

REPORT FOR THE SECOND QUARTER 2018



Good demand drove
continued improvement in
earnings

July 20, 2018

SSAB

Report for the second quarter of 2018

The quarter

- Sales were SEK 19,263 (17,115) million
- Operating profit before depreciation/amortization was SEK 2,582 (2,167) million
- Operating profit was SEK 1,630 (1,205) million
- Earnings per share were SEK 1.27 (0.86)
- Operating cash flow was SEK 1,325 (1,069) million
- Net debt/equity ratio was 20% (30%)

Key figures

SEK millions	2018 Q 2	2017 Q 2	2018 Q 1	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Sales	19,263	17,115	17,388	36,652	32,854	66,059
Operating profit before depreciation and amortization EBITDA	2,582	2,167	1,836	4,418	3,794	7,591
Operating profit	1,630	1,205	916	2,546	1,907	3,838
Profit after financial items	1,427	914	769	2,196	1,363	2,863
Profit after tax	1,313	885	670	1,983	1,387	2,311
Earnings per share (SEK)	1.27	0.86	0.65	1.92	1.34	2.23
Operating cash flow	1,325	1,069	761	2,086	1,945	6,511
Net debt	11,881	15,738	11,391	11,881	15,738	11,574
Net debt/equity ratio (%)	20	30	21	20	30	22

(In the report, the figures in parentheses refer to the corresponding figure for the previous year.)

Comments by the CEO

SSAB's operating profit for Q2 2018 was SEK 1,630 million, up SEK 425 million compared with Q2 2017. Earnings were also up compared with the prior quarter, primarily driven by SSAB Americas. The quarter was characterized by continued good demand and favorable pricing in our markets. We increased volumes of high-strength steels in both SSAB Special Steels and the Automotive segment in SSAB Europe.

SSAB Special Steels is experiencing strong demand in all segments and especially within heavy transport and mining equipment. Shipments during Q2 were 339 thousand tonnes, up 12% compared with Q2 2017 and operating profit was up SEK 161 million to SEK 522 million.

Demand in Europe is steady and at a good level. SSAB Europe's shipments were 963 thousand tonnes and operating profit for the quarter was SEK 907 million. The transformer fire at the rolling mill in Hämeenlinna impacted earnings negatively by around SEK 50 million.

SSAB Americas' operating profit was SEK 365 million, up SEK 326 million compared to Q2 2017. Demand has improved and market prices for heavy plate have risen sharply since November last year. However, contract prices and lead times mean a certain delay before these higher prices are reflected in SSAB Americas' earnings. The USA introduced tariffs on steel imports from the EU and a string of other countries during Q2. Local production accounts for around 90% of the Group's shipment volumes in the USA. SSAB is working with customers to be granted product-based exemptions with regard to those volumes that SSAB Special Steels and SSAB Europe export to the USA from Europe.

HYBRIT, our initiative for fossil-free steel, is progressing to plan. During Q2, the Swedish Energy Agency decided to grant more than SEK 500 million in financial support to HYBRIT to build a pilot plant. Construction started in June and the pilot plant is expected to be completed in 2020.

Despite the political turbulence surrounding trade barriers, we expect the outlook to remain good for the second half of 2018. SSAB has strong market positions in our home markets and we are on track towards achieving our strategic growth targets for 2020. All in all, we have good opportunities for continued profitable growth and to generate strong cash flow.

Outlook

In North America, demand for heavy plate is expected to remain strong during the third quarter of 2018. In Europe, a certain seasonal slowdown is expected during the third quarter, although underlying demand is good. The underlying demand for high-strength steels is expected to remain strong during the third quarter, albeit with a certain seasonal slowdown.

For SSAB Americas, somewhat higher shipments are expected during the third quarter compared with the previous quarter. Shipments for SSAB Europe are expected to be lower and shipments for SSAB Special Steels are expected to be somewhat lower than during the second quarter of 2018, following the normal seasonal pattern in the European markets.

Prices realized during the third quarter are expected to be higher for SSAB Americas and SSAB Special Steels, but to remain relatively unchanged for SSAB Europe.

Major maintenance outages

There was only one planned major maintenance, which was in SSAB Europe, during the second quarter of 2018. The table below shows all major maintenance outages planned for the second half of 2018 and the costs of outages completed during 2017 and the first half of 2018. 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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
SEK millions	Q 1	Q 1	Q 2	Q 2	Q 3	Q 3	Q 4	Q 4	Full year	Full year
SSAB Special Steels	-	-	-	-	-	230	230	-	230	230
SSAB Europe	-	20	40	50	220	125	130	195	390	390
SSAB Americas	-	160	-	230	-	-	280	-	280	390
Total	-	180	40	280	220	355	640	195	900	1,010

The market

According to the World Steel Association (WSA), global crude steel production for the first five months of 2018 amounted to 729 (699) million tonnes, up 4.3% compared with the same period in 2017. Chinese steel production increased by more than 5% over the same period compared with the first five months of 2017. Steel production in the EU-28 was up by just under 2%, whereas production in North America rose by more than 3% during the first five months of the year.

In North America, demand remained strong during the second quarter. The second quarter saw further clarifications emerge regarding the so-called Section 232 investigation on US import tariffs of 25% on steel, with the removal of the earlier EU-28 exemption. 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. It is still unclear as to which extent product exemptions from the tariffs can be granted.

In Europe, good demand continued during the second quarter and stock levels at distributors are considered to be in balance.

In North America, market prices for heavy plate continued to rise somewhat during the second quarter following the steep rise seen during the first quarter. In Europe, market prices for strip and heavy plate decreased somewhat during the quarter. In China, market prices for both strip and heavy plate rose during the second quarter.

SSAB Group – First half year 2018

Sales and operating profit

Sales for the first half of 2018 were SEK 36,652 (32,854) million, up SEK 3 798 million or 12% compared with the first half of 2017.

Operating profit for the first half of 2018 was SEK 2,546 (1,907) million, up SEK 639 million compared with the first half of 2017. This improvement was primarily attributable to SSAB Americas and SSAB Special Steels, whereas earnings for SSAB Europe were lower.

Sales and result per business segment

SEK millions	Sales			Operating profit		
	2018 Qs 1-2	2017 Qs 1-2	Change	2018 Qs 1-2	2017 Qs 1-2	Change
SSAB Special Steels	9,816	8,058	1,758	957	605	352
SSAB Europe	16,943	16,035	908	1,564	1,848	-284
SSAB Americas	7,403	6,157	1,246	494	-118	612
Tibnor	4,312	4,076	235	149	166	-17
Ruukki Construction	2,666	2,662	4	-3	34	-37
Other	-	-	-	-134	-173	38
Depr. surplus values	-	-	-	-480	-456	-25
Group adjustments	-4,487	-4,134	-353	-	-	-
Total	36,652	32,854	3,798	2,546	1,907	639

Cash flow, financing and liquidity

Operating cash flow for the first half of 2018 was SEK 2,086 (1,945) million. Cash flow was positively impacted by operating profit but negatively impacted by higher working capital resulting from increased sales, as well as higher maintenance capital expenditures.

