



SSAB Europe

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SSAB

A leading Nordic-based steel producer of highest-quality strip, plate and tubular products

Our steel product offering

Hot-rolled strip & plate

- High-strength grades
- Standard grades



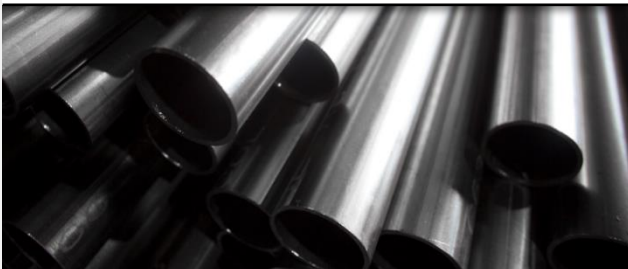
Cold-rolled strip

- High-strength grades
- Standard grades



Tubes and piles

- Structural hollow sections
- Precision tubes
- Steel piles



Coated

- Hot-dip galvanized
- Color-coated



Broader steel production base in the Nordics

1 Luleå

- ▶ Largest blast furnace (2.3 M tonnes)
- ▶ Strategically located close to Iron Ore mines

2 Raahé

- ▶ Integrated site with cost-effective energy system (2.6 M tonnes)
- ▶ Focused on hot-rolled strip and plate products

4 Borlänge

- ▶ Largest strip rolling system (2.6 M tonnes)
- ▶ Complete site with HR, CR, galvanizing and color-coating lines

3 Hämeenlinna

- ▶ Dedicated site for cold-rolled and coated steels (1.2 M tonnes)
- ▶ Modern lines



