Improved result and cash flow

Report for the first quarter of 2015

Martin Lindqvist, President and CEO
Håkan Folin, CFO

April 27, 2015

Agenda

- Q1/2015 in brief
- Performance by division
- Financials
- Summary and outlook
- New brand launch
- Q&A

SSAB

Q1/2015 in brief

Summary of Q1/2015

Profit improvement

- Profit improvement driven by lower costs and synergies
- Strongest improvement in SSAB Europe
- Positive cash flow in spite of slab inventory build-up
- Rautaruukki transaction fully completed

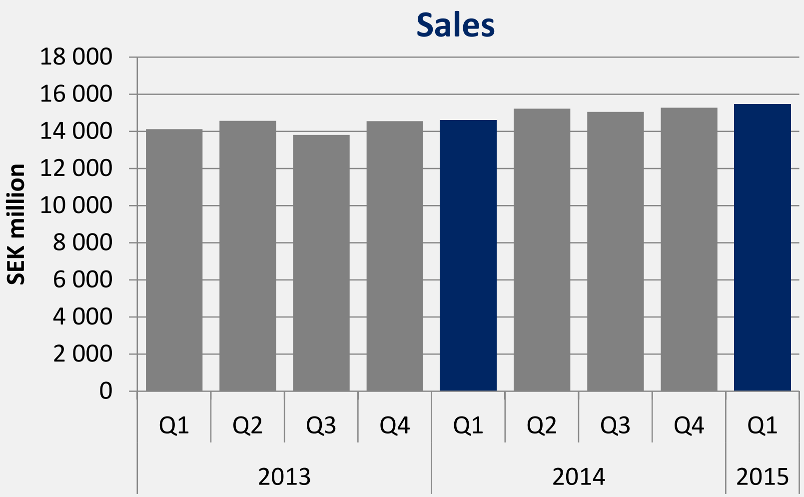
Key figures, SSAB Group Q1/2015

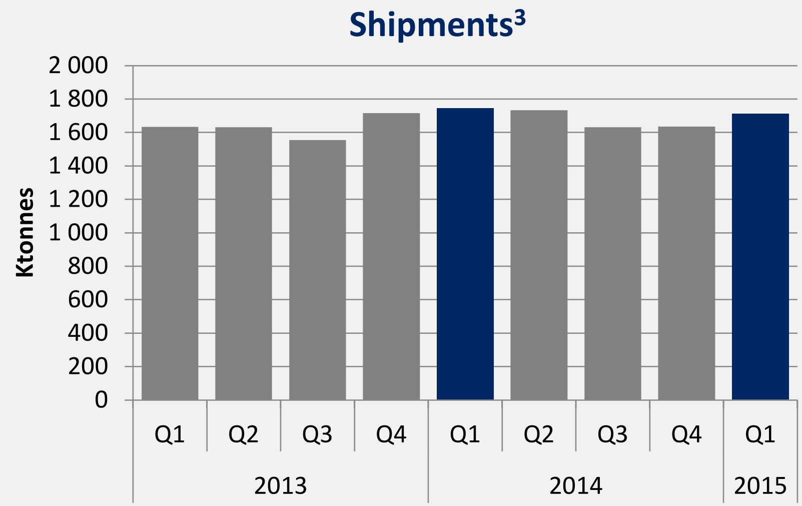
SEKm	Q1/2015	Q1/2014[1]
Sales	15,468	14,598
EBITDA[2]	1,501	877
% of sales	9.7	6.0
EBIT[2,3]	564	34
Shipments, ktonnes	1,711	1,744

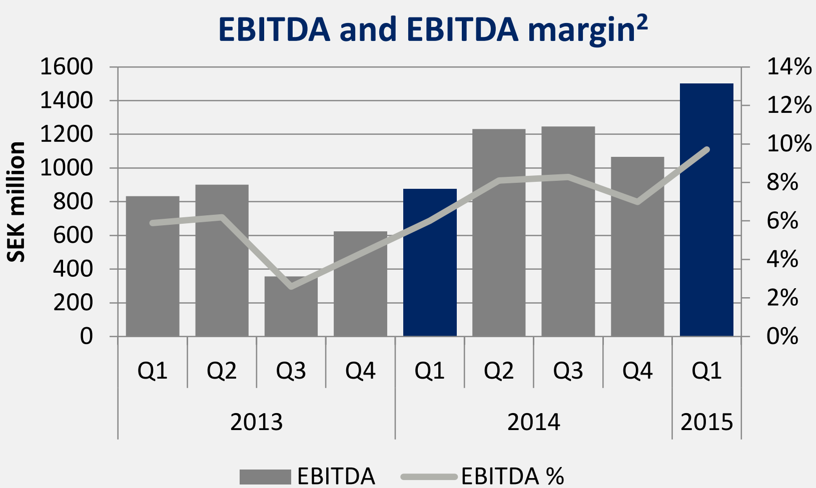
1) **Pro forma** figures as if SSAB had owned Rautaruukki during the period
2) Excluding items affecting comparability
3) In the pro forma figures for Q1/2014, depreciation/amortization on surplus values related to the acquisition of Rautaruukki is not included

