

Presentation of the Q3/2022 report

Martin Lindqvist, President & CEO
Leena Craelius, CFO

October 25, 2022



SSAB

Agenda

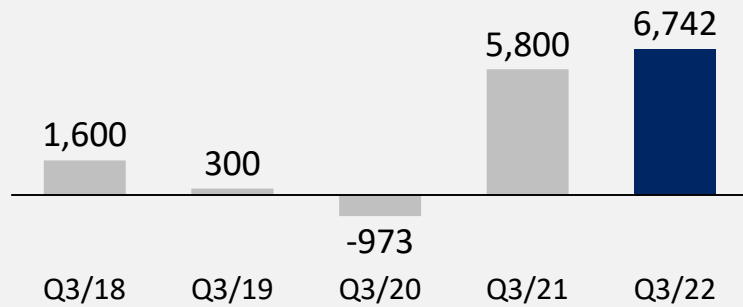
- ▶ Q3/2022 in brief
- ▶ Financials
- ▶ Outlook and summary
- ▶ Q&A



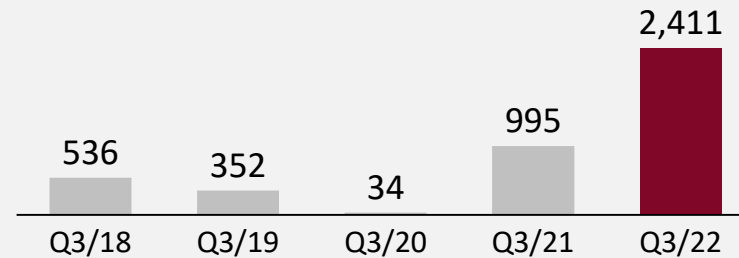
Q3/2022 in brief

Highlights in the third quarter

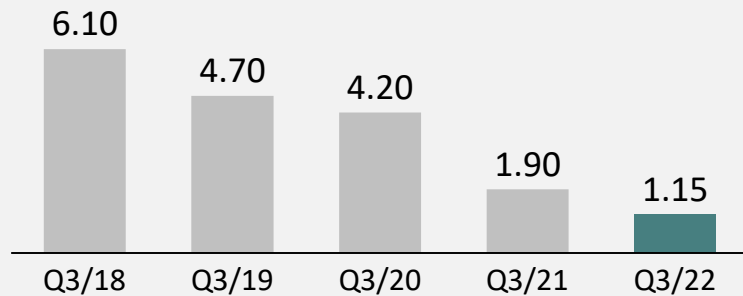
► Operating profit exceeded last year



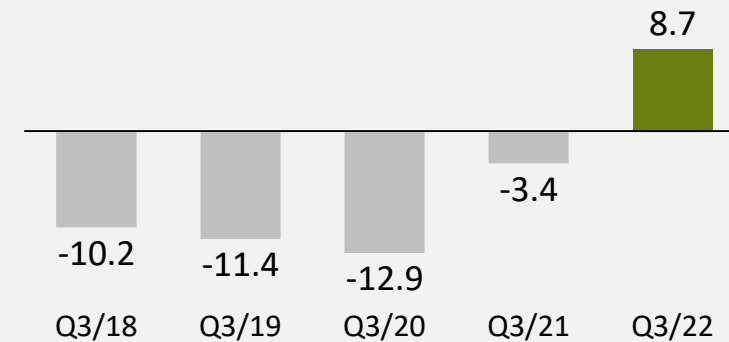
► SSAB Special Steels reached record operating profit (SEK m)



► Improved safety performance (LTIF, r12m)



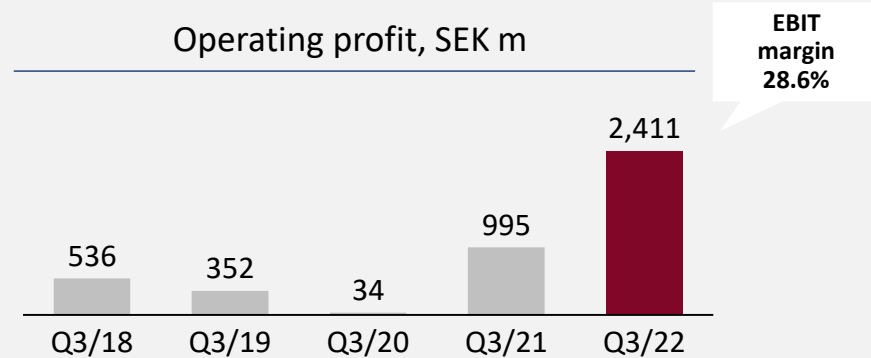
► Strong balance sheet (net cash, SEK bn)



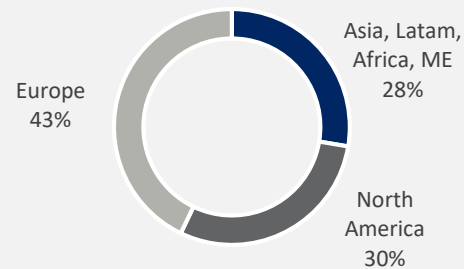
Record earnings for SSAB Special Steels

- ▶ Unique global sales organization with local stocks
- ▶ Leading product offering
- ▶ Driving market growth by developing new applications

Operating profit, SEK m

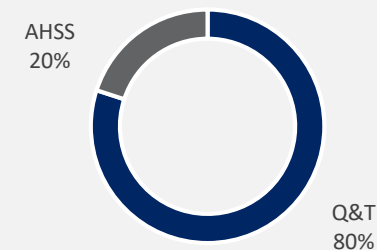


Diversified sales



Share of revenue, first 9 months of 2022

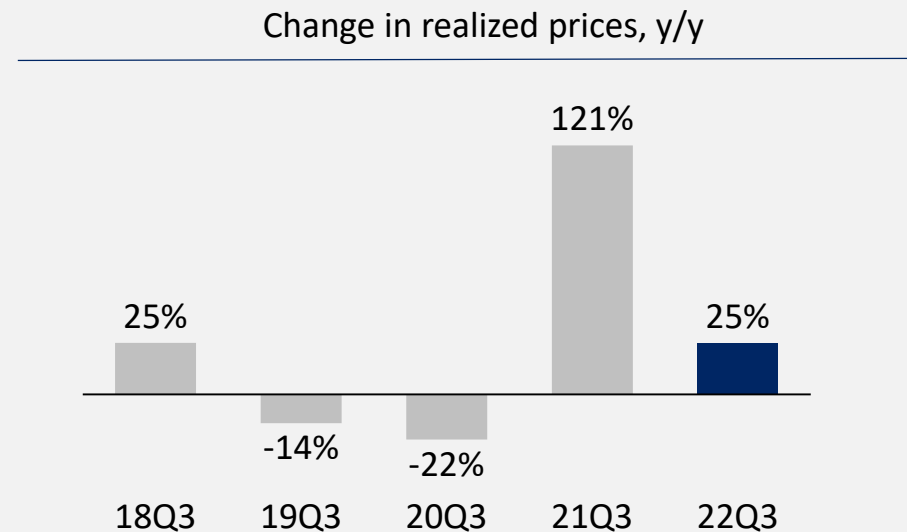
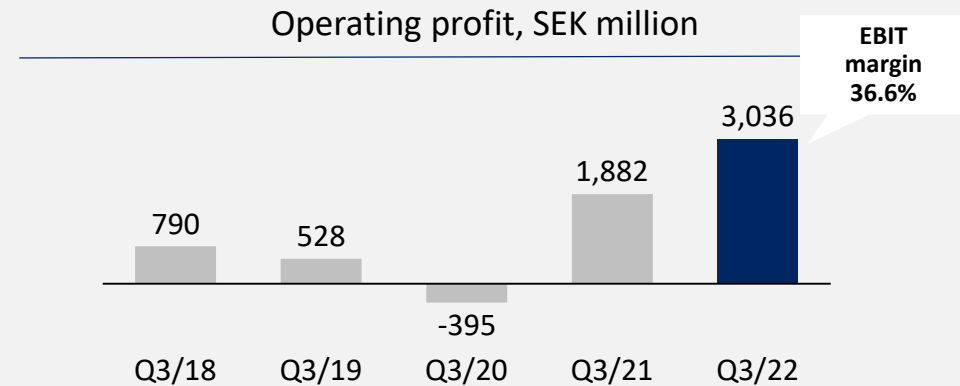
Q&T main product area



