

# Presentation of the Q2/2023 report

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July 21, 2023

**SSAB**

# Agenda

- Q2/23 in brief
- Financials
- Outlook and summary
- Q&A

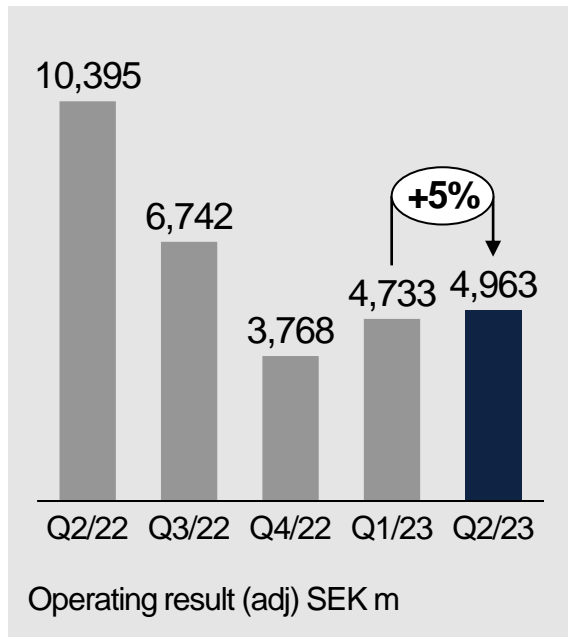


1.

Q2/23 in brief

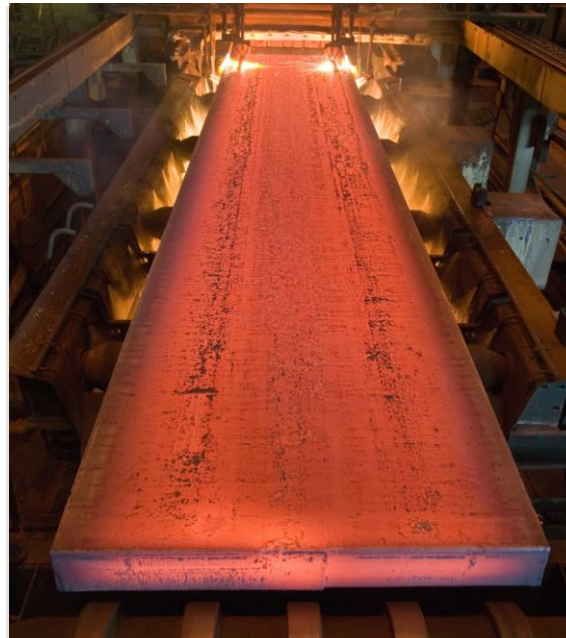
# Highlights in Q2

## Somewhat higher earnings vs. Q1/23



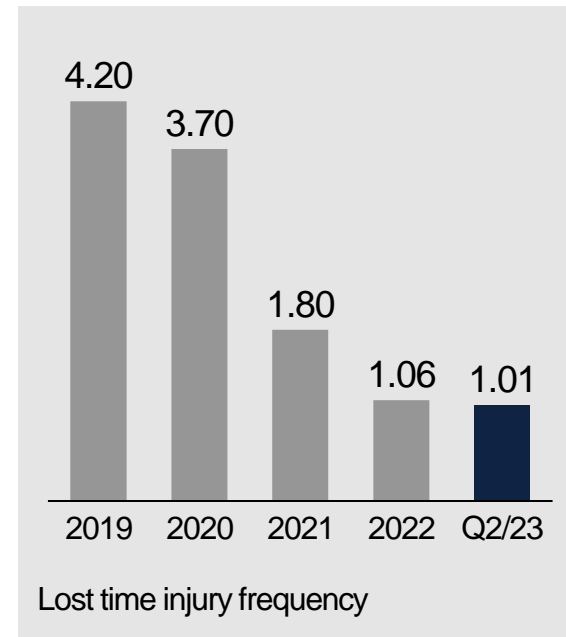
- Continued good result in Special Steels and Americas
- Weak European market and uncertain outlook

## Focus on actions to lower costs

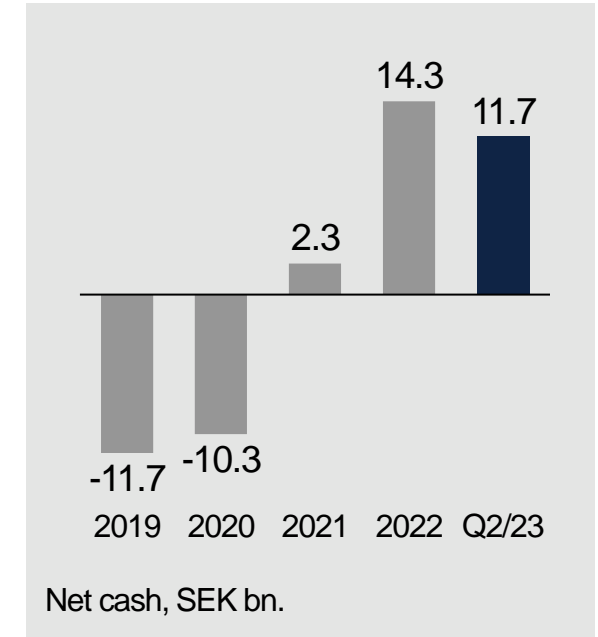


- Target to reduce Group costs by more than SEK 500m
- Temporary and permanent layoffs, work-hours bank, restrictions on new hires and other fixed costs

