SSAB

ANNUAL REPORT 2018

Toward industry-leading profitability

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BUSINESS REVIEW 2018

SSAB is listed on NASDAQ Stockholm (Large cap list) and has a secondary listing on NASDAQ Helsinki.

SSAB IN BRIEF

SSAB is a highly-specialized global steel company driven by close relationships with our customers. SSAB develops high-strength steels and provides services for better performance and sustainability.

The company is a leading producer on the global market for Advanced High-Strength Steels (AHSS) and Quenched & Tempered Steels (Q&T), strip, plate and tube products, as well as construction solutions. SSAB's steels and services help to make end products lighter and increase their strength and lifespan.

WE ARE UNIQUE

- Global leadership in value-added high-strength steels
- Most innovative services and applications
- Home-market leadership in the Nordics and the US
- Long-term customer relationships
- Strong end-user focus
- Globally recognized brands

SSAB has been at the forefront of sustainability in many ways. With confidence deriving from our traditions, we now strive to do even more. Our plan is to eliminate all of our CO_2 emissions by 2045. Read more about the HYBRIT initiative, which plays a key role in achieving this, on page 26.

75
Net sales, SEK billion

50
Employees in more than 50 countries

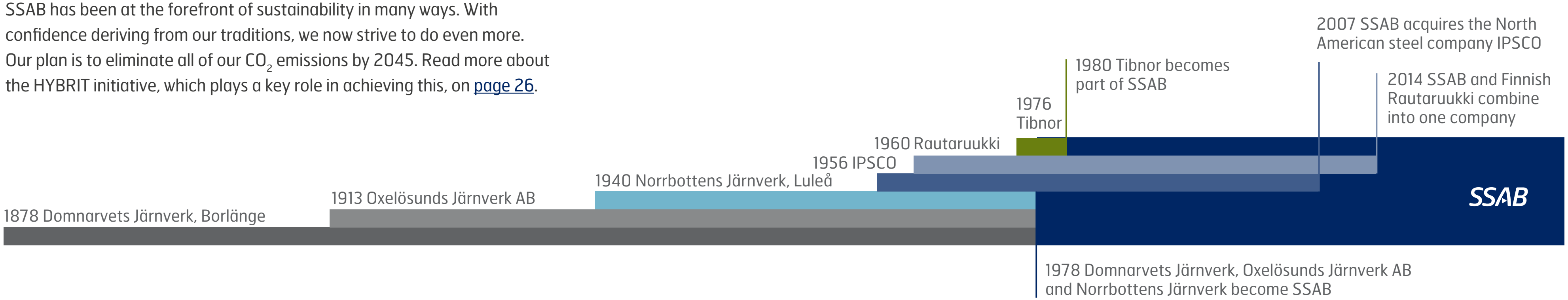
3.45
Earnings per share, SEK

5.2
EBIT, SEK billion

14,300
Approximate number of employees

President & CEO
Martin Lindqvist

Headquarters
Stockholm, Sweden



SSAB SPECIAL STEELS

Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)

Global product brands with a unique market position

HARDOX® WEAR PLATE   STRENX® PERFORMANCE STEEL

MAIN PRODUCTION SITE

- Oxelösund, Sweden

23% of SSAB Group's total sales

21% of SSAB Group's total EBITDA

SSAB EUROPE

Leading Nordic-based premium steel producer of high-quality strip, plate and tube products

Focus on the home market and selected growth areas like high-strength steels for the automotive segment

DOCOL® THE AUTOMOTIVE STEEL   GREENCOAT® COLORFUL STEEL

MAIN PRODUCTION SITES

- Borlänge, Sweden
- Hämeenlinna, Finland
- Luleå, Sweden
- Raahe, Finland

36% of SSAB Group's total sales

46% of SSAB Group's total EBITDA

SSAB AMERICAS

Market-leading North American producer of quality steel plate and coil

Strong production base with an industry-leading quality and cost position

Nearly 100% scrap-based production

MAIN PRODUCTION SITES

- Mobile, Alabama, US
- Montpelier, Iowa, US

22% of SSAB Group's total sales

27% of SSAB Group's total EBITDA

TIBNOR

Leading supplier of steel, other metals and processing services in the Nordics

11% of SSAB Group's total sales

3% of SSAB Group's total EBITDA

RUUKKI CONSTRUCTION

Sustainable building and construction products and services in Europe

8% of SSAB Group's total sales

3% of SSAB Group's total EBITDA

SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.

SSAB has a cost-efficient and flexible production system. SSAB's production plants in Sweden, Finland and the US have an annual steel production capacity of approximately 8.8 million tonnes.

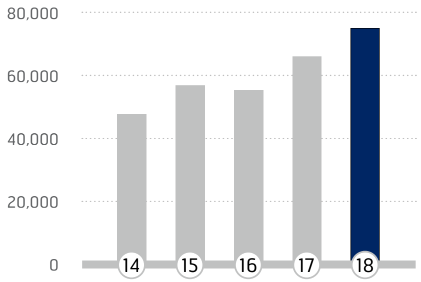
2018 IN BRIEF

Key figures	2018	2017
Sales, SEK million	74,941	66,059
Operating profit before depreciation/amortization, EBITDA[1], SEK million	8,952	7,591
Operating profit[1], SEK million	5,181	3,838
Profit after financial items[1], SEK million	4,644	2,863
Earnings per share, SEK	3.45	2.23
Operating cash flow, SEK million	5,969	6,511
Dividend per share, SEK – 2018 proposal	1.50	1.00
Energy consumption, GWh	9,448	9,208
Carbon dioxide emissions[2], thousand tonnes	9,833	9,854
Employees[3]	14,313	14,925
Lost time incident frequency (LTIF)[4]	6.1	5.6

[1] Excluding items affecting comparability
[2] Direct emissions from production (Scope 1)
[3] Permanent employees at year end
[4] Number of accidents resulting in an absence of more than one day per million working hours, including contractors

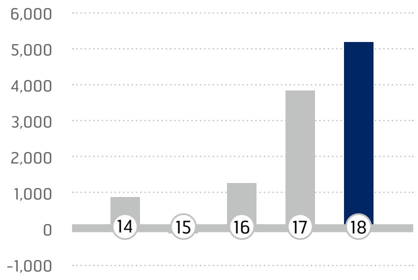
Total sales

SEKm



Operating profit/loss[1]

SEKm



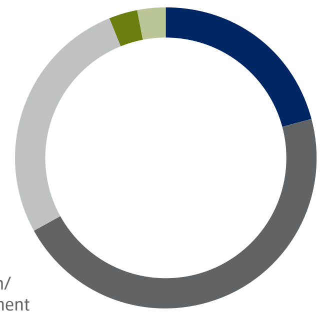
[1] Excluding items affecting comparability

Sales

- SSAB Special Steels 23%
- SSAB Europe 36%
- SSAB Americas 22%
- Tibnor 11%
- Ruukki Construction 8%

Share of EBITDA[1]

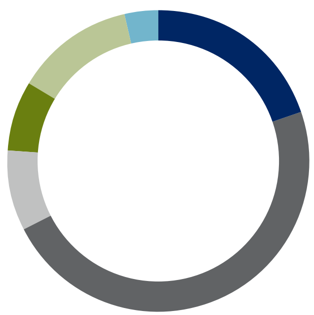
- SSAB Special Steels 21%
- SSAB Europe 46%
- SSAB Americas 27%
- Tibnor 3%
- Ruukki Construction 3%



[1] Operating profit/loss before depreciation/amortization (EBITDA) per business segment

Employees[1]

- SSAB Special Steels 20%
- SSAB Europe 48%
- SSAB Americas 9%
- Tibnor 7%
- Ruukki Construction 13%
- Other 3%



[1] Permanent employees at year end

VISION AND VALUES

OUR VISION

A stronger, lighter and more sustainable world

Together with our customers, we will go further than anyone else in realizing the full potential of lighter, stronger and more durable steel products.

OUR VALUES

CUSTOMERS' BUSINESS IN FOCUS

- We constantly listen to and understand our customers' needs
- We aim to always take an active, long-term interest in our customers' business
- We want to earn our customers' trust
- We want to be our customers' innovation partner

TAKING RESPONSIBILITY

- We build strong, long-lasting relationships by being professional, cooperative and honest
- We keep our promises
- We work safely and responsibly
- We respect people and strive for diversity

EXCEEDING EXPECTATIONS

- We are dedicated, ambitious and proud of what we do
- We are straightforward, results-oriented and quickly take action
- We don't do things that don't create value for our stakeholders
- To achieve top performance, we always challenge ourselves and further enhance our expertise

SSAB'S VALUE CREATION

SSAB's value creation model describes how value is created through SSAB's business model, which takes different types of inputs and transforms them into outputs through business activities. These create value for SSAB and our stakeholders, including society and the environment.

INPUT

FINANCIAL
- Average capital employed: SEK 74.4bn
- Equity: SEK 59.5bn
- Long-term debt: SEK 11.7bn

PEOPLE
- 14,300 employees in more than 50 countries
- Subcontractors and service providers

NATURAL RESOURCES
- Iron ore pellets: 7.1 Mtonnes
- Scrap metal: 3.8 Mtonnes
- Coal, coke and other reducing agents: 2.5 Mtonnes
- Other raw materials: 1.8 Mtonnes
- Fuels: 4,694 Gwh
- Electricity: 4,729 Gwh
- Water: 433 Mm³

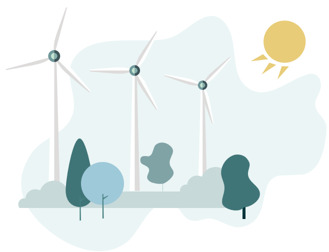
INFRASTRUCTURE
- 5 steel production sites
- Other production and processing facilities
- Steel Service Centers
- Hardox® Wearparts network, 483 members
- Stocks and distribution network
- Sales office network

EXPERTISE AND REPUTATION
- Research and development
- Knowledge in high-strength steels
- Knowledge of customers' applications
- Expertise in technical support
- Brands and brand programs
- Patents

SOCIAL/RELATIONSHIP
- Strong, responsible supplier network, 20,000 suppliers
- Global sales network
- Joint innovation projects with customers
- Customer training
- Community engagement
- Industry and government participation

SSAB

VISION
A stronger, lighter and more sustainable world



VALUES
Customers' business in focus
Taking responsibility
Exceeding expectations

STRATEGY
Taking the Lead! -strategy
SSAB One -management philosophy
See page 19

OUTPUT

PRODUCTS AND SOLUTIONS
- SSAB Special Steels: 1.3 Mtonnes
- Automotive premium steels: 562 Ktonnes
- Other high-quality strip, plate and tubular products: 3.0 Mtonnes
- Construction products and solutions worth SEK 6.1bn

SERVICES
- Technical support
- Innovation support
- Customer partnership

BY-PRODUCTS
- Residuals utilized internally or externally: 3.3 Mtonnes
- Scrap metal for recycling: 0.9 Mtonnes
- Electricity generated from process gases: 1,418 GWh
- Heat sold externally: 1,173 GWh

EMISSIONS AND WASTE
- Emissions into the air:
  CO_2: 10,944 Ktonnes (Scope 1+2)
  SO_2: 2.3 Ktonnes
  NOx: 3.3 Ktonnes
  Particles: 0.6 Ktonnes
- Waste: 475 Ktonnes

OUTCOME

ECONOMIC VALUE CREATED AND DISTRIBUTED TO STAKEHOLDERS
- Payments to suppliers of raw materials, goods and services: SEK 56.9bn
- Employee wages and benefits: SEK 9.5bn
- Dividends, interest payments and financial expenses: SEK 1.9bn
- Taxes to the public sector: SEK 2.2bn
- Donations and sponsored local activities

SUSTAINABLE OFFERING
- Innovative, sustainable steel applications
- Customers' improved competitiveness
- Reduced impact on the environment through higher penetration rate of high-strength steels globally; end products from less raw materials, with lower weight and fuel consumption, increased load capacity and longer lifespans all leading to reduced CO_2 emissions in the use phase
- Improved energy efficiency in buildings

SUSTAINABLE OPERATIONS
- More efficient use of natural resources and reduced CO_2 emissions by utilizing residuals and recycled steel as raw materials
- Improved energy efficiency through energy recovery and systematic energy management
- Contribution to climate change mitigation and future fossil-free steel production with the help of the HYBRIT initiative

RESPONSIBLE PARTNER
- A safe and healthy work environment for SSAB's employees and contractors
- Equal opportunities for a diverse and inclusive workforce
- Opportunities for competence and career development for employees
- Responsible business practices throughout the value chain
- Long-term contracts and relationships with suppliers
- Creation of local employment through own operations and local sourcing
- Local sponsorships and internships
- Attracting future employees

CEO'S REVIEW

"SSAB reported improved results for 2018. Our growth initiative is progressing to plan, which in turn strengthened our product mix. The US heavy plate market improved and prices rose sharply. Cash flow was strong and the Board has proposed a higher dividend. Given our leading position in our focus markets and a strong balance sheet, SSAB is well equipped to bring our strategy to a successful conclusion irrespective of the business cycle."

INCREASED DEMAND

Demand and the market developed in line with our expectations and forecasts during 2018 and we are continuing our plan toward our strategic growth targets. Our high-strength steels enable large OEMs and the automotive industry to provide products with better sustainability credentials. Continued infrastructure investments in many regions are also an important driver for high-strength steels. Our well-developed global sales network makes us well positioned for continued growth.

The heavy plate market in the US improved and prices rose sharply in 2018. Demand was good in all major segments, including energy, construction and earth-moving machinery, and heavy transport. The import tariffs on steel introduced during the first half of 2018 have boosted demand for material produced locally in the US. SSAB is the largest heavy plate producer in North America and around 90% of the volumes SSAB sells in the US are produced locally.

Operating profit for 2018 rose to SEK 5.2 billion. Cash flow remained strong and the Board has proposed a higher dividend. At the same time, we faced some challenges during the year. Breakdowns in our production equipment meant that were unable to fully see the positive earnings impact of growing special steel volumes. Improved production stability is a top priority for SSAB and we have already completed a number of measures to this end. We will continue to work on this front to ensure better stability in 2019 and beyond.

SAFER WORKPLACE COMES FIRST IN 2019

Health and Safety is another area where we cannot be satisfied with the trend. The KPIs for accidents, among other things, developed in the wrong direction in 2018, despite safety being our top priority. The issue is very much one of changing behavior and establishing a new safety culture, which takes time. Nonetheless, we are stepping up measures across a broad front and our key objective for 2019 is to lower work-related accidents. I am convinced that we will succeed.

HYBRIT PILOT PLANT COMPLETED IN 2020

During the year, we made further progress on our SSAB sustainability journey. Together with our partners LKAB and Vattenfall, we began work on building a pilot plant for HYBRIT, which is scheduled for completion in 2020. As a first step toward creating a fossil-free SSAB, we have decided to switch to an electric arc furnace to produce crude steel in Oxelösund. This will entail decommissioning both blast furnaces in around 2025 and will reduce our CO_2 emissions in Sweden by around 25%.

We set new, more aggressive targets for our sustainable offering. This is our way of helping customers to be able to offer machines, vehicles and other equipment with a lower carbon footprint during the user phase. This can make a big difference if, for example, an estimated 90% of a truck's total environmental impact occurs during its commercial service life. Volumes for these applications increased during the year and we are following up the impacts of more than 1,000 customers. The goal is for customers to achieve, in 2020, annual CO_2 savings of 10 million tonnes during the use phase of their end-products.

WE SUPPORT THE UN SUSTAINABILITY DEVELOPMENT GOALS

SSAB has for many years been a signatory to the UN Global Compact. This clarifies our responsibility with regard to the environment, people and communities that are affected by our operations. This report is part of our communication on how our operations are aligned with Global Compact principles. We will continue to support these principles with regard to the environment, human rights, employee conditions and anti-corruption, and work to further integrate these principles into our operations, culture and value chain.

DEVELOPING OUR BUSINESS

We are working hard on developing our business. A few years ago, we set up the SSAB Services business unit. One reason for this is to increase the share of our volumes that are exposed to service and the aftermarket, rather than large OEMs and steel distributors, whose demand is closely linked with business cycles. Our network of mid-sized partners, Hardox® Wearparts Network, is approaching 500 members, who undertake to use our Hardox® products. In turn, we provide members with technical support and other resources to enable them to grow.

One of our strategic cornerstones is leadership in our home markets. During 2018, Tibnor announced an acquisition that promotes our positions in Denmark. We are increasing our presence in the Nordic distributor market and can also achieve cost synergies. Ruukki Construction, our other fully-owned subsidiary, divested its loss-making business operations in Russia and can now focus fully on its core markets.

INVESTMENTS IN HIGH-STRENGTH STEEL

Strong, long-term forces are driving increased use of high-strength steel. In tandem with our customers, SSAB has driven this development. Our volumes of quenched and tempered (Q&T) steel have grown at an average rate of 7% over the past 20 years. Research and development work often takes place in close collaboration with customers, who are global leaders in their own product fields. We are now investing in capacity at our steel mill in Mobile, US, where we will increase the annual Q&T capacity from 300,000 tonnes to 400,000 tonnes by eliminating bottlenecks. This will also enable us to save costs, which means the payback time will be just four years after the investment decision.

WELL EQUIPPED FOR THE FUTURE

When I look back at how SSAB has developed in recent years, I note that many things are moving in the right direction. The combination with Rautaruukki strengthened our competitiveness, not least with regard to costs. We have set off working on a broad front for continuous improvement in operations, which will ensure that we continue to grow increasingly more efficient. We have strong positions on our focus markets and a better product mix. The balance sheet is in better shape. Four years ago we had a net debt of SEK 25 billion, which was down to SEK 8.6 billion at the end of 2018. We are well equipped to continue to develop the company in line with our strategy, regardless of the business cycle.

To conclude, I would like to thank our customers, employees and shareholders. SSAB is on firmer ground and this will create value for all our stakeholders.

Martin Lindqvist,
President and CEO

SSAB AS AN INVESTMENT

SSAB's strategy aims to secure the company's long-term development to create value for shareholders and other stakeholders. SSAB's main financial objective is to reach industry leading profitability and to generate solid cash flows, enabling further debt reduction and shareholder dividends.

STRONG OFFERING AND LEADING MARKET POSITIONS

SSAB has four core markets:

1. Flat carbon steel and tubes in the Nordics
2. Heavy plate in North America
3. Automotive premium steel (Advanced High-Strength Steel, AHSS) globally
4. Special steels (Quenched and Tempered, Q&T and AHSS) globally

SSAB has leading positions in our Nordic and North American home markets. SSAB has an overall market share of 40-45% for flat carbon steels in the Nordic region. In North America, SSAB is the largest producer of heavy plate, with market share approaching 30%.

With its leading products, brands, knowledge and well-invested asset base, SSAB also holds the number one position in the global market for Quenched and Tempered (Q&T) plate and strip and in selected Advanced High-Strength Steels (AHSS) segments. Demand for higher productivity and improved energy efficiency are important drivers in the use of high-strength steels, which provide advantages in the form of stronger, lighter and more durable steel applications. Growth in high-strength steels, services and other premium grades will mean better returns for SSAB since profitability is relatively higher in these areas compared to more standardized products.

STRATEGIC GROWTH TARGETS 2020

- SSAB Special Steels aims to deliver 1.35 million tonnes of high-strength steels in 2020. In 2018, shipments were 1.3 million tonnes compared to 1.0 million tonnes in 2016
- SSAB Europe aims to improve the product mix to 40% of premium products in 2020. In 2018, premium products constituted 36% of the total volume compared to 30% in 2016
- As part of the mix improvement, SSAB Europe aims to deliver 750 thousand tonnes of Automotive premium products in 2020. In 2018, shipments amounted to 562 thousand tonnes compared to 442 thousand tonnes in 2016
- SSAB Americas aims for a market share of 30% over time on the North American plate market. SSAB estimates that in 2018 our market share was around 28%
- For services, SSAB aims to grow the number of members in the Hardox® Wearparts network to more than 500 in 2020. At the end of 2018, the network had 483 members compared to 265 at the end of 2016

STRONG BALANCE SHEET

Between 2016 and 2018, SSAB significantly strengthened our balance sheet. A combination of the 2016 rights issue and strong cash flow generation has resulted in a gearing ratio of 14% at the end of 2018. SSAB has a well-invested production system with capacity to reach the strategic growth targets for 2020. The reduction in debt will have a positive impact on interest costs and enable future strategic initiatives.

COST EFFICIENCY

Efficiency efforts are driven through continuous improvement using the SSAB One management philosophy. This includes smaller daily improvements as well as larger projects. SSAB has a yearly process with target setting for continuous improvement efforts as well as an ongoing follow-up process.

INDUSTRY-LEADING PROFITABILITY

Realization of the strategic growth targets combined with the improved efficiency as a result of continuous improvement is the platform to achieve our financial target of industry-leading profitability. This is defined as the highest EBITDA margin compared to the following peers; ArcelorMittal, AK Steel, Nucor, Salzgitter, Tata Steel Europe, Thyssenkrupp and US Steel. The improvement potential in profitability, a balanced investment level and a strong balance sheet create a solid foundation for cash flow generation during the coming years.

SUSTAINABILITY

We are convinced that by managing our business in a sustainable way we will increase the possibilities to deliver strong financial and operational results. Our plan is to eliminate all of our CO_2 emissions by 2045.

OPERATING ENVIRONMENT

Steel represents a challenging market and industry. Complex factors govern SSAB's opportunities and risks both in our home markets and further afield. The company carefully and continuously monitors global economic and social development to shape our strategic decisions.

SSAB'S GLOBAL PRESENCE

SSAB FOCUS MARKETS

Nordic
Flat carbon steels and tubes

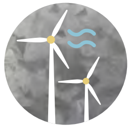
North America
Heavy plates

Globally
Automotive premium steel (Advanced High-Strength Steel, AHSS)

Special steels
Quenched & Tempered (Q&T) and AHSS

● SSAB main production sites
○ SSAB processing sites
Sales coverage

GLOBAL MEGATRENDS AFFECTING SSAB



CLIMATE CHANGE AND RESOURCE SCARCITY

DESCRIPTION
- Increasing consumption of the world's natural resources
- To meet the goals set in the Paris Agreement, global greenhouse gas emissions need to be radically reduced in order to limit global warming

IMPACTS ON STEEL INDUSTRY DYNAMICS
- Increased demand for sustainable, recyclable material e.g. steel
- Cost of carbon emissions
- Optimization of available steel capacity to promote more resource and CO_2 efficient products/processes (e.g. China closing down overcapacity and environmentally inefficient production)

SSAB'S RESPONSE
- Global leader of Advanced High-Strength Steels
- Helping customers to innovate their products and reducing their CO_2 footprint through upgrading to high-strength steel
- Aiming to be fossil free by 2045, where research of new steelmaking technologies in the HYBRIT initiative is the key component

POPULATION GROWTH AND URBANIZATION

DESCRIPTION
- Growing global population
- 68% of the world's population projected to live in urban areas by 2050
- Rapid urbanization primarily taking place in developing countries
- Urban areas need to be continuously developed to manage the increasing complexity

IMPACTS ON STEEL INDUSTRY DYNAMICS
- Increased demand for steel in construction, infrastructure and the energy sector

SSAB'S RESPONSE
- Developing new products and offerings to meet challenges of the future
- Offering a broad spectrum of products to be used in construction and infrastructure, as well as in construction machinery and renewable energy plants

DIGITALIZATION

DESCRIPTION
- New technologies available at affordable cost
- Digitalization impacting the business model for most companies

IMPACTS ON STEEL INDUSTRY DYNAMICS
- More efficient operating practices available
- Digital services adding more transparency in the value chain
- E-commerce and trade platforms impacting demand-supply dynamics

SSAB'S RESPONSE
- Using robotics, machine learning and advanced analytics to improve production stability and process efficiency
- Renewing digital service portfolio to improve customer experience
- Developing new digital tools such as SSAB SmartSteel to help customers realize the full potential of our steel

CHANGING GEOPOLITICAL LANDSCAPE

DESCRIPTION
- Increasing protectionism e.g. trade protection measures
- Increased steel demand in developing economies

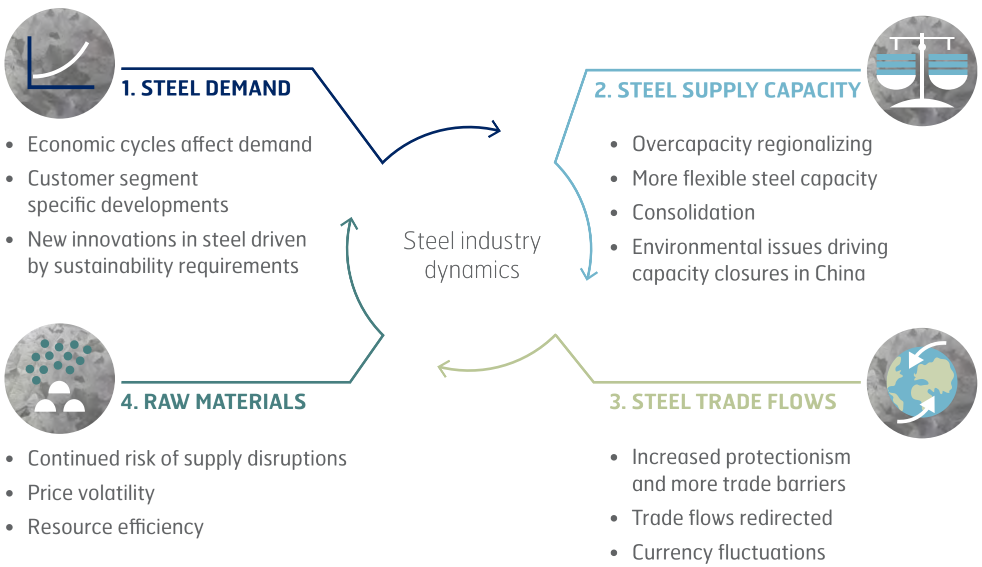
IMPACTS ON STEEL INDUSTRY DYNAMICS
- Higher importance of regional markets
- Restrictions on trade and other cross-border flows

SSAB'S RESPONSE
- Securing leadership positions in our home markets with cost leadership and preferred supplier status
- Taking an active stance for free and fair trade
- Advancing SSAB's position in emerging markets for high-strength steels
- Developing the global production footprint to be better able to switch production between sites

STEEL MARKET AND SSAB'S POSITION

Steel industry dynamics are shaped by global trends in steel demand, steel supply capacity, steel trade flows and the raw material markets. These in turn are influenced by global megatrends such as climate change and resource scarcity, population growth, urbanization and digitalization. Since SSAB is a relatively small player in the global steel industry in terms of production capacity, we have specialized in certain segments within carbon flat steels.

Four fundamental forces shaping steel industry dynamics



1. STEEL DEMAND

Steel demand has grown for several years and the long-term outlook is positive

Global annual carbon steel consumption is estimated to be around 1.6 billion tonnes in 2018. From 2013–2018, consumption of carbon steel has grown about 8% per year, and the long-term demand outlook remains positive.

Over the past few decades, China and other developing countries have accounted for a large share of steel demand growth. Today, China is the largest regional market with a share of almost 50%. Europe accounts for approximately 13% and NAFTA for approximately 9% of global steel demand.

However, demand growth from China has decelerated in recent years and is expected to remain stable during 2019 as China has entered into a new, less steel intense phase of growth. At the same time, high economic confidence, strong investment levels and an improved business environment in steel-using sectors together with a recovery in commodity prices have driven steel demand globally both in developed and developing economies. In October 2018, Worldsteel forecast that global steel demand will grow 1.4% in 2019.

Innovation toward productivity and sustainability will drive new steel demand

As in all industries, it is important for steel companies to adjust their product offering to customer needs. Users in, for example, the construction and automotive industries are working to lower costs, improve safety and lighten the weight of their products. In the mining industry, customers are striving to increase the durability of equipment and reduce downtimes.

These trends have led to a growing use of high-strength steels, which provide advantages in the form of stronger, lighter and more durable steel solutions. This means the growth potential for high-strength steels continues to be higher than that for standard steels.

2. STEEL SUPPLY CAPACITY

Overcapacity regionalizing

Despite extensive consolidation activity over the past 20 years, the global steel sector remains relatively fragmented. Steel production capacity in China and the rest of Asia has increased significantly during past decades. Today, with approximately 50% of the world's steel production, China is the world's largest single producer of steel, followed by Japan, India, the

US and Russia. Excess steel production capacity, especially in China, and to a lesser extent in Europe, has been impacting steel industry dynamics since the financial crisis of 2008.

Although the situation has improved somewhat, there is still latent overcapacity globally. However, this overcapacity is increasingly focused around China and the rest of Asia. In recent years, Chinese authorities have worked actively to improve the situation through consolidation and capacity downsizing. The US on the other hand is an undersupplied market, where imports satisfy around 30% of the steel demand.

Global steel capacity utilization improved in 2018 to around 78%.

3. STEEL TRADE FLOWS

Changing trade policies and market regionalization

The imbalance in supply and demand has led to growing export volumes into Europe and the US. Extra-regional steel trade (i.e. excluding trade within the EU, NAFTA, CIS, etc.) accounted for 17% of global steel demand in 2017, with China being the largest exporter, and the US the largest net importer.

Global trade patterns have been much analyzed and debated in recent years, resulting in more and more countries installing protection mechanisms. Trade policies combined with increasing steel demand locally have resulted in falling trade. Most notably Chinese steel exports fell 8%, from 75 million tonnes in 2017, to 69 million tonnes in 2018. The US remains the largest net importer of steel, with a trade deficit of ~25 million tonnes and has introduced Section 232 tariffs on most imported steel materials. The EU and others have responded with retaliatory measures. Current trade policies will likely be in force for a number of years, and more may be introduced if perceived necessary or real predatory trade practices continue. As such, they may dampen economic growth prospects, and/or hinder exports of niche materials, but should on the other hand be supporting steel prices in home markets.

4. RAW MATERIALS

Price volatility of raw materials has increased

Steel production requires substantial quantities of raw materials, including iron ore, scrap metal, metallurgical coal, injection coal, coke and alloys. Raw material prices are thus important drivers for the steel industry. Raw materials are priced in the world market and the prices, which are primarily quoted in US dollars, generally vary depending on demand for steel. Price volatility has increased in recent years and is primarily due to fluctuating customer demand globally, supply shortages of raw materials and price speculation.

STEEL PRICES

Steel demand, steel supply capacity, steel trade flows and raw materials all impact the sales prices of steel products globally. Steel prices have been increasingly volatile and unpredictable in recent years, which reflect the turbulent development of the underlying four factors.

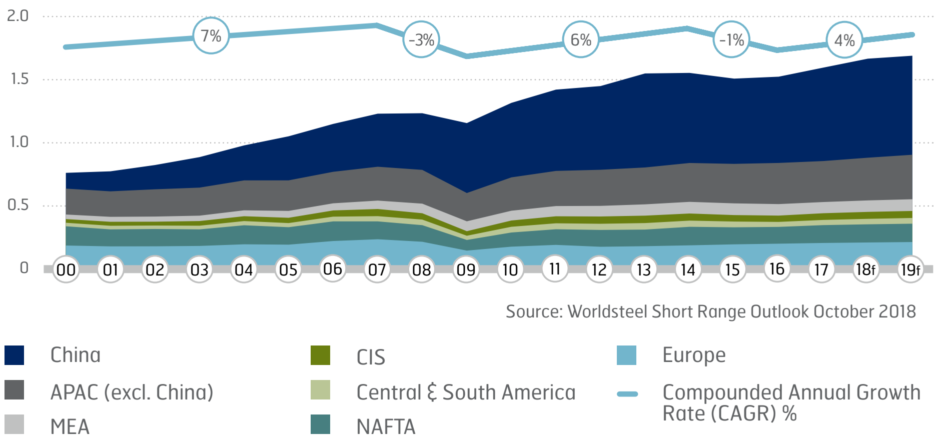
SSAB'S STEEL MARKET POSITION

SSAB is present in the steel segment commonly referred to as flat carbon steels, i.e., steels with a particular carbon content rolled into flat sheets or plates. With annual steel production capacity of approximately 8.8 million tonnes, SSAB is a small player in the global carbon steel market. This is why SSAB specializes in and focuses on four defined segments within flat carbon steels, where we have strong market positions:

- Flat carbon steel and tubes in the Nordics
- Heavy plate in North America

Apparent demand for finished steel products

Million tonnes



Source: Worldsteel Short Range Outlook October 2018

- Automotive premium steel (Advanced High-Strength Steel, AHSS) globally
- Special steels (Quenched & Tempered, Q&T and AHSS) globally

SSAB has leading positions in our Nordic and North American home markets. SSAB has an overall market share of around 40–45% for flat carbon steels in the Nordic region. In North America, SSAB is the largest producer of heavy plate, with market share approaching 30%. With our leading products, brands, knowledge and well-invested asset base, SSAB also holds the number one position in the global market for Quenched and Tempered (Q&T) plate and strip selected Advanced High-Strength Steel (AHSS) segments.

These market segments account for about 3% of the global market for carbon steel. In addition to being a steel producer, SSAB is also a steel and non-ferrous metal distributor via our subsidiary Tibnor and offers steel-based construction solutions through our subsidiary Ruukki Construction.

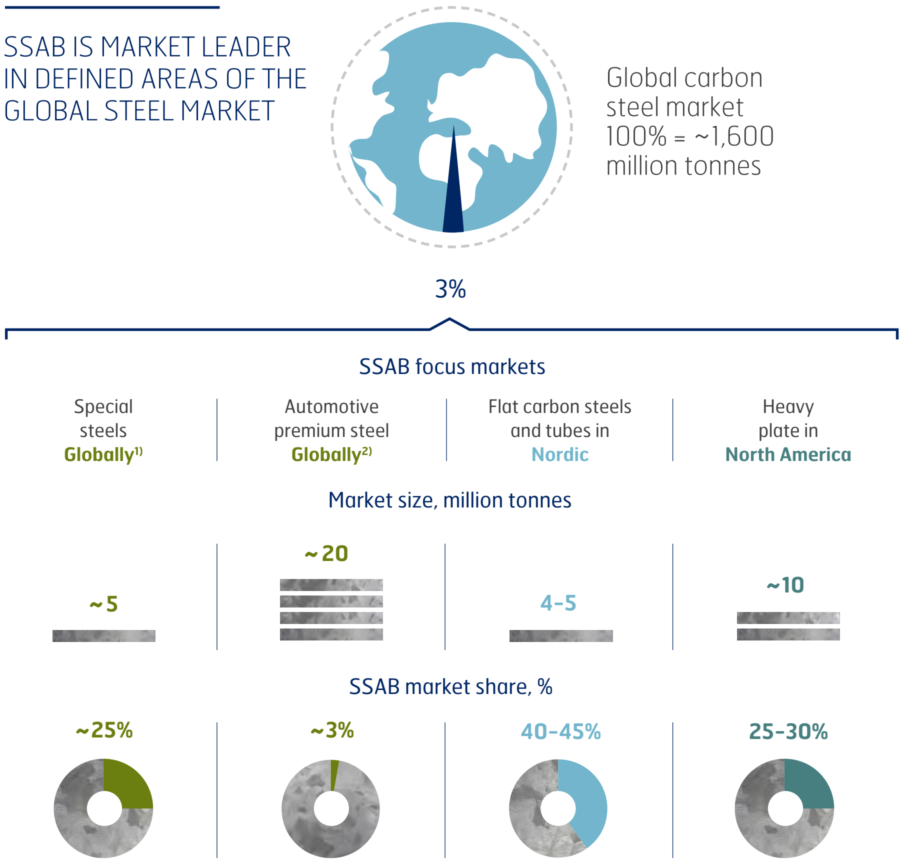
The main customer segments served by SSAB include heavy transport, construction building and infrastructure, automotive, industrial applications, construction machinery (including lifting), energy and material handling (including mining). In our home markets, the Nordic region and North America, standard steels are, to a large extent, sold through steel service centers and distributors.

Main customers segments

Share of total volumes in 2018

- Heavy transport 15%
- Construction building and infrastructure 12%
- Automotive 11%
- Industrial applications 11%
- Construction machinery 8%
- Energy 6%
- Material handling 3%
- Service centers 36%

SSAB IS MARKET LEADER IN DEFINED AREAS OF THE GLOBAL STEEL MARKET



[1)] Defined as Quenched & Tempered (Q&T) flat products and Hot rolled Advanced High-Strength Steel (AHSS) ≥ 700MPa in targeted segments
[2)] Defined as hot-rolled, cold-rolled and coated Advanced High-Strength Steel (AHSS) strip products for automotive ≥ 420MPa

MARKET DEVELOPMENT IN 2018

According to the World Steel Association, global crude steel production for 2018 amounted to 1,790 (1,712) million tonnes, up 4.5% compared with 2017. Chinese steel production increased by just under 7%, compared with 2017. Steel production in the EU-28 was unchanged, whereas production in North America rose by just above 4% during 2018.

In North America, demand was good in 2018, especially during the second half of the year. Most segments showed good or growing demand during the year. The steel import tariffs introduced during the first half of 2018 have boosted demand for locally-produced material. Around 90% of the volumes SSAB sells in the US are produced locally, with the remainder exported from Europe by SSAB Special Steels and SSAB Europe. To date, a minor share of these volumes have been exempted from the tariffs. Stock levels at distributors in North America are considered to be in balance, or somewhat low.

In Europe, demand was stable during the year, albeit with somewhat weaker development during the fourth quarter, driven primarily by the European automotive industry. There was also a normal seasonal slowdown toward the end of the year. Stock levels at distributors are considered to be in balance. Demand for high-strength steels during 2018 was stable and at a relatively high level.

Compared with the full year 2017, prices for heavy plate In North America have risen sharply. In Europe, market prices for strip and heavy plate rose initially during 2018, then decreased during the second half of the year, before leveling off towards the end of the fourth quarter. In China, market prices for both strip and heavy were somewhat lower compared with 2017.

STRATEGY

SSAB's strategy is to strengthen our leading positions in high-strength steels globally, in our home markets, and as a provider of value-added services.

TAKING THE LEAD!

SSAB continuing the strategic direction

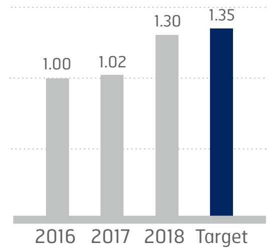
In 2017, after two years of restructuring following the combination with Rautaruukki in 2014, SSAB entered a new development phase toward profitable growth. SSAB's "Taking the Lead!" strategy, first introduced in 2012, continues to drive the strategic decisions and actions of the company.

In 2017, SSAB announced new ambitious growth targets for 2020. These targets will contribute to SSAB's vision of a stronger, lighter and more sustainable world.

SSAB'S GROWTH TARGETS 2020

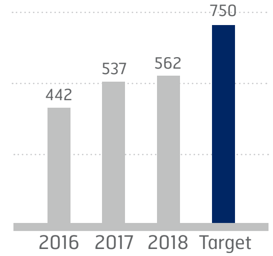
1 GROW SPECIAL STEELS 1.35 MILLION TONNES

Million tonnes



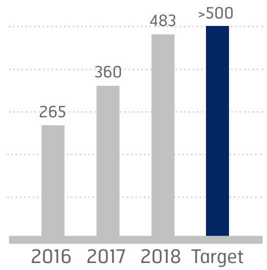
2 AUTOMOTIVE PREMIUM PRODUCTS 750 THOUSAND TONNES

Thousand tonnes



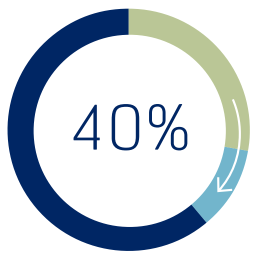
3 DEVELOP SSAB SERVICES

Hardox Wearparts members



4 ENHANCE PREMIUM MIX IN SSAB EUROPE

Share of premium products



5 NORTH AMERICAN PLATE MARKET LEADER

Market share (over time)

30%

LEADING HOME-MARKET POSITION

The Nordic and North American home markets remain the foundation for SSAB to build further offerings. SSAB aims to strengthen our home market positions in the coming years.

NORDIC REGION

Maintaining market leadership with an enhanced product mix

SSAB will maintain a Nordic market share of 40–50% by serving the region's leading OEMs and distributors as well as smaller customers. This will be helped by growth in SSAB's own channels, including the metal distribution company Tibnor and the steel construction company Ruukki Construction, and also in partnership with customers and external steel distributors with which the company has long-term agreements.

SSAB Europe also aims to increase the share of premium products to 40% of total shipments in 2020 (2016: 30% and 2018: 36%). This includes growing premium offerings like Automotive premium, GreenCoat®, SSAB Laser®, SSAB Boron and SSAB Form. The goal is to reduce less profitable product volumes, especially standard products outside of the Nordics.

AMERICAS

Increased market share for plate in North America

SSAB is the market leader in heavy plate in the Americas, and in recent years has been able to further strengthen our market leadership against local competitors and imports.

Moving forward, SSAB aims to maintain a market share of around 30% in the North American plate market (2018: 28%), with a growing share of premium products. SSAB is considering investments to remove bottlenecks in our production facilities to increase capacity, and to serve the growing market demand in coming years.

GLOBAL LEADERSHIP IN HIGH-STRENGTH STEELS

SSAB is well positioned to take advantage of opportunities in high-strength steels. Thanks to leading brands, a unique product offering, profound expertise and close collaboration with customers in developing new steel applications, SSAB has long been the global leader in this segment. The ever growing need for higher productivity and more sustainable solutions is the main driver for growth. SSAB's 2020 growth target for high-strength steels reflects the positive outlook in the segment.

SSAB SPECIAL STEELS

Aiming for 1.35 million tonnes in 2020

SSAB Special Steels is aiming for 1.35 million tonnes of shipments in 2020, compared with 1.0 million tonnes in 2016 and 1.3 million tonnes in 2018. Most of this growth is the result of upgrading, i.e. creating market demand by moving customers from standard grades to high-strength grades. To achieve this, SSAB focuses on product and application development, growing stock sales capabilities, expanding sales capabilities in emerging markets, as well as continued development of our brand programs.

During 2018, a decision was taken to invest SEK 1 billion to increase annual Q&T capacity in Mobile to around 400,000 tonnes in 2021 compared with existing capacity of around 300,000 tonnes.

AUTOMOTIVE PREMIUM STEELS

Aiming for 750 thousand tonnes in 2020

SSAB serves the world's leading automotive companies with high-strength steel applications. Lightweighting, emission standards, safety standards and electrification contribute to a positive outlook for the use of high-strength steels in the automotive segment. SSAB sees the potential to continue to grow in this segment, and therefore aims for shipments of 750 thousand tonnes in 2020, compared with 442 thousand tonnes in 2016 and 562 thousand tonnes in 2018.

LEADING VALUE-ADDED SERVICES

Value-added services represent an important area for SSAB's long-term development, as many customers focus on their core activities and demand more services to complement the products. Value-added services act as additional components to the strategic ambitions outlined above, supporting SSAB's activities in high-strength steel sales and in our home markets, as well as differentiating us from our competition.

SERVICES

The SSAB Services business unit builds the network and develops Hardox® Wearparts concepts. The Hardox® Wearparts network is comprised of 483 member companies globally (as of the end of 2018). These centers provide replacement parts and services to end customers in mining, recycling, quarrying, cement and agriculture. SSAB aims to have more than 500 companies in the network in 2020.

SSAB Services also manages the downstream service concept of SSAB Shape, which offers steel-processing services for OEMs and their subsuppliers. SSAB will continue to grow steel processing Shape services to customers, often in emerging markets where capabilities to process high-strength steels are less developed.

DISTRIBUTION

SSAB aims to grow our distribution services business in selected markets. Unlike many of our competitors, we operate our own global stock network and can serve the end-user market with short lead times. SSAB will grow the share of stock shipments as a way of increasing the value of steel shipments to our customers.

SSAB's fully-owned leading Nordic steel distributor, Tibnor, will expand its presence in all Nordic countries, expand the multi-metal offering, and lead the way in digitalization of the business.

MOST FLEXIBLE OPERATIONS

To outperform peers and achieve industry-leading profitability in the coming years, SSAB will continue to focus on efficiency, flexible operations and utilization of the global production system.

SSAB has in place a continuous improvement program with annual target-setting powered by the SSAB One management philosophy. The program delivers productivity gains every year by involving all employees in improvement activities, and secures SSAB's leading cost position in our home markets.

SSAB has a flexible production setup, with the ability to produce high-strength steels and other products at several mills and therefore allocate production depending on availability and market situation. This also means that SSAB has the potential to be more resilient in weak business cycles.

HIGH-PERFORMING ORGANIZATION

One of the key elements of SSAB's strategy is to be a high-performing organization, which is an essential enabler for SSAB to achieve its ambitious strategic targets. SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. An operating model built on decentralized accountability and entrepreneurship is fundamental to the success of SSAB.

We have three prioritized areas that we see as critical to be a high-performing organization:

- To be the safest steel company in the world
- Working with SSAB One and continuous improvements to enhance productivity
- Strengthening the performance culture

SUPERIOR CUSTOMER EXPERIENCE

Part of SSAB's strategy is to go further than anyone else to offer customers a superior customer experience – by traditional means and by embracing new digital solutions.

SSAB strives for the highest standards in "the basics" in order to maintain our position as the preferred supplier, measured through customer surveys. This includes, for instance, responsive sales processes, consistently high product quality, on time delivery reliability and information accessibility via digital channels.

To remain at the forefront, SSAB will continue to invest in technical support and joint innovation initiatives to help customers to get the best out of SSAB's high-strength steels. Combined with leading brands and customer brand programs like "Hardox® In My Body" and "My Inner Strenx®", SSAB can further strengthen customer partnerships.

FINANCIAL TARGETS

SSAB's strategy aims to secure the company's long-term development to create value for shareholders and other stakeholders. SSAB's main financial objective is to secure industry-leading profitability and to generate solid cash flows, enabling debt reduction and shareholder dividends.

SSAB has three financial targets within three different areas

Area	Objective
Profitability	SSAB aims for industry-leading profitability measured as EBITDA margin among comparable peers*. Based on the period of the first nine months of 2018, SSAB was the 3rd best among the peer group.
Capital structure	The objective is that the net debt/equity ratio will not normally exceed 35%. At the end of 2018, SSAB had a net debt/equity ratio of 14%.
Dividends	Dividend target is 30–50% of profit after tax. The proposal from the Board for 2018 is SEK 1.50 per share, which equates to around 44% of profit after tax.

* ArcelorMittal, AK Steel, Nucor, Salzgitter, Tata Steel Europe, ThyssenKrupp, US Steel

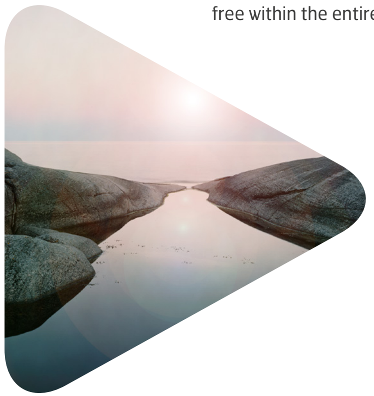
SUSTAINABILITY

Managing business in a sustainable way will increase the possibilities to deliver strong financial and operational results. By 2045, SSAB aims to be totally fossil-free.

SSAB's sustainability strategy is divided into three focus areas

SUSTAINABLE OPERATIONS

FOSSIL-FREE 2045
SSAB will stepwise move toward a fossil-free steelmaking process through the HYBRIT initiative and eliminate other fossil fuel related emissions, making it possible to be fossil-free within the entire operations



SUSTAINABLE OFFERING

10 MTONNE CUSTOMER CO_2 SAVINGS 2020
By using SSAB's high-strength steels, customers can achieve CO_2 savings during their end product's use-phase that are as large as SSAB's direct production emissions

RESPONSIBLE PARTNER

SSAB manages risks and takes responsibility for business ethics and responsible sourcing, and continuously strives to improve safety, diversity and employer attractiveness

Sustainability is a key business driver for us and our customers. This is why we put much effort into ensuring that we act ethically and environmentally wisely in all our operations and markets.

SUSTAINABLE OPERATIONS

SSAB focuses on continuous improvement to minimize emissions and improve productivity, as well as material and energy efficiency. SSAB is committed to minimizing any adverse environmental impacts from our operations. Long term, SSAB will work toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal to be fossil-free throughout our entire operations by 2045.

SUSTAINABLE OFFERING

This is our value proposition, that we offer our customers and other stakeholders. The core of SSAB's business is to develop and produce Advanced High-Strength Steels and Quenched & Tempered Steels that are stronger than ordinary steels. This in turn helps our customers produce lighter and stronger products, thereby reducing their environmental footprint.

By using SSAB's high-strength steels, which result in lower weight and improved fuel economy, customers can achieve significant CO_2 savings during their end-products' use-phase. The objective is that, by the end of 2020, these annual customer CO_2 savings will reach 10 million tonnes, which equals SSAB´s own direct CO_2 emissions.

RESPONSIBLE PARTNER

For SSAB, having a large impact on society means taking on a large responsibility. SSAB adheres to the highest standards as a responsible partner by taking responsibility for business ethics and responsible sourcing, as well as continuously striving to improve safety, diversity and employer attractiveness.

SSAB has prioritized seven of the UN Sustainable Development Goals

SUSTAINABILITY TARGETS

At the end of 2020, SSAB will have achieved the following environmental and energy targets*:

A LASTING REDUCTION OF 300,000 TONNES IN CO_2 EMISSIONS

- Equals 3.1% of SSAB's total CO_2 emissions
- Corresponds roughly to 100,000 cars each driving 15,000 km
- Reduction efforts focused mainly on ore-based iron and steel production since this accounts for 90% of SSAB's total CO_2 emissions

A LASTING REDUCTION OF 400 GWH IN PURCHASED ENERGY (ELECTRICITY AND FUELS)

- Equals approximately 4.6% of SSAB's total amount of purchased energy
- Corresponds approximately to the energy used by 20,000 households for electricity, hot water and heat during one year

A LASTING IMPROVEMENT OF 50,000 TONNES IN RESIDUAL UTILIZATION

- Equals approximately 20% of the total amount of material currently sent to landfill
- Corresponds roughly to a normal soccer field filled with 5 meters of residuals
- Will be achieved through improved internal recirculation of materials to SSAB steel production and external sales of by-products

SSAB has the following ongoing sustainability target:

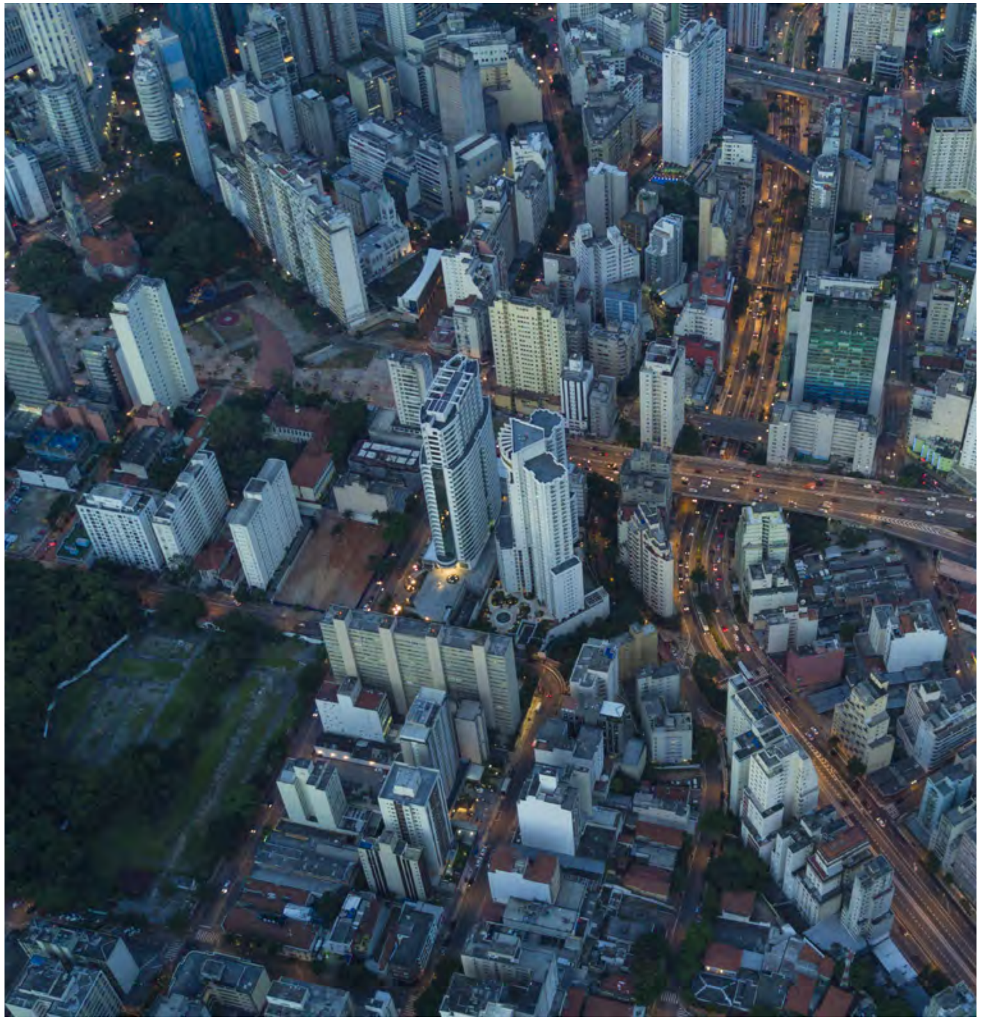
- Employee engagement that exceeds the industrial norm (This is measured every other year, and most recently in 2017)

By the end of 2019, SSAB will have achieved the following gender diversity target:

- Women holding 30% of the top management positions in the company (up from 23% in 2015)

Read more about our sustainability targets in our Sustainability Report.

