sold	-12,127	-13,687	-52,552	-44,428	-33,290
<b>Gross profit</b>	<b>837</b>	<b>1,781</b>	<b>4,312</b>	<b>3,324</b>	<b>1,732</b>
Selling and administrative costs	-1,083	-1,255	-4,636	-3,728	-2,939
Other operating income and expenses	39	-5	36	296	60
Affiliated companies, profit after tax	14	13	45	1	16
<b>Operating profit/loss</b>	<b>-193</b>	<b>534</b>	<b>-243</b>	<b>-107</b>	<b>-1,131</b>
Financial income	23	21	50	202	62
Financial expenses	-177	-240	-978	-1,684	-659
<b>Profit/loss for the period after financial items</b>	<b>-347</b>	<b>315</b>	<b>-1,171</b>	<b>-1,589</b>	<b>-1,728</b>
Tax	214	-32	666	195	662
<b>Profit/loss for the period</b>	<b>-133</b>	<b>283</b>	<b>-505</b>	<b>-1,394</b>	<b>-1,066</b>
Of which attributable to:					
Parent company's shareholders	-134	284	-508	-1,399	-1,066
Non-controlling interest	1	-1	3	5	0

## Consolidated balance sheet in brief

SEK MILLION	UNAUDITED		AUDITED		
	JAN–MAR 2016	JAN–MAR 2015	2015	2014	2013
<b>Assets</b>					
Goodwill	27,208	28,682	27,871	26,421	17,762
Other intangible assets	3,061	3,967	3,290	3,964	2,149
Tangible fixed assets	25,955	27,109	26,276	26,570	16,467
Participations in affiliated companies	568	543	546	531	284
Financial assets	500	468	506	1,272	1,599
Deferred tax receivables	1,508	1,715	1,492	1,441	653
<b>Total fixed assets</b>	<b>58,800</b>	<b>62,484</b>	<b>59,981</b>	<b>60,199</b>	<b>38,914</b>
Inventories	12,385	14,356	12,691	14,203	8,783
Accounts receivable	6,949	8,287	6,048	7,705	4,785
Current tax receivables	436	745	400	560	334
Other current receivables	2,698	4,344	3,327	3,657	996
Cash and cash equivalents	2,629	1,848	2,711	3,014	2,124
<b>Total current assets in continuing operations</b>	<b>25,097</b>	<b>29,580</b>	<b>25,177</b>	<b>29,139</b>	<b>17,022</b>
Assets held for sale	–	–	–	389	–
<b>Total current assets</b>	<b>25,097</b>	<b>29,580</b>	<b>25,177</b>	<b>29,528</b>	<b>17,022</b>
<b>Total assets</b>	<b>83,897</b>	<b>92,064</b>	<b>85,158</b>	<b>89,727</b>	<b>55,936</b>
Equity for shareholders in the Company	43,777	46,223	44,393	43,817	27,126
Non-controlling interest	49	60	48	62	23
<b>Total equity</b>	<b>43,826</b>	<b>46,283</b>	<b>44,441</b>	<b>43,879</b>	<b>27,149</b>
Deferred tax liabilities	2,177	3,063	2,334	2,984	2,969
Other long-term provisions	620	787	574	780	254
Long-term non-interest-bearing liabilities	566	609	555	586	376
Long-term interest-bearing liabilities	21,050	21,188	20,746	21,171	16,093
<b>Total long-term liabilities</b>	<b>24,413</b>	<b>25,647</b>	<b>24,209</b>	<b>25,521</b>	<b>19,692</b>
Short-term interest-bearing liabilities	5,984	8,024	6,365	8,496	2,568
Accounts payable	5,773	6,932	6,334	7,000	4,578
Current tax liabilities	95	617	93	447	118
Other current liabilities	3,806	4,561	3,716	4,215	1,831
<b>Total current liabilities in continuing operations</b>	<b>15,658</b>	<b>20,134</b>	<b>16,508</b>	<b>20,158</b>	<b>9,095</b>
Liabilities held for sale in continuing operations	–	–	–	169	–
<b>Total current liabilities</b>	<b>15,658</b>	<b>20,134</b>	<b>16,508</b>	<b>20,327</b>	<b>9,095</b>
<b>Total equity and liabilities</b>	<b>83,897</b>	<b>92,064</b>	<b>85,158</b>	<b>89,727</b>	<b>55,936</b>
Pledged assets	1,923	2,829	1,736	2,905	2,262
Contingent liabilities	2,430	2,106	2,548	3,790	599

## Consolidated cash flow statement in brief

SEK MILLION	UNAUDITED		AUDITED		
	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
Operating profit/loss	-193	534	-243	-107	-1,131
Adjustment for depreciation and impairment	934	938	3,836	3,412	2,464
Adjustment for other non-cash items	20	35	-69	256	-114
Received and paid interest	-178	-109	-791	-1,013	-570
Tax paid	-48	-131	-276	-251	-283
Change in working capital	-476	-436	1,987	-560	1,369
<b>Cash flow from operating activities</b>	<b>59</b>	<b>831</b>	<b>4,444</b>	<b>1,737</b>	<b>1,735</b>
Capital expenditure payments in plants and machinery	-307	-494	-2,546	-1,672	-807
Acquisitions, shares and operations	-7	-3	-36	331	-21
Divested shares and operations	-	166	172	-	88
Other investing activities	11	12	249	73	24
<b>Cash flow from investing activities</b>	<b>-303</b>	<b>-319</b>	<b>-2,161</b>	<b>-1,268</b>	<b>-716</b>
Dividend to shareholders	-	-	-	-	-324
Change in loans	410	-2,023	-3,451	1,497	-673
Change in financial investments	327	12	957	-1,155	-758
Other financing activities	-608	244	-66	-147	-95
<b>Cash flow from financing activities</b>	<b>129</b>	<b>-1,767</b>	<b>-2,560</b>	<b>195</b>	<b>-1,850</b>
<b>Cash flow for the period</b>	<b>-115</b>	<b>-1,255</b>	<b>-277</b>	<b>664</b>	<b>-831</b>
Cash and cash equivalents at beginning of period	2,711	3,014	3,014	2,124	3,004
Exchange rate difference in cash and cash equivalents	33	89	-26	226	-49
Cash and cash equivalents at end of period	2,629	1,848	2,711	3,014	2,124

## Financial information per business segment

### Sales per business segment

SEK MILLION	UNAUDITED		AUDITED		
	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
SSAB Special Steels	3,132	3,620	14,382	11,871	-
SSAB Europe	6,040	6,835	25,517	17,661	-
SSAB Americas	2,428	3,508	11,936	13,207	-
Tibnor	1,707	2,075	7,163	5,872	-
Ruukki Construction	928	1,147	5,374	3,252	-
SSAB EMEA <sup>1)</sup>	-	-	-	-	18,055
SSAB Americas <sup>1)</sup>	-	-	-	-	14,382
SSAB APAC <sup>1)</sup>	-	-	-	-	1,761
Tibnor <sup>1)</sup>	-	-	-	-	5,245
Other, incl. Group adjustments	-1,271	-1,717	-7,508	-4,111	-4,421
<b>Total</b>	<b>12,964</b>	<b>15,468</b>	<b>56,864</b>	<b>47,752</b>	<b>35,022</b>

1) Business segments before change in business segment structure in 2014.

## Operating profit/loss per business segment

SEK MILLION	UNAUDITED		AUDITED		
	JAN–MAR 2016	JAN–MAR 2015	2015	2014	2013
SSAB Special Steels	202	252	662	518	–
SSAB Europe	–118	312	–175	145	–
SSAB Americas	55	296	428	1,107	–
Tibnor	–17	29	–10	60	–
Ruukki Construction	–48	–62	18	225	–
Depreciation/amortization on surplus values	–211	–209	–862	–844	–681
SSAB EMEA <sup>1)</sup>	–	–	–	–	–761
SSAB Americas <sup>1)</sup>	–	–	–	–	272
SSAB APAC <sup>1)</sup>	–	–	–	–	27
Tibnor <sup>1)</sup>	–	–	–	–	73
Other incl. group adjustments and items affecting comparability	–56	–84	–304	–1,318	–61
<b>Total</b>	<b>–193</b>	<b>534</b>	<b>–243</b>	<b>–107</b>	<b>–1,131</b>

1) Business segments before change in business segment structure in 2014.

## Financial information per geography

### Sales per geography

SEK MILLION	AUDITED	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	2015	2014	2014	2013	2013
Sweden	9,519	8,184	8,184	7,653	6,833
Finland	6,571	3,345	3,345	1,308	–
Germany	3,210	2,648	2,648	1,926	–
Poland	2,325	1,338	1,338	743	–
Denmark <sup>1)</sup>	1,784	1,238	–	–	–
Great Britain	1,568	1,254	1,254	713	–
Rest of EU-28	7,599	5,883	7,121	4,884	–
Norway	2,696	1,621	1,621	648	–
Russia	976	767	767	207	–
Rest of Europe	1,190	980	980	961	–
USA	11,843	14,412	14,412	11,941	–
Canada	1,604	2,175	2,175	1,704	–
Rest of the world	5,979	3,907	3,907	3,767	–
EU-28 (excl. Sweden) <sup>2)</sup>	–	–	–	–	9,574
Rest of Europe <sup>2)</sup>	–	–	–	–	1,816
North America <sup>2)</sup>	–	–	–	–	13,449
Asia <sup>2)</sup>	–	–	–	–	1,760
Rest of the world <sup>2)</sup>	–	–	–	–	1,590
<b>Total</b>	<b>56,864</b>	<b>47,752</b>	<b>47,752</b>	<b>36,455</b>	<b>35,022</b>

1) Denmark was included in rest of EU-28 before 2015.

2) Before acquisition of Rautaruukki, excluding changed methodology concerning reporting of freight income.



## Key figures and data per share

SEK MILLION	JAN–MAR 2016	JAN–MAR 2015	2015	2014	2013
<b>Financial key figures</b>					
Sales <sup>1)</sup>	12,964	15,468	56,864	47,752	35,022
Operating profit/loss <sup>3)</sup>	–193	534	–243	–107	–1,131
Operating profit/loss, excluding items affecting comparability <sup>2)</sup>	–190	564	–128	894	–1,204
Operating profit/loss before depreciation/amortization, excluding items affecting comparability, EBITDA <sup>2)</sup>	744	1,501	3,655	3,695	1,260
Profit/loss after financial items <sup>3)</sup>	–347	315	–1,171	–1,589	–1,728
Profit/loss after tax <sup>1)</sup>	–133	283	–505	–1,394	–1,066
<b>Return on capital</b>					
Return on capital employed before tax, % (rolling 12 months) <sup>2)</sup>	–1	1	0	0	–2
Return on equity after tax, % (rolling 12 months) <sup>2)</sup>	–2	–3	–1	–4	–4
<b>Key figures, per share</b>					
Earnings per share, SEK <sup>1)</sup>	–0.24	0.52	–0.93	–3.33	–3.29
Equity per share, SEK <sup>2)</sup>	79.70	84.16	80.82	79.78	83.74
Dividend per share, SEK <sup>2)</sup>	–	–	–	–	–
Average number of shares, million <sup>2)</sup>	549	549	549	420	324
<b>Other key figures</b>					
Operating cash flow <sup>2)</sup>	77	784	3,874	1,737	1,956
Net debt <sup>2)</sup>	23,213	25,634	23,156	24,674	14,833
Net debt/equity ratio, % <sup>2)</sup>	53	55	52	56	55
Equity ratio, % <sup>2)</sup>	52	50	52	49	48
Number of employees at end of period <sup>2)</sup>	15,757	16,566	16,045	16,887	8,712

The key figures for the interim periods January–March 2016 and January–March 2015 are not audited.

1) IFRS key figures, audited.

2) Not audited.

3) Non-IFRS key figures, audited.

## Financial definitions

### Earnings per share

Profit for the year attributable to the parent company's shareholders divided by the average number of shares.

### Equity per share

Equity, excluding minority interests, divided by number of shares at year-end.

### Equity ratio

Equity as a percentage of total assets.

### Net debt

Interest-bearing liabilities less interest-bearing assets.

### Net debt/equity ratio

Net debt as a percentage of equity.

### Operating cash flow

Funds generated from operations including change in working capital as well as cash flow for regular maintenance investments, but before financial items and paid tax.

### Return on capital employed before tax

Operating profit increased by financial revenue as a percentage of average capital employed per month during the year.

### Return on equity after tax

Profit for the year after tax as a percentage of average equity per month during the year.

### Sales

Sales less deduction for value added tax, discounts and returns.

## Derivation of non-IFRS-based key figures

Operating profit/loss, excluding items affecting comparability and Operating profit/loss before depreciation/amortization, excluding items affecting comparability, EBITA

SEK MILLION	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
Operating profit/loss	-193	534	-243	-107	-1,131
Acquisition costs and reorganization	-	-	-	135	-
Write-down, Goodwill	-	-	-	291	-
Write-down of assets, Eastern Europe	-	-	15	131	-
Write-down/gains & losses, assets and liabilities held for sale	-	11	16	123	-
Write-down, Fortaco	-	-	-	98	-
One-off depreciation on surplus values in inventory and order book	-	-	-	186	-
Restructuring costs	3	16	135	-	-
Costs related to Rautaruukki Construction savings program	-	-	-	-	-
Gain, sale of real estate	-	-	47	-	-
Other	-	-	-122	-	-
<b>Operating profit/loss, excluding items affecting comparability, SEK million</b>	<b>-190</b>	<b>564</b>	<b>-128</b>	<b>894</b>	<b>-1,204</b>
Depreciation/amortization and write-downs <sup>1)</sup>	934	937	3,783	2,801	2,464
<b>Operating profit/loss before depreciation/amortization, excluding items affecting comparability, EBITDA, SEK million</b>	<b>744</b>	<b>1,501</b>	<b>3,655</b>	<b>3,695</b>	<b>1,260</b>

1) Excluding depreciation, amortization and write-downs which are already considered in Operating profit/loss, excluding items affecting comparability.

## Return on capital employed before tax

SEK MILLION	APR 2015 – MAR 2016	APR 2014 – MAR 2015	2015	2014	2013
Operating profit/loss	-970	401	-243	-107	-1,131
Financial income	52	209	50	202	62
Average capital employed	74,260	69,906	75,346	62,476	47,372
<b>Return on capital employed before tax, %</b>	<b>-1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-2</b>

## Return on equity after tax

SEK MILLION	APR 2015 – MAR 2016	APR 2014 – MAR 2015	2015	2014	2013
Loss for the period after tax	-921	-1,062	-505	-1,394	-1,066
Average equity	45,315	40,100	45,568	35,501	28,003
<b>Return on equity after tax, %</b>	<b>-2</b>	<b>-3</b>	<b>-1</b>	<b>-4</b>	<b>-4</b>

## Operating cash flow

SEK MILLION	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
Operating profit/loss	-193	534	-243	-107	-1,131
Depreciation/amortization	934	938	3,836	3,412	2,464
Change in working capital	-476	-436	1,987	-560	1,369
Maintenance expenditures	-219	-296	-1,891	-1,341	-656
Other	31	44	185	333	-90
<b>Operating cash flow</b>	<b>77</b>	<b>784</b>	<b>3,874</b>	<b>1,737</b>	<b>1,956</b>

## Net debt

SEK MILLION	JAN-MAR 2016	JAN-MAR 2015	2015	2014	2013
Interest-bearing assets	-4,628	-4,991	-4,947	-6,283	-4,001
Interest-bearing liabilities	27,841	30,625	28,103	30,957	18,834
<b>Net debt</b>	<b>23,213</b>	<b>25,634</b>	<b>23,156</b>	<b>24,674</b>	<b>14,833</b>

# Operational and financial review

This operational and financial review is intended to facilitate the understanding and assessment of trends and changes in the Company's earnings and financial position. Historical earnings do not necessarily provide a correct indication of future earnings. The information in this section should be read together with the section *"Selected historical financial information"* and the documents that are incorporated in the prospectus by reference, see *"Incorporation by reference, etc."* in the section *"Legal considerations and supplementary information"*.

## FACTORS THAT AFFECT SSAB'S EARNINGS

SSAB's earnings have been, and will be, affected by a number of factors, some of which are beyond SSAB's control. Presented below is a description of the main factors that SSAB considers to have affected earnings from the operations during the periods addressed in this section and which can be expected to continue to affect SSAB's earnings.

The Company considers the following factors to have the greatest impact on the Company's financial position:

- The Company's ability to conduct and integrate acquisitions.
- Demand.
- Energy prices.
- Global supply.
- Capacity utilization.
- Market prices.
- Tax expenses.
- Currency effects.
- Cost of raw materials.
- Interest expenses.

## SEGMENTS

Since 2014, the Group reports based on an organizational structure comprising five operating segments, each of which with a clear profit responsibility. The operating segments are as follows: SSAB Special Steels, SSAB Europe, SSAB Americas, Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective board of directors.

## FINANCIAL STATEMENT ITEMS

Sales, expenses and earnings figures have been obtained from the Company's income statements. Comments concerning cash flows are based on the Company's cash flow statements, while comments concerning financial position are based on the Company's balance sheets. Sales and operating profit/loss per operating segment have been obtained from the notes in the Company's disclosed financial reports.

## COMPARISON BETWEEN THE PERIOD JANUARY–MARCH 2016 AND JANUARY–MARCH 2015

Figures in brackets relate to the corresponding period of the preceding year.

### Sales

The Company's sales amounted to SEK 12,964 (15,468) million. This corresponds to a reduction of 16%. The negative sales trend is primarily due to lower prices.

### *Sales per operating segment*

SSAB Special Steels' sales amounted to SEK 3,132 (3,620) million, corresponding to a reduction of 13%. The change in sales is due to a weaker product mix, lower internal sales of slabs, lower prices, adverse currency effects and somewhat lower volumes.

SSAB Europe's sales amounted to SEK 6,040 (6,835) million, corresponding to a reduction of 12%. The change in sales is due to lower prices and lower volumes.

SSAB Americas' sales amounted to SEK 2,428 (3,508) million, corresponding to a reduction of 31%. The change in sales is primarily due to lower prices.

Tibnor's sales amounted to SEK 1,707 (2,075) million, corresponding to a reduction of 18%. The change in sales is primarily due to lower volumes related to the Finnish operations that were divested in the first quarter of 2015.

Ruukki Construction's sales amounted to SEK 928 (1,147) million, corresponding to a reduction of 19%. The change in sales is primarily due to lower sales in the Building Components and Building Systems segment and in Russia.

The Company's group adjustments and other items, including depreciation/amortization on surplus values and items affecting comparability within sales, amounted to SEK -1,271 (-1,717) million.

### Cost of goods sold

The Company's cost of goods sold declined by 11% to SEK -12,127 (-13,687) million. Among other things, the change is due to lower raw materials costs and lower volumes.