## Good trend in safety



## Strong balance sheet



- Dividend of SEK 9bn paid in Q2
- Good cash generation during Q2

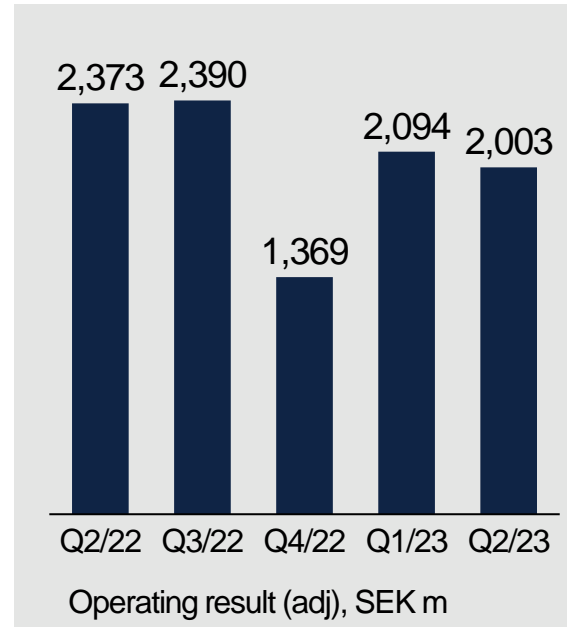
**SSAB**



# SSAB Special Steels

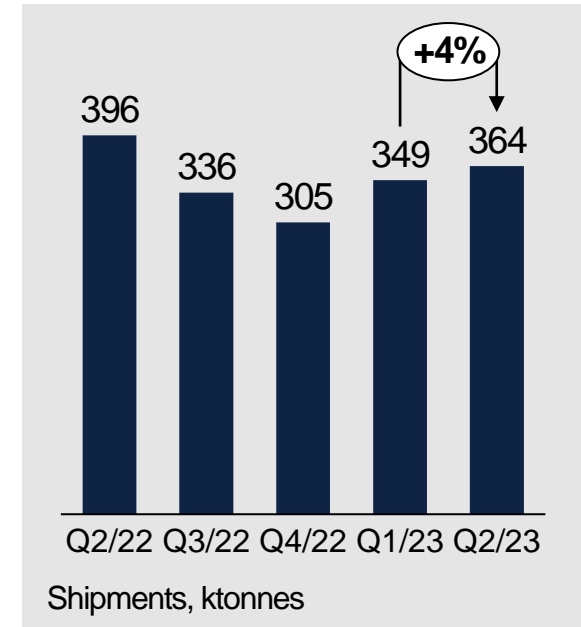


Earnings on good level



- Q4/22 impacted by planned maintenance

Shipments improving from Q1/23

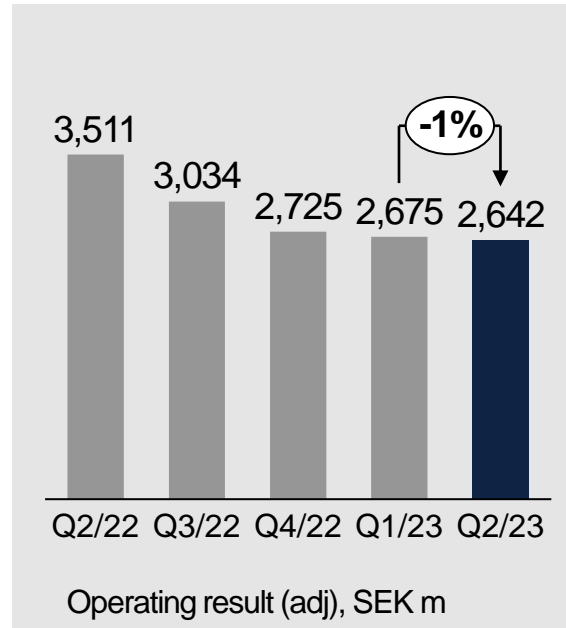


- European market weaker than in Q2/22

# SSAB Americas

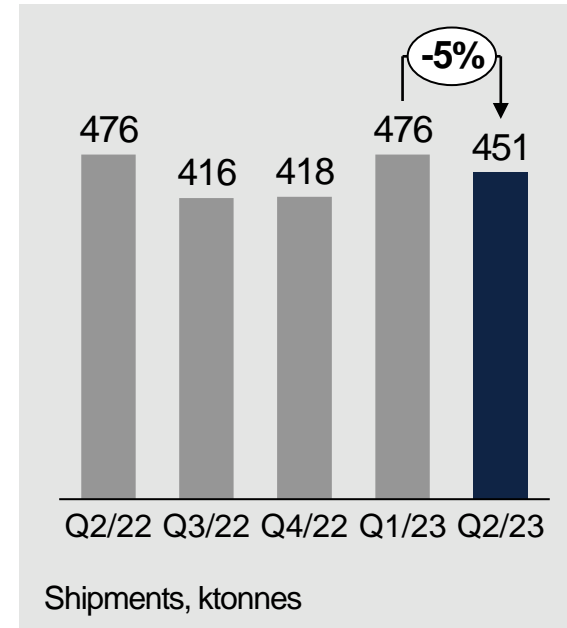


## Earnings on good level



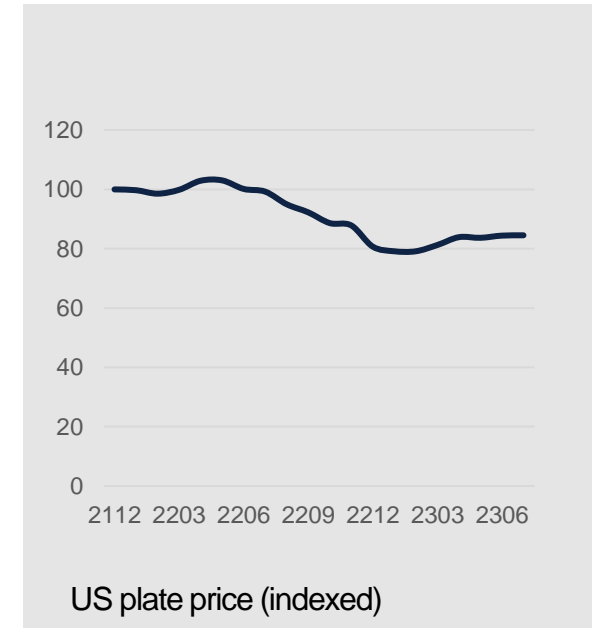
- Prices 2% higher vs. Q1/23

## Shipments somewhat lower



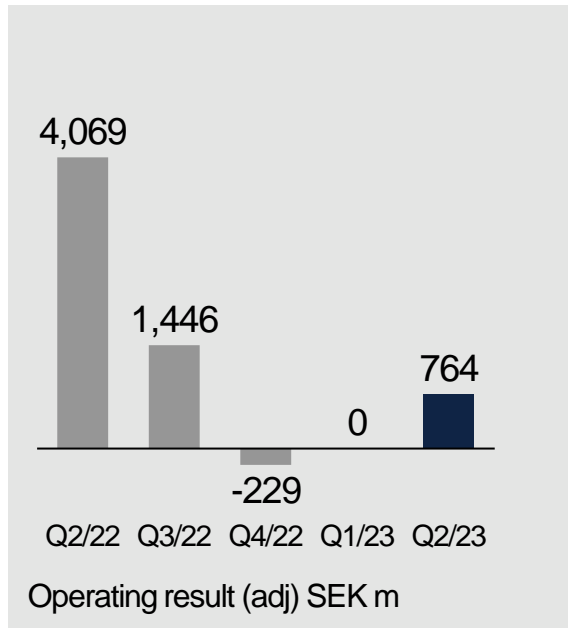
- Generally good demand
- Q2 impacted by bad weather conditions