Net cash flow amounted to SEK 175 (1,186) million. Net cash flow was affected, among other things, by payments for strategic expenditure, including acquisitions of operations and businesses, of SEK 163 (95) million as well as by a dividend totaling SEK 1,030 (-) million to shareholders. Total capital expenditure was SEK 865 (552) million. Net debt increased by SEK 307 million during the first half of the year and at June 30, 2018 amounted to SEK 11 881 million. The net debt/equity ratio was 20% (30%).

The term to maturity of the total loan portfolio at June 30 averaged 6.2 (5.2) years, with an average fixed interest period of 1.0 (0.8) years.

Cash and cash equivalents were SEK 2,134 (3,687) million and non-utilized credit facilities were SEK 7,110 (7,807) million, which combined corresponds to 13% (19%) of rolling 12 months' sales.

Return on capital employed/equity

Return on capital employed before tax and return on equity after tax for the last 12 months was 7% and 5% respectively, whereas figures for the full year 2017 were 6% and 4% respectively.

Equity

With earnings of SEK 1,975 million and other comprehensive income (mostly consisting of translation differences) of SEK 4,014 million, shareholders' equity in the company amounted to SEK 58,181 (52,642) million, equating to SEK 56.50 (51.12) per share.

SSAB Group – Second quarter of 2018

Sales and operating profit

Sales for the second quarter of 2018 were SEK 19,263 (17,115) million, up 13% compared with the second quarter of 2017 and up 11% compared with the first quarter of 2018.

Operating profit for the second quarter of 2018 was SEK 1,630 (1,205) million, up SEK 425 million compared with the second quarter of 2017 and up SEK 714 million compared with the first quarter of 2018.

Sales and result per business segment

SEK millions	Sales			Operating profit		
	2018 Q 2	2017 Q 2	Change	2018 Q 2	2017 Q 2	Change
SSAB Special Steels	5,142	4,133	1,009	522	362	161
SSAB Europe	8,892	8,378	514	907	1,022	-115
SSAB Americas	4,040	3,138	903	365	39	326
Tibnor	2,253	2,057	196	83	67	15
Ruukki Construction	1,578	1,531	46	59	63	-4
Other	-	-	-	-58	-101	42
Depr. surplus values	-	-	-	-248	-247	-1
Group adjustments	-2,642	-2,122	-520	-	-	-
Total	19,263	17,115	2,148	1,630	1,205	425

Analysis of total change in sales and result *)

	Sales		Operating profit	
		Change vs Q 2, 2017 %		Change vs Q 2, 2017 SEK m.
Volume		4	Price and product mix	1,250
Price		5	Volume	80
Product mix		1	Variable cost	-850
Currency effects		3	Fixed cost	-190
Other sales		-	Currency effects	190
			Capacity utilization	-
			Other	-55
Total		13		425

*) Estimated change, the figures in the table have been rounded.

Profit after tax and earnings per share

Profit after tax (attributable to shareholders) for the second quarter was SEK 1,310 (883) million, equating to SEK 1.27 (0.86) per share. Tax for the second quarter was SEK -114 (-29) million. On a rolling 12 month basis, the tax rate was around 21% of profit after financial items.

Raw materials

SSAB sources its iron ore from LKAB in Sweden and from Severstal in Russia. The agreement with LKAB runs from April 1, 2018 until March 31, 2019. The agreement with Severstal runs from October 1, 2015 until September 30, 2018. SSAB sources coking coal from Australia, the USA, Canada and Russia. The US operations regularly purchase scrap metal as a raw material for their production.

Change in SSAB's average purchase prices, second quarter of 2018

% change	Change vs. 2017 Q 2		Change vs. 2018 Q 1	
	USD	SEK	USD	SEK
Iron ore	3%	2%	-5%	2%
Coking coal	2%	0%	-6%	0%
Scrap metal	28%	26%	7%	14%

Production and shipments

Crude steel production during the second quarter of 2018 was up 3% compared with the second quarter of 2017 and up 1% compared with the first quarter of 2018.

Rolling production during the second quarter of 2018 was up 2% compared with both the second quarter of 2017 and the first quarter of 2018.

SSAB's shipments during the second quarter of 2018 were 1,811 (1,747) thousand tonnes, up 4% compared with the second quarter of 2017. Shipments remained principally unchanged compared with the first quarter of 2018.

Production and shipments

	2018 Q 2	2017 Q 2	2018 Q 1	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Thousand tonnes						
Crude steel production	2,081	2,027	2,061	4,142	4,030	7,995
Rolling production	1,941	1,903	1,909	3,850	3,784	7,397
Steel shipments	1,811	1,747	1,808	3,619	3,492	6,908

Cash flow

Operating cash flow for the second quarter of 2018 amounted to SEK 1,325 (1,069) million. Cash flow was positively impacted by operating profit, whereas higher working capital with higher accounts receivables due to increased sales had a negative impact.

Net cash flow amounted to SEK -136 (597) million. Net cash flow was affected, among other things, by the payment of a dividend totaling SEK 1,030 (-) million to shareholders. Total capital expenditure was SEK 507 (293) million. Net debt increased by SEK 490 million during the second quarter and at June 30, 2018 amounted to SEK 11,881 million. The net debt/equity ratio was 20% (30%).

Operating cash flow and net debt

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Operating profit before depreciation/amortization	2,582	2,167	4,418	3,794	7,591
Change in working capital	-805	-869	-1,604	-1,395	303
Maintenance expenditures	-417	-242	-702	-457	-1,366
Other	-34	13	-26	3	-17
Operating cash flow	1,325	1,069	2,086	1,945	6,511
Financial items	-235	-344	-376	-566	-943
Taxes	-105	-73	-341	-94	-249
Cash flow from current operations	986	652	1,370	1,285	5,319
Strategic expenditures in plants and machinery	-90	-40	-153	-84	-237
Acquisitions of shares and operations	-	-11	-10	-11	-11
Divestments of shares and operations	-	-	-	-	1
Cash flow before dividend	896	601	1,207	1,190	5,072
Dividend paid to shareholders	-1,030	-	-1,030	-	-
Dividend, non-controlling interest	-2	-4	-2	-4	-4
Net cash flow	-136	597	175	1,186	5,068
Net debt at beginning of period	-11,391	-17,030	-11,574	-17,887	-17,887
Net cash flow	-136	597	175	1,186	5,068
Revaluation of liabilities against equity 1)	-556	657	-711	903	1,286
Other 2)	202	38	230	60	-41
Net debt at the end of period	-11,881	-15,738	-11,881	-15,738	-11,574

1) Revaluation of hedges of currency risks in foreign operations.

2) Mainly consisting of cash flow effects on derivative instruments and revaluation of other financial instruments in foreign currency.

