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ANDREAS KOCH: Okay. Good morning, everyone, and welcome to the SSAB Q2 results presentation here in Stockholm. My name is Andreas Koch, Head of Investor Relations. The agenda for today looks like this. Martin Lindqvist, CEO, will start with a walk-through of the main events for the group and also for the divisions. Håkan Folin, CFO, will then talk more about the cash flow statement, the P&L and the balance sheet. After that, Martin will give the outlook and also give some information about our updated sustainability targets. Finally, we will have the Q&A. So, Martin, please go ahead.

MARTIN LINDQVIST: Good morning and welcome to this Q2 presentation. To summarise, EBIT amounted to SEK 301 million in the second quarter. What was affecting us compared to the second quarter last year was, I would say, fairly big effects of lower prices amounting to more than SEK 1 billion. That was compensated by lower costs for raw materials but also synergies not higher volumes but better volumes and more high-margin volumes overall. What we lost a lot in volumes were in the Americas and gained in some other places, but overall the volumes were slightly lower than Q2 2014.

We also generated strong cash flow with an operating cash flow of almost SEK 1.5 billion and that is of course due to the result but also due to lower inventories, despite that we have been building inventories in front of the relining of the blast furnace in Luleå and that relining started also during the second quarter and will be finalised on 1 September or at the end of August and the beginning of September in Q3.

Sales and shipments were fairly stable both compared to Q1 and compared to Q2 last year. We had the same EBITDA margin as we had a year ago but 2 percentage points lower than we had in Q1. The EBITDA per ton of delivered steel was also in line with last year.

Saying a few words about the key segment developments during the second quarter, Heavy Transport remained at a high level both in Europe and in the US. Automotive has also continued a healthy demand during the quarter. Construction Machinery was fairly stable on very low levels and we have not seen any improvements in the US markets yet for Construction Machinery and the Chinese market remains depressed. Mining had no visible improvement during the second quarter and Energy had continued good demand for wind towers. The only change during the quarter was a slight pickup or slightly better demand for pipelines in North America. In Construction Material we always see a seasonal uptick compared to Q1, so it's sequentially up, but the demand - and I will come back to that - in many regions is clearly slower than one year ago. Then for US Service Centers, I was, when I released the last Q1 report, expecting that the destocking would come to an end during Q2. Now it will spill into Q3 and we have seen continued destocking during Q2 but we have not seen the end of it due to high imports in Q2, even though the import levels have come down.

If we take it by division, Special Steels sales increased. It was partly and to a large extent slab sales internally. We are running two blast furnaces in Oxelösund now when we are relining the blast furnace in Luleå, but there were also some currency effects year-over-year. There were stable shipments but they decreased with 12 per cent versus Q2 2014. We had, compared to last year, also negative price effects, compensated by lower costs but also, as I said, lower volumes compared to last year.

In Europe, shipments were higher compared to Q2 last year and slightly higher compared to Q1. We had lower costs for raw materials and we had synergies and other costs that were lower, but we also had the big effect of lower prices year-over-year. The lower profitability versus Q1 is also a big explanation. That is the blast furnace relining in Luleå where we have one-third of the costs in Q1. As we said last time, we will see the negative effects of that in Europe and we will see positive effects in Oxelösund due to higher capacity utilisation and lower under-absorption.

In the Americas I would say substantially lower prices compared to one year ago, almost SEK 500 million or SEK 490 million. Shipments decreased. Due to market reasons, we were standing still in production in Q2 as well. The profit was, even though, in line or slightly worse than Q2 2014 and the price drop was offset by lower costs. But we have not seen during Q2 the drop we expected or lower prices for scrap as we expected. That came at the beginning of July instead.

At Tibnor, the drop in sales is due to the divested remedy assets. That was part of the Tibnor pro forma last year. The shipments were up compared to Q1 and also slightly compared to Q2 and the drop in profitability is the price/mix effect.

At Ruukki Construction, as said, we saw the seasonally higher demand, but this year we see weak demand in parts of Eastern Europe and in Finland, weaker than last year. The Swedish and Polish markets are showing better development but of course the effects of the Russia and Ukraine situation are affecting not only Russia and Ukraine but also other parts of Eastern Europe. We had a positive result but a lower result compared to last year and that is due to volume and partly prices and that is partly off-set by lower costs as well but the profit increased. We will now continue with the restructuring of Ruukki Construction and continue to implement further actions to lift the profitability in that division.

A short update on the synergy projects. It is progressing well in line with the plans to reach SEK 1.4 billion annually, The run-rate at the end of June is more than SEK 500 million and the effect in the second quarter is SEK 125 million. During Q2 we have also announced further actions in that plan. We will close down a big part of the tube manufacturing in Virsbo and move that to Finland. We will also during the second quarter start to see the manning reduction when we specialise lines and move production lines between sites and specialise those sites. That will be according to plan and seeing the actions during the second half of this year.

So, Håkan, some words about the financials.

HÅKAN FOLIN: Thank you, Martin, and good morning, everyone. I will give some more details on the figures. I will also go through the changes in the operating profit between the quarters and some words on our financing situation and, finally, on the raw material development.

Starting then with some key figures, what we have chosen to highlight here is the EBITDA for Q2, which was more than SEK 1.2 billion. As you can see, it was slightly higher than Q2 last year and now, after the first half of the year, we are over SEK 2.7 billion in EBITDA. We are also highlighting here the operating cash flow, which was close to SEK 1.5 billion during the quarter.

