



Presentation of the Q1/2023 report

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Leena Craelius, CFO
April 26, 2023

SSAB

Agenda

- Q1/23 in brief
- Financials
- Outlook and summary
- Q&A

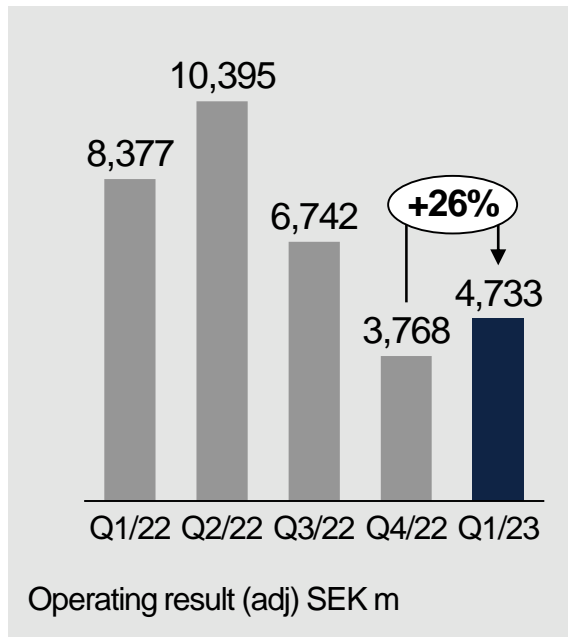


1.

Q1/23 in brief

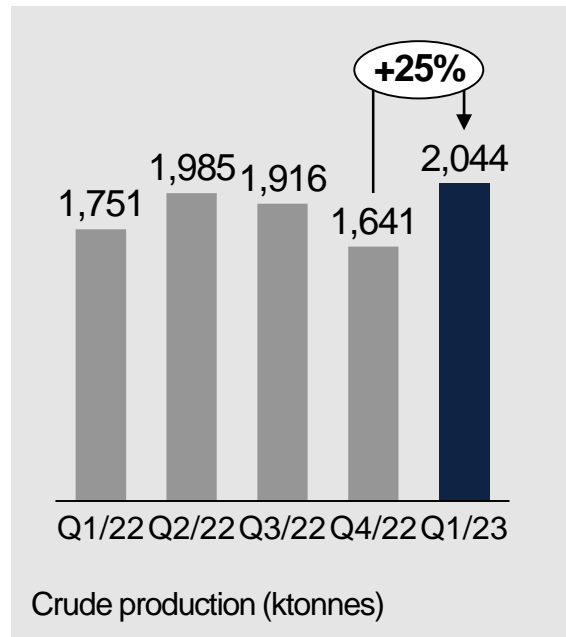
Highlights in Q1

Higher earnings vs. previous quarter



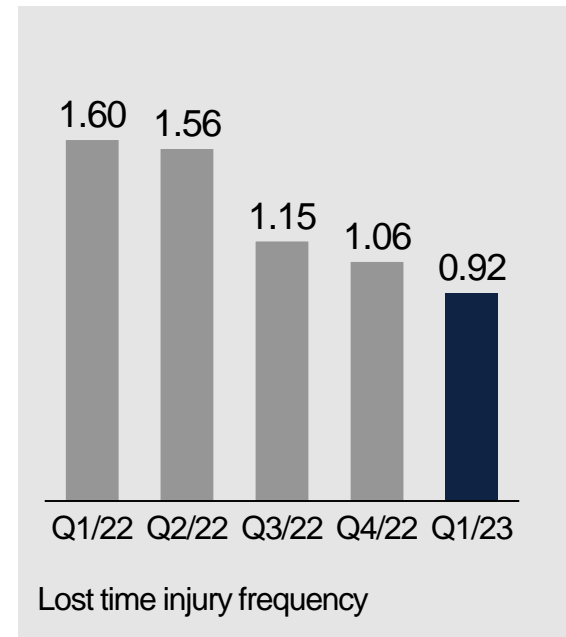
- Continued good result in Special Steels and Americas
- Recovery in European market vs. Q4/22

Successful ramp-up of production

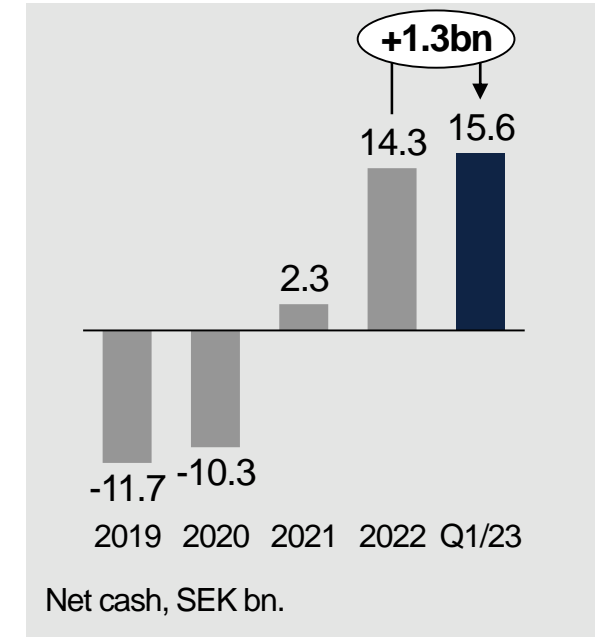


- High and stable production
- Q4/22 impacted by planned maintenance

Improved safety



Strong balance sheet



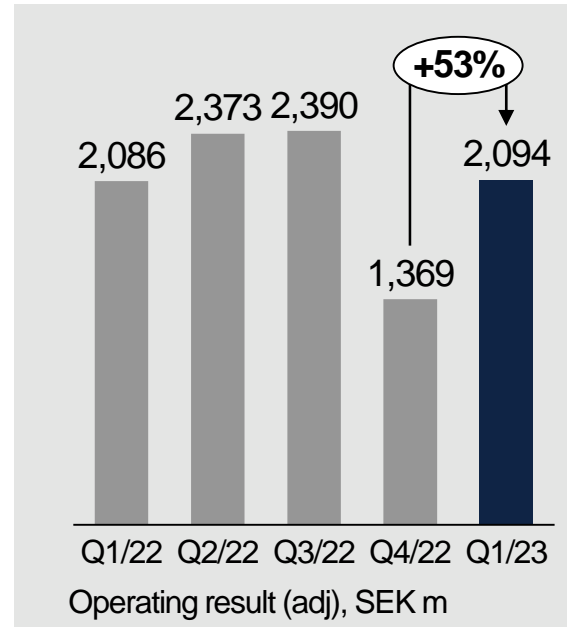
- Net cash flow of SEK 2,165m (2,939) in Q1
- Dividend of SEK 9bn to be paid in Q2

