

Strong cash flow despite tough market

Presentation of the Q4/2015 and
full-year 2015 results

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February 12, 2015



SSAB

Agenda

- ▶ Market trends
- ▶ Q4/2015 and performance by division
- ▶ Financials in detail
- ▶ Summary and outlook
- ▶ Q&A

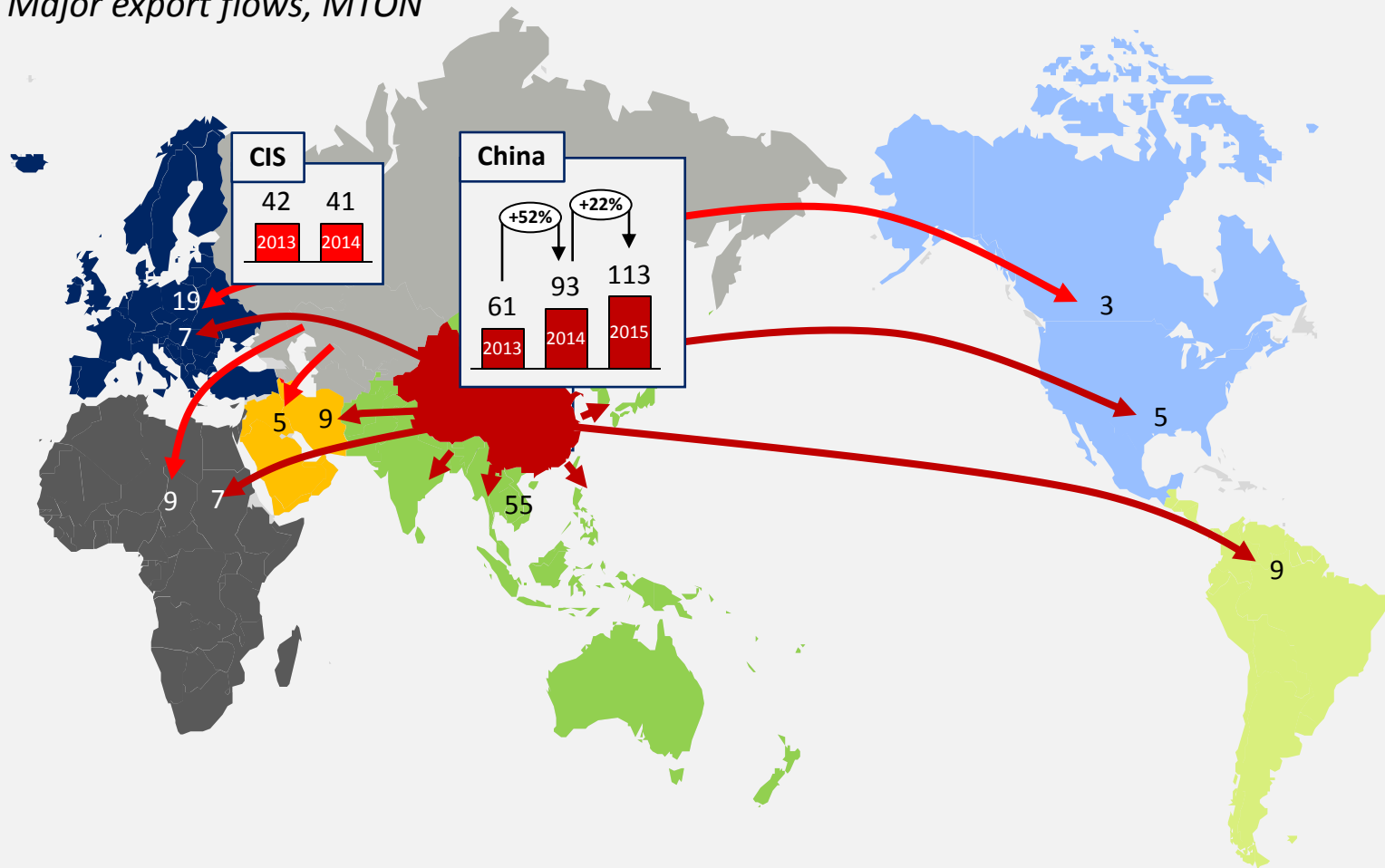


China has a significant impact on the global steel market



Pressure from trade flows originating in China and CIS

2014 Major export flows, MTON



We continue to take actions to improve efficiency

- ▶ Realization of synergies are progressing better than plan
- ▶ Additional efficiency measures
- ▶ Focus on actions to secure cash flow
- ▶ Flexibility in the production system in place – potential to idle capacity
- ▶ Strong position in Q&T and other niche grades



