



Presentation of the Q4/2020 and FY 2020 results

Martin Lindqvist, President & CEO

Håkan Folin, CFO

January 29, 2021

SSAB

Agenda

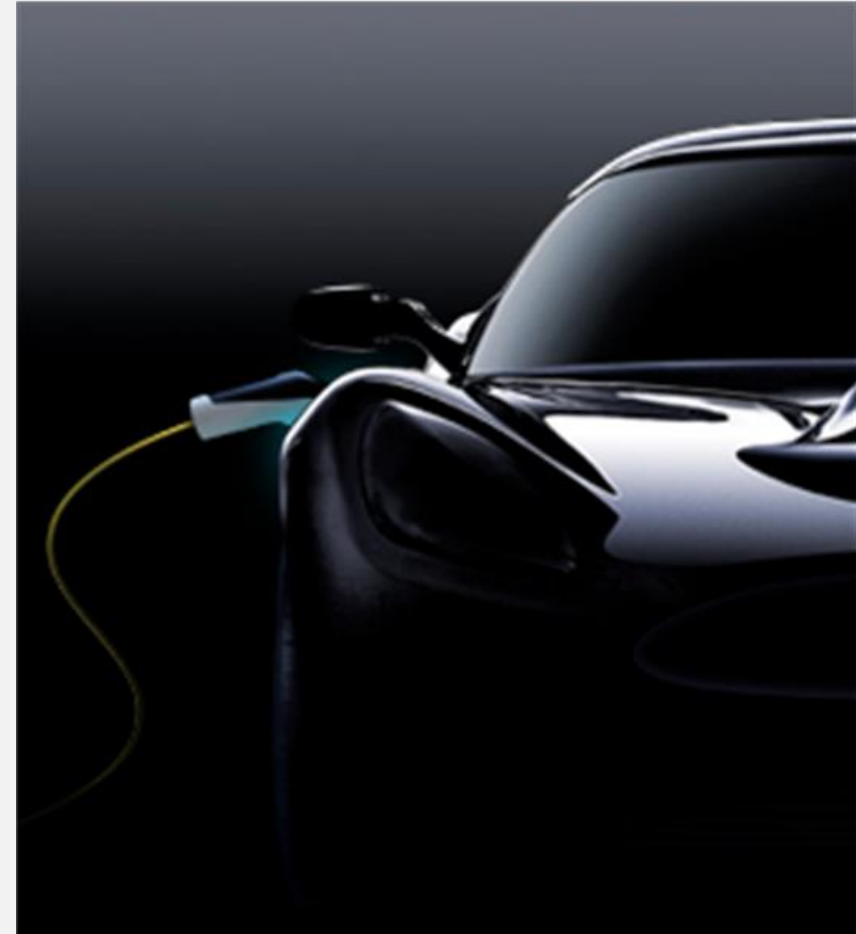
- ▶ Q4 and FY 2020
- ▶ Financials
- ▶ Outlook and summary
- ▶ Q&A



Q4 and FY 2020 in brief

SSAB concludes IJmuiden discussions with Tata Steel

- ▶ After deeper analysis and discussions – limited possibilities to integrate IJmuiden into the framework of SSAB's strategies
- ▶ Acquisition would be difficult for technical reasons. Synergies would not fully justify the costs for our desired transformation to fossil free – transaction would not meet our financial expectations
- ▶ Discussions have now ended



Solid performance in a volatile year

Summary of 2020

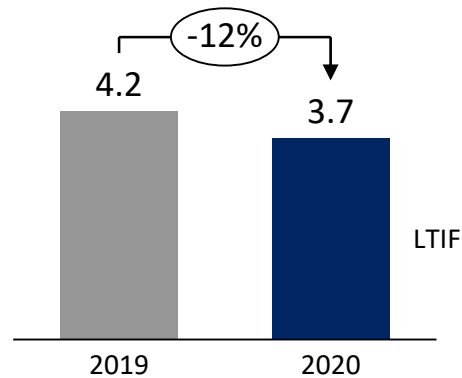


Managing downturn

- ▶ Good flexibility in adjusting production level and manning to volatile demand
- ▶ Fixed costs reduced by more than SEK 1.6bn compared to FY2019
- ▶ Strong cash flow and reduced net debt



Improved safety performance



Actions to limit Covid-19

- ▶ Safeguard the health and safety of our personnel
- ▶ Production and other critical operations have been running according to plan
- ▶ All measures continue in 2021

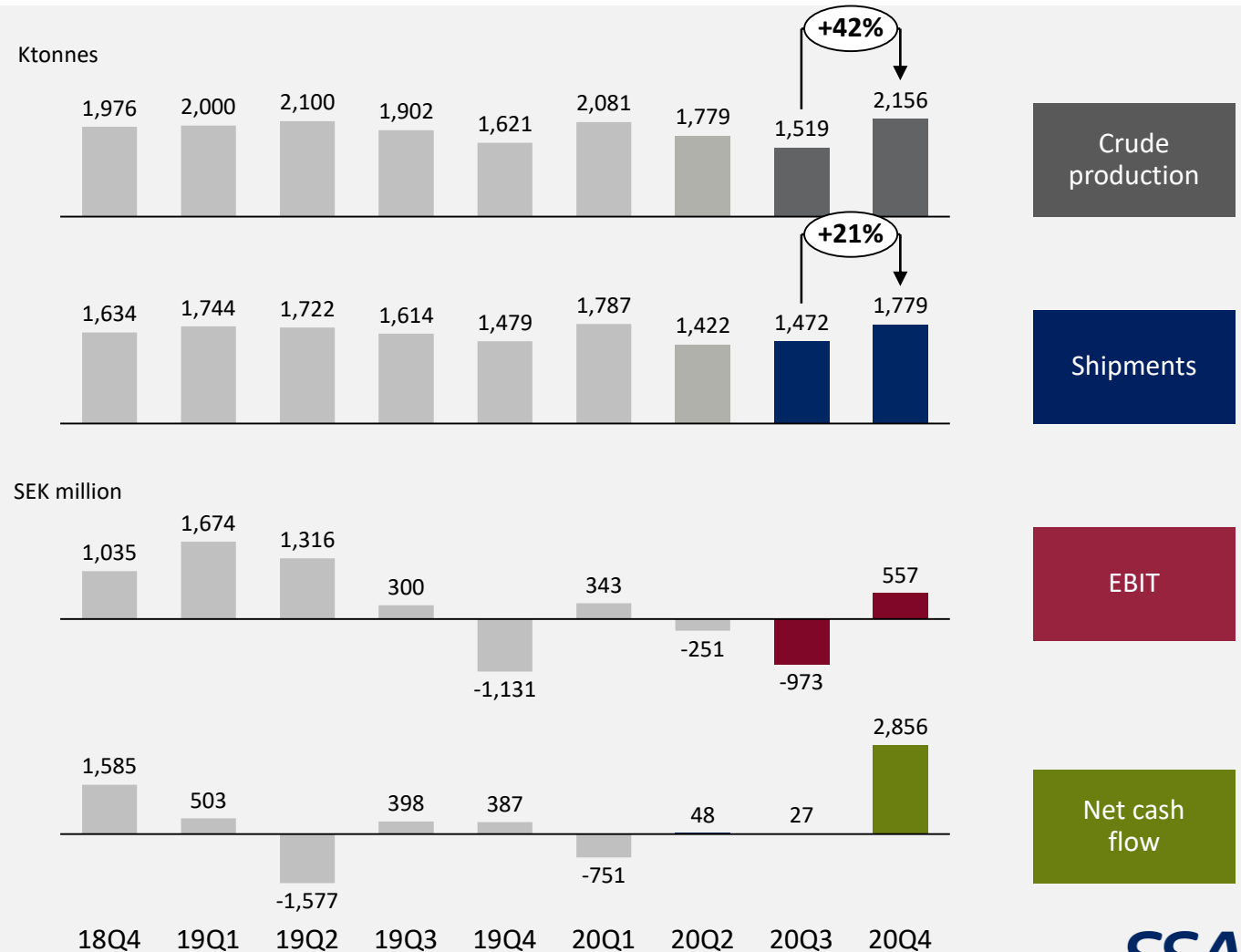


First in fossil-free steel

- ▶ World unique HYBRIT pilot plant started in Aug 2020
- ▶ Fossil-free products in the market in 2026
- ▶ SSAB's climate goals approved by the Science Based Targets initiative