* The base year for monitoring the targets referred to above is 2014.



HYBRIT – TOWARD FOSSIL-FREE STEEL

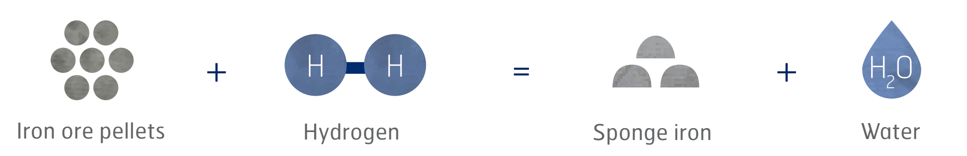
In 2016, SSAB, LKAB and Vattenfall joined forces to create HYBRIT – an initiative that endeavors to revolutionize steel-making. HYBRIT aims to replace coking coal, traditionally needed for ore-based steelmaking, with hydrogen. The result will be the world's first fossil-free steelmaking technology, with virtually no carbon footprint.

In 2018, work started on the construction of a pilot plant for fossil-free steel production in Luleå, Sweden. The goal is to have a full-scale solution for fossil-free steel by 2035. If successful, HYBRIT means that we can reduce Sweden's CO_2 emissions by 10% and Finland's by 7% and SSAB can realize our objective to be fossil-free by 2045.

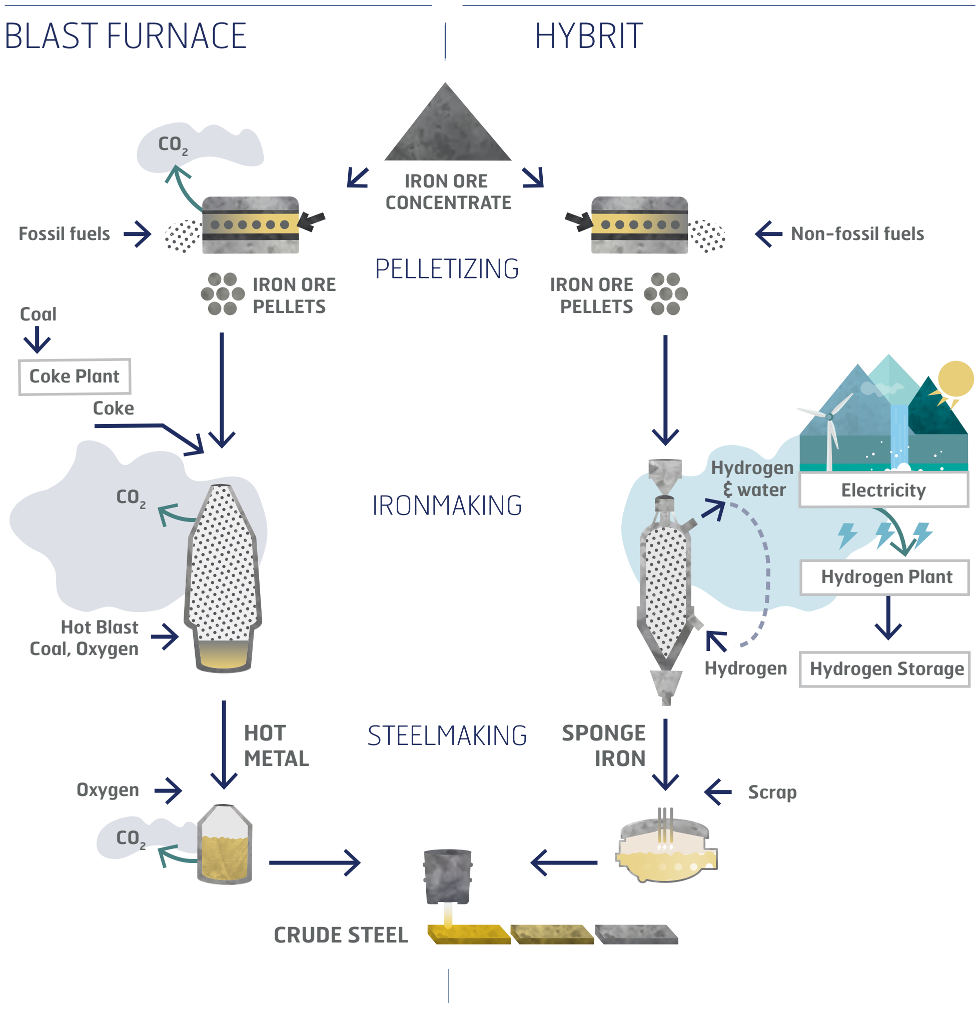
The steel industry is one of the highest CO_2-emitting industries, accounting for 7% of CO_2 emissions globally. A growing global population and expanding urbanization are expected to trigger a rise in global steel demand by 2050.

The carbon footprint in the steel industry is thus a challenge for Europe and the rest of the world.

This is why, in 2016, SSAB, LKAB (Europe's largest iron ore producer) and Vattenfall (one of Europe's largest electricity producers) joined forces to create HYBRIT, an initiative that endeavors to revolutionize steelmaking. HYBRIT aims to replace coking coal, traditionally needed for ore-based steelmaking, with hydrogen. The result will be the world's first fossil-free steel-making technology, with virtually no carbon footprint.



HYBRIT
FOSSIL-FREE STEEL



Sweden has unique conditions for this kind of project, with good access to fossil-free electricity, Europe's highest-quality iron ore and a specialized, innovative steel industry. HYBRIT has also started to investigate the possibilities of broadening the project to include Finland.

A pre-feasibility study was conducted 2016–2017. The conclusion is that fossil-free steel, given today's price of electricity, coal and cost of CO_2 emissions, would be 20–30% more expensive. With declining prices in electricity from fossil-free sources and increasing costs for CO_2 emissions through the European Union Emissions Trading System (ETS), the pre-feasibility study considers that fossil-free steel will, in the future, be able to compete in the market with traditional steel.

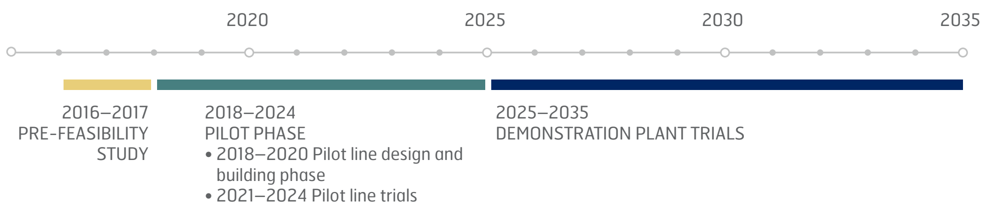
The owners (SSAB, LKAB and Vattenfall) gave the green light for the next phase of HYBRIT and, during summer 2018, work started on the construction of a globally-unique pilot plant for fossil-free steel production at the SSAB site in Luleå, Sweden.

The total cost for the pilot phase is estimated to be SEK 1.4 billion. The Swedish Energy Agency will contribute more than SEK 500 million toward the pilot phase and the three owners, SSAB, LKAB and Vattenfall, will each contribute one third of the remaining costs. The Swedish Energy Agency has earlier contributed SEK 60 million to the pre-feasibility study and a four-year-long research project.

Already before a solution for fossil-free steel making is in place, SSAB aims to cut our CO_2 emissions in Sweden by 25% by as early as 2025, through conversion of the blast furnace in Oxelösund, Sweden, to an electric arc furnace. Between 2030–2040, the plan is to also convert the blast furnaces in Luleå, Sweden and Raahe, Finland to eliminate most of the remaining CO_2 emissions and to reach the target of being fossil-free by 2045.

To be able to carry out the HYBRIT initiative, however, significant national contributions are still required from the state, research institutions and universities. There has to be good access to fossil-free electricity, improved infrastructure and rapid expansion of high voltage networks, research initiatives, faster permit processes and the government's active support for the pilot and demonstration facilities and long-term support at EU level.

Main HYBRIT project phases



BUSINESSES

SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.

SSAB SPECIAL STEELS

PER OLOF STARK (1954), EVP
FROM JANUARY 2019 **JOHNNY SJÖSTRÖM** (1974), EVP
HEAD OF SSAB SPECIAL STEELS

Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)

2,800
Employees, approximately

18,869 MILLION SEK
Sales in 2018

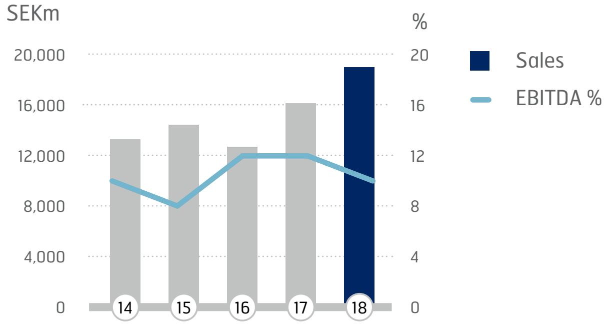
1.3 MILLION TONNES
Steel shipments 2018

117
Present in 117 countries

Close collaboration and joint projects with customers

Highly-respected product brands

SSAB Special Steels
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

+9%
Growth in shipments in 2018

483
Number of Hardox® Wearparts members at the end of 2018

SSAB Special Steels' wide product portfolio includes a number of unique steel grades. Hardox® – our global brand of wear steels – has the highest awareness of all brands in the steel market. Through close collaboration, we help our customers to utilize our high-strength steels to create new, innovative steel solutions and applications.

MARKET POSITION

SSAB Special Steels is the global leader in high-strength steels and is represented in markets in Europe, the Americas, APAC, the Middle East and Africa. About 50% of sales are in Europe and 20% in North America. SSAB defines the special steel market as hot-rolled products with a yield strength of 690 MPa and above. The total market is estimated to be around 5 million tonnes and, since demand grows structurally, it therefore outperforms demand growth for standard steel. SSAB shipments of Q&T products have grown at an average rate of 7% a year between 2000 and 2018.

MARKET DRIVERS

Requirements and demand for improved material and energy efficiency, as well as for productivity, are important drivers leading to the growing use of high-strength steels, which provide advantages in the form of stronger, lighter and more durable steel solutions. The penetration of high-strength steels is increasing in all markets, as customers upgrade their steel usage from standard to high-strength steels. In emerging markets, including Africa, the Middle East, Latin America and Asia, where the use of high-strength steels is still relatively low, the market potential for high-strength steels is even higher than in mature markets like Europe and North America.

STRATEGY

SSAB Special Steels aims to strengthen its leading position in high-strength steels as well as in related value-added services. SSAB Special Steels' strategic growth target is to grow shipments by 35% from 2016 to 1.35 million tonnes in 2020. Most of this growth is expected to come from upgrading, i.e. getting customers to switch from using standard grades to high-strength grades. SSAB Services aims to expand the Hardox® Wearparts network to more than 500 centers in 2020. SSAB's strategy is based on a unique brand, product and service portfolio, as well as on close collaboration with customers.

CUSTOMER CASE: THE BIGGEST WHEEL LOADER BUCKET IN CHINA

XCMG, one of China's biggest construction machinery manufacturers, is a long standing customer of SSAB. They recently manufactured the biggest wheel loader bucket in China, with a capacity of 17 m³. »

SSAB.COM

Strategic priorities:

- Safety is always the top priority
- Maintain position as innovation leader with a unique brand, product and service portfolio
- Work closely with potential and existing customers to upgrade to high-strength steels
- Accelerate growth by upgrading in new segments, applications and geographical markets
- Develop SSAB Services; expand the Hardox® Wearparts network and SSAB Shape concept
- Develop further the global stock network and increase stock sales
- Continue to develop and expand Hardox® In My Body and My Inner Strenx® brand programs
- Continuously improve our delivery performance

STRENX® PERFORMANCE STEEL

HARDOX® WEAR PLATE

CUSTOMER SEGMENTS

SSAB Special Steels' main end customer segments include manufacturers of heavy transport, construction machinery and material handling including mining and recycling. SSAB Special Steels works in close collaboration with large OEMs, as well as with smaller and mid-sized customers through a global organization. Examples of customer applications include booms and chassis for mobile cranes, tipper bodies for trailers, and buckets for construction and mining machinery. We share a goal with our customers to make lighter, stronger end-products with better lifting capacity, higher payloads, longer service life and lower fuel consumption and emissions.

PRODUCTS AND SERVICES

SSAB Special Steels has the widest product portfolio on the market, combined with deep knowledge of steel properties and performance. SSAB Special Steels is responsible for all SSAB's Q&T and hot-rolled AHSS with yield strengths of 690 MPa and above. These products can further be divided into structural high-strength steels, wear steels, protection steels and tool steels. SSAB Special Steels' product portfolio includes a number of brands and product lines, each of which has its own unique characteristics and target applications, and comes in a range of grades and dimensions.

SSAB Services, a business unit within SSAB Special Steels, focuses on providing products and services to machine builders and the after-market business. It aims to develop the Hardox® Wearparts network and to facilitate the usage of high-strength steels by further promoting the SSAB Shape concept. SSAB's technical support is a key element in our service offering and has a strong local presence worldwide.

- Hardox® Wearparts is a network of companies for the production of wear parts and just-in-time repair services to end-users in the local aftermarket in the mining, quarrying, recycling and construction sectors. The network is represented across more than 80 countries and consists of 483 companies, 16 of which SSAB has an ownership interest in
- SSAB Shape combines premium steel products with engineering and processing services offered through our own Shape Centers and a worldwide network of processing partners.

SSAB ECO UPGRADED

SSAB Special Steels works with ***the SSAB EcoUpgraded*** concept, which highlights the environmental benefits of upgrading to high-strength steel, including the reduced emissions from lower weight, and the fact that SSAB customers use less steel when upgrading to high-strength steels.

PRODUCTION

SSAB's flexible production system for high-strength steels is one of the prerequisites for achieving our strategic growth targets. SSAB Special Steels is responsible for steel production in Oxelösund (Sweden), which has an annual crude steel production capacity of 1.5 million tonnes, as well as for the sales of high-strength steels produced in Mobile, Alabama (US), Raahe (Finland) and Borlänge (Sweden). SSAB Special Steels is working with continuous improvement to reduce CO_2 emissions and purchased energy. Our long-term aim is to stepwise move toward a fossil-free steelmaking process first by converting the blast furnaces in Oxelösund into electric arc furnaces by 2025 and later using iron created through HYBRIT technology. SSAB can cut our CO_2 emissions in Sweden by around 25% following conversion to electric arc furnace use in Oxelösund. Also smaller sources of CO_2 emissions, such as internal transport, are under evaluation along with testing a hydrogen-powered forklift in cooperation with an external partner.

COMPETITORS

SSAB's main competitors for Q&T steels include international steelmakers such as Dillinger Hütte, NLMK Clabecq, Voestalpine, ArcelorMittal, ThyssenKrupp, Tata Steel Europe, JFE and Nucor.

2018 IN BRIEF

- Demand was stable and at a high level in all larger customer segments such as Heavy Transport, Material Handling and Construction Machinery. Demand for high-strength steel is driven by high activity in the mining sector and infrastructure investments around the world. Material Handling, which also includes mining-related equipment, showed the highest growth compared with 2017
- Shipments grew by 9% to 1.30 million tonnes
- Operating profit was SEK 1,421 (1,465) million. Higher volumes and prices had a positive impact on earnings, although this was partly counteracted by higher variable costs, primarily of raw materials. Fixed costs were higher and capacity utilization was lower because of production disruptions and more extensive maintenance
- SSAB Services expanded the Hardox® Wearparts network to 483 members compared to 360 at the end of 2017. This increases SSAB's ability to reach out to the end-users with our products and services to further grow sales and strengthen our brands
- A decision was taken on an investment of SEK 1 billion to increase annual Q&T capacity in Mobile (US) to around 400,000 tonnes by 2021 compared with an existing capacity of around 300,000 tonnes. This investment will support SSAB's growth strategy in special steels
- The customer end-product CO_2 savings from SSAB EcoUpgraded deliveries were 7.7 million tonnes

SSAB EUROPE

OLAVI HUHTALA (1962), EVP
HEAD OF SSAB EUROPE

Leading Nordic-based premium steel producer of high-quality strip, plate and tube products

6,800
Employees, approximately

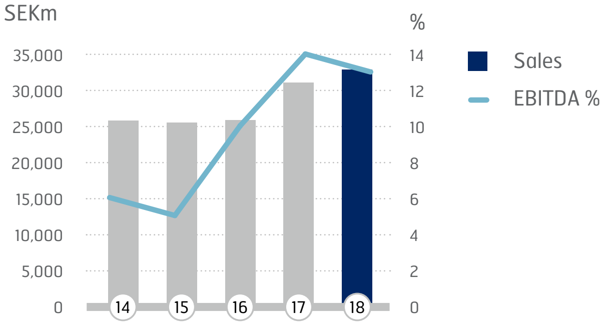
32,796 MILLION SEK
Sales in 2018

3.6 MILLION TONNES
Steel shipments 2018

Growth in automotive segment and in other premium products

Market leader in the Nordic countries

SSAB Europe
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

+5%
Automotive premium volume growth in 2018

+36%
Share of premium products

SSAB Europe is a leading premium producer of high-quality steel strip, plate and tube products. The division stands out from other steelmakers through its know-how of production processes, applications of high-strength steels and value-added services.

MARKET POSITION

SSAB Europe is a market leader in the Nordic home market region, with a complete portfolio of high-quality steel products and support services including strong technical customer support. SSAB Europe's market share in the Nordics is 40–45%. SSAB Europe has a leading position in selected Advanced High-Strength Steel (AHSS) applications for the global automotive industry.

Strong brands and new GreenCoat® eco-friendly coating systems have also given SSAB Europe a leading position in color-coated products. SSAB Europe has an extensive portfolio of tube products. The Nordic countries account for about 50% of sales, the rest of Europe for about 40% and the rest of the world for about 10%.

MARKET DRIVERS

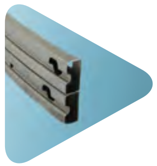
Key drivers of SSAB Europe's business are the continued demand for more sustainable and efficient solutions in various steel-using industries like automotive and construction. New safety regulations, emissions caps and a shift to electrical vehicles are all trends that increase the demand for high-strength steel in the automotive industry.

STRATEGY

The Nordic region home market is core to SSAB Europe's strategy and the goal is to continue developing this market by focusing on product offerings while maintaining the division's position as the most reliable supplier and customers' first choice.

Another important strategic focus area is the continued focus on mix improvement including premium products and value adding sales. In premium products, SSAB Europe continues to focus on the global automotive industry and to grow in other selected areas of application (e.g. construction) with unique premium steel products promoting sustainable solutions.

SSAB Europe aims to improve the product mix to 40% of premium products in 2020, compared with 30% in 2016 and 36% in 2018. Key initiatives



CUSTOMER CASE: DOCOL® IMPROVES BUMPER PERFORMANCE

Shape Corp., a leading automotive supplier in impact energy management, has been using Docol® AHSS in its Power B-Section bumper for many years. It allows for thinner steel gauges and reduced steel consumption by up to 20%. »

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for non-automotive premium are to further promote end-user benefits with our premium products and to enhance collaboration with multi-channel distributors, e.g. SSAB Laser® Certified Partner network expansion.

Continuous improvement in efficiency and productivity are also an important part of SSAB Europe's strategy. SSAB Europe focuses on a competitive and flexible production system, and on optimized utilization of production assets as well as an optimized product portfolio.

Strategic priorities:
- Safety always comes first
- Strengthen market leadership in the Nordic home market
- Improve the premium mix in the product portfolio, 40% in 2020
- Grow sales of advanced high-strength steel (AHSS) to the automotive industry
- Continued focus on developing product and service offering
- Improve efficiency and productivity, along with quality and delivery accuracy, through continuous improvement

CUSTOMERS AND END-USERS

SSAB Europe's extensive product portfolio allows the division to serve customers in diverse segments and in a wide range of applications. SSAB Europe sells products directly to end customers and to service centers and distributors. SSAB Europe supplies different steel grades to major OEMs in the automotive and heavy transport sectors. These manufacturers are seeking the benefits of lightweighting and more efficient fuel consumption. Heavy plates are used extensively in the Nordic markets and within Europe in the marine and energy sectors, while color-coated materials are used primarily by manufacturers of steel roofing and rainwater systems, particularly in the Nordic and Eastern European markets. The division also sells its products to major agricultural machinery makers.

SSAB Europe's main customer segments:
- Automotive
- Building construction & infrastructure
- Industrial applications
- Heavy transport (incl. marine)
- Energy
- Construction machinery
- Service centers

PRODUCTS AND SERVICES

SSAB Europe has a broad product offering through internationally well-known product brands. Yield strength classes of hot-rolled products up to, but excluding, 690 MPa. (Steel grades of 690 MPa and above in hot-rolled products, other than automotive, come under SSAB Special Steels' product offering.) Cold-rolled and galvanized products are available in tensile strengths ranging from 200 to 1,700 MPa. SSAB Europe's product offering also includes customized products for diverse uses from mild deep drawing steel to ultra-high-strength steels. In addition, SSAB Europe can provide leading color-coated products designed for specific needs based on many different coating systems and various specially-developed base steel grades. SSAB Europe offer includes also cut-to-length and slit materials.

SSAB Europe's premium products are designed to deliver sustainable environmental benefits compared to standard products in the marketplace. They include a range of branded products that offer enhanced value to customers through tighter tolerances, improved material properties and refined composition – such as GreenCoat® products, Docol® automotive steels or SSAB Laser®. As an example, automotive manufacturers are calling for lightweight, durable materials with bifacial environmental properties that are manufactured with resource efficiency. SSAB Europe's cold-rolled AHSS helps to make it possible to develop safer and lighter vehicles with lower emissions. SSAB Europe also develops new functional surface coatings that lower energy consumption and maintenance costs, improve surface durability and extend the lifespan of buildings.

DOCOL® THE AUTOMOTIVE STEEL

GREENCOAT® COLORFUL STEEL

Customers can obtain steels in the formats that best meet their needs. SSAB Europe's service offering includes technical advice and workshop support, training and more.

PRODUCTION SETUP

SSAB Europe's main production sites are located in Raahe and Hämeenlinna (Finland), and in Luleå and Borlänge (Sweden). Production is based on integrated blast furnace processes. SSAB Europe's steel mills have an annual crude steel production capacity of 4.9 million tonnes.

Other production sites include the color-coating lines in Finspång (Sweden) and Kankaanpää (Finland). The division also has tube production in Hämeenlinna, Lappohja, Oulainen, Pulkkila and Toijala (Finland), as well as processing sites in the Netherlands, Norway, Italy, Poland, Sweden and the UK.

SSAB Europe's setup enables, over time, high availability, short delivery times, advanced logistics services with high delivery performance and a high degree of flexibility to meet customer needs, particularly in the Nordic region.

SSAB Europe is committed to sustainable production. Our key focus is on reducing CO_2 emissions and purchased energy, improving residual utilization and enhancing overall production efficiency.

COMPETITORS

SSAB Europe's main competitors include ArcelorMittal, Dillinger, Salzgitter, ThyssenKrupp, Tata Steel Europe, US Steel and Voestalpine.

2018 IN BRIEF

- Demand was good in most customer segments, including Automotive, Heavy Transport and Construction. However, the fourth quarter of the year saw a slowdown in the Automotive segment and demand from Service Centers was characterized by some caution
- Shipments were down by 5% at 3.56 million tonnes. This was due to production disruptions during the year. The main decrease was in shipments to Steel Service Centers
- Shipments of premium products to the Automotive segment rose by 5% to 562 thousand tonnes
- The share of all premium products increased to 36% (2017: 32%)
- Operating profit for 2018 was SEK 2,757 (2,988) million. Lower volume impacted negatively. Higher prices contributed positively, but this impact was partly counteracted by higher variable costs, primarily of raw materials
- Investment in modernizing the entry section of the pickling line at the Hämeenlinna Works was completed. The investment supports SSAB's growth strategy in the automotive industry and enables stable production of coated strip products
- SSAB Europe decided to invest SEK 300 million to its tube production and in the same context, centralize it to secure long-term competitiveness. As a result of the restructuring, the Lappohja Tube Mill will be closed gradually by the end of 2020
- The customer end-product CO_2 savings from Automotive premium deliveries were 1.5 million tonnes

SSAB AMERICAS

CHARLES SCHMITT (1959), EVP
HEAD OF SSAB AMERICAS

Market-leading North American producer of quality steel plate and coil

1,250
Employees, approximately

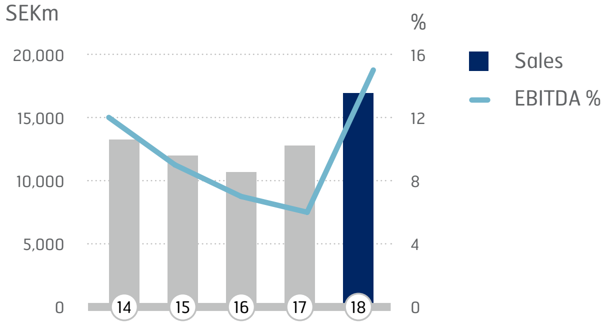
16,878 MILLION SEK
Sales in 2018

2.0 MILLION TONNES
Steel shipments 2018

Strong production base with an industry-leading quality and cost position

Nearly 100% scrap-based production

SSAB Americas
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

28%
Market share in 2018

#1
in quality

SSAB Americas is the largest producer and supplier of steel plate in North America, strongly positioned and highly recognized in the region for cost efficiency and quality.

MARKET POSITION

SSAB is the largest producer and supplier of heavy plate in North America, with a market share of approximately 28% in 2018. SSAB maintains a strong market position in the energy and heavy transport customer segments. The US accounts for about 85% of sales, Canada 10% and Latin America 5%.

MARKET DRIVERS AND TRENDS

The North American plate market improved in 2018, mainly driven by increased demand and reduced imports. Total demand recovered from relatively low levels in 2016–2017, and therefore has the potential for continued improvement over the coming years. There is a significant need to reinvest in infrastructure in North America. This means several end-user segments, such as heavy fabrication and construction equipment, are expected to improve. Also, demand from wind energy is expected to remain positive, and the outlook for investment in line pipe projects going forward is also favorable.

STRATEGY

SSAB Americas' goal is to maintain the leading position and increase market share to 30% over time in the heavy plate market. SSAB Americas concentrates its efforts on five key areas of focus:

- Leading the industry in safety
- Maintaining a leading home market position
- Delivering a superior customer experience
- Keeping costs low, with highly flexible operations
- Diversifying its market presence

To achieve its strategy, capacity will be gradually expanded by removing bottlenecks to capture market growth and through new investments in current facilities. Further investment decisions will be made based on the assessments of long-term supply and demand, and the ability to maintain the leading cost position.

CUSTOMERS AND END USERS

SSAB Americas manufactures a wide range of quality steel products including advanced high-strength steels that are used in various industries. SSAB Americas sells products both directly to end customers and to steel service centers. Key customer segments include energy, heavy transport, construction, infrastructure and construction equipment.

PRODUCTION

SSAB Americas' modern steel mills are located in Mobile, Alabama and Montpelier, Iowa and have a combined annual production capacity of 2.4 million tonnes. Both mills utilize a scrap-based, electric arc furnace (EAF) method to produce steel. The mills are strategically located to cover the industrial heartland in North America, with access to the strategic port systems, intercoastal waterways and major railways, which provide logistical advantages.

SSAB's modern steel mill in Alabama was founded in 2001. The mill includes two quenching and tempering (Q&T) lines with a total production capacity of more than 300,000 tonnes a year. Shipments of these products are accounted for in the SSAB Special Steels division. The newest Q&T line in Alabama is one of the world's most advanced.

In addition to the two steel mills, SSAB Americas operates three cut-to-length facilities located in Houston, Texas; St. Paul, Minnesota; and Toronto, Ontario (Canada). With the flexibility to handle both SSAB's steel as well as steel from external suppliers, these locations process coils of various widths, gauges and grades to meet customer-specific requirements with an enhanced service model.

SSAB Americas operates with the least possible impact on the environment. To produce SSAB Americas' steel, the company uses recovered scrap metal – more than 94% recycled materials. This is material that has been diverted from landfills, everything from discarded appliances to old car parts. SSAB Americas uses recovered scrap tires as a raw material substitute for carbon in the production process. The organization recycles more than 400,000 tires a year, more than 6 million scrap tires to date. SSAB Americas utilizes renewable electrical energy in its manufacturing process, particularly wind energy bought through a certified program. SSAB Americas' production process results in 63% fewer CO_2 emissions compared to the 2016 US steel industry average.

SSAB Americas has also been committed to reducing energy consumption, recycling both hazardous and non-hazardous waste, as well as recycling water for conservation. SSAB Americas was the first electric arc furnace steel producer in North America to successfully certify all of its Environmental Management Systems to the ISO 14001 standard. Funding is dedicated annually for ISO 14001 Continuous Improvement projects.

PRODUCTS

SSAB Americas produces heavy plate and coils. SSAB Americas' steel is 100% recyclable and is made from 94% recycled materials. The durability and high strength of plate and coil produced by SSAB Americas means it lasts a long time, adds years to the lifecycle of products made using SSAB Americas' steel and reducing customers' carbon footprint. This long-lasting steel is used for applications such as transportation, where end-users can enjoy reduced fuel consumption, and in the energy sector, contributing to the transition to more renewable energy resources like wind power.

In 2016, SSAB Americas launched EcoSmart, an innovative customer awareness program designed to showcase SSAB's commitment to sustainability. Nearly 50 customers have been onboarded to the program since its inception. Customers participating in the program receive products and documentation marked with the EcoSmart label, and confidence that SSAB is an environmentally responsible supplier.

COMPETITORS

SSAB Americas' primary competitors are domestic steel producers, such as Nucor and ArcelorMittal, as well as imported products.

2018 IN BRIEF

- In North America, demand was strong in 2018, especially during the second half of the year. Most segments, such as Construction Machinery, Energy, Heavy Transport and Service Centers, showed good or growing demand during the year. The steel import tariffs introduced during the first half of 2018 have boosted demand for products produced domestically in the US. Market prices for heavy plate rose sharply during the year
- Shipments increased by 3% to 2.04 million tonnes
- Operating profit for 2018 was SEK 1,837 (183) million. Strongly improved earnings were primarily due to higher prices
- Market share was around 28% of the North American plate market

TIBNOR

MIKAEL NYQUIST (1963), PRESIDENT
HEAD OF TIBNOR

Leading supplier of steel, other metals and processing services in the Nordics

1,100
Employees, approximately

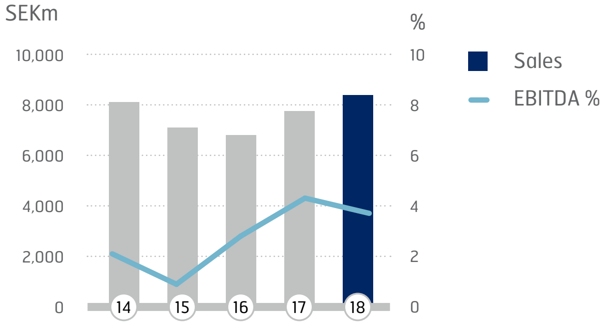
8,434 MILLION SEK
Sales in 2018

20%
market share in Nordic steel distribution

Logistics expertise and modern customer service solutions

Extensive product range and specialized processing services

Tibnor
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Tibnor distributes steel and other metals to various industries in the Nordics and Baltics, complemented by a wide range of value-adding processing and parts production services. Tibnor plays an important role in securing SSAB's leadership in the Nordic home market.

MARKET POSITION

Tibnor has a share of around 20% of the Nordic distribution market, with Sweden accounting for about 50% of sales, followed by Finland and Norway, both at about 20%, and then Denmark and the Baltics. The distribution and processing business accounts for about 85% of sales, with direct mill supplies accounting for the remaining 15%.

Tibnor has agreed to acquire the steel distribution business of the Danish company Sanistål A/S, Denmark's second largest steel distributor, in order to complete its Nordic footprint. The transaction is expected to close in the early part of the second quarter of 2019.

MARKET DRIVERS

Distributors have an important role in the market and nearly 55% of all steel delivered in the Nordic region, around 4 million tonnes, is supplied through distributors. The manufacturing industry in the Nordic region is characterized by a high degree of exports, hence the status of the global economy is an important factor for demand.

Value-adding services and outsourcing non-core competencies to a professional, specialized processing partner are of increasing importance for industrial customers seeking to increase their overall profitability and competitiveness.

STRATEGY

Tibnor's strategy is to win market shares through the broadest product offering in the Nordics and to grow volumes in the parts business through a specialized network of processing units. Working in close collaboration with strategic suppliers and key customers, Tibnor also continues to develop the value-added offering focusing on customer experience and leveraging digitalization and automation. Internally, this also means creating one Nordic company by utilizing competencies, best-practices, assets and purchasing power across the Nordics.

CUSTOMER CASE: EKSJÖ MASKIN & TRUCK

Eksjö Maskin & Truck is one of Sweden's leading suppliers of new and reconstructed trucks for the lumber industry. At the Eksjö factory, approximately 150 custom-made woodchip attachments are annually manufactured for trucks to transport chips, wood and pulp throughout the country. »

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CUSTOMER SEGMENTS

Tibnor has approximately 10,000 customers in various industries in the Nordics and Baltics. Customers range from large OEMs to small and mid-size industrial companies who use steel and other metals in their manufacturing processes and/or end products. Key segments are the following:

- Subcontracting
- Engineering
- Automotive, including heavy commercial vehicles
- Construction

PRODUCTS AND SERVICES

SSAB's product range represents approximately 50% of Tibnor's sales. Other suppliers' products including engineering steel and long products (e.g. beams, merchant bars and hollow sections) represent approximately 33%. Stainless steel and non-ferrous metals, mainly aluminum and copper, account for approximately 17% of sales.

Tibnor is a logistics expert with a well-established distribution system that works with different logistics flows. Logistics solutions range from 24-hour stock deliveries to individual material flows. Tibnor processes all product groups supplied to the market. Tibnor has three processing units in Finland, five in Sweden, three in Norway, as well as units in Denmark and Lithuania.

COMPETITORS

Competitors include BE Group, Stena Stål, Norsk Stål and Kontino, as well as a number of national local companies and niche actors.

2018 IN BRIEF

- Total shipments for the full year 2018 decreased 2% compared to 2017, mainly due to lower demand in the construction segment. Segments within strip products and engineering steel increased compared to 2017
- Operating profit for 2018 was SEK 230 (252) million. Lower earnings were primarily due to somewhat lower margins
- Tibnor agreed to acquire the steel distribution business of the Danish company Sanistål A/S, Denmark's second largest steel distributor, in order to complete its Nordic footprint. The transaction is expected to close in the early part of the second quarter of 2019

RUUKKI CONSTRUCTION

SAMI ERONEN (1971), PRESIDENT
HEAD OF RUUKKI CONSTRUCTION

Sustainable building and construction products and services in Europe

1,800
Employees, approximately

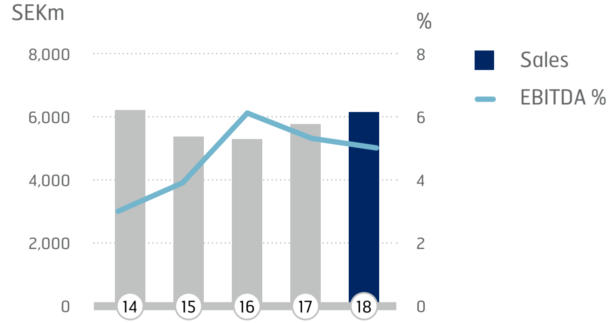
6,140 MILLION SEK
Sales in 2018

10
Operations in 10 countries

Operates both in the residential and non-residential construction segments

Recognized Ruukki brand

Ruukki Construction
Net sales and EBITDA margin[1) 2)]



[1)] Excluding items affecting comparability
[2)] Figures for 2014 are pro forma, as if SSAB had owned Rautaruukki during the year

Ruukki Construction offers sustainable building and construction products and services such as roofs, envelopes and frame structures. Core business segments are non-residential, residential and industrial construction. Ruukki Construction has operations in 10 countries and production units are in Finland, Poland, Sweden, Estonia, Lithuania and Ukraine. Ruukki's customers are active in construction and real estate sectors.

Environmentally-aware construction has become normal practice. Alongside environmental awareness, customers' requirements include the construction of high-quality, healthy buildings. Ruukki is responding to evolving requirements by offering customers the best products and solutions to promote sustainability. Examples of this include increasingly more energy-efficient panels and the Ruukki Life panel, which is mostly made from recycled material which cuts carbon dioxide emissions originating in production by as much as 20%.

MARKET POSITION

Ruukki Construction has a strong market position in residential and non-residential construction in Finland, Scandinavia, the Baltic states, Poland, the Czech Republic and Slovakia, which are Ruukki's key geographical market areas.

DEMAND DRIVERS AND TRENDS

Construction business cycles impact greatly on demand in Ruukki Construction's market area. Recent years have seen strong demand in the construction markets in the Nordic countries and in Europe, but growth is now gradually plateauing. Alongside this, demand and the markets are being driven strongly by trends such as digitalization, consumer behavior, urbanization and sustainable construction.

STRATEGY

Ruukki Construction's strategy is to be at the forefront of construction through its advanced products and services. The product businesses – Residential Roofing and Building Components – play a key role in Ruukki's pursuit of profitable growth by being a leading player, for example, in product development, the provision of premium products and services, and as a user of digitalization.

CUSTOMER CASE: PRIMO OFFICE BUILDING IN GOTHENBURG, SWEDEN

The Primo office building in Sweden makes an unforgettable impression. Gothenburg-region-based real estate firm Next Step Group did not want to build an ordinary office block, but instead give it a striking impact with special shape and facade materials. »

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CUSTOMERS AND END-USERS

Core business segments:

- Non-residential construction
- Residential construction
- Industrial construction

Ruukki Construction's customers operate in many activities in real estate and construction. The most important decision groups are:

- Architects and structural designers
- Main contractors and installation companies
- Real estate owners and developers
- Residential roofing dealers and tin smiths
- House owners

Products and services

- Steel roofs, rainwater systems and accessories for residential construction
- Components such as sandwich panels, load-bearing sheets and façade claddings for non-residential construction
- Frame solutions used in non-residential buildings
- Bridges
- Design and installation services

Ruukki Construction has production units in Finland, Poland, Lithuania, Sweden, Estonia and Ukraine. Ruukki Construction's major steel supplier is SSAB Europe. There are also external steel suppliers, mainly in CEE and Russia. Competitiveness is secured by market-level pricing from all suppliers.

COMPETITORS

Ruukki Construction's competitors include companies, such as Kingspan, Paroc, Lindab, Areco, the construction business of steel companies, small local companies and alternative construction materials.

2018 IN BRIEF

- Demand in the construction industry was generally good, except in the Russian market
- Sales increased within Residential Roofing and Building Components
- Operating profit for 2018 was SEK 181 (171) million. The increase in earnings was mainly related to Building Components
- Strengthened focus on the Building Product businesses and core market areas
- Divestment of Ruukki Construction's business operations in Russia

HOW WE WORK WITH CUSTOMERS

SSAB's business model is built on fostering close, long-term customer relationships. Through intense collaboration, SSAB continuously develops new products, applications, services and processes in order to enhance our market offerings.

SSAB works both directly with OEMs, subcontractors and end-users through our own sales force and via distributors, as opposed to many steel companies who sell product only via distributors. We support our customers in developing better and more competitive products, helping them to increase productivity and thereby to reduce costs during use.

To remain at the forefront in the industry, SSAB will continue to invest in research and development, technical customer support and joint innovation initiatives to get the most out of SSAB's high-strength and advanced high-strength steels, and premium steels. At the same time, the organization strives toward superior customer experience, which means the highest standards in terms of product quality, shorter lead times, delivery accuracy, digital portals and channels for smooth interaction.

DEVELOPMENT IN COLLABORATION WITH CUSTOMERS

As early as possible in the development of a new product – be it a tipper, a chute or a crane – SSAB's qualified applications engineers work to support the customer in developing solutions that best utilize the qualities of each steel grade. This is how SSAB enables customers to produce stronger, lighter and more durable end products.

RESEARCH AND DEVELOPMENT

SSAB's expertise in high-strength steels is based on continuous and focused research and development. SSAB conducts market-driven research and development with a focus on product development, customer applications and process development. Relevant customer segments are identified through a structured process, where the lighter, stronger and more durable steel applications fill critical functions and add value.

SSAB's research work is governed by the mandate that SSAB's products will be the first choice for customers worldwide and will set the standard for performance in selected market segments.

Research and development centers:

- Borlänge and Oxelösund (Sweden)
- Raahe and Hämeenlinna (Finland)
- Montpelier (Iowa, US)

Nearly a quarter of the employees at these research facilities hold doctorate degrees in technical fields from top universities. This high-end knowledge base ensures cutting-edge research in the industry. In addition to product improvements, research and development teams also focus on ways to enhance production and processing.

SSAB's research and development is focused primarily on advanced high-strength steels and wear steels, with an emphasis on those segments where demands on the steel are particularly critical. Increased environmental awareness has also been an important driving force in development work, as evidenced by high-strength steels that enable more energy-efficient transportation and lower CO_2 emissions.

Lastly, knowledge about production processes, material recycling and efficient use of resources is also of great importance to SSAB's research and development.

SSAB key factors for successful research and development:

- Market-driven research and development
- Qualified and skilled employees
- Effective portfolio and project management
- Focus on effective problem-solving
- Work environment that encourages collaboration and innovation
- Strong external networks

BALANCED PROJECT PORTFOLIO

To remain a market leader in high-strength steel, SSAB recognizes the necessity of long-term development. Long-term projects can last as long as five to ten years.

Development projects begin with specific customer requirements, changes in the outside world, market analysis or develop around basic research on the steels' core properties. SSAB strives for a good balance between these categories.

AFTERMARKET BUSINESS KNOW-HOW

The aftermarket has always been an important part of SSAB's business. Much of SSAB's know-how comes from experience gained in the spare parts, repair and maintenance business, where new ideas are born and many new products developed. The very close connection SSAB has with our customers enables us to get feedback on how the products are being used by the end customer.

SWEDISH STEEL PRIZE

The Swedish Steel Prize is an international award for companies, institutions and individuals in the steel industry. Since 1999, it has been recognizing and rewarding those that have developed a method or product that fully utilizes the potential of high-strength, wear resistant and other premium steels.

An independent professional jury assesses the entries by considering their applicability, profitability, environmental benefits, performance, innovation and creativity. In 2018 the winner was Mantella S.r.l. from Italy with their innovative Stratosphere 3.0 rear tipping semi-trailer.

The Swedish Steel Prize also includes an event with an awards gala packed with knowledge, inspiration, and great opportunities to meet people working with steel in a variety of fields.

THE UNIVERSITY STEEL PRIZE

Swedish Steel Prize's more youthful version is called the University Steel Prize, a steel award that challenges engineering students around the world to come up with innovative ways to use high-strength steel. Winning means a great honor and a prize of SEK 20,000 to be used for educational purposes. The winner is also invited to the Swedish Steel Prize event to present their application on the main stage.

In 2018 the winner was Sergi Parareda Oriol, from the Polytechnic University of Catalonia, Spain, with his innovative research on the fatigue strength of trimmed edges in high-strength steel.

Read more about Swedish Steel Prize.

SUSTAINABILITY REPORT 2018

SUSTAINABILITY APPROACH

Our vision is at the core of our entire operation. In everything we do, we strive to create a stronger, lighter and more sustainable world. Sustainability is a key business driver for both us and our customers. Therefore, we put much effort into ensuring that we act in an ethical and environmentally sound way in all our operations and markets.

SUSTAINABILITY STRATEGY AND TARGETS

SSAB's sustainability strategy is divided into three areas: Sustainable Offering, Sustainable Operations and Responsible Partner (read more on page 24). In 2017, SSAB increased the company's ambitions for sustainability and set new objectives and targets.

Area of Sustainability strategy	Sustainable offering	Sustainable operations	Responsible partner
Objective	**10 Mtonne annual customer CO_2 savings 2020**	**Fossil-free 2045**	**Responsible partner**
Description	By using SSAB's high-strength steels, customers can achieve CO_2 savings during their end-products' use-phase. The earlier target was to reach the same CO_2 savings targets by 2025, but since volumes for EcoUpgraded and Automotive Premium products have grown more than originally expected, the target was brought forward to 2020.	Long term, SSAB will work toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal to be fossil-free throughout our entire operation by 2045.	For SSAB, having a large impact on society means taking on a large responsibility. SSAB adheres to the highest standards as a responsible partner by taking responsibility for business ethics and responsible sourcing, as well as continuously strive to improve safety, diversity and employer attractiveness.
Objectives & Targets	• 10 Mtonne annual customer CO_2 savings by 2020: - 8 Mtonnes of annual CO_2 savings from SSAB EcoUpgraded deliveries - 2 Mtonnes of annual CO_2 savings from Automotive Premium deliveries	• Fossil-free within the entire operation by 2045 • At the end of 2020, SSAB will have achieved the following environmental and energy targets*: - Lasting reduction of 300,000 tonnes in CO_2 emissions - Lasting reduction of 400 GWh in purchased energy - Lasting improvement of 50,000 tonnes in residuals utilization * The base year for monitoring the targets is 2014	• Safest steel company in the world with a long-term goal of zero accidents • Reaching an employee engagement score that exceeds the global average (measured every other year) • By the end of 2019, SSAB will have achieved the following gender diversity target: - Women holding 30% of the top management positions in the company
Results in 2018	• In 2018, the customer end-product CO_2 savings totalled 9.2 Mtonnes: - 7.7 Mtonnes from SSAB EcoUpgraded deliveries - 1.5 Mtonnes from Automotive Premium deliveries	• Construction of a pilot plant for fossil-free steel production was started in Luleå, Sweden. Read more on pages 26–27 • By the end of 2018, SSAB achieved (of the 2020 targets): - 272,000 tonnes or 91% of the CO_2 emissions reduction target - 345 GWh (1,242 TJ) or 86% of the purchased energy reduction target - 44,000 tonnes or 88% of the residuals utilization target	• SSAB's lost time injury frequency resulting in an absence of at least one day (LTIF) was 6.1 (5.6), up 9% compared to 2017, despite safety having the highest priority and the extensive efforts undertaken to improve safety and the company's safety culture • The Employee Engagement Index (as measured by Voice, SSAB's global employee survey), was below the external global manufacturing norm. - During 2018, the focus was on executing the improvement plans following Voice 2017. The next Voice is scheduled for 2019. • At the end of 2018, women held 27% (27%) of SSAB's top management positions

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, provide a common road map on sustainable development for 2030. We regard it as important to contribute to achieving these goals. We promote their achievement in our operations and value chain. We have chosen seven goals closely linked to our business and where we believe we can make the biggest contributions.

Sustainable Development Goal	In our operations	Through our products
5 GENDER EQUALITY	Aim for women to hold 30% of the top management positions in the company by the end of 2019.	
7 AFFORDABLE AND CLEAN ENERGY	Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at certain steel mills, ensure efficient use of energy and lower emissions.	Our steels are used in renewable energy plants like hydro, wind, solar and wave power farms, as well as in biofuel plants.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	In close customer collaboration, SSAB develops new products, applications, services and processes in order to constantly enhance our sustainable offerings. We focus on R&D in environmentally solid technologies and production processes. We promote collaboration with research institutes and other industrial companies to support sustainable industrial development.	SSAB's steels are an important building block for sustainable industries and infrastructure. SSAB offers a broad range of high-strength and wear-resistant steels that enable better energy and material efficiency. They also offer strength and durability for the applications in which they are used, thus reducing the environmental footprint.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SSAB focuses on material efficiency through the use of recycled steel scrap and by-products to replace natural resources. Material that cannot be recirculated internally can be processed into by-products and sold externally, thus reducing CO_2 emissions in other industries.	Steel is 100% recyclable and the most recycled material in the world. Steel is an integrated part of the circular economy, which promotes zero waste, reduced use of natural resources and encourages the reuse and recycling of materials.
13 CLIMATE ACTION	Emissions from blast furnace-based steel production can be reduced to by improving material and energy efficiency in the production processes. In the long-term, SSAB will stepwise move towards a fossil-free steelmaking process through the HYBRIT initiative and eliminate other fossil fuel related emissions, making it possible to be fossil-free within the entire operation by 2045.	SSAB offers a broad range of high-strength and wear resistant steels that enable better energy and material efficiency, as well as strength and durability for the applications in which they are used, thus reducing CO_2 emissions in the end-products' use-phase. Ruukki Construction provides customers with energy-efficient building and construction solutions that enable zero energy buildings.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	SSAB a signatory to the UN Global Compact and we continually enhance our efforts to protect and respect its 10 principles.	
17 PARTNERSHIPS FOR THE GOALS	Collaboration across industries, nations and governments is a key driver for sustainable development. We aim to expand our partnerships to facilitate collaboration on technology, innovation and knowledge sharing.	Working together with customers to improve energy efficiency and minimize raw material use is an important way for SSAB to create sustainable solutions and end-products.

SSAB AND THE VALUE CHAIN

The illustration shows the extent of our influence on the material impacts/ topics in focus along the main stages of our value chain and provides examples of how we manage these impacts and create positive outcomes and value.

SOURCING

The raw materials used to make iron and steel account for SSAB's most significant purchases. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management, and suppliers must comply with SSAB's Supplier Sustainability Policy.

DEGREE OF INFLUENCE: MEDIUM

IMPACTS / TOPICS IN FOCUS

- Safety
- Labor and human rights issues at suppliers
- Environmental impacts from raw material extraction

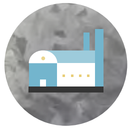
VALUE CREATED / POSITIVE OUTCOMES

- Payments to suppliers and contractors on time
- Improved sustainability conditions at suppliers

MANAGEMENT OF IMPACTS

- Responsible sourcing practices

Read more on pages 89–92.



PRODUCTION / OPERATIONS

Operational efficiency, flexibility, environmentally-sound technology and a safe work environment are at the core of SSAB's production.

DEGREE OF INFLUENCE: HIGH

IMPACTS / TOPICS IN FOCUS

- Safety
- Steel production emissions and waste
- Use of raw materials and energy

VALUE CREATED / POSITIVE OUTCOMES

- A safer and healthier work environment for SSAB's employees and contractors
- Employee wages and benefits
- More efficient use of natural resources and reduced CO_2 emissions by utilizing residuals and recycled steel as raw materials
- Improved energy efficiency through energy recovery and systematic energy management
- Contribution to climate change mitigation and future fossil-free steel production through the HYBRIT initiative
- Creation of employment and wellbeing at our production sites

MANAGEMENT OF IMPACTS

- Strong focus on health and safety to minimize the risks of accidents
- Promoting a high-performing organization
- Working toward having a more diverse workforce and becoming a more attractive employer
- Reducing CO_2 emissions by more efficient use of materials
- Improving energy efficiency through systematic energy management
- Working toward fossil-free steel production

Read more on pages 65–75 and 77-83.

TRANSPORTATION

SSAB's business is dependent on efficient transportation throughout all the stages of the value chain, both upstream and downstream, and even within SSAB. Transportation takes place primarily by rail and ship, but also by truck. SSAB focuses on minimizing our environmental footprint through timely transportation and environmentally friendly fuels. Whenever possible, SSAB seeks to transport by sea and rail rather than by road.

DEGREE OF INFLUENCE: MEDIUM-HIGH

IMPACTS / TOPICS IN FOCUS

- CO_2 emissions generated during the transportation of our raw materials and products
- Other emissions to air and water
- Use of fossil fuels
- Social, labor issues, health and safety at our logistics partners

VALUE CREATED / POSITIVE OUTCOMES

- More accurate, cost-efficient and sustainable transportation

MANAGEMENT OF IMPACTS

- Improving transportation efficiency and fuel economy by optimizing logistics, modes of transportation, transportation routes and load carrier capacities
- Consideration of environmental and social criteria when selecting logistics providers
- Active dialog with appropriate authorities about transportation regulations
- Working toward our long term goal of fossil-free internal transportation by gradually renewing the vehicle fleet to fossil-free vehicles

SALES

SSAB has an extensive global sales network, which enables close collaboration with customers.

DEGREE OF INFLUENCE: HIGH

IMPACTS / TOPICS IN FOCUS
- Customer satisfaction
- Social issues; safety, health, competence development and diversity
- Ethical issues (anti-corruption) in customer relationships

VALUE CREATED / POSITIVE OUTCOMES
- Long-term customer relationships
- Satisfied, more competitive customers
- Reduced environmental impact through higher penetration rate of high-strength steels globally

MANAGEMENT OF IMPACTS
- Promoting a high-performing organization
- Fostering close collaboration with customers to increase the use of high-strength and wear-resistant steels
- Marketing our products with sustainability benefits (SSAB EcoUpgraded, EcoSmart, Ruukki Construction)
- Bringing understanding of customer needs to the R&D process and continuously developing new products and applications to enhance our sustainable offerings
- Offering customers technical support and after-market services

USE PHASE

Use of SSAB's high-strength steels enables customers to manufacture products which use less material, are stronger, lighter and more durable, and reduce costs, thus making customers and their products more sustainable and competitive.