Other production sites

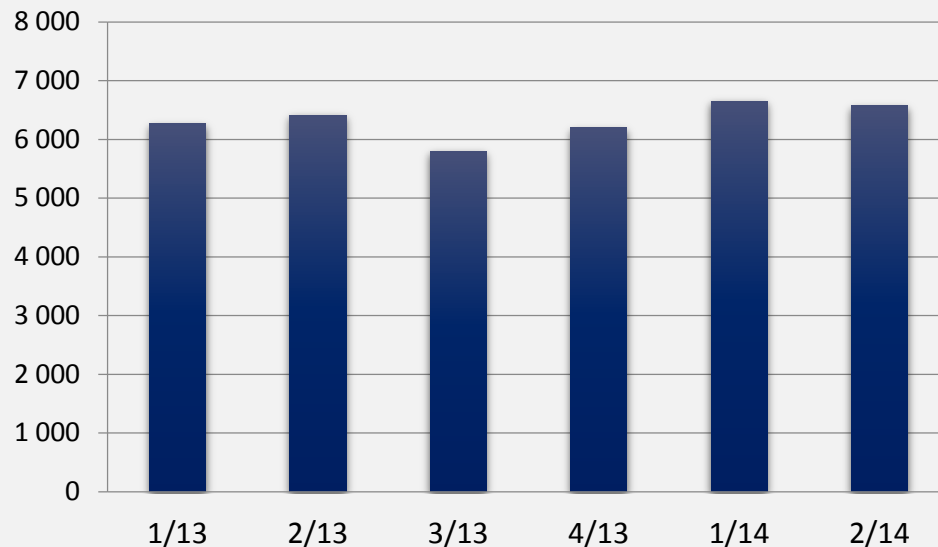
■ Coating lines

▲ Tube mills

Sales split and development

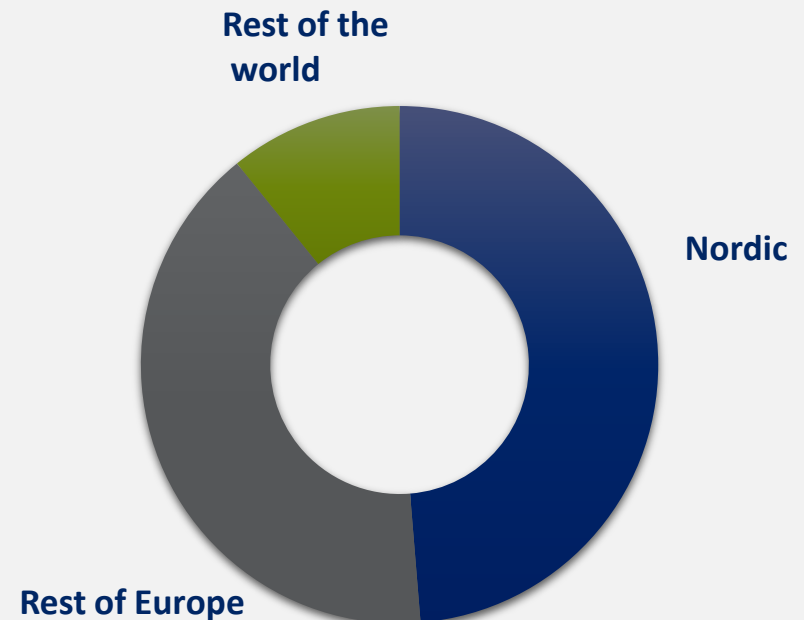
Quarterly Net sales

MSEK



- ▶ Net sales in H1/14 increased 4 % compared with H1/13 and amounted to SEK 13,217 million
- ▶ Volumes were somewhat higher

Net sales by market area



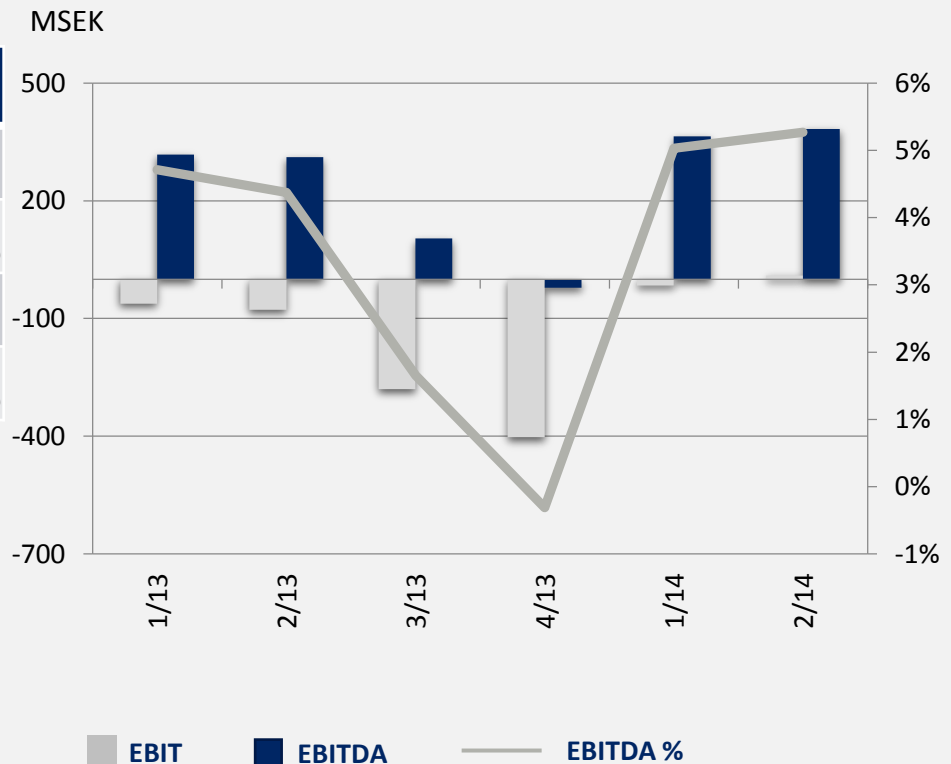
- ▶ Shipments 2013: 3.5 M tonnes

Profitability

EBIT and EBITDA

	H1/14	H1/13	2013
EBITDA	747	629	712
EBITDA %	6%	5%	3%
EBIT	-6	-140	-822
EBIT %	0%	-1%	-3%

- ▶ The operating profit/loss for the H1/14 was SEK -6 million, an improvement of SEK 134 million compared with H1/13
- ▶ The profitability improved primarily due to lower operating costs and improved capacity utilization



