



Results for the third quarter of 2014

Martin Lindqvist, President and CEO
Håkan Folin, CFO

October 27, 2014

SSAB

Strong improvement from low level

Highlights in Q3 2014

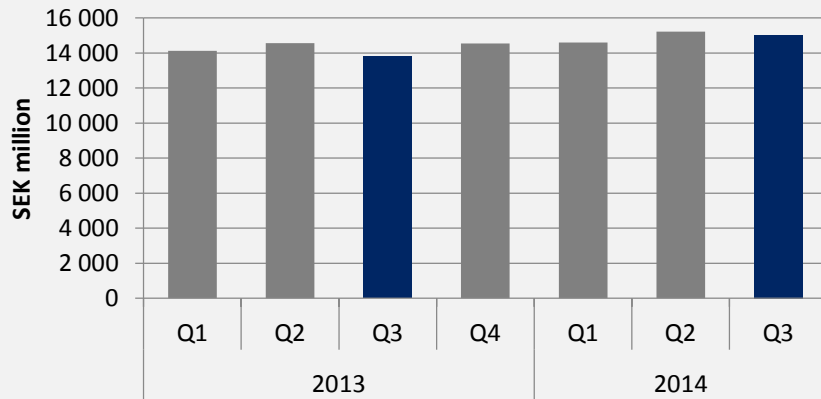
- ▶ Pro forma figures for the new SSAB Group Q3 2014
 - Sales: SEK 15 039 million (13 800)
 - EBITDA*: SEK 1 246 million (357), corresponding to 8.3 % of sales
 - EBIT*: SEK 409 million (-521)
- ▶ Improvement mainly due to increased prices in Americas and lower costs in Europe
- ▶ Outlook – mixed signals but fair underlying demand
 - Positive outlook for demand for plate in the US, usual seasonal slowdown in Q4 expected
 - Relatively stable demand situation in Europe
 - Demand for special steels expected to be flat: good in US, flat in Europe and slow in many emerging markets

* Excluding items affecting comparability

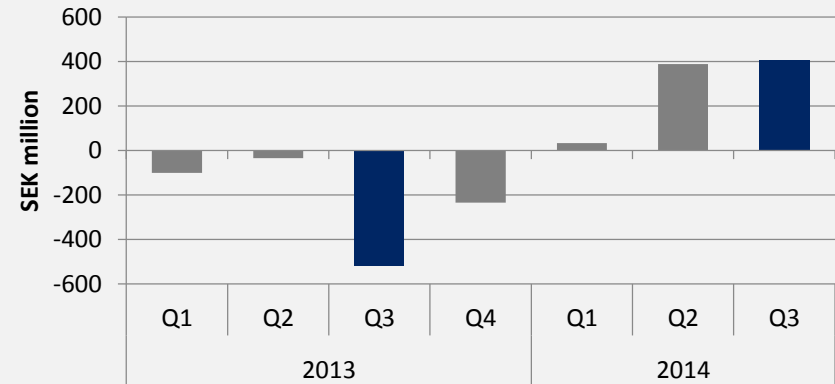
Gradual recovery from 2013

Group figures (pro forma)¹

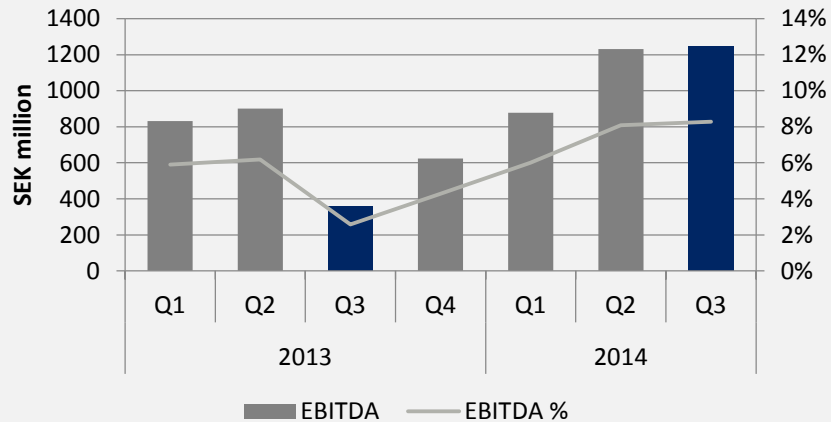
Sales



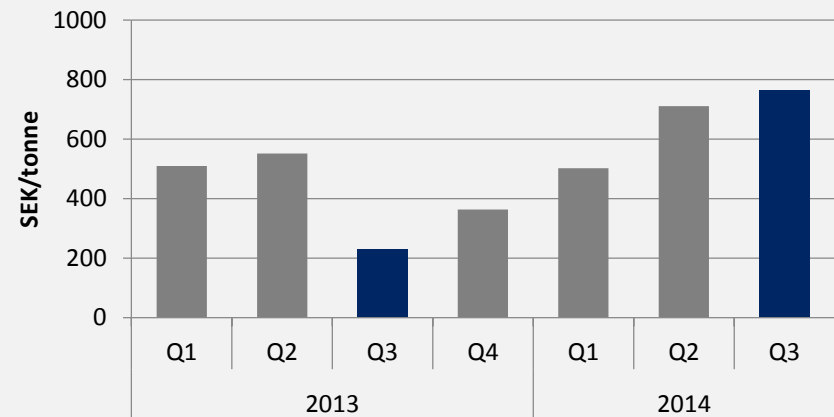
EBIT



EBITDA



EBITDA/tonne delivered steel (2)