Business segments – Second quarter of 2018

The information in the tables below excludes the depreciation/amortization on surplus values on tangible and intangible assets relating to the acquisitions of IPSCO and Rautaruukki. See page 22 for more information about the business segments.

SSAB Special Steels

Second quarter in brief

- Strong demand in all segments – good outlook for the third quarter
- Shipments 339 thousand tonnes, up 12% compared with the second quarter of 2017
- Operating profit was SEK 522 million

Key figures

SEK millions	2018 Q 2	2017 Q 2	2018 Q 1	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Sales	5,142	4,133	4,674	9,816	8,058	16,053
Operating profit before depreciation/amortization, EBITDA	656	495	569	1,224	872	2,002
Operating profit/loss 1)	522	362	434	957	605	1,465
Operating cash flow	897	156	70	967	212	909
Number of employees at end of period	2,788	2,748	2,770	2,788	2,748	2,834

Sales and operating profit

Sales were up 24% compared with the second quarter of 2017 and amounted to SEK 5,142 (4,133) million. Higher volumes had a positive impact of 12 percentage points, higher prices 10 percentage points, other sales (incl. internal sales of slabs) 1 percentage point and positive currency effects 1 percentage point.

Compared with the first quarter of 2018, sales were up 10%. Higher prices had a positive impact of 4 percentage points, other sales 3 percentage points and positive currency effects 5 percentage points, whereas lower volumes had a negative impact of 2 percentage points.

Operating profit for the second quarter of 2018 was SEK 522 (362) million, up SEK 160 million compared with the second quarter of 2017. Improved earnings were primarily due to higher prices and higher volumes, the impact of which was counteracted by higher variable costs, primarily related to raw materials.

Compared with the first quarter of 2018, earnings were up SEK 88 million. Improved earnings were primarily due to higher prices and better capacity utilization (the first quarter was burdened by a two-week blast furnace outage). This was partly offset by negative currency effects and higher fixed costs.

Market trend

Demand remained strong in all segments in SSAB Special Steels' main markets, including Heavy Transport, Construction Machinery and Material Handling (which includes mining equipment).

Production and shipments

Crude steel production was up 33% compared with the second quarter of 2017 and up 30% compared with the first quarter of 2018. A disruption in production in Oxelösund during the first quarter of 2018 resulted in two weeks of lost production.

Rolling production for the second quarter of 2018 was down 6% compared with the second quarter of 2017, but up 14% compared with the first quarter of 2018. The first quarter of 2018 was negatively affected by a shortage of slabs due to the blast furnace in Oxelösund being out of production.

External shipments of steel during the second quarter of 2018 were up 12% compared with the second quarter of 2017, but down 2% compared with the first quarter of 2018.

Production and shipments

Thousand tonnes	2018 Q 2	2017 Q 2	2018 Q 1	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Crude steel production	305	229	234	539	494	956
Rolling production	138	147	121	259	230	496
Shipments	339	304	346	685	581	1,192

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

Cash flow and capital expenditure

Operating cash flow during the second quarter was SEK 897 (156) million. Cash flow was impacted positively by operating profit and lower working capital.

Capital expenditure payments during the second quarter were SEK 72 (59) million, of which SEK 8 (2) million were strategic investments.

SSAB Europe

Second quarter in brief

- Good demand during the quarter and stable outlook for the third quarter
- Transformer fire in Hämeenlinna impacted earnings negatively by around SEK 50 million
- High-strength steel in the Automotive segment rose 12% compared with the second quarter of 2017

Key figures

SEK millions	2018 Q 2	2017 Q 2	2018 Q 1	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Sales	8,892	8,378	8,051	16,943	16,035	31,048
Operating profit before depreciation/amortization, EBITDA	1,259	1,381	998	2,257	2,563	4,405
Operating profit/loss 1)	907	1,022	657	1,564	1,848	2,988
Operating cash flow	765	807	543	1,308	1,288	3,782
Number of employees at end of period	6,811	6,813	6,828	6,811	6,813	6,798

1) Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK 57 (54) million during the second quarter.

Sales and operating profit

Sales were up 6% compared with the second quarter of 2017 and amounted to SEK 8,892 (8,378) million. Higher prices had a positive impact of 2 percentage points, positive currency effects 4 percentage points, a better product mix 1 percentage point and other sales 2 percentage points, whereas lower volumes had a negative impact of 3 percentage points.

Compared with the first quarter of 2018, sales were up 10%. Higher volumes had a positive impact of 3 percentage points, higher prices 3 percentage points, positive currency effects of 3 percentage points and other sales 1 percentage point.

Operating profit for the second quarter was SEK 907 (1,022) million, down SEK 115 million compared with the second quarter of 2017. Higher variable costs, primarily related to raw materials, and lower volumes had a negative impact.

Also higher fixed costs and somewhat lower capacity utilization following the transformer fire contributed to lower earnings. Higher prices and currency effects had a positive impact compared with the second quarter of 2017.

Compared with the first quarter of 2018, earnings were SEK 250 million higher. This was primarily due to higher prices and volumes, the impact of which was partly counteracted by higher fixed costs.

Market trend

Demand continued at a good level during the second quarter within, among others, the Automotive, Heavy Transport and Construction segments.

Production and shipments

Crude steel production during the second quarter of 2018 was down 4% compared with the second quarter of 2017 and down 2% compared with the first quarter of 2018.

Rolling production remained principally unchanged compared with the second quarter of 2017 and increased somewhat compared with the first quarter of 2018.

External shipments of steel during the second quarter of 2018 were down 3% compared with the second quarter of 2017, but up 3% compared with the first quarter of 2018, which was impacted by problems with rail transport.

Production and shipments

	2018	2017	2018	2018	2017	2017
Thousand tonnes	Q 2	Q 2	Q 1	Qs 1-2	Qs 1-2	Full year
Crude steel production	1,147	1,196	1,175	2,322	2,364	4,599
Rolling production	1,200	1,203	1,180	2,380	2,456	4,618
Shipments	963	991	939	1,902	1,973	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 during the second quarter was SEK 765 (807) million. Cash flow was positively impacted by operating profit, but negatively impacted by an increase in working capital, with higher stocks and accounts receivable as a result of higher sales.

Capital expenditure payments during the second quarter were SEK 297 (129) million, of which SEK 29 (11) million were strategic investments.

SSAB Americas

Second quarter in brief

- Strong demand and significantly higher prices – good outlook for the third quarter
- Contract structure and lead times delay the impact from higher spot prices on earnings
- Operating profit improved to SEK 365 million

Key figures

	2018	2017	2018	2018	2017	2017
SEK millions	Q 2	Q 2	Q 1	Qs 1-2	Qs 1-2	Full year
Sales	4,040	3,138	3,363	7,403	6,157	12,727
Operating profit before depreciation/amortization, EBITDA	526	201	283	809	209	818
Operating profit/loss 1)	365	39	129	494	-118	183
Operating cash flow	-383	-56	131	-252	187	1,166
Number of employees at end of period	1,239	1,222	1,238	1,239	1,222	1,228

1) Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of IPSCO. Depreciation/amortization on surplus values was SEK 192 (194) million during the second quarter.

