



**FINANCIAL  
REPORTS  
2015**

**SSAB**

## **FINANCIAL REPORTS 2015**

### **2 Board of Directors' Report**

#### **23 Group**

- 23 Consolidated income statement
- 23 Consolidated statement of comprehensive income
- 24 Consolidated balance sheet
- 25 Consolidated statement of changes in equity
- 26 Consolidated cash flow statement

#### **27 Parent Company**

- 27 Parent Company's income statement
- 27 Parent Company's other comprehensive income
- 28 Parent Company's balance sheet
- 29 Parent Company's changes in equity
- 30 Parent Company's cash flow statement

#### **31 5-year summary, Group**

#### **32 Accounting and valuation principles**

#### **42 Notes**

#### **85 Proposed allocation of profit**

#### **86 Auditor's report**

#### **88 Shares and shareholders**

#### **91 Annual general meeting, Nomination Committee, Calendar**

#### **92 Addresses**

# BOARD OF DIRECTORS' REPORT

## SSAB AB (publ) Registration number 556016-3429

- Sales were SEK 56,864 (47,752) million
- Operating profit before depreciation/amortization, excluding items affecting comparability, was SEK 3,655 (3,695) million
- Operating profit/loss, excluding items affecting comparability, was SEK -128 (894) million
- Operating profit/loss after financial items, excluding items affecting comparability, was SEK -1,051 (242) million
- Earnings per share were SEK -0.93 (-3.33)
- Items affecting comparability had an impact of SEK -104 (-1 778) million on the result after tax
- Operating cash flow was SEK 3,874 (1,737) million and net cash flow was SEK 2,283 (94) million
- Net debt/equity ratio was 52% (56%)
- Synergy target increased to SEK 1.8 billion with full annual run rate from second half of 2016, which together with other efficiency actions will result in savings in total of SEK 2.5 billion with full impact from 2017 onwards
- A dividend is proposed of SEK 0 (0) per share

### Key figures

SEK millions	2015	2014
	Full year	Full year
Sales	56,864	47,752
Operating profit before depreciation/amortization, EBITDA <sup>1)</sup>	3,655	3,695
Operating profit/loss <sup>1)</sup>	-128	894
Profit/loss after financial items <sup>1)</sup>	-1,051	242
Profit/loss after tax <sup>1)</sup>	-400	384
Earnings per share (SEK)	-0.93	-3.33
Operating cash flow	3,874	1,737
Net debt/equity ratio (%)	52	56

<sup>1)</sup> Excluding items affecting comparability. See page 3 for figures.

Rautaruukki has been consolidated in the SSAB Group since July 29, 2014.

(In the report, the figures in parentheses refer to the corresponding period last year.)

### The market

According to the World Steel Association (WSA), global crude steel production in 2015 was 1,599 (1,647) million tonnes, down by just under 3% compared with 2014. Chinese crude steel production was more than 2% lower in 2015 than in 2014. In the EU-28, steel production increased early on in the year, but decreased sharply during the fourth quarter and total production was 1.8% lower than in 2014. Production in North America was down by as much as 9% in 2015 compared with 2014. Capacity utilization in the global steel industry was 65% at the close of the year, 5 percentage points lower than at the close of 2014.

For the year as a whole, demand in the North American market was relatively weak, mostly driven by long-term destocking at distributors. Import volumes of heavy plate to North America fell during the second half of the year compared with the first, but continue to be at a high level. In Europe, there was a certain growth in demand during the first half of the year, but the second half was characterized by a seasonally weak third quarter and inventory reductions during the fourth quarter. Demand in Asia, and particularly in China, was weak throughout the year. China consequently increased its export volumes by 20%, compared to 2014, to a record high 112 million tonnes.

In North America, market prices for heavy plate fell sharply throughout the year, a trend that continued during the fourth quarter. Prices stopped falling in late December after several producers announced a price increase, which was followed by a further announced price hike in January 2016. In Europe, market prices for both strip and heavy plate fell somewhat during the second and third quarters. During the first half of the fourth quarter prices declined further as a result of declining prices of raw materials and higher import levels. In China, market prices for strip and heavy plate fell during the year to a historical low level, but increased somewhat in December.

### Raw materials

SSAB sources most of its iron ore from LKAB in Sweden, but also some from Severstal in Russia. The agreement with LKAB is valid from April 1, 2015 until March 31, 2016, and prices are fixed quarterly. The agreement with Severstal runs from October 1, 2015 until September 30, 2018, and prices are fixed monthly. Pellet prices for the full-year 2015 were down 33% in USD and 18% in SEK compared with the full-year 2014. For fourth quarter shipments, the price was down 9% in USD and 8% in SEK compared with the third quarter of 2015. SSAB's price for pellets during the fourth quarter of 2015 was 25% lower in USD and 9% lower in SEK than during the fourth quarter of 2014.

SSAB sources coking coal from Australia, the USA, Canada and Russia. Price agreements for Australian, Canadian and Russian coal are entered into monthly, whereas the price agreement for most USA coal is entered into quarterly. The average price for the full-year 2015 was down 20% in USD and 2% in SEK compared with the full-year 2014. The average price during the fourth quarter of 2015 was down 3% both in USD and SEK compared with the third

quarter. SSAB's price for coal during the fourth quarter of 2015 was 27% lower in USD and 13% lower in SEK than during the fourth quarter of 2014.

The American operations regularly purchase scrap as a raw material for their production. Spot prices for scrap metal fell during the fourth quarter of 2015 and at the end of the quarter were 6% lower than at the end of the third quarter, and 46% lower compared with the end of the fourth quarter of 2014.

### Synergies and other cost savings measures

Integration of Rautaruukki progressed well during 2015. Synergies of around SEK 625 million were achieved during the full year of 2015. Net after non-recurring costs, this had a positive impact of around SEK 490 million on the operating result. The total costs during 2015 of achieving the synergies were SEK 135 million. The remaining costs to achieve the synergies will be limited.

The table below shows the synergies achieved during the quarter and the annual run rate achieved to date.

#### Realization of synergies

SEK millions	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Full year
Sustainable annual run rate at the end of the period	450	525	750	1,100	1,100
Synergies, gross before non-recurring costs	100	125	175	225	625
Synergies, net after non-recurring costs	85	120	175	110	490

Given the good progress made with realization of synergies, the target has now been raised to SEK 1.8 billion, with full annual run rate from second half of 2016 and with full effect from 2017. The cost savings announced earlier, investment in a pulverized coal injection system in Raabe (SEK 200 million) and Ruukki Construction's savings program (SEK 200 million), are completed or progressing well.

During 2015, total number of employees decreased by 1,049, of which 207 were on temporary contracts, and from the time of the acquisition of Rautaruukki the total number of employees has decreased by approximately 1,300. Previously announced personnel reductions will result in a decrease in number of employees with 650 during 2016, and in addition SSAB has early 2016 announced redundancy notice of a maximum of 465 employees in total.

During 2016, we will through synergies and other improvement measures reduce costs by SEK 1.25 billion compared with 2015. During the full-year 2017, we will have reduced the cost level by SEK 2.5 billion on an annual basis since completing the acquisition of Rautaruukki.

### Items affecting comparability

#### Specification of items affecting comparability

SEK millions	2015 Full year	2014 Full year
<b>Operating expenses</b>		
Acquisition costs and reorganization	-	-135
Write-down, goodwill	-	-291
Write-down of assets, eastern Europe	-15	-131
Write-down/gains & losses, assets held for sale	-16	-123
Write-down, Fortaco	-	-98
One-off depreciation on surplus values in inventory and order book	-	-186
Restructuring related to synergies	-135	-
Costs related to Ruukki Construction savings program	-47	-
Gain, sale of real estate	122	-
Other	-23	-37
<b>Effect on operating profit/loss</b>	<b>-114</b>	<b>-1,001</b>
<b>Financial costs</b>		
Write-down, shareholder loan to Fortaco	-	-601
Transaction tax (Finnish standard rate tax on acquisitions of shares)	-5	-168
Other financial expenses (primarily bridge financing)	-	-61
<b>Effect on profit after financial items</b>	<b>-119</b>	<b>-1,831</b>
<b>Taxes</b>		
Tax on surplus values, inventory and order book	-	37
Other tax effects	15	16
<b>Effect on profit/loss after tax</b>	<b>-104</b>	<b>-1,778</b>

During 2015, items affecting comparability had an impact of SEK -104 (-1,778) million on earnings after tax. The main positive impact on earnings was the sale by Tibnor of real estate for SEK 122 million, whereas the full year was negatively impacted by restructuring costs of SEK 135 million related to the ongoing synergy program and costs of SEK 47 million related to Ruukki Construction's savings program.

### Assets and liabilities held for sale

According to the terms of the approval from the EU Commission in 2014, within 6 months from the date of the combination with Rautaruukki, SSAB was required to divest one steel service center in Sweden and one in Finland, the wholly-owned Finnish subsidiaries Tibnor Oy and Plannja Oy, as well as SSAB's 50 % stakes in Norsk Stål AS and Norsk Stål Tynnplater AS. During the fourth quarter 2014, agreements were signed for the sale of all of the above operations and all operations above were sold during the first half year of 2015 and are no longer included in the SSAB Group. For further information about the divestments, see [note 27, Divestment shares and operations](#).

### Shipments, production and sales

#### SHIPMENTS AND PRODUCTION

SSAB's shipments during the full-year 2015 were 6,436 (5,452) thousand tonnes, up 18% compared with the full-year 2014.

Crude steel production was up 21% and steel production was up 26% compared with the full-year 2014.

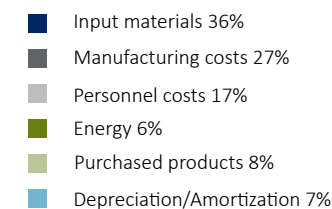
#### SALES

Sales for the full year were SEK 56,864 (47,752) million, up 19% compared with the full-year 2014. For the entire Group, sales outside Sweden accounted for 83 (83)%, as shown in the table below.

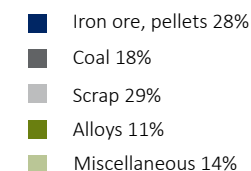
#### Net sales per market

SEK millions	2015	Share, %	2014	Share, %
USA	11,843	21	14,412	30
Sweden	9,519	17	8,184	17
Finland	6,571	12	3,345	7
Germany	3,210	6	2,648	6
Norway	2,696	5	1,621	3
Other	23,025	39	17,542	37
<b>Total</b>	<b>56,864</b>	<b>100</b>	<b>47,752</b>	<b>100</b>

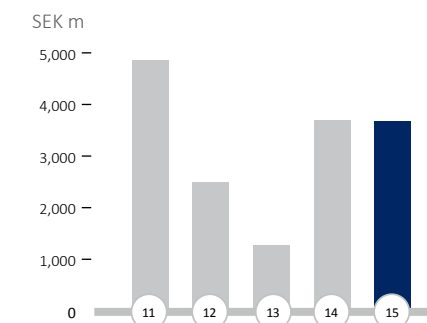
### The Group's cost structure, SEK 57.8 bn



### Input materials, SEK 20.5 bn



### EBITDA



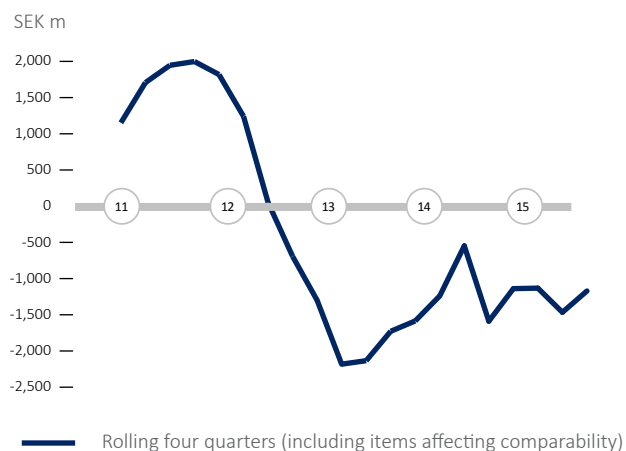
## Earnings

Excluding items of profitability, operating profit/loss for the full year was SEK -128 (894) million, down SEK 1,022 million compared with the full-year 2014. Earnings were down primarily because of lower prices, adverse currency effects and lower capacity utilization (under absorption), which, however, were partly offset by lower costs.

Excluding items affecting comparability, financial items for the full year were SEK -923 (-652) million and the profit/loss after financial items was SEK -1,051 (242) million.

See [page 3](#) for information about items affecting comparability.

### Profit/loss after financial items



### Profit/loss after tax and earnings per share

Profit/loss after tax (attributable to shareholders) for the full year was SEK -508 (-1,399) million, equating to SEK -0.93 (-3.33) per share. Tax for the full year was SEK 666 (195) million.

## Goodwill impairment testing

Goodwill is tested for impairment each year on November 30. Consolidated goodwill amounts are allocated over the group's cash generating units.

Tests for impairment showed no indication of a need for an impairment charge. The room for deterioration in the estimates regarding the cash-generating unit SSAB North America decreased compared with the previous year. For more information about Goodwill, see [Note 6](#).

## Cash flow, financing and liquidity

Operating cash flow for the full year was SEK 3,874 (1,737) million. Cash flow for the full year was positively impacted by lower working capital, primarily by a decrease in accounts receivable and lower inventories.

Net cash flow was SEK 2,283 (94) million. Net cash flow was affected, among other things, by payments for strategic capital expenditures, including acquisitions of businesses and operations, of SEK 691 (379) million (total capital expenditure was SEK 2,582 (1,720) million). Net debt decreased by SEK 1,518 million during the full year and at December 31 amounted to SEK 23,156 million. The net debt/equity ratio was 52% compared with 56% at year-end 2014.

The term to maturity of the total loan portfolio at December 31 averaged 4.6 (3.9) years, with an average fixed interest period of 1.1 (1.2) years.

Cash and cash equivalents were SEK 2,711 (3,014) million and non-utilized credit facilities were SEK 8,308 (8,714) million, which combined corresponds to 19% of 12 months' rolling sales.



**Operational cash flow and net debt**

	2015	2014
SEK millions	Full year	Full year
Operating profit before depreciation/amortization	3,593	3,305
Change in working capital	1,987	-560
Maintenance expenditures	-1,891	-1,341
Other	185	333
<b>Operating cash flow</b>	<b>3,874</b>	<b>1,737</b>
Financial items	-796	-1,013
Taxes	-276	-251
<b>Cash flow from current operations</b>	<b>2,802</b>	<b>473</b>
Strategic capital expenditures in plants and machinery	-655	-331
Acquisitions of shares and operations	-36	-48
Divestments of shares and operations	172	0
<b>Cash flow before dividend</b>	<b>2,283</b>	<b>94</b>
Dividend to the Parent Company's shareholders	-	-
<b>Net cash flow</b>	<b>2,283</b>	<b>94</b>
<b>Net debt at beginning of period</b>	<b>-24,674</b>	<b>-14,833</b>
Net cash flow	2,283	94
Acquired net debt, including cash	-	-6,393
Revaluation of liabilities against equity <sup>1)</sup>	-719	-2,233
Other <sup>2)</sup>	-46	-1,309
<b>Net debt at end of period</b>	<b>-23,156</b>	<b>-24,674</b>

<sup>1)</sup> Revaluation of hedging of currency risks in foreign operations.

<sup>2)</sup> Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial instruments in foreign currency. 2014 also included effect on write-down of receivables and liability to minority for redemption of the shares in Rautaruukki.

**Return on capital employed/equity**

Return on capital employed before tax and return on equity after tax for the full year were 0% and -1% respectively, whereas figures for the full-year 2014 were 0% and -4% respectively.

**EQUITY**

With earnings of SEK -508 million and other comprehensive income (mostly consisting of translation differences) of SEK 1,067 million, shareholders' equity in the company was SEK 44,393 (43,817) million, equating to SEK 80.82 (79.78) per share.

**DIVIDEND**

A dividend is proposed of SEK 0 (0) per share. For considerations, see [Note 32](#).

**Information about the divisions**

The Group is organized into five reportable business segments designated as divisions, with a clear profit responsibility. The business segments consist of the five divisions; SSAB Special Steels, SSAB Europe, SSAB Americas, Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective Boards and act at arm's length in relation to SSAB.

**SSAB SPECIAL STEELS**

SSAB Special Steels has global responsibility for the marketing and sales of all SSAB's quenched and tempered steels (Q&T) and hot-rolled, advanced high-strength steels (AHSS) with yield strengths from 700 MPa and above. SSAB Special Steels is responsible for steel and plate production in Oxelösund (Sweden), and for sales of the above products produced in Mobile (USA), Raahe (Finland) and Borlänge (Sweden). When SSAB Special Steels sells steel made by another division, the revenue is reported by SSAB Special Steels and the accounts are settled between the divisions at the cost of goods sold.

**SSAB EUROPE**

SSAB Europe has responsibility for strip, plate and tubular products in Europe, and global profit responsibility for the Automotive segment (cold-rolled strip). SSAB Europe is responsible for steel and plate production in Raahe and Hämeenlinna (Finland), and in Luleå and Borlänge (Sweden).

**SSAB AMERICAS**

SSAB Americas has profit responsibility for heavy plate in North America, and for steel and plate production in Montpelier and Mobile, USA.

**TIBNOR**

Tibnor is the Group's distributor of a full range of steel and non-ferrous metals in the Nordic region and Baltics. Tibnor buys and sells materials produced both by SSAB and other suppliers.

## RUUKKI CONSTRUCTION

Ruukki Construction is responsible for the sales and production of energy-efficient building and construction solutions, with a focus on northern and eastern Europe. Ruukki Construction also includes Plannja, which was earlier part of the SSAB EMEA business area.

Information for the reference periods 2014 is based on pro forma figures as if SSAB had owned Rautaruukki during the whole of 2014. The information in the tables below excludes items affecting comparability and the depreciation and amortization on surplus values of tangible and intangible assets relating to the acquisitions of IPSCO and Rautaruukki.

**Net sales per division**

	2015	2014
SEK millions	Full year	Full year
SSAB Special Steels	14,382	13,226
SSAB Europe	25,517	25,857
SSAB Americas	11,936	13,207
Tibnor	7,163	8,151
Ruukki Construction	5,374	6,217
Other	-7,508	-6,546
<b>Total</b>	<b>56,864</b>	<b>60,112</b>

**Operating profit before depreciation/amortization (EBITDA) per division, excluding items affecting comparability**

	2015	2014
SEK millions	Full year	Full year
SSAB Special Steels	1,213	1,265
SSAB Europe	1,286	1,524
SSAB Americas	1,043	1,620
Tibnor	65	173
Ruukki Construction	208	185
Other	-160	-348
<b>Total</b>	<b>3,655</b>	<b>4,419</b>

For more information about the segments, see [Note 28](#).

**SSAB Special Steels****Key numbers**

	2015	2014
SEK millions	Full year	Full year
Sales	14,382	13,226
Operating profit before depreciation/amortization, EBITDA	1,213	1,265
Operating profit/loss <sup>1)</sup>	662	726
Number of employees at end of period	2,904	2,976

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

Demand from the Heavy Transport segment was stable during 2015, whereas demand from Steel Service Centers was lower compared to 2014.

External shipments for the full-year 2015 were 936 (1,065) thousand tonnes, down 12% compared with the full-year 2014. This was primarily due to lower sales to Steel Service Centers in North America.

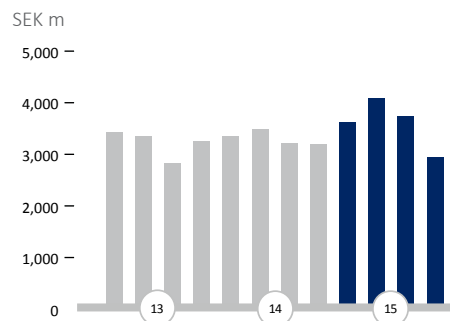
Crude steel production for the full-year 2015 was up 39% compared with the full-year 2014, primarily because the smaller blast furnace in Oxelösund was in operation during the first three quarters of 2015 to ensure the slab supply during the relining of the blast furnace in Luleå.

Steel production for the full-year 2015 was down 2% compared to the full-year 2014.

Sales for the full-year 2015 were SEK 14,382 (13,226) million, up 9% from the full-year 2014. Higher sales were primarily due to a better product mix, higher internal sales of steel slabs and positive currency effects, but counteracted by lower volumes.

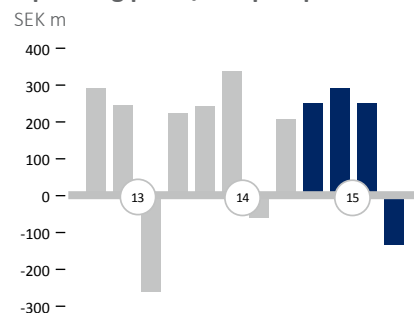


### Sales per quarter



Excluding items affecting profitability, operating profit for the full-year 2015 was SEK 662 (726) million, down SEK 64 million compared with the full-year 2014. This decrease is primarily due to lower volumes and negative currency effects, which were counteracted by lower variable costs and better capacity utilization when the other blast furnace in Oxelösund was brought into operation for part of the year.

### Operating profit/loss per quarter



Capital expenditure payments during the full year were SEK 290 (277) million, of which SEK 87 (64) million were strategic investments, including acquisition of businesses and operations.

### SSAB Europe

#### Key numbers

	2015	2014
SEK millions	Full year	Full year
Sales	25,517	25,857
Operating profit before depreciation/amortization, EBITDA	1,286	1,524
Operating profit/loss <sup>1)</sup>	-175	1
Number of employees at end of period	7,147	7,291

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

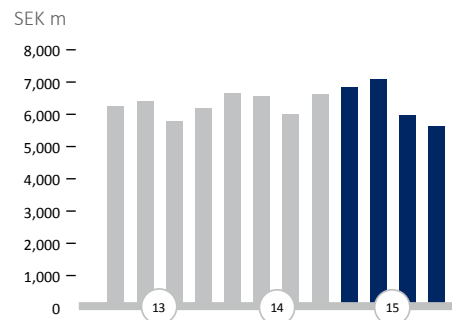
Demand from the Automotive segment was positive during 2015 compared to 2014, whereas demand from Steel Service Centers showed significantly weaker demand compared to 2014.

At 3,612 (3,615) thousand tonnes, external shipments for the full-year 2015 were largely at the same level as for the full-year 2014.

Crude steel production for the full-year-2015 was down 11% (due to the relining of the blast furnace in Luleå) compared with the full-year 2014 while steel production was up 1% compared to the full-year 2014.

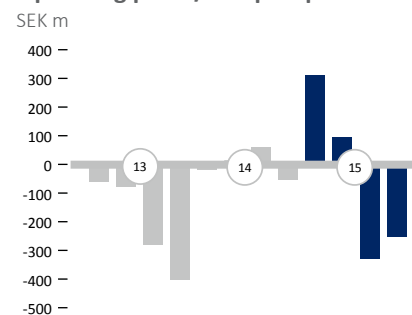
Sales for the full-year 2015 were SEK 25,517 (25,857) million, down 1% compared with the full-year 2014. Sales were down primarily due to lower prices, which were counteracted by positive currency effects and a better product mix.

### Sales per quarter



Excluding items affecting profitability, operating profit/loss for the full-year 2015 was SEK -175 (1) million, down SEK 176 million. Earnings were down primarily because of the direct and indirect impacts of relining the blast furnace in Luleå and lower prices, which were counteracted by lower raw material and fixed costs.

### Operating profit/loss per quarter



Capital expenditure payments during the full-year 2015 were SEK 1,828 (1,026) million, of which SEK 468 (172) million were strategic investments, including acquisitions of businesses and operations.

### SSAB Americas

#### Key numbers

	2015	2014
SEK millions	Full year	Full year
Sales	11,936	13,207
Operating profit before depreciation/amortization, EBITDA	1,043	1,620
Operating profit/loss <sup>1)</sup>	428	1,107
Number of employees at end of period	1,240	1,277

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

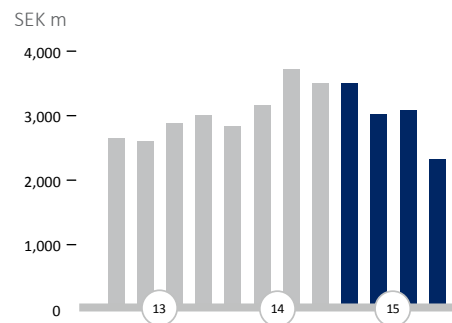
Demand from the Heavy Transport segment was slightly better during 2015 compared with 2014, whereas demand from Steel Service Centers was clearly lower compared to the full-year 2014.

External shipments for the full-year 2015 were 1,888 (2,065) thousand tonnes, down 9% compared with the full-year 2014.

Both crude steel production as well as steel production was down 13% compared with the full-year 2014.

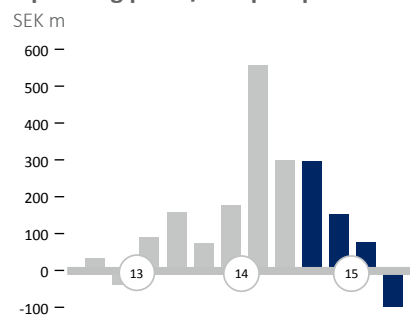
Sales for the full-year 2015 were SEK 11,936 (13,207) million, down 10% compared with the full-year 2014. Lower sales were primarily due to lower prices and volumes, which were counteracted by positive currency effects.

### Sales per quarter



Excluding items affecting profitability, operating profit for the full-year 2015 was SEK 428 (1,107) million, down SEK 679 million. Earnings were down primarily due to lower prices and volumes, which were counteracted by lower costs.

### Operating profit/loss per quarter



Capital expenditure payments during the full-year 2015 were SEK 356 (304) million, of which SEK 106 (102) million were strategic investments.

### Tibnor

#### Key numbers

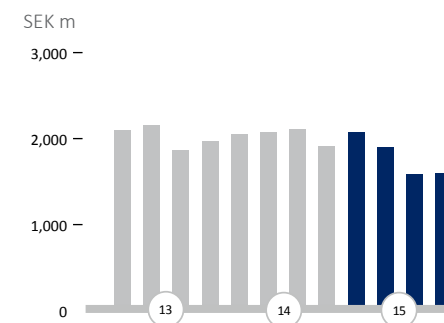
	2015	2014
SEK millions	Full year	Full year
Sales	7,163	8,151
Operating profit before depreciation/amortization, EBITDA	65	173
Operating profit/loss <sup>1)</sup>	-10	83
Number of employees at end of period	1,208	1,281

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

Total shipments (adjusted for the divested Finnish operations during 2015 which was conditional for the EU's approval for the acquisition of Rautaruukki) during the full-year 2015 were up 3% compared with the full-year 2014. Shipments rose primarily in the Long Products and Rebar Products segments, other segments were unchanged or decreased compared with the full-year 2014.

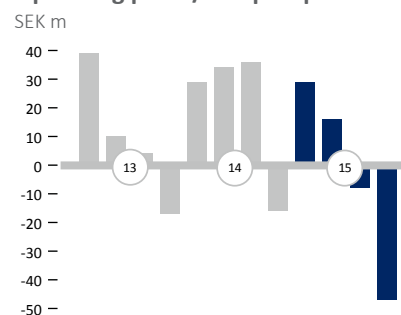
Sales for the full-year 2015 were SEK 7,163 (8,151) million, down 12% compared with the full-year 2014. Sales were down primarily due to the divestment of the Finnish operations during 2015.

### Sales per quarter



Excluding items affecting profitability, operating profit/loss for the full-year 2015 was SEK -10 (83) million, down SEK 93 million. Earnings were down primarily due to lower volumes and lower gross margins.

### Operating profit/loss per quarter



Capital expenditure payments during the full-year 2015 were SEK 46 (37) million, of which SEK 17 (11) million were strategic investments.

### Ruukki Construction

#### Key numbers

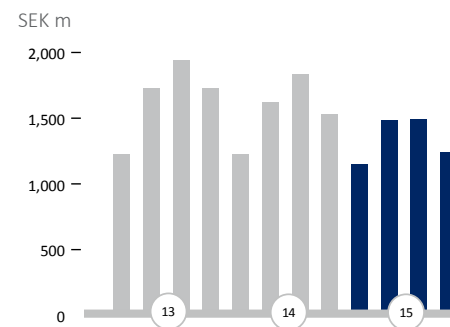
	2015	2014
SEK millions	Full year	Full year
Sales	5,374	6,217
Operating profit before depreciation/amortization, EBITDA	208	185
Operating profit/loss <sup>1)</sup>	18	-14
Number of employees at end of period	2,979	3,303

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

Demand for 2015 decreased within all segments, but mainly within the Building Systems segment and in Russia.