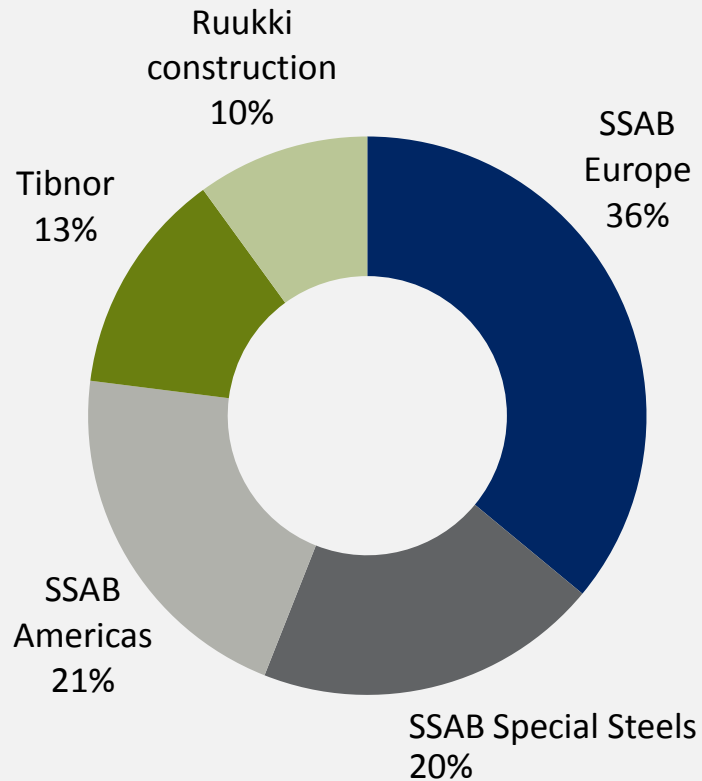
3 1) Excluding items affecting comparability
2) Reflecting the steel operations: Special Steels, Europe and Americas

Americas largest EBITDA contributor 2014

Sales and EBITDA per business area (pro forma)*

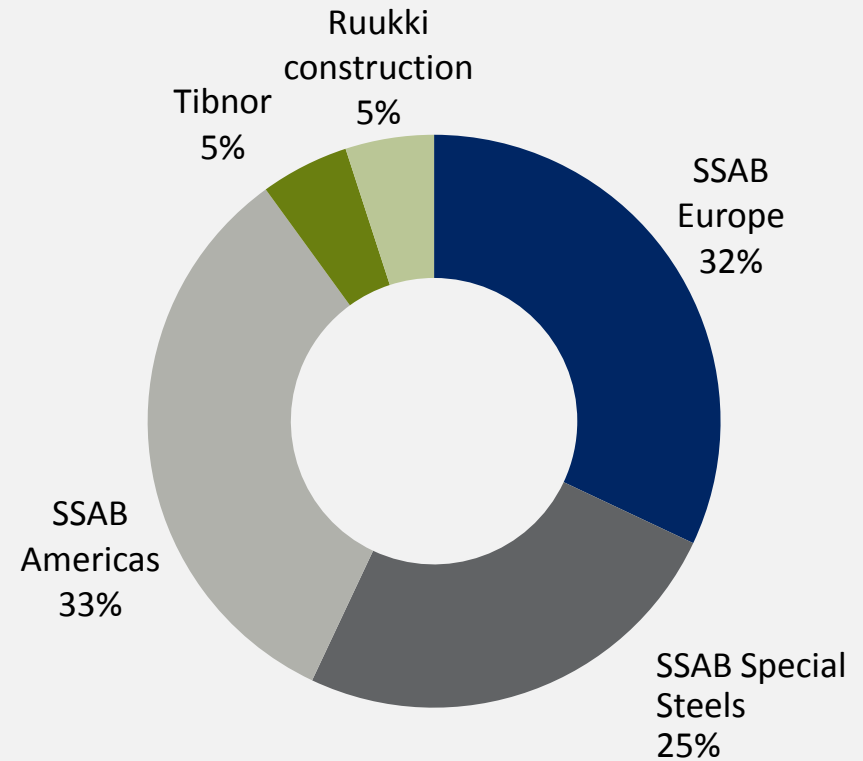
External Sales

Jan–Sept 2014, SEK 45bn



EBITDA

Jan–Sept 2014, SEK 3.4bn



*Excluding items affecting comparability

Key customer segments

Segment	Q3 vs Q2	Comments	Outlook Q4
Heavy Transport		<ul style="list-style-type: none"> ▶ Heavy transport remains strong in the US, primarily due to the strong development in the railcar business ▶ Good demand in Europe for trailers, however declining market in Russia 	
Automotive		<ul style="list-style-type: none"> ▶ Demand from the US automotive remains at a high level ▶ Mixed signals in Europe but higher demand Y/Y 	
Construction Machinery		<ul style="list-style-type: none"> ▶ Small signs of pick-up in lifting segment in the US. Yellow goods demand uncertain ▶ Stable demand at low level in Europe ▶ Asia remains depressed 	
Mining		<ul style="list-style-type: none"> ▶ No major change, modest improvement in North America and Europe 	
Energy		<ul style="list-style-type: none"> ▶ Stable market and good prospects driven by demand from wind energy and pipeline projects going forward in North America 	
Construction Material		<ul style="list-style-type: none"> ▶ Seasonally stronger demand in Q3 vs. Q2 ▶ Developments in Eastern Europe and Russia have dampened demand this year 	
Service Centers (US)		<ul style="list-style-type: none"> ▶ Underlying demand at a good level ▶ Import at a high level, higher inventories than normal 	