Sales and operating profit

Sales were up 29% compared with the second quarter of 2017 and amounted to SEK 4,040 (3,138) million. Higher prices had a positive effect of 16 percentage points, higher volumes 13 percentage points and product mix 1 percentage point, whereas currency effects had a negative impact of 1 percentage point.

Compared with the first quarter of 2018 sales were up 20%. Higher prices had a positive impact of 15 percentage points, product mix 1 percentage point and positive currency effects 7 percentage points, whereas lower volumes had a negative impact of 3 percentage points.

Operating profit for the second quarter of 2018 was SEK 365 (39) million, up SEK 326 million compared with the second quarter of 2017. Improved earnings were primarily due to higher prices. Also higher volumes (partly due to the planned maintenance outage in Mobile during the second quarter of 2017) had a positive impact. Higher variable costs, primarily of raw materials, had a negative impact.

Compared with the first quarter of 2018, operating profit was up SEK 236 million. Improved earnings were primarily due to higher prices, the impact of which was partly counteracted by higher variable costs for raw materials.

Market trend

Demand generally remains strong with a positive trend in most segments. During the second quarter, shipments rose sharply to the Construction Machinery segment.

Production and shipments

Crude steel production was up 4% compared with the second quarter of 2017 but down 4% compared with the first quarter of 2018.

Rolling production was up 9% compared with the second quarter of 2017 and remained principally unchanged compared with the first quarter of 2018.

External shipments of steel were up 13% compared with the second quarter of 2017 but down 3% compared with the first quarter of 2018. Production and shipments were pulled down by the maintenance outage in Mobile during the second quarter of 2017.

Production and shipments

	2018	2017	2018	2018	2017	2017
Thousand tonnes	Q 2	Q 2	Q 1	Qs 1-2	Qs 1-2	Full year
Crude steel production	629	602	652	1,281	1,171	2,440
Rolling production	603	553	607	1,210	1,098	2,284
Shipments	509	452	523	1,032	938	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 during the second quarter of 2018 was SEK -383 (-56) million. During the quarter, cash flow was negatively impacted by an increase in working capital as a result of higher sales.

Capital expenditure payments during the first quarter were SEK 48 (52) million, of which SEK 28 (2) million were strategic investments.

Tibnor

Second quarter in brief

- Steady demand during the quarter with seasonal improvement compared with the first quarter of 2018
- Operating profit rose to SEK 83 million

Key figures

SEK millions	2018 Q 2	2017 Q 2	2018 Q 1	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Sales	2,253	2,057	2,058	4,312	4,076	7,821
Operating profit before depreciation/amortization, EBITDA	103	88	87	190	206	334
Operating profit/loss 1)	83	67	67	149	166	252
Operating cash flow	170	175	30	200	331	472
Shipments, thousand tonnes	188	188	176	364	378	716
Number of employees at end of period	1,061	1,111	1,077	1,061	1,111	1,091

1) Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK 6 (6) million during the second quarter.

Sales and operating profit

Sales were up 10% compared with the second quarter of 2017 and amounted to SEK 2,253 (2,057) million. The increase was related to higher prices.

Compared with the first quarter of 2018, sales were up 9% due to higher prices and volumes.

Operating profit for the second quarter of 2018 was SEK 83 (67) million, up SEK 16 million compared with the second quarter of 2017. Higher earnings were primarily due to improved margins.

Likewise, compared with the first quarter of 2018, earnings were up SEK 16 million, primarily due to higher volumes and prices.

Market trend

Demand was steady during the quarter with a seasonal improvement compared with the first quarter. The outlook for the third quarter is considered to be good, albeit with slight uncertainty surrounding the construction sector in Sweden and Norway, mostly regarding residential construction.

Total shipments during the second quarter of 2018 were unchanged compared with the second quarter of 2017, but up 7% compared with the first quarter of 2018.

Cash flow and capital expenditure

Operating cash flow during the second quarter was SEK 170 (175) million. Cash flow was primarily positively impacted by both operating profit and lower working capital.

Capital expenditure payments during the second quarter were SEK 23 (23) million, of which SEK 16 (13) million were strategic investments.

Ruukki Construction

Second quarter in brief

- Seasonal improvement compared with the first quarter
- Operating profit was SEK 59 million

Key figures

SEK millions	2018 Q 2	2017 Q 2	2018 Q 1	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Sales	1,578	1,531	1,088	2,666	2,662	5,773
Operating profit before depreciation/amortization, EBITDA	92	97	-29	62	105	307
Operating profit/loss 1)	59	63	-62	-3	34	171
Operating cash flow	5	-27	7	12	9	340
Number of employees at end of period	2,443	2,568	2,492	2,443	2,568	2,502

1) Excluding depreciation/amortization on surplus values on tangible and intangible assets related to the acquisition of Rautaruukki. Depreciation/amortization on surplus values was SEK -8 (-7) million during the second quarter.

Sales and operating profit

Sales were up 3% compared with the second quarter of 2017 and amounted to SEK 1,578 (1,531) million.

Compared with the first quarter of 2018, sales rose significantly, primarily due to seasonal improvement.

Operating profit for the second quarter was SEK 59 (63) million. Residential Roofing and Building Components showed improved earnings, whereas earnings were down for Building Systems.

Compared with the first quarter of 2018, earnings were up SEK 121 million, primarily due to seasonally higher volumes.

Market trend

Demand during the second quarter was seasonally strong in the construction sector. Underlying demand in the Nordics is considered to have stabilized after having risen in recent years. Activity in the building sector remains weak in Russia, but continues to be good in Ruukki Construction's other markets in eastern Europe.

Cash flow and capital expenditure

Operating cash flow during the second quarter was SEK 5 (-27) million. Cash flow during the second quarter was positively impacted by operating profit, but negatively impacted by an increase in working capital.

Capital expenditure payments during the second quarter were SEK 26 (13) million, of which SEK 10 (11) million were strategic investments.