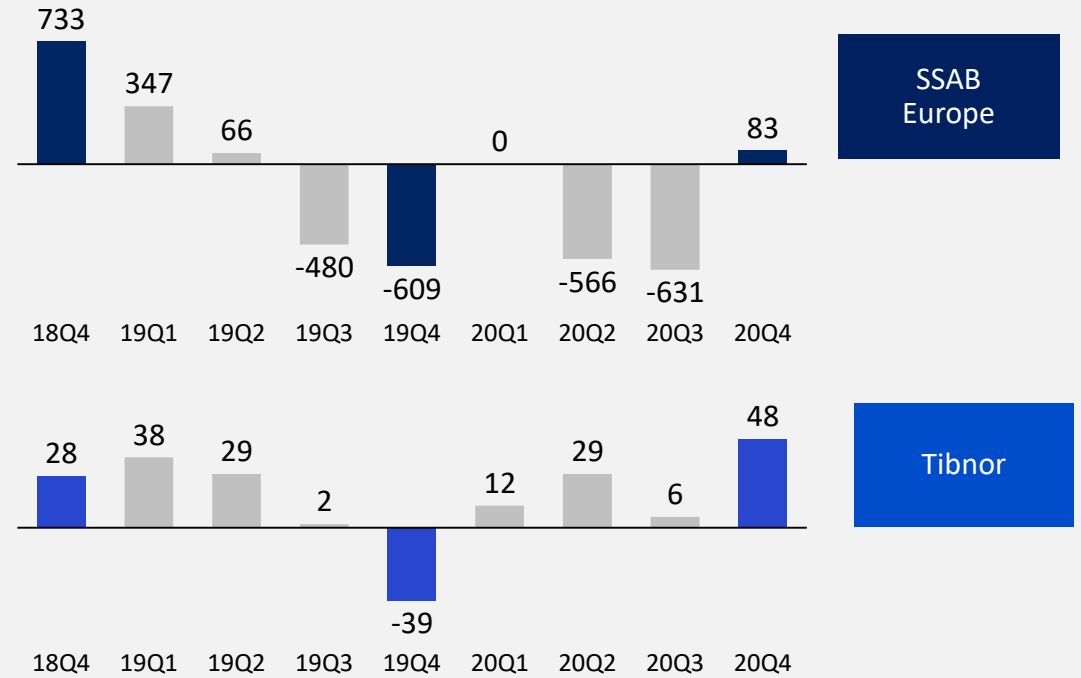
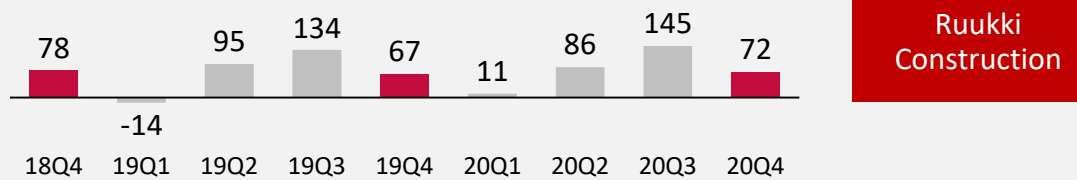
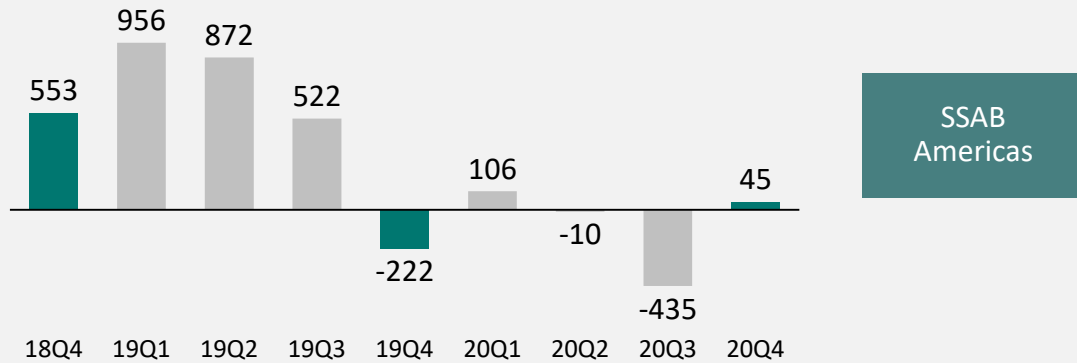
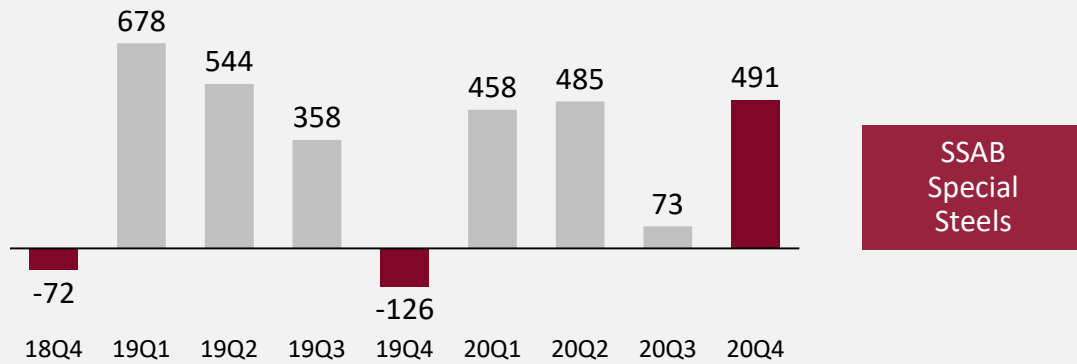
Q4/20 – Better capacity utilization and higher shipments

- ▶ Market recovered during autumn
- ▶ Better capacity utilization
 - Idled BF in Raabe started end of Sep
 - Stable production in Oxelösund
- ▶ EBIT SEK 557m (-1,131m) in Q4
- ▶ Strong net cash flow supported by release of working capital



Operating profit/loss by division

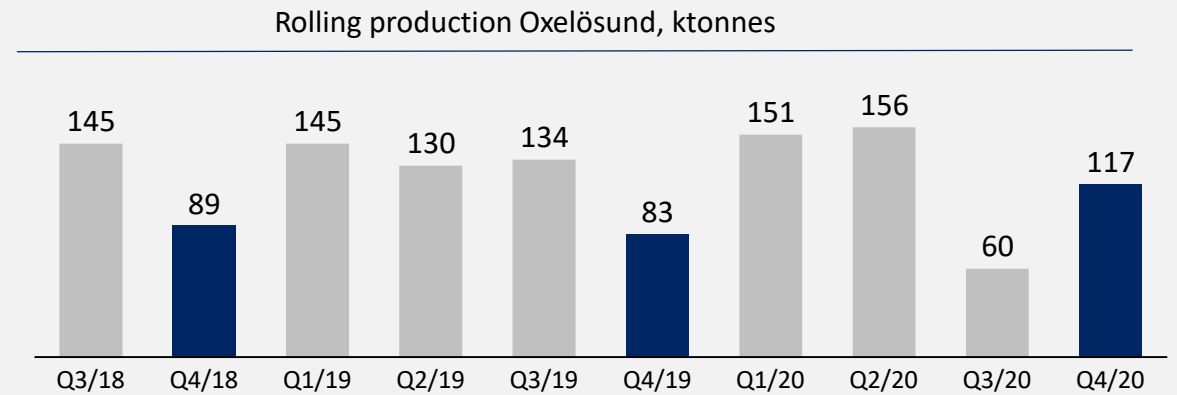
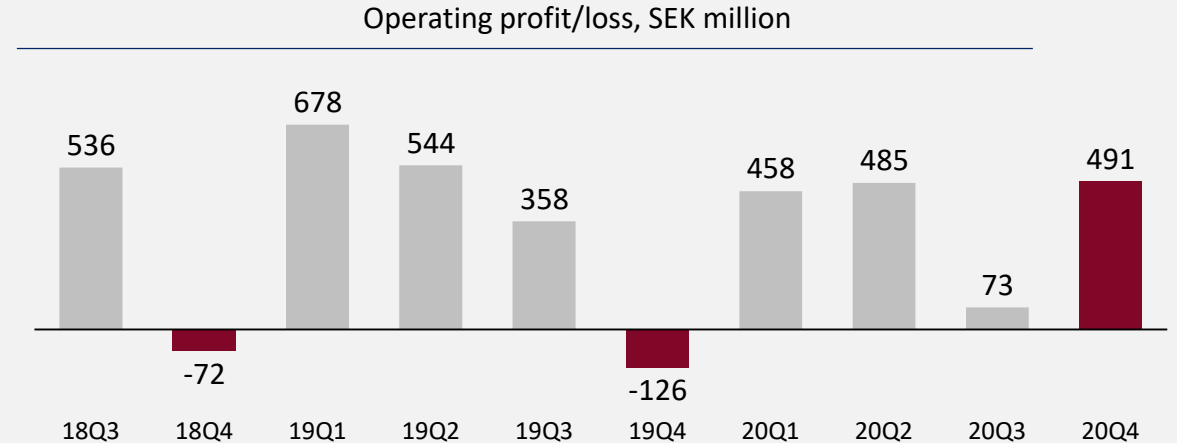
SEK million



