

Towards industry-leading profitability

Martin Lindqvist, President & CEO

SSAB



Safety first – aiming for zero accidents

- ▶ SSAB aims to be one of the world's safest steel companies
- ▶ SSAB still has some units whose accident statistics are too high
 - A tragic accident occurred in Luleå in 2014
- ▶ The American units have the lowest accident statistics
- ▶ In 2014, SSAB created a shared group unit to support local safety work



THE NEW SSAB

SSAB is a global,
highly-specialized
steel company



Our vision

The SSAB logo is displayed in a large, white, sans-serif font. It is positioned on the left side of the slide, overlaid on a background image of a construction site with a crane and a worker in a hard hat. The background image is slightly blurred, emphasizing the logo and the text on the right.

SSAB

*“A stronger, lighter and
more sustainable
world”*

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

SSAB's strategic direction

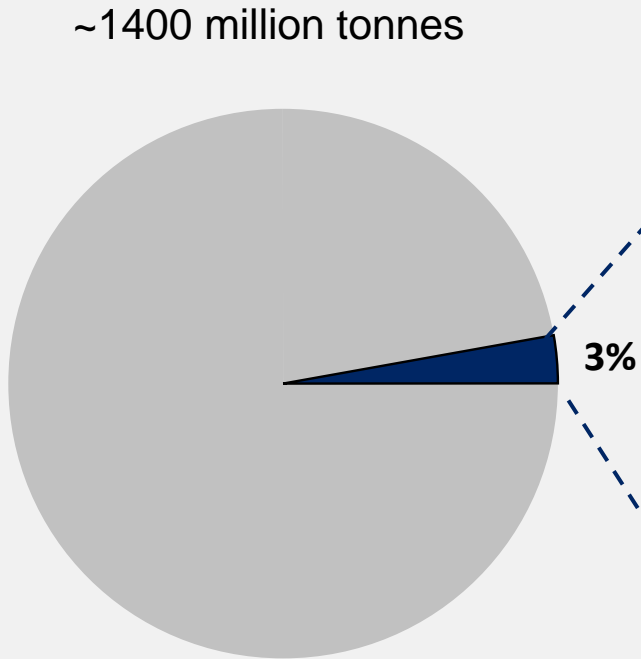
What SSAB does

What makes SSAB successful



SSAB is a global, highly-specialized steel company, leading within chosen segments

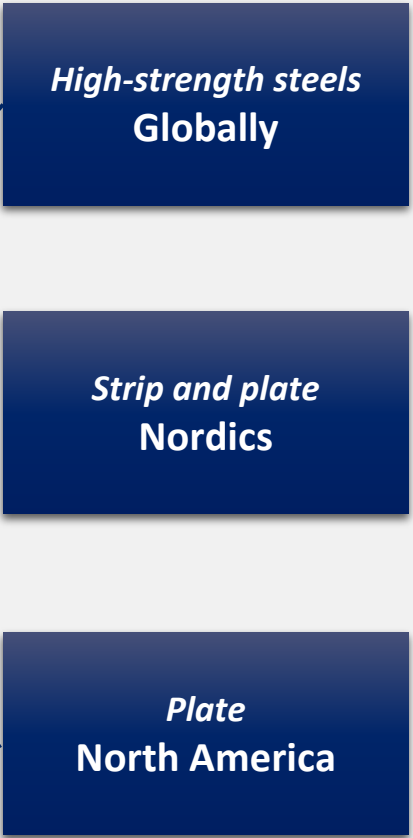
Global market for carbon steels



*Q&T steels, AHSS steels ≥ 700 MPa

Source: World Steel Association, Eurofer, SSAB analysis

SSAB's focus areas



SSAB's market share, %



Leaner organization geared for efficiency and growth

SSAB Special Steels



Global steel supplier and service partner in quenched & tempered steels (Q&T) and advanced high-strength steels (AHSS)

