

A red SSAB truck is driving on a road through a mountainous landscape. The truck is a large, multi-axle vehicle with a long, cylindrical body. The background features steep, rocky mountains with sparse vegetation under a clear blue sky. The truck is positioned in the lower right quadrant of the image, moving towards the left.

SSAB

ANNUAL REPORT 2019

Toward industry-leading profitability

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About this report

SSAB's Annual Report 2019 consists of four sections: Business Review, Sustainability Report, Financial Reports 2019 and Corporate Governance Report. The Annual Report provides an overview of SSAB's business as well as financial, social and environmental performance in 2019. The Sustainability Report 2019 has been prepared in accordance with the GRI Standards: Core option.

SSAB's Annual Report 2019 may be downloaded at www.ssab.com. The Annual Report is an

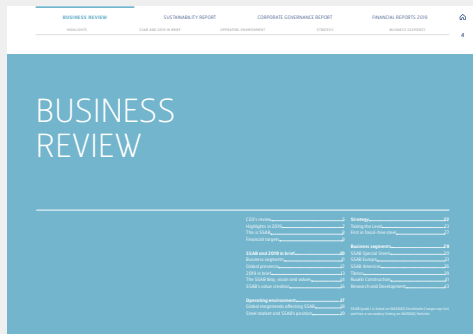
interactive pdf document providing easy movement between the different sections using the top navigation menu. All four parts of the Annual Report are published in English and Swedish. In the event of any differences between English translations and the Swedish original, the Swedish Report shall prevail. The Business Review part with the CEO's review is published also in Finnish.

How to navigate

The following symbols guide you to more information on our website or in this report. Also underlined page numbers are links to those pages in this report.

- Read more on our website (clickable)
- Read more in this report

SSAB's channels



Business Review

SSAB and 2019 in brief, strategy, value creation, businesses



Sustainability Report

Externally assured sustainability information compliant with the GRI Standards



Corporate Governance Report

Corporate Governance Statement including remuneration



Financial Reports 2019

Board of Directors' Report, Financial statements and investor information

BUSINESS REVIEW

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SSAB (publ.) is listed on NASDAQ Stockholm (Large cap list) and has a secondary listing on NASDAQ Helsinki.

CEO's review

SSAB was affected by challenging market conditions in Europe during 2019. At the same time, our strong balance sheet enabled us to invest in the future through strategic acquisitions and investments in high-strength steel production capacity. Our extensive work on the safety front delivered results and we made concrete long-term plans to transform our production processes. SSAB will be the first company in the world to launch fossil-free steel to market.

Challenging market, good cash conversion and better safety

Operating profit for 2019 was SEK 2,159 (5,181) million. The decrease was mainly concentrated towards the end of 2019 and followed a slowdown on the European market and falling heavy plate prices in the US. We adjusted production in line with lower demand and this enabled us to release working capital. Operating cash flow was good at SEK 5,194 (5,969) million for the full year. Our strong balance sheet enabled us to make a number of important bolt-on acquisitions and allowed the Board to propose keeping the dividend at SEK 1.50 per share.

On the sustainability front, we saw positive results from our intensive work to improve safety. Lost time injury frequency (LTIF) decreased to 4.2 (6.1). We are continuing with new initiatives to take the next steps towards our vision of a zero-accident workplace.

Better product mix

Improving the product mix has a key role in SSAB's strategy. We have made progress in recent years. SSAB Special Steels' shipments were more than 1.2 million tonnes in 2019, whereas some years ago shipments were around 1 million tonnes. We are leading the market in introducing lighter and stronger steels for new applications to improve productivity and the sustainability performance of machines and other equipment. SSAB Special Steels has a market share of around 25% and is by far the largest producer on the global market.

Successful product development has given SSAB Europe a strong position in ultra-high-strength steels for the automotive industry. Whereas SSAB Europe's total shipments were down 6% in 2019, shipments of high-strength steel for the automotive industry were stable. Also other premium products were fairly stable. One example



is the steel with our patented bio-based technology color-coating, which enables many customers to buy a roof with less environmental impact.

New strategic targets

Our new strategic targets launched in late 2019 show our ambitions to grow in special steels and to develop our own channels to market. Among other things, SSAB Special Steels will increase shipments to 1.6 million tonnes during 2022. SSAB Americas' plant in Mobile plays an important role in SSAB Special Steels and already today produces significant volumes of high-strength steel. We will continue to expand in high-strength steels, and will invest a total of almost SEK 1 billion in increasing special products capacity in Mobile over the next few years.

Under its updated strategy, SSAB Americas will increase the share of premium products and also increase the share of sales to end users. SSAB Americas' basic strategy remains unchanged – low costs, high quality and flexible production. SSAB's ambition is for high-strength steel and other premium products to account for 50% of the group's total shipments during 2022 at the latest.

Acquisitions support the strategy

Just as important as increasing the share of premium products is our ambition to develop distribution of our products to increase market shares. We completed three bolt-on acquisitions in

2019 with combined sales of around SEK 3 billion. Tibnor notched up in position in Denmark through the acquisition of Sanistål's distribution business. The acquisition of Abraservice improves SSAB Special Steels' possibilities for our special products to reach smaller and fragmented markets. It also gives greater exposure to service companies that are less affected by swings in the business cycle. The acquisition of Piristeel is aligned with Ruukki Construction's strategy to grow the product business. Ruukki Construction's project business is being divested as a non-core business and we expect the transaction to complete during the first half of 2020.

First with fossil-free steel

Being first to market with fossil-free steel will be a milestone on SSAB's journey. During 2020, we will begin to invest in Oxelösund to decommission the blast furnaces and the coke plant and replace them with an electric arc furnace. HYBRIT will begin production of fossil-free direct reduced iron (DRI) at the pilot plant in Luleå. The results will form the basis for the building of a full-scale commercial plant, a so-called demonstration plant. The aim is for the demonstration plant to be ready at the same time as we have completed conversion in Oxelösund. This means that we will be able to make fossil-free steel available to our customers already in 2026.

Growing numbers of companies and industries are setting targets to significantly reduce their carbon

footprint, which impacts subcontractors and raw material producers. Many of our customers around the world are already showing an interest. SSAB has a long tradition of supplying customers with the most advanced steel on the market with regard to strength and durability. We can build on these properties with a product which, in principle, has no carbon footprint through our partnership with both Vattenfall for fossil-free electricity and LKAB which is working to achieve the production of fossil-free iron pellets. We will thus build a fossil-free value chain from ore in the mine to finished steel.

Besides world-leading products, we will also be better placed for a more stable and flexible production by discontinuing coke-based production. We have long experience of electric arc furnaces in SSAB Americas, where for many years we have been producing world-leading Hardox, for example. We have an exciting unprecedented challenge ahead of us – to take the lead in transforming the steel industry. Sweden is uniquely placed for this and if we can obtain some support in development work and infrastructure investments such as power distribution, the transformation can take place relatively quickly.

We support UN sustainable development goals

One indication of the attention our efforts are attracting is that we were the only steel company

to be invited to the UN Climate Action Summit in September 2019. At the summit, the HYBRIT initiative was highlighted as one of the most ambitious and most transformative initiatives to tackle climate change. SSAB has for many years been a signatory to the UN Global Compact and we support the UN SDGs. This clarifies our responsibility with regard to the environment, people and communities that are affected by our operations. This report is part of our communication on how our operations are aligned with Global Compact principles. We will continue to support these principles with regard to the environment, human rights, employee conditions and anti-corruption, and work to further integrate these principles into our operations, culture and value chain.

As always, cyclical and geopolitical development is characterized by uncertainty. But if we keep to our strategy, we will remain strong. Our resilience to handle fluctuations in demand is continuously improving. To conclude, I would like to thank all our employees for their valuable contributions in 2019. In 2020, we will work further for a stronger and more sustainable SSAB.

Martin Lindqvist,
President and CEO

Highlights in 2019



SSAB to be first to market with fossil-free steel

SSAB plans to be the first company in the world to get fossil-free steel onto the market. The plan for transitioning to iron-ore based fossil-free steel production was presented to more than 400 customers and key players in the industry in conjunction with SSAB's Swedish Steel Prize in November. "SSAB will offer the first fossil-free steel products on the market already in 2026. We seek to initiate partnerships with our customers around common goals so that they can be the first in the world to include fossil-free steel in their own products," says Martin Lindqvist, SSAB's President and CEO.

Read more on page [27](#) and on ssab.com



Positive development in safety

SSAB strives to be the safest steel company in the world, with an objective of having zero accidents, work-related injuries or illnesses. In 2019, the development in safety was positive. This was largely due to safety having the highest priority and the extensive efforts that have been undertaken to improve safety and the company's safety culture. SSAB's lost time injury frequency (LTIF) in 2019 was 4.2 (6.1), a decrease of 31% from 2018. Intensive work to further improve our safety performance throughout the organization continues.

Read more on page [26](#) and in our [Sustainability Report](#)



SSAB set new strategic targets for 2022

In conjunction with SSAB's Capital Markets Day 2019 in December, SSAB presented our new strategic targets for 2022. High-strength steel and premium products will account for 50% of SSAB's total shipments in 2022. SSAB Special Steels, SSAB Europe and SSAB Americas are all focusing on premium strategies and aiming to grow sales in more advanced products, while at the same time developing their own channels to market. This will support profitability and reduce sensitivity to fluctuations in the business cycle. In the Nordics, we will further strengthen our home market position – supported by Tibnor and Ruukki Construction.

Read more in the strategy section on page [21](#)



SSAB strengthened its business portfolio

SSAB made several acquisitions to strengthen its leadership in strategic areas. SSAB acquired Abraservice, which provides wear parts and complete solutions. The acquisition supports SSAB's strategy of global leadership in high-strength steels and value-added services. SSAB's subsidiary Tibnor acquired the steel distribution business of the Danish company Sanistål A/S. The acquisition improves Tibnor's position in Denmark. SSAB's subsidiary Ruukki Construction acquired Piristeel Oy, Finland's leading manufacturer of roof safety products and rainwater systems, and agreed to divest its Building Systems business. These actions allow Ruukki Construction to fully focus on profitable growth in its product businesses.

This is SSAB

SSAB is a highly-specialized global steel company driven by close relationships with our customers. SSAB develops high-strength steels and provides services for better performance and sustainability.

SSAB is a leading producer in the global market of Advanced High-Strength Steels (AHSS) and Quenched & Tempered Steels (Q&T), strip, plate and tube products, as well as construction solutions. SSAB's steels and services help to make end products lighter and increase their strength and lifespan.

We are unique

- Global leadership in value-added high-strength steels
- Innovative services and applications
- Home-market leadership in the Nordics and the US
- Long-term customer relationships
- Strong end-user focus
- Globally recognized brands

SSAB's plan is to offer fossil-free steel to the market in 2026 and to eliminate our CO₂ emissions by 2045. Read more about the HYBRIT initiative, which plays a key role in achieving this, on page [27](#).



76

Net sales, SEK billion

2.2

EBIT, SEK billion

14,500

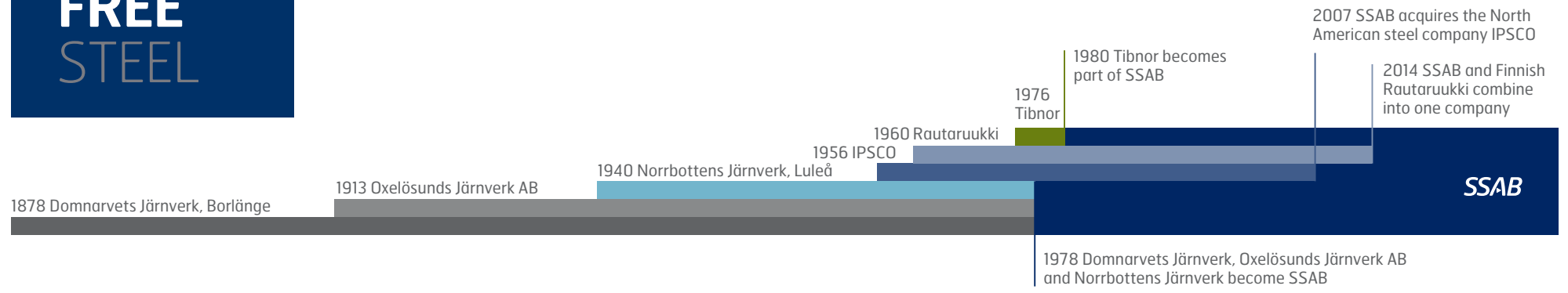
Approximate number of employees

1.04

Earnings per share, SEK

Headquarters
Stockholm, Sweden

President & CEO
Martin Lindqvist



Financial targets

SSAB’s strategy aims to secure the company’s long-term development to create value for shareholders and other stakeholders. SSAB’s main financial objective is to secure industry-leading profitability and to generate solid cash flows, enabling debt reduction and shareholder dividends.

SSAB has three financial targets:

Area	Profitability	Capital structure	Dividends																																																
Objective	Industry-leading profitability measured as EBITDA margin among comparable peers ¹⁾ .	Net debt/equity ratio will not normally exceed 35%.	Dividend target is 30-50% of profit after tax.																																																
2019 achievement	SSAB improved its position relative to its peers, from 3 rd place in 2018 to 2 nd place in 2019. The lower margin compared to 2018 was mainly related to a weaker European market.	Net debt was somewhat higher, partly due to the dividend paid out and acquisitions made during the year.	The proposed dividend with a higher payout-ratio than the target is motivated by a strong balance sheet and expected future cash flow generation.																																																
	<p>Profitability²⁾ EBITDA margin, % and SSAB’s position in peer group</p> <table border="1"> <caption>Profitability Data</caption> <thead> <tr> <th>Year</th> <th>EBITDA margin, %</th> <th>Position in peer group</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>~6</td> <td>3</td> </tr> <tr> <td>2016</td> <td>~9</td> <td>3</td> </tr> <tr> <td>2017</td> <td>~11</td> <td>3</td> </tr> <tr> <td>2018</td> <td>~12</td> <td>3</td> </tr> <tr> <td>2019</td> <td>~9</td> <td>2</td> </tr> </tbody> </table> <p>● Position in peer group — EBITDA margin, %</p>	Year	EBITDA margin, %	Position in peer group	2015	~6	3	2016	~9	3	2017	~11	3	2018	~12	3	2019	~9	2	<p>Capital structure Net debt/equity ratio*, %</p> <table border="1"> <caption>Capital structure Data</caption> <thead> <tr> <th>Year</th> <th>Net debt/equity ratio*, %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>~55</td> </tr> <tr> <td>2016</td> <td>~35</td> </tr> <tr> <td>2017</td> <td>~25</td> </tr> <tr> <td>2018</td> <td>~15</td> </tr> <tr> <td>2019</td> <td>~15</td> </tr> </tbody> </table> <p>*Excl. IFRS 16</p>	Year	Net debt/equity ratio*, %	2015	~55	2016	~35	2017	~25	2018	~15	2019	~15	<p>Dividends³⁾ SEK and % of profit after tax</p> <table border="1"> <caption>Dividends Data</caption> <thead> <tr> <th>Year</th> <th>Dividend per share, SEK</th> <th>% of profit after tax</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>~0.1</td> <td>~30</td> </tr> <tr> <td>2016</td> <td>~0.1</td> <td>~30</td> </tr> <tr> <td>2017</td> <td>~1.0</td> <td>~30</td> </tr> <tr> <td>2018</td> <td>~1.5</td> <td>~30</td> </tr> <tr> <td>2019</td> <td>~1.5</td> <td>~45</td> </tr> </tbody> </table> <p>■ Dividend per share, SEK — % of profit after tax</p>	Year	Dividend per share, SEK	% of profit after tax	2015	~0.1	~30	2016	~0.1	~30	2017	~1.0	~30	2018	~1.5	~30	2019	~1.5	~45
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¹⁾ ArcelorMittal, AK Steel, Nucor, Salzgitter, Tata Steel Europe, ThyssenKrupp, US Steel

²⁾ 2019 position is based on the first nine months of 2019

³⁾ 2019 is the Board’s proposal



SSAB and
2019 in brief

Business segments

SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.



SSAB SPECIAL STEELS

Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)

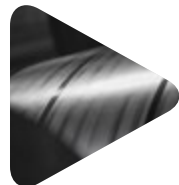
Global product brands with a unique market position



Main production site:

- Oxelösund, Sweden

23% of SSAB Group's total sales
32% of SSAB Group's total EBITDA



SSAB EUROPE

Leading Nordic-based premium steel producer of high-quality strip, plate and tube products

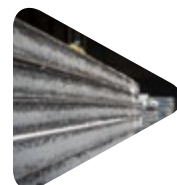
Focus on the home market and selected growth areas like high-strength steels for the automotive segment



Main production sites:

- Borlänge, Sweden
- Hämeenlinna, Finland
- Luleå, Sweden
- Raahе, Finland

34% of SSAB Group's total sales
14% of SSAB Group's total EBITDA



SSAB AMERICAS

Market-leading North American producer of quality steel plate and coil

Strong production base with an industry-leading quality and cost position

Nearly 100% scrap-based production

Main production sites:

- Mobile, Alabama, US
- Montpelier, Iowa, US

23% of SSAB Group's total sales
44% of SSAB Group's total EBITDA



TIBNOR

Leading supplier of steel, other metals and processing services in the Nordics and Baltics.



12% of SSAB Group's total sales
3% of SSAB Group's total EBITDA



RUUKKI CONSTRUCTION

Sustainable building and construction products and services in Europe



8% of SSAB Group's total sales
7% of SSAB Group's total EBITDA

Global presence

SSAB has a cost-efficient and flexible production system. SSAB's production plants in Sweden, Finland and the US have an annual steel production capacity of approximately 8.8 million tonnes.

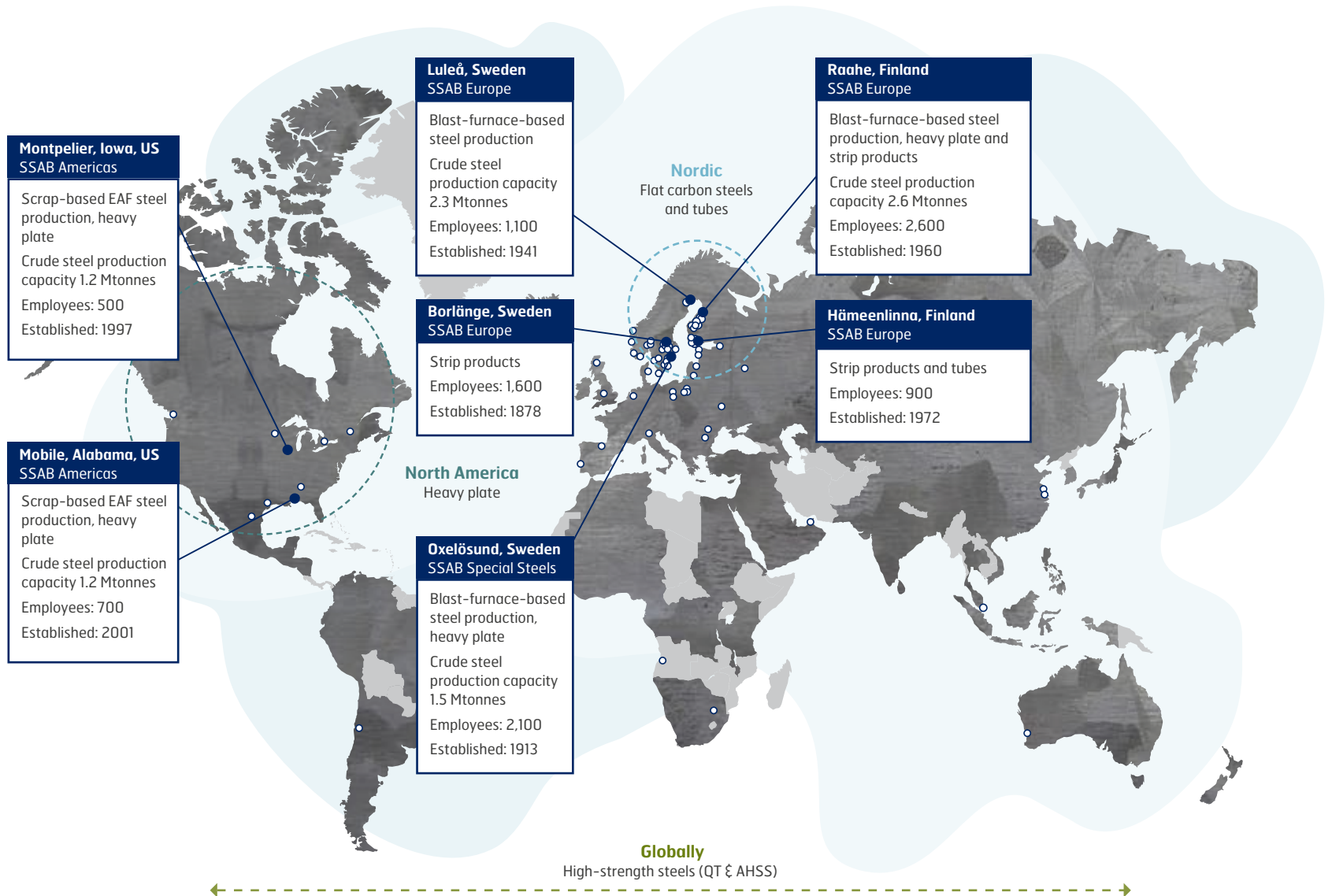
SSAB FOCUS MARKETS

Nordic
Flat carbon steels and tubes

North America
Heavy plate

Globally
Automotive
(Advanced High-Strength Steels, AHSS)

Special Steels
Quenched & Tempered (Q&T) and AHSS



2019 in brief

Key figures

	2019	2018
Sales, SEK million	76,485	74,941
Operating profit before depreciation/amortization, EBITDA ¹⁾ , SEK million	6,375	8,952
Operating profit ¹⁾ , SEK million	2,159	5,181
Profit after financial items ¹⁾ , SEK million	1,770	4,644
Earnings per share, SEK	1.04	3.45
Operating cash flow, SEK million	5,194	5,969
Dividend per share, SEK - 2019 proposal	1.50	1.50
Energy consumption, GWh	9,057	9,452
Carbon dioxide emissions ²⁾ , thousand tonnes	9,582	9,749
Employees ³⁾	14,514	14,313
Lost time incident frequency (LTIF) ⁴⁾	4.2	6.1

¹⁾ Excluding items affecting comparability

²⁾ Direct emissions from production (Scope 1)

³⁾ Permanent employees at year end

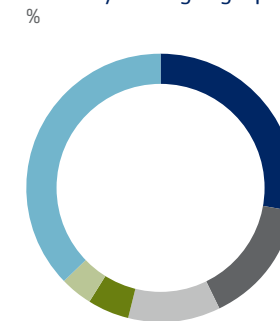
⁴⁾ Number of accidents resulting in an absence of more than one day per million working hours, including contractors

Employees by region in 2019



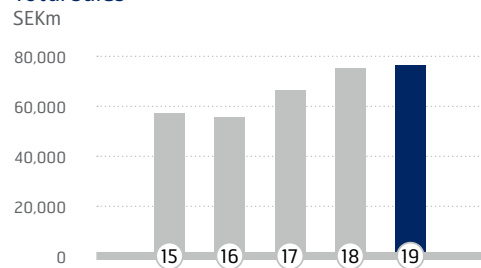
- Sweden 42%
- Finland 34%
- USA 9%
- Rest of Europe 13%
- Rest of the world 3%

Sales by main geographical markets in 2019

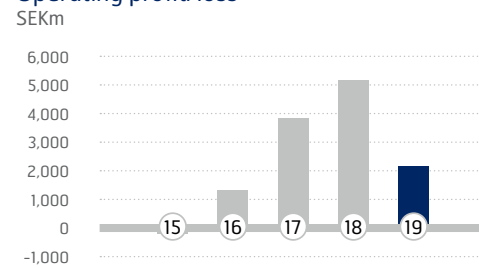


- USA 28%
- Sweden 15%
- Finland 11%
- Germany 5%
- Denmark 4%
- Other 37%

Total sales

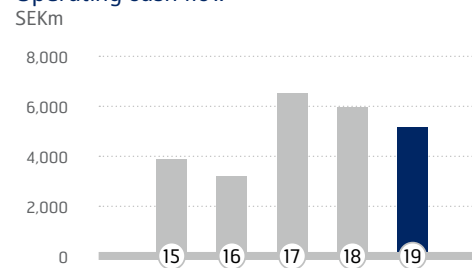


Operating profit/loss¹⁾

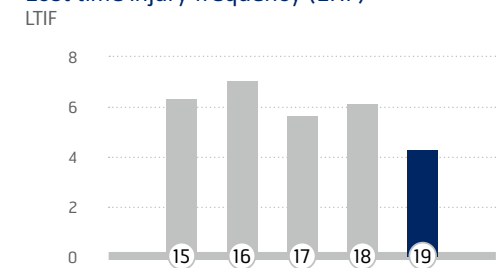


¹⁾ Excluding items affecting comparability

Operating cash flow



Lost time injury frequency (LTIF)*



* Number of accidents resulting in an absence of more than one day per million working hours, own employees and contractors

The SSAB Way

During the year, we have worked to develop a new framework for our cultural elements known as The SSAB Way. It is our way of describing the culture that has made and continues to make us successful, not only in our domestic markets in the Nordic region and the US, but also globally. It concludes who we are, what we do and how we do it, and it describes what we as a company have to offer. We in SSAB believe that what we do today creates ripples in the water; our actions have an impact both inside and outside of our company.

The SSAB Way includes our vision as well as our renewed values: Driven, True and Ahead. The SSAB Way also encompasses our strategy, company story, employee criteria, SSAB One principles and our Code of Conduct.

Who we are

Vision

What we would like to achieve, today and over time, "what is worth striving for"

Values

Our fundamental beliefs, our personality upon which our existence is based, "helps us determine right from wrong"

What we do

Strategy

Taking the Lead

Story

How we communicate our history, current priorities and future to different stakeholders

How we do it

Criteria

Expectations of our people: What characterizes us. Our behavior, "what it takes to be part of the SSAB team"

SSAB One Principles

How we achieve results: Our way of working to continuously improve, "makes us never stand still"

Code of Conduct

The way we act

Vision and values

Our vision

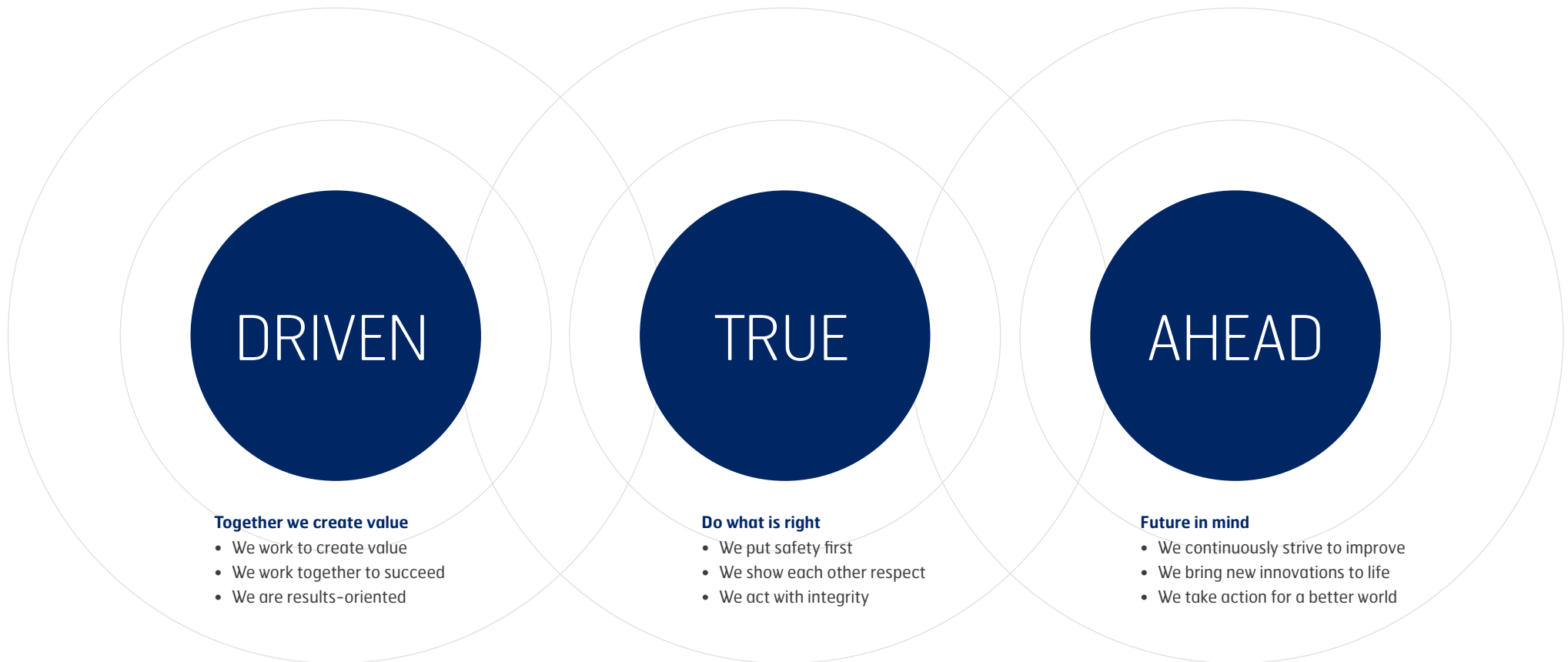
A stronger, lighter and more sustainable world

Together with our customers, we will go further than anyone else in realizing the full potential of lighter, stronger and more durable steel products.

Our values

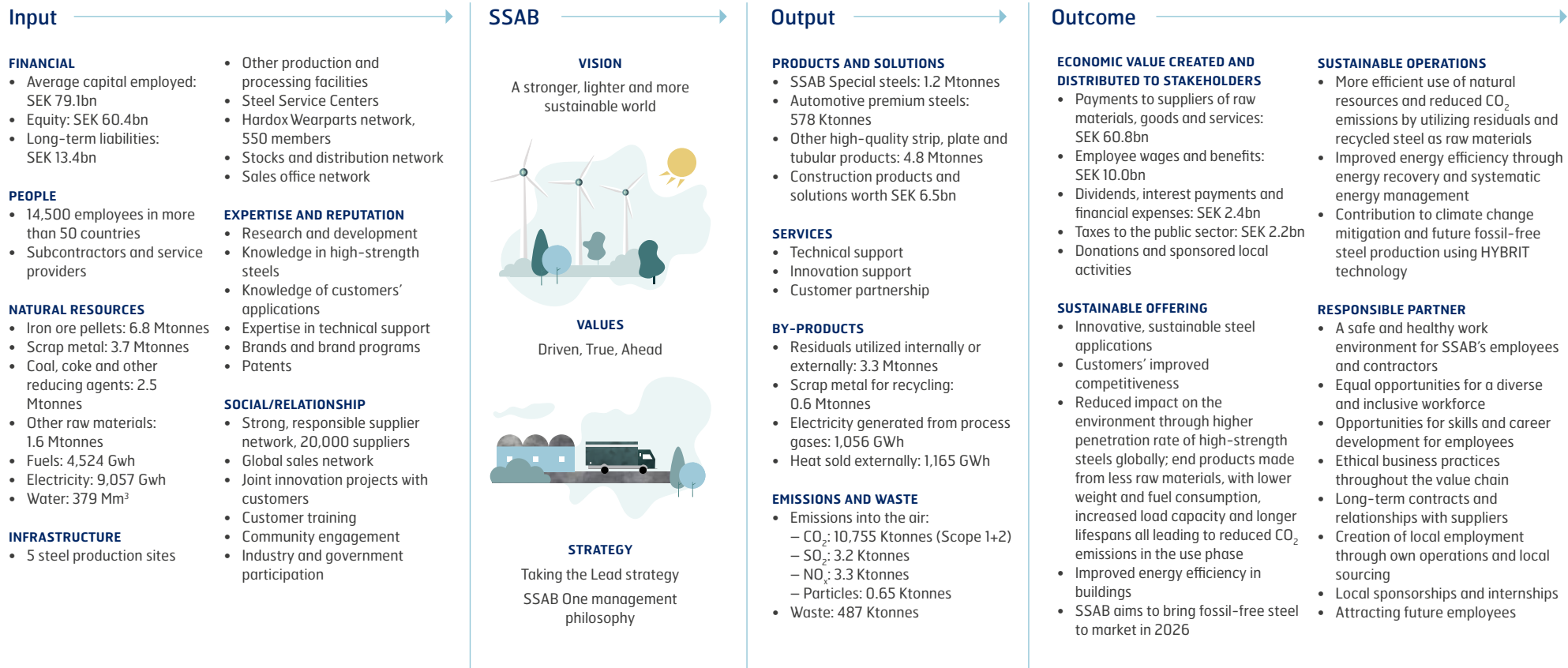
Driven, True, Ahead

Values – our fundamental beliefs, our personality upon which our existence is based “helps us determine right from wrong.”



SSAB's value creation

SSAB's value creation model describes how value is created through our business model for SSAB and our stakeholders. Using HYBRIT technology, SSAB aims to be the first steel company in the world to bring fossil-free steel to the market in 2026. With the help of fossil-free steel and a fossil-free value chain, SSAB will reduce the carbon footprint in the steelmaking process and thus help other sectors such as Automotive, Heavy Transport and Construction to become fossil-free from a life cycle perspective.





Operating environment

Steel represents a challenging market and industry. Complex factors govern SSAB's opportunities and risks both in our home markets and further afield. The company carefully and continuously monitors global economic and social development to shape our strategic decisions.

Global megatrends affecting SSAB



Climate change and resource scarcity	Population growth and urbanization	Digitalization	Changing geopolitical landscape
<p>DESCRIPTION</p> <ul style="list-style-type: none"> Increasing consumption of world’s natural resources To meet the goals set in the Paris Agreement, global greenhouse gas emissions need to be radically reduced in order to limit global warming <p>IMPACTS ON STEEL INDUSTRY DYNAMICS</p> <ul style="list-style-type: none"> Increased demand for sustainable, recyclable material, e.g. steel Cost of carbon emissions Optimization of available steel capacity to promote more resource and CO₂ efficient products/processes (e.g. China closing down overcapacity and environmentally inefficient production) <p>SSAB’S RESPONSE</p> <ul style="list-style-type: none"> Helping customers to innovate their products and reducing their CO₂ footprint through upgrading to high-strength steel 	<p>DESCRIPTION</p> <ul style="list-style-type: none"> Growing global population Rapid urbanization primarily taking place in developing countries Urban areas need to be continuously developed to manage the increasing complexity <p>IMPACTS ON STEEL INDUSTRY DYNAMICS</p> <ul style="list-style-type: none"> Increased demand for steel in construction, infrastructure and energy sector Increased demand for sustainable and energy-efficient buildings <p>SSAB’S RESPONSE</p> <ul style="list-style-type: none"> Developing new products and offerings to meet future challenges Offering broad spectrum of products to be used in construction and infrastructure, as well as in construction machinery and renewable energy plants 	<p>DESCRIPTION</p> <ul style="list-style-type: none"> New technologies available at affordable cost Digitalization impacting the business model for most companies <p>IMPACTS ON STEEL INDUSTRY DYNAMICS</p> <ul style="list-style-type: none"> More efficient operating practices available Digital services adding more transparency in the value chain E-commerce and trade platforms impacting demand-supply dynamics <p>SSAB’S RESPONSE</p> <ul style="list-style-type: none"> Using robotics, machine learning and advanced analytics to improve production stability and process efficiency Renewing digital service portfolio to improve customer experience Developing new digital tools such as SSAB SmartSteel to help customers realize the full potential of our steel 	<p>DESCRIPTION</p> <ul style="list-style-type: none"> Increasing protectionism, e.g. trade protection measures Increased steel demand in developing economies <p>IMPACTS ON STEEL INDUSTRY DYNAMICS</p> <ul style="list-style-type: none"> Higher importance of regional markets Restrictions on trade and other cross-border flows <p>SSAB’S RESPONSE</p> <ul style="list-style-type: none"> Securing leadership positions in our home markets with cost leadership and preferred supplier status Taking an active stance for free and fair trade Advancing SSAB’s position in emerging markets for high-strength steels Improve production capabilities, so that each site can cover a broader product range

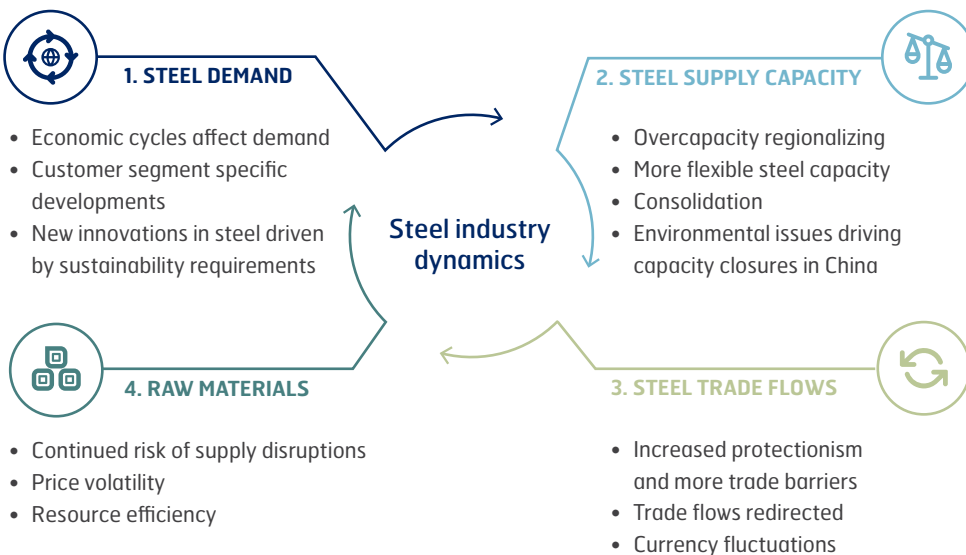


SSAB works toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal of offering fossil-free steel to the market in 2026 and becoming fossil-free in our operations by 2045.

Steel market and SSAB's position

Steel industry dynamics are shaped by global trends in steel demand, steel supply capacity, steel trade flows and the developments in raw material markets. These in turn are influenced by global megatrends such as climate change and resource scarcity, population growth, urbanization and digitalization. Since SSAB is a relatively small player in the global steel industry in terms of production capacity, we have specialized in certain segments within carbon flat steels.

Four fundamental forces shaping steel industry dynamics



1. Steel demand

Global steel demand continued to grow driven by China, apparent demand contracted in the second half of 2019

In October 2019, Worldsteel forecast that global steel demand would grow 3.9% to 1.8 billion tonnes in 2019 and is estimated to grow another 1.7% in 2020. Even though the economic growth rate in China is decreasing, China remains the clear driver for global steel demand development. Overall, apparent steel demand was strong in all markets in the first half of 2019, but a slowdown occurred in the second half of the year. This was largely due to customers destocking in response to a more uncertain market environment. Manufacturing, particularly the automotive industry, contracted in many countries impacting the steel markets. Caution from steel customers is mainly attributed to overall economic uncertainty, continuing trade tensions and geopolitical issues. However, the long-term demand outlook remains positive.

Innovation toward productivity and sustainability will drive new steel demand

Global megatrends and industry-specific trends shape customer demand across all industries, including the steel industry. Steel companies continue to develop their product offerings to be able to meet the future needs of customers. For example, users in the construction and automotive industries are working to lower costs, improve safety and lighten the weight of their products, thereby reducing their environmental

impact. In the mining industry, customers are striving to increase the durability of equipment and reduce downtimes. These trends have led to a growing use of high-strength steels, which provide advantages in the form of stronger, lighter and more durable steel solutions. This means the growth potential for high-strength steels continues to be higher than that for standard steels.

2. Steel supply capacity

Improved balance in capacity and demand

Excess steel production capacity, especially in China, and to a lesser extent in Europe, has been impacting steel industry dynamics since the financial crisis of 2008. However, apparent demand and effective capacity have become more balanced in recent years. The Chinese authorities have worked actively to improve their domestic situation by stimulating demand, driving consolidation and downsizing capacity, effectively removing more than 130 million tonnes of crude steel capacity in recent years. The US, on the other hand, remains an undersupplied market, where imports satisfy around 30% of the total steel demand. However, due to favorable market conditions, US steel manufacturers have started to increase domestic steel capacity, which is expected to come online in the next few years. Capacity expansions are also taking place in many developing economies as those countries start to industrialize more. Meanwhile, demand-capacity was in balance

for most of 2018 and 2019, but as apparent demand in Europe decelerated in 2019, major steel producers, including SSAB, adjusted their production levels by idling steelmaking capacity.

Supply landscape transformation

Despite extensive consolidation over the past 20 years, the global steel sector remains relatively fragmented. Further attempts to drive consolidation have been made in recent years with varying success. Major European steel producers ThyssenKrupp and Tata Steel Europe attempted to form a joint venture in 2019, but were unable to obtain competition clearance from the European Commission. ArcelorMittal acquired Italy's biggest steel maker, Ilva, but in 2019 some

issues arose regarding the legal protection designed to protect ArcelorMittal's liability related to a clean-up plan for the plant and discussions with the Italian government are still ongoing. Consolidation can also be noted in the Chinese market.

3. Steel trade flows

Increasing trade tensions
Global trade patterns have been scrutinized and debated in recent years, resulting in more and more countries installing protection mechanisms. The introduction of trade barriers is growing worldwide and the number of global trade cases has increased by almost 50% between 2016 and 2019. Section 232 tariffs in the US

may be the best known measure, but several other regions have also introduced retaliatory measures. Current trade policies will likely be in force for a number of years, and more may be introduced if perceived necessary or real predatory trade practices continue. As such, they may dampen economic growth prospects and/or hinder exports of niche materials, but should, on the other hand, at least in the short term, be supporting steel prices in home markets.

Market regionalization

Trade policies combined with increasing steel demand locally have resulted in decreased trade, particularly between geographical regions. Extra-regional steel trade (i.e., excluding trade within the EU, NAFTA, CIS, etc.) accounted for 16% of global steel demand in 2018, down one percentage point from 2017. The US remains the largest net importer of steel, with a trade deficit of about 23 million tonnes in 2018, while Europe had a trade deficit of about 17 million tonnes.

are primarily quoted in US dollars, have been very volatile in recent years due to uncertain and fluctuating steel demand globally, supply disruptions and shortages of raw materials, currency fluctuations and general price speculation among buyers.

Challenging raw material prices during 2019

In 2019, iron ore prices reached their highest level in years, negatively impacting steel producers' margins as steel prices failed to keep up at the same pace. The main drivers for the increase in iron prices are production disruptions from some of the large low cost producers, coupled with high demand based on high Chinese steel output rates. The combination has meant that producers higher up on the cost curve had more influence over global iron ore prices. However, iron ore prices started to decline during the autumn.

Steel prices

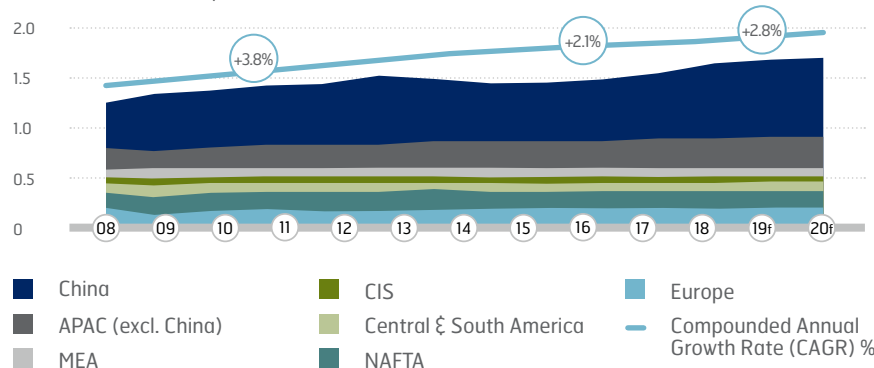
Steel demand, steel supply capacity, steel trade flows and raw materials all impact the sales prices of steel products globally. Steel prices have been increasingly volatile and unpredictable in recent years, which reflect the turbulent development of the underlying four factors. Steel prices have seen negative development across all geographies during 2019 compared to the previous year.

SSAB's steel market position

SSAB is present in the steel segment commonly

Apparent demand for finished steel products

Million metric tons; Compounded Annual Growth Rate (CAGR) %



Source: Worldsteel Short Range Outlook October 2019

referred to as flat carbon steels, i.e. steels with a particular carbon content rolled into flat sheets or plates. With an annual steel production capacity of approximately 8.8 million tonnes, SSAB is a small player in the global carbon steel market. This is why SSAB specializes in and focuses on four defined segments within flat carbon steels, where we have strong market positions:

- Flat carbon steel and tubes in the Nordics
- Heavy plate in North America
- Automotive premium steel (Advanced High-Strength Steel, AHSS) globally
- Special steels (Quenched & Tempered, Q&T and AHSS) globally

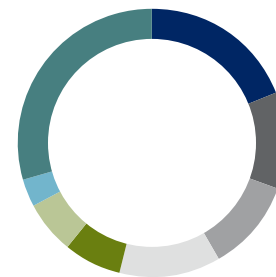
and offers steel-based construction solutions through our subsidiary Ruukki Construction.

The main customer segments served by SSAB include heavy transport, construction building and infrastructure, automotive, industrial applications, construction machinery (including lifting), energy and material handling (including mining). In our home markets, the Nordic region and North America, standard steels are also sold through steel service centers and distributors.

SSAB has leading positions in our Nordic and North American home markets. SSAB has an overall market share of around 40–45% for flat carbon steels in the Nordic region. In North America, SSAB is the largest producer of heavy plate, with market share approaching 30%. With our leading products, brands, knowledge and well-invested asset base, SSAB also holds the number one position in the global market for Quenched and Tempered (Q&T) plate and strip and in selected Advanced High-Strength Steel (AHSS) segments.

These market segments account for about 3% of the global market for carbon steel. In addition to being a steelmaker, SSAB is also a steel and non-ferrous metal distributor via our subsidiary Tibnor,

Customer segments
Share of total shipments in 2019



- Heavy transport 19%
- Construction 12%
- Automotive 11%
- Industrial applications 12%
- Construction machinery 7%
- Energy 6%
- Material handling 3%
- Service centers 29%

SSAB is market leader in defined areas of the global steel market



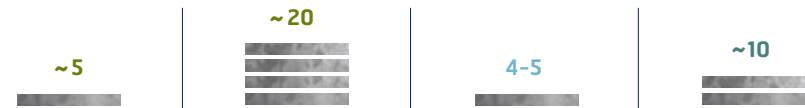
Global carbon steel market
100% = ~1,800 million tonnes

3%

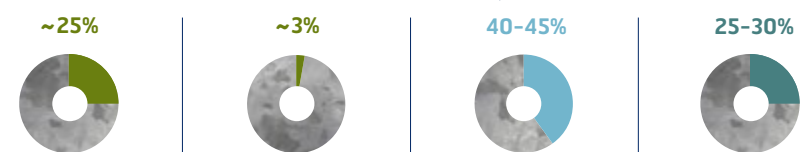
SSAB focus markets

- Special steels **Globally¹⁾**
- Automotive premium steel **Globally²⁾**
- Flat carbon steels and tubes in **Nordic**
- Heavy plate in **North America**

Market size, million tonnes

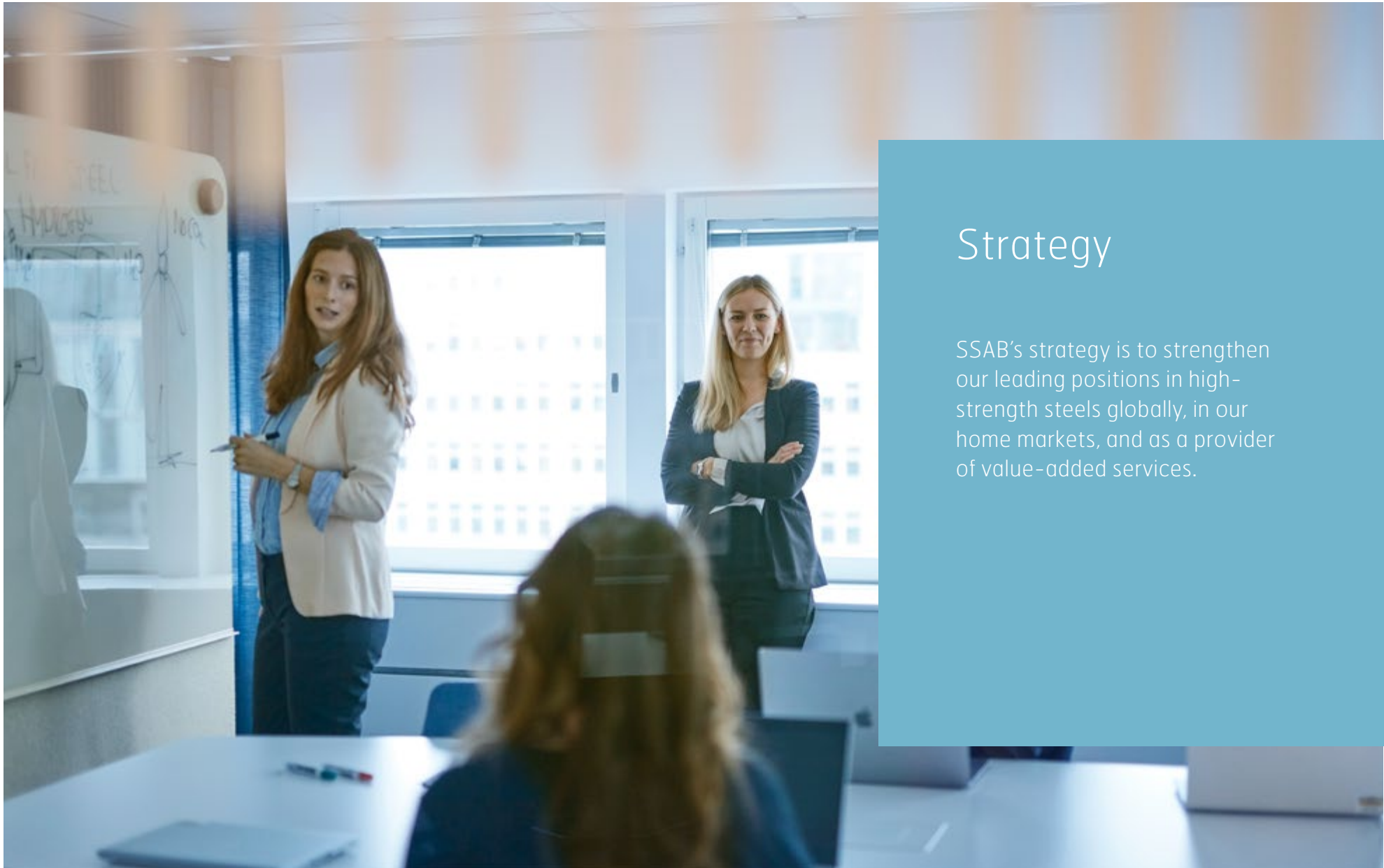


SSAB market share, %



¹⁾ Defined as Quenched & Tempered (Q&T) flat products and Hot rolled Advanced High-Strength Steel (AHSS) ≥ 700MPa in targeted segments

²⁾ Defined as hot-rolled, cold-rolled and coated Advanced High-Strength Steel (AHSS) strip products for automotive ≥ 420MPa



Strategy

SSAB's strategy is to strengthen our leading positions in high-strength steels globally, in our home markets, and as a provider of value-added services.

Taking the Lead

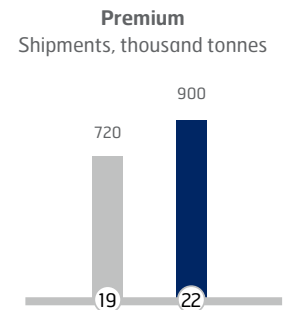
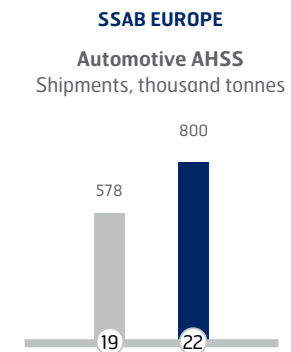
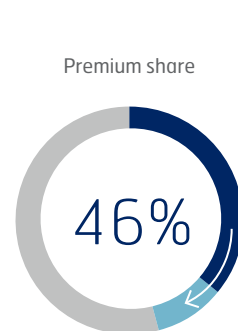
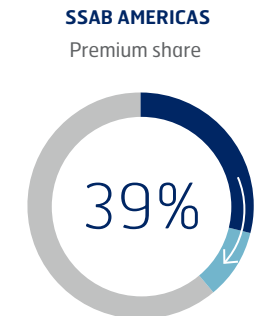
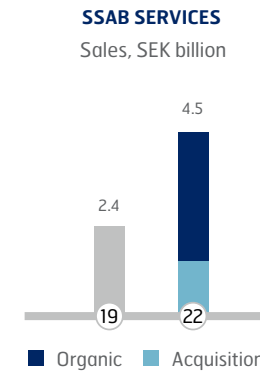
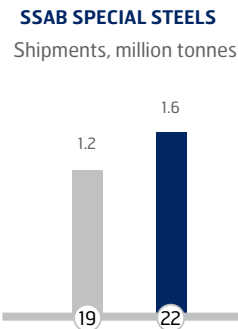
SSAB continuing the strategic direction



SSAB's Taking the Lead strategy, first introduced in 2012, continues to guide us and our overall direction. In 2019, we adjusted the specifics of each strategy element to reflect the

opportunities for coming years. Furthermore, our strategy emphasizes our commitment to being first in iron ore-based fossil-free steel and leading sustainability performance.

SSAB's strategic targets 2022



40-45%

Market share in the Nordics (over time), SSAB Europe – supported by Tibnor and Ruukki Construction

First in fossil free steel

SSAB is undertaking a strategic roadmap to revolutionize iron- and steelmaking, and to be the world's first steel company to deliver iron ore-based fossil-free steel to the market in 2026. This includes an active leadership role in the HYBRIT joint venture initiative with LKAB and Vattenfall. The target is to be fossil free as a company by 2045.

Activities aimed at converting the production system to deliver fossil-free steel were running at full speed during 2019. The HYBRIT pilot plant in Luleå is under construction and is expected to be ready for startup during 2020. Conversion to fossil-free steel production in Oxelösund using an electric arc furnace is ongoing and applications for relevant permits were submitted during the year. There is a growing interest from customers to lower the carbon footprint in their value chain, which opens up great potential for fossil-free steel as a premium product.



Leading home-market positions

Maintaining the market leading position in SSAB's two home markets, the Nordics and North American plate, remains a foundation for SSAB. We intend to strengthen our position in

the coming years and to increase the share of premium steel shipments.

During 2019, SSAB sustained our 40% market share in the Nordics by serving the region's leading OEMs and distributors as well as smaller customers. Going forward, further growth with a focus on increasing the share of premium products will be achieved both through our own channels and in partnership with customers and external steel distributors with which we have long-term agreements. In North America, SSAB remains the market leader in heavy plate in terms of both profitability and market share. Moving forward, SSAB Americas will put more emphasis on improving the product mix. A target was introduced to achieve a share of 39% in premium products in 2022.

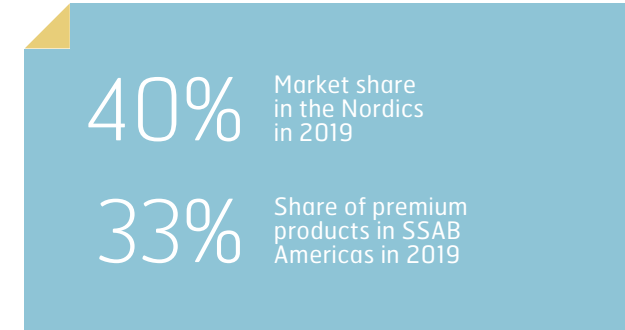


Global leadership in high-strength steels

SSAB is a global leader in Quenched and Tempered (Q&T) steels and in specific high-strength automotive applications (AHSS). Both offer good growth opportunities in the coming years as fundamental trends drive the use of high-strength steels.

SSAB's volumes in 2019 were affected by the lackluster market environment during

the second half of the year. However, SSAB's volumes through SSAB Special Steels' own distribution channels to small and mid-size customers were more stable, while sales of lower grade mid-segment products to large OEMs saw some decline year on year. In Automotive, SSAB outperformed the total steel market due to focus on AHSS products.





Leading value-added services

Value-added downstream services are important channels to market for SSAB. They also represent an important growth area for SSAB's long-term development, as many customers require more services and complementary products to process SSAB steels.

We further strengthened our position within value-added services in 2019 through multiple structural improvements. SSAB's acquisition of Abraservice was completed during the year and will increase SSAB's shipments through the wear service channel, where demand is more stable over business cycles compared to shipments to OEMs. Furthermore, Ruukki Construction's market position was further strengthened through acquisition of the Finnish company Piristeel Oy. Similarly, Tibnor's acquisition of the steel distribution business of the Danish company Sanistål A/S was also closed during the year, and completes Tibnor's Nordic distribution footprint.




Superior customer experience

SSAB is committed to offering a superior customer experience by outperforming competitors on delivery performance, quality

and overall service level and satisfaction. SSAB will also further develop digital services and find new ways to engage with customers.

The results in the 2019 customer survey developed positively, with an NPS of 38 (and top 2 position in the US Jacobson survey). However, there is still scope for further improvement. SSAB will continue focusing on quality, lead times, delivery performance and sales responsiveness. We will also invest in technical support and joint innovation initiatives to help our customers to get the best out of SSAB's high-strength steels. New digital services, like the new customer portal, were launched in 2019 and more e-commerce initiatives are being planned.



High-performing organization

A key element of SSAB's business strategy is to build a high-performing organization with strong employee engagement globally. SSAB will continue to work with leadership and competence development, and strive to enhance diversity in the workforce.

In 2019, SSAB participated in multiple own and industry initiatives to attract talent to and enhance diversity in the company. One example of this is the Swedish Female Leader Engineer



1.2 million tonnes
Special Steel
shipments in 2019

31% Reduction in LTIF
from 2018

39% Share of premium
products in SSAB
Europe

program. SSAB also launched a new set of company values: Driven, True and Ahead to better symbolize our commitment to working together to create value, being honest and always looking to the future. Our updated values are a key component of what we call The SSAB Way, which brings the SSAB vision, values and strategy, and principles together to strengthen our common culture.

Read more on p. [73](#)



Most flexible operations

SSAB has the highest focus on efficiency, reliability and flexibility in our global production system. Through SSAB One, the goal is to involve all employees in achieving continuous improvement. Also, digitally enabled improvement initiatives will be increasingly important in the coming years.

Flexibility in the production setup is one way for SSAB to be more resilient in periods of weaker demand. After a high level of production during the first half of the year, flexibility measures were introduced in the second half of the year to adjust to falling apparent demand. The Nordic production system was adapted to run using three instead of five blast furnaces, and staffing was temporarily adjusted through flexibility measures.

Leading sustainability performance

Sustainability is the foundation for everything at SSAB. SSAB wants to offer a safe work environment, adhere to high environmental standards, and to be a responsible partner to all stakeholders. Engaging with customers in the area of sustainability, and the use of sustainable SSAB steels will enable SSAB to create greater business value.

SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work-related injuries or illnesses. Safety performance improved notably in 2019, when the LTIF (Lost Time Injury Frequency) decreased from 6.1 in 2018 to 4.2 in 2019.

Read more about SSAB's sustainability performance in our [Sustainability Report](#)



First in fossil-free steel

SSAB is taking the lead in decarbonizing the steel industry. With HYBRIT technology, SSAB aims to be the first steel company in the world to bring fossil-free steel to market already in 2026. SSAB will be fossil free by 2045.

The plan for transitioning to iron-ore based fossil-free steel production was presented to more than 400 customers and key players in the industry in conjunction with SSAB's Swedish Steel Prize in November. Together with our partners and customers, SSAB aims to create a fossil-free value chain, from the mine to the end-product.

In 2016, SSAB, LKAB (Europe's largest iron ore producer) and Vattenfall (one of Europe's largest energy companies) joined forces to create HYBRIT – an initiative that endeavors to revolutionize steelmaking. Using HYBRIT technology, SSAB aims to replace coking coal, traditionally needed for ore-based steelmaking, with fossil-free electricity and hydrogen. The result will be the world's first fossil-free steelmaking technology, with virtually no carbon footprint.

The steel industry is one of the highest CO₂-emitting industries, accounting for 7% of CO₂ emissions globally. A growing global population and expanding urbanization are expected to trigger a rise in global steel demand by 2050. Recycled scrap will not sufficiently meet the

growing demand for new steel. The carbon footprint in the steel industry is thus a challenge for Europe and the rest of the world. Sweden has unique conditions for this kind of project, with good access to fossil-free electricity, the highest-quality iron ore and a specialized, innovative steel industry. SSAB has also begun investigating the possibilities of broadening the initiative to include Finland.

Pre-feasibility study

A pre-feasibility study, conducted in 2016–2017, concluded that fossil-free steel, given today's price of electricity, coal and cost of CO₂ emissions, would be 20–30% more expensive. With declining prices in electricity from fossil-free sources and increasing costs of CO₂ emissions through the European Union Emissions Trading System (ETS), the pre-feasibility study also concluded that fossil-free steel will, in the future, be able to compete in the market with traditional steel.

Pilot phase

In the summer of 2018, work started on the construction of a globally-unique pilot plant for



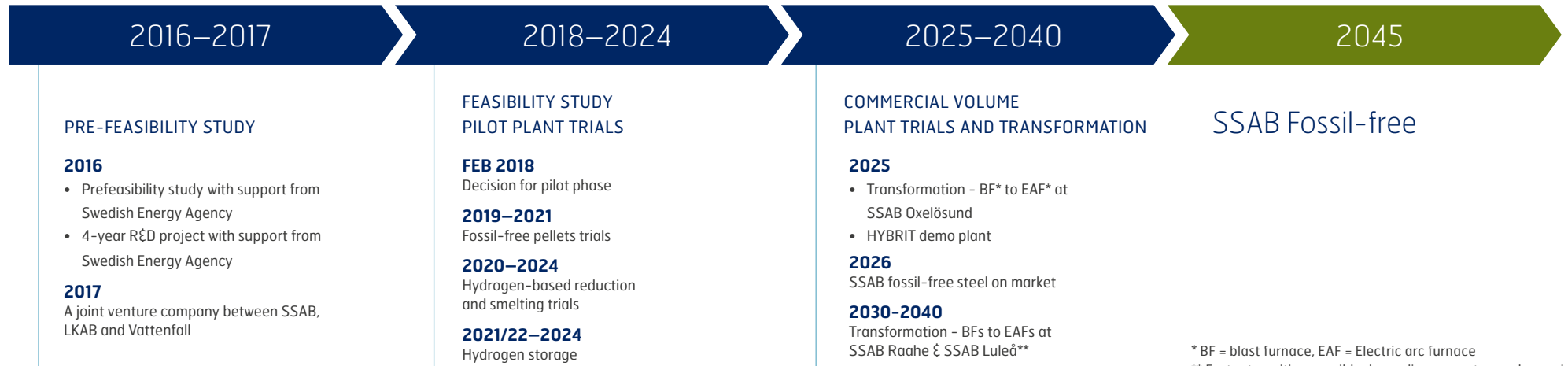
fossil-free steel production at the SSAB site in Luleå, Sweden. In the HYBRIT pilot plant, we will produce hydrogen by electrolyzing water and then use the hydrogen to test the direct reduction of iron ore to make direct reduced iron (DRI), also called sponge iron. The DRI is then used as virgin material together with recycled scrap for steelmaking. The pilot plant will be ready in 2020.

In the summer of 2019, construction also started on a plant for fossil-free pellets at the LKAB site

in Malmberget, Sweden. Here, fossil fuels will be replaced with biofuel to achieve fossil-free production of iron ore pellets.

A decision has also been made to build a pilot hydrogen storage facility, 25–35 meters below the ground, on LKAB's land at Svartöberget, close to the HYBRIT pilot plant currently under construction on SSAB's site in Luleå. The pilot storage facility is expected to operate from 2022 to 2024.

Overall time plan



* BF = blast furnace, EAF = Electric arc furnace
 ** Faster transition possible depending on customer demand

The total cost committed of the initiative during the pilot phase is estimated to be SEK 2 billion. The Swedish Energy Agency has committed to contribute SEK 599 million and the three owners, SSAB, LKAB and Vattenfall, will contribute the remaining costs in equal shares.

Demonstration phase

Recently, the owners behind the HYBRIT initiative announced that they will start efforts to prepare for the demonstration phase, three years before plan. The new plan is to have a HYBRIT demonstration plant in place in 2025, at the same time as the conversion of SSAB’s blast furnace site in Oxelösund in Sweden, which will enable SSAB to produce iron ore-based, fossil-free steel

for commercial use in 2026. There is a growing interest from customers to lower the carbon footprint in their value chain, which opens up great potential for fossil-free steel as a premium product.

All production sites will be converted

SSAB will cut our CO₂ emissions in Sweden by 25% by as early as 2025, through the conversion of the blast furnaces in Oxelösund, Sweden, to an electric arc furnace. Between 2030–2040, the plan is to convert the blast furnaces in Luleå, Sweden and Raahé, Finland to eliminate most of the remaining CO₂ emissions. The company anticipates that our Iowa operations will be completely powered by renewable energy by

In order to carry out the HYBRIT initiative, significant contributions are needed from social entities including government, research institutions and universities. The project’s success will be impacted by access to fossil-free electricity, improved infrastructure and rapid expansion of high voltage networks, faster permit processes and the government’s active support for the pilot and demonstration facilities and long-term support at EU level.

Read more on www.ssab.com
www.hybritdevelopment.com

2022. Our Americas operations will be able to offer fossil-free steel products starting in 2026, utilizing sponge iron developed using HYBRIT technology in Sweden. At the same time, SSAB

has started the process of phasing out fossil fuels used in rolling mills and heat treatment plants throughout the company, to reach the goal of becoming fossil-free by 2045.



Business segments

SSAB is structured across three steel divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, and two subsidiaries: Tibnor and Ruukki Construction.