Sustainability

Key figures – rolling 12 months

	2018 Q2	2018 Q 1	2017 Full year
Safety			
Lost time injury frequency (LTIF) 1)	5.7	5.6	5.6
Total number of injuries (LTIs) 2)	171	168	167
Environment			
Energy consumption, GWh 3)	9,372	9,303	9,208
Energy intensity, kWh/tonnes crude steel	1,167	1,155	1,152
Carbon dioxide emissions, Scope 1, thousand tonnes 4)	9,751	9,801	9,854
Carbon dioxide emissions, Scope 2, thousand tonnes 5)	1,213	1,207	1,215
Carbon dioxide emissions intensity, tonnes of CO ₂ /tonnes crude steel 6)	1.4	1.4	1.4

1) Number of accidents resulting in an absence of more than one day per million working hours (LTIF, Lost Time Injury Frequency), including contractors

2) Number of accidents resulting in an absence of more than one day (LTIs, Lost Time Injuries), including contractors

3) Total energy consumption (electricity, purchased fuels and purchased heat)

4) Direct emissions from production (Scope 1)

5) Indirect emissions from the generation of purchased electricity, heating and steam (Scope 2)

6) Includes Scope 1 and Scope 2

Safety

At the end of the second quarter of 2018, SSAB's lost time injury frequency resulting in an absence of at least one day (LTIF) was 5.7 as a rolling 12 months average. During 2017, SSAB initiated a process to get all employees to sign a safety pledge. The safety pledge requires co-workers, their colleagues and immediate managers to commit to complying with the safety regulations and to work together to create a safer workplace culture. The roll-out started in the US operations, followed by Borlänge, Sweden and during the first half of 2018, the implementation continued at other sites in the Nordic region.

Environment

In the second quarter of 2018 (rolling 12 months), SSAB's total energy consumption related to electricity, purchased fuels and purchased heat was 9,372 GWh. SSAB's direct (Scope 1) carbon dioxide (CO₂) emissions for rolling 12 months were 9,751 thousand tonnes and indirect (Scope 2) carbon dioxide (CO₂) emissions were 1,213 thousand tonnes.

HYBRIT

In the long-term, SSAB will move toward a fossil-free steelmaking process through the HYBRIT (Hydrogen Breakthrough Ironmaking Technology), which is a joint initiative from SSAB, LKAB, and Vattenfall. Construction work of a HYBRIT pilot plant in Luleå was started in June 2018 and the plant is expected to be ready in 2020. In June 2018, The Swedish Energy Agency confirmed its decision to provide financial support of SEK 528 million for the HYBRIT project in connection with the construction of the pilot plant. The Swedish Energy Agency has previously contributed SEK 70 million in support for the initiative. More information on HYBRIT is available at www.hybritdevelopment.com.

Christina Båge-Friborg to become Head of Sustainability at SSAB

SSAB has appointed Christina Båge-Friborg as Head of Sustainability and a member of the company's Group Executive Committee. She has previously held a number of leading positions in the sustainability field, most recently as responsible for Sustainable Business at Sandvik AB. She will take up her position as Head of Sustainability at SSAB by October 1, 2018.

More information about sustainability can be found in SSAB's Annual Report 2017, which was published in March 2018. The report is available on SSAB's website.

Risks and uncertainty factors

For information regarding material risks and uncertainty factors, reference is made to the detailed description in the annual report. No material new or changed risks and uncertainty factors have been identified during the year.

Accounting principles

This report has been prepared in compliance with IAS 34.

The accounting principles are based on International Financial Reporting Standards as adopted by the EU and ensuing references to Chapter 9 of the Swedish Annual Accounts Act. The accounts of the parent company have been prepared in compliance with RFR 2 and the Swedish Annual Accounts Act.

No material changes in accounting principles have taken place since the Annual Report for 2017, other than the information below.

Changes in accounting principles applied from January 1, 2018

From January 1, 2018, the Group applies IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers.

IFRS 9, Financial instruments

This standard applies from January 1, 2018. SSAB applies IFRS 9 from January 1, 2018. IFRS 9 replaces IAS 39, Financial instruments; Recognition and measurement. IFRS 9 involves changes in how financial assets are classified and measured, introduces an impairment model for expected credit losses and changes in hedge accounting requirements.

IFRS 9 introduces a new model to calculate the credit loss reserve based on expected loan losses. The new impairment model affects SSAB regarding calculation of the credit loss reserve for accounts receivable, including those that have yet to fall due. SSAB applies the simplified approach where the reserve will correspond to the expected credit loss over the full lifetime of the account receivable.

The opening balance in equity has been adjusted by SEK -7 million due to the new standard. For the Parent Company, equity has been adjusted by SEK -6 million due to an additional credit loss reserve. The receivables in the Parent Company are all intercompany receivables.

Regarding the changes in the requirements in hedge accounting, this will have no impact on SSAB's existing hedges but may impact future hedging arrangements.

IFRS 15, Revenue from contracts with customers

This standard applies commencing from January 1, 2018. SSAB applies IFRS 15 from January 1, 2018. IFRS 15 is the new standard for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts and all the relevant interpretations (IFRIC and SIC).

SSAB has evaluated the Group's contracts and concluded that revenue recognition will not be impacted by the transition to IFRS 15 and no adjustment to the opening balance of equity has been made. However, additional information regarding the sales of the group has been disclosed, see page 23.

Upcoming changes in accounting principles applicable from January 1, 2019

IFRS 16, Leasing

This standard applies from January 1, 2019. IFRS 16 is the new standard for the recognition, measurement, presentation and disclosure of leases. Work on implementation of IFRS 16 has begun, but as at June 30, 2018 no quantitative estimates or calculations have been made as to the impacts of the transition.

Affirmation

The Board of Directors and the President & CEO affirm that this half-year report provides a fair and true view of the operations, financial position and earnings of the Parent Company and Group, and describes the material risks and uncertainties facing the Parent Company and the Group.

Stockholm July 19, 2018

Bengt Kjell
Chairman

Mikael Henriksson
Director

Petra Einarsson
Director

Marika Fredriksson
Director

Tomas Karlsson
Director

Pasi Laine
Director

Matti Lievonen
Director

Annika Lundius
Director

Tomas Jansson
Director

Lars Westerberg
Director

Martin Lindqvist
President & CEO

Review report

We have reviewed this interim report for the period January 1 to June 30, 2018 for SSAB AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, July 19, 2018
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized public accountant

Financial reports in accordance with IFRS – Group

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

Consolidated income statement

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Sales	19,263	17,115	36,652	32,854	66,059
Cost of goods sold	-16,432	-14,897	-31,972	-28,943	-58,592
Gross profit	2,832	2,218	4,680	3,911	7,467
Selling and administrative costs	-1,186	-1,111	-2,278	-2,188	-4,210
Other operating income and expenses 1)	-33	81	105	150	514
Affiliated companies, profit after tax	18	17	38	34	68
Operating profit/loss	1,630	1,205	2,546	1,907	3,838
Financial income	131	62	264	163	321
Financial expenses	-334	-353	-614	-707	-1,297
Profit/loss for the period after financial items	1,427	914	2,196	1,363	2,863
Tax	-114	-29	-213	24	-552
Profit/loss for the period	1,313	885	1,983	1,387	2,311
Of which attributable to:					
- Parent Company's shareholders	1,310	883	1,975	1,383	2,295
- Non-controlling interest	3	2	8	4	16

Key figures

	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Operating margin (%)	8	7	7	6	6
Earnings per share (SEK)	1.27	0.86	1.92	1.34	2.23
Equity per share (SEK)	56.50	51.12	56.50	51.12	51.69
Net debt/equity ratio (%)	20	30	20	30	22
Equity ratio (%)	63	59	63	59	61
Adjusted average number of shares during the period (millions)	1,029.8	1,029.8	1,029.8	1,029.8	1,029.8
Number of shares at end of period (millions)	1,029.8	1,029.8	1,029.8	1,029.8	1,029.8
Number of employees at end of period	14,843	14,947	14,843	14,947	14,925

1) The result for the quarter includes primarily currency effects on operating receivables/liabilities of SEK -19 (-35) million.