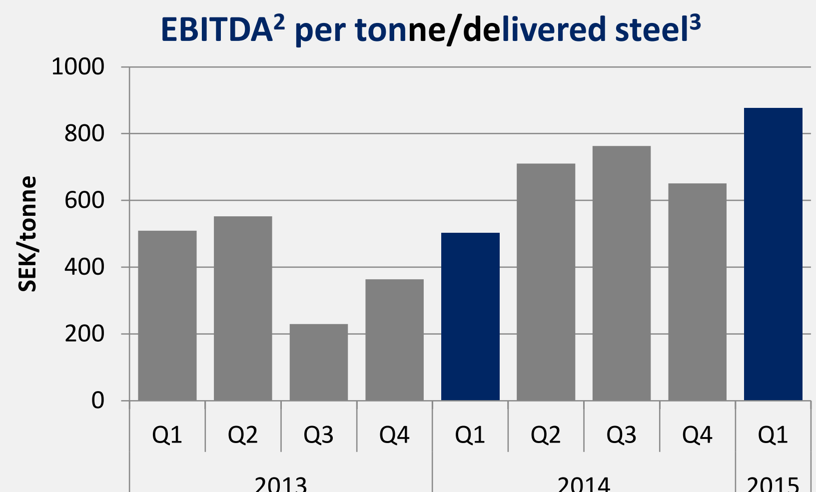
Improved margins and shipments vs. Q4

Group figures[1]









1) Information for the reference periods (2013 and 2014) is based on **pro forma** figures as if SSAB had owned Rautaruukki during those periods

2) Excluding items affecting comparability

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

SSAB's key customer segments' development

Segment	Q1/15 vs Q4/14	Comments on Q1 development
Heavy Transport	↗	▶ Heavy Transport developed well in Europe and the US ▶ Demand for railcars remained at a high level in the US
Automotive	↗	▶ Overall good demand
Construction Machinery	→	▶ Demand continued stable at a low level in Europe and the US
Mining	→	▶ Continued slow demand at a low level in all markets
Energy	→	▶ Demand for wind towers and transmission towers in North America remained at a good level ▶ Low activity in the pipeline sector
Construction Material	→	▶ Demand was stable in the Nordics ▶ Slow demand in Russia and Ukraine
Service Centers (US)	↘	▶ Very slow demand due to destocking ▶ Imports continued to be at a high level

Development by division

SSAB Special Steels

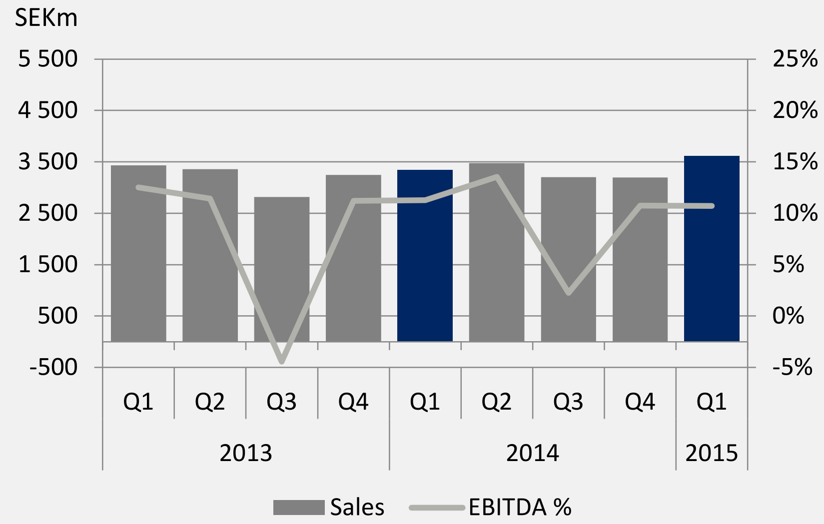
Stable performance in slow demand environment

Key figures

SEKm	Q1/2015	Q1/2014[1]	Change
Sales	3,620	3,348	8%
EBITDA[2]	388	377	3%
EBIT[2]	252	242	4%
Shipments, ktonnes	259	291	-11%

1) Pro forma figures as if SSAB had owned Rautaruukki during those periods
2) Excluding items affecting comparability

Sales and EBITDA margin[1,2]



- Heavy transport continued to be the segment showing the best development, demand from most other segments was unchanged and at a low level, albeit with major geographical variations
- Shipments decreased 11% vs. Q1/2014 but increased 10% vs. Q4/2014
- Profit improvement vs. Q1/2014 due to lower costs

SSAB Europe

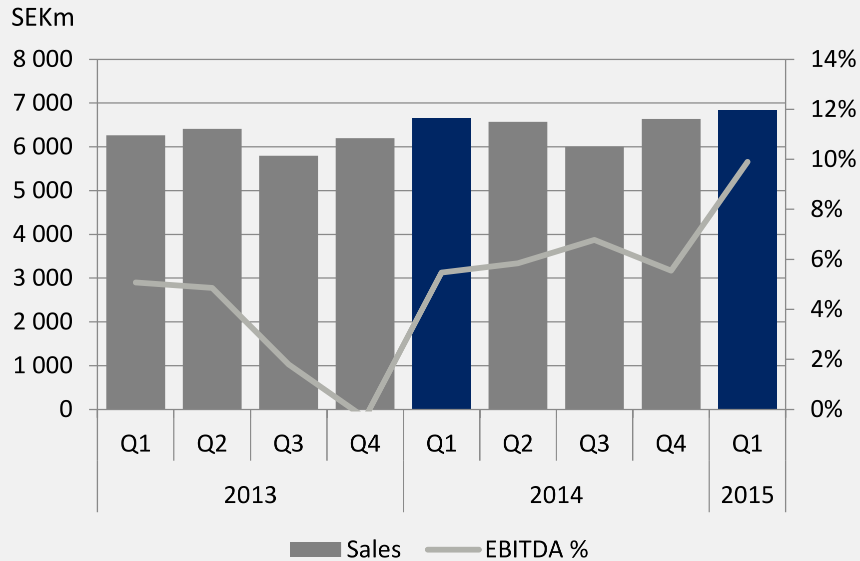
Improved profitability due to lower costs