SSAB Special Steels

Improved margin for FY2020 despite Covid-19

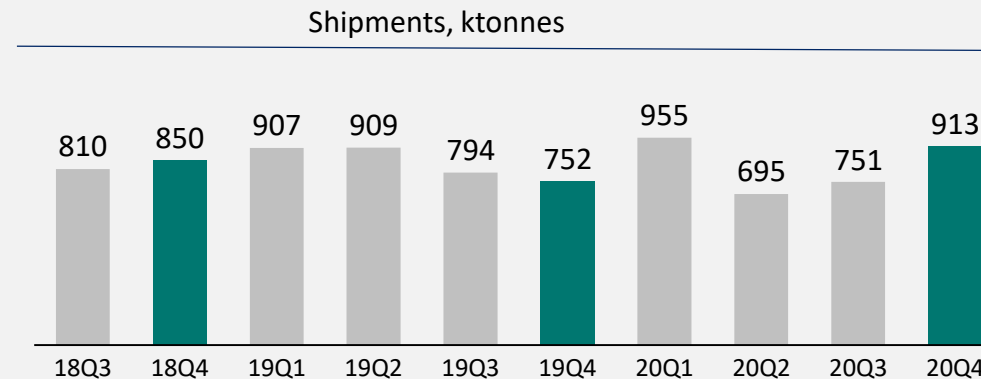
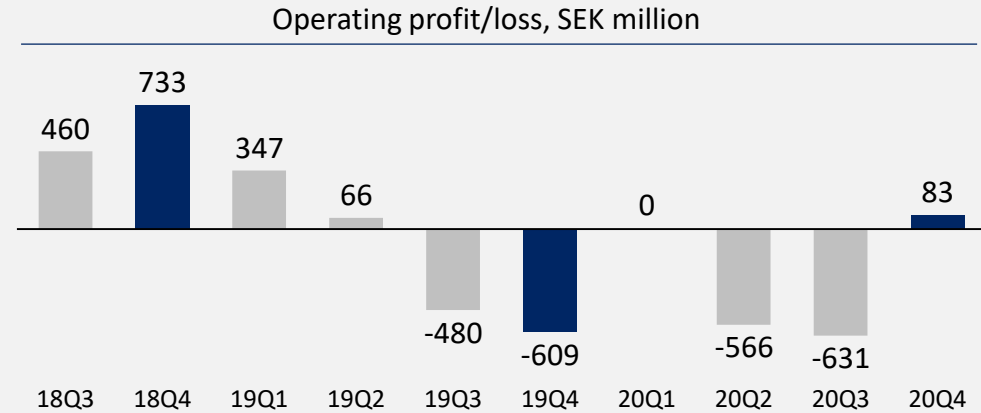
- ▶ Shipments recovered in Q4
 - Up 15% vs. Q3/20 and 19% vs. Q4/19
- ▶ Q4 EBIT increased to SEK 491m (-126m)
 - Better capacity utilization and higher volumes
 - No maintenance in Q4/20
- ▶ FY2020
 - Shipments decreased to 1.1 (1.2) Mtonnes
 - EBITDA margin improved to 13.2% (11.3%)
 - Fixed costs reduced by around SEK 480m vs. 2019 and stable production performance



SSAB Europe

Weak market conditions impacted 2020, recovery in Q4

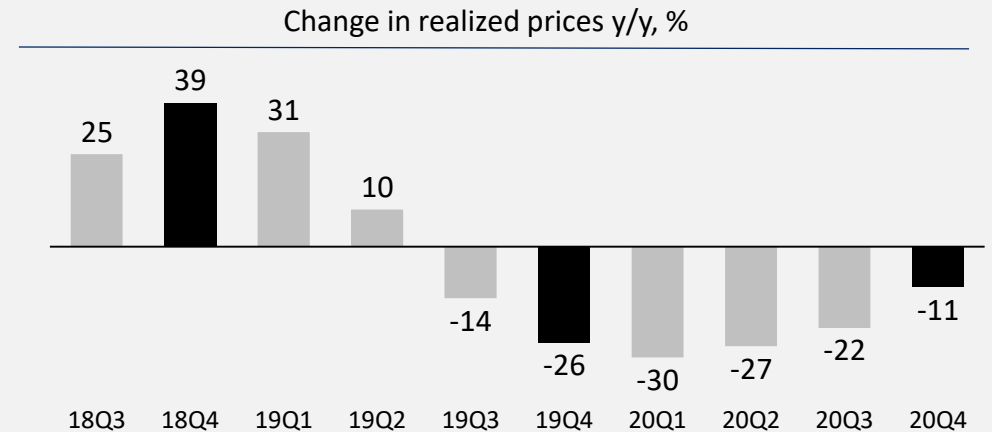
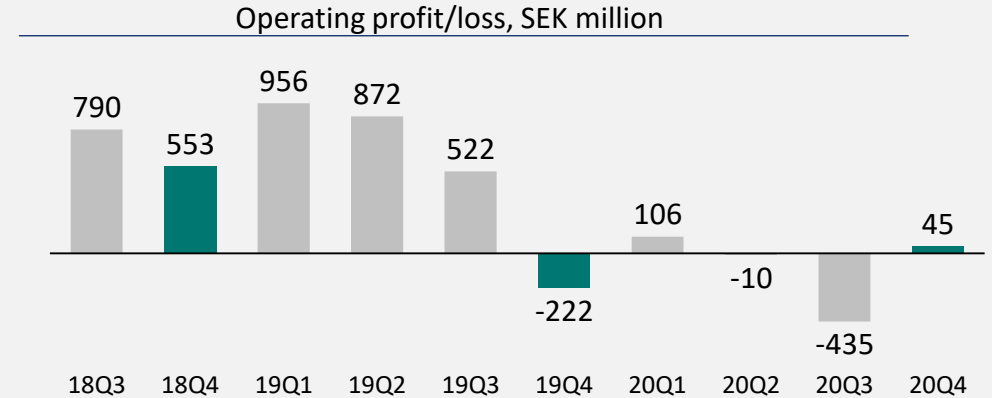
- ▶ Demand was negatively impacted by Covid-19 in Q2-Q3, demand and shipments recovered in Q4
 - Up 22% vs. Q3/20 and 21% vs. Q4/19
- ▶ Q4 EBIT rose to SEK 83m (-609m)
 - Better capacity utilization and higher volumes
 - Both BF's in operation in Raabe in Q4/20
 - Lower steel prices had a negative impact
- ▶ FY2020
 - Automotive AHSS decreased to 539 (578) ktonnes
 - Premium share of 38% (39%)
 - EBIT was SEK -1,114m (-677m)
 - Fixed costs reduced by around SEK 620m vs. 2019



SSAB Americas

Weak market conditions impacted FY2020, recovery in Q4

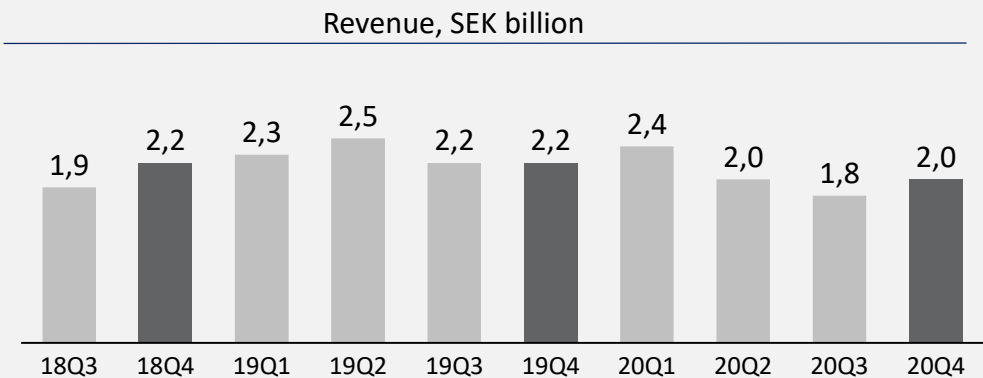
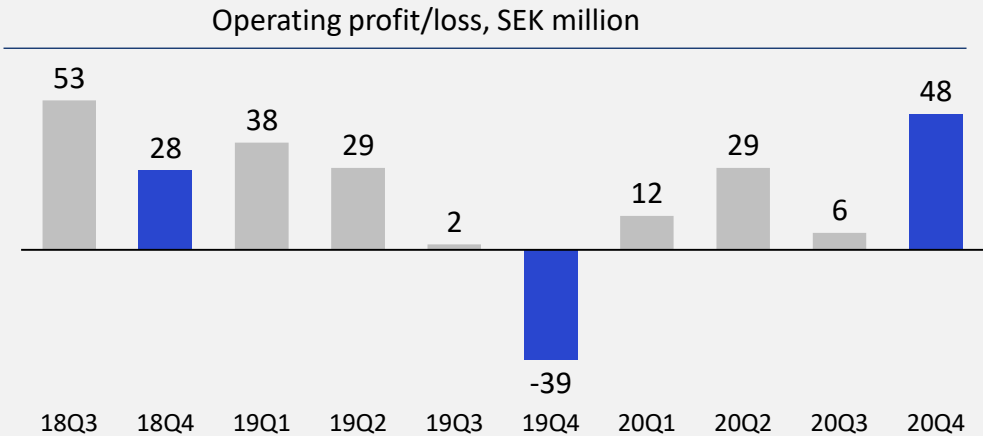
- ▶ Demand was negatively impacted by Covid-19 in Q2-Q3, demand and shipments recovered in Q4
 - Up 23% vs. Q3/20 and 19% vs. Q4/19
- ▶ Q4 EBIT rose to SEK 45m (-222m)
 - Better capacity utilization and higher volumes
 - Maintenance in Q4/19
 - Lower steel prices and higher scrap cost
- ▶ FY2020
 - EBIT was SEK -293m (2,128m)
 - Significantly lower margins
 - Fixed costs reduced by around SEK 270m
 - Premium share 30% (33%)



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Restructuring program improved margins