DEGREE OF INFLUENCE: MEDIUM

IMPACTS / TOPICS IN FOCUS
- Energy consumption and CO_2 emissions during the use phase of moving equipment such as trailers, trucks, materials handling and lifting equipment
- Energy consumption of buildings

VALUE CREATED / POSITIVE OUTCOMES
- Reduced environmental impact through higher penetration rate of high-strength steels globally; end-products made from less raw materials, with lower weight and fuel consumption, increased load capacity and longer lifespans, all leading to reduced CO_2 emissions in the use phase
- Improved energy efficiency in buildings

MANAGEMENT OF IMPACTS
- Fostering close collaboration with customers to increase the use of high-strength and wear resistant steels
- Marketing our products with sustainability benefits (SSAB EcoUpgraded, EcoSmart, Ruukki Construction)
- Bringing understanding of customer needs to the R&D process and continuously developing new products, applications to enhance our sustainable offerings
- Providing wear parts and steel for wear parts to prolong the life of machinery and equipment

Read more on pages 60–64.

END-OF-LIFE

Steel is a unique material that retains its properties no matter how many times it's recycled. Using recycled steel in steel production increases material efficiency and reduces CO_2 emissions.

DEGREE OF INFLUENCE: MEDIUM

IMPACTS / TOPICS IN FOCUS
- Recyclability of steel
- Waste from steel products at the end of life

VALUE CREATED / POSITIVE OUTCOMES
- The use of steel scrap reduces the use of virgin raw materials and CO_2 emissions in the steel life cycle
- Minimized waste from steel products at the end of life

MANAGEMENT OF IMPACTS
- Improving material efficiency through the use of recycled steel scrap to replace natural resources in steel production
- Communicating and marketing steel as a recyclable, sustainable material choice
- Promoting the recycling of steel products

SUSTAINABILITY GOVERNANCE

Sustainability governance at SSAB is based on the company's vision, values and Code of Conduct complemented by our governing documents. Sustainability is an integral part of SSAB's strategy. The Board of Directors has the highest decision-making authority in these matters.

ORGANIZATION OF SUSTAINABILITY WORK

SSAB's Board of Directors approves the Code of Conduct and monitors SSAB's sustainability performance. SSAB's Group Executive Committee is responsible for outlining the company's strategic approach to sustainability and monitors how sustainability is implemented in the divisions, subsidiaries and support functions. Sustainability issues are frequently on SSAB's Group Executive Committee's agenda to ensure the close involvement of top management.

The Head of Sustainability is a member of the Group Executive Committee and is responsible for strategy development and coordination of sustainability at Group level. The Head of Sustainability leads a Sustainability Management Team, which is a network of people with expertise in different sustainability areas, including representation from the divisions and subsidiaries, with the responsibility to coordinate and drive SSAB's sustainability initiatives. In practice, sustainability is integrated into the everyday work of our production sites, global divisions and support functions. To support work related to sustainability issues, SSAB has a number of councils, including an Environmental Council, which includes representatives from each division, the main production sites and from SSAB's subsidiaries, Ruukki Construction, Tibnor and Merox. In issues related to responsible sourcing, there is a Procurement Council, whose mission is to enhance global procurement processes and projects, and to collaborate on sustainability and continue our strong focus on responsible sourcing.

SSAB links sustainability issues, such as safety KPIs, to remuneration. For example, internal safety and environmental targets are part of incentive plans for selected employee groups and top management. Individual performance targets might also include targets for emissions reductions or other sustainability related topics for selected employee groups.

GOVERNING DOCUMENTS AND PRINCIPLES FOR SUSTAINABILITY

SSAB's values define who we are and what we stand for. SSAB's Code of Conduct forms the basis for our actions and behavior. The Code of Conduct and the governing documents at Group-level regarding sustainability, e.g. environment and safety, are our most important documents. There are also local governing documents to further elaborate on internal rules. All these documents are regularly reviewed and updated.

MANAGEMENT SYSTEMS AND RISK MANAGEMENT

Management systems and action plans ensure that SSAB systematically works on critical sustainability aspects. Several different management systems and tools, both developed in-house and third-party certified, are used to effectively control operations in accordance with SSAB's Code of Conduct and the governing documents. Safety management systems for systematic health and safety work, according to OHSAS 18001, have been implemented at all production sites. Environmental and climate work takes place primarily within the scope of the ISO 14001 environmental management standard and via local energy management systems.

CODE OF CONDUCT

The Code is SSAB's ethical compass and outlines guidelines for SSAB's behavior with stakeholders and in the market. The Code helps us to translate values into action and forms the basis for our ethical, environmental and social responsibility commitments. The Code of Conduct covers areas such as health and safety, environment, employee relations, human rights and business practices.

TRAINING

The Code of Conduct applies to all employees globally and is communicated through e-learning. 89% (91%) of all employees had been trained by the end of 2018.

ETHICS LINE

SSAB's global reporting tool, Ethics Line, provides employees with a possibility to raise their concerns. All employees are urged to report suspected breaches of the Code of Conduct. Employees can file a report anonymously online or by calling a global hotline 24 hours a day, 7 days a week. The Ethics Line has been implemented in 14 countries. Awareness of the Ethics Line has been promoted through employee communications and web-based training.

By the end of 2018, 95% (95%) of our employees had access to the Ethics Line. During 2018, 9 (11) incidents where reported through the Ethics Line. The reports related to, inter alia, corruption, discrimination, harassment and inappropriate behavior in the workplace. Following investigation, four of these reports were substantiated and actions were taken in four cases.

GLOBAL COMPACT

SSAB is a signatory to the UN Global Compact and we continually enhance our efforts to protect and respect its 10 principles, and promote its spirit within the areas of human rights, labor standards, the environment and anti-corruption. SSAB also supports the International Bill of Human Rights, ILO Core Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Read our sustainability governing documents.

THE GLOBAL COMPACT
WE SUPPORT

STAKEHOLDER ENGAGEMENT

KEY STAKEHOLDER GROUPS

SSAB's key stakeholders are those who are impacted by SSAB's operations and activities, and who similarly impact SSAB.

The following groups are considered as being the most important stakeholder groups:

- Existing and potential customers
- Existing and potential employees
- Shareholders, investors and financiers
- Existing and potential suppliers
- Local communities near SSAB's production sites
- Public agencies and organizations

Other stakeholders SSAB interacts actively with include the media, analysts, regulators, various research bodies and partner organizations, research institutes, universities and vocational schools.

APPROACH TO STAKEHOLDER ENGAGEMENT

SSAB aims for regular, honest and transparent interaction with its stakeholders. We actively maintain and develop stakeholder relations and draw on information obtained from them when developing our operations, products and services. Transparent and continuous dialog increases the trust in SSAB's ability to manage risks and utilize opportunities, which at the same time enhances the development of the company.

Key stakeholders, engagement, topics and concerns raised (GRI 102-43,44)

Stakeholder group	Examples of engagement	Key concerns, expectations	SSAB's response/actions
Existing and potential customers	• Personal sales work and meetings with customers • Technical support • Knowledge Service Center • Customer seminars and training • Trade fairs • Site visits • The Swedish Steel Prize	• High quality, sustainable products • Reliability • Services • R&D cooperation and support	• We offer our customers a broad range of high-strength and wear-resistant steels that enable improved efficiency and sustainability benefits in the applications they are used • We have developed the SSAB EcoUpgraded concept, which highlights the environmental benefits of upgrading to high-strength steel • Through close customer collaboration, we continuously develop new products, services and applications • Good delivery performance is our highest priority
Existing and potential employees	• Performance dialogs • Coaching and training • Site safety committees • Info screens, intranet • Employee surveys • Collaboration with local universities and schools to engage potential future employees • Regular dialogs with unions, centrally and locally	• Healthy and safe work place • Equal treatment and open communication • Job security and incentivizing compensation • Opportunities for professional development • Responsible and sustainable operations • Employee related sustainability matters • Long-term value creation • Responsible governance • Sustainable operations (CO_2 emissions, resource efficiency) • Safety • Transparency and reliable reporting	• We operate in line with our vision, values and Code of Conduct • We promote a high-performing organization • Our long-term safety goal is zero accidents and we are committed to striving for this through our safety work • Our employee compensation is based on standardized principles • We work toward having a more diverse workforce and becoming a more attractive employer • We value constructive dialog with our unions
Shareholders, investors and financiers	• Annual General Meeting • Result conferences and webcasts • Capital Markets Day • Investor meetings	• Long-term value creation • Responsible governance • Sustainable operations (CO_2 emissions, resource efficiency) • Safety • Transparency and reliable reporting	• We updated our strategic growth targets in 2017 and their realization is ongoing • We are committed to achieving our financial targets • We take economic, social and environmental responsibility into consideration in our business • We are committed to reducing CO_2 emissions both short and long-term • Our long-term safety goal is zero accidents and we are committed to striving for this through our safety work

Key topics discussed with stakeholders in 2018:

- Sustainable offering and SSAB EcoUpgraded
- CO_2 emissions and how SSAB works to reduce its carbon footprint
- HYBRIT (Hydrogen Breakthrough Iron Making Technology) initiative
- Safety in SSAB's operations
- Responsible and sustainable supply chain
- Anti-corruption and ethics compliance

Key stakeholders, engagement, topics and concerns raised (GRI 102-43,44)

Stakeholder group	Examples of engagement	Key concerns, expectations	SSAB's response/actions
Existing and potential Suppliers	• Supplier management process including audits, development meetings, price and other negotiations • Visits to suppliers • Training, supplier days	• Good financial position • Fair and equal treatment of suppliers • Long-term business relations • Responsible operations	• We are committed to achieving our financial targets • We operate in line with our vision, values and Code of Conduct • We implement responsible sourcing practices • We manage supplier relationships in a systematic manner • We train contractors in work safety
Local communities near SSAB's production sites	• Locally, engagement with politicians, regulators, the media and the general public, people living close to the production sites	• Creating well-being locally through employment, local purchasing and taxes • Operational safety • Reducing emissions, noise and other inconveniences close to production sites • Open communication and interaction	• We have a significant role in the local and regional community as an employer, tax payer, buyer of regional goods and services • We promote sustainable development of the local communities, participate in local initiatives, and sponsor selected local activities
Public agencies and organizations	• Involvement in many research projects to drive technological developments • Collaboration with industry associations on many topics	• Climate change, reducing CO_2 emissions and other environmental impacts • Responsible and sustainable operations	• We communicate openly and we actively engage in a dialog with different organizations about key issues

Memberships of Associations and National or International Advocacy Organizations (GRI 102-13)

Area or country	Organizations
Globally	World Steel Association
Europe	Eurofer, Euroslag, European Coil Coating Association (ECCA), Eurometal, European Convention for Constructional Steelwork (ECCS)
North America	American Iron and Steel institute (AISI), National Association of Manufacturers (NAM)
Sweden	Jernkontoret, Svenskt Näringsliv (Confederation of Swedish Enterprise), SKGS (Skogen, Kemin, Gruvorna och Stålet), Steel and Metal Wholesalers Association, the Swedish Institute of Steel Construction, Swedish Mineral Processing Research Association, Swedish Cement and Concrete Research Institute, Swedish Leadership for Sustainable Development
Finland	Finnish Metal Producers, Confederation of Finnish Industries EK, Suomen ElFi (Finnish Large Electricity Consumers), Finnish Constructional Steelwork Association, Confederations of Finnish Construction Industries, the Federation of Finnish Technology Industries, Finnish Coal Info

SUSTAINABLE OFFERING

This is our value proposition that we offer our customers and other stakeholders. The core of SSAB's business is to develop and produce Advanced High-Strength Steels and Quenched & Tempered steels that are stronger than ordinary steels. This in turn helps our customers produce lighter and stronger products, thereby reducing their environmental footprint.

ENVIRONMENTAL BENEFITS FROM HIGH-STRENGTH STEELS

SSAB offers customers a broad range of high-strength and wear-resistant steels that enable better energy and material efficiency, as well as strength and durability for the applications in which they are used. Lighter vehicle weight also means higher payload capacity and improved fuel economy.

The SSAB EcoUpgraded concept highlights the environmental benefits of upgrading to high-strength steel, including reduced emissions from lower weight, improved fuel economy and extended product lifetime, but also from SSAB customers using less steel, when upgrading to high-strength steels. SSAB has set an objective related to customers upgrading to high-strength steels; SSAB is aiming at 10 million tonnes in annual customer CO_2 savings by 2020. The savings will be reached by two initiatives: 8.0 million tonnes savings from SSAB EcoUpgraded deliveries and 2.0 million tonnes savings from Automotive Premium Upgrade deliveries.

OPTIMIZED WEIGHT AND FUEL CONSUMPTION IN THE TRANSPORTATION SEGMENT

The environmental and financial advantages of using high-strength steels are significant in active construction applications such as trailers, trucks, materials handling and lifting equipment, and construction machinery. Used in these applications, SSAB's high-strength steels reduce the weight of vehicle structures by enabling minimum steel thickness through new structural design.

Structural redesign can also reduce production costs, e.g., through less welding and improved usability. Lower vehicle weight leads to increased payload capacity and lower fuel consumption and emissions. For example, the weight of trailer bodies made with SSAB's high-strength steels can be reduced by up to 30% compared to using traditional steel grades.

In applications such as lifting equipment where high load-bearing capacity is required, the use of high-strength steel enables stronger designs. At the same time, structural wall thickness is reduced, resulting in material weight savings which can lead to lower fuel consumption and reduced emissions.

10 MILLION TONNES

in annual customer CO_2 savings by 2020

SSAB ECO UPGRADED

Automotive manufacturers are also calling for lightweight, durable materials with beneficial environmental properties that are manufactured with resource efficiency. SSAB's cold-rolled advanced high-strength steels help to make it possible to develop safer and lighter vehicles with lower emissions. Our advanced high-strength steels have been especially engineered for safety applications in cars with stringent requirements for reduced weight and high energy absorption.

PROLONGED SERVICE LIFE OF MACHINERY AND EQUIPMENT

SSAB's wear steels are Quenched and Tempered (Q&T) steels that are used in a range of machinery and equipment in transportation, mining, quarrying, recycling and road building segments. All of these applications require the hardness and toughness that are characteristic of Q&T steels.

Use of Q&T steels in buckets, crushers, blades, shredders and tippers provides greater wear resistance, which in turn improves machinery performance and extends service life. Additionally, lighter weight machinery offers cost benefits to end-users and reduces the environmental impact over the machinery's lifecycle.

IMPROVED ENERGY-EFFICIENCY AND ECO-FRIENDLINESS WITH COATINGS

SSAB develops new functional surface coatings that lower energy consumption and maintenance costs, improve surface durability and extend the lifespan of buildings. There are several coatings that contribute to more environmentally friendly and sustainable construction.

Thermal coatings reflect solar radiation when used on the building's exterior and thermal radiation when used on the building's interior leading to decreased energy consumption for heating and cooling.

Some coatings are partly based on plant oil instead of traditional fossil oil – a technology that has been patented by SSAB and is unique in the market. The result is an improved coated steel product, with a prolonged service lifetime and reduced environmental footprint.

Read more on our product pages on ssab.com:

STRENX® PERFORMANCE STEEL

DOCOL® THE AUTOMOTIVE STEEL

HARDOX® WEAR PLATE

GREENCOAT® COLORFUL STEEL

SSAB ECOUPGRADED CONCEPT

SSAB ECO UPGRADED

The objective of the SSAB EcoUpgraded concept is to find applications with good potential for reducing CO_2 emissions during the use phase.

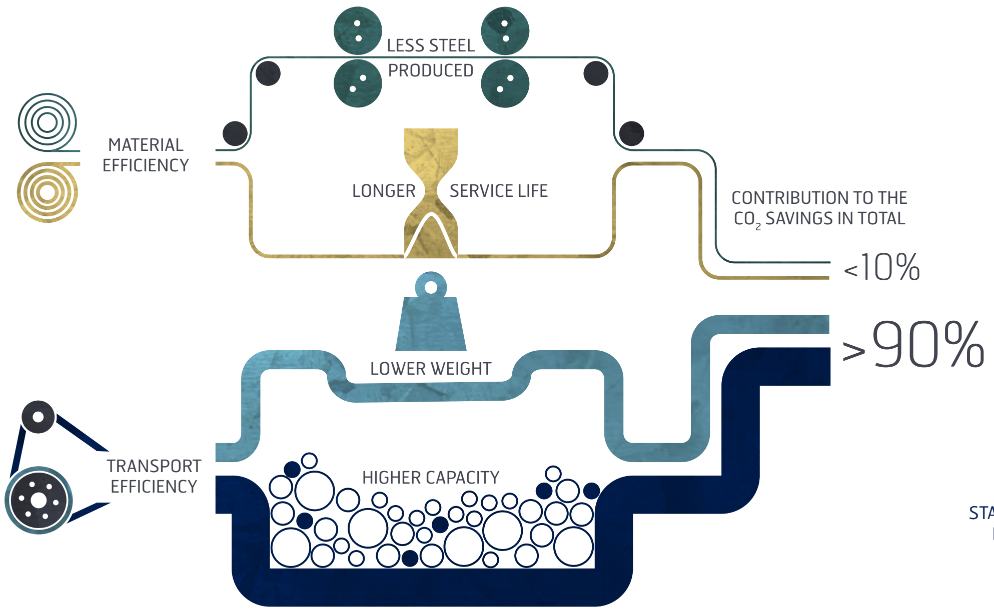
HOW TO REDUCE CO_2 EMISSIONS

With high-strength steel, the end-product can be designed lighter (less steel produced). With wear-resistant high-strength steel, the end-product also lasts longer (longer service life). With lower weight, the end-product will need less fuel (lower fuel consumption). Fewer trips is the result when reduced weight leads to increased payload (higher capacity).

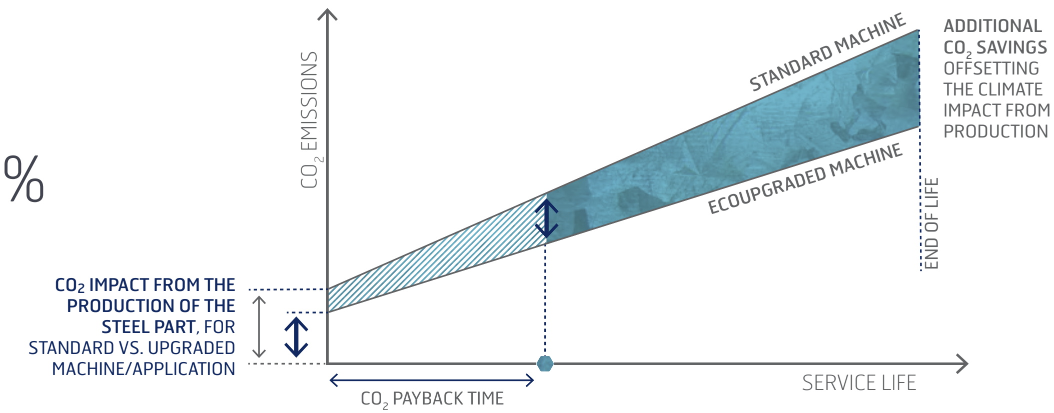
CO_2 PAYBACK TIME

In the use phase of the upgraded product, the reduced CO_2 emissions will be higher than the CO_2 emissions from the SSAB steel production. And once the break-even point has been reached, the application will continue to deliver CO_2 savings amounting to many times the original CO_2 debt.

How to save carbon dioxide



CO_2 payback time



CASE

HIGHER FUEL EFFICIENCY AND LESS CO_2 EMISSIONS WITH HARDOX

IMAGE | DELOUPE

In this semi-trailer, the box was upgraded from Domex 100XF to Hardox 450, saving 1.8 tonnes of weight, or 45%, of the upgraded parts. This allows about 5% more payload per trip, resulting in higher fuel and transport efficiency.

SSAB ECOUPGRADED

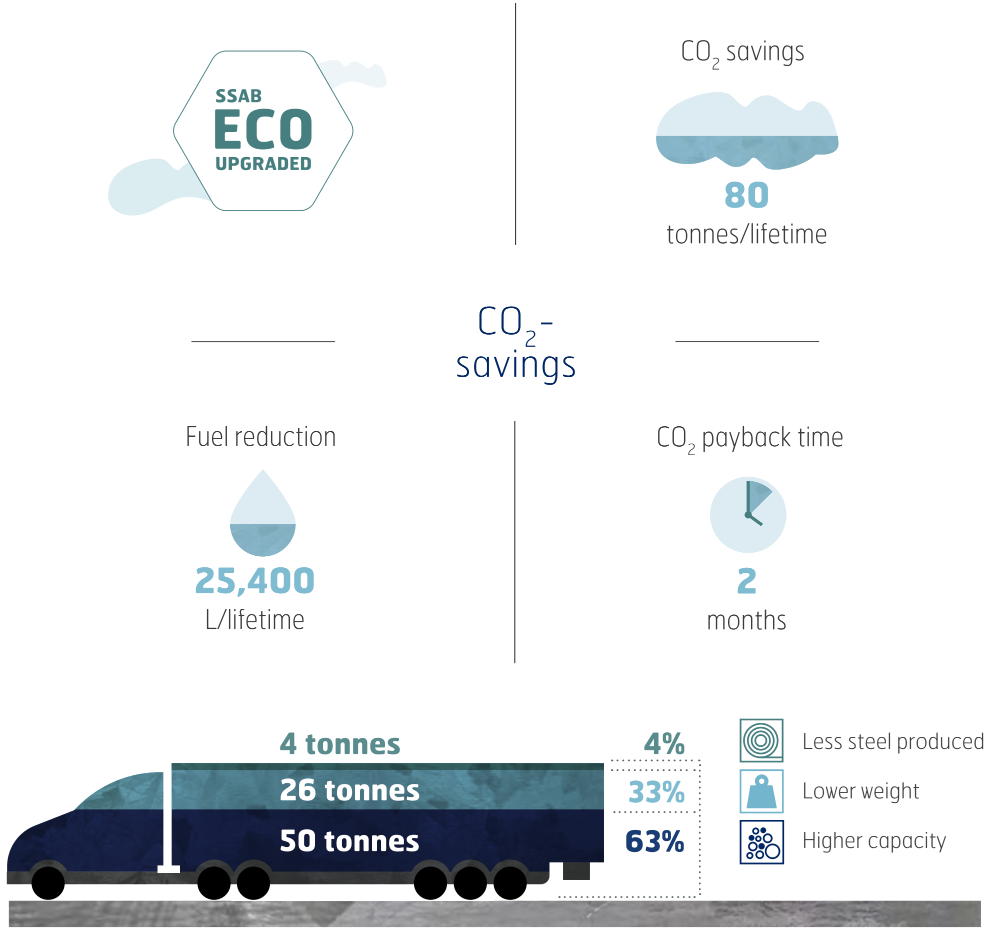
Together with our customers SSAB continually upgrades steel and equipment designs.

SSAB EcoUpgraded saves CO_2 both in steel production and during the full lifetime of the machine. From the CO_2 payback time and onwards, every extra hour brings additional savings.

www.ssab.com/ecoupgraded

SSAB EcoUpgraded	
Fuel consumption, fully loaded	60 L/100km
Fuel consumption, unladen	30 L/100km
Vehicle usage per year	100,000 km/year
Weight critical transports	50%
Service lifetime	12 years
Weight reduction	1,750 kg
Total weight upgraded parts	2,270 kg
Curb weight*	27,500 kg
Total payload*	36,000 kg
Maximum weight*	63,500 kg

* Valid for the whole tractor-trailer vehicle



SUSTAINABLE OPERATIONS

SSAB focuses on continuous improvement to minimize emissions and to improve productivity, as well as material and energy efficiency. SSAB is committed to minimizing any adverse environmental impacts from our operations. SSAB will stepwise move toward a fossil-free steelmaking process through the HYBRIT initiative and eliminate other fossil fuel related emissions, making it possible to be fossil-free within the entire operation by 2045.

MINIMIZING ENVIRONMENTAL IMPACT

Steel production is resource intensive and generates carbon dioxide (CO_2) emissions. The most significant environmental impacts arise at SSAB's production sites in Luleå, Borlänge and Oxelösund, Sweden; Raahe and Hämeenlinna, Finland; and Mobile and Montpelier in the US. However, the impact on the local environment in the vicinity of SSAB's production facilities has decreased significantly over time.

ENVIRONMENTAL TARGETS

SSAB's sustainability strategy includes environmental targets related to CO_2 emissions, energy and waste reduction.

Target by the end of 2020	Results at the end of 2018
A lasting reduction of 300,000 tonnes in CO_2 emissions	SSAB had achieved 272,000 tonnes or 91% of this target. Read more on page 73.
A lasting reduction of 400 GWh in purchased energy (electricity and fuels)	SSAB had achieved 345 GWh (1,242 TJ) or 86% of this target. Read more on page 70.
A lasting improvement of 50,000 tonnes in residual utilization	SSAB had achieved 44,000 tonnes or 88% of this target. Read more on page 67.

The base year for monitoring the targets referred to above is 2014.

ENVIRONMENTAL MANAGEMENT

SSAB ensures continuous development by monitoring environmental performance against environmental targets and the environmental management system. SSAB's environmental management is based on the international environmental and energy management system standards, ISO 14001, and for some units, ISO 50001.

In 2018, all of SSAB's manufacturing sites had third party certification for the ISO 14001 standard. Divisions, subsidiaries and sites are responsible for putting environmental protection into practice. Each production site has an environmental team or manager responsible for monitoring compliance with legislation and handling permits.

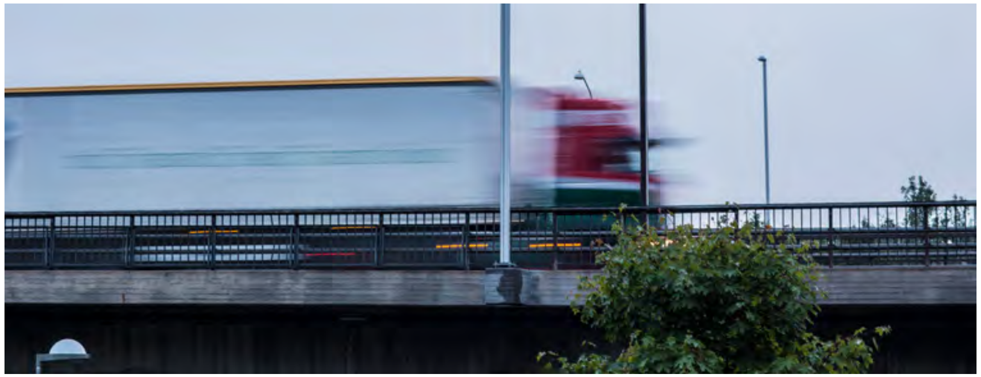
Energy efficiency management is systematically promoted at production sites, either as part of an ISO 14001 system or through a certified ISO 50001 energy management system. Internal and external audits at sites ensure that everyday practices comply with set targets.

Management of environmental risks

Environmental risks are included in the enterprise risk management process. Emissions from normal operating conditions are controlled and subject to environmental permit limits. Regular risk assessments cover possible emissions in the event of disruption or accident. The results of this assessment serve as the basis for preventive measures and corrective actions at the relevant levels.

Environmental permits

SSAB's operations are subject to environmental permits containing numerous environmental conditions governing various parameters regarding production levels, air emissions, discharge water effluent, and waste management. SSAB records all environmental damage and other environmental non-compliances and reports them to the appropriate authorities.



MATERIAL EFFICIENCY AND RECYCLING

SSAB puts much effort in ensuring resource efficiency and recirculates a large share of the materials originating from its production in its own processes, thereby reducing the need for virgin raw materials, CO_2 emissions and waste.

MATERIALS USED (GRI 301-1)

The key raw materials needed in steelmaking include iron ore, coal, limestone, alloys and scrap steel. Iron ore and coal are the main raw materials required for SSAB's steel production operations in Sweden and Finland. Scrap metal is the most important raw material for SSAB's steel production operations in the US. In 2018, SSAB used a total of 15.3 (15.4) million tonnes of raw materials.

RECYCLED INPUT MATERIALS USED (GRI 301-2)

The production of iron and steel gives rise to a range of residuals e.g. slag, sludge and dust. Recirculating material back into the steelmaking process reduces the need for virgin raw materials. This in turn, reduces CO_2 emissions and waste. Material that cannot be recirculated internally can be processed into by-products and sold externally, reducing CO_2 emissions by substituting natural resources in other industries.

301-1: Materials used by weight

Thousand tonnes	2018	2017	2016	2015	2014
Iron ore pellets	7,130	7,128	7,325	7,016	6,991
Reducing agents[1]	2,526	2,582	2,562	2,435	2,413
Scrap (external + internal)	3,803	3,852	3,644	3,434	4,016
Recycled materials	875	968	1,005	842	922
Slag formers[2]	756	728	765	637	671
Alloys	119	117	116	103	108
Metal and organic coatings	54	56	58	49	47
Non-renewable materials, total	15,264	15,431	15,476	14,516	15,167

1) Coke, coal and other reducing agents, such as oil
2) Limestone, burnt lime, dolomite, carbide, etc.

In 2018, 3.3 (3.8) million tonnes of residuals from the iron ore-based steel production were utilized, internally or externally. This is about 89% (95%) of all residuals produced in the iron ore-based production. In 2018, 1.2 (1.5) million tonnes of by-products were sold externally.

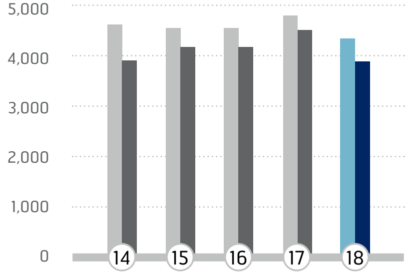
Actions taken in 2018 to increase the utilization of residuals

SSAB has set a target to increase the utilization of residuals by improving the internal recirculation of material and external sales of by-products. The target is to achieve a lasting improvement in residual utilization by 50,000 tonnes, reducing the amount of material being sent to landfill by the end of 2020, compared to the 2014 baseline. By the end of 2018, SSAB achieved 44,000 tonnes or 88% of this target. Examples of measures taken to reach the target are:

- Utilization of Basic oxygen steelmaking (BOF) sludge in briquettes for use as a raw material instead of being landfilled in Luleå
- Utilization of ladle slag in the blast furnaces in the Nordics

Residuals from steel production and the amount utilized[1)]

Thousand tonnes



[1)] Landfill disposal and changes in stock account for the difference between the total amount of residuals and the amount utilized internally and externally

Scrap used in steel production

Recycled steel has a big impact on reducing the environmental footprint of the product's lifecycle. It replaces iron ore as the input material in iron and steelmaking. In 2018, SSAB used 2.9 (2.8) million tonnes of external scrap and 0.9 (1.0) million tonnes of internal recycled scrap, which equates to an average of 45% of recycled steel used in all of SSAB's steel production. SSAB uses approximately 20% of scrap metal in conjunction with steel production in the Nordics, and nearly 100% in the US.

MINIMIZING WASTE

SSAB focuses on reducing the amount of material being sent to landfills. The key to waste reduction is to refine residuals from steelmaking processes into raw materials that can be reused, as well as developing new by-products that can be sold outside of SSAB. There are waste products from the production processes for which there is currently no environmentally or economically justifiable application and which need to be removed from the processing cycle on environmental grounds. An example of this is flue gas sludge that cannot be utilized due to its physical and chemical characteristics.

The management and monitoring of the company's landfill sites are strictly regulated by laws and governmental authorities. Deposited waste must be handled in such a way that these resources might again be utilized in the future. SSAB Americas does not own or operate waste transportation equipment or landfills, and deals only with government-approved landfills. Materials are tested and classified as waste before being sent to a landfill. Testing is conducted by a specialized third party contractor.

Residuals from steel production, waste included

Thousand tonnes	2018	2017	2016	2015	2014
Residuals from ore-based steel production					
Residuals, total	3,659	4,054	4,045	3,875	3,913
Utilized internally or externally	3,271	3,836	3,648	3,568	3,277
Residuals from scrap-based steel production					
Residuals, total	696	756	718	676	721
Utilized internally or externally	626	689	659	617	632

306-2: Total weight of waste by type

Thousand tonnes	2018	2017	2016	2015	2014
Industrial waste to landfill	356	441	399	306	392
Hazardous waste	53	50	48	46	50
Non-hazardous waste	66	70	54	58	59

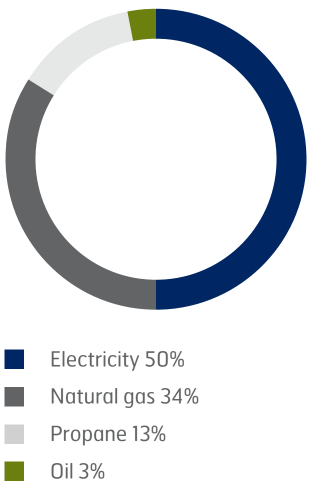
ENERGY CONSUMPTION AND EFFICIENCY

Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at steel mills, ensure efficient use of energy and lower emissions.

ENERGY SOURCES

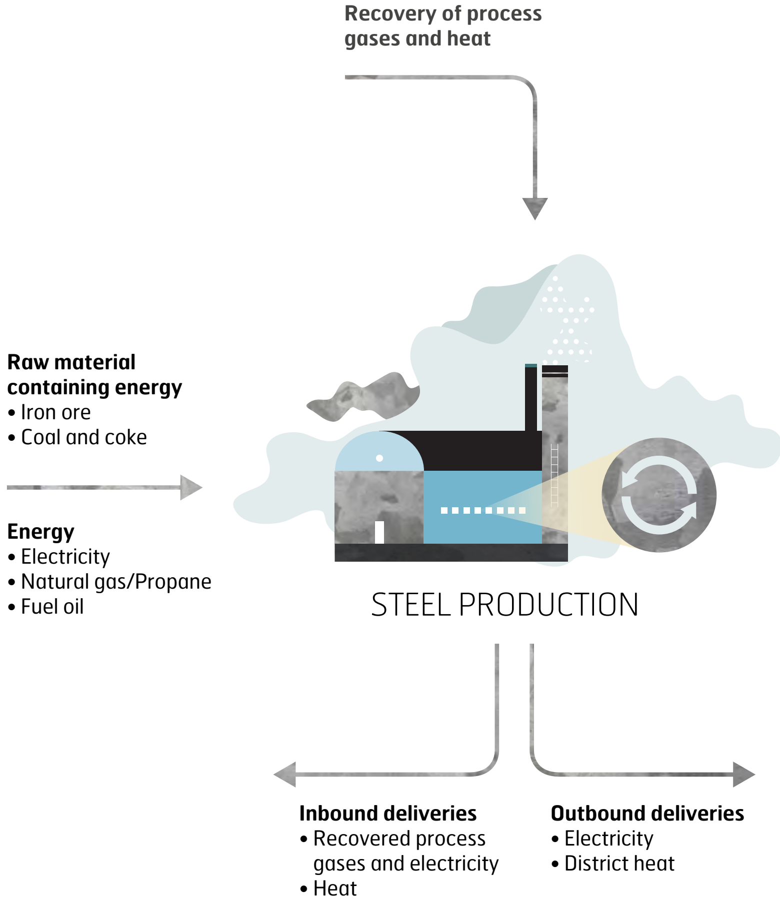
The main fuels used at SSAB's production sites are process gases, natural gas, propane and, for the time being, also heavy fuel oil. Process gases from SSAB's coke oven plants and blast furnaces are used primarily to replace external fuels in ovens and secondarily to produce electricity in power plants. Natural gas, propane and oil are used to heat up furnaces.

Energy sources



ENERGY RECOVERY AT STEEL MILLS

Process gases like blast furnace gas, coke oven gas and converter gas are generated in the iron- and steelmaking processes. Steam and hot water are also produced. These energy flows can be fully recovered to generate electricity and heat, thereby saving fuel resources. Recovered heat has been used to produce district heating in Luleå, Raahe and Oxelösund since the 1980s. This meets about 90% of local district heating needs. The energy-rich gases, which cannot be used in the steel production, are used in local power plants.



ENERGY CONSUMPTION AND ENERGY INTENSITY (GRI 302-1, 302-3)

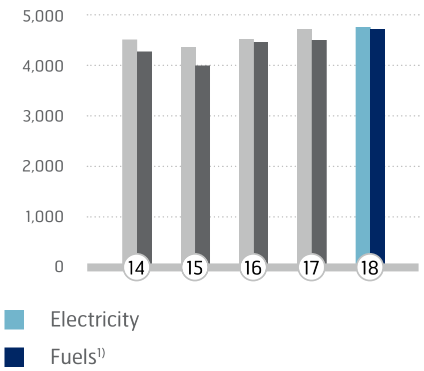
In 2018, SSAB's total energy consumption related to electricity, purchased fuels and purchased heat was 9,452 (9,210) GWh. Electricity accounts for 4,730 (4,701) GWh and fuels for 4,694 (4,478) GWh. During 2018, some 1,418 (1,400) GWh of electricity was produced from recovered energy. SSAB delivered 1,173 (1,169) GWh of district heating. SSAB's energy intensity in 2018 was 1,174(1,148) kWh/tonne crude steel when including the total energy consumption (electricity and purchased fuels) from the iron and steel production sites and rolling mills.

REDUCTION OF ENERGY CONSUMPTION (GRI 302-4)

SSAB has set an energy savings target to reduce the use of purchased energy by 400 GWh by the end of 2020. This energy savings is equal to approximately 3.5% of SSAB's total amount of purchased energy in 2014. By the end of 2018, SSAB achieved approximately 345 GWh (1,242 TJ) or 86% of this target. Examples of measures taken to reach the target are:

- Optimized media systems for compressed air and hydraulics, as well as furnace control systems at several SSAB sites
- Oxygen lancing in a reheating furnace in Borlänge
- Replacement of old lighting fixtures with LED technology in Oxelösund, Luleå, Borlänge, Mobile and Montpelier
- A new power plant with higher efficiency in Raahe

Energy consumption



[1] Includes natural gas (NG), liquefied petrolium gas (LPG), oil and biogas. Coal and coke excluded

302-1: Energy consumption within the organization

GWh/TJ	2018	2017	2016	2015	2014
Fuels					
Natural gas	3,211/11,560	3,101/11,165	3,073/11,063	2,754/9,914	2,596/9,345
Propane	1,174/4,228	1,171/4,214	1,099/3,956	1,044/3,758	1,034/3,722
Fuel oil	309/1,111	206/741	277/999	202/727	634/2,283
Total non-renewable fuels	**4,694/16,898**	**4,478/16,120**	**4,450/16,018**	**4,000/14,400**	**4,263/15,348**
Electricity, heat and steam					
Electricity, purchased[1]	3,311/11,921	3,301/11,884	3,316/11,937	3,243/11,677	3,469/12,490
Heat, purchased	28/102	31/111	26/93	23/83	24/87
Electricity generated from process gases	1,418/5,106	1,400/5,040	1,195/4,302	1,114/4,010	1,033/3,720
Gross energy consumption	**9,452/34,027**	**9,210/33,156**	**8,986/32,350**	**8,380/30,167**	**8,790/31,645**
Electricity and heat sold					
Heat, sold	1173/4221	1,169/4,207	1,101/3,965	1,006/3,620	1,081/3,893
Net total energy consumption[2]	**8,279/29,806**	**8,041/28,948**	**7,885/28,385**	**7,374/26,546**	**7,709/27,754**

[1] Including external companies within the industrial area
[2] The figure excludes the fuels used in transportation and vehicles, nor does it include employee travel and transportation.

WATER RECIRCULATION IN THE PROCESSES

Access to plentiful water is crucial for steel production, particularly in quenching, where water is used for the direct cooling of hot-rolled steel. Most of the water used in SSAB's production processes is recirculated in cooling systems.

Steel production or upgrading sites are not situated in groundwater areas. SSAB's operations are located in areas where there is currently no scarcity of water, and no water sources that are significantly affected by water withdrawal by SSAB's operations. All operations are subject to environmental permits and guidelines regarding discharged water.

TOTAL WATER WITHDRAWAL (GRI 303-1)

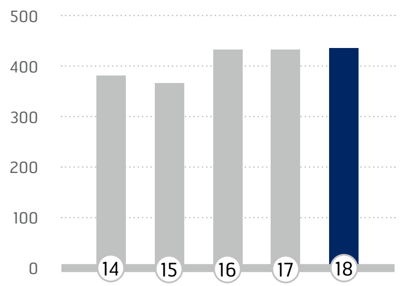
SSAB uses surface water at all of its production sites, including both sea water and fresh water. Water is used mostly in processing, cooling and in scrubbing flue gases at the steel works and rolling mills. Water is also needed for electricity production and in slag granulation. Out of all of the water used during the year, approximately 99% was used for cooling purposes.

EFFLUENT DISCHARGE INTO WATERWAYS

All of SSAB's sites take actions to prevent the risk of contaminating local water resources and to reduce the effluent discharge into the waterways. Discharges of effluent into the waterways consist of suspended solids, which contain calcium, magnesium and silicon compounds, and originate from the steel plants and blast furnaces. Oily emissions originate from the rolling processes. There are also some discharges of nitrogen and iron into the waterways.

Water consumption

Million m³



303-1: Water withdrawal by source

Million m³	2018	2017	2016	2015	2014
Surface water (inlands)	206	203	203	160	179
Surface water (sea)	225	226	225	204	199
Municipal water	2	2	1	1	1
Total water withdrawal	**433**	**431**	**429**	**365**	**379**

Effluent discharge into waterways

Tonnes	2018	2017	2016	2015	2014
Suspended solids	230	322	286	228	616
Mineral oil	8	6	6	9	12

CO_2 EFFICIENT STEEL PRODUCTION

At SSAB, the steelmaking processes have continuously advanced and improved to become extremely efficient. As a result, SSAB's blast furnaces are among the most efficient in the world in terms of minimizing emissions from steel production.

There are several reasons for this – the use of high-grade raw materials in the form of iron-ore pellets, high-quality coke and efficient, uninterrupted processes in which the blast furnaces operate.

A large number of usable residuals, such as heating, gas, slag and dust, are recovered to minimize consumption of purchased energy and generation of waste. CO_2 emissions from blast furnace-based steel production can be controlled and further reduced to some extent by improving material and energy efficiency.

DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1) (GRI 305-1)

In 2018, SSAB's direct carbon dioxide (CO_2) emissions were 9,755 (9,867) thousand tonnes. Around 90% of SSAB's total CO_2 emissions are generated in iron ore-based steel production at the company's sites in Luleå, Oxelösund and Raahe, and 98% of these CO_2 emissions are related to metallurgical processes, i.e. to the use of coke and coal as reducing agents. In 2018, direct emissions from Nordic steel production were 9,011 (9,156) thousand tonnes, which was 2% less than in 2017. During the same time, crude steel production in Nordics decreased by 1%. The greenhouse gases produced in Nordic steel production are within the scope of the European Emissions Trading System.

In 2018, direct CO_2 emissions from the scrap-based steel production in the US were 725 (690) thousand tonnes, which was 5% more than in 2017. During the same time, crude steel production increased by 4%.

ENERGY INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2) (GRI 305-2)

Indirect GHG emissions occur from the generation of purchased electricity, heating and steam. In 2018, SSAB's indirect (Scope 2) carbon dioxide (CO_2) emissions were 1,189 (1,216) thousand tonnes. Scope 2 emissions from the scrap-based steel production in the US are larger than the Scope 1 emissions, because electricity is used to melt the scrap metal in the electric arc furnaces.

305-1, 305-2: Greenhouse gas emissions[1]

Thousand tonnes	2018	2017	2016	2015	2014
305-1: Direct greenhouse gas (GHG) emissions (Scope 1)[2]					
Iron ore-based steel production in Nordics	9,011	9,156	9,323	8,850	8,910
Scrap-based steel production in US	725	690	644	581	651
Other reported sites	19	21	22	18	17
Total	**9,755**	**9,867**	**9,989**	**9,448**	**9,578**
305-2: Indirect emissions from the generation of purchased electricity, heating and steam (Scope 2)[3]					
Iron ore-based steel production in Nordics	167	167	185	182	193
Scrap-based steel production in US	1,007	1,032	964	934	1,009
Other reported sites	15	16	16	17	18
Total	**1,189**	**1,216**	**1,165**	**1,133**	**1,220**

[1] Only CO_2 is included in the calculation.
[2] Generation of electricity from process gases is included in the direct emissions (Scope 1). The direct CO2 emissions are calculated in accordance with the procedures in the WBCSD GHG Protocol, together with additional guidelines from the EU and/or national authorities.
[3] For electricity, indirect CO_2 (Scope 2) emissions are calculated using grid average emission factors. Specific emission factors are used for the generation of the purchased heat and steam.

OTHER INDIRECT (SCOPE 3) GHG (GRI 305-3)

SSAB's Scope 3 greenhouse gas emissions in 2018 were an estimated 3.3 (2.8) million tonnes. The majority of Scope 3 emissions are generated in the production of purchased raw materials and services, which account for 64% of the total Scope 3 emissions. 11% of Scope 3 emissions are upstream emissions of purchased fuels and electricity (not included in scope 1 and 2 emissions) and 15% are generated in the downstream transportation and distribution. Other activities (e.g. employee commuting, business travel and waste generated in operations) account for 3% of the total scope 3 emissions. The share of Scope 3 emissions of SSAB's total greenhouse gas emissions was 23% in 2018. The Scope 3 calculation principles can be found in the Scope 3 report on SSAB's website.

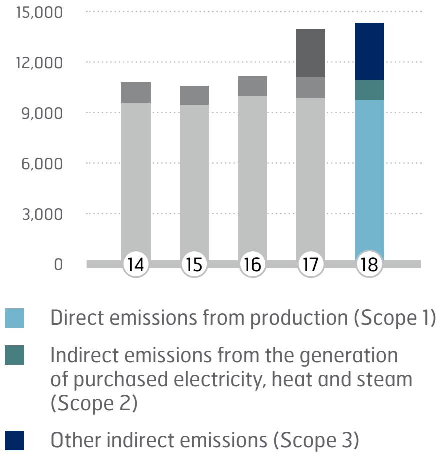
Reduction of greenhouse gas emissions (GRI 305-5)

SSAB has set a target to reduce direct CO_2 emissions from its operations. The target is to achieve a lasting reduction of 300,000 tonnes in CO_2 emissions by the end of 2020, compared to the 2014 baseline. CO_2 emissions can be reduced by recirculating scrap and residuals back into the steelmaking process, optimizing the use of reducing agents (coke and coal) in iron production and by improving the energy efficiency of fuels. By the end of 2018, SSAB achieved 272,000 tonnes or 91% of this target. Examples of measures taken to reach the target are:

- Switch from heavy fuel oil to LNG in Borlänge, reaching full CO_2 reduction potential in 2015
- Increased yield within the production of prime slabs in Luleå. The improvement is based on overall better yield improvement of prime slab production, improved raw material utilization for prime productions

Carbon dioxide emissions

Thousand tonnes



305-3: Other indirect (Scope 3) GHG emissions

Thousand tonnes CO_2e	2018	% of Scope 3	2017	% of Scope 3
1. Purchased raw materials, goods and services	2,142	64%	1,827	65%
3. Fuel and energy related activities	370	11%	395	14%
4. Upstream transportation (inbound)	236	7%	-	-
5. Waste generated in operations	43	1%	51	2%
6. Business travel	8	0%	7	0%
7. Employee commuting	36	1%	36	1%
9. Downstream transportation and distribution (outbound)	501	15%	512	18%
Total Scope 3 emissions	**3,336**	**100%**	**2,826**	**100%**

Scope 3 CO_2 emissions are calculated in accordance with the procedures in the WBCSD GHG Protocol. In 2018 reporting, Category 4 "Upstream transportation" was included.

305-4: Greenhouse gas emissions intensity

Tonnes of CO_2 emissions/ tonne crude steel	2018	2017	2016	2015	2014
Iron ore-based steel production in Nordics	1.67	1.68	1.68	1.67	1.64
Scrap-based steel production in US	0.68	0.71	0.69	0.69	0.66
Average	**1.36**	**1.38**	**1.39**	**1.39**	**1.33**

The GHG intensity is reported as product emission intensity (tonnes of CO2 emissions per tonne of crude steel produced). It is calculated as the sum of Scope 1 and Scope 2 emissions for all SSAB iron and steel production sites and rolling mills, divided by the total crude steel production in tonnes.

OPPORTUNITIES AND RISKS DUE TO CLIMATE CHANGE (GRI 201-2)

Opportunities due to climate change

The regulations that put pressure on our customers to improve their end-products' material, energy and fuel efficiency, and/or to extend service life, are important drivers for SSAB's growth strategy in high-strength steels. Our high-strength steels help our customers to produce lighter and stronger products, thus reducing CO_2 emissions in the end-products' use phase. In addition, SSAB's subsidiary Ruukki Construction operates both in residential and non-residential construction segments, where energy efficiency and greener, smarter buildings are becoming a norm in the industry, creating growing opportunities for Ruukki Construction's products.

Risks due to climate change

Regulatory changes, especially regulations related to EU Emissions Trading System (EU-ETS), have increased the need for more CO_2 efficient production and increasingly influence investment decisions.

The greenhouse gases emitted in SSAB's Nordic steel production are within the scope of the EU ETS, which is currently in the third trading period 2013–2020. Compared to previous trading periods, both the cap on total annual emissions in the EU and the amount of free emission rights allocated to the industry are being gradually reduced. Due to the foreseen revision of the system, especially changes in the free allocation of emission allowances, and the fact that the market price for allowances could rise, there could be increasing costs for the steel industry due to the need to purchase additional emission allowances. SSAB is among the most efficient steel producers in Europe and also has a smaller deficit of emission rights than the industry average, hence a potential cost increase would be less pronounced.

The European Steel Association (EUROFER) estimates that the European steel industry will have a shortage of 26% in free allocations on average during the period 2021–2030, likely increasing to around 37% by 2030. Currently SSAB has some saved allowances. SSAB has started to purchase a certain amount of ETS allowances to have a proper balance.

In addition to the direct costs, the steel industry is impacted by the indirect carbon costs passed through in electricity prices. The Finnish government compensates the higher electricity costs by 40% in 2018 and 37.5% in 2019 and 2020 to the energy intensive industry. The Swedish government will not compensate the higher electricity costs.

Our operations are exposed to physical risks caused by climate change, including rising mean temperatures, rising sea levels and increased severity of extreme weather events, such as cyclones and floods. For example increased temperature of incoming cooling water in rolling processes can lead to increased energy consumption due to higher cooling water flow needed to obtain the same cooling capacity or extreme weather can cause problems with transportations by rail or sea, which could lead to reduced revenue from decreased production capacity and supply chain interruptions. Rising sea levels could cause instability in the foundations of buildings and facilities at the sites that are directly connected to the sea leading to increases capital expenditure.

Risks concerning climate change are a prioritized area for SSAB and we have action plans to mitigate these both at Group and site level in mid- and long-term, including targets to reduce CO_2 emissions and purchased energy through continuous environmental work and ISO 14001 certification. At SSAB environmental aspects are always taken into consideration when planning production investments. Long term, SSAB will work toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal to be fossil-free throughout the entire operation by 2045.

In addition to climate change mitigation actions, we also aim to better adapt our operations to the changing climate and weather conditions, taking the physical climate change risks into consideration in new investments, process development and supply chain and production planning.

OTHER AIR EMISSIONS (GRI 305-7)

Other significant air emissions, in addition to CO_2, deriving from SSAB's operations are particulate matter (PM), sulfur oxides (SO_x) and nitrogen oxides (NO_x). SSAB monitors the emissions arising from its operations both at production sites and in their vicinity to ensure compliance with emissions limits and to improve local air quality.

The combustion processes and the fine material used in iron and steel production give rise to particulate emissions into the air. Particulate emissions contain metals, which originate mainly from the iron ore pellets, coking coal and from residuals and processing the steel products. SSAB is continuously working to reduce the particulate emissions.

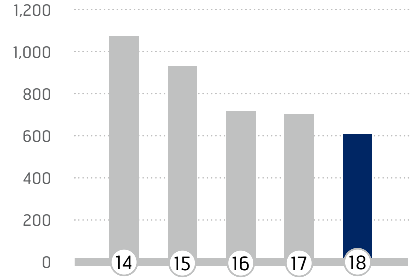
Sulfur dioxide emissions originate from the sulfur containing raw materials and fuels. Nitrogen oxides emissions are mainly formed in the combustion processes in the coke plants and rolling mills. Emissions of volatile organic compounds (VOC) mainly occur on the coating lines when using solvents in the paints.

305-7: Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions

Tonnes	2018	2017	2016	2015	2014
Particulate matter (PM)	610	705	711	931	1,072
Sulfur dioxide emissions (SO_x)	2,306	2,809	2,347	2,699	2,632
Nitrogen oxides emissions (NO_x)	3,303	3,805	3,672	3,763	4,388
Emissions of volatile organic compounds (VOC)	252	250	222	257	296

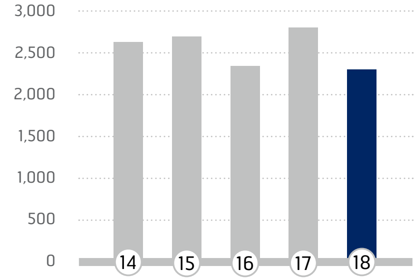
Particulate emissions

Tonnes



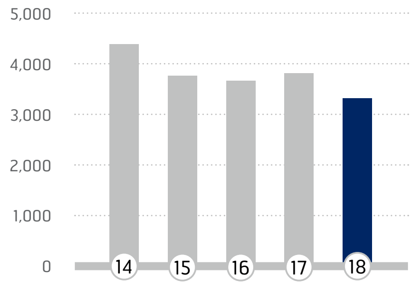
Sulfur dioxide emissions

Tonnes



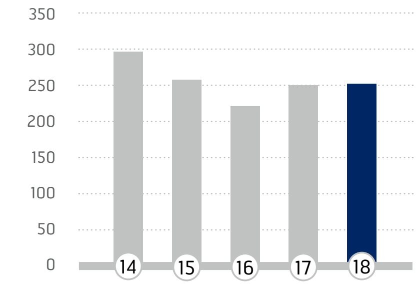
Nitrogen oxides emissions

Tonnes



Volatile organic compounds (VOC) emissions

Tonnes



RESPONSIBLE PARTNER

For SSAB, having a large impact on society means taking on a large responsibility. SSAB adheres to the highest standards as a responsible partner by taking responsibility for business ethics and responsible sourcing, as well as continuously striving to improve safety, diversity and employer attractiveness.