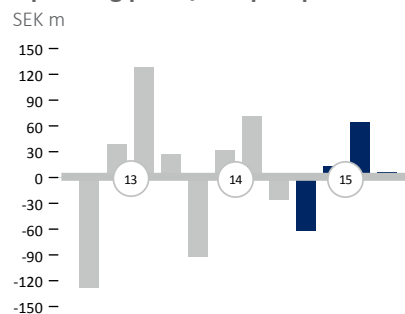
Sales for the full-year 2015 were SEK 5,374 (6,217) million, down 14% compared with the full-year 2014. Sales were down primarily due to lower sales mainly in Russia and Romania, and in the Building Systems segment.

### Sales per quarter



Excluding items affecting profitability, operating profit/loss for the full-year 2015 was SEK 18 (-14) million, up SEK 32 million. Earnings were up primarily due to improved margins and the positive impacts of lower fixed costs.

### Operating profit/loss per quarter



Capital expenditure payments during the full-year 2015 were SEK 115 (55) million, of which SEK 78 (13) million were strategic investments, including acquisitions of businesses and operations.

### Capital expenditures and Research and development

#### CAPITAL EXPENDITURES

Capital expenditure payments during the full year were SEK 2,582 (1,720) million, of which SEK 691 (379) million were strategic investments, including acquisitions of businesses and operations.

#### RESEARCH AND DEVELOPMENT

Research and development activities are focusing on areas that aim at increasing the profitability of SSAB. Close collaboration with strategic customers and customer segments providing conditions for a market-driven product development that creates increased value also for the end-customers. This is particularly evident for SSAB's high-strength steels, where also technical customer support is an important part of research and development. Continuous work is also carried out with the development of the processes for increased cost efficiency, sustainable processes and energy conservation.

Since the acquisition of Rautaruukki, work has focused on harmonizing the production processes and the product portfolios of the two companies.

During the year, research and development investments amounted to SEK 277 (289) million.

### Environment

Steel production is energy intensive and generates carbon dioxide emissions. In Sweden and Finland, SSAB's blast furnaces are among the largest sources of carbon dioxide emissions in each country. At the same time, SSAB's blast furnaces are among the most efficient in the world in terms of minimizing emissions from steel production. The impact on the local environment in the vicinity of SSAB's plants has decreased significantly in recent decades. Technical development and increasingly stringent external demands dictate constant improvements in the operations.

SSAB strives to reduce its environmental impact by focusing on its significant environmental aspects. The most important environmental aspects for SSAB are:

- Air emissions reductions of carbon dioxide, nitrogen oxides, sulfur oxides and particulate matter
- Water effluent reductions of nitrogen and suspended substances
- Efficient use of raw materials and energy
- Landfill waste minimization

SSAB's operations are subject to environmental permits with hundreds of environmental conditions governing among other production levels, emissions into the air and water, noise levels, and rules regarding landfill sites. All production sites comply with relevant local, state, and federal environmental requirements and the Group holds mandatory environmental damage as well as liability insurance covering damage to third parties.

#### Permitted production at the Swedish plants<sup>1)</sup>

Thousand tonnes	Locality	Permitted production	Production 2015	
Coke	Luleå	1,100	699	
	Oxelösund	530	430	
Hot metal	Luleå	– <sup>2)</sup>	1,532	
	Oxelösund	2,000	1,335	
Steel slabs	Luleå	3,000	1,446	
	Oxelösund	1,900	1,265	
Hot-rolled steel	Borlänge	3,200	2,010	
	Oxelösund	1,000	637	
Pickled steel	Borlänge	2,500	1,322	
Cold-rolled steel	Borlänge	1,400	769	
Annealed steel	Borlänge	650	480	
Metal-coated steel	Borlänge	400	275	
	Organic-coated products	Borlänge	140	59
		Köping	30	15
	Finspång <sup>3)</sup>	40	26	

<sup>1)</sup> In North Americas, the permitted production levels are determined through maximum permitted hourly production volumes and not applicable for Finnish sites.

<sup>2)</sup> Not regulated.

<sup>3)</sup> Unit million m<sup>2</sup>.

#### Personnel

In 2015, a number of restructuring programs and redundancies have taken place; these are part of the efficiency and synergy program that was announced in 2014.

At year-end 2015, the number of employees amounted to 16,045 (16,887). The reduction in the number of employees has affected all segment and mainly in Finland and Russia. The total compensation to employees including social security expenses and pension cost, amounted to SEK 9,673 (7,337) million

During the year, the total number of employees that left the Group was 1,049, of which 207 were on temporary contracts.

#### Number of employees at year-end

	2015	2014
SSAB Special Steels	2,904	2,976
SSAB Europe	7,147	7,291
SSAB Americas	1,240	1,277
Tibnor	1,208	1,281
Ruukki Construction	2,979	3,303
Other	567	759
<b>Total</b>	<b>16,045</b>	<b>16,887</b>



## Compensation to senior executives

### THE BOARD'S PROPOSAL FOR GUIDELINES FOR 2016

For 2016, the Board proposes that compensation to the President and other members in the Company's senior management shall comprise:

- fixed salary;
- possible variable compensation;
- other benefits, such as company car; and
- pension.

"Other members of the Company's senior management" mean members of the Group Executive Committee, currently eight persons other than the President. The total compensation package shall be on market terms and conditions and competitive in the employment market in which the executive works. Fixed salary and variable compensation shall be related to the executive's responsibilities and authority. The variable compensation shall be based on results as compared with defined and measurable targets and shall be capped in relation to the fixed salary. The variable compensation shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensation may be included in the basis for pension computation due to legislation or practice in the local market.

The variable compensation programs should be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable compensation, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the Company's responsibilities to its shareholders, employees and other stakeholders.

Consultant fees on market terms may be payable insofar as any director performs work on behalf of the Company, in addition to the Board work.

The period of notice of termination of employment for senior executives in Sweden shall be six months in the event of termination by the executive. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 24 months. Pension benefits shall be contribution-based with individual retirement ages; however, in no case earlier than the age of 62. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice in the local market.

The Board of Directors shall be entitled to deviate from the guidelines where special reasons exist in an individual case.

### SHORT-TERM VARIABLE SALARY COMPONENTS IN 2015 (INCLUDING SENIOR EXECUTIVES)

In conjunction with the acquisition of Rautaruukki, the Board decided on a temporary incentive program for a number of key employees within four defined categories who are working on the integration of Rautaruukki, among them certain members of the Group Executive Committee, including the President. This temporary incentive program replaces existing variable salary components during the corresponding period of time in respect of the key employees participating in the program. The program will extend over 18 months (July 1, 2014 – December 31, 2015) and is contingent on the results that the Company achieves, with the target being related to the Group's EBITDA margin compared with a number of comparable steel companies during the measurement period. The outcome is capped in relation to each participant's fixed annual salary, and shall not exceed 5, 9 or 18 monthly salaries, depending on the participant's category affiliation. However, participants are guaranteed a result of at least 50% of the maximum amount.

For the other members of the Group Executive Committee, the short-term variable salary component for 2015 is linked to:

- the Group's EBITDA margin relative to a number of comparable steel companies;
- an injury frequency target established by the Board; and
- one or more individual targets.

### LONG-TERM VARIABLE SALARY COMPONENTS IN 2015 (INCLUDING SENIOR EXECUTIVES)

In 2011, a long-term incentive program was introduced covering then a maximum of 100 (now 150) key persons throughout the Group, including the Company's President and other senior executives.

The program applies for rolling three-year periods, is cash-based, and linked to the total return on the SSAB share compared with a comparison group comprising the Company's competitors. For participants in the program outside North America, the result is capped at between 18 and 30% of fixed salary. The maximum outcome for participants in North America is in line with the restrictions which applied under the earlier North American program; for these participants, the program is also linked to SSAB Americas' results and return on capital employed. The total annual cost for the newly introduced program is SEK 24 million in the event of target realization, and SEK 48 million in the event of maximum target realization, of which approximately two-thirds constitutes the cost for participants in North America. The program has been introduced with the aim of promoting the Company's ability to recruit and retain particularly important employees.

For more detailed information regarding applicable compensation and benefits, see [Note 2](#).

### Risk and sensitivity analysis

All business operations involve risk. Correctly managing risks can create opportunities and add value, while incorrectly managed risks can potentially result in damage and losses.

### Risks and opportunities

SSAB's earnings and financial position are affected by many factors, several of which are beyond the company's control. These include general political and economic conditions affecting the steel markets. Many of these factors can impact SSAB positively or negatively. Positive development, or proper management, of a risk can lead to opportunities and value creation.

### Overall risk management

SSAB has prioritized identifying and analyzing risks, as well as deciding how they are to be addressed. Responsibility for the long-term, overall management of strategic risks is dictated by the company's delegation policy, namely from the Board to the CEO and from the CEO to the leaders of each division. Consequently, most of the Group's operational risks are managed by each respective division, but coordinated across divisions when necessary. The Group Legal function is responsible for global risk management, assessing insurable risks. The Group risk manager is functionally responsible for the Group's risk management work and works with each divisional risk manager to optimize the work from a group-wide perspective. The Group's treasury function is responsible for managing financial risks.

For many years, SSAB has had an internal audit unit which, among other tasks, identifies risk areas and, based on a risk analysis, conducts internal controls followed by recommendations for improvements within these areas. The internal audit unit reports directly to the Audit Committee. For full information about the Group's internal audit function, see [the Corporate governance report](#).

## Operational risks

Risk factor	Risk description	Response and initiatives
<b>BUSINESS CYCLE</b>	The steel industry is strongly affected by fluctuations in the business cycle, such as in products and raw materials. The sensitivity to business cycle fluctuations is also influenced by the high percentage of fixed costs due to the large capital expenditures that characterize the steel industry.	<p>SSAB focuses on high-strength steels as one way to minimize the cyclical nature of its earning capacity. A continuous focus on developing niche products will enable SSAB to maintain and strengthen its position in relation to its competitors.</p> <p>Another way SSAB reduces sensitivity to the business cycle is by focusing on the company's home markets, namely North America and the Nordic region. In these markets, SSAB strives to be the customers' supplier of choice by offering short delivery times, superior quality and close, long-term relationships.</p> <p>SSAB also offers value-added services based on its industry-leading know-how in the field of high-strength steels, offering customers the ability to create innovative solutions. SSAB works closely with customers or at one of its many research facilities to develop these innovative solutions.</p> <p>SSAB also works to cut costs and increase flexibility in its operations in order to lessen the effects of downturns in the business cycle. With the acquisition of Rautaruukki, SSAB is exploring even more possibilities to cut costs across the company.</p>
<b>POLITICAL DECISIONS</b>	SSAB operates in many countries and is therefore affected by both country-specific and international regulations related to general tax and financial reporting rules, as well as more specific rules concerning trade barriers, the environment and energy policy.	<p>SSAB participates in national and international industry organizations in which the monitoring of relevant events plays an important role. In the USA, the Group has a separate function for this purpose, based in Washington, DC.</p> <p>One focus area for SSAB is environmental and energy legislation, with the EU's emissions trading system being of critical importance for SSAB's operations. In this area, SSAB acts via industry organizations and directly in explaining the importance of emissions allowances regulations and their impact on SSAB.</p> <p>Since steel production takes place in both Europe and USA, exposure to various trade barriers has been reduced.</p>

## Operational risks, cont.

Risk factor	Risk description	Response and initiatives
CUSTOMERS AND SUPPLIERS	Dependence on individual major customers and/or suppliers may entail major inherent risks, with significant consequences were deliveries to or from such customers or suppliers to cease.	<p>SSAB has a diversified customer base and thus has little dependence on individual customers. Credit risks are managed by each division, based on the Group's credit policy.</p> <p>There is also great diversity in the company's suppliers. However, this is not the case with SSAB's most important raw materials, namely coal and iron ore, where the number of potential suppliers is limited. Coal is purchased from a small number of major suppliers around the world, and iron ore is currently purchased from LKAB in Sweden and from Severstal in Russia. However, since the price of iron ore is set on the world market, it is in principle the same regardless of supplier. SSAB has signed long-term supply agreements with both LKAB and Severstal in order to ensure physical supplies, while proximity to iron ore reduces the risk of long-term delivery problems.</p>
ENVIRONMENT	Steel production is energy and resource intensive and has a significant impact on the environment. In both Sweden and Finland, SSAB's blast furnaces are among the largest sources of carbon dioxide emissions.	<p>In pace with technical developments and more stringent environmental requirements, SSAB is continuously striving to minimize its environmental impact. SSAB's steel mills are among the most efficient in the world in terms of carbon dioxide emissions and in terms of reductions in emissions. SSAB is participating in a number of research projects aimed at minimizing carbon dioxide emissions and achieving safe carbon capture and storage. Information about SSAB's environmental issues is provided in <a href="#">the GRI report</a> on <a href="http://www.ssab.com">www.ssab.com</a>.</p>

## Operational risks, cont.

Risk factor	Risk description	Response and initiatives
<b>PRODUCTION</b>	Steel production takes place in a chain of different processes, in which disruptions in one part of the chain can rapidly have serious consequences on other parts. Operational disruptions, such as those due to transportation problems and damage caused by fire, explosions and other types of accidents, may be costly.	<p>Each division and subsidiary is responsible for pro-active work to prevent loss. Risks relating to personal injury and damage to property and the environment (insurable risks), work on preventing injury and damage from occurring at all, and work on minimizing the effects of injury or damage if it nevertheless occurs, are managed within the Group's risk management organization. SSAB's Group risk manager is functionally responsible for this work on risks on a group-wide perspective and works with the risk manager in each division.</p> <p>Risk management work is conducted in accordance with a risk management policy which emphasizes the following:</p> <ul style="list-style-type: none"> <li>• Proactive work to prevent injury and damage (initiate, coordinate and manage)</li> <li>• Risk and cost optimization (insurance management).</li> </ul> <p>Continuity plans, property insurance and business disruption insurance are in place to minimize costs caused by this type of problem. The risk of disruptions in one part of the process having an impact on other parts of the process is minimized by maintaining stocks of crucial raw materials, products in progress and finished products, and by alternative process flows.</p>
<b>EMPLOYEE-RELATED ISSUES</b>	SSAB needs to attract and retain skilled, motivated employees in order to be able to conduct operations with good profitability for the long term. SSAB's niche strategy requires continuous development of strong processes and products, making skills development in these areas particularly important. The company's reputation can be rapidly eroded if safety, responsibility for the environment, and ethics are called into question.	Issues related to safety, environmental responsibility and ethics are prioritized in day-to-day work, as well as in the long term through training and by influencing attitudes. Stringent safety rules are in place in each division, and must be complied with by SSAB's employees and hired personnel, as well as by external contractors. Skills development, especially management training, is a high priority. SSAB also conducts a regular engagement for all employees in the entire company. The survey is an important tool for managers at all levels to develop as leaders and improve work on their teams. Salaries are competitive to employees' respective markets.

## Financial risks

International operations such as those at SSAB involve a number of financial risks in the form of financing, liquidity, interest rate, currency and credit risks. The management of these risks is governed by the Group's Finance Policy, which has been adopted by the Board of Directors. Most financial transactions take place

through the parent company's treasury function in Stockholm and through SSAB Finance in Belgium. For further information about the Group's financial risk management, see [Note 29](#) in the annual financial report.

Risk factor	Risk description	Response and initiatives
REFINANCING RISK/ LIQUIDITY RISK	"Refinancing risk/liquidity risk" means the risk of SSAB being unable to pay its obligations due to insufficient liquidity or difficulties in raising new loans.	The borrowing strategy is focused on securing the Group's needs for loan financing with regard to long-term loans and SSAB's day-to-day payment obligations to its lenders and suppliers. Borrowing takes place primarily through the parent company, taking into consideration the Group's financial targets. In order to minimize the refinancing risk, the objective is that long-term loans will have an even maturity and an average term to maturity in excess of three years. The liquidity buffer, i.e. non-utilized, binding credit facilities, as well as cash and cash equivalents, should exceed 10% of the Group's sales.

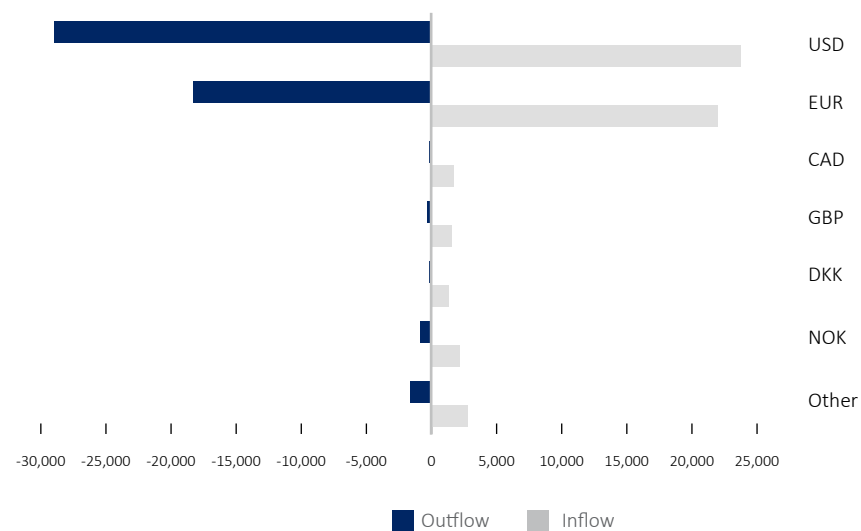


Financial risks, cont.

Risk factor	Risk description	Response and initiatives
MARKET	Market risks comprise the risk of the Group's earnings or financial position being affected by movements in market prices, such as interest rates and exchange rates.	<p><b>Interest rate risks:</b> The Group's interest rate risks relate to movements in market interest rates and their impact on the debt portfolio. The average fixed-rate term in the total debt portfolio should be approximately 1 year, but is permitted to vary between 0.5 and 2.5 years. The fixed-rate term on borrowing may be adjusted through the use of interest rate swaps.</p>

Currency flow 2015

SEK m



**Currency risks:** SSAB's currency exposure largely relates to the translation risk regarding net assets of foreign subsidiaries. This exposure is hedged through borrowing in foreign currency, so-called equity hedge. Exceptions are made in the case of small amounts, e.g. for equity in foreign sales companies. The objective with the equity hedge is to minimize the translation impact on the net debt/equity ratio. The Swedish krona (SEK) is the base currency. In order to manage the transaction risk, most of the commercial currency flows which qualify for hedge accounting (at present purchases of coal and iron ore in USD and sales in EUR) are hedged. Major investments decided upon in foreign currency are hedged in their entirety. Other commercial currency flows that arise in connection with purchases and sales in foreign currency are short term in nature and thus no hedging takes place; instead, they are exchanged on the spot market. The net currency inflow in 2015 was SEK 4.7 (2.3) billion. The Group's most important currency flows are shown in the adjacent diagram.

## Financial risks, cont.

Risk factor	Risk description	Response and initiatives
CREDIT	"Credit risk" means the risk of losses due to the Group's customers or counterparties in financial contracts being unable to perform their payment obligations.	Financial counterparties are selected based on Standard & Poor's and Moody's current ratings for long-term borrowing and taking into account the Group's reciprocal commercial relations with the relevant counterparty. The minimum acceptable ratings are A- from Standard & Poor's or A3 from Moody's. Credit risks associated with accounts receivable and other claims are managed in each subsidiary, taking into account the Group's credit policy.

## Sensitivity analysis

The approximate full-year effect on profit/loss after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

	Change, %	Effect on earnings, SEK millions	Effect on earnings per share, SEK <sup>2)</sup>
Steel price - steel operations	10	4,300	6.11
Volume - steel operations <sup>1)</sup>	10	800	1.14
Iron ore prices	10	480	0.68
Coal prices	10	360	0.51
Scrap metal prices	10	540	0.77
Interest rate	1% point	140	0.20
Krona index <sup>3)</sup>	5	430	0.61

<sup>1)</sup> Excluding the effect of lower capacity utilization (under absorption)

<sup>2)</sup> Calculated based on a 22% tax rate

<sup>3)</sup> Calculated on SSAB's exposure without currency hedging. Any weakening of the Swedish krona entails a positive effect.

## The share

SSAB's shares are listed on the Nasdaq OMX Stockholm's Large Cap List in Sweden. In conjunction with SSAB's completion of the combination with Rautaruukki, SSAB applied for a secondary listing on Nasdaq OMX Helsinki, Finland, where SSAB's shares have been listed since August 1, 2014.

### SHARE CAPITAL

At the end of 2015, there are a total of 549,245,510 SSAB shares, of which 304,183,270 are series A shares and 245,062,240 are series B shares, equating to 328,689,494 votes in total. Each class A share carries one vote and each class B share carries one-tenth of one vote. The quotient value/ an accounting par value per share is SEK 8.80.

### OWNERSHIP STRUCTURE

At the end of 2015, SSAB had 103,800 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2015 were:

- Industrivärden 17.7%
- Solidium 10.1%
- LKAB 5.0%

At the end of December 2015, the ten largest identified owners, owned in total approximately 47.6% of the votes and 41.4% of the share capital. Owners outside of Sweden and Finland controlled 14.8% of the votes and 11.4% of the share capital.

### CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is not part of the Report of the Board of Directors. The Corporate Governance Report and the related auditor's report are available on the Group's website at [www.ssab.com](http://www.ssab.com).

## Outlook

In North America, underlying demand for heavy plate at end-customers is expected to be relatively stable during the first quarter of 2016. Destocking at distributors is thought to have ended during the fourth quarter of 2015 and consequently demand is expected to improve during the first quarter of 2016. In Europe, demand is expected to be stable during the first quarter of 2016 and the inventory reduction taking place during the previous quarter is thought to have ended. Nevertheless, there is a continued risk that high import volumes, primarily from Asia, can have a negative impact both on North America and Europe.

The underlying demand for high-strength steels in the first quarter 2016 is expected to be relatively unchanged and delivery volumes to be higher than during the fourth quarter 2015, which was negatively affected both by the seasonal downturn and by the maintenance outage in Oxelösund. Overall, SSAB's shipment volumes during the first quarter of 2016 are expected to be higher than during the fourth quarter of 2015.

Maintenance outages are planned for 2016. The table below shows the estimated direct maintenance cost, excluding the cost of lower capacity utilization (under absorption) and any lost margins.

### Major maintenance outages planned for 2016

	2016	2016	2016	2016
SEK millions	Q1	Q2	Q3	Q4
SSAB Special Steels				130
SSAB Europe			200	
SSAB Americas	70			200
<b>Total</b>	<b>70</b>	<b>-</b>	<b>200</b>	<b>330</b>

Total capital expenditure during 2016 is expected to be significantly lower than in 2015. Capital expenditure in 2015 was SEK 2.6 billion, whereas during 2016 it is expected to be in the range of SEK 1.5–2.0 billion, depending on market conditions. There is also potential to free up cash flow during 2016 through more efficient use of working capital.

## Significant events since the end of the reporting period

### CHANGES IN THE COMPOSITION OF THE GROUP EXECUTIVE COMMITTEE

Changes have been made in the composition of the Group Executive Committee since the end of the reporting period. Maria Långberg was appointed Executive Vice President and Head of HR and Sustainability and a member of the Group Executive Committee as of February 1, 2016. From February 1, 2016, Monika Gutén, formerly Executive Vice President and Head of HR, is responsible for the Swedish operations of Tibnor and Gregoire Parenty, formerly Executive Vice President and Head of Market Development, is responsible for the new business unit SSAB Service. Both Monika Gutén and Gregoire Parenty left their positions on the Group Executive Committee as of February 1, 2016.

## Consolidated income statement

SEK millions	Note	2015	2014
Sales	<u>1</u>	56,864	47,752
Cost of goods sold	<u>2</u>	-52,552	-44,428
<b>Gross profit</b>		<b>4,312</b>	<b>3,324</b>
Selling expenses	<u>2</u>	-2,317	-1,662
Administrative expenses	<u>2</u>	-2,319	-2,066
Other operating income	<u>1</u> , <u>27</u>	649	746
Other operating expenses	<u>2</u>	-613	-450
Shares in earnings of affiliated companies and joint ventures after tax	<u>3</u>	45	1
<b>Operating profit/loss</b>		<b>-243</b>	<b>-107</b>
Financial income	<u>4</u>	50	202
Financial expenses	<u>4</u>	-978	-1,684
<b>Profit/loss after financial items</b>		<b>-1,171</b>	<b>-1,589</b>
Taxes	<u>5</u>	666	195
<b>Profit/loss for the year</b>		<b>-505</b>	<b>-1,394</b>
<b>Of which attributable to:</b>			
• Parent Company's shareholders		-508	-1,399
• Non-controlling interests		3	5
<b>Earnings per share<sup>1)</sup></b>	<u>12</u>	<b>-0.93</b>	<b>-3.33</b>
<b>Dividend per share – 2015 proposal</b>	<u>32</u>	<b>0.00</b>	<b>0.00</b>

<sup>1)</sup> There are no outstanding share instruments and thus no dilution is relevant.

## Consolidated statement of comprehensive income

SEK millions	Note	2015	2014
<b>Profit/loss for the year</b>		<b>-505</b>	<b>-1,394</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to the income statement:</b>			
Translation differences for the years		1,470	5,639
Cash flow hedges		7	-79
Hedging of currency risks in foreign operations <sup>2)</sup>		-719	-2,233
Share in other comprehensive income of affiliated companies and joint ventures		1	-1
Tax attributable to items that may be subsequently reclassified to the income statement	<u>5</u>	155	507
<b>Total items that may be subsequently reclassified to the income statement</b>		<b>914</b>	<b>3,833</b>
<b>Items that will not be reclassified to the income statement:</b>			
Remeasurements of the net defined benefit liability		192	-159
Tax attributable to items that will not be reclassified to the income statement	<u>5</u>	-39	37
<b>Total items that will not be reclassified to the income statement</b>		<b>153</b>	<b>-122</b>
<b>Total other comprehensive income for the year, net after tax</b>		<b>1,067</b>	<b>3,711</b>
<b>Total comprehensive income for the year</b>		<b>562</b>	<b>2,317</b>
<b>Of which attributable to:</b>			
• Parent Company's shareholders		560	2,310
• Non-controlling interest		2	7

<sup>2)</sup> Hedging is structured such that the net debt/equity ratio is unchanged in the event of changed exchange rates.