## Selling and administrative expenses

Selling and administrative expenses amounted to SEK -1,083 (-1,255) million, corresponding to a reduction of 14%. The change is due, among other things, to synergy effects.

## Other operating income and expenses

Other operating income and expenses amounted to SEK 39 (-5) million, corresponding to an improvement of SEK 44 million. Among other things, the change is due to positive currency effects on operating receivables/liabilities.

## Affiliated companies, profit after tax

Profit after tax from affiliated companies amounted to SEK 14 (13) million.

## Operating profit/loss

The Company's operating profit/loss was SEK -193 (534) million, representing a deterioration of SEK 727 million. The change in operating profit/loss is primarily due to lower prices, lower volumes and lower capacity utilization. However, the impact was partly offset by lower variable and fixed costs.

### *Operating profit/loss per operating segment*

SSAB Special Steels' operating profit decreased by SEK -50 million, to SEK 202 (252) million. Operating profit was affected by lower prices; however, the impact was partly offset by both lower variable costs and fixed costs.

SSAB Europe's operating profit/loss decreased by SEK -430 million, to SEK -118 (312) million. Operating profit/loss was affected by lower prices, lower volumes and negative currency effects; however, the impact was partly offset by lower variable costs and fixed costs.

SSAB Americas' operating profit decreased by SEK -241 million, to SEK 55 (296) million. Operating profit was affected by lower prices; however, the impact was partly offset by lower variable costs and fixed costs.

Tibnor's operating profit/loss decreased by SEK -46 million, to SEK -17 (29) million. Operating profit/loss was affected by lower prices and lower margins; however, the impact was partly offset by lower fixed costs.

Ruukki Construction's operating loss decreased by SEK 14 million, to SEK -48 (-62) million. Operating loss was affected by lower fixed costs; however, the impact was partly offset by lower volumes.

The Company's operating profit/loss was also affected by other items, including depreciation/amortization on surplus values, items affecting comparability, and group adjustments of SEK -267 (-293) million.

## Financial items

Financial income amounted to SEK 23 (21) million. Financial expenses amounted to SEK -177 (-240) million. Lower financial expenses are due, among other things, to a positive result on repurchases of bonds.

Profit/loss after financial items was SEK -347 (315) million.

## Tax and profit/loss for the period

The Company's taxes amounted to SEK 214 (-32) million. Profit/loss for the period was SEK -133 (283) million.

## Cash flow

### *Cash flow from current operations*

The Company's cash flow from current operations decreased to SEK 59 (831) million, largely due to lower operating profit.

### *Cash flow from investing activities*

The Company's cash flow from investing activities increased to SEK -303 (-319) million, largely due to lower capital expenditure payments on plant and machinery.

### *Cash flow from financing activities*

The Company's cash flow from financing activities increased to SEK 129 (-1,767) million, largely due to a positive net effect of borrowing.

## Financial position

The Company's total equity amounted to SEK 43,826 (46,283) million, of which SEK 49 (60) million comprised non-controlling interests. The Company's net debt decreased to SEK 23,213 (25,634) million and the net debt/equity ratio decreased to 53 (55)%. Goodwill for the Company amounted to SEK 27,208 (28,682) million, corresponding to 32 (31)% of total assets of SEK 83,897 (92,064) million.

## COMPARISON BETWEEN THE FINANCIAL YEARS 2015 AND 2014

Figures in brackets relate to the corresponding period of the preceding year. Given the extensive effect of the Company's acquisition of Rautaruukki, the trend on an aggregated basis is also commented on, i.e., the trend adjusted for acquisition effects. An aggregated basis assumes that Rautaruukki had been part of the Company since January 1, 2014 and the information is derived from the Company's audited annual report for 2015, but is not audited. The acquisition was carried out on July 29, 2014.

## Sales

The Company's sales for 2015 amounted to SEK 56,864 (47,752) million. This corresponds to an increase of 19%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales decreased by 5%.<sup>1)</sup>

### *Sales per operating segment*

Sales for SSAB Special Steels amounted to SEK 14,382 (11,871) million, corresponding to an increase of 21%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales increased by 9%. The change in sales was positively affected by a changed product mix, higher internal sales and positive currency effects. However, the impact was partly offset by somewhat lower volumes.

SSAB Europe's sales increased by 44%, to SEK 25,517 (17,661) million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales decreased by 1%. The change in sales is due to lower prices, which in turn was partially offset by positive currency effects and an improved product mix.

1) See Note 28 in SSAB's annual report for 2015.

SSAB Americas' sales amounted to SEK 11,936 (13,207) million, corresponding to a decrease of 10%. The change in sales was affected by lower prices and lower volumes; however, the impact was partly offset by positive currency effects.

Tibnor's sales increased to SEK 7,163 (5,872) million, corresponding to an increase of 22%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, the company's sales decreased by 12%. In addition, the comparison is affected by the fact that Tibnor's Finnish operations were divested in 2015.

Ruukki Construction's sales amounted to SEK 5,374 (3,252) million, corresponding to an increase of 65%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales decreased by 14%. Sales were affected by lower sales in Russia and Romania, and within the Building Systems segment.

The Company's group adjustments and other sales items amounted to SEK -7,508 (-4,111) million, corresponding to an increase of 83%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, these items increased by 15%.

### Cost of goods sold

The Company's cost of goods sold increased by 18%, to SEK -52,552 (-44,428) million. The cost increase is primarily due to the acquisition of Rautaruukki. In addition, costs increased due to higher raw material costs in the steel operations and an adverse effect of inventory changes.

### Selling and administrative expenses

Selling and administrative expenses amounted to SEK -4,636 (-3,728) million, corresponding to an increase of 24%. The cost increase is primarily due to the acquisition of Rautaruukki.

### Other operating income and expenses

Other operating income and expenses amounted to SEK 36 (296) million, corresponding to a decrease of 88%. The change is due to, among other things, reduced net exchange rate differences.

### Affiliated companies, profit after tax

Profit after tax from affiliated companies amounted to SEK 45 (1) million. The change is largely due to improved results from Fortaco Oy and Blastech Mobile LLC.

### Operating profit/loss

The Company's operating loss was SEK -243 (-107) million, corresponding to a deterioration of SEK -136 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit decreased by SEK -332 million from a level of SEK 89 million for 2014.<sup>1)</sup> The negative operating profit/loss trend is due to lower prices, adverse currency effects as well as weaker capacity utilization; however, the impact was partly offset by lower costs.

### Operating profit/loss per operating segment

SSAB Special Steels' operating profit increased by 28%, to SEK 662 (518) million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit decreased by 9%. Operating profit was adversely affected by lower volumes

and currency effects, which to some extent were offset by lower operating expenses as well as improved capacity utilization since the second blast furnace in Oxelösund was in use during parts of 2015.

SSAB Europe's operating profit/loss was SEK -175 (145) million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit/loss decreased by SEK -176 million, from a level of SEK 1 million in 2014. This was primarily due to increased costs attributable to the relining in Luleå, as well as lower prices. However, the impact was partly offset by lower raw materials costs and fixed costs.

SSAB Americas' operating profit decreased by 61%, to SEK 428 (1,107) million. Profit was negatively affected by lower prices and lower volumes, which was offset by lower costs.

Tibnor's operating profit/loss decreased to SEK -10 (60) million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit/loss decreased by SEK -93 million, from a level of SEK 83 million in 2014. The change in operating result is due to lower volumes and weaker gross margins.

Ruukki Construction's operating profit decreased to SEK 18 (225) million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit/loss increased by SEK 32 million from a level of SEK -14 million in 2014, primarily due to higher margins and lower fixed costs.

The Company's operating profit/loss was also affected by other items, including depreciation/amortization on surplus values, items affecting comparability and group adjustments of SEK -1,166 (-2,162) million, corresponding to a reduction of 46%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, these items declined from a level of SEK -1,814 million in 2014.

### Financial items

Financial income amounted to SEK 50 (202) million. The decrease is largely due to weaker net exchange rate differences. Financial expenses amounted to SEK -978 (-1,684) million. Lower financial expenses are due to reduced write-downs.

Loss after financial items was SEK -1,171 (-1,589) million.

### Tax and profit/loss for the period

The Company's tax amounted to SEK 666 (195) million, largely comprising deferred tax on losses.

Loss for the period was SEK -505 (-1,394) million.

### Cash flow

#### *Cash flow from current operations*

The Company's cash flow from current operations increased to SEK 4,444 (1,737) million, despite the weaker operating result. The improved cash flow from current operations was largely due to reduced working capital in the form of inventories and accounts receivable.

#### *Cash flow from investing activities*

The Company's cash flow from investing activities amounted to SEK -2,161 (-1,268) million. This is largely due to capital expenditure payments on plant and machinery, which net

1) See Note 28 in SSAB's annual report for 2015.



amounted to SEK -2,546 (-1,672) million. Among other things, the capital expenditures are related to the Company's blast furnaces in Luleå and Brahestad.

### **Cash flow from financing activities**

Cash flow from financing activities amounted to SEK -2,560 (195) million. This is largely due to a negative net effect of new borrowing and repayment/partial repayment of loans corresponding to SEK -3,451 (1,497) million.

### **Financial position**

The Company's total equity amounted to SEK 44,441 (43,879) million, of which SEK 48 (62) million comprised non-controlling interests. The Company's net debt decreased to SEK 23,156 (24,674) million and the net debt/equity ratio decreased to 52 (56)% for 2015. Goodwill for the Company amounted to SEK 27,871 (26,421) million, corresponding to 33 (29)% of total assets of SEK 85,158 (89,727) million.

## **COMPARISON BETWEEN THE FINANCIAL YEARS 2014 AND 2013**

Figures in brackets relate to the corresponding period of the preceding year. Given the extensive effect of the Company's acquisition of Rautaruukki, the trend on an aggregated basis is also commented on, *i.e.*, the trend adjusted for acquisition effects. An aggregated basis assumes that Rautaruukki had been part of the Company since January 1, 2013 and the information is derived from the Company's audited annual report for 2014, but is not audited. Since the Company changed the operating segment structure in 2014, figures regarding an aggregated basis, *i.e.*, adjusted for the acquisition of Rautaruukki, have been obtained from the 2014 annual report with respect to both 2013 and 2014.

### **Sales**

The Company's sales amounted to SEK 47,752 (35,022) million, corresponding to an increase of 36%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales increased by 5%.<sup>1)</sup> During 2014, the Company changed its method for reporting freight income, which resulted in an increase in sales but also higher costs.

### **Sales per operating segment**

Sales by SSAB Special Steels' amounted to SEK 11,871 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales increased by 3%. Sales were affected by 1% higher volumes of external sales of steel and 1% higher prices, including currency movements. Crude steel production increased by 5%, while steel production increased by 9% compared with 2013. In addition, demand within Heavy Transport increased.

Sales by SSAB Europe amounted to SEK 17,661 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales increased by 5%. The change in sales is due to 5% higher volumes of external sales of steel and 1% higher prices, including currency movements. Both crude steel production and steel production increased by 3% compared with 2013. Shipments to Automotive increased during the year, particularly in Europe, while other operating segments were relatively stable.

SSAB Americas' sales amounted to SEK 13,207 million, an increase of 19%. The change in sales is primarily due to 1% higher volumes in external sales of steel and 10% higher prices. During the year, demand remained strong within Heavy Transport segment, driven primarily by increased sales of steel for railway cars for the transportation of oil and gas.

Sales for Tibnor amounted to SEK 5,872 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales increased by 1%. During the year, total shipments declined by 5% compared with 2013. Prices in 2014 were relatively stable compared with 2013. Norway was the market registering the largest decline in volumes, but shipments on other geographies in 2014 were lower than in 2013.

Sales for Ruukki Construction amounted to SEK 3,252 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, sales decreased by 6%. The change in sales is due to currency effects and lower volumes. Demand on most markets was somewhat weaker in 2014 than in 2013, but Russia and Ukraine in particular developed negatively. This factor, combined with a weaker product mix, contributed to lower prices compared with the preceding year.

The Company's group adjustments and other items amounted to SEK -4,111 (-4,421) million, corresponding to a decrease of 7%. On an aggregated basis, adjusted for the acquisition of Rautaruukki, these items increased by 3%.

### **Cost of goods sold**

The Company's cost of goods sold amounted to SEK -44,428 (-33,290) million, corresponding to an increase of 33%. The change is primarily due to the acquisition of Rautaruukki. In addition, a changed method for the reporting of freight income also contributed to somewhat higher costs of goods sold.

### **Selling and administrative expenses**

Selling and administrative expenses amounted to SEK -3,728 (-2,939) million, corresponding to an increase of 27%. The increase is largely due to the acquisition of Rautaruukki.

### **Other operating income and expenses**

Other operating income and expenses amounted to SEK 296 (60) million. Among other things, the change is due to an increase in net exchange rate differences.

### **Affiliated companies, profit after tax**

Profit after tax from affiliated companies amounted to SEK 1 (16) million. The change is largely due to a negative result for Fortaco Oy.

### **Operating profit/loss**

The Company's operating loss was SEK -107 (-1,131) million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating loss improved by SEK 948 million.<sup>2)</sup> The change in operating loss is due to lower costs in the European operations as well as higher prices and increased efficiency in the North American operations. Operating loss for 2014 was also, among other things, affected by a write-down of goodwill (SEK -291 million) and a one-off write-off of surplus values on inventory and order book (SEK -186 million).

1) See Note 28 in SSAB's annual report for 2014.

2) See Note 28 in SSAB's annual report for 2014.

### ***Operating profit/loss per operating segment***

SSAB Special Steel's operating profit was SEK 518 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit increased by SEK 225 million, primarily due to lower raw materials costs.

SSAB Europe's operating profit was SEK 145 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit/loss increased by SEK 823 million, primarily due to lower raw materials costs and improved volumes.

SSAB Americas' operating profit was SEK 1,107 million, an increase of SEK 866 million compared with 2013, primarily due to higher prices and improved productivity.

Tibnor's operating profit was SEK 60 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit increased by SEK 47 million, primarily due to lower overheads and an improved gross margin.

Ruukki Construction's operating profit was SEK 225 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, operating profit/loss decreased by SEK -80 million, mainly due to lower volumes and currency losses.

The Company's operating profit/loss was also affected by other items, including depreciation/amortization on surplus values, items affecting comparability and group adjustments of SEK -2,162 million. On an aggregated basis, adjusted for the acquisition of Rautaruukki, these items increased from a level of SEK -881 million in 2013 to SEK -1,814 million in 2014.

### **Financial items**

Financial income amounted to SEK 202 (62) million. The change is due to positive net exchange rate differences. Financial expenses amounted to SEK -1,684 (-659) million. The change is largely due to increased interest expenses and a write-down of shareholder loans to Fortaco.

Loss after financial items amounted to SEK -1,589 (-1,728) million.

### **Tax and profit/loss for the period**

The Company's taxes amounted to SEK 195 (662) million. Taxes were negatively affected primarily by non-deductible

write-downs of assets and were positively affected primarily by lower tax rates on positive results and higher tax rates on negative results in foreign subsidiaries. Loss for the period amounted to SEK -1,394 (-1,066) million.

### **Cash flow**

#### ***Cash flow from current operations***

The Company's cash flow from current operations increased somewhat to SEK 1,737 (1,735) million. The increased operating profit was offset by negative cash flow from working capital items of SEK -560 (1,369) million.

#### ***Cash flow from investing activities***

The Company's cash flow from investing activities decreased to SEK -1,268 (-716) million. The change is mainly due to increased net capital expenditure payments in plant and machinery, SEK -1,672 (-807) million.

#### ***Cash flow from financing activities***

Cash flow from financing activities increased to SEK 195 (-1,850) million. This is largely due to an increased net effect of new borrowing and repayment/partial repayment of loans corresponding to SEK 1,497 (-673) million.

### **Financial position**

The Company's total equity amounted to SEK 43,879 (27,149) million, of which SEK 62 (23) million related to non-controlling interests. The Company's net debt increased to SEK 24,674 (14,833) million and the net debt/equity ratio increased to 56 (55)% at the end of the financial year. Goodwill for the Group amounted to SEK 26,421 (17,762) million, corresponding to 29 (32)% of total assets of SEK 89,727 (55,936) million. Changes in equity and total assets are largely due to the acquisition of Rautaruukki.

# Capital structure and other financial information

## EQUITY AND LIABILITIES

Presented below is SSAB's capitalization as of March 31, 2016.

SEK MILLION	MARCH 31, 2016
<b>Total current interest-bearing liabilities</b>	<b>6,331</b>
Guaranteed	231
Secured	244
Unguaranteed/Unsecured	5,856
<b>Total long-term interest-bearing liabilities</b>	<b>21,510</b>
Guaranteed	2,721
Secured	510
Unguaranteed/Unsecured	18,279
<b>Total equity</b>	<b>43,777</b>
Share capital	4,833
Statutory reserve	902
Other reserves	38,042

Of the SEK 754 million in pledged assets, SEK 510 million are linked to loans regarding emission rights; the remainder comprises security for other loans. Surety and guarantee commitments relate primarily to pledged assets linked to borrowing by subsidiaries.

## NET FINANCIAL INDEBTEDNESS

Presented below is SSAB's net financial indebtedness as of March 31, 2016.

SEK MILLION	MARCH 31, 2016
(A) Cash	2,627
(B) Cash equivalents	–
(C) Trading securities	2
<b>(D) Total liquidity (A)+(B)+(C)</b>	<b>2,629</b>
<b>(E) Current financial receivables</b>	<b>1,710</b>
(F) Current bank loans	350
(G) Current portion of long-term liabilities	2,654
(H) Other current financial liabilities	3,327
<b>(I) Total current financial liabilities (F)+(G)+(H)</b>	<b>6,331</b>
<b>(J) Net current indebtedness (I)–(E)–(D)</b>	<b>1,992</b>
(K) Non-current bank loans	6,066
(L) Outstanding bond loans	12,118
(M) Other non-current liabilities <sup>1)</sup>	3,037
<b>(N) Non-current financial liabilities (K)+(L)+(M)</b>	<b>21,221</b>
<b>(O) Net financial indebtedness (J)+(N)</b>	<b>23,213</b>

1) Includes non-current financial assets of SEK 289 million.

## CONTINGENCIES AND CONTINGENT LIABILITIES

As of March 31, 2016, the Company had contingent liabilities corresponding to SEK 2,430 million. In addition to contingent liabilities of SEK 760 million regarding subsidiaries' obligations, the Company had other contingent liabilities amounting to SEK 1,670 million. In addition to reported contingent liabilities, the Company has reported circumstances that have not resulted in disclosing of contingent liabilities. These relate to a class action brought in the US in 2008 against a number of steel producers, including SSAB, involving allegations that the steel producers violated US anti-trust law by colluding to limit steel production in the US during 2005–2008 with the aim of influencing steel prices. The class action litigants comprise direct and indirect purchasers of relevant steel products, who are requesting an unspecified amount in damages from the defendant steel producers. SSAB denies the accusations. For further information concerning the class action, see "Legal proceedings and arbitration" in the section "Legal considerations and supplementary information". The Company is otherwise involved in a very limited number of legal disputes of a normal nature for the business, such as insurance and warranty matters, as well as complaints. The anticipated outcome of these cases has been taken into consideration in the accounting. For further information concerning legal disputes, see "Legal proceedings and arbitration" in the section "Legal considerations and supplementary information".

