

Annual General Meeting 2015

Martin Lindqvist,
President & CEO

SSAB

SSAB



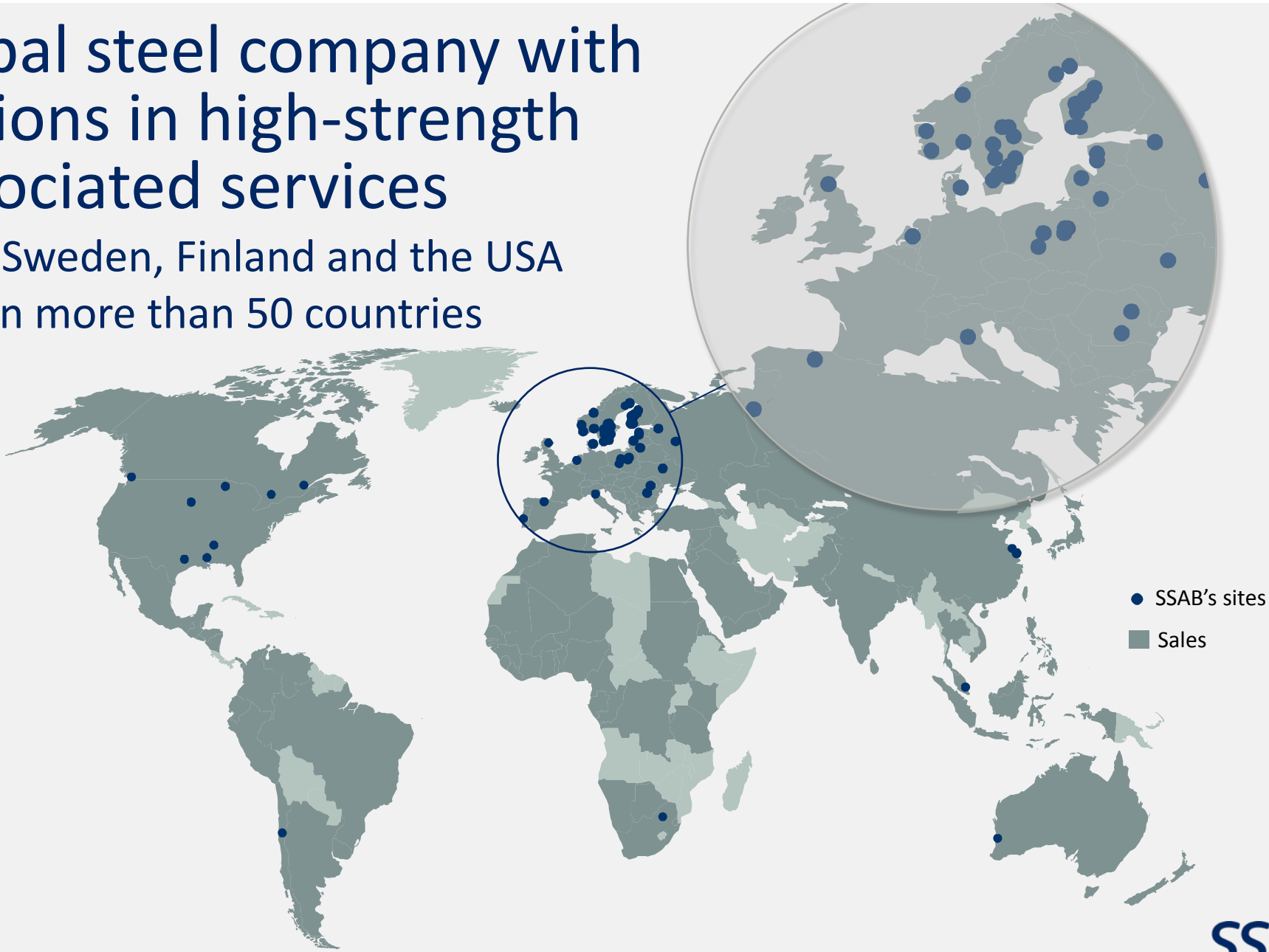
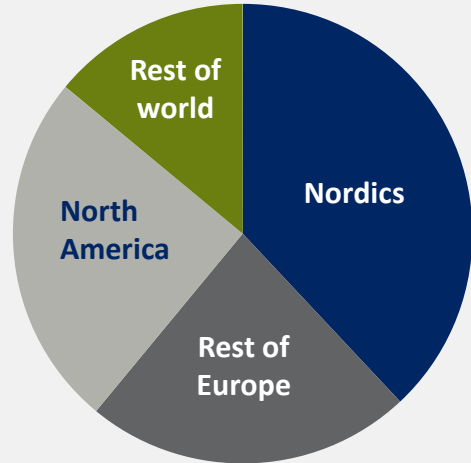
*A stronger, lighter
and more sustainable
world*