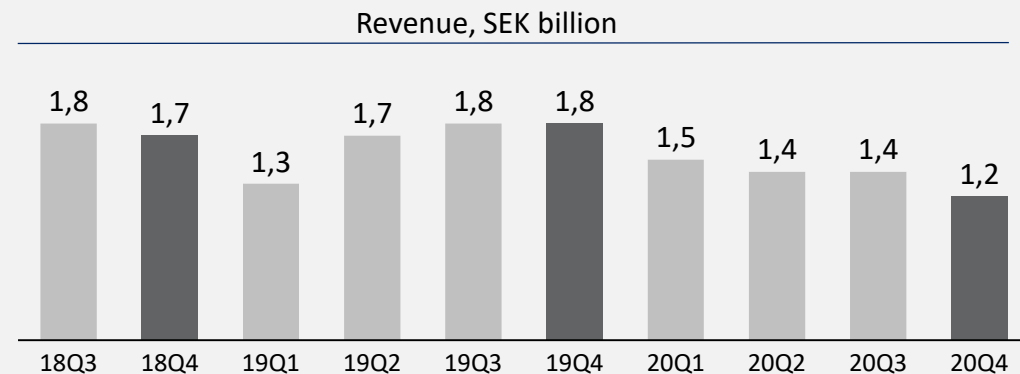
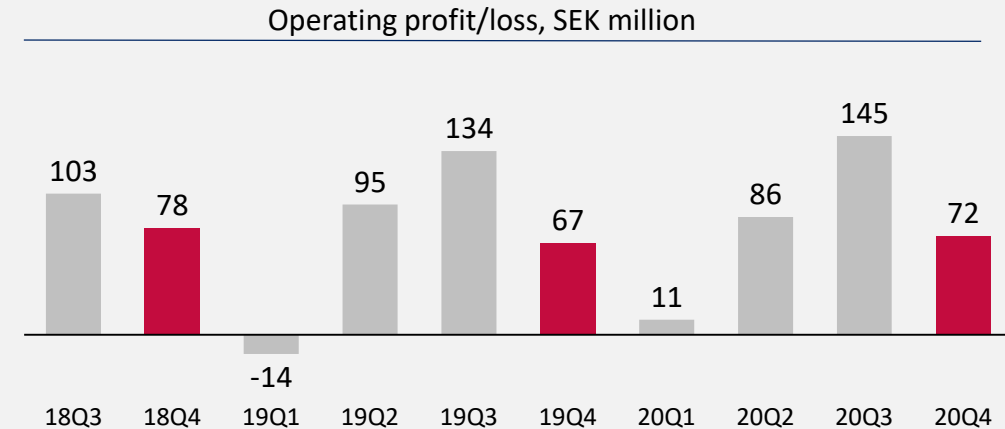
- ▶ The market recovered in Q4, especially in Sweden and Finland
- ▶ Revenue was up by 16% vs. Q3/20
- ▶ Q4 EBIT rose to SEK 48m (-39m)
 - Higher volumes
 - Cost savings from the restructuring program
- ▶ FY2020
 - EBIT improved to SEK 96m (30m)
 - Positive effects from the restructuring program



Ruukki Construction

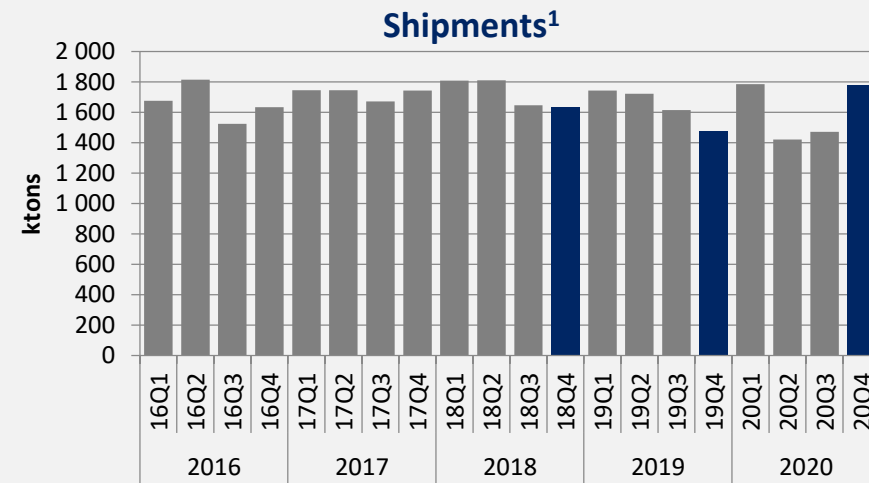
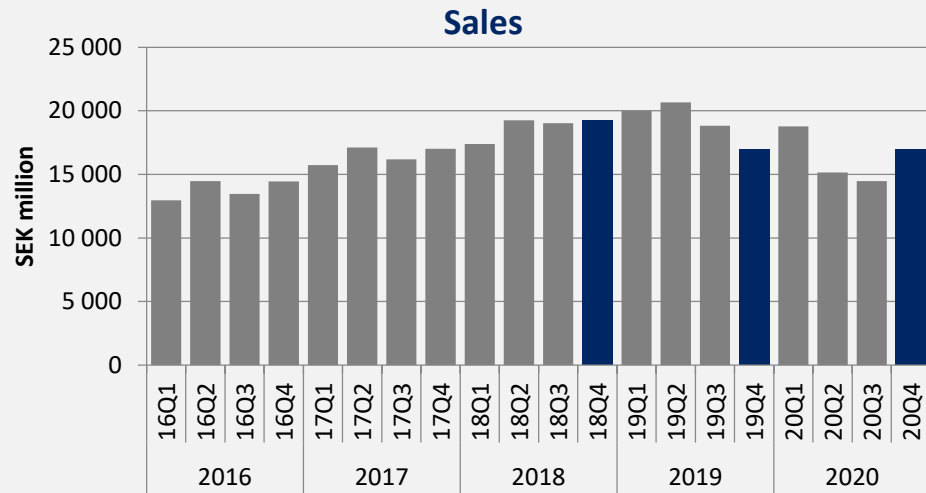
Stable construction market in 2020, positive margin trend

- ▶ Comparable revenue on stable level, seasonally lower vs. Q3/20
- ▶ Q4 EBIT improved to SEK 72m (67m)
 - Better volumes in Roofing
- ▶ FY2020
 - EBIT increased to SEK 314m (283m)
 - Focus on product business improved margin, Building Systems was divested in Q2/20

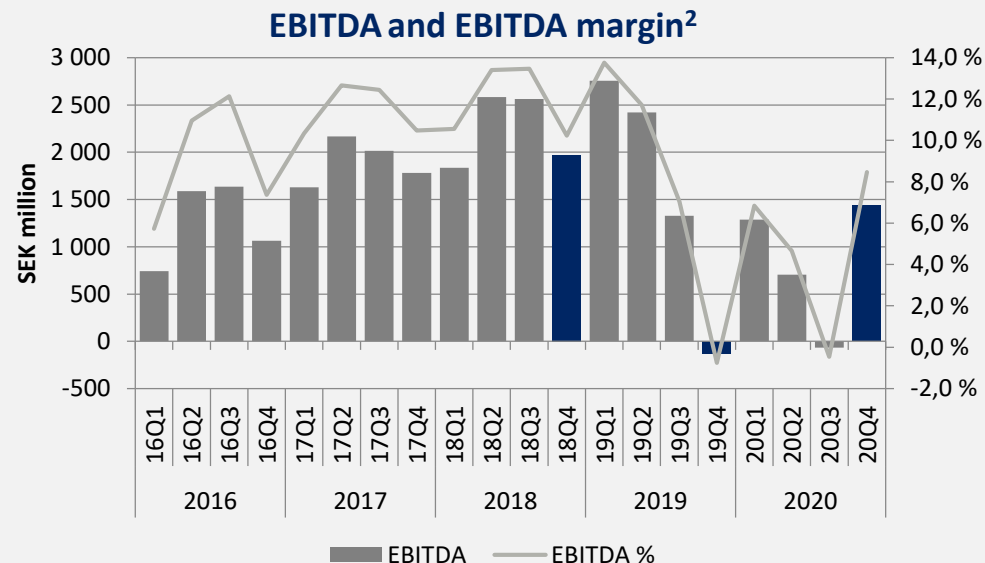


Financials

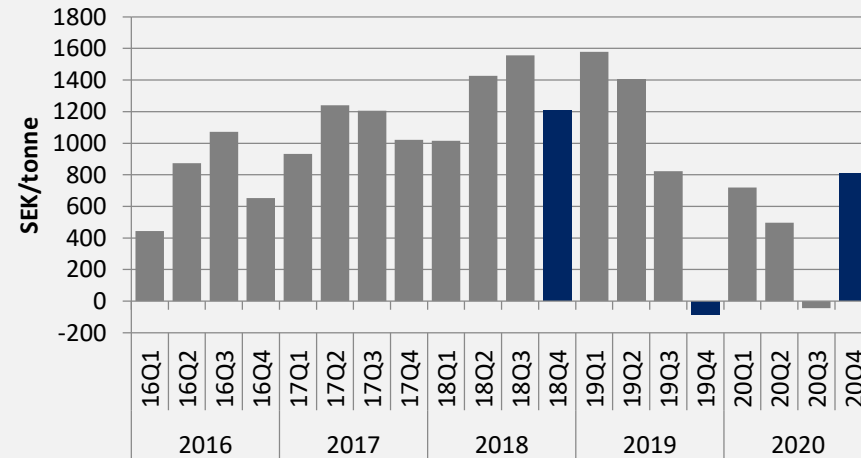
Better capacity utilization and higher shipments improved the result