SSAB

SSAB Special Steels

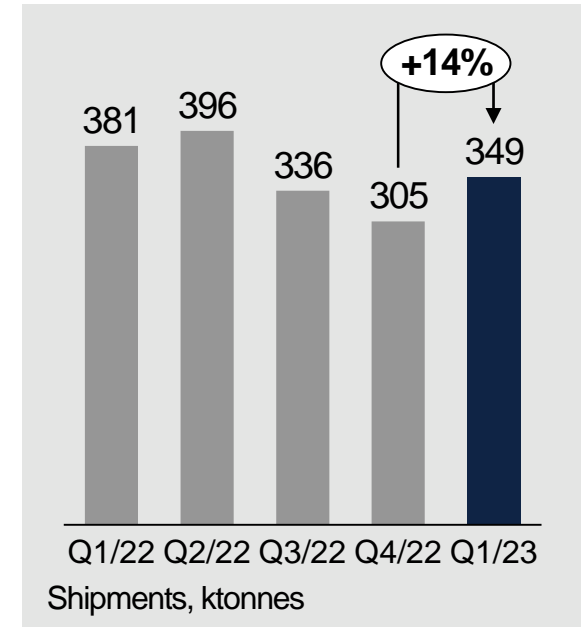


Earnings on good level



- Q4/22 impacted by planned maintenance

Shipments recovering from Q4/22

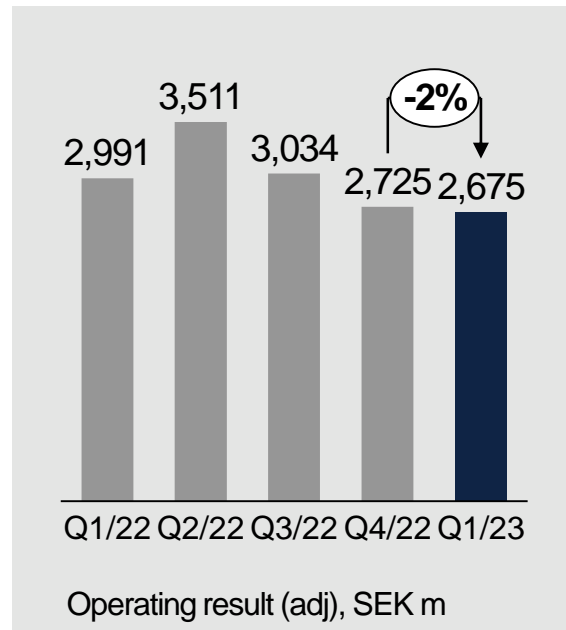


- European market not as strong as in Q1/22

SSAB Americas

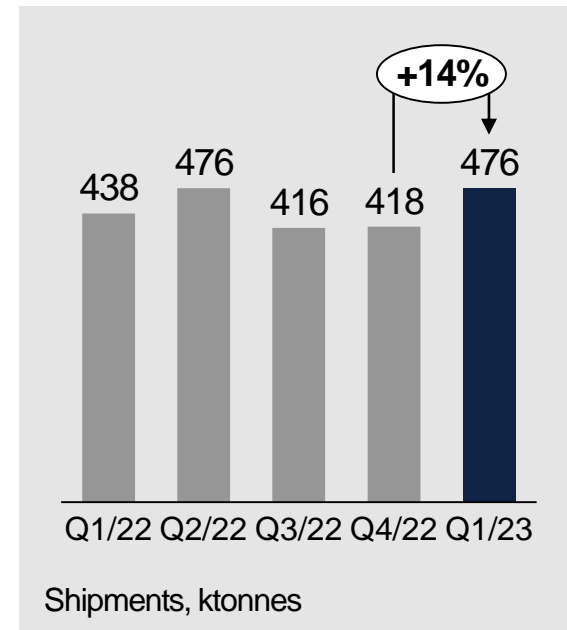


Earnings on good level



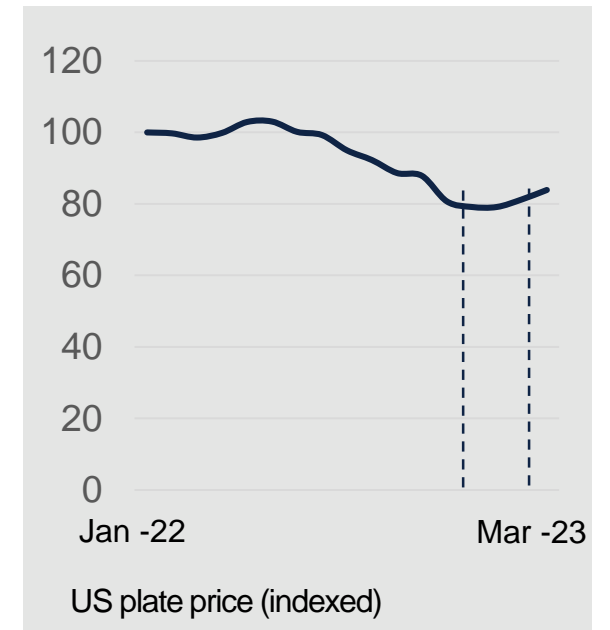
- Lower prices compared to Q4/22 and Q1/22