Share of shipments, first 9 months of 2022

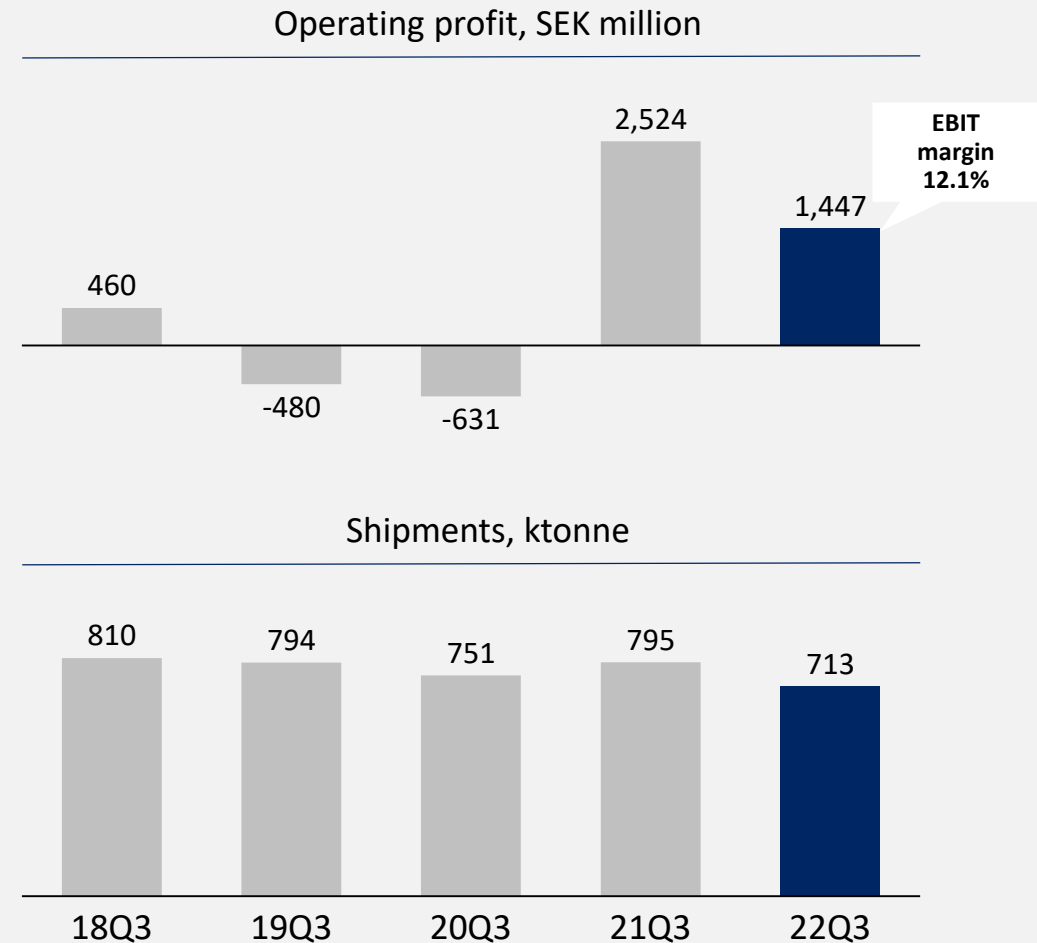
Good demand for SSAB Americas

- ▶ Plate price has decreased but remain at a high level
- ▶ Good demand in several segments
- ▶ Infrastructure bill and energy demand could be positive for plate demand over the next few years



Weaker market for SSAB Europe

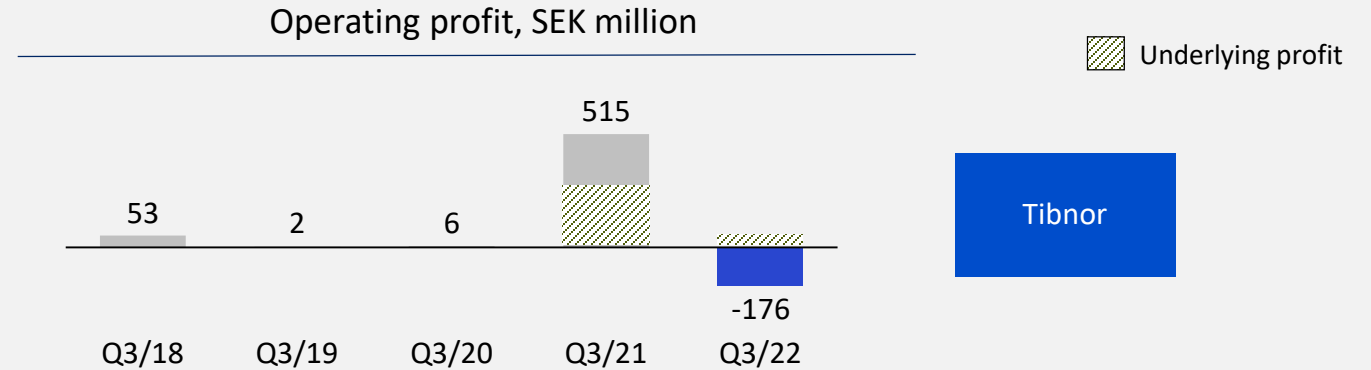
- ▶ Weaker demand and low shipments in Q3
- ▶ Production adjusted for construction related products
- ▶ Reduced capacity in Q4 – maintenance work at one of the blast furnaces in Raahе (annual capacity 1.3 million tonnes), starting mid-November



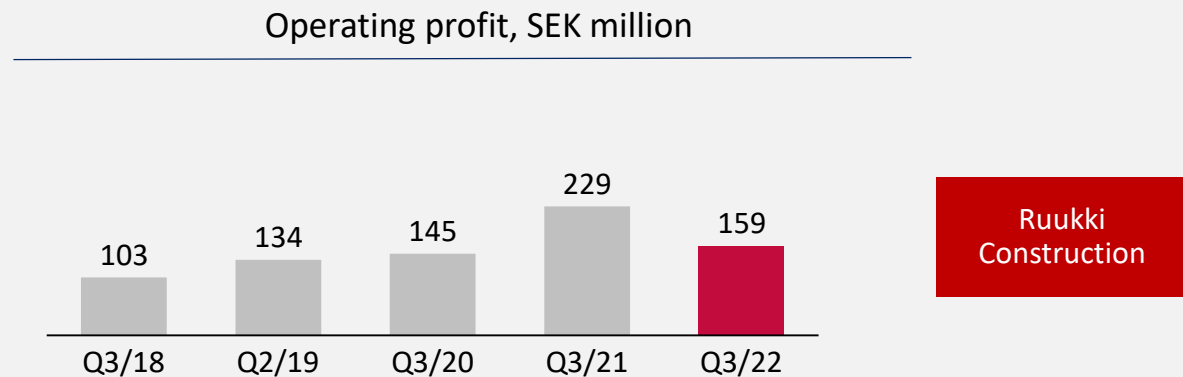
Tibnor and Ruukki Construction

Weaker European market impacting earnings

- ▶ Lower shipments
- ▶ Inventory losses due to the negative price trend for steel