*Together with our customers, we
will go further than anyone else in
realizing the full potential of
lighter, stronger and more
sustainable steel products.*

SSAB is a global steel company with leading positions in high-strength steel and associated services

Steel production in Sweden, Finland and the USA
16,000 employees in more than 50 countries

Sales by region 2015
SEK 56bn



SSAB's strategy – "Taking the Lead"



Our brands are at the core of our growth strategy

| | | | | | | |
|--|---|--|---|---|---|---|
| STRENX™ PERFORMANCE STEEL | HARDOX® WEAR PLATE | DOCOL® HIGH STRENGTH STEEL | TOOLOX® ENGINEERING & TOOL STEEL | ARMOX® PROTECTION PLATE | GREENCOAT® COLORFUL STEEL | SSAB Domex SSAB Form SSAB Weathering SSAB Boron SSAB Laser Plus |
|  |  |  |  |  |  |  |
| A game-changer in steel performance | Hard and tough for maximum uptime | Safety for automotive | Better tool performance | Hardest steel for maximum protection | For harsh weather and greener living | Optimized families |

SSAB's brands are among our most valuable assets and stand for quality and trust



Leading value-added services

SSAB Knowledge Service Center,
develops customer applications



SSAB Shape – Center for
prefabrication and processing

SSAB SHAPE™
TAILORED SOLUTIONS

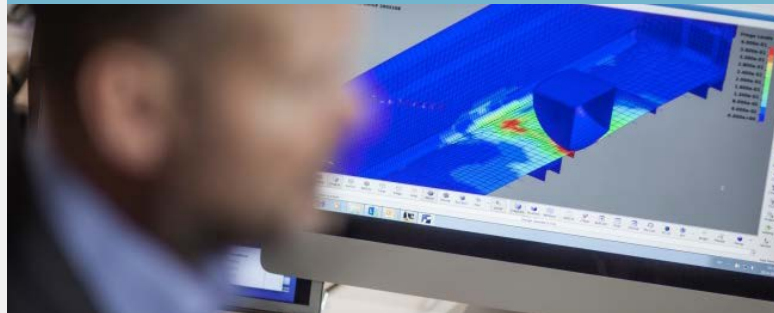
200 Hardox Wearparts
centers globally

HARDOX®
WEARPARTS

Local stocks and sales offices



Extensive local
technical support



Joint development programs
with customers



The provision of value-added services strengthens SSAB's customer relations

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SSAB Services – a new unit to enable growth in partnership with customers

- ▶ A newly-created unit - SSAB Services increases focus on services and the after-market business
- ▶ SSAB Services is responsible for SSAB's extended global service offering
 - Wear Services
 - “Shape” businesses
- ▶ Goal is to drive profitable growth
 - Increase sales of brand products, primarily Hardox
 - Create new customer applications
 - Develop new business models
- ▶ Gregoire Parenty heads the new unit

