



Improved earnings driven by higher prices and lower costs

Presentation of the Q3/2016 result

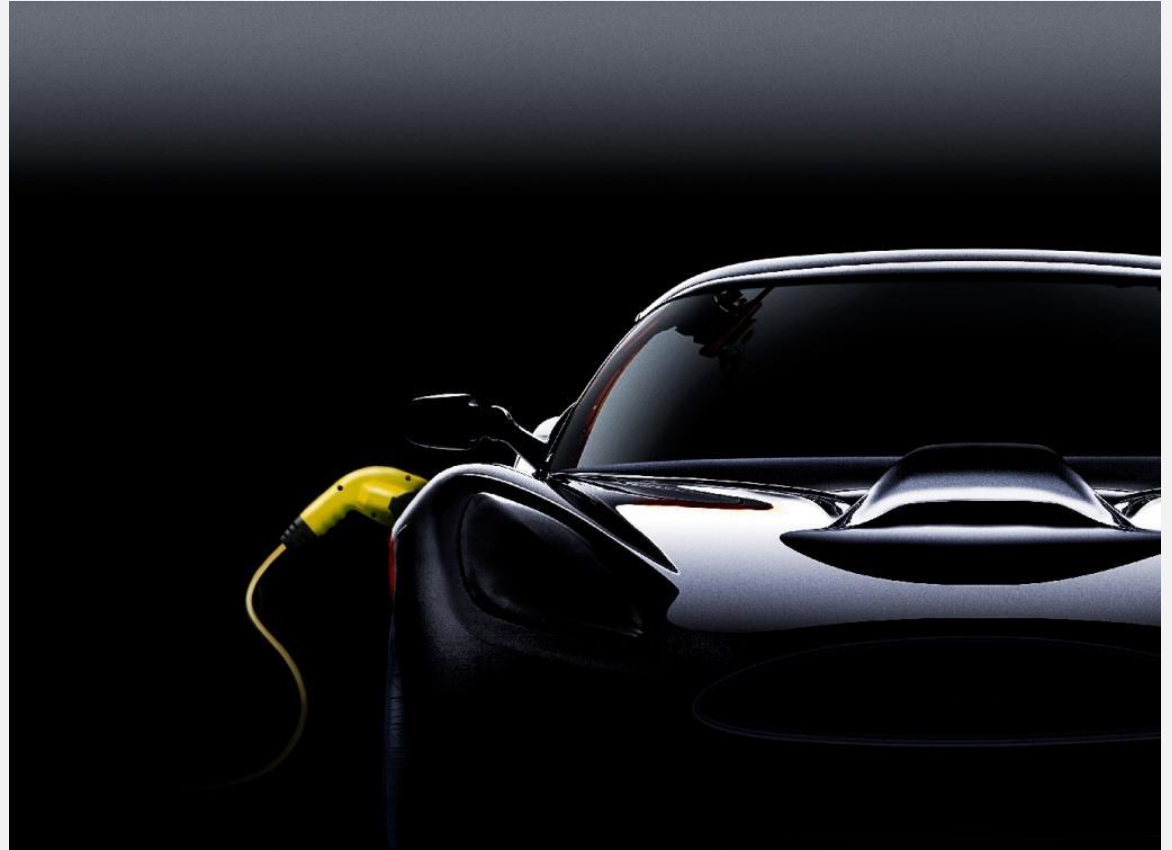
Martin Lindqvist, President & CEO
Håkan Folin, CFO

