



Results for the fourth
quarter of 2014

**Integration on track
- Faster realization of synergies**

Martin Lindqvist, President and CEO
Håkan Folin, CFO

February 10, 2015

SSAB

Stable volume development

Performance in Q4 2014 vs. Q4 2013 (actual)

- ▶ Key figures for SSAB Group Q4 2014
 - Sales: SEK 15 200 million (9 387)
 - EBITDA*: SEK 1 051 million (273), corresponding to 6.9% of sales
 - EBIT*: SEK 118 million (-294)
 - Shipments: 1 636 tonnes (1 172)

- ▶ Improvement vs. Q4 2013 mainly due to higher prices in Americas and lower costs in Europe. Lower EBIT vs. Q3 2014 due to lower prices and seasonal slowdown

- ▶ Outlook – mixed signals but fair underlying demand
 - Positive outlook for demand for plate in the US, however high inventories at distributors due to very high imports
 - Relatively stable demand in Europe but continuously on a low level

Lower costs and higher prices

Performance in 2014 vs. 2013 (pro forma numbers)

- ▶ Figures for SSAB Group 2014 pro forma
 - Sales: SEK 60 112 million (57 013)
 - EBITDA*: SEK 4 419 million (2 714), corresponding to 7.4 % of sales
 - EBIT*: SEK 1 005 million (-890)
 - Shipments: 6 744 tonnes (6 537)

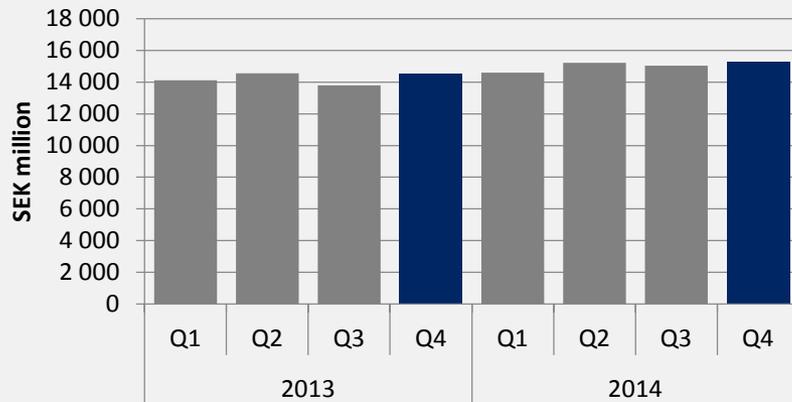
- ▶ Improvement mainly due to higher prices and higher efficiency in SSAB Americas and higher volumes and lower costs in SSAB Europe

- ▶ The Board proposal is not to pay out dividends for 2014

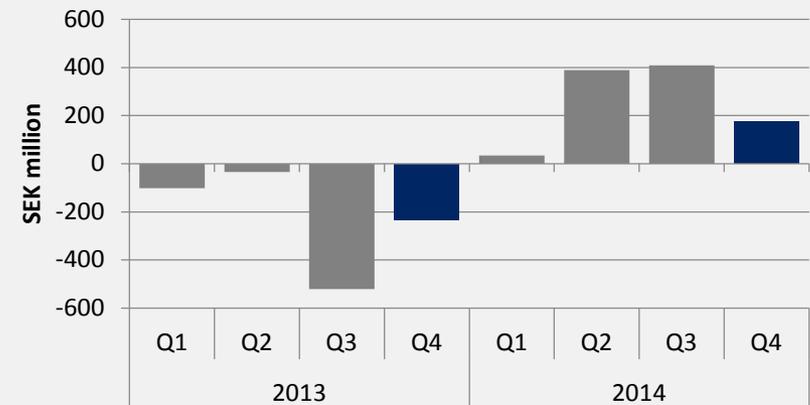
Clear recovery from 2013

Group figures (pro forma)¹

Sales



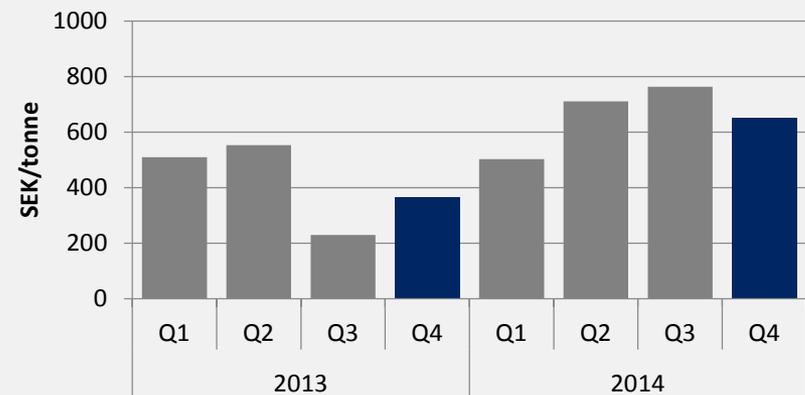
EBIT



EBITDA



EBITDA/tonne delivered steel²



4 1) Excluding items affecting comparability and depreciation/amortization on surplus values for Rautaruukki