## Consolidated balance sheet

SEK millions	Note	2015	2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	<u>6</u>	27,871	26,421
Other intangible assets	<u>6</u>	3,290	3,964
Tangible fixed assets	<u>7</u>	26,276	26,570
Participations in affiliated companies and joint ventures	<u>3, 8</u>	546	531
Financial assets	<u>8, 13</u>	506	1,272
Deferred tax receivables	<u>14</u>	1,492	1,441
<b>Total fixed assets</b>		<b>59,981</b>	<b>60,199</b>
<b>Current assets</b>			
Inventories	<u>9</u>	12,691	14,203
Accounts receivable	<u>29</u>	6,048	7,705
Prepaid expenses and accrued income	<u>10</u>	1,042	1,023
Current tax receivables		400	560
Other current interest-bearing receivables	<u>11</u>	1,787	1,977
Recognized but not invoiced sale		61	85
Other current receivables	<u>29</u>	437	572
Cash and cash equivalents	<u>11</u>	2,711	3,014
<b>Total current assets in continuing operations</b>		<b>25,177</b>	<b>29,139</b>
Assets held for sale	<u>25</u>	-	389
<b>Total current assets</b>		<b>25,177</b>	<b>29,528</b>
<b>TOTAL ASSETS</b>		<b>85,158</b>	<b>89,727</b>

SEK millions	Note	2015	2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<u>12</u>	4,833	4,833
Other contributed funds		22,343	22,343
Reserves	<u>12</u>	1,357	442
Retained earnings		15,860	16,199
<b>Total equity for the shareholders in the Company</b>		<b>44,393</b>	<b>43,817</b>
<b>Non-controlling interests</b>		<b>48</b>	<b>62</b>
<b>TOTAL EQUITY</b>		<b>44,441</b>	<b>43,879</b>
<b>Long-term liabilities</b>			
Pension provisions	<u>13</u>	411	602
Deferred tax liabilities	<u>14</u>	2,334	2,984
Other long-term provisions	<u>15</u>	163	178
Long-term interest-bearing liabilities	<u>16</u>	20,746	21,171
Other long-term non-interest-bearing liabilities	<u>17</u>	555	586
<b>Total long-term liabilities</b>		<b>24,209</b>	<b>25,521</b>
<b>Current liabilities</b>			
Short-term provisions	<u>15</u>	87	70
Short-term interest-bearing liabilities	<u>16</u>	6,365	8,496
Accounts payable	<u>29</u>	6,334	7,000
Current tax liabilities		93	447
Other current liabilities	<u>29</u>	892	1,089
Invoiced but not accrued sale		181	319
Accrued expenses and deferred income	<u>18, 29</u>	2,556	2,737
<b>Total current liabilities in continuing operations</b>		<b>16,508</b>	<b>20,158</b>
Liabilities held for sale in continuing operations	<u>25</u>	-	169
<b>Total current liabilities</b>		<b>16,508</b>	<b>20,327</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>85,158</b>	<b>89,727</b>
Pledged assets	<u>22</u>	1,736	2,905
Contingent liabilities	<u>23</u>	2,548	3,790

## Consolidated statement of changes in equity

SEK millions	Note	2015						2014							
		Equity attributable to the Parent Company's shareholders					Non-controlling interest	Total equity	Equity attributable to the Parent Company's shareholders					Non-controlling interest	Total equity
		Share capital	Other contributed funds	Reserves	Retained earnings	Total			Share capital	Other contributed funds	Reserves	Retained earnings	Total		
<b>Equity, January 1</b>		<b>4,833</b>	<b>22,343</b>	<b>442</b>	<b>16,199</b>	<b>43,817</b>	<b>62</b>	<b>43,879</b>	<b>2,851</b>	<b>9,944</b>	<b>-3,389</b>	<b>17,720</b>	<b>27,126</b>	<b>23</b>	<b>27,149</b>
Translation differences				1,471		1,471	-1	1,470			5,637		5,637	2	5,639
Cash flow hedges				7		7		7			-79		-79		-79
Tax attributable to cash flow hedges	<u>5</u>			-3		-3		-3			16		16		16
Hedging of currency risks in foreign operations				-719		-719		-719			-2,233		-2,233		-2,233
Tax on hedging of currency risks in foreign operations	<u>5</u>			158		158		158			491		491		491
Remeasurements of the net defined benefit liability	<u>13</u>			0	192	192		192				-159	-159		-159
Tax on remeasurements of the net defined benefit liability	<u>5</u>				-39	-39		-39				37	37		37
Share in other comprehensive income in affiliated companies and joint ventures				1		1		1			-1		-1		-1
Profit for the year					-508	-508	3	-505				-1,399	-1,399	5	-1,394
<b>Total comprehensive income</b>				<b>915</b>	<b>-355</b>	<b>560</b>	<b>2</b>	<b>562</b>			<b>3,831</b>	<b>-1,521</b>	<b>2,310</b>	<b>7</b>	<b>2,317</b>
Acquisition non-controlling interest					16	16	-16	0						32	32
New issue									1,982	12,399			14,381		14,381
<b>Equity, December 31</b>		<b>4,833</b>	<b>22,343</b>	<b>1,357</b>	<b>15,860</b>	<b>44,393</b>	<b>48</b>	<b>44,441</b>	<b>4,833</b>	<b>22,343</b>	<b>442</b>	<b>16,199</b>	<b>43,817</b>	<b>62</b>	<b>43,879</b>



## Consolidated cash flow statement

SEK millions	Note	2015	2014
<b>BUSINESS OPERATIONS</b>			
<b>Profit from operating activities</b>			
Operating loss		-243	-107
Reversal of non-cash items:			
• Non distributed shares in affiliated companies' earnings		9	5
• Depreciation, amortization and write-down of fixed assets	<u>6, 7</u>	3,836	3,412
• Profit/loss upon sale of fixed assets		-81	154
• Profit/loss upon sale of shares and operations		2	65
• Change in provisions		-26	-61
• Other reversals		27	93
Interest received		65	410
Interest paid		-856	-1,423
Tax paid		-276	-251
		<b>2,457</b>	<b>2,297</b>
<b>Working capital</b>			
Inventories (+ decrease)		1,529	-58
Accounts receivable (+ decrease)		1,680	361
Accounts payable (+ increase)		-687	-836
Other current receivables (+ decrease)		64	28
Other current liabilities (+ increase)		-599	-55
		<b>1,987</b>	<b>-560</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>4,444</b>	<b>1,737</b>

SEK millions	Note	2015	2014
<b>INVESTING ACTIVITIES</b>			
Investments in plants and machinery	<u>6, 7</u>	-2,546	-1,672
Sale of plants and machinery		253	35
Acquisition of shares and operations	<u>26</u>	-36	331
Divested shares and operations	<u>27</u>	172	-
Other investing activities (+ decrease)		-4	38
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-2,161</b>	<b>-1,268</b>
<b>FINANCING ACTIVITIES</b>			
New loans		3,324	9,625
Repayment/amortization of loans		-6,775	-8,128
Financial investments		957	-1,155
Other financing (+ increase)		-66	-147
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-2,560</b>	<b>195</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Balance, January 1		3,014	2,124
Cash flow from operating activities		4,444	1,737
Cash flow from investing activities		-2,161	-1,268
Cash flow from financing activities		-2,560	195
Translation differences, cash and cash equivalents		-26	226
<b>Cash and cash equivalents, December 31</b>	<u>11</u>	<b>2,711</b>	<b>3,014</b>
Contracted, non-utilized overdraft facilities		8,308	8,714
<b>DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)</b>		<b>11,019</b>	<b>11,728</b>

## Parent Company's income statement

SEK millions	Note	2015	2014
<b>Gross profit</b>		<b>0</b>	<b>0</b>
Administrative expenses	<u>2</u>	-280	-386
Other operating income	<u>1</u>	84	155
Other operating expenses	<u>2</u>	-1	-1
<b>Operating loss</b>		<b>-197</b>	<b>-232</b>
Result from shares in subsidiaries and affiliated companies	<u>4</u>	1,980	313
Other interest income and similar items	<u>4</u>	11	202
Other interest expenses and similar items	<u>4</u>	-633	-964
<b>Loss after financial items</b>		<b>1,161</b>	<b>-681</b>
Appropriations	<u>24</u>	1,111	1,605
<b>Profit before tax</b>		<b>2,272</b>	<b>924</b>
Tax	<u>5</u>	-69	-218
<b>Profit for the year</b>		<b>2,203</b>	<b>706</b>

## Parent Company's other comprehensive income

SEK millions	Note	2015	2014
<b>Profit for the year</b>		<b>2,203</b>	<b>706</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to the income statement:</b>			
Hedging of currency risks in foreign operations		-717	-2,233
Cash flow hedges		-6	28
Tax attributable to other comprehensive income	<u>5</u>	159	485
<b>Total items that may be subsequently reclassified to the income statement</b>		<b>-564</b>	<b>-1,720</b>
<b>Total other comprehensive income for the year, net after tax</b>		<b>-564</b>	<b>-1,720</b>
<b>Total comprehensive income for the year</b>		<b>1,639</b>	<b>-1,014</b>

## Parent Company's balance sheet

SEK millions	Note	2015	2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	<u>7</u>	2	2
Financial assets	<u>8</u>	56,867	55,677
Long-term receivables from subsidiaries		0	645
Deferred tax receivables	<u>14</u>	376	274
<b>Total fixed assets</b>		<b>57,245</b>	<b>56,598</b>
<b>Current assets</b>			
Accounts receivable	<u>29</u>	0	0
Current receivables from subsidiaries		14,158	14,745
Current tax receivables		1	0
Other current interest-bearing receivables	<u>11</u>	1,463	1,910
Other current receivables	<u>29</u>	6	9
Prepaid expenses and accrued income	<u>10</u>	294	103
Cash and cash equivalents	<u>11</u>	591	1,104
<b>Total current assets</b>		<b>16,513</b>	<b>17,871</b>
<b>TOTAL ASSETS</b>		<b>73,758</b>	<b>74,469</b>

SEK millions	Note	2015	2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
• Share capital		4,833	4,833
• Statutory reserve		902	902
Unrestricted equity			
• Retained earnings		37,989	37,845
• Profit for the year		2,203	706
<b>TOTAL EQUITY</b>		<b>45,927</b>	<b>44,286</b>
<b>Untaxed reserves</b>	<u>24</u>	<b>0</b>	<b>0</b>
<b>Provisions</b>			
Pension provisions	<u>13</u>	3	3
Other long-term provisions	<u>15</u>	19	4
<b>Total provisions</b>		<b>22</b>	<b>7</b>
<b>Long-term liabilities</b>			
Liabilities to subsidiaries		0	0
Other long-term interest-bearing liabilities	<u>16</u>	17,087	17,214
<b>Total long-term liabilities</b>		<b>17,087</b>	<b>17,214</b>
<b>Current liabilities</b>			
Short-term interest-bearing liabilities	<u>16</u>	5,631	7,424
Accounts payable	<u>29</u>	14	8
Liabilities to subsidiaries		4,487	4,885
Other current liabilities	<u>29</u>	6	10
Accrued expenses and deferred income	<u>18, 29</u>	559	623
Short-term provisions	<u>15</u>	25	12
<b>Total current liabilities</b>		<b>10,722</b>	<b>12,962</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>73,758</b>	<b>74,469</b>
Pledged assets	<u>22</u>	1,425	2,846
Contingent liabilities	<u>23</u>	2,827	2,757

## Parent Company's changes in equity

SEK millions	Note	2015							2014							
		Restricted equity		Unrestricted equity					Total	Restricted equity		Unrestricted equity				Total
		Share capital	Statutory reserve	Share premium	Reserve for fair value	Retained earnings	Profit for the year	Share capital		Statutory reserve	Share premium	Reserve for fair value	Retained earnings	Profit for the year		
<b>Equity, January 1</b>	<u>12</u>	4,833	902	21,791	670	15,384	706	44,286	2,851	902	9,391	2,390	15,271	113	30,918	
Adjustment opening balance						2	2									
Hedging of currency risks in foreign operations					-717			-717				-2,233			-2,233	
Tax on hedging of currency risks in foreign operations					158			158				491			491	
Cash flow hedges					-6			-6				28			28	
Tax on cash flow hedges					1			1				-6			-6	
Profit for the year							2,203	2,203						706	706	
<b>Total comprehensive income</b>					-564		2,203	1,639				-1,720		706	-1,014	
Retained earnings from previous year						706	-706	0					113	-113	0	
New issue									1,982		12,400				14,382	
<b>Equity, December 31</b>		<b>4,833</b>	<b>902</b>	<b>21,791</b>	<b>106</b>	<b>16,092</b>	<b>2,203</b>	<b>45,927</b>	<b>4,833</b>	<b>902</b>	<b>21,791</b>	<b>670</b>	<b>15,384</b>	<b>706</b>	<b>44,286</b>	

## Parent Company's cash flow statement

SEK millions	Note	2015	2014
<b>BUSINESS OPERATIONS</b>			
<b>Profit from operating activities</b>			
Operating loss		-197	-232
Reversal of non-cash items:			
• Depreciation of tangible fixed assets	<u>7</u>	1	1
• Change in provisions		14	-56
• Other reversals		0	0
Interest received		155	206
Interest paid		-709	-902
Tax paid		4	0
		<b>-732</b>	<b>-983</b>
<b>Working capital</b>			
Accounts receivable (+ decrease)		0	0
Accounts payable (+ increase)		6	1
Other current receivables (+ decrease)		-120	-6
Other current liabilities (+ increase)		33	15
Commercial intra-group transactions		91	25
		<b>10</b>	<b>35</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>-722</b>	<b>-948</b>

SEK millions	Note	2015	2014
<b>INVESTING ACTIVITIES</b>			
Investments in fixed assets	<u>7</u>	-	-2
Dividends from subsidiaries		2,087	13
Received/paid group contributions		1,563	214
Paid shareholder contributions		-2,197	-
Acquisition/divesture of shares and operations	<u>26, 27</u>	74	-17
Other investing activities (+ decrease)		-	5
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>1,527</b>	<b>213</b>
<b>FINANCING ACTIVITIES</b>			
New loans		3,153	9,625
Repayments/amortization of loans		-5,484	-3,256
Financial investments		1,234	-2,937
Financial intra-group transactions		264	-1,067
Other financing (+ increase)		-485	-576
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-1,318</b>	<b>1,789</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Balance, January 1		1,104	50
Cash flow from operating activities		-722	-948
Cash flow from investing activities		1,527	213
Cash flow from financing activities		-1,318	1,789
<b>Cash and cash equivalents, December 31</b>	<u>11</u>	<b>591</b>	<b>1,104</b>
Contracted, non-utilized overdraft facilities		8,308	8,714
<b>DISPOSABLE CASH AND CASH EQUIVALENTS (incl. Non-utilized overdraft facilities)</b>		<b>8,899</b>	<b>9,818</b>

## 5-year summary, Group

	2015	2014 <sup>1)</sup>	2013 <sup>2)</sup>	2012	2011
Sales, SEK millions	56,864	47,752	36,455	38,923	44,640
Operating profit/loss, SEK millions	-243	-107	-1,131	-96	2,512
Profit/loss after financial items, SEK millions	-1,171	-1,589	-1,728	-693	1,998
Profit/loss after tax for the Parent Company's shareholders, SEK millions	-508	-1,399	-1,066	15	1,560
Investments in plant and operations, SEK millions	-2,582	-1,720	828	1,461	3,210
Cash flow from current operations, SEK millions	2,802	473	1,103	3,925	2,200
Net debt, SEK millions	23,156	24,674	14,833	15,498	18,475
Capital employed at year-end, SEK millions	75,346	62,476	45,983	48,414	51,558
Total assets, SEK millions	85,158	89,727	55,936	58,619	63,439
Return on capital employed before tax (%)	0	0	-2	0	5
Return on equity after tax (%)	-1	-4	-4	0	5
Equity ratio (%)	52	49	48	49	49
Net debt/equity ratio (%)	52	56	55	54	60
Dividend per share (SEK), 2015 – proposal	0.00	0.00	0.00	1.00	2.00
Earnings per share (SEK)	-0.93	-3.33	-3.29	0.05	4.82
Average number of employees	17,515	13,639	8,194	8,695	8,830
Sales per average employee, SEK millions	3.2	3.5	4.3	4.5	5.1
Production of crude steel, thousand tonnes	7,593	6,682	5,567	5,253	5,671

<sup>1)</sup> Rautaruukki was acquired on July 29, 2014 and the above figures include Rautaruukki's figures from that date onwards.

<sup>2)</sup> Sales and Sales per average employee for 2013 have been restated due to the change in method 2014 concerning the inclusion of freight income in Sales. Sales for 2011–2012 have not been restated.



## ACCOUNTING AND VALUATION PRINCIPLES

The most important accounting principles applied in the preparation of these consolidated financial statements are set forth below. Unless otherwise stated, these principles have been applied consistently with respect to all presented years.

### General information

SSAB AB is a limited liability company with its registered office in Stockholm, Sweden. The parent company is listed on Nasdaq OMX Stockholm with a secondary listing on Nasdaq OMX Helsinki.

### Principles for preparation of the report

The consolidated financial statements have been prepared in accordance with the Swedish Annual Reports Act as well as International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC), as such have been adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1. Supplementary Accounting Rules for Groups, has been applied.

Accounting standards and applications introduced during the year have had no impact on the Group's earnings and financial position.

The consolidated financial statements have been prepared in accordance with the acquisition value method, other than with respect to certain financial assets and liabilities (including derivative instruments) which have been valued at fair value via the income statement.

The preparation of reports in accordance with IFRS requires the use of a number of important estimations for accounting purposes. In addition, management must make certain assessments in conjunction with the application of the Group's accounting principles. Those areas that include a high degree of assessment, which are complex, or in which assumptions and estimations are of material significance for the consolidated financial statements are stated in Note 30.

The parent company applies the same accounting principles as the Group, except where stated below in a particular section. The differences that exist between the principles applied by the parent company and the Group are due to limitations on the possibilities to apply IFRS to the parent company as a consequence of the provisions of the Swedish Annual Reports Act and the Swedish Pension Obligations (Security) Act and also, in certain cases, for tax reasons. In addition, the Swedish Financial Reporting Board's recommendation RFR 2,

Accounting for Legal Entities, has been applied. Relevant standards, changes and interpretations that entered into force in 2013 have not had any impact on the Group.

### Standards, changes and interpretations that entered into force in 2015 and are relevant to the Group

- IFRIC 21, "Levies". This interpretation applies commencing with financial years that begin from January 1, 2014 as the IASB but January 1, 2015 according to the EU. The Group has applied this from January 1, 2015. This is an interpretation of IAS 37, "Provisions, contingent liabilities and contingent assets". IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy; various fees that can be charged a company by laws and regulations, if that liability is within the scope of IAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. This interpretation has affected the Groups financial statements by the total liability has been recognized at the time when the liability as occurred. The levies affected by this interpretation is primarily property taxes for the Group.

#### ANNUAL IMPROVEMENTS TO IFRSS 2011-2013

- IFRS 3 (Amendment), "Business combinations". This amendment applies commencing from July 1, 2014 as the IASB but from January 1, 2015 according to the EU. The Group has applied this from January 1, 2015. The amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. This amendment has had no immediate impact on the Group's financial statements; however it might have an impact on future formations of joint ventures.

### Standards, changes and interpretations relevant to the Group that have been adopted by the EU but have not yet entered into force but have been applied by the Group prematurely

#### ANNUAL IMPROVEMENTS TO IFRSS 2010-2012

- IFRS 8 (Amendment), "Operating segments". This amendment applies commencing from July 1, 2014 as the IASB but from February 1, 2015 according to the EU. The Group has applied this from January 1, 2014. The amendment requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported. The adoption of this amendment has required additional disclosures in the segment note.

### Standards, changes and interpretations relevant to the Group that have been adopted by the EU but have not yet entered into force and have not been applied by the Group prematurely

- IAS 19 (Amendment), "Defined Benefit plans: Employee Contributions". This amendment applies commencing from July 1, 2014 as the IASB but from February 1, 2015 according to the EU. The Group has applied this from February 1, 2015. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognize the benefit of those contributions over employees' working lives. The Group has a limited number of plans that require contributions that vary with service so the impact on the Group's financial statements will not be material.

#### ANNUAL IMPROVEMENTS TO IFRSS 2010-2012

- IFRS 3 (Amendment), "Business Combinations". This amendment applies commencing from July 1, 2014 as the IASB but from February 1, 2015 according to the EU. The Group has applied this from February 1, 2015. This amendment clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 "Financial instruments: Presentation". This amendment also clarifies that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date and the value changes is presented in the income statement. This amendment might have an impact on the Group's financial statements; on future business combinations.
- IFRS 13 (Amendment), "Fair value measurement". This amendment applies commencing from July 1, 2014 as the IASB but from February 1, 2015 according to the EU. The Group has applied this from February 1, 2015. Amendment of "Basis of conclusions", confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial. This amendment has had no immediate impact on the Group's financial statements.

### Consolidated financial statements

The consolidated financial statements cover SSAB AB (publ) and the companies in which the Group has existing rights that give it the current ability to direct the activities and is exposed, or has rights, to variable returns from its involvement with the investee.

#### SUBSIDIARIES

The Group's annual accounts are prepared in accordance with the acquisition method, entailing that the equity of subsidiaries at the time of acquisition defined as the difference between the fair value of identifiable assets, liabilities and potential obligations – is eliminated in its entirety against the acquisition price. Those surpluses that comprise the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and potential obligations are reported as goodwill. If the acquisition price is below the fair value of the net assets of the acquired subsidiary, the difference is reported directly in the income statement. With respect to each acquisition, the Group determines whether all non-controlling interests in the acquired company shall be reported at fair value or at the proportion of the net assets of the acquired company represented by the holding.

- Goodwill is initially valued as the amount by which the total purchase price and fair value of non-controlling interests exceeds the fair value of identifiable acquired assets and assumed liabilities. Acquired companies are included in the consolidated financial statements commencing the date on which a controlling influence is obtained, while divested companies are reported up to the date on which the controlling influence ceases.
- Intra-group transactions, dealings and unrealized profits are eliminated in the consolidated financial statements. Unrealized losses are also eliminated unless the transaction constitutes evidence of impairment of the transferred asset. Where appropriate, the accounting principles for subsidiaries have been changed in order to ensure a consistent application of the Group's principles.
- In the consolidated cash flow statement, the purchase price with respect to acquired or divested operations is reported under the headings "Acquisition of shares and operations" and "Divested shares and operations". Thus, the assets and liabilities of the acquired/divested companies at the time of the acquisition/sale are not included in the cash flow statement.

#### JOINT OPERATIONS AND AFFILIATED COMPANIES

Companies in which the Group, together with one or more co-owners, is bound by a cooperation agreement which provides that the co-owners shall jointly exercise a controlling influence are reported as joint operations. SSAB's joint operations are classified as joint ventures, which means that SSAB and the other party has joint control and have rights to the net assets.

Affiliated companies and joint operations ventures in the form of joint ventures are reported in accordance with the equity method and valued initially at acquisition value. The equity method entails that the Group's book value of the shares in affiliated companies and joint ventures corresponds to the Group's share in the equity of the affiliated companies and joint ventures and, where appropriate, the residual value of surplus

values or under-values from a Group perspective, including goodwill. The Group's share in the earnings of affiliated companies and joint ventures which arises after the acquisition is reported in the income statement. In the consolidated income statement, "Shares in earnings of affiliated companies and joint ventures after tax" comprise the Group's share in the post-tax earnings of the affiliated company or joint venture. Shares in the earnings of affiliated companies and joint ventures are reported in the operating profit when operations in affiliated companies and joint ventures are related to SSAB's operations and considered to be of a business nature. Any intra-group profits are eliminated in relation to the share of equity held.

In the parent company, affiliated companies and joint ventures are reported in accordance with the acquisition value method.

### Transactions in foreign currencies

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the company in question primarily operates (functional currency). Swedish kronor are used in the consolidated financial statements; this is the functional currency and reporting currency of the parent company.

Transactions in foreign currency are reported at the exchange rate prevailing on the transaction date. In certain cases, the actual rate is approximated to the average rate during a month. At the end of the month, receivables and liabilities in foreign currency are translated in accordance with the closing day rate at that time. Exchange rate differences relating to the business are reported in the operating profit, while differences attributable to financial assets and liabilities are reported as a net sum among financial items.

The income statements of foreign subsidiaries are translated into Swedish kronor at the average exchange rates for the year, while their balance sheets are translated into Swedish kronor at the closing day rates. Any translation differences that arise are transferred directly to the consolidated statement of comprehensive income and reported in the item "Translation reserve".

Loans or other financial instruments taken up in order to hedge net assets in foreign subsidiaries are reported in the consolidated financial statements at the closing day rate. Any exchange rate differences less deferred taxes are transferred directly to other comprehensive income and thereby set off against the translation differences which arise in conjunction with the translation of these subsidiaries' balance sheets into Swedish kronor.

Upon sales of foreign subsidiaries, the total translation differences that relate to the foreign subsidiary are reported as a part of capital gains/ losses in the consolidated income statement.

Goodwill and adjustments of assets and liabilities to fair value in connection with the acquisition of foreign subsidiaries are treated as assets and liabilities in the foreign operations and thus translated in accordance with the same principles as the foreign subsidiaries.

### Revenue recognition

Revenues are reported at the fair value of what has been or will be received and correspond to amounts received for sold goods less value added tax, discounts and returns, including exchange rate differences from forward contracts which are entered into in order to hedge sales in foreign currency. For information regarding hedge accounting, see [Note 29](#).

The Group reports revenue when the amount can be measured in a reliable manner, it is likely that future economic benefits will inure to the Company, and specific criteria have been fulfilled in respect of each of the Group's operations as described below.

#### SALES OF STEEL

Revenues from sales of steel are reported after the crucial risks and benefits associated with title are transferred to the buyer and no right of disposition or possibility of actual control over the goods remains. In most cases, this means that sales are reported upon delivery of the goods to the customer in accordance with agreed delivery terms and conditions.

#### REVENUE RECOGNITION OF PROJECTS WITHIN RUUKKI CONSTRUCTION

The Group applies gradual income recognition when reporting fixed price agreements for projects which extend over more than one year. When the result of the project can be calculated in a reliable manner and it is likely that the project will be profitable, revenues are reported over the term of the agreement based on the degree of completion. At the end of the period, project expenditures are reported based on the degree of completion in respect of the activities included in the work. When it is likely that the total expenditures on the project will exceed the total revenues, the anticipated loss is reported immediately as an expense. When the result of the project work cannot be calculated in a reliable manner, revenues are reported only in an amount corresponding to the accrued project expenditures which are likely to be compensated.

**SALES OF SERVICES**

Revenues from sales of services are reported in the period in which the services are performed. All intra-group sales are eliminated in the consolidated financial statements.

**INTEREST INCOME AND DIVIDENDS**

Interest income is reported in accordance with the effective rate method. Dividends are reported when the right to receive the dividend has been established.

Regarding dividends from subsidiaries, see the section entitled Dividends, the parent company.

**Pricing between Group companies**

Arm's length pricing is applied to deliveries of goods and services between companies in the Group.

**Government assistance**

Government assistance and grants are reported at fair value when there is reasonable certainty that the grant will be received and that the Group will fulfill the conditions attached to the grant. Government assistance and grants are allocated over the same period as the expenses which the grants are intended to reimburse. Grants provided as compensation for expenses are recognized in the income statement as an expense reduction. Grants related to assets are recognized in the balance sheet through a reduction in the reported value of the assets.

**Research and development expenses**

Research and development expenses are booked as they are incurred. Development expenses may be capitalized under certain strict conditions. However, this requires, among other things, that future economic benefits can be demonstrated at the time the expenses are incurred. The projects that take place are short-term in nature and do not involve significant amounts, and thus development expenditures are also booked as costs.

**Tangible non-current assets**

Tangible non-current assets are reported at acquisition value less deduction for accumulated depreciation and any accumulated impairment. Depreciation is based on the acquisition value of the assets and estimated useful life. If major investments include components, an assessment must always be made as to whether the useful life of the component differs from that of the entire facility. The acquisition value includes expenditures directly attributable to the acquisition of the asset. Any borrowing costs in conjunction with the construction and design of non-current assets, a significant portion of which is required for completion for use or sale, are added as a part of the acquisition cost of the asset. Restoration expenses in connection with disposals of non-current assets are

included in the acquisition value only where the criteria for making a provision for such restoration expenses may be deemed fulfilled. Additional expenditures for acquiring replacement components are added to the reported value of the non-current asset or recognized as a separate asset only where it is likely that the Group will enjoy the future economic benefits associated with the asset and the acquisition value of the asset can be measured in a reliable manner. The reported value for the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are recognized as expenses in the income statement during the period in which they occur.

Land is assumed to have a perpetual period of use and thus is not depreciated. Other tangible non-current assets are classified into groups for calculation of depreciation based on their estimated useful life, in accordance with the following table.

<b>Examples of items</b>	<b>Estimated use, years</b>
Vehicles, office equipment and computers	3–5
Light machinery	5–12
Heavy machinery:	
• Re-ligning of blast furnaces	12–15
• Steel furnaces, rolling mills and cranes	15–20
• Blast furnaces and coke ovens	15–20
Land improvement	20
Buildings	25–50

The useful life of the assets is reviewed annually and adjusted where required. The assets are normally depreciated to zero without any remaining residual value. The straight line depreciation method is used for all types of tangible non-current assets with a limited useful life. Where the book value of an asset exceeds the expected recovery value, the asset is written down to such value.

Capital gains and capital losses upon the sale of tangible non-current assets are determined by comparing the revenue from the sale with the reported value; this is reported in the income statement as "Other operating revenues" or "Other operating expenses".

### Intangible assets

Similarly, intangible assets are classified in two groups, with assets with a determinable useful life being amortized over a determined useful life, while assets with an undeterminable useful life are not amortized at all.

#### GOODWILL

The compensation transferred in conjunction with a business acquisition is valued at fair value. Goodwill comprises the amount by which the acquisition value (the compensation) exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the time of the acquisition. Goodwill upon the acquisition of a subsidiary is reported as an intangible asset. Goodwill is tested annually to identify any impairment and reported at acquisition value less accumulated impairment.

Testing for impairment is also carried out in those cases where there are indications that the asset may have diminished in value. Impairment of goodwill is reported as an expense and not reversed. Profits or losses upon the sale of a unit include the remaining reported value of the goodwill which relates to the sold unit. When testing for any impairment, goodwill is allocated over cash-generating units. The allocation is made on the cash-generating units or groups of cash-generating units which are expected to benefit from the business acquisition which gave rise to the goodwill item. Goodwill is monitored on a divisional level.

#### CUSTOMER RELATIONS

Acquired customer relations are reported at acquisition value. Customer relations have a determinable useful life and are reported at acquisition value less accumulated amortization. Straight line amortization is applied to allocate the costs for customer relations over their assessed useful life (six to twelve years).

#### TRADEMARKS AND LICENSES

Acquired trademarks and licenses are reported at acquisition value. Trademarks and licenses that have a determinable useful life are reported at acquisition value less accumulated amortization. Straight line amortization is applied to allocate the costs for trademarks over their assessed useful life and licenses are amortized over the term of the agreement (five to ten years). Trademarks and licenses that don't have a determinable useful life are tested annually to identify any impairment and are reported at acquisition value less accumulated impairment. Testing for impairment is also carried out in those cases where there are indications that the assets may have diminished in value. Impairment of trademark and licenses is reported as an expense and not reversed.