SSAB Europe



Leading Nordic-based steel producer of high-quality strip, plate, and tubes

SSAB Americas



Market-leading North American steel producer of high-quality plate



Tibnor



Leading Nordic provider of steel and non-ferrous metals



Ruukki Construction



European provider of energy-efficient building and construction solutions

Broadened production base in the Nordics after acquisition of Ruukki

1



Luleå – 1200 employees

Steel-making
SSAB Europe

2



Raahe – 2800 employees

Steel-making, plate and strip
SSAB Europe

3



Hämeenlinna – 900 employees

Strip and tubular products
SSAB Europe

4



Borlänge – 2100 employees

Strip products
SSAB Europe

5



Oxelösund – 2400 employees

Steel-making, plate
SSAB Special Steels



Two efficient steel mills in the USA

1

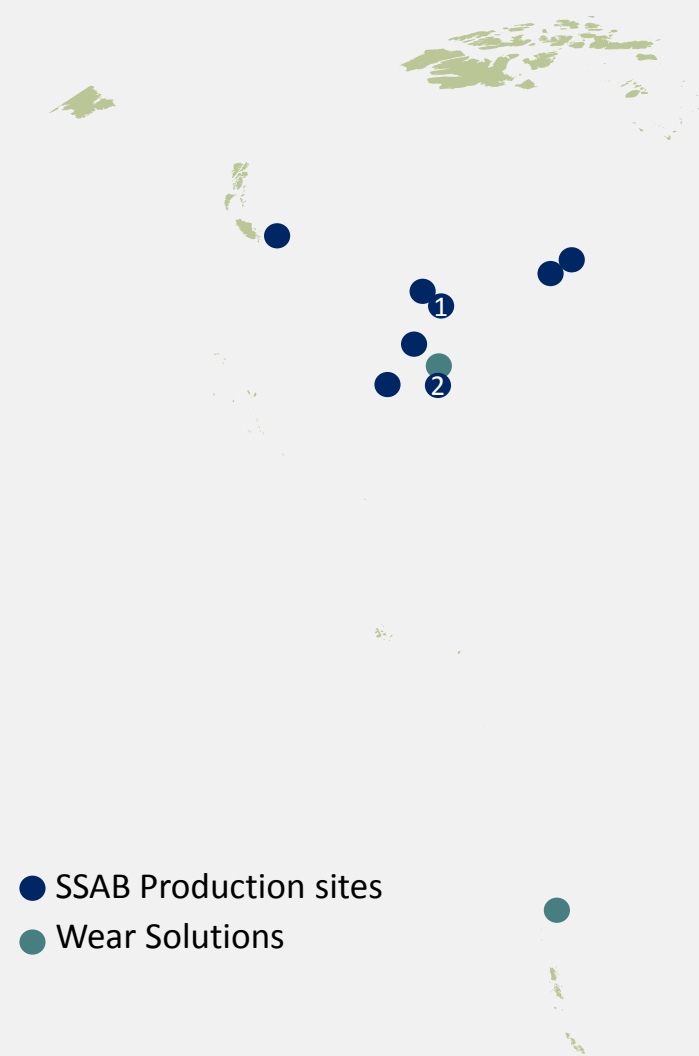
Montpelier, Iowa – 600 employees

Steel-making, plate
SSAB Americas

2

Mobile, Alabama – 600 employees

Steel-making, plate
SSAB Americas



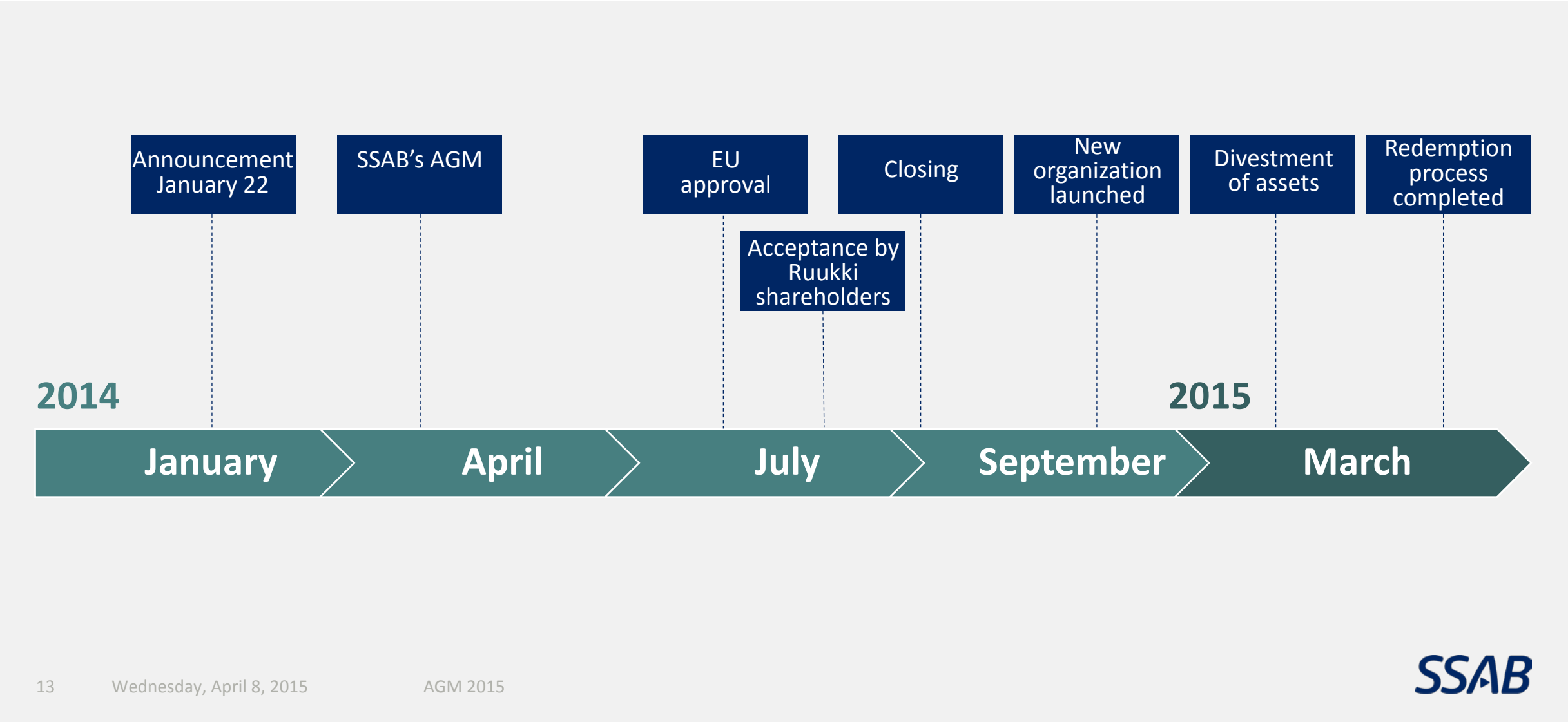
Our way of working with customers



- ▶ 1 000 customers were involved in various cooperation projects in 2014
- ▶ 10 300 persons received technical training in seminars in 2014