## CREDIT FACILITIES, DEBT PROGRAMS AND LOANS

The table below shows SSAB's credit facilities and loans as of March 31, 2016.

TYPE	CURRENCY	FACILITY SIZE, MILLION	REPORTED DEBT, SEK MILLION	MATURITY
<b>Credit facilities</b>				
Syndicated RCF	EUR	440	0	April 2017
Syndicated RCF	EUR	240	0	October 2018
Bilateral RCF	SEK	2,000	0	October 2017
Bilateral facility	SEK	75	0	April 2017
<b>Long-term borrowing</b>				
Capital market loans	EUR, USD and SEK	–	10,351	2019–2034
Bank loans	EUR, USD and SEK	–	6,002	2017–2020
Export financing	EUR	7	64	2016
Alabama tax revenue bond	USD	217	1,767	2031–2041
Other	N/A	–	3,326	
<b>Short-term borrowing</b>				
Current part of long-term liabilities	EUR, USD and SEK	–	2,654	2016
Commercial paper	EUR, USD and SEK	–	3,317	2016–2017
Other current interest-bearing liabilities	EUR, USD and SEK	–	360	2016

### Loan agreements

SSAB's debt financing is pursued mainly through note and commercial paper programs as well as loans from credit institutions. Funding with maturities of up to 10 years can be obtained through an EMTN (Euro Medium Term Note) program, while Swedish and Finnish commercial paper programs are used for funding with maturities of less than one year. The EMTN is capped at EUR 2,000 million. The Swedish commercial paper program is capped at SEK 5,000 million, while the Finnish commercial paper program is capped at EUR 500 million. According to Standard & Poor's Financial Services LLC, the Company's credit rating is B+ (long term) and B (short term). The Company also has other types of debt financing such as US Tax Revenue Bonds and Taxable Notes.

The Company's long-term borrowing largely comprises capital market loans. Capital market loans have been taken at fixed interest rates on nominal rate levels of 2.90–5.88% and variable rates comprising IBOR rates plus 1.35–3.40%. Interest rates on the Company's export financing with maturity in 2016 amounts to EURIBOR plus 1.50 percentage points. Interest rates on Alabama Tax Revenue Bonds is in line with 1 month USD LIBOR.

The Company's short-term borrowing mainly comprises current parts of long-term borrowing as well as commercial papers. The commercial papers interest rates amount to approximately 0.4%.

### Renegotiation of existing credit facilities and entry into new revolving credit facility

In April 2016, the Company carried out a refinancing package, mainly comprising agreements with Crédit Agricole CIB, Handelsbanken, Swedbank and Nordea. However, parts of this refinancing package are conditional on implementation of the rights issue. The refinancing includes a new RCF of EUR 300 million on 3+1+1 years from Crédit Agricole CIB, Handelsbanken and Swedbank. It is possible to increase the size to EUR 440–495 million through syndication and the agreement contains a financial covenant stating that net debt may not exceed 60% of equity. Furthermore, maturity of an existing bilateral loan of USD 150 million has been extended from June 2017 to June 2020, and an additional existing bilateral loan of USD 150 million has been extended from June 2018 to June 2019. A new bilateral loan of USD 90 million with Svensk Exportkredit until February 2020 has been taken up in exchange for repayment of an existing bilateral loan of SEK 950 million with the same counterparty. Extensions have also been made to all bank guarantees (approximately USD 450 million) covering outstanding US Tax Revenue Bonds and Taxable Notes, from maturity in 2017 to maturity in 2018.

### WORKING CAPITAL STATEMENT

It is SSAB's assessment that the existing working capital is sufficient for its present requirements during the coming 12-month period.

## RESEARCH AND DEVELOPMENT

The table below shows SSAB's research and development expenses during the financial years 2013–2015. See also "Research and development" in the section "Business description".

SEK MILLION	2015	2014	2013
Research and development investments	277	289	203

## CAPITAL EXPENDITURES

SSAB's total capital expenditures during the financial years 2013–2015 and for the period January–March 2016 and 2015 are summarized in the table below. In addition to the acquisition of Rautaruukki in 2014, capital expenditures mainly consist of investments in tangible fixed assets.

SEK MILLION	JAN–MAR 2016	JAN–MAR 2015	2015	2014	2013
Intangible assets	13	9	57	28	4
Tangible fixed assets	294	485	2,488	1,670	803
Financial assets	15	0	220	1,062	605
Financial assets (JV)	7	3	36	30	–
Other acquisitions	–	–	–	18,232	44
<b>Total</b>	<b>329</b>	<b>497</b>	<b>2,801</b>	<b>21,022</b>	<b>1,456</b>

### Current and upcoming investments

The Company's capital expenditure for the full year 2016 is expected to be significantly lower than in 2015, and is expected to amount to approximately SEK 1.5 billion. Decided upon capital expenditures include the arrangement of a land-fill site in Oxelösund (SEK 69 million) and investments in production plant in Finland (EUR 22 million), of which approximately EUR 10 million are remaining. Of these decided upon investments, it is estimated that SEK 153 million will be incurred in 2016. All investments will be financed through the use of existing cash balances, internally-generated cash flows, and within the scope of existing credit facilities or MTN-program. The Company's long-term average capital expenditure level is assessed at approximately SEK 2 billion per year.

During 2016, maintenance outages are scheduled to take place within SSAB Special Steels, SSAB Europe and SSAB Americas. Costs related thereto are estimated at SEK 570 million for the full year 2016, of which SEK 20 million were incurred during the first quarter of 2016.

## ACQUISITIONS AND DISPOSALS

During the first quarter of 2016, an additional SEK 7 million was invested in the affiliate Raahen Voima Oy, with the share of ownership unchanged.

During 2015, the remaining outstanding interests in G&G Mining Fabrication Pty Ltd were acquired for SEK 0 million. In total, acquisitions for the year adversely affected cash and cash equivalents in the amount of SEK 36 million.

During 2015, the entire Finnish operations of Tibnor Oy and Plannja Oy were divested, as were ownership stakes in Norskt Stål AS and Norsk Stål Tynnplater AS. In addition, one Steel Service Center in Sweden, and one in Finland, was sold.

In 2014, 100% of Rautaruukki Oyj was acquired for a purchase price of SEK 14,967 million. For further information regarding the acquisition of Rautaruukki, see "Acquisitions and disposals" in the section entitled "Legal considerations and supplementary information". Additional acquisitions in 2014 included 25% of the shares in Manga LNG Oy for a purchase price of SEK 30 million; 51% of the shares in G&G Mining Fabrication Pty Ltd for a purchase price of SEK 17 million; and 80% of the shares in WearClad (Pty) Ltd for a purchase price of SEK 1 million.

No disposals were made in 2014.

In 2013, 100% of the shares in JL Steel Services Ltd and 19% of the shares in Geha Beheer BV were acquired. The purchase price was SEK 15 million for JL Steel Services Ltd and SEK 9 million for Geha Beheer BV. Additional acquisitions carried out during the year affected the Group's cash and cash equivalents by SEK -4 million.

In 2013, Tibnor sold properties, thereby generating a positive cash flow effect corresponding to SEK 88 million and a capital gain of SEK 73 million.

## TANGIBLE FIXED ASSETS

As of March 31, 2016, SSAB's tangible fixed assets amounted to SEK 25,955 (27,109) million, mainly comprising machinery and buildings. On December 31, 2015, financial leasing assets amounted to SEK 312 (369) million. Leasing fees for financial leasing in 2015 amounted to SEK 70 (37) million. Leasing fees for operational leasing amounted to SEK 425 (222) million. Assets pledged for tangible fixed assets amounted to SEK 58 million as of March 31, 2016.

## SENSITIVITY ANALYSIS AS OF DECEMBER 31, 2015

Presented below is the approximate full year effect on profit/loss after financial items and earnings per share for 2015 of changes in significant factors. For information regarding the Company's management of financial risks, see Note 29 on pages FR75–FR80 in the Company's annual report for 2015, which is incorporated in this prospectus by reference, see "Incorporation by reference, etc." in the section "Legal considerations and supplementary information".

	CHANGE, %	EFFECT ON EARNINGS, SEK MILLION	EFFECT ON EARNINGS PER SHARE, SEK <sup>1)</sup>
Steel price – steel operations	10	4,300	6.11
Volume – steel operations <sup>2)</sup>	10	800	1.14
Iron ore prices	10	480	0.68
Coal prices	10	360	0.51
Scrap metal prices	10	540	0.77
Interest rate	1 % point	140	0.20
Krona index <sup>3)</sup>	5	430	0.61

1) Calculated based on a 22% tax rate.

2) Excluding the effect of lower capacity utilization (under absorption).

3) Calculated based on SSAB's exposure without currency hedging. Any weakening of SEK entails a positive effect.

## SIGNIFICANT TRENDS

The Company's earnings in 2015 were affected primarily by the difficult market climate, but also by costs related to investments in the blast furnace system during the year. The financial year 2015 came to be characterized by imbalances on the global steel market. Prices of raw materials, such as iron ore and coal, fell sharply and had a negative impact on steel prices. This, in combination with a substantial increase in steel exports from Asia and Russia, contributed to strong pressure on prices on the Company's home markets, despite the fact that underlying demand was stable. The industry has been characterized by low profitability, and the possibility to achieve a satisfactory return has been adversely affected by excess capacity in both Europe and Asia. However, the Company's shipment volumes for the full year of 2015 increased by 18% compared with 2014, but during the first quarter of 2016 volumes decreased by 2% compared with the first quarter of 2015. During 2015, the Company has devoted resources to realizing synergies following the acquisition of Rautaruukki. This represents the most important part of the Company's cost saving program, in which the Company's objective is to reduce the cost level on an annual basis by SEK 2.8 billion during 2017.

In North America, underlying demand for plate is expected to be relatively unchanged during the second quarter of 2016, in respect of both end customers and distributors. Inventory downsizing at distributors, which took place throughout 2015, should be completed. In Europe, too, demand is expected to be stable during the second quarter. This is particularly the case in Western Europe, while the trend

in Eastern Europe and Russia is expected to remain weak. It is believed that the import tariffs that have already been decided upon or are being studied will affect import volumes into North America and Europe, and thereby enhance the possibilities for SSAB to sell its products on its home markets. Underlying demand for high-strength steels is considered to be relatively unchanged during the second quarter of 2016. All in all, SSAB's shipments during the second quarter are expected to be somewhat higher than during the first quarter.

## SIGNIFICANT CHANGES SINCE MARCH 31, 2016

On April 6 and 27, 2016, it was announced that the negotiations regarding personnel downsizing involving office workers (as part of the efficiency measures following the acquisition of Rautaruukki) in the Company's Finnish and Swedish operations were completed. On April 22, 2016, the intention was announced to carry out a rights issue of approximately SEK 5 billion, which was supported by the Company's largest shareholder. In connection therewith, the Company has communicated that its liquidity requirements and long-term financing are secured through an extension of maturities on the Company's loans, credit facilities and existing bank guarantees. In addition, the Company has communicated measures to strengthen cash flow, including the sale of non-core businesses. In total, these measures are expected to reduce the Company's net debt by approximately SEK 10 billion and to reduce the net debt/equity ratio to 30% by the end of 2017.



# Board of Directors, Group Executive Committee and auditor

## BOARD OF DIRECTORS

Pursuant to SSAB's Articles of Association, the Board of Directors shall comprise not less than five and not more than ten members elected by the shareholders at the General Meeting. The Board of Directors currently comprises eight members elected by the 2016 Annual General Meeting in April for a term of office extending until the close of the 2017 Annual General Meeting, as well as three members and three deputies appointed by Swedish employee organizations.

NAME	POSITION	ELECTED	INDEPENDENT	AUDIT COMMITTEE	REMUNERATION COMMITTEE	SHAREHOLDING <sup>1)</sup>
Bengt Kjell	Chairman	2015	No <sup>2)</sup>	✓	✓	50,000 B shares
Petra Einarsson	Member	2014	Yes			10,000 B shares
Matti Lievonen	Member	2014	Yes		✓	4,315 A shares 11,018 B shares
Martin Lindqvist	Member, President and CEO	2011	No <sup>3)</sup>			11,709 A shares 5,400 B shares
Annika Lundius	Member	2011	No <sup>2)</sup>	✓		7,000 B shares
John Tulloch	Member	2009	No <sup>3)</sup>		✓	10,000 A shares 5,000 B shares
Lars Westerberg	Member	2006	Yes	✓		10,000 B shares
Marika Fredriksson	Member	2016	Yes	✓		—
Jimmy Gustavsson	Member*	2016	—			—
Sture Bergvall	Member*	2005	—			250 A shares
Tomas Westman	Member*	2015	—			—
Tomas Jansson	Deputy member*	2014	—			—
Patrick Sjöholm	Deputy member*	2011	—			2,900 A shares
Tomas Karlsson	Deputy member*	2015	—			—

\* Employee representative.

1) Own holdings and holdings of related persons and affiliated companies as of April 30, 2016 (and known changes thereafter).

2) Not independent in relation to major shareholders.

3) Not independent in relation to the Company and Group Executive Committee.

### Bengt Kjell

*Born 1954. Chairman of the Board and Board member since 2015. Chairman of the Remuneration Committee and member of the Audit Committee.*

**Principal education and professional experience:** MBA from Stockholm School of Economics in Stockholm, Sweden.

**Other current assignments:** Chairman of the board of Expandum Invest AB and Hemfosa Fastigheter AB. Deputy chairman of the board of Indutrade AB. Board member of, among others, AB Industrivärden, ICA Gruppen AB and Pandox AB.

#### Previous assignments/positions in the past five years:

Chairman of the board of Skånska Byggarvar Group AB. Board member and President of AB Handel och Industri. Board member of, among others, Helsingborgs Dagblad AB, Höganäs AB, Nordic Tankers Holding AB, Plastal Industri AB and Swegon AB. Vice President (and acting President) in AB Industrivärden. Senior partner in Navet AB.

**Holding:** 50,000 class B shares.

*Independent in relation to the Company and Group Executive Committee but not independent in relation to the Company's major shareholders.*

### Petra Einarsson

*Born 1967. Board member since 2014.*

**Principal education and professional experience:** Bachelor of Science in Business Administration and Economics from Uppsala University, Sweden. Previously held various senior positions within AB Sandvik Materials Technology, including Financial Manager and head of product areas Strip and Tube.

**Other current assignments:** Board member of the Swedish Association of Industrial Employers and Member of the Council of Swedish Steel Producers' Association. Member of the Group Executive Management of Sandvik AB as President of the Sandvik Materials Technology business area.

#### Previous assignments/positions in the past five years:

—

**Holding:** 10,000 class B shares.

*Independent in relation to the Company and Group Executive Committee as well as to the Company's major shareholders.*

### Matti Lievonen

*Born 1958. Board member since 2014. Member of the Remuneration Committee.*

**Principal education and professional experience:** Bachelor of Science in Engineering from Savonia University of

Applied Sciences in Kuopio, Finland, executive MBA from Aalto University in Helsinki, Finland. Honorary Finnish title of Vuorineuvos.

**Other current assignments:** Chairman of the board of Nynäs AB. Chairman of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company. Deputy chairman of the board of Chemical Industry Federation of Finland. Member of the Advisory Board of National Emergency Supply Agency (Finland), the Finnish Business and Policy Forum EVA and Member of the Supervisory Board of the Finnish Fair Corporation. President and CEO of Neste Corporation.

**Previous assignments/positions in the past five years:** Deputy chairman of the board of Confederation of European Paper Industries. Board member of the Confederation of Finnish Industries, Rautaruukki Corporation, Finnish Oil and Gas Federation and EUROPIA. Several senior positions in UPM-Kymmene.

**Holding:** 4,315 class A shares and 11,018 class B shares. *Independent in relation to the Company and Group Executive Committee as well as to the Company's major shareholders.*

### Martin Lindqvist

*Born 1962. Board member since 2011. President and CEO since 2011.*

**Principal education and professional experience:** Master of Science in Business and Economics from Uppsala University, Sweden. Previously number of senior positions within SSAB including Head of business area for SSAB EMEA AB and CFO of SSAB. Chief controller of NCC AB.

**Other current assignments:** Chairman of the board of the Swedish Association of Industrial Employers and the Steel and Metal Employers Association. Board member of BasEl i Sverige AB, Industrikraft i Sverige AB, the Confederation of Swedish Enterprise and Member of the Council of Swedish Steel Producers' Association.

**Previous assignments/positions in the past five years:** Board member of Indutrade AB.

**Holding:** 11,709 class A shares and 5,400 class B shares. *Independent in relation to the Company's major shareholders but not independent in relation to the Company and Group Executive Committee.*

### Annika Lundius

*Born 1951. Board member since 2011. Member of the Audit Committee.*

**Principal education and professional experience:** LL.M. from Lund University, Sweden. Previously Legal Director and Financial Counselor at the Swedish Ministry of Finance.

**Other current assignments:** Board member of AB Industrivärden, Aktiebolaget Gerd & Co, AMF Pensionsförsäkring AB and Kvinvest AB.

**Previous assignments/positions in the past five years:** Board member of Ratio and Självregleringen i Sverige Service AB. Deputy Director-General of the Confederation of Swedish Enterprise.

**Holding:** 7,000 class B shares. *Independent in relation to the Company and Group Executive Committee but not in relation to the Company's major shareholders.*

### John Tulloch

*Born 1947. Board member since 2009. Member of the Remuneration Committee.*

**Principal education and professional experience:** Bachelor of Agricultural Science from Canterbury University in Christchurch, New Zealand and a Master of Science in Agricultural Economics from University of Manitoba in Winnipeg, Canada. Previously Executive Vice President, Steel & Chief Commercial Officer for IPSCO and Executive Vice President of SSAB. President of IPSCO Division.

**Other current assignments:** Board member of Russel Metals Inc.

**Previous assignments/positions in the past five years:** –

**Holding:** 10,000 class A shares and 5,000 class B shares. *Independent in relation to the Company's major shareholders but not independent in relation to the Company and Group Executive Committee.*

### Lars Westerberg

*Born 1948. Board member since 2006. Chairman of the Audit Committee.*

**Principal education and professional experience:** Master of Science in Engineering from the Royal Institute of Technology in Stockholm, Sweden and a Master of Science in Business and Economics from Stockholm University, Sweden.

**Other current assignments:** CEO and board member of Lars Westerberg AB. Board member of AB Volvo, Meda AB, Plastal Holding AB, ReformTech Heating Holding AB, Sandvik AB, Stena AB and Westbarn Holding AB.