- ▶ Slowdown in Construction segment
- ▶ High inflation impacting demand



Leading the green transition of the steel industry

- Hydrogen Iron & Steel Making forum in Stockholm, October 2022



Strong demand for fossil-free steel

- ▶ First customer partnership in the US in commercial vehicles – Oshkosh
- ▶ Volvo Trucks has begun small-scale introduction of SSAB fossil-free steel in heavy electric trucks



Transition of Nordic production according to plan

- ▶ The Swedish Energy Markets Inspectorate approved the application for two 130 kV power lines to SSAB's steel mill in Oxelösund
- ▶ Feasibility studies for SSAB's planned mini-mills in Luleå and Raahе are ongoing
- ▶ Transition requires sufficient availability of fossil-free electricity in the right place at the right time
- ▶ Key to have a level playing field across Europe regarding state aid for the transition



HYBRIT production continues, and patent applications filed

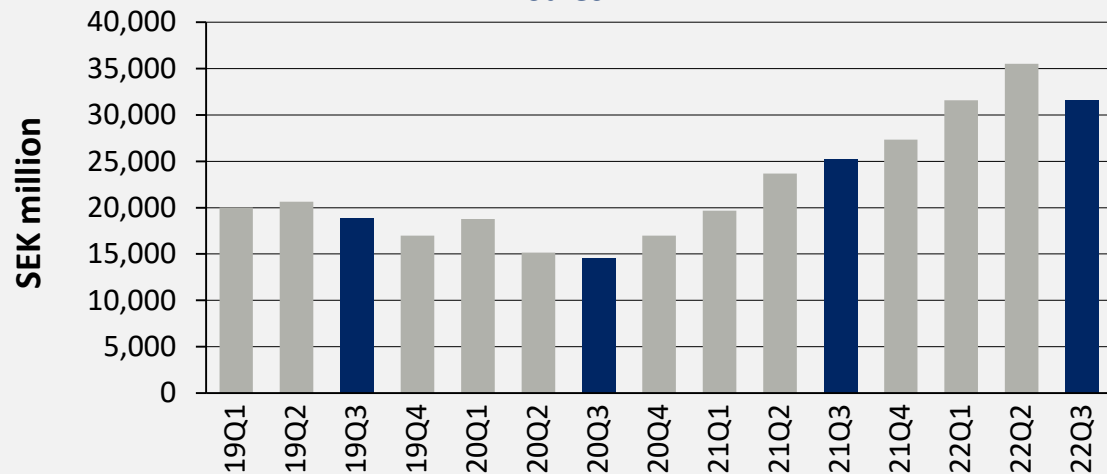
- ▶ Direct reduced iron (DRI) with hydrogen creates a product with superior mechanical and aging properties compared to fossil-based reducing gas, such as natural gas
- ▶ Good feedback from pilot customers
- ▶ Hybrit Development AB has filed patent applications to the European Patent Office