HIGH-PERFORMING ORGANIZATION

One of the key elements of SSAB's strategy is to be a high-performing organization, which is an essential enabler for SSAB to achieve its ambitious strategic targets. SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. An operating model built on decentralized accountability and entrepreneurship is fundamental to the success of SSAB.

We have three prioritized areas that we see as critical to be a high-performing organization:

- To be the safest steel company in the world (Read more about safety on page 84).
- Working with SSAB ONE and continuous improvements to enhance productivity
- Strengthening the performance culture

SSAB ONE AND CONTINUOUS IMPROVEMENT

SSAB ONE is a lean-based methodology and SSAB's way of working with continuous improvement. During the strategy deployment process, targets are defined and cascaded from the top down to teams or individuals across the organization. The idea is that all employees are involved in daily improvement work, deviations are addressed and problems solved by the most suitable individuals or teams.

SSAB's prioritized areas for improvement work are safety and production stability. In addition, improvement projects, large and small, are identified at all sites with the aim to improve quality, delivery performance and cost efficiency.

STRENGTHENING PERFORMANCE CULTURE

Attractive employer

SSAB believes that the success of the organization is based on a strong company culture and diversified, continuously learning, multi-skilled people. To ensure both the current and future success of SSAB, we need to be able to attract, retain, develop and motivate qualified employees over the business cycles. We work proactively with manning levels to secure the right levels to support SSAB's business targets.

In 2018, 1,197 (1, 011) new employees joined SSAB and 1,053 (1,050) employees left the company for various reasons. Employee turnover in 2018 was 7.1% (7.0%). The company considers turnover to be at a reasonable level, and uses external recruitments as opportunities to bring to the company strategic competencies to increase employee diversity.

401-1 New employee hires and employee turnover

New employee hires	2018		2017	
	Number of employees	**% of total workforce**	**Number of employees**	**% of total workforce**
Total	1,197	8.4%	1,011	6.7%
<30 years	499	3.5%	430	2.9%
30–50 years	603	4.2%	522	3.5%
>50 years	95	0.7%	59	0.4%
Women	272	1.9%	206	1.4%
Men	925	6.5%	805	5.4%
Sweden	462	3.2%	357	2.4%
Finland	348	2.4%	291	1.9%
Russia	28	0.2%	66	0.4%
US	137	1.0%	76	0.5%
Rest of Europe	178	1.2%	182	1.2%
Rest of the world	44	0.3%	39	0.3%

Employee turnover	2018		2017	
	Number of employees who have left the company	**% of total workforce[1)]**	**Number of employees who have left the company**	**% of total workforce[1)]**
Total	1,053	7.1%	1,050	7.0%
<30 years	119	0.8%	97	0.6%
30–50 years	455	3.1%	447	3.0%
>50 years	479	3.2%	506	3.4%
Women	221	1.5%	207	1.4%
Men	832	5.6%	843	5.6%
Sweden	421	2.8%	362	2.4%
Finland	246	1.7%	286	1.9%
Russia	132	0.9%	179	1.2%
US	98	0.7%	76	0.5%
Rest of Europe	123	0.8%	108	0.7%
Rest of the world	33	0.2%	39	0.3%

[1)] Permanent employees who have left the company/average number of permanent employees during the period

SSAB works actively to attract people with relevant talents. The employer branding and recruitment efforts are directed at educational institutions with relevant industrial and other programs, and collaboration with these institutions is often systematic. Additionally, the diversity perspective and focused efforts on certain competence areas guide our activities. Some of our efforts in employer branding are done together with other companies working in the same geographical and competency areas to increase the attractiveness of the branch/industry, especially in Sweden, Finland and the US. The joint efforts within the metal industry include projects such as Female Leader Engineer (Sweden), Women in Tech (Finland) and Association of Women in the Metal Industries (US). During 2018, SSAB significantly improved its applicant experience by launching a new recruitment tool including a modern interface supporting both high frequency and specific requirement recruitments globally.

Diversity, inclusion and gender equality

For SSAB, diversity means not only building a diverse workforce with a relevant competence base, but also working on workplace inclusion. Diversity is taken into account in all human resources processes ranging from recruitment and training into the whole employee lifecycle. The company is strictly committed to a policy of non-discrimination. Many concrete actions are being taken to increase diversity. For example, in recruitment, many divisions have established a written instruction requiring them to include as diverse a set of candidates in recruitment as possible from the competency requirement point of view. Some sites have chosen to work with specific projects, such as a 50–50 gender ratio among summer workers or to work with the local authorities to provide internships for immigrants.

SSAB believes that building a more diverse managerial population will also have a positive impact on building a more diverse total workforce. This is why, from the gender equality point of view, the company is aiming to increase the number of women in top management positions. At the end of 2018, women held 27% of SSAB's top management positions. A general positive trend was seen in the total managerial population, where women accounted for 18.5% (17.4%) of all managers. The company nominates annually a group talent pool and in 2018 31% (28%) of the pool members were women.

Employee engagement and competence development

High level competence and the engagement of SSAB's employees are at the core of company's culture. To work with these topics, the company regularly gathers feedback from our employees in the form of engagement studies, applies a steady process for the annual performance dialogs, implements continuous improvement to engage all teams, and offers various competence development opportunities for employees.

SSAB conducts employee surveys on a global basis to measure employee engagement and to give employees an opportunity to provide feedback on important topics. The survey results are used to identify improvement opportunities. The most recent global survey was conducted in 2017 and the next is planned for 2019. During 2018, the focus has been on executing improvement plans following Voice 2017.

A high level of technical competence is at the core of SSAB's success. This is why SSAB works systematically to identify and meet the demands for critical competencies and implements programs at different organizational levels to ensure competencies for the future. These competence development programs also support talent retention and include for example:

- Technical Specialist and Business Development Program
- Middle manager training focusing on change management, team leadership and financial understanding
- In-house mentoring programs for top talents and for divisionally selected target groups
- New line manager programs

In addition to globally coordinated programs, the sites are responsible for organizing programs to improve professional competencies and to ensure mandatory training.

The annual performance dialog is the key process for ensuring not only competence development plans for individuals, but also cascading the company's objectives down to the work-related goals of each individual. According to SSAB's bi-annual global employee survey, Voice, the 2017 rate of performance dialogs conducted for all employees was 80%. For office workers, the annual rate of performance dialogs conducted in 2018 was 92% (90%). During 2018, extra effort was put into clarifying the strategy roll-out process including cascading of the group level targets down to divisional and further to team and individual targets. SSAB has a pay-for-performance compensation philosophy/approach, which means that compensation is based on job demands and employee performance. The different compensation and benefits programs are being reviewed as needed.

As leadership is a critical capability, SSAB maintains a group talent pool, which includes candidates from all parts of the organization who are capable of taking on higher level management positions. The group talent pool concept is used to ensure relevant successor plans for key management positions. Personal competence development plans for the talent pool candidates are developed, including activities such as leadership development training programs, coaching, mentoring and on the job learning. The group talent pool is also used as a way to increase internal mobility as it increases the visibility of the candidates to other areas of the organization. The talent pool is based on yearly nominations by divisions and functions.

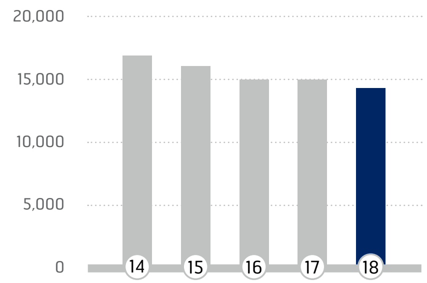
PEOPLE AT SSAB

At the end of 2018, SSAB had a total of 14,313 (14,925) permanent employees. Temporary personnel accounted for about 6.4% (5.0%) of all employees. Full-time employees accounted for 97.3% (97.6%) and part-time employees for 2.7% (2.4%) of all permanent employees. In 2018,

Targets related to a high-performing organization

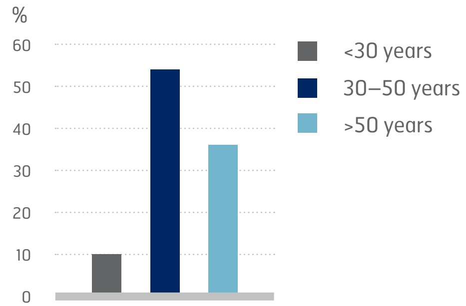
Target	Results in 2018
Employee engagement that exceeds that of benchmark global norm for industrial companies (this is measured every other year, and most recently in 2017)	Overall, the Employee Engagement Index (as measured by Voice, SSAB's global employee survey) in 2017 was below the external global manufacturing norm. During 2018, the focus has been on executing the improvement plans following Voice 2017. The next Voice is scheduled for 2019. SSAB: 69 (2017) External norm: 72
By the end of 2019, SSAB will have achieved the following gender diversity target: Women holding 30% of the top management positions in the company	At the end of 2018, women held 27% (27%) of SSAB's top management positions

Employees[1)]



[1)] Permanent employees at year end

Employees – Age distribution[1)]

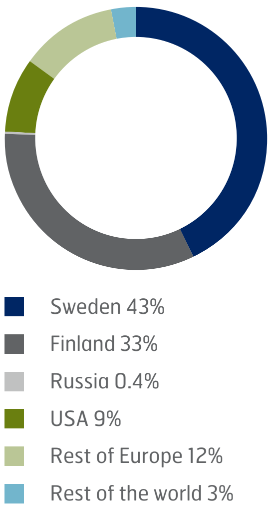


[1)] Permanent employees at year end

SSAB divested Ruukki Construction's business operations in Russia (OOO Ruukki Rus), which employed a total of 630 people. Around 45 employees working in the roofing business were not transferred under the transaction. SSAB has employees in more than 50 countries, with 77% (73%) of employees located in Sweden and Finland, and 9% (8%) in the US.

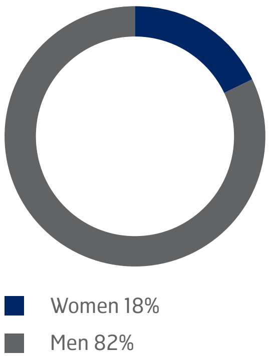
18% (19%) of SSAB's employees are women. Women held 27% (27%) of the managerial positions at the end of 2018. Whereas the gender diversity development target was met for the top management, the gender diversity within the whole managerial population did not develop in the desired direction and work to increase women in managerial positions will continue with both company-/group-level and local activities.

Employees by region[1]



[1] Permanent employees at year end

Employees – Gender distribution[1]



[1] Permanent employees at year end

102-8 Information about employees and other workers

Number of employees by employment contract and gender

	2018		2017	
	Permanent	Temporary	Permanent	Temporary
Women	2,639	244	2,769	194
Men	11,674	666	12,156	588
Total	**14,313**	**910**	**14,925**	**782**

Permanent employees by employment contract type and gender

	2018		2017	
	Full-time	Part-time	Full-time	Part-time
Women	2,547	92	2,678	91
Men	11,390	284	11,883	273
Total	**13,937**	**376**	**14,561**	**364**

Number of employees and managers by gender[1]

	2018		2017	
	Employees	Managers	Employees	Managers
Women	2,883	269	2,963	255
Men	12,340	1,168	12,744	1,210
Total	**15,223**	**1,437**	**15,707**	**1,465**

[1] Permanent and temporary

Number of employees by region and gender[1]

		2018	2017
Sweden	Women	1,362	1,307
	Men	5,120	5,068
	Total	6,482	6,375
	% of total workforce	43%	41%
Finland	Women	776	740
	Men	4,396	4,323
	Total	5,172	5,063
	% of total workforce	34%	32%
US	Women	172	162
	Men	1,124	1,150
	Total	1,296	1,312
	% of total workforce	9%	8%
Rest of Europe	Women	458	649
	Men	1,385	1,894
	Total	1,843	2,543
	% of total workforce	12%	16%
Rest of the world	Women	115	105
	Men	315	309
	Total	430	414
	% of total workforce	3%	3%

[1] Permanent and temporary

405-1 Diversity of governance bodies and employees

Percentage of individuals within the organization's governance bodies in the diversity categories gender and age group	**2018**		**2017**	
	Board of Directors[1]	**Group Executive Committee**	**Board of Directors[1]**	**Group Executive Committee**
Total number	8	11	9	9
Women	38%	27%	33.3%	22.2%
Men	63%	73%	66.7%	77.8%
<30 years	0%	0%	0%	0%
30–50 years	0%	45%	11.1%	33.3%
>50 years	100%	55%	88.9%	66.7%

[1] Alternate members (6) not included

Percentage of total number of employees per employee category and diversity categories gender and age	**2018**			**2017**		
	Front-line workers	**Office employees**	**Total**	**Front-line workers**	**Office employees**	**Total**
Women	10%	32%	18%	10%	33%	19%
Men	90%	68%	82%	90%	67%	81%
<30 years	13%	5%	10%	12%	5%	9%
30–50 years	51%	60%	54%	52%	61%	56%
>50 years	36%	35%	36%	36%	34%	35%

HUMAN RIGHTS AND FAIR LABOR CONDITIONS

SSAB's commitment to human rights is confirmed in our Code of Conduct and in our Supplier Sustainability Policy. We have zero tolerance for forced or compulsory labor and child labor. We focus on providing a safe work environment where employees are free from harassment and discrimination.

The majority of SSAB's employees in Sweden and Finland are represented by labor unions (approximately 84% of the total number of employees). Other countries have different arrangements according to country-specific practices, traditions and labor legislation. SSAB respects employee rights to, if they so choose, organize in accordance with the legislation and provisions in each respective country of residence. SSAB provides channels for employees to engage in the company's activities and express their opinions. Local management in each country is responsible for creating opportunities for employee engagement. The company also encourages direct interaction between supervisors and their teams.

To mitigate human rights risks, we continuously work to ensure compliance with local law and international standards on human rights. We conducted a human rights risk assessment on parts of our own operations in Poland, China and South Africa. The assessment focused on risks related to workplace discrimination, child labor, forced or compulsory labor, freedom of association and working conditions. The overall conclusion is that SSAB performs well but some minor improvement opportunities mainly related to working conditions were identified and are being implemented.

Human rights are important aspects when evaluating suppliers. Read more on pages 89–92.

OCCUPATIONAL HEALTH AND SAFETY

SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. Ensuring a safe and secure environment for our employees, contractors and visitors is our highest priority. In addition to safety, SSAB focuses on preventive health and wellness to promote the overall wellbeing of employees.

SAFETY MANAGEMENT IN SSAB

Every SSAB employee has a personal responsibility to work safely every day; it is a fundamental requirement for working at SSAB. Occupational safety is an important part of how we operate, and it is integrated into our management system. Safety work at SSAB is guided by SSAB's safety policy (Group governing documents on safety) and SSAB's safety management system fulfills the requirements of international standard OHSAS 18001.

To improve safety performance, SSAB has a company-wide group of safety experts and a safety management team. The safety management team consists of senior management of operations from all SSAB divisions, as well as subsidiaries Tibnor, Ruukki Construction and Merox. The safety management team is the decision-making body on safety issues relevant to the company. SSAB's key performance indicator (KPI) for safety is lost time injury frequency (LTIF). All divisions have annual safety (LTIF) targets and report monthly on safety performance to the Group Executive Committee.

Every year, hundreds of employees from external companies work at SSAB, particularly in the areas of maintenance and repairs. Contractor companies are screened for strong safety practices, and partner companies work together with SSAB to ensure the safety of anyone working at an SSAB facility. SSAB also provides contractors with safety training sessions and discussion forums, in order to increase their safety awareness. All contractor accidents are included in SSAB's safety statistics.

SAFETY PERFORMANCE IN 2018

SSAB's lost time injury frequency resulting in an absence of more than one day (LTIF) in 2018 was 6.1 (5.6), with a total of 184 (167) injuries were incurred by SSAB's employees and contractors.

403-2 Total number of injuries, Lost Time Injury Frequency and fatalities

	2018			2017		
	Total	Men	Women	Total	Men	Women
Total Lost Time Injury Frequency (LTIF)[1]	**6.1**			**5.6**		
Employees	6.1	6.6	3.6	5.6	6.3	2.4
Sweden	6.6	6.9	5.7	5.7	5.9	5.0
Finland	8.2	8.8	4.1	7.4	8.6	0
Russia	1.1	1.4	0	0.8	1.0	0
US	1.4	1.5	0	2.5	2.9	0
Rest of Europe	5.4	6.9	0	5.2	6.2	1.7
Rest of the world	5.2	6.5	0	4.8	6.3	0
Contractors[2]	7.3	7.3	0	6.5		
Total number of injuries (LTIs)	**184**	**167**	**17**	**167**		
Employees	153	138	15	143	132	11
Contractors[2]	31	29	2	24		
Sweden	16	16	0	6		
Finland	8	6	2	14		
US	0	0	0	1		
Russia	4	4	0	3		
Rest of Europe	3	3	0	0		
Rest of the world	0	0	0	0		
Total number of fatalities	**0**	**0**	**0**	**1**	**1**	**0**
SSAB's employees	0	0	0	1	1	0
Contractors	0	0	0	0	0	0

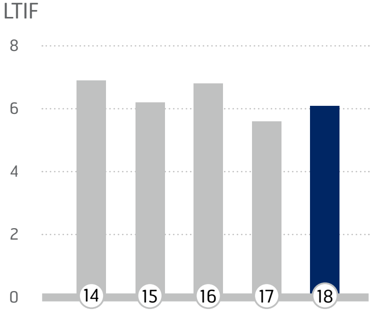
[1] Number of injuries resulting in an absence of more than one day per million working hours. Lost time injury (LTI) is any work-related injury, resulting in the employee not being able to return to work for the next calendar day.
[2] The data broken down by gender is not available for 2017.

SSAB's own employees' LTIF was 6.1 (5.6) and for contractors it was 7.3 (6.4). In 2018, a total of 153 (143) injuries (LTIs) were incurred by SSAB's employees and 31 (24) for contractors. Overall the development in safety was negative, despite safety having the highest priority and the extensive efforts undertaken to improve safety and the company's safety culture. However, SSAB Americas division made good progress in safety and decreased the amount of LTIs by 40%.

Safety observations

SSAB employees recorded numerous proactive safety observations, which help the company to reduce and eliminate risks in the work environment. In 2018, the safety observation frequency was 1,252 (1,231) per million working hours. A total of 37,822 (31,646) such observations were reported. The reporting and fast implementation of corrective actions is the most important tool toward SSAB's goal of becoming an accident-free working environment. We will further intensify our proactive safety work, like safety observations, near-miss reporting, risk assessments and safety rounds.

Lost time injury frequency (LTIF)*



* Number of accidents resulting in an absence of more than one day per million working hours, own employees and contractors

Focus areas and main actions in safety management work during 2018 and in the coming years

The long-term work to improve safety continued throughout 2018 with many activities. In addition to continuous safety management procedures, the work included safety campaigns, safety culture assessments, feedback sessions and safety training. Special emphasis was given to safety management and leadership in order to improve the safety culture.

SSAB rolled out a new safety pledge across the whole organization. The safety pledge is a commitment that SSAB employees make to themselves and to their colleagues to always put safety first at SSAB. In 2018, all SSAB employees were required to sign a safety pledge in which they commit to working safely. New hires who join SSAB in the future will also be asked to sign the safety pledge.

Types of injury: number of injuries by injury category and by gender

	2018		2017	
	Employees		Employees	
	Men	Women	Men	Women
Lost time injury	138	15	132	11
Medical treatment case	172	27	178	18
First aid case / minor injury	605	171	524	140

Types of injury: number of injuries by injury category and region

	2018			2017		
	Injury category			Injury category		
	Lost time injury	Medical treatment case	First aid case / minor injury	Lost time injury	Medical treatment case	First aid case / minor injury
Sweden	59	112	548	57	85	475
Finland	74	63	185	60	96	167
Russia	1	0	0	1	0	0
US	2	11	27	7	5	29
Rest of Europe	12	9	2	14	8	20
Rest of the world	5	4	14	4	1	0

Lost time injury (LTI): Any work-related injury, resulting in the employee not being able to return to work for the next calendar day
Medical treatment case: Any work-related injury other than a fatality, a lost time injury, or a restricted work case, which is treated by a paramedic or a physician without loss of work time other than time of the shift on which it occurred, and the injured person continues with his normal scheduled work
First aid case / minor injury: Any injury that does not require any treatment beyond first aid. No restrictions or lost time. The treatment is not required by a professional licensed healthcare provider.

Normal safety audits and hazard assessments continued to mitigate the risks of the main causes of serious incidents in the steel industry: cranes, working at heights, moving machinery, asphyxia, falling objects and lock out/tag out procedures. Risks also will be reduced by further improving information sharing about serious incidents within the company.

All divisions and subsidiaries of SSAB run safety development programs. These programs focus on leadership, training and the involvement of all employees in observing risks and executing corrective and preventive actions. Safety work is also being enhanced by aiming to improve incident data collection and tracking, as well as by utilizing a more systematic approach to analyzing the root causes of incidents. Safety campaigns focusing on a particular risk area have been organized at different sites.

SSAB will continue to focus on continuous improvements and tools such as SSAB One to improve the overall safety performance. Furthermore, we will continue to work on improving the attitude and behavior regarding safety.

Workers representation in formal joint management–worker health and safety committees (GRI 403-1)

SSAB applies occupational health and safety programs as required by local legislation in each of the countries where we operate. Safety programs are normally developed by occupational health and safety committees consisting of representatives of the local management and employees. In Sweden and Finland, SSAB has health and safety committees at all workplaces where more than 50 employees are working on a regular basis. In the US, SSAB has a variety of safety committees, which provide employees an opportunity to participate in worker health and safety issues.

HEALTH

In addition to safety, SSAB focuses on preventive health and wellness to promote the overall wellbeing of employees. Wellbeing is a joint responsibility between the employer and the employee facilitated by SSAB's framework for healthy operations:

- Our Code of Conduct provides the framework for how we act and how we make our employees feel engaged and included
- SSAB One, our management philosophy, allows us to improve, learn and achieve results that are built on everyone's skills and contribution
- A leadership that is built upon our manager criteria where the individual is recognized and feedback is essential
- Regular employee surveys allow identification of both strengths and improvement areas, and provide a solid base for planned actions of improvement
- Occupational health care services
- Monitoring sick leaves and ascertaining the reasons for them
- Supporting a healthy lifestyle (exercise and other recreational activities)

Absentee rate

The absentee rate at SSAB in Sweden was for men 3.0% (2.2%) and for women 1.3% (1.7%). In Finland the corresponding figures were 4.7% (3.8%) and 0.7% (1.6%). Absentee rate information is only available for employees in Sweden and Finland.

Absentee rate, permanent employees, %	2018		2017	
	Men	Women	Men	Women
Sweden	3.0%	1.3%	2.2%	1.7%
Finland	4.7%	0.7%	3.8%	1.6%

Absentee rate: Measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period
Absentee rate is only available for Sweden and Finland
Absentee rate is not available for contractors

BUSINESS ETHICS AND ANTI-CORRUPTION

By providing a framework for business ethics and compliance, SSAB continues to focus on creating a mature organizational culture that encourages ethical conduct. This framework provides the required support and tools to meet SSAB's expectation that each and every employee acts with honesty, integrity and responsibility in their job.

ETHICS AND COMPLIANCE FUNCTION

SSAB has an Ethics and Compliance function, which includes strategic responsibility for business ethics, anti-corruption and human rights, as well as for implementing new legislation and international guidelines in this area. Essential components of the ethics and compliance program are risk assessments and employee training to prevent and detect corruption and mitigate legal and ethical risks.

How we measure progress:

- Share of employees who have access to the Ethics Line
- Share of new employees covered by the onboarding process; including signing the Code of Conduct statement and e-learning in business ethics
- Share of employees who have completed global e-learning in business ethics

GOVERNING DOCUMENTS

SSAB has several documents that support the ethics and compliance program:

- Code of Conduct
- Instructions regarding anti-corruption providing information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners
- Instructions for review of business partners describing the risk assessment process for reviewing business partners within risk areas for corruption
- Instructions regarding the Ethics Line defining complaint procedures and explain how a report is investigated.

COMPETITION LAW PROGRAM

During 2018, SSAB launched a web-based course on competition law aimed primarily at the sales and procurement organization with the purpose of raising awareness of competition issues and to explaining the basics of SSAB's governing documents on competition rules. By year-end, 82% of targeted employees had completed the training.

ANTI-CORRUPTION

SSAB works actively to prevent corruption in our business. SSAB's governing document for anti-corruption defines SSAB's zero tolerance approach to bribery and corruption, and sets out guidance for our daily operations.

E-learning in business ethics

All employees are expected to comply with SSAB's Code of Conduct, the governing document for anti-corruption, and to have knowledge of how to report non-compliances through the Ethics Line. Communication and training are organized through a global e-learning module reaching out to all employees in order to provide training, available in six languages, in business ethics and to implement anti-corruption efforts. By the end of 2018, 89% (91%) of the employees (14,313 employees, including both white and blue collar employees) had completed the training module. 90% of employees in Sweden, 88% in Finland and 87% in North America had completed the training. All 11 members of the Group Executive Committee had completed the training.

Onboarding process

Employee engagement starts on day one. SSAB has an onboarding program for new employees who are expected to complete the e-learning in business ethics and sign a Code of Conduct statement within the first few weeks of employment. This provides new employees with an understanding of our governing documents and expectations of our employees. By the end of the year, 74% (61%) of 2018 new employees had started the process to sign the Code of Conduct statement and to take the e-learning in business ethics.

Face-to-face training in business ethics

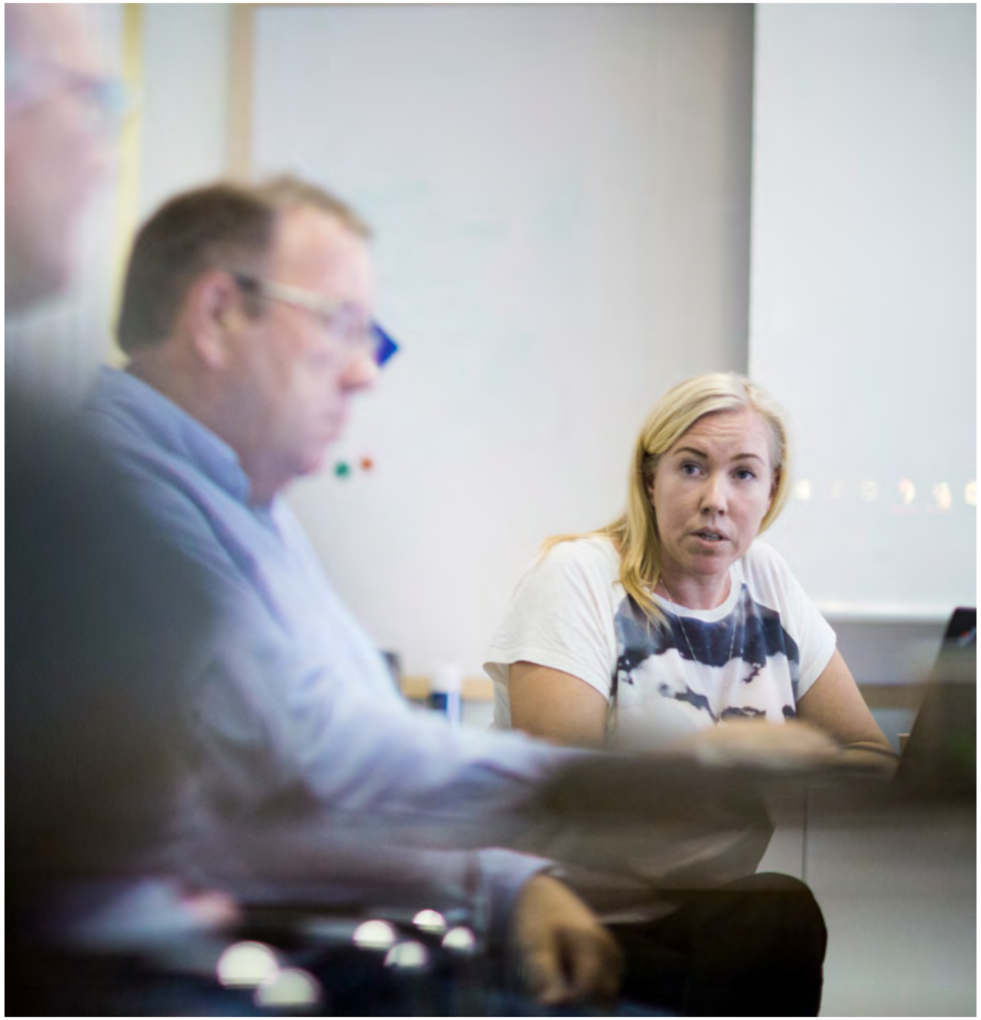
Internal training in business ethics is ongoing and is mainly provided to employees in management, sales and procurement, those who are most at risk of being exposed to corruption and bribery risks. Training is based on SSAB's values and governing documents and teaches participants what is meant by corruption and bribery, and how SSAB's ethics and compliance program is structured. This is followed by a discussion focused on practical, real-life examples and dilemma discussions. Training requirements are continuously monitored and evaluated based on business needs and the legal and ethical risk context.

Review of integrity of business partners

In some situations, SSAB reviews the integrity of our business partners more closely. SSAB has an instruction for business ethics reviews that mainly covers agents and distributors in high risk areas. The instruction means that SSAB may not enter into or renew agreements with business partners that are within the typical risk areas for corruption, before an initial assessment showing that such partners respect our fundamental rules of business ethics.

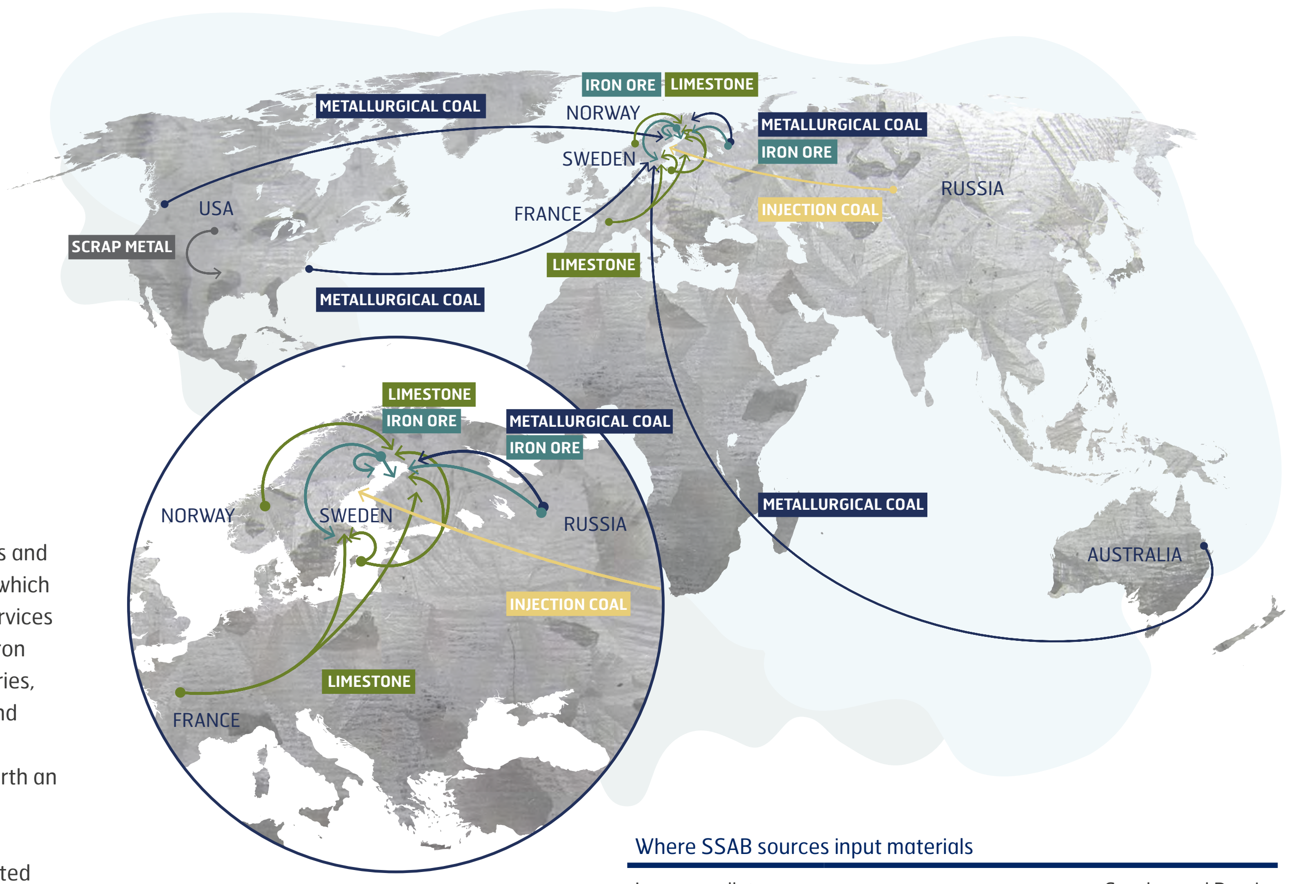
Suppliers

Contracts with suppliers refer to the Supplier Sustainability Policy, which states that all forms of corruption and bribery are unacceptable and that suppliers should work against all forms of corruption and bribery. SSAB entered into or renewed 40 raw material contracts during 2017–2018 and 31 (78%) of these contracts refer to the Supplier Sustainability Policy and the other contracts contain similar wording (data refers to the Nordic part of the procurement organization).

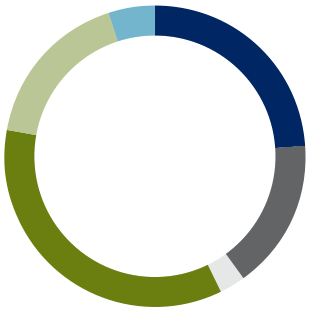


RESPONSIBLE SOURCING

SSAB has an extensive supply chain of approximately 20,000 active suppliers in more than 60 different countries. Suppliers must comply both with SSAB's own standards and with international social and environmental guidelines in order to remain qualified suppliers for SSAB.



Sourcing by country



- Sweden 24%
- Finland 16%
- Russia 3%
- USA 35%
- Rest of Europe 17%
- Rest of the world 5%

EFFICIENT AND RESPONSIBLE SOURCING OF GOODS AND SERVICES

SSAB buys input materials, products and services in most of the countries in which we operate. These materials and services range from input goods like scrap, iron ore, coal and alloys to gas, refractories, zinc, paint, maintenance services and spare parts. In 2018, SSAB sourced products, materials and services worth an estimated SEK 49.4 (42.6) billion.

At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management. We assess suppliers on the basis of quality, delivery reliability, cost and sustainability.

Where SSAB sources input materials

Iron ore pellets	Sweden and Russia
Metallurgical coal	Australia, North America, Russia
Injection coal	Russia
Scrap	US, Sweden, Finland
Limestone	Sweden, Norway and France
Alloys	Brazil, Russia, China, South Korea, Chile, US

INCORPORATING SUSTAINABILITY IN SOURCING

SSAB has a Supplier Sustainability Policy based on the UN Global Compact principles to which SSAB is a signatory. The purpose of the policy is to ensure that SSAB collaborates with suppliers who share our sustainability values.

The Supplier Sustainability Policy applies to all suppliers providing products and/or services to any SSAB group company and includes requirements on labor and human rights, health and safety, anti-corruption and the environment. In the policy, SSAB also reserves the right to conduct reviews of our direct suppliers or on-site audits to ensure compliance with the policy. All new or updated contracts as from 2017 refer to the Supplier Sustainability Policy, and the same reference is included in our purchase orders.
Read our Supplier Sustainability Policy.

IDENTIFICATION AND EVALUATION OF SUPPLIER RISKS

SSAB classifies our direct suppliers and assesses potential risks. For sustainability assessments we use Maplecroft's risk indices for human rights, political and environmental risks per specific region. Corruption assessments are based on Transparency International's Corruption Perceptions index. Suppliers identified as medium- or high-risk suppliers must complete a self-assessment questionnaire containing questions about governance and their social conditions as well as environmental performance. Unsatisfactory answers are investigated and followed up.

During 2018, 90% (80%) of SSAB's total spend was sustainability assessed (classified/identified in terms of sustainability risks and self-assessment done). During 2018, SSAB started to measure the percentage of new suppliers that were screened using social criteria.

Compliance Program

SITE VISITS AND AUDITS

During 2018, SSAB conducted 16 site visits and three audits at suppliers covering governance, quality, social and environmental commitment. The evaluation is done by a procurement commodity manager, an internal SSAB auditor or a third party auditor. Suppliers selected for site visits and third party audits are identified in the annual audit plan and based on a variety of criteria, including a pre-evaluation of the supplier's social and environmental risk profile, taking into consideration geographical location, product category and spend volume.

During the year, site visits were, inter alia, conducted in Australia and in South Korea. Suppliers in these countries provide SSAB with coal and alloys. The overall assessment was that the suppliers had a high focus on safety, and standardized working methods and environmental programs. Australia is a water stressed region and SSAB's supplier demonstrated dedication in its water stewardship.

SSAB also conducted three third party sustainability audits during the year, two in Russia and one in Mexico. SSAB cooperates with a leading audit company that heads the audits accompanied by SSAB staff. The suppliers selected for audit have production located in high-risk countries in terms of human rights risks, labor rights and environmental impact. The audits revealed non-conformances primarily related to the following issues; fire protection, safety, working conditions, code of conduct implementation and environmental issues.

SSAB purchases iron ore pellets, metallurgical coal and injection coal from different mines around the world. The nature of mining activities may have implications for sustainability and affect the individuals living close to the mines and may pose risks to the health and safety of employees if not handled properly. During the year, SSAB had an extra focus on our mining suppliers and conducted two third party audits of Russian mines and one site visit in Australia. SSAB also initiated a project to try to find the best practice to assess and evaluate water risk among our suppliers in the mining industry.

Monitoring raw material traders

SSAB also sources alloys, coal and coke and refractories through agents and traders. SSAB requires these suppliers to monitor their sources for sustainability commitment and SSAB has an adapted assessment process where the suppliers need to declare how they monitor social and environmental compliance in their supply chain.

Risk based approach

LOW RISK	• Sustainability clause in contracts*
MID LEVEL RISK	• Sustainability clause in contracts* • Self-assessment questionnaire
HIGH RISK	• Sustainability clause in contracts* • Self-assessment questionnaire • Site visit and third party sustainability audits (selected in annual audit plan, risk-based approach)

* Refers to SSABs Supplier Sustainability Policy

HSEQ cluster for joint evaluations of contractors

SSAB is member of an HSEQ (Health, Safety, Environment and Quality) cluster for common evaluations of contractors. Several of SSAB's contractors working on SSAB's sites are audited through this cluster by a third party every year, with 14 HSEQ evaluations of contractors conducted in Sweden and Finland in 2018. A common observation was insufficient safety training for persons responsible for safety management.

ACTIONS AGAINST MODERN SLAVERY

SSAB supports and respects internationally proclaimed human rights and has taken a variety of actions to verify the absence of child labor, forced labor, slavery and human trafficking in our supply chain. These actions include sustainability principles for our suppliers, sustainability risk assessments, site visits and audits and training of our employees. SSAB will strengthen the procurement process for certain commodities in order to increase the focus on modern slavery.

NO CONFLICT MINERALS IN SSAB'S STEEL

"Conflict minerals" is a term used for minerals derived from conflict ridden regions or countries where the mining of certain minerals risks contributing to, or financing, continued conflict and violation of human rights. SSAB does not use conflict minerals (including gold, tin, tungsten and tantalum) and, upon request, provides customers with certification affirming this.

Targets and results

Area	KPI	Target 2018	Results 2018	Target 2019
Ensure supplier compliance with SSAB's Supplier Sustainability Policy	Share of total spend sustainability assessed (classified/identified and self-assessment done)	90%	90%	93%
	Share of new suppliers sustainability assessed (GRI 414-1)	100%	75%	100%
	Site visits including social and environmental performance of suppliers	13	16	20
	Number of third party sustainability audits	5	3	5

SSAB IN THE COMMUNITY

In locations where SSAB operates, the company plays a significant role in the local and regional community as an employer, taxpayer, buyer of regional goods and services, and charitable benefactor. Contributing to the communities in which we operate is an integral part of the way we do business.

ACTIVE ENGAGEMENT IN LOCAL COMMUNITIES

SSAB strives to develop and maintain good relationships with various stakeholders in our society and actively engages with the communities in which we operate. Local community engagement is defined by each site at the local level. SSAB is also an important partner for local educational institutions and research. We offer extensive opportunities for internships and thesis projects to college students.

SSAB also works with local environmental regulators on site-specific issues. In addition to ongoing collaboration with local authorities, SSAB works together with cities and associations to monitor environmental conditions such as air quality and waterways.

Every year, SSAB hosts important visitors from the community, such as students, customers, subcontractors, government officials, inspectors and regulators.

SUPPORTING LOCAL ACTIVITIES IN SWEDEN AND FINLAND

In the communities in which SSAB operates in Sweden and Finland, we contribute to creating a wide range of recreational activities in which SSAB's employees, their families and also the local community can participate. Examples include sponsorships of local sports organizations and exchange of knowledge with schools. SSAB also supports associations in which employees are involved, primarily within sports and culture.

STRONG COMMUNITY INVOLVEMENT IN SSAB AMERICAS

SSAB Americas has a long tradition of community involvement. This takes place not only in the form of financial contributions, but also through participation in various charity initiatives and projects. SSAB is an important partner for local educational institutions and research. SSAB Americas sponsors an annual scholarship at the University of South Alabama (US), which benefits full-time junior and senior students in

the University's College of Engineering. SSAB Alabama also supports primary education through the SSAB Foundation for Education.

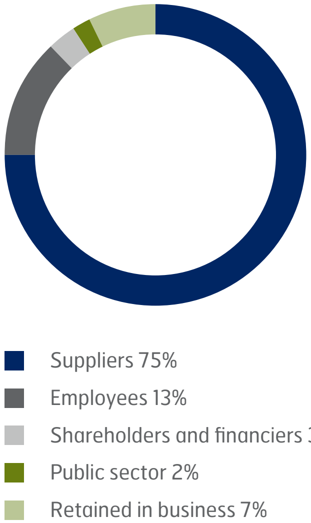
DONATIONS TO SOS CHILDREN'S VILLAGES ORGANIZATION

Since 2012, SSAB has been working with the SOS Children's Villages organization. In 2018, SSAB made a donation that was also SSAB's Christmas gift to our employees in Europe. The donation supports the running of a family center in Brovary outside of Kiev, Ukraine. In the center, support is adapted to the needs of each family, and the aim is for children to grow up in a safe and loving environment.

Economic value generated and distributed

The economic added value SSAB creates is distributed to various stakeholders in society such as shareholders, financiers, suppliers, employees, the public sector (through taxes) and communities through local community projects, sponsorship and donations. The economic value retained is reinvested in the company in strategic and maintenance investments, R&D and other investments to develop the company's ability to create value.

Distribution of economic value added to different stakeholders



201-1 Direct economic value generated and distributed

SEKm	Stakeholder group	2018	2017	2016	Description
Direct economic value generated					
Revenues	Customers	76,248	67,419	55,935	Net sales, other operating income, financial income, share of results in associated companies
Economic value distributed					
Payments to suppliers of raw materials, goods and services	Suppliers	56,856	49,671	41,423	Payments to suppliers of raw materials, goods and services
Employee wages and benefits	Employees	9,546	8,597	8,239	Employee Wages and Benefits (excl. employee social security taxes)
Payments to providers of capital	Shareholders and financiers	1,923	1,296	969	Dividends, interest payments and financial expenses
Payments to government	Public sector/Society	2,217	1,808	1,032	Corporate income taxes/gross taxes (incl. employee social security taxes)
Economic value retained		5,707	6,047	4,272	Calculated as 'Direct economic value generated' less 'Economic value distributed'

SSAB is currently unable to report on community investments (donations) at a Group level.

GRI REPORT PROFILE

REPORTING PRACTICE

SSAB's Sustainability Report 2018 is prepared in accordance with the GRI Standards: Core. Sustainability disclosure requirements in the Swedish Annual Accounts Act are covered by the GRI Disclosures. The 2018 Annual Report also constitutes SSAB's Communication on Progress (CoP) for the UN Global Compact.

SSAB's 2018 Annual Report consists of the Business Review, Sustainability Report, Financial Reports and Corporate Governance Report. The Sustainability Report defines the scope and principles of SSAB's sustainability reporting, describes the selected material topics, topic boundaries and indicators. It includes the management approach of the selected material topics and information on the GRI Disclosures which are not reported elsewhere in the SSAB's 2018 Annual Report. The GRI content index at the end of this report specifies where the information for each topic and indicator can be found and explains any omissions to the reported data.

The information disclosed in this report focuses on material information and data, whereas more comprehensive information about sustainability is available on SSAB's sustainability website. SSAB's 2018 Annual Report is published in English and Swedish in pdf format and is available on SSAB's website.

ASSURANCE OF REPORTING

PWC has verified that the disclosures required by the Swedish Annual Accounts Act on the disclosure of sustainability information are included in the Annual Report 2018. See page 104 for the statement from the auditor. The data have been controlled internally. Any divergences have been analyzed.

SCOPE OF DATA

The financial information describing economic responsibility in this report is based on SSAB's consolidated financial statements and is subject to audit. Unless otherwise stated, the financial data referred to in this report covers the whole SSAB Group.

Information about personnel (HR data) has been collected from the company's corporate-wide personnel information systems. Unless otherwise stated, the HR data referred to in this report covers the whole SSAB Group.

Reporting does not cover associated companies and joint ventures or subcontractors and suppliers of goods and services, unless otherwise stated.

Regarding environmental data, the following production sites are included in the environmental reporting scope in 2018, which form the material scope for reporting:

- SSAB Special Steels:
  - Oxelösund in Sweden
- SSAB Europe:
  - Luleå, Borlänge, Finspång and Virsbo in Sweden
  - Raahe, Hämeenlinna, Kankaanpää, Lappohja, Oulainen, Pulkkila, Toijala in Finland
- SSAB Americas:
  - Mobile, Alabama and Montpelier,Iowa in US
- Ruukki Construction
  - Peräseinäjoki and Ylivieska in Finland
  - Järnforsen in Sweden
  - Gargzdai in Lithuania and Oborniki in Poland
  - Obninsk and Balabanovo in Russia
- Tibnor:
  - Köping in Sweden

These sites cover the following operations: all steel mills, all rolling mills, all coating lines and all tube mills. Also cut-to-length (CTL) lines are included, if they are located at the sites mentioned on the list above.

Significant changes to the organization (GRI 102-10)

On November 15, 2018, SSAB concluded the divestment of Ruukki Construction's business operations in Russia (OOO Ruukki Rus), which is included in the environmental data until the end of September 2018 and in the HR and safety data until the end of October 2018.

MATERIALITY ASSESSMENT

SSAB has conducted a materiality analysis to define its most relevant and material sustainability topics to define its sustainability strategy and targets, as well as the content of SSAB's GRI reporting.

The materiality analysis, which was last updated at the end of 2014, defined 12 topics that form the base for SSAB's sustainability strategy and work.

In 2017, SSAB updated the structure of sustainability focus areas and the objectives of the sustainability strategy adding objectives that better reflect our strategy and our stakeholders' expectations, and removed objectives that had already been achieved or were immaterial.

The material topics for reporting were also defined in compliance with the requirements of the new GRI Standards. The identified topics were included in SSAB's current materiality assessment, and no need was seen to update the materiality matrix.

DEFINING REPORT CONTENT AND TOPIC BOUNDARIES (GRI 102-46)

Material topics were identified and prioritized in a process that involved external and internal stakeholders.

Inventory and mapping of relevant sustainability topics and impacts

As a first step, SSAB conducted a background analysis to identify trends and global drivers. This analysis, combined with internal workshops, served to identify all relevant topics throughout SSAB's value chain, both upstream and downstream. Against the background of the value chain, relevant sub-activities and related sustainability impacts from an environmental, economic and social perspective were identified.

Stakeholder dialog and prioritization of material topics

As a second step, the topics identified in the background analysis were evaluated and ranked according to importance from the perspectives of both SSAB and external stakeholders. This was done through interviews with external stakeholders (customers, suppliers, investors, NGOs and industry associations) and an online survey with key external and internal stakeholders to further prioritize the topics. The results of the dialog with internal and external stakeholders were then evaluated in workshops with internal experts, and confirmed by SSAB's Group Executive Committee.

As a result of the materiality assessment, SSAB identified the following topics as being material. Topics are structured in line with the 2017 changes to the sustainability focus areas.

Sustainable offering

Potential of SSAB's products and solutions, including high-strength steels	There are significant environmental benefits to be gained when upgrading to high-strength steels. Since high-strength steels are stronger than ordinary steels, less steel is needed to produce a specific steel application. This reduces the CO_2 emissions from steel production. "Moving applications," such as vehicles, excavators and cranes made of high-strength steels, have less weight, which in turn cuts fuel consumption or increases their payload. Stronger steel also means extended product lifetime, thereby also reducing CO_2 emissions.
Customer satisfaction	Customer satisfaction is a measure of how products and services supplied by a company meet or exceed customer expectations. In a competitive marketplace, customer satisfaction is a key differentiator and a key element of business strategy. Today, various aspects of sustainability – product lifecycle approach, material- and energy-efficient processes, and a responsible value chain – are increasingly important parameters impacting overall customer satisfaction.

Sustainable operations

Emissions from steel production	Coke and coal are used in blast furnaces to reduce iron ore in the production of crude iron/hot metal. Today, with the current technology, it is impossible to produce steel without generating CO_2 emissions. The process, which has been used for centuries, has been continually developed and improved to become highly efficient, and the residual energy is recovered in the form of district heating and electricity production. Scrap-based steel production emits significantly less CO_2. Since there is not enough scrap available for recycling to meet the demand for new steel, ore-based steel production using blast furnaces is still needed. Today, the scrap-based steel production meets 30% of the global demand for new steel.
Energy efficiency	Energy efficiency is aimed at reducing the amount of energy required to produce products and provide services. Steel companies can reduce costs by finding alternative energy sources that create less emissions, by using less purchased energy and by feeding surplus energy into the grid. From a lifecycle perspective, this also creates positive effects and saves natural resources, thereby reducing CO_2 emissions.
Material efficiency	Material efficiency means making more out of less material, resulting in increased efficiency in the use of natural resources. The production of iron and steel creates a range of residuals. Recirculating ferrous material back into the steelmaking process reduces the need for virgin raw materials. This, in turn, reduces CO_2 emissions and saves costs. Material that cannot be recirculated internally can be processed and sold externally to create new revenue streams while reducing CO_2 emissions by substituting natural resources in other industries. For example, blast furnace slag enables the cement industry to significantly reduce their CO_2 emissions. Increasing internal recirculation of residuals and external sales of by-products will lead to reduced waste and less material will be sent to landfill.
Recycling	A critical element in reducing carbon emissions originating in the steel lifecycle is to optimize steel recycling. Steel is almost unique in its capacity to be infinitely recycled without loss of properties or performance. Steel is today the most recycled material in the world.

Responsible partner

Anti-corruption/ Business ethics	In today's globalized world, anti-corruption and business ethics have become increasingly important for companies. Failure to address corruption, bribery and other issues related to business ethics will have negative impacts on the company's reputation and brand. Anti-corruption and business ethics at SSAB are governed by SSAB's Code of Conduct and the SSAB's governing document for anti-corruption.
Health and safety	Steel production includes exposed and dangerous environments. This is why it is important to have a strong focus on health and safety to minimize the risks of accidents. This responsibility encompasses company employees and contractors, as well as visitors to SSAB sites.
Competence and leadership development	It is critical for a company to attract, develop and retain people with the right competencies and mindset. To do this, it is important to work actively with performance dialogs between managers and employees, management reviews and succession planning, leadership training programs, employee development programs, and diversity training and inclusion.
Diversity	One of the most important challenges today is to engage, retain and attract employees with the right skill sets. The creation of a more diverse workforce with different competencies, experiences and backgrounds, and a workplace where everyone has equal opportunities, will lead to a stronger company culture and help to achieve better results.
Labor/human rights in the supply chain	Today, companies are increasingly expected to take responsibility, not only for labor and human rights in their own operations, but also within their supply chain. This includes evaluating supplier risks and suppliers' ability to address labor and human rights, including no use of child or forced labor, a healthy and safe work environment, etc. Conducting risk assessments and supply chain monitoring through self-assessment questionnaires, audits and other follow-up systems are important tools, in addition to the SSAB Supplier Sustainability policy.

Financial and operational performance

SSAB believes that managing its business in a sustainable way will increase SSAB's possibilities to deliver strong long-term financial and operational results. That is why financial and operational performance is not included in one of the three focus areas, but rather should be seen as the outcome of performing well in all three areas.

LIST OF MATERIAL TOPICS (GRI 102-47)

The material topics included in SSAB's 2018 reporting are based on the process described earlier and are in line with the three sustainability focus areas and the topics under each area. The GRI principles – stakeholder inclusiveness, sustainability context, materiality and completeness – were taken into consideration throughout the process. The topics related to each focus area are presented in the ascending table, which also defines the topic boundaries. For reported indicators see the GRI index on the next page.