SSAB Special Steels

Head of SSAB Special Steels:
Johnny Sjöström (1974), EVP

Global steel supplier and service partner in Quenched & Tempered Steels (Q&T) and Advanced High-Strength Steels (AHSS)

2,900

Employees, approximately

18,495

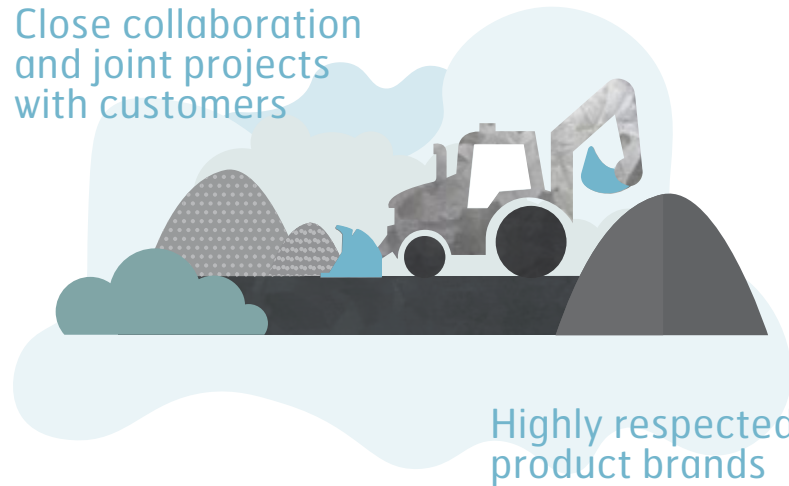
Sales in 2019

MILLION
 SEK

1.2 MILLION
 TONNES

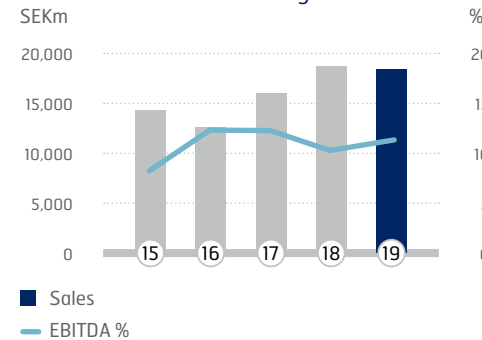
Steel shipments 2019

Close collaboration
 and joint projects
 with customers



Highly respected
 product brands

SSAB Special Steels
 Net sales and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

550

Hardox
 Wearparts
 members

124

Present in
 124 countries

SSAB Special Steels' wide product portfolio includes a number of unique steel grades. Hardox – our global brand of wear steels – has the highest awareness of all brands in the steel market. Through close collaboration, we help our customers to utilize our high-strength steels to create new, innovative steel solutions and applications.

Strategy

SSAB Special Steels aims to strengthen its leading position in high-strength steels as well as in related value-added services. The market for high-strength steels has, to a large extent, been driven by SSAB. Since 2000, SSAB's shipments have increased by an average of around 8% a year, outperforming the general steel market. Structural growth is generated by the manufacturers' need for higher productivity and better sustainability performance in machinery and equipment. Upgrading components to more advanced steel enables weight reduction and extended service life.

Development of new products and applications is often done in close cooperation with customers. As early as possible in the development of a new product – be it a tipper, a chute or a crane – SSAB's engineers work together with the customer in developing solutions that best utilize the properties of each steel grade.

With an estimated market share of 25%, SSAB is the largest producer in the global market for high-strength steels. There is a large number of competitors with relatively small market shares and SSAB sells roughly 3 times more in terms of volume than its closest competitor. Most competitors focus on sales to service centers and large OEMs in selected markets. Apart from those segments, SSAB's unique global sales network enables it to reach small and mid-size customers

~25%
Market share in
high-strength steels

in all corners of the world. This network includes own stock locations, local sales force as well as technical support.

To further develop the channels to the market, SSAB Special Steels is expanding the Hardox Wearparts network as well as SSAB Services. Hardox Wearparts is a network of mainly independent companies offering wear parts and just-in-time repair services to end-users in the local aftermarket in the mining, quarrying, recycling and construction sectors. SSAB Services focuses on providing products and services to machine builders and the after-market business. This strategy allows SSAB to maintain a high service level in smaller and fragmented markets, and also to gain exposure to end-users' operating expenditures (OPEX), which has a stabilizing effect over the business cycle.

Strategic targets

- Grow shipments by 23% from 1.2 million tonnes in 2019 to 1.6 million during 2022
- SSAB Services is to increase sales to SEK 4.5 billion during 2022 through a combination of organic growth and acquisitions

Strengths

- Unique and highly advanced products
- Flexible production system with SSAB Special Steels capacity in Oxelösund, Raahe, Borlänge and Mobile
- Combined SSAB Special Steels capacity, including ongoing investments, of more than 1.6 million tonnes

- Unique go-to market model with a global network serving more than 130 countries
- High product quality with consistent properties
- Well-known and highly-respected product brands
- Close customer collaboration and joint projects with customers result in more highly paced development and increased competitiveness

Competitors

ArcelorMittal, Dillinger, Voestalpine, Nucor, Nippon, ThyssenKrupp, NLMK Clabeq

A growing volume of high-strength steels is a key in the overall objective of the SSAB Group to improve the product mix. High-strength products are produced also in the mills of SSAB Americas and SSAB Europe and increasing those volumes means allocating less capacity to

standard products. By 2026, when the steel mill in Oxelösund has been converted to an electric arc furnace (EAF) and the production of sponge iron using HYBRIT technology has started, SSAB Special Steels will be able to offer fossil-free premium products.

2019

During 2019, there was a cyclical slowdown in demand in mature markets, especially Europe, which meant that SSAB Special Steels' total shipments decreased by 6% to 1.2 million tonnes. The decline was mainly related to the Heavy Transport and Construction Machinery segments. The volume of high-end products showed a more stable trend and contributed to higher average prices. Shipments through own stock locations and through the Hardox Wearparts network was more stable compared to direct shipments to large OEMs. Operating profit was SEK 1,454 million, up 2% from 2018.

A major step to strengthen SSAB Special Steels' channels to the fragmented end-user market was the acquisition of Abraservice. Abraservice

provides value-adding services and distribution of high-strength steel and abrasion-resistant products.

Hardox Wearparts continued to expand during the year and at year-end had 548 members across 100 countries. SSAB Special Steels is continuously developing new high-end products. The new generation of Hardox wear plate, Hardox 500Tuf, continued to gain increasing interest in the market and sales grew compared to last year. Hardox HiAce, targeted at applications in acidic and corrosive environments, is the latest product in the range. The new product was pre-launched in 2019 and will be rolled out during 2020.

CASE: NEW HARDOX HIACE MEETS WEAR CHALLENGES IN ACID ENVIRONMENTS

The Hardox wear plate product range of abrasion-resistant steel has a worldwide reputation for being both hard and tough, fighting wear in the harshest conditions. Hardox HiAce is the latest product in the range and is targeted at applications in acidic and corrosive environments, like garbage trucks, recycling containers, tipper and dump bodies. In a regular environment, Hardox HiAce will give the same performance as 450 HBW steel, but in conditions at lower pH levels, the equipment service life is up to 3 times longer compared to 400 HBW steel.

 [SSAB.COM](https://www.ssab.com)



SSAB Europe

Head of SSAB Europe:
Olavi Huhtala (1962), EVP

Leading Nordic-based premium steel producer of high-quality strip, plate and tubular products

6,900

Number of employees

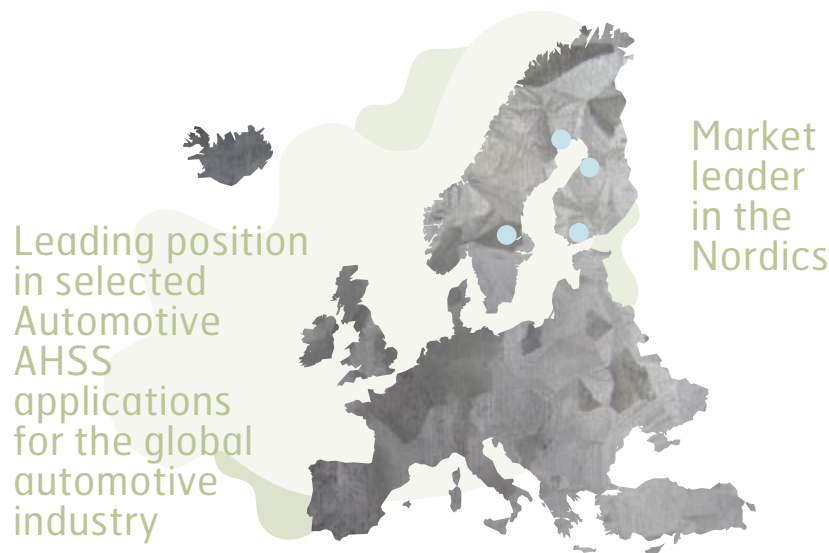
31,730

Sales in 2019

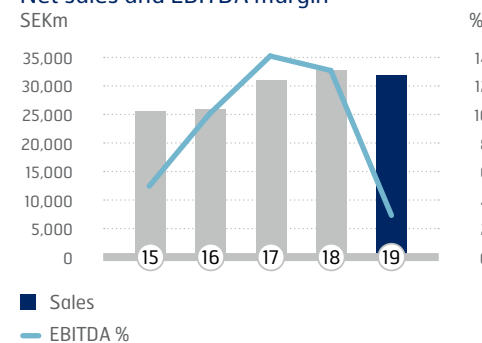
MILLION
SEK

3.4 MILLION
TONNES

Steel shipments 2019



SSAB Europe Net sales and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

39%

market share in the Nordics in 2019

39%

share of premium products

SSAB Europe is a leading premium producer of high-quality steel strip, plate and tubular products. The division stands out from other steelmakers through its know-how of production processes, applications of high-strength steels and value-added services.



Strategic targets

- Reach a share of premium products of 46% in 2022 by:
 - 800 thousand tonnes of Automotive AHSS shipments
 - 900 thousand tonnes of premium steel shipments
- Market share of 40-45% in the Nordic market

Strengths

- Market leader in the Nordics
- Close collaboration and long-term commitment to customers combined with support services

- Extensive product portfolio with unique automotive and premium steels supported by strong product brands
- Leading technology and materials expertise, application know-how
- Synergies from close cooperation with Tibnor and Ruukki Construction
- Flexible production capacity and among the most efficient blast furnaces in the world

Competitors

ArcelorMittal, Dillinger, Salzgitter, ThyssenKrupp, Tata Steel Europe, US Steel and Voestalpine

Strategy

The Nordic home market is core to SSAB Europe's strategy. The focus is on developing the product and service offering to strengthen the market leading position as the most reliable supplier and customers' first choice. Cooperation and synergies with Tibnor and Ruukki Construction are key elements in the strategy, as they support market share, profitability as well as resilience over the business cycle.

Another important strategic focus area is improving the product mix. SSAB Europe has two main categories of premium products. First, advanced high-strength steels (AHSS), which are sold globally to the Automotive segment. Secondly, premium steels, which are sold in the European market to other industries. The Automotive AHSS market is growing structurally as car manufacturers seek to reduce weight and improve safety performance. SSAB has a strong

position in several automotive applications, among other things due to the most advanced products in the market for ultra high-strength martensitic steels.

By allocating a larger share of the production capacity to premium products, SSAB Europe can reduce the shipments of standard products outside of the Nordic home market.

In premium steels (other than for Automotive), SSAB Europe is continuing to focus on upgrading current customers from standard to premium products, and to develop new customer segments and applications. Key growth-supporting initiatives are to further promote end-user benefits through SSAB Europe's premium products and to enhance collaboration with multi-channel distributors, e.g. SSAB Laser Certified Partner network expansion, the

GreenCoat partnership program, new premium product launches and digitalization initiatives.

2019

During 2019, the European steel market weakened as demand decreased from several customer segments, mainly from Automotive. In the tough market, SSAB Europe managed to continue to increase the share of premium products to 39%. Automotive AHSS volumes increased compared to the previous year and were 578 thousand tonnes. Premium steel volumes were 720 thousand tonnes. SSAB Europe retained our market share in the Nordic home market of around 40%, even though competition increased. Operating result decreased to SEK -677 million, which was mainly due to higher raw material costs, lower steel prices and lower shipments. A higher share of premium products and less sales of standard products outside of the Nordics had a positive impact.

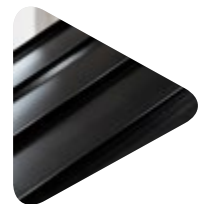
Cost saving initiatives and capacity adjustments were initiated during the second half of the year. Measures taken include a reduction in temporary staffing, use of the flexicurity system in Sweden, temporary lay-offs in Finland and temporary idling of Blast Furnace 2 at Raabe.

During the year, SSAB Europe continued to develop its Automotive product portfolio. SSAB Europe introduced Docol 600 DH-GI, which is a new generation galvanized product for the Automotive segment. SSAB also launched Docol HR-HE, a high hole expansion grade for Automotive applications. In premium products, GreenCoat Crown BT Matt with SSAB patented biotechnology was launched, enabling many end customers to put an environment-friendly roof on their home. SSAB Europe also launched SSAB Domex Plus within the Premium portfolio for other industries than Automotive.



CASE: SWEDISH STEEL PRIZE 2019 FINALIST – ROOFIT.SOLAR, ESTONIA

Roofit.solar makes metal solar roofs that produce electricity – 150 watts for every square meter, significantly more than the closest competitor. The product successfully combines an effective solar panel solution with an architecturally attractive environment-friendly steel roof that also enables historical building restorations to benefit from new technological advancements. Using a color coating based on Swedish rapeseed oil, it has been possible to push production technology limits and the result shows excellent robust adhesion between the layers of the solar roof panel.



SSAB Americas

Head of SSAB Americas:
Charles Schmitt (1959), EVP

Market-leading North American producer of quality steel plate and coil

1,250
 Employees, approximately

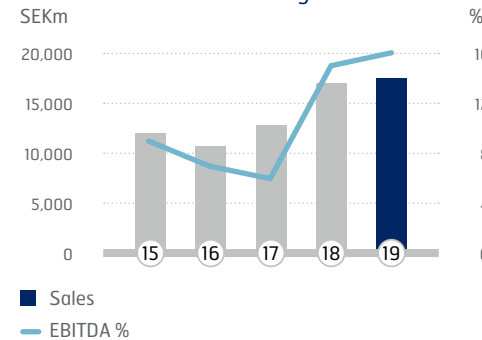
17,460 MILLION SEK
 Sales in 2019

2.0 MILLION TONNES
 Steel shipments 2019

Nearly 100% scrap-based production

Strong production base with an industry-leading quality and cost position

SSAB Americas Net sales and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

27%
 Market share in 2019

No.1
 in quality

SSAB Americas is the largest producer and supplier of steel plate in North America, strongly positioned and highly recognized in the region for cost efficiency and quality.

Strategy

The foundation of SSAB Americas' strategy remains unchanged, with a focus on a high level of service and superior quality, while maintaining the lowest cost position and the most flexible setup in the market, as well as leadership in safety. SSAB continues to invest in more advanced production capacity; therefore, a higher share of the production capacity in North America will be allocated to high-strength steels (sold by SSAB Special Steels) and premium products in the future. This will strengthen the overall product mix of the SSAB Group.

Against this backdrop, SSAB Americas has developed a new go-to-market and service model, targeting a diverse customer base with a higher share of fabricators and OEMs than today. At the same time, the portfolio of products and services will be differentiated to facilitate more growth of premium volume, such as products targeted to the energy, offshore, and railway and shipbuilding segments.

There are some positive factors for the mid-term outlook for plate demand, as there is a significant need to reinvest in infrastructure in North America. If more investments materialize, several end-user segments, such as heavy fabrication and construction equipment, are expected to improve. Also, demand from wind energy is expected to remain positive, and the

33%
Share of premium
products in 2019

outlook for investment in line pipe projects going forward is favorable.

2019

As SSAB Americas main product is heavy plate, pricing is an important factor impacting the operating results, which increased to SEK 2,128 million. The year started with relatively high plate prices as the market had improved in late 2018, which resulted in high margins during the first half of the year. Prices began to decline in the second quarter and stabilized towards year-end.

SSAB is the largest producer and supplier of heavy plate in North America and the market share was approximately 27% in 2019. Demand from steel distribution centers decreased throughout 2019. Steel distribution centers





account for SSAB Americas’ primary customer segment. Other market segments including heavy transport and energy also remained stable throughout 2019.

SSAB Americas maintained its number one industry position in quality based on third-party survey results. The share of premium products was 33%.

SSAB Americas completed an investment in new equipment to improve technology and efficiency in operations at its Mobile mill. MULtiPurpose Interrupted Cooling (MULPIC), advanced plate cooling technology, will increase the capacity for premium steels targeting mainly the line pipe segment.

Strategic targets

- Increase the share of premium products to 39% by 2022 (2019: 33%)
- Increase the share of shipments to end-users to be more than 50% (2019: 45%)

Strengths

- Strong North American production base with industry-best quality and a leading cost position

- Two modern steel production facilities utilizing electric arc furnaces (EAF), which use recycled scrap metal as raw material
- Close partnerships with customers to develop unique customized products and solutions

Competitors

Domestic steel producers, such as Nucor, ArcelorMittal, Evraz, Essar Algoma and imported products



CASE: MONTPELIER MILL ON TRACK TO BE POWERED COMPLETELY BY RENEWABLE ENERGY BY 2022

SSAB Americas’ mill in Montpelier, partners with MidAmerican Energy, a division of Berkshire Hathaway Energy, for its renewable power, which is generated primarily by wind farms in Iowa. MidAmerican anticipates offering a 100% renewable energy portfolio by 2022 through its GreenAdvantage certification program. The renewable energy used to power the mill helps to create new steel that’s used to build wind towers, bridges and other critical infrastructure.

Tibnor

Head of Tibnor:

Kimmo Väkiparta (1965), acting President, as of October 15, 2019

Leading supplier of steel, other metals and processing services in the Nordics

1,100

Employees, approximately

9,149

Sales in 2019

MILLION SEK

25%

market share in Nordic steel distribution

50%

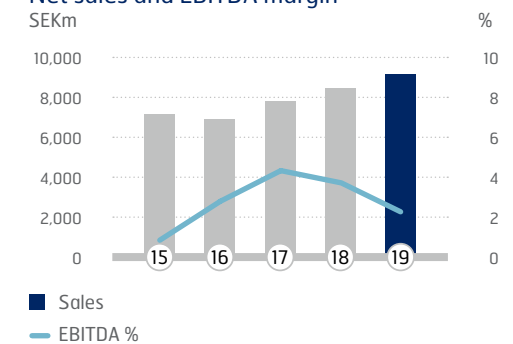
of sales are SSAB's products

Logistics expertise and modern customer service solutions



Extensive product range and specialized processing services

Tibnor Net sales and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

Tibnor distributes steel and other metals to the industry in the Nordics and Baltics, complemented by a wide range of value-adding processing and parts production services. Tibnor plays an important role in securing SSAB's leadership in the Nordic home market.

Strategy

Tibnor's strategy is to win market shares through the broadest product offering in the Nordics and to grow volumes in the parts business through a specialized network of processing units. In 2019, Tibnor acquired the steel distribution business of the Danish company Sanistål A/S, Denmark's second largest steel distributor, in order to complete its Nordic footprint and establish the company as a clear market leader by having a position as #1 or #2 in all the Nordic countries.

Working in close collaboration with strategic suppliers and key customers, Tibnor continues to develop a value-adding offering focusing on customer experience and leveraging digitalization and automation. Tibnor is aiming to be the digital leader in Nordic steel distribution, with the target to grow its business in digital channels to 50%. Efficiency initiatives in the strategic plan include structural improvements, productivity programs and the realization of

cost synergies from the Sanistål acquisition. These measures will position Tibnor to leverage its market position and reach industry-leading profitability.

2019

The Nordic steel market in 2019 was characterized by lower steel prices and a slowdown in demand, especially during the second half of the year. Tibnor's sales increased to SEK 9,149 million following acquisition of the steel distribution business of the Danish company Sanistål A/S, Denmark's second largest steel distributor. Cost savings measures have been initiated with a focus on reduced staffing as well as structural changes at two of the Swedish sites. Tibnor had a market share of around 25% of the Nordic distribution market in 2019. The distribution and processing business accounted for about 80% of sales, with direct mill supplies accounting for the remaining 20%.



Strategic initiatives and targets

- Implement cost savings measures
- Reach an EBITDA margin of more than 5% in 2022
- Reach a ROCE of more than 15% in 2022

Tibnor's role in SSAB's portfolio:

- Strengthen home-market position by targeting small and medium-sized customers
- Increasing stability over the business cycle

- Support and market SSAB steel business' premium and service offerings
- Develop the parts business and other processing to increase value added
- Offer superior customer experience (24h lead time and >95% delivery accuracy)

Competitors

BE Group, Stena Stål, Norsk Stål, Lemvigh Muller and Kontino, as well as a number of national local companies and niche actors



CASE: PLÅTMODUL

Timing is everything for Plåtmodul, a Swedish steel component contract manufacturer. Since 2009, Tibnor has had consignment stock at Plåtmodul to ensure that there are always the right, top-quality materials on the shelves whenever customers need them.

[TIBNOR.SE](https://www.tibnor.se)

Ruukki Construction

Head of Ruukki Construction
Sami Eronen (1971), President

Sustainable building products and services in Europe

1,800

Employees, approximately

6,510

Sales in 2019

MILLION
SEK

10

Operations in 10 countries

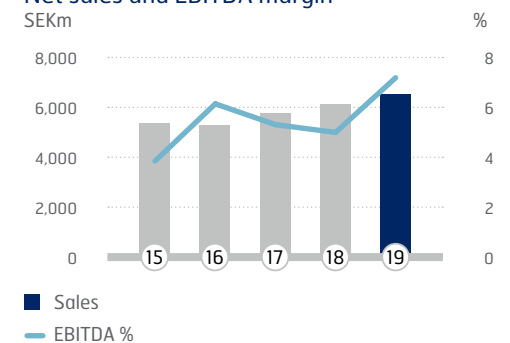
Operates both in the residential and non-residential construction segments



Recognized
Ruukki brand



Ruukki Construction
Net sales and EBITDA margin¹⁾



¹⁾ Excluding items affecting comparability

Ruukki Construction offers sustainable building products and services such as roofs, envelopes and frame structures. Core business segments are non-residential and residential construction.



Strategy

Ruukki Construction has over the past years created a foundation to achieve profitable growth. Following completion of the divestment of the business unit in Russia at the end of 2018, an agreement to divest Ruukki Building Systems has been signed and the transaction is expected to close early 2020. In addition, Ruukki Construction withdrew from business operations in Romania and the United Kingdom, thereby increasing the focus on core market areas: the Nordics, Baltics and CEE. Acquisition of Finnish roof safety product and rainwater system manufacturer Piristeel Oy was made early 2019 to complement the roofing product portfolio.

Ruukki Construction will now develop the remaining core business units, Roofing and Building Envelopes, with SSAB as its main steel

supplier. The focus will be on achieving organic growth via an already launched Commercial Excellence program. The program aims to boost the market and channel development within the current portfolio. The synergy potential arising from the acquisition of Piristeel was identified in all core markets and the focus is to fast track synergy realization. Additional complementary mergers & acquisitions will also be considered to strengthen the offering in prioritized segments/markets.

2019

In recent years, demand has been strong in all core areas, but growth is now gradually plateauing, although at healthy level. In 2019, Ruukki Construction continued to develop its business through Commercial Excellence activities and continuous efficiency improvements to outpace market growth. In line

Strategic focus areas and targets

- Safety
- Grow faster than the general construction market in core markets
- Continuous improvement in unit cost and capital efficiency
- "SSAB ONE in Ruukki" implementation
- Reach an EBITDA margin of more than 10% in 2022

Strengths

- Recognized brand in core markets and customer segments

- Product and service innovations benefitting from advanced technology
- High quality, sustainable, certified products with extensive warranties
- Strong know-how in steel based construction products

Competitors

Steel-based building product suppliers Kingspan, Lindab and locally Areco & many other smaller companies

with the strategy, Ruukki continued to develop the portfolio by improvement updates to current products and by launching new ones, e.g. Frigge profile on the CEE market. Sales increased in

2019 on a like-for-like basis and operating profit increased to SEK 283 million, supported by the acquisition of roof safety and rainwater system manufacturer Piristeel in early 2019.



CASE: EEDEN SHOPPING CENTRE, TARTU, ESTONIA

Ruukki delivered various components for the renovation of the Eeden Shopping Centre. The most impressive delivery was a Ruukki Emotion façade system with gold-coloured, perforated lamellas. Façade lamellas were perforated to depict the Garden of Eden with its palm trees and exotic life. Since there are lights behind the façade cladding, the figures are also visible at night.

[RUUKKI.COM](https://www.ruukki.com)

Research and Development

SSAB's business model is built on fostering close, long-term customer relationships. Through intense collaboration, SSAB continuously develops new products, applications, services and processes in order to enhance our market offerings.

SSAB's research and development is focused primarily on advanced high-strength steels and wear steels, with an emphasis on those segments where demands on the steel are particularly critical. Increased environmental awareness has also been an important driver in development work, as evidenced by high-strength steels that enable more energy-efficient transportation and lower CO₂ emissions. Lastly, knowledge about production processes, material recycling and efficient use of resources is also of great importance to SSAB's R&D.

Development in collaboration with customers

As early as possible in the development of a new product – be it a tipper, a chute or a crane – SSAB's qualified applications engineers work to support the customer in developing solutions that best utilize the properties of each steel grade. Close collaboration also leads to a deeper understanding of present and future customer and end-user needs, and gives us input to develop our own new products. This is how SSAB enables customers

to produce stronger, lighter and more durable end-products.

SSAB's expertise in high-strength steels is based on continuous and focused R&D. SSAB conducts market-driven research and development with a focus on process, product and application development. Relevant customer segments are identified through a structured process, where the lighter, stronger and more durable steel applications fill critical functions and add value.

SSAB's research work is governed by the mandate that SSAB's products will be the first choice for customers worldwide and will set the standard for performance in selected market segments.

R&D centers:

- Borlänge and Oxelösund (Sweden)
- Raahelä and Hämeenlinna (Finland)
- Montpelier (Iowa, US)

Nearly a quarter of the employees at these research facilities hold doctorate degrees in technical fields from top universities. This

SSAB works both directly with OEMs, subcontractors and end-users through our own sales force and via distributors, as opposed to many steel companies, who sell products only via distributors. We support our customers in developing better and more competitive products, helping end-users to increase productivity and thereby to reduce costs during use.

To remain at the forefront in the industry, SSAB will continue to invest in research

and development, technical customer support and joint innovation initiatives to get the most out of SSAB's high-strength and Advanced High-Strength Steels, and premium steels. At the same time, the organization strives toward superior customer experience, which means the highest standards in terms of product quality, shorter lead times, delivery performance, digital portals and channels for smooth interaction.

high-end knowledge base ensures cutting-edge research in the industry.

SSAB key factors for successful R&D:

- Market-driven
- Qualified and skilled employees
- Effective portfolio and project management
- Focus on effective problem-solving
- Work environment that encourages collaboration and innovation
- Strong external networks

Balanced project portfolio

To remain a market leader in high-strength steels, SSAB recognizes the necessity of long-term development. Long-term projects can last five to ten years. Development projects begin with specific customer requirements, recognizing future customer needs, changes in the outside world, market analysis or they develop around basic research on the steels' core properties. SSAB strives for a good balance between these categories.

Aftermarket business know-how

The aftermarket has always been an important part of SSAB's business. Much of SSAB's know-how comes from experience gained in the spare parts, repair and maintenance business, where new ideas are born and many new products developed. The very close connection SSAB has with our customers enables us to get feedback on how the products are being used by the end customer.

For some time now, SSAB has provided interactive tools that help customers to calculate the benefits of and support manufacturing in high-strength steels. WearCalc allows customers to quickly and easily calculate the relative service life for all Hardox wear parts of different grades so that they can choose the best grade for their needs. With the WeldCalc app, customers can calculate heat input, preheating temperatures and welding machine settings for Hardox wear plates and Strenx performance steels. The new BendCalc app introduced in 2019 enables customers to calculate the bending parameters for press braking of steels.

Hardox

Hardox 500Tuf, the new generation of Hardox wear plate, continued to gain interest in the market and sales grew compared to last year. Hardox HiAce is targeted at applications in

acidic and corrosive environments, where it is highly valuable for applications such as refuse trucks, waste-to-energy plants (biomass), sawmills and paper mills. The new product was pre-launched in 2019 and will be rolled out during 2020.

Strenx

In 2019, we launched Strenx 1100 Plus, a structural steel optimized for the demanding lifting segment. Strenx 1100 Plus is unique in its capacity to achieve a strength truly matching that of welded joints.

Automotive steels

Utilization of fully martensitic high-strength steels in car bodies is increasing in order to reduce weight and increase safety. In 2019, we launched Docol 1700M, the strongest grade automotive steel on the market today. We also introduced Docol 600 DH-GI, which is a new generation galvanized product for the Automotive segment.

SSAB also launched Docol HR-HE, a high hole expansion grade for Automotive applications.

Intensive research is directed toward the next generation of cold-forming steels with an improved combination of high strength and ductility, so-called 3rd Generation Advanced High-Strength Steels. During the year, we

The Swedish Steel Prize

The Swedish Steel Prize, an international award for ideas and products that have an impact on future steel solutions, is also an example of SSAB's close customer relationships. Since 1999, the competition has attracted participants from across the world, and is more than just an award, it is a celebration of good engineering. The

Swedish Steel Prize aims to recognize those who fully utilize the potential of steel properties to improve not only their own business or industry, but also society. It also promotes the sharing of knowledge, to inspire innovations that lead to a better world. Everyone is welcome to apply and, as history has shown, anyone can win.

launched Docol 600 DH, the first grade, in the family, and trial deliveries started with higher strength versions.

Protection steels

In 2019, we launched Ramor 600, which is estimated to be the world's highest strength hot-rolled strip steel. Ramor 600 is intended for protection applications and has a minimum hardness of 600 Brinell, which corresponds to a tensile strength of 2000 MPa.

Color-coated steels

Over the past few years, SSAB's patented Bio-based Technology (BT) coating concept utilizing

rapeseed oil-based paint has been implemented throughout the GreenCoat product program, with the conversion of the remaining major products during the year.

GreenCoat Crown BT Matt with SSAB patented biotechnology was launched, enabling many end customers to put an environment-friendly roof on their home.

SUSTAINABILITY REPORT

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Highlights in 2019



CDP ranks SSAB the world's best at switching to fossil-free steel production

Analysis company CDP ranked SSAB the best company in the world at transforming to fossil-free steel production. In its report, CDP analyzed how well prepared 20 of the world's biggest listed steel companies are for transforming to production with low carbon dioxide emissions. CDP states that with its plan to become fossil-free by 2045, SSAB has the most ambitious emissions targets among steel companies. SSAB ranks high when it comes to managing risks arising from the transformation, and moreover already has one of the most carbon dioxide-efficient production systems in the steel industry.

Read more on pages [27–28](#) and on [CDP's website](#)



HYBRIT highlighted as one of the most ambitious initiatives at UN Climate Action Summit

SSAB, LKAB and Vattenfall, the owners behind HYBRIT initiative, has joined the Leadership Group for Industry Transition that was launched at the UN Climate Action Summit in New York by Swedish Prime Minister Stefan Löfven. HYBRIT was presented as one of the most ambitious and most transformative initiatives to tackle climate change at the UN Climate Action Summit. The aim of the Leadership Group is to accelerate transition to low carbon pathways in hard to abate sectors in line with the goals of the Paris Agreement.

Read more on pages [27–28](#) and on [ssab.com](#)



SSAB initiates study in Finland for fossil-free steel

SSAB has initiated a study in Finland for fossil-free steelmaking. In line with the HYBRIT project, SSAB is taking the next step towards a fossil-free steel value chain. In partnership with Gasum, Neste and St1, SSAB has initiated an Energy4HYBRIT prefeasibility study supported by Business Finland to investigate the use of fossil-free energy sources, primarily biomaterial side-streams, to replace fossil fuels in certain steelmaking processes, for example rolling processes. The pilot will take place at SSAB's mill in Raabe. Regarding biofuels, the project will study the possibilities of collecting, transporting and utilizing felling and other biowaste and sidestream products from the Baltic Sea region.

Read more on [ssab.com](#)



Human rights risk assessment shows SSAB is performing in human right issues

To mitigate the risk of violating human rights, we continuously work to ensure compliance with local law and international standards on human rights. During 2019, we conducted a human rights risk assessment where representatives from sales, procurement, health and safety, environment and HR participated. External human rights expertise facilitated two internal workshops to raise awareness of human rights and identify key human rights risks and mitigation actions for the functions involved and their processes. The overall conclusion is that SSAB performs well.

Read more on page [78](#)



Sustainability approach

We want to become the first fossil-free steel company in the world, therefore, our vision is at the core of our entire operation. In everything we do, we strive to create a stronger, lighter and more sustainable world. Sustainability is a key business driver for both us and our customers. Consequently, we put much effort into ensuring that we act in an ethical and environmentally sound way in all our operations and markets.

Sustainability strategy

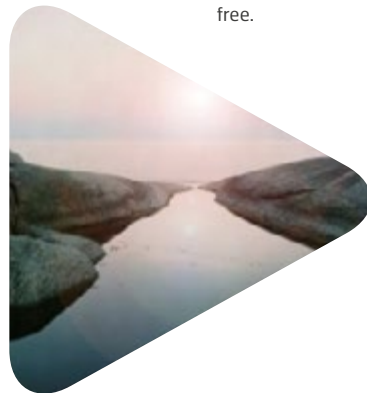
Managing business in a sustainable way strengthens the ability to deliver strong financial and operational results. By 2045, SSAB aims to be fossil-free.

SSAB's sustainability strategy is divided into three focus areas

Sustainable operations

FOSSIL-FREE 2045

SSAB will stepwise move toward a fossil-free steelmaking process through the HYBRIT initiative and eliminate other fossil fuel related emissions, making our operations fossil-free.



SSAB manages risks and takes responsibility for business ethics and responsible sourcing, and continuously strives to improve safety, diversity and employer attractiveness.

Responsible partner

Sustainable offering

10 MTONNE CUSTOMER CO₂ SAVINGS 2020

By using SSAB's high-strength steels, customers can achieve CO₂ savings during their end product's use-phase that are as large as SSAB's direct production emissions.

Sustainable operations

SSAB is committed to minimizing any adverse environmental impacts from our operations. Therefore, SSAB focuses on continuous improvement to minimize emissions and improve productivity, as well as material and energy efficiency. SSAB is also working toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal to offering fossil-free steel in 2026 and fossil-free operations by 2045.

our customers produce lighter and stronger products, thereby reducing their environmental footprint.

By using SSAB's high strength steels, which results in lower weight and improved fuel economy, customers can achieve significant CO₂ savings during their end products' use-phase. The objective is that, by the end of 2020, these annual customer CO₂ savings will reach 10 million tonnes, which equals SSAB's own direct CO₂ emissions.

Sustainable offering

Our sustainable offering is the value proposition we offer our customers and other stakeholders. The core of SSAB's business is to develop and produce Advanced High-Strength Steels (AHSS) and Quenched & Tempered (Q&T) steels that are stronger than ordinary steels. This in turn, helps

Responsible partner

SSAB adheres to the highest standards by taking responsibility for business ethics and responsible sourcing. We are committed to continuously improving safety, diversity and employer attractiveness.



SSAB has prioritized seven of the UN Sustainable Development Goals

Sustainability targets

Focus area	Objectives/targets	Outcome in 2019	Historic target fulfillment
<p>Sustainable offering</p>	<ul style="list-style-type: none"> 10 million tonnes annual customer CO₂ savings 2020*: - 8 million tonnes of annual CO₂ savings from SSAB EcoUpgraded deliveries by 2020 - 2 million tonnes of annual CO₂ savings from Automotive Premium deliveries by 2020 <p>Read more on pages 55–60</p>	<ul style="list-style-type: none"> In 2019, the customer end-product CO₂ savings totaled 9.9 million tonnes: - 8.3 million tonnes from SSAB EcoUpgraded deliveries - 1.6 million tonnes from Automotive Premium deliveries 	<p>Customer CO₂ savings during end-products' use-phase</p> <p>Million tonnes</p> <p>■ SSAB EcoUpgraded deliveries ■ Automotive Premium deliveries</p>
<p>Sustainable operations</p>	<ul style="list-style-type: none"> Fossil-free operations by 2045 In 2020: <ul style="list-style-type: none"> - Lasting reduction of 300,000 tonnes in CO₂ emissions - Lasting reduction of 400 GWh in purchased energy - Lasting improvement of 50,000 tonnes in residuals utilization (Base year 2014) <p>Read more on pages 61–71</p>	<ul style="list-style-type: none"> Construction of a pilot plant for fossil-free steel production ongoing in Luleå, Sweden. By the end of 2019, SSAB achieved: <ul style="list-style-type: none"> - 296,000 tonnes or 99% of the CO₂ emissions reduction target of 300,000 tonnes, - 463 GWh or 116% of the purchased energy reduction target of 400 GWh and - 51,000 tonnes or 102% of the residuals utilization target of 50,000 tonnes. <p>The environmental targets have been achieved a year ahead of plan and we are in the process of setting new targets internally for 2020 and externally post 2020.</p> <p>Read more on pages 27–28</p>	<div style="display: flex; justify-content: space-around;"> <div data-bbox="1317 903 1688 1139"> <p>Lasting reduction in CO₂ emissions</p> <p>Tonnes</p> </div> <div data-bbox="1720 903 2085 1139"> <p>Lasting reduction of purchased energy</p> <p>GWh</p> </div> </div> <div data-bbox="1317 1182 1688 1445"> <p>Lasting improvement in residuals utilization</p> <p>Tonnes</p> </div>



Focus area	Objectives/targets	Outcome in 2019	Historic target fulfillment
<p>Responsible partner</p>	<ul style="list-style-type: none"> Safest steel company in the world Zero accidents <p>🔍 Read more on pages 79–81</p>	<ul style="list-style-type: none"> SSAB's lost time injury frequency resulting in an absence of at least one day (LTIF) was 4.2 (6.1), which meant a clear improvement, as LTIF decreased 31% from 2018. The positive trend in safety performance is a result of systematic and consistent work across the organization. 	<p>Lost time injury frequency (LTIF)*</p> <p>* Number of accidents resulting in an absence of more than one day per million working hours, own employees and contractors</p>
	<ul style="list-style-type: none"> Employee engagement score exceeding the global average By the end of 2019: Women holding 30% of the top management positions. New target: By the end of 2025 women holding 35% of the top management positions 	<ul style="list-style-type: none"> The Voice employee engagement survey conducted in 2019 gave results in line with global benchmark levels both for all employees and for managers. At the end of 2019, women held 27% (27%) of SSAB's top management positions. 	<p>Share of women in SSAB's top management positions</p> <p>Target 2019: 30%</p>
	<p>Ensure supplier compliance with SSAB's Supplier Sustainability Policy:</p> <ul style="list-style-type: none"> Share of total spend sustainability assessed at 93% in 2019 and 95% in 2020 Share of new suppliers sustainability assessed at 100% in 2019 and 2020 Site visits including social and environmental performance of suppliers: 20 in 2019 and 24 in 2020 Number of third party sustainability audits: 5 in 2019 and 3 in 2020 	<p>In 2019:</p> <ul style="list-style-type: none"> 93% of total spend sustainability assessed 91% of new suppliers sustainability assessed 14 site visits to suppliers 6 third party sustainability audits 	

* Customer CO₂ savings are calculated by looking at SSAB shipments of high-strength steels to different customer segments and applications. The amount of steel that SSAB supplies above standard practice in the respective industry is calculated for each application (e.g. a truck). This allows determination of the weight saving achieved in the end product by using these higher-strength steels. The resulting fuel savings are estimated by using typical values for fuel consumption, driving distance, useful life, etc. Finally, the CO₂ emissions saved are then calculated based on these fuel savings.

Our contribution to the Sustainable Development Goals

The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, provide a common road map on sustainable development for 2030. We regard it as important to contribute to achieving these goals. We promote their achievement in our operations and value chain. We have chosen seven goals closely linked to our business and where we believe we can make the biggest contributions.

Sustainable Development Goal

In our operations

Through our products



Aim for women to hold 30% of the top management positions in the company by the end of 2019. We had 27% women in top management positions in 2019. Our new gender equality target is to aim for women to hold 35% of top management positions by the end of 2025.



Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at certain steel mills, ensure efficient use of energy and lower emissions.

Our US operations, which utilize scrap-based electric arc furnace (EAF) technology, will be powered by renewable energy by 2022 in SSAB America's Iowa operations. Our aim is we will also be able to offer fossil-free steel products from Iowa starting in 2026, utilizing sponge iron developed through the HYBRIT initiative in Sweden.

Our steels are used in renewable energy plants like hydro, wind, solar and wave power farms, as well as in biofuel plants.

Sustainable Development Goal

In our operations

Through our products



In close customer collaboration, SSAB develops new products, applications, services and processes in order to constantly enhance our sustainable offerings.

We focus on research and development in environmentally solid technologies and production processes. We promote collaboration with research institutes and other industrial companies to support sustainable industrial development. SSAB's most important collaboration initiative is the ownership in Hybrit Development AB, a joint venture owned by SSAB, the mining company LKAB and the energy company Vattenfall, with the aim of developing the world's first fossil-free ore-based steel manufacturing.

The environmental advantages of using high-strength steels are significant in active construction applications such as trailers, trucks, material handling and lifting equipment, and construction machinery. Used in these applications, Strenx performance steel reduces the weight of vehicle structures by enabling minimum steel thickness through new structural design. Lower vehicle weight leads to increased payload capacity, and lower fuel consumption and CO₂ emissions. For example, the weight of trailer chassis made with SSAB's high-strength steels can be reduced by up to 30% compared to using ordinary steel grades.



SSAB focuses on material efficiency through the use of recycled steel scrap and by-products to replace natural resources.

Material that cannot be recirculated internally can be processed into by-products and sold externally, thus reducing CO₂ emissions in other industries. About 90% of all residuals produced in SSAB's iron ore-based production are utilized. In 2019 1.3 million tonnes of by-products were sold externally. SSAB uses approximately 20% of scrap metal in conjunction with steel production in the Nordics, and nearly 100% in the US.

Using Hardox wear steel in tipper bodies for mining, construction and many other industries subject to wear, provides greater wear resistance thereby improving machinery performance and extends service life. Additionally, lighter weight equipment offers cost benefits to end-users in fuel savings or the possibility of transporting a higher payload, and reduces environmental impact over the machinery's lifecycle.



Sustainable Development Goal



In our operations

Emissions from blast furnace-based steel production can be reduced by improving material and energy efficiency in the production processes. In the long-term, SSAB will stepwise move towards a fossil-free steelmaking process and eliminate other fossil fuel related emissions, making fossil-free operations possible by 2045.

Through our products

The SSAB EcoUpgraded concept highlights the environmental benefits of upgrading to high-strength steel.

For customers who not only want better productivity, but also want to reduce their environmental impact, SSAB has launched an app for its SSAB EcoUpgraded customers. The SSAB EcoUpgraded app shows customers how they can contribute to lowering CO₂ emissions and fuel consumption over the lifecycle of a product that is upgraded to high-strength steel.

SSAB's subsidiary, Ruukki Construction, offers its customers and partners steel-based building products and services for roofs and walls to realize sustainable buildings. Examples of these include energy-efficient Ruukki sandwich panels, which enable excellent air tightness for entire buildings, resulting in energy savings in both heating and cooling.



The fight against corruption is always ongoing. SSAB's Code of Conduct applies to all employees globally and is communicated through e-learning.

SSAB's global reporting tool, the Ethics Line, has been implemented in 14 countries and 95% of our employees have access to the tool.

SSAB does not tolerate child labor or forced labor and assesses our suppliers' sustainability compliance through a systematic process.

Sustainable Development Goal



In our operations

Collaboration across industries, nations and governments is a key driver for sustainable development. We aim to expand our partnerships to facilitate collaboration on technology, innovation and knowledge sharing. SSAB's most important collaboration initiative is the HYBRIT initiative.

Through our products

Working together with customers to improve energy efficiency and minimize raw material use is an important way for SSAB to create sustainable solutions and end-products



SSAB and the value chain

The illustration shows the extent of our influence on the material impacts along the main stages of our value chain and provides examples of how we manage these impacts and create positive outcomes and value.



Sourcing	Production / Operations	Transportation
<p>The raw materials used to make iron and steel account for SSAB’s most significant purchases. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management, and suppliers shall comply with SSAB’s Supplier Sustainability Policy.</p> <p>DEGREE OF INFLUENCE: MEDIUM</p> <hr/> <p>IMPACTS / TOPICS IN FOCUS</p> <ul style="list-style-type: none"> • Safety • Labor and human rights issues at suppliers • Environmental impacts from raw material extraction <p>VALUE CREATED / POSITIVE OUTCOMES</p> <ul style="list-style-type: none"> • Payments to suppliers and contractors on time • Improved sustainability conditions at suppliers <p>MANAGEMENT OF IMPACTS</p> <ul style="list-style-type: none"> • Responsible sourcing practices <p>🔍 Read more on pages 84–87</p>	<p>Operational efficiency, flexibility, environmentally-sound technology and a safe work environment are at the core of SSAB’s production.</p> <p>DEGREE OF INFLUENCE: HIGH</p> <hr/> <p>IMPACTS / TOPICS IN FOCUS</p> <ul style="list-style-type: none"> • Safety • Steel production emissions and waste • Use of raw materials and energy <p>VALUE CREATED / POSITIVE OUTCOMES</p> <ul style="list-style-type: none"> • A safer and healthier work environment for SSAB’s employees and contractors • Employee wages and benefits • More efficient use of natural resources and reduced CO₂ emissions by utilizing residuals and recycled steel as raw materials • Improved energy efficiency through energy recovery and systematic energy management • Contribution to climate change mitigation and future fossil-free steel production through the HYBRIT initiative • Creation of employment and wellbeing at our production sites <p>MANAGEMENT OF IMPACTS</p> <ul style="list-style-type: none"> • Strong focus on health and safety to minimize the risks of accidents • Promoting a high-performing organization • Working toward having a more diverse workforce and becoming a more attractive employer • Reducing CO₂ emissions by more efficient use of materials • Improving energy efficiency through systematic energy management • Working toward fossil-free steel production <p>🔍 Read more on pages 61–71 and 73–81</p>	<p>SSAB’s business is dependent on efficient transportation throughout all the stages of the value chain, both upstream and downstream, and even within SSAB. Transportation takes place primarily by rail and ship, but also by truck. We focus on minimizing our environmental footprint through timely transportation and environmentally friendly fuels. Whenever possible, SSAB seeks to transport by sea and rail rather than by road.</p> <p>DEGREE OF INFLUENCE: MEDIUM-HIGH</p> <hr/> <p>IMPACTS / TOPICS IN FOCUS</p> <ul style="list-style-type: none"> • CO₂ emissions generated during the transportation of our raw materials and products • Other emissions to air and water • Use of fossil fuels • Social, labor issues, health and safety at our logistics partners <p>VALUE CREATED / POSITIVE OUTCOMES</p> <ul style="list-style-type: none"> • More accurate, cost-efficient and sustainable transportation <p>MANAGEMENT OF IMPACTS</p> <ul style="list-style-type: none"> • Improving transportation efficiency and fuel economy by optimizing logistics, modes of transportation, transportation routes and load carrier capacities • Taking consideration of environmental and social criteria when selecting logistics providers • Active dialog with appropriate authorities about transportation regulations • Working toward our long term goal of fossil-free internal transportation by gradually renewing the vehicle fleet to fossil-free vehicles



Use phase

The use of SSAB's high-strength steels enables customers to manufacture products which use less material, are stronger, lighter and more durable, and reduce costs, thus making customers and their products more sustainable and competitive.

DEGREE OF INFLUENCE: MEDIUM

IMPACTS / TOPICS IN FOCUS

- Energy consumption and CO₂ emissions during the use phase of moving equipment such as trailers, trucks, materials handling and lifting equipment
- Energy consumption of buildings

VALUE CREATED / POSITIVE OUTCOMES

- Reduced environmental impact through higher penetration rate of high-strength steels globally; end products made from less raw materials, with lower weight and fuel consumption, increased load capacity and longer lifespans, all leading to reduced CO₂ emissions in the use phase
- Improved energy efficiency in buildings
- Satisfied, more competitive customers

MANAGEMENT OF IMPACTS

- Fostering close collaboration with customers to increase the use of high-strength and wear resistant steels
- Marketing our products with sustainability benefits (SSAB's branded products, SSAB EcoUpgraded, EcoSmart, Ruukki Construction)
- Offering customers technical support and after-market services
- Bringing understanding of customer needs to the R&D process and continuously developing new products, applications to enhance our sustainable offerings
- Providing wear parts and steel for wear parts to prolong the life of machinery and equipment

Read more on pages [55-60](#)



End-of-Life

Steel is a unique material that retains its properties no matter how many times it's recycled. Using recycled steel in steel production increases material efficiency and reduces CO₂ emissions.

DEGREE OF INFLUENCE: MEDIUM

IMPACTS / TOPICS IN FOCUS

- Recyclability of steel
- Waste from steel products at the end of life

VALUE CREATED / POSITIVE OUTCOMES

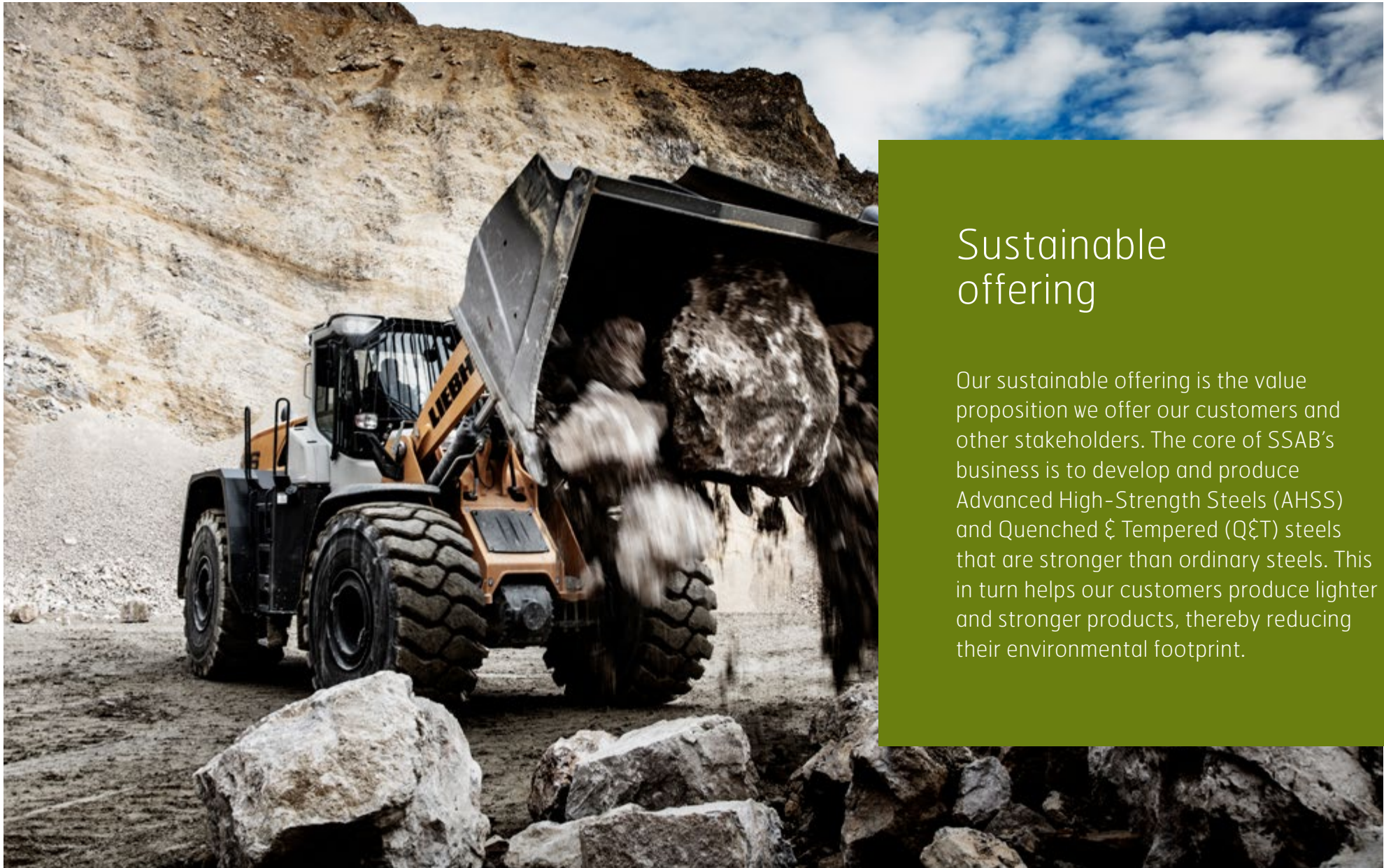
- The use of steel scrap reduces the use of virgin raw materials and CO₂ emissions in the steel life cycle
- Minimized waste from steel products at the end of life

MANAGEMENT OF IMPACTS

- Improving material efficiency through the use of recycled steel scrap to replace natural resources in steel production
- Communicating and marketing steel as a recyclable, sustainable material choice
- Promoting the recycling of steel products

Read more on pages [56](#) and [67](#)





Sustainable offering

Our sustainable offering is the value proposition we offer our customers and other stakeholders. The core of SSAB's business is to develop and produce Advanced High-Strength Steels (AHSS) and Quenched & Tempered (Q&T) steels that are stronger than ordinary steels. This in turn helps our customers produce lighter and stronger products, thereby reducing their environmental footprint.

Steel: A core element in the circular economy

At SSAB, we have defined our approach and core contribution to the circular economy by focusing on four critical areas: Upgrade, Repair & replace, Resource efficiency and Recycle. By managing these areas in a professional way and constantly striving to improve our performance, we can reduce the environmental footprint of our operations and our products throughout their life cycle.

Upgrade: SSAB works with its customers to upgrade their products using high-strength steels. This means using less steel, while reducing weight, improving fuel economy and extending product lifetime – all of which significantly contribute to reducing a product's environmental footprint.

Read more on p. [59](#)

Repair & replace: The extreme wear resistance of Hardox wear plate extends the service life of different types of machinery. This results in increased productivity and less waste. Hardox Wearparts is a worldwide network of wear service centers offering wear parts and just-in-time repair services in their local market.

Read more [on the web](#)

Resource efficiency: Steel production gives rise to a range of by-products, which can be sold to other industries. Other materials are recycled back into the steelmaking process, which reduces the need for virgin raw materials. This improves material efficiency and reduces CO₂ emissions. Energy efficiency is improved through systematic energy management and energy recovery.

Read more on p. [67](#) and [on the web](#)

Recycle: Steel is the most recycled material in the world. It is a permanent material, which is reusable and can be endlessly recycled without loss of properties or performance. A main element in reducing CO₂ emissions originating in the steel lifecycle is to optimize steel recycling.



Circularity
Increasing efficiency to help
mitigate climate change



Upgrade
Promote advantages of
high-strength steels



Repair & replace
Increase lifetime with
wear steels



Resource efficiency
Improve material and
energy efficiency



Recycle
Optimize steel
recycling

Environmental benefits with SSAB's steels

SSAB offers customers a broad range of high-strength and wear-resistant steels. Strenx performance steel, Docol automotive steel and Hardox wear plate enable better energy and material efficiency, safety, as well as strength and durability for the applications in which they are used. Our GreenCoat color coated steels are unique in using a substantial amount of Swedish rapeseed oil instead of fossil-based oils in the paint. GreenCoat products are the sustainable choice for color coated steels on the market for roofs, façades and rainwater systems.

Strenx performance steel reduces weight, increases payload, and lowers fuel consumption and CO₂ emissions

The environmental advantages of using high-strength steels are significant in active construction applications such as trailers, trucks, material handling and lifting equipment, and construction machinery. Used in these applications, Strenx performance steel reduces the weight of vehicle structures by enabling minimum steel thickness through new structural design. Structural redesign can also reduce production costs e.g. through less welding and improved usability. Lower vehicle weight leads to increased payload capacity, and lower fuel consumption and CO₂ emissions. For example, the weight of trailer chassis made with SSAB's high-strength steels can be reduced by up to 30% compared to using ordinary steel grades.

In applications such as lifting equipment where high load-bearing capacity is required, the use of Strenx performance steel as a structural high-strength steel enables stronger designs. At the same time, structural wall thickness is reduced, resulting in material weight savings and reduced emissions. In 2019, we launched the new [Strenx 1100 Plus](#) strip steel, which is ideal for booms, frames, cranes and other lifting equipment.

Prolonged service life, higher payload and lower fuel consumption of machinery and equipment thanks to Hardox wear plate

SSAB's premier abrasion-resistant steel, marketed under the brand name Hardox wear plate, is used in a range of machinery and equipment in transportation, mining, construction, quarrying,



CASE: UP TO 10% WEIGHT REDUCTION FOR FANALCA'S NEW GARBAGE TRUCKS USING HARDOX AND STRENX STEELS

Customer demand compelled Colombian garbage truck manufacturer Fanalca to start using Hardox wear plate and Strenx performance steel. With the newly designed lightweight trucks, customers can collect more garbage on each round, thus saving fuel and increasing their revenue.

[SSAB.COM](https://www.ssab.com)



CASE: CUSTOMER SATISFACTION SURGES AS INDUSTRIAS BACO PIONEERS HARDOX 500 TUF STEEL FOR TIPPER TRUCKS IN ARGENTINA

As the first company in Argentina to use SSAB's Hardox 500 Tuf wear plate in tipper truck bodies, Industrias Baco has seen customer satisfaction rise. Product lifespan has been extended by about 30%, and 90% of the company's tipper bodies are now made of Hardox wear plate.

[SSAB.COM](https://www.ssab.com)

waste and recycling and road building. All of these applications require a hardness and toughness that are guaranteed to be met by Hardox wear plate.

Using Hardox wear steel in tipper bodies for mining, construction and many other industries subject to wear, buckets, crushers, cutting edges and shredders, provides greater wear resistance thereby improving machinery performance and extends service life. Additionally, lighter weight equipment offers cost benefits to end-users in fuel savings or the possibility of transporting a higher payload, and reduces the environmental impact over the machinery's lifecycle. SSAB's latest introduction to our Hardox product range is [Hardox 500 Tuf](#), the new generation wear plate for tipper bodies, buckets and containers delivering extreme hardness and toughness and Hardox HiAce, the new abrasion-resistant steel that fights wear in acidic corrosive environments.

Docol makes cars safer and more eco-friendly

Automotive manufacturers are calling for lightweight, durable materials with beneficial environmental properties that are manufactured with resource efficiency. New safety regulations, emissions caps and a shift to electrical vehicles are all trends that increase the demand for advanced high-strength steels (AHSS) in the automotive industry. SSAB's Docol AHSS steels make it possible to develop safer and



When comparing AHSS with other lightweight materials, e.g. aluminum, steel has clearly lower CO₂ emission in the production phase.

lighter cars with lower emissions. Docol AHSS have been especially engineered for safety applications in cars with stringent requirements for reduced weight and high energy absorption. When comparing AHSS with other lightweight materials, aluminum, carbon fiber reinforced plastics and magnesium, steel has clearly lower CO₂ emission in the production phase. Also, the 100% recyclability of steel is an important attribute for car industry, as some regions of

the world are beginning to demand that 95% of the materials used in a car should be possible to recycle.

We are constantly pushing performance boundaries with our new products. SSAB's latest introduction for the automotive industry is Docol HE, a new range of hot rolled advanced high

strength steel (AHSS) with improved edge ductility for automotive manufacturers facing technical challenges in production. Developed for the most demanding applications and manufacturing conditions in the automotive industry, Docol HE steel provides improved properties for customers facing design and production challenges with conventional HSLA material.



**CASE: SUSTAINABLE LILLA INTEGRALEN BY SANDELLSANDBERG ARKITEKTER
HIGHLY AWARDED**

Sandellsandberg arkitekter chose GreenCoat specifically for its color consistency as well as strong resistance to corrosion, UV radiation and scratches, which will help ensure a building that lasts for many generations. Their decision also came down to sustainability. The highly recognized World Architecture Festival (WAF) has taken notice and shortlisted Lilla Integralen for its WAF Award 2019 in the category "Completed Buildings: Housing." Lilla Integralen was also one of five buildings nominated for the Plåtpriset 2019.

[SSAB.COM](https://www.ssab.com)

SSAB EcoUpgraded

The SSAB EcoUpgraded concept highlights the environmental benefits of upgrading to high-strength steel. SSAB EcoUpgraded saves CO₂ both in steel production and during the full lifetime of the machine. From the CO₂ payback time and onwards, every extra hour brings additional savings.

[SSAB.COM](https://www.ssab.com)



GreenCoat eco-conscious and durable color coated steels for the building industry

GreenCoat is SSAB's brand for innovative and sustainable color coated steels for the building industry. Most of our GreenCoat products feature a bio-based technology (BT) coating using a substantial portion of Swedish rapeseed oil instead of fossil-based oils. This patented solution reduces the environmental footprint of GreenCoat products – for greener living. With its bio-based coating, full recyclability, compliance with REACH regulations and numerous environmental certifications and international architectural awards, GreenCoat stands at the forefront of sustainable building solutions.

**READ MORE FROM OUR
PRODUCT PAGES ON SSAB.COM:**

[Strenx® performance steel](#)

[Hardox® wear plate](#)

[Docol® automotive steel](#)

[Greencoat® colourful steel](#)

STRENX®
PERFORMANCE STEEL

DOCOL®
THE AUTOMOTIVE STEEL

HARDOX®
WEAR PLATE

GREENCOAT®
COLORFUL STEEL

Ruukki Construction for sustainable building products and services

SSAB's subsidiary, Ruukki Construction, is responding to the evolving requirements by offering its customers and partners steel-based building products and services for roofs and walls to realize sustainable buildings. Examples of these include energy-efficient Ruukki sandwich panels, which enable excellent air tightness for entire buildings, resulting in both heating and cooling cost savings. Ruukki Life panel, which is mostly made from recycled material, cuts CO₂ emissions originating in production by as much

as 20%. Photovoltaic solutions integrated into a building's facade can also generate some of the energy used in the building and thus reduce its carbon footprint during the use phase. Contribution to sustainable construction is extended to coatings by using SSAB's GreenCoat color coated steel in roofs and facades. Ruukki's products help customers to achieve high ratings in environmental certification systems, such as LEED and BREEAM. These have been created to advance environmentally responsible buildings.

➤ Read more on the web Ruukki.com



CASE: ŽALI SHOPPING CENTRE IN THE NORTHEAST OF VILNIUS AWARDED ONE OF THE HIGHEST BREEAM PERFORMANCE RATINGS

This was achieved, among other things, by using Ruukki energy panels delivering savings in heating and cooling costs. Energy panels are certified and that helped to achieve the points required for BREEAM classification.

➤ RUUKKI.COM

EcoSmart: SSAB Americas' customer awareness program

The EcoSmart™ program, first launched in 2016, is SSAB Americas' innovative customer awareness program designed to showcase the organization's commitment to sustainability. The EcoSmart program emphasizes both the key product and process attributes of steel produced by SSAB Americas. Benefit messages include steel recyclability, water recycling, waste minimization and increased use of renewable energy. More than 50 customer companies are part of the EcoSmart program, with more to come in 2020 and beyond. Here are some of our environmental sustainability statistics and initiatives related to SSAB Americas' products and production process:

SSAB Americas' products

- SSAB Americas' steel is 100% recyclable and is made from 97% recycled materials.
- The durability and high strength of SSAB Americas' steel adds years to the lifecycle of products.
- SSAB Americas' long-lasting steel is used for applications such as transportation, where end users can benefit from reduced fuel consumption, and in the energy sector, contributing to cleaner, more renewable energy resources.



SSAB Americas' production process

- SSAB Americas uses recovered scrap tires as a raw material substitute for carbon in its production process – more than 600,000 tires a year—more than 5 million scrap tires to date.
- Renewable electrical energy is utilized in SSAB Americas' manufacturing process, particularly wind energy bought through a certified program. SSAB's mill in Iowa is expected to be powered completely by renewable energy by 2022.
- SSAB Americas' production process results in 60% fewer CO₂ emissions compared to the 2016 US steel industry average.
- Since 2010, SSAB Americas has reduced its energy consumption by approximately 25%.
- SSAB Americas recycles millions of gallons of water every year for water conservation.

🔍 Read more about the [EcoSmart](#) program



Sustainable operations

SSAB is committed to minimizing any adverse environmental impacts from our operations. Therefore, SSAB focuses on continuous improvement to minimize emissions and improve productivity, as well as material and energy efficiency. SSAB is also working toward a fossil-free steelmaking process through the HYBRIT initiative and by eliminating other fossil related emissions, with a goal to offering fossil-free steel in 2026 and fossil-free operations by 2045.

SSAB and CO₂ efficient steel production

At SSAB, steelmaking processes have been continuously advanced and improved. As a result, SSAB's blast furnaces today are among the most efficient in the world in terms of minimizing emissions from steel production. Still, SSAB's operations account for 10% of Sweden's and 7% of Finland's CO₂ emissions. In the US, our scrap-based EAF steel mills use close to 100% recycled steel as a raw material, thereby resulting in much lower direct CO₂ emissions compared to blast furnace-based steel making.

9.6 million tonnes of direct CO₂ emissions in 2019

99% of CO₂ emissions reduction target achieved

1.41 tonne of CO₂ / tonne crude steel in CO₂ intensity in 2019

Our iron ore-based steel production in the Nordics is among the most CO₂ efficient in the world.

Direct CO₂ emission reductions through further improvements in resource efficiency

Steel production is resource intensive and generates carbon dioxide (CO₂) emissions. In 2019, SSAB's total direct CO₂ emissions were 9,582 (9,749) thousand tonnes. Around 90% of SSAB's direct CO₂ emissions are generated by iron ore-based steel production at our sites in Luleå, Oxelösund and Raabe, in particular our blast furnaces. Approximately 98% of these emissions are related to metallurgical processes, i.e., to the use of coke and coal as reducing agents. In 2019, direct CO₂ emissions from Nordic steel production were around 8,873 (9,005) thousand tonnes and emissions intensity (tonnes of CO₂ emissions/ tonne crude steel) was 1.75 (1.67). The increase in the CO₂ emissions intensity was partly due to the blast furnace in

Raabe being shut down on three occasions during 2019. CO₂ emissions generated in Nordic steel production are within the scope of the European Emissions Trading System.