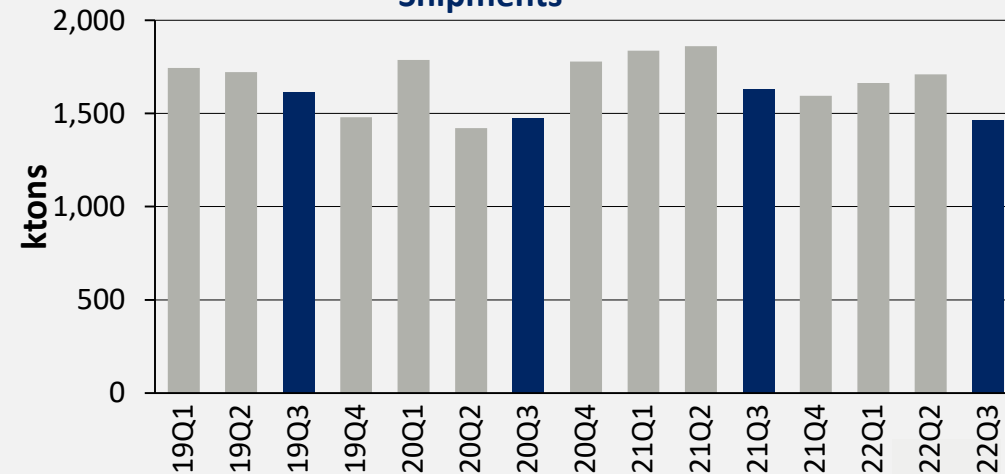
Financials

Higher earnings vs Q3/21

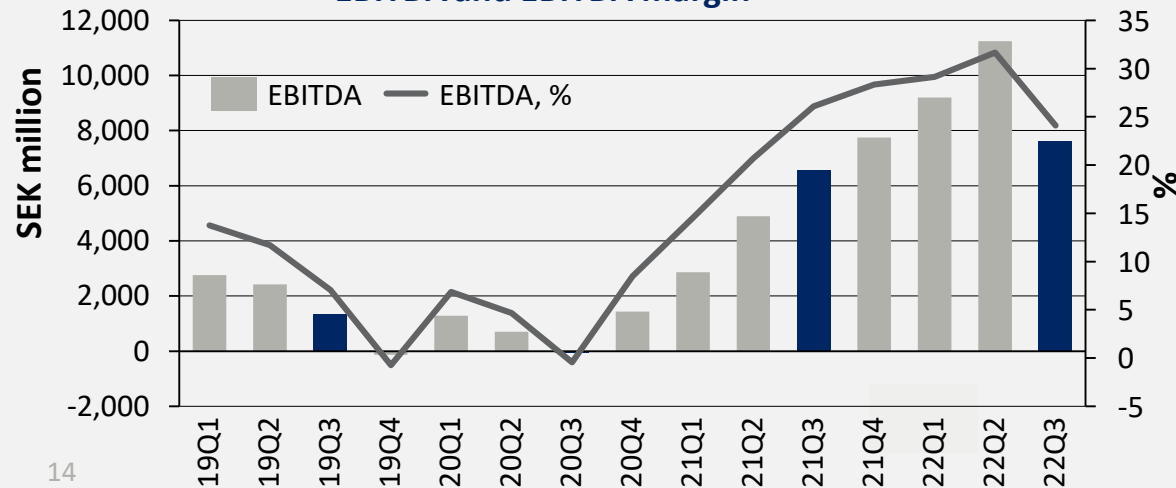
Sales



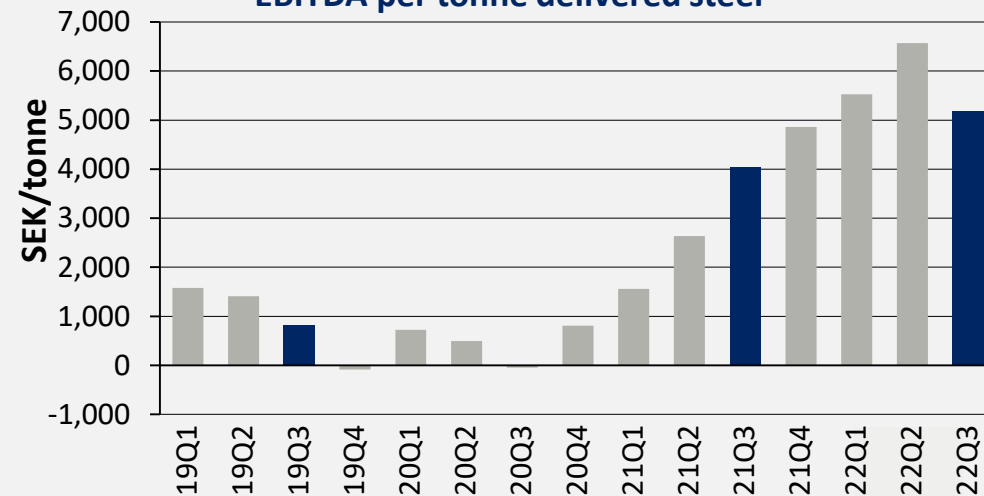
Shipments¹



EBITDA and EBITDA margin²



EBITDA per tonne delivered steel²



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

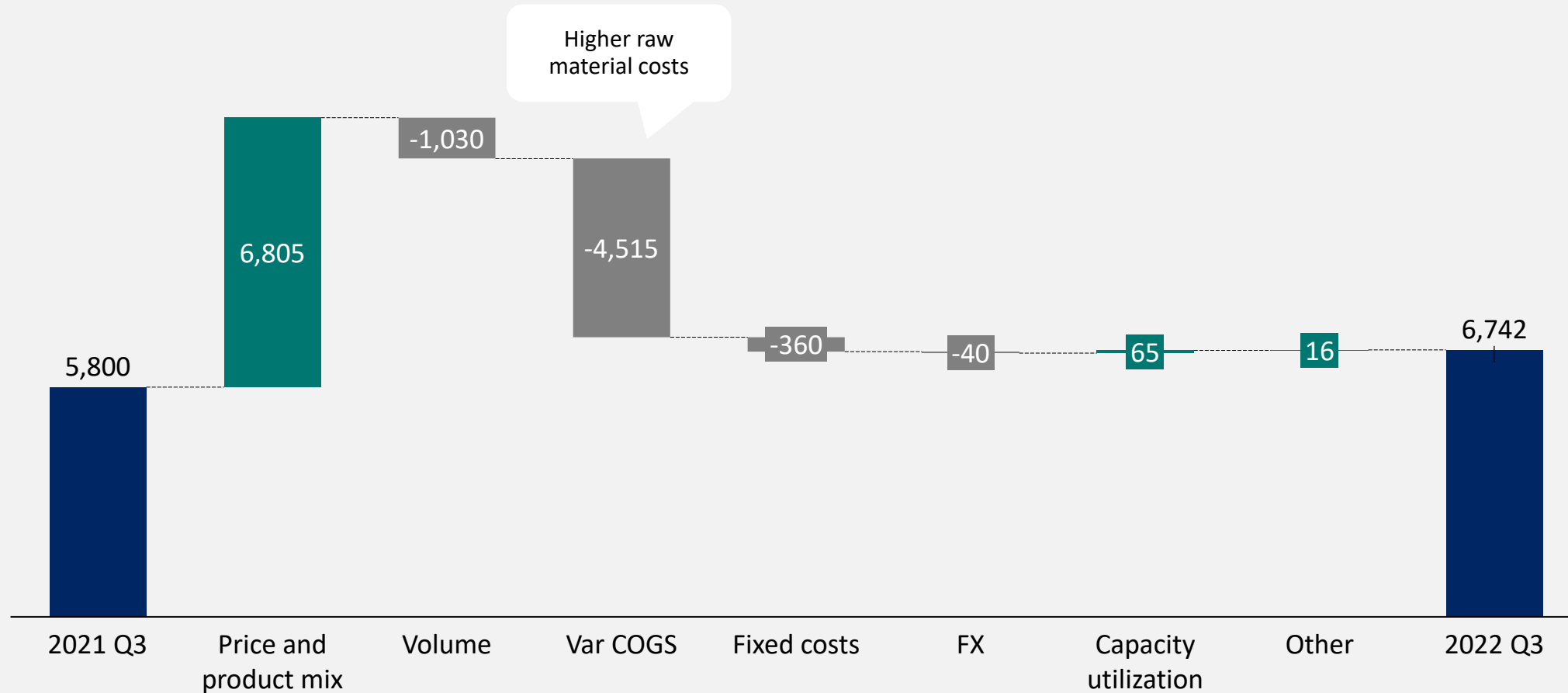
2) Excluding items affecting comparability