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

SSAB's key customer segments

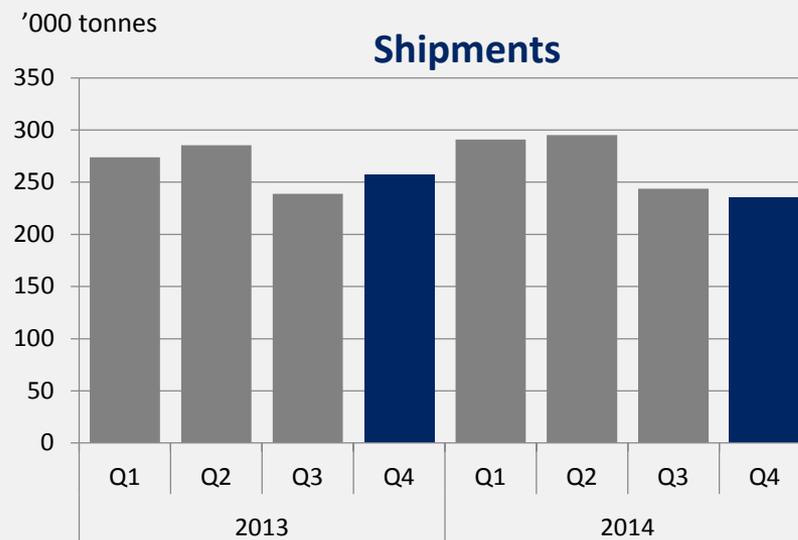
Segment	Q4 vs Q3	Comments	Outlook Q1
Heavy Transport		<ul style="list-style-type: none"> ▶ Heavy transport remains strong in the US, demand for railcars expected to remain at a high level ▶ Good demand in Europe for trailers, however declining market in Russia 	
Automotive		<ul style="list-style-type: none"> ▶ Demand from the US and European automotive segment remain at a high level 	
Construction Machinery		<ul style="list-style-type: none"> ▶ Stable demand at low level in Europe ▶ Asia remains depressed 	
Mining		<ul style="list-style-type: none"> ▶ Continued slow demand on low level in all markets. ▶ High activity in the after market segment 	
Energy		<ul style="list-style-type: none"> ▶ Good demand for wind towers in North America ▶ Lower activity for pipelines 	
Construction Material		<ul style="list-style-type: none"> ▶ Seasonally somewhat better demand expected in Q1 vs. Q4 ▶ Developments in Eastern Europe and Russia continues to impact negatively 	
Service Centers (US)		<ul style="list-style-type: none"> ▶ Underlying demand expected to improve slightly in Q1 ▶ Imports continue to be at a high level, higher inventories than normal 	

SSAB Special Steels

Stable development

- ▶ EBIT of SEK 207m (225). Lower volumes compensated by lower costs
- ▶ Shipments decreased 9% vs. Q4 2013 and 4% vs. Q3 2014
- ▶ Heavy Transport had the best development, demand from other segments relatively unchanged
- ▶ Market prices overall stable but positive currency effects vs. Q3 2014

SEKm	Q4-14	Q4-13	Change
Sales	3 198	3 243	-1%
EBITDA	345	364	-5%
EBIT	207	225	-8%
EBIT margin	6.5%	6.9%	

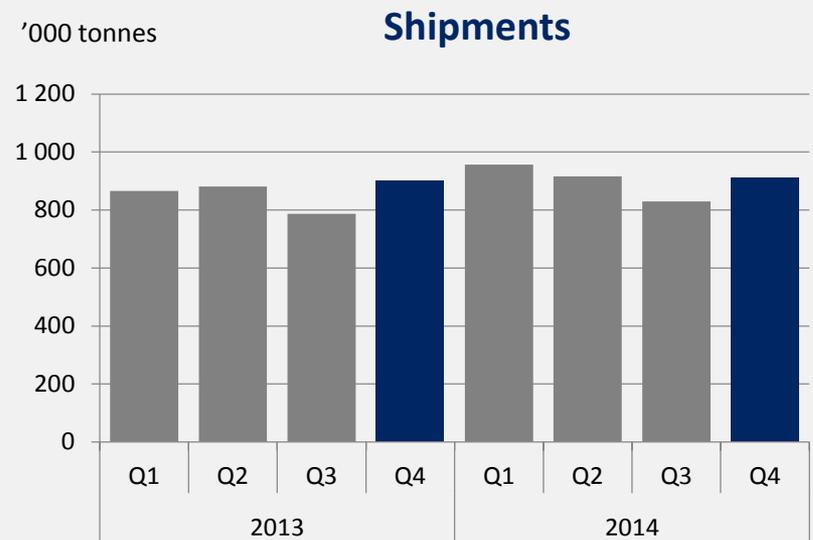
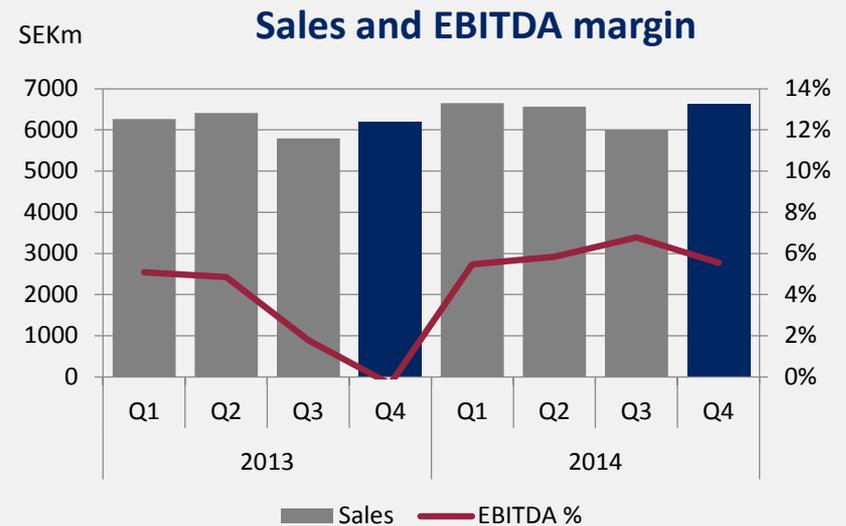