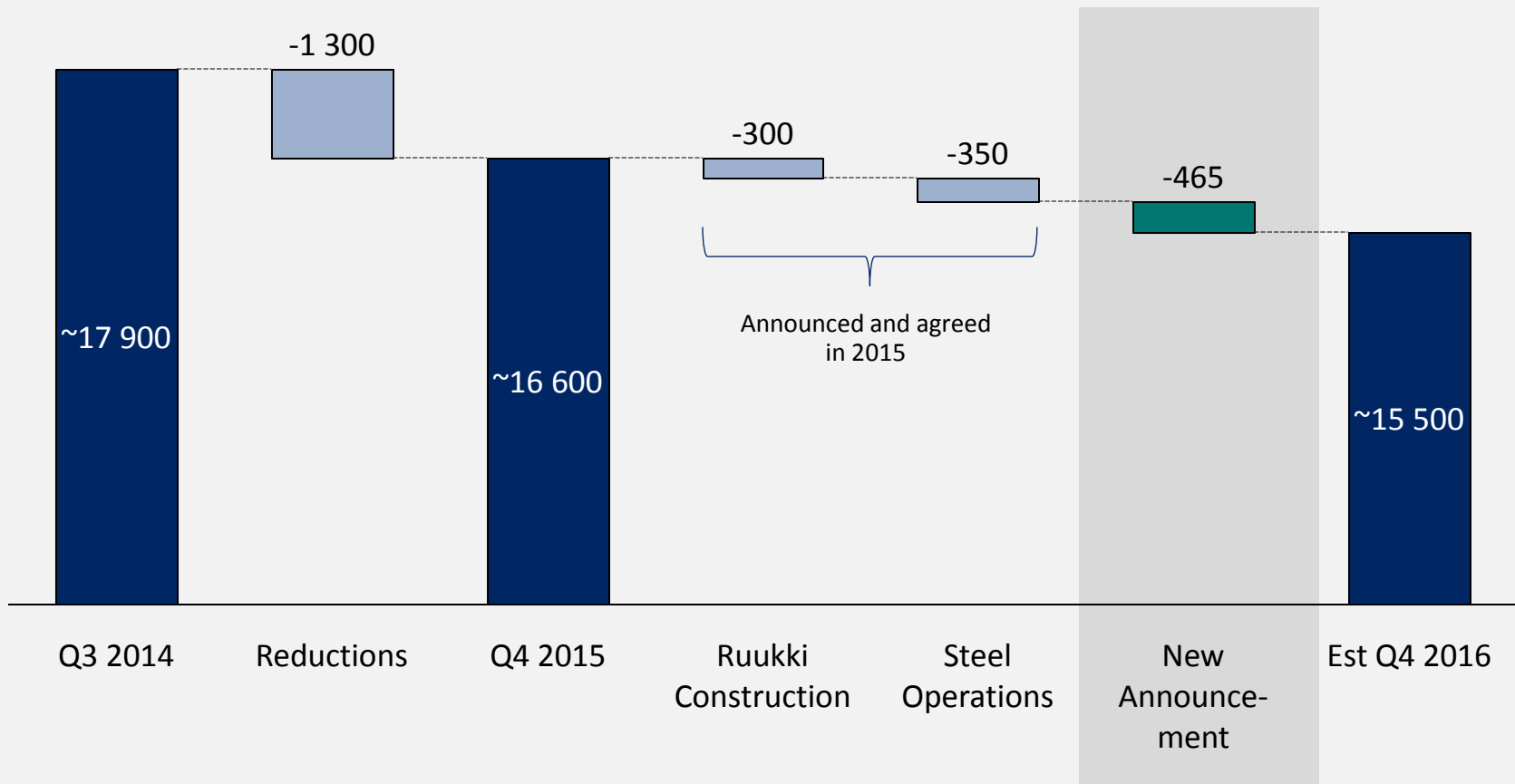
Higher synergy realization

SEKm	Q4/2015	FY 2015	Est. 2016	Est. 2017
Run rate at the end of the period	1 100	1 100	1 800	1 800
Synergies, gross	225	625	1 525	1 800

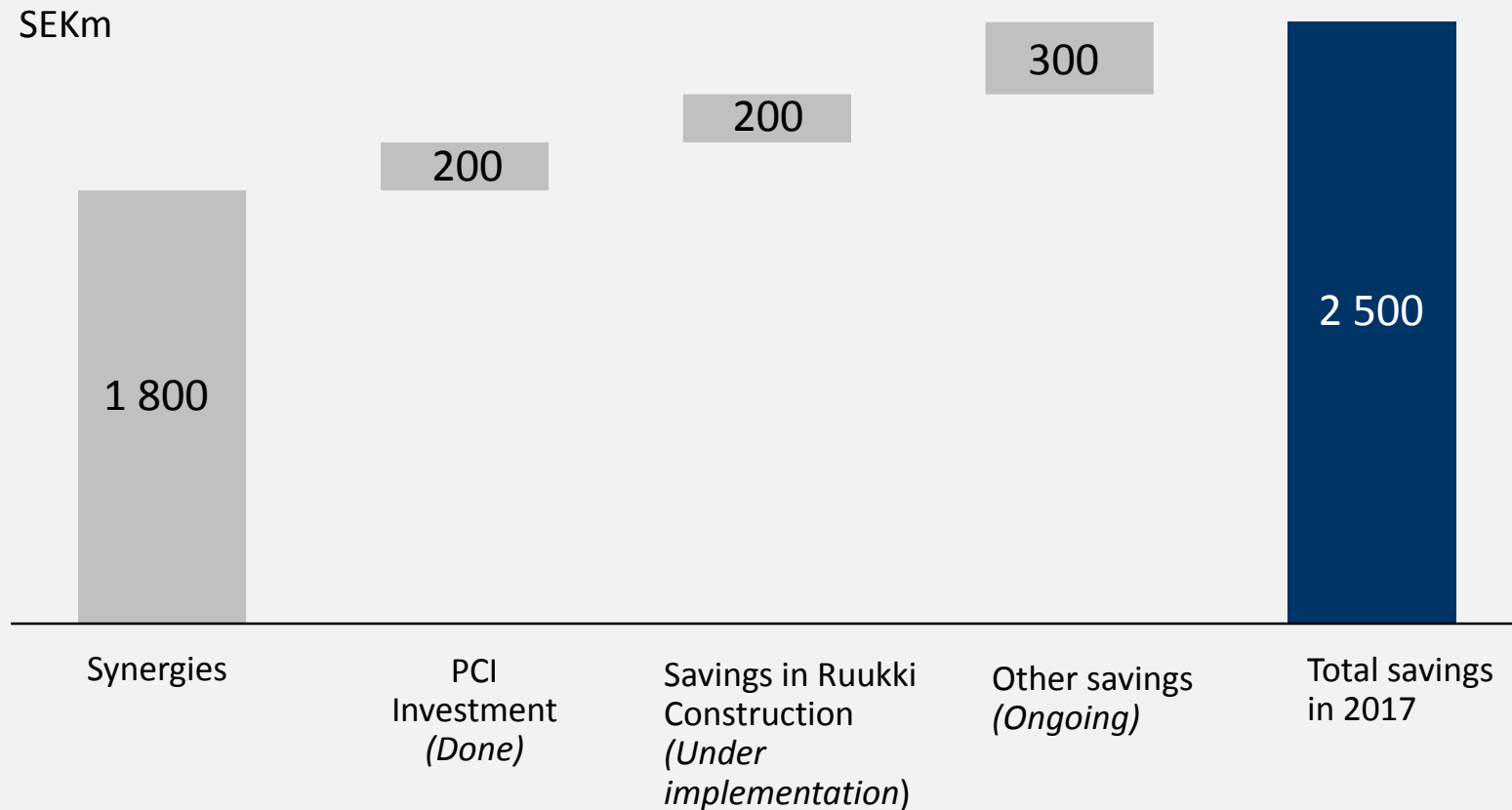
- ▶ Size of synergy program above initial plan - new target SEK 1.8bn
- ▶ P&L impact of synergies during Q4 approx. SEK 225m
- ▶ Run-rate SEK 1.1bn at the end of Q4
- ▶ Very limited additional costs to achieve the synergies