SSAB

Change in operating profit

Q3/22 vs. Q3/21

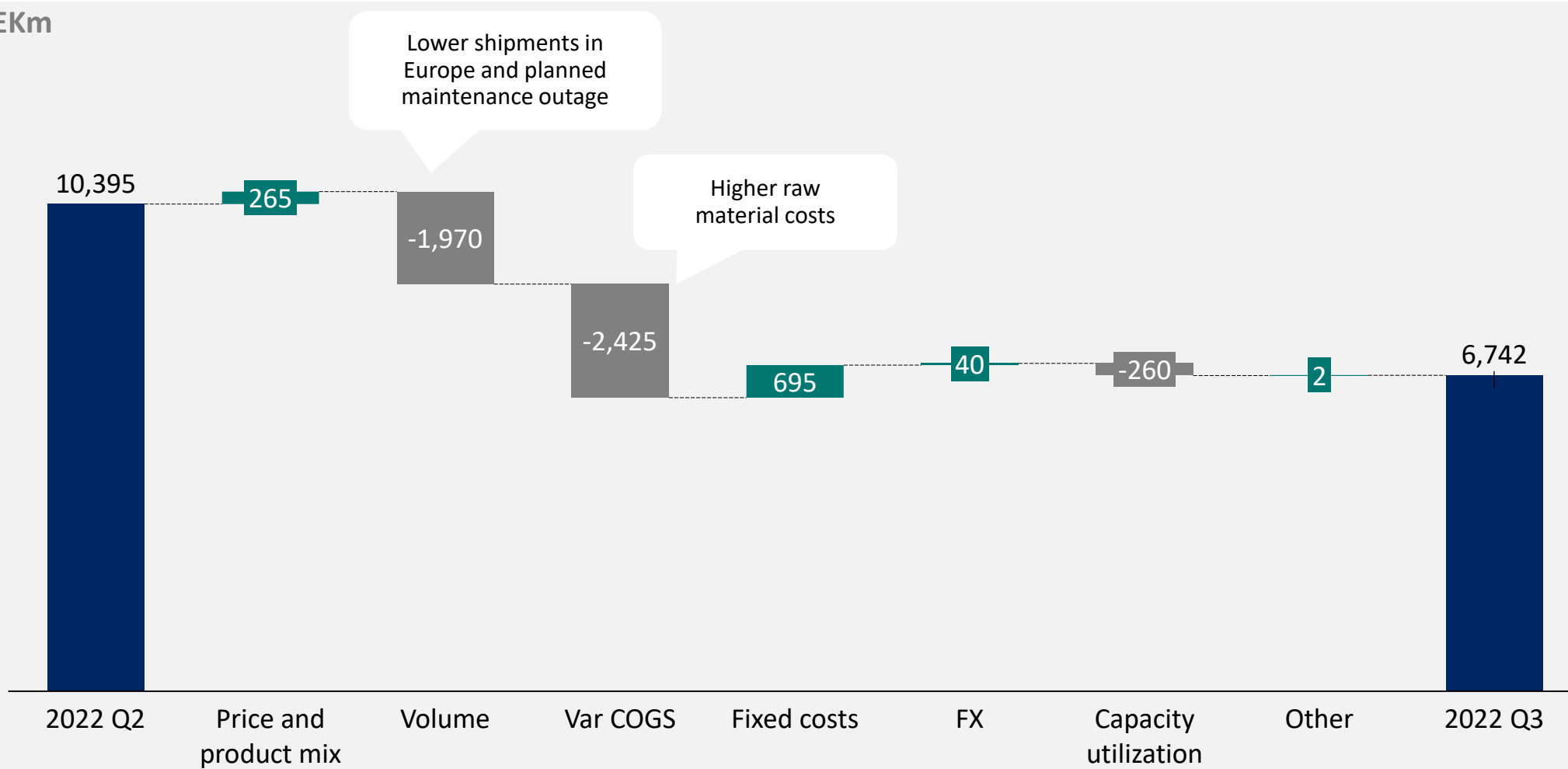
SEKm



Change in operating profit

Q3/22 vs. Q2/22

SEKm

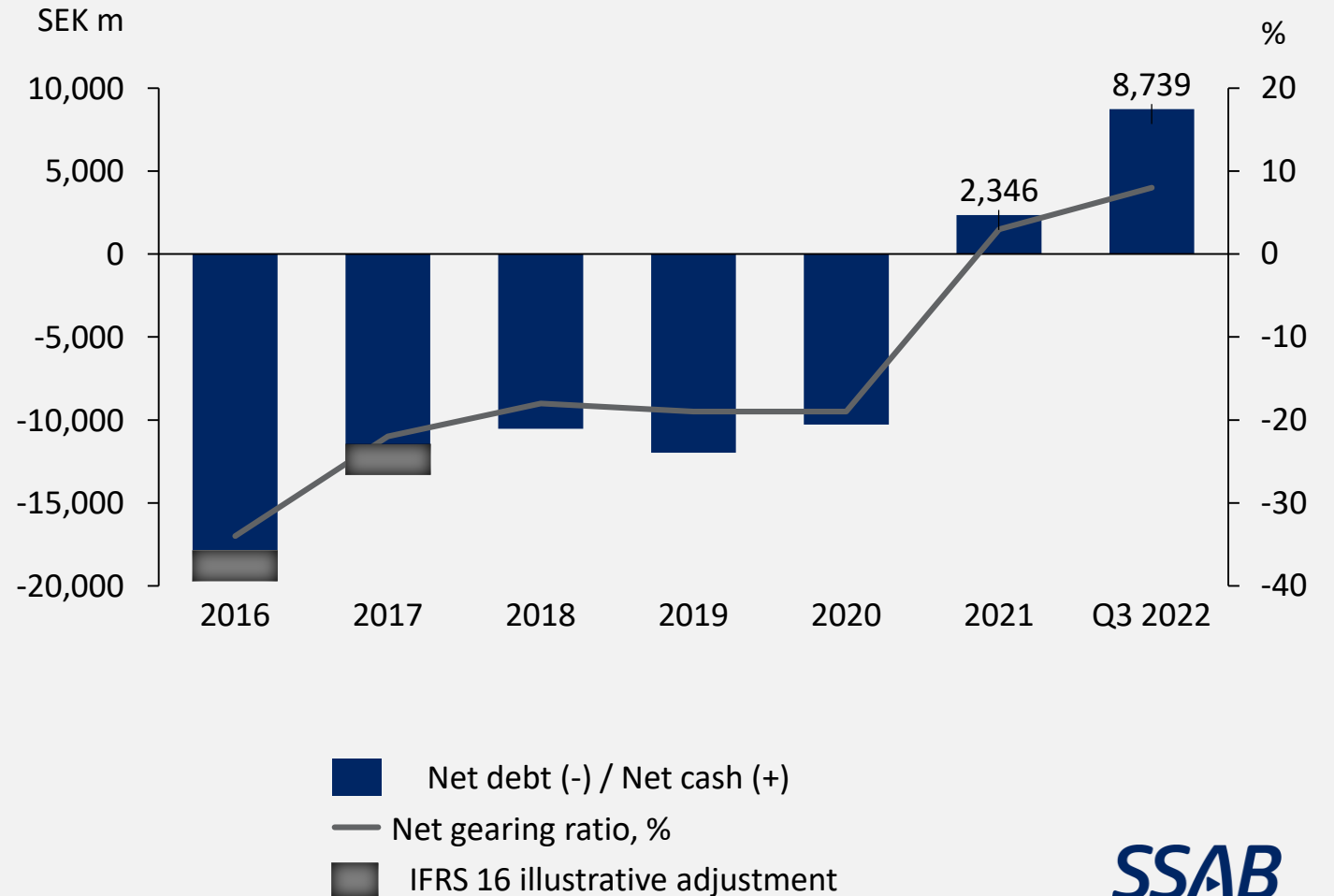


Higher earnings and higher working capital

SEK millions	2022 Q3	2021 Q3	2022 Jan-Sep	2021 Jan-Sep	2021 Full year
EBITDA	7,451	6,582	27,681	14,341	22,094
Change in working capital	-5,400	-2,693	-13,200	-4,458	-5,485
Maintenance capex	-478	-461	-1,179	-1,030	-2,053
Other	198	49	511	-35	741
Operating cash flow	1,771	3,478	13,813	8,817	15,296
Financial items	41	-125	-16	-302	-373
Taxes	-1,644	-322	-4,634	-712	-1,357
Cash flow from current operations	168	3,031	9,163	7,803	13,566
Strategic capex, plants and machinery	-430	-218	-1,247	-526	-835
Acquisitions of shares and operations	-22	-	-442	-103	-130
Cash flow before dividend	-285	2,812	7,474	7,174	12,602
Dividend, Parent company's shareholders	-	-	-5,406	-	-
Dividend, non-controlling interest	-	-2	-7	-9	-9
Acquisitions of shares, non-controlling interest	-	-	-	-127	-157
Net cash flow	-285	2,810	2,061	7,039	12,436

Strong financial position

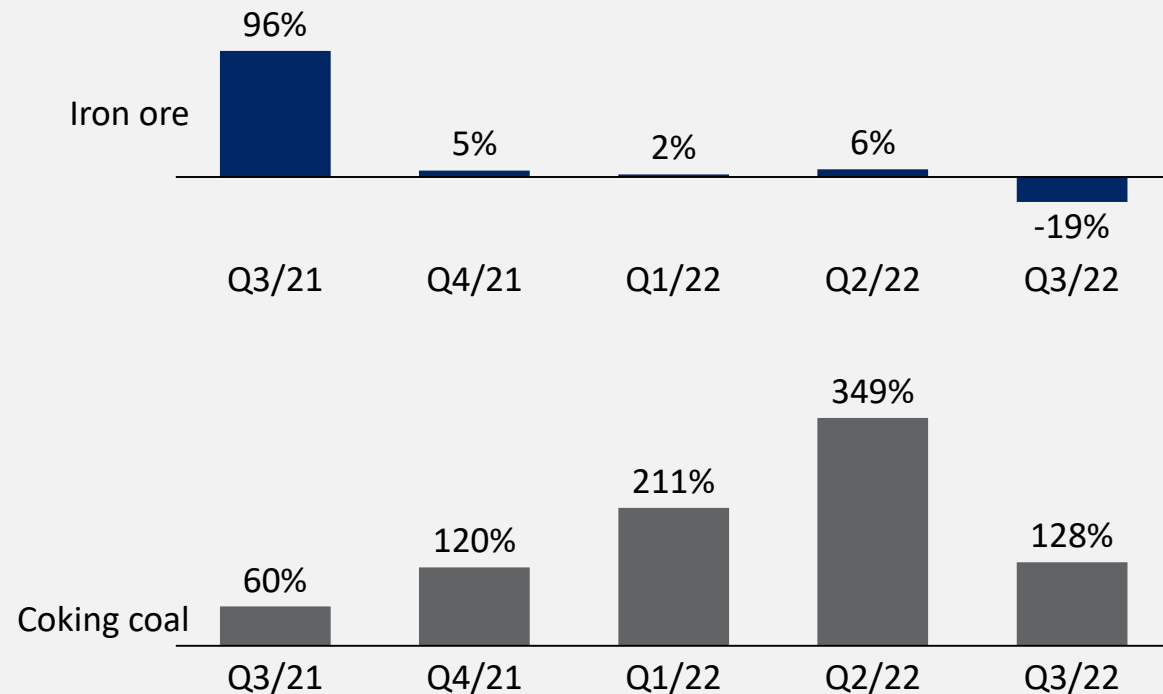
- ▶ Group is debt free with net cash of SEK 8.7bn (-3.4bn) at the end of Q3/22