Market environment

- ▶ WSA estimates that global steel production increased by 2% (Jan–Sept 2014)
 - Production in EU increased by 3%
 - Production in North America increased by 2%
 - Production in China increased by 2%
- ▶ Market prices in Europe, for both strip and plate products, recovered during the third quarter
- ▶ In North America, the market prices for plate increased in the beginning of Q3, but have flattened out later in the quarter
- ▶ In China, both strip and plate prices continued to show a negative trend
- ▶ Inventory levels in Europe are estimated to be in balance.
Inventories increased in North America as a consequence of high imports
- ▶ The market for construction materials is seasonally good during Q3, developments in Eastern Europe and Russia have dampened demand this year

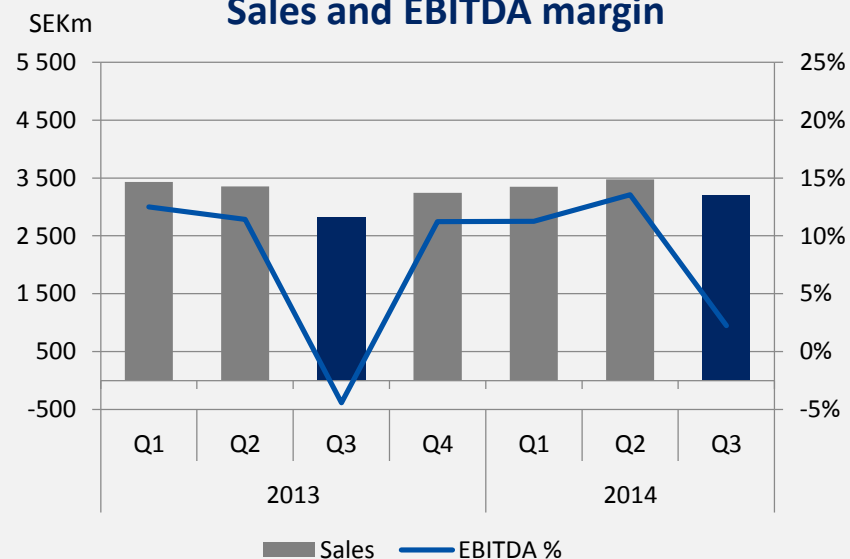
SSAB Special Steels

Global leader in Q&T steels

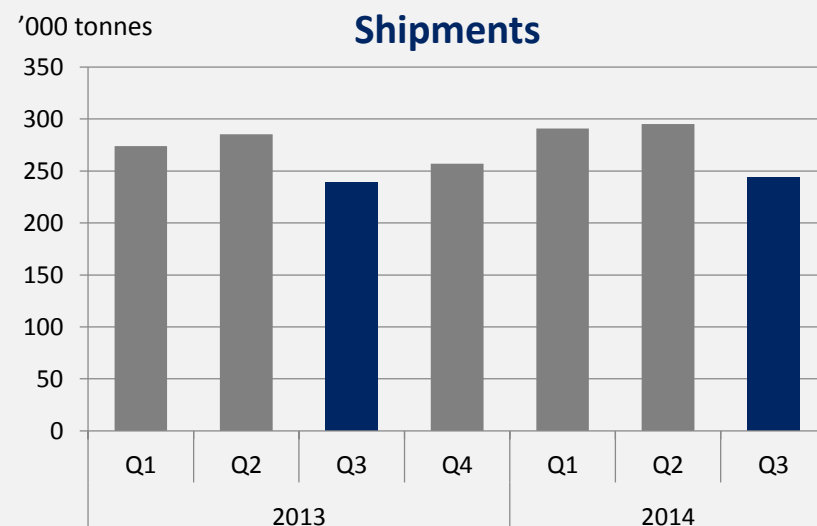
- ▶ EBIT of SEK -61m (-262). Improvement versus Q3 13 due to higher prices and lower costs
- ▶ Summer outage in Oxelösund
- ▶ Shipments increased 2% Q3-14 vs. Q3-13, lower seasonal shipments vs. Q2-14
- ▶ Stable demand on low level in all segments
- ▶ Higher prices +7% vs.Q2-14 due to positive mix changes

SEKm	Q3-14	Q3-13	Change
Sales	3 203	2 819	+14%
EBITDA	72	-125	n.a
EBIT	-61	-262	n.a
EBIT margin	-1.9%	-9.3%	