Consolidated statement of comprehensive income

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Profit/loss for the period after tax	1,313	885	1,983	1,387	2,311
<i>Other comprehensive income</i>					
<u>Items that may be subsequently reclassified to the income statement</u>					
Translation differences for the period	2,941	-1,721	4,334	-2,284	-2,984
Cash flow hedges	188	-7	270	-82	26
Hedging of currency risks in foreign operations 1)	-556	657	-711	903	1,286
Share in other comprehensive income of affiliated companies and joint ventures	-	-	-	-	-
Tax attributable to items that may be subsequently reclassified to the income statement	84	-143	100	-182	-289
Total items that may be subsequently reclassified to the income statement	2,656	-1,214	3,994	-1,645	-1,961
<u>Items that will not be reclassified to the income statement</u>					
Remeasurements of the net defined benefit liability	-1	22	28	17	-2
Tax attributable to items that will not be reclassified to the income statement	0	-4	-6	-3	10
Total items that will not be reclassified to the income statement	-1	18	22	14	8
Total other comprehensive income for the period, net after tax	2,655	-1,196	4,016	-1,631	-1,953
Total comprehensive income for the period	3,968	-311	5,999	-244	358
Of which attributable to:					
- Parent Company's shareholders	3,965	-313	5,988	-249	340
- Non-controlling interest	3	2	11	5	18

1) Hedging is structured such that the net/equity ratio is unchanged in the event of changed exchange rates.

Consolidated statement of changes in equity

SEK millions	Equity attributable to the Parent Company's shareholders					Non-controlling interest	Total equity
	Share capital	Other contributed funds	Reserves	Retained earnings	Total equity		
Equity, December 31, 2016	9,062	23,021	4,004	16,804	52,891	49	52,940
<u>Changes Jan. 1 - Jun. 30, 2017</u>							
Total comprehensive income for the period			-1,645	1,396	-249	5	-244
Dividend, non-controlling interest						-3	-3
Equity, June 30, 2017	9,062	23,021	2,359	18,200	52,642	51	52,693
<u>Changes Jul. 1 - Dec. 31, 2017</u>							
Total comprehensive income for the period			-318	907	589	13	602
Dividend, non-controlling interest						-1	-1
Equity, December 31, 2017	9,062	23,021	2,041	19,107	53,231	63	53,294
<u>Changes Jan. 1 - Jun. 30, 2018</u>							
Adjustment opening balance - change in accounting principle, IFRS 9				-7	-7	-	-7
Adjusted equity, Jan. 1, 2018	9,062	23,021	2,041	19,100	53,224	63	53,287
Total comprehensive income for the period			3,994	1,994	5,988	11	5,999
Dividend, shareholders				-1,030	-1,030		-1,030
Dividend, non-controlling interest						-1	-1
Equity, June 30, 2018	9,062	23,021	6,035	20,064	58,181	73	58,255

There are 1,029,835 326 shares with a quotient value of SEK 8.80.

Consolidated balance sheet

SEK millions	2018 30 Jun	2017 30 Jun	2017 31 Dec
<i>Assets</i>			
Goodwill	30,126	28,275	27,730
Other intangible assets	1,727	2,267	1,918
Tangible fixed assets	24,388	24,423	23,931
Participations in affiliated companies	690	636	651
Financial assets	568	343	433
Deferred tax receivables 2)	486	515	291
Total fixed assets	57,986	56,459	54,954
Inventories	17,577	16,445	16,035
Accounts receivable	9,911	8,532	7,822
Current tax receivables	304	430	302
Other current receivables 1)	3,791	4,220	4,114
Cash and cash equivalents	2,134	3,687	4,249
Total current assets	33,717	33,314	32,522
Total assets	91,703	89,773	87,476
<i>Equity and liabilities</i>			
Equity for shareholders in the Company	58,181	52,642	53,231
Non-controlling interest	73	51	63
Total equity	58,255	52,693	53,294
Deferred tax liabilities	754	687	874
Other long-term provisions	606	524	591
Long-term non-interest bearing liabilities 2)	356	370	346
Long-term interest-bearing liabilities	11,114	15,377	16,053
Total long-term liabilities	12,829	16,958	17,864
Short-term interest-bearing liabilities	4,986	6,460	2,011
Accounts payable	11,491	9,514	10,215
Current tax liabilities	313	190	215
Other current liabilities	3,828	3,958	3,877
Total current liabilities	20,619	20,122	16,318
Total equity and liabilities	91,703	89,773	87,476
Pledged assets	2,146	2,533	2,513
Contingent liabilities	2,984	3,285	2,674

1) Other current receivables comprise short-term bank deposits (escrow agreement) in the amount of SEK 2,084 (2,465) million.

2) Of the Deferred tax receivable, SEK 165 (204) million constitutes a valuation of the future tax credits regarding investments in Alabama, USA. Since the credits have not yet been booked as income, a corresponding liability has been booked as Long-term non-interest bearing liabilities.

Valuation of financial assets and liabilities

Financial assets and liabilities in the balance sheet are valued based on their classification at acquisition value or fair value. Both interest rate derivatives and currency derivatives are valued at fair value. In the balance sheet item "Other current receivables" derivatives are valued at a total of SEK 528 (209) million and in the balance sheet item "Other current liabilities" derivatives are valued at a total of SEK 57 (520) million. In the balance sheet item "Financial assets" derivatives are valued at a total of SEK 144 (20) million and in the balance sheet item "Long-term non-interest bearing liabilities", derivatives are included valued at a total of SEK 4 (50) million.

Other financial assets and liabilities in the balance sheet are reported at acquisition value. In the case of valuation at fair value, the loans at fixed interest reported in the balance sheet item "Long-term interest-bearing liabilities" (including short-term part) would exceed the reported amount by SEK 42 (158) million. However, since the loans will be held until maturity, this does not affect the reported value.

Assessment of the fair value of financial instruments

Classification takes place hierarchically on three different 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 are used, e.g. interest rates and return curves. On level 3, the fair value is determined based on a valuation technique which is based on assumptions which are not based on prices or observable data.

The fair value valuation of the financial assets in SSAB in based on data in accordance with level 2, with the exception of electricity derivatives, where the fair value is based on listed market prices, and which are therefore classified on level 1.