Key figures

SEKm	Q1/2015	Q1/2014[1]	Change
Sales	6,835	6,649	3%
EBITDA[2]	677	364	86%
EBIT[2]	312	-16	n.a.
Shipments, ktonnes	976	957	2%

1) Pro forma figures as if SSAB had owned Rautaruukki during those periods
2) Excluding items affecting comparability

Sales and EBITDA margin[1,2]



- Good demand from the Automotive segment continued, demand from Energy and Heavy Transport was stable
- Shipments 2% higher vs. Q1/2014 and 7% higher vs. Q4/2014
- Prices, including currency effects, were on average 2% higher vs. Q4/2014
- Synergies, lower costs and higher volumes were the main reasons for the improved profitability vs. Q1/2014

SSAB Americas

Profit improvement despite tough market conditions

Key figures

SEKm	Q1/2015	Q1/2014[1]	Change
Sales	3,508	2,831	24%
EBITDA[2]	453	194	134%
EBIT[2]	296	74	300%
Shipments, ktonnes	476	496	-4%

1) Pro forma figures as if SSAB had owned Rautaruukki during those periods
2) Excluding items affecting comparability

Sales and EBITDA margin[1,2]

- Weak demand from Steel Service Centers due to destocking and high imports
- Demand from the Heavy Transport segment remained good
- Shipments decreased by 4% vs. Q1/2014 and 2% vs. Q4/2014
- Prices in local currency -6% vs. Q4/2014

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Tibnor

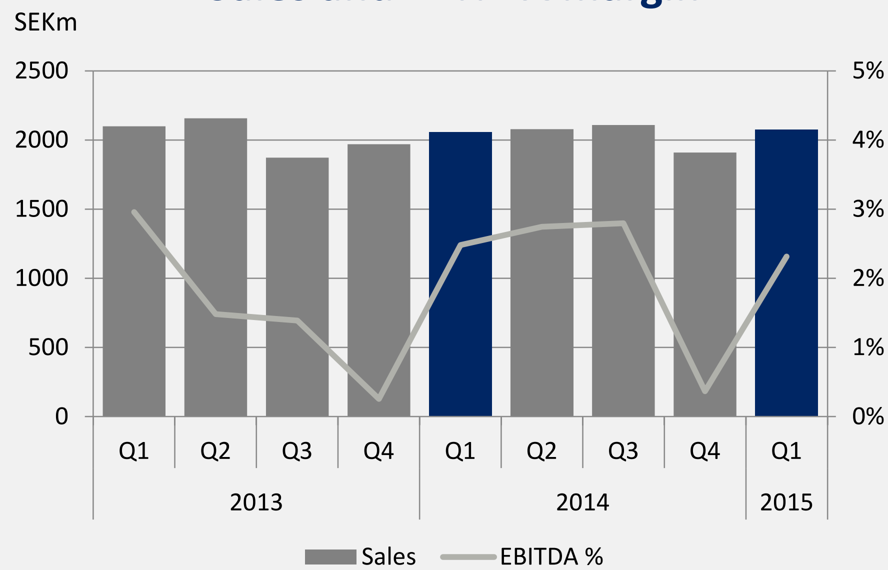
Sales and profitability at last year's level

Key figures

SEKm	Q1/2015	Q1/2014[1]	Change
Sales	2,075	2,055	1%
EBITDA[2]	48	51	-6%
EBIT[2]	29	29	0%

1) Pro forma figures as if SSAB had owned Rautaruukki during those periods
2) Excluding items affecting comparability

Sales and EBITDA margin[1,2]



- Total shipments were 2% higher than in Q1/2014
- Higher volumes and lower variable costs had a positive impact on profitability, lower margins had a negative impact

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Ruukki Construction

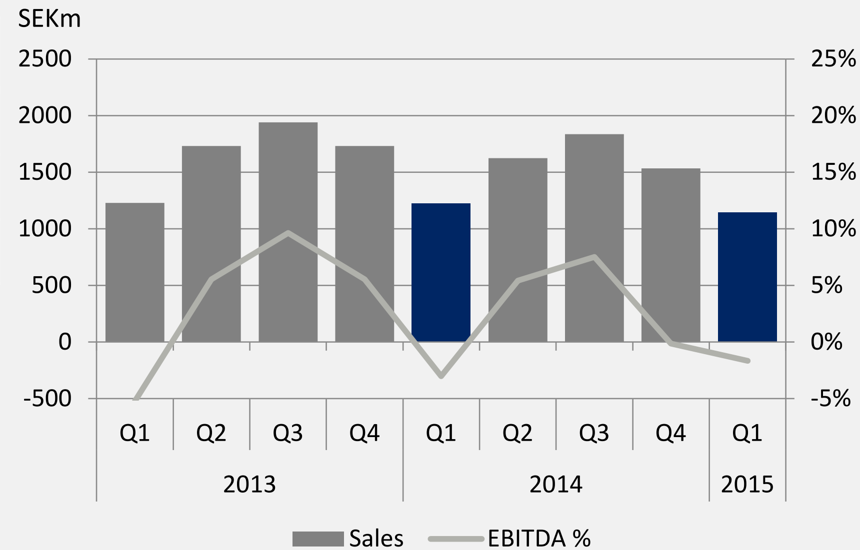
Improvement due to the on-going restructuring program

Key figures

SEKm	Q1/2015	Q1/2014[1]	Change
Sales	1,147	1,224	-6%
EBITDA[2]	-19	-37	n.a
EBIT[2]	-62	-92	n.a

1) Pro forma figures as if SSAB had owned Rautaruukki during those periods
2) Excluding items affecting comparability

Sales and EBITDA margin[1,2]



- Demand was stable in the Nordics, but seasonally at a low level, Russia and Ukraine markets remained weak
- Sales were 6% lower vs. Q1 2014 mainly due to negative currency effects
- Result improved due to the on-going restructuring program