October 28, 2016

SSAB

Agenda

- ▶ Market situation and Q3/2016 in brief
- ▶ Financials
- ▶ Outlook
- ▶ Q&A

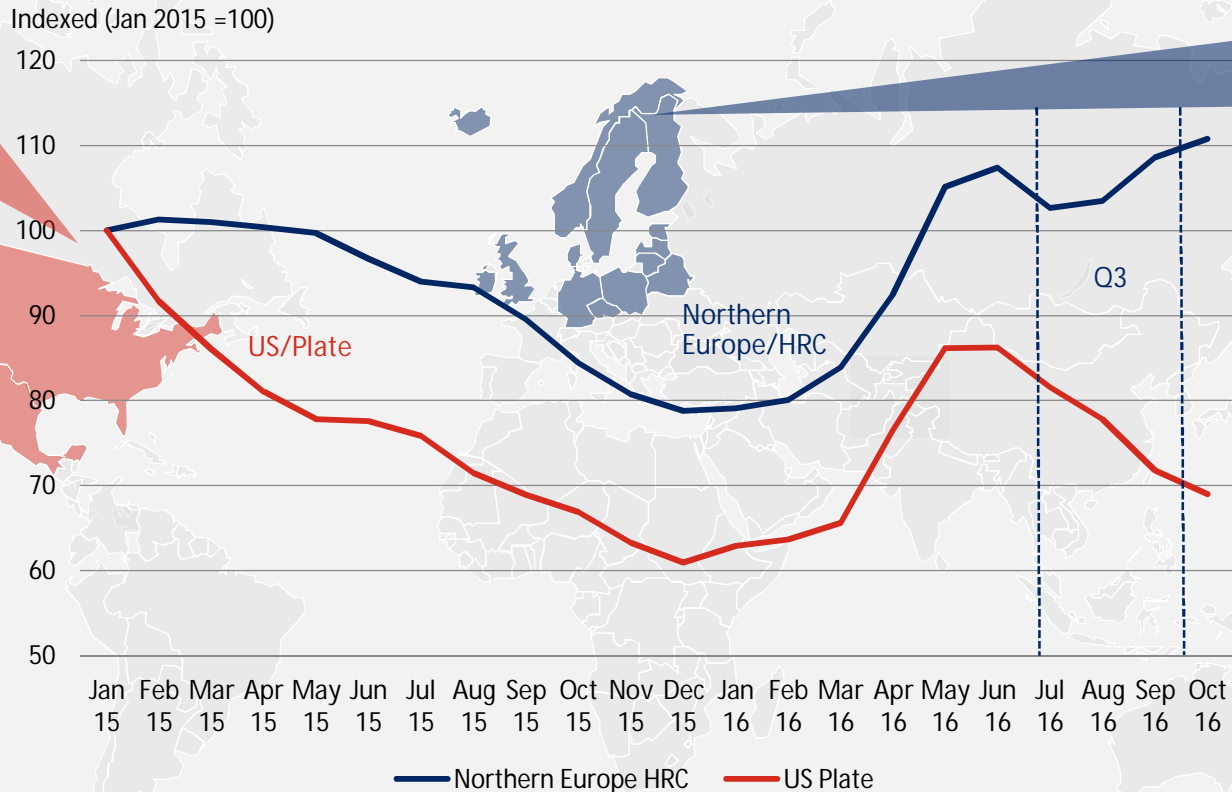


Very different market situation in Europe and North America

Spot price development: Hot Rolled Coil (HRC) in Northern Europe, Plate in US

Weak demand, SCC destocking, high imports, plate spot prices declining

Stable demand, low imports, inventories in balance, increasing spot prices



Summary of Q3/2016

Improvement driven by higher prices and cost savings

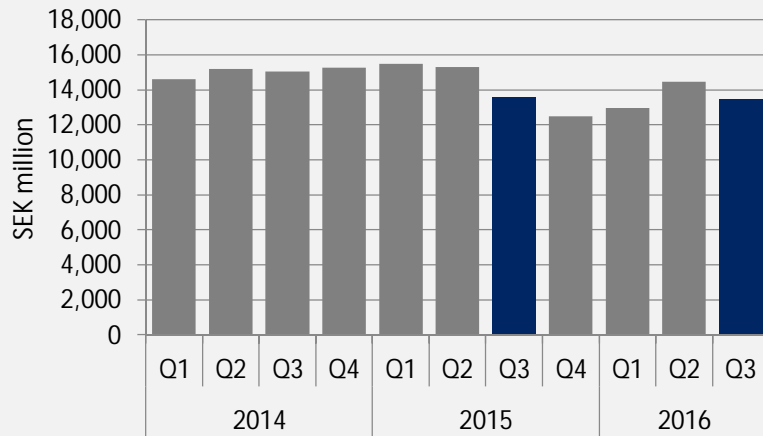
- ▶ EBIT amounted to SEK 707m, up SEK 115m compared with Q2/16
 - + Higher contract prices
 - + Continued cost reductions
 - Lower shipments due to seasonality
 - Maintenance outages
- ▶ EBIT was up SEK 898m vs. Q3/2015
- ▶ Good operating cash flow at SEK 926m, despite higher inventories
- ▶ Net debt was reduced to SEK 18.2bn and gearing went down to 35%

Key figures

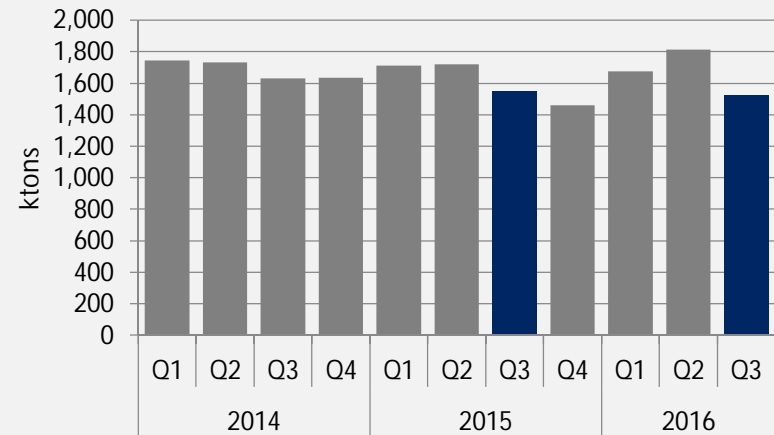
SEKm	Q3/2016	Q3/2015	Q2/2016
Sales	13,477	13,594	14,471
EBITDA	1,635	751	1,585
EBIT	707	-191	668
Operating cash flow	926	-160	1,151

Profitability improved further from Q2

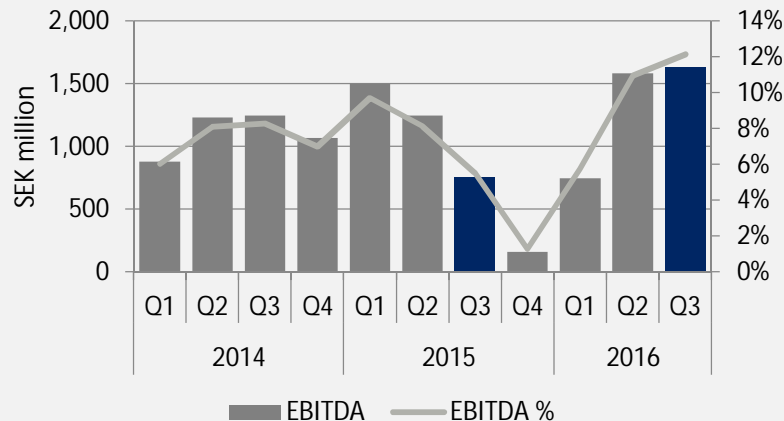
Sales



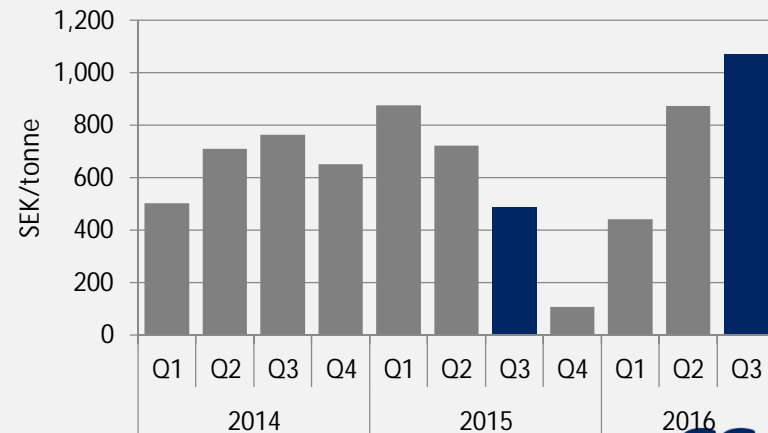
Shipments²



EBITDA and EBITDA margin¹



EBITDA¹ per tonne delivered steel



1) Excluding items affecting comparability

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

Note: Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

SSAB Special Steels

Result improvement mainly due to higher prices and lower costs

- ▶ Shipments were 242 ktonnes, up 12% vs. Q3/2015, but down 13% vs. Q2/2016
- ▶ EBIT was SEK 453m, up SEK 177m vs. Q2/2016
 - + Higher prices
 - + Lower costs
 - Lower volumes due to seasonality