Sales and EBITDA margin



Shipments



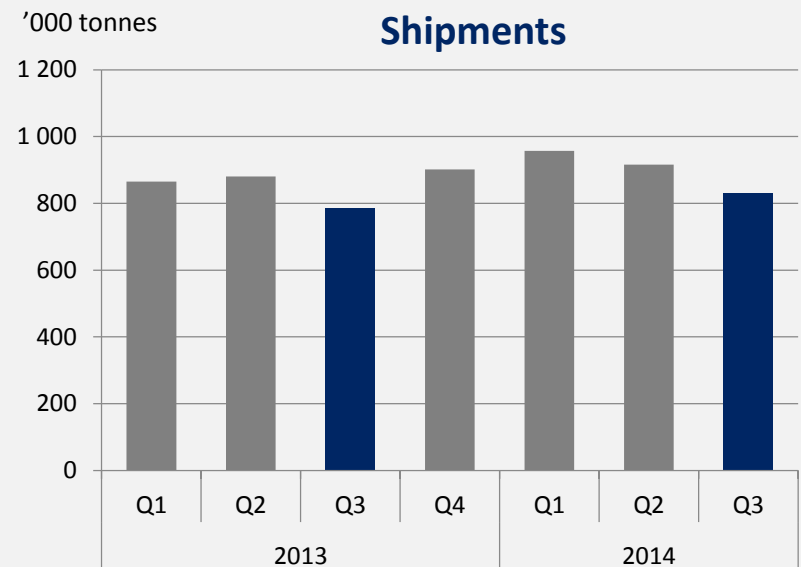
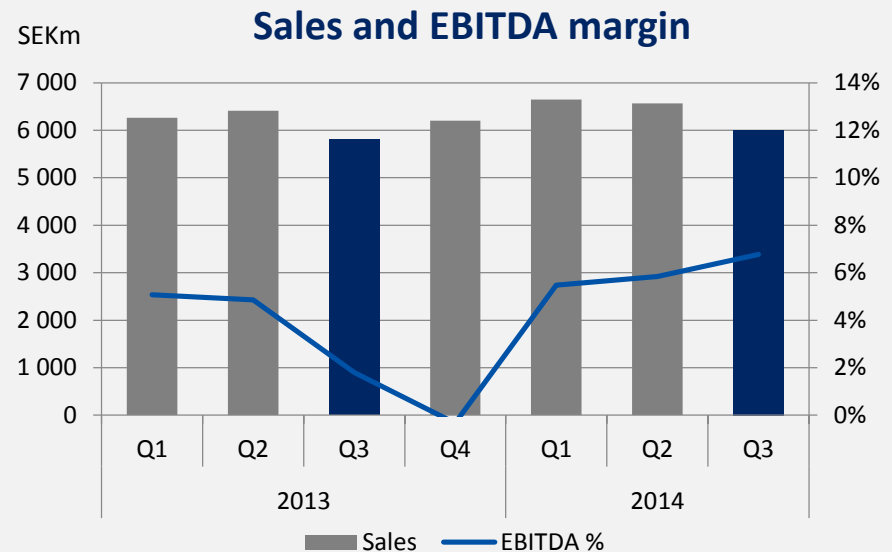
SSAB

SSAB Europe

Strong improvement from low level

- ▶ EBIT of SEK 61m (-280). Improvement due to higher volumes and lower costs.
- ▶ Shipments increased by 5% vs. Q3-13, declined seasonally vs. Q2 14. Summer outages in all mills.
- ▶ Relatively stable underlying demand. Slightly lower in shipments in Automotive compared to Q2.
- ▶ Slightly lower prices, - 1% vs. Q2-14

SEKm	Q3-14	Q3-13	Change
Sales	6 006	5 796	4%
EBITDA	407	104	291%
EBIT	61	-280	n.a
EBIT margin	1.0%	-4.8%	



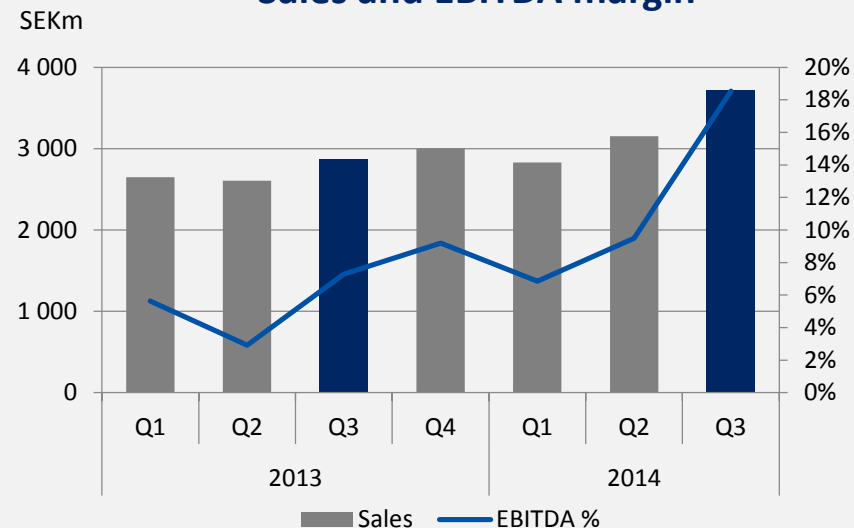
SSAB Americas

Strong profitability development

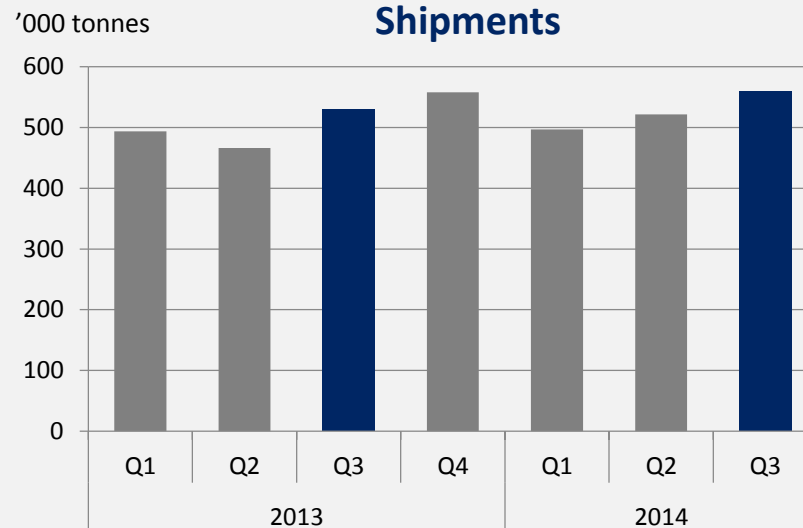
- ▶ EBIT of SEK 558m (90). Improvement due to higher prices and improved productivity.
- ▶ Shipments increased by 5% vs. Q3-13 and + 7% vs. Q2-14
- ▶ Prices up 2% vs. Q2-14