Update on synergies from Ruukki integration

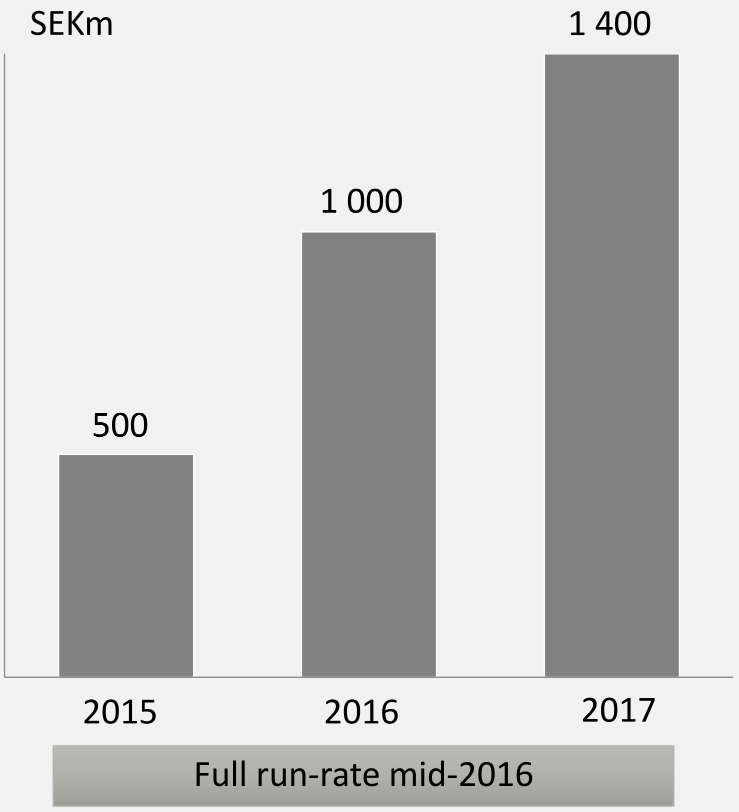
Status of synergy realization

- Synergy program well in-line with plans
- P&L impact of synergies during Q1 approx. SEK 100m
- Run-rate SEK 450m at the end of Q1

Synergy target

- Full P&L run-rate mid 2016 of SEK 1.4bn

Targeted impact of cost synergies



Update on synergies from Ruukki integration

Actions

- Actions that have already had P&L impact
  - Lower purchasing costs through re-negotiated purchasing agreements
  - Tibnor sources higher share of steel from SSAB Europe instead of externally
  - Coking coal from Oxelösund to Raahe, instead of external purchases
  - Lower administrative costs

- Announced actions with later impact
  - Galvanizing and color-coating lines in Borlänge will be closed down (~230 empl.)
  - Closure of former Ruukki HQ and reduction in staff functions (done)
  - Consolidation of service centers in Tibnor
  - Synergy programs initiated in Luleå, Raahe and Hämeenlinna
    - Reductions of personnel costs with the equivalent of 300 full-time positions by mid-2016

SSAB

Financials Q1/2015

Håkan Folin, CFO

Positive cash flow in Q1/2015

Key figures[1]

SEK million (except for EPS)	**Q1/2015**	**Q1/2014**	**FY 2014**
Sales	15,468	14,598	60,112
EBITDA[2]	1,501	877	4,419
Operating profit[2,3]	564	34	1,005
Pre-tax profit[2]	350	-271	83
Net profit[2]	314	-185[4]	384[4]
Earnings per share (EPS), SEK	0.52	-0.15[4]	-3.33[4]
Operating cash flow	784	-275[4]	1,737[4]

1) Pro forma figures as if SSAB had owned Rautaruukki during the whole of 2014
2) Excluding items affecting comparability
3) In the pro forma numbers for 2014, depreciation and amortization on surplus values related to the acquisition of Rautaruukki are not included
4) Actual numbers