SEKm	Q3/2016	Q3/2015	Q2/2016
Sales	2,986	3,743	3,398
EBITDA	587	391	437
EBIT ¹	453	251	303
Shipments, ktonnes	242	216	277

Sales and EBITDA margin²



- 1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki
- 2) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

SSAB

SSAB Europe

Result improvement due to higher prices and cost savings

- ▶ Shipments were 863 ktonnes, up 5% vs. Q3/2015, but down 15% vs. Q2/2016
- ▶ EBIT was SEK 426, up SEK 109m vs. Q2/2016
 - + Lower variable and fixed costs
 - + Higher prices
 - Lower volumes due to seasonality
 - Lower capacity utilization

SEKm	Q3/2016	Q3/2015	Q2/2016
Sales	6,122	5,965	6,668
EBITDA	789	36	728
EBIT ¹	426	-328	366
Shipments, ktonnes	863	823	1,013

Sales and EBITDA margin²



- 1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki
- 2) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year



SSAB Americas

Clearly lower volumes and planned maintenance costs

► Demand for heavy plate was weak and spot prices declined throughout the quarter

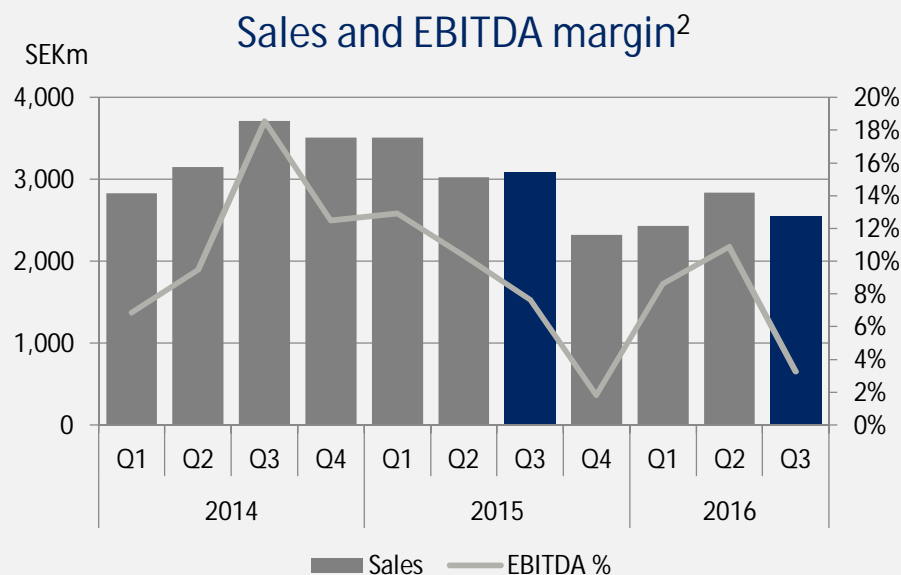
- Steel Service Centers were destocking

► Shipments were 421 ktonnes, down 20% vs. Q2/2016 and 17% vs. Q3/2015

► EBIT was negative at SEK -73, down SEK 235m from Q2/2016

- Lower volumes
- Costs from maintenance outage
- Lower capacity utilization
- + Higher prices due to the lag effect

SEKm	Q3/2016	Q3/2015	Q2/2016
Sales	2,545	3,080	2,841
EBITDA	83	235	309
EBIT ¹	-73	78	162
Shipments, ktonnes	421	505	526



- 1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of IPSCO
- 2) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

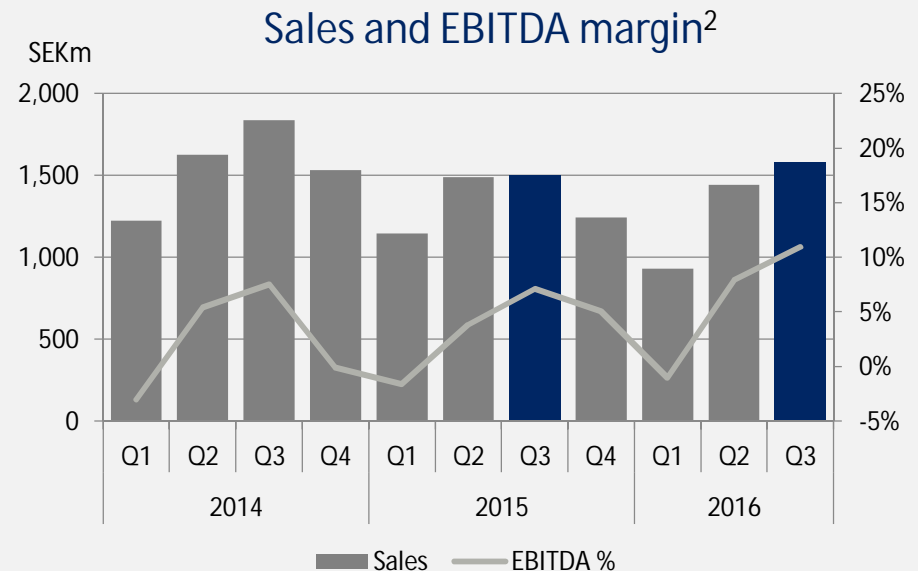
SSAB

Ruukki Construction

Impacts of the cost saving program clearly visible in the result

- ▶ Demand increased seasonally and was at good level in the main markets, except Russia
- ▶ Sales were seasonally up 9% vs. Q2/2016, and up 6% vs. Q3/2015
- ▶ Operating result improved SEK 73m from Q3/2015
 - + Cost savings program
 - + Higher volumes