SEKm	Q3-14	Q3-13	Change
Sales	3 716	2 873	29%
EBITDA	689	209	230%
EBIT	558	90	520%
EBIT margin	15.0%	3.1%	

Sales and EBITDA margin



Shipments

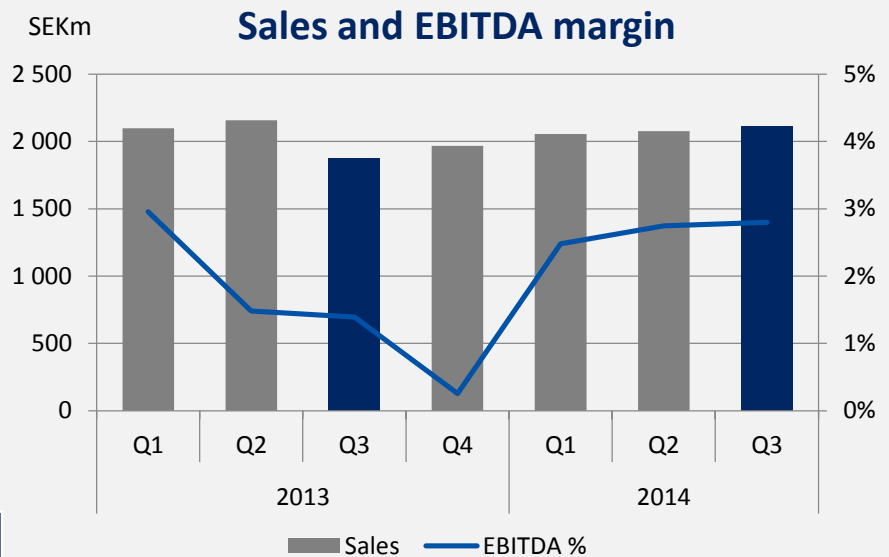


SSAB Tibnor

Improved gross margins

- ▶ EBIT amounted to SEK 36m (4). Improvement due to higher gross margin
- ▶ Shipments decreased by 3% vs. Q3-13
- ▶ Sweden and Denmark developed relatively better than Finland and the Baltics

SEKm	Q3-14	Q3-13	Change
Sales	2 109	1 871	13%
EBITDA	59	26	127%
EBIT	36	4	800%
EBIT margin	1.7%	0.2%	



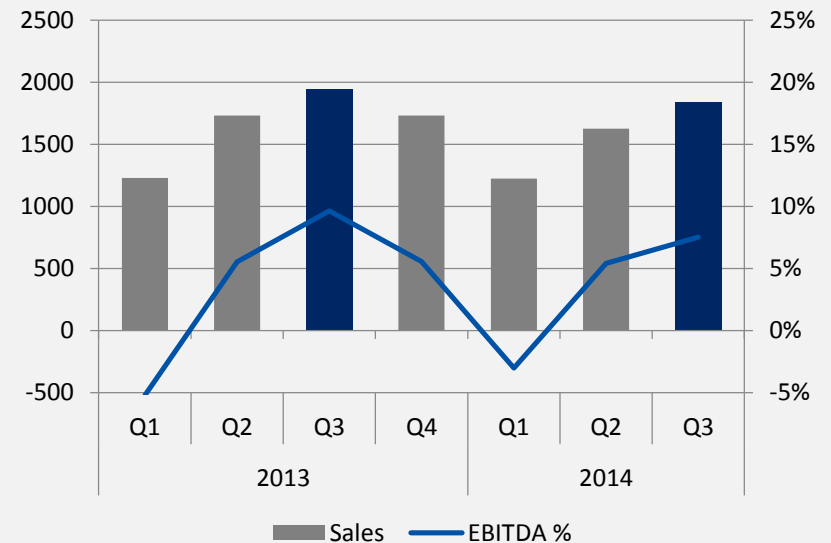
Ruukki Construction

Seasonally stronger but weaker development in Russia

- ▶ EBIT amounted to SEK 72m (128). Lower result due to weaker demand in Russia, restructuring costs and negative currency effects
- ▶ Profit improved by SEK 60m vs. Q2 due to seasonally stronger demand
- ▶ With the exception of negative currency effects in Russia and Ukraine, the price trend was stable

SEKm	Q3-14	Q3-13	Change
Sales	1 836	1 941	-5%
EBITDA	138	187	-26%
EBIT	72	128	-44%
EBIT margin	3.9%	6.6%	

Sales and EBITDA margin





Financials in Q3/2014

Håkan Folin, CFO

SSAB

Strong EBITDA improvement

Key figures in Q3 (actual)

