

Presentation of the Q1/22 report

Martin Lindqvist, President & CEO
Leena Craelius, CFO

Apr 26, 2022



Agenda

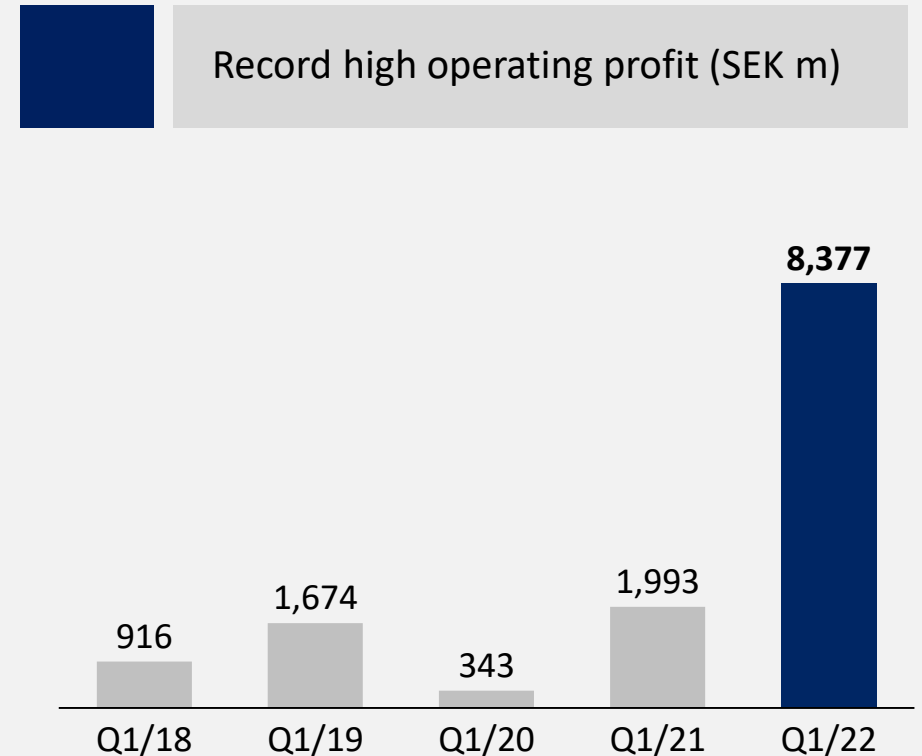
- ▶ Q1 2022 in brief
- ▶ Financials
- ▶ Outlook and summary
- ▶ Q&A



Q1 2022 in brief

Q1/22 – Strong start in turbulent environment

- ▶ Steel prices at high level
- ▶ Unplanned stop in Raahe and higher raw material costs
- ▶ General cost (SG&A) at same level as Q1/19
- ▶ Continued improvement in safety – LTIF decreased to 1.6
- ▶ SSAB Special Steels' shipments at high level



Impacts on SSAB from the war in Ukraine

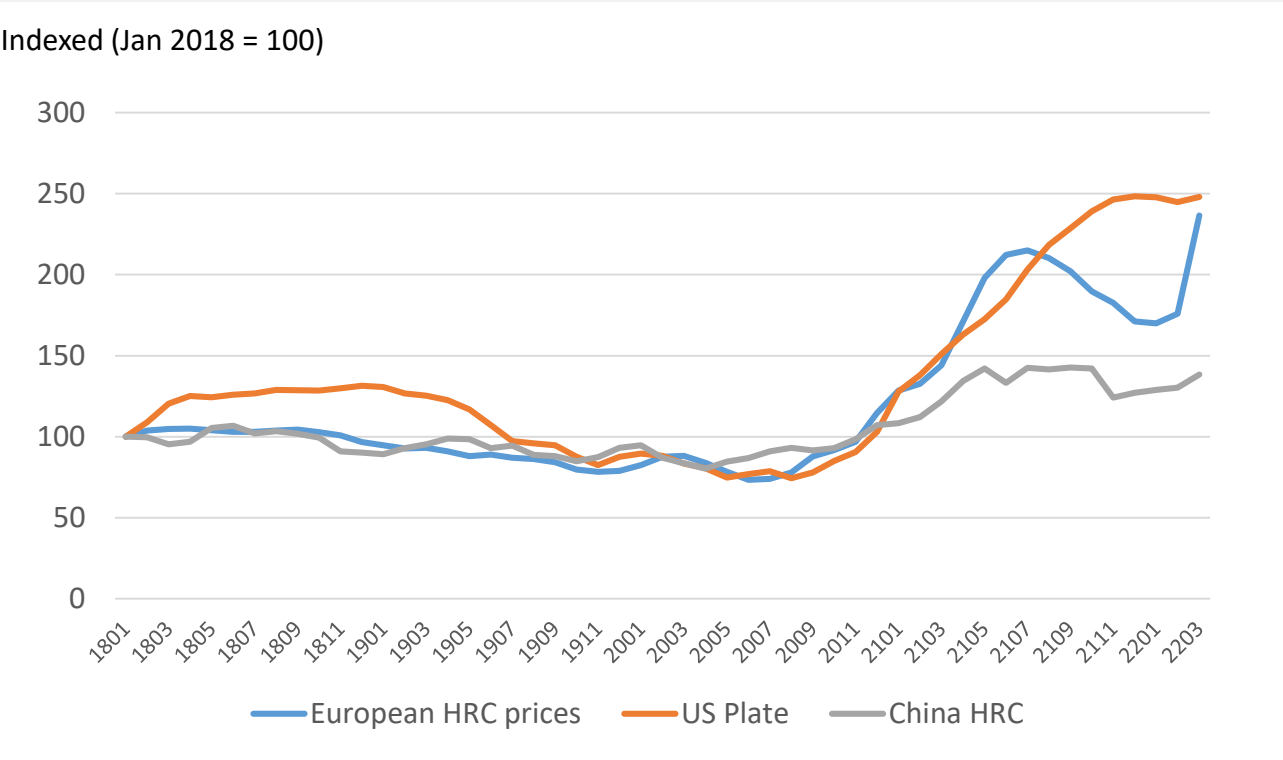
- ▶ Our highest priority is to assist and support our employees and their families in Ukraine
- ▶ SSAB directly ceased sales to Russia and Belarus
- ▶ New purchases of ore and coal from Russia discontinued
- ▶ Several measures to ensure access to raw materials
- ▶ Related write-down of assets in Q1: SEK 487m
- ▶ Going forward: Risk of disruptions in supply chains (sanctions and other fallout), as well as impact on economic activity