## Stable market prices during H1



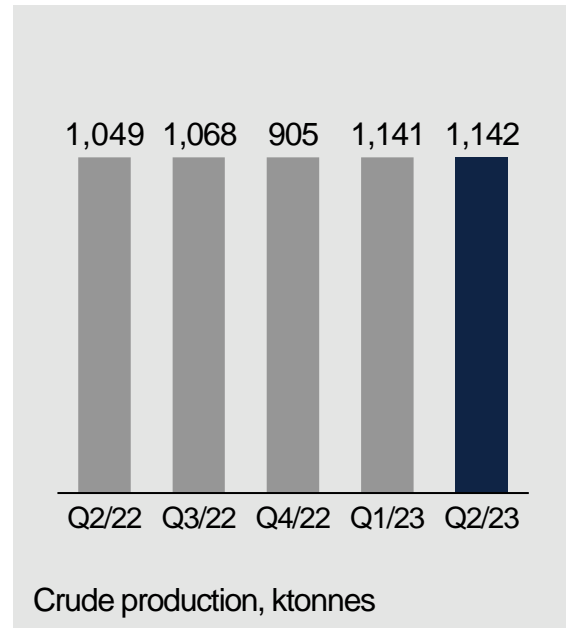
# SSAB Europe

Higher result vs. previous quarter

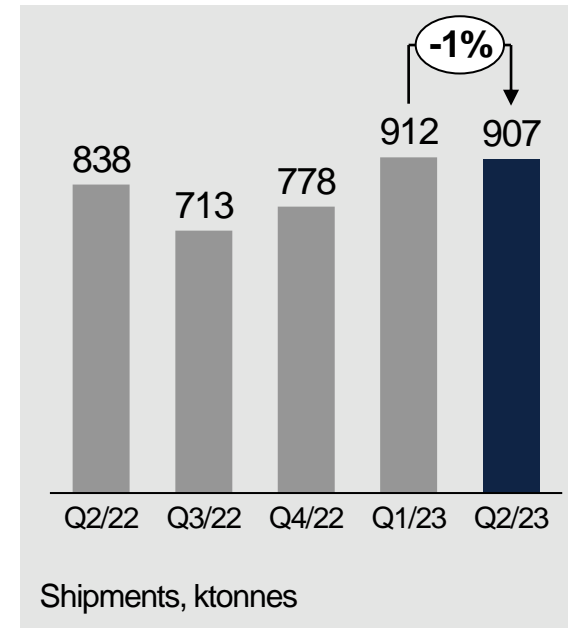


- Record earnings last year
- Measures to lower costs

Stable production during H1

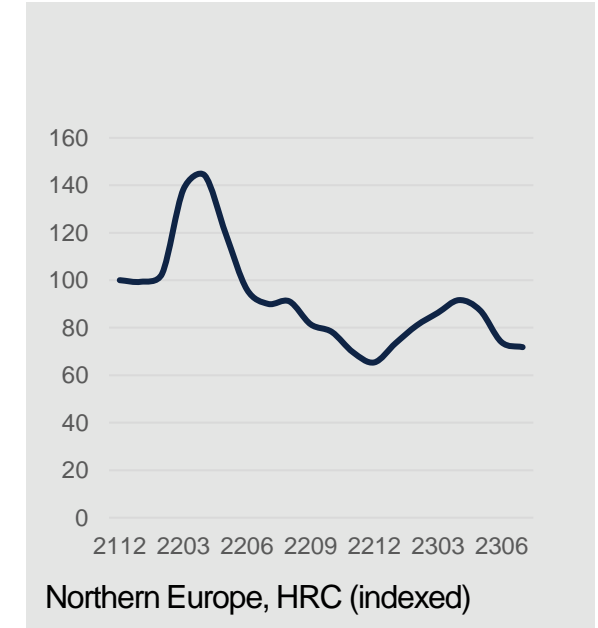


Shipments stable



- Automotive AHSS on high level
- Low shipments of construction related products

Market prices decreased in Q2

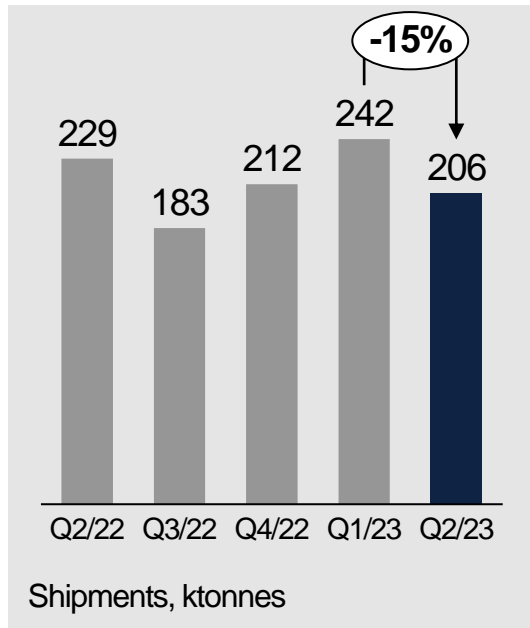


- Lower prices in Q3 due to normal lag



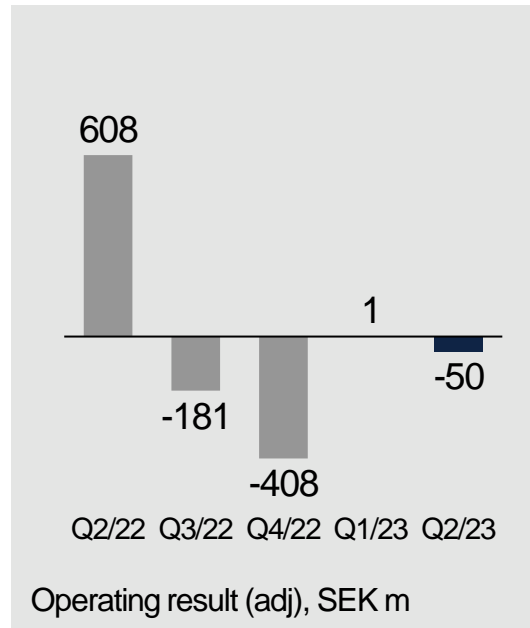
# Tibnor

## Lower shipments



- Weak market conditions

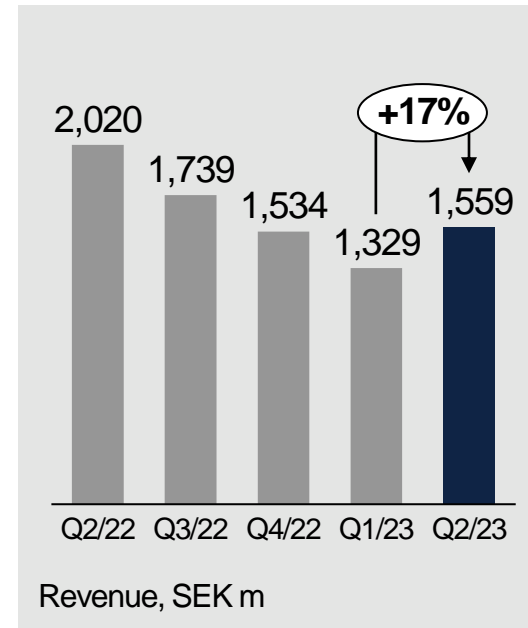
## Inventory losses continue



- Record high Q2/22 with inventory gains
- Measures to lower costs

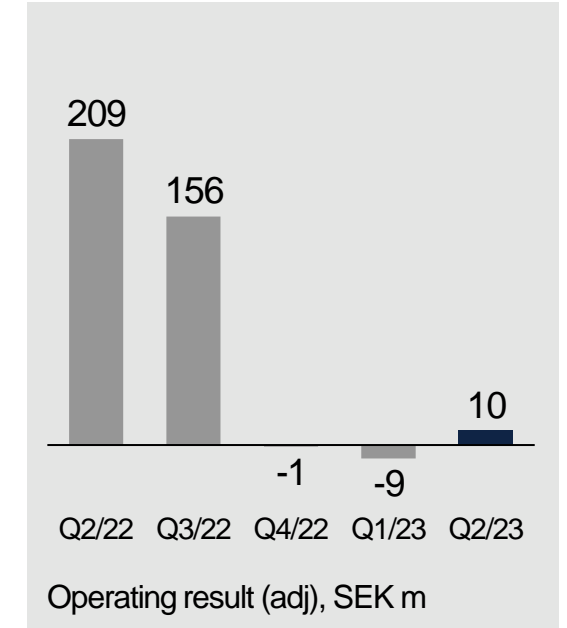
# Ruukki Construction

## Weak market



- Seasonal improvement vs. Q1/23 less pronounced than normal

## Further actions to reduce cost



- Positive effect of cost savings in Q2 (SEK 20m)



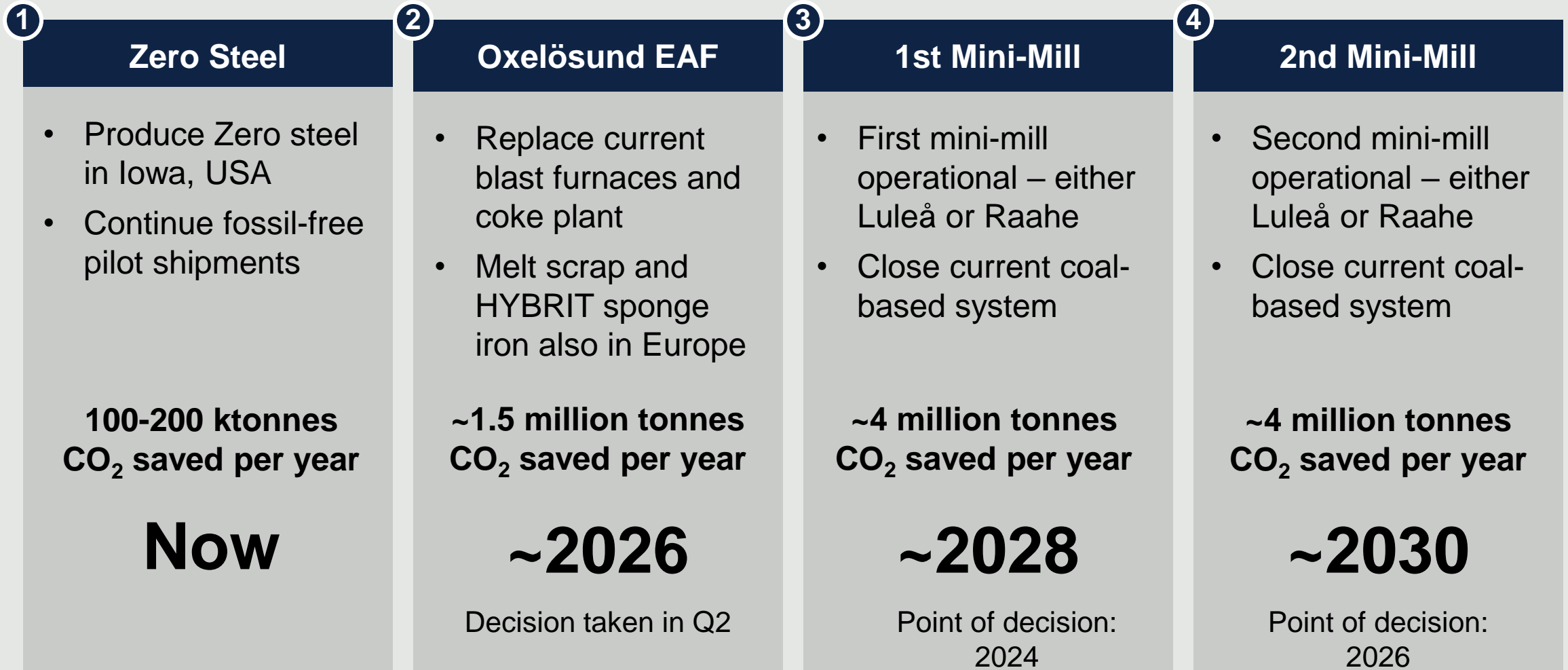
# Leading the green transformation – Q2 summary