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



EBITDA per tonne delivered steel²

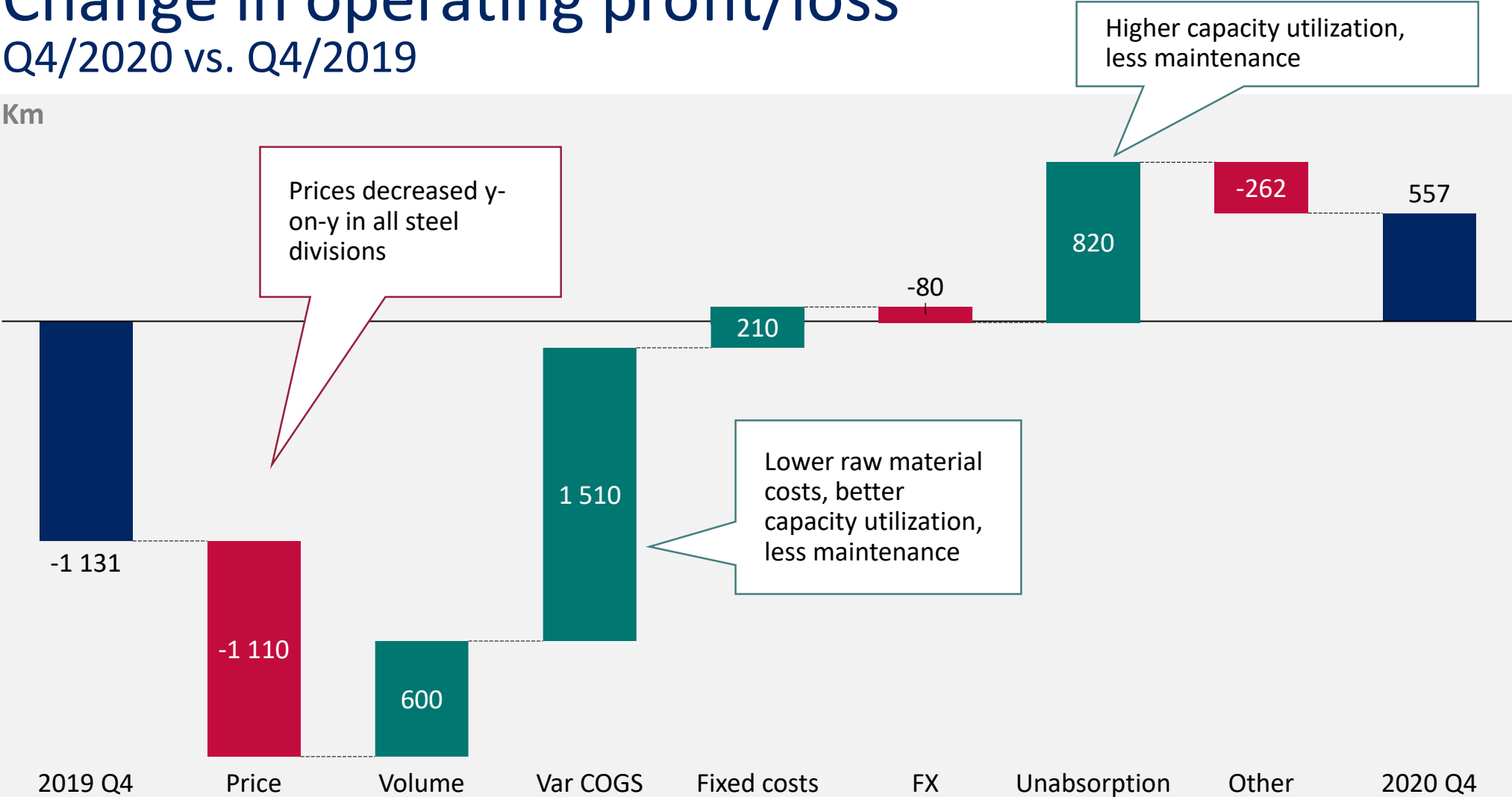


2) Excluding items affecting comparability

Change in operating profit/loss

Q4/2020 vs. Q4/2019

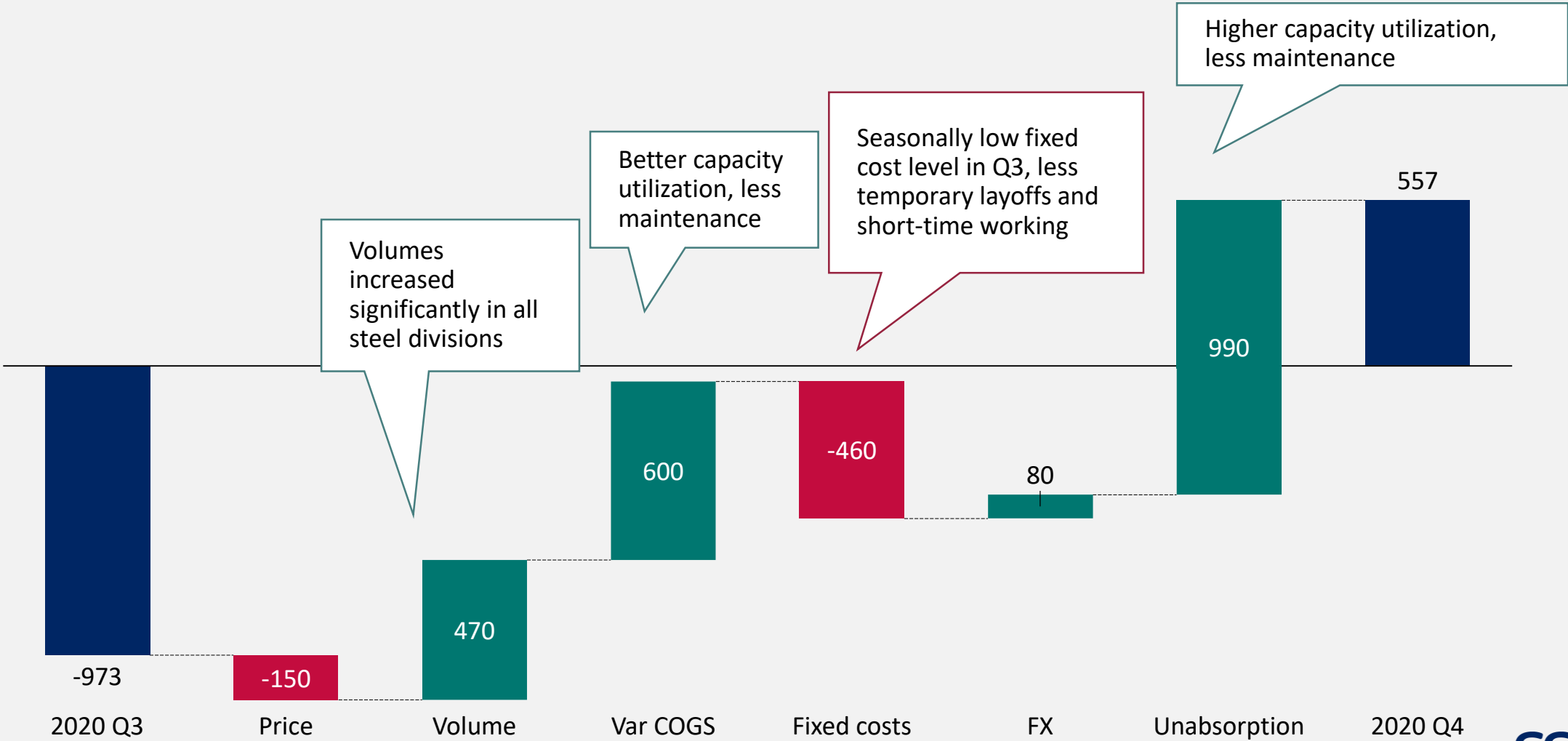
SEKm



Change in operating profit/loss

Q4/2020 vs. Q3/2020

SEKm



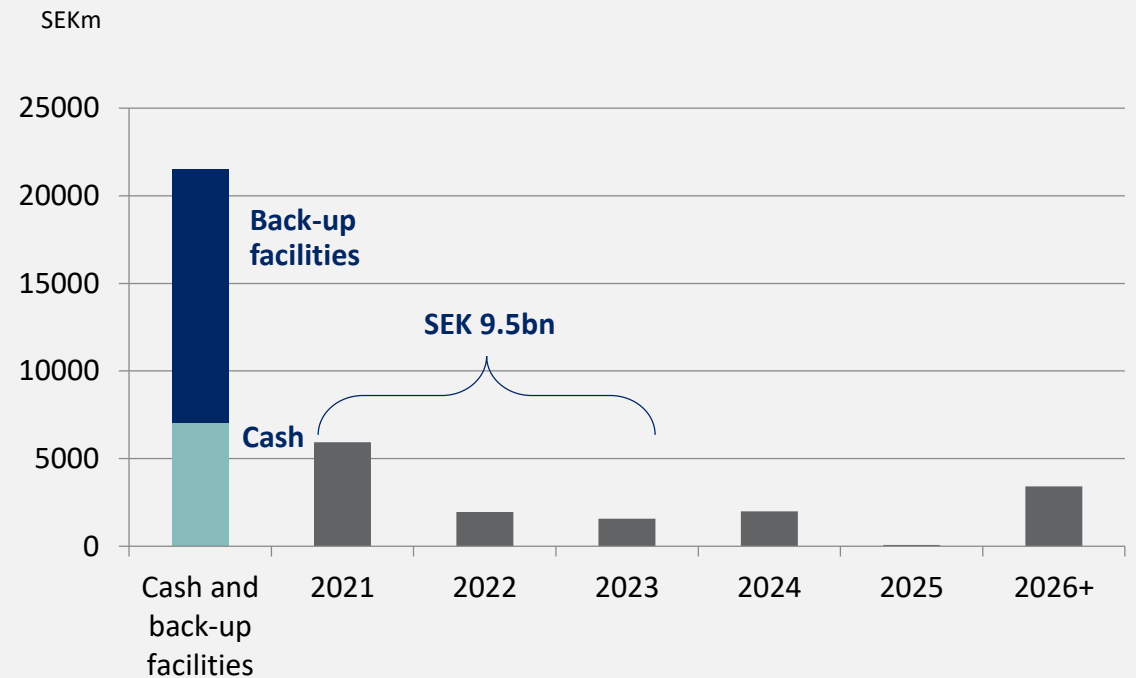
Strong cash flow in Q4

| SEKm | Q4/2020 | Q4/2019 | Q3/2020 | 2020 | 2019 |
|---------------------------------------|--------------|---------|---------|--------------|--------|
| EBITDA | 1,439 | -174 | -66 | 3,364 | 6,177 |
| Change in working capital | 2,036 | 2,187 | 699 | 1,570 | 896 |
| Maintenance expenditure | -606 | -666 | -332 | -1,622 | -1,875 |
| Other | 61 | -25 | 11 | 147 | -4 |
| Operating cash flow | 2,930 | 1,321 | 313 | 3,460 | 5,194 |
| Financial items | -84 | -50 | -164 | -545 | -432 |
| Taxes | 122 | -97 | 3 | -56 | -1,315 |
| Cash flow from current operations | 2,967 | 1,175 | 151 | 2,859 | 3,447 |
| Strategic capital expenditure | -115 | -456 | -75 | -582 | -1,035 |
| Acquisitions of shares and operations | -35 | -448 | -43 | -231 | -1,221 |
| Divestments of shares and operations | 39 | 118 | -1 | 143 | 118 |