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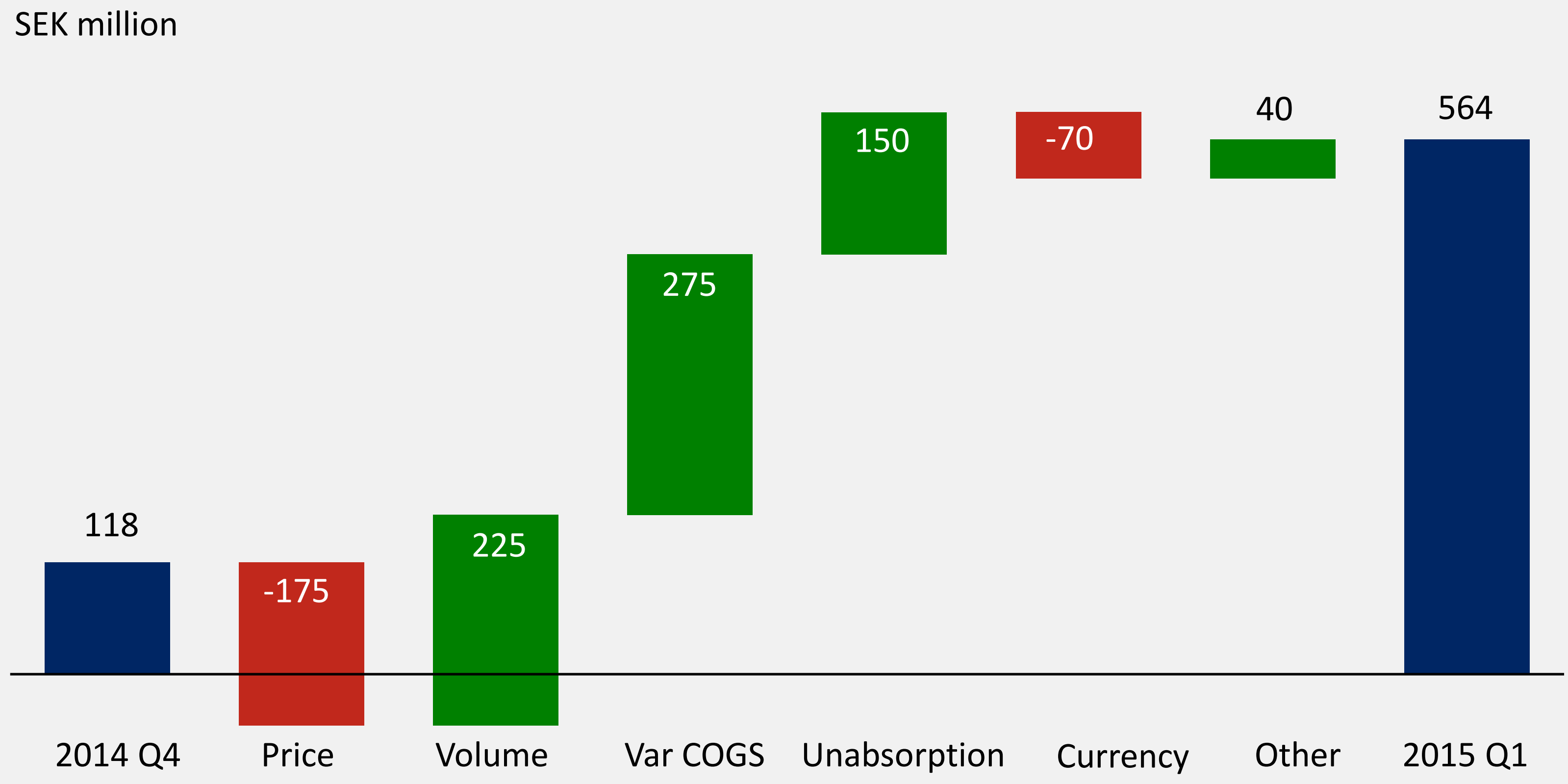
Change in operating profit

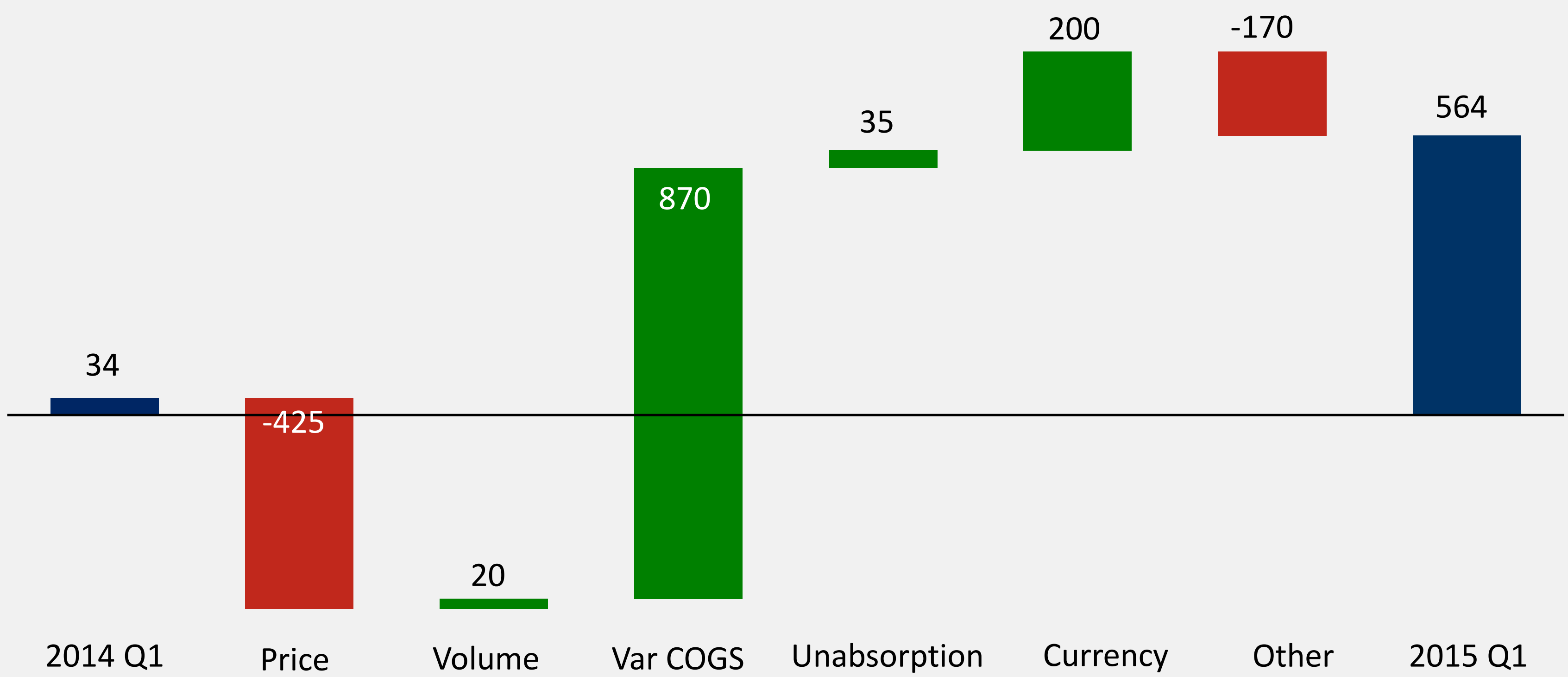
Q1/2015 vs. Q4/2014



Note: Excluding items affecting comparability. Q1 2014 is excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

Change in operating profit
Q1/2015 vs. Q1/2014

SEK million



Note: Excluding items affecting comparability. Information for the reference period Q1/2014 is based on **pro forma** figures as if SSAB had owned Rautaruukki during the period. Q1 2014 is excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki.