HARDOX[®]
WEARPARTS



SSAB SHAPE[™]
TAILORED SOLUTIONS



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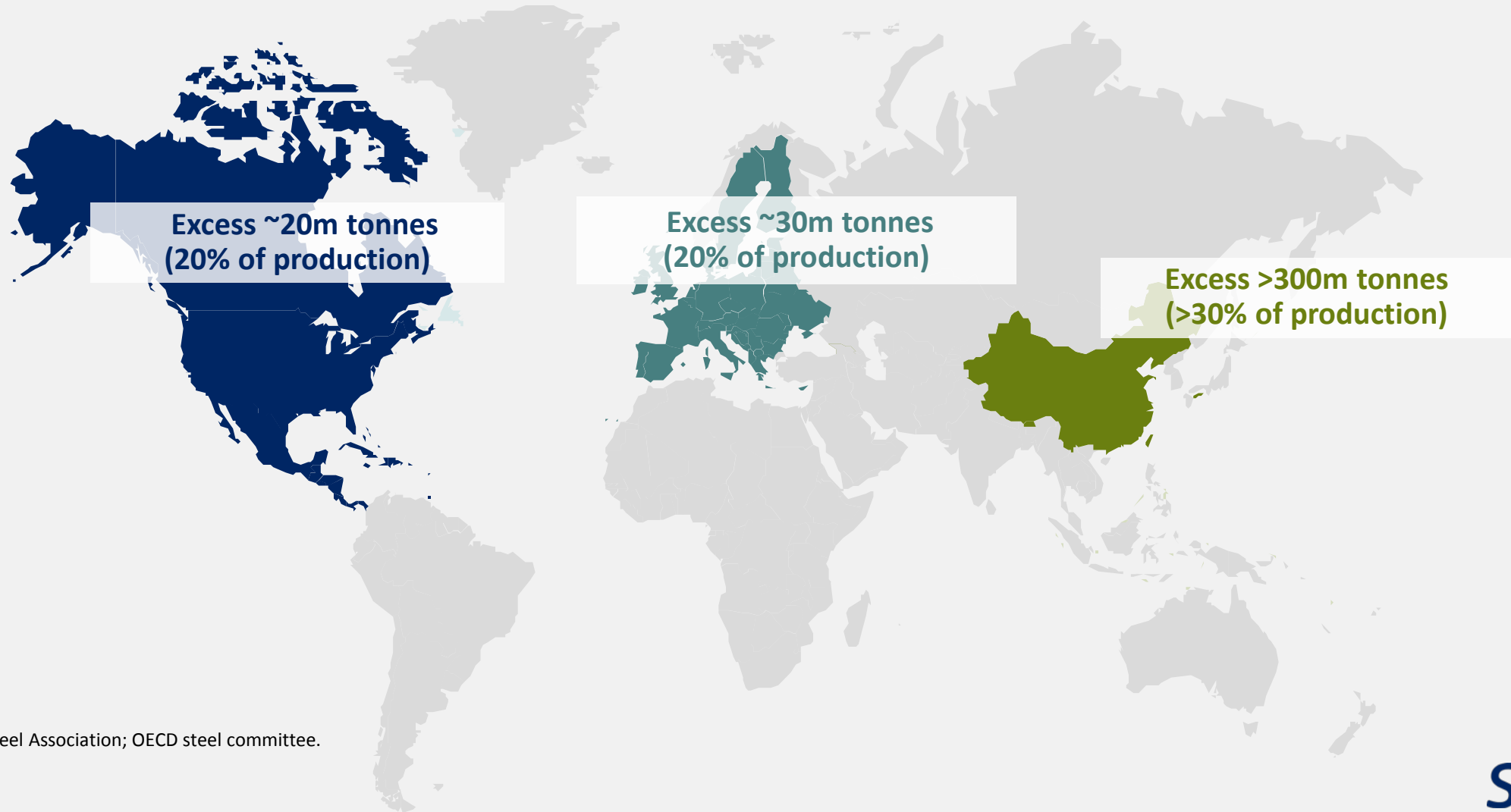
Market trends

Imbalances on the global steel market

- ▶ Low steel prices due to high export