Material sustainability topic defined in the materiality analysis	Material topics in GRI Standards	Topic boundaries
Sustainable offering		
Potential of SSAB's products and solutions, incl. high-strength steels	No relevant topic in GRI	SSAB Group, SSAB's customers
Customer satisfaction	No relevant topic in GRI	SSAB's customers
Sustainable operations		
Emissions from steel production	Emissions	SSAB's production sites
Energy efficiency	Energy	SSAB's production sites
Material efficiency	Materials, Effluents and waste Water	SSAB's production sites
Recycling	Materials, Effluents and waste	SSAB's production sites
Responsible partner		
Health & Safety	Occupational health and safety	SSAB Group, SSAB's contractors
Competence and leadership development	Employment Training and education	SSAB Group
Diversity	Diversity and equal opportunity	SSAB Group
Anti-corruption/Business ethics	Anti-corruption	SSAB Group, SSAB's suppliers and partners
Labor/human rights in the supply chain	Supplier social assessment	SSAB's suppliers

GRI INDEX

This report has been prepared in accordance with the SR Standards: Core option. Topic-specific Standards are reported with respect to the material topics for SSAB. This table specifies where you will find more information on the SR disclosures. The report also constitutes Communication on Progress (CoP) reporting to the UN's Global Compact.

BR = Business Review 2018
SR= Sustainability Report 2018
CGR = Corporate Governance Report 2018
FR = Financial Reports 2018

Code		Description	Location in the report	Comments and omissions
GRI 102: General standard disclosures				
Organizational profile	102-1	Name of the organization	See comments	SSAB AB
	102-2	Activities, brands, products, and services	BR 3–7, 28–49	
	102-3	Location of headquarters	See comments	Stockholm
	102-4	Location of operations	BR 12	
	102-5	Ownership and legal form	See comments	SSAB AB is a public company. SSAB is listed on the NASDAQ Stockholm and NASDAQ Helsinki exchanges.
	102-6	Markets served	BR 12, 14–16, 28–48	
	102-7	Scale of the organization	BR 3–5, 7, 12; FR 123	
	102-8	Information on employees and other workers	SR 80–82	SSAB does not hold information about external staff/ contractors in its global reporting system.
	102-9	Supply chain	BR 7, SR 54–55, 89–92	
	102-10	Significant changes to the organization and its supply chain	SR 96	
	102-11	Precautionary Principle or approach	FR 137–143	
	102-12	External initiatives	SR 53, 57	
	102-13	Membership of associations	SR 59	
Strategy	102-14	Statement from senior decision-maker	BR 8–9	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	BR 6, SR 56–57	

Code		Description	Location in the report	Comments and omissions
Governance structure	102-18	Governance structure	CGR	
Stakeholder engagement	102-40	List of stakeholder groups	SR 58–59	
	102-41	Collective bargaining agreements	SR 83	
	102-42	Identifying and selecting stakeholders	SR 58–59	
	102-43	Approach to stakeholder engagement	SR 58–59	
	102-44	Key topics and concerns raised	SR 58–59	
Reporting practice	102-45	Entities included in the consolidated financial statements	FR 183–185	The entities included in SSAB's Consolidated Financial Statements are listed in Note 8 to the Consolidated Financial Statements.
	102-46	Defining report content and topic boundaries	SR 97–99	
	102-47	List of material topics	SR 97–99	
	102-48	Restatements of information	See comments	No restatements
	102-49	Changes in reporting	SR 96	
	102-50	Reporting period	See comments	January 1, 2018 – December 31, 2018
	102-51	Date of most recent report	See comments	March 19, 2018
	102-52	Reporting cycle	See comments	Annual
	102-53	Contact point for questions regarding the report	See comments	Liisa–Maija Seppänen, Investor Relations Manager: liisa–maija.seppanen@ssab.com
	102-54	Claims of reporting in accordance with the SR Standards	SR 96	
	102-55	GRI content index	SR 100–103	
	102-56	External assurance	SR 96	
GRI 103: Management approach	103-1	Explanation of the material topic and its boundary	SR 97–99	
	103-2	The management approach and its components	BR 24–25, SR 52, 54–57, 66, 77–81, 84, 89–92	
	103-3	Evaluation of the management approach	SR 57	
Topic specific content		Topic specific content is reported regarding topics identified as material.		

Code		Description	Location in the report	Comments and omissions
ECONOMIC STANDARDS				
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	SR 94	SSAB is currently unable to report on community investments (donations) at a group level. The aim is to add this information to the reporting in the coming years.
	201-2	Financial implications and other risks and opportunities due to climate change	SR 74	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	SR 87–88	
ENVIRONMENTAL STANDARDS				
GRI 301: Materials	301-1	Materials used by weight or volume	SR 67	
	301-2	Recycled input materials used	SR 68	
GRI 302: Energy	302-1	Energy consumption within the organization	SR 70	
	302-3	Energy intensity	SR 70	
	302-4	Reduction of energy consumption	SR 70	
GRI 303: Water	303-1	Water withdrawal by source	SR 71	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	SR 72	
	305-2	Energy indirect (Scope 2) GHG emissions	SR 72	
	305-3	Other indirect (Scope 3) GHG emissions	SR 73	
	305-4	GHG emissions intensity	SR 73	
	305-5	Reduction of GHG emissions	SR 73	
	305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	SR 75	
GRI 306: Effluents and waste	306-2	Waste by type and disposal method	SR 68	At a group level information on disposal methods is not available. Reporting is being developed and the aim is to report it in the coming years.

Code		Description	Location in the report	Comments and omissions
SOCIAL STANDARDS				
GRI 401: Employment	401-1	New employee hires and employee turnover	SR 78	
GRI 403: Occupational health and safety	403-1	Workers representation in formal joint management–worker health and safety committees	SR 86	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR 84–86	Partly reported. Data on occupational diseases, lost days and absence rate is not available for the whole group at the moment. The aim is to add this information to the reporting in the coming years.
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	SR 79–80	
	404-3	Percentage of employees receiving regular performance and career development reviews	SR 80	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR 82	
GRI 414: Supplier social assessment	414–1	New suppliers that were screened using social criteria	SR 92	

SUSTAINABILITY DISCLOSURES

All of the sustainability disclosure requirements in the Swedish Annual Accounts Act are covered by the GRI Disclosures and the table specifies where they are found in the Annual Report.

Sustainability disclosures

Business model	Environmental matters	Social and employee-related matters	Protection of human rights	Anti-corruption
BR 3–4, 7, 18–23, 28–48	BR 24–27, SR 52, 54–57, 60–64, 66–75, 89–92	SR 52, 56–57, 77–80, 89–92, 93–94	SR 56–57, 83, 89–92	SR 56–57, 87–88

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2018 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm 12 March 2019

Magnus Svensson Henryson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT 2018

CORPORATE GOVERNANCE REPORT 2018

SSAB's organization is characterized by a way of working in which responsibilities and powers are largely delegated to the respective divisions. SSAB's share is listed on NASDAQ Stockholm and has a secondary listing on NASDAQ Helsinki. SSAB is governed by, among others, the NASDAQ Stockholm Rule Book for Issuers and the Swedish Corporate Governance Code (Corporate Code). This corporate governance report complies with the Swedish Annual Reports Act and the Corporate Code, and is not part of the Report of the Board of Directors.

IMPORTANT EXTERNAL AND INTERNAL RULES AND POLICIES WHICH AFFECT CORPORATE GOVERNANCE:

Significant internal rules and policies

- Articles of Association
- The Board's rules of procedure, incl. instructions to the CEO and instructions to Board committees
- Accounting manual (Financial Directive) and Finance Policy
- Code of Conduct

Significant external rules

- Swedish Companies Act
- Swedish Accounting Act
- Swedish Annual Reports Act
- Rules of NASDAQ Stockholm and NASDAQ Helsinki, www.nasdaqomxnordic.com
- Swedish Corporate Governance Code, www.corporategovernanceboard.se

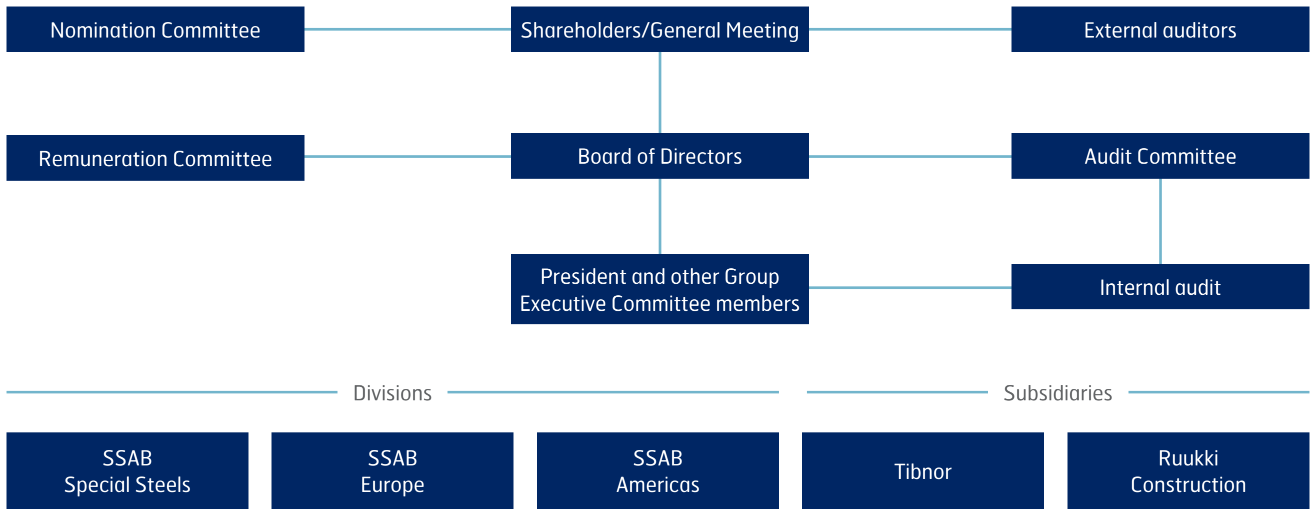
ORGANIZATION AS AT DECEMBER 31, 2018

SSAB is structured across three divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, as well as two larger wholly-owned subsidiaries: Tibnor and Ruukki Construction. The two latter are run as independent subsidiaries.

The diagram below shows SSAB's corporate governance framework as at December 31, 2018, and how the central bodies operate.

DEROGATIONS FROM THE CORPORATE CODE

Until the statutory board meeting held on April 10, 2018, the Remuneration Committee comprised Bengt Kjell (Chairman), John Tulloch and Matti Lievonen. Under the main rule in Rule 9.2 of the Corporate Code, the members of the Remuneration Committee who are elected by the general meeting must be independent of the company and of the company's management. Since John Tulloch is considered to be dependent in relation to the company, his inclusion in the Remuneration Committee constitutes a derogation from the rules of the Corporate Code. The company has extensive international operations involving a considerable number of its employees outside Sweden, not least in North America.



John Tulloch has long experience derived from senior managerial positions in the North American steel industry. His knowledge of remuneration principles and structures in, primarily, the North American steel industry constitutes a highly valuable contribution to the Committee's general ability to address international remuneration issues in a purposeful and rational manner. The company has therefore concluded that the benefit of John Tulloch's inclusion in the Remuneration Committee outweighs any disadvantages arising from him not being independent of the company. For these reasons, the company has considered the derogation from Rule 9.2 of the Corporate Code to be justified. After the Remuneration Committee's new composition on April 10, 2018, there are no deviations to report.

SHAREHOLDERS

SSAB's share capital consists of class A and class B shares, with class A shares carrying one (1) vote and class B shares one-tenth (1/10) of a vote. Both classes of shares carry the same rights to a share in the company's assets and profits.

As at December 31, 2018, there were a total of 104,938 shareholders. Industrivärden was the largest shareholder in terms of voting rights, followed by Solidium Oy, LKAB, Norges Bank, Nordea Investment Funds and Swedbank Robur Funds. Of the shareholders, 61.8% held 1,000 shares or fewer, whereas the ten largest shareholders owned an aggregate of around 32.9% of all the shares in issue. Owners outside Finland and Sweden held 37.7% of the voting rights and 30.9% of the share capital in the company. See Shares and shareholders for more information about the ownership structure.

GENERAL MEETING

The general meeting of shareholders is the company's highest decision-making body and is where owners exercise their shareholder power. At the Annual General Meeting (ordinary general meeting), the shareholders resolve, among other things, the following:

- Adoption of the annual report and consolidated financial statements
- Allocation of the company's profit/loss
- Discharge from liability for the Board of Directors and the CEO
- Election of the Board of Directors, its chairman and the auditors
- Method of appointment of the Nomination Committee
- Remuneration of the Board of Directors and the auditors
- Guidelines for the remuneration to the CEO and other senior executives

Owners as of December 31, 2018

	% of votes	% of share capital
Industrivärden	11.8%	4.3%
Solidium	10.0%	13.5%
LKAB	3.6%	2.3%
Norges Bank	2.1%	2.5%
Nordea Investment Funds	1.6%	2.1%
Swedbank Robur Funds	1.4%	3.5%
Handelsbanken Funds	1.0%	2.3%
Folksam	0.9%	0.9%
Handelsbanken Liv	0.8%	0.5%
Avanza Pension	0.6%	1.1%
Other shareholders	66.2%	67.1%
Total	100.0%	100.0%
Whereof foreign-registered shareholders*	37.7%	30.9%

* Includes shareholders outside Sweden and Finland, Source: Euroclear

2018 Annual General Meeting

The 2018 Annual General Meeting adopted the annual report and consolidated financial statements for 2017 as presented by the Board of Directors and the CEO, decided on the allocation of the company's profit and granted the directors and CEO discharge from liability.

In addition, the Chairman of the Nomination Committee described the Committee's work during the year and the rationale behind the proposals presented. The general meeting decided on the remuneration to the Board and of the auditors in accordance with the Nomination Committee's proposals. It was further resolved that the Board will comprise eight directors and accordingly Petra Einarsson, Marika Fredriksson, Bengt Kjell (who was elected as chairman), Pasi Laine, Matti Lievonen, Martin Lindqvist (President and CEO), Annika Lundius and Lars Westerberg were re-elected as Board members. John Tulloch had declined re-election to the Board. The general meeting decided that the number of auditors would comprise a registered firm of accountants and, accordingly, PricewaterhouseCoopers was re-elected as auditor for a term of office up to and including the 2019 Annual General Meeting. The general meeting resolved on a dividend of SEK 1.00 per share for the financial year 2017.

A quorate Board and the principal auditor were present at the Annual General Meeting. The minutes of the Annual General Meeting may be viewed at www.ssab.com.

NOMINATION COMMITTEE

Duties of the Nomination Committee

The duties of the Nomination Committee include proposing to the Annual General Meeting a chairman of the Board of Directors, directors, auditors, a Chairman of the Annual General Meeting, Board fees and auditor fees.

Procedure for the appointment of the Nomination Committee

The 2012 Annual General Meeting adopted a procedure regarding the appointment of the Nomination Committee. The procedure applies until amended through a resolution adopted at a future Annual General Meeting. The procedure was confirmed in essence by the Annual General Meeting held on April 10, 2018. According to the procedure, the Chairman of the Board is tasked with requesting that no fewer than three and no more than five of the largest shareholders in terms of votes each appoint a member to constitute the Nomination Committee together with the Chairman of the Board.

There may be no more than six members in total. The Chairman of the Nomination Committee is the representative of the largest shareholder. The composition of the Nomination Committee was announced on www.ssab.com on August 6, 2018. Swedbank Robur joined the Nomination Committee on August 27, 2018.

Shareholders were able to submit proposals to the Nomination Committee by, for example, email, until December 31, 2018. The Nomination Committee's proposals will be published no later than in conjunction with the notice of the Annual General Meeting.

In connection with the issuance of the notice of the Annual General Meeting, the Nomination Committee will publish a reasoned statement regarding its proposal for a Board on www.ssab.com.

Work of the Nomination Committee ahead of the 2019 Annual General Meeting

The Nomination Committee has convened five times in 2018 since it was appointed in summer 2018. One more meeting is planned before the Annual General Meeting.

The Chairman of the Board of Directors has described to the Nomination Committee the process applied in the company in conjunction with the annual evaluation of the Board and of the CEO, as well as the results of the evaluation.

Nomination committee ahead of the 2018 Annual General Meeting

Appointed by, name	Share (%) of voting capital as at December 31, 2018
Lars Pettersson, Industrivärden (Chairman of the Nomination Committee)	11.8
Annareetta Lumme-Timonen, Solidium Oy	10.0
Jan Moström, LKAB	3.6
Åsa Nisell, Swedbank Robur	1.4
Martin Nilsson, Catella Fonder	0.2
Bengt Kjell (Chairman of the Board of Directors)	-

Further, at the meeting at which the Chairman of the Board was not present, the Nomination Committee was informed of the results of the evaluation of the Chairman. The annual evaluation of the Board was conducted in conjunction with a Board meeting held during the fall. Prior to the evaluation, the directors individually completed a relatively extensive questionnaire. Thereafter, the replies and comments of the directors were compiled and formed the basis for the actual evaluation discussion. The Nomination Committee has discussed the composition of the Board and agreed on the main requirements to be imposed on the directors, including the requirement for independent directors.

In its assessment of the Board's evaluation, the Nomination Committee particularly took into account the need for Board diversity and breadth, and the requirements to strive for gender balance on the Board. The Nomination Committee engages in continuous work in identifying and evaluating potential new directors.

In submitting proposals for fees to the Board of Directors and its committees, the Nomination Committee, among other things, conducted an overview of Board fees in similar companies. During the year and prior to the election of a new auditor at the Annual General Meeting in 2019, the Audit Committee has conducted a thorough evaluation of a number of candidates for the audit assignment. At the Nomination Committee's meeting in December, the Chairman of the Audit Committee presented in detail the results of the evaluation and the committee's recommendation regarding both auditors and fees. The Nomination Committee followed the Audit Committee's recommendation when presenting its proposals to the 2019 Annual General Meeting.

BOARD OF DIRECTORS

Responsibilities of the Board

The overall task of the Board of Directors is to manage the company's affairs in the best interests of both the company and its shareholders. The Board must regularly assess the group's financial position and evaluate the operative management. The Board decides, among other things, on matters concerning the group's strategic focus and organization, and decides on important capital expenditure (exceeding SEK 50 million).

Each year, the Board must prepare proposals for guidelines regarding the determination of salary and other remuneration to the CEO and other members of the company's senior management for decision at the Annual General Meeting.

Rules of procedure of the Board

Each year, the Board adopts the rules of procedure, including instructions to the CEO, which, among other things, govern the allocation of work between the Board and the CEO.

The rules of procedure further regulate the frequency of Board meetings and the allocation of work among the Board's committees. The rules of procedure state that there must be a Remuneration Committee and an Audit Committee. Ahead of each Board meeting, the directors receive a written agenda and full documentation to serve as the basis for decisions. Each Board meeting conducts a review of the group's accident statistics, the current state of the business, the group's results, financial position and prospects. Other issues addressed include competition and the market situation. The Board also regularly monitors health and safety work.

Chairman of the Board

The chairman of the Board of Directors presides over the Board's work, represents the company on ownership issues and is responsible for the evaluation of the work of the Board. In addition, the Chairman of the Board of Directors is responsible for regular contact with the CEO and for ensuring that the Board of Directors performs its duties.

Composition of the Board

Under the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of ten members elected by the general meeting. The Board is quorate when more than one half of the total number of directors is present. Taking into consideration the company's operations, phase of development and circumstances in general, the Board must have an appropriate composition which is characterized by diversity and breadth as regards the competence, experience and background of its members. New directors undergo an introduction course to rapidly acquire the knowledge expected in order to best promote the interests of the company and its shareholders.

The Board of Directors' diversity policy

SSAB works actively to further diversity within the company. As a part of this work, the company, through the Nomination Committee, applies rule 4.1 in the Swedish Corporate Governance Code (the Corporate Code) as its diversity policy. In accordance with rule 4.1 in the Corporate Code, the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is also to strive for gender balance on the Board.

The Nomination Committee shall consider the diversity policy when preparing its proposals for the election of a Board member. Also, the Board of Directors continuously discusses the question regarding diversity within the organization. The objective of the diversity policy is to cater the importance of sufficient diversity within the Board in order to encourage independent opinions and a critical approach which will contribute to efficient Board work in the company.

During the financial year 2018, the Board of Directors' diversity policy has mainly been implemented and applied in connection with the Nomination Committee's work ahead of the 2018 Annual General Meeting and the 2019 Annual General Meeting. This has resulted in a diversified and appropriate Board composition with Board members that possess the qualifications and experience required for SSAB's operations.

Work of the Board in 2018

In 2018, the Board of Directors held ten meetings at which minutes were taken and at which the Board was quorate at all times. SSAB's General Counsel, who is not a director, served as secretary to the Board.

Safety work has top priority across the group and at every meeting the Board keeps close track of lost time injury frequency and the corrective actions implemented by the company. The year 2018 was characterized by a strong global demand for steel products resulting in higher volumes and increased margins, despite an increased impact of imposed import restrictions on global trade flows. The company's continued improved financial position resulting from strong cash flow has enabled the Board to spend more focus on strategical challenges.

The Board monitors the company's cost levels and engages in the company's key operating challenges such as methods and ways of working for continuous improvement in productivity to further improve the company's growth and profitability. The Board has also addressed matters concerning the environment, sustainability, ethics, digitalization, IT security, control functions, corporate governance, etc.

BOARD OF DIRECTORS – APPOINTED BY THE ANNUAL GENERAL MEETING






	BENGT KJELL (1954)	PETRA EINARSSON (1967)	MARIKA FREDRIKSSON (1963)	PASI LAINE (1963)	MATTI LIEVONEN (1958)	MARTIN LINDQVIST (1962)
	Chairman since 2015 **MBA, Stockholm School of Economics** **Nationality: Swedish**	**BSc (Business Administration)** **Nationality: Swedish**	**MBA** **Nationality: Swedish**	**MSc (Eng.)** **Nationality: Finnish**	**BSc (Engineering), eMBA Honorary Finnish title of Vuorineuvos DSc (Tech.) h.c.** **Nationality: Finnish**	**President and CEO** **BSc (Economics)** **Nationality: Swedish**
ELECTED TO THE BOARD	2015	2014	2016	2017	2014	2011
SHAREHOLDING[1]	100,000 B shares	10,000 B shares	-	712 A shares 4,031 B shares	4,315 A shares 25,018 B shares	11,709 A shares 21,023 B shares
CURRENT APPOINTMENTS	Board Chairman: Hemfosa Fastigheter AB and Nyfosa AB Vice Chairman of the Board: Indutrade AB and Pandox AB Director: AB Industrivärden and ICA Gruppen AB et al.	CEO: BillerudKorsnäs AB Director: Confederation of Swedish Enterprise	CFO & Group Executive Vice President: Vestas Wind Systems A/S (since 2013) Director: Sandvik AB	President and CEO of Valmet Oyj (since 2013)	Board Chairman: Fortum Abp Member of the Board: Solvay Group	President and CEO: SSAB (employed at SSAB since 1998) Chairman: Swedish Steel Producers Association Vice Chairman: Swedish Association of Industrial Employers Director: Svenska Cellulosa Aktiebolaget SCA and Confederation of Swedish Enterprise
PREVIOUS APPOINTMENTS	Acting CEO: AB Industrivärden CEO and President: AB Handel och Industri Vice CEO: AB Industrivärden Senior partner: Navet AB Board Chairman: Kungsleden AB and Skånska Byggvaror Holding AB Director: Höganäs AB, Skanska AB and Munters AB	Financial Manager: Sandvik Materials Technology President: Sandvik Materials Technology business area, Sandvik Strip product area and Sandvik Tube product area Director: Swedish Association of Industrial Employers Member of the Council: Swedish Steel Producers' Association	Director: ÅF AB CFO: Gambro AB, Autoliv Inc. (Stockholm, Sweden), Volvo Construction Equipment (Brussels, Belgium) and Volvo Construction Equipment International AB	Director: HKScan Oyj and Tamfelt Oyj Several senior positions: Metso group, including President of Pulp, Paper and Power Technology, President of Metso Automation	President and CEO: Neste Corporation Board Chairman: Nynas AB Chairman of the Supervisory Board: Ilmarinen Mutual Pension Insurance Company Deputy Chairman of the Board: Confederation of European Paper Industries Director: Chemical Industry Federation, Confederation of Finnish Industries, Rautaruukki Corporation, Finnish Oil and Gas Federation and EUROPIA Member of the Supervisory Board: the Finnish Fair Corporation, European Business Leaders' Convention and the Finnish Business and Policy Forum EVA Member of the Advisory Board: National Emergency Supply Agency (Finland) Several senior positions: UPM-Kymmene	Director: Indutrade AB and Head of business area: SSAB EMEA CFO: SSAB AB Chief controller: NCC

[1] Shareholdings include shares owned by closely-related persons.

BOARD OF DIRECTORS – APPOINTED BY THE ANNUAL GENERAL MEETING

	
ANNIKA LUNDIUS (1951)	LARS WESTERBERG (1948)
LLM **Nationality: Swedish**	**MSc and BSc** **Nationality: Swedish**
ELECTED TO THE BOARD	
2011	2006
SHAREHOLDING[1]	
13,125 B shares	20,000 B shares
CURRENT APPOINTMENTS	
Director: AB Industrivärden	Director: Sandvik AB and Stena AB
PREVIOUS APPOINTMENTS	
Director: AMF Pension and Storebrand ASA Executive Vice President: Confederation of Swedish Enterprise Legal Director and Financial Counselor: Swedish Ministry of Finance CEO: Insurance Sweden and Swedish Insurance Employers' Association	Board Chairman: Husqvarna AB Director: Meda AB and AB Volvo President and CEO: Gränges AB President, CEO and Chairman: Autoliv

Jonas Bergstrand, EVP, Legal & Strategy, serves as secretary to the Board of Directors.

[1] Shareholdings include shares owned by closely-related persons.

BOARD OF DIRECTORS – APPOINTED BY THE EMPLOYEES

MIKAEL HENRIKSSON (1961)

Elected to the Board
2017

Current appointment
Furnace operator,
SSAB Special Steels

TOMAS JANSSON (1966)

Elected to the Board
2014

Current appointment
Sales Coordinator,
SSAB Europe

TOMAS KARLSSON (1962)

Elected to the Board
2015

Current appointment
Maintenance mechanic,
SSAB Europe

ALTERNATES

STURE BERGVALL (1956)

Elected to the Board
2005

Current appointment
Electrician,
SSAB Europe

PATRICK SJÖHOLM (1965)

Elected to the Board
2011

Current appointment
Automation engineer,
SSAB Special Steels

TOMAS WESTMAN (1955)

Elected to the Board
2015

Current appointment
RM coordinator,
SSAB Europe

AUDITORS

Under its Articles of Association, SSAB has one or two external auditors, or one or two registered public accounting firms. The 2018 Annual General Meeting re-elected the registered accounting firm PricewaterhouseCoopers for a further year.

Authorized public accountant Magnus Svensson Henryson has been principal auditor since 2012 and also signs off on the auditors of the listed company AB Industrivärden.

The external audit of the financial statements of the parent company and those of the group, as well as management by the Board of Directors and the CEO, is conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. The Company's principal auditor attends all meetings of the Audit Committee. The auditor attends at least one Board meeting a year, goes through the audit for the year and discusses the audit with the directors without the CEO and other members of the Company's management being present.

See Note 2 in Financial reports for information regarding the auditor's fees.

AUDIT COMMITTEE

Duties

The Audit Committee elects a Chairman from among its members. Members of the Audit Committee are elected from Board members who are not employees of the company. At least one of the members must be competent in accounting or auditing matters.

The duties of the Audit Committee are stated in the Board's rules of procedure. The Chairman of the Audit Committee is responsible for ensuring that the entire Board is kept regularly informed about the Committee's work and, where necessary, must submit matters to the Board for decision. The main task of the Audit Committee is to support the Board in its work to ensure the quality of financial reporting.

		Attendance statistics 2018			Independent of	
Member of the Board	**Elected to the Board**	**Board meetings**	**Remuneration Committee**	**Audit Committee**	**The company and its management**	**The company's largest shareholders**
Elected by the AGM[1]						
Bengt Kjell, Chairman since 2015	2015	10	7	7	Yes	No, Board member of Industrivärden
Petra Einarsson	2014	10	4	-	Yes	Yes
Marika Fredriksson	2016	10	-	7	Yes	Yes
Pasi Laine	2017	10	-	-	Yes	Yes
Matti Lievonen	2014	8	5	-	Yes	Yes
Martin Lindqvist, President and CEO	2011	10	-	-	No, CEO at the Company	Yes
Annika Lundius	2011	10	-	7	Yes	No, Board member of Industrivärden
Lars Westerberg	2006	10	-	7	Yes	Yes
Employee representatives						
Mikael Henriksson	2017	10	-	-	-	-
Tomas Jansson	2014	10	-	-	-	-
Tomas Karlsson	2015	10	-	-	-	-
Alternate members						
Sture Bergvall	2005	10	-	-	-	-
Patrick Sjöholm	2011	9	-	-	-	-
Tomas Westman	2015	10	-	-	-	-

[1]Information about fees, see Note 2 in Financial reports.

The Audit Committee oversees the company's internal control and risk management regarding financial reporting. The Audit Committee assists also the company's Nomination Committee with preparing proposals for a general meeting resolution on the election of auditors.

The Committee regularly meets the company's auditors, evaluates the audit work and establishes guidelines as to which additional services the company may source from its external auditors. Such additional services, up to a maximum of SEK 100,000 per assignment, must be approved in advance by the company's Chief Financial Officer. Assignments exceeding SEK 100,000 must be approved in advance by the chairman of the Audit Committee. All additional services must be reported to the Audit Committee each quarter.

The company has an established risk management process based on the company's processes and flows. In this process, the Audit Committee reviews and takes into account the risk areas that have been identified (both commercial risks and risks of errors in financial reporting). Based on the outcome of the internal and external risk assessment, the Committee regularly analyzes the focus and scope of the audit with the company's external and internal auditors.

Each year, the Audit Committee adopts an internal audit plan which, among other things, is based on the risks that have arisen in the risk management process described above. The audit plan is discussed with the external auditors in order to enhance the efficiency and quality of regular audit work. The Audit Committee also analyzes and elucidates significant accounting issues affecting the group and assists the Nomination Committee in submitting proposals as regards the auditors and their fees.

Work in 2018

During 2018, the increased focus from 2017 on the company's IT security, including identification and mitigation of risks, has continued. The Committee has also discussed the consequences for the company of the changed corporate taxes in the US and Sweden. Preparations for the replacement of external auditors have been conducted during the year and the Committee has, after careful evaluation, submitted its recommendation to the Nomination Committee. Moreover, the Audit Committee, together with the external auditors, reviewed and evaluated the risk analysis and audit plan prepared by the auditors as a basis for the statutory audit.

The Audit Committee's members were Marika Fredriksson (Chairman), Lars Westerberg, Bengt Kjell and Annika Lundius. In 2018, the Audit Committee held seven meetings at which minutes were taken.

REMUNERATION COMMITTEE

Duties

In addition to the Chairman of the Board of Directors, the Remuneration Committee comprises one or more directors, who must normally be independent both of the company and of the company's top management, elected by the general meeting. Members of the Remuneration Committee must possess the required knowledge and experience of remuneration matters relating to senior executives. The CEO attends Committee meetings to report on matters. The Remuneration Committee's duties are stated in the Board's rules of procedure. The Remuneration Committee submits proposals to the Board of Directors regarding the CEO's salary and other employment terms and conditions, sets salaries and employment terms for other members of the Group Executive Committee, and sets limits regarding the salary and employment terms and conditions for other senior executives. The Remuneration Committee's duties otherwise include preparing resolutions for adoption by the Board on issues concerning remuneration principles, preparing the Board's proposal for guidelines to determine the salary and other remuneration of the CEO and other members of the company's senior management, as well as monitoring and evaluating the application thereof. The Remuneration Committee also monitors and evaluates programs regarding variable remuneration of the company's senior management.

Work in 2018

During 2018, the Remuneration Committee held seven meetings at which minutes were taken. The Remuneration Committee comprised Bengt Kjell (Chairman), Petra Einarsson and Matti Lievonen. The CEO is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

GROUP EXECUTIVE COMMITTEE

				
MARTIN LINDQVIST (1962)	OLAVI HUHTALA (1962)	CHARLES SCHMITT (1959)	PER OLOF STARK (1954)[2)]	JONAS BERGSTRAND (1965)
President and CEO Nationality: Swedish	**Executive Vice President and Head of SSAB Europe Nationality: Finnish**	**Executive Vice President and Head of SSAB Americas Nationality: American**	**Executive Vice President and Head of SSAB Special Steels Nationality: Swedish**	**Executive Vice President, and Head of Legal, M&A and Procurement Nationality: Swedish**
MEMBER OF THE GROUP EXECUTIVE COMMITTEE				
2001	2014	2011	2014	2006
SHAREHOLDING[1)]				
11,709 A shares 21,023 B shares	17,578 A shares 72,873 B shares	3,000 B shares	2,000 A shares 1,750 B shares	19,125 B shares
EDUCATION				
BSc (Economics), Uppsala University	BSc (Engineering)	BSc (Business Administration/ Finance). The University of Texas at Arlington, two-year steel fellowship at the American Iron and Steel Institute	MSc, KTH Royal Institute of Technology, Stockholm	LLM, Uppsala University
BACKGROUND				
Employed at SSAB since 1998. Previously: Head of business area: SSAB EMEA Head of business area: SSAB Strip Products CFO: SSAB AB, CFO: SSAB Strip Chief Controller: NCC	Employed at Rautaruukki/ SSAB since 1987. Previously: EVP: Ruukki Metals President: Ruukki Fabrication Marketing and Executive roles in Sales and Production: Rautaruukki Metform	Employed at IPSCO/ SSAB since 1990. Previously: Several positions: US Steel Corporation VP of the Southern Business Unit: SSAB Americas	Employed at SSAB since 1983. Previously: Head of business unit: SSAB Wear Services President: wholly owned subsidiary Plannja Head of Global Marketing, Sales and Product Development: former SSAB Plate Division Head of business area: SSAB Plate Europe and North America	Employed at SSAB since 2006 Previously: Corporate counsel: ABB, OM Gruppen and Ericsson Radio Systems

[1)] Shareholdings include shares held by closely-related persons.
[2)] Per Olof Stark was replaced by Johnny Sjöström as Head of Special Steels on January 14, 2019.

GROUP EXECUTIVE COMMITTEE






HÅKAN FOLIN (1976)	MARIA LÅNGBERG (1970)	MARTIN PEI (1963)	CHRISTINA FRIBORG (1969)	EVA PETURSSON (1968)	VIKTOR STRÖMBERG (1973)
Executive Vice President and CFO Nationality: Swedish	Executive Vice President and Head of People, Culture and Communication Nationality: Swedish	Executive Vice President and CTO Nationality: Swedish	Executive Vice President and Head of Sustainability Nationality: Swedish	Executive Vice President and Head of Research and Innovation Nationality: Swedish	Executive Vice President and Head of Strategy and Digitalization Nationality: Swedish
MEMBER OF THE GROUP EXECUTIVE COMMITTEE					
2013	2016	2007	2018	2018	2018
SHAREHOLDING[1]					
11,000 B shares	3,826 B shares	300 A shares 700 B shares	4,500 B shares	165 A shares 500 B shares	2,000 B shares
EDUCATION					
MSc, KTH Royal Institute of Technology, Stockholm	BSc (Business Administration), Uppsala University MBA, Stockholm School of Economics	PhD, KTH Royal Institute of Technology, Stockholm	LLM, Uppsala University	Civil engineer and PhD in Steel Structures, Luleå University of technology	MBA, INSEAD, France and MSc in Industrial Engineering & Management, Linköping University
BACKGROUND					
Employed at SSAB since 2006. Previously: CFO: SSAB APAC CFO: Tibnor and Head of Business Development: SSAB	Employed at SSAB since 2013. Previously: President: Merox VP, Group Sustainability: SSAB EVP & Head of Group Communications: SSAB Senior Consultant: JKL SVP Group Communications: Gambro	Employed at SSAB since 2001. Previously: EVP, Head of business area: SSAB APAC EVP and CTO: SSAB General Manager Slab Production: SSAB Plate Division Manager R&D: SSAB Plate Division	Employed at SSAB since 2018. Previously: Head of Sustainable Business: Sandvik Founder and partner: Ethos International and various positions: Sida, UNHCR and OSCE	Employed at SSAB since 2005. Previously: Design specialist and research leader: SSAB Knowledge Service Center Head of Strategic R&D: SSAB Assistant professor in Steel Structures: Luleå University of Technology	Employed at SSAB since 2011. Previously: VP and Head of Strategy: SSAB AB Associate Partner: McKinsey & Company Product manager: SAP Consultant: IBM

[1] Shareholdings include shares held by closely-related persons.

GROUP EXECUTIVE COMMITTEE

Group Executive Committee's work and responsibilities

The Group Executive Committee is responsible for formulating and implementing the group's overall strategies and addresses matters such as acquisitions and divestments. These matters, as well as major capital expenditures (in excess of SEK 50 million), are prepared by the Group Executive Committee for decision by the Board of Directors of the parent company.

The CEO is responsible for the day-to-day management of the company in accordance with the Board of Directors' instructions and guidelines. As at December 31, 2018, the Group Executive Committee comprised, in addition to the CEO, the heads of SSAB Europe, SSAB Americas and SSAB Special Steels, the Chief Financial Officer, the Head of Legal, M&A and Procurement, the Chief Technical Officer, the Head of People, Culture and Communication, the Head of Research and Innovation, the Head of Strategy and Digitalization and the Head of Sustainability.

The Group Executive Committee holds monthly meetings to monitor the results and financial position of the group and the divisions. Other matters addressed at Group Executive Committee meetings include strategy issues and follow-up on budget and forecasts.

The head of each division is responsible for the relevant income statement and balance sheet. Overall operational control of the divisions takes place through quarterly performance reviews. In most cases, the CEO of the parent company is the Chairman of the Board of Directors of each of the directly owned major subsidiaries such as Tibnor and Ruukki Construction, and these boards also include other members of the Group Executive Committee as well as employee representatives. Parallel with the quarterly performance reviews, the boards of the subsidiaries monitor the ongoing operations and adopt their respective strategies and budgets.

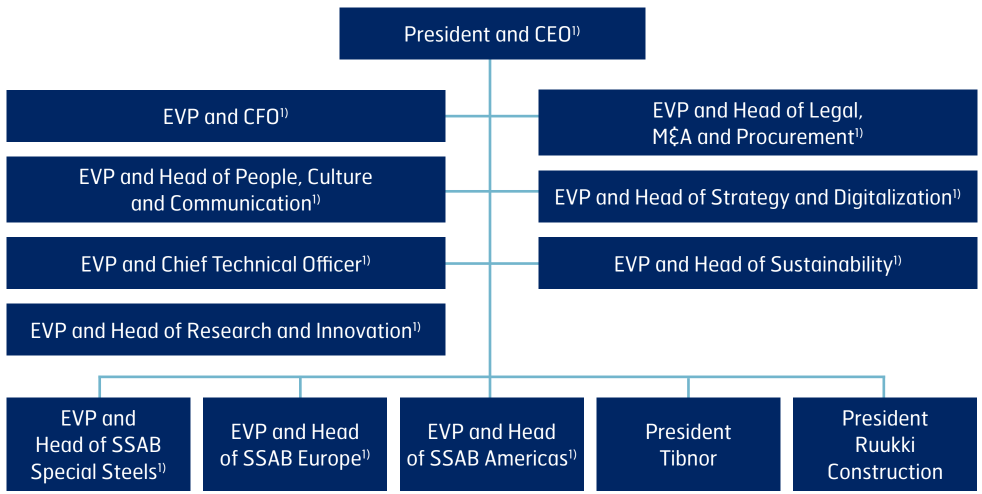
REMUNERATION GUIDELINES

The 2018 Annual General Meeting resolved that the remuneration of the CEO and other members of the company's senior management comprises fixed salary, variable remuneration, other benefits such as a company car and pension. The total remuneration package must be on market terms and competitive in the employment market in which the executive works. Fixed salary and variable remuneration must be commensurate with the executive's responsibilities and powers. Variable remuneration must be based on results as compared with defined and measurable targets and capped in relation to fixed salary. Variable remuneration is not included in the basis for the computation of pension, except where so provided in the rules of a general pension plan (for example, the Swedish ITP plan). As regards senior executives outside Sweden, all or parts of the variable remuneration may be included in the basis for pension computation due to legislation or local market practice. Programs for variable remuneration should be formulated so that the Board of Directors, where exceptional circumstances prevail, limit or omit payment of variable remuneration where this is considered reasonable and consistent with the company's responsibility to its shareholders, employees and other stakeholders. To the extent a director performs work for the company alongside his or her Board work, a consultation fee at market rates may be paid.

The period of notice of termination of employment for senior executives in Sweden is 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. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice in the local market. Pension benefits shall be contribution-based with individual retirement ages, 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.

The Board is entitled to derogate from the guidelines where there are special reasons to do so in an individual case.

Group operational management structure



[1] Member of Group Executive Committee

Incentive program for senior executives

In 2011, a long-term incentive program was introduced for the entire Group. At the time the program covered a maximum of 100 (now 150) key employees, including the CEO and other senior executives. The program runs for rolling three-year periods, is cash based, and linked to the total return on SSAB's share compared to a benchmark group of the company's competitors and SSAB's financial targets.

The program was introduced to promote the company's ability to recruit and retain key employees. Reference is made to Note 2 for more information about current remuneration. The company has no share-related incentive programs.

INTERNAL CONTROL

The overall objective of internal control is to ensure, to a reasonable degree, that the company's operational strategies and targets are monitored and that the owners' investments are protected. In addition, internal control ensures, with reasonable certainty, that external financial reporting is reliable and prepared in accordance with generally accepted auditing principles, and that it complies with applicable laws and regulations and the requirements imposed on listed companies.

RISK MANAGEMENT

The group is tasked with seeking to ensure that risks do not materialize and, through various measures, with mitigating the fallout of any loss that occurs. Risk mapping of the group's internal and external risks is carried out as an integrated part of the annual strategy process. The result of this work is reported to the Audit Committee and to the Board of Directors. The group's Risk Management oversees and follows up both work on actively preventing the occurrence of loss at all and work on minimizing the impact of such loss should it occur. Each division and subsidiary is responsible for working proactively to prevent loss. Each division has appointed a coordinating risk manager.

Sustainability risks

SSAB is responsible for not only how it runs its own operations and the working conditions of its employees, but also for the overall social impact of its operations. This means assuming responsibility for how all the links in the company's value chain are managed, from supplier to future use of the company's products. It is also about companies minimizing their environmental footprint by improving the efficiency of their production processes and working practices, as well as developing products that contribute to reduced emissions and lower environmental impacts.

SSAB has a Head of Group Sustainability who, since 2016, is on the Group Executive Committee and who is tasked with coordinating and driving sustainability issues at the group level. In 2018, a new Head of Group Sustainability was recruited and at the same time the role was converted to include sustainability issues only. At the group level, the Head of Group Sustainability heads a Sustainability Management Team, whose members create a network of expertise within, for example, HR, environment, health, procurement, safety and business ethics.

INTERNAL AUDIT

SSSAB's internal audit function reports directly to the Audit Committee and is functionally subordinate to the Chief Financial Officer. Internal audit activities are aimed at supporting value creation in the group by identifying risk areas, carrying out internal audits and thereafter recommending improvements within these areas. The internal auditor participates in Audit Committee meetings.

The internal audit is organized at an overall Group level, with an audit plan drawn up for the entire Group. The group's audit activities are planned by the head of internal audit and decided by the Audit Committee.

Most of the work is performed by means of audits in accordance with the audit plan. Other work largely consists of specific audits and the monitoring of self-assessments in the group as regards internal control.

Audits are performed in accordance with a submitted and adopted audit process which is constantly developed in order to optimize the way of working and delivery of reports which generate added value. These reports describe observations, recommendations and improvement areas, with the aim of strengthening and enhancing efficiency in risk management and internal control. In addition, the function also performs audits on instruction from management or as required for other reasons. For a further description of internal audit work in 2018, see the next section "The Board's description of internal control and risk management regarding financial reporting".

During the year, internal audit performed a number of audits of subsidiaries according to the company's manual to audit the risks of fraud and corruption. Whilst these audits have shown no concrete irregularities, opportunities have been identified to reduce risks from this perspective. These improvement opportunities will be solved in accordance with action plans drawn up.

To further strengthen internal control and risk management, a whistleblower function is in place to enable the reporting of serious improprieties and violations of the group's Code of Conduct. This function is aimed, among other things, at guaranteeing safety in the workplace, upholding sound business ethics and curbing economic irregularities within SSAB to the benefit of the company's employees, customers, suppliers and owners.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

Under the Swedish Companies Act and the Swedish Corporate Governance Code, SSAB's Board of Directors is responsible for internal control. This description has been prepared in accordance with the Annual Reports Act.

Framework for internal control as regards financial reporting

SSAB's model for internal control as regards the financial reporting is based on the internationally established framework, Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

SSAB's internal control process regarding financial reporting is based on five components: control environment, risk assessment, control activities, information and communication and monitoring. SSAB's internal control process is structured to reasonably ensure the quality and accuracy of financial reporting and to ensure that reporting is prepared in compliance with applicable laws and regulations, accounting standards as well as requirements imposed on listed companies in Sweden.

To achieve this, there must be a sound control environment, reliable risk assessments, established control activities, as well as the satisfactory functioning of information and communication and monitoring.

Control environment

The control environment is characterized by the organizational structure, management's way of working and values, as well as other roles and responsibilities within the organization. The Audit Committee assists the Board of Directors with important accounting matters that the group applies and monitors internal control with respect to financial reporting. To maintain an efficient control environment and sound internal control, the Board has delegated practical responsibility to the CEO, who in turn has delegated responsibility to other members of the Group Executive Committee and to the CEOs of the subsidiaries.

The quality of financial reporting is ensured through a number of different measures and routines. Work takes place regularly on further developing directives and instructions for the entire Group. Among other things, there is a Group accounting manual (Financial Directive), which is regularly updated and communicated across the group. Apart from the Financial Directive, the group's most important overall control documents are the Finance Directive, Investment Directive, Information Directive, authorization rules and the Code of Conduct.

Work on communicating the group's Code of Conduct continued during 2018 and by the turn of 2018/2019, over 89% of the employees had completed the group's internal training module on business ethics.

Risk assessment

SSAB's organization is exposed to both internal and external risks. To reasonably ensure sound internal control, the risks which may affect financial reporting are identified and weighed up, and measures are taken accordingly. This constitutes an integrated part of the regular reporting to the Group Executive Committee and to the Board of Directors, and also constitutes the basis for assessing the risk of error in financial reporting. SSAB's operations are characterized by processes involving well-established routines and systems. Risk assessment therefore takes place largely within these processes. Only general risk assessments take place at the group level. The persons responsible identify, monitor and follow up risks. This creates the conditions for well-founded, correct business decisions at all levels.

Financial risks, such as currency, re-financing and counterparty, interest rate and credit risks are dealt with primarily by the parent company's treasury function in accordance with the group's Finance Policy (see Note 29 in Financial reports). For an overview of the group's commercial risk exposure, see also the section "Internal control and risk management" above and the Report of the Board of Directors.

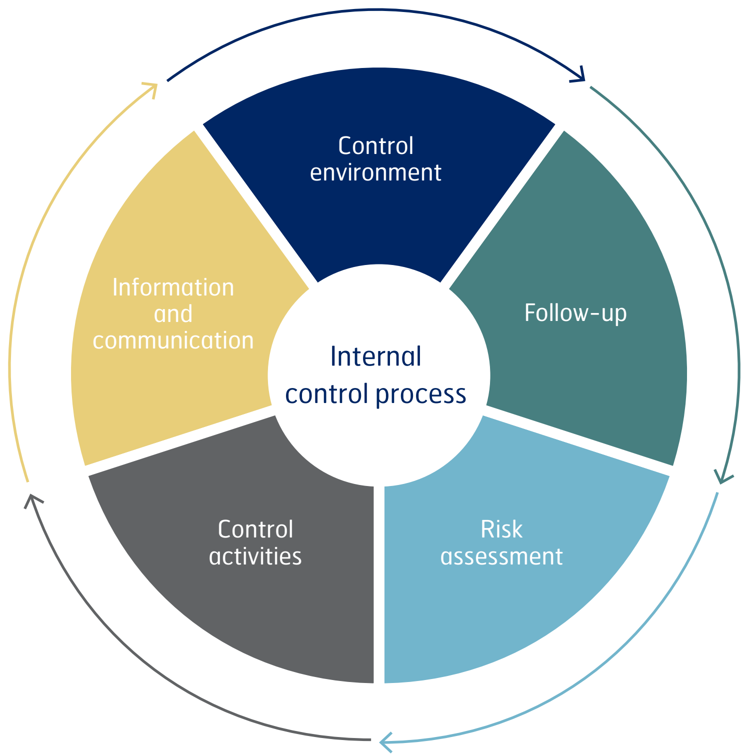
Control activities

The primary purpose of control activities is to prevent and identify at an early stage significant financial reporting errors so that they can be addressed and rectified. Control activities, both manual and automated, take place both at general and more detailed levels within the group. Routines and activities have been designed to manage and rectify significant risks associated with financial reporting as identified in the risk analysis. Corrective measures, implementation, documentation and quality assurance take place at a Group, subsidiary or process level, depending on the nature and affiliation of the control activity. As with other processes, the relevant head is responsible for the completeness and accuracy of control activities.

Recent years have seen an in-depth analysis carried out on the processes and control structures in Group companies. This has resulted in a more systematic approach to identifying financial risks and financial reporting risks, as well as documentation of controls as to how such risks are to be prevented and identified. The controls are adapted to each unit's work processes and systems structure, and these are evaluated through self-assessment supplemented with monitoring and review by internal audit. This way of working has been implemented in a system covering the entire Group which is used when verifying the reliability of financial reporting.

Control activities are carried out at all levels across the group. For example, there are established Controller functions which analyze and follow up deviations and forward reports in the company. Monitoring by the Group Executive Committee takes place, among other things, through regular meetings with heads of divisions and subsidiaries with regard to operations, their financial position and results, as well as financial and operational key performance indicators. The Board of Directors analyzes, on an ongoing basis, among other things, business reports in which the Group Executive Committee describes the most recent period and comments on the group's financial position and results. This is how major fluctuations and deviations are followed up to minimize the risk of errors in financial reporting.

Work on closing the accounts and on the annual report involves processes in which additional risks of error in financial reporting arise. This work is less repetitive by nature and contains several elements of an assessment nature. Important control activities include ensuring the existence of a well-functioning reporting structure where the divisions report in accordance with standardized reporting templates and where important income statement and balance sheet items are specified and commented on.



Information and communication

EXTERNALLY

SSAB's communications must be correct, open, prompt and available simultaneously to all stakeholders. All communications must take place in compliance with the EU Market Abuse Regulation and the rules of NASDAQ Stockholm and NASDAQ Helsinki and in compliance with other applicable regulations. Financial information must provide the capital and stock markets, as well as existing and potential shareholders, with a comprehensive and clear view of the company, its operations, strategy and financial performance.

The Board of Directors approves the group's annual and half-yearly reports and instructs the CEO, in accordance with the Board's rules of procedure, to issue quarterly reports and year-end results. All financial reports and press releases are published on www.ssab.com simultaneously with disclosure via a news distributor and NASDAQ Stockholm and NASDAQ Helsinki, and notification to Finansinspektionen, Sweden's financial supervisory authority.

Financial information about the group may be provided only by the Chairman of the Board, CEO, CFO, Head of Group Communications and Head of Investor Relations. The divisions may disseminate financial information about their operations only after the group has published corresponding information.

The company applies silent periods during which it does not communicate information about the company's performance. Silent periods are three weeks prior to publication of the results for the year-end, half-yearly and quarterly reports.

In the event of a leakage of inside information or upon the occurrence of special events that may affect the valuation of the company, NASDAQ Stockholm and NASDAQ Helsinki must be notified according to SSAB's internal routines, after which a press release containing corresponding information will be sent out. Informational activities are governed by the company's disclosure directive and instruction.

INTERNALLY

The company's intranet, where information is constantly published, constitutes an important communication channel within the company. Additionally, there is an internal webcast for all personnel each quarter as well as All Managers' Meetings (AMMs) for managers, hosted either by the company's CEO or the heads of divisions. Regular joint accounting meetings are held with divisional chief financial officers. This is how the divisions are updated about the news and changes within, among other things, accounting, routines and internal control with respect to financial reporting. In addition, the parent company regularly communicates changes in joint Group accounting principles and policies, as well as other matters relevant to financial reporting.

Monitoring

The Board of Directors' monitoring of internal control with respect to financial reporting takes place primarily through the Audit Committee by, among other things, monitoring the work of and reports issued by the internal and external auditors.

During 2018, internal audit conducted regular and independent audits of the group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The audit plan for 2018 was based on a risk analysis approved by the Group Executive Committee and subsequently adopted by the Audit Committee. The reviews were conducted in accordance with an adopted audit process and formally concluded with a report and planned follow-up. The result has been regularly submitted to divisional heads and the Audit Committee as regards observations, measures taken and implementation status.

Each year, the external auditors monitor selected parts of internal control within the scope of the statutory audit.

The external auditors report the results of their review to the Audit Committee and the Group Executive Committee. Major observations are also reported directly to the Board of Directors.