Steel prices at high level

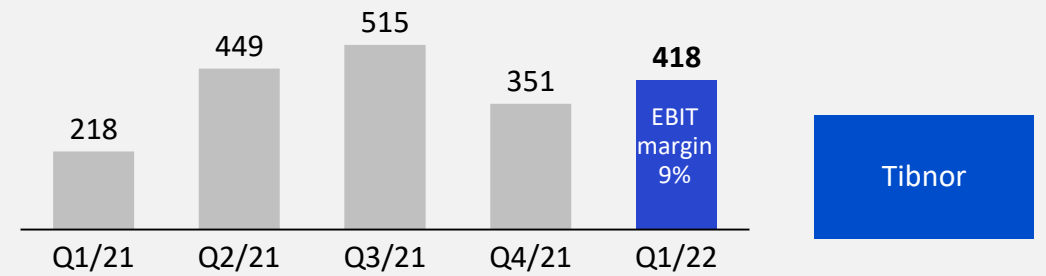
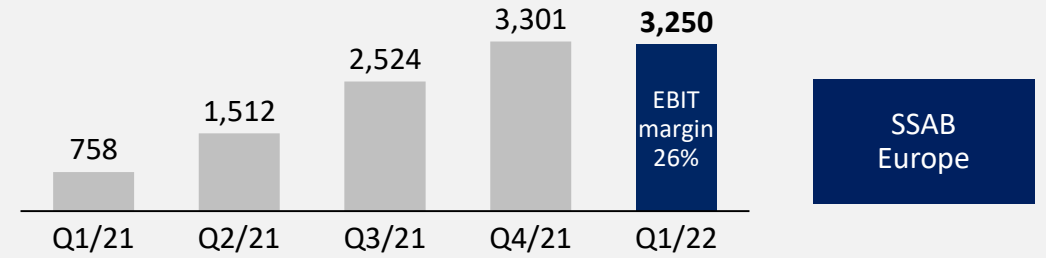
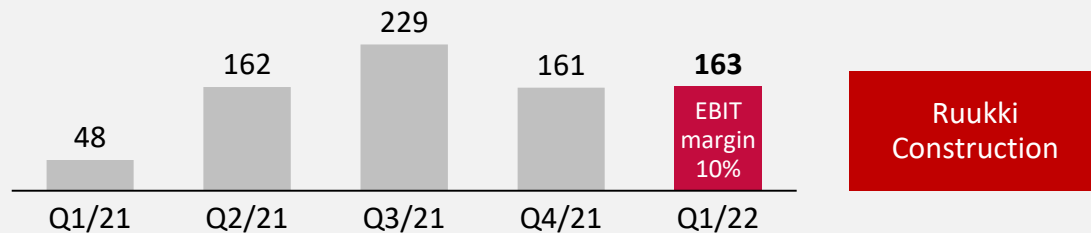
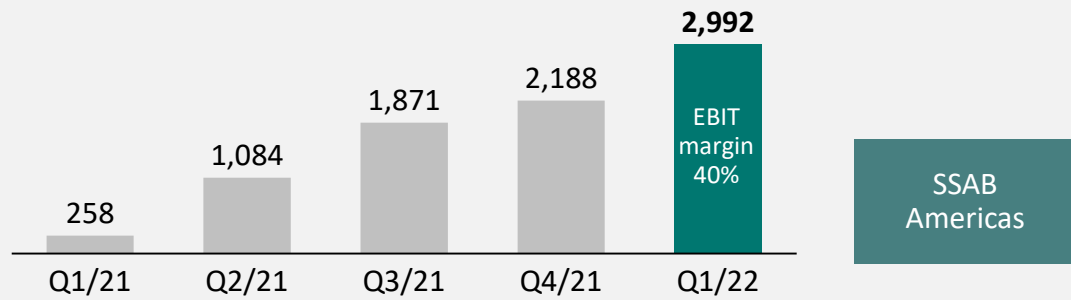
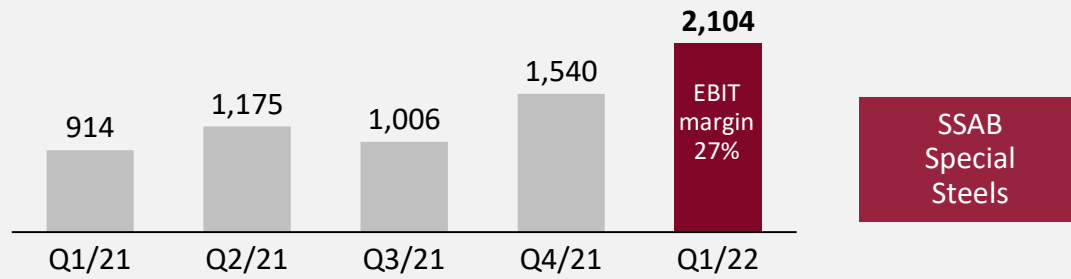
- ▶ In Q1, the steel markets were impacted by the war in Ukraine
- ▶ Higher apparent demand, including restocking, led to a sharp increase in spot prices in Europe and kept plate prices in North America at a high level

Price development: Hot Rolled Coil (HRC) in Northern Europe, Heavy plate in the US and HRC China