Cash flow (actual)

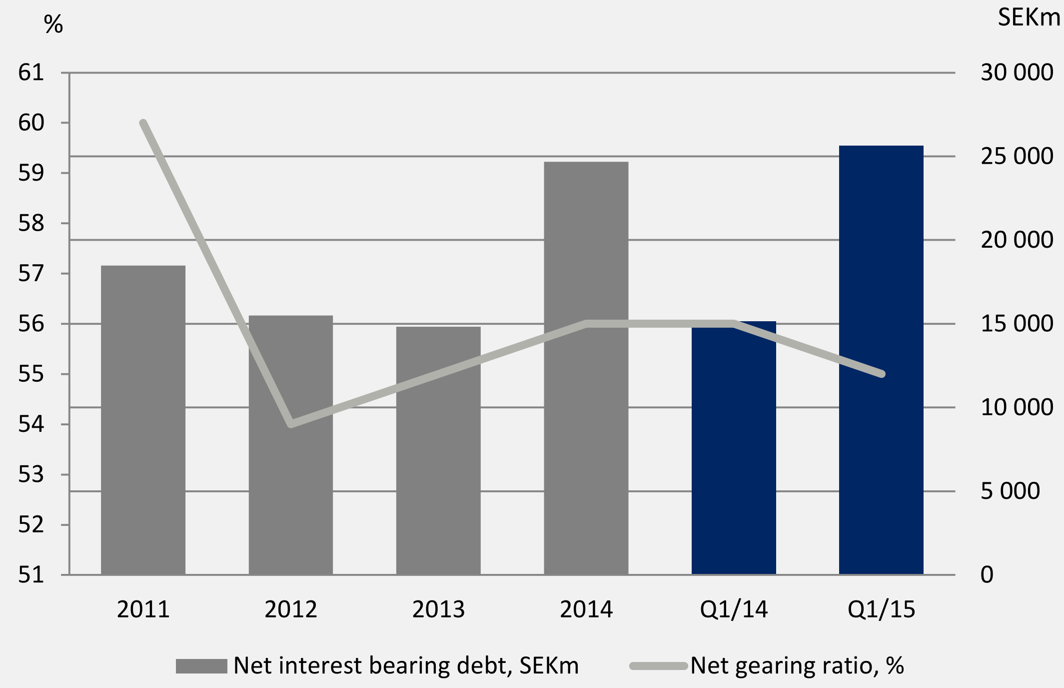
SEKm	Q1/2015	Q1/2014	FY 2014
Operating profit before depreciation/amortization	**1,472**	582	3,305
Change in working capital	**-436**	-732	-560
Maintenance expenditure	**-296**	-166	-1,341
Other	**44**	41	333
Operating cash flow	**784**	-275	1,737
Financial items	**-109**	-112	-1,013
Taxes	**-131**	137	-251
Cash flow from current operations	**544**	-250	473
Strategic capital expenditure in plants and machinery	**-196**	-38	-331
Acquisitions of shares and operations	**-3**	0	-48
Divestments of shares and operations	**166**	0	0
Net cash flow	**511**	-288	94

SSAB

Net debt and gearing

- Net debt increased by SEK 960m in Q1 due to currency movements and amounted to SEK 25 634m
- Net debt/equity ratio decreased to 55% at the end of Q1 from 56% at the end of 2014

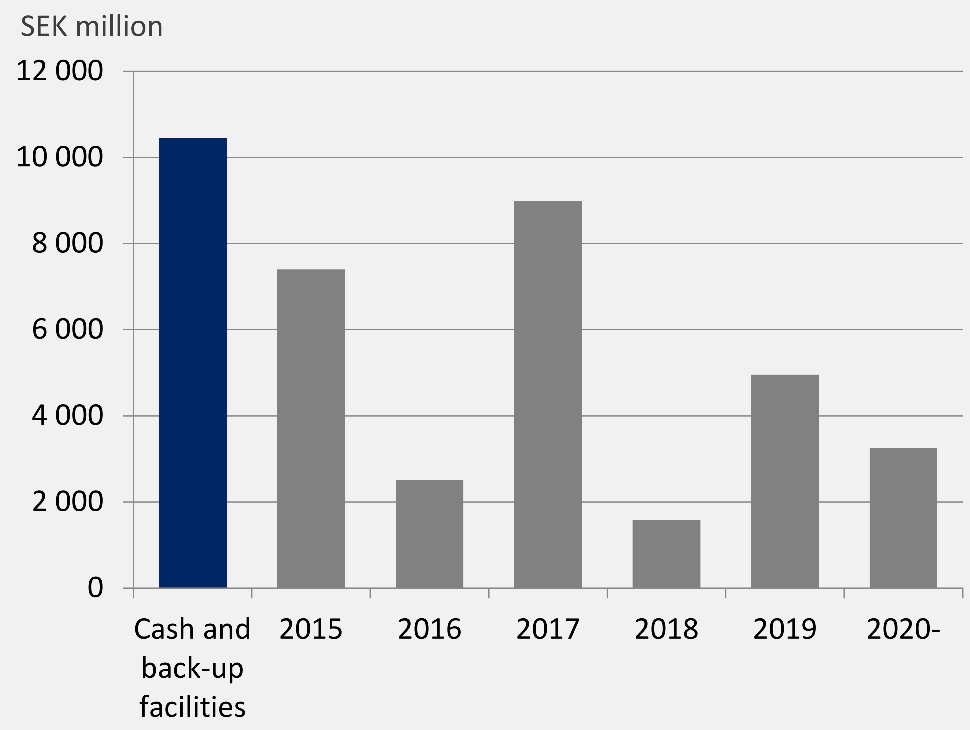
Net debt and net debt/equity ratio



Balanced debt maturity profile

- The average term on the loan portfolio was 4.0 (4.2) years
  - Averaged fixed interest term was 1.1 (0.9) years
- Of the total maturities in 2015, commercial paper accounts for SEK 3bn