SSAB Europe

Lower raw material costs

- ▶ EBIT of SEK -54m (-402), improvement due to lower costs and better mix
- ▶ Shipments at same level as Q4 2013, and 10% higher vs. Q3 2014
- ▶ Relatively stable demand slightly improving in Automotive and Heavy Transport vs. Q3 2014
- ▶ Lower prices -7% vs. Q3 2014, mainly due to mix effects

SEKm	Q4-14	Q4-13	Change
Sales	6 634	6 199	7%
EBITDA	369	-21	n.a
EBIT	-54	-402	n.a
EBIT margin	-0.8%	-6.5%	



SSAB Americas

Outage and seasonal slowdown

- ▶ EBIT of SEK 299m (158), improvement due to higher prices
 - Outage costs in Q4 2014 of SEK 175m
- ▶ Demand from the Heavy Transport segment remained good in Q4
- ▶ Shipments decreased by 13% vs. Q3 2013 and Q4 2014, mainly due to the outage in Q4 2014
- ▶ Prices down 1% vs. Q3 2014, pressure due to high imports

SEKm	Q4-14	Q4-13	Change
Sales	3 508	3 004	17%
EBITDA	438	276	59%
EBIT	299	158	89%
EBIT margin	8.5%	5.3%	

Sales and EBITDA margin



Shipments



US plate market and oil prices

- ▶ SSAB has limited direct exposure to the oil industry
 - Estimated to be less than 10% of SSAB's total US volumes incl. service center
 - Currently limited exposure to pipeline projects

- ▶ The total plate market is expected to grow by 3% annually between 2015-2018
 - Driven by GDP growth, improved construction market
 - Market for energy transportation / railcars expected to remain strong in 2015
 - Some negative effects related to delayed investments in pipeline projects

SSAB Tibnor

Seasonally weak quarter

- ▶ EBIT amounted to SEK -16m (-17)
- ▶ Total shipments were 10% lower than Q4 2013
- ▶ Lower costs have compensated for lower volumes

SEKm	Q4-14	Q4-13	Change
Sales	1 910	1 968	-3%
EBITDA	6	5	20%
EBIT	-16	-17	n.a.
EBIT margin	-0.8%	-0.9%	

Sales and EBITDA margin



Ruukki Construction

Seasonally weak and weak demand in Russia

- ▶ EBIT amounted to SEK -26m (27).
Negative effects from currencies and lower volumes
- ▶ Demand on most markets was somewhat weaker vs. Q4 2013, with Russia and Ukraine in particular experiencing decline in demand

SEKm	Q4-14	Q4-13	Change
Sales	1 532	1 730	-11%
EBITDA	-4	96	n.a.
EBIT	-26	27	n.a.
EBIT margin	-1.7%	1.6%	

Sales and EBITDA margin



Update on Ruukki integration

Synergy update - timing

- ▶ Faster impact of synergies than previously communicated
- ▶ The current run-rate of actions corresponds to SEK 300m
- ▶ Full P&L run-rate in H2 2016
- ▶ Full P&L impact of SEK 1.4 billion in 2017



Update on Ruukki integration – Synergy update - actions

▶ Examples of captured synergies

- Lower purchasing costs
- Tibnor sources higher share of steel from SSAB Europe instead of externally
- Coking coal from Oxelösund to Raahe, instead of external purchases

▶ Announced actions with later impact

- Galvanizing and color-coating lines in Borlänge will be closed down (~210 empl.)
- Closure of former Ruukki HQ and reduction in staff functions
- Consolidation of service centers in Tibnor



Financials in Q4 2014

Håkan Folin, CFO

SSAB

Strong cash flow in Q4 2014

Key figures (actual)