#### SOFTWARE

Acquired software licenses are capitalized on the basis of the costs incurred upon acquisition and placement into operation of the relevant software. These capitalized costs are amortized on a straight-line basis over the assessed useful life (three to five years).

Expenses for development and acquisition of new software are capitalized and reported as an intangible asset provided they have a significant value for the Company in the future and they can be deemed to have a useful life in excess of three years. These capitalized expenses are depreciated on a straight-line basis over the assessed useful life (three to five years). Expenses for training and software maintenance are, however, booked directly as costs.

#### OTHER INTANGIBLE ASSETS

Other intangible assets are reported at acquisition value less accumulated amortization. Straight line amortization is applied to allocate the costs over their assessed useful life (five to fifteen years).

### Impairment of non-financial assets

Intangible assets with an undeterminable useful life (including goodwill) are not amortized but, rather, tested annually for any impairment or otherwise where signs indicate a decline in value. Other non-financial assets with an undeterminable useful life are tested when signs indicate a decline in value. Amortized assets are tested for impairment when signs indicate a decline in value. Where the estimated recovery value is less than the reported value, the asset is written down to the recovery value. Testing of the value of an asset with an undeterminable useful life may also result in the asset being reclassified as an asset with a determinable useful life. The asset's period of use is then calculated and amortization commences. The recovery value is the asset's fair value reduced by selling expenses, or its useful value, whichever is higher. When testing for impairment, assets are grouped on the lowest levels for which there are separately identifiable cash flows (cash-generating units). With respect to assets other than financial assets and goodwill which have previously been impaired, an annual test is conducted as to whether a reversal should be made.

### Leased assets

Expenses for non-current assets that are leased instead of owned are reported primarily as lease expenses on a straight line basis over the leasing period (operational leasing). Where leasing agreements contain terms and conditions pursuant to which the Group enjoys the economic advantages and incurs the economic risks that are associated with ownership of the property (financial leasing), they are reported in the consolidated balance sheet under 'Non-current Assets' and depreciated over the useful life (the economic life or the outstanding leasing period, whichever is the shorter). At the beginning of the leasing period, financial leasing is reported in the

balance sheet at the leased object's fair value or the present value of the minimum leasing charges, whichever is lower. Each lease payment is divided into interest payment and repayment of the debt; interest is allocated over the leasing period. Corresponding payment obligations, less deductions for financial expenses, are included in the balance sheet items, "Current interest-bearing liabilities" and "Non-current interest-bearing liabilities".

In the parent company, all leasing agreements are reported as operational.

### Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. They are reported initially at an acquisition value corresponding to the fair value of the asset plus a supplement for transaction costs, with the exception of assets that are valued at fair value. Reporting thereafter takes place depending on the classification of the asset. Financial assets are removed from the balance sheet when the debt/instrument is finally paid or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

Spot purchases and sales of financial assets are reported on the Settlement day, i.e. the day on which the asset is delivered. Accounts receivable are reported in the balance sheet when an invoice has been issued. The fair value of listed financial assets corresponds to the asset's listed transaction price on the balance sheet date. The fair value of unlisted financial assets is determined through use of valuation techniques, for example, recently conducted transactions, prices of similar instruments and discounted cash flows.

Financial assets are classified in four valuation categories: "Financial assets at fair value through profit and loss", "held to maturity investments", "loans and receivables" and "available for sale financial assets".

- Financial assets at fair value through profit and loss: Assets that are acquired primarily in order to enjoy profits upon short-term price fluctuations, holdings for trading, are classified as "Financial assets at fair value through profit and loss" and reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments are classified as holdings for trading except where used for hedge accounting. Assets in this category are valued regularly at fair value and changes in value are reported in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

- Held to maturity investments: Assets with a fixed maturity date and which are intended to be held until maturity are classified as "held to maturity investments" and reported as financial non-current assets, except those parts that mature within twelve months; these are reported as "Other interest-bearing current receivables". Assets in this category are valued at amortized cost. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date.
- Loans and receivables: Loans and receivables are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not listed on an active market. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Just as with the preceding category, assets in this category are valued at the amortized cost. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.
- Financial assets available for sale: Financial assets without a fixed term to maturity but which can be sold should liquidity needs arise or upon changes in interest rates are classified as "available for sale". Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets. The Group held no instruments in this category during 2014 and 2015.

### OTHER SHARES AND PARTICIPATIONS

Consist primarily of investments in equity instruments which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. They are valued at acquisition value.

### NON-CURRENT RECEIVABLES

Non-current receivables are receivables held without any intention of Trading in the claim. Parts where the outstanding holding period is less than one year are reported among "Other current interest-bearing receivables". The receivables are classified in the category, "Loan claims and accounts receivable".

### ACCOUNTS RECEIVABLE

Accounts receivable are classified in the category, "Loan claims and accounts receivable". Accounts receivable are reported initially at fair value and accounts receivable in excess of twelve months are reported at the accrued acquisition value applying the effective interest rate method, less any provisions for reduction in value.

The Company has had no accounts receivable with a due date in excess of twelve months. Any impairment of accounts receivable takes place in selling expenses in the income statement.

#### CASH AND CASH EQUIVALENTS

'Cash and cash equivalents' include cash, immediately accessible bank balances as well as other short-term deposits with an original term to maturity of less than three months (short-term investments). Investments with an original term to maturity of between three and twelve months are reported under "Other current interest-bearing receivables" and classified as assets valued at the fair value via the income statement. Overdraft facilities are reported in the balance sheet as borrowing among "Current interest-bearing liabilities".

#### IMPAIRMENT OF FINANCIAL ASSETS

The Group regularly assesses whether there is any objective evidence for impairment of a financial asset or a group of financial assets. With respect to investments in equity instruments which are valued at acquisition value, a significant or prolonged decline in the fair value of a share to a level below its acquisition value is considered to be evidence of impairment. If such evidence exists, the difference between the reported value and the current fair value is reported in the income statement. Impairment of equity instruments is not reversed. Tests for impairment of accounts receivable are based on an individual assessment of bad debts. The size of the provision comprises the difference between the reported value of the asset and the present value of estimated future cash flows, discounted applying an effective interest rate. The remaining amount is reported in the income statement.

#### Inventories

Inventories are valued at the lower of acquisition cost and net realizable value, with the acquisition value being calculated in accordance with the FIFO method (first in, first out). When calculating the acquisition value, a weighted average value is normally used to approximate FIFO.

The net realizable value is normally calculated as the sales price less Production and selling expenses. With respect to products in the trading operations, the replacement cost with an added estimated gross margin is used as the best gauge of the net realizable value. In respect of raw materials, the replacement cost is used as the best gauge of the net realizable value. However, raw materials are not written down below the acquisition value where the end product in which they are included is expected to be sold at a price which exceeds the manufacturing cost.

Work in progress and finished inventories are valued at the manufacturing cost or the net realizable value, whichever is lower. Necessary provision is made for obsolescence.

The acquisition value of inventories includes all costs for purchasing, Production and other expenses incurred in bringing the goods to their current location and condition.

#### Employee benefits

##### PENSIONS

Within the Group there are both contribution-based and benefit-based Pension plans. Generally, the plans are financed through payments to insurance companies or manager-administered funds.

In the contribution-based plans, fixed fees are paid to a separate legal entity and there is no obligation, legal or informal, to pay any additional fees. In the contribution-based plans, payments are recognized as an expense during the period when the employees have performed the services to which the fees relate. Blue collar employees in Sweden are covered by such a contribution-based plan.

In the benefit-based plans, compensation is payable to employees and former employees based on salary at the time of retirement and number of years in service. The Group bears the risk that the costs for the promised payments will be higher than estimated.

In the consolidated balance sheet, the net of the estimated present value of the obligations and fair value of the managed assets is reported either as a long-term provision or as a long-term financial claim. In those cases where a surplus in a plan cannot be utilized in full, only that part of the surplus which can be recovered through reduced future fees or refunds is reported. Set-off of a surplus in one plan against a deficit in another plan takes place only where a right of set-off exists.

Pension expenses and pension obligations for benefit-based plans are calculated in accordance with the Projected Unit Credit Method. The method allocates pension expenses as the employees perform the services that increase their entitlement to future compensation. The obligation is calculated by independent actuaries and constitutes the present value of the anticipated future disbursements. The discount rate that is applied corresponds to the rate of interest on high-quality corporate bonds with a term to maturity which corresponds to the average term for the obligations. The most important actuarial assumptions are stated in [Note 13](#).

Actuarial profits or losses may arise upon determination of the present value of the obligations and the fair value of the managed assets. These arise either as a consequence of the actual result differing from previously-made assumptions, or due to changes in the assumptions. Such actuarial profits and losses are recognized in their entirety in the Group's results when they arise.

White collar personnel in Sweden are covered by a collective benefit-based plan, the ITP (supplementary pensions for salaried employees) plan. The ITP plan has been financed through the purchase of pension insurance with the mutual insurance company, Alecta. However, at present no information is available which makes it possible to report this plan as a benefit-based plan. Accordingly, the plan is reported as a contributions-based plan, and thus premiums paid to Alecta during the year are reported as pension expenses.

The parent company and other legal entities within the Group report benefit-based pension plans in accordance with the local rules in each country.

#### PROFIT SHARES AND VARIABLE SALARY

SSAB employees are covered by a profit sharing system which entitles them to a share in the profit above a minimum level. The Group Executive Committee and a number of other senior executives have instead salaries which contain a variable element related to the profit level and individually set targets. The costs for these systems are booked as accrued expenses regularly during the year as soon as it is likely that the targets will be met. In 2011, a long-term incentive program was introduced for the Company's senior executives, including the President, which is capped at 25% of fixed salary. The program runs for rolling three-year periods, is cash-based, and is linked to the total return on the SSAB share relative to a comparison group comprised of the Company's competitors. A percentage of the costs for the program is booked each year, based on a continuous assessment of the outcome for the three-year period.

#### COMPENSATION UPON TERMINATION OF EMPLOYMENT

Compensation upon termination of employment is paid when employment is terminated prior to the normal retirement age or where an employee accepts voluntary retirement in exchange for such compensation. The Group reports severance compensation when the Group is demonstrably obliged either to terminate an employee in accordance with a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made in order to encourage voluntary retirement. Benefits which fall due more than twelve months from the balance sheet date are discounted to present value.

#### Provisions

Provisions are reported when the Group has an obligation as a result of an event that has occurred and it is likely that payments will be demanded for fulfillment of the obligation. A further requirement is that it is possible to make a reliable estimation of the amount to be paid out. Provisions for restructuring measures are made when a detailed, formal plan for the measures is in place and well-founded expectations have been created among the parties that will be affected by the measure, and this takes place prior to the balance sheet date.

#### Emission rights

SSAB participates in the EU's emission rights trading system. Provision is made if a shortfall in emission rights is identified between owned rights and those rights which will have to be delivered due to emissions having taken place. The value of any surplus emission rights is reported only when it is realized as an external sale. Emission rights are reported as intangible assets and are booked at acquisition value.

#### Environmental restoration expenses

Expenses for environmental measures associated with previous operations and which do not contribute to current or future revenue are booked as a cost when incurred. The environmental undertaking is calculated based on interpretations of applicable environmental legislation and regulations and reported when it is likely that payment liability will be incurred and a reasonable estimation can be made of such amount. Provisions have not been made for land clean-up to prepare the industrial areas for other use in the future, since it is not possible to make a reasonable estimation of when such cleanup will take place.

#### Financial liabilities

Financial liabilities include loan debts, accounts payable and derivative instruments. Reporting thereafter takes place depending on how the liabilities are classified. Financial liabilities are removed from the balance sheet when the debt/instrument is paid in full or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

#### ACCOUNTS PAYABLE

Accounts payable are valued initially at fair value and thereafter at accrued acquisition value.

#### LOAN DEBTS

Loan debts are valued initially at net fair value after transaction costs, and thereafter at accrued acquisition value. The accrued acquisition value is determined based on the effective interest rate which was calculated when the loan was taken up. Accordingly, surplus values and under-values as well as direct issuance costs are allocated



over the loan period. Loans which constitute the hedged object in fair value hedging are valued and booked at fair value. Non-current loan debts have an anticipated term to maturity in excess of one year, while current loan debts have a term to maturity of less than one year.

### Derivate instruments and hedging

Currency derivatives in the form of forward contracts and swaps are used to hedge exchange rates on purchase orders for coal, iron ore, zinc and heavy fuel oil, to hedge the exchange rate in conjunction with major sales in foreign currency, in conjunction with major investments in non-current assets made in foreign currency, to hedge net investments in foreign subsidiaries, and to hedge Swedish kronor payment flows on foreign loans. Derivative instruments in the form of interest swaps are used to hedge exposure to interest rate risks.

- All derivative instruments are reported in the balance sheet at fair value. The method for reporting accrued profit/loss differs, however, depending on the purpose of the derivative instrument. When a derivative contract is entered into, it is characterized as hedging of the fair value of a reported asset/liability or of a signed delivery order ("fair value hedging"), hedging of a planned transaction ("cash flow hedging"), hedging of a net investment in a foreign company, or as a derivative instrument which does not meet the requirements for hedging transactions.
- When the transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item, as well as the Group's risk management objectives and risk management strategy as regards the hedging. The Group also documents its assessment, both when hedging is entered into and on a regular basis, of whether the derivative instruments used in hedge transactions are effective in counteracting changes in fair value or cash flows that relate to the hedged items.
- Information regarding fair value of various derivative instruments used for hedging purposes is set forth in [Note 29](#). Changes in the hedging reserve in equity are set forth in [Note 12](#). The entire fair value of a derivative instrument which constitutes a hedge instrument is classified as a non-current asset or non-current liability when the outstanding term of the hedged item exceeds twelve months, and as a current asset or current liability when the outstanding term of the hedged item is less than twelve months.
- Fair value hedging: Changes in the fair value of derivative instruments which are categorized as, and meet the requirements for, "fair value hedging" are reported in the income statement together with changes in the fair value of the asset/liability or the delivery order to which the hedging relates. Transaction costs related to "fair value hedging" are recognized immediately in the income statement.
- Cash flow hedging: The effective part of changes in fair value of derivative instruments which are identified as, and meet the requirements for, cash flow hedging, is reported in other comprehensive income. The profit or loss attributable to the ineffective part is reported immediately in financial items

in the income statement. However, the ineffective part of the profit or loss relating to cash flow hedging of sales in foreign currency is reported among other operating expenses or revenue. Accumulated amounts in equity are reversed to the income statement in those periods in which the hedged item affects earnings (e.g. when the forecast sale which is hedged takes place). The profit or loss attributable to the effective part of a forward contract which hedges sales in foreign currency is reported in the income statement item, Sales. When a hedge instrument lapses or is sold, or when the hedging no longer fulfills the criteria for hedge accounting and there are accumulated profits or losses in equity regarding the hedging, such profits or losses remain in equity and are reported as income at the same time as the forecast transaction is finally reported in the income statement. When a forecast transaction is no longer expected to occur, the accumulated profit or loss which is reported in equity is transferred immediately to the income statement. Where the transfer relates to cash flow hedging of sales in foreign currency, it is reported among other operating expenses or revenue. Where the transfer relates to cash flow hedging of financial items, it is reported in the income statement among financial items.

- Net investment hedging: Hedging of net investments in foreign companies is reported in the same manner as cash flow hedging. The effective part of changes in value of derivative instruments and liabilities, which are used as hedge instruments, is reported in other comprehensive income. The ineffective part of changes in value is reported immediately in financial items in the income statement. Accumulated profits and losses in equity are reported in the income statement when the foreign operations are divested, in whole or in part.
- Certain derivative transactions do not meet the formal criteria for hedge accounting; they are reported in the income statement among financial revenues and expenses.

Derivative instruments which are reported in hedge accounting and executed in respect of business-related items are reported in operating profit, while derivative instruments of a financial nature are reported in financial items. The fair value of currency forward contracts and currency swaps is calculated based on forward contract prices on the balance sheet date, while interest rate swaps are valued calculated on the basis of future discounted cash flows.

## Taxes

The Group's reported tax expenses consist of tax on the taxable earnings of Group companies for the period as well as any adjustments with respect to tax for previous periods and changes in deferred tax.

### DEFERRED TAX

Deferred tax is calculated in order to correspond to the tax effect which arises when final tax is triggered. It corresponds to the net effect of tax on all differences between the tax value of assets and liabilities and their value for accounting purposes (temporary differences), applying the future tax rates already decided upon or announced which will apply when the tax is expected to be realized.

- Temporary differences arise primarily through accelerated depreciation of non-current assets, profits from intra-group inventory transactions, untaxed reserves in the form of tax allocation reserves, non-utilized losses carried forward, as well as fair value adjustments in conjunction with business combinations. A deferred tax receivable due to losses carried forward is, however, recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses.
- In the parent company's balance sheet, the accumulated values of Accelerated depreciation and other untaxed reserves are reported in the item "Untaxed reserves" without deduction of the deferred tax. In the parent company's income statement, changes in the untaxed reserves are reported on a separate line.

## Dividends

Dividends proposed by the Board of Directors do not reduce equity until the annual general meeting has adopted a resolution regarding payment of the dividend.

### DIVIDENDS, THE PARENT COMPANY

An anticipated dividend is reported in those cases where the parent company is exclusively entitled to decide on the amount of the dividend and the parent company, prior to the date on which its financial statements are published, has decided on the amount of the dividend and ascertained that the dividend will not exceed the dividend capacity of the subsidiary.

## Group contributions in the parent company

Group contributions received and provided, and the tax consequences thereof, are reported as a transfer to untaxed reserves, and the tax effect as a tax expense /income in the income statement.

## Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents in the cash flow statement consist of cash and bank balances as well as short-term investments with a term to maturity of less than three months from the acquisition date, which are exposed to only an insignificant risk of change in value.

## Segment reporting

### OPERATING SEGMENTS

As of September 1, 2014, the Group is organized in five reportable operating segments with clear profit responsibility. The operating segments are the five divisions; SSAB Special Steels, SSAB Europe, SSAB Americas, Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective Boards. In addition, there are other operating segments which are not reportable since they do not reach the threshold values in IFRS 8 and they are not monitored separately by the Group Executive Committee. The segment reporting takes place in such a manner that it corresponds to the internal reporting which is submitted to the Group Executive Committee. The Group Executive Committee is the highest Executive decision-making body which is responsible for the allocation of resources and assessment of the results of operating segments, and takes strategic decisions. A more detailed description of the reportable segments and their operations is provided on [pages 6–12](#) and in [Note 28](#).

## Non-current assets held for sale

Significant non-current assets (or divestments groups) are classified as Non-current assets held for sale when their reported value will primarily be recovered through a sales transaction and a sale is deemed to be very likely. They are reported at reported value or fair value less selling expenses, whichever is lower, if their book value is primarily recovered through a sales transaction and not through permanent use.

# 1 Sales and other operating income

Sales per product area SEK millions	Group	
	2015	2014
Hot-rolled strip	9,764	8,788
Cold-rolled and organic-coated strip	8,516	5,863
Plate	19,947	19,024
Tubes and profiled strip	2,552	947
Trading operations	5,711	4,965
Ruukki Construction operations	5,260	3,212
Slabs	192	477
By-products/scrap	1,873	1,376
Freight	1,668	1,561
Other	1,381	1,539
<b>Total sales</b>	<b>56,864</b>	<b>47,752</b>

Sales broken down by divisions and geographic area is shown in [Note 28](#).

Other operating income SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Sales of purchased energy and media	199	121	-	-
Sales of services	30	22	-	-
Net exchange rate differences	-	102	1	-
Profit on emission rights	89	38	-	38
Profit upon sale of shares and operations	-	0	-	-
Profit upon sale of fixed assets	161	37	-	-
Investment grant (government grant)	0	26	-	-
Other	170	400	83	117
<b>Total other operating income</b>	<b>649</b>	<b>746</b>	<b>84</b>	<b>155</b>

## 2 Operating expenses

Type of cost SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Raw materials in the steel operations, including change in raw material inventory	19,014	17,949	-	-
Supplies and inputs	1,506	1,280	-	-
Purchased products in the trading operations	1,784	2,755	-	-
Purchased products in the steel operations	3,019	4,735	-	-
Energy	3,280	2,671	-	-
Change in inventory, work in progress and finished products	3,185	862	-	-
Compensation to employees	9,673	7,337	80	108
Material, services and maintenance	7,595	5,169	151	241
Depreciation/amortization	3,836	3,412	0	0
Other	4,909	2,436	50	38
<b>Total operating expenses</b>	<b>57,801</b>	<b>48,606</b>	<b>281</b>	<b>387</b>

Audit fees and related services SEK millions	Group		Parent Company	
	2015	2014	2015	2014
<b>PricewaterhouseCoopers</b>				
Audit fees	16	14	2	4
Audit related services	1	4	-	4
Tax consulting	1	2	0	0
Other services	3	18	0	10
<b>Total audit fees and related services to PricewaterhouseCoopers</b>	<b>21</b>	<b>38</b>	<b>2</b>	<b>18</b>
<b>Other audit firms</b>				
Audits and related services	3	6	-	-
Other services	13	13	4	3
<b>Total audit fees and services to audit firms</b>	<b>37</b>	<b>57</b>	<b>6</b>	<b>21</b>

Operating expenses have been reduced by the following government and other grants:

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Investment grant	38	26	-	-
Other	19	14	-	-
<b>Total grants</b>	<b>57</b>	<b>40</b>	<b>-</b>	<b>-</b>

Compensation to employees SEK millions	Board, President and Executive Vice		Other employees	
	2015	2014	2015	2014
Parent Company <sup>1)</sup>	23	17	54	74
Subsidiaries in Sweden	7	9	2,865	2,689
Subsidiaries outside Sweden	23	29	4,124	2,528
<b>Total wages and salaries<sup>2)</sup></b>	<b>53</b>	<b>55</b>	<b>7,043</b>	<b>5,291</b>
Social security expenses	21	20	2,174	1,677
(of which pension expenses)	(11)	(10)	(915)	(616)
Other expenses for employee benefits	4	3	378	291
<b>Total compensation to employees</b>	<b>78</b>	<b>78</b>	<b>9,595</b>	<b>7,259</b>

<sup>1)</sup> Relates only to personnel employed and working within the parent company. Personnel in some of the larger subsidiaries are formally employed by the parent company but are reported in terms of number and expense in the relevant subsidiary. In the parent company expenses for the president of SSAB EMEA AB are also reported.

<sup>2)</sup> Total wages and salaries include variable salary components to Presidents in the amount of SEK 10 (6) million, of which SEK 5 (3) million in the parent company.

## 2 Operating expenses cont.

### Board fees

#### BOARD OF DIRECTORS

At the annual general meeting (AGM) in April 2015, Bengt Kjell was elected as new Chairman of the Board. Sverker Martin-Löf and Jan Johansson had announced that they were leaving the Board of Directors in conjunction with the AGM. At the AGM, it was decided that the Chairman's fee should amount to SEK 1,650,000 and directors' fees (excluding the President) to SEK 550,000 each. Members of Board committees should receive a fee of SEK 100,000 for each committee on which the member served, with the exception of the Chairman of the Audit Committee, who instead should receive SEK 125,000. Thus, in total SEK 5,575 (5,750) thousand was paid in fees to the Board of Directors.

### Salaries and compensation for the President and other senior executives

#### RESOLUTION OF THE ANNUAL GENERAL MEETING

According to a resolution adopted by the AGM in April 2015, the President and other persons in the Company's senior management shall receive compensation comprising fixed salary, possible variable compensations, other benefits such as company car, and pension. "Other members of the Company's senior management" mean members of the Group Executive Committee other than the President. The total compensation package shall be

on market terms and conditions and competitive on the employment market on which the executive works. Fixed salary and variable compensation shall be related to the executive's responsibilities and authority. The variable compensation shall be based on results as compared with defined and measurable targets and capped in relation to the fixed salary. The variable compensations shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensations may be included in the basis for pension computation due to legislation or competitive practice in the local market.

The variable compensation programs should be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable compensation, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the Company's responsibilities to its shareholders, employees and other stakeholders.

Consultant fees on market terms may be payable insofar as any director performs work on behalf of the Company, in addition to the Board work.

### Board members

Elected by general meeting	Elected	Position	Fee 2015, SEK <sup>1)</sup>		Fee 2014, SEK <sup>1)</sup>	
			Board fee	Committee fee	Board fee	Committee fee
Bengt Kjell	2015	Chairman	1,650,000	200,000	-	-
Petra Einarsson	2014	Member	550,000	-	275,000	-
Kim Gran	2014	Member	550,000	100,000	275,000	50,000
Matti Lievonen	2014	Member	550,000	-	275,000	-
Martin Lindqvist	2011	Member, President	-	-	-	-
Annika Lundius	2011	Member	550,000	100,000	512,500	100,000
John Tulloch	2009	Member	550,000	100,000	512,500	100,000
Lars Westerberg	2006	Member	550,000	125,000	512,500	112,500
Sverker Martin-Löf, resigned 2015	2003	Chairman	-	-	1,537,500	200,000
Jan Johansson, resigned 2015	2011	Member	-	-	512,500	-
Anders G Carlberg, resigned 2014	1986	Member	-	-	237,500	62,500
Matti Sundberg, resigned 2014	2004	Member	-	-	237,500	-
Pär Östberg, resigned 2014	2013	Member	-	-	235,700	-

<sup>1)</sup> The fee relates to the full term.

## 2 Operating expenses cont.

The period of notice of termination of employment for senior executives in Sweden shall be six months in the event of termination by the executive. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 24 months. Pension benefits shall be either benefit-based or contribution-based or a combination thereof, with individual retirement ages; however in no case earlier than the age of 69. Benefit-based pension benefits are conditional on the benefits being earned during a pre-determined period of employment. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice on the local market.

The Board of Directors shall be entitled to deviate from the guidelines where special reasons exist in an individual case.

### REMUNERATION COMMITTEE

Within the Board of Directors there is a Remuneration Committee which issues proposals to the Board regarding the President's salary and other employment terms and conditions, and determines the salary and other employment terms and conditions for the Group Executive Committee in accordance with guidelines decided upon by the AGM. The Committee consists of Bengt Kjell (Chairman), Kim Gran and John Tulloch. The President is a co-opted member of the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

### COMPENSATION IN 2015

Compensation to the President and other members of the Group Executive committee consisted of a fixed salary component, a short-term variable salary component, and a long-term variable salary component. There is no share-related compensation.

For the members of the Group Executive committee who are not stationed in the USA, there is a short-term variable salary component which is related to the Group's EBITDA margin relative to other comparable steel companies and to a target related to injury frequency established by the Board, combined with one or more individual targets. This variable salary component is capped at 75% of fixed salary for the President and 50% for others.

In conjunction with the acquisition of Rautaruukki, the Board decided on a temporary incentive program for a number of key employees within four defined categories who are working on the integration of Rautaruukki,

among them certain members of the Group Executive Committee, including the President. This temporary incentive program replaces existing variable salary components during the corresponding period of time in respect of the key employees participating in the program. The program will extend over 18 months (July 1, 2014 -December 31, 2015) and is contingent on the results that the Company achieves, with the target being related to the Group's EBITDA margin compared with a number of comparable steel companies during the measurement period. The outcome is capped in relation to each participant's fixed annual salary and shall not exceed 5, 9 or 18 monthly salaries, depending on the participant's category affiliation. However, participants are guaranteed a result of at least 50% of the maximum amount.

In 2011, a long-term incentive program was introduced covering then a maximum of 100 (now 150) key persons throughout the Group, including the Company's President and other senior executives. The program applies for rolling three-year periods, is cash-based, and linked to the total return on the SSAB share compared with a comparison group comprising the Company's competitors. For participants in the program outside North America, the result is capped at between 18 and 30% of fixed salary. The maximum outcome for participants in North America is in line with the restrictions which applied under their earlier program; for these participants, the program is also linked to SSAB Americas' results and return on capital employed. The total annual cost for the program is SEK 24 million in the event of target realization, and SEK 48 million in the event of maximum target realization, of which approximately 2/3 constitutes the cost for participants in North America. The program has been introduced with the aim of promoting the Company's ability to recruit and retain particularly important employees.

The member of the Group Executive committee who is stationed in the United States receives compensation which is considered to be competitive from a North American perspective. He receives a fixed salary and, in addition, an annual variable salary component which is linked to the same targets as for the rest of the Group Executive Committee. His annual variable salary is capped relative to fixed salary. The target result is 60% of fixed salary but may amount to a maximum of 180% in the event of extremely high profitability. As a supplement, for year 2015, the maximum level was raised from 180% to 300%. In addition, during his employment he is entitled to participate in the Group's long-term incentive program. The outcome is capped relative to fixed salary. Fully developed, the plan has a target outcome of 90% of fixed annual salary, but in the event of extremely good results may amount to a maximum of 150%. Payments under the long-term incentive program take place in cash, and solely on condition that he remains in his employment.