Cash flow

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Operating profit/loss	1,630	1,205	2,546	1,907	3,838
Adjustment for depreciation and impairment	952	962	1,872	1,887	3,753
Adjustment for other non-cash items	-36	-23	-66	-39	-52
Received and paid interest	-235	-344	-376	-566	-943
Tax paid	-105	-73	-341	-94	-249
Change in working capital	-805	-869	-1,604	-1,395	303
Cash flow from operating activities	1,402	858	2,031	1,700	6,650
Capital expenditure payments in plants and machinery	-507	-282	-855	-541	-1,603
Acquisitions, shares and operations	-	-11	-10	-11	-11
Divested shares and operations	-	-	-	-	1
Other investing activities	2	36	41	42	35
Cash flow from investing activities	-506	-257	-825	-510	-1,578
Dividend paid to shareholders	-1,030	-	-1,030	-	-
Dividend, non-controlling interest	-2	-4	-2	-4	-4
Change in loans	-2,917	-620	-3,232	-931	-4,008
Change in financial investments	433	840	355	-18	-437
Other financing activities	889	-461	542	-407	-234
Cash flow from financing activities	-2,628	-245	-3,366	-1,360	-4,683
Cash flow for the period	-1,732	356	-2,160	-170	389
Cash and cash equivalents at beginning of period	3,863	3,371	4,249	3,879	3,879
Exchange rate difference in cash and cash equivalents	3	-40	45	-22	-19
Cash and cash equivalents at end of period	2,134	3,687	2,134	3,687	4,249

Financial reports in accordance with IFRS – The Parent Company

The Parent Company's income statement

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Gross profit	-	0	-	-	-
Selling and administrative costs	-104	-91	-199	-171	-343
Other operating income/expenses	36	32	72	65	118
Operating profit/loss	-68	-59	-127	-106	-225
Financial items 1)	447	984	184	1,075	1,164
Profit/loss after financial items	379	925	57	969	939
Appropriations	-	-	-	-	1,423
Tax	162	-88	233	-98	-406
Profit/loss after tax	541	837	289	871	1,956

The Parent Company's statement of comprehensive income

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Profit/loss after tax	541	837	289	871	1,956
<i>Other comprehensive income</i>					
<u>Items that may be classified to the income statement</u>					
Cash flow hedges	6	1	32	1	21
Tax attributable to other comprehensive income	-1	-	-7	-	-5
Total items that will be reclassified to the income statement	4	1	25	1	16
Other comprehensive income, net after tax	4	1	25	1	16
Total comprehensive income for the period	545	838	314	872	1,972

The Parent Company's balance sheet

SEK millions	2018 30 Jun	2017 30 Jun	2017 31 Dec
<i>Assets</i>			
Fixed assets	69,428	66,315	71,426
Other current assets	12,687	16,461	11,140
Cash and cash equivalents	690	2,591	3,187
Total assets	82,805	85,367	85,753
<i>Equity and liabilities</i>			
Restricted equity	9,964	9,964	9,964
Unrestricted equity	51,686	51,308	52,407
Total equity	61,650	61,272	62,371
Long-term liabilities and provisions	7,913	11,778	12,913
Current liabilities and provisions	13,242	12,317	10,469
Total equity and liabilities	82,805	85,367	85,753

1) Equity at January 1, 2018 has been adjusted by SEK -6 million due to additional credit loss reserve in accordance with IFRS 9

Information about 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.

Specification of sales during the first half year

The following table describes external sales by business segments broken down by geographical areas and product areas.

External sales, Jan-Jun 2018	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<u>Geographical areas</u>						
Sweden	422	3,229		2,052	622	6,325
Finland	130	2,174		777	740	3,820
Germany	735	1,184		20	3	1,942
Other EU-28	2,626	5,090		553	814	9,084
Norway	29	309		797	262	1,396
Russia	158	123			164	444
Other Europe	519	168		3	32	722
USA	1,666	695	6,734	0	1	9,097
Canada	549	5	581			1,135
Rest of the world	2,104	527	25	21	8	2,686
Total	8,938	13,503	7,340	4,224	2,646	36,652
<u>Product area</u>						
Steel products	8,304	12,820	7,280			28,404
Trading operations				4,224	0	4,224
Ruukki Construction operations					2,646	2,646
Slabs, by-products and scrap	544	614	49			1,207
Other	90	70	11		0	171
Total	8,938	13,503	7,340	4,224	2,646	36,652
External sales, Jan-Jun 2017	Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
SEK millions						
<u>Geographical areas</u>						
Sweden	375	3,198		1,910	667	6,149
Finland	86	2,225		709	657	3,677
Germany	564	1,171		0	21	1,756
Other EU-28	2,024	4,787		526	807	8,144
Norway	31	317		823	256	1,427
Russia	97	197			187	481
Other Europe	385	147		5	35	571
USA	1,188	560	5,446	1		7,195
Canada	448	111	613			1,171
Rest of the world	1,657	570	26	17	12	2,282
Total	6,855	13,282	6,085	3,990	2,641	32,853
<u>Product area</u>						
Steel products	6,291	12,316	6,050			24,657
Trading operations				3,990		3,990
Ruukki Construction operations					2,641	2,641
Slabs, by-products and scrap	489	969	22			1,481
Other	75	-3	13		0	85
Total	6,855	13,282	6,085	3,990	2,641	32,853

Specification of sales during the second quarter

The following table describes external sales by business segments broken down by geographical areas and product areas.

External sales, Jan-Mar 2018	Business segments					Total
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	
SEK millions						
<u>Geographical areas</u>						
Sweden	226	1,605		1,065	328	3,224
Finland	53	1,151		407	460	2,072
Germany	391	621		10	1	1,023
Other EU-28	1,348	2,483		280	500	4,611
Norway	6	168		434	150	758
Russia	75	66			102	243
Other Europe	276	87		1	21	383
USA	719	461	3,630	0	0	4,811
Canada	467	-57	345			755
Rest of the world	1,073	282	12	10	6	1,383
Total	4,635	6,867	3,987	2,206	1,568	19,263
<u>Product area</u>						
Steel products	4,268	6,693	3,949			14,910
Trading operations				2,206		2,206
Ruukki Construction operations					1,568	1,568
Slabs, by-products and scrap	320	156	34			510
Other	46	18	4		0	69
Total	4,635	6,867	3,987	2,206	1,568	19,263

External sales, Jan-Mar 2017	Business segments					Total
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	
SEK millions						
<u>Geographical areas</u>						
Sweden	194	1,650		980	370	3,194
Finland	50	1,197		360	398	2,004
Germany	319	586		0	9	914
Other EU-28	1,116	2,426		260	463	4,265
Norway	21	146		402	120	689
Russia	52	112			126	290
Other Europe	217	72		3	23	315
USA	600	274	2,786	0		3,660
Canada	261	58	292			611
Rest of the world	816	327	14	8	10	1,174
Total	3,646	6,847	3,091	2,013	1,518	17,115
<u>Product area</u>						
Steel products	3,329	6,341	3,073			12,743
Trading operations				2,013		2,013
Ruukki Construction operations					1,518	1,518
Slabs, by-products and scrap	288	457	13			758
Other	28	49	6		0	83
Total	3,646	6,847	3,091	2,013	1,518	17,115

Relevant reconciliations of non-IFRS-based performance measures

Besides the definitions below, definitions of the non-IFRS-based performance measures below can be found in the Annual Report.