Earnings at record levels in Q1

EBIT, SEK million



Excluding items affecting comparability

SSAB

Leading the green transition of the steel industry

Strategic decision in January to accelerate transformation to meet customer demand

Re-build Nordic strip system – broader product range and improve cost position

Feasibility studies for Luleå and Raahе mini-mills are proceeding – access to power is a key factor

New partnerships in 2022: Epiroc and Polestar

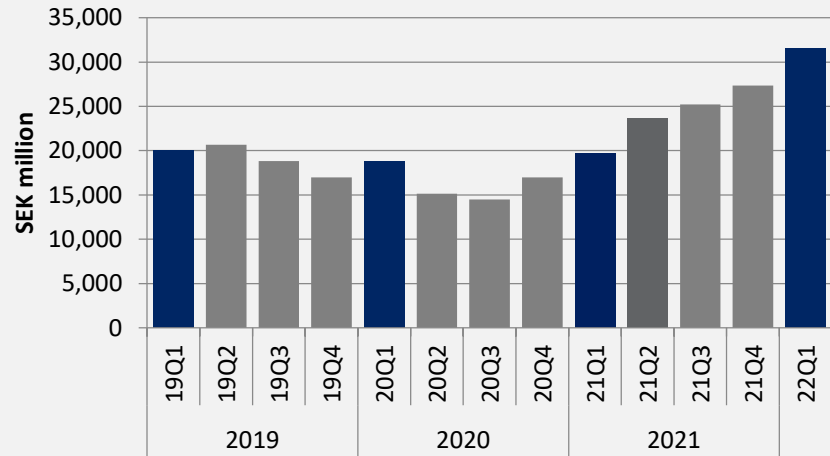
EU Innovation Fund support of EUR 30m for Oxelösund conversion