Our iron ore-based steel production in the Nordics is among the most CO₂ efficient in the world owing to the use of high-grade iron-ore pellet and, high-quality coke, as well as efficient and uninterrupted processes. The possibilities to further reduce CO₂ emissions from current steelmaking processes are limited, but emissions can be controlled and to some extent further reduced by continuously striving to improve material and energy efficiency (read more on p. 67 and 69).

SSAB's target is to achieve a lasting reduction of 300,000 tonnes in CO₂ emissions (Scope 1) by the end of 2020, compared to the 2014

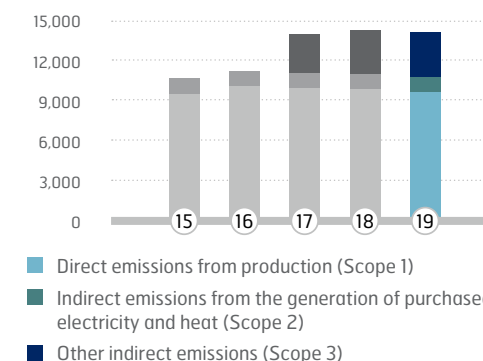
baseline. By the end of 2019, we achieved 296,000 tonnes or 99% of this target. We have taken several measures to reach the targeted reductions, such as the following:

- Switching from heavy fuel oil to LNG in Borlänge, reaching full CO₂ reduction potential in 2015.
- Increasing yield within the production of prime slabs in Luleå. This is based on an overall better yield improvement of prime slab production, improved raw material utilization for prime productions.

In 2019, direct CO₂ emissions from the scrap-based steel production in the US were 692 (725) thousand tonnes and CO₂ emissions intensity (tonnes of CO₂ emissions/ tonne crude steel) was 0.68 (0.68).

Carbon dioxide emissions

Thousand tonnes





CASE: A NEW MULTI-MODAL TRANSPORT ROUTE FROM HÄMEENLINNA, FINLAND TO CUSTOMERS IN ITALY DECREASES CO₂ EMISSIONS FROM DOWNSTREAM TRANSPORTATION

SSAB's Hämeenlinna mill supplies coils to customers in Italy. Previously, this material was transported by direct vessel from Turku, Finland via Raahe, Finland to Ravenna, Italy by combining shipments with products produced at the Raahe mill. The vessel sailed only once every four weeks. While there appeared to be a need for more frequent delivery shipments, concerns for additional shipments included cost, quality and environmental footprint. As a result, a new multimodal transport route was developed, including rail, vessel and truck. In this new logistic setup, products now are sent on rail to Hanko, Southern Finland for reloading on a vessel to Rostock, Germany, and from there reloaded onto rail to Desio, Italy. In Italy, the products are transported by heavy capacity trucks (with double the capacity of normal truck) to their final destinations.

The new multi-modal transport route gives flexibility for the Hämeenlinna mill with more frequent departure days resulting in lower inventories and shorter lead-times from order to delivery. The most significant improvement is the reduction of CO₂ emissions by approximately 75% compared to the previous transportation setup.

Indirect CO₂ emissions

Indirect CO₂ emissions (Scope 2) from energy occur from the generation of purchased electricity and heat. In 2019, SSAB's indirect CO₂ emissions were 1,173 (1,189) thousand tonnes. Energy indirect CO₂ emissions from the scrap-based steel production in US are larger than the direct CO₂ emissions, because electricity is used to melt the scrap metal in the electric arc furnaces.

SSAB's other indirect (Scope 3) CO₂ emissions in 2018 (Scope 3 emissions are calculated every other reporting year, last calculated in 2018) were an estimated 3.3 million tonnes. The majority of Scope 3 emissions are generated in the production of purchased raw materials and services, which account for 64% of the total Scope 3 emissions. Of Scope 3 emissions, 11% are upstream emissions of purchased fuels and electricity (not included in Scope 1 and 2 emissions) and 15% are generated in the downstream transportation and distribution. The share of Scope 3 emissions of SSAB's total CO₂ emissions was 23% in 2018.

↗ The Scope 3 calculation principles can be found in the Scope 3 report on [SSAB's website](#)



The majority of Scope 3 emissions are generated in the production of purchased raw materials and services.

692 thousand tonnes direct CO₂ emissions from US scrap-based production

1,173 million tonnes of energy indirect CO₂ emissions

305-1, 305-2: Greenhouse gas emissions¹⁾

Thousand tonnes CO ₂ e	2019	2018	2017	2016	2015
305-1: Direct greenhouse gas (GHG) emissions (Scope 1)²⁾					
Iron ore-based steel production in Nordics	8,873	9,005	9,156	9,323	8,850
Sweden	5,489	4,903	5,281	5,102	4,832
Finland	3,384	4,102	3,875	4,221	4,018
Scrap-based steel production in US	692	725	690	644	581
Other reported sites	17	19	21	22	18
Total	9,582	9,749	9,867	9,989	9,448

305-2: Indirect emissions from the generation of purchased electricity, heating (Scope 2)³⁾

Iron ore-based steel production in Nordics	196	167	167	185	182
Sweden	132	107	100	112	113
Finland	64	60	67	73	69
Scrap-based steel production in US	964	1007	1032	964	934
Other reported sites	13	15	16	16	17
Total	1,173	1,189	1,216	1,165	1,133

¹⁾ Only CO₂ is included in the calculation.

Biogenic CO₂ emissions are not relevant for SSAB and therefore not included in reporting.

²⁾ Generation of electricity from process gases is included in the direct emissions (Scope 1). The direct CO₂ emissions are calculated in accordance with the procedures in the WBCSD GHG Protocol, together with additional guidelines from the EU and/or national authorities. The Scope 1 emissions for the Nordics in 2019 are preliminary. EU-ETS verification of GHG emission reports may result in minor adjustments.

³⁾ For electricity, indirect CO₂ (Scope 2) emissions are calculated using grid average emission factors. Specific emission factors are used for the generation of the purchased heat.

305-4: Greenhouse gas emissions intensity

Tonnes of CO ₂ emissions/ tonne crude steel	2019	2018	2017	2016	2015
Iron ore-based steel production in Nordics	1.75	1.67	1.68	1.68	1.67
Scrap-based steel production in US	0.68	0.68	0.71	0.69	0.69
Average	1.41	1.36	1.38	1.39	1.39

The GHG intensity is reported as product emission intensity (tonnes of CO₂ emissions per tonne of crude steel produced). It is calculated as the sum of Scope 1 and Scope 2 emissions for all SSAB iron and steel production sites and rolling mills, divided by the total crude steel production in tonnes.

305-3: Other indirect (Scope 3) GHG emissions

Thousand tonnes CO ₂ e	2018	% of Scope 3	2017	% of Scope 3
1. Purchased raw materials, goods and services	2,142	64%	1,827	65%
3. Fuel and energy related activities	370	11%	395	14%
4. Upstream transportation (inbound)	236	7%	-	-
5. Waste generated in operations	43	1%	51	2%
6. Business travel	8	0%	7	0%
7. Employee commuting	36	1%	36	1%
9. Downstream transportation and distribution (outbound)	501	15%	512	18%
Total Scope 3 emissions	3,336	100%	2,826	100%

Scope 3 calculation was performed following the requirements of Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WRI & WBCSD 2011). Greenhouse gas emissions are calculated as CO₂ equivalents. Biogenic emissions are not included in the calculation.

In 2018 reporting, Category 4 "Upstream transportation" was included. Scope 3 emissions are calculated every other reporting year, last measured in 2018.

SSAB aims to be first with fossil-free steel in 2026

In the mid-term, carbon emission reductions in the global steel industry are achievable from a greater uptake of scrap-based EAF production, which is forecasted to increase in the next decades. However, the increasing global demand for steel can only be met by continuing to utilize ore-based iron production. To align with a transition to a low-carbon economy, the steel industry will require a step-change in emissions reductions through alternative steelmaking processes. Therefore, in 2016, SSAB, LKAB and Vattenfall joined forces to create HYBRIT (Hydrogen Breakthrough Ironmaking Technology), with the aim of developing the world's first fossil-free ore-based steel manufacturing. With HYBRIT technology, SSAB aims to be the first steel company in the world to bring fossil-free steel to the market in 2026.

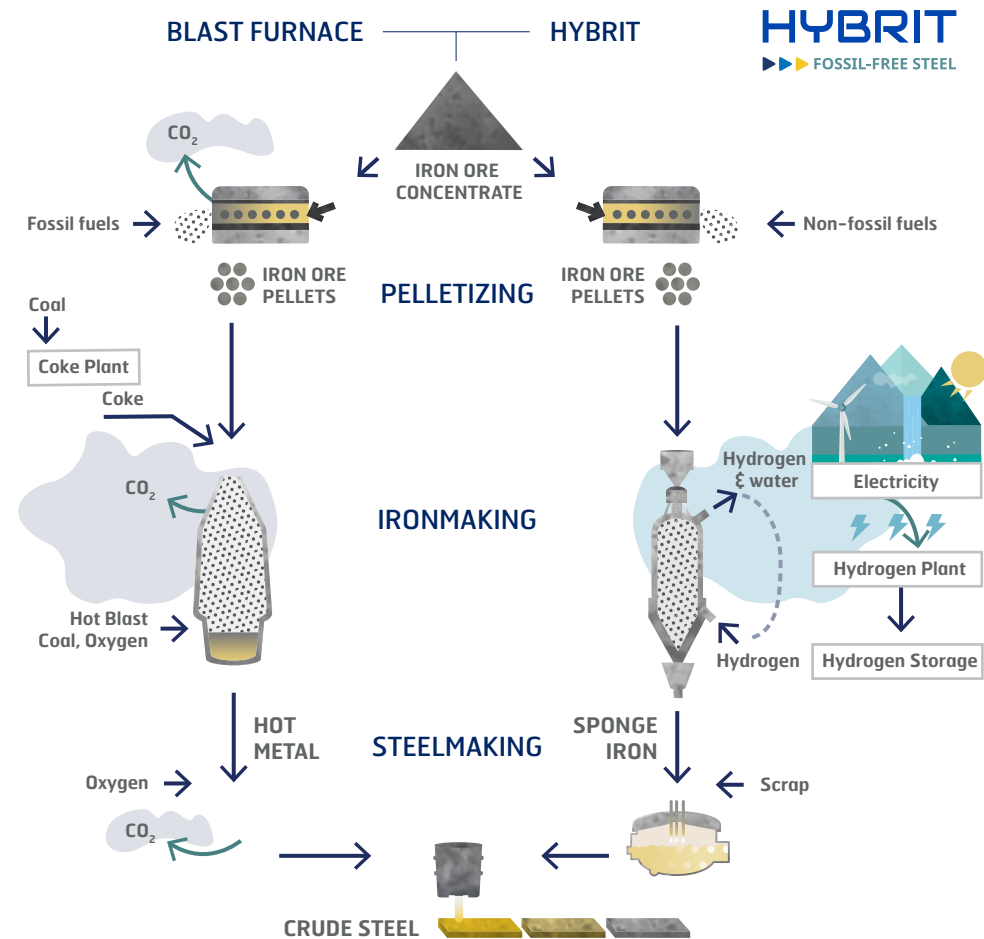
Read more in BR p. 27–28 and on hybritdevelopment.com

SSAB will cut its CO₂ emissions in Sweden by 25% by as early as 2025, through the conversion of the blast furnaces in Oxelösund, Sweden, to an electric arc furnace. Between 2030 and 2040, the plan is also to convert the blast furnaces in Luleå, Sweden and Raahé, Finland to eliminate most of the remaining CO₂

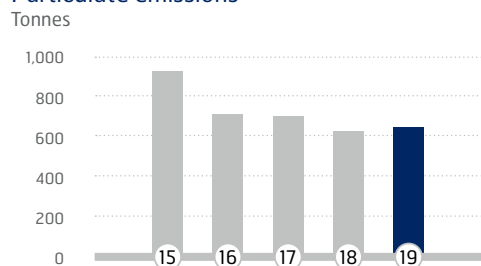
emissions. The company also anticipates that our Iova operations will be completely powered by renewable energy by 2022. We will also be able to offer fossil-free steel products starting in 2026 in North America, utilizing sponge iron developed using HYBRIT technology in Sweden. At the same time, SSAB has started the process of phasing out fossil fuels used in rolling mills and heat treatment plants throughout the company, to reach the goal of becoming fossil-free by 2045.

Transitional risks, emissions trading and increasing carbon costs

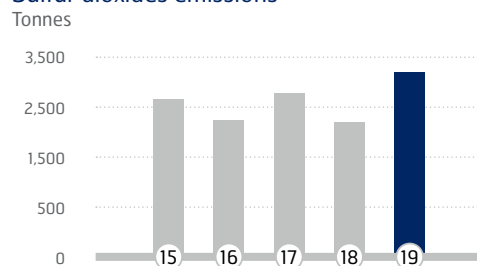
Transitional risks, such as regulatory changes (especially regulations related to EU Emissions Trading System (EU-ETS), have increased the need for more CO₂ efficient production and increasingly influence investment decisions. The greenhouse gases emitted in SSAB's Nordic steel production are within the scope of the EU ETS, currently in the third trading period of 2013–2020. Compared to previous trading periods, both the cap on total annual emissions in the EU and the amount of free emission rights allocated to the industry are being gradually reduced. Due to the foreseen revision of the system, especially changes in the free allocation of emission allowances, and the fact that the market price for allowances could rise, there will be increasing costs for the steel industry due to the need to purchase additional emission allowances. SSAB



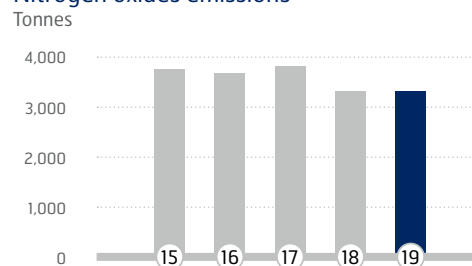
Particulate emissions



Sulfur dioxides emissions



Nitrogen oxides emissions



In addition to CO₂, the most emissions generated are particulate matter (PM), sulfur oxides (SOx) and nitrogen oxides (NOx).

is among the most efficient steel producers in Europe and also has a smaller deficit of emission rights than the industry average, hence the cost increase will be less pronounced.

The European Steel Association (EUROFER) has estimated that the European steel industry will have a shortage of 26% in free allocations on average during the period of 2021–2030, likely increasing to around 37% by 2030. With the same calculation method, SSAB’s estimated shortage is 24% on average during the period, likely increasing to 27% by 2030. Currently, SSAB has some saved allowances and has started to purchase ETS allowances to ensure a proper balance.

In addition to the direct costs, the steel industry is impacted by the indirect carbon costs passed through electricity prices. The Finnish government compensates for the higher electricity costs by 37.5% in 2019 and 2020 to the energy intensive

industry. The Swedish government will not compensate higher electricity costs.

Physical risks caused by climate change

SSAB’s operations are, to some extent, exposed to physical risks caused by climate change, but these risks have not been identified as the most material risks in the annual risk assessment process. Physical risks caused by climate change include rising temperatures, rising sea levels and increased severity of extreme weather events, such as cyclones and floods. For example, higher temperatures of incoming water in rolling processes can lead to increased energy consumption due to the higher cooling water flow needed to obtain the same cooling capacity. Extreme weather can cause problems with transportation by rail or sea, which could lead to reduced revenue from decreased production and supply chain interruptions. Rising sea levels could cause instability in the foundations of buildings

and facilities at sites that are directly connected to the sea, leading to increased capital expenditure.

In addition to climate change mitigation actions, we also aim to better adapt our operations to the changing climate and weather conditions, taking the physical climate change risks into consideration in new investments, process development and supply chain and production planning.

Other emissions to air

In addition to CO₂, the most emissions generated are particulate matter (PM), sulfur oxides (SOx)

and nitrogen oxides (NOx). Particulate emissions contain metals, which originate mainly from iron ore pellets, coking coal and from residuals and processing of the steel products. Sulfur dioxide emissions originate from the raw materials and fuels containing sulfur. Nitrogen oxide emissions mainly are formed in the combustion processes in the coke plants and rolling mills. We monitor emissions arising from our operations both at production sites and in their vicinities to ensure compliance with emissions limits and to improve local air quality. The emissions are monitored in compliance with the requirements of the local environmental authorities at each site.

305-4: 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions

Tonnes	2019	2018	2017	2016	2015
Particulate matter (PM)	645	623	705	711	931
Sulfur dioxide emissions (SOx)	3,242	2,306	2,809	2,347	2,699
Nitrogen oxides emissions (NOx)	3,308	3,323	3,805	3,672	3,763

Material efficiency and recycling

SSAB strives for resource efficiency. We recirculate much of the material generated from our production back into our own processes, thereby reducing the need for virgin raw materials, CO₂ emissions and waste. The use of recycled steel in the production of new steel has a big impact on lowering the environmental footprint of the product's lifecycle.

Materials used in steelmaking

The key raw materials needed in steelmaking include iron ore, coal, limestone, alloys and scrap steel. Iron ore and coal are the main raw materials required for SSAB's steel production operations in Sweden and Finland. Scrap metal is the most important raw material for SSAB's steel production operations in the US. In 2019, SSAB used a total of 14.6 (15.3) million tonnes of raw materials.

Maximizing the recirculation of materials

The production of iron and steel gives rise to a range of residuals, e.g., slag, sludge and dust. Recirculating materials back into the steelmaking process reduces the need for virgin raw materials. This in turn reduces CO₂ emissions and waste. Materials that cannot be recirculated internally can be processed into byproducts and sold externally, thereby reducing CO₂ emissions by substituting natural resources in other industries. For example, blast furnace slag is

used in cement, enabling the cement industry to significantly reduce their CO₂ emissions. In 2019, 3.3 (3.3) million tonnes of residuals from the iron ore-based steel production were utilized, internally or externally. This is about 90% (89%) of all residuals produced in the iron ore-based production. In 2019, 1.3 (1.2) million tonnes of byproducts were sold externally.

One of SSAB's environmental targets is to achieve a lasting improvement in residual utilization by 50,000 tonnes, reducing the amount of material being sent to landfill by the end of 2020, compared to the 2014 baseline. By the end of 2019, SSAB achieved 51,000 tonnes or 102% of this target. Examples of measures taken to reach the target are the following:

- Utilization of blast furnace sludge and basic oxygen steelmaking (BOF) sludge in briquettes for use as a raw material instead of being landfilled in Luleå

- Utilization of ladle slag in the blast furnaces in the Nordics

Scrap used in steel production

Recycled steel replaces the iron ore as input material in iron and steel-making increasing material efficiency and reducing CO₂ emissions. In 2019, SSAB used 2.7 (2.9) million tonnes of external scrap and 0.9 (0.9) million tonnes of internally recycled scrap, which equals an average of 45% of recycled steel used in all of SSAB's steel production. SSAB uses approximately 20% of scrap metal in conjunction with steel production in the Nordics, and nearly 100% in the US.

301-1: Materials used by weight

Thousand tonnes	2019	2018	2017	2016	2015
Iron ore pellets	6,813	7,130	7,128	7,325	7,016
Reducing agents ¹⁾	2,525	2,526	2,582	2,562	2,435
Scrap (external + internal)	3,658	3,803	3,852	3,644	3,434
Recycled materials	767	914	968	1,005	842
Slag formers ²⁾	699	756	728	765	637
Alloys	111	119	117	116	103
Metal and organic coatings	52	54	56	58	49
Non-renewable materials, total	14,626	15,303	15,431	15,476	14,516

¹⁾ Coke, coal and other reducing agents, such as oil

²⁾ Limestone, burnt lime, dolomite, carbide, etc.

90% of all residuals from iron-based production utilized

1.3 million tonnes of byproducts sold

Minimizing waste

SSAB focuses on reducing the volume of material sent to landfills. The key to waste reduction is the recirculation of materials described earlier. However, there are waste products from the



CASE: SUCCESSFUL UTILIZATION OF SLUDGE IN BRIQUETTES FOR USE AS A RAW MATERIAL INSTEAD OF BEING LANDFILLED IN LULEÅ

Merox has worked with many different projects to recycle by-products in the production processes to reduce waste and the need for new raw materials for nearly 50 years. During the last five years, there has been substantial progress in utilizing sludge from the BOF (Basic Oxygen Steelmaking) process at SSAB's Luleå site, where the sludge was earlier sent to landfill. Year 2018 was the first year when 100% of the BOF sludge produced at Luleå site was recycled and reused. The recycling method used is briquetting and the briquettes replace virgin raw

materials in blast furnaces. In 2018, Merox made first trials to use also blast furnace sludge with the same method. This worked well, and in 2019, the amount of recycled blast furnace sludge was already about 75% of the total sludge produced. The developed drying process is environmentally friendly, since it uses only sun and wind, and no other energy source is needed. Briquetting extremely fine-grained sludge is challenging, but the process is working well.

[SSAB.COM](https://www.ssab.com)

production processes for which there is currently no environmentally or economically justifiable application and which therefore need to be removed from the processing cycle. Waste that originates from SSAB's operations and requires either being sent to landfill or to an external waste recipient is processed in compliance with valid regulations. Focus is on hazardous waste, such as oily waste, including used oil, grease, sludge and emulsions, which are often disposed of through combustion. The management and monitoring of the company's landfill sites are strictly regulated by applicable laws and governmental authorities.

45% recycled steel used in SSAB's steel production

SSAB focuses on reducing the volume of material sent to landfills.

Residuals from steel production, waste included

Thousand tonnes	2019	2018	2017	2016	2015
Residuals from ore-based steel production					
Residuals, total	3,648	3,659	4,054	4,045	3,875
Utilized internally or externally	3,300	3,271	3,836	3,648	3,568
Residuals from scrap-based steel production					
Residuals, total	719	696	756	718	676
Utilized internally or externally	644	626	689	659	617

306-2: Total weight of waste by type

Thousand tonnes	2019	2018	2017	2016	2015
Industrial waste to landfill	366	356	441	399	306
Hazardous waste	52	53	50	48	46
Non-hazardous waste	69	66	70	54	58

Energy efficiency

SSAB's production processes are energy intensive. Systematic energy efficiency management and energy recovery at all sites, as well as production of electricity from process gases at steel mills, ensure efficient use of energy and lower emissions.

Continuous work to improve energy efficiency

Energy efficiency management is systematically promoted at all of our production sites, either as part of an ISO 14001 system or through a certified ISO 50001 energy management system.

SSAB's energy savings target is to reduce the use of purchased energy by 400 GWh by the end of 2020 (corresponding to ~5% of purchased energy in 2014, the base year). By the end of 2019, we achieved approximately 463 GWh or 116% of this target. During the target period, we have taken several measures to reach the targeted savings, such as the following:

- A new, more efficient blast machine for the blast furnace in Luleå reduces electricity consumption
- Optimized media systems for compressed air and hydraulics, as well as furnace control systems at several SSAB sites
- Oxygen lancing in a reheating furnace in Borlänge
- Replacement of old lighting fixtures with LED technology in Oxelösund, Luleå, Borlänge, Mobile and Montpelier

- A new power plant with higher efficiency in Raabe

In 2019, SSAB's total energy consumption (including electricity, purchased fuels and purchased heat) was 9,057 (9,452) GWh and SSAB's energy intensity was 1,184 (1,174) kWh/tonne crude steel (including electricity and purchased fuels from the iron and steel production sites and rolling mills). Energy consumption is closely linked to production levels, which increased during 2015-2018. In 2019, SSAB's crude steel production was 7,623 (8,028) thousand tonnes. Also production stability impacts the efficiency of energy usage.

Energy sources – our long-term aim is to switch to fossil-free energy

The main fuels used at SSAB's production sites are process gases, natural gas, propane and, for the time being, heavy fuel oil. Process gases from SSAB's coke oven plants and blast furnaces are used primarily to replace external fuels in ovens and secondarily to produce electricity in power plants. Natural gas, propane and oil

9,057

GWh - SSAB's total energy consumption in 2019

1,194

kWh/tonne crude steel - SSAB's energy intensity in 2019

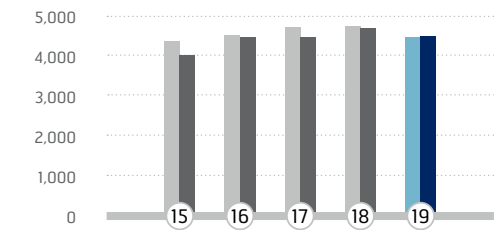
Energy savings target for 2020 was achieved already in 2019.

Energy sources



- Electricity 50%
- Natural gas 37%
- Propane 9%
- Oil 4%

Energy consumption GWh



- Electricity
- Fuels ¹⁾

¹⁾ Includes natural gas (NG), liquefied petroleum gas (LPG), oil and biogas. Coal and coke excluded

are used to heat up furnaces. Currently, SSAB does not consume renewable fuels in production processes, but as part of our long-term goal to become fossil-free in our operations by 2045,

one important goal is to eliminate fuel-related emissions. This will be achieved through the electrification of processes and increased use of biofuels.

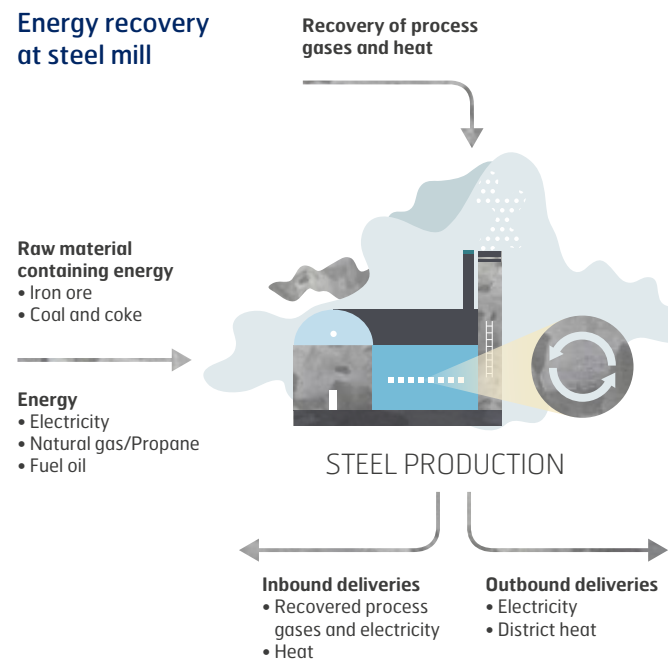
302-1: Energy consumption within the organization

GWh	2019	2018	2017	2016	2015
Fuels					
Natural gas	3,330	3,211	3,101	3,073	2,754
Propane	818	1,174	1,171	1,099	1,044
Fuel oil	376	309	206	277	202
Total non-renewable fuels	4,524	4,694	4,478	4,450	4,000
Electricity, heat and steam					
Electricity, purchased ¹⁾	3,449	3,311	3,301	3,316	3,243
Heat, purchased	28	28	31	26	23
Electricity generated from process gases	1,056	1,418	1,400	1,195	1,114
Gross energy consumption	9,057	9,452	9,210	8,986	8,380
Electricity and heat sold					
Heat, sold	1,165	1,173	1,169	1,101	1,006
Net total energy consumption²⁾	7,893	8,279	8,041	7,885	7,374

¹⁾ Including external companies within the industrial area

²⁾ The figure excludes the fuels used in transportation and vehicles, nor does it include employee travel and transportation

Energy recovery at steel mill



Today, electricity is our largest energy source, accounting for ~50% of the total energy consumption. At our US sites, electricity is the most important energy source used in the electric arc furnaces to melt recycled steel. In line with SSAB's global ambitions, the company anticipates that our operations in Iowa, USA, which utilize scrap-based electric arc furnace technology, will be powered completely by renewable energy by

2022 (primarily wind energy). SSAB in the US also will be able to offer fossil-free steel products starting in 2026, utilizing sponge iron developed through the HYBRIT initiative in Sweden.

Energy recovery at steel mills decreases CO₂ emissions

To improve energy efficiency, energy flows are recycled in the production process (see the

illustration). Process gases like blast furnace gas, coke oven gas and converter gas are generated in the iron- and steelmaking processes. Steam and hot water are also produced. These energy flows can be fully recovered to generate electricity and heat, thereby saving fuel resources and decreasing CO₂ emissions. Recovered heat has been used to produce district heating in Luleå, Raahe and Oxelösund

since the 1980s, accounting for about 90% of local district heating needs. In 2019, 1,056 (1,418) GWh of electricity was produced from recovered energy and SSAB delivered 1,165 (1,173) GWh of district heating.

Water recirculation in the production process

Access to water is crucial for steel production, particularly in quenching, where water is used for the direct cooling of hot-rolled steel. Most of the water used in SSAB's production processes is recirculated in cooling systems.

Surface water for cooling purposes

SSAB's operations are located in areas where there is currently no scarcity of water, and no water sources are significantly affected by water withdrawal by SSAB's operations. All SSAB operations are subject to environmental permits and guidelines regarding discharged water.

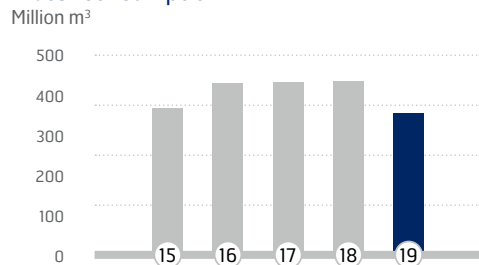
SSAB uses surface water at all of its production sites, including both sea water and fresh water. Water is used mostly in processing, cooling and in scrubbing flue gases at the steel works and rolling mills. Water is also needed for electricity production and in slag granulation.

Effluent discharge into waterways

All of SSAB's sites take actions to prevent the risk of contaminating local water resources and to reduce effluent discharge into waterways. Discharges of effluent into the waterways consist of suspended solids, which contain calcium, magnesium and silicon compounds, and originate from the steel plants and blast furnaces. Oily emissions originate from the rolling processes. There are also some discharges of nitrogen and iron into the waterways.



Water consumption



All SSAB operations are subject to environmental permits and guidelines regarding discharged water.

303-1: Water withdrawal by source

Million m³	2019	2018	2017	2016	2015
Surface water (inlands)	180	206	203	203	160
Surface water (sea)	198	225	226	225	204
Municipal water	1	2	2	1	1
Total water withdrawal	379	433	431	429	365

Effluent discharge into waterways

Tonnes	2019	2018	2017	2016	2015
Suspended solids	196	230	322	286	228
Mineral oil	2	8	6	6	9



Responsible partner

For SSAB, having a significant impact on society means taking on a large responsibility. SSAB adheres to the highest standards as a responsible partner by taking responsibility for business ethics and responsible sourcing. We are committed to continuously improving safety, diversity and employer attractiveness.

High-performing organization

One key element of SSAB’s strategy is to be a high-performing organization, which is an essential enabler for SSAB to achieve our ambitious strategic targets. An operating model built on decentralized accountability and entrepreneurship is fundamental to the success of SSAB.

14,514

permanent employees in more than 50 countries

27%

share of women of top management positions

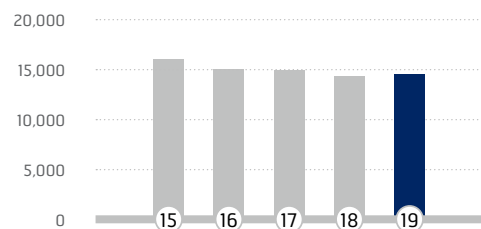
6.1%

employee turnover in 2019

82%

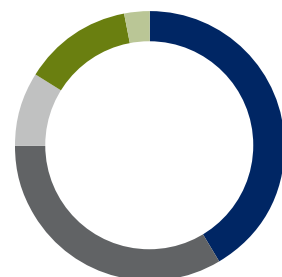
of all employees conducted performance dialogs

Employees¹⁾



¹⁾ Permanent employees at year end

Employees by region¹⁾



- Sweden 42%
- Finland 34%
- USA 9%
- Rest of Europe 13%
- Rest of the world 3%

¹⁾ Permanent employees at year end

We prioritize three areas that are critical to being a high-performing organization:

- To be the safest steel company in the world. (Read more about safety on page [79](#))
- Utilizing SSAB ONE, our way of striving for continuous improvement to enhance productivity
- Strengthening the performance culture by improving employee engagement

Our targets related to a high-performing organization are presented on page [50](#)

SSAB ONE and continuous improvement

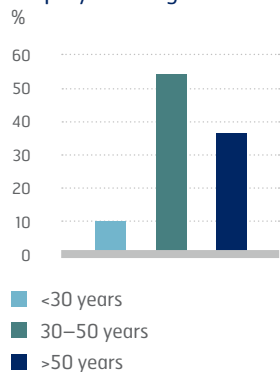
SSAB ONE is our internal approach to continuous improvement, based on lean methodology. During the strategy deployment process, we define targets and cascade them from the top of the organization down to teams and individuals across the company. Over the past year, the top priorities for all divisions have been to improve both safety and production stability. In addition, improvement projects are identified at all sites with the aim to improve quality, delivery performance and cost efficiency. Cross-functional teamwork that includes employees from different levels of the company is key to successfully discovering and solving the root causes of our challenges. We will continue to work this way as we move ahead, creating opportunities for cross-learning and sharing best practices.

Strengthening performance culture A preferred employer

The success of our organization is based on a strong company culture, powered by a diverse, continuously learning, multi-skilled workforce. To ensure both the current and future success of SSAB, we need to be able to attract, retain, develop and motivate qualified employees both in the short-term and long-term.

We target our employer branding and recruitment efforts toward educational institutions with relevant industrial and other programs, and we collaborate with them in a systematic way. We also work together with companies in the same geographical and competency areas to increase the attractiveness of the industry, especially in Sweden, Finland and the US. Joint efforts within the metal industry

Employees - Age distribution¹⁾



¹⁾ Permanent employees at year end

include projects such as Female Leader Engineer (Sweden), Tekniksprånget (Sweden), Women in Tech (Finland) and the Association of Women in the Metal Industries (USA). These initiatives also contribute to diversity within the industry. In 2019, 1,050 (1,197) new employees joined SSAB. Employee turnover in 2019 was 6.1% (7.1%).

Diversity, inclusion and gender equality

SSAB is diverse in many ways: we operate in more than 50 countries and the combination of different backgrounds, service years and ages ensures diverse capabilities. For SSAB, diversity means not only building a diverse workforce with a relevant competence base, but also creating

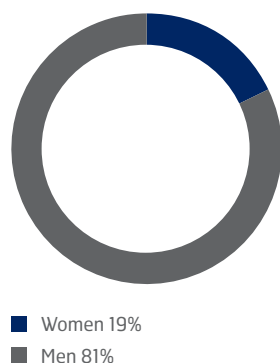
an inclusive workplace. Inclusion, meaning equal opportunities and respectful treatment of all employees, is a ground rule for every part of SSAB's organization.

Diversity is taken into account in all human resources processes and in every aspect of our business. We have zero tolerance for any kind of discrimination, whether it is based on ethnic origin, nationality, religion, political views, gender, sexual orientation or age. SSAB is taking numerous actions to enhance diversity, with most initiatives driven at the local level. For example, in recruitment, some divisions have developed processes related to ensuring diverse sets of

candidates. Some sites have chosen to work with specific diversity projects, such as a 50-50 gender ratio among summer workers, or working with the local institutions to provide internships for immigrants.

SSAB is aiming to increase the number of women in top management positions. At the end of 2019, women held 27% (27%) of SSAB's top management positions. There was a positive trend in the total managerial population, where women accounted for 18.7% (18.5%) of all managers. SSAB annually nominates a group talent pool; in 2019 34% (31%) of the pool members were women.

Employees - Gender distribution¹⁾



¹⁾ Permanent employees at year end

CASE: SSAB HAS PARTICIPATED TEKNIKSPRÅNGET (TECHNOLOGY LEAP) PROGRAM SINCE 2012 WITH THE AIM TO INCREASE INTEREST IN ENGINEERING STUDIES

In Sweden, SSAB participates in a national initiative called Tekniksprånget (Technology Leap). The initiative is an internship program run by the Royal Swedish Academy of Engineering Sciences (IVA) at the request of the Swedish government. Through Tekniksprånget, SSAB takes interns for a four-month period to enable them to gain a better understanding of the technical profession and develop an interest in applying to study engineering. SSAB has been participating in the initiative since 2012 and after the internship period, 80% of the participants have chosen to study a technical profession. The company has had a total of 55 interns via the program, 30 of them women.





Employee engagement and competence development

In 2019, SSAB launched The SSAB Way concept, a corporate culture framework with the purpose of bringing our vision, values and strategy together and clarifying how they all connect to strengthen our common culture. As part of the work, we also rephrased our corporate values – Driven, True, Ahead – and their respective meanings.

High-level competence and engaged employees are at the core of SSAB's culture. To enhance our strong culture, we regularly gather feedback from our employees in the form of engagement surveys, apply a steady process for annual performance dialogs, implement continuous improvement to engage all teams, and offer various competence development opportunities.

In 2019, we started to measure employee engagement on an annual basis. The Voice employee engagement survey conducted in 2019 gave results in line global benchmark levels both for all employees and for managers. The response rate was 71% (2017: 78%). The survey results function as a base to identify improvement opportunities across the company.

SSAB works systematically to identify and meet the demands for critical competencies and implements competence development programs at different organizational levels. These programs also support talent retention and include the following:

- Technical specialist and business development programs
- Middle manager training focusing on change

management, team leadership and financial understanding

- In-house mentoring programs for top talent and for divisionally selected target groups
- Management programs for new line managers

In addition to globally coordinated programs, our sites are responsible for organizing programs to improve professional competencies and to ensure mandatory training is completed.

SSAB maintains a group talent pool for future leaders, which includes candidates from all parts of the organization. Talent pool candidates are offered personal competence development plans, including leadership training, coaching, mentoring and on-the-job learning. The talent pool is based on annual nominations by division and functional leaders.

Annual performance dialogs are the key process for ensuring that competence development plans are in place, setting performance goals, providing a basis for continuous performance feedback and for cascading the group level strategic targets down to divisional, team and individual targets. According to the annual global employee survey, Voice, the 2019 rate of performance dialogs conducted for all employees was 82%. For office workers, the annual rate of performance dialogs conducted in 2019 was 95% (92%).

To support engagement and talent retention, the company has a pay-for-performance compensation approach, which means that compensation is based on job requirements and employee performance. The different compensation and benefits programs are reviewed as needed.

Changes in the organization in 2019

At the end of 2019, SSAB had a total of 14,514 (14,313) permanent employees. The net increase in the number of permanent employees (201 globally) is mostly due to the acquisition of Abraservice and Sanistål. Temporary personnel accounted for about 3.3% (6.0%) of all employees.

During the second half of the year, the company was, due to market conditions, forced to implement some work time reductions in our steel operations. These reductions and other temporary workforce adjustments during the fourth quarter in Sweden and Finland had an average monthly impact of approximately 800 full-time equivalent employees. Additionally, SSAB's subsidiary Tibnor reduced 217 jobs in Sweden, Norway, Denmark and Finland. In situations involving workforce reductions, SSAB collaborates with the authorities in the countries concerned and utilizes the means available locally to support employability. For example, in Sweden the company collaborates with "Trygghetsfonden" in the event of redundancies.

102-8 Information on employees and other workers

Number of employees by employment contract and gender

	2019		2018		2017	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Women	2,721	138	2,639	244	2,769	194
Men	11,793	362	11,674	666	12,156	588
Total	14,514	500	14,313	910	14,925	782

Permanent employees by employment contract type and gender

	2019		2018		2017	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Women	2,617	104	2,547	92	2,678	91
Men	11,491	302	11,390	284	11,883	273
Total	14,108	406	13,937	376	14,561	364

Number of employees and managers by gender¹⁾

	2019		2018		2017	
	Employees	Managers	Employees	Managers	Employees	Managers
Women	2,859	276	2,883	269	2,963	255
Men	12,155	1,202	12,340	1,168	12,744	1,210
Total	15,014	1,478	15,223	1,437	15,707	1,465

¹⁾ Permanent and temporary

Number of employees by region and gender¹⁾

		2019	2018	2017
		Sweden	Women	1,313
	Men	4,939	5,120	5,068
	Total	6,252	6,482	6,375
	% of total workforce	42%	43%	41%
Finland	Women	772	776	740
	Men	4,303	4,396	4,323
	Total	5,075	5,172	5,063
	% of total workforce	34%	34%	32%
US	Women	169	172	162
	Men	1,141	1,124	1,150
	Total	1,310	1,296	1,312
	% of total workforce	9%	9%	8%
Rest of Europe	Women	491	458	649
	Men	1,458	1,385	1,894
	Total	1,949	1,843	2,543
	% of total workforce	13%	12%	16%
Rest of the world	Women	114	115	105
	Men	314	315	309
	Total	428	430	414
	% of total workforce	3%	3%	3%

¹⁾ Permanent and temporary

401-1 Employment

New employee hires

	2019		2018		2017	
	Number of employees	% of total workforce	Number of employees	% of total workforce	Number of employees	% of total workforce
Total	1,050	7.2%	1,197	8.4%	1,011	6.7%
<30 years	422	2.9%	499	3.5%	430	2.9%
30-50 years	534	3.7%	603	4.2%	522	3.5%
>50 years	94	0.6%	95	0.7%	59	0.4%
Women	250	1.7%	272	1.9%	206	1.4%
Men	800	5.5%	925	6.5%	805	5.4%
Sweden	410	2.8%	462	3.2%	357	2.4%
Finland	294	2.0%	348	2.4%	291	1.9%
Russia	2	0.0%	28	0.2%	66	0.4%
USA	112	0.8%	137	1.0%	76	0.5%
Other Europe	180	1.2%	178	1.2%	182	1.2%
Rest of the world	52	0.4%	44	0.3%	39	0.3%

Employee turnover

	2019		2018		2017	
	Number of employees who have left the company	% of total workforce ¹⁾	Number of employees who have left the company	% of total workforce ¹⁾	Number of employees who have left the company	% of total workforce ¹⁾
Total	886	6.1%	1,053	7.1%	1,050	7.0%
<30 years	97	0.7%	119	0.8%	97	0.6%
30-50 years	346	2.4%	455	3.1%	447	3.0%
>50 years	443	3.0%	479	3.2%	506	3.4%
Women	164	1.1%	221	1.5%	207	1.4%
Men	722	5.0%	832	5.6%	843	5.6%
Sweden	355	2.4%	421	2.8%	362	2.4%
Finland	246	1.7%	246	1.7%	286	1.9%
Russia	4	0.0%	132	0.9%	179	1.2%
USA	92	0.6%	98	0.7%	76	0.5%
Other Europe	141	1.0%	123	0.8%	108	0.7%
Rest of the world	48	0.3%	33	0.2%	39	0.3%

¹⁾ Permanent employees who have left the company/average number of permanent employees during the period

405-1 Diversity and equal opportunity

Percentage of individuals within the organization's governance bodies in the diversity categories gender and age group

	2019		2018		2017	
	Board of Directors ¹⁾	Group Executive Committee	Board of Directors ¹⁾	Group Executive Committee	Board of Directors ¹⁾	Group Executive Committee
Total	8	11	8	11	9	9
Women	38%	27%	38%	27%	33.3%	22.2%
Men	63%	73%	63%	73%	66.7%	77.8%
<30 years	0%	0%	0%	0%	0%	0%
30-50 years	13%	36%	0%	45%	11.1%	33.3%
>50 years	88%	64%	100%	55%	88.9%	66.7%

¹⁾ Alternate members (6) not included

Percentage of total number of employees per employee category and diversity categories gender and age

	2019			2018			2017		
	Front-line workers	Office employees	Total	Front-line workers	Office employees	Total	Front-line workers	Office employees	Total
Women	10%	32%	19%	10%	32%	18%	10%	33%	19%
Men	90%	68%	81%	90%	68%	82%	90%	67%	81%
<30 years	14%	5%	10%	13%	5%	10%	12%	5%	9%
30-50 years	50%	59%	54%	51%	60%	54%	52%	61%	56%
>50 years	36%	36%	36%	36%	35%	36%	36%	34%	35%

Human rights and fair labor conditions

SSAB's commitment to human rights is confirmed in our Code of Conduct and in our Supplier Sustainability Policy. We have zero tolerance for forced or compulsory labor and child labor. We focus on providing a safe work environment where employees are free from harassment and discrimination.

All SSAB's employees in Sweden and Finland are covered by collective bargaining agreements and approximately 70% of the employees in Sweden and Finland are represented by trade unions.

Other countries have different arrangements according to country-specific practices, traditions and labor legislation. SSAB respects employee rights to, if they so choose, organize in accordance with the legislation and provisions in each respective country of residence. SSAB provides channels for employees to engage in the company's activities and express their opinions. Local management in each country is responsible for creating opportunities for employee engagement. The company also encourages direct interaction between supervisors and their teams.

The unions at SSAB in Europe have a European Works Council (EWC). The purpose of a EWC is to bring together employee representatives from the different European countries in which

a multinational company has operations. During EWC meetings, these representatives are informed and consulted by central management on transnational issues of concern to the company's employees.

To mitigate human rights risks, we continuously work to ensure compliance with local law and international standards on human rights. During 2019 we conducted a human rights risk assessment where representatives from sales, procurement, health and safety, environment and HR participated. External human rights expertise facilitated two internal workshops to raise awareness of human rights and identify key human rights risks and mitigation actions for the involved functions and their processes. The overall conclusion is that SSAB performs well.

Human rights are important aspects when evaluating suppliers. Read more on pages [84–87](#).



Health and safety

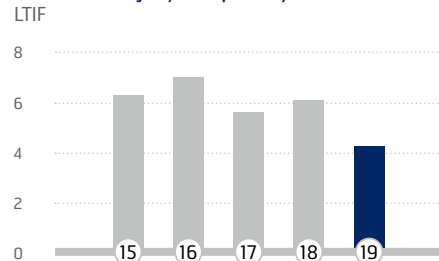
SSAB strives to be the safest steel company in the world, with an objective of having zero accidents, work-related injuries or illnesses. Ensuring a safe and secure environment for our employees, contractors and visitors is our highest priority. In addition to safety, SSAB focuses on health and wellness to promote the overall wellbeing of employees.

Safety management at SSAB

Every SSAB employee has a personal responsibility to work safely every day; it is a fundamental requirement for working at SSAB. All SSAB employees are asked to sign SSAB's safety pledge, which is a commitment to always put safety first.

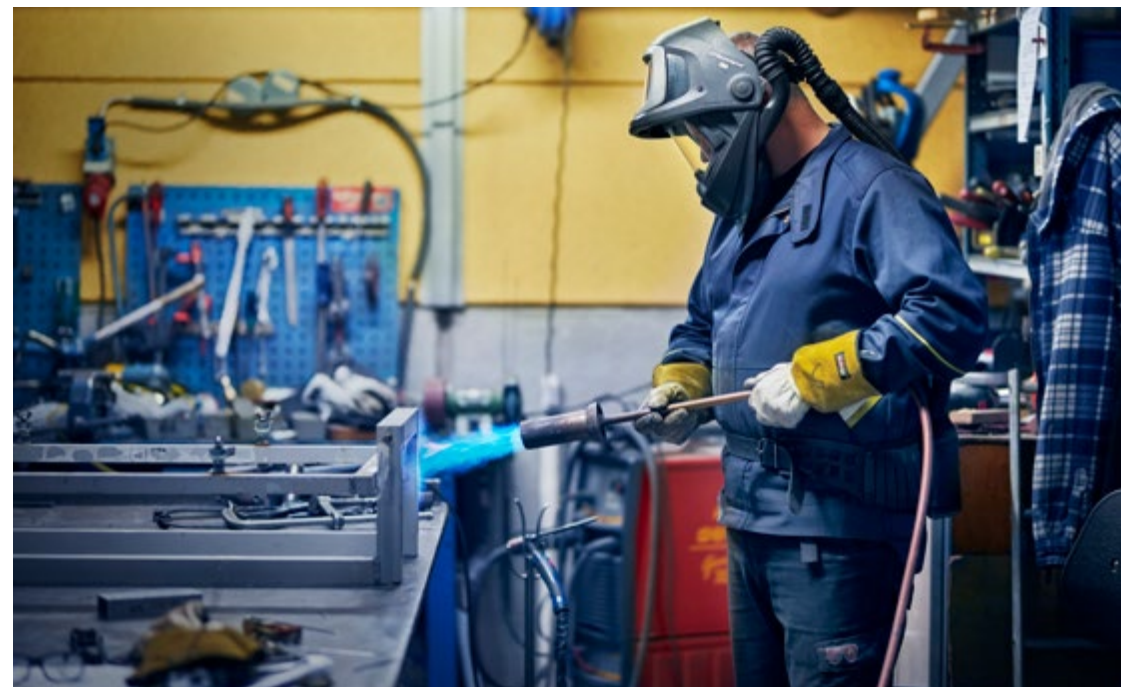
Safety is the most important part of how we operate, and it is integrated into our management system. Safety work at SSAB is guided by SSAB's Group governing documents on safety and SSAB's safety management system fulfills the requirements of international standard OHSAS 18001. To strengthen safety work, we reviewed our safety governance structures in 2019 with the aim of clarifying roles, responsibilities and accountability regarding health and safety issues. A new Group-level safety council, called the Health and Safety Council (H&SC), was established. The primary role of the H&SC is to coordinate, cooperate and

Lost time injury frequency (LTIF)*



* Number of accidents resulting in an absence of more than one day per million working hours, own employees and contractors

propose policy recommendations and strategic initiatives to the Group Executive Committee (GEC). The H&SC is the decision-making body on operational safety issues relevant for SSAB. The H&SC is also responsible for promoting positive safety culture within the company. As part of the work, SSAB also updated key steering documents regarding safety.



SSAB made extensive efforts to improve safety performance and the company's safety culture, with overall positive improvements.

-31% decrease in Lost Time Injury Frequency (LTIF)

4.2 LTIF in 2019

SSAB applies occupational health and safety programs as required by local legislation in each of the countries where we operate. Safety programs are normally developed by occupational health and safety committees consisting of representatives of the local management and employees. In Sweden and Finland, SSAB has health and safety committees at all workplaces where more than 50 employees are working on a regular basis. In the US, SSAB has a variety of safety committees, which provide employees an opportunity to participate in worker health and safety issues.

SSAB's key performance indicator (KPI) for safety is lost time injury frequency (LTIF). All divisions have annual safety targets including both LTIF and total recordable injury frequency (TRIF) and report monthly on safety performance to the GEC.

Every year, hundreds of employees from external companies work at SSAB, particularly in the areas of maintenance and repairs. Contractor companies are screened for strong safety practices. SSAB also provides contractors with safety training sessions and discussion forums in order to increase their safety awareness. All contractor accidents are included in SSAB's safety statistics.

Safety performance in 2019

SSAB's lost time injury frequency resulting in an absence of more than one day (LTIF) in 2019 was 4.2 (6.1), with a total of 126 (184) injuries among SSAB's employees and contractors. SSAB's own employees' LTIF was 4.0 (6.1) and for contractors it was 5.6 (7.3). In 2019, a total of 102 (153) injuries (LTIs) were incurred by SSAB's employees and 24 (31) by contractors. Overall, the development in safety was positive, which was largely due to safety having the highest priority and extensive efforts to improve safety performance and culture.

Focus areas and key safety actions in 2019

The long-term work to improve safety continued throughout 2019 with many activities. In addition to continuous safety management procedures, the work includes the following:

- Preparation of a new large-scale safety training program in SSAB Europe, to be rolled out during the first quarter of 2020
- Development of more engaging safety communication to better engage our employees in safety work. Part of this entails increasing safety communication toward a more people-centric and human approach
- Evaluating the functioning and efficiency the safety expert group (sub-committee to the health and safety council)

- Further strengthening cooperation and information sharing across the company
- An even stronger focus on fully integrating safety work into the SSAB One management philosophy

Normal safety audits and hazard assessments continued to mitigate the risks of the main causes of serious incidents in the steel industry: cranes, working at heights, moving machinery, asphyxia, falling objects and lock out/tag out procedures. Risks also will be reduced by further improving information sharing about serious incidents within the company.

Safety work is also being enhanced by aiming to improve incident data collection and tracking, as well as by utilizing a more systematic approach to analyzing the root causes of incidents. Safety campaigns focusing on a particular risk area have been organized at different sites.

Health

SSAB focuses on health and wellness to promote the overall wellbeing of employees. Wellbeing is a joint responsibility between the employer and the employee facilitated by SSAB's framework for health:

- Our Code of Conduct provides the framework for how we act and how we make our employees feel engaged and included



- SSAB One, our management philosophy, allows us to improve, learn and achieve results that are built on everyone's skills and contribution
- A leadership that is built upon our manager criteria, where the individual is recognized and feedback is essential
- Regular employee surveys allow identification of both strengths and improvement areas, and provide a solid base for planned actions of improvement
- Occupational healthcare services
- Monitoring sick leaves and ascertaining the reasons for them
- Supporting a healthy lifestyle (exercise and other recreational activities)

403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

403-2 Lost Time Injury Frequency (LTIF)

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total Lost Time Injury Frequency (LTIF)¹⁾	4.2			6.1			5.6		
Employees	4.0	4.2	3.0	6.1	6.6	3.6	5.6	6.3	2.4
Sweden	3.7	3.4	5.1	6.6	6.9	5.7	5.7	5.9	5.0
Finland	5.4	5.9	2.3	8.2	8.8	4.1	7.4	8.6	0.0
Russia	0.0	0.0	0.0	1.1	1.4	0	0.8	1.0	0.0
US	2.7	3.2	0.0	1.4	1.5	0	2.5	2.9	0.0
Rest of Europe	3.2	4.1	0.0	5.4	6.9	0	5.2	6.2	1.7
Rest of the world	3.4	4.2	0.0	5.2	6.5	0	4.8	6.3	0.0
Contractors	5.6			7.3	7.3	0	6.4		

¹⁾ Number of injuries resulting in an absence of more than one day per million working hours. Lost time injury (LTI) is any work-related injury, resulting in the employee not being able to return to work for the next calendar day.

403-2 Total number of injuries and fatalities

	2019			2018			2017		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of injuries (LTIs)	126	111	15	184	167	17	167		
Employees	102	88	14	153	138	15	143	132	11
Contractors ²⁾	24	23	1	31	29	2			
Sweden	47	35	12	16	16	0	4		
Finland	55	52	3	8	6	2	11		
US	10	10	0	0	0	0	1		
Russia	0	0	0	4	4	0	3		
Rest of Europe	9	9	0	3	3	0	2		
Rest of the world	5	5	0	0	0	0	0		
Total number of fatalities	0	0	0	0	0	0	1	1	0
SSAB's employees	0	0	0	0	0	0	1	1	0
Contractors	0	0	0	0	0	0	0	0	0

²⁾ The data broken down by gender is not available for 2017

Absentee rate, Types of injury

	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
Absentee rate, permanent employees, %						
Sweden	2.8%	1.2%	3.0%	1.3%	2.2%	1.7%
Finland	4.6%	0.7%	4.7%	0.7%	3.8%	1.6%

Absentee rate: Absentee rate: Measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period

Absentee rate is only available for Sweden and Finland.

Absentee rate is not available for contractors.

	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
Types of injury, employees, number of injuries by injury category and by gender						
Lost time injury	88	14	138	15	132	11
Medical treatment case	163	35	172	27	178	18
First aid case / minor injury	639	118	605	171	524	140

In 2019, there was an additional 153 injuries for which the gender information was not reported

Types of injury, employees, number of injuries by injury category and region

	2019			2018			2017		
	Injury category			Injury category			Injury category		
	Lost time injury	Medical treatment case	First aid case / minor injury	Lost time injury	Medical treatment case	First aid case / minor injury	Lost time injury	Medical treatment case	First aid case / minor injury
Sweden	39	107	470	59	112	548	57	85	475
Finland	42	58	129	74	63	185	60	96	167
Russia	0	0	0	1	0	0	1	0	0
US	8	8	15	2	11	27	7	5	29
Rest of Europe	9	12	2	12	9	2	14	8	20
Rest of the world	4	13	23	5	4	14	4	1	0

Lost time injury (LTI): Any work-related injury, resulting in the employee not being able to return to work for the next calendar day

Medical treatment case: Any work-related injury other than a fatality, a lost time injury, or a restricted work case, which is treated by a paramedic or a physician without loss of work time other than time of the shift on which it occurred, and the injured person continues with his normal scheduled work.

First aid case / minor injury: Any injury that does not require any treatment beyond first aid. No restrictions or lost time. The treatment is not required by a professional licensed healthcare provider.

Business Ethics

By providing a framework for business ethics and compliance, SSAB continues to focus on creating a mature organizational culture that encourages ethical conduct. This framework provides the required support and tools to meet SSAB's expectation that each and every employee acts with honesty, integrity and responsibility in their job. The framework also ensures that we collaborate with business partners who share our ethical values.

Ethics and Compliance function

SSAB has an Ethics and Compliance function, which includes strategic responsibility for business ethics, anti-corruption and human rights, as well as for implementing new legislation and international guidelines in this area. Essential components of the ethics and compliance program are risk assessments and employee training to prevent and detect corruption and mitigate legal and ethical risks.

How we measure progress:

- Share of employees who have access to the Ethics Line
- Share of new employees covered by the onboarding process; including signing the Code of Conduct statement and e-learning in business ethics
- Share of employees who have completed global e-learning in business ethics

Governing documents

SSAB has several governing documents that support the ethics and compliance program:

- Company-wide Code of Conduct
- Instructions regarding anti-corruption providing information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners
- Instructions for review of business partners describing the risk assessment process for reviewing business partners within risk areas for corruption
- Instructions regarding the Ethics Line defining complaint procedures and explaining how a report is investigated

Competition Law Program

SSAB has a web-based learning course on competition law aimed primarily at management



teams, employees who attend trade association meetings, and the sales and procurement organization with the purpose of raising awareness of competition issues and explaining the basics of SSAB's governing documents on competition rules. By year-end, 93% (82%) of targeted employees had completed the training.

Anti-corruption

SSAB works actively to prevent corruption in our business. SSAB's governing document for anti-corruption defines SSAB's zero tolerance

Essential components of SSAB's ethics and compliance program are risk assessments and employee training.

98% of invited managers had completed e-learning in business ethics

approach to bribery and corruption, and sets out guidance for our daily operations.

E-learning in business ethics

All employees are expected to comply with SSAB's Code of Conduct, the governing document for anti-corruption, and to have knowledge of how to report non-compliances through the Ethics Line. Communication and training are organized through a global e-learning module for all employees in order to provide training, available in six languages, in business ethics and to implement anti-corruption efforts.

By the end of 2019, 91% (89%) of the employees (14,110 employees, including both office and production employees) had completed the training module. 92% of employees in Sweden, 88% in Finland and 95% in North-America had completed the training. All 11 members of the Group Executive Committee completed the training.

Tone from the top

Ethics has everything to do with management and a clear tone from the top needs to be communicated to all employees. Each member of SSAB's top management team has an important role to promote a corporate culture where ethics are embedded in all aspects of our business. In addition to the global e-learning in business ethics, these managers were also asked to sign a

Code of Conduct statement in 2019. By the end of 2019, 98% of the 80 invited managers had completed the two activities.

Onboarding process

New SSAB employees are expected to complete the e-learning in business ethics and sign a Code of Conduct statement within the first few weeks of employment. This provides new employees with an understanding of our governing documents and expectations of our employees. By the end of the year 72% (74%) of new employees in 2019 had started the process to sign the Code of Conduct statement and take the e-learning in business ethics.

Face-to-face training in business ethics

Internal training on business ethics is ongoing and is mainly provided to employees in management, sales and procurement, those who are most at risk of being exposed to corruption and bribery risks. Training is based on SSAB's values and governing documents and teaches participants what is meant by corruption and bribery, and how SSAB's ethics and compliance program is structured. This is followed by a discussion focused on practical, real-life examples and dilemma discussions. Training requirements are continuously monitored and evaluated based on business needs and the legal and ethical risk context.

Review of integrity of business partners

SSAB has an instruction document for business ethics reviews that mainly covers agents and distributors in high-risk areas. SSAB may not enter into or renew agreements with business partners that are within the typical risk areas for corruption, before an initial assessment showing that such partners respect our fundamental rules of business ethics.

Suppliers

Contracts with suppliers refer to the Supplier Sustainability Policy, which states that all forms of corruption and bribery are unacceptable and that suppliers should work against all forms of corruption and bribery. SSAB entered into or renewed 50 raw material contracts during 2018-2019 and 37 (74%) of these contracts refer to the Supplier Sustainability Policy and the other contracts contain similar wording (data refers to the Nordic part of the procurement organization).

Hardox Wearparts Network

Contracts with companies in the Hardox Wearparts Network include an anti-corruption clause and reference to SSAB's Code of Conduct and governing documents for anti-corruption. Companies confirm that they respect and complies with the principles laid out in these documents. SSAB updated the Hardox Wearparts contract during 2017 and entered into 290 Hardox Wearparts contracts (including the anti-corruption clause) during 2017 to 2019.

91% of employees had completed e-learning in business ethics

All employees are expected to comply with SSAB's Code of Conduct.



Responsible sourcing

SSAB has approximately 20,000 active suppliers in more than 60 different countries. Suppliers must comply both with SSAB’s standards and with international ethical, social and environmental guidelines in order to remain qualified suppliers for SSAB.

Efficient and responsible sourcing of goods and services

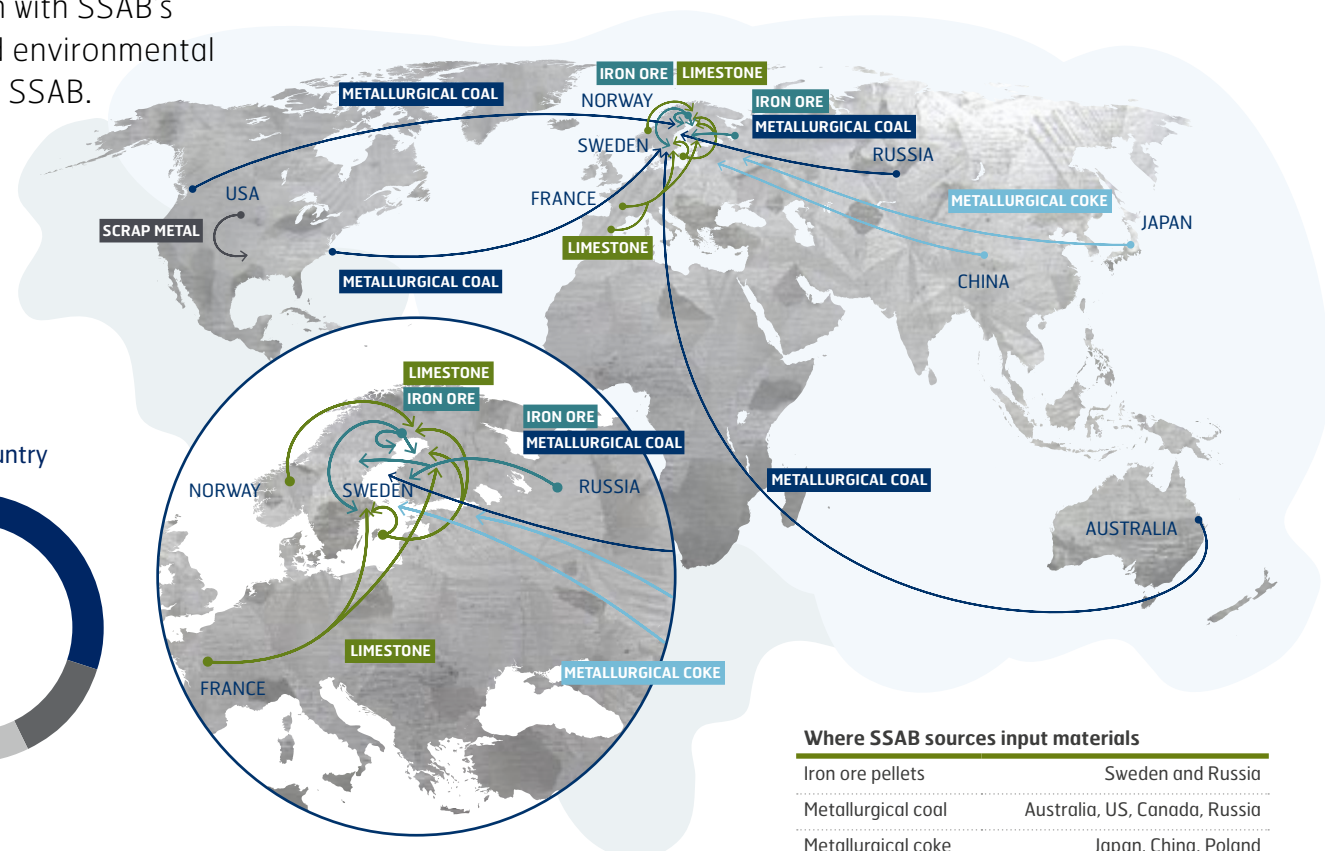
SSAB buys input materials, products and services in most of the countries in which we operate. These materials and services range from input goods like scrap, iron ore, coal and alloys to gas, refractories, zinc, paint, maintenance services and spare parts. In 2019, SSAB sourced products, materials and services worth an estimated SEK 58.5 (58.3) billion.

At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management. We assess suppliers based on quality, delivery performance, cost and sustainability.

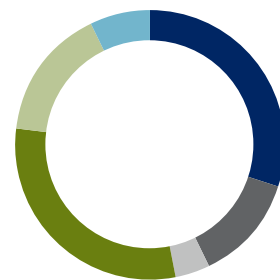
Sustainability is incorporated in sourcing

SSAB has a Supplier Sustainability Policy based on the UN Global Compact principles to which SSAB is a signatory. The purpose of the policy is to ensure that SSAB collaborates with suppliers who share our sustainability values. The Supplier Sustainability Policy applies to all suppliers providing products and/or services to any SSAB group company and includes requirements on labor and human rights, health and safety, anti-corruption and the environment. Per the

Main flows of input materials



Sourcing by country



- Sweden 30%
- Finland 13%
- Russia 4%
- USA 30%
- Rest of Europe 16%
- Rest of the world 7%

Where SSAB sources input materials

Iron ore pellets	Sweden and Russia
Metallurgical coal	Australia, US, Canada, Russia
Metallurgical coke	Japan, China, Poland
Scrap	US, Sweden, Finland, Russia
Limestone	Sweden, Norway, France, Spain
Alloys	Brazil, Russia, China, South Korea, Chile, US, etc.