SEK million (except for EPS)	Q4-14	Q4-13	FY 2014
Sales	15 200	9 387	47 752
EBITDA	1 051	273	3 695
Operating profit*	118	-294	894
Pre-tax profit*	-82	-448	242
Net profit*	10	-274	384
Earnings per share, SEK	-2.39	-0.82	-3.33
Operating cash flow	1 407	575	1 737

* Excluding items affecting comparability

Change in operating profit (actual)*

Q4 2014 versus Q3 2014

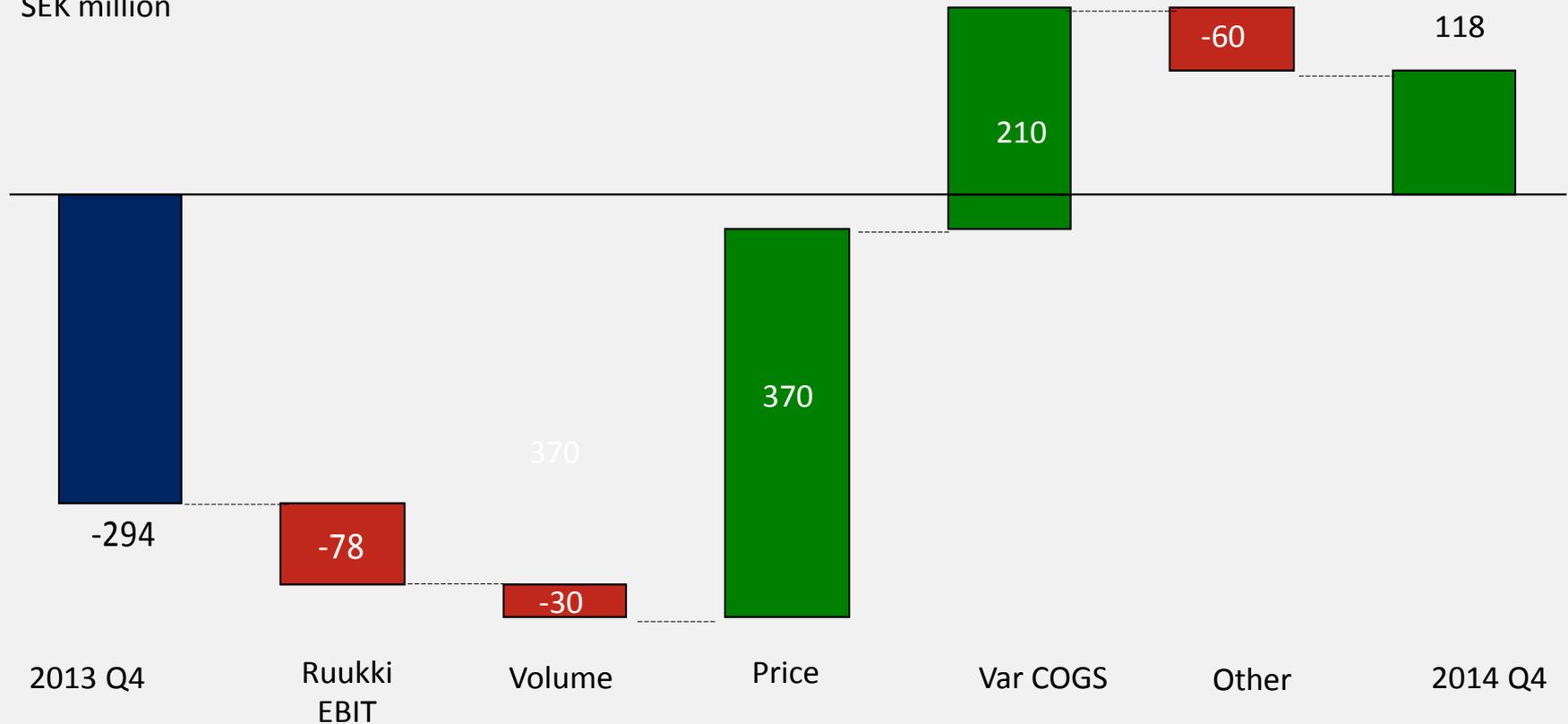
SEK million



Change in operating profit (actual)*

Q4 2014 versus Q4 2013

SEK million



Specification of items affecting comparability (actual)

Specification of items affecting comparability

SEK millions	2014 Q 4	2013 Q 4	2014 Full year	2013 Full year
<u>Operating expenses</u>				
Acquisition costs and reorganization	-29		-135	
Write-down, goodwill	-291		-291	
Write-down of assets, eastern Europe	-131		-131	
Write-down, assets held for sale	-123		-123	
Write-down, Fortaco	-98		-98	
One-off depreciation on surplus values in inventory and order book	-42		-186	
Other	-26	12	-37	73
Effect on operating profit/loss	-740	12	-1,001	73
<u>Financial costs</u>				
Write-down, shareholder loan to Fortaco	-601		-601	
Transaction tax (Finnish standard rate tax on acquisitions of shares)			-168	
Other financial expenses (primarily bridge financing)			-61	
Effect on profit after financial items	-1,341	12	-1,831	73
<u>Taxes</u>				
Taxes on surplus values, inventory and order book	8		37	
Other tax effects	11	-3	16	-16
Effect on profit/loss after tax	-1,322	9	-1,778	57

18 1) The surplus values on inventory and order book arose when they were appraised at fair value as part of the preliminary purchase price allocation. The surplus values have thereafter been charged to the cost of goods sold as the acquired inventory and order books have been turned over. Most of the surplus value on Rautaruukki's inventory and order book was booked as a cost during the third quarter.