OTHER MANDATORY DISCLOSURES PURSUANT TO CHAPTER 6, SECTION 6 OF THE ANNUAL REPORTS ACT

The following information is provided pursuant to the provisions of Chapter 6, Section 6 of the Annual Accounts Act regarding certain specific information that must be disclosed in the corporate governance report:

- Of the company's shareholders, Industrivärden and Solidium Oy have direct or indirect shareholdings representing at least one-tenth (1/10) of the voting rights carried by all shares in the company. As at December 31, 2018, Industrivärden's holding account for 11.8% of the total voting rights and 4.3% of the total number of shares. As at December 31, 2018, Solidium's holding accounted for 10.0% of the total voting rights and 13.5% of the total number of shares.
- There are no restrictions on the number of votes that each shareholder may cast at a general meeting.
- The Articles of Association contain no provisions regarding the removal of directors or the amendment of the Articles of Association.
- The general meeting has not granted the Board of Directors authority to decide that the company may purchase its own shares or issue new shares.

Further information

Further information about corporate governance at SSAB is available at www.ssab.com and includes the following information:

- Routines regarding the Annual General Meeting:
  - when and where the Annual General Meeting is to be held
  - notice of the Annual General Meeting and how to register
  - the resolutions to be proposed to the Annual General Meeting
- Information from SSAB's previous Annual General Meetings, including for instance notices, minutes, addresses by the CEO and press releases
- Articles of Association
- Corporate governance reports from previous years
- Information about the Nomination Committee

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2018, on pages 106–121, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 12 March 2019
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Accountant

FINANCIAL REPORTS 2018

The Financial Reports 2018 is published in Swedish and English. In the event of any differences between the English translation and the Swedish original, the Swedish Financial Reports 2018 shall prevail.

The figures in the tables have been rounded, which might affect aggregates.

BOARD OF DIRECTORS' REPORT

SSAB AB (publ.) Registration number 556016-3429

- Sales were SEK 74,941 (66,059) million
- Operating profit before depreciation/amortization and items affecting comparability was SEK 8,952 (7,591) million
- Operating profit, excluding items affecting comparability, was SEK 5,181 (3,838) million
- Operating profit, including items affecting comparability, was SEK 4,940 (3,838) million
- Earnings per share were SEK 3.45 (2.23)
- Operating cash flow was SEK 5,969 (6,511) million
- Net debt/equity ratio was 14% (22%)
- The Board proposes a dividend of SEK 1.50 (1.00) per share

Key figures

SEK millions	2018	2017
Sales	74,941	66,059
Operating profit before depreciation and amortization EBITDA[1]	8,952	7,591
Operating profit[1]	5,181	3,838
Profit after financial items[1]	4,644	2,863
Profit after tax[1]	3,805	2,311
Earnings per share (SEK)	3.45	2.23
Operating cash flow	5,969	6,511
Net debt	8,582	11,574
Net debt/equity ratio (%)	14	22

[1] Excluding items affecting comparability. Items affecting comparability were SEK -240 (-) million for 2018.

THE MARKET

According to the World Steel Association, global crude steel production for 2018 amounted to 1,790 (1,712) million tonnes, up 4.5% compared with 2017. Chinese steel production increased by just under 7%, compared with 2017. Steel production in the EU-28 was unchanged, whereas production in North America rose by just above 4% during 2018.

In North America, demand was good in 2018, especially during the second half of the year. Most segments showed good or growing demand during the year. The steel import tariffs introduced during the first half of 2018 have boosted demand for locally-produced material. Around 90% of the volumes SSAB sells in the USA are produced locally, with the remainder exported from Europe by SSAB Special Steels and SSAB Europe. To date, a minor share of these volumes has been exempted from the tariffs. Stock levels at distributors in North America are considered to be in balance, or somewhat low.

In Europe, demand was stable during the year, albeit with somewhat weaker development during the fourth quarter, driven primarily by the European automotive industry. There was also a seasonal slowdown towards the end of the year. Stock levels at distributors are considered to be in balance.

Demand for high-strength steels during 2018 was stable and at a relatively high level.

Compared with the full year 2017, prices for heavy plate have risen sharply in North America. In Europe, market prices for strip and heavy plate rose initially during 2018, and then decreased during the second half of the year, before leveling off towards the end of the fourth quarter. In China, market prices for both strip and heavy plate decreased somewhat during 2018 compared to 2017.

ITEMS AFFECTING COMPARABILITY

During 2018, items affecting comparability had a negative impact of SEK 240 million. This mainly includes a capital loss of SEK 217 million following the divestment of Ruukki Construction's business operations in Russia. The size of the group's own equity has not been affected to any greater extent, since most of the loss relates to realized foreign currency effects which have been reclassified from other comprehensive income to profit/loss for the period.

SALES AND OPERATING PROFIT

Sales for the full year 2018 were SEK 74,941 (66,059) million, increase of SEK 8,882 million or 13% compared with the full year 2017.

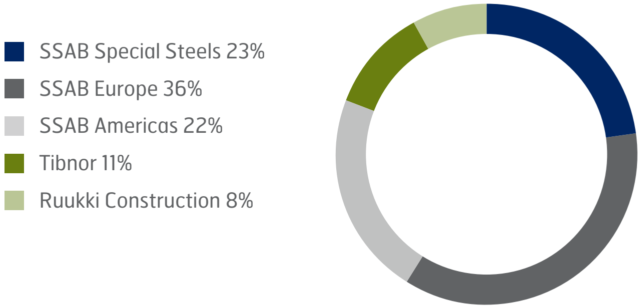
Operating profit, excluding items affecting comparability, for the full year 2018 was SEK 5,181 (3,838) million, up SEK 1,342 million or 35%, compared with the full year of 2017. This improvement was primarily driven by SSAB Americas. Operating profit, including items affecting comparability, was SEK 4,940 (3,838) million. Items affecting comparability totaled SEK -240 million, which was primarily attributable to the capital loss on the divestment of Ruukki Construction's business operations in Russia.

Analysis of total change in sales and operating profit*

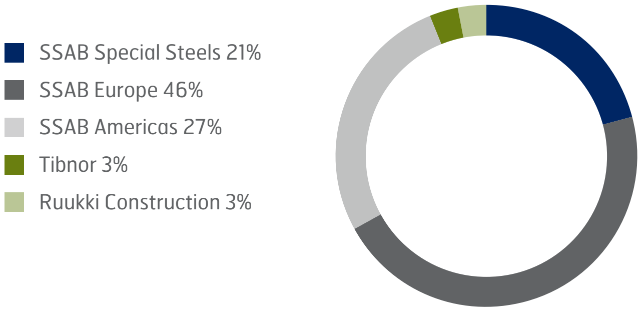
Sales		Operating profit[1]	
	Change vs. 2017, %		Change vs. 2017, SEK millions
Volume	0	Price and product mix	6,330
Price	8	Volume	-195
Product mix	1	Variable costs	-4,350
Currency effects	3	Fixed costs	-950
Other sales	1	Currency effects	785
		Capacity utilazation	-110
		Other	-167
Total	**13**		**1,342**

[1] Excluding items affecting comparability.
* Estimated change, the figures in the table have been rounded.

Share of external sales 2018



Share of EBITDA 2018



Net sales per major market

SEK millions	2018	Share, %	2017	Share, %
USA	20,409	27	15,229	23
Sweden	12,303	16	11,323	17
Finland	7,597	10	6,864	10
Germany	3,726	5	3,439	5
Norway	2,967	4	2,793	4
Other	27,939	37	26,411	41
Total	**74,941**	**100**	**66,059**	**100**

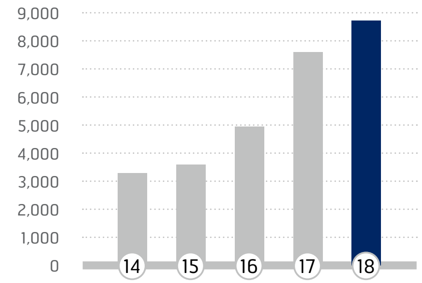
The financial net for 2018 amounted to SEK -537 (-976) million and profit after financial net amounted to SEK 4,403 (2,863) million.

PROFIT AFTER TAX AND EARNINGS PER SHARE

Profit after tax (attributable to the parent company's shareholders) for the full year of 2018 was SEK 3,549 (2,295) million, equating to SEK 3.45 (2.23) per share. Tax for the full year was SEK -839 (-552) million, which equates to around 19% (19%) of the profit after financial items.

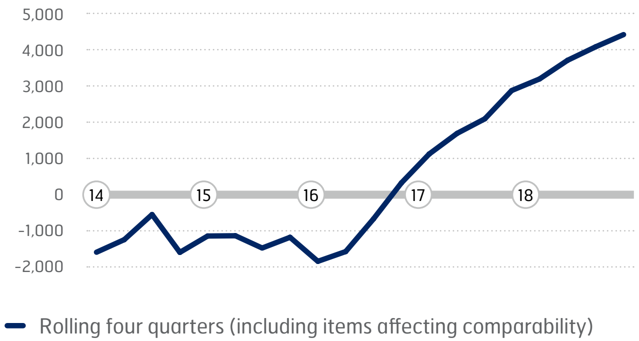
EBITDA

SEK m



Profit/loss after financial items

SEK m



MAJOR MAINTENANCE OUTAGES

During the full year of 2018, major maintenance outages were completed in all three steel divisions at a total cost of SEK 1,045 (1,010) million. The table below shows all planned major maintenance outages completed during 2018 and 2017. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

Major maintenance outages in 2018

SEK millions	2018 Q1	2017 Q1	2018 Q2	2017 Q2	2018 Q3	2017 Q3	2018 Q4	2017 Q4	2018 Full year	2017 Full year
SSAB Special Steels	-	-	-	-	-	230	350	-	350	230
SSAB Europe	-	20	40	50	240	125	130	195	410	390
SSAB Americas	-	160	-	230	-	-	285	-	285	390
Total	**-**	**180**	**40**	**280**	**240**	**355**	**765**	**195**	**1,045**	**1,010**

RAW MATERIALS

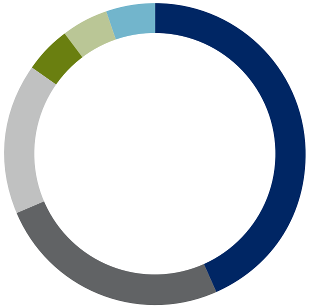
SSAB sources its iron ore from LKAB in Sweden and from Severstal in Russia. Current agreements are valid until March 31, 2019. During the contract period, prices vary depending on the market index. SSAB sources coking coal from Australia, the USA and Canada, usually on annual supply contracts with monthly pricing. SSAB Americas regularly purchases scrap metal in the spot market as a raw material for their production. Purchase prices of iron ore, coking coal and scrap metals rose during 2018.

Change in SSAB's average purchase prices, 2018

	Change vs. 2017	
Change, %	**USD**	**SEK**
Iron ore	11%	13%
Coking coal	6%	9%
Scrap material	13%	15%

The Group's cost structure, SEK 71.0 (63.3) bn

- Input materials 43 (42)%
- Manufacturing costs 25 (26)%
- Personnel costs 16 (16)%
- Energy 5 (5)%
- Purchased products 5 (5)%
- Depreciation/Amortization 5 (6)%



Input materials, SEK 30.7 (26.8) bn

- Iron ore, pellets 23 (24)%
- Coal 19 (20)%
- Scrap 27 (25)%
- Alloys 13 (12)%
- Miscellaneous 18 (19)%

PRODUCTION AND SHIPMENTS

Crude steel, rolling production as well as shipments of steel were about the same level during 2018 as for 2017. See the table below.

Production and shipments

Thousand tonnes	2018	2017
Crude steel production	8,028	7,995
Rolling production	7,391	7,397
Steel shipments	6,899	6,908

CASH FLOW, FINANCING AND LIQUIDITY

Operating cash flow for the full year 2018 was SEK 5,969 (6,511) million. Cash flow was impacted positively by operating profit but impacted negatively by higher working capital resulting from increased sales as well as capital expenditures.

Net cash flow amounted to SEK 3,435 (5,068) million. Net cash flow was impacted, among other things, by payments for strategic investments, including acquisitions of operations and businesses, of SEK 408 (248) million as well as by a dividend totaling SEK 1,030 (-) million to shareholders. Total capital expenditure was SEK 2,340 (1,603) million. Net debt decreased by SEK 2,992 million during 2018 and amounted to SEK 8,582 million at year-end. The net debt/equity ratio was 14% (22%).

The term to maturity of the total loan portfolio at December 31 averaged 6.5 (5.5) years, with an average fixed interest period of 1.1 (1.1) years.

Cash and cash equivalents were SEK 2,598 (4,249) million and non-utilized credit facilities were SEK 6,992 (8,263) million, which combined corresponds to 13% (19%) of rolling 12 months' sales.

Operating cash flow and net debt

SEK millions	2018	2017
Operating profit before depreciation/amortization	8,712	7,591
Change in working capital	-967	303
Maintenance expenditures	-1,943	-1,366
Other[1]	167	-17
Operating cash flow	**5,969**	**6,511**
Financial items	-541	-943
Taxes	-628	-249
Cash flow from current operations	**4,800**	**5,319**
Strategic expenditures in plants and machinery	-397	-237
Acquisitions of shares and operations	-11	-11
Divestments of shares and operations	76	1
Cash flow before dividend	**4,468**	**5,072**
Dividend paid to shareholders	-1,030	-
Dividend, non-controlling interest	-3	-4
Net cash flow	**3,435**	**5,068**
Net debt at beginning of period	**-11,574**	**-17,887**
Net cash flow	3,435	5,068
Revaluation of liabilities against equity[2]	-666	1,286
Other[3]	224	-41
Net debt at the end of period	**-8,582**	**-11,574**

[1] Other includes purchased emissions allowances by SEK -111 (-) million and the reversal of item the capital loss on the divestment of the Russian operations in Ruukki Construction by SEK -217 (-) million for the full year 2018, as it is a non cash flow generated item.
[2] Revaluation of hedges of currency risks in foreign operations.
[3] Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial instruments in foreign currency.

RETURN ON CAPITAL EMPLOYED/EQUITY

Return on capital employed before tax for 2018 was 7% and return on equity after tax was 6%, whereas figures for the full year 2017 were 6% and 4% respectively.

EQUITY

With earnings of SEK 3,549 million and other comprehensive income (mostly consisting of translation differences) of SEK 3,694 million, the parent company's shareholders equity in the company amounted to SEK 59,437 (53,231) million, equating to SEK 57.17 (51.69) per share.

ASSETS WITH UNDETERMINABLE USEFUL LIFE

Consolidated assets with undeterminable useful life are allocated to the group's cash-generating units as shown in the table below:

Assets with an undeterminable useful life per cash-generating unit

SEK millions	2018 Dec. 31	2017 Dec. 31
SSAB North America (incl. in the SSAB Americas division)	24,451	22,408
SSAB Special Steels	2,827	2,714
SSAB Europe	2,132	2,046
Tibnor	523	502
Ruukki Construction	60	60
Total goodwill	**29,994**	**27,730**
Ruukki Construction (Rautaruukki tradename)	458	440
Total assets with an undeterminable useful life[1)]	**30,452**	**28,170**

[1)] All changes in value compared with the previous year are due to currency effects.

Goodwill is tested for impairment each year towards the end of the fourth quarter. The impairment test showed no need for an impairment charge. For more information about goodwill, see Note 6.

DIVIDEND AND ALLOCATION OF PROFIT

A dividend is proposed of SEK 1.50 (1.00) per share. Consideration relating to proposed allocation of profit in Note 32 and proposed allocation of profit on page 214 is part of the Board of Directors' Report.

BUSINESS SEGMENTS

SSAB has been organized into five reportable business segments with a clear profit responsibility. The business segments consist of the three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas as well as the fully owned subsidiaries Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries.

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 with yield strengths of 700 MPa and above. SSAB Special Steels is responsible for steel and rolling 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 steels 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 includes Plannja.

Sales and operating profit by business segment

	Sales			Operating profit[1]		
SEK millions	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
SSAB Special Steels	18,869	16,053	2,816	1,421	1,465	-44
SSAB Europe	32,796	31,048	1,748	2,757	2,988	-231
SSAB Americas	16,878	12,727	4,150	1,837	183	1,654
Tibnor	8,434	7,821	613	230	252	-22
Ruukki Construction	6,140	5,773	367	181	171	10
Other	-	-	-	-249	-296	47
Depreciation/Amortization surplus values	-	-	-	-996	-924	-72
Group adjustments	-8,176	-7,363	-813	-	-	-
Total	**74,941**	**66,059**	**8,882**	**5,181**	**3,838**	**1,343**

[1] Excluding items affecting comparability.

Items affecting comparability, per quarter and business segment

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18	3/18	4/18
SSAB Special Steels	-	-27	-	-	-	-	-	-	-	-	-	-
SSAB Europe	-	-49	-	-	-	-	-	-	-	-	-	-
SSAB Americas	-	-	-	-	-	-	-	-	-	-	-	-
Tibnor	-3	-	-	-	-	-	-	-	-	-	-	-
Ruukki Construction	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-213	-27
Total	**-3**	**-76**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-213**	**-27**

For 2018, items affecting comparability was primarily attributable to the capital loss on the divestment of Ruukki Construction's business operations in Russia. The size of the group's own equity has not been affected to any greater extent, since most of the loss relates to realized foreign currency effects which have been reclassified from other comprehensive income to profit/loss for the period. During 2016, items affecting comparability was primarily attributable to restructuring costs related to synergies in the acquisition of Rautaruukki.

The information in the tables excludes the depreciation/amortization on surplus values on tangible and intangible assets relating to the acquisitions of IPSCO and Rautaruukki and excludes items affecting comparability. For information about the IFRS figures (including depreciation/amortization on surplus values and including items affecting comparability), see Note 28.

SSAB Special Steels

FULL YEAR IN BRIEF

- Shipments increased by 9%, to 1,298 thousand tonnes compared to 2017
- Operating profit amounted to SEK 1,421 (1,465) million

Key figures

SEK millions	2018	2017
Sales	18,869	16,053
Operating profit before depreciation/amortization, EBITDA	1,946	2,002
Operating profit	1,421	1,465
Operating profit according to IFRS	1,421	1,465
Operating cash flow	1,150	909
Number of employees at end of period	2,844	2,834

SALES AND OPERATING PROFIT

Sales for 2018 increased by 18% compared to 2017 and amounted to SEK 18,869 (16,053) million. Higher prices had a positive impact of 9 percentage points, positive currency effects of 3 percentage points, higher volumes of 9 percentage points, whereas other sales (including internal sale) had a negative impact of 3 percentage points.

The operating result for 2018 was SEK 1,421 (1,465) million, down SEK 44 million compared with 2017. Higher volumes and prices had a positive impact on earnings, whereas higher variable costs, primarily of raw materials had a negative impact. The fixed costs were higher and the capacity utilization was lower compared to 2017, most due to production disruptions and more extensive maintenance.

MARKET TREND

Demand was stable and at a high level during 2018 in all larger customer segments such as Heavy Transport, Material Handling and Construction Machinery. Demand for high-strength steel is being driven by high activity in the mining sector and infrastructure investments around the world. Material Handling, which also includes mining-related equipment, showed the highest growth compared with 2017.

PRODUCTION AND SHIPMENTS

- Crude steel production was down 4% compared with 2017
- Rolling production was on the same level during 2018 as for 2017
- External shipments of steel during 2018 increased by 9% compared with 2017

Production and shipments

Thousand tonnes	2018	2017
Crude steel production	918	956
Rolling production	493	496
Steel shipments	1,298	1,192

Figures for steel shipments include high-strength steel produced at SSAB Europe's and SSAB Americas' steel mills.

CASH FLOW AND CAPITAL EXPENDITURE

Operating cash flow for the full year 2018 was SEK 1,150 (909) million. Cash flow was impacted positively by operating profit but was negatively affected by higher working capital.

Capital expenditure payments during 2018 were SEK 465 (374) million, of which SEK 36 (23) million were strategic investments.

SSAB Europe

FULL YEAR IN BRIEF

- Stable demand during 2018
- Higher share of premium products
- Operating profit amounted to SEK 2,757 (2,988) million

Key figures

SEK millions	2018	2017
Sales	32,796	31,048
Operating profit before depreciation/amortization, EBITDA	4,153	4,405
Operating profit[1]	2,757	2,988
Operating profit according to IFRS	2,529	2,774
Operating cash flow	3,039	3,782
Number of employees at end of period	6,826	6,798

[1] Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. During 2018, depreciation/amortization on surplus values was SEK 228 (214) million.

SALES AND OPERATING PROFIT

Sales were up 6% compared with the full year of 2018 and amounted to SEK 32,796 (31,048) million. Higher prices had a positive impact of 4 percentage points, a better capacity utilization of 1 percentage point, positive currency effects of 4 percentage points and higher other sales (including internal sales) of 2 percentage points. Lower volumes had a negative effect of 5 percentage points.

Operating profit for the full year amounted to SEK 2,757 (2,988) million, down SEK 231 million compared with the full year of 2017. Lower volumes affected the operating profit negatively. Higher prices contributed positively, but this impact was partly counteracted by higher variable costs, primarily of raw materials.

MARKET TREND

Demand was good during 2018 in most customer segments including Automotive, Heavy Transport and Construction.

PRODUCTION AND SHIPMENTS

- Crude steel production during 2018 was basically unchanged compared to 2017
- Rolling production was down 3% compared with the full year of 2017
- External shipments of steel during the full year of 2018 were down 5% compared with 2017

Production and shipments

Thousand tonnes	2018	2017
Crude steel production	4,576	4,599
Rolling production	4,494	4,618
Steel shipments	3,561	3,745

Production figures include high-strength steel made for SSAB Special Steels. These volumes are not included in SSAB Europe's shipments.

CASH FLOW AND CAPITAL EXPENDITURE

Operating cash flow for the full year of 2018 amounted to SEK 3,039 (3,782) million. Cash flow was impacted positively by operating profit and lower working capital but counteracted by high capital expenditure.

Capital expenditure payments during the full year of 2018 were SEK 1,431 (859) million, of which SEK 257 (137) million were strategic investments.

SSAB Americas

FULL YEAR IN BRIEF

- Strong market
- Significant higher prices
- Operating profit amounted to SEK 1,837 (183) million

Key figures

SEK millions	2018	2017
Sales	16,878	12,727
Operating profit before depreciation/amortization, EBITDA	2,459	818
Operating profit[1]	1,837	183
Operating profit according to IFRS	1,065	-530
Operating cash flow	1,523	1,166
Number of employees at end of period	1,250	1,228

[1] Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of IPSCO. During 2018, depreciation/amortization on surplus values was SEK 771 (713) million.

SALES AND OPERATING PROFIT

Sales were up 33% compared with the full year of 2017 and amounted to SEK 16,878 (12,727) million. Higher prices had a positive impact of 26 percentage points, positive currency effects of 2 percentage points, higher other sales (including internal sales) of 2 percentage points and higher volumes contributed with 3 percentage points.

Operating profit for the full year of 2018 amounted to SEK 1,837 (183) million, up SEK 1,654 million compared with the full year of 2017. Improved earnings were primarily due to higher prices.

MARKET TREND

Demand for heavy plate was strong during 2018 and increased in most segments such as Construction Machinery, Energy, Heavy Transport and from Service Centers.

PRODUCTION AND SHIPMENTS

- Crude steel production was up 4% compared with 2017
- Rolling production was up 5% compared with 2017
- External shipments of steel were up 3% compared with 2017

Production and shipments

Thousand tonnes	2018	2017
Crude steel production	2,534	2,440
Rolling production	2,404	2,284
Steel shipments	2,039	1,971

Production figures include high-strength steel made for SSAB Special Steels. These volumes are not included in SSAB Americas' shipments.

CASH FLOW AND CAPITAL EXPENDITURE

Operating cash flow for the full year of 2018 amounted to SEK 1,523 (1,166) million. The cash flow was impacted positively by operating profit but counteracted by higher working capital.

Capital expenditure payments during the full year of 2018 amounted to SEK 248 (212) million, of which SEK 40 (8) million was strategic investments.

Tibnor

FULL YEAR IN BRIEF

- Stable demand
- Operating profit amounted to SEK 230 (252) million

Key figures

SEK millions	2018	2017
Sales	8,434	7,821
Operating profit before depreciation/amortization, EBITDA	313	334
Operating profit[1]	230	252
Operating profit according to IFRS	205	229
Operating cash flow	205	472
Shipments, thousand tonnes	705	716
Number of employees at end of period	1,077	1,091

[1] Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. During 2018, depreciation/amortization on surplus values was SEK 25 (23) million.

SALES AND OPERATING PROFIT

Sales for 2018 were up 8% compared with 2017 and amounted to SEK 8,434 (7,821) million. The increase was primarily due to higher prices.

Operating profit amounted to SEK 230 (252) million, down SEK 22 million compared with 2017. Lower earnings were primarily due to somewhat lower margins.

MARKET TREND

Total shipments were down 2% for the full year of 2018. This increase was primarily driven by lower demand from the construction industry, The Strip segment and Steel products for the engineering sector rose.

CASH FLOW AND CAPITAL EXPENDITURE

Operating cash flow for the full year of 2018 amounted to SEK 205 (472) million. Cash flow was impacted positively by operating profit but counteracted by higher working capital.

Capital expenditure payments during the full year of 2018 amounted to SEK 76 (63) million, of which SEK 27 (31) million were strategic investments.

Ruukki Construction

FULL YEAR IN BRIEF

- Higher sales compared with 2017
- Operating profit rose to SEK 181 million

Key figures

SEK millions	2018	2017
Sales	6,140	5,773
Operating profit before depreciation/amortization, EBITDA	309	307
Operating profit[1]	181	171
Operating profit according to IFRS	209	200
Operating cash flow	303	340
Number of employees at end of period	1,801	2,502

[1] Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. During 2018, depreciation/amortization on surplus values was SEK -31 (-29) million.

SALES AND OPERATING PROFIT

Sales were up 6% compared with 2017 and amounted to SEK 6,140 (5,773) million. Sales increased in Residential Roofing and Building Components.

Operating profit for 2018 amounted to SEK 181 (171) million, which was attributable to Building Components.

MARKET TREND

Demand in the construction industry in 2018 was generally good, except in the Russian market.

CASH FLOW AND CAPITAL EXPENDITURE

Operating cash flow for 2018 amounted to SEK 303 (340) million. Cash flow during the quarter was impacted positively by operating profit but affected negatively by maintenance capital expenditure payments.

Capital expenditure payments during the full year amounted to SEK 84 (65) million, of which SEK 37 (39) million were strategic investments.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT

Capital expenditures

Capital expenditures payments during the full year amounted to SEK 2,462 (1,614) million, of which SEK 408 (248) 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.

During the year, research and development investments amounted to SEK 348 (343) 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.

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.

Permitted production at the Swedish plants[1)]

Thousand tonnes	Location	Permitted production	Production 2018	Production 2017
Coke	Luleå	800	710	709
	Oxelösund	530	324	369
Hot metal	Luleå	–[2)]	2,065	2,196
	Oxelösund	2,000	850	915
Steel slabs	Luleå	2,500	2,004	2,069
	Oxelösund	1,900	852	888
Hot-rolled steel	Borlänge	3,200	2,111	2,246
	Oxelösund[3)]	1,000	514	517
Pickled steel	Borlänge	2,500	1,300	1,293
Cold-rolled steel	Borlänge	1,400	657	652
Annealed steel	Borlänge	900	573	607
Organic-coated products	Köping	30	17	17
	Finspång[4)]	40	31	31
Steel tubes	Virsbo	125	11	11

1) In North America, the permitted production levels are determined through maximum permitted hourly production volumes and not applicable for Finnish sites.
2) Not regulated.
3) Delivery of plate.
4) Unit million m^2.

PERSONNEL

At year-end 2018, the number of employees (excluding temporary employees) amounted to 14,313 (14,925). The total compensation to employees, including social security expenses and pension cost, amounted to SEK 10,921 (9,836) million. Additional information about compensation to employees, see Note 2.

Number of employees per business segment at year-end

	2018	**2017**
SSAB Special Steels	2,844	2,834
SSAB Europe	6,826	6,798
SSAB Americas	1,250	1,228
Tibnor	1,077	1,091
Ruukki Construction	1,801	2,502
Other	515	472
Total	**14,313**	**14,925**

COMPENSATION TO SENIOR EXECUTIVES

The Board's proposal for guidelines for 2019

For 2019, the Board proposes that compensation to the President and other members in the company's senior management shall comprise of:

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

"Other members of the company's senior management" means a member of the Group Executive Committee. The total compensation package shall be at market terms and conditions and competitive in the employment marketon which the executive works. Fixed salary and variable compensations shall be related to the executive's responsibilities and authority. The variable compensations shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling 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 on the local market.

The variable compensation programs shall be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable compensations, 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 in line with prevailing market conditions 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. For senior executives outside Sweden, the termination period and severance compensation may deviate from the above stated due to legislation or competitive practice on the local market.

Pension benefits shall be contribution-based with individual retirement ages 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. 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 2018 (including senior executives)

For the Group Executive Committee, the short-term variable salary component for 2018 is linked to:

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

Long-term variable salary components in 2018 (including senior executives)

In 2011, a long-term incentive program was introduced covering then a maximum of 100 (now 150) key employees throughout the group, including the President and other senior executives. The purpose of the program is to promote the company's ability to recruit and retain key employees.

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 and return on capital employed. For participants in the program outside North America, the result is capped at between 18% and 30% of fixed salary. The outcome for participants in North America is capped at between 30% and 135%, which is in line with the local market. 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 38 million in the event of target realization, and SEK 75 million in the event of maximum realization, of which approximately 60% constitutes the cost for participants in North America.

For detailed information regarding current compensation structures, reference is made to Note 2.

RISK- AND SENSITIVITY ANALYSIS

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 and subsidiary. SSAB's decentralized organization means that divisions and subsidiaries are primarily responsible for managing the operational risks in the group. That is done by one or several Risk Managers, who reports directly to the divisions and subsidiary management. The divisional and subsidiary managers conduct an annual risk assessment in the strategy process, which are compiled and presented for discussion in the SSAB Board of Directors. Within Group Legal, there is an insurance function which is tasked with procuring group-wide protection for the insurable risks. The management of financial risks are centralized to Group Treasury. SSAB has an internal control function that supports operations in identifying risk areas and, based on a risk analysis; establish control processes to mitigate identified risk areas.

Also, SSAB has an internal audit unit which, among other tasks, identifies risk areas and, based on a risk analysis, conducts audits of internal controls and processes 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
BUSINESS CYCLE	The steel industry is strongly affected by fluctuations in the business cycle, such as demand and prices on 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.	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. 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. 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.
POLITICAL DECISIONS	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.	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. 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. Since SSAB's steel production takes place in both Europe and the USA, exposure to various trade barriers has been reduced.

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.	SSAB has a diversified customer base, active on several markets and different sizes, thus SSAB has little dependence on individual customers. Credit risks are managed by each division and subsidiary, based on the Group's credit directive. 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. Coking coal is purchased from a number of major suppliers around the world, such as Australia, US and Canada. When purchasing coking coal, annual supply contracts with monthly pricing are usually signed. 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, where prices vary depending on the market index, in order to ensure physical supplies, while proximity to iron ore reduces the risk of long-term delivery problems.
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. The greenhouse gas emissions from SSAB's Nordic steel production are within the scope of the EU Emissions Trading System (EU-ETS). Due to the foreseen revision of the system, especially changes in the free allocation of emission allowances, as well as the risk for higher market price for allowances, there could be increasing costs for the steel industry due to the potential need to purchase additional emission allowances. In addition to the direct costs, the steel industry is impacted by the indirect carbon costs passed through in electricity prices.	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. During 2016, SSAB initiated a project that evaluates the possibilities for a long-term transition to hydrogen-based ironmaking and an almost carbon-free steel industry. In 2017, the joint venture company HYBRIT Development AB was formed together with Vattenfall and LKAB. HYBRIT Development AB will work to find a production process for steel that does not release carbon dioxide, and in 2018, the construction of a pilot plant in Luleå started. Already before a solution for fossil-free steel making is in place, SSAB aims to cut its carbon dioxide emissions in Sweden by 25% by 2025, through conversion of the blast furnace in Oxelösund, Sweden, to an electric arc furnace. More information about SSAB's environmental issues is provided in the Sustainability Report section in this report.

Operational risks cont.

Risk factor	Risk description	Response and initiatives
PRODUCTION	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.	Each division and subsidiary is responsible for proactive work to prevent loss. Risks relating to personal injury, 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 by the divisions and subsidiaries' Risk Management organizations respectively. In the work of procuring group-wide insurances, the divisions and subsidaries' Risk Managers assist the insurance function of the group. The group has a common guide, "Property Loss Control Guideline", which is a support in the daily ongoing risk management work in the business. The Risk management work is conducted in accordance with a risk management policy which emphasizes the following: • proactive work to prevent injury and damage (initiate, coordinate and manage) • risk and cost optimization (insurance management). In order to minimize costs, if this kind of risk still occurs, there are both continuity plans as well as property damage insurance and business disruption insurance in place. 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 as well as analyzing our vendors and incoming flows and looking at alternative process flows. Within the divisions and subsidiaries' Risk Management, ongoing risk analyzes are carried out together with SSAB's production managers and risk surveys of the company's facilities and processes together with risk engineers from our insurance brokers and risk engineers from insurance companies in cooperation with the insurance function of the group. This is done in order to identify and manage the emerging risks and to serve as a basis for our insurers. The results of the surveys and risk analyzes are presented continuously for the production managers and measures to improve processes and our protection are monitored carefully. SSAB also subscribes to other group-wide insurance programs such as, for example, liability insurance and transport insurance and the divisions and subsidiaries' Risk Management function also works to prevent damage in these areas, which is also a prerequisite for signing insurance.

Operational risks cont.

Risk factor	Risk description	Response and initiatives
EMPLOYEE-RELATED ISSUES	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. Frequency of accidents and related measures are monitored continuously by the Group Executive Management Group and the Board. Skills development and 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 and remuneration shall be market-based and competitive in the market where employees works.

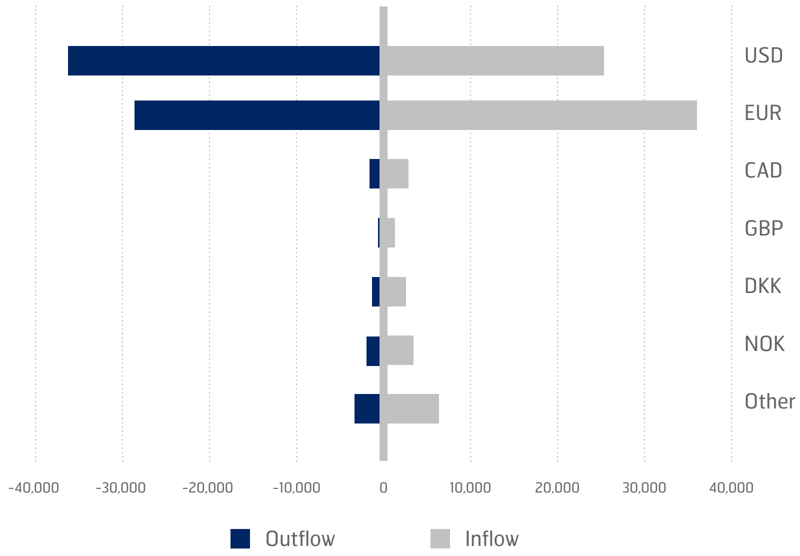
Financial risks

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 RISK	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.	**Interest rate risks:** 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. **Currency risks:** SSAB's currency exposure related to translation exposure, largely relates to the translation risk regarding net assets of foreign subsidiaries. This exposure is partly 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 handle the transaction risk, part of the commercial currency flows qualifying for hedge accounting (currently purchases of coal and ore in USD) is hedged. Major investments decided upon in foreign currency are hedged. 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 2018 was SEK 4.7 (6.8) billion. The group's most important currency flows are shown in the adjacent diagram.

Currency flow 2018
SEK m



Financial risks cont.

Risk factor	Risk description	Response and initiatives
CREDIT RISK	'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 division and subsidiary, taking into account the group's credit directive.

SENSITIVITY ANALYSIS

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

	Change, %	**Effect on profit/loss before tax, SEK millions**	**Effect on earnings per share, SEK[2]**
Steel price – steel operations	10	6,010	4.55
Volume – steel operations[1]	10	1,330	1.01
Iron ore prices	10	710	0.54
Coal prices	10	490	0.37
Scrap metal prices	10	820	0.62
Interest rate	1%-point	50	0.04
Krona index[3]	5	730	0.55

[1] Excluding the effect of lower capacity utilization (underabsorption).
[2] Calculated based on a 22% tax rate.
[3] Calculated on SSAB's exposure without currency hedging. Any weakening of the Swedish krona entails a positive effect.

THE SHARE

SSAB is listed on the NASDAQ Stockholm and NASDAQ Helsinki exchange.

Share capital

As of December 31, 2018, there are in total 1,029,835,326 shares in SSAB, of which 304,183,270 class A shares, corresponding to 304,183,270 votes, and 725,652,056 class B shares, corresponding to 72,565,205.6 votes, 376,748,475.6 votes in total. Each class A share carries one vote and each class B share carries one-tenth of one vote. SSAB's share capital is SEK 9,062 million. The quotient value per share is SEK 8.80.

Ownership structure

At year-end 2018, SSAB had 104,938 shareholders.

SSAB's three largest identified owners in terms of voting rights at year-end 2018 were:

- Industrivärden 11.8%
- Solidium 10.0%
- LKAB 3.6%

The ten largest identified owners together owned approximately 33.9% of the voting capital and 32.9% of the share capital at the end of December 2018. Owners outside Sweden and Finland accounted for 37.7% of voting rights and 30.9% of the total number of shares.

More information on page 221.

Corporate Governance Report

The Corporate Governance Report is not part of the Board of Directors' Report. The Corporate Governance Report and the related auditor's report are available on page 105 in Annual Report 2018.

OUTLOOK

In North America, demand for heavy plate is estimated to remain strong during the first quarter of 2019. In Europe, demand is expected to be fairly stable. Global demand for high-strength steels is expected to remain strong during the first quarter of 2019.

For SSAB Americas, shipments are expected to be higher during the first quarter of 2019 compared with the fourth quarter of 2018, when a major maintenance outage was completed. Shipments for SSAB Europe are expected to be higher in the first quarter compared with the fourth quarter, when maintenance outages were completed in parts of the operation. Shipments for SSAB Special Steels are expected to increase during the first quarter, primarily following the planned maintenance outage in Oxelösund during the fourth quarter.

Prices realized by SSAB Special Steels during the first quarter are expected to be stable and somewhat higher for SSAB Americas, compared to the fourth quarter of 2018. Prices realized by SSAB Europe during the first quarter are expected to be lower.

The table below shows all major maintenance outages planned for 2019 and the costs of outages completed during 2017 and 2018. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

Major planned maintenance outages in 2019

SEK millions	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 Full year	2018 Full year	2017 Full year
SSAB Special Steels	-	-	-	290	290	350	230
SSAB Europe	-	-	200	130	330	410	390
SSAB Americas	-	-	-	400	400	285	390
Total	**-**	**-**	**200**	**820**	**1,020**	**1,045**	**1,010**

Consolidated income statement

SEK millions	Note	2018	2017
Sales	1	74,941	66,059
Cost of goods sold	2	-65,339	-58,592
Gross profit		**9,602**	**7,467**
Selling expenses	2	-2,248	-2,081
Administrative expenses	2	-2,443	-2,129
Other operating income	1	890	972
Other operating expenses	2	-926	-458
Shares in earnings of affiliated companies and joint ventures after tax	3	65	68
Operating profit		**4,940**	**3,838**
Financial income	4	353	321
Financial expenses	4	-890	-1,297
Profit after financial items		**4,403**	**2,863**
Taxes	5	-839	-552
Profit for the year		**3,564**	**2,311**
Of which attributable to:			
• Parent Company's shareholders		3,549	2,295
• Non-controlling interests		16	16
Earnings per share[1]	12	**3.45**	**2.23**
Dividend per share, 2018 – proposal	32	**1.50**	**1.00**

[1] There are no outstanding share instruments and thus no dilution is relevant.
[2] Hedging is structured such that the net debt/equity ratio is unchanged in the event of changed exchange rates.

Consolidated statement of comprehensive income

SEK millions	Note	2018	2017
Profit for the year		**3,564**	**2,311**
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Translation differences for the years		4,009	-2,984
Cash flow hedges		231	26
Hedging of currency risks in foreign operations[2]		-666	1,286
Share in other comprehensive income of associated companies and joint ventures		3	-
Tax attributable to items that may be subsequently reclassified to the income statement	5	100	-289
Total items that may be subsequently reclassified to the income statement		**3,677**	**-1,961**
Items that will not be reclassified to the income statement:			
Remeasurements of the net defined benefit liability		27	-2
Tax attributable to items that will not be reclassified to the income statement	5	-8	10
Total items that will not be reclassified to the income statement		**19**	**8**
Total other comprehensive income for the year, net after tax		**3,696**	**-1,953**
Total comprehensive income for the year		**7,260**	**358**
Of which attributable to:			
• Parent Company's shareholders		7,242	340
• Non-controlling interest		18	18

Consolidated balance sheet

SEK millions	Note	2018 Dec. 31	2017 Dec. 31
ASSETS			
Fixed assets			
Goodwill	6	29,994	27,730
Other intangible assets	6	1,444	1,918
Tangible fixed assets	7	23,953	23,931
Participations in affiliated companies and joint ventures	3, 8	697	651
Financial assets	8, 13	608	433
Deferred tax receivables	14	507	291
Total fixed assets		**57,202**	**54,954**
Current assets			
Inventories	9	19,813	16,035
Accounts receivable	29	8,784	7,822
Prepaid expenses and accrued income	10	977	807
Current tax receivables		195	302
Other current interest-bearing receivables	11, 19	2,257	2,565
Recognized but not invoiced sale		106	66
Other current receivables	29	554	676
Cash and cash equivalents	11, 19	2,598	4,249
Total current assets		**35,284**	**32,522**
TOTAL ASSETS		**92,487**	**87,476**

SEK millions	Note	2018 Dec. 31	2017 Dec. 31
EQUITY AND LIABILITIES			
Equity			
Share capital	12	9,062	9,062
Other contributed funds		23,021	23,021
Reserves	12	5,715	2,041
Retained earnings		21,638	19,107
Total equity for the shareholders in the Parent Company		**59,437**	**53,231**
Non-controlling interests		**78**	**63**
TOTAL EQUITY		**59,514**	**53,294**
Long-term liabilities			
Pension provisions	13, 19	431	453
Deferred tax liabilities	14	1,044	874
Other long-term provisions	15	174	138
Long-term interest-bearing liabilities	16, 19	9,693	16,053
Other long-term non-interest-bearing liabilities	17	324	346
Total long-term liabilities		**11,666**	**17,864**
Current liabilities			
Short-term provisions	15	74	76
Short-term interest-bearing liabilities	16, 19	3,523	2,011
Accounts payable	29	13,375	10,215
Current tax liabilities		333	215
Other current liabilities	29	1,576	1,258
Invoiced but not accrued sale		291	246
Accrued expenses and deferred income	18, 29	2,134	2,297
Total current liabilities		**21,306**	**16,318**
TOTAL EQUITY AND LIABILITIES		**92,487**	**87,476**

Consolidated statement of changes in equity

		2018							2017						
		Equity attributable to the Parent Company's shareholders							Equity attributable to the Parent Company's shareholders						
SEK millions	**Note**	**Share capital**	**Other contributed funds**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**	**Share capital**	**Other contributed funds**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Equity, January 1		**9,062**	**23,021**	**2,041**	**19,107**	**53,231**	**63**	**53,294**	**9,062**	**23,021**	**4,004**	**16,804**	**52,891**	**49**	**52,940**
Adjusted opening balance – changed accounting principle, IFRS 9		-	-	-	-7	-7	-	-7	-	-	-	-	-	-	-
Adjusted Equity, January 1		**9,062**	**23,021**	**2,041**	**19,100**	**53,224**	**63**	**53,287**	**9,062**	**23,021**	**4,004**	**16,804**	**52,891**	**49**	**52,940**
Translation differences		-	-	4,007	-	4,007	2	4,009	-	-	-2,986	-	-2,986	2	-2,984
Cash flow hedges		-	-	231	-	231	-	231	-	-	26	-	26	-	26
Tax attributable to cash flow hedges	5	-	-	-47	-	-47	-	-47	-	-	-6	-	-6	-	-6
Hedging of currency risks in foreign operations		-	-	-666	-	-666	-	-666	-	-	1,286	-	1,286	-	1,286
Tax on hedging of currency risks in foreign operations	5	-	-	147	-	147	-	147	-	-	-283	-	-283	-	-283
Remeasurements of the net defined benefit liability	13	-	-	-	27	27	-	27	-	-	-	-2	-2	-	-2
Tax on remeasurements of the net definied benefit liability	5	-	-	-	-8	-8	-	-8	-	-	-	10	10	-	10
Share in other comprehensive income of associated companies and joint ventures		-	-	3	-	3	-	3	-	-	-	-	-	-	-
Profit for the year		-	-	-	3,549	3,549	16	3,564	-	-	-	2,295	2,295	16	2,311
Total comprehensive income		-	-	**3,674**	**3,568**	**7,242**	**18**	**7,260**	-	-	**-1,963**	**2,303**	**340**	**18**	**358**
Dividend, parent company's shareholders		-	-	-	-1,030	-1,030	-	-1,030	-	-	-	-	-	-	-
Dividend, non-controlling interest		-	-	-	-	-	-3	-3	-	-	-	-	-	-4	-4
Equity, December 31		**9,062**	**23,021**	**5,715**	**21,638**	**59,437**	**78**	**59,514**	**9,062**	**23,021**	**2,041**	**19,107**	**53,231**	**63**	**53,294**

Consolidated cash flow statement

SEK millions	Note	2018	2017
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit		4,940	3,838
Reversal of non-cash items:			
• Non distributed shares in affiliated companies' earnings		-65	-62
• Depreciation, amortization and write-down of fixed assets	6, 7	3,771	3,753
• Profit/loss upon sale of fixed assets		13	-9
• Profit/loss upon sale of shares and operations		212	3
• Change in provisions		14	15
• Other reversals		1	1
Interest received		237	311
Interest paid		-778	-1,254
Tax paid		-628	-249
		7,717	**6,347**
Working capital			
Inventories (+ decrease)		-3,461	-1,208
Accounts receivable (+ decrease)		-712	-862
Accounts payable (+ increase)		2,840	2,080
Other current receivables (+ decrease)		-117	43
Other current liabilities (+ increase)		483	250
		-967	**303**
CASH FLOW FROM OPERATING ACTIVITIES		**6,750**	**6,650**

SEK millions	Note	2018	2017
INVESTING ACTIVITIES			
Investments in plants and machinery	6, 7	-2,451	-1,603
Sale of plants and machinery		142	51
Investments/acquisition of shares and operations	25	-11	-11
Divested shares and operations		76	1
Other investing activities (+ decrease)		-38	-16
CASH FLOW FROM INVESTING ACTIVITIES		**-2,282**	**-1,578**
FINANCING ACTIVITIES			
Dividend, to shareholders		-1,030	-
Dividend, non-controlling interest		-3	-4
New loans	27	3,480	5,246
Repayment/amortization of loans	27	-9,468	-9,254
Financial investments		270	-437
Other financing (+ increase)		640	-434
CASH FLOW FROM FINANCING ACTIVITIES		**-6,111**	**-4,683**
CASH AND CASH EQUIVALENTS			
Balance, January 1		4,249	3,879
Cash flow from operating activities		6,750	6,650
Cash flow from investing activities		-2,282	-1,578
Cash flow from financing activities		-6,111	-4,683
Translation differences, cash and cash equivalents		-7	-19
CASH AND CASH EQUIVALENTS, December 31	11	**2,598**	**4,249**
Contracted, non-utilized overdraft facilities		6,992	8,263
DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)		**9,590**	**12,512**

Parent Company's income statement

SEK millions	Note	2018	2017
Gross profit		**-**	**-**
Selling and administrative expenses	2	-345	-343
Other operating income	1	189	119
Other operating expenses	2	-11	-1
Operating loss		**-167**	**-225**
Result from shares in subsidiaries and affiliated companies	4	1,398	737
Other interest expenses and similar items	4	-1,188	427
Profit after financial items		**43**	**939**
Appropriations	24	1,738	1,423
Profit before tax		**1,781**	**2,362**
Tax	5	-147	-406
Profit for the year		**1,634**	**1,956**

Parent Company's other comprehensive income

SEK millions	Note	2018	2017
Profit for the year		**1,634**	**1,956**
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Cash flow hedges		-23	21
Tax attributable to other comprehensive income	5	5	-5
Total items that may be subsequently reclassified to the income statement		**-18**	**16**
Total other comprehensive income for the year, net after tax		**-18**	**16**
Total comprehensive income for the year		**1,616**	**1,972**

Parent Company's balance sheet

SEK millions	Note	2018 Dec. 31	2017 Dec. 31
ASSETS			
Fixed assets			
Intangible fixed assets	6	4	3
Tangible fixed assets	7	5	1
Financial assets	8	66,355	65,243
Long-term receivables from subsidiaries	19	5,928	6,005
Deferred tax receivables	14	33	174
Total fixed assets		**72,325**	**71,426**
Current assets			
Accounts receivable	29	3	0
Current receivables from subsidiaries		8,332	8,537
Current tax receivables		4	0
Other current interest-bearing receivables	11, 19	2,255	2,453
Other current receivables	29	7	8
Prepaid expenses and accrued income	10	97	142
Cash and cash equivalents	11, 19	1,553	3,187
Total current assets		**12,251**	**14,327**
TOTAL ASSETS		**84,576**	**85,753**

SEK millions	Note	2018 Dec. 31	2017 Dec. 31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
• Share capital		9,062	9,062
• Statutory reserve		902	902
Unrestricted equity			
• Retained earnings		51,354	50,451
• Profit for the year		1,634	1,956
TOTAL EQUITY		**62,952**	**62,371**
Provisions			
Pension provisions	13, 19	3	3
Other long-term provisions	15	38	40
Total provisions		**41**	**43**
Long-term liabilities			
Liabilities to subsidiaries		0	0
Long-term interest-bearing liabilities	16, 19	6,554	12,870
Long-term non-interest-bearing liabilities	17	10	-
Total long-term liabilities		**6,564**	**12,870**
Current liabilities			
Short-term interest-bearing liabilities	16, 19	3,203	1,279
Accounts payable	29	17	20
Current tax liabilities		1	-
Liabilities to subsidiaries		11,466	8,802
Other current liabilities	29	59	110
Accrued expenses and deferred income	18, 29	265	243
Short-term provisions	15	9	15
Total current liabilities		**15,020**	**10,469**
TOTAL EQUITY AND LIABILITIES		**84,576**	**85,753**

Parent Company's statement of changes in equity

		2018							2017						
		Restricted equity		Unrestricted equity					Restricted equity		Unrestricted equity				
SEK millions	**Note**	**Share capital**	**Statutory reserve**	**Share perium**	**Reserve for fair value**	**Retained earnings**	**Profit for the year**	**Total**	**Share capital**	**Statutory reserve**	**Share perium**	**Reserve for fair value**	**Retained earnings**	**Profit for the year**	**Total**
Equity, January 1	12	**9,062**	**902**	**22,469**	**14**	**27,969**	**1,956**	**62,371**	**9,062**	**902**	**22,469**	**-2**	**18,406**	**9,563**	**60,400**
Adjusted opening balance – changed accounting principles, IFRS 9		–	–	–	–	-6	–	-6	–	–	–	–	–	–	–
Adjusted Equity, January 1		**9,062**	**902**	**22,469**	**14**	**27,963**	**1,956**	**62,365**	**9,062**	**902**	**22,469**	**-2**	**18,406**	**9,563**	**60,400**
Cash flow hedges		–	–	–	-23	–	–	-23	–	–	–	21	–	–	21
Tax on cash flow hedges		–	–	–	5	–	–	5	–	–	–	-5	–	–	-5
Profit for the year		–	–	–	–	–	1,634	1,634	–	–	–	–	–	1,956	1,956
Total comprehensive income		–	–	–	**-18**	–	**1,634**	**1,616**	–	–	–	**16**	–	**1,956**	**1,972**
Retained earnings from previous year		–	–	–	–	1,956	-1,956	–	–	–	–	–	9,563	-9,563	–
Dividend to shareholders	12	–	–	–	–	-1,030	–	-1,030	–	–	–	–	–	–	–
Equity, December 31		**9,062**	**902**	**22,469**	**-4**	**28,889**	**1,634**	**62,952**	**9,062**	**902**	**22,469**	**14**	**27,969**	**1,956**	**62,371**

Parent Company's cash flow statement

SEK millions	Note	2018	2017
BUSINESS OPERATIONS			
Profit from operating activities			
Operating loss		-167	-225
Reversal of non-cash items:			
• Depreciation of tangible fixed assets	7	1	1
• Result on sales, fixed assets		-33	-
• Change in provisions		-8	33
• Other reversals		-	-
Interest received		354	458
Interest paid		-694	-1,042
Tax paid		4	1
		-551	**-774**
Working capital			
Accounts receivable (+ decrease)		-1	0
Accounts payable (+ increase)		0	18
Other current receivables (+ decrease)		1	137
Other current liabilities (+ increase)		-44	120
Commercial intra-group transactions		9	-141
		-35	**134**
CASH FLOW FROM OPERATING ACTIVITIES		**-586**	**-640**

SEK millions	Note	2018	2017
INVESTING ACTIVITIES			
Investments in fixed assets	7	-118	-3
Sales of facilities		144	-
Dividends from subsidiaries		18,632	39,523
Received/paid group contributions		1,423	1,101
Paid shareholder contributions		-18,611	-37,417
Acquisition/divesture of shares and operations	25	-11	-11
Other investing activities (+ decrease)		-	-
CASH FLOW FROM INVESTING ACTIVITIES		**1,459**	**3,193**
FINANCING ACTIVITIES			
Divident to shareholders		-1,030	-
New loans	27	3,475	5,020
Repayments/amortization of loans	27	-8,722	-8,534
Financial investments		198	-601
Financial intra-group transactions		3,319	2,468
Other financing (+ increase)		253	43
CASH FLOW FROM FINANCING ACTIVITIES		**-2,507**	**-1,604**
CASH AND CASH EQUIVALENTS			
Balance, January 1		3,187	2,238
Cash flow from operating activities		-586	-640
Cash flow from investing activities		1,459	3,193
Cash flow from financing activities		-2,507	-1,604
CASH AND CASH EQUIVALENTS, December 31	11	**1,553**	**3,187**
Contracted, non-utilized overdraft facilities		6,992	8,263
DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)		**8,545**	**11,450**

5-year summary, Group

	2018	2017	2016	2015	2014[1]
Sales, SEK millions	74,941	66,059	55,354	56,864	47,752
Operating profit/loss, SEK millions	4,940	3,838	1,213	-243	-107
Profit /loss after financial items, SEK millions	4,403	2,863	324	-1,171	-1,589
Profit/loss after tax for the Parent Company's shareholders, SEK millions	3,549	2,295	937	-508	-1,399
Investments in plant and operations, SEK millions	2,559	1,614	1,372	2,582	1,720
Cash flow from current operations, SEK millions	4,800	5,319	2,293	2,802	473
Net debt, SEK millions	8,582	11,574	17,887	23,156	24,674
Average capital employed, SEK millions	74,417	74,947	74,564	75,346	62,476
Total assets, SEK millions	92,487	87,476	90,913	85,158	89,727
Return on capital employed before tax (%)	7	6	2	0	0
Return on equity after tax (%)	6	4	2	-1	-4
Equity ratio (%)	64	61	58	52	49
Net debt/equity ratio (%)	14	22	34	52	56
Dividend per share (SEK), 2018 – proposal[2]	1.50	1.00	0.00	0.00	0.00
Earnings per share (SEK)[2]	3.45	2.23	1.04	-0.66	-2.39
Average number of employees, incl. temporary employees	16,133	16,158	16,381	17,515	13,639
Sales per average employee, SEK millions	4.6	4.1	3.4	3.2	3.5
Production of crude steel, thousand tonnes	8,028	7,995	7,988	7,593	6,682

[1] Rautarukki was acquired on July 29, 2014, and the above figured include Rautarukki's figures from that date onwards.
[2] Earnings per share and dividend per share has been adjusted based on the bonus issue element in the rights issue 2016.