Targets and results

Focus area	KPI	Target 2019	Result 2019	Target 2020
Ensure supplier compliance with SSAB's Supplier Sustainability Policy	Share of total spend sustainability assessed (categorized/identified and self-assessment done)	93%	93%	95%
	Share of new suppliers sustainability assessed (GRI 414-1)	100%	91%	100%
	Onsite visits including social and environmental performance of suppliers	20	14	24
	Third-party sustainability audits	5	6	3

policy, SSAB also reserves the right to conduct reviews of our direct suppliers or onsite audits to ensure compliance with the policy. All new or updated contracts from 2017 and onward refer to the Supplier Sustainability Policy, and the same reference is included in our purchase orders.

Identification and evaluation of supplier risks

SSAB classifies first-tier suppliers and assesses

potential risks. For sustainability assessments, we use Verisk Maplecroft's risk indices for human rights, political and environmental risks per specific region. Corruption assessments are based on Transparency International's Corruption Perceptions index.

Suppliers identified as medium- or high-risk suppliers must complete a self-assessment questionnaire containing questions

Risk based approach

LOW RISK	<ul style="list-style-type: none"> Sustainability clause in contracts*
MID LEVEL RISK	<ul style="list-style-type: none"> Sustainability clause in contracts* Self-assessment questionnaire
HIGH RISK	<ul style="list-style-type: none"> Sustainability clause in contracts* Self-assessment questionnaire Site visit and third party sustainability audits (selected in annual audit plan, risk-based approach)

* Refers to SSABs Supplier Sustainability Policy

about governance, social conditions and environmental performance. SSAB investigates and follows up on identified areas of non-compliance. In 2019, 93% (90%) of SSAB's total spend was sustainability assessed (classified/identified in terms of sustainability risks and self-assessment done) and 91% of new suppliers were screened using social criteria.

93%

of total spend sustainability assessed in 2019

91%

of new suppliers sustainability assessed

Compliance Program

SSAB follows its suppliers' sustainability compliance through a systematic process



CASE: NEW APPEAL FOR SUSTAINABLE SPEEDS AIMS TO SAVE LIVES ON THE ROAD

SSAB works together with the Swedish Transport Administration and some of Sweden's biggest buyers of transport services to launch an appeal to transport buyers to use procurement as a tool to make demands for sustainable speeds. The aim is to reduce the number of accidents and to save

lives. Through this appeal, SSAB is now extending our work on sustainability by making clearer demands for sustainable speeds in our procurement of transport services. This means that SSAB will place even greater emphasis on suppliers reporting their actual compliance with speed limits in the transport services they conduct on behalf of SSAB.



Site visits and audits

In 2019, SSAB conducted 14 onsite visits and 6 extensive audits to suppliers related to sustainability matters. The evaluation is based on SSAB's Sustainable Supplier Policy and conducted by a procurement commodity manager, an internal SSAB auditor or a third-party auditor. Suppliers selected for onsite visits and third-party audits are identified in the annual audit plan and based on a number of criteria, including a pre-evaluation of the supplier's social and environmental risk profile, taking into consideration geographical location, product category and spend volume. This year's onsite visits were conducted in several countries including China, the US and a number of European countries covering different categories including raw materials, sea freight and maintenance. The main improvement areas that were identified were linked to work environment and safety.

SSAB also conducted six third-party sustainability audits during the year – three in Russia, one in China, one in the US and one in Brazil. SSAB works with a leading audit company to conduct the audits. The audits revealed non-conformances primarily related safety, work environment and governance. SSAB follows up with the respective suppliers regarding these observations.

SSAB purchases iron ore pellets, metallurgical coal and injection coal from different mines around the world. The nature of mining activities

Suppliers selected for onsite visits and third-party audits are identified in the annual audit plan and based on a number of criteria.

In 2019, SSAB continued our focus on mining suppliers and audited two mining suppliers in Russia.

may have implications for sustainability and affect the individuals living close to the mines and may pose risks to the health and safety of employees if not handled properly. In 2019, SSAB continued our focus on mining suppliers and audited two mining suppliers in Russia.

Monitoring raw material traders

SSAB also sources alloys, coal and coke, and refractories through agents and traders. SSAB requires these suppliers to monitor their sources for sustainability commitment and we have an adapted assessment process by which these suppliers must declare how they monitor social and environmental compliance in their supply chain.

HSEQ cluster for joint evaluations of contractors

SSAB is member of an HSEQ (health, safety, environment and quality) cluster for common evaluations of contractors. Several of SSAB's contractors, working on SSAB's sites, are audited

annually through this cluster by a third party. In 2019, 15 HSEQ evaluations of contractors were conducted in Sweden and Finland.

Actions against modern slavery

SSAB supports and respects internationally proclaimed human rights and has taken a variety of actions to verify the absence of child labor, forced labor, slavery and human trafficking in our supply chain. These actions include sustainability principles for our suppliers, sustainability risk assessments, onsite visits and audits and training of our employees. SSAB will strengthen the procurement process for certain commodities in order to increase focus on modern slavery.

No conflict minerals in SSAB's steel

"Conflict minerals" is a term used for minerals derived from conflict-ridden regions or countries where the mining of certain minerals risks contributing to, or financing, continued conflict and violation of human rights. SSAB does not use conflict minerals (including gold, tin, tungsten and tantalum) and, upon request, provides customers with a certificate affirming this.



SSAB in the community

In locations where SSAB operates, the company plays a significant role in the local and regional community as an employer, taxpayer, buyer of regional goods and services, and charitable benefactor. Contributing to the communities in which we operate is an integral part of the way we do business.

Active engagement in local communities

SSAB strives to develop and maintain good relationships with various stakeholders in our society and actively engages with the communities in which we operate. Local community engagement is defined by each site at the local level. SSAB is also an important partner for local educational institutions and research. We offer extensive opportunities for internships and thesis projects to college students. SSAB also works with local environmental regulators on site-specific issues. In addition to ongoing collaboration with local authorities, SSAB works together with cities and associations to monitor environmental conditions such as air quality and waterways. Every year, SSAB hosts important visitors from the community, such as students, customers, subcontractors, government officials, inspectors and regulators.

Supporting local activities in Sweden and Finland

In the communities in which SSAB operates in Sweden and Finland, we contribute to creating

a wide range of recreational activities in which SSAB's employees, their families and also the local community can participate. Examples include sponsorships of local sports organizations and exchange of knowledge with schools. SSAB also supports associations in which employees are involved, primarily within sports and culture.

Strong community involvement in SSAB Americas

SSAB Americas has a long tradition of community involvement. This takes place not only in the form of financial contributions, but also through participation in various charity initiatives and projects.

SSAB is an important partner for local educational institutions and research. SSAB Americas sponsors an annual scholarship at the University of South Alabama, which benefits full-time junior and senior students in the University's College of Engineering. SSAB Alabama also supports primary education through the SSAB Foundation for Education. Employees also participate in



numerous activities throughout the year to benefit their communities, including food drives, fundraising events and volunteer opportunities.

Donations to SOS Children's Villages organization

Since 2012, SSAB has supported the SOS Children's Villages organization with annual donations. The donations support the running of a family center in Brovary, outside of Kiev, Ukraine.

13% of economic value added distributed to employees

SSAB strives to develop and maintain good relationships with various stakeholders in our society and actively engages with the communities in which we operate.

Economic value generated and distributed

The economic added value SSAB creates is distributed to various stakeholders in society such as shareholders, financiers, suppliers, employees the public sector (through taxes) and communities through local community projects, sponsorship and donations. The economic value retained is reinvested in the company in strategic and maintenance investments, R&D and other investments to develop the company's ability to create value.

201-1 Direct economic value generated and distributed

SEK million	Stakeholder group	2019	2018	2017	Description
Direct economic value generated					
Revenues	Customers	78,227	76,248	67,419	Net sales, other operating income, financial income, share of results in associated companies
Economic value distributed					
Payments to suppliers of raw materials, goods and services	Suppliers	60,760	56,856	49,671	Payments to suppliers of raw materials, goods and services
Employee wages and benefits	Employees	9,995	9,546	8,597	Employee Wages and Benefits (excl. employee social security taxes)
Payments to providers of capital	Shareholders and financiers	2,397	1,923	1,296	Dividends, interest payments and financial expenses
Payments to government	Public sector/Society	2,221	2,217	1,808	Corporate income taxes/gross taxes (incl. employee social security taxes)
Economic value retained		2,853	5,707	6,047	Calculated as 'Direct economic value generated' less 'Economic value distributed'

SSAB is currently unable to report on community investments (donations) at a Group level





GRI report supplement

SSAB's Annual Report 2019 consists of the Business Review, Sustainability Report, Financial Reports 2019 and Corporate Governance Report. This GRI report supplement contains information and data not reported elsewhere in the SSAB's Annual Report 2019, but required in GRI Standards or by the Swedish Annual Accounts Act on the disclosure of sustainability information.

Reporting practice

SSAB's Sustainability Report 2019 is prepared in accordance with the GRI Standards: Core. Sustainability disclosure requirements in the Swedish Annual Accounts Act are covered by the GRI Disclosures. SSAB's Annual Report 2019 also constitutes SSAB's Communication on Progress (CoP) for the UN Global Compact.

SSAB's Annual Report 2019 consists of the Business Review, Sustainability Report, Financial Reports 2019 and Corporate Governance Report. This GRI report supplement contains information and data not reported elsewhere in the SSAB's Annual Report 2019, but required in GRI Standards or by the Swedish Annual Accounts Act on the disclosure of sustainability information. The GRI index specifies where the information for each topic and indicator can be found and explains any omissions to the reported data. The information disclosed in this report focuses on material information and data, whereas more comprehensive information about sustainability is available on SSAB's sustainability website. SSAB's Annual Report 2019 is published in English and Swedish in PDF format and is available on SSAB's website.

Assurance of reporting

EY has provided limited assurance on the sustainability information disclosed in SSAB's Annual Report 2019. The scope of the assurance is defined in the independent practitioner's

assurance report on page 106. EY has also verified that the disclosures required by the Swedish Annual Accounts Act on the disclosure of sustainability information are included in the Annual Report 2019.

Scope of data

The financial information in this report is based on SSAB's consolidated financial statements and is subject to audit. Unless otherwise stated, the financial data referred to in this report covers the whole SSAB Group. Information about personnel (HR data) has been collected from the company's corporate-wide personnel information systems. Unless otherwise stated, the HR data referred to in this report covers the whole SSAB Group. Reporting does not cover associated companies and joint ventures or subcontractors and suppliers of goods and services, unless otherwise stated.

Regarding environmental data, the following production sites are included in the environmental reporting scope in 2019, which

form the material scope for reporting:

- SSAB Special Steels: Oxelösund in Sweden
- SSAB Europe: Luleå, Borlänge, Finspång and Virsbo in Sweden
Raahe, Hämeenlinna, Kankaanpää, Lappohja, Oulainen, Pulkkila, Toijala in Finland
- SSAB Americas:
 - Mobile in Alabama and Montpelier in Iowa, USA
- Ruukki Construction
 - Peräseinäjoki and Ylivieska in Finland
 - Järforsen in Sweden
 - Gargzdai in Lithuania and Oborniki in Poland
- Tibnor:
 - Köping in Sweden

These sites cover the following operations: all steel mills, all rolling mills, all coating lines and all tube mills as well cut-to-length (CTL) lines, if located at the sites mentioned above.

Significant changes to the organization

In 2019, SSAB acquired Abraservice, which provides wear parts and complete solutions in

quenched and tempered steels (Q&T). Abraservice has approximately 200 employees, working at 10 processing centers and 12 sales offices across 11 European countries. Abraservice is not included in the environmental data in this report.

SSAB's subsidiary Tibnor acquired the steel distribution business of the Danish company Sanistål A/S, Denmark's second largest steel distributor. The acquisition includes Sanistål's steel distribution center (42,000 m²) in Taulov and four other sales offices in Denmark, as well as a sales office in Latvia. Around 130 employees were transfer to Tibnor as part of the transaction. Sanistål A/S is not included in the environmental data in this report.

Sustainability governance

Sustainability governance at SSAB is based on the company's vision, values and Code of Conduct complemented by our governing documents. Sustainability is an integral part of SSAB's strategy. The Board of Directors has the highest decision-making authority in these matters.

Organization of sustainability work

SSAB's Board of Directors approves the Code of Conduct and monitors SSAB's sustainability performance. SSAB's Group Executive Committee (GEC) is responsible for outlining the company's strategic approach to sustainability, including adopting the material topics, and monitors how sustainability is implemented in the divisions, subsidiaries and support functions. Sustainability issues are frequently on SSAB's Group Executive Committee's agenda to ensure the close involvement of top management.

The Head of Sustainability is a member of the Group Executive Committee and is responsible for strategy development and coordination of sustainability at Group level as well as health and safety and ethics and compliance for the Group. The Head of Sustainability leads a Sustainability management team, which is a network of people with expertise in different sustainability areas, including representation from the divisions and

subsidiaries, with the responsibility to coordinate and drive SSAB's sustainability initiatives.

To support work related to environmental issues, SSAB has environmental councils, which include representatives from divisions, main production sites and from SSAB's subsidiaries, Ruukki Construction, Tibnor and Merox. In issues related to responsible sourcing, there is a procurement council, whose mission is to enhance global procurement processes and projects, and to collaborate on sustainability and continue our strong focus on responsible sourcing. In 2019, a health and safety council was established with representatives from the business, with the responsibility to coordinate, cooperate and propose policy and strategy initiatives and changes to the GEC.

SSAB links sustainability issues to compensation. For example, internal safety and environmental targets are part of incentive plans for selected



employee groups and top management. Individual performance targets might also include targets for emissions reductions or other sustainability related topics for selected employee groups. The management approaches of the material sustainability topics are described on pages [97–101](#).

Governing documents and principles for sustainability

SSAB's values define who we are and how we should act. The Code of Conduct and the governing documents at Group-level regarding sustainability, e.g., environment and safety, are our most important documents. There are also local governing documents to further elaborate on internal rules. All these documents are regularly reviewed and updated. Our sustainability governing documents are available on [ssab.com](#).

Management systems and risk management

Management systems and action plans ensure that SSAB systematically works on critical aspects of sustainability. Several different management systems and tools, both developed in-house and third-party certified, are used to effectively control operations in accordance with SSAB's Code of Conduct and governing documents. Safety management systems for systematic health and safety work, according

to OHSAS 18001, have been implemented at all production sites. Environmental and climate work take place primarily within the scope of the ISO 14001 environmental management standard and via local energy management systems.

Code of Conduct

The Code of Conduct is SSAB's ethical compass and outlines guidelines for SSAB's behavior with stakeholders and in the market. It helps us translate our values into action and forms the basis for our ethical, environmental and social responsibility commitments. The Code of Conduct covers areas such as health and safety, environment, employee relations, human rights and business practices.

Training

The Code of Conduct applies to all employees globally and is communicated via e-learning. At the end of 2019, 91% (89%) of all employees had been trained on the Code of Conduct.

Ethics Line

SSAB's global reporting tool, Ethics Line, provides employees with an avenue to raise their concerns. All employees are urged to report suspected breaches of the Code of Conduct. Employees can file a report anonymously online or by calling a global hotline 24 hours a day, seven days a week. The Ethics Line has been implemented in 14 countries. Awareness of

the Ethics Line has been promoted through employee communications and web-based training. By the end of 2019, 95% (95%) of our employees had access to the Ethics Line. In 2019, 14 (9) incidents were reported through the Ethics Line. The reports related to concerns including corruption, discrimination, harassment and inappropriate behavior in the workplace. Following investigation, 3 of these reports were substantiated and actions were taken in 2 cases.

91% of all employees trained on the Code of Conduct

95% of all employees had access to the Ethics Line

Global Compact

SSAB is a signatory to the UN Global Compact and we continually enhance our efforts to protect and respect its 10 principles, and promote its spirit within the areas of human rights, labor standards, the environment and anti-corruption. SSAB also supports the International Bill of Human Rights, ILO Core Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.



Stakeholder engagement

Key stakeholder groups

SSAB's key stakeholders are those who are impacted by SSAB's operations and activities, and who similarly impact SSAB. The following are SSAB's most important stakeholder groups:

- Existing and potential customers
- Existing and potential employees
- Shareholders, investors and financiers
- Existing and potential suppliers
- Local communities near SSAB's production sites
- Public agencies and organizations

Other stakeholders SSAB interacts actively with include the media, analysts, regulators, various research bodies and partner organizations, research institutes, universities and vocational schools.

Approach to stakeholder engagement

SSAB aims for regular, honest and transparent interaction with our stakeholders. We actively maintain and develop stakeholder relations and draw on information obtained from them when developing our operations, products and services. Transparent and continuous dialog increases the trust in SSAB's ability to manage risks and utilize opportunities, which at the same time enhances the development of the company.

Key stakeholders, engagement, topics and concerns raised (GRI 102-43,44)

Stakeholder group	Examples of engagement	Key concerns, expectations	SSAB's response/actions
Existing and potential customers	<ul style="list-style-type: none"> • Personal sales work and meetings with customers • Technical support • Knowledge Service Center Customer seminars and training • Trade fairs • Site visits • Swedish Steel Prize 	<ul style="list-style-type: none"> • High quality, sustainable products • Reliability • Services • R&D cooperation and support 	<ul style="list-style-type: none"> • We offer our customers a broad range of high-strength and wear-resistant steels that enable improved efficiency and sustainability benefits in the applications they are used • We have developed the SSAB EcoUpgraded concept, which highlights the environmental benefits of upgrading to high-strength steel • Through close customer collaboration, we continuously develop new products, services and applications • Good delivery performance is our highest priority
Existing and potential employees	<ul style="list-style-type: none"> • Performance dialogs • Coaching and training • Site safety committees • Info screens, intranet • Employee surveys • Cooperation with local universities and schools to engage potential future employees • Regular dialogs with unions, centrally and locally 	<ul style="list-style-type: none"> • Healthy and safe work place • Equal treatment and open communication • Job security and incentivizing compensation • Opportunities for professional development • Responsible and sustainable operations • Employee related sustainability matters 	<ul style="list-style-type: none"> • We operate in line with our vision, values and Code of Conduct • We promote a high-performing organization • Our long-term safety goal is zero accidents and we are committed to striving for this through our safety work • Our employee compensation is based on standardized principles • We work toward having a more diverse workforce and becoming a more attractive employer • We value constructive dialog with unions
Shareholders, investors and financiers	<ul style="list-style-type: none"> • Annual General Meeting • Result conferences and webcasts • Capital Markets Day • Investor meetings 	<ul style="list-style-type: none"> • Long-term value creation • Responsible governance • Sustainable operations (CO₂ emissions, resource efficiency) • Safety • Transparency and reliable reporting 	<ul style="list-style-type: none"> • We updated our strategic growth targets in 2019 and their realization is ongoing • We are committed to achieving our financial targets • We take economic, social and environmental responsibility into consideration in our business • We are committed to reducing CO₂ emissions both short and long-term • Our long-term safety goal is zero accidents and we are committed to striving for this through our safety work

Key topics discussed with stakeholders in 2019:

- SSAB's sustainability strategy
- Sustainable offering and SSAB EcoUpgraded
- CO₂ emissions and how SSAB works to reduce our carbon footprint
- HYBRIT (Hydrogen Breakthrough Iron Making Technology) initiative
- Safety in SSAB's operations
- Responsible and sustainable supply chain
- Anti-corruption and ethics compliance

Key stakeholders, engagement, topics and concerns raised (GRI 102-43,44)

Stakeholder group	Examples of engagement	Key concerns, expectations	SSAB's response/actions
Existing and potential Suppliers	<ul style="list-style-type: none"> • Supplier management process including: audits, development meetings, price and other negotiations • Visits to suppliers • Training, supplier days 	<ul style="list-style-type: none"> • Good financial position • Fair and equal treatment of suppliers • Long-term business relations • Responsible operations 	<ul style="list-style-type: none"> • We are committed to achieving our financial targets • We operate in line with our vision, values and Code of Conduct • We implement responsible sourcing practices • We manage supplier relationships in a systematic manner • We train contractors in work safety
Local communities near SSAB's production sites	<ul style="list-style-type: none"> • Locally, engagement with politicians, regulators, the media and the general public, people living close to the production sites 	<ul style="list-style-type: none"> • Creating well-being locally through employment, local purchasing and taxes • Operational safety • Reducing emissions, noise and other inconveniences close to production sites • Open communication and interaction 	<ul style="list-style-type: none"> • We have a significant role in the local and regional community as an employer, tax payer, buyer of regional goods and services • We promote sustainable development of the local communities, participate in local initiatives, and sponsor selected local activities
Public agencies and organizations	<ul style="list-style-type: none"> • Involvement in many research projects to drive technological developments • Collaboration with industry associations on many topics 	<ul style="list-style-type: none"> • Climate change, reducing CO₂ emissions and other environmental impacts • Responsible and sustainable operations 	<ul style="list-style-type: none"> • We communicate openly and we actively engage in a dialog with different organizations about key issues

Memberships of Associations and National or International Advocacy Organizations (GRI 102-13)

The following table lists SSAB's key memberships by country or area.

Area or country	Organizations
Globally	World Steel Association
Europe	Eurofer, Euroslag, Eurometal
North America	American Iron and Steel institute (AISI), National Association of Manufacturers (NAM), Steel Manufacturers Association (SMA)
Sweden	Jernkontoret, Svenskt Näringsliv (Confederation of Swedish Enterprise), SKGS (Skogen, Kemin, Gruvorna och Stålet), Steel and Metal Wholesalers Association, the Swedish Institute of Steel Construction, Swedish Mineral Processing Research Association, Swedish Cement and Concrete Research Institute, Swedish Leadership for Sustainable Development
Finland	Finnish Metal Producers, Suomen ElFi (Finnish Large Electricity Consumers), Finnish Constructional Steelwork Association, Confederations of Finnish Construction Industries, the Federation of Finnish Technology Industries, Finnish Coal Info

Materiality assessment

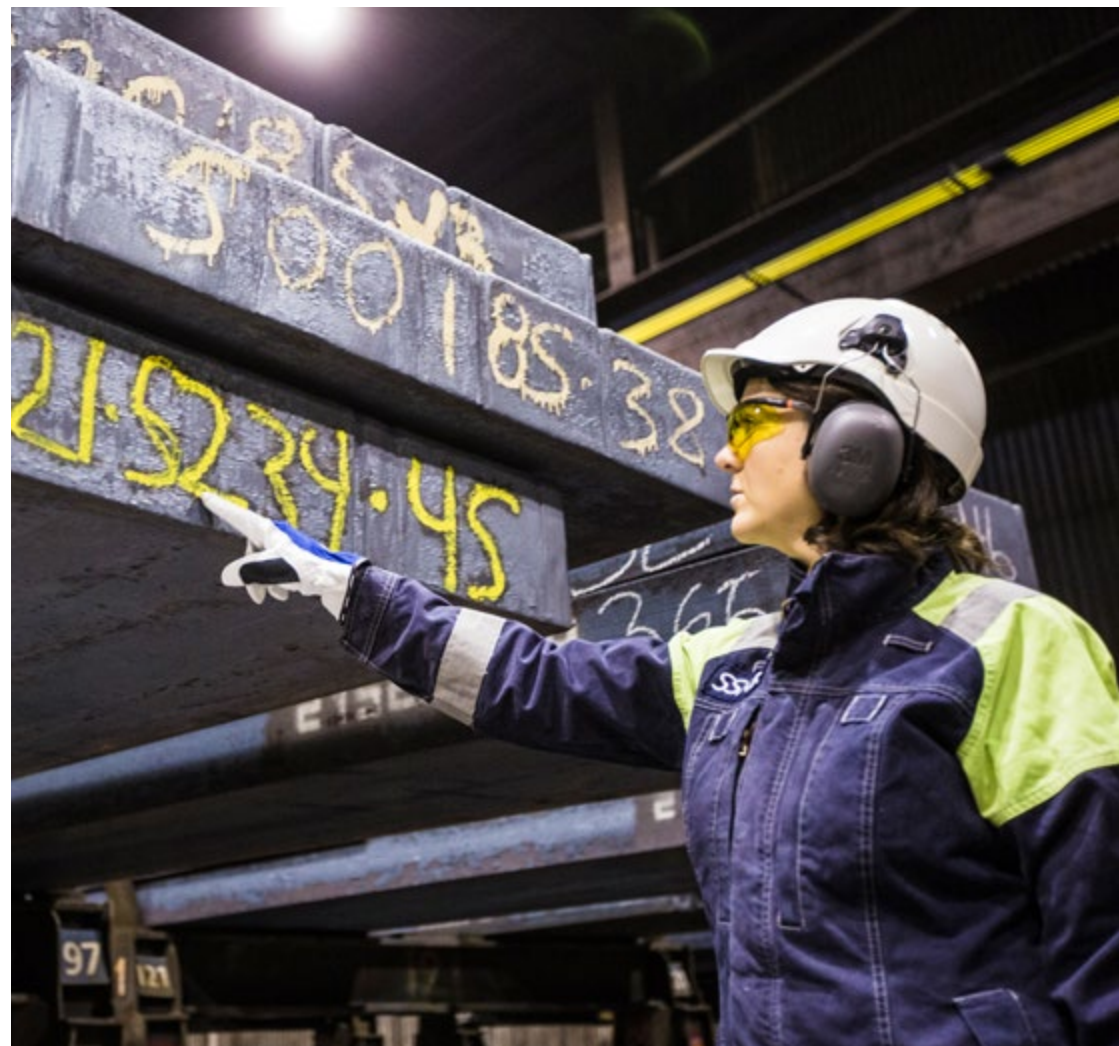
In 2014, SSAB conducted a materiality analysis to define our most relevant and material sustainability topics to define our sustainability strategy and targets, as well as the content of SSAB's GRI reporting. Material topics were identified and prioritized in a process that involved external and internal stakeholders. The GRI principles – stakeholder inclusiveness, sustainability context, materiality and completeness – were taken into consideration throughout the process.

As a first step, SSAB conducted a background analysis to identify trends and global drivers. This analysis, combined with internal workshops, served to identify all relevant topics throughout SSAB's value chain, both upstream and downstream. Against the background of the value chain, relevant sub-activities and related sustainability impacts from an environmental, economic and social perspective were identified.

As a second step, the topics identified in the background analysis were evaluated and ranked according to importance from the perspectives of both SSAB and external stakeholders. This was done through interviews with external stakeholders (customers, suppliers, investors, NGOs and industry associations) and an online survey with key external and internal stakeholders to further prioritize the topics. The

results of the dialog with internal and external stakeholders were evaluated in workshops with internal experts, and confirmed by SSAB's Group Executive Committee.

The material topics included in SSAB's 2019 reporting are based on this materiality analysis. The list of material topics, their boundaries, as well as management approaches are presented in the tables starting on the next page. For a full list of reported GRI indicators see also GRI index on page [102](#). A new materiality analysis is underway and its results will be implemented throughout 2020.



Material topics and Management Approach Disclosures (GRI 103-1)

Material topics for SSAB's sustainability and the management approaches for them are presented in the following tables or there is a reference to pages where the information can be found in SSAB's Annual Report 2019.

Sustainable offering

Potential of SSAB's products and solutions, including high-strength steels

Why the topic is material	Climate change underlines the need for SSAB to develop resource efficient, green solutions, which will also improve the competitive position of SSAB and its customers. SSAB's sustainable offering is what we offer our customers. The core of SSAB's business is to develop and produce Advanced High-Strength Steels (AHSS) and Quenched and Tempered Steels (Q&T) that are stronger than ordinary steels. This in turn helps our customers to produce lighter and stronger products, thus reducing their environmental footprint. This is SSAB's most important contribution to mitigating climate change.
How the topic is managed	<p>SSAB works with our customers to upgrade their products using high-strength steels. This means using less steel while reducing weight, improving fuel economy and extending product lifetime – all of which significantly contribute to reducing a product's environmental footprint.</p> <p>SSAB's vision – "A stronger, lighter and more sustainable world" – serves as the basis for how we manage this topic. Our vision means that together with our customers, we will go further than anyone else in realizing the full potential of lighter, stronger and more durable steel products.</p> <p>SSAB's "Taking the Lead" strategy continues to drive the strategic decisions and actions of the company. One of the main themes in the strategy is the "Global leadership in high-strength steels." Read more in BR p. 22-26.</p> <p>SSAB's sustainability strategy supports SSAB's "Taking the Lead" strategy with three focus areas – Sustainable Offering, Sustainable Operations and Responsible Partner. Read more in SR p. 48.</p> <p>By using SSAB's high-strength steels, which result in lower weight and improved fuel economy, customers can achieve significant CO₂ savings during their end products' use-phase. The objective for Sustainable Offering is that, by the end of 2020, these annual customer CO₂ savings will reach 10 million tonnes, which is slightly more than SSAB's own direct CO₂ emissions. To remain at the forefront in the industry, SSAB will continue to invest in research and development, technical customer support and joint innovation initiatives to get the most out of SSAB's high-strength and advanced high-strength steels, and premium steels.</p>
GRI material topics	No relevant topic in GRI
Reported GRI indicators	No relevant indicators in GRI. Environmental benefits from using SSAB's special steels are described in "Sustainable offering" section in SR p. 55-60. Sales and tonnes of delivered high-strength steels, BR p. 23
Goals and targets	<p>In 2019, SSAB updated our strategic growth targets for Special Steels volumes and Automotive AHSS volumes for 2022: BR p. 23.</p> <p>For Sustainable offering we have set a target for annual customer CO₂ savings. Read more in SR p. 49</p> <p>These targets will contribute to SSAB's vision of a stronger, lighter and more sustainable world.</p>
Responsibilities	<p>Sustainability governance, see SR p. X. In addition, responsibilities for developing SSAB's sustainable offering include:</p> <ul style="list-style-type: none"> • SSAB's Group Executive Committee is responsible for outlining the company's strategy, including "Global leadership in high-strength steels" and "Sustainable offering," setting targets and monitoring how they are implemented in the divisions, subsidiaries and support functions. • Executive Vice President and Head of Research and Innovation is responsible for managing SSAB-level R&D functions. Technology and product development are managed by the respective technology organizations of the divisions, supported by the sales and marketing functions.
Specific actions	BR p. 22-25, 30-35 (Strategy, SSAB Special Steels, SSAB Europe)
Main risks related to the topic	Main risks are described in the risks section in FS p. 140-149 .
Monitoring the effectiveness of our approach	The management approach is assessed continuously as part of our business operations, and processes are improved accordingly to ensure that the set targets are achieved.
Topic boundaries	SSAB Group, SSAB's customers



Sustainable operations

Environmental topics

Topics included in the management approach	Emissions from steel production	Energy efficiency	Material efficiency	Recycling
Why the topic is material	Coke and coal are used in blast furnaces to reduce iron ore in the production of crude iron/hot metal. With the current technology, it is impossible to produce steel without generating CO ₂ emissions. The process, has been continually developed and improved to become highly efficient, and the residual energy is recovered in the form of district heating and electricity production. Scrap-based steel production emits significantly less CO ₂ . Since there is not enough scrap available to meet the demand for steel, ore-based steel production using blast furnaces is still needed. Today, scrap-based steel production meets 25% of the global demand for steel.	Energy efficiency is aimed at reducing the amount of energy required to produce products and provide services. Steel companies can reduce costs by finding alternative energy sources that create less emissions, by using less purchased energy and by feeding surplus energy into the grid. From a lifecycle perspective, this also creates positive effects and saves natural resources, thereby reducing CO ₂ emissions.	Material efficiency means making more out of less material, resulting in increased efficiency in the use of natural resources. The production of iron and steel creates a range of residuals. Recirculating ferrous material back into the steelmaking process reduces the need for virgin raw materials. This, in turn, reduces CO ₂ emissions and saves costs. Materials that cannot be recirculated internally can be processed and sold externally to create new revenue streams while reducing CO ₂ emissions by substituting natural resources in other industries. For example, the use of blast furnace slag enables the cement industry to significantly reduce their CO ₂ emissions. Increasing internal recirculation of residuals and external sales of by-products will lead to reduced waste and less material being sent to landfill.	A critical element in reducing carbon emissions originating in the steel lifecycle is to optimize steel recycling. Steel is unique in its capacity to be infinitely recycled without loss of properties or performance. Steel is the most recycled material in the world today.
GRI material topics	GRI 305: Emissions	GRI 302: Energy	GRI 301: Materials, GRI 303: Water	GRI 306: Effluents and Waste
Reported GRI indicators	305-1: Direct (Scope 1) GHG emissions, 305-2: Energy indirect (Scope 2) GHG emissions, 305-3: Other indirect (Scope 3) GHG emissions, 305-4: GHG emissions intensity, 305-5: Reduction of GHG emissions, 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	302-1 Energy consumption within the organization, 302-3 Energy intensity, 302-4 Reduction of energy consumption	301-1 Materials used by weight or volume 301-2 Recycled input materials used 303-1 Water withdrawal by source	306-2: Waste by type and disposal method
Policies, management systems	Group's governing documents regarding environment establish the most important ambitions for SSAB's environmental work and cover those environmental topics, which play a key role in the sustainable development of SSAB's business. The governing documents regarding environment support the day-to-day work across the organization. SSAB's environmental governing document is available on ssab.com . SSAB's environmental management is based on the international environmental and energy management system standards, ISO 14001, and for some units, ISO 50001. In 2019, all of SSAB's manufacturing sites had third party certification for the ISO 14001 standard.			
	SSAB's operations are subject to environmental permits containing numerous environmental conditions governing various parameters regarding production levels, air emissions, discharge water effluent, and waste management. SSAB records all environmental damage and other environmental non-compliances and reports them to the appropriate authorities.			
Goals and targets	SSAB's sustainability strategy includes environmental targets related to CO ₂ emissions, energy and waste reduction. Read more in SR p. 49			
Responsibilities	SSAB's Executive Vice President and Head of Technical Development is responsible for environmental issues (including climate change). He also acts as the Chairman of the Board of HYBRIT Development AB, a joint venture aiming for fossil-free steel making. To support work related to environmental issues, SSAB has Environmental Councils, which include representatives from divisions, main production sites and from SSAB's subsidiaries, Ruukki Construction, Tibnor and Merox. Divisions, subsidiaries and sites are responsible for putting environmental protection into practice. Each production site has an environmental team or manager responsible for monitoring compliance with legislation and handling permits. Internal and external audits at sites ensure that everyday practices comply with set targets.			
Specific actions	SR p. 62	SR p. 69	SR p. 67	SR p. 67
Main risks related to the topic	Environmental risks are included in the enterprise risk management process. Emissions from normal operating conditions are controlled and subject to environmental permit limits. Regular risk assessments cover possible emissions in the event of disruption or accident. The results of this assessment serve as the basis for preventive measures and corrective actions at the relevant levels. The main environmental risks are reported in FS p. 140-149 .			
Monitoring the effectiveness of our approach	SSAB ensures continuous development by monitoring environmental performance against environmental targets and the environmental management system. SSAB conducts external audits regularly at all sites to verify continuous improvements according to the ISO standards.			
Topic boundaries	SSAB's production sites, SR p. 91 for more information on sites included in the environmental data			

**Responsible partner****Health & Safety**

Why the topic is material The provision of a safe and secure work environment for our employees, contractors and visitors who visit SSAB is our highest priority. Working safely is a fundamental prerequisite for being employed at SSAB.

GRI material topics GRI 403: Occupational health and safety

Reported GRI indicators 403-1 Workers representation in formal joint management–worker health and safety committees, 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work–related fatalities

Policies, management systems SSAB's Group governing documents on safety, SSAB's safety management system fulfils the requirements of international standard OHSAS 18001. Read more in [SR p. 79](#)

Commitments The ILO Declaration on Fundamental Principles and Rights at Work, UN Global Compact, UN Sustainable Development Goals, OECD Guidelines for Multilateral Enterprises all include provisions related to safety

Goals and targets SSAB strives to be the safest steel company in the world, with an objective to achieve zero accidents, work–related injuries or illnesses.

Responsibilities Every SSAB employee has a personal responsibility to work safely every day; it is a fundamental requirement for working at SSAB. To strengthen safety work, we have reviewed our safety governance structures during the year with the aim to clarify roles, responsibilities and accountability regarding health and safety issues. A new Group–level safety team, called the Health and Safety Council (H&SC), was established. The primary role of the H&SC is to coordinate, cooperate and propose policy and strategy initiatives, and changes to the Group Executive Committee (GEC). The H&SC is the decision–making body on safety issues relevant for SSAB.

Specific actions The long–term work to improve safety continued throughout 2019 with many activities. For more information on SSAB's safety work, [SR p. 80](#)

Main risks related to the topic Serious safety hazards and personnel accident(s) is one of the main internal risks identified for SSAB. Read more in the risks section in [FS p. 140–149](#).

Monitoring the effectiveness of our approach SSAB ensures continuous development by monitoring following up performance against our targets and the safety management system.

Topic boundaries SSAB Group, SSAB's contractors

Responsible partner**Anti-corruption/Business ethics**

Why the topic is material In today's globalized world, anti–corruption and business ethics have become increasingly important for companies. Failure to address corruption, bribery and other issues related to business ethics could have negative impacts on the company's reputation and brand and increase the risk for financial sanctions.

GRI material topics GRI 205: Anti–corruption

Reported GRI indicators 205–2 Communication and training about anti–corruption policies and procedures

Policies, management systems SSAB's governing document for anti–corruption and business ethics define SSAB's zero tolerance approach to bribery and corruption, and sets out guidance for our daily operations.

- Group wide Code of Conduct
- Instructions regarding anti–corruption providing information on how SSAB defines bribery and improper benefits, and how employees are expected to act in relation to suppliers, customers and other business partners
- Instructions for review of business partners describing the risk assessment process for reviewing business partners within risk areas for corruption
- Instructions regarding the Ethics Line defining complaint procedures and explaining how a report is investigated.

SSAB has a learning management system in place to ensure that employees are trained on our policies and critical business ethics aspects and has implemented a global whistleblower–reporting tool, the Ethics Line. Read more in [SR p. 93](#).

Commitments UN Global Compact, International Bill of Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises, the UN Guiding principles on business and human rights and the UN Sustainable Development Goals all include provisions related to business ethics.

Goals and targets SSAB adheres to the highest standards as a responsible partner by taking responsibility for business ethics.

Responsibilities SSAB has an Ethics and Compliance function, which includes strategic responsibility for business ethics, anti–corruption and human rights, as well as for implementing new legislation and international guidelines in this area. Read more in [SR p. 82](#)

Specific actions Essential components of the ethics and compliance program are risk assessments and employee training to prevent and detect corruption and mitigate legal and ethical risks. Read more in [SR p. 82–83](#)

Main risks related to the topic Risks related to anti–corruption and business ethics are described in the risks section in [FS p. 140–149](#).

Monitoring the effectiveness of our approach SSAB measures progress and effectiveness by assessing the following:

- Share of employees who have access to the Ethics Line,
- Share of new employees covered by onboarding process (including signing the Code of Conduct statement and e–learning in business ethics),
- Share of employees who have completed global e–learning in business ethics.

Topic boundaries SSAB Group, SSAB's suppliers and partners

**Responsible partner****High-performing organization**

Topics included in the management approach	Competence and leadership development	Diversity
Why the topic is material	It is critical for a company to attract, develop and retain people with the right competencies and capabilities. To do this, it is important to engage in performance dialogs between managers and employees, management reviews and succession planning, leadership training programs, employee development programs, and training in diversity and inclusion.	One of the most important challenges today is to engage, retain and attract employees with the right skill sets. The creation of a more diverse workforce with different competencies, experiences and backgrounds, and a workplace where everyone has equal opportunities, will lead to a stronger competence base, better company culture and help to achieve better results.
GRI material topics	GRI 404: Training and education	GRI 405: Diversity and equal opportunity,
Reported GRI indicators	404-2 Programs for upgrading employee skills and transition assistance programs, 404-3 Percentage of employees receiving regular performance and career development reviews	405-1 Diversity of governance bodies and employees
Policies, management systems	Employee competences and development needs are annually discussed in performance dialogs. Training records are maintained locally according to agreed practices. Regarding compulsory trainings such as Code of Conduct centrally managed training records are available.	SSAB is committed to a policy of non-discrimination. The processes are steered by instruction and directives related to diversity and equal opportunities. Diversity is taken into account in all human resources processes. We have zero tolerance for any kind of discrimination, whether it is based on ethnic origin, nationality, religion, political views, gender, sexual orientation, age or other factors.
Commitments	The ILO Declaration on Fundamental Principles and rights at Work	The ILO Declaration on Fundamental Principles and rights at Work
Goals and targets	Every employee should have a performance dialog with his or her manager at least once a year. The dialogs include discussion on competence development needs. For employees in production, the dialog can be implemented as a group discussion.	SSAB is aiming to increase the number of women in top management positions. Read more in SR p. 74
Responsibilities	The Human Resources function defines and guides the processes surrounding competence and leadership development, diversity and inclusion, compensation and benefits, and other human resource related topics. <ul style="list-style-type: none"> Executive Vice President and Head of People, Culture and Communication is responsible for Human Resources at SSAB; she is a member of the SSAB Group Executive Team and reports to the CEO. VP and Head of Group HR Compliance and Operations is responsible for processes related to talent attraction and development, including learning programs, talent reviews and successor plans. She is also responsible for processes related to diversity and inclusion. 	
Specific actions	Read about projects and actions taken to strengthen our high-performing organization in SR p. 73–75	
Main risks related to the topic	Main risks regarding employee related issues are described in the risks section in FS p. 140–149 .	
Monitoring the effectiveness of our approach	We assess the impact of our processes and tools on human resources related topics. We use regular assessment and reporting tools, including our employee engagement survey, performance dialogs, HR reporting to enhance the positive impacts and to avoid, mitigate and remediate any negative impacts on our material topics.	
Topic boundaries	SSAB Group	

Responsible partner**Responsible sourcing**

Why the topic is material	SSAB has an extensive supply chain of approximately 20,000 active suppliers in more than 60 different countries. At SSAB, sustainability is an integrated aspect of sourcing operations and supply chain management. Suppliers must comply both with SSAB's own standards and with international social and environmental guidelines in order to remain qualified suppliers for SSAB. We assess suppliers based on quality, delivery reliability, cost and sustainability.
GRI material topics	GRI 414: Supplier social assessment
Reported GRI indicators	414-1 New suppliers that were screened using social criteria
Policies, management systems	SSAB has a Supplier Sustainability Policy based on the UN Global Compact principles to which SSAB is a signatory. The Supplier Sustainability Policy applies to all suppliers providing products and/or services to any SSAB group company and includes requirements on labor and human rights, health and safety, anti-corruption and the environment. Read more in SR p. 84 .
Commitments	UN Global Compact
Goals and targets	SSAB has set KPIs and targets to ensure supplier compliance with SSAB's Supplier Sustainability Policy. Read more on in SR p. 85 .
Responsibilities	SSAB's Chief Procurement Officer is responsible for sourcing related issues. SSAB has a procurement council, whose mission is to enhance global procurement processes and projects, and to collaborate on sustainability and continue our strong focus on responsible sourcing.
Specific actions	Read about identification and evaluation of supplier risks, supplier audits, site visits and other actions taken in SR p. 85-87 .
Main risks related to the topic	Failure or disruption at key suppliers of input materials is one of the main internal risks identified for SSAB. Read more in the risks section in ES p. 140-149 .
Monitoring the effectiveness of our approach	SSAB assesses the impact of our processes and tools concerning responsible sourcing. We have a systematic method for supplier sustainability assessment. Based on the supplier sustainability risk assessment, we may request that our suppliers self-assess their sustainability performance and management. The self-assessment may lead to a supplier audit conducted by an independent third party and SSAB. With the process, we aim to enhance risk management and ensure compliance with our Supplier Sustainability Policy.
Topic boundaries	SSAB's suppliers

GRI index

This report has been prepared in accordance with the GRI Standards: Core option. Topic-specific Standards are reported with respect to the material topics for SSAB. This table specifies where you will find more information on the sustainability disclosures. The report also constitutes Communication on Progress (CoP) reporting to the UN's Global Compact.

BR = Business Review 2019
 SR = Sustainability Report 2019
 CGR = Corporate Governance Report 2019
 FR = Financial Reports 2019

Code	Description	Location in the report	Comments and omissions
GRI 102: General standard disclosures			
Organizational profile	102-1	Name of the organization	See comments
	102-2	Activities, brands, products, and services	BR 8, 11, 29–44
	102-3	Location of headquarters	See comments
	102-4	Location of operations	BR 12
	102-5	Ownership and legal form	See comments
	102-6	Markets served	BR 12, BR 21, FS 126
	102-7	Scale of the organization	BR 8, 12–13, FS 126, 128
	102-8	Information on employees and other workers	SR 73–77
	102-9	Supply chain	BR 16, SR 53–54, 84–87
	102-10	Significant changes to the organization and its supply chain	SR 91
	102-11	Precautionary Principle or approach	FR 140–149
	102-12	External initiatives	SR 51–52, 93, BR 27–28
	102-13	Membership of associations	SR 95
			SSAB AB is a public company. SSAB is listed on the NASDAQ Stockholm and NASDAQ Helsinki exchanges.
			SSAB does not hold information about external staff/contractors in its global reporting system.
Strategy	102-14	Statement from senior decision-maker	BR 5–6
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	BR 14–15, SR 82–83



Code	Description	Location in the report	Comments and omissions
Governance structure 102-18	Governance structure	CGR	
Stakeholder engagement	102-40	List of stakeholder groups	SR 94–95
	102-41	Collective bargaining agreements	SR 78
	102-42	Identifying and selecting stakeholders	SR 94–95
	102-43	Approach to stakeholder engagement	SR 94–95
	102-44	Key topics and concerns raised	SR 94–95
Reporting practice	102-45	Entities included in the consolidated financial statements	FR 186–190 The entities included in SSAB's Consolidated Financial Statements are listed in Note 8 to the Consolidated Financial Statements.
	102-46	Defining report content and topic boundaries	SR 96–101
	102-47	List of material topics	SR 97–101
	102-48	Restatements of information	See comments No restatements
	102-49	Changes in reporting	See comments
	102-50	Reporting period	See comments January 1, 2019 – December 31, 2019
	102-51	Date of most recent report	See comments March 18, 2019
	102-52	Reporting cycle	See comments Annual
	102-53	Contact point for questions regarding the report	See comments Liisa–Maija Seppänen, Investor Relations Manager: liisa–maja.seppanen@ssab.com
	102-54	Claims of reporting in accordance with the SR Standards	SR 91
	102-55	GRI content index	SR 102–105
102-56	External assurance	SR 91, 106	
GRI 103: Management approach	103-1	Explanation of the material topic and its boundary	SR 96–101
	103-2	The management approach and its components	SR 96–101
	103-3	Evaluation of the management approach	SR 96–101

Code	Description	Location in the report	Comments and omissions
ECONOMIC STANDARDS			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed SR 89	SSAB is currently unable to report on community investments (donations) at a group level. The aim is to add this information to the reporting in the coming years.
	201-2	Financial implications and other risks and opportunities due to climate change SR 65–66	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures SR 82–83	
ENVIRONMENTAL STANDARDS			
GRI 301: Materials	301-1	Materials used by weight or volume SR 67	
	301-2	Recycled input materials used SR 67–68	
GRI 302: Energy	302-1	Energy consumption within the organization SR 69–70	
	302-3	Energy intensity SR 69	
	302-4	Reduction of energy consumption SR 69	
GRI 303: Water	303-1	Water withdrawal by source SR 71	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions SR 62, 64	
	305-2	Energy indirect (Scope 2) GHG emissions SR 63–64	
	305-3	Other indirect (Scope 3) GHG emissions SR 63–64	
	305-4	GHG emissions intensity SR 64	
	305-5	Reduction of GHG emissions SR 62	
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions SR 66	
GRI 306: Effluents and waste	306-2	Waste by type and disposal method SR 68	At a group level information on disposal methods is not available. Reporting is being developed and the aim is to report it in the coming years.

Code	Description	Location in the report	Comments and omissions
SOCIAL STANDARDS			
GRI 401: Employment	401-1	New employee hires and employee turnover	SR 76
GRI 403: Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR 81 Data on occupational diseases, lost days and absence rate is not available for the whole group at the moment. The aim is to add this information to the reporting in the coming years.
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	SR 75
	404-3	Percentage of employees receiving regular performance and career development reviews	SR 75
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR 77
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	SR 85

Sustainability disclosures

All of the sustainability disclosure requirements in the Swedish Annual Accounts Act are covered by the GRI Disclosures and the table specifies where they are found in the SSAB's Annual Report 2019.

Sustainability disclosures

Business model	Environmental matters	Social and employee-related matters	Protection of human rights	Anti-corruption
BR 8,11,16, 22–26, 29–44	BR 27–28, SR 61–71, 79–81	SR 72–81, 84–87, 88–89	SR 78, 93	SR 82–83

Auditor's Combined Assurance Report on SSAB AB (publ)'s Sustainability Report and statement regarding the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish.

To SSAB AB (publ), corp id 556016-3429

Introduction

We have been engaged by the Board of SSAB AB (publ) to undertake a limited assurance engagement of SSAB AB (publ)'s Sustainability Report for the year 2019. The scope of the Sustainability Report has been defined on pages [102-105](#). The Statutory Sustainability Report is defined on page [105](#).

Responsibilities of the Board and Executive Management

The Board of Directors and Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 91 in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on our limited assurance procedures and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented in this document and does therefore not include future oriented information.

We have conducted our engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 are different from and substantially less in scope than reasonable assurance conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SSAB AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a limited review and an examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. The conclusion based on limited assurance procedures and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on reasonable assurance.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 3 March 2020

Ernst & Young AB

Rickard Andersson
Authorized Public
Accountant

Outi Alestalo
Expert member of FAR



CORPORATE GOVERNANCE REPORT

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Corporate Governance Report 2019

SSAB’s organization is characterized by a way of working in which responsibilities and powers are largely delegated to the respective divisions and subsidiaries. SSAB’s share is listed on NASDAQ Stockholm and has a secondary listing on NASDAQ Helsinki. SSAB is governed by, among others, the NASDAQ Stockholm Rule Book for Issuers and the Swedish Corporate Governance Code (Corporate Code). This corporate governance report complies with the Swedish Annual Accounts Act and the Corporate Code, and is not part of the Report of the Board of Directors.

Organization as at December 31, 2019

SSAB is structured across three divisions: SSAB Special Steels, SSAB Europe and SSAB Americas, as well as two larger wholly-owned subsidiaries: Tibnor and Ruukki Construction. The two latter are run as independent subsidiaries.

The diagram below shows SSAB’s corporate governance framework as at December 31, 2019, and how the central bodies operate.

Derogations from the Corporate Code

There are no derogations to report from the Corporate Code for 2019.

Shareholders

SSAB’s share capital consists of class A and class B shares, with class A shares carrying one (1) vote and class B shares one-tenth (1/10) of a vote. Both classes of shares carry the same rights to a share in the company’s assets and profits.

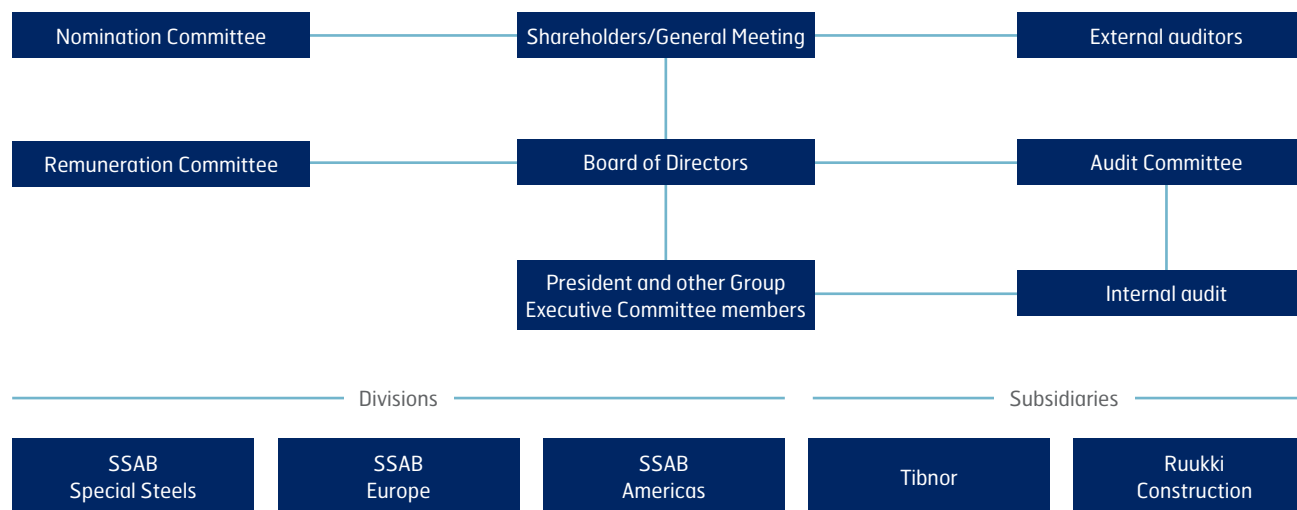
Important external and internal rules and policies which affect corporate governance:

Significant internal rules and policies

- Articles of Association
- The Board’s rules of procedure, incl. instructions to the CEO and instructions to Board committees
- Code of Conduct

Significant external rules

- Swedish Companies Act
- Swedish Book-keeping Act
- Swedish Annual Accounts Act
- Rules of NASDAQ Stockholm and NASDAQ Helsinki, www.nasdaqomxnordic.com
- Swedish Corporate Governance Code, www.corporategovernanceboard.se



As at December 31, 2019, there were a total of 117,058 shareholders. Industrivärden was the largest shareholder in terms of voting rights, followed by Solidium Oy, LKAB, Lannebo Funds, Vanguard, Norges Bank, Swedbank Robur and Invesco. The ten largest identified owners together owned approximately 36.9% of the votes and 31.7% of the capital at the end of December 2019. Owners outside Sweden and Finland accounted for 32.7% of votes and 25.0% of the capital. See Shares and shareholders for more information about the ownership structure.

General meeting

The general meeting of shareholders is the company's highest decision-making body and is where owners exercise their shareholder power. At the Annual General Meeting (ordinary general meeting), the shareholders resolve, among other things, the following:

- Adoption of the annual report and consolidated financial statements
- Allocation of the company's profit/loss
- Discharge from liability for the Board of Directors and the CEO
- Election of the Board of Directors, its chairman and the auditors
- Method of appointment of the Nomination Committee
- Remuneration of the Board of Directors and the auditors
- Guidelines for the remuneration to the CEO and other senior executives

2019 Annual General Meeting

The 2019 Annual General Meeting adopted the annual report and consolidated financial statements for 2018 released by the Board of Directors and the CEO, decided on the allocation of the company's profit and granted the directors and CEO discharge from liability. In addition, the Chairman of the Nomination Committee presented the Committee's work during the year and the rationale behind the proposals presented. The general meeting decided on the remuneration to the Board and the auditors in accordance with the Nomination Committee's proposals. It was further resolved that the Board will comprise eight directors and accordingly Petra Einarsson, Marika Fredriksson, Bengt Kjell (who was elected Chairman of the Board), Pasi Laine, Matti Lievonon, Martin Lindqvist (President and CEO), were re-elected as Board members. Bo Annvik and Marie Grönberg were elected new Board members. Annika Lundius and Lars Westerberg had declined re-election to the Board. The general meeting decided that the number of auditors would comprise a registered firm of accountants and, accordingly, Ernst & Young AB was elected as new auditor for a term of office up to and including the 2020 Annual General

Owners as of December 31, 2019

	% of votes	% of capital
Industrivärden	11.8	4.3
Solidium	9.8	12.6
LKAB ¹⁾	3.6	2.3
Lannebo Funds	2.8	1.0
Vanguard	2.3	2.3
Norges Bank	1.8	2.2
Swedbank Robur	1.8	3.5
Invesco	1.1	1.3
Folksam	1.1	1.1
BlackRock	0.9	1.0
Other shareholders	63.1	68.3
Total	100.0	100.0
Whereof foreign-registered shareholders ²⁾	32.7	25.0

¹⁾ On December 23, 2019, LKAB informed that they increased their shareholding to 5.1% of the voting and share capital in SSAB, but the increase was not registered in Euroclear at year-end 2019

²⁾ Includes shareholders outside Sweden and Finland

Source: Monitor by Modular Finance. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority

Meeting. The general meeting resolved on a dividend of SEK 1.50 per share for the financial year 2018. Finally, the General Meeting resolved to authorize the Board of Directors to, at one or several occasions up to the next Annual General Meeting, resolve on new issues of shares of series B, with or without the disapplication of the shareholders' preferential rights to subscribe for shares. The total number of shares that may be issued by exercise of the authorization shall be within the limits of the Articles of Association and not exceed ten (10) percent of the total number of shares in the company.

A quorate Board and the principal auditor were present at the Annual General Meeting. The minutes of the Annual General Meeting may be viewed at www.ssab.com.

Nomination committee

Duties of the Nomination Committee

The duties of the Nomination Committee include proposing to the Annual General Meeting a chairman of the Board of Directors, directors, auditors, a Chairman of the Annual General Meeting, Board fees and auditor fees.

Procedure for the appointment of the Nomination Committee

The 2012 Annual General Meeting adopted a procedure regarding the appointment of the Nomination Committee. The procedure applies until amended through a resolution adopted at a future Annual General Meeting. The procedure was adopted with some minor adjustments by the Annual General Meeting held on April 10, 2018. According to the procedure, the Chairman of the Board is tasked with requesting that no fewer than three and no more than five of the largest shareholders in terms of votes each appoint a member to constitute the Nomination Committee together with the Chairman of the Board.

There may be no more than six members in total. The Chairman of the Nomination Committee is the representative of the largest shareholder. The composition of the Nomination Committee was announced on www.ssab.com on August 14, 2019.

Shareholders were able to submit proposals to the Nomination Committee by, for example, email, until December 31, 2019. The Nomination Committee's proposals will be published no later than in conjunction with the notice of the Annual General Meeting.

In connection with the issuance of the notice of the Annual General Meeting, the Nomination Committee will publish a reasoned statement regarding its proposal for a Board on www.ssab.com.

Work of the Nomination Committee ahead of the 2020 Annual General Meeting

The Nomination Committee has convened four times in 2019 since it was appointed in August 2019. One more meeting is planned before the Annual General Meeting.

The Chairman of the Board of Directors has described to the Nomination Committee the process applied in the company in conjunction with the annual evaluation of the Board and of the CEO, as well as the results of the evaluation.

Nomination committee ahead of the 2020 Annual General Meeting

Appointed by, name	Share (%) of votes at 31 december 2019
Lars Pettersson, Industrivärden (Chairman of the Nomination Committee)	11.8
Petter Söderström, Solidium Oy	9.8
Peter Hansson, LKAB	3.6
Åsa Nisell, Swedbank Robur	1.8
Bengt Kjell (Chairman of the Board of Directors)	-

Further, the outcome of the evaluation of the Chairman of the Board has been reported to the Nomination Committee. The annual evaluation of the Board was conducted in conjunction with a Board meeting held during the fall. Prior to the evaluation, the directors individually completed a relatively extensive questionnaire. Thereafter, the replies and comments of the directors were compiled and formed the basis for the actual evaluation discussion. The Nomination Committee has discussed the composition of the Board and agreed on the main requirements to be imposed on the directors, including the requirement for independent directors.

In its assessment of the Board's evaluation, the Nomination Committee particularly took into account the need for Board diversity and breadth, and the requirements to strive for gender balance on the Board.

The Nomination Committee engages in continuous work in identifying and evaluating potential new directors. In submitting proposals for fees to the Board of Directors and its committees, the Nomination Committee, among other things, conducted an overview of Board fees in similar companies. Prior to the election of an auditor at the Annual General Meeting 2020, the Audit Committee has conducted an evaluation of the audit performance presented to the Nomination Committee on its December meeting. At the same meeting, the committee's recommendation regarding both election of auditors and fees was presented. The Nomination Committee followed the Audit Committee's recommendation when presenting its proposals to the 2020 Annual General Meeting.

Board of directors

Responsibilities of the Board

The overall task of the Board of Directors is to manage the company's affairs in the best interests of both the company and its shareholders. The Board must regularly assess the group's financial position and evaluate the operative management. The Board decides, among other things, on matters concerning the group's strategic focus and organization, and decides on important capital expenditure (exceeding SEK 100 million).

Each year, the Board must prepare proposals for guidelines regarding the determination of salary and other remuneration to the CEO and other members of the company's senior management for decision at the Annual General Meeting.

Rules of procedure of the Board

Each year, the Board adopts the rules of procedure, including instructions to the CEO, which, among other things, govern the allocation of work between the Board and the CEO.

The rules of procedure further regulate the frequency of Board meetings and the allocation of work among the Board's committees. The rules of procedure state that there must be a Remuneration Committee and an Audit Committee. Ahead of each Board meeting, the directors receive a written agenda and full documentation to serve as the basis for decisions. Each Board meeting conducts a review of the group's accident statistics, the current state of the business, the group's results, financial position and prospects. Other issues addressed include competition and the market situation. The Board also regularly monitors health and safety work.

Chairman of the Board

The chairman of the Board of Directors presides over the Board's work, represents the company on ownership issues and is responsible for the evaluation of the work of the Board. In addition, the Chairman of the Board of Directors is responsible for regular contact with the CEO and for ensuring that the Board of Directors performs its duties.

Composition of the Board

Under the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of ten members elected by the general meeting. The Board is quorate when more than half of the total number of directors is present. Taking into consideration the company's operations, phase of development and circumstances in general, the Board must have an appropriate composition which is characterized by diversity and breadth as regards the competence, experience and background of its members. New directors undergo an introduction course to rapidly acquire the knowledge expected in order to best promote the interests of the company and its shareholders.

The Board of Directors' diversity policy

SSAB works actively to further diversity within the company. As a part of this work, the company, through the Nomination Committee, applies rule 4.1 in the Swedish Corporate Governance Code (the Corporate Code) as its diversity policy. In accordance with rule 4.1 in the Corporate Code, the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is also to strive for gender balance on the Board.

The Nomination Committee shall consider the diversity policy when preparing its proposals for the election of a Board member. Also, the Board of Directors continuously discusses the question regarding diversity within the organization. The objective of the diversity policy is to cater the importance of sufficient diversity within the Board in order to encourage independent opinions and a critical approach which will contribute to efficient Board work in the company.

During the financial year 2019, the Board of Directors' diversity policy has mainly been implemented and applied in connection with the Nomination Committee's work ahead of the 2019 Annual General Meeting and the 2020 Annual General Meeting. This has resulted in a diversified and appropriate Board composition with Board members that possess the qualifications and experience required for SSAB's operations.

Work of the Board in 2019

In 2019, the Board of Directors held nine meetings at which minutes were taken and at which the Board was quorate at all times. SSAB's General Counsel, who is not a director, served as secretary to the Board.

Safety work has top priority across the group and at every meeting the Board keeps close track of lost time injury frequency and the corrective actions implemented by the company. The Board also follows the company's sustainability performances with regular follow-ups of achievements of the targets set out. The first half of 2019 was characterized by a continued strong global demand for steel products, despite a slowdown in the automotive segment. The margins were negatively affected already in the end of the first half of 2019, due to a sharp rise in price on iron ore. Steel volumes and prices were squeezed during the second half of 2019 due to deterioration in the economic climate. Beside the work with monitoring the company's strategic considerations, the Board has during the year put considerable time and efforts to monitor the measures taken by the company to adapt the operational activities to the current economic climate.

The Board monitors the company's cost levels and engages in the company's key operating challenges such as methods and ways of working for continuous improvement in productivity to ensure the company's growth and profitability. In addition to this, the Board has also addressed matters concerning digitalization, IT security, R&D, control functions, corporate governance, etc.