Cash flow (actual)

Focus on reducing working capital going forward

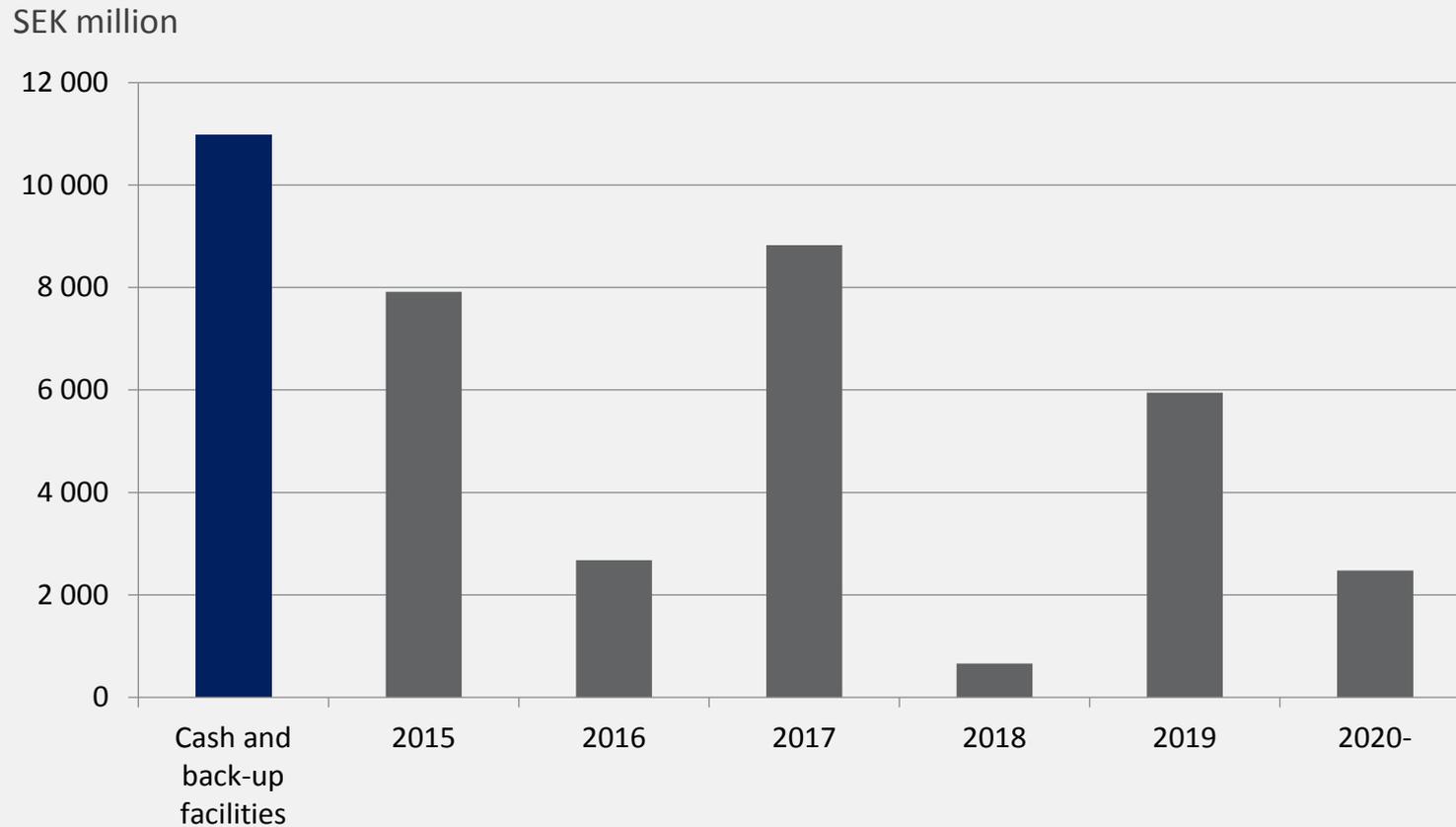
SEKm	Q4-14	Q4-13	FY 2014
Operating profit before depreciation/amortization	772	285	3 305
Change in working capital	800	564	-560
Maintenance expenditures	-494	-254	-1 341
Other	329	-19	333
Operating cash flow	1 407	575	1 737
Financial items	-354	-237	-1 013
Taxes	-137	-121	-251
Cash flow from current operations	916	217	473
Strategic capex and acquisitions	-188	-35	-379
Divestments	-	-1	-
Cash flow before dividends and financing	728	200	94
Dividends	-	-	-
Net Cash flow	728	200	94