volumes from Asia and lower raw material prices
- ▶ Historically low level of capacity utilization
- ▶ Stable underlying demand in North America and Europe



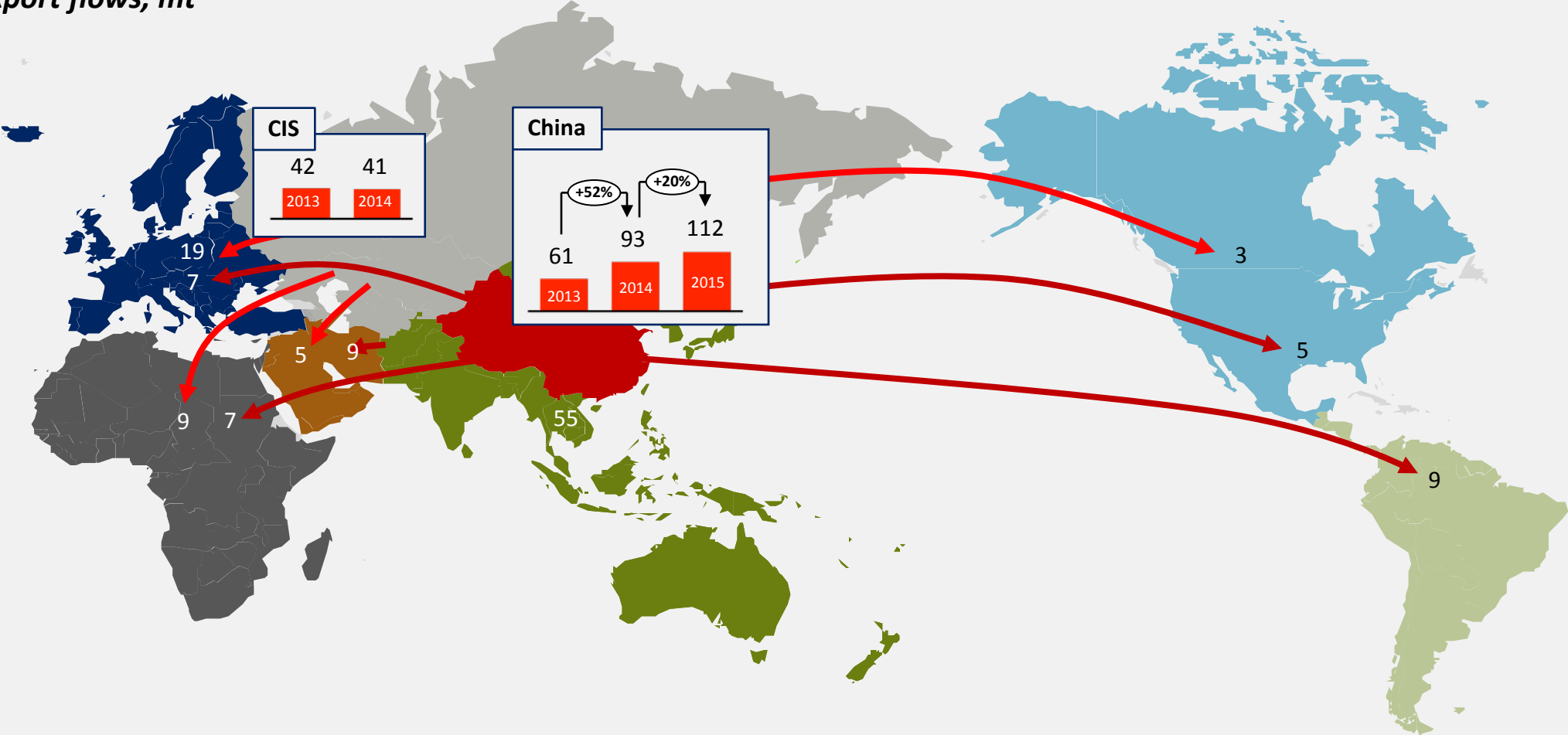
Global overcapacity is the biggest challenge