Looking at the change in operating profit, we start now with comparing this quarter, Q2, with Q1 earlier this year. In Q1 we had a profit of SEK 564 million. We have seen a very big drop in price compared to Q1, which is to a large extent the development in the Americas division. This has been compensated partly by higher volumes, especially in Europe, and lower variable COGS, which is partly raw materials but also higher synergies now in Q2 than Q1. We have slightly higher unabsorption, which is due to not running the blast furnace in Luleå for one month. Then we had no impact of FX and very limited on other. So, all in all, between Q2 and Q1, it is very much about the lower prices, which are partly compensated then by higher volumes and lower variable COGS.

If we look then at Q2 last year compared to Q2 this year, we can see that the price element is even larger. In Q2 last year we had SEK 389 million in EBIT, but since then we have experienced a change in prices of over SEK 1 billion. This has been compensated for by higher volumes or, rather, better volumes and a large portion in lower variable COGS, which is partly raw material but here you have the full synergy effect, and also other efficiency improvements. The other part is you also see lower costs here in other, where we have the fixed cost elements. We also in other have the purchase price allocation for Ruukki, which will not include the pro forma. So those are SEK 50 million, roughly, in the other, impacting Q2 negatively. We also have currency with a positive impact of SEK 70 million. So, all in all, despite the big price drop of over SEK 1 billion, this has basically been compensated for by better volumes and by lower costs.

Some specific words on the currency, which is positive at SEK 70 million but, compared to other Swedish industrials, it's a fairly small amount. The reason for this is that we do benefit from a weaker Swedish krona. However, for our Swedish and Finnish operations, a large portion of our raw material is bought in US dollars, the iron ore and the coking coal. What has happened since last year is of course that the currency that has strengthened the most is the US dollar, which means that our cost of raw materials has been negatively impacted by that strengthening. That is why you only see a fairly small impact on the currency between the quarters.

Looking at the cash flow more in detail, we had a change in working capital in the quarter of over SEK 600 million, where we saw reduced inventories in all three steel divisions. Martin talked about the cost synergies before but we have also said that we are aiming to reduce working capital and avoid capital expenditures in total of roughly SEK 2 billion. We are seeing that the work we are doing on the working capital is showing some results. We had a net cash flow, then, of over SEK 700 million in the quarter and so far during this year we have generated a net cash flow of SEK 1.246 billion.

That leads us then into the financing situation, where the net cash flow in combination with changes in our dollar- and euro-denominated loans has decreased in total our net debt to over SEK 600 million, so the net debt is now at SEK 24 billion. This is also generating the net cash flow, which has also meant that we have decreased our net debt from 56 per cent to 53 per cent at the end of the second quarter.

Looking at our maturity profile, the average term is now 4.2 years and we have an interest fixed rate of 1.1 years. Out of the maturities now in 2015 of slightly over SEK 4 billion, more than SEK 3 billion of those are commercial paper, which we expected we will be rolling. For the other remaining maturities, we have options in place in order to replace those.

What did happen during the quarter and a very positive development was that we were able to both lower our interest rate and also at the same time increase the duration. We have since Q3 last year steadily seen an increase in the average duration and we are now then at 4.2 years compared to 4.0 at the end of Q1.

Before Q3 last year, you saw a declining trend, but that was also for a long time we were in discussions with Ruukki and we could not basically do any refinancing. But since Q3 last year, then we've seen a positive development.

During the quarter we have also decreased our average interest rate from 2.8 per cent and it is now at 2.3 per cent. There are basically three items that have impacted. The first is that we have refinanced loans that matured in Q2 with other financing alternatives with a lower interest rate. The second one is that part of the Ruukki loans that we took over were at the higher interest rate and those we are amortising on, which means that in total their average interests are impacting less.

Then the third item is naturally that the underlying interest rates, the STIBOR and the LIBOR, are lower now, which of course impacts our average interest rate as well.

Moving then to raw materials, we have seen a decline in iron ore and in coking coal.

During Q2 we saw that this decline stabilised and was not changing so much.

Then, once we thought that iron ore had stabilised, we saw a huge drop then in the beginning of Q3 and iron ore is now below $50 per ton. For SSAB specifically, our average purchase price in Q2 was 8 per cent lower than Q1 in US dollars and 5 per cent lower in Swedish kronor. During the quarter we signed a new price agreement with LKAB for deliveries for the coming year and we are also about to finalise a new delivery contract with Severstal. For coking coal our average price during Q2 was 13 per cent lower than Q1 both in US dollars and also in SEK.

If we move then to scrap, scrap prices are at a low level but, if we compare them with iron ore, they are still fairly expensive. In the US we saw the spot market prices during Q2. They ended the quarter 8 per cent higher than at the end of Q1 but then, as you can see, in the beginning of Q3 they have gone down and the expectation is now that they will either stay on this level or might even decrease slightly further. If we compare the end of Q2 this year to last year, we can see that there has been a significant drop of over 24 per cent.

However, if we compare the scrap and iron ore development over time, we have chosen now to index this from the beginning of 2012 and you can see that up until the start of 2014, basically, here there was a fairly strong correlation between iron ore and scrap. But since then, iron ore prices have continued to drop but scrap has not dropped in the same way as the iron ore prices. This implies then that for scrap-based manufacturers, at the moment, they have a disadvantage compared to integrated players.