Financing and Liquidity – Dec 31, 2014

- ▶ Net debt increased by SEK 9.8 billion since year-end 2013 mainly due to the Ruukki acquisition - amounted to SEK 24.7 billion on December 31, 2014
- ▶ Only EUR 54m of Ruukki's debt was repaid upon closing the merger. The remaining debt was assumed by SSAB with no financial covenants
- ▶ Net gearing was 56% at the end of Q4 2014 (55% year-end 2013)
- ▶ Liquidity preparedness as percentage of annual sales (rolling 12 months) was 20% (including commercial paper)
- ▶ The average term on the loan portfolio is 3.9 years with an interest term of 1.2 years

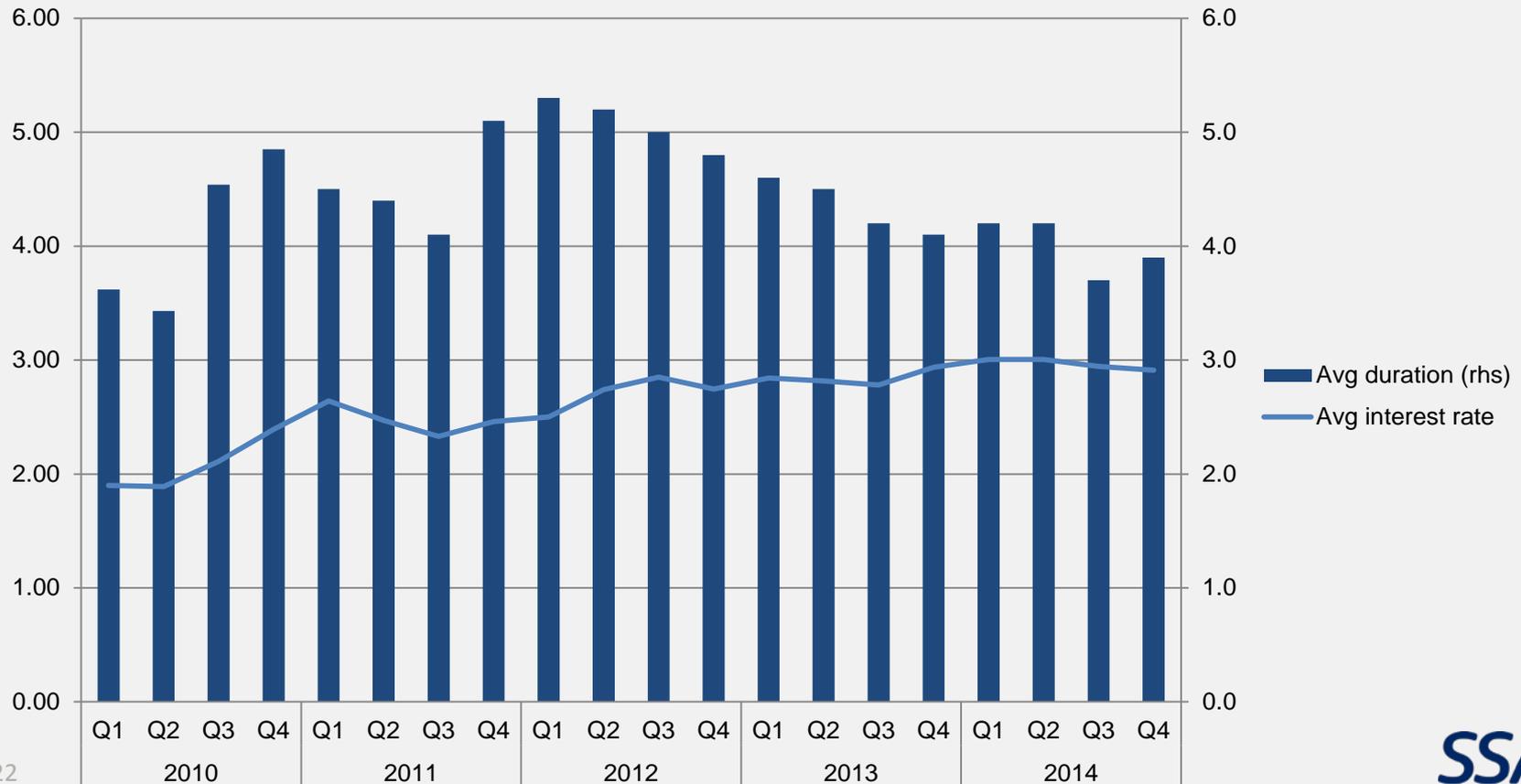
Balanced debt maturity profile

Debt maturity, December 31, 2014



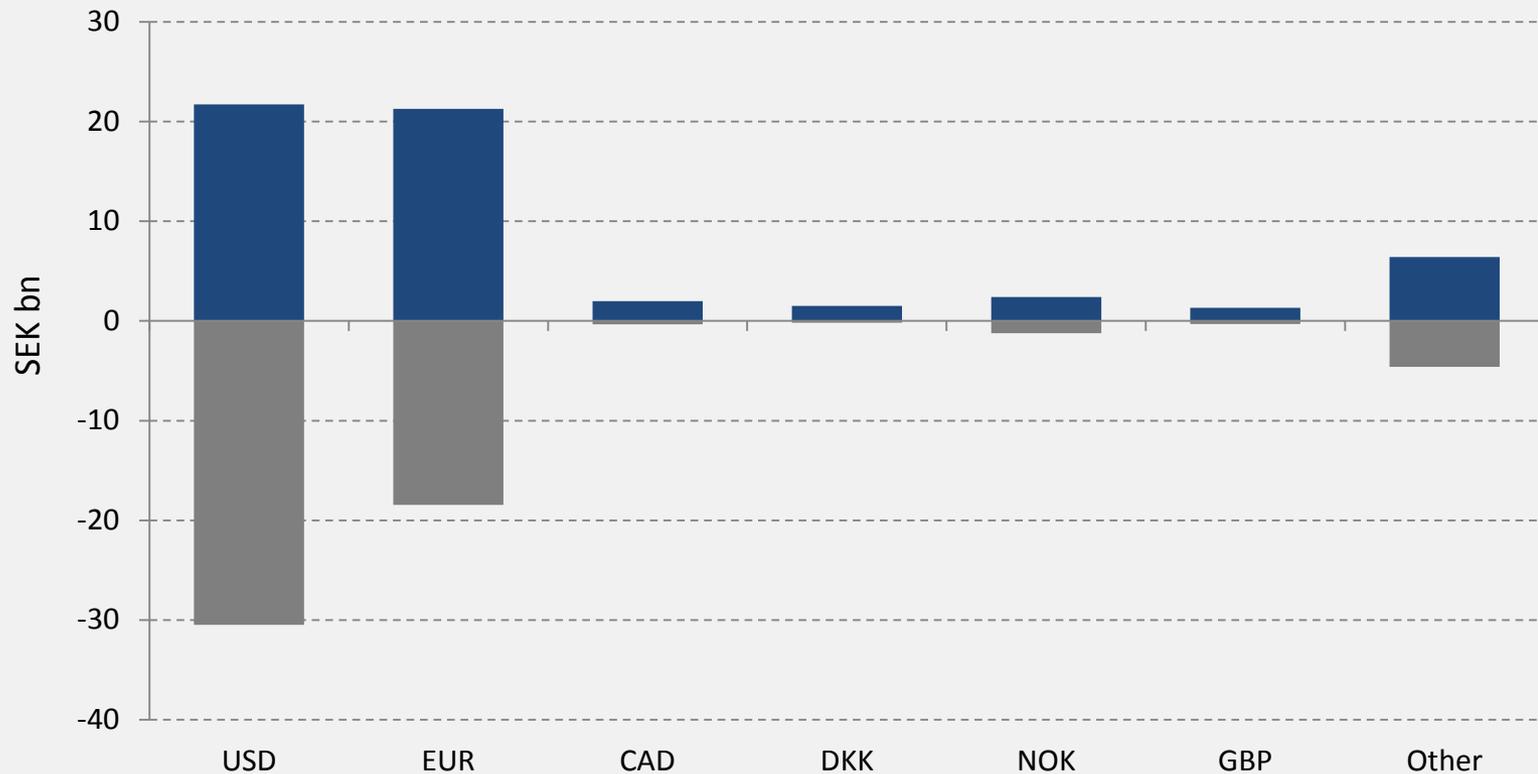
Slightly lower interest rate and somewhat higher duration