**Previous assignments/positions in the past five years:** Chairman of the board of Autoliv Inc., Husqvarna AB and Vattenfall AB. President and CEO of Gränges AB.

**Holding:** 10,000 class B shares. *Independent in relation to the Company and Group Executive Committee as well as to the Company's major shareholders.*

### Marika Fredriksson

*Born 1963. Board member since 2016. Member of the Audit Committee.*

**Principal education and professional experience:** Master of Business Administration from Hanken School of Economics in Helsinki, Finland.

**Other current assignments:** Board member of ÅF AB. Chief Financial Officer of Vestas Wind System A/S.

**Previous assignments/positions in the past five years:** Board member of Ferronordic Machines AB. Deputy board member Närsjö Åkeri AB. CFO of Autoliv AB and Gambro AB and Head of Finance and Strategy in Volvo Construction Equipment.

**Holding:** – *Independent in relation to the Company and Group Executive Committee as well as to the Company's major shareholders.*

### Jimmy Gustavsson

*Born 1980. Board member (employee representative) since 2016.*

**Principal education and professional experience:** Smelter at SSAB Special Steels.

**Other current assignments:** –

**Previous assignments/positions in the past five years:**

–

**Holding:** –**Sture Bergvall**

*Born 1956. Board member (employee representative) since 2005.*

**Principal education and professional experience:** Electrician at SSAB Europe.

**Other current assignments:** –

**Previous assignments/positions in the past five years:**

–

**Holding:** 250 class A shares.

**Tomas Westman**

*Born 1955. Board member (employee representative) since 2015.*

**Principal education and professional experience:** RM coordinator at SSAB Europe.

**Other current assignments:** Deputy board member AB Lindbergs Konst & Ramar.

**Previous assignments/positions in the past five years:**

–

**Holding:** –

**Tomas Jansson**

*Born 1966. Deputy board member (employee representative) since 2014.*

**Principal education and professional experience:** Sales Coordinator at SSAB Europe.

**Other current assignments:** –

**Previous assignments/positions in the past five years:**

–

**Holding:** –

**Patrick Sjöholm**

*Born 1965. Deputy board member (employee representative) since 2011.*

**Principal education and professional experience:** Automation engineer at SSAB Special Steels.

**Other current assignments:** –

**Previous assignments/positions in the past five years:**

–

**Holding:** 2,900 class A shares.

**Tomas Karlsson**

*Born 1962. Deputy board member (employee representative) since 2015.*

**Principal education and professional experience:** Maintenance mechanic at SSAB Europe.

**Other current assignments:** Board member Luleå Hamn AB.

**Previous assignments/positions in the past five years:**

–

**Holding:** –

## GROUP EXECUTIVE COMMITTEE

NAME	POSITION	MEMBER OF THE GROUP EXECUTIVE COMMITTEE SINCE	EMPLOYED WITHIN THE GROUP SINCE	SHAREHOLDING <sup>1)</sup>
Martin Lindqvist	President and CEO	2001	1998	11,704 A shares 5,400 B shares
Olavi Huhtala	Head of SSAB Europe, Executive Vice President	2014	1987	17,578 A shares 44,873 B shares
Charles Schmitt	Head of SSAB Americas, Executive Vice President	2011	1990	–
Per Olof Stark	Head of SSAB Special Steels, Executive Vice President	2014	1983	2,000 A shares
Jonas Bergstrand	Legal & Strategy, Executive Vice President	2006	2006	10,000 B shares
Håkan Folin	CFO, Executive Vice President	2013	2006	5,000 B shares
Taina Kyllönen	Head of Group Communications, Executive Vice President	2014	2004	6,188 A shares 15,798 B shares
Maria Långberg	Head of Group HR & Sustainability, Executive Vice President	2016	2013	2,000 B shares
Martin Pei	CTO, Executive Vice President	2007	2001	300 A shares 700 B shares

1) Own holdings and holdings of related persons and affiliated companies as of April 30, 2016 (and known changes thereafter).

**Martin Lindqvist**

*President and Chief Executive Officer since 2011. Member of the Group Executive Committee since 2001.*

For additional information about Martin Lindqvist, see “Board of Directors” above.

**Olavi Huhtala**

*Born 1962. Executive Vice President and Head of SSAB Europe. Member of the Group Executive Committee since 2014.*

**Principal education and professional experience:** Bachelor of Science in Mechanical Engineering from Tampere in Finland. Previously Executive Vice President of Ruukki Metals. President of Ruukki Fabrication and Executive roles in Sales and Production in Rautaruukki Metform.

**Other current assignments:** Chairman of the board of the Association of Finnish Steel and Metal Producers. Deputy chairman of the board of Componenta Oyj. Board member of Helens Rör AB and the Federation of Finnish Technology Industries.

**Previous assignments/positions in the past five years:**

–

**Holding:** 17,578 class A shares and 44,873 class B shares.

**Charles Schmitt**

*Born 1959. Executive Vice President and Head of SSAB Americas. Member of the Group Executive Committee since 2011.*

**Principal education and professional experience:** Bachelor of Science in Business Administration/Finance from University of Texas at Arlington, USA and a two-year steel fellowship at the American Iron and Steel Institute. Previously several positions in US Steel Corporation and Vice President of the Southern Business Unit in SSAB Americas.

**Other current assignments:** Chairman of the board of American Iron and Steel Institute and board member of Metals Service Center Institute Chicago.

**Previous assignments/positions in the past five years:**

–

**Holding:** –

**Per Olof Stark**

*Born 1954. Executive Vice President and Head of SSAB Special Steels. Member of the Group Executive Committee since 2014.*

**Principal education and professional experience:** Master of Science in Engineering from the Royal Institute of Technology, in Stockholm, Sweden. Previously Head of business unit in SSAB Wear Services. President of wholly-owned subsidiary Plannja. Head of marketing in SSAB's former Plate Division. Head of business area in Europe and the US and Head of global marketing. Head of sales and product development in SSAB Plate.

**Other current assignments:** –

**Previous assignments/positions in the past five years:**

–

**Holding:** 2,000 class A shares.

**Jonas Bergstrand**

*Born 1965. Executive Vice President, Legal & Strategy. Member of the Group Executive Committee since 2006.*

**Principal education and professional experience:** LL.M. from Uppsala University, Sweden. Previously Corporate counsel at ABB AB, OM Gruppen AB and Ericsson Radio Systems.

**Other current assignments:** –

**Previous assignments/positions in the past five years:** Board member of Metallurgiska Forskningsbolaget i Luleå AB.

**Holding:** 10,000 class B shares.

**Håkan Folin**

*Born 1976. Executive Vice President and CFO. Member of the Group Executive Committee since 2013.*

**Principal education and professional experience:** Master of Science in Engineering from the Royal Institute of Technology in Stockholm, Sweden. Previously CFO of SSAB APAC AB and Tibnor AB. Head of Business Development in SSAB. Board member of a number of companies in the SSAB Group.

**Other current assignments:** –

**Previous assignments/positions in the past five years:**

Chairman of the board of Fastighets Aktieföretaget Kardborren and Svenska Stålbyggen Falköping AB.

**Holding:** 5,000 class B shares.

**Taina Kyllönen**

*Born 1967. Executive Vice President and Head of Group Communications. Member of the Group Executive Committee since 2014.*

**Principal education and professional experience:**

Master of Science in Economics from Aalto University in Helsinki, Finland. Previously Senior Vice President of Marketing & Communication, Senior Vice President of Marketing and Vice President of Communication & Brand in Rautaruukki Corporation. Vice President of Investor Relations in Metso Oy and Rauma Oy.

**Other current assignments:** –

**Previous assignments/positions in the past five years:**

–

**Holding:** 6,188 class A shares and 15,798 class B shares.

**Maria Långberg**

*Born 1970. Executive Vice President and Head of Group HR & Sustainability. Member of the Group Executive Committee since 2016.*

**Principal education and professional experience:** Bachelor of Science in Business Administration from Uppsala University, Sweden and an MBA from Stockholm School of Economics, Sweden. Previously President of SSAB Merox AB and Executive Vice President and Head of Group Communications in SSAB. Senior Consultant at JKL. Senior Vice President of Group Communications at Gambro AB.

**Other current assignments:** Deputy board member of LongMed Invest AB.

**Previous assignments/positions in the past five years:**

–

**Holding:** 2,000 class B shares.

**Martin Pei**

*Born 1963. Executive Vice President and CTO. Member of the Group Executive Committee since 2007.*

**Principal education and professional experience:** Ph.D. in metallurgy from the Royal Institute of Technology, in Stockholm, Sweden. Previously Head of business area in SSAB APAC AB, Executive Vice President and Technical Director in SSAB. Manager of R&D Department in SSAB and General Manager of Slab Production in SSAB Plate.

**Other current assignments:** Board member of the Swedish Chamber of Commerce in China.

**Previous assignments/positions in the past five years:** –

**Holding:** 300 class A shares and 700 class B shares.

**OTHER INFORMATION CONCERNING THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE**

All members of the Board of Directors and Group Executive Committee can be reached at SSAB's address: Box 70, SE-101 21, Stockholm, Sweden.

There are no family ties between any of the board members and/or members of the Group Executive Committee. No

board members or members of the Group Executive Management have been convicted in any fraud-related cases in the past five years. None of them have been involved in any bankruptcy, receivership or liquidation in the past five years while acting as a board member or member of the Group Executive Management, save for Lars Westerberg who is chairman of the board of Plastal Holding AB, which is subject to bankruptcy proceedings since March 2009. Nor have any accusations and/or sanctions been issued by any agency authorized by law or regulation (including approved professional organizations) in the past five years against any of the board members or members of the Group Executive Committee. In the past five years, no board members or members of the Group Executive Committee have been prohibited by a court of law from being a member of a company's administrative, management or control body or from holding any senior or general management position in a company.

No board members or members of the Group Executive Committee have any private interests which might be in conflict with those of SSAB. However, as stated above, a number of the board members and members of the Group Executive Committee have a financial interest in SSAB through shareholdings.

## AUDITOR

PricewaterhouseCoopers AB (Torsgatan 21, SE-113 97 Stockholm) is the Company's auditor since 2003. Magnus Svensson Henryson, authorized public accountant and a member of FAR (the professional institute for authorized public accountants in Sweden), is auditor-in-charge since 2012.

## CORPORATE GOVERNANCE

### Corporate governance within SSAB

The governance of SSAB is based on the Swedish Companies Act, SSAB's Articles of Association, the Swedish Code of Corporate Governance (the "**Code**") and Nasdaq Stockholm's Rule Book for Issuers, as well as other relevant laws and regulations. The Code is based on the "comply or explain" principle, meaning that companies are not obliged to at all times apply every rule in the Code, provided that they report every deviation, describe the alternative solution and explain the reasons for the deviation. SSAB applies the Code, with the exception of the main rule in 9.2, which provides that the members of the Remuneration Committee must be independent in relation to the Company and in relation to the Company's management. Since John Tulloch is considered to be dependent in relation to the Company, his inclusion in the Remuneration Committee constitutes a derogation from the rules of the Code. The Company currently has extensive international operations involving a considerable number of its employees outside Sweden, not least in North America. John Tulloch has long experience derived from senior managerial positions in the North American steel industry. His knowledge

of remuneration principles and structures in, primarily, the North American steel industry constitutes a highly valuable contribution to the Committee's general ability to address international remuneration issues in a purposeful and rational manner. The Company has therefore concluded that the benefit of John Tulloch's inclusion in the Remuneration Committee outweighs any disadvantages arising from him not being independent of the Company.

### Board committees

The Board of Directors has established two committees, the Remuneration Committee and the Audit Committee.

The Remuneration Committee comprises Bengt Kjell (chairman), Matti Lievonen and John Tulloch. The Remuneration Committee is responsible for submitting proposals to the Board of Directors regarding the CEO's salary and other employment terms and conditions, setting salaries and employment terms for other members of the Group Executive Committee, and setting limits regarding the salary and employment terms and conditions for members of the Group Executive Committee. The Remuneration Committee's duties otherwise include preparing resolutions for adoption by the Board of Directors on issues concerning remuneration principles, preparing the Board of Directors' proposal for guidelines to determine the salary and other remuneration of the CEO and other members of the Group Executive Committee, as well as monitoring and evaluating the application thereof. The Remuneration Committee also monitors and evaluates programs regarding variable remuneration of the Company's Group Executive Committee.

The Audit Committee comprises Lars Westerberg (chairman), Bengt Kjell, Marika Fredriksson and Annika Lundius. The main task of the Audit Committee is to support the Board of Directors in its work to ensure the quality of financial reporting. The chairman of the Audit Committee is responsible for ensuring that the entire Board of Directors is kept regularly informed about the Committee's work and, where necessary, must submit matters to the Board of Directors for decision. The Committee regularly meets the Company's auditors, evaluates the audit work and establishes guidelines as to which additional services the Company may source from its external auditors.

### Compensation to the Board of Directors

At the Annual General Meeting held in April 2016, it was resolved that the chairman's fee will amount to SEK 1,650,000 and that directors' fees will amount to SEK 550,000 to each director who is not employed in the Group. Compensation to directors in respect of committee work will be paid in the amount of SEK 100,000 each, with the exception of the position of chairman of the Audit Committee, for which payment will be made in the amount of SEK 125,000.

The table below shows the compensation to the Board of Directors during 2015–2016.

SEK	POSITION	BOARD FEE	FEE REMUNERATION		TOTAL
			COMMITTEE	FEE AUDIT COMMITTEE	
Bengt Kjell	Chairman	1,650,000	100,000	100,000	1,850,000
Petra Einarsson	Member	550,000	–	–	550,000
Kim Gran	Member	550,000	100,000	–	650,000
Matti Lievonen	Member	550,000	–	–	550,000
Martin Lindqvist	Member, President and CEO	–	–	–	–
Annika Lundius	Member	550,000	–	100,000	650,000
John Tulloch	Member	550,000	100,000	–	650,000
Lars Westerberg	Member	550,000	–	125,000	675,000
<b>Total</b>		<b>4,950,000</b>	<b>300,000</b>	<b>325,000</b>	<b>5,575,000</b>

## Compensation to Group Executive Committee

The compensation to Group Executive Committee comprises fixed salary, possible variable compensations, and other benefits such as company car and pension.

The table below shows the compensation paid to the CEO and other members of the Group Executive Committee in 2015.

SEK	FIXED SALARY <sup>1)</sup>	OTHER BENEFITS <sup>2)</sup>	SHORT-TERM VARIABLE SALARY <sup>3)</sup>	LONG-TERM VARIABLE SALARY <sup>3)</sup>	PENSION EXPENSES <sup>4)</sup>	TOTAL
CEO and President	9,300,000	300,000	400,000	–	3,900,000	13,900,000
Other Group Executive Committee members*	27,800,000	2,300,000	4,000,000	500,000	8,000,000	42,600,000
<b>Total</b>	<b>37,100,000</b>	<b>2,600,000</b>	<b>4,400,000</b>	<b>500,000</b>	<b>11,900,000</b>	<b>56,500,000</b>

\* Save from the CEO and President, the Group Executive Committee comprised nine persons during 2015 after Mikael Nyquist and Marko Somerma left the Group Executive Committee on February 10, 2015.

1) For 2015, includes payment of SEK 100,000 to the President in respect of accrued, non-utilized vacation, and vacation compensation, as well as cost compensation in respect of company residence in the amount of SEK 200,000.

2) Relates primarily to car, gasoline and housing benefits, but here also includes compensation for increased living costs for the member of the Group Executive Committee that was stationed in Asia.

3) The amounts relate to payments made in the financial year, which were earned in previous years. Since the compensation is not known at the end of the accounting year due to the fact that comparisons are made with competitors who have not yet reported their figures, and also the fact that the Board of Directors can resolve to reduce the compensation if special reasons prevail, compensation in this table is reported only in the year in which payment has taken place. Booked variable salary components for the entire Group Executive Committee amounted to SEK 16.2 million.

4) Total reserved or accrued amounts for pensions and similar benefits after service to current management totaled SEK 6.46 million as of December 31, 2015.

The period of notice of termination of employment for members of the Group Executive Committee shall be six months in the event of termination by the executive, without entitlement to severance payment. In the event of termination by the Company, the period of notice of termination shall be 12 months. In such a situation, severance payment corresponding to 12 months' salary shall be paid out to the CEO and severance payment corresponding to 6–12 months' salary shall be paid out to other members of the Group Executive Committee.



# Share capital and ownership structure

## SHARE INFORMATION

Pursuant to SSAB's Articles of Association, the share capital shall be not less than SEK 4,800,000,000 and not more than SEK 19,200,000,000, divided into not less than 545,000,000 shares and not more than 2,180,000,000 shares. The shares of the Company may be issued in two classes; class A, which carries one (1) vote, and class B, which carries one-tenth (1/10) of a vote. As at December 31, 2015, the Company's registered share capital was SEK 4,833,360,488, represented by 304,183,270 class A shares and 245,062,240 class B shares, in total 549,245,510 shares (549,245,510 as at January 1, 2015), each with a quota value of SEK 8.8. The shares in SSAB have been issued in accordance with Swedish law, are fully paid and denominated in SEK.

No changes to the number of shares have occurred since December 31, 2015. The forthcoming rights issue will, if fully subscribed, result in an increase of the number of shares in the Company from 549,245,510 shares to 1,029,835,326 shares, representing an increase of approximately 87.5%. Shareholders who choose not to participate in the rights issue, will have their shareholdings diluted by a total of not more than 480,589,816 new shares, representing approximately 46.7% of the total shares and approximately 12.8% of the total votes in the Company after the rights issue.

## CERTAIN RIGHTS ATTACHED TO THE SHARES

### General meetings

Notice of General Meeting shall be published in the Swedish Official Gazette and on the Company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Dagens Nyheter and Svenska Dagbladet. To be entitled to participate in a General Meeting the shareholder must be registered in the share register five weekdays prior to the meeting, and notify the Company of the participation not later than on the day specified in the notice of the meeting.

### Voting rights

Each class A share carries one (1) vote and each class B share carries one-tenth (1/10) of a vote at General Meetings. Each shareholder is entitled to vote for the total number of shares held and represented without limitation of the voting powers.

### Preferential rights to new shares, etc.

Should the Company decide to issue new class A and class B shares by way of a cash issue or a set-off issue (*Sw. kvittningsemission*), holders of class A and class B shares shall

have preferential rights to subscribe for new shares of the same class in proportion to their existing shareholdings as a main rule. If the Company decides to issue new class A or class B shares only through a cash issue or a set-off issue, all shareholders, regardless of whether their shares are of class A or class B, shall have preferential rights to subscribe for new shares in proportion to the number of shares they own. There are, however, no provisions in the Company's Articles of Association that limit the Company's ability to decide to, in accordance with the rules set out in the Swedish Companies Act (2005:551), issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights.

## Rights to dividends and surplus in the event of liquidation

All shares carry the same right to dividend and any surplus in the event of liquidation.