ACCOUNTING AND VALUATION PRINCIPLES

The significant 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 the group, has been applied.

Accounting standards and applications introduced during the year have had no material 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 through profit and loss.

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.

STANDARDS, CHANGES AND INTERPRETATIONS THAT ENTERED INTO FORCE IN 2018 AND ARE RELEVANT TO THE GROUP

- IFRS 15, "REVENUE FROM CONTRACTS WITH CUSTOMERS". The effective date of the standard is January 1, 2018. The group has applied this Standard from January 1, 2018. The group has not restated comparative amounts for 2017. IFRS 15 is the new revenue recognition standard and replaces IAS 18, Revenue and IAS 11, Construction contracts, including all interpretations (IFRIC and SIC). The new Standard has not had any impact on the group's financial statements; however IFRS 15 may have an impact on the group's future revenue recognition if changes occur in the group's sales processes and contracts. Information about the revenue recognition can be found in Note 1.

- IFRS 9, "FINANCIAL INSTRUMENTS". The effective date of the standard is January 1, 2018. The group has applied this Standard from January 1, 2018. The group has applied this Standard from January 1, 2018. The group has not restated comparative amounts for 2017. IFRS 9 replaces IAS 39, Financial Instruments; Classification and measurement. IFRS 9 addresses the classification and measurement of financial assets, introduces a new impairment model for financial assets and changed principles hedge accounting.

Classification of financial assets

According to IFRS 9, there are three measurement categories for financial assets; amortized cost, fair value over other comprehensive income and fair value through profit or loss. The group's assessment is that the new measurement categories have not had any impact on the accounting of financial assets in the financial statements of 2018.

Impairment loss model for expected future credit losses

IFRS 9 introduce a new impairment model for impairment provision, based on expected future credit losses. SSAB has applied the simplified approach, i.e. the provision will correspond to the expected loss over the entire lifetime of the accounts receivable. As of January 1, 2018, the group adjusted shareholders equity with SEK -7 million and reported the corresponded expected bad debt in the balance sheet.

Hedge accounting

At the transition to IFRS 9, the group could choose to continue to apply the hedge accounting rules in accordance with IAS 39 or to apply hedging rules in accordance with IFRS 9. The group has chosen to apply the new rules in IFRS 9. IFRS 9 requires the group to ensure that the hedging relationship is in line with the group's risk management and strategy objectives and apply a more qualitative and forward-looking approach to assessing the hedge effectiveness.

The types of hedging relationships that the group has identified meet the requirements of IFRS 9 and complies with the company's risk management strategy and objectives. The group uses currency derivatives in terms of futures and swaps to hedge the purchase price of coal, iron ore and zinc, to hedge the exchange rate of significant foreign currency sales, major investments in fixed assets in foreign currency, hedging of net investments in foreign subsidiaries and to secure the payment flow in foreign loans to the Swedish krona.

Application of IFRS 9 introduces reliefs to the effectiveness assessment, as the group will only assess hedge effectiveness prospectively and the effectiveness will be assessed on a qualitative basis to a greater extent. No inefficiency has occurred during 2018.

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

- IFRS 16, LEASES. The effective date of the standard is January 1, 2019. The group will apply this from January 1, 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for 2017. IFRS 16 will replace current IFRS standards related to accounting of lease agreements, such as IAS 17, Leases as well as IFRIC 4, Determining Whether an Arrangement Contains a Lease.

  IFRS 16 primarily affects the accounting for lessees and the main effect is that almost all lease agreements that are currently reported as operational leases are reported in a manner similar to the current accounting of financial leases, i.e. a Right-of-use asset and a Leasing liability is recognized. Exception from the new principles that the group is applying is applicable for lease agreements with low value, where no right-of-use asset or leasing liability is recognized. The group defines lease contracts of lower value as office equipment, such as printers, copying machines, coffee machines etc. and other assets of a value in new condition less than approximately SEK 50 thousand.

  As of December 31, 2018, the non-cancellable operational lease commitments (undiscounted) amounted to approximately SEK 1.9 billion, see Note 21. Of these commitments, approximately SEK 0.1 billion is attributable to leasing agreements for which the underlying assets have a lower value. These will be reported as a cost on a straight-line basis over the lease term.

  As of January 1, 2019, the group is expecting to recognize Right-of-use assets amounting to approximately SEK 1.6 billion for the remaining outstanding lease commitments and lease liabilities amounting to approximately SEK 1.6 billion. Shareholders' equity is not expected to be affected by the transition as all current financial leasing agreements are still recognized as leases in accordance with IFRS 16. Working capital will decrease with approximately SEK 0.5 billion, as part of the leasing liability will be recognized as short-term. This change would, if applied to the end of 2018, have increased net debt by approximately SEK 1.6 billion to approximately SEK 10.2 billion and net debt to equity would increase from 14% to approximately 17%.

  Profit/loss after tax will decrease for 2019 due to the application of the new principles compared to how the profit/loss after tax would have been recognized applying the old principles. This is due to the fact that the new standard results in a front-loaded recognition of the costs in the beginning of a contract, which is due to the recognition of the interest expenses. EBITDA will increase since the costs for the operational leasing agreements was included in EBITDA when applying previous principles, but the depreciation on the right-of-use asset and the interest expense on the lease liability are excluded from EBITDA. Operational cash flow will increase, while the cash flow from financial activities will decrease, but the total cash flow will not be affected.

  The parent company will apply the exception rules according to RFR 2 and will not apply IFRS 16. The Parent company will continue to report all leasing contracts as operational leasing.

- IFRIC 23, UNCERTAINTY OVER INCOME TAX TREATMENTS. This interpretation's effective date is January 1, 2019. The group will apply this from January 1, 2019. IFRC 23 clarifies how deferred and current tax assets and liabilities should be reported and valued when there are uncertainties in managing income taxes. The group's assessment is that the interpretation will not have any significant effect on the group's financial statements but additional note disclosures will be reported for future significant estimates and assessments.

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 mean 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 of 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 recognized when the control of the goods has been transferred to the customer. Revenue is recognized at the transaction price, taking into account any estimated variable amount that the group is entitled to (expected proceed). The amount corresponds to amounts received for sold goods less value added tax and taking into account discounts and returns. In Sales, in the Consolidated income statement, exchange rate differences from forward contracts which are entered into in order to hedge sales in foreign currency are included. For information regarding hedge accounting, see Note 29.

The group recognizes revenue at the point in time when the distinct performance obligation is satisfied and when the customer has obtained the control over the sold good. This can be done at a point in time or over time. The specific criteria for revenue recognition for each of the group's operations are described below.

Sales of steel

Revenues from sales of steel are recognized after the control has been transferred to the customer, which occurs when the sold goods are transferred to the customer and no disposition right or opportunity to actual control over the goods remains for the group and when there are no unsatisfied performance obligations outstanding that might affect the customers approval of the goods. 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

Revenue for projects, with a duration period less than one year, is recognized when the control of finished goods has been transferred to the customer. The group applies the percentage of completion method when reporting fixed price agreements for projects which extend over more than one year. When the result of the project (an integrated performance obligation) and the completion can be reasonably calculated, revenues are reported over the term of the agreement based on the degree of completion. At the end of the project, project expenditures are reported based on the degree of completion in respect of the activities included in the work. The degree of completion is calculated in accordance to the Input method, where revenue is based on the entity's efforts or input to satisfy the performance obligation (e.g. costs for resources consumed, labour hours expended and other costs incurred) in relation to total expected input for the satisfaction of the performance obligation. 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 reasonably be calculated, revenues are recognized 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 recognized 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/yield (effective interest 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.

Accounting principles applicable until December 31, 2017 – 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.

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 FIXED ASSETS

Tangible fixed 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 fixed 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 fixed 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 fixed 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 fixed assets are classified into groups for calculation of depreciation based on their estimated useful life, in accordance with the following table.

Examples of items	Estimated use, years
Vehicles, office equipment and computers	3–5
Light machinery	5–12
Heavy machinery:	
• Relining 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). Land is assumed to have a perpetual period of use and thus is not depreciated. Other tangible fixed assets are classified into groups for calculation of depreciation based on their estimated useful life, in accordance with the following table.

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 fixed 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 'Fixed 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, "Short-term interest-bearing liabilities" and "Long-term 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 through profit and loss. Reporting thereafter is dependent 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 three valuation categories: "Fair value through profit or loss", "amortized cost" and "fair value through other comprehensive income".

- FAIR VALUE THROUGH PROFIT OR LOSS: Assets included in this category are financial assets that do not meet the requirements for valuation at amortized cost or at fair value through other comprehensive income. Financial assets and liabilities held for trading are always classified as "Financial assets at fair value through profit or loss" as well as financial assets that are managed and evaluated based on fair values. Holdings in this category are 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, except where used for hedge accounting, are included in this category as well. 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.

- AMORTIZED COST: Financial assets found in this category has a business model to receive contractual cash flows and the contractual cash flows are payments only of principal and interest. Loans and receivables, investments and accounts receivable are financial assets that can be found in this category. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the 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. Accounts receivable with a maturity of less than 12 months are not recognized at amortized cost, but at the amount that are expected to be received, net after deduction of impairment. They are included in Current assets, except for items with a maturity in excess of 12 months after the closing date, which are reported as Fixed assets.

- FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: Financial assets (debt instruments) found in this category have a business model to both receive contractual cash flows and sell the asset and the contractual cash flows are payments only of principal and interest. 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 2018.

At initial recognition, it is allowed to irrevocably classify equity instruments (shares) that are no held for trading purposes, at fair value through other comprehensive income. The group applies this for unlisted shares.

Accounting principles applicable until December 21, 2017 – Valuation categories

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".

- 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. Accounts receivable are reported at the amount that is expected to be received, i.e. after impairment.

- 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 2017.

Other shares and participations

Consist primarily of investments in equity instruments which do not have a listed market price.

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".

Accounts receivable

Accounts receivable are reported initially at fair value and accounts receivable in excess of twelve months are reported at amortized cost applying the effective interest rate method, less any provisions for reduction in value. Accounts receivable are reported at the amount that is expected to be received, i.e. after impairment. 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.

The group has sold part of the accounts receivables, "factoring" and received liquid funds. These receivables are included in a pre-determined, defined customer group. The accounts receivables remain in the consolidated accounts with the remaining credit risk that is not transferred to the factoring company. When the accounts receivable is fully paid and no credit risk remains, the balance is derecognized in the consolidated accounts.

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 assesses impairment losses by calculating expected credit losses, where historical, current and forward looking factors are taken into account. Tests for impairment of accounts receivable are based on an individual assessment. However, for receivables with no objective evidence of need for impairment and receivables of lower value, the impairment is done on a collective basis. 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. For accounts receivable, expected credit losses are calculated over the entire life of the receivable, without discounting.

Accounting principles applicable until December 31, 2017 – 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-of 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 are 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 amortized cost. The amortized cost is determined based on the effective interest rate which was calculated when the loan was taken up. Accordingly, premiums and discounts 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. Assessment of the efficiency is prospective and if possible, it is done on a qualitative basis.

- 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 noncurrent 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.

- 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.

- Sources of hedge ineffectiveness that may arise during the term of the hedging relationship are significant changes in the credit risk of one of the parties and, in case of cash flow hedge, a change in the timing of the payment of the hedged item.

- 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 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

The group is organized in five reportable operating segments with clear profit responsibility. The operating segments are the three steel divisions; SSAB Special Steels, SSAB Europe, SSAB Americas and the subsidiaries 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 page 128 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.

NOTES

1 Sales and other operating income

External sales, Group

	2018						2018					
	Business segments						Business segments					
SEK millions	**SSAB Special Steels**	**SSAB Europe**	**SSAB Americas**	**Tibnor**	**Ruukki Construction**	**Total**	**SSAB Special Steels**	**SSAB Europe**	**SSAB Americas**	**Tibnor**	**Ruukki Construction**	**Total**
Geographical areas												
Sweden	787	6,069	-	3,988	1,459	12,303	593	5,684	-	3,689	1,358	11,323
Finland	245	4,275	-	1,540	1,537	7,597	190	3,844	-	1,382	1,447	6,864
Germany	1,285	2,403	-	34	4	3,726	1,189	2,200	-	29	22	3,439
Other EU-28	4,705	9,724	-	1,064	1,982	17,475	4,232	9,962	-	973	1,837	17,004
Norway	80	608	-	1,591	687	2,967	39	707	-	1,537	510	2,793
Russia	346	270	-	-	313	929	232	377	-	-	427	1,036
Other Europe	851	301	-	14	103	1,269	870	435	-	13	101	1,419
USA	3,636	1,348	15,425	1	-	20,409	2,542	1,399	11,286	1	0	15,229
Canada	1,068	10	1,160	-	-	2,238	729	97	1,202	-	-	2,028
Rest of the world	4,315	1,584	69	40	20	6,028	3,606	1,199	63	29	26	4,923
Total	**17,318**	**26,590**	**16,655**	**8,272**	**6,105**	**74,941**	**14,221**	**25,904**	**12,551**	**7,652**	**5,729**	**66,059**
Product area												
Steel products	16,342	24,705	16,528	-	-	57,576	13,419	23,815	12,495	-	-	49,728
Trading operations	-	-	-	8,272	-	8,272	-	-	-	7,652	-	7,652
Ruukki Construction operations	-	-	-	-	6,105	6,105	-	-	-	-	5,729	5,729
Slabs, by-products and scrap	665	1,745	93	-	-	2,503	639	1,930	33	-	-	2,602
Other	311	140	33	-	-	484	163	160	24	-	-	348
Total	**17,318**	**26,590**	**16,655**	**8,272**	**6,105**	**74,941**	**14,221**	**25,904**	**12,551**	**7,652**	**5,729**	**66,059**

Contract revenue from agreements which extend over more than twelve months does not amount to a substantial value, therefore it is not disclosed.

Other operating income

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Sales of purchased energy and media	197	208	-	-
Sales of services	29	30	1	-
Net exchange rate differences	279	216	11	1
Profit upon sale of company or business	-	10	-	-
Profit upon sale of fixed assets	18	36	33	-
Investment grants/Government grants	64	25	1	-
Insurance reimbursement	185	315	1	-
Other	118	132	142	118
Total other operating income	**890**	**972**	**189**	**119**

2 Operating expenses

Type of cost	Group		Parent company	
SEK millions	2018	2017	2018	2017
Raw materials in the steel operations, including change in raw material inventory	28,815	24,752	-	-
Supplies and inputs	1,907	2,009	-	-
Purchased products in the trading operations	2,840	1,699	-	-
Purchased products in the steel operations	851	1,700	-	-
Energy	3,787	3,349	-	-
Change in inventory, work in progress and finished products	135	146	-	-
Compensation to employees	11,375	10,471	186	196
Material, services and maintenance	8,912	8,175	99	95
Depreciation/amortization	3,771	3,753	1	1
Other	8,562	7,206	70	52
Total operating expenses	**70,956**	**63,260**	**356**	**344**

Audit fees and related services	Group		Parent company	
SEK millions	2018	2017	2018	2017
PricewaterhouseCoopers				
Audit fees	18	19	4	2
Audit related services	2	1	1	1
Tax consulting	2	5	0	0
Other services	4	0	3	0
Total audit fees and related services to PricewaterhouseCoopers[1]	**26**	**25**	**9**	**3**
Other audit firms				
Audits and related services	11	7	-	-
Other services	10	18	2	7
Total audit fees and services to audit firms	**47**	**50**	**11**	**10**

[1] During the year PwC Sweden have invoiced SEK 8 (6) million for audit services. PwC Sweden's fees for other services than audit amounts to 44% (27%) compared to PwC Sweden's fees for audit. The PwC network's fees for other services than audit amounts to 29% (27%) compared to the network's invoiced fees for audit services

Operating expenses have been reduced by the following government and other grants:	Group		Parent company	
SEK millions	2018	2017	2018	2017
Investment grant	6	9	-	-
Other	12	16	-	-
Total grants	**18**	**25**	-	**-**

Compensation to employees	Board, President and Executive Vice President		Other employees	
SEK millions	2018	2017	2018	2017
Parent company[2]	28	26	72	74
Subsidiaries in Sweden	6	6	2,908	2,803
Subsidiaries outside Sweden	20	34	5,044	4,315
Total wages and salaries[3]	**54**	**66**	**8,024**	**7,192**
Social security expenses	26	24	2,224	2,146
(of which pension expenses)	(14)	(13)	(862)	(901)
Other expenses for employee benefits	10	4	582	404
Total compensation to employees	**90**	**94**	**10,831**	**9,742**

[2] 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.

[3] Total wages and salaries include variable salary components to Presidents in the amount of SEK 18 (16) million, of which SEK 4 (7) million in the parent company.

2 Operating expenses cont.

BOARD FEES

Board of Directors

At the Annual General Meeting (AGM) in April 2018, Bengt Kjell was re-elected as Chairman of the Board. Matti Lievonen was elected Vice Chairman of the Board. John Tulloch had announced that he was leaving the Board of Directors in conjuction with the AGM. At the AGM, it was decided that the Chairman's fee should amount to SEK 1,725 thousand, the Vice Chariman's fee should amount to SEK 800 thousand and directors' fees (excluding the President) to SEK 575 thousand each.

Members of the Audit Committee should receive a fee of SEK 130 thousand and members of the Remuneration Committee should receive a fee of SEK 105 thousand. The Chairman of the Audit Committee should receive SEK 210 thousand and the Chairman of the Remuneration Committee should receive SEK 160 thousand. In total SEK 6,370 (6,425) thousand was paid in fees to the Board of Directors.

Board members

			Fee 2018, SEK thousands[1]		Fee 2017, SEK thousands[1]	
Elected by general meeting [2]	Elected	Position	Board fee	Committee fee	Board fee	Committee fee
Bengt Kjell	2015	Chairman	1,725	290	1,650	275
Petra Einarsson	2014	Member	575	105	550	-
Matti Lievonen	2014	Member	800	105	550	100
Annika Lundius	2011	Member	575	130	550	125
John Tulloch[3]	2009	Member	-	-	550	100
Lars Westerberg	2006	Member	575	130	550	125
Marika Fredriksson	2016	Member	575	210	550	200
Pasi Laine	2017	Member	575	-	550	-

[1] The fee relates to the full term.
[2] The CEO and Employee Representatives are included in the Board of Directors but do not receive any related compensation.
[3] John Tulloch left the Board of Directors in conjunction with the AGM 2018.

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 2018, compensation to the President and other members in the company's senior management comprise of 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. The total compensation package shall be at market terms and conditions and competitive in the employment market in which the executive works. Fixed salary and variable compensations shall be related to the executive's responsibilities and authority. The variable compensations shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling 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 compensations, 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.

2 Operating expenses cont.

Consultant fees in line with prevailing market conditions 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. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice on the local market.

Pension benefits shall be contribution-based with individual retirement ages, 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.

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 makes 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), Matti Lievonen and Petra Einarsson. 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 2018

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.

The short-term variable salary component is related to: A) three Group objectives, 1. EBITDA margin relative to other comparable steel companies (Arcelor Mittal, AK Steel, Nucor, Salzgitter, ThyssenKrupp, US Steel and Tata Steel Europe), 2. net cash flow objective and 3. a sustainability objective established by the Board, measuring injury frequency, combined with B) divisional financial and operational objectives as well as C) one or more individual objectives. The individual objectives account for 15% of the total short-term variable pay. The other 85% relate to SSAB Group objectives and divisional objectives. SSAB Group objectives account for 85% of the President's short term variable salary. For Executive Vice Presidents of Group functions, SSAB Group objectives account for 70% of short-term variable salary and for divisional Executive Vice Presidents 30–40%. Financial or operational divisional or functional objectives account for the remaining part.

This variable salary component is capped at 75% of fixed salary for the President and at 50% for others. The divisional head of SSAB Americas receives variable compensation which is considered to be competitive in the local market. The target result is 60% of fixed salary but may amount to a maximum of 180% in the event of extremely high performance. As a supplement, for year 2018, the maximum level was raised from 180% to 240%

In 2011, a long-term incentive program was introduced covering at the time a maximum of 100 (now 150) key persons throughout the group, including the company's President and other senior executives. The purpose of the program is to promote the company's ability to recruit and retain key contributors.

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 (Arcelor Mittal, AK Steel, Nucor, Salzgitter, ThyssenKrupp and US Steel) and return on capital employed. For participants in the program outside North America, the result is capped at between 18% and 30% of fixed salary. The outcome for participants in North America is capped at between 30% and 135%, 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 38 million in the event of target realization, and SEK 75 million in the event of maximum realization, of which approximately 60% constitutes the cost for participants in North America.

Payments under the long-term incentive program take place in cash and on condition that the employment remains.

President and Chief Executive Officer

The total paid compensation package, excluding pension, amounted to SEK 16.9 (12.8) million out of which the short-term variable pay amounts to SEK 5.1 (2.2) million, which is 65% of the maxium outcome of the program or 49% of the annual base pay. The retirement age is 62. The pension is based on contributions and is covered by insurance. The cost amounted to 42 (43)% 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 10 (8) persons. The Group Executive Committee is presented in the Corporate Governance Report.

The total paid compensation package, excluding pension, amounted to SEK 46.3 (32.6) million out of which the short-term variable pay amounts to SEK 14.3 (6.1) million, which is 64% of the maxium outcome of the program

The minimum retirement age for members of the Group Executive Committee stationed outside the USA is 62. Pensions are based on contributions, exceptions from this are Olavi Huhtala; he continues to be covered by the benefit-based pension scheme with a retirement age of 60 via Rautaruukin Eläkesäätiö, of which he has long been covered through his employment at Rautaruukki, as well as Charles Schmitt, whose pension scheme is in accordance with US legislation and practice. 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 months' salary. Members of the Group Executive committee must give 6 months' notice of resignation, whereupon there is no entitlement to severance compensation.

No change of control clause is applied.

Total compensation and benefits are shown in the adjacent table:

Compensation and benefits for the President and other members of the Group Executive Committee	President		Other Group Executive Committee	
SEK millions	**2018**	**2017**	**2018[4]**	**2017**
Fixed salary[1]	11.3	10.3	28.7	25.2
Other benefits[2]	0.5	0.3	3.3	0.7
Short-term variable salary[3]	5.1	2.2	14.3	6.1
Long-term variable salary[3]	-	-	0.0	0.6
Total compensation	**16.9**	**12.8**	**46.3**	**32.6**
Pension expenses	4.8	4.4	11.7	9.6
Total	**21.7**	**17.2**	**58.0**	**42.2**

[1] For 2018, includes payment of SEK 0.4 (0.2) million to the President in respect of vacation compensation, as well as cost compensation in respect of company residence in the amount of SEK 0.3 (0.2) million.

[2] Relates primarily to car and gasoline benefits, housing benefits as well as reloaction benefits.

[3] The amounts relate to payments made in the relevant financial year, which were earned in previous years. The compensation for 2018 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 2018 for the entire Group Executive Committee amounted to SEK 20.9 (22.0) million.

[4] Includes compensation to 8 (8) members of the Group Executive Committee for the full year, including compensation during the termination period for 1 (0) member of the Group Executive Committee. 2 (0) members of the Group Executive Committee for nine months and 1 (0) members of the Group Executive Committee for three months.

3 Affiliated companies, joint ventures and related party transactions

Share of earnings and sales	Share of earnings after tax		Share of sales	
SEK millions	**2018**	**2017**	**2018**	**2017**
Lulekraft AB	1	-1	208	168
Oxelösunds Hamn AB	12	11	172	150
Blastech Mobile LLC (joint venture)	38	36	134	129
Bet-Ker Oy	9	8	54	46
Helens Rör AB	12	19	455	431
Manga LNG Oy	0	0	44	2
Raahen Voima Oy	-	-	317	205
HYBRIT Development AB (joint venture)	-5	0	-	0
Stoxy Solutions AB (joint venture)	-3	-5	-	-
Total	**65**	**68**	**1,384**	**1,131**

Share of assets and liabilities	Share of assets		Share of liabilities	
SEK millions	**2018**	**2017**	**2018**	**2017**
Lulekraft AB	131	126	117	112
Oxelösunds Hamn AB	208	150	58	10
Blastech Mobile LLC (joint venture)	87	70	17	12
Bet-Ker Oy	52	43	14	8
Helens Rör AB	223	190	132	106
Manga LNG Oy	296	224	226	157
Raahen Voima Oy	636	609	379	361
HYBRIT Development AB (joint venture)	38	1	31	1
Stoxy Solutions AB (joint venture)	-	6	-	1
Total	**1,671**	**1,419**	**974**	**768**

Receivables from affiliated companies and joint venture	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Included in balance sheet items:				
Accounts receivable	130	64	3	-
Prepaid expenses and accrued revenue	10	4	-	-
Total	**140**	**68**	**3**	**-**

Liabilities to affiliated companies and joint venture	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Included in balance sheet items:				
Accounts payable	148	81	-	-
Total	**148**	**81**	-	**-**

Share of owning and equity share can be found in Note 8.

RELATED PARTY TRANSACTIONS

The following transactions with affiliated companies and joint venture occurred during the year:

SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 198 (172) million. Lulekraft purchased gas from SSAB Europe for SEK 457 (267) million and resold electricity for SEK 284 (175) million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 255 (131) million and sold back energy for SEK 252 (152) million.

Oxelösunds Hamn sold port services to SSAB Europe for SEK 551 (173) million and purchased other services for SEK 150 (46) million. Helens Rör bought steel from the steel operations for SEK 187 (199) million and the steel operations bought steel from Helens Rör for SEK 5 (2) million. SSAB Europe purchased refractory materials from Bet-Ker for SEK 39 (70) million. The Board Member John Tulloch has a consultancy agreement with one of the US subsidiaries of SSAB from which he received SEK 0.2 (0.6) million in fees. John Tulloch resigned as a Board member in connection with the Annual General Meeting in April 2018 . The transactions took place at arm's length prices.

4 Financial items

Group

SEK millions	2018	2017
Financial income		
Interest income	258	256
Exchange rate differences	89	63
Dividends	2	3
Other	4	-1
Total financial income	**353**	**321**
Financial expenses		
Interest expenses	-695	-1,031
Exchange rate differences	-94	-38
Other	-101	-228
Total financial expenses	**-890**	**-1,297**
Total financial net	**-537**	**-976**

Parent company

SEK millions	2018	2017
Dividends from subsidiaries[1]	18,632	5,792
Dividends from affiliated companies	1	1
Write-down of subsidiary shares[1]	-17,500	-5,292
Write-down of affiliated shares	-11	-
Interest income from subsidiaries	349	303
Interest expenses to subsidiaries	-73	-67
Total result from subsidiaries and affiliated companies	**1,398**	**737**
Other interest income	90	173
Other interest expenses	-505	-832
Net exchange rate differences	-673	1,269
Other	-100	-183
Total other financial items	**-1,188**	**427**
Total financial net	**210**	**1,164**

[1] During 2018, SSAB Finance Ireland distributed SEK 18,607 (-) million in dividend, then a write-down of SEK 17,500 million of the shares in SSAB Finance Ireland was made. During 2017, the parent company made a write-down of SEK 145 million in its subsidiary SSAB Finance UK's shares, a write-down of SEK 5,121 million in SSAB Finance Brussels shares and a write-down of SEK 26 million in SSAB APAC Holding's shares. During 2017 SSAB Finance UK distributed SEK 144 million, after which the shares in SSAB Finance UK were written down to SEK 0. SSAB Finance Brussels distributed SEK 5,647 million after which the shares in SSAB Finance Brussels were written down to SEK 0.

5 Taxes

The tax for the year amounted to SEK -839 (-552) million and the effective tax rate was 19% (19%).

Taxes	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Swedish corporate income tax	-2	-8	-1	0
Foreign corporate income tax	-841	-561	0	0
Total current tax expenses	**-843**	**-569**	**-1**	**0**
Deferred taxes	4	17	-146	-406
Total tax in the income statement	**-839**	**-552**	**-147**	**-406**
Total tax in other comprehensive income[1]	**92**	**-279**	**5**	**-5**

Reconciliation of tax rates	Group		Parent company	
%	**2018**	**2017**	**2018**	**2017**
Applicable tax rate in Sweden	22.0	22.0	22.0	22.0
Tax effect of:				
• non-deductible expenses[2]	0.2	0.3	216.8	49.4
• non-taxable divestments	-	-	-	-
• non-taxable revenue[2]	-1.0	-4.6	-230.2	-57.5
• changes in tax rates[3]	-0.3	0.9	-	-
• other tax rates in foreign subsidiaries	-3.8	-8.4	-	-
• taxes relating to earlier periods	0.1	-0.1	-	-
• unbooked deficit credit	0.4	0.5	-	-
• other	1.4	8.7	-0.4	3.3
Effective tax rate	**19.0**	**19.3**	**8.2**	**17.2**

[1] For details see Consolidated statement of changes in equity on page 147 and on page 151 for the parent company.
[2] The parent company's non-deductible expenses are for the most part related to write-down of shares whereas non-taxable revenue consists primarily of dividends from subsidiaries.
[3] The Swedish tax rate was reduced on January 1, 2019 from 22% to 21.4% and will be reduced to 20.6% as of January 1, 2021. As a result, the tax rate change has deferred taxes revalued according to the new rules. This revaluation had a marginal positive effect for the Group of -0.3%.

6 Intangible assets

Group

	2018							2017						
SEK millions	Customer relations	Trademarks	Emission rights[1]	Other intangible assets	Trademarks with undeterminable useful life	Goodwill	Total intangible assets	Customer relations	Trademarks	Emission rights[1]	Other intangible assets	Trademarks with undeterminable useful life	Goodwill	Total intangible assets
Acquisition value, January 1	8,120	6	1,099	1,432	440	28,052	39,149	8,939	6	1,066	1,431	427	30,221	42,090
Acquisitions	-	-	112	107	-	-	219	-	-	-	78	-	-	78
Sales and disposals	-41	-	-	-5	-	-	-46	-	-	-	-30	-	-	-30
Decrease through sale of shares/operations	-	-	-	-11	-	-	-11	-	-	-	-	-	-	-
Reclassifications	-	-	-	26	-	-	26	-	-	-	4	-	-	4
Translation differences	737	0	44	90	18	2,275	3,164	-819	0	33	-51	13	-2,169	-2,993
Acquisition value, December 31	**8,816**	**6**	**1,255**	**1,639**	**458**	**30,327**	**42,501**	**8,120**	**6**	**1,099**	**1,432**	**440**	**28,052**	**39,149**
Accumulated amortization, January 1	7,291	5	752	1,124	-	-	9,172	7,521	5	516	1,115	-	-	9,157
Sales and disposals	-31	-	-	-2	-	-	-29	-	-	-	-6	-	-	-6
Amortization for the year	499	0	229	74	-	-	802	488	0	215	72	-	-	775
Decrease through sale of shares/operations	-	-	-	-11	-	-	-11	-	-	-	-	-	-	-
Reclassifications	-	-	-	10	-	-	10	-	-	-	-1	-	-	-1
Translation differences	672	0	31	80	-	-	779	-718	0	21	-56	-	-	-753
Accumulated amortization, December 31	**8,431**	**5**	**1,012**	**1,275**	**-**	**-**	**10,723**	**7,291**	**5**	**752**	**1,124**	**-**	**-**	**9,172**
Accumulated write-down, January 1	6	-	-	1	-	322	329	6	-	-	2	-	312	320
Write-down for the year	-	-	-	0	-	-	0	-	-	-	0	-	-	0
Reclassifications	-	-	-	-	-	-	-	-	-	-	-1	-	-	-1
Translation differences	-	-	-	0	-	11	11	0	-	-	0	-	10	10
Accumulated write-down, December 31	**6**	**-**	**-**	**1**	**-**	**333**	**340**	**6**	**-**	**-**	**1**	**-**	**322**	**329**
Residual value, December 31	**379**	**1**	**243**	**363**	**458**	**29,994**	**31,438**	**823**	**1**	**347**	**307**	**440**	**27,730**	**29,648**

[1] Includes surplus values from the acquisition of Rautaruukki relating to future allocation of emission rights of the amount SEK 133 (347) million.

Amortization for the year is included in the income statement in the amount of SEK 761 (735) million in cost of goods sold; SEK 8 (8) million in selling expenses and SEK 33 (32) million in other administrative expenses.

6 Intangible assets cont.

TEST OF IMPAIRMENT OF GOODWILL AND OTHER ASSERS WITH AN UNDETERMINABLE USEFUL LIFE

Test of impairment of goodwill and other assets with an undeterminable useful life takes place annually towards the end of the fourth quarter. The group's most significant assets with an undeterminable useful life is allocated to the group's cash-generating units below:

SEK millions	2018	2017
Goodwill		
SSAB North America (in Division SSAB Americas)	24,451	22,408
SSAB Special Steels	2,827	2,714
SSAB Europe	2,132	2,046
Tibnor	523	502
Ruukki Construction	60	60
Total goodwill	**29,994**	**27,730**
Ruukki Construction (Trademark Rautaruukki)	458	440
Total assets with an undeterminable useful life[1]	**30,452**	**28,170**

[1] Main reason for value changes compared to previous year are due to exchange rate differences.

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 flow beyond a five-year period have been extrapolated applying an assessed rate of growth in accordance with the information below. The rate 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:

2018	SSAB North America	SSAB Special Steels	SSAB Europe	Tibnor	Ruukki Construction
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	11.0	7.7	7.6	7.7	7.7

2017	SSAB North America	SSAB Special Steels	SSAB Europe	Tibnor	Ruukki Construction
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	9.7	6.7	6.6	6.6	6.6

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 margin before depreciation, EBITDA, 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, see Note 30.

EMISSION RIGHTS

The estimated consumption of emission rights in 2018 was 9.03 (9.14) million tons. No emission rights were sold in 2018 or 2017. The allocated rights were sufficient for consumption in 2018. The emission rights are reported as an intangible asset, with granted emission rights being booked at an acquisition value of SEK 0. SSAB is participating in various programs whereby it is possible to purchase emission rights. At year-end SSAB owned emission rights valued at SEK 110 (5) million, which are reported as an intangible asset.

6 Intangible assets cont.

Parent company

	2018			2017	
SEK millions	**Emission rights**	**Other intangible assets**	**Total intangible fixed assets**	**Other intangible assets**	**Total intangible fixed assets**
Acquisition value, January 1	–	3	3	–	–
Acquisitions	112	2	114	–	–
Sales and disposals	-112	–	-112	3	3
Acquisition value, December 31	**–**	**5**	**5**	**3**	**3**
Accumulated depreciation, January 1	–	0	0	–	–
Depreciation for the year	–	1	1	0	0
Accumulated depreciation, December 31	**–**	**1**	**1**	**0**	**0**
Residual value, December 31	**–**	**4**	**4**	**3**	**3**

7 Tangible fixed assets

Group

	2018							2017						
SEK millions	**Land and land improve-ments**	**Buildings**	**Machinery**	**Equipment, tools, fixtures and fittings**	**Leased assets**	**Construction in progress and advances to suppliers**	**Total tangible fixed assets**	**Land and land improve-ments**	**Buildings**	**Machinery**	**Equipment, tools, fixtures and fittings**	**Leased assets**	**Construction in progress and advances to suppliers**	**Total tangible fixed assets**
Acquistion value, January 1	1,019	7,848	41,804	2,683	623	1,624	55,601	1,053	8,149	43,970	661	-	1,358	55,191
Acquistions	14	113	364	125	97	1,617	2,330	2	90	144	93	-	1,196	1,525
Sales and disposals	-35	-203	-121	-52	-8	-4	-423	-11	-34	-88	-34	-	0	-167
Decrease through sale of shares/ operations	-12	-203	144	-1	-	0	-72	-	-	-	-	-	-	-
Reclassifications	-7	150	539	207	3	-890	2	-5	-281	-1,310	1,931	609	-904	40
Translation difference	24	281	1,225	95	26	39	1,690	-20	-76	-912	32	14	-26	-988
Acquisition value, December 31	**1,003**	**7,986**	**43,955**	**3,057**	**741**	**2,386**	**59,128**	**1,019**	**7,848**	**41,804**	**2,683**	**623**	**1,624**	**55,601**
Accumulated depreciation, January 1	252	3,211	26,131	1,740	184	-	31,518	245	2,952	25,561	386	-	-	29,144
Sales and disposals	-	-65	-62	-52	-7	-	-186	-9	-18	-50	-42	-	-	-119
Depreciation for the year	29	362	2,314	187	72	-	2,964	31	347	2,356	179	61	-	2,974
Decrease through sale of shares/ operations	-	-45	82	0	-	-	37	-	-	-	-	-	-	-
Reclassifications	-7	9	-153	164	2	-	15	-10	-40	-1,200	1,186	119	-	55
Translation difference	5	81	595	55	8	-	744	-5	-30	-536	31	4	-	-536
Accumulated depreciation, December 31	**279**	**3,553**	**28,907**	**2,094**	**259**	**-**	**35,092**	**252**	**3,211**	**26,131**	**1,740**	**184**	**-**	**31,518**
Accumulated write-down, January 1	13	79	60	0	-	-	152	14	87	80	0	-	-	181
Sales and disposals	-	-75	-5	0	-	-	-80	-	-1	-4	-1	-	-	-6
Write-down for the year	-	5	0	0	-	-	5	-	0	4	1	-	-	5
Reclassifications	2	0	-2	-	-	-	0	-	-6	-21	-	-	-	-27
Translation difference	1	4	1	0	-	-	6	-1	-1	1	0	-	-	-1
Accumulated write-down, December 31	**16**	**13**	**54**	**0**	**-**	**-**	**83**	**13**	**79**	**60**	**0**	**-**	**-**	**152**
Residual value, December 31	**708**	**4,420**	**14,994**	**963**	**482**	**2,386**	**23,953**	**754**	**4,558**	**15,613**	**943**	**439**	**1,624**	**23,931**

7 Tangible fixed assets cont.

Depreciations and write-downs for the year are included in the income statement in the amount of SEK 2,900 (2,905) million, in costs of goods sold, SEK 24 (26) million in selling expenses and SEK 45 (43) million in administrative expenses. As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 480 (248) million which were not reported in the financial statements.

Parent company

	2018		2017	
SEK millions	**Equipment, tools, fixtures and fittings**	**Total tangible fixed assets**	**Equipment, tools, fixtures and fittings**	**Total tangible fixed assets**
Acquisition value, January 1	13	13	13	13
Acquisitions	5	5	-	-
Acquisition value, December 31	**18**	**18**	**13**	**13**
Accumulated depreciation, January 1	12	12	12	12
Depreciation for the year	1	1	0	0
Accumulated depreciation, December 31	**13**	**13**	**12**	**12**
Residual value, December 31	**5**	**5**	**1**	**1**

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

Group

SEK millions	2018				2017			
	Other shares and participations	Other long-term receivables	Total financial assets	Participations in affiliated companies and JV	Other shares and participations	Other long-term receivables	Total financial assets	Participations in affiliated companies and JV
Book value at January 1	233	199	433	651	212	95	308	628
Investments	37	15	52	11	34	71	105	11
Change in fair value, derivatives	–	89	89	–	–	45	45	–
Sales and amortization	–	-25	-25	-3	-19	-14	-33	–
Impairments	0	-2	-2	–	–	–	–	–
Shares in profit after tax	–	–	0	65	–	–	–	68
Reclassification	0	51	51	0	–	2	2	–
Dividend	–	–	0	-51	–	–	–	-61
Translation differences	9	2	11	24	6	–	6	5
Book value at December 31	**279**	**329**	**608**	**697**	**233**	**199**	**433**	**651**

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 partially in the category "Financial assets valued at amortized cost" and partially in "Derivatives for hedging classified at fair value".

Parent company

SEK millions	2018					2017				
	Shares in subsidiaries	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	Total financial assets
Book value, January 1	65,213	22	8	0	65,243	33,088	11	8	0	33,107
Investments	18,611	11	–	–	18,622	37,417	11	–	–	37,428
Change in fair value, derivatives	–	–	–	1	1	–	–	–	–	–
Impairments	-17,500	-11	0	–	-17,511	-26	–	–	–	-26
Reductions and amortization	–	–	–	–	–	-5,266	–	–	–	-5,266
Book value, December 31	**66,324**	**22**	**8**	**1**	**66,355**	**65,213**	**22**	**8**	**0**	**65,243**

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	%[1]	Book value, SEK millions
Swedish operating subsidiares:					
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	13
SSAB APAC Holding AB	556858–6647	Stockholm	50,000	100	50
Foreign operating subsidiaries:					
SSAB Central Inc.		Canada	1,000	100	361
SSAB US Holding Inc.		USA	100	100	25,408
Rautaruukki Oyj		Finland	138,929,363	100	14,967
SSAB Finance Ireland		Ireland	130,000,000	100	21,120
Other[2]					3
Dormant companies					**0**
Total					**66,324**

Other shares and participations

Tenant-owner rights	8
Total, parent company's other shares and participations	**8**
Subsidiaries' other shares and participations[2]	271
Total, Group's other shares and participations	**279**

Parent company's shares in affiliated companies and joint venture

	Reg. no	Office	Number	%[1]	Book value, SEK millions
HYBRIT Development AB	559121-9760	Stockholm	500,000	33	12
Lulekraft AB	556195–0576	Luleå	100,000	50	10
Total, parent company's shares in affiliated companies and joint venture					**22**

Subsidiaries' shares and participations in affiliated companies and joint venture

	Reg. no	Office	Number	%[1]	SEK millions
Oxelösunds Hamn AB	556207–4913	Oxelösund	50,000	50	149
Blastech Mobile LLC		USA		50	69
Bet-Ker Oy	1003246-0	Finland	120	44	38
Manga LNG Oy	2592122-8	Finland	3,151,042	25	70
Raahen Voima Oy	2604933-9	Finland	1,875	75	258
Helens Rör AB	556086-9785	Halmstad	4,500	25	91
					676
Equity shares in affiliated companies and joint venture's equity in excess of the book value in the parent company					**-1**
Total, Group participations in affiliated companies and joint venture					**697**

[1] 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%.
[2] 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 %
Alamentti Oy	Finland	100
BevakningsAB Företagsskydd	Sweden	100
Blupoint Pty Ltd.	Australia	100
EO Stål AB	Sweden	100
Förvaltnings AB Tegelhögen	Sweden	100
G & G Mining Fabrication	Australia	100
Geha Beheer BV	The Netherlands	51
Hardox Wearparts Center Gauteng	South Africa	80
Hardox Wearparts Centre Stirling Ltd.	Great Britain	100
Linköpings Stål AB	Sweden	100
LLC Ruukki Investment Ukraine	Ukraine	100
LLC Ruukki Ukraine	Ukraine	99,9
Metform Oy	Finland	100
Nordic Steel AB	Sweden	100
OOO Metalplast Russia	Russia	100
OOO Ruukki Express	Russia	100
Plannja Siba AB	Sweden	100
Plannja A/S	Norway	100
Plannja A/S	Denmark	100
Plannja Förvaltnings AB	Sweden	100
Plannja SP z.o.o	Poland	100
Plannja Steinwalls AB	Sweden	100
Plåtdepån i Borlänge AB	Sweden	100
Presteel Oy	Finland	80,1

Name	Office	Ownership %
Rannila Uü	Estonia	100
Rautaruukki Uü	Estonia	100
Ruukki Bulgaria EOOD	Bulgaria	100
Ruukki Canada Inc.	Canada	100
Ruukki Chile SpA	Chile	100
Ruukki Construction Norge AS	Norway	100
Ruukki Construction Oy	Finland	100
Ruukki CZ s.r.o.	Czech Republic	100
Ruukki d.o.o.	Slovenia	100
Ruukki Engineering Oy	Finland	100
Ruukki Finance B.V.	The Netherlands	100
Ruukki Holding AB	Sweden	100
Ruukki Holding B.V.	The Netherlands	100
Ruukki Hungary Kft	Hungary	100
Ruukki Metal (Shanghai) Co. Ltd.	China	100
Ruukki Metals Trading & Marketing India Private Limited	India	99
Ruukki Polska Sp.zo.o.	Poland	100
Ruukki Products AS	Estonia	100
Ruukki Romania S.R.L.	Romania	100
Ruukki Slovakia s.r.o.	Slovakia	100
Ruukki Sverige AB	Sweden	100
Ruukki UK Ltd.	Great Britain	100
SC Plannja SRL, Romania	Romania	100
SIA Ruukki Latvija	Latvia	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 Adriatic d.o.o.	Croatia	100
SSAB Alabama Inc.	USA	100
SSAB Argentina SRL	Argentina	100
SSAB Bulgaria Ltd.	Bulgaria	100
SSAB Columbia S.A.S.	Colombia	100
SSAB Construction Inc.	USA	100
SSAB Danmark A/S	Denmark	100
SSAB Egypt LLC	Egypt	100
SSAB Enterprises LLC	USA	100
SSAB Europe Oy	Finland	100
SSAB Hardox	China	100
SSAB Hardox Stahl GmbH	Austria	100
SSAB Holding Danmark A/S	Denmark	100
SSAB Inc.	USA	100
SSAB Iowa Inc.	USA	100
SSAB Israel Ltd.	Israel	100
SSAB Saudi Factory LLC	Kingdom of Saudi Arabia	100
SSAB Merox AB	Sweden	100
SSAB Minnesota Inc.	USA	100
SSAB Oxelösund AB Sucursal Del	Peru	100
SSAB Poland Sp.z.o.o, Poland	Poland	100
SSAB South Africa Pty Ltd.	South Africa	100
SSAB Sales Inc. (US)	USA	100
SSAB SSC AB	Sweden	100

Name	Office	Ownership %
SSAB Svenskt Stål A/S	Norway	100
SSAB Swedish Steel (China) Co., Ltd.	China	100
SSAB Swedish Steel	Indonesia	100
SSAB Swedish Steel	Australia	100
SSAB Swedish Steel	Hong Kong	100
SSAB Swedish Steel	Japan	100
SSAB Swedish Steel (China) Co.,Ltd.	China	100
SSAB Swedish Steel (Thailand) Co., Ltd.	Thailand	49
SSAB Swedish Steel Aceros de Chile Limitada	Chile	100
SSAB Swedish Steel BV	The Netherlands	100
SSAB Swedish Steel CIS	Russia	100
SSAB Swedish Steel Comércio de Aço Ltda.	Brazil	100
SSAB Swedish Steel Eesti OU	Estonia	100
SSAB Swedish Steel FZE	United Arab Emirates	100
SSAB Swedish Steel India PVT Ltd.	India	100
SSAB Swedish Steel International Trade (Kunshan) Co.	China	100
SSAB Swedish Steel Lda	Angola	100
SSAB Swedish Steel Lda	Portugal	100
SSAB Swedish Steel LLC	Ukraine	100
SSAB Swedish Steel LLP	Kazakhstan	100
SSAB Swedish Steel Ltd.	Canada	100
SSAB Swedish Steel Ltd.	Great Britain	100
SSAB Swedish Steel Ltd., Shanghai	China	100
SSAB Swedish Steel Ltd.	Korea	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 Mepe	Greece	100
SSAB Swedish Steel Pte Ltd.	Singapore	100
SSAB Swedish Steel S.L.	Spain	100
SSAB Swedish Steel SARL	Morocco	100
SSAB Swedish Steel s.r.o.	Czech Republic	100
SSAB Swedish Steel Sdn Bhd	Malaysia	100
SSAB Swedish Steel SpA	Italy	100
SSAB Swedish Steel SRL	Romania	100
SSAB Swedish Steel Taiwan Ltd.	Taiwan	100
SSAB Swedish Steel Trading Ltd.	Turkey	100
SSAB Swedish Steel Trading Ltd., Ungern	Hungary	100
SSAB Swedish Steel, Serbia	Serbia	100
SSAB Texas Inc.	USA	100
SSAB Wear Solutions LLC	USA	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 Estonia AS	Estonia	100
Tibnor Lanna AB	Sweden	100
Tibnor Oy	Finland	100
Tibnor SIA Latvia	Latvia	100
UAB Ruukki Lietuva	Lithuania	100

9 Inventories

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Raw materials, consumables and semi-finished goods	10,861	8,120	-	-
Slabs	1,580	1,412	-	-
Work in progress	528	564	-	-
Stocks of finished goods	6,844	5,939	-	-
Total	**19,813**	**16,035**	-	**-**

SEK 164 (234) million of the inventory value is valued at net realizable value. The share of inventories which is booked as an expense amounts to SEK 65,339 (58,592) million during the period, where SEK 700 (497) million was reported as an expense relating to impairment of inventories.

10 Prepaid expenses and accrued income

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Delivered, non-invoiced goods and services	72	53	-	-
Bonuses, discounts, licenses and similar	47	48	-	-
Prepaid rents	33	27	5	3
Prepaid insurance premiums	23	141	1	2
Accrued interest income	0	0	0	0
Accrued insurance reimbursement	140	-	-	-
Derivatives reported in hedge accounting	242	137	43	81
Derivatives not reported in hedge accounting	82	38	15	27
Energy taxes	71	67	-	-
Prepaid bank fees	20	22	21	22
Other prepaid expenses	247	274	11	7
Total	**977**	**807**	**97**	**142**

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

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Other current interest-bearing receivables				
Restricted funds	2,244	2,453	2,244	2,453
Other current interest-bearing receivables	13	112	12	-
Total current interest-bearing receivables	**2,257**	**2,565**	**2,255**	**2,453**
Cash and cash equivalents				
Cash and bank balances	2,531	4,245	1,553	3,187
Short-term investments (term to maturity of less than three months)	67	4	-	-
Total cash and cash equivalents	**2,598**	**4,249**	**1,553**	**3,187**
Total	**4 855**	**6 814**	**3 808**	**5 640**

All short-term investments and current interest-bearing receivables are valued at amortized costs. 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 9,062 (9,062) million, divided into 1,029.8 (1,029.8) 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 and 725.7 (725.7) million shares are Class B shares. Each Class A share entitles one vote, while each Class B share entitles the holder to one tenth of a vote. No shares are held in treasury by the company or its subsidiaries. The average number of shares was 1,029.8 (1,029.8) million (average number of shares have been adjusted based on the bonus issue element in the rights issue). Other contributed funds amounting to SEK 23,021 (23,021) million and consists of funds paid in by the shareholders in connection with new issues, in excess of the par value of the shares.

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 9,602 (5,593) 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 -4,205 (-3,686) 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 318 (134) million.

The proposed dividend for 2018 amounts to SEK 1,544.7 (1,029.8) million which constitutes SEK 1.50 (1.00) per share.

Numbers of shares/share capital	Group	
	2018	**2017**
Numbers of shares in million	1,029.8	1,029.8
Share capital in SEK million	9,062	9,062

Group

	2018				2017			
SEK millions	**Reserve for hedge of foreign operations**	**Reserve for cash flow hedges**	**Translation reserve**	**Total reserves**	**Reserve for hedge of foreign operations**	**Reserve for cash flow hedges**	**Translation reserve**	**Total reserves**
Reserves, January 1	-3,686	134	5,593	2,041	-4,689	114	8,579	4,004
Translation differences during the period	-	-	4,009	4,009	-	-	-2,986	-2,986
Fair value changes during the period	-666	258	-	-408	1,286	318	-	1,604
Tax related to fair value changes during the period	147	-54	-	93	-283	-65	-	-348
Transferred to the income statement	-	-27	-	-27	-	-291	-	-291
Tax related to transferred to the income statement	-	7	-	7	-	58	-	58
Reserves, December 31	**-4,205**	**318**	**9,602**	**5,715**	**-3,686**	**134**	**5,593**	**2,041**

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 in the Other comprehensive income.