- Ramp-up of SSAB Zero
- Investment decision in Oxelösund
- Study to explore possibilities for DRI in Raabe
- High-level TTC meeting in Luleå



# Plan to fossil-free production on track

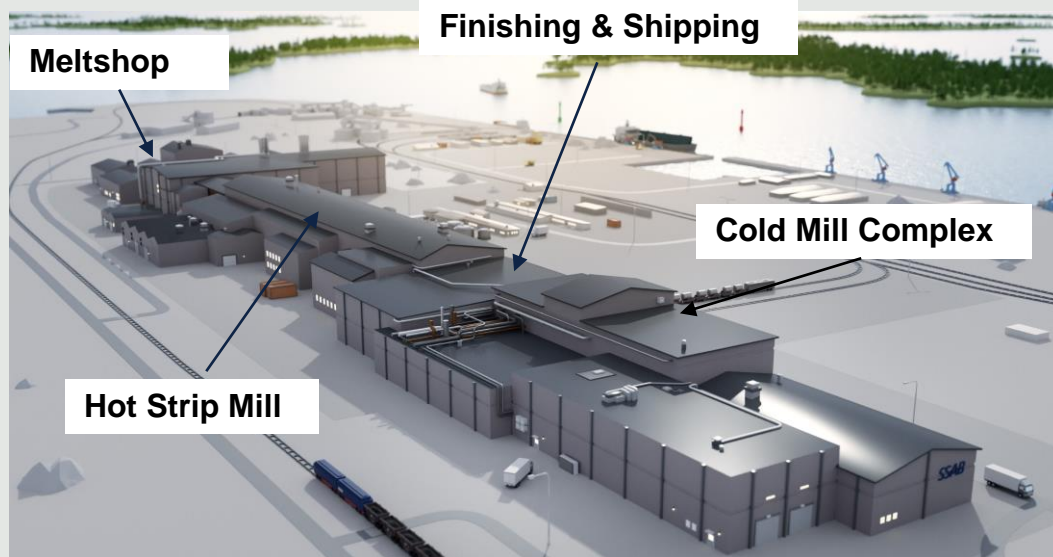
## Stepwise transformation





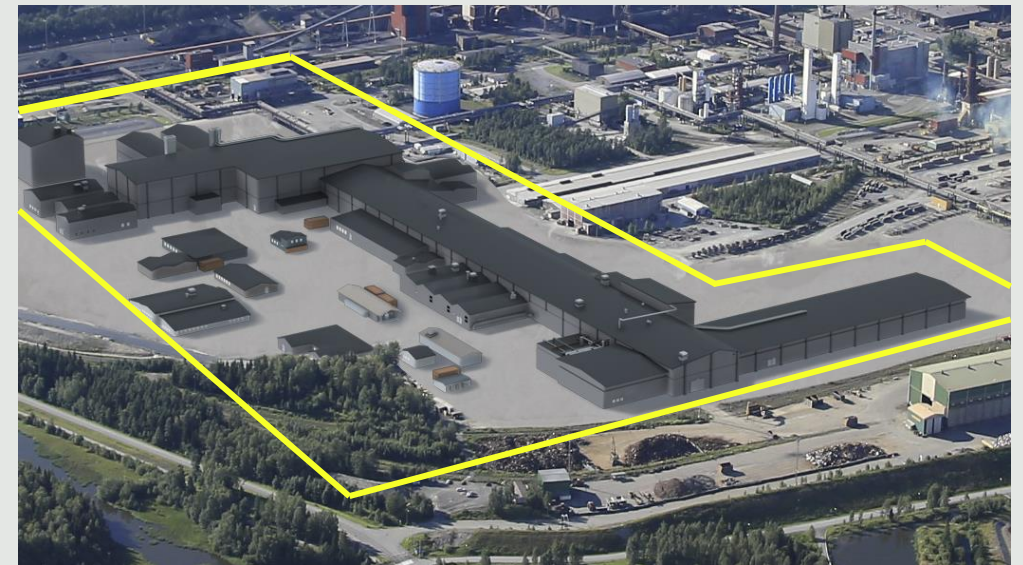
# Luleå mini-mill

- Policy decision in Jan 2022
- Dependent on grid connection and electricity
  - discussions on-going with relevant authorities
- Integrated process – meltshop, hot strip mill and cold mill complex in one facility
- Production of high-strength and premium steel for the European market



# Raahe mini-mill

- Policy decision in Jan 2022
- Positive signals on grid connections and electricity
- Close blast furnace, coke plant and strip mill
- Integrated process – steelmaking and direct rolling in one process line
- Option to add hydrogen DRI (Hybrit)



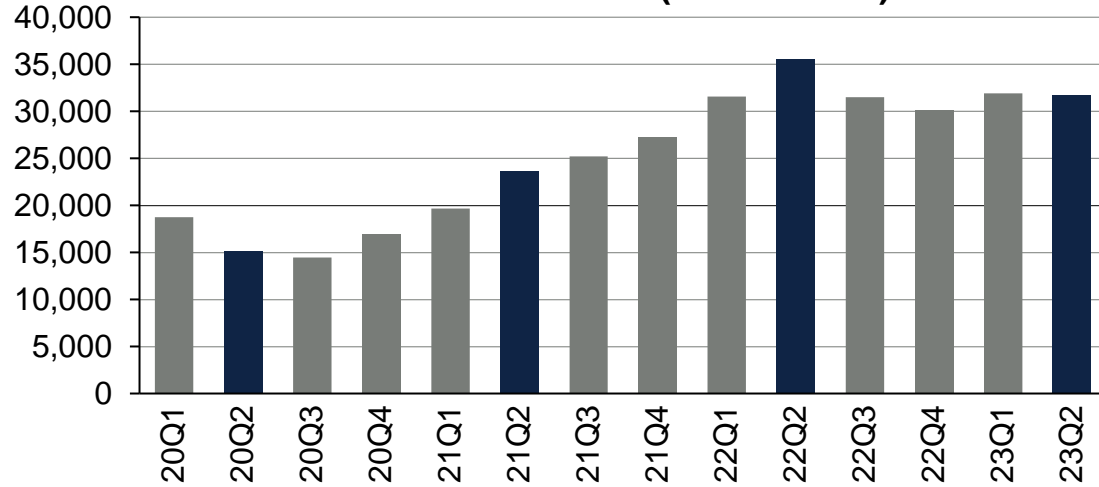


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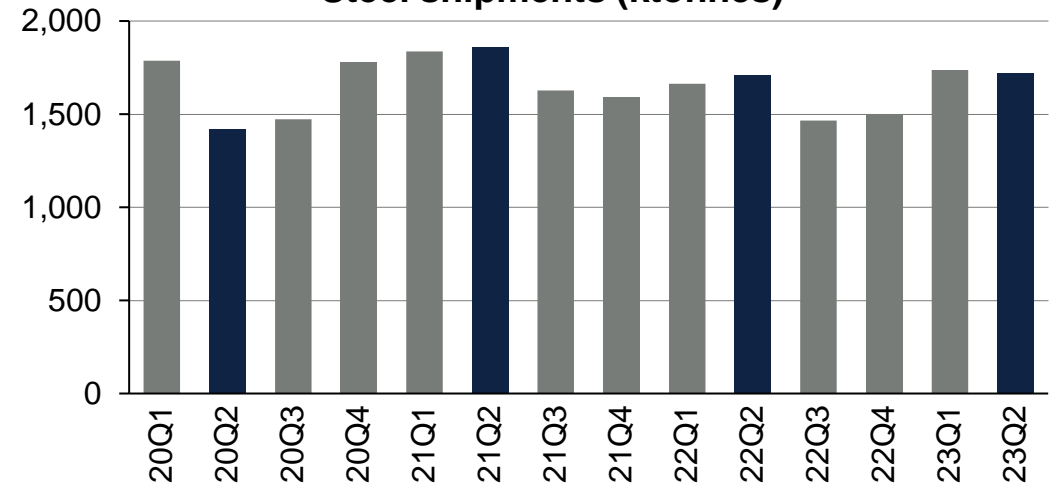
# Financials