Board of Directors – appointed by the annual general meeting

**BENGT KJELL** (1954)

Chairman since 2015
MBA, Stockholm School of Economics
Nationality: Swedish

Elected to the board

2015

Shareholding¹⁾

40,000 B shares

**BO ANNVIK** (1965)

MSc (Eng.) Business Administration.
Nationality: Swedish

2019

0

**PETRA EINARSSON** (1967)

BSc (Business Administration and Economics)
Nationality: Swedish

2014

10,000 B shares

**MARIKA FREDRIKSSON** (1963)

MBA
Nationality: Swedish

2016

1,000 A shares

**MARIE GRÖNBORG** (1970)

MSc (Eng.) Chemical Engineering
Nationality: Swedish

2019

0

**PASI LAINE** (1963)

MSc (Eng.)
Nationality: Finnish

2017

712 A shares, 4,931 B shares

Current appointments

Board Chairman: Hemfosa Fastigheter AB

Vice Chairman of the Board: Indutrade AB and Pandox AB

Director: AB Industrivärden and Amasten Fastighets AB

President and CEO: Indutrade AB

Director: Confederation of Swedish Enterprise

CFO & Group Executive Vice President: Vestas Wind Systems A/S (since 2013)
Director: Sandvik AB

President and CEO: Purac AB

President and CEO of Valmet Oyj (since 2013)

Director: Ilmarinen Mutual Pension Insurance Company

Previous appointments

Acting President: AB Industrivärden

CEO: AB Handel och Industri

Vice President: AB Industrivärden

Senior partner: Navet AB

Board Chairman: Kungsleden AB, Skånska Byggvaror Holding AB and Nyfosa AB

Director: Höganäs AB, Skanska AB, Munters AB and ICA Gruppen AB

President and CEO: Haldex AB

Senior positions: Volvo Cars, SKF and Outokumpu

CEO: BillerudKorsnäs AB

Business Area Manager: Sandvik Materials Technology

Product Area Manager Tube: Sandvik Materials Technology

Product Area Manager Strip: Sandvik Materials Technology

CFO: Sandvik Materials Technology

Director: Swedish Association of Industrial Employers

Member of the Council: Swedish Steel Producers' Association

Director: ÅF AB

CFO: Gambro AB, Autoliv Inc. (Stockholm, Sweden), Volvo Construction Equipment (Brussels, Belgium) and Volvo Construction Equipment International AB

EVP: Perstorp Group, Business Area Specialties & Solutions

Senior positions: Perstorp Group och Formox AB

Director: HKScan Oyj and Tamfelt Oyj

Several senior positions: Metso group, including President of Pulp, Paper and Power Technology, President of Metso Automation

¹⁾ Shareholdings include shares owned by closely-related persons

Board of Directors – appointed by the annual general meeting



MATTI LIEVONEN (1958)

BSc (Engineering), eMBA Honorary
Finnish title of Vuorineuvos DSc (Tech.) h.c.
Nationality: Finnish

Elected to the board

2014

Shareholding¹⁾

4,315 A shares, 25,018 B shares

Current appointments

CEO: Oiltanking GmbH
Board Chairman: Fortum Abp
Board member: Solvay SA and
Wintershall Dea GmbH



MARTIN LINDQVIST (1962)

President and CEO
BSc (Economics)
Nationality: Swedish

2011

President and CEO: SSAB AB
(employed at SSAB since 1998)
Chairman: Swedish Steel
Producers Association
Director: Svenska Cellulosa
Aktiebolaget SCA, Swedish
Association of Industrial
Employers AB and Confederation
of Swedish Enterprise

Previous appointments

President and CEO: Neste Corporation
Chairman of the Supervisory Board:
Ilmarinen Mutual Pension Insurance
Company
Board Chairman: Nynas AB
Deputy Chairman of the Board:
Confederation of European Paper Industries
Director: Confederation of Finnish
Industries, Rautaruukki Corporation, Finnish
Oil and Gas Federation, EUROPIA and
Chemical Industry Federation of Finland

Director: Intratrade Aktiebolag
Head of business area: SSAB
EMEA
CFO: SSAB AB
Chief controller: NCC

¹⁾ Shareholdings include
shares owned by
closely-related persons

Board of Directors – appointed by the employees



STURE BERGVALL (1956)

Elected to the Board

2005

Current appointments

Electrician, SSAB Europe



MIKAEL HENRIKSSON (1961)

Elected to the Board

2017

Furnace operator, SSAB Special
Steels



TOMAS WESTMAN (1955)

Elected to the Board

2015

RM-coordinator, SSAB Europe

Alternates



TOMAS JANSSON (1966)

Elected to the Board

2014

Current appointments

Sales Coordinator, SSAB Europe



TOMAS KARLSSON (1962)

Elected to the Board

2015

Maintenance mechanic, SSAB
Europe



PATRICK SJÖHOLM (1965)

Elected to the Board

2011

Automation engineer, SSAB Special
Steels

Jonas Bergstrand, EVP, Legal & Strategy, serves as secretary to the Board of Directors.

Auditors

SSAB must have one or two external auditors, or one or two registered public accounting firms, under its Articles of Association. On the Annual General Meeting 2019 the registered accounting firm Ernst & Young AB was elected new auditor for the company until the Annual General Meeting in 2020. The authorized public accountant Rickard Andersson was appointed principal auditor.

The external audit of the financial statements of the parent company and those of the group, as well as management by the Board of Directors and the CEO, is conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. The Company's principal auditor attends all meetings of the Audit Committee. The auditor attends at least one Board meeting a year, goes through the audit for the year and discusses the audit with the directors without the CEO and other members of the Company's management being present.

See [Note 2](#) in Financial reports for information regarding the auditor's fees.

Audit committee

Duties

The Audit Committee elects a Chairman from among its members. Members of the Audit Committee are elected from Board members who are not employees of the company. At least one of the members must be competent in accounting or auditing matters.

The duties of the Audit Committee are stated in the Board's rules of procedure. The Chairman of the Audit Committee is responsible for ensuring that the entire Board is kept regularly informed about the Committee's work and, where necessary, must submit matters to the Board for decision. The main task of the Audit Committee is to support the Board in its work to ensure the quality of financial reporting.

Member of the board	Elected to the board	Attendance statistics 2019			Independent of	
		Board meetings	Remuneration Committee	Audit Committee	The company and its management	The company's largest shareholders
Elected by the AGM¹⁾						
Bengt Kjell, Chairman since 2015	2015	9	4	7	Yes	No, Board member of Industrivärden
Bo Annvik ²⁾	2019	7	-	3	Yes	Yes
Petra Einarsson	2014	9	4	-	Yes	Yes
Marika Fredriksson	2016	9	-	7	Yes	Yes
Marie Grönborg ²⁾	2019	6	-	3	Yes	Yes
Pasi Laine	2017	9	-	-	Yes	Yes
Matti Lievonen	2014	7	4	-	Yes	Yes
Martin Lindqvist, President and CEO	2011	9	-	-	No, CEO at the company	Yes
Employee representatives						
Sture Bergvall	2005	9	-	-	-	-
Mikael Henriksson	2017	9	-	-	-	-
Tomas Westman	2015	9	-	-	-	-
Alternate members						
Tomas Jansson	2014	8	-	-	-	-
Tomas Karlsson	2015	9	-	-	-	-
Patrick Sjöholm	2011	9	-	-	-	-

¹⁾ Information about fees, see [Note 2](#) in Financial reports

²⁾ Elected new board member on the Annual General Meeting on the 8th of April 2019

The Audit Committee oversees the company's internal control and risk management regarding financial reporting. The Audit Committee also assists the company's Nomination Committee with preparing proposals for a general meeting resolution on the election of auditors.

The Committee regularly meets the company's auditors, evaluates the audit work and establishes guidelines as to which additional services the company may source from its external auditors. Such additional services, up to a maximum of SEK 100,000 per assignment, must be approved in advance by the company's Chief Financial Officer. Assignments exceeding SEK 100,000 must be approved in advance by the chairman of the Audit Committee. All additional services must be reported to the Audit Committee each quarter.

The company has an established risk management process based on the company's processes and flows. In this process, the Audit Committee reviews and takes into account the risk areas that have been identified (both commercial risks and risks of errors in financial reporting). Based on the outcome of the internal and external risk assessment, the Committee regularly analyzes the focus and scope of the audit with the company's external and internal auditors.

Each year, the Audit Committee adopts an internal audit plan which, among other things, is based on the risks that have arisen in the risk management process described above. The audit plan is discussed with the external auditors in order to enhance the efficiency and quality of regular audit work. The head of Internal Audit presents conducted audits and any "whistleblowers" that have been reported to the Audit Committee. The Audit Committee also analyzes and elucidates significant accounting issues affecting the group and assists the Nomination Committee in submitting proposals as regards the auditors and their fees.

Work in 2019

A new external auditor was elected on the Annual General Meeting in April 2019. The Audit Committee has discussed the new auditor's proposals regarding risk analysis and audit plan, which formed the basis of the statutory audit. The Audit Committee has closely discussed the new auditor's proposals regarding changes in working practices and processes. IT-security, the company's financing and tax position, including the ongoing tax audit in Sweden, are other matters in which the Committee has had strong focus during the year.

The Audit Committee's members were since the Annual General Meeting Marika Fredriksson (Chairman), Bo Annvik, Marie Grönborg and Bengt Kjell. In 2019, the Audit Committee held seven meetings at which minutes were taken.

Remuneration committee

Duties

In addition to the Chairman of the Board of Directors, the Remuneration Committee comprises one or more directors, who must normally be independent both of the company and of the company's top management, elected by the general meeting. Members of the Remuneration Committee must possess the required knowledge and experience of remuneration matters relating to senior executives. The CEO attends the Committee meetings to report on matters. The Remuneration Committee's duties are stated in the Board's rules of procedure. The Remuneration Committee submits proposals to the Board of Directors regarding the CEO's salary and other employment terms and conditions, sets salaries and employment terms for other members of the Group Executive Committee, and sets limits regarding the salary and employment terms and conditions for other senior executives. The Remuneration Committee's duties otherwise include preparing resolutions for adoption by the Board on issues concerning remuneration principles, preparing the Board's proposal for guidelines to determine the salary and other remuneration of the CEO and other members of the company's senior management, as well as monitoring and evaluating the application thereof. The Remuneration Committee also monitors and evaluates programs regarding variable remuneration of the company's senior management.

Work in 2019

During 2019, the Remuneration Committee held three meetings at which minutes were taken. The Remuneration Committee comprised Bengt Kjell (Chairman), Petra Einarsson and Matti Lievonen. The CEO is co-opted to the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

Group Executive Committee



MARTIN LINDQVIST (1962)

President and CEO
Nationality: Swedish

Member of the group executive committee

2001



OLAVI HUHTALA (1962)

Executive Vice President and Head of SSAB Europe
Nationality: Finnish

2014



CHARLES SCHMITT (1959)

Executive Vice President and Head of SSAB Americas
Nationality: American

2011



JOHNNY SJÖSTRÖM (1974)

Executive Vice President and Head of SSAB Special Steels
Nationality: Swedish

2019



JONAS BERGSTRAND (1965)

Executive Vice President, Legal, M&A and Procurement
Nationality: Swedish

2006



HÅKAN FOLIN (1976)

Executive Vice President and CFO
Nationality: Swedish

2013

Shareholding¹⁾

11,709 A shares
21,023 B shares

17,578 A shares
72,873 B shares

3,000 B shares

0

24,125 B shares

15,000 B shares

Education

BSc (Economics), Uppsala University

BSc (Engineering)

BSc (Business Administration/ Finance). The University of Texas at Arlington, two-year steel fellowship at the American Iron and Steel Institute

Master's degree in Physics, PhD in Materials Technologies, Karlstad University, Associate Professor, Luleå Technical University and EMBA Stockholm School of Economics

LLM, Uppsala University

MSc, KTH Royal Institute of Technology, Stockholm

Background

Employed at SSAB since 1998.

Employed at Rautaruukki/SSAB since 1987.

Employed at IPSCO/SSAB since 1990.

Employed at SSAB between 2012–2014 and since 2019.

Employed at SSAB since 2006.

Employed at SSAB since 2006.

Previously:
Head of business area: SSAB EMEA
Head of business area: SSAB Strip Products
CFO: SSAB AB,
CFO: SSAB Strip
Chief Controller: NCC

Previously:
EVP: Ruukki Metals, President: Ruukki Fabrication Executive roles in Sales and Production: Rautaruukki Metform

Previously:
Several positions: US Steel Corporation and VP of the Southern Business Unit: SSAB Americas

Previously:
President Uddeholms AB, President Scana Leshan (China), VP Technology and responsible for market development SSAB APAC, VP Product manager Outokumpu, Technology and Quality manager Outokumpu

Previously:
Corporate counsel: ABB, OM Gruppen and Ericsson Radio Systems

Previously:
CFO: SSAB APAC
CFO: Tibnor
Head of Business Development: SSAB

¹⁾ Shareholdings include shares held by closely-related persons

Group Executive Committee



MARIA LÅNGBERG (1970)

Executive Vice President and Head of People, Culture and Communication
Nationality: Swedish



MARTIN PEI (1963)

Executive Vice President and CTO
Nationality: Swedish



CHRISTINA FRIBORG (1969)

Executive Vice President and Head of Sustainability, Ethics & Compliance and Health & Safety
Nationality: Swedish



EVA PETURSSON (1968)

Executive Vice President and Head of Research and Innovation
Nationality: Swedish



VIKTOR STRÖMBERG (1973)

Executive Vice President and Head of Strategy, IT and Digitalization
Nationality: Swedish

Member of the group executive committee

2016

2007

2018

2018

2018

Shareholding¹⁾

7,000 B shares

300 A shares
700 B shares

4,500 B shares

165 A shares
500 B shares

4,000 B shares

Education

BSc (Business Administration), Uppsala University
MBA, Stockholm School of Economics

PhD, KTH Royal Institute of Technology, Stockholm

LLM, Uppsala University

Civil engineer and PhD in Steel Structures, Luleå University of technology

MBA, INSEAD, France and MSc in Industrial Engineering & Management, Linköping University

Background

Employed at SSAB since 2013.

Employed at SSAB since 2001.

Employed at SSAB since 2018.

Employed at SSAB since 2005.

Employed at SSAB since 2011.

Previously:

President Merox and VP Group Sustainability, SSAB, EVP & Head of Group Communications, SSAB, Senior Consultant, JKL, SVP Group Communications, Gambro

Previously:

EVP, Head of business area: SSAB APAC, EVP, Technical Director: SSAB, Manager R&D: SSAB Plate Division and General Manager Slab Production: SSAB Plate Division

Previously:

Head of Sustainable Business at Sandvik, founder and partner at Ethos International and various positions at Sida, UNHCR and OSCE.

Previously:

Design specialist and research leader at SSAB Knowledge Service Center, Head of Strategic R&D at SSAB. Assistant professor in Steel Structures at Luleå University of Technology.

Previously:

VP and Head of Strategy at SSAB AB. Associate Partner at McKinsey & Company, product manager at SAP and consultant at IBM.

¹⁾ Shareholdings include shares held by closely-related persons

Group Executive Committee

Group Executive Committee's work and responsibilities

The Group Executive Committee is responsible for formulating and implementing the group's overall strategies and addresses matters such as acquisitions and divestments. These matters, as well as major capital expenditures (in excess of SEK 100 million), are prepared by the Group Executive Committee for decision by the Board of Directors of the parent company.

The CEO is responsible for the day-to-day management of the company in accordance with the Board of Directors' instructions and guidelines. As at December 31, 2019, the Group Executive Committee comprised, in addition to the CEO, the heads of SSAB Europe, SSAB Americas and SSAB Special Steels, the Chief Financial Officer, the Head of Legal, M&A and Procurement, the Chief Technical Officer, the Head of People, Culture and Communication, the Head of Research and Innovation, the Head of Strategy and Digitalization and the Head of Sustainability.

The Group Executive Committee holds monthly meetings to monitor the results and financial position of the group and the divisions. Other matters addressed at Group Executive Committee meetings include strategy issues and follow-up on budget and forecasts.

The head of each division is responsible for the relevant income statement and balance sheet. Overall operational control of the divisions takes place through quarterly performance reviews. In most cases, the CEO of the parent company is the Chairman of the Board of Directors of each of the directly owned major subsidiaries such as Tibnor and Ruukki Construction, and these boards also include other members of the Group Executive Committee as well as employee representatives. Parallel with the quarterly performance reviews, the boards of the subsidiaries monitor the ongoing operations and adopt their respective strategies and budgets.

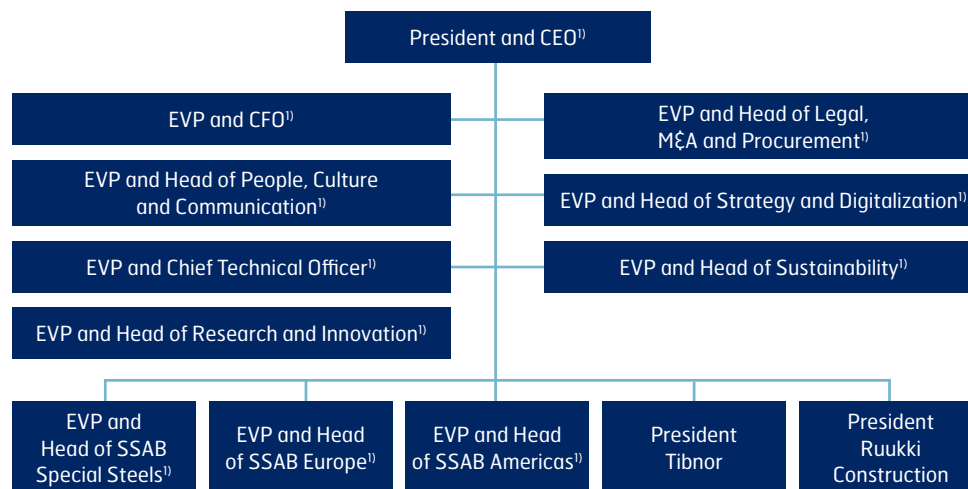
Remuneration guidelines

Guidelines for remuneration to the CEO and other senior executives were decided on the 2019 Annual General Meeting. For information of the content of the decided guidelines, see [Note 2](#) in Financial reports.

Incentive program for senior executives

In 2011, a long-term incentive program was introduced for the entire Group. At the time the program covered a maximum of 100 (now 150) key employees, including the CEO and other senior executives. The program runs for rolling three-year periods, is cash based, and linked to the total return on SSAB's share compared to a benchmark

Group operational management structure



¹⁾ Member of Group Executive Committee

group of the company's competitors and SSAB's financial targets. The program was introduced to promote the company's ability to recruit and retain key employees. Reference is made to [Note 2](#) in Financial reports for more information about current remuneration. The company has no share-related incentive programs.

Internal control

The overall objective of internal control is to ensure, to a reasonable degree, that the company's operational strategies and targets are monitored and that the owners' investments are protected. Internal control ensures, with reasonable certainty, that the internal and external reporting is reliable. It also ensures that the operation is carried out in accordance with applicable laws, regulations and the requirements imposed on listed companies. Internal control is the term collectively referring to the organization and its systems, processes and procedures contributing to the maintenance of control in these areas.

Risk management

The group is tasked with seeking to ensure that risks do not materialize and, through various measures, with mitigating the fallout of any loss that occurs. Risk mapping of the group's internal and external risks is carried out as an integrated part of the annual strategy process. The result of this work is reported to the Audit Committee and to the Board of Directors. The group's Risk Management oversees and follows up both work on actively preventing the occurrence of loss at all and work on minimizing the impact of such loss should it occur. Each division and subsidiary is responsible for working proactively to prevent loss and each division has appointed risk managers participating in this work. For information on the group's work and management of sustainability and sustainability risks, see the [Sustainability report](#).

The Board's description of internal control and risk management regarding financial reporting

Under the Swedish Companies Act and the Swedish Corporate Governance Code, SSAB's Board of Directors is responsible for internal control. The description of internal control and risk management regarding financial reporting has been prepared in accordance with the Annual Accounts Act.

Framework for internal control as regards financial reporting

SSAB's internal control is based on COSO, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The framework is based on five components: control environment, risk assessment, control activities, information and communication and monitoring.

Control environment

The control environment is characterized by the organizational structure, management's way of working and values, as well as other roles and responsibilities within the organization. The Audit Committee assists the Board of Directors with important accounting matters that the group applies and monitors internal control with respect to financial reporting. To maintain an efficient control environment and sound internal control, the Board has delegated practical responsibility to the CEO, who in turn has delegated responsibility to other members of the Group Executive Committee and to the CEOs of the subsidiaries.

The control environment for the financial reporting is ensured through different governing documents, such as directives and instructions. These include among others a group accounting directive. Other significant governing documents are the directives regarding financial risks and investments and authorization rules and the Code of Conduct. The governing documents are updated on a regular basis upon changes in legislation and in standards.

Work on communicating the group's Code of Conduct continued during 2019 and by the turn of 2019/2020, over 91% of the employees had completed the group's internal training module on business ethics.

Risk assessment

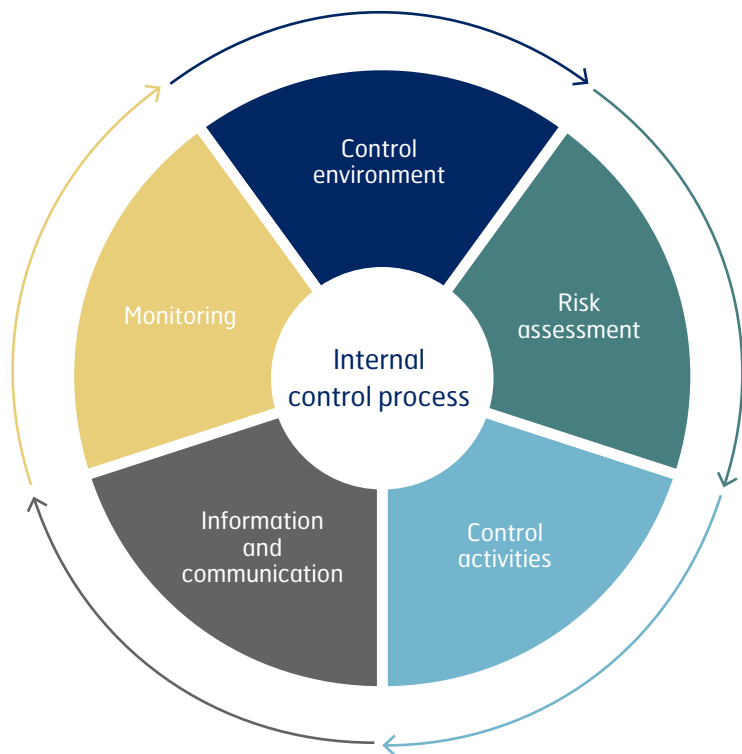
Risks associated with the financial reporting mainly concern accounting errors at the valuation of assets and liabilities, income and expenses and derogations from disclosure obligations. Fraud, loss/misappropriation of assets and deficiencies in business ethics are further risks assessed and managed, to, by reasonable means, ensure sound internal control of the financial reporting. SSAB's operation is characterized by processes involving well-established procedures and systems.

The overall risk assessments on group level constitutes an integrated part of the ongoing reporting to the Group Executive Committee and the Board of Directors, and it constitutes the basis of the assessment of risks for errors in the financial reporting. Financial risks, such as exchange risks, refinancing risks, counterparty risks, interest risks and credit risks are mainly managed by the parent company's treasury function, in accordance with the group's Finance Policy (see [Note 29](#) in the [Financial reports](#)).

Control activities

The primary purpose of control activities is to prevent and identify at an early stage significant financial reporting errors so that they can be addressed and rectified. Control activities, both manual and automated, take place both at general and more detailed levels within the group. Routines and activities have been designed to manage and mitigate significant risks associated with financial reporting as identified in the risk analysis. Corrective measures, implementation, documentation and quality assurance take place at group, subsidiary or process level, depending on the nature and affiliation of the control activity. As with other processes, the relevant head is responsible for the completeness and accuracy of control activities.

Recent years have seen an in-depth analysis carried out on the processes and control structures in group companies. This has resulted in a more systematic approach to identifying financial risks and financial reporting risks, as well as documentation of controls as to how such risks are to be prevented and identified. The controls are adapted to each unit's work processes and systems structure, and these are evaluated through self-assessment supplemented with monitoring and review by internal audit. This way of working has been implemented in a system covering the entire group which is used when verifying the reliability of financial reporting.



Control activities are carried out at all levels across the group. For example, there are in every division Controller functions which analyze and follow up deviations and forward reports in the company. Monitoring by the Group Executive Committee takes place, among other things, through regular meetings with heads of divisions and subsidiaries with regard to operations, their financial position and results, as well as financial and operational

key performance indicators. The Board of Directors analyzes, on an ongoing basis, among other things, business reports in which the Group Executive Committee describes the most recent period and comments on the group's financial position and results. This is how major fluctuations and deviations are followed up to minimize the risk of errors in financial reporting.

Information and communication

SSAB has well-established information and communication procedures to support the completeness and accuracy of the financial reporting. The parent company regularly communicates updates in financial directives and instructions to all personnel concerned. In addition to this are regular group finance meetings held where the central finance functions, together with the finance managers of the divisions, processes information regarding news and changes in accounting principles, information requirements and updates within internal control. The company's intranet constitutes another important information channel within the company, where information is updated continuously and it ensures that the latest directives and instructions are always available.

The subsidiaries and the divisions regularly submits reports with analysis and comments on the financial result and risks to the Board.

The company's "whistleblower" function is another important channel of communication where accounting and internal control infringements may be reported.

Financial information regarding the group may only be disclosed by the Chairman of the Board, CEO, CFO, Head of Group Communications and Head of Investor Relations. The divisions may disseminate financial information regarding their operations only after equivalent information has been published by the group.

Monitoring

The Board of Directors' monitoring of internal control with respect to financial reporting takes place primarily through the Audit Committee. The company's process for internal control include self-assessments and systematic follow-ups on risk analysis and control activities. In addition, the company's internal audit carry out yearly assessments of internal control. The monitoring of internal control also takes place within the framework of the statutory external audit. The Audit Committee monitors the financial reporting and takes part of reports from the internal and external auditors.

Internal audit

SSAB's internal audit function reports directly to the Audit Committee and is functionally subordinate to the Chief Financial Officer. Internal audit's activities consist of supporting value creation in the group by identifying risk areas, carrying out internal audits and thereafter recommending improvements within these areas. The internal auditor participates in the Audit Committee meetings.

The internal audit is organized at an overall group level, with an audit plan drawn up for the entire group. The group's audit activities are planned by the head of internal audit and are decided by the Audit Committee.

The major part of the work is carried out through audits in accordance with the audit plan. Other work largely consists of specific audits and of monitoring of self-assessments in the group regarding internal control.

The audits are performed in accordance with an established and adopted audit process which is constantly developed in order to optimize the way of working and delivery of reports with generated added value. These reports describe observations, recommendations and improvement areas, with the aim of strengthening and enhancing efficiency in risk management and internal control. The function also carry out reviews on behalf of the Board or as required for other reasons.

During 2019, internal audit conducted regular, independent and objective audits of the group's corporate governance, internal control and risk management in accordance with the adopted audit plan. The reviews were conducted in accordance with an adopted audit process and formally completed with a report and a planned follow-up. The result has been regularly submitted to divisional heads and the Audit Committee as regards observations, measures taken and implementation status.

During the year, internal audit also conducted a number of audits on subsidiaries where the company's manual for audits of risks concerning fraud and corruption was a part of the audit scope. The audits did not reveal any concrete irregularities; however, possibilities to reduce risks were identified. The identified improvement possibilities are implemented in accordance with established action plans.



Other mandatory disclosures pursuant to chapter 6, section 6 of the Annual Accounts Act

The following information is provided pursuant to the provisions of Chapter 6, Section 6 of the Annual Accounts Act regarding certain specific information that must be disclosed in the corporate governance report:

- Of the company's shareholders, Industrivärden has direct or indirect shareholdings representing at least one-tenth (1/10) of the voting rights carried by all shares in the company. As at December 31, 2019, Industrivärden's holding account for 11.8% of the total voting rights and 4.3% of the total number of shares.
- There are no restrictions on the number of votes that each shareholder may cast at a general meeting.
- The Articles of Association contain no provisions regarding the removal of directors or the amendment of the Articles of Association.
- The general meeting has not granted the Board of Directors authority to decide that the company may purchase its own shares.

Further information

Further information about corporate governance at SSAB is available at www.ssab.com and includes the following information:

- Routines regarding the Annual General Meeting:
 - when and where the Annual General Meeting is to be held
 - notice of the Annual General Meeting and how to register
 - the resolutions to be proposed to the Annual General Meeting
- Information from SSAB's previous Annual General Meetings, including for instance notices, minutes, addresses by the CEO and press releases
- Articles of Association
- Corporate governance reports from previous years
- Information about the Nomination Committee

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in SSAB AB (publ), corporate identity number 556016-3429

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2019, on pages [108–122](#), and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 3 March 2020

Ernst & Young AB

Rickard Andersson

Authorized Accountant

FINANCIAL REPORTS 2019

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Board of Directors Report

SSAB AB (publ) Registration number 556016-3429

- Sales were SEK 76,485 (74,941) million
- Operating profit before depreciation/amortization and items affecting comparability was SEK 6,375 (8,952) million
- Operating profit, excluding items affecting comparability, was SEK 2,159 (5,181) million
- Operating profit, including items affecting comparability, was SEK 1,961 (4,940) million
- Earnings per share were SEK 1.04 (3.45)
- Operating cash flow was SEK 5,194 (5,969) million
- Net debt/equity ratio, excluding IFRS 16, was 16% (14%)
- The Board proposes a dividend of SEK 1.50 (1.50) per share

Key figures

SEK millions	2019	2018
Sales	76,485	74,941
Operating profit before depreciation and amortization EBITDA ¹⁾	6,375	8,952
Operating profit ¹⁾	2,159	5,181
Profit after financial items ¹⁾	1,770	4,644
Profit after tax ¹⁾	1,279	3,805
Earnings per share (SEK)	1.04	3.45
Operating cash flow	5,194	5,969
Net debt, including IFRS 16	11,696	10,527
Net debt, excluding IFRS 16	9,880	8,582
Net debt/equity ratio (%), including IFRS 16	19	18
Net debt/equity ratio (%), excluding IFRS 16	16	14

¹⁾ Excluding items affecting comparability. For description and amounts, see p. 130

The market

According to the World Steel Association, global crude steel production for 2019 amounted to 1,849 (1,786) million tonnes, up 3.5% compared with 2018. Chinese steel production increased by 8% and steel production in North America by barely 1%, whereas production in the EU-28 decreased by close to 5% compared with the same period in 2018.

In North America, demand for heavy plate was generally good during the first half of the year. Demand weakened during the fall and distributors adopted a cautious sentiment in the wake of falling prices and reduced their inventories.

In Europe, demand was somewhat weaker throughout the year. During the first half of the year, it was primarily the Automotive segment that slowed down, but later demand also decreased in other segments, including Heavy Transport. During the fourth quarter, demand was marked by destocking both by end customers and distributors.

Demand for high-strength steel was good in most geographies during the year, but weakened in Europe and North America during the second half of the year.

In North America, market prices for heavy plate initially fell during the fourth quarter, but rose somewhat towards the end of the quarter. During the full year 2019, market prices fell sharply. In Europe, market prices for both strip and heavy plate fell during the year. During the fourth quarter, prices decreased during the first half of the quarter and then increased somewhat later in the quarter. In China, market prices for both strip and heavy plate increased during the quarter. For the year as a whole, prices for strip increased somewhat, whereas they were flat for heavy plate.

Items affecting comparability

In 2019, items affecting comparability amounted to SEK -186 (-240) million. In operating profit, these amounted to SEK -197 (-240) million, which was primarily related to write-down to net realizable value of assets and liabilities held for sale regarding the divestment of Ruukki Construction's project operations, Building Systems, and the ongoing restructuring program in Tibnor. Items affecting comparability of SEK 11 (-) million have been included in tax expenses.

Sales and operating profit

Sales for the full year 2019 were SEK 76,485 (74,941) million, up SEK 1,544 million or 2% compared with 2018.

Operating profit, excluding items affecting comparability, for the full year was SEK 2,159 (5,181) million, down SEK 3,022 million compared with 2018. This decrease was primarily attributable to SSAB Europe. Operating profit, including items affecting comparability, amounted to SEK 1,961 (4,940) million.

Analysis of total change in sales and operating profit*

Sales		Operating profit ¹⁾	
	Change vs. 2018, %		Change vs. 2018, SEK millions
Volume	-5	Price and product mix	225
Price	0	Volume	-930
Product mix	1	Variable costs	-1,465
Currency effects	5	Fixed costs	-680
Other sales	1	Currency effects	255
		Capacity utilization	-740
		Other	313
Total	2		-3,022

¹⁾ Excluding items affecting comparability

* Estimated changed, the numbers in the table are rounded

Share of external sales 2019

%



- SSAB Special Steels 23% (23%)
- SSAB Europe 34% (36%)
- SSAB Americas 23% (22%)
- Tibnor 12% (11%)
- Ruukki Construction 8% (8%)

Share of EBITDA 2019

%



- SSAB Special Steels 32% (21%)
- SSAB Europe 15% (46%)
- SSAB Americas 44% (27%)
- Tibnor 2% (3%)
- Ruukki Construction 7% (3%)

External sales on the largest markets

SEK millions	2019	Share, %	2018	Share, %
Geographical areas				
Sweden	11,517	15	12,303	16
Finland	8,294	11	7,597	10
Denmark	3,035	4	2,497	3
Germany	3,965	5	3,726	5
Other EU-28	15,851	21	14,978	20
Norway	2,709	4	2,967	4
Russia	780	1	929	1
Other Europe	1,196	2	1,269	2
USA	21,305	28	20,409	27
Canada	1,964	3	2,238	3
Rest of the world	5,869	8	6,028	8
Total	76,485	100	74,941	100

Profit after financial net

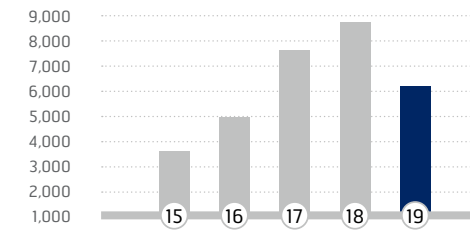
The financial net for 2019 amounted to SEK -389 (-537) million and profit after financial net amounted to SEK 1,572 (4,403) million.

Profit after tax and earnings per share

Profit after tax (attributable to shareholders in the Parent Company) for the full year 2019 was SEK 1,075 (3,549) million, equating to SEK 1.04 (3.45) per share. Tax was SEK -479 (-839) million, which equates to a tax rate of around 30% (19%) of profit after financial items.

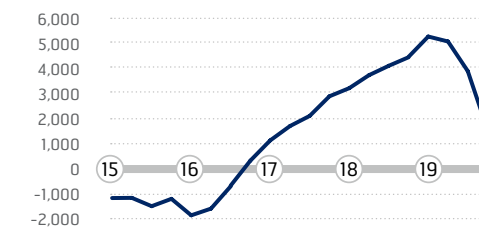
EBITDA

SEK millions



Profit/loss after financial items

SEK millions



— Rolling four quarters (including items affecting comparability)

Major maintenance outages

During 2019, major maintenance outages were completed in all three steel divisions at a total cost of SEK 1,135 (1,045) million. The table below shows all planned major maintenance outages completed during 2018 and 2019. 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 in 2018 and 2019

SEK millions	2019 Q1	2018 Q1	2019 Q2	2018 Q2	2019 Q3	2018 Q3	2019 Q4	2018 Q4	2019 Full year	2018 Full year
SSAB Special Steels	-	-	-	-	-	-	300	350	300	350
SSAB Europe	-	-	-	40	285	240	135	130	420	410
SSAB Americas	-	-	-	-	-	-	415	285	415	285
Total	-	-	-	40	285	240	850	765	1,135	1,045

Raw materials

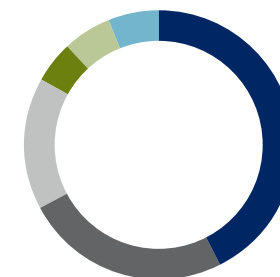
SSAB sources iron ore from LKAB in Sweden and from Severstal in Russia and prices vary depending on the market index. SSAB sources coking coal from Australia, the USA and Canada, usually on annual supply contracts with monthly pricing. SSAB Americas regularly purchases scrap metal on the spot market as a raw material for their production. There were minor changes in the purchase prices for coking coal and scrap during 2019. Iron ore prices increased until the fall, one reason was supply disruptions early in the year. Prices decreased during the last part of the year, both the prices for fines as well as the pellet premium.

Change in SSAB's average purchase prices, 2019

% change	Change vs. 2018	
	USD	SEK
Iron ore	22%	33%
Coking coal	-5%	3%
Scrap metal	-4%	5%

The Group's cost structure

SEK 75.9 (71.0) billion



- Input materials 43% (43%)
- Manufacturing costs 25% (25%)
- Personnel costs 16% (16%)
- Energy 5% (5%)
- Purchased products 6% (5%)
- Depreciation/Amortization 6% (5%)

Input materials

SEK 32.5 (30.7) billion



- Iron ore, pellets 27% (23%)
- Coal 20% (19%)
- Scrap 23% (27%)
- Alloys 12% (13%)
- Other 18% (18%)
- Energy 5% (5%)

Production and shipments

Both crude steel production and rolling production were down 5% in 2019 compared with 2018. During 2019, SSAB's steel shipments were 6,560 (6,899) thousand tonnes, down 5% compared with 2018. The decrease in production and shipments was mainly related to SSAB Europe.

Production and shipments

Thousand tonnes	2019	2018
Crude steel production	7,623	8,028
Rolling production	6,994	7,391
Steel shipments	6,560	6,899

Cash flow, financing and liquidity

Operating cash flow for the full year 2019 was SEK 5,194 (5,969) million. A lower operating profit was partially offset by a lower working capital tied-up.

Net cash flow amounted to SEK -289 (3,435) million. Compared with full year 2018, net cash flow was impacted negatively, among other things, by the acquisitions of Sanistål, Abraservices and Piristeel, as well as higher dividend to the shareholders. Total capital expenditure, including acquisitions and divestments, was SEK 4,013 (2,275) million. Net debt as at December 31, 2019 amounted to SEK 11,696 (8,582) million. The net debt/equity ratio was 19% (18%). Excluding IFRS 16, net debt/equity ratio was 16% (14%).

The term to maturity of the total loan portfolio at December 31 averaged 7.1 (6.5) years, with an average fixed interest period of 1.1 (1.1) years.

Cash and cash equivalents were SEK 3,591 (2,598) million and non-utilized credit facilities were SEK 6,727 (7,250) million, which combined corresponds to 13% (15%) of rolling 12 months' sales.

Operating cash flow and net debt

SEK millions	2019	2018
Operating profit before depreciation/amortization	6,177	8,712
Change in working capital	896	-967
Maintenance expenditures	-1,875	-1,943
Other	-4	167
Operating cash flow	5,194	5,969
Financial items	-432	-541
Taxes	-1,315	-628
Cash flow from current operations	3,447	4,800
Strategic expenditures in plant and machinery	-1,035	-397
Acquisitions of shares and operations	-1,221	-11
Divestments of shares and operations	118	76
Cash flow before dividend	1,309	4,468
Dividend paid to shareholders	-1,545	-1,030
Dividend, non-controlling interest	-7	-3
Acquisition shares from non-controlling interest	-46	-
Net cash flow	-289	3,435
Net debt at beginning of period	-8,582	-11,574
Adjustment net cash flow, IFRS 16	-1,945	-
Net cash flow	-289	3,435
Revaluation of liabilities against equity ¹⁾	-287	-666
Other ²⁾	-593	224
Net debt at the end of period	-11,696	-8,582

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 as well as acquired net debt

Return on capital employed/equity

Return on capital employed before tax and return on equity after tax for the full year 2019 was 3% and 2% respectively, whereas the figures for the full year 2018 were 7% and 6% respectively.

Equity

With earnings of SEK 1,075 million, other comprehensive income (mostly consisting of translation differences) of SEK 1,365 million and dividend of SEK 1,545 million, shareholders' equity in the company amounted to SEK 60,314 (59,437) million, equating to SEK 58.57 (57.71) per share.

Assets with undeterminable useful life

Consolidated assets with undeterminable useful life are allocated to the Group's cash-generating units as shown in the table below:

Assets with an undeterminable useful life per cash-generating unit

SEK millions	2019 31 Dec	2018 31 Dec
SSAB North America (incl. in the SSAB Americas division)	25,388	24,451
SSAB Special Steels	3,046	2,827
SSAB Europe	2,171	2,132
Tibnor	533	523
Ruukki Construction	140	60
Total goodwill	31,279	29,994
Ruukki Construction (Rautaruukki tradename)	467	458
Total assets with an undeterminable useful life¹⁾	31, 746	30,452

¹⁾The change in values compared to the previous year is mainly due to currency effects, but also due to the acquisitions of Abraservice (SEK 168 million) and Piristeel (SEK 81 million).

Goodwill is tested for impairment each year towards the end of the fourth quarter. The impairment test showed no need for an impairment charge. For more information about goodwill, see [Note 6](#).

Dividend and allocation of profit

A dividend is proposed of SEK 1.50 (1.50) per share. Consideration relating to proposed allocation of profit in [Note 34](#). Proposed allocation of profit on p. [230](#) is part of the Board of Director's Report.

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), Raabe (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. SSAB Europe is responsible for steel and plate production in Raabe 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 Planja.

Sales and operating profit by business segment

SEK millions	Sales			Operating profit ¹⁾		
	2019	2018	Change	2019	2018	Change
SSAB Special Steels	18,495	18,869	-374	1,454	1,421	33
SSAB Europe	31,730	32,796	-1,065	-677	2,757	-3,434
SSAB Americas	17,460	16,878	582	2,128	1,837	291
Tibnor	9,149	8,434	715	30	230	-200
Ruukki Construction	6,510	6,140	371	283	181	101
Other	-	-	-	-233	-249	16
Depreciation/Amortization surplus values	-	-	-	-827	-996	169
Group adjustments	-6,859	-8,175	1,316	-	-	-
Total	76,485	74,941	1,544	2,159	5,181	-3,022

¹⁾ Excluding items affecting comparability

Items affecting comparability, per quarter and business segment

SEK millions	1/18	2/18	3/18	4/18	1/19	2/19	3/19	4/19
SSAB Special Steels	-	-	-	-	-	-	-	-
SSAB Europe	-	-	-	-	-	-	-	-
SSAB Americas	-	-	-	-	-	-	-	-
Tibnor	-	-	-	-	-	-	-	-52
Ruukki Construction	-	-	-	-	-	-	-	-
Other	-	-	-213	-27	-	-	-150	5
Total	-	-	-213	-27	-	-	-150	-47

During 2019, items affecting comparability relate to restructuring programs in Tibnor and write-down of net assets at net realizable value of assets and liabilities held for sale. Items affecting comparability in 2018 mainly relate to capital loss as a result of the sale of Ruukki Construction's Russian operations.

The information in the tables on p. 131-135 excludes the depreciation/amortization on surplus values on tangible and intangible assets relating to the acquisitions of IPSCO and Rautaruukki and excludes items affecting comparability. For more information about business segments, see [Note 28](#).

SSAB Special Steels

Full year in brief

- Weaker European market during the second half
- Shipments decreased to 1,224 (1,298) thousand tonnes
- Operating result increased to SEK 1,454 (1,421) million

Key figures

SEK millions	2019	2018
Sales	18,495	18,869
Operating profit before depreciation/amortization, EBITDA	2,081	1,946
Operating profit	1,454	1,421
Operating profit according to IFRS	1,454	1,421
Operating cash flow	668	1,150
Number of employees at end of period	2,886	2,844

Sales and operating profit

Sales were down 2% compared with 2018 and amounted to SEK 18,495 (18,869) million. Lower volumes had a negative impact of 6 percentage points and other (including internal sales) also had a negative effect of 6 percentage points. Higher prices had a positive effect of 5 percentage points and currency effects had a positive impact of 4 percentage points. A better product mix had a positive impact of 1 percentage point. The acquisition of Abraservice was completed during the fourth quarter and added sales of SEK 113 million during 2019.

The operating result for 2019 was SEK 1,454 (1,421) million, up SEK 33 million compared with 2018. Higher prices had a positive effect and this was partly counteracted by higher variable costs, primarily of iron ore.

Market trend

Compared with the full year, demand rose on markets outside Europe and North America. These markets included China and Latin America in, for example, the Material Handling customer segment, which includes mining equipment.

Production and shipments

Crude steel production was up 33% compared with 2018. The increase compared to 2018 was because both blast furnaces in Oxelösund were operating until mid-September 2019 to provide supporting volume to SSAB Europe, as the mid-term relining in one of the blast furnaces in Raabe was carried out.

Rolling production for 2019 was unchanged compared with 2018.

External shipments of steel during 2019 were down 6% compared with 2018.

Production and shipments

Thousand tonnes	2019	2018
Crude steel production	1,225	918
Rolling production	493	493
Steel shipments	1,224	1,298

Figures for steel shipments include high-strength steel produced at SSAB Europe's and SSAB Americas' steel mills but sold by SSAB Special Steels.

Cash flow and capital expenditure

Operating cash flow for the full year 2019 was SEK 668 (1,150) million. Cash flow was impacted positively by operating profit but was negatively affected by higher working capital.

Capital expenditure payments during 2019 were SEK 504 (465) million, of which SEK 66 (36) million were strategic investments. In 2019, the shares in Abraservice were acquired for SEK 405 million.

SSAB Europe

Full year in brief

- Weaker demand, especially during the second half
- Operating result decreased to SEK -677 (2,757) million
- Shipments decreased to 3,362 (3,561) thousand tonnes

Key figures

SEK millions	2019	2018
Sales	31,730	32,796
Operating profit before depreciation/amortization, EBITDA	945	4,153
Operating profit	-677	2,757
Operating profit according to IFRS	-921	2,529
Operating cash flow	182	3,039
Number of employees at end of period	6,853	6,826

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 244 (228) million during 2019.

Sales and operating profit

Sales were down 3% compared with 2018 and amounted to SEK 31,730 (32,796) million. Lower volumes had a negative impact of 6 percentage points. Currency effects had a positive impact of 3 percentage points.

The operating result for 2019 fell to SEK -677 (2,757) million, down SEK 3,434 million compared with 2018. Higher variable costs, primarily iron ore, as well as lower capacity utilization and lower volume pulled down earnings. Lower prices also had a negative impact.

Market trend

Compared with the full-year 2018, demand was somewhat weaker. This was primarily attributable to the slowdown during the second half of the year. Despite weak demand in Automotive both in Europe and Asia, SSAB showed more stable development in this customer segment thanks to our focus on high-strength steel. For the full-year 2019, shipments of Automotive AHSS products were in principle at the same level as in 2018.

Production and shipments

Crude steel production during 2019 was down 13% compared with 2018 and rolling production was down 6% compared with 2018.

External shipments of steel during 2019 were down 6% compared with 2018.

Production and shipments

Thousand tonnes	2019	2018
Crude steel production	3,969	4,576
Rolling production	4,217	4,494
Shipments	3,362	3,561

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 for the full year of 2019 amounted to SEK 182 (3,039) million. Cash flow was impacted positively by lower working capital but counteracted by lower operating profit.

Capital expenditure payments during the full year of 2019 were SEK 1,584 (1,431) million, of which SEK 518 (257) million were strategic investments.

SSAB Americas

Full year in brief

- Shipments amounted to 1,974 (2,039) thousand tonnes
- Operating profit increased to SEK 2,128 (1,837) million

Key figures

SEK millions	2019	2018
Sales	17,460	16,878
Operating profit before depreciation/amortization, EBITDA	2,852	2,459
Operating profit ¹⁾	2,128	1,837
Operating profit according to IFRS	1,564	1,065
Operating cash flow	3,540	1,523
Number of employees at end of period	1,254	1,250

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 564 (771) million during 2019.

Sales and operating profit

Sales were up 3% compared with 2018 and amounted to SEK 17,460 (16,878) million. Currency effects had a positive impact of 8 percentage points and a better product mix 1 percentage point. Lower volumes had a negative impact of 3 percentage points, lower prices 2 percentage points and lower other sales 1 percentage points.

The operating result for 2019 was SEK 2,128 (1,837) million, up SEK 291 million compared with 2018. Higher earnings were mainly attributable to lower variable costs, mainly scrap.

Market trend

Compared with the full-year 2018, demand increased in the Energy and Heavy Transport customer segments.

Production and shipments

Crude steel production was down 4% compared with 2018 and rolling production was down 5% compared with 2018.

External shipments of steel were down 3% compared with 2018.

Production and shipments

Thousand tonnes	2019	2018
Crude steel production	2,429	2,534
Rolling production	2,285	2,404
Shipments	1,974	2,039

Production figures include high-strength steel made for SSAB Special Steels. These volumes are not included in SSAB America's shipments.

Cash flow and capital expenditure

Operating cash flow for the full year 2019 amounted to SEK 3,540 (1,523) million. The cash flow was impacted positively by operating profit and by lower working capital.

Capital expenditure payments during the full year 2019 amounted to SEK 646 (248) million, of which SEK 363 (40) million were strategic investments.

Tibnor

Full year in brief

- Weaker demand, the operating result decreased to SEK 30 (230) million
- Restructuring program initiated to lower cost level

Key figures

SEK millions	2019	2018
Sales	9,149	8,434
Operating profit before depreciation/amortization, EBITDA	206	313
Operating profit ¹⁾	30	230
Operating profit according to IFRS	-47	205
Operating cash flow	348	205
Shipments, thousand tonnes	786	705
Number of employees at end of period	1,133	1,077

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 25 (25) million during 2019.

Sales and operating profit

Sales increased with 8% compared to 2018 and amounted to SEK 9,149 (8,434) million. The acquisition of Sanistål's steel distribution business, completed in April 2019, contributed with SEK 980 million.

The operating result for 2019 was SEK 30 (230) million, down SEK 200 million compared with 2018. Lower earnings were primarily attributable to lower margins, including revaluation of inventory.

Items affecting comparability, which are not included in the earnings above, amounted to SEK -52 million. This relates to restructuring measures, which are expected to lower costs by around SEK 200 million on an annual basis, with full effect from the second half of 2020 onwards.

Market trend

Compared with the full-year 2018, demand was somewhat weaker. This was primarily attributable to the slowdown during the second half of 2019.

Cash flow and capital expenditure

Operating cash flow for the full year 2019 amounted to SEK 348 (205) million. Cash flow was impacted positively by the operating profit but counteracted by lower working capital.

Capital expenditure payments during the full year 2019 amounted to SEK 108 (76) million, of which SEK 47 (27) million were strategic investments. In 2019, Tibnor acquired Sanistål for SEK 523 million.

Ruukki Construction

Full year in brief

- Sales increased to SEK 6,510 (6,140) million and operating profit to SEK 283 (178) million
- Agreement to divest Building Systems signed

Key figures

SEK millions	2019	2018
Sales	6,510	6,140
Operating profit before depreciation/amortization, EBITDA	466	305
Operating profit ¹⁾	283	178
Operating profit according to IFRS	293	209
Operating cash flow	348	303
Number of employees at end of period	1,841	1,801

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 -10 (-31) million during 2019.

Sales and operating profit

Sales were up 6% compared with 2018 and amounted to SEK 6,510 (6,140) million. Sales increased mainly in Building Systems and Residential Roofing.

Operating profit for 2019 was SEK 283 (178) million. The improvement was related to Residential Roofing and Building Components.

During the third quarter 2019, an agreement was signed to divest Ruukki Construction's project business, Building Systems. Divestment is subject to the approval of the relevant competition authorities and it is expected that the transaction will be completed during the first half of 2020. Building Systems had sales of around SEK 1.5 billion in 2018 and a slightly positive operating profit.

Market trend

Demand remained at a good level throughout the year for all business areas and most of the markets.

Cash flow and capital expenditure

Operating cash flow for 2019 amounted to SEK 348 (303) million. Cash flow during the quarter was impacted positively by operating profit but affected negatively by higher working capital.

Capital expenditure payments during the full year amounted to SEK 113 (84) million, of which SEK 41 (37) million were strategic investments. During the year, 67% of the shares in Piristeel was acquired for SEK 180 million.

Capital expenditures, research and development

Capital expenditures

Capital expenditures payments during 2019 amounted to SEK 4,013 (2,462) million, of which SEK 2,256 (408) million were strategic investments, including acquisitions of businesses and operations.

Research and development

Research and development activities are focusing on areas that aim at increasing the profitability of SSAB. Close collaboration with strategic customers and customer segments providing conditions for a market-driven product development that creates increased value also for the end-customers. This is particularly evident for SSAB's high-strength steels, where also technical customer support is an important part of research and development. Continuous work is also carried out with the development of the processes for increased cost efficiency, sustainable processes and energy conservation. During the year, research and development investments amounted to SEK 336 (348) million.

Environment

Steel production is an energy intensive process that affects the environment, including carbon dioxide emissions. In Sweden and Finland, SSAB's blast furnaces are among the largest sources of carbon dioxide emissions in each country. At the same time, SSAB's blast furnaces are among the most efficient in the world in terms of minimizing emissions from steel production. The impact on the local environment in the vicinity of SSAB's plants has decreased significantly in recent decades. Technical development and increasingly stringent external demands dictate constant improvements in the operations.

The most important environmental aspects for SSAB are:

- Air emissions reductions of carbon dioxide, nitrogen oxides, sulfur oxides and particulate matter
- Water effluent reductions of nitrogen and suspended substances
- Efficient use of raw materials and energy
- Landfill waste minimization

SSAB's operations are subject to environmental permits with hundreds of environmental conditions governing among other things production levels, emissions into the air and water, noise levels, and rules regarding landfill sites.

Permitted production at the Swedish plants¹⁾

Thousand tonnes	Location	Permitted production	Production 2019	Production 2018
Coke	Luleå	800	710	710
	Oxelösund	530	357	324
Hot metal	Luleå ²⁾	-	1,996	2,065
	Oxelösund	2,000	1,176	850
Steel slabs	Luleå	2,500	1,893	2,004
	Oxelösund	1,900	1,138	852
Hot-rolled steel	Borlänge	3,200	2,032	2,111
	Oxelösund ³⁾	1,000	518	514
Pickled steel	Borlänge	2,500	1,169	1,300
Cold-rolled steel	Borlänge	1,400	590	657
Annealed steel	Borlänge	900	526	573
Organic-coated products	Köping	30	14	17
	Finspång ⁴⁾	40	31	31
Steel tubes	Virso	125	16	11

¹⁾ In North America, the permitted production levels are determined through maximum permitted hourly production volumes and not applicable for Finnish sites

²⁾ Not regulated

³⁾ Delivery of plate

⁴⁾ Unit million m²

Sustainability report

In accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, SSAB AB has chosen to establish the statutory sustainability report as a separate report. Sustainability report covers SSAB AB Group and it is on p. [45-106](#) in this annual report.

Personnel

At year-end 2019, the number of employees (excluding temporary employees) amounted to 14,514 (14,313). The total compensation to employees, including social security expenses and pension cost, amounted to SEK 11,401 (10,921) million. Additional information about compensation to employees, see [Note 2](#).

Number of employees per business segment at year-end

	2019	2018
SSAB Special Steels	2,886	2,844
SSAB Europe	6,853	6,826
SSAB Americas	1,254	1,250
Tibnor	1,133	1,077
Ruukki Construction	1,841	1,801
Other	547	515
Total	14,514	14,313

The Board of Directors' proposal regarding Remuneration Guidelines for senior executives

These remuneration guidelines include the CEO and other senior executives. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

SSAB's business strategy aims to establish the company as an industry leader in terms of both profitability and sustainability among comparable companies. SSAB's stated objective is to become the safest steel company in the world to work in, and shall in addition adhere to high environmental standards and be a responsible partner to all stakeholders. A more detailed description of the business strategy can be found on the company's website.

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests require that the company can recruit and retain qualified employees. For this, the company must

be able to offer competitive remuneration in the labor market on which the executive operates. These guidelines are intended to offer senior executives a competitive total remuneration, which in turn promotes the company's business strategy, long-term interests and sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration consisting of a short-term variable component ("STI") and a long-term variable component ("LTI"), pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for variable cash remuneration shall be measured over a period of one year for STI and three years for LTI. STI may amount to not more than 75 percent of the fixed annual cash salary for the CEO and not more than 50 percent for other senior executives. LTI may amount to not more than 30 percent of the fixed annual cash salary for the CEO and other senior executives.

For the CEO and other senior executives, pension benefits shall be contribution-based except in those cases where so provided in the rules of a general pension plan (e.g. the Swedish ITP2 plan). The retirement age should be set individually, however, in no case earlier than the age of 62. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension. Variable cash remuneration shall not qualify for pension benefits, except in those cases where so provided in the rules of a general pension plan. The pension premiums shall amount to not more than 50 percent of the annual pensionable salary.

Other benefits may include, for example, health insurance, medical insurance and company cars. Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed annual cash salary.

Remuneration under employment subject to other than Swedish rules may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

Upon termination of employment, the notice period may not exceed twelve months. Fixed salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed salary for 24 months for the CEO and 18 months for the other senior executives. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

For senior executives outside Sweden, the termination period and severance pay may deviate from the above stated due to legislation or local market practice.

Criteria for variable cash remuneration, etc.

Variable cash remuneration shall be linked to predetermined and measurable criteria. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including sustainability.

The criteria for STI are set annually and shall consist of group objectives, of unit objectives (i.e. objectives related to a particular division, a certain subsidiary or a certain function) and of individual objectives, with distribution as follows.

Group objectives may be financial and non-financial. The financial objectives shall comprise at least 60 percent of the group objectives and shall be linked to EBITDA margins in relation to a comparison group of the company's competitors, own EBITDA level or margin, return on capital employed, the company's cash flow or the company's stock turnover. The non-financial group objectives shall be linked to sustainability.

The unit objectives may be different for different units. For units with clear profit responsibility, the unit objectives shall comprise at least 50 per cent of financial objectives that shall be linked to sales, volumes, operating profit, operating margins, cost savings, return on capital employed or cash flows. The remaining part of the unit objectives shall consist of operational objectives linked to sustainability and fulfillment of the unit's strategic plan. For other units, the unit objectives shall be designed so that they clearly contribute to the fulfillment of the respective unit's strategy, including sustainability. Individual objectives shall consist of quantitative or qualitative objectives aimed at increased value creation for the company.

For the CEO, STI shall comprise at least 85 percent of group objectives and the remainder of individual objectives. For senior executives with clear own profit responsibility, STI shall comprise at least 45 percent of unit objectives, up to a maximum of 15 percent of individual objectives and the remaining part of group objectives. For other senior executives, STI shall consist of at least 70 percent of group objectives, up to a maximum of 15 percent of individual objectives and the remaining part of unit objectives.

Around 40–60 per cent of LTI shall be linked to the total return on the SSAB share in relation to a comparison group of the company's competitors and the remaining part shall be linked to a group-wide financial objective such as return on capital employed, own EBITDA level or EBITDA margin. However, for employees in SSAB Americas, 20–40 percent of LTI shall be linked to SSAB Americas own earnings and return on capital employed.

The objectives of LTI are to create a common interest for the company management and shareholders to drive the business towards long-term good return on the SSAB-shares and to promote the company's ability to recruit and retain key employees.

The variable cash compensation programs shall be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable cash compensations, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the company's responsibilities to its shareholders, employees and other stakeholders.

To which extent the objectives for variable cash remuneration has been satisfied shall be evaluated when the measurement period has ended. Following a proposal from the remuneration committee, the board of directors is responsible for the evaluation insofar as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the Remuneration Committee is responsible for the evaluation in consultation with the CEO. When the Board of Directors assesses how the financial objectives have been met, this should be done against the latest published financial information with any adjustments that the Board of Directors considers necessary or appropriate.

Before the payment of variable cash compensation is effected, the Board of Directors must verify that the objectives linked to the remuneration have been met and that the remuneration has been calculated correctly.



Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board of Directors' and the Remuneration Committee's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of these remuneration guidelines as well as the current remuneration structures and compensation levels in the company. The CEO and other senior executives do not participate in the Board of Directors' or the Remuneration Committee's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is motivated to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, including also preparation of resolutions to derogate from the guidelines.



Risk management

SSAB's earnings and financial position are affected by many factors, several of which are beyond the company's control. These include: general political, sustainability and economic conditions. Many of these factors can impact SSAB positively or negatively. Risk management supports the achievement of strategic objectives and targets. It ensures the continuity of operations also in changing circumstances.

Risk governance and management process

Responsibility for the long-term, overall management of strategic risks is dictated by the company's delegation policy, namely from the Board of Directors to the CEO and from the CEO to the heads of each division and subsidiary. SSAB's decentralized organization means that divisions and subsidiaries are primarily responsible for managing the operational risks in the Group. Risk mapping of the Group's internal and external risks is carried out as an integrated part of the annual strategy process. The divisional and subsidiary managers conduct an annual risk assessment as part of their strategy process, and the results of this work are combined into a group-level risk map and reported to the Audit Committee and to the Board of Directors.

SSAB's insurance function is tasked with procuring group-wide protection for the insurable risks. The management of financial risks is centralized on the Group's treasury function. SSAB has an internal control function that supports operations in identifying risk areas and, based on a risk analysis, establishes control processes to mitigate identified risk areas. Also, SSAB has an internal audit unit which, among other tasks, based on a risk analysis conducts audits of internal controls and processes followed by recommendations for improvements within these areas. The internal audit unit reports directly to the Audit Committee. For full information about the Group's internal audit function, see the [Corporate Governance Report](#).

Sustainability risks are integrated into the strategy and risk management processes, and hence there is no separate process for identifying or mitigating sustainability risks. All SSAB production sites are certified according to ISO 14001, in which risks are addressed. Certification also means that all our sites have been audited by a third party.

Risk assessment

The enterprise risk assessment is embedded in SSAB's yearly strategy process with the purpose of achieving SSAB's strategies and targets and ensuring business continuity, even in the event of turbulence in the global steel market. In the risk assessment, two types of risks are assessed.

- 1. Internal risks:** originate from activities and situations that SSAB has influence over. Risk areas cover: Sales/ Customer, Operational, People, Sustainability and own Financial risks.
- 2. External risks:** based on external developments over which SSAB has no or limited control. Risk areas cover: Market, Industry, Regulatory and Financial risks.

The risk level of a certain risk is calculated based on the estimated impact (financial/reputational) and likelihood (probability of occurrence) based on a specific classification system.

Operational risks

Internal risks

The top internal risks are briefly commented and presented in order of magnitude including associated planned and ongoing mitigation activities.

Risk factor	Risk description	Mitigation
Major production disruption at one of the seven steel mills	The steel production process is dependent on the continuous operation of critical production equipment, and production downtime may occur as a result of unanticipated mechanical failures or other events. Disruptions to this production process chain could have a material adverse effect on SSAB's operations and customer service levels.	<p>Mitigating actions for mechanical failures include preventive equipment and system risk assessments, and keeping spare parts to reduce the downtime. Mitigations to process risks include maintaining stocks of crucial raw materials, products in progress and finished products as well as analyzing our vendors and incoming flows.</p> <p>In order to minimize costs, if this kind of risk still occurs, there are business continuity plans as well as property damage insurance and business disruption insurance in place.</p>
Serious safety hazards and personnel accident(s)	SSAB is subject to the risk of industrial accidents that could lead to production stoppages, the loss of key assets and employees (and those of subcontractors and suppliers) or injuries to persons living near affected sites.	Fundamental safety measures are continuously taken and constitute the practices and actions mentioned in SSAB One; e.g. risk assessments, continuous preventive training of employees and contractors, and many others. Additionally at the Group level a "Group Safety Plan" has been approved to harmonize safety management. Read more about safety management on p. 79–81 .

Operational risks cont.

Risk factor	Risk description	Mitigation
Information system (IT) security breaches and breakdowns	SSAB is dependent on an efficient IT infrastructure in its operations around the world. SSAB's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or successful hacking.	SSAB has progressed well with its cyber-security programs to reduce the probability and impact of this risk, including e.g. risk assessments to legacy systems, training and awareness activities, and building and installing a Security Operation Center (SOC) as well as tools to detect any malicious attempts or anomalies.
Failure to attract, retain and develop needed competencies and talents	SSAB's ability to continue to maintain and grow its business as well as provide high quality products depend on the contributions of its management team and motivated qualified employees throughout the organization.	SSAB is running several programs to improve SSAB's attractiveness as an employer, e.g. through collaborations with universities, nurturing talents with long term career planning, and active succession planning. Further utilizing the positive attention from the HYBRIT initiative will boost the SSAB brand perception as a technology and sustainability leader. SSAB also conducts a regular engagement survey covering all employees in the company. This enables quick initiation of new activities.

Operational risks cont.

Risk factor	Risk description	Mitigation
Reputational risk, if a product deviates from customer expectations due to material problem or human design error	Given the nature of steel production, with many integrated processes and finely-tuned steps, deviations from the normal production process can lead to product failure.	The risk is tightly connected to production issues and processes that are in place, and the risk probability increases when a deviation occurs. To manage this, ongoing work around improved quality management, enforcing clear guidelines and appropriate checks in the production process, and ensuring right competences at the right place in the quality assurance process, are in place.
Failure or disruption at key suppliers of input materials	Steel production requires substantial amounts of raw materials, including iron ore, scrap metal, metallurgical coal, injection coal, coke and alloys. Failure to secure availability of raw materials could have an adverse effect on SSAB's operational and financial results.	To mitigate this risk, the purchasing function continues to work to diversify raw material sourcing i.e. avoid single sourcing of material, but also to form closer collaboration with suppliers to better understand disturbances and identify redundancy plans for critical input materials. Read more about sustainable sourcing on p. 84–87 .
Insufficient delivery performance to customers	The lead time to customers is heavily dependent on the steel production process is running well. Production disturbances can affect the delivery performance to customers.	SSAB has taken several measures to reduce the probability of this occurring. Work will continue to improve production stability and forecasting, accurate order handling, and increasing mill-to-mill flexibility.

Operational risks cont.

Risk factor	Risk description	Mitigation
Employees committing fraud and/or engaged in corruption activities	In today's globalized world, anti-corruption and business ethics have become increasingly important for companies. Failure to address corruption, bribery and other issues related to business ethics could have negative impacts on SSAB's reputation and brand.	Anti-corruption and business ethics at SSAB are governed by SSAB's Code of Conduct and SSAB's governing document for anti-corruption (Read more on p. 82–83) Actions to minimize the risk are e.g. through defined and enforced policies, continuous compliance training, including internal governance and close follow-ups of various controls.
Loss of major customer and market share	In a cyclical business like steel an economic downturn can deeply impact our existing customer portfolio as the steel industry cycle goes hand in hand with that of our customers.	To reduce the risk, SSAB's sales organizations continue to work on customer mix and segments, and maintain close collaboration with our customers to understand demand swings and new needs.
Environmental risks, e.g. leakage of hazardous substance or pollution into the air and/or water	Steel production requires input material that can have a negative environmental impact if unforeseen or sudden events occur that result in spills of hazardous material.	Ongoing mitigation activities include: various preventive maintenance efforts to identify the risks early, planned responses to minimize the likelihood of a repeat occurrence, and process safety work and drills.

Operational risks cont.

External risks

By their very nature, these external risks are harder to mitigate although certain mitigations can limit their impact. The external risks are briefly commented and presented in order of magnitude below.

Risk factor	Risk description	Mitigation
Economic downturn/worsened steel demand in SSAB markets	The steel industry is sensitive to fluctuations in the business cycle, where changing demand combined with relatively fixed capacity leads to rapid movements in prices and margins.	<p>SSAB focuses on specific markets where the company can be the customers' supplier of choice in all business cycles. This includes the company's home markets, namely the Nordics and North America, as well as high-strength steels segments globally, where demand is typically more stable. A continuous focus on developing special and premium niche products will enable SSAB to maintain and strengthen its position in relation to its competitors.</p> <p>In recent years, SSAB has strengthened its balance sheet and is now more resilient to a possible downturn.</p>
Fluctuating/increasing raw material and energy prices	Raw materials are priced in the world market and prices generally vary in accordance with the availability of such raw materials and the demand for steel.	Price volatility has increased in recent years primarily as a result of fluctuating customer demand globally, supply shortages of raw materials and price speculation. SSAB aims to develop raw material supplies, e.g. various scrap grades, and secure dual source supply where possible.
Steel price volatility	The development of steel prices directly affects SSAB's profitability. Steel prices fluctuate according to macroeconomic factors, and are largely sensitive to the cyclical nature of the business sectors that are the principal consumers of steel.	To lower the impact of decreasing steel prices, SSAB aims to secure a proper mix of contract business and to create an appealing image as a premium steel supplier to improve the ability to move the price volatility downstream.