Dividends are resolved upon by the General Meeting and the payment is administered by Euroclear Sweden. Dividends may only be paid if the Company, after such dividends, still has full coverage of its restricted equity and further to the extent that such dividends are justified taking into consideration (i) the demands with respect to size of shareholders' equity which are imposed by the nature, scope and risks associated with the operations; and (ii) the Company's and the Group's consolidation needs, liquidity and financial position in general (the so-called prudence rule). As a general rule, the shareholders may not decide upon larger dividends than those proposed or approved by the Board of Directors. Also see "*Dividend policy*" below.

On the record date established by the General Meeting, holders recorded as owners of shares in the register of shareholders maintained by Euroclear Sweden will be entitled to receive dividends. If a shareholder cannot be paid through Euroclear Sweden, such shareholder still retains its claim to the dividend amount, and the claim remains against the Company subject to a statutory limitation of ten years. Should the claim become barred by the statute of limitations, the dividend amount is forfeited to SSAB. Neither the Swedish Companies Act nor the Company's Articles of Association contain any restrictions regarding dividend rights of shareholders outside Sweden. Subject to any restrictions imposed by banks or clearing systems in the relevant jurisdiction, payments to such shareholders are made in the same manner as for shareholders resident in Sweden. However, shareholders with limited tax liability in Sweden are normally subject to Swedish withholding tax. See "*Certain tax issues in Sweden*" in the section "*Tax issues*" for additional information.

## SHARE CAPITAL DEVELOPMENT

The below chart shows the development of the share capital since January 1, 2013.

YEAR	ACTION	CHANGE IN NUMBER OF CLASS A SHARES	CHANGE IN NUMBER OF CLASS B SHARES	CHANGE IN SHARE CAPITAL, SEK	TOTAL NUMBER OF SHARES	TOTAL SHARE CAPITAL, SEK	QUOTA VALUE, SEK
2014	Rights issue	63,417,438	161,839,297	1,982,734,468	549,245,510	4,833,360,488	8.80
2016	Forthcoming rights issue	–	480,589,816	4,229,190,380.80	1,029,835,326	9,062,550,868.80	8.80

## OWNERSHIP STRUCTURE

As at April 30, 2016, SSAB had approximately 100,000 shareholders. The largest shareholder was AB Industrivärden, with approximately 11.6% of the total share capital and 19.2% of the total voting rights in the Company. Set forth below are the Company's largest shareholders, ownership structure in relation to the size of the holdings and ownership by country as of April 30, 2016.

### Major shareholders as of April 30, 2016

HOLDER/NOMINEE/CUSTODIAN	NUMBER OF CLASS A SHARES	NUMBER OF CLASS B SHARES	NUMBER OF SHARES, %	VOTING RIGHTS, %
AB Industrivärden	63,105,972	754,985	11.63	19.22
Solidium Oy	26,448,015	67,517,020	17.11	10.10
Loussavaara-Kiirunavaara Aktiebolag	12,344,064	–	2.25	3.76
Invesco Funds	9,140,668	–	1.66	2.78
Swedbank Robur fonder	5,105,356	6,508,373	2.11	1.75
Handelsbanken Fonder	4,341,610	52,201	0.80	1.32
Catella Fondförvaltning	3,100,000	–	0.56	0.94
Svea Ekonomi AB	3,053,000	–	0.56	0.93
SEB Investment Management	2,978,382	193,289	0.58	0.91
Folksam	2,170,476	1,720,919	0.71	0.71
<b>Total ten largest shareholders</b>	<b>131,787,543</b>	<b>76,746,787</b>	<b>37.97</b>	<b>42.43</b>
Other shareholders	172,395,727	168,315,453	62.03	57.57
<b>Total</b>	<b>304,183,270</b>	<b>245,062,240</b>	<b>100.00</b>	<b>100.00</b>

Source: Euroclear Sweden.

In Sweden, the lowest threshold for mandatory reporting of changes in shareholdings (so-called flagging) is 5% of all shares or voting rights in respect of all shares.

### Ownership structure as of April 30, 2016

HOLDINGS, NUMBER OF SHARES	NUMBER OF SHARES, %	VOTING RIGHTS, %
1–500	48.56	1.83
501–1,000	18.41	2.67
1001–5,000	26.94	10.49
5001–10,000	3.35	4.55
10,001–15,000	0.96	2.21
15,001–20,000	0.54	1.79
20,001–	1.25	76.49
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Source: Euroclear Sweden.

### Ownership by country as of April 30, 2016

	PERCENTAGE OF SHARES, %
Sweden	50.88
Other Nordic countries	32.46
Europe (excl. Sweden and other Nordic countries)	13.66
USA	2.66
Other	0.34
<b>Total</b>	<b>100.00</b>

Source: Euroclear Sweden.

## LISTING

The SSAB share is listed on Nasdaq Stockholm (previously the Stockholm Stock Exchange) since 1989 and on Nasdaq Helsinki (previously the Helsinki Stock Exchange) since 2014. The shares are traded on the Large Cap list under the ticker SSABA and SSABB on Nasdaq Stockholm and under the ticker SSABAH and SSABBH on Nasdaq Helsinki.

## SHARE-BASED INCENTIVE PROGRAMS ETC.

The Company has no share related incentive programs. However, a long-term incentive program was introduced for the entire Group in 2011. The program covers a maximum of 150 key employees, including the CEO and other of the Group Executive Committee. The program runs for rolling three-year periods, is cash based, and linked to the total return on SSAB's share compared to a benchmark group of the Company's competitors. The program was introduced to promote the Company's ability to recruit and retain key employees.

For participants in the program outside North America, the result is capped at between 18 and 30% of fixed salary. The maximum outcome for participants in North America is in line with the restrictions which applied under the earlier North American program; for these participants, the program is also linked to SSAB Americas' results and return on capital employed. The total annual cost for the program is SEK 24

million in the event of target realization, and SEK 48 million in the event of maximum target realization, of which approximately two-thirds constitutes the cost for participants in North America.

## CENTRAL SECURITIES DEPOSITORY AFFILIATION

SSAB's Articles of Association contain a central securities depository clause and the Company's shares are cleared through the electronic securities system operated by Euroclear Sweden (Euroclear Sweden AB, Box 191, Klarabergsviadukten 63, SE-101 23 Stockholm, Sweden). Shares traded on Nasdaq Helsinki are also cleared through the Finnish electronic securities system (Euroclear Finland Oy, PO Box 1110, 00101 Helsinki, Finland). The shares are registered on person. No share certificates are issued for the Company's shares or will be issued for the new shares. The ISIN code is SE0000171100 for the Company's class A shares and SE0000120669 for the Company's class B shares.

## SHAREHOLDERS' AGREEMENTS ETC.

As far as the Board of Directors is aware, no shareholders' agreements or any other agreements between the share-

holders of the Company with the aim to exercise joint influence over the Company are in place. Nor is the Board of Directors aware of any agreements or equivalent which may result in any change of control over the Company.

SSAB's shares are not subject to any offer made pursuant to a mandatory takeover bid, squeeze-out or sell-out. SSAB's shares have not been subject to any public takeover bids during the current financial year or the previous financial year.

## DIVIDEND POLICY

Dividends are adapted to the average earnings level over a business cycle and, in the long term, constitute approximately 50% of profit after tax, taking into consideration the net debt/equity ratio. It should also be possible to use dividends to adjust the capital structure.

### Dividend history

SEK	2015	2014	2013
Dividend per share	—	—	—

# Articles of association

## § 1

The Company's name is SSAB AB (publ). The Company's name in English is SSAB Corporation.

## § 2

The registered office shall be situated in Stockholm.

## § 3

The objects of the Company are, directly or indirectly, to own and administer real estate and chattels, to develop, produce, refine and sell, and otherwise engage in trade and conduct business in, products of iron, steel and other metals, and to conduct any other business compatible therewith.

## § 4

The share capital shall be not less than SEK 4,800,000,000 and not more than SEK 19,200,000,000.

## § 5

There shall be not less than 545,000,000 shares and not more than 2,180,000,000 shares. The shares may be issued in two classes, designated Class A and Class B. Not more than 2,180,000,000 Class A shares may be issued and not more than 2,180,000,000 Class B shares may be issued. Each Class A share shall entitle the holder to one (1) vote whilst each Class B share shall entitle the holder to one tenth (1/10) of one vote. Class A shares and Class B shares shall carry equal rights to participate in the assets and profits of the Company.

## § 6

If the Company decides to issue new Class A and Class B shares through a cash issue or an issue against payment through set-off of claims, each owner of Class A and Class B shares has a pre-emptive right to subscribe to new shares of the same class in proportion to the number of old shares that the shareholder owns (primary pre-emptive rights). Shares not subscribed through primary pre-emptive rights shall be offered for subscription to all shareholders (subsidiary pre-emptive rights). If the number of shares offered is less than the number subscribed through subsidiary pre-emptive rights, the shares shall be distributed among the subscribers in proportion to the number of old shares they own or, to the extent that is not possible, by lot.

If the Company decides to issue through a cash issue or an issue against payment through set-off of claims new shares either of Class A or Class B only, all shareholders, regardless of whether their shares are Class A or Class B, are entitled to pre-emptive rights to subscribe to the new shares in proportion to the number of old shares they own.

If the Company decides to issue warrants or convertibles through a cash issue or an issue against payment through set-off of claims, the shareholders have pre-emptive rights to subscribe to warrants as if the issue were of the shares that

may be subscribed to pursuant to the warrant and, respectively, pre-emptive rights to subscribe to convertibles as if the issue were of the shares that the convertibles may be converted to.

The above conditions shall not restrict in any way the possibility of deciding on a cash issue or an issue against payment through set-off of claims entailing exceptions to the shareholders' pre-emptive rights.

Where new shares are to be issued in conjunction with a bonus issue, Class A and Class B shares shall be issued *pro rata* to the number of shares of each class prior to the issue. Existing shares shall thereupon carry have pre-emptive rights to new shares of the same class *pro rata* to their portion of the share capital. The aforesaid shall not restrict in any way the possibility of issuing shares of a new class through a bonus issue after the requisite changes have been made in the Articles of Association.

## § 7

In addition to those members who, pursuant to law, are appointed other than by the General Meeting, the Board of Directors shall consist of not less than five and not more than ten members.

## § 8

The Company shall have one or two auditors or one or two registered public accounting firms.

The Board of Directors is authorized to appoint one or several special auditors to audit such statements or plans prepared by the Board of Directors in accordance with the Companies Act (2005:551) in relation to such an issue of shares, warrants or convertibles with provisions on non-cash consideration or that subscription shall be made against payment through set-off of claims or other provisions, transfer of own shares against non-cash consideration, reduction of the share capital or the statutory reserve, merger or division of limited companies.

## § 9

A General Meeting of Shareholders shall be convened by notice published in Post- och Inrikes Tidningar (the Official Gazette) and at the Company's website. It shall be announced in Dagens Nyheter and Svenska Dagbladet that notice of a General Meeting has been given.

Any shareholder wishing to attend a General Meeting must be entered as a shareholder in a printout or other presentation from the entire share register effective as of five weekdays prior to the date of the meeting, and must give the Company notice of his intention to attend preferably no later than 12 noon on the day prescribed in the notice convening the meeting, at which time also the number of advisors shall be stated. The latter-mentioned day may not be a Sunday,

any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday before the meeting.

## **§ 10**

General Meetings shall be held in Borlänge, Luleå, Oxelösund or Stockholm.

## **§ 11**

At the Annual General Meeting of Shareholders the following matters shall be addressed:

1. election of a Chairman for the Meeting,
2. compilation and approval of the voting register,
3. approval of the agenda proposed by Board of Directors,
4. election of one or two persons to attest the minutes,
5. determination whether the Meeting has been duly convened,
6. presentation of the annual report and the audit report as well as the consolidated financial statements and the audit report for the group,

7. resolutions in respect of
  - a) adoption of the profit and loss statement and the balance sheet as well as the consolidated profit and loss statement and the consolidated balance sheet,
  - b) appropriation of the Company's profit or loss according to the adopted balance sheet,
  - c) discharge from liability for the directors and the Managing Director,
8. determination of the fees payable to the Chairman of the Board of Directors, the directors and the auditors,
9. determination of the number of directors and auditors,
10. election of the Chairman of the Board of Directors and directors and, where appropriate, an auditor or auditors,
11. other matters incumbent on the General Meeting pursuant to the Companies Act (2005:551) or the by-laws.

## **§ 12**

The Company's financial year shall be the calendar year.

## **§ 13**

The Company's shares shall be registered in a central securities depository register in accordance with the Financial Instruments (Accounts) Act (1998:1479).

# Legal considerations and supplementary information

## GENERAL CORPORATE AND GROUP INFORMATION

The name of the Company (and its trading name) is SSAB AB (publ). SSAB's Swedish corporate identity number is 556016-3429 and the registered office of the Board of Directors is situated in the municipality of Stockholm, Sweden. The Company was incorporated in Sweden on October 5, 1918 and registered with the Swedish Companies Registration Office on October 18, 1918. The Company has been conducting operations since then. The Company is a Swedish public limited liability company governed by the Swedish Companies Act (2005:551).

SSAB is the ultimate parent company of the Group, which comprises approximately 20 directly owned subsidiaries in approximately 10 countries, which in their turn hold approximately 130 subsidiaries, the majority of which are wholly-owned. Furthermore, the Company holds interests in certain affiliated companies and joint ventures. The table below shows the most significant Group companies. The Group's holdings in affiliates are not of material importance to SSAB's financial position or earnings.

SUBSIDIARY	COUNTRY	SHARES AND VOTING RIGHTS, %
Plannja AB	Sweden	100
SSAB EMEA AB	Sweden	100
Tibnor AB	Sweden	100
SSAB Technology AB	Sweden	100
SSAB Americas Holding AB	Sweden	100
SSAB APAC Holding AB	Sweden	100
SSAB Central Inc.	Canada	100
SSAB US Holding Inc.	USA	100
Western Steel Limited	Canada	100
Rautaruukki Oyj	Finland	100
SSAB Finance UK	United Kingdom	100
SSAB Finance Brussels	Belgium	100

## MATERIAL AGREEMENTS

Presented below is a summary of material agreements entered into by SSAB during the past two years as well as other agreements entered into by SSAB which contains rights or obligations of material importance for SSAB (excluding agreements entered into in the ordinary course of business).

### Acquisitions and divestments

On January 22, 2014, SSAB made a recommended public share exchange offer to Rautaruukki's shareholders. On July 14, the European Commission approved the merger on the condition that SSAB divested certain assets. As of July 29, 2014, the Rautaruukki group became a subsidiary of SSAB and on November 20, 2014, SSAB obtained ownership of all the shares in Rautaruukki. The Rautaruukki share was subsequently delisted from Nasdaq Helsinki. SSAB paid 0.4752 newly issued SSAB class A shares and 1.2131 class B shares for

each Rautaruukki share. The total value of the share exchange offer totaled SEK 10.1 billion. Based on the closing prices of the SSAB and Rautaruukki shares on January 21, 2014, the share exchange offer corresponded to a premium of 20%. For further information, see Note 26 on p. 85 of SSAB's annual report for 2014, which is incorporated in this prospectus by reference (see "Incorporation by reference, etc." below).

## SUBSCRIPTION UNDERTAKINGS AND UNDERWRITING COMMITMENTS

### Subscription and lock-up undertakings

SSAB's two largest shareholders, Industrivärden and Solidium, together holding 28.7% of the total number of shares and 29.3% of the total number of votes in the Company, have each committed to exercise their preferential rights in the rights issue and thereby subscribe for new shares equivalent to their respective shareholdings in the Company, i.e., totaling 28.7% of the rights issue (see breakdown in the table below).

The above-mentioned shareholders have also undertaken not to reduce their holdings in the Company during certain periods, so called lock-up undertakings. These undertakings relate to both the period up to and including two weeks after the end of the subscription period, and, in the event that the Joint Global Coordinators subscribe for shares under the underwriting commitments (see "Underwriting agreement" below), the earlier of (i) the date on which the Joint Global Coordinators have sold all of the shares for which they have subscribed in the rights issue pursuant to their underwriting commitments; and (ii) July 21, 2016.

The above-mentioned subscription commitments and transfer restrictions, as regards the situation that the Joint Global Coordinators subscribe for shares according to their underwriting commitments, are conditional on that the Joint Global Coordinators have not terminated, or had the right to terminate, their underwriting commitments no later than the last day of the subscription period, that the subscription period ends before July 8, 2016 and that the refinancing banks have not terminated, or had the right to terminate, the refinancing agreements (see "Renegotiation of existing credit facilities and entry into new revolving credit facility" under the section "Capital structure and other financial information") no later than the last day of the subscription period. No compensation will be paid for these commitments.

### Underwriting commitments

The Joint Global Coordinators have, up to a total of around SEK 3,596 million, representing approximately 71.3% of the rights issue (see breakdown in the table below), guaranteed the subscription of the portion of the rights issue not covered by the above subscription undertakings. For these underwriting commitments, the Company will pay compensation totaling approximately SEK 90 million, and in addition thereto reimburse the Joint Global Coordinators for costs relating to



legal advisers and other expenses incurred in connection with the rights issue. The commitments made by the Joint Global Coordinators apply severally. Allotment of shares subscribed for under the underwriting commitments is made in accordance with the principles described in “*Allotment of new class B shares subscribed for without subscription rights*” in “*Terms and conditions*”.

The Company has provided customary warranties and indemnities for the Joint Global Coordinators’ underwriting commitments, which are also subject to customary terms and conditions, including that the Joint Global Coordinators shall be provided with legal disclosures and disclosures from the Company’s auditors with respect to the rights issue. The underwriting commitments are further subject to Industrivärden and Solidium, who as described above have committed to exercise their pre-emption rights in the rights issue, fulfilling their respective subscription commitments by the date on which the Company announces the final results of the rights issue at the latest. The Joint Global Coordinators’ commitments are, in addition, subject to customary termination provisions whereby they are entitled to terminate the agreement for breach of the guarantees provided by the Company and if the conditions set for the commitments are not met. Two of the Joint Global Coordinators, who together represent at least 51% of the underwriting commitments, may also jointly terminate the agreement if there has been a material adverse change in respect of the Company’s business or other events that affect the conditions (financial or other-

wise) to implement the issue or the conditions in the financial markets in general. As is customary, the Company has also undertaken not to carry out a capital increase, issue or similar action, sell shares or certain equity-related instruments, conduct a transaction with derivative or synthetic instruments or other similar measures, which would result in the transfer of economic rights associated with the shares (with some exceptions), without the prior written consent of the Joint Global Coordinators, from the date of the underwriting commitments up to and including October 28, 2016.

### Non-secured commitments

The above-mentioned subscription and underwriting commitments are not secured. Consequently, there is a risk that one or more shareholders concerned will not be able to fulfill their respective commitments. See also “*Subscription and underwriting commitments relating to the rights issue are not secured*” in the section “*Risk factors*”.