Increasing purchase price for coking coal

- The purchase prices of iron ore affect the result after a lag of around one quarter, while coking coal has a lag of around one and a half quarters

SSAB's purchase price, year over year changes

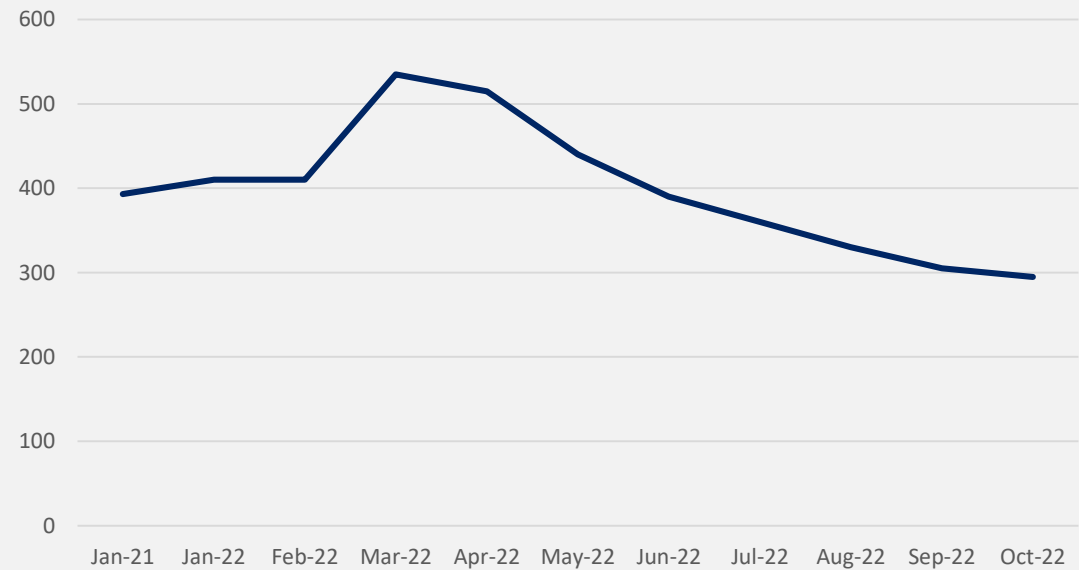


Scrap prices

- ▶ SSAB's average purchase price for scrap in Q3/22 was 25% lower (in terms of USD) vs. Q2/22
- ▶ Spot prices continued down in October

Scrap spot price

USD/gross ton



Source: AMM

Major planned maintenance outages in 2022

- ▶ Total maintenance costs for 2022 expected to be SEK 1,590 m (1,270)
- ▶ SSAB Europe: Outage of one blast furnace in Raahе brought forward (start mid-November)








Expected maintenance costs for 2022

	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
SEK millions	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Full-year	Full-year
SSAB Special Steels	-	-	-	-	90	440	370	150	460	590
SSAB Europe	-	-	-	-	205	270	520	160	725	430
SSAB Americas	-	-	-	-	335	-	70	250	405	250
Total	-	-	-	-	630	710	960	560	1,590	1,270

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

SSAB's outlook for main customer segments Q4/2022

Segment	Demand	<div> Strong Neutral Weak </div> Comments
Heavy Transport		<ul style="list-style-type: none"> ▶ Risk of further production stops in EU heavy-duty trucks, due to component shortages ▶ Stable demand in the US (Rail and Marine)
Automotive		<ul style="list-style-type: none"> ▶ Risk of further production stops ▶ Underlying structural growth in AHSS
Construction Machinery		<ul style="list-style-type: none"> ▶ Slowdown in Europe, China weak, US stable
Material Handling		<ul style="list-style-type: none"> ▶ Good demand from mining and recycling
Energy		<ul style="list-style-type: none"> ▶ Improved activity in oil & gas ▶ Good demand in renewables
Construction		<ul style="list-style-type: none"> ▶ Lower activity, as well as seasonal slowdown
Service Centers		<ul style="list-style-type: none"> ▶ Low inventory levels in the US, speculation on lower plate prices ▶ Cautious sentiment in Europe, inventory levels somewhat high

SSAB's outlook for Q4/2022

- ▶ Weak European market
- ▶ Relatively stable heavy plate market in North America
- ▶ Impact from planned maintenance outages:
 - Somewhat lower shipments in SSAB Special Steels and SSAB Europe stable (outages in Q4)
 - Higher shipments in SSAB Americas (outage in Q3)

Volume and pricing outlook

	Q4 2022 vs. Q3 2022	
	Shipments	Realized prices
SSAB Special Steels	Somewhat lower	Somewhat lower
SSAB Europe	Stable	Significantly lower
SSAB Americas	Higher	Somewhat lower

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

Summary

- ▶ Strong earnings for Special Steels and Americas
- ▶ Continued good trend in safety
- ▶ Release of working capital in Q4
- ▶ Uncertain market outlook
 - Structurally improved ability to manage downturn
- ▶ Plan for fossil-free steel production on track
 - Pilot shipments to partner customers on-going
 - Transition requires sufficient availability of fossil-free electricity
 - Level playing field regarding state aid