SEKm	Q3/2016	Q3/2015	Q2/2016
Sales	1,579	1,496	1,444
EBITDA	173	106	114
EBIT ¹	137	64	75



- 1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki
- 2) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

SSAB

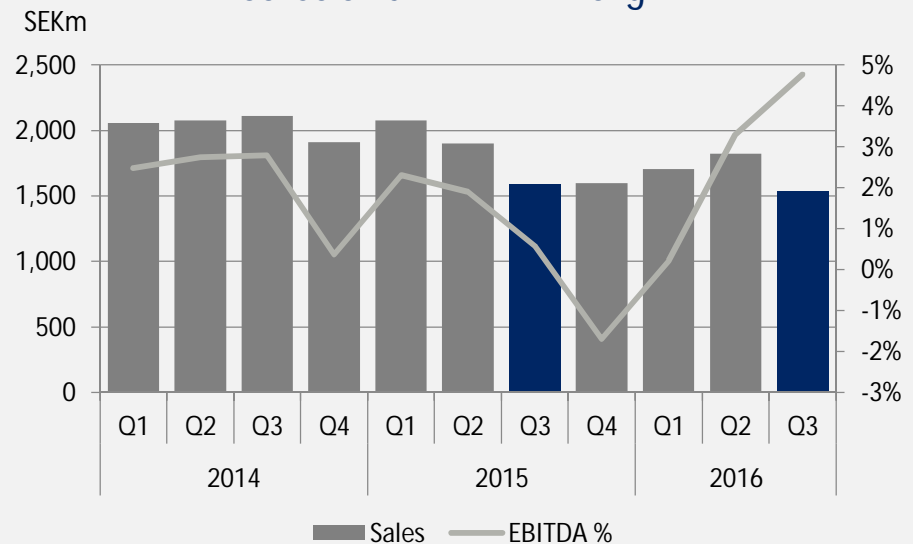
Tibnor

Improved result, despite seasonally lower shipments

- ▶ Sales were seasonally down 15% vs. Q2/2016
- ▶ Shipments decreased 21% vs. Q2/2016 and 5% vs. Q3/2015
- ▶ Operating result was SEK 53m, up SEK 14m vs. Q2/2016
 - + Better margins
 - + Lower fixed costs
 - Lower volumes

SEKm	Q3/2016	Q3/2015	Q2/2016
Sales	1,539	1,593	1,820
EBITDA	73	9	60
EBIT ¹	53	-8	39

Sales and EBITDA margin²

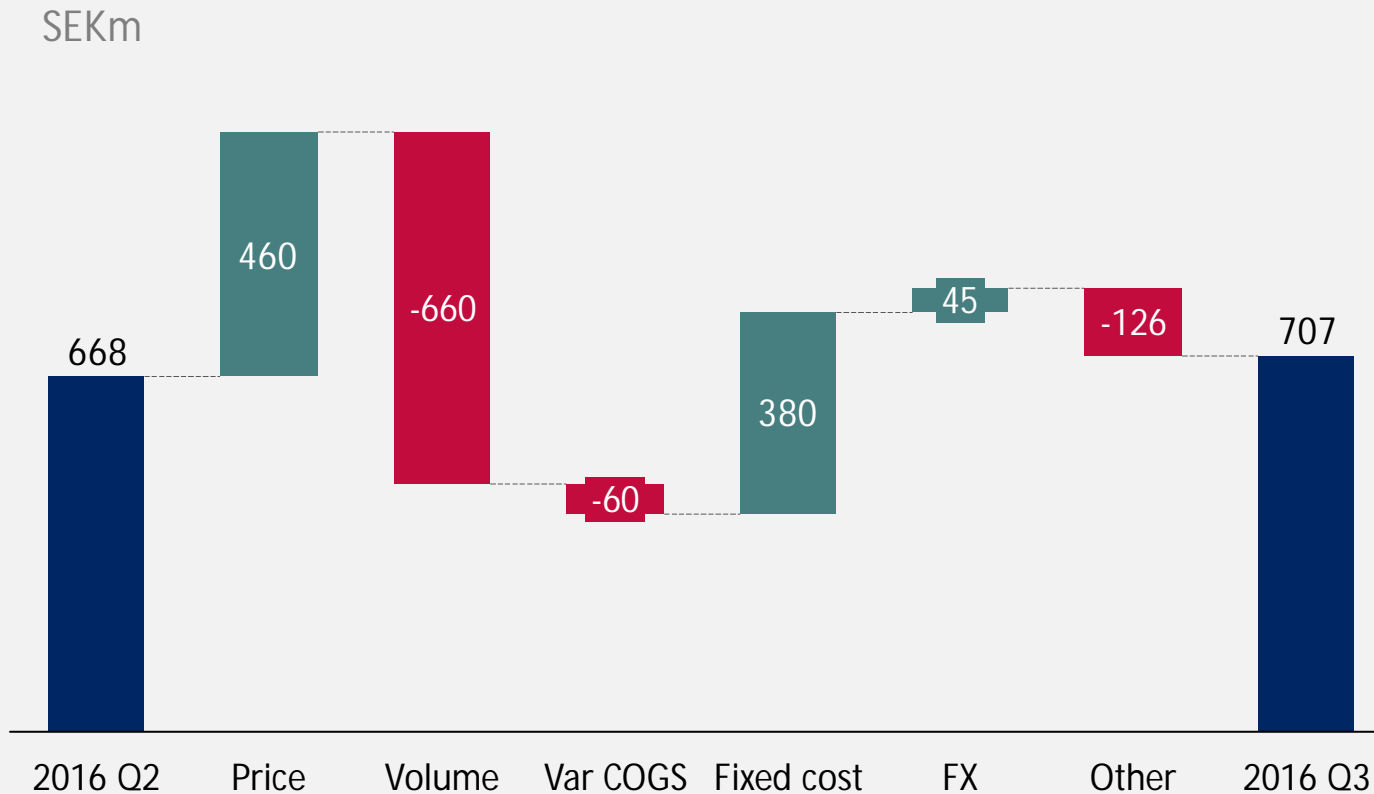


- 1) Excluding depreciation/amortization on surplus values on intangible and tangible fixed assets related to the acquisition of Rautaruukki
- 2) Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Financials