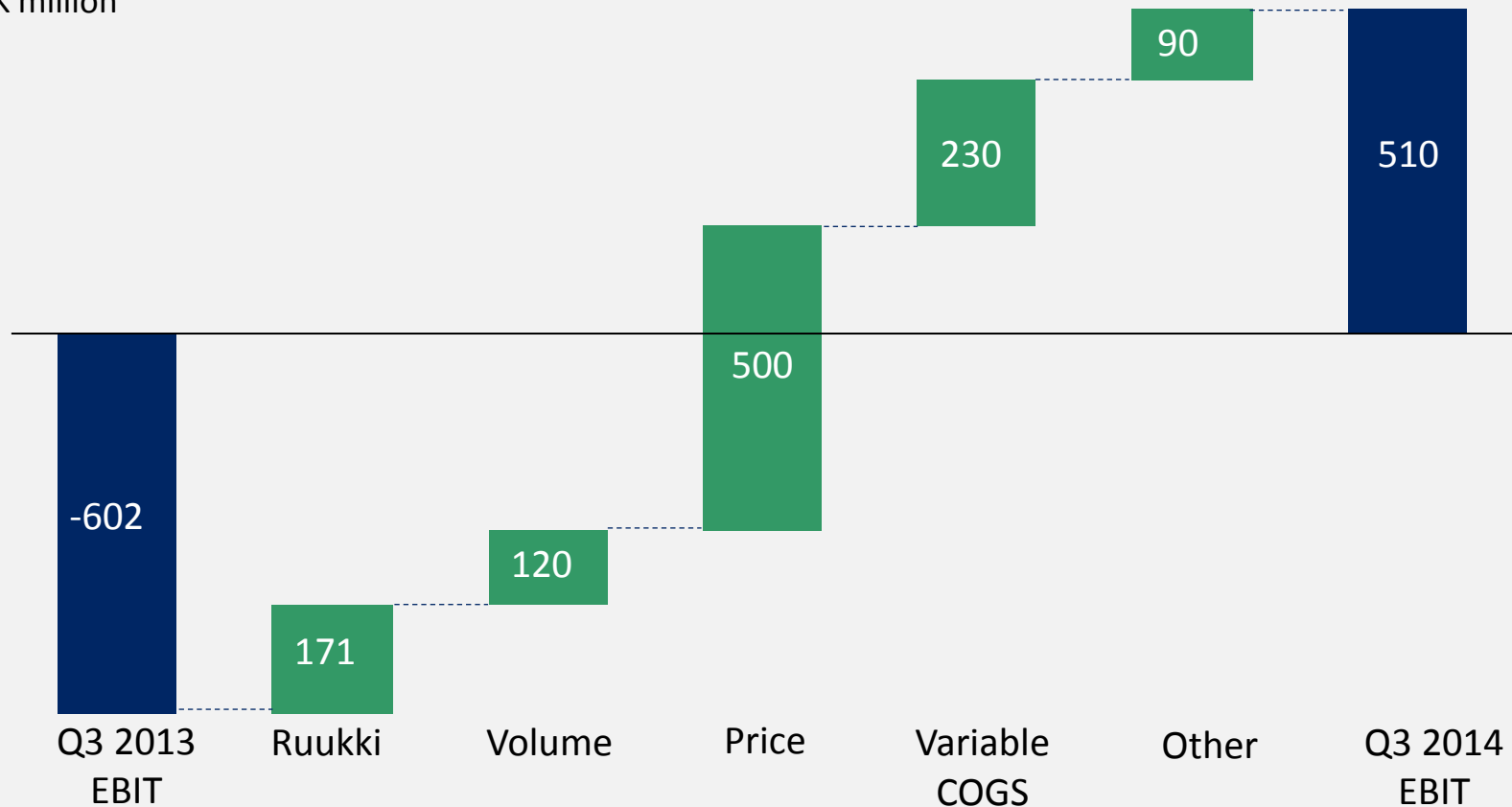
SEK million (except for EPS)	Q3-14	Q3-13	Q1-Q3 14
Sales	13 314	8 695	32 552
EBITDA	1 246	-6	2 651
Operating profit*	510	-602	803
Pre-tax profit*	433	-745	378
Net profit*	326	-523	418
Earnings per share, SEK	-0.26	-1.61	-0.11
Operating cash flow	77	500	330

* Excluding items affecting comparability

Change in operating profit (actual)*

Q3 2014 versus Q3 2013

SEK million



* Excluding items affecting comparability

Change in operating profit (actual)*

Q3 2014 versus Q2 2014



* Excluding items affecting comparability

Specification of items affecting comparability (actual)

SEKm	Q3-14	Q3-13	Q1-Q3 14	Q1-Q3 13
Operating expenses				
Acquisition costs	-99		-106	
Non-recurring depreciations/amortizations on surplus values in inventory and order books 1)	-144		-144	
Other	-11	4	-11	61
Effect on operating profit/loss	-254	4	-261	61
Financial items				
Transaction tax (Finnish standard tax on acquisition of shares)	-168		-168	
Other financial expenses (primarily bridge financing)	-61		-61	
Effect on profit/loss after financial items	-483	4	-490	61
Taxes				
Tax on surplus values, inventory and order books	29		29	
Other tax effects	4	-1	5	-13
Effect on profit/loss after tax	-450	3	-456	48

16 1) The surplus values on inventory and order book arose when they were appraised at fair value as part of the preliminary purchase price allocation. The surplus values have thereafter been charged to the cost of goods sold as the acquired inventory and order books have been turned over. Most of the surplus value on Rautaruukki's inventory and order book was booked as a cost during the third quarter.

Specification of items affecting comparability (pro forma)

SEKm	Q3-14	Q3-13	Q1-Q3 14	Q1-Q3 13
Sales	-	-	-	-
Operating profit before depreciation/amortization, EBITDA	-180	3	-275	52
Operating profit/loss 1)	-186	2	-298	50
Financial items	-229	0	-229	0
Profit/loss after financial items 1)	-415	2	-527	50
Tax	21	-1	43	-11
Profit/loss after tax	-394	1	-484	39

1)For the third quarter of 2014, the items affecting comparability which pro forma affected the operating profit/loss primarily comprise costs associated with the acquisition of Rautaruukki (SEK 175 million) and SEK 229 million in financial items.