Finally from me, some words about the relining in Luleå, which is ongoing. We closed the blast furnace on the last day of May operations and the relining is expected now to continue in June, July and August. The total net cost for the group is SEK 150 million to SEK 200 million. What we see now is there might be around a week's delay in the relining before we can start it again, which would mean that we would rather be towards the SEK 200 million mark than the SEK 150 million mark. In Q2 the net impact was between SEK 60 million and SEK 80 million and in Q3 we expect it to be between SEK 100 million and SEK 120 million. As Martin mentioned before, SSAB Europe is negatively impacted by this, both through the higher under-absorption by not running the blast furnace, when on the other hand Special Steels in Oxelösund gets a positive development since they are now running two blast furnaces. But Europe is also impacted by more expensive slabs. The blast furnace in Luleå is the most efficient one we have and when we are now rolling in Borlänge you will see more slabs from Oxelösund instead and they come a at higher cost then for Europe. So it's a negative impact for Europe, slightly compensated in Special Steels. Okay? Thank you, Martin.

MARTIN LINDQVIST: Yes, the relining is very important because this is the part that will give us flexibility. So we have a redundant production system and, after the relining is done, then we'll have much better flexibility in the production system and can in a much more cost-effective way produce according to different demand scenarios.

Some words about Q3, then. In North America, the destocking that we saw in H1 will spill over into the third quarter. We know that because we are already in the third quarter and it will end during the third quarter as well, but the underlying demand is expected to be relatively good or not being worse, rather improving, during the third quarter. In Europe, underlying demand is expected to remain stable. We will see the seasonal slowdown that we always see in July and August. We will also have the usual maintenance outages in Hämeenlinna, Raahe and Borlänge, but we will not have a maintenance outage this summer in Oxelösund, so we will run Oxelösund, the Special Steels production there, all summer. Overall, the shipments during Q3 are expected to be slightly lower, as they always are, in Q3 compared to Q3.

If we look into the segments, we are not expecting any major changes. We expect Heavy Transport to continue to be good, especially in North America where new safety requirements for rail cars will support demand. Automotive is expected to stay on a continued good level and Construction Machinery is fairly stable compared to Q2 and Q3 as well. In Mining, we don't expect improve there, either, during Q3. In Energy, we expect continued solid demand for wind towers. There is of course continued uncertainty when it comes to oil-related pipeline investments. In Construction Material, Q3 is normally the strongest quarter due to seasonality and we expect that to be the case this year as well. We expected destocking in Service Centers (US) to come to an end during Q3 and gradually see a stronger demand or a slower recovery when it comes to volumes from Service Centers in North America.

Also during the second quarter we have revisited our sustainability strategy and come up with new targets. We have said that by the end of 2019 we will achieve a lasting reduction when it comes to carbon dioxide emissions of 200,000 tons per year from a very good level. As you know, we are the most CO_2-efficient producer in Europe and by that probably also in the world. We will also have a lasting reduction of purchased energy with 300 GWh and we will increase recycling from very good levels, so we will reduce the amount of landfill by 30,000 tons per year. Of course, we are in an industry that is emitting carbon dioxide but I think, even though we are the most carbon dioxide-effective producer in Europe at least and probably, as I said, in the world, our biggest contribution in that area is the products we produce and how they are used. This is one example. If you would replace 1 million tons of standard steel in a vehicle, we could actually during the lifetime of the vehicle reduce the carbon dioxide emissions by 8.4 million tons. If we do that 1 million tons per year, this is almost as much reduction of carbon dioxide as we emit ourselves because we emit in our production system 9.5 million tons, roughly, every year. This is on top of being a very carbon dioxide-effective producer. This is, as I see it, the biggest contribution to reduce emissions: by using our products and our knowledge in applications on vehicles.

So, with that, dear friends, we open up for questions.

ANDREAS KOCH: So now we open up for questions and let's start with our audience and, Ola, please go ahead. Let's wait until you get a microphone.

OLA SÖDERMARK: Do you hear me?

ANDREAS KOCH: Yes.

OLA SÖDERMARK: Ola Södermark, Swedbank. I have a question on your volume guidance for the group. You are saying that the volumes are going down seasonally, as have seen normally over the years, but can you give some more colour on the different business areas? Europe is obviously down, but how is it in Special Steels and Americas?

MARTIN LINDQVIST: Special Steels, I would say, is fairly stable and compared to normally higher volumes because we are not taking any outage in Oxelösund. Americas remains to be seen, but it all depends on import levels and so on, but I am not expecting lower volumes in Americas.

OLA SÖDERMARK: Given that you are not going to have a maintenance stop in Oxelösund, does that mean that this SEK 200 million is lower maintenance than in a normal Q3 in Europe?

MARTIN LINDQVIST: Yes.

OLA SÖDERMARK: One more question on the production issues you had in Sweden. You wrote about it in the report and I assume that they had to be material because you wrote about them, but you haven't mentioned them.

MARTIN LINDQVIST: No, we had production issues in Borlänge and in Oxelösund but in Borlänge we were standing still in the pickling line and the after following for eight days. That of course gives extra cost, extra complexity and also delivery delays. So we wrote about it because - material or not material - it was affecting the profitability and we came out worse than we would have done if we wouldn't have had those extraordinary production problems. You always in this type of industry have production problems, but they were bigger than normal, if you put it like that, in Q2.