Significant workforce reductions since the Ruukki acquisition

Development - number of employees*



During 2017, the cost level will be SEK 2.5 billion lower since completing the Ruukki acquisition (2014)



Q4/2015 and performance by division

Summary of Q4/2015

Strong cash flow despite tough market

- ▶ Synergies of SEK 225m were achieved during Q4
- ▶ Price pressure and weak apparent demand
- ▶ EBIT amounted to SEK -802m (173)
 - Lower prices and volumes for standard steel in North America and Europe
 - Maintenance outage in Oxelösund
 - Partly compensated by lower costs
- ▶ Cash flow was positive at SEK 1.8bn, due to lower working capital

Key figures, SSAB Group Q4/2015

SEKm	Q4/2015	Q4/2014
Sales	12,499	15,200
EBITDA ¹	157	1,051
% of sales	1.3%	6.9%
EBIT ¹	-802	118
Operating cash flow	1,788	1,407
Shipments, ktonnes	1,460	1,636

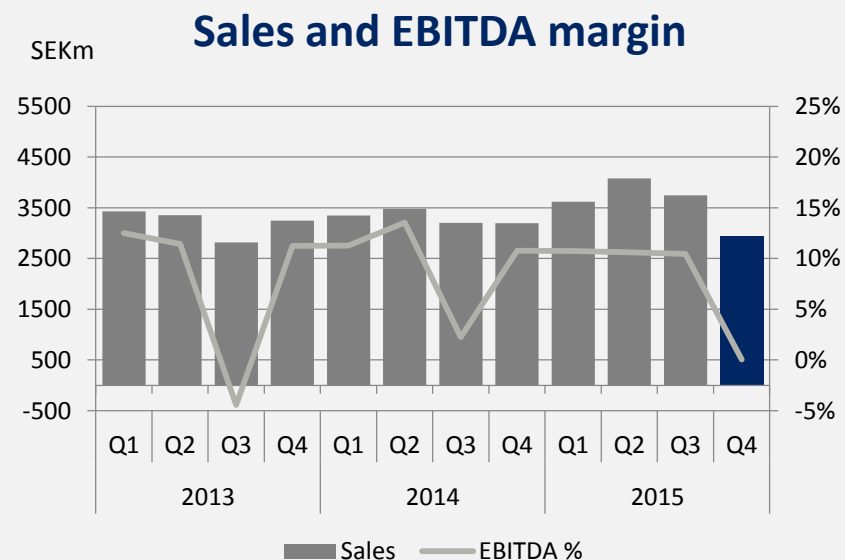
1) Excluding items affecting comparability

SSAB Special Steels in Q4

Maintenance outage in Oxelösund

- ▶ Lower shipments due to weaker demand for non-branded Q&T in North America
- ▶ Maintenance outage and lower volumes affected profit negatively
- ▶ Taking market shares in wear steels with Hardox brand
- ▶ New SSAB Services Business Unit

SEKm	Q4/2015	Q4/2014	2015	2014
Sales	2,942	3,198	14,382	13,226
EBITDA	1	345	1,213	1,265
EBIT ¹	-134	207	662	726
Shipments, ktonnes	202	235	937	1065



1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

SSAB Europe in Q4

Low demand due to wait-and-see sentiment among customers

- ▶ Operating loss due to drop in prices and low volumes
- ▶ Low volumes in Q4/2015 due to “wait-and-see” mode
- ▶ Automotive segment remained strong in Q4 and the whole year
- ▶ Focus to conclude actions to achieve synergies in 2016

SEKm	Q4/2015	Q4/2014	2015	2014
Sales	5,620	6,634	25,517	25,857
EBITDA	114	369	1,286	1,524
EBIT ¹	-253	-54	-175	1
Shipments, ktonnes	823	913	3,613	3,615

Sales and EBITDA margin



1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

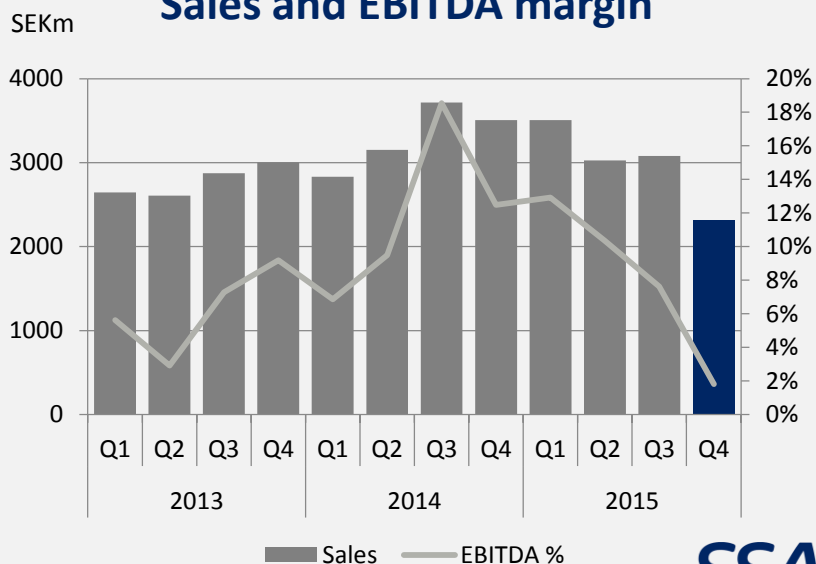
SSAB Americas

Continued destocking in Q4

- ▶ Sharp price drops and low volumes were only partly offset by lower raw material costs
- ▶ Declining volumes due to continued destocking among steel service centers
- ▶ Heavy Transport segment slowed down while demand for wind towers remained strong
- ▶ Continued focus on efficiency