| Cash flow before dividend | 2,856 | 389 | 32 | 2,189 | 1,309 |
| Dividend paid to shareholders | - | - | - | - | -1,545 |
| Dividend, non-controlling interest | -1 | -1 | -4 | -9 | -7 |
| Acquisition, non-controlling interest | - | -1 | - | - | -46 |
| Net cash flow | 2,856 | 387 | 27 | 2,180 | -289 |

Well-balanced maturity profile

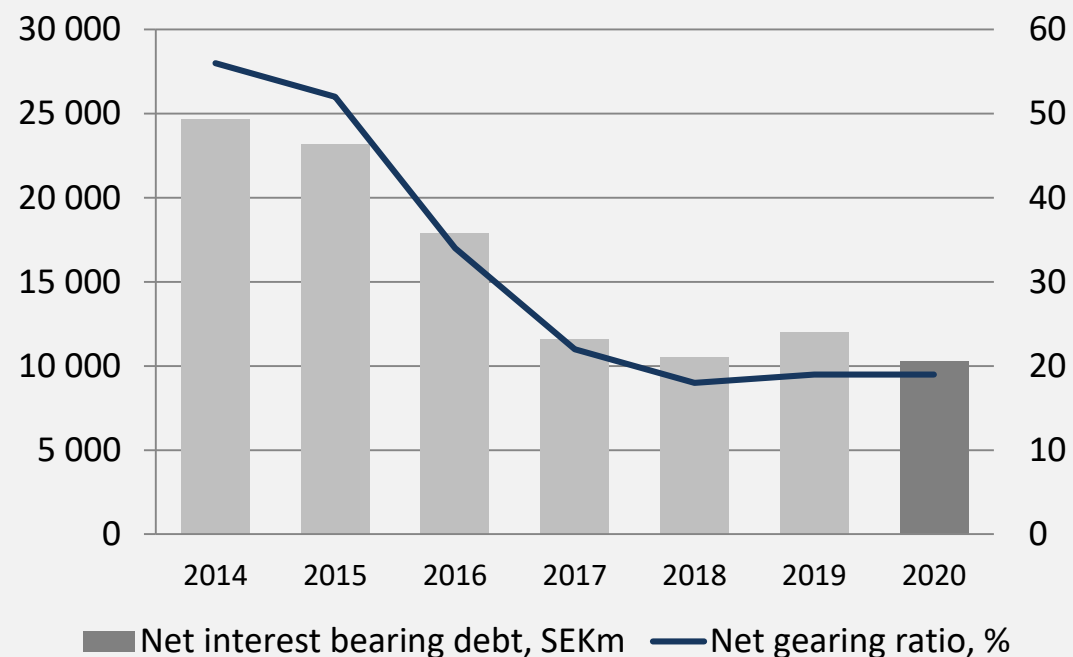
- ▶ Duration of the loan portfolio was 4.7 (7.1) years
- ▶ Liquid assets and committed credit lines at comfortable level of SEK 21.5bn – corresponds to 33% of rolling 12 month revenue
- ▶ Most maturities in 2021 refer to commercial papers

Maturity profile Q4/2020



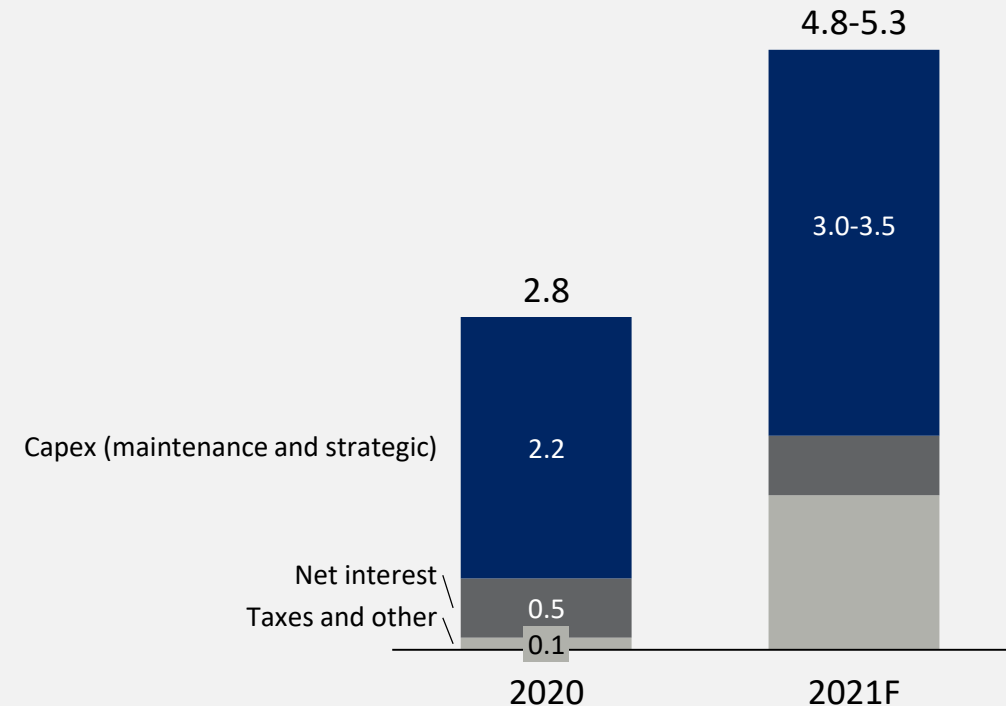
Significant reduction of net debt since Ruukki-merger

- ▶ Net debt decreased to SEK 10,278m (11,696m) at the end of 2020
- ▶ Net gearing was 19% (19%)
- ▶ 2014-2017 excluding IFRS 16 (impact of around SEK 2bn)



Cash needs of the business

- ▶ Total cash needs* estimated at SEK 4.8-5.3 billion in 2021
- ▶ Higher strategic capex:
 - Capacity expansion of Q&T in Mobile
 - Start of Oxelösund conversion
- ▶ Interest paid expected to be relatively stable
- ▶ Taxes paid will normalize**