# Some improvement in Q2/23 vs. Q1/23

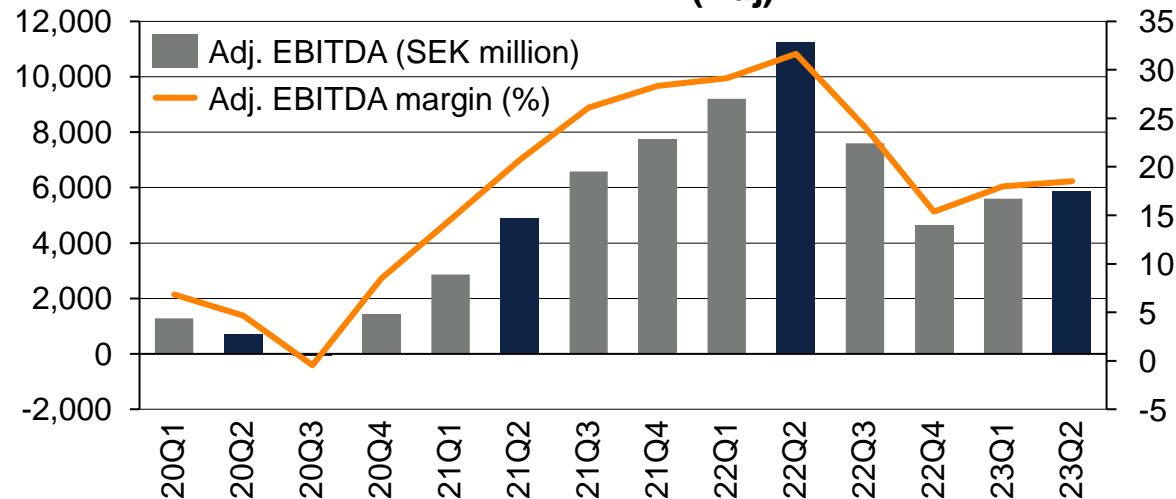
Revenue (SEK million)



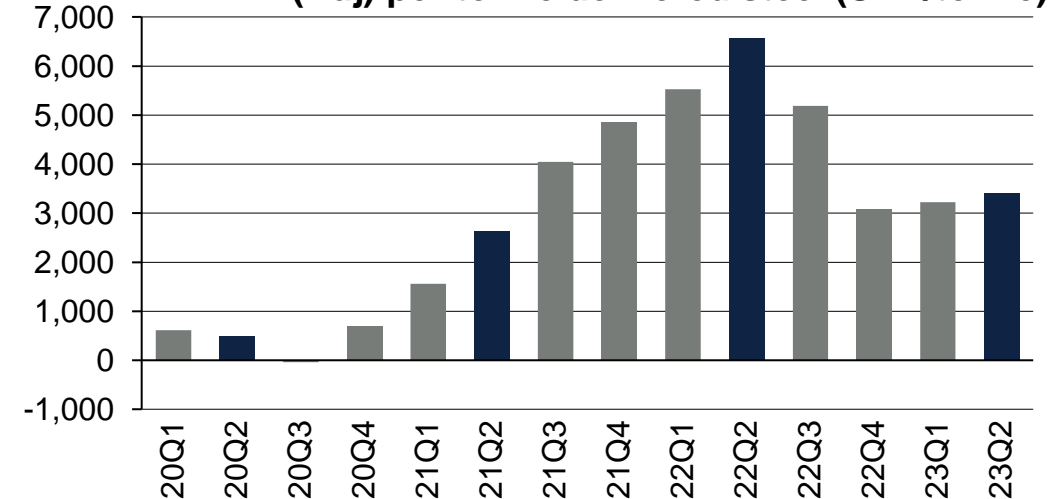
Steel shipments (ktonnes)



EBITDA (Adj)



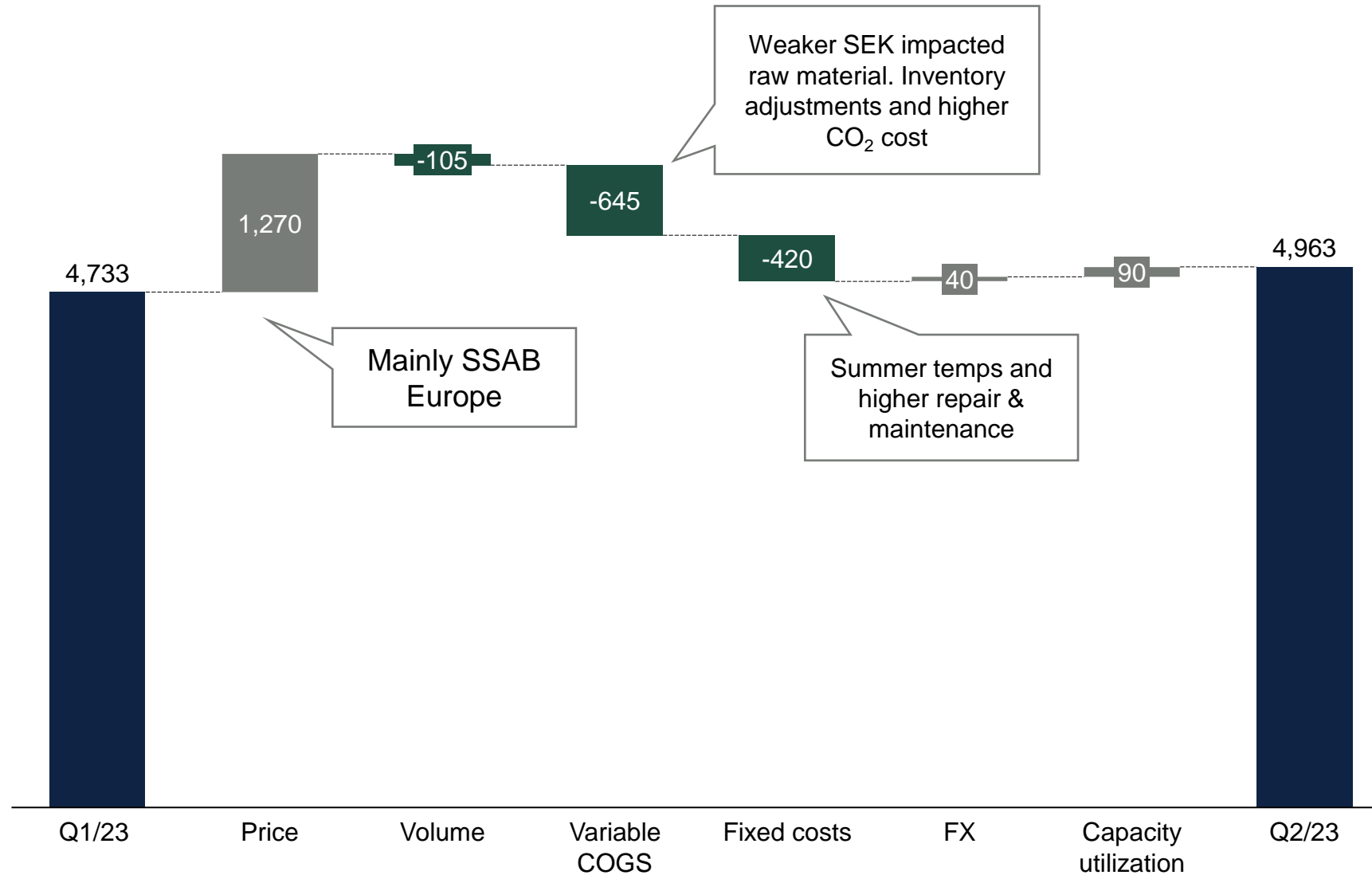
EBITDA (Adj) per tonne delivered steel (SEK/tonne)