OLA SÖDERMARK: You know we usually want to have a number to quantify.

MARTIN LINDQVIST: Well, I thought about it and you always have pluses and minuses, but we would've done a better result without it.

OLA SÖDERMARK: Okay. Thank you.

ANDREAS KOCH: Let's go to Julian Beer.

JULIAN BEER: Just if I can carry straight on with Ola's questioning on this amount, you said that you had problems in Borlänge. Were there also some issues in Oxelösund on the upstream side? Could you just detail those?

MARTIN LINDQVIST: Yes, we had production problems and some breakdowns in Oxelösund as well, so Q2 was production-wise and delivery-wise not a good quarter.

JULIAN BEER: Okay. So, if I estimate around SEK 100 million as the quarterly unexpected impact, would you hang your head or would you brighten your eyes?

MARTIN LINDQVIST: You are not completely off.

JULIAN BEER: Can I just ask a broader question around mix development? Håkan showed the chart indicating that year-on-year the earnings impact from price falls was just over SEK 1 billion. Would you be able to give a rough estimate of how much of that was mix versus price and where has mix deteriorated most and what are the prospects for a mix recovery in the next year?

HÅKAN FOLIN: Most of that was actually price, given that the majority of it was in the US and there the mix changes are not that huge. Also, there was also part of the SEK 1 billion in Western Europe and part also in Special Steels, but to a majority I would say it was mix. As Martin was talking about, the construction didn't develop as we had expected really now in Q2, so part of what was mix, I would say, was mainly in Europe where we see less colour-coated material than we normally do during the second quarter.

JULIAN BEER: That is the organic coated material. I seem to recollect from previous years that impact has been maybe up to SEK 100 million also. What's the reason for the poor development this year? Is it just lack of summer houses being built?

MARTIN LINDQVIST: It's slow demand in Finland and slow demand in parts of Eastern Europe of course affected by the situation in Russia and Ukraine and slow demand in Russia. These are fairly profitable, as you know, products.

JULIAN BEER: I guess that's an issue for Q3 and then in Q4 we're back to the low mix anyway. My last question: with regard to advanced high-strength steels versus standard steels in Europe, what was the sequential development there and how do you see that going forward?

MARTIN LINDQVIST: The sequential, as I mentioned when we looked at the segment, it was fairly stable in some areas or on very low levels, so I would say in some areas it's a slight improvement but in other areas very slight or low levels. Due to raw material prices, we are not expecting or planning for any major uptick within Mining, either, and that is an important segment for these kinds of products. On the other hand, Heavy Transport is quite good and the expectation for US within the new regulations for rail costs will help it. Automotive we expect to continue to stay on a good level and on a high level, but if you take Construction Machinery and Mining-related equipment we are not seeing or expecting any uptick during Q3, so stable or low levels.

JULIAN BEER: So, with the rail cars, are you expecting any sort of downturn in absolute demand maybe because of a flattening-off of shell production to be offset by a requirement to upgrade?

MARTIN LINDQVIST: No, we are not expecting any lower demand.

JULIAN BEER: Thank you.

ANDREAS KOCH: Let us take a question from Johannes Grunselius.

JOHANNES GRUNSELIUS: Yes. Hi, everyone. I have a question on the net working capital development plus SEK 632 million and you heavily indicated that there might be more to come and it's relating to the merger. Could you help us to understand what happened here in Q2 and how to look at these things in Q3?

HÅKAN FOLIN: Well, I would say that part of it is related to the merger but definitely not all of it because part of the inventory reduction was also seen in Americas, which is of course not impacted by the merger. But we expect that we have a lot of actions in place to look at the working capital. Martin mentioned that we also continued to build slab stock for the relining, which we will then flush through now in Q3. So, in that sense, Q2 was a good quarter, no doubt, but, yes, we are still expecting to be able to do more, especially on the inventory side.

MARTIN LINDQVIST: And it will differ between quarters but, as Håkan said, part of it is related to the combination with better logistics, fewer hubs and so on, and part of it is on the ongoing work we have been doing for a couple of years now. And we follow this weekly with turnover at stock points and so on and we are getting better and better all the time. Q2 was good but it was part of the long-term trend.

JOHANNES GRUNSELIUS: But there should not be any reversal in the third quarter, so we should see a bounce back in net working capital, do you think, or --

MARTIN LINDQVIST: Yes, as Håkan said, we will flush through the extraordinarily high slab inventory in Q3 due to it standing still in Luleå, of course.

JOHANNES GRUNSELIUS: There were also some accounting effects that took off some of the net interest-bearing debt. What's that and should we see that as extraordinary and there won't be any reversal going forward?

HÅKAN FOLIN: I'm not really certain what you are reflecting. The net interest-bearing debt usually changes due to the net cash flow and then also the FX since we have loans in both US dollars and euros.

JOHANNES GRUNSELIUS: Okay, true, so it was hedging, I think, that had the positive impact, so that offset the negative FX on the net interest-bearing debt?

HÅKAN FOLIN: Yes.

JOHANNES GRUNSELIUS: All right. Then I understand. Okay.

ANDREAS KOCH: Let us take some questions over the phone.

OPERATOR: Ladies and gentlemen, if you have a question for the speakers, please press zero one on your telephone keypad, zero one. The first question comes from Mr Carsten Riek at UBS. Please go ahead.