Operational risks cont.

Risk factor	Risk description	Mitigation
Risks in the global trade system	SSAB's core markets continue to be exposed to global trade and pricing practices. Potential unfair trading practices, such as dumping and/or government subsidies, may impact SSAB's ability to compete with other producers and affect SSAB's operational and financial performance.	Actions by SSAB include publicly advocating fair and free trade, and amending our sales strategy based on trade policy to secure SSAB's market position in core markets.
EU and/or Swedish national CO₂ reduction goals significantly impact costs for blast furnace-based steel making	In both Sweden and Finland, SSAB's blast furnaces are significant emitters of carbon dioxide gases. Changes to the current EU Emissions Trading System (EU-ETS) could result in increased costs from the potential need to purchase more emission allowances.	SSAB's steel mills are among the most efficient in the world in terms of CO ₂ emissions, and as a consequence will be less impacted than competitors by changes in regulations. Longer term, SSAB is planning to eliminate CO ₂ emissions altogether through, for example, the HYBRIT initiative, and planned conversion to electric arc furnaces (EAF). Read more on p. 27-28 and 62-65 .
Competitor activities/innovation severely impacting the competitiveness of SSAB's offering	The markets in which steel companies operate are highly competitive. SSAB may be affected by new production technologies, products, services and customer offerings developed by competitors.	To remain competitive, SSAB invests in new production technologies and R&D to spur product development, which is the responsibility of all divisions. Furthermore, SSAB continues with our home market strategies and automotive focus, but also works on downstream joint ventures and acquisitions.



Operational risks cont.

Risk factor	Risk description	Mitigation
Global steel overcapacity continues to grow	Excess steel production capacity has been impacting steel industry dynamics since the financial crisis of 2008.	SSAB's mitigating strategies include participating in industry associations to promote the steel message, work with the customer mix and invest in downstream activities.
Increased environmental regulation – energy, water, landfills, etc	As environmental legislation and regulations are amended, the costs of compliance with new and more stringent regulations may be imposed on SSAB.	To mitigate this challenge, SSAB continues government relations work, legislative tracking and participation in discussions to provide input on potential new regulations.

Financial risks and sensitivity analysis

SSAB's financial risks are presented in more detail in [Note 29](#) to the financial statements.

Risk factor	Risk description	Mitigation
Refinancing risk/liquidity risk	Refinancing risk/liquidity risk means the risk of SSAB being unable to pay its obligations due to insufficient liquidity or difficulties in raising new loans.	The borrowing strategy is focused on securing the Group's needs for loan financing with regard to long-term loans and SSAB's day-to-day payment obligations to its lenders and suppliers. Borrowing takes place primarily through the Parent Company, taking into consideration the Group's financial targets. In order to minimize the refinancing risk, the objective is that long-term loans will have an even maturity and an average term to maturity in excess of three years. The liquidity buffer, i.e. non-utilized, binding credit facilities, as well as cash and cash equivalents shall, depending on the net debt/equity ratio, exceed 5%-10% of the Group's sales.



Financial risks cont.

Risk factor	Risk description	Mitigation
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Market risk

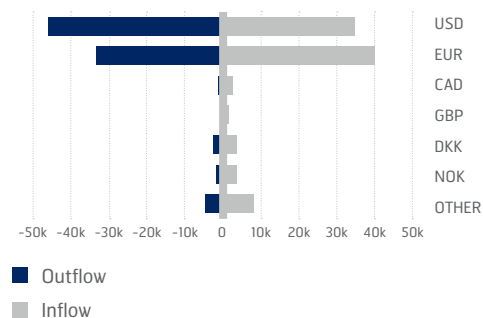
Market risks comprise the risk of the Group's earnings or financial position being affected by movements in market prices, such as interest rates and exchange rates.

Interest rate risks: The Group's interest rate risks relate to movements in market interest rates and their impact on the debt portfolio. The average fixed-rate term in the total debt portfolio should be approximately 1 year, but is permitted to vary between 0.5 and 2.5 years.

Currency risks: SSAB's currency exposure related to translation exposure, largely relates to the translation risk regarding net assets of foreign subsidiaries. This exposure is partly hedged through borrowing in foreign currency. The objective is to minimize the foreign exchange impact on the net debt/equity ratio. The Swedish krona (SEK) is the base currency. In order to manage the transaction risk, contracted commercial currency flows are hedged. Major investments and projects decided upon in foreign currency are hedged. The net currency inflow in 2019 was SEK 3.7 (4.7) billion. The Group's most important currency flows are shown in the adjacent diagram.

Currency flow 2019

SEK millions



Financial risks cont.

Risk factor	Risk description	Mitigation
Credit risk	Credit risk means the risk of losses due to the Group's customers or counterparties in financial contracts being unable to perform their payment obligations.	Financial counterparties are selected based on Standard & Poor's and Moody's current ratings for long-term borrowing and taking into account the Group's reciprocal commercial relations with the relevant counterparty. The minimum acceptable ratings for financial instruments are A- from Standard & Poor's or A3 from Moody's. Credit risks associated with accounts receivable and other claims are managed in each division and subsidiary, taking into account the Group's credit directive.

Sensitivity analysis

The approximate full year effect on the profit after financial items and earnings per share of changes in significant factors is shown in the sensitivity analysis below.

	Change, %	Effect on profit/loss before tax, SEK millions	Effect on earnings per share, SEK ²⁾	Effect on equity, SEK million ²⁾
Steel price – steel operations	+/- 10	+/- 7,770	+/- 5.93	+/- 6,107
Volume – steel operation ¹⁾	+/- 10	+/- 1,020	+/- 0.78	+/- 802
Iron ore prices	+/- 10	+/- 890	+/- 0.68	+/- 700
Coal prices	+/- 10	+/- 540	+/- 0.41	+/- 424
Scrap metal prices	+/- 10	+/- 740	+/- 0.56	+/- 582
Interest rate	+/- 1%-point	+/- 80	+/- 0.06	+/- 63
Krona index ³⁾	+/- 5	+/- 390	+/- 0.30	+/- 307

¹⁾ Excluding the effect of lower capacity utilization (underabsorption).

²⁾ Calculated based on a 21.4% tax rate.

³⁾ Calculated on SSAB's exposure without currency hedging. Any weakening of the Swedish krona entails a positive effect.

Shares

SSAB is listed on the Nasdaq Stockholm and Nasdaq Helsinki exchange.

Share capital

As of December 31, 2019, there are in total 1,029,835,326 shares in SSAB, of which 304,183,270 class A shares, corresponding to 304,183,270 votes, and 725,652,056 class B shares, corresponding to 72,565,205.6 votes, 376,748,475.6 votes in total. Each class A share carries one vote and each class B share carries one-tenth of one vote. SSAB's share capital is SEK 9,062 million. The quotient value per share is SEK 8.80.

Ownership structure

At year-end 2019, SSAB had 117,058 shareholders.

SSAB's three largest owners in terms of voting rights at year-end 2019 were:

- Industrivärden 11.8%
- Solidium 9.8%
- LKAB 3.6%*

*On December 23, 2019, LKAB disclosed that they increased their shareholding to 5.1% of the voting and share capital in SSAB, but the increase was not registered in Euroclear at year-end 2019.

The ten largest identified owners together owned approximately 34.2% of the voting capital and 34.3% of the share capital at the end of December 2019. Owners outside Sweden and Finland accounted for 32.8% of voting rights and 24.0% of the total number of shares.

Corporate Governance Report

The Corporate Governance Report is not part of the Board of Director's Report. The [Corporate Governance Report](#) and the related Auditor's report are available on p. 107 in the Annual Report 2019.

Outlook

In North America, demand for heavy plate is estimated to be stable during the first quarter of 2020. In Europe, underlying demand is expected to increase from a relatively low level during the fourth quarter of 2019, when both end customers and distributors destocked. Global demand for high-strength steels is expected to increase during the first quarter, primarily related to Europe.

For SSAB Americas, shipments during the first quarter of 2020 are expected to increase compared with the fourth quarter of 2019, which was affected by the planned maintenance outage in Mobile. SSAB Europe and SSAB Special Steels are also expected to increase volumes compared with the fourth quarter of 2019.

Prices realized by SSAB Americas during the first quarter of 2020 are expected to be more or less unchanged compared to the fourth quarter of 2019. Prices realized by SSAB Europe and SSAB Special Steels are assessed to be somewhat lower during the first quarter of 2020.

Major planned maintenance outages 2020

The table below shows all major planned maintenance outages for 2020 and the costs of outages completed during 2018 and 2019. The figures include the impact of the direct maintenance cost and the cost of lower capacity utilization (underabsorption), but exclude lost margins.

Major planned maintenance outages in 2020

SEK millions	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 Full year	2019 Full year	2018 Full year
SSAB Special Steels	-	-	-	270	270	300	350
SSAB Europe	-	-	200	145	345	420	410
SSAB Americas	-	-	-	355	355	415	285
Total	-	-	200	770	970	1,135	1,045

Consolidated statement of profit and loss

SEK millions	Note	2019	2018
Sales	1	76,485	74,941
Costs of goods sold	2	-70,191	-65,339
Gross profit		6,293	9,602
Selling expenses	2	-2,363	-2,248
Administrative expenses	2	-2,593	-2,443
Other operating income	1	1,221	890
Other operating expenses	2	-661	-926
Shares in earnings of affiliated companies and joint ventures after tax	3	64	65
Operating profit		1,961	4,940
Financial income	4	504	362
Financial expenses	4	-893	-899
Profit after financial items		1,572	4,403
Taxes	5	-479	-839
Profit for the year		1,093	3,564
Of which attributable to:			
- Parent Company's shareholders		1,075	3,549
- Non-controlling interests		18	16
Earnings per share¹⁾	12	1.04	3.45
Dividends per share, 2019 – proposal	32	1.50	1.50

¹⁾ There are no outstanding share instruments and thus no dilution is relevant

²⁾ Hedging is structured such that the net/equity ratio is unchanged in the event of changed exchange rates

Consolidated statement of comprehensive income

SEK millions	Note	2019	2018
Profit for the year		1,093	3,564
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Translation differences	12	1,990	4,009
Cash flow hedges	12	-239	231
Hedging of currency risks in foreign operations ²⁾	12	-287	-666
Share in other comprehensive income of associated companies and joint ventures		8	3
Tax attributable to items that may be subsequently reclassified to the income statement	5, 12	-68	100
Reclassification items that will not be reclassified to the income statement	12	-88	-
Total items that may be subsequently reclassified to the income statement		1,316	3,677
Items that will not be reclassified to the income statement			
Remeasurement of the net defined benefit liability		-54	27
Tax attributable to items that will not be reclassified to the income statement	5	12	-8
Reclassification items that may be subsequently reclassified to the income statement		88	-
Total items that will not be reclassified to the income statement		46	19
Total other comprehensive income for the year, net after tax		1,362	3,696
Total comprehensive income for the year		2,455	7,260
Of which attributable to:			
• Parent Company's shareholders		2,440	7,242
• Non-controlling interest		15	18



Consolidated statement of financial position

SEK millions	Note	2019 31 Dec	2019 1 Jan	2018 31 Dec
Assets				
Fixed assets				
Other intangible assets	6	32,508	31,438	31,438
Tangible fixed assets	7	23,987	23,469	23,953
Right-of-use assets	21	2,545	2,445	-
Financial assets	3, 8, 13	1,260	1,305	1,305
Deferred tax receivables	14	254	507	507
Total fixed assets		60,554	59,163	57,202
Current assets				
Inventories	9	20,391	19,813	19,813
Accounts receivable	29	6,945	8,784	8,784
Prepaid expenses and accrued income	10	699	962	977
Current tax receivables		422	195	195
Other current interest-bearing receivables	11, 19	206	2,257	2,257
Recognized but not invoiced sale		5	106	106
Other current receivables	29	501	554	554
Cash and cash equivalents	11, 19	3,591	2,598	2,598
Total current assets		32,760	35,269	35,284
Assets held for sale	30	664	-	-
TOTAL ASSETS		93,978	94,432	92,487

SEK millions	Note	2019 31 Dec	2019 1 Jan	2018 31 Dec
EQUITY AND LIABILITIES				
Equity				
Share capital	12	9,062	9,062	9,062
Other contributed funds		23,021	23,021	23,021
Reserves	12	7,030	5,715	5,715
Retained earnings including profit for the year		21,201	21,638	21,638
Total equity for the shareholders in the Parent Company		60,314	59,437	59,437
Non-controlling interests		103	78	78
TOTAL EQUITY		60,417	59,514	59,514
Long-term liabilities				
Pension provisions	13, 19	514	431	431
Deferred tax liabilities	14	581	1,044	1,044
Other long-term provisions	15	151	174	174
Long-term interest-bearing liabilities	16, 19	9,853	9,235	9,693
Other long-term non-interest-bearing liabilities	17	320	324	324
Lease liabilities	21	2,025	1,765	-
Total long-term liabilities		13,444	12,973	11,666
Current liabilities				
Short-term provisions	15	205	74	74
Short-term interest-bearing liabilities	16, 19	2,756	3,450	3,523
Lease liabilities	21	604	711	-
Accounts payable	29	12,067	13,375	13,375
Current tax liabilities		114	333	333
Other current liabilities	29	822	698	698
Invoiced but not accrued sale		142	291	291
Accrued expenses and deferred income	18, 29	3,036	3,012	3,012
Total current liabilities		19,746	21,945	21,306
Liabilities held for sale	30	371	-	-
TOTAL EQUITY AND LIABILITIES		93,978	94,432	92,487

Consolidated statement of changes in equity

SEK millions	Note	2019						2018							
		Equity attributable to the Parent Company's shareholders					Non-controlling interest	Total equity	Equity attributable to the Parent Company's shareholders					Non-controlling interest	Total equity
		Share capital	Other contributed funds	Reserves	Retained earnings incl. profit for the year	Total			Share capital	Other contributed funds	Reserves	Retained earnings incl. profit for the year	Total		
Equity, January 1		9,062	23,021	5,715	21,638	59,437	78	59,514	9,062	23,021	2,041	19,107	53,231	63	53,294
Adjusted opening balance - changed accounting principle, IFRS 9		-	-	-	-	-	-	-	-	-	-	-7	-7	-	-7
Adjusted Equity, January 1		9,062	23,021	5,715	21,638	59,437	78	59,514	9,062	23,021	2,041	19,100	53,224	63	53,287
Translation differences		-	-	1,992	-	1,992	-3	1,990	-	-	4,007	-	4,007	2	4,009
Cash flow hedges		-	-	-239	-	-239	-	-239	-	-	231	-	231	-	231
Tax attributable to cash flow hedges	5	-	-	49	-	49	-	49	-	-	-47	-	-47	-	-47
Hedging of currency risks in foreign operations		-	-	-287	-	-287	-	-287	-	-	-666	-	-666	-	-666
Tax on hedging of currency risks in foreign operations	5	-	-	-117	-	-117	-	-117	-	-	147	-	147	-	147
Remeasurement of the net defined benefit liability	13	-	-	-	-54	-54	-	-54	-	-	-	27	27	-	27
Tax on remeasurements of the net defined benefit liability	5	-	-	-	12	12	-	12	-	-	-	-8	-8	-	-8
Share in other comprehensive income of associated companies and joint ventures		-	-	8	-	8	-	8	-	-	3	-	3	-	3
Reclassification within other comprehensive income		-	-	-88	88	-	-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	1,075	1,075	18	1,093	-	-	-	3,549	3,549	16	3,564
Total comprehensive income		-	-	1,318	1,122	2,440	15	2,455	-	-	3,674	3,568	7,242	18	7,260
Non-controlling interest through business acquisition		-	-	-	-	-	47	47	-	-	-	-	-	-	-
Investments, non-controlling interest		-	-	-3	-14	-17	-30	-47	-	-	-	-	-	-	-
Dividend, Parent Company's shareholders		-	-	-	-1,545	-1,545	-	-1,545	-	-	-	-1,030	-1,030	-	-1,030
Dividend, non-controlling interest		-	-	-	-	-	-7	-7	-	-	-	-	-	-3	-3
Equity, December 31		9,062	23,021	7,030	21,201	60,314	103	60,417	9,062	23,021	5,715	21,638	59,437	78	59,514

Consolidated statement of cash flows

SEK millions	Note	2019	2018
BUSINESS OPERATIONS			
Profit from operating activities			
Operating profit		1,961	4,940
Reversal of non-cash items			
• Non distributed shares in affiliated companies' earnings		-41	-65
• Depreciation, amortization and write-down of fixed assets	6, 7	4,216	3,771
• Profit/loss upon sale of fixed assets		15	13
• Profit/loss upon sale of shares and operations		-25	212
• Change in provisions		-43	14
• Other reversals		132	1
Interest received		239	237
Interest paid		-694	-778
Tax paid		-1,315	-628
		4,446	7,717
Working capital			
Inventories (+ decrease)		149	-3,461
Accounts receivable (+ decrease)		1,865	-712
Accounts payable (+increase)		-1,459	2,840
Other current receivables (+ decrease)		512	-117
Other current liabilities (+ increase)		-172	483
		896	-967
CASH FLOW FROM OPERATING ACTIVITIES		5,341	6,750

SEK millions	Note	2019	2018
INVESTING ACTIVITIES			
Investments in plant and machinery	6, 7	-2,939	-2,451
Sales of plant and machinery		15	142
Investments/acquisitions of shares and operations	25	-1,140	-11
Divested shares and operations		118	76
Other investing activities (+ decrease)		-4	-38
CASH FLOW FROM INVESTING ACTIVITIES		-3,950	-2,282
FINANCING ACTIVITIES			
Dividend, to shareholders		-1,545	-1,030
Dividend, non-controlling interest		-7	-3
Investments, non-controlling interest		-46	-
New loans	26	7,594	3,480
Repayment/amortization of loans	26	-8,255	-9,468
Financial investments		2,074	270
Other financing (+ increase)		-235	640
CASH FLOW FROM FINANCING ACTIVITIES		-421	-6,111
CASH AND CASH EQUIVALENTS			
Balance, January 1		2,598	4,249
Cash flow from operating activities		5,341	6,750
Cash flow from investing activities		-3,950	-2,282
Cash flow from financing activities		-421	-6,111
Translation differences, cash and cash equivalents		28	-7
CASH AND CASH EQUIVALENTS, December 31	11	3,597	2,598
Contracted, non-utilized overdraft facilities		6,727	6,992
DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)		10,324	9,590

Parent Company's statement of profit and loss

SEK million	Note	2019	2018
Gross profit		-	-
Selling and administrative expenses	2	-385	-345
Other operating income	1	175	189
Other operating expenses	2	-1	-11
Operating loss		-211	-167
Result from shares in subsidiaries and affiliated companies	4	3,552	1,398
Other interest expenses and similar items	4	-594	-1,188
Profit after financial items		2,747	43
Appropriations	24	218	1,738
Profit before tax		2,964	1,781
Tax	5	58	-147
Profit for the year		3,023	1,634

Parent Company's statement of comprehensive income

SEK millions	Note	2019	2018
Profit for the year		3,023	1,634
Other comprehensive income			
Items that may be subsequently reclassified to the income statement:			
Cash flow hedges		1	-23
Tax attributable to other comprehensive income	5	0	5
Total items that may be subsequently reclassified to the income statement		1	-18
Total other comprehensive income for the year, net after tax		1	-18
Total comprehensive income for the year		3,024	1,616

Parent Company's statement of financial position

SEK millions	Note	2019 31 Dec	2018 31 Dec
ASSETS			
Fixed assets			
Intangible fixed assets	6	3	4
Tangible fixed assets	7	4	5
Financial assets	8	67,025	66,355
Long-term receivables from subsidiaries	19	5,022	5,928
Deferred tax receivables	14	92	33
Total fixed assets		72,146	72,325
Current assets			
Accounts receivable	29	1	3
Current receivables from subsidiaries		10,611	8,332
Current tax receivables		4	4
Other current interest-bearing receivables	11, 19	0	2,255
Other current receivables	29	12	7
Prepaid expenses and accrued income	10	72	97
Cash and cash equivalents	11, 19	2,066	1,553
Total current assets		12,766	12,251
TOTAL ASSETS		84,912	84,576

SEK millions	Note	2019 31 Dec	2018 31 Dec
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
• Share capital		9,062	9,062
• Statutory reserve		902	902
Unrestricted equity			
• Retained earnings		51,444	51,354
• Profit for the year		3,023	1,634
TOTAL EQUITY		64,431	62,952
Provisions			
Pension provisions	13, 19	2	3
Other long-term provisions	15	33	38
Total provisions		35	41
Long-term liabilities			
Liabilities to subsidiaries		1	0
Long-term interest bearing liabilities	16, 19	7,334	6,554
Long-term non-interest bearing liabilities	17	10	10
Total long-term liabilities		7,345	6,564
Current liabilities			
Short-term interest bearing liabilities	16, 19	2,207	3,203
Accounts payable	29	15	17
Current tax liabilities		3	1
Liabilities to subsidiaries		10,405	11,466
Other current liabilities	29	91	59
Accrued expenses and deferred income	18, 29	370	265
Short-term provisions	15	11	9
Total current liabilities		13,102	15,020
TOTAL EQUITY AND LIABILITIES		84,912	84,576

Parent Company's statement of changes in equity

SEK millions	Note	2019							2018							
		Restricted equity		Unrestricted equity					Restricted equity		Unrestricted equity					Total
		Share capital	Statutory reserve	Share premium	Reserve for fair value	Retained earnings	Profit for the year	Share capital	Statutory reserve	Share premium	Reserve for fair value	Retained earnings	Profit for the year			
Equity, January 1	12	9,062	902	22,469	-4	28,889	1,634	62,952	9,062	902	22,469	14	27,969	1,956	62,371	
Adjusted opening balance - changed accounting principles, IFRS 9								-	-	-	-	-	-6	-	-6	
Adjusted Equity, January 1		9,062	902	22,469	-4	28,889	1,634	62,952	9,062	902	22,469	14	27,963	1,956	62,365	
Cash flow hedges		-	-	-	1	-	-	1	-	-	-	-23	-	-	-23	
Tax on cash flow hedges		-	-	-	0	-	-	0	-	-	-	5	-	-	5	
Profit for the year		-	-	-	-	-	3,023	3,023	-	-	-	-	-	1,634	1,634	
Total comprehensive income		-	-	-	1	-	3,023	3,024	-	-	-	-18	-	1,634	1,616	
Retained earnings from previous year		-	-	-	-	1,634	-1,634	-	-	-	-	-	1,956	-1,956	-	
Dividend to shareholders	12	-	-	-	-	-1,545	-	-1,545	-	-	-	-	-1,030	-	-1,030	
Equity, December 31		9,062	902	22,469	-3	28,978	3,023	64,431	9,062	902	22,469	-4	28,889	1,634	62,952	



Parent Company's statement of cash flows

SEK millions	Note	2019	2018
BUSINESS OPERATIONS			
Profit from operating activities			
Operating loss		-211	-167
Reversal of non-cash items			
• Depreciation of tangible fixed assets	7	2	1
• Result on sales, fixed assets		-	-33
• Change in provisions		-3	-8
• Other reversals		2	
Interest received		597	354
Interest paid		-588	-694
Tax paid		1	-4
		-200	-551
Working capital			
Accounts receivables (+ decrease)		1	-1
Accounts payable (+ increase)		-5	0
Other current receivables (+ decrease)		1	1
Other current liabilities (+ increase)		149	-44
Commercial intra-group transactions		-114	9
		32	-35
CASH FLOW FROM OPERATING ACTIVITIES		-168	-586

SEK millions	Note	2019	2018
INVESTING ACTIVITIES			
Investments in fixed assets	7	-28	-118
Sales of facilities		28	144
Dividends from subsidiaries		3,224	18,632
Received/paid group contributions		1,738	1,423
Paid shareholder's contribution		-	-18,611
Acquisitions/divesture of shares and operations	25	-116	-11
Divestment of shares and operations	26	42	-
Other investing activities (+ decrease)		0	-
CASH FLOW FROM INVESTING ACTIVITIES		4,887	1,459
FINANCING ACTIVITIES			
Dividend to shareholders		-1,545	-1,030
New loans	27	7,516	3,475
Repayments/amortization of loans	27	-8,022	-8,722
Financial investments		2,255	198
Financial intra-group transactions		-4,485	3,319
Other financing (+ increase)		290	253
CASH FLOW FROM FINANCING ACTIVITIES		-3,991	-2,429
CASH AND CASH EQUIVALENTS			
Balance, January 1		1,553	3,187
Cash flow from operating activities		-168	-586
Cash flow from investing activities		4,887	1,459
Cash flow from financing activities		-3,991	-2,507
Currency effects, cash and cash equivalents		-215	-78
CASH AND CASH EQUIVALENTS, December 31		11	2,066
DISPOSABLE CASH AND CASH EQUIVALENTS (incl. non-utilized overdraft facilities)			
Contracted, non-utilized overdraft facilities		6,727	6,992
		8,793	8,545

5-year summary, Group

	2019	2018	2017	2016	2015
Sales, SEK millions	76,485	74,941	66,059	55,354	56,864
Operating profit/loss, SEK millions	1,961	4,940	3,838	1,213	-243
Profit/loss after financial items, SEK millions	1,572	4,403	2,863	324	-1,171
Profit/loss after tax for the Parent Company's shareholders, SEK millions	1,075	3,549	2,295	937	-508
Investments in plant and operations, SEK millions	4,079	2,559	1,614	1,372	2,582
Cash flow from current operations, SEK millions	3,447	4,800	5,319	2,293	2,802
Net debt excluding IFRS 16, SEK millions	9,880	8,582	11,574	17,887	23,156
Net debt including IFRS 16, SEK millions ¹⁾	11,696	10,527	-	-	-
Average capital employed, SEK millions	79,121	74,417	74,947	74,564	75,346
Total assets, SEK millions	93,978	92,487	87,476	90,913	85,158
Return on capital employed before tax (%)	3	7	6	2	0
Return on equity after tax (%)	2	6	4	2	-1
Equity ratio (%)	64	64	61	58	52
Net debt/equity ratio excluding IFRS 16, %	16	14	22	34	52
Net debt/equity ratio including IFRS 16, % ¹⁾	19	18	-	-	-
Dividend per share (SEK), 2019 – proposal ²⁾	1.50	1.50	1.00	0.00	0.00
Earnings per share (SEK) ¹⁾	1.04	3.45	2.23	1.04	-0.66
Average number of employees, incl. temporary employees	15,829	16,133	16,158	16,381	17,515
Sales per average employee, SEK millions	4.8	4.6	4.1	3.4	3.2
Production of crude steel, thousand tonnes	7,623	8,028	7,995	7,988	7,593

¹⁾ Opening balance on January 1 2019 has been adjusted for IFRS 16.

²⁾ Earnings per share and dividend per share has been adjusted based on the bonus issue element in the rights issue 2016.

Accounting and valuation principles

The significant accounting principles applied in the preparation of these consolidated financial statements are set forth below. Unless otherwise stated, these principles have been applied consistently with respect to all presented years.

General information

SSAB AB is a limited liability company with its registered office in Stockholm, Sweden. The Parent Company is listed on Nasdaq Stockholm with a secondary listing on Nasdaq Helsinki.

Principles for preparation of the report

The consolidated financial statements have been prepared in accordance with the Swedish Annual accounts act (1995:1554) as well as International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC), as such have been adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for the Group, has been applied.

Accounting standards and applications introduced during the year have had no material impact on the Group's earnings and financial position.

The consolidated financial statements have been prepared in accordance with the acquisition value method, other than with respect to certain financial assets and liabilities (including derivative instruments) which have been valued at fair value through profit and loss.

The preparation of reports in accordance with IFRS requires the use of a number of important estimations for accounting purposes. In addition, management must make certain assessments in conjunction with the application of the Group's accounting principles. Those areas that include a high degree of assessment, which are complex, or in which assumptions and estimations are of material significance for the consolidated financial statements are stated in [Note 32](#).

The Parent Company applies the same accounting principles as the Group, except where stated below in a particular section. The differences that exist between the principles applied by the Parent Company and the Group are due to limitations on the possibilities to apply IFRS to the Parent Company as a consequence of the provisions of the Swedish Annual Reports Act and the Swedish Pension Obligations (Security) Act and also, in

certain cases, for tax reasons. In addition, the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, has been applied.

Standards, changes and interpretations that entered into force in 2019 and are relevant to the Group

- IFRS 16, LEASING. The effective date of the standard is January 1, 2019. The Group has applied this standard from January 1, 2019. The Group has applied the simplified transition approach and has not restated any comparable figures for earlier periods. IFRS 16 mainly affects lessee accounting and the main impact is that all leases that were previously recognized as operating leases are recognized in a way that resembles the previous recognition of financial leases, i.e. a right-of-use asset and a lease liability are recognized. The Group has restated the opening balance as of January 1, 2019. For more information, see [Note 31](#). The Parent Company applies the exemption rules under RFR 2 and does therefore not apply IFRS 16. The Parent Company continues to recognize all leasing agreements as a straight-line cost over the lease.
- IFRIC 23, UNCERTAINTY OVER INCOME TAX TREATMENTS. This interpretation applies from January 1, 2019. The Group has applied this interpretation from January 1, 2019. IFRIC 23 explains how deferred and current tax receivables and tax liabilities should be reported and valued when there is an uncertainty in the handling of income taxes. The interpretation did not have any impact on the Group's opening balances at January 1, 2019.
- IAS 19 (AMENDMENT) EMPLOYEE BENEFITS (PLAN AMENDMENTS). The effective date of the Amendment is January 1, 2019. The Group has applied this Amendment from January 1, 2019. The Amendment clarifies the reporting of changes, reductions or regulations of a defined benefit plan. The Amendment has affected the Group's financial statements 2019. The disclosures in [Note 13](#), Pensions, has been expanded.

Standards, changes and interpretations relevant to the Group that have been adopted by the EU but have not yet entered into force and have not been applied by the Group prematurely

- IFRS 9 (AMENDMENT), FINANCIAL INSTRUMENTS AND IFRS 7 (AMENDMENT), FINANCIAL INSTRUMENTS; DISCLOSURES, "INTEREST RATE BENCHMARK REFORM". The Amendments in IFRS 9 and IFRS 7 introduce reliefs in connection with reference interest rate reform related to hedge accounting, where uncertainty in the reference interest rate reform is expected to lead to deterioration in the effectiveness of hedge accounting. The relief means that uncertainty due to reference interest rate reform should be disregarded when assessing effectiveness. Any ineffectiveness in hedging should still be reported in the income statement. The Group will

apply these Amendments from January 1, 2020. For 2019, the reference interest rate reform has had no impact on the Group's hedge effectiveness.

Consolidated financial statements

The consolidated financial statements are prepared in accordance with the Group's accounting principles, and include the accounts of the Parent Company, SSAB AB (publ) and all Group companies. The Group companies are consolidated from the time when the Group gains control or a controlling interest over the company. Controlling interest is defined as when the Parent Company has control over the investment object, is exposed to or is entitled to a variable return from its involvement in the investment object and can use its influence over the investment object to influence its return. Divested companies are included in the consolidated financial statements up to the time when the Group don't have the control or a controlling interest over the company. In the SSAB's consolidated financial statements, any intra-group transactions have been eliminated.

Subsidiaries

The Group's annual accounts are prepared in accordance with the acquisition method, entailing that the equity of subsidiaries at the time of acquisition defined as the difference between the fair value of identifiable assets, liabilities and contingent liabilities – is eliminated in its entirety against the acquisition price. Those surpluses that comprise the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities are reported as goodwill. If the acquisition price is lower than the fair value of the net assets of the acquired subsidiary, the difference is reported directly in the income statement. With respect to each acquisition, the Group determines whether all non-controlling interests in the acquired company shall be reported at fair value or at the proportion of the net assets of the acquired company represented by the holding. Acquisition costs are reported as an expense when they occur.

- Goodwill is initially valued as the amount by which the total purchase price and fair value of non-controlling interests exceeds the fair value of identifiable acquired assets and assumed liabilities. Acquired companies are included in the consolidated financial statements commencing the date on which a controlling influence is obtained, while divested companies are reported up to the date on which the controlling influence ceases.
- Intra-group transactions and unrealized internal profits are eliminated in the consolidated financial statements. Unrealized losses are also eliminated unless the transaction constitutes evidence of impairment of the transferred asset. Where appropriate, the accounting principles for subsidiaries have been changed in order to ensure a consistent application of the Group's accounting principles.

- In the consolidated cash flow statement, the purchase price with respect to acquired or divested operations is reported under the headings "Acquisition of shares and operations" and "Divested shares and operations". Thus, the assets and liabilities of the acquired/divested companies at the time of the acquisition/divestiture are not included in the cash flow statement.

Non-controlling interest

Non-controlling interest is reported as a separate item in the equity of the Group. Acquisition from non-controlling interest is reported as a transaction within equity, between the Parent Company's shareholders and non-controlling interest. Therefore, goodwill does not arise in those transactions. Profit from divestment to non-controlling interest is also reported in equity.

Affiliated companies and joint arrangements

Affiliated companies

SSAB's affiliated companies are all companies in which the Group has significant but not controlling interest, which usually applies to shareholdings comprising between 20% and 50% of the votes. Shares in affiliated companies are reported according to the equity method.

Joint arrangements

A joint arrangement is classified either as joint operation or a joint venture, depending on the contractual rights and obligations of each investor. SSAB's joint arrangements are classified as joint ventures, which means that SSAB and one or several parties have joint controlling interest and are entitled to the net assets. Joint ventures are reported according to the equity method.

Equity method

Affiliated companies and joint operations ventures in the form of joint ventures are reported in accordance with the equity method and valued initially at acquisition value in the Group's balance sheet. The equity method entails that the Group's book value of the shares in affiliated companies and joint ventures corresponds to the Group's share in the equity of the affiliated companies and joint ventures and, where appropriate, the residual value of surplus values or under-values from a Group perspective, including goodwill. The Group's share in the earnings of affiliated companies and joint ventures which arises after the acquisition is reported in the income statement and the Group's share of other comprehensive income is included in the other comprehensive income for the Group. In the consolidated income statement, "Shares in earnings of affiliated companies and joint ventures after

tax" comprise the Group's shares in earnings of affiliated companies and joint ventures, after tax. Dividend from affiliated companies and joint ventures are reported as a decrease of the carrying amount of the investment. Shares in the earnings of affiliated companies and joint ventures are reported in the operating profit when operations in affiliated companies and joint ventures are related to SSAB's operations and considered to be of a business nature. Any intra-group profits are eliminated in relation to the share of equity held.

In the Parent Company, affiliated companies and joint ventures are reported in accordance with the acquisition value method.

Transactions in foreign currencies

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the company in question primarily operates (functional currency). Swedish kronor are used in the consolidated financial statements; this is the functional currency and reporting currency of the Parent Company. Transactions in foreign currency are reported at the exchange rate prevailing on the transaction date. In certain cases, the actual rate is approximated to the average rate during a month. At the end of the month, receivables and liabilities in foreign currency are translated in accordance with the closing day rate at that time. Exchange rate differences relating to the business are reported in the operating profit, while differences attributable to financial assets and liabilities are reported as a net sum among financial items.

The income statements of foreign subsidiaries are translated into Swedish kronor at the average exchange rates for the year, while their balance sheets are translated into Swedish kronor at the closing day rates. Any translation differences that arise are transferred directly to the consolidated statement of comprehensive income and reported in the item "Translation reserve".

Loans or other financial instruments taken up in order to hedge net assets in foreign subsidiaries are reported in the consolidated financial statements at the closing day rate. Any exchange rate differences less deferred taxes are transferred directly to other comprehensive income and thereby set off against the translation differences which arise in conjunction with the translation of these subsidiaries' balance sheets into Swedish kronor.

Upon sales of foreign subsidiaries, the total translation differences that relate to the foreign subsidiary are reported as a part of capital gains/ losses in the consolidated income statement.

Goodwill and adjustments of assets and liabilities to fair value in connection with the acquisition of foreign subsidiaries are treated as assets and liabilities in the foreign operations and thus translated in accordance with the same principles as the foreign subsidiaries.

Revenue recognition

Revenues are recognized when the control of the goods has been transferred to the customer. Revenue is recognized at the transaction price, taking into account any estimated variable amount that the Group is entitled to (expected proceed). The amount corresponds to amounts received for sold goods less value added tax and taking into account discounts and returns. In Sales, in the consolidated income statement, exchange rate differences from forward contracts which are entered into in order to hedge sales in foreign currency are included. For information regarding hedge accounting, see [Note 29](#).

The Group recognizes revenue at the point in time when the distinct performance obligation is satisfied and when the customer has obtained the control over the sold good. This can be done at a point in time or over time. The specific criteria for revenue recognition for each of the Group's operations are described below.

Sales of steel

Revenues from sales of steel are recognized after the control has been transferred to the customer, which occurs when the goods sold are transferred to the customer and no disposition right or opportunity to actual control over the goods remains for the Group and when there are no unsatisfied performance obligations outstanding that might affect the customers approval of the goods. In most cases, this means that sales are reported upon delivery of the goods to the customer in accordance with agreed delivery terms and conditions.

Revenue recognition of projects within Ruukki Construction

The Group applies percentage of completion method when reporting fixed price agreements for projects. When the result of the project and the completion can be reasonably calculated, revenues are reported over the term of the agreement based on the degree of completion. At the end of the project, project expenditures are reported based on the degree of completion in respect of the activities included in the work. The degree of completion is calculated in accordance to the Input method, where revenue is based on the entity's efforts or input to satisfy the performance obligation (e.g. costs for resources consumed, labor hours expended and other costs incurred) in relation to total expected input for the satisfaction of the performance obligation. When it is likely that the total expenditures on the project will exceed the total revenues, the anticipated loss is reported immediately as an

expense. When the result of the project work cannot reasonably be calculated, revenues are recognized only in an amount corresponding to the accrued project expenditures which are likely to be compensated.

Sales of services

Revenues from sales of services are recognized in the period in which the services are performed.

All intra-group sales are eliminated in the consolidated financial statements.

Interest income and dividends

Interest income is reported in accordance with the effective rate/yield (effective interest rate method). Dividends are reported when the right to receive the dividend has been established.

Regarding dividends from subsidiaries see the section entitled Dividends, the Parent Company.

Pricing between Group companies

Arm's length pricing is applied to deliveries of goods and services between companies in the Group.

Government assistance

Government assistance and grants are reported at fair value when there is reasonable certainty that the grant will be received and that the Group will fulfill the conditions attached to the grant. Government assistance and grants are allocated over the same period as the expenses which the grants are intended to reimburse. Grants provided as compensation for expenses are recognized in the income statement as an expense reduction. Grants related to assets are recognized in the balance sheet through a reduction in the reported value of the assets.

Research and development expenses

Research and development expenses are booked as they are incurred. Development expenses may be capitalized under certain strict conditions. However, this requires, among other things, that future economic benefits can be demonstrated at the time the expenses are incurred. The projects that take place are short-term in nature and do not involve significant amounts, and thus development expenditures are also booked as costs.

Tangible fixed assets

Tangible fixed assets are reported at acquisition value less deduction for accumulated depreciation and any accumulated impairment. Depreciation is based on the acquisition value of the assets and estimated useful

life. If major investments include components, an assessment must always be made as to whether the useful life of the component differs from that of the entire facility. The acquisition value includes expenditures directly attributable to the acquisition of the asset. Any borrowing costs in conjunction with the construction and design of fixed assets, a significant portion of which is required for completion for use or sale, are added as a part of the acquisition cost of the asset. Restoration expenses in connection with disposals of fixed assets are included in the acquisition value only where the criteria for making a provision for such restoration expenses may be deemed fulfilled. Additional expenditures for acquiring replacement components are added to the reported value of the fixed asset or recognized as a separate asset only where it is likely that the Group will enjoy the future economic benefits associated with the asset and the acquisition value of the asset can be measured in a reliable manner. The reported value for the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are recognized as expenses in the income statement during the period in which they occur. Land is assumed to have a perpetual period of use and thus is not depreciated. Other tangible fixed assets are classified into groups for calculation of depreciation based on their estimated useful life, in accordance with the following table.

Examples of items	estimated use, years
Vehicles, office equipment and computers	3-5
Light machinery	5-12
Heavy machinery:	
• Relining of blast furnaces	12-15
• Steel furnaces, rolling mills and cranes	15-20
• Blast furnaces and coke ovens	15-20
Land improvement	20
Buildings	25-50

The useful life of the assets is reviewed annually and adjusted where required. The assets are normally depreciated to zero without any remaining residual value. The straight line depreciation method is used for all types of tangible non-current assets with a limited useful life. Where the book value of an asset exceeds the expected recovery value, the asset is written down to such value.

Capital gains and capital losses upon the sale of tangible non-current assets are determined by comparing the revenue from the sale with the reported value; this is reported in the income statement as "Other operating income" or "Other operating expenses".

Intangible assets

Similarly, intangible assets are classified in two groups, with assets with a determinable useful life being amortized over a determined useful life, while assets with an undeterminable useful life are not amortized at all.

Intangible assets with an undeterminable useful life

Goodwill

The compensation transferred in conjunction with a business acquisition is valued at fair value. Goodwill comprises the amount by which the acquisition value (the compensation) exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the time of the acquisition. Goodwill upon the acquisition of a subsidiary is reported as an intangible asset. Goodwill is tested annually to identify any impairment and reported at acquisition value less accumulated impairment. Testing for impairment is also carried out in those cases where there are indications that the asset may have diminished in value. Impairment of goodwill is reported as an expense and not reversed. Profits or losses upon the sale of a unit include the remaining reported value of the goodwill which relates to the sold unit. When testing for any impairment, goodwill is allocated over cash-generating units. The allocation is made on the cash-generating units or groups of cash generating units which are expected to benefit from the business acquisition which gave rise to the goodwill item. Goodwill is monitored on a divisional level.

Trademarks

Acquired trademarks are reported at cost. Trademarks that don't have a determinable useful life are tested annually to identify any impairment and are reported at cost less accumulated impairment. Testing for impairment is also carried out in those cases where there are indications that the assets may have diminished in value. Impairment of trademark is reported as an expense and not reversed.

Emission rights

Emission rights are reported at cost; emission rights received for free are reported at nominal value, i.e. at zero. Emission rights with an undeterminable useful life are tested for impairment on a quarterly basis and are reported at cost deducted with accumulated amortization. The need for impairment is also tested in cases where there are indications that the assets may have decreased in value.

Intangible assets with a determinable useful life

Customer relations

Acquired customer relations are reported at cost. Customer relations have a determinable useful life and are reported at cost less accumulated amortization. Straight line amortization is applied to allocate the costs for customer relations over their assessed useful life (six to twelve years).

Trademarks and licenses

Acquired trademarks and licenses are reported at cost. Trademarks and licenses that have a determinable useful life are reported at cost less accumulated amortization. Straight line amortization is applied to allocate the costs for trademarks over their assessed useful life and licenses are amortized over the term of the agreement (five to ten years).

Software

Acquired software licenses are capitalized on the basis of the costs incurred upon acquisition and placement into operation of the relevant software. These capitalized costs are amortized on a straight-line basis over the assessed useful life (three to five years).

Expenses for development and acquisition of new software are capitalized and reported as an intangible asset provided they have a significant value for the Company in the future and they can be deemed to have a useful life in excess of three years. These capitalized expenses are depreciated on a straight-line basis over the assessed useful life (three to five years). Expenses for training and software maintenance are, however, booked directly as costs.

Other intangible assets

Other intangible assets are reported at cost less accumulated amortization. Straight line amortization is applied to allocate the costs over their assessed useful life (five to fifteen years).

Impairment of non-financial assets

Intangible assets with an undeterminable useful life (including goodwill) are not amortized but, rather, tested annually for any impairment or otherwise where signs indicate a decline in value. Other non-financial assets with an undeterminable useful life are tested when signs indicate a decline in value. Amortized assets are tested for impairment when signs indicate a decline in value. Where the estimated recovery value is less than the reported value, the asset is written down to the recovery value. Testing of the value of an asset with an undeterminable



useful life may also result in the asset being reclassified as an asset with a determinable useful life. The asset's period of use is then calculated and amortization commences. The recovery value is the asset's fair value reduced by selling expenses, or its useful value, whichever is higher. When testing for impairment, assets are grouped on the lowest levels for which there are separately identifiable cash flows (cash-generating units). With respect to assets other than financial assets and goodwill which have previously been impaired, an annual test is conducted as to whether a reversal should be made.

Leasing – Lessee

The right-of-use asset and lease liability are recognized at the start of the lease term. The lease liability is initially recognized at the present value of future lease payments discounted at the rate implicit in the lease agreement, or where this cannot be determined, the Group's incremental borrowing rate. Subsequent measurement of the lease liability is done by increasing the value to reflect the interest rate and the decrease the value due to payments. In addition, any remeasurements of the lease liability are taken into account. The acquisition value of the right-of-use asset consists of the initial value of the lease liability plus any advance payments and other initial direct costs. Subsequent measurement of the right-of-use asset is at acquisition value less accumulated depreciation and any accumulated impairment, and taking into account any remeasurements. Depreciation is recognized on a straight-line basis over the lease term or over the economic life of the asset if it is reasonably certain that title will transfer to the Group, for example, through exercising an option to purchase at the end of the lease term. An exception to the new principles that the Group is applying is applicable to low value leases, where no right-of-use asset or lease liability is recognized. These will be recognized as a straight-line cost over the lease term.

The Group defines low value leases as, for example, office equipment such as printers, copying machines, coffee machines and other assets having a value of less than around SEK 50 thousand in new condition.

Accounting principles applicable until December, 31 2018

Expenses for fixed assets that are leased instead of owned are reported primarily as lease expenses on a straight line basis over the leasing period (operational leasing). Where leasing agreements contain terms and conditions pursuant to which the Group enjoys the economic advantages and incurs the economic risks that are associated with ownership of the property (financial leasing), they are reported in the consolidated balance sheet under 'Fixed Assets' and depreciated over the useful life (the economic life or the outstanding leasing period, whichever is the shorter). At the beginning of the leasing period, financial leasing is reported in the balance sheet at the

leased object's fair value or the present value of the minimum leasing charges, whichever is lower. Each lease payment is divided into interest payment and repayment of the debt; interest is allocated over the leasing period. Corresponding payment obligations, less deductions for financial expenses, are included in the balance sheet items, "Short-term interest-bearing liabilities" and "Long-term interest-bearing liabilities".

In the Parent Company, all leasing agreements are recognized as a straight-line cost over the lease.

Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. They are reported initially at an acquisition value corresponding to the fair value of the asset plus a supplement for transaction costs, with the exception of assets that are valued at fair value through profit or loss. Reporting thereafter is dependent on the classification of the asset. Financial assets are removed from the balance sheet when the debt/instrument is finally paid or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

Spot purchases and sales of financial assets are reported on the Settlement day, i.e. the day on which the asset is delivered. Accounts receivable are reported in the balance sheet when an invoice has been issued. The fair value of listed financial assets corresponds to the asset's listed transaction price on the balance sheet date. The fair value of unlisted financial assets is determined through use of valuation techniques, for example, recently conducted transactions, prices of similar instruments and discounted cash flows.

Financial assets are classified in three valuation categories: "Fair value through profit or loss", "amortized cost" and "fair value through other comprehensive income".

- **FAIR VALUE THROUGH PROFIT OR LOSS:** Assets included in this category are financial assets that do not meet the requirements for valuation at amortized cost or at fair value through other comprehensive income. Financial assets and liabilities held for trading are always classified as "Financial assets at fair value through profit or loss" as well as financial assets that are managed and evaluated based on fair values. Holdings in this category are reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments, except where used for hedge accounting, are included in this category as well. Assets in this category are valued regularly at fair value and changes in value are reported



in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

- **AMORTIZED COST:** Financial assets found in this category have a business model to receive contractual cash flows and the contractual cash flows are payments only of principal and interest. Loans and receivables, investments and accounts receivable are financial assets that can be found in this category. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Assets in this category are valued at amortized cost, less write-downs for expected credit losses. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date. Accounts receivable with a maturity of less than 12 months are not recognized at amortized cost, but at the amount that are expected to be received, net after deduction of expected credit losses. They are included in Current assets, except for items with a maturity in excess of 12 months after the closing date, which are reported as fixed assets.
- **FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:** Financial assets (debt instruments) found in this category have a business model to both receive contractual cash flows and sell the asset and the contractual cash flows are payments only of principal and interest. Assets in this category are valued regularly at fair value with changes in value in other comprehensive income, except for foreign exchange gains and losses and write-downs of expected credit losses, which are recognized in the income statement. Interest income based on the effective interest method is reported in the income statement. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets. The Group held no instruments in this category during 2019.

At initial recognition, it is allowed to irrevocably classify equity instruments (shares) that are not held for trading purposes, at fair value through other comprehensive income. The subsequent changes in fair value, both unrealized and realized, are reported in other comprehensive income. The Group applies this for unlisted shares.

Other shares and participations

Consist primarily of investments in equity instruments which do not have a listed market price.

Non-current receivables

Non-current receivables are receivables held without any intention of Trading in the claim. Parts where the outstanding holding period is less than one year are reported among "Other current interest-bearing receivables".

Accounts receivable

Accounts receivable are reported initially at transaction price and accounts receivable in excess of twelve months are reported at amortized cost applying the effective interest rate method, less any provisions for expected credit losses. Accounts receivable are reported at the amount that is expected to be received, i.e. after deductions for bad debts. The Company has had no accounts receivable with a due date in excess of twelve months. Any impairment of accounts receivable takes place in selling expenses in the income statement.

The reported accounts receivable include receivables that are subject to a factoring agreement. According to the agreement the Group has sold part of the accounts receivables and received liquid funds. The receivables cannot therefore be sold or pledged. These receivables are included in a pre-determined, defined customer group. The accounts receivables remain in the consolidated accounts with the remaining credit risk that is not transferred to the factoring company. When the accounts receivable is fully paid and no credit risk remains, the balance is derecognized in the consolidated accounts.

Cash and cash equivalents

Cash and cash equivalents include cash, immediately accessible bank balances as well as other short-term deposits with an original term to maturity of less than three months (short-term investments). Investments with an original term to maturity of between three and twelve months are reported under "Other current interest-bearing receivables" and classified as assets valued at the fair value via the income statement. Overdraft facilities are reported in the balance sheet as borrowing among "Current interest-bearing liabilities".

Impairment loss model for expected credit losses

The Group's model for calculating provision for credit losses is based on expected credit losses. The Group applies the simplified approach, that is, the provision will correspond to the expected loss over the entire life of the trade receivable. For other items subject to expected loan losses, a three-stage write-down model is applied. Initially, as well as on each balance sheet date, a loss provision is reported for the next 12 months or for a shorter period of time depending on the remaining maturity (stage 1). If there has been a significant increase in credit risk since the first accounting date, a loss reserve for the remaining maturity of the asset is reported (stage 2). For assets that are deemed to be impaired, credit is still reserved for expected credit losses for the remaining term (stage 3). The Group

has defined a receivable as credit impaired if the receivable is delayed for more than 90 days or if other factors indicate that the receivable is credit impaired. Substantial increase in credit risk is defined as delayed payment by more than 30 days, or a significant deterioration in credit rating that does not result in a continued investment grade rating. The valuation of expected credit losses is based on different methods for different credit risk exposures. Provisions for expected credit losses have been made for accounts receivable. In addition, provision requirements for other financial assets are monitored and provision is made if necessary. The Group writes off assets and receivables when there is no longer a probable expectation of receiving additional compensation for the asset or receivable.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value.

The Group applies the FIFO method (first in, first out) or weighted average value method to estimate the acquisition cost. The FIFO method is based on the assumption that goods that are purchased or produced first are sold first and that the units that remain in the warehouse at the end of a period are the ones that are bought or produced most recently. When calculating the acquisition value, a weighted average value is normally used to approximate FIFO.

The method based on weighted average prices means that the cost of each unit is determined from a weighted average of the cost values of similar units at the beginning of the period and of the cost values of the units purchased or produced during the period. The average figures can be calculated periodically or at each additional delivery, depending on the conditions of the individual company.

The net realizable value is normally calculated as the sales price less Production and selling expenses. With respect to products in the trading operations, the replacement cost with an added estimated gross margin is used as the best gauge of the net realizable value. In respect of raw materials, the replacement cost is used as the best gauge of the net realizable value. However, raw materials are not written down below the acquisition value where the end product in which they are included is expected to be sold at a price which exceeds the manufacturing cost.

Work in progress and finished inventories are valued at the manufacturing cost or the net realizable value, whichever is lower. Necessary provision is made for obsolescence.

The acquisition value of inventories includes all costs for purchasing, Production and other expenses incurred in bringing the goods to their current location and condition.

Employee benefits

Pensions

Within the Group there are both contribution-based and benefit-based Pension plans. Generally, the plans are financed through payments to insurance companies or manager-administered funds.

In the contribution-based plans, fixed fees are paid to a separate legal entity and there is no obligation, legal or informal, to pay any additional fees. In the contribution-based plans, payments are recognized as an expense during the period when the employees have performed the services to which the fees relate. Blue collar employees in Sweden are covered by such a contribution-based plan.

In the benefit-based plans, compensation is payable to employees and former employees based on salary at the time of retirement and upon termination of employment and the number of years in service. The Group bears the risk that the costs for the promised payments will be higher than estimated.

In the consolidated balance sheet, the net of the estimated present value of the obligations and fair value of the managed assets is reported either as a long-term provision or as a long-term financial claim. In those cases where a surplus in a plan cannot be utilized in full, only that part of the surplus which can be recovered through reduced future fees or refunds is reported. Set-off of a surplus in one plan against a deficit in another plan takes place only where a right of set-off exists.

Pension expenses and pension obligations for benefit-based plans are calculated in accordance with the Projected Unit Credit Method. The method allocates pension expenses as the employees perform the services that increase their entitlement to future compensation. The obligation is calculated by independent actuaries and constitutes the present value of the anticipated future disbursements. The discount rate that is applied corresponds to the rate of interest on high-quality corporate bonds with a term to maturity which corresponds to the average term for the obligations. The most important actuarial assumptions are stated in [Note 13](#).

Actuarial profits or losses may arise upon determination of the present value of the obligations and the fair value of the managed assets. These arise either as a consequence of the actual result differing from previously-made assumptions, or due to changes in the assumptions. Such actuarial profits and losses are recognized in their entirety in the Group's results when they arise.

White collar personnel in Sweden are covered by a collective benefit-based plan, the ITP (supplementary

pensions for salaried employees) plan. The ITP plan has been financed through the purchase of pension insurance with the mutual insurance company, Alecta. However, at present no information is available which makes it possible to report this plan as a benefit-based plan. Accordingly, the plan is reported as a contributions based plan, and thus premiums paid to Alecta during the year are reported as pension expenses.

The Parent Company and other legal entities within the Group report benefit-based pension plans in accordance with the local rules in each country.

Profit shares and variable salary

SSAB employees are covered by a profit sharing system which entitles them to a share in the profit above a minimum level. The Group Executive Committee and a number of other senior executives have instead salaries which contain a variable element related to the profit level and individually set targets. The costs for these systems are booked as accrued expenses regularly during the year as soon as it is likely that the targets will be met. In 2011, a long-term incentive program was introduced for the Company's senior executives, including the President, which is capped at 25% of fixed salary. The program runs for rolling three-year periods, is cash-based, and is linked to the total return on the SSAB share relative to a comparison group comprised of the Company's competitors. A percentage of the costs for the program are booked each year, based on a continuous assessment of the outcome for the three-year period.

Compensation upon termination of employment

Compensation upon termination of employment is paid when employment is terminated prior to the normal retirement age or where an employee accepts voluntary retirement in exchange for such compensation. The Group reports severance compensation when the Group is demonstrably obliged either to terminate an employee in accordance with a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made in order to encourage voluntary retirement. Benefits which fall due more than twelve months from the balance sheet date are discounted to present value.

Provisions

Provisions are reported when the Group has an obligation as a result of an event that has occurred and it is likely that payments will be demanded for fulfillment of the obligation. A further requirement is that it is possible to make a reliable estimation of the amount to be paid out. Provisions for restructuring measures are made when a detailed, formal plan for the measures is in place and well-founded expectations have been created among the parties that will be affected by the measure, and this takes place prior to the balance sheet date.

Emission rights

SSAB participates in the EU's emission rights trading system. Provision is made if a shortfall in emission rights is identified between owned rights and those rights which will have to be delivered due to emissions having taken place. The value of any surplus emission rights is reported only when it is realized as an external sale. Emission rights are reported as intangible assets and are booked at acquisition value.

Environmental restoration expenses

Expenses for environmental measures associated with previous operations and which do not contribute to current or future revenue are booked as a cost when incurred. The environmental undertaking is calculated based on interpretations of applicable environmental legislation and regulations and reported when it is likely that payment liability will be incurred and a reasonable estimation can be made of such amount. Provisions have not been made for land clean-up to prepare the industrial areas for other use in the future, since it is not possible to make a reasonable estimation of when such cleanup will take place.

Financial liabilities

Financial liabilities include loan debts, accounts payable and derivative instruments. Reporting thereafter takes place depending on how the liabilities are classified. Financial liabilities are removed from the balance sheet when the debt/instrument is paid in full or ceases to apply or is transferred through all risks and benefits being assigned to an external party.

Accounts payable

Accounts payable are valued initially at fair value and thereafter at accrued acquisition value.

Loan debts

Loan debts are valued initially at net fair value after transaction costs, and thereafter at amortized cost. The amortized cost is determined based on the effective interest rate which was calculated when the loan was raised. Accordingly, premiums and discounts as well as direct issuance costs are allocated over the loan period. Fees paid for loan facilities are reported as transaction costs for borrowing to the extent that it is probable that part or all of the credit facility will be utilized. In such cases, the charge is recognized during the term when the credit facility is utilized. To the extent there is no evidence that it is probable that some or all of the facility will be utilized, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged,

cancelled or expired. The difference between the carrying amounts of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Loans which constitute the hedged object in fair value hedging are valued and booked at fair value.

Derivate instruments and hedging

Currency derivatives in the form of forward contracts and swaps are used to hedge exchange rates on USD purchases, to hedge the exchange rate in conjunction with major sales in foreign currency, in conjunction with major investments in non-current assets made in foreign currency, to hedge net investments in foreign subsidiaries, and to hedge Swedish kronor payment flows on foreign loans. Derivative instruments in the form of interest swaps are used to hedge exposure to interest rate risks.

- All derivative instruments are reported in the balance sheet at fair value. The method for reporting accrued profit/loss differs, however, depending on the purpose of the derivative instrument. When a derivative contract is entered into, it is characterized as hedging of the fair value of a reported asset/ liability or of a signed delivery order ("fair value hedging"), hedging of a planned transaction ("cash flow hedging"), hedging of a net investment in a foreign company, or as a derivative instrument which does not meet the requirements for hedging accounting.
- When the transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item, as well as the Group's risk management objectives and risk management strategy as regards the hedging. The Group also documents its assessment, both when hedging is entered into and on a regular basis, of whether the derivative instruments used in hedge transactions are effective in counteracting changes in fair value or cash flows that relate to the hedged items. Assessment of the efficiency is prospective and if possible, it is done on a qualitative basis.
- Information regarding fair value of various derivative instruments used for hedging purposes is set forth in [Note 29](#). Changes in the hedging reserve in equity are set forth in [Note 12](#). The entire fair value of a derivative instrument which constitutes a hedge instrument is classified as a non-current asset or noncurrent liability when the outstanding term of the hedged item exceeds twelve months and as a current asset or current liability when the outstanding term of the hedged item is less than twelve months.
- Fair value hedging: Changes in the fair value of derivative instruments which are categorized as, and meet the requirements for, "fair value hedging" are reported in the income statement together with changes in the fair value of the asset/liability or the delivery order to which the hedging relates.
- Cash flow hedging: The effective part of changes in fair value of derivative instruments which are identified as, and meet the requirements for, cash flow hedging, is reported in other comprehensive income. The profit or loss attributable to the ineffective part is reported immediately in financial items in the income statement. However, the ineffective part of the profit or loss relating to cash flow hedging of sales in foreign currency is reported among other operating expenses or revenue. Accumulated amounts in equity are reversed to the income statement in those periods in which the hedged item affects earnings (e.g. when the forecast sale which is hedged takes place). The profit or loss attributable to the effective part of a forward contract which hedges sales in foreign currency is reported in the income statement item, Sales. For currency hedging of raw material purchases or investments in non-financial fixed assets, the hedging result is included in the acquisition value. When a hedge instrument lapses or is sold, or when the hedging no longer fulfills the criteria for hedge accounting and there are accumulated profits or losses in equity regarding the hedging, such profits or losses remain in equity and are reported as income at the same time as the forecast transaction is finally reported in the income statement. When a forecast transaction is no longer expected to occur, the accumulated profit or loss which is reported in equity is transferred immediately to the income statement. Where the transfer relates to cash flow hedging of sales in foreign currency, it is reported among other operating expenses or revenue. Where the transfer relates to cash flow hedging of financial items, it is reported in the income statement among financial items.
- Net investment hedging: Hedging of net investments in foreign companies is reported in the same manner as cash flow hedging. The effective part of changes in value of derivative instruments and liabilities, which are used as hedge instruments, is reported in other comprehensive income. The ineffective part of changes in value is reported immediately in financial items in the income statement. Accumulated profits and losses in equity are reported in the income statement when the foreign operations are divested, in whole or in part.
- Sources of hedge ineffectiveness that may arise during the term of the hedging relationship are a significant changes in credit risk of one of the parties and, in case of cash flow hedge, change in timing of the payment of the hedged item, or that secured volume based on highly probably forecasts would exceed actual outcomes.



- Certain derivative transactions do not meet the formal criteria for hedge accounting; they are reported in the income statement among financial revenues and expenses.

Derivative instruments which are reported in hedge accounting and executed in respect of business-related items are reported in operating profit, while derivative instruments of a financial nature are reported in financial items. The fair value of currency forward contracts and currency swaps is calculated based on forward contract prices on the balance sheet date, while interest rate swaps are valued calculated on the basis of future discounted cash flows.

Taxes

The Group's reported tax expenses consist of tax on the taxable earnings of Group companies for the period as well as any adjustments with respect to tax for previous periods and changes in deferred tax.

Deferred tax

Deferred tax is calculated in order to correspond to the tax effect which arises when final tax is triggered. It corresponds to the net effect of tax on all differences between the tax value of assets and liabilities and their value for accounting purposes (temporary differences), applying the future tax rates already decided upon or announced which will apply when the tax is expected to be realized.

- Temporary differences arise primarily through accelerated depreciation of non-current assets, profits from intra-group inventory transactions, untaxed reserves in the form of tax allocation reserves, non-utilized losses carried forward, as well as fair value adjustments in conjunction with business combinations. A deferred tax receivable due to losses carried forward is, however, recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses.
- In the Parent Company's balance sheet, the accumulated values of Accelerated depreciation and other untaxed reserves are reported in the item "Untaxed reserves" without deduction of the deferred tax. In the Parent Company's income statement, changes in the untaxed reserves are reported on a separate line.

Dividends

Dividends proposed by the Board of Directors do not reduce equity until the annual general meeting has adopted a resolution regarding payment of the dividend.

Dividends, the Parent Company

An anticipated dividend is reported in those cases where the Parent Company is exclusively entitled to decide on the amount of the dividend and the Parent Company, prior to the date on which its financial statements are published, has decided on the amount of the dividend and ascertained that the dividend will not exceed the dividend capacity of the subsidiary.

Group contributions in the Parent Company

Group contributions received and provided, and the tax consequences thereof, are reported as a transfer to untaxed reserves, and the tax effect as a tax expense /income in the income statement.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents in the cash flow statement consist of cash and bank balances as well as short-term investments with a term to maturity of less than three months from the acquisition date, which are exposed to only an insignificant risk of change in value.

Segment reporting

Operating segments

The Group is organized in five reportable operating segments with clear profit responsibility. The operating segments are the three steel divisions; SSAB Special Steels, SSAB Europe, SSAB Americas and the subsidiaries Tibnor and Ruukki Construction. Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective Boards. In addition, there are other operating segments which are not reportable since they do not reach the threshold values in IFRS 8 and they are not monitored separately by the Group Executive Committee. The segment reporting takes place in such a manner that it corresponds to the internal reporting which is submitted to the Group Executive Committee. The Group Executive Committee is the highest Executive decision-making body which is responsible for the allocation of resources and assessment of the results of operating segments, and takes strategic decisions. A more detailed description of the reportable segments and their operations is provided on p. [129-135](#) and in [Note 28](#).



Non-current assets held for sale

Significant non-current assets (or divestments groups) are classified as Non-current assets held for sale when their reported value will primarily be recovered through a sales transaction and a sale is deemed to be very likely. They are reported at reported value or fair value less selling expenses, whichever is lower, if their book value is primarily recovered through a sales transaction and not through permanent use.

Earnings per share

Earnings per share before dilution are calculated based on the year's earnings in the Group attributable to the Parent Company's ordinary shareholders, and on a weighted average number of shares. When calculating earnings per share after dilution, earnings and the average numbers of shares are adjusted to take into account the effects of dilutive potential ordinary shares. No dilution has taken place during 2019.