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

**2019-level used as starting point, will depend on earnings in 2021

Higher prices for iron ore, lower for coking coal

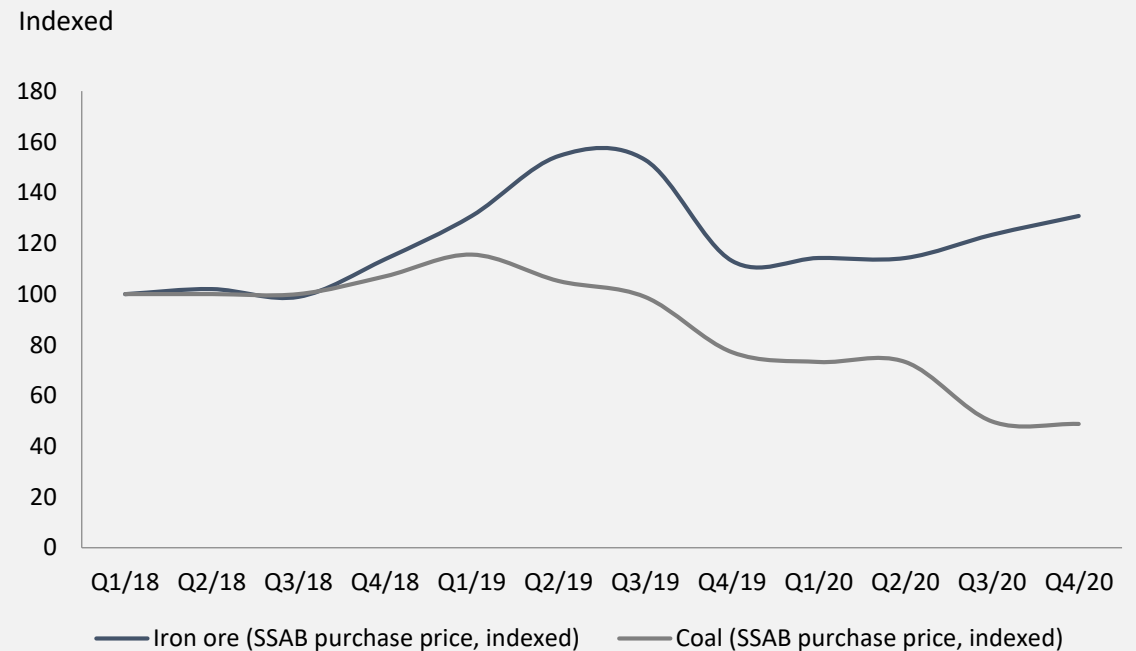
Iron ore

- ▶ Average pellet purchase price in Q4/20 was 6% higher in terms of SEK (+9% in USD) vs. Q3/20
- ▶ Iron ore spot prices increased sharply during Q4, will impact SSAB in Q1/21

Coking coal

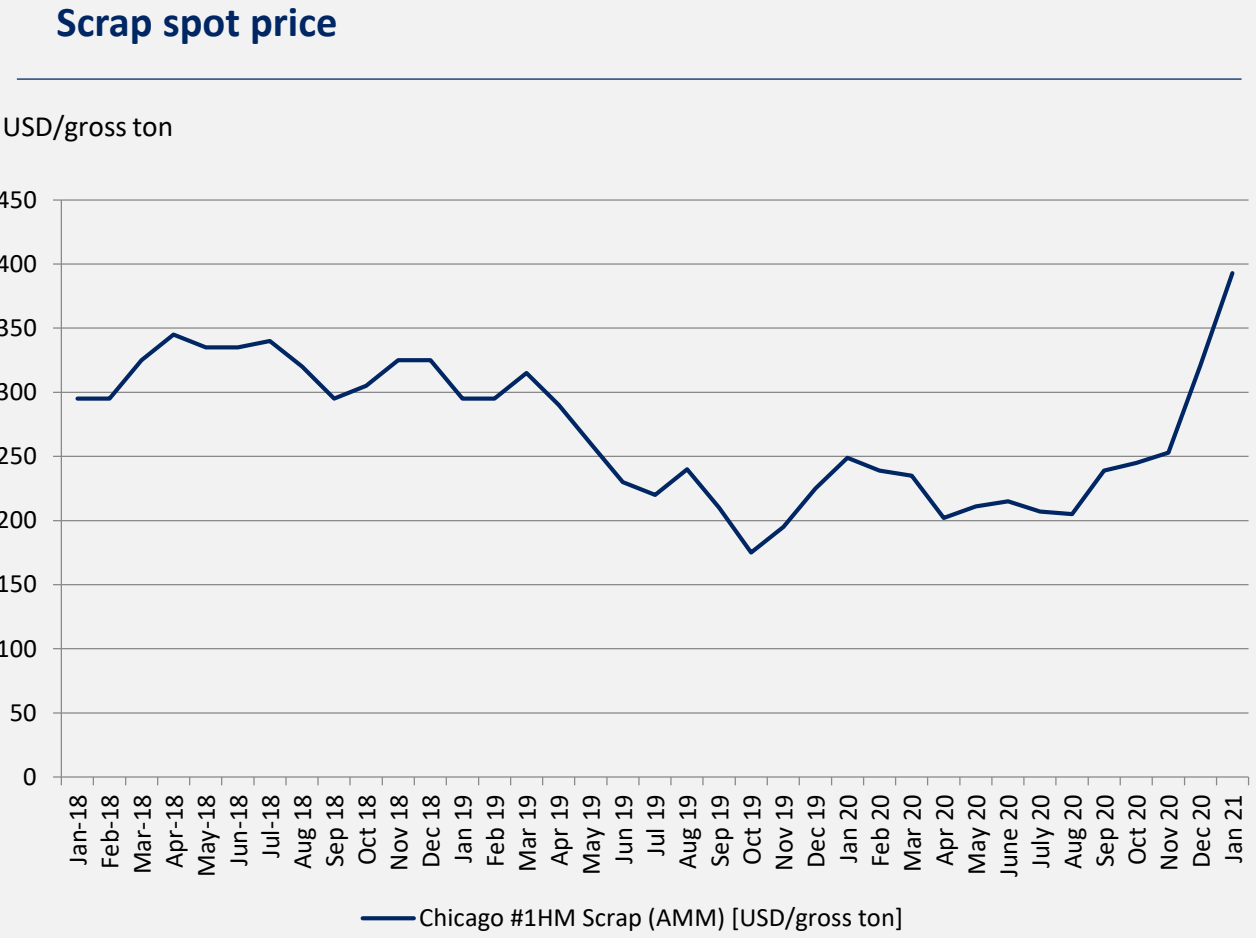
- ▶ Average coking coal purchase price in Q4/20 was 2% lower in terms of SEK (1% in USD) vs. Q3/20
- ▶ Coal spot prices decreased during the quarter

SSAB's purchase price, coking coal and iron ore



Scrap spot prices increased in Q4

- ▶ SSAB's average purchase price for scrap in Q4/20 was 14% higher (in terms of USD) vs. Q3/20
- ▶ Scrap spot prices in US increased sharply in Dec-20 and Jan-21



Source: AMM



Major planned maintenance outages in 2021

- ▶ Total maintenance costs for 2021 expected to be SEK 1,200m, compared to SEK 805m in 2020
- ▶ Costs in 2020 were lower than normal – more use of our own resources, due to a lower level of production
- ▶ SSAB Americas maintenance take place at SSAB’s mill in Mobile in 2021, including Q&T lines

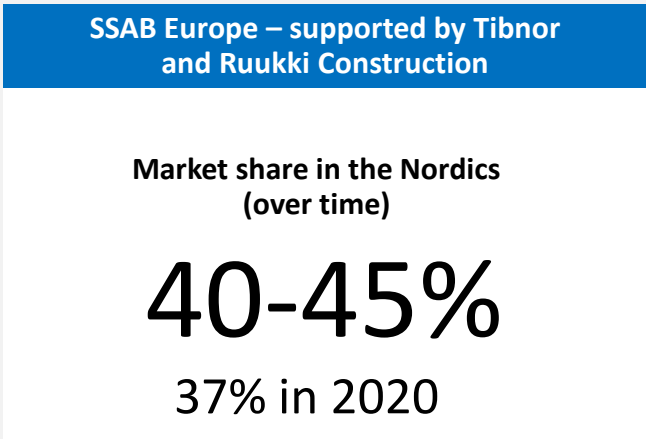
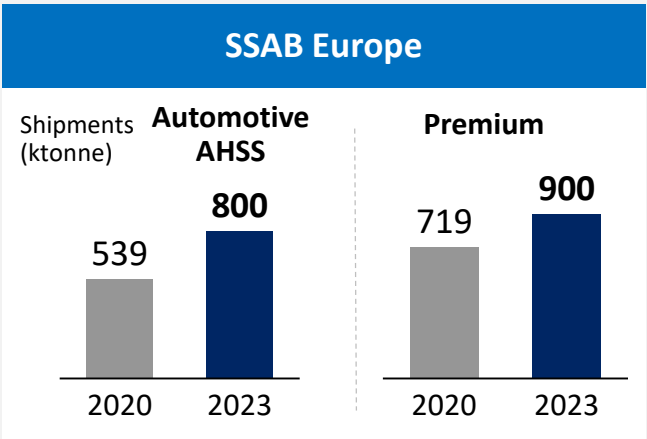
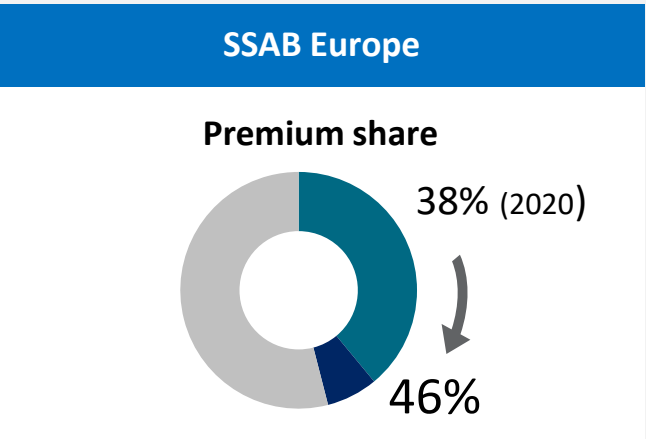
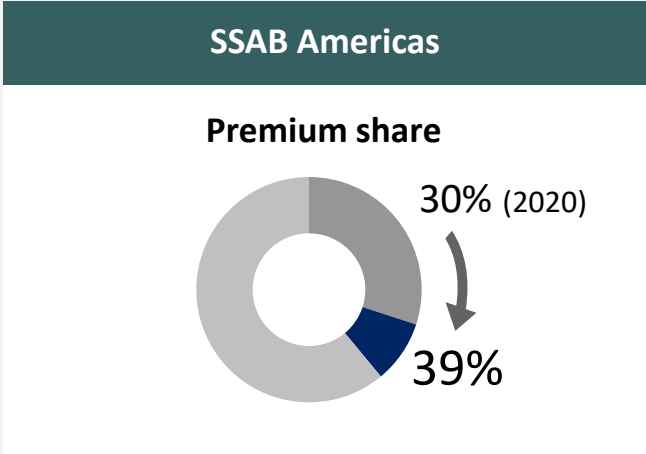
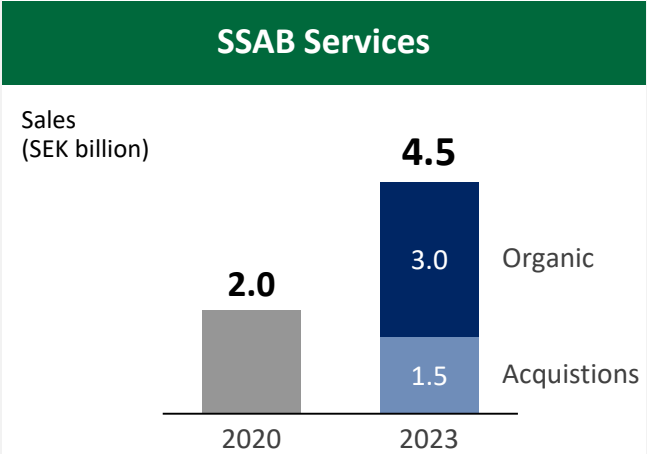
| SEKm | Q1/21 | Q2/21 | Q3/21 | Q4/21 | 2021 | 2020 | 2019 |
|---------------------|-------|-------|-------|-------|-------|------|-------|
| SSAB Special Steels | - | - | 320 | - | 320 | 250 | 300 |
| SSAB Europe | - | - | 300 | 145 | 445 | 335 | 420 |
| SSAB Americas | - | - | - | 435 | 435 | 220 | 415 |
| Total | - | - | 620 | 580 | 1,200 | 805 | 1,135 |