SEKm	Q4/2015	Q4/2014	2015	2014
Sales	2,321	3,508	11,936	13,207
EBITDA	42	438	1,043	1,620
EBIT ¹	-100	299	428	1,107
Shipments, ktonnes	435	488	1,887	2,065

Sales and EBITDA margin



1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO

Tibnor in Q4

Slow market development and declining prices

- ▶ Sales down mainly due to divested remedy assets
- ▶ Profit impacted by low volumes, lower prices and negative impacts of inventory revaluation
- ▶ Taking market shares in the Nordics
- ▶ Focus to improve service and expand offering in Finland

SEKm	Q4/2015	Q4/2014	2015	2014
Sales	1,596	1,910	7,163	8,151
EBITDA	-28	6	65	173
EBIT ¹	-47	-16	-10	83

Sales and EBITDA margin



1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki

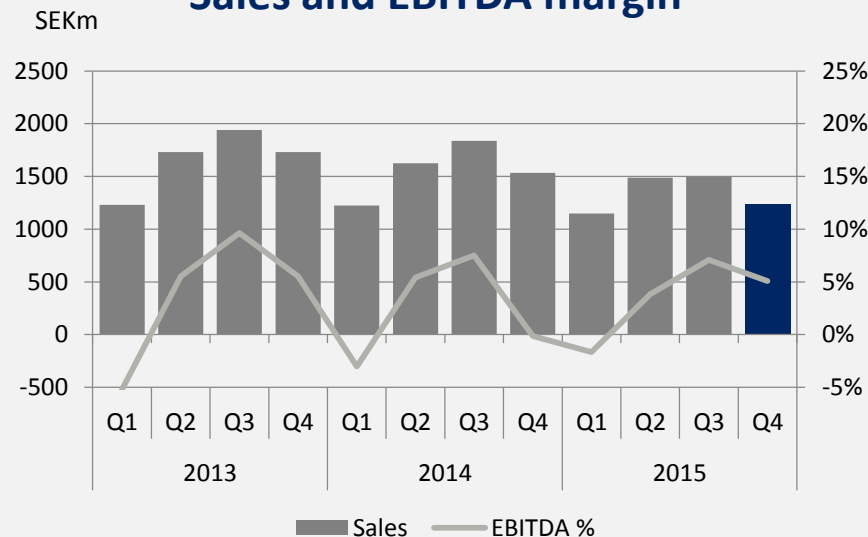
Ruukki Construction in Q4

Cost savings have led to improved profitability

- ▶ Sales were down in Building Systems segment and Russia
- ▶ Sweden remained strong while Finland is still stagnant
- ▶ Profitability improved due to the ongoing cost restructuring program
- ▶ Focus to conclude restructuring program in H1/2016

SEKm	Q4/2015	Q4/2014	2015	2014
Sales	1,243	1,532	5,374	6,217
EBITDA	64	-4	208	185
EBIT ¹	3	-26	18	-14

Sales and EBITDA margin



1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki



Financials

Håkan Folin, CFO

SSAB

Key figures

Strong cash flow in Q4 and FY 2015

SEKm (except for EPS)	Q4/2015	Q4/2014	2015	2014 ¹
Sales	12,499	15,200	56,864	60,112
EBITDA ²	157	1,051	3,655	4,419
Operating profit ^{2,3}	-802	118	-128	1,005
Pre-tax profit ^{2,3}	-1,051	-82	-1,051	83
Net profit ^{2,3}	-606	10	-400	112
Earnings per share (EPS), SEK	-1.23	-2.39	-0.93	-3.33
Operating cash flow	1,788	1,407	3,874	1,737

1) Pro forma figures as if SSAB had owned Rautaruukki during the whole of 2014

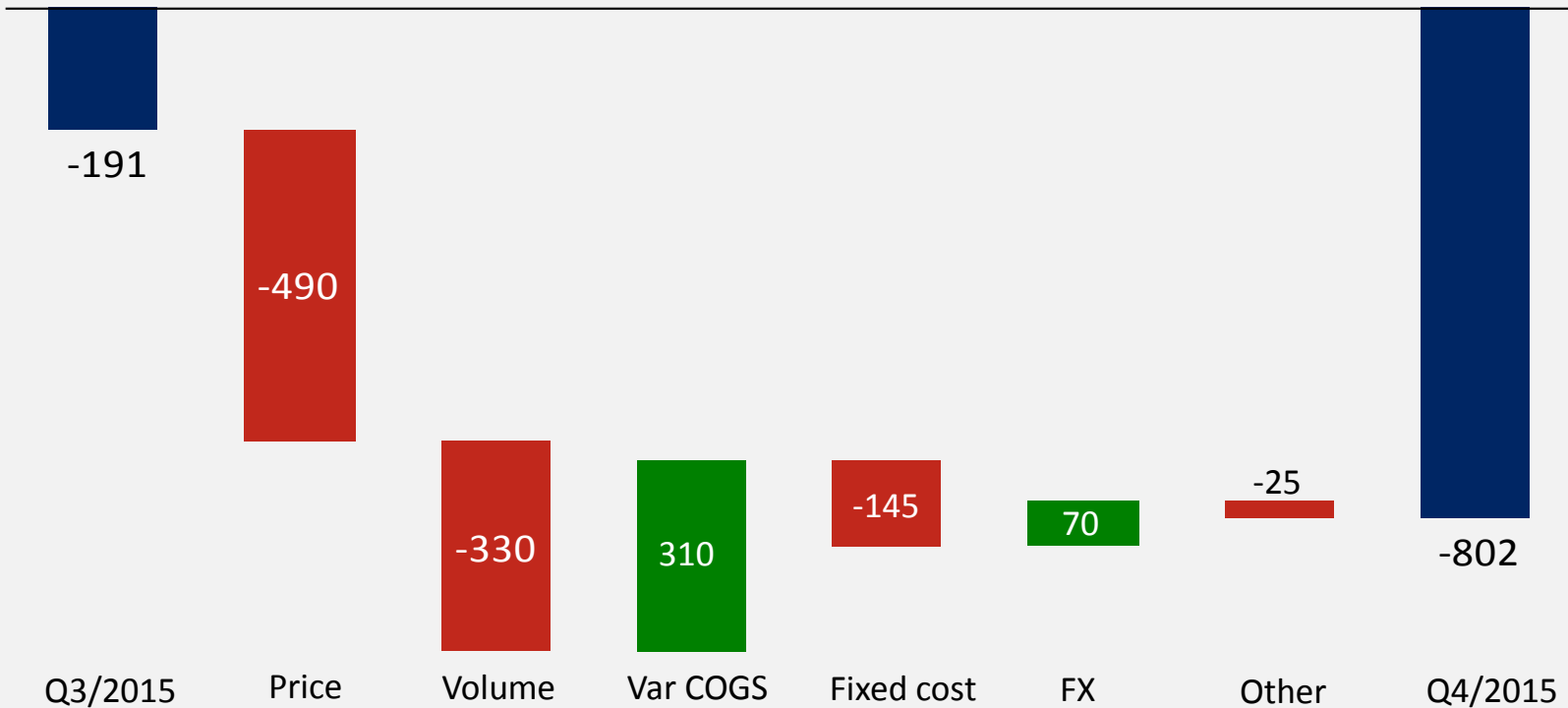
2) Excluding items affecting comparability