Cash flow (actual)

Focus on reducing working capital going forward

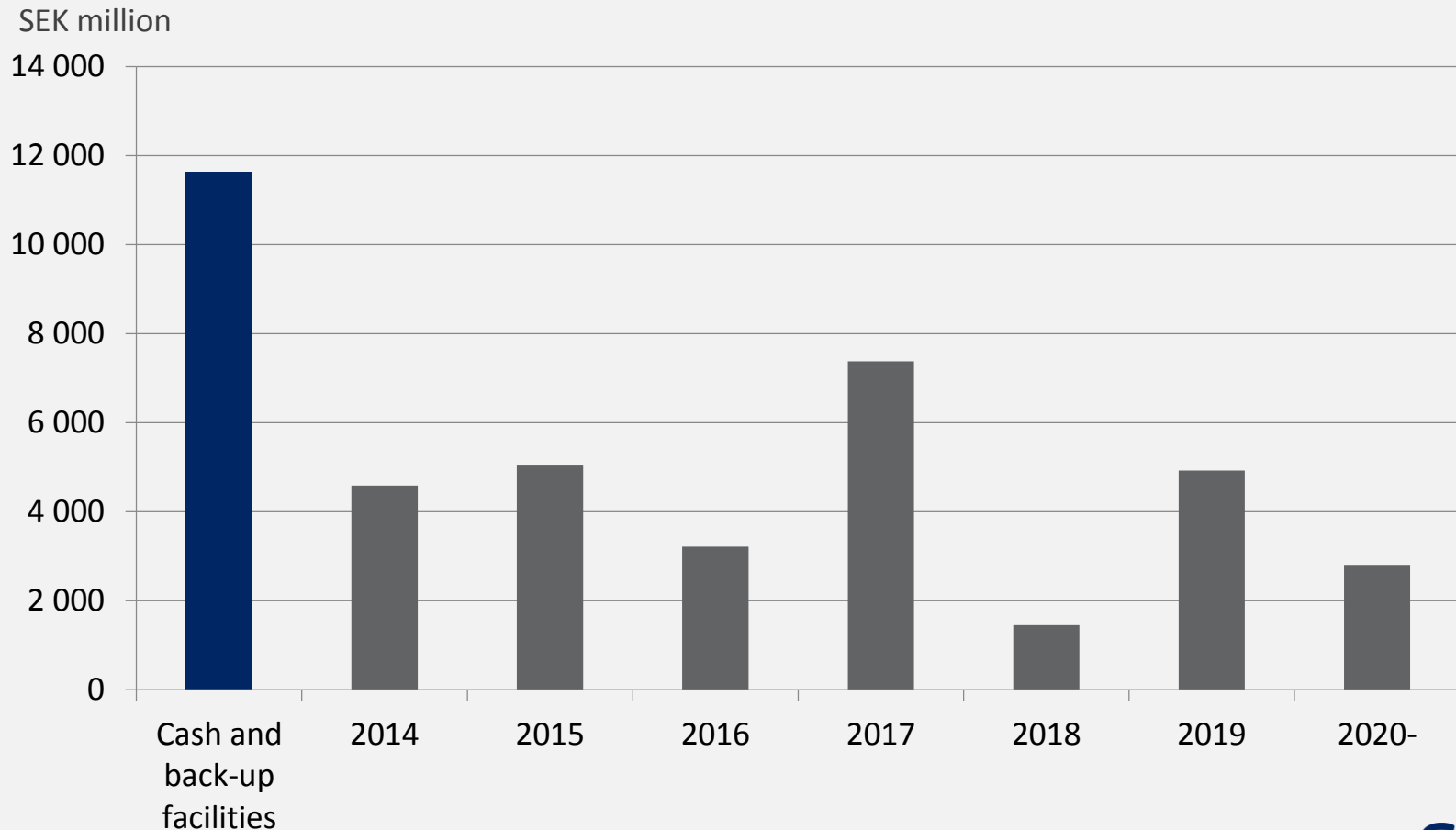
SEKm	Q3-14	Q3-13	Q1-Q3 14
Operating profit before depreciation/amortization	1 142	-2	2 540
Change in working capital	-585	660	-1 360
Maintenance expenditures	-440	-153	-847
Other	-40	-6	-3
Operating cash flow	77	500	330
Financial items	-408	-104	-659
Taxes	-117	-23	-114
Cash flow from current operations	-448	373	-443
Strategic capex and acquisitions	-89	-26	-173
Divestments	-18	-16	-18
Cash flow before dividends and financing	-555	331	-634
Dividends	-	-	-
Net Cash flow	-555	331	-634

Financing and Liquidity – Sept 30, 2014

- ▶ Net debt increased by SEK 8.1 billion since year-end 2013 due to the Ruukki acquisition and amounted to SEK 22.9 billion on September 30, 2014
- ▶ Only EUR 54m of Rautaruukki's debt was repaid upon closing the merger. The remaining debt was assumed by SSAB with no financial covenants
- ▶ Net gearing was 53% at the end of Q3 2014 (55% year-end 2013)
- ▶ Liquidity preparedness as percentage of annual sales (rolling 12 months) was 24% (including commercial paper)
- ▶ The average term on the loan portfolio at 3.7 years with an interest term of 1.4 years