Higher shipments



- Generally good demand
- Q3/22 and Q4/22 impacted by planned maintenance

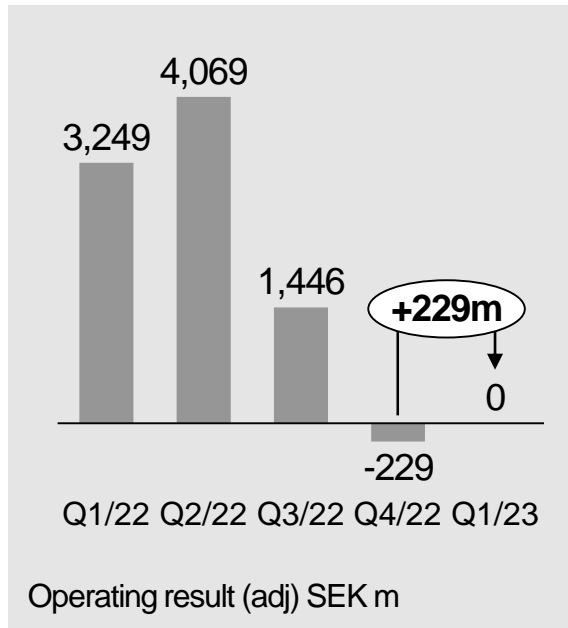
Market prices stabilized in Q1



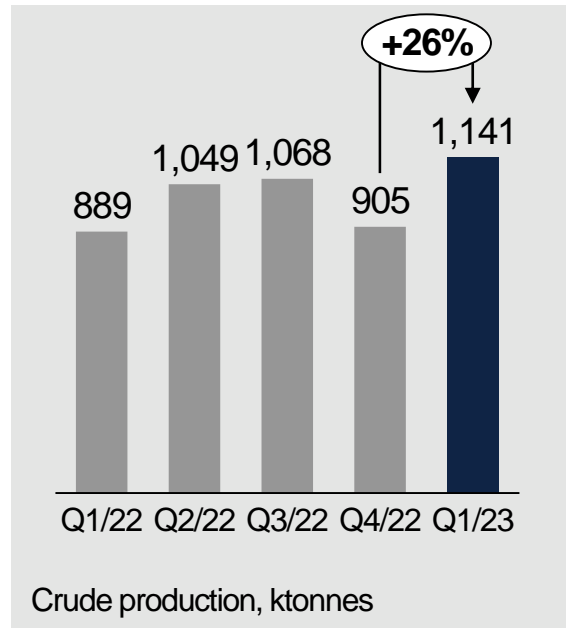
- Slight upturn at the end of Q1

SSAB Europe

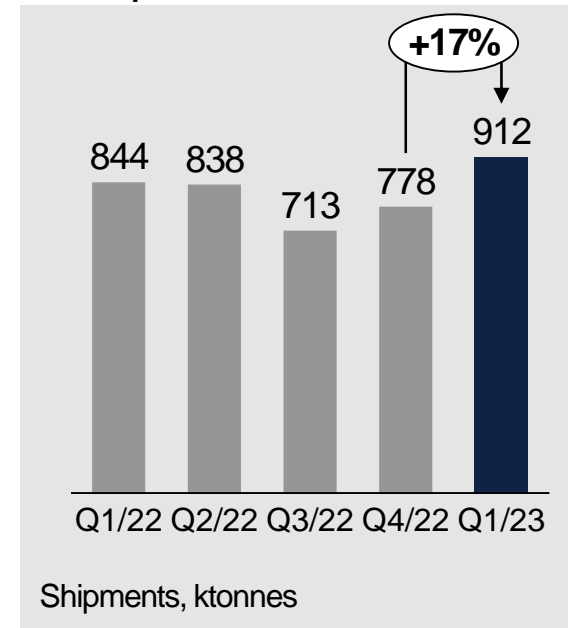
Some improvement vs. previous quarter



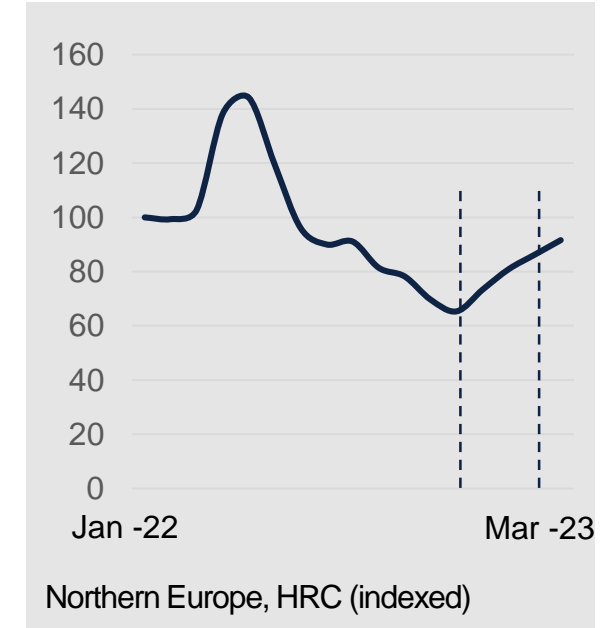
High and stable production in Q1



Higher shipments



Market prices increased in Q1



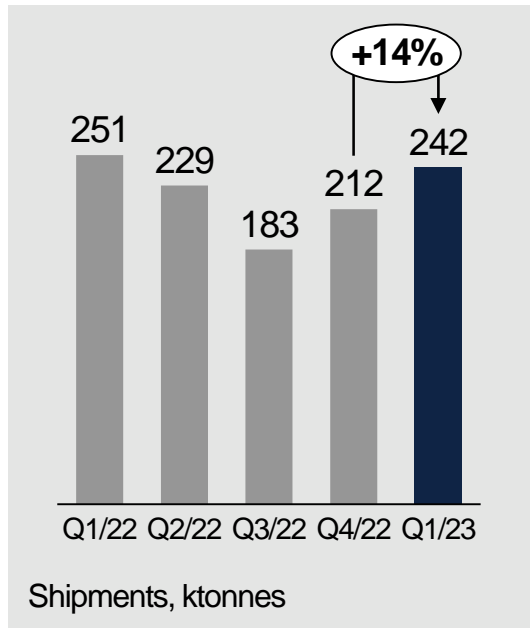
- Weaker market vs. Q1/22
- Higher shipments and better utilization offset lower prices vs. Q4/22