Change in operating profit

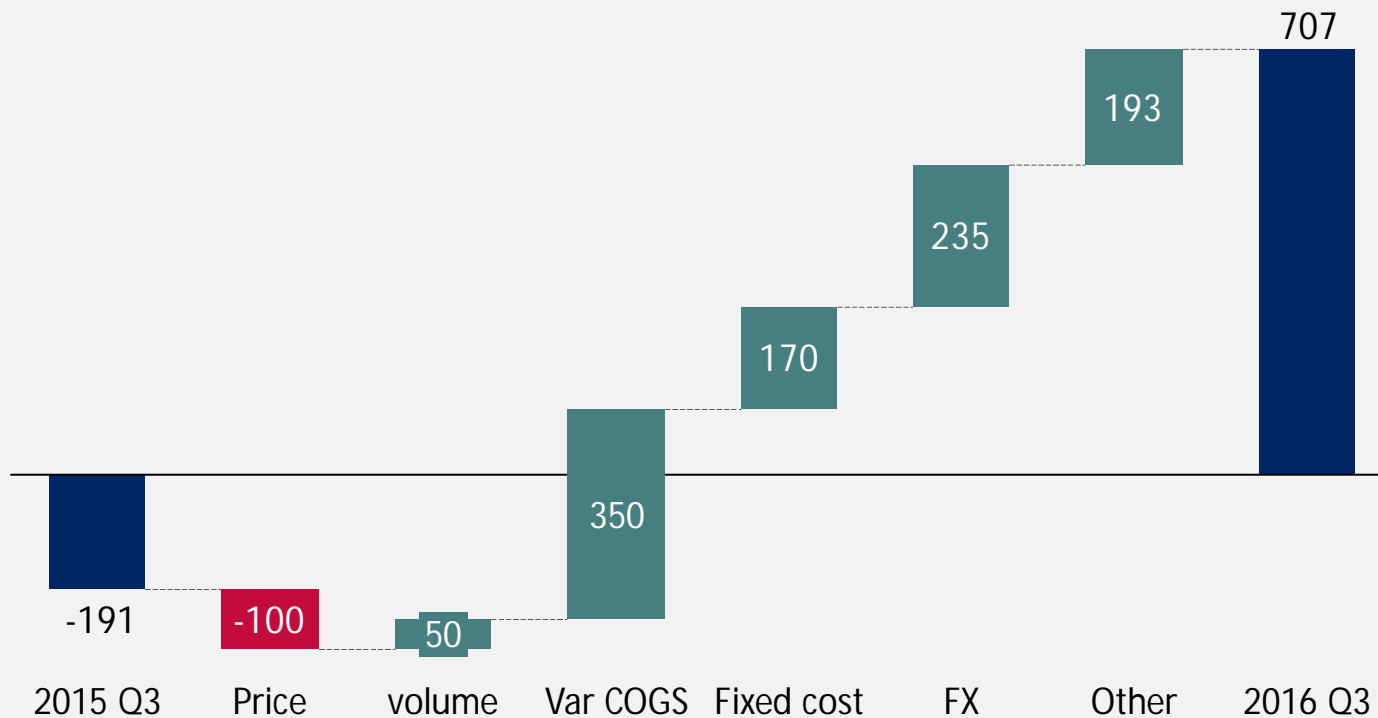
Q3/2016 vs. Q2/2016



Change in operating profit

Q3/2016 vs. Q3/2015

SEKm

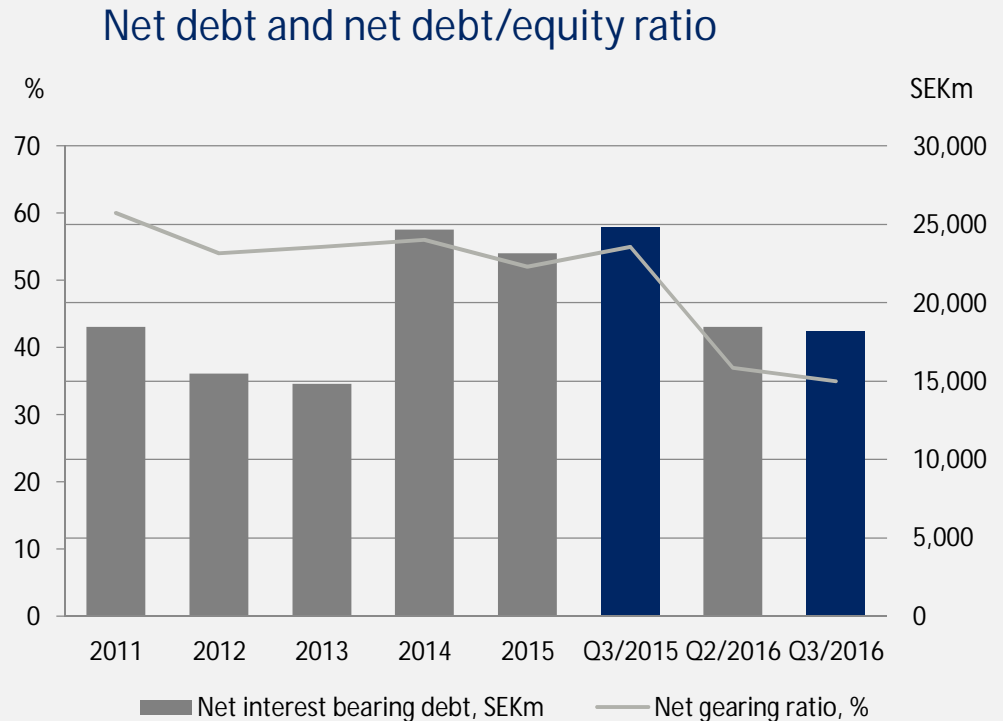


Good operating cash flow despite build-up of inventories

SEKm	Q3/2016	Q3/2015	Q2/2016	Q1-Q3/2016
Operating profit before depreciation/amortization	1,635	751	1,509	3,885
Change in working capital	-536	-293	-66	-1,078
Maintenance expenditure	-206	-609	-263	-688
Other	33	-9	-29	35
Operating cash flow	926	-160	1,151	2,154
Financial items	-186	-192	-359	-723
Taxes	-66	25	-50	-164
Cash flow from current operations	674	-327	742	1,267
Strategic capital expenditure in plant and machinery	-33	-117	-69	-190
Acquisitions of shares and operations	-25	-	-14	-46
Divestments of shares and operations	-	-	0	-
Net cash flow	616	-444	659	1,031