Source: World Steel Association; OECD steel committee.
SSAB Analysis

Increased trade flows from China and CIS

Main export flows, mt



Examples of measures to protect the industry from unhealthy competition

Europe

In place (examples)

- ▶ Cold-rolled stainless steel (China)
- ▶ Wire-rod (China)
- ▶ Electrical Steel (China, CIS, Japan, USA)
- ▶ Cold rolled carbon steels (China, Russia)

Under preparation

- ▶ Hot-Rolled flat carbon steels – Coil and Heavy Plate

US

- ▶ Hot rolled sheet and coils (China, Russia, India, Ukraine, Indonesia, Taiwan, Thailand)
 - Expires in 2019, Russia 2016
- ▶ Heavy plate (China, Russia, India, Indonesia, Ukraine)

- ▶ Hot-rolled sheet and coils (Australia, Brazil, Japan, Korea, Netherlands, Turkey)
- ▶ Cold-rolled sheet and coils (Brazil, China, India, Japan, Korea, Russia, United Kingdom)

Financial development 2015

Strong financial development during 2015

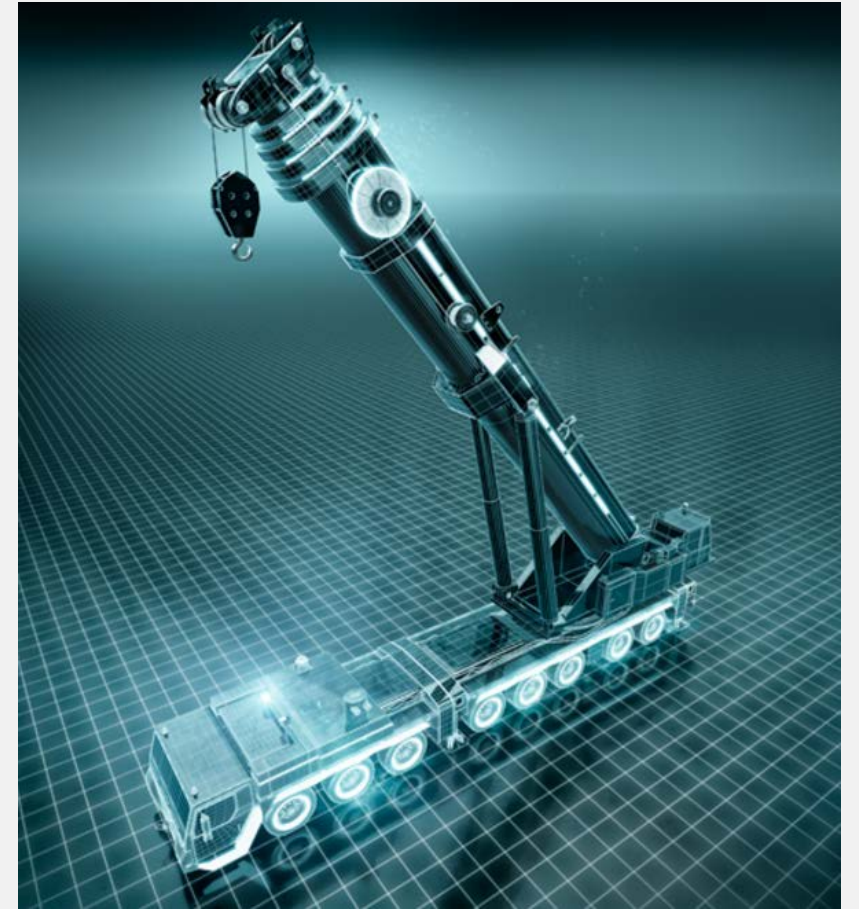
Strong cash flow despite tough market

SSAB Group 2015

| | |
|---------------------------------------|-----------------------|
| ▶ Sales | SEK 56.9bn (60.1*) |
| ▶ EBITDA ¹ | SEK 3,655m (4,419*) |
| – Equates to 6.4% of sales | |
| ▶ Operating profit /loss ¹ | -SEK 128m (1,005*) |
| ▶ Net cash flow | SEK 2,283m (94) |
| ▶ Shipments | 6,436 tonnes (6,744*) |

1) Excluding items affecting comparability

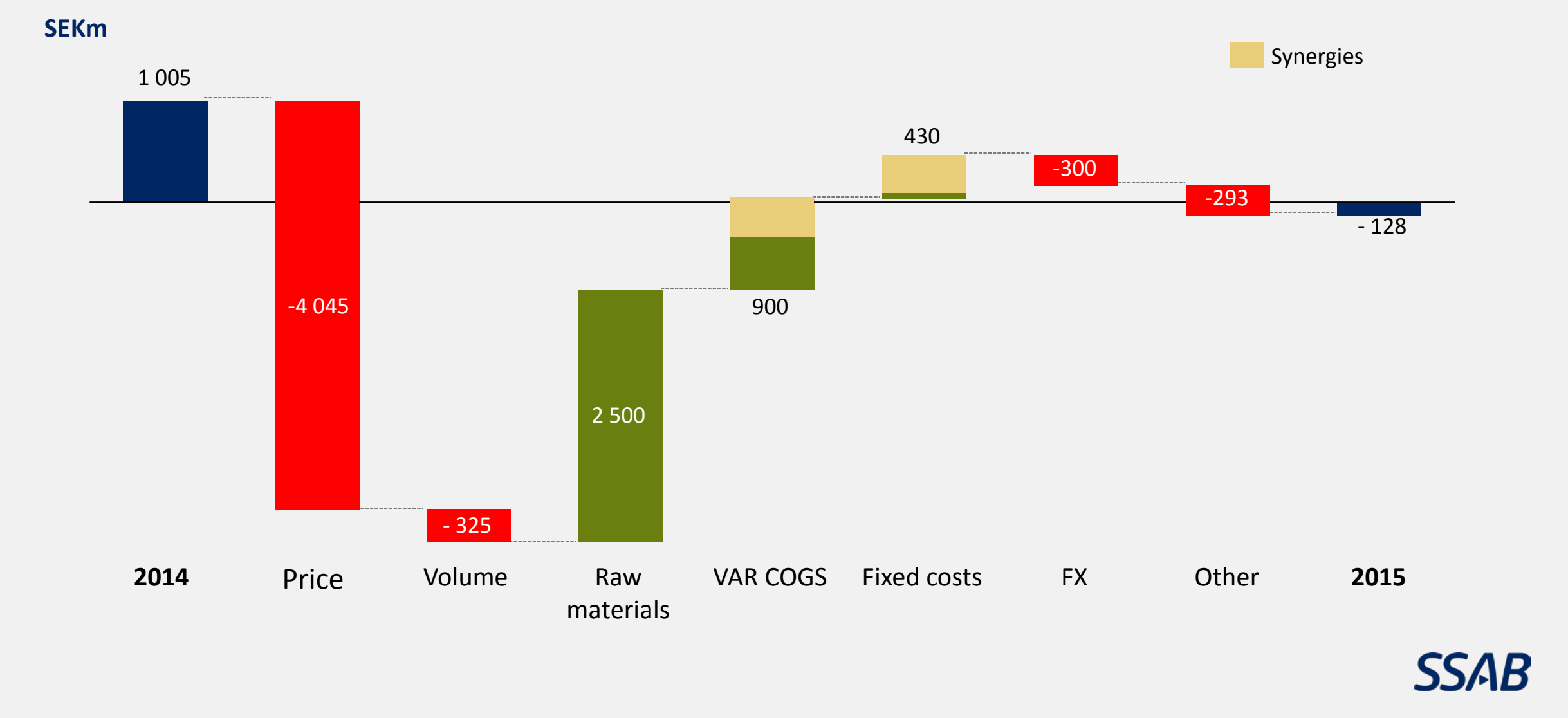
* Pro forma



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Operating result in 2015 vs 2014