The total pension expenses are broken down as follows:	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Fees for contribution-based plans	780	709	21	21
Fees for pension insurance policies with Alecta[1]	107	96	10	6
Pension expenses, benefit-based plans	29	24	0	0
Special employer's contributions	81	79	9	8
Other	-4	6	0	0
Total pension expenses	**993**	**914**	**39**	**35**

[1] Alecta's surplus can be allocated to the policyholders and/or the insurers. At the end of December 2018, Alecta's preliminary surplus in the form of the collective funding level amounted to 142% compared with 154% as per the end of 2017. 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:	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Funded pension obligations	1,275	1,350	-	-
Fair value of plan assets	-1,272	-1,328	-	-
Pension obligations less plan assets	**3**	**22**	-	**-**
Unfunded pension obligations	351	352	3	3
Pension obligations, net	**354**	**374**	**3**	**3**

Changes in benefit-based obligations during the year:	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Pension obligations, January 1	1,702	1,679	3	3
Increase through acquisition of shares/operations	0	0	-	-
Benefits earned during the year	41	47	0	1
Actuarial gains/losses	-100	66	-	-
Interest expenses	30	30	0	0
Paid benefits	-114	-119	-1	-1
Curtailments and settlements	-1	-14	-	-
Translation differences	66	13	-	-
Pension obligations, December 31	**1,624**	**1,702**	**3**	**3**

Changes in the value of the plan assets during the year:	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Plan assets, January 1	1,328	1,315	-	-
Increase through acquisition of shares/operations	0	0	-	-
Actuarial gains/losses	-70	64	-	-
Return during the year	11	10	-	-
Fees from employer	36	23	-	-
Paid benefits	-91	-91	-	-
Curtailments and settlements	6	-4	-	-
Translation differences	50	11	-	-
Plan assets, December 31	**1,270**	**1,328**	-	**-**
Pension obligations, net	**354**	**374**	**3**	**3**

13 Pensions cont.

Net pension provisions in balance sheet

SEK millions	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Pensions provisions	431	453	3	3
Long-term receivables	77	79	–	–
Financial assets	**354**	**374**	**3**	**3**

Pensions provisions by country, December 31

	2018						2017					
SEK millions	**Finland**	**Norway**	**USA**	**Sweden**	**Other**	**Total**	**Finland**	**Norway**	**USA**	**Sweden**	**Other**	**Total**
Funded pension obligations	960	237	73	4	1	1,275	1,033	248	67	2	0	1,350
Fair value of plan assets	901	313	56	1	1	1,272	954	323	50	1	0	1,328
Pension obligations less plan assets	**59**	**-76**	**17**	**3**	**0**	**3**	**79**	**-75**	**17**	**1**	**0**	**22**
Unfunded pension obligations	131	15	125	39	41	351	138	14	117	44	39	352
Pension obligations, net	**190**	**-61**	**142**	**42**	**41**	**354**	**217**	**-61**	**134**	**45**	**39**	**374**

Specification of plan assets

Distribution, %	2018	2017
Equity instruments	10.1	9.1
Bonds	44.4	47.1
Real estate	10.5	8.7
Cash	1.7	6.3
Investments funds	27.7	27.5
Other	5.6	1.3
Total	**100.0**	**100.0**

Actuarial assumptions used

	2018				2017			
	Finland	**Norway**	**USA**	**Sweden**	**Finland**	**Norway**	**USA**	**Sweden**
Discount rate, %	1.7	2.8	3.6	0.8	1.4	2.7	3.6	0.5
Future salary growth, %	1.6	3.2	3.3	2.0	1.6	3.0	3.3	3.0
Pension increase rate, %	1.8	0.5	2.8	3.0	1.9	0.5	2.8	0.5

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.

DISCOUNT RATE

The plan obligations are calculated using a discount rate set with a reference to corporate bond yields. 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.

A 0.5% decrease of discount rate would increase pension obligation by SEK 60 (70) million while an increase of 0.5% would decrease it with SEK 53 (63) million.

A 0.5% increase in pension increase growth would increase pension obligation by SEK 55 (42) million while a 0.5% decrease would decrease it by SEK 52 (40) 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

	2018							2017						
SEK millions	**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	-1,626	325	111	136	-587	1,058	-583	-2,024	844	128	182	-1,207	1,810	-267
Changes against earnings	100	-389	-10	3	212	88	4	312	-500	-27	4	552	-324	17
Changes against other comprehensive income	-	-	-8	-	-	100	92	-	-	9	-	-	-288	-279
Changes against investment grant	-	-	-	-26	-	-	-26	-	-	-	-49	-	-	-49
Increase due to acquisition of shares/operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease due to disposal of shares/operations	-	-16	-	-	11	-11	-16	-	-	-	-	-	-	-
Translation difference	-81	88	-12	12	-43	28	-9	86	-19	1	-1	68	-140	-5
Closing balance, December 31, net	**-1,607**	**8**	**81**	**125**	**-407**	**1,263**	**-537**	**-1,626**	**325**	**111**	**136**	**-587**	**1,058**	**-583**

14 Deferred tax liabilities and tax receivables cont.

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 1,447 (1,029) million. SEK 59 (57) million of these will expire within 12 months.

Deferred tax receivables and liabilities are distributed as follows:

Deferred taxes

	Group	
SEK millions	**2018**	**2017**
Deferred tax liabilities		
• due within 12 months	144	112
• due after more than 12 months	363	179
Total	**507**	**291**
Deferred tax liabilities		
• due within 12 months	0	0
• due after more than 12 months	-1,044	-874
Total	**-1,044**	**-874**
Deferred tax, net	**-537**	**-583**

Changes in deferred tax (receivables +/liabilities -), Parent company

	2018				2017			
SEK millions	**Unused tax losses**	**Pension provisions**	**Other**	**Total**	**Unused tax losses**	**Pension provisions**	**Other**	**Total**
Opening balance, January 1	153	25	-4	174	481	21	83	585
Changes against earnings	-153	1	6	-146	-328	4	-82	-406
Changes against other comprehensive income	–	–	5	5	–	–	-5	-5
Closing balance, December 31	**0**	**26**	**7**	**33**	**153**	**25**	**-4**	**174**

15 Other provisions

Group

	2018					2017				
SEK millions	**Restructuring provision**	**Warranties provision**	**Environmental provision**	**Other provisions[1]**	**Total**	**Restructuring provision**	**Warranties provision**	**Environmental provision**	**Other provisions[1]**	**Total**
Opening balance, January 1	15	49	57	93	214	30	48	67	62	207
Additional provisions	3	12	5	84	104	2	6	5	58	71
Utilized during the year	-8	-10	-28	-30	-76	-17	-6	-17	-26	-66
Translation difference	0	1	1	3	6	0	1	2	-1	2
Closing balance, December 31	**11**	**53**	**36**	**149**	**248**	**15**	**49**	**57**	**93**	**214**

of which reported as:

	2018	2017
• Other long-term provisions	174	138
• Short-term provisions	74	76
Total	**248**	**214**

Parent company

	2018		2017	
SEK millions	**Other provisions[1]**	**Total**	**Other provisions[1]**	**Total**
Opening balance, January 1	55	55	21	21
Additional provisions	3	3	44	44
Utilized during the year	-11	-11	-10	-10
Closing balance, December 31	**47**	**47**	**55**	**55**

of which reported as:

	2018	2017
• Other long-term provisions	38	40
• Short-term provisions	9	15

[1] Other provisions consists primarily of personnel-related provisions.

16 Interest-bearing liabilities

Long-term interest-bearing liabilities	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Capital market debt[1]	9,653	8,858	8,862	7,854
Financial leasing agreements	531	487	-	-
Bank loans[2]	900	6,551	895	6,087
Alabama tax revenue bond[3]	1,948	1,784	-	-
Other	181	163	-	-
Total	**13,213**	**17,843**	**9,757**	**13,941**
Less current part, financial leasing agreements	-72	-63	-	-
Less amortization 2019 vs. 2018	-3,447	-1,727	-3,203	-1,072
Total	**9,693**	**16,053**	**6,554**	**12,870**

[1] For description, see Specification of capital market debt in the adjacent table.
[2] For description, see Specification of bank loans in the adjacent table.
[3] For description, see Specification of Alabama tax revenue bond in the adjacent table.

Issued/matures	Interest rate (nominal), %	Group		Parent company	
		Outstanding interest-bearing liabilities			
SEK millions		**2018**	**2017**	**2018**	**2017**
Specification of capital market debt					
Fixed interest					
2009–2023	2.88 – 5.35	4,904	3,420	4,232	2,588
Total capital market debt (fixed interest)		**4,904**	**3,420**	**4,232**	**2,588**
Variable interest					
2012–2022	Stibor + 2.80 – 3.40	1,499	1,803	1,499	1,803
2010–2035	Libor + 1.10 – 3.30	3,130	2,873	3,130	2,873
2013–2020	Euribor + 1.40	120	763	-	591
Total capital market debt (variable interest)		**4,749**	**5,438**	**4,630**	**5,266**
Specification of bank loans					
Fixed interest					
2018–2022	1.90	5	-	-	-
Total bank loans, fixed interest		**5**	-	-	-
Variable interest					
2013–2018	Euribor + 1.10 – 2.12	-	1,626	-	1,162
2008–2022	Libor + 1.30	895	4,925	895	4,925
Total bank loans, variable interest		**895**	**6,551**	**895**	**6,087**
Specification of Alabama tax revenue bond					
Variable interest					
2011–2031	Libor + 1.20	516	474	-	-
2011–2040	Libor + 1.25	1,432	1,310	-	-
Total Alabama tax revenue bond		**1,948**	**1,784**	**-**	**-**

16 Interest-bearing liabilities cont.

Repayment of long-term interest-bearing liabilities

SEK millions	2019	2020	2021	2022	2023	Later
As per December 31, 2018						
Group	**3,547**	**1,607**	**204**	**2,097**	**1,641**	**4,118**
Parent company	**3,203**	**1,343**	**–**	**1,892**	**1,532**	**1,787**

Repayment of long-term interest-bearing liabilities

SEK millions	2018	2019	2020	2021	2022	Later
As per December 31, 2017						
Group	**1,791**	**5,610**	**1,476**	**189**	**4,876**	**3,901**
Parent company	**1,072**	**5,312**	**1,231**	**–**	**4,689**	**1,637**

Short-term interest-bearing liabilities

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Current part of long-term liabilities	3,447	1,727	3,203	1,072
Commercial paper	–	207	–	207
Overdraft facilities	–	13	–	–
Current part of financial leasing agreements	72	63	–	–
Other short-term interest-bearing liabilities	4	1	–	–
Total	**3,523**	**2,011**	**3,203**	**1,279**

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

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	2019	2020	2021	2022	2023	Later
As per December 31, 2018						
Group	**5,539**	**1,608**	**205**	**2,083**	**1,644**	**2,133**
Parent company	**3,203**	**1,343**	**–**	**1,892**	**1,532**	**1,787**

Amount falling due for interest rate renegotiation

SEK millions	2018	2019	2020	2021	2022	Later
As per December 31, 2017						
Group	**10,524**	**4,096**	**151**	**148**	**2,425**	**498**
Parent company	**7,885**	**3,829**	**–**	**–**	**2,227**	**–**

Reported amounts, per currency, for the group's borrowing are set forth in Note 29.

17 Other long-term non-interest-bearing liabilities

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Investment grant (Alabama tax credit)	138	151	-	-
Other long-term employee benefits	172	175	-	-
Long-term deritatives, not hedge accounted	0	-	-	-
Long-term derivatives, hedge accounted	12	19	10	-
Other items	2	1	-	-
Total	**324**	**346**	**10**	**-**

18 Accrued expenses and deferred income

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Accrued personnel expenses	963	1,136	40	0
Non-invoiced goods and services received	402	570	-	-
Accrued interest expenses	153	159	141	142
Accrued discounts, bonuses and complaints	191	66	-	-
Derivatives reported in hedge accounting	58	93	56	61
Derivatives not reported in hedge accounting	26	92	26	35
Revaluation, hedged orders	-	0	-	-
Energy taxes	73	76	-	-
Other items	268	105	2	5
Total	**2,134**	**2,297**	**265**	**243**

19 Net debt

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Cash and cash equivalents	2,531	4,245	1,553	3,187
Short-term investments	67	4	-	-
Interest-bearing receivables from subsidiaries	-	-	12,313	12,976
Plan assets, pensions	77	79	-	-
Long-term receivables	117	74	-	-
Other receivables	2,334	2,635	2,265	2,510
Total interest-bearing assets	**5,126**	**7,037**	**16,131**	**18,673**
Short-term interest-bearing liabilities	3,523	2,011	3,208	1,279
Long-term interest-bearing liabilities	9,693	16,053	6,554	12,870
Pension provisions	431	453	3	3
Liabilities to subsidiaries	-	-	11,403	8,746
Other liabilities	61	94	57	37
Total interest-bearing liabilities	**13,708**	**18,611**	**21,223**	**22,935**
Net debt	**8,582**	**11,574**	**5,093**	**4,262**

For definitions of Net debt, see Note 31.

20 Average number of employees and gender breakdown

	Number of employees		Women, %	
	2018	**2017**	**2018**	**2017**
Parent company				
Sweden	70	61	54	50
Total, parent company	**70**	**61**	**54**	**50**
Subsidiaries				
Sweden	6,653	6,519	20	20
Finland	5,366	5,260	14	14
USA	1,284	1,306	13	12
Russia	560	793	57	27
Poland	749	716	25	24
Norway	176	196	18	20
Estonia	151	146	24	23
Lithuania	145	135	12	11
Canada	105	97	19	16
China	93	93	30	29
Ukraine	78	78	18	21
South Africa	65	70	18	17
Czech Republic	63	64	38	38
Italy	49	49	29	29
Germany	52	47	35	36
Great Britain	47	45	26	26
Denmark	45	44	31	36
Netherlands	39	39	23	21
Romania	35	33	23	36
Brazil	33	31	33	38
Latvia	29	30	14	17
France	29	28	38	37
Spain	29	25	14	16
Other < 20 employees	188	253	16	25
Total, subsidiaries	**16,063**	**16,097**	**18**	**19**
Total, Group	**16,133**	**16,158**	**18**	**18**

The 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 27% (27%) of the members of all boards of directors in the group, while the figure for the Board of Directors of the parent company was 38% (25%). The percentage of women in the management groups (including Presidents) in the group was 28% (26%). The Group Executive Committee comprises eight men and three women.

21 Leasing

Operational leasing	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Leasing charges during the year	**411**	**321**	**14**	**12**

The agreed minimum leasing charges relating to operational leasing agreements that cannot be terminated amount to SEK 569 million for 2019, a total of SEK 1,051 million for 2020–2023, and to SEK 309 million for the years after 2023. Operational leasing includes an oxygen plant unit and a deep-water harbor, office equipment, leases for property, premises and railway wagons for transportation in the steel operations.

Financial leasing	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Leasing charges during the year	**87**	**83**	**-**	**-**

Agreed minimum leasing charges for 2019 amount to SEK 94 million and to a total of SEK 241 million for 2020–2023. The present value of financial leasing liabilities is SEK 531 (487) 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 forklift trucks.

22 Pledged assets

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Real property mortgages	61	60	-	-
Restricted funds	2,244	2,453	2,244	2,453
Total	**2,305**	**2,513**	**2,244**	**2,453**

Restricted funds are mostly collateral for extended credit terms relating to purchases of raw materials.

23 Contingent liabilities

	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Contingent liabilities regarding subsidiaries' obligations[1]	695	1,091	2,643	2,890
Other contingent liabilities[2]	1,579	1,583	220	106
Total	**2,274**	**2,674**	**2,863**	**2,996**

[1] The group's contingent liabilities for subsidiaries' obligations related primarily to bank guarantees and performance guarantees. Of the parent company, SEK 2,020 (1,851) million relates to guarantees for subsidiaries' loan.

[2] The group's Other contingent liabilities consist mainly of guarantees on liabilities of associated companies for which the group has individual responsibility, as well as lease obligations and unrecognized pension obligations. Other contingent liabilities for the parent company consist primarily of unrecognized pension obligations.has individual responsibility, as well as lease obligations and unrecognized pension obligations. Other contingent liabilities for the parent company consist primarily of unrecognized pension obligations.

CONDITIONS NOT REPORTED AS CONTINGENT LIABILITY

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

24 Appropriations

	Parent company	
SEK millions	**2018**	**2017**
Group contribution, received	1,738	1,423
Total	**1,738**	**1,423**

25 Investments/acquisition of shares and operations

During 2018, the group invested additional SEK 11 million in the company HYBRIT Development AB, which had a negative effect of SEK 11 million on the group's liquid funds. The ownership remained the same. In 2017, the group invested in 50% of the shares in Stoxy Solutions AB at the amount of SEK 10 million and also one third of the shares in HYBRIT Development at the amount of SEK 1 million. The group's liquid funds were negatively affected by SEK 11 million. For more information, see Note 3 and Note 8.

Expenses associated with acquisitions have been reported as costs.

PARENT COMPANY

During 2018, SSAB AB invested additional SEK 11 million in the company HYBRIT Development AB, which had a negative effect of SEK 11 million on the parent company's liquid funds. The ownership remained the same. In 2017, the parent company invested in 50% of the shares in Stoxy Solutions AB at the amount of SEK 10 million and also one third of the shares in HYBRIT Development at the amount of SEK 1 million. The parent company's liquid funds were negatively affected by SEK 11 million.

26 Divested shares and operations

During the year, SSAB divested Ruukki Construction's business operations in Russia. The transaction, which took place in November, generated a positive effect in cash flow of SEK 76 million and a negative result of SEK 217 million. No divestments were made in 2017.

Value of assets and liabilities divested during 2018

SEK millions	2018
Intangible assets (Note 6)	0
Tangible assets (Note 7)	109
Deferred tax asset	28
Inventories	78
Accounts receivables	3
Other current assets	25
Deferred tax liability	-6
Accounts payables	-14
Other current liabilities	-110
Total divested net assets	**113**
Accumulated translation difference at date of the sale	-170
Total divested net assets excluding translation difference	**-57**
Capital loss	-217
of which transaction costs	-10
Net received payment and effect on the group's cash and cash equivalents	**76**

Parent company

No divestments were made in 2018 or 2017.

27 Cash flow

Below a reconciliation of liabilities reported financing activities in the cash flow statement.

Group

			Non-cash flow items			
SEK millions	**Opening balance, Interest-bearing liabilities, January 1, 2018**	**Cash flows**	**Change financial leasing agreements**	**Exchange differences**	**Reclassifications**	**Closing balance, Interest-bearing liabilities, December 31, 2018**
Capital market debts	8,858	414	-	381	-	9,653
Financial leasing agreements	487	-70	96	18	-	531
Bank loans	6,551	-6,099	-	472	-	924
Alabama tax revenue bond	1,784	-	-	164	-	1,948
Commercial paper	207	-213	-	6	-	0
Other	176	-20	-	3	-	159
Total	**18,063**	**-5,988**	**96**	**1,044**	-	**13,216**

Parent company

			Non-cash flow items		
SEK millions	**Opening balance, Interest-bearing liabilities, January 1, 2018**	**Cash flows**	**Exchange differences**	**Reclassifications**	**Closing balance, Interest-bearing liabilities, December 31, 2018**
Capital market debts	7,854	672	336	-	8,862
Bank loans	6,087	-5,706	514	-	895
Commercial papers	207	-213	6	-	0
Total	**14,148**	**-5,247**	**856**	-	**9,757**

28 Business 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. The group is organized into five reportable business segments designated as divisions, with a clear profit responsibility. The business segments consist of the three steel divisions; SSAB Special Steels, SSAB Europe and SSAB Americas as well as the fully owned subsidiaries; 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 business segment, see page 129. 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.

Segment information provided is as follows:

Sales and results per business segment	Total sales		of which internal sales		Operating profit/loss	
SEK millions	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Business segments:						
SSAB Special Steels	18,869	16,053	1,551	1,832	1,421	1,465
SSAB Europe	32,796	31,048	6,206	5,144	2,757	2,988
SSAB Americas	16,878	12,727	223	176	1,837	183
Tibnor	8,434	7,821	161	169	230	252
Ruukki Construction	6,140	5,773	35	43	181	171
Other	-	-	-	0	-249	-297
Depreciation/amortization on surplus values[1]	0	-	-	-	-996	-924
Items affecting comparability[2]	-	-	-	-	-240	-
Group adjustments	-8,176	-7,364	-8,176	-7,364	-	-
Total	**74,941**	**66,059**	-	**-**	**4,940**	**3,838**

[1] Depreciation and amortization on surplus values for 2018 is related to SSAB Special Steels with SEK 0 (0) million, in SSAB Europe with SEK- 228 (-241) million, in SSAB Americas with SEK -771 (-713) million, in Tibnor with SEK -25 (-23) million, in Ruukki Construction with SEK 31 (29) million and in Other with SEK -3 (-3) million.
[2] Items affecting comparability for 2018 is related to Other with SEK -240 million. No items affecting comparability during 2017.

Balance and cash flow information per business segment	Depreciation and amortization		Maintenance expenditures		Strategic expenditures	
SEK millions	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Business segments:						
SSAB Special Steels	525	537	429	351	36	23
SSAB Europe	1,397	1,416	1,174	722	257	137
SSAB Americas	623	635	208	204	40	8
Tibnor	82	82	49	32	27	31
Ruukki Construction	128	136	49	26	37	39
Other	21	23	33	31	-	-
Depreciation/amortization on surplus values[1]	996	924	-	-	-	-
Total	**3,771**	**3,753**	**1,943**	**1,366**	**397**	**237**

28 Business 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 high-strenght steels, sales in more distant markets are increasing. The manufacture of the group's steel products take place almost exclusively in Sweden, Finland and the United States. For disclosure of sales per country/geographical area, see Note 1.

The table below shows the reported value of tangible and intangible fixed assets and capital expenditures broken down by geographic areas according to the location of the assets.

Fixed assets and capital expenditures per country/region	Intangible/tangible fixed assets				Capital expenditures in plants and machinery			
SEK millions	**2018**	**%**	**2017**	**%**	**2018**	**%**	**2017**	**%**
Sweden	7,844	14	7,817	15	1,172	46	638	40
Finland	15,304	28	14,521	27	986	39	642	40
Rest of EU-28	649	1	671	1	86	3	60	4
Russia	8	0	449	1	3	0	8	0
Rest of Europe	69	0	60	0	17	1	6	0
USA	31,077	56	29,588	55	244	10	211	13
Canada	108	0	112	0	17	1	8	1
Rest of the world	332	1	361	1	23	1	30	2
Total	**55,391**	**100**	**53,579**	**100**	**2,548**	**100**	**1,603**	**100**

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 Ireland in Ireland. For a detailed description of the group's financial risks, see page 141.

REFINANCING RISKS (LIQUIDITY RISKS)

At year-end, long-term borrowing amounted to SEK 9,693 (16,053) million. Borrowing takes place primarily through the bank market and through existing note programs. For long term borrowing 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 short terms (< 1 year). 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 5,043 (2,405) million, borrowing within the MTN program amounted to SEK 698 (1,998) million, borrowing within the Swedish commercial paper program amounted to SEK 0 (100) million and borrowing within the Finnish commercial paper program amounted to SEK 0 (108) million.

At year-end, the group's liquidity buffer, consisting of cash and cash equivalents, short-term investments and non-utilized binding credit facilities, amounted to SEK 9,590 (12,508) million, equal to 13% (19%) of sales.

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

The total loan portfolio at year-end was SEK 13,213 (18,063) million, with an average term to maturity of 6.5 (5.5) 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, 2018

SEK millions	Book value	Contractual cash flow	2019	2020	2021	2022	2023	Later
Capital market loans	9,653	11,013	3,761	1,741	277	1,252	1,694	2,287
Bank loans	900	1,032	39	39	38	915	1	–
Alabama tax revenue bond	1,948	2,620	33	33	33	33	33	2,454
Other loans	711	724	20	80	77	75	49	423
Total, loans	**13,213**	**15,388**	**3,853**	**1,893**	**426**	**2,276**	**1,777**	**5,164**
Derivatives, outflow	96	96	84	4	–	5	2	–
Derivatives, inflow	459	459	342	94	27	13	1	–
Total, including derivatives	**13,768**	**15,943**	**4,262**	**1,991**	**453**	**2,294**	**1,781**	**5,164**

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 interest bearing loan amounted to SEK 13,213 (18,063) million, of which SEK 5,910 (8,230) million carry is fixed interest or is swapped to fixed interest. Including the interest rate swaps, the average fixed interest term was 1.1 (1.1) years. Given the same loan portfolio, short-term investments, cash and cash equivalents, and the same fixed term rates as at the end of the year, including interest hedging, a change in market interest rates of 100 basis points (1 percentage point), would change earnings after tax by approximately SEK 42 (26) 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 -5 (18) million, which is reported in Other comprehensive income. No inefficiency was identified during the year.

The group's interest-bearing assets amounted to SEK 5,126 (7,037) million and consisted almost exclusively of cash and cash equivalents at variable interest rates.

Currency risks

Most of the commercial currency flows which qualify for hedge accounting (at present, purchases in USD of iron ore and coal) 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 2018 was SEK 4.7 (6.8) billion. The group's most important currency flows are shown in the diagram on page 142.

Based on revenues and expenses in foreign currency in 2018, a five percentage point devaluation of the Swedish krona against all currencies, including FX hedging, would have an annual positive effect on earnings after tax of SEK 770 (830) million. In addition to this, Equity would be positively affected by the translation effect of foreign subsidiaries, net of equity hedges, with about SEK 2,097 (2,000) 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 -460 (-510) million with respect to USD and a positive impact of just over SEK 590 (520) million with respect to EUR. The negative effect vis-à-vis USD is due to an increased cost for the group's purchases of raw materials (coal, iron ore and scrap metal) in the amount of approximately SEK 1,580 (1,370) million, a positive effect on the business' net flows of USD in other respects of approximately SEK 1,130 (870) 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 7 (7) million.

In 2018, net exchange rate differences were reported in the amount of SEK -94 (-1) million in operating profit and SEK -5 (26) 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	
SEK millions	**2018**	**2017**	**2018**	**2017**
SEK	1,453	1,663	12	7
USD	3,034	1,941	47	90
EUR	3,249	3,042	4	18
Other currencies	1,926	2,025	5	-
Total	**9,662**	**8,672**	**68**	**115**
Of which:				
Accounts receivable	8,784	7,822	3	-
Other current receivables	554	675	7	8
Derivative instruments[1]	324	175	58	107
Total	**9,662**	**8,672**	**68**	**115**

[1] Derivative instruments are included in the balance sheet item 'Prepaid expenses and accrued income' with the amount of SEK 324 (175) million and, for parent company, SEK 58 (107) 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	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
SEK	3,319	1,641	22	50
USD	8,144	5,528	35	77
EUR	3,167	3,089	92	96
Other currencies	405	1,400	8	4
Total	**15,035**	**11,658**	**157**	**227**
Of which:				
Accounts payable	13,375	10,215	17	20
Other current liabilities	1,576	1,258	58	110
Derivative instruments[1)]	84	185	82	96
Total	**15,035**	**11,658**	**157**	**227**

[1)] Derivative instruments are included in the balance sheet item 'Accrued expenses and deferred income' with the amount of SEK 84 (185) million and, for parent company, SEK 82 (96) million.

Borrowing broken down per currency	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
SEK	1,708	2,109	1,694	2,092
USD	6,076	9,684	4,025	7,792
EUR	5,354	6,203	4,037	4,264
Other currencies	74	67	–	–
Total	**13,213**	**18,063**	**9,757**	**14,148**

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 1,165 (1,056) million and USD 4,374 (4,231) million. In total, loans and currency derivatives subject to hedge accounting amounted to EUR 141 (387) million and USD 568 (1,115) 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 -5,578 (-4,911) million. No inefficiency has been identified during 2018.

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 2,239 (5,596) million, of which derivative instruments accounted for SEK 381 (112) million and investments in cash and cash equivalents amounted to SEK 2,598 (5,484) 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 impairment, these receivables had a gross value of SEK 9,563 (8,750) 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	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Not due	7,531	6,849	9	-
1–30 days	1,517	1,251	-	-
31–120 days	294	405	-	-
121–365 days	101	96	-	-
> 365 days	121	149	-	-
Total	**9,563**	**8,750**	**9**	**-**

Loss allowance	Group		Parent company	
SEK millions	**2018**	**2017**	**2018**	**2017**
Opening balance	-253	-307	-	-
Adjustment of opening balance under IFRS 9[1]	-7	-	-6	-
Confirmed credit losses	45	60	-	-
Change in expected credit losses	-3	11	-1	-
Translation differences	-7	-17	-	-
Closing balance	**-225**	**-253**	**-7**	**-**

[1] In the parent company, the adjustment refers to receivables from subsidiaries

The group calculates expected credit losses on accounts receivable and other receivables. The impairment test is carried out by the respective subsidiary in accordance with the credit risk management process. For receivables with objective evidence of impairment, write-down calculations are made on an individual level, taking into account both historical, prevailing and forward-looking factors. For other receivables, which have a higher credit quality, and receivables of lesser value, a collective calculation is made of expected credit losses based on historical loss level, taking into account current and prospective factors. Expected credit losses in relation to gross amounts of outstanding claims amount to 2.5%.

Liquid funds are also subject to the requirement for impairment, but expected credit losses for these holdings are considered immaterial.

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 450 (950) million and derivative instruments amounting to USD 118 (165) million. Net investment in Rautaruukki at year end was hedged with loans amounting to EUR 394 (459) million and derivative instruments amounting to EUR -253 (-72) million.

Currency hedging takes place also with respect to purchases of iron ore, and coal, as well as in relation to 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 IFRS 9 and comprises fair value hedging, changes in value of the currency derivatives do not impact on earnings. 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 2.9 (2.3) billion. At year-end, derivative instruments for 'fair value hedging' had a reported net fair value of SEK 0 (4) million, while purchase orders subject to hedge accounting and accounts payables related to hedged purchase orders were reported at SEK 0 (-4) million. There was no inefficiency at the end of the accounting year.

Part of the currency hedges relating to USD denominated raw material purchases meet the requirements of cash flow hedge accounting pursuant to IFRS 9. 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 result of USD-denominated derivatives is transferred from the reserve for cash flow hedges in 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 directly to other operating expenses. There were no ineffective hedges and no ineffectiveness during the year or 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 1.9 (1.6) billion. At year-end, derivatives for 'cash flow hedging' had reported net fair value of SEK 19 (-29) million of which SEK 0 (-9) million was reported in Other comprehensive income.

Cash flow hedging is applied when hedging price risk of electricity. The electricity 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 duration of the relationship. The effective part of movements

29 Financial risk management cont.

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.

Electricity price risk relating to forecasted electricity consumption at the mills is partly hedged through standard derivative products listed on the market, partly by physical delivery contracts. At year-end, the amount of forecast purchases in respect of which electricity derivatives had been contracted was 2,057 (2,594) GWh. At year-end, derivative instruments which relate to forecasted electricity purchases and which meet the requirements for hedge accounting amounted to net SEK 291 (25) million, of which SEK 291 (25) 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 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 IFRS 9, changes in the value of the interest rate derivative do not impact on earnings. They are reported in Other comprehensive income. At year-end, such interest-rate derivatives had a booked fair value of SEK -5 (18) million, of which SEK -5 (18) 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 93 (-54) million, of which SEK 4 (17) million was reported in Other operating income and SEK 89 (-71) million was reported in Financial items.

The group's total outstanding FX derivatives had an average maturity of 4 (2) months, commodity derivatives 26 (21) months and interest rate derivatives 39 (46) months at year-end.

EFFECT ON FINANCIAL POSITION AND PERFORMANCE – HEDGING INSTRUMENTS

Cash flow hedges

SEK millions	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located
		Assets	Liabilities	
Commodity price risk				
Electricity forward contracts	2,057 GWh	295	4	Accrued income and prepaid expenses
Interest rate risk				
Interest flows, external debt	1,000	0	5	Accrued income and prepaid expenses
Foreign exchange risk				
USD purchases	1,861	19	0	Accrued income and prepaid expenses

EFFECT ON FINANCIAL POSITION AND PERFORMANCE – HEDGED ITEM

Cash flow hedges

SEK millions	Cash flow hedge/foreign currency translation reserve
Commodity price risk	
Electricity	291
Interest rate risk	
Interest flows, external debts	-5
Foreign exchange risk	
USD purchases	-

Hedges of net investment in a foreign operation

SEK millions	Cash flow hedge/foreign currency translation reserve
Foreign exchange risk	
Equity	-5,578

Cash flow hedges

SEK millions	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectivness recognised in income statement	Line item in income statement for ineffectiveness and reclassification	Amount reclassified from the cash flow hedge/foreign currency translation reserve to income statement
Commodity price risk				
Electricity	266	-	Other operating expenses	1
Interest rate risk				
Interest flows, external debts	-23	-	Other operating expenses	-13
Foreign exchange risk				
USD purchases	28	-	Other operating expenses	-9

Hedges of net investment in a foreign operation

SEK millions	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectivness recognised in income statement	Line item in income statement for ineffectiveness and reclassification	Amount reclassified from the cash flow hedge/foreign currency translation reserve to income statement
Foreign exchange risk				
Equity	-667	-	Financial income/expenses	-

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	Reported value		Fair value	
SEK millions	**2018**	**2017**	**2018**	**2017**
Financial assets				
2. Financial fixed assets	397	303	397	303
1. Currency derivatives not subject to hedge accounting[1]	82	38	82	38
1. Currency derivatives not subject to hedge accounting, long-term[2]	39	-	39	-
4. Currency derivatives for 'fair value hedging' of flows[1][3]	17	31	17	31
4. Currency derivatives for hedging of purchases[1][3]	23	0	23	0
4. Currency derivatives for hedging of commodities[1]	199	57	199	57
4. Currency derivatives for hedging of commodities, long-term[2]	96	-	96	-
4. Currency derivatives for hedging of net investments[1][3]	4	29	4	29
4. Interest rate derivatives for hedging of interest flows[1]	-	21	-	21
2. Accounts receivable	8,784	7,822	8,784	7,821
2. Other current interest-bearing receivables	554	675	554	673
2. Cash and cash equivalents[3]	2,598	4,249	2,598	4,249
Financial liabilities				
3. Long-term interest-bearing liabilities [3]	9,693	16,053	9,716	16,195
3. Short-term interest-bearing liabilities [3]	3,519	2,011	3,550	2,034
1. Currency derivatives not subject to hedge accounting[1][3]	26	92	26	92
1. Currency derivatives not subject to hedge accounting, long-term[2][3]	0	-	0	-
4. Currency derivatives for 'fair value hedging' of flows[1][3]	17	26	17	26
4. Currency derivatives for 'fair value hedging' of flows, long-term[2][3]	4	-	4	-
4. Currency derivatives for hedging of purchases[1][3]	8	29	8	29
4. Currency derivatives for hedging of commodities[1]	1	32	1	32
4. Currency derivatives for hedging of commodities, long-term[2]	2	19	2	45
4. Currency derivatives for hedging of net investments[1][3]	32	2	32	2
4. Interest rate derivatives for hedging of interest flows[1][3]	-	3	-	3
4. Interest rate derivatives for hedging of interest flows, long-term[2][3]	5	-	5	-
3. Accounts payable	13,372	10,215	13,372	10,214

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.

[1] Derivative instruments are included in the balance sheet items 'Accrued income and prepaid expenses' or 'Accrued expenses and deferred income'.

[2] Derivative instruments are included in the balance sheet item 'Other long-term non-interest bearing liabilities'.

[3] Mainly attributable to the parent company

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 expected credit losses.

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 459 (221) million as financial assets and SEK -96 (-205) million as financial liabilities. If full netting had been applied the derivatives had been booked at SEK 381 (113) million as financial assets and SEK -18 (-96) million as financial liabilities.

Accounts receivable are reported in the amount which is expected to be received following an individual assessment of expected credit losses. 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.

Long-term 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.

Short-term 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 that the net debt/equity ratio will not normally exceed 35%.

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 dividend target is 30–50% of profit after tax.

The net debt/equity ratio decreased during the year. At year-end, the net debt/equity ratio was 14% (22%).

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

At the end of the year, 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 extraordinarily 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 improvement in earnings during 2018 compared to prior years. The improvement in earnings was primarily related to higher prices. At the end of 2016, duties on import of steel products were imposed to the USA and in March 2018, additional 25% duties were imposed. As a result, more countries, including Canada and the European Union (EU), introduced contermeasures and took their own safeguard actions. The calculation of the discount rate is built on the average long-term interest rates during the two-months period November–December. In total, this meant that the room for deterioration in the estimates concerning the cash-generating unit SSAB North America increased somewhat and amounted to SEK 3.8 (1.7) 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.

ESTIMATIONS PER CASH GENERATING UNIT

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 1.2 (0.5) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 2.0 (0.8) 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 November to December. Otherwise, the cash-flow valuation was based on the assumption of a return to a 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 on average historical 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 11.4 (9.2) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 8.8 (6.8) 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 14.0 (15.0) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 7.9 (8.6) 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 11.0 (10.6) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 2.9 (2.8) 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 16.0 (13.8) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 6.3 (5.9) 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 138 (151) 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.

30 Critical estimations and assessments cont.

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 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 1,624 (1,702) 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 19,813 (16,035) million, where of SEK 164 (234) million were valued at net realizable value.

Accounts receivable

Expected credit loss 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 expected credit losses decreased by SEK 28 million to SEK 225 (253) million, thereby representing 2.5% (3.1%) 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
Operating profit before depreciation and amortization .

EBITDA MARGIN
Operating profit 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.

ITEMS AFFECTING COMPARABILITY
Items in the income statement where the result of transactions of a non-recurring nature in the company's operations makes comparison difficult with the result of other periods are treated as items affecting comparability.

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 profit/loss 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 2019 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 21,638 (19,107) million and the parent company's unrestricted equity was SEK 52,988 (52,407) million. The equity included unrealized profits resulting from financial instruments being reported at market value in the amount of SEK 0 (0) million.

As of December 31, 2018, net debt amounted to SEK 8,582 (11,574) million, resulting in the net debt/equity ratio decreasing with 8 percentage points, from 22% to 14%. Since the group's operations are dependent on the business cycle, the target is that the net debt/equity ratio will not normally exceed 35%. The group reported a positive result after tax of SEK 3,564 (2,311) million. The group's policy is to distribute 30–50% of the profit after tax.

Considering the solid financial position and the improved result as well as a strong cash flow during 2018, the Board proposes to the Annual General Meeting dividend to be paid by SEK 1.50 per share, corresponding to SEK 1,545 million and 44% of profit after tax.

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	51,354
Profit for the year	1,634
SEK millions	**52,988**

Of this, a share premium reserve comprises SEK 22,469 million and a fair value reserve comprises SEK -4 million.

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

Dividend to the shareholders SEK 1.50 per share	1,545
Carried forward to next year	51,443
SEK millions	**52,988**

According to the consolidated balance sheet, the group's retained earnings amounted to SEK 21,638 (19,107) 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, March 6, 2019

Bengt Kjell
Chairman

Petra Einarsson
Director

Marika Fredriksson
Director

Mikael Henriksson
Director

Tomas Jansson
Director

Tomas Karlsson
Director

Matti Lievonen
Director

Pasi Laine
Director

Annika Lundius
Director

Lars Westerberg
Director

Martin Lindqvist
President and CEO

Our auditor's report was submitted on March 12, 2019
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized public accountant

AUDITOR'S REPORT

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

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of SSAB AB (publ.) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 123–214 in this document.

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 parent company as of 31 December, 2018, and its financial performance and cash flow 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 31 December, 2018, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

OUR AUDIT APPROACH

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The scope of our group audit included the parent company, the treasury activities conducted in both the parent company and its subsidiaries, all production entities of the steel divisions located in Sweden, Finland and the USA and ten of the larger entities for steel distribution globally. In addition, all major entities within RuukkiConstruction and Tibnor were in scope for the group audit. Other entities were audited to the extent required under local legislation.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

	Key audit matter	How our audit addressed the Key audit matter
VALUATION OF GOODWILL RELATED TO SSAB AMERICAS Information on goodwill is disclosed in Note 6, Note 30 and in the Accounting Principles in the Annual Report.	SSAB's goodwill is allocated to the five cash generating units of the group. The fundamental value of the goodwill items is based on forecasts of future events that are inherently uncertain. We have focused on the goodwill allocated to the US business in our audit, because that item is the most significant. The headroom between calculated values-in-use and carrying amounts for the other cash generating units is large. The value of the business's assets is largely dependent on the business's ability to generate cash flows in the long term. The profitability of the American business is affected by many factors including; sales volumes, steel prices, prices on scrap and other raw materials and the efficiency of the mills.	We have verified that the forecasted cash flows included in the impairment test for the next year are based on the recurring budgets and forecasts prepared by management. We have reconciled that the assumptions used for the first years of the forecast are consistent with management's strategic plans and intentions. And we have evaluated the long term margin and growth rate that the company use to forecast cash flows beyond the first five year period. Our evaluation included a comparison of the assumptions used to historical performance of the company and to forecasts from external sources. Our tests of the discount rate used for calculation purposes, included and assessment of whether the discount rate reflects the specific and general risks related to the cash generating unit. We have been able to reconcile the data in the calculation to independent external sources and validated that the composition of the discount rate is consistent with established theory and working practices. We have also evaluated the company's sensitivity analysis of the valuation to changes in significant parameters that could lead to impairment.

	Key audit matter	How our audit addressed the Key audit matter
EXISTENCE AND VALUATION OF INVENTORY IN THE STEEL BUSINESS Information on inventory is disclosed in Note 9, Note 30 and in the Accounting Principles in the Annual Report.	The production units of the steel business have stocks of raw material, work in progress and finished goods. For the purpose of offering short and precise deliveries and to offer customised solutions, there are market stocks of finished goods at around a hundred locations globally. It is demanding to correctly measure cost when procurement-, production- and logistical processes are complex. Product costing requires a number of decisions by management that have an effect on the recorded values. Important areas include; choice of method for applying the principle of FIFO, establishing a normal production level and allocation of direct and indirect costs. The measurement of value also includes other areas of subjectivity, such as assessment of volume of iron ore and coal in piles kept outdoors, estimates of net realizable value when applying the principle of the lower of cost and market value and assessment of obsolescence.	Processes for the production of steel is the core of the business with established operational and monitoring controls. In many cases, it is the operational controls that are the basis for controls over financial reporting. We have tested the design and operating effectiveness of a sample of controls in the inventory process including controls for establishing product costing of work in progress and finished goods, transfers between locations, for deliveries in and deliveries out, and for monitoring that stock-takes are executed at all locations on a recurring basis and that any differences observed were investigated. We have performed tests over the prices of raw materials, verified items in the product costing of work in progress and finished goods and tested the cut off of deliveries in and out of inventory. We have informed ourselves of the monitoring controls over slow-moving stock and the assessments made concerning obsolescence. We have participated in or performed our own control stock-takes at around thirty locations during the year, including production units and market stocks for the purposes of obtaining comfort over both volume and to test obsolescence.

	Key audit matter	How our audit addressed the Key audit matter
VALUATION OF ACCOUNTS RECEIVABLE Information on accounts receivable is disclosed in Note 29, Note 30 and in the Accounting Principles in the Annual Report.	SSAB sells steel to a large number of customers globally and accounts receivable is a significant item on the balance sheet. Payment terms are dependent on local practices. The value of the outstanding accounts receivable is dependent on the extent customers will pay for the goods they have purchased. Information on individual customers' ability to pay is limited and that gives rise to a degree of uncertainty that requires management judgment. SSAB assesses its accounts receivable individually. Based on available information, SSAB records a provision for risks in the stock of accounts receivable.	We have evaluated the design and operating effectiveness of some selected controls in the sales processes that give rise to accounts receivable and payments. Moreover, we have evaluated the design and operating effectiveness of certain internal controls for the valuation of accounts receivables, including reconciliation and assessment of credit risk in overdue but not paid accounts receivable. To a lesser degree, we have comfort from work performed in prior years. In such cases, we have obtained confirmation from the company that the process is unchanged and that the controls have been performed consistently. We have read management's analysis of the development of average days of credit and risks in the stock of accounts receivable. Our conclusion from our testing of controls is that we have obtained the amount of comfort as we looked for when planning the audit. In addition to the test of controls, we have contacted a sample of SSAB's customers to obtain independent confirmation of the existence of outstanding accounts receivables. In the cases where we did not receive any responses, we have performed tests to confirm that invoices have been paid after the balance sheet date, or tested the delivery of products against documentation. We have made our own assessment of credit risk parallel to the company's valuation regarding the small number of cases where agreements have been made that alter original terms of payment. We have evaluated SSAB's new model for calculating expected credit losses and find it appropriate. Overall, the amount of credit losses have been low for several years.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found in the sections Buisness Review, Corporate Governance Report and GRI report. The sustainability report is part of this other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SSAB AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of SSAB AB (publ) by the general meeting of the shareholders on the 10 April, 2018, and has been the company's auditor since before 1994. The EU regulation (537/2014) prevents PricewaterhouseCoopers AB from being relelected as auditor after 17 June, 2020.

Stockholm March 12, 2019
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

SHARES AND SHAREHOLDERS

SSAB is listed on the NASDAQ Stockholm and secondary listed on the NASDAQ Helsinki exchange.

SHARE PERFORMANCE AND TRADING

The 2018 closing prices on the NASDAQ Stockholm Exchange were:
SSAB Class A share: SEK 30.49
SSAB Class B share: SEK 24.92

Total year-end market capitalization: SEK 27.4 billion
Share performance during 2018:
SSAB Class A share: -33.7%
SSAB Class B share: -33.3%
OMX Stockholm 30 index: -10.8%

The highest price was:
SSAB Class A share: SEK 52.72, on April 18
SSAB Class B share: SEK 42.39, on April 19
The lowest price was:
SSAB Class A share: SEK 29.90, on December 27
SSAB Class B share: SEK 24.16, on December 27

During the year, SSAB's shares were traded on the NASDAQ Stockholm Exchange for a total of SEK 79.0 billion. Shares were traded on all exchange days and averaged approximately SEK 316 million per day. The volume of A shares traded during the year corresponded to 320% of the average number of outstanding shares. The volume of B shares traded corresponded to 144% of the average number of outstanding shares. Trading in the share in Helsinki (A and B share) averaged 0.37 million shares per day during 2018.

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, 73% of the Class A shares and 84% of the Class B shares were traded on NASDAQ Nordic (Stockholm and Helsinki).

SHARE CAPITAL

As of December 31, 2018, there are in total 1,029,835,326 shares in SSAB, of which 304,183,270 Class A shares, corresponding to 304,183,270 votes, and 725,652,056 Class B shares, corresponding to 72,565,205.6 votes, 376,748,475.6 votes in total. Each Class A share carries one vote and each Class B share carries one-tenth of one vote. SSAB's share capital is SEK 9,062 million. The quotient value per share is SEK 8.80.

OWNERSHIP STRUCTURE

At year-end 2018, SSAB had 104,938 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2018 were:

- Industrivärden 11.8%
- Solidium 10.0%
- LKAB 3.6%

The ten largest identified owners together owned approximately 33.9% of the voting capital and 32.9% of the share capital at the end of December 2018. Owners outside Sweden and Finland accounted for 37.7% of voting rights and 30.9% of the total number of shares.

DIVIDEND POLICY AND DIVIDENDS

Dividend target is 30–50% of profit after tax.

The Board of Directors has resolved to propose to the Annual General Meeting to be held on April 8, 2019, that a dividend of SEK 1.50 per share will be paid. For the 2017 financial year, a dividend of SEK 1.00 per share was paid.

INVESTOR RELATIONS

During 2018, 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 Stockholm: SSABA and SSABB
NASDAQ Helsinki: SSABAH and SSABBH (class A and class B shares respectively)

Share breakdown

Shareholding	Number of shareholders	% of all shareholders
1–500	47,418	45.2
501–1,000	17,402	16.6
1,001–5,000	30,497	29.1
5,001–10,000	5,122	4.9
10,001–15,000	1,548	1.5
15,001–20,000	859	0.8
20,001–	2,025	1.9
Total	**104,871**	**100**

Source: Euroclear

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

Year		Change in number of shares	Number of shares	Change in share capital, SEK millions	Share capital, 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	Split 4:1	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	Split 3:1	172,765,214	259,147,821	0	2,280
2007	New issue 1:4	64,786,954	323,934,775	571	2,851
2014	New issue	225,310,735	549,245,510	1982	4,833
2016	Rights issue 8:7	480,589,816	1,029,835,326	4,229	9,062

Owners as of December 31, 2018

	% of votes	% of share capital
Industrivärden	11.8	4.3
Solidium	10.0	13.5
LKAB	3.6	2.3
Norges Bank	2.1	2.5
Nordea Investment Funds	1.6	2.1
Swedbank Robur Funds	1.4	3.5
Handelsbanken Funds	1.0	2.3
Folksam	0.9	0.9
Handelsbanken Liv	0.8	0.5
Avanza Pension	0.6	1.1
Other shareholders	66.2	67.1
Total	**100.0**	**100.0**
Whereof foreign-registered shareholders*	37.7	30.9

* Includes shareholders outside Sweden and Finland
Source: Euroclear

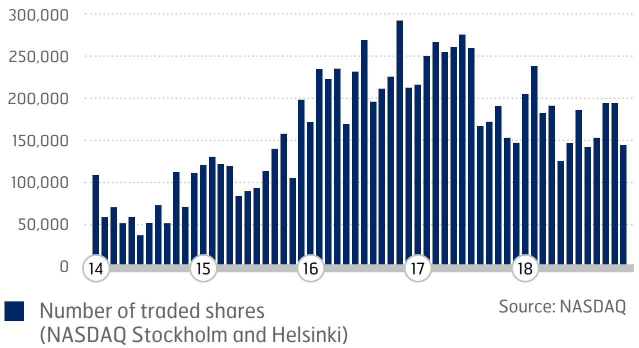
Share-related key figures

		2018	2017	2016	2015	2014
Share price, at year end, class A share[3]	SEK	30.49	44.90	34.58	17.06	34.42
Earnings per share (EPS)[3]	SEK	3.45	2.23	1.04	-0.66	-2.39
Cash flow before dividend and financing per share[3]	SEK	4.34	4.93	2.19	2.99	0.16
Equity per share[3]	SEK	57.71	51.69	51.36	80.82	79.78
Dividend per share[3]	SEK	1.50[1]	1.00	0.00	0.00	0.00
Average number of shares	million	1,029,8	1,029,8	794,8	549,2	419,6
Number of shares at year-end	million	1,029,8	1,029,8	1,029,8	549,2	549,2
Market capitalization at year end	SEK million	27,358	40,224	31,410	11,534	23,731
Valuation						
Direct yield, %[2]		4.92[1]	2.23	0.00	0.00	0.00
P/E ratio[2]		8.84	20.13	33.25	neg.	neg.
Price/equity, %[2]		53	87	67	21	43

[1] In accordance with the Board's proposal
[2] Based on closing price for the class A share
[3] Adjusted based on the bonus issue element in the rights issue in 2016

Number of traded shares

Thousands

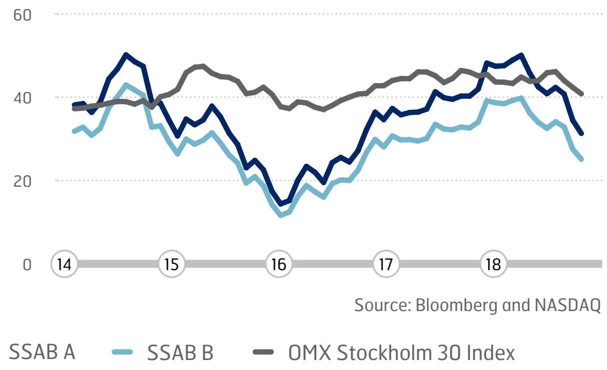


Source: NASDAQ

SSAB's shares have been listed in NASDAQ Helsinki since August 1, 2014

Share performance

SEK



Source: Bloomberg and NASDAQ

ANNUAL GENERAL MEETING, NOMINATION COMMITTEE, CALENDAR

ANNUAL GENERAL MEETING

SSAB's Annual General Meeting will be at the Scandic Continental Hotel in Stockholm on April 8, 2019, starting at 1pm. 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 Tuesday, April 2, 2019. Notice to attend the annual general meeting may be given commencing February 28, 2019, up to and including 12 noon on April 2, 2019.

Notice

Notice to attend the Annual General Meeting may be given via the company's website at 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 Tuesday, April 2, 2019.

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, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

DIVIDENDS

The Board of Directors and the President & CEO propose that the Annual General Meeting resolve that a dividend of SEK 1.50 per share will be paid for 2018.

NOMINATION COMMITTEE

- AB Industrivärden, Lars Pettersson, Chairman
- Solidium Oy, Annareetta Lumme-Timonen
- Luossavaara-Kiirunavaara AB (LKAB), Jan Moström
- Swedbank Robur Funds, Åsa Nisell
- Catella Funds, Martin Nilsson
- Bengt Kjell, Chairman of the Board

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 2019 financial year:

- Report for the first quarter, April 25, 2019
- Half-year report, July 19, 2019
- Report for the third quarter, October 23, 2019

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