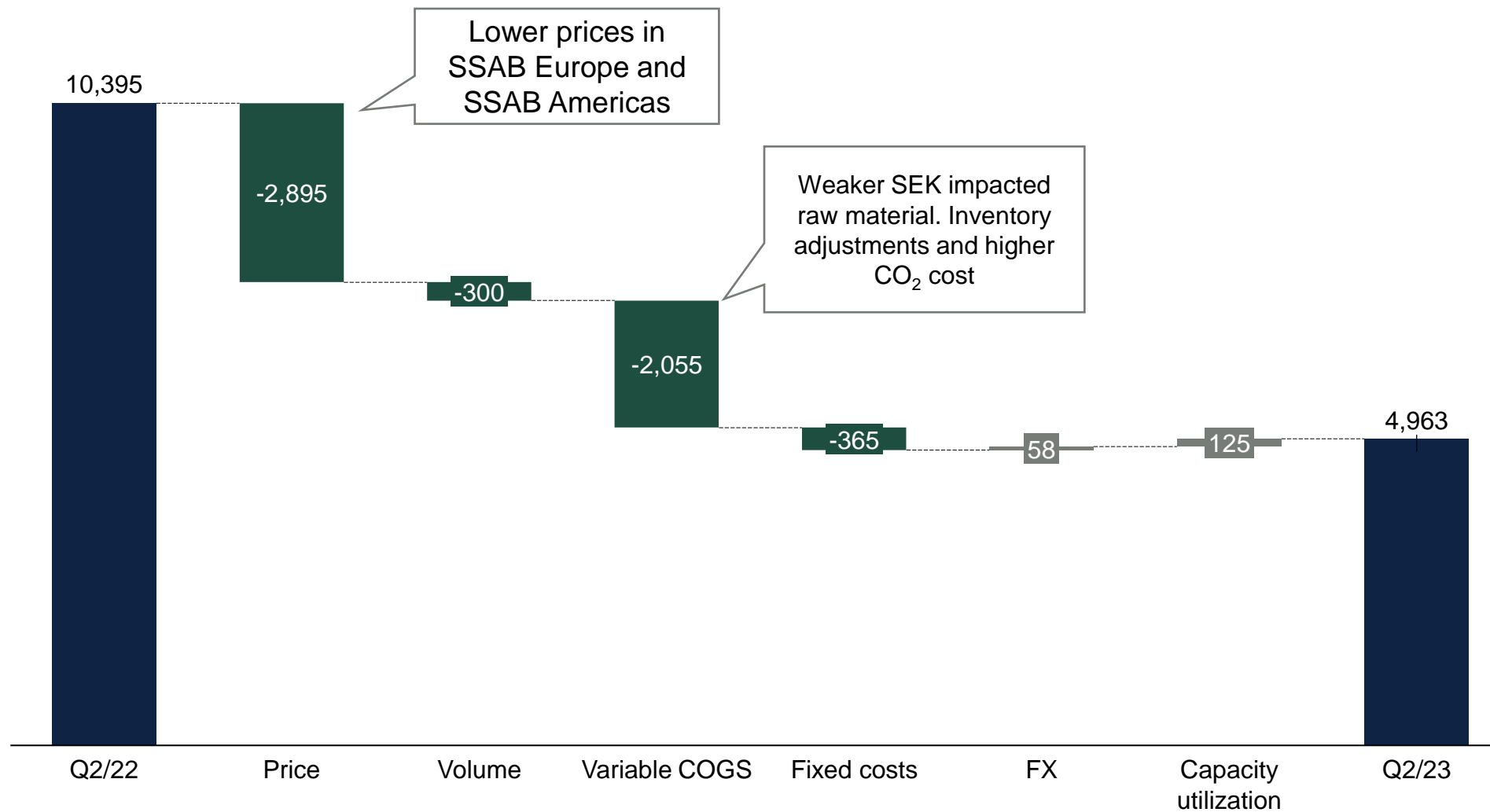
# Change in operating result (adj)

Q2/23 vs. Q1/23



# Change in operating result (adj)

Q2/23 vs. Q2/22

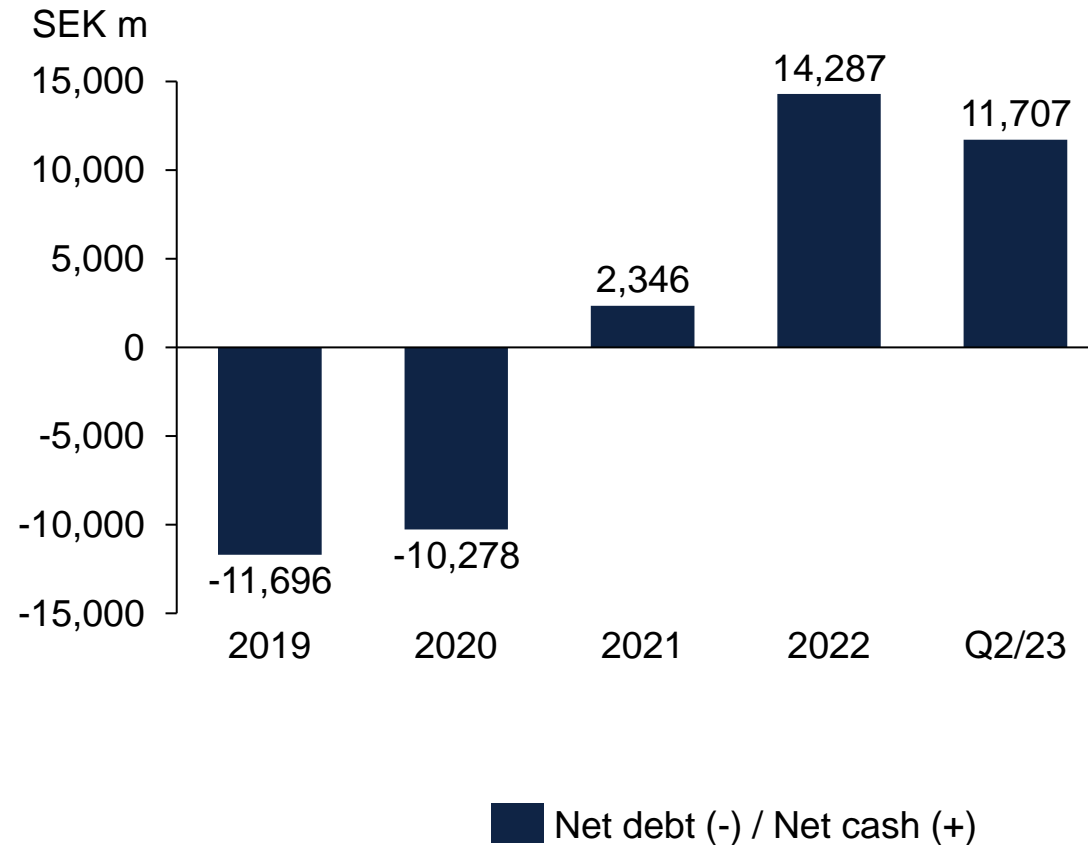


# Solid cash flow

	Q2/23	Q2/22	2022
SEK millions			FY
EBITDA	5,871	11,234	32,340
Change in working capital	1,094	-3,396	-8,279
Maintenance capital expenditures	-473	-429	-2,196
Other	-211	-286	828
<b>Operating cash flow</b>	<b>6,281</b>	<b>7,124</b>	<b>22,693</b>
Financial items	91	-42	-17
Income taxes	-1,672	-1,636	-5,947
<b>Cash flow from current operations</b>	<b>4,699</b>	<b>5,446</b>	<b>16,729</b>
Strategic expenditures in plants and machinery	-325	-478	-1,952
Acquisitions of shares and operations	0	-148	-537
Investments in affiliated companies and JVs	-	-	-79
Divestments of shares and operations	61	-	-
<b>Cash flow before dividend</b>	<b>4,435</b>	<b>4,820</b>	<b>14,161</b>
Dividend, Parent company's shareholders	-8,960	-5,406	-5,406
Dividend, non-controlling interest	-2	-7	-7
Acquisitions of shares, non-controlling interest	-	-	-
<b>Net cash flow</b>	<b>-4,526</b>	<b>-593</b>	<b>8,748</b>