CARSTEN RIEK: Thank you very much. The first question is on Special Steels. This division performed very well. If I look at the sales picture, it was up quarter-on-quarter. Is there is a significant mix effect here or is there a risk to pricing because we have clearly seen that plate prices are heading down? What's your take here? That's the first question. I have two more.

HÅKAN FOLIN: Well, you could say it is a mix effect because where we have lost volumes are not on quality branded products, they are Hardox and Strenx volumes, so there is a positive effect in that aspect. So we have lost volumes but that is more for non-branded products.

CARSTEN RIEK: Okay. The second question I have is on Europe. If I look at the sales per ton, they actually increased, which clearly indicates you had a cost push. Part of it is explained by the Luleå realigning and you also hinted on the higher production costs from Oxelösund. But apart from that, is there anything else which actually caused these higher costs because that was quite significant? I'm just worried that it's structural rather than a one-off. What's your take here?

MARTIN LINDQVIST: It's not structural. Of course, when you have production problems and you're standing still and repairing equipment, that will also contribute to higher costs.

CARSTEN RIEK: So it's entirely based on the relining of Luleå and the deterioration in the costs because you get slabs from Oxelösund?

MARTIN LINDQVIST: Yes, and some other extra costs due to production problems.

CARSTEN RIEK: Okay. So it has nothing to do with higher iron ore costs from, let's say, Russia or switching over to LKAB again? I just want to make sure that I've covered this area, too.

MARTIN LINDQVIST: No.

CARSTEN RIEK: Good. The last and the third question is how your statement of spill-over effects and destocking in Americas align with the rather stable volumes in the Americas business, especially in the trading business? I would have thought we'd see a bit more pressure on those volumes because of this.

MARTIN LINDQVIST: What do you mean, "more pressure on those volumes"?

CARSTEN RIEK: You said we have still destocking in the Americas, which of course should actually negatively impact your production numbers in the US because, if this continues, then you will rather see downside and not stable volumes, I would guess.

MARTIN LINDQVIST: But the underlying demand is not going down. It's stable or going up slightly and imports are coming down. We have also seen during Q2 very, very limited order intake from steel Service Centers. As I said, I was expecting that to come to an end during Q2. Unfortunately, it didn't and that's why we talk about spill-over effects into Q3. And then, as you know, there are other actions ongoing in the US, discussions regarding trade barriers for (Inaudible) material and so on, so we will see what they send. But the underlying demand - and that is important - is not deteriorating. It's a balance issue, I would say.

CARSTEN RIEK: Thank you very much. On this note of the anti-dumping, did you get already any indications whether the anti-dumping measures in the US could be widened to plate material, too, or is it currently not under discussion?

MARTIN LINDQVIST: Well, it is under discussion among our colleagues. Where that will go, I don't know.

CARSTEN RIEK: Okay. Thank you very much.

OPERATOR: The next question comes from Ms Cedar Ekblom at Bank of America Merrill Lynch. Please go ahead.

CEDAR EKBLOM: Thanks very much. A follow-up question on the US. I want to try and get an understanding of what your visibility is. Maybe you can give us some clarity on what lead-times have done over the last month or so because, when we came into Q2, the expectation was that the destocking would be over and it sounds like you're guiding for Q3 for there to be spill-over effects but potentially for destocking to come to an end during the quarter. Import prices in the US are still well below domestic prices. I understand underlying demand is recovering but inventory levels are still above normal.

So I just want to get a sense of what your visibility is on the destocking actually coming to an end in Q3 or if we might be sitting in the same position two or three months from now where the destocking has simply continued because this is the price advantage continuing to motivate imports. Thank you.

MARTIN LINDQVIST: I think that question is not possible to answer 100 per cent. Lead times are, as you say, fairly short, but when we follow inventories, we follow import statistics and so on and we talk to a lot of customers every day of course. Our view is that we will see the end of the destocking during Q3. Having said that, I was wrong the last time, so maybe I'm wrong this time as well, but we expect the destocking to come to an end during Q3. On the visibility, well, we have the order book and we have the order intake, so to say, so the visibility is not of course 100 per cent but we have some visibility.

CEDAR EKBLOM: Okay. Just on that point, what is the order book? Are we looking at two weeks, four weeks, six weeks, just out of interest?

MARTIN LINDQVIST: It depends a lot. We have short orders but we also have long orders, so it differs a lot between customers, between segments and between products.

CEDAR EKBLOM: Okay. You don't have an average on how that has changed? I'm just trying to get a better sense, right. Have lead times stretched out in the last four weeks or have lead times stayed the same in the last four weeks?

MARTIN LINDQVIST: I can only answer for SSAB and I would say that our lead times are slightly longer compared to four weeks ago.

CEDAR EKBLOM: Okay, perfect. Thank you very much.

OPERATOR: The next question comes from Mr Jean Devevey at Exane. Please go ahead.

JEAN-BAPTISTE DEVEVEY: Yes, hi. Jean-Baptiste Devevey from Exane. Another follow-up question on the US outlook. You said basically you are expecting the destocking to continue into Q3. The raw material prices, be it iron ore or scrap, are coming down and it seems now that the price levels in the US have stabilised. Do you think this is sustainable - I'm talking about the prices there - or would you expect further pressure on the back of raw materials and continuous destocking going into Q3?