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1 Sales and other operating income

External sales, Group

SEK millions	2019						2018					
	Business segments						Business segments					
	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total	SSAB Special Steels	SSAB Europe	SSAB Americas	Tibnor	Ruukki Construction	Total
Geographical areas												
Sweden	343	5,913	-	3,722	1,540	11,517	787	6,069	-	3,988	1,459	12,303
Finland	264	4,299	-	1,567	2,164	8,294	245	4,275	-	1,540	1,537	7,597
Denmark	134	1,245	-	1,559	97	3,035	183	1,602	-	615	98	2,497
Germany	1,554	2,379	-	27	6	3,965	1,285	2,403	-	34	4	3,726
Other EU-28	4,747	8,583	-	538	1,984	15,851	4,523	8,122	-	449	1,885	14,978
Norway	83	583	-	1,535	508	2,709	80	608	-	1,591	687	2,967
Russia	426	338	-	-	16	780	346	270	-	-	313	929
Other Europe	674	355	-	22	145	1,196	851	301	-	14	103	1,269
USA	3,715	1,277	16,311	0	1	21,305	3,636	1,348	15,425	1	-	20,409
Canada	1,055	1	904	-	4	1,964	1,068	10	1,160	-	-	2,238
Rest of the world	4,944	843	47	30	5	5,869	4,315	1,584	69	40	20	6,028
Total	17,938	25,815	17,262	8,999	6,470	76,485	17,318	26,590	16,655	8,272	6,105	74,941
Product area												
Steel products	17,209	23,926	17,251	-	-	58,386	16,342	24,705	16,528	-	-	57,576
Trading operations	-	-	-	8,999	-	8,999	-	-	-	8,272	-	8,272
Ruukki Construction operations	-	-	-	-	6,470	6,470	-	-	-	-	6,105	6,105
Slabs, by-products and scrap	463	1,795	-	-	-	2,259	665	1,745	93	-	-	2,503
Other	266	94	11	-	-	371	311	140	33	-	-	484
Total	17,938	25,815	17,262	8,999	6,470	76,485	17,318	26,590	16,655	8,272	6,105	74,941

Contract revenue from agreements which extend over more than twelve months does not amount to a substantial value, therefore it is not disclosed.

Other operating income SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Sales of purchased energy and media	142	197	-	-
Sales of services	29	29	2	1
Net exchange rate differences	339	279	2	11
Profit upon sale of company or business	42	-	-	-
Profit upon sale of fixed assets	10	18	-	33
Investment grants/Government grants	35	64	-	1
Insurance compensation	287	185	-	1
Other	336	118	171	142
Total	1,221	890	175	189

2 Operating expenses

Type of cost SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Raw materials in the steel operations, including change in raw material inventory	30,178	28,815	-	-
Supplies and inputs	2,314	1,907	-	-
Purchased products in the trading operations	3,451	2,840	-	-
Purchased products in the steel operations	888	851	-	-
Energy	3,613	3,787	-	-
Change in inventory, work in progress and finished products	2,159	135	-	-
Compensation to employees	11,891	11,375	218	186
Material, services and maintenance	8,916	8,912	90	99
Depreciation/amortization	4,216	3,771	2	1
Freight	5,983	6,246	-	-
Other	2,201	2,316	75	70
Total operating expenses	75,808	70,956	386	356

Audit fees and related services SEK millions	Group		Parent Company	
	2019	2018	2019	2018
EY				
Audit fees	17	-	2	-
Audit related services	1	-	0	-
Tax consulting	2	2	0	2
Other services	1	2	1	0
Total	19	4	3	2

During the year EY Sweden invoiced SEK 7 (-) million for audit services. EY Sweden's fees for other services than audit amounts to 20% (-) compared to EY Sweden's fees for audit. The EY network's fees for other services than audit amount to 16% (-) compared to the network's invoiced fees for audit services. EY was elected as new auditors at the annual general meeting on April 8, 2019.

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
PricewaterhouseCoopers				
Audit fees	5	18	2	4
Audit related services	2	2	1	1
Tax consulting	2	2	2	0
Other services	2	4	2	3
Total	11	27	7	9

During the year PwC Sweden invoiced SEK 4 (8) million for audit services. PwC Sweden's fees for other services than audit amounts to 90% (44%) compared to PwC Sweden's fees for audit. The PwC network's fees for other services than audit amount to 61% (29%) compared to the network's invoiced fees for audit services. PwC ended their audit engagement in relation to the annual general meeting on April 8, 2019.

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Other				
Audit fees	6	6	0	0
Audit related services	3	5	0	0
Tax consulting	7	4	0	0
Other services	12	2	0	0
Total	28	16	0	0

Operating expenses have been reduced by the following government and other grants:

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Investment grant	12	6	-	-
Other	22	12	-	-
Total grants	35	18	-	-

2 Operating expenses cont.

Compensation to employees SEK millions	Board, President and Executive Vice President		Other employees	
	2019	2018	2019	2018
Parent Company ¹⁾	24	28	100	72
Subsidiaries in Sweden	7	6	3,011	2,908
Subsidiaries outside Sweden	21	20	5,340	5,044
Total wages and salaries²⁾	52	54	8,451	8,024
Social security expenses	25	26	1,382	2,224
(of which pension expenses)	(13)	(14)	(912)	(862)
Other expenses for employee benefits	10	10	558	582
Total compensation to employees	99	90	11,302	10,831

¹⁾ Relates only to personnel employed and working within the Parent Company. Personnel in some of the larger subsidiaries are formally employed by the Parent Company but are reported in terms of number and expense in the relevant subsidiary. In the Parent Company expenses for the president of SSAB EMEA AB are also reported

²⁾ Total wages and salaries include variable salary components to Presidents in the amount of SEK 18 (18) million, of which SEK 6 (4) million in the Parent Company

Board fees

Board of Directors

At the Annual General Meeting (AGM) in April 2019, Bengt Kjell was re-elected as Chairman of the Board. Matti Lievonen was re-elected Vice Chairman of the Board. At the AGM, it was decided that the Chairman's fee should amount to SEK 1,800 thousand, the Vice Chairman's fee should amount to SEK 835 thousand and directors' fees (excluding the President) to SEK 600 thousand each. Members of the Audit Committee should receive a fee of SEK 135 thousand and members of the Remuneration Committee should receive a fee of SEK 110 thousand. The Chairman of the Audit Committee should receive SEK 225 thousand and the Chairman of the Remuneration Committee should receive SEK 170 thousand. In total SEK 6,655 (6,370) thousand was paid in fees to the Board of Directors.

Board members Elected by general meeting ²⁾	Elected	Position	Fee 2019, SEK thousands ¹⁾		Fee 2018, SEK thousands ¹⁾	
			Board fee	Committee fee	Board fee	Committee fee
Bengt Kjell	2015	Chairman	1,800	305	1,725	290
Petra Einarsson	2014	Member	600	110	575	105
Matti Lievonen	2014	Member	835	110	800	105
Annika Lundius	2011	Member	-	-	575	130
Lars Westerberg	2006	Member	-	-	575	130
Marika Fredriksson	2016	Member	600	225	575	210
Pasi Laine	2017	Member	600	-	575	-
Bo Annvik	2019	Member	600	135	-	-
Marie Grönberg	2019	Member	600	135	-	-

¹⁾ The fee relates to the full term

²⁾ The CEO and Employee Representatives are included in the Board of Directors but do not receive any related compensation

Salaries and compensation for the president and other senior executives

Resolution of the Annual General Meeting

According to a resolution adopted by the AGM in April 2019, compensation to the President and other members in the company's senior management comprise of fixed salary, possible variable compensation, other benefits such as company car, and pension. "Other members of the Company's senior management" mean members of the Group Executive Committee. The total compensation package shall be at market terms and conditions and competitive in the employment market in which the executive works. Fixed salary and variable compensations shall be related to the executive's responsibilities and authority. The variable compensations shall be based on results as compared with defined and measurable targets and shall be subject to a ceiling in relation to the fixed salary. The variable compensations shall not be included in the basis for computation of pension, except in those cases where so provided in the rules of a general pension plan, e.g. the Swedish ITP plan. For senior executives outside Sweden, all or parts of the variable compensations may be included in the basis for pension computation due to legislation or competitive practice in the local market.



2 Operating expenses cont.

The variable compensation programs should be structured such that the Board of Directors has the possibility, should exceptional circumstances prevail, to restrict the payment of variable compensations, or to decline to make such payment, where such a measure is deemed reasonable and compatible with the company's responsibilities to its shareholders, employees and other stakeholders.

Consultant fees in line with prevailing market conditions may be payable insofar as any director performs work on behalf of the company, in addition to the Board work.

The period of notice of termination of employment for senior executives in Sweden shall be six months in the event of termination by the executive. In the event of termination by the company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 24 months. For senior executives outside Sweden, the termination period and severance compensation may vary due to legislation or practice on the local market.

Pension benefits shall be contribution-based with individual retirement ages, in no case earlier than the age of 62. In the event the employment terminates prior to the retirement age, the executive shall receive a paid-up policy for earned pension.

The Board of Directors shall be entitled to deviate from the guidelines where special reasons exist in an individual case.

Remuneration committee

Within the Board of Directors there is a Remuneration Committee, which makes proposals to the Board regarding the President's salary and other employment terms and conditions, and determines the salary and other employment terms and conditions for the Group Executive Committee in accordance with guidelines decided upon by the AGM. The Committee consists of Bengt Kjell (Chairman), Matti Lievonen and Petra Einarsson. The President is a co-opted member of the Committee but does not participate in discussions concerning his own salary and employment terms and conditions.

Compensation in 2019

Compensation to the President and other members of the Group Executive Committee consisted of a fixed salary component, a short-term variable salary component, and a long-term variable salary component. There is no share-related compensation.

The short-term variable salary component is related to: A) three Group objectives, 1. EBITDA margin relative to other comparable steel companies (Arcelor Mittal, AK Steel, Nucor, Salzgitter, ThyssenKrupp, US Steel and Tata Steel Europe), 2. net cash flow objective and 3. a sustainability objective established by the Board, measuring injury frequency, combined with B) divisional financial and operational objectives as well as C) one or more individual objectives. The individual objectives account for 15% of the total short-term variable pay. The other 85% relate to SSAB Group objectives and divisional objectives. SSAB Group objectives account for 85% of the President's short term variable salary. For Executive Vice Presidents of Group functions, SSAB Group objectives account for 70% of short-term variable salary and for divisional Executive Vice Presidents 30–40%. Financial or operational divisional or functional objectives account for the remaining part.

This short-term variable salary component is capped at 75% of fixed salary for the President and at 50% for others. The divisional head of SSAB Americas receives variable compensation which is considered to be competitive in the local market. The target result is 60% of fixed salary but may amount to a maximum of 180% in the event of extremely high performance.

In 2011, a long-term incentive program was introduced covering at the time a maximum of 100 (now 150) key persons throughout the Group, including the company's President and other senior executives. The purpose of the program is to promote the company's ability to recruit and retain key contributors. The program applies for rolling three-year periods, is cash-based and linked to the total return on the SSAB share compared with a comparison group comprising the company's competitors (Arcelor Mittal, AK Steel, Nucor, Salzgitter, ThyssenKrupp and US Steel) and return on capital employed. For participants in the program outside North America, the result is capped at between 18% and 30% of fixed salary. The outcome for participants in North America is capped at between 30% and 135%, for these participants, the program is also linked to SSAB Americas' results and return on capital employed. The total annual cost for the program is SEK 38 million in the event of target realization, and SEK 75 million in the event of maximum realization, of which approximately 60% constitutes the cost for participants in North America.

2 Operating expenses cont.

Payments under the long-term incentive program take place in cash and on condition that the employment remains.

President and Chief Executive Officer

The total paid compensation package, excluding pension, amounted to SEK 15.2 (16.9) million out of which the short-term variable pay amounts to SEK 2.3 (5.1) million, which is 27% of the maximum outcome of the program or 20% of the annual base pay. The retirement age is 62. The pension is based on contributions and is covered by insurance. The cost amounted to 42 (42)% of fixed salary. Earned pension is inviolable but premium payments cease upon termination of employment. There is a 12-month notice period in the event of dismissal by the company. In addition, in such situation, severance compensation is payable equal to 12 months' salary. In the event of the President's resignation, the termination period is 6 months and, in such a situation, there is no entitlement to severance compensation. Variable salary components are earned during the termination period only on condition that the President remains in active service.

Other Group Executive Committee members

Apart from the President, the Group Executive Committee comprised 10 (10) persons. The Group Executive Committee is presented in the [Corporate Governance Report](#).

The total paid compensation package, excluding pension, amounted to SEK 47.6 (46.3) million out of which the short-term variable pay amounts to SEK 9.8 (14.3) million, which is 26% of the maximum outcome of the program

The minimum retirement age for members of the Group Executive Committee is 62. Pensions are based on contributions, exceptions from this are Olavi Huhtala; he continues to be covered by the benefit-based pension scheme with a retirement age of 60 via Rautaruukin Eläkesäätiö, of which he has long been covered through his employment at Rautaruukki, as well as Charles Schmitt, whose pension scheme is in accordance with US legislation and practice.

The other members of the Group Executive Committee are entitled to 12 months' notice in the event of dismissal by the company. In addition, in such a situation, severance compensation is payable equivalent to 6 months' salary. Members of the Group Executive Committee must give 6 months' notice of resignation, whereupon there is no entitlement to severance compensation.

No change of control clause is applied.

Total compensation and benefits are shown in the adjacent table:

Compensation and benefits for the President and other members of the Group Executive Committee ⁴⁾	President		Other Group Executive Committee	
	2019	2018	2019	2018
SEK millions				
Fixed salary ¹⁾	12.0	11.3	32.0	28.7
Other benefits ²⁾	0.5	0.5	4.1	3.3
Short-term variable salary ³⁾	2.3	5.1	9.8	14.3
Long-term variable salary ³⁾	0.4	-	1.7	0.0
Total compensation	15.2	16.9	47.6	46.3
Pension expenses	5.1	4.8	10.7	11.7
Total	20.3	21.7	58.3	58.0

¹⁾ For 2019, includes payment of SEK 0.4 (0.4) million to the President in respect of vacation compensation, as well as cost compensation in respect of company residence in the amount of SEK 0.3 (0.3) million. During the fourth quarter temporary cost savings were implemented through reduced working hours and deductions in salary for employees in Sweden. For the CEO, deduction was SEK 0.3 million and for other members of the Group Executive Committee SEK 0.5 million.

²⁾ Relates primarily to car and gasoline benefits

³⁾ The amounts relate to payments made in the relevant financial year, which were earned in previous years. The compensation for 2019 is not known at the end of the accounting year due to the fact that comparisons are made with competitors who have not yet reported their figures, and also the fact that the Board can decide to reduce the compensation if special reasons exist, compensation in this table is reported only in the year in which payment has taken place. Booked variable salary components for 2019 for the entire Group Executive Committee amounted to SEK 25.3 (20.9) million

⁴⁾ Includes compensation to 11 (8) members of the Group Executive Committee for the full year, compensation during eight months for 0 (2) member of the Group Executive Committee and compensation for four months for 0 (1) members of the Group Executive Committee

3 Affiliated companies, joint ventures and related party transactions

Share of earnings and sales SEK millions	Share of earnings after tax		Share of sales	
	2019	2018	2019	2018
Lulekraft AB	1	1	142	208
Oxelösunds Hamn AB	12	12	196	172
Blastech Mobile LLC (joint venture)	40	38	150	134
Bet-Ker Oy	6	9	47	54
Helens Rör AB	9	12	-	455
Manga LNG Oy	2	0	125	44
Raahen Voima Oy	-	-	295	317
HYBRIT Development AB (joint venture)	-6	-5	4	-
Stoxy Solutions AB (joint venture)	-	-3	-	-
Bothnia Roof Safety Oy (joint venture)	0	-	6	-
Total	64	65	965	1,384

Share of assets and liabilities SEK millions	Share of assets		Share of liabilities	
	2019	2018	2019	2018
Lulekraft AB	109	131	94	117
Oxelösunds Hamn AB	240	208	81	58
Blastech Mobile LLC (joint venture)	110	87	38	17
Bet-Ker Oy	50	52	1	14
Helens Rör AB	-	223	-	132
Manga LNG Oy	299	296	226	226
Raahen Voima Oy	622	636	360	379
HYBRIT Development AB (joint venture)	184	38	67	31
Bothnia Roof Safety Oy (joint venture)	0	-	0	-
Total	1,614	1,671	867	974

Receivables from affiliated companies and joint venture SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Included in balance sheet items:				
Accounts receivable	61	130	1	3
Prepaid expenses and accrued revenue	0	10	-	-
Total	61	140	1	3

Liabilities to affiliated companies and joint venture SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Included in balance sheet items:				
Other current liabilities	73	-	73	-
Accounts payable	90	148	-	-
Total	163	148	73	-

Share of owning and equity share can be found in [Note 8](#).

Related party transactions

The following transactions with affiliated companies and joint ventures occurred during the year:

SSAB Americas purchased plate shot blasting and painting services from Blastech Mobile for SEK 181 (198) million. Lulekraft purchased gas from SSAB Europe for SEK 229 (457) million and resold electricity for SEK 124 (284) million. Raahen Voima purchased gas and fuel from SSAB Europe for SEK 225 (255) million and sold back energy for SEK 226 (252) million.

Oxelösunds Hamn sold port services to SSAB Europe and SSAB Special Steels for SEK 238 (551) million and purchased other services for SEK 99 (150) million. Helens Rör bought steel from the steel operations for SEK 153 (187) million and the steel operations bought steel from Helens Rör for SEK 7 (5) million. SSAB Europe purchased refractory materials from Bet-Ker for SEK 34 (39) million. Hybrit Development purchased services from Ruukki Construction for SEK 55 (5) million and administrative services from the Parent Company for SEK 4 (-) million. The previous Board Member John Tulloch had a consultancy agreement with one of the US subsidiaries of SSAB from which he received SEK - (0.2) million in fees. John Tulloch resigned as a Board member in connection with the Annual General Meeting in April 2018. The transactions took place at arm's length prices.

4 Financial items

Group		
SEK millions	2019	2018
Financial income		
Interest income according to the effective interest method from interest-bearing receivables recognized at amortized cost	78	166
Interest income, derivative instruments measured at fair value	184	101
Exchange rate differences	231	89
Dividends	2	2
Other	9	4
Total	504	362
Financial expenses		
Interest expense according to the effective interest method from interest-bearing liabilities recognized at amortized cost ¹⁾	-613	-704
Exchange rate differences	-228	-94
Other	-52	-101
Total	-893	-899
Total financial net	-389	-537

¹⁾ Amount of interest expenses related to leasing is specified in [Note 21](#)

Parent Company		
SEK millions	2019	2018
Dividends from subsidiaries²⁾	3,224	18,632
Dividends from affiliated companies	1	1
Sale shares in subsidiaries and associated companies	42	-
Write-down of subsidiary shares ¹⁾	0	-17,500
Write-down of affiliated shares	-	-11
Interest income from subsidiaries	439	349
Interest expenses to subsidiaries	-154	-73
Total result from subsidiaries and affiliated companies	3,552	1,398
Interest income according to the effective interest method from interest-bearing receivables recognized at amortized cost	32	90
Interest income, derivative instruments measured at fair value	46	9
Interest expense according to the effective interest method from interest-bearing liabilities recognized at amortized cost	-351	-514
Net exchange rate differences	-286	-673
Other	-35	-100
Total other financial items	-594	-1,188
Total financial net	2,958	210

²⁾ During 2018, SSAB Finance Ireland distributed SEK 18,607 million in dividend, then a write-down of SEK 17,500 million of the shares in SSAB Finance Ireland was made

5 Taxes

The tax for the year amounted to SEK -479 (-839) million and the effective tax rate was 30.5 (19.0) %.

Taxes	Group		Parent Company	
	2019	2018	2019	2018
SEK millions				
Swedish corporate income tax	-59	-2	-1	-1
Foreign corporate income tax	-756	-841	0	0
Total current tax expenses	-815	-843	-1	-1
Deferred taxes	336	4	60	-146
Total tax in the income statement	-479	-839	58	-147
Total tax in other comprehensive income¹⁾	-56	92	0	5

¹⁾ For details see Consolidated statement of changes in equity on p. 153 and on p. 157 for the Parent Company

Reconciliation of tax rates	Group		Parent Company	
	2019	2018	2019	2018
%				
Applicable tax rate in Sweden	21.4	22.0	21.4	22.0
Tax effect of:				
• non-deductible expenses ²⁾	0.1	0.2	2.2	216.8
• non-taxable revenue ²⁾	-0.5	-1.0	-23.6	-230.2
• changes in tax rates	-	-0.3	-	-
• other tax rates in foreign subsidiaries	1.5	-3.8	-	-
• taxes relating to earlier periods	-0.6	0.1	-	-
• unbooked deficit credit ³⁾	10.5	0.4	-	-
• other	-1.9	1.4	-2.1	-0.4
Effective tax rate	30.5	19.0	-2.0	8.2

²⁾ The Parent Company's non-deductible expenses are for the most part related to write-down of shares whereas non-taxable revenue consists primarily of dividends from subsidiaries

³⁾ The Group has unbooked deficit credit, mainly attributable to North- and South America



6 Intangible assets

Group	2019							2018						
	Customer relations	Trademarks	Emission rights ¹⁾	Other intangible assets	Trademarks with undeterminable useful life	Goodwill	Total intangible assets	Customer relations	Trademarks	Emission rights ¹⁾	Other intangible assets	Trademarks with undeterminable useful life	Goodwill	Total intangible assets
SEK millions														
Acquisition value, January 1	8,816	6	1,255	1,639	458	30,327	42,501	8 120	6	1,099	1,432	440	28,052	39,149
Acquisitions	-	-	28	124	-	-	152	-	-	112	107	-	-	219
Increase through acquisition of shares/operations	-	141	-	5	-	254	400	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-34	-	-	-34	-41	-	-	-5	-	-	-46
Decrease through sale of shares/operations	-	-	-	-	-	-2	-2	-	-	-	-11	-	-	-11
Assets held for sale	-	-	-	-7	-	-	-7	-	-	-	-	-	-	-
Reclassifications	-	-	-	-4	-	-	-4	-	-	-	26	-	-	26
Translation differences	334	-4	24	46	9	1,039	1,448	737	0	44	90	18	2,275	3,164
Acquisition value, December 31	9,150	143	1,307	1,769	467	31,618	44,454	8,816	6	1,255	1,639	458	30,327	42,501
Accumulated amortization, January 1	8,431	5	1,012	1,275	-	-	10,723	7,291	5	752	1,124	-	-	9,172
Sales and disposals	-	-	-	-34	-	-	-34	-31	-	-	-2	-	-	-33
Amortization for the year	320	-	137	93	-	-	550	499	0	229	74	-	-	802
Decrease through sale of shares/operations	-	-	-	-	-	-	-	-	-	-	-11	-	-	-11
Assets held for sale	-	-	-	-3	-	-	-3	-	-	-	-	-	-	-
Reclassifications	-	-	-	-6	-	-	-6	-	-	-	10	-	-	10
Translation differences	316	1	17	37	-	-	371	672	0	31	80	-	-	783
Accumulated amortization, Dec 31	9,067	6	1,166	1,362	-	-	11,601	8,431	5	1,012	1,275	-	-	10,723
Accumulated write-down, January 1	6	-	-	1	-	333	340	6	-	-	1	-	322	329
Write-down for the year	-	-	-	-	-	-	-	-	-	-	0	-	-	0
Reclassifications	-	-	-	-1	-	-	-1	-	-	-	-	-	-	-
Translation differences	0	-	-	-	-	6	6	-	-	-	0	-	11	11
Accumulated write-down, December 31	6	-	-	0	-	339	345	6	-	-	1	-	333	340
Book value, December 31	77	137	141	407	467	31,279	32,508	379	1	243	363	458	29,994	31,438

¹⁾ Includes surplus values from the acquisition of Rautaruukki relating to future allocation of emission rights of the amount SEK - (133) million

Amortization for the year is included in the income statement in the amount of SEK 493 (761) million in cost of goods sold; SEK 10 (8) million in selling expenses and SEK 47 (33) million in other administrative expenses.

6 Intangible assets cont.

Test of impairment of goodwill and other assets with an undeterminable useful life

Test of impairment of goodwill and other assets with an undeterminable useful life takes place annually towards the end of the fourth quarter. The Group's most significant assets with an undeterminable useful life is allocated to the Group's cash-generating units below:

Assets with an undeterminable useful life		
SEK millions	2019	2018
Goodwill		
SSAB North America (in Division SSAB Americas)	25,388	24,451
SSAB Special Steels	3,046	2,827
SSAB Europe	2,171	2,132
Tibnor	533	523
Ruukki Construction	140	60
Total goodwill	31,279	29,994
Ruukki Construction (Trademark Rautaruukki)	467	458
Total assets with an undeterminable useful life¹⁾	31,746	30,452

¹⁾ The main reason for value changes compared to previous year is due to exchange rate differences as well as increase through acquisitions of Abraservice and Piristeel during 2019

SSAB North America is included in the SSAB Americas division. For more information about SSAB Americas and the other divisions, see [Note 28](#). Recoverable amounts for cash-generating units are based on value in used calculations. The calculations are based on the company's budget and forecasts regularly produced by the management team. Cash flow beyond a five-year period have been extrapolated applying an assessed rate of growth in accordance with the information below. The rate growth does not exceed the long-term rate of growth for the market in which these cash-generating units operate.

Significant assumptions used in calculations of use value are shown in the table below:

2019	SSAB North America	SSAB Special Steels	SSAB Europe	Tibnor	Ruukki Construction
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	11.2	7.8	7.7	7.9	7.6

2018	SSAB North America	SSAB Special Steels	SSAB Europe	Tibnor	Ruukki Construction
Assessed long-term rate of growth, %	2	2	2	2	2
Weighted average discount rate, before tax, %	11.0	7.7	7.6	7.7	7.7

The assumptions above have been used to analyze the cash-generating unit.

The management has established the budgeted and forecast gross margin based on historical results and expectations regarding market trends and each specific cash-generating unit. The rate of growth used for the margin before depreciation, EBITDA, corresponds to the forecasts available in industry and analyst reports. The discount rate used is stated before tax and reflects specific risks applicable locally for each specific cash-generating unit.

Calculations conducted using the above assumptions have demonstrated that no impairment of goodwill exists at December 31. For a sensitivity analysis, see [Note 32](#).

Emission rights

The estimated consumption of emission rights in 2019 was 8.75 (9.03) million tons. No emission rights were sold in 2019 or 2018. The allocated rights were sufficient for consumption in 2019. The emission rights are reported as intangible assets, with granted emission rights being booked at an acquisition value of SEK 0. At year-end SSAB owned emission rights were valued at SEK 141 (110) million, which are reported as an intangible asset.

6 Intangible assets cont.

Parent Company

SEK millions	2019			2018		
	Emission rights	Other intangible assets	Total intangible fixed assets	Emission rights	Other intangible assets	Total intangible fixed assets
Acquisition value, January 1	-	5	5	-	3	3
Acquisitions	28	0	28	112	2	114
Sales and disposals	-28	-	-28	-112	-	-112
Acquisition value, December 31	-	5	5	-	5	5
Accumulated depreciation, January 1	-	1	1	-	0	0
Depreciation for the year	-	1	1	-	1	1
Accumulated depreciation, December 31	-	2	2	-	1	1
Book value, December 31	-	3	3	-	4	4



7 Tangible fixed assets

Group	2019							2018						
	Land and land improvements	Buildings	Machinery	Equipment, tools, fixtures and fittings	Leased assets	Construction in progress and advances to suppliers	Total tangible fixed assets	Land and land improvements	Buildings	Machinery	Equipment, tools, fixtures and fittings	Leased assets	Construction in progress and advances to suppliers	Total tangible fixed assets
SEK millions														
Acquisition value, January 1	1,003	7,986	43,955	3,057	741	2,386	59,128	1,019	7,848	41,804	2,683	623	1,624	55,601
Change in accounting principle	-	-	-	-	-741	-	-741	-	-	-	-	-	-	-
Adjusted acquisition value, January 1	1,003	7,986	46,955	3,057	-	2,386	58,387	1,019	7,848	41,804	2,683	623	1,624	55,601
Acquisitions	-	87	487	154	-	2,065	2,793	14	113	364	125	97	1,617	2,330
Increase through acquisitions of shares/operations	163	178	63	23	-	5	432	-	-	-	-	-	-	-
Sales and disposals	-2	-11	-103	-127	-	-9	-252	-35	-203	-121	-52	-8	-4	-423
Decrease through sale of shares/operations	-	-	-	-	-	-	-	-12	-203	144	-1	-	0	-72
Assets held for sale	-10	-162	-59	-16	-	-2	-249	-	-	-	-	-	-	-
Reclassifications	89	140	785	188	-	-1,241	-39	-7	150	539	207	3	-890	2
Translation difference	10	142	600	47	-	13	812	24	281	1,225	95	26	39	1,690
Acquisition value, Dec 31	1,253	8,360	45,728	3,326	-	3,217	61,884	1,003	7,986	43,955	3,057	741	2,386	59,128
Accumulated depreciation, January 1	279	3,553	28,907	2,094	259	-	35,092	252	3,211	26,131	1,740	184	-	31,518
Change in accounting principle	-	-	-	-	-259	-	-259	-	-	-	-	-	-	-
Adjusted accumulated depreciation, January 1	279	3,553	28,907	2,094	-	-	34,833	-	-	-	-	-	-	-
Sales and disposals	-	-10	-83	-119	-	-	-212	-	-65	-62	-52	-7	-	-186
Depreciation for the year	27	365	2,303	220	-	-	2,915	29	362	2,314	187	72	-	2,964
Decrease through sale of shares/operations	-	-	-	-	-	-	-	-	-45	82	0	-	-	37
Assets held for sale	-	-45	-38	-11	-	-	-94	-	-	-	-	-	-	-
Reclassifications	3	2	228	-198	-	-	35	-7	9	-153	164	2	-	15
Translation difference	2	42	303	28	-	-	375	5	81	595	55	8	-	744
Accumulated depreciation, Dec 31	311	3,907	31,620	2,014	-	-	37,852	279	3,553	28,907	2,094	259	-	35,092
Accumulated write-down, January 1	16	13	54	0	-	-	83	13	79	60	0	-	-	152
Sales and disposals	-	-1	-5	-1	-	-	-7	-	-75	-5	0	-	-	-80
Write-down for the year	-	-	4	1	-	-	5	-	5	0	0	-	-	5
Reclassifications	-13	-2	-27	-	-	-	-42	2	0	-2	-	-	-	0
Translation difference	1	3	2	-	-	-	6	1	4	1	0	-	-	6
Accumulated write-down, Dec 31	4	13	28	-	-	-	45	16	13	54	0	-	-	83
Book value, Dec 31	938	4,440	14,080	1,312	-	3,217	23,987	708	4,420	14,994	963	482	2,386	23,953

7 Tangible fixed assets cont.

Depreciations and write-downs for the year are included in the income statement in the amount of SEK 2,853 (2,900) million, in costs of goods sold, SEK 24 (24) million in selling expenses and SEK 43 (45) million in administrative expenses. As per the balance sheet date, there were contracted investments in fixed assets valued at SEK 749 (480) million which were not reported in the financial statements.

Parent Company

SEK millions	2019		2018	
	Equipment, tools, fixtures and fittings	Total tangible fixed assets	Equipment, tools, fixtures and fittings	Total tangible fixed assets
Acquisition value, January 1	18	18	13	13
Acquisitions	-	-	5	5
Sales and disposals	-5	-5	-	-
Acquisition value, December 31	13	13	18	18
Accumulated depreciation, January 1	13	13	12	12
Sales and disposals	-5	-5	1	1
Depreciation for the year	1	1		
Accumulated depreciation, December 31	9	9	13	13
Book value, December 31	4	4	5	5

8 Financial assets, shares and participations in affiliated companies and joint venture

Group	2019				2018			
	Other shares and participations	Other long-term receivables	Participations in affiliated companies and JV	Total financial assets	Other shares and participations	Other long-term receivables	Participations in affiliated companies and JV	Total financial assets
SEK millions								
Book value at January 1	279	329	697	1,305	233	199	651	1,083
Investments	0	29	116	145	37	15	11	63
Change in fair value, derivatives	-	-92	-	-92	-	89	-	89
Sales and amortization	-5	-31	-90	-126	-	-25	-3	-28
Impairments	1	5	-	6	0	-2	-	-2
Shares in profit after tax	-	-	64	64	-	-	65	65
Reclassification	4	-2	-	2	0	51	0	51
Dividend	-	-	-63	-63	-	-	-51	-51
Translation differences	5	3	12	20	9	2	24	35
Book value at December 31	284	240	736	1,260	279	329	697	1,305

Other shares and participations consist primarily of unlisted holdings in equity instruments which do not have a listed market price and the fair value of which cannot be calculated in a reliable manner. They are valued

at acquisition value. Other long-term receivables are receivables that are classified partially in the category "Financial assets valued at amortized cost" and partially in "Derivatives for hedging classified at fair value".

Parent Company	2019				2018					
	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables	Total financial assets	Shares in subsidiaries	Shares in affiliated companies	Other shares and participations	Other long-term receivables	Total financial assets
SEK millions										
Book value at January 1	66,324	22	8	1	66,355	65,213	22	8	0	65,243
Investments	554	116	-	-	670	18,611	11	-	-	18,622
Change in fair value, derivatives	-	-	-	-1	-1	-	-	-	1	1
Impairments	0	-	-	-	0	-17,500	-11	0	-	-17,511
Book value, December 31	66,878	138	8	1	67,024	66,324	22	8	1	66,355

8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Parent Company's shares and participations in subsidiaries

	Reg. no	Office	Number	% ¹⁾	Book value, SEK millions
Swedish operating subsidiaries:					
Plannja AB	556121-1417	Luleå	80,000	100	16
SSAB EMEA AB	556313-7933	Oxelösund	1,000	100	3,961
Tibnor AB	556004-4447	Stockholm	1,000,000	100	425
SSAB Technology AB	556207-4905	Stockholm	1,000	100	554
SSAB Americas Holding AB	556858-6654	Stockholm	50,000	100	13
SSAB APAC Holding AB	556858-6647	Stockholm	50,000	100	50
Foreign operating subsidiaries:					
SSAB Central Inc.		Canada	1 000	100	361
SSAB US Holding Inc.		USA	100	100	25,408
Rautaruukki Oyj		Finland	138,929,363	100	14,967
SSAB Finance Ireland		Ireland	130,000,000	100	21,120
Other ²⁾					3
Dormant companies					0
Total					66,878

Other shares and participations

Tenant-owner rights	8
Total, Parent Company's other shares and participations	8
<hr/>	
Subsidiaries' other shares and participations ²⁾	276
Total, Group's other shares and participations	284

Parent Company's shares in affiliated companies and joint venture

	Reg. no	Office	Number	% ¹⁾	Book value, SEK millions
HYBRIT Development AB	559121-9760	Stockholm	500,000	33	128
Lulekraft AB	556195-0576	Luleå	100,000	50	10
Total, Parent Company's shares in affiliated companies and joint venture					138

Subsidiaries' shares and participations in affiliated companies and joint venture

	Reg. no	Office	Number	% ¹⁾	Book value, SEK millions
Oxelösunds Hamn AB	556207-4913	Oxelösund	50,000	50	159
Blastech Mobile LLC		USA		50	72
Bet-Ker Oy	1003246-0	Finland	120	44	38
Manga LNG Oy	2592122-8	Finland	3,151,042	25	73
Raahen Voima Oy	2604933-9	Finland	1875	75	262
Bothnia Roof Safety Oy	2868251-7	Vimpeli	50	50	0
					605
Equity shares in affiliated companies and joint venture's equity in excess of the book value in the Parent Company					-6
Total, Group participations in affiliated companies and joint venture					736

¹⁾ The percentages indicate the equity share which, in all cases, also corresponds to the share of the voting capital. However, the voting share in Raahen Voima is, through a shareholder agreement, limited to 50%

²⁾ A complete specification of other shares and participations is available from SSAB's Group headquarters in Stockholm

8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %	Name	Office	Ownership %
Abraservice Belgium SA	Belgium	100	Plannja A/S	Denmark	100
Abraservice CZ Sro	Czech Republic	100	Plannja Förvaltnings AB	Sweden	100
Abraservice Deutschland GmbH	Germany	100	Plannja Siba AB	Sweden	100
Abraservice France SAS	France	100	Plannja SP z.o.o	Poland	100
Abraservice Holding SAS	France	100	Plannja Steinwalls AB	Sweden	100
Abraservice Ibérica INT, SAU	Spain	100	Plåtdepån i Borlänge AB	Sweden	100
Abraservice Italia SpA	Italy	100	Presteel Oy	Finland	80
Abraservice Lyon SAS	France	100	Rannila Uü	Estonia	100
Abraservice Nederland BV	Netherlands	100	Rautaruukki Uü	Estonia	100
Abraservice Polska Sp. z.o.o	Poland	100	Ruukki Building Components AS	Norway	100
Abraservice Portugal LDA	Portugal	100	Ruukki Building Systems Oy	Finland	100
Abraservice UK	Great Britain	100	Ruukki Building Systems sp.z.o.o.	Poland	100
Abraservice Özel Celik Ltd Si	Turkey	100	Ruukki Building Systems s.r.o.	Czech Republic	100
Alamentti Oy	Finland	100	Ruukki Bulgaria EOOD	Bulgaria	100
BevakningsAB Företagsskydd	Sweden	100	Ruukki Construction Norge AS	Norway	100
EO Stål AB	Sweden	100	Ruukki Construction Oy	Finland	100
Foncière Saint-Marcel	France	100	Ruukki CZ s.r.o.	Czech Republic	100
Förvaltnings AB Tegelhögen	Sweden	100	Ruukki d.o.o.	Slovenia	100
G & G Mining Fabrication	Australia	100	Ruukki Engineering Oy	Finland	100
Geha Beheer BV	Netherlands	82	Ruukki Finance B.V.	Netherlands	100
Hardox Wearparts Center Gauteng	South Africa	80	Ruukki Holding AB	Sweden	100
Hardox Wearparts Center Stirling Ltd.	Great Britain	100	Ruukki Holding B.V.	Netherlands	100
Kiinteistö Oy Kauhavan Metallitie 4	Finland	100	Ruukki Hungray Kft	Hungary	100
Linköpings Stål AB	Sweden	100	Ruukki Latvia SIA	Latvia	100
LLC Ruukki Investment Ukraine	Ukraine	80	Ruukki Lietuva UAB	Lithuania	100
LLC Ruukki Ukraine	Ukraine	100	Ruukki Metals Trading & Marketing India Private Limited	India	100
Metform Oy	Finland	100	Ruukki Polska Sp.zo.o.	Poland	100
MS Cité SARL	France	100	Ruukki Products AS	Estonia	100
Piristeel Oy	Finland	67	Ruukki Romania S.R.L.	Romania	100
Plannja A/S	Norway	100	Ruukki Slovakia s.r.o.	Slovakia	100



8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %	Name	Office	Ownership %
Ruukki Sverige AB	Sweden	100	SSAB Swedish Steel India CIS	Russia	100
Ruukki UK Ltd	Great Britain	100	SSAB Swedish Steel (China) Co., Ltd.	China	100
SC Plannja SRL, Romania	Romania	100	SSAB Swedish Steel Comércio Aço Ltda.	Brazil	100
SSAB Adriatic d.o.o.	Croatia	100	SSAB Swedish Steel d.o.o.	Serbia	100
SSAB Alabama Inc.	USA	100	SSAB Swedish Steel Eesti OU	Estonia	100
SSAB Argentina SRL	Argentina	100	SSAB Swedish Steel FZE	United Arab Emirates	100
SSAB Bulgaria Ltd	Bulgaria	100	SSAB Swedish Steel India PVT Ltd	India	100
SSAB Columbia S.A.S.	Colombia	100	SSAB Swedish Steel Indonesia	Indonesia	100
SSAB Construction Inc.	USA	100	SSAB Swedish Steel Int. Trade (Kunshan) Co	China	100
SSAB Danmark A/S	Denmark	100	SSAB Swedish Steel Lda	Portugal	100
SSAB Egypt LLC	Egypt	100	SSAB Swedish Steel Lda	Angola	100
SSAB Enterprises LLC	USA	100	SSAB Swedish Steel LLC	Ukraine	99
SSAB Europe Oy	Finland	100	SSAB Swedish Steel LLC	Uzbekistan	100
SSAB Europe SSC AB	Sweden	100	SSAB Swedish Steel LLP	Kazakhstan	100
SSAB Hardox P.R. (SSAB Swedish Steel (Tianjin) Co., Ltd.)	China	100	SSAB Swedish Steel Ltd	Canada	100
SSAB Hardox Stahl GmbH	Austria	100	SSAB Swedish Steel Ltd	Korea	100
SSAB Holding Danmark A/S	Denmark	100	SSAB Swedish Steel Ltd. Shanghai	China	100
SSAB Inc	USA	100	SSAB Swedish Steel Ltd. UK	Great Britain	100
SSAB Iowa Inc.	USA	100	SSAB Swedish Steel Mepe	Greece	100
SSAB Israel Ltd	Israel	100	SSAB Swedish Steel Pte Ltd.	Singapore	100
SSAB Merox AB	Sweden	100	SSAB Swedish Steel Pty Ltd.	Australia	100
SSAB Minnesota Inc.	USA	100	SSAB Swedish Steel s.r.o.	Czech Republic	100
SSAB Nordic Steel AB	Sweden	100	SSAB Swedish Steel SARL	Morocco	100
SSAB Oxelösund AB Sucursal Del	Peru	100	SSAB Swedish Steel Sdn Bhd	Malaysia	100
SSAB Poland Sp.z.o.o, Poland	Poland	100	SSAB Swedish Steel SpA	Italy	100
SSAB Sales Inc.	USA	100	SSAB Swedish Steel SRL	Romania	100
SSAB Saudi Factory LLC	Saudi Arabia	100	SSAB Swedish Steel Strip Products INT Trade (Kunshan)	China	100
SSAB South Africa Pty Ltd	South Africa	100	SSAB Swedish Steel Taiwan Ltd.	Taiwan	100
SSAB Swedish Steel Aceros de Chile Limitada	Chile	100	SSAB Swedish Steel (Thailand) Co. Ltd.	Thailand	49
SSAB Swedish Steel BV	Netherlands	100	SSAB Swedish Steel Trading Kft	Turkey	100



8 Financial assets, shares and participations in affiliated companies and joint venture cont.

Indirectly owned subsidiaries (not directly owned by SSAB AB)

Name	Office	Ownership %
SSAB Swedish Steel Trading Ltd, Ungern	Hungary	100
SSAB Swedish Steel, Hong Kong	Hong Kong	100
SSAB Swedish Steel, Japan	Japan	100
SSAB Texas Inc.	USA	100
SSAB Wear Solutions LLC	USA	100
Swedish Steel AB Mexico Sa De CV	Mexico	100
Tappers Stål & Metaller AB	Sweden	100
Tibnor AS	Norway	100
Tibnor AS	Denmark	100
Tibnor Estonia AS	Estonia	100
Tibnor Lanna AB	Sweden	100
Tibnor Oy	Finland	100
UAB Ruukki Lietuva	Lithuania	100

9 Inventories

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Raw materials, consumables and semi-finished goods	11,026	10,861	-	-
Slabs	1,583	1,580	-	-
Work in progress	718	528	-	-
Stocks of finished goods	7,064	6,844	-	-
Total	20,391	19,813	-	-

SEK 358 (164) million of the inventory value is valued at net realizable value. The share of inventories which is booked as an expense amounts to SEK 70,191 (65,339) million during the period, where SEK 666 (700) million was reported as an expense relating to impairment of inventories.

10 Prepaid expenses and accrued income

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Delivered, non-invoiced goods and services	79	72	-	-
Bonuses, discounts, licenses and similar	37	47	-	-
Prepaid rents	26	33	2	5
Prepaid insurance premiums	43	23	0	1
Accrued insurance reimbursement	0	140	-	-
Derivatives reported in hedge accounting	25	242	44	43
Derivatives not reported in hedge accounting	234	82	0	15
Energy taxes	69	71	-	-
Prepaid bank fees	17	20	17	21
Other prepaid expenses	169	247	8	11
Total	699	977	72	97

11 Other current interest-bearing receivables/Cash and cash equivalents

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Other current interest-bearing receivables				
Restricted funds	-	2,244	-	2,244
Other current interest-bearing receivables	206	13	-	12
Total current interest-bearing receivables	206	2,257	-	2,255
Cash and cash equivalents				
Cash and bank balances	3,198	2,531	1,740	1,553
Short-term investments (term to maturity of less than three months)	393	67	326	-
Total cash and cash equivalents	3,591	2,598	2,066	1,553
Total	3,796	4,855	2,066	3,808

All short-term investments and current interest-bearing receivables are valued at amortized costs. Short-term investments with terms to maturity of less than three months consist of overnight deposits at banks.

12 Equity

The share capital amounts to SEK 9,062 (9,062) million, divided into 1,029.8 (1,029.8) million shares with a quotient value of SEK 8.80 (8.80) per share. 304.2 (304.2) million of the shares are Class A shares and 725.7 (725.7) million shares are Class B shares. Each Class A share entitles one vote, while each Class B share entitles the holder to one tenth of a vote. No shares are held in treasury by the company or its subsidiaries. The average number of shares was 1,029.8 (1,029.8) million (average number of shares have been adjusted based on the bonus issue element in the rights issue). Other contributed funds amounting to SEK 23,021 (23,021) million and consists of funds paid in by the shareholders in connection with new issues, in excess of the par value of the shares.

Exchange rate differences which arise upon the translation into Swedish kronor of the net investment in foreign subsidiaries are transferred to the translation reserve. The accumulated translation differences amounted to SEK 11,595 (9,602) million. The exchange rate differences in conjunction with the translation of loans or other

financial instruments taken up in order to hedge the exchange rate of net assets in foreign subsidiaries are transferred to the reserve for hedge of foreign operations. The accumulated translation differences amounted to SEK -4,609 (-4,205) million. Exchange rate differences in conjunction with cash flow hedge of significant sales in foreign currency as well as hedge of interest rates from variable to fixed rate are transferred to the reserve for cash flow hedge. The accumulated translation differences amounted to SEK 43 (318) million. The proposed dividend for 2019 amounts to SEK 1,544.7 (1,554.7) million which constitutes SEK 1.50 (1.50) per share.

	Group	
	2019	2018
Numbers of shares in million	1,029.8	1,029.8
Share capital in SEK million	9,062	9,062

Group	2019				2018			
	Reserve for hedge of foreign operations	Reserve for cash flow hedges	Translation reserve	Total reserves	Reserve for hedge of foreign operations	Reserve for cash flow hedges	Translation reserve	Total reserves
SEK millions								
Reserves, January 1	-4,205	318	9,602	5,715	-3,686	134	5,593	2,041
Translation differences during the period	-	-	1,992	1,992	-	-	4,009	4,009
Fair value changes during the period	-287	-8	-	-295	-666	258	-	-408
Tax related to fair value changes during the period	61	2	-	63	147	-54	-	93
Transferred to the income statement	-	-231	-	-231	-	-27	-	-27
Tax related to transferred to the income statement	-	47	-	47	-	7	-	7
Transferred within Other comprehensive income	-	-88	-	-88	-	-	-	-
Transferred from Reserves to Balance sheet	-178	-	-	-178	-	-	-	-
Reserves, December 31	-4,609	43	11,595	7,030	-4,205	318	9,602	5,715

13 Pensions

The Group's employees, former employees and their survivors may be covered by defined contribution and defined benefit plans relating to post-employment benefits. The defined benefit plans cover retirement pension and survivors' pensions. For the defined contributions plans, continuous payments to authority and to independent bodies is done and therefore they take over the obligations towards the employees.

The obligation reported in the balance sheet is derived from the defined benefit plans.

Within the Group, there are both defined contribution and defined benefit pension plans. For defined contribution plans and for pension plans for salaried employees in Sweden who are subscribed to Alecta, the premiums are reported as the year's expense for the past period. The Group's major pension plans are Rautaruukki's Finnish pension scheme (A-säätiö), Finnish defined benefit plans and the Norwegian pension scheme (CCB Pensjonskasse) but there are also smaller pension plans in Sweden and in the US.

Actuarial gains / losses for defined benefit plans are reported in Other comprehensive income. The actuarial gains on pension liabilities net have arisen mainly due to higher return on plan assets, offset by lower discount rates.

The plans are covered by a re-insured provision in the balance sheet and by pension benefit plans and funds. The calculations are based on the Projected Unit Credit Method using the assumptions shown in the table on p. 196. The method distributes the cost of pensions as employees perform services that increase their entitlement to future benefits.

The obligation is calculated by independent actuaries and is the present value of the expected future payments.

SSAB's forecast payment of pensions in relation to defined benefit plans, both funded and unfunded, amounts to SEK 32 millions for 2020.

Sweden

Labourers are included in the SAF / LO plan which is a defined contribution pension plan based on collective agreements and that include several employers within several branches. White-collar workers are included in the ITP plan, which also is based on collective agreements and comprises several employers within several branches. The ITP plan has two parts, the ITP1, a defined contribution pension plan which is valid for employees born 1979 or later, as well as ITP2, a defined contribution pension plan which is valid for employees born before 1979. The major part of the ITP2 plan is managed by SSAB within the FPG / PRI system. Financing takes place through a provision which is safeguarded by a credit insurance in Försäkringsbolaget PRI Pension guarantee. One part of the ITP2 plan is safeguarded through an insurance within Alecta. In SSAB AB, there is in excess of above obligations other defined benefit obligations applied to individual pension agreements to earlier employees and pensions to senior executives.

Some of the white-collar workers in Sweden are safeguarded by the ITP2 plan defined benefit pension obligations for age- and family pension (alternative family pension) through an insurance by Alecta. According to a statement from Swedish Financial Reporting Board, UFR 10 the classification for ITP plans, which is financed by insurance by Alecta, this is a defined benefit that comprises several employers. For the financial year 2019 (as in 2018) the company did not have access to all information to be able to disclose their proportional share of the obligation of the plan, the plan assets and the cost of administration, which means that it has not been possible to account for the plans as a defined benefit plan. The pension plan ITP2 which is safeguarded through an insurance by Alecta is therefore accounted as a defined contribution plan. The premium for the defined benefit age- and family pension is individual and calculated based on salary, earlier earned pension and expected remaining period of service. The expected fee for the next reporting period for ITP2 insurances that are with Alecta amount to SEK 54 million.

The collective consolidation level consists of the market value on the assets in Alecta, in percent of insurance obligations calculated in accordance with the insurance technical methods and assumptions by Alecta, which do not correspond with IAS 19. The collective consolidation level shall normally be allowed to vary between 125 and 155 percent. If the collective consolidation level in Alecta is below 125 percent or exceeds 155 percent, action shall be taken in order to make assumptions so the consolidation level will revert to the normal interval. At a low consolidation level, one action can be to increase the agreed fee for new take out and/or increase of existing benefits. At a high consolidation level, one action can be to implement premium reductions. At the end of the year, Alecta's surplus, in the form of a collective consolidation level, was 148 (142) percent.

13 Pensions cont.

The total pension expenses are broken down as follows:

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Fees for contribution-based plans	784	780	17	21
Fees for pension insurance policies with Alecta	108	107	12	10
Pension expenses, benefit-based plans	18	29	0	0
Special employer's contributions	86	81	9	9
Other	-1	-4	-	0
Total pension expenses	995	993	38	39

Following provisions for pension obligations have been made in the balance sheet:

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Funded pension obligations	1,327	1,275	-	-
Fair value of plan assets	-1,294	-1,272	-	-
Pension obligations less plan assets	33	3	-	-
Unfunded pension obligations	399	351	2	3
Pension obligations, net	432	354	2	3

Changes in benefit-based obligations during the year:

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Pension obligations, January 1	1,624	1,702	3	3
Increase through acquisition of shares/operations	-	0	-	-
Benefits earned during the year	43	41	0	0
Actuarial gains/losses	114	-100	-	-
Interest expenses	33	30	0	0
Paid benefits	-129	-114	-1	-1
Curtailements and settlements	-3	-1	-	-
Translation differences	43	66	-	-
Pension obligations, December 31	1,725	1,624	2	3

Changes in the value of the plan assets during the year:

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Plan assets, January 1	1,270	1,328	-	-
Increase through acquisition of shares/operations	-	0	-	-
Actuarial gains/losses	65	-70	-	-
Return during the year	12	11	-	-
Fees from employer	35	36	-	-
Paid benefits	-97	-91	-	-
Curtailements and settlements	-23	6	-	-
Translation differences	30	50	-	-
Plan assets, December 31	1,292	1,270	-	-
Pension obligations, net	432	354	2	3

13 Pensions cont.

Net pension provisions in balance sheet	Group		Parent Company	
	2019	2018	2019	2018
SEK millions				
Pensions provisions	514	431	2	3
Long-term receivables	81	77	-	-
Financial assets	432	354	2	3

Pensions provisions by country, December 31

SEK millions	2019						2018					
	Finland	Norway	USA	Sweden	Other	Total	Finland	Norway	USA	Sweden	Other	Total
Funded pension obligations	989	236	98	3	0	1,327	960	237	73	4	1	1,275
Fair value of plan assets	906	318	70	1	0	1,295	901	313	56	1	1	1,272
Pension obligations less plan assets	83	-82	28	2	0	33	59	-76	17	3	0	3
Unfunded pension obligations	134	16	131	35	83	399	131	15	125	39	41	351
Pension obligations, net	217	-66	159	37	83	432	190	-61	142	42	41	354

Specification of plan assets

Distribution, %	2019	2018
Equity instruments	16.2	10.1
Bonds	42.6	44.4
Real estate	11.3	10.5
Cash	0.8	1.7
Investments funds	26.4	27.7
Other	2.7	5.6
Total	100.0	100.0

Exposure to the most significant risks in defined benefit plans

Asset volatility

A large part of the plan's assets are invested in bonds that over time should give less volatility and be less risky than equities.

Discount rate

Defined benefit pension obligations have been calculated using a discount rate based on the interest rate on first-class corporate bonds. A decrease in the bond loan interest rate increases pension liabilities, although this is partly offset by an increase in the value of plan assets.

Inflation risk

Pension liabilities are subject to inflation and an increase in inflation increases pension liabilities.

13 Pensions cont.

The main actuarial assumptions used (in %) are as follows:

%	2019				2018			
	Finland	Norway	USA	Sweden	Finland	Norway	USA	Sweden
Discount rate	0.7	1.8	3.8	0.6	1.7	2.8	3.6	0.8
Inflation	1.2	3.0	2.0	2.0	1.6	1.5	2.0	2.0
Future salary growth	1.6	2.3	3.3	2.0	1.6	3.2	3.3	2.0
Pension increase rate	1.5	2.0	2.8	3.0	1.8	0.5	2.8	3.0
Expected remaining service period (year)	37	17	20	4	36	17	20	4
Life expectancy	Finland: Finnish TyEL parameters 2015, used the Gompertz model		USA: 100% of CPM 2014 Private Sector Table with Projection Scale CPM-B		Finland: Finnish TyEL parameters 2015, used the Gompertz model		USA: 100% of CPM 2014 Private Sector Table with Projection Scale CPM-B	
Duration	20	17	20	4	20	17	20	4

Sensitivity analysis impact of the benefit obligation, 2019 (+increase / -decrease), per country

Significant actuarial assumptions

SEK millions	2019				
	Finland	Norway	USA	Sweden	Total
Discount rate, +0,5 %	-45.9	-14.7	-0.2	-0.1	-60.9
Discount rate, -0,5 %	44.7	16.3	0.2	0.1	61.3
Life expectancy, +1 year	22.0	7.9	0.2	0.1	30.2

A sensitivity analysis has been done on above actuarial changes since the Group considers that the changes can have a major impact on the benefit obligation. Furthermore, it is likely that changes to the assumptions occurs. Estimations have been done by analysing every change separately. If there should be any relation between the assumptions, the estimations have not taken this into consideration. The assumptions of a decrease in life expectancy is seen as limited and therefore it has not been estimated in the sensitivity analysis.

14 Deferred tax liabilities and tax receivables

Deferred tax on retained earnings in subsidiaries and affiliated companies is not taken into consideration. To the extent profits are transferred to the Parent Company, such a transfer is normally exempt from taxation. To the extent such a transfer is not exempt from taxation, the Parent Company determines the date of such transfer and such transfer will not take place within the foreseeable future.

Changes in deferred tax (receivables +/liabilities -), Group

SEK millions	2019							2018						
	Accelerated depreciation of fixed assets	Unused tax losses	Pension provisions	Long-term deferred income	Deferred tax on surplus values	Other	Total	Accelerated depreciation of fixed assets	Unused tax losses	Pension provisions	Long-term deferred income	Deferred tax on surplus values	Other	Total
Opening balance, January 1	-1,607	8	81	125	-407	1,263	-537	-1,626	325	111	136	-587	1,058	-583
Changes against earnings	61	173	-14	-47	142	19	335	100	-389	-10	3	212	88	4
Changes against other comprehensive income	-	-	5	-	-	-61	-56	-	-	-8	-	-	100	92
Changes against investment grant	-	-	-	23	-	-	23	-	-	-	-26	-	-	-26
Increase due to acquisition of shares/operations	-	-	-	-	-47	-	-47	-	-	-	-	-	-	-
Decrease due to disposal of shares/operations	-	-	-	-	-	-	-	-	-16	-	-	11	-11	-16
Translation difference	-8	78	38	5	-13	-146	-45	-81	88	-12	12	-43	28	-9
Closing balance, December 31, net	-1,553	259	111	106	-325	1,075	-327	-1,607	8	81	125	-407	1,263	-537

14 Deferred tax liabilities and tax receivables cont.

A deferred tax receivable due to losses carried forward is recognized as an asset only to the extent that it is likely that the deduction can be set off against future surpluses. The Group did not recognize deferred tax receivables on losses carried forward in the amount of SEK 2,679 (1,447) million. SEK 132 (59) million of these will expire within 12 months.

Deferred tax receivables and liabilities are distributed as follows:

Deferred taxes SEK millions	Group	
	2019	2018
Deferred tax liabilities		
• due within 12 months	177	144
• due after more than 12 months	76	363
Total	254	507
Deferred tax receivables		
• due within 12 months	0	0
• due after more than 12 months	-581	-1,044
Total	-581	-1,044
Deferred tax, net	-327	-537

Changes in deferred tax (receivables +/liabilities -), Parent Company

SEK millions	2019				2018			
	Unused tax losses	Pension provisions	Other	Total	Unused tax losses	Pension provisions	Other	Total
Opening balance, January 1	-	26	7	33	153	25	-4	174
Changes against earnings	-	-	60	60	-153	1	6	-146
Changes against other comprehensive income	-	-	-	-	-	-	5	5
Closing balance, December 31	-	26	67	93	-	26	7	33

15 Other provisions

Group	2019							2018						
	Restructuring provision	Warranties provision	Environmental provision	Personnel-related provisions	Calculated result from assets held for sale	Other provisions ¹⁾	Total	Restructuring provision	Warranties provision	Environmental provision	Personnel-related provisions	Other provisions ¹⁾	Total	
SEK millions														
Opening balance, January 1	11	53	36	107	-	41	248	15	49	57	85	8	214	
Additional provisions	27	4	5	35	132	4	207	3	12	5	30	54	104	
Utilized during the year	-16	-11	-1	-66	-	-20	-114	-8	-10	-28	-11	-19	-76	
Reclassification	4	-4	-3	17	-	-2	12	-	-	-	-	-	-	
Translation difference	1	1	1	3	-	-2	4	0	1	1	3	-1	6	
Closing balance, December 31	27	43	38	96	132	21	357	11	53	36	107	41	248	

of which reported as:

	2019	2018
• Other long-term provisions	151	174
• Short-term provisions	205	74
Total	357	248

Parent Company

SEK millions	2019		2018	
	Personnel-related provisions	Total	Personnel-related provisions	Total
Opening balance, January 1	47	47	55	55
Additional provisions	9	9	3	3
Utilized during the year	-12	-12	-11	-11
Closing balance, December 31	44	44	47	47

of which reported as:

	2019	2018
• Other long-term provisions	33	38
• Short-term provisions	11	9
Total	44	47

16 Interest-bearing liabilities

Long-term interest-bearing liabilities	Group		Parent Company	
	2019	2018	2019	2018
SEK millions				
Capital market debt ¹⁾	8,518	9,568	6,404	7,518
Financial leasing agreements ²⁾	-	531	-	-
Bank loans ³⁾	2,923	3,035	2,325	2,239
Other	15	79	-	-
Total	11,456	13,213	8,729	9,757
Less current part, financial leasing agreements ²⁾	-	-72	-	-
Less amortization 2019 vs. 2018	-1,603	-3,447	-1,395	-3,203
Total	9,853	9,693	7,334	6,554

¹⁾ For information, see Specification of capital market debt in the adjacent table

²⁾ Leasing liabilities for 2019 is specified in [Note 21](#)

³⁾ For description, see Specification of bank loans in the adjacent table

Issued/matures	Interest rate (nominal), %	Group		Parent Company	
		2019	2018	2019	2018
Outstanding interest-bearing liabilities					
SEK millions					
Specification of capital market debt					
Fixed interest					
2019–2024 SEK	2.75	598	195	598	195
2015–2025 USD	3.47	91	102	-	-
2009–2023 EUR	2.87–3.87	1,555	4,037	1,555	4,037
Total capital market debt (fixed interest)		2,244	4,334	2,153	4,232
Variable interest					
2017–2024 SEK	Stibor + 2.70–3.40	2,395	1,499	2,395	1,499
2010–2040 USD	Libor + 0.8–1.05	3,879	3,735	1,856	1,787
Total capital market debt (variable interest)		6,274	5,234	4,250	3,286
Specification of bank loans					
Fixed interest					
2009–2023 EUR	1.0–7.04	537	676	-	-
Total bank loans, fixed interest		537	676	-	-
Variable interest					
2018–2022 USD	Libor + 1.30–3.30	2,325	2,239	2,325	2,239
2013–2020 EUR	Euribor + 1.68	61	120	-	-
Total bank loans, variable interest		2,386	2,359	2,325	2,239

16 Interest-bearing liabilities cont.

Repayment of long-term interest-bearing liabilities

SEK millions	2019						2018					
	within 1 year	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	More than 5 years	within 1 year	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	More than 5 years
Group	1,630	149	2,076	1,630	1,995	3,977	3,473	1,607	204	2,097	1,641	4,118
Parent Company	1,395	-	1,928	1,555	1,995	1,856	3,203	1,343	-	1,892	1,532	1,787

The Group's exposure, regarding long-term interest-bearing liabilities, to changes in interest rates and contractual dates for interest rate renegotiation was as follows:

Amount falling due for interest rate renegotiation

SEK millions	2019						2018					
	within 1 year	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	More than 5 years	within 1 year	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	More than 5 years
Group	3,651	150	2,076	1,630	1,996	1,953	5,466	1,608	205	2,083	1,644	2,133
Parent Company	1,395	-	1,928	1,555	1,995	1,856	3,203	1,343	-	1,892	1,532	1,787

Reported amounts, per currency, for the Group's borrowing are set forth in [Note 29](#).

Short-term interest-bearing liabilities

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Current part of long-term liabilities	1,603	3,447	1,395	3,203
Commercial paper	812	-	812	-
Overdraft facility	8	-	-	-
Current part of financial leasing agreements	-	72	-	-
Other short-term interest-bearing liabilities	333	4	-	-
Total	2,756	3,523	2,207	3,203

Loan debts are valued at the amortized cost. The majority of the loans in foreign currency are used as hedges for the net investment in SSAB Americas and in Rautaruukki and thus have not been hedged.

17 Long-term non-interest-bearing liabilities

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Investment grant (Alabama tax credit)	118	138	-	-
Other long-term employee benefits	186	172	-	-
Long-term derivatives, not hedge accounted	5	-	4	-
Long-term derivatives, hedge accounted	5	12	5	10
Other items	6	2	-	-
Total	320	324	10	10

18 Accrued expenses and deferred income

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Accrued personnel expenses	1,843	1,841	56	40
Non-invoiced goods and services received	494	402	-	-
Accrued interest expenses	88	153	68	141
Accrued discounts, bonuses and complaints	159	191	-	-
Derivatives reported in hedge accounting	9	58	8	56
Derivatives not reported in hedge accounting	249	26	234	26
Revaluation, hedged orders	-	-	-	-
Energy taxes	3	73	-	-
Other items	192	268	3	2
Total	3,036	3,012	370	265

19 Net debt

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Interest-bearing assets				
Cash and cash equivalents	3,198	2,531	1,740	1,553
Short-term investments	393	67	326	-
Interest-bearing receivables from subsidiaries	-	-	15,228	12,313
Plan assets, pensions	81	77	-	-
Long-term receivables	116	117	-	-
Other interest-bearing receivables	401	2,334	4	2,265
Total	4,189	5,126	17,298	16,131
Interest-bearing liabilities				
Short-term interest-bearing liabilities	2,756	3,523	2,207	3,208
Long-term interest-bearing liabilities	9,853	9,693	7,334	6,554
Leasing liability	2,629	-	-	-
Pension provisions	514	431	2	3
Liabilities to subsidiaries	-	-	10,388	11,403
Other liabilities	133	61	218	57
Total	15,885	13,708	20,149	21,223
Total net debt	11,696	8,582¹⁾	2,851	5,093

¹⁾ Net debt on December 31 does not include leasing under IFRS 16

For definitions of Net debt, see [Note 33](#)

20 Average number of employees and gender breakdown

Parent Company	Number of employees		Women, %	
	2019	2018	2019	2018
Sweden	81	70	47	54
Total, Parent Company	81	70	47	54
Subsidiaries				
Sweden	6,650	6,653	19	20
Finland	5,387	5,366	13	14
USA	1,316	1,284	13	13
Russia	61	560	52	57
Poland	776	749	22	25
Norway	167	176	19	18
Estonia	162	151	23	24
Lithuania	147	145	12	12
Canada	115	105	17	19
China	98	93	31	30
Ukraine	79	78	18	18
South Africa	57	65	16	18
Czech Republic	66	63	33	38
Italy	50	49	28	29
Germany	51	52	29	35
Great Britain	44	47	27	26
Denmark	133	45	28	31
Netherlands	38	39	24	23
Romania	-	35	-	23
Brazil	37	33	24	33
Latvia	35	29	11	14
France	30	29	37	38
Spain	33	29	12	14
Other < 20 employees	216	188	32	16
Total, subsidiaries	15,748	16,063	17	18
Total, Group	15,829	16,133	17	18

The average number of employees is calculated as an average of the total number of employees at the end of each quarter during the year. The percentage of women relates to the numbers employed on December 31. Women accounted for 27% (27%) of the members of all Board of Directors in the Group, while the figure for the Board of Directors of the Parent Company was 38% (38%). The percentage of women in the management groups (including Presidents) in the Group was 21% (28%). The Group Executive Committee comprises eight men and three women.