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

Outlook and summary

Covid-19 impacted steel markets in 2020

Strategic targets moved from 2022 to 2023



Firmly on track for a more sustainable SSAB

- ▶ SSAB's overarching goal to be fossil-free in 2045
- ▶ SSAB's aims to be the first to offer the market fossil-free steel in 2026
- ▶ The world unique HYBRIT pilot plant was started up in Luleå, Sweden in Aug 2020
- ▶ Sustainability strategy was updated in 2020 and SSAB's climate goals were approved by the Science Based Targets initiative




SSAB's outlook for main customer segments Q1/2021

| Segment | Q4/2020 | Comments | ● Strong ● Healthy ● Weak |
|------------------------|---------|---|---|
| Heavy Transport | ● | <ul style="list-style-type: none"> ▶ Heavy truck production at high level ▶ Rail cars in the US still low | |
| Automotive | ● | <ul style="list-style-type: none"> ▶ Recovery in production ▶ Underlying structural growth in AHSS | |
| Construction Machinery | ● | <ul style="list-style-type: none"> ▶ Production levels recovering in main markets | |
| Material Handling | ● | <ul style="list-style-type: none"> ▶ Mining operations continue at a good level | |
| Energy | ● | <ul style="list-style-type: none"> ▶ Low activity in oil and gas ▶ Good activity within wind power and transmission | |
| Construction | ● | <ul style="list-style-type: none"> ▶ Stable underlying demand, seasonal slow down | |
| Service Centers | ● | <ul style="list-style-type: none"> ▶ Restocking expected in Europe and the US | |

SSAB's outlook for Q1/2021

- ▶ In Q1/21 demand for steel is expected to be good, driven both by underlying demand and by customer restocking
 - Still uncertainty as to how Covid-19 will affect demand mid-term
 - Global demand for high-strength steel is estimated to be good
- ▶ Prices realized during (vs. Q4/20) are expected to:
 - SSAB Special Steels: increase
 - SSAB Europe: increase significantly
 - SSAB Americas: increase significantly
- ▶ Costs for raw material (vs. Q4/20) will increase

Volume outlook

| Business segment | Volume trend Q1/21 vs. Q4/20 |
|---------------------|---|
| SSAB Special Steels |  |
| SSAB Europe |  |
| SSAB Americas |  |

Demand driven both by underlying demand and by customer restocking

Shipments in Q4/20 for SSAB Americas were high, and slab balance low into Q1

Summary

- ▶ Good flexibility in 2020 to manage downturn
- ▶ Strong cash flow and reduced net debt
- ▶ Fixed costs reduced by over SEK 1.6bn
- ▶ Market recovery in Q4, succesful ramp-up of production
- ▶ Good demand expected in Q1/21
- ▶ Discussions with Tata Steel have now ended
- ▶ Target to be first in fossil-free steel



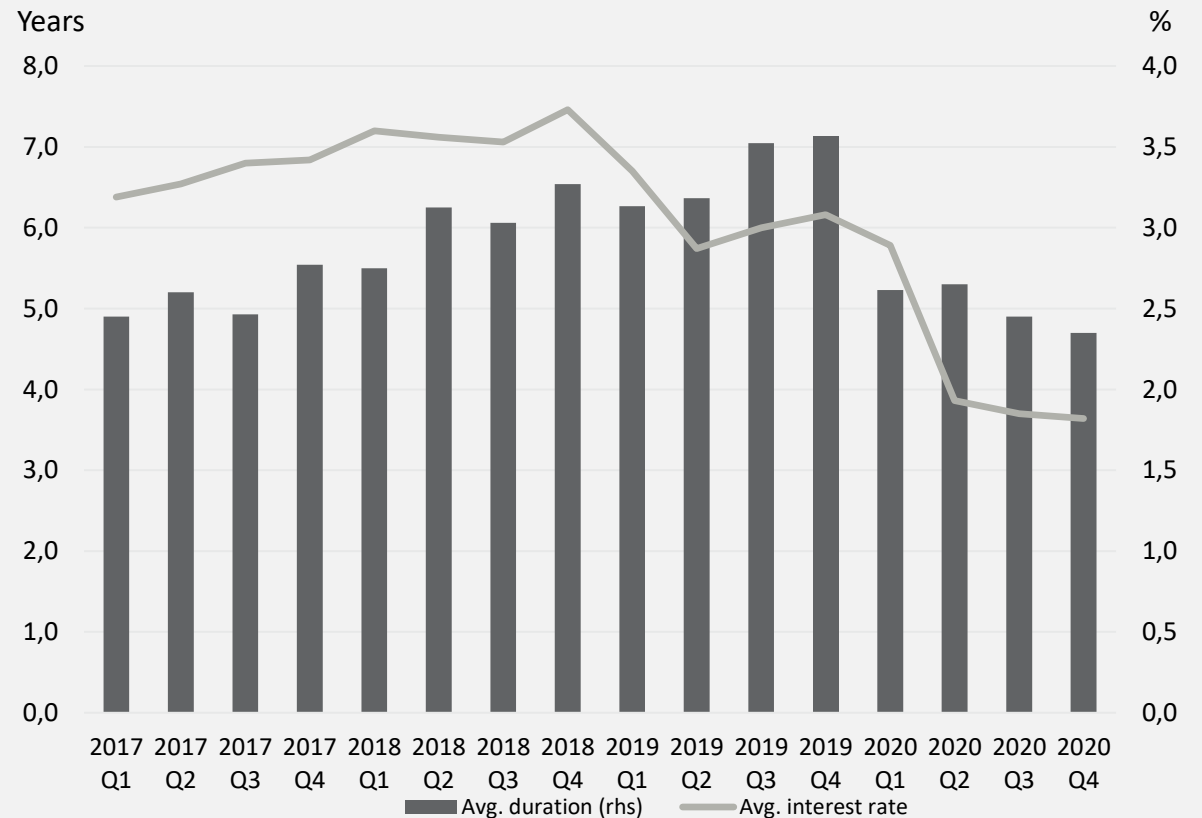
Questions & Answers

Appendix

Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 4.7 (7.1) years
- ▶ Averaged fixed interest term was 0.9 (1.1) years
- ▶ Average interest rate was 1.82% (3.08%)

Debt cost and duration



SSAB's climate goals approved by the Science Based Targets initiative

- ▶ SSAB is committed to reducing its greenhouse gas (CO₂e) emissions by 35% by 2032 (based on 2018 figures).
 - The goal applies to both direct and indirect emissions (Scope 1 and 2)
 - In line with the objective of keeping global warming well below 2°C
- ▶ Objective is scientifically based and in line with the Paris Agreement
- ▶ SSAB's aims to be the first to offer the market fossil-free steel in 2026



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Hybrit: Start up of world unique pilot plant

- ▶ The world unique pilot plant for fossil-free steel, producing sponge iron (DRI/HBI), was started up in Luleå, Sweden
- ▶ First using natural gas and then hydrogen to be able to compare production results
- ▶ The Swedish Energy Agency granted the joint venture SEK 22m for a study to establish the prerequisites for the demonstration plant



SSAB



*A stronger,
lighter and more
sustainable world*