MARTIN LINDQVIST: It's a good question but hard to answer. When we look at margins, if you measure it at the spot prices for ore and scrap, they are at very low levels in Q2 and at the end of Q2, historically low levels. I have no clue where scrap prices will go. I would expect scrap prices to follow or to have a strong correlation between scrap and iron ore because that has been the history and that is fairly natural. As Håkan showed, we have not seen that since 2004. We have seen the same pattern but the correlation is not there.

And over time, because I think the correlation will be there, will that happen during Q3 or not? Well, I'm not expecting, to be honest, the scrap prices to go up. Will they fall so we see that full correlation again? I don't really know. But I'm not expecting them to go up and the logic would be for scrap prices to come down further.

JEAN-BAPTISTE DEVEVEY: Okay, understood. Thank you. And another question on the production issues at the Swedish mills you mentioned. You said that this impacted the deliveries with some delays there. It does not seem quite obvious when we look at the shipments for Europe that are slightly up in Q2 versus Q1. Still, would you expect a catch-up in the deliveries in Q3 on the back of the volumes that were not delivered in Q2?

MARTIN LINDQVIST: Yes.

JEAN-BAPTISTE DEVEVEY: Do you have any indication there in terms of thousands of tons what was approximately the amount (Overspeaking) can give there?

MARTIN LINDQVIST: No.

JEAN DEVEVEY: Okay, thank you.

OPERATOR: The next question comes from Mr Bastian Synagowitz at Deutsche Bank. Please go ahead.

BASTIAN SYNAGOWITZ: Yes. Good morning, gentlemen. I've got three questions. Firstly, I wanted to follow up on your European margins. Even when taking out the maintenance costs for the second quarter, the margin of the European business dropped by roughly €20 while I guess most of your European peers will likely report a margin increase and widely stable margins.

I'm really wondering why the margins have been so weak. You mentioned product mix, but how far is this also an effect of the lagging impact of falling raw material prices? Maybe you can just give us any hint on whether you expect the margins in the European business and also US and Special Steel to deteriorate further in the third quarter, particularly having FX in mind, or will raw material costs compensate for the residual price drop which we are seeing in the spot market? I'll stop here before continuing with my last two questions.

HÅKAN FOLIN: As we have mentioned before, Q2 margins in the European division were impacted negatively by the relining that we started in Luleå and both then from the extra costs up in Luleå but also from higher slab costs than usual in the European operations.

That we will see also in the third quarter as we continue with the relining. It will have the same impact in the third quarter and then, on top of that, we have the normal summer outages in Borlänge, Raahe and Hämeenlinna.

If we take the other part you mentioned on the raw materials and the prices, well, spot prices have been slightly down in Europe in general during the second quarter but not significantly. On where those are heading into the third quarter, well, we don't see a trend that they would come down significantly in the third quarter, either. Then, as you were alluding to, yes, we have lower raw material costs, which will partly compensate for that. But I would say that the margins in the European division are more impacted by specifically the Luleå relining rather than by what you called deteriorating margins. That's not how we see it.

BASTIAN SYNAGOWITZ: Okay. Just to follow up on that, it really seems like, as you said, the relining and basically the slab supply out of the Special Steels operations are basically continuing and that's one of the reasons. But it sounds like you're not expecting any further underlying deterioration of gross margins coming from the (Overspeaking) versus raw material cost in SEK?

HÅKAN FOLIN: No. We have the low raw material costs, as we presented. Iron ore is down in Swedish krona with 5 per cent so, no, we don't expect underlying materials to deteriorate, no.

MARTIN LINDQVIST: I should also add on that that the synergy programme also mainly relates to SSAB Europe and of course, when that comes through also towards later on in the year and especially 2016, that will of course improve the margins for SSAB Europe.

BASTIAN SYNAGOWITZ: Okay. Then just squaring that over, yes, as you already said, we obviously had a fall in iron ore prices and scrap prices have fallen but not so much. Where do we stand here on basically gross margin progression? Have we seen the trough of margins here or do you expect again a further incremental margin squeeze in the US business?

MARTIN LINDQVIST: No, not on the spot market.

BASTIAN SYNAGOWITZ: But affected in your P&L where obviously you have the deferring or lagging trends coming into your P&L and obviously FX features(?) running against it?

MARTIN LINDQVIST: We have a lag when it comes to contract prices, yes, but the raw material prices are seen fairly quickly in the P&L in Americas.

BASTIAN SYNAGOWITZ: Okay. So effectively you are telling us that basically Q2 was the trough on underlying US margins as well?

MARTIN LINDQVIST: Well, it depends where scrap will go in Q3.

BASTIAN SYNAGOWITZ: Yes, okay. Good. My second question is on the additional cost measures initiated in Ruukki Construction. Those are largely a reaction to the trends which evolved after the SEK 1.4 billion in synergy targets had been announced. So can you please quantify those and is it fair to say that they are obviously not included in the SEK 1.4 billion number?

MARTIN LINDQVIST: Due to the market situation, we need to continue on top of the synergy project, so to say, and that's what we are doing.

BASTIAN SYNAGOWITZ: Okay, but could you quantify those?

MARTIN LINDQVIST: No, not at this stage.

BASTIAN SYNAGOWITZ: All right, then. Lastly, on your costs of debt, which obviously saw a large step-change in the course of the quarter, I think it was up by roughly 50 bps. Is it fair to assume that this will feed through to an annualised SEK 100 million interest cost relief or is there anything else we should keep in mind which would possibly be a part of the benefits?