- Record production in Raahе in March

- Impact on SSAB's P&L with a certain lag

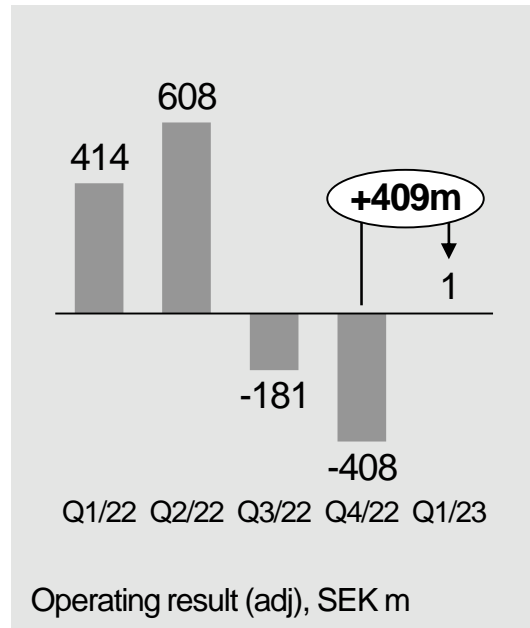
Tibnor

Recovery in shipments vs. Q4/22



- Demand related to Construction still weak

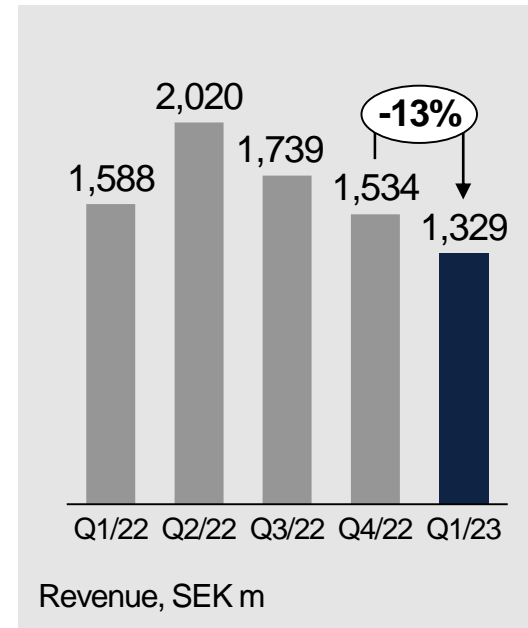
Lower inventory losses vs. Q4/22



- Inventory gains in Q1/22

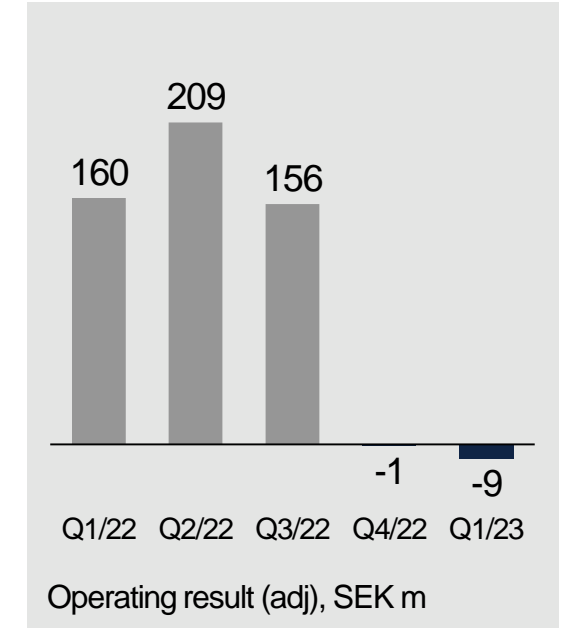
Ruukki Construction

Weak market in Q1



- More pronounced downturn vs. Q4/22 than normal

Lower revenue and weaker margins



- Some positive effect from cost savings

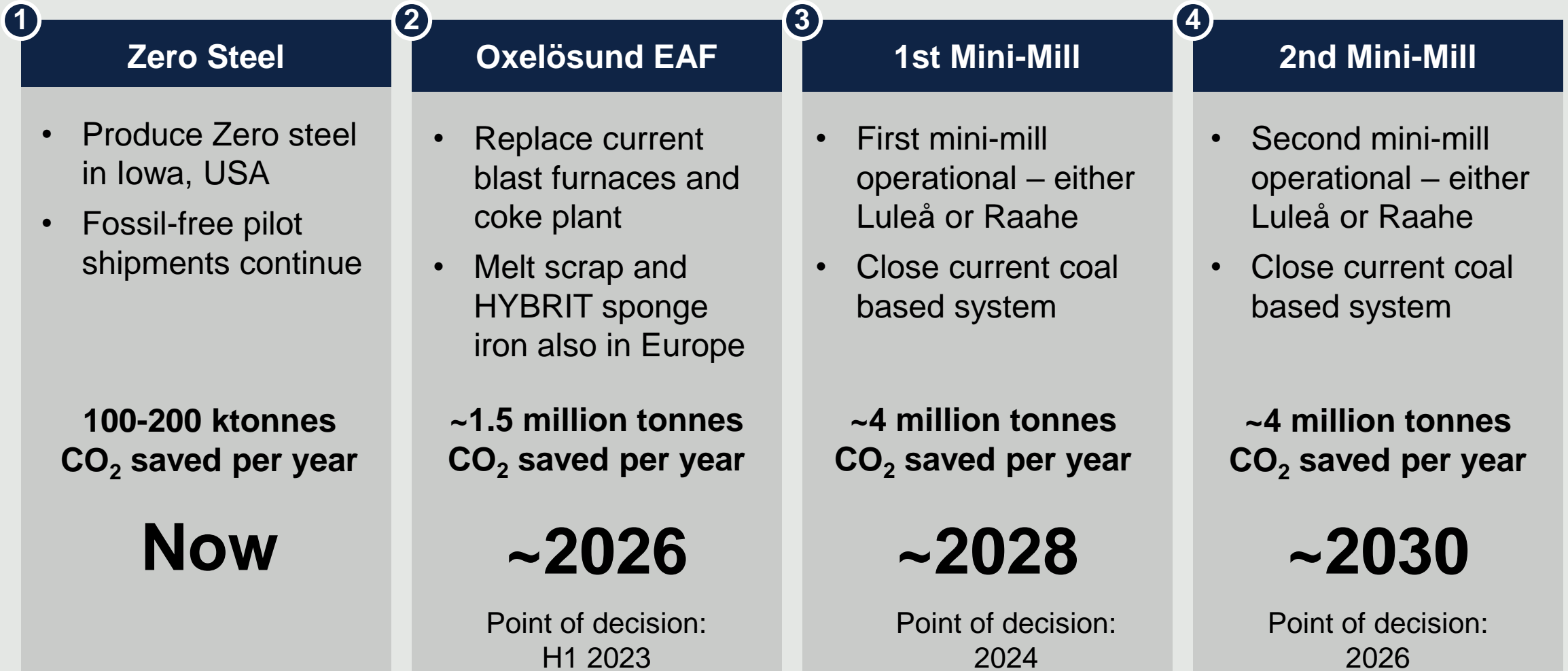
Launch of SSAB Zero

- Zero carbon emission in operations. Third-party verified
- Based on recycled steel, fossil-free electricity, bio carbon and bio gas
- No carbon emission offsetting or mass balancing allocation schemes
- Orders from leading customers like Volvo Group, Epiroc and Peab



Plan to fossil-free production on track

Stepwise transformation – dependent on permits and grid connections





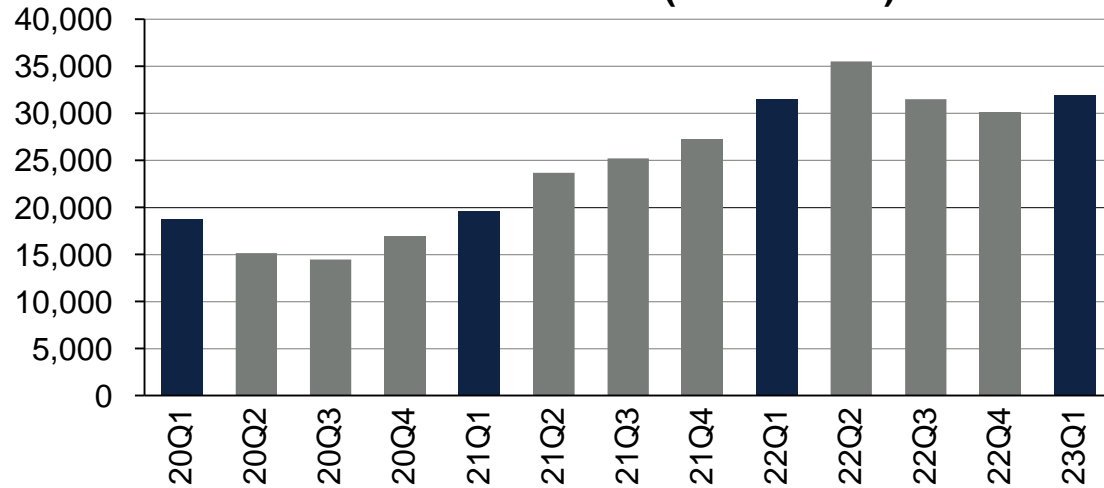
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Financials

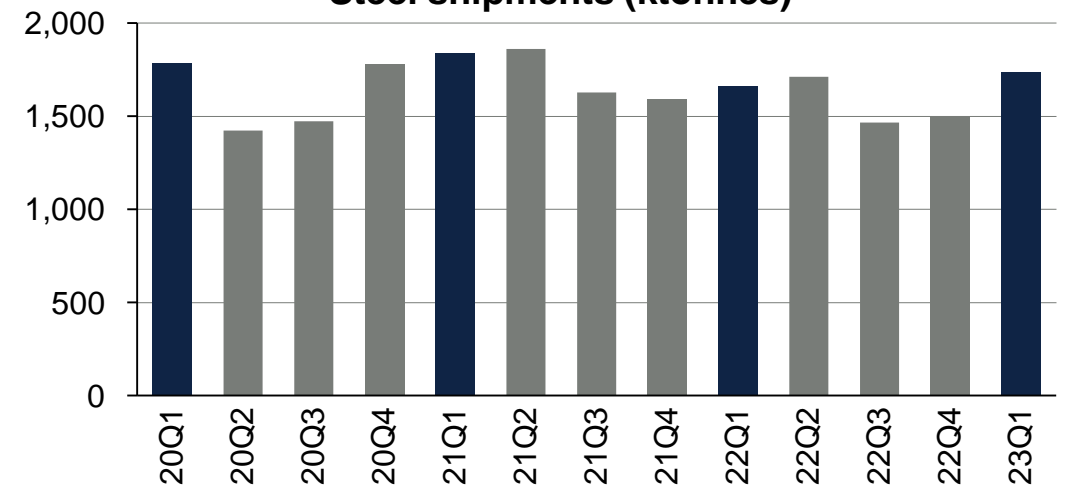
Recovery in demand during Q1/23 vs. Q4/22