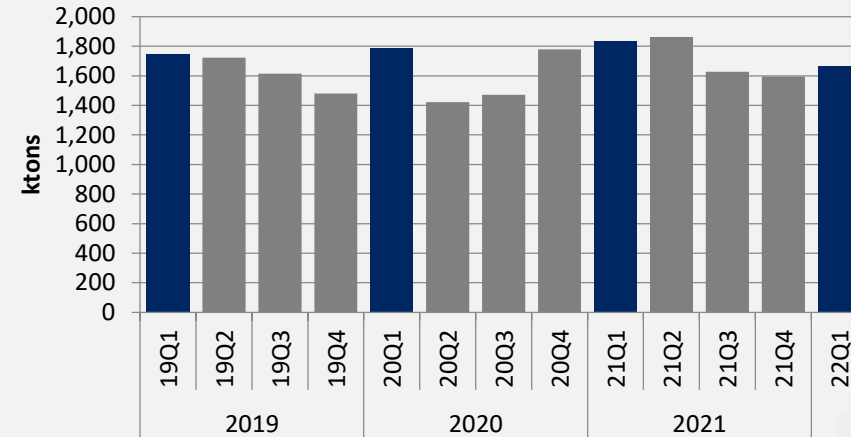
Financials

Strong start to 2022

Sales



Shipments¹

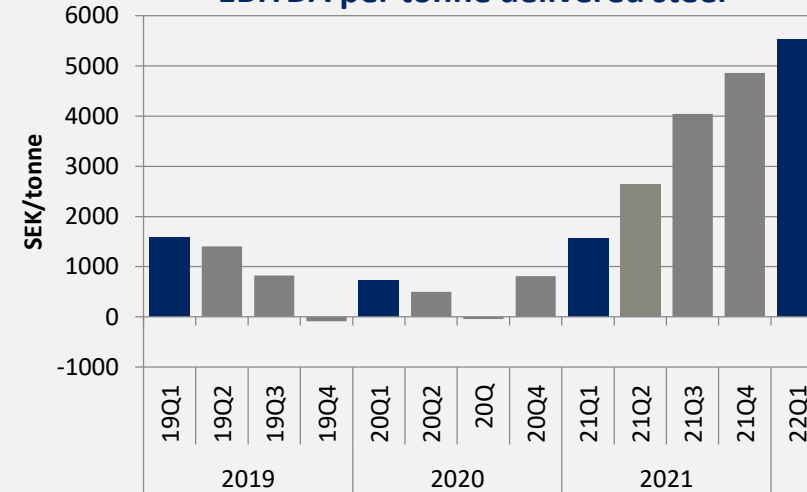


1) Including the steel operations: Special Steels, Europe and Americas

EBITDA and EBITDA margin²



EBITDA per tonne delivered steel²

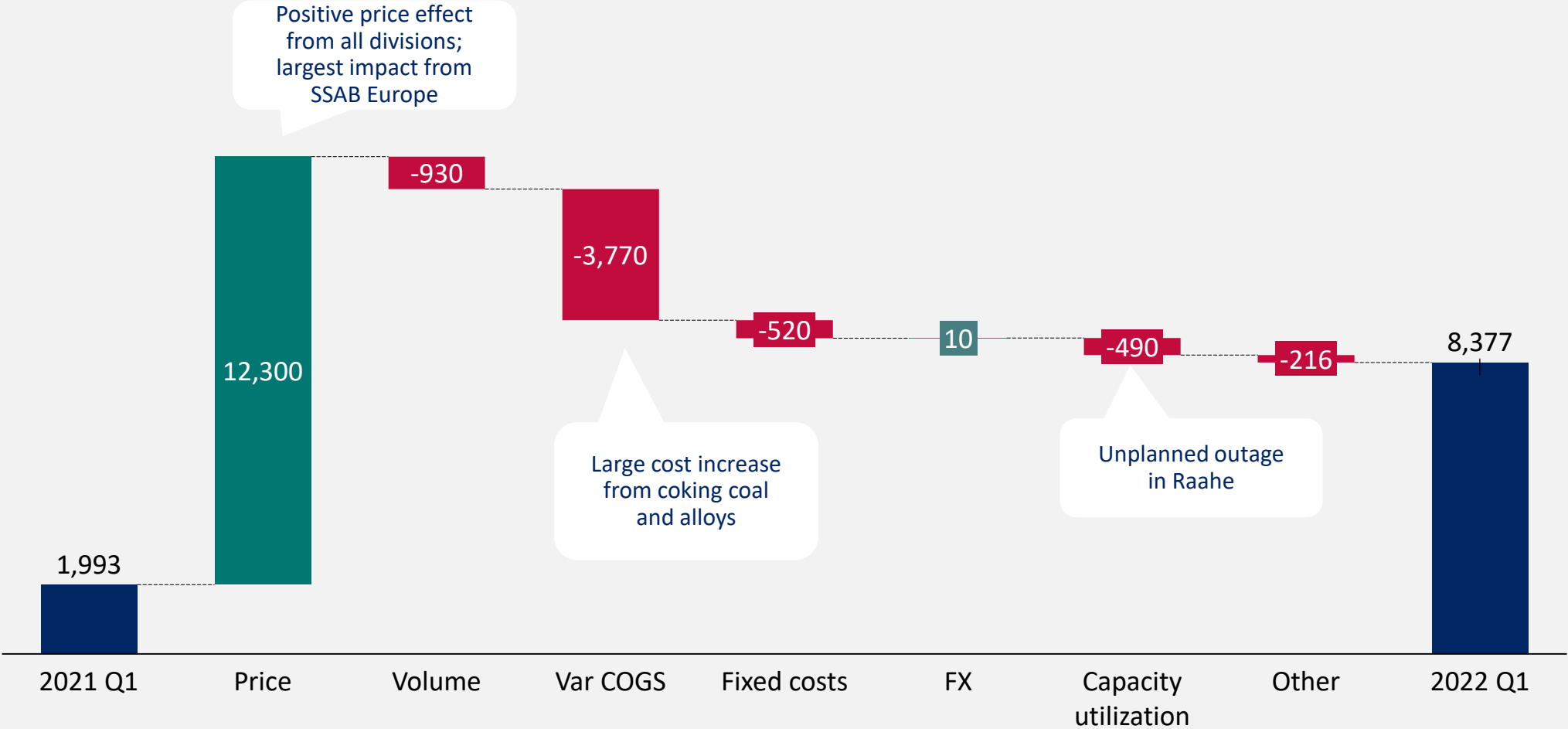


2) Excluding items affecting comparability

Change in operating profit

Q1/22 vs. Q1/21

SEKm



Positive price effect from all divisions; largest impact from SSAB Europe

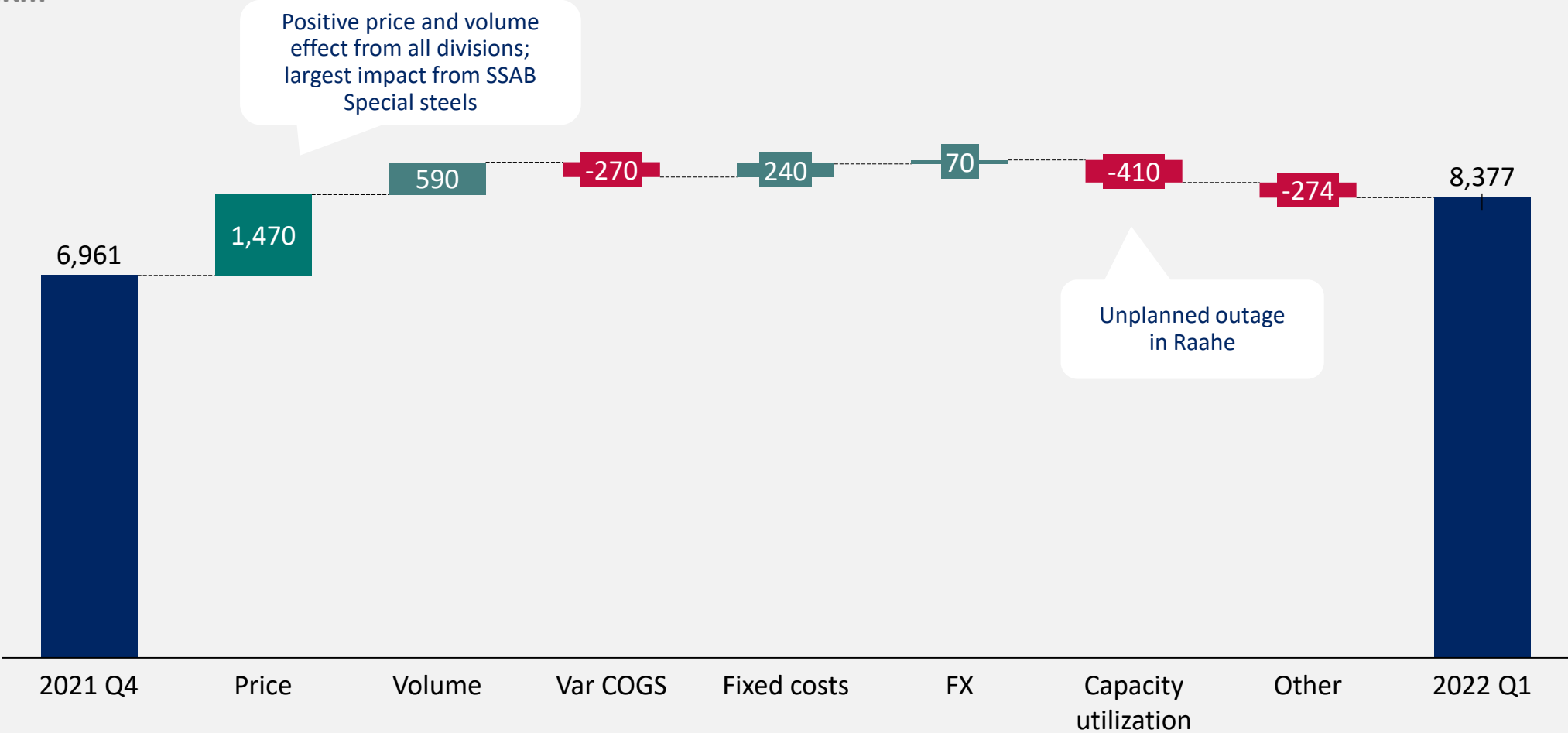
Large cost increase from coking coal and alloys