Synergies and lower raw material costs failed to fully offset lower steel prices



Development since acquisition of Rautaruukki in 2014

During past 18 months SSAB has focused on integration of Ruukki and improving efficiency of operations

- ▶ Priorities over past 18 months
- ▶ Installing new processes to reach safety leadership
- ▶ Keeping customer focus to maintain market shares following the merger
 - Secure Nordic customers following the merger and remedy divestitures
 - Tactically navigate the North American home market, disrupted by imports during 2015
- ▶ Delivering on the full synergy potential, other cost reduction initiatives and putting in place systems for continuous improvements (SSAB One)
- ▶ Reducing workforce, and reorganizing following the merger

Development since acquisition compared to original plan

– clearly better in all main areas

Main elements in original plan (2013/2014)

- ▶ Overall target to capture **SEK 1bn in synergies**
- ▶ **Achievement of synergies within 3 years** of integration
- ▶ Reduction of 5% in **workforce** equating to around 900 employees
- ▶ **Specialization of production system** by making Hämeenlinna the center of production for coated products
- ▶ **Harmonize product program** and focus production of hot-rolled and cold-rolled strip on Borlänge
- ▶ **Flexible blast furnace system** to match market scenario at any time
- ▶ Decentralized governance model with divisions that have full P&L responsibility

Current status and outlook (2016)

- ▶ Full run rate of synergy program **from mid-2016 SEK 1.8bn**
- ▶ **Complete the synergy capture phase by mid 2016**, i.e. 1 year earlier
- ▶ **Workforce reduction of more than 2,400** by the end of 2016
- ▶ **Borlänge galvanizing and color coating closed** in Q1, 2016 and volumes transferred to Finland
- ▶ **Merged product offering**, launched **common brands**, hot-rolled volumes transferred from Raahе to Borlänge
- ▶ **Blast furnace in Luleå relined** to enable **flexible steel production**
- ▶ **New organization, more decentralized** with fewer management layers

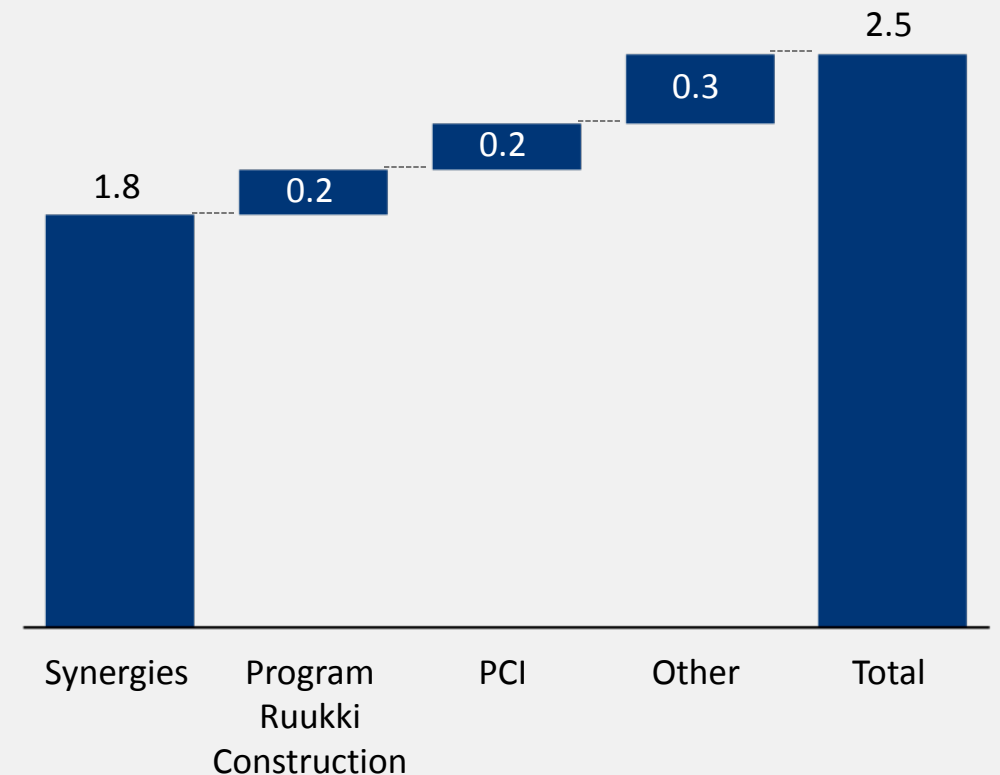
Efficiency and strategic initiatives

Ongoing cost savings(in addition to synergies)