Net debt decreased and gearing went down

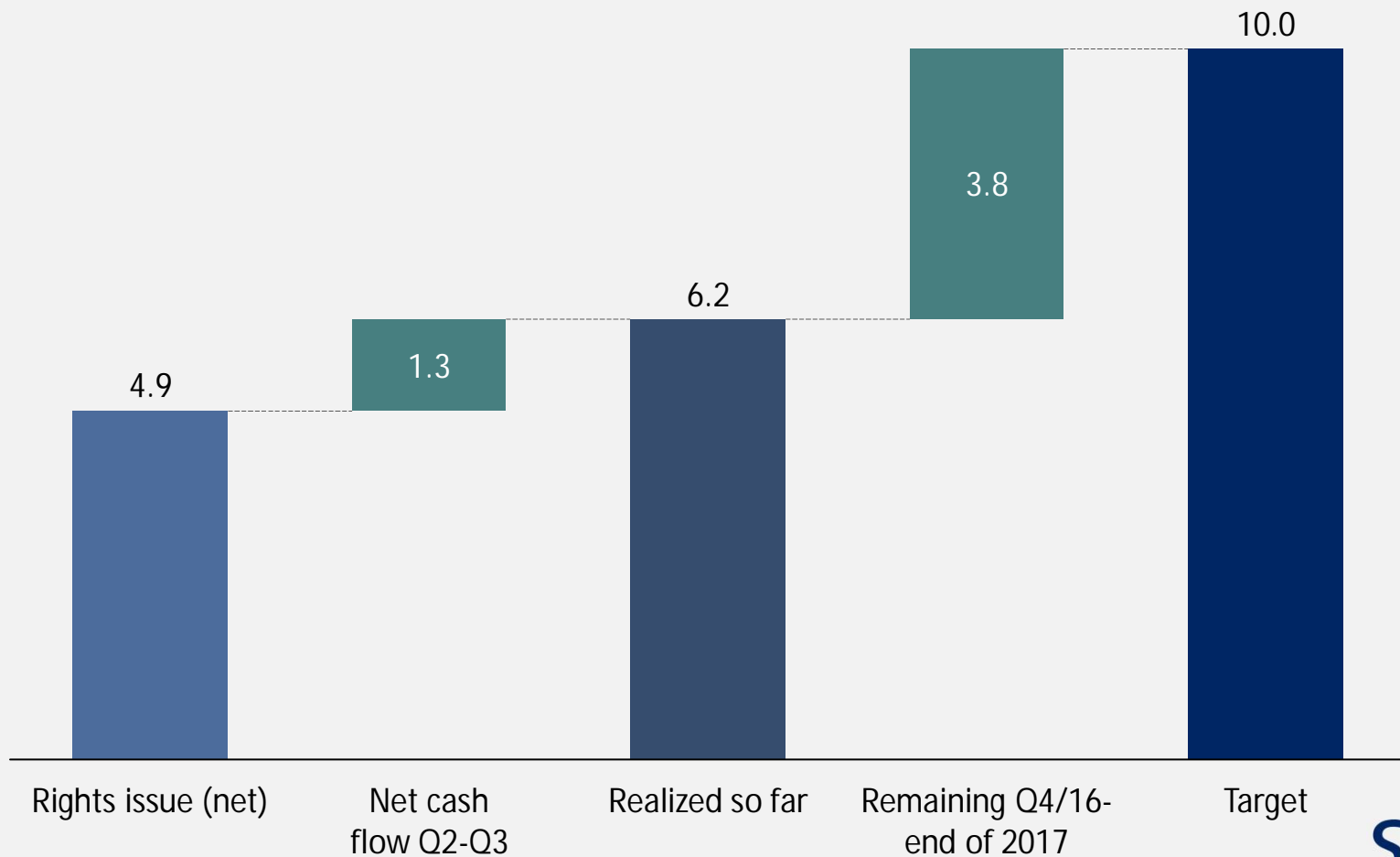
- ▶ Net gearing ratio decreased from 37% at the end of Q2 to 35% (55% at the end of Q3/15)
- ▶ Net debt decreased by SEK 247m and amounted to SEK 18.2bn (SEK 24.8bn at the end of Q3/15)