Debt maturity, March 31, 2015



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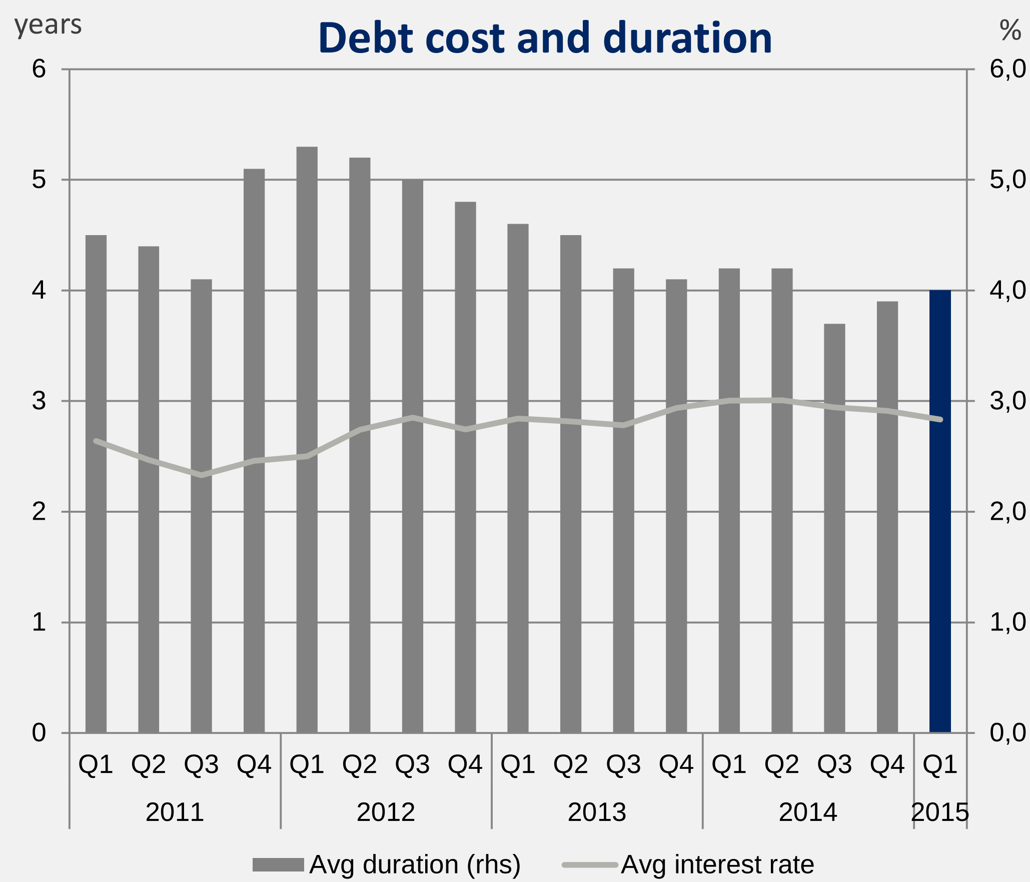
Slightly lower interest rate and somewhat higher duration

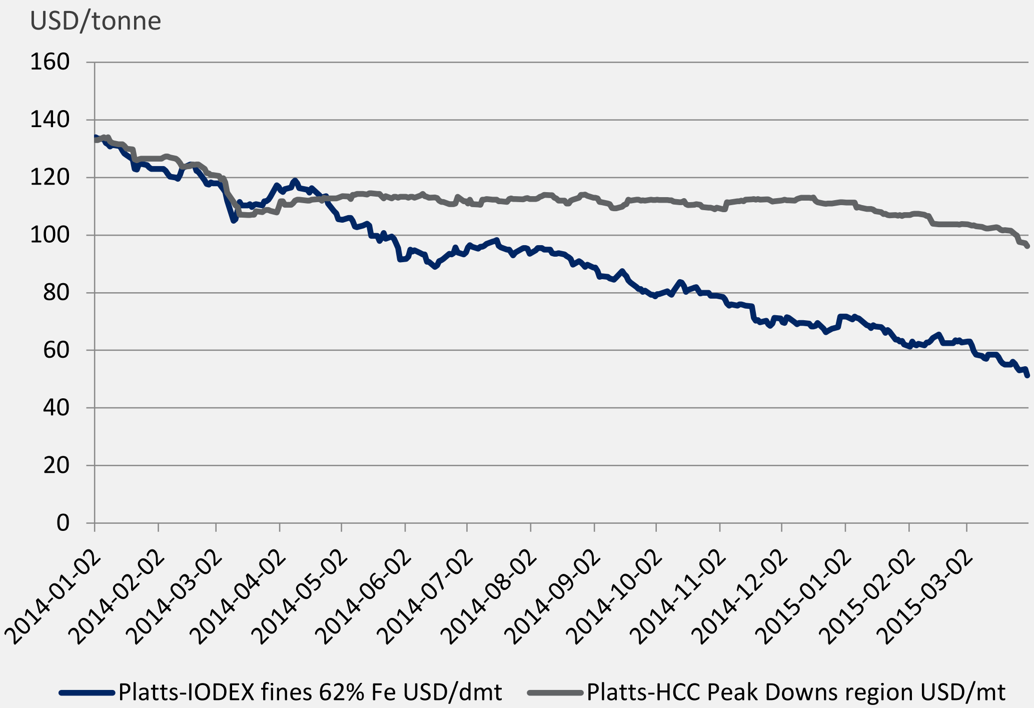
- Duration increased to 4.0 years vs. 3.9 in Q4/2014
- Average interest rate slightly down to 2.8 % vs. 2.9 % in Q4 2014