Unplanned outage in Raahe

Change in operating profit

Q1/22 vs. Q4/21

SEKm



Strong net cash flow

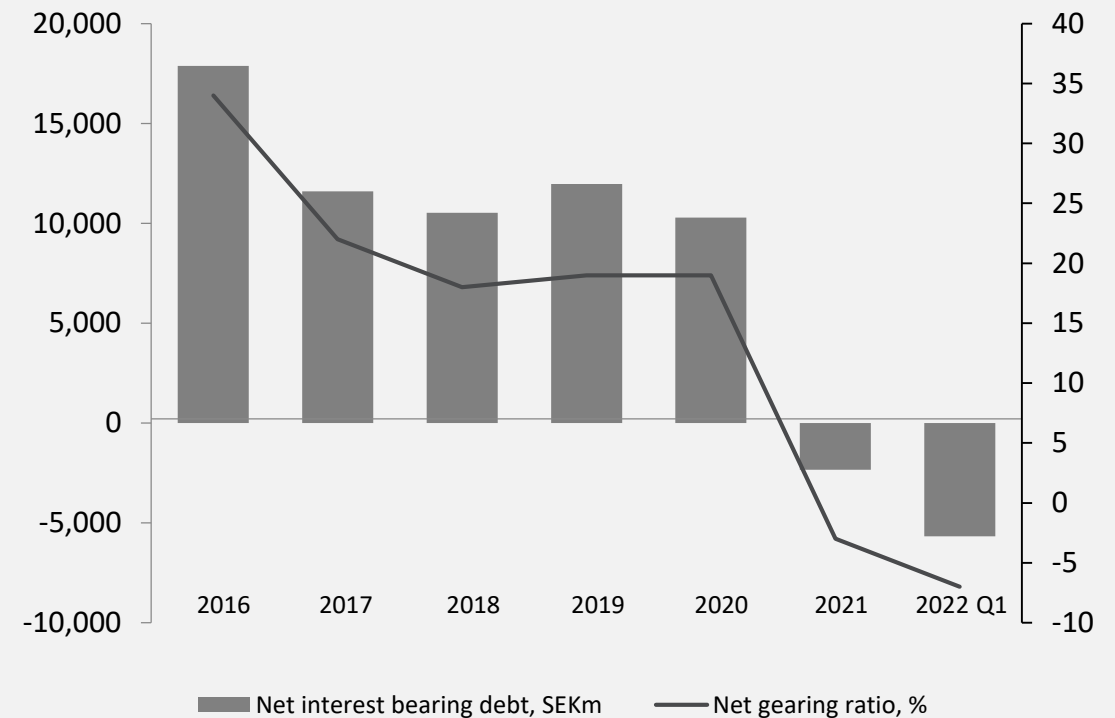
SEK millions	2022 Q1	2021 Q1	2021 Full-year
Operating profit before depreciation/amortization	8,996	2,860	22,094
Change in working capital	-4,404	-1,180	-5,485
Maintenance expenditures	-272	-211	-2,053
Other	599	-41	741
Operating cash flow	4,918	1,429	15,296
Financial items	-15	-64	-373
Taxes	-1,354	-31	-1,357
Cash flow from current operations	3,549	1,334	13,566
Strategic expenditures in plants and machinery	-339	-106	-835
Acquisitions of shares and operations	-271	-24	-130
Divestments of shares and operations	-	-	-
Cash flow before dividend	2,939	1,205	12,602
Dividend, non-controlling interest	-	-	-9
Acquisitions of shares, non-controlling interest	-	-	-157
Net cash flow	2,939	1,205	12,436

Mainly accounts
receivables

Dividend of SEK 5.4 bn paid in April

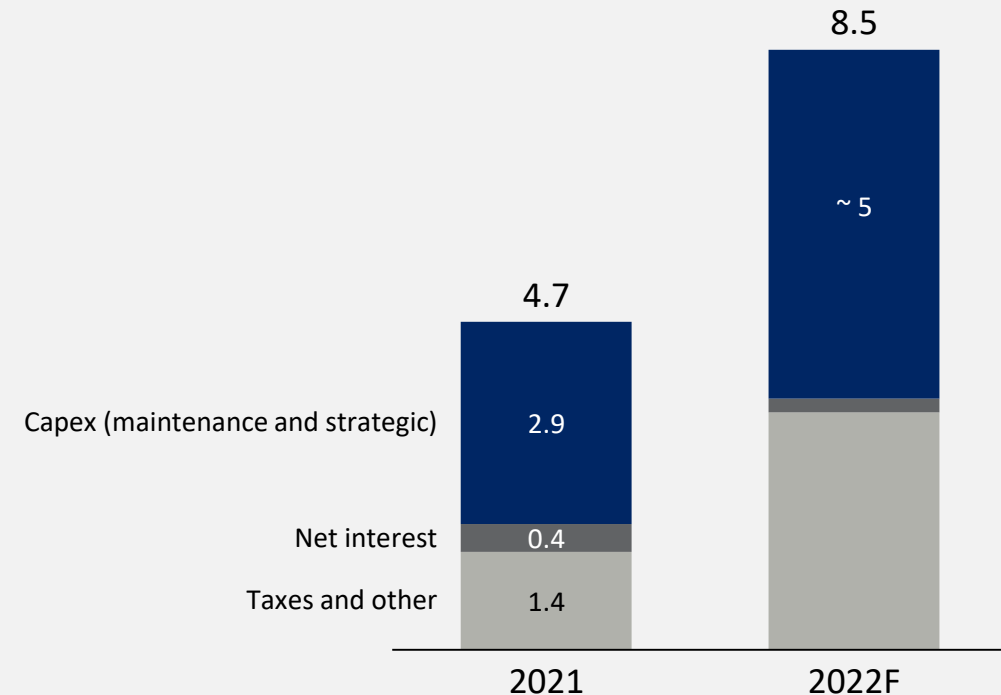
Strong financial position

- ▶ Group is debt free with net cash of SEK 5.7bn (-8.9bn) at the end of Q1/22
- ▶ 2016-2017 excluding IFRS 16 (impact of around SEK 2bn)