HÅKAN FOLIN: No, I think it's fair to say that the change that we saw during Q2 is roughly what we would be expecting going forward as well.

BASTIAN SYNAGOWITZ: Okay, perfect. Thanks so much for taking my questions.

OPERATOR: The next question comes from Mr James Gurry at Credit Suisse. Please go ahead.

JAMES GURRY: Thanks very much. I think most of my questions have been answered. Just one quick one. You've got, I think, SEK 5 billion for refinancing this year of the net debt. Are you confident of refinancing that this year and in the refinancings due over the next three years?

HÅKAN FOLIN: The short answer is yes. A bit longer answer would be that it's not really SEK 5 billion. It's between SEK 4 billion and SEK 5 billion that needs to be refinanced. A large portion, the majority of this, more than SEK 3 billion, is commercial paper, which we expecting to be rolling. And then for the rest, this year we already have options that we are evaluating and that we will move forward with. So, yes, we don't see any issues with that.

JAMES GURRY: And once again, you've got no covenants, do you, even though your net debt is quite elevated in general?

HÅKAN FOLIN: No, we have no financial covenants.

JAMES GURRY: Great, thanks.

OPERATOR: The next question comes from Mr Oscar Lindström at Danske Bank. Please go ahead.

OSCAR LINDSTRÖM: Yes, hi. Really, three questions. I'll start with the first one. You had a year-on-year negative price/mix effect of just over SEK 1 billion. Could you break that out between the three main divisions?

MARTIN LINDQVIST: I would say roughly SEK 500 million in Americas, SEK 400 million in Europe and the rest in Special Steels.

OSCAR LINDSTRÖM: All right, super. Moving on in the same type of question, variable costs came down SEK 610 million year-on-year. Could you maybe break that up between the three main raw materials: iron ore, coal and scrap? Given the new contracts given that you've signed and current spot prices for scrap, should that year-on-year figure rise in Q3 and then could you give an indication of how we should think around that?

HÅKAN FOLIN: I would say two things. I don't have the breakdown off the top of my head and, also, it's not only the raw materials. It's also how we run the production and including, then, parts of the synergies that we have achieved so far you will find in the variable COGS. Looking at the next quarter, yes, there will be lower raw material costs given what we saw in the purchase price in this quarter. But on the other hand, if you want to compare Q2 to Q2 this year and then go Q3 to Q3, you should keep bearing in mind that already in Q3 last year there had been quite a significant drop in, especially, iron ore compared to the beginning of 2014.

OSCAR LINDSTRÖM: Okay. My last question, then. Earlier here in our Q&A session Julian Beer mentioned or speculated around the impact on earnings of unexpected production problems of around SEK 100 million and you seemed to have nodded or said, "You're not completely off". Now, that's not including the direct costs for the Luleå relining, which were, you said, between SEK 60 million and SEK 80 million during the quarter. Am I understanding that correctly?

MARTIN LINDQVIST: Yes.

OSCAR LINDSTRÖM: And we should then expect between SEK 120 million and SEK 140 million in direct costs in Q3 due to the Luleå relining?

MARTIN LINDQVIST: Yes.

OSCAR LINDSTRÖM: But at the same time also, lower maintenance costs than normal due to not doing the --

HÅKAN FOLIN: The same maintenance in the European division, but in the Special Steels division we will not have the normal summer out at Oxelösund. We have moved that into Q4 instead. So in Special Steels, lower, yes, but in European division, approximately similar as last year.

OSCAR LINDSTRÖM: And the Special Steels/Oxelösund maintenance costs: how much is that, which you've now moved to Q4?

HÅKAN FOLIN: We'll come back and quantify that more in detail when we release the Q3 report.

OSCAR LINDSTRÖM: Okay. Thank you.

OPERATOR: The next question comes from Mr Ioannis Masvoulas at RBC. Please go ahead.

IOANNIS MASVOULAS: Hi. Most of my questions have been answered, but I just wanted to clarify a few things. In terms of the slab volumes that SSAB Europe got from Oxelösund in Q2, could you quantify the volumes there?

HÅKAN FOLIN: I don't have that in the top of my mind, actually.

MARTIN LINDQVIST: Neither do I. I don't know the exact volumes or I don't remember them.

IOANNIS MASVOULAS: I think you guided 500,000 tons during the blast furnace relining. Is it going to be one-third/two-thirds during Q3, roughly?

HÅKAN FOLIN: Approximately, yes, and once we remember that we also take slabs from Raahe as well, so it's not only from Oxelösund, and we also had the slab sale inventories from high production at Luleå before, so it's not that easy. But we'll come back to that to you with some more details.

IOANNIS MASVOULAS: Okay. Also, I think as part of the production disruptions you had, I think you mentioned some upstream production issues at Oxelösund. Were they costs that were actually reflected in SSAB Europe or Special Steels?

HÅKAN FOLIN: Special Steels.

MARTIN LINDQVIST: (Overspeaking) part in Special Steels and the Borlänge part in Europe.

IOANNIS MASVOULAS: Okay, but the majority was in Europe or was it roughly split half-and-half?

MARTIN LINDQVIST: The cost of the production problem, the majority was in Borlänge in Europe.

IOANNIS MASVOULAS: Okay. That's great. Thank you very much.