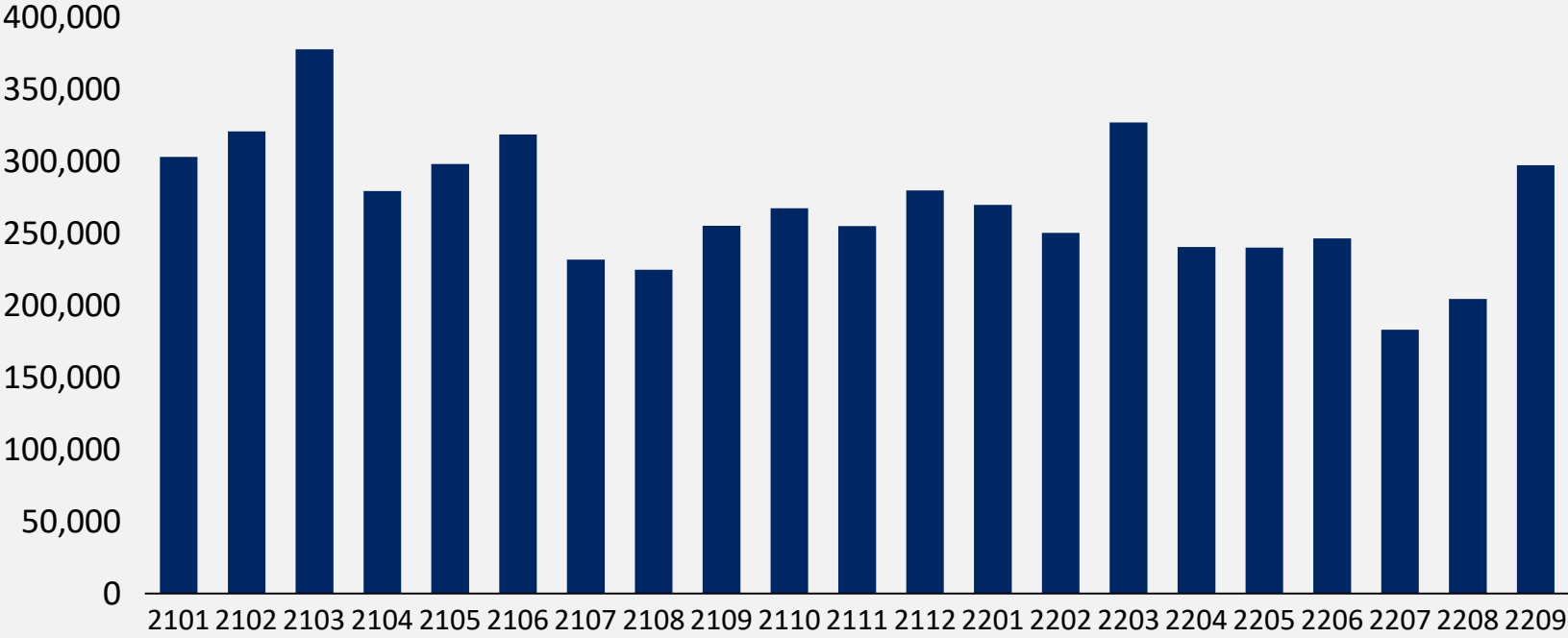


Questions & Answers

Appendix

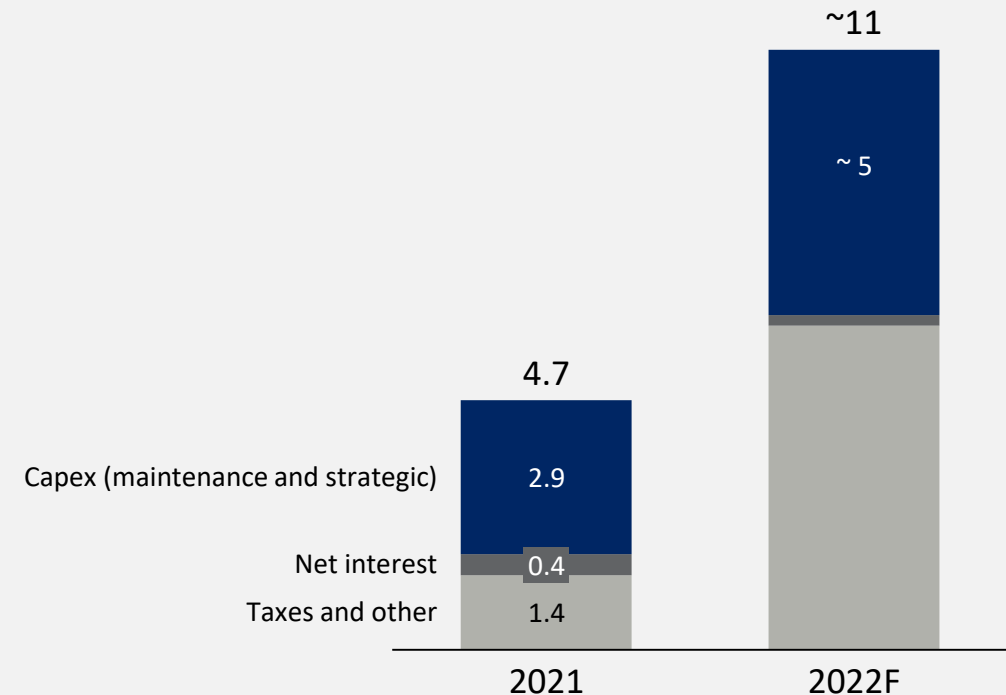
Order intake

SSAB Europe, monthly order intake, tonnes



Cash needs of the business

- ▶ Total cash needs¹⁾ estimated at around SEK 11bn in 2022 (previously 8.5bn)
- ▶ Higher cash needs estimate due to higher taxes, as a result of earnings growth
- ▶ Higher strategic capex vs. 2021:
 - Oxelösund conversion
 - Mobile Q&T expansion



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

Pilot shipments of fossil-free steel to partner customers

Unique value chain

Pilot for
hydrogen
storage



Fossil-free
pellet
production at
LKAB



HBI
production at
HYBRIT pilot
plant



Fossil-free steel production at
SSAB



Construction
Machinery



Mining



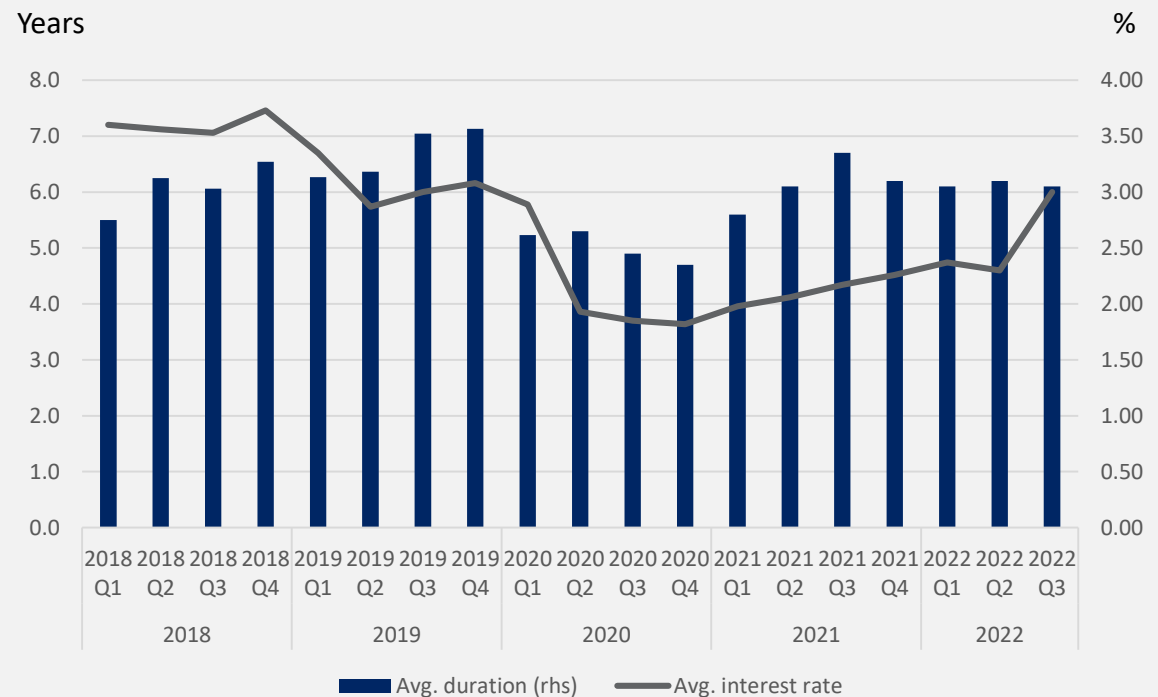
Automotive

SSAB

Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.1 (6.7) years
- ▶ Averaged fixed interest term was 1.0 (1.2) years
- ▶ Average interest rate was 3.0% (2.2%)