Ongoing efficiency measures

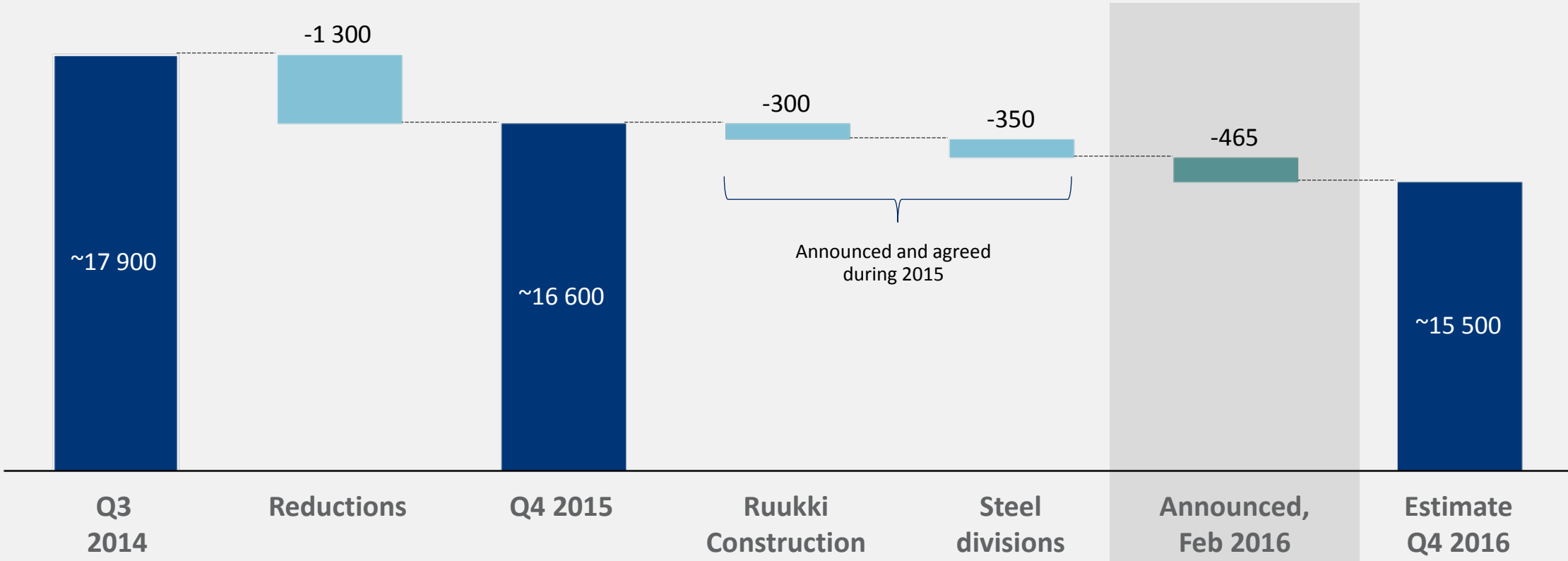
- ▶ **Ruukki Construction turnaround program**
 - Reduce costs by SEK 200m
- ▶ **Ongoing efficiency improvements through investments**
 - Pulverized coal injection (PCI) for blast furnace in Raahe
 - Water treatment plant in Mobile, US
- ▶ **Lower costs at SSAB Special Steels**
 - Efficiency measures in Oxelösund
 - New sales model for SSAB Special Steels
- ▶ **Reduction in number of Group functions**
- ▶ **Continuous improvement with “SSAB One”**