Debt cost and duration



Currency exposure vs. SEK in the combined company

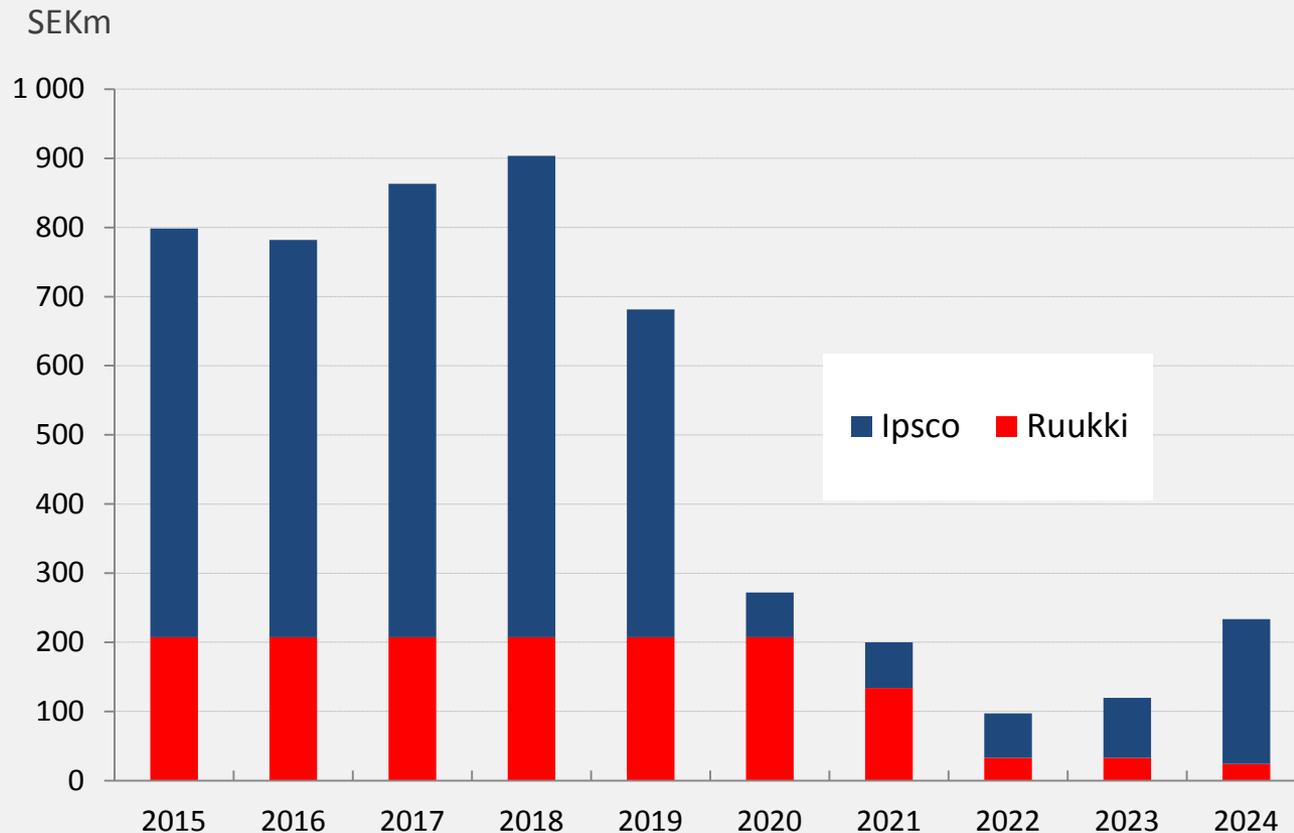
Currency flows, 2014 pro forma



Ruukki purchase price allocation finalized



Amortization of surplus values next years – Ruukki and IPSCO acquisitions



25 The surplus values from the IPSCO acquisition are denominated in USD and for Ruukki in EUR. The amortization estimates in the chart are based on the following currency rates: SEK/EUR: 9.48, SEK/USD: 7.80

Remedy divestments in progress

- ▶ SSAB has received approval from European Commission to divest three of the remedy assets:
 - Plannja Oy (Finland)
 - Tibnor Oy (Finland)
 - 50% of the shares in Norsk Stål AS (Norway)
- ▶ Approval from EC regarding the remaining assets is expected to be obtained during February 2015
 - Service centers in Naantali (Finland) and Halmstad (Sweden) and 50% of the shares in Norsk Stål Tynnplater AS (Norway)
- ▶ Financial impact
 - Sales in divested assets 2014 was SEK 2.1 bn
 - Write-down of SEK 123 million in Q4 2014

Relining of the blast furnace in Luleå

- ▶ SSAB's largest blast furnace with capacity of some 2.3 m tonnes
- ▶ The furnace will be closed for relining for three months, Jun-Aug 2015
- ▶ Experience from Raahe relining 2011 will support process
- ▶ The relining means that SSAB will need to replace 500,000 tonnes of slabs
 - Slabs inventory in Luleå
 - Start-up of idled furnace in Oxelösund
 - Slabs from Raahe
- ▶ Extra costs during 2015 of approx. SEK 100-150 million
- ▶ When relining is completed, the new SSAB's five furnaces will provide higher flexibility to increase or decrease production



Raw materials

Clearly lower prices year-on-year

▶ Iron ore

- Iron ore price was 7% lower in SEK versus Q3 2014 and 29% lower versus Q4 2013
- Dual sourcing (LKAB and Severstal), main part of pricing set quarterly

▶ Coking coal

- The price for coking coal was 5% higher versus Q3 in SEK but 13% lower versus Q4 2013
- More suppliers in the combined company (Australia, Canada, Russia and US)

▶ Scrap

- US spot prices decreased during Q4, but increased towards the end of the quarter
- At the end of Q4 prices were 6% lower than at the end of the Q3 and 20% lower than at the Q4 2013 (in USD)

Outlook

Martin Lindqvist, President and CEO

SSAB

SSAB's outlook for Q1 2015

- ▶ In North America, the underlying demand is expected to be relatively good during Q1
 - Uncertainty due to plate imports and high inventory levels at distributors
- ▶ In Europe, underlying demand is expected to be stable during the Q1
 - No major changes in inventories are expected at distributors or end-customers
- ▶ In China, demand for steel is expected to stay weak during Q1
- ▶ It is estimated that SSAB's shipment volumes in Q1 2015 will be slightly higher than in Q4 2014

The winner of Swedish Steel Price 2014: Belaz – Record breaking 450-tonne dump truck





Questions and Answers

SSAB

SSAB



*A stronger,
lighter and more
sustainable world*