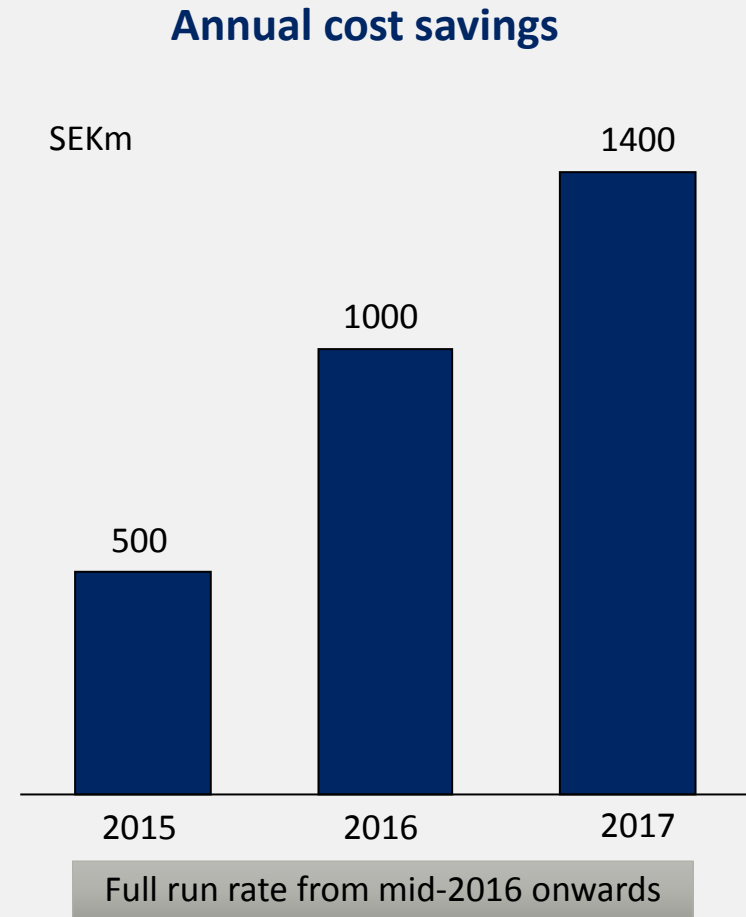
ACQUISITION OF RAUTARUUKKI

Combination with Rautaruukki – the process



A combination with clear industrial logic

- ▶ Flexible, cost-efficient production system
- ▶ Increased growth possibilities with high-strength steels
- ▶ Enhanced ability to invest in product development and R&D
- ▶ Annualized cost synergies of SEK 1.4 billion
- ▶ Actions taken will impact faster than earlier announced



Actions to achieve synergies

▶ Actions completed

- Renegotiation of sourcing contracts
- High share of internal supplies to distribution operations / Tibnor
- Less external purchases of coking coal
- Closure of Ruukki's earlier HQ, workforce reductions within Group functions

▶ Actions already announced but having later impact

- Closure of galvanizing and coating production lines in Borlänge
- Consolidation of Tibnor's service centers

▶ We will continue to announce actions during 2015

▶ We estimate a total workforce reduction of around 5% or 900 employees

RESULT FOR 2014 AND UPDATED FINANCIAL TARGETS

2014 in brief

Market trends

- ▶ Global steel market grew by around 1%
 - Strongest in USA, modest growth in Europe, and zero growth in China
- ▶ North America
 - Higher prices
 - Strong demand for plate
 - High imports
- ▶ Europe
 - Recovery from a low level
 - Lower raw material costs
- ▶ China
 - Weak market and tough competition