3) The pro forma numbers for 2014 exclude depreciation and amortization on surplus values related to the acquisition of Rautaruukki

Change in operating profit

Q4/2015 vs. Q3/2015

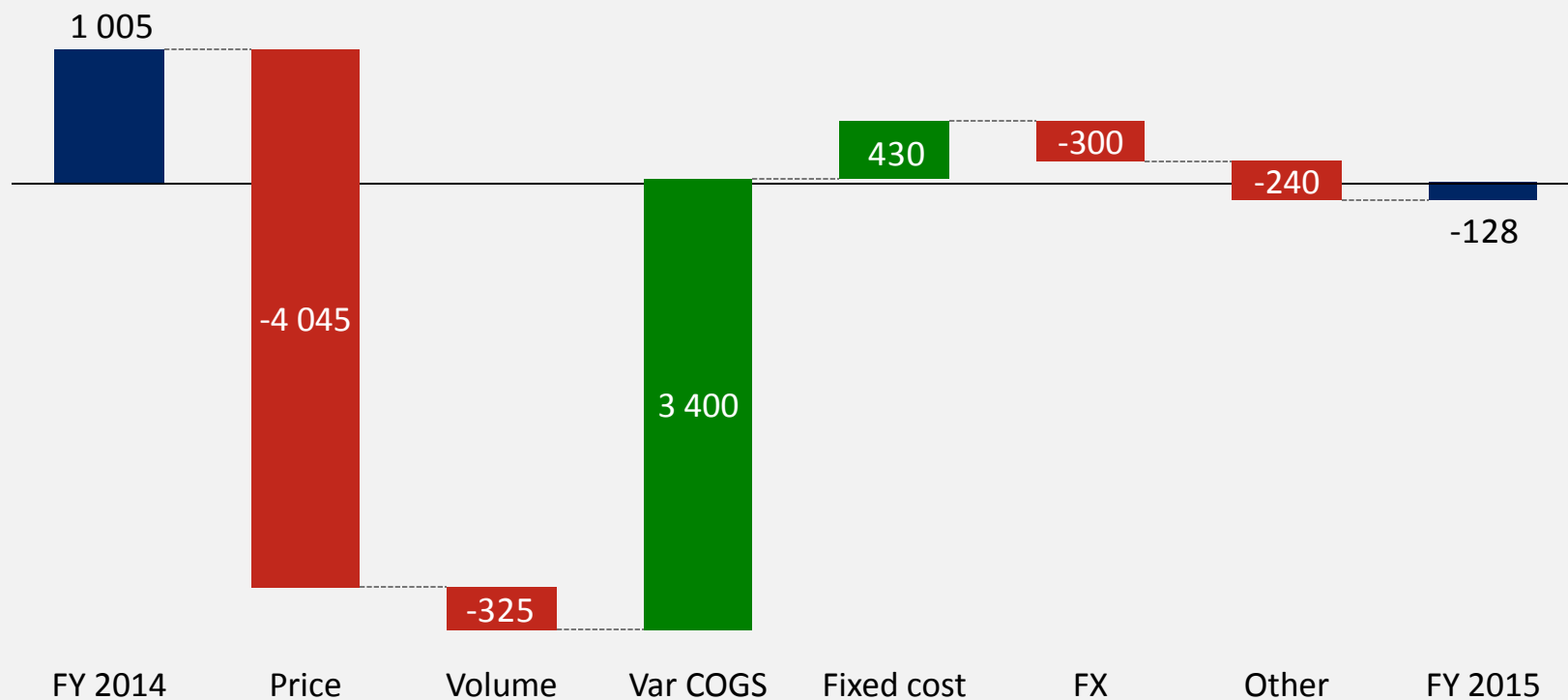
SEKm



Change in operating profit

FY 2015 vs. FY 2015

SEKm

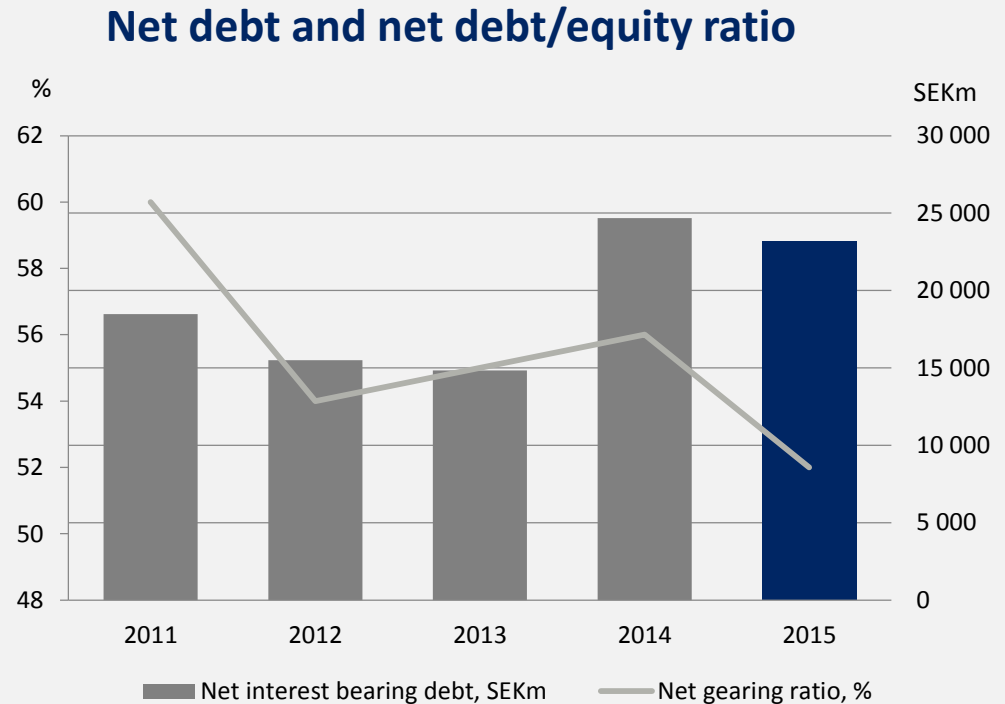


Strong cash flow generation in 2015 despite high CAPEX

SEKm	Q4/2015	Q4/2014	2015	2014
Operating profit before depreciation/amortization	134	772	3,593	3,305
Change in working capital	2,084	800	1,987	-560
Maintenance expenditure	-495	-494	-1,891	-1,341
Other	65	329	185	333
Operating cash flow	1,788	1,407	3,874	1,737
Financial items	-203	-354	-796	-1,013
Taxes	34	-137	-276	-251
Cash flow from current operations	1,619	916	2,802	473