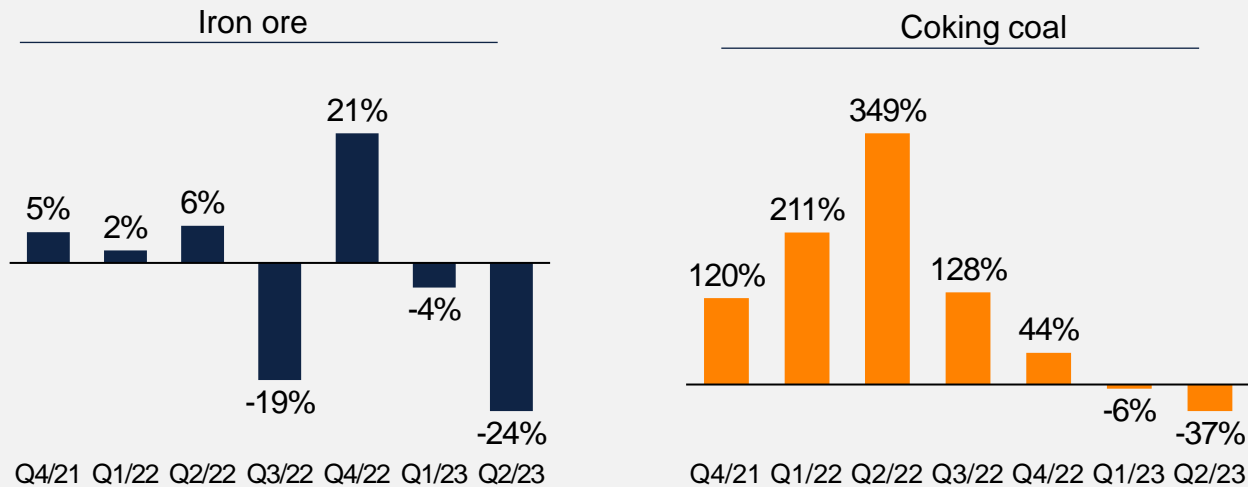
# Strong financial position

- Net cash of SEK 11.7bn at the end of Q2/23
- Net debt/equity ratio -17% (-8%)
- Dividend paid in Q2 (SEK 8.70 per share), corresponding to a total of SEK 9bn
- Sustainability linked bond in Q2 – strong interest from the financial market



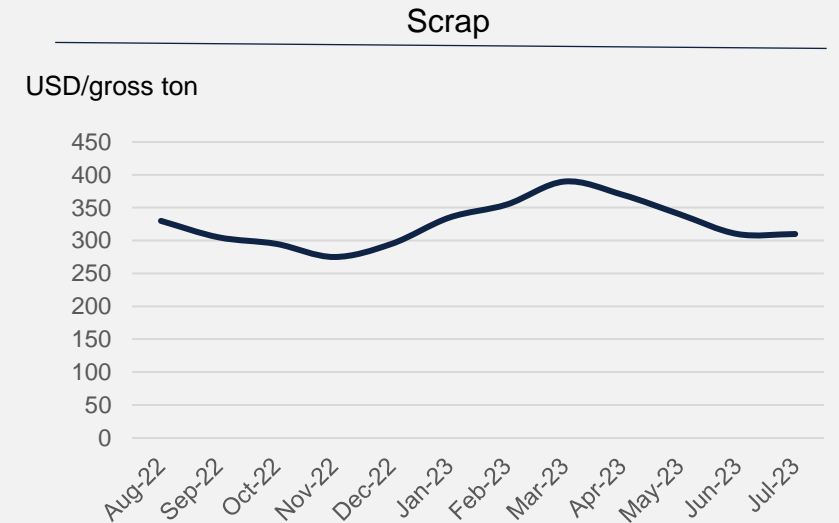
# Raw material

SSAB's purchase price, year over year changes



- The cost of raw materials is expected to be somewhat lower than prior quarter

Market prices (AMM)

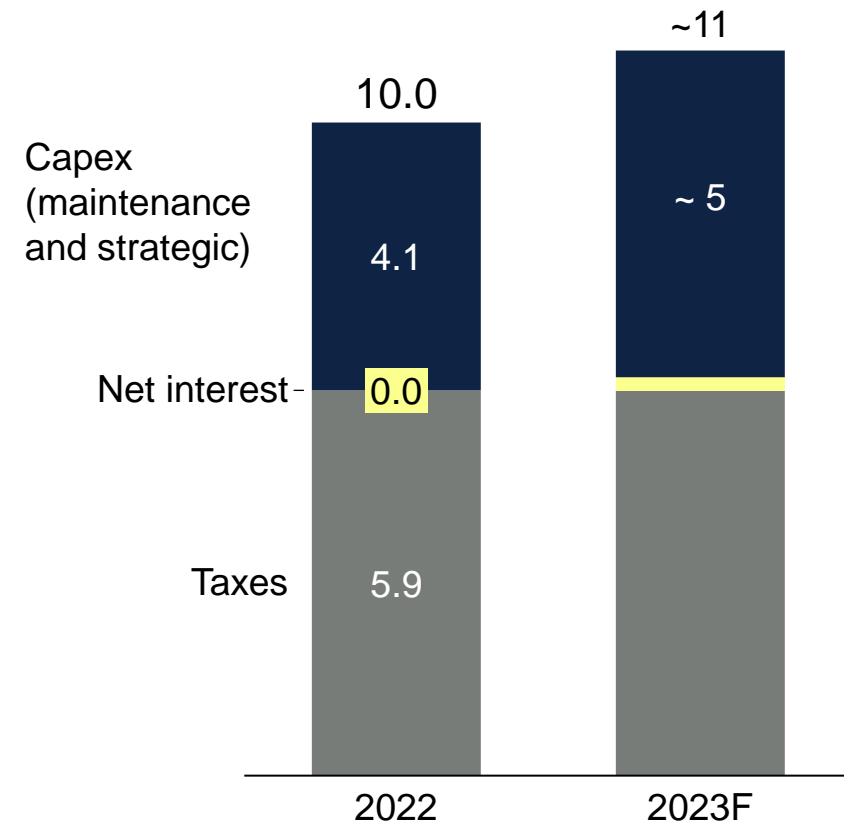


- Scrap prices stabilizing in July



# Cash needs of the business

- Total cash needs<sup>1)</sup> in 2023 estimated at around SEK 11bn (unchanged)
- Higher strategic capex vs. 2022 due to ramp-up of Oxelösund conversion
- As a starting point, a stable taxes paid has been assumed. It will, however, depend on the level of earnings in 2023.



1) Cash needs defined as capex, interest paid and taxes paid. Excluding working capital

# Expected maintenance costs

- SSAB's total maintenance costs for 2023 are expected to be SEK 1,550 (1,540) million, unchanged to previous forecast
- Most maintenance to be carried out in Q4

SEK million	Q1/23	Q2/23	Q3/23	Q4/23	FY 2023
SSAB Special Steels	-	-	75	600	<b>675</b>
SSAB Europe	-	-	350	200	<b>550</b>
SSAB Americas	-	-	-	325	<b>325</b>
<b>Total</b>	-	-	<b>425</b>	<b>1,125</b>	<b>1,550</b>











Note: The estimates shown in table includes direct maintenance cost and cost of lower capacity utilization (under absorption) but excludes lost margins.



3.