### PRESIDENT AND CHIEF EXECUTIVE OFFICER

The total paid compensation package, excluding pension, amounted to SEK 10.0 (8.0) million. The total paid amount of SEK 10.0 million includes a payment of SEK 0.4 (-) million regarding variable salary for 2014 (2013).

## 2 Operating expenses cont.

The retirement age is 62. The pension is based on contributions and is covered by insurance. The cost amounted to 42 (42) % of fixed salary. Earned pension is inviolable but premium payments cease upon termination of employment.

There is a 12-month notice period in the event of dismissal by the Company. In addition, in such situation severance compensation is payable equal to 12 months' salary. In the event of the President's resignation, the termination period is 6 months and, in such a situation, there is no entitlement to severance compensation. Variable salary components are earned during the termination period only on condition that the President remains in active service.

### OTHER GROUP EXECUTIVE COMMITTEE MEMBERS

Apart from the President, the Group Executive Committee comprised 9 (11) persons. During 2014, Rautaruukki was acquired and the Group reorganized, with the Group Executive Committee being expanded to include an additional three members as of September 1, 2014. On February 10, 2015, Mikael Nyqvist and Marko Somerma left the Group Executive Committee. The Group Executive Committee is presented in [the Corporate Governance Report](#).

The minimum retirement age for other members of the Group Executive Committee stationed outside the USA is 62. Pensions are based on contributions, apart from in the case of Olavi Huhtala; he continues to be covered by the benefit-based pension scheme with a retirement age of 60 (via Ruukki A-Pension Foundation), of which he has long been covered through his employment at Rautaruukki. The other members of the Group Executive Committee are entitled to 12 months' notice in the event of dismissal by the Company. In addition, in such a situation severance compensation is payable equivalent to 6–12 months' salary. Members of the Group Executive committee must give 6 months' notice of resignation, whereupon there is no entitlement to severance compensation.

For the member of the Group Executive committee stationed in the United States, other rules apply with respect to pension in accordance with US legislation and practice.

Total compensation and benefits are shown in the adjacent table.

### Compensation and benefits for the President and other members of the Group Executive Committee

SEK millions	President		Other Group Executive Committee	
	2015	2014	2015	2014
Fixed salary <sup>1)</sup>	9.3	7.7	27.8	29.0
Other benefits <sup>2)</sup>	0.3	0.3	2.3	2.3
Short-term variable salary <sup>3)</sup>	0.4	-	4.0	1.0
Long-term variable salary <sup>3)</sup>	-	-	0.5	0.4
<b>Total compensation</b>	<b>10.0</b>	<b>8.0</b>	<b>34.6</b>	<b>32.7</b>
Pension expenses	3.9	3.2	8.0	6.8
<b>Total</b>	<b>13.9</b>	<b>11.2</b>	<b>42.6</b>	<b>39.5</b>

<sup>1)</sup> For 2015, includes payment of SEK 0.1 (0.1) million to the President in respect of accrued, non-utilized vacation, and vacation compensation, as well as cost compensation in respect of company residence in the amount of SEK 0.2 (0.2) million.

<sup>2)</sup> Relates primarily to car and gasoline benefits, but here also includes compensation for increased living costs for the member of the Group Executive committee that was stationed in Asia.

<sup>3)</sup> The amounts relate to payments made in the relevant financial year, which were earned in previous years. Since the compensation is not known at the end of the accounting year due to the fact that comparisons are made with competitors who have not yet reported their figures, and also the fact that the Board can decide to reduce the compensation if special reasons exist, compensation in this table is reported only in the year in which payment has taken place. Booked variable salary components for the entire Group Executive Committee amounted to SEK 16.2 (10.3) million.

### 3 Affiliated companies, joint ventures and related party transactions

Share of earnings and sales SEK millions	Share of earnings after tax		Share of sales	
	2015	2014	2015	2014
Lulekraft AB	1	1	115	150
Norsk Stål A/S <sup>1)</sup>	1	-7	-	740
Norsk Stål Tynnplater A/S <sup>1)</sup>	0	5	-	258
Oxelösunds Hamn AB	10	12	146	146
Blastech Mobile LLC (joint venture)	21	12	79	49
Bet-Ker Oy	10	4	44	18
Fortaco Oy <sup>1)</sup>	-	-27	-	128
Helens Rör AB	4	1	362	63
Manga LNG Oy	-2	-	0	-
Raahen Voima Oy	0	-	134	82
<b>Total</b>	<b>45</b>	<b>1</b>	<b>880</b>	<b>1,634</b>

Share of assets and liabilities SEK millions	Share of assets		Share of liabilities	
	2015	2014	2015	2014
Lulekraft AB	113	118	99	103
Norsk Stål A/S <sup>1)</sup>	-	284	-	284
Norsk Stål Tynnplater A/S <sup>1)</sup>	-	98	-	98
Oxelösunds Hamn AB	165	165	46	53
Blastech Mobile LLC (joint venture)	79	44	18	0
Bet-Ker Oy	44	39	13	10
Fortaco Oy <sup>1)</sup>	-	236	-	236
Helens Rör AB	181	142	111	35
Manga LNG Oy	158	345	94	0
Raahen Voima Oy	515	31	329	153
<b>Total</b>	<b>1,255</b>	<b>1,502</b>	<b>710</b>	<b>972</b>

1) During 2015, Norsk Stål A/S, Norsk Stål Tynnplater A/S and Fortaco Oy were divested. The share of earning after tax relates only to the period up to the divestment.

Receivables from affiliated companies and joint venture SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Included in balance sheet items:				
Accounts receivable	43	58	-	-
Prepaid expenses and accrued revenue	41	18	-	-
<b>Total</b>	<b>84</b>	<b>76</b>	<b>-</b>	<b>-</b>

Liabilities to affiliated companies and joint venture SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Included in balance sheet items:				
Accounts payable	37	25	-	-
<b>Total</b>	<b>37</b>	<b>25</b>	<b>-</b>	<b>-</b>

Share of owning and equity share can be found in [Note 8](#).

#### Related party transactions

The following transactions with affiliated companies and the joint venture occurred during the year (The numbers for Norsk Stål A/S, Norsk Stål Tynnplater A/S and Fortaco Oy refers to the time before the divestiture.): SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 140 (83) million. Lulekraft purchased gas from SSAB Europe for SEK 173 (229) million and resold electricity for SEK 94 (153) million. Norsk Stål and Norsk Stål Tynnplater purchased steel from the steel operations for SEK 60 (302) million and sold for SEK 0 (0) million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 119 (60) million and sold back energy for SEK 84 (65) million. Oxelösunds Hamn sold port services to SSAB Europe for SEK 256 (216) million and purchased other services for SEK 42 (27) million. Fortaco bought steel from the steel operations for SEK 50 (38) million and Helens Rör for SEK 178 (71) million. SSAB Europe purchased refractory materials from Bet-Ker for SEK 73 (32) million. The Board Member John Tulloch has a consultancy agreement with one of the USA subsidiaries of SSAB from which he received SEK 0.6 (0.4) million in fees. The transactions took place at arm's length prices.



## 4 Financial items

<b>Group</b>			
SEK millions	2015	2014	
<b>Financial income</b>			
Interest income	47	62	
Net exchange rate differences	-	137	
Dividends	1	1	
Other	2	2	
<b>Total financial income</b>	<b>50</b>	<b>202</b>	
<b>Financial expenses</b>			
Interest expenses	-705	-769	
Net exchange rate differences	-55	-	
Write-down loan receivable from associated company	-	-602	
Other	-218	-313	
<b>Total financial expenses</b>	<b>-978</b>	<b>-1,684</b>	
<b>Net financial income and expenses</b>	<b>-928</b>	<b>-1,482</b>	

Net result attributable to derivatives is included in the Net exchange rate differences with the amount of SEK -331 (97) million.

<b>Parent Company</b>			
SEK millions	2015	2014	
<b>Parent Company</b>			
Dividends from subsidiaries <sup>1)</sup>	2,087	30,545	
Dividends from affiliated companies	1	1	
Write-down of subsidiary shares <sup>1)</sup>	-220	-30,417	
Interest income from subsidiaries	133	187	
Interest expenses to subsidiaries	-21	-3	
<b>Total result from subsidiaries and affiliated companies</b>	<b>1,980</b>	<b>313</b>	
Other interest income	11	32	
Net exchange rate differences	.	170	
<b>Total other interest income and similar items</b>	<b>11</b>	<b>202</b>	
Other interest expenses	-604	-671	
Net exchange rate differences	-3	-	
Other	-26	-293	
<b>Total other interest expenses and similar items</b>	<b>-633</b>	<b>-964</b>	
<b>Total financial net</b>	<b>1,358</b>	<b>-449</b>	

<sup>1)</sup> During 2015, the parent company made a write down of SEK 220 million in its subsidiary SSAB APAC Holding's shares. During 2014, SSAB Finance Belgium distributed its two subsidiaries (SSAB Finance Brussels and SSAB Finance UK) to the parent company. After that, the shares in SSAB Finance Belgium were written down to zero.

## 5 Taxes

Taxes SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Swedish corporate income tax	-3	6	0	0
Foreign corporate income tax	-124	-402	4	-
<b>Total current tax expenses</b>	<b>-127</b>	<b>-396</b>	<b>4</b>	<b>0</b>
Deferred taxes	793	591	-73	-218
<b>Total tax in the income statement</b>	<b>666</b>	<b>195</b>	<b>-69</b>	<b>-218</b>
<b>Total tax in other comprehensive income<sup>1)</sup></b>	<b>115</b>	<b>545</b>	<b>159</b>	<b>485</b>

Reconciliation of tax rates %	Group		Parent Company	
	2015	2014	2015	2014
Applicable tax rate in Sweden <sup>2)</sup>	-22	-22	22	22
Tax effect of:				
• non-deductible expenses	2	25	2	22
• non-taxable divestments	-	-	-	-
• non-taxable revenue <sup>3)</sup>	-1	-3	-21	-19
• changes in tax rates	0	0	-	-
• other tax rates in foreign subsidiaries	-44	-15	-	-
• taxes relating to earlier periods	0	-1	0	-1
• unbooked deficit credit	8	3	-	-
• other	0	1	-	-
<b>Effective tax rate</b>	<b>-57</b>	<b>-12</b>	<b>3</b>	<b>24</b>

<sup>1)</sup> For details see Consolidated statement of changes in equity on page 25 and on page 29 for the parent company.

<sup>2)</sup> The Group has negative earnings and therefore the starting point when reconciling the effective tax rate is -22% while the parent company has positive earnings and the starting point is 22%.

<sup>3)</sup> The parent company's non-deductible expenses are for the most part related to write-down of shares and acquisition costs of Rautaruukki whereas non-taxable revenue consists primarily of dividends from subsidiaries.

The tax for the year amounted to SEK 666 (195) million and the effective tax rate was -57 (-12)%. The tax rate was negatively affected by unbooked loss carry-forwards by +8 percentage points and positively affected by lower tax rates on positive results and higher tax rates on negative results in foreign subsidiaries by -44 percentage points.

## 6 Intangible assets

Group	2015							2014						
	Customer relations	Trademarks	Emission rights <sup>1)</sup>	Other intangible assets	Trademarks with undeter-minable useful life	Goodwill	Total intangible assets	Customer relations	Trademarks	Emission rights <sup>1)</sup>	Other intangible assets	Trademarks with undeter-minable useful life	Goodwill	Total intangible assets
<b>SEK millions</b>														
Acquisition value, January 1	7,702	6	1,058	1,197	424	26,732	37,119	6,242	6	-	652	-	17,770	24,670
Acquisitions	-	-	-	57	-	-	57	-	-	-	28	-	-	28
Increase through acquisition of shares/operations	-	-	-	-	-	-	-	189	-	1,031	452	413	5,193	7,278
Sales and disposals	-	-	-	0	-	-	-	-	-	-	-3	-	-	-3
Reclassifications	14	-	-	-4	-	-10	0	-	-	-	-7	-	3	-4
Translation differences	564	0	-35	30	-14	1,450	1,995	1,271	-	27	75	11	3,766	5,150
<b>Acquisition value, December 31</b>	<b>8,280</b>	<b>6</b>	<b>1,023</b>	<b>1,280</b>	<b>410</b>	<b>28,172</b>	<b>39,171</b>	<b>7,702</b>	<b>6</b>	<b>1,058</b>	<b>1,197</b>	<b>424</b>	<b>26,732</b>	<b>37,119</b>
Accumulated amortization, January 1	5,559	5	89	763	-	-	6,416	4,243	5	-	503	-	-	4,751
Sales and disposals	-	-	-	-1	-	-	-1	-	-	-	-3	-	-	-3
Amortization for the year	500	0	209	137	-	-	846	396	-	86	209	-	-	691
Reclassifications	-	-	-	-3	-	-	-3	-	-	-	-3	-	-	-3
Translation differences	416	0	-7	34	-	-	443	920	-	3	57	-	-	980
<b>Accumulated amortization, December 31</b>	<b>6,475</b>	<b>5</b>	<b>291</b>	<b>930</b>	<b>-</b>	<b>-</b>	<b>7,701</b>	<b>5,559</b>	<b>5</b>	<b>-</b>	<b>763</b>	<b>-</b>	<b>-</b>	<b>6,416</b>
Accumulated write-down, January 1	6	-	-	1	-	311	318	-	-	-	-	-	8	8
Write-down for the year	-	-	-	1	-	0	1	6	-	-	1	-	292	299
Translation differences	-	-	-	-	-	-10	-10	-	-	-	-	-	11	11
<b>Accumulated write-down, December 31</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>301</b>	<b>309</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>311</b>	<b>318</b>
<b>Residual value, December 31</b>	<b>1,799</b>	<b>1</b>	<b>732</b>	<b>348</b>	<b>410</b>	<b>27,871</b>	<b>31,161</b>	<b>2,137</b>	<b>1</b>	<b>969</b>	<b>433</b>	<b>424</b>	<b>26,421</b>	<b>30,385</b>

<sup>1)</sup> Surplus values from the acquisition of Rautaruukki relating to future allocation of emission rights.

Amortization for the year is included in the income statement in the amount of SEK 798 (620) million in cost of goods sold; SEK 7 (1) million in selling expenses and SEK 42 (20) million in other administrative expenses.

## 6 Intangible assets cont.

<b>Goodwill</b>		
<b>SEK million</b>	<b>2015</b>	<b>2014</b>
SSAB North America (in Division SSAB Americas)	22,910	21,284
SSAB Special Steels	2,529	2,625
SSAB Europe	1,905	1,969
Tibnor	467	483
Ruukki Construction <sup>1)</sup>	470	484
<b>Total goodwill</b>	<b>28,281</b>	<b>26,845</b>

<sup>1)</sup> Included in the value for Ruukki Construction is also the trademark Rautaruukki with an undeterminable useful life of SEK 410 (424) million.

A test of impairment of goodwill takes place annually on November 30. The Group's most significant goodwill balance is allocated to the Group's cash-generating units.

SSAB North America is included in the SSAB Americas division. For more information about SSAB Americas and the other divisions, see [Note 28](#). Recoverable amounts for cash-generating units are based on value in use calculations. The calculations are based on the company's budget and forecasts regularly produced by the management team. Cash flows beyond a five-year period have been extrapolated applying an assessed rate of growth in accordance with the information below. The rate of growth does not exceed the long-term rate of growth for the market in which these cash-generating units operate.

Significant assumptions used in calculations of use value are shown in the table below:

	<b>North America</b>	<b>Special Steels</b>	<b>Europe</b>	<b>Tibnor</b>	<b>Construction</b>
<b>2015</b>					
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	9.9	7.2	7.2	7.3	7.2
<b>2014<sup>1)</sup></b>					
Assessed long-term rate of growth, %	2				
Weighted average discount rate, before tax, %	10.3				

<sup>1)</sup> The Finnish steel group Rautaruukki was acquired on July 29, 2014 and no separate test of impairment of goodwill was performed during 2014.

The assumptions above have been used to analyze the cash-generating unit.

The management has established the budgeted and forecast gross margin based on historical results and expectations regarding market trends and each specific cash-generating unit. The rate of growth used for the gross margin corresponds to the forecasts available in industry and analyst reports. The discount rate used is stated before tax and reflects specific risks applicable locally for each specific cash-generating unit.

Calculations conducted using the above assumptions have demonstrated that no impairment of goodwill exists at December 31. For a sensitivity analysis and assumptions, see [Note 30](#).

### Emission rights

The estimated consumption of emission rights in 2015 was 8.9 (6.7) million tonnes. No emission rights were sold in 2015 or 2014. The allocated rights were sufficient for consumption in 2015. The emission rights are reported as an intangible asset, with granted emission rights being booked at an acquisition value of zero kronor. SSAB is participating in various programs whereby it is possible to purchase emission rights and, through such programs, at year-end SSAB owned emission rights valued at SEK 22 (24) million, which are reported as an intangible asset.

## 7 Tangible fixed assets

Group	2015						2014					
	Land and land improvements	Buildings	Machinery	Equipment, tools, fixtures and fittings	Construction in progress and advances to suppliers	Total tangible fixed assets	Land and land improvements	Buildings	Machinery	Equipment, tools, fixtures and fittings	Construction in progress and advances to suppliers	Total tangible fixed assets
SEK millions												
Acquisition value, January 1	1,021	7,359	39,678	645	1,783	50,486	624	4,283	31,801	580	1,112	38,400
Acquisitions	1	189	507	30	1,761	2,488	1	85	204	32	1,347	1,670
Increase through acquisitions of shares and operations	-	-	-	-	-	-	164	2,826	6,305	5	394	9,694
Sales and disposals	-9	-259	-971	-40	-4	-1,283	-2	-5	-447	-21	-5	-480
Decrease through disposal of shares and operations	-1	-34	-57	-33	27	-98	-	-	-	-	-	-
Reclassifications	18	108	1,976	29	-2,066	65	207	-11	492	27	-1,143	-428
Translation difference	4	-4	482	-2	17	497	27	180	1,323	22	78	1,630
<b>Acquisition value, December 31</b>	<b>1,034</b>	<b>7,359</b>	<b>41,615</b>	<b>629</b>	<b>1,518</b>	<b>52,155</b>	<b>1,021</b>	<b>7,359</b>	<b>39,678</b>	<b>645</b>	<b>1,783</b>	<b>50,486</b>
Accumulated depreciation, January 1	175	2,246	20,908	339	-	23,668	147	2,164	19,325	282	-	21,918
Sales and disposals	-3	-247	-897	-44	-	-1,191	-	-4	-225	-20	-	-249
Depreciation for the year	34	382	2,442	92	-	2,950	23	130	1,949	90	-	2,192
Decrease through disposal of shares and operations	0	-23	-47	-26	-	-96	-	-	-	-	-	-
Reclassifications	2	-1	21	-2	-	20	-	-11	-333	1	-	-343
Translation difference	3	22	257	-12	-	270	5	-33	192	-14	-	150
<b>Accumulated depreciation, December 31</b>	<b>211</b>	<b>2,379</b>	<b>22,684</b>	<b>347</b>	<b>-</b>	<b>25,621</b>	<b>175</b>	<b>2,246</b>	<b>20,908</b>	<b>339</b>	<b>-</b>	<b>23,668</b>
Accumulated write-down, January 1	16	129	103	0	-	248	1	-	14	0	-	15
Sales and disposals	-	-	-	-	-	-	-1	-	-	-	-	-1
Write-down for the year	-	1	38	0	-	39	16	128	107	0	-	251
Reclassifications	-2	-	-	-	-	-2	-	-	-	-	-	-
Translation difference	-2	-11	-14	0	-	-27	0	1	-18	0	-	-17
<b>Accumulated write-down, December 31</b>	<b>12</b>	<b>119</b>	<b>127</b>	<b>0</b>	<b>-</b>	<b>258</b>	<b>16</b>	<b>129</b>	<b>103</b>	<b>0</b>	<b>-</b>	<b>248</b>
<b>Residual value, December 31</b>	<b>811</b>	<b>4,861</b>	<b>18,804</b>	<b>282</b>	<b>1,518</b>	<b>26,276</b>	<b>830</b>	<b>4,984</b>	<b>18,667</b>	<b>306</b>	<b>1,783</b>	<b>26,570</b>

## 7 Tangible fixed assets cont.

Depreciation for the year is included in the income statement in the amount of SEK 2,848 (2,122) million in costs of goods sold, SEK 47 (33) million in selling expenses, SEK 47 (31) million in administrative expenses, and SEK 5 (6) million in other expenses.

During the period, SEK 1 (1) million interest expenses were capitalized and the rate of interest applied was 2.5 (3.1) %.

Tangible fixed assets include financial leasing agreements in the amount of SEK 312 (369) million in acquisition value and SEK 249 (319) million in residual value.

As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 297 (133) million which were not reported in the financial statements.

### Parent Company

SEK millions	Equipment, tools, fixtures and fittings	Total tangible fixed assets
Acquisition value, January 1, 2014	10	10
Acquisitions	2	2
Sales and disposals	-	-
<b>Acquisition value, December 31, 2014</b>	<b>12</b>	<b>12</b>
Acquisition value, January 1, 2015	12	12
Acquisitions	1	1
Sales and disposals	-	-
<b>Acquisition value, December 31, 2015</b>	<b>13</b>	<b>13</b>
Accumulated depreciation, January 1, 2014	9	9
Sales and disposals	-	-
Depreciation for the year	1	1
<b>Accumulated depreciation, December 31, 2014</b>	<b>10</b>	<b>10</b>
Accumulated depreciation, January 1, 2015	10	10
Sales and disposals	-	-
Depreciation for the year	1	1
<b>Accumulated depreciation, December 31, 2015</b>	<b>11</b>	<b>11</b>
<b>Residual value, December 31, 2014</b>	<b>2</b>	<b>2</b>
<b>Residual value, December 31, 2015</b>	<b>2</b>	<b>2</b>

## 8 Financial assets, shares and participations in affiliated companies and joint venture

Group	Participations in affiliated companies and JV			
	Other shares and participations	Other long-term receivables	Total financial assets	
<b>SEK millions</b>				
Book value at January 1, 2014	12	1,587	1,599	284
Increase through acquisition of shares/operations	135	682	817	443
Investments	14	1,048	1,062	30
Sales and amortization	-1	-1,704	-1,705	-
Impairments	-	-601	-601	-98
Shares in profit after tax	-	-	-	1
Reclassification	-2	9	7	-129
Dividend	-	-	-	-15
Translation differences	4	89	93	15
<b>Book value at December 31, 2014</b>	<b>162</b>	<b>1,110</b>	<b>1,272</b>	<b>531</b>
Book value at January 1, 2015	162	1,110	1,272	531
Investments	39	181	220	36
Sales and amortization	-9	-959	-968	3
Impairments	-15	-	-15	-
Shares in profit after tax	-	-	-	45
Reclassification	-2	1	-1	-
Dividend	-	-	-	-61
Translation differences	-6	4	-2	-8
<b>Book value at December 31, 2015</b>	<b>169</b>	<b>337</b>	<b>506</b>	<b>546</b>

Parent Company	Shares in affiliated companies, Other shares and participations, Other long-term receivables					Total financial assets
	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables		
<b>SEK millions</b>						
Book value, January 1, 2014	39,299	11	8	5		39,323
Investments	45,749	-	-	1,027		46,776
Impairments	-30,417	-	-	-		-30,417
Sales and amortization	-	-	-	-5		-5
<b>Book value, December 31, 2014</b>	<b>54,631</b>	<b>11</b>	<b>8</b>	<b>1,027</b>		<b>55,677</b>
Book value, January 1, 2015	54,631	11	8	1,027		55,677
Investments	2,197	-	-	149		2,346
Impairments	-220	-	-	-		-220
Sales and amortization	-	-	-	-936		-936
<b>Book value, December 31, 2015</b>	<b>56,608</b>	<b>11</b>	<b>8</b>	<b>240</b>		<b>56,867</b>

Other shares and participations consist primarily of unlisted holdings in equity instruments which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. They are valued at acquisition value. Other long-term receivables are receivables that are classified in the category "Loans and receivables". They are valued at amortized cost.

## 8 Financial assets, shares and participations in affiliated companies and joint venture cont.

### Parent Company's shares and participations in subsidiaries

	Reg. no	Office	Number	% <sup>1)</sup>	Book value, SEK millions
<b>Swedish operating subsidiaries:</b>					
Plannja AB	556121-1417	Luleå	80,000	100	16
SSAB EMEA AB	556313-7933	Oxelösund	1,000	100	3,961
Tibnor AB	556004-4447	Stockholm	1,000,000	100	425
SSAB Technology AB	556207-4905	Stockholm	1,000	100	0
SSAB Americas Holding AB	556858-6654	Stockholm	50,000	100	9
SSAB APAC Holding AB	556858-6647	Stockholm	50,000	100	100
<b>Foreign operating subsidiaries:</b>					
SSAB Central Inc.		Canada	1,000	100	272
SSAB US Holding Inc.		USA	100	100	4,149
Western Steel Limited		Canada	682	100	196
Rautaruukki Oyj		Finland	138,929,363	100	14,967
SSAB Finance UK		Great Britain	2,214,610,542	100	24,851
SSAB Finance Brussels Other <sup>2)</sup>		Belgium	626,515,513	100	7,568 94
<b>Dormant companies</b>					<b>0</b>
<b>Total</b>					<b>56,608</b>
<b>Other shares and participations</b>					
Tenant-owner rights					8
<b>Total, Parent Company's other shares and participations</b>					<b>8</b>
Subsidiaries' other shares and participations <sup>2)</sup>					161
<b>Total, Group's other shares and participations</b>					<b>169</b>

### Parent Company's shares in affiliated companies

	Reg. no	Office	Number	% <sup>1)</sup>	Book value, SEK millions
Lulekraft AB	556195-0576	Luleå	100,000	50	10
Industrikraft i Sverige AB	556761-5371	Stockholm	20,000	20	1
<b>Total, Parent Company's shares in affiliated companies</b>					<b>11</b>

### Subsidiaries' shares and participations in affiliated companies and joint venture

	Reg. no	Office	Number	% <sup>1)</sup>	Participation, SEK millions
Oxelösunds Hamn AB	556207-4913	Oxelösund	5,000	50	119
Blastech Mobile LLC		Alabama, USA	0	50	61
Bet-Ker Oy	1003246-0	Finland	120	44	31
Manga LNG Oy	2592122-8	Finland	3,151,042	25	64
Raahen Voima Oy	2604933-9	Finland	1,875	75	186
Helens Rör AB	556086-9785	Halmstad	4,500	25	70
					<b>531</b>
<b>Equity shares in affiliated companies and joint venture's equity in excess of the book value in the Parent Company</b>					<b>4</b>
<b>Total, Group participations in affiliated companies and joint venture</b>					<b>546</b>

<sup>1)</sup> The percentages indicate the equity share which, in all cases, also corresponds to the share of the voting capital. However, the voting share in Raahen Voima is, through a shareholder agreement, limited to 50%.

<sup>2)</sup> A complete specification of other shares and participations is available from SSAB's Group headquarters in Stockholm.