Increased production and shipments, lower realized prices

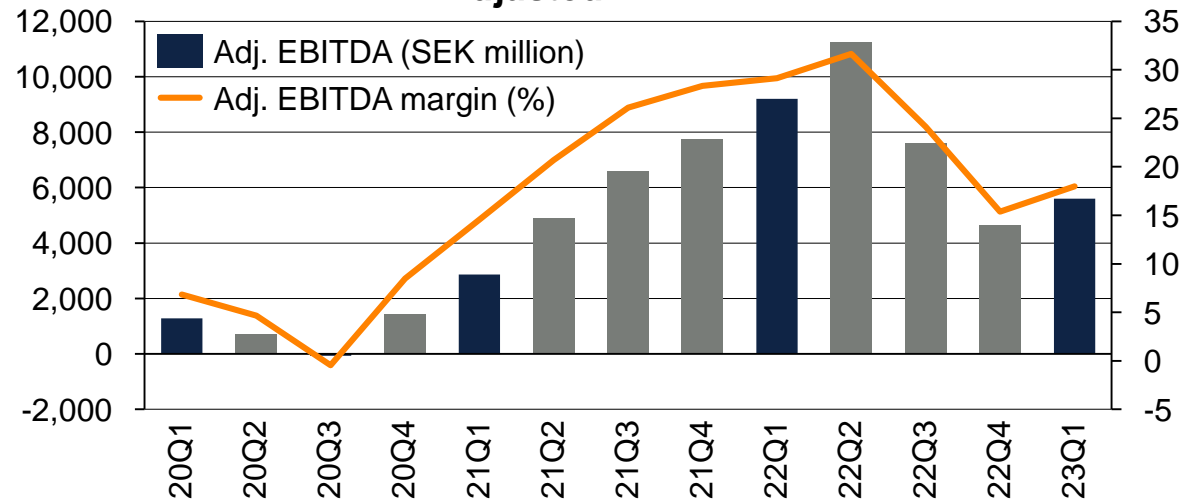
Revenue (SEK million)



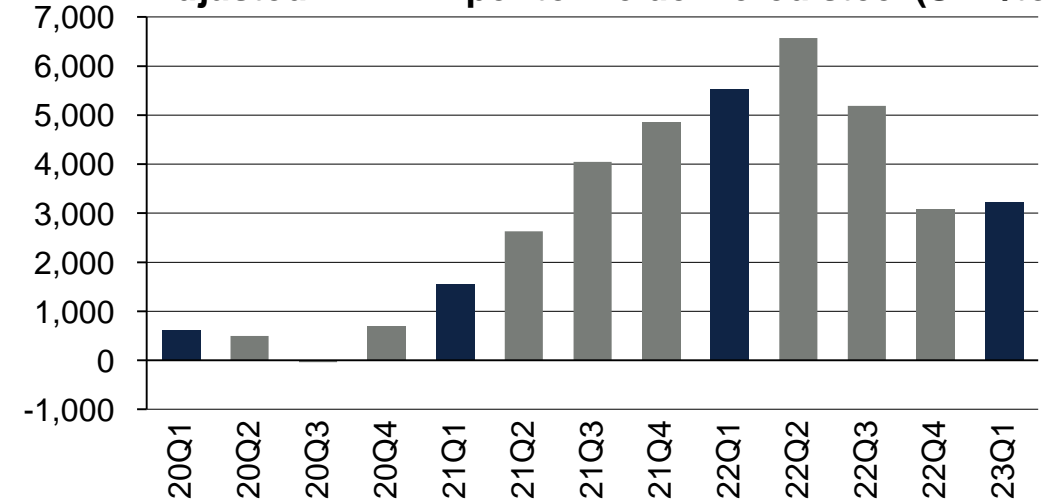
Steel shipments (ktonnes)



Adjusted EBITDA

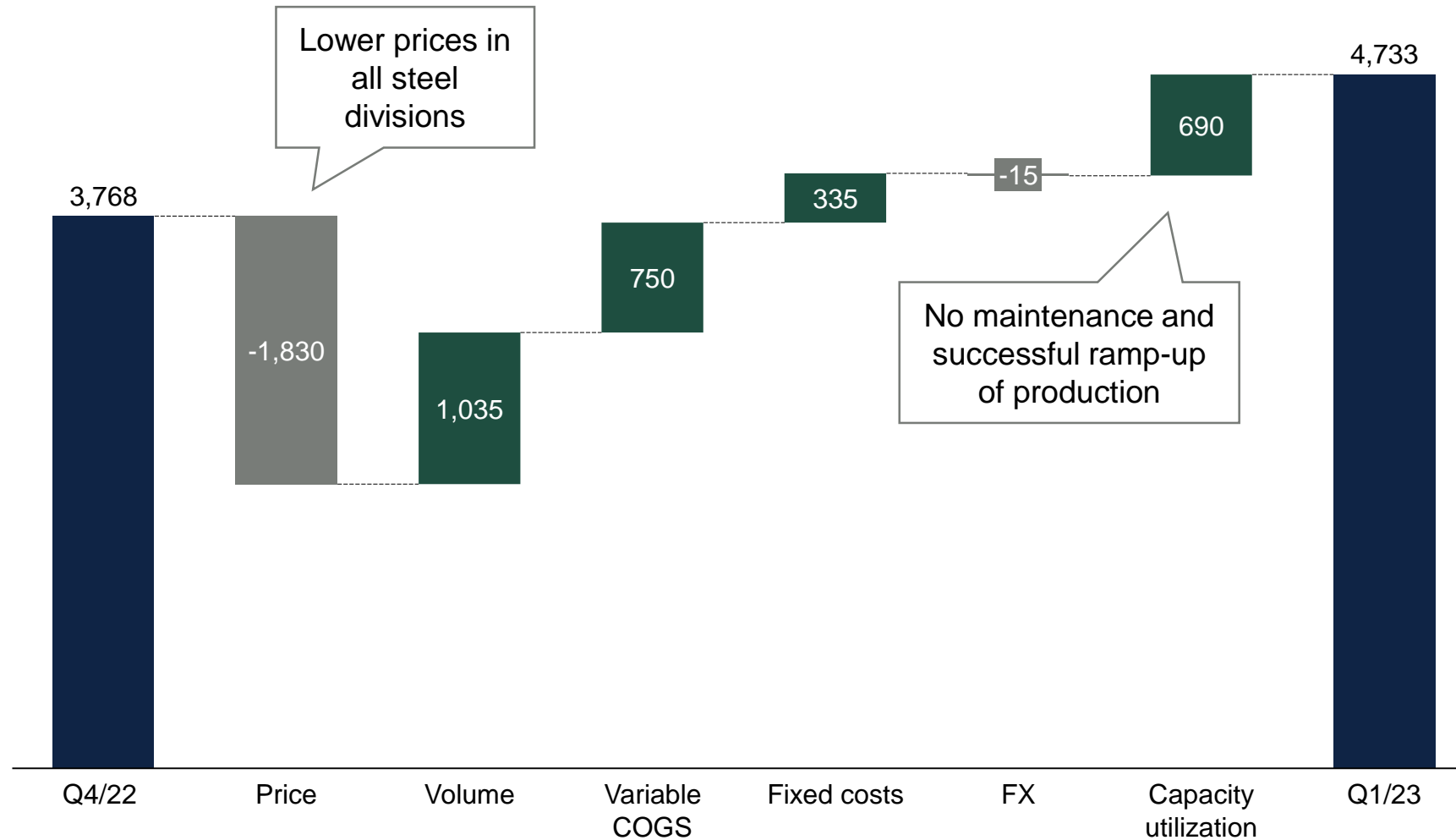


Adjusted EBITDA per tonne delivered steel (SEK/tonne)