Strategic capital expenditure in plant and machinery	-148	-158	-655	-331
Acquisitions of shares and operations	0	-30	-36	-48
Divestments of shares and operations	10	0	172	0
Net cash flow	1,481	728	2,283	94

Debt reduced by SEK 1.5bn in 2015

- ▶ Net debt decreased by SEK 1.5bn during 2015 and amounted to SEK 23.2bn at year end
- ▶ Net debt/equity of 52%, a decrease of 4 percentage points since year-end 2014

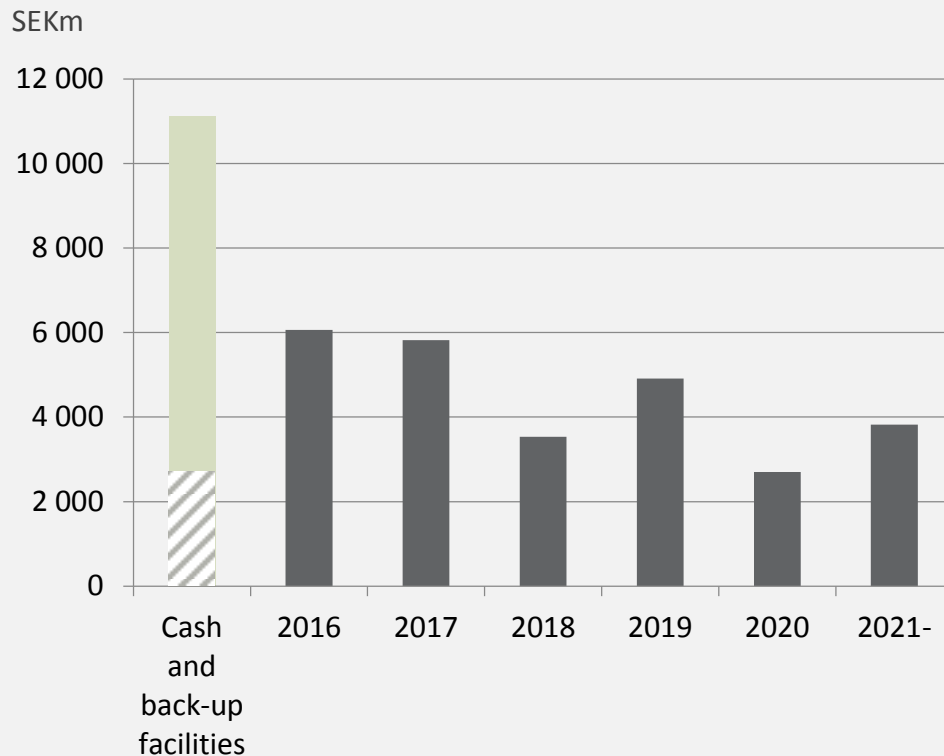


Balanced maturity profile in the years to come

Higher cash and back-up facilities

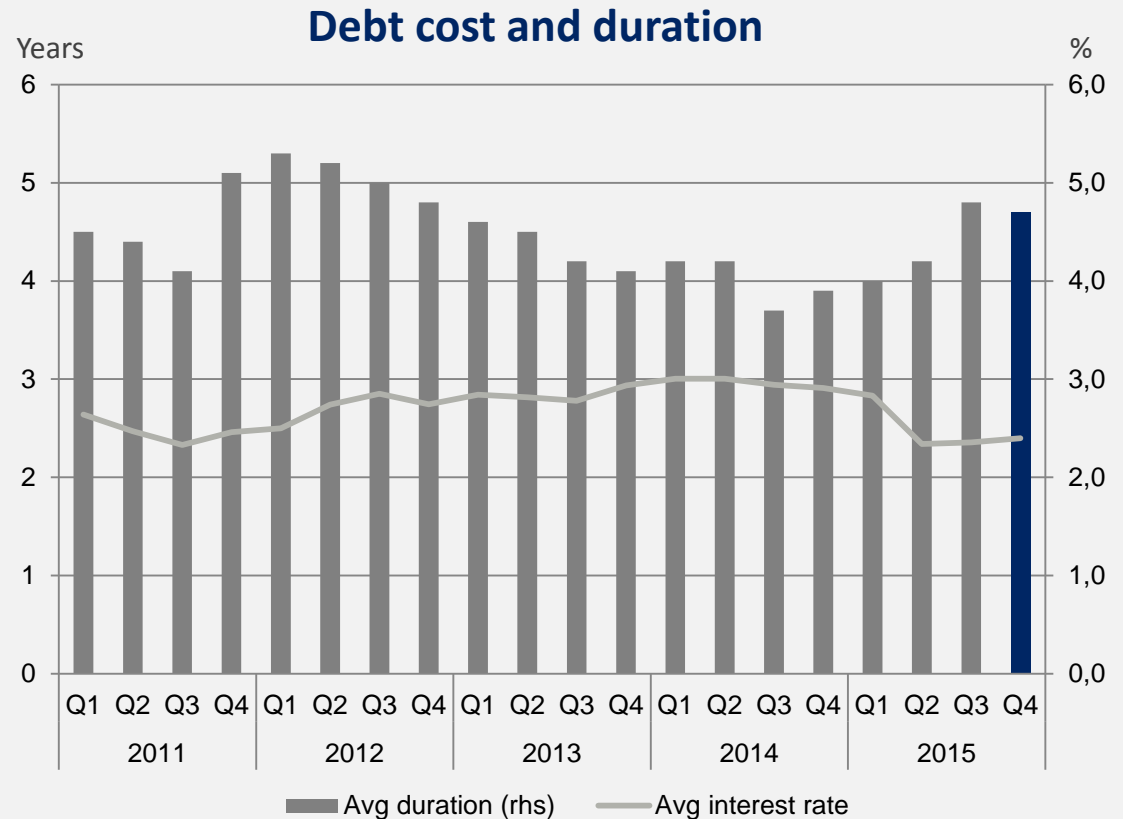
- ▶ The average term on the loan portfolio was 4.6 (3.9) years
 - Averaged fixed interest term was 1.1 (1.2) years
- ▶ Of the total maturities in 2016, commercial paper accounts for approximately 60%
- ▶ Continued covenant-free debt portfolio