## 8 Financial assets, shares and participations in affiliated companies and joint venture cont.

### Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %	Name	Office	Ownership %
Alamentti Oy	Finland	100	Rautaruukki Uü	Estonia	100
BevakningsAB Företagsskydd	Sweden	100	Ruukki Australia Pty Ltd	Australia	100
Blupoint Pty Ltd	Australia	100	Ruukki Austria GmbH	Austria	100
EM Eriksson SSC AB	Sweden	100	Ruukki Building Components AS	Norway	100
EO Stål AB	Sweden	100	Ruukki Bulgaria EOOD	Bulgaria	100
Förvaltnings AB Tegelhögen	Sweden	100	Ruukki Canada Inc	Canada	100
G & G Mining Fabrication	Australia	100	Ruukki Chile SpA	Chile	100
Geha Beheer BV	The Netherlands	51	Ruukki Construction Norge AS	Norway	100
Hardox Wearparts Center Gauteng	South Africa	80	Ruukki Construction Oy	Finland	100
IPSCO Finance (US) Corporation, LLC	USA	100	Ruukki Croatia d.o.o	Croatia	100
IPSCO Texas Inc.	USA	100	Ruukki CZ s.r.o.	Czech Republic	100
JL Steel Services Ltd	Great Britain	100	Ruukki d.o.o.	Slovenia	100
Linköpings Stål AB	Sweden	100	Ruukki DOO Belgrade	Serbia	100
LLC Ruukki Investment Ukraine	Ukraine	100	Ruukki Engineering Oy	Finland	100
LLC Ruukki Ukraine	Ukraine	99.9	Ruukki Express AB	Sweden	100
Metform Oy	Finland	100	Ruukki Finance B.V.	The Netherlands	100
Nordic Steel AB	Sweden	100	Ruukki Holding AB	Sweden	100
OOO Metalplast Russia	Russia	100	Ruukki Holding B.V.	The Netherlands	100
OOO Ruukki Express	Russia	100	Ruukki Hungary Kft	Hungary	100
OOO Ruukki Rus	Russia	100	Ruukki Istanbul Metal Sanayi ve Ticaret Limited Sirketi	Turkey	100
Plannja Siba AB	Sweden	100	Ruukki Metal (Shanghai) Co Ltd	China	100
Plannja A/S	Norway	100	Ruukki Metals Trading & Marketing India Private Limited	India	99
Plannja A/S	Denmark	100	Ruukki Polska Sp.zo.o.	Poland	100
Plannja Förvaltnings AB	Sweden	100	Ruukki Products AS	Estonia	100
Plannja Ltd	Great Britain	100	Ruukki Profiler AS	Norway	100
Plannja SP z.o.o	Poland	100	Ruukki Romania S.R.L.	Romania	100
Plannja Steinwalls AB	Sweden	100	Ruukki Slovakia s.r.o.	Slovakia	100
Plåtdepån i Borlänge AB	Sweden	100	Ruukki Sverige AB	Sweden	100
Presteel Oy	Finland	80.1	Ruukki Trading (Shanghai) Co., Ltd	China	100
Rannila Uü	Estonia	100	Ruukki UK Ltd	Great Britain	100

## 8 Financial assets, shares and participations in affiliated companies and joint venture cont.

### Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %	Name	Office	Ownership %
Ruukki USA Inc.	USA	100	SSAB Svensk Stål A/S	Denmark	100
SC Plannja SRL, Romania	Romania	100	SSAB Sw Steel Strip Prod Int trade (Kunshan) CoLtd	China	100
SIA Ruukki Latvija	Latvia	100	SSAB Swedish Steel	Indonesia	100
SSAB AFC Inc.	USA	100	SSAB Swedish Steel	Australia	100
SSAB Alabama Inc.	USA	100	SSAB Swedish Steel	Hong Kong	100
SSAB Argentina SRL	Argentina	100	SSAB Swedish Steel	Japan	100
SSAB Bulgaria Ltd	Bulgaria	100	SSAB Swedish Steel (China) Co,Ltd	China	100
SSAB Columbia S.A.S.	Columbia	100	SSAB Swedish Steel (Thailand) Co., LTD	Thailand	49
SSAB Construction Inc.	USA	100	SSAB Swedish Steel Aceros de Chile Limitada	Chile	100
SSAB Danmark A/S	Denmark	100	SSAB Swedish Steel BV	The Netherlands	100
SSAB Egypt LLC	Egypt	100	SSAB Swedish Steel CIS	Russia	100
SSAB Enterprises LLC	USA	100	SSAB Swedish Steel Comércio de Aço Ltda.	Brazil	100
SSAB Europe Oy	Finland	100	SSAB Swedish Steel Eesti OU	Estonia	100
SSAB Hardox	China	100	SSAB Swedish Steel FCW, United Arab Emirates	United Arab Emirates	100
SSAB Hardox Stahl GmbH	Austria	100	SSAB Swedish Steel India PVT Ltd	India	100
SSAB Holding Danmark A/S	Denmark	100	SSAB Swedish Steel International Trade (Kunshan)Co	China	100
SSAB Holding UK Ltd.	Great Britain	100	SSAB Swedish Steel Lda	Angola	100
SSAB Inc	USA	100	SSAB Swedish Steel Lda	Portugal	100
SSAB Iowa Inc.	USA	100	SSAB Swedish Steel LLC,	Ukraine	100
SSAB Israel Ltd	Israel	100	SSAB Swedish Steel LLP	Kazakhstan	100
SSAB Kenya Ltd	Kenya	100	SSAB Swedish Steel Ltd	Canada	100
SSAB KSA LLC	Kingdom of Saudi Arabia	100	SSAB Swedish Steel Ltd	Great Britain	100
SSAB Merox AB	Sweden	100	SSAB Swedish Steel Ltd, Shanghai	China	100
SSAB Minnesota Inc.	USA	100	SSAB Swedish Steel Ltd.	Korea	100
SSAB Oxelösund , Taiwan	Taiwan	100	SSAB Swedish Steel Mepe	Greece	100
SSAB OXELÖSUND AB SUCURSAL DEL PERU	Peru	100	SSAB Swedish Steel Pte Ltd	Singapore	100
SSAB Poland Sp.z.o.o., Poland	Poland	100	SSAB Swedish Steel S.L.	Spain	100
SSAB Sales Inc. (US)	USA	100	SSAB Swedish Steel s.r.o.	Czech Republic	100
SSAB South Africa Pty Ltd	South Africa	100	SSAB Swedish Steel SARL	Morocco	100
SSAB SSC AB	Sweden	100	SSAB Swedish Steel Sdn Bhd	Malaysia	100

## 8 Financial assets, shares and participations in affiliated companies and joint venture cont.

### Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %
SSAB Swedish Steel SpA	Italy	100
SSAB Swedish Steel SRL	Romania	100
SSAB Swedish Steel Trading Ltd	Turkey	100
SSAB Swedish Steel Trading Ltd, Ungern	Hungary	100
SSAB Swedish Steel, Serbia	Serbia	100
SSAB Tubes AB	Sweden	100
SSAB Wear Solutions LLC	USA	100
Svensk Ståldistribusjon AS	Norway	100
Swedish Steel AB Mexico Sa De CV	Mexico	100
Tappers Stål & Metaller AB	Sweden	100
Tibnor AS	Norway	100
Tibnor AS	Denmark	100
Tibnor Lanna AB	Sweden	100
Tibnor Oy	Finland	100
Tibnor SIA Latvia	Latvia	100
UAB Ruukki Lietuva	Lithuania	100

## 9 Inventories

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Raw materials, consumables and semi-finished goods	3,573	4,336	-	-
Slabs	1,048	1,250	-	-
Work in progress	798	1,094	-	-
Stocks of finished goods	7,272	7,523	-	-
<b>Total inventories</b>	<b>12,691</b>	<b>14,203</b>	-	-

SEK 457 (330) million of the inventory value is valued at net realizable value. The share of inventories which is booked as an expense amounts to SEK 52,552 (44,428) million during the period, where of SEK 303 (122) million was reported as an expense relating to impairment of inventories.

## 10 Prepaid expenses and accrued income

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Delivered, non-invoiced goods and services	72	64	-	-
Bonuses, discounts, licenses and similar	36	29	-	-
Prepaid rents	28	42	3	3
Prepaid insurance premiums	178	115	-	1
Advances raw material	128	83	-	-
Accrued interest income	2	2	1	1
Derivatives reported in hedge accounting	140	148	137	0
Derivatives not reported in hedge accounting	145	222	114	50
Energy taxes	59	54	-	-
Other prepaid expenses	254	264	39	48
<b>Total prepaid expenses and accrued income</b>	<b>1,042</b>	<b>1,023</b>	<b>294</b>	<b>103</b>

## 11 Other current interest-bearing receivables/Cash and cash equivalents

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
<b>Other current interest-bearing receivables</b>				
Restricted funds	1,675	1,910	1,423	1,910
Other current interest-bearing receivables	112	67	40	-
<b>Total current interest-bearing receivables</b>	<b>1,787</b>	<b>1,977</b>	<b>1,463</b>	<b>1,910</b>
<b>Cash and cash equivalents</b>				
Cash and bank balances	2,709	3,012	591	1,104
Short-term investments (term to maturity of less than three months)	2	2	-	-
<b>Total cash and cash equivalents</b>	<b>2,711</b>	<b>3,014</b>	<b>591</b>	<b>1,104</b>

All short-term investments and current interest-bearing receivables are valued at amortized cost. Short-term investments with terms to maturity of less than three months consist of overnight deposits at banks.

## 12 Equity

The share capital amounts to SEK 4,833 (4,833) million, divided into 549.2 (549.2) million shares, with a par value of SEK 8.80 (8.80) per share. 304.2 (304.2) million of the shares are Class A shares while 245.1 (245.1) million are Class B shares. Each Class A share entitles the holder to one vote, while each Class B share entitles the holder to one-tenth of one vote. No shares are held in treasury by the Company or its subsidiaries. The average number of shares was 549.2 (419.6) million. Other contributed funds amount to SEK 22,343 (22,343) million and consist of funds paid in by the shareholders in connection with new issues, in excess of the par value of the shares.

Number of shares/share capital	Group	
	2015	2014
Numbers of shares in million	549.2	549.2
Share capital in SEK million	4,833	4,833

### Group

SEK millions	Reserve for hedge of foreign operations	Reserve for cashflow hedges	Translation reserve	Total reserves
Reserves, January 1, 2014	-1,339	-60	-1,990	-3,389
Translation differences during the period			5,636	5,636
Fair value changes during the period	-2,233	-150		-2,383
Tax related to fair value changes during the period	491	32		523
Transferred to the income statement		71		71
Tax related to transferred to the income statement		-16		-16
<b>Reserves, December 31, 2014</b>	<b>-3,081</b>	<b>-123</b>	<b>3,646</b>	<b>442</b>
Reserves, January 1, 2015	-3,081	-123	3,646	442
Translation differences during the period			1,472	1,472
Fair value changes during the period	-719	-72		-791
Tax related to fair value changes during the period	158	13		171
Transferred to the income statement		79		79
Tax related to transferred to the income statement		-16		-16
<b>Reserves, December 31, 2015</b>	<b>-3,642</b>	<b>-119</b>	<b>5,118</b>	<b>1,357</b>

Exchange rate differences which arise upon the translation into Swedish kronor of the net investment in foreign subsidiaries are transferred to the translation reserve. The accumulated translation differences amounted to SEK 5,118 (3,646) million. The exchange rate differences in conjunction with the translation of loans or other financial instruments taken up in order to hedge the exchange rate of net assets in foreign subsidiaries are transferred to the reserve for hedge of foreign operations. The accumulated translation differences amounted to SEK -3,642 (-3,081) million. Exchange rate differences in conjunction with cash flow hedge of significant sales in foreign currency as well as hedge of interest rates from variable to fixed rate are transferred to the reserve for cash flow hedge. The accumulated translation differences amounted to SEK -119 (-123) million.

The proposed dividend for 2015 amounts to SEK 0.00 (0.00) per share.

## 13 Pensions

Within the Group there are both contribution-based and benefit-based pensions. In respect of contribution-based pensions and the pension plan for white collar staff in Sweden which is taken out with Alecta, the premiums relating to the period that has elapsed are reported as expenses for the year.

The most significant defined benefit plans in the Group are the Finnish pension fund (A-säätiö), the Finnish Pension promise plan and the Norwegian pension fund (CCB Pensionskasse).

Actuarial gains/losses are disclosed under the Other comprehensive income. Actuarial gains on the net pension obligations increased during 2015 mainly due to increase in discount rates, lower pension increase rates and higher return on managed assets.

The total pension expenses are broken down as follows: SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Fees for contribution-based plans	716	455	15	14
Fees for pension insurance policies with Alecta <sup>1)</sup>	92	79	5	5
Pension expenses, benefit-based plans	37	11	0	0
Special employer's contributions	73	69	6	4
Other	8	11	0	0
<b>Total pension expenses</b>	<b>926</b>	<b>625</b>	<b>26</b>	<b>23</b>

<sup>1)</sup> Alecta's surplus can be allocated to the policyholders and/or the insurers. At the end of December 2015, Alecta's preliminary surplus in the form of the collective funding level amounted to 148 % compared with 143 % as per the end of 2014. The collective funding level consist of the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which do not concur with IAS 19.

Following provisions for pension obligations have been made in the balance sheet: SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Funded pension obligations	1,341	1,631	-	-
Fair value of managed assets	-1,271	-1,387	-	-
<b>Pension obligations less managed assets</b>	<b>70</b>	<b>244</b>	<b>-</b>	<b>-</b>
Unfunded pension obligations	306	341	3	3
<b>Pension obligations, net</b>	<b>376</b>	<b>585</b>	<b>3</b>	<b>3</b>

Changes in benefit-based obligations during the year: SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Pension obligations, January 1	1,967	158	3	3
Increase through acquisition of shares/operations	0	1,643	-	-
Benefits earned during the year	50	36	1	1
Actuarial gains/losses	-228	166	-	-
Interest expenses	37	22	0	0
Paid benefits	-133	-82	-1	-1
Curtailments and settlements	26	-43	-	-
Translation differences	-72	67	-	-
<b>Pension obligations, December 31</b>	<b>1,647</b>	<b>1,967</b>	<b>3</b>	<b>3</b>

Changes in the value of the managed assets during the year: SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Managed assets, January 1	1,382	38	-	-
Increase through acquisition of shares/operations	0	1,334	-	-
Actuarial gains/losses	-40	6	-	-
Return during the year	26	25	-	-
Fees from employer	41	18	-	-
Paid benefits	-103	-42	-	-
Curtailments and settlements	29	-37	-	-
Translation differences	-64	40	-	-
<b>Managed assets, December 31</b>	<b>1,271</b>	<b>1,382</b>	<b>-</b>	<b>-</b>
<b>Pension obligations, net</b>	<b>376</b>	<b>585</b>	<b>3</b>	<b>3</b>

## 13 Pensions cont.

Net pension provisions in balance sheet	Group		Parent company	
	2015	2014	2015	2014
SEK million				
Pensions provisions	411	602	3	3
Long-term receivables	35	17	-	-
<b>Pension obligations, net</b>	<b>376</b>	<b>585</b>	<b>3</b>	<b>3</b>

### Pensions provisions by country, December 31, 2015

SEK million	Finland	Norway	USA	Sweden	Other	Total
Funded pension obligations	1,027	254	54	6	0	1,341
Fair value of managed assets	943	285	41	2	0	1,271
<b>Pension obligations less managed assets</b>	<b>84</b>	<b>-31</b>	<b>13</b>	<b>4</b>	<b>0</b>	<b>70</b>
Unfunded pension obligations	143	15	71	42	35	306
<b>Pension obligations, net</b>	<b>227</b>	<b>-16</b>	<b>84</b>	<b>46</b>	<b>35</b>	<b>376</b>

### Pensions provisions by country, December 31, 2014

SEK million	Finland	Norway	USA	Sweden	Other	Total
Funded pension obligations	1,314	254	58	3	2	1,631
Fair value of managed assets	1,081	263	40	3	0	1,387
<b>Pension obligations less managed assets</b>	<b>233</b>	<b>-9</b>	<b>18</b>	<b>0</b>	<b>2</b>	<b>244</b>
Unfunded pension obligations	168	17	69	53	34	341
<b>Pension obligations, net</b>	<b>401</b>	<b>8</b>	<b>87</b>	<b>53</b>	<b>36</b>	<b>585</b>

### Specification of plan assets

Distribution, %	2015
Equity instruments	6.5
Bonds	52.0
Real estate	7.6
Cash	3.1
Investments funds	24.7
Other	6.1
Total	100.0

Exposure to the most significant risks in the benefit plans:

#### Asset volatility

The plan holds a significant part of its assets as bonds which over time should provide a lower volatility and carry less risk than equity instruments. During the year, the share of equity instruments was reduced.

#### Discount rate

The plan obligations are calculated using a discount rate set with a reference to first class corporate bonds. A decrease in bond yields increases plan obligations even though this will be partially offset by increase in plan assets.

#### Inflation risk

The plans' benefit obligations are linked to inflation and increase in inflation increases liabilities.

#### Actuarial assumptions used

2015	Finland	Norway	USA	Sweden
Discount rate, %	1.8	2.9	4.3	0.6
Future salary growth, %	1.0	3.1	3.3	3.0
Pension increase rate, %	1.7	3.1	2.8	0.6
2014				
Discount rate, %	1.7	2.6	5.0	1.7
Future salary growth, %	2.0	3.1	4.0	3.0
Pension increase rate, %	2.1	3.1	3.0	1.7

A 0.5% decrease in the discount rate would increase net pension obligation by SEK 65 million while an increase would decrease it by SEK 55 million.

A 0.5% increase in Pension increase growth would increase net pension obligation by SEK 55 million while a decrease would decrease it by SEK 50 million.

## 14 Deferred tax liabilities and tax receivables

Deferred tax on retained earnings in subsidiaries and affiliated companies is not taken into consideration. To the extent profits are transferred to the parent company, such a transfer is normally exempt from taxation. To the extent such a transfer is not exempt from taxation, the parent company determines the date of such transfer and such transfer will not take place within the foreseeable future.

### Changes in deferred tax (receivables +/-liabilities -)

#### Group

SEK millions	2015							2014						
	Accelerated depreciation of fixed assets	Unused tax losses	Pension provisions	Long-term deferred income	Deferred tax on surplus values	Other	Total	Accelerated depreciation of fixed assets	Unused tax losses	Pension provisions	Long-term deferred income	Deferred tax on surplus values	Other	Total
Opening balance, January 1	-2,449	808	163	300	-1,564	1,199	-1,543	-2,100	67	50	375	-1,242	534	-2,316
Changes against earnings	489	-189	1	24	276	192	793	362	-466	-6	0	299	402	591
Changes against other comprehensive income		158	-41			-3	114	3	491	30			21	545
Changes against equity							-						0	0
Changes against investment grant				-80			-80				-134			-134
Increase due to acquisition of shares/operations					-5		-5	-509	694	91		-394		-6
Decrease due to disposal of shares/operations	-5				0	0	-5							
Translation difference	-86	-15	2	23	-89	49	-116	-205	22	-2	59	-227	130	-223
<b>Closing balance, December 31</b>	<b>-2,051</b>	<b>762</b>	<b>125</b>	<b>267</b>	<b>-1,382</b>	<b>1,437</b>	<b>-842</b>	<b>-2,449</b>	<b>808</b>	<b>163</b>	<b>300</b>	<b>-1,564</b>	<b>1,199</b>	<b>-1,543</b>



## 14 Deferred tax liabilities and tax receivables cont.

Deferred tax receivables and liabilities are distributed as follows:

Deferred tax receivables	Group	
	2015	2014
<b>SEK millions</b>		
• due within 12 months	168	276
• due after more than 12 months	1,324	1,165
	<b>1,492</b>	<b>1,441</b>
<b>Deferred tax liabilities</b>		
• due within 12 months	0	0
• due after more than 12 months	-2,334	-2,984
	<b>-2,334</b>	<b>-2,984</b>
<b>Deferred tax, net</b>	<b>-842</b>	<b>-1,543</b>

Changes in deferred tax (receivables +/liabilities -)	Parent company			
	Unused tax losses	Pension provisions	Other	Total
<b>SEK millions</b>				
Opening balance, January 1, 2014	0	1	6	7
Changes against earnings	-316	0	98	-218
Changes against other comprehensive income	491	-	-6	485
<b>Closing balance, December 31, 2014</b>	<b>175</b>	<b>1</b>	<b>98</b>	<b>274</b>
Opening balance, January 1, 2015	175	1	98	274
Adjustment opening balance	0	16	0	16
Changes against earnings	-42	3	-34	-73
Changes against other comprehensive income	158	-	1	159
<b>Closing balance, December 31, 2015</b>	<b>291</b>	<b>20</b>	<b>65</b>	<b>376</b>

A deferred tax receivable due to losses carried forward is recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses. The Group did not recognize deferred tax receivables on losses carried forward in the amount of SEK 1,826 (1,735) million. SEK 73 (137) million of these will expire within 12 months.

## 15 Other provisions

### Group

SEK millions	Restructuring provision	Warranties, divestment of operations	Environmental provision	Other provisions <sup>1)</sup>	Total
Opening balance, January 1, 2014	3	72	0	86	161
Increase through acquisitions of shares/operations	15	8	12	25	60
Additional provisions	7	1	53	42	103
Utilized during the year	-9	-72	-	-4	-85
Reclassification	-2	-	-	3	1
Translation difference	-	-	-	8	8
<b>Closing balance, December 31, 2014</b>	<b>14</b>	<b>9</b>	<b>65</b>	<b>160</b>	<b>248</b>
Opening balance, January 1, 2015	14	9	65	160	248
Additional provisions	23	2	5	20	50
Utilized during the year	-11	-4	-6	-21	-42
Reclassification	-1	14	-	-16	-3
Translation difference	-2	-1	-2	1	-4
<b>Closing balance, December 31, 2015</b>	<b>23</b>	<b>20</b>	<b>62</b>	<b>144</b>	<b>249</b>

### of which reported as:

	2015	2014
• Other long-term provisions	163	178
• Short-term provisions	87	70

### Parent Company

SEK millions	Warranties, divestment of operations	Other provisions <sup>1)</sup>	Total
Opening balance, January 1, 2014	72	0	72
Additional provisions	-	16	16
Utilized during the year	-72	0	-72
<b>Closing balance, December 31, 2014</b>	<b>0</b>	<b>16</b>	<b>16</b>
Opening balance, January 1, 2015	0	16	16
Additional provisions	-	14	14
Utilized during the year	-	-	-
Reclassification	-	14	14
<b>Closing balance, December 31, 2015</b>	<b>0</b>	<b>44</b>	<b>44</b>

### of which reported as:

	2015	2014
• Other long-term provisions	19	4
• Short-term provisions	25	12

<sup>1)</sup> "Other provisions" consist primarily of personnel-related provisions.

## 16 Interest-bearing liabilities

Long-term interest-bearing liabilities SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Capital market debt <sup>1)</sup>	15,109	14,189	13,662	12,415
Financial leasing agreements	303	360	-	-
Bank loans <sup>2)</sup>	5,620	9,024	5,455	8,797
Export financing <sup>3)</sup>	63	177	-	-
Alabama tax revenue bond <sup>4)</sup>	1,823	1,694	-	-
Other	536	274	-30	-34
<b>Total</b>	<b>23,454</b>	<b>25,718</b>	<b>19,087</b>	<b>21,178</b>
Less amortization 2016 and 2015	-2,709	-4,547	-2,000	-3,964
<b>Total</b>	<b>20,745</b>	<b>21,171</b>	<b>17,087</b>	<b>17,214</b>

<sup>1)-4)</sup> For description of footnote 1-4 see adjacent table.

Issued/matures SEK millions	Interest rate (nominal), %	Group		Parent Company	
		Outstanding, SEK millions			
		2015	2014	2015	2014
<b><sup>1)</sup> Specification of capital market debt</b>					
Fixed interest					
2009-2023	2.90 - 5.35	1,180	1,443	-	-
2014-2019	3.875 - 4.625	3,708	3,817	3,708	3,817
2007-2019	3.875 - 5.875	2,287	2,162	2,287	2,162
<b>Total capital market debt (fixed interest)</b>		<b>7,175</b>	<b>7,422</b>	<b>5,995</b>	<b>5,979</b>
Variable interest					
2009-2019	Stibor + 1.70 - 3.40	4,725	4,425	4,725	4,425
2010-2034	Libor + 1.35 - 1.75	2,391	1,441	2,391	1,441
2013-2020	Euribor +2.53 - 2.60	818	901	550	569
<b>Total capital market debt (variable interest)</b>		<b>6,767</b>	<b>4,475</b>	<b>6,435</b>	<b>4,475</b>
<b><sup>2)</sup> Specification of bank loans</b>					
Variable interest					
2013-2018	Euribor + 1.10 - 1.75	165	227	-	-
2008-2017	Libor +1.10 - 2.00	5,455	7,172	5,455	7,172
2010-2015	Stibor +1.50 - 1.75	-	1,625	-	1,625
<b>Total bank loans</b>		<b>5,620</b>	<b>9,024</b>	<b>5,455</b>	<b>8,797</b>
<b><sup>3)</sup> Specification of export financing</b>					
Variable interest					
2010-2016	Euribor + 1.50	63	177	-	-
<b>Total export financing</b>		<b>63</b>	<b>177</b>	<b>-</b>	<b>-</b>
<b><sup>4)</sup> Specification of Alabama tax revenue bond</b>					
Variable interest					
2011-2031	Libor + 1.35%	484	449	-	-
2011-2041	Libor + 1.35%	1,339	1,245	-	-
<b>Total Alabama tax revenue bond</b>		<b>1,823</b>	<b>1,694</b>	<b>-</b>	<b>-</b>

## 16 Interest-bearing liabilities cont.

Short-term interest-bearing liabilities SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Current part of long-term liabilities	2,709	4,547	2,000	3,964
Commercial paper	3,584	3,026	3,584	2,875
Overdraft facilities	54	21	46	-
Other short-term interest-bearing liabilities	16	902	-	585
<b>Total short-term interest-bearing liabilities</b>	<b>6,363</b>	<b>8,496</b>	<b>5,630</b>	<b>7,424</b>

Loan debts are valued at the amortized cost. Most of the loans in foreign currency is used as hedging for the net investment in SSAB Americas and Rautaruukki and thus has not been hedged.

Repayment of long-term interest-bearing liabilities						
SEK millions	2016	2017	2018	2019	2020	Later
As per December 31, 2015						
<b>Group</b>	<b>2,709</b>	<b>8,245</b>	<b>3,156</b>	<b>4,953</b>	<b>212</b>	<b>4,179</b>
<b>Parent Company</b>	<b>2,000</b>	<b>7,902</b>	<b>2,818</b>	<b>4,694</b>	<b>-</b>	<b>1,673</b>

Repayment of long-term interest-bearing liabilities						
SEK millions	2015	2016	2017	2018	2019	Later
As per December 31, 2014						
<b>Group</b>	<b>4,547</b>	<b>3,591</b>	<b>7,829</b>	<b>1,578</b>	<b>5,066</b>	<b>3,107</b>
<b>Parent Company</b>	<b>3,964</b>	<b>2,935</b>	<b>7,474</b>	<b>1,230</b>	<b>4,798</b>	<b>777</b>

On the balance sheet date, the Group's exposure on the Long-term interest-bearing liabilities to changes in interest rates and the contractually agreed dates for interest renegotiation with respect to borrowing was as follows:

Amount falling due for interest rate renegotiation						
SEK millions	2016	2017	2018	2019	2020	Later
As per December 31, 2015						
<b>Group</b>	<b>13,941</b>	<b>2,298</b>	<b>1,836</b>	<b>4,000</b>	<b>12</b>	<b>1,367</b>
<b>Parent Company</b>	<b>11,297</b>	<b>2,286</b>	<b>1,805</b>	<b>3,698</b>	<b>-</b>	<b>-</b>

Amount falling due for interest rate renegotiation						
SEK millions	2015	2016	2017	2018	2019	Later
As per December 31, 2014						
<b>Group</b>	<b>19,640</b>	<b>2,193</b>	<b>2,175</b>	<b>29</b>	<b>390</b>	<b>1,291</b>
<b>Parent Company</b>	<b>17,016</b>	<b>2,000</b>	<b>2,162</b>	<b>-</b>	<b>-</b>	<b>-</b>

Reported amounts, per currency, for the Group's borrowing are set forth in [Note 29](#).

## 17 Other long-term non-interest-bearing liabilities

Other long-term non-interest-bearing liabilities SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Investment grant (Alabama tax credit)	268	300	-	-
Other long-term employee benefits	153	177	-	-
Long-term hedge accounted derivatives	130	98	-	-
Other items	4	11	-	-
<b>Total other long-term non-interest-bearing liabilities</b>	<b>555</b>	<b>586</b>	<b>-</b>	<b>-</b>

## 18 Accrued expenses and deferred income

Accrued expenses and deferred income SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Accrued personnel expenses	1,099	1,040	23	25
Non-invoiced goods and services received	496	547	-	-
Accrued interest expenses	161	173	151	158
Accrued discounts, bonuses and complaints	57	46	-	-
Derivatives reported in hedge accounting	447	543	295	313
Derivatives not reported in hedge accounting	177	277	79	117
Revaluation, hedged orders	1	26	-	-
Energy taxes	14	12	-	-
Other items	104	73	11	10
<b>Total accrued expenses and deferred income</b>	<b>2,556</b>	<b>2,737</b>	<b>559</b>	<b>623</b>

## 19 Net debt

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Cash and cash equivalents	2,709	3,012	591	1,104
Short-term investments	2	2	-	-
Receivables from subsidiaries	-	-	12,984	13,771
Other receivables	2,236	3,269	1,833	2,987
<b>Interest-bearing assets</b>	<b>4,947</b>	<b>6,283</b>	<b>15,408</b>	<b>17,862</b>
Short-term interest-bearing liabilities	6,365	8,496	5,631	7,424
Long-term interest-bearing liabilities	20,746	21,171	17,086	17,214
Pension provisions	411	602	3	3
Liabilities to subsidiaries	-	-	4,377	4,901
Other liabilities	581	688	336	430
<b>Interest-bearing liabilities</b>	<b>28,103</b>	<b>30,957</b>	<b>27,433</b>	<b>29,972</b>
<b>Net debt</b>	<b>23,156</b>	<b>24,674</b>	<b>12,025</b>	<b>12,110</b>

For definition see [Note 31](#).