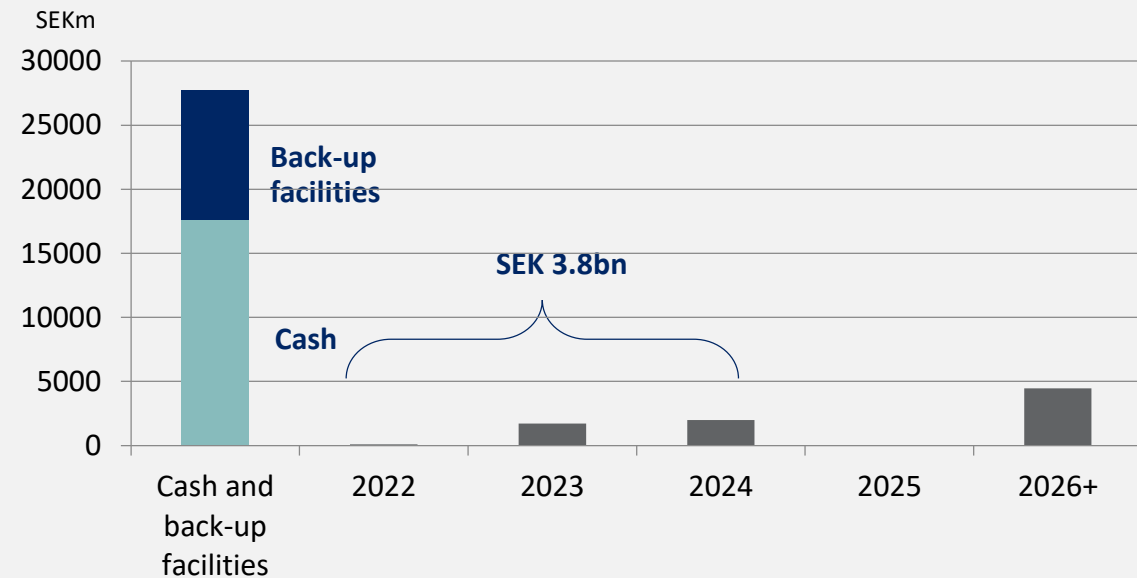
Debt cost and duration



Maturity profile

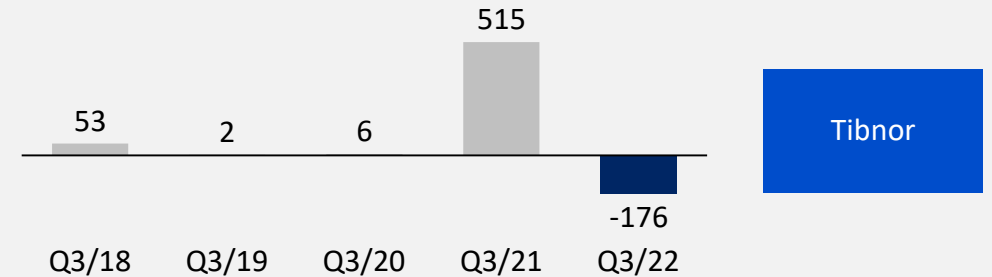
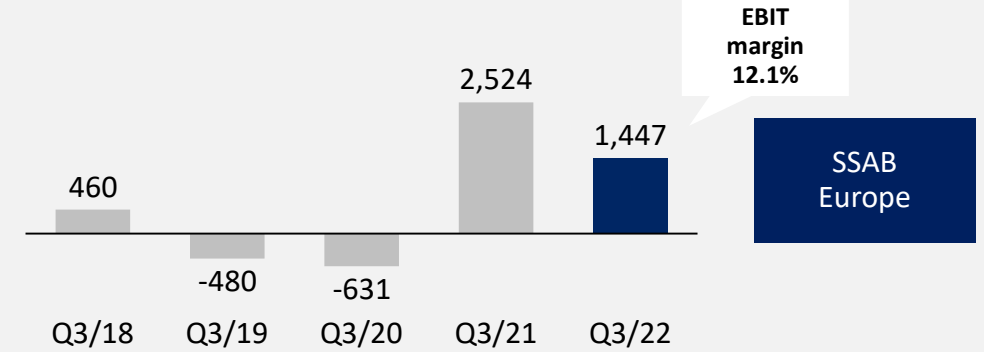
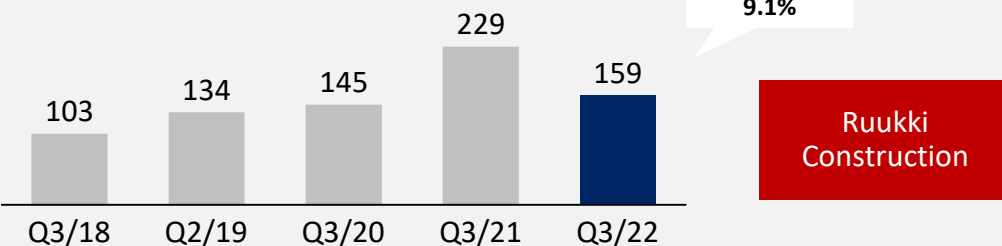
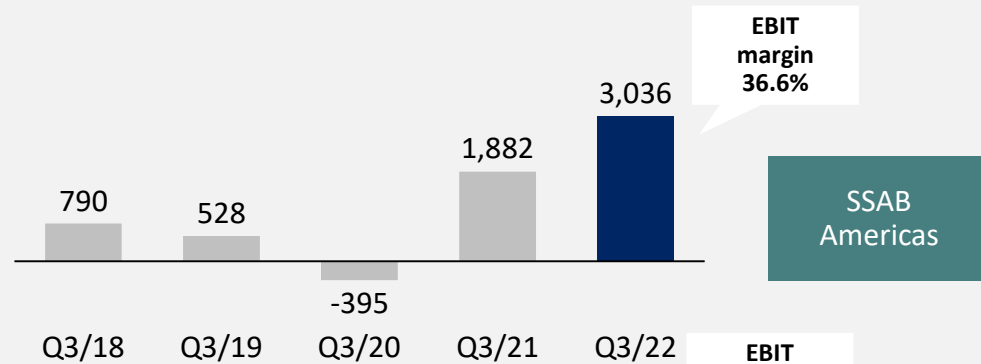
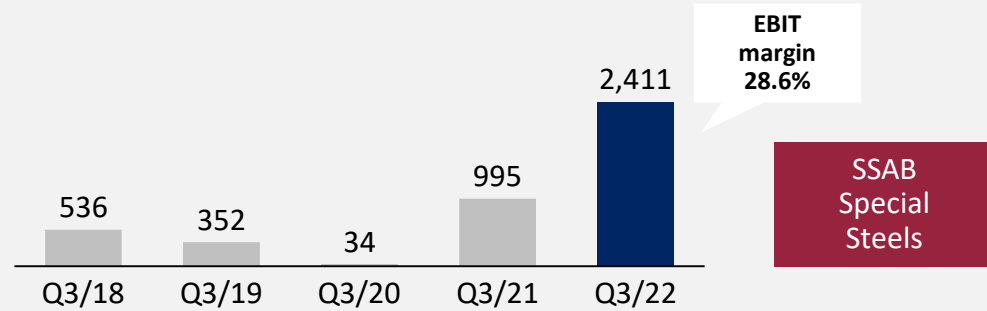
- Liquid assets and committed credit lines at SEK 27.7 bn

Maturity profile Q3/2022



Strong result for SSAB Special Steels and SSAB Americas

EBIT, SEK million



Excluding items affecting comparability

SSAB

SSAB



*A stronger,
lighter and more
sustainable world*