Goal to reduce costs by SEK 2.5bn



Major workforce reductions completed and more are being implemented

Development, number of employees*



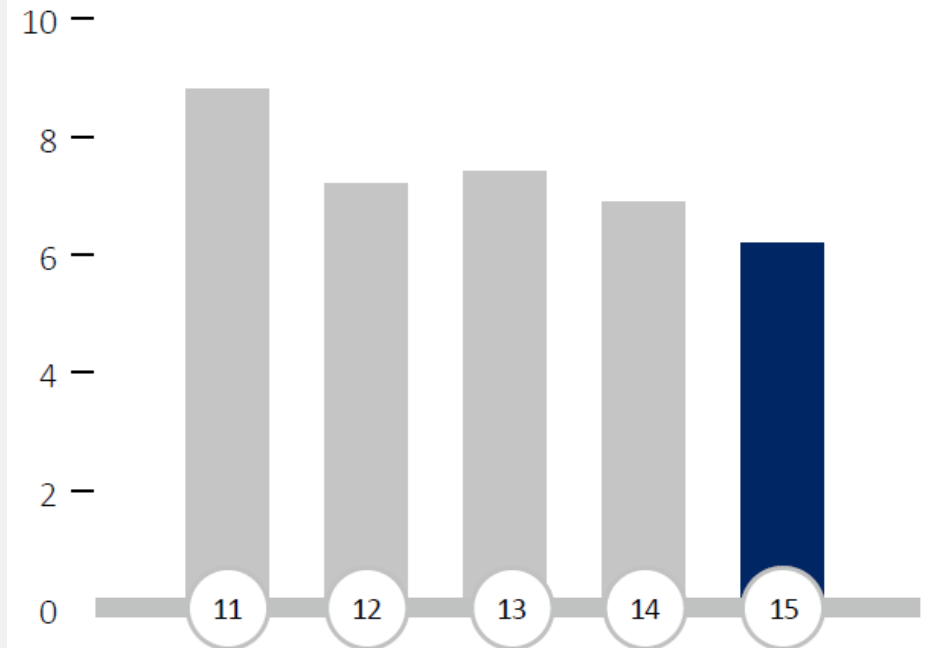
*Total number of employees, including temporary employees

Sustainability and our vision for carbon-dioxide-free steel production

Progress made in sustainability in 2015

- ▶ SSAB is on the right track and is pursuing its sustainability targets
- ▶ Lost time injury frequency decreased to 6.2 (6.9)
 - Great improvements seen in Oxelösund, Hämeenlinna and in Ruukki Construction
- ▶ SSAB achieved in 2015:
 - permanent reduction of 40 000 tonnes in CO2
 - permanent reduction of 60 GWh in energy purchased
 - permanent reduction of 6 000 tonnes residuals
- ▶ New equality and diversity targets introduced

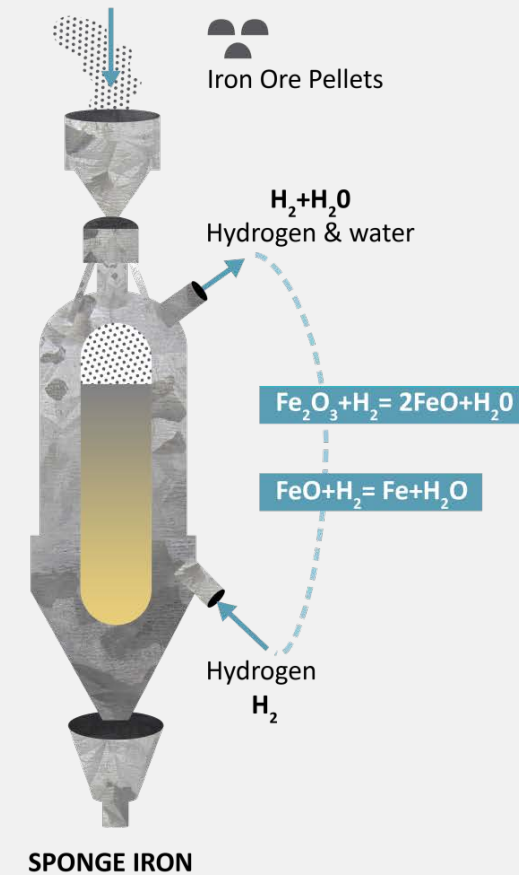
Lost time injury frequency (LTIF)*, own employees



* Number of accidents resulting in an absence of more than one day per million working hours

Long-term vision for carbon-dioxide-free steel production

- ▶ SSAB, LKAB and Vattenfall have initiated a project that can solve the problem of carbon dioxide emissions in steel
- ▶ Hydrogen gas will replace the coal as a reduction agent when making crude iron
- ▶ The process will emit water rather than carbon dioxide



Project plan

- ▶ Pre-feasibility study
– 2016-2017
- ▶ Pre-feasibility study –
pilot plant
– 2018-2024
- ▶ Demonstration plant
– 2025-2035



Summary

Summary

- ▶ Highly challenging market for global steelmakers in 2015
 - Problem relates mainly to the overcapacity situation, which has led to lower prices, not to the underlying demand
- ▶ Integration with Rautaruukki and capturing the synergies has gone significantly better than originally planned
- ▶ SSAB is on track to permanently reduce costs by SEK 2.5bn
- ▶ We will grow within high-strength steel and develop our unique offering and services in partnership with our customers

We have a good
possibility to recapture
profitability on our own
strength

SSAB



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lighter and more
sustainable world*