Cash needs of the business

- ▶ Total cash needs* estimated at SEK 8.5bn in 2022 (unchanged)
- ▶ Higher strategic capex vs. 2021:
 - Oxelösund conversion
 - Mobile Q&T expansion
- ▶ Interest paid expected to decrease
- ▶ Taxes paid** will increase
 - some SEK 2bn of the tax cost incurred in 2021 will be paid in 2022, due to normal delay



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

**2021-level plus delayed payments used as reference point, will depend on earnings in FY 2022

Increasing raw material cost

- ▶ Higher input costs will counteract higher realized steel prices in Q2

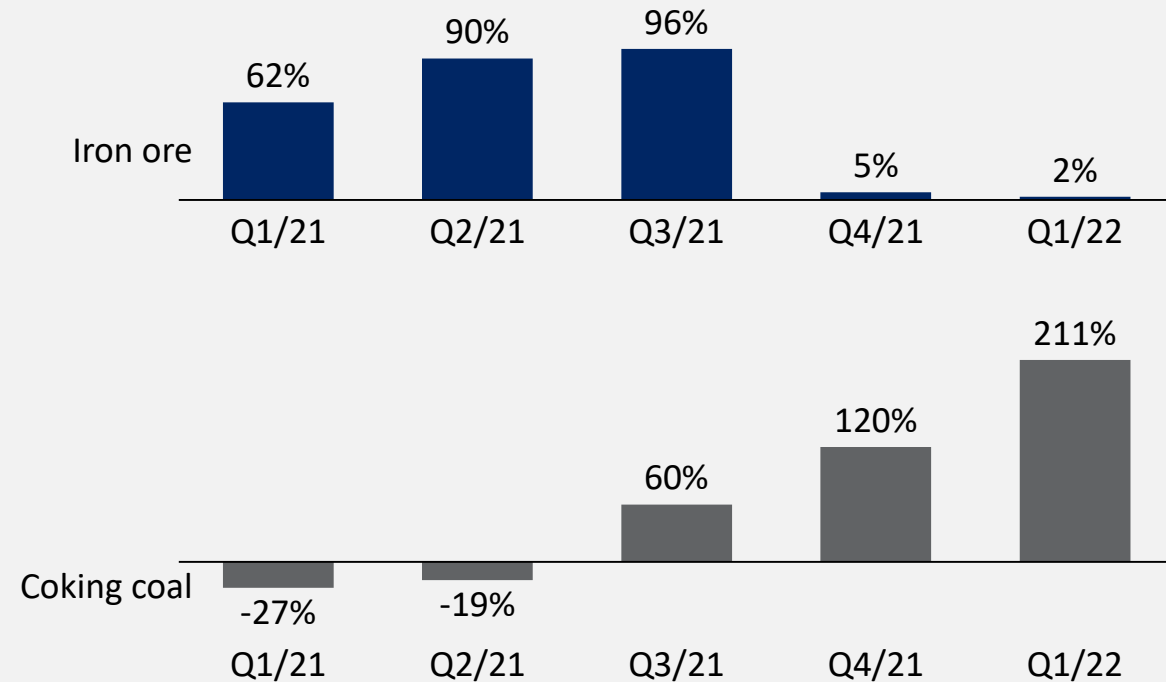
Iron ore

- ▶ SSAB's iron ore costs were virtually unchanged compared to the same quarter last year

Coking coal

- ▶ Coking coal costs were close to 60% higher compared to the first quarter last year

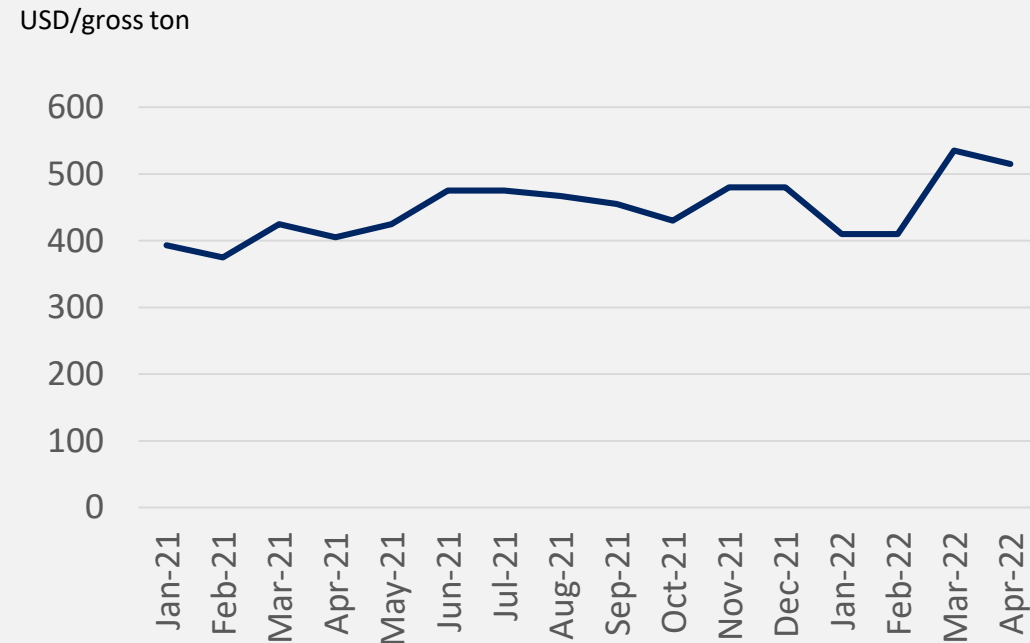
SSAB's purchase price, y/y changes



Higher scrap prices

- ▶ SSAB's average purchase price for scrap in Q1/22 was 16% higher (in terms of USD) vs. Q1/21