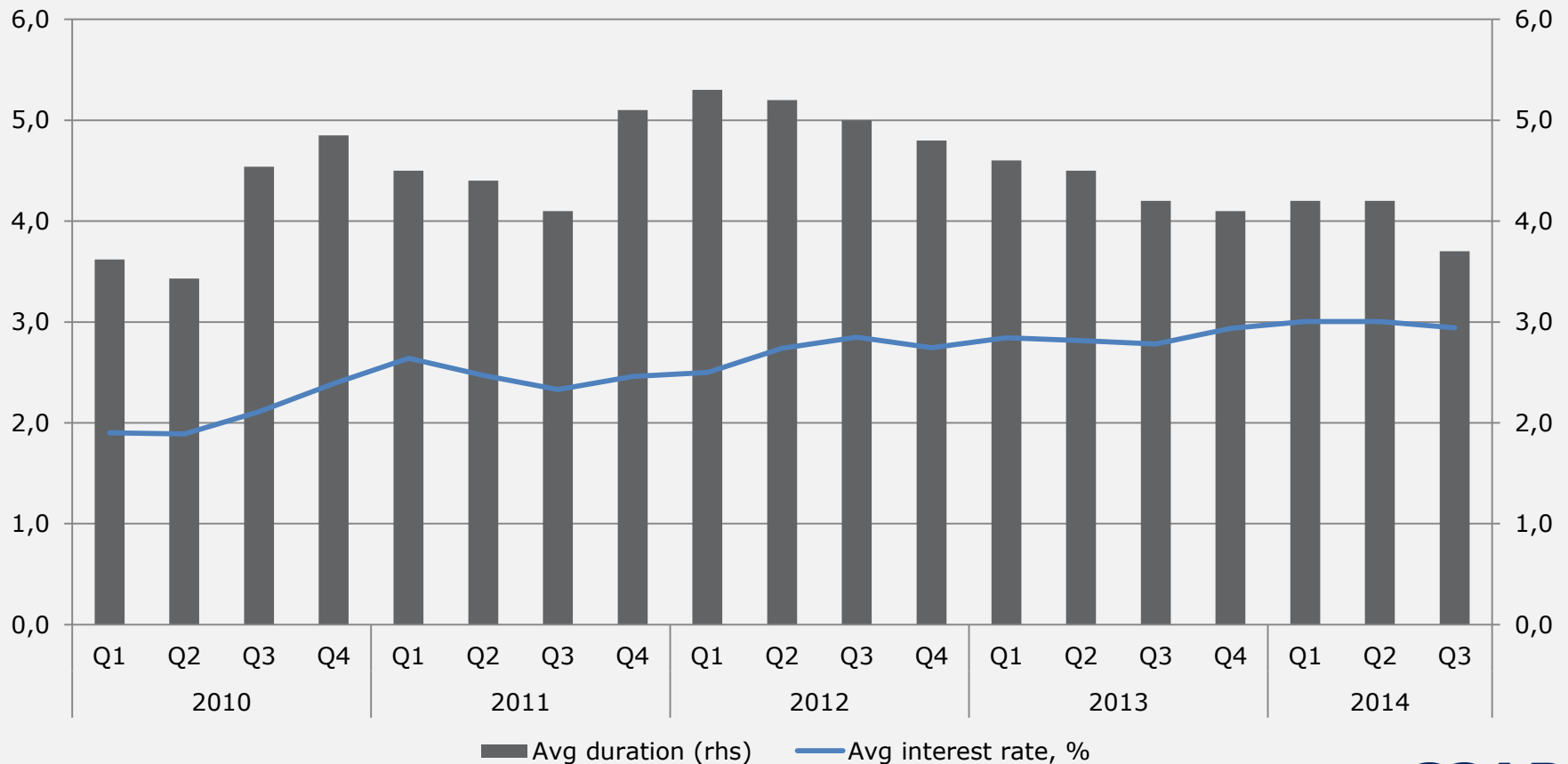
Balanced debt maturity profile

Debt maturity, September 30, 2014



Unchanged interest rate but slightly lower duration

Debt cost and duration



Clearly lower prices for iron ore and coal year-on-year

▶ Iron ore

- Iron ore price was 8 % lower in SEK versus Q2 and 26 % lower versus Q3 2013
- Dual sourcing (LKAB and Severstal), main part of pricing set quarterly

▶ Coking coal

- The price for coking coal was unchanged versus Q2 and 16 % lower versus Q3 2013
- More suppliers in the combined company (Australia, Canada, Russia and US)

▶ Scrap

- US spot prices increased at the beginning of Q3, but declined towards the end of the quarter
- At the end of Q3 prices were 1% lower than at the end of the Q2 and 2 % higher than at the Q3 2013



Outlook

Martin Lindqvist, President and CEO

SSAB

Outlook for SSAB

- ▶ In North America, good demand is expected to continue but with a normal seasonal slowdown towards the end of the year
 - Currently high import level, trade actions might change situation
 - During Q4, a maintenance outage will be carried out in Montpelier. Cost for the outage is estimated to be SEK 175m
- ▶ In Europe, demand during Q4 is expected to be relatively stable
 - Uncertainty as to how the situation in Eastern Europe will impact on general industrial demand in the rest of Europe
- ▶ In China, demand for steel is expected to remain slow

Towards industry leading profitability

Key messages from SSABs Capital Markets Day October 1, 2014

- ▶ SSAB is a unique steel company with a specialized offering and strong market positions
- ▶ Clear plan for the Nordic / Northern European strip business
 - Detailed synergy program developed to deliver SEK 1.4 billion in synergies
- ▶ SSAB-Ruukki combination has progressed well without business disruption
 - New organization in place since September 1 with strong, motivated leadership
 - Additional potential for cross-selling identified
- ▶ US business recovering
 - Benchmarks confirm SSAB's leading cost position
- ▶ Strong platform for growth in high strengths steels

SSAB targets an industry-leading profitability (EBITDA) among comparable peers

Questions and Answers

SSAB



SSAB



*A stronger,
lighter and more
sustainable world*