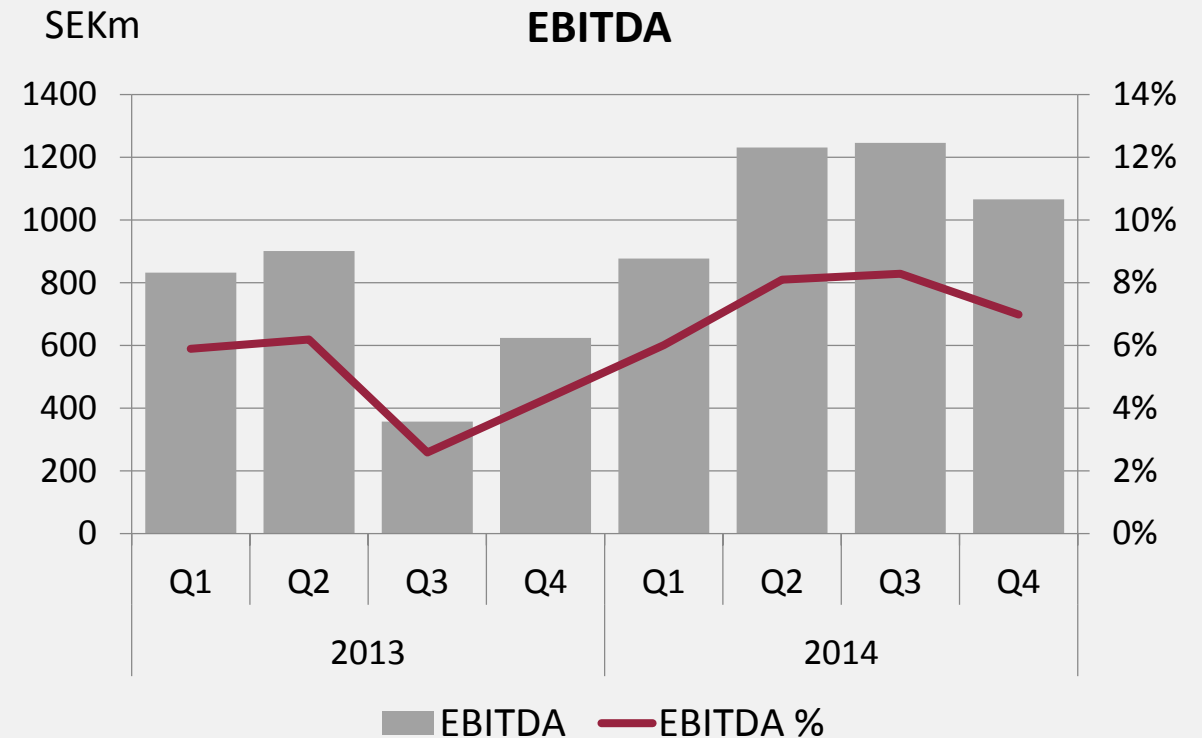
2014 in brief

Result on road to recovery

SSAB Group 2014 (pro forma)

- ▶ Sales SEK 60.2bn (57.0)
- ▶ EBITDA*: SEK 4 419m (2 714)
 - Equating to 7.4% of sales
- ▶ Operating profit*: SEK 1 005m (-890)
- ▶ Shipments: 6 744 tonnes (6 537)

*Excluding items affecting comparability



Sustainability is an integrated part of SSAB's vision and strategy

- ▶ A Head of Sustainability was appointed and a sustainability management team was formed in 2014
 - greater focus on work to deal with sustainability issues and corporate responsibility at the Group level
- ▶ Increase sustainability dialog with a majority of stakeholders
 - A materiality analysis was completed during 2014
- ▶ An updated sustainability strategy, including new sustainability targets, will be announced during the year



SSAB's high-strength steel contributes to a more sustainable world



Important steps to achieve industry-leading profitability

- ▶ Clear plan to improve profitability in Nordic operations
 - Integration with Rautaruukki has got off to a very good start
- ▶ Continue to develop operations in America
 - SSAB has the industry's lowest conversion costs
 - To grow in pace with the market
- ▶ Grow high-strength steel operations globally
 - Strengthened presence in emerging markets
 - Growth in aftermarket sales and service



Updated financial targets

► Profitability

- SSAB aims to achieve industry-leading profitability measured in terms of EBITDA margin among comparable peers*

► Balance sheet

- The objective is a long-term net debt/equity ratio of 30 %

► Dividends

- Long-term dividends will constitute approximately 50% of the profit after tax, taking into consideration the net debt/equity ratio

*AK Steel, Dillinger, Nucor, Salzgitter, Steel Dynamics, Tata Steel Europe, Thyssenkrupp, US Steel

SUMMARY

SSAB is uniquely placed in the steel industry

- ▶ Global leader in high-strength steels
- ▶ Pioneer in application development and service innovations
- ▶ Leading home market positions in the Nordics and USA
- ▶ Long-term customer relationships
- ▶ Strong focus on end-users
- ▶ Strong, globally recognized brands



SSAB



*A stronger,
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sustainable world*