On our way of reducing net debt by SEK 10bn

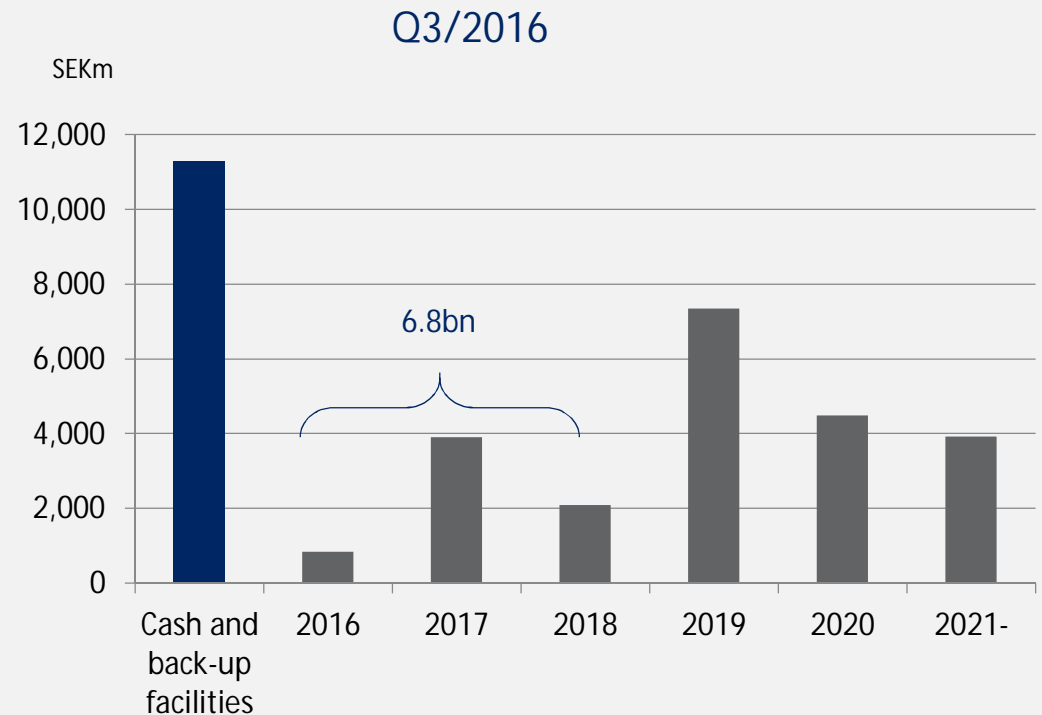
From the end of Q1/16 to the end of 2017

SEK bn



Reduced maturities in the coming years

- ▶ Loans maturing in 2016-2018 decreased from SEK 8.7bn at the end of Q2 to SEK 6.8bn
- ▶ Of the total maturities in 2016, commercial paper accounts for SEK 0,6 bn (in 2017 SEK 0,3 bn)



Duration on debt portfolio and interest rate

- ▶ Duration on the loan portfolio was 5.2 years (4.8 years at the end of Q3/2015)
- ▶ Averaged fixed interest term was 0.9 years
- ▶ Average interest rate was 3.3% (2.8% in Q2/2016)



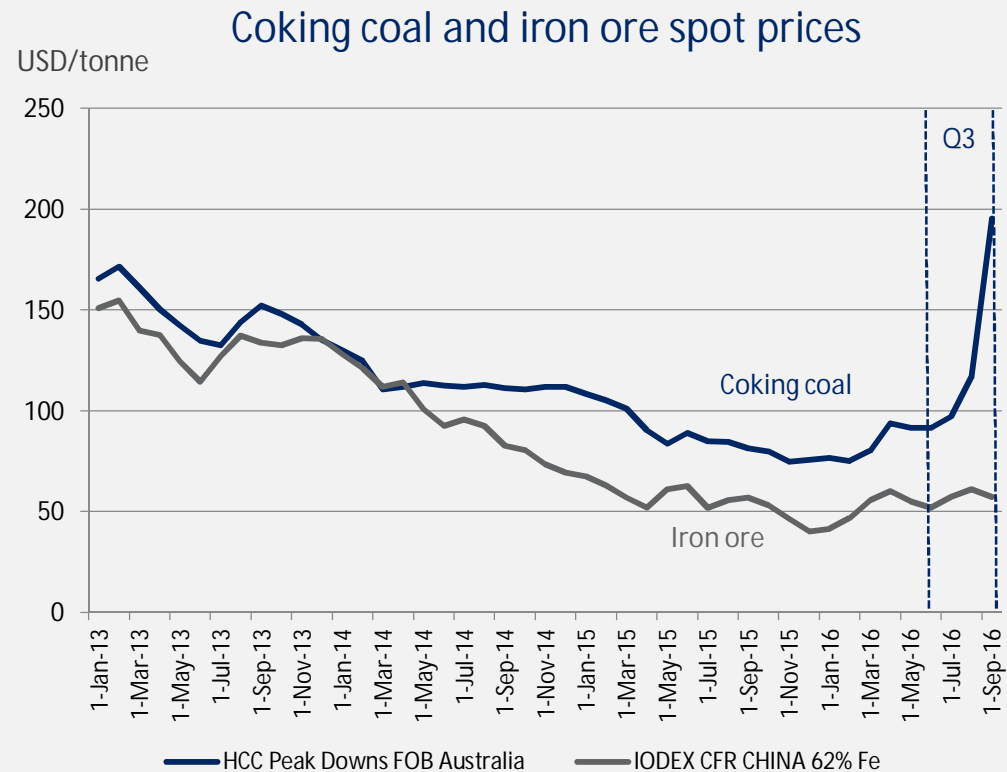
Coking coal spot prices rose sharply in Q3, impact on slab cost from Q4 onwards

► Coking coal

- Average coking coal price for SSAB during Q3 was 25% higher in USD and 34% higher in SEK vs. Q2/2016
- Main cost impact of higher spot prices will come in Q1/2017