Debt maturity at December 31, 2015

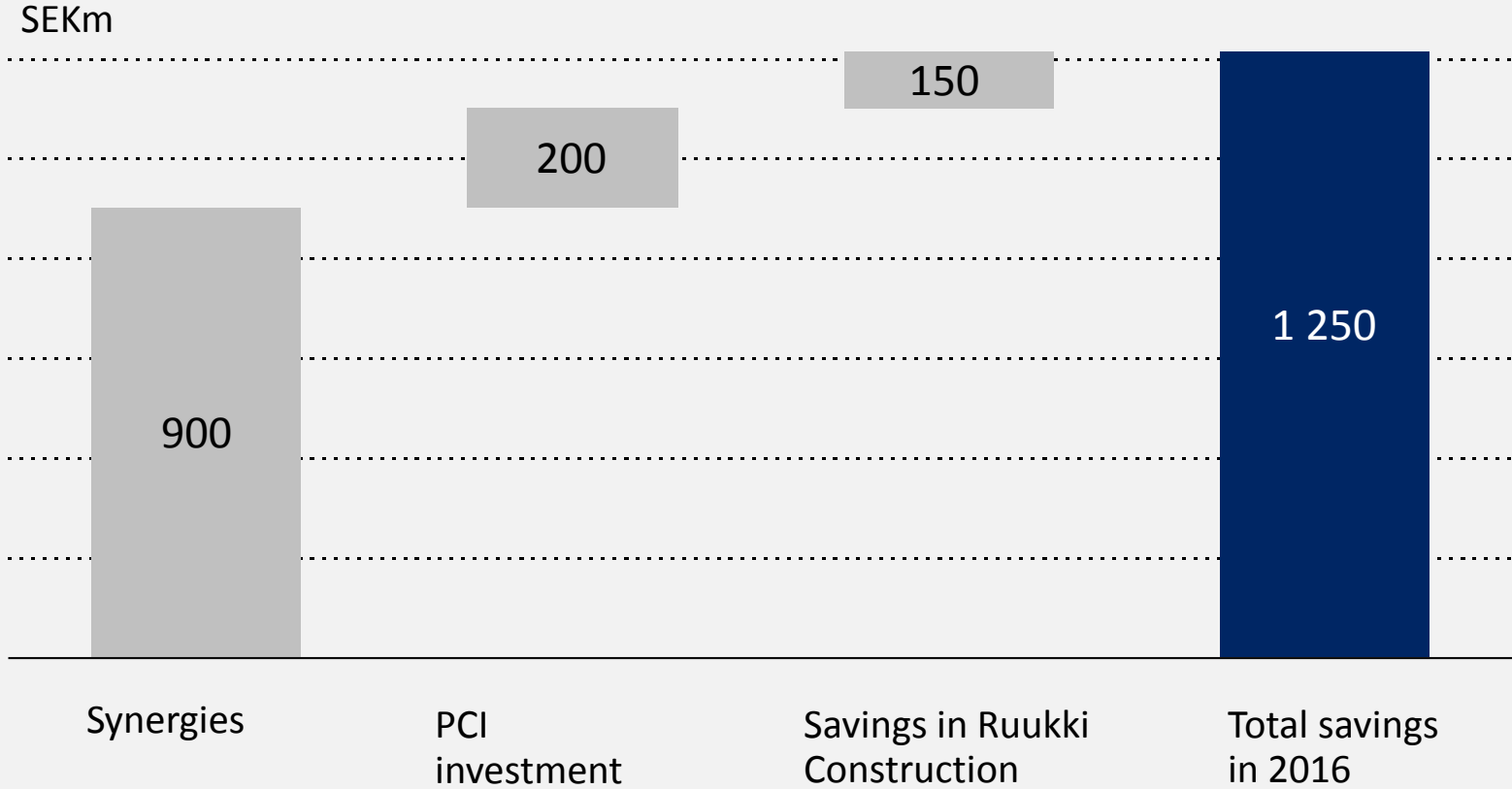


Continued high duration and low average interest rate

- ▶ Duration decreased to 4.7 years vs. 4.8 years in Q3/2015
- ▶ Average interest rate was 2.40%
 - (2.36 % in Q3/2015)



Cost savings in 2016 vs 2015 - more than SEK 1.2bn



CAPEX assumptions for 2016

- ▶ Guidance for Maintenance CAPEX 2016-2018 is SEK 1.6-1.8bn annually
 - Potential to further reduce maintenance CAPEX in a slow demand situation
- ▶ Strategic CAPEX depends on market situation – very limited CAPEX will be used if market does not improve
- ▶ Total CAPEX for 2016 will be SEK 1.5-2.0bn depending on market situation
- ▶ Also potential to further reduce working capital