Operating profit before depreciation/amortization, EBITDA

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Operating profit/loss	1,630	1,205	2,546	1,907	3,838
Depreciation & impairment	952	962	1,872	1,887	3,753
Operating profit before depreciation/amortization, EBITDA	2,582	2,167	4,418	3,794	7,591

Return on capital employed before tax, rolling 12 months

SEK millions	Jul. 17 - Jun. 18	Jul. 16 - Jun. 17	2017 Full year
Operating profit/loss	4,478	2,720	3,838
Financial income	422	207	321
Total	4,899	2,927	4,159
Average capital employed	73,642	76,420	74,947
Return on capital employed before tax, %	7%	4%	6%

Return on equity after tax, rolling 12 months

SEK millions	Jul. 17 - Jun. 18	Jul. 16 - Jun. 17	2017 Full year
Profit/loss for the period, after tax	2,906	2,052	2,311
Average equity	54,128	52,600	52,832
Return on equity after tax, %	5%	4%	4%

Operating cash flow

SEK millions	2018 Q 2	2017 Q 2	2018 Qs 1-2	2017 Qs 1-2	2017 Full year
Cash flow from operating activities	1,402	858	2,031	1,700	6,650
Reversal received and paid interests	235	346	376	568	943
Reversal tax paid	105	71	341	92	249
Maintenance expenditures 1)	-417	-242	-702	-457	-1,366
Other investing activities 2)	2	36	41	42	35
Operating cash flow	1,325	1,069	2,086	1,945	6,511

1) See the definition of Maintenance capital expenditures in the Annual Report.

2) Other investing activities primarily refer to cash flow from long-term receivables and investments.

Net debt

SEK millions	2018 30 Jun	2017 30 Jun	2017 31 Dec
Interest-bearing assets 1)	4,692	6,768	7,037
Interest-bearing liabilities 2)	16,573	22,506	18,611
Net debt	11,881	15,738	11,574

1) Interest-bearing assets primarily refer to long-term and current interest-bearing receivables and investments, together with derivatives and cash and cash equivalents.

2) Interest-bearing liabilities primarily consist of long-term and current interest-bearing debt, pension liability and derivatives.

Financial information, per quarter

The Group's result per quarter

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18
Sales	12,964	14,471	13,477	14,442	15,739	17,115	16,188	17,017	17,388	19,263
Operating expenses	-12,237	-12,980	-11,852	-13,390	-14,128	-14,966	-14,192	-15,250	-15,573	-16,699
Depreciation/amortization 1)	-934	-917	-928	-959	-926	-961	-927	-939	-920	-952
Affiliated companies	14	18	10	14	17	17	20	14	21	18
Financial items	-154	-243	-246	-246	-253	-291	-225	-206	-147	-202
Result before tax	-347	349	461	-139	449	914	864	636	769	1,427

1) For depreciation and amortization, see table Operating profit/loss per quarter and business segment, excluding items affecting comparability below

Sales per quarter and division

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18
SSAB Special Steels	3,132	3,398	2,986	3,066	3,925	4,133	3,627	4,368	4,674	5,142
SSAB Europe	6,040	6,668	6,122	7,001	7,657	8,378	7,245	7,768	8,051	8,892
SSAB Americas	2,428	2,841	2,545	2,825	3,019	3,138	3,340	3,230	3,363	4,040
Tibnor	1,707	1,820	1,539	1,813	2,019	2,057	1,733	2,012	2,058	2,253
Ruukki Construction	928	1,444	1,579	1,353	1,131	1,531	1,640	1,471	1,088	1,578
Other	5	3	1	5		1			0	0
Group adjustments	-1,276	-1,703	-1,295	-1,621	-2,012	-2,123	-1,397	-1,832	-1,845	-2,642
Total	12,964	14,471	13,477	14,442	15,739	17,115	16,188	17,017	17,388	19,263

Operating profit before depreciation/amortization, EBITDA, per quarter and division

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18
SSAB Special Steels	345	410	587	111	377	495	353	777	569	656
SSAB Europe	244	679	789	746	1,182	1,381	1,031	811	998	1,259
SSAB Americas	209	309	83	136	8	201	468	141	283	526
Tibnor	1	60	73	57	118	88	65	63	87	103
Ruukki Construction	-10	114	173	45	8	97	137	65	-29	92
Other	-48	-63	-70	-29	-66	-95	-38	-75	-72	-53
Total	741	1,509	1,635	1,066	1,627	2,167	2,016	1,782	1,836	2,582

Operating profit/loss per quarter and division

SEK millions	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18
SSAB Special Steels	202	276	453	-29	243	362	219	641	434	522
SSAB Europe	-118	317	426	375	826	1,022	680	460	657	907
SSAB Americas	55	162	-73	-34	-157	39	316	-15	129	365
Tibnor	-20	39	53	34	99	67	44	42	67	83
Ruukki Construction	-48	75	137	7	-29	63	105	32	-62	59
Depreciation on surplus values, IPSCO	-160	-157	-160	-159	-157	-194	-180	-182	-179	-192
Depreciation on surplus values, Rautaruukki	-51	-50	-53	-54	-51	-53	-53	-54	-54	-56
Other	-53	-70	-76	-33	-72	-101	-42	-81	-77	-58
Total	-193	-592	707	107	702	1,205	1,089	843	915	1,630

Production and shipments

Thousand tonnes	1/16	2/16	3/16	4/16	1/17	2/17	3/17	4/17	1/18	2/18
Crude steel production										
- SSAB Special Steels	218	288	291	178	265	229	180	282	234	305
- SSAB Europe	1,166	1,146	1,143	1,226	1,168	1,196	1,146	1,089	1,175	1,147
- SSAB Americas	617	623	533	558	569	602	634	635	652	629
- Total	2,001	2,058	1,967	1,962	2,002	2,027	1,960	2,006	2,061	2,081
Rolling production										
- SSAB Special Steels	130	137	146	85	83	147	111	155	121	138
- SSAB Europe	1,101	1,183	1,068	1,109	1,253	1,203	1,104	1,058	1,180	1,200
- SSAB Americas	575	584	493	544	545	553	603	582	607	603
- Total	1,807	1,904	1,707	1,738	1,881	1,903	1,818	1,794	1,909	1,941
Steel shipments										
- SSAB Special Steels	256	277	242	233	277	304	293	318	346	339
- SSAB Europe	946	1,013	863	898	982	991	871	901	939	963
- SSAB Americas	475	526	421	502	486	452	508	525	523	509
- Total	1,677	1,816	1,526	1,633	1,745	1,747	1,672	1,743	1,808	1,811

Note:

This report has been published in Swedish and English. In the event of any differences between the English translation and the Swedish original, the Swedish Report shall prevail.

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