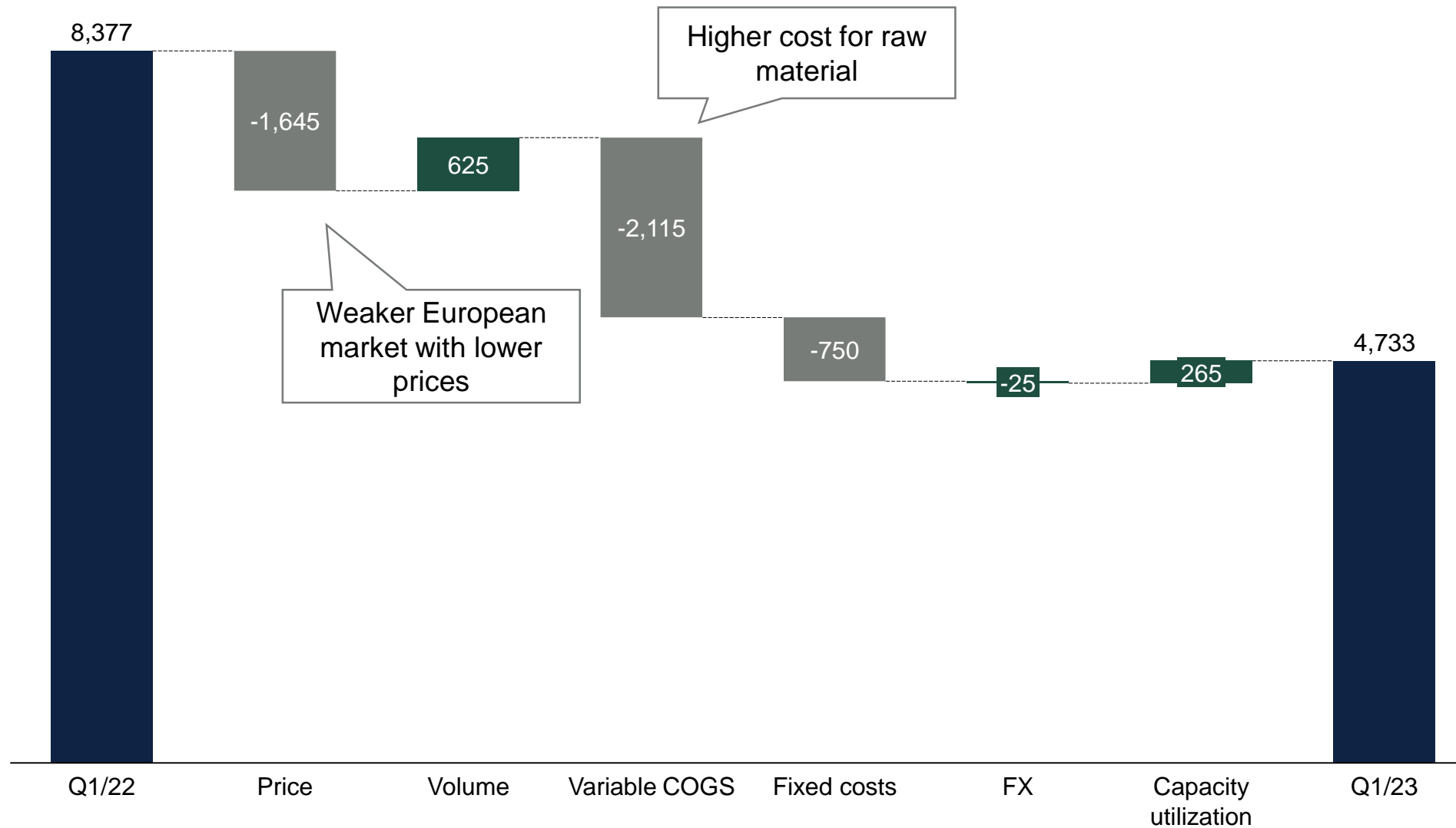
Change in adjusted operating result

Q1/23 vs. Q4/22



Change in adjusted operating result

Q1/23 vs. Q1/22

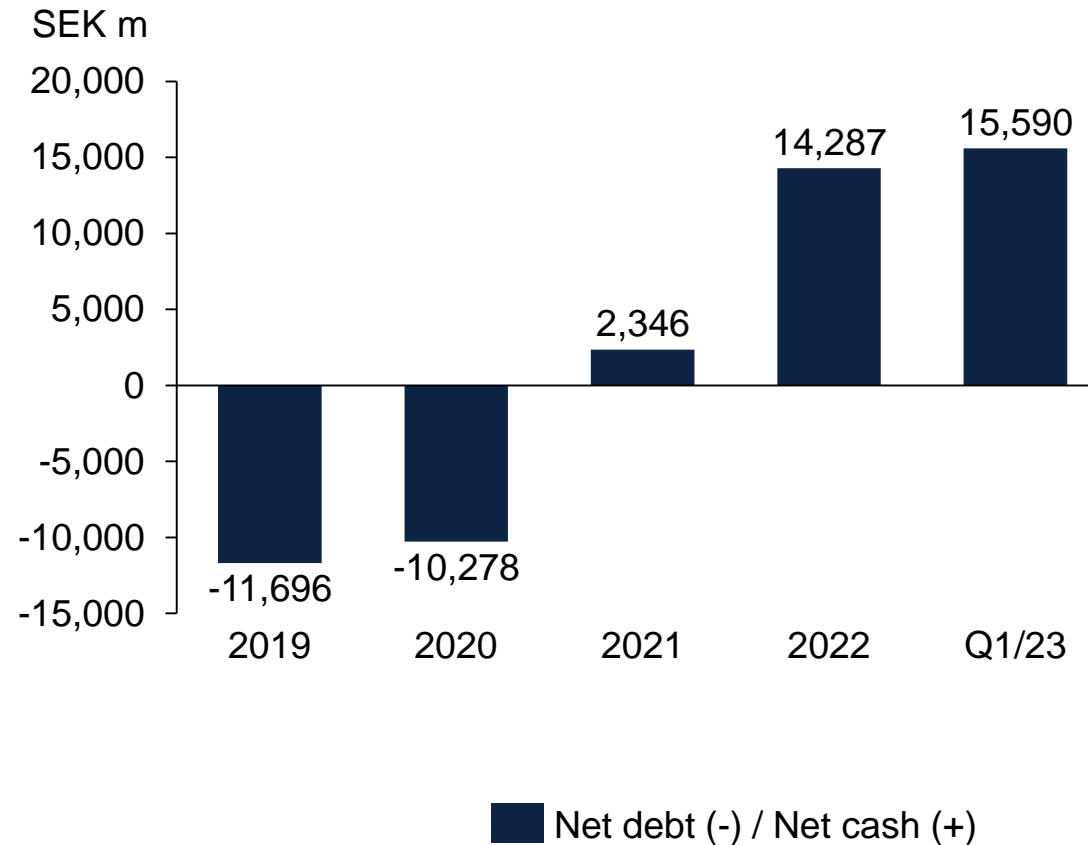


Solid cash flow

SEK millions	2023 Q1	2022 Q1	2022 Full year
EBITDA	5,600	8,996	32,340
Change in working capital	-1,618	-4,404	-8,279
Maintenance capex	-367	-272	-2,196
Other	-480	599	828
Operating cash flow	3,135	4,918	22,693
Financial items	104	-15	-17
Taxes	-754	-1,354	-5,947
Cash flow from current operations	2,485	3,549	16,729
Strategic capex, plants and machinery	-296	-339	-1,952
Acquisitions of shares and operations	-24	-222	-537
Investments in affiliated companies and JVs	-	-49	-79
Cash flow before dividend	2,165	2,939	14,161
Dividend, Parent company's shareholders	-	-	-5,406
Dividend, non-controlling interest	-	-	-7
Net cash flow	2,165	2,939	8,748