## 20 Average number of employees and gender breakdown

	Number of employees		Women, %	
	2015	2014	2015	2014
<b>Parent Company</b>				
Sweden	59	71	44	42
<b>Total, Parent Company</b>	<b>59</b>	<b>71</b>	<b>44</b>	<b>42</b>
<b>Subsidiaries</b>				
Sweden	7,222	6,931	20	20
Finland	5,504	2,821	15	16
USA	1,328	1,366	12	11
Russia	1,277	699	27	25
Poland	708	423	24	24
Norway	219	128	19	19
China	118	156	27	27
Canada	101	129	18	15
Ukraine	100	63	23	24
South Africa	88	88	21	16
Denmark	55	51	38	35
Germany	50	42	36	37
Italy	48	52	33	31
Great Britain	47	42	27	27
Netherlands	36	33	26	30
Brazil	29	29	30	30
France	25	25	36	38
Other < 20 employees	501	490	24	25
<b>Total, subsidiaries</b>	<b>17,456</b>	<b>13,568</b>	<b>19</b>	<b>19</b>
<b>Total, Group</b>	<b>17,515</b>	<b>13,639</b>	<b>19</b>	<b>19</b>

Average number of employees is calculated as an average of the total number of employees at the end of each quarter during the year. The percentage of women relates to the numbers employed on December 31. Women accounted for 23 (19)% of the members of all boards of directors in the Group, while the figure for the Board of Directors of the parent company was 18 (13)%. The percentage of women in the management groups (including Presidents) in the Group was 12 (19)%. The Group Executive Committee comprises 8 men and 2 women.

## 21 Leasing

Operational leasing	Group		Parent Company	
	2015	2014	2015	2014
SEK millions				
Leasing charges during the year	425	222	11	10

The agreed minimum leasing charges relating to operational leasing agreements that cannot be terminated amount to SEK 308 million for 2016, a total of SEK 537 million for 2017–2020, and to SEK 265 million for the years after 2020. Operational leasing includes an oxygen plant unit and a deep-water harbour, office equipment, leases for property, premises and railway wagons for transportation in the steel operations.

Financial leasing	Group		Parent Company	
	2015	2014	2015	2014
SEK millions				
Leasing charges during the year	70	37	-	-

Agreed minimum leasing charges for 2016 amount to SEK 70 million and to a total of SEK 206 million for 2017–2020. The present value of financial leasing liabilities is SEK 304 (361) million. Financial leasing includes three oxygen plant units and a lime burning kiln, other production and office facilities, a switchgear, rolling stock for transportation in the steel operations, as well as a number of fork lift trucks.

## 22 Pledged assets

	Group		Parent Company	
	2015	2014	2015	2014
SEK millions				
Real property mortgages	58	59	-	-
Restricted funds	1,678	2,846	1,425	2,846
<b>Total pledged assets</b>	<b>1,736</b>	<b>2,905</b>	<b>1,425</b>	<b>2,846</b>

## 23 Contingent liabilities

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Contingent liabilities regarding subsidiaries' obligations <sup>1)</sup>	866	2,670	2,744	2,699
Other contingent liabilities	1,682	1,120	83	58
<b>Total contingent liabilities</b>	<b>2,548</b>	<b>3,790</b>	<b>2,827</b>	<b>2,757</b>

<sup>1)</sup> Of the contingent liabilities of the parent company, SEK 1,991 (1,971) million relates to guarantees for subsidiaries' loans.

### Conditions not reported as contingent liabilities

During the fall of 2008, a number of class actions were brought in USA against a number of steel producers, including SSAB, alleging that they had violated US anti-trust legislation by colluding to restrict steel production in the United States during 2005–2008 with the aim of influencing steel prices. The opposing party consists of direct and indirect purchasers of relevant steel products who are claiming an unspecified amount in damages from the sued steel producers. SSAB denies the allegations.

The Group is otherwise involved in a very limited number of legal disputes concerning insurance and warranty matters, as well as complaints. The anticipated outcome of these cases has been taken into consideration in the accounting.

## 24 Untaxed reserves and appropriations

SEK millions	Parent Company	
	2015	2014
Tax allocation reserve	-	-
<b>Total untaxed reserves in the balance sheet</b>	<b>-</b>	<b>-</b>

SEK millions	Parent Company	
	2015	2014
Group contribution, received	1,111	1,562
Group contribution, given	-	-
Change in tax allocation reserve	-	43
<b>Total appropriations in the income statement</b>	<b>1,111</b>	<b>1,605</b>

## 25 Assets and liabilities held for sale

According to the terms of the approval from the EU Commission in 2014, within 6 months from the date of the combination with Rautaruukki, SSAB was required to divest one steel service center in Sweden and one in Finland, the wholly-owned Finnish subsidiaries Tibnor Oy and Plannja Oy, as well as SSAB's 50 % stakes in Norsk Stål AS and Norsk Stål Tynnplater AS. During the fourth quarter of 2014, agreements were signed for the sale of all of the above operations and all operations were sold during the first half of 2015 and are no longer included in the SSAB Group. For further information about the divestures, please see [note 27](#), Divested shares and operations.

SEK millions	Group	
	2015	2014
<b>Assets held for sale</b>		
Tangible fixed assets	-	87
Financial assets	-	101
Inventory	-	119
Other current assets	-	82
<b>Total assets held for sale</b>	<b>-</b>	<b>389</b>
<b>Liabilities held for sale</b>		
Accounts payable	-	65
Other current liabilities	-	104
<b>Total liabilities held for sale</b>	<b>-</b>	<b>169</b>
<b>Total assets and liabilities held for sale</b>	<b>-</b>	<b>220</b>

In accordance with IFRS 5, assets and liabilities held for sale was written down to net realizable value at year-end 2014.

## 26 Acquisition shares and operations

During 2015, the Group has invested additional SEK 36 million in Manga LNG Oy, Finland. The ownership in Manga LNG Oy is still 25%. In addition to the acquired shares in Manga LNG Oy, the Group has acquired the minority shares in G&G Mining Fabrication Pty Ltd, Australia for SEK 0 million. As of December 31, 2015, G&G Mining Fabrication Pty Ltd is included with 100% in SSAB. In total, the acquisitions have affected the Group's cash and cash equivalents with SEK -36 million.

Expenses associated with acquisitions have been reported as costs.

### Acquisitions shares and operations 2014

During 2014, a number of acquisitions were made, where the largest was the acquisition of 100% of the shares in Rautaruukki Oyj. In addition to the acquisition of Rautaruukki, 51% of the shares in G&G Mining Fabrication Pty Ltd, Australia was acquired for SEK 17 million, 80% of the shares in WearClad (Pty) Ltd, South Africa, for SEK 3 million as well as 25% of the shares in Manga LNG Oy for SEK 30 million.

#### Acquisition analysis, net assets and goodwill

Purchase price	SEK millions
63,417,438 class A shares, SEK 69.15 kr per share	4,385
161 893 297 class B shares, SEK 61.85 kr per share	10,013
Provision regarding outstanding shares	569
<b>Total purchase price</b>	<b>14,967</b>
Fair value of acquired net assets	9,789
Goodwill	5,178

Assets and liabilities on date of acquisition	Acquired book value, July 29, 2014	Fair value
<b>SEK millions</b>		
Goodwill	586	-
Other intangible assets	311	2,085
Tangible fixed assets	9,490	9,691
Other financial assets	1,263	1,263
Deferred tax receivables	415	316
Inventory	4,994	5,054
Accounts receivable	2,607	2,607
Other current assets	280	280
Cash and cash equivalents	396	396
Deferred tax liabilities	53	323
Other long-term liabilities and provisions	3,665	3,853
Other current liabilities	4,992	5,076
	8,998	9,806
Non-controlling interest	17	17
<b>Total acquired net assets</b>	<b>8,981</b>	<b>9,789</b>
<b>Change in cash and cash equivalents due to acquisition of shares and operations</b>		
Acquired cash and cash equivalents, Rautaruukki		396
Share issue costs, acquisition Rautaruukki		-17
Purchase price, acquisition of other shares and operations		-48
<b>Total</b>		<b>331</b>

### Parent Company

The Parent Company has not made any acquisitions during 2015.

In 2014, the Parent Company acquired 100% of the shares in Rautaruukki Oyj. The purchase prices amounted to SEK 14,967 million, whereas SEK 569 million was paid in 2015. In connection with the acquisition, a new issue of SEK 14,398 million was made, which was reduced by issue costs of SEK 17 million. In the acquisition, only the issuance costs of SEK 17 million were affecting the cash flow. See the Parent Company's cash flow on [page 30](#).



## 27 Divested shares and operations

According to the terms of the approval from the EU commission in 2014, within 6 months from the date of the combination with Rautaruukki, SSAB was required to divest one steel service center in Sweden and one in Finland, the wholly-owned Finnish subsidiaries Tibnor Oy and Plannja Oy, as well as SSAB's 50 % stakes in Norskt Stål AS and Norskt Tynnplater AS. During the fourth quarter 2014, agreements were signed for the sale of all of the above operations and all operations above were sold during the first half year of 2015 and are no longer included in the SSAB Group.

No divestments were made during 2014.

### Value of assets and liabilities divested during 2015

SEK millions	
Tangible fixed assets (Note 7)	28
Participations in affiliated companies and joint ventures	154
Other long-term investments	7
Inventories	126
Accounts receivable	91
Other current receivables	19
Accounts payable	-99
Other current liabilities	-57
<b>Divested net assets</b>	<b>269</b>
Translation difference at time of divestment	28
<b>Divested net assets excl translation difference<sup>1)</sup></b>	<b>241</b>
Capital loss	-69
Capital loss 2014 on assets and liabilities held for sale	-67
<b>Capital loss affecting 2015</b>	<b>-2</b>
<b>Net received payment and effect on the Group's cash and cash equivalents</b>	<b>172</b>

1) Net assets reported as "Assets and Liabilities held for sale" in 2014 amounted to SEK 328 million and SEK 160 million respectively.

## 28 Segments

The Group Executive Committee has established the business segments based on the information used for making strategic decisions. SSAB's overriding strategy is that SSAB will be a global leader within high-strength steels, the leading supplier on its domestic markets, and the leader within added value services. The key features of SSAB's strategic plan of action are based on creating a flexible business, a superior customer experience, and a high-performing organization. Since September 1, 2014, the Group is organized into five reportable business segments designated as divisions, with a clear profit responsibility. The five divisions are SSAB Special Steels, SSAB Europe, SSAB Americas, Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective Boards and act at arm's length in relation to SSAB. For more information about each segment, see [pages 6–12](#). In addition, there are other business segments that are not reportable since they do not reach the threshold values set forth in IFRS 8 and they are not monitored separately by the Group Executive Committee; they are included in "Other".

Segment reporting takes place in a manner which corresponds to the internal reporting provided to the Group Executive Committee. The Group Executive Committee is the highest executive decision-maker responsible for the allocation of resources, assessment of the business segments' results, and making strategic decisions.

Pro forma for 2014 have been prepared as if Rautaruukki has been included in SSAB during 2014. No depreciation/amortization on surplus values have been made since the entire surplus value in the pro forma has been considered as goodwill, however adjustments for items affecting comparability have been made. For actuals 2014 ("2014, IFRS"), Rautaruukki has been included from the acquisition date, July 29, 2014. Segment information provided is as follows:

## 28 Segments cont.

### Sales and results per segment

SEK millions	Total sales			of which internal sales			Operating profit/loss		
	2015 IFRS	2014 IFRS	2014 pro forma	2015 IFRS	2014 IFRS	2014 pro forma	2015 IFRS	2014 IFRS	2014 pro forma
<b>Division:</b>									
SSAB Special Steels	14,382	11,871	13,226	3,005	1,439	1,673	662	518	726
SSAB Europe	25,517	17,661	25,857	4,112	2,363	4,271	-175	145	1
SSAB Americas	11,936	13,207	13,207	84	87	87	428	1,107	1,107
Tibnor	7,163	5,872	8,151	195	184	450	-10	60	83
Ruukki Construction	5,374	3,252	6,217	114	39	67	18	225	-14
Other	-2,254	1	2	-2,256	0	0	-190	-317	-377
Depreciation/amortization on surplus values <sup>1)</sup>	-	-	-	-	-	-	-862	-844	-521
Items affecting comparability	-	-	-	-	-	-	-114	-1,001	-916
Group adjustments	-5,254	-4,112	-6,548	-5,254	-4,112	-6,548	0	-	-
<b>Total</b>	<b>56,864</b>	<b>47,752</b>	<b>60,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-243</b>	<b>-107</b>	<b>89</b>

SEK millions	Depreciation and amortization			Maintenance expenditures			Strategic expenditures		
	2015 IFRS	2014 IFRS	2014 pro forma	2015 IFRS	2014 IFRS	2014 pro forma	2015 IFRS	2014 IFRS	2014 pro forma
<b>Division:</b>									
SSAB Special Steels	551	535	539	203	213	214	22	64	64
SSAB Europe	1,514	1,083	1,577	1,360	854	1,154	433	142	198
SSAB Americas	615	513	513	249	201	201	106	102	102
Tibnor	76	82	112	28	26	29	17	11	19
Ruukki Construction	190	343	484	35	43	58	77	12	34
Other	28	12	29	16	4	12	-	-	-
Depreciation/amortization on surplus values <sup>1)</sup>	862	844	521	-	-	-	-	-	-
<b>Total</b>	<b>3,836</b>	<b>3,412</b>	<b>3,775</b>	<b>1,891</b>	<b>1,341</b>	<b>1,668</b>	<b>655</b>	<b>331</b>	<b>417</b>

1) Depreciation and amortization on surplus values for 2014, IFRS is related to SSAB Special Steels with SEK 2 million, in SSAB Europe with SEK 184 million, in SSAB Americas with SEK 521 million, in Tibnor with SEK 29 million, in Ruukki Construction with SEK 189 million and in Other with SEK -81 million. In the pro forma 2014 and 2013, only depreciation and amortization of intangible and tangible fixed assets related to the acquisition of IPSCO is included, SEK 521 (681) million. Depreciation and amortization on surplus values related to the acquisition of Rautaruukki has not been included since all surplus values has been considered as goodwill.

## 28 Segments cont.

### Geographical areas

The Group's export sales from Sweden and Finland are focused primarily on Europe. However, as a consequence of growth in the Group's niche products, sales in more distant markets are increasing. Manufacture of the Group's steel products take place almost exclusively in Sweden, Finland and the United States.

#### Sales per geographical area

SEK million	2015	%	2014	%
Sweden	9,519	17	8,184	17
Finland	6,571	12	3,345	7
Germany	3,210	6	2,648	6
Poland	2,325	4	1,338	3
Denmark	1,784	3	1,238	3
Great Britain	1,568	3	1,254	2
Rest of EU-28	7,599	13	5,883	12
Norway	2,696	5	1,621	3
Russia	976	2	767	2
Rest of Europe	1,190	2	980	2
USA	11,843	21	14,412	30
Canada	1,604	3	2,175	5
Rest of the world	5,979	9	3,907	8
<b>Total</b>	<b>56,864</b>	<b>100</b>	<b>47,752</b>	<b>100</b>

The table below shows the reported value of tangible and intangible fixed assets and capital expenditures broken down by geographical areas according to the location of the assets. Rautaruukki has been included since the acquisition date, July 29, 2014.

#### Fixed assets and capital

country/region	Intangible/tangible fixed assets				Capital expenditures in plants and machinery			
	SEK million	2015	%	2014	%	2015	%	2014
Sweden	8,894	16	8,856	16	1,188	47	874	53
Finland	14,789	26	15,622	27	936	37	432	26
Rest of EU-28	615	1	654	1	49	2	37	2
Russia	204	0	225	0	6	0	6	0
Rest of Europe	25	0	56	0	3	0	2	0
USA	32,385	56	31,000	55	353	14	305	18
Canada	123	0	102	0	4	0	4	0
Rest of the world	402	1	440	1	7	0	12	1
<b>Total</b>	<b>57,437</b>	<b>100</b>	<b>56,955</b>	<b>100</b>	<b>2,546</b>	<b>100</b>	<b>1,672</b>	<b>100</b>

## 29 Financial risk management

Financial risk management is governed by the Group's finance policy. Most financial transactions take place through the parent company's finance function in Stockholm and through SSAB Finance in Belgium. For a detailed description of the Group's financial risks, see [page 19](#).

### Refinancing risks (liquidity risks)

At year-end, long-term borrowing amounted to SEK 20,745 (21,171) million. Borrowing takes place primarily through the bank market and through existing note and commercial paper programs. For borrowing for terms of up to ten years, a European Medium Term Note program (EMTN) or a Swedish MTN program is used, while Swedish and Finnish commercial paper programs are used for borrowing for shorter terms. The program limit of the EMTN program is EUR 2,000 million; the MTN program has a limit of SEK 7,000 million, while the Swedish commercial paper program has a limit of SEK 5,000 million and the Finnish commercial paper program has a limit of EUR 500 million. The EMTN and MTN programs are rated by Standard & Poor's at BB-

At year-end, long-term borrowing within the EMTN program amounted to SEK 4,970 (4,954) million, borrowing within the MTN program amounted to SEK 5,750 (5,450) million, borrowing within the Swedish commercial

paper program amounted to SEK 1,706 (872) million and borrowing within the Finnish commercial paper program amounted to SEK 1,878 (2,155) million.

At year-end, the Group's liquidity preparedness, consisting of cash and cash equivalents, short-term investments and non-utilized binding credit facilities, amounted to SEK 11,016 (11,728) million, equal to 19 (20)% of sales.

To the extent surplus liquidity arises, it is used first and foremost to repay loans. If that is not possible, the funds are invested in government securities or deposited with approved banks.

The total loan debt at year-end was SEK 27,108 (29,667) million, with an average term to maturity of 4.6 (3.9) years.

The maturity structure during the coming years is presented in [Note 16](#).

The contractual payments on the outstanding loan debt, including interest payments and derivative instruments, are shown in the following table:

### December 31, 2015

SEK millions	Book value	Contractual cash flow	2016	2017	2018	2019	2020	Later
Capital market loans	15,109	17,044	2,752	4,370	2,054	4,137	1,254	2,477
Bank loans	5,620	6,163	208	1,885	1,421	66	2,584	-
Export financing	63	64	64	-	-	-	-	-
Alabama tax revenue bond	1,823	2,657	36	36	36	36	36	2,478
Commercial papers	3,584	3,594	3,594	-	-	-	-	-
Other loans	909	917	425	75	68	66	38	245
<b>Total loans</b>	<b>27,108</b>	<b>30,439</b>	<b>7,079</b>	<b>6,366</b>	<b>3,579</b>	<b>4,305</b>	<b>3,912</b>	<b>5,200</b>
Derivatives, outflow	753	753	345	282	46	70	10	-
Derivatives, inflow	-285	-285	-284	-	-	-1	-	-
<b>Total including derivatives</b>	<b>27,576</b>	<b>30,907</b>	<b>7,140</b>	<b>6,648</b>	<b>3,625</b>	<b>4,374</b>	<b>3,922</b>	<b>5,200</b>

In addition to the above loan debts and derivative instruments, there are accounts payable and other current liabilities which are due and payable within one year. Interest flows are calculated based on interest rates and exchange rates at year-end.

## 29 Financial risk management cont.

### Market risks

Market risks are the risk of changes in market prices, such as interest rates and exchange rates, which can affect the Group's earnings or financial position.

#### INTEREST RATE RISKS

At year-end, the total loan debt amounted to SEK 27,108 (29,667) million, of which SEK 8,985 (8,066) million is carried or swapped to fixed interest. Including the interest rate swaps, the average fixed interest term was 1.1 (1.2) years. Given the same loan debt, short-term investments, cash and cash equivalents, and the same fixed term rates as at the end of the year, a change in market interest rates of 100 points (1 percentage point), including interest hedging, would change earnings after tax as well as equity by approximately SEK 111 (130) million. Loans which are subject to rate negotiation in the coming years are shown in [Note 16](#).

At year-end, the value of interest rate swaps converting floating to fixed interest (entered into to secure cash flow in conjunction with interest payments) was SEK -6 (0) million, which is reported in "Other comprehensive income". No inefficiency was identified during the year.

The Group's interest-bearing assets amounted to SEK 4,947 (6,283) million and consisted almost exclusively of cash and cash equivalents and funds in escrow at variable rates of interest.

#### CURRENCY RISKS

Most of the commercial currency flows which qualify for hedge accounting (at present, purchases in USD of iron ore, coal and zinc as well as sales in EUR) are hedged.

Major currency flows relating to Ruukki Construction project business are hedged. Major investments decided upon in foreign currency are hedged in their entirety. Other commercial currency flows that arise in connection with purchases and sales in foreign currency are short term in nature and thus no hedging takes place; instead, they are exchanged on the spot market.

The Group had a total net inflow of foreign currency. The net foreign currency inflow in 2015 was SEK 4.7 (2.3) billion. The Group's most important currency flows are shown in the diagram on [page 20](#).

Based on revenues and expenses in foreign currency in 2015, a five percentage point devaluation of the Swedish krona against all currencies, including hedging, would have an annual positive effect on earnings after tax of

SEK 280 (200) million. In addition to this equity would be positively affected by the translation effect of foreign subsidiaries, net of equity hedges, with about SEK 1,850 (1,800) million.

A five percentage point devaluation of the Swedish krona against the Group's two most important currencies, USD and EUR, would have a negative impact on earnings after tax of approximately SEK 410 (350) million with respect to USD and a positive impact of just over SEK 370 (250) million with respect to EUR. The negative effect vis-à-vis USD consists of an increased cost for the Group's purchases of raw materials (coal, iron ore and scrap metal) in the amount of approximately SEK 540 (630) million, a positive effect on the business' net flows of USD in other respects of approximately SEK 140 (290) million, and a negative impact as regards increased interest payments of approximately SEK 10 (10) million. The positive impact with respect to EUR consists of a positive effect on the business' net flows. The negative impact as regards to increased interest payments in EUR is approximately SEK 10 (7) million.

In 2015, net exchange rate differences were reported in the amount of SEK -308 (102) million in operating profit and SEK -55 (136) million in financial items.

As per December 31, the breakdown per currency of account receivables, other current receivables and derivative instruments was as follows:

Breakdown per currency	Group		Parent Company	
	2015	2014	2015	2014
<b>SEK millions</b>				
SEK	1,340	1,609	6	9
USD	1,389	2,056	183	-
EUR	2,389	3,162	67	50
Other currencies	1,653	1,820	-	-
<b>Total</b>	<b>6,771</b>	<b>8,647</b>	<b>256</b>	<b>59</b>
Of which:				
Accounts receivable	6,049	7,705	0	0
Other current receivables	437	572	6	9
Derivative instruments <sup>1)</sup>	285	370	250	50
<b>Total</b>	<b>6,771</b>	<b>8,647</b>	<b>256</b>	<b>59</b>

<sup>1)</sup> Derivative instruments are included in the balance sheet item "Prepaid expenses and accrued income" in the amount of SEK 285 (370) million and, for the parent company, SEK 250 (50) million.

## 29 Financial risk management cont.

As per December 31, the breakdown per currency of accounts payable, other current liabilities and derivative instruments was as follows:

Breakdown per currency SEK millions	Group		Parent Company	
	2015	2014	2015	2014
SEK	1,367	1,202	20	18
USD	2,596	3,470	288	385
EUR	2,692	3,073	86	45
Other currencies	1,197	1,163	-	-
<b>Total</b>	<b>7,852</b>	<b>8,908</b>	<b>394</b>	<b>448</b>
Of which:				
Accounts payable	6,334	7,000	14	8
Other current liabilities	895	1,088	6	10
Derivative instruments <sup>1)</sup>	623	820	374	430
<b>Total</b>	<b>7,852</b>	<b>8,908</b>	<b>394</b>	<b>448</b>

<sup>1)</sup> Derivative instruments are included in the balance sheet item "Accrued expenses and deferred income" in the amount of SEK 623 (820) million and, for the parent company, SEK 374 (430) million.

Borrowing broken down per currency SEK millions	Group		Parent Company	
	2015	2014	2015	2014
SEK	7,469	9,940	7,451	9,916
USD	11,803	11,952	9,594	10,252
EUR	7,816	7,459	5,672	4,471
Other currencies	20	316	-	-
<b>Total</b>	<b>27,108</b>	<b>29,667</b>	<b>22,717</b>	<b>24,639</b>

Borrowing in EUR and USD has not been hedged separately since the borrowing in itself is a hedge of the net investment in Rautaruukki and SSAB Americas.

The objective is to obtain an even balance in which the currency effect on the net investment in Rautaruukki and SSAB Americas has as little impact as possible on the Group's net debt/equity ratio.

At year-end, this net investment amounted to EUR 1,620 (1,620) million and USD 4,314 (4,314) million. In total, loans and currency derivatives subject to hedge accounting amounted to EUR 724 (605) million and USD 1,579 (1,575) million. At year-end, the accumulated fair value change in the hedge reserve on the loans and derivative instruments identified as hedge instruments amounted to SEK -4,855 (-4,137) million. During the year, an inefficiency of SEK 0 (0) million was identified; this has been reported in its entirety in the result.

### Credit risk

The limits for individual counterparties are evaluated continuously and, during the year, were capped at SEK 2,000 (2,000) million. At year-end, the total counterparty risk was SEK 3,194 (4,407) million, of which derivative instruments accounted for SEK 60 (71) million and investments in cash and cash equivalents amounted to SEK 3,134 (4,336) million.

In addition to the above, there are credit risks associated with accounts receivable and other receivables, which are managed in each subsidiary. Prior to write down in respect of bad debts, these receivables had a gross value of SEK 6,772 (8,530) million. The risk is allocated over a large number of customers. In addition, individual credit rating tests are conducted and limits imposed for each customer.

## 29 Financial risk management cont.

### Age analysis regarding Accounts Receivable and Other receivables

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Not due	5,147	6,565	6	9
1–30 days	895	1,049	-	-
31–120 days	331	483	-	-
121–365 days	148	187	-	-
> 365 days	251	246	-	-
<b>Total</b>	<b>6,772</b>	<b>8,530</b>	<b>6</b>	<b>9</b>

### Bad debts, change

SEK millions	Group		Parent Company	
	2015	2014	2015	2014
Opening balance	-253	-133	-	-
Increase through acquisition of business	10	-106	-	-
Anticipated bad debt losses	-90	-52	-	-
Realized bad debt losses	53	44	-	-
Reversed non-utilized amount	1	4	-	-
Translation differences	-7	-10	-	-
<b>Closing balance</b>	<b>-286</b>	<b>-253</b>	<b>-</b>	<b>-</b>

No other financial assets have been written down.

### Valuation of financial instruments

#### CURRENCY AND COMMODITY DERIVATIVES AND INTEREST RATE SWAPS

According to the finance policy, currency hedging takes place mainly to minimize the translation risk associated with the impact of changes in exchange rates on the net debt/equity ratio. The translation exposure is hedged primarily through loans in the same currency, in the absence of which currency derivatives may be used instead. At year-end, the net investment in SSAB Americas was hedged with loans amounting to USD 1,145 (1,315) million and derivative instruments amounting to USD 434 (260) million. Net investment in Rautaruukki at year-end was hedged with loans amounting to EUR 410 (350) million and derivative instruments amounting to EUR 314 (255) million.

Currency hedging takes place also with respect to purchases of iron ore, coal and zinc, as well as regards major investments in foreign currency. Currency derivatives are valued at fair value in the balance sheet. As regards the currency hedging which meets the requirements for hedge accounting pursuant to IAS 39 and comprises fair value hedging, changes in value of the currency derivatives do not impact on earnings; rather, they are set off in

the income statement against corresponding changes in the value of the hedged order. In connection with the delivery of such purchases, the hedged part of the acquired asset is reported at the hedged rate. At year-end, purchase orders for which currency forwards had been contracted had a total value of SEK 0.9 (2.1) billion. At year-end, derivative instruments for "fair value hedging" had a reported net fair value of SEK -1 (31) million, while purchase orders subject to hedge accounting and accounts payable related to hedged purchase orders were reported at SEK 1 (-31) million, entailing that there was no inefficiency at the end of the accounting year.

Part of the currency hedges relating to USD denominated raw material purchases qualify the requirements of cash flow hedge accounting pursuant to IAS 39. The effective part of movements in the fair value of the derivatives that are designated as and qualify for cash flow hedging is recognized in other comprehensive income under equity. The result of USD-denominated derivatives is transferred from equity to adjust the cost of goods sold in the period when the hedged item affects the result. The ineffective part of movements in the fair value of the derivatives is booked direct to other operating expenses. There were no ineffective hedges and no ineffectiveness at the end of the year. At year-end, the total value of forecast purchases in respect of which currency forwards had been contracted was SEK 1.6 (0.9) billion. At year end, derivatives for "cash flow hedging" had reported net fair value of SEK 25 (13) million of which SEK 7 (5) million was reported in "Other comprehensive income".