Outlook

Martin Lindqvist, President & CEO

SSAB

SSAB's outlook for Q1/2016

- ▶ Underlying demand in North America and Europe is expected to be stable during Q1
 - Higher apparent demand
- ▶ Risk that high import volumes continuously will impact the market situation
- ▶ Demand for high-strength steels is expected to be stable and delivery volumes higher than during Q4
- ▶ In total, SSAB's shipments during Q1 are expected to be higher than during Q4

SSAB's key customer segments – outlook

Segment	Outlook for Q1 vs. Q4	Comments on outlook
Heavy Transport	➡	<ul style="list-style-type: none"> ▶ Heavy Transport expected to remain at high level in Europe ▶ US market expected to slow down
Automotive	➡	<ul style="list-style-type: none"> ▶ Automotive is expected to remain at high level in Europe and in the US
Construction Machinery	➡	<ul style="list-style-type: none"> ▶ Stable demand expected on main markets in Europe. Export of construction machinery from US is under pressure ▶ Chinese market remains depressed
Mining	➡	<ul style="list-style-type: none"> ▶ Continued downward adjustments of CAPEX in the mining sector will hamper demand
Energy	➡	<ul style="list-style-type: none"> ▶ Continued solid demand for wind towers expected in North America ▶ Oil-related segments will remain challenging
Construction Material	➡	<ul style="list-style-type: none"> ▶ Seasonally somewhat higher demand vs. Q4 ▶ Sweden expected to remain at good level, Finland stagnant. Russia still depressed
Service Centers (US)	➡	<ul style="list-style-type: none"> ▶ Inventories at low level. Service Centers need to replenish

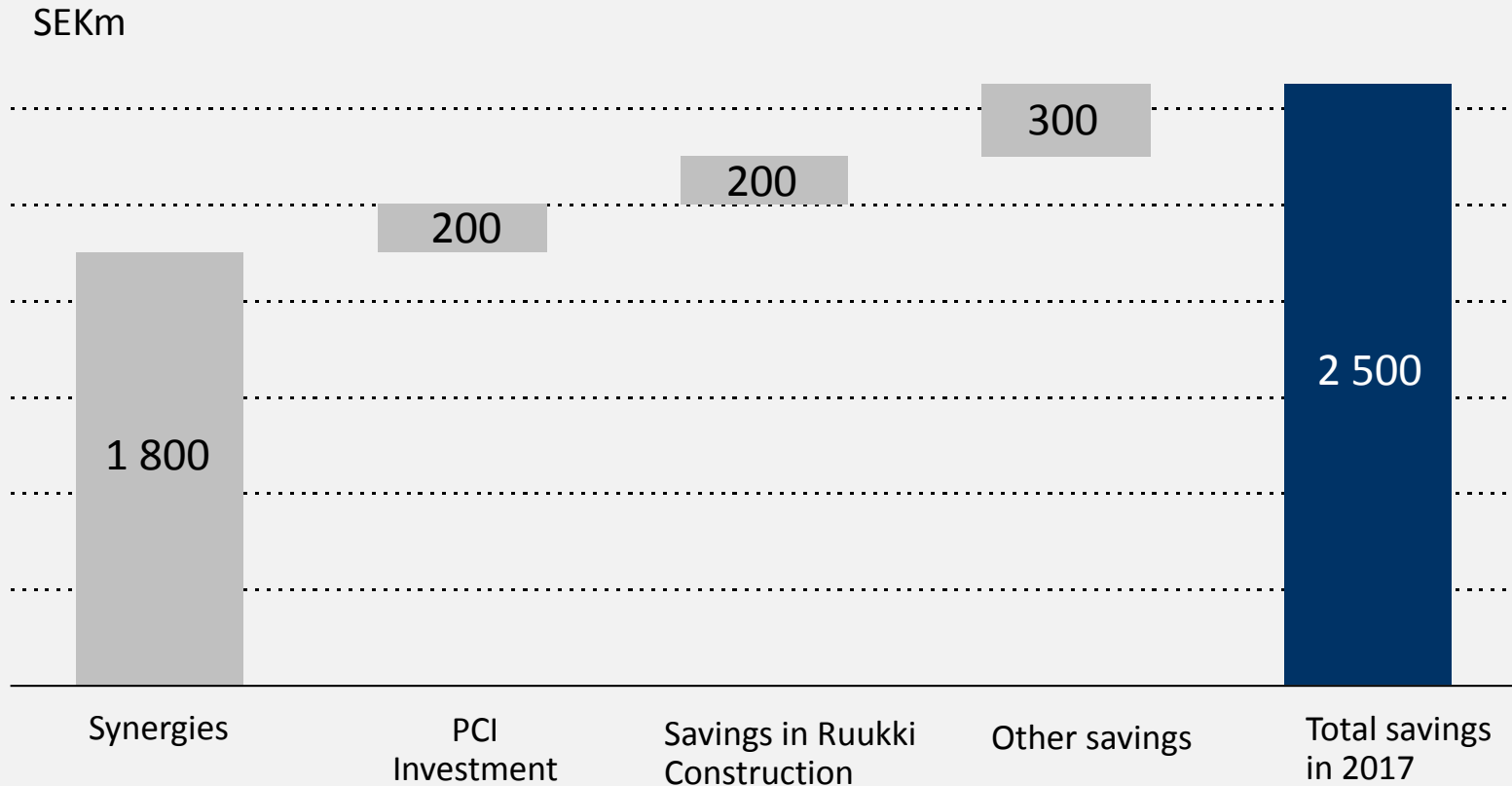
SSAB Services - a new business unit for growth in partnership with customers

- ▶ SSAB increases focus on service and the after market business with a new business unit - SSAB Services
- ▶ SSAB Services will be responsible for SSAB's extended global service offering
 - Wear Services
 - Shape businesses
- ▶ Aim to drive profitable growth
 - Drive sales of branded products
 - Creating new applications
 - Developing new business models
- ▶ Gregoire Parenty to head the new unit



SSAB

Main focus to conclude efficiency measures in order to reach savings targets*



*Cost level to be reduced by SEK 2.5 billion on an annual basis since completing the acquisition of Rautaruukki.

Questions & Answers

SSAB



*A stronger,
lighter and more
sustainable world*