Scrap spot price



Source: AMM

Outlook and summary

SSAB's outlook for main customer segments Q2/2022

Segment	Demand	Comments	● Good ● Healthy ● Weak
Heavy Transport	●	<ul style="list-style-type: none"> ▶ Heavy truck production impacted by component shortages ▶ Good activity in rail car and marine in the US 	
Automotive	●	<ul style="list-style-type: none"> ▶ Component shortages limits production ▶ Underlying structural growth in AHSS 	
Construction Machinery	●	<ul style="list-style-type: none"> ▶ Good level in main markets, except China. Component shortages 	
Material Handling	●	<ul style="list-style-type: none"> ▶ Strong demand from mining 	
Energy	●	<ul style="list-style-type: none"> ▶ Improving demand in wind power and transmission (US) 	
Construction	●	<ul style="list-style-type: none"> ▶ Stable underlying demand 	
Service Centers	●	<ul style="list-style-type: none"> ▶ Low inventory levels in the US ▶ Inventory levels in Europe more normal, wait-and-see mode 	

SSAB's outlook for Q2/2022

- ▶ Demand for steel is expected to normalize and, hence, be at a somewhat lower level than in the first quarter
 - Global demand for high-strength steel is believed to remain at a good level in most markets
- ▶ Higher realized prices will be counteracted by higher input costs at all three steel divisions following a sharp rise in market prices of raw materials
- ▶ Bottlenecks within transportation

Volume and pricing outlook

	Q2 2022 vs. Q1 2022	
	Shipments	Realized prices
SSAB Special Steels	Higher	Higher
SSAB Europe	Somewhat higher	Somewhat higher
SSAB Americas	Higher	Somewhat higher

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

Summary

- ▶ Earnings at record level
- ▶ Continued good trend in safety
- ▶ Strong cash flow generation and net cash position at end of Q1
- ▶ Plan for fossil-free steel production on track
 - New strategic partnerships in Q1
 - EU Innovation Fund support of EUR 30m for Oxelösund conversion
- ▶ Support our employees and their families in Ukraine



Questions & Answers

Appendix

Major planned maintenance outages in 2022

- ▶ Total maintenance costs for 2022 expected to be SEK 1,120 m (1,270)
- ▶ Lower maintenance cost for SSAB Special Steels, as Mobile has maintenance every other year

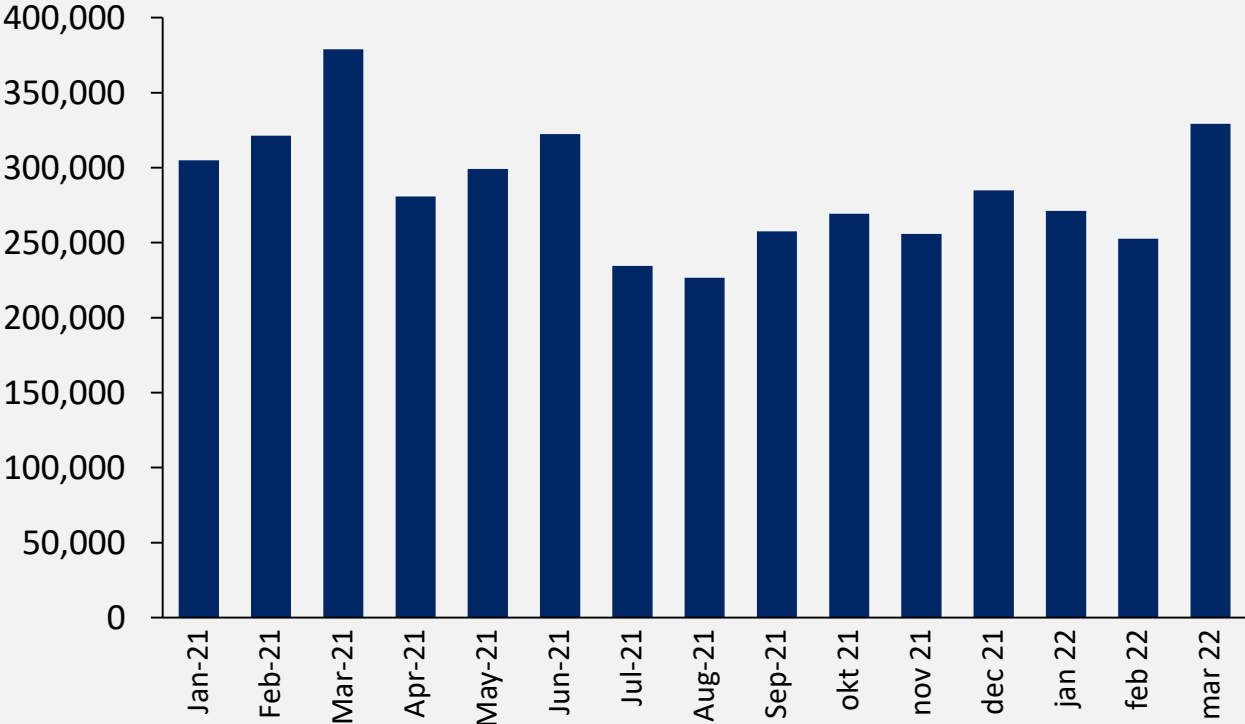
Maintenance costs per quarter

SEK millions	2022 Q1	2021 Q1	2022 Q2	2021 Q2	2022 Q3	2021 Q3	2022 Q4	2021 Q4	2022 Full-year	2021 Full-year
SSAB Special Steels	0	0	0	0	80	440	320	150	400	590
SSAB Europe	0	0	0	0	230	270	120	160	350	430
SSAB Americas	0	0	0	0	0	0	370	250	370	250
Total	0	0	0	0	310	710	810	560	1,120	1,270