Stable demand outlook near-term in key customer segments

Heavy transportation



- ▶ Demand continues stable
- ▶ Cautious expectations for gradual improvement

Automotive



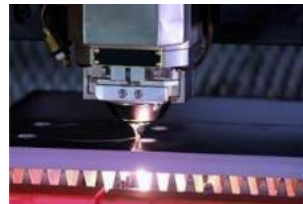
- ▶ Recovery continues
- ▶ Global export demand drives growth, based on growing U.S. and Chinese markets

Construction/Building industry



- ▶ Construction activity still moderate in Europe
- ▶ Large regional differences with Poland, Sweden and Germany being the brightest spots

Service centers



- ▶ Purchases will continue on subdued level in the near future
- ▶ Inventory levels normal
- ▶ Demand stable at low level

Our strategic priorities

2

Secure the **Nordic home market** and **grow in selected categories and nearby markets**

1

Use the combination to **significantly improve the cost position and flexibility** of the Nordic production system



3

Win market share by **strengthening the customer offering and value proposition**

Combination creates a more competitive and flexible steel production system

Sourcing

- ▶ **Consolidate supply base**
- ▶ Increase **raw material flexibility** - use “fit-for-purpose” qualities

Steel production and rolling

- ▶ **Specialize lines** – avoid producing all grades in multiple systems
- ▶ Steel making **flexibility** - 5 blast furnaces instead of 2+3
- ▶ **Load mills optimally** - take away partly used capacity
- ▶ Merged **maintenance functions for additional scale**
- ▶ **Transfer of best practices**

Steel distribution and supply chain

- ▶ Consolidate **distribution network and warehouses**
- ▶ Cut **duplicate inventories**
- ▶ **Merged transport corridors** - increase payload ratios

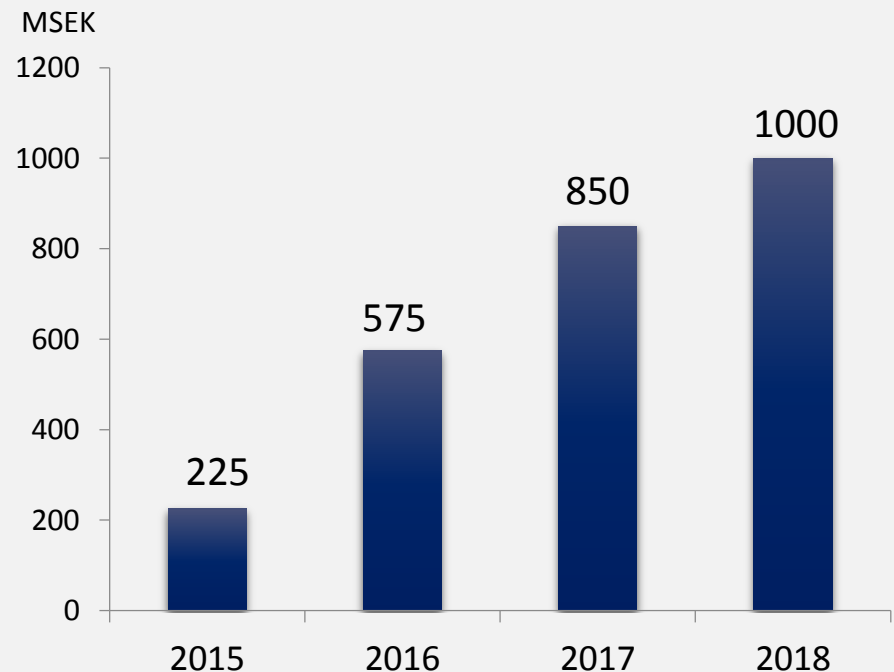
Sales, customer support and admin

- ▶ Consolidate **sales network** – overlapping in most countries
- ▶ Consolidate **product brands and marketing efforts** over time
- ▶ General **administrative savings**

We will capture MSEK 1000 in synergies over the next 3 years

- ▶ We have identified and verified MSEK 1000 in cost synergies
- ▶ Most of the synergies derive from operational set-up, structural changes, efficiency in production and raw material optimization
- ▶ Full effect in 2018
- ▶ In addition, a number of cross-selling activities have been identified

Impact of synergies (MSEK)