OPERATOR: The next question comes from Mr Nitish Agarwal at Citi Group. Please go ahead.

NITISH AGARWAL: Hi. Thanks very much. Most of my questions have been answered, just one more question in pricing.

There was a negative impact of more than SEK 600 million in the second quarter versus the first. What sort of a trend are you witnessing in the third quarter in terms of prices and do you expect this trend to continue going forward, although I understand that you expect destocking to end in the third quarter so some of that impact probably will be minimised? Thanks.

MARTIN LINDQVIST: I think it's a question that is impossible to answer because a big part of that price decrease sequentially was of course in the US or in North America. It all depends on currency, import and when the destocking is over, but (Overspeaking)

NITISH AGARWAL: Okay, and what sort of trend have you seen so far in the third quarter since 1 July?

MARTIN LINDQVIST: The North American plate industry introduced price increases from the beginning of the third quarter, so I would say one would expect, then, to see stable prices or prices bottoming out or stabilising.

NITISH AGARWAL: Okay, perfect. Thanks.

OPERATOR: The next question comes from Mr Seth Rosenfeld at Jefferies. Please go ahead.

SETH ROSENFELD: Good morning. Just a couple of quick questions on the outlook for the Special Steels business. You mentioned the relief from deterioration in pricing in this area. Can you just give us some sense if this is coming in line or more aggressive with the pricing pressure you're seeing in other markets? And on the demand side, can you just give us a sense of which end markets for Special Steels are currently strongest or where you're seeing a bit of deterioration?

MARTIN LINDQVIST: The price deterioration within Special Steels is lower than for standard steels or in Americas or Europe. The prices are over time much more stable. Then it of course differs if you take the branded products. They are much more stable than non-branded. But as an average, they are more stable than for standard products. As I said, we went through the segments and I would say that we are not seeing any deterioration in demand. We are seeing in Heavy Transport good demand and so on, but Construction Machinery and Mining, which are important segments, I would say unfortunately we see stable demand. Why I say "unfortunately" is because they are on very low levels.

SETH ROSENFELD: Okay, thank you. And just one follow-up question. Obviously, the Special Steels business benefited a lot in the last quarter from the jump in utilisation rates as you reposition your production to Oxelösund. How do you expect this to progress looking forward after the relining of Luleå is completed? Should we predict a big fall in utilisation rates at Oxelösund going into Q4 and beyond?

HÅKAN FOLIN: When the relining in Luleå is over and we are back at normal production, so to say, then we will, as it looks now, definitely close the small blast furnace in Oxelösund again. We started that one to compensate for the relining in Luleå.

SETH ROSENFELD: It's just purely on a temporary basis? Okay. Thank you very much.

OPERATOR: We have a question from Mr Robert Redin at ABG. Please go ahead.

ROBERT REDIN: Yes, hi. Thanks for taking my questions. I was thinking about the lag effects in your US business. If you could say something about your mix of contract versus spot business in the second quarter or even what you think in Q3?

MARTIN LINDQVIST: We have approximately 50 per cent of the business being contract business and 50 per cent being shorter term. But one big part of the shorter-term business is typically the distribution business and that has been smaller than normal in Q2. So I would say in Q2 the percentage of contract business was a little bit higher than normal due to slow demand or slow purchase from steel Service Centers.

ROBERT REDIN: Okay, so a bit more than 50 per cent on contract? All right. And also thinking of these imports, they've been coming down and you say the destocking will come to an end in Q3. But what are the drivers of the imports? Are they still there? Is the import-versus-domestic price differential still attractive enough? I'm assuming now that prices are stabilising that buying import material is more attractive than before when prices were fallen, given the long lead times on imports (Overspeaking)

MARTIN LINDQVIST: (Overspeaking) imports typically have long lead times but it's all a matter, as you say, of prices and that is of course heavily affected by currencies. So, if it's more efficient to export to the US than to sell it somewhere else, that will be seen. And over time the North American steel industry has mitigated that with trade barriers and so on, but now prices have come down and so the benefits of exporting into the US are not that big. Then of course you have also the balance between scrap and iron ore, so it's a bit complicated. But we follow inventories, we follow import statistics and we see that the import comes down and we see that the underlying demand is not going down. It's quite good and continues to be good and is expected to continue to be good.

So I think it's very hard to say where imports will go, but the conclusion would be that imports will continue to come down. But, if the US dollar strengthens a lot against other currencies, we could see imports increasing again. But against that then is what we now see when it comes to talks on trade barriers and so on, so to give you a clear and 100 per cent true answer is not that easy.

ROBERT REDIN: Okay. I'm just wondering if prices stabilise or go up, then the import domestic discount is more attractive than when prices were falling, given that --

MARTIN LINDQVIST: Yes.

ROBERT REDIN: That's the typical pattern, would you say?

MARTIN LINDQVIST: Yes. You need to remember we will always see imports into the US and North America because the market is structurally undersupplied with plate.

ROBERT REDIN: All right, cool. Those were my questions. Thank you.

OPERATOR: There are no other questions at this time. Please go ahead, speakers.

ANDREAS KOCH: Thank you. Do we have any final questions from the audience? Okay. If not, thank you for participating in this call and please feel free to contact our team for additional follow-up questions. Thank you.

MARTIN LINDQVIST: Thank you very much.

HÅKAN FOLIN: Thank you very much.