Currency hedging also takes place on forecast sales in EUR. For currency hedging which meets the requirements for hedge accounting, changes in value of a currency derivative do not impact on earnings; rather, they are reported in "Other comprehensive income". In connection with sales, accumulated amounts are reversed from the hedge reserve in equity to the income statement in the periods in which the hedged item affects earnings. At year-end, the total value of forecast sales in respect of which currency forwards had been contracted was SEK 1.7 (3.1) billion. At year-end, derivative instruments which relate to forecast sales and which meet the requirements for hedge accounting amounted to net SEK 24 (-79) million, of which SEK 24 (-79) million was reported in "Other comprehensive income". There was no inefficiency at the end of the accounting year.

Cash flow hedging is applied when hedging price risk in zinc and electricity. The zinc, electricity and fuel oil derivatives employed by the group have been defined as cash flow hedges. The relationship between the hedging instrument and the hedged item is documented when the hedging contract is made. Hedge effectiveness is measured both at the start of the hedging relationship and quarterly throughout the validity of the relationship. The effective part of movements in the fair value of the derivatives that are designated as and qualify for cash flow hedging is recognized in Other comprehensive income. The ineffective part of movements in the fair value of the derivatives is booked directly to other operating expenses. The realized income of the effective part of hedges is recognized as an adjustment to the cost of sales in the period during which the hedged items affects the result.

## 29 Financial risk management cont.

Zinc is used for producing galvanized steel products. At year-end, the amount of forecast purchases in respect of which zinc derivatives had been contracted was 19,400 (10,500) tonnes. At year-end, derivative instruments which relate to forecast zinc purchases and which meet the requirements for hedge accounting amounted to net SEK -53 (1) million, of which SEK -47 (0) million was reported in "Other comprehensive income". There was no inefficiency at the end of the accounting year.

Special heavy fuel oil has been used as a raw material in steel production. Fuel oil derivatives have been used to hedge cash flows in the acquisition of special heavy fuel oil. During 2015 investment in pulverized coal injection system has been completed in Raahe, which has replaced the earlier heavy fuel injection system. Thus at year-end, there were no open fuel oil derivatives compared to previous year 34,000 tonnes. At year-end 2014, derivative instruments which relate to forecast fuel oil purchases and which meet the requirements for hedge accounting amounted to net SEK -51 million, of which SEK -42 million was reported in "Other comprehensive income". There was no inefficiency at the end of the accounting year.

Electricity price risk relating to forecasted electricity consumption in Raahe and Hämeelinna works is hedged primarily through standard derivative products listed on the market. At year-end, the amount of forecast purchases in respect of which electricity derivatives had been contracted was 1,900 (1,873) GWh. At year-end, derivative instruments which relate to forecast electricity purchases and which meet the requirements for hedge accounting amounted to net SEK -226 (-157) million, of which SEK -226 (-157) million was reported in "Other comprehensive income". There was no inefficiency at the end of the accounting year.

Cash flow hedging also takes place in respect of certain bond loans carrying floating interest rates where a variable to fixed interest rate swap is used. For interest rate derivatives which meet the requirements for hedge accounting pursuant to IAS 39, changes in the value of the interest rate derivative do not impact on earnings; rather, they are reported in "Other comprehensive income". At year-end, such interest rate derivatives had a booked fair value of SEK -6 (0) million, of which SEK -6 (0) million was reported in "Other comprehensive income". There was no inefficiency at the end of the accounting year.

Derivative instruments which are not reported in hedge accounting are valued at fair value in the income statement. At year-end, these non-realized derivative instruments amounted to net SEK -32 (-63) million, of which SEK 50 (71) million was reported in "Other operating income" and SEK -82 (-134) million was reported in "Financial items".

The Group's total outstanding FX derivatives had an average maturity of 2 (2) months, commodity derivatives 19 (18) months and interest rate derivatives 36 (34) months at year-end.

### Valuation of financial assets and liabilities

The table below shows the reported value compared with the assessed fair value per type of financial asset and liability:

Group SEK millions	Reported value		Fair value	
	2015	2014	2015	2014
<b>Financial assets</b>				
2. Financial fixed assets	469	1,272	469	1,272
1. Currency derivatives not subject to hedge accounting <sup>1)</sup>	145	214	145	214
4. Currency derivatives for "fair value hedging" of flows <sup>1)</sup>	1	53	1	53
4. Currency derivatives for hedging of sales <sup>1)</sup>	31	12	31	12
4. Currency derivatives for hedging of purchases <sup>1)</sup>	31	83	31	83
4. Currency derivatives for hedging of commodities <sup>1)</sup>	3	8	3	8
4. Currency derivatives for hedging of net investments <sup>1)</sup>	74	-	74	-
2. Accounts receivable	6,048	7,705	6,048	7,705
2. Other current interest-bearing receivables	1,787	1,977	1,787	1,977
2. Cash and cash equivalents	2,711	3,014	2,711	3,014
<b>Financial liabilities</b>				
3. Long-term interest-bearing liabilities	20,745	21,171	20,395	21,612
3. Current interest-bearing liabilities	6,363	8,496	6,402	8,547
1. Currency derivatives not subject to hedge accounting <sup>1)</sup>	178	277	178	277
4. Currency derivatives for "fair value hedging" of flows <sup>1)</sup>	0	23	0	23
4. Currency derivatives for hedging of sales <sup>1)</sup>	7	91	7	91
4. Currency derivatives for hedging of purchases <sup>1)</sup>	5	-	5	-
4. Currency derivatives for hedging of commodities <sup>1)</sup>	152	117	152	117
4. Currency derivatives for hedging of commodities (long term) <sup>2)</sup>	130	98	130	98
4. Currency derivatives for hedging of net investments <sup>1)</sup>	274	312	274	312
4. Interest rate derivatives for hedging of interest flows <sup>1)</sup>	7	0	7	0
3. Accounts payable	6,334	7,000	6,334	7,000

Balance sheet item classification: 1. Holdings valued at fair value in the income statement; 2. Loan receivables and accounts receivable valued at acquisition value; 3. Financial liabilities valued at amortized cost; 4. Derivatives for hedging valued at fair value.

<sup>1)</sup> Derivative instruments are included in the balance sheet items "Accrued income and prepaid expenses" or "Accrued expenses and deferred income".

<sup>2)</sup> Derivative instruments are included in the balance sheet item "Other long-term non-interest-bearing liabilities".



## 29 Financial risk management cont.

### Assessment of fair value of financial instruments

The classification takes place hierarchically on three levels based on the input data used in valuing instruments. On level 1, listed prices on an active market are used, e.g. stock exchange prices. On level 2, observable market data regarding assets and liabilities, other than listed prices, is used, e.g. interest rates and return curves. On level 3, the fair value is determined based on an assessment technique which is based on assumptions that are not based on prices or data that are directly observable. The fair value assessment of the financial instruments in SSAB is based on data in accordance with level 2 except electricity derivatives, which fair values are based on listed market values and thus classified on level 1.

Financial assets consist largely of other non-current receivables and are valued at the amount which is expected to be received following an assessment of bad debts.

Derivative instruments are valued at fair value, calculated with established valuation models based on observable market data. At year-end, the derivatives were valued at SEK 285 (370) million as financial assets and SEK -753 (-918) million as financial liabilities. If full netting had been applied the derivatives had been booked at SEK 60 (71) million as financial assets and SEK -528 (-619) million as financial liabilities.

Accounts receivable are reported in the amount which is expected to be received following an individual assessment of bad debts. There is no concentration of credit risks since the Group has a large number of customers spread throughout the world.

Other current interest-bearing receivables consist of restricted cash with a term to maturity of less than 12 months. Fair value is estimated at the acquisition value.

Cash and cash equivalents consist of bank balances and bank deposits with short terms to maturity, and the fair value is estimated at acquisition value.

Non-current interest-bearing liabilities consist primarily of loans that are not subject to hedge accounting and are valued at amortized cost. Loans subject to hedge accounting are valued and reported at fair value. Fair value has been calculated based on the interest rate for outstanding terms to maturity as applicable at the end of the year.

Current interest-bearing liabilities are valued at amortized cost. Fair value has been calculated based on the rate of interest for outstanding terms to maturity as applicable at the end of the year.

Accounts payable are reported in the amount which is expected to be paid and are valued at acquisition value.

### Management of capital

The Company's capital management is aimed at ensuring that the operations can continue to be conducted and generate good return for the shareholders. Since the Group's operations are dependent on the business cycle, the target is to maintain a long-term net debt/equity ratio of around 30%.

In order to maintain or adapt the capital structure, dividends may be adjusted, share buybacks or redemption may take place, or new issues or divestments of assets may take place in order to reduce liabilities.

The net debt/equity ratio decreased somewhat during the year. At year-end, the net debt/equity ratio was 52 (56)%.

## 30 Critical estimations and assessments

### Important assessments upon application of the accounting principles

In the steel operations' industrial areas, there is a need for future land cleanup. In accordance with applicable rules, such cleanup will become relevant only when SSAB ceases to conduct operations in the area. At present, it is not possible to assess if and when operations will cease and, accordingly, no provision has been made for such land cleanup.

### Important sources of uncertainty in estimations

#### TEST OF IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

On November 30, the annual impairment test was carried out of the goodwill and other intangible assets with indefinite useful lives. The test showed no impairment. The valuation was carried out at a time when the global economy remains characterized by uncertainty. Under these circumstances, it is of course extraordinary difficult to make an assessment as regards future earning capacity and thereby an assessment of the fair value of assets with indefinite useful lives. The North American operations showed a significant decline in earnings during the year and this meant that the room for deterioration in the estimates concerning the cash-generating unit declined compared with last year. The assessment is, however, that there is still room for deterioration in the estimates without this leading to any impairment. The room before any impairment would occur amounted to approximately SEK 2.5 billion. For other cash-generating units it is estimated that there is an adequate room for deterioration in the estimates without this leading to any impairment. For further information on the impairment test, see [Note 6](#).

SSAB North America: A need to start writing down goodwill should arise if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 0.6 (3.4) percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 1.4 (5.1) percentage points lower than the assessment made in the forecast. The impairment test was conducted based on the average risk-free long-term rate in the USA for the period of September to November. At year-end this interest rate has risen by less than 0.05 percentage points. Otherwise, the cash-flow valuation was based on the assumption of a return to a more normal market for heavy plate in the USA where, among other things, the relationship between steel prices and scrap prices would stabilize at a level where it has been over a longer period of time and import volumes would decline from their current historically high levels.

SSAB Special Steels: A need to start writing down goodwill should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 8.9 percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 7.0 percentage points lower than the assessment made in the forecast.

SSAB Europe: A need to start writing down goodwill should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 6.9 percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 6.2 percentage points lower than the assessment made in the forecast.

Tibnor: A need to start writing down goodwill should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 8.9 percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 7.0 percentage points lower than the assessment made in the forecast.

Ruukki Construction: A need to start writing down goodwill or other assets with indefinite useful lives should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 5.2 percentage points higher than the assessment made in the calculation or if the long-term forecasted gross margins were to be 1.7 percentage points lower than the assessment made in the forecast.

#### ALABAMA TAX CREDIT

SSAB's subsidiary in Alabama, USA has carried out a number of investments which are covered by an investment grant program. The program provides an entitlement to tax deductions on the calculated state tax for each year in respect of the profit which can be allocated to each specific investment. The program extends over 20 years and, in order to obtain the grant in any specific year, state tax must be payable and certain criteria must be fulfilled as regards number of employees and paid minimum wages. A calculation of the future state tax has been made based on results in previous years, budget, and assumptions regarding future profitability. The assessment led to a recording of a deferred tax asset of SEK 268 (300) million.

The received grant will increase or decrease if the taxable result in Alabama is higher or lower than estimated. In the event the company fails to satisfy the criteria as regards workforce size and minimum wages, no grant will be received at all.

#### PENSION BENEFITS

A large part of the Group's pension obligations with respect to white collar staff are benefit-based and insured on a collective basis with Alecta. Since it is not possible at present to obtain information from Alecta regarding the Group's share of the obligations and managed assets, the pension plan taken out with Alecta is reported as a contribution-based plan. The funding level reported by Alecta at the end of the year does not indicate the

## 30 Critical estimations and assessments cont.

existence of a deficit; however, it is not possible to obtain any detailed information from Alecta regarding the amount of the pension liabilities.

The Group's benefit-based plans at the end of the year amounted to SEK 1,647 (1,967) million. The obligation is sensitive to, among other things, interest rate changes and pension increase growth assumptions. Sensitivity in the most critical parameters is described in [Note 13](#).

### INVENTORY

Inventories are affected by assumptions and estimates regarding product costing, application of the Lower of Cost or Market method and estimates of obsolescence. SSAB's inventories at year end amounted to SEK 12,691 (14,203) million, where of SEK 457 (330) million were valued at net realizable value.

### ACCOUNTS RECEIVABLE

Provision for bad debts is based on assessments of the customers' payment ability and, by their nature, are difficult to estimate. The item has been the subject of special assessment and, compared with the preceding year, the provision for bad debts was increased by SEK 33 million to SEK 286 (253) million, thereby representing 4.7 (3.3) % of outstanding accounts receivable.

## 31 Definitions

### Capital employed

Total assets less non-interest-bearing current and long-term liabilities.

### Cash and cash equivalents

Cash and bank balances, as well as short-term investments with a term to maturity of less than three months on the date of acquisition.

### Cash flow from current operations

Operational cash flow less financial items and paid tax.

### Earnings per share

Profit for the year attributable to the parent company's shareholders divided by the average number of shares.

### EBITDA margin

Result before depreciation and amortization as a percentage of total sales.

### Equity

Total equity according to the consolidated balance sheet.

### Equity per share

Equity, excluding minority interests, divided by number of shares at year-end.

### Equity ratio

Equity as a percentage of total assets.

### Maintenance capital expenditures

Investments involving maintenance, rationalization, replacements or which relate to the environment and are made in order to maintain competitiveness.

### Net debt

Interest-bearing liabilities less interest-bearing assets.

### Net debt/equity ratio

Net debt as a percentage of equity.

### Operating cash flow

Funds generated from operations including change in working capital as well as cash flow for regular maintenance investments, but before financial items and paid tax.

### Operating margin

Operating result as a percentage of total sales.

### P/E ratio

Share price at year-end divided by earnings per share.

### Return on equity after tax

Profit for the year after tax as a percentage of average equity per month during the year.

### Return on capital employed before tax

Operating profit increased by financial revenue as a percentage of average capital employed per month during the year.

### Sales

Sales less deduction for value added tax, discounts and returns.

### Strategic capital expenditures

Investments that increase the cash flow through acquisitions of shares and operations, investments in plant expansion or new competitiveness-enhancing technology.

### Yield

Dividend as a percentage of the share price at year-end.

## 32 Considerations relating to proposed allocation of profit

At the 2016 Annual General Meeting, the shareholders will, among other things, vote on the dividend proposed by the Board of Directors.

At the end of the year, the retained earnings of the Group were SEK 15,860 (16,199) million and the parent company's unrestricted equity was SEK 40,192 (38,551) million. The equity included unrealized profits resulting from financial instruments being reported at market value in the amount of SEK 0 (0) million.

The net debt was SEK 23,156 (24,674) million resulting in the net debt/equity ratio decreasing with 4 % to 52 (56) %. The Group's long-term target over a business cycle is 30 %. The Group had a negative result after tax of SEK -505 million.

Against this background, and given the continued challenging steel market, the Board proposes to the Annual General Meeting that no dividend be paid.

## PROPOSED ALLOCATION OF PROFIT

The amount at the disposal of the Annual General Meeting of SSAB AB (publ), reg. no. 556016-3429 is as follows:

Retained earnings	37,989
Profit for the year	2,203
<b>SEK millions</b>	<b>40,192</b>

Of this, a share premium reserve comprises SEK 21,791 million and a fair value reserve comprises SEK 106 million.

The Board of Directors and the President recommend that the profit be allocated as follows:

Dividend to the shareholders SEK 0.00 per share	0
Carried forward to next year	40,192
<b>SEK millions</b>	<b>40,192</b>

According to the consolidated balance sheet, the Group's retained earnings amounted to SEK 15,860 (16,199) million.

The Board of Directors and the President hereby affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the parent company's financial position and earnings. The report of the directors for the Group and the parent company provides a true and fair overview of the development of the operations, financial position and earnings of the Group and parent company and describes material risks and uncertainty factors facing the parent company and the companies included in the Group.

Stockholm, February 11, 2016

**Bengt Kjell**  
Chairman

**Petra Einarsson**  
Director

**Kim Gran**  
Director

**Peter Holmér**  
Director

**Tomas Jansson**  
Director

**Tomas Karlsson**  
Director

**Matti Lievonen**  
Director

**Annika Lundius**  
Director

**John Tulloch**  
Director

**Lars Westerberg**  
Director

**Martin Lindqvist**  
President and CEO

Our auditor's report was submitted on February 18, 2016

PricewaterhouseCoopers AB  
**Magnus Svensson Henryson**  
Authorized public accountant

# AUDITOR'S REPORT

## To the annual meeting of the shareholders of SSAB AB (publ), corporate identity number 556016-3429

### Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of SSAB AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document with the heading Financial Reports 2015 on pages 1–85.

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

### Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of SSAB AB (publ) for the year 2015.

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm February 18, 2016

PricewaterhouseCoopers AB  
**Magnus Svensson Henryson**  
Authorized Public Accountant



## SHARES AND SHAREHOLDERS

SSAB is listed on the Nasdaq OMX Stockholm and Nasdaq OMX Helsinki exchange.

### Share performance and trading

THE 2015 CLOSING PRICES ON THE NASDAQ OMX STOCKHOLM EXCHANGE WERE

SSAB class A share: SEK 22.61

SSAB class B share: SEK 19.00

Total year-end market capitalization: SEK 11.5 billion

SHARE PERFORMANCE DURING 2015

SSAB class A share: -50.3%

SSAB class B share: -53.1%

Nasdaq OMX Stockholm was up by 6.4%

The highest price was

SSAB class A share: SEK 52.75, on May 15

SSAB class B share: SEK 45.59, on April 28

The lowest price was

SSAB class A share: SEK 20.03, on December 22

SSAB class B share: SEK 17.39, on December 21

During the year, SSAB's shares were traded on the Nasdaq OMX Stockholm Exchange for a total of SEK 51.8 billion. Shares were traded on all exchange days and averaged approximately SEK 206.4 million per day. The volume of A shares traded during the year corresponded to 343% of the average number of outstanding shares. The volume of B shares traded corresponded to 139% of the average number of outstanding shares. Trading in the share in Helsinki (A and B share) averaged 1.08 million shares per day during 2015.

The SSAB-share is also traded on multilateral trading facilities (MTF), on market places such as Chi-X and BATS. Of the total volume of traded shares, 79% of the class A shares and 90% of the class B shares were traded on Nasdaq OMX Nordic (Stockholm and Helsinki).

### Share capital

At the end of the year there were 549,245,510 shares, divided into 304,183,270 class A shares and 245,062,240 class B shares, equating to 328,689,494 votes in total. Each class A share carries one vote and each class B share carries one-tenth of one vote. The quotient value per share is SEK 8.80.

### Ownership structure

At year-end 2015, SSAB had 103,800 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2015 were:

- Industrivärden 17.7%
- Solidium 10.1%
- Invesco Funds 5.0%.

The ten largest identified owners together owned approximately 47.6% of the voting capital and 41.4% of the share capital at the end of December 2015. Owners outside Sweden and Finland accounted for 14.8% of voting rights and 11.4% of the total number of shares.

### Dividend policy and dividends

Dividends are adapted to the average earnings level over a business cycle and, in the long term, constitute approximately 50% of profit after tax, taking into consideration the net debt/equity ratio. It should also be possible to use dividends to adjust the capital structure.

The Board of Directors has resolved to propose to the Annual General Meeting to be held on April 7, 2016 that no dividend be paid. For the 2014 financial year, no dividend was paid.

### Investor relations

During 2015, a large number of meetings were held with owners, investors and analysts, both in Sweden and outside, mostly in Europe and the United States. Presentations and investor meetings are regularly held in connection with the publication of interim reports and annual results.

### Ticker codes

Nasdaq OMX Stockholm: SSABA and SSABB

Nasdaq OMX Helsinki: SSABAH and SSABBH (class A and class B shares respectively)

## Share breakdown

Shareholding	Number of shareholders	% of all shareholders
1,500	48,782	47.3
501–1,000	19,087	18.5
1,001–5,000	28,397	27.5
5,001–10,000	3,743	3.6
10,001–15,000	1,059	1.0
15,001–20,000	603	0.6
20,001–	1,409	1.4
<b>Total</b>	<b>103,080</b>	<b>100</b>

Source: Euroclear

## Owners as of December 31, 2015

	% of votes	% of share capital
Industrivärden	17.7	10.7
Solidium	10.1	17.1
Invesco Funds <sup>1)</sup>	5.0	3.0
Swedbank Robur Funds	4.9	4.0
LKAB	3.8	2.2
Catella Funds	2.5	1.5
Handelsbanken Pensionstiftelsen and Handelsbanken Liv	1.5	1.3
SEB Investment Management	0.9	0.6
Folksam	0.7	0.7
AMF	0.5	0.3
Other shareholders	52.4	58.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
Whereof foreign-registered shareholders <sup>2)</sup>	14.8	11.4

<sup>1)</sup> Information from flagging notice 26 Nov 2015<sup>2)</sup> Includes shareholders outside Sweden and Finland

Source: Euroclear

## The number of shares and the share capital have changed since 1989 as follows:

Year		Change in		Change in share capital, Share capital,	
		number of shares	Number of shares	SEK millions	SEK millions
1989	Conversion	15,000,000	26,500,000	150	2,650
1994	Conversion	5,500,000	32,000,000	550	3,200
1995	4:1 split	96,000,000	128,000,000	0	3,200
1998	Redemption	-15,891,199	112,108,801	-397	2,803
2001	Reduction	-11,210,880	100,897,921	-281	2,522
2005	Redemption	-9,968,861	90,929,060	-249	2,273
2006	Redemption	-4,546,453	86,382,607	-114	2,159
2006	Bonus issue	0	86,382,607	121	2,280
2006	3:1 split	172,765,214	259,147,821	0	2,280
2007	1:4 new issue	64,786,954	323,934,775	571	2,851
2014	New issue	225,310,735	549,245,510	1,982	4,833

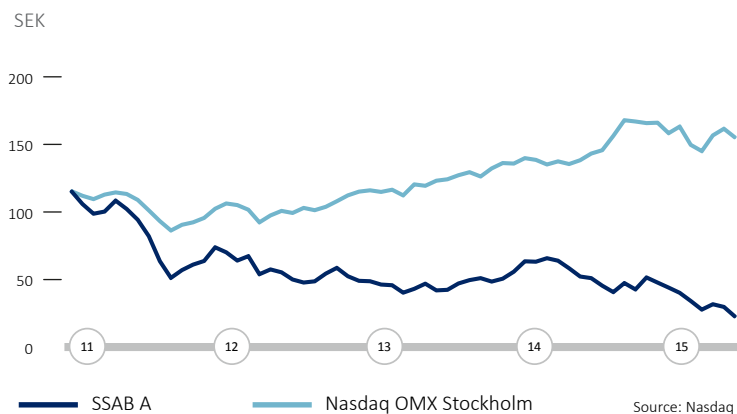
## Share-related key figures

		2015	2014	2013	2012	2011
Share price, at year-end, class A share	SEK	22.61	45.62	49.30	56.55	60.65
Earnings per share (EPS)	SEK	-0.93	-3.33	-3.29	0.05	4.82
Cash flow before dividend and financing per share	SEK	4.16	0.22	3.15	10.10	2.14
Equity per share	SEK	80.82	79.78	83.74	88.81	94.98
Dividend per share	SEK	0.00 <sup>1)</sup>	0.00	0.00	1.00	2.00
Average number of shares	million	549.2	419.6	323.9	323.9	323.9
Number of shares at year-end	million	549.2	549.2	323.9	323.9	323.9
Market capitalization at year-end	SEK million	11,534	23,731	15,321	17,624	18,993
<b>Valuation</b>						
Direct yield, % <sup>2)</sup>		0.00 <sup>1)</sup>	0.00	0.00	1.80	3.30
P/E ratio <sup>2)</sup>		neg.	neg.	neg.	n.m.	12.60
Price/equity, % <sup>2)</sup>		28	57	59	64	64

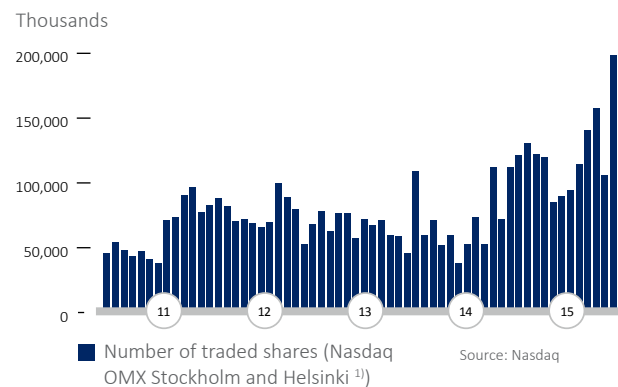
<sup>1)</sup> In accordance with the Board's proposal

<sup>2)</sup> Based on closing price for the class A share

## Share performance



## Number of traded shares



<sup>1)</sup> In conjunction with SSAB's completion of the combination with Rautaruukki, SSAB applied for a secondary listing on Nasdaq OMX Helsinki, Finland, where SSAB's shares have been listed since August 1, 2014.

# ANNUAL GENERAL MEETING, NOMINATION COMMITTEE, CALENDAR

## ANNUAL GENERAL MEETING

SSAB's Annual General Meeting will be held in Stockholm at 1pm on Thursday April 7, 2016. To be eligible to attend the Annual General Meeting, shareholders must be included in the printout of the share register made by Euroclear Sweden AB on Friday, April 1, 2016 and must give notice of their intention to attend the meeting by no later than Friday, April 1, 2016, preferably before 12 noon.

### Notice

Notice to attend the Annual General Meeting may be given via the Company's website at [www.ssab.com](http://www.ssab.com), or by telephone at +46 8 45 45 760. Notice must include the shareholder's name, personal identification number (or company registration number), address and telephone number.

### Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names to be entitled to attend at the Annual General Meeting. Temporary re-registration (voting registration) should be effected in due time before Friday, April 1, 2016.

### Proxies

Original powers of attorney and, with respect to a legal entity, certificates of registration, must be submitted in due time before the Annual General Meeting to: SSAB AB, Årsstämman, Box 7832, SE-103 98 Stockholm, Sweden.

## DIVIDENDS

The Board of Directors and the President & CEO propose that the Annual General Meeting resolve no payment of a dividend for 2015.

## NOMINATION COMMITTEE

- Helena Stjernholm, Industrivärden (Chairman)
- Kari A.J. Järvinen, Solidium Oy
- Åsa Nisell, Swedbank Robur Funds
- Ulf Strömsten, Catella Funds
- Bengt Kjell (Chairman of the Board of Directors)

The Nomination Committee presents, among other things, proposals to the Annual General Meeting concerning the election of the Board of Directors, fees for the Board of Directors, and the election of auditors.

## CALENDAR FOR FINANCIAL INFORMATION

SSAB will provide the following information with respect to the 2016 financial year:

- Report for the first quarter, April 22, 2016
- Half-year report, July 22, 2016
- Report for the third quarter, October 28, 2016
- Results for 2016, February 15, 2017
- Annual report 2016, week 11, 2017

# ADDRESSES

## HEAD OFFICE

### SSAB AB

Box 70  
SE-101 21 Stockholm, Sweden  
Tel. +46 8 454 5700  
Fax. +46 8 454 5725  
Visitors:  
Klarabergsviadukten 70, D6  
[www.ssab.com](http://www.ssab.com)

## DIVISIONS

### SSAB Special Steels

Box 70  
SE-101 21 Stockholm, Sweden  
Tel. +46 8 454 5700  
Fax. +46 8 454 5725  
Visitors:  
Klarabergsviadukten 70, D6

### SSAB Europe

Harvialantie 420  
FI-13300 Hämeenlinna, Finland  
Tel. +358 20 5911  
Fax. +358 20 592 5080

### SSAB Americas

SSAB Enterprises, LLC  
801 Warrenville Rd, Suite 800  
Lisle, Illinois 60532, USA  
Tel. +1 630 810 4800  
Fax. +1 630 810 4600

## SUBSIDIARIES

### Tibnor

Box 600  
SE-169 26 Solna, Sweden  
Tel. +46 10 484 0000  
Visitors:  
Sundbybergsvägen 1  
[www.tibnor.com](http://www.tibnor.com)

### Ruukki Construction

Panuntie 11  
FI-00620 Helsinki, Finland  
Tel. +358 20 5911  
Fax. +358 20 592 9088  
[www.ruukki.com](http://www.ruukki.com)

**SSAB AB**

Box 70

SE-101 21 Stockholm, Sweden

Tel. +46 8 454 5700

Fax. +46 8 454 5725

Visitors:

Klarabergsviadukten 70, D6

[www.ssab.com](http://www.ssab.com)

**SSAB**