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

Order intake

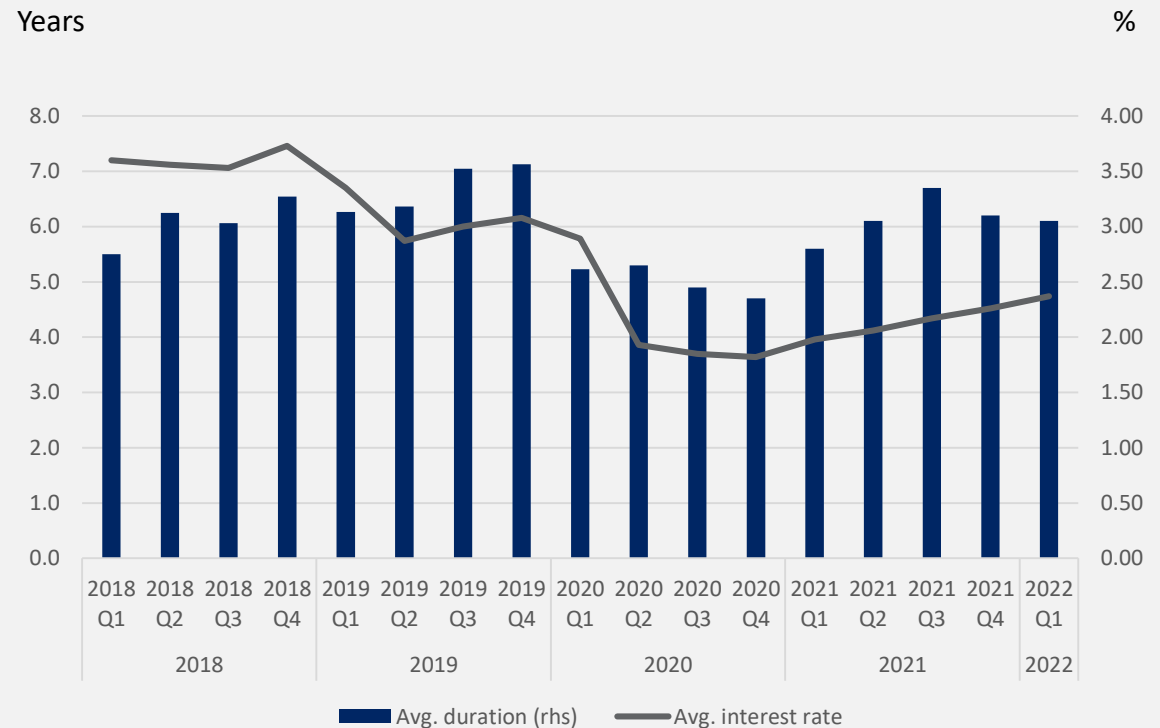
SSAB Europe, monthly order intake, tonnes



Debt portfolio duration and interest rate

- ▶ Duration of the loan portfolio was 6.1 (5.6) years
- ▶ Averaged fixed interest term was 1.0 (0.9) years
- ▶ Average interest rate was 2.4% (2.0%)

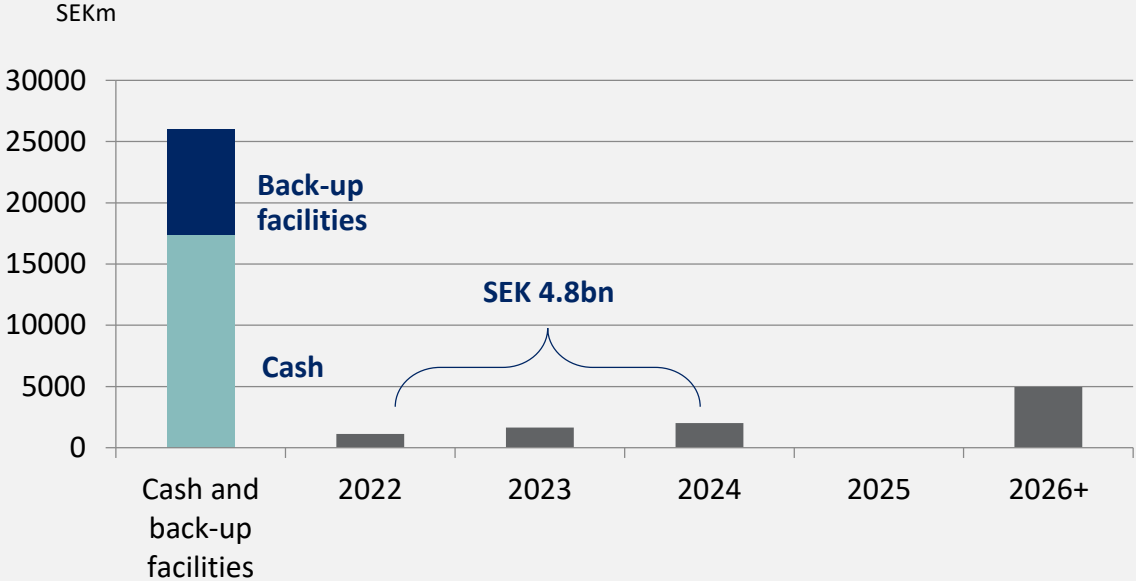
Debt cost and duration



Maturity profile

- ▶ Liquid assets and committed credit lines at SEK 26.0 bn

Maturity profile Q1/2022



SSAB



*A stronger,
lighter and more
sustainable world*