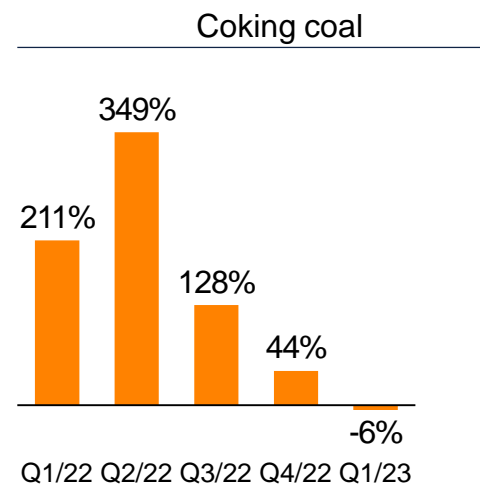
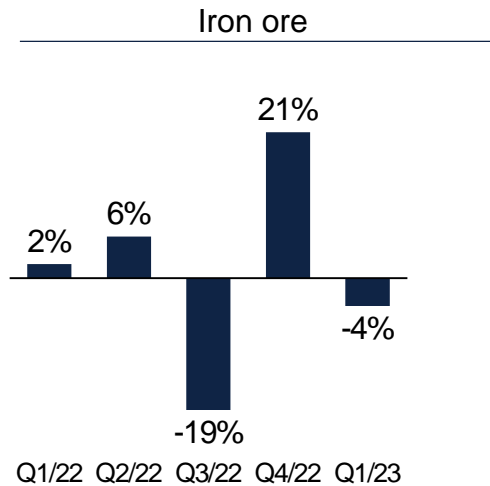
Strong financial position

- Net cash of SEK 15.6bn at the end of Q1/23
- Net debt/equity ratio -22% (-7%)
- Dividend to be paid in Q2 (SEK 8.70 per share), corresponding to a total of SEK 9bn.

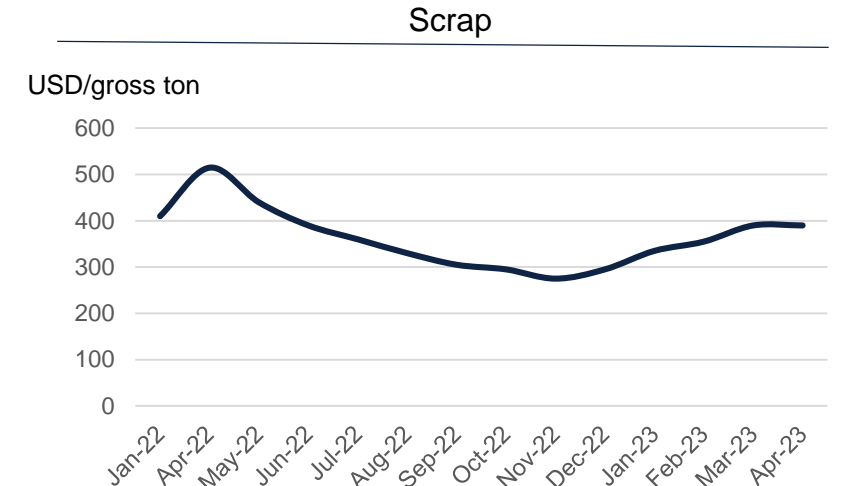


Raw material

SSAB's purchase price, year over year changes



Market prices (AMM)

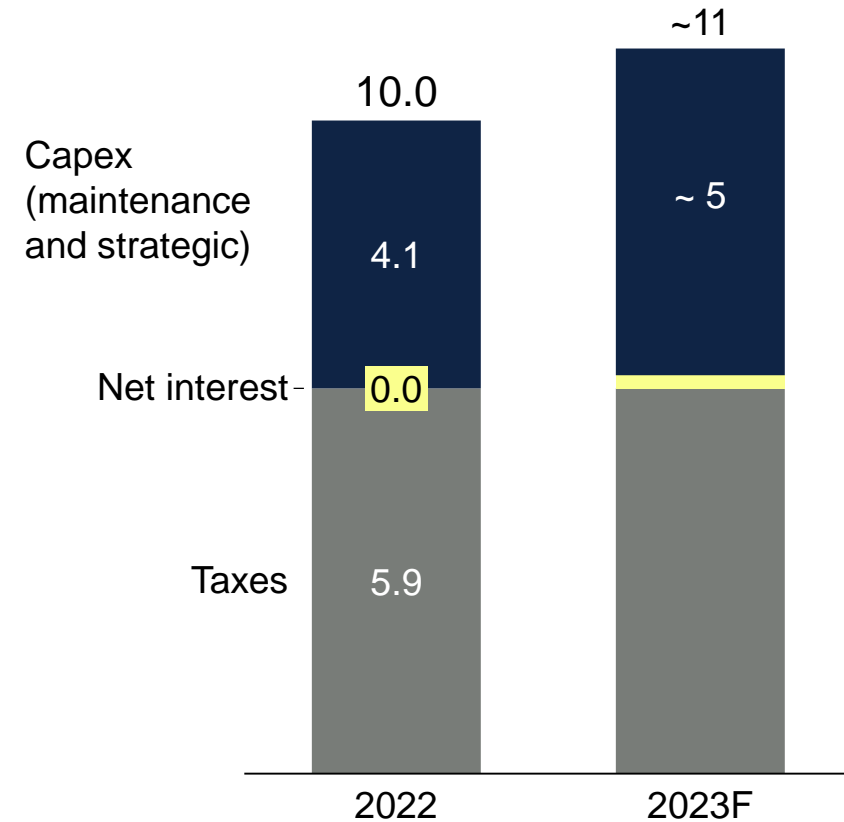


- The cost of most raw materials is expected to be in line with, or somewhat lower, than prior quarter

- Higher scrap prices during Q1
- The purchase prices of scrap ore affect the result after a lag of around one month

Cash needs of the business

- Total cash needs¹⁾ in 2023 estimated at around SEK 11bn (unchanged)
- Higher strategic capex vs. 2022 due to ramp-up of Oxelösund conversion
- As a starting point, a stable taxes paid has been assumed. It will, however, depend on the level of earnings in 2023. (Some of the tax cost incurred in 2022 (~SEK 2bn) will be paid in 2023, due to normal delay)



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

Expected maintenance costs

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

SEK million	2023 Q1	2023 Q2	2023 Q3	2023 Q4	FY 2023
SSAB Special Steels	--	--	150	525	675
SSAB Europe	--	--	350	200	550
SSAB Americas	--	--	--	325	325
Total	--	--	500	1,050	1,550











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



3.