### Total commitments

Altogether, the subscription and underwriting commitments total 100% of the rights issue, with the breakdown shown in the following table. The commitments were made in connection with the Board of Directors’ rights issue resolution on April 21, 2016 and the Board of Directors’ resolution on the final terms and conditions for the rights issue on May 23, 2016.

	EXISTING SHAREHOLDING	SUBSCRIPTION COMMITMENT (PREFERENTIAL), SHARE OF THE RIGHTS ISSUE, %	UNDERWRITING COMMITMENT, SEK MILLION	UNDERWRITING COMMITMENT, SHARE OF THE RIGHTS ISSUE, %	TOTAL COMMITMENT, SHARE OF THE RIGHTS ISSUE, %
Aktiebolaget Industrivärden	63,860,957 shares <sup>1)</sup>	11.6	–	–	11.6
Solidium Oy	93,965,035 shares <sup>2)</sup>	17.1	–	–	17.1
Crédit Agricole CIB <sup>3)</sup>	–	–	1,438	28.5	28.5
Nordea <sup>4)</sup>	–	–	899	17.8	17.8
Handelsbanken <sup>5)</sup>	–	–	180	3.6	3.6
Swedbank <sup>6)</sup>	–	–	1,079	21.4	21.4
<b>Total</b>		<b>28.7</b>	<b>3,596</b>	<b>71.3</b>	<b>100.0</b>

1) Whereof 63,105,972 class A shares and 754,985 class B shares.

2) Whereof 26,448,015 class A shares and 67,517,020 class B shares.

3) 9, quai du Président Paul Doumer, 92920 Paris la Défense Cedex, France.

4) Smölandsgatan 17, 105 71 Stockholm.

5) 106 70 Stockholm.

6) 105 34 Stockholm.

## LEGAL PROCEEDINGS AND ARBITRATION

The Group operates in several countries and is from time to time subject to litigation, claims and administrative procedures within the ordinary course of its business. During the fall of 2008, a number of class actions were brought in the US against a number of steel producers, including SSAB, alleging that they had violated US anti-trust legislation by colluding to restrict steel production in the US during 2005–2008 with the aim of influencing steel prices. The opposing party consists of direct and indirect purchasers of relevant steel products who are claiming an unspecified amount in damages from the sued steel producers. SSAB denies the allegations. The Group is otherwise involved in a very limited number of legal disputes of a nature customary for the business, such as insurance and warranty matters as well as complaints. In addition to that, SSAB has not been involved in any legal or arbitration proceedings (including proceedings which are

pending or those that SSAB is aware may arise) over the last twelve months, which recently had or may have significant effects on SSAB’s financial position or profitability.

## RELATED-PARTY TRANSACTIONS

The table below sets forth transactions between SSAB and related parties during the financial years 2013–2015 and during the period January–March 2016. For information on the remuneration of the board members and members of the Group Executive Committee, see section “*Board of Directors, Group Executive Committee and auditor*”.

- Between December 31, 2015 and March 31, 2016, SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 37 million. Lulekraft purchased gas from SSAB Europe for SEK 90 million and resold electricity for SEK 22 million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 29 million

and sold back energy for SEK 21 million. Oxelösunds Hamn sold port services to SSAB Special Steels for SEK 26 million and purchased other services for SEK 15 million. Helens Rör bought steel from the steel operations for SEK 47 million and SSAB Europe purchased refractory materials from Bet-Ker for SEK 18 million. The board member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB from which he received SEK 0.1 million in fees. The transactions took place at arm's length prices.

- In 2015, SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 140 million. Lulekraft purchased gas from SSAB Europe for SEK 173 million and resold electricity for SEK 94 million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 60 million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 119 million and sold back energy for SEK 84 million. Oxelösunds Hamn sold port services to SSAB Europe for SEK 256 million and purchased other services for SEK 42 million. Fortaco bought steel from the steel operations for SEK 50 million and Helens Rör for SEK 178 million. SSAB Europe purchased refractory materials from Bet-Ker for SEK 73 million. The board member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB from which he received SEK 0.6 million in fees. The transactions took place at arm's length prices. See also Note 3 on page FR47 in the annual report for 2015.
- In 2014, SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 83 million. Lulekraft purchased gas from SSAB Europe for SEK 229 million and resold electricity for SEK 153 million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 302 million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 60 million and sold back energy for SEK 65 million. Oxelösunds Hamn sold port services to SSAB Europe for SEK 216 million and purchased other services for SEK 27 million. Fortaco bought steel from the steel operations for SEK 38 million and Helens Rör for SEK 71 million. SSAB Europe purchased refractory materials from Bet-Ker for SEK 32 million. The board member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB from which he received SEK 0.4 million in fees. The transactions took place at arm's length prices. See also Note 3 on page 64 in the annual report for 2014.
- In 2013, SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 80 million. Lulekraft purchased gas from SSAB EMEA for SEK 265 million and resold electricity for SEK 155 million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 265 million and sold for SEK 2 million. Oxelösunds Hamn sold port services to SSAB EMEA for SEK 268 million and purchased other services for SEK 24 million. The board member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB EMEA from which he received SEK 0.4 million in fees. The transactions took place at arm's length prices. See also Note 3 on page 81 in the annual report for 2013.

## ADVISORS/INTERESTS OF RELEVANCE FOR THE OFFER

Crédit Agricole CIB, Handelsbanken, Nordea and Swedbank provide financial advice to SSAB in connection with the rights issue. These advisors (and their affiliates) have provided, and

may in the future provide, various banking, financial, investment, commercial and other services to SSAB for which they have received, and may receive, compensation. Furthermore, the above mentioned financial advisors (and their affiliates) are lenders and/or brokers, alternatively guarantors, of loans granted to SSAB and have entered into underwriting agreements regarding the forthcoming rights issue. See "*Underwriting commitments*" above for further information.

Mannheimer Swartling Advokatbyrå is SSAB's legal advisor in connection with the rights issue.

## INCORPORATION BY REFERENCE, ETC.

SSAB's consolidated financial statements for the financial years 2013–2015 as well as for the period January–March 2016 form part of this prospectus and are to be read as part thereof. These financial reports can be found in SSAB's interim report for the period January–March 2016 and annual reports for the financial years 2015, 2014 and 2013, where reference is made in accordance with the following:

- Interim report for the period January–March 2016: income statement (page 15), statement of comprehensive income (page 16), statement of changes in equity (page 16), balance sheet (page 17), Cash flow statement (page 18) and review report (page 14);
- SSAB's Annual Report for 2015, Board of Directors' report (pages FR2–FR22 and page F85), income statement (page FR23), statement of comprehensive income (page FR23), balance sheet (page FR24) statement of changes in equity (page FR26), Cash flow statement (page FR26), Notes (pages FR42–FR84) and Auditor's report (pages FR86–FR87);
- SSAB's Annual Report for 2014, Board of Directors' report (pages 34–43 and page 96), income statement (page 44), statement of comprehensive income (page 44), balance sheet (page 45) statement of changes in equity (page 46), Cash flow statement (page 479, Notes (pages 60–95) and Auditor's report (page 97);
- SSAB's Annual Report for 2013, Board of Directors' report (pages 13–52 and page 111), income statement (page 59), statement of comprehensive income (page 59), balance sheet (page 60) statement of changes in equity (page 61), Cash flow statement (page 62), Notes (pages 74–111) and Auditor's report (page 112).

The parts of the interim report as well as the annual reports that are not referenced to, contain information presented elsewhere in this prospectus or which is deemed not relevant to investors. SSAB's financial statements for the financial years 2013–2015 have been audited by the Company's auditor and the Auditor's reports are attached to the relevant annual report. The interim report for the period January–March 2016 is reviewed by the Company's auditor and the review report is attached to the interim report.

## DOCUMENTS ON DISPLAY

The following documents may be downloaded on SSAB's website, [www.ssab.com](http://www.ssab.com). Copies of the documents may also be obtained at the head office of SSAB (Klarabergsviadukten 70, D6, Stockholm, Sweden) during the validity of this prospectus (regular office hours on business days).

- SSAB's Articles of Association.
- SSAB's and its subsidiaries Annual Reports for 2013–2015 (including audit reports).
- SSAB's interim report for the period January–March 2016.

# Tax issues

## CERTAIN TAX ISSUES IN SWEDEN

The following summary outlines certain Swedish tax consequences relating to the offer to subscribe for new shares for shareholders and holders of subscription rights in the Company. The summary is only applicable to individuals and limited liability companies (Sw. *aktiebolag*) tax resident in Sweden, unless otherwise stated. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not cover securities held by partnerships or held as current assets in business operations. Furthermore, the summary does not cover the specific rules on tax-exempt dividends and capital gains (including non-deductibility for capital losses) in the corporate sector, which may become applicable when shareholders hold securities that are considered to be held for business purposes (Sw. *näringsbetingade andelar*). Nor does the summary cover the special rules which may be applicable to holdings in companies which are, or previously were, closely-held companies, or to shares acquired pursuant to so-called qualified shares in closely-held companies. Moreover, the summary does not cover shares or other securities that are held in a so-called investment savings account (Sw. *investeringssparkonto*) and that are subject to special rules on standardized taxation. Special rules apply to certain categories of taxpayers, for example, investment companies and insurance companies. The tax treatment of each individual shareholder depends on such investor's particular circumstances. Each holder of shares and subscription rights should, therefore, consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties.

### Individuals

#### *Capital gains taxation*

Upon the sale or other disposition of listed shares or other equity-related securities, such as subscription rights, a taxable capital gain or deductible capital loss may arise. Capital gains are taxed as capital income at a rate of 30%. The capital gain or loss is normally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis (for specific information about the tax basis for subscription rights, see "*Exercise and disposal of subscription rights*" below). The tax basis for all equity-related securities of the same class and type is calculated together in accordance with the "average cost method". It should be noted that BTAs (paid subscribed shares) in this context are not considered to be of the same class and type as the existing shares that entitled the shareholder to the preferential right in the rights issue until the resolution of the rights issue has been registered with the Swedish Companies Registration Office.

Alternatively, upon the sale of listed shares, such as the shares in the Company, the tax basis may alternatively be determined as 20% of the sales proceeds, after deducting sales costs, under the "notional rule".

Capital losses on listed shares and other listed equity-related securities are fully deductible against taxable capital gains on shares and on other listed equity-related securities, with the exception of units in securities funds or special funds that consist solely of Swedish receivables (Sw. *räntefonder*).

Capital losses on shares and other equity-related securities which cannot be set off in this way can be deducted with up to 70% against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction is allowed with 30% on the portion of such net loss that does not exceed SEK 100,000 and with 21% on any remaining loss. Such net loss cannot be carried forward to future income years.

#### *Dividend taxation*

For individuals, dividends on listed shares are taxed as income from capital at a rate of 30%. A preliminary tax of 30% is generally withheld by Euroclear or, in respect of nominee-registered shares, by the Swedish nominee.

#### *Exercise and disposal of subscription rights*

The exercise of subscription rights does not give rise to any taxation. The acquisition cost for shares received is the issue price. If subscription rights used for subscribing for shares have been purchased or otherwise acquired (*i.e.*, that have not been received based on a holding of existing shares) the tax basis for the subscription rights should be included when calculating the tax basis for the subscribed shares.

For shareholders that do not wish to utilize their preferential right to participate in the rights issue of shares, and there-

fore dispose of their subscription rights, a capital gain or loss is calculated. Subscription rights based on a holding of existing shares are considered to have been acquired at SEK 0. The total sales proceeds, after deduction of sales costs, are thus taxable. The “notional rule” is not applicable in this case. The tax basis for the original shares is not affected.

For subscription rights purchased or otherwise acquired, the price paid for the rights constitutes the tax basis. The “notional rule” may be applied on disposal of listed subscription rights in this case.

A subscription right that is not exercised or sold, and thus expires, is considered to have been disposed of at SEK 0.

## Limited liability companies

### *Capital gains and dividends taxation*

For Swedish limited liability companies (*aktiebolag*) all income, including taxable capital gains and dividends, is taxed as business income at a rate of 22%. Capital gains and capital losses are calculated in the same manner as described above for individuals. Deductible capital losses on shares and other equity-related securities may only be deducted against taxable capital gains on such securities. Under certain circumstances such capital losses may also be deducted against capital gains in another company in the same group, provided that the requirements for exchanging group contributions (*Sw. koncernbidragsrätt*) between the companies are met. A capital loss that cannot be utilized during a given income year may be carried forward and be offset against taxable capital gains on shares and other equity-related securities during subsequent income years, without limitation in time.

### *Exercise and disposal of subscription rights*

The exercise of subscription rights does not give rise to any taxation. The acquisition cost for shares received is the issue price. If subscription rights used for subscribing for shares have been purchased or otherwise acquired (*i.e.*, that have not been received based on a holding of existing shares) the tax basis for the subscription rights should be included when calculating the tax basis for the subscribed shares.

For shareholders that do not wish to utilize their preferential right to participate in the rights issue of shares, and therefore dispose of their subscription rights, a capital gain or loss is calculated. Subscription rights based on a holding of existing shares are considered to have been acquired at SEK 0. The total sales proceeds, after deduction of sales costs, are thus taxable. The “notional rule” is not applicable in this case. The tax basis for the original shares is not affected.

For subscription rights purchased or otherwise acquired, the price paid for the rights constitutes the tax basis. The “notional rule” may be applied on disposal of listed subscription rights in this case.

A subscription right that is not exercised or sold, and thus expires, is considered to have been disposed of at SEK 0.

## Specific tax considerations for shareholders or holders of subscription rights who are not tax residents in Sweden

### *Withholding tax on dividends*

For shareholders not tax resident in Sweden who receive dividends from a Swedish limited liability company, Swedish withholding tax is normally payable. The tax rate is 30%. However, the tax rate is often reduced by tax treaties between Sweden and other countries for the avoidance of double taxation. The majority of Sweden’s tax treaties allow for a reduction of the Swedish tax to the tax rate stipulated in the treaty directly at the payment of dividends, provided that necessary information is available in relation to the person entitled to such dividends. In Sweden, Euroclear or, for nominee-registered shares, the nominee normally carries out the withholding. The receipt of subscription rights does not give rise to any obligation to pay withholding tax.

If a 30% withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or if excessive withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

### *Capital gains taxation*

Holders of shares and subscription rights not tax resident in Sweden and whose holding is not attributable to a permanent establishment in Sweden are generally not liable for Swedish capital gains taxation on the disposal of shares or subscription rights. The holders may, however, be subject to tax in their country of residence. Under a specific tax rule, individuals that are not tax resident in Sweden may, however, be subject to tax in Sweden on the sale of certain securities (such as shares, BTAs and subscription rights) if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The application of this rule may be limited by tax treaties between Sweden and other countries.

## CERTAIN TAX ISSUES IN FINLAND

The following summary outlines certain Finnish tax consequences relating to the offer to subscribe for new shares for shareholders and holders of subscription rights in the Company. The summary is only applicable to individuals and limited liability companies (Fi. osakeyhtiö) tax resident in Finland, unless otherwise stated. The summary is based on the laws of Finland as currently in effect and is intended to provide general information only. The summary does not cover securities held by partnerships or held as current assets in business operations. Furthermore, the summary does not cover the specific rules on tax-exempt dividends and capital gains (including non-deductibility for capital losses) in the corporate sector, which may become applicable when shareholders hold securities that are considered to be held for business purposes. Nor does the summary cover the special rules which may be applicable to, for example, investment companies, financial institutions and insurance companies. The tax treatment of each individual shareholder depends on such investor's particular circumstances. Each holder of shares and subscription rights should, therefore, consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties.

### Individuals

#### *Capital gains taxation*

Upon the sale or other disposition of listed shares or other equity-related securities, such as subscription rights, a taxable capital gain or deductible capital loss may arise. Capital gains are taxed as capital income at a rate of 30% and 34% on capital income exceeding EUR 30,000. Capital gains are tax exempt and capital losses are non-deductible in case the total annual sales price of any sold assets is less than EUR 1,000. A capital gain or a capital loss is normally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis (for specific information about the tax basis for subscription rights, see "*Exercise and disposal of subscription rights*" below). The tax basis for equity-related securities and BTAs (Interim shares) is the actual cost paid on those securities.

Alternatively, upon sale of shares in the Company, the tax basis may be determined as 20% of the sales price (if the shares have been owned less than 10 years) or 40% of the sales price (if the shares have been owned at least 10 years) (so called "presumptive acquisition cost"). When using the presumptive acquisition cost method no costs relating to the sale can be deducted. Instead, the presumptive acquisition cost is assumed to include all costs.

Capital losses on listed shares and other listed equity-related securities are fully deductible against taxable capital gains. If there is a net capital loss it can be utilized during a 5 year period against capital gains on shares.

The shares are in general deemed to be disposed based on FIFO ("first in, first out") principle unless otherwise proven by the tax payer.

#### *Dividend taxation*

The gross dividend from a listed company is taxable in Finland for Finnish resident individuals such that 15% of the dividend is tax exempt and the remaining 85% of the dividend is taxed as capital income at a rate of 30% or for capital income exceeding EUR 30,000 at a rate of 34%. The Finnish shareholder may receive a Finnish tax credit for any tax withheld in Sweden.

#### *Exercise and disposal of subscription rights*

The exercise of subscription rights does not give rise to any taxation. When the subscription right has been obtained based on an existing shareholding, the total sum of subscription prices of new shares and the acquisition cost of old shares is divided to all shares in order to achieve the new acquisition cost. If subscription rights used for subscribing for shares have been purchased or otherwise acquired (i.e., have not been received based on a holding of existing shares) the tax basis for the subscription rights is included when calculating the tax basis for the subscribed shares.

For shareholders that do not wish to utilize their preferential right to participate in the rights issue of shares, and therefore dispose of their subscription rights, a capital gain or loss is calculated. Subscription rights based on a holding of existing shares are considered to have been acquired at EUR 0. The total sales proceeds, after deduction of sales costs, are thus taxable. The "presumptive acquisition cost" method is applicable also to a sale of subscription rights. The disposal of subscription rights does not impact the acquisition cost / tax base of the original shares.

For subscription rights purchased or otherwise acquired, the price paid for the rights constitutes the tax basis. The "presumptive acquisition cost" method is applicable also to a sale of subscription rights.

A subscription right that is not exercised or sold, and thus expires, will result in a loss corresponding to the acquisition cost, if any.

### Limited liability companies

#### *Capital gains and dividend taxation*

For Finnish limited liability companies (osakeyhtiö) taxable capital gains are taxed at a rate of 20%. Capital gains and capital losses are calculated by deducting the acquisition cost from the sales price. A net loss that cannot be utilized in a given income year may be carried forward for ten subsequent years.