# Outlook and summary

# SSAB's outlook for main customer segments Q3/2023

Segment	Demand	Comments	 Strong	 Neutral	 Weak
Heavy Transport		<ul style="list-style-type: none"> <li>- Signs of slowdown in heavy trucks in Europe</li> <li>- Healthy demand from rail car and shipbuilding in the US</li> </ul>			
Automotive		<ul style="list-style-type: none"> <li>- Structurally growing AHSS market</li> <li>- Signs of slowdown of car demand (inflation, higher interest rates)</li> </ul>			
Construction Machinery		<ul style="list-style-type: none"> <li>- Good demand in North America</li> <li>- Weaker demand in Europe, China weak</li> </ul>			
Material Handling		<ul style="list-style-type: none"> <li>- Somewhat cautious sentiment within mining</li> <li>- Stable demand in recycling</li> </ul>			
Energy		<ul style="list-style-type: none"> <li>- Good demand for wind power and other renewables</li> </ul>			
Construction		<ul style="list-style-type: none"> <li>- European market impacted by inflation, higher interest rates</li> <li>- Weak Nordic market expected throughout 2023</li> </ul>			
Service Centers		<ul style="list-style-type: none"> <li>- Low inventories in the US, hesitant due to price level</li> <li>- Inventories normal in Europe, wait-and-see mode</li> </ul>			

# SSAB's outlook for Q3/2023

- Demand in Europe weakened during Q2 and there is a risk of a more pronounced downturn than normal in Q3
- Demand on the heavy plate market in North America is expected to continue at a good level
- Demand for high-strength steel has been good, but customers are showing signs of a more cautious sentiment

Volume and pricing outlook		
Q3/23 vs. Q2/23	Shipments	Realized prices
SSAB Special Steels	Somewhat lower	Somewhat lower
SSAB Europe	Significantly lower	Lower
SSAB Americas	Somewhat higher	Stable

*Definitions: Significantly lower (>10%), Lower (5-10%), Somewhat lower (0-5%), Stable (~0%), Somewhat higher (0-5%), Higher (5-10%), Significantly higher (>10%)*



# Summary

- Continued good trend in safety
- Weaker European market – measures to reduce cost
- Good cash flow generation
- Strong financial position
- Leading the green transition
  - Investment decision for Oxelösund
  - Ramp-up of SSAB Zero
  - Exploring possibilities for DRI in Raahe





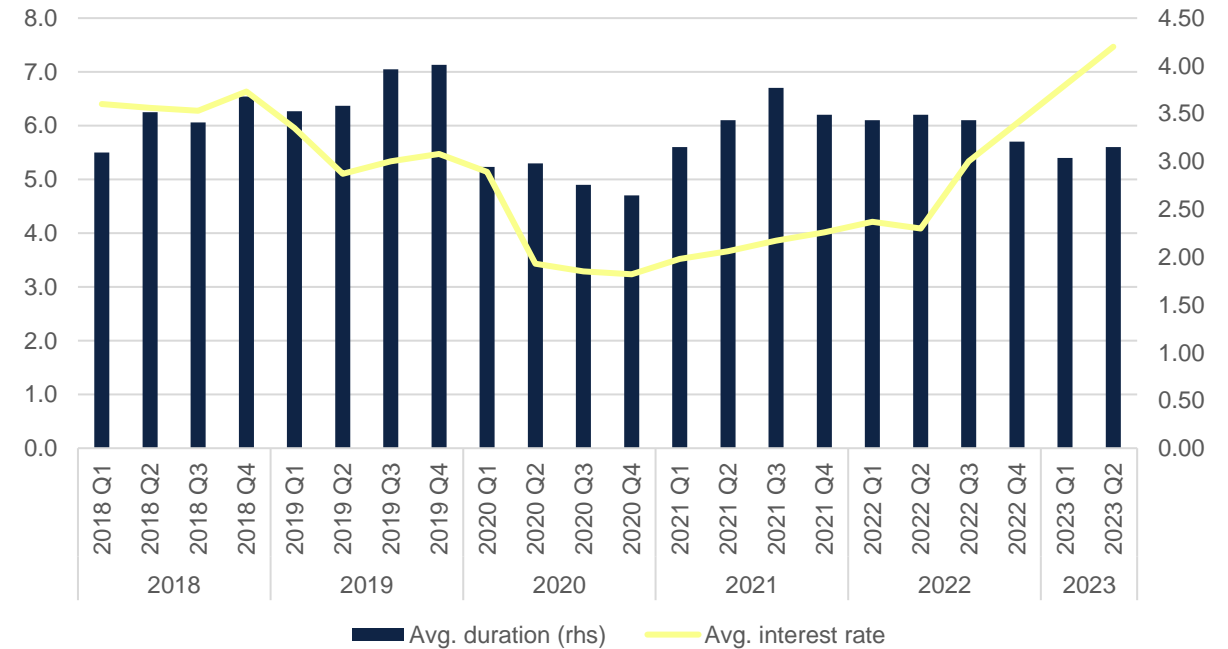
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# Questions and Answers

# Appendix

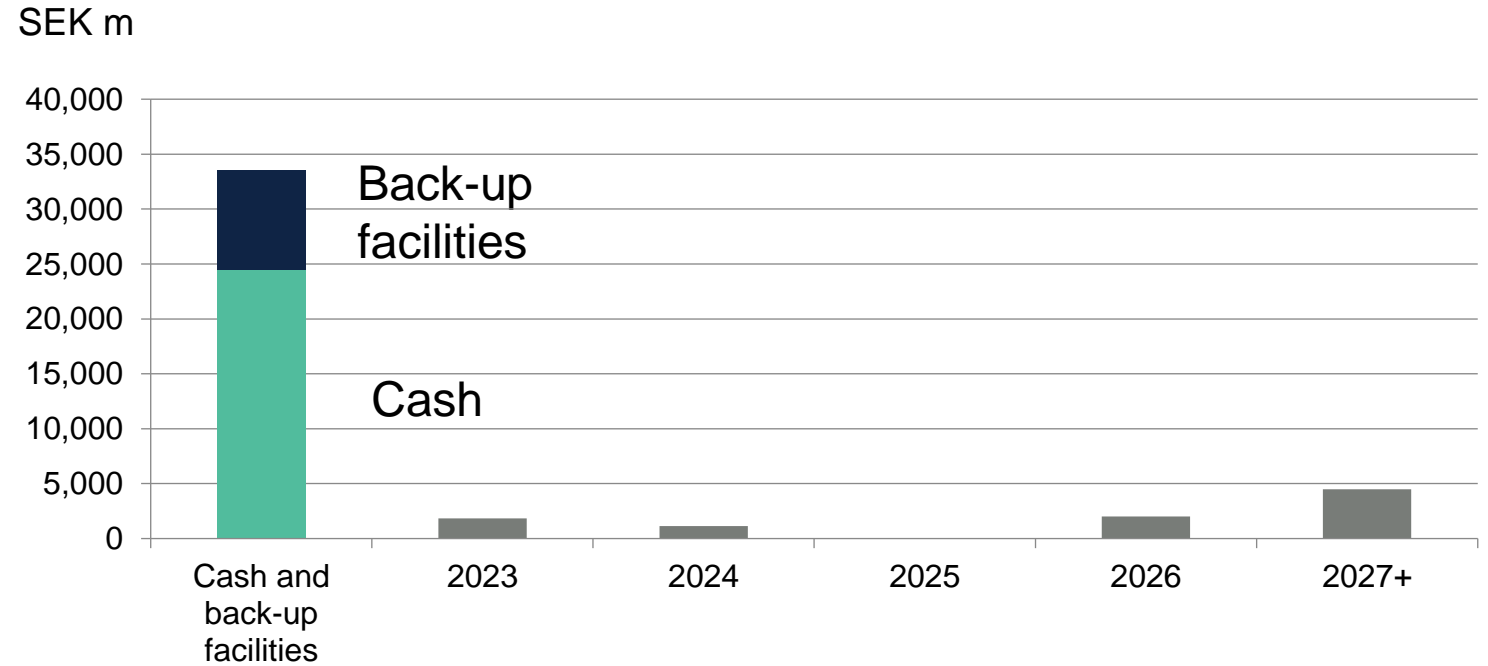
# Debt portfolio duration and interest rate

- Duration of the loan portfolio was 5.6 (6.2) years
- Averaged fixed interest term was 1.3 (1.1) years
- Average interest rate was 4.2% (2.3%)



# Maturity profile

- Liquid assets and committed credit lines at SEK 33.3 bn



SSAB