Raw material prices continued to decline in USD

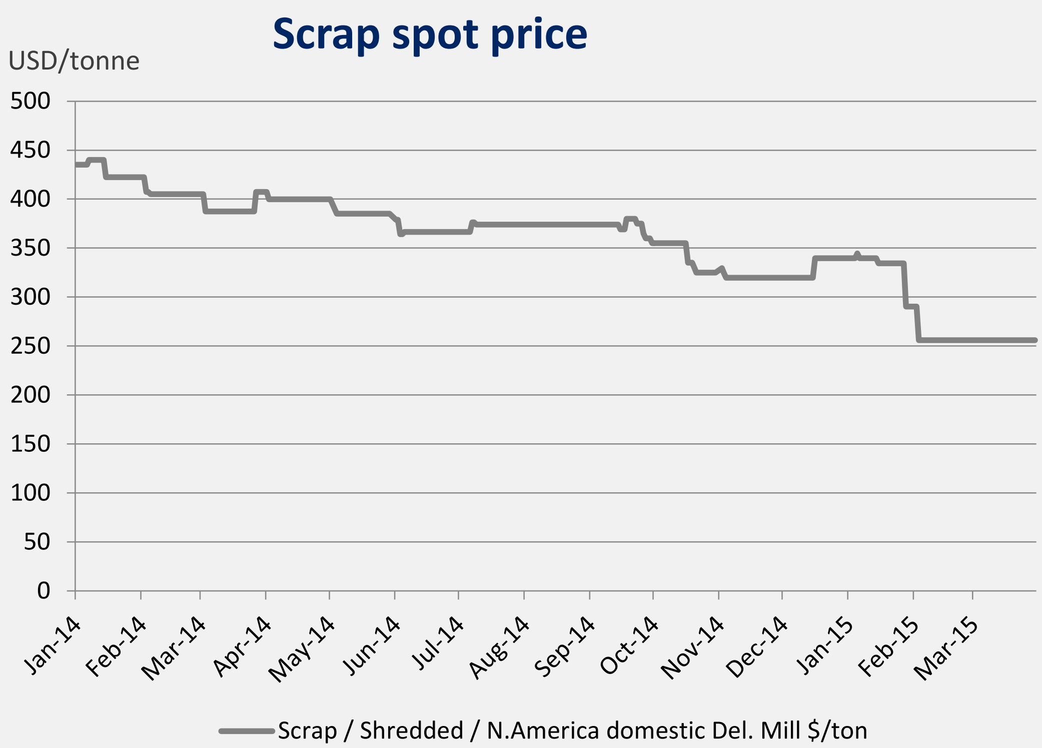
- Iron ore pellet price for SSAB during Q1 was:
  - 12% lower in USD but 1% higher in SEK vs. Q4/2014
- Coking coal price for SSAB during Q1 was:
  - 3% lower in USD but 13% higher in SEK vs. Q4/2014

Iron ore and coking coal spot prices



Scrap prices in US fell sharply during Q1

- Spot prices at the end of Q1/2015 were:
  - 24% lower vs. Q4/2014
  - 35% lower vs. Q1/2014



Relining of the blast furnace in Luleå

- The furnace will be closed for relining from June until the end of August
- The relining means that SSAB will need to replace 500,000 tonnes of slabs
- Extra costs during 2015 approx. SEK 150-200m (mainly Q3/2015)
  - Higher under absorption in SSAB Europe but positive effects in SSAB Special Steels
- When relining is completed, SSAB’s five furnaces will provide higher flexibility

SSAB

Outlook

Martin Lindqvist, President and CEO

SSAB's outlook for Q2/2015

- In North America, the market is expected to continue to be negatively impacted by high inventory levels at distributors and high import which will also continue to put pressure on steel prices
  - The underlying demand is expected to be relatively good during Q2
- In Europe, underlying demand is expected to remain stable during Q2
  - No major changes in inventories are expected at distributors or end-customers
- In China, demand for steel is expected to stay weak during Q2
- SSAB's shipment volumes during Q2 are expected to be approximately at the same level as during Q1

SSAB's key customer segments - outlook

Segment	Outlook for Q2 vs. Q1	Comments on outlook
Heavy Transport	→	▶ Heavy Transport expected to remain on high level in Europe and the US throughout the year
Automotive	↗	▶ Growth expected to continue in most geographic regions
Construction Machinery	→	▶ Stable demand at low level in Europe ▶ The US markets showing some signs of improvement ▶ Chinese market expected to remain depressed
Mining	→	▶ No short-term improvement expected
Energy	→	▶ Continued good demand for wind and transmission towers in North America expected ▶ Low activity in pipeline and oil-related sectors
Construction Material	↗	▶ Seasonally stronger demand, Sweden continues to be favorable, Finland and Norway stagnant ▶ Weak demand in Eastern Europe and Russia continues to impact negatively
Service Centers (US)	→	▶ Demand expected to improve towards end of Q2 ▶ High inventories in beginning of Q2

SSAB

New brand for SSAB's structural steels

Improved performance and sustainability

1300 MPa

Domex
Weldox
Optim

STRENX®
PERFORMANCE STEEL

600 MPa

< 600 MPa

SSAB Steel

SSAB

Questions
& Answers


SSAB
A stronger,
lighter and more
sustainable world