The gross dividend from a listed company is taxable in Finland for resident unlisted limited liability companies at a rate of 20%. In case the recipient holds at least 10% of the shares in the company, the dividend is tax exempt. Also, dividends received by publicly listed companies are tax-exempt



in Finland regardless of the ownership level. The Finnish shareholder may receive a Finnish tax credit for any tax withheld in Sweden.

#### ***Exercise and disposal of subscription rights***

The exercise of subscription rights does not give rise to any taxation. The acquisition cost for shares received is the subscription price. If subscription rights used for subscribing for shares have been purchased or otherwise acquired (*i.e.*, have not been received based on a holding of existing shares) the tax basis for the subscription rights should be included when calculating the tax basis for the subscribed shares.

For shareholders that do not wish to utilize their preferential right to participate in the rights issue of shares, and therefore dispose of their subscription rights, a capital gain or loss is calculated. Subscription rights based on a holding of existing shares are considered to have been acquired at EUR 0. The total sales proceeds, after deduction of sales costs, are thus taxable. The disposal of subscription rights does not impact the acquisition cost / tax base of the original shares.

For subscription rights purchased or otherwise acquired, the price paid for the rights constitutes the tax basis.

A subscription right that is not exercised or sold, and thus expires, will result in a capital loss corresponding to the acquisition cost, if any.



## CERTAIN TAX ISSUES IN DENMARK

The following is a summary of certain Danish income tax considerations relating to the offer to subscribe for new shares for shareholders and holders of subscription rights in the Company. The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the shares. The summary is based solely upon the tax laws of Denmark in effect on the date of this prospectus. Danish tax laws may be subject to change, possibly with retroactive effect. The summary does not cover investors to whom special tax rules apply, and, therefore, may not be relevant, for example, to investors subject to the Danish Tax on Pension Yields Act (*i.e.*, pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. The summary only sets out the tax position of the direct owners of the shares and further assumes that the direct investors are the beneficial owners of the shares and any dividends thereon. Sales are assumed to be sales to a third party. Potential investors are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances as such consequences may differ significantly from those described herein

### Individuals

#### *Sale of shares*

Gains from the sale of shares are taxed as share income at a rate of 27% on the first DKK 50,600 in 2016 (for cohabiting spouses, a total of DKK 101,200) and at a rate of 42% on share income exceeding DKK 50,600 (for cohabiting spouses, income exceeding DKK 101,200). Such amounts are subject to annual adjustments and include all share income (*i.e.*, all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method, which means that each share is considered to be acquired for a price equivalent to the average acquisition price of all the shareholders' shares in the issuing company.

Losses on the sale of shares admitted to trading on a regulated market can only be offset against other share income deriving from shares admitted to trading on a regulated market, (*i.e.* received dividends and capital gains on the sale of shares admitted to trading on a regulated market). Unutilized losses will automatically be offset against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market and additional losses can be carried forward indefinitely and offset against future share income deriving from shares admitted to trading on a regulated market.

Losses on shares admitted to trading on a regulated market may only be set off against gains and dividends on other shares admitted to trading on a regulated market if the Danish tax authorities have received certain information concerning the ownership of the shares. This information is normally provided to the Danish tax authorities by the securities dealer.

### *Dividends*

Dividends paid to individuals who are tax residents of Denmark are taxed as share income, as described above. All share income must be included when calculating whether the amounts mentioned above are exceeded. The Danish shareholder may receive a Danish tax credit for any tax withheld in Sweden.

### Companies

#### *Sale of shares*

For the purpose of taxation of sales of shares made by corporate shareholders, a distinction is made between Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares and Taxable Portfolio Shares:

"Subsidiary Shares" are generally defined as shares owned by a shareholder holding at least 10% of the nominal share capital of the issuing company.

"Group Shares" are generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to Danish joint taxation or fulfill the requirements for international joint taxation under Danish law.

"Tax-Exempt Portfolio Shares" are generally defined as shares not admitted to trading on a regulated market owned by a shareholder holding less than 10% of the nominal share capital of the issuing company.

"Taxable Portfolio Shares" are defined as shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares.

In the following only the rules applicable to Taxable Portfolio Shares are summarized.

Capital gains from the sale of Taxable Portfolio Shares admitted to trading on a regulated market are taxable at a rate of 22% irrespective of ownership period. Losses on such shares are generally deductible.

Gains and losses on Taxable Portfolio Shares admitted to trading on a regulated market are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realized. If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the value of the Taxable Portfolio Shares at realization. If the Taxable Portfolio Shares are acquired and realized in the same income year, the taxable income equals the difference between the acquisition sum and the realization sum. If the Taxable Portfolio Shares are acquired in the income year and not realized in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income years.

### ***Dividends***

Dividends paid on Taxable Portfolio Shares are subject to the standard corporation tax rate of 22% irrespective of ownership period. The Danish shareholder may receive a Danish tax credit for any tax withheld in Sweden.

### **Exercise and disposal of subscription rights (Individuals and Companies)**

The exercise of subscription rights does not give rise to any taxation. The acquisition cost for shares received is the issue price. If subscription rights used for subscribing for shares have been purchased or otherwise acquired (*i.e.*, have not been received based on a holding of existing shares) the tax basis for the subscription rights should be included when calculating the total acquisition cost for the subscribed shares.

Subscription rights received based on a holding of existing shares are considered to have been acquired at DKK 0. For subscription rights purchased or otherwise acquired, the price paid for the rights constitutes the tax basis.

For shareholders that do not wish to utilize their preferential right to participate in the issue of shares, and therefore dispose of their subscription rights, a capital gain is calculated as the sales proceeds less sales costs. The capital gain is treated in the manner as described in the sections Individuals, Sale of shares and Companies, Sale of shares. The tax basis for the original shares is not affected.

A subscription right that is not exercised or sold, and thus expires, is considered to have been disposed of at DKK 0.

### **Share Transfer Tax and Stamp Duties**

No Danish share transfer tax or stamp duties are payable on transfer of the shares.

## CERTAIN TAX ISSUES IN THE UNITED KINGDOM

The following is a summary of certain United Kingdom tax considerations relating to an investment in the shares.

The statements set out below are based on current United Kingdom law and published HM Revenue & Customs (“**HMRC**”) practice (which may not be binding on HMRC), as of the date of this document, and which may be subject to change, possibly with retroactive effect. Shareholders should note that the following reflects changes in law and tax rates set out in the Finance Bill (the “**Finance Bill 2016**”) which was published on March 24, 2016 and is expected to be enacted following parliamentary scrutiny later this year, likely in July. If the Finance Bill 2016 is not enacted in its current form or additional provisions are introduced, the tax position set out below may change. The statements are intended as a general guide and apply only to shareholders resident and, in the case of an individual, domiciled in (and only in) the United Kingdom for United Kingdom tax purposes (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold shares as an investment (other than under an individual savings account or self-invested personal pension) and who are the absolute beneficial owners of the shares and any dividends paid on them. (In particular, shareholders holding their shares via a depositary receipt system or clearance service should note that they may not always be regarded as the absolute beneficial owners thereof.) The discussion does not address all possible tax consequences relating to an investment in the shares. The statements are not addressed to: (i) special classes of shareholders such as (and without limitation), for example, dealers in securities, broker dealers, intermediaries, insurance companies and collective investment schemes; (ii) shareholders who hold shares as part of hedging transactions; (iii) shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment; and (iv) shareholders who hold shares in connection with a trade, profession or vocation carried on in the United Kingdom through a branch or agency (or, in the case of a corporate shareholder, in connection with a trade in the UK carried on through a permanent establishment or otherwise).

Shareholders or prospective shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

### Individuals (resident in the UK)

#### *Dividends*

UK resident individual shareholders who receive a dividend from the Company will be entitled to a dividend allowance in the form of a 0% tax rate on the first GBP 5,000 of dividend income received in a year. The dividend tax rates for any additional dividend income above GBP 5,000 will be set at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers (2016/17). Dividend income that is within the dividend allowance will still count towards an individual's basic or higher rate limits. Dividend income will be treated as the top slice of a shareholder's income.

An individual shareholder may be entitled to a credit for Swedish withholding tax against his United Kingdom income tax liability (if any) on the dividend and shareholders should consult their own professional advisers.

#### *Chargeable Gains*

A disposal or deemed disposal of shares by a shareholder who is resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains. This will depend upon the shareholder's circumstances and is subject to any available exemption

or relief (such as the annual exempt amount for individuals and indexation or substantial shareholding exemption for corporate shareholders).

Where an individual shareholder who is resident in the UK ceases to be so resident (or becomes resident outside of the UK for the purposes of double taxation arrangements (“**treaty non-resident**”)) for a period of five years or less, a disposal of all or part of his shares during that period may be liable to capital gains tax on his return to the UK, subject to any available exemptions or reliefs. Nothing in any double taxation relief arrangements prevents such an individual from being subject to UK capital gains tax in those circumstances.

If an individual shareholder who is subject to income tax at the higher or additional rate becomes liable to UK capital gains tax on the disposal of shares, the applicable rate will be 20% following the Finance Bill 2016. An individual shareholder who is subject to UK income tax at the basic rate, will be liable to UK capital gains tax on the disposal of shares at 10% (2016/17).

### Limited liability companies (resident in the UK)

#### *Dividends*

UK resident shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax at the rate of 20% (2016/17) on dividends paid by the Company, unless (subject to special rules for such shareholders that are small companies) the dividends fall within an exempt class

and certain other conditions are met. Each shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class (although it should be noted that the exemption is not comprehensive and is also subject to anti-avoidance rules).

Shareholders within the charge to corporation tax may be entitled to a credit for Swedish withholding tax and should consult their own professional advisers.

### ***Chargeable Gains***

A disposal or deemed disposal of shares by a shareholder who is resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains. This will depend upon the sharehold-

er's circumstances and is subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation or substantial shareholding exemption for corporate shareholders).

If a shareholder within the charge to UK corporation tax becomes liable to UK corporation tax on chargeable gains on the disposal of shares, the applicable rate will be 20% for companies paying the main rate of corporation tax, due to reduce to 19% from April 1, 2017, and following the Finance Bill 2016, and to 17% from April 1, 2020.

### ***Exercise and disposal of subscription rights***

No comment is made in respect of the exercise or disposal of subscription rights and holders of subscription rights should consult their own professional advisers in this regard.

## CERTAIN TAX ISSUES IN IRELAND

The following summary outlines certain Irish tax consequences relating to the offer to subscribe for new shares for shareholders and holders of subscription rights in the Company. The summary is only applicable to individuals and limited liability companies tax resident in Ireland, unless otherwise stated. The summary is based on the laws of Ireland as currently in effect and is intended to provide general information only. The summary does not cover securities held by partnerships or held as current assets in business operations. Furthermore, the summary does not cover exemptions from corporation tax on chargeable gains under Irish participation exemption. Nor does the summary cover the special rules which may be applicable to, for example, investment companies, financial institutions and insurance companies. The tax treatment of each individual shareholder depends on such investor's particular circumstances. Each holder of shares and subscription rights should, therefore, consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties.

### Individuals

#### *Capital gains taxation*

Upon the sale or disposal of shares or other equity-related securities, such as subscription rights, a chargeable gain or allowable capital loss may arise. The current rate of Irish capital gains tax is 33%.

The gain to be taxed for capital gains taxation ("CGT") purposes is calculated by deducting the base cost of the asset, in this case the acquisition cost of the shares from the sales proceeds received upon disposal. Included in the deductible costs are incidental costs of acquisition such as currency exchange losses, broker fees etc., which all serve to reduce the amount of the gain chargeable to tax.

Furthermore, each Irish resident individual is entitled to an annual exemption of EUR 1,270 in respect of any capital gains made during the year. This amount is deducted from the overall gain in order to calculate the individual's final chargeable gain for Irish CGT purposes.

In general, a loss is computed in the same manner as a gain; i.e., by applying the basic computation rules for CGT purposes. Capital losses on listed shares and other listed equity-related securities are fully deductible against taxable capital gains on shares and on other listed equity-related securities.

Relief for losses is granted in the year in which the disposal giving rise to the loss actually takes place. The loss is set off against chargeable gains arising in the same year of disposal and any loss which is unused is carried forward to future years to be set off against future chargeable gains. Losses cannot be set off against previous years' gains but can only be carried forward.

Loss relief is set off against chargeable gains before the deduction of the annual exemption discussed above. Should the loss exceed the chargeable gain for the year the annual exemption is disregarded.

In a situation where an individual holds a number of shares issued at various times in order to identify which shares have been sold from a shareholding and, as a result, apply the correct base cost when calculating the capital gain or loss the FIFO ('First In First Out') method is used. FIFO is used to identify the acquisition date and the costs for the purposes of determining the overall chargeable gain/allowable loss arising

on a disposal of shares. Where the shares being sold were acquired in different blocks at different times, each block of shares must be treated as a separate disposal.

An individual's liability to CGT is assessed (or calculated) on a calendar year basis.

#### *Dividend taxation*

Foreign dividends received by an Irish resident individual are generally taxable at the standard rate of income tax in Ireland. Where tax has been applied at source in Sweden a tax credit may be available in the individual's Irish tax return in order to avoid double taxation.

#### *Exercise and disposal of subscription rights*

The exercise of subscription rights does not give rise to any Irish taxation considerations. The acquisition cost for shares received is the issue price.

If an individual opts not to utilize his/her preferential right of participation, when the individual disposes of their "rights" (or part of them) that individual should be treated as having received from the company a capital distribution equal to the consideration received for that disposal.

Upon disposal, a capital gain or loss is calculated in the same manner as above, being the proceeds received, after deduction of sales costs.

#### *Transfer Taxes/Stamp Duty*

Note that Irish Stamp Duty does not apply to the issue of new shares by a company. The acquiring individual resident in Ireland will not be subject to Irish Stamp Duty.

### Limited liability companies

#### *Capital gains taxation*

Under the general charge to Irish corporation tax ("CT"), Irish tax resident companies are taxable in respect of all income and gains wherever arising. Irish companies do not pay CGT, rather companies will pay corporation tax on chargeable gains. However, the general provisions relating to CGT do still apply to companies and the method of preparation of the computation for CT on chargeable gains is largely the same as a CGT computation and the effective rate of tax is 33%.

Any gain on a disposal is a chargeable gain and a loss on a disposal of an asset (shares) is an allowable loss if a gain on

the disposal of that asset would have been a chargeable gain. Current period capital losses and unutilized capital losses incurred in previous accounting periods are deducted from any capital gains calculated using CGT rules and arising in the current period.

A company can offset a capital loss against capital gains of the current accounting period. Capital losses cannot be offset against the company's total income. Where the capital loss exceeds the capital gain of the current period, the excess can be carried forward for off-set against capital gains subject to corporation tax of future periods.

A company's chargeable gains are included in the total profits for the period and as such, losses, charges and allowances which can be used to shelter total profits can be used to shelter chargeable gains.

#### ***Exercise and disposal of subscription rights***

The exercise of subscription rights does not give rise to any Irish taxation considerations.

The tax consideration regarding the disposal by a company of subscription rights is similar to the advice pointed out

above in respect of an individual. Upon disposal, a capital gain or loss is calculated in the same manner as above, being the proceeds received, after deduction of sales costs.

#### ***Dividend taxation***

In general foreign dividends are subject to tax at 25%. However a 12.5% rate may apply where a company receives dividends out of the trading profits of a company which is tax resident in the EU or a country with which Ireland has a double Taxation Agreement. A credit may also be available for the underlying foreign tax.

The 12.5% rate also applies to dividends received from a company in which the principal class of shares is traded on a recognized stock exchange. In this situation, there is no requirement that the paying company be EU or treaty state resident.

#### ***Transfer Taxes/Stamp Duty***

Note that Irish Stamp Duty does not apply to the issue of new shares by a company. The acquiring company resident in Ireland will not be subject to Irish Stamp Duty.



# Selling and transfer restrictions

The distribution of subscription rights and the offer to subscribe for new shares in the Company by exercise of subscription rights as well as without subscription rights (the “**Rights issue**”) to persons resident in, or who are citizens of, countries other than Sweden, Finland, Denmark, the United Kingdom and Ireland may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise subscription rights or to subscribe for new shares without subscription rights.

## GENERAL

SSAB has not taken and will not take any action to permit a public offering of the new shares being issued in the Rights issue (through the exercise of the subscription rights or otherwise) in any jurisdiction other than Sweden, Finland, Denmark, the United Kingdom and Ireland. Receipt of this prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus is for information only and must not be copied or redistributed.

Except as otherwise disclosed in this prospectus, if an investor receives a copy of this prospectus in any jurisdiction other than Sweden, Finland, Denmark, the United Kingdom and Ireland the investor may not treat the prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the subscription rights, paid subscribed shares/Interim shares (*Sw. betalda tecknade aktier*, “*BTA*”, “*Interimsaktier*”) or new shares being granted or offered, respectively, in the Rights issue (the “**Securities**”), unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Securities could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements.

Accordingly, if an investor receives a copy of this prospectus, the investor should not distribute or send the same, or transfer the Securities to any person, in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If any investor forwards this prospectus into any such jurisdictions (whether under a contractual or legal obligation or otherwise), such investor should draw the recipient’s attention to the contents of this section. Except as otherwise expressly noted in this prospectus, the following applies:

- the Securities may not be offered, subscribed for, sold or transferred, directly or indirectly, to or in Australia, Hong Kong, Japan, Canada, the United States or any other jurisdiction in which it would not be permissible to offer the Securities or where such action would require additional prospectuses, registration or measures other than those pursuant to Swedish, Finnish, Danish, British or Irish law (an “**Ineligible Jurisdiction**”, together the “**Ineligible Jurisdictions**”);
- the prospectus may not be sent to any person in any Ineligible Jurisdiction; and

- the transfer of subscription rights to an account of a shareholder or other person in an Ineligible Jurisdiction or of a citizen of an Ineligible Jurisdiction (referred to as “**Ineligible Persons**”) does not constitute an offer to such persons of new shares and Ineligible Persons may not exercise subscription rights.

If an investor subscribes for, receives, transfers, trades or otherwise deals in the Securities, that investor will be deemed to have made, or, in some cases, be required to make, among other things, the following representations and warranties to SSAB and any person acting on its behalf (unless such requirement is waived by SSAB):

- the investor is not located in an Ineligible Jurisdiction;
- the investor is not an Ineligible Person;
- the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- the investor understands that the Securities have not been or will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and may not be offered, subscribed for, exercised, pledged, sold, resold, allotted, delivered or otherwise transferred within the United States, or for the account or benefit of persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act; and
- the investor may lawfully be offered, exercise, subscribe for and receive Securities in the jurisdiction in which it resides or is currently located.

SSAB and any person acting on its behalf will rely upon the investor’s representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If a person is acting on behalf of a holder of subscription rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to SSAB with respect to the exercise of subscription rights on behalf of the holder. If such person does not or is unable to provide the aforementioned representations and warranties, SSAB will not be bound to authorize the allocation of any Securities to that person or the person on whose behalf the other is acting.

Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees, custodians and trustees) who is located outside of Sweden, Finland, Denmark, the United Kingdom and Ireland wishes to exercise,

deal in or subscribe for Securities, the investor must satisfy itself as to full observance of the applicable laws of any relevant jurisdiction including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any taxes due in such territories.

**The information set out in this section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise subscription rights or otherwise subscribe for Securities, that investor should consult professional advisers without delay.**

For shareholders who on the record date May 31, 2016 hold shares in SSAB through financial intermediaries, all subscription rights will initially be credited to such financial intermediaries for such shareholders' accounts. A financial intermediary may not exercise any subscription rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of subscription rights to certify the same.

Subject to certain exceptions, financial intermediaries are not permitted to send this prospectus or any other information about the Rights issue into any Ineligible Jurisdiction or to any Ineligible Person. The crediting of subscription rights to the account of persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer of Securities to such persons. Nominees, which include banks, brokers, custodians and other financial intermediaries, holding for Ineligible Persons may consider selling any or all subscription rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons.

Subject to certain exceptions, exercise instructions or certifications regarding subscription sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Securities will not be delivered to an addressee in any Ineligible Jurisdiction. SSAB reserves the right to reject any exercise or revoke any accepted exercise made in the name of any person who provides an address in an Ineligible Jurisdiction for exercise or delivery of Securities, who does not or is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to SSAB or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, SSAB reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of subscription rights which appears to it to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this prospectus, SSAB reserves the right to permit a holder to exercise its subscription rights if SSAB in its absolute discretion is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described below. In any such case, SSAB does not accept any liability for any actions that a holder takes or for any consequences that such holder may suffer by SSAB's acceptance of the holder's exercise of subscription rights.

None of SSAB, the Joint Global Coordinators, or any of their respective representatives is making any representation to any offeree, subscriber or purchaser of the Securities regarding the legality of an investment in the Securities by such offeree, subscriber or purchaser under applicable laws. Each investor should consult with its own advisors and make

its independent assessment of the legal, tax, business, financial and other consequences of a subscription or purchase of the Securities.

**Investing in the Securities involves risks. See "Risk factors" for a discussion of selected risks that prospective investors should consider before investing in the Securities.**

## United States

The Securities have not been and will not be registered under the Securities Act or under the securities legislation of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities legislation in any state or other jurisdiction of the United States. The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. Any offering of the Securities to be made in the United States will be made by the issuer and only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, to a limited number of investors who (i) are both existing holders of shares in SSAB and qualified institutional buyers as defined in Rule 144A under the Securities Act ("QIB") and (ii) have executed and delivered an investor letter, in form and substance acceptable, to SSAB. In connection with the offering, the Joint Global Coordinators will not effect any transactions or induce or attempt to induce the purchase or sale of any security in or into the United States.

Accordingly, subject to certain limited exceptions, this document will not be sent to, and no subscription rights will be credited to, any shareholder with a registered address in the United States. In addition, SSAB reserves the right to reject any instruction in respect of the Securities sent by or on behalf of any securities account holder with a registered address in the United States.

Until 40 days after the commencement of the Rights issue, an offer, sale or transfer of the Securities within the United States by a dealer (whether or not participating in the Rights issue) may violate the registration requirements of the Securities Act. The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission (SEC), any state regulatory authority in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Securities are distributed, offered or sold within the United States will, by accepting delivery of this prospectus or by its subscription for Securities, be deemed to have represented, acknowledged and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Securities, as the case may be, that, among other things:

1. it is at the time of receipt of the prospectus, and at the time of any exercise by it of subscription rights an existing shareholder of the Company and a QIB.
2. it understands and acknowledges that the Securities have not and will not be registered under the Securi-

- ties Act, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph 4 below.
3. it understands that the subscription rights may only be transferred, assigned or sold outside the United States in reliance on Regulation S under the Securities Act, and not in any case inside or into the United States.
  4. as a purchaser in a private placement of securities that have not been registered under the Securities Act, it may only acquire subscription rights, paid subscribed shares/Interim shares and new shares upon the exercise of such subscription rights, for its own account, or for the account of one or more other QIBs for which it is acting as duly authorized fiduciary or agent with sole investment discretion and with full authority to make the acknowledgments, representations and agreements herein, in each case for investment and not with a view to any resale or distribution of any such subscription rights or of any paid subscribed shares/Interim shares or new shares issuable upon exercise of the subscription rights.
  5. it understands and agrees that, although offers and sales in the United States of the subscription rights are being made only to QIBs, and that the subscription rights may be exercised only by QIBs in the United States, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future it or any such other QIB for which it is acting, as described in paragraph 4 above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, pledge or otherwise transfer any subscription rights, or any paid subscribed shares/Interim shares or new shares issued upon the exercise of subscription rights, it and such other persons will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) with respect to paid subscribed shares/Interim shares or new shares, to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States pursuant to Rule 904 under Regulation S under the Securities Act in an "offshore transaction" (and not in a pre-arranged transaction resulting in the resale of such subscription rights, paid subscribed shares/Interim shares or new shares into the United States), or (iv) in the case of new shares issued upon the exercise of subscription rights, in accordance with Rule 144 under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and any other jurisdictions. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of new shares.
  6. it understands that for so long as new shares issued upon the exercise of subscription rights are "restricted securities" within the meaning of U.S. federal securities laws, no such new shares may be deposited into any U.S. depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such new shares will not settle or trade through the facilities of the Depositary Trust Company or any other U.S. exchange or clearing system.
  7. it has received a copy of this prospectus and has had access to such financial and other information concerning SSAB as it has deemed necessary in connection with making its own investment decision to exercise subscription rights and has consulted with its own independent advisers or otherwise satisfied itself concerning the legal, tax and other economic considerations related to exercising its subscription rights. It acknowledges and agrees that neither SSAB nor the Joint Global Coordinators nor any person representing SSAB or the Joint Global Coordinators has made any representation to it with respect to SSAB or the Offer other than as set forth in the prospectus. It will hold any offering materials, including the prospectus, it receives directly or indirectly from SSAB or the Joint Global Coordinators in confidence, and it understands that any such information received by it is solely for it and may not be redistributed or duplicated by it. It acknowledges and agrees that the Securities have not been offered to it by SSAB or the Joint Global Coordinators in any form of general solicitation or general advertising (in the meaning set forth in Regulation D under the Securities Act).
  8. it, and each other QIB, if any, for whose account it may acquire subscription rights, paid subscribed shares/Interim shares or new shares, in the normal course of business, invests in or purchases securities similar to the Securities, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring subscription rights and new shares and is aware that it must bear the financial risk of an investment in each subscription right and any paid subscription share and new share for an indefinite period of time and is able to bear such risk for an indefinite period. It confirms that it is acquiring subscription rights or new shares for itself and any other QIB, if any.
  9. it understands that these representations and undertakings are required under United States securities laws and authorizes SSAB and the Joint Global Coordinators to produce these undertakings and the investor letter to any interested parties in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.
  10. it represents that if, in the future, it offers, resells, pledges or otherwise transfers the Securities, it shall notify such subsequent transferee of the transfer restrictions set out herein.
  11. it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of SSAB, and is not acting on behalf of an affiliate of SSAB.
  12. it understands and acknowledges that SSAB, the Joint Global Coordinators and each of their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.
- In addition, each person exercising subscription rights or otherwise subscribing for new shares will be deemed to have acknowledged and agreed that:
- (a) no person is authorized to give any information or make any representations other than those contained in the prospectus and, if given or made, such information or representations will not be relied upon as having been authorized by SSAB or the Joint Global Coordinators, nor will SSAB or the Joint Global Coordinators have any liability or responsibility therefore.

Each person to which Securities are distributed, offered or sold outside the United States will, by its subscription for, or purchase of, Securities, be deemed to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Securities, as the case may be, that:

- it is acquiring the Securities from SSAB in an “offshore transaction” as defined in Regulation S under the Securities Act; and
- the Securities have not been offered to it by SSAB by means of any “directed selling efforts” as defined in Regulation S under the Securities Act.

### Agreement of confidentiality

Any recipient of this document in the United States is hereby notified that this document is being furnished to it on a confidential basis and must not be reproduced, resent or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorized to use this document solely for the purpose of considering a subscription for Securities and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each recipient and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Securities. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

### Enforcement of liabilities and service of process

SSAB is a Swedish limited liability company. The majority members of the board of directors and the steering group are resident outside the United States. A substantial portion of the assets of SSAB and such persons are located outside the United States. As a result, it may not be possible for investors to serve writ of summons upon SSAB or such persons or to enforce against them in U.S. courts judgments obtained in such courts. Original actions, or actions for the enforcement of judgments of a U.S. court, relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Sweden. The United States and Sweden do not have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by a U.S. court based on civil liability will not be directly enforceable in Sweden. However, if the party in whose favor such final judgment is rendered brings a new lawsuit in a competent court in Sweden, that party may submit to the Swedish court

the final judgment that has been rendered in the United States. Although a judgment by a federal or state court in the United States against the Company or the Group will neither be recognized nor enforced by a Swedish court, it may serve as evidence in a similar action in a Swedish court.

### EEA

Within the European Economic Area (“**EEA**”), no public offering of Securities is made in other countries than Sweden, Finland, Denmark, the United Kingdom and Ireland. In other member states of the EEA which have implanted the Prospectus Directive, any offer of Securities may only be made to “qualified investors” as defined in Article 2.1 e) of the Prospectus Directive, or under other circumstances which do not require SSAB to publish any additional prospectuses in the relevant member state under Article 3 of the Prospectus Directive. Each recipients of this prospectus will be considered to have represented and guaranteed that they do not have or will not make any offer to the public in any member state of the EEA.

The term “public offering” refers to the definition under Article 2.1 d) of the Prospectus Directive. The term “Prospectus Directive” means European Parliament and Council Directive 2003/71/EC as well as any relevant implementing measures (including measures for the implementation of European Parliament and Council Directive 2010/73/EU amending the Prospectus Directive, etc.) in the relevant member state.

Generally, any person exercising their preferential subscription rights outside Sweden, Finland, Denmark, the United Kingdom and Ireland must ensure that doing so does not contravene applicable laws. Neither the prospectus nor any other document relating to the capital increase may be distributed outside Sweden, Finland, Denmark, the United Kingdom and Ireland other than in accordance with the laws and regulations applicable locally, or constitute a subscription offer in countries where such an offer would infringe on the local applicable legislation.

### Other jurisdictions

The Securities have not been and will not be registered in Australia, Hong Kong, Japan, Canada, or any other jurisdiction outside Sweden and may not be offered, subscribed for, exercised, pledged, sold, resold, delivered or otherwise transferred, directly or indirectly, in or to any such jurisdiction other than in such exceptional cases when a prospectus would not be required under applicable laws and regulations of such jurisdiction.

# Glossary

## Advanced high-strength steels

Multi-phase steels which contain martensite, bainite and/or retained austenite to achieve an improved balance of strength and formability as compared to conventional high-strength steels

## After-treatment – Heat treatment, cooling, etc.,

In order to endow the steel with certain qualities; also galvanizing, organic coating, and cutting to size

## Alloy

A substance composed of two or more metals or a metal and a non-metal

## Alloying material

Material that is added to the molten metal during the steel-making process and which combines with iron or other metals and changes the metal's qualities

## Application

Area of use; a product which uses a certain grade of steel

## Blast furnace

Continuously operating shaft furnace for the reduction of iron ore. The end product in the blast furnace is called pig iron or hot metal

## Carbon dioxide

CO<sub>2</sub>, a colorless gas, soluble in water to form carbonic acid; included in carbonated drinks and comprises 0.04% of the atmosphere and is identified as a greenhouse gas

## Cladding

A covering of a building's façade that can include solar panels, glass, color coated steel, aluminum, etc. used for new building and renovation construction

## Coiler

Mechanical part which captures strip from the rolling mill and coils it

## Coke

Dry distilled coal, the basic fuel consumed in blast furnaces in the reduction of iron ore

## Color coating/Coil Coating

A process where usually cold-rolled and metal-coated strip is additionally coated with an organic paint to improve corrosion protection and achieve a decorative, pleasing appearance

## Construction steel

Steel intended for, *e.g.*, load-bearing structures, *e.g.*, crane girders. Important qualities include strength, weldability, bendability and toughness

## Continuous casting

A process by which molten metal is solidified into a semi-finished billet, bloom, or slab for subsequent rolling

## Crude steel

Iron that has been fined from a part of the pig iron's carbon content, but not yet been refined to a defined steel product

## Electric arc furnace (EAF)

Steelmaking furnace where scrap is generally 100% of the charge. Heat is supplied from electricity that arcs from the graphite electrodes to the metal bath

## Frames

Prefabricated steel frame structures make it possible to create spacious and adaptable interiors. Steel is the perfect choice for strong, light and slender frame structures that are quick and safe to install. Steel frames can be tailored and easily optimized in terms of clear height and column spacing

## Galvanization

The process of applying a protective zinc coating to steel or iron to prevent rusting or corrosion

## Heavy plate

Plate with dimensions of 3–150 mm rolled in reversing plate or Steckel mills

## High-strength steels

Steels that can bear high static or dynamic loads without breaking

## Hollow section

A circular, square or rectangular tube that can be generally used in welded steel frames. In manufacturing hollow sections, a welded tube goes through a series of shaping stands, which form the round tube into the final square or rectangular shape

## Hot-dip galvanization

Method for adding a rust protection surface layer. For example, adding zinc and aluminum in hot, molten form on the steel. The opposite to zinc-plating, an electrochemical method of applying a coat of molten zinc to the surface of steel for the purpose of enhancing corrosion resistance



### Hot strip rolling mill

A mill for rolling heated slabs through a series of rolling stands to produce sheet steel in coil form

### Injection coal

Coal powder which is injected into the blast furnace under high pressure without being converted to coke

### Load-bearing sheets

Load-bearing profiled sheets are made of high-quality raw materials for the roof construction of commercial and industrial buildings. They are a cost-effective roof solution for achieving long spans, which eliminates secondary steelwork. They may also be designed as a stressed skin to distribute horizontal loads to the frame/foundations

### Metallurgy

The science and technology of metals

### Oxide scale

An oxide of iron which forms on the surface of hot-rolled steel

### Pig iron

Iron with a carbon content of over 1.7%. Melted pig iron is produced in blast furnace to go further to the oxygen process or casting

### Plate

Flat-rolled steel product typically classified as over 1,200 mm (48") in width and 4.5 mm (0.180") in thickness

### Profiled

Profiled (or corrugated) steel which is pressed in order to corrugate the steel

### Rain water systems (RWS)

The rainwater systems of a steel roof consist of guttering, downpipes, water tunnels, and other elements to channel rainwater efficiently into the sewer system

### Recycling

Return of used products or by-products to enter a new cycle of production and use

### Rolling mill

Any of the mills in which metal undergoes a rolling process. For plate, sheet and strip, these include the slabbing mill, hot-rolling mills, cold-rolling mills, and temper mills. Any operating unit that reduces gauge by application of loads through revolving cylindrical rolls; operation can be hot or cold. The elevated temperature rolling mill is the Hot Mill and is capable of reducing the gauge of a slab 92–99%

### Sandwich panel

Sandwich panels are prefabricated elements that consist of an inner insulation core between two color-coated steel sheet layers. The insulating core can be mineral wool, polyurethane or polystyrene. Sandwich panels are used in façades, partition walls and ceilings. The most typical applications include industrial, office and commercial buildings,

sports halls, warehouses and power plants. The panels are also suitable for food industry construction and demanding clean room applications

### Scrap

Ferrous (iron-containing) material that generally is re-melted and re-cast into new steel

### Shot blasting

Cleaning and descaling metal by means of a stream of abrasive powder or shot. The shot can be sand, small steel balls of various diameters, granules of silicon carbide, etc.

### Slab

The most common type of semi-finished steel, used for production of flat steel products

### Special steel

Alloyed steel

### Steel

Alloy of iron and carbon with a carbon content of less than 1.7%

### Strength

Properties related to the ability of steel to oppose applied forces. Forms of strength include withstanding imposed loads without a permanent change in shape or structure and resistance to stretching

### Structure

The steel's molecular form following different treatment methods; crystalline structure. May also refer to the size, shape, and arrangement of phases within the steel

### Temper mill

A type of cold rolling mill, usually a four-high, single stand mill, used to provide a relatively light, cold-rolling reduction to hot-rolled, cold-rolled, or coated flat steel products to improve flatness, minimize surface imperfections/flaws such as coil breaks, and to alter mechanical properties

### Thin plate

A thin plate/sheet 2–15 mm or coil normally produced as a coil in a hot-strip rolling mill and/or further rolled down in a cold-rolling mill

### Tube

Round or square tube is made in the same way as pipe. During the manufacturing process, a flat steel strip is gradually forced into shape to become round, and the edges are presented ready to weld. The edges are then welded together to form the tube. In making a square or rectangular cross-section, a welded tube goes through a series of shaping stands, which form the round tube into the final shape

### Wear steel

Steel with qualities adapted to withstand wear, *e.g.*, abrasion



# Addresses

## **SSAB AB (PUBL)**

### **Head office**

#### ***Visiting address***

Klarabergsviadukten 70, D6

#### ***Postal address***

Box 70, SE-101 21 Stockholm, Sweden  
Telephone: +46 (0)8 45 45,700  
[www.ssab.com](http://www.ssab.com)

## **FINANCIAL ADVISORS**

### **Crédit Agricole Corporate and Investment Bank**

9 quai du Président Paul Doumer  
92920 Paris La Défense Cedex, France  
[www.ca-cib.com](http://www.ca-cib.com)  
[equity\\_syndicate@ca-cib.com](mailto:equity_syndicate@ca-cib.com)

### **Handelsbanken Capital Markets**

Blasieholmstorg 11, SE-106 70 Stockholm, Sweden  
[www.handelsbanken.se](http://www.handelsbanken.se)  
[info@handelsbanken.se](mailto:info@handelsbanken.se)

### **Nordea Bank AB (publ)**

Smålandsgatan 17, SE-105 71 Stockholm, Sweden  
[www.nordea.se](http://www.nordea.se)  
[info@nordea.se](mailto:info@nordea.se)

### **Swedbank AB (publ)**

SE-105 34 Stockholm, Sweden  
[www.swedbank.se](http://www.swedbank.se)  
[info@swedbank.se](mailto:info@swedbank.se)

## **LEGAL ADVISOR**

### **Mannheimer Swartling Advokatbyrå**

Box 1711, SE-111 87 Stockholm, Sweden  
[www.mannheimerswartling.se](http://www.mannheimerswartling.se)  
[info@msa.se](mailto:info@msa.se)

## **AUDITOR**

### **PricewaterhouseCoopers AB**

Torsgatan 21, SE-113 97 Stockholm, Sweden  
[www.pwc.se](http://www.pwc.se)  
[kundcenter@se.pwc.com](mailto:kundcenter@se.pwc.com)



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