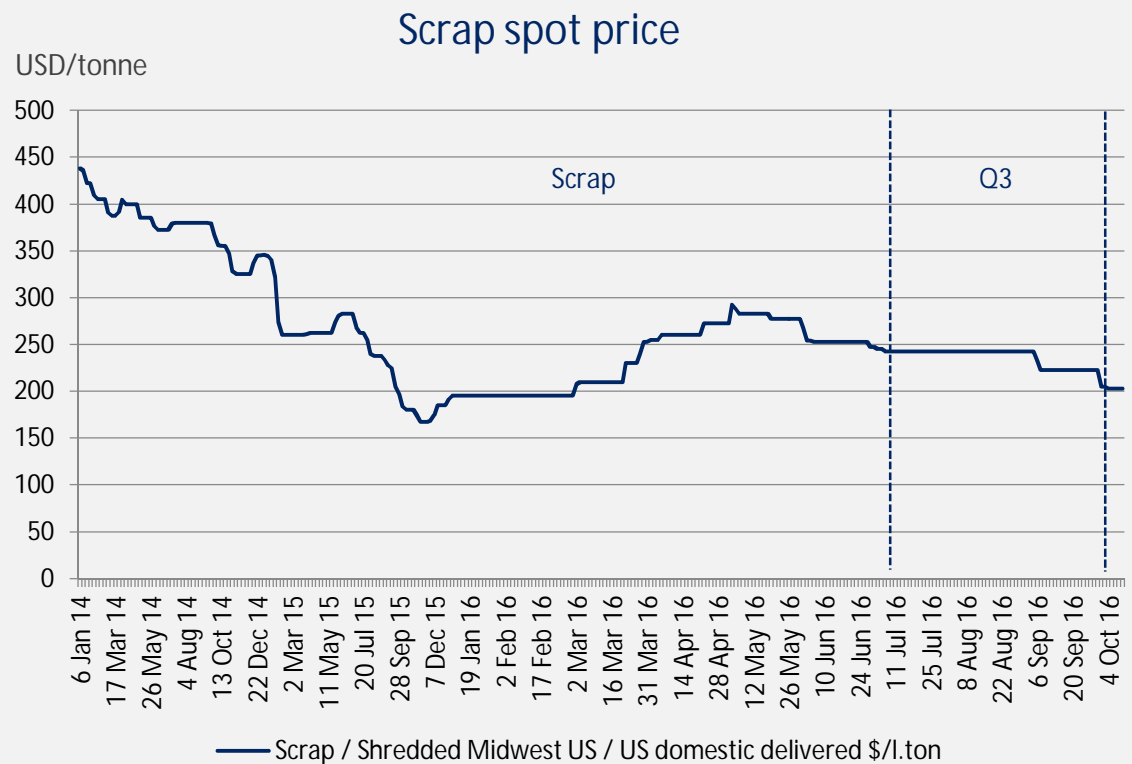
► Iron ore

- Pellet price for SSAB's shipments during Q3 was 3% higher in USD and 8% higher in SEK vs. Q2/2016



Scrap spot prices declined in US due to lack of demand

- ▶ Scrap spot prices in US at the end of Q3/2016 were:
 - 17% lower vs. Q2/2016
 - 4% higher vs. Q3/2015



Maintenance outages in 2016

- ▶ Costs were SEK 280m for Q3/2016
- ▶ Due to the demand situation, SSAB Europe pushed back parts of its outage from Q3 to Q4
- ▶ Costs in Q4/16 are estimated at SEK 190m

Major, planned maintenance outages 2016

SEKm	Q1/2016	Q2/2016	Q3/2016	Q4/2016
SSAB Special Steels				130
SSAB Europe			80	60
SSAB Americas	20	20	200	
Total	20	20	280	190

Note: The table shows the estimated direct maintenance cost, excluding the cost of lower capacity utilization (under absorption) and lost margins.

Outlook








SSAB's outlook for Q4/2016

- ▶ In North America, demand for heavy plate is expected to remain relatively weak. Low stocks are expected to result in increased purchases from distributors
 - Realized prices are expected to be lower than Q3 due to the lag effect
- ▶ In Europe, demand is expected to remain unchanged, but with certain seasonal slowdown towards the end of the quarter
 - Realized prices are expected to be stable
- ▶ Demand for high-strength steels is expected to be relatively unchanged vs. Q3
- ▶ Overall, SSAB's shipments are expected to be at roughly the same level as in Q3. However, shipments will be impacted by customer expectations of price levels at the beginning of 2017

Questions & Answers

Appendix

SSAB's key customer segments – outlook

Segment	Outlook for Q4 vs. Q3	Comments on outlook
Heavy Transport		<ul style="list-style-type: none"> ▶ Stable demand expected in Europe ▶ Railcar production in US is expected to continue to decline, also truck industry slowing 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"> ▶ Demand in the main European markets is expected to slow down somewhat ▶ Demand in US is showing some signs of recovery from low level
Mining		<ul style="list-style-type: none"> ▶ Activity still low
Energy		<ul style="list-style-type: none"> ▶ Continued solid demand in wind energy segment expected ▶ Oil-related segments are expected to remain slow
Construction Material		<ul style="list-style-type: none"> ▶ Demand expected to be seasonally lower
Service Centers (US)		<ul style="list-style-type: none"> ▶ Demand from Service Centers is expected to increase in Q4 as the inventories are low after the destocking that took place in Q3

Several anti-dumping measures are in place and under preparation in EU and the US

In place (examples)

Under preparation

Europe

- ▶ Wire-rod (China)
- ▶ Electrical steel (China, CIS, South Korea, US)
- ▶ Stainless cold-rolled (China, Taiwan)
- ▶ Cold-rolled carbon steels (China, Russia)

- ▶ Hot-Rolled flat carbon steels (China)
 - Provisional duties came in Oct 2016
 - Duties to be implemented; 13—22% for Strip and 65—74% for Heavy Plate
- ▶ Hot-Rolled flat carbon steels (Brazil, Russia, Iran, Serbia and Ukraine)

US

- ▶ Hot-rolled sheet and coils (China, Russia, India, Ukraine, Indonesia, Taiwan, Thailand)
- ▶ Hot-rolled sheet and coils (Australia, Brazil, Japan, Korea, Netherlands, Turkey)
 - Final decision came in Aug 2016
- ▶ Heavy plate (China, India, Indonesia, Russia, Ukraine)
- ▶ Cold-rolled sheet and coils (China, Japan)
 - Final AD duty decision in May 2016: 266% for Chinese and 71% for Japanese producers

- ▶ Cold-rolled sheet and coils (Brazil, India, Korea, Russia, United Kingdom)
- ▶ Heavy plate (Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, South Africa, South Korea, Turkey, Taiwan)
 - US ITC found reasonable indication that US mills were injured by the 12 countries
 - Preliminary AD decision expected in Nov 2016
 - Preliminary CVD decision came in Sep for Chinese plate

An aerial night photograph of a city, likely Singapore, showing a complex multi-level highway interchange. The image is filled with light trails from cars, creating a sense of motion and traffic flow. The city skyline is visible in the background with numerous lit-up buildings.

A stronger SSAB
toward industry-
leading profitability