21 Leasing

For information about the transition from IAS 17 to IFRS 16, see [Note 31](#).

Group

Leasing payments under IAS 17

SEK millions	2018
Minimum leasing payments, operational leasing	411
Minimum leasing payments, financial leasing	87

In the balance sheet, the following amounts are reported related to IFRS 16:

Right-of-use assets

SEK millions	2019					Total
	Buildings	Land and land improvements	Machinery	Equipment, tools, fixtures and fittings	Vehicles	
Book value, January 1	1,480	17	413	58	477	2,445
Book value, December 31	1,592	16	576	43	317	2,545
Additions Right-of-use assets during the year	293	1	9	1	104	408
Depreciation for the year, Right-of-use assets	-332	-2	-168	-21	-211	-734

The table below is a maturity analysis of the lease liabilities, undiscounted amounts:

Leasing liability as of December 31

SEK millions	2019
Short-term part of leasing liability	604
Long-term part of leasing liability	2,025
Total	2,629

Maturity analysis

SEK millions	2019
Within one year	663
Year two	561
Year three	499
Year four	337
Year five	276
Year six and later	967
Total	3,303

21 Leasing cont.

In the Income statement, following amounts are related to leasing:

SEK millions	2019
Expense for low value leases	29
Expense for variable leasing fees, not included in the lease liability	151
Depreciations for the year	733
Interest rate expense	128
Total	1,041

Total cash outflow for lease agreements during 2019 amounts to SEK 818 million.

Parent Company

The Parent Company has one material lease which is a rental agreement for office space. Revenue related to sublet of leases amounts to SEK 2 (0) million.

SEK millions	2019	2018
Minimum leasing payments, operational leasing	24	14

Table below is a maturity analysis of the lease liabilities, undiscounted amounts:

SEK millions	2019
Within one year	19
Year two	19
Year three	18
Year four	18
Year five	18
Year six and later	10
Total	102

22 Pledged assets

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Real property mortgages	62	61	-	-
Restricted funds ¹⁾	0	2,244	0	2,244
Total	62	2,305	0	2,244

¹⁾ In 2019, restricted funds are included in cash and cash equivalents

23 Contingent liabilities

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Contingent liabilities regarding subsidiaries' obligations ¹⁾	784	695	2,806	2,643
Other contingent liabilities ²⁾	1,647	1,579	455	220
Total	2,432	2,273	3,261	2,863

¹⁾ The Group's contingent liabilities for subsidiaries' obligations related primarily to bank guarantees and performance guarantees. Of the Parent Company, SEK 2,097 (2,020) million relates to guarantees for subsidiaries' loan

²⁾ The Group's Other contingent liabilities consist mainly of guarantees on liabilities of associated companies for which the Group has individual responsibility, as well as lease obligations and unrecognized pension obligations. Other contingent liabilities for the Parent Company consist primarily of unrecognized pension obligations.

Conditions not reported as contingent liability

The Group is involved in a very limited number of legal disputes concerning insurance and warranty matters, as well as complaints. The anticipated outcome of these cases has been taken into consideration in the accounting.

24 Appropriations

SEK millions	Parent Company	
	2019	2018
Group contribution, received	218	1,738
Total	218	1,738

25 Acquisitions of shares and operations

SSAB has made the following acquisitions during 2019:

Acquisition of Piristeel Oy

In March 2019, Ruukki Construction acquired a 67% holding in the Finnish company, Piristeel Oy. Piristeel is Finland's leading manufacturer of roof safety products and rainwater systems. The purchase price allocation was finalized during the third quarter and there was no difference between that and the preliminary allocation. The purchase price amounted to SEK 176 million and fair value of the acquired net assets amounted to SEK 96 million. The Group's cash and cash equivalents has been affected by SEK -139 million.

Asset deal Sanistål A/S

In April 2019, Tibnor acquired the steel distribution business of Sanistål A/S, Denmark's second largest steel distributor. The steel distribution business acquired had sales of approximately SEK 1.9 billion in 2018. The purchase price allocation was finalized during the fourth quarter and is presented below.

Purchase price allocation

SEK millions	Preliminary	Final
Purchase price	518	518
Fair value for the acquired net assets	-518	-518
Total	-	-

Assets and liabilities at the time of the acquisition

SEK millions	Final fair value
Real estate	256
Other tangible fixed assets	12
Inventory	255
Short-term liabilities	-4
Total	518

Change in the Group's cash and cash equivalents at the time of the acquisition:

SEK millions	
Purchase price paid	-518
Total	-518

Acquisition of Abraservice

As of October 31 2019, SSAB EMEA acquired all the shares in Abraservice Holding SAS. Abraservice provides wear parts and complete solutions in quenched and tempered (Q&T) steels. Abraservice had sales of around SEK 800 million in 2018. The company has been part of SSAB Group since October 31, 2019. A preliminary purchase price allocation is given below. The price purchase allocation will be finalized during the course of 2020.

Purchase price allocation

SEK millions	
Purchase price	401
Preliminary fair value for the acquired net assets	-229
Total	172

Assets and liabilities at the time of the acquisition

SEK millions	Acquired book value	Preliminary fair value
Intangible assets	-	141
Tangible fixed assets	129	129
Other fixed assets	7	7
Inventory	194	194
Other current assets	185	185
Long-term liabilities	-68	-115
Short-term liabilities	-312	-312
Total	135	229

Change in the Group's cash and cash equivalents at the time of the acquisition:

SEK millions	
Purchase price paid	-401
Cash and cash equivalents in the acquired company	46
Total	-355

26 Divested shares and operations

During 2019, SSAB divested the participation in the affiliated company, Helens Rör, and the shares in the Norwegian subsidiary, Ringeriksveien 191C AS. The divestments generated a positive cash flow effect of SEK 118 million and a gain of SEK 25 million. During 2018, SSAB divested Ruukki Construction's business operations in Russia. The effect on the Group's accounts are presented in the table below.

Value of divested assets and liabilities		
SEK millions	2019	2018
Tangible assets (Note 7)	2	109
Deferred tax asset	-	28
Shares in affiliated companies & joint ventures	88	-
Inventories	-	78
Accounts receivables	-	3
Other current assets	-	25
Deferred tax liability	-	-6
Accounts payables	-	-14
Other current liabilities	-1	-110
Total divested net assets	93	113
Accumulated translation difference at date of the sale	-	-170
Total divested net assets excluding translation difference	93	-57
Capital gain/loss	25	-217
of which transaction costs	0	-10
Cash and cash equivalents in divested companies	-1	
Net received payment and effect on the Group's cash and cash equivalents	118	76

Parent Company

During 2019, the shares in the subsidiary, Ringeriksveien 191C AS, was divested. The effect is reported in the table below. During 2018, no divestments occurred.

Result of the divestment	
SEK millions	2019
Investment in Ringeriksveien 191C AS	0
Sales proceeds	42
Transaction costs	0
Total gain	42
Net, sales proceeds and effect on the cash and cash equivalents	42



27 Cash flow

Below is a reconciliation of liabilities arising from the financing operations in the cash flow statement.

Group	2019								2018						
	Capital market debts	Bank loans	Financial leasing ¹⁾	Leasing ¹⁾	Alabama tax revenue bond	Commercial papers	Other	Total	Capital market debts	Bank loans	Financial leasing	Alabama tax revenue bond	Commercial papers	Other	Total
SEK millions															
Opening balance, January 1	9,653	924	531	-	1,948	-	159	13,216	8,858	6,551	487	1,784	207	176	18,063
Changed accounting principles	-	-	-531	2,476	-	-	-	1,945	-	-	-	-	-	-	-
Adjusted opening balance, January 1	9,653	924	-	2,476	1,948	-	159	15,161	8,858	6,551	487	1,784	207	176	18,063
Cash flows	-1,249	-233	-	-690	-	743	77	-1,352	414	-6,099	-70	-	-213	-20	-5,988
Non-cash flow items															
Change leasing agreements	-	-	-	844	-	-	-	844	-	-	96	-	-	-	96
Exchange differences	200	97	-	-1	-	70	221	587	381	472	18	164	6	3	1,044
Reclassifications	-86	2,135	-	-	-1,948	-	-101	-	-	-	-	-	-	-	-
Closing balance, Dec 31	8,518	2,923	-	2,629	-	812	356	15,240	9,653	924	531	1,948	-	159	13,216

¹⁾ The Group has adjusted the opening balance, January 1, 2019 regarding IFRS 16, Leasing.

Parent Company

Parent Company	2019				2018			
	Capital market debts	Bank loans	Commercial papers	Total	Capital market debts	Bank loans	Commercial papers	Total
SEK millions								
Opening balance, January 1	8,862	895	-	9,757	7,854	6,087	207	14,148
Cash flows	-1,249	-	743	-506	672	-5,706	-213	-5,247
Non-cash flow items								
Exchange differences	135	86	70	291	336	514	6	856
Reclassifications	-1,344	1,344	-	-	-	-	-	-
Closing balance, Dec 31	6,404	2,325	812	9,541	8,862	895	-	9,757

28 Business segments

The Group Executive Committee has established the business segments based on the information used for making strategic decisions. SSAB's overriding strategy is that SSAB will be a global leader within high-strength steels, the leading supplier on its domestic markets, and the leader within added value services. The key features of SSAB's strategic plan of action are based on creating a flexible business, a superior customer experience, and a high-performing organization. The Group is organized into five reportable business segments designated as divisions, 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.

Segment information provided is as follows:

Sales and results per business segment	Total sales		of which internal sales		Operating profit/loss	
	2019	2018	2019	2018	2019	2018
SEK millions						
Business segment:						
SSAB Special Steels	18,495	18,869	557	1,551	1,454	1,421
SSAB Europe	31,730	32,796	5,915	6,206	-677	2,757
SSAB Americas	17,460	16,878	198	223	2,128	1,837
Tibnor	9,149	8,434	150	161	30	230
Ruukki Construction	6,510	6,140	40	35	283	178
Other	-	-	-	-	-233	-249
Depreciation/amortization on surplus values ¹⁾	-	-	-	-	-827	-996
Items affecting comparability ²⁾	-	-	-	-	-197	-240
Group adjustments	-6,859	-8,176	-6,859	-8,176	-	-
Total	76,485	74,941	-	-	1,961	4,940

¹⁾ Depreciation and amortization on surplus values for 2019 is related to SSAB Special Steels with SEK 0 (0) million, in SSAB Europe with SEK -244 (-228) million, in SSAB Americas with SEK -564 (-771) million, in Tibnor with SEK -25 (-25) million, in Ruukki Construction with SEK 10 (31) million and in Other with SEK -3 (-3) million.

²⁾ Items affecting comparability for 2019 is related to Tibnor SEK -52 (-) million and Other SEK -145 (-240) million.

Tibnor and Ruukki Construction are operated as independent subsidiaries by their respective Boards and act at arm's length in relation to SSAB. For more information about each business segment, see p. 129. In addition, there are other business segments that are not reportable since they do not reach the threshold values set forth in IFRS 8 and they are not monitored separately by the Group Executive Committee; they are included in "Other".

Segment reporting takes place in a manner which corresponds to the internal reporting provided to the Group Executive Committee. The Group Executive Committee is the highest executive decision-maker responsible for the allocation of resources, assessment of the business segments' results, and making strategic decisions.

Balance and cash flow information per business segment	Depreciation and amortization		Maintenance expenditures		Strategic expenditures	
	2019	2018	2019	2018	2019	2018
SEK millions						
Business segment:						
SSAB Special Steels	627	525	435	429	66	36
SSAB Europe	1,622	1,397	1,066	1,174	518	257
SSAB Americas	724	623	283	208	363	40
Tibnor	176	82	60	49	47	27
Ruukki Construction	183	128	72	49	41	37
Other	58	21	-40	33	-	-
Depreciation/amortization on surplus values ¹⁾	827	996	-	-	-	-
Total	4,216	3,771	-1,875	1,943	-1,035	397

28 Business segments cont.

Geographical areas

The manufacture of the Group's steel products take place almost exclusively in Sweden, Finland and the United States. For disclosure of sales per country/geographical area, see [Note 1](#).

The table below shows the reported value of tangible and intangible fixed assets and capital expenditures broken down by geographic areas according to the location of the assets.

Fixed assets and capital expenditures per country/region	Intangible/tangible fixed assets and Right-of-use assets				Capital expenditures in plant and machinery			
	2019	%	2018	%	2019	%	2018	%
SEK millions								
Sweden	8,631	15	7,844	14	1,055	36	1,172	46
Finland	15,646	27	15,304	28	1,072	36	986	39
Denmark	286	0	1	0	7	0	0	0
France	383	1	4	0	1	0	2	0
Polad	397	1	426	1	17	1	46	2
Rest of EU-28	374	1	215	0	51	2	54	2
Norway	330	1	60	0	42	1	13	1
USA	32,389	55	31,077	56	646	22	244	10
Canada	187	0	108	0	16	1	17	1
China	236	0	253	0	1	0	2	0
Rest of the world	180	0	332	1	32	1	13	1
Total	59,039	100	55,391	100	2,939	100	2,548	100

29 Financial risk management

Financial risk management is governed by the Group's finance policy. Most financial transactions take place through the Parent Company's finance function in Stockholm and through SSAB Finance Ireland in Ireland. For a detailed description of the Group's financial risks, see p. 147.

Refinancing risks (liquidity risks)

At year-end, long-term borrowing amounted to SEK 9,853 (9,693) million. Borrowing takes place primarily through the bank market and through existing note programs. For long term borrowing up to ten years, a European Medium Term Note program (EMTN) is used, while Swedish and Finnish commercial paper programs are used for borrowing for short terms (< 1 year). The program limit of the EMTN program is EUR 2,000 million, while the Swedish commercial paper program has a limit of SEK 5,000 million and the Finnish commercial paper program has a limit of EUR 500 million

At year-end, long-term borrowing within the EMTN program amounted to SEK 4,567 (5,043) million, while borrowing within the Swedish commercial paper program amounted to SEK 500 (0) million and borrowing within the Finnish commercial paper program amounted to EUR 30 (0) million.

At year-end, the Group's liquidity buffer, consisting of cash and cash equivalents, short-term investments and non-utilized binding credit facilities, amounted to SEK 10,318 (9,590) million, equal to 13% (13%) of sales.

To the extent surplus liquidity arises, the first priority is to repay loans. If that is not possible, the funds are invested in government securities or deposited with approved banks.

The total loan portfolio at year-end was SEK 12,276 (13,213) million, with an average term to maturity of 7.1 (6.5) years. The maturity structure during the coming years is presented in [Note 16](#).

The contractual payments on the outstanding loan debt, including interest payments and derivative instruments, are shown in the following table:

December 31, 2019

SEK millions	Book value	Contractual cash flow	2020	2021	2022	2023	2024	Later
Loans								
Capital market loans	8,518	10,127	163	162	1,143	1,683	2,077	4,899
Bank loans	2,923	3,110	1,725	199	1,103	76	0	7
Other	835	835	835	-	-	-	-	-
Total, loans	12,276	14,072	2,723	361	2,246	1,759	2,077	4,907
Accounts payable	12,067	12,067	12,067	-	-	-	-	-
Derivatives, outflow	268	268	258	3	6	0	0	-
Derivatives, inflow	302	302	259	23	14	5	1	-
Total, including accounts payable and derivatives	24,308	26,105	14,788	341	2,239	1,754	2,076	4,907

Interest flows are calculated based on interest rates and exchange rates at year-end. For contractual cash flows relating to leasing agreements, see [Note 21](#).

29 Financial risk management cont.

Market risks

Market risks are the risk of changes in market prices, such as interest rates and exchange rates, which can affect the Group's earnings or financial position.

Interest rate risk

At year-end, the total interest bearing loan amounted to SEK 12,276 (13,213) million, of which SEK 4,796 (5,910) million carry is fixed interest or is swapped to fixed interest. Including the interest rate swaps, the average fixed interest term was 1.1 (1.1) years. Given the same loan portfolio, short-term investments, cash and cash equivalents, and the same fixed term rates as at the end of the year, including interest hedging, a change in market interest rates of 100 basis points (1 percentage point), would change earnings after tax by approximately SEK 37 (42) million. Loans which are subject to rate negotiation in the coming years are shown in [Note 16](#).

At year-end, the value of interest rate swaps converting floating to fixed interest (entered into to secure cash flow in conjunction with interest payments) was SEK -4 (-5) million, which is reported in Other comprehensive income. No inefficiency was identified during the year.

The Group's interest-bearing assets amounted to SEK 4,189 (5,126) million and consisted almost exclusively of cash and cash equivalents at variable interest rates.

Currency risk

According to the finance policy, currency hedging takes place mainly to minimize the translation risk associated with the impact of changes in exchange rates on the net debt/equity ratio. Reported accounts payable and receivables in major currencies (currently EUR, USD and GBP) are hedged in order to minimize the effect of exchange rates to the Group's income statement.

Major investments and projects decided upon in foreign currency are hedged in their entirety. Other commercial currency flows that arise in connection with purchases and sales in foreign currency are short-term in nature and thus no hedging takes place; instead, they are exchanged on the spot market.

The Group had a total net inflow of foreign currency. The net foreign currency inflow in 2019 was SEK 3.7 (4.7) billion. The Group's most important currency flows are shown in the diagram on p. [148](#).

A five percentage point devaluation of the Swedish krona against the Group's two most important currencies, USD and EUR, would have a negative impact on earnings after tax of approximately SEK -130 (-460) million with respect to USD and a positive impact of just over SEK 145 (590) million with respect to EUR. Additionally, Equity would be positively affected by the translation effect of foreign subsidiaries, net of equity hedges, with about SEK 2,285 (2,097) million.

In 2019, net exchange rate differences were reported in the amount of SEK -176 (-94) million in operating profit and SEK 3 (-5) million in financial items.

As per December 31, the breakdown per currency of account receivables, other current receivables and derivative instruments was as follows:

Breakdown per currency	Group		Parent Company	
	2019	2018	2019	2018
SEK millions				
SEK	1,165	1,453	16	12
USD	1,793	3,034	26	47
EUR	2,740	3,249	3	4
Other currencies	2,007	1,926	12	5
Total	7,705	9,662	58	68
Of which:				
Accounts receivable	6,945	8,784	1	3
Other current receivables	501	554	12	7
Derivative instruments ¹⁾	259	324	45	58
Total	7,705	9,662	58	68

¹⁾ Derivative instruments are included in the balance sheet item 'Prepaid expenses and accrued income' with the amount of SEK 259 (324) million and, for the Parent Company, SEK 45 (58) million

29 Financial risk management cont.

As of December 31, the breakdown per currency of accounts payable, other current liabilities and derivative instruments was as follows:

Breakdown per currency SEK millions	Group		Parent Company	
	2019	2018	2019	2018
SEK	2,416	3,243	27	22
USD	8,547	7,982	216	35
EUR	1,989	2,558	84	92
Other currencies	195	374	4	8
Total	13,146	14,157	331	157
Of which:				
Accounts payable	12,067	13,375	15	17
Other current liabilities	822	698	84	58
Derivative instruments ¹⁾	258	84	232	82
Total	13,146	14,157	331	157

¹⁾ Derivative instruments are included in the balance sheet item 'Accrued expenses and deferred income' with the amount of SEK 258 (84) million and, for Parent Company, SEK 232 (82) million

Borrowing per currency SEK millions	Group		Parent Company	
	2019	2018	2019	2018
SEK	3,391	1,708	3,492	1,694
USD	6,295	6,076	4,181	4,025
EUR	2,378	5,354	1,869	4,037
Other currencies	212	74	-	-
Total	12,276	13,213	9,541	9,757

Borrowing in EUR and USD has not been hedged separately since the borrowing in itself is a hedge of the net investment in EUR and USD.

Commodity price risk

Information about commodity price risk can be found in the Board of Directors' report, p. 145.

Credit risk

The limits for individual counterparties are evaluated continuously and, during the year, were capped at SEK 2,000 (2,000) million. At year-end, the total counterparty risk was SEK 3,799 (2,979) million, of which derivative instruments accounted for SEK 208 (381) million and investments in cash and cash equivalents amounted to SEK 3,591 (2,598) million.

In addition to the above, there are credit risks associated with accounts receivable and other receivables, which are managed in each subsidiary. Prior to write down in respect of impairment, these receivables had a gross value of SEK 7,655 (9,563) million. There is no concentration of credit risk since the risk is allocated over a large number of customers spread throughout the world. In addition, individual credit rating tests are conducted and limits imposed for each customer.

29 Financial risk management cont.

Age analysis regarding Accounts Receivables and Other receivables

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Not due	6,026	7,531	13	9
1–30 days	1,154	1,517	-	-
31–120 days	237	294	-	-
121–365 days	122	101	-	-
> 365 days	116	121	-	-
Total	7,655	9,563	13	9

Change in loss allowance

SEK millions	Group		Parent Company	
	2019	2018	2019	2018
Opening balance, January 1	-225	-253	-7	-
Change in accounting principle, IFRS 9 ¹⁾	-	-7	-	-6
Adjusted opening balance, January 1	-225	-260	-7	-6
Change through acquisition of companies	-6	-	-	-
Confirmed credit losses	13	45	-	-
Change in expected credit losses	10	-3	-	-1
Translation differences	-1	-7	-	-
Closing balance	-209	-225	-7	-7

¹⁾ In the Parent Company, the adjustment refers to receivables from subsidiaries.

The Group calculates expected credit losses on accounts receivable and other receivables. The impairment test is carried out by the respective subsidiary in accordance with the credit risk management process. For receivables with objective evidence of impairment, write-down calculations are made on an individual level, taking into account both historical, prevailing and forward-looking factors. For other receivables, which have a higher credit quality, and receivables of lesser value, a collective calculation is made of expected credit losses based on historical loss level, taking into account current and prospective factors. Expected credit losses in relation to gross amounts of outstanding claims amount to 2.5%. Liquid funds are also subject to the requirement for impairment, but expected credit losses for these holdings are considered immaterial.



29 Financial risk management cont.

Financial instruments and hedge accounting

Hedging of currency risk

The translation exposure is hedged primarily through loans in the same currency, in the absence of which currency derivatives may be used instead. At year-end, these net investments amounted to EUR 861 (1,165) million and USD 4,615 (4,374) million. Loans and derivatives which were hedged, amounted to EUR 110 (141) million and USD 545 (568) million at year-end. The accumulated change in fair value of hedging reserve for loans and derivatives which has been identified as hedging instruments, amounted to SEK -5,864 (-5,578) million at year end. No inefficiency was identified during 2019.

At year-end, the net investment in USD was hedged with loans amounting to USD 679 (450) million and derivative instruments amounting to USD 134 (118) million. Net investment in EUR at year end was hedged with loans amounting to EUR 205 (394) million and derivative instruments amounting to EUR -95 (-253) million.

Currency derivatives are valued at fair value in the balance sheet. As regards the currency hedging which meets the requirements for hedge accounting pursuant to IFRS 9 and comprises fair value hedging, changes in value of the currency derivatives do not impact on earnings. They are set off in the income statement against corresponding changes in the value of the hedged order. In connection with the delivery of such purchases, the hedged part of the acquired asset is reported at the hedged rate. At year-end, purchase orders for which currency forwards had been contracted had a total value of SEK 0.2 (2.9) billion. At year-end, derivative instruments for 'fair value hedging' had a reported net fair value of SEK -4 (0) million, while purchase orders subject to hedge accounting and accounts payables related to hedged purchase orders were reported at SEK 4 (0) million. Thus, there was no inefficiency at the end of the accounting year. Currency hedging takes place also with respect to purchases of iron ore, and coal, as well as in relation to major investments in foreign currency. At year-end, 'fair value hedging' was only applied for major investments in foreign currencies.

Part of the currency hedges relating to USD denominated raw material purchases meet the requirements of cash flow hedge accounting pursuant to IFRS 9. The effective part of changes in the fair value of the derivatives that are designated as and qualify for cash flow hedging is recognized in Other comprehensive income. The result of USD-denominated derivatives is transferred from the reserve for cash flow hedges in equity to adjust the cost of goods sold in the period when the hedged item affects the result. The ineffective part of changes in the fair

value of the derivatives is booked directly to other operating expenses. There were no ineffective hedges and no ineffectiveness during the year or at the end of the year. At year-end, the total value of forecasted raw material purchases in respect of which currency forwards had been contracted was SEK - (1.9) billion. At year-end, derivatives for cash flow hedging relating to purchases had reported net fair value of SEK - (19) million of which SEK - (0) million was reported in Other comprehensive income. Cash flow hedging was not applied on currency hedges at year end.

Derivative instruments which are not reported in hedge accounting are valued at fair value in the income statement. Hedges related to accounts receivable, accounts payable and major projects are recognized in Other operating profit or loss. Hedges related to financial items are recognized in the Financial net. At year-end, these non-realized derivative instruments amounted to net SEK -12 (93) million, of which SEK -80 (4) million was reported in Other operating income and SEK 68 (89) million was reported in Financial items.

The Group's total outstanding FX derivatives had an average maturity of 3 (4) months at year end.

Hedging of commodity price risk

Cash flow hedging is applied when hedging price risk of electricity. The electricity derivatives employed by the Group have been defined as cash flow hedges. The relationship between the hedging instrument and the hedged item is documented when the hedging contract is made. Hedge effectiveness is measured both at the start of the hedging relationship and quarterly throughout the duration of the relationship. The effective part of changes in the fair value of the derivatives that are designated as, and qualify for, cash flow hedging is recognized in Other comprehensive income. The ineffective part of changes in the fair value of the derivatives is booked directly to Other operating expenses. The realized result of the effective part of hedges is recognized as an adjustment to the cost for electricity in costs of goods sold, in the period during which the hedged items affects the result.

Electricity price risk relating to forecasted electricity consumption at the mills is partly hedged through standard derivative products listed on the market, partly by physical delivery contracts. At year-end, the amount of forecast purchases in respect of which electricity derivatives had been contracted was 1,973 (2,057) GWh.

29 Financial risk management cont.

At year-end, derivative instruments which relate to forecasted electricity purchases and which meet the requirements for hedge accounting amounted to net SEK 57 (291) million, of which SEK 57 (291) million was reported in Other comprehensive income. There was no inefficiency at the end of the accounting year.

The Group's total outstanding commodity derivatives had an average maturity of 41 (26) months at year end.

Effect on financial position and performance for the Group - hedging instrument

Cash flow hedges 2019

SEK millions	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Commodity price risk				
Electricity forward contracts	1,973 GWh	67	9	Accrued income and prepaid expenses / Accrued expenses and prepaid income
Interest rate risk				
Interest flows, external debt	1,000	0	4	Accrued income and prepaid expenses / Accrued expenses and prepaid income

Hedging of interest rate risk

Cash flow hedging also takes place in respect of certain loans carrying floating interest rates where a variable to fixed interest rate swap is used. For interest-rate derivatives which meet the requirements for hedge accounting pursuant to IFRS 9, changes in the value of the interest rate derivatives do not impact earnings. They are reported in Other comprehensive income. At year-end, such interest-rate derivatives had a booked fair value of SEK -4 (-5) million, of which SEK -4 (-5) million was reported in Other comprehensive income. There was no inefficiency at the end of the accounting year.

The Group's total outstanding interest rate derivatives had an average maturity of 27 (39) months at year end.

Fair value hedges 2019

SEK millions	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Foreign exchange risk				
EUR purchases	109	0	2	Accrued income and prepaid expenses / Accrued expenses and prepaid income
Investments	89	1	2	Accrued income and prepaid expenses / Accrued expenses and prepaid income

29 Financial risk management cont.

Effect on financial position and performance for the Group - hedged item

Cash flow hedges 2019

SEK millions	Cash flow hedge reserve (before tax)
Commodity price risk	
Electricity forward contracts	57
Interest rate risk	
Interest flows, external debt	-4

Hedges of net investment in a foreign operation 2019

SEK millions	Foreign currency translation reserve (before tax)
Foreign exchange risk	
Equity	5,865

Fair value hedges 2019

SEK millions	Fair value adjustment		Line item in the Statement of financial position where the hedged item is included	Line item in Income statement where fair value adjustment is included
	Assets	Liabilities		
Foreign exchange risk				
EUR purchases	2	0	Accrued income and prepaid expenses / Accrued expenses and prepaid income	Other operating expenses
Investments	2	-1	Accrued income and prepaid expenses / Accrued expenses and prepaid income	Other operating expenses

29 Financial risk management cont.

Effect on financial position and performance for the Group

Cash flow hedges 2019

SEK millions	Change in the value of the hedging instrument recognized in OCI (before tax)	Hedge ineffectiveness recognized in Income statement (before tax)	Line item in income statement for ineffectiveness	Amount reclassified from the cash flow hedge reserve to Income statement (before tax)
Commodity price risk				
Electricity forward contracts	-234	-	Other operating expenses	-198
Interest rate risk				
Interest flows, external debt	1	-	Other operating expenses	-

Fair value hedges 2019

SEK millions	Change in the value of the hedging instrument recognized in Income Statement (before tax)	Hedge ineffectiveness recognized in income statement (before tax)	Line item in income statement for ineffectiveness
Foreign exchange risk			
EUR purchases	-2	-	Other operating expenses
Investments	3	-	Other operating expenses

Hedges of net investment in a foreign operation 2019

SEK millions	Change in the value of the hedging instrument recognized in OCI (before tax)	Hedge ineffectiveness recognized in income statement (before tax)	Line item in income statement for ineffectiveness	Amount reclassified from foreign currency translation reserve to income statement (before tax)
Foreign exchange risk				
Equity	-287	-	Financial income/expenses	-

29 Financial risk management cont.

Effect on financial position and performance for the Group - hedging instrument

Cash flow hedges 2018

SEK millions	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Commodity price risk				
Electricity forward contracts	2,057 GWh	295	4	Accrued income and prepaid expenses / Accrued expenses and prepaid income
Interest rate risk				
Interest flows, external debt	1,000	0	5	Accrued income and prepaid expenses / Accrued expenses and prepaid income
Foreign exchange risk				
USD purchases	1,861	19	0	Accrued income and prepaid expenses / Accrued expenses and prepaid income

Fair value hedges 2018

SEK millions	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Foreign exchange risk				
USD purchases	2,908	17	-17	Accrued income and prepaid expenses / Accrued expenses and prepaid income
Investments	113	-	-4	Accrued income and prepaid expenses / Accrued expenses and prepaid income

29 Financial risk management cont.

Effect on financial position and performance for the Group - hedged item

Cash flow hedges 2018

SEK millions	Cash flow hedge reserve (before tax)
Commodity price risk	
Electricity forward contracts	291
Interest rate risk	
Interest flows, external debt	-5
Foreign exchange risk	
USD purchases	-

Hedges of net investment in a foreign operation 2018

SEK millions	Foreign currency translation reserve (before tax)
Foreign exchange risk	
Equity	5,578

Fair value hedges 2018

SEK millions	Fair value adjustment		Line item in the statement of financial position where the hedged item is included	Line item in Income statement where fair value adjustment is included
	Assets	Liabilities		
Foreign exchange risk				
USD purchases	17	-17	Accrued income and prepaid expenses / Accrued expenses and prepaid income	Other operating expenses
Investments	4	-	Accrued income and prepaid expenses / Accrued expenses and prepaid income	Other operating expenses

29 Financial risk management cont.

Effect on financial position and performance for the Group

Cash flow hedges 2018

SEK millions	Change in the value of the hedging instrument recognized in OCI (before tax)	Hedge ineffectiveness recognized in income statement (before tax)	Line item in Income statement for ineffectiveness	Amount reclassified from the cash flow hedge reserve to income statement (before tax)
Commodity price risk				
Electricity forward contracts	266	-	Other operating expenses	1
Interest rate risk				
Interest flows, external debt	-23	-	Other operating expenses	-13
Foreign exchange risk				
USD purchases	28	-	Other operating expenses	-9

Fair value hedges 2018

SEK millions	Change in the value of the hedging instrument recognized in Income Statement (before tax)	Hedge ineffectiveness recognized in income statement (before tax)	Line item in Income statement for ineffectiveness
Foreign exchange risk			
USD purchases	-4	-	Other operating expenses
Investments	-4	-	Other operating expenses

Hedges of net investment in a foreign operation 2018

SEK millions	Change in the value of the hedging instrument recognized in OCI (before tax)	Hedge ineffectiveness recognized in income statement (before tax)	Line item in income statement for ineffectiveness	Amount reclassified from the foreign currency translation reserve to income statement (before tax)
Foreign exchange risk				
Equity	-667	-	Financial income/expenses	-

29 Financial risk management cont.

Valuation of financial assets and liabilities

Financial assets and liabilities, Group

SEK millions	2019					2018				
	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value
Financial assets										
Financial fixed assets	482	-	-	482	482	474	-	-	474	474
Derivative assets	-	235	67	302	302	-	137	322	459	459
Accounts receivable	6,945	-	-	6,945	6,945	8,784	-	-	8,784	8,784
Other current interest-bearing receivables	501	-	-	501	501	554	-	-	554	554
Cash and cash equivalents	3,591	-	-	3,591	3,591	2,598	-	-	2,598	2,598
Total financial assets	11,519	235	67	11,821	11,821	12,410	137	322	12,869	12,869
Financial liabilities										
Long-term interest-bearing liabilities	9,853	-	-	9,853	9,952	9,693	-	-	9,693	9,716
Short-term interest-bearing liabilities	2,756	-	-	2,756	2,688	3,523	-	-	3,523	3,554
Derivative liabilities	-	255	10	268	268	-	48	48	96	96
Accounts payable	12,067	-	-	12,067	12,067	13,375	-	-	13,375	13,375
Total financial liabilities	24,675	255	13	24,944	24,975	26,591	48	48	26,687	26,741

Derivative assets - and liabilities, Group

SEK millions	2019					2018				
	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value	Valued at amortized cost	Profit or loss	Other comprehensive income	Book value	Fair value
Derivative assets										
Cash flow hedges	-	-	66	66	66	-	-	318	318	318
Fair value hedges	-	1	-	1	1	-	17	-	17	17
Hedges of net investment	-	-	0	0	0	-	-	4	4	4
Derivatives not subject to hedge accounting	-	234	-	234	234	-	120	-	120	120
Total derivative assets	-	235	66	302	302	-	137	322	459	459
Derivative liabilities										
Cash flow hedges	-	-	13	13	13	-	-	17	17	17
Fair value hedges	-	4	-	4	4	-	21	-	21	21
Hedge of net investment	-	-	5	5	5	-	-	32	32	32
Derivatives not subject to hedge accounting	-	246	-	246	246	-	27	-	27	27
Total derivative liabilities	-	250	18	268	268	-	48	48	96	96

29 Financial risk management cont.

Assessment of fair value of financial instruments

The classification takes place hierarchically on three 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, is used, e.g. interest rates and return curves. On level 3, the fair value is determined based on an assessment technique which is based on assumptions that are not based on prices or data that are directly observable. The fair value assessment of the financial instruments in SSAB is based on data in accordance with level 2 except electricity derivatives, which fair values are based on listed market values and thus classified on level 1.

Financial assets consist largely of other non-current receivables and are valued at the amount which is expected to be received following an assessment of expected credit losses.

Derivative instruments are valued at fair value, calculated with established valuation models based on observable market data. The fair value on a derivative is defined as the amount to which an instrument would be exchanged to in an orderly financial transaction at reporting date. The fair value of currency derivatives is calculated based on current forward prices at the reporting date. Fair value on commodity price derivatives is calculated based on market prices on applicable exchanges. Fair value of interest rate derivatives are calculated based on the discounted cash flow method. At year-end, the derivatives were valued at SEK 302 (459) million as financial assets and SEK -268 (-96) million as financial liabilities. If full netting had been applied the derivatives had been booked at SEK 208 (381) million as financial assets and SEK -187 (-18) million as financial liabilities.

Accounts receivable are reported in the amount which is expected to be received following an individual assessment of expected credit losses.

Other current interest-bearing receivables consist of restricted cash with a term to maturity of less than 12 months. Fair value is estimated at the acquisition value.

Cash and cash equivalents consist of bank balances and bank deposits with short terms to maturity, and the fair value is estimated at acquisition value.

Long-term interest-bearing liabilities consist primarily of loans that are not subject to hedge accounting and are valued at amortized cost. Fair value has been calculated based on the interest rate for outstanding terms to maturity as applicable at the end of the year.

Short-term interest-bearing liabilities are valued at amortized cost. Fair value has been calculated based on the rate of interest for outstanding terms to maturity as applicable at the end of the year.

Accounts payable are reported in the amount which is expected to be paid and are valued at acquisition value.

Management of capital

The Group's capital management is aimed at ensuring that the operations can continue to be conducted and generate good return for the shareholders. Since the Group's operations are dependent on the business cycle, the target is that the net debt/equity ratio will not normally exceed 35%.

In order to maintain or adapt the capital structure, dividends may be adjusted, share buybacks or redemption may take place, or new issues or divestments of assets may take place in order to reduce liabilities. The dividend target is 30–50% of profit after tax.

The net debt/equity ratio increased during the year. At year-end, the net debt/equity ratio, including IFRS 16, was 19% (18%).

30 Assets and liabilities held for sale

During 2019, assets and liabilities were reclassified as holding for the purposes of sale. These assets and liabilities refer to the divestment of Ruukki Construction's project business, Building Systems. The sale is subject to the approval of the relevant competition authorities and it is expected that the Ruukki Building Systems transaction will be able to be completed during 2020.

Group		
SEK millions	2019	2018
Assets held for sale		
Intangible assets	4	-
Tangible fixed assets	162	-
Financial fixed assets	23	-
Inventories	61	-
Other current receivables	415	-
Total	664	-
Liabilities held for sale		
Accounts payable	149	-
Other current liabilities	211	-
Other long-term liabilities	11	-
Total	371	-
Total assets and liabilities held for sale	293	-

31 Changes in accounting principles

This note explains the effects in the Group's financial statements on the transition to IFRS 16, Leasing. As described in the accounting principles, the Group applies IFRS 16 retroactively from January 1, 2019. In accordance with the transitional rules in IFRS 16, the comparative figures for 2018 have not been restated. The reclassifications and adjustments arising from the new leasing rules have been reported in the opening balance as of January 1, 2019.

An exception to the new principles that the Group is applying is applicable to low value assets, where not right-of-use asset or lease liability is recognized. These will be recognized as a straight-line cost over the lease term. The Group defines low value leases as, for example, office equipment such as printers, copying machines, coffee machines and other assets having a value of less than around SEK 50 thousand in new condition.

For more information about leasing, see [Note 21](#).

Transition to IFRS 16

The Group has applied the simplified transition approach and has not restated any comparable figures for earlier periods. This means that the right-of-use asset has been recognized at the same amount as the lease liability plus the advance payments made immediately prior to transition. Lease liability has been calculated by applying the incremental borrowing rate on transition. The Group has elected to apply the practical expedient of not reconsidering whether or not a lease exists. The exception regarding recognition of low value leases has also been applied at transition. This is an exception which will continue to be applied after the transition.

As at December 31, 2018, the Group's non-cancellable lease commitments (undiscounted) amounted to SEK 2,964 million, of which SEK 656 million were financial leases. In addition, SEK 121 million in lease commitments is attributable to assets of low value. These are recognized as a straight-line cost over the lease term. Regarding the remaining lease commitments, rights of use amounting to SEK 1,961 million and lease liabilities of SEK 1,946 million have been recognized as at January 1, 2019. The transition has not affected shareholders' equity since under the transition approach all earlier finance leases will continue to be recognized as leases in accordance with IFRS 16.

31 Changes in accounting principles cont.

The tables below show the impact of transition to IFRS 16:

Transition effect of IFRS 16, Leasing

SEK millions	2019 Jan 1
Total lease commitments as per December 31, 2018	2,964
Previous financial leasing agreements according to IAS 17	-656
Leasing agreements, low value	-121
Variable leasing fees (linked to index or interest)	13
Total impact undiscounted as of January 1, 2019	2,201
Discounting	-255
Impact on lease liability as of January 1, 2019	1,946
Prepayment, leasing fees	15
Impact of right of use as per January 1, 2019	1,961

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 3.74%.

Impact on key figures

Profit/loss after tax has decreased 2019 due to the application of the new principles compared to how the profit/loss after tax would have been recognized applying the earlier IAS 17. This is due to the fact that the new standard results in a front-loaded recognition of the costs at the beginning of a contract, which is due to the recognition of the interest expenses. EBITDA increases since the costs for the operating leases were included in EBITDA when applying previous principles, but the depreciation on the right-of use asset and the interest expense on the lease liability are excluded from EBITDA. Operational cash flow increases, while the cash flow from financial activities decreases, but the total cash flow is not affected. However, working capital decreases as net debt while the net debt/equity ratio rises.

The Parent Company applies the exemption rules under RFR 2 and does therefore not apply IFRS 16. The Parent Company continues to recognize all leasing agreements as a straight-line cost over the lease.

Adjusted opening balance as at January 1, 2019:

Summary of consolidated balance sheet

SEK millions	2018 Dec 31	Adjustment IFRS 16	2019 Jan 1
Assets			
Intangible assets	31,438	-	31,438
Tangible assets	23,953	1,961	25,914
Other fixed assets	1,811	-	1,811
Total fixed assets	57,202	1,961	59,163
Other current receivables	3,894	-15	3,879
Other current assets	31,390	-	31,390
Total current assets	35,284	-15	35,269
Total assets	92,487	1,946	94,432
Equity and liabilities			
Equity for shareholders in the Company	59,437	-	59,437
Non-controlling interest	78	-	78
Total equity	59,514	-	59,514
Long-term interest-bearing liabilities	9,693	1,307	11,000
Other provisions and long-term non interest-bearing liabilities	1,973	-	1,973
Total long-term liabilities	11,666	1,307	12,973
Short-term interest-bearing liabilities	3,523	638	4,161
Other current liabilities	17,783	-	17,783
Total current liabilities	21,306	638	21,945
Total equity and liabilities	92,487	1,946	94,432

32 Key assessments and assumptions

Important assessments upon application of the accounting principles

In the steel operations' industrial areas, there is a need for future land cleanup. In accordance with applicable rules, such cleanup will become relevant only when SSAB ceases to conduct operations in the area. At present, it is not possible to assess if and when operations will cease and, accordingly, no provision has been made for such land cleanup.

Important sources of uncertainty in assumptions

Test of impairment of goodwill and other intangible assets with indefinite useful lives

At the end of the year, the annual impairment test was carried out of the goodwill and other intangible assets with indefinite useful lives. The test showed no impairment. The valuation was carried out at a time when the global economy remains characterized by uncertainty. Under these circumstances, it is of course extraordinarily difficult to make an assessment as regards future earning capacity and thereby an assessment of the fair value of assets with indefinite useful lives. The North American operations showed a continued improvement in earnings during 2019 compared to prior years. The improvement in earnings was primarily related to lower variable costs, primarily scrap. At the end of 2016, duties on import of steel products were imposed to the USA and in March 2018, additional 25% duties were imposed (through the so-called Section 232). As a result, more countries, including Canada and the European Union (EU), introduced countermeasures and took their own safeguard actions. As of December 31, 2019, the safeguards in the USA remained with continuing steel tariffs and quotas in place for many European, Asian and South American countries. However, with the new trade agreement, USMA, (the United States Mexico Canada Agreement), a replacement to NAFTA (North American Free Trade Agreement), the USA dropped its 25% tariff on steel imports from Canada and Mexico. Canada and Mexico dropped their countermeasures towards the USA as well.

The calculation of the discount rate is based on the average long-term interest rates during the two-months period November–December as well as the market risk (beta value) of rolling 12 months. In total, the development in the market and the discount rate meant that the room for deterioration in the estimates concerning the cash-generating unit SSAB North America increased somewhat and amounted to SEK 5.5 (3.8) billion. For other cash-generating units, it is estimated that there is an adequate room for deterioration in the estimates without this leading to any impairment. For further information on the impairment test, see [Note 6](#).

Assumptions per cash generating unit

SSAB North America

A need to start writing down goodwill should arise if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 1.6 (1.2) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 2.7 (2.0) percentage points lower than the assessment made in the forecast. The impairment test was conducted based on the average risk-free long-term rate in the USA for the period of November to December 2019. In other respects, the cash-flow valuation has been based on the assumption that the market for heavy plate in the USA remains at a normalized level, where, among other things, the relationship between steel prices and scrap prices would stabilize at a level where it has been over a longer period of time and import volumes on average historical levels.

SSAB Special Steels

A need to start writing down goodwill should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 5.8 (11.8) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 5.2 (8.8) percentage points lower than the assessment made in the forecast.

SSAB Europe

A need to start writing down goodwill should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 10.9 (14.0) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 6.5 (7.9) percentage points lower than the assessment made in the forecast.

Tibnor

A need to start writing down goodwill should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 4.5 (11.0) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 1.6 (2.9) percentage points lower than the assessment made in the forecast.

32 Key assessments and assumptions cont.

Ruukki Construction

A need to start writing down goodwill or other assets with indefinite useful lives should arise only if the estimated discount rate before tax, which was applied to the discounted cash flows, was more than 13.0 (16.0) percentage points higher than the assessment made in the calculation or if the long-term forecasted margins before depreciation/amortization (EBITDA) were to be 5.4 (6.3) percentage points lower than the assessment made in the forecast.

Deferred tax

The Group conducts operations in several countries, which increases the complexity when determining deferred tax assets and tax liabilities. This requires that assessments and assumptions are made to determine the value of the deferred tax asset and deferred tax liability on the balance sheet date. Future changes to taxation legislation and trends in the business climate will impact the company's future taxable profits and thus its possibility to utilize deferred tax assets on loss carryforwards and other temporary differences. As of December 31, 2019, SEK -327 (-537) million was recognized as deferred tax assets based on best assessment of future taxable profits in the Group. At year-end 2019, the Group also had tax loss carryforwards of SEK 2,679 (1,447) million, for which no deferred tax asset had been recognized. Accordingly, a changed assessment of the probability of future taxable profits could have a positive or negative effect. Key assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks. For further information regarding deferred taxes, see [Note 14](#).

Alabama tax credit

SSAB's subsidiary in Alabama, USA has carried out a number of investments which are covered by an investment grant program. The program provides an entitlement to tax deductions on the calculated state tax for each year in respect of the profit which can be allocated to each specific investment. The program extends over 20 years and, in order to obtain the grant in any specific year, state tax must be payable and certain criteria must be fulfilled as regards number of employees and paid minimum wages. A calculation of the future state tax has been made based on results in previous years budget and assumptions regarding future profitability. The assessment led to a recording of a deferred tax asset of SEK 118 (138) million.

The received grant will increase or decrease if the taxable result in Alabama is higher or lower than estimated. In the event the company fails to satisfy the criteria as regards workforce size and minimum wages, no grant will be received at all.

Pension benefits

A large part of the Group's pension obligations with respect to white collar staff are benefit-based and insured on a collective basis with Alecta. Since it is not possible at present to obtain information from Alecta regarding The Group's share of the obligations and managed assets, the pension plan taken out with Alecta is reported as a contribution-based plan. The funding level reported by Alecta at the end of the year does not indicate the existence of a deficit; however, it is not possible to obtain any detailed information from Alecta regarding the amount of the pension liabilities.

The Group's benefit-based plans at the end of the year amounted to SEK 1,725 (1,624) million. The obligation is sensitive to, among other things, interest rate changes and pension increase growth assumptions. Sensitivity in the most critical parameters is described in [Note 13](#).

Inventory

Inventories are affected by assumptions and estimates regarding product costing, application of the Lower of Cost or Market method and estimates of obsolescence. SSAB's inventories at year-end amounted to SEK 20,391 (20,391) million, where of SEK 358 (164) million were valued at net realizable value. For further information, see [Note 9](#).

Accounts receivable

Expected credit loss is based on assessments of the customers' payment ability and, by their nature, are difficult to estimate. The item has been the subject of special assessment and, compared with the preceding year, the expected credit losses decreased by SEK 28 million to SEK 209 (225) million, thereby representing 2.9% (2.5%) of outstanding accounts receivable.

33 Definitions

Capital employed

Total assets less non-interest-bearing current and long-term liabilities.

Cash and cash equivalents

Cash and bank balances, as well as short-term investments with a term to maturity of less than three months on the date of acquisition.

Cash flow fro current operations

Operational cash flow less financial items and paid tax.

Earnings per share

Profit for the year attributable to the Parent Company's shareholders divided by the average number of shares.

EBITDA

Operating profit before depreciation and amortization.

EBITDA-margin

Operating profit before depreciation and amortization as a percentage of total sales.

Equity

Summa eget kapital enligt koncernbalansräkningen.

Equity per share

Equity, excluding minority interests, divided by number of shares at year-end.

Equity ratio

Equity as a percentage of total assets.

Items affecting comparability

Items in the income statement where the result of transactions of a non-recurring nature in the company's operations makes comparison difficult with the result of other periods are treated as items affecting comparability.

Maintenance capital expenditures

Investments involving maintenance, rationalization, replacements or which relate to the environment and are made in order to maintain competitiveness.

Net debt

Interest-bearing liabilities less interest-bearing assets.

Net debt/equity ratio

Net debt as a percentage of equity.

Operating cash flow

Funds generated from operations including change in working capital as well as cash flow for regular maintenance investments, but before financial items and paid tax.

Operating margin

Operating profit/loss as a percentage of total sales.

P/E ratio

Equity as a percentage of total assets.

Return of equity after tax

Profit for the year after tax as a percentage of average equity per month during the year.

Return on capital employed before tax

Operating profit increased by financial revenue as a percentage of average capital employed per month during the year.

Sales

Sales less deduction for value added tax, discounts and returns.

Strategic capital expenditures

Investments that increase the cash flow through acquisitions of shares and operations, investments in plant expansion or new competitiveness-enhancing technology.

Yield

Dividend as a percentage of the share price at year-end.

34 Considerations relating to proposed allocation of profit

At the 2020 Annual General Meeting, the shareholders will, among other things, vote on the dividend proposed by the Board of Directors.

At the end of the year, the retained earnings of the Group were SEK 21,201 (21,638) million and the Parent Company's unrestricted equity was SEK 54,467 (52,988) million. The equity included unrealized profits resulting from financial instruments being reported at market value in the amount of SEK 0 (0) million.

As of December 31, 2019, net debt amounted to SEK 11,696 (10,527) million, resulting in the net debt/equity ratio decreasing with 1 percentage points, from 18% to 19%. Since the Group's operations are dependent on the business cycle, the target is that the net debt/equity ratio will not normally exceed 35%. The Group reported a positive result after tax of SEK 1,093 (3,564) million. The Group's policy is to distribute 30–50% of the profit after tax.

Considering the solid financial position with a low net debt/equity ratio and an expected continued good generation of cash flows, the Board proposes to the Annual General Meeting dividend to be paid by SEK 1.50 per share, corresponding to SEK 1,545 million and 144% of profit after tax.

Proposed allocation of profit

The amount at the disposal of the Annual General Meeting of SSAB AB (publ), reg. no. 556016-3429 is as follows:

Retained earnings	51,444
Profit of the year	3,023
SEK millions	54,467

Of this, a share premium reserve comprises SEK 22, 469 million and a fair value reserve comprises SEK -4 million.

The Board of Directors and the President recommend that the profit be allocated as follows:

Dividend to the shareholders SEK 1.50 per share	1,545
Carried forward to next year	52,922
SEK millions	54,467

According to the consolidated balance sheet, the Group's retained earnings amounted to SEK 21,201 (21,638) million.

The Board of Directors and the President hereby affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the Parent Company's financial position and earnings. The report of the directors for the Group and the Parent Company provides a true and fair overview of the development of the operations, financial position and earnings of the Group and Parent Company and describes material risks and uncertainty factors facing the Parent Company and the companies included in the Group.

The Annual and Sustainability Report and the consolidated financial statements have been approved for publication by the Board of Directors on March 3, 2020.

The Annual Report also contains the Group's and Parent Company's sustainability reporting in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, see p. [105](#).

Stockholm, March 3, 2020

Bengt Kjell
Chairman

Petra Einarsson
Director

Marika Fredriksson
Director

Mikael Henriksson
Director

Tomas Westman
Director

Sture Bergvall
Director

Matti Lievonen
Director

Pasi Laine
Director

Bo Annvik
Director

Marie Grönberg
Director

Martin Lindqvist
President and CEO

Our auditor's report was submitted on March 3, 2020
Ernst & Young AB

Rickard Andersson
Authorized public accountant

Auditor's report

To the general meeting of the shareholders of SSAB AB, corporate identity number 556016-3429

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of SSAB AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on p. [123-230](#) in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the

Auditor's Responsibilities section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information

The audit of the annual accounts for the year 2018 has been performed by another auditor which have provided an Auditor's report dated 12 March 2019 with unmodified opinion in Report on the annual accounts and consolidated accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

	Description	How our audit addressed this key audit matter
Goodwill and trademarks	<p>As per 31 December 2019, Goodwill amounts to 31,278 SEK million, constituting a significant part of SSAB's Total assets. Goodwill amounts are allocated to the group's five cash-generating units (CGUs). The largest as well as the main part is related to CGU North Americas. Further, as per 31 December 2019, there are trademarks with indefinite useful lives in the company amounting to 467 SEK million.</p> <p>Impairment test of goodwill including trademarks with indefinite useful lives, is performed annually, as well as whenever impairment indicators have been identified. Goodwill and trademarks with indefinite useful lives acquired through acquisitions are allocated to company's CGUs which is described in Note 6.</p> <p>When carrying value exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the higher of the CGUs net realizable value and the value in use, meaning the discounted value of future cash flows. The cash flow projections are based on forecasts for the upcoming five-year period, approved by senior management. As described in Note 6, value in use calculations contains a high degree of judgment regarding key assumptions such as sales trends, profit margins and discount rates.</p> <p>Note 32 describes the key assumptions for calculating value in use, including management's sensitivity analysis for significant assumptions. Due to assessments and assumptions necessary for the value in use calculation, we have assessed valuation of goodwill and trademarks with indefinite useful lives as a Key Audit Matter in our audit.</p>	<p>Our audit procedures have amongst other procedures included;</p> <ul style="list-style-type: none"> • Assessment of the company's process on establishing and performing impairment test. • Examination of the company's process on identifying CGUs, and of how the business is internally assessed. • Examination of used discount rate and assumptions on long-term growth for each CGU through comparison to other companies within the same type of business. • Assessment of the valuation and calculation models used aided by our own internal valuation experts. • Assessment of reasonableness of assumptions made. • Analysis of company's sensitivity analyses. • Analysis of the reliability of previous years' forecasts by comparing previous year's forecast to actual outcome. • Audit of the disclosed information in Group annual report.

	Description	How our audit addressed this key audit matter
Inventories	<p>SSAB has stocks of raw material, work in progress and finished goods. Those items are located at a large number of warehouses. Per 31 December 2019, total Inventories amount to 20,391 SEK million, and constitute a significant part of SSAB's total assets.</p> <p>Inventories are valued at the lower of acquisition cost and net realizable value. In part Accounting and Valuation principles, Inventories accounting- and valuation principles are more thoroughly described.</p> <p>Measurement of cost in production- and logistical processes includes a high degree of judgment. The company defines normal production levels and allocates a certain part of direct and indirect costs to products refined in production.</p> <p>Further, on a regular basis company assesses product's net realizable value and identifies slow-moving and obsolete goods for impairment test. Significant estimations are as well made in connection to company's Inventories counts, since some goods such as coal and iron ore in certain situations are stored in piles. In such cases, warehouse employees make estimations to conclude on the quantity.</p> <p>Due to subjective assessments and assumptions made, we have assessed valuation of Inventories including concluding on quantities for certain raw material as a Key Audit Matter in our audit.</p>	<p>In order to address this area, our audit procedures have amongst other procedures included;</p> <ul style="list-style-type: none"> • Evaluation of company's process on Inventories valuation, including identification of company's key controls connected to this and evaluation of their design. • Evaluation of company's applied Inventories valuation principles, including determination of net realizable value and obsolete products assessment. • Examination of company's allocation of direct and indirect costs related to work in progress and finished goods. • Participation in several cycle counts performed by the company during the year. • Performing Inventory price testing on a sample of Inventories items.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on p. 1-122. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistakes.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or mistakes, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistakes and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or mistakes, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from mistakes, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such

disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SSAB AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the Parent Company's and the group's equity, consolidation requirements, liquidity and position in general.



The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of SSAB AB by the general meeting of the shareholders on the 8 April 2019.

Stockholm March 3, 2020
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Shares and shareholders

SSAB is listed on the Nasdaq Stockholm and Nasdaq Helsinki exchange.

The 2019 closing prices on the Nasdaq

Stockholm Exchange were:

SSAB class A share: SEK 32.85

SSAB class B share: SEK 30.52

Total year-end market capitalization:

SEK 32.1 billion.

Share performance during 2019:

SSAB class A share: 7.9%

SSAB class B share: 22.3%

OMX Stockholm 30 index: 26.0%

The highest price was:

SSAB class A share: SEK 37.99, on April 8

SSAB class B share: SEK 33.10, on April 8

The lowest price was:

SSAB class A share: SEK 23.23, on August 15

SSAB class B share: SEK 21.03, on August 15

During the year, SSAB's shares were traded on the Nasdaq Stockholm Exchange for a total of SEK 59.2 billion. Shares were traded on all exchange days and averaged approximately SEK 237 million per day. The volume of A shares traded during the year corresponded to 322% of the average number of outstanding shares. The volume of B shares traded corresponded to 144% of the average number of outstanding shares. Trading in the share in Helsinki (A and B share) averaged 0.54 million shares per day during 2019.

The SSAB-share is also traded on multilateral trading facilities (MTF), on market places such as Chi-X and BATS. Of the total volume of traded shares, 79% of the class A shares and 88% of the class B shares were traded on Nasdaq Nordic (Stockholm and Helsinki).

Share capital

As of December 31, 2019, there are in total 1,029,835,326 shares in SSAB, of which 304,183,270 class A shares, corresponding to 304,183,270 votes, and 725,652,056 class B shares, corresponding to 72,565,205.6 votes, 376,748,475.6 votes in total. Each class A share carries one vote and each class B share carries one-tenth of one vote. SSAB's share capital is SEK 9,062 million. The quotient value per share is SEK 8.80.

Ownership structure

At year-end 2019, SSAB had 117,058 shareholders

SSAB's three largest owners in terms of voting rights at year-end 2019 were:

- Industrivärden 11.8%
- Solidium 9.8%
- LKAB 3.6%*

The ten largest identified owners together owned approximately 36.9% of the voting capital and 31.7% of the share capital at the end of December 2019. Owners outside Sweden and Finland accounted for 32.7% of voting rights and 25.0% of the total number of shares.

Dividend policy and dividends

Dividend target is 30–50% of profit after tax. The Board of Directors has resolved to propose to the Annual General Meeting to be held on April 1, 2020 that a dividend of SEK 1.50 per share will be paid. For the 2018 financial year, a dividend of SEK 1.50 per share was paid.

Investor relations

During 2019, a large number of meetings were held with owners, investors and analysts, both in Sweden and outside, mostly in Europe and the United States. Presentations and investor meetings are regularly held in connection with the publication of interim reports and annual results. Capital Markets Day was held in December in Oxelösund, Sweden.

Ticker codes

Nasdaq Stockholm: SSABA and SSABB

Nasdaq Helsinki: SSABAH and SSABBH (class A and class B shares respectively)

* On December 23, 2019, LKAB disclosed that they increased their shareholding to 5.1% of the voting and share capital in SSAB, but the increase was not registered in Euroclear at year-end 2019.



Share breakdown

Shareholding	Number of shareholders	% of votes	% of share capital
1–500	10,121,615	1.0	1.0
501–1000	14,954,513	1.4	1.5
1001– 5000	74,836,456	7.0	7.3
5001–15000	60,812,217	4.8	5.9
15001–20000	17,235,081	1.3	1.7
20001–	736,541,575	65.7	71.5
Anonymous ownership	115,333,869	18.7	11.2
Total	1,029,835,326	100.0	100.0

Source: Modular Finance

The number of shares and share capital have changed since 1989 as follows:

Year		Change in number of shares	Number of shares	Change in share capital SEK millions	Share capital, SEK millions
1989	Conversion	15,000,000	26,500,000	150	2,650
1994	Conversion	5,500,000	32,000,000	550	3,200
1995	Split 4:1	96,000,000	128,000,000	0	3,200
1998	Redemption	-15,891,199	112,108,801	-397	2,803
2001	Reduction	-11,210,880	100,897,921	-281	2,522
2005	Redemption	-9,968,861	90,929,060	-249	2,273
2006	Redemption	-4,546,453	86,382,607	-114	2,159
2006	Bonus issue	0	86,382,607	121	2,280
2006	Split 3:1	172,765,214	259,147,821	0	2,280
2007	New issue 1:4	64,786,954	323,934,775	571	2,851
2014	New issue	225,310,735	549,245,510	1,982	4,833
2016	Rights issue 8:1	480,589,816	1,029,835,326	4,229	9,062

Owners as of December 31, 2019

	% of votes	% of share capital
Industrivärden	11.77	4.31
Solidium	9.8	12.6
LKAB ¹⁾	3.56	2.25
Lannebo Fonder	2.8	1.0
Vanguard	2.3	2.3
Norges Bank	1.8	2.23
Swedbank Robur Fonder	1.8	3.52
Invesco	1.1	1.31
Folksam	1.1	1.14
BlackRock	0.9	1.03
Other shareholders	63.1	68.34
Total	100.0	100.0
Whereof foreign-registered shareholders ²⁾	32.7	25.0

¹⁾ On December 23, 2019, LKAB disclosed they increased their shareholding to 5.1% of the voting and share capital in SSAB, but the increase was not registered in Euroclear at year-end 2019.

²⁾ Includes shareholders outside Sweden and Finland

Source: Modular Finance

Share related key figures

		2019	2018	2017	2016	2015
Share price, at year end, class A share ³⁾	SEK	32.85	30.49	44.90	34.58	17.06
Earnings per share (EPS) ³⁾	SEK	1.04	3.45	2.23	1.04	-0.66
Cash flow before dividend and financing per share ³⁾	SEK	1.27	4.34	4.93	2.19	2.99
Equity per share ³⁾	SEK	58.57	57.71	51.69	51.36	80.82
Dividend per share ³⁾	SEK	1.50 ¹⁾	1.50	1.00	0.00	0.00
Average number of shares	million	1,029.8	1,029.8	1,029.8	794.8	549.2
Number of shares at year-end	million	1,029.8	1,029.8	1,029.8	1,029.8	549.2
Market capitalization at year end	SEK million	32,139	27,358	40,224	31,410	11,534
Valuation						
Direct yield, % ²⁾		4.57 ¹⁾	4.2	2.23	0.00	0.00
P/E ratio ²⁾		31.59	8.84	20.13	33.25	neg.
Price/equity, % ²⁾		56	53	87	67	21

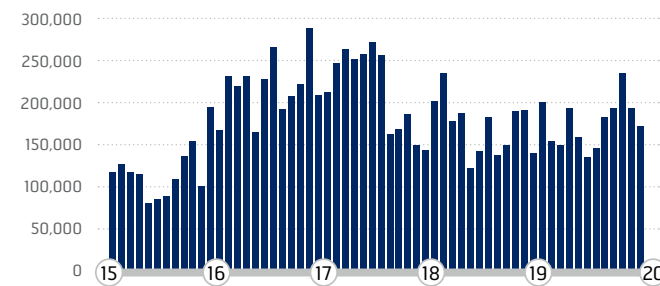
¹⁾ In accordance with the Board's proposal

²⁾ Based on closing price for the class A share

³⁾ Adjusted based on the bonus issue element in the rights issue in 2016

Number of traded shares

Thousands

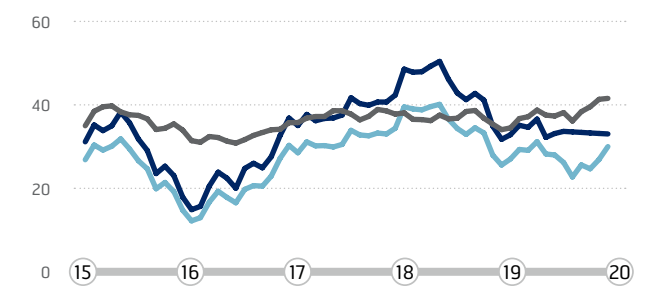


■ Number of traded shares (Nasdaq Stockholm and Helsinki)

Source: Refinitiv

Share performance

SEK



■ SSAB A

■ SSAB B

■ OMX Stockholm 30 Index

Source: Refinitiv and Nasdaq

SSAB's shares have been listed in Nasdaq Helsinki since August 1, 2014



Annual General Meeting, Nomination Committee, Calendar

Annual General Meeting

SSAB's Annual General Meeting will be at the City Conference Centre, Norra Latin in Stockholm on April 1, 2020 starting at 1pm. To be eligible to attend the Annual General Meeting, shareholders must be included in the printout of the share register that is made by Euroclear Sweden AB on Thursday, March 26, 2020 and give notice of their intention to attend the meeting not later than on Thursday, March 26, 2020, before 12 noon.

Notice

Notice to attend the Annual General Meeting may be given via the Company's website at www.ssab.com, or by telephone at +46 8 45 45 760. Notice must include the shareholder's name, personal identification number (or company registration number), address and telephone number.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names to be entitled to attend at the Annual General Meeting. Temporary re-registration (voting registration) should be effected in due time before Thursday, March 26, 2020.

Proxies

Original powers of attorney and, with respect to a legal entity, certificates of registration, must be submitted in due time before the Annual General Meeting to: SSAB AB, Årsstämman, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

Dividends

The Board of Directors and the President & CEO propose that the Annual General Meeting resolve that a dividend of SEK 1.50 per share will be paid for 2019.

Nomination Committee

- Lars Pettersson, Industrivärden (Chairman of the Nomination Committee)
- Petter Söderström, Solidium Oy
- Peter Hansson, LKAB
- Åsa Nisell, Swedbank Robur
- Bengt Kjell (Chairman of the Board of Directors)

The Nomination Committee presents, among other things, proposals to the Annual General Meeting concerning the election of the Board of Directors, fees for the Board of Directors, and the election of auditors.

Calendar for financial information

SSAB will provide the following information with respect to the 2020 financial year:

- Report for the first quarter, April 27, 2020
- Half-year report, July 21, 2020
- Report for the third quarter, October 22, 2020

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