Home market agenda continues and opportunities for growth identified

Example growth initiatives

Automotive (global)

- ▶ Leading position in selected AHSS applications
- ▶ Recovering segment
- ▶ Light weighting and safety trends working in SSAB's direction

Russia/CIS

- ▶ Building up market presence in recent years
- ▶ Combination creates scale and opens up further opportunities

Color-coated

- ▶ Recovering construction sector
- ▶ SSAB has leading brands and products

Tubes and piles

- ▶ Win market share in tubes
- ▶ Develop offering of steel piles towards construction industry

Base

Nordic home market
Most reliable and preferred supplier

SSAB Ultra High Strength Martensitic Steel as light as aluminum

Case Example

- ▶ A roll-formed bumper made from Docol 1700 M, designed to optimal geometry
- ▶ 20% reduction in mass compared to a conventional steel bumper
- ▶ Can compete on equal terms with aluminum extruded cross sections, but with the low cost associated with steel
- ▶ Vehicle weight reduction while maintaining superior crash performance
- ▶ Shape Corp.'s MonoLeg bumper offers the market the performance and mass of an aluminum bumper with the cost advantage of a steel solution.



New generation color-coated steels

– Pural[®] Farm

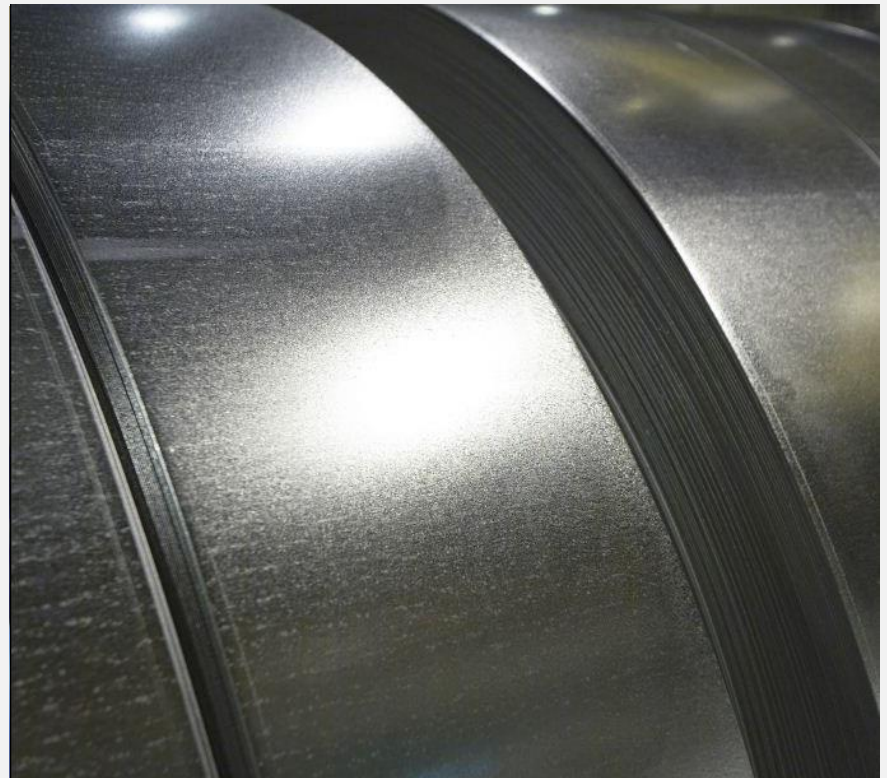
Case
Example

- ▶ Launched by Ruukki Metals in 2013
- ▶ Tailored coating for agricultural buildings (e.g. animal sheds), ideal also for food industry buildings (e.g. cold stores)
- ▶ Excellent technical properties: corrosion, chemical, humidity and scratch resistance
- ▶ Maximum life span and minimum maintenance



Summary

- ▶ Combination creates a more competitive and flexible steel production system, and broader product portfolio
- ▶ Home market agenda continues, but also good opportunities for focused growth initiatives
- ▶ Further developing the customer offer from a strong starting position
- ▶ Good prerequisites to turn around the profitability



SSAB



*A stronger,
lighter and more
sustainable world*