Outlook and summary

SSAB's outlook for main customer segments Q2/2023

Segment	Demand	Comments	 Strong	 Neutral	 Weak
Heavy Transport		<ul style="list-style-type: none"> - Improved supply chain and good demand for heavy trucks in Europe - Stable demand from rail car in the US 			
Automotive		<ul style="list-style-type: none"> - Improved supply of components to OEMs - Risk in end-user demand (inflation, higher interest rates) 			
Construction Machinery		<ul style="list-style-type: none"> - Good demand in North America, China weak - Lifting applications good in several markets 			
Material Handling		<ul style="list-style-type: none"> - Generally stable demand in mining and recycling 			
Energy		<ul style="list-style-type: none"> - Good demand for wind power and other renewables 			
Construction		<ul style="list-style-type: none"> - European market impacted by inflation, higher interest rates - Some seasonal improvement in Q2 vs. Q1 			
Service Centers		<ul style="list-style-type: none"> - Low inventories in the US - Restocking in Europe in Q1, inventories normalizing 			

SSAB's outlook for Q2/2023

- European demand is expected to be stable
- Heavy plate market in North America is expected to continue at a good level
- Demand for high-strength steel is expected to be good on several markets
- Uncertainty regarding the second half of the year against a background of higher interest rates and high inflation

Volume and pricing outlook		
Q2 2023 vs. Q1 2023	Shipments	Realized prices
SSAB Special Steels	Somewhat higher	Stable
SSAB Europe	Somewhat higher	Higher
SSAB Americas	Stable	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

- Successful ramp-up after previous quarter
- Continued good trend in safety
- Good cash flow generation
- Strong financial position
- Decent outlook for Q2
- Leading the green transition
 - Launch of SSAB Zero – based on recycled steel and no fossil carbon emissions





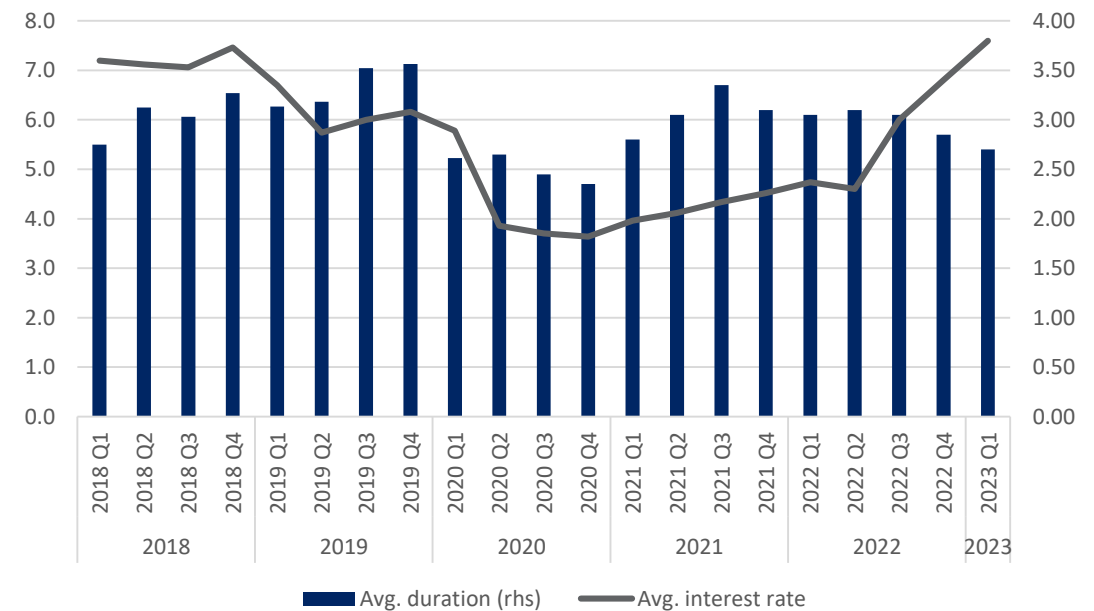
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Questions and Answers

Appendix

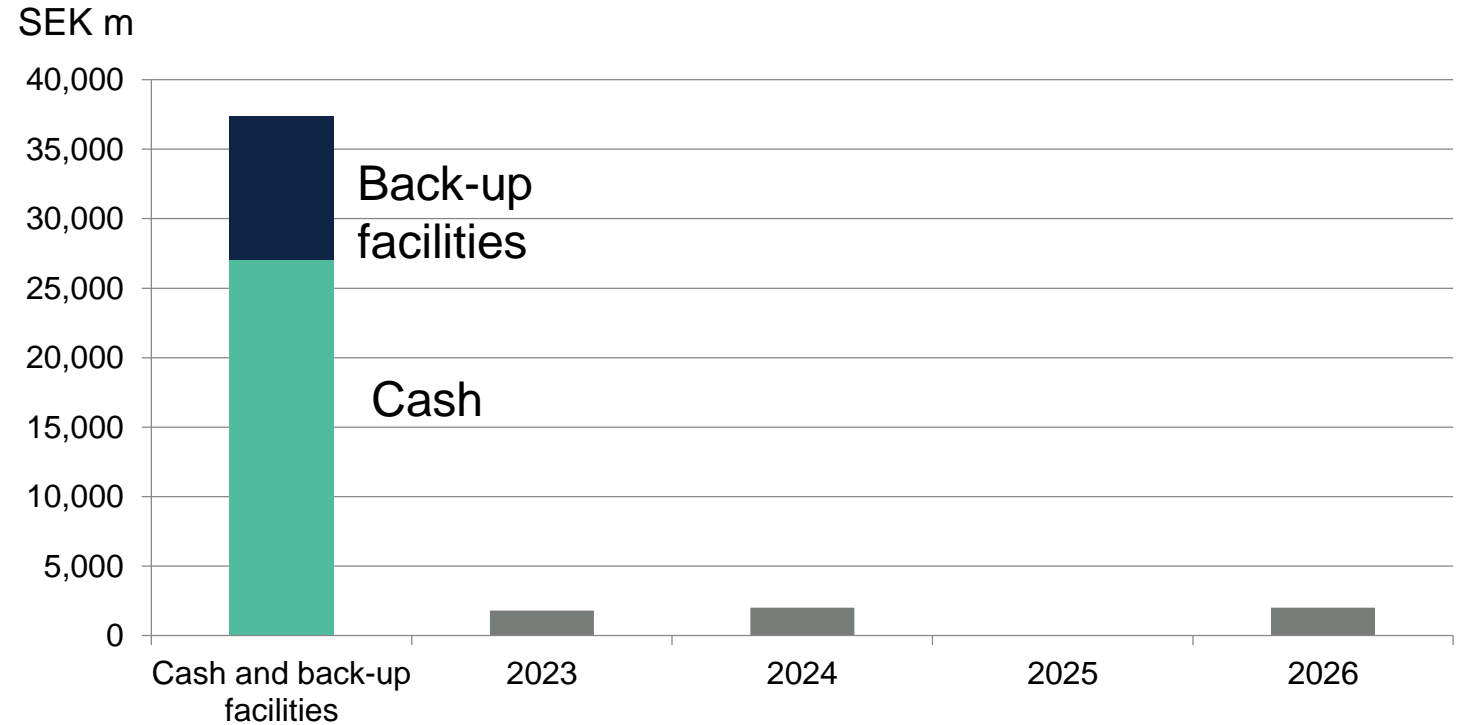
Debt portfolio duration and interest rate

- Duration of the loan portfolio was 5.4 (6.1) years
- Averaged fixed interest term was 0.8 (1.0) years
- Average interest rate was 3.8% (2.4%)



Maturity profile

- Liquid assets and committed credit lines at SEK 37.4 bn



SSAB